



Executive Committee

**Wednesday, March 13, 2019
11:45 AM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

**Public Agenda
Executive Committee
Wednesday, March 13, 2019**

Approval of Public Agenda**Adoption of Minutes**

Minutes from the meeting held on February 13, 2019

Administration Reports

EX19-11 City of Regina Priority Projects - Investing in Canada Infrastructure Program (ICIP), Transit, Green and Social Streams

Recommendation

1. That Executive Committee endorse the projects in this report, as prioritized by the Administration.
2. That this report be forwarded to the March 25, 2019 City Council meeting for approval.

EX19-12 General Capital Debt Refinancing

Recommendation

1. That the Executive Director, Financial Strategy & Sustainability be authorized to negotiate external financing, including signing any necessary documents, to a maximum of \$13 million to refinance a one-time capital debt repayment due in 2019.
2. That a future report be provided to City Council providing the negotiated details of the financing and applicable borrowing bylaw.
3. That the following change in position title from “Executive Director, Financial and Corporate Services” to “Executive Director, Financial Strategy and Sustainability” in Bylaw 2003-69, being *The Regina Administration Bylaw* be approved.



OFFICE OF THE CITY CLERK

4. That the City Solicitor be instructed to prepare a bylaw to amend Bylaw 2003-69, being *The Regina Administration Bylaw*, to make the changes outlined in recommendation #3.
5. That this report be forwarded to the March 25, 2019 City Council meeting for approval.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, WEDNESDAY, FEBRUARY 13, 2019

AT A MEETING OF EXECUTIVE COMMITTEE

HELD IN PUBLIC SESSION

AT 11:45 AM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

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

Regrets: Councillor Joel Murray

Also in Attendance: City Clerk, Jim Nicol
Deputy City Clerk, Amber Ackerman
City Manager, Chris Holden
City Solicitor, Byron Werry
A/Executive Director, Citizen Services, Layne Jackson
A/Executive Director, City Planning & Community Dev., Fred Searle
Exec. Director, Financial Strategy & Sustainability, Barry Lacey
Director, People & Organizational Culture, Steve Eger
Director, Roadways & Transportation, Norman Kyle
Manager, Communications, Maureen MacCuish
Manager, Parking Services, Faisal Kalim
Manager, Traffic Engineering, Carolyn Kalim
Coordinator, Social Inclusion, Dave Slater

(The meeting commenced in the absence of Mayor Fougere and Councillors Flegel and Mancinelli)

APPROVAL OF PUBLIC AGENDA

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted, and that the delegations be heard in the order they are called by the Chair, with the addition of the following items:

- **EX19-9 Supplemental Report – School Zone Safety; and**
- **EX19-10 Communication from CAA Saskatchewan**

ADOPTION OF MINUTES

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the minutes for the meeting held on January 16, 2019 be adopted, as circulated.

COMMUNICATIONS

EX19-10 CAA Saskatchewan Safety in School Zones Report

Recommendation

That this communication be received and filed.

Councillor Mike O'Donnell moved, AND IT WAS RESOLVED, that this communication be received and filed.

(Councillor Flegel joined the meeting via teleconference.)

ADMINISTRATION REPORTS

EX19-9 Supplemental Report – School Zone Safety

Recommendation

That this report be received and filed.

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that this report be received and filed.

TABLED REPORTS

EX18-16 Safety in School Zones

Recommendation

1. That Administration undertake an audit of existing school zones to review signage locations, parking and drop off locations and overall safety, prior to the implementation of any further recommendations.
2. That the City Solicitor be instructed to prepare the necessary amendments to Bylaw No. 9900, *The Regina Traffic Bylaw, 1997*, as recommended in this report, effective August 30, 2019.
3. That this report be forwarded to the August 27, 2018 meeting of City Council for approval.

Councillor O'Donnell moved that Administration complete its audit of existing school zones and playground zones to review signage locations, parking and drop-off locations and overall safety consideration, and provide a report to Public Works and Infrastructure by Q2 2019 outlining recommended changes to:

1. **Speed zones**
2. **U-turns**
3. **Visibility and traffic calming initiatives**
4. **Fines for speeding**
5. **Other recommendations from the Traffic School Zone Safety Committee.**

(Councillor Mancinelli arrived at the meeting.)

(Mayor Fougere arrived at the meeting.)

The motion was put and declared CARRIED.

ADMINISTRATION REPORTS

EX19-7 Access Without Fear - Undertaking Update

Recommendation

1. That the MN17-10 Access Without Fear motion be removed from the list of outstanding items for City Council.
2. That this report be received and filed.

Councillor Andrew Stevens moved, AND IT WAS RESOLVED, that this report be received and filed.

CITY CLERK'S REPORTS

EX19-8 2018 Review of Public Outstanding Items

Recommendation

That the following items be deleted from the list of outstanding items for City Council:

<u>Item</u>	<u>Committee</u>	<u>Subject</u>
CR17-64	City Council	Buffalo Pound Water Treatment Corporation – Acceleration of Electrical Upgrade Capital Project
CR17-74	City Council	Lead Service Connection Management Program
CR17-71	City Council	That the funding for the 2018 Mastercard Memorial Cup be part of the 2018 budget process
MN18-5	City Council	Snow Angel Program
MN18-6	City Council	Condominium Waste Rebate
MN18-7	City Council	Community Investment Grants Program
IR18-8	City Council	Inflation Indexing Arcola Avenue Corridor from College Avenue to Prince of Wales Drive

CR18-76	City Council	Public Works and Infrastructure Committee: Residential Road Renewal Program Review Report
CR18-91	City Council	Heritage Building Rehabilitation Program (18-HBRP-04) 3038 - 3060 18th Avenue – Henderson Terrace
CR18-102	City Council	Open Space Pathway Snow Clearing Service
CR18-103	City Council	Snow Routes Pilot Program Update

Councillor Mike O'Donnell moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

RESOLUTION FOR PRIVATE SESSION

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

RECESS

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the Committee recess for five minutes.

The Committee recessed at 1:12 p.m.

Chairperson

Secretary

March 13, 2019

To: Members
Executive Committee

Re: City of Regina Priority Projects - Investing in Canada Infrastructure Program (ICIP),
Transit, Green and Social Streams

RECOMMENDATION

1. That Executive Committee endorse the projects in this report, as prioritized by the Administration.
2. That this report be forwarded to the March 25, 2019 City Council meeting for approval.

CONCLUSION

The Government of Canada, in its 2016 and 2017 Budgets, announced the Investing in Canada Infrastructure Program (ICIP), which consists of \$180 billion over 11 years to support sustainable and inclusive communities, while driving economic growth.

Overall, Saskatchewan will receive \$896.32 million through the ICIP, as follows: (1) Public Transit - \$307.87 million; (2) Green Infrastructure - \$416.33 million; (3) Community, Culture and Recreation Infrastructure (Social) - \$56.21 million; and, (4) Rural and Northern Communities - \$115.91 million. At this point in time, it is not known whether municipalities will receive a specific allocation, or whether all applications will be assessed through a competitive process.

On October 3, 2018, the federal and provincial governments officially signed the Canada-Saskatchewan Integrated Bilateral Agreement (IBA) for the ICIP. The Government of Saskatchewan has requested a list of priority projects and estimated costs under each stream for funding consideration.

Infrastructure funding from other levels of government allows the City of Regina (City) to leverage additional sources of funding to support the City's major infrastructure needs. While accessing funding from alternative sources reduces the initial cost of the assets, care must be taken to determine what the highest priority needs are, as well as the City's ability to fund the required portion of the costs.

The projects described below constitute a prioritized list of projects which may be eligible for funding under the ICIP. Council's endorsement of the prioritized list will allow the Administration to forward projects through the application process as the details of the ICIP are finished and funding become available.

BACKGROUND

Public Transit:

Specific to the ICIP Public Transit stream, the goal is to improve the capacity, quality, safety and accessibility of public transit infrastructure. Investments will support the transition to a low-carbon economy and reduce air pollution and greenhouse gas (GHG) emissions, as well as contribute to the social life of communities.

The funding will address the construction, expansion and improvement of public transit infrastructure projects that integrate first-mile, last-mile connectivity (the first portion and last portion of a trip taken using public transit, such as the walk or cycle to the transit station, and from the station to the final destination). A national cap of 15 per cent is placed on investments allocated to rehabilitation projects.

Green Infrastructure:

The ICIP has made it a priority to address climate change and move Canada to a prosperous, clean growth, resilient and low-carbon economy. The Plan seeks to make communities more resilient to climate change, and to address persistent challenges to air, water and soil quality. Increasing the capacity to treat and manage water, wastewater and storm water and reduce or remediate soil and air pollution will lead to reductions in GHG emissions, cleaner water, air and soil. As per the terms of the ICIP IBA, the Government of Saskatchewan has agreed to commit 45 per cent of the green funding to projects under the climate change mitigation sub-stream.

Social (Community, Culture and Recreation) Infrastructure:

The Social Infrastructure stream addresses key areas of concern, particularly housing and early learning and child care. Community infrastructure is defined as publicly accessible, multi-purpose spaces that bring together a variety of different services, programs and/or social and cultural activities to address local needs.

These investments will fund the construction, expansion or rehabilitation of new community, culture, sports and recreation facilities. However, a professional or semi-professional sport facility that is primarily a commercial operation, such as those that serve major junior hockey leagues are deemed ineligible.

DISCUSSION

The Administration recommends, for Council consideration, the following projects in order of priority for potential funding under the ICIP:

Public Transit:

1. Downtown Transit Enhancements - \$40 million;
2. Transit Hub South East Neighbourhood Plan - \$15 million;

3. Connecting Transit Stops (First Mile, Last Mile) 62 kilometres (kms) of sidewalks at \$2 million to \$3 million per year for five years - \$15 million;
4. New Fare System and Paratransit Dispatch and Trip Booking Software - \$11.5 million;
5. Transit Accessibility Improvements - \$6.75 million.

The total high level estimated costs for the above projects are \$88.25 million.

Green:

1. Buffalo Pound Regional Water Treatment Plant Renewal - \$150 million;
2. Implementation of Residential Organics Collection and Processing - \$5.6 million;
3. Wastewater Capacity Upgrades - \$200 million;
4. Twinning South Wastewater Trunk - \$40 million;
5. Landfill Gas to Energy Engine / Landfill Gas Well Field - \$6.5 million;
6. Drainage Upgrades - \$85 million.

The total high level estimated costs for the above projects are \$487.1 million.

Social (Community, Culture and Recreation):

1. Lawson Aquatic Centre and Addition of Indoor Recreational Centre - \$80 million;
2. Outdoor Aquatic Facility Renewal – Wascana and Maple Leaf pools - \$20 million;
3. Regina Revitalization Initiative (RRI) Public Use Facility - \$30 million;
4. Globe Theatre - \$25 million.

The total high level estimated costs for the above projects are \$155 million.

The total projected costs for the projects in all funding streams is \$730.35 million.

Please see attached Appendix A for an overview of each project.

RECOMMENDATION IMPLICATIONS

Financial Implications

Infrastructure funding from other levels of government allows the City of Regina (City) to leverage additional sources of funding to support the City's major infrastructure needs. While accessing funding from alternative sources reduces the initial cost of the assets, care must be taken to determine what the highest priority needs are, as well as the City's ability to fund the required portion of the costs, including understanding the full life cycle costs of any new assets.

Environmental Implications

No environmental impacts associated with this report. However, any potential environmental impacts associated with the individual projects will be outlined and detailed through the federal and provincial Environmental Impact Assessment process.

Policy and/or Strategic Implications

Both the Financial Policies section in *Design Regina: the Official Community Plan* and the objectives and outcomes of the strategic plan, *Making Choices Today to Secure Tomorrow: Advancing the Official Community Plan*, have been used to develop the options for consideration in this report. Each element presented is consistent and aligned to these documents.

In addition, infrastructure funding from other levels of government allows the City to leverage additional sources of funding to support the City's major infrastructure needs.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report. However, any potential accessibility implications associated with the individual projects will be outlined and detailed through the federal and provincial application and approval process.

COMMUNICATIONS

No communication activities with respect to this report. The ICIP Agreement outlines the Communications Protocol, which will be adhered to when an individual project(s) receives approval.

DELEGATED AUTHORITY

The recommendation contained in this report is within the delegated authority of the Executive Committee.

Respectfully submitted,



Sheila Harmatiuk,
Senior Advisor
Government and Indigenous Relations

Respectfully submitted,



Chris Holden,
City Manager

Project Descriptions:

Public Transit:

1. Downtown Transit Enhancements - \$40 million:
11th Avenue is currently Regina Transit's transfer point for a significant number of daily trips. It is also a place of connectivity for different modes of transportation – walking, biking, or riding transit. Upgraded amenities are required to service the city's growth and changing needs of passengers. These amenities may include:
 - Enhanced customer service area;
 - Upgraded road and sidewalk network;
 - Enhanced waiting areas for passengers;
 - Real time arrival information; and,
 - Enhanced accessibility features for ease of access to transit service.
2. Transit Hub South East Neighbourhood Plan - \$15 million:
As the south east area of Regina continues to grow, a transit location is required to allow for transfers; and as a potential option for a park and ride location.
3. Connecting Transit Stops (First Mile, Last Mile) 62 kilometres (kms) of sidewalks at \$2 million to \$3 million per year for five years - \$15 million:
Some of the City's transit stops have no sidewalks, or limited access to sidewalks, creating transit challenges, especially for those residents with accessibility issues. This funding would help connect transit users with access to transit stops.
4. New Fare System and Paratransit Dispatch and Trip Booking Software - \$11.5 million:
Enhancements to improve the current Fare Collection System by providing multiple payment options to customers. Options include the ability for mobile ticketing and payment through phones. Newer technology will also allow for further options on the types of fares that may be charged. A new Fare Collection System will provide improved business intelligence information through real-time data collection, reducing the time and costs associated with selling transit fare products and fare collection.

The main purpose for upgrading the Paratransit software system is to utilize a variety of types of transportation modes such as conventional transit, paratransit, taxis and shared ride services to deliver accessible transit trips. The paratransit software will position the Transit Department to deliver co-mingled services which is the integration of conventional and paratransit trips.

When a variety of accessible trip options are available utilizing different types of transportation, customers will have better trip options. Additional features such as web-based bookings and mobile apps are also available to improve the customer's trip booking experience and reduces the requirement of having staff completing the work.

5. Transit Accessibility Improvements - \$6.75 million:

Improvements include updates to transit stop signage with braille and raised letter plaques, possible bus shelter upgrades, and levelling the current walking surfaces around transit stops.

Green Infrastructure:

1. Buffalo Pound Regional Water Treatment Plant Renewal - \$150 million:

Over the last five years engineering assessments dealing with the age and reliability of the Buffalo Pound Water Treatment Plant (BPWTP) have identified the need to renew or replace the existing plant to ensure the ongoing provision of safe and reliable treated water to the cities of Regina and Moose Jaw and other regional customers. The project would address the growing risks associated with sustaining the ongoing operation of the plant, as well as ensuring the plant can meet future capacity requirements when needed. The BPWTP was originally built in the early 1950s with major upgrades in 1958, 1970, and late 1980s. The BPWTP is co-owned by the City of Regina (74 per cent) and the City of Moose Jaw (26 per cent).

To note: any application for funding of this project would be made by the Corporation, rather than the City.

2. Implementation of Residential Organics & Processing: \$5.6 million:

By investing in the infrastructure for a green cart service for 65,000 households, the City has the opportunity to set the foundation for a long-term organic waste diversion program. Currently, over 50 per cent of what Regina residents send to the landfill each year is compostable. Diverting this material will reduce greenhouse gas (GHG) emissions, extend the life of the landfill and contribute to Regina's Community Priority of conservation, stewardship and environmental sustainability. Once the residential program is in place, the City would then look at non-residential diversion.

3. Wastewater Capacity Upgrades - \$200 million:

This project will increase the capacity of the City's wastewater system. The work will include significant upgrades to our wastewater collection and treatment system. The project will increase the resilience of the City to adapt to climate change and extreme weather events. The upgrades may include underground relief sewers and/or expanded treatment options to reduce the risk of wastewater discharges to the environment.

4. Twinning South Wastewater Trunk - \$40 million:

During extreme weather events the wastewater system can become overwhelmed which can lead to sewer backups and wastewater discharges to the environment. This project will increase the capacity of the wastewater collection system and increase the resilience of the City to adapt to more extreme weather events.

5. Landfill Gas to Energy Engine / Landfill Gas Well Field - \$6.5 million:

Landfill gas, which is primarily methane, is created through the decomposition of organic waste. The proposed improvement considers an expansion to the current gas collection system which will fuel an engine and produce electricity.

Burning landfill gas in the engine converts methane into carbon dioxide which is about 25 times less harmful of a GHG, resulting in GHG reductions of approximately 35,000 tonnes annually.

6. Drainage Upgrades - \$85 million:

While work is being done to mitigate risk through drainage projects, like the Arcola Avenue detention pond, the existing drainage system is not designed to accommodate extreme weather events. This project will upgrade the existing drainage system in high risk areas of Regina. This work will reduce the risk of flooding and protect public health and safety and will include further installation of large diameter storm pipes, detention ponds and underground storage tanks.

Social (Community, Culture and Recreation) Infrastructure:

1. Lawson Aquatic Centre and Addition of Indoor Recreational Centre - \$80 million:

Administration's recent work to develop a Recreation Master Plan revealed that additional indoor pool capacity for both competitive and leisure aquatics programs is a priority. The Administration's recommendation is to redevelop the Lawson Aquatic Centre with replacement of the competitive pool, as well as the addition of a leisure pool.

2. Outdoor Aquatic Facility Renewal (Wascana and Maple Leaf pools) - \$20 million:

Maple Leaf and Wascana Outdoor Pools are over 70 years old and have reached their life expectancy. Maple Leaf Pool will not open in 2019 and this year will be the last season that Wascana Pool will be open.

Wascana Pool, situated in the city's picturesque Wascana Park, has served residents since 1947. Due to its location, this facility draws users from across the city, often enjoying the day in the park, with swimming being but one activity offered. This pool will provide residents with contemporary aquatics program options, such as zero depth entry, spray toys, lap swimming, water slides, etc.

Maple Leaf Pool, a staple in the community since 1946, is located in an inner-city neighbourhood, serving a widely-diverse community. The pool provides a free of charge opportunity for residents to learn to swim, socialize and cool off on hot summer days.

Both facilities will meet currently accessibility codes, as well as provide all-gender washroom/changeroom facilities and family washroom/changeroom options. The facilities will be designed and constructed to contemporary energy, environmental and sustainability standards to improve the working and public environment and reduce GHG emissions.

3. Regina Revitalization Initiative (RRI) Public Use Facility - \$30 million:

The Regina Revitalization Initiative is the largest urban revitalization project ever undertaken in the City of Regina, consisting of three primary project components: (1) Stadium Project; (2) Railyard Renewal Project, and (3) redevelopment of Taylor Field Neighbourhood.

The Railyard Renewal Project will redevelop a former railway intermodal yard, a 17.5-acre brownfield site, into a new sustainable mixed-use neighbourhood. In 2015, a consultative master planning process was initiated to create a vision that will transform this brownfield site into a dynamic area to complement surrounding neighbourhoods and connect directly to Downtown Regina.

Through this process, the need for publicly accessible, multi-purpose space to bring together a variety of services, programs and activities was identified. Early delivery of such a public use facility could prove catalytic to attracting new development for people to live, work, play, and flourish.

4. Globe Theatre - \$25 million:

The Globe Theatre is a national centre in the production of theatre-in-the-round with a main stage, second stage and touring productions. Annually, the Globe performs to an audience of over 60,000. In 2013, the organization purchased the historic Prince

Edward Building, one of the oldest buildings in Downtown Regina and a Municipal Heritage Property. The proposed project is a redevelopment of the building that includes: repairing and remediating the exterior; enhancing accessibility; increasing seating capacity in the main stage area; adding a second stage with capacity for 250 patrons which will be made available to other performing arts organizations; adding office spaces available for rent to arts organizations; and, adding two additional studio spaces. The scope of the redevelopment aligns with the City's vision for culture and heritage and the Downtown neighbourhood, as articulated in the Official Community Plan, The Regina Downtown Neighbourhood Plan, the Recreation Facility Plan and the Cultural Plan.

Government of Canada - Investing in Canada Infrastructure Program (ICIP)

Note: The projects included in this list are a high-level assessment based on the funding opportunities resulting from the Government of Canada's ICIP. These projects have not been approved by City Council.

City of Regina Transit Fund Projects

Priority	Project	Est. Cost
1	Downtown Transit Enhancements	\$40,000,000
2	Transit Hub South East Neighbourhood Plan	\$15,000,000
3	Connecting Transit Stops – First Mile, Last Mile (62kms of sidewalks) \$2m to \$3m per year for 5 years	\$15,000,000
4	New Fare System, New Paratransit Dispatch / Trip Booking Software	\$11,500,000
5	Accessibility Improvements	\$6,750,000
	Total:	\$88,250,000

City of Regina Green Fund Projects

Priority	Project	Est. Cost
1	Buffalo Pound Regional Water Treatment Plant Renewal	\$150,000,000
2	Implementation of Residential Organics Collection & Processing	\$5,600,000
3	Wastewater Capacity Upgrades	\$200,000,000
4	Twinning South Wastewater Trunk	\$40,000,000
5	Landfill Gas to Energy Engine / Landfill Gas Well Field	\$6,500,000
6	Drainage Upgrades	\$85,000,000
	Total:	\$487,100,000

City of Regina Social (Community, Culture and Recreation) Fund Projects

Priority	Project	Est. Cost
1	Lawson Aquatic Centre and Addition of Indoor Recreational Centre	\$80,000,000
2	Outdoor Aquatic Facility Renewal (Wascana and Maple Leaf)	\$20,000,000
3	Regina Revitalization Initiative Public Use Facility	\$30,000,000
4	Globe Theatre	\$25,000,000
	Total:	\$155,000,000

March 13, 2019

To: Members
Executive Committee

Re: General Capital Debt Refinancing

RECOMMENDATION

1. That the Executive Director, Financial Strategy & Sustainability be authorized to negotiate external financing, including signing any necessary documents, to a maximum of \$13 million to refinance a one-time capital debt repayment due in 2019.
2. That a future report be provided to City Council providing the negotiated details of the financing and applicable borrowing bylaw.
3. That the following change in position title from “Executive Director, Financial and Corporate Services” to “Executive Director, Financial Strategy and Sustainability” in Bylaw 2003-69, being *The Regina Administration Bylaw* be approved.
4. That the City Solicitor be instructed to prepare a bylaw to amend Bylaw 2003-69, being *The Regina Administration Bylaw*, to make the changes outlined in recommendation #3.
5. That this report be forwarded to the March 25, 2019 City Council meeting for approval.

CONCLUSION

The City has a one-time capital debt repayment obligation of \$12.8 million due on June 2, 2019, pertaining to General Capital debt borrowed in 2009. This payment is required to fully retire the balance remaining on the original debt of \$41.5 million to fund General Capital and Utility Capital projects. To make this one-time payment, the City needs to borrow up to \$13 million in order to account for commission on borrowing. The goal is to extend the term of the debt such that the annual principal and interest payments are closely aligned with the City’s cash flow and the useful life of the underlying capital asset funded by this debt.

Total consolidated debt outstanding for the City as of December 2018 is projected to be approximately \$311 million compared to the City’s approved debt limit of \$450 million. The debt refinancing¹ will not significantly impact the debt capacity available within the City’s approved debt limit, but it would result in an additional interest cost of approximately \$250,000 per year on average in comparison to retiring this debt without borrowing.

¹ Debt refinancing, for the purposes of this report, is the process of borrowing a new debt to payout an existing debt in order to allow for easier and more efficient payment terms.

Different payment options were analyzed, and debt refinancing is the best option to address this debt obligation. Debt refinancing would allow the City to spread the cost of assets over their total useful life so that the cost of delivering programs and services is appropriately allocated to the beneficiaries of the assets, in accordance with the benefits model as identified in *Design Regina - Official Community Plan (OCP)*.

The final authority for borrowing money rests with City Council (Council). Therefore, Administration will bring back a report containing the details of the debt, along with the borrowing bylaw for Council's approval when this debt is negotiated. Consistent with advice provided to Council previously on borrowing related matters, Council should be aware that once direction is given to the Executive Director to negotiate and arrange external financing, if Council does not pass the necessary bylaw to borrow, it may result in reputational risk to the City as lenders may be less likely to negotiate with the City in the future, which could ultimately result in higher cost of borrowing for the City.

To ensure that the correct position titles are authorized to deal with this debt, the Administration recommends amending Bylaw 2003-69, being *The Regina Administration Bylaw*, to change the position title, "Executive Director, Financial and Corporate Services", to "Executive Director, Financial Strategy and Sustainability". This change reflects the new position title that now deals with financial matters and is necessary because of the changes in the City's organizational structure outlined in the December 5, 2018 Executive Committee Report EX18-37.

BACKGROUND

On May 25, 2009, Council approved Borrowing Bylaw No. 2009-34 pertaining to the borrowing of \$41.5 million, including \$25.5 million for the 2009 General Capital Plan and \$16.0 million for the 2009 Water and Sewer Utility Capital Plan. The \$25.5 million General Capital Plan debt was used to fund:

- (a) General Capital requirements (\$5.5 million)
- (b) Evraz Place Redevelopment (\$20 million). This represented the City's 33.3 per cent share of the Municipal/Provincial/Federal grant for the multipurpose facility primarily made up of the multi-arena complex. The total cost of the project was approximately \$60 million.

The \$16.0 million Water and Sewer Utility Capital Plan debt was used to fund three projects:

- (a) McCarthy Pump Station and Forcemains Upgrade
- (b) Infrastructure Renewal
- (c) Wastewater Treatment Plant Expansion, Improvement and Renewal

The term of the debt was ten years (2009-2019), structured to be paid in equal annual payments from 2009 to 2018, and an outstanding balance of \$20.8 million (principal plus interest), due in June 2019, payable through a one-time payment.

The one-time debt repayment of \$20.8 million includes \$12.8 million relating to the General Fund and approximately \$8.0 million relating to the Utility Fund. The Utility Fund final payment is included in the 2019 Utility Operating Budget, funded through the General Utility Reserve. There is no available funding to pay the outstanding \$12.8 million related to the General Fund.

In the 2019 Budget report to Council (CM18-15), Administration noted that it would bring forward a report to Council early in 2019 to discuss options on the how to address the cost of the required payment and the potential of a new debt issuance. This new borrowing is to refinance the outstanding debt and structure the payments of the new debt such that that the annual payment would closely align with the City's annual budget for debt payments.

In the May 25, 2009 Council report (CR09-77) where this debt was approved, the report originally contemplated that the debt repayment would reflect a 20-year term, which more closely aligns with the economic life of the underlying infrastructure funded by this debt. The actual term of the debt negotiated was ten years as approved in Bylaw No. 2009-34. Refinancing this debt is the best option and is consistent with the original intent of having a 20-year term that is more closely aligned with the economic life of the underlying assets. While refinancing will result in an additional interest cost, there will be no incremental cost compared to the 2018 budgeted payment for this debt of \$2.2 million. In other words, the City will not be required to identify new funding in the 2019 and future operating budgets to service this debt. Addressing this debt payment earlier (i.e. shortly after 2009) would not necessarily have resulted in a better financial outcome for the City. Addressing it earlier would have required the City to pay \$12.8 million out of a reserve (resulting in depleting already low reserve levels) or allocating \$1.3 million annually, in addition to the \$2.2 million debt payment budget, in the General Operating Budget for ten years (2010-2019) to meet the \$12.8 million payment. This would have resulted in the need, in each of these ten years, to either raise the mill rate or find cost savings, which may have impacted services.

External financing requires a bylaw to be passed by City Council. This report is seeking authority for the Executive Director to negotiate borrowing of up to \$13 million to refinance the outstanding debt and the financing costs, subject to the passage of the necessary bylaw by Council.

DISCUSSION

Authority to Borrow Debt

The long-term debt of the City is subject to the provisions of *The Cities Act* (Act) and the City's debt limit as authorized by the Saskatchewan Municipal Board (SMB). Section 101 of the Act specifies that no Council shall delegate its power to borrow money, lend money or guarantee the repayment of a loan pursuant to section 133 to 153 of the Act. Subsection 133(1) of the Act specifies that the SMB may establish a debt limit for each city, taking into account the factors set out in subsection 23(2) of *The Municipal Board Act*, while subsection 133 (2) of the Act specifies that no city shall borrow money if the borrowing will cause the city to exceed its debt limit, unless the borrowing is approved by the SMB.

The City's current debt limit approved by the SMB is \$450 million and total debt outstanding is projected to be \$311 million as of December 2018. Therefore, there is capacity within the City's debt limit to issue this new debt.

Upon negotiating borrowing terms and conditions, Administration will report back to Council with the negotiated debt type, amount, term and interest rate, including a borrowing bylaw for Council consideration and approval, as the final authority for external financing rests with Council. It is important to mention that once direction is given to the Executive Director, Financial Strategy & Sustainability (Executive Director) to negotiate external financing, if Council does not pass the necessary bylaw to borrow, there may be harm to the City's ability to borrow externally in the future.

Amendments to Bylaw 2003-69 to update the new title for the Executive Director's position are also recommended to ensure that the proper position titles have the authority to deal with debt and the issuance of debentures.

Repayment Options Considered for the \$12.8 Million Debt

The following are some options considered for repaying the \$12.8 million debt due in 2019:

Debt Refinancing (Recommended)

This option requires the City to issue new debt in 2019 and use the proceeds to pay back the one-time debt obligation of \$12.8 million in June 2019 and structure the term of this new debt such that the annual debt payment is closely aligned with the 2018 and 2019 budgeted payment of roughly \$2.2 million² for this debt. A key advantage under this option is that refinancing the debt more closely aligns with the useful life of the underlying capital assets, mainly the multi-arena complex, funded by this debt. It also supports the City's current and projected cash flows with less impact on the City's operating budget. Key disadvantages of refinancing are that it would result in more administrative and Council time and resources to issue the debt, approximately \$200,000 in commission costs, and an additional interest cost of approximately \$250,000 per year on average compared to retiring the debt without borrowing.

Borrow from Reserves (not recommended)

This option would require the City to borrow from its reserve funds, such as the General Fund Reserve (GFR), Asset Revitalization Reserve (ARR) or other operating reserves, with a plan to payback the reserves over a period of ten years or less. Advantages include savings on interest costs, no commissions are required to be paid, there is no impact on available capacity within the City's debt limit, no impact on operating budget, as well as less administrative and Council time and resources would be devoted to borrowing. Key disadvantages are that the GFR (based on the 2019 budget) is projected to have a balance of \$8.2 million at the end of 2018, which is significantly below its minimum limit of \$22 million. As well, the ARR is being forecast to have a 2018 ending balance of \$2 million and, due to planned projects, is forecast to have a negative balance at the end of 2019. The GFR and ARR provide Council the greatest flexibility to respond to emergency business needs. Given these reserves are significantly below their minimum limit, this is not an option available to Council. As well, funds in other operating reserves are expected

² The City's 2019 General Operating Budget includes total debt servicing cost of \$13.6 million. Of this amount, \$11.4 million relates to the RRI Stadium debt while \$2.2 million relates to the general capital debt referred to in this report. To fully account for the yearly payment of this new debt, the \$2.2 million debt payment budgeted in 2019 will continue to be maintained in the yearly operating budget of the City until this new debt is fully repaid.

to fund planned future expenditures, specifically related to the purpose of the reserves. Therefore, borrowing from other reserves would likely impact the future plans of the City.

Pay through Operating Budget (not recommended)

This option would require the City to make a one-time payment of \$12.8 million from the 2019 General Operating Budget of the City. While this will save the City the additional cost of borrowing, it would require the City to amend the 2019 General Fund Capital budget and not proceed with some of the capital projects in the budget or reduce the operating budget by \$12.8 million, which will require reduction in services or programs. Therefore, this is not a viable option as it could impact the City's ability to deliver services and programs at levels currently approved by Council.

Debt Issuance Options

In general, the structure of debt issued by municipalities is influenced by factors such as debt size, term, borrowing costs and cash flow projections. The following borrowing options are common among municipalities and the City considers each borrowing option prior to presenting recommendations to Council for approval.

Bullet Debenture - This is typically used for debt issuances of at least \$100 million with a term to maturity ranging from five to 30 years. This structure requires interest payments to be made yearly while principal payment is not due until maturity of the debt. There is however a requirement to maintain a sinking fund³ in order to be able to pay back the principal amount of the debenture at maturity.

Amortizing Debenture - This is a type of debenture where the principal is paid down over the life of the loan based on an equal annual amortization payment. This is mainly used for issuances of at least \$20 million and the term could range from 20 to 30 years. Interest rate is generally higher than bullet debentures.

Serial Debenture - This is a debenture issue that is structured so that a portion of the principal amount mature at regular intervals until all of the debentures have matured. Essentially, this results in equal annual payments, structured based on expected cash flows. This is generally suitable for smaller debt sizes, typically ranging from \$10 million to \$70 million and the term ranges from one to 20 years. The borrowing cost on serials is relatively lower than bullet and amortizing debentures, all else being equal.

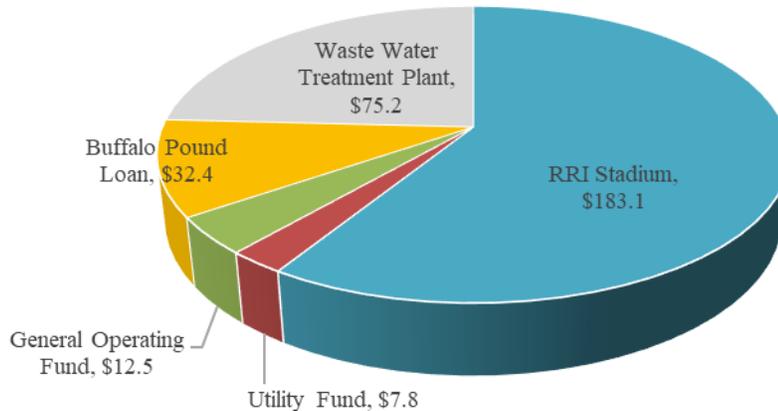
While the City has issued bullet and amortizing debentures in the past, the serial debenture appears to be more suited to the City's requirements, given the size and term of the proposed debt, yearly debt payment budget of the City, as well as the potential of a lower all-in cost of borrowing. However, Administration will consider all possible options in order to determine what is most favourable to the interest of the City.

³ A sinking fund is a means of repaying funds borrowed through a debenture issue by making periodic payments into the fund so that there will be sufficient money in the fund to repay the entire principal of the debenture on the maturity date of the debenture.

City's Debt Position

The City's total debt outstanding was \$319.6 million as of December 2017 and debt is projected to decrease to \$311 million by December 2018. The 2018 projected debt balance represents 69.1% of the City's current debt limit of \$450 million approved by the SMB. As shown in Graph 1 below, this debt is made up of multiple issuances relating to general and utility capital funding, major projects funding and debt of subsidiaries.

Graph 1: 2018 Projected Consolidated Debt by Type (\$ Millions)



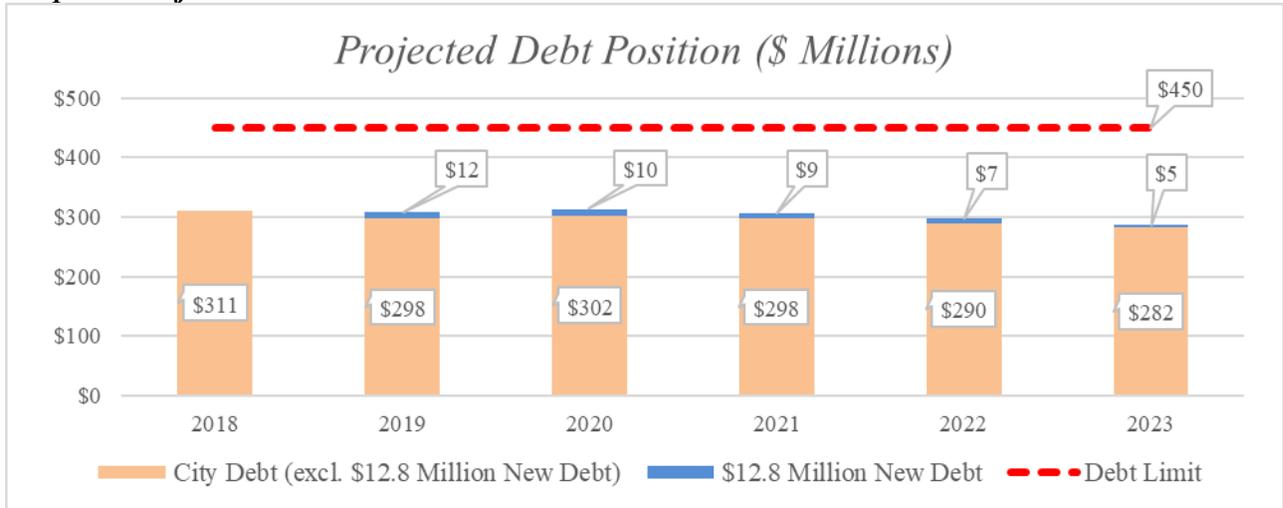
The \$12.5 million General Operating Fund debt is due in June 2019, along with interest payment of \$313,000 for January to June 2019, resulting in total obligation of approximately \$12.8 million. The proposed new debt of up to \$13 million in 2019 is required to refinance this debt.

RECOMMENDATION IMPLICATIONS

Financial Implications

In order to refinance the \$12.8 million debt, the City needs to borrow up to \$13 million, which includes a one-time commission on borrowing in the range of \$200,000. While debt refinancing would result in additional interest costs, it will not significantly impact the available debt capacity within the City's debt limit approved by SMB or the internal debt limits established by the City. It is projected that the City would have up to \$140 million of available debt capacity at the end of 2019 and the City's debt is expected to remain within its internally established debt management benchmarks. Graph 2 shows the City's projected debt based on projects included in the capital plan. The projected debt balance includes the guaranteed Buffalo Pound Water Treatment Corporation debt of \$32.4 million, the Regina Exhibition Association Limited placeholder debt of \$13 million guaranteed by the City, and other proposed future debt.

Graph 2: Projected Debt Position



Environmental Implications

None related to this report.

Policy and/or Strategic Implications

Refinancing the \$12.8 million debt allows the City to more closely align debt obligations to its cash flows. It also provides an opportunity to match the payback period of this debt with the useful life of the assets funded by the debt. This is consistent with the benefits model identified in the OCP, which requires the City to allocate the cost of delivering services to the beneficiaries.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

Pursuant to sections 101 and 102 of *The Cities Act* and *The Public Notice Policy Bylaw*, Bylaw No. 2003-8, Public Notice was provided in the Leader Post, the City’s public notice board and the City’s website on March 2, 2019.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,



June Schultz, Director
Financial Services

Respectfully submitted,



Barry Lacey, Executive Director
Financial Strategy & Sustainability

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