



Executive Committee

**Wednesday, October 11, 2017
11:45 AM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

Public Agenda Executive Committee Wednesday, October 11, 2017

Approval of Public Agenda

Adoption of Minutes

Executive Committee - Public - Sep 13, 2017 11:45 AM

Administration Reports

EX17-28 Proposed Commercial Terms to Supply Recycled Wastewater to Western Potash Corporation

Recommendation

1. That the key commercial terms for the supply of recycled water from the Wastewater Treatment Plant (WWTP) to Western Potash Corporation (WPC) as outlined in this report be approved in principle.
2. That the Executive Director of Transportation & Utilities be authorized to negotiate and resolve the final terms and conditions of a new Water Access Agreement (Agreement), including any ancillary agreements with WPC based on the key commercial terms as outlined in the report.
3. That the City Clerk be authorized to execute the Agreement as well as any ancillary agreements prepared by the City Solicitor.
4. That this report be forwarded to the October 30, 2017 meeting of City Council for approval.



OFFICE OF THE CITY CLERK

EX17-29 Amendments to The Wastewater and Storm Water Bylaw, 2016 to Set a Rate for Access to Recycled Water

Recommendation

1. That amendments to *The Wastewater and Storm Water Bylaw*, 2016, Bylaw No. 2016-24 to include a rate for providing access to recycled water, as identified in this report.
2. That amendments to *The Regina Administration Bylaw*, Bylaw No. 2003-69 to delegate authority to the Executive Director, Transportation & Utilities, to negotiate and resolve revenue agreements for the sale of access to recycled water where:
 - (a) the term of the agreement is less than two years;
 - (b) the connection fee is the same rate as recommended above;
 - (c) the proponent obtains a Water Security Agency (WSA) allocation for the recycled water use;
 - (d) the proponent obtains all other necessary federal, provincial and other permits and approvals;
 - (e) the Recycled Water Access Agreement (Agreement) aligns with the Design, Build, Finance, Operate and Maintenance Agreement between the City and EPCOR; and
 - (f) the proponent is responsible for paying any operating, maintenance or capital costs related to providing access to the recycled water in addition to the connection fee for recycled water.
3. That the City Solicitor be instructed to prepare amendments to *The Wastewater and Storm Water Bylaw*, 2016, Bylaw No. 2016-24 and *The Regina Administration Bylaw*, Bylaw No. 2003-69 to include the provisions identified in recommendations 1 and 2 of this report.
4. That item *MN11-1* be removed from the list of Outstanding Items for the Public Works and Infrastructure Committee.
5. That this report be forwarded to the October 30, 2017 meeting of City Council for approval.



OFFICE OF THE CITY CLERK

Other Reports

EX17-30 2017 Housekeeping Boundary Alteration – North of Highway No. 1 and
Campbell Street Intersection

Recommendation

RECOMMENDATION OF THE EXECUTIVE COMMITTEE - SEPTEMBER 13, 2017

1. That the City of Regina apply to have the city of Regina boundary altered by including the following lands:

Surface Parcel Number 203116946
Blk/Par F - Plan 102192083 Ext 0

and

Surface Parcel Number 203183805
Blk/Par G - Plan 102206797 Ext 0

(collectively, the “Lands”)

2. That City Administration pursue discussions with the Rural Municipality of Sherwood No. 159 on boundary alteration for two parcels of subject land located north of the intersection of Highway No. 1 and Campbell Street.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, WEDNESDAY, SEPTEMBER 13, 2017

AT A MEETING OF EXECUTIVE COMMITTEE

HELD IN PUBLIC SESSION

AT 11:45 AM

Present: Councillor Joel Murray, in the Chair
Mayor Michael Fougere
Councillor Lori Bresciani
Councillor Sharron Bryce
Councillor John Findura
Councillor Jerry Flegel
Councillor Bob Hawkins
Councillor Jason Mancinelli
Councillor Andrew Stevens
Councillor Mike O'Donnell
Councillor Barbara Young

Also in Attendance: City Clerk, Jim Nicol
Council Officer, Mavis Torres
City Manager, Chris Holden
Chief Financial Officer, Ian Rea
City Solicitor, Byron Werry
Executive Director, City Services, Kim Onrait
Executive Director, Planning & Development, Diana Hawryluk
Executive Director, Transportation & Utilities, Karen Gasmo
Executive Director, Organization & People, John Paul Cullen
A/Director, Communications & Customer Experience, Alan Clay
Director, Roadways and Transportation, Norman Kyle

(The meeting commenced in the absence of Councillor Mancinelli.)

APPROVAL OF PUBLIC AGENDA

Mayor Michael Fougere moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

ADOPTION OF MINUTES

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the minutes for the meeting held on August 9, 2017 be adopted, as circulated.

(Councillor Mancinelli arrived at the meeting.)

ADMINISTRATION REPORTS

EX17-26 Safety in School Zones

Recommendation

1. That item MN16-4 be removed from the list of outstanding items for the Executive Committee.
2. That a report be provided to the Executive Committee in Q2 of 2018 with recommendations.

Councillor Mike O'Donnell moved, in amendment, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred after amending recommendation #2 as follow:

- **That a special committee consisting of City of Regina (City) traffic staff, Regina Public and Separate School Boards, Regina Police Services (RPS), Saskatchewan Government Insurance (SGI), Canadian Automobile Association (CAA), Saskatchewan Safety Council, and parent representatives provide recommendations for future consideration by Executive Committee in Q2 of 2018.**

EX17-27 Reconciliation Regina Update

Recommendation

1. That the City Manager provide the Executive Committee with a further progress report on Reconciliation Regina during the first quarter of 2018.
2. That item CR17-3 be removed from the list of outstanding items for the Executive Committee.
3. That this report be forwarded to the September 25, 2017 meeting of City Council.

Mayor Michael Fougere moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

RESOLUTION FOR PRIVATE SESSION

Councillor John Findura moved, AND IT WAS RESOLVED, that in the interest of the public, the remainder items on the agenda be considered in private.

RECESS

Mayor Michael Fougere moved, AND IT WAS RESOLVED, that the meeting recess for 10 minutes.

The meeting recessed at 12:36 p.m.

Chairperson

Secretary

October 11, 2017

To: Members
Executive Committee

Re: Proposed Commercial Terms to Supply Recycled Wastewater to Western Potash Corporation

RECOMMENDATION

1. That the key commercial terms for the supply of recycled water from the Wastewater Treatment Plant (WWTP) to Western Potash Corporation (WPC) as outlined in this report be approved in principle.
2. That the Executive Director of Transportation & Utilities be authorized to negotiate and resolve the final terms and conditions of a new Water Access Agreement (Agreement), including any ancillary agreements with WPC based on the key commercial terms as outlined in the report.
3. That the City Clerk be authorized to execute the Agreement as well as any ancillary agreements prepared by the City Solicitor.
4. That this report be forwarded to the October 30, 2017 meeting of City Council for approval.

CONCLUSION

Negotiations between the Administration and WPC have been successful in producing a mutually agreeable set of commercial terms for consideration by City Council and WPC's Board of Directors. Under the new terms, WPC will have access to less recycled water, a longer term to start their project, and lower standby fees in the first eight years. As well, WPC will be required to pay a \$200,000 commitment fee. The City of Regina (City) was successful in securing higher connection fees, including a higher inflation factor, and will have more flexibility to provide higher volume access to other users.

The Agreement includes an option that allows the City the added flexibility of choosing to have the City's WWTP operator (EPCOR) construct and maintain any pumping station or infrastructure required on City land. WPC would be responsible for all capital and operating costs in relation to the construction of these City-owned assets. This change from the original Agreement would allow us to use the pumping station and infrastructure in supplying potential future customers with recycled water.

This report requests the approval in principle of the new terms and conditions, as well as a delegation of authority to allow us to continue to negotiate and finalize agreements with WPC.

BACKGROUND

On November 15, 2012, the City and WPC entered into an Agreement that would provide WPC with access to recycled water from the WWTP for use in its potash solution mine near Milestone, Saskatchewan. To date, WPC has not commenced construction of the required infrastructure to begin drawing recycled water from the City and such activity is not expected to occur in the near future. In the five years that have passed since the 2012 Agreement was signed, the economics of the potash industry have changed dramatically. WPC will be proceeding with a pilot plant to perform a pilot study that will demonstrate a new proposed mining method in 2018/2019.

Similar to all major industrial projects in the planning stage, there is a risk that WPC will be unable to secure the investment required to proceed with mine development, or that other factors could stall the mine development beyond 2025. The pilot plant is projected to require \$100 million for capital costs. The full mine project has capital requirements of approximately \$3 billion. If the City continues in the original Agreement with WPC and the mine does not proceed, the City may lose the opportunity to sell recycled water to another customer.

WPC formally requested that the City revisit the following terms of the Agreement in order to align the Agreement with their new timelines, economic factors, and water needs. WPC specifically requested the following adjustments:

- Optional Termination Date - The 2012 Agreement states that if WPC does not draw recycled water from the City on or before December 31, 2019, the City has the option to terminate the Agreement and keep any commitment, connection and standby fees previously paid by WPC. WPC requested extending the optional termination date to December 31, 2025. WPC also requested modifying the length of time that water was required from 45 years to 40 years.
- Commitment Fees - WPC paid the City a \$500,000 commitment fee upon signing the 2012 Agreement, which was to be credited against the future fees WPC would incur for water access, provided that WPC drew recycled water prior to January 1, 2017. WPC requested extending the date from January 1, 2017 to January 1, 2020, in order that the \$500,000 commitment fee could be credited against future fees for access to recycled water.
- Annual Standby Fees - The Agreement currently requires WPC to pay \$200,000 annually to the City to maintain the Agreement if WPC does not draw recycled water. WPC requested amending the Agreement to negate the requirement to pay annual standby fees or to reduce the \$200,000 payment.
- Maximum Daily Water Supply - WPC currently has access to up to 60,000 cubic meters of recycled water per day for the first six years of mine operation and up to 42,240 cubic meters per day for the remaining 39 years of the Agreement. WPC sought a reduction to 25,000 cubic meters per day.

With the existing economic conditions in the potash industry and the potential for the City to provide recycled water access to other commercial users, potential benefit to both parties could be realized by renegotiating the 2012 Agreement. The City also desired the increased flexibility within the Agreement to deal with the possibility of a third party gaining access to recycled water prior to WPC.

To provide adequate time to undergo productive negotiations, the City agreed to delay receipt of the 2017 standby fee payment. This allowed both parties to review the Agreement in an attempt to negotiate mutually beneficial terms.

DISCUSSION

Projects such as the WWTP Public Private Partnership (P3) and the Stadium project have improved the City's understanding of inflation factors and different service models. With this additional experience, several improvements beneficial to the City were identified:

- Increasing inflation protection as the existing Agreement applies a fixed 1 per cent annual inflation factor.
- Discontinuing the use of existing credits as per the existing Agreement.
- Aligning the Agreement with the WWTP P3 Agreement.
- Ensuring that the possibility for additional revenue is increased by potentially providing the available quantity of recycled water to additional customers.

The Administration established a number of criteria that were key considerations throughout the negotiations with WPC. The requirements include:

- Increased flexibility for other water reuse.
- Alignment with the current WWTP P3 Agreement.
- No financial or environmental risks assumed by the City.
- No capital or operating costs assumed by the City.
- Opportunity for additional revenue.

Over the last six months, the negotiating teams met approximately 12 times, using an interest-based negotiation model to develop mutually-agreeable commercial terms. These proposed commercial terms meet the criteria identified as key considerations prior to negotiations.

Renegotiation of the Agreement

The City and WPC have reached a mutual agreement on changes to the key commercial terms from the 2012 Agreement that includes, but is not limited to:

1. Project timing and deadlines:

- a. Optional Termination Date - The optional termination date has been extended to December 31, 2025. If WPC has not drawn water by December 31, 2025, either the City or WPC has the option of terminating the Agreement. The City also retains the ability to terminate the Agreement should WPC fails to pay any fees required under the Agreement.
- b. Agreement Term - The City will provide access to recycled water to WPC for a term of 40 years. The original agreement allowed for 45 years of recycled water supply.

2. Charges and Fees:

- a. Commitment Fees - A new additional commitment fee of \$200,000 will be paid by WPC upon signing of the Agreement. The new commitment fee replaces the \$200,000 standby fee that was required for 2017 under the existing Agreement.
- b. Annual Standby Fees - A standby fee of \$100,000 will be paid annually from 2018 through 2025. In 2026 and beyond, the standby fee increases to \$500,000 per year. The previous standby fee was \$200,000 annually. Once water is drawn, WPC will no longer pay the standby fee and will instead pay the annual connection fee. The standby fee was reduced by half as WPC now requires approximately half of the original amount of water.
- c. Connection Fee - An annual connection fee will be payable by WPC to the City for the access to the supply of recycled water when water is drawn. WPC will pay the City to have access to a maximum recycled water supply volume, as outlined in point 3 below, and will pay the City whether it uses that entire allocation or not. WPC will be required to pay the City an annual connection fee of \$0.2628 per cubic meter. This fee is equivalent to its 2017 value in the 2012 Agreement. The option of paying a discounted total for the full term of the contract prior to accessing recycled water will be discontinued under the new Agreement.
- d. Inflation - A new inflation adjustment based on the Canadian Consumer Price Index (CPI) Excluding Food will be applied to all standby and connection fees. The existing Agreement includes a flat inflation factor for connection fees of one per cent per year beginning in 2015. The new inflation factor is slightly more than one per cent when applied in 2018 due to the CPI, and will better reflect increased costs as time passes. This is a benefit to the City as the flat inflation factor would have become out of step with costs over time. As well, the inflation factor will apply to the standby fee providing an additional benefit to the City.
- e. Credits for Future Recycled Water Purchases - All existing credits under the existing Agreement have expired. WPC will generate new credits based on 50 per cent of the commitment fee and annual standby fees. These credits will also be

adjusted based on the CPI. If water is not drawn by December 31, 2025, all credits expire and additional credits do not accrue.

3. Volume of Recycled Water:

- a. Maximum Daily Water Supply - The amount of water required by WPC to operate the mine has significantly decreased. The City has agreed to reduce the daily volume supplied to 25,000 cubic meters per day. Under the 2012 Agreement, the City agreed to provide 60,000 cubic meters of recycled water per day for the first six years of mine operation and up to 42,240 cubic meter per day for the remainder of the Agreement.

4. Infrastructure

- a. Pumping Station and Recycled Water Infrastructure on City Lands - The new Agreement considers that the parties may enter into a separate agreement to allow for the option of the infrastructure on City lands to be constructed through the City's WWTP P3 Agreement. If the pumping station is constructed through the WWTP P3 Agreement, the infrastructure will be owned by the City. Under the existing agreement, the infrastructure would have been constructed by WPC on leased City land. If WPC constructs the pumping station on leased City lands, WPC will own the water supply infrastructure. WPC will be responsible for all capital costs associated with that infrastructure and any modification to existing City-owned infrastructure that is necessary.
- b. Operation and Maintenance of the Pumping Station and Recycled Water Infrastructure - The new Agreement allows for the pumping station and related infrastructure to be incorporated within the existing WWTP operations through the existing WWTP P3 Agreement. WPC is responsible for all operating and maintenance costs.
- c. Other Potential Customers - The Agreement anticipates that other agreements may be entered into between the City and third parties to share the facilities needed to provide access to recycled water.

While the above points represent changes from the 2012 Agreement, many aspects will be the same in the new Agreement. The key elements which will remain the same are as follows:

1. Fluctuations in Daily Water Availability - The City will provide WPC with a preferential right to access recycled water to a maximum of up to 25,000 cubic meters per day. However, the City does not guarantee that the maximum amount will be available each day and the City is not responsible for controlling, adjusting or compensating WPC for variations in volume or the impacts those variations may have on WPC.
2. Recycled Water Quality - The City will use its best efforts to provide recycled water of a quality that meets or exceeds the City's operating permit; however, the City will

not be responsible for any cost or expenses to WPC for quality variations provided that the City has met its notice obligations as to quality under the Agreement.

3. Land Lease for Pumping Station and Easement for Pipeline Right of Way - The terms and conditions for the land lease for the pumping station and the easement for the pipeline will be the same in the new Agreement should WPC exercise the option to build its own pumping station and pipeline within the boundary of the WWTP site instead of using the City's WWTP operator or instead of a third party constructing this infrastructure.
4. Environmental/Regulatory - WPC will be responsible for obtaining and maintaining all necessary environmental approvals and water allocations before the project can proceed, and for all expenses related to the environmental process and any mitigating measures deemed necessary by provincial and federal regulators.

For more information on the terms and conditions, see the attached Summary of Charges in Appendix A. The Administration is confident that the proposed commercial terms meet the objectives set out, and as described in the following sections.

This continued partnership with WPC allows the City to do the following:

- Generate a new, long-term revenue source for the City:
 - The City will receive a further \$1,000,000 in commitment and standby fees over the next eight years. If the project hasn't proceeded by 2025, standby fees increase to \$500,000 annually. The previous standby fee was \$200,000 per year.
 - The expected cash flow over the term of the proposed Agreement, based on yearly connection fee payments, is \$ 95,922,000, which is \$2,398,050 annually.
 - The City is not responsible for any upfront capital or ongoing operation and maintenance costs.
- Provide value for citizens:
 - In 2012, the rate for access to recycled water was set at \$0.25 per cubic meter as it was competitive with fees to access other non-potable sources of water. The rate has been updated to \$0.2628 per cubic meter in 2017 based on the one per cent increase per year.
 - MNP LLP advised that the proposed inflation approach, which is linked to the CPI, is a fair and balanced approach to defining inflation in the Agreement. The proposed inflation approach is consistent with the principles of: efficient to administer; transparent through public information; is simple to understand; and is competitive relative to input costs and market conditions.
- Support regional industrial growth and economic development:

- If the mine development proceeds, it will generate economic spin-off that would positively impact Regina and the regional economy.
- Mitigate risks:
 - A key consideration for the City in reaching an agreement includes minimal exposure to risk, and where risk exists, appropriate strategies to mitigate the risk. Mitigated risks include:
 - construction costs;
 - operational and maintenance costs;
 - inflationary pressures; and
 - water quantity and quality.
- Update the contract to increase future flexibility:
 - Renegotiating the Agreement with WPC to reduce the total amount of recycled water required creates an opportunity for the City to enter into negotiations with other potential customers. The City produces approximately 65,000 - 70,000 cubic meters of recycled water on an average day. The additional capacity made available by renegotiating with WPC increases the opportunity to negotiate with other viable partners, which could lead to increased economic benefits for the City and the region. The City has been approached by other organizations regarding the availability of access to recycled water.
 - The new Agreement allows the City to incorporate supply of recycled water within the City's WWTP P3 Agreement.

RECOMMENDATION IMPLICATIONS

Financial Implications

The proposed terms would provide the citizens of Regina with additional revenue of an estimated \$57 million on a Net Present Value (NPV) basis over the 48 year term if the mine proceeds. It should be noted that this potash mine project is in the development stage and requires substantial additional investment before it can proceed. If, for whatever reason, the WPC mine does not become fully operational, the City would have received approximately \$1.5 million NPV in commitment and standby fees by 2025, as compared to \$2.3 million under the existing agreement. After 2025, the City would receive \$500,000 per year in order for WPC to maintain their access to the City's recycled water. By 2028, the City will have received more money for reserving access to recycled water for WPC than under the existing Agreement.

The following table shows the annual revenue associated with the proposed Agreement. Please note that all dollars are in 2017 dollars, and credits are only available to offset the connection fees when WPC begins using recycled water.

Year	Fees Payable to the City	Total Credits Available
2017	\$200,000	\$100,000
2018	\$100,000	\$150,000
2019	\$100,000	\$200,000
2020	\$100,000	\$250,000
2021	\$100,000	\$300,000
2022	\$100,000	\$350,000
2023	\$100,000	\$400,000
2024	\$100,000	\$450,000
2025	\$100,000	\$500,000
2026 and on	If Water isn't used - \$500,000	\$0
	If Water used - \$2,309,050	

No expenses are borne by the City and any costs will be the responsibility of WPC.

The change in inflation terms also helps to protect the City's potential revenue stream. At the end of the contract term, the per cubic meter rate for recycled water is expected to be \$0.52 based on Conference Board of Canada information. The existing Agreement would result in a rate of \$0.38 per cubic meter.

Environmental Implications

The supply of recycled water to WPC's mine, for normal operations, would reduce the volume of recycled water discharged into Wascana Creek by approximately 36 per cent. The current discharge from the WWTP flow is 70,000 cubic meters. The diversion of recycled water from Wascana Creek is anticipated to have both positive and negative environmental impacts. The diversion will improve the quality of the water in the creek and downstream lakes; however, removing flow from the creek could affect the habitat. These impacts were assessed through a formal environmental review process required by provincial and federal regulators and completed by WPC. The completed environmental impact statement found that *"The use of diverted recycled water from the City of Regina is predicted to provide a net benefit to water quality downstream of the wastewater treatment plant."*

The proposed commercial terms require all necessary environmental approvals be obtained before the project can proceed. Additionally, WPC is responsible for all expenses related to the environmental process and any mitigating measures deemed necessary by provincial and federal regulators.

Allocation of water or recycled water for WPC's project must be granted by the Water Security Agency (WSA). The WSA is the provincial agency responsible for ensuring the sustainable use of provincial water resources for both current and future generations. The requirements for a

water allocation for various purposes, including industrial use, must undergo a regulatory review and are subject to licensing and conditions to ensure water resources are managed properly.

Some of the items considered include:

- Whether the identified source has the capacity to provide the amount of water requested under a range of climatic conditions.
- If diversion of the requested amount of water will result in negative impacts to existing water users, the watershed, or future water management and, if necessary, apply mitigation measures.
- Assess and classify any proposed infrastructure (e.g., dams, diversions, pipelines) for safety, hazards, or impacts and, if necessary, apply mitigation measures.

WPC is required to have an approved water allocation from the WSA as part of the existing and proposed Agreement.

Strategic Implications

This initiative supports City Council's vision of Regina as Canada's most vibrant, inclusive, attractive, and sustainable community where people live in harmony and thrive in opportunity.

The initiative supports the following the *Design Regina, Official Community Plan (OCP)* goals:

- Financial Goal 4 - Ensure Revenue Growth and Sustainability: The Agreement will result in a secure long-term source of revenue.
- D2 Goal 3 - Water Protection: The Agreement results in an approach that helps protect surface water from contamination.
- D4 Goal 4 - Conservation and Environment: The Agreement will result in new infrastructure that minimizes impacts on the environment.
- D10 Goal 2 - Economic Growth: By its willingness to work with industry during a time of economic challenge, the City demonstrates its commitment to fostering economic growth.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

WPC will issue a press release to media and its shareholders when the Agreement is executed. The press release will indicate that the Administration and WPC have signed an agreement for the supply of treated wastewater to their proposed potash mine.

DELEGATED AUTHORITY

The recommendations of this report require City Council approval.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Pat Wilson', with a stylized initial 'P' and a long horizontal stroke.

Pat Wilson, Director
Water Works

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Karen Gasmo', with a stylized 'K' and 'G'.

Karen Gasmo, Executive Director
Transportation & Utilities

Report prepared by:
Chris Seeley, Manager, Contract & Program Development

Comparison of Key Terms

Western Potash Recycled Water Access Agreement

Category	Aspect	Existing Agreement (2012)	Proposed Terms (2017)
Time	Optional Termination Date	December 31, 2019	December 31, 2025
	Agreement Term (from commencement date)	45 years	40 years
Money and Fees	Commitment Fee	N/A (note: \$500,000 paid in 2012)	\$200,000
	Annual Standby Fee (Paid until commencement date)	\$200,000 (2017 and beyond)	\$100,000 (2018 to 2025) \$500,000 (2026 and beyond)
	Connection Fee (Paid after commencement date)	\$0.2628 / cubic meter ~\$5.4 million (years 1 - 5) ~\$3.85 million (years 6 - 45)	\$0.2628 / cubic meter ~\$2.4 million (years 1 - 40)
	Inflation	Connection fee – 1% Standby fee – 0%	Connection fee – CPI* excluding food Standby fee – CPI excluding food
	Credits	\$500,000 (expires 2017) No new credits	\$0 New Credits - 50% of Commitment and Standby fees (expires 2025)
Volume	Maximum Daily Water Supply	60,000 m ³ /day (year 1 - 5) 42,240 m ³ /day (year 6 - 45)	25,000 m ³ /day (year 1 - 40)
Infrastructure	Capital Costs	WPC pays	WPC pays Option to incorporate into WWTP P3
	Operation and Maintenance Costs	WPC pays	WPC pays Option to incorporate into WWTP P3

*CPI = Canadian Consumer Price Index

October 11, 2017

To: Members
Executive Committee

Re: Amendments to The Wastewater and Storm Water Bylaw, 2016 to Set a Rate for Access
to Recycled Water

RECOMMENDATION

1. That amendments to *The Wastewater and Storm Water Bylaw*, 2016, Bylaw No. 2016-24 to include a rate for providing access to recycled water, as identified in this report.
2. That amendments to *The Regina Administration Bylaw*, Bylaw No. 2003-69 to delegate authority to the Executive Director, Transportation & Utilities, to negotiate and resolve revenue agreements for the sale of access to recycled water where:
 - (a) the term of the agreement is less than two years;
 - (b) the connection fee is the same rate as recommended above;
 - (c) the proponent obtains a Water Security Agency (WSA) allocation for the recycled water use;
 - (d) the proponent obtains all other necessary federal, provincial and other permits and approvals;
 - (e) the Recycled Water Access Agreement (Agreement) aligns with the Design, Build, Finance, Operate and Maintenance Agreement between the City and EPCOR; and
 - (f) the proponent is responsible for paying any operating, maintenance or capital costs related to providing access to the recycled water in addition to the connection fee for recycled water.
3. That the City Solicitor be instructed to prepare amendments to *The Wastewater and Storm Water Bylaw*, 2016, Bylaw No. 2016-24 and *The Regina Administration Bylaw*, Bylaw No. 2003-69 to include the provisions identified in recommendations 1 and 2 of this report.
4. That item *MN11-1* be removed from the list of Outstanding Items for the Public Works and Infrastructure Committee.
5. That this report be forwarded to the October 30, 2017 meeting of City Council for approval.

CONCLUSION

Outside organizations have recently contacted the City of Regina (City) to request access to recycled water, which indicates that there is a demand for this supply. The proposed uses include road construction, dust management and industrial water use.

Setting a rate in *The Wastewater and Storm Water Bylaw, 2016* and delegating the authority to enter into short-term agreements allows the City to be more responsive to organizations that wish to purchase access to recycled water for short term use.

The proposed rates for recycled water connection fees are:

- \$0.2628 per cubic meter in 2017; and
- \$0.2694 per cubic meter in 2018.

BACKGROUND

On November 15, 2012, the City and the Western Potash Corporation (WPC) entered into an Agreement that would provide WPC with access to recycled water for use in its potash solution mine near Milestone, Saskatchewan. This Agreement is being renegotiated in 2017.

Recently, the City has also been approached by other organizations about obtaining access to recycled water. Although the City is negotiating with WPC to provide access to recycled water, depending on the terms of that agreement, there may be excess volume available. Access to the excess volume could be provided to other users; however, there are no standard fees or standard processes in place to quickly provide organizations with access. Some uses like road construction may be short-term and require access within a few weeks. Setting standard rates and delegating the authority to enter into access agreements will allow the City to be more responsive to organizations requesting recycled water, creating an opportunity for additional revenue.

DISCUSSION

Currently, the City may only provide access to recycled water when the City and the proponent negotiate rates through an agreement approved by City Council (Council). While long-term agreements for larger recycled water volumes require more substantial consideration, smaller short-term arrangements would benefit from a quicker process.

The proposed bylaw changes would allow the Administration to quickly develop short-term non-renewable agreements, but would limit this authority based on the following criteria:

- the term of the agreement is less than two years;
- the connection fee is set in the bylaw;
- the proponent obtains a WSA allocation for the recycled water use;

- the proponent obtains all other necessary federal, provincial and other permits and approvals;
- the recycled water access agreement aligns with the Design, Build, Finance, Operate and Maintenance Agreement between the City and EPCOR; and
- the proponent is responsible for paying any operating, maintenance or capital costs related to providing access to the recycled water in addition to the connection fee.

The Agreement would also cover indemnification against the City. Council approval will continue to be required for any long-term access agreements, such as the one that the City has with WPC.

The advantages of this approach are:

- reduced approval time: Delegating the agreement process for short-term agreements conforming to the criteria listed above will allow the Administration to be able to respond within one to two weeks rather than two months or more;
- increased opportunity for beneficial reuse of a waste by-product of sewage treatment: Allowing other uses of recycled water helps to protect other fresh water sources. It is the WSA's role to evaluate impacts for each proposed use of recycled water; and
- additional revenue: Although some potential users of recycled water may currently be using potable water from the City, it is expected that providing access to recycled water will result in additional revenue for the City.

The proposed recycled water connection fees of \$0.2628 per cubic meter in 2017 and \$0.2694 per cubic meter in 2018 is consistent with the proposed Agreement with WPC. The intent will be to update the recycled water connection fee annually to increase with the Canadian Consumer Price Index Excluding Food. However, future changes to connection fees would be approved with general bylaw rate changes.

The new Wastewater Treatment Plant (WWTP) includes a chamber that can be used to access recycled water just prior to discharge to the creek. For smaller users, access to the chamber can be achieved through use of a pump placed in the chamber and piping to outside the plant fencing. This could service trucks used to haul water for uses such as road construction. If any infrastructure is required, the City will work with EPCOR to ensure that there is no adverse impact to the WWTP. Any costs incurred by the City or EPCOR will be the responsibility of the proponent.

RECOMMENDATION IMPLICATIONS

Financial Implications

The proposed terms would provide the City with additional revenue at no additional cost. It should be noted that the additional revenue is not guaranteed and is based on past inquiries to the City.

Environmental Implications

The use of diverted recycled water from the City is predicted to provide a net benefit to water quality downstream of the WWTP by removing a source of nutrients and other undesirable constituents.

The proposed bylaw amendments require the proponent to obtain all necessary environmental approvals. The proponent is responsible for all expenses related to the environmental process, and any mitigating measures deemed necessary by provincial and federal regulators. Any use of recycled water is subject to regulation by the WSA. For very short-term uses, the proponent will have to obtain a Temporary Water Rights Licence. For longer term water usage, the proponent must obtain a Water Rights Licence from the WSA. WSA evaluates applications considering a number of factors including scarcity of the water supply, impacts to adjacent water users, purpose of the water use and quality of the source water.

Strategic Implications

This initiative supports the *Design Regina, Official Community Plan (OCP)* Community Priorities of promoting conservation, stewardship and environmental sustainability; achieving long-term financial viability; fostering economic prosperity; and optimizing regional cooperation.

The initiative supports the following OCP Goals:

- Financial Policies, Goal 4 - Ensure Revenue Growth and Sustainability: The bylaw amendments will allow for a secure long-term source of revenue.
- D2, Goal 3 - Water Protection: The bylaw results in an approach that helps protect surface water from contamination.
- D10, Goal 2 - Economic Growth: By providing another water source for industry, the City demonstrates its commitment to fostering economic growth.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Pat Wilson', with a long horizontal stroke extending to the right.

Pat Wilson, Director
Water Works

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Karen Gasmo', written in a cursive style.

Karen Gasmo, Executive Director
Transportation & Utilities

Report prepared by:
Chris Seeley, Manager, Contract & Program Development

APPENDIX A

Summary of Charges

Category	Aspect	Existing Agreement (2012)	Proposed Terms (2017)
Time	Optional Termination Date	December 31, 2017	December 31, 2025
	Agreement Term (from commencement date)	45 years	40 years
Money and Fees	Commitment Fee	N/A (note: \$500,000 paid in 2012)	\$200,000
	Annual Standby Fee (Paid until commencement date)	\$200,000 (2017 and beyond)	\$100,000 (2018 to 2025) \$500,000 (2025 and beyond)
	Connection Fee (Paid after commencement date)	\$0.25 / cubic meter ~\$5.4 million (years 1-5) ~\$3.85 million (years 6-45)	\$0.2628 / cubic meter ~\$2.4 million (years 1-40)
	Inflation	Connection fee – 1% Standby fee – 0%	Connection fee – CPI excluding food Standby fee – CPI excluding food
	Credits	\$500,000 (expire 2017) No new credits	\$0 50% of Standby fees (expire 2025)
Volume	Maximum Daily Water Supply	60,000 m ³ /day (year 1-5) 42,240 m ³ /day (year 6-45)	25,000 m ³ /day (year 1-40)
Infrastructure	Capital Costs	WPC pays	WPC pays Option to incorporate into WWTP P3
	Operation and Maintenance Costs	WPC pays	WPC pays Option to incorporate into WWTP P3

October 11, 2017

To: Members
Executive Committee

Re: 2017 Housekeeping Boundary Alteration – North of Highway No. 1 and Campbell Street
Intersection

RECOMMENDATION

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- SEPTEMBER 13, 2017**

1. That the City of Regina apply to have the city of Regina boundary altered by including the following lands:

Surface Parcel Number 203116946
Blk/Par F - Plan 102192083 Ext 0

and

Surface Parcel Number 203183805
Blk/Par G - Plan 102206797 Ext 0

(collectively, the “Lands”)

2. That City Administration pursue discussions with the Rural Municipality of Sherwood No. 159 on boundary alteration for two parcels of subject land located north of the intersection of Highway No. 1 and Campbell Street.

EXECUTIVE COMMITTEE - SEPTEMBER 13, 2017

The Committee adopted a resolution to concur in the recommendation contained in the report.

Mayor Michael Fougere, Councillors: Joel Murray (Chairperson), Lori Bresciani, Sharron Bryce, John Findura, Jerry Flegel, Bob Hawkins, Jason Mancinelli, Andrew Stevens, Mike O'Donnell and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at the **PRIVATE** session of its meeting held on September 13, 2017, considered the following report from the Administration:

RECOMMENDATION

1. That the City of Regina apply to have the city of Regina boundary altered by including the following lands:

Surface Parcel Number 203116946
Blk/Par F - Plan 102192083 Ext 0

and

Surface Parcel Number 203183805
Blk/Par G - Plan 102206797 Ext 0

(collectively, the “Lands”)

2. That City Administration pursue discussions with the Rural Municipality of Sherwood No. 159 on boundary alteration for two parcels of subject land located north of the intersection of Highway No. 1 and Campbell Street.
3. That this report be forwarded to the October 11, 2017 public meeting of the Executive Committee for approval.

CONCLUSION

The Lands that were previously withheld by the Ministry of Highway and Infrastructure (MHI) for potential roadway during the 2013 boundary alteration are now available to be included within the city boundary for future development. The Lands include two parcels totaling approximately seven hectares located at the intersection of Highway No. 1 and Campbell Street (Appendix A).

Both parcels are currently owned by Dream Development Corporation (Dream). Now that MHI has released the Lands, a housekeeping boundary adjustment is proposed from the 2013 boundary alteration to bring the Lands within the City’s municipal boundaries. City Administration is working collaboratively with the Rural Municipality of Sherwood No. 159 (RM) Administration to complete this adjustment. Further reports will be going forward to City Council and RM Council at the beginning of 2018 to endorse the boundary alteration and tax loss compensation to the RM.

BACKGROUND

On September 9, 2013, the City of Regina (City) and RM signed a Memorandum of Understanding (MOU) that outlined the framework for inter-municipal processes for managing lands of mutual interest and expressed an intent to work collaboratively to achieve common

objectives. A Joint Planning Area (JPA) along with three inter-municipal working committees was established through the MOU, including the Sherwood Regina Administrative Technical Committee (SRATC). The official community plans for both municipalities include collaborative policies for growth within the JPA. Section - D1 Regional Context Goal 3 - JPA of *Design Regina: The Official Community Bylaw No. 2013-48* (OCP) directs that the development review process for land within the JPA shall follow the process outlined in the MOU framework.

In the MOU, the City and the RM agree to recognize and respect the right of the City and RM to grow, but not at the expense of the other. The agreement expresses a desire to work collaboratively and to jointly review significant development applications or servicing requests within the JPA.

On November 6, 2013, City Council and RM Council passed complementary resolutions in support of the 2013 Boundary Alteration (report CM13-14). As a result, lands previously within the RM, encompassing approximately 3,431 hectares (8,480 acres), came under City jurisdiction on January 1, 2014 as per the Minister's order granted on November 27, 2013. The addition of these lands protect the City's future growth areas to a projected population of approximately 400,000.

The Lands are contiguous assets that would have otherwise been included in the 2013 boundary alteration; however, they were excluded from the 2013 boundary alteration as they were being held by the MHI as road right-of-way (ROW) for a potential future interchange at that location. Since that time, the MHI has concluded they will not require an interchange at this location.

Dream acquired the Lands from the MHI in November 2016. The Lands now form natural extensions of both the existing Harbour Landing community and future West Harbour Landing community. As a result, Dream is requesting that the Lands be brought into city limits through a new boundary alteration application.

Bringing the Lands into city limits requires the full boundary alteration legislated process as Sections 48 and 50 of *The Cities Act* only allow for boundary alteration corrections where the order itself contained an error or for minor revisions to the legal descriptions provided.

DISCUSSION

Process & Timelines

The boundary alteration process is outlined in Section 43 of the Act. The proposed process and timeline for this boundary alteration follows the legislated requirement, which includes giving notice to the public and allowing for possible objections, in addition to including the timeframe of the 2017 City Council and Executive Committee meeting dates schedule.

Through the SRATC, the City and the RM have discussed advancing the proposed municipal boundary alteration in 2017. Notice of intention is required and will be given formally to the RM,

affected landowners and school boards. Public notice will be communicated through posting on Regina.ca and newspaper publication.

RECOMMENDATION IMPLICATIONS

Financial Implications

The 2013 boundary alteration agreement between the City and the RM included tax loss compensation in which the City agreed to pay the RM an amount equal to 15 times the foregone tax revenues generated by the annexed land.

The property taxes on the parcel on the east side of Campbell Street (parcel #203183805) was \$48.30 for 2017. The parcel west of Campbell Street (parcel #203116946) is not currently assessed by the Saskatchewan Assessment Management Agency (SAMA). It can be assumed that the taxes for the west property will be similar to the east property; however, this will not be confirmed until the property is assessed in 2018. If the property taxes for the west parcel are similar to the taxes on the east parcel, the total cost of tax loss compensation for the 2 parcels would be approximately \$1450.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

During the boundary alteration process, all policies and bylaws requiring amendments will be identified. Maps in the OCP will need to be updated to reflect the new city boundary; however, they can be updated during the five year refresh of the OCP. The Harbour Landing Concept Plan would not require an amendment as this area is already shown as low density residential on the approved concept plan.

Other Implications

Requests from other landowners outside of the Lands will not be considered or included at this time as this boundary alteration is to accommodate land withheld by the MHI in 2013. Other requests by landowners will be considered once a full housekeeping boundary alteration is undertaken.

Accessibility Implications

None with respect to this report.

COMMUNICATION

The Cities Act outlines all communication and notification that is required during the boundary alteration process. In this case there is only one landowner, Dream. Other interested parties that need to be notified of the potential boundary alteration include the public, the school boards and MHI. A public hearing is required once the proposal has been advertised. A detailed communication plan will be established over the next month.

DELEGATED AUTHORITY

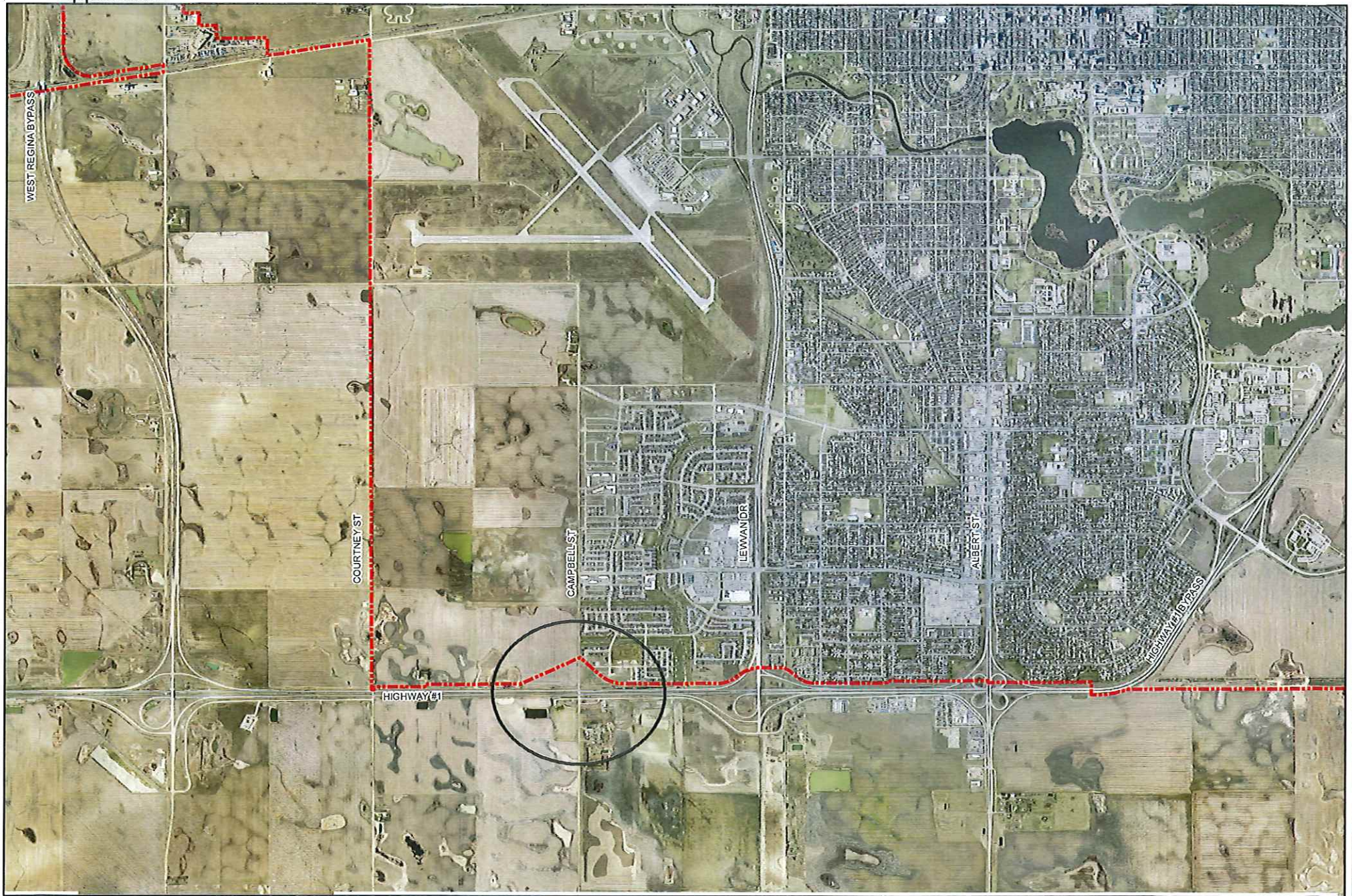
The recommendations contained in this report are within the delegated authority of the Executive Committee.

Respectfully submitted,

EXECUTIVE COMMITTEE

A handwritten signature in black ink, appearing to read 'Jim Nicol', written in a cursive style.

Jim Nicol, Secretary



LEGEND

-  Campbell St & Highway #1 Intersection
-  City Limits



Campbell St & Highway #1 Intersection

Planning Department
Long Range Planning Branch

LOCATION MAP

City of Regina

