

## P.02197 Capital Project Green Loan Request - Civic Water Conservation

### ISSUE

Civic water conservation, identified as a priority in the Water Conservation Strategy, involves improving the water efficiency in facilities and operations. This report seeks approval for a Green Loan to fund the Spray Pad Improvements Initiative – through Capital Project P.02197.

### RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities, and Corporate Services recommend to City Council that Capital Project P.02197 be increased by \$1.65 million funded through a Green Loan, subject to public notice and an intent to borrow report, to fund the Spray Pad Improvements Initiative.

### BACKGROUND

[City Council Policy No. C03-027](#), Borrowing for Capital Projects, allows for internal funding of Green Loans for energy and water use reductions where expenditure savings or revenue generation can fully repay the capital expenditures.

The [2022-2025 Strategic Plan](#) includes a key Environmental Sustainability action to implement innovative and efficient water conservation practises and programs for indoor and outdoor water use.

At its meeting held in May 2022, City Council resolved that the Water Conservation Strategy report be approved in principle. The Water Conservation Strategy is based on the water conservation targets set in the Low Emissions Community Plan. Action 25 is a 5% reduction in absolute water demand by 2026 through efficiency, monitoring, and leak reduction. Action 26 is a 20% outdoor and 30% indoor water-use reduction by 2050 through residential and commercial education and water efficiency incentive programs.

### DISCUSSION/ANALYSIS

#### Spray Pad Improvements

In 2023, a spray pad efficiency project was completed at two spray pads – Pleasant Hill and Wallace Parks. This pilot was funded through P.02197 Water Conservation, that is funded by the Waterworks Capital Project Reserve. The project saved 6.4 million liters of water, \$24,000 and 2.7 tonnes CO<sub>2</sub>e, by replacing nozzles. This work has been expanded in 2024 to test other equipment upgrades.

The Spray Pad Improvements Initiative involves replacing existing nozzles with lower-flow fixtures and adding controllers to modify the sequencing patterns and remotely adjust schedules for extreme heat events at all 23 spray pad locations. The scope also

includes climate adaptation improvements - adding shade structures, misting stations, and water fountains at seven sites to provide the public opportunities to cool off and access to drinking water. This project will also seek funding through the [FCM Adaptation in Action Grant](#).

The request is for a Green Loan of up to \$1.65 million (potential to receive \$600,000 from FCM grant), which will be repaid through cost savings over a period of 10 years.

### **FINANCIAL IMPLICATIONS**

Should the Green Loans be approved, the capital budget of Project P.02197 will be increased by \$1.65 million.

#### Spray Pad Improvements

Annual water savings are anticipated to be \$255,000, once fully implemented and operational. These savings will be partially offset by operating impacts for network connections to each site for remote controls, maintenance, and an asset management transfer to the CBCM reserve, estimated to cost \$54,000 per year. Operating impacts after capital work is complete have been removed from the savings to calculate the loan repayment term.

Repayments of debt for the Spray Pad Improvements Initiative will be from the savings incurred in the Energy Management operating budget.

In accordance with Council Policy C03-027, interest will be charged on an annual basis at the City of Saskatoon's (City) equivalent borrowing rate at the time of debt issuance. Based on current interest rate estimates, the annual repayments of principal and interest over a 10-year term for the Spray Pad Improvements Initiative will be \$202,000.

In accordance with Council Policy (C03-003), once the Green Loans are repaid, the savings from Green Loans are to be used to fund the Environmental Sustainability Reserve. These funds can then be used to fund additional environmental initiatives. Currently, the Environmental Sustainability Reserve receives \$250,000 in annual funding, while future savings resulting when the Green Loans are repaid would fund projects that achieve further utility efficiencies, improve climate resilience and / or result in enhanced and equitable environmental sustainability outcomes. Ongoing funding from these efficiencies reduces future reliance on funding from the Reserve for Capital Expenditures and enhances the City's ability to leverage external funding opportunities.

### **TRIPLE BOTTOM LINE IMPLICATIONS**

The civic water conservation work described in the report above provides Triple Bottom Line Benefits and aligns with City Council's Strategic Priorities:

- Supports more resilient design standards for parks to respond to increased park usage and climate change.
- Implements climate actions in the Low Emissions Community Plan and the Corporate Adaptation Strategy within proposed timeframes.

- Implements innovative and efficient water conservation practices for outdoor uses. Reducing water consumption also reduces the impact of the rate increases on budgets. Annual water rate increases will impact civic operations with higher utility costs. Some civic water budgets have structural budget issues, and water conservation helps the overall portfolio.
- Civic assets are energy efficient and designed for long-term resilience, ensuring the City is prepared to mitigate current and future contributions to climate change. Investment in water conservation aligns with intent of energy efficiency and is required to support GHG emissions goals and provide greater climate resilience.
- A third of the City's own emissions come from pumping and treating water. Water conservation helps reduce GHG emissions and energy used to pump and treat water.
- Water conservation helps prevent essential service disruptions to the water system and reduce the need to implement water use restrictions.
- Water conservation helps defer the need to prematurely replace or expand water system infrastructure arising from capacity limitations.
- Water Conservation Strategy public engagement respondents felt the City should lead by example, and city parks and facilities should be models for residents to follow.

### **OTHER IMPLICATIONS**

There is no privacy, legal, or social implications identified.

### **NEXT STEPS**

If the recommendations in this report are approved by City Council, a Public Notice Report will be completed in September 2024, for a Green Loan up to \$1.65 million for the Spray Pad Improvements Initiative.

#### Report Approval

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