



Proposed Municipal Boundary Alteration

Date	February 23, 2022
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Financial Strategy & Sustainability
Item No.	E22-4

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Direct Administration to give Public Notice of Council’s intention to apply for an alteration to the City’s boundaries as shown on Appendix A and notify affected parties as required pursuant to section 43 of The Cities Act;
2. Direct Administration to endeavour to negotiate a Boundary Alteration Agreement, including tax loss compensation, with the RM of Sherwood, subject to Council approval; and
3. Approve this report, at a future meeting of Council.

ISSUE

This report is further to the April 12, 2021 City Council report CM21-6 authorizing Administration to enter into an agreement granting an option to purchase City of Regina (City) owned lands.

The Administration has been in discussion with the RM of Sherwood (RM) to bring the optioned lands as well as surrounding City owned lands all totaling approximately 1,188 acres shown in white in Appendix A – Proposed Boundary Alteration (the “Lands”), into the City through a boundary alteration application.

Viterra, the optionee of land within the Lands, is pursuing the development of a canola crushing facility which is expected to generate significant economic activity in the Capital Region. The proposed canola crushing facility is a sophisticated industrial facility that requires urban services.

The reason for the proposed boundary alteration is to accommodate immediate and long-term industrial growth demands consistent with imminent development proposals and specific land-owner requests for annexation and supply of City services to the Lands.

IMPACTS

Financial Impact

There are no direct financial implications associated with the recommendations of this report. However, as the boundary alteration proceeds, the financial implications will include tax loss compensation to the RM, costs associated with the provision of municipal services to this new area, and tax and fee revenues derived from the lands.

Economic Impact

The development of the lands by the optionee is estimated to bring approximately:

- 1,000 construction jobs during commissioning and support 1,835 jobs indirectly, resulting in a labour income during construction valued at \$93 million. The capital spend to construct the facility remains confidential.
- Once operational the plant will generate approx. \$1.3 billion in revenues, drive regional GDP of \$500 million and provide a labour income impact of \$73 million annually (direct and indirect salaries).

The City will be required to extend services to the proposed lands in order for any large-scale development to occur.

Policy/Strategic Impact

A boundary alteration of the Lands by the City aligns with both the RM and City growth plans. The Lands border the existing City boundary and are shown as a future growth area for the City of Regina (~400K+) on the RM of Sherwood – City of Regina Growth Intentions map which was agreed to and incorporated into each municipality’s Official Community Plan (“OCP”). Policy exists in both the RM and City OCPs to react to opportunities that benefit the Capital Regions. The specific policies are City of Regina OCP 3.10 “*The RM and the City acknowledge the current future growth intentions of each other as shown on Map 1a- RM of Sherwood – City of Regina Growth intentions and agree to manage their municipal development in a way that is consistent and respects such intention unless it is agreed that regional interests require revision of those intentions*”, and RM OCP 4.3.5 “*The RM acknowledges the growth intentions area as shown in Schedule O of this Plan and respects these intention but will not unduly limit suitable private /*

public sector initiatives and planned development with the Capital Region. It is also acknowledged that the respective “growth areas” may need to be revised to accommodate a market need and adjust to regional interest.”

The growth intentions map was developed through a collaborative planning process between the RM and City. Major industrial developments requiring City services were not anticipated during the 2013 boundary alteration, and as such the projected timing for altering the boundary of the Lands was the 400,000 growth population. Boundary alteration of the Lands is proposed earlier than anticipated to respond to this unique economic development opportunity, but the proposed boundary alteration aligns with agreed upon growth intentions and existing planning documents that acknowledge that these lands would ultimately be brought within city limits.

The proposed development of a canola crushing plant by Viterra requires the construction of a spur rail line to the facility. Viterra and the City are collaborating on a rail route that allows the Viterra spur line to eventually be utilized as a section of the future main line proposed in the City rail relocation plan to remove at grade rail crossings from the Ring Road.

The development of these lands aligns with many of the Economic Development policies noted in the OCP and Regina’s 2030 Economic Growth Plan. Specifically, goals addressing the economic development potential of the city and supporting economic generators.

Environmental

None with respect to this report.

OTHER OPTIONS

Option 1 – Do not proceed with Boundary Alteration

Not proceeding with a Boundary Alteration will jeopardize the economic opportunity presented by Viterra. As development would occur outside the City’s boundary and no property taxes would be collected by the City, recovery of any City services provided to Viterra and any other costs incurred by the City related to the development would need to be recovered through extra municipal surcharges or other charge structures which would likely serve as a deterrent to Viterra locating in the Capital Region.

COMMUNICATIONS

The notice of intent to alter municipal boundaries will be advertised in the Leader-Post for two consecutive weeks. Notices will also be distributed to the RM of Sherwood and affected School Boards pursuant to the public notification requirements of *The Cities Act*. In addition, information will

be posted on the City website. A public meeting is required to be held if objections are received in response to the initial notice of intent.

DISCUSSION

A boundary alteration, consistent with the City's future growth plans, is proposed to support previously unforeseen but imminent development opportunities that require City services in order to proceed.

The Lands included in the proposed boundary alteration are currently owned by the City of Regina, are undeveloped and are leased for agricultural purposes. The Lands are currently identified in the City's Official Community Plan as future City of Regina lands (Appendix B – RM Sherwood – City of Regina Growth Intentions).

The boundary alteration application of 2013 brought lands into the City required for residential, office, retail and small industrial growth up to the 400,000 population target based on and in connection with the adoption of the new OCP. At that time, imminent development of this area was not identified by either the City or the RM. Accordingly, the selection of land in this area for development of canola crushing plants was unforeseeable by either the City or RM during previous boundary alteration negotiations.

The proposed alteration is to accommodate large-scale economic development projects which will benefit the Capital Region as a whole, but which also require the support of significant services which the City is in the best position to provide. Development of the Lands requires City services as the RM does not have servicing capacity required to meet developer requirements, though potable water may be provided by the RM by utilizing existing water infrastructure. Development of the Lands is unlikely to occur should the boundary alteration not be achieved.

The City's current land base does not include lands that can adequately accommodate the needs of the proposed development. Boundary alteration of the Lands will provide the City with the necessary certainty and flexibility to properly plan and accommodate the extension of services to this area to support recent development demands as well as anticipated new demands that will be created as a result. It will also allow the City to support newly realized development objectives by providing market certainty and improving the affordability of development. If Lands remain outside the City's jurisdiction there will likely be less capacity and resources for servicing such development in a financially efficient and rationalized manner.

The City is committed to working collaboratively with the RM to alleviate any impact of the proposed boundary alteration in an effort to obtain the RM's consent to the application through a complimentary resolution. Discussions on boundary alteration with the RM began in 2021. The City

and the RM have met regularly and exchanged correspondence on the matter. The process of boundary alteration can be lengthy. Administration recommends commencing the first formal step of the boundary alteration process which is providing notice of Council's intention to apply for an alteration to the City's boundaries and to notify affected parties as required pursuant to section 43 of *The Cities Act*. Appendix C – Guide for Municipal Boundary Alterations further outlines the process.

Administration proposes to continue negotiations with the RM regarding a boundary alteration using the Province of Saskatchewan's *Principles for Financial Settlements between Municipalities for Boundary Alterations*. Administration will provide Council with regular updates regarding discussions with the RM as we determine a fair compensation package.

DECISION HISTORY

On April 12, 2021, through report CM21-6, City Council approved entering into an agreement granting an option to purchase City owned lands NE 08-18-19-2 Ext, SE 08-18-19-2 Ext 0, NW 09-18-19-2 Ext 2 and SW 09-18-19-2 Ext 0.

Respectfully submitted,



Chad Jedlic, Director, Economic & Business Development

Respectfully submitted,



Barry Lacey, Executive Director, Financial Strategy & Sustainability

Prepared by: Chad Jedlic, Director, Economic & Business Development

Attachments

- Appendix A - Proposed Municipal Boundary Alteration
- Appendix B - Proposed Municipal Boundary Alteration
- Appendix C - Proposed Municipal Boundary Alteration