

June 14, 2017

To: Members
Executive Committee

Re: Global Transportation Hub Authority – Municipal Servicing Agreements for Water,
Wastewater and Transportation Infrastructure

RECOMMENDATION

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- MAY 17, 2017**

1. That the Executive Director of City Planning & Development be authorized to finalize and approve the terms of a Municipal Servicing Agreement(s) for the capital contribution to water, wastewater and transportation infrastructure between the City of Regina and the Global Transportation Hub Authority.
2. That the City Clerk be authorized to execute the Agreement after review and approval by the City Solicitor.
3. That this report be forwarded to the June 26, 2017 meeting of City Council for approval.

EXECUTIVE COMMITTEE - MAY 17, 2017

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

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

The Executive Committee, at the **PRIVATE** session of its meeting held on May 17, 2017, considered the following report from the Administration:

RECOMMENDATION

1. That the Executive Director of City Planning & Development be authorized to finalize and approve the terms of a Municipal Servicing Agreement(s) for the capital contribution to water, wastewater and transportation infrastructure between the City of Regina and the Global Transportation Hub Authority.

2. That the City Clerk be authorized to execute the Agreement after review and approval by the City Solicitor.
3. That this report be forwarded to the June 14, 2017 public meeting of Executive Committee and the June 26, 2017 meeting of City Council for approval.

CONCLUSION

The Global Transportation Hub Authority (GTHA) has jurisdiction over approximately 420 hectares of developable land that they wish to develop in accordance with *The Global Transportation Hub Authority Act* (GTHA Act).

The City of Regina (City) Administration has reached an agreement in principle with the GTHA respecting its capital contribution for the initial capital costs of infrastructure associated with water, wastewater and transportation service. The agreement for the capital contribution is contingent upon reaching an agreement in respect to the ongoing operation, maintenance and recapitalization of these assets. The servicing agreement will include an initial payment for the existing development in the Global Transportation Hub (GTH), and the mechanisms to obtain additional capacity from the City's infrastructure networks for additional development that occurs until the end of year 2040. The amount of capacity being made available to the GTHA through this agreement will be limited to certain thresholds for each of the three services.

BACKGROUND

In 2006, the Government of Saskatchewan (Province) approached the City to work collaboratively to create an intermodal facility west of the city to support a relocated Canadian Pacific Intermodal rail facility and a Loblaws warehouse. In order to support this proposed development, in 2008, the City prepared a concept plan for an area west of the city, which included rationale for a boundary alteration of lands from the Rural Municipality of Sherwood (RM) as a future tax revenue generating opportunity for the City. The City added over 600 hectares of land, specifically designated for an intermodal facility from the RM on February 6, 2009 (Report CR09-21).

The City and Province discussed in good faith, the need to enter into an agreement that would outline how the GTHA would contribute to regional infrastructure projects to support the GTH. The City and GTHA had discussions about the potential terms of such an agreement from 2010 to 2013, at which time the Province passed Bill 81 to officially form the GTHA through the GTHA Act. The GTHA Act specifies that the GTHA has the authority to enter into an agreement with the City to establish each party's responsibilities to provide properties within the GTH lands with public highways (streets), sanitary and storm sewer and water. In addition, the GTHA and City are to determine an appropriate cost and funding mechanism to purchase these services. The GTHA Act also indicates that any compensation to the City must be on a cost recovery basis.

The City currently has agreements with the GTHA as follows:

- In 2013 a one-time payment in lieu of Municipal Reserve (Parks & Recreation) of \$398.473 was paid.
- On December 31, 2014, the City and GTHA reached a Fire Services Agreement that defines the service level standards and compensation model for the provision of fire protection.
- On September 24, 2015, the City and GTHA reached a Taxation and Assessment Agreement, whereby the City provides assessment and taxation service for the GTHA in exchange for three per cent of the taxation revenue within the GTH.

DISCUSSION

The parties have come to an arrangement that defines the financial contribution the GTHA will make to the City to pay for the off-site capital costs associated with providing the GTHA access to the City's water supply, wastewater treatment and road network. The arrangement is subject to City Council and GTHA Board approval and must reach a mutually acceptable operating agreement. The terms of the agreement will be presented to the GTHA Board on June 28, 2017. The City will provide these three services to the GTHA pursuant to the following general terms and conditions:

Water Agreement

- 1) The GTHA Water Agreement will be based on a list of water infrastructure projects that the GTHA's use has a net direct incremental impact. The list includes projects related to treatment (Buffalo Pound Treatment Plant), supply, storage and distribution.
- 2) The GTHA will have access to purchase up to 1.0 ML/day of water capacity from the City's system. The water purchase amount will be reconciled bi-annually with metered water use by GTH tenants.
- 3) The GTHA will make an initial payment for the existing water users. The payment for existing water users is locked in and not subject to future adjustments.
- 4) Capacity for future users will be purchased as land is sold. The payment for future users will be subject to a correction based on actual projects constructed by the end of year 2040.
- 5) To account for the time value of money, all costs will be converted to 2040 dollars using an inflation adjustment of three per cent per year from when any payment is made by the GTHA to the City or from when a project was paid for by the City.
- 6) The City and GTHA will hold bi-annual contract update meetings to reconcile the water consumption adjustment and project costs.

Wastewater

- 1) The GTHA Wastewater Agreement will be based on purchase of a load capacity of the Wastewater Treatment Plant (WWTP).

- 2) The GTHA will have access to purchase up to 600 kg/d of Chemical Oxygen Demand (COD) on a monthly averaging basis with quantities of other treatment parameters in the wastewater limited.
- 3) The wastewater purchase amount will be reconciled bi-annually using effluent testing to establish usage.
- 4) The GTHA will make an initial payment based on an estimate of total required capacity in the WWTP at full buildout of the GTH.
- 5) In the event that the GTHA requires additional capacity, it will be purchased based on its percentage use of COD treatment capacity in the WWTP. The cost would be subject to an inflation amount of 6.462 per cent per year.
- 6) The City and GTHA will hold bi-annual contract update meetings to reconcile the wastewater generation adjustment and project costs.
- 7) In the event that either the GTHA or City trigger the need to expand the pumping or force-main capacity from the GTH to the plant, the party that triggers it will pay the initial capital and recoup future costs in accordance with an Endeavour to Assist policy.

Transportation

- 1) The GTHA Transportation Agreement will be based on a list of transportation infrastructure projects that the GTHA's use has a net direct incremental impact. The list includes arterial and collector roadways on the west side of the city up to Lewvan Drive.
- 2) The GTHA will have access to purchase capacity in the City's road network for up to 5,183 trips into or out of the GTH during the PM peak hour. The road network capacity purchase amount will be reconciled bi-annually with traffic counts.
- 3) The GTHA will make an initial payment for the existing trip generators.
- 4) Capacity for future users will be purchased as land is developed/permitted.
- 5) The payment for future users will be subject to a correction based on actual projects constructed by the end of year 2040.
- 6) To account for the time value of money, all costs will be converted to 2040 dollars using an inflation adjustment of three per cent per year from when any payments are paid by the GTHA to the City or from when a project was paid for by the City.
- 7) The City and GTHA will hold bi-annual contract update meetings to reconcile the trip generation volumes and project costs.

In addition to the above service specific components, the agreement will include language that causes the termination of the Agreement(s) in the event that the GTHA is dissolved or subject to any change of ownership, whether in whole or in part. The Agreement(s) will expire on December 31, 2040; however, the City anticipates that they would either be renewed or renegotiated based on the pace of development and the actual consumption rates of the City's system capacity. An expiration date of 2040 was selected because it aligns with the City's current land use and infrastructure planning horizon.

The proposed Agreement(s) is considered a Municipal Servicing Agreement due to the GTHAs independent jurisdiction and legislation, as such a traditional Servicing Agreement was not used. These Agreements are reflective of cost recovery for the volume of capacity that the GTHA seeks to purchase from the City. As such, City Administration considers the arrangement to be fair and equitable for the purpose of compensating the City for the capital costs of obtaining capacity from the City's infrastructure network.

RECOMMENDATION IMPLICATIONS

Financial Implications

The Agreement(s) have been structured at full cost recovery to the City to ensure minimal impact on the City's long-term infrastructure requirements.

The anticipated revenue in present dollars from the Agreement(s), which would be available only to fund, in part, the capital projects listed in the Agreement(s) is as follows:

Service Type	Initial Payment	Future Payment Totals*
Water	\$1.1M	\$3.7M to \$10.8M
Wastewater	\$0.7M	Up to \$2.1M
Transportation	\$1.5M	\$10M to \$34M

*Varies depending upon final servicing requirements of future development

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

The Agreement proposed is consistent with the following City policies and regulations:

Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)

There are a number of policy statements within the OCP that support the signing of the Agreement(s) with the GTHA as the Agreement(s) are consistent with the following policies:

- 1.16 - Ensure that growth pays for growth by aligning the City's development fees, property taxes and other charges with the policies and intent of this Plan.
- 1.20 - Apply the benefits model to ensure that costs shared with other municipalities or external agencies are paid for on a proportionate basis.
- 6.14 - Plan and build infrastructure from a long-term perspective and permit servicing only when aligned with the servicing needs for long-term growth.

- 12.5 - Establish and implement mechanisms to expand and diversify the economy, promote attractiveness of Regina and the region as a place to live, invest, do business and visit, by identifying and leveraging opportunities to expand existing industries; and identifying and encouraging the development of new economic opportunities.
- 12.6 - Collaborate with community economic development stakeholders across the region to leverage shared economic advantages [...] including but not limited to maximizing potential linkages and leveraging special economic assets such as Innovation Place, the Global Transportation Hub [...] and other specific lands and land uses with high linkage/spinoff potential.

Other Implications

None with respect to this report.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The GTHA will receive a copy of the report and notification of City Council's decision.

DELEGATED AUTHORITY

The recommendations contained within this report require City Council approval.

Respectfully submitted,

EXECUTIVE COMMITTEE

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

Jim Nicol, Secretary