



EXECUTIVE COMMITTEE

**Wednesday, June 11, 2014
11:45 AM**

Henry Baker Hall, Main Floor, City Hall



Office of the City Clerk

**Public Agenda
Executive Committee
Wednesday, June 11, 2014**

Approval of Public Agenda

Minutes of the meeting held on May 14, 2014.

Administration Reports

EX14-21 Wastewater Treatment Plant Upgrade – Financial Model Update and Borrowing Bylaw

Recommendation

1. That the City Solicitor be instructed to prepare the necessary borrowing bylaw.
2. That this report be forwarded to the June 23, 2014 City Council meeting.

EX14-24 Wastewater Treatment Plant Upgrade - Notification of Preferred Proponent

Recommendation

That this report be forwarded to the June 23, 2014 meeting of City Council for information.

Other Reports

EX14-22 Mayor's Housing Commission: Saskatchewan Housing Corporation Portfolio Renewal Initiative

Recommendation

1. That the Committee recommend Council authorize the Executive Director, City Planning and Development to negotiate and approve an agreement with the Saskatchewan Housing Corpora to allow the Saskatchewan Housing Corporation to retain the City of Regina's portion of the funds obtained from the proceeds of the sale of the single family dwellings as outlined in Option One of the Administration report.
2. That this report be forwarded to the June 23, 2014 City Council meeting.



Office of the City Clerk

City Clerk's Reports

EX14-23 2014 Elected Official Committee Appointment – Arts Advisory Committee

Recommendation

1. That City Council appoint Councillor Bob Hawkins to the Arts Advisory Committee.
2. That this appointment be made effective immediately, with a term of office to December 31, 2014.
3. That Councillor Hawkins continue to hold office for the term indicated or until his successor is appointed.
4. That this report be forwarded to the June 23, 2014 City Council meeting.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, WEDNESDAY, MAY 14, 2014

AT A MEETING OF THE EXECUTIVE COMMITTEE
HELD IN PUBLIC SESSION

AT 11:45 AM

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

Present: Councillor Barbara Young, in the Chair
Mayor Michael Fougere
Councillor Sharron Bryce
Councillor Bryon Burnett
Councillor Jerry Flegel
Councillor John Findura
Councillor Bob Hawkins
Councillor Terry Hincks
Councillor Wade Murray
Councillor Mike O'Donnell

Regrets: Councillor Shawn Fraser

Also in Attendance: Chief Legislative Officer & City Clerk, Jim Nicol
A/Deputy City Clerk, Erna Hall
City Manager & CAO, Glen Davies
Executive Director, Legal & Risk, Byron Werry
Deputy City Manager & COO, Brent Sjoberg
CFO, Ed Archer
Executive Director, Planning, Jason Carlston
Executive Director, City Services, Neil Vandendort

(The meeting commenced in the absence of Councillor Flegel)

APPROVAL OF PUBLIC AGENDA

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted, and that the delegations be heard in the order they are called by the Chairperson

ADOPTION OF MINUTES

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the minutes for the meeting held on April 23, 2014 be adopted, as circulated.

(Councillor Flegel arrived at the meeting)

COMMUNICATIONS

EX14-17 National Day of Honour – May 9, 2014

Recommendation

That this communication be received and filed.

Mayor Michael Fougere moved, AND IT WAS RESOLVED, that this be received and filed.

ADMINISTRATION REPORTS

EX14-18 2014 Special Events Sponsorship Grants

Recommendation

1. That \$17,500 be provided to the Regina Canada Day Committee Inc. for Canada Day celebrations in Wascana Park.
2. That \$12,500 be provided to 101176486 Saskatchewan Inc. for National Aboriginal Day celebrations in Wascana Park.
3. That \$6,500 be provided to The Circle Project Association Inc. for National Aboriginal Day celebrations in Grassick Park.
4. That \$15,000 be provided to Société historique de la Saskatchewan for Les chemins de l'Histoire – Pathways to History.

The following addressed and answered questions of the Committee:

- Elizabeth Strong, representing the Regina Canada Day Committee;
- Melanie Lemire, representing the Societe Historique de la Saskatchewan; and
- Ann Perry and Natasha Wesaquate, representing the Circle Project Association

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

OTHER REPORTS

EX14-19 Board of Police Commissioners: Utilization of Reserve Funding to Purchase Service Vehicle of Radio Shop

Recommendation

That the Chief of Police and City Manager be authorized to purchase and retro-fit a new service vehicle for the radio shop operation at a cost of approximately \$30,000 funded from the Regina Police Service Radio Equipment Reserve.

Superintendent, Lance Dudar and Communications Manager, Elizabeth Nguyen representing the Regina Police Department were present to answer questions of the Committee.

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

RESOLUTION FOR PRIVATE SESSION

Councillor Wade Murray moved, AND IT WAS RESOLVED, that in the interest of the public the rest of the items on this agenda be considered in private.

RECESS

Councillor Terry Hincks Moved, AND IT WAS RESOLVED, that the Committee recess for three minutes.

The meeting recessed at 12:10 p.m.

Chairperson

Secretary

June 11, 2014

To: Members,
Executive Committee

Re: Wastewater Treatment Plant Upgrade
Financial Model Update and Borrowing Bylaw

RECOMMENDATION

1. That the City Solicitor be instructed to prepare the necessary borrowing bylaw.
2. That this report be forwarded to the June 23, 2014 City Council meeting.

CONCLUSION

The Administration is nearing the completion of the procurement for the Wastewater Treatment Plant Upgrade (the "Project"). EPCOR Saskatchewan Water Partners was identified as the preferred proponent (the "Preferred Proponent") from the Request for Proposals stage of the Project on May 29, 2014. The next stage in the process is for the City to enter into a design-build-finance-operate-maintain agreement with the Preferred Proponent (the "Project Agreement") and to achieve financial and commercial close of the transaction.

On February 25, 2013 (CR13-26) City Council approved the financial model for the Project. As contemplated by CR 13-26, certain elements of the Project cost will require City Council approval through the passage of a borrowing bylaw. This report details those elements of the cost of the Project that will require passage of a Borrowing Bylaw by City Council.

BACKGROUND

On February 25, 2013 (CR13-26) City Council approved the financial model for the Project. The original financial model for the Project contemplated the passage of a borrowing bylaw relating to the Preferred Proponent's financing of certain portions of the Project.

Legislation allows for cities to incur long-term debt without application to the Saskatchewan Municipal Board, providing the debt does not exceed the amount authorized by the Saskatchewan Municipal Board pursuant to Section 133(2). In 2013, the City requested and received approval from the Saskatchewan Municipal Board for a debt limit of \$450,000,000.

The long-term debt of the City is subject to the provisions of *The Cities Act* and the City's debt limit as authorized by the Saskatchewan Municipal Board. The following are the applicable sections of *The Cities Act*:

"101(1) No Council shall delegate:

(f) its power to borrow money, lend money or guarantee the repayment of a loan pursuant to section 133 to 153;

133(1) The Saskatchewan Municipal Board may establish a debt limit for each city, taking into account the factors set out in subsection 23(2) of *The Municipal Board Act*.

(2) No city shall borrow money if the borrowing will cause the city to exceed its debt limit, unless the borrowing is approved by the Saskatchewan Municipal Board.

134(1) A city may only borrow moneys if the borrowing is authorized by a borrowing bylaw.

- (2) A borrowing bylaw must contain details of:
- (a) the amount of money to be borrowed and, in general terms, the purpose for which the money is to be borrowed;
 - (b) the rate or rates of interest, the term and the terms of repayment of the borrowing; and
 - (c) the source or sources of money to be used to pay the principal and interest owing under the borrowing."

In accordance with the public sector accounting standards established by the Chartered Professional Accountants of Canada, only the costs relating to capital construction of the Project require analysis in relation to whether or not such costs are classified as debt. For the City's purposes, only those items that are classified as a debt require the passage of a borrowing bylaw.

DISCUSSION

Borrowing Bylaw

On February 25, 2013, City Council approved the funding and financial model for the Project in CR 13-26. The original financial model for the Project contemplated the passage of a borrowing bylaw relating to the Preferred Proponent's financing of certain portions of the Project. With the Request for Proposal (RFP) process of the Project completed and the City proceeding towards executing the Project Agreement with the Preferred Proponent, the City now has the necessary capital construction cost details to support the passage of a borrowing bylaw.

The capital construction cost of the Project provided by the Preferred Proponent totals \$158,464,000 over the 30 year term of the Project and is calculated as follows:

- (1) a milestone payment of \$30,000,000 that will be made on or after January 1, 2016;
- (2) a substantial completion payment of \$49,739,000 that will be made on or before December 31, 2016; and
- (3) monthly payments relating to all remaining Capital Commitment Costs in the aggregate of \$78,725,000, which will be made over the 30 year term of the Project Agreement, plus effective financing and risk transfer cost at a rate of 6.462%.

In accordance with public sector accounting standards established by the Chartered Professional Accountants of Canada, the construction cost of the upgraded WWTP asset would be classified as debt. As a result, a borrowing bylaw to be approved by City Council in the total of \$158,464,000 will be brought forward to the June 23, 2014 meeting of City Council.

City of Regina Debt Limit

The City's current debt limit is \$450,000,000. Prior to the passage of the borrowing bylaw relating to the Project, the City has current outstanding and committed debt that totals \$167,128,674, which is summarized as follows:

Water and Sewer Utility Debt ⁽¹⁾	\$ 11,469,880
General Debt ⁽¹⁾	18,280,120
Service Agreement Fee Credits - The Creeks ⁽²⁾	186,000
Committed General Capital Borrowing (2010, 2011, & 2012 Budgets)	15,000,000
Committed Utility Borrowing (2012 Budget)	23,000,000
RRI Stadium \$100 million Debt	99,192,674
Current Committed Total	167,128,674

Notes:

(1) Outstanding balance at June 4, 2014.

(2) The maximum debt that could be incurred by the City as per the borrowing bylaw agreements.

As opposed to typical City borrowing where debt is incurred in a single instance (ie. borrowing \$100,000,000 to pay for an asset purchase), the borrowing for the Project occurs over the course of the 30 year term of the Project, with certain payments being made concurrently with construction and certain portions of the debt not occurring until construction has been completed or certain milestones achieved. As a result, only certain portions of the total amount of the \$158,464,000 proposed debt for the Project will count against the City's debt limit at any given point in time.

In accordance with public sector accounting standards established by the Chartered Professional Accountants of Canada, the debt related to the Project will be recorded as the amount of the Project constructed to date less amounts paid to the Preferred Proponent. Based on the Project's planned construction progress and expected payments to be made by the City to the Preferred Proponent, the affect on the City's debt limit over the duration of the construction of the Project will be as follows:

<u>Budget Year</u>	<u>WWTP Project Debt</u> <u>(\$ millions)</u>
2014	48
2015	127
2016	129
2017	78

Following the completion of construction in 2017, the remaining debt of \$78,725,000, will be repaid to the Preferred Proponent over the 30 year term of the Project Agreement, plus effective financing and risk transfer cost at a rate of 6.462%, with the outstanding principal amounts of such debt being included in the City's debt limit calculations on a yearly basis until 2044. Based upon these calculations, the City will remain under its \$450,000,000 debt limit at all times during the 30 year term of the Project Agreement.

RECOMMENDATION IMPLICATIONS

Financial Implications

The repayment of debt and the related interest costs are budgeted in the annual capital and operating budgets. The Project is funded via the financial model approved by City Council on February 25, 2013.

Environmental Implications

None related to this report.

Strategic Implications

None related to this report.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

Public Notice has been given as required by Section 101 and 102 of *The Cities Act* and Bylaw 2003-8.

DELEGATED AUTHORITY

City Council approval is required to pass a borrowing bylaw.

Respectfully submitted,



Brent D. Sjoberg,
Deputy City Manager & COO

Respectfully submitted,



Ed Archer
Chief Financial Officer

June 11, 2014

To: Members,
Executive Committee

Re: Wastewater Treatment Plant Upgrade Project - Notification of Preferred Proponent

RECOMMENDATION

That this report be forwarded to the June 23, 2014 meeting of City Council for information.

CONCLUSION

The Administration has now completed the evaluation process for the *Regina Wastewater Treatment Plant Upgrade Project RFP 2245*. As a result, EPCOR Saskatchewan Water Partners has been notified that they have been identified as the preferred proponent to work with the City to complete the design, build, finance, operate and maintain (DBFOM) for the wastewater treatment plant (WWTP) upgrade project (the “Project”). The City will now begin working with EPCOR Saskatchewan Water Partners to finalize the contract known as the “Project Agreement”. It is anticipated that the City and EPCOR Saskatchewan Water Partners will sign the Project Agreement and complete financial close in July 2014.

BACKGROUND

At the February 25, 2013 meeting of City Council, the DBFOM delivery model for the procurement of the WWTP Upgrade was approved (CR13-26). As part of this approval, City Council authorized the Deputy City Manager of City Operations to:

- prepare and issue a Request for Qualifications (RFQ) to identify short-listed proponents who could deliver the Project;
- award an opportunity to participate in the Request for Proposals (RFP) process to the three highest scoring proponents identified by the RFQ process; and
- prepare and issue a RFP to identify the Preferred Proponent who will deliver the Project.

In addition, City Council also approved the funding (CR13-26) for the DBFOM procurement for the Project. The approval required that the Project receive funding through the P3 Canada Fund.

On October 15, 2013, City Council reassigned the authorities granted to the Deputy City Manager of City Operations in City Council Report CR13-26 to the City Manager or his or her delegate (CM13-12). On October 16, 2013 the City Manager delegated this authority to the Deputy City Manager and Chief Financial Officer, Corporate Services. As a result of organizational change, on January 1, 2014 the City Manager maintained consistent executive leadership through delegated authority to the same individual as the Deputy City Manager and Chief Operating Officer.

On May 14, 2013 the City issued the Project RFQ (No. 2153). During the RFQ process the City of Regina held a Referendum on September 25, 2013 with the question determining the delivery model for the Project. The Referendum supported the February 25, 2013 decision of City Council, and the City was able to proceed with delivering the project through a DBFOM delivery model. The RFQ process was originally scheduled to conclude in July 2013, but was halted during the referendum period, and was concluded on October 16, 2013 with the announcement of

the proponent shortlist. The following three proponents, in alphabetical order, were shortlisted in the RFQ process:

- EPCOR Saskatchewan Water Partners;
- Prairie Water Partners; and
- Wascana Environmental Partners.

On October 16, 2013 the City issued the RFP for the Project. The RFP process resulted in selecting the preferred proponent, EPCOR Saskatchewan Water Partners, to deliver the Project. The selection process for the RFP was based on the evaluation of the submissions and the ranking of the financial offers. The proponent whose technical submission met all the technical and financial requirements and provided the financial offer with the lowest total cost on a net present value (NPV) basis was selected as the preferred proponent.

On June 21, 2013, PPP Canada Inc. announced that the Project had been approved for funding under the P3 Canada Fund. The Project would be eligible for the lesser of 25% of the eligible capital costs of the WWTP upgrade, as determined by PPP Canada Inc. or \$58.5 million. On October 16, 2013, the City and PPP Canada Inc. entered into the Conditional Financial Agreement and the Final Financial Agreement on May 26, 2014.

DISCUSSION

The purpose of this report is to inform City Council that through the RFP process a preferred proponent has been selected, and the Administration is working with that preferred proponent, EPCOR Saskatchewan Water Partners, to finalize the Project Agreement and reach financial close for the transaction.

The RFP submission deadline was May 22, 2014. The evaluation team included representatives from the City of Regina, as well as a number of external technical and business advisors. The team evaluated each proponent's design, construction schedule, financial offer, and 28 management plans, including plans for construction, operation, asset management, permitting, and safety.

All proponents met the technical requirements for the Project and all financial offers were within the authority granted by City Council (CR13-26). The lowest NPV financial offer was provided by EPCOR Saskatchewan Water Partners and as a result, it has been identified as the preferred proponent for the DBFOM for the Project. The City will now begin working with EPCOR Saskatchewan Water Partners to finalize the Project Agreement. It is anticipated that the City and EPCOR Saskatchewan Water Partners will sign the Project Agreement and complete financial close in July 2014.

EPCOR Saskatchewan Water Partners includes:

- **EPCOR Water Services Inc.** – EPCOR currently provides services to more than 85 communities across Western Canada. EPCOR specializes in delivering water and wastewater solutions and has over 100 years of experience in water and wastewater system operation and maintenance. EPCOR is a municipally-owned organization with a long history of stable and cooperative relationships with CUPE and other unions.
- **Graham Infrastructure LP** – Graham Infrastructure delivers project services to clients across North America. The company started in Moose Jaw and has a permanent office in Regina.

- **Lockerbie Stanley Inc./ AECON** – Lockerbie Stanley’s primary business is management, procurement, construction and commissioning.
- **Stantec** – Stantec is an international, multi-disciplinary architecture and engineering firm.
- **Gracorp Capital Advisors** – Gracorp Capital Advisors provides finance planning, development, financing and long-term asset management services to Canadian infrastructure projects.

EPCOR Saskatchewan Water Partners’ proposal included an Early Works option. This option will allow for construction to begin in June with site fencing, road access, site clearing and excavation. This option is intended to maximize the summer 2014 construction season and allow greater certainty in meeting the December 31, 2016 construction Substantial Completion deadline.

The City contracted J D Campbell & Associates as its Fairness Advisor. J D Campbell & Associates monitored the procurement process and has certified that the process was fair, as is required by the City’s P3 Policy and *The Regina Administration Bylaw*, No. 2003-69. Refer to Appendix A for this certification.

Next Steps:

- *Financial Close:* During the next eight weeks, the City will proceed to finalize the Project Agreement and related documents with EPCOR Saskatchewan Water Partners. This process will be led by the City of Regina’s legal advisor, Torys LLP, and supported by a number of internal and external technical and business advisors.
- *Announcement of Contract Award:* Pending the successful execution of the Project Agreement and financial close, an announcement will be made.
- *Design Development:* Design development is expected to occur throughout the remainder of 2014 and into early 2015 and happen concurrently with construction.
- *Full Construction and Operations Transfer:* Early Works will transition into full construction in August 2014 and EPCOR Saskatchewan Water Partners will be operating the WWTP.

RECOMMENDATION IMPLICATIONS

Financial Implications

The future achievement of financial close will result in a 30 year fixed price contract that is within the project budget for capital construction, and long term operations and maintenance.

Environmental Implications

None related to this report.

Policy and/or Strategic Implications

The procurement process was implemented as is required by the City's P3 Policy and *The Regina Administration Bylaw*, No. 2003-69.

J D Campbell & Associates was contracted as the City's Fairness Advisor to monitor and provide fairness throughout the Project procurement process. The Fairness Advisor has certified that the procurement process was conducted in a fair manner. Refer to Appendix A for this certification.

Other Implications

Legal: Until financial close is achieved, the City remains in an active procurement process. To maintain the integrity of the procurement process, the City cannot share specific information about the process, the proposals received or the outcomes of the evaluation. This information is privileged and confidential and must remain confidential to those involved within the process. A failure to maintain this confidentiality could put the City at risk of a challenge to the process and could result in the proponent's commercially confidential and proprietary information being released publicly.

To mitigate risk, the City of Regina has one spokesperson on the notification of preferred proponent. The City spokesperson is Brent Sjoberg, Deputy City Manager and Chief Operating Officer.

Accessibility Implications

None related to this report.

COMMUNICATIONS

A public announcement on the preferred proponent was made on May 29, 2014. No other details about the preferred proponent or its proposal will be released at this time, as the procurement process remains active until financial close is achieved with the preferred proponent.

DELEGATED AUTHORITY

This report will be forwarded to City Council for information.

Authority was delegated to the Deputy City Manager and Chief Operating Officer to award the contract for the Project to the successful proponent selected by the RFP (CR13-26 & CM13-12).

Respectfully submitted,



Rob Court
Manager of Environmental Engineering

Respectfully submitted,



Brent Sjoberg
Deputy City Manager & COO

APPENDIX A

JD Campbell & Associates

Memo

To: Rob Court
Manager
Environmental Engineering
City of Regina

Regarding: Wastewater Treatment Plant Upgrade RFP # 2145

Introduction

This Memo presents a summary of our findings for the City of Regina Wastewater Treatment Plant Upgrade RFP. In our capacity as Fairness Advisor, we reviewed the communications, evaluations, and decision-making associated with the RFP process with a view to ensuring fairness, objectivity, transparency, and adequate documentation.

The objective of this procurement was to ensure, through a P3 Partnership, that the City of Regina have a modern and effectively operated facility to meet current and future requirements for the treatment of its wastewater. PPP Canada was also a funder for this Design, Build, Finance, Operate and Maintain (DBFOM) infrastructure project. Only the three Proponents that had been successful in a preceding Request For Qualifications (RFQ) were allowed to participate.

Our role, as Fairness Advisor was to review the City's procurement from the creation of the RFP to the selection of the Preferred Proponent. This monitoring entailed:

- Appropriateness of the RFP document from a fairness perspective;
- Consistency of Proponent treatment;
- Adherence of City staff and external advisors to conflict of interest and confidentiality requirement;
- Consistent information to Proponents and monitoring of Proponent meetings;
- Security of proposals and evaluation documents;
- Qualifications of the review teams;
- Objectivity and diligence respecting the submission review and evaluation process;

This Summary is based on our first hand observations of the processes used, a review of the procurement documents and information provided by the Project Team. It was prepared for the staff of the City of Regina. This Summary is, in no manner, to be considered a legal opinion.

Findings

As Fairness Advisor we can attest to the fact that;

- The RFP laid the foundation for a fair and equitable procurement process;

- During the open period, all Proponents were treated consistently and in accordance with the stipulations of the RFP;
- City staff and external advisors adhered to conflict of interest and confidentiality requirement;
- Submission reviews and evaluation were conducted using only the process and criteria stipulated in the RFP.

During the RFP process the following issues were given particular attention:

- **Communication** – The procurement documents were distributed to those who pre-qualified for this opportunity through successful competition in the previous RFQ process. A schedule was provided which identified a series of meetings, site visit and submission dates. The City showed flexibility throughout the process striking a balance between keeping the project on track while allowing consideration of Proponent requests for appropriate time within which to meet requirements.

All pertinent information was posted to an electronic Data Room such that Proponents could have ready access. One Contact person was identified with whom Proponents were to communicate.

- **Proponent Meetings** – A common Proponent Meeting was held along with a series of individual Proponent commercially confidential meetings. The purpose of the Proponent meetings was to receive Proponent feedback on the RFP's Project Agreement and to allow discussion and clarification of technical issues. The approach taken to the management of these meetings was consistent with that which had been defined in the RFP and ensured that no one Proponent received an informational advantage.
- **Site Visits** – Opportunity was provided for Proponents to visually inspect the site. For both Proponent meetings and site visits, Proponents were informed that questions requiring official response needed to be asked in writing.
- **Conflict of Interest** – Project Team members were bound by employment or contract obligation and were required to sign a confidentiality and conflict of interest declaration form. Proponents were also required to declare any such conflicts.
- **Confidentiality and Security of Documents** – Steps were taken to ensure that procurement materials and proposals were kept under lock and key when not in use. To our knowledge, no inappropriate information about the RFP documents, or the evaluations, was communicated to Proponents.
- **Incumbent Advantage** - Due diligence was done to ensure that no vendor had access to confidential information through past association with the City that might have represented an undue advantage. All relevant background and operational information was shared in the Data Room;
- **Full Disclosure** - The RFP and sample agreement, contained full description of deliverables, terms and conditions, evaluation process and background information such that adequate proposals could be created;
- **Consistency of Format** – Wording in the RFP encouraged Proponents to submit their submissions in a like manner to aid consistent evaluation;
- **Submission Review** - As a part of the process, Proponents were required to submit a series of interim submissions. The purpose of these reviews was to ensure the completeness and compliance of Proponent work-to-date with the RFP specifications. Feedback was given on the degree of compliance. No coaching, however, was allowed regarding how any such non-compliance issues should be solved. All Proponents received the same type of feedback.
- **Reserved Rights** – While the reserved rights for the City, as detailed in the RFPs, gave broad latitude to act in an arbitrary manner, our observation of the evaluation process was such that no unfair actions were taken;

- **Evaluator Qualifications** – Project staff provided assurance that members of submission review teams had been selected specifically for the relevance of their expertise.
- **Debriefings** – Provision was made for the debriefing of Proponents.

Outcome

- A Successful Proponent was identified on the basis on having submitted a materially compliant proposal and the lowest price. City staff, at this time, are proceeding with the finalization of the procurement process.
- The City has undertaken an appropriate procurement process that was fair for all proponents.

A handwritten signature in black ink, appearing to read "John Campbell". The signature is fluid and cursive, with the first name "John" and last name "Campbell" clearly distinguishable.

John Campbell
Managing Partner

June 11, 2014

To: Members
Executive Committee

Re: Saskatchewan Housing Corporation Portfolio Renewal Initiative

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- MAY 14, 2014**

1. That the Committee recommend Council authorize the Executive Director, City Planning and Development to negotiate and approve an agreement with the Saskatchewan Housing Corpora to allow the Saskatchewan Housing Corporation to retain the City of Regina's portion of the funds obtained from the proceeds of the sale of the single family dwellings as outlined in Option One of the Administration report.
2. That this report be forwarded to the June 23, 2014 City Council meeting.

EXECUTIVE COMMITTEE – MAY 14, 2014

The Committee adopted the following resolution:

1. The Committee recommend Council authorize the Executive Director, City Planning and Development to negotiate and approve an agreement with the Saskatchewan Housing Corporation to allow the Saskatchewan Housing Corporation to retain the City of Regina's portion of the funds obtained from the proceeds of the sale of the single family dwellings as outlined in Option One of the Administration report.
2. This report go to the next public meeting of Executive Committee on June 11, 2014 and subsequently to City Council on June 23, 2014.

Mayor Michael Fougere, Councillors: Bryon Burnette, Sharron Bryce, John Findura, Jerry Flegel, Terry Hincks, Bob Hawkins, Wade Murray, Mike O'Donnell and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at the **PRIVATE** session of its meeting held on May 14, 2014, considered the following report from the Mayor's Housing Commission:

RECOMMENDATION OF THE MAYOR'S HOUSING COMMISSION - APRIL 24, 2014

For the Saskatchewan Housing Corporation to retain the City of Regina's portion of the funds obtained from the proceeds of the sale of the single family dwellings at an estimated amount of \$538,200 as a capital grant as outlined in Option One.

MAYOR'S HOUSING COMMISSION- APRIL 24, 2014

(Tim Gross declared a conflict of interest on this item, abstained from discussion and voting, and temporarily left the meeting.)

Diane Baird, Executive Director, Housing Network, representing Saskatchewan Housing Corporation, addressed the Commission.

The Commission adopted a resolution to concur in the recommendation contained in the report. Recommendation #2 does not require City Council approval.

Mayor Fougere; Councillor Barbara Young; Terry Canning and Malcolm Neill were present during consideration of this report by the Mayor's Housing Commission.

The Mayor's Housing Commission, at the **PRIVATE** session of its meeting held on April 24, 2014, considered the following report from the Administration:

RECOMMENDATION

1. For the Saskatchewan Housing Corporation to retain the City of Regina's portion of the funds obtained from the proceeds of the sale of the single family dwellings at an estimated amount of \$538,200 as a capital grant as outlined in Option One.
2. That this report be forwarded to the May 14, 2014 Private Executive Committee meeting.

CONCLUSION

The Saskatchewan Housing Corporation (SHC) is renewing its current housing portfolio in Regina by selling close to 130 single family dwellings (SFD) and plans to use the funds generated to replace the SFD with new multi-unit dwellings. The City is a five percent partner in approximately 40 percent of the SFD stock to be sold. The SHC has requested that the City allow its share of the proceeds from the sale be reinvested as a capital grant towards the construction of the new multi-unit dwellings. After exploring three options, the Administration has recommended Option One. This is also the preferred option of the SHC.

BACKGROUND

There was a general understanding that the funding of social housing was to help support the needs of limited income households and that this is a joint responsibility of the federal/provincial/municipal governments. From the 1950's until about the mid 1980's each time a social housing project was developed a partnership agreement was signed specific to that housing project. Partnership agreements are not unique to the City of Regina as agreements were signed with municipalities across the province, as well as across Canada.

Generally, the municipalities are a five percent silent partner (owner) in each project. As an owner, the municipality is responsible to cost share in any financial loss or gain from each project. The City of Regina is a partner in approximately 60 percent of SHC's total portfolio in Regina as highlighted in the Table below (see more in Appendix One for further details and a financial breakdown of operating losses and gains).

Table One: Saskatchewan Housing Corporation Partnership Projects with the City of Regina: 2014		
Type	Number of Units	Number of Buildings
Senior	1,152	11
Semi Detached	110	55
Single Family Dwellings	65	65
Multi-unit	363	5
Total	1,690	136
Source: Saskatchewan Housing Corporation (March 2014)		

*This table only shows the partnership residential units between the City and the SHC.

The SHC is currently renewing its housing portfolio in Regina by selling close to 130 single family dwellings (SFD) and using the funds generated to replace the SFD with new multi-unit dwellings. The City is a partner in approximately 40 percent of the SHC's SFD portfolio in Regina. Under the terms of the partnership agreements, the City is typically a five percent partner in each of the SFD and is entitled to five percent of the profits upon the sale. This process has already begun and construction has started on a 48-unit project on 1251 McEachern Drive. A second Request for Proposals has closed on March 17, 2014 for additional multi-unit projects. Approximately 30 single family dwelling units have been sold to date to support this new construction.

Both the federal and provincial profits from the sale of the units will be reinvested into the new properties. SHC is requesting the City allow its share of the proceeds from the sale also be reinvested as a grant towards the new multi-unit properties. Upon the sale of the units, there no longer will be an expectation for the City to be a partner in the new developments. Therefore, the City would not be required to contribute five percent to any ongoing operating loss of the new projects.

DISCUSSION

This shift in the type of dwelling is cost effective for SHC and their partners for many reasons. First, the single family dwelling units were built twenty-five to forty years ago and the new higher efficiency multi-family dwelling units will be less expensive for SHC and the tenants to operate. Secondly, the multi-unit dwellings are not scattered as are the single family dwellings which will also contribute to cost savings. Finally, the demographics are shifting throughout Canada towards a larger need for housing for lone-parent families with fewer dependents who do not have the time or resources to manage a house and yard. The multi-unit dwellings would accommodate these households more effectively than the single family dwellings.

The following are three options to consider:

Option One (recommended option): For the Saskatchewan Housing Corporation to retain the City of Regina's portion of the funds obtained from the proceeds of the sale of the single family dwellings at an estimated amount of \$538,200 as a capital grant.

Estimating an average profit of \$10,350 per unit if 130 units were sold, and based on 40 percent of the units being partnership units the City's share would be approximately \$538,200 (base on 52 units). If the City agrees to have the proceeds of the sale used as a capital grant for the new projects, Administration would recommend that no additional capital grant be provided and that it is clear the City would not fund any operating losses on the new projects in the future. The City would not be a five percent partner in the new multi-unit dwellings projects. Administration would also require that the SHC does not apply to the City Housing Incentives: Capital Investment Grants program. This option would also reduce the City operating loss contributions by approximately \$3,000 per year for the operating losses of the single family dwellings.

The City will continue to remain a partner on the remaining housing portfolio held by the SHC (SFD and multi-unit).

Option Two: The City to retain the proceeds from the sale and to reinvest the proceeds into the Social Development Reserve.

There is nothing in the partnership agreements that prohibit the City from taking its share of the proceeds from the sales. As the City is a partner in about 40 percent of the SHC social housing units to be sold, the City's share of the profits would be about \$538,200. The City would also have an annual cost savings of approximately \$3,000 annually resulting from the proposed house sales. The City could place the proceeds into the City of Regina Social Development Reserve. However the SHC has indicated that they would then request the City to provide a five percent capital grant towards the 130 new multi-unit developments. The estimated request would be \$ 1.58 M.

If the City decided to go for this option, the SHC assured that the developments of the new multi-unit developments would continue. They cautioned that this decision would have an impact on the amount of capital available, and therefore have a bearing on the type and quality of the replacement product. They further suggested that this decision could have an impact on the long term sustainability and housing suitability for the tenant.

The City will continue to remain a partner on the remaining housing portfolio held by SHC (SFD and multi unit).

Option Three: For Saskatchewan Housing Corporation to keep the proceeds from the sale as a capital grant and the City to remain a partner in the new multi-unit. The City would continue to be responsible for a percentage of any operating losses in the new multi-unit.

The City will continue to remain a partner on the remaining housing portfolio held by the SHC (SFD and multi-unit).

RECOMMENDATION IMPLICATIONS

Financial Implications

Option One:

The City of Regina will be reinvesting its proceeds from the sale of the single family dwellings at an estimated amount of \$538,200 as a capital grant into the Saskatchewan Housing Corporation multi-unit developments. The City would have an annual cost savings of approximately \$3,000 annually which represent the City operating loss contributions for the SFD sold. The City will not be required to share the operating loss for the maintenance of the new multi-unit developments.

Option Two:

The City would retain the proceeds from the sale estimated at approximately \$538,200 (approximately \$10,350/unit) and reinvest the proceeds into the Social Development Reserve. The City would also have an annual cost savings of approximately \$3,000 annually which represent the City operating loss contributions for the SFD sold. The SHC may request a capital grant of \$1.58 M to support the 130 new multi-unit developments.

Option Three:

The City would have an annual cost savings of approximately \$3,000 annually which represent the City operating loss contributions for the SFD sold. The City will continue to share the future operating loss for the new multi-unit developments, which is unknown at this time.

Environmental Implications

The new multi-unit developments should have greater energy efficiency than the current single-unit detached houses. The new developments will contribute to energy savings and therefore will be less expensive for SHC and the tenants to operate.

Policy and/or Strategic Implications

The City of Regina will remain a partner with the Saskatchewan Housing Corporation for the remaining housing units within the overall portfolio.

The following information highlights how the three options relate to the City of Regina's Official Community Plan (OCP) and the Comprehensive Housing Strategy (CHS).

Official Community Plan

Goal 1: Increase the housing supply and improve housing affordability.

8.1 Support attainable housing in all neighbourhoods through ownership, rental housing and special needs housing.

8.8 Support residential intensification in existing and new neighbourhoods to create complete neighbourhoods.

- SHC is planning to sell 130 single family dwellings and replace them with close to 200 multi-family dwellings. These additional units will increase the housing supply of affordable housing (*Goal 1:8.1*).
- Housing affordability will be increased through saving the tenants \$100 per month on utility costs (*Goal 1:8.1*).
- The new multi-family dwellings will contribute to the intensification of New Neighbourhoods (*Goal 1:8.8*).

Goal 5: Collaboration with partners. Collaborate with all levels of government and community partners to advance housing initiatives.

8.17 Support non-profit housing organizations through incentives, partnerships and agreements, and other forms of assistance.

8.19 Work with federal and provincial governments and other partners to meet the diverse needs of the city through:

8.19.2 Retention and regeneration of existing housing stock

8.19.6 Alignment of City initiatives with provincial and federal funding sources

- These multi-family dwelling units would be used for the provision of social housing. SHC has expertise in providing ongoing and new housing programs and services for low-to- moderate income households (*Goal 5: 8.17*).
- The City would collaborate with the provincial government to meet the diverse housing needs and regenerate the existing housing stock (*Goal 5: 8.19*).
- The City would be aligned with their provincial and federal funding sources as the federal government had agreed to put the proceeds of the sales of the single family dwellings into the new multi-family dwelling units (*Goal 5: 8.19.6*).

Comprehensive Housing Strategy (CHS)

The goals of the CHS include the need to increase the diversity of housing options. The CHS also recommends that the City works with other levels of government to address key housing issues in Regina.

Other Implications

There are no other implications.

Accessibility Implications

A minimum of 5% of the units are required to be accessible as per the National Building Code.

COMMUNICATIONS

None with respect to this report.

DELEGATED AUTHORITY

This report requires approval by City Council.

Respectfully submitted,

EXECUTIVE COMMITTEE



Jim Nicol, Secretary

/mrt

Partnership Projects with the City of Regina

Senior Project			#	Municipal Share	
#	Project Name	Address	Units	2012 Net Income (Loss)	
1274	Heritage	2153 Lorne St.	126	\$	1,332.27
1275	Prairie Place	2242 McIntyre St.	155	\$	(8,692.21)
1276	Horizon	2141 McIntyre St.	140	\$	(9,563.39)
1277	Cedar Wood Manor	1510 Broadway Ave.	150	\$	5,351.45
1278	Mary Helen Herchmer	2121 Rose St.	146	\$	784.46
1279	Embury Heights	2122 Winnipeg St.	105	\$	3,243.94
1280	Lovering Place	1319 Rae St.	39	\$	(1,118.07)
1281	Forman House	1860 Ottawa St.	37	\$	213.25
1282	Davis Mews	2060 Cameron St.	144	\$	4,183.07
1283	Trianon Tower	2400 12th Ave	110	\$	(4,003.17)
	St. Pauls' Place			\$	466.50
			TOTAL	\$	(7,801.90)
Family/Disability Project					
#					
1381	Regency Gardens	3775 Regebcy Cres.	116	\$	(20,356.99)
1382	Greer Court	101 Greer Court	141	\$	(7,079.21)
1383	Single Family Dwellings	Scattered **	35		Total in Below
1383	Semi Detached	Scattered	18	\$	(3,066.28)
1384	Single Family Dwellings	Scattered **	27		Total in Below
1384	Semi Detached	Scattered		\$	912.54
1385	Semi Detached	Scattered	23	\$	(2,167.32)
1386	Huston Heights (Disability)	702 Sangster Blvd	50	\$	(6,795.45)
1387	Single Family Dwellings	Scattered **	3		Total in Below
1387	Semi Detached	Scattered	68	\$	(2,770.47)
1388	Angus Apartments	1122 Angus St.	20	\$	(107.70)
1389	Englefield Terrace	650 Sangster Blvd	36	\$	(325.66)
Total			1,689	\$	(49,558.44)

These are the SFD that the city is a partner with SHC. In addition to these SHC owns an additional 97 SFD. **Source: Saskatchewan Housing Corporation (March 2014)

June 11, 2014

To: Members,
Executive Committee

Re: 2014 Elected Official Committee Appointment – Arts Advisory Committee

RECOMMENDATION

1. That City Council appoint Councillor Bob Hawkins to the Arts Advisory Committee.
2. That this appointment be made effective immediately, with a term of office to December 31, 2014.
3. That Councillor Hawkins continue to hold office for the term indicated or until his successor is appointed.
4. That this report be forwarded to the June 23, 2014 City Council meeting.

CONCLUSION

At the November 13, 2013 Executive Committee meeting, the Council appointment to the Arts Advisory Committee was tabled. This report addresses the tabling of the appointment to this Committee.

BACKGROUND

Elected official appointments are required annually to fill vacancies on various committees. The purpose of this report is to facilitate an appointment to the vacancy on the Arts Advisory Committee.

DISCUSSION

A communication was sent to members of Council reminding them of the November 13, 2013 decision. In the communication Council members were asked to consider the appointment to the Arts Advisory Committee. Councillor Hawkins had responded that he is willing to accept the appointment to the Committee.

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to the recommendations of this report.

Environmental Implications

None with respect to the recommendations of this report.

Strategic Implications

Elected Official participation in various boards, committees and commissions is required to facilitate the decision making process of the City.

Accessibility Implications

None with respect to the recommendations of this report.

Other Implications

Section 65(c) of *The Cities Act* requires elected officials to participate in council committee meetings and meetings of other bodies to which they are appointed by Council.

COMMUNICATION PLAN

After the appointment is approved by City Council, the addition of the Arts Advisory Committee to Councillor Hawkin's portfolio will be communicated to all departments, and other interested parties.

DELEGATED AUTHORITY

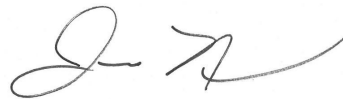
City Council approval is required to appoint elected officials to various boards, committees and commissions.

Respectfully submitted,



Erna Hall,
A/Deputy City Clerk – Council Support

Respectfully submitted,



Jim Nicol, Chief Legislative Officer & City
Clerk