



## 2022 General and Utility Operating Budget and 2022 - 2026 General and Utility Capital Plan

<b>Date</b>	December 15, 2021
<b>To</b>	City Council
<b>From</b>	Financial Strategy & Sustainability
<b>Service Area</b>	Financial Services
<b>Item No.</b>	CM21-23

### RECOMMENDATION

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That City Council:

1. Approve the 2022 General Operating Budget as outlined in Appendix A, including the following details:
  - a. Gross expenditures of \$512,213,000 and a net property tax levy of \$280,946,000;
  - b. 2022 mill rate of 9.78115 representing a 3.49% increase for all programs and services;
  - c. Funding for the Provincial Capital Commission (PCC), Economic Development Regina Inc. (EDR) and Regina Exhibition Association Limited (REAL); and
  - d. Regina Police Services (RPS) gross expenditures totaling \$103,695,300 and revenues totaling \$10,898,600.
2. Approve the 2022-2026 General Capital Budget with total gross expenditures of \$136,339,000 in 2022, as summarized in the City of Regina 2022 Budget, attached as Appendix A beginning on page 97.
3. Approve the General Capital Budget as outlined on page 96 of Appendix A for multi-year projects that require future year commitments with gross expenditures of \$3,145,000 in 2022, be approved as follows:

- a. 2023 - \$9,265,000
  - b. 2024 - \$3,000,000
  - c. 2025 - \$2,000,000.
4. Approve the 2022 Recreation & Culture Capital Budget with total gross expenditures of \$12,425,000 in 2022, as summarized in Appendix D& D-1 with funding provided by the funds described in Recommendation 2 of this report.
5. Delegate authority to the Executive Director, Financial Strategy and Sustainability to do the following:
  - a. Apply to the federal and provincial governments for any grants or funding in excess of \$500,000 that may be available to the City to implement any of the 2022 capital projects contained in the Recreation and Culture Capital Plan attached as Appendix D and D-1.
  - b. Negotiate and approve any required funding or grant agreements with the provincial or federal government for the projects outlined in (a), any amendments to these agreements and any ancillary agreements or documents required to give effect to the agreements.
6. Authorize the City Clerk to execute the necessary application forms and agreements outlined in recommendation 5 above after review and approval of the City Solicitor.
7. Delegate authority to the Executive Director, Financial Strategy and Sustainability to negotiate and approve amendments to the City's existing consulting and professional engineering services agreement for the feasibility study of the new Indoor Aquatic Facility (as set out in Appendix D and D-1) as it is anticipated that the expenditures under this agreement will exceed \$750,000.
8. Authorize the City Clerk to execute any amendments outlined in recommendation 7 above upon review and approval of the City Solicitor.
9. Approve funding for the Provincial Capital Commission (PCC), Economic Development Regina Inc. (EDR), and Regina Exhibition Association Limited (REAL), as outlined on page 29 of this report, with funding provided by the funds described in Recommendation 1 of this report.
10. Approve the Regina Public Library Board approved budget and mill rate request of 0.87191 representing a 2.46% increase for the Regina Public Library.
11. Instruct the City Solicitor to prepare and bring forward any property tax bylaws needed to implement the above approved mill rates for the City and the Regina Public Library in spring 2022 once the City receives the education mill rate from the Government of Saskatchewan

and approves the mill rates for the Business Improvement Districts.

12. Approve a total transfer of \$7,800,000 from the General Fund Reserve as follows:

- a. Transfer of \$2,060,000 to fund the one-time shortfall in the Municipal Revenue Sharing grant due to impacts from COVID-19.
- b. Transfer of \$115,000 to fund one-time investments related to the Council approved Winter City Strategy execution.
- c. Transfer of \$1,825,000 to fund the Housing Incentive Policy program for 2022.
- d. Transfer of \$1,000,000 to fund the 2022 Grey Cup.
- e. Transfer of \$2,800,000 to fund part of the \$4,600,000 COVID-19 impact on the City's finances in 2022.

13. Approve a transfer of approximately \$1,800,000 from the COVID-19 Recovery Reserve to fund the remaining amount of the \$4,600,000 COVID-19 impact on the City's finances in 2022.

14. Approve a transfer of \$1,150,000 in 2022 from the Asset Revitalization Reserve to fund the Safe Sidewalks - Sidewalk Distress Backlog project.

15. Approve the following 2022 Alley Maintenance Special Tax levies, proposed revenues and estimated costs:

Paved Alleys:  
Levy \$3.90 per assessable foot  
Proposed Revenue \$3,486,313  
Estimated Cost: \$3,486,313

Gravel Alleys:  
Levy \$2.72 per assessable foot  
Proposed Revenue \$1,676,532  
Estimated Cost \$1,676,532

16. Direct the City Solicitor to prepare the 2022 Alley Maintenance Special Tax Bylaw to include the paved and gravel alleys levies, proposed revenues and estimated costs as detailed in recommendation 15 above and Appendix E to this report.

17. For the 2022 tax year, approve the removal of the golf course subclass thereby resulting in the following classes, subclasses and mill rate factors:

<b>CLASS</b>	<b>SUBCLASS</b>	<b>MILL RATE FACTOR</b>
Residential	Residential (including condominiums)	0.91034
	Multi-Family Residential	0.91034
Commercial/Industrial	Commercial and Industrial	1.24924
	Railway and Pipeline	1.24924
	Resource	1.24924
Agricultural	N/A	1.24924

18. Instruct the City Solicitor to prepare the necessary property tax bylaws to come forward in Spring 2022 to provide for the classes, subclasses, mill rates and mill rate factors outlined in this report.
19. Approve the 2022 Utility Operating Budget as outlined in Appendix A beginning on page 110, with total revenues of \$157,362,000 and total gross expenditures of \$157,362,000.
20. Approve the 2022-2026 Utility Capital Budget with total gross expenditures of \$119,423,000 in 2022, as summarized in the City of Regina 2022 Utility Budget, beginning on page 119 of Appendix A.
21. Approve the 2022 water rates and fees and charges as described in the following table:

<b>Water Rate Schedule</b>	<b>AWWA Standard Ratio</b>	<b>Approved Rate Schedule \$</b>	<b>Proposed Rate Schedule \$</b>
Daily Base Fee:		2021	2022
15 mm/18 mm water meter	1.0	0.88	0.92
25 mm water meter	1.4	1.23	1.29
40 mm water meter	1.8	1.58	1.66
50 mm water meter	2.9	2.55	2.67
75 mm water meter	11	9.68	10.12
100 mm water meter	14	12.32	12.88
150 mm water meter	21	18.48	19.32
200 mm water meter	29	25.52	26.68
Volume Charge:			
Charge per m3		2.10	2.21

22. Approve the 2022 wastewater charges as described in the following table:

<b>Wastewater Rate Schedule</b>	<b>AWWA Standard Ratio</b>	<b>Approved Rate Schedule \$</b>	<b>Proposed Rate Schedule \$</b>
Daily Base Fee:		2021	2022
15 mm/18 mm water meter	1.0	0.68	0.71
25 mm water meter	1.4	0.95	0.99
40 mm water meter	1.8	1.22	1.28
50 mm water meter	2.9	1.97	2.06
75 mm water meter	11	7.48	7.81
100 mm water meter	14	9.52	9.94
150 mm water meter	21	14.28	14.91
200 mm water meter	29	19.72	20.59
Volume Charge:			
Charge per m3		1.86	1.95

23. Approve the 2022 stormwater charges as described in the following table:

<b>Storm Stormwater Rate Schedule</b>	<b>Rate Ratio</b>	<b>Approved Rate Schedule \$</b>	<b>Proposed Rate Schedule \$</b>
Daily Base Fee:		2021	2022
0 to 1,000 m2	1.0	0.59	0.62
1,001 to 3,000 m2	2.0	1.18	1.24
3,001 to 5,000 m2	4.0	2.36	2.48
5,001 to 7,000 m2	6.0	3.54	3.72
7,001 to 9,000 m2	8.0	4.72	4.96
9,001 to 11,000 m2	10.0	5.90	6.2
11,001 to 13,000 m2	12.0	7.08	7.44
13,001 to 15,000 m2	14.0	8.26	8.68
15,001 to 17,000 m2	16.0	9.44	9.92
17,001 to 19,000 m2	18.0	10.62	11.16
19,001 to 21,000 m2	20.0	11.80	12.4
21,001 to 23,000 m2	22.0	12.98	13.64
23,001 to 25,000 m2	24.0	14.16	14.88
25,001 to 27,000 m2	26.0	15.34	16.12
27,001 to 29,000 m2	28.0	16.52	17.36
29,001 to 31,000 m2	30.0	17.70	18.6
Over 31,000 m2	32.0	18.88	19.84

24. Approve the miscellaneous utility fees and charges as described in the following tables:

Fee	Current Fee	2022 Proposed Fee	2023 Proposed Fee
Fire Hydrant - Fixed Rental Fee	\$151	\$250	\$250
Fire Hydrant - Minimum water consumption charge per week	\$57	\$70	\$70
Bulk water sales rate (per cubic meter)	\$2.57	\$3.00	\$3.50
Hydrant Flow Test	\$335	\$375	\$375

Fee	Current Fee	Proposed Fee
Recycled Water Connection Fee	\$0.2694/m <sup>3</sup>	\$0.2838/m <sup>3</sup>

25. Approve that the utility rates and charges set out in these recommendations be effective January 1, 2022.

26. Authorize the City Solicitor to prepare amendments to Bylaw 8942, being *The Water Bylaw*, to amend the rates and charges and Bylaw 2016-24, being *The Wastewater and Storm Water Bylaw*, 2016 and Bylaw 8942, being *The Water Bylaw*, to amend the rates and charges as set out in recommendations 21 to 24.

27. Authorize the City Solicitor to prepare any other necessary bylaw amendments not mentioned above to implement the above recommendations and the approved budgets.

28. Remove the following items from the List of Outstanding Items for Council:

- a. CR21-130 (Tax Policy and Affordability)
- b. CR21-45 (2021 Housing Incentive Policy Update)
- c. CR21-54 (Safe Sidewalk Update – Sidewalk Distress Backlog)
- d. MN21-2 (Increase Recreation and Leisure Activities for People with Disability)

**ISSUE**

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Section 128(1) of *The Cities Act* states that “a council shall adopt an operating and a capital budget for each financial year”.

The report provides Council with a summary of Administration’s recommendations for the 2022 General Fund Operating and 2022-2026 General Fund Capital Plan. The detailed budget plans are included in the City of Regina 2022 General Fund Budget beginning on page 15 of Appendix A to

this report.

The report also provides Council with a summary of Administration's recommendations for the 2022 Utility Fund Operating and 2022-2026 Utility Capital Plan. The detailed budget plans are included in the City of Regina 2022 Utility Fund Budget beginning on page 113 of Appendix A to this report.

The 2022 Budget is being presented in unprecedented times, there are many uncertainties facing the City surrounding the COVID-19 pandemic. A few key highlights of the 2022 Budget include:

- A proposed 3.49% mill rate increase. The proposed 3.49% mill rate increase includes 1.22% mill rate increase for civic operations, allows for the continuation of the previously approved dedicated mill rates for Mosaic Stadium (0.45%) and the Recreational Infrastructure Program (0.5%), plus added investment in the Regina Police Service (1.32%).
- Accessing funds from reserves to fund one-time budget items and also offset the projected \$4.6 million negative financial impact COVID-19 pandemic is expected to have on City operations.
- Investments in priorities that will make Regina safer, more accessible and more sustainable for the future as follows:
  - \$1.15 million to create safer sidewalks by addressing a backlog in sidewalk maintenance.
  - \$820,000 to reduce Regina's greenhouse gas emissions and support the goal to be 100% renewable by 2050.
  - \$1.4 million for initiatives that will enhance community safety and well-being for Regina residents including:
    - \$875,000 for the implementation of a Community Safety & Well-Being Plan, which includes work related to social. development, community well-being, inclusion, and accessibility, and
    - \$500,000 in ongoing funding for a harm reduction program.
  - \$450,000 for the execution of the Winter City Strategy and supporting action plan.
  - \$375,000 to support the creation of an Adapted Recreation Plan for Regina.
  - \$365,000 to fund additional paratransit bus service and \$280,000 for new paratransit buses to ensure paratransit users have enhanced access to recreation and leisure activities consistent with the Adapted Recreation Plan.
  - \$300,000 to support Heritage Conservation Policy incentives, processes, and regulations.
  - \$75,000 to establish an ongoing Indigenous Artist in Residence Program to promote understanding around Indigenous cultural heritage.

## IMPACTS

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### **Accessibility Impact**

The proposed 2022 Budget includes funding for an Adapted Recreation Plan to make Regina's recreation and leisure activities more accessible to people with disabilities.

The Provincial Capital Commission's (PCC) capital project submission includes the Candy Cane Park Accessibility and Safety Upgrades project which will incorporate accessibility features. The 2022 proposed budget includes funding to the PCC sufficient to complete this project.

The proposed 2022 Budget continues to fund a variety of accessibility initiatives that were implemented in previous years.

### **Environmental Impact**

The proposed 2022 Budget includes funding to advance the City's renewal 2050 goals with respect to the Energy & Sustainability Framework and Action Plan that is being developed, which is expected to contain:

- Community and municipal-wide action plans, with timelines and targets to achieve a renewable Regina by 2050.
- Actions focused on land use and transportation planning, development and building permit guidelines, energy efficient building design, transportation demand management, waste management, energy conservation, regulatory tools, financial tools, advocacy for legislative change as well as public education and awareness.
- Community engagement through the development and implementation.
- A regular and ongoing progress reporting framework that includes community reporting at regular intervals.
- A preliminary estimate of the financial and economic impacts associated with implementing an action plan.

### **Cultural Impact**

The proposed 2022 Budget also includes funding to advance other community priorities such as investment to advance policy objectives for the *Heritage Conservation Policy* such as to expand opportunities for education and engagement with Regina's history, and the establishment of an Indigenous artists in residence program to promote understanding around Indigenous cultural heritage.

### **Financial Impact**

The financial implication of the Proposed General Operating Budget is an increase in the property



tax mill rate to 9.78115, representing a 3.49% increase from 2021. For an average home assessed at \$315,000, the recommended 2022 mill rate increase of 3.49% will result in an approximate property tax increase of \$75.72 per year; an increase of \$6.31 a month.

The 2022 Utility rates are proposed to have a 5% increase. This includes a 3% increase, consistent with the previous years rate increases to support the current operating costs and the projected capital investments planned in the Utility Model and a 2% increase that was approved by Council in early 2021 to fund the Lead Service Connection Management Program. The average household will pay an additional \$87 per year; an increase of \$7.25 per month in 2022.

The strength of the City's financial performance has been acknowledged with an AAA credit rating by Standard & Poor's. The City maintains a commitment to strong financial discipline and continued management of debt to ensure that capital investments will not unduly burden the Operating Budget through debt servicing, operating and asset lifecycle costs.

Some of the City's reserves are below their minimum balance, which reduces future financial flexibility. Caution should be used when using reserves near or below their minimum balances. This is discussed in more detail later in this report.

### **Policy/Strategic Impact**

The recommendations in this report and the resulting 2022 Budget align to the strategic objective to "deliver reliable service" as described in the City of Regina's Strategic Plan while continuing to make investments to advance our vision.

The recommendations in this report and resulting 2022 Utility Budget, support the Official Community Plan (OCP), specifically adhering to the benefits model based on a user pay system. They also support the objectives in the City of Regina's Strategic Plan, namely delivering reliable service and improving service financial sustainability.

## **OTHER OPTIONS**

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Council has the authority to direct the Administration to make changes to the proposed 2022 Budget.

## **COMMUNICATIONS**

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Due to the COVID-19 pandemic, Administration focused on enhancing online pre-budget consultation opportunities using Be Heard Regina. The survey was released in July 2021 and resulted in 1,339 responses. Roads, public safety, recreation, snow clearing and parks were

identified as the top spending priorities overall, with roads being ranked in the top three by 73% of respondents.

In conjunction with the release of the proposed 2022 Budget, detailed information will be available online at [Regina.ca/budget](https://regina.ca/budget) including the proposed 2022 Budget Book and highlights. The release of the Budget will be promoted through scheduled advertising campaigns. In accordance with the public notice requirements of *The Public Notice Policy Bylaw, 2020*, advertising for the Special Tax for Alley Maintenance will occur on December 4, 2021.

## DISCUSSION

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Despite financial challenges and uncertainty going into 2022, and the increased effort and costs involved in responding to the pandemic, the City will continue to deliver the important services that residents and businesses expect every day. Careful consideration was given to continue to take measures to reduce costs balanced with the need to protect core services.

The long-term strategic direction for the City is established in *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP) along with the four-year strategic plan and longer-term master plans, which are used to guide the development of the budget. One of the community priorities in the OCP is to 'achieve long-term financial viability' which includes ensuring the City has the financial ability to manage its services and amenities both now and in the future. The proposed 2022 Budget has been developed with those principles in mind.

The Economic and Preliminary 2022 Budget Development Update presented to Executive Committee on July 7, 2021, provided the context, factors and City priorities that have influenced the development of the 2022 Budget and Five-Year Capital Plan. The Economic and Preliminary 2022 Budget Development Update highlighted the following:

- COVID-19 has resulted in significant economic impacts to the Regina economy and the City's finances.
- Looking at the impacts to the City, the Conference Board of Canada's (CBoC) October 2021 forecast predicts recovery from the effects of the pandemic will boost Regina's Real Gross Domestic Product (GDP) by 5.5% in 2021. This contrasts the 5.3% drop in 2020 due to COVID-19 and weak commodity prices; the drop was less severe than that of the province and Canada, thanks, in part, to Regina's stable public sector. Regina's GDP is expected to continue to rebound in 2022, increasing by 4.5%.
- The CBoC predicts that Regina's unemployment rate will see significant progress, decreasing from 8.3% in 2020 to 6.9% in 2021, and further down to an estimated 5.8% in 2022.

Department and branch level plans are prepared for the City's operating areas. The plans outline upcoming priority plans for 2022 and provide a look ahead to the 2022-2026 period. Activities and

programs set out in the plans are linked to budget decisions and are central components in balancing the City's Five-Year Capital Plan.

In developing the proposed 2022 Budget, Administration conducted a pre-budget survey on the City's 'Be Heard' engagement platform and 1,339 responses were received. The top service priorities (% of priority in top 3) for the respondents were:

1. Roads – 73%
2. Public Safety – 67%
3. Recreation – 48%
4. Snow Clearing – 47%
5. Parks – 44%
6. Public Transit – 21%

The 2022 Budget reflects the pre-budget survey results and provides Administration's best advice on how to maintain existing services while advancing City priorities and strategic initiatives, given existing resources. Ultimately, City Council determines the programs and services to be included in the 2022 Budget.

### **2022 General Fund Operating Budget**

The 2022 General Fund Operating Budget outlines revenues and expenses for Council's consideration, for a total 2022 General Fund Operating Budget of \$512.2 million, which is an increase of 4.4% or \$21.8 million from the 2021 Budget. Revenues reflect changes to existing property tax and user fee rates and changes in volumes. The increase in expenses is primarily due to new initiatives related to the City's priorities and strategic initiatives, salary increases due to collective bargaining agreements, increase in contributions to capital from the General Operating Budget, and Police operations.

The 2022 Budget strikes a balance between supporting evolving community needs during this pandemic and delivering essential municipal services, while also advancing City priorities and strategic initiatives. This is integral to both our community's recovery and to the City's future prosperity.

Many residents and businesses in our community face continued financial hardship; it is more important than ever that Regina remain affordable. The 2022 Budget maintains services, invest in community priorities, while limiting the property tax increase. Through the development of the budget, Administration balanced the needs and expectations for municipal services with sensitivity to the current economic climate and fiscal reality facing residents and businesses. The 2022 Budget responds to these economic challenges by proposing a 3.49% mill rate increase. A breakdown of the mill rate increase is found in the table below:

Item	Mill Rate Increase (%)	
Civic Operations		1.22
Mosaic Stadium Dedicated Mill Rate	0.45	
Recreational Infrastructure Dedicated Mill Rate	0.50	
Dedicated Mill Rates		0.95
Regina Police Service		1.32
<b>Total Proposed Mill Rate Increase</b>		<b>3.49</b>

Efficiency and Innovation

To achieve long-term financial viability and offer efficient services, the City continues to challenge itself to be innovative and look for ways to do things differently while still providing reliable services in an efficient and fiscally responsible manner. An Efficiency Review conducted in 2021 will provide opportunities for future and ongoing operational savings. Some examples of efficiencies and service improvements incorporated in 2022 include:

**Customer Relationship Management, Point of Sale System, and Dispatch**

Implementation of a project to modernize Service Regina to improve the customer experience for our residents is underway. This will be achieved through several short and long-term initiatives. In 2021, Service Regina completed the review and disbandment of the Dispatch unit within the branch. The review demonstrated a strong opportunity to increase effectiveness of staff effort and achieve organizational efficiencies. As such, work was done to re-align administrative tasks in the organization, centralize the locates function and use an after-hours call service, which results in both staffing and operational cost savings of approximately 45% of the work unit cost or approximately \$265,000. The savings from the former delivery model will be reinvested into Service Regina to advance transformation work to improve the customer experience.

**Fire & Protective Services Response Times**

Fire & Protective Services responds to over 9,000 service incidents annually. With the implementation of electronic monitors in Fire Stations to display call details, route information, and construction locations, it is estimated that future response times will be shortened by 15-20 seconds. This will also eliminate the traditional method of printing large wall maps and traffic accommodation notices, thus saving printing costs.

**Sewer Relining**

In 2021, the City was able to achieve cost avoidance of approximately \$21 million by renewing 23.5 kilometers of sewer lines through the practice of relining, which is approximately 1/4 of the cost of replacing sewer lines. In addition to avoiding the repair costs of accessing underground infrastructure to replace lines, there was minimal disruption to residents as the relining process can

be completed in a day where replacement takes multiple weeks. The City will continue the practice of relining in 2022.

### **Forestry**

CUPE Local 21 and the Forestry business unit implemented a 10-week pilot project which allowed it to accomplish more work with the same number of resources. The unit moved from a five day per week to a seven day per week operating model, which allowed it to increase output per work team by nearly 80%, reduce scheduled overtime by 73% and created cost savings of \$50,000 over the period of the pilot. Given the success of the pilot, the Forestry business unit plans to implement the seven day per week operating model in 2022 to cover the entire peak season.

### **Procurement**

Negotiated Request for Proposals (NRFP) is a new Procurement method utilized in 2021 for most of our commercial facilities construction. With this method, we have increased the value of the projects through a collaborative approach with successful vendors resulting in better terms and conditions, better construction methods, addressing the economic supply issues, warranty, serviceability of ongoing maintenance and pricing. These are only a few of the items considered in the Total Life Cycle cost for each of the projects. In the top five NRFPs in 2021, more than \$3 million in benefits have been realized. The use of NRFPs will continue in 2022.

### **Facilities**

In 2021, Administration initiated a project to install energy monitoring in 50 facilities and conduct energy audits of these facilities. This work will be complete in 2022 and will provide Facilities with the ability to track detailed energy consumption in these facilities and it will also provide recommendations for improvements that would provide energy savings.

### **Transit**

In 2021, the City purchased two 60-foot articulating buses which will replace four traditional buses for a projected savings of \$224,000 in annual operating costs.

### **eBuild**

eBuild is an innovative new tool that allows customers to submit building and development permits online, upload large files and track the status of their permit applications, while making our internal processes more efficient. This tool provides for a better customer experience. Since its launch in May 2021 nearly 250 permit applications have been processed through eBuild – that's over 20% of all eligible residential applications. As more applications move to online submission, anticipated future benefits include online payments, time savings (internal and external), convenience for the customer, better supported internal processes, and improved data reporting.

2022 COVID-19 Financial Impacts and Funding Strategy (One-time Budget Impacts)

COVID-19 is anticipated to continue to impact the City's finances in 2022. The extent that it will impact the finances is difficult to predict. Given the unknowns, the City has developed an estimate in terms of potential financial impact. The majority of the financial impact is experienced through loss of revenue from Transit & Paratransit Service, Traffic & Parking Revenue, Parks, Recreation & Culture and Amusement Tax. The City also anticipates spending an additional \$500,000 in expenditures related to extra cleaning requirements and to purchase personal protective equipment (PPE). Based on this, the estimated 2022 negative financial impact due to COVID-19 is \$4.6 million. This estimate does not include the \$2.1 million decrease in the 2022 Municipal Revenue Sharing grant. This is Administration's best estimate at this time, recognizing that the COVID-19 impact is very difficult to predict.

Administration proposes using funds from reserves to address the 2022 COVID-19 negative financial impact resulting in no impact on the 2022 tax levy. The total funds available in the COVID-19 Recovery Reserve is approximately \$1.8 million. The remaining funds needed to cover the impact of COVID-19 will come from the General Fund Reserve.

The budget impacts of COVID-19 will continue to be treated as one-time until it is determined that the effects of COVID-19 are permanent, or that one-time funding strategies are no longer viable or realistic. This approach helps limit the impact to residents by utilizing all available options for funding instead of property taxes, including the prudent use of any available federal and provincial funding and reasonable expense management if required.

General Operating Revenues

Property taxation is the major source of revenue for the City of Regina, accounting for 55% of the total revenue. Legislation limits the City's ability to access other forms of taxation resulting in challenges to balance increasing costs of providing services with the desire to keep property taxes affordable. The following table found on page 19 of Appendix A provides a summary of General Fund 2022 budgeted operating revenues.

Revenues (\$000s)	2020 Actuals	2021 Budget	2021 Forecast	2022 Proposed Budget	2022 Change \$	2022 Change %
Property Taxation	260,891	269,373	266,776	280,946	11,573	4.3%
Fees & Charges	61,772	65,856	65,525	75,720	9,864	15.0%
Government Grants	65,913	49,108	49,819	47,696	(1,412)	(2.9%)
Other Revenues	63,167	65,140	61,867	69,397	4,257	6.5%
Transfers from a Reserve	19,621	19,047	16,966	15,260	(3,787)	(19.9%)
Licences, Levies & Fines	14,769	11,577	15,047	12,295	718	6.2%
<b>Civic Operations Total</b>	<b>486,133</b>	<b>480,101</b>	<b>476,000</b>	<b>501,314</b>	<b>21,213</b>	<b>4.4%</b>
Regina Police Service	10,688	10,318	10,318	10,899	581	5.6%
<b>Total</b>	<b>496,821</b>	<b>490,419</b>	<b>486,317</b>	<b>512,213</b>	<b>21,794</b>	<b>4.4%</b>

The overall increase in revenues projected for 2022 is \$21.8 million or 4.4% primarily due to:

- Taxation - \$11.6 million increase. This consists of:
  - \$9.5 million increase as a result of the proposed mill rate increase;
  - \$2.1 million increase in tax revenue from projected 2022 growth and adjustments to reflect 2020 actual tax growth.
- Fees & Charges - \$9.9 million increase primarily due to:
  - \$4.2 million increase in Transit & Paratransit fees. The increase is due to a partial recovery to pre-COVID-19 levels but is still \$2.2 million lower than pre-COVID-19 levels.
  - \$1.3 million increase primarily to right-size the budgets related to SAF funded activities (\$0.5 million) and Paved and Gravel Alley Revenue (\$0.5 million).
  - \$1.5 million increase from 2021 primarily from the partial recovery of facility fees collected for events at Mosaic Stadium as a result of a partial return to pre-COVID-19 levels.
  - \$2.2 million increase in Community Service Program and Operating Revenue related to an increase in the recreational fees as a result of a partial return to pre-COVID-19 levels. Revenue levels will still remain \$0.8 million below pre-COVID-19 levels.
  - \$700,000 increase in parking fees largely as a result of a partial return to pre-COVID-19 levels. Revenues still remain \$0.4 million below pre-COVID-19 levels.

- Government Grants - \$1.4 million decrease primarily due to:
  - \$2.1 million decrease in Municipal Revenue Sharing Grant funding as a result of the slowdown of the provincial economy because of the COVID-19 pandemic.
  - Offset by an increase of \$600,000 in Transit and Paratransit Grant funding due to the expected recovery from the impact of COVID-19. These grants are performance-based with the level of funding linked to the number of trips.
- Other Revenue - \$4.3 million increase primarily due to:
  - \$600,000 increase in Electrical Distribution Revenue primarily due to increases in power usage and the carbon tax. The Electrical Distribution Revenue is SaskPower's 10% surcharge on electricity sales.
  - \$600,000 increase in Water Works Revenues related to an annual increase in the access fee paid to the General Fund.
  - \$2.5 million increase in investment income primarily related to a change in the City's investment policy to allow it to maximize its investment return while minimizing the impact of decreased interest rates.
  - \$600,000 increase in Tax Penalty revenues. The increase in revenue is to align the budget more accurately with actual penalties collected over the past few years.
- Reserve Transfers - \$3.8 million projected decrease primarily due to less transfer from reserves to cover COVID-19 costs.
- Licenses & Levies - \$0.7 million increase primarily due to:
  - \$42,000 increase in Gravel and Paved Alley Special Tax. There is no rate change for 2022. The increase is due to growth in amount of alleys.
  - \$170,000 increase in parking ticket fines as a result of an expected partial recovery from COVID-19.
  - \$500,000 increase in amusement tax. The Amusement Tax Bylaw establishes the rate and defines the nature of entertainment that is subject to the tax. This increase is a result of the expected recovery from COVID-19.

#### Alley Maintenance Program

The City's Alley Maintenance Program is intended to support a sustainable alley system that is passable, safe, affordable, efficient, equitable and environmentally responsible. Recommendation 15 of this report recommends approval to maintain the 2021 alley tax of \$3.90 per foot for paved alleys and \$2.72 per foot for gravel alleys for 2022. Appendix E contains further information on the Alley Maintenance Program and the requirements for a bylaw required to implement the alley tax.

#### Elimination of the Golf Course Property Subclass

The City currently has a sub-class for golf courses, which results in golf courses paying lower property taxes compared to if they had the same mill rate factor as other commercial properties. The creation of property sub-classes is a tool available for Council to use in distributing levies amongst



properties. Council has the authority to create or revise property tax classes and sub-classes. Implementing a new class or sub-class requires the passing of a bylaw to define the class. This Bylaw is passed in April each year. Differentiating tax rates by class or sub-class can be useful for determining the share of taxes paid by each property type to help achieve strategic goals and policy objectives such as economic development, tax stability and equity.

In 2001, Council first established the golf course sub-class for tax relief purposes to offset the direct competition with municipal golf courses that are exempt from property taxes. There are currently two privately owned golf courses in this class, one of which is entirely within the City limits and one of which is partially within the City limits with the majority of the course, including clubhouse, in the RM of Sherwood. The mill rate factor for the golf course sub-class is set to 65% of that of the commercial sub-class. Residential properties are unaffected by this sub-class.

On September 29, 2021, Council considered the Tax Policy and Affordability Report (CR21-130) and approved a motion to eliminate the Golf Course sub-class in the 2022 Budget deliberation process. As a result, golf courses will be included in the Commercial and Industrial Class. The mill rate factor for Commercial and Industrial Class has been adjusted as a result as to not impact the overall amount of taxes collected by the City.

When the Property Tax Bylaw comes forward in Spring of 2022, it would no longer include a golf course subclass which means that the golf courses would be included within the Commercial and Industrial Class of properties and would be subject to the mill rate factor for that class. The municipal tax impact of this change on the two golf courses in total is estimated to be approximately \$20,000.

#### General Operating Expenses

The following table found on page 22 of Appendix A provides a summary of General Fund 2022 budgeted operating expenditures. The General Fund Operating expenses, including Regina Police Service (RPS), are projected to increase by \$21.8 million in 2022.

<b>Expenditures (\$000s)</b>	<b>2020 Actuals</b>	<b>2021 Budget</b>	<b>2021 Forecast</b>	<b>2022 Proposed Budget</b>	<b>2022 Change \$</b>	<b>2022 Change %</b>
Salaries & Benefits	162,721	179,713	169,806	185,246	5,533	3.1%
Intra-municipal	32,584	34,108	31,837	33,698	(410)	(1.2%)
Professional & External Services	26,879	34,822	31,784	39,978	5,156	14.8%
Electricity & Natural Gas	9,286	9,932	9,747	10,802	870	8.8%
Office & Administrative	10,811	9,630	10,234	10,040	410	4.2%
Materials, Goods & Supplies	8,395	9,592	9,072	9,625	33	0.3%
Other External	10,166	7,668	11,111	8,491	823	10.7%
Training & Travel	712	1,331	812	1,908	577	43.4%
<b>Civic Operations Subtotal</b>	<b>261,554</b>	<b>286,796</b>	<b>274,403</b>	<b>299,788</b>	<b>12,992</b>	<b>4.5%</b>
Contribution to Capital	55,327	57,979	57,990	61,863	3,884	6.7%
Transfer to Reserve	53,740	18,594	24,259	18,473	(121)	(0.7%)
Debt Servicing	13,581	13,629	13,532	13,629	-	0.0%
Community Investments	14,134	13,858	13,052	14,765	907	6.5%
<b>Other Expenses Subtotal</b>	<b>136,782</b>	<b>104,060</b>	<b>108,833</b>	<b>108,730</b>	<b>4,670</b>	<b>1.2%</b>
<b>Civic Operations Total</b>	<b>398,336</b>	<b>390,856</b>	<b>383,236</b>	<b>408,518</b>	<b>17,662</b>	<b>4.5%</b>
Police Operations	96,185	99,563	99,563	103,695	4,132	4.2%
<b>Total Expenditures</b>	<b>494,521</b>	<b>490,419</b>	<b>482,799</b>	<b>512,213</b>	<b>21,794</b>	<b>4.4%</b>

Specific increases and decreases reflected in the 2022 Budget include:

- Salaries & Benefits - \$5.5 million increase primarily related to increased costs to honour the City's collective agreements with the City's five unions and out-of-scope positions as well as the increase of approximately 25 FTEs to support the investments into new initiatives outlined in the report and to maintain service levels and address key areas of need. The increase is also partially due to an increase in Canada Pension Plan (CPP) premiums.
- Intra-municipal - \$0.4 million decrease primarily related to a reduction in internal costs allocated to operating areas for internal trades, fleet costs and administrative support.

- Professional & External Services - \$5.2 million increase primarily related to one-time funding for the 2022 Grey Cup (\$1.0 million), safe sidewalk program (\$1.15 million), as well as increases to Paratransit Services (\$1.0 million), Hazardous Household Waste Program (\$0.2 million) and new initiatives such as Winter City Strategy, and the Adapted Recreation Program.
- Electricity & Natural Gas - \$0.9 million increase from the 2021 Budget. This increase is related to the removal of a one-time 2021 10% rebate on electricity charges by SaskPower to help reduce the impact of COVID-19 and a general increase in electricity costs in 2022.
- Office & Administrative - \$0.4 million increase primarily related to an increase in insurance costs due to the hardening of the insurance market.
- Material, Goods & Supplies - a small increase over the 2021 Budget. Costs in this category relate primarily to fleet maintenance, concrete and asphalt materials, chemicals for parks and pools, and equipment.
- Other External - \$0.8 million increase primarily related to increases in software license costs and alley maintenance costs.
- Training & Travel - \$0.6 million increase primarily due to a recovery of the one-time 2021 reduction in spending in this category as a result of COVID-19 pandemic travel restrictions.
- Contribution to Capital - \$3.9 million increase due to the dedicated 0.5% mill rate increase for the Recreation Infrastructure Program as well as a planned annual increase of approximately 3% to address deferred infrastructure spending.
- Transfers to Reserve - \$0.1 million decrease primarily to cover costs related to operations for services such as Solid Waste, Cemeteries and Golf Courses.
- Debt Servicing - no increase from 2021 Budget. Nearly all General Fund debt payments relate to Mosaic Stadium.
- Community Investments - \$0.9 million increase primarily related to increases in funding provided to Economic Development Regina and Heritage Conservation and ongoing funding for Harm Reduction.

The 2022 Budget seeks to fund growth in services and programs to meet the needs of a growing population and advance Council's vision and priorities for Regina residents, while keeping taxes affordable and user fees reasonable.

#### General Fund Reserve (GFR)

The 2022 Budget proposes the following \$7.8 million transfers from the GFR:

- \$2.1 million related to funding the decrease in the Municipal Revenue Sharing grant due to impacts from COVID-19 on the 2020/2021 fiscal year Provincial Sales Tax revenue;
- Transfer \$2.8 million from the GFR to partially fund the \$4.6 million 2022 financial impact of COVID-19 with the remaining amount funded from the COVID-19 Recovery Reserve;
- Transfer \$1.8 million from the GFR to ensure the 2022 Housing Incentives Policy program is fully funded;

- \$1 million for anticipated one-time funding related to the 2022 Grey Cup; and
- \$0.12 million in one time investment to host a design competition for warming shelters, pilot an outdoor firepit, etc. with respect to the execution of the Council approved Winter City Strategy.

The General Fund Reserve is projected to have an uncommitted balance of approximately \$29 million at the end of 2021 including the projected 2021 surplus of \$3.5 million. Based on these proposed transfers, commitments and projected surplus, the GFR uncommitted balance is projected to be approximately \$21.3 million at the end of 2022.

#### Asset Revitalization Reserve

The Asset Revitalization Reserve (ARR) balance is projected to be approximately \$14 million at the end of 2021. The 2022 Budget proposes funding of \$1.15 million in 2022 to create safer sidewalks by addressing backlog in sidewalks maintenance with the goal of addressing the entire backlog over two years.

#### COVID-19 Recovery Reserve

The COVID-19 Recovery Reserve was established in 2020 using Federal Safe Restart Program funding. The reserve is projected to have a balance of approximately \$1.8 million at the end of 2021. The 2022 Budget proposes using the remaining funding of approximately \$1.8 million in the COVID-19 Recovery Reserve to fund the remaining amount of the \$4.6 million 2022 financial impact of COVID-19. This will bring the balance of the COVID-19 Recovery Reserve to zero.

#### Full-Time Equivalent (FTE) Positions

A large part of how the City provides services and manages its assets is through the people who work for the City. A table found on page 17 of Appendix A provides a summary of FTE positions. Overall, civic operations (General and Utility Fund Operations) increases by 25.6 FTEs resulting in a total of 2,299.6 FTEs. The increase in civic operations FTEs is due to investments in new initiatives to advance community priorities and strategic initiatives of the City that will make Regina safer, more accessible and more sustainable for the future. Some of these priorities and initiatives include the Community Safety & Well-Being Plan Implementation, Drainage and Lot Grading Regulations, Adapted Recreation Plan Implementation, Winter City Strategy Execution and Business Service Team. As well, additional FTEs are intended to address areas with significant resource pressures and to maintain service levels.

The Regina Police Service FTE budget increases by 22.8 FTE resulting in a total of 647.8 FTEs. The overall net FTE increase for the City is 48.4 FTEs, resulting in an overall budget of 2,947.4 FTEs for 2022.

### **2022-2026 General Capital Plan**

The City's capital budget process has been developed to ensure assets and investments are managed comprehensively in a manner that ensures the City is achieving value for money and that staff resources are used efficiently. Asset renewal is an investment in the future and an important factor in maintaining and, where possible, extending the operational lifespan of the City's assets. Further information on the development of the Five-Year Capital Plan including funding sources can be found in Appendix B. The proposed 2022-2026 General Capital Plan totals \$136.3 million in 2022; with a planned investment of \$649.6 million over the next five years. Council is only approving the 2022 year except where noted otherwise. Further detail on the proposed Five-Year General Capital Plan can be found, starting on page 95 of Appendix A, 2022-2026 General Capital Plan.

### Senior Government Partnership and Funding

As part of the 2020-2021 federal budget, one-time additional Gas Tax funding of \$12.9 million is being provided to the City of Regina in 2022. These funds must be spent by December 2023. This funding is being used in the five-year capital plan to ensure priority capital investments are made.

### Recreational Infrastructure Program

Consistent with Council direction, Administration has included in its proposed 2022 Budget a dedicated mill rate increase of 0.5% for recreational infrastructure. On October 28, 2019, Council approved a long-term Recreational Infrastructure Program funded by a dedicated 0.5% mill rate for five years (2020 - 2024). This program will fund recreational infrastructure improvements based on the current Recreation Master Plan, and other relevant considerations determined by City Council. Appendix D and D-1 contain a list of recreational and cultural projects that are planned to be funded through the Recreational Infrastructure Program and other funding sources in 2022 and provides a 10-year capital plan.

### **Delegation of Authority for Contract Approval**

It is recognized that it will be a challenge for the City to implement the recommendations in the Recreation & Culture Capital Plan through taxpayer funding alone. The plan presented considers the City solely funding all projects, aside from the indoor aquatic facility, which has been shown based on an assumption that there would be a 1/3 funding split between all three levels of government. Some projects are also eligible for funding from Servicing Agreements Fees (SAF); in these cases, the SAF funding is factored into the 10-Year Recreation & Culture Capital Plan.

Section 35 of the Regina Administration Bylaw 2003-69 authorizes the City Manager to approve and enter into agreements for the receipt of federal or provincial funding where the value of the agreement on an annual basis is \$500,000 or less. This means that revenue agreements in excess of \$500,000 have to be approved by Council. To allow the City to act in an efficient manner on these types of opportunities with respect to the recreation and culture plan, Administration is

recommending that City Council authorize the City Manager or Executive Director, Financial Strategy and Sustainability to apply for grant/funding programs available to the City in excess of \$500,000 to implement the priority projects listed in the 10-Year Recreation & Culture capital Plan.

#### New Indoor Aquatics Facility

Currently the feasibility study for a proposed new indoor aquatics facility is underway and in 2022 a report will be presented to Council regarding the findings and requesting approval to move forward with the next steps in planning and design of the facility. It is being anticipated that the cost of the feasibility study will exceed \$750,000 before the study is finalized and presented to Council. In order to complete the remaining work related to the feasibility study and continue to move the project forward in an efficient manner Administration is recommending that Council authorize the Executive Director, Financial Strategy and Sustainability to incur expenditures related to this contract in excess of \$750,000.

#### Multi-Year Capital Projects

Recommendation 3 of this report recognizes the multi-year financial commitments associated with capital projects that require more than one year to complete and require advance approval. Approving funds in 2023 through to 2026 for projects that commence in 2022 allows the City to commit the total cost of the project from tendering through to their completion.

Division	Department	Project/Program Name	2022	2023	2024	2025	2026	5-Year Total
City Planning & Community Development	Parks, Recreation & Cultural Services	Douglas Park Pickleball Facility	120	1,080				1,200
		Downtown Accessible Washroom	60	500				560
		Community & Neighbourhood Centres	1,065	2,435				3,500
	Sustainable Infrastructure	11th Avenue Utility and Corridor Upgrades	250	1,250	2,000	2,000		5,500
Financial Strategy & Sustainability	Land, Real Estate & Facilities	Fleet Training Site Development	250	150				400
		Salt & Sand Building	50	1,400				1,450
		Transit Master Plan – Downtown Facility Development	150	1,250	1,000			2,400
People & Transformation	Innovation, Energy & Technology	EBS 12.2 Upgrade	1,200	1,200	-	-	-	2,400
<b>Total</b>			<b>3,145</b>	<b>9,265</b>	<b>3,000</b>	<b>2,000</b>	<b>0</b>	<b>17,410</b>

By approving the commitment of these funds, the City increases the assurance among bidders that the City will fund the entire project. This should increase the attractiveness of the City’s bid calls for the work and facilitate more competitive bid pricing. It also maximizes the flexibility and accountability for managing the capital budget by matching the provision of funds with the year in which they are required, which is a best practice in capital budgeting. Council maintains the discretion to cancel any project at any time, following consideration of the costs associated with doing so.

Advancing City Priorities and Strategic Initiatives

Council and its Committees approved and referred items to the 2022 budget development process. As well, Administration identified additional items tied to advancing City priorities and strategic initiatives. All the below items are included in the 2022 Proposed Budget.

### **Council Previously Approved Items**

#### *Winter City Strategy Execution (\$450,000)*

- In April 2021, Council approved (CR21-79) the Winter City Strategy and supporting action plan. That report contained a recommendation that funding for the action plan be approved as part of the 2022 budget process.

#### *Increase to the Community Investment Grants Program for Harm Reduction (\$500,000)*

- Included in the 2021 Budget (CM21-3), as an amendment to the proposed 2021 Budget, was a \$500,000 increase to Community Investment grants to fund a harm reduction program at the City. This increase was funded from reserves in 2021. While the amendment focused on funding for 2021 and as a result was funded from a one-time funding source, Administration has inferred from a review of Council's consideration of the amendment that the intent was that it be an on-going increase in funding on a go forward basis and as a result is being proposed to be added to the 2022 General Operating Budget.

#### *Drainage and Lot Grading Regulations (\$225,000)*

- On February 24, 2021, Council approved (CR21-27) the creation of two new positions and enhancement of the status quo on enforcement of existing lot grades starting on January 1, 2022.

### **Council Motion/Referral Items**

These items are described below with additional detail on each included as Appendix C of this report.

#### *Safe Sidewalks – Sidewalk Distress Backlog (\$2.3 million)*

- On April 14, 2021, Council directed (CR21-54, Safe Sidewalk Update) that this request be referred to the 2022 Budget process. This would represent a one-time increase to the 2022 Budget. This work would be contracted out in 2022 to catch up on the backlog of work over the past few years. Administration is recommending undertaking this work over two years starting in 2022 and funding it from the Asset Revitalization Reserve (ARR) in 2022 to reduce the financial impact on the 2022 Budget. The 2022 Budget includes \$1,150,000 funding from the ARR, which is half of the cost of this project. Through the pre-budget consultation, roads and public safety were ranked as the top two priorities by residents. The safe sidewalks project is aligned with these community priorities.

#### *Adapted Recreation Plan: Increase Recreation & Leisure Activities for People with Disabilities (\$375,000) and Additional Paratransit Bus Contract Costs (\$365,000)*

- On April 14, 2021, Council passed a motion (MN21-2) directing Administration to conduct consultation with people with disabilities and their care providers, as well as the recreation and



leisure sector, and provincial and federal governments, in order to create an Adapted Recreation Plan for the City that includes a budget ask for 2022. Administration has initiated the development of an Adapted Recreation Plan to make Regina's recreation and leisure activities more accessible to people with disabilities. In 2022, Administration is proposing an investment of \$375,000 in 2022 to support the Plan. As well, to meet the requirements of motion MN21-2, additional transportation, costing \$365,000, will be required for persons with disabilities to access these enhanced recreation services. In addition, the 2022 capital budget includes \$280,000 for the purchase of two Paratransit buses to support this program. This investment supports the City's recreation plan which ranks in the top three priorities in the pre-budget survey.

*Community Safety & Well-Being Plan Implementation (\$875,000)*

- Based on a City Council motion (MN19-21), the City is partnering with the Canadian Municipal Network on Crime Prevention and has since been working collaboratively on identifying local issues through an in-depth consultation and engagement process in order to develop a Community Safety & Well-being Plan. The plan will require a collective approach to issues such as poverty and inequality as well as the development of services for those struggling with mental illness, substance use challenges, and homelessness. Administration is proposing an investment of \$875,000 in 2022 to support the Plan. Funding would be invested into work related to social development, community well-being, inclusion, and accessibility. These long-term efforts will also be balanced with more immediate interventions to prevent and reduce crime. This investment supports recreation and community wellbeing which are among the top five community priorities identified in the pre-budget consultation results.

*Housing Incentives Program (HIP) Funding (\$675,000)*

- The 2022 mill rate increase includes the equivalent of a 0.25% mill rate increase to begin to establish an ongoing funding source for the HIP program. Over the past few years, this program has been funded from various sources including the Winter Maintenance Reserve & General Fund Reserve. This funding approach is unsustainable over the long term and Administration was asked to bring forward an approach that would address this matter as part of the 2022 budget. The proposed approach will require approximately \$675,000 per year be added to the City's base operating budget over the next four years with 2022 being the first year. In years 2022-2024, additional funding from reserves will continue to be needed to ensure the annual funding of \$2.5 million is available for the HIP program. The proposed 2022 Budget includes a \$1.8 million transfer from the General Fund Reserve to fund the remainder of the 2022 HIP program.

*Clean Streets (\$126,000)*

- On June 24, 2019, City Council (MN19-8) directed Administration to report to the Public Works and Infrastructure Committee in Q4 2019 with information related to communication for

street cleaning, towing vehicles in all areas, deterrents and incentives for moving vehicles, and an additional street sweep. Due to the impacts of COVID-19, the timelines were extended and deferred to Q2 2021. On May 19, 2021, the Operations and Community Services Committee heard the report and tabled pending additional information and a supplemental report. Administration is proposing an investment of \$126,000 to support this initiative.

**Other Items Identified by Administration Tied to Advancing Community Priorities/Strategic Initiatives**

*Investment in Energy & Sustainability - Renewable Regina 2050 Goal (\$820,000)*

- The City has committed to becoming a renewable city by 2050. In 2021, the City invested to \$550,000 to establish the Energy & Sustainability Solutions team to deliver on the Energy & Sustainability Framework. Development of Regina’s Energy & Sustainability Framework is nearing completion. This important Framework outlines a community-wide action plan to become renewable and achieve net-zero emissions by 2050, actions which will require big moves and significant financial investment by the municipality, private sector and individuals. The 2022 Budget includes an incremental \$820,000 investment to support electrification and reductions in greenhouse gas emissions, moving Regina toward the 2050 goal.

*Business Service Team (\$285,000)*

- Establishment of resources to support economic growth opportunities and support business development and interaction with the City, such as developing a centralized business support function, in support of advancing the City’s growth goals.

*Aurora Bus Service (\$105,000)*

- This increase will allow Transit to continue to meet Council defined standards for transit. This is a new commercial area in nature and the expanded transit service is estimated to start in the fall of 2022.

*Indigenous Artist in Residence (\$75,000)*

- The proposed development of an Indigenous Artist in Residence program provides the City an opportunity to celebrate artistic outcomes through various platforms, such as virtual and in-person public engagements, through the City’s website and social media, and through the Civic Art Collection, increasing the engagement and impact of the City’s cultural development efforts. This new program aligns with the Cultural Plan and responds to the spirit of the TRC Calls to Action.

*Heritage Conservation Policy (\$300,000)*

- On March 31, 2021, Council approved (CR21-49) the Heritage Conservation - Interim Policy. The 2022 Budget includes \$300,000 to support the Heritage Conservation Policy and addresses the City’s heritage conservation program through new financial incentives,

processes and regulations related to the Heritage Conservation Policy.

### 2022 Utility Operating Budget

The Utility revenue supports four service areas:

- Water supply and distribution – the water system provides water for residential, institutional, commercial and industrial customers, as well as for fire protection.
- Wastewater collection and treatment – the wastewater system collects wastewater from residential institutional, commercial and industrial customers in the City and treats wastewater in accordance with the federal and provincial government’s environmental regulations and industry standards.
- Stormwater collection and flood protection – the stormwater system controls water runoff from rainfall and melting snow in and around the City.
- Customer service including utility billing and collections functions in an efficient, accurate and timely manner It also includes the communication function of responding to customer inquiries and needs.

A Utility rate increase of 5% is proposed for 2022 and will result in an average monthly increase of \$7.25 for a typical residential customer. This increase is recommended to be effective January 1, 2022 and includes a 2% increase that was previously approved by Council in early 2021 to fund the Lead Service Connection Management Program and 3% increase to support base operations and maintenance and renewal of assets required to provide the service.

	<b>Utility Rate Increase %</b>	<b>Monthly Increase for an average household \$</b>
Lead Service Connection Management Program (Approved)	2%	\$2.90
Increase for Base Operations (Proposed)	3%	\$4.35
<b>Total Proposed Increase</b>	<b>5%</b>	<b>\$7.25</b>

Detailed water, wastewater and stormwater rates are provided on page 136 and 137 of the proposed 2022 Budget, attached as Appendix A.

Utility rates are set based on a long-range financial model which covers the cost of operating the Utility and the cost of ongoing asset management and renewal. This serves to moderate the need for dramatic rate increases in any given year and is consistent with prudent long-term financial planning.

Supplying safe drinking water and ensuring the management of wastewater and stormwater are essential services provided by the Utility. Pressures due to aging infrastructure, population growth, climate change and changing regulations require the Utility to plan and adapt to the changing conditions. The Utility delivers a reliable, accessible and sustainable supply of high quality drinking water. The Utility also strives to ensure that potable water is used efficiently and that the City is prepared for emergencies. The Utility creates and maintains wastewater and stormwater systems that protect public health and property.

### **Utility Fees and Charges**

There are also Utility Fees and Charges which are in place to cover the cost of specific services such as replacing a damaged water meter, overdue accounts etc. The fees and charges have not increased with the annual utility rate increases and have not been changed in some time. These fees include Bulk Water Purchase Hydrant Permits, Hydrant Flow Test and Recycled Water Connection Fee.

#### *1. Bulk Water Sales Rate*

This is the rate charged to customers receiving water from the City's Bulk Water Station. The bulk water station is utilized by commercial/industrial customers located both within and outside of the City. The rate for bulk water as stated in the Water bylaw includes a 75% surcharge. The current rate within Schedule A is outdated and is not in line with the current rate plus the 75% surcharge. The bulk water rate increase proposal is to create an incremental increase for 2022 and 2023 such that for 2024 the rate will match the current water rate plus a 75% surcharge.

#### *2. Sale of Water from Fire Hydrant*

Currently the charge for a hydrant permit includes a rental fee (which includes setup and take down of the hydrant cart) and a weekly charge which includes a minimum water charge. To better align with our rate structure and actual cost for the equipment and labour the proposed charges would include an installation fee (setup and take down), a daily rental fee plus a consumption charge for all water used. The change in fees for a typical customer requesting the use of a hydrant (hydrant cart rental for 3 weeks and using 245m<sup>3</sup> of water) would increase from \$847 to \$1000, which is a 18% increase in cost.

#### *3. Hydrant Flow Test*

Increase fee from for a hydrant flow test from \$335 to \$375. The City typically does approximately 10 hydrant flow tests each year.

#### *4. Recycled Water Connection Fee*

The Wastewater and Storm Water Bylaw contains a fee for "Recycled Water Connection Fee" this is the fee set for the potential use of effluent from the WWTP. This fee was established in 2018 and is set form a calculation based upon annual inflation.

There is currently no customer using wastewater treatment plant effluent and therefore no revenue

based on this fee. The fee proposed for 2022 is \$0.2838/m3.

Administration is recommending changes to these fees. These charges are primarily focused on fees that would have an effect on commercial businesses or users outside of City limits. These increases are required to provide equity to other users recover the cost for these specific services. The fees and charges being considered had a total annual revenue of \$224,000 for 2020. The proposed fee increases would result in an increased revenue of \$30,000 in 2022.

Utility Revenues

Revenues (\$000s)	2020 Actuals	2021 Budget	2021 Forecast	2022 Proposed Budget	2022 Change (\$)	2022 Change (%)
Water	70,234	71,343	72,730	<b>75,592</b>	4,249	6.0%
Wastewater	54,601	53,982	55,855	<b>56,925</b>	2,943	5.5%
Stormwater	18,196	18,656	18,755	<b>19,744</b>	1,088	5.8%
Administrative & Other Fees	3,809	4,273	4,016	<b>5,101</b>	828	19.4%
<b>Total Revenues</b>	<b>146,840</b>	<b>148,254</b>	<b>151,356</b>	<b>157,362</b>	<b>9,108</b>	<b>6.1%</b>

An overall Utility rate increase of 5% in 2022 is recommended and will be effective January 1, 2022. Revenues from Utility rates are estimated to total \$157.4 million, an increase of \$9.1 million over 2021. Revenue increases related to Water, Wastewater, and Stormwater relate primarily to the proposed 5% rate increase and projected growth in customers. Administrative & Other Fees increase is primarily due to an increase of \$0.8 million from the Service Agreement Fee deferred revenue account for the growth portion of the renewal of the Wastewater Treatment Plant.

Utility Operating Expenditures

Expenses (\$000s)	2020 Actuals	2021 Budget	2021 Forecast	2022 Proposed Budget	2022 Change \$	Change %
Intra-municipal	23,711	24,962	24,471	25,567	605	2.4%
Salary & Benefit Expenses	16,953	18,678	16,538	19,187	509	2.7%
Office & Administrative Expenses	1,189	1,221	1,199	1,221	-	0.0%
Professional & External Services Expenses	10,338	9,965	10,248	14,168	4,203	42.2%
Material, Goods & Supplies Expenses	3,720	2,671	3,304	2,671	-	0.0%
Debt Servicing Expenses	4,682	6,018	6,018	6,018	-	0.0%
Other External Expenses	6,092	5,958	4,017	6,070	112	1.9%
Utility Expenses	20,915	21,545	21,914	22,442	897	4.2%
Transfers to Reserve Expenses	53,969	57,236	57,371	60,158	2,782	4.8%
<b>Total</b>	<b>141,569</b>	<b>148,254</b>	<b>145,081</b>	<b>157,362</b>	<b>9,108</b>	<b>6.1%</b>

The recommended Utility Operating Budget for 2022 totals \$157.4 million; an increase of \$9.1 million from 2021. Substantial changes reflected in the 2022 Utility Budget include:

- Intra-municipal - \$0.6 million increase due to consistent increased annual transfers to the General Fund.
- Salary & Benefit - \$0.5 million increase due to increased costs to honour the City's collective agreements and a net increase of 3 FTEs in Utility Operations. The increase is also partially due to an increase in Canada Pension Plan (CPP) premiums.
- Professional & External Services - \$4.2 million increase due to a one-time contractual payment for planned maintenance forecasted at the Wastewater Treatment Plant of \$3.6 million and contractual increases for Wastewater Treatment of \$0.2 million.
- Utility Expenses - \$0.9 million increase due to removal of a one-time rebate of SaskPower costs in 2021 (\$0.2 million) and increases for Water Purchase from Buffalo Pound Water Treatment Plant (\$0.6 million).
- Transfers to Reserve - \$2.8 million increase primarily due to the rate increase. This transfer

to the reserve is the net of revenues and expenses and is a planned increase included in the City's Utility Model, which will fund the acceleration of the lead pipe connection replacement program and future capital projects and programs.

### **2022-2026 Utility Capital Plan**

Future capital investments and financial forecasts are reviewed and updated annually through the budget process, which includes a review of changing conditions, the Utility's capital investment planning and the development of master plans. Over the last ten years, capital investment to fund projects and programs such as the wastewater treatment plant upgrade project, has closely matched projections that address service needs for the continued delivery of safe, reliable services to customers.

The recommended 2022-2026 Utility Capital Plan highlighted in Appendix A beginning on page 119, includes a total five-year expenditure of \$500.8 million. The proposed 2022 Utility Capital Budget totals \$119.4 million.

Similar to the General Fund Capital, Utility Fund Capital utilizes various sources of funding to support infrastructure. The Utility Reserve supports the majority of the infrastructure costs ensuring that the infrastructure is maintained over the long-term through a full-cost recovery, user-pay model.

The 2022 Utility Capital Plan focuses investment in key areas:

- Water - \$86.8 million
- Wastewater - \$16.0 million
- Stormwater - \$16.6 million

### Lead Service Connection Program

City Council previously approved a 2% Utility Rate increase to fund the acceleration of the Lead Service Connection Management Program. This accelerated program will work towards replacing all of the City-owned lead service connections by 2036.

The Utility capital plan includes \$2.9 million to fund the accelerated program in 2022 and \$14.4 million over the next five years. As part of this program the private-side replacement of lead service connections will be mandatory when the City-owned side of the lead service connection is replaced. The cost to replace the private side lead service connection is paid by the property owner and there are options to have that cost applied to the property taxes and spread out over 5 years or 10 years for eligible property owners.

### Utility Reserves & Debt

In 2022, the City plans to transfer \$60.2 million to the General Utility Reserve to fund current and future capital projects. The reserve balance at the end of 2022 is projected to be \$83.5 million. The

reserve balance at year-end 2026 will be an estimated \$44.9 million. The minimum balance guidelines for this reserve is \$25 million.

The December 31, 2021 outstanding debt balance for the City of Regina's Utility Fund is estimated to be \$70.9 million and is expected to decrease to \$69.3 million at the end of 2022, as noted in the 2022 Budget. The outstanding debt is related to the Wastewater Treatment Plant. For 2022, the expected debt cost is \$6.0 million, the same as 2021.

### **Service Partner Budgets**

The City works with key service partners, including the Provincial Capital Commission (PCC), Economic Development Regina (EDR) and the Regina Exhibition Association Limited (REAL). PCC, EDR and REAL each make annual requests to City Council for funding through Executive Committee (EX21-72) and (EX21-76), attached as Appendix F.

#### Economic Development Regina

Through Executive Committee Report EX21-76, Economic Development Regina has requested total funding of \$2,185,205 in 2022 representing a net increase of \$137,000 over 2021. This increase includes core funding of \$1,885,205 in 2022, which is an increase of approximately \$37,000 or 2% over 2021, to address address cost of living pressures EDR is facing in 2022. In addition, on a one-time basis, EDR is requesting a \$300,000 one-time grant (prior year \$200,000) from the City to support the long-term growth and recovery of events, conventions and the tourism sector. Together with its partners, EDR is working to attract and maximize high-impact events for future years. Appendix F provides further detailed information on specifics surrounding this additional one-time grant.

Based on their 2022 budget submission, EDR will continue to be impacted by the COVID-19 pandemic in 2022 through reduced revenues from the Destination Marketing Fee it receives from Regina Hotel Association. The \$300,000 one-time grant increase will help partially off-set the funding loss EDR is projecting in 2022. EDR's funding increase of \$137,000 has been included in the proposed 2022 Budget.

#### Regina Exhibition Association Limited

REAL requested \$400,000 for 2022, the same as its 2021 approved grant funding through Executive Committee Report EX21-76. The funding is due to financial impacts the organization expects to experience due to the COVID-19 pandemic. This funding is to address loss of revenues experienced due to the COVID-19 pandemic. REAL has committed to reducing this grant amount in half next year in an effort to become financially sustainable.

This funding request is in addition to the \$700,000 conditional annual grant related to assisting REAL in making principal and interest payments on REAL debt approved by Council on December



16, 2020 (CR20-96) and August 11, 2021 (CR21-114). This grant will be reviewed annually to determine if REAL has sufficient cashflows to support their debt obligations.

The table below reflects the actual funding to each agency in 2019 and 2020, the 2021 Budget, and the level of funding included in the proposed 2022 Budget.

<b>Expenses (\$000s)</b>	<b>2019 Actuals</b>	<b>2020 Actuals</b>	<b>2021 Budget</b>	<b>2021 Forecast</b>	<b>2022 Budget</b>	<b>Dollar Change</b>	<b>% Change</b>
Provincial Capital Commission	2,719	2,719	2,719	2,719	2,719	0	0%
Economic Development Regina	1,812	1,848	2,048	2,048	2,185	137	7%
Regina Exhibition Association Limited	200	100	400	400	400	0	0%
<b>Total Ongoing Operating Grants</b>	<b>4,731</b>	<b>4,667</b>	<b>5,167</b>	<b>4,967</b>	<b>5,304</b>	<b>137</b>	<b>3%</b>
REAL– Grant to address debt payment	0	0	700	700	700	0	0
<b>Total Service Partner Grants</b>	<b>4,731</b>	<b>4,667</b>	<b>5,867</b>	<b>5,867</b>	<b>6,004</b>	<b>137</b>	<b>2%</b>

**Other Budgets**

The Regina Police Service submits its budget to the Board of Police Commissioners who, in turn, make their recommendation to City Council for approval. The Regina Public Library requests a separate mill rate approval from City Council.

Regina Police Service

As described by the RPS within the November 10, 2021 report to Council (CR21-157), the Regina Police Service proposed 2022 Operating and Capital Budget has been prepared based on a thorough review of challenges and opportunities that align with the Strategic Plan and Organizational Review for the Regina Police Service. The 2022 operating budget includes gross operating expenditures of \$103,695,300 and revenues of \$10,898,600, resulting in a net operating budget of \$92,796,700. This is an increase of \$3,551,600 or a 4.0% increase over the approved 2021 budget.

### Regina Police Service Campus Development Project Update

Phase 1 of the Regina Police Service (RPS) Campus Development project is underway and includes renovations to the former STC facility (now referred to as RPS Headquarters West), site improvements and the development of a new Link Building that will join RPS Headquarters West and the existing RPS Headquarters East to create a complete campus solution for the RPS. This first phase of work is planned to be complete in 2023. Phase 2 of the project is also underway and includes the redevelopment of the Municipal Justice Building into a neighbourhood community centre and RPS training and fitness facility. This includes preserving the heritage of the facility, developing a shared multi-purpose gymnasium, fitness and community space. This second phase of work is planned to be complete in 2022. Planning and design for Phase 3 of the project is also underway and includes renovations to the existing RPS Headquarters East to support the long-term operational needs of the RPS. This third phase is planned to be complete in 2025.

With the progression of the planning and design work for Phase 3 in 2022, cost estimates will be finalized and reconciled against the funding levels identified in the five-year capital budget. It is anticipated that the 2023 remaining project funding amount of \$2 million will need to be increased as a result of inflation and cost increases associated with the pandemic. Other pressures on the remaining project funding include the demolition and environmental remediation costs associated with Phase 2 being more extensive than anticipated and the training and fitness space has been increased as part of Phase 2 to meet the long-term needs of the RPS. Once the planning and design work for Phase 3 progresses in 2022, there will be increased cost certainty and any remaining funding needed for the project will be determined at that time and requested in a future budget for Council's consideration.

### Regina Public Library

The Regina Public Library (RPL) promotes and supports cultural, economic, educational and recreational development in the City through collections, programs and services. The Board of RPL has approved the library's budget and has requested a mill rate of 0.87191 for 2022; an increase of 2.46% from 2021. RPL increased the mill rate by 2.9% in 2021. The RPL 2022 budget submission was discussed at the November 3, 2021 Executive Committee meeting (EX21-72) and tabled to the December 15, 2021 Council meeting. If approved by Council, Administration will bring forward a bylaw in the spring of 2022 to formally levy the mill rate.

### Summary

Despite financial challenges and uncertainty going into 2022, and the increased effort and costs involved in responding to the pandemic, the City continues to deliver the important services that residents and businesses expect every day. The City will continue to take measures to reduce costs and find efficiencies and balance this with the need to protect core services and invest in community priorities.

The bylaw to formally levy the mill rate will be brought forward in the spring of 2021 when the provincial government provides the City with the mill rates for the school divisions. At that time, City Council will also approve the mill rates for the two Business Improvement Districts, as well as the Regina Public Library and the City.

The proposed utility rate increase supports a financially stable water utility that is based on full cost recovery. The rate increases provide for an acceleration of the Lead Service Connection Management Program and for ongoing investment in infrastructure renewal that ensures the continued delivery of safe, reliable water, wastewater and stormwater services.

## **DECISION HISTORY**

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On July 7, 2021 (EX21-50), the Executive Director, Financial Sustainability & Strategy provided Executive Committee with an update on the economic environment and assumptions in which the 2022 Budget is being developed and a preliminary review of the 2022 Budget.

On October 20, 2021 (EX21-71), the Executive Director, Financial Sustainability & Strategy presented a 2022 Budget Update to the Executive Committee.

On November 3, 2021 (EX21-72), the Regina Public Library presented their annual Budget request to the Executive Committee.

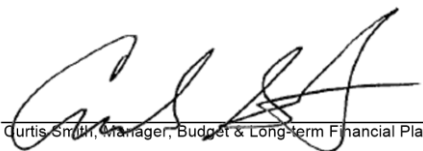
On November 10, the Regina Police Service 2022 budget was submitted and tabled.

On November 17, 2021 (EX21-76), Economic Development Regina, Regina Exhibition Association Limited and the Provincial Capital Commission presented their annual Budget request to the Executive Committee.

The recommendations in this report require City Council approval.

Respectfully Submitted,

Respectfully Submitted,



Curtis Smith, Manager, Budget & Long-term Financial Planning

11/23/2021



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

11/23/2021

Prepared by: Abiye Dickson, Corporate Budget Consultant

**ATTACHMENTS**

Appendix A - 2022 Proposed Budget Book

Appendix B - Capital Plan Reserves & Debt

Appendix C - Council Referred Items

Appendix D - Recreation and Cultural Capital Plan

Appendix D-1 - 10 Year Recreation & Culture Capital Plan

Appendix E - 2022 Alley Maintenance Special Tax Levies

Appendix E-1 - Historical Data

Appendix E-2 Alley Maintenance Program

Appendix F - 2022 Service Partners Budget