

COVID-19 Financial Update

Date	April 15, 2020
To	City Council
From	Financial Strategy & Sustainability
Service Area	Financial Strategy & Sustainability
Item No.	CM20-8

RECOMMENDATION

That City Council:

Responding to COVID-19 Financial Impacts

1. Address the shortfall in operating revenues to cover the anticipated additional costs in 2020 created by the COVID-19 pandemic and approve the following:
 - a. Adjust operating programs and services as outlined in Appendices D (Open Space Service Levels), E (Spring Sweep Program) and F (Transit Service Enhancements);
 - b. Direct Administration to implement expense reduction measures up to \$7,400,000 as identified on page 11 of this report; and
 - c. Defer up to \$7,200,000 of capital programs and projects with the funding to be redirected to offset operating costs created by the pandemic as identified on page 11 of this report.

Property Tax Related

2. Approve *The Regina Property Tax Bylaw, 2020* and *The Education Property Tax Bylaw, 2020*, as prepared by the City Solicitor and which sets out the rates as outlined in Appendix A.
3. Delegate authority to the Executive Director, Financial Strategy and Sustainability or their delegate to finalize and approve amendments to the property tax collection and payment agreement that the City has with the Government of Saskatchewan to allow

the City to pay the education portion of the taxes as it is collected instead of based on the collection pattern from the previous year.

4. Delegate authority to the Executive Director, Financial Strategy and Sustainability or their delegate to finalize and approve amendments to the property tax collection and payment agreement that the City has with the Regina Roman Catholic Separate School Division No. 81 to allow the City to pay the education portion of the taxes as it is collected instead of based on the collection pattern from the previous year.
5. Delegate authority to the Executive Director, Financial Strategy and Sustainability or their delegate to finalize and approve amendments to the property assessment and taxation services agreement that the City has with the Global Transportation Hub Authority to allow the City to pay the Global Transportation Hub levy as it is collected instead of based on the collection pattern from the previous year.
6. Authorize the City Clerk to execute addendums to amend the agreements referred to in recommendations 3, 4 and 5 upon review by the City Solicitor.
7. Approve the property tax exemptions as listed in Appendix B subject to the Government of Saskatchewan approving the exemption or partial exemption of the education portion of the taxes for amounts that are \$25,000 or greater.
8. Authorize the Executive Director Financial Strategy & Sustainability or his delegate to apply to the Government of Saskatchewan on behalf of property owners for any exemption of the education portion of the taxes that is \$25,000 or greater as outlined in Appendix B.
9. Approve *The Properties Exempt from Taxation as a result of the 2013 Municipal Boundary Alteration Bylaw, 2020* as prepared by the City Solicitor and which sets out the property tax exemptions outlined in Appendix B.

REAL

10. Authorize the Executive Director, Financial Strategy and Sustainability for the City to negotiate, approve and enter into all necessary agreements with The Regina Exhibition Association Limited (REAL) and HSBC Bank Canada on behalf of the City and generally to do all things and to execute all documents and other papers in the name of the City, in order to facilitate the change to REAL's credit facilities as outlined in Appendix C to this report;
11. Instruct the City Solicitor to prepare amendments to Bylaw 2015-25, being *The Regina Exhibition Association Limited Borrowing and Guarantee Bylaw, 2015* to amend the credit facilities in that Bylaw based on the terms and conditions authorized by the Executive Director, Financial Strategy and Sustainability and Appendix C to this report;
12. Pursuant to clause 5.2(f) of the Unanimous Member's Agreement for REAL, REAL is authorized to amend the credit facilities outlined in REAL's loan with HSBC Bank Canada based on Appendix C to this report on the condition that the amendments

do not increase the existing maximum loan amount of \$13,000,000;

13. Authorize the Executive Director, Financial Strategy and Sustainability, as the City's proxy, to exercise the City's voting rights in REAL to approve any organizational resolutions or documents that may be required of REAL in relation to the proposed changes to the credit facilities in Bylaw 2015-25 as outlined in this report;

Housing Incentive Program

14. Amend the Housing Incentives Policy to add the following provision:

“6.1.16 Notwithstanding Section 6.2.6, in response to, and during the COVID-19 pandemic crisis, and under similar emergency measures, the Executive Director, City Planning and Community Development has discretion to relax the requirement that an Occupancy Permit is issued before grant payments for affordable rental housing applications are disbursed where construction of the project is near completion and the applicant has entered into a capital contribution agreement with the City.”

Delegation of Emergency Powers

15. Delegate authority to the City Manager or designate to exercise any powers of a local authority, City or City Council under any legislation, order or otherwise, and any actions which must be authorized or approved by Council are hereby authorized, except those authorities that are not permitted by law to be delegated provided that the authority is required to be exercised in response to the pandemic emergency. The City Manager shall notify Council of any exercise of authority pursuant to this resolution as soon as reasonably possible and Council shall retain the right to cancel or amend any decisions made by the City Manager under this authority.

ISSUE

Administration is continuously monitoring the City of Regina's financial position and the impact of COVID-19 on it. The pandemic affects our local and global economy and is creating financial impacts on the City as well as our community including residents and businesses.

The City is taking urgent actions to anticipate and respond to the pandemic in alignment with public health direction. However, these necessary actions are affecting the City of Regina's operations, 2020 financial results, and have the potential of impacting long-term financial viability.

IMPACTS

Strategic Impacts

The financial impact of COVID-19 not only impacts businesses and residents, but also the City of Regina. The impacts on the City of Regina's operations and financial position are not unique, as all municipalities are facing similar challenges, including revenues and cashflows being negatively impacted, 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 to the extent municipalities can afford to do so.

Of the three levels of government, cities and municipalities have the least financial flexibility to manage these challenges. Administration will continue to work with the other two levels of government to seek financial assistance to meet the needs of our community and the City.

As the current emergency situation is changing so rapidly, the report also discusses and makes recommendations respecting the delegation of additional powers to the City Manager in order to facilitate timely emergency response.

Financial Impacts

As the City of Regina works to address immediate needs related to the pandemic and respond to public health orders, pressures are being placed on the City's 2020 budget and financial position. Unlike other levels of government, the City cannot legally run a deficit. As a result, the City needs to adjust planned spending, use reserves, or receive financial assistance from the other two levels of government to offset the financial impact of COVID-19 on the City's financial position.

This report identifies the current projected 2020 forecasted financial impact of COVID-19 on the City, and Administration's planned response to those projected financial impacts including recommendations to City Council. Like all forecasts, the financial impacts projected in this report reflect a point in time estimate and will change as new information and additional actions are taken to respond to the public health emergency.

The report also addresses other financial matters related to responding to the impacts of COVID-19 and the City's financial position including addressing the Regina Exhibition Authority's (REAL) cash flow challenges, proposed amendments to the Housing Incentive Policy to assist local housing providers to continue to develop new affordable rental housing through the pandemic, and City Council approval of the 2020 property tax bylaws.

COMMUNICATIONS

Throughout the COVID-19 pandemic, the City of Regina has been providing information to citizens and the community about service and program adjustments, as well as encouraging adherence to the public health orders to meet our top priority. Our top priority is the health and safety of our employees and community.

This information has been shared on Regina.ca/coronavirus and social media platforms like Twitter and Facebook. We have been issuing public service announcements and providing an opportunity for regular media briefings. Administration will continue to provide accurate information, as quickly as possible as we continue to respond to this ever-evolving situation.

In respect to this report, public notice was issued on April 7, 2020 of the intent to consider amendments to the borrowing and guarantee bylaw for the Regina Exhibition Association Limited and of the intention to consider moving capital funding to the City's operating budget. Notices were placed in the Regina Leader Post, on the public notice board at City Hall, and on the City's website (Regina.ca).

Council decisions made as a result of this report will be communicated to the affected parties (Regina Exhibition Association Limited, Regina Downtown Business Improvement District, Regina's Warehouse Business Improvement District, Regina Public Library, Regina Roman Catholic Separate School Board, Province of Saskatchewan, and the Global Transportation Hub).

Property owners will receive a personalized tax notice by mail in late May/early June.

DISCUSSION

Forecasted Financial Impact of COVID-19

The following reflects Administration's current projection of the key financial impacts of COVID-19 on the City.

- Reduction in transit revenue due to the waiver of transit fees to allow for rear door access to transit buses thereby decreasing the interaction between drivers and passengers, while providing financial relief to those that use the transit system. Reduced revenues are partially offset by reduced salary costs and fuel savings related to the reduction in route frequency with the move to Saturday service levels during weekdays.
- Decreased revenue related to the closure of recreation, culture, and parks programs and related City facilities, partially offset by reduced salary expenditures related to the layoff of casual staff and reduction in the number of planned casual summer call backs.

- Decreased demand and/or activity volumes for other revenue-generating City services/activities including the collection of various fees, penalties, and fines.
- Decreased interest revenue earned on the City’s cash/short term investments due to the lowering of interest rates, and decreased cash/investments in July through to September resulting from the deferral of the property tax deadline to September 30, 2020.
- Increased costs associated with expanded cleaning of buses, facilities, and procurement of supplies related to protecting staff and customers from COVID-19 like masks, gloves, hand sanitizer and other personal protective supplies.
- Increased expenses related to supporting the mobilization of community social services for those most vulnerable.

The forecasted savings for the recreation, culture and parks programs includes reduced casual summer call backs related to recommended adjustments to service levels due to COVID-19 for golf courses, forestry, pest control, horticulture, cemeteries, and parks maintenance. Appendix D provides detail on these recommended service level adjustments.

The following table projects the forecasted financial impacts of COVID-19 based on three scenarios, April 30th, June 30th, and September 30th. Taking the June scenario as an example, if by the end of June things start returning to normal, the forecasted COVID-19 financial impact on the City is a negative \$12.1 million for the year.

	Net Financial Impact (\$ Millions)		
	30-Apr-20	30-Jun-20	30-Sep-20
Tax-Supported Service			
Transit	(1.2)	(3.3)	(5.0)
Parks, Rec & Culture	(0.6)	0.4	(1.4)
Current Tax Penalties	(0.8)	(0.8)	(0.8)
Traffic & Parking Fines Revenue	(1.0)	(2.4)	(4.2)
Investment Income	(3.0)	(3.0)	(3.0)
Amusement Tax	(0.2)	(0.5)	(0.8)
Total Tax-Supported Service	(6.8)	(9.6)	(15.2)
Non-Tax Supported Service			
Solid Waste-Landfill	0.0	(0.8)	(2.7)
Planning & Development	(0.5)	(1.3)	(2.4)
Total Non-Tax Supported Service	(0.5)	(2.1)	(5.1)
Total General Fund Impact	(7.3)	(11.7)	(20.3)
Utility Fund	(0.4)	(0.4)	(0.4)
Total Utility Fund Impact	(0.4)	(0.4)	(0.4)
Total General & Utility Fund Impact	(7.7)	(12.1)	(20.7)

An organization's financial operating position is its revenues less expenses which will result in a surplus or deficit. As noted in the above table, based on the three scenarios above, the operating financial impact of COVID-19 has a projected negative impact ranging from \$7.7 million to \$20.7 million depending on how long the response to the pandemic lasts.

An organization's cash flow is different than its financial operating position and measures how much cash/short term investments an organization has on hand to pay its expenses like payroll and paying for goods and services acquired. Due to Administration's decision last year to move City funds from long-term to short-term investments to capture some capital gains and reduce investment risk while a policy review was being undertaken, the City has cash on hand that is quickly accessible.

As a result, while COVID-19 has a significant negative impact on the City's financial operating position, from a cash flow or cash on hand perspective, the City is in a relatively good position in the short to medium term. Administration will continue to actively monitor its cash flow position. Over the long term, potential negative impacts on cash flow include property taxes not being paid due to financial hardship, and how long the pandemic response measures are in place.

As noted above, financial projections also incorporate the financial impact of the City's assistance to residents and businesses, approved by City Council on March 20, 2020 (CM20-7), which include:

- Extending the property tax payment deadline for three months (to September 30, 2020) allowing property owners additional time to pay their 2020 property taxes without incurring a penalty.
- Suspending utility disconnections for six months (to September 30, 2020).
- Suspending late payment charges and suspending collection activities on all utility accounts until September 30, 2020.
- Continuing to provide essential transit services while waiving fees.
- Reducing parking enforcement efforts to focus only on addressing immediate public safety concerns.
- Mobilizing community social services for those most vulnerable. Appendix G has additional detail on the community social services actions the City has undertaken.

Other levels of government have also provided financial assistance to residents and businesses. Appendix H is provided as information and provides a comprehensive list of economic supports each province and territory, as well as federal government, has announced to support Canadians, individuals and businesses, due to the COVID-19 pandemic as of April 6, 2020 prepared by MNP LLP.

Administration's Planned Actions to Respond to the Financial Impact of COVID-19

Unlike other levels of government, *The Cities Act* (section 129(3)) specifies that cities cannot run a deficit. As a result, the City must cover the projected deficit by either finding a way to increase revenue during the year, reduce or reallocate planned expenditures to

address the deficit, draw from reserves, or receive financial assistance from other levels of government.

Administration's current and planned actions to respond to and offset the projected negative financial impacts of COVID-19 on the City's operating results include:

- Actively reducing operating expenses such as:
 - Managing position vacancy by suspending the filling of vacant position unless such positions are essential/critical to City operations.
 - Capturing projected fuel savings due to lower prices.
 - Reducing conference, education and related travel expenditures, many of which are already impacted by the pandemic.
 - Reducing consulting, contracting, and the use of other purchased services recognizing the impact of this will be reduced as the City's focus is on managing the impacts of COVID-19 and responding to public health orders.
 - Capturing projected savings in the Winter Road Maintenance Program given actual spending to date while also recognizing the Winter Road Maintenance Reserve is at its maximum suggested level and can be accessed should program costs be higher than forecast for the remainder of the year.
- Implementing service level adjustments to the Spring Sweep Program and deferring planned expansion of transit service enhancements due to the impact COVID-19 on these activities.
- Redirecting funding for some planned capital funding to operating to offset projected COVID-19 costs.
- Using funds in the Solid Waste, Planning & Sustainability, and Utility self-sustaining reserves to offset COVID-19 projected costs related to the financial impact of COVID-19 on these non-tax supported services.

Service Level Adjustments

Spring Sweep Program

Administration is recommending an adjustment to the service level of the Spring Sweep Program. It is recommended that no sweeping occur on residential (local) roads, and sweeping activities only occur on arterial and collector roads, including transit routes and boulevards. These roads are considered a priority and this service adjustment would be in alignment with other municipalities and provincial health orders. Approximately 80% of all ice control materials placed over the course of the winter are on arterial and collector roads, therefore most of this material would be removed.

Administration is recommending this reduced level of service for 2020 due to challenges associated with COVID-19. The recommendation results in a more realistic volume of work being completed in a restricted timeline (spring sweep typically starts in early April and is completed before the start of the road construction season). It will reduce reliance on equipment maintenance which mitigates and reduces the likelihood of staff working in close proximity (enhanced social distancing). Reduced reliance on equipment maintenance and repairs will also be beneficial to fleet maintenance if they start experiencing staff availability

issues. It also reduces the number of City staff and equipment in residential neighbourhoods at a time many residents are in their homes which increases the congestion of vehicles in residential neighbourhoods.

Savings associated with this adjustment in service for 2020 is estimated at \$400,000 and is detailed in Appendix E.

Delay Implementation of Enhanced Transit Services

Four new/expanded services were scheduled to begin at the end of April: two new services to the Regina Airport Authority and Westerra, an on-demand transit pilot, and the spring and summer U-pass program for University of Regina students. Administration is recommending a delay in the start of each of these services to the fall which will result in an operating savings of \$152,000. Should the current response to COVID-19 continue into September, it is recommended these service enhancements be delayed to the start of the new year resulting in savings of \$240,000.

Capital Funds Redirected to Operating Budget

Residential Road Renewal Program

Administration is recommending that nine residential road renewal projects planned and funded by \$6.4 million in 2020 current contributions (from 2020 property tax revenue) be deferred to next year with the funding redirected to offset increased operating costs associated with COVID-19. See Appendix I for a list of the nine projects.

In reviewing its road construction program, Administration has determined that these capital projects should not proceed in 2020 regardless of whether funds need to be redirected from the capital program to operating to offset increased costs due to COVID-19. These are large complex projects that are either full rebuilds or require full block concrete replacements. These projects require a full construction season to complete and the City is already 4-6 weeks behind due to its focus on responding to COVID-19. To proceed with these projects at this time would cause major inconvenience and access issues to residents that would likely span over two summers instead of one season.

Further, the first four projects listed in Appendix I include significant water infrastructure renewal components that would require temporary water hookups to be completed, which typically require staff or contractors to enter homes to establish the connection. Due to the temporary nature of these hookups and the requirement for staff to enter resident's homes, it is not recommended that temporary water connections be undertaken until the state of emergency and requirement for social distancing is lifted, further impacting the ability to complete these projects under current conditions.

Deferral of these projects and redirecting the funding to offset COVID-19 related operating costs also provides the opportunity to continue to seek financial assistance from the other levels of government to help offset the financial impact of COVID-19 on municipalities. As an example, if the federal government were to provide additional gas tax funding to help municipalities deal with the costs of COVID-19, these funds could be used to offset the impact of redirecting these funds from capital to operating.

Traffic Infrastructure Renewal

Administration is recommending that \$500,000 of the Traffic Infrastructure Renewal program be redirected to offset increased operating costs associated with COVID-19. This funding is used to ensure traffic assets such as traffic signals, are renewed to ensure on-going service levels. In reviewing the program, it was noted that the program has sufficient capital carryforward that can be used in 2020. As well, a significant amount of this work is typically done by out of province consultants/contractors, whose activities will likely be restricted due to reduction in out-of-province travel in response to managing COVID-19.

Recreation/Culture Capital Program

Administration is also recommending \$300,000 of unallocated funding in the Recreation/Culture Capital Program be deferred to also offset the projected financial operating impacts of COVID-19.

The following table summarizes Administration's planned actions to respond to the financial impact of COVID-19.

Planned Offsets	(\$ Millions)	
	30-Jun-20	30-Sep-20
Tax-Supported Service		
<i>Expense Reduction Measures:</i>		
Vacancy Management	2.8	4.1
Fuel	0.5	0.5
Professional & External Services	0.8	0.8
Conferences/Education/Training/Travel	1.0	1.0
Winter Road Maintenance Program	1.0	1.0
<i>Service Level Adjustments:</i>		
Street Sweeping Program	0.4	0.4
Transit	0.1	0.2
<i>Capital Redirected to Operating:</i>		
Residential Road Renewal Projects*	2.2	6.4
Traffic Infrastructure Renewal	0.5	0.5
Unallocated portion of Recreation/Culture Program	0.3	0.3
Total Tax-Supported Service	9.6	15.2
Non-Tax Supported Service		
Solid Waste Reserve	0.8	2.7
Planning & Sustainability Reserve	1.3	2.4
Total Non-Tax Supported Service	2.1	5.1
Total General Fund Impact	11.7	20.3
Utility Reserve	0.4	0.4
Total Utility Fund Impact	0.4	0.4
Total General & Utility Fund Impact	12.1	20.7

*As noted previously, in total \$6.4 million in residential road renewal projects are not recommended to proceed in 2020. Due to the timing of when the current emergency is over, should not all funds be required to cover the cost of COVID-19, the remaining funds could be moved back to the Residential Road Renewal Program as capital carryforward.

Property Taxes

Property taxes make up 55% of the City’s General Fund operating revenues and are very important for the continued 2020 operations of the City and to ensure sufficient cash flow. Approval of the property tax bylaws is required before the City can issue the 2020 Property Tax notices. It is important that property tax owners receive their notices in a timely fashion so they can plan for the payment of taxes.

On March 20, 2020, Council approved the deferral of the property tax deadline to September 30, 2020 (previously June 30), to provide financial relief due to the financial impact of COVID-19 to businesses and residents. Approval of property tax bylaws does not preclude City Council from providing additional financial supports in the future should it decide to do so. All levels of government have provided financial support in response to COVID-19 with the other two levels of government best positioned financially to do so. Additional detail on the supports currently available are included in Appendix H.

Associated with the approval of the property tax bylaws is the required approval of the 2020 property tax exemptions related to the properties affected by the 2014 boundary alterations. As well, Administration has had successful discussions with the other taxing authorities to amend their monthly payment schedules to reflect the change in the 2020 property tax payment deadline to September 30, 2020 thereby reducing the impact on the City's cash flow position.

Regina Property Tax Bylaw, 2020 & The Education Property Tax Bylaw, 2020

City Council is required to pass a bylaw annually setting the mill rates for the City of Regina, Regina Public Library, Regina Downtown and Warehouse Business Improvement Districts, the property subclasses as well as set the mill rate factors for the City or Regina and Regina Public Library taxes. City Council approved the 2020 City of Regina Operating Budget and related municipal mill rate, as well as, the Regina Public Library mill rate in CR19-15 at its meeting on December 9, 2019. The Regina Downtown and Warehouse Improvement Business districts' mill rates represents no change to their mill rate (same as 2019). Council also passes a bylaw annually that allows it to levy and collect the education property taxes on the mill rates set by the Government of Saskatchewan.

The Regina Property Tax Bylaw, 2020 sets the mill rates to be levied on all taxable assessments in the city to raise the money required by the City of Regina, Regina Public Library and the business improvement districts for 2020.

The City of Regina enacts a separate *Education Property Tax Bylaw, 2020* which authorizes the City of Regina to levy and collect taxes on a property's taxable assessment on behalf of the Government of Saskatchewan and a separate school division where the separate school division has passed a bylaw to determine their own separate school division tax.

Appendix A outlines the classes/subclasses and mill rate factors for each taxing authority.

Boundary Alteration – 2020 Property Tax Exemptions

Properties affected by the 2014 boundary alteration requiring Council approval for 2020 property tax exemptions are identified in Appendix B. Property tax mitigation tools and principles for properties affected by the 2014 boundary alteration were approved in Report CM13-14: Reconsideration of 2013 Boundary Alteration and Report CR19-15: Boundary Alteration 2019 Property Tax Exemptions on February 25, 2019. These principles and tools were designed to plan the City's long-term growth needs, as outlined in the Design Regina:

The Official Community Plan Bylaw No. 2013-48 (OCP), while protecting the property owners from unreasonable financial hardship.

The recommendation for property tax exemptions outlined in Appendix B of this report are consistent with Council principles and past exemption approvals.

Tax Collection Agreements

The City of Regina has agreements in place with the Province of Saskatchewan, the Regina Roman Catholic School Division and the Global Transportation Hub Authority to collect property tax on their behalf and remit the property tax levied to the authority. The current agreements require the City to remit on a monthly basis the full amount of the property taxes levied based on prior year collection patterns.

For the 2020 tax year, Council approved extending the property tax deadline to September 30, 2020. With the payment deadline extension in place, the existing agreements with the other taxing authorities would put significant pressure on the City's financial resources. Through discussions with Administration, the Province of Saskatchewan, the Regina Separate School Board and the Global Transportation Hub Authority have all agreed to an addendum to the current agreements that would adjust the payment plans for 2020. Delegation of authority to enter into addendums to these agreements based on the verbal agreements with the Province of Saskatchewan, the Regina Roman Catholic School Division and the Global Transportation Hub Authority is required.

Regina Exhibition Association Limited (REAL)

The pandemic is greatly impacting the cashflow of REAL. The operations of REAL typically result in a cash outflow at the beginning of the year with cash inflows occurring through the summer and fall when the bulk of the shows and events take place on the property. While REAL has taken significant actions to reduce their operating expenses and related cash outflows, it is insufficient to ensure REAL has cash on hand to meet its payment obligations. Based on current projections, REAL will run out of cash to pay bills and payroll by early May.

The City passed Bylaw 2015-25 on March 23, 2015, allowing REAL to borrow up to \$13 million for the purpose of financing REAL's five-year capital plan and general operations. The borrowing is guaranteed by the City. As outlined in Appendix C, the \$13 million in borrowing is restricted to specific items (called "credit facilities") with \$3 million of the \$13 million being designated for an overdraft or operating line of credit facility. Within the \$13 million approved borrowing limit, there is currently approximately \$3.8 million in other facilities that REAL has not borrowed against or is currently using.

REAL and City Administration are recommending that these unused facilities of approximately \$3.8 million be reduced while increasing the overdraft/operating line of credit facility by \$3.8 million. While REAL owes the City approximately \$4 million related to its commitment to pay for the installation of certain food and beverage assets in the stadium, and discussions were underway to use the flexibility in their \$13 million borrowing limit to

meet this commitment, the current cash flow challenges require these funds to be used to increase REAL's line of credit at this time. Discussions will need to occur in the future to develop a plan for repayment of the outstanding \$4 million related to food and beverage assets.

The recommended updates to the bylaw do not change the \$13 million amount guaranteed by the City but increase the operating credit line while decreasing the capital and food and beverage equipment credit facility. The changes to the various credit facilities are outlined in Appendix C. Because these changes do not increase the \$13 million maximum, they do not change the City's current debt levels.

If approved, it is projected the additional operating line of credit will enable REAL to manage to the end of the year. While REAL has assessed the current situation with the lens of worst-case scenario, there continue to be risks associated with the continuation of the pandemic, such as rescheduling or cancellation of events such as the Farm Show, Queen City Exhibition, and the CFL season. If the COVID-19 pandemic continues, there may be a need to return in the fall to review further options to address cashflow.

Under REAL's Unanimous Member's Agreement as well as section 153 of *The Cities Act*, Council approval is required for any changes to REAL's debt. Bylaw 2015-25 is the bylaw that currently sets out REAL's credit facilities. Bylaw 2015-25 as amended will give REAL the financial flexibility to continue operations in the short term within their current maximum approved debt.

Housing Incentive Policy (HIP)

Under the Housing Incentives Policy (HIP) capital funds are not provided to an applicant until after the project has received an Occupancy Permit. Administration has received a request from a HIP applicant to waive the Occupancy Permit requirement and advance funding payment before projects are completed due to cash flow pressures from the slowdown in the economy and delays in construction from the need to maintain social distancing. Administration does not have authority to waive the Occupancy Permit requirement and are recommending that City Council adopt an emergency amendment providing the Executive Director, City Planning and Community Development with discretion to waive this requirement where:

- The affordable rental housing project is near completion.
- The applicant has entered into a legal agreement with the City.

The amendment will assist local housing providers in continuing to develop new affordable rental housing through the COVID-19 pandemic.

Under the HIP, the City's annual \$2.5 million maximum commitment to its affordable housing capital grant programs is funded from the Social Development Reserve. The recommended amendment to the HIP would only provide advanced capital payments to housing projects that have already received a funding commitment from the City.

Delegation of Emergency Powers to the City Manager

Because the current emergency situation with COVID-19 is changing so rapidly, it is recommended that Council, by resolution, delegate additional powers to the City Manager in order to facilitate timely emergency response.

The Cities Act (s.100(2)) permits a council to delegate (and authorize sub delegation of) any of its powers or duties, except those powers or duties set out in section 101. The following are some of the powers that cannot be delegated: power to make bylaws; power to borrow money, lend money, or guarantee the repayment of a loan and power to move capital moneys to an operating budget.

The resolutions attached to this report delegate all powers of Council to the City Manager except those that cannot be delegated by law. These powers are only to be used if reasonably required to respond to the emergency or make adjustments to City processes in response to the emergency. The City Manager shall notify Council of any exercise of authority pursuant to this resolution as soon as reasonably possible and Council shall retain the right to cancel or amend any decisions made by the City Manager under this authority.

DECISION HISTORY

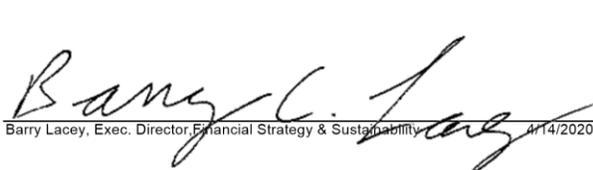
On March 20, 2020, City Council approved the COVID-19 Update Report (CM20-7).

On December 9, 2019, City Council approved Report CM19-15 2020 General and Utility Operating Budget and 2020-2024 General and Utility Capital Plan document.

The original decision to approve REAL’s debt of \$13M and provide a guarantee is set out in CR15-23 from the March 23, 2015 Council meeting.

Respectfully Submitted,

Respectfully Submitted,


Barry Lacey, Exec. Director, Financial Strategy & Sustainability 4/14/2020


Chris Holden, City Manager 4/14/2020

Prepared by: June Schultz, Director, Financial Services

ATTACHMENTS

- Appendix A - Regina Property Tax Bylaw
- Appendix B - Boundary Alteration
- Appendix C - REAL Borrowing & Guarantee Bylaw 2015-25B15
- Appendix D - Open Spaces Service Level Discussion
- Appendix E - Spring Sweep Program
- Appendix F - Transit Service Level Discussion

Appendix G - Mobilization of Community Social Services for the Vulnerable Population
Appendix H - Provincial Economic Support Summary (MNP) - April 6 - Copy
Appendix I - Residential Road Renewal Program