



Finance and Administration Committee

**Wednesday, September 16, 2020
9:00 AM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

**Public Agenda
Finance and Administration Committee
Wednesday, September 16, 2020**

APPROVAL OF PUBLIC AGENDA**ADOPTION OF MINUTES**

Minutes from the meeting held on June 10, 2020

ADMINISTRATION REPORTS

FA20-13 2020 Mid-Year Financial Report

Recommendation

The Finance and Administration Committee recommends that City Council receive and file this report.

FA20-14 Lease of Existing Permanent Billboard Structures to Outfront Media
Canada LP

Recommendation

The Finance and Administration Committee recommends that City Council:

1. Approve the lease of City-owned property to Outfront Media Canada LP, as identified in Appendix A, except the lease of land located at the north east corner of Saskatchewan Drive and Broad Street, consistent with the terms and conditions stated in this report.
1. Authorize Administration to finalize any other commercially relevant terms and conditions of the lease documents.
2. Authorize the City Clerk to execute the Lease Agreements upon review and approval by the City Solicitor.
3. Approve these recommendations at the September 30, 2020 City Council Meeting after public notice has been advertised.

RESOLUTION FOR PRIVATE SESSION

AT REGINA, SASKATCHEWAN, WEDNESDAY, JUNE 10, 2020
AT A MEETING OF FINANCE AND ADMINISTRATION COMMITTEE
HELD IN PUBLIC SESSION

AT 9:00 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 Sharron Bryce, in the Chair
Councillor Lori Bresciani (Videoconference)
Councillor Jason Mancinelli (Videoconference)
Councillor Joel Murray (Videoconference)
Councillor Barbara Young (Videoconference)

Also in Attendance: Council Officer, Ashley Thompson
Legal Counsel, Jana-Marie Odling (Videoconference)
City Manager, Chris Holden
Exec. Dir., Citizen Experience, Innovation & Performance, Louise Folk
Exec. Dir., Citizen Services, Kim Onrait
Exec. Dir., City Planning & Community Dev., Diana Hawryluk
Exec. Dir., Financial Strategy & Sustainability, Barry Lacey
Director, Parks, Recreation & Cultural Services, Laurie Shalley
(Videoconference)
Manager, Social & Cultural Development, Emmaline Hill
(Videoconference)

RECESS

Councillor Joel Murray moved, AND IT WAS RESOLVED, that the Committee recess for 15 minutes.

The Committee recessed at 9:15 a.m.

The Committee reconvened at 9:30 a.m.

APPROVAL OF PUBLIC AGENDA

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted, and that the items and delegations be heard in the order they are called forward by the Chairperson.

ADOPTION OF MINUTES

Councillor Jason Mancinelli moved, AND IT WAS RESOLVED, that the minutes for the meeting held on May 13, 2020 be adopted, as circulated.

ADMINISTRATION REPORTS

FA20-9 Globe Theatre Redevelopment Project - Funding Contribution Agreement

Recommendation

The Finance and Administration Committee recommends that City Council:

1. Authorize the Executive Director, City Planning & Community Development, to review, approve, negotiate and enter into a Contribution Agreement between the City of Regina and the Globe Theatre for its redevelopment project.
2. Authorize the City Clerk to execute the Contribution Agreement after review by the City Solicitor.
3. Allocate that funding for this project come from the Recreation/Culture Capital Program.
4. Remove item FA20-6 from the List of Outstanding Items for the Finance and Administration Committee.
5. Approve these recommendations at its June 24, 2020 meeting.

Jaime Boldt representing Globe Theatre and James Youck, representing P3 Architecture Partnership addressed the Committee.

Councillor Barbara Young moved that the recommendations contained in the report be concurred in.

Councillor Lori Bresciani moved, in amendment that Administration bring forward a supplemental report to the June 24, 2020 City Council meeting, outlining ways the Globe Theatre, in collaboration with the City of Regina provide support to the community.

The Clerk called the vote on Councillor Bresciani's amendment.

Councillor Barbara Young	Yes
Councillor Lori Bresciani	Yes
Councillor Joel Murray	Yes
Councillor Sharron Bryce	Yes
Councillor Jason Mancinelli	Yes

The Clerk called the vote on the main motion.

Councillor Barbara Young	Yes
Councillor Lori Bresciani	Yes
Councillor Joel Murray	Yes
Councillor Sharron Bryce	Yes
Councillor Jason Mancinelli	Yes

The main motion, as amended, was put and declared CARRIED.

FA20-8 2019 City of Regina Annual Report and Public Accounts

Recommendation

The Finance and Administration Committee recommends that City Council:

Approve the draft 2019 City of Regina Annual Report as outlined in Appendix A and the draft 2019 Public Accounts as outlined in Appendix B at its June 24, 2020 meeting.

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that the Finance and Administration Committee recommends that City Council:

Approve the draft 2019 City of Regina Annual Report as outlined in Appendix A and the draft 2019 Public Accounts as outlined in Appendix C at its June 24, 2020 meeting.

Councillor Barbara Young	Yes
Councillor Lori Bresciani	Yes
Councillor Joel Murray	Yes
Councillor Sharron Bryce	Yes
Councillor Jason Mancinelli	Yes

The main motion was put and declared CARRIED.

FA20-10 Heritage Building Rehabilitation Program 2915 14th Avenue - Mayfair
Apartment

Recommendation

The Finance and Administration Committee recommends that City Council:

1. Approve a Tax Exemption for the property known as Mayfair Apartments, located on Lot 41 Block 437 and Plan 98RA28311, addressed at 2915 14th Avenue (as shown in Appendix A), in an amount equal to the lesser of:
 - a) 50 per cent of eligible costs for the work described in Appendix C-2;
or
 - b) An amount equivalent to the total property taxes payable for 10 years

2. Direct the City Solicitor to prepare the necessary bylaw and agreement with the following conditions:
 - a) That the property possesses and retains its formal designation as a Municipal Heritage Property in accordance with *The Heritage Property Act*.
 - b) That the property owner submits detailed written documentation of payments made for the actual costs incurred (i.e. itemized invoices and receipts) in the completion of the identified conservation work.

If actual costs exceed the corresponding estimates by more than 10 per cent, the property owner shall provide full particulars as to the reason(s) for such cost overruns. The City of Regina may decline to approve any cost overrun, or portion thereof, if considered not to be reasonably or necessarily incurred for eligible work.

- c) That work completed and invoices submitted by September 30 each year, would be eligible for the Tax Exemption for up to 50 per cent of the cost of approved work.
 - d) That the Executive Director of City Planning & Community Development or designate be authorized under the tax exemption agreement to make all determinations regarding reimbursements of the cost incurred for work done to the property based on the City of Regina's Heritage Building Rehabilitation Program and the Conservation Plan for the property (Appendix C-1 to this report).
3. Authorize the Executive Director of City Planning & Community Development or designate to apply to the Government of Saskatchewan on behalf of the property owner for any exemption of the education portion of the property taxes that is \$25,000 or greater in any year during the term of the exemption.
 4. Approve these recommendations at its meeting on June 24, 2020.

Councillor Jason Mancinelli moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

Councillor Barbara Young	Yes
Councillor Lori Bresciani	Yes
Councillor Joel Murray	Yes
Councillor Sharron Bryce	Yes
Councillor Jason Mancinelli	Yes

FA20-11 2019 Annual Debt Report

Recommendation

The Finance and Administration Committee recommends that City Council:

Receive and file this report at its June 24, 2020 meeting.

(Councillor Murray left the meeting)

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

Councillor Barbara Young	Yes
Councillor Lori Bresciani	Yes
Councillor Sharron Bryce	Yes
Councillor Jason Mancinelli	Yes

FA20-12 2019 Annual Reserve Report

Recommendation

The Finance and Administration Committee recommends that City Council:

1. Instruct the City Solicitor to amend Schedule A of *The Regina Administration Bylaw*, No. 2003-69 to amend the minimum and maximum amounts for the Regina Police Service General Reserve and Regina Police Service Radio Equipment Reserve to the following:
 - a. The Regina Police Service Radio Equipment Reserve minimum limit be set at \$65,000 and the maximum limit be set at \$300,000.
 - b. The Regina Police Service General Reserve minimum limit be set at \$300,000 and the maximum limit remains unchanged at \$4 million.
2. Approve a transfer of \$368,000 from the Winter Road Maintenance Reserve to the General Fund Reserve.
3. Approve the recommendations at its June 24, 2020 Meeting.

Councillor Jason Mancinelli moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

Councillor Barbara Young	Yes
Councillor Lori Bresciani	Yes
Councillor Sharron Bryce	Yes
Councillor Jason Mancinelli	Yes

ADJOURNMENT

Councillor Lori Bresciani moved, AND IT WAS RESOLVED, that the meeting adjourn.

The meeting adjourned at 11:20 a.m.

Chairperson

Secretary

2020 Mid-Year Financial Report

Date	September 16, 2020
To	Finance and Administration Committee
From	Financial Strategy & Sustainability
Service Area	Financial Services
Item No.	FA20-13

RECOMMENDATION

The Finance and Administration Committee recommends that City Council receive and file this report.

ISSUE

The City of Regina is committed to providing transparent reporting on its operating and capital results. The Mid-Year Financial Report (Appendix A) provides a high-level summary on how the City is performing financially in relation to its 2020 Operating and Capital budgets.

As at June 30, the General Fund Operating is forecast to have a deficit of \$5.1 million (1.1 per cent from budget). The forecasted deficit is primarily due to the negative financial impacts of the COVID-19 pandemic which have been partially offset by actions taken by Administration to reduce the financial impact of COVID-19 on City finances. On April 15, 2020, City Council approved (CM20-8) up to \$7.2 million in 2020 current contributions to capital to be redirected as necessary to offset the financial impacts of COVID-19. Based on this mid-year forecast, it is estimated \$5.1 million of the \$7.2 million will need to be redirected at year end to bring the General Fund Operating financial position into a balanced position (net \$0).

The Utility Fund Operating is forecast to have a surplus of almost \$6.0 million (4.2 per cent from budget). The mid-year forecast, also, indicates the General Capital Program will be on par with planned budgeted work, whereas the Utility Capital Program has had construction delays and deferred work due to the pandemic.

A majority of the forecasted variance from budget is due to the pandemic or actions taken to reduce the impact of the pandemic on City finances. Appendix B provides the forecast in a different format, highlighting at a summary level, the estimated impact of COVID-19 on City finances, and estimated savings forecasted related to Administration actions directly related to reduce the impact of COVID-19 and the net impact of other forecasted variances not related to COVID-19.

IMPACTS

While the 2020 results for the General Fund Operating are currently projected to be in a deficit position, on April 15, 2020, Administration provided City Council with a report (CM20-8) identifying the projected 2020 financial impacts of the pandemic on the City under a number of different scenarios. City Council approved adjustments to service delivery, implementing expense reduction measures such as vacancy management, as well as deferral of \$7.2 million of capital programs and projects with the funding to be redirected to offset operating deficits created by the pandemic. These measures are forecast to be sufficient to address the negative financial impact of COVID-19 on the City's General Fund Operating in 2020.

Administration closely monitors the progress of achieving the annual business plan and as the corporation works toward delivering services to the community, a variance between the budgeted cost and the projected yearend cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors such as the pandemic.

The forecast is unaudited and is a point in time projection of the expected results for the City of Regina. The projected forecast at mid-year tends to vary from the final year-end results. There are several variables that can impact the yearend results that are not known at the end of June. The on-going financial impact of COVID-19 pandemic, related public health orders, and potential support from Federal and Provincial governments, in addition to how weather conditions may impact capital project work, are examples of unknown variables at this time. It is important to have some flexibility in the budget at mid-year to manage these risks, where possible.

OTHER OPTIONS

None with respect to this report.

COMMUNICATIONS

This information is shared on Regina.ca and a public service announcement.

DISCUSSION

The 2020 Mid-Year Report provides details on the projected operating and capital revenues and expenditures for both the General Fund and the Utility Fund Operating and Capital programs as of June 30, 2020. Financial projections reflect a point in time estimate and the 2020 Mid-Year report shows that the City is effectively managing its operations within the current challenging economic climate. The City uses a conservative approach in forecasting revenues and expenditures.

Key highlights from the Report include:

- Current General Fund Operating deficit is projected to be \$5.1 million (1.1 per cent from budget) requiring a forecasted \$5.1 million in current contributions to capital funding to be redirected to bring the General Fund Operating financial results into a balanced position at year end;
- Current Utility Fund Operating surplus is projected to be almost \$6.0 million (4.2 per cent from budget);
- Projected General Fund Capital spend is \$131.7 million (51.8 per cent of available funding); and
- Projected Utility Fund Capital spend is \$38.9 million (25.8 per cent of available funding).

The COVID-19 pandemic has had a negative financial impact resulting in reduced revenues and cashflows due to the suspension or moderation of service delivery, provision of additional services to fill gaps in services provided to the most vulnerable, and the provision of financial relief to residents and businesses. The deficit is a result of a combination of factors including decreased Transit and Recreational fees and investment income, off set with savings from planned vacancy management and reduced operational expenses.

Council's previously approved actions and Administration's planned response are forecast to be sufficient to address the forecasted negative financial impact. Unknown at this time is the extent of any financial impacts COVID-19 may have on the receipt of 2020 property taxes which are due on September 30, 2020. Administration continues to monitor the financial impact of COVID-19 on City finances and update Council on a regular basis.

After the completion of the Mid-Year Forecast, provincial funding was approved under the Municipal Economic Enhancement Recovery Program (MEEP) and the City approved the establishment of the Regina Economic Recovery Grant funded from the General Fund Reserve. In addition, negotiations are ongoing between the provincial and federal governments on the federal Safe Restart Program to support municipal operating costs and transit operations. These items are not included in the Mid-Year Financial Report.

The mid-year forecast is an unaudited point in time projection of the yearend results. There are a number of variables, such as further actions required due to the pandemic or unfavorable weather conditions, that are unknown at the time of the establishment of the

mid-year forecast that could influence the year end results. Administration has used the best information available to predict the outcomes to the end of the year. Administration will continue to monitor and manage the financial needs in the current year and look for opportunities to meet the challenges over the long term.

Other Factors

There are other factors that will have an impact on the City of Regina's consolidated year end results. Two of these are described below.

Stadium Reserve

The pandemic has resulted in emergency measures that have included the cancellation of large public events that would typically have been held at Mosaic Stadium. While it is not possible to reliably estimate the length and severity of the pandemic and the impact on the future financial result of the stadium, it is reasonable to assume that, at a minimum, there will be a negative affect to the operating results of Mosaic Stadium in 2020 and possibly beyond. Some of the impacts include, but are not limited to, a substantial reduction to the facility fee revenue collected on tickets sold to Saskatchewan Roughrider Football Club (SRFC) games due to the cancellation of the Canadian Football League (CFL) 2020 season. The number of people allowed to attend large events in 2021 remains uncertain. Even if large crowds are allowed, the public's level of comfort in attending events with large crowds, at least in the short term, is also an unknown.

The estimated financial impact of COVID-19 in 2020 alone is estimated to be in the range of \$4-5 million. It is anticipated this will affect the City's ability to achieve a net zero to positive balance in the Regina Revitalization Initiative (RRI) Stadium Reserve under the current 30-year funding model. Pursuant to the 30 year funding model, the reserve is intended to be in a net \$0 to positive balance at the end of 30 years. Administration is actively working with the stadium operator, REAL and the SRFC to identify opportunities to ensure the long-term financial sustainability of Mosaic Stadium.

REAL

As described in the June 10, 2020 City Manager COVID-19 Update (EX20-20) the pandemic is greatly impacting the cash flow of REAL. As a business that depends solely on sports, recreation, entertainment and large public gatherings, the immediate impact of COVID-19 on the financial performance of REAL is material and presents risks to the City of Regina as the owner of REAL.

REAL is actively managing their cash flow situation. Significant actions have been taken to date, including deferring utility and other payments, as well as temporary layoff of non-permanent and permanent staff. In April, City Council approved an amendment to REAL's credit facilities within their existing \$13 million loan guarantee (CM20-8). The approval increased the operating line of credit to stabilize REAL's cashflow to the end of the year and allow it to meet its payment obligations.

As noted in the April City Council report (CM20-8), the approved changes to the loan guarantee were expected to provide REAL time to assess the risks and opportunities in the short, medium and long term and develop a recovery plan to mitigate the risks. At the time of the report, there were a number of unknowns including the potential rescheduling or cancellation of the Farm Show, Queen City Exhibition and the CFL season. These cancellations have become a reality and have pushed REAL's cash flow situation to a critical point.

Administration is working with REAL to evaluate options to bring to City Council prior to the end of the year. To provide sufficient time to assess the options to support a longer-term solution, the City will be advancing the 2021 Operating & Maintenance payment to REAL prior to year end. The advancement of the funds will enable REAL to meet its payment obligations into the first quarter of 2021.

DECISION HISTORY

On December 13, 2019, City Council approved the 2020 General and Utility Operating Budget and the 2020-2024 Capital Program (CM19-15).

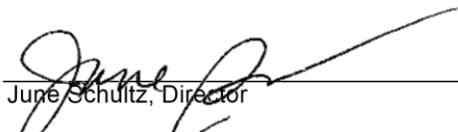
On April 15, 2020, City Council approved (CM20-8) the actions that Administration is taking to offset the financial impact of COVID-19 which includes adjustments to service delivery, implementing expense reduction measures such as vacancy management as well as deferral of \$7.2 million of capital programs and projects with the funding to be redirected, as necessary, to offset operating deficits created by the COVID-19 pandemic.

On June 10 (EX20-20), City Manager presented Executive Committee a report on COVID-19 Update. The items in this report and Re-Open Saskatchewan plans impacting the City are reflected in the June 2020 forecast.

This report is to be forwarded to City Council for informational purposes.

Respectfully Submitted,

Respectfully Submitted,


June Schultz, Director

9/8/2020


Barry Lacey, Exec. Director, Financial Strategy & Sustainability

9/11/2020

Prepared by: Irene Hryniw, Manager Financial Analysis & Support

ATTACHMENTS

Appendix A - 2020 Mid-Year Financial Report

Appendix B - Financial Impact Summary

2020 Mid-Year Financial Report



BACKGROUND

The 2020 Mid-Year Financial Report provides a high-level summary of how the City of Regina is performing in relation to its 2020 Operating and Capital Budgets. Financial projections reflect a point in time estimate and can change as new information and additional actions are taken. The report shows that the City is effectively managing its operations within the current economic climate.

The mid-year forecast reflects an estimated General Fund Operating deficit of \$5.1 million (1.1% from budget). The COVID-19 pandemic has had a negative financial impact including reduced revenues and cashflows due to the suspension or moderation of service delivery, provision of additional services to fill gaps in services provided to the most vulnerable, and the provision of financial relief to residents and businesses. Actions have been taken to mitigate the negative financial impact of COVID-19, those being vacancy management as well as a reduction to training, travel and external professional service expenditures and deferral of capital work so that capital program funding can be redirected to Operating.

On April 15, 2020, City Council approved (CM20-8) up to \$7.2 million in 2020 current contributions to capital to be redirected as necessary to offset the financial impacts of COVID-19. Based on this mid-year forecast, it is estimated \$5.1 million of the \$7.2 million will need to be redirected at year end to bring the General Fund Operating financial position into a balanced position (net\$0).

The Utility Fund Operating surplus is forecast to be almost \$6.0 million (4.2% from budget). Although water consumption is expected to be 9% lower due to the COVID-19 pandemic compared to last year's consumption levels, the current year consumption is still greater than the five-year average which the budget is based, resulting in a moderate surplus in revenue. In addition, reduced expenditures mainly due to vacancy management and reduced operating costs have a positive financial impact to the Utility Fund Operating forecast.

The forecast is unaudited and is a projection of the expected results for the City of Regina.

FINANCIAL FORECAST OVERVIEW

Throughout the year, Administration prepares and closely monitors the progress of achieving the annual budget approved by Council. The information included in this report is the budget and mid-year (June 30) financial forecast.

As the corporation works toward delivering services to the community, a variance between the budgeted and the projected yearend revenue and cost is created. The variance, over or under the established budget, is the result of controllable and uncontrollable factors. These factors include, but are not limited to:

- Changes to revenue or expenditures during the year that were not anticipated at the time of developing the budget, such as the negative financial impact due to the COVID-19 pandemic;
- Staff vacancies;
- Price differences in supplies; and

- Impact of weather conditions on capital construction.

General Fund Operating Forecast Overview

The General Fund Operating deficit is forecast to be \$5.1 million. The deficit is the net result of \$17.9 million reduction in revenues and under expenditures of \$12.8 million.

As shown below, revenues are forecast to be significantly below budget largely due to the impact of steps taken following Provincial Health Orders in response to COVID-19 pandemic. The largest impact to revenues is the loss of Transit and Recreational Program revenues. In addition, there is a reduction in investment revenues as interest rates have fallen.

Table 1: General Fund Operating Financial Forecast (in \$ thousands)

Financial Performance Measures				
June 30, 2020				
General Fund Forecast	Revenue	Expense	Surplus (Deficit)	% of Budget
	\$ 455,878	\$ 461,013	(5,135)	(1.1%)

Operating Revenue

Table 2: General Fund Operating Revenue Forecast (in \$ thousands)

Financial Performance Measures				
June 30, 2020				
General Fund Revenue	Budget	Forecast	Variance	% of Budget
	\$ 473,810	\$ 455,878	\$ (17,932)	(3.8%)

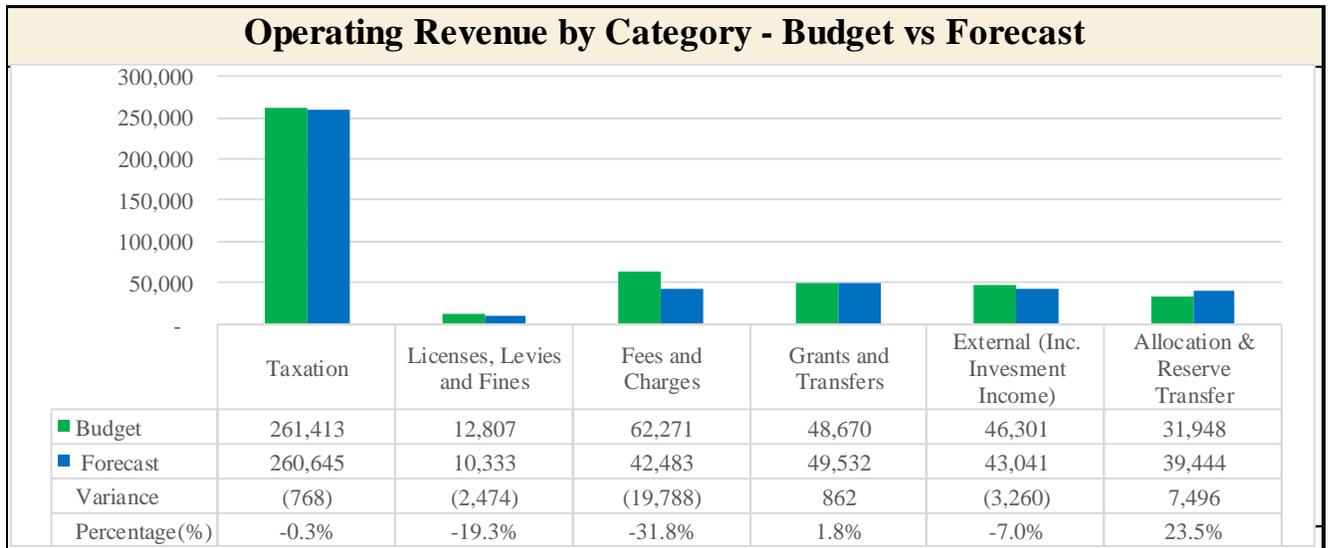
The majority of the City services are financed by General Fund operating revenue. About half of the General operating revenue comes from property taxes, but the City also charges user fees, secures grants from other levels of government and collects revenues from a variety of smaller sources.

Revenues are currently tracking to be significantly below the approved budget by \$17.9 million (3.8%). Projected revenue reductions reflect key financial impacts of COVID-19 on the City resulting from waiver of transit fees and closures of recreation, culture and parks programs. These revenues are included in the Fees and Charges category shown in Graph 1 below. In addition, investment interest revenue has reduced due to decline in interest revenue.

Unknown at June 30, 2020 is the level of potential external revenue sources from Provincial and Federal governments to help mitigate the negative financial impact of COVID-19 on municipalities.

Graph 1 below presents the revenue by category or source.

Graph 1: General Operating Revenue (in \$ thousands)



Taxation revenues – Includes property taxes, Grant In Lieu, and school/library board service charges.

Licenses, Levies and Fines – Includes revenues such as: Business, Taxi, Animal Licences; Fire and Bylaw Violation Fines; Traffic Violations; Parking Tickets; Back Alley levies and Amusement tax. The variance is mostly due to reduced revenues in Traffic Violations, Parking Tickets and Amusement Tax.

Fees and Charges – Includes Transit Fees, Recreation and Culture Fees and Landfill Revenues, all of which have been significantly impacted by the pandemic.

Grants and Transfers – Includes Federal and Provincial grants and transfers. The Provincial Revenue Sharing Grant is greater than budgeted offset by a reduction in the Provincial Transit Grant.

External Revenues – Includes Penalties on Property Taxes, Investment Interest Income, and Electrical/Natural Gas Provincial Shared Revenues. The variance is mostly due to the projected loss in Investment Interest Income as a result of the rapid decline in interest rates in the first half of the year.

Allocation & Reserve Transfer – Includes the reserve funds used in the current fiscal year. The forecast projects greater than budgeted use of reserve funds mainly in the Stadium, Social Development and Solid Waste Reserves.

Operating Expense

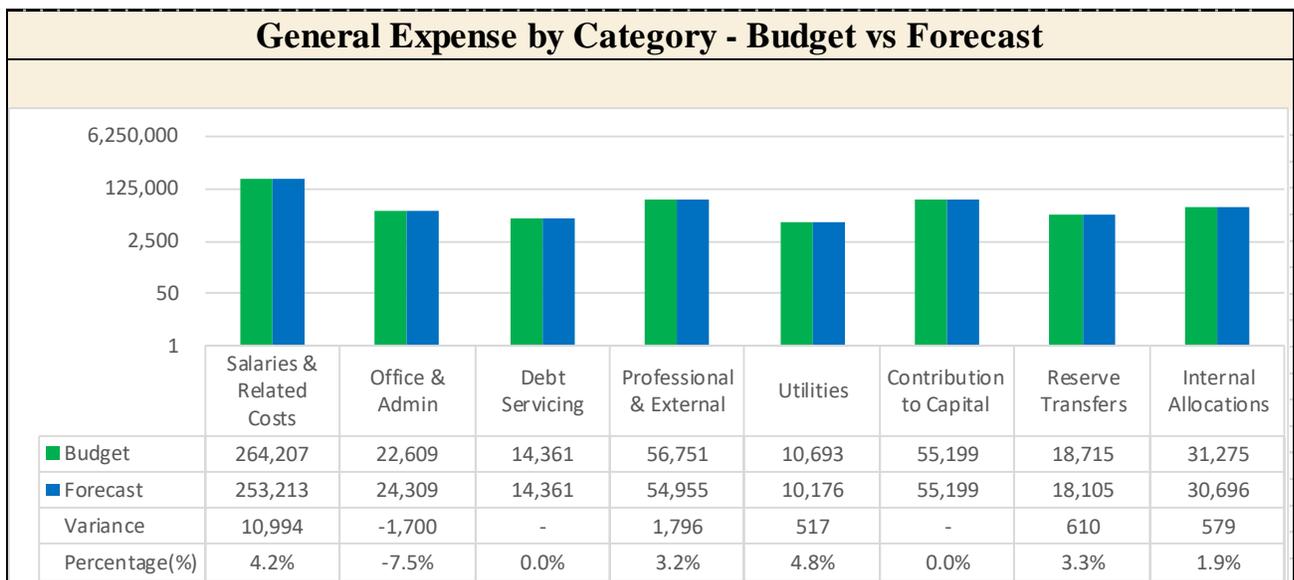
Table 3: General Fund Operating Expense Forecast (in \$ thousands)

Financial Performance Measures				
June 30, 2020				
General Fund Expense	Budget	Forecast	Variance	% of Budget
	\$ 473,810	\$ 461,013	\$ 12,797	2.7%

General Fund operating expenses support most of the services provided by the City. Expenses are driven by controllable and uncontrollable factors. Some costs are driven by environmental factors such as the weather and their impact on the services, such as Winter Road Maintenance and are managed by the City by establishing reserves specifically for the purpose of supporting unanticipated costs in any given year.

The current projection reflects operating expenses to be under budget by \$12.8 million (2.7%). The under expenditure is reflective of the Council approved (CM20-8, April 15, 2020) planned response to the projected negative financial impacts of COVID-19 pandemic. The planned response included adjusting operating programs and services, implementing expense reduction measures, and deferring up to \$7.2 million of capital program funding to be redirected, if necessary, to offset any operating deficit created by the pandemic.

Graph 2: General Fund Operating Expense (in \$ thousands)



Salaries & Related Costs – Includes Salaries and Benefits, Professional Dues, Training and Development, and Travel. In mid April measures were taken to offset the projected negative financial impacts of the COVID-19 pandemic, including a hiring freeze and reductions in conferences, training and related travel expenditures. At mid-year, projected savings are almost \$11 million.

Office & Admin – Includes expenses such as Software Maintenance and Telephone Charges, Insurance costs, Printing and Office Supplies, Materials Goods and Supplies and Bad Debt Expense. The variance is due to a projected increase in Cleaning Supplies, Telephone Charges, Storage Costs and Bad Debt Expense, offset by reductions in Printing and Office Supplies.

Debt Servicing – Includes Debenture Debt Principal and Interest payments.

Professional & External – Includes consulting, contracting and other purchased services. In mid April, measures were taken to offset the projected negative financial impacts of COVID-19 pandemic by reducing the use of these services. At mid-year, projected savings are almost \$1.8 million.

Utilities – Includes Electrical and Natural Gas costs. Projected savings at mid-year are \$517,000.

Contribution to Capital – Represents the current year contributions to the Capital Program.

Reserve Transfers – Represents the current year transfers to reserves. The transfers to Cemetery, Golf and Planning & Sustainability Reserve are projected to be \$610,000 greater than budgeted.

Internal Allocations – Includes such charges as Fleet, Fuel, Asphalt and Facilities Trades. The projected variance is mostly due to the drop in fuel prices.

Utility Fund Operating Forecast Overview

The Utility Fund operating surplus is forecast to be almost \$6.0 million (4.2% above budget). As described below, revenues are projected to be higher than budget while expenses are forecast lower than budget.

Table 4: Utility Operating Financial Forecast (in \$ thousands)

Financial Performance Measures					
June 30, 2020					
Utility Fund Forecast	Revenue	Expense	Surplus (Deficit)	% of Budget	
	\$ 145,491	\$ 139,497	\$ 5,994	4.2%	

Utility Revenue

Table 5: Utility Operating Revenue Forecast (in \$ thousands)

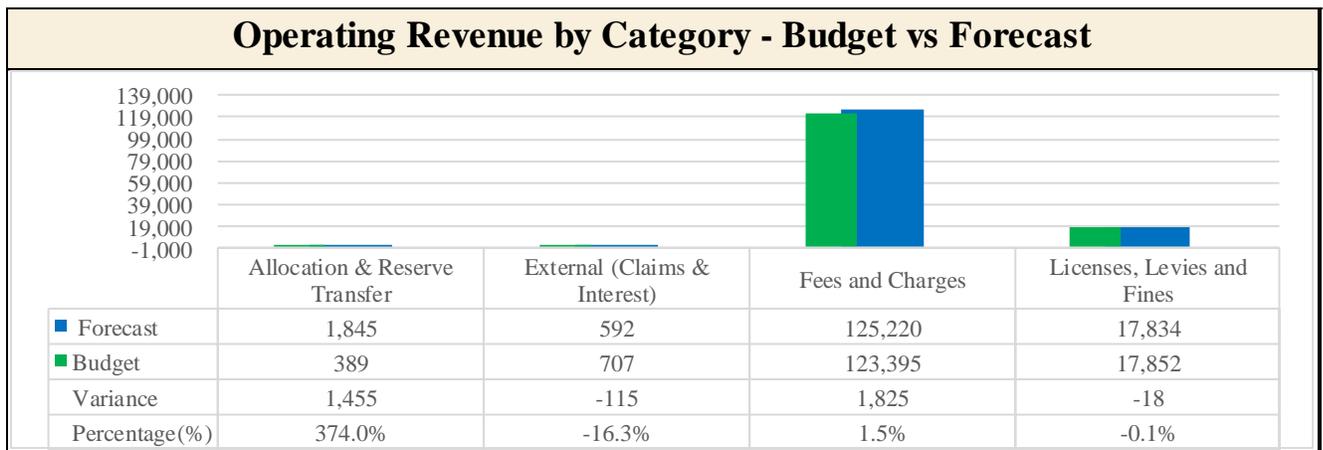
Financial Performance Measures				
June 30, 2020				
Utility Fund Revenue	Budget	Forecast	Variance	% of Budget
	\$ 142,344	\$ 145,491	\$ 3,147	2.2%

The Water and Sewer Utility provides water, wastewater, and drainage services primarily to customers in Regina. It is operated on a full cost-recovery, user-pay basis. Revenues collected from customers account for most of the revenue (88%) with the remainder of the revenue being derived from licenses and levies.

Utility revenues are mainly the result of fees and charges paid by customers through a daily base rate and through a volume (usage) charge. Revenues are influenced by environmental factors and customers can reduce their costs by conserving water which will reduce revenues. The mid-year forecast shows that revenues are currently projected to be \$3.1 million (2.2%) above the approved budget. Although it is estimated water consumption will be 9% lower than that of 2019 due to COVID-19 impacts on water consumption, overall fees and charges revenue is expected to be higher than budget as overall consumption is higher than the five-year average which is what the budget is based on. There is anticipated to be a 16% reduction in late payment penalties due to waiver of such fees to provide relief to taxpayers experiencing financial difficulties due to the pandemic.

Graph 3 presents the Utility Operating Revenue by category.

Graph 3: Utility Operating Revenue (in \$ thousands)



Allocations & Reserve Transfer – Includes allocated water charges for City properties and transfers to the Utility Reserve.

External (Claims & Interest) – Includes Claims and Late Payment Interest Penalties. In March 2020 Council approved the suspension of late payment charges and collection activities on all utility accounts until September 30, 2020. The financial impact is projected to be \$115,000.

Fees and Charges – Includes Water and Sewer Charges and Turn On/Off Administrative Charges. Mid-year forecast projects revenue to be \$1.8 million over budget. Water consumption is projected to be lower than that of 2019, however, overall consumption is slightly greater than the budgeted 5-year average.

Licences, Levies and Fines – Includes Drainage Levy and Non-Sufficient Fund Charges.

Utility Expense

Table 6: Utility Operating Expense (in \$ thousands)

Financial Performance Measures				
June 30, 2020				
Utility Fund	Budget	Forecast	Variance	% of Budget
Expense				
	\$ 142,344	\$ 139,497	\$ 2,847	2.0%

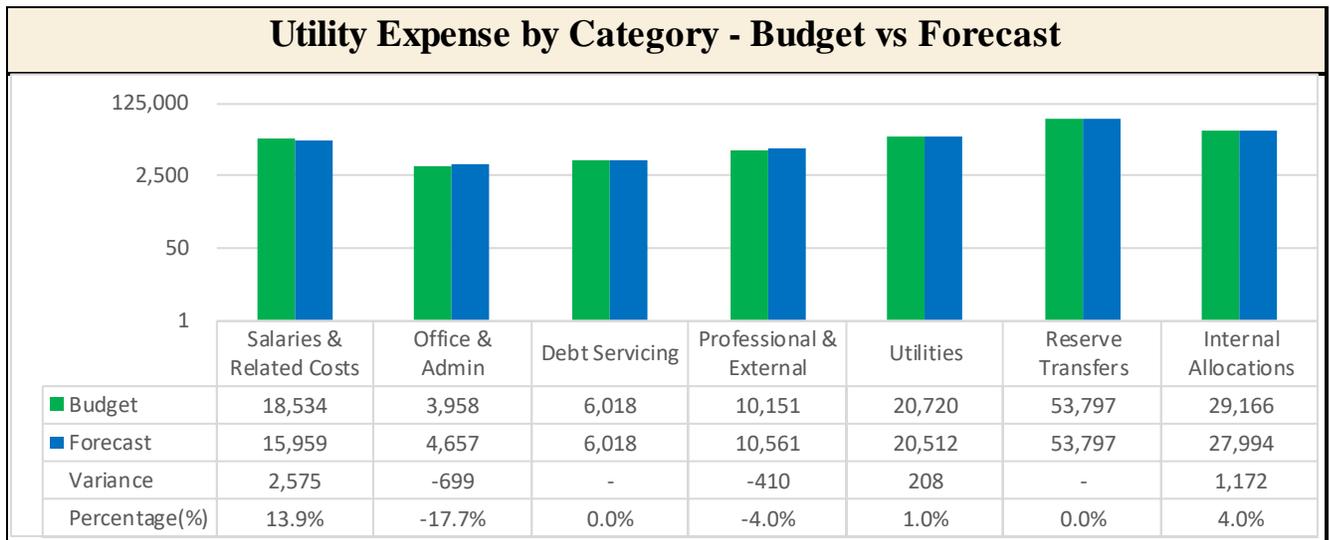
Utility Fund Operating expenses support the costs of delivering services in four main service areas:

- **Water Supply and Distribution:** The system provides water for residential, institutional, commercial, and industrial customers, as well as for fire protection.
- **Wastewater Collection and Treatment:** The wastewater system collects wastewater from all residential, institutional, commercial, and industrial customers in the City and treats wastewater in accordance with the Provincial and Federal governments’ environmental regulations and industrial standards.
- **Storm Water Collection and Flood Protection:** The drainage system controls water runoff from rainfall and melting snow in and around the City.
- **Customer Service:** Customer service has two elements – Utility Billing (producing and collecting on utility billings) and Communications (being responsive to customer inquiries and needs).

Many factors influence the costs of delivering the utility services. The mid-year expenditure forecast currently reflects to be under budget mainly due to salary lag and vacancy management.

Graph 4 details the budget and forecast expenses by division.

Graph 4: Utility Operating Expense (in \$ thousands)



Salaries & Related Costs – Includes Salaries and Benefits, Professional Dues, Training and Development, and Travel. In mid April measures were taken to offset the projected the negative financial impacts of COVID-19 pandemic, including a hiring freeze and reductions in conferences, training and related travel expenditures. At mid-year, projected savings are almost \$2.6 million.

Office & Admin – Includes expenses such as Software Maintenance and Telephone Charges, Printing and Office Supplies, Materials Goods and Supplies. The variance is due to a projected increase in Cleaning Supplies, Water Meter parts, and pipes.

Debt Servicing – Includes Debenture Debt Principal and Interest payments.

Professional & External – Includes consulting, contracting and Bad Debt. The mid-year projection is an increase in the amount of Uncollectable Utility Charges and Contracted Services.

Utilities – Includes Electrical, Natural Gas and Water Supply costs. Projected savings at mid-year are \$208,000.

Reserve Transfers – Represents the current year transfer to the Utility Reserve.

Internal Allocations – Includes such charges as Fleet, Fuel, Landscape Trades. The projected variance is partly due to the drop in fuel prices.

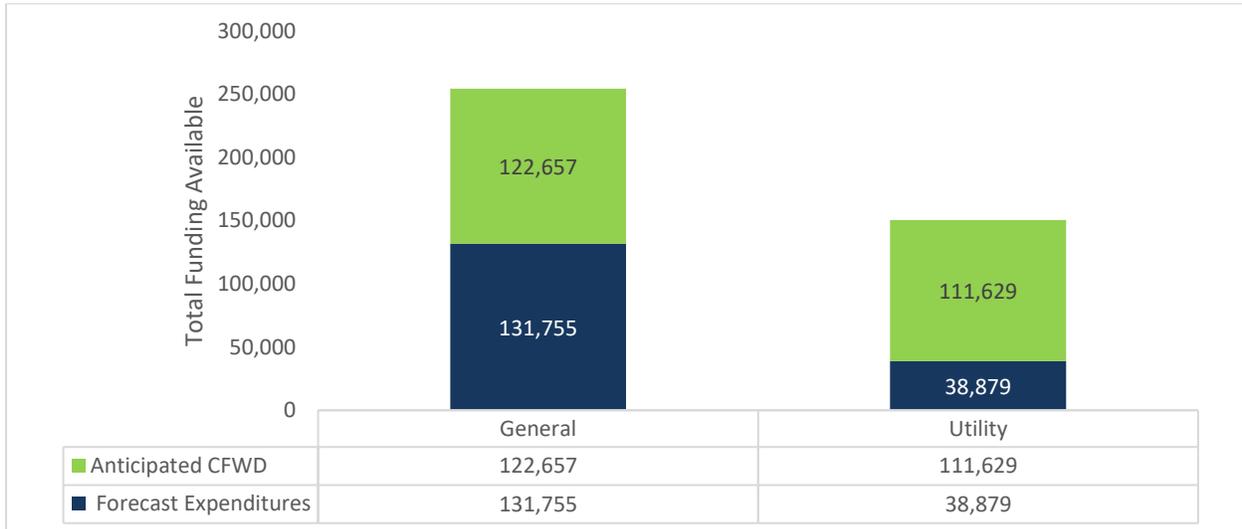
CAPITAL OVERVIEW

The delivery of services requires well maintained capital assets. The City continues to maintain and enhance its assets by prioritizing the investment in capital that will maintain or improve services or service levels.

The City’s capital budget is a five-year program comprising an approved capital plan for the current year and a planned program for the succeeding four years. With the multi-year approach, some projects are designed to be completed over several years resulting in unspent capital funding at the end of the year that will be carried forward to the future year. The City is continuing to complete several multi-year projects and utilizing most of the funds available.

The City’s 2020 Capital Budget totals \$181 million between General and Utility capital. The corporation started the year with a capital carry-forward of \$234 million between General and Utility capital. The City’s capital funding and planned expenditures are summarized in the table below.

Graph 5: General and Utility Capital (in \$ thousands)



- ❖ **Total Funding Available:** combination of prior year’s budget carry-forward and approved current year capital budget.
- ❖ **Total Anticipated CFWD:** project budget that will not be spent in current year but will be used to offset future project cost. This may be planned or unplanned.

The capital budget is primarily focused on the renewal of infrastructure, a priority of the strategic plan and linked to *Design Regina: The Official Community Plan* priority of long-term financial viability. Capital spending is in two categories: programs and projects. Programs are mainly ongoing capital costs that are designed to support the maintenance and renewal of assets to enhance and/or prolong their useful life. Capital projects are one-time costs with a defined start and end date, such as the cost of constructing a new asset.

In recent years, the City has been able to deliver more capital construction than budgeted, reducing the total capital carry forward. The 2020 construction season was delayed by six weeks due to the COVID-19 pandemic. Capital construction work has increased since the beginning of the pandemic but will be lower than planned for 2020. As such, the amount of total capital funding carried forward is expected to increase in 2020. The mid-year report details forecast capital expenditures as of June 30, 2020. The City is receiving Municipal Economic Enhancement Program (MEEP) funding in 2020 as outlined in City Council report CR20-57. As this funding was not finalized prior to June 30, it is not captured in this report. MEEP funding and associated capital projects will be reflected in future financial forecasts and the City’s 2020 Annual Report.

There has been a significant increase in capital expenditures over the past five years to bridge the infrastructure gap faced by the City. This increase in capital expenditures has been funded primarily from an allocation of current year operating costs, reserves, debt, and third party funding. The current year contributions to capital funded from taxation revenue has increased from \$37 million to \$55 million in the last five years.

1. General Capital

The current 2020-2024 General Capital plan totals \$569 million. The General Capital Fund plans to spend \$111 million in 2020. This includes completing and/or advancing several projects including, but not limited to:

- City Operations - Landfill Facility
- Street Infrastructure Renewal Program
- Residential Roads Renewal Program
- Civic Fleet Replacement
- Facility Revitalization & Sustainability
- Outdoor Pool Renewal
- Dewdney Ave. Twinning-Courtney St. to West Bypass
- Regina Police Service Headquarter Complex
- South East Land Development

2. Utility Capital

The Utility Fund capital budget supports the delivery of the utility service through maintenance, renewal and replacements of a diverse infrastructure including water mains, storage reservoirs, pumping stations, building service connections, a wastewater treatment plant, wastewater and storm drainage sewers as well as drainage channels and creeks.

The 2020-2024 Utility Capital plan totals \$426 million and is fully funded by the Utility Reserve over the five-year plan. The Utility Capital Fund plans to spend \$39 million in 2020. The projected spending includes but not limited to the following projects:

- Trunk Relief Initiative
- Water Infrastructure Renewal
- Wastewater Collection Renewal - Integrated Works
- The Creeks Wastewater Pump Station Expansion-Design and Construction
- Storm Sewer Renewal - Catch-Up Program
- Water Reservoir Upgrade & Rehabilitation
- Water Pumping Station

CONCLUSION

The City of Regina is committed to accountability, transparency and following best practice in its financial reporting. The Mid-Year Financial Report provides a high-level summary on how the City is performing financially in relation to its 2020 Operating and Capital budgets. Financial projection presented in the 2020 Mid-Year Financial Report shows that the City is effectively managing its operations with the current challenging economic climate.

After the completion of the Mid-Year Financial Forecast, provincial funding was approved under the Municipal Economic Enhancement Recovery Program (MEEP) and the City approved the establishment of the Regina Economic Recovery Grant funded through the General Revenue Fund Reserve. In addition, negotiations are ongoing between the provincial and federal governments on the federal Safe Restart Program to support municipal operating costs and transit operations. These items are not included in this report.

The mid-year forecast is an unaudited point in time projection of the yearend results. There are a number of variables, such as further actions required due to the pandemic or unfavorable weather conditions, that are unknown at the time of the establishment of the mid-year forecast that could influence the year end results. Administration has used the best information available to predict the outcomes to the end of the year. Administration will continue to monitor the financial situation and balance fiscal stewardship with providing the services that citizens of Regina need.

City of Regina - FORECAST COVID 19 FISCAL IMPACTS

General Fund		
Revenue Category	Projected Year-End Variance	Notes & Assumptions
	Surplus/(deficit)	
Licenses, Levies & Fines Revenue		
Parking and Traffic Fines	(\$2,039)	Reduced traffic and City suspended enforcing 24 hour parking limits in residential areas
Business Licenses	(\$98)	Reduced due to social isolation
Animal Fine Revenue	(\$67)	Reduced due to increase number of people at home
Sub total	(\$2,204)	
Fees, Charges & Penalties		
Transit/Access Transit Revenue	(\$7,516)	Waiver of transit fees, change M-F service model to Saturday Service Model and reduced Shuttle contracts
Parking Meter Revenue	(\$1,065)	Reduced due to little to no downtown traffic during pandemic period. Recovery at 30-50% pre pandemic levels
Parks, Recreation and Culture Programs	(\$8,004)	Closures of facilities, skating rinks and swimming pools during pandemic lockdown. Recovery will be at 30-50% of pre pandemic levels
Building & Permit Fees	(\$816)	Reduced number of building permits issued
Property Tax Penalty	(\$695)	Extension of property tax payment deadline from June 30 to September 30. Assumed same level of payment compliance as 2019
Landfill Revenue	(\$435)	Reduced landfill charges
Sub total	(\$18,531)	
External Own Source Revenues		
Investment Income	(\$2,884)	Rapid decline in interest rates in first half of year
Sub total	(\$2,884)	
Total General Fund COVID-19 Revenue Impacts	(\$23,619)	
Expenditures		
Reduced Transit Operations costs	\$266	
Recreational Facility Operating Expenditures	\$3,883	
Electricity Consumption	\$400	
Increased Operating Costs due to COVID-19	(\$518)	
Contracted Services (Parking Enforcement)	\$192	
Total General Fund COVID-19 Expense Impacts	\$4,223	
Net Estimated COVID-19 General Fund Financial Impact	(\$19,396)	
Savings due to actions taken to reduce COVID-19 impacts & other variances	\$14,261	
Forecast General Fund Deficit	(\$5,135)	
Redirected Current Contributions to Capital (anticipated)	\$5,135	
General Fund Operating Forecast	\$0	

Utility Fund		
Utility Revenues		
Reduced Late Payment Fees & Collections	(\$289)	Suspension of collection activities in response to COVID-19
Other Water/Sewer Charges	\$3,436	Non-COVID increased revenue
Total Utility Fund Revenue	\$3,147	
Utility Expenses		
Increased Uncollectible Utility Charges	\$225	Increased uncollectible accounts due to COVID-19
Expense reductions	(\$3,072)	
Total Utility Fund Expenses	(\$2,847)	
Utility Fund Operating Forecast	\$5,994	

Lease of Existing Permanent Billboard Structures to Outfront Media Canada LP

Date	September 16, 2020
To	Finance and Administration Committee
From	Financial Strategy & Sustainability
Service Area	Land, Real Estate & Facilities
Item No.	FA20-14

RECOMMENDATION

The Finance and Administration Committee recommends that City Council:

1. Approve the lease of City-owned property to Outfront Media Canada LP, as identified in Appendix A, except the lease of land located at the north east corner of Saskatchewan Drive and Broad Street, consistent with the terms and conditions stated in this report.
1. Authorize Administration to finalize any other commercially relevant terms and conditions of the lease documents.
2. Authorize the City Clerk to execute the Lease Agreements upon review and approval by the City Solicitor.
3. Approve these recommendations at the September 30, 2020 City Council Meeting after public notice has been advertised.

ISSUE

There are currently several permanent billboards located on City of Regina (City)-owned right-of-ways and property throughout the City. The current lease agreement on six of the billboard locations has expired and Administration is recommending five of the six leases be renewed. The billboards were installed as a result of previous leases with Outfront Media Canada LP and as such, they are the owners of the actual billboard structure.

IMPACTS

Financial Impacts

In total there are six billboard locations representing twelve non-digital billboard faces currently up for renewal. Administration is recommending five of the six locations (i.e., leases of land) be renewed. The proposed rate for each billboard face is a Percentage Lease Fee of 25 per cent of the lessee's gross advertising revenue with a Guaranteed Minimum Annual Lease Fee of \$3,300 per year plus all applicable taxes (GST and property). The agreement includes a three per cent annual increase.

Based on the Guaranteed Minimum Annual Lease Fee and renewal of the land leases at five locations, the City will realize, at a minimum, revenues as per the following chart for the five recommended leases:

Year 1	\$29,700
Year 2	\$30,591
Year 3	\$31,508
Year 4	\$32,454
Year 5	\$33,428

The proposed lease also provides for an option to renew for an additional five-year term with the same annual increase of the Guaranteed Minimum Annual Lease Fee and Percentage Lease Fee.

Current revenue from all billboard leases is \$111,722 annually, which includes revenue from the 6 billboards at their current rate. The execution of this lease would increase revenue to \$114,422. Payments will be recorded as lease revenue by the Real Estate Branch and net revenue will be deposited into the Land Development Reserve.

Policy/Strategic Impacts

If all six locations were presented as new applications today, two of the billboards would not be permitted under the sign regulations of *The Regina Zoning Bylaw, 2019*. However, Chapter 11, Clause 11B.2(1) indicates that, "Signs which were legally erected, displayed or approved by the City at the time of the coming into force of the Bylaw shall be considered legally non-conforming signs and remain subject to the laws in force at the time of construction...".

The billboard located at the corner of Saskatchewan Drive and Broad Street would not be permitted under the new bylaw as Saskatchewan Drive is considered a Gateway Corridor and Broad Street is considered a Major Arterial roadway. New billboard signs are not permitted within a 40m visibility triangle measured from the outside corner of the landscaped area. As the existing billboard is in the road right of way on the corner of these two streets, this is not an achievable visibility triangle. While the sign at this location is

legally non-conforming pursuant to Clause 11B.2(1) of the new bylaw, Administration is not recommending lease renewal at this location given visibility and public safety concerns.

The billboard located at the corner of Arcola Avenue and Park Street would not be permitted under the new bylaw as it is located within a Residential Neighbourhood (RN) zone. However, Administration is recommending the lease at this location be renewed pursuant to Clause 11B.2(1) of *the Regina Zoning Bylaw, 2019*. There were no safety concerns raised with this location, and not approving the billboard renewal will result in a negative financial impact to the billboard owner.

Legal/Risk Impacts

The City's Traffic Engineering Branch has identified a traffic safety concern with the billboard up for renewal located at the northeast corner of Saskatchewan Drive and Broad Street. This billboard is situated within the intersection field of view and does not comply with Transport Association of Canada guidelines adopted in 2015 due to distractions created at the intersection. As mentioned previously, Administration is recommending the lease of land at the corner of Saskatchewan Drive and Broad Street not be renewed due to visibility and public safety concerns.

OTHER OPTIONS

Option 1

Renew all six existing permanent billboard leases with Outfront Media Canada LP currently located on City-owned property, including the billboard located at Saskatchewan Drive and Broad Street.

Option 2

Do not renew any of the six permanent billboard leases with Outfront Media Canada LP.

Option 3

Renew four existing permanent billboard leases with Outfront Media Canada LP currently located on City-owned property, excluding the billboards located at the intersections of Saskatchewan Drive and Broad Street, and Arcola Avenue and Park Street.

COMMUNICATIONS

Public notice is required for City Council to approve the lease of City-owned property without a public offering. Upon approval from the Finance and Administration Committee, notice regarding the discussion of this proposal will be advertised in the Leader-Post on September 19, 2020.

DISCUSSION

The City entered into lease agreements with Outfront Media Canada LP, and their predecessors several years ago. Over the years, the locations and the terms of the leases have changed. All previous renewals received approval from City Council.

The current lease locations have been without a new lease since December 31, 2017. Several discussions with the potential lessee determined that waiting until the approval of the new sign regulations in *The Regina Zoning Bylaw, 2019* was the best course of action. Now that this bylaw has come into force, the potential lessee has expressed interest in continuing their relationship with the City. As these lease locations are existing and won't be made available for public offer, City Council approval is required.

The City is recommending the approval of the lease renewals with the above-mentioned terms as outlined in Option 1.

DECISION HISTORY

Permanent billboards have been located on City property for 30-plus years. The most recent approvals were in April 2015.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully Submitted,



Shauna Fzdel, A, Exec. Dir., Financial Strategy & Sustainability

Respectfully Submitted,



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

Prepared by: Sherri Hegyi, Real Estate Officer

ATTACHMENTS

- Appendix A-1 (Victoria Ave and Arcola Ave)
- Appendix A-2 (Park St and Arcola Ave)
- Appendix A-3 (Broad St and Saskatchewan Dr)
- Appendix A-4 (Albert St and 5th Ave)
- Appendix A-5 (Albert St and 6th Ave)
- Appendix A-6 (Saskatchewan Dr and Ottawa St)

Appendix A-1 (Victoria Ave and Arcola Ave)

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Financial Strategy & Sustainability/Land & Real Estate/Real Estate

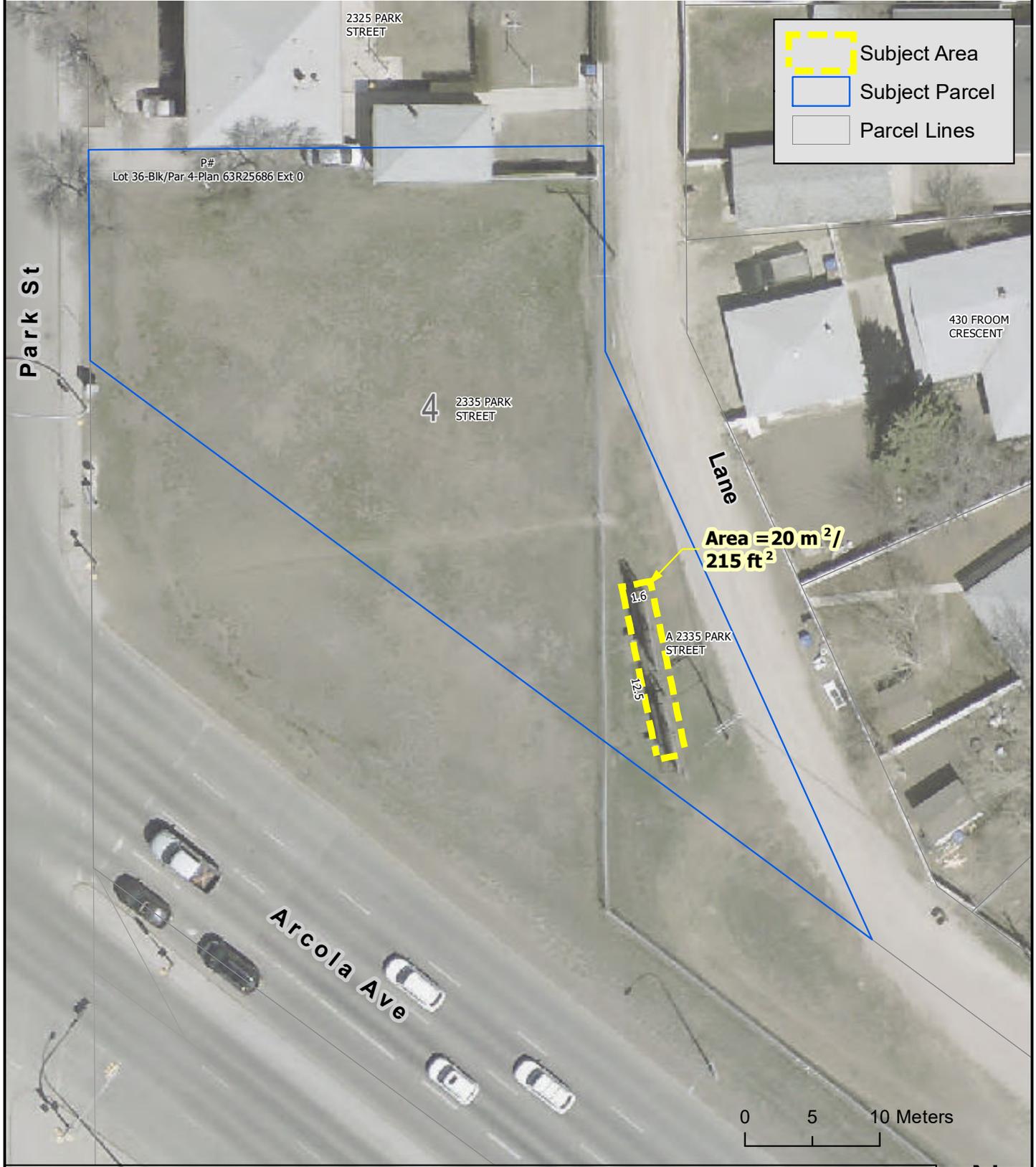
Project: Subject Land

Civic Address: 261 Arcola Ave (870 Arcola Ave)
Legal Description: SW 20-17-19-2 Plan DO4561 Ext 2



Appendix A-2 (Park St and Arcola Ave)

1:400



Financial Strategy & Sustainability/Land & Real Estate/Real Estate

Project: Subject Land

Civic Address: A2335 Park Str (2335 Park Str)

Legal Description: Lot 36-Blk/Par 4-Plan 63R25686 Ext 0



Appendix A-3 (Broad St and Saskatchewan Dr) 1:400



Financial Strategy & Sustainability/Land & Real Estate/Real Estate

Project: Subject Land

Civic Address: B1629 Broad Str (A1629 Broad Str)
 Legal Description: St/L 3-Plan 84R28086 Ext 0,
 St/L 567-Plan OLD33 Ext 0



Appendix A-4 (Albert St and 5th Ave)

1:400



Financial Strategy & Sustainability/Land & Real Estate/Real Estate

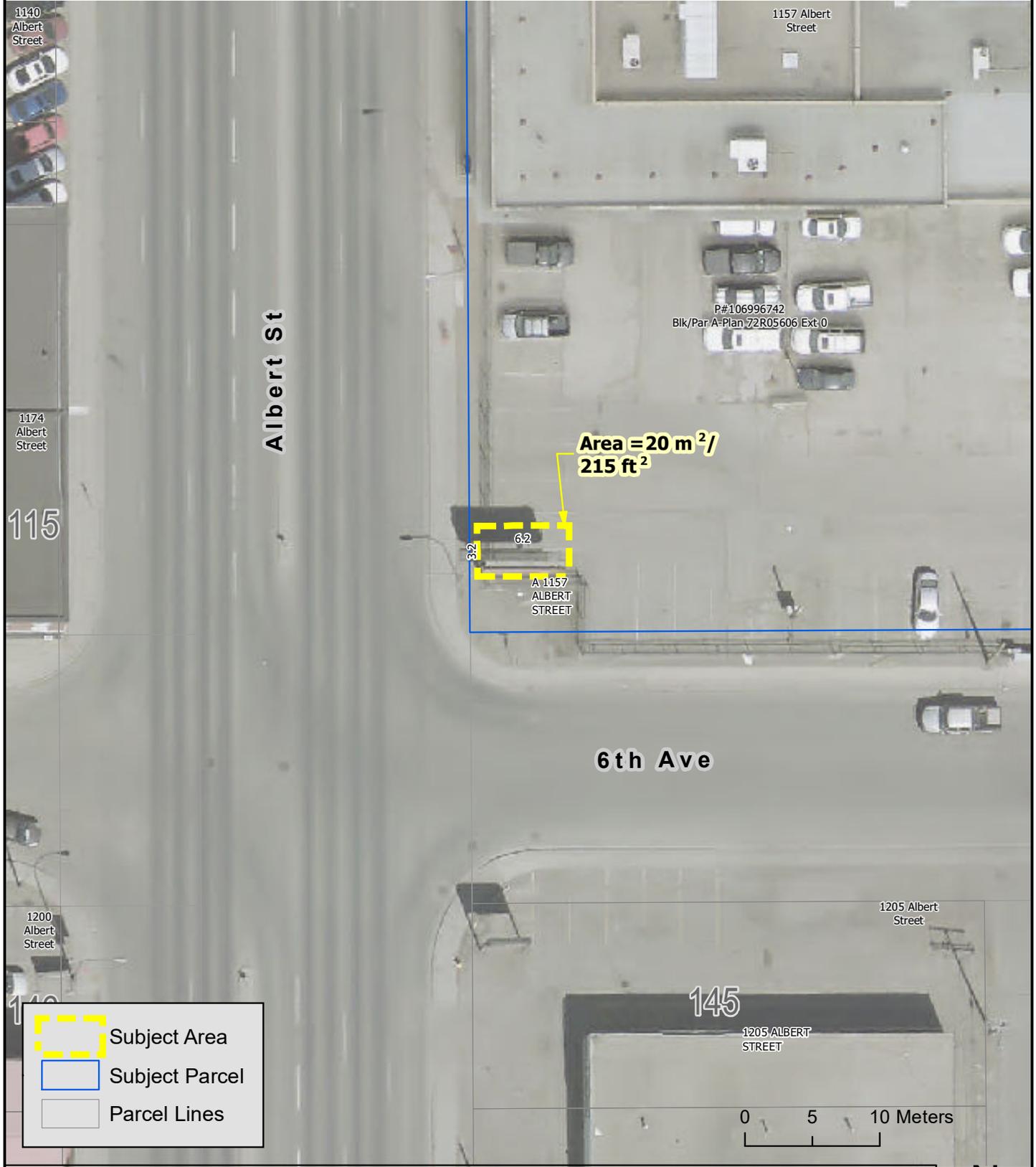
Project: Subject Land

Civic Address: 1101 Albert St (1157 Albert St)
Legal Description: Blk/Par A-Plan 72R05606 Ext 0



Appendix A-5 (Albert St and 6th Ave)

1:400



 Subject Area
 Subject Parcel
 Parcel Lines



Financial Strategy & Sustainability/Land & Real Estate/Real Estate

Project: Subject Land

Civic Address: A1157 Albert St (1157 Albert St)
Legal Description: Blk/Par A-Plan 72R05606 Ext 0

Appendix A! * fGUg_UhWYk Ub`8f`UbX`ChUk U`GH 1:400



 Subject Area
 Subject Parcel
 Parcel Lines


Financial Strategy & Sustainability/Land & Real Estate/Real Estate

Project: Subject Land
 Civic Address: A1402 Sask Dr (1402 Sask Dr)
 Legal Description: Blk/Par S3-Plan 100299056 Ext 0,
 St/L 617-Plan OLD33 Ext 0



