EXECUTIVE COMMITTEE

Monday, June 9, 2014
11:45 AM

Henry Baker Hall, Main Floor, City Hall

Public Agenda
Executive Committee
Monday, June 9, 2014

Approval of Public Agenda

Administration Reports

EX14-20 Interim Phasing and Financing Plan

Recommendation

1. That the Interim Phasing and Financing Plan described in Appendix A be approved;
2. That the Servicing Agreement Fee rates for 2014 and 2015 as identified within Appendix A be approved;
3. That Administration be directed to process only area plan applications for lands within the Interim Phasing and Financing Plan. Review of areas outside the Interim Phasing and Financing Plan is to be limited to coordination of infrastructure planning;
4. That only lands within the Interim Phasing and Financing Plan be permitted to develop until a final phasing and financing plan is adopted;
5. That a final Phasing and Financing Plan be developed in coordination with the Servicing Agreement Fee/Development Levy Policy Review;
6. That the phasing and financing of post-300K land be deferred until after the Servicing Agreement Fee/Development Levy Policy Review, a long term financial plan, and an intensification strategy are completed and that the funding earmarked for the post-300K phasing and financing project be redirected to the development of a final phasing and financing plan;
7. That the Servicing Agreement Fee Administration Fees be adjusted to account for ongoing funding of three new Engineering staff, commencing in 2014;
8. That the development of employment areas, as defined in the Official Community Plan, in all areas of the city be evaluated on a case-by-case basis; and
9. That the City Solicitor be directed to amend the *Development Levy Bylaw* in accordance with the approved Interim Phasing and Financing Plan.

Adjournment

June 9, 2014

To: Members,
Executive Committee

Re: Interim Phasing and Financing Plan

RECOMMENDATION

1. That the Interim Phasing and Financing Plan described in Appendix A be approved;

2. That the Servicing Agreement Fee rates for 2014 and 2015 as identified within Appendix A be approved;

3. That Administration be directed to process only area plan applications for lands within the Interim Phasing and Financing Plan. Review of areas outside the Interim Phasing and Financing Plan is to be limited to coordination of infrastructure planning;

4. That only lands within the Interim Phasing and Financing Plan be permitted to develop until a final phasing and financing plan is adopted;

5. That a final Phasing and Financing Plan be developed in coordination with the Servicing Agreement Fee/Development Levy Policy Review;

6. That the phasing and financing of post-300K land be deferred until after the Servicing Agreement Fee/Development Levy Policy Review, a long term financial plan, and an intensification strategy are completed and that the funding earmarked for the post-300K phasing and financing project be redirected to the development of a final phasing and financing plan;

7. That the Servicing Agreement Fee Administration Fees be adjusted to account for ongoing funding of three new Engineering staff, commencing in 2014;

8. That the development of employment areas, as defined in the Official Community Plan, in all areas of the city be evaluated on a case-by-case basis; and

9. That the City Solicitor be directed to amend the *Development Levy Bylaw* in accordance with the approved Interim Phasing and Financing Plan.

CONCLUSION

The City of Regina's Official Community Plan (OCP) identifies "achieving long-term financial viability" as one of the Community Priorities. Section E: Realizing the Plan, Goal #5 states: "Support orderly and sustainable long-term growth". Within Section E, policy 14.19 is to "Develop a detailed phasing and financing plan that will establish sequencing of new growth and development identified in Map 1 - Growth Plan and associated municipal servicing […]"

Analysis indicates the 300K neighbourhoods can not develop in an un-phased manner using the City's existing Servicing Agreement Fee (SAF) Policy. Therefore the Interim Phasing and Financing Plan is a key deliverable for meeting the commitments the City made through the adoption of the OCP.

The recommended Interim Phasing and Financing Plan would permit three out of six 300K new neighbourhoods to start development within the next two years and in a manner that does not compromise the financial security of the City. In addition, the existing 235K growth areas (nine in total) established under the former OCP would also proceed. Therefore the recommended Interim Phasing and Financing Plan provides a high degree of market choice, up to 12 neighbourhoods total. The recommended option also will keep the SAF Rate lower than other scenarios and projects a cash flow picture that is manageable for the City, if the final phasing and financing plan continues on a similar path. Maintaining manageable cash flow and charging an appropriate SAF rate helps ensure there is not undue risk placed on taxpayers as a result of growth and while also addressing affordability.

BACKGROUND

At the September 9, 2013 Council meeting, a motion was passed as part of OCP report CR13-112 "That the Administration be directed to return to Council with a phasing and financing plan for the Growth Plan by December 2013." Subsequently, on December 16, 2013, a motion was passed to amend the original motion to show a return date in Q1 of 2014.

DISCUSSION

Process

In Q4 2013, Administration began the process of developing a Phasing and Financing Plan for the New Neighbourhood (300K) areas and Special Study Areas identified on the OCP Map 1 - Growth Plan.

The objectives of the project were to:

- Explore various phasing and financing options to evaluate:
    - Impact on SAF rate in the short-term;
    - SAF cash flow and City contributions to the plans;
    - Overall cumulative debt for the various phasing options; and
    - Develop a recommended Phasing and Financing Plan for consideration by City Council which will guide development of the 300K Growth Plan.

The project involved the following initial steps:

1. Establish Land Base - Remaining greenfield land available in the 235K growth area plus 300K growth area.
2. Adjust the City's SAF model to include specific projects required to service the new 300K growth areas (i.e. new neighbourhoods).
3. Develop preliminary phasing options.
4. Populate the timing of the projects in the SAF model based on the phasing options.
5. Examine cash flow and debt for each of the phasing options.
6. Examine the effects of potential policy changes to the SAF Policy.

7. Present the results to stakeholders (developers and landowners) and seek feedback.

The four preliminary phasing options revealed that the City cannot grow in an unphased manner while still meeting its financial limitations. Continuing with the current SAF policy, established in 2007, would result in:

- a high debt level;
- significant financial contributions from the City (taxpayers); and
- unfavourable cash flow picture where undue risk would be placed on taxpayers as a result of growth.

Financing Strategy

Based on the preliminary options that were explored, Administration concluded that the City can not afford to continue to pay for growth-related capital projects in accordance with the current City Council *Administration of Servicing Agreement Fees and Development Levies* policy and *Bylaw 2011-16 Development Levy Bylaw* (CR11-97) without phasing growth. The reason for this is there would be too many projects that require SAF funding that would not generate the required revenue to pay for the projects until years after the capital expenditure had been made. This would result in the need for the City to exceed its debt limit and taxpayers to take on significant risk. Furthermore, based on the current policy, the City, and thus taxpayers, would be required to generate considerably more tax revenue to pay for its share of the plan, approximately equivalent to a one-time 7 per cent mill rate increase.

As part of the exercise, Administration explored simple policy variations that would reduce the required expenditures the City would have to make both through SAFs and through tax dollars. The result of this work is the policy variations itemized below which will apply to the interim period. It is important to note that the SAF model and proposed rates, assume that these variations will apply to the entire twenty year growth period, not just the interim, and that if, through the SAF Policy Review, it is determined that these variations not continue into the permanent policy, that the SAF rate may need to increase significantly. The policy variations embrace a financing strategy that requires more direct funding of infrastructure by developers and reduces the taxpayers' share of projects, in order for the SAF deficit not to exceed $50M, which reduces the taxpayers' risk. This is consistent with the principle that growth pays for growth which is a consistent approach with other municipalities across Canada.

SAF Policy variations incorporated into the 300K Growth Plan component of Interim Phasing and Financing Plan are:

- No projects internal to subdivision areas, including entire Neighbourhood Plan areas, will receive SAF funding. Instead, it will be paid for directly by the developer. This applies to all project categories including water trunks, wastewater lift stations/pump stations and trunks, storm water detention facilities and outlet structures, unless there is a clear benefit to areas beyond the Neighbourhood Plan boundary. Where the infrastructure will benefit a future developer, the City will endeavour to assist the original developer in collecting funds related to the shared infrastructure from that future developer. This approach is used in the City of Edmonton. Zone level parks will continue to be funded in part or whole through SAFs as per the *Administration of Servicing Agreement Fees and Development Levies* policy.

- All water, waste water and storm water projects that require downstream improvements will be funded and built by the first developer to develop in the area. Where the infrastructure will benefit a future developer, the City will endeavour to assist the first developer in collecting funds from that developer.

- All interchange projects have been adjusted from 25 per cent SAF and 75 per cent taxpayer to 50 per cent SAF and 50 per cent taxpayer. This is because growth triggers the need for these improvements. Administration expects that this 50/50 split will be examined in more detail during the SAF Policy Review as most interchanges in the model would not need to be constructed if growth slowed, therefore, it is not reasonable for the taxpayers to pick up half the costs. This policy variation applies the concept of "phasing in" the required SAF increase.

SAF Policy variations incorporated into both the 235K and 300K Growth Plan components of the Phasing and Financing Plan include:

- Under current policy, a number of roadway widening projects receive 5 per cent or 15 per cent of funding through taxation, as it was concluded during the last major policy review that the existing taxpayers would use the new lanes. This policy variation assumes that no future funding through taxation will be provided for roadway widening projects. This recommended change is because roadway improvements are not intended to improve levels of service but rather maintain them, therefore if growth stopped, the investments would not be required by the existing taxpayers.

<u>Benefit to Existing Taxpayers</u>

A key component to the financing strategy is a proportionate reduction to the amount of funding to be provided by taxpayers, as compared to current policy.

The Planning and Development Act (P&D Act) prohibits the use of SAFs for operation and maintenance of assets, however, it gives the City the authority to collect "the payment by the applicant of [servicing agreement] fees that the council may establish as payment in whole or in part for the capital cost of providing, altering, expanding or upgrading sewage, water, drainage and other utility services, public highway facilities, or park and recreation space facilities, located within or outside the proposed subdivision, and that directly or indirectly serve the proposed subdivision."

The *P&D Act* does, therefore, allow a great deal of flexibility regarding the policy that Council may establish regarding the funding of capital costs associated with growth and does not prohibit the existing taxpayers from benefitting from infrastructure paid for through SAFs.

Based on the Watson and Associate's 2007 report which was the basis for the City's current SAF policy, "the requirements of existing development are those where existing development (i.e. development that existed prior to the growth plan period) benefits from:

- the repair or unexpanded replacement of existing assets; or
- an increase in overall average service level or existing operational efficiency; or
- the elimination of a chronic servicing problem not primarily created by growth; or
- providing services where none previously existing (e.g. water service); or
- alterations in service requirements (e.g. recreation) primarily due to the change in needs due to aging, etc., of the existing population base."

The comprehensive SAF Policy Review will examine in more detail the cost allocations for current tax payers. In the interim, Administration is recommending a transition to the principle that taxpayers should not be required to fund infrastructure that would not be built if the City stopped growing. Appendix D contains a table that describes how the taxpayers' contribution to growth related capital projects is being adjusted during the interim period.

Stakeholder Engagement/Feedback - Round 1 Written Feedback – Preferred Phasing Option and Financing Solutions

The Administration engaged the Regina & Region Home Builders' Association (RRHBA), developers, and major landowners of the 300K growth areas. Four in-person sessions were held and two opportunities for written feedback were provided. As a tool to communicate with stakeholders, the Administration created a webpage to share all the presentations and relevant analysis tools, including a number of SAF models. A flowchart of the stakeholder engagement process and the feedback received is included in Appendix B along with a snapshot of the project webpage.

Based on the stakeholder feedback, which emphasized the importance of considering interim phasing concurrently with the comprehensive SAF Policy Review planned to begin in June 2015, the Administration adapted the process for establishing an Interim Phasing and Financing Plan. The process for developing the recommended option included:

1. Amend model inputs based on feedback.

2. Create finite model for 235K land.

3. Develop an interim (2-year) plan for 300K land which included:

    a. Creating a 300K-only model.
    b. Determining if any neighbourhoods should be excluded from the interim plan for non-financial reasons.
    c. Evaluating the merits of the remaining neighbourhoods.
    d. Developing options based on that evaluation and previous work, including maintaining a reasonable cash flow picture.
    e. Populating the model with emphasis on projects required during first three years (future years are less certain as they will depend on the post-interim phasing and financing plan, yet to be determined).
    f. Where the "surcharge" option was explored, an additional "Coopertown Only" model was created, because of its high costs relative to the other neighbourhoods.

4. Combine the cash flow from the 235K model and the 300K model to compare the options with regard to fiscal impacts to the City.

Financial Evaluation and Phasing Options

A necessary step in developing the recommended Interim Phasing and Financing Plan was to explore whether any of the 300K growth areas could be removed from consideration for non-financial reasons. Two neighbourhoods were identified on this basis:

- Northridge Land: this Special Study Area was excluded from the Interim Phasing and Financing Plan as it depends on the Westerra pump station for the provision of sanitary sewer, and there is no assurance that the pump station will be operational during the interim period.

- The Towns North: this neighbourhood was excluded from the Interim Phasing and Financing Plan because there is 120 hectares (ha) of land in The Towns South that is part of the 235K growth plan which can proceed at any time at the current SAF rate. Due to the nature of the servicing of The Towns, the 235K-area needs to be in place before the 300K land can proceed.

The four remaining "ready" neighbourhoods were then compared based on OCP Community Priorities (see Table 1).

Table 1. Comparison of "Ready" Neighbourhoods

Community Priority	Criteria Category	Harbour Landing West	Westerra	Coopertown	North of Lakeridge
Create Ways of Getting Around	Access to Transit	Requires new buses	Requires new buses	Requires new buses	Can use existing buses
Achieve Long Term Financial Viability	Capacity of Existing Infrastructure	Estimated 120 ha readily serviceable	Requires pump station first phase	Requires lift station for first phase	Requires downstream improvements first phase
	Required SAF Expenditures During Interim Period*	$0.3M (Traffic Signals)	$4M (Widening Dewdney Ave)	$0	$0
	Neighbourhood Cost per net ha*	**$245,000**	**$189,000**	**$470,000**	**$184,000**
	Total SAF Funded Neighbourhood Cost*	**$26.5M**	**$55.3M**	**$188.9M**	**$25.5M**
	Interim Servicing	Requires pumping of stormwater – developer to operate and maintain for possibly decades	No – but requires permanent solution pumping stormwater	TBD	No
Foster Economic Prosperity	Employment Opportunities	Low	High	Low	Low

* Based on land area with OCP support to develop, recommended financing strategy and neighbourhood conditions

Phasing Options for "Ready" New Neighbourhoods

Four scenarios were developed to evaluate the implications of allowing various combinations of the "ready" new neighbourhoods in the 300K growth areas to proceed during 2014 and 2015. Table 2 summarizes the pros and cons of each scenario. Each scenario is described in more detail below.

Table 2. Comparison of Phasing Scenarios

	Recommended: 3 Lowest-Cost Neighbourhoods	Scenario 2: 4 Neighbourhoods, Uniform Rate, Hold Cash Flow at -$50M	Scenario 3: 4 Neighbourhoods, Coopertown Surcharge, Hold Cash Flow at -$50M	Scenario 4: 4 Neighbourhoods, Uniform Rate, Future SAF Risk
Neighbourhoods Proceeding in 2014/2015	Harbour Landing West North of Lakeridge Westerra	Coopertown Harbour Landing West North of Lakeridge Westerra	Coopertown Harbour Landing West North of Lakeridge Westerra	Coopertown Harbour Landing West North of Lakeridge Westerra
SAF Rate	2014: $345,278 / ha 2015: $359,089 / ha	2014: $465,719 / ha 2015: $467,548 / ha	2014: $345,278 / ha 2015: $359,089 / ha Coopertown Surcharge 2014: $241,411 / ha 2015: $229,459 / ha	2014: $345,278 / ha 2015: $359,089 / ha
Approximate Maximum SAF Deficit	$50M	$50M	$50M	$80M
Number of Years Reserves are in Deficit > $20M (out of 20 years)	3	4	3	9
Pros	Allows half of the new neighbourhoods to proceed and enables market choice Lowest cost neighbourhoods going first allow us to collect revenue in advance of major expenditures Cash flow and debt are manageable SAF rate remains relatively low	Allows more than half of the new neighbourhoods to proceed and enables market choice Cash flow and debt are manageable	Allows more than half of the new neighbourhoods to proceed and enables market choice Cash flow and debt are manageable SAF rate remains low Highest cost neighbourhood pays for accelerated development, instead of penalizing lower cost neighbourhoods	Allows more than half of the new neighbourhoods to proceed and enables market choice SAF rate remains relatively low
Cons	Some developers will need to wait	SAF rate is high Lower cost neighbourhoods are penalized to allow the highest cost neighbourhood to proceed Allows the most expensive neighbourhood to proceed in the interim and could result in major expenditures sooner	Coopertown needs to pay a large surcharge Requires overpayment to manage cash flow and debt Allows the most expensive neighbourhood to proceed in the interim and could result in major expenditures sooner	Cash flow and debt are not manageable in the long term Allows the most expensive neighbourhood to proceed in the interim and could result in major expenditures sooner Carries the highest risk that rates will need to increase significantly in the future Creates the highest risk to taxpayers in the face of an economic slowdown

Scenario 1: Recommended Option – 3 Most Affordable "Ready" Neighbourhoods

Administration created an SAF model to reflect the implications of allowing the three most affordable neighbourhoods to proceed in 2014 and 2015. The model assumed that the other three neighbourhoods would begin in 2021 which coincides with the 235K land being built out.

The cash flow analysis indicated that there would be one year where the SAF reserves would hit a balance of negative $50M. This is a larger deficit than the City has typically carried in the SAF reserves, however since it was only over a single year and the remainder of the cash flow picture was within the same risk tolerance as the City has historically exercised with respect to SAFs, the Administration deemed the cash flow to be an acceptable risk to taxpayers. The City's historic average SAF deficit is approximately $20M. The last time the City was required to go below this threshold was in 2007/2008, when the developers front-ended the infrastructure.

Scenario 2: Not Recommended – 4 "Ready" Neighbourhoods – Uniform SAF Rate – Hold Maximum SAF Deficit at $50M

Administration created an SAF model to reflect the implications of allowing all four "ready" neighbourhoods to proceed in 2014 and 2015. The model assumed that the other two neighbourhoods would begin in 2023.

The required SAF rate in order to keep cash flow within a reasonable risk to the taxpayers ($50K) similar to the recommended option was calculated.

This scenario would have all 300K land developers paying approximately $110,000 per hectare more than the recommended option in order to allow Coopertown to proceed in 2014/2015.

It is not recommended that developers in all areas of the City further subsidize Coopertown in order to allow it to develop sooner.

Scenario 3: Indentified as a Viable Alternative to the Recommendation – 4 "Ready" Neighbourhoods – Coopertown Surcharge – Hold Maximum SAF Deficit at $50M

Using the model from Scenario 2 as the starting point, Administration created a third "Coopertown Only" model to establish whether or not a surcharge could be applied to Coopertown to allow development of that area to proceed without requiring additional subsidization from other developers and without increasing risk to taxpayers.

The SAF rate for the three most affordable neighbourhoods was held constant at the recommended rate and the Coopertown required rate was calculated to establish what rate would be required in order to keep the cash flow similar to the recommended option.

This scenario would have Coopertown paying a surcharge of approximately $240,000 per hectare in 2014 and $230,000 per hectare in 2015 in addition to the applicable SAF Rate, in order to allow Coopertown to proceed in 2014/2015.

This scenario represents an alternative to the recommendation that is supported by Administration (See Appendix C). This is a reasonable alternative because it does not require developers in other areas of the City to further subsidize Coopertown in order to allow it to develop sooner. Furthermore, it allocates higher fees to a neighbourhood where the cost of development is the highest. This is consistent with the OCP policy to "ensure that costs shared with…and external agencies are paid for on a proportionate basis." (OCP Policy 1.20)

Scenario 4: Not Recommended – 4 "Ready" Neighbourhoods – Uniform SAF Rate – Future SAF Risk

Administration created an SAF model to reflect the implications of allowing all four "ready" neighbourhoods to proceed in 2014 and 2015. The model assumed that the remaining two neighbourhoods would begin in 2023.

The required SAF rate was calculated based on the SAF model output. This scenario disregards the overall cash flow and debt picture. While this scenario may seem appealing since it keeps rates low and allows all four ready neighbourhoods to proceed, it creates the risk that the rate will need to increase substantially in 2016 (similar to the Scenario 2 rate) in order to allow development to continue on a financially viable basis.

In the absence of a future rate increase, the risk to taxpayers would increase as the SAF reserves would need to go into a negative balance in the order of magnitude of $80M (four times the City's manageable deficit). The reserves would maintain a negative balance approximately half of the life of the plan. This means that if growth slows down significantly, the City would need to hold that deficit for a very long period of time. Eventually, the deficit would need to be "paid off" with tax dollars.

The other risk of slow down is that to generate enough revenue to pay off the SAF reserve balances with SAFs, rates need to be higher if growth is slower. In the event of a market slowdown, it is likely that SAF rates will come under scrutiny, whereby it might be claimed the rates themselves may have contributed to a slowdown. A future Council may face difficult decisions in a situation where up front infrastructure costs have already been incurred for land that is in low demand because of changing market conditions and developers are unwilling to repay the costs. Ultimately, should these circumstances arise, the burden of high SAF rates in a slow market may result in a need to shift the cost of such infrastructure to taxpayers.

Scenario 4 is not recommended as this will create an unacceptable level of risk to both the development community and taxpayers.

Stakeholder Engagement/Feedback - Round 2 Written Feedback – Draft Phasing and Financing Recommendations

At the April 15, 2014 stakeholder meeting, Administration presented its recommendations which were based on the following:

1. The OCP provides the primary reference for growth planning.
2. Analysis indicates the current SAF rates are insufficient to fund infrastructure required to support growth.
3. Without phasing, the City will incur higher infrastructure costs over the next 2-3 years. Uncontrolled growth is not a feasible option.
4. Phasing decreases the debt required by the City.
5. A combination of interim policy changes, SAF increases and phasing reduces the City's share of infrastructure costs, debt requirements and the forecast SAF deficit.

6. There is a need to update the SAF policy and the model used to calculate SAF rates. This will require 12-18 months. Halting development while this work is undertaken is not an acceptable alternative.
7. The 235K developments have lower outstanding infrastructure requirements than the 300K developments and should be charged a rate commensurate with the infrastructure requirements of that growth horizon.

The following is a summary of feedback provided by the development community and large landowners:

1. OCP
    a. Generally accepted as the primary reference for growth planning.

2. Increase SAF Rates
    a. Some accept the recommendations for higher SAF rates. However, others express concern and reservations.
    b. Some reject the proposed increases. Their rationale include:
        i. Potential increased housing costs and reduced housing affordability will make Regina less competitive.
        ii. Potential negative impact on economic growth, especially the development and construction industry.
        iii. Assertions that the increases are unfair since they are partially driven by interim changes to the policy.
3. Interim phasing
    a. There was no consensus regarding the recommended phasing.
    b. Two of the Coopertown developers reject the interim phasing. Their rationale includes:
        i. Market forces should determine the pace and location of development.
        ii. Cost estimates and allocations used to determine phasing are incorrect.
        iii. Overall costs of infrastructure could be reduced through innovation.
        iv. Phasing will negatively impact market choice and economic growth.
4. Debt limits
    a. A number of Stakeholders reject debt limitations as a rationale for the need to phase development or increase SAF rates. Alternatives suggested include requesting an increase to the City's debt limit or allocating more of the available debt to financing development.
5. Impact on City's share of infrastructure costs, debt requirements and the forecast SAF deficit.
    a. Nearly all responses support the need for a comprehensive policy review to determine appropriate allocation of infrastructure costs.
    b. Four of the responses explicitly disagree with the City's proposed cost allocations for future development.
6. Comprehensive policy review
    a. There was a high degree of support for this.

7. Different SAF rates for 235K and 300K developments
    a. There was no consensus on this. Those who opposed this indicated it was unfair.

Appendix B summarizes the feedback to the recommendations and includes the written responses received from the stakeholders.

Endeavour to Assist

One of the key recommendations of the plan includes the use of "endeavour to assist" language in the City's servicing agreements. Essentially, the developer pays for infrastructure up-front and the City assists the developer in recuperating a portion of the costs from other developers in the future and is distinct from "front-ending" as the City would not be ultimately taking responsibility for paying back the developer. The City has been using "endeavour to assist" clauses in servicing agreements for a number of years, but these clauses have only arisen in unique situations. Based on the proposed financing strategy, it is anticipated that there would be an increase in the number of these types of arrangements. This type of financing is not uncommon and is used across Canada.

A summary of the different collection mechanism options are:

1) Endeavour to Assist - The City's current approach is to have our servicing agreements include a provision that the City will cooperate with the developer to facilitate the apportionment of any joint development costs as may be required. Typically this would require (i) the servicing agreement with the initial developer to include language that obligates the City to collect monies from future developers to reimburse the initial developer for up-front infrastructure development when future development occurs; and (ii) the servicing agreement with the future developer to include language relating to the payment of such funds to the initial developer along with language that makes subdivision and development approval conditional upon payment of necessary funds to the initial developer. The City is best served to structure matters such that the payments are not made and then remitted by the City and instead dealt with directly between the two parties (with the assistance of the City) as there could be tax and other risks if the City receives funds and takes on an obligation to pay those funds to a 3rd party. When properly structured, an endeavour to assist approach is the least risky for the City.

2) Front Ending - This is something that the City should be very cautious in considering. Front ending uses SAFs as the mechanism to collect funds from other developers in order to reimburse the first-in developer for providing the infrastructure. Through the front-ending agreements that the City entered into in 2007/2008, it was determined that this affects the City's debt limit and any additional debt obligations would require an increase to the City's debt limit.

It is the Administration's intention to continue to use the existing approach to "endeavour to assist" only if the City's collection efforts are needed, as this option represents the least amount of risk to the taxpayers and shifts the risk to the developers. The second option could impact the City's debt position and there is not adequate debt capacity available for the City to take on that risk.

Recommended Phasing and Financing Plan

Administration recommends Council approve the recommended Interim Phasing and Financing Plan described in Appendix A wherein three new 300K neighbourhoods proceed in 2014/2015 (North of Lakeridge, West Harbour Landing, Westerra), in addition to continued development within the 235K lands. This plan enables each of the three developers in the 300K neighbourhoods to request Servicing Agreements for up to 20 hectares of residential development per year.

The other three scenarios presented reflect un-phased growth. The greater the number of neighbourhoods that are built at the same time, the slower each neighbourhood reaches the population required to generate the support services necessary for a “complete neighbourhood” (e.g. schools, grocery stores and other retail, transit). An un-phased plan is likely to undermine the achievement of the Community Priority to “Develop Complete Neighbourhoods”.

If Council opts to allow development of Coopertown during the interim period, Administration recommends that it does so through the use of a Coopertown surcharge (Scenario 3, described in Appendix C). This is to ensure that other developers are not penalized in order to allow this high cost neighbourhood to proceed and rather attribute costs to the users who benefit from the improvements. Also, this helps minimize risk to taxpayers.

While Scenario 4 may seem attractive as an interim measure, this scenario defers the problem and carries a high risk that rates will need to increase dramatically following the SAF Policy Review to make up for the shortfall created during the interim period. The potential future increase will result in a comparable (and possibly higher) penalty to the other developers as would be seen in Scenario 2.

Additional rationale for the recommended Interim Phasing and Financing Plan includes the following:

1. The recommended Interim Phasing and Financing Plan allows three out of six new neighbourhoods to develop in 2014/2015. There are still nine 235K neighbourhoods under development or set to begin development in the next couple years. This means 12 neighbourhoods could be under development during the interim period, thus providing ample market choice. Furthermore, the lower SAF Rate for the 235K neighbourhoods will incentivize growth in those neighbourhoods where major investments in infrastructure have already been made.

Neighbourhood Summary

Neighbourhood Summary

Neighbourhood	Estimated Residential Area Unsubdivided (ha)	Area Allowed to subdivide in 2014/2015 (ha)	Approximate Number of Houses*
235K Growth Horizon	(as of Q4 2013)		
Maple Ridge	11	11	200
North of Maple Ridge	23	23	410
Hawkstone	76	76	1370
Somerset	54	54	970
Kensington Greens	24	24	430
Greens on Gardiner	81	81	1460
The Creeks	15	15	270
Towns South	117	117	2110
Harbour Landing	63	63	1130
235K SUB-TOTAL		**463**	**8350**
300K Growth Horizon			
Northridge	32	0	
Coopertown	430	0	
North of Lakeridge/Skyview	154	40	720
Towns North	200	0	
Westerra	150	40	720
Harbour Landing West	120	40	720
300K SUB-TOTAL		**120**	**2160**
Total Development Approved to proceed in 2014/2105		**583**	**10,510**

* Assumes 18 units per hectare with an average lot size of 4,400 sq.ft.

2. Building new neighbourhoods without phasing requires the construction of multiple upfront large infrastructure pieces at the same time and in the next two years, requiring significant financial investment at a time when the City's debt capacity is limited. The City would not have the necessary financial resources available to complete the required construction.

3. Developers pay SAFs when the land is subdivided. However, some infrastructure must be built before that occurs. Such infrastructure development may be required in each new neighbourhood that is planned. The more of this infrastructure that is constructed in advance of the payment of SAFs, the more risk there is to the taxpayers of the city of Regina if development demand declines and subdivision does not occur.

4. The Coopertown neighbourhood is more expensive than other neighbourhoods based on both cost per hectare and total cost to service the neighbourhood. While one could argue that the infrastructure investments required to service Coopertown will also service a greater area post 300K, the same argument can be made for two of the other neighbourhoods in the recommended Interim Phasing and Financing Plan. Cost per hectare was not the only criteria considered in the recommendation. The total cost and timing were also key considerations; Coopertown requires considerably more capital

expenditure than the other neighbourhoods and it triggers the need to make major capital investments sooner. Moreover, distributing the costs of infrastructure over a greater area in the long term does not help the City resolve cash flow and debt constraints in the short term, but rather slows down the revenues and makes the cash flow situation worse.

Rationale for Other Recommendations

Recommendation 3. "That Administration be directed to process only area plan applications for lands within the Interim Phasing and Financing Plan. Review of areas outside the Interim Phasing and Financing Plan is to be limited to coordination of infrastructure planning."

This recommendation will assist the City in setting strategic direction for the use of limited human resources within the corporation. Currently, competing demands for these resources make it difficult to meet customer needs.

Recommendation 4. "That only lands within the Interim Phasing and Financing Plan be permitted to develop until a final phasing and financing plan is adopted."

This recommendation will ensure that the City and development community understand that time is of the essence and that the interim strategy is not intended to be used for an extended time period as the upcoming SAF Policy review will set the direction for the ongoing funding of growth related capital works. Should the City discover, through the SAF Policy Review, that rates need to be higher than the Interim Phasing and Financing Plan suggests, the City should not risk charging inadequate rates for longer than the two year interim period, as the longer rates are "under-charged", the higher they will need to be in the future. Furthermore, it has been communicated to stakeholders that approval to proceed during the interim period does not imply that that the entire neighbourhood will be allowed to continue to develop after the interim period.

Recommendation 5. "That a final Phasing and Financing Plan be developed in coordination with the Servicing Agreement Fee/Development Levy Policy Review."

This recommendation is consistent with the stakeholder feedback that the SAF Policy Review needs to be completed before a final phasing and financing plan for the 300K growth areas can be established. Developing it in coordination with the SAF Policy Review will enable economies of scale for the consultation process as well as allow an iterative approach to selecting a final phasing and financing plan that meets the City's needs.

Recommendation 6. "That the phasing and financing of post-300K land be deferred until after the Servicing Agreement Fee/Development Levy Policy Review, a long term financial plan, and an intensification strategy are completed […]."

The current Phasing and Financing project has demonstrated that the City does not have the financial capacity to fund infrastructure for the 300K growth areas. In addition, the City needs to establish an Intensification Strategy to determine how to target growth in existing areas of the city in order to achieve OCP policies and whether or not to use any of the financing capacity available to encourage development in these areas. Furthermore, the City needs a Long Term Financial Plan that will be used to evaluate trade offs between funding growth versus maintaining current assets. Once these key strategic projects are complete the City can begin to focus on post-300K development areas, including additional servicing studies, in advance of the post-300K phasing and financing plan, as required.

This recommendation has implications for the developer of the Special Study Area (SSA) in West Harbour Landing.

A condition for developing West Harbour Landing (as approved by Council in CM13-5) was that the developer would have to own and operate a temporary drainage solution for the area until such time as a permanent solution is constructed. The deferral of a post-300K phasing and financing plan for several years will require the developer to operate the temporary solution for a considerable period of time. The developer has been made aware of this issue. It should be noted that a high level estimate of providing a permanent drainage solution for this area is in the range of $15M and this cost is not currently factored into the 20 year financing model. In addition to the cost of the permanent drainage solution, a draft Concept Plan submission from the developer of West Harbour Landing estimated the City would need to contribute $140M in SAF funded projects in order to service the entire SSA. The current Phasing and Financing project has demonstrated that we do not have adequate financial resources available to begin servicing Long Term (post-300K) growth areas. Advancing a capital project related to West Harbour Landing too soon would unnecessarily add to the financial risk we have identified.

Recommendation 7. "That the Servicing Agreement Fee Administration Fees be adjusted to account for ongoing funding of three new Engineering staff, commencing in 2014."

The City is currently having difficulty meeting customers' expectations with respect to timely processing of area plans and subdivision applications as they relate to the infrastructure needs of new neighbourhoods. While the Fee and Operational Review addresses the planning component of these applications, the administrative component of SAFs is used to fund the engineering and infrastructure related resources. Due to increasing demands, Administration proposes to add three new senior engineers to the Infrastructure Planning Branch in order to meet expectations. As it will take time to fill these senior level vacancies, Administration further proposes to use the funding for these positions to hire a consultant to assist with development applications until such time as resources are available on-staff. Article 168 of the *Planning and Development Act, 2007*, gives the City authority to collect SAFs/DLs for "providing construction, planning, engineering and legal services that are directly related to the matters for which development levies and servicing agreement fees are established."

Recommendation 8. "That development of employment land (commercial and industrial development) in all areas of the City will be evaluated on a case-by-case basis."

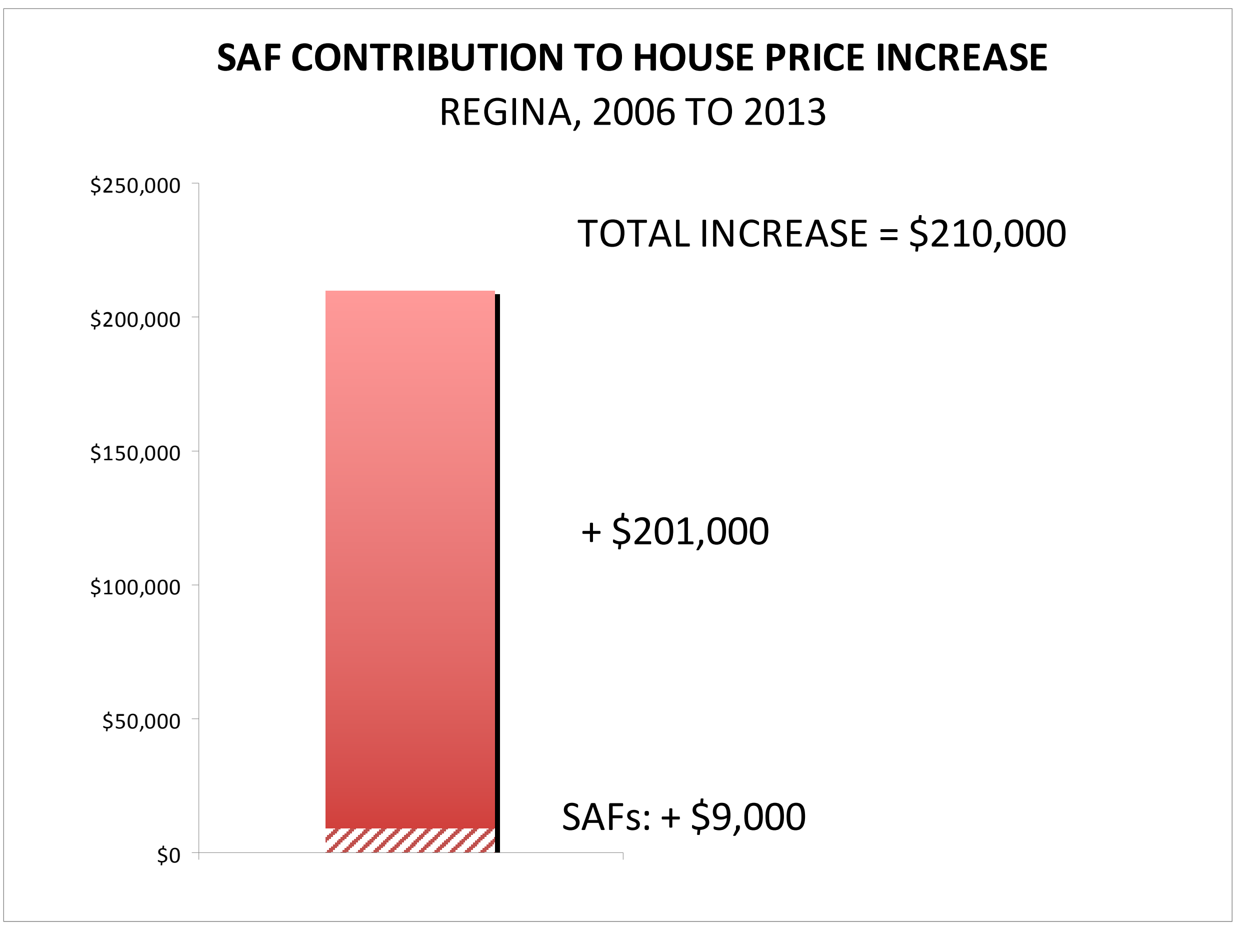
Design Regina has a policy statement (OCP Policy 1.16.5) that the City should "ensure that growth pays for growth by – achieving a balance of employment and residential lands". Employment lands are critical to ensure that the City generates enough tax revenue to fund the ongoing operation and maintenance of City assets. As such, the development of employment lands is excluded from the phasing of growth. Instead, each employment area must demonstrate servicing on its own merit. The financing strategy for each of the employment areas will be consistent with the financing strategy for the 235K or the 300K residential growth areas, depending on where it is located.

Recommendation 9. "That the City Solicitor be directed to amend the *Development Levy Bylaw* in accordance with the approved Interim Phasing and Financing Plan."

In order to bring the proposed changes into effect equally for parcels of land to be developed but not requiring subdivision, the City Solicitor will need to make amendments to the *Development Levy Bylaw*.

Housing Affordability

One of the important pieces of feedback received from the development community is that increasing SAF rates will affect housing affordability. The City is in agreement that housing affordability is a key consideration. The Phasing and Financing Plan was designed to keep SAFs as low as possible, while maintaining ample market choice, to keep housing costs down. Based on the 2013 SAF Rate and average cost of a new house, SAFs comprised 3 per cent of the cost of a new detached house with a 4,400 sq ft yard. It is estimated the recommended rates will account for 3.3 to 4.5 per cent of the cost of a new house in 2014 and 2015, assuming housing prices remain constant. If one assumes that house prices will continue to rise at a rate similar to the past eight years, the recommended rates will only account for 3.1 to 4.1 per cent of the cost of a new house. The Regina and Region Home Builders' Association regularly advocates for keeping rates down to control affordability; however, SAFs accounted for only $9,000 of the $210,000 increase to house prices from 2006 to 2013. Refer to Appendix D for more information about housing costs and affordability in Regina.



Source: Historic SAF Rates (assuming 18 detached units per hectare) and CMHC, Housing Now, Table 4, February 2014.

Housing Market

The Regina CMA experienced a significant increase in housing starts during 2012/2013, with approximately 3,000 starts per year. Prior to that, the number of housing starts averaged 1,350 starts per year from 2007-2011. According to the May 2014 CMHC report on Preliminary Housing Start Data, for Q1 of 2014, residential starts were down 41% from Q1 of 2013. If this trend continues, the result would be 1800-2000 total starts for 2014 – well below residential starts for 2012 and 2013, and closer to the number of starts seen in 2011. While there is not sufficient information to draw any conclusions about the housing market in Regina, the OCP was based on the foundational assumption that the growth rate experienced by the City of Regina from 2006 to 2012 would not be sustained over the life of the plan. Instead, the OCP assumed that housing starts of 1,100 to 1,500 would be sustainable under a medium growth scenario over the life of the plan. Making the assumption that the City will continue to experience 3,000 housing starts per year puts the City at financial risk if investments in multiple neighbourhoods are made but the development (and therefore revenue) is not there to offset the costs.

Next Steps

One of the key findings of this project is that the City needs to undertake a comprehensive review of its SAF/DL Policy. The City will be proceeding immediately with a comprehensive SAF/DL Policy review and through that review process will establish a final phasing and financing plan.

Some of the key concerns that have been raised regarding the City's current and recommended interim approach will be examined during that review. In particular, the SAF/DL policy review will include best practice review and consideration for:

- Allocating costs to those who require the infrastructure improvements;
- Appropriate allocation of risk; and
- Fiscal realities of the City of Regina.

Administration will provide Council with regular updates during the SAF/DL Policy Review, with a recommendation for the final phasing and financing plan in Q3 2015. Furthermore, it is expected that the SAF/DL Policy review will be used to set the rate for SAFs that will come into effect in January 2016.

<u>RECOMMENDATION IMPLICATIONS</u>

<u>Financial Implications</u>

The recommendations contained in this report will ensure that adequate SAFs are charged to more accurately reflect the benefit these developments will receive from the infrastructure constructed. The Interim Phasing and Financing Plan makes adjustments to the City's SAF Policy during the period of 2014 and 2015 to ensure that a fair share of the financial burden is placed on Regina taxpayers in order to pay the capital costs of growth of the city.

Servicing Agreement Fees are not a tax. The City is mandated to keep the money collected through SAFs in an account(s) separate and apart from other funds of the municipality. The municipality is only allowed to use the funds to pay the capital costs of the infrastructure for which it was collected. The definition of capital costs includes the cost of construction, planning, engineering and legal services associated with that infrastructure.

The City does not profit from Servicing Agreement Fees and historically, the SAF reserve accounts have been in a negative position. When the SAF reserve accounts are in a negative position, the SAFs are assessed an interest charge. When the SAF reserve accounts are in a positive position, they collect interest. An SAF reserve with a positive balance will help stabilize rates and help avoid the situation the City is currently faced with.

The proposed plan will decrease the risk that taxpayers would need to fund SAF deficits should growth of the city slow down. The taxpayer share of the Plan, based on the current financing strategy, is roughly $80M over the next 25 years. Therefore, the City will need to contribute an average of $3.2M per year in taxpayer funding to pay for its share of the projects, assuming the interim policy variations are applied to the final phasing and financing plan. The amount of taxpayer funding allocated to growth related projects varies from year to year, depending on the budget approval process, but generally ranges from $500,000 to $2,000,000 over the past few years. In recent years, many roadway widening projects have been deferred because the City has been unable to fund its share, which often only accounts for 5 per cent to 15 per cent of the total cost.

The Interim Phasing and Financing Plan places emphasis on the lower cost neighbourhoods, including existing neighbourhoods already under construction. This enables revenue generation in advance of the need for major expenditures, thereby reducing the SAF deficit, improving cash flow and reducing risk to taxpayers.

In addition to full recovery of capital costs, the proposed plan allows full recovery of operating costs associated with engineering, inspection, and administration of servicing agreements related to growth. These costs will no longer require subsidization through taxation. There will be a permanent increase of 3 full time employees (FTE), at an operating cost of $391,710. This would be an ongoing annual expensive that is fully funded through SAF Administration Fees.

If the existing SAF policy and the current 2014 rate were applied during the interim period, the City would require approximately $32M in 2014/2015 to fund the projects to service the four "ready" neighbourhoods. Given that the SAF reserves are currently at -$10M, that funding would need to come from elsewhere. Currently, the City does not have the cash flow available to finance these projects. Borrowing the funding is not an option as it would put the City over its current debt limit. Due to time constraints, increasing the debt limit is not an option during the interim period.

Assuming that the City were able to cash flow the projects, it is estimated that if the current policy and rate were applied during the interim period, the City would lose approximately $40M in required fees during 2014/2105 to fund SAF projects. This would result in a future rate increase of ~$40,000/ha to account for that shortfall. In addition, development of more than 60 ha in the 300K neighbourhoods during the interim period would also increase the shortfall.

<u>Environmental Implications</u>

None with respect to this report.

Strategic Implications

These recommendations are consistent with the OCP Community Priorities and goals. In particular, the recommendations are built on the principle that growth pays for growth and those that benefit from a service pay for the service.

The recommendations place particular weight on two of the Community Priorities:

- Long Term Financial Viability: While the City's approach to setting SAF rates has always been built on a model that presumed a 20-year pay back, because of this priority, Administration subjected the model to new analysis. This new analysis assessed the risk to taxpayers associated with setting SAF rates and collecting them under a variety of different scenarios. This analysis disclosed that, without factoring in risk (e.g. cash flow and debt), phasing does not affect SAF rates. However, once the objective of minimizing long-term financial risk to taxpayers was added, the analysis changed considerably. Phasing development significantly reduces risk to tax payers by minimizing cash flow shortfalls and reducing the need for debt. The recommendations have attempted to find the appropriate balance between supporting growth and ensuring long term financial viability for the City and the taxpayer.

- Develop Complete Neighbourhoods: Regina has generally allowed development to occur when and where developers identify a market demand. Historically, this has resulted in slow build out of some neighbourhoods, delaying the development of support services that are inherent to the concept of 'Complete Neighbourhoods' (e.g. grocery stores and other retail; schools; transit; etc.). Keeping this Community Priority in mind, the recommendations have introduced two new elements that have not been seen in Regina before:

    - Focusing development to allow for complete build out. This approach is likely to achieve complete neighbourhoods sooner.
    - Limiting development in 300K lands in the Interim Phasing and Financing Plan to ensure 235K lands are more fully built out. This is likely to achieve a faster build out of existing neighbourhoods.

Other Implications

Refer to Appendix D: Questions & Answers for further information on this report.

Additional implications of not phasing the growth areas of the OCP:

• Infrastructure utilization: If no phasing occurs, most new infrastructure would be built in the short-term and will begin to age. Many assets, like pipes, age at the same rate whether they are accommodating the full build-out of a neighbourhood or just a part of it. By dispersing development throughout the City, the use of infrastructure could be less than optimal. If development is very dispersed and, in particular if it slows down, it is possible some assets will reach the end of their useful life without using all of their design capacity.

• Complete neighbourhoods: If no phasing occurs, development would likely occur in many neighbourhoods all at once and the City's population growth would be spread out between those areas. This dispersed approach to growth means that each individual neighbourhood would develop more slowly and therefore take longer to reach the populations thresholds needed to support amenities and services such as neighbourhood hubs, transit operations, schools and recreational facilities.

• Infrastructure maintenance: If no phasing occurs and all infrastructure is built at about the same time, similar assets will require reinvestment and ultimately replacement at about the same time too. This approach results in rehabilitation and maintenance spending that is strongly peaked and will challenge the City's capacity both financially and practically. That said, because the peak is already identified, the City could take financial and operational planning measures to lessen its impact by establishing reserves and spreading projects out over several years.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

The recommended Interim Phasing and Financing Plan is a key deliverable to meeting the commitments the City made through the adoption of the OCP. Analysis indicated that the phasing of development has significant impacts to the City's cash flow and debt position and that an appropriate financing strategy is essential in order to protect the long term financial viability of the City on behalf of residents.

The City's goal was to not only inform, but to involve the development community and landowners in exploring options and providing input into the phasing and financing recommendation to Council.

Preliminary results of the phasing and financing analysis were released to the development community and landowners in January. A facilitated session in February provided Administration with the opportunity to discuss the SAF Model, the options in terms of phasing urban growth, and the cash flow and debt challenges the City is facing. The session allowed feedback from the stakeholder group that helped shape the final recommendation to Council.

On April 15, 2014, draft recommendations were presented to the development community and landowners in a second facilitated session. This session provided Administration with the opportunity to consult our stakeholders on the draft recommendations and hear any concerns they may have before the recommended Interim Phasing and Financing Plan was finalized for Council. Copies of the feedback letters regarding the draft recommendations are attached to this report in Appendix B.

DELEGATED AUTHORITY

Disposition of this report requires City Council approval.

Respectfully submitted,

Diana Hawryluk

Diana Hawryluk, Director
Planning

Respectfully submitted,

Jason Carlston

Jason Carlston, Executive Director
City Planning & Development

Prepared by: Shanie Leugner

Appendix A

Recommended Interim Phasing and Financing Plan

Part 1 - 235K Growth Plan Areas

- The 2014 Servicing Agreement Fee (SAF) Rate and 2014 Development Levy Rate remain unchanged and apply to 235K land only.

- The 2015 SAF Rate for the 235K lands and 2015 Development Levy Rate for the 235K lands is $304,960 / hectare effective January 1, 2015.

- The following Employment Areas pay the 235K rate in 2014 and 2015:
    - Land bound by Diefenbaker Drive, Armour Road, Pasqua Street and Highway 11
    - Employment land within the Hawkstone, Kensington Greens, SomerSet approved concept plan areas
    - Fleet Street Business Park Phase 1

Part 2 – 300K Growth Plan Areas

- Up to 20 Net Hectares per year (based on SAF Policy) of subdivision may proceed in each of the following neighbourhoods in 2014/2015. Municipal Reserve will be allowed in addition to the 20 hectares. The developer will be permitted to request servicing agreements with the City for this amount of land, provided all prior approvals and submission requirements are met.
    - Harbour Landing West (within the approved 120 ha area only)
    - Westerra
    - North of Lakeridge

- The following areas are not allowed to proceed in 2014/2015:
    - Coopertown
    - Northridge
    - The Towns (North)

- The 2014 SAF Rate and 2014 Development Levy for the 300K lands is $345,278 / hectare. These rates are in effect upon Council approval of the Interim Phasing and Financing Plan and Development Levy Bylaw, respectively.

- The 2015 SAF Rate and 2015 Development Levy for the 300K lands is $359,089 / hectare. These rates are effective January 1, 2015.

Part 3 – Conditions

- All high level planning instruments must be approved (i.e. Neighbourhood/Secondary Plan, Concept Plan) prior to rezoning and subdivision application.

- All projects internal to the boundaries of 300K Neighbourhood Plans/Concept Plans will be funded by the developer in entirety and will not receive any reimbursement by the City from Servicing Agreement Fee funds or City Contributions.

- Payments for oversized infrastructure within all development lands will be made where deemed required by the Executive Director of Community Planning and Development. Payment for any approved oversize infrastructure will be included in a servicing agreement as per the *Administration of Service Agreement Fees and Development Levies* policy.

- **Harbour Landing West:**
  - No projects required for the development in 2014/2015 will receive SAF funding, except traffic signals if required.
  - All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including trunks.
  - Developer must own, operate and maintain interim storm water solution until post-300K solution is implemented.

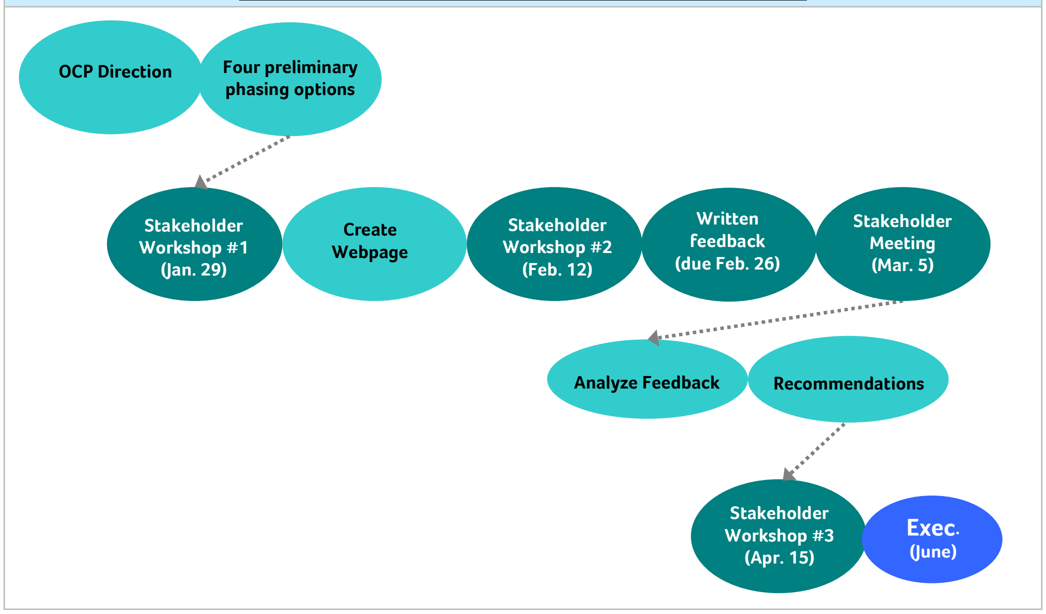
- **Westerra:**
  - SAFs will fund 100 per cent of the cost of widening Dewdney Avenue when approved through capital budget (barring policy changes from the SAF Policy Review).
  - All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including pump stations, force mains and trunks.
  - City will endeavor to assist in collecting funds from future developers utilizing the designed and constructed capacity of the wastewater pump station and force main to offset the costs.

- **North of Lakeridge:**
  - No projects required for the development in 2014/2015 will receive SAF funding.
  - All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including trunks.
  - Developer must fund the downstream wastewater improvements including the cost of reconstructing McCarthy Blvd if directional boring is not feasible and utilized.
  - City will endeavor to assist in collecting funds from future developers utilizing the designed and constructed capacity of an improved downstream waste water system to offset the cost.

Appendix B: Stakeholder Engagement

Figure B1 provides an overview of the Stakeholder Engagement process undertaken as part of the development of the recommended Interim Phasing and Financing Plan. An external consultant (T. Bakkeli Consultants Inc.) was retained to provide strategic advice regarding the engagement process, to facilitate the stakeholder sessions, and to prepare a report summarizing the feedback received.

Figure B1. Overview of Engagement Process



January 29, 2014

Administration invited key landowners and land developers to an information session to present the preliminary findings of the Phasing and Financing Project. The session was attended by over 30 stakeholders and included a presentation of the following:

- Introduction to Service Agreement Fees (SAF)
- A detailed demonstration of the City's SAF Model
- Four preliminary phasing options
- Financial implications of the preliminary phasing options
- Financial implications of variations of the SAF Policy

Later that same day, the presentation material was posted on the project website to enable stakeholders to review the material in detail.

February 12, 2014

The participants from the January 29 session were invited to participate in a facilitated working session to explore opportunities and constraints related to the Phasing and Financing Project.

Key topics for discussion included:

- Thoughts about the process the City used to establish and evaluate the different phasing options.

- Did you notice any substantial errors or omissions in the SAF Models?
- Which phasing options did you like or dislike and why?
- Understanding that cash flow and debt are a problem, what ideas do you have to improve the outcome of this project/process?

At this session, stakeholders were encouraged to provide written feedback to the project team by February 26, 2014. The request for feedback prompted stakeholders to share their thoughts on the following questions:

- Which of the four phasing options presented provides the best solution? Why?
- Are there additional phasing options that should be considered? If yes, please describe the phasing option.
- Identify solutions, that in combination with phasing, would help address the cash flow (SAF Reserve deficits) and debt pressures while achieving the Community Priorities identified in the Official Community Plan.

The feedback was reviewed and analyzed by T. Bakkeli Consultants Inc. Table B1 summarizes the comments and indicates the extent to which suggestions were incorporated into the recommended Interim Phasing and Financing Plan.

March 5, 2014

At the February 12 session, some stakeholders expressed a desire to discuss in more detail the specific project costs used in the model. Consequently, an extra stakeholder meeting was convened on March 5 to respond to this concern. However, some participants indicated that there was no value in discussing specific projects and their costs independent from the SAF Policy Review. As such, the meeting did not include a discussion about specific projects. Instead, Administration updated specific project costs based on written feedback and neighbourhood plan submissions. The estimates in the model are based on the best information available at the time the model was created. This includes neighbourhood plan submissions from the developers, sector serviceability studies, the Transportation Master Plan, written feedback from the developers, and engineering judgment based on recent construction prices.

April 15, 2014

Between February 26 (the deadline for the first round of written feedback) and April 15, Administration analyzed the feedback received and formulated recommendations. On April 15, the draft recommendations were presented to the stakeholder group. A presentation was made and stakeholders were invited to ask questions of clarification / raise issues for discussion. Once again, stakeholders were invited to provide written feedback on the material with a deadline of May 1, 2014. Stakeholders were also informed that a report containing recommendations would be going forward to Executive Committee on June 11, 2014, and to Council on June 23, 2014.

The feedback was reviewed and analyzed by T. Bakkeli Consultants Inc. Table B2 summarizes the comments received by stakeholders in response to the recommended Interim Phasing and Financing Plan.

Stakeholder Participation

Attendance at the sessions was as follows:

- January 29 - 32 Stakeholders;
- February 12 - 21 Stakeholders;
- March 5 - 13 Stakeholders; and
- April 15 - 28 Stakeholders

In total, 45 Stakeholders participated in the consultation process. Some individuals attended all sessions. Several developers had multiple attendees.

Attendee	Company	Jan. 29	Feb. 12	Mar. 5	Apr. 15
Alvin Musqua	Keeseekoose First Nation	√			
Blair Forster	Harvard Developments		√		√
Bob Linner	North Ridge Developments	√		√	√
Bruce Belmore	MMM	√			
Cameron Sangwais	Sakimay First Nation	√			
Cathy Lawrence	Terra Developments				√
Chad Jedlic	101217530 Saskatchewan Ltd.	√	√	√	√
Cuthbert Keshane					√
Daniel Marinovic	Dundee Realty Corporation	√			√
Darrel Weinberger	D & M Mechanical	√			
Daryl Brown	Associated Engineering (Rosewood Alliance)	√	√	√	√
Dennis Nagel	Harvard Developments		√	√	
Doug Rogers	Terra Developments	√			√
Evan Hunchak	Dundee Realty Corporation	√	√		√
Gary Miller		√			
George Tsougrianis	Stantec				√
Hao Tran	Rosewood Park	√			
Henry Konhame					√
Ian Shields	Rosewood Park Aliance	√	√	√	
Jeff Halliday	WSP	√	√	√	√
Joe Straightnose	KKTLE Holdings Corp.	√	√		√
John Van Nostrand	PlanningAlliance		√		
Jordan Arendt	101016105 Saskatchewan Ltd.	√			√
Karen Cossitt	Sakimay First Nation		√		√
Kevin Reese	Karina Developments	√	√	√	√
Larry Sakundiak	Larry Sakundiak, Sharon Ottenbreit	√			√
Leanna Prost	Dundee Realty Corporation	√			
Linda Falstead	Four Horse Developments	√	√		
Lorne Yagelniski	Kensington Greens Development Corp.	√	√		√
Marielee Reddekop	101016105 Saskatchewan Ltd.	√	√		
Mark Geiger	Geiger Developments	√	√	√	
Ned Kosteniuk	Dundee Realty Corporation	√	√	√	√
Patrick Mah	North Ridge Developments	√	√	√	√
Paul Moroz	DREAM	√	√	√	√
Ranjit Singh	Nanaksar Gurdwara - "Gursikh Temple"	√			
Renault Eashappie	Carry The Kettle First Nation	√			√
Rob Jollimore	AECOM				√
Royce Snitzler	DNR Developments Ltd	√			
Scott Predenchuk	REMAX Realty (Nanaksar)	√			
Stu Niebergall	RRHBA	√	√	√	√
Tammy Mclean	RRHBA	√	√	√	√
Trevor Williamson	AECOM				√
Val Sluth	Praxis		√		

Victor Prettyshield					√
??					√
Stakeholders		**32**	**21**	**13**	**28**

Attendee	Company	Jan. 29	Feb. 12	Mar. 5	Apr. 15
Jason Carlston	City of Regina	√	√		√
Diana Hawryluk	City of Regina		√		√
Shanie Leugner	City of Regina	√	√	√	√
Emily McGirr	City of Regina	√	√	√	√
Curtis Smith	City of Regina				√
Don Barr	City of Regina	√			
Fabian Contreras	City of Regina		√		
Geoff Brown	City of Regina	√		√	
Jen Tan	City of Regina	√	√		
Kevin Syrnick				√	
Roslyn Kozak	City of Regina	√	√		√
Roy Chursinoff	City of Regina	√	√		
Saleem Memon				√	
Scott Thomas	City of Regina		√	√	
Yafei Hu	City of Regina		√	√	√
Tracey Bakkeli	T. Bakkeli Consultants Inc.	√	√		√

The following provided written submissions:

Stakeholder	Feb.	May
The Creeks		√
Dundee Developments	√	√
Geiger Ventures	√	
The Greens on Gardiner / Kensington Greens		√
Harvard Developments Inc. (for Forster Projects Inc. and Westerra Development Corp., Aurora Retail Corps)	√	√
Karina Developments Ltd.	√	
Marielee Reddekop	√	
North Ridge Development Corporation	√	√
Regina and Region Home Builders' Association	√	√
Rosewood Park Neighbourhood Development Team / Rosewood Park Alliance Church	√	√
TERRA Developments Inc.		√

Table B1. Summary of Stakeholder Feedback from February 12 Session

Stakeholder Suggestion / Feedback	Number of Responses (out of 8) in support of suggestion	Incorporated into Plan?	Administration Response
Increase City debt limit	2	No	This is not implementable as an interim measure. Even if there was debt limit availability does not mean that using debt to finance growth is prudent. Using debt puts undue risk on current taxpayers when the risk should fall more on the developers and eventual homeowners to finance growth. Also, using debt to finance growth would mean there is less debt available to finance asset renewal, if required.
City seeks alternative funding sources or tools	4	Not explicitly	This can be examined in more detail during the SAF Policy Review. Where alternate funding sources are made available, the City tries to take advantage of them. For instance, negotiations with other levels of government and other regional partnerships, alternative funding models for the Wastewater Treatment Plant, and use of grants for roadway improvements.
Increase maximum SAF deficit limit	1	Yes	The recommended Interim Phasing and Financing Plan includes an SAF deficit projected in the order of $50M. This is higher than the current $20M SAF deficit and higher than was originally recommended. It is important to note that while the Interim Phasing and Financing Plan includes a projected $50M SAF deficit that is not to say that this level of deficit is appropriate in the long-term. Therefore, the SAF Policy Review may very well result in a cap on the SAF deficit that is lower than $50M, with the goal being to achieve a zero deficit, if possible.
Explore ways to reduce cost of / need for infrastructure	4	Indirectly	This can be examined in more detail outside the scope of this project. The recommended Interim Phasing and Financing Plan (and the alternatives) assume that some infrastructure can be deferred, therefore decreasing the need for infrastructure as quickly. This could result in lower levels of service in the short term. However, if the infrastructure is ultimately required, the City has lost the opportunity to collect SAFs from benefiting neighbourhoods to finance it, which will ultimately require an increase in the SAF rate.
Update model – 2 to 3 year model only	6	Indirectly	The recommended Interim Phasing and Financing Plan puts emphasis on the projects required during the first two years and assumed projects beyond that horizon could be deferred beyond our earlier assumptions. To create a model solely based on the projects required during that time horizon would result in the first phases of the 300K growth areas not paying their fair share of future upgrades that are required. The original model was split into separate models for the 235K and 300K growth plans, as requested by stakeholders.
Update model / SAF Policy / Assumptions / Costs	5	Partially	Some of the project assumptions and costs were adjusted based on area plans and specific stakeholder feedback. The City intends to proceed with the SAF Policy Review immediately. A request for proposals has already been prepared.
Increase growth projections (# of hectares) per year	4	Yes	The models used for the recommended Interim Phasing and Financing Plan assume that almost 150 ha per year of development will occur during the first three years with a taper down to 70 ha per year by 2021. The 5-year average is approximately 100 ha per year and based on growth projections from the OCP, peak development was projected to have occurred in 2012

			with 70 ha per year likely to be sustainable over the life of the plan. These high growth projections help keep the rate lower and improve the cash flow picture because projects were not accelerated to keep up to the rate of growth used in the model. This does create risk for the City because the infrastructure could be required sooner and we may not be adequately collecting for it.
Payback assumption > 20 years	5	No	The merits of and risks associated with this suggestion can be examined during the SAF Policy Review.
Option preferred – most feedback did not prefer any of the options		Indirectly	The recommended Interim Phasing and Financing Plan does not recommend any of the options presented during the stakeholder session in January.
Develop an Interim phasing plan	6	Yes	Administration has developed a recommended Interim Phasing and Financing Plan.
Prioritize based on existing service / infrastructure access	6	Yes	The 235K areas are where the existing service and infrastructure is in place. By keeping a lower rate for the 235K lands, priority is placed on them and growth will be incentivized in those areas. Within the 300K growth areas, the only area that does not require a major upfront investment in the waste water system is the 120 ha of West Harbour Landing. It is noted, however, that West Harbour Landing will need to implement an interim storm water solution that may be required for decades.
Prioritize based on other criteria	3	Yes	Other criteria, such as access to transit and employment opportunities, were considered in the development of the recommended Interim Phasing and Financing Plan and will be considered during the development of the final Phasing and Financing Plan.
Continue to process secondary and concept plan applications	1	Yes	The City is continuing to process applications that have already been under review. The Phasing and Financing Plan includes a recommendation to prioritize area plans that are approved for development in 2014/2015. The recommended Interim Phasing and Financing Plan includes an increased Administration Fee to increase the resources available to review and process plan applications.
Review SAF policy and model concurrently	5	Yes	This will be completed as part of the SAF Policy Review.
Desire to have industry input	5	Yes	The recommended Interim Phasing and Financing Plan included consultation with the industry and this table describes how Administration responded to it. Further, the SAF Policy Review will include comprehensive consultation.
More time for process	4	Yes	The SAF Policy Review will involve approximately 9 months of stakeholder consultation in addition to the consultation that occurred during this project.
> 1 SAF rate/Interim Rate	4	Yes	The recommended Interim Phasing and Financing Plan includes more than one SAF Rate for different growth areas and includes the use of an interim rate.
Maintain the Status quo until the SAF Policy Review is complete	1	No	The City can not afford to continue to pay for growth using the Status Quo as we do not have the cash flow or debt capacity to fund growth in that way. Even using tools such as front-ending as we have done in the past does not help us as it is recorded as debt.

No dramatic increase in SAF	4	Yes	Administration has developed a recommended increase of ~16% for the 235K growth areas in 2015 and an increase of ~33% for land in the 300K growth area for 2014. While these are not insignificant rate increases, this report describes the implications of these increases as they relate to affordability and builder profits.
Apply current SAF	2	Partially	The current SAF rate will continue to apply to land within the 235K growth plan for the remainder of 2014. The current SAF rate is too low to recover the cost of servicing the new neighbourhoods in the 300K growth plan. Applying the current SAF rate would increase risk to the City and would result in the need for an even higher rate in the future.
Allow market choice in housing	5	Yes	The recommended Interim Phasing and Financing Plan allows three out of six new neighbourhoods to develop in 2014/2015. There are still nine 235K neighbourhoods still under development or set to begin development in the next couple years. This means that 12 neighbourhoods could be under development during the interim period. The model assumes that 150 ha per year will develop during the interim period. This is 50% higher than the 5-year average. Development within the 235K land areas will be unlimited, and could result in the development of up to 460 ha during the interim period. This is five times the City' historical 5-year average of 100 ha per year.

Summary of Stakeholder Feedback from April 15 Session

The first section summarizes the responses received relative to the recommendations that were presented to stakeholders on April 15. The second table summarizes all feedback received as well as Administrations' response to it.

Feedback relative to recommendations

Recommendations regarding the 235K Growth Plan Areas

1. The 2014 Servicing Agreement Fee (SAF) Rate remain unchanged and apply to 235K land only
2. The 2015 SAF Rate for the 235k lands is $304,960 / hectare
3. The following Employment Areas pay the 235K rate in 2014 and 2015:
    - Land bound by Diefenbaker Drive, Armour Road, Pasqua Street and Highway 11
    - Land within Hawkstone, Kensington Greens, SomerSet
    - Fleet Street Business Park Phase 1

Recommendations regarding the 300K Growth Plan Areas

4. Up to 20 Net Hectares per year (based on SAF Policy) of subdivision may proceed in each of the following neighbourhoods in 2014/2015. The developer will be permitted to request servicing agreements with the City for this amount of land, provided all prior approvals and submission requirements are met.
    - West Harbour Landing
    - Westerra
    - North of Lakeridge
5. The following areas would not be allowed to proceed in 2014/2015:
    - Coopertown
    - Northridge
    - The Towns
6. The SAF Rate for the 300k lands is:
    - $345,278 / hectare in 2014
    - $359,089 /hectare in 2015

Recommended Conditions

7. All high level planning instruments must be approved (i.e. Neighbourhood/Secondary Plan, Concept Plan) prior to rezoning and subdivision application

8. All projects internal to Neighbourhood Plans/Concept Plans will be funded by the developer and will not receive any Servicing Agreement Fee funding.
9. Oversize payments will be made where deemed required by the Executive Director of Planning. Payment for any approved oversize infrastructure will be included in the servicing agreement.
10. West Harbour Landing –
    - No projects required in 2014/2015 will receive SAF funding, except traffic signals if required.
    - All 2014/2015 water, wastewater and storm water projects to be funded by the developer, including trunks.
    - Developer must own, operate and maintain interim storm water solution until post-300K solution is implemented.
11. Westerra –
    - SAFs will fund 100% of the cost of widening Dewdney Avenue when approved through capital budget (barring policy changes from the SAF Policy Review).
    - All 2014/2015 water, wastewater and storm water projects to be funded by developer, including pump stations, force mains and trunks.
    - City will endeavor to assist in collecting funds from future developers to offset the costs of the wastewater pump station and force main.
12. North of Lakeridge –
    - No projects required in 2014/2015 will receive SAF funding.
    - All 2014/2015 water, wastewater and storm water projects to be funded by the developer, including trunks.
    - Developer must fund the downstream wastewater improvements including the cost of reconstructing McCarthy Blvd if directional boring is not feasible/utilized.
    - City will endeavor to assist in collecting funds from future developers for the cost of improving the downstream waste water system.
13. All roadway projects requested through the 2015-16 budgets be 100% SAF funded
14. Shift to fund interchanges at 50/50 for 300K lands
15. Proceed immediately with SAF/DL Policy Review and include 300k phasing strategy with the policy review
16. Defer post 300K Phasing and Financing Plan until SAF/DL Policy Review is complete
17. SAF/DL Policy Review will set rate(s) for 2016
18. No development of the 300K land beyond what is approved during interim period shall proceed until the SAF/DL Policy Review and Phasing Plan is approved
19. Employment Area Development (Commercial/Industrial) will be evaluated on a case by case basis
20. Area plans in the 235K growth areas and interim phasing plan neighbourhoods will have priority for reviews
21. Approval to develop during the interim period does not imply that the entire neighbourhood will be allowed to develop after the interim period

Table B-2 Summary of Stakeholder Responses to April 15, 2014 Recommendations

The following chart was compiled by the consultant by reviewing and interpreting written responses.

A = Accept **O = Oppose** **U = Unclear** **NR = No Response**

Recommendation	RRHBA	Dundee Consortium[1]	Greens	Harvard Group[8]	North Ridge[12]	Rosewood Park Alliance Church	Terra	The Creeks
1. 235K SAF - 2014	A	U	A	A	A	A	NR	A
2. 235K SAF - 2015	O	U[2]	O	A	A	O[16]	NR	U
3. 235K SAF – Employment Areas	NR	U[2]	NR	A	A	NR	NR	NR
4. Interim Neighbour-hoods (20HA)	NR	NR	NR	A	A	U	A	NR
5. Not Interim Neighbour-hoods	NR	O	NR	A	A	O	NR	NR
6. 300K SAF	O	O	O	A	A	O	S[20]	NR
7. Planning Approvals	NR	U	NR	A	A	NR	NR	NR
8. Developer Fund Internal Projects	O	O[2]	NR	A	A	O	A[20]	NR
9. Oversize Payments	O	O[2]	NR	A	A	O	NR	NR
10. Harbour Landing Conditions	O	O[2]	NR	A	A	NR	NR	NR

[1] Oppose changes to SAF Policy and Model before completion of comprehensive policy review.
[2] Oppose changes to Model, so implicitly they disagree with the 2015 rate for 235K lands
[16] Oppose differential rates between 235K and 300K developments
[20] Accept but express concerns about rate increases and incurring costs associated with interim policy changes

Recommendation	RRHBA	Dundee Consortium[1]	Greens	Harvard Group[8]	North Ridge[12]	Rosewood Park Alliance Church	Terra	The Creeks
11. Westerra Conditions	O	O[2]	NR	A	A	NR	NR	NR
12. N. Lake Ridge Conditions	O	O[2]	NR	A	A	NR	A[20]	NR
13. Roadways 100% SAF	O	O[2]	NR	A	A	O	NR	NR
14. Interchanges 50/50	O	O[2]	NR	A	A	O	NR	NR
15. Policy Review	A	A	A	A	A	A	NR	A
16. 300+K Phasing / Financing	NR	U[3]	NR	A	A	NR	NR	NR
17. 2016 SAF Rates	NR	A	A	A	A	A	NR	NR
18. 300K Development Limits	NR	O	NR	A	A	NR	NR	NR
19. EADs	NR	U	NR	A	A	NR	NR	NR
20. Review Priority	NR	O	NR	A	A	NR	NR	NR
21. No Implied Commitment	NR	U[4]	NR	A[8]	A[12]	U	NR	NR

[3] They use calculations that show entire Coopertown population, not just the 300K estimate, so likely they disagree.
[4] Their recommended cost allocation principles include 300K plus populations, so they may disagree with this recommendation.
[8] Their response indicates Harvard "supports the recommended Interim Plan for residential development." This has been interpreted as supporting all recommendations presented.
[12] Their response indicates North Ridge "supports the recommendations and policy review." This is based on accepting an **interim** solution. This has been interpreted as supporting all recommendations presented. However, concerns are expressed regarding cost of infrastructure, differential SAF rates and cost allocations

Table B-3 Feedback Received in Response to Recommendations

Stakeholder Feedback	Administration Response
RRHBA	
1. Do not address phasing recommendations. Only address financing recommendations.	No Response
2. Oppose policy changes incorporated in interim plan that increase SAF rates or direct developer costs (interchange funding allocation, roadways funding allocation, etc.).	The City does not have financial means to continue to maintain status quo during the interim period. In the absence of financial policy changes, the City would have to significantly restrict development within the 300K growth areas. The proposed policy changes are consistent with policies in other municipalities in Canada.
3. State current SAF model is broken.	The SAF model itself works on a technical level. The SAF Policy review will examine if an alternative model is more appropriate to ensure the long term health of the SAF reserves.
4. Suggest that the City should increase debt limit or allocation of debt related to SAF funded project	This is not implementable as an interim measure. Even if there was debt limit availability does not mean that using debt to finance growth is prudent. Using debt puts undue risk on current taxpayers when the risk should fall more on the developers and eventual homeowners to finance growth. Also, using debt to finance growth would mean there is less debt available to finance asset renewal, if required. This suggestion will be explored during the SAF policy review
5. State home affordability is important criteria – significantly negatively impacted by SAF increases.	SAFs comprise a small component of the cost of a house (less than 5%). According to a study released by RRHBA in 2012, builder profit are higher than SAFs as a percentage of the cost of a new house. Since 2006, average house prices have gone up by ~$200,000. SAFs comprised less than $10,000 of that increase.
6. Risk of shutting out new homebuyers (due to lack of housing affordability).	Housing prices are a function of the market. If housing demand decreases, so too, will prices. It the market is not willing to pay the asking prices of the sales market, prices will go down. We have already seen some of this in early 2014.
7. Believes expensive housing will limit Regina's economic growth.	SAFs comprise a small component of the cost of a house. Housing can be made more affordable by other means. The only alternative would be to transfer some of the cost of infrastructure development

	to tax payers through increased property taxes, which also contributes to the cost of housing.
8. Risk of decreased economic growth if developers are less busy.	The plan allows for close to 10,000 detached houses to be constructed during the next two years. The City saw approximately 3000 total (single and multi) housing starts per year for 2012 and 2013. Prior to that, housing starts averaged 1350 per year. Based on the number of housing starts in Q1 2014, the City is on track to have 1800 – 2000 housing starts. The number of housing starts is a function of the market place, not the Phasing and Financing Plan. All the developers who are currently active will remain active during the interim period.
9. Cost of doing business is a factor for economic growth.	The cost of doing business includes paying for all the costs associated with your business. In this case, it means that the developers must pay the cost of the services to the products they are putting on the market.
10. Risk of population moving to surrounding municipalities and other cities.	Phasing development helps keep SAFs lower. This helps the city remain competitive in the market place. If SAFs don't pay for the required infrastructure then taxpayers will need to. A city with high taxes creates just as much risk of population moving elsewhere. Many of the neighbouring municipalities are also reaching the limits of their growth within the capacity available in their systems. It is likely that they will soon need to adjust their levies to reflect the true costs of providing services.
11. Think unfair allocation of infrastructure costs among current, 235K, 300K and 300K plus populations.	Each growth horizon is responsible for constructing the infrastructure required to service that area. The existing neighbourhoods paid for their infrastructure needs at the time they were developed. The 235K neighbourhoods will pay for the projects that were identified for their needs at the start of that planning horizon. The same is true of the 300K and post-300K neighbourhoods. To the extent that developments in the 300K areas are planning on oversizing to accommodate future population growth in the post-300K time frame, the proposal treats all developments the same. It is impossible to predict where future Councils will prioritize development. Thus, infrastructure must be accounted for and paid for through the currently planned population growth.
12. Inconsistent payback periods (stadium & waste water treatment compared to development infrastructure). Payback should	The life of most of the assets in the model does exceed 20 years. However, there are some practical considerations that do not make it feasible to extend the payback period to the life of the asset. Some infrastructure has a life expectancy of 50 to 100 years. It is

reflect the life of the asset.	not reasonable for the City to collect the fees for that infrastructure over such a long time horizon, given that the capital costs will be expended within one to two years at the time of construction. The P3 projects are very high cost projects (higher than any projects in the SAF model) where the City gains the ability to spread out the capital cost in exchange for guaranteed ongoing operations and maintenance profit. None of the projects in the model (other than the WWTP and 9th Avenue interchange, which are already part of P3s) are likely good candidates for this type of arrangement.
13. Interim development being asked to fund unfair share of infrastructure.	Each development is asked to fund their portion of infrastructure needs required over a 20 year planning horizon. The SAF Policy review will evaluate whether this is the appropriate financial planning horizon. It is likely that if the costs of this 20 year planning horizon were to be spread over past development and future development, the same would need to happen with this planning horizon (ie. this planning horizon would get charged for past and future infrastructure needs) and therefore, the costs would likely not be dramatically different.
14. City not responding to stakeholder input regarding opportunities to decrease infrastructure costs (e.g. storm water management).	RRHBA has proposed some changes to the City's storm water management practices. The proposed changes have the potential to significantly impact services levels and therefore the City requires time to evaluate the proposal. Due to high demand for the City to review neighbourhood and concept plans, resources are not readily available to review alternate City standards. This is part of the rationale for adding three new engineering staff. Where related to SAF funded infrastructure, the proposed changes can be evaluated as part of the SAF Policy review.
<u>Dream Developments (Consortium)</u>	
1. Oppose policy changes incorporated in interim plan that increase SAF rates or direct developer costs (interchange funding allocation, roadways funding allocation, etc.). State these should not be implemented without due process and consultation (Dundee and Stantec).	Consultation on this subject has been occurring since January. It was made clear at that time that the City can not afford to continue to pay for development using current policy. The alternative to these policy changes is that fewer (and possibly no) 300K neighbourhoods begin development until the conclusion of the SAF Policy review. Alternatively, Council could elect to use taxes to pay for all the infrastructure required during the interim period. This would require either an increase in property taxes or a reduction in service levels in some other areas – perhaps both.

2. Oppose changes to model in interim (i.e. splitting of 235K and 300K growth into 2 separate models). Feel rates should be held constant or calculated using existing model until comprehensive policy review is completed.	Holding rates constant or using the existing model would not be financially viable for the City, because this would not cover the costs of growth. The decision to split into 2 separate models recognizes the different costs of the two growth stages. It also prioritizes the existing neighbourhoods, which is a policy of the OCP.
3. Feel costs unfairly allocated to 300K growth (Dundee, AECOM and Stantec).	Each development is asked to fund their portion of infrastructure needs required over a 20 year planning horizon. The SAF Policy review will evaluate whether this is the appropriate financial planning horizon. It is likely that if the costs of this 20 year planning horizon were to be spread over past development and future development, the same would need to happen with this planning horizon (ie. this planning horizon would get charged for past and future infrastructure needs) and therefore, the costs would likely not be dramatically different.

4.	Recommendations may not be consistent with Saskatchewan *Planning and Development Act* (e.g. inclusion of staff engineer costs, allocation of cost of infrastructure to developments).	Provisions for staff costs (i.e. engineers) are consistent with the P&D Act. According to Section 168 of *the Act*, "capital cost" means the municipality's estimated cost of providing construction, planning, engineering and legal services that are directly related to the matters for which development levies and servicing agreement fees are established. The P&D Act states that Servicing Agreements may provide for "the payment by the applicant of fees that the council may establish as payment in whole or in part for the capital cost of providing, altering, expanding or upgrading sewage, water, drainage and other utility services, public highway facilities, or park and recreation space facilities, located within or outside the proposed subdivision, and that directly or indirectly serve the proposed subdivision" The P&D Act does not prescribe how the municipalities are to allocate costs nor does it prohibit the use of surcharges. While the Act is silent on the use of area specific rates, the section related to Development Levies indicates "The development levy bylaw must specify the levies to be made for services and facilities and may vary those levies having regard to: (a) zoning districts or other defined areas; (b) land uses; (c) capital costs as they relate to different classes of development as established in the bylaw; or (d) the size or number of lots or units in a development." This implies that area specific rates are supported by the Act. The Act does prohibit the use of SAFs for "maintaining roadways, other related infrastructure and public facilities"; however, none of the costs in the model relate to maintenance. The use of surcharges and area specific rates are common practice across Canada. The City of Saskatoon charges SAFs for planning activities and also applies a special surcharge for developments that makes use of lift stations.
5.	Recommend City continues proceeding with development applications status quo.	The City can not afford to allow development to proceed under the status quo policy in an un-phased manner.
6.	Disagree with payback period in the model (Dundee, AECOM).	The issue of the appropriate payback period can be addressed during the comprehensive SAF policy review, however it should be noted that increasing the payback period results in greater risk borne by the City, since revenues are not recouped until farther into the future.
7.	Use existing SAF policy to establish interim rate.	Using all existing SAF policy provisions results in a cash flow and debt picture that is not viable.

8. Disagree with area and population used for per capita calculations for Coopertown. Argue it should be higher, even if the development will not occur within 300K growth (Dundee, AECOM).	Infrastructure for other 300K neighbourhoods will also potentially provide service to land beyond the 300K growth stage, however to be comparable and fair, the per-capita and per-area calculations only take into account the area included in the 300K growth stage. If the area attributed to Coopertown were to be increased, so too should the share of the project costs that benefit Coopertown.
9. Need more exploration of how to decrease infrastructure costs (Dundee, AECOM).	This is being explored through other processes independent from the Phasing and Financing Project. Where feasible, it will be included in the SAF Policy review. Any cost reductions associated with such changes would be incorporated into future SAF models.
10. Disagree with transportation costs allocated to Coopertown. Feel transportation costs should be allocated differently to reflect benefits to rest of City.	Transportation costs are allocated to Coopertown in the same manner that they are contributed to other neighbourhoods within the 300K growth plan. The roadway projects in the SAF model are projects that the City would not build in the absence of growth, therefore it is not recommended that taxpayers fund a larger share of the projects.
11. Transportation should be allocated based on traffic projections, not land hectares	The SAF policy review can evaluate the feasibility of this suggestion.
12. Oppose Coopertown surcharge.	This was proposed as a mechanism to allow Coopertown to develop in the near term, given that it is a high cost growth area. The only other option to enable this is for all other developments to subsidize Coopertown by paying more, either now or upon conclusion of the SAF policy review.
13. Oppose $100,000M surplus in SAF reserve (Dundee and Stantec).	Surpluses in the reserves are not a bad thing and actually protect the City and developers from being in the same situation we are currently faced with. Through the SAF policy review, we can evaluate an appropriate level of both deficit and surplus in the reserve. It is important to note that the City does not profit from SAFs and any surplus in the reserves gains interest, in turn keeping rates lower. Deficits in the reserves are charged interested and result in a higher rate. In any event, the fees collected are only used for growth related capital expenses.
14. Oppose phasing. Argue you cannot use 300K growth target as a basis for planning.	Phasing growth has an effect on cashflow. The new OCP has a planning horizon of a 300K population. This is a reasonable planning horizon in line with best practices. Phasing growth within the 300K stage, as opposed to seeing growth happen in every area concurrently, is a means to achieve the OCP Community Priorities

	relating to Financial Viability, Complete Neighbourhoods, and Sustainability, while still fostering Economic Prosperity and Housing Options. The OCP has a policy statement that growth shall occur in accordance with a Phasing and Financing Plan.
15. Oppose City determining pace and location of growth. Rather, the market should decide.	An OCP by definition determines location of growth. The OCP is a 25 year plan that establishes the areas where growth will occur over that time period. The alternative phasing and financing plan that uses a Coopertown surcharge would enable development of that neighbourhood based on true costs, in alignment with the argument of free market. That is, in a free market condition, each area would pay only the cost of servicing their area and no subsidies would occur.
16. Oppose use of different SAF rates for 235K growth and 300K growth – argue it is inconsistent with the objective of the current SAF model (Dundee, AECOM).	Using two different rates is consistent with OCP Community Priorities relating to Financial Viability, Complete Neighbourhoods, and Sustainability. Furthermore, it is consistent with the OCP policy that that City should consider prioritizing complete BUILT OR APPROVED NEIGHRBOURHOODS. It is also consistent with stakeholder feedback to prioritise areas where investment in capacity has already been made.
17. Recommendation will negatively impact housing affordability and supply.	SAFs comprise only a small component of the price of a new home. There is enough land supply within the recommended interim phasing and financing plan to construct over 10,000 detached dwellings in 2014 and 2015. Based on the number of housing starts in 2012 and 2013 as well as housing start projections, this is approximately a four year supply, assuming that not all units constructed will be detached dwellings.
18. Recommendation will push growth into surrounding municipalities or other cities.	The recommendation keeps rates as low as possible while enabling market choice. If rates are to be even lower than proposed, then taxes will need to increase. High taxes are not likely to make the City more competitive than neighbouring communities, nor is crumbling infrastructure. Surrounding municipalities are beginning to reach the limits of their own servicing capacity and may not be able to accommodate more growth in the near term or without major capital investments of their own.
19. Use rolling model rather than 20 year term model.	This can be addressed during the comprehensive SAF policy review.
20. Explore alternative funding mechanisms.	This can be addressed during the comprehensive SAF policy

	review.
21. Cost allocations should consider 300K plus populations (AECOM).	To treat all development areas fairly, only the lands included in the 300K growth stage are considered as part of calculations.
22. Should not reserve existing municipal capacity for 235K lands (300K lands should be treated equally).	The 235K neighbourhoods are already approved to receive access to servicing capacity. There are OCP policies that prioritise the 235K lands. The extent to which capacity remains after the 235K lands are built out, which is highly limited, is allocated to 300K lands.
23. The following costs are not allocated properly to neighbourhood:	
a. Drainage (AECOM)	Where a regional drainage solution is required, it is allocated to the neighbourhood in which it occurs, since that is when the expenditure will be required. Regional channels are funded through SAFs. Where a local drainage solution is required, the costs have been removed from the neighbourhood calculation, since (based on the interim financing strategy), the costs will be borne by the developer.
b. Pressure zones for water (AECOM)	The water pressure zone project was allocated based on the land areas inside the primary pressure zone. It was not allocated to areas north of the boundary of the second pressure zone because they will use that pressure zone and do not impact the primary pressure zone. Through the eastern pressure zone study and SAF policy review, the City will evaluate if the ratepayers should contribute to the cost of this project.
c. Transportation (AECOM)	The transportation projects were allocated based on the land areas that trigger each of the projects.
d. Parks and recreation (AECOM).	Zone level parks are allocated to the neighbourhood in which they occur, since that is when the expenditure will be required. The model assumes that 25% of the costs associated with zone level parks will be borne by taxpayers.
24. Need to pursue options for reducing need for infrastructure such as the lift stations (AECOM).	This is part of the process of infrastructure planning and neighbourhoods planning. The City will typically pursue the lowest amount of infrastructure required given that it will be the City's to own, operate and maintain upon acceptance of the infrastructure (except for interim servicing, which is not SAF funded anyway).
25. Delaying Coopertown would negatively impact economy (jobs) and housing affordability	The major land developer of Coopertown can develop up to 60 hectares in the Towns South in 2014/2015, up to 40 hectares in

(several).	West Harbour Landing, and still has 60 hectares of un-subdivided land in Harbour Landing. This is nearly equivalent to all the land we anticipate will be required for development in the City of Regina in the next two years.
26. Clarify treatment of Towns – Stantec.	The Towns South is a 235K neighbourhood and can proceed any time. The Towns North is a 300K neighbourhood and not recommended for approval in 2014/2015.
27. Clarify treatment of services such as sanitary storage or pump stations for commercial corridor (Stantec).	The City will consider allowing interim servicing for commercial and industrial development. Interim servicing is the developer's responsibility to own, operate and maintain until such time as the permanent solution is available. At that time, the developer will be responsible to decommission the interim solution and connect to the permanent solution.
28. Remove costs of additional staff from cost estimates (Stantec).	Due to an increase in engineering demands, the City requires 3 new positions. Developers have indicated to Administration that it is not acceptable to be put on a wait list for engineering review.
29. Need to review costs line by line in conjunction with City (Stantec). This was the past process for establishing the SAF rate.	There was a meeting held March 5 to complete this exercise. The stakeholders did not want to review the project list at that meeting. The opportunity will be provided again during the SAF Policy review.
30. Leave the leisure centre costs in the model (Stantec).	The Leisure Centre was removed from the model because the timing of the project has been extended beyond the 20 year planning horizon. The SAF Policy review will examine whether or not it is practical/feasible to plan for a longer time horizon.
31. Use master plans (not sectors) for allocating costs (Stantec).	Costs were based on the best information available at the time. Where neighbourhood plans were available, costs were based on the estimates within the neighbourhood plans. Otherwise, they were based on the sector serviceability studies and Transportation Master Plan. Developers were given the opportunity to provide alternative costs for the City's consideration twice during the consultation process.
32. Clarify other costs and allocations (Stantec).	Costs were based on the best information available at the time. Where neighbourhood plans were available, costs were based on the estimates within the neighbourhood plans. Otherwise, they were based on the sector serviceability studies and Transportation Master Plan. Developers were given the opportunity to provide alternative costs for the City's consideration twice during the consultation process. Allocations of costs were described above.

33. Clarify basis for limiting growth to 20 hectares per development (Stantec).	In combination with the 235K lands, allowing 20 hectares of development in each of the recommended 300K neighbourhoods provides about 150 hectares of land for development overall. This significantly exceeds the five-year average of 100 hectares. Allowing an unlimited amount of 300K land to develop in the interim would entail the risk that 235K neighbourhoods will take longer to built out and become complete communities. Furthermore, 20 hectares is a significant subdivision size that is worthwhile for the developers to pursue while also protecting developers from future rate increases. Should the SAF Policy review indicate that rates need to increase, there could be a large influx of applications trying to "beat the increase". Unfortunately, this results in the need to raise the rates even more in the future when revenues do not meet projections.
34. Question having developers directly fund infrastructure such as trunks, water main oversizing, arterial roads if future developments benefit (Stantec).	The alternative to these policy changes is that fewer (and possibly no) 300K neighbourhoods begin development until the conclusion of the SAF Policy review or more taxpayer funding through tax increases or reducing service levels for existing programs. The City will use endeavour to assist clauses to help the developer recoupe costs from future developers who use the infrastructure they directly fund. This is a common practice in Canada.
35. Oppose developer operated pump stations for decades (Stantec).	Developers will need to make business decisions with respect to interim servicing strategies. The City's policy with respect to interim servicing is not new and was not introduced as part of this project.
36. Propose accelerated growth (# of hectares) (Stantec).	The recommended phasing and financing plan has already taken into account this feedback and already assumes 50% more development than our 5 year historical average.
37. Think transportation costs, storm sewers are unfairly and inconsistently allocated with Coopertown and McCarthy North being penalized (Stantec).	Transportation costs are being allocated based on area serviced. Where a regional drainage solution is required, it is allocated to the neighbourhood in which it occurs, since that is when the expenditure will be required. Regional channels are funded through SAFs. Where a local drainage solution is required, the costs have been removed from the neighbourhood calculation, since (based on the interim financing strategy), the costs will be borne by the developer.
38. Need a meeting to understand spreadsheet allocations (Stantec).	There was a meeting held March 5 to complete this exercise. The stakeholders did not want to review the project list at that meeting. The opportunity will be provided again during the SAF Policy

	review.
39. Towns are treated inconsistently in the models (Stantec).	The Towns South is part of the 235K planning horizon and The Town North is part of the 300K planning horizon. Each is being treated consistently with the treatment of each planning horizon.
40. Keep SAF rate at 2013 level (Stantec).	The rates will be kept at the 2014 level for the 235K lands. If the 2014 rate is applied to the 300K neighbourhoods, the City would generate $4.8M less than required in 2014 and a similar amount in 2015. This shortfall would need to be made up by future rate increases or from other sources such as property tax increases or service level reductions.
41. Inconsistent or inaccurate cost allocations in the model (Stantec).	Based on this feedback, the City reviewed the project allocations. There were some errors in allocations in the model, which is to be expected in a model this complex. When corrections to the allocations were made, the resulting impact was less than $1,000 per hectare. Because of the small order of magnitude, the Administration did not alter its recommendation.
42. Disagree with "short sighted financial downloading" (WF Botkin).	The majority of financial changes in the model involve developers funding infrastructure directly rather than indirectly – developers were always paying 100% of the costs for most of these types of projects. The changes that lower the taxpayers share of projects means that the City will be able to build and widen roadways that it could not afford to previously. This should result in more work for roadway contractors who do work for the city.
<u>Greens on Gardiner</u>	
1. Concerned about the impact of a large SAF increase on the marketplace.	The SAF rate will remain the same in 2014 for the 235K lands. The 300K rate is kept as low as possible through the use of phasing.
2. Support model and policy review.	No response.
3. Support interim rate.	No response.
4. Support differential rates for 235K and 300K developments.	No response.
5. Concern about impact of a large increase in 2015 for the 235K neighbourhoods	The SAF rate will need to increase to ensure the City has adequate revenue to construct the infrastructure required to service growth.
<u>Harvard (on behalf of Harvard Developments Inc., Forster Projects Inc., Westerra Development Corp. and Aurora Retail Corp.'s)</u>	
1. Sees interim recommendation aligned with OCP (and supports it).	No response.

2. Oppose unrestricted growth as it will lead to higher housing costs since some lands are more costly to develop.	No response.
3. Market choice will be accommodated.	No response.
4. Believe the comprehensive policy review is the time to consider additional elements such as opportunities to eliminate redundant infrastructure projects, increase city debt allocated to funding new infrastructure, determining cost allocations between current residents and developers, matching payback to life, etc.	No response.
5. Accepts interim policy variations, provided City reconsiders these after the policy review is undertaken.	The comprehensive SAF policy review will present an opportunity to examine all policy variations in greater detail.
6. Do not support any of the other scenarios – a reduction from 20 to 15 ha of permitted development per year would significantly increase developers' financial burden and risk.	No response.
7. Feels Administration has removed unnecessary and inflated costs.	No response.
8. Keeps all major local land developers active during the interim period.	No response.
9. Recognize risks to Regina's competitiveness through increased land developer costs, but sees it as best option.	No response.
North Ridge	
1. Continue to reinforce their understanding of previous City commitments (e.g. North Ridge lands designated for development in 300K growth plan).	Throughout the OCP process, it was made clear that the sequencing of new neighbourhoods would be subject to a Phasing & Financing Plan.
2. Expectation they will be included early in 300K growth.	Timing of the development will be established through the final Phasing and Financing Plan.
3. Interim plan necessary to maintain development planning and investment to	No response.

support growth.	
4. Need commitment to complete build out of neighbourhoods (consistent with OCP, manages developer risk).	The OCP supports complete neighbourhoods.
5. Recommend early approval of west and northwest sector (Westerra, Harbor Landing West, North Ridge, Coopertown).	All the neighbourhoods within the 300K growth plan (except for The Towns North) occur in west and northwest Regina. As such, neighbourhood development in the west and northwest will occur early on in the plan. The City will establish the phasing for these neighbourhoods through an approved phasing and financing plan.
6. SAF model inconsistent with Council's vision and growth objectives and other decisions.	The SAF model and policy will be subject to a comprehensive review in 2014/2015.
7. SAF policy review should include assessment of impact on changes on Regina's competitiveness with other prairie cities and with surrounding municipalities.	This could be incorporated into the SAF policy review. Preliminary review in this regard as part of the interim plan suggests that Regina remains competitive with the proposed interim rates.
8. Risks – Phasing and financing may drive housing and business to other municipalities where Regina pays for services but does not collect taxes.	The recommendation keeps rates as low as possible while enabling market choice. If rates are to be even lower than proposed, then taxes will need to increase. High taxes are not likely to make the City more competitive than neighbouring communities, nor are crumbling infrastructure. Surrounding municipalities are beginning to reach the limits of their own servicing capacity and may not be able to accommodate more growth in the near term or without major capital investments of their own.
9. Want Administration to consider service level reductions (future cannot be a peak demand satisfaction level).	The SAF Policy review will include consultation with taxpayers/homebuyers to understand their willingness to pay for services. The Administration is not striving to achieve transportation service levels that were experienced when the City had a population under 200,000. Even with all the projects in the model constructed, Regina's roadways will be more congested and travel times will be increased.
10. Differential SAF rates are unfair since they distort market choices and favour first in.	Differential rates incentivise development in areas that are more affordable to service. These neighbourhoods should be favoured.
11. 300K developments being asked to pay unfair share of infrastructure costs.	The 300K developments are being asked to pay for the infrastructure that is required to service them.
12. Continue planning for all neighbourhoods in the 300K growth scenario.	The City does not have resources to plan for all the neighbourhoods within the 300K growth horizon at one time, even with the addition of three engineering staff.

Rosewood Park Alliance Church	
1. 300K bearing unfair allocation of infrastructure costs – more should be allocated to existing residents, 235K development and 500K developments (e.g. overpasses and pressure zones).	Each development is asked to fund their portion of infrastructure needs required over a 20 year planning horizon. The SAF Policy review will evaluate whether this is the appropriate financial planning horizon. It is likely that if the costs of this 20 year planning horizon were to be spread over past development and future development, the same would need to happen with this planning horizon (ie. this planning horizon would get charged for past and future infrastructure needs) and therefore, the costs would likely not be dramatically different.
2. Need Servicing Master Plan and Transportation Master Plan to identify and allocate costs	The City used the best information available at the time, which includes Sector Serviceability studies, Neighbourhood Plans and the Transportation Master Plan model.
3. Allow 80 ha to proceed in Coopertown/Rosewood Park.	The Coopertown area requires more infrastructure than any other neighbourhood in the 300K plan. Administration has provided options to Council to allow the neighbourhood to proceed.
4. Incremental development should be allowed to proceed wherever latent servicing capacity can be accessed.	This would be fine provided that the SAF rate levied against the area is reflective of the true cost of servicing the area and does not put the City at greater financial risk.
5. Extend payback period.	Increasing the payback period results in slower revenue generation and makes cash flow and debt worse, thus increasing risk to the taxpayers.
6. Avoid contributing to housing cost increases.	SAFs comprise only a small component of the cost of a new home. According to a study released by RRHBA in 2012, builder profits are higher than SAFs as a percentage of the cost of a new house.
7. Estimated cost to service and costs per capita for Coopertown are overstated (e.g. ignore potential cost savings from their water, wastewater concepts, ignores 500K servicing, over weights their share of road costs).	The methodology used to calculate the costs of Coopertown is consistent with methodology used to cost out other neighbourhoods, generally based on land area. At several meetings with the major land developer of Coopertown, the City was assured that there is not a more affordable way to service the area. Coopertown was not allocated 100% of the costs associated with the extension of Saskatchewan Drive west to Pinkie. That project was split between all the west side neighbourhoods. Generally, Coopertown's share of west side transportation projects ranged from 40 to 50%, due to its land area.
8. The cost per capita and cost per net hectare are in line with costs for other growth areas in	This is only true if you add future development land area to the denominator. However, if you add to the denominator, you also

the city.	need to add to the numerator. That is, new projects will be added and Coopertown's share of many transportation projects in the model would increase. Furthermore, if Coopertown receives "credit" for servicing long-term growth areas, so, too, should the other neighbourhoods, thus bringing their cost per capitia/hectare down too. If growth slows and these neighbourhoods do not proceed, the SAF rates will be too low and the payback required for those costs would ultimately be borne by tax payers.
9. Current approach to SAFs may not be consistent with Saskatchewan *Planning and Development Act*.	All provisions in the recommendations are consistent with the *Planning and Development Act*.
10. Interim SAF rate paid by all new development.	This scenario has been presented to Council.
Terra Developments (North of Lakeridge)	
1. Want City to commit to collecting funding from future developments who benefit from infrastructure funded by Terra	The City will use endeavour to assist clauses as described in the Council report.
2. Reject Scenario 2 (Uniform rate for Coopertown) due to higher SAF and reduced land allocations per neighbourhood	No response.
3. Reject Scenario 3 due to reduced land allocation per neighbourhood	No response.
4. Unclear but likely reject Scenario 4 due to risk of future SAF shocks	No response.
The Creeks	
1. Believe they are cross-subsidizing other neighbourhoods (which they oppose)	The comprehensive policy review will evaluate the pros/cons of uniform vs. area-specific charges and make recommendations about the SAF policy at that time.
2. Support full policy review	The comprehensive SAF policy review has been granted budget approval and will proceed during 2014/2015.
3. Support differential rates for 235K and 300K neighbourhoods	This is reflected in the recommended phasing and financing plan.

Figure B2. Snapshot of Project Webpage

PROTECTED: PHASING AND FINANCING GROWTH

Achieving Long-term Financial Viability

The City of Regina has recently approved Design Regina, the new Official Community Plan (OCP). One of the community priorities identified in this plan is to "Achieve long-term financial viability".

This priority is engrained in numerous goals of the OCP. In particular, in Section E – Realizing the Plan, Goal #5 of the Implementation Strategy is Phasing and Financing of Growth to support orderly and sustainable long-term growth.

14.19 Develop a detailed phasing and financing plan that will establish sequencing of new growth and development identified in Map 1, the Growth Plan and associated municipal servicing that supports:

- Optimization of existing services/amenities;
- Meeting intensification targets established in Policies 2.3 and 2.9;
- Projected population and employment growth and anticipated market demand for housing and/or commercial/industrial development;
- Provision of new services, features and amenities within a complete neighbourhood as required by Policy 7.1;
- Contiguous development;
- Balanced residential and employment growth;
- Financial capacity of the City;
- Affordable land development, land availability and market readiness; and
- Any other considerations deemed important by the City.

In order to begin to realise the intent of this priority as it relates to development, it is critical that the City understand the opportunities and constraints associated with financing the growth plan. Once the City identifies and quantifies the availability of funding to accommodate growth and correlates it to the funding needs associated with growth, then the phasing of the plan can be implemented.

This page has been created as a place to communicate with our stakeholders. The City will use this page to share information and to provide response to inquiries made to the City during the consultation phase.

NEW DOWNLOADABLE MATERIALS

NEW — Area Basis Calculations
This file shows the values used in calculating the area rates.
Area Basis Calculations (XLS)

NEW — Blended SAF Rate Calculations
This file shows the SAF rate weighted based on the different rates and land consumption projections as requested at the April 15 meeting.
Blended SAF Rate Calculations (PDF)

NEW — Phasing Presentation for April 15
This is a copy of the material that was presented to stakeholders on April 15, 2014.
Phasing Presentation April15 (PDF)

NEW — Recommended 235K Only Model
This is finite model created to determine an appropriate rate for the 235K growth areas.

MORE INFORMATION

- Community Priorities
- Building the Plan
- Past Public Involvement
  - Public Review of Alterations December 2013
  - Online Engagement June 2013
  - Public Open Houses June 2013
  - Stakeholder Workshops June 2013
  - Stakeholder Workshop May 2013
  - Stakeholder Workshop April 2013
  - Stakeholder Workshop November 2012
  - Phase 3 events and documents
    - Telephone Survey
    - Focus Groups
    - Public Engagement Summary
    - Web Survey
- Keep Me Informed
  - Archived Newsletters
- Archived Resources
  - Population Projections
  - Priority Population studies
  - Growth Options Video
  - Topic Sheets
  - Discussion Guides
- Phasing and Financing Growth

HARVARD
Developments Inc.
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April 30, 2014

Ms. Shanie Leugner
Manager, Long Range Planning
City of Regina

Dear Ms. Leugner,

Re: Recommended Interim Phasing and Financing Plan

Further to City of Regina Administration's ("Administration") presentation of the recommended interim phasing and financing plan ("Interim Plan") on April 15, 2014, please accept this letter as Harvard Developments Inc., Forster Projects Inc., Westerra Development Corp., and Aurora Retail Corp.'s (collectively known as "Harvard") support for the Interim Plan.

Harvard acknowledges the significant work undertaken by Administration to arrive at the recommended Interim Plan. Administration's willingness to work openly with the development community and our consultants by providing working files for our use, as well as accepting and incorporating industry comments reflects Administration's desire to find the best interim solution within the constraint of the city's debt ceiling.

Harvard supports the recommended Interim Plan for residential development in 2014 and 2015. Harvard does not support the other scenarios contemplated by Administration. Harvard arrived at this conclusion by evaluating the Interim Plan against the following six considerations:

1. Does the Interim Plan adhere to the priorities of OCP?

YES. The OCP's dominant themes of Smart Growth, Complete Communities and Financial Sustainability are respected throughout the analysis.

The Design Regina OCP requires a phasing plan because of the magnitude of investment required for on-site and off-site infrastructure related to residential land development. The phasing plan is a critical component of achieving the priorities of the OCP and maintaining housing affordability. The alternative of proceeding with unrestricted growth will erode housing affordability across the city as the most affordable lands are burdened with cost of servicing higher cost lands.

The creation of the OCP's phasing plan puts Administration in the unenviable position of determining winners and losers amongst land owners and developers. The City of Regina, as the approving authority for development guided by the OCP, must assess development opportunities and act in the best interest of residents. The OCP provides the framework for assessing these opportunities and Administration has used it correctly by considering the cost of on-site infrastructure required to develop each new neighbourhood; the cost of off-site infrastructure necessitated by each new neighbourhood; the ability to leverage existing infrastructure when servicing new neighbourhoods; the completeness of new neighbourhoods; and the impacts, both positive and negative, of new neighbourhoods on residents of existing neighbourhoods.

2. **Does the Interim Plan allow land development to continue in 2014 & 2015 at a rate sufficient to meet market demand?**

   YES. Administration respected developer comments and increased the amount of residential land permitted for development in the 235K-300K growth phase during the interim period to 60 hectares annually. That amount, combined with the remaining undeveloped lands in the current 235K growth phase will ensure an adequate supply of serviced land for home builders so that the residential housing industry is allowed to develop unimpeded in 2014 and 2015.

   Harvard does not support any scenario that would reduce the 20ha of land available for development as it further limits the area over which the costs of infrastructure can be allocated. A reduction from 20ha to 15ha per year significantly increases the financial burden and risk to developers.

3. **Does the Interim Plan make land available in all areas of the city to ensure home buyers have market choice?**

   YES. The Interim Plan considers the importance of consumer choice and provides residential land development opportunities in all regions of the city. This is a significant aspect of the Interim Plan because it ensures the Regina housing market remains attractive to all home buyers and minimizes interference with market choice.

4. **Does the Interim Plan mitigate the increase in development levies originally proposed by Administration in the previous Phasing and Financing proposal?**

YES. Administration has worked with developers and our consultants to remove some of the unnecessary and inflated costs from the interim model in order to reduce the SAF ("Servicing Agreement Fee") rate from the previously presented models. There remain significant opportunities to further reduce the SAF rate by eliminating redundant infrastructure projects; increasing the amount of city debt allocated to funding new infrastructure; distributing costs more reasonably between the SAF fund, existing residents and developers; and by matching the payback period of infrastructure with its useful lifecycle rather than limiting it to an arbitrary maximum 20 year period. These opportunities must be examined during the comprehensive SAF policy review in order to keep development charges at a rate that encourages growth.

The proposed SAF rates of $345,278 in 2014 and $359,089 in 2015 significantly increase development costs to the industry. The change in interim policy requiring developers to pay for on-site infrastructure previously funded by our servicing agreement fees (sanitary lift stations, storm water lift stations & storm water ponds) adds an additional development cost of approximately $50,000 / ha to Westerra. As such, the Interim Plan actually increases developer costs from $264,000 to approximately $395,000 per hectare.

Harvard will accept the costs associated with the Interim Plan on the basis that they are reconsidered as part of the comprehensive review of the serving agreement policy. Developers who undertake projects in 2014 & 2015 are accepting far more cost and risk in order to grow the city. We believe it is fair to review and reconcile the costs incurred in 2014 and 2015 with the comprehensive policy review once it is complete.

5. **Does the Interim Plan keep all local land developers active in 2014 and 2015 to minimize the impact on local businesses during the comprehensive review of the Servicing Agreement policy?**

YES. The Interim Plan keeps all major local residential land developers active throughout the interim review period of 2014 & 2015. The thoughtfulness of this approach must be stated as it is values the jobs created by developers, consultants and contractors in the local economy.

Dundee: *Harbour Land West and the Towns*
Harvard: *Westerra and the Victoria Ave East commercial corridor*
Yagar: *Greens on Gardiner, Kensington Greens and Mapleridge*
Karina: *Hawkstone, Mapleridge and the Creeks*
Terra: *Lands north of Diefenbaker (previsouly known as Skywood)*
EarthKing: *Somerset*

6. **Is the Interim Plan perfect?**

No. There remain elements of the Interim Plan with which Harvard disagrees. However, the recommended Interim Plan allows development to proceed in the most affordable manner within the constraints of the debt ceiling and the goals of the OCP. Furthermore, it protects the city from the potential of another massive increase in development charges in 2016 for infrastructure related to unphased growth.

Harvard supports the recommended Interim Plan for 2014 & 2015. The Interim Plan significantly increases land developer costs which may result in the City of Regina losing market share to the surrounding RMs and other western Canadian cities. However, we do not support any of the other scenerios as they move the city away from achieving the priorities of the OCP, expose the city to significant risk in 2016, and further erode housing affordability. The other scenarios will not produce more housing starts or significantly increase consumer choice, but they will ensure that all houses built in Regina are less affordable.

We look forward to working with Administration on the comprehensive servicing agreement policy review to create a policy that encourages growth and positions Regina as an attractive and affordable destination for businesses and workers relative to other Western Canadian cities. Harvard fundamentally believes that greenfield growth guided by the Design Regina OCP is good for all residents and businesses in Regina.

Thank you for the opportunity to provide feedback on the interim phasing and financing recommendation.

Yours truly,

HARVARD DEVELOPMENTS INC.

Chad Jedlic, BSc, MBA
Residential Land Manager

cc: Mo Bundon, Harvard Developments Inc.
Blair Forster, Harvard Developments Inc. & Forster Projects Inc.
Jason Carlston, City of Regina
Diana Hawryluk, City of Regina

The Greens on Gardiner

April 29, 2014

DELIVERED VIA EMAIL

City of Regina
Planning Department
8th Floor, City Hall
Regina SK S4P 3C8

ATTN: Shanie Leugner

Dear Shanie:

Thank you for allowing us the time and opportunity to respond to the Phasing and Finance Plan. We are somewhat concerned at the negative impact another large % increase in the SAF fee will have on the marketplace.

We have had a significant increase in housing and land costs since 2007 and every year it has become more difficult to continue the momentum for growth in Regina.

The City will be going through a review of the present model and SAF policies and we look forward to further input. This is a necessary step in insuring the model works for growth proceeding into the 300K time period and beyond.

We appreciate that the City has decided on an interim rate while this process unfolds. On behalf of the developments we look after, which are all in the 235K neighbourhoods, we agree that these areas should pay a different rate than the 300K areas. This only makes sense since in essence; the 300K areas are jumping the queue and will require major new infrastructure projects.

We have no objection to these areas starting to develop as consumer choice is always good to keep a balanced market. The 235K neighbourhoods have been developing at a steady pace and have funded a lot of new infrastructure through current SAF fees. We are somewhat concerned of the potential large increase proposed for 2015 under the interim rate for the 235K neighbourhoods.

The owners of the current neighbourhoods of The Greens on Gardiner and Kensington Greens strongly support an interim rate for the 235K being separate from the 300K interim rate.

We would be pleased to meet with you if you have any questions in our position on this matter.

This is a difficult process for all involved, but the bottom line objective by all of us is to keep things positive so that Regina continues to grow and prosper.

Thanks again for your time and consideration.

Lorne Yagelniski

Development Managed By
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ROSEWOOD park
ALLIANCE CHURCH

1 May 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Attention: Shanie Leugner

Dear Ms. Leugner:

Re: Phasing and Financing Plan – Feedback on Presentation (15 April, 2014)

Thank you for providing Rosewood Park Alliance Church (RPAC) with the opportunity to provide feedback on the City's Phasing and Financing Plan presentation held on April 15, 2014. Our feedback is summarized below, and it has been prepared with the support of planningAlliance and Associated Engineering, and with regard to comments prepared by our co-developers in Coopertown - Dream Development. Our principle comments are as follows:

1. **The Church Believes the Proposed SAF Model Unfairly Loads Infrastructure Costs onto 300k Developments.**

   We agree with the City - that growth should pay for growth - but we also want to ensure that the City pays its fair share. In many cases the infrastructure costs associated with 300k development will serve not only existing and future residents within the 235k neighbourhoods, but also those within the 300k and 500k neighbourhoods. Attributing all these costs to 300k neighbourhoods distorts the relative costs of development. It unfairly condenses capital costs into a relatively short development window, and unfairly asks 300k developments to pay for infrastructure that will serve residents across the City as-a-whole, over the near and long terms. Dream illustrated this point in its discussion on costs associated with overpasses and pressure zones. While the City must account for infrastructure investments it must also allocate responsibility for infrastructure costs appropriately to existing, recent and future residents.

A Church of the Christian & Missionary Alliance in Canada.

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P.O. Box 35015, Regina, SK, S4X 4C6 • Corner of Courtney St. & Whelan Dr.

2. **The Church Supports the Planning Efforts that The City has Undertaken and the Need to Continue These Efforts to Resolve the SAF Funding Model.**

   We will continue to support efforts made by the City to resolve its infrastructure deficit legacy in a pro-active and cost-effective manner. Beginning with the recently approved OCP - and "Growth Plan" contained therein - the City, during this Interim Period, can take the time to assemble the critical companions to Growth Plan - a "Servicing Master Plan" and a "Transportation Master Plan" that address both its short- and long-term infrastructure requirements. With those plans completed, responsibility for the cost of infrastructure can be more accurately assessed and attributed, resulting in clearer justification of the ensuing SAF model. For the Interim Period, we support fixing an interim rate that would more fairly distribute the cost of growth across all development.

3. **Development in the Transition Period can Proceed Where it can Access Existing Servicing Capacity.**

   The Church strongly supports incremental development in all areas of the City where it can be demonstrated the proposed development will access <u>latent servicing capacity</u> for water, wastewater and transportation. Such an approach would facilitate the development of Phase I of Coopertown, including some 80 hectares of development in the Rosewood Park and initial Coopertown neighbourhoods – all of which can be developed on existing servicing capacities. Such an approach would also demonstrate adherence to the logical sequencing of development that is supported within the Regina OCP.

4. **The Church Supports a "Phased Cost" Approach that is also Linked to the "Phasing Of Development".**

   The Church supports efforts by the City to pragmatically distribute the costs of growth and development over a longer period. Infrastructure costs should proceed in synch with development phasing, and in a sequential manner that allows development to pay for itself as development proceeds, without exponentially driving up the cost of housing. Moreover, if the phasing process contains a review period, flexibility about where and when development occurs can be influenced by the market, infrastructure investment and policy decisions. It is important to remember that Regina's growth is fueled by immigration and housing costs form a key component of the City's efforts to attract and retain new immigrants.

5. **The Church Views the Relative Neighbourhood Development Costs in Coopertown as Skewed.**

   Coopertown may well be one of the most efficient and lowest cost neighbourhoods to service which supports the rationale for Coopertown's original inclusion in the OCP as a "New Neighbourhood". In our previous meetings with the City we have demonstrated that the water and wastewater servicing concept for the Coopertown Neighborhood, including the Rosewood Church Site Development, could be revised to significantly reduce the costs of servicing for which the City is liable. Not only is the revised concept more cost effective to the City but also extends services to 300k lands prior to 500k lands, contrary to the original Coopertown Phasing Plan. Work is on-going but according to current estimates, the cost per capita and the cost to service per net hectare for water and wastewater are in line with other growth areas in the City.

In addition to high water and wastewater servicing costs in the original model, the cost allocations for transportation improvements to Coopertown are also too high, and in our estimation, unreasonable at $140,000,000. For example, approximately 50% of the costs associated with the Saskatchewan Drive/Lewvan Drive Fly-Over, and 100% of costs associated with the extension of Saskatchewan Drive west to Pinkie Road (at a combined total transportation cost of $41.5 million), are allocated to Coopertown. However, we think that it is very unlikely that 50% of trips on this future fly-over, or 100% of trips on the western extension of Saskatchewan Drive, will originate in Coopertown. Dream's analysis of Cooperstown's transportation costs is also instructive. We support their recommendation that the relative costs be revisited to account for a longer-term development window (e.g., 500k) and a fairer distribution of costs among other non-Coopertown beneficiaries. We also question whether the current approach to structuring the SAF meets the intent of Saskatchewan's *Planning and Development Act*.

In conclusion, the Church supports the City in its efforts to overcome its infrastructure deficit legacy and supports the principle that future growth pays for itself. However, we want to ensure that costs are fairly allocated and properly phased and sequenced in order to ensure that our future residents are paying their fair share. We would recommend that the City:

1) continues its planning efforts over the 2-3 year Interim Period to develop a financing and phasing plan and SAF model that is based on the accurate infrastructure and transportation costs that will be required to realize the Regina OCP;
2) encourages development to proceed within designated New Neighbourhoods that access latent servicing capacity; and
3) establishes an Interim Period SAF rate that is paid by <u>all</u> new development.

We look forward to continuing to work with the City on achieving an SAF model that is fair to everyone involved. Please contact us should you have questions on the above, or request any additional information.

Sincerely,

Pastor Jerven Weekes
Rosewood Park Alliance Church

ec. Ian Shields, RPAC
John van Nostrand, pA
Jason Petrunia, pA
Daryl Brown, AE
Ryan Karsgaard, AE
Ned Kosteniuk, Dream
Evan Hunchak, Dream

DUNDEE
DEVELOPMENTS

#300 - 4561 Parliament Avenue
Regina, Saskatchewan S4W 0G3
Telephone: (306) 347-8130
Facsimile: (306) 347-8108

April 25, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Attention: Shanie Leugner

Dear Ms. Leugner:

Re: Phasing and Financing Plan Feedback

We appreciate the opportunity to provide feedback to your Phasing and Financing presentation held on April 15, 2014. Our comments which we provided you on February 26, 2014 are still valid and have been appended to this letter for your convenience.

The following letter summarizes the position of Dream Development, and has been prepared in consultation with and support from our partners: AECOM, Artisan Design Build, Daytona Homes, Homes by Dundee, NIS Contractors, North Prairie Developments, North Ridge Development Corporation, Oak Park Developments, Pacesetter Homes, Reimer Custom Homes and Commercial, Stantec, Trademark Homes, WF Botkin Construction, Wilco Southwest Contractors, and Zarkor Homes. Letters from these partners have been appended to this letter which support our position and identify in greater detail specific concerns noted within the recommended SAF model.

For the purpose of this letter, our comments identified below summarize from a high level perspective the overlying concerns we have with what has been proposed. The five key points we request that you consider are:

1. A change to the existing SAF Policy with the implementation of a new Interim Policy should not occur. A new permanent SAF Policy needs to be established through due process and consultation over the next 24 month period. The existing SAF Policy and model should be used as-is to calculate an interim rate.

   We understand and appreciate the City will be reaching a debit level limit in the next few years which they are trying to manage the cash flow for and are looking for creative ways to finance infrastructure. Within the proposed model, new development within the 300k population range for the most part would finance all future infrastructure needs of the City. This fundamental principle is flawed. We do agree that growth should pay for growth, but it should only pay its fair share. As such, we looked for a solution from the guiding development policy for the entire province, the Planning and Development Act.

After discussion with representatives from Municipal Relations at the province of Saskatchewan, it is our understanding that municipalities are required to enter into a service Agreement (SA) with a developer at the time of subdivision. The SA has to follow rules as to what can and cannot be included as costs to the developer. Only the capital cost for specified infrastructure directly (on-site) or indirectly (off-site) related to the subdivision can be charged towards the developer (note: charging the developer for staff at the City to process applications would not appear to be consistent as they are not capital costs, rather an overhead expense – this should be picked up in application fees, not the SA fees). Should the two parties disagree, an appeal process is available whereby the onus would be on the municipality to demonstrate that the cost of infrastructure would only service the new subdivision and that the existing population or future populations would not also benefit from that new infrastructure. Reasonable or equitable apportionment of costs needs to be demonstrated by the municipality. The developer would not have to pay for the total capital cost of infrastructure which the development does not fully utilize if additional capacity or benefit is provided to the existing population or future populations. Items which appear in the model such as overpasses, upgrades to arterial roads, new water pressure zones, upgrades to wastewater treatment, etc. are examples where these improvements benefit more than just a specific development. For example, the capacity of a specific interchange may be "X" vehicles per day and the development will use "Y"% capacity of that interchange. As such, it is not equitable to bill the development 50% of the cost of construction (as you have proposed) if "Y%" is less than 50%. The development should pay the portion of cost to construct that interchange for which capacity they will utilize. Another example would be upgrades to arterial roads, or the construction of a third pressure zone. The existing population will use a certain percentage of the capacity as will future populations. Using the third pressure zone as an example, Foxtail Grove as well as future neighborhoods in Regina beyond the 300k population range we understand would also use this upgrade, as will the existing residents (the existing system is presently deficient and does not meet the Cities own development standards). As such, it is not reasonable to have only the development within the 300k population range pay 100% of the cost for this $53 million dollar cost. Further, the payback period needs to be reasonable and apportioned to the existing population as well as future development beyond the SAF models 20 year horizon.

We would appreciate the opportunity to work with City over the next 24 months to establish a robust SAF model and Policy which appropriately apportions infrastructure costs to the respective new developments. In the time being, our City needs to allow for growth and as such, we are advocating continuing to proceed with development applications status-quo and have the City establish an interim rate using the existing SAF Policy.

2. Coopertown is no more expensive to service than any other growth area and it should be allowed to proceed in 2014.

   The total area and population of Coopertown was not accounted for within recommendation put forward, yet the overall cost to service the ultimate community was. Should the total population (34,000 people) and total area (770 ha) of Coopertown been considered, keeping all other elements of the model constant (which we disagree with per the points noted in this letter), the cost per capita would have been reduced from $8,800 to $5,600 and the cost to service per net hectare would have been reduced from $471,000 to $272,000. These costs are in line with the other growth areas, even though the cost allocations for transportation improvements applied against Coopertown remain unfair. We would expect with properly apportioned transportation costs that Coopertown may be one of the most cost effective communities to service.

   Further, a "Coopertown surcharge" is definitely not fair based on the proposed SAF Policy presented. Using the surcharge scenario results in a $100 M surplus in the SAF fund. This demonstrates that the collection of this surcharge is beyond what the capital costs of the infrastructure required to service the development.

3. Transportation infrastructure is not being treated as a City wide network. The system proposed in the Transportation Master Plan, not only benefits the 300k population range, but also the existing population and a future population beyond the 300k range.

   The present transportation model has its shortcomings when it assigns all traffic to access and egress the downtown when we know this is not the case. There are other employment centers around the City which also drive daily commuting traffic. Major north-south or east-west arterials, as well as highways and interchanges will be used by existing residents, as well as 300k and beyond residents. We propose that the transportation network should be more equitably apportioned to the 300k developments as what has been proposed is not fair.

   Further, the splits calculated for different development areas based on total hectares of development by neighborhood are inconsistent with the percentage allocated in the model (for further detail see Stantec's attached letter and AECOM's attached letter). Modeled traffic projections should be used as opposed to gross land area to determine the cost sharing splits to fund future upgrades to the City's transportation system.

4. The City should not pick winners and losers. All developments within the 300k population range should be able to proceed on an interim basis if they can show that they are making use of existing capacities in our municipal systems.

   A 300k population range is too specific for the size of our community to identify which areas should grow ahead of other areas. The infrastructure networks between all areas of the City are interrelated, and to try to assign what infrastructure is required for each new growth area is not easily assignable. For example, park and recreational components for a region are being allocated only to the specific neighborhoods where they will be located in (Coopertown, West Harbour Landing and the Towns), yet no consideration to other benefiting neighborhoods (new or existing) is made. Similarly, the transportation upgrades noted are shared between many neighborhoods. For example, per the SAF model presented, 55% of the shared transportation costs for the entire City have been allocated to Coopertown alone. How will all of these elements be built unless all developments proceed, including Coopertown?

Furthermore, why are the developers being held to 20 ha per year for 2014/2015 when some may be able to advance more land and others may not be ready? The market should dictate the pace and location of growth, not the City.

5. Separate fees for different population ranges (235k vs. 300k) should not be considered until the new permanent SAF model and policy is established.

   The benefit of future infrastructure to 235k population range lands needs be reviewed in greater detail. It does not make sense to differentiate between the two populations ranges when considering an interim solution when the objective of the current SAF model is to amortize the cost of growth equally among all new growth areas. Why are 235k lands not contributing to the cost to construct the $53 million dollar third pressure zone when many of them are directly reducing the current level of service in existing neighborhoods? Why are 235k lands not contributing to the transportation network proposed, or regional stormwater conveyance, or regional park and recreation facilities when their future populations will be making use of all of these infrastructure elements? We ask that the City rethink their position on establishing different SAF rates for different populations, until the permanent solution is determined.

To conclude, we cannot stress enough the negative severity of what is presently being proposed by the City as an interim measure to deal with growth. If implemented as proposed, restricting development with a new interim policy and substantial rate increase will directly affect housing affordability within our community as well as access to an adequate supply. The result is that the growth within the City will not occur as it will be pushed outside our boundaries into the RM of Sherwood, Saskatoon and other municipalities which have more proactive policies to encourage growth. We are requesting to meet in person with your representatives as soon as possible to discuss this urgent matter. We await your response on a convenient time and place to meet.

We look forward to our continued involvement and collaboration with the City to implement a new permanent SAF model and policy; one that makes growth pay for growth, but is also fair.

Yours truly,

DUNDEE DEVELOPMENTS
a division of Dundee Realty Corporation

Evan Hunchak

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Land Development Manager

EH/eh
Attachment: letters

cc AECOM - Attn: Rob Jollimore, P. Eng.
Artisan Design Build – Attn: Chris Johnson
Associated Engineering – Attn: Daryl Brown, P. Eng.
Daytona Homes – Attn: Terry Canning
Homes by Dundee – Attn: Dave McEachern
NIS Contractors - Attn: Ron Canfield, A.Sc.T.
North Prairie Developments – Attn: Andrew Williams
North Ridge Development Corporation – Attn: Patrick Mah
Oak Park Developments – Attn: Rob Butler
Pacesetter Homes – Attn: Curt Keil
Planning Alliance - Attn: John van Nostrand, FCIP, RPP, FRAIC
Reimer Custom Homes and Commercial – Attn: Graham Toth
Rosewood Park Alliance Church – Attn: Jerven Weekes
Stantec - Attn: Karen Cossitt, P. Eng.
Trademark Homes – Attn: Dustin Halvorson
WF Botkin Construction - Attn: Ron Smith, A.Sc.T.
Wilco Southwest Contractors – Attn: Peter Maat
Zarkor Homes – Attn: Shaheen Zareh

DUNDEE
DEVELOPMENTS

#105 - 1230 Blackfoot Drive
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Facsimile: (306) 347-8108

February 26th, 2014

Email: urbanplanning@regina.ca

City of Regina
Planning Department
12th Floor City Hall
2476 Victoria Avenue
P.O Box 1790
Regina SK, S4P 3C8

Attention: Shanie Leugner, Manager
Long Range Planning

Dear Ms. Leugner

Re: Comments to Phasing and Financing Plan

On January 29th we were provided a presentation of the model and phasing scenarios. On February 12th we participated in a work shop and provided feedback to the model and phasing options.

It can be concluded from the "feedback" session on February 12th, there are significant issues with the model, policies and the direction of the process. These concerns were expressed by all major stake holders at the meeting and are summarized in the Regina and Region Home Builders Association- "Perspectives on the City of Regina's Phasing & Financing Plan." We endorse the RRHBA perspective and echo the concerns and comments presented. Our overarching points to the impact of the plan are as follows:

1. **Servicing Fee Policy**
   For a plan to have success, we must review the existing and proposed policies. The underlining policies will drive the plan and the validity of a phasing and financing plan are based on solid policies which consider:
   a. Existing benefitting areas;
   b. Post period contributing areas;
   c. Pre-existing chronic servicing constraints:
      i. Wastewater
      ii. Water pressure; and
   d. The City's ability to fund its fair share of the costs.

2. **The Model**
   The model to be revamped to reflect a rolling model versus a 20 year term model. This would be representative of a model reflecting the live cycle term of infrastructure included as capital in deriving the servicing fees.

3. **Assumption Used in the Model**
   Assumptions would be a result of policy review and would address:
   a. Land absorption to be reflective of current absorption patterns;
   b. Capital projects to be reviewed for need, value and timing; and
   c. Existing and post benefitting periods to be accounted for.

4. **Infrastructure Deficit and City Debt Limits**
   There is insufficient funding used in the model to fund existing and post period benefits. The City requires the ability to fund its fair share of capital projects. Alternative funding for infrastructure must be found if the debt limit cannot be increased.

   There is resistance by the City to acknowledge and properly deal with the deficiency in the process. The City is determined to establish an interim servicing fee rate within its own created policies and interpretations of existing policy. This mindset is driven by the City's inability to cash flow and finance its fair share of infrastructure. The result is a creative phasing and financial model that mitigates the City financial exposure. This approach is not proper and contrary to the desire to grow our City in a financially viable fashion. It has been suggested that advancements of new neighborhood concept plans to Council will be withheld. It is imperative the City continues to process the secondary and concept plan applications before them while the phasing and financing plan is dealt with in a collaborative and proper manner. Any delays in process will simply result in a serviced land shortage. We cannot have the crisis of 2007 repeat itself.

The interim solution is to carry on until a full review of the model, policies and projects has been completed.

Once the policies are in place the capital projects can be evaluated for value, timing and share ability. Our consultants should be involved as assistance to this process.

Yours truly,

DUNDEE DEVELOPMENTS
a division of Dream Asset Management Corporation

Ned Kosteniuk, A.Sc. T.
Vice President, Regina Land

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AECOM

AECOM
183 – 1621 Albert Street
Regina, SK, Canada S4P 2S5
www.aecom.com

306 522 3266 tel
306 522 3277 fax

Memorandum

To Dream Developments

Page 1

CC

Subject SAF Model Calculations Review & Comments

From AECOM

Date April 29, 2014

Project Number 60303621.400

As per the request of Dream Developments, AECOM completed a review of the City of Regina's Service Agreement Fee (SAF) model with regard to how the costs were allocated to the Coopertown Subdivision.

General Comments and Assumptions

- For AECOM's review and analysis, we worked from the excel document named "Recommended300K-Model.xls.
- Cost sharing of future infrastructure that benefits existing and future populations (i.e. 300K+) should be included and not based on only having contributions from 235K and 300K development areas.
- Having SAF pay for new infrastructure over a 20 year horizon is too short sighted. Most infrastructure would have 50+ year life cycle.
- Undeveloped lands within the 235K area will have similar impact on future infrastructure as undeveloped lands within the 300K area. The City appears to be reserving municipal system capacity for lands identified within the 235K area. This is not necessarily the best use of system capacity.
- Future lands consisting of 300K+ should be included in cost sharing.
- The Area Basis Calculation only uses 300K growth populations and land area, yet the gross costs relate to Coopertown's full build out of 33,200 population and 770ha. The results of including the full population and area are outlined in the following table;

Costs	300K - 21,500 pop & 446ha	300K+ - 33,200 pop & 770ha
Cost per capita	$ 8,785.55	$ 5,689.44
Cost to service area Gross ha	$ 423,518.77	$ 245,310.87
Cost to service area NET ha	$ 470,576.41	$ 272,567.64

Drainage

- The costs associated to the regional drainage conveyance outlined for Coopertown should include all contributing 235K, 300K and 300K+ areas which make use of the conveyance.

Sanitary Sewer

- Analysis is underway to determine if the Coopertown Phase 1 Lift Station and the Maple Ridge Lift Station can be eliminated by means of a gravity trunk.

Water

- Third Pressure Zone gross costs are allocated to 300K development based on area within the primary pressure zone. Is the City's water system only being designed and constructed up to a 300K population? If not, then the 300K+ development areas which will benefit from these upgrades should be accounted for in the waterworks cost per hectare.

Transportation

- Cost sharing of future infrastructure that benefits existing population should be included and not based on only having contributions from 300K development. As an example, but not limited to, Sask Dr. and Lewvan Flyover and Property Purchase should not just be split between 300K development.
- 13th Ave & Pasqua Street Traffic Signals only has a total cost of $119,500 when all other signals equal a total cost of $150,000.
- Sask. Dr. and Courtney St. Traffic Signals do not include a cost share for Northridge and we believe they should be included.
- Sask. Dr. Widening (Angus St. to Princess St.) has an abnormal cost share percentages. (Coppertown=38%, HLW=1%, Westerra=14%, Northridge=3%, Skywood=14% and City=30%). Please clarify.
- Courtney Street Extension (Dewdney Ave. to Sask. Dr. extension) has a miscalculation in either the gross cost or cost share percentage.
- Clarification required between spreadsheet line items and associated splits for
    - Sask. Dr. extension (Courtney St. to Pinkie Rd) - $4,950,000 and
    - Sask. Dr. / 13th Ave. Extension/Reconstruction (Courtney St. to Pinkie Rd) - $8,000,000. Why aren't Westerra and Harbour Landing West included in this upgrade.
- Transportation splits appear to be solely based on hectares for developments that could possibly use a given route. These splits should take into consideration a neighbourhood's likelihood of using a given route. For example Coopertown is assigned 24% of the cost for the Saskatchewan Dr. and Lewvan Dr. Flyover based on hectares. This upgrade however will be more beneficial to an area like Westerra as it is their primary gateway to downtown.
- Pinkie Rd. and Courtney St. upgrades will benefit Westerra and Harbour Landing West as a route to the Ross Industrial employment zone. These areas should be accounted for in the transportation splits.

Parks and Rec

- Zone Level Parks are city wide parks and are enjoyed by all residents of the zone and therefore should have cost sharing across the entire zone, i.e. Maple Ridge, Creeks Edge, Westhill and Sherwood/McCarthy areas will benefit from the Coopertown Zone Park.

Homes by DUNDEE

April 28, 2014

City of Regina
Planning Department
9^{th} Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Attention: Shanie Leugner

Dear Ms. Leugner:

Re: Phasing and Financing Plan Feedback

At Homes by Dundee, we directly employ 40 individuals within our community, in addition to the vendors, trades and sub-trades who supply the materials and skills to construct our homes. This represents hundreds of people within Regina who rely on the vitality of our business. Annually we build approximately 200 homes which inject $60,000, 000 into our economy by way of salaries and materials.

We support and agree with all points identified in the Dream Development letter dated, April 25, 2014. As well, the vitality of our business is relying on Coopertown to receive municipal approvals to proceed in 2014. Should it not, our business will greatly suffer and the effects will be felt in the local economy.

Yours truly,

Homes by Dundee
a division of Dream Asset Management Corporation

Dave McEachern
Vice President, Regina Housing

N.I.S. CONTRACTORS LTD.

WATERWORKS AND SEWERAGE INSTALLATIONS

P.O. Box 1634
344 Industrial Drive
REGINA, Saskatchewan S4P 3C4

Telephone: 543-5644
FAX: 775-2130

April 28, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, Sask.
S4P 3C8

Attention: Ms. Shanie Leugner

Re: Phasing and Financing Plan Presented April 15, 2014

As a member of the Dundee Construction Team and the Regina & Region Homebuilders' Association we support Dundee's response to the current Phasing and Finance Plan.

N.I.S. Contractors Ltd. is a Local Employee Owned Corporation whose main source of revenue is gained through the construction of new developments in Regina. We employ approximately 70 persons of which 70% were scheduled to work in the proposed Coopertown Development in 2014. The cancellation or postponement of the Coopertown Project will definitely put extreme stress on our company and employees.

We fear the severity of the plan as proposed by the City will stifle the long anticipated growth of the City of Regina.

Yours truly,

Ronald D. Canfield, A.Sc.T., G.S.C.
President

North Prairie Developments Ltd.

April 28, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Re: Phasing and Financing Plan Feedback

To Whom It May Concern:

North Prairie Developments support and agree with all concerns identified in the Dream Development letter dated, April 25, 2014. The recommendation proposed to deal with the interim growth within the City of Regina is not viable. Infrastructure costs need to be appropriately allocated to the existing residents, as well as future residents. If what has been proposed proceeds, the vitality our business and our industry will greatly suffer. We are relying on fair development levies and for Coopertown to proceed in 2014.

Sincerely,

AW

Andrew Williams
North Prairie Developments
Vice President – New Homes

Mailing Address:
Box 109, Saskatoon, Saskatchewan
S7K 3K1

Phone: (306) 931-2880
Fax: (306) 242-3133

3030 Louise Street
Saskatoon, Saskatchewan
S7J 3L8

North Ridge
DEVELOPMENT CORPORATION

April 30, 2014

Dundee Developments
300-4561 Parliament Ave.
Regina, Saskatchewan
S4W 0G3

Attention: Evan Hunchak

North Ridge Development Corporation is a diversified land development and residential construction company operating throughout Saskatchewan, building a significant volume of single family and town house projects. Our production numbers in Regina average in excess of 100 units annually.

As a land developer holding 80 acres in northwest Regina in the 300,000 growth plan, North Ridge has submitted their brief to the City of Regina setting out their response and committing to work with the city and all landowners to achieve timely and integrated land use and infrastructure planning within Regina's Vision for Growth.

As a major homebuilder, North Ridge supports market choice and affordability in all subdivisions of Regina and will actively invest in these neighborhoods when lots become available.

Walter Mah

Walter Mah, President
North Ridge Development Corp

3037 Faithfull Avenue • Saskatoon, Saskatchewan • S7K 8B3 • Phone: (306) 242-2434 • Fax: (306) 242-9987
Website: www.northridge.sk.ca

oakpark

April 25, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Re: Phasing and Financing Plan Feedback

To Whom It May Concern:

Thank you for the opportunity to provide you with feedback on the proposed Phasing and Financing Plan released by the City of Regina April 15, 2014.

In the last five years, we have successfully completed Single Family and Attached Homes as well as our Multi-Family and Commercial Projects: Sage in Harbour Landing, Skyy in Lakeridge and the Harbour Landing Business Park.

Currently, we have the following Projects in production in the City of Regina:
Joyy in Harbour Landing - 108 Homes
Life in Harbour Landing - 182 Homes
Edge Townhomes 11 Homes
Oak Park Living Single Family – 49 Homes
RGB – 62 Homes
Motif – 16 Homes
Velocity – 103 Homes
Grand Total Currently Under Production: 531 Units

Our focus is to provide affordable, beautiful Homes to our Clients who are primarily comprised of first time home buyers as well as provide a steady, sustainable income to our Employees, Trade Partners and Industry Partners.

With our current velocity of production, we are able to provide affordable housing to hundreds of residents in the City of Regina annually as well as provide a consistent income for our Employees , Trade Partner and Industry Partners which injects approximately a million dollars into the City of Regina economy every month, several million annually.

To maintain our production velocity, we are counting on being to able to move into Coopertown in 2015 with Dream Developments (Dundee) for which the approval for 2014 has not yet been released. To not do so would deliver nothing less than a crippling blow to our well being.

Thank you for your review and consideration.

Sincerely,

Rob Butler
Oak Park Developments Ltd.

Reimer
Custom Homes & Commercial Inc.

Regina, Saskatchewan
Tel: 306-949-4663
Fax: 306-949-4665
www.reimercustomhomes.com
email: info@reimercustomhomes.com

April 28, 2014

Attn: City of Regina Planning Department

To Whom It May Concern:

We at Reimer Custom Homes and Commercial Inc. are fully committed to Regina and our desire is to continue to contribute to the growth of this great city. With this in mind, we cannot agree with the recommendations set out in the Phasing and Financing Plan dated April 15, 2014. We are in agreement with the statements made in the feedback letter from Dundee Developments to the City of Regina Planning Department dated April 25, 2014.

As a company of 35+ full time employees and that develops 20 – 40 homes every year, we depend on a steady supply of affordable land in order to service home buyers in Regina. We are currently working with the Headstart on a Home program to develop entry-level housing in the Harbour Landing neighbourhood. If land fees were to increase the amount that is being proposed in the Phasing and Financing Plan, we would find it extremely difficult to keep costs low enough to develop homes that would qualify for this program. I am sure it is not the city's goal to freeze entry-level buyers out of the market, but we fear this will be the result if the recommendations from this report move forward without adjustment.

We would encourage the city to meet with Dundee to discuss the five key points outlined in their letter.

Sincerely,

Graham Toth
Project Manager – Reimer Custom Homes and Commercial Inc.

Stantec
Stantec Consulting Ltd.
1919 Rose Street, Regina SK S4P 3P1

April 24, 2014
File: 113100595.200

Attention: Evan Hunchak
DREAM Asset Management Corp.
#300-4561 Parliament Avenue
Regina SK S4W 0G3

Dear Evan,

Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan

Stantec has reviewed the presentation and associated documents made available from the City of Regina in regards to the April 15th Phasing and Financing Plan that has been proposed.

The following are the comments we provide:

- In the interim model the City reduced its share for transportation projects to 0 % for projects that have previously been identified as 15%. Would suggest the City leave the funding split as it has been previously agreed to until the full policy review has been completed.
- The shift for interchange splits from 25/75 SAF/City split to a 50/50 split should not be completed at this point. The funding split should remain at the 25/75 split until the full policy review has been completed.
- The Towns South is noted in the 235 K scenario however in the presentation it was excluded in the interim. This needs to be clarified as to when the Towns can go ahead.
- City notes that the Commercial Corridor along Victoria Avenue East can continue on an interim basis. An interim solution is not the most economical way to provide services. For example there is no capacity for sanitary flows on Haughton Rd. Will the City allow a sanitary storage/pump station for commercial development when a regional solution should be evaluated?
- Why are new staff being added to the interim solution? The full policy review may determine that extra staff is not required. Would like to see the additional staff be removed from the interim solution.
- Each project should be reviewed by the City and Consultants to determine "who benefits." To assume that new infrastructure is only required for that development and therefore should be paid 100% by the development seems like an inadequate argument. Growth should pay for growth, but should it pay for all of it when there are

Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan

benefits generated for existing residents? For example, the 3rd pressure zone should not apply only to new growth, as it provides improvements city wide as the existing infrastructure is deficient.

- The line items should really be reviewed line by line with the City. In the past, the SAF rate was reviewed with the City. Each line item in the SAF model was reviewed to determine if it should be in/out/deferred and to confirm the cost associated with it. Some items in the lists have been added as place holders. The projects should be audited and examined much more closely. Bringing consultants in to meet with the City and go over the details is required to determine what is required for the City to grow, based on infrastructure.
- Scenario 3 puts the City in a position where they are $120M in the positive. This seems like the balance has shifted significantly to a point where the City is putting most of the burden of infrastructure improvements on developers now and making out great later. The City should not be in the negative but the cash flow amount is too high by 2032.
- There are certain items, i.e. the $60M set aside for a new leisure aquatic facility, which was just pulled out. This project should remain in. That's something that everyone should pay for, new and existing homeowners.
- Some of the logic going into the improvements is based on a sector approach when the city should be focusing on a master plan for infrastructure that benefits the overall City, both now and in the future. Sure there are primary benefitting areas, but there is some benefit for all once these improvements have been completed.
- In the 300K spreadsheet the City only includes 1041 ha from the 300K growth areas up to 2032. This seems low considering the infrastructure for all of Westerra, Coopertown, McCarthy North, The Towns and WHL Phase 1 is to have been fully serviced. Can the City provide a breakdown of contributing areas from each area in the 235K and 300K scenarios to show how the planned infrastructure and developing areas balance?
- There appears to be upgrades that will be SAF funded by existing development and the areas of the remaining development in the 235K are not quantified. How much is left in the Greens, Hawkstone, Harbour Landing, Skyview subdivisions, etc. and how much will they contribute? The Cash Flow shows 587 ha. At first glance this seems high but supporting information would be appreciated.
- How are cash flows added into the model for commercial areas and industrial areas, for example Fleet Street Business Park?
- Why are the developers being held to 20 ha per year for 2014/2015 when some may be able to advance more land and others may not be ready?
- There are a number of road projects that are 100% SAF funded that increase the level of service for existing rate payers.

Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan

- Removing trunk, water main oversizing and arterial roads from SAF funds will shift future infrastructure investment onto developers. This won't be a problem for developers if the oversizing will benefit them in the future; however, if it provides servicing for another developer or lands beyond the 300K growth horizon it may be difficult to justify and enforce.
- Having a developer own, operate and maintain a pump station for decades is unreasonable. If a permanent storm water pump station is now acceptable by the City for Westerra, it should be evaluated and considered for WHL.
- The annual rate of development in the spreadsheets is no longer consistent. The assumed rate for the 235K lands and 300K Lands combined are shown below. The previous spreadsheets had about 80 ha/year of development.

Proposed Rate of Development as Per Cash Flow Summaries			
Year	**235K Lands**	**300K Lands**	**Total**
2013	80	-	80
2014	83	60	143
2015	83	60	143
2016	96	45	141
2017	69	45	114
2018	71	30	101
2019	61	30	91
2020	45	50	95
2021		70	70
2022		75	75
2023		73	73
2024		73	73
2025		73	73
2026		82	82
2027		70	70
2028		45	45
2029		50	50
2030		40	40
2031		30	30
2032		40	40
Total	**587**	**1041**	**1,628**

**Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan**

Area Base Calculations

Would like the City to clarify the following:

Population in Westerra seems low (23 people/Ha) - maybe ok if they have only 45% residential and the rest is commercial.

Roads – Unclear on where the total amount of $249,824,480 came from? Perhaps again they could inform us as to which projects the splits apply to on the Transportation Splits Tab.

Waterworks - must assume that the Developers will pay for all oversizing - this is not a fair assumption.

Waterworks (Eastern Pressure Zone) - all cost are applied to these subdivisions without consideration to regional areas that will also benefit from it.

Drainage (regional conveyance systems only) - Westerra should have some cost applied to it for maintaining their pump station indefinitely or Harbour landing should get recovery for their temporary stormwater pump station.

Parks & Recreation - if the applied cost is for "Regional Parks" – then the SAF recovery would go back to that particular Developer, however the associated costs should be split between everyone the same as the "Third Pressure Zone" costs are.

Recommended 235K-Only-Model
Missing breakdowns for each individual area - need this breakdown to do a minimum level of review.

**Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan**

All Models
Transportation - Contribution splits are all over the place - for example:

Pinkie Road Flyover

Split based on Hectares:

Westerra	324 Ha	40.4%
Coopertown	446 Ha	55.6%
Northridge	32 Ha	4.0%

Actual Split:

Westerra	$8,079,800	40.4%
Coopertown	$11,122,194	55.6%
Northridge	$798,804	4.0%

The contribution split is in agreement with the split based on hectares for the Pinkie Rd Flyover.

Sask Drive Extension Courtney Street to Pinkie Road

Split based on Hectares:

Westerra	324 Ha	35.1%
Coopertown	446 Ha	48.4%
Northridge	32 Ha	3.5%
WHL	120Ha	13.0%

Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan

Actual Split:

Westerra	$1,039,500	21.1%
Coopertown	$2,863,543	58.0%
Northridge	$191,701	3.9%
WHL	$841,500	17.0%

Based on land area to be developed, Westerra should be contributing 35.1% and not 21.1%.

13th Ave Corridor Improvements (Elphinstone St. to Lewvan Drive)

Split based on Hectares:

Westerra	324 Ha	30.1%
Coopertown	446 Ha	41.4%
Northridge	32 Ha	3.0%
WHL	120 Ha	11.2%
McCarthy North	154 Ha	14.3%

Actual Split:

Westerra	$59,400	18.0%
Coopertown	$157,033	47.8%
Northridge	$10,513	3.2%
WHL	$46,200	14.0%
McCarthy North	$56,100	17.0%

Again, based on land area to be developed, Westerra should be contributing 30.1% and not the proposed 18.0%. It appears that Coopertown & McCarthy North are being penalized, and yet they are least likely to benefit from this upgrade. There are a number of these calculations on Roadway splits that should be re-evaluated.

Storm Sewers - Area basis sheet shows drainage costs (Conveyance Only) for Coopertown & Towns only, however Westerra, McCarthy North & Northridge also have conveyance systems. The City is not being consistent in how they treat regional conveyance.

Parks – The City is not being consistent in how it calculates SAF contributions for parks.

**Reference: Harbour Landing West Secondary Plan & Studies
Review of City of Regina's April 15th Phasing and Financing Plan**

General Comments:

It was extremely difficult to follow the City spreadsheets and how they came up with their splits. It is not possible to do a reasonable review of the costing unless a meeting could be held and each number/project reviewed individually.

Recommended 235K option – There are a lot of Street projects that are 100% SAF funded that appear to be more than growth driven. This skews the cash flow.

The south portion of the Towns (portion in the 235 growth area) - Roads, Water & Parks show up in the 2014-16 years, however Sanitary & Storm Conveyance does not.

To assume all oversizing is paid by developers is not a reasonable expectation and at a minimum should be delayed until the full policy review has been completed and not done during the interim.

Based on the City requiring an interim solution for the SAF rates, until the full policy review can be completed, we would recommend that the City keep the existing SAF rates the same as the current 2013 rates. The large number of policy changes proposed from the April 15th Phasing and Financing Plan should be analyzed with the full SAF review and not introduced for an interim solution.

Regards,

STANTEC CONSULTING LTD.

Karen Cossitt

Karen Cossitt, P.Eng.
Senior Engineer, Urban Land Engineering
Phone: (306) 781-6375

c. Ned Kosteniuk, Paul Moroz, Dream Development
George Reynoldson, George Tsougrianis, Chad Bialobzyski, Brian Parks, Stantec

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Trademark Homes Inc.

To whom it may concern,

Trademark Homes is aware of the challenges the City of Regina is facing while trying to support the growth of Regina. That said, we also are aware of the major challenge that could be put in place for our developers, which then gets passed on to the builders which then gets passed on to the end user, a new home buyer in Regina when it comes to costs to develop and bring forward more land for our community to grow.

Affordability is something our industry is thinking of each and every day as it not only effects our ability to be a successful company, but it also plays a major role in the community that we try to grow as well. Trademark Homes consistently builds over 50 homes a year in each area of Regina, including infill, Greens on Gardiner, Harbour Landing and Lake Ridge/Lake Ridge Addition. So far this year, we have had great interest from Regina citizens coming to us to build in Pilot Butte and White City because they appreciate the lot sizes and price. A quote we often hear is "We get so much more for our money outside Regina".

This is scary for not only us, but I am sure anyone who reads this who is in support of positive growth of our city. These people, if all things were equal, would love to stay in Regina. As lots get smaller, more expensive and only allowed in certain areas of the city, I am sure this pattern will continue, not because people want to leave Regina for a smaller surrounding community, but because they simply have no choice because of affordability.

Trademark Homes directly employs 30 staff members, and contract directly another 35 sub-trades/suppliers in our city. If building becomes unaffordable, there are many who not only lose the chance to own a new home, there might be many with their current home for sale, to move to a city that can accommodate the quality of life they want at the most basic level. Owning your own home, with a yard for your family and friends to enjoy and live in.

Trademark Homes strongly supports the Regina and Region Home Builders Association along with our Developer members including our building partner at Dundee Developments.

Dustin Halvorson
Sales and Marketing Manager
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306-551-9083 (c)
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WFBOTKIN CONSTRUCTION LTD.
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Phone: (306) 543-7557
Fax No.: (306) 543-1405

April 28, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK
S4P 3C8

Attn: Shanie Leugner

Dear Ms. Leugner:

Re: Phasing and Financing Plan Recommendation City of Regina 2014

As a member of the Regina & Region Homebuilders Association (RRHBA) and a local Regina Company with over 250 employees that has and continues to provide street and road construction to the Regina community for over 57 years; we are very displeased and concerned with the recommendations.

We believe these recommendations will have supreme negative impacts on our community and its residents, attraction of future employees to the area, the construction/development industries and our firms operations.

It appears to us that the City of Regina has lost touch with the focus and needs of our community and are failing to grasp the advantages of working together with the development and construction industries to develop innovative and progressive policy for the proper systematic growth of our city.

The future growth of our city and the fundamental infrastructure needs of our residents are directly linked to this collaboration. Short sighted financial downloading has no place in our current growing and developing community.

Yours truly

Ron Smith, A.S.C.T., G.S.C.
Manager

cc RRHBA
City of Regina
Sask Heavy Construction Association
Sask Construction Association

Landscape and Civil Construction

April 29, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Attention: Shanie Leugner

Re: Phasing and Financing Plan Feedback

Dear Ms. Leugner,

We are greatly concerned with the City of Regina's proposed Phasing and Financing Policy for future development in Regina.

The proposed policy of increased levies and the loading of 100% of the costs of what are essentially city wide infrastructure upgrades onto the development industry has been tried in other western Canadian cities and the results have not been successful. Those cities have quickly reverted back to a more fair method of applying those costs.

Increasing the costs of developing new lots by adding unfair levies quickly drives up the resale value of all existing homes as well, making housing more unaffordable on a city wide basis. It also drives development into neighbouring municipalities, creating a situation where those residents will use Regina infrastructure without paying any Regina taxes.

Restricting development to a few select neighbourhoods will also have the same effect, creating a lot shortage, driving up costs and inflating home prices city wide.

Our company is entirely dependent on the development industry with in excess of 60 jobs created yearly. Should the development of Coopertown not occur it will have a dramatic effect on those positions.

We urgently suggest that the City of Regina rethink its proposed policy and the negative effects it will have on the development industry and the economy of the City of Regina.

Sincerely,

Peter Maat
President

WILCO CONTRACTORS SOUTHWEST INC.
4700 - 110th Avenue S.E., Calgary, Alberta T2C 2T8 Phone (403) 225-2930 Fax: (403) 225-2931

CALGARY • SASKATOON • REGINA •

April 28, 2014

City of Regina
Planning Department
9th Floor City Hall
P.O. Box 1790
Regina, SK S4P 3C8

Re: Phasing and Financing Plan Feedback

To Whom It May Concern:

Zarkor Construction Ltd support and agree with all concerns identified in the Dream Development letter dated, April 25, 2014. The recommendation proposed to deal with the interim growth within the City of Regina is not acceptable. Infrastructure costs need to be appropriately allocated to the existing residents, as well as future residents. If what has been proposed proceeds, the vitality our business and our industry will greatly suffer. We are relying on fair development levies and for Coopertown to proceed in 2014.

Yours truly,

Zarkor Construction ltd

Shaheen Zareh
President

CITY OF REGINA

PLANNING AND FINANCING PLAN....RESPONSE TO DRAFT RECOMMENDATIONS

NORTH RIDGE DEVELOPMENT CORPORATION

Through the OCP development and consultation phases the 80 acre North Ridge parcel east of Pinkie Road and south of Goulet Golf Course/West Hill neighborhood was designated for development within the 300,000 Growth Plan. City Council approval August 20, 2013 and the Letter of Understanding between the City and North Ridge set out continuing consultation and study required to determine the phasing of the development, land use and infrastructure planning integrated with the abutting lands and existing neighborhoods..

The City's comprehensive OCP principles accepted and endorsed by North Ridge support this area's inclusion in the early phases of the 300,000 growth scenarios. It meets the compact infill form, completes the existing contiguous neighborhood, maximizes existing infrastructure and amenity capacity, productively adapts and intensifies the use of vacant brownfield land near the expanding west industrial and GTH employment centers. The statement following from the OCP seems designed to apply to this land:

"Through a compact built environment that capitalizes on infill opportunities and more complete neighborhood development along Regina's periphery the city can optimize its infrastructure and service delivery."

North Ridge has been actively participating with the city administration and other developers/RRHBA in consultations as the phasing and financing scenarios have been presented and analyzed. This process has afforded full and constructive consideration of the challenging fiscal phasing options. The company expresses to the administration its appreciation for their professional and comprehensive consideration and adherence to the OCP principles when considering the subject land in the much broader community growth context.

DRAFT RECOMMENDATIONS

North Ridge supports the draft recommended phasing plan based on the stated principles. The company did not plan to develop within the interim period, focusing more on a 5 year horizon as the decisions on development phasing, timing and financing for Westerra and Coopertown infrastructure and SAF Policy are defined. An interim plan is necessary to maintain development planning and investment to support Regina's growth trajectory but should not restrict continued development planning and market business decision consideration for all the 300,000 growth areas. Stalling growth by delaying decisions would send negative messages to investors that are not in the city or development industry's interests. Time and significant investment from concept to development are considerable and the risk should not be exacerbated by exclusion of certain lands.

The North Ridge land has comparable costs per hectare to the recommended interim development at less than 10% greater than recommended Harbor Landing West and the Towns North. Nonetheless

North Ridge believes it is important to work with the abutting land developers and city to both integrate and phase infrastructure and land use planning and to complete the comprehensive SAF policy review to put in place clear and consistent policies and cost sharing principles that recognize both the City fiscal challenges and also the appropriate and balanced cost sharing of infrastructure by both the existing city and longer term growth areas.

North Ridge commits to work with the city and abutting developers to plan and phase the infrastructure on a fair cost sharing model and timing and to integrate their planning with future and existing neighborhoods. Most specifically North Ridge will collaborate with Westerra developers and other intersecting land owners on the required sewage lift station necessary for development if other options for North Ridge are excluded by the city for capacity or design reasons that are being examined for response to the company.

The phasing and financing recommendations seek to identify the most cost efficient areas for interim development without committing to their ultimate build out. Land use planning and neighborhood development as advocated appropriately by the OCP commends orderly and complete neighborhood and sector development. Investment by the development community requires certainty, predictability, capacity and timely decision making for regulatory approval. The risk is considerable if any ambiguity prevails and can deter progress.

Time frames for bringing lots to the active market is 2-4 years necessary for due diligence and review by both the city and the investor. Restricting developers and development in an interim period can impede complete sector planning and infrastructure development, market choice and affordability. The west (Westerra, Harbor Landing West, North Ridge) and northwest (Coopertown) sectors of Regina identified in the 300,000 growth model provide the range and scale of investment and diversity of land use to support the complete sector that will limit transportation movements, enhance connectivity and support community facilities. Development options based on a consistent developer sharing should be supported. North Ridge believes the early approval of all this sector development best serves to achieve the scale necessary to support and finance the infrastructure and community services.

SAF AND FISCAL DEVELOPMENT PRINCIPLES

Parallel submissions by RRHBA and other landowners speak to several fundamental principles for SAF and development funding. North Ridge supports those in principle as basic foundations on which to build the growth agenda. Fundamental to these is the belief that the SAF and phasing determinations have been advocated in the absence of a context of Regina's objectives and vision or firm policies..

- The City Council Vision (paraphrased) is to be Canada's most vibrant, inclusive and sustainable community thriving in opportunity powered by entrepreneurial spirit. It is founded on a belief in growth and diversity. Fiscal responsibility is fundamental to that vision. City Council has embraced that agenda with an aggressive path for new facilities and infrastructure challenging its fiscal capacity. Major new investments are stretching its borrowing capacity funding new facilities over an extended life cycle in which the city will grow beyond 300,000. The SAF model takes a more restrictive and front end approach amortizing developer share of infrastructure over a 20 year cycle, fixed at 300,000 and a restricted borrowing limit for the City. Previous Council decisions in support of growth should not now impede investment and developer opportunity by following a different and more restricted set of fiscal parameters and limitations. Doing so may have the unintended consequence of suppressing the achievement of Council's vision and risking the growth objectives.

- Regina competes with the other larger prairie cities for investment, attraction of business and industry and, from those sectors, the residential development. Investment capital and interests are mobile and market sensitive. Regina has long sought its current advantageous competitive positioning. Development costs and regulatory process are critical elements in investment decisions. Regina must maintain its competitive ranking or risk erosion of its current favored position. Considerable external capital and commitment have been attracted to the city. Significant policy or rate changes for SAF should consider the relative competitive positioning to, at a minimum, understand the potential impact on investment and Regina's ambitions to maintain growth.
- As the city competes in a prairie large city environment it also functions as the city center of a buoyant region. Complimentary and collaborative growth and planning are regional advocacies of the city to recognize the synergies of mutual growth patterns. Regional development in both the towns and rural areas is influenced by planning, life style choice, cost, infrastructure availability and regulatory regimes. Regional growth is an asset to be fostered but cost shocks in the city will distort the growth distribution and encourage sprawl development interests that are at odds with the compact and efficient scale advocated by the OCP.
- Determination of the SAF rate and its policy framework have proven a difficult and challenging process for the administration. They have laudably attempted to finesse an interim solution to continue development to meet market demand for choice of lots in a orderly and efficient manner respecting city fiscal concerns. There are a number of fundamental concerns that they have been unable to address in this time frame through no shortage of effort:
    1. Determining through a clear lens of service standard the infrastructure required to meet expectations or demand in a fiscally constrained context..all technical needs cannot and will not be met as experience has shown with unused interchange lands..the model cannot be a peak demand satisfaction model. Just as fiscal prudence is required to match capacity so too must infrastructure choices be made to adjust standards in a more urban environment.
    2. Rates are shown to differ between the 235,000 and 300,000 developments, even the interim phases that will be occurring at the same time. That makes a flawed assumption that one phase of development does not impact or partially cause future infrastructure demand and therefore there is a fixed line between phases. This distorts market choices and investment decisions in favor of first in.
    3. The infrastructure to be charged to the 300,000 development is assumed to fit only for that population yet much of it will benefit future development to a larger population. New capital projects will be sized to meet efficient maximum needs. This places an imbalance of cost on the 300,000 growth sector.

4. The basic SAF Policy is outdated and due for a review. The administration has, necessarily in the interest of advancing an interim phasing, made some judgements to accomplish that. Despite their best effort concerns remain on the basic allocation of costs to existing, 300,000 and future benefitting areas, the basis of the policy, the foundational objectives and the implications.

SUMMARY POSITION

North Ridge submits this brief as requested and takes the following summary position:

- Support for the recommended phasing and commitment to work with the city, Westerra and other abutting developers to determine infrastructure capacity, phasing and cost sharing and integrated land use planning following the OCP policies
- Recognition and encouragement that the full west (Westerra, Harbor Landing West and North Ridge) and northwest sectors (Coopertown) proceed on a progressive schedule to provide the scale and density to support and finance the needed infrastructure and community facilities/services
- Support for the necessary fundamental SAF policy framework to be developed to guide future development to the 300,000 and extended growth areas and provide an SAF basis recognizing shared cost principles that has as its foundation to achieve the city's competitive and vision objectives to continue growth achievement
- The interim phasing not prejudice or limit long term growth planning and commitments necessary to achieve the 300,000 growth scenario; development planning and infrastructure costing analysis continue for all areas as the SAF Policy is reviewed to support developer market business decisions
- Commendation and appreciation to the administration for their considerable and challenging work to bring forward the development phasing for Council consideration taking into account the diverse and often conflicting views presented.

North Ridge Development Corporation

May 1, 2014

The CREEKS
Connected to Nature

April 29, 2014

City of Regina
Planning Department
P.O. Box 1790
Regina, SK S4P 3C8

Attention: Shanie Leugner

Thank you for the allowing us the opportunity to respond to the Phasing and Finance plan. As we have said in earlier correspondence, the phasing and financing of the Design Regina plan is very complex. Significant SAF rate increases will have a negative impact on our local economy. The marketplace cannot tolerate the shock that will result from huge increases.

We are satisfied that a thorough review of the SAF policies and model to calculate the rates is being conducted over the next 18 months. Effort by all parties must have the goal in mind of how can we develop policy and funding mechanisms to minimize rate increases. How should the benefits of new infrastructure be split between growth and the existing taxpayers? Over what time period should costs be amortized? How much of the City's debt limit should be utilized for SAF funded infrastructure? Should area specific rates be used? These are all questions that need to be answered through the SAF policy and rate review.

While the in-depth study is being conducted, we realize that an interim rate needs to be established. We fully support administration's recommendation to have differential rates for the 235K neighbourhoods and the 300k neighbourhoods. Under the 2007 Southeast Sector plan, The Creeks was identified as an extension of an existing neighbourhood. The Creeks has a projected population of 2,000 residents and the concept plan from first approval to today has seen very little change. The infrastructure required to bring The Creeks on-stream was relatively minimal and we do not require any of the infrastructure required for the 300k neighbourhoods. The amount of SAF's paid by The Creeks more than paid for the infrastructure required for The Creeks, so from our perspective, The Creeks has been subsidizing the infrastructure required for other neighbourhoods. We should have had area specific rates all along. We vehemently oppose paying a blended rate with the 300k neighbourhoods. There is no doubt that all residents of Regina will benefit from infrastructure built as part of the 300k growth neighbourhoods. That benefit should be allocated to all residents through the property tax structure, not blending the SAF rate so that the 235k neighbourhoods with the infrastructure they require already in place are further subsidizing the 300k neighbourhoods.

When the Creeks came on-stream, there were no reserve funds available for the SAF funded infrastructure. The Creeks stepped up and front ended the building of that infrastructure and was

3251 Eastgate Drive Regina, SK S4Z 1A4 • Tel: 306 522 2300 • www.thecreeks.ca

exposed to a high level of risk for doing that. In 2008 and 2009, the financial markets crashed and development was significantly slowed down. Thankfully, subsequent to that, strong market conditions saw The Creeks develop at a pace where the SAF Credits earned could be offset against fees owing for future phases of development. The Creeks has done more than their fair share to pay for its growth.

I would be willing to meet with you to discuss the contents of this letter in more detail. I will be back from vacation on May 6, so any time after that would be fine.

Sincerely,

Kevin Reese

Kevin Reese, CMA, CA
General Manager – The Creeks

Regina & Region
Home Builders'
Association

100 - 1801 MacKay Street
Regina, Saskatchewan
S4N 6E7

F. (306) 569-9144

www.reginahomebuilders.com

April 30, 2014

City of Regina
Planning Department
P.O. Box 1790
Regina, SK S4P 3C8

Attention: Shanie Leugner

Thank you for the opportunity to provide feedback on the Phasing and Financing Plan Draft Recommendations presented by the City of Regina on April 15, 2014.

The Regina & Region Home Builders' Association (RRHBA) appreciates the work undertaken by the City in tackling the Phasing & Financing part of the Official Community Plan.

The draft recommendations are once again proposing a significant increase in Service Agreement Fees (SAF) from the current rate of $264,273. The recommendations are $304,960 for lands up to 235K for 2015; and for lands up to 300k, $345,278 in 2014, and $359,089 in 2015. These proposed increases range from a 15% increase to a 39% increase over the current rate. This, on top of SAF rate increases that have amounted to 253% in the last 9 year period.

What is becoming clear is that *the current SAF model does not provide the City of Regina with the right tools to build capacity financially to fulfill its obligation to deliver services related to infrastructure now and in the future*. When the SAF rate increases, this of course is passed onto the new home buyer and as such, as long as the City is working within the constraints of a broken model, the City's financing issues will continue to be placed ahead of the concerns that have the potential to fundamentally impact our city.

Statistics Canada's New Housing Price Index continues to put Regina at the top or near the top in terms of the greatest percentage increase in new home prices in the country. The January 2014 report shows that Regina's new housing increase was second only to Calgary in percentage increase year over year. When the cost of new housing increases in our city, this impacts affordability right across the board.

Housing costs in Regina have soared in the last decade and wages have not kept pace. In Regina we have seen the median house price rise by a whopping 148% between 2006 and 2013 while the average household income rose by only 37% during that same period. Twenty years ago it took about 5 years to save for a down payment on a house, and today that figure is more like 10 years. The erosion of housing affordability impacts the standard of living and has far reaching consequences for our city.

To start with, the erosion of *housing affordability in Regina is already beginning to lock out an entire generation of first time home buyers.* The millennial generation has been forced to postpone adult hood, putting off marriage and having children while living with their parents longer. Dr. Kershaw, BC Professor and founder of the 'Generation Squeezed' Campaign says the number one reason he attributes to this? "Housing is at the epicenter - the most compelling reason why Generation Squeezed is hurting."

Indeed, comparing the household income to house price ratio's in Regina shows that the rising cost of housing in Regina resulted in locking out over 20,000 first time home buyers from the market in 2012 compared to those in 2006. When the housing affordability issue locks out a generation of first time home buyers this not only affects 'Generation Squeezed', it will have negative consequences for all of us as it means a diminishing market for current homeowners. This becomes a problem of a macroeconomic nature.

But it doesn't have to be this way. The imperative for housing affordability in Regina means we need to start getting our priorities right. *What is required is a simple mind-set shift on the part of the City with its principal objective being concern for the standard of living for its residents*. If accomplished, this mind-set shift could be the key to unlock the market for 'Generation Squeezed' and avoid the problems that accompany the erosion of housing affordability in our city.

Saskatchewan has ranked at or near the top as the fastest growing economy in Canada over the past four years. Our province and our city have prospered under current growth agendas and we are so proud to have been considered among one of the top places to live in Canada. As new citizens flock to our city, Regina is growing and expanding at a rate that has not been seen since the 1970's. With our current economic prospects, Regina has become an attractive place to live and to invest, and housing affordability has played a key role in making this possible*. Therefore, housing affordability is an essential component in keeping our city well-poised for the long run.*

However, we should not be taking our current economic growth for granted. We cannot assume that no matter what we do, we will continue to experience our current rate of prosperity. We must consider the impact that the erosion of housing affordability could have here*. With the erosion of housing affordability we lose the competitive edge that our city has when it comes to being an attractive place to live and invest*. If housing affordability continues to decline in our city, we could get to that tipping point, and as families, individuals, and businesses find other cities to relocate to, the erosion of housing affordability will have become the wet blanket that put an end to our city's prosperity. We all benefit from the prosperity that a growing economy provides. *The erosion of housing affordability in our city has the potential to undermine this for us all.*

And let's not forget our Industry's contribution to the economy. As our city expands and grows to accommodate the influx of population, in building new homes and neighbourhoods, our Industry has contributed significantly to the economy through thousands of dollars in wages yearly that showed up as purchases right across the whole regional economy. *Therefore, should the erosion of housing affordability result in a slowdown in our Industry, this will compound the slowdown in our city's economic growth*.

The City must also consider that when service agreement fees increase, so does the cost of doing business in our city. Investment dollars are an essential component of our city's growth. But investment dollars are mobile and can take flight. If the cost of doing business in Regina continues to rise, there may come a point where other cities and jurisdictions become more appealing. *The City must keep an eye on the costs of doing business if we are to remain competitive in attracting the type of investment dollars that are an essential part of our city's growth.* Indeed, some are already asking how it has come to this in Regina, with the layering on of costs creating such negativity when investing in and developing our city.

If costs continue to rise, *investors may also look to the nearby RM of Sherwood*. Growth just outside the city boundaries is not an unusual consequence of some municipal policies. We see that taking place in cities such as Ottawa and Calgary. Once again, there is a tipping point here and this must be watched closely if we are going to continue to provide an attractive environment for businesses to invest in our community in the long run.

In terms of our Industry's feedback on the City's recommendations, t*he Industry suggestion of extending the payback period for infrastructure projects also needs to be considered.* One observation here is this. Financing for the new Stadium and the Waste Water Treatment Plant has been based on a 30 year payback period, but with the City's proposed Phasing & Financing recommendations, over $700 million in residential growth-related infrastructure is required to be paid back in less than 20 years. It seems that when it comes to the residential construction industry, different rules apply. Regardless of what the reasons may be for this, what we are advocating for is that *payback times should be consistent with the life of the asset*. However, with the City's proposed Phasing & Financing recommendations, this does not appear to be the case.

Increasing the City's debt limit is another feedback item from the Industry that the City needs to consider. The City's rational for such a significant SAF rate increase is that with the new Stadium, and the Waste Water Treatment Plant, most of the City's current borrowing capacity will be used up. Yet, when we compare Regina's per capita municipal debt limits with other jurisdictions, such as Calgary and Swift Current, for example, Regina's is significantly lower. *Surely there is more room to increase the City's debt limit.* Although it was difficult to get specific information on this, a rough calculation shows that in terms of debt limit, Calgary is at $5,900 per capita, and even Swift Current's is $5,600 per capita, whereas in Regina, we are at $2,150.

We also would like to express concern regarding the changes to policy that have been slipped into the City's proposed recommendations without adequate consultation with the Industry. Any changes to policy should involve proper consultation with the Industry through the policy review process, especially those changes that propose to shift more costs onto developers and therefore onto new home buyers. Examples include shifting interchanges to a 50/50 funding split, and eliminating taxpayers' contributions to the roadway projects. In addition, under the recommended conditions, the City also states that developers must now pay for such onsite infrastructure as storm water lift stations, sanitary lift stations and detention ponds. This is clearly a shift in policy as the funding for these costs has been to date, covered by the service agreement fees. Finally, conditions pertaining to the special study area state that the developer not only covers the costs of building the infrastructure but that the developer operates it as well. Once again, this represents a policy shift.

In addition, *do the City's proposed recommendations take into consideration the reasonable and equitable apportionment of costs in terms of who benefits from the infrastructure and therefore who should pay?* We think not. There is some question about whether the model treats the split fairly when it comes to evaluating benefits between existing population, future population, and the populations of the new subdivision in determining who should pay. *When infrastructure not only benefits the new subdivision, but benefits the existing population and future population as well, than the evaluation of who should pay should be made according to the proportion of the benefit*. When the developer is being asked to pick up a disproportionate amount of the cost, this once again, needs to be seen in the light of what it actually is. When the City shifts the burden of payment onto the developer, the City is really shifting it onto the new home buyer.

Finally, the RRHBA submitted a proposal to the City in December, 2013 with 8 recommendations to reduce the costs of storm water management in our city. Surely if the City can find ways to reduce infrastructure costs for today and into the future, the City would want to pursue this. Yet, our proposals were not reviewed on time to be considered for this interim process, and therefore the cost savings were not captured by the City for the proposed SAF rate recommendations as they could have been.

The Residential Construction Industry is in the business of growing our city. Growth benefits us all and both the City and our Industry stand in fundamental agreement on this. Therefore, our growth objectives and the City's growth objectives should align. Yet there is incongruence, for the SAF model stands in the way of achieving this. When we speak of a broken model, this is at the core of the issue.

It is critical, therefore that the City endeavors to find an alternative funding model – one that encourages growth in our city, and that our Industry and the RRHBA be heavily consulted in the process. We know the City is presented with a challenging task in finding ways to finance infrastructure. We do understand the challenges, but surely we can come up with solutions that allow our objectives to align. We stand ready to work collaboratively with the City toward achieving this end.

This feedback is meant to provide our perspective on the City's proposed Phasing & Financing recommendations. We hope that our perspective will help inform the City's decisions with respect to not only the interim plan, but in the long-term as well.

Sincerely,

Stu Niebergall
President & CEO

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April 29, 2014

City of Regina
Long Term Planning Branch
PO Box 1790
Regina, SK S4P 3C8

Attention: Ms. Shanie Leugner

Dear Sirs:

Re: Phasing and Financing Plan – Draft Recommendations

We are writing to you today with our comments on the above draft report as presented to us on April 15, 2014. Our comments are made on behalf of Mark Geiger and Rita Geiger ("the Geigers") who are the owners of the lands described in the report as North of Lakeridge ("Geiger Lands"). Terra Developments Inc., by contract represents the Geigers as Development Manager on the Geiger Lands.

We would like to first of all say that it is unfortunate that there had to be winners and losers in this process, however we were pleased to see the Geiger Lands included as a "Ready" neighbourhood. We have always believed that the Geiger Lands are readily serviceable, as has been pointed out by previous engineering studies. Because of this, in March 2011 we had submitted a concept plan to the City of Regina.

Recommendation – 3 Most Affordable "Ready" Neighborhoods

As mentioned previously, we have always believed that the Geiger Lands should be classified as ready for development. Together with the engineering and technical data we have submitted concept plans to the long range planning department to begin circulation and review.

We acknowledge the SAF fee rates for these areas will be $345,278 in 2014 and $359,089 in 2015. We also note that the Geigers will be responsible for funding the improvements to the downstream infrastructure. However we do request assurances from the City that should their policies change in the future, that projects such as the McCarthy Boulevard enhancements be reimbursed by SAF's. As noted in the Recommended Conditions we would also like to ensure a plan is in place to collect funding from future developments. The Geiger's would then be properly compensated on a proportionate basis.

Scenario 2 – Add Coopertown – Uniform Rate – Hold Deficit at $50M

We stated earlier that we believe it is unfortunate that there are winners and losers. We do not have any objection to add Coopertown as an area ready for development. Although we are not in agreement with paying an additional $120,000 in development charges, and in the reduction of development area in 2014/2015.

Under this scenario, the Geigers would see a reduction in allowable development to 15 hectares. They would also be required to fund the downstream wastewater improvements, and pay an additional $120,000 per hectare in SAF's. This would place an undue hardship financially on the development. Therefore we do not support the adoption of this recommendation.

Scenario 3– Add Coopertown – Coopertown Surcharge – Hold Deficit at $50M

Our only comment on this scenario is that we do not agree with the decrease to 15.0 hectares to the Geiger Lands. We do not have the resources to properly analyze and comment on the additional surcharge to Coopertown.

Scenario 4 – Uniform Rate for "Ready" Neighbourhoods – Future SAF Rate Risk

The housing markets have gone through a period of rapid growth over the last six to seven years. With that we have seen tremendous increases in housing prices. SAF's have also increased over the last number of years, however the market has been able to absorb these increases. Based on the initial first three (3) scenarios laid out here today, SAF's are about to increase once again. While it is nearly impossible to forecast future growth in the new housing market it does appear that prices are set to begin leveling off. If that is infact true it will be difficult for the housing market to absorb dramatic increases in 2016 in SAF's.

We look forward to the outcome and the final decisions by both City Administration and ultimately Regina City Council on adopting these Draft Recommendations.

Yours Truly,

TERRA DEVELOPMENTS INC.

Doug Rogers
President

C: Mark Geiger and Rita Geiger

<u>Appendix C – Alternative to Recommendation - Interim Phasing and Financing Plan</u>

Part 1 - 235K Growth Plan Areas

- The 2014 Servicing Agreement Fee (SAF) Rate and 2014 Development Levy Rate remain unchanged and apply to 235K land only.

- The 2015 SAF Rate for the 235K lands and 2015 Development Levy Rate for the 235K lands is $304,960 per hectare effective January 1, 2015.

- The following Employment Areas pay the 235K rate in 2014 and 2015:
    - Land bound by Diefenbaker Drive, Armour Road, Pasqua Street and Highway 11
    - Employment land within the Hawkstone, Kensington Greens, SomerSet approved concept plan areas
    - Fleet Street Business Park Phase 1

Part 2 – 300K Growth Plan Areas

- Up to 15 Net Hectares per year (based on SAF Policy) of subdivision may proceed in each of the following neighbourhoods in 2014/2015. Municipal Reserve will be allowed in addition to the 15 hectares. The developer will be permitted to request servicing agreements with the City for this amount of land, provided all prior approvals and submission requirements are met.
    - Harbour Landing West (within the approved 120 ha area only)
    - Westerra
    - North of Lakeridge
    - Coopertown

- The following areas are not allowed to proceed in 2014/2015:
    - Northridge
    - The Towns (North)

- The 2014 SAF Rate and 2014 Development Levy for the 300K lands is $345,278 / hectare. These rates are in effect upon Council approval of the Interim Phasing and Financing Plan and Development Levy Bylaw, respectively.

- The 2015 SAF Rate and 2015 Development Levy for the 300K lands is $359,089 / hectare. These rates are effective January 1, 2015.

- The 2014 SAF Surcharge and 2014 Development Levy Surcharge for the Coopertown lands is $241,411 / hectare. These rates are in effect upon Council approval of the Interim Phasing and Financing Plan and Development Levy Bylaw, respectively.

- The 2015 SAF Surcharge and 2015 Development Levy Surcharge for the Coopertown lands is $229,489 / hectare. These rates are effective January 1, 2015.

Part 3 – Conditions

- All high level planning instruments must be approved (i.e. Neighbourhood/Secondary Plan, Concept Plan) prior to rezoning and subdivision application
- All projects internal to the boundaries of 300K Neighbourhood Plans/Concept Plans will be funded by the developer in entirety and will not receive any reimbursement by the City from Servicing Agreement Fee funds or City Contributions.

- Payments for oversized infrastructure within all development lands will be made where deemed required by the Executive Director of Community Planning and Development. Payment for any approved oversize infrastructure will be included in a servicing agreement as per the *Administration of Service Agreement Fees and Development Levies* policy.

- **Harbour Landing West:**
    - No projects required for the development in 2014/2015 will receive SAF funding, except traffic signals if required.
    - All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including trunks.
    - Developer must own, operate and maintain interim storm water solution until post-300K solution is implemented.

- **Westerra:**
    - SAFs will fund 100% of the cost of widening Dewdney Avenue when approved through capital budget (barring policy changes from the SAF Policy Review).
    - All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including pump stations, force mains and trunks.
    - City will endeavor to assist in collecting funds from future developers utilizing the designed and constructed capacity of the wastewater pump station and force main to offset the costs.

- **North of Lakeridge:**
    - No projects required for the development in 2014/2015 will receive SAF funding.
    - All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including trunks.
    - Developer must fund the downstream wastewater improvements including the cost of reconstructing McCarthy Blvd if directional boring is not feasible and utilized.
    - City will endeavor to assist in collecting funds from future developers utilizing the designed and constructed capacity of an improved downstream waste water system to offset the cost.

- **Coopertown:**
    - SAFs will fund 100% of the cost of widening Courtney Street (if triggered) when approved through capital budget (barring policy changes from the SAF Policy Review).

- All 2014/2015 water, wastewater and storm water projects required for the development are to be funded by developer, including trunks, lift stations and downstream storm water improvements, if required.
- City will endeavor to assist in collecting funds from future developers utilizing the designed and constructed capacity of the wastewater lift station.

<u>Appendix D: Questions & Answers</u>

<u>Q1.What are the assumptions in the analysis that create risk?</u>

- The most significant assumption made during the creation of the recommended Interim Phasing and Financing Plan that creates risk to the City is the assumption that the City will experience 150 hectares of subdivision per year for the next three years. The way the SAF model works, the more hectares of development assumed, the lower the required rate. This is because the model assumes a certain amount of revenue based on the projections. If those revenues are not realised, then cash flow can become a problem in the future.
    - This assumption contributes to the concept of "phasing in" an increased rate as it is possible that the rate "should be" approximately $30,000 to $40,000 higher if development is slower than projected. If we assume that the rate has been made artificially low through the growth rate assumption and that the artificially low rate is assessed on 120 ha over the next two years, this would result in loss of approximately $4M in required revenue. If we divide that $4M between the remaining lands within the 300K growth plan, it would mean an additional $4,000 for each of those hectares.

- The assumption that the financing strategy used during the interim period will continue on into the post-interim period. Should the SAF Policy Review result in a different approach to financing on-site infrastructure and downstream improvements, the SAF Rate or the cash flow picture could be worse than projected. This is particularly relevant as it relates to the provision of wastewater service in the southeast. Currently, the SAF model assumes that the wastewater solution will be directly funded by the developer who triggers the need for upgrades rather than through SAFs. There are wastewater options in the southeast that would require the use of a significant amount of SAFs to provide the required infrastructure upgrades.

- The SAF model currently assumes that all the industrial development required over the next twenty years will occur in areas that are already receiving services through residential areas. The only exception is the Fleet Street Business Park Phase 1. If development proposals for any industrial areas outside the recommended Interim Phasing and Financing Plan neighbourhoods come forward within the next two years, there is a chance that the City would have to fund some additional improvements with SAFs.

- The SAF model currently assumes that no SAFs/Development Levies will be used to meet targets related to intensification. Should the SAF Policy Review reveal that SAFs/DLs are an appropriate tool to encourage infill development, there may be additional expenses not currently anticipated in the model. Adding costs could affect the cash flow and debt picture.

- Assumptions have been made about the funding arrangements for interchanges at the West Bypass. The City will endeavour to keep the City's contributions to these interchanges reasonable and fair relative to other regional municipalities; and hopefully the final cost will be lower than the model projects. However, until the price and payment arrangements are negotiated, the interchange projects create uncertainty within the model.

<u>Q2.How does the recommended Interim Phasing and Financing Plan allocate risk between taxpayers and developers?</u>

- The recommended Interim Phasing and Financing Plan transfers the major components of financial risk in the short term to the developers, as they will be responsible for the cost of design and construction of all infrastructure required to service their land. As they gain most in terms of the financial reward.

- While it may be argued by the development community that SAFs are a "hidden cost" and the City should be transparent and charge house-buyers directly for the cost of infrastructure, the reality is the cost of providing water, wastewater, storm water and transportation service to a house should be included in the cost of the serviced lot and therefore in the cost of the house.

- Balanced financial expenditures is critical during the next five years as the City is projected to reach its maximum debt by 2016. After that time period, the debt will begin to be paid down and some debt capacity may be available to finance growth-related projects, should the City decide that it wants to take on debt associated with growth. However, the goal should be for the developers to take on the majority of the risk of growth as opposed to the City, and thus current taxpayers. The more that debt is used to finance growth the more risk is taken on by current taxpayers.

<u>Q3. How does the interim policy affect projects that include taxpayer funding under the currently approved SAF Policy?</u>

The funding strategy being proposed will reduce the taxpayers share of funding. While the City's current policy is based on the principle of "who benefits from the capital expenditure?", the proposed funding strategy is based on the principle of "in the absence of growth, would the expenditure be required?". The following table explains how that policy shift is being applied.

Category	Current Policy	Proposed Interim Financing Strategy
Roadway	Repair and replacement costs are 100% taxpayer (or grant) funded.	No change
Roadway	5% of suburban and 15% of urban roadway widening projects are funded through taxes to account for flow-through traffic and increased volume due to infill projects, which are exempt from SAFs.	0% of roadway widening projects are taxpayer funded. The existing population paid for its required capacity through levies paid when their house was constructed. If the City stopped growing, the roadway wouldn't be widened and the existing population would continue to use the existing travel lanes. The exempt areas are required to directly fund any infrastructure upgrades that are triggered as a

		result of the traffic they generate.
Roadway	Interchanges are cost shared between the existing population and the new growth areas that will be serviced by it. (Based on the 300K growth horizon, 75% of interchanges would be tax funded).	A reduction in the taxpayer share of interchanges to 50%. This is to reflect the fact that the existing population paid for its required roadway/intersection capacity through the levies paid when their house was constructed. If the City stopped growing, the interchange wouldn't be required and the existing population would continue to use the existing intersection.
Water	Repair and replacement costs are 100% ratepayer funded.	No change
Water	If new technology is introduced at the plant to increase service levels, it is ratepayer funded. Where capacity is added to the plant (for existing or new technology), it is 100% SAF funded.	No change
Water	Water pressure improvement projects are shared between the population who does not meet current standards (through rates) and the new growth areas.	Currently the SAF model assumes that this project is 100% SAF funded. An engineering study and the SAF Policy review will evaluate if this assumption is correct for the eastern pressure zone project that will be required during the 300K growth plan. It is possible that a portion of this project will require ratepayer funding.
Wastewater	Repair and replacement costs are 100% ratepayer funded.	No change
Wastewater	If new technology is introduced at the plant to increase service levels, it is ratepayer funded. Where capacity is added to the plant (for existing or new technology), it is 100% SAF funded.	No change
Storm Water	Repair and replacement costs are 100% ratepayer funded.	No change
Storm Water	Service level improvements (e.g. a new detention pond in an existing area) are 100% ratepayer funded.	No change
Parks/Recreation	Repair and replacement costs are 100% taxpayer funded.	No change
Parks/Recreation	Zone level parks are shared between the existing population and new growth areas within the catchment area of the	No change

	zone park.	
Parks/Recreation	Municipal level facilities (e.g. a new Leisure Aquatics Centre) are cost shared between the existing population and the new growth areas that will be serviced by it.	No change

<u>Q4. Why limit 300K growth to 60 ha per year in 2014 and 2015?</u>

- The current SAF Policy needs to be reviewed. All indications at this time suggest the rate either needs to increase or the scope of infrastructure that is provided directly by developers (rather than through SAFs) needs to increase. In 2007, in advance of policy changes pursuant to the last SAF Policy Review, the number of servicing agreement applications increased significantly as developers advanced applications to avoid higher rates. This resulted in lower revenues to the City and higher future rates. It is recommended that the amount of land available for development in the 300K growth stage be limited to prevent excessive servicing agreement applications. There are sufficient lands to meet the City's development needs with the 235K lands and the proposed (limited) 300K lands.

- To encourage full build out of the 235K lands where investments have already been made by the development community and the City.

- To reduce the chance that the City will need to make major investments required to service the 300K growth areas. The Interim Phasing and Financing Plan is based on the principle that growth of the 300K areas in 2014/2015 will occur in areas where capacity of the existing system is not a major constraint. If major investments are required in addition to the expenditures assumed by the model, the cash flows and debt will become a bigger problem.

- Because 150 ha of subdivision is not likely needed every year to meet market demand, any development that occurs in the 300K neighbourhoods will pull development away from the 235K neighbourhoods. Currently, there are in excess of 400 hectares of unsubdivided land remaining in the 235K growth areas, which, on their own, could supply four years of development based on recent historical land consumption (80 ha).

<u>Q5. What are the implications of the recommendation for housing affordability?</u>

- Both the City of Regina and the stakeholders agree affordability is a key consideration in the development of a phasing and financing plan.

- There are many costs to builders that go into setting the price of a house. SAFs are one small component of that. Other major costs include raw land price, materials, labour and developer and builder profits.

- One of the primary ways to keep development more affordable is to prioritize the development of areas with the lowest cost.

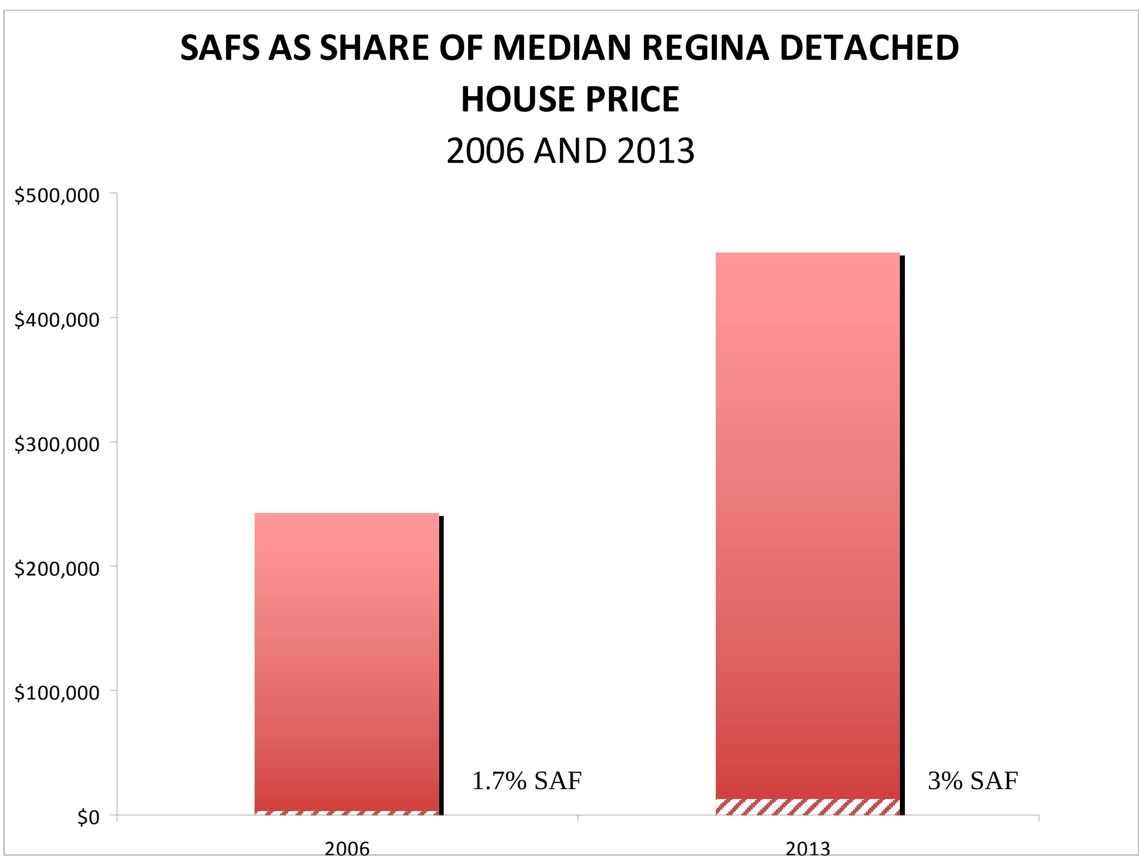
- Stakeholders are seeking to keep housing costs down by keeping SAF rates low; however, SAFs comprised only 3% of the cost of a new house in 2013, while house builder profits are approximately 13% of the cost of a new bungalow (Source: Review of Home Construction Costs & Prices for Regina and Region Home Builders' Association, August 23, 2012). If we assume the average price of a new house remains constant, the 300K SAF Rate would comprise 4.3% of the cost of a new house in 2014 and 4.5% of the cost of a new house in 2015. It is likely; however, the cost of a new house could continue to rise and the SAFs could comprise less than these estimates.

- The development industry has suggested government fees and levies are one of the major drivers of housing prices in Regina because they rose by 200 per cent between 2006 and 2011. While it is true that SAFs doubled in 2007 to ensure capital projects related to growth were not being subsidized by taxpayers, they went from comprising 1.7 per cent of the cost of a new house in 2006 to 3.1 per cent of the cost of a new house in 2011. That is, from 2006 to 2011, SAFs went up approximately $10,000 per single detached unit. The price of a house went up approximately $200,000 during the same time period.

- The following assumptions/principles apply to the charts within this Appendix:

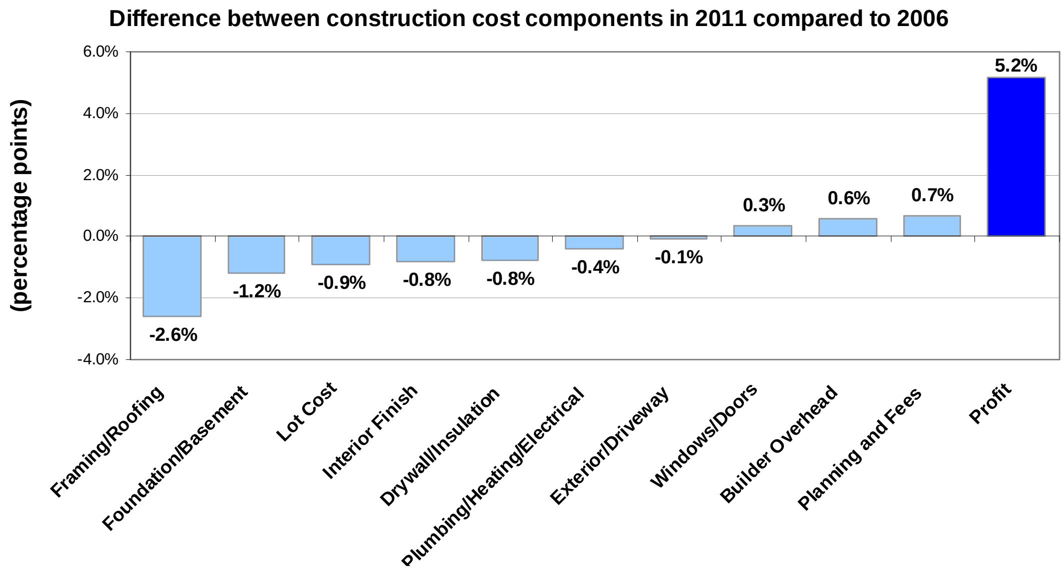
  - They are standardized to assume 70% net:gross; 18 uph, 40 x 110 foot lots
  - Average new detached housing costs are sourced from CMHC, Housing Now, Table 4, February 2014.

Chart D-1



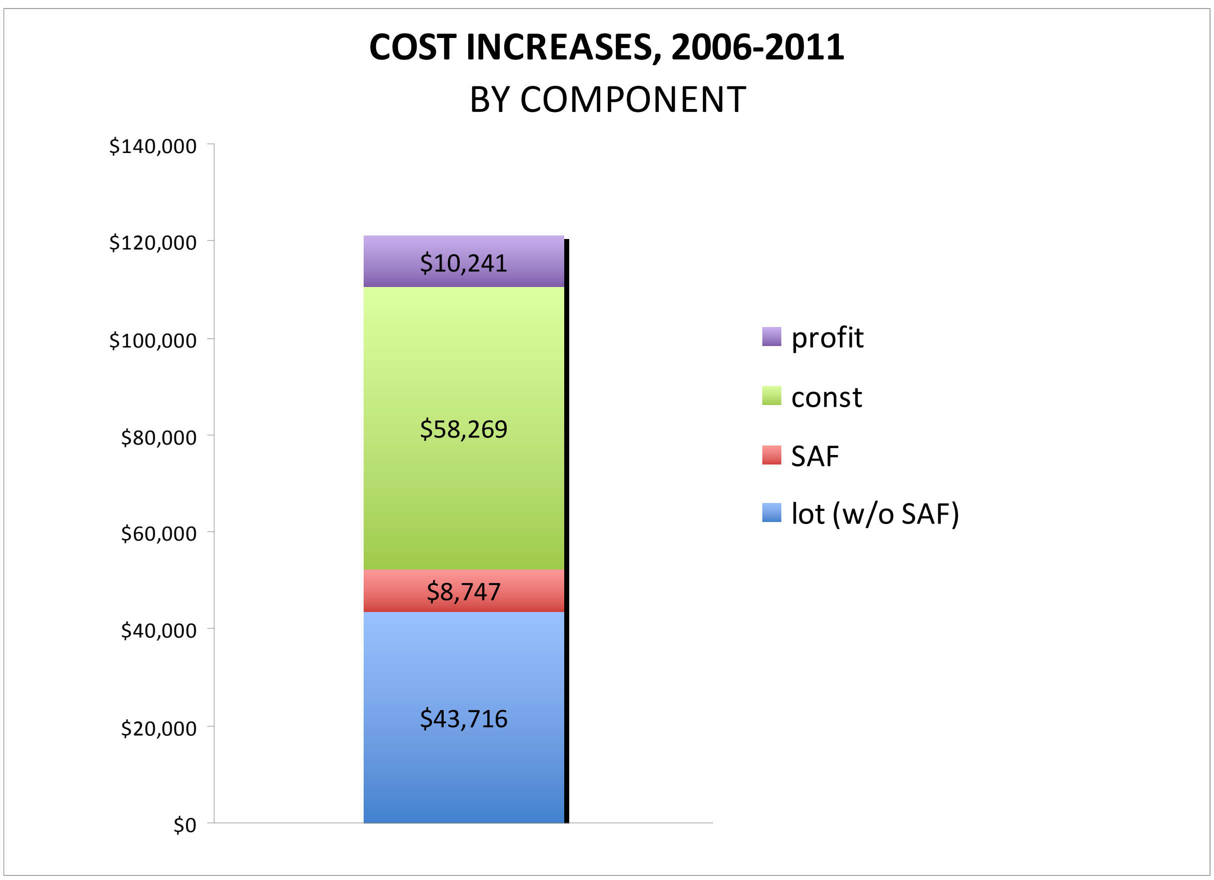
The following charts D-2 and D-3 are derived from RRHBA's Review of Home Construction Costs & Prices, 2012:

Chart D-2



* Planning and Fees do not refer to SAF/DLs as they are included in lot prices

Chart D-3



Q6. Are there any options to help keep housing costs down other than lower SAF rates?

- There are a number of programs available to builders who have an interest in providing lower cost housing to the market.

- City of Regina:
  Currently, the City of Regina Housing Incentives Policy provides tax exemptions and capital grants to assist in the creation of market and affordable rental units, and below market/affordable ownership units. Tax exemptions are provided for the creation of purpose-built market rental units and below market/affordable ownership units. Capital grants from the City are provided for below market/affordable rental and ownership units.

- Saskatchewan Housing Corporation:
  Provincial programs including the Rental Development Program and the Rental Construction Initiative have helped to fund and encourage purpose-built rental development.

  "Headstart on a Home" was created to provide financing for the development of new entry-level homeownership units. The Secondary Suite Program is responsible for the creation of 140 new secondary suites in new or existing homes since the program began in 2008. Administration meets quarterly with Saskatchewan Housing Corporation to discuss housing issues and alignment of Provincial and City policies and programs.

Q7. Why does the rate need to be so high?

- SAFs only recuperate costs associated with providing infrastructure that services new growth areas. There is no profit to the City from SAFs and the funds collected are not used for any purpose other than planning, designing and building infrastructure. The projects that go into the model are based on service levels that are set through City policies. Generally, the City has seen a decrease in service levels related to all infrastructure for which the City collects SAFs. The projects are used to essentially maintain a comparable level of service to that which taxpayers currently receive.

- The cost of these projects are not set by the City. They are generally put through a public tender process and awarded to the lowest bidder. The cost of the infrastructure needs to be recuperated so that the City can pay the contractors. SAFs are the method the City uses to pay for much of the infrastructure related to growth.

- If SAFs do not provide the funding for this infrastructure, it needs to come from either taxpayers through City taxes, government grants or directly from developers. The recommended Interim Phasing and Financing Plan reduces the taxpayers contributions to the projects and also requires more infrastructure to be directly funded by the developers.

- Another factor that goes into the calculation of the SAF rate is carrying costs associated with debt. The higher the deficit position in the reserves, the higher the interest required to be added to the SAF rate. By phasing growth, the costs can be spread out and the deficit position of the reserves can be minimized. This results in lower interest charges being built into SAFs.

- The table below compares the cost of infrastructure in the current SAF model to the model that was created during the last major SAF Policy Review in 2007. It helps describe why rates are higher now than they were in 2007 and also why the proposed phasing and financing strategy is so critical. The costs are higher for a few primary reasons (1) escalation; (2) larger overall area of land being considered for development; (3) the City's systems have no additional residual capacity to accommodate growth (e.g. the wastewater treatment plant requires expansion, the wastewater system requires major upgrades through existing areas of the City, the road network is congested, etc.)

Table D-1

Comparing 2014 Phasing and Financing Models to 2007 Watson Model

Source	Total Cost in model	SAF Share of Costs	Maximum Cash Flow Deficit	Hectares projected in 20 years	Average hectares per year
2007 Watson Study*	$ 422,700,000	$ 179,977,230	-$58 M	1190	59.50
2011 Policy**	$ 1,116,497,400	$ 614,142,900	-$252 M***	1436	71.80
Interim Policy	$ 906,919,960	$ 462,766,700	-$50 M	1655	82.75

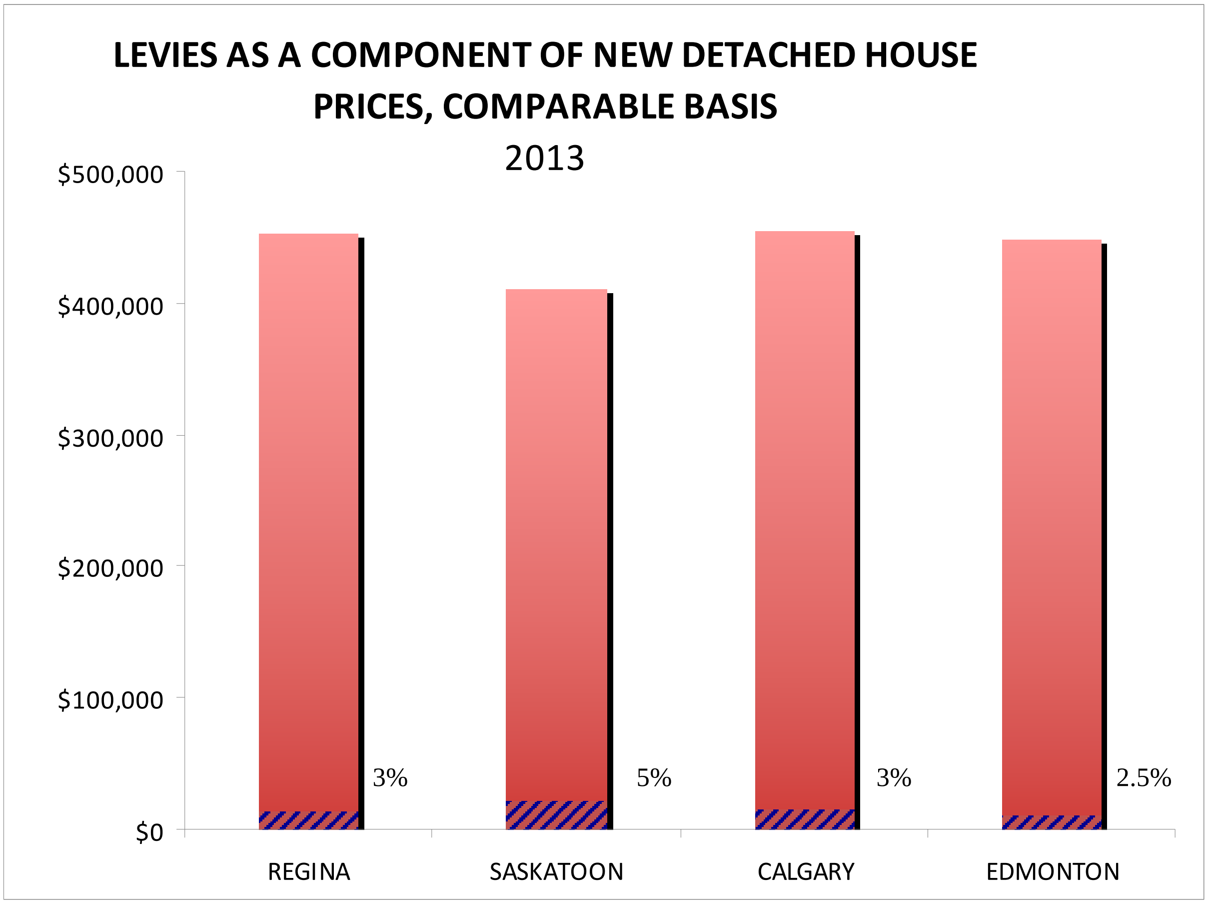
* Included only 10 years Parks/Rec projects
** This is the policy that is currently in effect
*** Based on unphased model – to compare implications of unphased development then vs now.

Q8. How does Regina's current SAF rate and current policy compare to other cities?

- It is very difficult to compare development levies among various cities due to inconsistencies in how fees are assessed and variations in what is included in the calculations. However, a review of levies in other cities suggests that SAFs in the City of Regina are comparable to those of other cities in Western Canada. In addition, some cities in Canada do not use development levies at all but rather require the developer to directly fund and construct all the required infrastructure or use general property tax revenues for offsite infrastructure.

- Chart D-5 compares levies between the City of Regina and other major cities in the prairies as they relate to the cost of a new detached house. This chart illustrates that, despite higher SAFs in the City of Saskatoon, the average house prices have remained lower. Furthermore, the housing market in Saskatoon is gaining momentum despite higher levies as a percentage of a new house. The costs exclude the additional fees and levies that are charged by the other cities but that are not charged by the City of Regina. All three cities charge fees for infrastructure in addition to the ones represented in these charts.

Chart D-5



<u>Q9. How do the recommendations compare to policy developments in other cities?</u>

<u>City of Saskatoon</u>

The City of Saskatoon assesses development levies for projects similar in nature to the City of Regina, which make it difficult to state with absolution what their rate is on a per hectare basis. While there are some differences, including applying the rate on a linear front meter basis rather than on a per hectare basis, the rate that is being proposed for the 300K neighbourhoods within this Interim Phasing and Financing Plan will bring the City more in line with the rates currently assessed in Saskatoon.

The City of Saskatoon's Official Community Plan includes policy related to the Phasing of development and includes a map illustrating the phasing plan. Saskatoon's phasing policy states that only one neighbourhood per sector can be developed. They have four sectors under development. Only when a neighbourhood is "substantially completed" can the next neighbourhood in the sector start. As a result of this policy, complete neighbourhoods in Saskatoon are built out in half the time. According to the City of Saskatoon, it previously took 10 years to build out a neighbourhood and now they build out in 4-5 years.

City of Calgary

Context

In September 2009, Calgary's City Council adopted a Municipal Development Plan (MDP) that includes a section entitled *Linking land use to municipal financial and infrastructure capacity*. This section contains a policy to "Align The City's capital planning programs, such as Transportation Infrastructure Investment Program, The Emergency Response Infrastructure Investment Plan, The Culture, Parks and Recreation Infrastructure Program, etc., to support the direction of the MDP and CTP."

It has been noted within Administration reports and Council remarks that the City of Calgary faces challenges to keep pace with growth while remaining within its financial capacity. It has also been recognized that land use decisions have an impact on the City's ability to provide the required services and infrastructure in a financially sustainable manner, since developed and developing areas in Calgary will require significant investment throughout the 2015 –2024 capital plan.

Recent Initiatives Regarding the Sequencing of Growth in Calgary

- In December 2013, Calgary's City Council adopted a *Corporate Framework for Growth and Change* (The Framework) as a part of the Municipal Development Plan. *The Framework* is intended to assist the City in making decisions on how growth and development will occur over the next 60 years by operationalizing the vision in the MDP. *The Framework* contains a sequenced list of growth areas. The sequenced list provides one source of information for Administration's recommendations on the growth related capital projects that will be included in the 2015 – 2018 Capital Budget and the 2015 – 2024 Capital Plan.

  The four key steps in the development of *The Framework* were:

  (i) Council approved principles for development of *The Framework*;

  (ii) Draft criteria for Prioritization and Sequencing of Growth were developed;

  (iii) Metrics for the criteria[1] were developed along with their relative weights, which resulted in a sequenced list of prioritized growth areas; and

  (iv) Other city work plans were aligned with *The Framework.*

- Also in December 2013, Calgary Council adopted a *Land Supply Strategy (The Strategy)*, which was used together with the priority list developed in *The Framework* to determine the timing of investment for growth. External stakeholders were engaged on several occasions during the development of *The Strategy*.

- In March 2014, Calgary Administration presented to Council another report entitled *Framework for Growth and Change: Investing in Growth* which contained a map

[1] Criteria used to prioritize growth areas were: Access to transit; Capacity of existing infrastructure; City-funded costs; Readiness to proceed; Employment opportunities; Community services in place; Planning in place (land supply); Innovation; and Contiguous growth.

illustrating the recommended phasing of growth. Recent news coverage prompted by this report suggests that industry has consistently called upon the City take on additional debt throughout the discussions on the phasing of growth.

Comments

There are several similarities to Regina's recent experience in terms of the process undertaken, feedback received, and considerations noted as part of Calgary's approach to the phasing / sequencing of growth, including:

- Having a balance of serviced land available in both of the north and south halves of the city was considered important.
- Extensive engagement with development community and other stakeholders was seen to be crucial.
- An exploration of different ways to fund infrastructure was suggested by the development community stakeholders.
- Stakeholders suggested that Administration identify "low hanging fruit" or areas within Area Structure Plans where growth could happen with minimal expense to the City, and to permit industry to outline any growth-related infrastructure costs to the City of developing these pockets of land for verification and evaluation.
- The concept of "complete communities" has been a key consideration in the process of recommending a sequencing of infrastructure investments.
- It has been emphasized that requests for investment to additional growth areas, beyond the ones identified as priority areas, will directly affect the budget and could result in either a delay in investment in the priority areas due to lack of service or infrastructure funding; additional costs being incurred, along with the need to identify additional funding sources; or decreases in levels of service due to the lack of the full range of services for communities.