Executive Committee

Wednesday, October 6, 2021
9:00 AM

Henry Baker Hall, Main Floor, City Hall

Public Agenda
Executive Committee
Wednesday, October 6, 2021

Approval of Public Agenda

Minutes Approval

Minutes from the meeting held on September 22, 2021

Tabled Reports

EX21-63 Utility Affordability Report

Recommendation
That Executive Committee recommends that City Council remove item number MN20-6 from the list of outstanding items.

Administration Reports

EX21-64 REAL Hotel Lease

Recommendation
The Executive Committee recommends that City Council:

1. Pursuant to the Campus Master Lease Agreement between the City and the Regina Exhibition Association Limited (REAL), consent to REAL entering into a sublease to Genesis Hospitality Inc. of a portion of the City owned property located at 1700 Elphinstone Street (Campus) for a potential total term, including all possible extensions, of 90 years and otherwise in accordance with the terms and conditions as described in this report.

2. Delegate authority to the City Manager, or his designate, to provide written confirmation on behalf of the City of said consent, including consent to any amendments or terms that do not substantially change what is described in this report.

3. Delegate authority to the City Manager, or his designate, to sign or authorize the signing of any required planning permits on behalf of the City, as landowner, to initiate any necessary planning processes for the development contemplated by the said sublease.

OFFICE OF THE CITY CLERK

4. Approve these recommendations at its meeting on October 13, 2021, after giving public notice in accordance with *The Public Notice Policy Bylaw, 2020*.

EX21-65 Baseball Stadium Letter of Intent

Recommendation

The Executive Committee recommends that City Council:

1. Delegate authority to the City Manager to approve a letter of intent between the City of Regina, Living Sky Sports & Entertainment Inc. and the Regina Red Sox Baseball Inc., as described in this report and substantially in the form as attached as Appendix A.

2. Delegate authority to the City Manager for subsequent expenditures and/or ancillary agreements that may arise from the letter of intent.

3. Approve funding up to $100,000 for the City's share of the exploratory work with costs incurred beyond 2021 to be included in the 2022 budget.

4. Authorize the City Clerk to execute the letter of intent after review and approval by the City Solicitor.

5. Approve these recommendations at City Council on October 13, 2021.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, WEDNESDAY, SEPTEMBER 22, 2021

AT A MEETING OF EXECUTIVE COMMITTEE

HELD IN PUBLIC SESSION

AT 9:00 AM

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

Present:	Councillor John Findura, in the Chair Mayor Sandra Masters Councillor Lori Bresciani Councillor Bob Hawkins Councillor Dan LeBlanc Councillor Jason Mancinelli Councillor Terina Shaw Councillor Cheryl Stadnichuk Councillor Andrew Stevens Councillor Shanon Zachidniak
Regrets:	Councillor Landon Mohl
Also in Attendance:	City Clerk, Jim Nicol Deputy City Clerk, Amber Ackerman City Manager, Chris Holden City Solicitor, Byron Werry Executive Director, Citizen Services, Kim Onrait Executive Director, City Planning & Community Dev., Diana Hawryluk Executive Director, Financial Strategy & Sustainability, Barry Lacey Executive Director, People & Transformation, Louise Folk Director, Assessment & Property Revenue Services, Deborah Bryden Director, Sustainable Infrastructure, Karen Gasmo (Videoconference) Director, Water, Waste & Environment, Kurtis Doney (Videoconference) Manager, Assessment & Property Systems, Tanya Mills Manager, Infrastructure Engineering, Shanie Leugner (Videoconference) Senior Policy Analyst, Luke Grazier (Videoconference)

APPROVAL OF PUBLIC AGENDA

Councillor Bob Hawkins moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, at the call of the Chair, as submitted.

MINUTES APPROVAL

Councillor Cheryl Stadnichuk moved, AND IT WAS RESOLVED, that the minutes for the meeting held on September 8, 2021 be adopted, as circulated.

ADMINISTRATION REPORTS

EX21-60 City of Regina Development Charges Annual Rate Review

Recommendation
The Executive Committee recommends that City Council:

1. Approve the 2022 Servicing Agreement Fee and Development Levy rates at $297,000 per hectare for residential and commercial development and $99,000 per hectare for industrial-zoned development, effective January 1, 2022.

2. Approve the 2022 Intensification Levy rates as shown in Table 1 below, effective January 1, 2022:

Table 1: Intensification Levy Rate by Land Use Type

LAND-USE TYPE	RATE
Residential Unit Types (rate charged per unit)	
Secondary Suite	$4,500
Single-Detached Dwelling	$9,300
Semi-Detached Dwelling or Duplex	$9,000
More than Two Dwelling Units (e.g. townhouse, triplex, etc.)	$8,600
Apartment (less than two bedrooms)	$4,500
Apartment (two or more bedrooms)	$6,600
Residential Group Care Homes	$9,300
Office/Commercial/Institutional (rate charged per m^2)	$100
Industrial (rate charged per m^2)	$50

3. Instruct the City Solicitor to prepare the necessary amendments to *The Development Levy Bylaw, 2011* to give effect to the recommendations, to be brought forward to a meeting of City Council following approval of these recommendations and the required public notice.

4. Approve these recommendations at its meeting on September 29, 2021.

The following addressed the Committee:

- Stephen Onda, representing Bright Sky, Regina, SK
- Stu Niebergall, representing Regina & Region Home Builders' Association, Regina, SK

Councillor Jason Mancinelli moved that the recommendations contained in the report be concurred in.

Councillor Bob Hawkins moved that recommendation #2 of this report be referred back to Administration to review and report back on policy options to address the contradiction in efforts to increase intensification including any options for funding dedicated reserves to promote intensification by Q4 2021.

The Clerk called the vote on Councillor Hawkins' referral motion.

	In Favour	Against
Councillor Bob Hawkins	✓	
Councillor Cheryl Stadnichuk	✓	
Councillor Andrew Stevens	✓	
Councillor Lori Bresciani	✓	
Councillor Dan LeBlanc	✓	
Councillor Terina Shaw	✓	
Councillor Shanon Zachidniak	✓	
Councillor Jason Mancinelli	✓	
Mayor Sandra Masters	✓	
Councillor John Findura	✓	
	10	**0**

The motion was put and declared CARRIED.

The Clerk called the vote on the main motion, as amended.

	In Favour	Against
Councillor Jason Mancinelli	✓	
Councillor Shanon Zachidniak	✓	
Councillor Terina Shaw	✓	
Councillor Dan LeBlanc	✓	
Councillor Lori Bresciani	✓	
Councillor Andrew Stevens	✓	
Councillor Bob Hawkins	✓	
Councillor Cheryl Stadnichuk	✓	
Mayor Sandra Masters	✓	
Councillor John Findura	✓	
	10	**0**

The main motion was put and declared CARRIED.

EX21-62 Tax Policy and Affordability Report

Recommendation
That Executive Committee remove item number CR20-58(2) from the list of outstanding items.

John Hopkins, representing Regina & District Chamber of Commerce, Regina, SK addressed the Committee.

RECESS

Pursuant to the provisions of Section 34(13.1) of City Council's Procedure Bylaw No. 9004, a 15 minute recess was called.

The Committee recessed at 11:11 a.m.

The Committee reconvened at 11:26 a.m.

(The meeting reconvened in the absence of Councillor LeBlanc.)

Councillor Lori Bresciani moved, AND IT WAS RESOLVED that report EX21-61 2021 Mid-Year Financial Report be forwarded to the September 29, 2021 City Council meeting for consideration and that report EX21-63 Utility Affordability Report be tabled to the October 6, 2021 Executive Committee meeting.

(Councillor LeBlanc returned to the meeting.)

Barry Lacey, Executive Director, Financial Strategy & Sustainability, Deborah Bryden, Director, Assessment & Property Revenue Services and Tanya Mills, Manager, Assessment & Property Revenue Systems made a power-point presentation to the Committee. A copy of the presentation is on file in the Office of the City Clerk.

(Councillor Mancinelli left the meeting.)

Councillor Lori Bresciani moved that the recommendation contained in the report be concurred in and, that Administration develop a municipal tax deferral program for low-income seniors and people with disabilities for City Council’s consideration by Q2 of 2022.

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

	In Favour	Against
Councillor Lori Bresciani	✓	
Councillor Dan LeBlanc	✓	
Councillor Terina Shaw	✓	
Councillor Shanon Zachidniak	✓	
Councillor Cheryl Stadnichuk	✓	
Councillor Bob Hawkins	✓	
Councillor Andrew Stevens	✓	
Mayor Sandra Masters	✓	
Councillor John Findura	✓	
	9	**0**

The motion was put and declared CARRIED.

Councillor Andrew Stevens moved that Administration develop a rebate program for all low-income homeowners for Council’s consideration by Q2 of 2022.

The Clerk called the vote on Councillor Stevens' motion.

	In Favour	**Against**
Councillor Andrew Stevens	✓	
Councillor Lori Bresciani		✓
Councillor Dan LeBlanc	✓	
Councillor Terina Shaw		✓
Councillor Shanon Zachidniak	✓	
Councillor Cheryl Stadnichuk	✓	
Councillor Bob Hawkins		✓
Mayor Sandra Masters		✓
Councillor John Findura		✓
	4	**5**

The motion was put and declared LOST.

RESOLUTION FOR PRIVATE SESSION

Councillor Dan LeBlanc moved, AND IT WAS RESOLVED, that in the interest of the public, the remaining items on the agenda be considered in private.

RECESS

Councillor Andrew Stevens moved, AND IT WAS RESOLVED, that the Committee recess for 10 minutes.

The Committee recessed at 12:36 p.m.

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Chairperson Secretary

Utility Affordability Report

Date	September 22, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Assessment & Property Revenue Services
Item No.	EX21-63

RECOMMENDATION

That Executive Committee recommends that City Council remove item number MN20-6 from the list of outstanding items.

ISSUE

At the June 24, 2020 City Council meeting, Council requested administration to prepare a report for Q3 of 2021 discussing:

- Options to reduce the cost of water and wastewater for low-income residents through means-tested grants, billing options, and fee waivers including an outline of impacts, administrative and funding requirements, as well as restraints of the potential programs.
- A political advocacy strategy aimed at federal and provincial governments to reduce water and wastewater costs for low-income residents.

In addition, Council requested Administration to consider the United Nations Sustainable Development Goals (SGDs) when crafting options. Council subsequently requested information on the impact of shifting the administrative and access fees charged to the Utility to the tax base.

This report is in response to these requests.

IMPACTS

Policy/Strategic Impacts

The City charges utility customers fees for water, wastewater and drainage services on a full cost recovery basis, meaning the utility is self-funded through user fees. This is international best practice for water utilities and aligns with the Benefits Model in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP).*

The City offers payment plans to customers who are in arrears, allowing customers to spread their payments out over time. However, there are not any programs that reduce utility charges for any group of customers, ensuring customers pay proportionately for water services. This practice is also supported by the Benefits Model in the OCP.

Goals within the OCP, the Water Master Plan (WMP) and the United Nation's Sustainable Development Goals (SDGs) support the use of affordability programs to enhance quality of life for those in disadvantaged positions. While payment plans are commonly used to assist customers in paying for water, they do not address underlying affordability issues. Public engagement results indicate moderate support for affordability programs and suggest residents feel water service costs are high.

There are several corporate initiatives that intersect with utility affordability programs. These initiatives and the timing of the work being delivered should be considered while discussing any water affordability program options.

Council should consider the planned three per cent utility rate increase for maintenance and capital projects and the approved two per cent rate increase for the Lead Service Connection Replacement Program planned for 2022 when making any decisions regarding utility rate increases.

OTHER OPTIONS

Option 1: Provide direction to Administration to develop a water rebate program and a high-efficiency retrofit program for all low-income customers for Council's consideration by Q2 of 2022.

This option would include a two pronged approach to improve affordability for low income customers. The program would include a rebate applied at the time of billing for all low-income customers, including seniors, and first-come-first-serve funding for high-efficiency toilets, faucets and showerheads and installation. This approach maximizes affordability benefits for low-income customers but means customers who do not receive benefits subsidize water consumption of those who do.

This program would be by application, with eligibility based on the After-Tax Low Income Cut-Off (LICO-AT). The LICO-AT is the income threshold defined by Statistics Canada where households spend 20 per centage points more on food shelter and clothing than the average family. Approximately 8,000 households (8.5 per cent) are expected to be eligible. Program design would require specific consultation with target groups to ensure the program addresses the needs of the community and reflects the voices of those most impacted by the program.

Rebates improve affordability directly by reducing the amount owed. Depending on program design, rebates are expected to cost between $2 and $3 million annually and require resources for administration. Rebates would be financed with an additional 1.5 to 2.25 per cent utility rate increase. Utility rates are currently projected to increase by three per cent per year in the utility model with an additional two per cent in 2022 to fund the Lead Service Connection Replacement Program. This means the total rate increase for 2022 would be between 6.5 and 7.25 per cent.

High-efficiency retrofits can improve affordability and sustainability by improving consumption efficiency but the positive affordability effects for smaller households are partially mitigated by the high fixed charges on the water bill. The high-efficiency retrofit program would be capped at $300,000 funded through a $0.35 monthly fee added to all customers' monthly bill. A scan of affordability programs in other jurisdictions showed that funding a capped retrofit program through a designated fee creates transparency and increases buy in from utility customers.

Table 1: Impact of Option 1 on an Average House summarizes the estimated financial impact of rebates and high-efficiency retrofits for low-income customers on an average house.

Table 1: Impact of Option 1 on an Average House

	2021 Monthly Charges	Scheduled Increase for 2022	Lead Service Connection Replacement Program	Rebates	High-efficiency Retrofits	Change from 2021
Utility Rate Increase	-	3%	2%	1.5% to 2.25%	-	6.5% to 7.25%
Impact on Average House (%Change)	-	2.8%	1.9%	1.4% to 2.1%	0.2%	6.3% to 7.0%
Impact on Average House ($/Month)	$141.79	$4.02	$2.68	$2.01 to $3.02	$0.35	$9.06 to $10.07

When asked level of support for affordability programs in the public engagement survey, 70 per cent of respondents showed either support or some support for affordability programs in general. Rebates were ranked highest among the program options by those who support affordability programs.

Option 2: Provide direction to Administration to develop a water rebate program for low-income seniors for Council's consideration by Q2 of 2022.

This option includes a rebate applied at the time of billing for low-income seniors. This program would be application based, with eligibility based on the After-Tax Low Income Cut-Off (LICO-AT). Approximately 1,500 households are expected to be eligible. Program design would require specific consultation with target groups to ensure the program addresses the needs of the community and reflects the voices of those most impacted by the program.

Rebates improve affordability directly by reducing the amount owed. This option would improve affordability for seniors who often live on fixed incomes and have few opportunities to increase income. Depending on program design, this option is expected to cost $300,000 and $500,000 annually and require resources for administration. This option would be financed with a one-time 0.2 to 0.5 per cent utility rate increase. Utility rates are currently projected to increase by three per cent per year in the utility model with an additional two per cent in 2022 to fund the Lead Service Connection Replacement Program. This means the total rate increase for 2022 would be between 5.2 and 5.5 per cent.

Table 2: Impact of Option 2 on an Average House summarizes the estimated financial impact of rebates for low-income seniors on an average house.

Table 2: Impact of Option 2 on an Average House

	2021 Monthly Charges	Scheduled Increase for 2022	Lead Service Connection Replacement Program	Rebates	Change from 2021
Utility Rate Increase	-	3%	2%	0.2% to 0.5%	5.2% to 5.5%
Impact on Average House (%Change)	-	2.8%	1.9%	0.2% to 0.5%	4.9% to 5.2%
Impact on Average House ($/Month)	$141.79	$4.02	$2.68	$0.27 to $0.67	$6.97 to $7.37

When asked level of support for affordability programs in the public engagement survey, 70 per cent of respondents showed either support or some support for affordability programs in general. Affordability programs for low-income seniors received the most support from those that thought affordability programs should be provided to a target group. Rebates were ranked highest among the program options by those who support affordability programs.

COMMUNICATIONS

A survey of residents was conducted through the City's online public engagement tool *Be Heard Regina.* The purpose of the survey was to gauge the level of community support for potential high-level policy options regarding tax policy and tax and utility affordability. Participants self selected into the survey. The full results of the survey are included in Appendix E and will be posted publicly on Open Data and Be Heard Regina.

Should Council wish to establish specific programs or policy, it is recommended that target groups be consulted to ensure they address the needs of the community and reflect the voices of those most impacted.

DISCUSSION

There are many complexities involved in the work as requested by Council. In order to address the request, Administration looked to:

- Determine how to define water utility affordability.
- Analyze how shifting access fee or other fixed costs to the tax base impacts affordability.
- Explore what other judications have for utility affordability programs.
- Identify options to improve water affordability in our community.
- Assess the level of community support for water affordability programs and moving utility charges to the tax base.
- Determine how the City can advocate to reduce water and wastewater costs for low-income residents.
- Identify and consider existing City initiatives that may intersect with this work.

The analysis and results of these questions is set out in the body of this report.

Defining Water Affordability

A challenge in identifying options for addressing affordability, is defining water affordability.

Affordability is not a universally defined term, adding complexity in engagement and analysis. In defining affordability for the context of this report, Administration conducted a literature review of how water affordability is defined by water agencies and governing bodies, reviewed the targets for the United Nations SDG 6, consulted with colleagues developing strategies and frameworks also touching on affordability issues and counterparts at the University of Regina studying affordability issues. A full discussion on water affordability is found in Appendix A: Water Affordability Options. For this report, affordability is discussed in terms of water utility affordability and not considered in a broader context.

Administration's review suggest that while international consensus suggests water is affordable if households are spending no more than between 2 and 5 per cent of income on water, best practice is for affordability to be defined at a local level to consider the unique circumstance of each community. Given the higher costs associated with providing water services in Regina due to the need to transport water from Buffalo Pound Water Treatment Plant, 56 kilometers away, and the higher cost of treating water and wastewater in the prairies, the 5 per cent threshold was used for analysis. Using this benchmark, analysis estimates 8.2 per cent of households in Regina in 2015 experienced water unaffordability. The estimate is based on the 2016 Census, the most recent year for which data was available.

<u>UN Sustainability Goals</u>
The 17 United Nations Sustainable Development Goals (SDGs) were adopted in 2015. The most relevant goal in relation to water affordability is SDG 6: Ensure access to water and sanitation for all. SDG 6 focuses on the sustainable management of water resources, wastewater, and ecosystems. The SDG targets are not designed to provide specific detail for crafting affordability policies. Rather, these goals are a guide for high-level strategic policy planning. Appendix C: United Nations Sustainable Development Goals contains a full discussion on SDG 6, and which goals in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP),* the *Water Master Plan (WMP)*, and the *Wastewater Master Plan (WWMP)* align with the targets for this SDG.

Shifting the Access Fee to the Tax Base
Administration reviewed the impacts of shifting the access fee from the utility fund to the tax base. Shifting this cost would change the City's water pricing from a full cost recovery system to one partially subsidized by taxpayers and have an impact on the City's operating budget.

The access fee is a transfer from the water utility fund to the general operating fund to pay for the right to use or access civic assets. The fee is equal to 7.5 per cent of the previous year's budgeted utility revenues from water services and a proportionate share of the Goods and Services Tax (GST) rebate. The access fee for 2021 is budgeted at $11.1 million.

Moving the access fee to the property tax base would result in a 24.4 per cent initial reduction in the base charges for water and wastewater and a property tax mill rate increase of 4.1 per cent. The net result when taking impacts to both utility and property tax accounts into consideration is insignificant (less than one per cent) for most properties while higher-value properties are likely to experience net increases of over two percent. While these results are for property owners, similar results are expected for renters as property owners will likely pass on increased property taxes through rent increases. A detailed analysis related to shifting the access fee to the property tax base is included as Appendix B: Shifting the Access Fee to the Tax Base. Overall, the analysis suggests transferring the access fee is not an effective way to improve affordability.

Jurisdictional Scan: Identifying options to address Affordability
To identify program options, a scan of 19 municipal and 28 corporate water, power and energy utility providers was conducted. A full copy of the scan is included as Appendix D: Utility Affordability Programs Scan. The scan identified 12 municipal and 13 corporate utility providers have some sort of affordability program for low-income customers in place.

From the jurisdictional scan four program options were identified: rebates, one-time assistance payments, service fee waivers and high-efficiency retrofits. A full evaluation of these options is included in Appendix A: Water Affordability Options and are summarized in Table 1: Summary of Affordability Programs below.

Community Engagement
Public engagement was conducted through *Be Heard Regina* from May 28 to June 30, 2021. Residents were invited to participate via an insert notice included with tax and utility notices, a news release with media coverage and social media advertising. Special interest committees and community groups were also informed of the survey and asked to encourage participation.

The purpose of the engagement was to gauge the level of public support for potential high-level policy options regarding tax policy and tax and utility affordability. Participants were asked if they support affordability programs, and to prioritize who should be eligible for potential programs, what type of program they felt would be the most beneficial and how potential programs should be funded. The online questionnaire posted to the beheard.regina.ca website was designed to provide Regina residents with a public engagement opportunity to share opinions with the City; it was not a statistically valid survey conducted with a random selection of respondents.

A total of 2,924 residents completed the survey, the majority of which pay residential property taxes and have a utility account in their name. Forty-two percent of respondents support and 28 per cent somewhat support the implementation of affordability programs. Three out of ten (29 per cent) do not support low-income water utility and taxpayer affordability programs. Support is highest among lower income households and those without a water utility account in their name. Those with household incomes >$40,000 also support affordability programs, although support softens as income increases. Commercial property taxpayer respondents are the least supportive (54 per cent). Six out of ten (60 per cent) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.

These results were consistent across income brackets. A full report with the engagement results is attached as Appendix E: COR Water Utility and Property Tax Affordability Survey Results.

Focus groups were not used for engagement at this time. Should Council wish to establish an affordability program, targeted engagement with groups such as the Age Friendly Committee, Community Well-Being Table, the Accessibility Advisory Committee, and others should be conducted to ensure the program(s) address the needs of the community and reflect the voices of those most impacted.

Additional comments regarding affordability programs were submitted to administration via email, mail and social media. A summary of this feedback is included as Appendix F: Survey Written Feedback. Eleven comments expressed support for affordability programs and 14 comments expressed opposition to affordability programs. The most common reasons for opposition to affordability programs were that high utility rates make them reluctant to pay more and that the City should focus on managing operational inefficiencies as a means or option to address the affordability issue. Twelve respondents did not express support or opposition to affordability programs, but rather provided comments on program administration, survey design and opinions, and ideas related to other City policies, programs, and services.

Water Affordability Program Evaluation
Administration completed an evaluation of utility affordability program options (Appendix A). The analysis evaluated how well programs would improve affordability, water conservation and equity. Community support as reflected through engagement and administrative costs were also considered.

Table 1 summarizes the results of the analysis. Options are graded positively (green) if they improve on the current state, negatively (red) if they will make the current state worse, and neutral (yellow) if there will be no significant change. Areas are marked grey where no data is available and hash marks indicate complexity in the results (refer to Appendix A for more information).

Table 1: Summary of Affordability Programs

Option	Afford.	Conserv.	Equity	Comm. Support	Admin. Cost	Overall
Rebates						
One-time Assistance Payments						
Service Fee Waivers						
High-efficiency Retrofits						

Of the four options, rebates and high-efficiency retrofits were identified as most likely to improve affordability. One-time assistance payments and service fee waivers may help customers struggling with overdue payments or plumbing emergencies or who repeatedly incur service fees but are not expected to significantly improve affordability overall.

Political Advocacy Strategy

Affordability is not only dependent on the cost of water services and household incomes but also on the cost of other essential goods and services. The City has limited capacity to influence these factors but can ask the federal and provincial governments – either directly or through the Saskatchewan Urban Municipalities Association (SUMA) or the Federation of Canadian Municipalities (FCM) – to improve water affordability by:

- providing funding for regulatory compliance;
- improving incomes for low-income households; and
- taking action to reduce poverty and provide access to basic needs.

While the City could advocate specifically on these issues in relation to water affordability, a more effective and impactful approach would be to do so as part of a coordinated advocacy strategy addressing other factors impacting water affordability, such as poverty and inequality. Administration is currently working on a Community Safety and Wellbeing Plan, which is a collective approach to address root issues of crime, including poverty and inequality as well as services for those struggling with mental illness, substance use challenges, and homelessness. Given the overlap of underlying issues between water affordability and community safety and wellbeing, the most efficient approach to an advocacy strategy would be to determine any possible advocacy actions coming out of Community Safety and Wellbeing plan and potentially address multiple issues through advocacy rather than a one-off approach specific to water affordability.

The approach to advocacy would remain the same whether advocating specifically on water affordability or on underlying issues impacting water affordability more broadly, including working with SUMA and FCM to advance positions on these issues as well as working through ministries at the provincial and federal level to seek better outcomes on these issues. The benefit of waiting is the ability to make a more impactful case for various supports by tying the issues together and demonstrating the impacts of specific supports on a range of issues.

Other Initiatives

The City has several initiatives currently underway which have implications for discussions on water affordability and should be considered during discussions on water affordability. These initiatives include:

Advanced Metering Infrastructure (AMI) Project

This project aims to replace the City's 76,000 water meters over five years with new metering infrastructure which will allow for real-time collection of water consumption data which in turn will enable advanced analytics, improved water infrastructure maintenance and homeowner awareness of water leaks and usage. This can help reduce the cost of leakages and maintenance which will improve the affordability and sustainability of the water utility.

The AMI project will also provide the data required to conduct a water rate review which will allow the City to evaluate alternative rate structures which may improve affordability and sustainability. For example, the fixed rates in the current structure contribute to water unaffordability as customers are required to pay the fixed charges even if they do not use any water and any consumption creates additional charges. However, the fixed rates help create revenue stability and cover a portion of the utility's fixed costs. There may be an alternative rate structure which can improve affordability while maintaining or improving revenue stability and water conservation. A water rate review must balance the need for financial sustainability with the desire to allow residents to reduce their costs through water conservation. A review would require data on historic and predicted water usage, and input by experts and other water providers.

Energy & Sustainability Framework

The City is developing a strategy to become a 100 per cent renewable city with net-zero carbon emissions by 2050. This will be achieved by reducing energy consumption, improving energy efficiency, and switching to renewable or low-carbon energy sources. Moving water through the system is a source of energy consumption and greenhouse gas emissions. While there would be some reductions in energy consumption and greenhouse gas emissions if less water was consumed through increased water conservation by the end user, the size of reductions is difficult to predict.

DECISION HISTORY

On January 27, 2014, Council approved, *Design Regina: Official Community Plan Bylaw No. 2013-48 (OCP)* which provides a comprehensive policy framework to guide the physical, environmental, economic, social, and cultural development of the City of Regina.

On October 29, 2018, Council approved the Water Master Plan (WMP) which is a comprehensive water service planning document designed to support the OCP Community Priorities and affirms the City's commitment to providing potable water to customers and planning for a sustainable water service and system.

On December 3, 2019, Council approved the Wastewater Master Plan which is a comprehensive wastewater service planning document designed to support the OCP Community Priorities and affirms the City's commitment to providing wastewater service to customers and planning for a sustainable wastewater service and system.

On May 26, 2021, Council approved CR21-90 outlining changes to the Lead Service Connection Management Program, which included a utility rate increase of 2% as part of the 2022 budget process.

The recommendation contained in this report requires City Council approval.

Respectfully Submitted,

Deborah Brydon, Director, Assessment & Property Revenue Services 9/15/2021

Respectfully Submitted,

Barry Lacey, Exec. Director, Financial Strategy & Sustainability 9/17/2021

Prepared by: Tanya Mills, Manager, Assessment & Property Systems

ATTACHMENTS

Appendix A - Water Utility Affordability Options
Appendix B - Shifting the Access Fee to the Tax Base
Appendix C - United Nations Sustainable Development Goals
Appendix D - Utility Affordability Programs Jurisdictional Scan
Appendix E - CoR Water Util-Property Tax Affordability Survey (2021)
Appendix F - Survey Written Feedback Summary Report

Appendix A: Water Utility Affordability Options

Executive Summary

International consensus considers water to be affordable if households are spending no more than two to five per cent of annual household income on water, depending on circumstances. Given the higher costs associated with providing water services in Regina due to the need to transport water from Buffalo Pound Water Treatment Plant, 56 kilometers away, and the higher costs of treating water on the prairies, the five per cent threshold was used for analysis. Using this benchmark, an analysis of the state of water affordability in Regina suggests that approximately 8.2 per cent of households experience water unaffordability with the lowest-income households estimated to be spending as much as 30 per cent of annual income on water. Water affordability programs may be an effective solution to improve water affordability for low-income households. The City currently offers payment plans to residents but does not have an affordability program.

This paper explores the issue of water affordability and provides a review of affordability program options, including rebates, one-time assistance payments, service fee waivers, and providing high-efficiency retrofits. Table 1 summarizes the results of the analyses. Where an option is expected to improve on the current state it is highlighted in green. Where an option is expected to worsen performance relative to the current state it is highlighted in red. Where an option is expected to be neutral to the current state or where a change is expected to be negligible it is highlighted in yellow. Where an option has mixed or complex results on a criterion, it is marked with hash marks that reflect the mixed results. Where data is unavailable, the option is marked in grey.

Table 1: Summary of Affordability Programs

Option	Afford.	Conserv.	Equity	Comm. Support	Admin. Cost	Overall
Rebates						
One-time Assistance Payments						
Service Fee Waivers						
High-efficiency Retrofits						

Rebates and high-efficiency retrofits appear to be the most viable options for improving affordability for low-income households. One-time assistance payments and service fee waivers have limited overall impact but have strategic value for customers who accumulate too many overdue payments to recover or who must pay repeated service charges (e.g., for moving, water reconnection, etc.). High-efficiency retrofits may have the greatest strategic value overall because they can help improve affordability in the short term but may also help reduce long-term capital costs by reducing consumption. This may allow for rate reduction or reduced rate increases. However, their impacts are mitigated by the significant fixed charges in the rate structure.

Equity effects for most options are complex because of the tradeoffs between vertical, horizontal, and intergenerational equity. Vertical equity refers to the principle that costs should be proportional to ability to pay (i.e., lower-income households pay less). Horizontal equity refers to the principle that customers should pay similar amounts for similar levels of consumption. Intergenerational equity refers to the principle that costs should be borne by the generation that benefits and that benefits and costs should not fall disproportionately on different age groups. Most of the options are expected to make improvements in vertical and intergenerational equity.

A public engagement was conducted on the City's public engagement tool, *Be Heard Regina,* from May 28 to June 30, 2021. 70 per cent of respondents support or somewhat support affordability programs in general. Rebates received strong support, one-time assistance payments received moderate to strong support, depending on program design, and high-efficiency retrofits received only moderate support. Service fee waivers were added to consideration after the survey was released and so cannot be evaluated in terms of community support. A detailed summary of the public engagement results can be found in Appendix E: COR Water Utility & Property Tax Affordability.

Service fee waivers are expected to have the least impact in terms of administrative costs while rebates, one-time assistance payments and high-efficiency retrofits require additional resources to administer.

Overall, rebates and high-efficiency retrofits are expected to have the most positive impacts with the fewest negative trade-offs.

The most effective policy may be one which uses a combination of these approaches. For example, a program that requires customers to be on a payment plan for six months before transferring to a rebate would effectively address short-term and long-term income insecurity. This could be paired with service fee waivers to address customers experiencing housing insecurity or repeated income insecurity. Overall, the program options discussed here contain a high degree of nuance and their performance is highly sensitive to program design. A rigorous analysis of program design alternatives and further engagement should be undertaken before any approach is adopted.

The paper is structured as follows:

Water Affordability

The United Nation's Sustainable Development Goals recognize water and sanitation as a human right and call on governments to achieve universal and equitable access to safe and affordable drinking water for all by 2030[1]. Access to safe and affordable water is a concern in many countries where the cost of providing water has increased significantly in the last two decades. The cost increases are a global phenomenon resulting from increased regulatory costs, energy and construction costs, water scarcity, the need to address maintenance deficits and replace aging infrastructure, climate change, and changing ideas about utility costs. In many cases, income and population growth have not kept pace with rising costs. In response to rising rates, many customers have reduced their consumption by upgrading to more efficient water fixtures or changing consumption patterns. However, this has further increased rates in an effort to maintain utility revenues. The result is an increased burden on customers who are less able to improve their water efficiency, which tend to be low-income households.[2]

The American Water Works Association frames water utility affordability in three ways that emphasize its systemic nature (
Table 2). This paper primarily focuses on household affordability as this is where the City of Regina has the most influence. Household affordability is usually evaluated as the proportion of household income that is spent on water services, including water, wastewater and storm drainage.[3] It is internationally agreed that the cost of providing water should not exceed between two to five per cent of household income for it to be considered affordable.[4] Water in Regina is inherently more expensive than in other cities because of the need to transport water from Buffalo Pound, 56 kilometers away, and the higher costs of treating water on the prairies. Given this, the five per cent threshold is used to evaluate water affordability in Regina.

Table 2: Water Affordability Definitions

Type	Definition
Household affordability	A household's ability to pay for water without having to sacrifice other essential goods and services. This is the conventional way in which affordability is defined and involves considerations of both the cost of water services and household income.
Community affordability	A community's ability to pay for investments in water facilities and operations and maintenance expenses required to sustainably deliver services in compliance with laws and regulations. This is closely related to the idea of cost recovery and is related to a community's fiscal capacity and the cost of providing a certain level of service.

[1] United Nations (2021)
[2] Mack and Wrase (2017), Canadian Water Network (2018), American Water Work Association (2019), Canadian Water and Wastewater Association (2021).
[3] This approach must be used cautiously as it does accurately reflect the common definition of household affordability (i.e., the ability of households to pay for water services without needing to sacrifice other essential goods and services to pay their water utility bills). Nevertheless, the approach is widely accepted and is useful for making rough comparisons.
[4]OECD (2010)

National affordability	The extent to which water sector utilities can pay for the costs associated with regulatory requirements without creating an economic burden on communities and households.

Source: American Water Works Association (2019)

Table 3 presents the affordability estimates for Regina in 2015 [5]at the five per cent threshold using 2015 water and wastewater rates.[6] Approximately 8.2 per cent of all households experience water unaffordability. Most of the households have incomes below the average After-Tax Low Income Cut-Off (LICO-AT).[7]

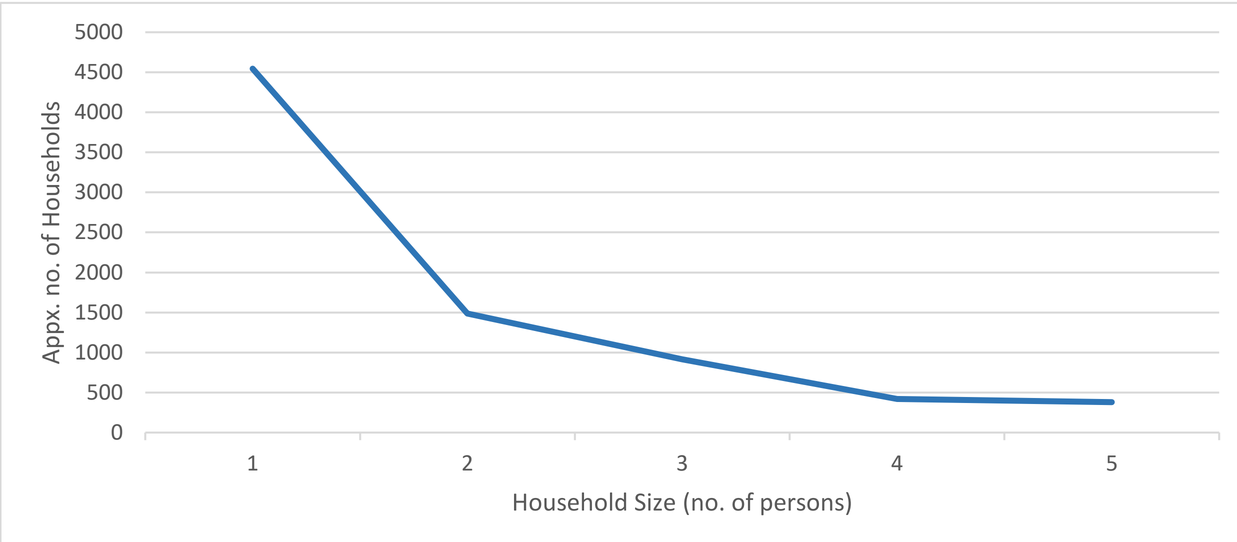
Table 3: Regina Water Services Affordability (5% of Annual After-Tax Income)

No. of persons living in household	Annual estimated bill for water, wastewater and drainage	Annual income required for affordability	Estimated no. of households below affordability threshold	Share of total households
1	$946.48	$18,930	4545	
2	$1,120.92	$22,418	1485	
3	$1,266.25	$25,325	915	
4	$1,395.41	$27,908	420	
5	$1,513.74	$30,275	380[8]	
Total			7,745	8.2%

[5] 2015 is the most recent year for which data was available. Data is from the 2016 Census.
[6] The analysis follows the method used by Dr. Jim Warren (2019, 2021) and consumption estimates from DeOreo and Mayer (2014). Dr. Warren has advised that the consumption estimates may be out of date and overestimate average consumption per person. The number of households below the threshold was estimated using annual household after-tax income groups from the 2016 Census, the most recent data available.
[7] The LICO-AT varies by household and community size. In 2015the LICO-AT was $17,240 for a single-person households and $32,596 for a two-person household. The average LICO-AT for Regina was $21,406. This is a weighted average based on the number of households in each size category.
[8] Statistics Canada's household size bracket includes households with more than five persons. The estimate for five-person households is inflated.

Figure 1 shows that the number of one and two-person households experiencing unaffordability is considerably higher than larger households due to the impact of the shares of fixed and volumetric charges for water, wastewater and drainage, as defined in Table 4.

Figure 1: Approximate Number of Households Above Affordability Threshold



Estimates based on Warren (2019), DeOreo and Mayer (2014), and Statistics Canada (2019a)

Table 4: Volumetric and Fixed Charges

Charge	Definition
Volumetric (per cubic metre)	Intended to cover the costs of supplying and treating water and wastewater. Applied to the amount of water and wastewater used by each customer, ensuring large-volume users pay more.
Fixed (daily base charge)	Intended to cover the costs of the infrastructure from which all customers benefit equally. Includes water and wastewater charges based on meter size and a drainage infrastructure levy applied based on property size. Fixed charges are applied on a daily basis.

Figure 2 depicts the relationship between fixed and volumetric charges. As consumption increases, volumetric charges increase, but fixed charges stay the same and their share of total charges decreases as consumption rises, as shown in Figure 3. Fixed costs do not include any amount of consumption which means a typical household with zero consumption would still pay approximately $65 per month. Smaller households experience water unaffordability more often because they tend to have lower household incomes and reducing consumption to lower costs is less effective because of the high fixed charges. Larger households experience less water unaffordability because they tend to have higher household incomes and benefit from increased water consumption efficiency as shown in Figure 4.

Figure 2: Volumetric and Fixed Charges

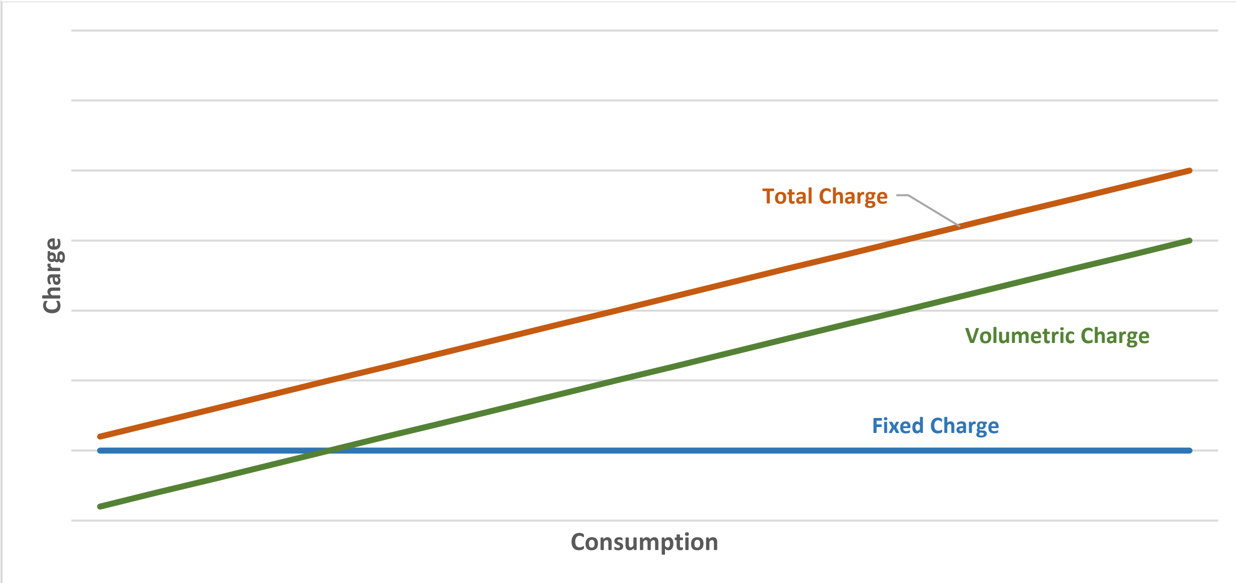
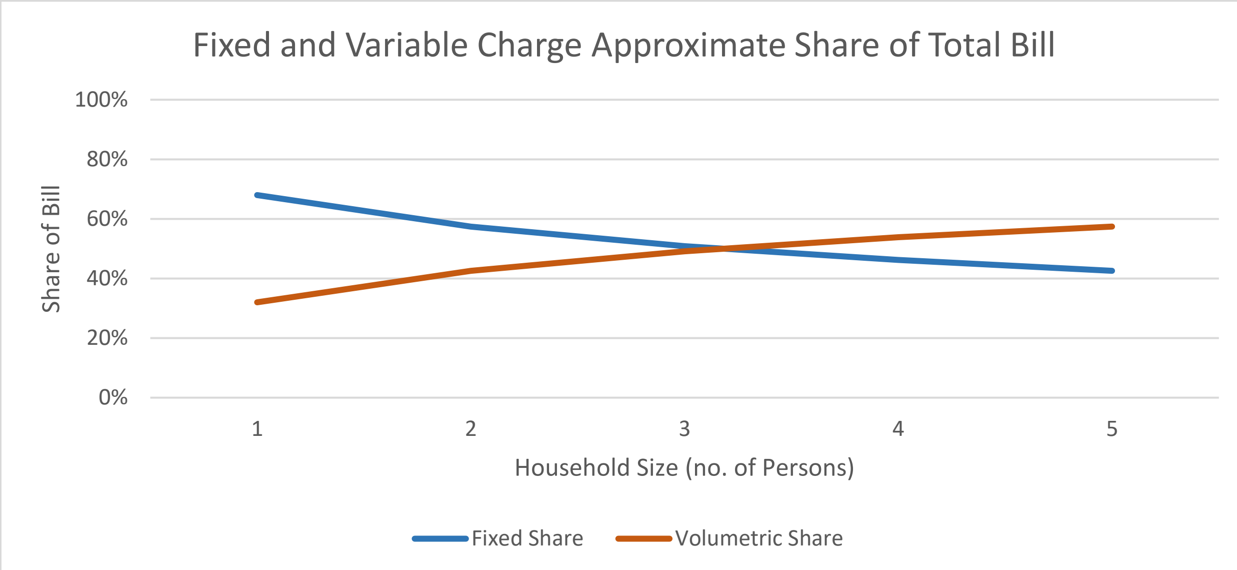
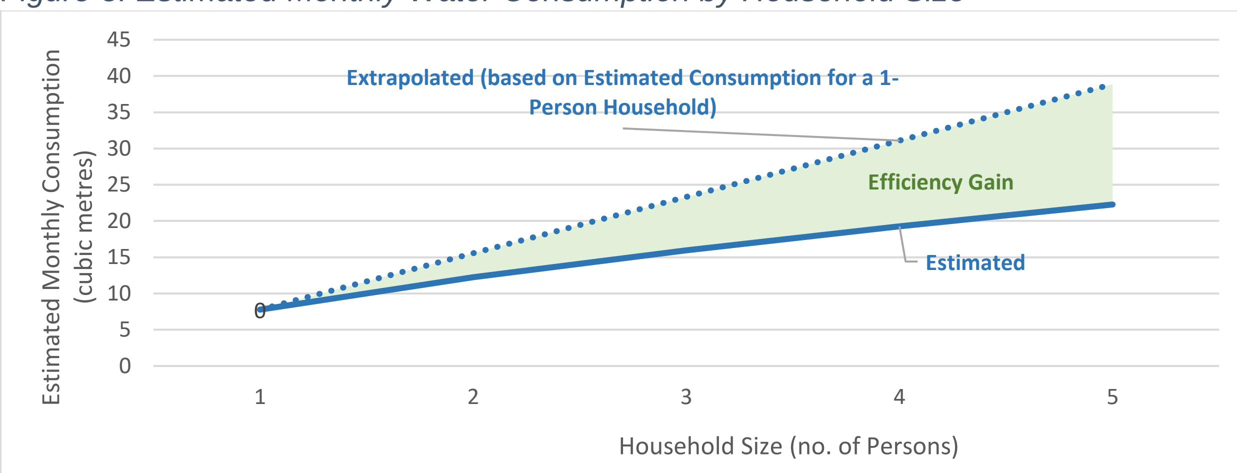


Figure 4: Fixed and Variable Charge Approximate Share of Total Water Utility Bill



Estimates based on Warren (2019), DeOreo and Mayer (2014)

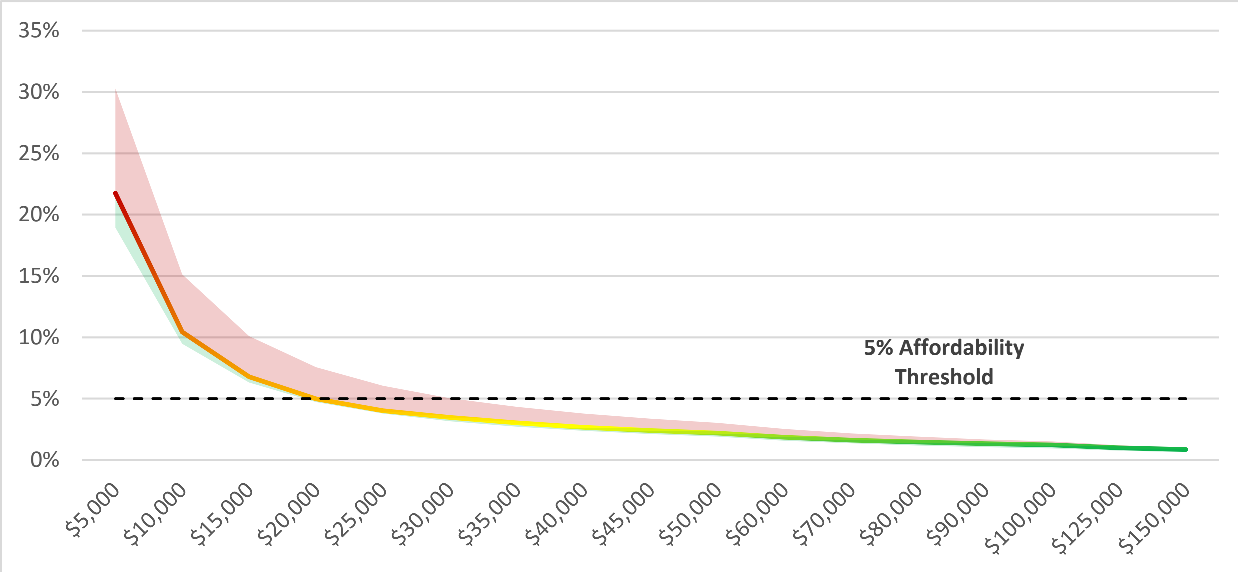
Figure 3: Estimated Monthly Water Consumption by Household Size



Estimates based on Warren (2019), DeOreo and Mayer (2014)

Figure 5 plots the approximate combined costs of water services as a share of annual after-tax household income for different income thresholds and highlights how affordability decreases rapidly as income falls below about $25,000 per year. The coloured line is the average cost-to-income ratio for water services weighted by household size. The red shaded area indicates the highest cost-to-income ratio among households of all sizes and the green shaded area indicates the lowest cost-to-income ratio at a given income level. Though the depth of unaffordability experience by low-income households is significant, the number of low-income households is relatively low.

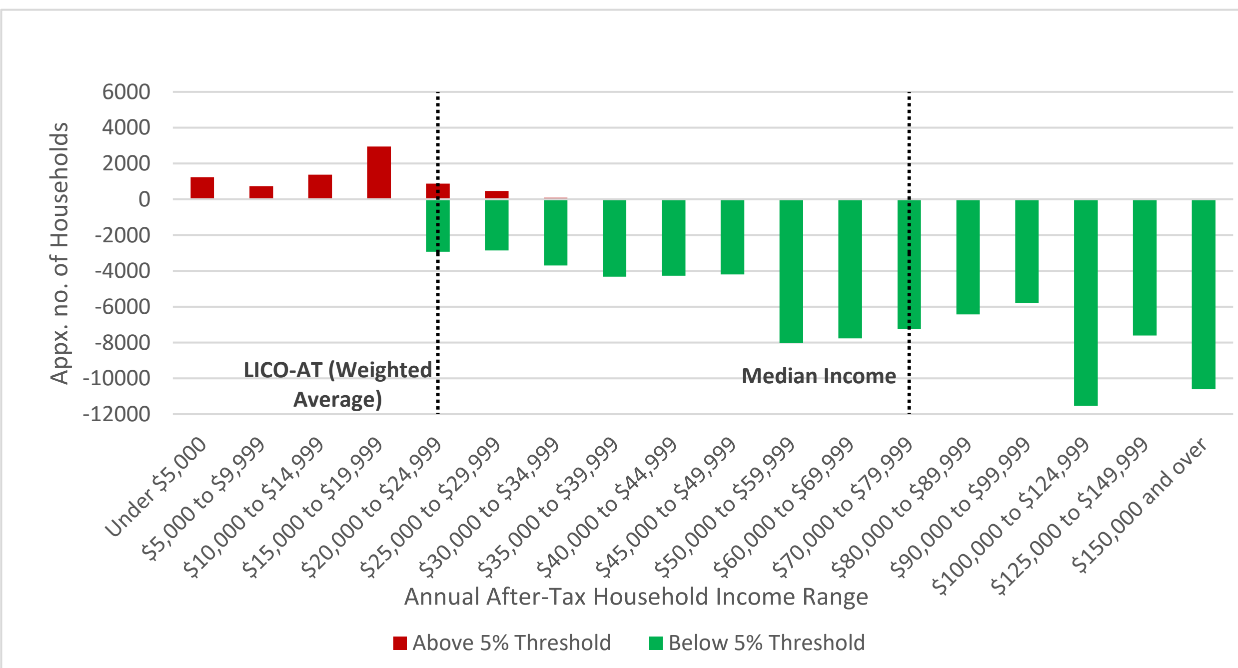
Figure 5: Water Services Costs as Share of Annual After-Tax Household Income



Estimates based on Warren (2019), DeOreo and Mayer (2014), and Statistics Canada (2019a)

Figure 6 shows the approximate number of households in each income range that would fall above or below the five or two per cent affordability thresholds. Positive values (red) reflect the number of households that fall above the affordability threshold (i.e., water is unaffordable) and negative values (green) indicate the number of households that are below the affordability threshold (i.e., water is affordable).

Figure 6: Approximate Number of Households Above and Below Affordability Threshold



Estimates based on Warren (2019), DeOreo and Mayer (2014), and Statistics Canada (2019a)

Evaluation Criteria

In addition to affordability, the evaluation draws criteria from the City's policies in *Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP)* and the Water Master Plan (WMP). Program options are evaluated on conservation and sustainability, equity, community support and administrative cost.

Conservation
The OCP identifies promoting conservation, stewardship and environmental sustainability as a community priority. Goal 5 of the WMP commits the City to supporting environmental conservation and sustainable water management. Council directed Administration consider conservation when crafting options for affordability programs. Improving water use efficiency is important for sustainable growth and can help low-income customers reduce their water use and water bills while maintaining benefits similar to current consumption.

Equity
Intergenerational equity is explicitly referred to in Goal 11 of the WMP which commits to a financially sustainable utility by funding it on a full cost recovery, user-pay basis. Other types of equity are implicitly referred to in policy 13.19 of OCP which states the City will establish programs and a fee structure to ensure that City programs, services and facilities are affordable, accessible and welcoming to all resident of Regina. This emphasizes affordability and is closer to the concept of vertical equity. This analysis considers intergenerational equity and vertical equity as well as horizontal equity. These are defined in Table 6: Types of Equity.

Table 5: Types of Equity

Type	Principle
Intergenerational Equity	Costs created in the present should be borne by the present generation instead of passing them on to future generations. Benefits and costs should be equally distributed across age groups in the present.
Vertical Equity	The cost of goods and services should be based on customers' ability to pay.
Horizontal Equity	Customers should pay similar amounts for similar quantities of goods and services consumed.

There is often tension between the three types of equity. Charging customers according to their ability to pay may mean customers pay different amounts for similar quantities of consumption, creating a conflict between vertical and horizontal equity. Conflicts between vertical and intergeneration equity may arise because of distributional effects. For example, households with senior citizens tend to have fewer people and lower water consumption, whereas households with children tend to have more people and higher water consumption. Fixed charges make up a larger portion of the water bill for households with seniors whereas volumetric charges make up a larger portion of the water bill for households with children. A policy that reduces variable or fixed charges, but not the other will inherently benefit one generation more than the other.

Community Support
A key consideration stated in the OCP is that Regina residents be engaged in the activities of the City, leading and supporting initiatives that enhance an inclusive city-building process that offers residents transparency in decision-making and builds ownership through

participation. For this analysis, residents had an opportunity to provide input on water affordability programs in an engagement survey conducted from May 28 to June 30, 2021 on *Be Heard Regina*. Respondents self-selected into the survey rather than being selected through random sampling so the survey is not statistically valid. A full report of the results can be found in Appendix E: COR Water Utility & Property Tax Affordability. Engagement results show that 70 per cent of respondents support or somewhat support implementing an affordability program whereas 29 per cent did not support affordability programs.[9] Support was highest among households with annual incomes of less than $20,000 (93 per cent) and declined as incomes increased though support still remained significant among households with incomes greater than $150,000 per year (65 per cent).

61 per cent of respondents support or somewhat support eligibility for any low-income household while 28 percent support tailoring programs to specific demographic groups should the City implement a program. Support for all low-income households was strongest among households with annual incomes less than $20,000 per year and declined as income increased though a majority of households with incomes greater than $150,000 per year (54 per cent) still supported eligibility for all low-income households. Support for this group was also stronger among respondents who support affordability programs (76 per cent) than among those who do not (28 per cent). Respondents who do not support affordability programs would prefer a program to be targeted to specific demographic groups (42 per cent) should one be implemented. 23 per cent of respondents who support affordability programs support targeting specific demographic groups. 22 per cent of overall respondents support or somewhat support tailoring affordability programs to low-income households with seniors, 18 per cent support or somewhat support tailoring affordability programs to low-income households that include a person living with a disability and 12 per cent support or somewhat support tailoring affordability programs to low-income households with children under the age of 18. The ranking is similar across all household income groups.

In addition to the public engagement survey, the Administration received unsolicited feedback in the form of emails from 37 residents. 11 (30 per cent) expressed support for affordability programs and 14 (38 per cent) expressed opposition to affordability programs. The most common reasons for opposition to affordability programs were that high utility rates make them reluctant to pay more (8, 22 per cent) and that the City should focus on managing operational inefficiencies as a means or option to address the affordability issue (4, 11 per cent). 12 respondents (32 per cent) did not express support or opposition to affordability programs, but rather provided comments on program administration, survey design and opinions and ideas related to other City policies, programs and services.

Administrative Costs

The OCP identifies achieving long-term financial viability by considering the full costs of operating before committing to projects or services as a community priority. This analysis considered the administrative costs, including how complex a policy is to administer, the cost in terms of resources, and additional effort that would be required to implement each program option. It does not account for the actual cost of delivering a program. This will be considered in program design, should Council decide to implement an affordability program.

[9] Engagement results may not add to 100 per cent due to non-response, multiple response or rounding.

Evaluation Criteria
Based on these criteria, the guiding principles for the evaluation are shown in Table 6: Evaluation Criteria. Data limitations prevent thorough analysis of the effects of different policies. Though we cannot be certain how great of effects different policies will have in these areas, we can estimate whether the effect will be positive, negative, or neutral. Options are evaluated based on their expected performance relative to the current state.

Table 6: Evaluation Criteria

Criteria	Will be evaluated positively if:
Affordability	The option reduces the proportion of income spent on water services.
Conservation	The option reduces consumption or improves consumption efficiency.
Equity	The option results in a improvement between vertical, horizontal and intergenerational equity.
Community Support	The option received more support in the public engagement than the option to not implement an affordability program.
Administrative Cost	The option reduced administrative complexity, costs less and can be easily implemented.

Current State

The City of Regina currently uses a rate structure involving both fixed and uniform volumetric charges for water, wastewater, and storm drainage. Table 7 presents the rates for water, wastewater, and drainage infrastructure levy for a typical household.[10] Overall, volumetric charges generate 65 per cent of revenue and fixed charges generate about 35 per cent of revenue. On the cost side, the fixed costs of operating the utility system make up approximately 80 per cent of all costs, while volumetric costs account for the remaining 20 per cent.

Table 7: Water, Wastewater and Drainage Infrastructure Levy for a Typical Household

Service	Fixed Charge	Volumetric Charge
Water	\$0.88/day (5/8” water meter)	\$2.10/m^3
Wastewater	\$0.68/day (5/8” water meter)	\$1.86/m^3
Drainage Infrastructure Levy	\$0.59/day (0 to 1000 m^2 property)	-

Increased water demand from population growth and increased economic activity, and increased risk of drought from climate change have drawn more attention to the issue of water sustainability. The City’s past conservation performance has been good with water consumption declining 26.7 per cent from 445 litres per capita in 1997 to 326 litres per capita in 2019. By comparison, overall annual consumption has only increased 1.8 per cent in the same time period.[11] This may be due to customers choosing high-efficiency fixtures, improved management of water infrastructure, or behavioral responses to increased water prices and concerns about climate change.

[10] This assumes a 5/8” water meter and a property size of 0 to 1,000 m^2
[11] Water Security Agency (2013, 2020)

The City currently offers budget billing and payment plans to customers, allowing customers to spread their payments out over time. This can reduce the burden of higher charges in high-consumption months or when settling overdue payments, but this does not ultimately improve affordability. There are approximately utility customers enrolled in budget billing and 3,949 (5.3 per cent) accounts more than 30 days overdue, 654 of which have payment arrangements set up.[12] The City currently does not have an affordability program for low-income customers.

Evaluation 1 evaluates the current state against the selected criteria. By default, the current state is neutral to itself and so is evaluated as satisfactory (green) or unsatisfactory (red). Hash marks indicate complexity in the evaluation, with satisfactory and unsatisfactory elements.

Evaluation 1: Current State

Overall				
Affordability	**Conservation**	**Equity**	**Community Support**	**Administrative Cost**

Affordability: An estimated 8.2 per cent of households spend more than five per cent of annual after-tax household income on water services. These households are concentrated below the LICO-AT. Performance is graded negatively because the fixed rate portion of the water rate structure does not allow for any consumption and customers who use no water are still charged approximately $65 per month. This can lead low-income customers to reduce consumption to the point where it adversely effects their health and they may still not be able to afford their bill. The flexible payment plans currently offered are useful for customers experiencing temporary low-income but do not improve overall affordability.

Conservation: The decrease in per capita consumption since 1997 suggesting the current structure is satisfactory for encouraging conservation. The potential of reduced demand leading to increased operational and maintenance costs is not a concern at this time, and efforts to improve conservation, especially during peak usage, should continue.

Equity: The current structure is vertically inequitable because it does not account for ability to pay and the fixed rate charge places a greater burden on smaller households which tend to experience higher rates of low-income. Horizontal equity is ambiguous because customers pay the same fixed rates and pay the same amount for similar levels of consumption so the structure is equitable in each rate but inequitable overall. There is an intergenerational equity issue as households with seniors and households with children tend to experience a higher rate of low-income than households with neither seniors nor children, resulting in decreased affordability. This is compounded for households with seniors who tend to live in smaller households. There is currently a infrastructure deficit, which would normally have a negative impact on intergenerational equity, but this is mitigated by the current capital investment plan which aims to eliminate the deficit.

[12] There are 10,202 overdue accounts, approximately 14 per cent of all accounts. The majority of overdue accounts pay their bills within 30 days of the due date and are not considered problematic. Accounts overdue by more than 30 days are reported because this provides a more realistic of overdue accounts.

Community Support: The 70 per cent of respondents who support or somewhat support affordability programs suggests there is dissatisfaction with the current system with respect to affordability. This is further supported by the unsolicited feedback.

Administrative Cost: The current system is not unduly complex or costly to administer.

Overall: The performance of the current state is polarized, performing satisfactorily in terms of conservation and administrative cost, but poorly in terms of affordability and community support. The current state is neither definitively satisfactory nor unsatisfactory.

Water Affordability Programs

The following analysis evaluates policy options to identify any that may help improve affordability. Options were identified through a scan of 19 municipal and 28 corporate water, power and energy utility providers and include rebates, one-time assistance payments, service fee waivers, and providing high-efficiency retrofits. A detailed jurisdiction scan is included as Appendix D: Utility Affordability Programs Jurisdictional Scan.

Where an option is expected to improve on the current state it will be highlighted in green. Where an option is expected to worsen performance relative to the current state it will be highlighted in red. Where an option is expected to be neutral to the current state or where a change is expected to be negligible it will be highlighted in yellow. Where an option has mixed or complex results on a criterion, it will be marked with hash marks that reflect the mixed results.

The five criteria are equally weighted. Data and technical limitations constrain evaluation of individual areas to logical analysis rather than a formal scoring system and reflects the general effects of an option, though there may be nuance that makes two otherwise identical options distinct.

Overall scores are based on whether an option has positive, negative, or neutral effects on a majority of the criteria. In cases where a positive and negative score on two criteria would cancel each other out, the two will be treated as a single neutral score for overall evaluation. The same rule will apply when determining overall score for criteria with mixed scores (hash marks).

Option 1: Rebates

Rebates reduce the amount eligible customers pay by applying either a fixed (e.g., a $40) or proportional (e.g., 25 per cent) reduction on the bill. Evaluation 2 evaluates the expected outcome of a rebate applied at the time of billing.

Evaluation 2: Rebates

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: Rebates will improve affordability for low-income customers struggling to pay regular water bills. A fixed rebate would be most helpful to smaller households who struggle with fixed charges whereas a proportional rebate would be more effective for larger households where volumetric charges are more significant.

Conservation: Reduced costs may lead to increased consumption, but the overall effects are anticipated to be small and can be influenced by the amount of support provided. Conservation is not expected to change significantly compared to the current state.

Equity: Rebates can improve vertical equity by reducing costs for those least able to afford them. They worsen horizontal equity because customers consuming similar amounts of water may no longer pay similar costs and households that do not receive benefits would subsidize the consumption of those who do. As households with seniors and households with young children tend to experience low-income at a higher rate than other households, rebates can be expected to improve intergenerational equity. A fixed rebate will tend to benefit smaller households and households with seniors more than a proportional rebate which will benefit larger households and households with young children more. There is expected to be an improvement in equity overall.

Community Support: 63 per cent of respondents ranked rebates as their first or second choice among four affordability program options, indicating strong support for rebates should the City implement an affordability program. Rebates were the most preferred option among respondents who support or somewhat support affordability programs (78 per cent) and the least preferred options among respondents who do not support affordability programs (30 per cent)

Administrative Cost: Rebates will lead to an increase in administrative complexity due to the need to verify eligibility and manage program enrollment. This will likely require additional personnel to administer.

Overall: Though there are slightly different impacts depending on program design, rebates enjoy strong community support and are expected to create an overall improvement in affordability and equity, though with an increase in administrative costs.

Option 2: One-time Assistance Payments

The jurisdictional scan found one-time assistance payments to be offered in cases of financial hardship or in cases such as plumbing emergencies. The City already offers payments plans to assist in cases of temporary financial hardship which may result in one or two missed payments, one-time assistance would in this case would be oriented to customers who have fallen into arrears with little hope of catching up on their overdue payments. Falling behind on payments can decrease water affordability because customers must pay for both present and past consumption. Once customers begin to fall behind on payments it can be difficult to recover. One-time assistance payments are intended to prevent customers from accumulating significant amounts of owed charges and avoid this situation. One-time assistance for plumbing emergencies would cover a portion of repair costs and may help customers avoid going into debt to pay for repairs. Evaluation 3 evaluates the impacts of one-time assistance payments.

Evaluation 3: One-time Assistance Payments

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: One-time assistance payments can improve affordability by eliminating or reducing the amount of overdue charges a customer must pay in addition to current charges. This can improve affordability over the long-term as it reduces the likelihood that the customer will continue to be overdue or increase the amount they owe due to being unable to pay the full amount. This approach does not improve overall affordability and may not prevent a customer from falling behind again after receiving assistance. Providing assistance in the case of plumbing failure can help customers avoid taking on debt to pay for repairs, but also does not improve overall affordability.

Conservation: As one-time assistance payments are not related to consumption, there are not expected to be significant impacts on conservation.

Equity: One-time assistance payments would slightly improve vertical equity since low-income customers are more likely to have trouble making full payments or to be unable to afford plumbing repairs. There is a slight decrease in horizontal equity as the assistance payments would mean not all customers are paying the same amount for similar levels of consumption and customers who do not receive assistance would be subsidizing those who do. Though the assistance payments effectively assist present day customers with debt incurred due to challenges in the past, the difference would likely only be a matter of months and so the intergenerational effects are negligible. The overall equity effects are not expected to be significant.

Community Support: 34 per cent of respondents ranked one-time assistance payments in cases of financial hardship as their first or second choice among four affordability program options, indicating moderate support should the City implement an affordability program. 35 per cent of respondents who support or somewhat support affordability programs and 33 per cent of respondents who do not support affordability programs ranked this option as their first or second choice. The engagement also asked about one-time assistance in cases of plumbing emergencies. 46 per cent of respondents ranked one-time assistance payments in cases of plumbing emergencies as their first or second choice among four affordability program options, indicating moderate to strong support should the City implement an affordability program. 49 per cent of respondents who support or somewhat support affordability programs and 41 per cent of respondents who do not support affordability programs ranked this option as their first or second choice. Overall, support for assistance in the case of plumbing failure was the second most preferred option, after rebates.

Administrative Cost: One-time assistance payments will lead to an increase in administrative complexity due to the need to verify eligibility and manage program enrollment. This will likely require additional personnel to administer.

Overall: One-time assistance payments enjoy moderate to strong community support and may have high strategic value for customers who are overwhelmed by overdue bills, or for customers who experience plumbing failure, though the general affordability impacts are limited. Overall, one-time assistance payments are not expected to significantly improve on the current state.

Option 3: Service Fee Waivers
Eligible customers will be exempt from service fees such as connection or reconnection fees. This can help reduce costs for customers who repeatedly incur service fees such as through frequent moves. Evaluation 4 evaluates the expected outcome of service fee waivers.

Evaluation 4: Service Fee Waivers

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: Service fee waivers would help improve affordability for customers who are charged services fees, such as those that frequently move, but do little to address customers who do not but still struggle to afford their water bills. The overall affordability improvements are expected to be small.

Conservation: As service fee waivers are not related to consumption, there are not expected to be significant impacts on conservation.

Equity: Service fee waivers would slightly improve vertical equity since low-income families are more likely to be housing insecure or experience difficulty making payments. There is a slight decrease in horizontal equity as not all customers would be paying the same amount for additional services. The effects on intergenerational equity are uncertain. The overall equity effects are not expected to be significant.

Community Support: Service fee waivers were added as an option after the engagement survey was released so community support cannot be evaluated.

Administrative Cost: Service fee waivers can be administered as part of current practice and are not expected to require more resources.

Overall: Service fee waivers may have high strategic value for customers who repeatedly pay service fees but are not expected to make significant changes compared to the current state.

Option 4: High-efficiency Retrofits
Research demonstrates that water efficiency programs that fund or provide high-efficiency toilets, faucets and showerheads can help reduce household consumption significantly. However, low-income households are often unable to afford high-efficiency upgrades. Providing these upgrades can be a cost-effective way to help reduce costs by reducing consumption. Evaluation 5 evaluates the expected outcome of providing high-efficiency retrofits for low-income customers.

Evaluation 5: High-efficiency Retrofits

Overall				
Affordability	Conservation	Equity	Community Support	Administrative Cost

Affordability: Research shows that high-efficiency upgrades can reduce consumption by approximately 10 to 20 per cent depending on household size, weather effects, income level, and other variables. This could have significant affordability benefits for low-income households, especially over the long term. An additional long-term affordability effect is the potential to reduce long-term capital costs for the system which may allow for rate reductions (or at least smaller increases). Funding retrofits may also have other quality of life improvements for households who are otherwise unable to afford to replace damaged or worn-out fixtures. The affordability effects are partially mitigated by the significant fixed charge component of the rate structure.

Conservation: There are expected to be reductions in consumption, with potentially significant benefits in the long term.

Equity: Providing high-efficiency retrofits is expected to improve vertical equity by reducing overall costs for low-income households. This is without the usual trade-off with horizontal equity as all customers still pay similar rates for similar amounts of water consumed, though there may be a negative impact on equity with regard to purchasing high-efficiency fixtures. This option is expected to have benefits for all low-income households so intergenerational equity is expected to remain neutral. There is expected to be an improvement in equity overall.

Community Support: 25 per cent of respondents ranked high-efficiency retrofits as their first or second choice among four affordability program options. Given that 29 per cent of respondents did not support affordability programs, this is interpreted as moderate support. High-efficiency retrofits received higher support among respondents who do not support affordability programs (31 per cent) than among respondents who support or somewhat support affordability programs (23 per cent).

Administrative Cost: A retrofit program will likely require additional resources due to the need to verify eligibility and manage enrolment.

Overall: Providing high-efficiency retrofits will improve affordability, conservation and equity. The option only has moderate support and comes with increased administrative cost.

Preliminary Cost Estimates

All four options could be financed through either a fee applied to all water utility bills or through general rate increases. Table 8 presents the required monthly fee and utility rate increases that would be required to finance several different costs. Table 9 and Table 10 present the impacts of each type of financing on several sample properties.

Table 8: Monthly Fee and Water Rate Financing for Affordability Programs

	Program Cost				
	$250,000	**$500,000**	**$1 Million**	**$2 Million**	**$3 Million**
Monthly Fee on All Water Bills	$0.28	$0.56	$1.12	$2.23	$3.35
Utility Rate Increase (over 3% scheduled increase and 2% increase for lead program in 2022)	0.10%	0.50%	0.70%	1.50%	2.25%

Table 9: Impact of Monthly Fee Financing on Sample Properties

Sample Property	2022 Projected Monthly Charges	Change (%Change) in Monthly Charges				
		$250,000	**$500,000**	**$1 Million**	**$2 Million**	**$3 Million**
Grocery Store	$2355.99	$0 (0.0%)	$1 (0.0%)	$1 (0.1%)	$2 (0.1%)	$3 (0.1%)
Bottled Water Supplier	$1847.43	$0 (0.0%)	$1 (0.0%)	$1 (0.1%)	$2 (0.1%)	$3 (0.2%)
Restaurant	$536.17	$0 (0.1%)	$1 (0.1%)	$1 (0.2%)	$2 (0.4%)	$3 (0.6%)
Average House	$145.81	$0 (0.2%)	$1 (0.4%)	$1 (0.8%)	$2 (1.5%)	$3 (2.3%)
Large House	$207.91	$0 (0.1%)	$1 (0.3%)	$1 (0.5%)	$2 (1.1%)	$3 (1.6%)
Non-Profit Organization	$561.12	$0 (0.1%)	$1 (0.1%)	$1 (0.2%)	$2 (0.4%)	$3 (0.6%)
Townhouse Condo	$185.06	$0 (0.2%)	$1 (0.3%)	$1 (0.6%)	$2 (1.2%)	$3 (1.8%)

Table 10: Impact of Utility Rate Financing on Sample Properties

Sample Property	2022 Projected Monthly Charges	Change (%Change) in Monthly Charges				
		$250,000	**$500,000**	**$1 Million**	**$2 Million**	**$3 Million**
Grocery Store	$2355.99	$2 (0.1%)	$11 (0.5%)	$16 (0.7%)	$34 (1.5%)	$51 (2.2%)
Bottled Water Supplier	$1847.43	$2 (0.1%)	$9 (0.5%)	$13 (0.7%)	$27 (1.5%)	$40 (2.2%)
Restaurant	$536.17	$1 (0.1%)	$3 (0.5%)	$4 (0.7%)	$8 (1.5%)	$12 (2.2%)
Average House	$145.81	$0 (0.1%)	$1 (0.5%)	$1 (0.6%)	$2 (1.4%)	$3 (2.1%)
Large House	$207.91	$0 (0.1%)	$1 (0.5%)	$2 (0.7%)	$4 (1.4%)	$7 (2.1%)
Non-Profit Organization	$561.12	$1 (0.1%)	$3 (0.5%)	$4 (0.7%)	$8 (1.4%)	$12 (2.2%)
Townhouse Condo	$185.06	$0 (0.1%)	$1 (0.5%)	$1 (0.7%)	$3 (1.5%)	$4 (2.2%)

Option 1: Rebates
The City does not collect household income information from utility customers, so customers would have to apply to receive rebates. The program is expected to require 100 per cent of a full-time position to administer. Depending on program design and participation, a rebate program could cost between $300,000 and $3 million per year.

Option 2: One-time Assistance Payments
It is unknown how many customers experience plumbing failure in a year so cost estimates are for providing assistance to customers in arrears. One-time assistance payments may be restricted to low-income customers only, in which case they would require an application, or may feasibly be extended to all customers, in which case they can be applied automatically. The program is expected to require 100 per cent of a full-time position to administer. Depending on program design, the cost is expected to be $1 million to $2 million per year.

Option 3: Service Fee Waivers
Service fee waivers may be made available to low-income customers only, in which case they would require an application, or may feasibly be extended to all customers, in which case they can be applied automatically. This program can be administered as part of current administrative practices and is not expected to require additional resources. Depending on program design, the cost is expected to be $100,000 to $250,000 per year.

Option 4: High-efficiency Retrofits
This program would require an application process to verify low-income status. The program is expected to require 100 per cent of a full-time position to administer. Depending on program design and participation, providing high-efficiency retrofits could cost between $250,000 and $500,000 per year.

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Appendix B: Shifting the Access Fee to the Tax Base

Executive Summary

The water utility currently operates on a full cost recovery basis, meaning all costs are identified and recovered through user fees. Transferring some costs to the tax base would depart from this policy. Though full cost recovery is considered a best practice, there is precedent in Canada, the United States, Europe and elsewhere to use taxes instead of user fees to achieve public health or safety goals which provide community or nation-wide benefit rather than individual benefits.

The access fee is a transfer from the utility fund to the general operating fund to pay for the right to use civic assets. It is paid in lieu of property taxes and other service fees that the utility would pay to the City if it were a private owned utility. Transferring the fee would allow water rates to be reduced but require increasing mill rates or alternat revenue generation. Analysis indicates that the increase in property taxes mitigates most of the affordability improvements for water customers. Most lower-value properties will save less than one per cent overall whereas higher-value properties will experience overall cost increases over two per cent.

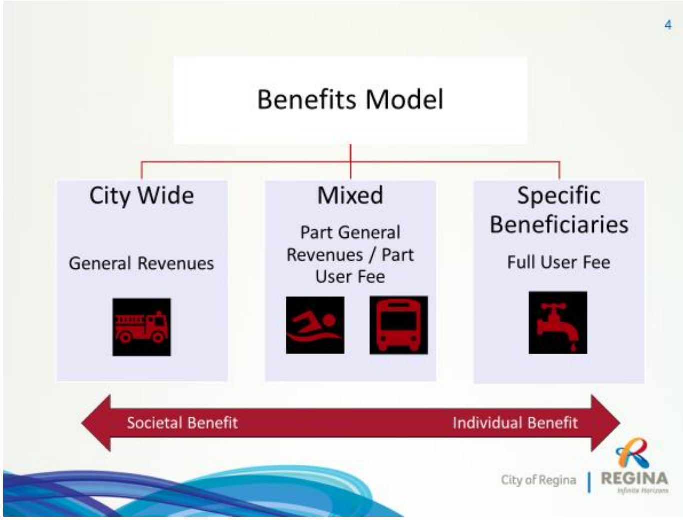
This paper explores the impacts of moving away from funding water services on a full cost-recovery, user-pay basis and instead funding water access with property taxes.

The paper is structured as follows:

Current State

The City of Regina charges utility customers fees for water, wastewater and drainage services on a full cost recovery basis, meaning the utility is self-funded through user fees. All revenue collected is used to fund the services provided and the water, wastewater and drainage systems that support service delivery. This reflects the benefits model set out in *Design Regina: Official Community Plan Bylaw No. 2013-48 (OCP)* (Figure 1). The model is based on the notion that services that benefit the entire community should be funded by general revenues, while services that benefit specific individuals should be funded by user fees. Services that provide benefits to both the entire community and specific individuals should be funded by a blend of general revenues and user fees.

Figure 1: Benefits Model



Water, wastewater, and storm drainage services ("water services") are considered to provide benefits to specific beneficiaries and so are funded through user fees. This is consistent with international best practices for water utilities which emphasize the need for full cost recovery financed through user fees to avoid wasteful water use and ensure utility systems are financially sustainable.[1] To fully fund the water infrastructure, all customers pay a daily fixed charge for water, wastewater and drainage, plus a charge for actual water consumption. The daily fixed charge for water and wastewater is dependent on the size of the meter installed on the property while the drainage charge is dependent on the type of property and size of the property for non-residential properties.

Transferring some costs to the tax base would depart from the full cost recovery model. Though full cost recovery approaches are considered best practice, there is precedent for partially funding water services through the tax base. There are jurisdictions in Canada, the United States, Europe, and elsewhere that do this on the basis that there are many benefits and costs – usually health, environmental or public safety related – that cannot be directly attributed to individual customers. The United States, for example, finances water environmental protection programs through the tax base. In Japan flood prevention and sewage infrastructure are subsidized on the basis that the public benefits exceed the individual benefits.[2] Based on this logic, this analysis examines the impacts of transferring the access fee to the tax base.

Impact of Access Fee Transfer

The access fee is an annual fee transferred from the utility fund to the general operating fund to pay for the right to use or access civic assets. It applies to any utility provider, public or private, operating in the City. The fee is equal to 7.5 per cent of the previous year's budgeted utility revenues from water services and a proportionate share of the Goods and Services Tax (GST) rebate. The 2021 access fee is budgeted at $11.1 million.

[1] OECD (2006, 2016), American Water Works Association (2017)
[2] OECD (2010)

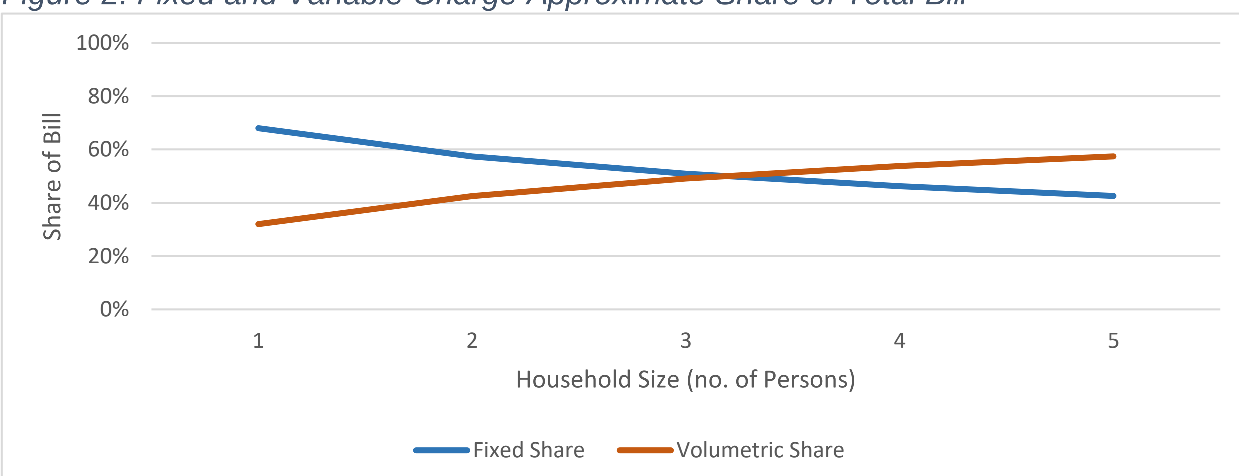
Paying a fee to access civic assets is common practice among municipalities. Table 1 shows the access fee charged by the City of Regina and four other prairie municipalities.

Table 1: Access Fee Policies in Prairie Cities

City	Policy
Regina	7.5% of previous year's budgeted water, wastewater and storm drainage revenues and a proportionate share of the GST rebate.
Saskatoon	10% of revenue
Moose Jaw	5% of revenue
Calgary	10% of revenue plus 10% return on equity
Winnipeg	10% of revenue with dividends paid

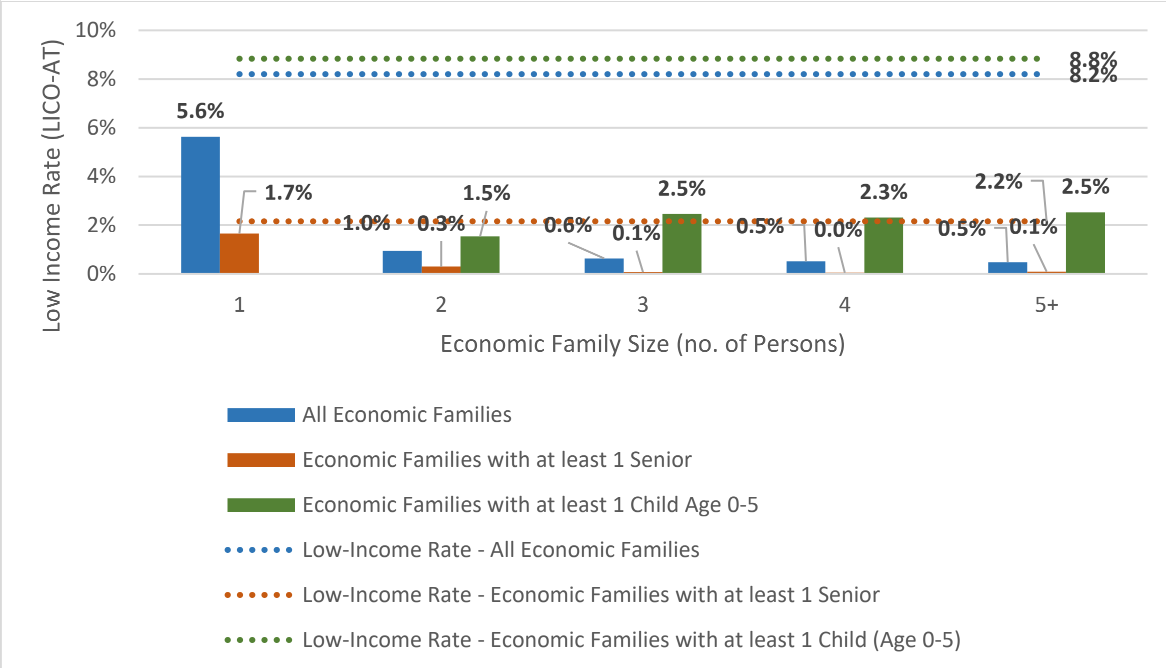
Shifting the access fee from the utility fund to the tax base would mean that water services would no longer be wholly funded by user fees, but rather by a blend of general taxes and user fees. The benefits model would interpret this decision as an acknowledgement that water services provide benefits to both the entire community and specific individuals. The result would increase property taxes and reduce the fixed charges for water services. Reducing the fixed charges would improve water affordability more than reducing consumption charges because the fixed charges comprise a larger portion of the water bill for smaller households which are more likely to experience water unaffordability (see Figure 2 and Figure 3).

Figure 2: Fixed and Variable Charge Approximate Share of Total Bill



Estimates based on Warren (2019), DeOreo and Mayer (2014)

Figure 3: Rate of Low Income within Category (All/with Senior/with Child age 0-5)



Source: Statistics Canada (2019)

Table 2 summarizes the change in water service rates and the corresponding changes in mill rates if the access fee is financed with property taxes. Assuming the changes were implemented in the 2022 budget[3], the water and wastewater fixed charges for a typical household would decrease by 24.4 per cent, respectively, while the mill rate would increase by 4.1 per cent. The change is concentrated in the fixed charges to maximize the affordability benefits.

Table 2: Impact of Moving Access Fee to Tax Base

	2022 Projected Rate	Rate with Access Fee Transferred	Change	% Change
Water Service Charges				
Water Base Charge (5/8" water meter)	$0.90/day	$0.68/day	-$0.22/day	-24.4%
Wastewater Base Charge (5/8" water meter)	$0.70/day	$0.53/day	-$0.17/day	-24.4%
Drainage Infrastructure Levy (0-1000 m2 property)	$0.60/day	$0.60/day	$0.00/day	0.0%
Water Volume Rate	$2.16/m3	$2.16/m3	$0.00/m3	0.0%
Wastewater Volume Rate	$1.92/m3	$1.92/m3	$0.00/m3	0.0%
Mill Rate	9.8010[4]	10.1987	0.3977	4.1%

[3] Access fees for 2022 are projected to be $11,422,900.

[4] The values for the Residential and Commercial mill rates are estimated for the year 2022 (9.8010) by applying a 3.7 per cent increase to the current mill rate (9.4513 for 2021) and multiplying by the residential and commercial mill rate factors (0.91034 and 1.2495, respectively). 3.7 per cent is the average mill rate increases across the 2018 to 2021 budgets.

Table 3 and

Table 4 present the changes for several sample properties based on actual data. As the fixed rates are reduced, the change is similar for most sample properties. Residential customers would save approximately $12.05 on their monthly water bill. Larger properties would save more because they have larger meters. Base charges are applied based on meter size and so properties with larger meters save more. The per cent change varies due to differences in total bill size and ranges from a decrease of 8.3 per cent to 0.7 per cent. The cost savings are offset by the increases in property taxes which range from $4.60 per month for smaller properties to $1,404.79 per month for large commercial properties.

Table 5 presents the net impacts of the access fee transfer on monthly payments. The net benefits amount to less than one per cent monthly savings for most properties, though higher-value properties are likely to experience net increases of over two per cent.

Table 3: Change to Water Bills with Access Fee Transfer

Sample Property	Average Water Consumption (m^3/month)	Average Wastewater Consumption (m^3/month)	2022 Projected Monthly Charges	2022 Monthly Charges Without Access Fee	$ Change	% Change
Grocery Store	398.96	390.98	$2355.99	$2322.27	-$33.72	-1.4%
Bottled Water Supplier	774.82	759.32	$3310.30	$3286.04	-$24.26	-0.7%
Restaurant	115.61	113.30	$536.17	$524.12	-$12.05	-2.2%
Average House	18.63	15.28	$145.81	$133.76	-$12.05	-8.3%
Large House	35.24	28.90	$207.91	$195.86	-$12.05	-5.8%
Non-Profit Organization	129.71	106.36	$561.12	$549.07	-$12.05	-2.1%
Townhouse Condo	31.20	25.58	$185.06	$173.00	-$12.06	-6.5%

Table 4:Change to Property Tax with Access Fee Transfer

Sample Property	2022 Projected Annual Tax	Annual Tax With Transfer	Annual Change	Monthly Change	% Change
Grocery Store	$415,439.04	$432,296.51	$16,857.47	$1,404.79	4.1%
Bottled Water Supplier	$24,634.76	$25,634.37	$999.62	$83.30	4.1%
Restaurant	$6,239.52	$6,492.70	$253.18	$21.10	4.1%
Average House	$3,219.15	$3,349.77	$130.62	$10.89	4.1%
Large House	$9,886.74	$10,287.92	$401.18	$33.43	4.1%
Non-Profit Organization	$3,493.88	$3,635.66	$141.77	$11.81	4.1%
Townhouse Condo	$1,360.64	$1,415.85	$55.21	$4.60	4.1%

Table 5: Net Impact of Access Fee Transfer

Sample Property	2022 Projected Monthly Tax and Utility Payments	2022 Monthly Tax and Utility Payments with Transfer	Net Change in Monthly Payments	% Change
Grocery Store	$36,975.91	$38,346.98	$1,371.07	3.7%
Bottled Water Supplier	$5,363.20	$5,338.94	-$24.26	-0.4%
Restaurant	$1,056.13	$1,083.16	$27.03	2.6%
Average House	$414.07	$412.91	-$1.16	-0.3%
Large House	$1,031.81	$1,053.19	$21.38	2.1%
Non-Profit Organization	$852.28	$852.04	-$0.24	0.0%
Townhouse Condo	$298.45	$290.99	-$7.46	-2.5%

These results indicate that transferring the access fee would not significantly improve water affordability and may reduce overall affordability for higher-value commercial properties. The results assume the property owner and the utility customer are the same person. Renters may benefit from reduced utility rates but these are likely to be mitigated as landlords attempt to recoup increased tax costs by increasing rent. Renters in multi-residential complexes are likely to experience a net loss of affordability as multi-residential properties are higher-value and so will experience a greater tax increase than water savings.

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Appendix C: United Nations Sustainable Development Goals

The 17 United Nations Sustainable Development Goals (SDGs) were adopted in 2015 as a "universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity."[1] Though there are several goals that relate to water utility affordability, the most relevant goal for the City is SDG 6: Ensure access to water and sanitation for all. SDG 6 focuses on the sustainable management of water resources, wastewater, and ecosystems toward the achievement of the eight targets described in Table 1.

Table 1: SDG 6 Targets

SDG 6: Ensure access to water and sanitation for all.	
1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all
2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
5	By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.
6	By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.
7	By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programs, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.
8	Support and strengthen the participation of local communities in improving water and sanitation management.

Most of these targets are focused on countries with underdeveloped water infrastructure or water policies, or countries such as Canada where some Indigenous communities face water crises. Others, such as the affordability and sustainability targets, remain relevant for developed countries but are more appropriately implemented by federal or provincial authorities. Integrated water management and water ecosystem protection, for example, fall under the mandate of Saskatchewan's Water Security Agency. Given that the City of Regina is the local water utility provider, it is best situated to address issues of access and affordability directly, though there may be some aspects that cannot be adequately addressed at the municipal level such as overall price levels or regulatory requirements. The SDG targets are not designed to provide specific detail for crafting affordability policies. Rather, these goals are a guide for high-level strategic policy planning such as the Official Community Plan, the *Water Master Plan*, and the *Wastewater Master Plan*.

[1] United Nations (2021)

Design Regina: The Official Community Plan Bylaw No. 2013-48 (OCP) was approved in 2013. The OCP sets out the City's long-term strategic direction on future growth and development. It provides a comprehensive policy framework to guide the physical, environmental, economic, social and cultural development of the community. The OCP contains several goals which are aligned with SGD 6. Goal 14.20C states, "the phasing and/or development of land shall not be permitted to proceed unless it can be demonstrated, to the satisfaction of the City, that core services (e.g., water, wastewater, storm water, transportation, parks and recreation infrastructure) can be provided and maintained in a fiscally sustainable and cost effective manner." A component of financial sustainability is providing "affordable and cost-effective services and amenities in accordance with available financial resources and capabilities," stated in Goal 1.3.2. The City is also committed to establishing "programs and a fee structure to ensure that City programs, services and facilities are affordable, accessible, and welcoming to all residents of Regina," (Goal 13.19) as part of its social development goals which are focused on promoting inclusion for individuals, families and neighbourhoods in disadvantaged positions. Taken together, the City is committed to developing only in ways which are affordable and to designing fee structures which account for different needs and challenges.

The *Water Master Plan (WMP)*, approved in 2018, and *Wastewater Master Plan (WWMP)*, approved in 2019, are more specific than the OCP. They affirm that clean and safe water is essential to the health and well-being of the community and commits the City to provide potable water to customers to ensure planning for a sustainable water and wastewater service and system. These commitments are described in the seven service categories which collectively reflect the regulatory, social, economic and environmental outcomes for water and wastewater service delivery. Table 2 summarizes how the goals in the WMP and WWMP align or contribute to the attainment of the SDG goals and targets:

Table 2: Alignment Between Water and Wastewater Master Plan Goals and SDG 6

SDG 6: Target 1 **By 2030, achieve universal and equitable access to safe and affordable drinking water for all.**	
WMP	• Goal 1: Provide water at adequate pressure and in sufficient quality and quantity to satisfy the requirements for domestic and commercial use and for fire protection. • Goal 2: Ensure water will be available with only minimal local disruptions for system maintenance and rare large-scale disruptions due to unforeseen circumstance. • Goal 3: Provide water that meets Provincial water quality standards and objectives. • Goal 6: Be responsive to service requests. • Goal 7: Minimize length of service disruption. • Goal 8: Be responsive to customer inquiries and needs. • Goal 9: Produce and collect on utility billings in an efficient, accurate and timely manner. • Goal 10: Accommodate growth and redevelopment within planning policy by providing water service. • Goal 11: Ensure water service is financially sustainable.

WWMP	• Goal 1: Collect and deliver residential, commercial and industrial wastewater with minimal public impact. • Goal 2: Collect and deliver wastewater for treatment in compliance with the operating permit. • Goal 3: Treat wastewater to a standard that meets the requirements of the operating permit. • Goal 4: Ensure that constituents (byproducts ex. biosolids/effluent water/biogas) that are removed from the wastewater are treated and disposed of in an appropriate manner. • Goal 8: Be responsive to service requests. • Goal 9: Minimize length of service disruption. • Goal 10: Be responsive to customer inquiries and needs. • Goal 11: Produce and collect on utility billings in an efficient, accurate and timely manner. • Goal 12: Accommodate growth and redevelopment within planning policy by providing wastewater service. • Goal 13: Ensure wastewater service is financially sustainable.
SDG 6: Target 3 **By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.**	
WWMP	• Goal 5: Minimize the discharge of industrial pollution and hazardous waste to the sewer system.
SDG 6: Target 4 & 5 **By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.** **By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.**	
WMP	• Goal 4: Enhance water efficiency. • Goal 5: Support environmental conservation and sustainable water management.
WWMP	• Goal 6: Enhance wastewater efficiency. • Goal 7: Support environmental conservation and sustainable wastewater management.

Sources

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Appendix D: Utility Affordability Programs Jurisdictional Scan

Table 1: Municipal Water Utility Providers presents the result of a jurisdictional scan of 19 municipalities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Of these, 12 had a utility affordability program in place. Table 2: Corporate Utility Providers presents the result of a jurisdictional scan of 28 corporate utility providers in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador. Of these, 13 had a utility affordability program in place.

Table 1: Municipal Water Utility Providers

Program Type	No. of Utility Providers Implementing a Program	Name of Water Utility Provider	Description of Program
Early Payment Discount	2	City of Richmond, BC	10% discount for any resident who pays their bill early.
		City of Nanaimo, BC	5% discount for any resident who pays their bill early.
One-time Assistance	4	City of Winnipeg, MB	One-time financial assistance to low-income customers struggling to pay their water bill.
		City of London, ON	Customer Assistance Fund to help low-income customers in crisis situations or experiencing plumbing failure pay their bills.
		Halifax Regional Municipality, NS	Assistance fund to help any customer in emergency situations pay their bills.
		City of Medicine Hat, AB	Assistance for customers at risk of disconnection and customers who are experiencing financial difficulty.
High-efficiency Retrofits	1	City of London, ON	Customer Assistance Fund to help low-income residents upgrade to high-efficiency fixtures.
Payment Plan	2	City of Hamilton, ON	Special payment options for low-income customers including extended payment, interest-free payments, or long-term repayments.
		City of Fredericton, NB	Flexible payment arrangements for all customers.
Payment Deferral	1	City of Ottawa, ON	Deferral program for low-income seniors and low-income people with disabilities.
Rebate/Discount	3	Halton Region, ON	Rebates for high-efficiency toilets and to prevent basement flooding.
		City of Nanaimo, BC	50% discount for low-income seniors who own their properties.
		City of Toronto, ON	Rebate for low-income seniors and low-income people with disabilities applied at time of billing.

Table 2: Corporate Utility Providers

Program Type	No. of Utility Providers Implementing a Program	Name of Utility Provider	Description of Program
High-efficiency Retrofits	3	SaskPower	Energy efficiency program for low-income customers.
		Enbridge Gas (ON)	Conservation programs for low-income customers.
		FortisBC Electric (BC)	Energy efficiency assistance for low-income customers.
One-time Assistance	2	Enbridge Gas (ON)	One-time emergency assistance grants.
		Manitoba Hydro	Emergency grants funded through donations.
Payment Plan	11	Burst Energy (AB)	Payment plans
		Saskatoon Light and Power	Payment plans
		SaskEnergy	Payment plans
		FortisBC Electric (BC)	Payment plans
		UtilityNet (AB)	Partner organizations offer budget-billing and payment plans.
		Access Gas Services	Payment plans
		Get Energy (AB)	Payment plans
		Enbridge Gas (ON)	Payment plans
		Alberta Cooperative Energy	Payment plans
		EPCOR	Payment plans
		Manitoba Hydro	Payment plans
Rebate/Discount	2	EMCO	Rebates for low-income customers funded by community donations, sponsorships, and public loans.
		Sponsor Energy (AB)	Discounts for low-income customers funded through profits.
Fee Waivers	1	Get Energy (AB)	Deposit fee waivers.

Appendix E

City of Regina Water Utility and Property Tax Affordability Survey Report, July 2021

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City of Regina | 2021 Water Utility and Property Tax Affordability Survey Report

Executive Summary

Water Utility and Property Tax Affordability Public Engagement Survey

The City of Regina is exploring potential options to improve affordability for low-income taxpayers and water utility customers. As part of the public engagement process, the City posted a public opinion survey on its Be Heard Regina online platform (beheard.regina.ca) to gather feedback from Regina residents to better understand the costs and impacts of potential options.

The online questionnaire was live from May 28th to June 30th, 2021. A total of 2,924 Regina residents completed the survey. Fast Consulting was asked to analyze the results and present them in the following report.

Highlights

The online questionnaire posted to the beheard.regina.ca website is a public engagement tool designed to provide Regina residents with an opportunity to share opinions with the City; it is not a statistically valid survey conducted with a random selection of respondents. Because respondents self-select to contribute their opinions, results technically constitute a non-probability sample and a margin of sampling error is not calculated or quoted.

Respondent Snapshot

- The large majority (92%) of survey respondents pay residential property taxes, while 3% pay also commercial property taxes. Specific analysis on the subset of those who pay commercial property taxes is included in the report; the sample size of this cohort is 102.
- The large majority (91%) of survey respondents have a water utility account under their name. A small percentage (5%) have more than one water utility account under their name. Specific analysis on the subset of those respondents without a water account in their name is included in the report; the sample size of this cohort is 211.
- Two out of ten (21%) respondents live in households with a total annual income of $40,000 or less. Another 27% live in households with $40,000 - $80,000 annual income, 22% in households with $80,000 - $150,000 annual income and 11% in households with $150,000 or more annual income.

Water Utility Affordability Programs

- When asked how water utility affordability programs should be targeted, six out of ten (61%) respondents say any low-income household should be eligible vs. 28% who say programs should be tailored to specific demographic groups.
- Of the 28% who say water utility affordability programs should be tailored to specific demographic groups, the large majority think programs should target low-income households with seniors (79%). The majority (63%) think programs should target low-income households that include those living with a disability and 42% think programs should target low-income households with children under the age of 18.

6 out of 10 Rank 'Monthly Water Utility Rebates' Highest

- When asked to rank options the City should consider in designing a water utility affordability program, top two box scores (1 and 2 combined on a 4-point scale) reveal that most respondents (63%) rank 'monthly water utility rebates, applied for annually' as the highest priority.

- Close to half (46%) rank 'one-time assistance for emergency expenses, such as plumbing emergencies' the highest priority. This is followed by a third (34%) who rank 'one-time assistance for short-term financial hardship' the highest priority, and a quarter (25%) who rank 'one-time assistance for home efficiency retrofits' the highest priority.

4 out of 10 Prefer Affordability Programs Funded by General Revenue

- The largest percentage (41%) of respondents prefer that affordability programs be funded through general revenue (property tax). Another 20% prefer they be funded through increases to water utility rates.
- More than a third (36%) do not support affordability programs for low-income water utility customers.

6 out of 10 Prefer Water Utility Rates Based on Water Use

- Six out of ten (60%) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.
- Four out of ten (37%) think the City should continue charging water utility rates based on the total cost of providing the water service. This is the preferred option among commercial property taxpayer respondents at 59%.

Property Tax Affordability Programs

- When asked how property tax affordability programs should be targeted, six out of ten (57%) respondents say any low-income household should be eligible, while three out of ten (31%) say programs should be tailored to specific demographic groups.
- When asked which demographic groups property tax affordability programs should target, 26% identify low-income households with seniors, 21% low-income households that include those living with a disability and 12% low-income households with children under 18.

6 out of 10 Agree with Annual Rebate Option

- Six out of ten (57%) respondents think eligible property owners should be able to apply for an annual rebate for a portion of their property tax. Approximately 18% think eligible property owners should have the option to defer a portion of their property tax with a repayable loan from the City and 15% that eligible property owners should be able to apply for a one-time property tax grant.
- Commercial taxpayer respondents are less likely to agree with an annual rebate and more likely to agree with a deferral.

Support for Affordability Programs

- Seven out of ten (70%) respondents support low-income water utility and taxpayer affordability programs. Three out of ten (29%) do not support affordability programs.
- Support is highest among lower income households and those without a water utility account in their name. Those with household incomes >$40,000 also support affordability programs, although support softens as income increases. Commercial property taxpayer respondents are the least supportive (54%).

Who should pay more?

- The large majority (82%) of respondents agree that non-residential properties should pay more property tax than residential properties. Commercial property taxpayer respondents are much less likely to agree, at 33%.

4 out of 10 Support 1% Increase Option

- Respondents are informed that 36 per cent of municipal property tax in the City of Regina will be paid by just over 5,000 non-residential properties in 2021. After being presented with three options for increasing the non-residential share, they are asked which they would support.
    - Four out of ten (36%) respondents would not support any increase over 36 per cent (none, 0 per cent increase). The large majority (74%) of commercial taxpayer respondents would not support any increase over 36 per cent (none, 0 per cent increase).
    - Three out of ten (29%) respondents would support a 1 per cent increase over 36 per cent for non-residential properties, which would equal $34 average residential savings and $3,100 mid-size retail increase
    - Another 18% would support a 2 per cent increase over 36 per cent, for $68 residential savings and $6,200 mid-size retail increase. While 15% would support a 5 per cent increase over 36 per cent, for $169 residential savings and $15,493 mid-size retail increase.

City of Regina | 2021 Utility and Property Tax Affordability Survey Report

Survey Results

Respondent Snapshot

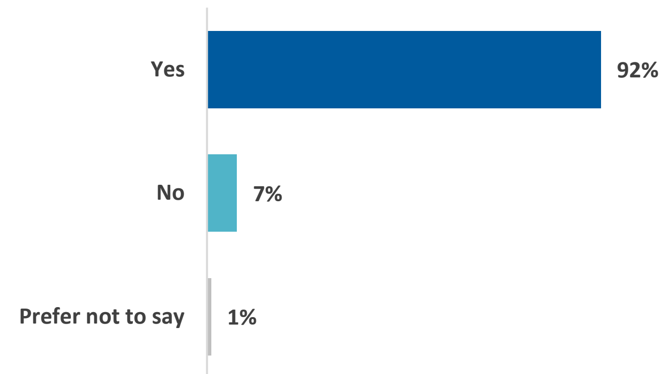
Property Taxpayers

Q1. Do you currently pay residential property taxes?

- Nine out of ten (92%) survey respondents pay residential property taxes.
- **The incidence of being a residential taxpayer increases with household income. Nine out of ten commercial property taxpayers are also residential property taxpayers.**

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	79%	86%	92%	95%	98%	92%

9 out of 10 Pay Residential Property Taxes

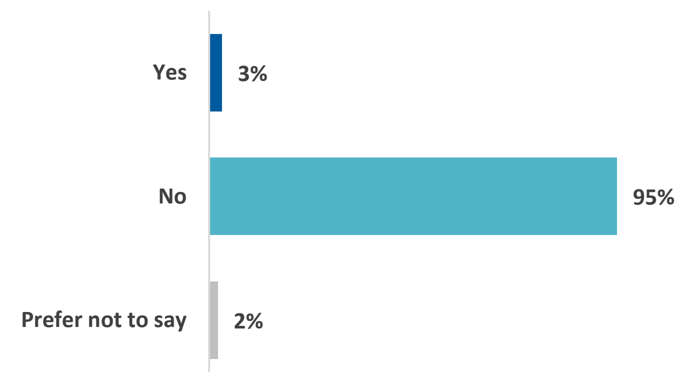


Q2. Do you currently pay commercial property taxes?

- A small percentage (3%) of respondents pay commercial property taxes; the large majority (95%) do not.
- **One out of ten respondents with a household income of $150,000 or more currently pay commercial property taxes.**

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	3%	1%	2%	3%	11%	3%

Few Respondents Pay Commercial Property Taxes



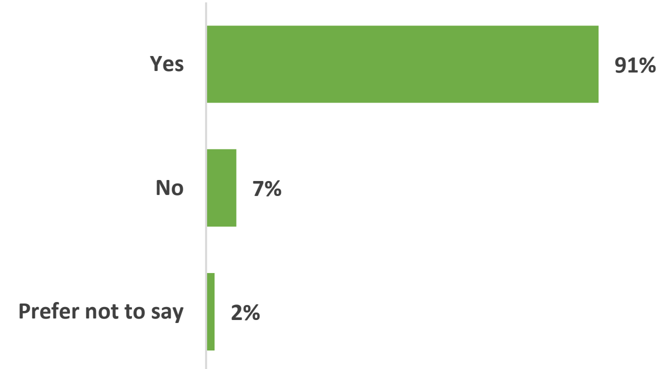
Water Utility Account Holders

Q3. Do you have a water utility account under your name?

- Nine out of ten (91%) respondents have a water utility account under their name.

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	92%	90%	91%	91%	94%	91%

9 out of 10 Have Water Utility Account Under their Name

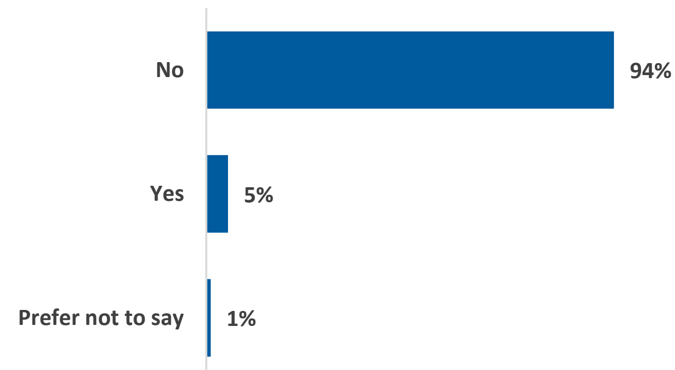


Q4. Do you have more than one water utility account under your name?

- A small percentage (5%) of respondents have more than one water utility account under their name; the large majority (94%) do not.

	Household Income					Overall
	<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	4%	2%	4%	6%	9%	5%

Few Have More than One Water Utility Account

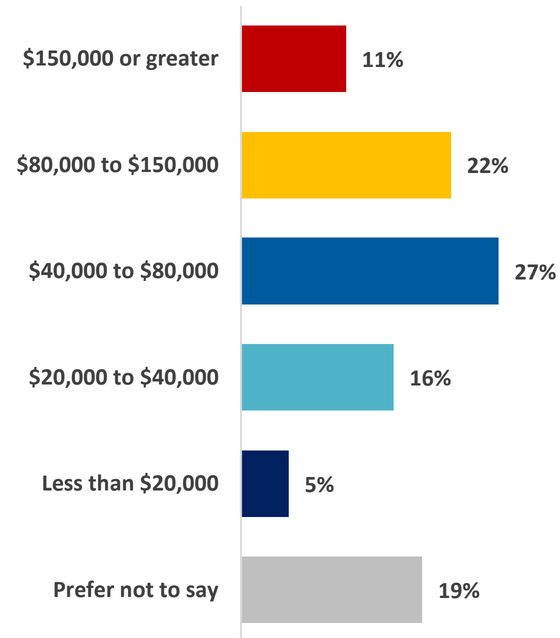


Household Income Levels

Q6. What is the approximate total annual income from all persons in your households?

- Two out of ten (21%) respondents live in households with a total annual income of $40,000 or less.
- Three out of ten (27%) live in households with a total annual income of $40,000 to $80,000.
- Two out of ten (22%) live in households with a total annual income of $80,000 to $150,000.
- One in ten (11%) live in households with a total annual income of $150,000 or more.
- The remaining two out of ten (19%) prefer not to say.

2 out of 10 Live in Low-income Households



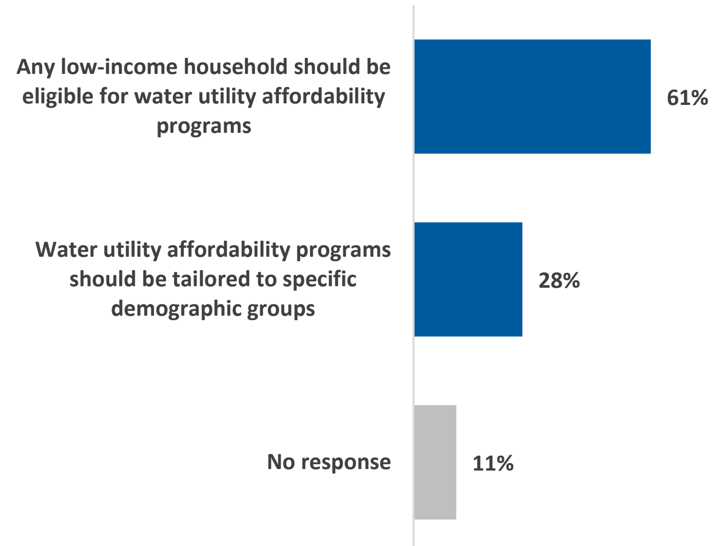
Water Utility Affordability Programs

Target low-income households or specific demographic groups?

Q7. Water utility affordability programs can be designed based on household income or can be targeted to specific demographic groups, like low-income households with children under the age of 18, seniors or people with a disability. Please select the statement you most agree with.

- When asked how water utility affordability programs should be targeted, six out of ten (61%) respondents say any low-income household should be eligible, while 28% say programs should be tailored to specific demographic groups.

6 out of 10 Say Any Low-income Household Should be Eligible



- **Lower income respondents (< $40,000) are much more likely than those with household incomes >$40,000 to think any low-income household should be eligible for affordability programs.**

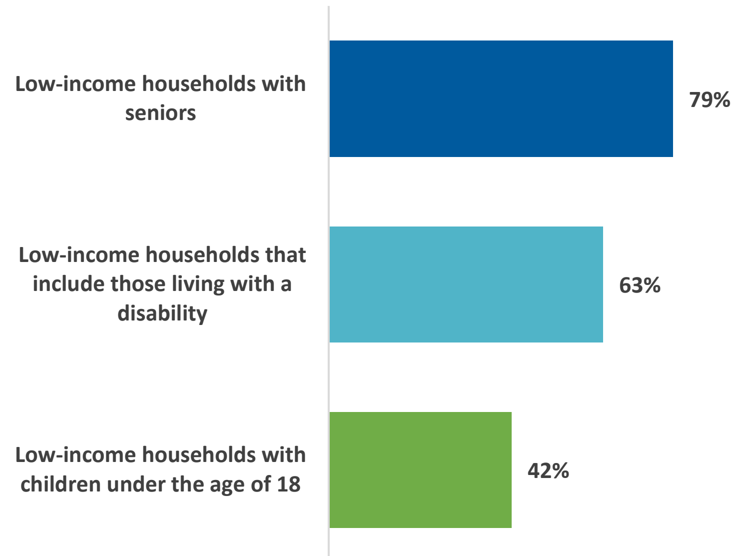
Perception of Water Utility Affordability Program Target	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Any low-income household should be eligible	72%	82%	80%	65%	56%	54%	61%
Programs should be tailored to specific demographic groups	25%	14%	16%	26%	34%	39%	28%

Which demographic groups?

Q8. Which demographic groups do you think water utility affordability programs should target?

- Of the 28% who say water utility affordability programs should be tailored to specific demographic groups, the large majority think programs should target low-income households with seniors (79%).
- The majority (63%) also think programs should target low-income households that include those living with a disability.
- Approximately 42% think programs should target low-income households with children under the age of 18.

Who Should Water Affordability Programs Target?



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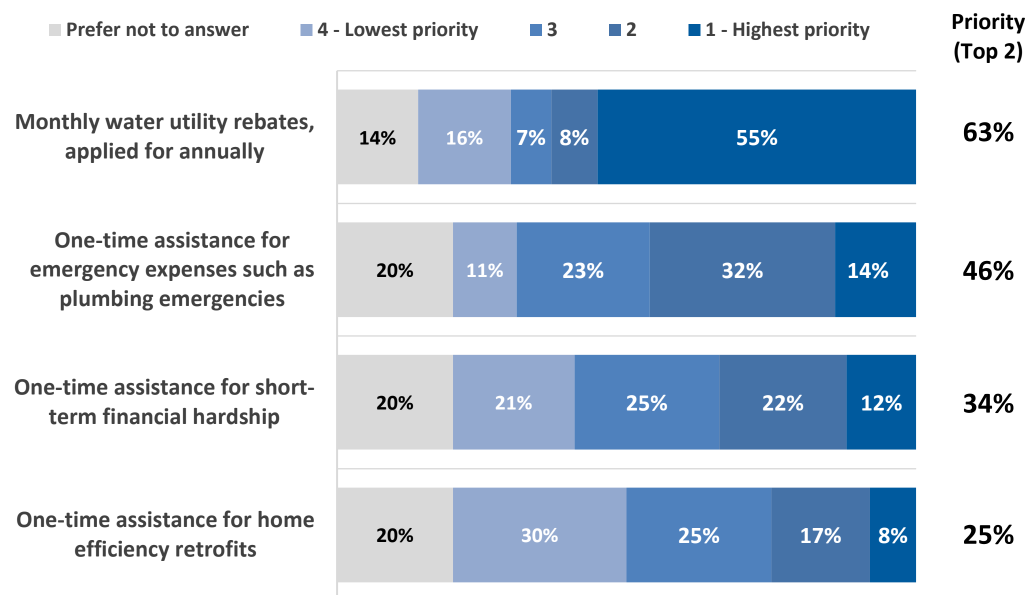
Water Affordability Program Options

Q9. Please rank the following options the City should consider in designing any water utility affordability program, with 1 being your highest priority.

- According to top two box scores (1 and 2 on 4-point scale), most respondents (63%) rank 'monthly water utility rebates, applied for annually' the highest priority.
- Close to half (46%) rank 'one-time assistance for emergency expenses, such as plumbing emergencies' highest.
- A third (34%) rank 'one-time assistance for short-term financial hardship' highest, and a quarter (25%) rank 'one-time assistance for home efficiency retrofits' highest.



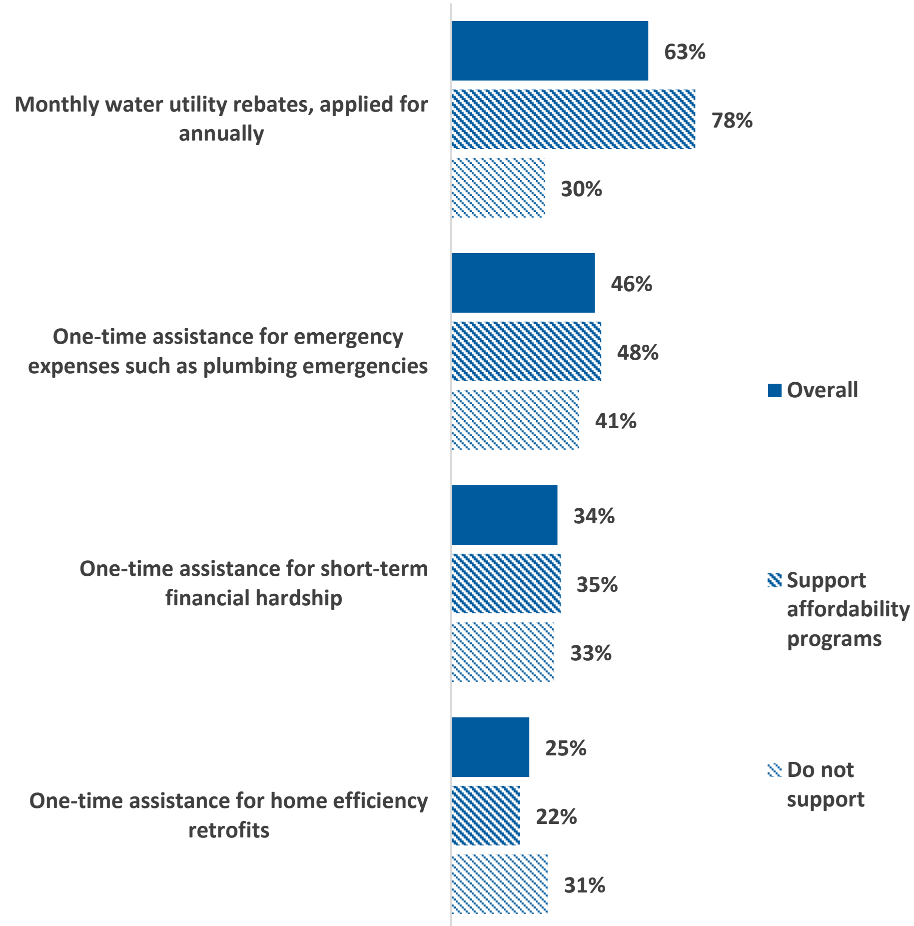
- **'Monthly water utility rebates, applied for annually' is the highest priority across all subgroups—although respondents in lower income households (<$40,000) are much more likely to rank it the highest. Those with household incomes >$40,000 are more likely to rank 'one-time assistance for emergency expenses' a high priority; likewise over half of those without a water utility account in their name. Household incomes >$40,000 are also more likely to rank 'one-time assistance for home efficiency retrofits' a high priority.**

Highest Priority Affordability Program Options: Top 2 Box Scores (1 & 2 combined on 4-point scale)	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Monthly water utility rebates, applied for annually	67%	81%	78%	69%	59%	59%	63%
One-time assistance for emergency expenses	57%	40%	42%	48%	52%	49%	46%
One-time assistance for short-term financial hardship	34%	26%	31%	33%	36%	43%	34%
One-time assistance for home efficiency retrofits	21%	15%	19%	25%	30%	29%	25%

Preferred Options Based on Support/Non-Support of Affordability Programs

- Those who support affordability programs and those who do not support such programs differ on which water utility affordability program option they rank the highest priority.
- Among the 70% who support affordability programs, the highest priority options are:
    - **monthly** water utility rebates (78%)
    - one-time assistance for **emergency expenses** (48%)
    - one-time assistance for **short-term financial hardship** (35%)
    - one-time assistance for **home efficiency retrofits** (22%).
- Among the 29% who do not support affordability programs, the highest priority options are:
    - one-time assistance for **emergency expenses** (41%)
    - one-time assistance for **short-term financial hardship** (33%)
    - one-time assistance for **home efficiency retrofits** (31%)
    - **monthly** water utility rebates (30%).

Top 2 Box Scores (1 and 2 on 4-point scale, where 1 = highest priority)



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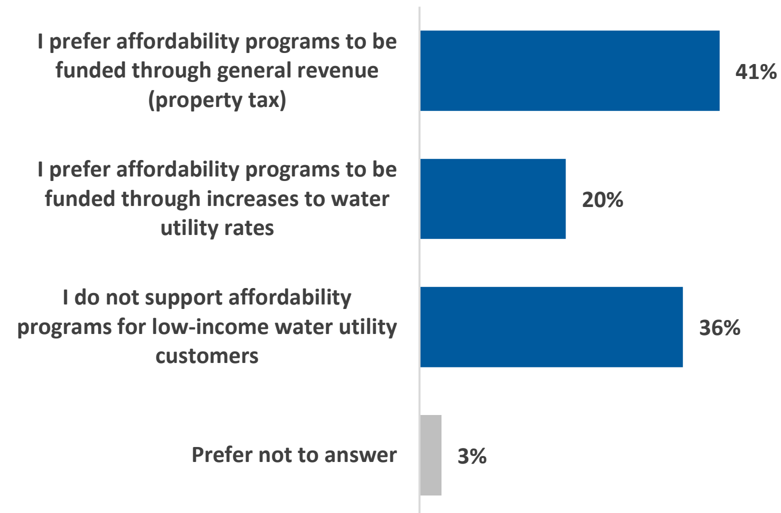
Program Funding Options

Q10. Some municipalities fund these affordability programs directly through a dedicated surcharge or base rate applied to all water utility accounts. Other municipalities fund these programs through general revenue – that is, revenue raised through increases to property tax. Please select the statement you most agree with.

- The largest percentage (41%) of respondents prefer that affordability programs be funded through general revenue (property tax).
- Another 20% prefer that affordability programs be funded through increases to water utility rates.
- More than a third (36%) do not support affordability programs for low-income water utility customers.

4 out of 10 Prefer Affordability Programs Funded by General Revenue



- **Generally, respondents in lower income households (<$40,000) and respondents without a water utility account in their name prefer that affordability programs be funded through general revenue (property tax). There is less support for affordability programs among those with household incomes >$40,000.**

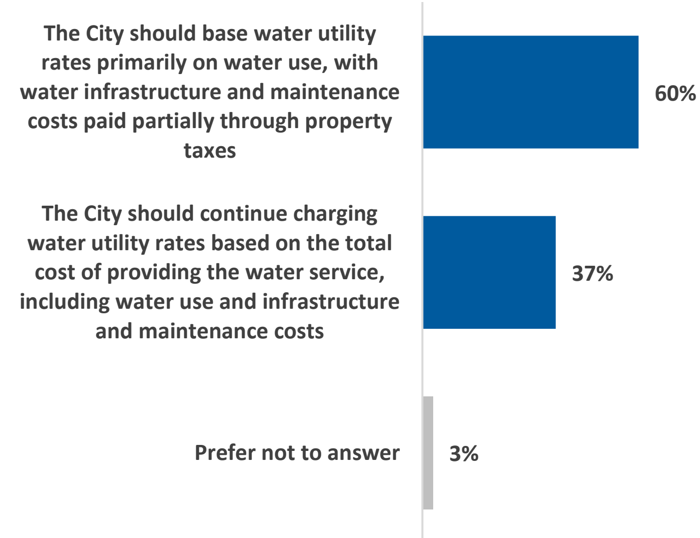
Preference re: Program Funding Options	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
I prefer affordability programs to be funded through general revenue (property tax)	45%	56%	59%	44%	36%	35%	41%
I prefer affordability programs to be funded through increases to water utility rates	26%	32%	23%	21%	19%	24%	20%
I do not support affordability programs for low-income water utility customers	25%	10%	15%	32%	44%	39%	36%

Water Utility Rates

Q11. Some municipalities, like the City of Regina, take the approach that the utility customer should pay for the entire cost of providing water, including the capital, maintenance and repair costs of infrastructure, as well as the amount of water used. Other municipalities take the approach that the utility customer should pay based primarily on water used and that general revenue (property taxes) should partially cover the capital, maintenance and repair costs of the infrastructure. Please select the statement you most agree with.

- Six out of ten (60%) respondents think the City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes.
- Four out of ten (37%) think the City should continue charging water utility rates based on the total cost of providing the water service.

6 out of 10 Prefer Water Utility Rates Based on Water Use



- **Most commercial taxpayer respondents think the City should continue charging water utility rates based on the total cost of providing the water service. Most other respondents, including those who do not pay commercial or residential taxes and those without a water utility account in their name, prefer water utility rates based primarily on water use. This preference softens as income levels increase.**

Preferred Approach to Water Utility Rates	Do NOT Have Water Utility Account	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
The City should base water utility rates primarily on water use, with water infrastructure and maintenance costs paid partially through property taxes	65%	72%	67%	66%	57%	50%	60%
The City should continue charging water utility rates based on the total cost of providing the water service, including water use and infrastructure and maintenance costs	32%	25%	30%	32%	41%	48%	37%

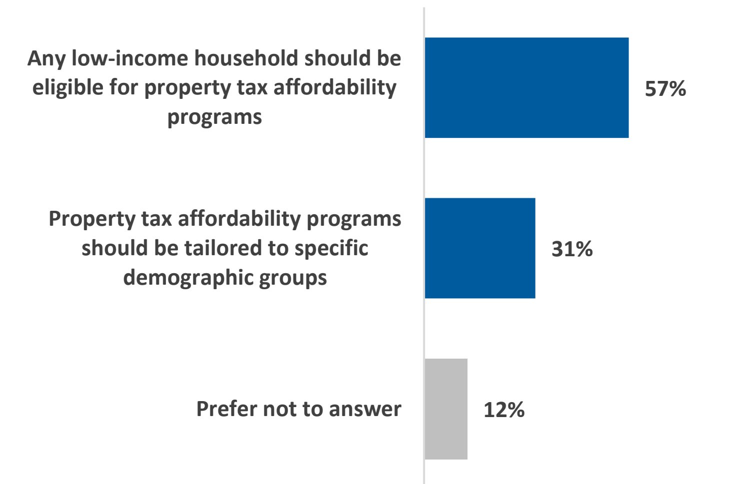
Property Tax Affordability Programs

Target low-income households or specific demographic groups?

Q12. The City of Regina provides more than 60 lines of business that residents use every day to live, move, connect and grow in our community; 65 per cent of the City's annual budget is made up of property tax revenue. In addition to potential affordability programs for low-income water utility customers, the City of Regina is also exploring program options to reduce property taxes for low-income property owners. Please select the statement you most agree with.

- When asked how property tax affordability programs should be targeted, six out of ten (57%) respondents say any low-income household should be eligible, while three out of ten (31%) say programs should be tailored to specific demographic groups.

6 out of 10 Say Any Low-income Household Should Be Eligible



- **The majority of respondents across all household income levels (but especially <$40,000) think any low-income household should be eligible for a property tax affordability program; again, this trend softens as income levels increase. Commercial taxpayer respondents are somewhat divided: five out of ten think property tax affordability programs should be tailored to specific demographic groups vs. four out of ten open to any low-income household.**

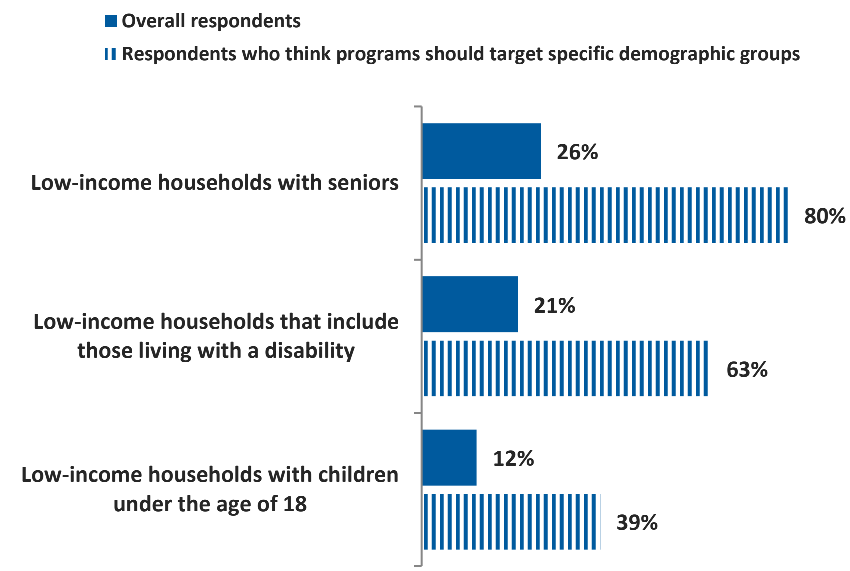
Perception of Property Tax Affordability Program Target	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Any low-income household should be eligible for property tax affordability programs	40%	82%	80%	60%	51%	47%	57%
Property tax affordability programs should be tailored to specific demographic groups	46%	14%	17%	31%	38%	43%	31%

Which demographic groups?

Q13. Which demographic groups do you think property tax affordability programs should be available to?

- Overall, respondents are somewhat divided when asked which demographic groups property tax affordability programs should target.
- The largest percentage (26%) think property tax affordability programs should target low-income households with seniors, 21% low-income households that include those living with a disability and 12% low-income households with children under the age of 18.
- However, among the 31% who say affordability programs should be tailored to specific demographic groups—80% think programs should target low-income households with seniors, 63% low-income households that include those living with a disability and 39% low-income households with children under the age of 18.

Perceptions of Demographic Groups Tax Affordability Programs Should Target



**Multiple response allowed.*

- **Respondents across subgroups generally align in terms of perception of which demographic groups property tax affordability programs should target, with the largest percentage identifying seniors, then those living with disabilities, then under 18s. Across most subgroups, nearly twice as many think property tax affordability programs should target low-income households with seniors than low-income households with children under 18.**

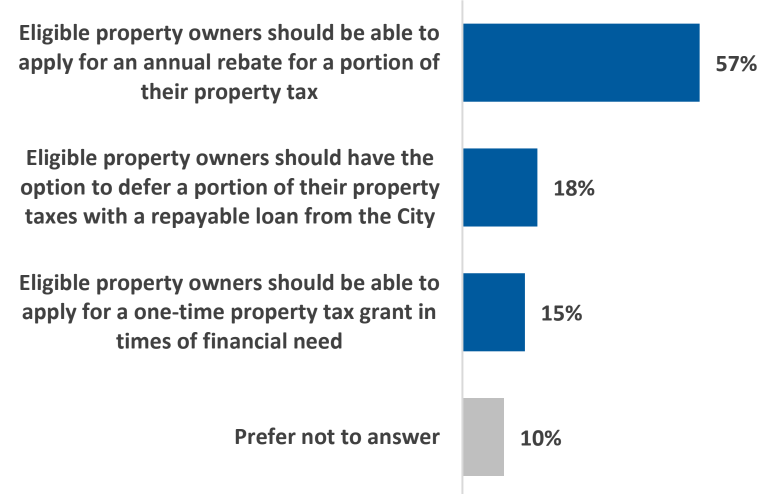
Perception of Which Demographic Group to Target	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Low-income households with seniors	35%	12%	16%	27%	32%	32%	26%
Low-income households that include those living with a disability	28%	10%	13%	20%	28%	25%	21%
Low-income households with children under the age of 18	18%	6%	7%	13%	16%	17%	12%

Tax Affordability Program Options

Q14. Property tax affordability programs come in different forms. Some programs allow property owners to defer or delay payments. Some programs use rebates or grants to reduce the amount of property taxes. The cost of these programs is covered by the remaining property tax base. Please select the statement that you most agree with.

- More than half (57%) of respondents think eligible property owners should be able to apply for an annual rebate for a portion of their property tax.
- Approximately 18% think eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City, while 15% think eligible property owners should be able to apply for a one-time property tax grant in times of financial need.

6 out of 10 Agree With Annual Tax Rebate



**Multiple response allowed.*

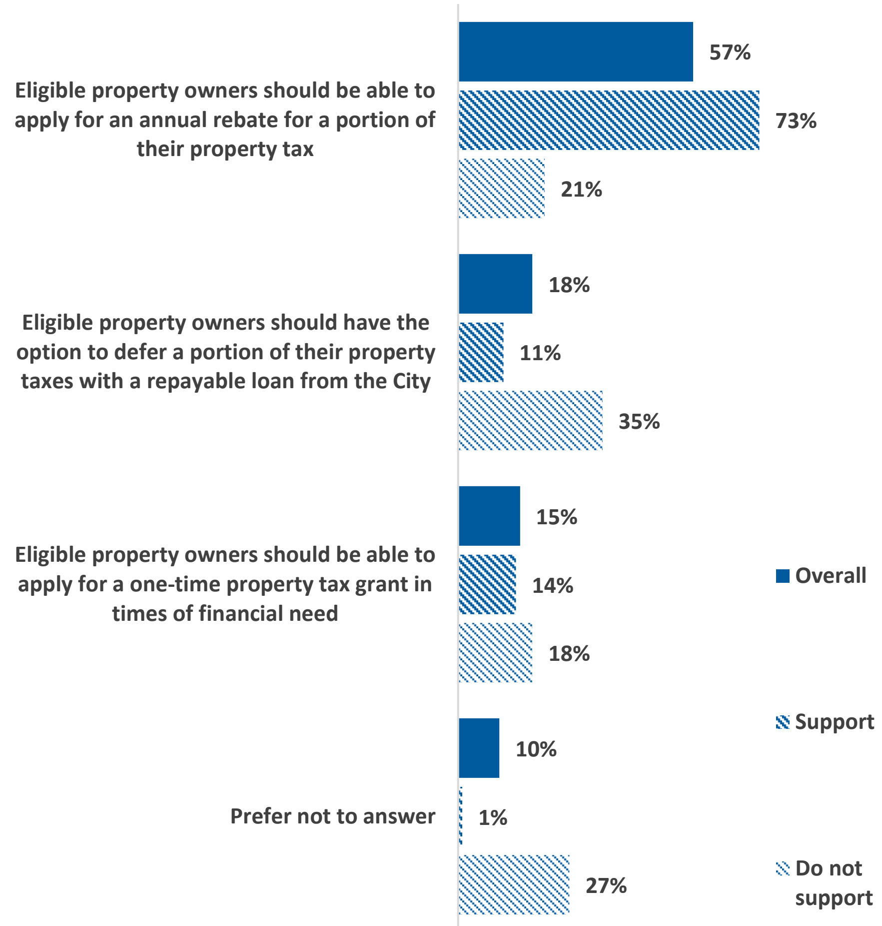
- **The large majority of respondents from lower income households (<$40,000) think eligible property owners should be able to apply for an annual rebate for a portion of their property tax; most of those with household incomes of $40,000-$80,000 agree. Commercial property taxpayers and those with household incomes >$80,000 are less likely to agree, but more likely to think eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City.**

Perception of Eligibility for Property Tax Rebates and Grants	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Eligible property owners should be able to apply for an annual rebate for a portion of their property tax	44%	89%	81%	62%	46%	45%	57%
Eligible property owners should have the option to defer a portion of their property taxes with a repayable loan from the City	28%	3%	5%	15%	26%	30%	18%
Eligible property owners should be able to apply for a one-time property tax grant in times of financial need	13%	5%	10%	16%	19%	16%	15%

Preferred Options Based on Support/Non-Support of Affordability Programs

- Those who support affordability programs and those who do not differ on which option they most agree with.
- Among the 70% who support affordability programs:
  - 73% think eligible property owners should be able to apply for an **annual rebate** for a portion of their property tax
  - 14% think eligible property owners should be able to apply for a **one-time property tax grant** in times of financial need
  - 11% think eligible property owners should have the option to **defer a portion of their property taxes** with a repayable loan from the City
- Among the 29% who do not support property tax affordability programs:
  - 35% think eligible property owners should have the option to **defer a portion of their property taxes** with a repayable loan from the City
  - 21% think eligible property owners should be able to apply for an **annual rebate** for a portion of their property tax
  - 18% think eligible property owners should be able to apply for a **one-time property tax grant** in times of financial need
  - 27% prefer not to answer this question

Opinion Differs Based on Support/Non-Support of Affordability Programs



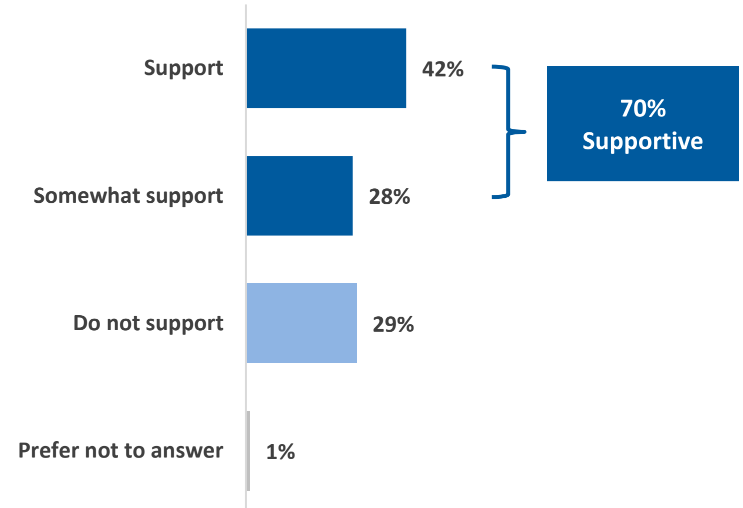
**Multiple response allowed; charts may not total 100% due to rounding*

Support for Affordability Programs

Q15. Now that you know more about low-income water utility and taxpayer affordability program options, please indicate your level of support for affordability programs?

- Seven out of ten (70%) respondents are supportive of affordability programs, including 42% supportive and 28% somewhat supportive.
- Three out of ten (29%) do not support low-income water utility and taxpayer affordability programs.

7 out of 10 Support Affordability Programs



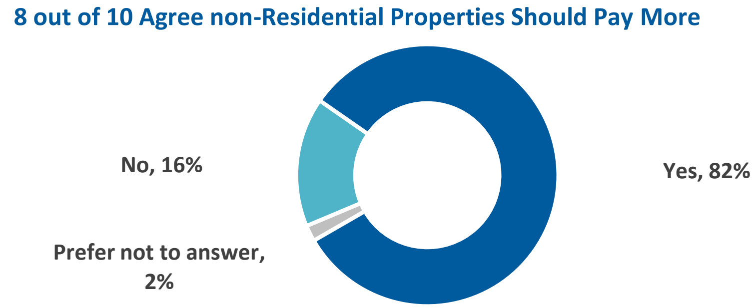
- **The large majority of respondents from lower income households (<$40,000) and those without a water utility account in their name support low-income water utility and taxpayer affordability programs. Most of those with household incomes >$40,000 also support affordability programs, although support softens as income increases. At just over half, respondents who pay commercial property taxes are the least supportive.**

Support for Low-Income Water Utility & Property Tax Affordability Programs	Pay Commercial Property Taxes	Do NOT Have Water Utility Account	Annual Household Income					Overall
			<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Support/Somewhat support	54%	80%	93%	92%	74%	62%	65%	70%
Do not support	45%	19%	5%	7%	26%	38%	34%	29%

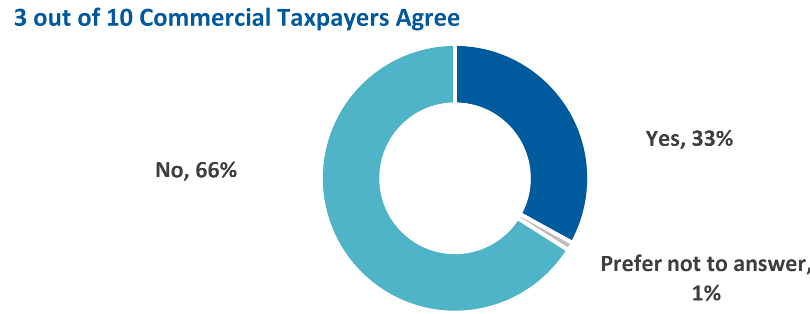
Who should pay more?

Q16. Do you agree non-residential properties should pay more property tax than residential properties?

- The large majority (82%) of respondents agree that non-residential properties should pay more property tax than residential properties.



- **Respondents who pay commercial property taxes are much less likely to agree that non-residential properties should pay more property tax than residential properties: 33% agree while 66% disagree.**



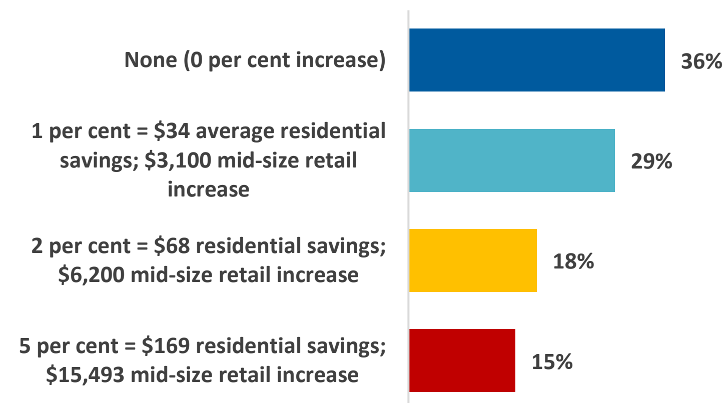
Support for Low-Income Water Utility & Property Tax Affordability Programs	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
Yes	33%	79%	85%	86%	83%	78%	82%

Share of Taxes

Q17. In 2021, 36 per cent of municipal property tax in the City of Regina will be paid by just over 5,000 non-residential properties. The remaining 64 per cent will be paid by 83,000 residential properties. This means that increasing the non-residential share by 1 per cent would result in an annual savings of $32 for the average residential homeowner and an annual tax increase of $3,100 for a mid-sized retail store. Given this, what increase over 36 per cent would you support for non-residential properties?

- Four out of ten (36%) respondents would not support any increase over 36 per cent for non-residential properties (none, 0 per cent increase).
- Three out of ten (29%) would support a 1 per cent increase over 36 per cent, which would equal $34 average residential savings and $3,100 mid-size retail increase
- Another 18% would support a 2 per cent increase over 36 per cent, for $68 residential savings and $6,200 mid-size retail increase, while 15% would support a 5 per cent increase over 36 per cent, for $169 residential savings and $15,493 mid-size retail increase.

4 out of 10 Do Not Support Any Increase Over 36%



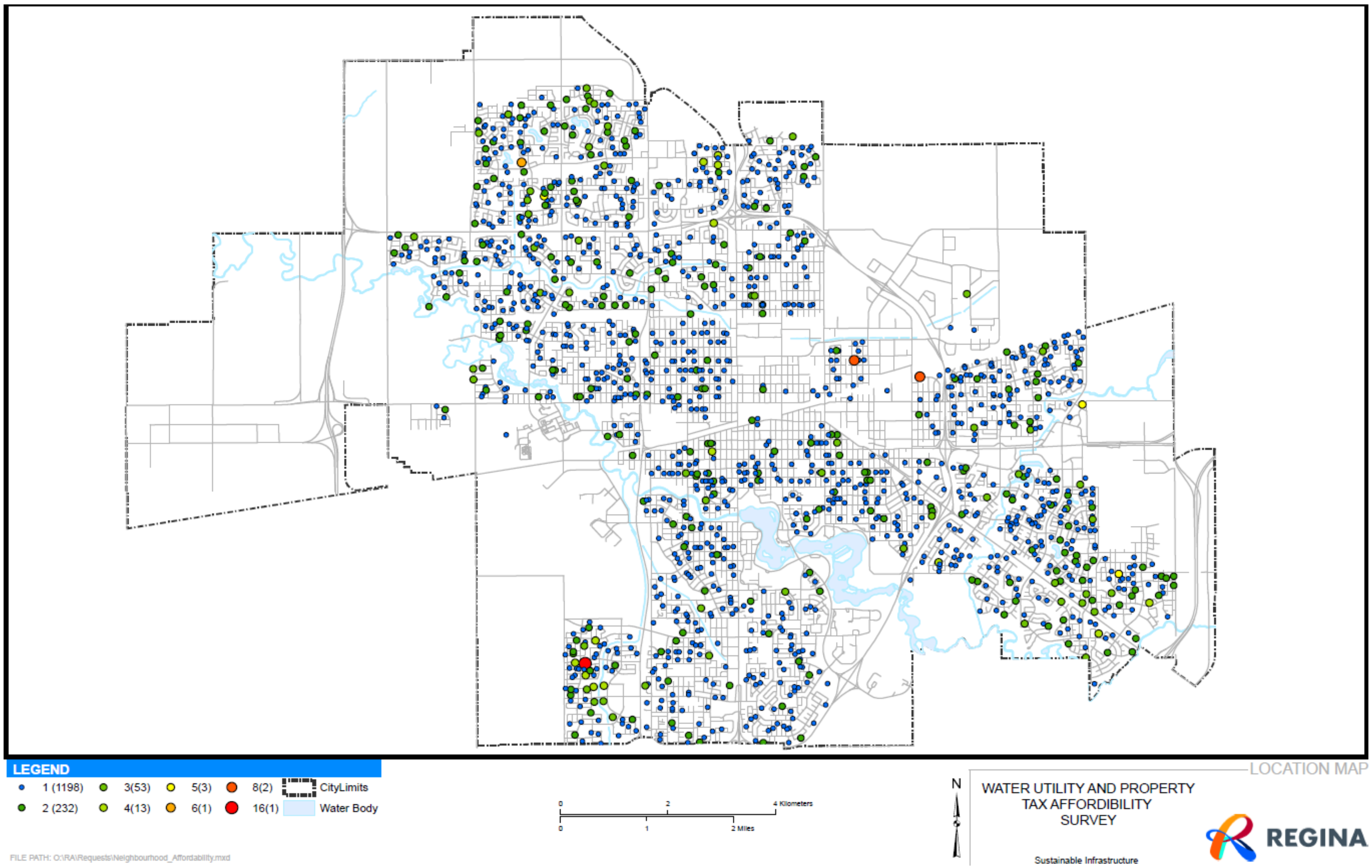
- **The large majority of respondents who pay commercial property taxes would not support any increase over 36% (none, 0 per cent increase) for non-residential properties. The majority of respondents across income groups would support either a zero per cent or 1 per cent increase.**

Preferred Approach to Property Tax Increase	Pay Commercial Property Taxes	Annual Household Income					Overall
		<$20,000	$20,000-$40,000	$40,000-$80,000	$80,000-$150,000	>$150,000	
None (0 per cent increase)	74%	26%	27%	33%	38%	49%	36%
1 per cent = $34 average residential savings; $3,100 mid-size retail increase	8%	29%	32%	31%	29%	25%	29%
2 per cent = $68 residential savings; $6,200 mid-size retail increase	10%	20%	22%	20%	17%	14%	18%
5 per cent = $169 residential savings; $15,493 mid-size retail increase	8%	22%	17%	14%	14%	11%	15%

Postal Code Mapping

Q. What is your postal code?

The map below shows the distribution of respondent postal codes throughout Regina.



Appendix F: Tax and Utility Affordability Survey Additional Feedback Summary

This report presents a summary of the written feedback provided to administration through mail, email and service requests. A total of 37 written responses were received.

11 respondents (30%) have expressed support for an affordability program for the following household groups:

Target Beneficiary Group	No. of Respondents (n)
Seniors	*n* = 5
All Low-Income Households	*n* = 1
All Income Groups	*n* = 1
Low income, multi-family properties run by non-profit companies	*n* = 1
Single Mom	*n* = 1
Newcomers	*n* = 1
Low-Income Groups excluding renters of landlords in the inner City	*n* = 1
Total	***N* = 11**

14 respondents (38%) have expressed that they *do not* support an affordability program. The most common reason was the already high utility and property tax rates which makes them reluctant to pay more. The reasons for not supporting an affordability program are summarized below:

Reasons	No. of Respondents (n)
The utility and property tax rates are already high making them reluctant to pay more.	*n* = 8
Instead of an affordability program, the City should focus on managing its spending and addressing operational inefficiencies to address the affordability issues.	*n* = 4
Raised concern about the City's jurisdiction or responsibility for providing social assistance.	*n* = 2
Would like the ability to choose who to help if extra income is available	*n* = 2
Don't feel the need to provide any (further) assistance to others	*n* = 2
Raised concern about the ability of homeowners receiving the assistance or subsidy to maintain their properties.	*n* = 1

12 respondents (32%) did not provide any level of support for affordability programs. These respondents provided comments on the program administration or the survey design. Opinions and ideas on City policy, programs, and related services were also expressed.

Categories & Themes

Beyond the respondents' feedback on level of support for an affordability program, themes are identified through the written response:

Program Administration of a Potential Affordability Program

- Expressed the need to define the program eligibility by defining the threshold for low-income status and establishing criteria for granting assistance or subsidy.
- Expressed the need to inform taxpayers on how much additional taxes will be paid should the City decide to move forward with an affordability program.
- Provided suggestions on the income grouping of households and on the program affordability options.
- Raised concern that a subsidy program might encourage the subsidized group(s) to consume more water.
- Would like a consultation before moving forward with any affordability program.

Comments on City Policies, Programs and Related Services

- Consider the following in the utility costs calculation/billing and allocation:
  - Transfer the fixed portion charged on utility bills to tax.
  - Eliminate consumption-based charging for sewer and drainage use.
  - Eliminate the recycling charge and add the cost to the property tax.
  - Base charge should be consumption-based.
  - Make the utility bill smaller to make it easier to create operational efficiencies, and the cost of delivering services can decrease.
  - Stop downloading services off the property tax.
- Consider the following in the tax allocation and exemptions:
  - Stop exempting property from paying their fair share of taxes.
  - Review the relationship between residential and commercial taxes.
- Consider the following in the review of related City policies and programs:
  - Eliminate the leak adjustment policy.
  - Eliminate the condo waste rebate program.
  - Allow residents to opt out of recycling and put the garbage onto the utility bill.
- Expressed support for initiatives that promote environmental stewardship and sustainability such as use of rain barrels and other water collection systems, education campaign for newcomers on reducing household consumption as well as linkage to groups that assist them and providing homeowners option to go digital for their property tax/education tax notices.
- Expressed concern on whether they are getting value for the property taxes that they pay (e.g., noticed that parks are unevenly cleaned or maintained, rusty lamp posts, garbage blown by the wind, noisy backyard, irregular street sweeping, lack of winter maintenance, etc.)
- Expressed the need for Council to listen to citizens' concerns and complaints.

Survey Design

- Expressed appreciation that they are being consulted through the survey.
- Would like the ability to provide comments or feedback in the actual survey, and to vote against or refused an affordability program.
- Expressed the need to provide more context to the survey by providing data and statistics that will support an informed decision.

REAL Hotel Lease

Date	October 6, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Land, Real Estate & Facilities
Item No.	EX21-64

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Pursuant to the Campus Master Lease Agreement between the City and the Regina Exhibition Association Limited (REAL), consent to REAL entering into a sublease to Genesis Hospitality Inc. of a portion of the City owned property located at 1700 Elphinstone Street (Campus) for a potential total term, including all possible extensions, of 90 years and otherwise in accordance with the terms and conditions as described in this report.

2. Delegate authority to the City Manager, or his designate, to provide written confirmation on behalf of the City of said consent, including consent to any amendments or terms that do not substantially change what is described in this report.

3. Delegate authority to the City Manager, or his designate, to sign or authorize the signing of any required planning permits on behalf of the City, as landowner, to initiate any necessary planning processes for the development contemplated by the said sublease.

4. Approve these recommendations at its meeting on October 13, 2021, after giving public notice in accordance with *The Public Notice Policy Bylaw, 2020*.

ISSUE

Further to the approved Master Campus Lease Agreement (Campus Lease) between the City of Regina (City) and the Regina Exhibition Association Limited (REAL), REAL leases and is responsible for the operation, maintenance and development of the City owned property and facilities located at 1700 Elphinstone Street (Campus). In accordance with the Campus Lease, REAL has entered into a conditional offer to lease, outlined on the attached Schedule A, and based on the offer has requested the City's consent to enter into a sublease with Genesis Hospitality Inc. (Genesis) of a portion of the Campus, identified as "Parcel B" on the attached Schedule B. City Administration has reviewed the offer to lease that REAL has proposed and confirmed that the terms and conditions contained within are consistent with the requirements of the Campus Lease. The responsibility of the day-to-day operation and management of the sublease will rest with REAL.

Pursuant to the terms of the Campus Lease, REAL is authorized to sublease portions of the Campus, without the City's consent, on condition that, among other requirements, the proposal is consistent with the Master Site Plan and the term of the sublease does not exceed the current term of the Campus Lease. In this case because the Master Site Plan has not yet been approved by Council and the proposed sublease, if fully extended, is for a total term of 90 years which exceeds the current term of the Campus Lease, City Council approval is required. Administration is seeking Council's consent to REAL entering into the sublease as presented by REAL and as described in this report.

IMPACTS

Policy/Strategic

The Campus Lease authorizes REAL to enter into subleases of the site, subject to obtaining the City's prior consent where the proposed term of the sublease could exceed the current term of the Campus Lease. Section 41 of *The Regina Administration Bylaw No. 2003-69* authorizes the City Manager to approve leases of City owned property with some exceptions, including any lease involving a term not exceeding 10 years.

In this instance, City Council approval is required as the potential term of the proposed Sublease is both longer than the current term of the Campus Lease and exceeds 10 years.

The proposed development is consistent with policy 12.6 of *Design Regina: The Official Community Plan Bylaw 2013-48* in Section D10 Economic Development Goal 2 Economic Growth:

- 12.6 Collaborate with community economic development stakeholders across the region to leverage shared economic advantages and tourism opportunities, including but not limited to:
    - o 12.6.4 Maximizing potential linkages and leveraging special economic assets such as Innovation Place, the Global Transportation Hub, Regina International Airport, the University of Regina and other specific lands and land uses with high linkage/spinoff potential.

The Campus is the largest civic and sport resource in the city. This development is consistent with the REAL 2.0 Strategic Plan for the Campus, which was previously supported by City Council. It supports the continuing financial vitality of the Campus by increasing activation of the site and provides an additional opportunity for services to residents, users of the Campus and the travelling public. The development expands the Campus to support its place as an important community destination point and institution.

Financial

The City will not see a direct revenue stream from the sublease as rental revenues are retained by REAL. However, the net revenue from the lease will assist in offsetting operational costs to REAL and fulfilling its obligations under the Campus Lease with respect to the repair, maintenance and capital renewal of the Campus.

The term of the sublease is for 40 years with five options for Genesis to extend for an additional ten years each, for a total potential lease length of 90 years. The annual lease rates for the first 40 years of the sublease are as follows:

Years 1-10	$108,000 annually
Years 11-20	$118,800 annually*
Years 21-30	$145,324 annually
Years 31-40	$168,577 annually

*The proposal includes a provision to increase the 11 – 20 year annual rate to $125,280 in the event that the City's development charges applicable to the proposed development at the time of actual permit application(s), are at least $200,000 less than such charges that would have applied to the same application(s) as of September 10, 2021.

Genesis will pay $7,500 per year for access road costs which will increase by eight per cent every five years.

After the initial 40 year lease, provided Genesis is in good standing, each of the subsequent five 10-year renewal periods will be granted under the same terms and conditions except for Rent and Access Road Costs which shall be determined at the beginning of each extension term by mutual agreement of the parties or, in absence of agreement, through arbitration in accordance with *The Arbitration Act 1992* (Saskatchewan) based on the fair market rent for unimproved land of similar size and location and the Access Road Costs shall be based on Genesis's proportionate share of the REAL's actual costs to maintain the access roads.

The sublease grants the lessee a 24-month fixturing period rent free from the date of possession.

REAL will be responsible to provide (at its sole cost) adequate utility servicing (fibre optics, natural gas, electrical, water and sewer) to the property boundary of the leased land as well as for obtaining all required subdivision control and zoning approvals. REAL will also allow connection to the International Trade Centre building, the cost of which will be the responsibility of Genesis.

While details of the property tax revenue are not yet available, the City will expect to see a positive financial impact related to the collection of property taxes from the proposed development.

The City will retain ownership of the land.

Environmental

City Council set a community goal for the City of Regina of achieving net zero emissions and sourcing of net zero renewable energy by 2050. In support of this goal, City Council asked Administration to provide energy and greenhouse gas implications of recommendations so that City Council can evaluate the climate impacts of its decisions.

The proposed sublease involves the construction of a hotel on City-owned property. Although difficult to quantify at this stage, the construction of any new building contributes to additional greenhouse gas (GHG) emissions in two ways. First, producing building materials and the construction process itself are both energy intensive and generate emissions. Second, there are also GHG emissions associated with the lifecycle of a building.

Unlike other assets, buildings are not replaced frequently. Roughly 60 per cent of all buildings in use today will still be in use by 2050 and buildings account for 18 per cent of Canada’s GHG emissions. The negative impact of energy inefficient buildings will persist for multiple generations. It is important that significant attention be given to decisions on energy performance and efficiency as both will have direct implications on long-term GHG emissions.

Although the Master Site Plan and Design Guidelines have not yet been submitted by REAL for City Council’s approval, REAL has agreed through the Campus Lease to require development on the Campus generally to incorporate standards that encourage strategies for sustainable development.

OTHER OPTIONS

City Council could refuse to consent to the sublease or provide consent subject to conditions or to REAL negotiating changes to any specific terms that are of concern.

COMMUNICATIONS

Public notice of the Campus Lease, including the granting of authority to sublet the property, was previously given in accordance with *The Cities Act* and *The Public Notice Policy Bylaw, 2020*.

Because the proposed sublease has the potential to extend beyond the current term of the Campus Lease, public notice of City Council’s intention to consider consent to enter into a sublease with

Genesis was also given in accordance with applicable legislation.

A copy of this report has been provided to REAL and City Council's decision will also be provided to REAL who will communicate with the proposed tenant.

DISCUSSION

REAL is a non-profit, municipal corporation wholly controlled by the City of Regina. REAL's corporate mandate includes that it will "develop, operate and maintain City and other facilities to provide world-class hospitality for trade, agri-business, sporting, entertainment and cultural events that bring innovation, enrichment and prosperity to the community." In February 2020, REAL presented the City's Priorities and Planning Committee with its renewed Strategic Plan for 2020-2035 (REAL 2.0 Strategic Plan) outlining its intention to expand existing and develop new commercial opportunities on the Campus that support its mandate.

REAL has historically undertaken the care and management of the Campus pursuant to previous operating and leasing agreements entered into with the City over many decades. On August 11, 2021, the City approved an updated Campus Lease Agreement with REAL that reflects the continuation of the traditional scope of REAL's role in relation to the Campus, but also includes expanded authority to pursue new development and subleasing opportunities for portions of the Campus where such proposals are consistent with the Strategic Plan, the approved Master Site Plan and other conditions as outlined in the Campus Lease.

In accordance with the requirements of the Campus Lease, the City expects that REAL will be submitting its proposed Master Site Plan and Design Guidelines for the Campus for City Council's approval before the end of 2021. In the interim, the proposed sublease is consistent with the previously endorsed Strategic Plan and with the identified use for this location on the Campus.

Further to its overall role in managing and operating the Campus and its authority under the Campus Lease, REAL as an independent municipal corporation of the City, is responsible for undertaking appropriate due diligence in assessing terms and conditions of any lease agreements it enters into. REAL has secured and vetted the proposed tenant and is directly responsible for negotiating the commercial terms for the proposed sublease and for managing the rights and obligations of the landlord thereafter. However, based on the length of the proposed term which, if fully extended, has the potential to extend the sublease beyond the current term of the Campus Lease, the City's consent is required.

The key business terms of the sublease for which consent is requested are outlined below:

- **Subtenant** – The proposed subtenant is Genesis Hospitality Inc.

Leased Premises & Use – The proposed leased premises are within the REAL Campus, comprising an area of approximately 1.5 acres located as shown as Parcel B on Schedule B. Genesis proposes to build and use the premises solely for the purpose of operating a 140-room hotel on the site. REAL will also allow connection to the International Trade Centre building, the cost of which will be the responsibility of Genesis.

- **Term –** The sublease is granted for an initial term of 40 years, with an option for Genesis to extend the term for five subsequent terms of 10 years each. The full term, if all options are exercised, is 90 years.

- **Rent –** The rental rate was established and determined to be commercially competitive by Colliers International. All rent payments are retained by REAL in accordance with the Campus Lease, at the proposed rates for the initial 40 year lease term as follows:

Years 1-10	$108,000 annually
Years 11-20	$118,800 annually*
Years 21-30	$145,324 annually
Years 31-40	$168,577 annually

  *provision for adjustment as previously noted.

- **Taxes** – Genesis is responsible for payment of the applicable property taxes to be assessed against the leased premises.

- **Tenant Improvements/Work –**The sublease makes Genesis responsible, at its expense, for construction of all required improvements to the land to build a +/-140-suite hotel complete with parking and landscaping. Genesis is also responsible (at its sole cost) for all required permits, fees, and applicable development charges.

REAL will be responsible to provide (at its sole cost) adequate utility servicing (fibre optics, natural gas, electrical, water and sewer) to the property boundary of the leased land as well as receive all subdivision control and zoning approvals. REAL will provide the tenant 24 months from the date of possession as a rent-free fixturing period. REAL will also allow connection to the International Trade Centre building, the cost of which will be the responsibility of Genesis. Other items included in the lease terms include:

- Genesis is granted license rights across other areas of the Campus for the purpose of access to and from the leased premises and will pay $7,500 annually in addition to the rent reflecting a contribution to the cost of maintaining and repairing those access roads (this amount will increase by eight per cent every five years).

- Genesis will not be responsible to demolish its facilities at the end of the lease.

- Genesis agreement to become a member of the Regina Hotels Association for the initial five years of the lease.

- The sublease restricts the development of other hotels or similar temporary paid accommodation uses from being developed on the Campus.

- The sublease is subject to the satisfaction or waiver of a number of conditions, including Council consent, final confirmation of the site size, access and utility service connections for the development and related planning approvals, Genesis obtaining suitable construction contract(s) and financing and being satisfied with the condition and suitability of the site.

DECISION HISTORY

On April 29, 2020 (CR20-24), City Council authorized REAL to pursue material alterations to the Campus for the development of commercial opportunities which are aligned with their REAL 2.0 Strategic Plan.

On August 11, 2021 City Council approved the Master Campus Lease Agreement between the City and REAL.

This sublease has not been before City Council prior to today.

The recommendation contained in this report requires City Council approval.

Respectfully Submitted,

Shauna Bzdel, Director, Land, Real Estate & Faciities 9/24/2021

Respectfully Submitted,

Barry Lacey, Exec. Director, Financial Strategy & Sustainability 9/29/2021

Prepared by: Keith Krawczyk, Manager, Real Estate

ATTACHMENTS

Schedule A - REAL Hotel Lease Summary
Schedule B - Development Lands

Schedule A

REAL ESTABLISHED 1884
REGINA EXHIBITION ASSOCIATION LIMITED

REAL Offer to Lease / Lease Agreement Summary

Date	August 31, 2021
Submitted by:	Gerry Fischer, VP Campus and Commercial Development
Tenant	Genesis Group
Type of Business	
General Business Description	Hotel

Business Terms

Leased Area	1.5 Acres
Term of Lease	40 years
Extension Term	Five independent options to extend for an additional successive Ten (10) years.
Lease Rate	$108,000.00 Years 1 thru 10 $118,800.00 Years 11 thru 20 $145,324.40 Years 21 thru 30 $$168,576.77 Tears 31 thru 40
Is Lease Rate at Market Value?	Yes
If no, provide explanation	
Escalation Rate on Lease Rate	Escalation as stated above. In the event Servicing Levies decrease by $200,000 or greater. Rent in years 11 thru 20 will be increased to $125,280.00. All other rent terms remain the same.
Common Area Charges	$7,500
Escalation Rate on Common Area Charges	Increasing 8% every 5 years.
If no common area charges, provide explanation	
Concessions:	
Fixturing Period Details – if applicable	Tenant shall be granted 24 months from the Possession Date as a fixturing period rent free.
Signing Incentives – if applicable	N/A
Tenant Improvement Allowances – if applicable	N/A

Responsibilities	
REAL	Landlord shall provide (at its sole cost) adequate utility servicing (fibre optics, natural gas, electrical, water & sewer) to the property boundary of the leased land.

	Receive all subdivision control and zoning approval. Permit an unobstructed internal connection to the ITC building
Tenant	Construct and finish a +/- 140 suite hotel complete with parking & landscaping. All required permitting. Pay all required fees and development levies. Tenant is not required to demolish its facilities at the end of the lease. Tenant agrees to become a member of the Regina Hotels Association for the initial five (5) years of the lease.

REAL acknowledges and agrees the following standard terms will be included in the lease agreement:

- A form of security deposit
- Termination clauses that favor the Landlord
- Industry standard insurance coverage, naming the City of Regina as co-insured
- Property taxes and utilities are the responsibility of the Tenant

SCHEDULE B

COMMERCIAL DEVELOPMENT STRATEGY LANDS

PARCEL A
SITE AREA: 1.0 ACRES

PARCEL B
SITE AREA: 1.9 ACRES

PARCEL C
SITE AREA: 1.4 ACRES

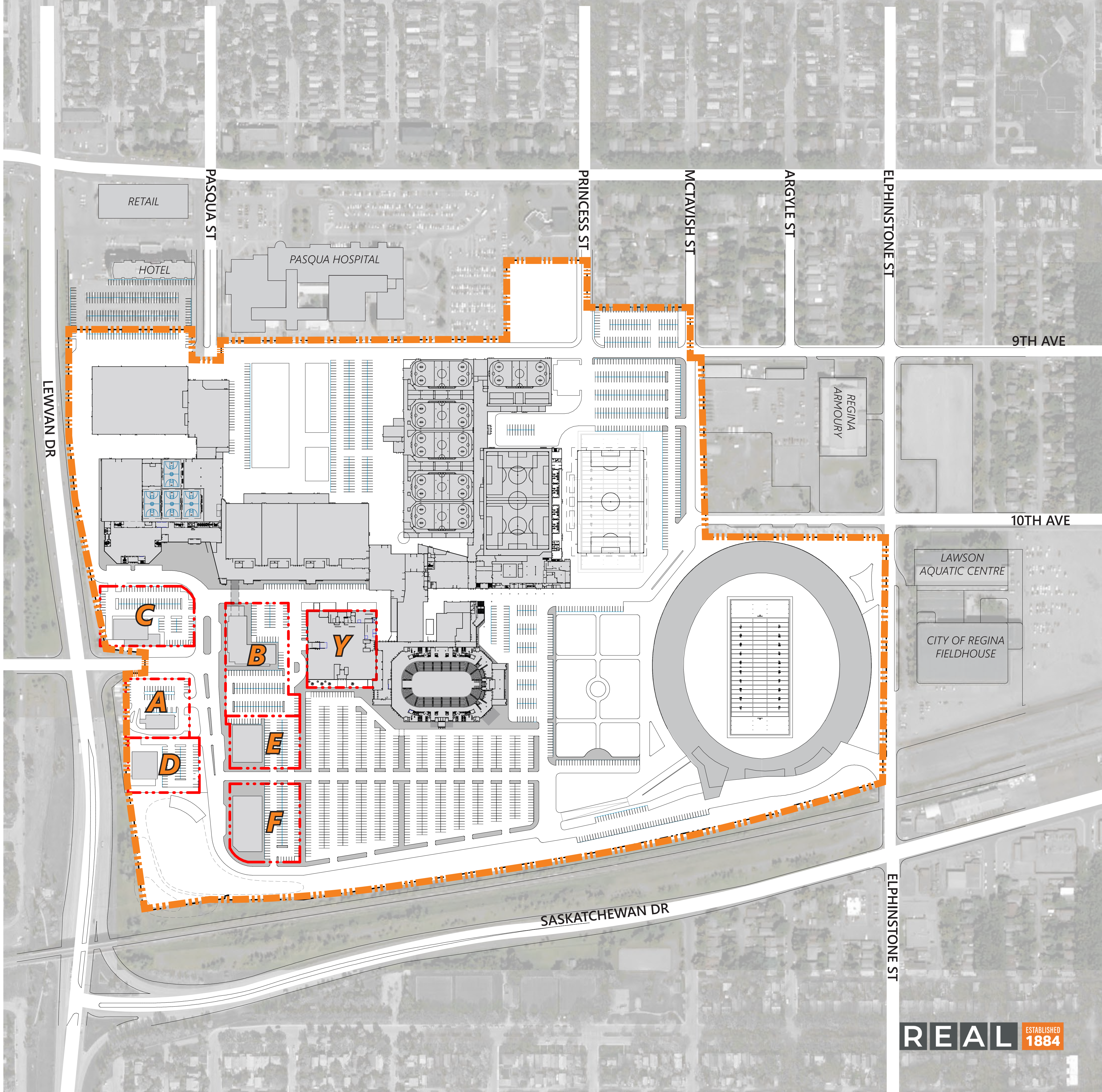
PARCEL D
SITE AREA: 1.0 ACRES

PARCEL E
SITE AREA: 1.0 ACRES

PARCEL F
SITE AREA: 1.4 ACRES

PARCEL Y
SITE AREA: 1.4 ACRES

TOTAL PARCEL AREA: 9.1 ACRES



Baseball Stadium Letter of Intent

Date	October 6, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Financial Strategy & Sustainability
Item No.	EX21-65

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Delegate authority to the City Manager to approve a letter of intent between the City of Regina, Living Sky Sports & Entertainment Inc. and the Regina Red Sox Baseball Inc., as described in this report and substantially in the form as attached as Appendix A.

2. Delegate authority to the City Manager for subsequent expenditures and/or ancillary agreements that may arise from the letter of intent.

3. Approve funding up to $100,000 for the City's share of the exploratory work with costs incurred beyond 2021 to be included in the 2022 budget.

4. Authorize the City Clerk to execute the letter of intent after review and approval by the City Solicitor.

5. Approve these recommendations at City Council on October 13, 2021.

ISSUE

The City of Regina (City) has been approached by Living Sky Sports & Entertainment Inc. (Living Sky) and Regina Red Sox Baseball Inc. (Club) to explore a potential opportunity to partner in the development of a high performance baseball stadium within the city of Regina. To further advance these discussions, the parties have drafted a Letter of Intent (LOI), attached as Appendix A.

This report seeks Council approval to enter into the LOI and the allocation of necessary resources to support the City's commitments under the LOI. With respect to investment in high performance baseball facilities, the Recreation Master Plan recommends the City should consider partnerships but not initiate development on its own.

IMPACTS

The attached LOI confirms the mutual commitment of the City, Living Sky and the Red Sox to work together to pursue the potential development of a new high performance baseball stadium (Project) in Regina.

The LOI does not create any binding obligations on behalf of the City, and any recommendations or agreements after the feasibility work will be brought back to City Council for review prior to any commitments being made. Work under the LOI is to be competed by August 31, 2022.

Policy Impact

Recreation Master Plan

While the Recreation Master Plan does not rank investment in ball diamonds overall as a priority area to invest (ranked #17 for investment in outdoor amenities), the Plan recommends that for future investment in high performance ball diamonds, such as the ball diamond serving the Red Sox, that the City consider potential partnership opportunities, but not initiate the development. In this regard, the LOI is consistent with the Recreation Master Plan.

Financial Impact

Financial impacts related to the LOI are limited to those resources required to meet the City's commitments under the LOI.

The City typically employs some level of external resources to assist Administration in undertaking exploratory or feasibility study work similar to that contemplated in the LOI. This work includes, but is not limited to, undertaking a needs assessment, economic impact assessment study, concept plans, and analysis of preferred site locations, capital and operating costs, financing or funding options, etc. As key Administration resources that would normally be assigned to advance the work in the LOI are currently being employed to advance other Council priorities, including the feasibility study for the new indoor aquatics facility and the Rapid Housing Initiative, the Administration intends to leverage resources from both the Regina Exhibition Association Limited (REAL) and Economic Development Regina (EDR) to advance required work under the LOI where possible.

In addition, it has not yet been determined what share of those costs would fall to the City. The LOI states that cost sharing will be determined on a case-by-case basis and all parties acknowledge that the cost sharing determined may not be shared equally.

It is recommended that Executive Committee approve funding for the City's share of this exploratory work of up to $100,000. Any funding required for 2021 will be absorbed within the forecasted General Fund operating surplus for 2021 as outlined in the 2021 Mid-Year Financial Report (IR21-5) with funding required for 2022 included as part of the 2022 budget.

OTHER OPTIONS

Executive Committee could decide this work or potential investment into a high performance baseball facility is not a priority at this time and not authorize the City Manager to enter into the letter of intent.

COMMUNICATIONS

Administration will work with the other parties to the LOI to develop an engagement plan.

DISCUSSION

The Regina Red Sox's Baseball Inc. (Club) has a proud history representing Regina with roots stemming back to the 1940's. The Club is a member of the Western Canadian Baseball League (WCBL). The WCBL is Canada's pre-eminent summer collegiate baseball league. The predecessors to the WCBL date back to 1948. Over the past 56 years the league has gone by such names as the Canadian American Baseball League, the Northern Saskatchewan Baseball League, the Alberta-Saskatchewan Baseball League, the Western Major Baseball League, the Saskatchewan Baseball League and since 2000, the WCBL.

The WCBL boasts a long-standing tradition of creating a showcase for top Canadian professional and college prospects while at the same time offering American college players the opportunity to hone their skills in front of enthusiastic baseball fans in towns and cities throughout the Prairies.

There have been two constants over the decades that the WCBL and its predecessor leagues have been in operation: first, the quality of the baseball which professional scouts have consistently compared to the Single A professional level, and second, the quality of the summer experience for players.

The Regina Red Sox play a 56-game schedule during the spring and summer, with 28 home games, plus preseason and playoffs. The Club won the 2011 and 2012 league championship. In addition, the Club won the Saskatchewan Major Baseball League championship in 1976 and 1977 and the Southern Baseball League championship in 1972, 1953, 1955, 1960, 1964 and 1969. The Red Sox have reported a total attendance of 20,000 in 2018 and 18,700 in 2019.

Currie Field

The current home of the Red Sox is Currie Field which is located at Mount Pleasant Sports Park. The Clubhouse was constructed in 1968, the concession and washroom facilities date back to 1995 and the press box was built in 2004. Currie Field has a seating capacity of 1,200.

The City of Regina Facilities Operations and Maintenance branches provide day to day operation and maintenance at Currie Field, as part of the overall care of the Mount Pleasant Sports Park. In addition to regular cleaning and operational work, staff perform extra duties on game days, such as preparing the field and play area, changing rooms, press box and other buildings for use. Staff are on site during games and do a full cleanup of the facility afterward. The Club is also an active participant in assisting with getting the park ready, which provides the time for City operations to concentrate on field condition and public facilities.

The operating budget for the entire Mount Pleasant Sports Park is $323,000, which includes costs for Currie Field as part of the shared maintenance responsibilities. This budget covers all operational, maintenance and utility costs.

The 10-year Recreation Capital Plan has approximately $3 million allocated to renovate and improve existing support facilities at the Mount Pleasant park over the next two years. The park has a number of amenities including Currie Field, where the Red Sox currently play, a speed skating oval, two soccer pitches, Livingstone Field (football), toboggan hill, dog park, and Kaplan Field (softball/fastball). All users of the park will benefit from these renovations and the renovations are expected to proceed regardless of whether a new high performance ball diamond were to proceed as an outcome of the LOI given the wide use of the facilities. While the renovations are expected to proceed, the specific nature of the improvements may be impacted by the outcome of the LOI and whether the Red Sox's continue to play at Currie Field.

The Regina Red Sox have determined that the current facilities at Currie Field no longer meet the Club's needs. It is the Club's conclusion that when compared to other venues in the league, the aging facilities at Currie Field make it difficult for the Club to recruit quality players and remain competitive. In addition, it is the Club's assessment that the facilities at Currie Field severely limit the Club's options for food and beverage, seating, parking and their ability to attract corporate sponsors.

It is the Club's position that for it to remain viable, the Club needs to offer a great environment with a competitive team, so fans have a memorable experience and want to keep returning to the ballpark and that is not the case now playing at Currie Field.

As a result, the Club has requested that the City of Regina join in partnership with Living Sky Sports and Entertainment Inc. to pursue the potential development of a new baseball stadium and is interest in entering into a LOI with the City to explore such a development.

Alignment with Recreation Facility/Amenity Partnership Framework
When considering ball diamonds throughout Regina, the Recreation Master Plan recommends that the City consider reducing the quantity of ball diamonds while investing in the quality of the remaining ball diamonds. However, when considering investment in high performance baseball facilities such as a field for the Red Sox, it is recommended that the City consider potential partnership opportunities, but not initiate such a development.

Typically, when a potential partner approaches the City, staff follow the process laid out in the Recreation Facility/Amenity Partnership Framework. The Partnership Framework requires a feasibility study. Due to the fact that this initiative could align with the City's goals related to neighborhood development and or economic development, administration recommends proceeding with the feasibility study. The feasibility study would include the following considerations:

- Jurisdictional research
- Site options and analysis
- Ownership structure and operational responsibilities
- Funding contributions and obligations related to initial capital, ongoing operations and maintenance and future capital maintenance
- Construction timing and design, construction management and procurement responsibilities
- Leasing arrangements and community accessibility to the facility
- Needs assessment
- Economic impact assessment
- Concept plans

Location Considerations
While there has been public speculation that the potential site for a high performance baseball stadium could be in the Yards, it is important to clarify that a location for a potential baseball park has not been identified and will be considered as part of the project work outlined in the LOI

Financial and Other Considerations
Work to be undertaken under the LOI includes the determination of the estimated cost of a new high performance baseball facility and options on how such a facility could be funded/financed. High level build costs for a new baseball facility and supporting facilities have been estimated at around $20 to

$23 million and the facility would also incur annual operating, maintenance and utility costs in addition to ongoing capital renewal. The current 5-year General Fund capital plan and 10-year Recreation Master Plan currently do not include funding for such a facility.

Pursuant to the proposed LOI, the parties would create an Advisory Committee which would include representatives from Baseball Saskatchewan, Baseball Regina and other members mutually agreed to by the parties to provide advice and perspective related to the work to be undertaken.

DECISION HISTORY

None with respect to this report.

The recommendation contained in this report requires City Council approval.

Respectfully Submitted,

Barry Lacey
Executive Director,
Financial Strategy & Sustainability

Respectfully Submitted,

C. Holden

Chris Holden
City Manager

Prepared by: Jonathan Wiens, Manager, Divisional Business Support

ATTACHMENTS
APPENDIX A - LOI Executed LSSE and Red Sox

REGINA

August 31, 2021

Living Sky Sports and Entertainment Inc.
Attention: Alan Simpson
3603 Selinger Crescent
Regina, SK S4V 2H7

Regina Red Sox Baseball Inc.
Attention: Gary Brotzel
4928 Wright Road
Regina, SK S4W 0A9

Dear Alan Simpson and Garry Brotzel,

Re: Commitment to Pursue Potential Development of Baseball Park

Further to our recent discussions, the purpose of this Letter of Intent (**"LOI"**) is to confirm the mutual commitment of the City of Regina (the **"City"**), Living Sky Sports and Entertainment Inc. (Living Sky) and the Regina Red Sox Baseball Inc. (the **"Red Sox"**) to work together to pursue the opportunity for potential development of a new baseball park within the city (the **Project**) in a spirt of partnership, co-operation and collaboration.

Additional review and negotiation are required before the parties will be able to determine whether the Project will proceed and, if it will, to conclude definitive agreement(s) setting out the respective roles and responsibilities of the parties in relation to the Project. This letter constitutes a summary of discussion items only and a framework for moving the necessary review and negotiations forward. It does not create any legally binding rights or obligations whatsoever. In particular, no party shall have any binding rights or obligations with respect to any of the items contemplated herein or any related transactions until such time as the parties have negotiated, signed and delivered definitive agreements and such agreements and transactions have been approved by Regina City Council, the respective Board of Directors of Living Sky and the Red Sox.

The parties shall work together in a cooperative and coordinated effort so as to bring about the achievement and fulfillment of the objectives as outlined in this LOI. The following outlines the intentions of the parties:

- The parties will work collaboratively to investigate the requirements of the Project to determine the economic, technical and operational feasibility of the Project, including identifying, discussing and determining such details, including but not limited to:

  - preferred site location for the proposed ballpark
  - ownership structure and operational responsibilities in relation to the ballpark
  - funding contribution obligations and a financial plan for construction and ongoing maintenance and rehabilitation of the ballpark over its lifetime, including the use of ticketing or facility fees for commercial events or use of the ballpark
  - construction timing and design, construction management and procurement responsibilities for construction of the ballpark
  - leasing arrangements and community accessibility expectations

- To further the aforementioned investigations, during the term of this LOI the parties will, *inter alia*, proceed with the following in relation to the Project:

  - creation of an Advisory Committee, including representatives from Baseball Sask, Baseball Regina, and other members mutually agreed to by the parties hereto, to provide feedback and perspective on the Project.
  - completion of a Needs Assessment exercise and preparation of a report outlining the results, including feasibility and costing models
  - preparation of an Economic Impact Assessment study
  - preparation of definitive concept plans

  The City will be responsible for engaging any required consultants or entering into any contracts required to undertake investigations as described in this LOI. The parties, acting in good faith, shall determine, on a case-by-case basis and in advance of such work being undertaken, the proportionate costs or fees attributable to each party for such investigations. For greater certainty, the parties acknowledge that in some cases such costs and fees may not be shared equally.

- Subject to such investigations and each of the parties determining, in their sole and absolute discretion, that they wish to proceed with the Project, the parties will establish a plan of action to advance the Project, including the possible negotiation of definitive agreement(s).

- The City may, at its sole discretion, consult with or include the Regina Exhibition Association Limited, Economic Development Regina or other third parties to assist with the investigations and discussions contemplated herein as it deems necessary or beneficial.

- Unless otherwise specified herein or mutually agreed to in writing, each of the Parties shall bear its respective costs, charges, and expenses for the investigations, business review, preparation, and negotiation of resulting definitive agreement(s) or incurred in connection with the transactions contemplated by this LOI, including, but not limited to, fees of their respective legal counsel, accountants, and other advisors or consultants.

- This LOI will automatically terminate and be of no further force and effect upon the earlier of (i) execution of definitive agreements in relation to the Project, (ii) mutual agreement of the parties, (iii) August 31, 2022 or (iv) upon 15 days written notice delivered by any party to each of the others.

If you are in agreement with the above and wish to proceed on that basis, please sign this LOI in the space provided below and return an executed copy to my attention.

Sincerely,

C. Holden

Chris Holden
City Manager

Agreed to and accepted this 1st day of September, 2021:

Living Sky Sports and Entertainment Inc.

By:
[Name:] Alan Simpson
[Title:] CEO

Agreed to and accepted this ____ day of September, 2021:

City of Regina

By:______________
[Name:]
[Title:]

Agreed to and accepted this ____ day of September, 2021:

Regina Red Sox Baseball Inc.

By:
[Name:] Gary Brotzel
[Title:] Team President