Development Charges Policy and Model Review

Date	July 9, 2024
To	Mayor Masters and City Councillors
From	Executive Committee
Service Area	City Planning & Community Services
Item #	CR24-87

RECOMMENDATION

That City Council:

1. Approve development charge rates of $373,000 per hectare for greenfield residential and commercial development and $124,300 per hectare for greenfield industrial-zoned development, effective January 1, 2025 to December 31, 2025;

2. Approve development charge rates effective January 1, 2026 to December 31, 2026 equivalent to those from Recommendation #1 indexed using the Statistics Canada Building Construction Price Indexes (non-residential, Saskatoon) by percentage change from the 3rd Quarter, 2024 indexes to the 3rd Quarter, 2025 indexes;

3. Approve the amendments to *The Regina Administration Bylaw, 2003* and the Development Charges Policy described in Appendix E;

4. Approve the following dedicated mill and utility rate increases to phase in over a five (5)-year period as described in this report to fund reserves to support the Established (or 'intensification') Area share of costs in the Development Charges Financial Cash Flow Model and the development charge reduction for industrial-zoned greenfield development:

		2025	2026	2027	2028	2029
Mill Rate Increase (over current rates):	Established Area	0.083%	0.083%	0.083%	0.083%	0.083%
	Industrial	0.088%	0.088%	0.088%	0.088%	0.088%
	Total	**0.17%**	**0.17%**	**0.17%**	**0.17%**	**0.17%**
Utility Rate Increase (over current rates)	Established Area	1.583%	1.583%	1.583%	1.583%	1.583%
	Industrial	0.237%	0.237%	0.237%	0.237%	0.237%
	Total	**1.82%**	**1.82%**	**1.82%**	**1.82%**	**1.82%**

5. Instruct the City Solicitor to prepare the necessary bylaw amendments to give effect to these recommendations, to be brought forward to a meeting of City Council following approval of these recommendations and the required public notice;

6. Direct Administration to engage interested landowners and developers of Phase 1 Neighbourhoods from the Phasing of New Neighbourhoods Map in *Design Regina: The Official Community Plan, Bylaw 2013-48* to draft a pilot Municipal Front-Ending Agreement for wastewater lift stations, as further described in this report, to be presented to City Council; and

7. Remove item CR21-161 from the Outstanding Item List for City Council.

HISTORY

At the June 19, 2024 meeting of the Executive Committee, the Committee considered the attached report EX24-49 from the City Planning & Community Services Division.

The following addressed the Committee:

- Stu Niebergall, representing Regina & Region Home Builders' Association, Regina, SK
- Jason Carlston, representing Dream, Regina, SK
- Blair Forster, representing Forster, Harvard Development Corp., Regina, SK

The Committee received and filed the attached communication EX24-54 from Dustin McCall, City of Regina Land Development, and adopted a resolution to concur in the recommendation contained in the report.

Recommendation #8 in the attached report does not require City Council approval.

Respectfully submitted,

EXECUTIVE COMMITTEE

Jim Nicol, City Clerk 6/20/2024

ATTACHMENTS

EX24-49 Development Charges Policy and Model Review
Appendix A - Development Charges Policy Background
Appendix B - Consultant Policy Recommendation Memo
Appendix C - Greenfield Area and Established Area Map
Appendix D - Development Charge Fiscal Impact Analysis
Appendix E - Summary of Recommended Policy Amendments
Appendix F - Stakeholder Consultation Summary
Appendix G - Responses to Consultant Policy Recommendations
Appendix H - Consultant Project List Review Memo
Appendix I - Model Project List
Appendix J - Jurisdictional Research on Rail Corridor Exemptions
EX24-54 Dustin McCall, City of Regina Land Development, Regina, SK

Development Charges Policy and Model Review

Date	June 19, 2024
To	Executive Committee
From	City Planning & Community Development
Service Area	City Planning & Community Services
Item No.	EX24-49

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Approve development charge rates of $373,000 per hectare for greenfield residential and commercial development and $124,300 per hectare for greenfield industrial-zoned development, effective January 1, 2025 to December 31, 2025;

2. Approve development charge rates effective January 1, 2026 to December 31, 2026 equivalent to those from Recommendation #1 indexed using the Statistics Canada Building Construction Price Indexes (non-residential, Saskatoon) by percentage change from the 3rd Quarter, 2024 indexes to the 3rd Quarter, 2025 indexes;

3. Approve the amendments to *The Regina Administration Bylaw, 2003* and the Development Charges Policy described in Appendix E;

4. Approve the following dedicated mill and utility rate increases to phase in over a five (5)-year period as described in this report to fund reserves to support the Established (or 'intensification') Area share of costs in the Development Charges Financial Cash Flow Model and the development charge reduction for industrial-zoned greenfield development:

		2025	2026	2027	2028	2029
Mill Rate Increase (over current rates):	Established Area	0.083%	0.083%	0.083%	0.083%	0.083%
	Industrial	0.088%	0.088%	0.088%	0.088%	0.088%
	Total	**0.17%**	**0.17%**	**0.17%**	**0.17%**	**0.17%**
Utility Rate Increase (over current rates)	Established Area	1.583%	1.583%	1.583%	1.583%	1.583%
	Industrial	0.237%	0.237%	0.237%	0.237%	0.237%
	Total	**1.82%**	**1.82%**	**1.82%**	**1.82%**	**1.82%**

5. Instruct the City Solicitor to prepare the necessary bylaw amendments to give effect to these recommendations, to be brought forward to a meeting of City Council following approval of these recommendations and the required public notice;

6. Direct Administration to engage interested landowners and developers of Phase 1 Neighbourhoods from the Phasing of New Neighbourhoods Map in *Design Regina: The Official Community Plan, Bylaw 2013-48* to draft a pilot Municipal Front-Ending Agreement for wastewater lift stations, as further described in this report, to be presented to City Council;

7. Remove item CR21-161 from the Outstanding Item List for City Council; and

8. Approve these recommendations at its meeting on June 26, 2024.

ISSUE

The City of Regina (City) uses development charges, which include servicing agreement fees and development levies, to fund major infrastructure investments required to support long-term greenfield and intensification growth. In December 2022, Administration presented City Council with concerns regarding the implementation of the Development Charges Policy (Policy) and Development Charges Financial Cash Flow Model (Model)[1]. A Development Charges Policy and Model Review (DC Review) was undertaken to address these concerns. This report provides the findings of the DC Review, recommended Policy amendments and a proposed development charge rate (DC Rate) for 2025 and 2026.

Work completed and planned for future implementation resulting from the DC Review aligns with Housing Accelerator Fund Action Plan Initiative #11 “update Model to support long-term housing growth”. Specifically, the recommendations outlined in this report are intended to support future housing and employment opportunities in both greenfield and intensification areas from infrastructure, financial and policy facets.

IMPACTS

[1] See Appendix A for background on the Development Charges Policy and Development Charges Financial Cash Flow Model.

Financial Impact

Two specific recommendations from the Consultant Policy Recommendation Memo (Appendix B) directly affect the 2025-2026 Multi-Year Budget. The recommendations involve the City directly funding two Policy decisions:

1. The Established (or 'intensification') Area share[2] of growth-related costs in the Model Project List, which is intended to be funded through tax lift from intensified development in the Established Area.

2. The Policy's DC Rate reduction for industrial-zoned greenfield development, which currently lacks a funding source.

As detailed in Appendix B (Sections 5.1.1 and 5.1.2), each Policy decision lacks a stable funding source, which has and will continue to impact the current Development Charge Account (DC Account) deficit. To address this, Administration recommends implementing dedicated mill and utility rate increases, ensuring each Policy decision has a secure funding source. Further, Administration recommends these increases be phased in over five years as shown in the table below and detailed in Section 5.1.3 of the Development Charge Fiscal Impact Analysis (Appendix D). After year five, the dedicated mill and utility rate increases will be in place until the delivery of the growth-related projects required to support the full build-out of the current *Design Regina: The Official Community Plan, Bylaw 2013-48* (OCP) Growth Plan, which is anticipated to occur in 2044.

		2025	2026	2027	2028	2029	Total*
Mill Rate Increase (over current rates):	Established Area	0.083%	0.083%	0.083%	0.083%	0.083%	0.41%
	Industrial	0.088%	0.088%	0.088%	0.088%	0.088%	0.44%
	Total	**0.17%**	**0.17%**	**0.17%**	**0.17%**	**0.17%**	**0.85%**
Utility Rate Increase (over current rates)	Established Area	1.583%	1.583%	1.583%	1.583%	1.583%	7.91%
	Industrial	0.237%	0.237%	0.237%	0.237%	0.237%	1.19%
	Total	**1.82%**	**1.82%**	**1.82%**	**1.82%**	**1.82%**	**9.1%**

** Total cumulative increase to be in effect after the phase-in period.*

Development Charge Account Deficit

The DC Account's 2023-year end deficit is approximately $32 million. The recommendations in this report aim to minimize the extent of future increases in the DC Account deficit and improve the Model's long-term financial sustainability. However, these recommendations will not immediately resolve the deficit. The City will need to continue deferring growth-related projects and exploring other alternatives until the DC Account is healthier. Project deferrals will likely reduce infrastructure level of service standards for all residents until the projects are completed.

[2] See Appendix C for a map delineating the boundaries of the Greenfield Area and Established Area .

While deferring projects can minimize the extent of future increases in the DC Account deficit, the deficit can only be reduced by adding development charge revenue to the account. Consequently, the City must strategically balance project deferrals with leveraging alternative funding sources (e.g. debt financing) to advance critical projects needed for growth. This will ensure that required infrastructure is in place so new neighbourhoods and developments can proceed and pay applicable development charges, ultimately helping to reduce the DC Account deficit.

Legal Impact

The Planning and Development Act, 2007 (Act) allows municipalities to establish development charges to fund costs required for growth. Related bylaws and policies must align with the Act.

The Development Levy Bylaw, 2011 (Bylaw) contains the Policy (Schedule A of Bylaw) and outlines the current DC Rates in effect (Schedule B of Bylaw). Changes to the Policy or DC Rates require City Council approval through an amending bylaw. For clarity, all policy-based amendments needed to enact the recommendations outlined in this report are summarized in Appendix E. Any amendments must meet the public notice requirements from *The Public Notice Bylaw, 2020*.

Policy Impact

The City's growth-related policies and procedures are rooted in the "growth pays for growth" policy from the OCP. In practice, the policy generally holds for direct growth costs (e.g. local roads) within new neighbourhoods and developments, as developers are responsible for these costs under servicing or development agreements. However, the DC Review has confirmed shortcomings in the implementation of this policy in funding offsite growth costs[3] through past DC Rates, contributing to the current deficit in the DC Account.

The City's recent Population, Housing, and Employment Forecast and Land Needs Study (Growth Study) provides insight into a component of population growth that the "growth pays for growth" policy does not account for. According to this data, the city's population is increasing at a rate similar to what was projected in the 2013 growth forecast, which informed the OCP and previous DC Rate calculations. However, this population growth has not translated into the expected number of new neighbourhoods and dwelling units projected by the 2013 forecast. This suggests a greater portion of the new population appears to be opting to initially reside in denser household sizes (e.g. multi-generational or multi-family households) than anticipated.

[3] Offsite growth costs are those that provide a broader benefit to growth in multiple areas of the city, with a project's benefit extending beyond the boundaries of a single neighbourhood or development. For example, upgrades to a water treatment plant provide capacity for new growth citywide, as opposed to local water lines (i.e. direct growth cost) that serve individual lots in a new neighbourhood.

Unlike new greenfield development, the current Model lacks a mechanism to apply development charges to population growth resulting from denser household sizes within existing housing stock. This presents a further gap in the “growth pays for growth” policy approach. It will be crucial to monitor whether this represents a long-term trend or if it will shift as new residents become established in the city and have the desire and financial capability to live in smaller household sizes through new home purchases or rentals.

The OCP’s “growth pays for growth” policy will be updated as part of the ongoing OCP Growth Plan Review project. These updates are expected to make the policy more robust by considering the abovementioned factors and addressing related elements like cost recovery, competitiveness, affordability, transparency and shifts in the marketplace and overall socioeconomic climate.

Strategic Priority Impact

The recommendations in this report align with the City’s strategic priority of Economic Prosperity, specifically the strategy of “build infrastructure for long-term economic growth”, as they impact the City’s ability to finance the infrastructure needed for greenfield, intensification and industrial growth. Such growth typically yields broader economic benefits for the community, such as new jobs, added tax revenue, raised property values and expanded amenities and services.

Additionally, the DC Review has led to several administrative improvements to the Policy and related procedures, addressing deficiencies in the City’s past approaches. These refinements are consistent with the City’s strategic priority of Operational Excellence, particularly the strategies to “make decisions based on data and strategic alignment” and “achieve long-term financial sustainability.”

Environmental Impact

To achieve the intensification targets outlined in the OCP and Energy & Sustainability Framework, growth-related projects necessary to facilitate intensification opportunities must have a stable funding source. This will help ensure that projects (e.g. upsizing of major sanitary mains) are funded and completed within a reasonable timeframe, providing certainty to developers that City infrastructure has adequate capacity to accommodate new development. Providing this certainly helps facilitate and realize the benefits of intensification, including reduced travel distances, the promotion of active transportation, the creation of a more compact city and optimized land and services utilization.

Indigenous Impact

The City is committed to active, respectful and ongoing participation in shared processes with Indigenous peoples and communities. The City is prioritizing building and developing mutually beneficial relationships through ongoing dialogue, collaboration, communication and engagement. It is recognized that there is an ongoing need to reflect and implement an Indigenous worldview into

everyday work through practices, policies and procedures. With respect to this report, Administration recognizes that the Indigenous worldview is missing in many aspects and is working to address this gap in future projects and initiatives, such as the ongoing OCP Growth Plan Review.

There are no labour or community well-being impacts respecting this report.

OTHER OPTIONS

OPTION 1 – RECOMMENDED

Approve the DC Rate and Policy amendment recommendations outlined in this report.

- **Advantages:** Overall, this report's recommendations aim to facilitate citywide growth by ensuring the infrastructure needed to enable growth is funded and in place, while also improving the financial sustainability of the Model. The Policy recommendations are intended to simultaneously reduce the DC Account deficit over time, provide a stable funding source for the projects needed to support intensification and improve the accuracy of DC Rate calculations. The recommended DC Rate and exploration of a Municipal Front-Ending Agreement for wastewater lift stations are intended to advance new greenfield neighbourhoods and housing while ensuring that the DC Rate applied to new development remains competitive and reflects the capital impact of greenfield growth.
- **Considerations:** Implementing dedicated mill and utility rate increases will impact affordability for current and future residents, necessitating City spending prioritization and trade-offs with non-growth-related initiatives and programs.

OPTION 2 – NOT RECOMMENDED

Accept all recommendations outlined in this report, except for the recommended DC Rate of $373,000 per hectare; and instead, maintain (or 'freeze') the current DC Rate of $319,000.

- **Advantages:** Freezing the current DC Rate may make investment in greenfield growth more financially viable for developers and expedite new greenfield neighbourhoods and housing development.
- **Considerations:** Freezing the DC Rate amidst recent infrastructure cost escalation would require the removal of growth-related projects from the Model and DC Rate calculation. This would result in delays in the delivery of growth-related infrastructure projects, potentially impeding new citywide growth due to inadequate infrastructure capacity and leading to level of service failures, adversely impacting current residents and businesses.

  Dedicated mill and utility rate increases would be needed if the City advanced all growth-related projects as planned to mitigate the impacts described above and maintain the current DC Rate. To illustrate, the calculated DC Rate can be lowered by $6,200 per hectare through the removal of approximately $10 million in project costs from the Model and DC Rate calculation, which would require a corresponding one-time mill rate increase of 0.17 per cent

or a utility rate increase of 0.39 per cent. Any dedicated mill or utility rate increases to cover project costs removed from the Model would be in addition to those outlined in the “Financial Impact” section of the report. Additional mill or utility rate pressure resulting from this approach might ultimately discourage growth due to higher taxation levels compared to other jurisdictions, in addition to other potential consequences inherent with decreasing affordability for existing residents.

OPTION 3 – NOT RECOMMENDED

Accept all recommendations outlined in this report, except for the recommended DC Rate of $373,000; and instead, set the calculated DC Rate of $404,300 per hectare.

- **Advantages:** This option presents similar advantages to Option 1 described above. Under this option, greenfield growth would be subject to a higher DC Rate meaning the City would receive more development charge revenue from new greenfield neighbourhoods and developments that proceed. Of course, this is based on the premise that the same level of greenfield growth will occur irrespective of the rate in effect.
- **Considerations:** The additional $30,400 per hectare that developers would have to pay under the calculated DC Rate may lessen the amount of new greenfield neighbourhoods and developments that proceed and pay development charges. The degree of impact that the additional $30,400 per hectare has on new greenfield growth is challenging to substantiate, as many factors besides DC Rates, such as current economic and market conditions, will influence a city's development activity level.

OPTION 4 – NOT RECOMMENDED

Accept all recommendations outlined in this report, except for the recommendation to implement dedicated mill and utility rate increases to fund the Established (or ‘intensification’) Area share of growth-related projects and the Policy’s DC Rate reduction for industrial zoned-greenfield development.

- **Advantages:** Dedicated mill and utility rate increases would no longer be required, which may be perceived as advantageous from a property tax and utility rate perspective.
- **Considerations:**
  Industrial DC Rate Reduction
  This option would render the Policy’s industrial DC Rate reduction without a funding source, negatively impacting the DC Account deficit each time a reduction is applied. To avoid this, the industrial DC Rate reduction could be repealed from Policy, meaning greenfield industrial development would be subject to full DC Rates.

  The industrial DC Rate reduction may be viewed as an incentive for industrial development. Removal of the reduction could potentially diminish Regina’s competitive advantage over other jurisdictions in attracting industrial investment and businesses. Such a shift may also contradict the City’s strategic priority of Economic Prosperity and its strategy to “promote

Regina as a leading destination for visitors, talent, businesses and investments." Due to these factors, engagement with industrial development stakeholders would be recommended before repealing the reduction to understand the impacts fully.

Established Area Projects and Costs

Under this option, the City could either continue applying the current tax lift method intended to fund these costs or explore re-introducing an intensification levy. As discussed in this report, up to this point, the tax lift method has been unsuccessful in supporting the capital costs required to support intensification opportunities. Continued application of the tax lift funding method would be expected to negatively impact the current DC Account deficit, putting pressure on the overall City debt limit.

Reintroducing the intensification levy would impose an added cost on new development in established areas of the city, potentially hindering the City's ongoing efforts to stimulate intensification and revitalization. As such, if the City wanted to explore this option, it is recommended that new intensification levy rates be calculated and fully vetted with stakeholders before Council consideration.

COMMUNICATIONS & ENGAGEMENT

Since the start of the DC Review, development industry stakeholders have actively participated in all project phases, from initial pre-planning to finalizing recommendations. A collaborative approach was undertaken to engage stakeholders in problem-solving, refining the Model Project List and discussing DC Rate calculation options. This was intended to ensure stakeholders had an open platform for exchanging ideas, asking questions and exploring various policy scenarios and alternatives. Administration integrated feedback and suggestions from stakeholders into the Policy recommendations and Model Project List wherever possible.

Four formal large group stakeholder consultation sessions took place during the DC Review, as detailed in Appendix F. These are in addition to numerous phone calls and emails with stakeholders, as well as 35 less formal individual or small group stakeholder meetings to brainstorm ideas, answer questions and gain perspective.

Approximately 14 virtual meetings and phone calls occurred with staff and developers from different jurisdictions in Western Canada to understand various development charge and growth-related infrastructure financing approaches. Conversations with the cities of Calgary and Saskatoon were particularly helpful, as both municipalities were in the midst of similar policy review projects.

An important component of the DC Review involved educating and building awareness with development industry stakeholders and the public on the concept of development charges. This

entailed the launch of a dedicated development charges webpage providing background information, details about the DC Review, relevant reports and a dedicated email address for submitting questions and requesting further information. Since the launch of the webpage in March 2023, there have been approximately 1,000 views or 'hits'.

DISCUSSION

Development Charges Policy and Model Review

The DC Review was initiated to address Model and related concerns through the following objectives:

1. Improve the Model's self-sufficiency to fund projects required to support growth.
2. Modify assumptions and variables leveraged by the Model.
3. Adjust the timing and need of growth costs funded by the Model based on the current and forecasted pace of city growth.
4. Explore different options for applying development charges across the city.

The DC Review included three key tasks, detailed in the sections below. A Consultant Policy Recommendation Memo was completed, providing recommendations intended to improve the Policy, its associated procedures and the Model's financial sustainability (Objectives #1 and #2 above). Next, informed by the memo, the Model Project List was modified (Objective #3) and used to develop Model and DC Rate options (Objective # 4).

Consultant Policy Recommendations

The Consultant Policy Recommendation Memo (Appendix B) described above was developed based on the consulting team's review of the Policy and related procedures. The memo was refined through an iterative process with feedback from stakeholders informing the final version and recommendations. Most of these recommendations are intended to enhance implementation procedures, improve clarity and increase transparency. Appendix G provides a summary of each Policy recommendation, as well as feedback from stakeholders and Administration.

Modifications to the Model Project List

In collaboration with Administration, the consulting team modified the Model Project List to inform DC Rate approaches and address deficiencies identified in *CR22-133 Development Charges Rate Review*, such as the misapplication of inflation and incorrect Model assumptions (e.g., developable hectares). This process involved verifying and adjusting projects and costs to align with the most recent and relevant engineering study, report or estimate. Next, the eligibility of cost and projects was reviewed based on the Policy and legislation. Lastly, inflation was applied to update all costs to current-year dollars and an interest rate was applied to account for debt and borrowing where applicable.

After making the modifications described above, further refinements were made to the Model Project List based on stakeholder suggestions, additional analysis from Administration and observations from the consulting team (Appendix H), resulting in the Model Project List attached as Appendix I. Going forward, future studies and plan updates will inform subsequent updates to the Model Project List to ensure it accurately depicts the growth-related projects required to support the City's long-term growth aspirations.

Recommended Development Charge Rate Approach

As part of the process to develop a recommended DC Rate, approaches used by other jurisdictions were explored in-depth through policy analysis and discussion with staff and stakeholders to understand the intricacies of different approaches. To supplement this research, the consulting team completed a Development Charge Fiscal Impact Analysis Memo to compare how an area-specific[4] approach would function in the Regina context compared to the current citywide uniform approach.

Both DC Rate approaches (Appendix D, page 9) were vetted with development industry stakeholders. Stakeholders generally felt that the presented area-specific approach required further refinement to allocate the benefit of certain utility projects to each growth area more precisely. Stakeholders acknowledged the complexity of attaining this level of precision and agreed to collaborate with the Administration in the future to determine a suitable methodology for assigning a project's benefit to growth areas.

Recommended Development Charge Rate

While there was general agreement that the City maintain the current uniform citywide approach, some stakeholders did express concerns that any DC Rate over $400,000 per hectare would make advancing new greenfield neighbourhoods challenging. Stakeholders expressed that such a rate is significant for a market that has not experienced sufficient price appreciation to offset a DC Rate increase of this magnitude.

Interest costs on debt-financed projects is a major factor influencing the calculated DC Rate. Due to the current deficit in the DC Account, major projects earmarked to be funded through development charges will need to be debt-financed for the foreseeable future. Each time a project is debt-financed, the associated interest costs are incorporated into the project's overall cost in the Model Project List, which puts upward pressure on the calculated DC Rate. For instance, the Water Network Expansion Project's (formerly known as the Eastern Pressure Solution) (WNE) cost was recently increased to reflect anticipated interest costs associated with debt-financing the remaining capital cost. This increased the calculated DC Rate by $30,400, which based on feedback from

[4] An "area-specific" approach involves dividing the city into individual growth areas that have their own unique DC Rate based on developable hectares and the total value of growth-related costs benefiting the area.

stakeholders regarding DC Rate sensitivity, may impact the ability of developers to advance new greenfield neighbourhoods.

In acknowledgement of the impact interest costs have on the DC Rate, it is recommended that WNE interest costs be removed from the DC Rate calculation and that the City set a revised citywide DC Rate of $373,000 per hectare. Due to the DC Account deficit, the City will require a dedicated mill rate increase to cover principal and interest payments for the WNE regardless of whether Council approves the calculated citywide DC Rate of $403,400 per hectare or the revised rate. The primary impact of setting the revised rate is that only the capital cost of the WNE may be drawn from the DC Account in the future to replenish alternative funding sources leveraged to fund the project because of the current account deficit. Of course, this depends on the DC Account being in a healthier position, which will require development charge revenue from new greenfield growth to reduce the current deficit over time.

It should be noted that similar considerations are expected to be required for upcoming major growth-related projects, such as the wastewater treatment plant upgrade, that also are expected to be debt-financed and carry large interest costs. As these situations occur, it is recommended that the City evaluate whether to include debt-financing interest costs in future DC Rate calculations on a case-by-case basis, taking into consideration the availability of funds in the DC Account and the City's broader financial position.

Phase-in of Recommended Development Charge Rate

The recommended DC Rate will be effective starting in 2025 and will be indexed for 2026 using Statistics Canada's Building Construction Price Index (non-residential). This phased implementation strategy is intended to allow for market adaptation and align with the timeline for the multi-year budget cycle. Accordingly, the process to establish a DC Rate for 2027 will begin in early 2026 alongside the initiation of the 2027-2028 Multi-Year Budget process.

Localized Wastewater Lift Stations

A key theme from the last stakeholder consultation session (Appendix F) was a desire for the City to finance (or 'upfront') the cost of developer-funded lift stations to expedite new greenfield neighbourhoods and housing. Stakeholders emphasized that lift stations can provide cash flow challenges for developers of new neighbourhoods as they must be funded and constructed in the early stages of the development process, with full cost recovery only occurring after all phases of the neighbourhood are built out.

Before the implementation of the current Model in 2016 (*CM15-14 Servicing Agreement Fee (SAF) and Development Levy (DL) Policy Review and Final Phasing and Financing Project* (CM15-14)), lift stations were included in the Model and DC Rate calculations. However, as highlighted in CM15-14, the City shifted away from this policy choice due to the deficit in the DC Account and the need to

prioritize spending on major growth-related infrastructure necessary for citywide growth. The current deficit in the DC Account is greater than in 2016, which would make reverting to this approach problematic as the same spending prioritization and budgetary trade-offs that occurred before 2016 would be required, potentially impacting the City's ability to finance and deliver lift stations in a timely manner.

As opposed to adding lift stations to the Model and DC Rate calculations, it is recommended that the City explore a Municipal Front-Ending Policy[5] for lift stations. This would involve Administration working with applicable developers to establish financing and conditions for a pilot Municipal Front-Ending Agreement. If approved, this Agreement could serve as the foundation for a permanent policy to ensure consistent and fair application for future neighbourhoods. This approach could prove mutually beneficial for developers and the City alike. Eliminating a financial barrier for developers may accelerate the development of new neighbourhoods and housing, ultimately leading to increased development charge revenue to help address the DC Account deficit.

Housekeeping Policy Amendment

In June 2023 (*CR23-79 Servicing Agreement Fees Exemption – Railway* (CR23-79)), City Council approved the exemption of the development charge for the subdivision of land intended to function as a rail corridor serving the proposed Viterra Canola Crush Facility and eventually becoming a Canadian Pacific Railway (CPR) Main Line as part of the City's rail relocation project. City Council approval to waive the development charge was required because a "rail corridor" is not listed as a development charge-exempt land use in the Policy. As indicated in CR23-79, an analysis of the implications of adding rail corridors to the list of development charge-exempt land uses was included in the scope of the DC Review.

Jurisdictional research (Appendix J) was undertaken to determine best practices related to the treatment of rail corridors in policies across Canada. Of the 15 municipalities reviewed, the majority either provide an outright exemption or have flexibility under their policy to provide one. Additionally, many municipalities with such exemptions exclude the land area (i.e. hectares) associated with rail corridors from their DC Rate calculations. This ensures that only lands benefiting from growth-related infrastructure and subject to development charges are included in the calculation.

Similar to the Policy's current development charge-exempt land uses, rail corridors do not benefit or impact the growth-related infrastructure development charges are intended to fund. Based on this rationale and the jurisdictional research, it is recommended that rail corridors be included as a

[5]A Municipal Front-Ending Policy allows a municipality to enter into an agreement with a developer to finance (or 'upfront') the cost of localized growth-related infrastructure a developer of a new neighbourhood would normally be responsible to fund directly. Under such agreements, developers repay the cost of the infrastructure incrementally as a new neighbourhood or growth area is built-out, subject to applicable terms and conditions.

development charge-exempt land use in the Policy. For clarity, this recommendation only applies to land subdivided exclusively for rail corridors and does not apply to industrial subdivisions containing internal rail loops used as part of an industrial land use or development.

Next Steps

The DC Review has provided valuable insights, enabling the City to initiate a review and update of the OCP Growth Plan. Of particular significance is the Growth Study conducted in conjunction with the DC Review, which projects population, housing, employment growth and land needs to the year 2051. These projections will play a pivotal role in updating the Growth Plan, which, once updated, will serve as the foundation for updated infrastructure master plans and related studies. In turn, these will provide information regarding the projects and costs needed to facilitate growth up to the 2051 horizon from the Growth Study. Subsequently, the Model can be updated to include the costs identified in the master plans over a 2051 growth horizon.

As the Growth Plan and infrastructure master plans updates are being completed, Administration will continue ongoing discussion and collaboration with development industry stakeholders to refine the area-specific DC Rate approach mentioned earlier. This work will draw upon data from ongoing and planned infrastructure servicing studies, reports and updated infrastructure modelling. Specifically, this data is expected to help determine an agreed upon methodology for allocating an infrastructure project's benefit to various greenfield and intensification growth areas and the existing city (i.e. non-growth). Once this methodology is finalized, updated area-specific DC Rate calculations will be produced and thoroughly vetted with stakeholders as part of a future DC rate-setting process. This process is planned to occur concurrently with the modifications to the Model that will be required after the Growth Plan and master plan updates.

DECISION HISTORY & AUTHORITY

In December 2015, City Council approved *CM15-14 Servicing Agreement Fee (SAF) and Development Levy (DL) Policy Review and Final Phasing and Financing Project* detailing changes to development charges-related policy based on a comprehensive review completed by Administration in collaboration with a consultant based on the recently adopted OCP. Following this approval, the current Model has been applied in subsequent years to calculate DC Rates.

In November 2017, City Council approved *CR17-121 Industrial development Servicing Agreement Fee/Development Levy Policy* (CR17-121) discounting industrial-zoned greenfield development by two-thirds of the residential and commercial rates based on an industrial incentive.

In June 2018, City Council approved *CR18-55 Executive Committee: Policy Amendment to Charge for Intensification* implementing an Intensification Levy on intensified development in the Established Area effective October 1, 2019. In November 2021, City Council approved *CR21-161 Intensification*

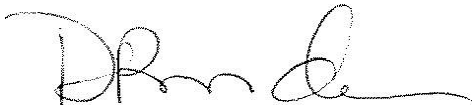
Levy Referral Report to eliminate the intensification levy and establish an Intensification Infrastructure Reserve to fund growth costs required to support intensification opportunities in the Established Area, with the reserve being funded through 'tax lift' from new intensified development within the Established Area.

In December 2022, City Council approved *CR22-133 Development Charges Rate Review* implementing an interim DC Rate of $319,000 ($106,000 for industrial-zoned greenfield) and initiating the DC Review to address identified concerns.

Respectfully Submitted,

Luke Grazier, Manager
City Projects

Respectfully Submitted,



Deborah Bryden, Deputy City Manager
City Planning & Community Services

Prepared by: Luke Grazier, Manager, City Projects

ATTACHMENTS

Appendix A - Development Charges Policy Background
Appendix B - Consultant Policy Recommendation Memo
Appendix C - Greenfield Area and Established Area Map
Appendix D - Development Charge Fiscal Impact Analysis
Appendix E - Summary of Recommended Policy Amendments
Appendix F - Stakeholder Consultation Summary
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Appendix I - Model Project List
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Appendix A - Development Charges Policy Background

Introduction

The Development Charges Policy (Policy) is a tool to help pay for new infrastructure and services required to support growth, like treatment plants, major roads, parks and recreational facilities. The Policy supports growth by managing and investing development charges and other funds into infrastructure for current and future residents. The Policy is based on legislation from *The Planning and Development Act, 2007* (Act) and supports growth in the city by collecting development charges which include servicing agreement fees and development levies[1].

The Policy assigns responsibility to developers for direct growth costs internal to new subdivisions and developments. While development charges are used to fund major infrastructure investments in citywide systems, or offsite growth costs, required due to growth or in preparation for growth.

> **Direct Growth Cost vs Offsite Growth Cost Example:** *Under the Policy, a developer is responsible for building a local road within a new neighbourhood (i.e. direct growth cost). The development charge paid by the developer of this new neighbourhood contributes to broader (or 'offsite') growth-related costs like a wastewater treatment plant expansion project as future residents and businesses in the new neighbourhood will impact the need for the project.*

The Policy outlines a structured process for calculating development charge rates. The process involves making updates to the Development Charges Financial Cash Flow Model (Model) Project List[2] based on cost estimates, master plans, studies, recent tender information and project designs. Additionally, periodic updates are made to the Administration Fee List which accounts for City Administration's time spent on growth-related tasks and initiatives (e.g. subdivision inspections). Both lists play a role in determining development charge rates and are vetted with development industry stakeholders before being finalized and presented to City Council for approval.

Model

The Model is a sophisticated Excel spreadsheet designed to adhere to operational and procedural guidelines outlined in the Policy. It functions as a dynamic tool for cashflow management, revenue projection, debt estimation and development charge rate calculations.

Funding Splits

Projects in the Model Project List have their funding splits determined per guidelines outlined in the Policy. Costs may either be 100 per cent funded through the Model where

[1] Servicing agreement fees are applied when new greenfield land is subdivided, while development levies are applied when new greenfield land is developed, but no subdivision occurs.
[2] List of growth-related costs and projects funded through development charges and included in the Development Charges Financial Cash Flow Model.

the project benefits new growth only, or partially funded through the Model and City contributions where there is a shared benefit between new growth and the existing city. Projects wholly or partially funded through the Model may have the Model (or 'growth') portion either:

1. Wholly funded through greenfield development charges where the cost benefits new growth in the Greenfield Area[3] only;
2. Wholly funded through tax lift[4] from intensified development[5] within the Established Area where the cost benefits new growth and intensification opportunities in the Established Area only; or
3. Partially funded through greenfield development charges and tax lift from intensified development in the Established Area where the cost benefits new growth in the Greenfield Area and Established Area.

See Schedule A of this document for an illustration of the funding split described above.

Growth-Related Projects and Costs Included in the Model

Per the Act, development charges can help fund:

- New, expanded or upgraded infrastructure and services;
- Paying down debt for past growth works (e.g. water network expansion); and
- Administrative expenses and technical studies or plans.

The Model Project List covers the following infrastructure classes:

- Water (e.g. water treatment plant);
- Wastewater (e.g. new major sanitary trunk);
- Parks & Recreation (e.g. new zone level park);
- Transportation (e.g. interchange required after growth occurs); and
- Administration (e.g. staff responsible for administering development charges).

The total value of the Established Area (or 'intensification') portion of these projects is intended to be funded through tax lift. The total value of the Greenfield Area portion of projects is divided by the total unsubdivided developable greenfield hectares of new neighbourhoods and employment areas identified in *Design Regina: The Official Community Plan* to calculate a development charge rate, such as the current rate in effect shown on the next page.

[3] The Greenfield Area and Established Area are defined in the Development Charges Policy. The Established Area refers to the existing built-up area of Regina as of 2013 when *Design Regina: The Official Community Plan* was approved. The Greenfield Area includes all areas on the periphery of the city outside the Established Area (or 'intensification') boundary.

[4] The term 'tax lift' refers to the difference in municipal tax on a property before new development occurs and the tax after new development is completed.

[5] The terms 'intensified development' and 'intensification' may be used interchangeably and are defined in *Design Regina: The Official Community Plan* as: "construction of new buildings or addition to existing buildings on serviced land within existing built areas through practices of building conversion, infill or redevelopment."

	Current Per Hectare Greenfield Rates	
	Residential & Commercial	*Industrial-zoned*
Transportation	$134,000	$44,500
Water	$99,000	$33,000
Wastewater	$45,000	$15,000
Drainage[6]	-	-
Parks & Recreation	$14,000	$4,500
Administration	$27,000	$9,000
Total	**$319,000**	**$106,000**

Development Charge Reduction for Industrial-Zoned Greenfield

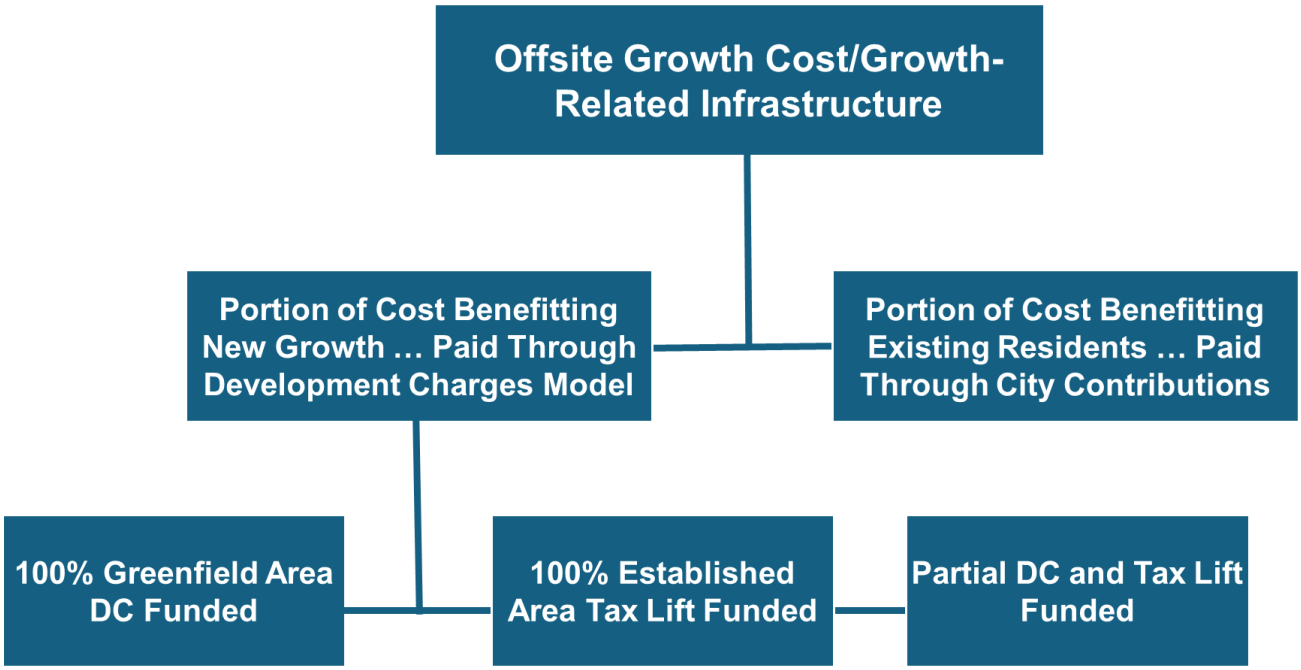
Section 7.A.3 of the Policy reduces the development charge for industrial-zoned greenfield development by two-thirds the development charge rate applied to residential and commercial development. The reduction was added to the Policy in 2017 (*CR17-121 Industrial development Servicing Agreement Fee/Development Levy Policy*) to remove a barrier to new industrial development and in response to analysis indicating industrial development generally puts a lower demand on City services on a land-area basis than residential or commercial.

Council Approved Development Charge Exemptions

The Policy grants City Council the discretion to exempt the development charge for subdivisions and developments that would otherwise be required to pay a charge. Development charge exemptions are approved on a case-by-case basis. Recent examples of exempt subdivisions include the Harbour Landing school site (*CR23-32 Harbour Landing School Land Purchase*) and the land subdivided for a future rail corridor in the Somerset Concept Plan Area (CR23-79 Servicing Agreement Fees Exemption - Railway), resulting in total exemptions of approximately $2.64 million.

[6] Drainage-related infrastructure is eligible to be funded through development charges under the Act; however, the City does not currently include drainage infrastructure within the Model Project List and development charge (DC) rate calculation.

Schedule A – Funding Split Illustration



Memorandum

To	Luke Grazier
From	Gary Scandlan and Daryl Abbs
Date	September 11, 2023
Re:	Development Charges Policy Review and Recommendations

Fax ☐ Courier ☐ Mail ☐ Email ☒

1. Introduction

Municipalities across Canada are increasingly faced with the challenge of funding the required infrastructure to accommodate growth and development, while keeping rates low. Development Charges are used by municipalities across Canada to allow growth to pay for growth, while reducing the impacts on taxes and user rates.

The City of Regina currently imposes Development Levies and Servicing Agreement Fees (referred to as Development Charges) on new development to recover the capital costs associated with growth. As part of the City's Development Charges Policy (Policy Number 2021-OCC-P0002), a policy review is to be undertaken at least once every five (5) years.

The City has retained the consulting team of Watson & Associates Economists Ltd. (Watson) and Stantec Consulting to undertake a review of the City's Development Charges Financial Cashflow Model (Model), capital project list, and relevant sections of the Development Charges Policy.

This memorandum provides Watson's review of the City's Development Charge Policy (herein referred to as "the Policy") along with recommended revisions for City staff and Council's consideration.

2. Legislative Framework

The *Planning and Development Act, 2007* (the Act) provides municipalities in Saskatchewan with the rules and regulations around various municipal planning matters (e.g. authorities, Official Community Plans, interim development control, etc.). Part VIII of the Act sets out the rules for Development Levies (DLs) and Servicing Agreement Fees (SAFs). SAFs relate to capital charges imposed on subdivisions and DLs relate to capital charges imposed on all other development.

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S.172 (3)(a) sets out that a Servicing Agreement may provide for certain works to be constructed by the developer:

> *Servicing agreements may provide for:*
>
> *the undertaking by the applicant to install or construct within the proposed subdivision, and in accordance with the specifications stated in the agreement, any storm sewers, sanitary sewers, drains, watermains and laterals, hydrants, sidewalks, boulevards, curbs, gutters, street lights, graded, gravelled or paved streets and lanes, connections to existing services, area grading and levelling of land, street name plates, connecting and boundary streets, landscaping of parks and boulevards, public recreation facilities or other works that the council may require*

As such, this sets out what works are the developer's responsibility. All other capital costs required to service new development in the City would be collected through SAFs (S.172(3)(b)) or DLs (S.169).

SAFs do not require a by-law to be implemented, however, DLs require the implementation of a Development Levy By-law (S.169(1)).

Section 169(2.1) provides that "if the subdivision of land is involved, development levies must not be used as a substitute for SAFs.

The services that can be included in SAFs and DLs are set out in section 169(2) for DLs and section 172(3)(b) for SAFs. These services are as follows:

- Sewage, water, or drainage works;
- Roadways and related infrastructure;
- Parks; and
- Recreational facilities.

For the services above, the eligible capital costs that can be included in the calculation of the charges is set out in S.168 of the Act. The municipality's estimated cost of providing construction, planning, engineering, and legal services are eligible for funding by SAFs and DLs.

In developing the charges for SAFs and DLs, the Act requires municipalities to identify the nexus between the anticipated development and the additional capital costs incurred as a result (S.169(3)).

Section 169(5) provides that municipalities have the ability to vary the DLs by Zoning districts or other defined areas, land uses, capital costs as they relate to different classes of development, or the size or number of lots or units in a development. This gives municipalities the ability to allocate and impose charges in a number of different ways.

Public consultation is required in the adoption of a DL by-law. This must be done in accordance with the Public Participation provisions set out in Part X of the Act. Once a by-law is passed by Council, it must be approved by the Minister. (s.170).

Municipalities may enter into DL agreements (s.171) and Servicing Agreements (s.172) which set out the DLs and SAFs to be paid, as well as the works that are the responsibility of the developer.

Section 173 of the Act provides that Development Levy Agreements and Servicing Agreements may provide that DLs or SAFs are provided in instalments, may apply a variable rate for different phases of a development, provide for security against works constructed, and allow for developers to oversize the capital works and receive recoveries from other developments.

Section 174 provides that DLs and SAFs collected must be deposited into one (1) or more accounts, separate from the other funds in the municipality. These funds may only be used for eligible capital costs to the extent they are required to service growth and development.

3. Overview of Development Charges Policy Number 2021-OCC-P002

The following provides an outline and summary of the current Policy along with the information included in each section.

- **Sections 1 to 3**: **Policy Statement, Purpose, and Scope** – These sections set out the City's intent to use SAFs and DLs (collectively referred to as Development Charges), to support growth and development in the City by investing in infrastructure. The City will collect Development Charges, manage the funds, and invest in infrastructure required to accommodate growth.
- **Section 4**: **Definitions** – The Policy includes various definitions to aid in the interpretation of the Policy and application of Development Charges in the City.
- **Section 5**: **Legislative Authority** – This section summarizes, at a high-level, the authority provided by the *Planning and Development Act, 2007*, the financial policies in the Official Community Plan, and the incorporation of the Policy into the Development Levy Bylaw.
- **Section 6: General Policy** – The General Policy section identifies the delegated authority to prepare, enter into, and administer the SAF and DL agreements as well as to determine the capital projects to be included in the Development Charges calculations. This section further describes the difference between SAFs and DLs.
- **Section 7: Greenfield Area Policy**
    - **Section 7A: Greenfield Area Development Charges** – This section identifies the lands subject to the charges, timing of payment, calculation of the charges and other matters as provided in the table below:

Section 7A Policy Items	Summary
Applicable Lands	• All lands, unless otherwise exempt
Timing of Determination	• DLs – date of application of development permit • SAFs – date the City confirms formal submission application requirements • If a Development Levy or Servicing Agreement expires and the development has not completed, new fees will be assessed
Calculation Approach	• The charges are imposed on a per hectare of net developable area as follows: • Net Development Area X Approved Rate (per service) = Total Development Charges Payable
Credits	• If Development Charges are paid but no development occurs, the Developer will receive a credit in the applicable units to be registered on the affected property title
Inclusion of Administrative Costs	• As allowable under the applicable legislation, administration costs are included in the calculations and calculated as follows: • Gross Development Area X Approved Administration Fee = Total Administration Fee Charges Payable
Exemptions	• Environmental reserves, dedicated lands for road right of way and designated for freeways, expressways, and grade separations, natural lakes or rivers, lands previously subject to SAFs where no development occurred, unless the City will incur additional capital costs as a result of proposed development, Municipal Utility lands, Municipal Buffer lands, Public Work development that does not include a building or structure intended for occupancy or habitation, and development within the Tower Crossing Plan Area (subject to separate DCs).
Deferrals	• Where development is not required to connect to water and/or wastewater at the time of development, DCs deferred until connection. No deferral for other services (i.e. transportation, parks and recreation, or administration). • The deferral shall be registered as an interest against the title of the lands.
Reductions for Industrial Land	• 2/3 reduction of applicable Development Charges provided that any application to rezone the lands at a later date would be subject to the payment of the reduction. • The reduction shall be registered as an interest against the title of the lands.

Tower Crossing Plan Area DCs	• Area-specific Development Charges for the Tower Crossing Plan Area for sanitary sewer works.
	• These charges are imposed on all development in this area:
	  ○ Established Area within: Tower Crossing charges only
	  ○ Greenfield Area within: Tower Crossing charges plus City-wide Greenfield charges

- **Section 7: Greenfield Area Policy**
    - **Section 7B: Greenfield Area Agreements** – Lands in the City that are subject to DLs and SAFs may be required to enter into a Development Levy Agreement or a Servicing Agreement. This section identifies the application requirements, payment of charges, financial securities, and endeavour to assist provisions as provided in the following table:

Section 7B Policy Items	Summary
Application Requirements	• Before the issuance of a Servicing Agreement number, the developer must submit a secondary plan or concept plan, zoning approval, application for subdivision, an Engineering Submission, a Landscape Drawing Submission, and/or a formal written request to enter into an agreement. • The developer has 6 months from the date the Servicing Agreement number is signed to execute the agreement with the City, otherwise the associated Agreement is cancelled.

Payment of Development Charges	• SAFs are payable at the time of execution of the Servicing Agreement.
	• DLs are payable at the time of execution of the Development Levy Agreement.
	• The City will accept installment payments for Development Charges greater than $50,000. The installments are as follows:
	  ○ Servicing Agreement Infrastructure:
	  ▪ 30% upon execution of the Servicing Agreement;
	  ▪ 40% upon the earlier of the issuance of a Certificate of Completion for Infrastructure Work; or 12 months from the date of the Servicing Agreement;
	  ▪ 30% upon the earlier of the issuance of a Financial Acceptance Certificate for the Infrastructure Work; or 24 months from the date of the Servicing Agreement
	  ○ Servicing Agreement Parks and Recreation Facilities:
	  ▪ 50% upon the earlier the issuance of a Certificate of Completion for Landscaping Work or 18 months from the date of the Servicing Agreement;
	  ▪ 50% upon the issuance of Final Acceptance Certificate for the Landscaping Work or 24 months from the Servicing Agreement's date
	• Unpaid portions of Development Charges shall be secured by Letters of Credit.

Financial Assurances for Completion of Work	• All work required to be constructed by a Developer shall be secured by security in a form satisfactory to the City. • The amount of the security is based on a percentage share of the total construction costs, as determined by a professional licensed engineer. • The percentage of security required is based on past performance with the City:

Section 7B Policy Items	Summary
	○ 100% - previous major breach of terms and conditions of past agreement ○ 75% - no previous agreements with the City in the past 7 years ○ 50% - one (1) or more completed agreements in the last 7 years where all payments were made on time or references provided from another municipality whereby one (1) or more development agreements were completed in the past 7 years with all payments made on time. ○ 25% - two (2) or more completed agreements in the last 7 years where all payments were made on time or references provided from another municipality whereby two (2) or more development agreements were completed in the past 7 years with all payments made on time. • The categorization of a developer may be revised based on performance.
Endeavor to Assist	• Where a developer provides Excess Infrastructure Capacity for works not included in the SAF or DL calculations, the City may agree to include Endeavour to Assist provisions in development agreements with future benefitting lands. • The costs related to the Excess Infrastructure Capacity will be based on a proportionate land area of the benefiting lands unless indicated otherwise. • The Executive Director is authorized to determine the allocation of costs related to Excess Infrastructure Capacity. • Endeavour to Assist Payments shall be escalated at the City's indicative pricing rate plus two (2) per cent. • The maximum term for an Endeavour to Assist Agreement is 20 years, or when all payments are made, whichever comes first. The City is not liable for any payments, should the future benefitting lands not develop within the term of the agreement.

- **Section 8: Established Area Policy** – Development within the Established Area is exempt from Development Charges[1]. If development of lands within the Established Area results in intensification, the City shall annually transfer the incremental municipal tax revenue to the Intensification Infrastructure Reserve to fund the infill share of the Capital Projects as identified in the Capital Project List. Developers may still be required to enter into Servicing Agreements or Development Levy agreements for matters other than payment of Development Charges.
- **Section 9: Capital Projects** – Infrastructure servicing that a Developer must install or construct as per section 172(3)(a) of the *Planning and Development Act, 2007* are not included in the calculation of Development Charges. This section sets out what types of projects are eligible for Development Charges,

[1] The Established Area refers to the existing built-up area of Regina as of 2014 when the OCP was approved. See Appendix 1 for a map outlining the Established Area.

determination of the appropriate cost shares, and determination of cost estimates as summarized in the following table:

Section 9 Policy Items	Summary
Costs Eligible for Payment with Development Charges	• The project list included in the calculation of Development Charges is developed by City Administration based on technical studies and master plans and reviewed in consultation with development industry members. • Costs included are the majority of typical water, wastewater, drainage, and other utility services, roads and other related infrastructure, parks, and recreation facilities. • Infrastructure projects, studies, designs, and models not included in the project list are not funded by Development Charges unless determined by the Executive Director and subject to compliance with the Act. If they are required for one or more specific developments, they are funded 100% by the Developer. • Interim services shall be funded 100% by the developer.
Determining Cost Share	• Each project cost is allocated between the Greenfield and Established Areas. They may be allocated 100% to an area or shared between the areas based on the share of the project benefit. • The Executive Director is authorized to determine how Capital Projects are allocated based on the following criteria: ○ 100% Greenfield – projects that primarily facility development of the Greenfield Area ○ 100% Established Area – projects that primarily facilitate Intensification within the Established Area ○ Shared – Projects required to facilitate growth in general and provide City-wide benefit should be allocated based on their share of growth. Projects are considered to provide a City-wide benefit if they meet the following criteria: ▪ Serve the broader City population, including water or wastewater treatment plants; ▪ Studies or plans that consider the City as a whole; ▪ Transportation projects that add capacity and are within the area bound by the expressway portions of Lewvan / Pasqua and the Ring Road / 9th Avenue North or as determined by the Executive Director but not including projects 'on' the expressway portions of Ring Road or Lewvan Drive / Pasqua Street; or ▪ Parks and recreation projects that provide new municipal level services, servicing most areas of the City. ○ Calculation of the intensification share is as follows: ▪ Assumed Intensification Hectares = Greenfield Residential Hectares X (Intensification population/greenfield population). ▪ Intensification Share = Assumed Intensification Hectares/Total Hectares ▪ Greenfield Share = 1 – Intensification Share

Section 9 Policy Items	Summary

Estimate of Costs	• Project costs are estimated over a 25-year period
	• If an individual development requires a Capital Project in advance of the project being triggered or planned for by the City to accommodate overall growth, funding of the project either in whole or in part, including land acquisition, shall become 100 per cent funded by the Developer
	• Infrastructure Costs
	  ○ Determined by values expressed in studies or reports.
	  ○ Costs are inflated annually using the inflation rate determined in the Development Charges Financial Cashflow Model.
	  ○ Costs assume a 13.5% rate for consulting services when they are part of the project cost estimates.
	  ○ Grants are netted from the total project cost estimate if confirmed. If not known or confirmed, the total project cost estimate is included. If a project will not proceed without the grant, only the net project cost will be included.
	  ○ Alternative funding sources are removed from the total project costs, excluding Community Contributions.
	• Land Costs
	  ○ Land required for services that developers are required to construct are 100% funded by the Developer
	  ○ Land required for Capital Projects that directly or indirectly support the City's growth are included in the Development Charges calculations
	  ○ Land value shall be determined by a Professional Appraiser as defined by the Appraisal Institute of Canada

- **Section 10: Fund Management** – The City utilizes three (3) separate deferred revenue accounts; Utility (water, wastewater, and drainage), Roads, and Parks/Administration. The Administration costs are recognized annually based on confirmed actual expenditures. These accounts are kept separate from other funds. Interest is calculated annually based on the combined balance of the accounts. Interest from internal and external borrowing is also included in the calculation of the rate.
  - **Section 10A: Development Charges Financial Cash Flow Model** – This section outlines the policies and framework with respect to the financial model including inflation and interest rates, opening balances, revenue projections, expense projections, and the rate calculations as summarized in the following table:

Section 10A Policy Items	Summary
Overview	• The City uses a cashflow model to identify the most effective, efficient, and economical use of available cash.

Section 10A Policy Items	Summary

	• City prepares an annual report indicating the reconciliation of completed Capital Projects with the model.
	• Development Charges calculated are reviewed from time to time and presented to Council for approval. The review will include:
	  ○ consultation with development industry members;
	  ○ review of the current Servicing Agreement Fee balance and interest due;
	  ○ determination of pace of development to establish the Capital Projects list and developable area;
	  ○ the current population and population projections to calculate appropriate funding splits for new projects added to the list;
	  ○ review of greenfield development Capital Projects to calculate the greenfield rate;
	  ○ review of City-wide development Capital Projects to ensure cost estimates, capacity and timing are accurate to calculate both the greenfield rate and portion of Capital Projects funded through the Established Area Policy;
	  ○ review for alignment to Master Plans and OCP Growth Phasing;
	  ○ adjustment, addition, and removal of Capital Projects projected over the 25-year time horizon; and
	  ○ indexing for inflation

Inflation Rates and Interest Rates	• City determines the inflation rate that will be applied to project costs at least every two (2) years. If the City does not have the expertise to determine the inflation rate, an external consultant will be contracted. • This rate will also be used to index the Development Charges in years between reviews. • Interest rates for internal and external borrowing will be determined based on the City of Regina Debt Management Policy and interest costs will be incorporated into the rate.
Opening Balance	• Based on the year-end cash balance from the deferred revenue accounts. • If a regional partner has agreed to pay Development Charges, in whole or in part, the opening balance will reflect the anticipated revenue.
Revenue Projections	• The City shall establish 25-year revenue projections based on recent growth estimates, detailed growth studies, and growth policy. • Outstanding Development Charges to be collected are identified through a review of executed agreements.
Expense Projections	• The City shall establish 25-year expenditure projections based on the Capital Project List. Adjustments to the timing and Project List are to be based on updated studies, master plans, current year cost estimates, and timing required to allocate capital project funding based on the pace of growth. • The total costs allocated to Greenfield growth and Intensification growth should be quantified separately.
Rate Calculations	• Greenfield Rate Calculation

Section 10A Policy Items	Summary
	○ The rate is calculated by dividing the total Greenfield Costs by the Total Greenfield Hectares (remaining unsubdivided area). • Administration Rate Calculation ○ The annual rate is calculated by dividing the Total Administration Costs by the Estimated Annual Amount of Development. • Established Rate Calculation ○ As development in the Established Area is exempt from Development Charges, no rate is calculated and the share of expenditures applicable to the Established Area are to be funded by the City.

- **Sections 11 to 13**: **Policy Review, Reviews, and Amendments** – These sections set out the period for Policy reviews (at least every five years), when the reviews have been undertaken, and when amendments have been applied.
- **Section 14: Appendix A: Funding Criteria and Summary Charts** – This section sets out the funding criteria and cost sharing approaches between the funding sources (i.e. Developer funding, Development Charges, and City funding). Level of service improvements are not intended to be funded with Development Charges unless it is demonstrated that a project has been deferred and subsequently growth has deteriorated the current population level of service. Where projects do not have substantiated population actuals or estimates, the administration may utilize a placeholder of 30% Development Charge funding, 70% City funding until further details are known. Upgrades to existing Arterial Roads, Intersections and Traffic Signals shall deduct the rehabilitation cost from the gross cost if rehabilitation is warranted within three (3) years from the time the capacity increases are triggered to maintain a targeted level of service.

4. Best Practices in Development Charges Policy Matters

Most Provinces across Canada have some form of legislation providing for recovery of capital costs associated with growth. The legislation varies between Provinces, as does the name of the revenue tool (e.g. Development Charges, Offsite Levies, Development Levies, etc.), however, the principle of recovering growth-related capital costs is consistent across Canada. In this section of the report, all charges will be referred to as Development Charges for consistency.

In reviewing best practices with respect to Development Charges, a survey of best practices across Canada was conducted. Comparator municipalities were selected based on a combination of size, growth rate, and other similarities to Regina. The municipalities surveyed are as follows:

Table 4-1
Canada-wide Survey
Municipalities Surveyed

Province	Municipalities
British Columbia	• Vancouver
Alberta	• Calgary • Edmonton
Saskatchewan	• Saskatoon
Manitoba	• Brandon
Ontario	• Peel Region • Niagara Region • Toronto • Ottawa
New Brunswick	• Moncton
Nova Scotia	• Halifax

4.1 By-law Updates and Indexing

The City of Regina recalculates the charges annually. This includes a review of the anticipated growth as well as the capital project list to determine the updated charges to impose.

Almost all of the municipalities surveyed have specified time frames for updating their Development Charge by-law calculations. Note, in between these reviews, the calculated charges are indexed to keep the charges increasing with inflation. Calgary, Edmonton, and Halifax update every 5 years by Policy (not required through legislation). In Ontario, the legislative requirement to review the by-law calculations and undertake a study was previously 5 years, however, the Province recently changed the maximum life of a by-law to 10 years. Moncton, Brandon, and Vancouver do not have any specific requirements, however, seek to review the calculated charges when significant changes in capital costs are identified. Saskatoon does not currently have a formal bylaw or policy; however, they are in the currently undertaking a process to compile their internal policies and procedures to create an official policy.

With respect to indexing of the charges in the by-laws, all municipalities surveyed include some form of indexing, with most utilizing the Statistics Canada Building Construction Price Index. All index annually, with only Regina indexing every two (2) years. Saskatoon reviews and updates their costs based on planned tenders. Increases in costs are verified against Statistics Canada Industry Price Indexes for the previous year.

The following table provides a summary of the above information.

Table 4-2
Canada-wide Survey
Summary of By-law Updates and Indexing

Canada-wide	Mandatory By-law Expiry/Review	Frequency of Update	Annual Indexing
Regina, SK	No	Calculations - Annually Policy Review - Every 5 years	Inflationary adjustment (every 2 years)
Saskatoon, SK	No	Annually	
Calgary, AB	No	Every 5 years	StatsCan Construction price index for roads, Municipal Price Index for water, wastewater, and stormwater
Peel Region, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Niagara Region, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Toronto, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Ottawa, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Moncton, NB	No	Upon significant changes in capital costs	StatsCan Construction price index
Brandon, MB	No	None specified	StatsCan Construction price index
Halifax, NS	No	Every 5 years	"all-in cost" debenture rate published by the Nova Scotia Municipal Finance Corporation
Edmonton, AB	No	Every 5 years	the lesser of the Edmonton Non-Residential Construction Price Index or the prime rate charged by the TD Bank in Edmonton plus 1 per cent.
Vancouver, BC	No	None specified	Annual inflationary adjustment report

*As of November 28, 2022, by-laws have a maximum life of 10 years. Was previously 5 years

4.2 Services Included in Development Charge Bylaws

Although the legislation in Saskatchewan only allows for recovery of costs for certain services, legislation across Canada varies. Regina imposes charges for water, wastewater, and roads, as well as parks and recreation services. Note, the *Planning and Development Act* also allows for charges for drainage services, however, no growth-related drainage projects are currently identified in the Model. Saskatoon imposes levies for trunk sewers, primary watermains, arterial roads and interchanges, as well as parks and recreation (community centres). In Ontario, municipalities are allowed to impose charges for 20 different municipal services. In Calgary, the City imposes charges for water, wastewater, drainage, roads, paramedics, recreation facilities, libraries, transit and police. However, Edmonton only charges for wastewater, drainage, roads, and fire. Moncton imposes charges for water, wastewater, drainage, and roads, but is also authorized to impose charges for trails and transit. Brandon imposes charges on water, wastewater, drainage, and roads, whereas Halifax imposes charges on water, wastewater, and roads. This information is summarized in the following table:

Table 4-3
Canada-wide Survey
Services Included in the Development Charge By-laws

Canada-wide	Water	Wastewater	Drainage	Transportation/ Roads	Parkland Acquisition/ Parkland Development	Affordable Housing	Childcare	Emergency Response Stations/ Paramedics	Recreation Facilities	Libraries	Transit	Police	Long-term Care	Growth Studies	Waste Diversion	Fire
Regina, SK	✓	✓		✓	✓				✓							
Saskatoon, SK	✓	✓		✓	✓				✓							
Calgary, AB	✓	✓	✓	✓				✓	✓	✓	✓	✓				
Peel Region, ON	✓	✓		✓				✓				✓	✓	✓	✓	
Niagara Region, ON	✓	✓		✓				✓			✓	✓	✓	✓	✓	
Toronto, ON	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ottawa, ON	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓		✓
Moncton, NB	✓	✓	✓	✓												
Brandon, MB	✓	✓	✓	✓												
Halifax, NS	✓	✓		✓												
Edmonton, AB		✓	✓	✓												✓
Vancouver, BC	✓	✓	✓	✓	✓	✓	✓									
Total	**11**	**12**	**7**	**12**	**5**	**1**	**2**	**5**	**5**	**3**	**4**	**5**	**3**	**4**	**3**	**3**

Notes:

Halifax, NS:	Roads only special area charge - Dartmouth Cove
Edmonton, AB:	Currently only facilities included in charge is fire, however, City phasing in charges for all facilities
	Provided in the local municipal DCCs

4.3 Application of Charges – Area-specific vs. Municipal-wide

Similar to Regina, the municipalities included in the survey have the ability to calculate and apply charges on a municipal-wide and/or area-specific basis. There is no consistent approach across Canada, as the infrastructure required to accommodate new development is identified differently in the various jurisdictions.

Service-specific Approach

Water and wastewater charges tend to be area-specific as municipalities may have urban areas which are serviced with water and/or wastewater and the benefitting area of the works may be clearly identified. Many other services provided (roads, parks & recreation facilities, etc.) are not restricted to one specific area and are often used by all residents.

Area-based Approach

Some municipalities may choose to identify specific areas of development and identify costs related to those areas only. This may be due to identification of key growth areas, or the desire to identify greenfield charges separately from infill charges. This may allow for varied discounts, exemptions or other policies Council may wish to impose in certain areas of their municipality.

The following table provides a summary of the how the comparator municipalities impose their charges:

Table 4-4
Canada-wide Survey
Application of Charges - Municipal-wide vs. Area-specific

Canada-wide	Municipal-wide Charges	Area-specific Charges
Regina, SK		Greenfield vs. Established charge areas Tower Crossing Area
Saskatoon, SK	All services except for Community Centres	Community Centres
Calgary, AB	Water/Wastewater Treatment	Greenfield Area (uniform water/wastewater linear, transportation, and community services) Greenfield Area (area-specific stormwater) Centre City Levy (all services)
Peel Region, ON	All other services	Water and wastewater based on serviced area Police based on service area (2 providers)
Niagara Region, ON	All other services	Water and wastewater based on serviced area
Toronto, ON	All services	
Ottawa, ON		4 charge areas for residential 2 charge areas for non-residential (1)
Moncton, NB		All services utilize localized area specific charges
Brandon, MB		Established growth area (only treatment) Emerging growth area (treatment and linear, and roads and storm)
Halifax, NS	Water and wastewater	Minor special area charge for roads
Edmonton, AB		All services provided
Vancouver, BC	All services provided	All services provided (2)

Notes:
1. Ottawa: For Residential - Inside vs. Outside Greenbelt and rural serviced vs. rural unserviced.
   For Non-residential: serviced vs. unserviced
2. Vancouver: Additional charges apply to False Creek Flats and South East False Creek

4.4 Application of Charges – Residential vs. Non-residential Rate Categories

When surveying municipalities across Canada, the residential charge application used by Regina (e.g. per hectare) is used by some municipalities, but not all. Saskatoon currently utilizes lot frontage to impose the charges. Outside of Ontario, approximately half of the municipalities impose residential charges based on unit type (e.g. single-detached, townhouse, apartment, etc.) and half based on the area of the parcel.

With respect to non-residential development, most municipalities impose their charges on a per floor area basis or based on the area of the parcel. This is consistent with the approach undertaken in Regina.

The following table summarized the application of the charges across the municipal comparators:

Table 4-5
Canada-wide Survey
Application of Charges – Residential vs. Non-residential

Canada-wide	Residential						Non-residential			
	Per Lot	Per Unit (by type)	Per Unit (by density)	Per floor area of building	Per area of parcel	Other?	Per floor area of building	Per lot	Per area of parcel	Other?
Regina, SK					✓				✓	
Saskatoon, SK						✓(1)				
Calgary, AB		✓(2)			✓(2)	✓(2)	✓(2)		✓(2)	
Peel Region, ON		✓					✓			
Niagara Region, ON		✓					✓			
Toronto, ON		✓					✓			
Ottawa, ON		✓					✓			
Moncton, NB					✓(3)	✓(3)			✓(3)	✓(3)
Brandon, MB		✓(4)			✓(4)		✓(4)		✓(4)	
Halifax, NS		✓					✓			
Edmonton, AB					✓(5)				✓(5)	
Vancouver, BC				✓(6)			✓			
Total	**0**	**7**	**0**	**1**	**5**		**8**	**0**	**5**	**1**

Notes:

1 Saskatoon: Based on length of lot frontage
2 Calgary: Per area of parcel for greendfield (res and non-res), per unit for infill res, per floor area for infill non-res, and frontage for residential Centre City Levy
3 Moncton: Local Cost Sharing DC - based on frontage, Area DC based on zoning and area of properties
4 Brandon: Emerging Areas - per net area of parcel prior to subdivision agreement. Then per unit or floor area. For Established Areas - per unit or floor area
5 Edmonton: Charge per net area of parcel
6 Vancouver: residential charges vary by density

4.5 Discretionary Exemptions

Mandatory exemptions vary across Canadian jurisdictions depending on the provision provided in the legislation. Ontario has the most prescriptive legislation with a number of mandatory exemptions required. Most jurisdictions allow municipal Councils to identify discretionary exemptions from their charges, provided the exemptions are included in the by-laws. The Ontario municipalities surveyed provide a number of exemptions for various categories and classes of services. Other jurisdictions provide limited discretionary exemptions. The following table provides a summary of the exemptions provided in the by-laws of the comparator municipalities:

Table 4-6
Canada-wide Survey
Discretionary Exemptions

Canada-wide	Discretionary Exemptions
Regina, SK	(2/3) Reduction for Industrial Established Area
Saskatoon, SK	No formal policy
Calgary, AB	Environmental Reserve Skeletal Roads
Peel Region, ON	Hospitals Colleges/universities Places of worship (limited to 25% of floor space) Agricultural societies Agriculture use, excluding cannabis growing/processing Mobile temporary sales trailers
Niagara Region, ON	Discretionary exemptions are not provided through the DC by-law.
Toronto, ON	Place of worship Public hospitals Non-profit hospice Temporary sales offices or pavilions Industrial uses Development creating an accessory use/structure not exceeding 10 sq.m. of gross floor area Dwelling rooms within a rooming house Temporary building or structure in place for less than 8 months
Ottawa, ON	Development on contaminated lands (Community Improvement PLAN areas) Places of worship Cemeteries Agricultural uses Unserviced storage facilities with dirt floors Temporary units Seasonal buildings for the sale of gardening products Non-profit health care Childcare and long term care facilities Coach houses Non-residential accessory uses Garden suites
Moncton, NB	None
Brandon, MB	Industrial development
Halifax, NS	None
Edmonton, AB	None
Vancouver, BC	For-profit-affordable rental housing A (artist studio) - 100% For-profit-affordable rental housing B (artist studio which include more categories) - 86.24%

4.6 Observations on Best Practices

Based on the survey of policies and practices across Canada, the following provides a list of the observations arising from results:

- Most municipalities index their Development Charges annually. The source of the indexing information varies; however, use of the Statistics Canada Building Construction Price Index is the most common (this index tracks construction tender prices and should provide a reasonable estimate of inflationary impacts on capital projects).
- Area-specific charges may be used depending on local circumstances. There is no standardized approach that could apply to all municipalities, however, generally, water and wastewater can be imposed on the serviced areas of the municipalities with all other charges imposed on a municipal-wide basis.
- With respect to the basis for imposing the charges, best practices across Canada are shared between imposing the charge on a per unit basis or per property area basis for residential development and on a per area of building basis or per property area basis for non-residential development. Regina utilizes the per area basis for both residential and non-residential development.
- Discretionary exemptions vary across Canada, however any exemptions from the charges should be funded through other sources (e.g. water/wastewater rates or taxes). No municipalities surveyed utilize the tax-lift approach to funding in Regina.

5. Policy Review and Recommendations

As noted, municipalities across Canada are increasingly faced with the challenge of funding the required infrastructure to accommodate growth and development, while keeping rates low. Development Charges are used by municipalities across Canada to allow growth to pay for growth, while reducing the impacts on taxes and user rates.

Based on the above information, the following provides a number of recommended Policy changes for City staff, Council, and development stakeholders' consideration. Note that the City may separate these recommendations into short, medium, and long-term recommendations due to impacts on the development community and/or City administration.

5.1 Addressing Account Deficits

In review of the Policy and Model, it appears the accounts are in significant deficits. This is generally observed for the following reasons:

- Funding of exemptions and discounts;
- Use of tax lift to fund Established Area exemption;

- Utilizing gross area in the Development Charge calculations;
- Assumptions on timing of anticipated development in the model were higher than actual development and thus actual revenues have been much lower than anticipated; and
- Growth expenditures in the Model have outpaced revenue received, contributing to a larger deficit.

These items are discussed further below, along with recommendations for consideration. In addition, a discussion with respect to financial planning for growth-related infrastructure is provided.

5.1.1 Funding of Exemptions and Discounts

Currently when a type of development is exempt or discounted, the City does not fund the exempt or discounted amount into the reserve accounts. As such, this will provide a deficit in the accounts. As more exempt developments proceed, the deficit will increase over time and the deficit will be incorporated into the calculations to be recovered from non-exempt development. For example, industrial properties receive a 2/3 reduction in the applicable charges. This reduction has been applied once to a 17.39-hectare subdivision which resulted in the development charge being discounted by approximately $5 million. To keep reserve accounts whole, the City should fund discounts in the future through non-development charge sources (i.e. tax revenue, utility rate revenue, and senior government contributions). Additionally, this approach will provide transparency for Council as all exemptions would be quantified and may be incorporated into the City's budget.

Recommendation #1: Fund exemptions and discounts from non-Development Charge sources into the reserve accounts, or an accompanying account. If these are funded there will be an impact on the mill rate and/or utility rate. As such, this could cause the need for trade-offs with both growth and non-growth projects.

5.1.2 Use of Tax Lift to Fund Exemptions

The City currently does not impose development charges on properties in the Established Area. Instead, the City has chosen to utilize the incremental tax lift to cover the related infrastructure costs benefiting growth and intensification in the Established Area. The incremental tax revenue is allocated to the Intensification Infrastructure Reserve and is intended to recover the costs applicable to the Established Area. It is anticipated that the Intensification Infrastructure Reserve and the anticipated tax lift funding will be insufficient to fund the Established Area's share of growth costs in future years.

Through conducting financial impact analyses for municipalities across Canada, it has been observed that incremental tax revenue gained from development generally only covers the incremental operating costs a municipality incurs from new development. For example, using a representative city block in the Established Area, redevelopment

from single-detached units to apartments may provide approximately 5 times the amount of population but only 3 times the amount of tax revenue[1]. To accommodate the additional population, the City will incur incremental operating costs for various services such as parks, recreation, road maintenance, etc. This additional population would also require water and wastewater capacity in the City's treatment plants and if the linear water and wastewater infrastructure is not large enough to accommodate the increase in density, there will be additional lifecycle replacement costs imposed on the City for the upsized infrastructure.

Furthermore, the incremental tax revenue may be insufficient to cover the capital costs over a reasonable period of time. The following table provides some examples of recent developments, the Intensification Levy that was paid/would have been paid, and the length of time before the tax lift recovers the amount of the Intensification Levy:

Table 5-1
Tax Lift/Exemption Funding Examples

Land Use	Total Infrastructure Levy Calculated	Average Annual Municipal Tax Lift	Years for Tax Lift to Cover Levy
Liquor Store	$46,278	$14,969	3 to 4 years
8 Apartments (2 bedrooms or greater) and ground floor commercial	$100,010	$31,266	3 to 4 years
Secondary suite	$4,200	$97.56	~30 years

Note that although larger developments may provide for recovery of the levy in 3 to 4 years, the levy was collected at the building permit stage, whereas the tax lift would delay the recovery of the funds until after the building is constructed, occupied, and then subsequently reassessed. In addition, properties in the Established Area can receive tax exemptions of up to five years under several incentive policies provided by the City. This means the City's cashflow may be negatively impacted for an additional number of years. Also, some properties may be exempt from taxes per the *Cities Act* (e.g. municipally exempt properties and schools). Therefore, no incremental tax revenue would be recovered.

[1] Using a City block in the Established Area of approximately 4.4 acres, there are approximately 22 single-detached homes. This equates to a density of approximately 5 units per acre. Assuming there are 3 persons per unit on average, the total population of the City block would be approximately 66 people. On that same 4.4 acres of land, if these units were demolished and apartments were constructed, using an assumed density of 40 units per acre and 2.2 persons per unit on average, there may be approximately 387 people in 176 apartment units. This represents an increase of approximately 486%. With respect to taxable assessment, using an average of $315,000 for single-detached units and $160,000 for apartments, at the current municipal mill rates, the anticipated tax revenue increases from $70,000 per year to $215,000.

Based on the share of costs per capita for the 2022 Development Charges calculation, the following table provides for the equivalent charges by residential unit type and non-residential gross floor area (per sq.m). Note, these charges will be reviewed and updated by Watson through the Policy review and Model update process, if applicable:

Table 5-2
Established Area Development Charge Calculation

Land Use Types	Ratio	2022 Rounded Rates
Per Equivalent Population	1	$6,162
Residential		
Secondary Suite	1.3	$8,000
Single Detached	2.7	$16,600
Semi-Detached (e.g. duplex)	2.6	$16,000
More than 2 Dwelling Units (e.g. Townhouse, Triplex, etc.)	2.5	$15,400
Apartment (Less than 2 Bedrooms)	1.3	$8,000
Apartment (Two or More Bedrooms)	1.9	$11,700
Residential Group Care Home	2.7	$16,600
Office/Commercial/Institutional (per m2)	0.02778	$170
Industrial (per m2)	0.01333	$80

Recommendation #2: The City may wish to revisit imposing development charges in the Established Area. If the City still wishes to provide a discount or exemption to the Established Area, the City should consider the following options:

1. Calculate the applicable development charges for each development in the Established Area and allocate the equivalent amount into the reserve accounts; or

2. Incorporate any costs deemed to benefit the Established Area directly into the City's budget process. Under option 1 and 2 these costs likely would be funded through mill and utility rates which could cause the need for trade-offs with both growth and non-growth projects.

Option 2 would provide the same share of funding as option 1, with less administrative burden. Note, if costs supporting the growth and intensification of the Established Area are incorporated into the Budget process, this may take the form of a specific line item in the Budget. This would provide Council and the public with transparency on the cost of the exemptions.

5.1.3 Net Development Area in Calculations

Section 7A of The Policy provides that the charges will be imposed on new development based on the **net** developable area multiplied by the applicable charge per hectare. The Model however, forecasts growth based on the **gross** area of developable

properties in certain instances[1]. As a result, the City will not collect all of the revenue anticipated in the Model. The following provides a simple example:

- Total Development Charges to be Recovered in Model: $1,000,000
- Total Gross Developable Area: 50 hectares
- Total Development Charge per Hectare: $20,000
- Net Developable Area: 40 hectares
- Actual Development Charge Revenue Received: $800,000

If the City does not fund the difference between the gross hectares and the actual net developable hectares, this will further exacerbate the account deficit. Section 7.A.1 of The Policy provides a number of exempt land areas which include Environmental Reserves, natural lakes or rivers, etc. Based on the above, as well as best practices across Canada, the City should consider calculating the Model based on net developable area. As it may be challenging to know exactly what the net developable area of all of the development properties may be, the City can use the historical average approach. City staff can review previous developments that have occurred since 2015 (the date for which data is available) and estimate the gross-to-net ratio by dividing the total net developable areas by the total gross areas. This ratio can then be applied to all future developable lands to determine the net area to be used in the calculations. As such, the lands identified in Section 7.A.1 of the Policy would not be considered "exemptions", but rather excluded from the definition of "net developable area". For unique properties where lakes or rivers may exist, the City may wish to further analyze the anticipated net developable area using GIS software.

Recommendation #3:

Immediate: Calculate the Model on net developable area using historical average gross-to-net ratios to estimate the net developable area. Additionally, for unique properties, the City may use GIS software to further analyze the net developable area. Section 7.A.1 of the Policy may be renamed from "Exemptions" to "Exclusions from Net Developable Area".

Long-term: Explore a future unit-based model for consideration. Rather than imposing the charges on an area basis, the City could impose the charge on a per capita/per unit basis. This would allow for alignment of capacity requirements for land areas with different densities. This may be explored after updates are made to master plans and the completion of servicing studies and reports.

[1] The City has been using gross hectares of applicable lands in the OCP Growth Plan and the Phasing Plan without a concept or secondary plan identifying non-developable hectares.

5.1.4 Financial Planning for Growth-related Infrastructure

In the City of Regina and across Canada, there is a concept that “growth pays for growth”. This concept is the underpinning of various Development Charge legislations across the Country. However, in practice, due to discounts, exemptions, and other limitations, growth does not completely pay for growth. In the City, this can be observed in the account deficits. The recommendations above will assist in managing the account deficits, however, they do so by ensuring the City is funding the exempt or discounted portion of the charges. In addition to the above, when budgeting for growth-related expenditures, the City should consider identifying the infrastructure that will require debt financing. Currently the City is challenged with increasing non-growth-related infrastructure requirements and has recently requested extension of the City’s debt limit. As we understand, when growth-related projects are incorporated into the capital budget, the funding source identified is Development Charges, however, no indication of debt required is included. As such, this puts pressure on the City’s debt capacity for future growth-related projects. Identifying the anticipated debt financing for growth-related infrastructure also allows the Model to be updated with accurate timing of expenditures.

Recommendation #4: When undertaking the capital budget process, growth-related projects that require debt financing should be identified as such and incorporated into the City’s overall debt financing forecast. This includes both internal and external financing sources. To achieve this, the City may consider closer integration between the capital budget process and the Development Charges Governance Committee process, with new projects being identified early in the year. This may mean less growth projects being undertaken as those projects will have to be weighed against non-growth projects and trade-offs will have to be made.

5.2 Administrative Fees

The *Planning and Development Act* allows for the recovery of fees related to the administration of the servicing agreements and development levy agreements. As such, the City currently calculates the anticipated costs and calculates a fee per hectare. The following provides some discussion on the current approach to calculating the applicable costs and Development Charges.

5.2.1 Administration Fee Inclusions

Currently the City identifies staff that spend approximately 50% or more of their time allocated to development charge-related or 'growth-related' tasks.. Once identified, the total cost of the employees’ time is included (e.g. salaries, benefits, overhead, etc.) based on the estimate of percentage of time spent on these assignments. This approach is common practice with other jurisdictions across Canada, however, many municipalities would include the full cost of reviewing, preparing, and executing these agreements.

Recommendation #5: Maintain the current approach. Although many municipalities include the full cost of reviewing, preparing, and executing agreements, this would require all staff involved in the process to track their time and add administrative work. Through discussions with staff and the development community, the current method of estimation is fair and reasonable.

5.3 Calculation Policies – Allocation Approach

The following provides for a discussion on the current approaches to allocating benefit between the Established Area vs. Greenfield Area, growth vs. non-growth (Development Charge vs. City-funded share), and in-period vs. post-period.

5.3.1 Established Area vs. Greenfield Area

Currently, for shared projects, the Model utilizes an allocation between each area based on the relative anticipated population growth. This is based on targeted growth in the Official Community Plan's Growth Plan. It has been observed that growth has not materialized at the same pace as planned. As such, the reduced growth provides downward pressure on the account deficits. Furthermore, the allocation of costs between each area may be reviewed for each service. For parks and recreation as well as transportation, utilizing the relative share of population growth provides for a reasonable cost sharing approach as population from all areas of the City may utilize this infrastructure. With respect to water and wastewater however, the infrastructure required was designed based on the relative needs for each area. The City's engineers utilize general design criteria when determining the capacity of water and wastewater infrastructure required to accommodate new development. This design criteria varies based on the type of property (e.g. single family residential, high-rise residential, industrial, etc.). As such, the City can apportion benefit between the areas based on the relative water and wastewater demands of the developable properties.

Recommendation #6: It is recommended that the City maintain the current approach to allocating costs between the Established Area and Greenfield Area. As the City will be planning for growth based on the OCP, the future infrastructure plans will be determined based on the targeted growth in each area. Furthermore, in conjunction with Recommendation #2, if the City funds the Established Area share of the costs directly in the budget process, slower growth in the Established Area will not affect the account deficits.

5.3.2 Suggested Revisions to Appendix A

As part of the Request for Proposal, a review of Appendix A to The Policy was required. Appendix A of The Policy provides the approach to identifying the funding splits between the Developers' direct costs, Development Charges (SAF/DL), and the City (non-growth share). Currently, the allocation of costs between Development Charges

(growth) and the City (non-growth) is determined on a project-by-project basis. The relative shares of benefit, however, are based on infrastructure plans.

When determining the share of non-growth costs, best practice suggests the following items be considered:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- an increase in average service level of quantity or quality;
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (generally considered for water or wastewater services to provide existing homes with municipal services).

Recommendation #7: Utilizing these principles, it is recommended that the City incorporate the detailed benefitting calculations (where applicable) into the project list document that is shared with the development community and other stakeholders. This will provide enhanced transparency.

5.3.3 Project Share Placeholder

Section 14.0 provides the funding criteria and summary charts. In this section, item (5) refers to the applicability of the Development Charge share vs. the City share. Item (5) states the following:

> e. In the absence of any substantiated population actuals or estimates, the administration may utilize a default placeholder funding split share of 30 per cent SAF/DL Funding, 70 per cent City Funding in the interim to calculate a SAF/DL Rate

Recommendation #8: Remove item (5)e from The Policy. When a new project is identified, the City will have estimated the cost of the project based on various parameters including the sizing/capacity required, length, material type, etc. As such it is recommended that the City continue to estimate the SAF/DL funding share, rather than use a placeholder amount.

5.4 Development Charge Background Study and Policy Review

Based on a review of best practices across Canada, the following provide recommendations with respect to the timing of calculation updates, as well as adjustments to the charges in between reviews.

5.4.1 Timing for Calculation Updates

Currently the City undertakes annual updates to the Development Charges calculations. This requires extensive staff time to review any changes to the anticipated capital needs and timing of growth, review with industry stakeholders, and update the calculations.

Through a review of best practices across Canada, almost all jurisdictions surveyed updated their respective Development Charge calculations on a 5-year or 10-year cycle. However, if the municipalities wanted to update the calculations earlier, they have the option. This reflects that planning for growth changes frequently and the study calculations only represent a point in time. Updating the calculations on a defined cycle reduces administrative costs but still provides municipalities the flexibility to update the calculations should there be major changes to infrastructure requirements or anticipated development.

Recommendation #9: Undertake updates to the Development Charges calculation less frequently. Council may want to consider undertaking calculation updates every 3 years, with major policy reviews every 6 years.

5.4.2 Indexing

Continuing from the previous section, as most municipalities undertake their calculations on a 5-year or 10-year cycle, provisions are provided to index the charges annually to keep the charges in-line with construction cost increases. Most municipalities utilize the Statistics Canada Building Construction Price Indexes (non-residential) for their closest municipality. In Regina's case, this would be Saskatoon.

Utilizing the approach of calculating the Development Charge on defined cycles (e.g. 5-years), then indexing the charge in between reviews, provides the development community with stability and allows the City to keep the cost of infrastructure with capital construction cost inflation.

Recommendation #10: For years in between calculation reviews, the City should consider indexing the charges based on the Statistics Canada Building Construction Price Indexes (non-residential).

5.4.3 Inflation Assumptions Used in the Model

Currently, the Model calculates the Development Charges using a cashflow method. This method utilizes an assumed inflation to be applied to the capital costs to ensure the costs are provided in each years' respective dollars. Section 10.A.1 of the Policy states that:

> *"The City determines the inflation rate that will be applied to project costs at least every two years. If the City does not have the expertise to determine the inflation rate, an external consultant will be contracted, and a report will be commissioned"*

The inflation assumptions utilized in previous Models are as follows:

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
4%	4%	4%	3%	3%	3%	2.4%	1.99%	1.99%	1.99%

Statistics Canada releases a Building Construction Price Index that tracks tender prices. The closest available data is provided for Saskatoon. In reviewing the index from 2017 to 2023, the annual increase in construction prices averaged approximately 3.6%. As such, the inflation assumptions used in the Model have been conservative.

Recommendation #11: As prices rise and fall over time, on average over a long-term time horizon, the Bank of Canada's target rate of inflation is approximately 2%. It is best practice in municipal finance to assume inflation of 2% when forecasting over a long-term time horizon. As such, it is recommended that the City utilize a long-term inflation assumption of 2% in their Model.

5.5 Other Matters

The following provides for a discussion on other matters with respect to The Policy.

5.5.1 Cost Estimates

Section 9.C.1 of The Policy provides that:

> "Costs of the infrastructure shall be determined by using values expressed in studies or reports…"

Studies and reports provide reasonable cost estimates for capital expenditures, however, the most accurate costs are tenders received on current capital projects, where available.

Recommendation #12: Update the wording in this section to state the following: "Costs of the infrastructure shall be determined by using values expressed in studies, reports, or recent tenders received for similar projects"

5.5.2 Application of Grants and Other Funding Sources

In undertaking the calculations, The Policy (Section 9.C.1) provides that grants are netted from the total project cost, where receipt of the grant is known or where the project would not proceed without the grant. This approach does not incorporate cases where the grant may be applicable to the non-growth component only. In these cases, the City will be underestimating the cost to growth. Similarly with respect to alternative funding sources, if they are attributable to non-growth costs, they should only be applied to the City portion of the funding. Furthermore, amounts acquired through fundraising should also apply to the City portion only, as the amounts would be raised from existing residents.

Recommendation #13: Revise section 9.C.1 to note the following: "Where grants and other funding sources are identified for replacement costs, rehabilitation costs, or other non-growth-related cost, they shall be deducted from the City's funding share only".

5.5.3 Timeline for Development Charge Calculation Model

When undertaking Development Charge calculations, the cost of the capital needs required to accommodate growth are divided by that growth. As such, the capital needs should always align with the anticipated development to be serviced. The Policy (Sections 10.A.3 and 10.A.4) provides that the revenue and expenditure forecasts be undertaken over a 25-year period, however, as the capital needs should align with the anticipated development, this may not always align with a 25-year period.

The current City Model provides anticipated development and related capital needs to accommodate a target population of 300,000. The City is currently completing a growth forecast that will project the City's future population by 2051, as well as when the City might reach a population of 300,000. Although the growth forecast will indicate the anticipated population by 2051, capital needs required to accommodate growth to 2051 have not yet been identified. As a result, the Model should continue to reflect a target population of 300,000 people until master plans are completed for all services. Once the master plans identify infrastructure to accommodate growth to 2051, the Development Charges Calculation Model can be updated to calculate rates based on infrastructure needs and growth to 2051.

Recommendation #14:

Revise sections 10.A.3 and 10.A.4 to note that revenues and expenditures be forecasted based on the OCP Growth Plan time horizon, which is currently a population of 300,000 by the year 2038 based on the updated growth forecast undertaken concurrently with this review.

Once completed, the growth forecast will project growth of Regina to the year 2051. This longer-term projection can be the basis for establishing an updated OCP Growth Plan and associated time horizon, which subsequently can be used to inform master plan updates. Afterwards, the City will have an understanding of the infrastructure requirements needed to grow the City beyond 300,000 and update the timing and projects in the Model accordingly.

5.6 Summary of Recommendations

The following provides a summary of the recommendations identified in Sections 5.1 through 5.5 above:

Table 5-3
Summary of Recommendations for Change to The Policy

Policy Matter	Recommendation
Funding of Exemptions and Discounts	**Recommendation #1**: Fund exemptions and discounts from non-Development Charge sources into the reserve accounts, or an accompanying account. If these are funded there will be an impact on the mill rate and/or utility rate. As such, this could cause the need for trade-offs with both growth and non-growth projects.
Use of Tax Lift to Fund Exemptions	**Recommendation #2:** The City may wish to revisit imposing development charges in the Established Area. If the City still wishes to provide a discount or exemption to the Established Area, the City should consider the following options: 1.Calculate the applicable development charges for each development in the Established Area and allocate the equivalent amount into the reserve accounts; or 2. Incorporate any costs deemed to benefit the Established Area directly into the City's budget process. Under option 1 and 2 these costs likely would be funded through mill and utility rates which could cause the need for trade-offs with both growth and non-growth projects. Option 2 would provide the same share of funding as option 1, with less administrative burden. Note, if costs supporting the growth and intensification of the Established Area are incorporated into the Budget process, this may take the form of a specific line item in the Budget. This would provide Council and the public with transparency on the cost of the exemptions.
Net Development Area in Calculations	**Recommendation #3:** **Immediate:** Calculate the Model on net developable area using historical average gross-to-net ratios to estimate the net developable area. Additionally, for unique properties, the City may use GIS software to further analyze the net developable area. Section 7.A.1 of the Policy may be renamed from "Exemptions" to "Exclusions from Net Developable Area". **Long-term:** Explore a future unit-based model for consideration. Rather than imposing the charges on an area basis, the City could impose the charge on a per capita/per unit basis. This would allow for alignment of capacity requirements for land areas with different densities. This may be explored after updates are made to master plans and the completion of servicing studies and reports.

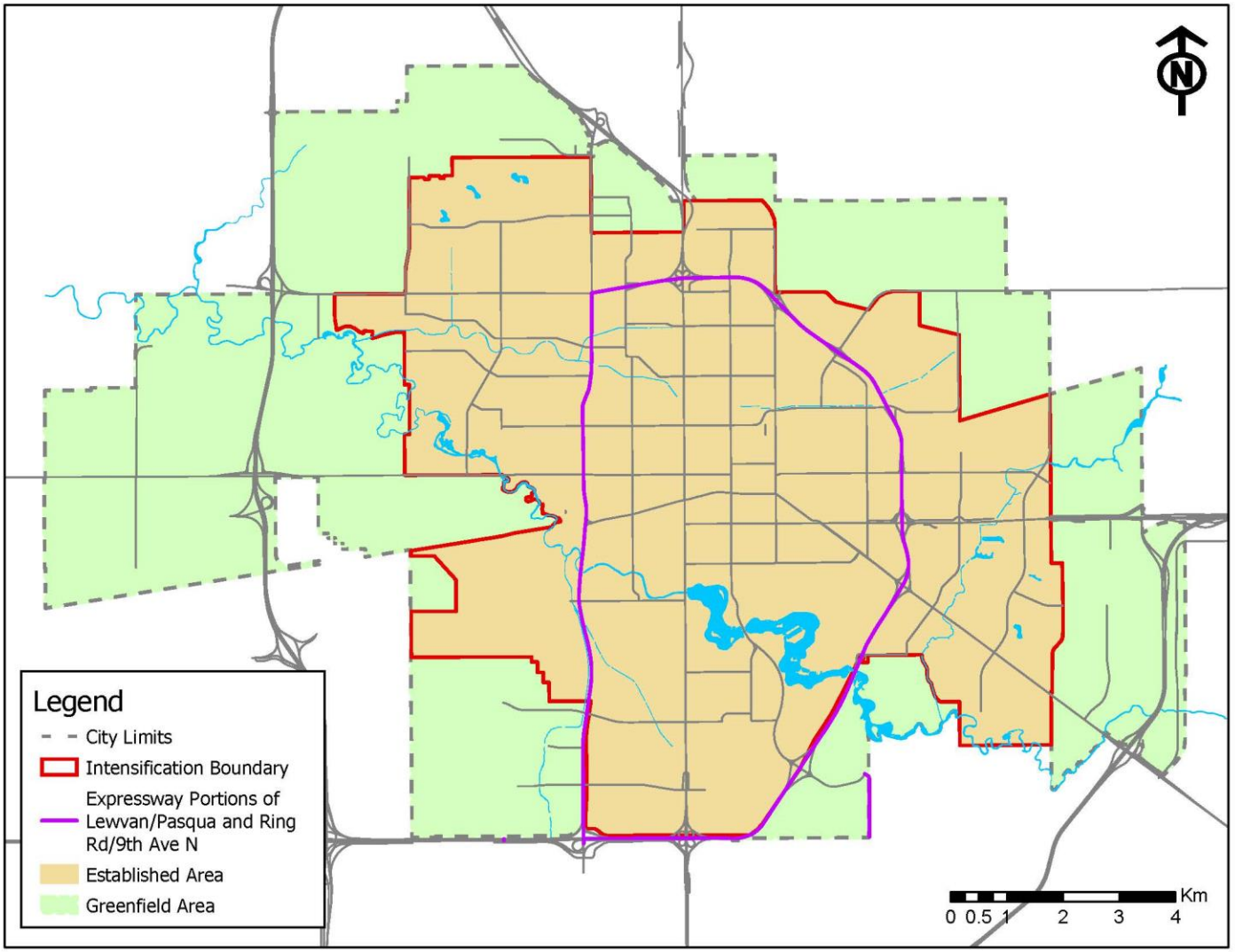
Policy Matter	Recommendation
Financial Planning for Growth-related Infrastructure	**Recommendation #4:** When undertaking the capital budget process, growth-related projects that require debt financing should be identified as such and incorporated into the City's overall debt financing forecast. This includes both internal and external financing sources. To achieve this, the City may consider closer integration between the capital budget process and the Development Charges Governance Committee process, with new projects being identified early in the year. This may mean less growth projects being undertaken as those projects will have to be weighed against non-growth projects and trade-offs will have to be made.
Administration Fee Inclusions	**Recommendation #5:** Maintain the current approach. Although many municipalities include the full cost of reviewing, preparing, and executing agreements, this would require all staff involved in the process to track their time and add administrative work. Through discussions with staff and the development community, the current method of estimation is fair and reasonable.
Established Area vs. Greenfield Area – Growth-rate	**Recommendation #6:** It is recommended that the City maintain the current approach to allocating costs between the Established Area and Greenfield Area. As the City will be planning for growth based on the OCP, the future infrastructure plans will be determined based on the targeted growth in each area. Furthermore, in conjunction with Recommendation #2, if the City funds the Established Area share of the costs directly in the budget process, slower growth in the Established Area will not affect the account deficits.
Suggested Revisions to Appendix A	**Recommendation #7:** Utilizing these principles, it is recommended that the City incorporate the detailed benefitting calculations (where applicable) into the project list document that is shared with the development community and other stakeholders. This will provide enhanced transparency.
Project Share Placeholder	**Recommendation #8:** Remove item (5)e from The Policy. When a new project is identified, the City will have estimated the cost of the project based on various parameters including the sizing/capacity required, length, material type, etc. As such it is recommended that the City continue to estimate the SAF/DL funding share, rather than use a placeholder amount.
Timing for Calculation Updates	**Recommendation #9:** Undertake updates to the Development Charges calculation less frequently. Council may want to consider undertaking calculation updates every 3 years, with major policy reviews every 6 years.
Indexing	**Recommendation #10:** For years in between calculation reviews, the City should consider indexing the charges based on the Statistics Canada Building Construction Price Indexes (non-residential).
Inflation	**Recommendation #11:** As prices rise and fall over time, on average over a long-term time horizon, the Bank of Canada's target rate of inflation is approximately 2%. It is best practice in municipal finance to assume inflation of 2% when forecasting over a long-term time horizon. As such, it is recommended that the City utilize a long-term inflation assumption of 2% in their Model.
Cost Estimates	**Recommendation #12:** Update the wording in this section to state the following: "Costs of the infrastructure shall be determined by using values expressed in studies, reports, or recent tenders received for similar projects"

Policy Matter	Recommendation
Application of Grants and Other Funding Sources	**Recommendation #13:** Revise section 9.C.1 to note the following: "Where grants and other funding sources are identified for replacement costs, rehabilitation costs, or other non-growth-related cost, they shall be deducted from the City's funding share only".
Timeline for Development Charge Calculation Model	**Recommendation #14:** Revise sections 10.A.3 and 10.A.4 to note that revenues and expenditures be forecasted based on the OCP Growth Plan time horizon, which is currently a population of 300,000 by the year 2038 based on the updated growth forecast undertaken concurrently with this review. Once completed, the growth forecast will project growth of Regina to the year 2051. This longer-term projection can be the basis for establishing an updated OCP Growth Plan and associated time horizon, which subsequently can be used to inform master plan updates. Afterwards, the City will have an understanding of the infrastructure requirements needed to grow the City beyond 300,000 and update the timing and projects in the Model accordingly.

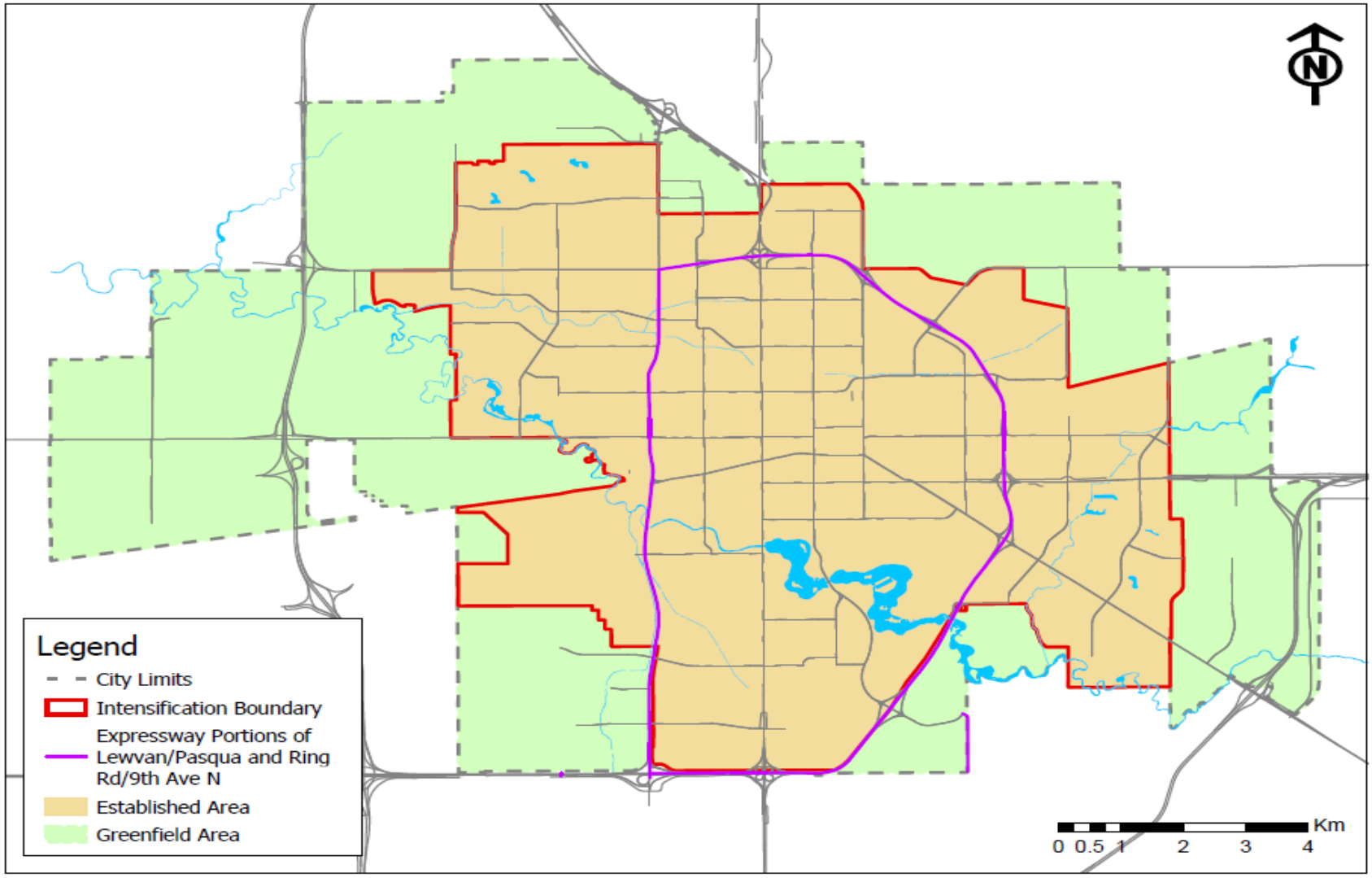
We trust that this memorandum provides you with the information that you require. These recommendations are being provided to City staff, stakeholders, and City Council for their consideration.

Appendix 1:
Map of Established Area

Map of Established and Greenfield Areas



Appendix C – Greenfield Area and Established Area Map



Memorandum

To	Luke Grazier
From	Sean-Michael Stephen
Date	May 21, 2024
Re:	Development Charge Fiscal Impact Analysis

Fax ☐ Courier ☐ Mail ☐ Email ☒

1. Introduction

The City has retained the consulting team of Watson & Associates Economists Ltd. (Watson) and Stantec Consulting to undertake a review of the City's Development Charges Financial Cash-flow Model (Model), capital project list, and relevant sections of the Development Charges (D.C.) Policy.

The Watson/Stantec consulting team completed the capital project list review for transportation, water, wastewater, and parks projects and the D.C. Policy Review before preliminary calculations of the City's updated Development Levies and Servicing Agreement fees (also referred to as development charges or D.C.s) were undertaken.

Preliminary calculations were provided to City staff in a memorandum dated October 3, 2023. The preliminary calculations were undertaken for the greenfield area to assess uniform vs. area specific calculations, financial impacts of the City funding the shortfall in D.C. revenue as a result of D.C. Policy decisions related to D.C. reductions for industrial development and D.C. exemptions for intensification[1], and changes in capital costs.

Subsequent to the preparation of the preliminary calculations, discussions were held with City staff on alternative approaches to the calculation of the charge while considering the following policy objectives and other factors:

- Adhering to the "growth pays for growth" policy from *Design Regina: The Official Community Plan (OCP)*

[1] Section 7.A.3 of the Policy reduces the development charge for industrial-zoned greenfield development by two-thirds the rate applied to residential and commercial development. Currently, when this reduction is applied the City does not have an identified funding source, to allocate to the D.C. Reserve to account for the forgone revenue in the Development Charges Model, contributing to deficits in the Model over time

- Providing a sustainable funding source for prior and future commitments to growth-related capital infrastructure;
- Mitigating potential impacts on development activity of significant increases in the charge, recognizing that D.C.s are one of many factors that could influence development in a municipality;
- Impacts on existing and new residents and businesses (i.e. mill rate and utility rate impacts) of not funding growth-related capital costs through D.C.s (see Policy Review Recommendation #1 and Recommendation #2 from the D.C. Policy Review Memo attached as Schedule A); and
- D.C. account debt that would be required with development proceeding at historical levels, including 2023-year end D.C. Debt of 2023 debt of $43.2 million[1].

Moreover, since the preparation of the draft findings, City staff has undertaken additional review of the needs and project costs included in the capital project list and the benefiting areas of the City associated with each project.

The D.C. calculations have been undertaken on a uniform city-wide and area-specific basis. The uniform City-wide greenfield approach calculates a charge that would be imposed uniformly on all development across the greenfield area, while an area-specific approach calculates separate charges within defined areas of the city based on the benefitting area of each project and the anticipated development in the benefitting area (discussed further in Section 4.1.2). The calculated charges herein have been undertaken on a non-cash-flow basis as further discussed in Section 4.1.1.

Each of the calculation scenarios assume the Established Area (or 'intensification') share of costs will be funded through mill and utility rates as opposed to the current tax lift funding method in alignment with Recommendation #2 (section 5.1.2) from the D.C. Policy Review Memo (see Schedule A). In addition, the options assume the cost of the D.C. reduction for greenfield industrial development will be supported through the mill and utility rates, as opposed to not having a secured funding source, per Recommendation #1 (section 5.1.1) from D.C. Policy Review Memo.

As such, the order of magnitude impacts of these funding obligations on City mill rates and utility rates that would be paid by all current and future households and businesses have been assessed (Section 5.1).

Furthermore, impacts on the City's D.C. account balances have been assessed based on committed expenditures in the 5-year capital plan, alternative D.C. calculation approaches, and changes in the pace of development (i.e., D.C. revenues) over the short term (Section 5.2)

[1] $43.2 D.C. debt includes 2023-year greenfield debt of $25.2 million, intensification area debt of $7.0 million, and $11.0 million in capital commitments towards projects no longer included in the D.C. model.

Lastly, the current and proposed charges are compared to those in other similar sized municipalities across Canada and assessed as a percentage of average home prices for newly constructed dwellings (Section 5.3) to assess the competitiveness and affordability of the charges.

2. Anticipated Development

The City undertook a detailed analysis of the remaining greenfield lands across the city for which the anticipated capital needs in the updated project list were assessed. The remaining greenfield lands, as shown in Schedule B were further allocated to each of the four areas proposed to be used within the area-specific calculations (i.e., Northeast, Northwest, Southeast, Southwest).

In total across the city, there are 1,613.4 remaining net ha of greenfield land over which the anticipated capital needs are required to service. Of the remaining greenfield land, 788 ha (49%) is within the Northwest area, 407 ha (25%) is within the Southeast area, 263 ha (16%) is within the Southwest area, and 156 ha (10%) is within the Northeast area. The four quadrants of the city used for the area-specific analysis is shown are Schedule C.

These projections are based on the OCP Growth Plan which, based on a recent growth study completed by Watson, is projected to be built-out at around 2044. The buildout of the growth plan has been used for the purposes of this update as it aligns with the assessment of capital needs discussed in the next section. Should the amount, timing, and location of development change, the City would also revisit the need for and timing of capital infrastructure.

3. Capital Needs

Stantec undertook a detailed review of the capital project list for transportation, water, wastewater, and parks services. The projects were assessed to meet the service needs as the City builds out the remaining greenfield lands identified in the previous section. Subsequent to the development of the capital project list by Stantec, City staff undertook a further review of the needs and project costs included in the capital project list and the benefiting areas of the City associated with each project. This review has resulted in an increase in total capital costs from $1.36 billion to $1.47 billion (9% increase, including indexing of costs to 2024$ values). Furthermore, the greenfield growth-related share of the total project costs has decreased from $706 million to $585 million (17% decrease).

Table 3-1 presents the anticipated capital needs over the 2024 to 2044 period by service area and how those costs have been apportioned to the benefit of existing city development, growth within the established area, and greenfield growth. Furthermore, the greenfield costs are broken down between those that benefit all greenfield areas (i.e. city-wide allocation) and those that could be allocated to each of the four quadrants of the city. Area-specific allocations of project benefit were reserved for transportation and parks needs that could be assessed or a more localized basis while other transportation and parks needs were allocated on a city-wide basis. Since water and wastewater services provide a city-wide benefit to growth, these needs have been allocated on a city-wide basis. In comparison to prior area-specific analyses undertaken by the City, a greater share of the greenfield costs have been determined to be of a city-wide benefit. The impacts of this change on the calculation of the D.C. is discussed further in Section 4.

In total, the capital needs total $1.47 billion over the period to 2044, with 32% (468.8 million) for transportation, 35% ($515.4 million) for wastewater, 19% ($274.0 million) for water, and 15% ($217.0 million) for parks. After deducting the share of the costs related to the existing development in the city (i.e. $686.8 million) and the established area (i.e., $203.5 million), $584.6 million in greenfield costs remain. Of these costs 74% ($431.7 million) are of a city-wide benefit across the entire greenfield area, 16% ($92.2 million) is for the North West area, 8% ($46.2 million) is for the South East area, and 2% ($14.4 million) is for the South West. No project cost have been allocated to the North East area on an area-specific basis.

For information purposes, the City Share and Established Area Share of project costs have also been allocated on a city-wide or area-specific basis based on the distribution of each project by area to provide an indication of the non-growth costs associated with development in each area of the city.

Table 3-1
2024-2044 Capital Costs (2024$)

Description	Transportation	Parks	Water	Wastewater	Total
Gross Costs	**468,783,000**	**216,738,000**	**274,036,892**	**515,388,381**	**1,474,946,273**
Less: City Share	216,942,044	176,654,811	3,007,600	290,228,456	**686,832,910**
Less: Established Area Share	13,586,622	7,970,937	87,014,938	94,972,228	**203,544,724**
Total Greenfield share	**238,254,334**	**32,112,252**	**184,014,355**	**130,187,698**	**584,568,639**
Area-Specific Greenfield Distribution					
City-Wide Greenfield Costs	*96,780,534*	*20,726,812*	*184,014,355*	*130,187,698*	*431,709,399*
North East Area	-	-	-	-	-
North West Area	*92,168,366*	*64,701*	-	-	*92,233,066*
South West Area	*14,126,634*	*311,199*	-	-	*14,437,834*
South East Area	*35,178,800*	*11,009,540*	-	-	*46,188,340*
Area-Specific City Share/Established Area Cost Distribution					
City-Wide	*146,518,466*	*181,415,188*	*90,022,538*	*385,200,683*	*803,156,874*
North East Area	-	-			-
North West Area	*24,826,484*	*243,398*			*25,069,882*
South West Area	*6,415,516*	*1,170,702*			*7,586,218*
South East Area	*52,768,200*	*1,796,460*			*54,564,660*

4. D.C. Calculations and Approach

4.1 Calculation Approach

4.1.1 Cash-Flow vs. Non-Cash-Flow Approach

D.C. cash-flow calculations account for the timing of revenues and expenditures and the resultant financing needs. The benefits of using a cash-flow calculation approach is that the adjustments to the charge when periodic updates are made are less significant where additional financing costs are required, as these costs are estimated in the calculation of the charge. As a result, increases to the charge over time can be smoothed out. However, using this approach does require a reasonable estimation of the timing of development and capital infrastructure needs. A non-cash-flow approach calculates the charge based on the total growth-related capital needs apportioned over the total future development. Financing costs related to current D.C. account debt and committed external debenture financing (e.g., Eastern Pressure Solution) would be included in the calculation, however, additional financing costs are only included in the calculation when known and committed to.

As the City will be updating their OCP growth plan and master plans, the long-term phasing and timing of development as well as the infrastructure needs to service those lands will be updated. As such, the D.C. calculations have been undertaken using a non-cash-flow approach to only include committed financing costs until the growth plan and master plans have been updated, after which a review of the merits of both approaches should be undertaken. This approach to only include committed financing costs within the calculation was also informed by the City's limited debt capacity from which to debt finance additional growth-related projects.

4.1.2 Uniform vs. Area-Specific Approach

The uniform greenfield approach calculates a charge that would be imposed uniformly on all development across the greenfield area, while an area-specific approach calculates separate charges within defined areas based on the specific capital needs required and anticipated development in the benefitting area.

The D.C. calculations have been undertaken on a uniform city-wide and area-specific basis as follows:

1. Uniform city-wide calculations across the greenfield area.

2. Area-specific calculations across the greenfield area. The area-specific approach is based on City staff's assessment of the city-wide vs. area-specific benefit of each capital project within each service area as follows:

    - city-wide water and wastewater needs

- city-wide and area-specific transportation needs
- city-wide and area-specific parks needs

As discussed in Section 3, the assessment of the project costs and benefitting areas undertaken by City staff resulted in greater share of the capital needs being assessed on a city-wide basis vs. prior area-specific allocations. This approach results in less variation in the area-specific charges by area in comparison to calculated charges using prior area-specific allocations. For example, in the preliminary area-specific calculations, the highest area-specific charge was 3.3. times higher than the lowest area-specific charge. However, in the area-specific charges presented in Table 4-1, the highest area-specific charge is only 41% higher than the lowest area-specific charge.

The following observations are provided in terms of proceeding with a uniform city-wide greenfield calculation vs. the area-specific approach presented here-in:

- Uniform greenfield D.C.s ensures a consistent approach to financing the entire cost associated with growth-related capital projects. For example, utility rates and mill rates are required to finance the share of growth-related capital projects not recoverable by D.C.s and all associated operating costs. Therefore, the use of area-specific D.C.s results in a share of growth-related capital costs being recovered from a specific area, with the remaining capital costs of the projects (i.e. non-greenfield share) and the associated operating costs with those new assets being recovered from uniform user rates and property taxes, applied to the entire city.
- Attempting to impose an area-specific D.C. potentially causes equity issues in transitioning from a uniform greenfield-wide approach to an area-specific approach. An area of the city that is less developed and becomes subject to an area specific D.C., could face a significant increase in D.C. rates, as the area will not benefit from drawing on the pool of D.C. funding and may have contributed D.C.s to fund capital required to support development in other areas of the city. Whereas another part of the city that has experienced significant growth which required substantial capital investments, benefitted from the capital investments being financed by uniform greenfield-wide D.C.s. The implementation of area specific D.C.s could result in varying D.C.s across the city, which may impact the ability to attract investment into parts of the community.
- Services such as transportation and parks are generally available across the city, used often by all residents and are not restricted to one specific geographic area. The use of a city-wide D.C. approach reflects these system-wide benefits of service and more closely aligns with the funding principles of service provision (e.g. uniform city-wide utility rates, mill tax rates, etc.).

4.2 D.C. Calculations

Table 4-1 compares the total per net ha greenfield fee and administration fees that are currently in place (i.e. $292,000/ha greenfield fees and $27,000/ha administration fee)

to the total fee for the uniform and area-specific calculation scenarios. Consistent with the recommendations of the D.C. Policy Review, the charge would be indexed annually and updated periodically to reflect changes in anticipated development and capital needs/costs.

Table 4-1
D.C. Calculation Summary
Per ha Charges Including Administration Fee

Description	City-Wide Uniform Rate	Area Specific Calculation			
		North East Area	North West Area	South West Area	South East Area
Current Rates	319,000				
Calculated Charge	**$ 403,425**	**$ 302,817**	**$ 427,157**	**$ 361,094**	**$ 423,425**
Admin Fee	$ 23,515	$ 23,515	$ 23,515	$ 23,515	$ 23,515
Water & Wastewater	$ 204,199	$ 204,199	$ 204,199	$ 204,199	$ 204,199
Transportation	$ 154,841	$ 61,856	$ 186,108	$ 118,877	$ 153,716
Parks	$ 20,870	$ 13,247	$ 13,334	$ 14,503	$ 41,996

The following observations are provided with respect to the calculations in Table 4-1.

- The uniform calculated rate is $403,400 per ha, which is a 26% increase over the current charge.
- The area-specific charges would result in higher charges in the North West and South East areas in comparison to uniform city-wide calculated charges. This indicates that the costs to provide services in these areas is more intensive than in the North East and South West areas. The charges for water and wastewater services would be imposed on a uniform city-wide basis while the charges for transportation and parks would vary by service area.
- Included within the above increases in the charge is a decrease in the Admin fee from $27,000 to $23,500 or a 13% decrease.

5. Summary/Impacts

The D.C. has been calculated using a non-cash-flow approach that calculates a charge based on the total capital needs required to service the remaining lands within the growth plan without the inclusion of additional financing costs until they are known. (e.g. when debt is incurred). As the City will be proceeding with updates to the OCP growth plan and master plans to service Regina as it continues to grow and because of the limited capacity of the City to fund additional projects through debt financing, it is recommended that the City proceed with the non-cash-flow calculation of the charge where only committed debt financing costs are included in the calculation. The cash-flow vs. non-cash-flow calculation approach will be revisited when the City updates their D.C. after the OCP growth plan and master plan reviews are completed.

5.1 Mill Rate and Utility Rate Impacts

Dedicated mill rate and utility rate increases have been assessed to provide funding for the growth-related costs that would not be funded through the D.C. model. Those costs would include established area costs and revenue foregone as a result of reductions to the industrial charge. The mill rate and utility rate impacts have been assessed for the uniform city-wide scenario only and include the impacts of one-time mill and utility rate increases as well as mill and utility rate increases phased in-over a longer-term period. The order of magnitude impacts of these funding obligations on City mill rates and utility rates that would be paid by all current and future households and businesses have been assessed using the approaches summarized in the following sections. The actual mill and utility rates that would be required to fund the D.C. costs removed from the model may change depending on the actual pace of development, costs deferred from the model, and other financial planning and level of service decisions made by the City.

5.1.1 Dedicated Mill Rates

The dedicated mill rates have been calculated by first determining the transportation and parks costs that would not be funded through the D.C. model (see Section 3). As those costs would then be funded through mill rates, the annual taxable property assessment within the city needs to be forecast over the 2024 to 2044 period. This forecast has been prepared based on the current assessment base within Regina and applying assessment assumptions per residential unit or per sq.ft. of non-residential gross floor area to the anticipated development to 2044. Assessment assumptions were derived from new residential and non-residential construction over the past 5-years within Regina and adjusted based on the Provincial adjustment percentages. These assessment assumptions are summarized in Table 5-1.

Table 5-1
Assessment Assumptions

Description	Average Assessment per Unit	Adjusted (80% Provincial Percentage)
Dwelling Units		
Single and Semi-Detached	482,489	385,991
Multiple	403,828	323,063
Apartments	203,734	162,987
Description	**Average Assessment per Sq.ft. of G.F.A.**	**Adjusted (85% Provincial Percentage)**
Non-Residential		
Industrial	200	170
Commercial	285	242
Institutional	-	-

Table 5-2 summarizes the total assessment over the 2024 to 2044 period. For the purposes of this assessment, the existing assessment base has been adjusted so that when applying current mill rates, the budgeted property taxation revenue for 2023 would be produced. Over the period to 2044, total property tax assessment in the city would increase from $27.2 billion to $42.8 billion.

A dedicated mill rate is then calculated that would recover the costs not funded through the D.C. model from property assessment over the 2024-2044 period. The dedicated mill rates for have been calculated to recover the anticipated capital cost plus additional financing costs related to the timing of expenditures and mill rate revenue. Based on buildout of the growth plan by 2044, the growth-related costs not funded through the model would be provided and the dedicated mill rate would no longer be required.

Table 5-2
Forecast Property Assessment

Assessment Forecast	Base Assessment	Adjusted Base Assessment	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Base Assessment	29,852,332,100	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837
Residential Assessment				364,258,396	728,516,792	1,198,643,851	1,668,770,910	2,138,897,969	2,609,025,028	3,079,152,087	3,661,123,726	4,243,095,365
Industrial Assessment				36,563,151	73,126,302	132,060,867	190,995,431	249,929,996	308,864,561	367,799,125	440,925,427	514,051,730
Commercial Assessment				77,569,017	155,138,034	248,252,853	341,367,672	434,482,491	527,597,310	620,712,129	734,625,790	848,539,452
Institutional Assessment												
Total Assessment	**29,852,332,100**	**27,233,220,837**	**27,233,220,837**	**27,711,611,402**	**28,190,001,966**	**28,812,178,409**	**29,434,354,851**	**30,056,531,293**	**30,678,707,736**	**31,300,884,178**	**32,069,895,781**	**32,838,907,384**

Assessment Forecast	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Base Assessment	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837	27,233,220,837
Residential Assessment	4,825,067,004	5,407,038,643	5,989,010,282	6,633,751,097	7,278,491,912	7,923,232,727	8,567,973,542	9,212,714,357	9,866,541,234	10,520,368,112	11,174,194,989	11,828,021,866
Industrial Assessment	587,178,032	660,304,334	733,430,636	809,174,435	884,918,233	960,662,032	1,036,405,830	1,112,149,629	1,201,471,689	1,290,793,750	1,380,115,810	1,469,437,871
Commercial Assessment	962,453,114	1,076,366,775	1,190,280,437	1,320,059,882	1,449,839,328	1,579,618,773	1,709,398,218	1,839,177,664	1,941,385,310	2,043,592,956	2,145,800,603	2,248,008,249
Institutional Assessment												
Total Assessment	**33,607,918,987**	**34,376,930,590**	**35,145,942,192**	**35,996,206,251**	**36,846,470,310**	**37,696,734,369**	**38,546,998,428**	**39,397,262,487**	**40,242,619,071**	**41,087,975,655**	**41,933,332,239**	**42,778,688,823**

Transportation Established Area Costs

The dedicated mill rate to fund the established area transportation costs would be 0.02518. This rate would represent a 0.2% increase to current mill rates or a $5.77 annual per home increase (based on $315,000 assessed value).

Parks Established Area Costs

The dedicated mill rate to fund the established area parks costs would be 0.01555. This rate would represent a 0.1% increase to current mill rates or $3.57 per home per year (based on $315,000 assessed value).

Industrial Charge Reduction Costs

The dedicated mill rate to fund the transportation and parks D.C. revenue foregone as a result of the industrial charge reduction would be 0.04169. This rate would represent a 0.4% increase to current mill rates or $9.56 per home increase (based on $315,000 assessed value).

5.1.2 Dedicated Utility Rates

Dedicated utility rates have been calculated by first converting the budgeted 2023 utility rate revenue to a per residential dwelling equivalent, based on 93,633 dwellings within the city (i.e. $75 million / 93,633 dwellings = $1,496 per dwelling). Similar to the approach for the dedicated mill rates, a forecast of residential equivalent customers for the 2023 to 2044 period was prepared to estimate the number of residential equivalent annual customers that the dedicated utility rate would apply to. This forecast would see the total equivalent residential customers increasing from 93,633 to 126,714 by 2044. Based on this forecast of customers, the annual revenue per customer was calculated that would be required to recover the utility costs not funded through the D.C. model. This annual cost as a percentage of the current average revenue per residential equivalent customer was used to inform what the dedicated utility rate would be required to fund these costs.

The utility rates have been calculated to recover the anticipated capital cost plus additional financing costs related to the timing of expenditures and utility rate revenue, consistent with the mill rate approach.

It is anticipated that in 2044, the growth-related costs not funded through the model would be funded and the dedicated utility rate would no longer be required.

Utility Established Area Costs

The dedicated utility rate to fund the established area costs would be 7.0% of the current rates and equate to an annual base charge of $43.70 and a per m^3 of water consumption charge of $0.31.

Industrial Reduction Costs

The dedicated utility rate to fund the utility D.C. revenue foregone as a result of the industrial charge reduction would be 1.1% of the current rates and equate to an annual base charge of $6.37 and a per m^3 of water consumption charge of $0.04.

5.1.3 Dedicated Mill Rate and Utility Rate Summary

For comparison purposes, the following table summarizes the costs to be funded through the dedicated mill rate and utility rates under the uniform city-wide calculation scenario, what the mill and utility rates would be, and the impact on a typical residential dwelling unit. The per household impacts are summarized in Table 5-3 on a monthly basis.

Table 5-3
One-Time Mill and Utility Rate Summary

Description	Costs to be Funded by The City	% Increase over Current Rates		Dedicated Mill Rate	Dedicated Utility Rate	Dedicated Utility Rate	Residential Dwelling Unit Impacts			Residential Dwelling Unit Impacts		
		Mill Rate	Utility Rate		*Annual Charge*	*Per m3 Charge*	Monthly Property Tax[1]	Monthly Utility Fees [2]	Total Monthly Residential Charge	Annual Property Tax[1]	Annual Utility Fees [2]	Total Annual Residential Charge
Uniform City-Wide Calculation												
Established Area Transportation Costs	13,586,622	0.2%		0.02517			0.48		0.48	5.77		5.77
Established Area Parks Costs	7,970,937	0.1%		0.01555			0.30		0.30	3.57		3.57
Established Area Utility Costs	181,987,165		7.0%		43.70	0.31		10.66	10.66		127.94	127.94
Industrial Charge Reduction	30,003,585	0.4%	1.0%	0.04169	6.37	0.04	0.80	1.55	2.35	9.56	18.64	28.20
Total	**233,548,310**	**0.7%**	**8.1%**	**0.08240**	**50.06**	**0.35**	**1.58**	**12.21**	**13.79**	**18.90**	**146.58**	**165.48**

1. Based an residential unit with taxable assessment of $315,000
2. Based on a residential unit with 275m3 of water consumption per year

The total impact per dwelling unit would be $13.79 per month over the 2024 to 2044 period to fund the $233 million not funded through the D.C. model. While the overall one-time mill and utility rate impacts are presented in Table 5-3 in terms of the percentage increase over current rates, these impacts are shown in Table 5-4 if the rate increases were to be phased in over a two-, five-, or ten-year period. The phased-in impacts are shown in total over the respective periods as well as the annual year over year increase.

Table 5-4
Phased-In Mill and Utility Rate Summary

Description	Annual Year Over Year Increase over Current Rates (%)										
	Total*	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Uniform City-Wide Calculation											
One-Time Increase											
Mill Rate	**0.75%**	0.75%									
Utility Rate	**8.07%**	8.07%									
2-Year Phase-In											
Mill Rate	**0.77%**	0.38%	0.38%								
Utility Rate	**8.31%**	4.16%	4.16%								
5-Year Phase-In											
Mill Rate	**0.84%**	0.17%	0.17%	0.17%	0.17%	0.17%					
Utility Rate	**9.11%**	1.82%	1.82%	1.82%	1.82%	1.82%					
10-Year Phase-In											
Mill Rate	**0.98%**	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Utility Rate	**10.94%**	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%

* Total cumulative increase

As a result of a slower increase in mill and rate revenue in the phased-in scenarios, total rate increases would be as high 1.0% for the mill rate and 10.9% for the utility rate if the increases were implemented over a 10-year period as opposed to a one-time increase.

5.2 D.C. Account Balances

D.C. account balances have been forecast over the 2024-2028 period to assess the impacts on reserve borrowing and debt requirements based on the charges calculated under the uniform city-wide scenario, the average annual historical pace of development (i.e., 13.6 subdivided hectares per year), and the City's 5-year committed capital needs (i.e. $202.6 million greenfield costs).

If development proceeds at historical averages and the City only proceeds with the undertaking the committed 5-year capital plan, the additional debt within the D.C. account would increase from $36.2 million (2023 year-end deficit plus unfunded commitments) and exceed the City's internal limit of $100 million. As such, it will be imperative that the City monitors the pace of development with respect to the requirement for and timing of expansionary capital infrastructure to ensure the capital infrastructure is only being constructed when triggered by new development.

5.3 Municipal D.C. Comparisons

The following figures compare the City's current charges and the calculated city-wide uniform charges to the D.C.s in 12 similar sized municipalities across Canada. For comparison purposes, the charges for Ontario municipalities include only transportation, parks and recreation, water, and wastewater costs.

Figure 5-1 compares the charges for a single or semi-detached dwelling unit. An assumption of 20 units per ha has been used to convert per ha charges to a per dwelling unit charge.

Figure 5-1
D.C.s per Single and Semi-Detached Dwelling Unit

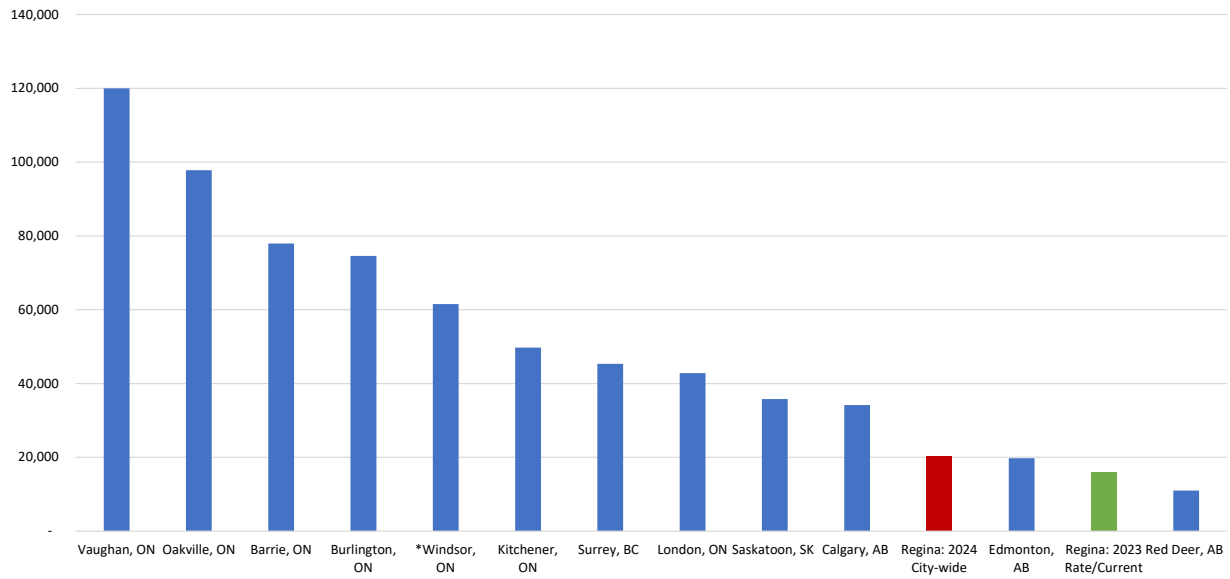
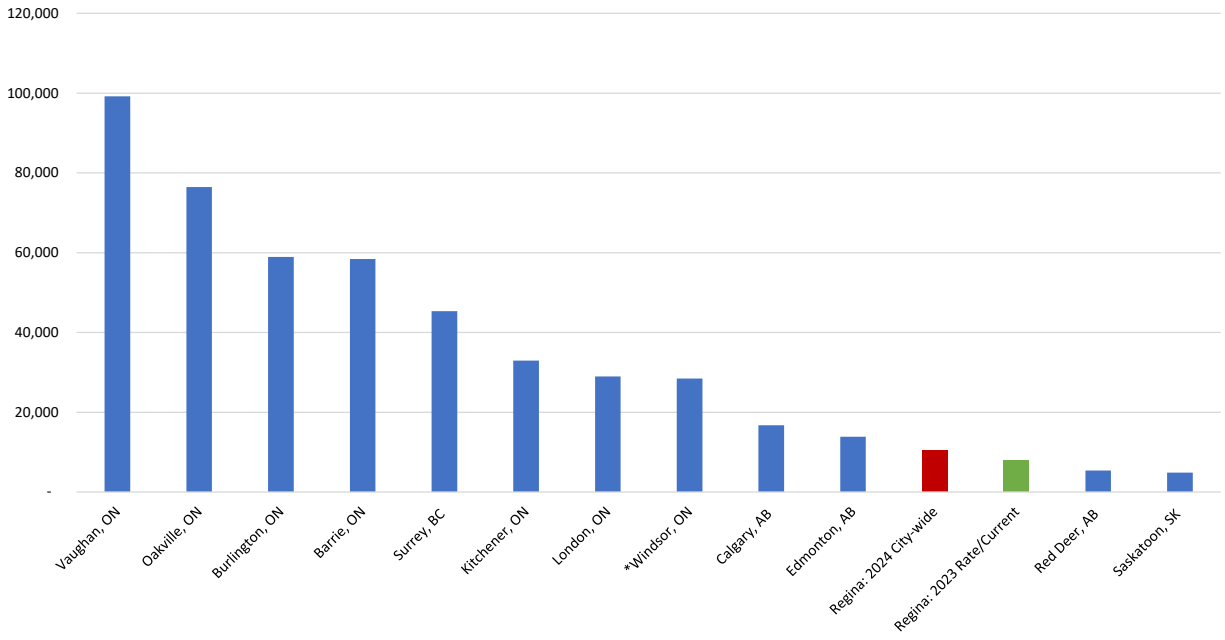


Figure 5-1 indicates that the charges in Ontario municipalities are greater than all of the western Canada municipalities surveyed with the exception of Surrey BC. The charge in Regina (i.e. $20,170) would increase above the surveyed rate in Edmonton and Red Deer Alberta but remain below the charges in Calgary and Saskatoon (i.e., $34,180 and $35,790, respectively).

Figure 5-2 compares the charges for a condominium development of 52 units and 1.27 ha on a per unit basis.

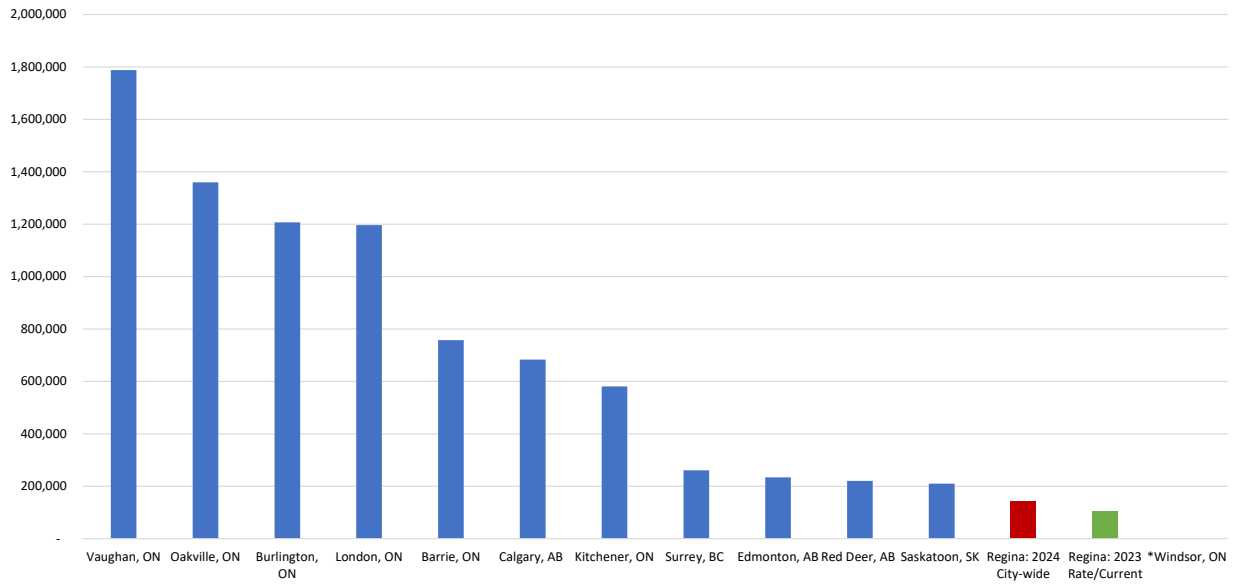
Figure 5-2
D.C.s per Condominium Unit
52-unit development and 1.27 ha parcel size



In comparison to the charges for a single detached unit in Figure 5-2, the charges for a condominium unit would continue to only be higher than the charges in Saskatoon and Red Deer.

Figure 5-3 presents the charges on a per ha basis for industrial development. Charges that are imposed on a per sq.m. of G.F.A. basis have been converted to a per ha charge based on 45% lot coverage.

Figure 5-3
D.C.s per Industrial Ha



The charges in figure 5-3 would keep the City's current position at the lowest in the comparison (except for Windsor Ontario, who fully exempts industrial development from the payment of D.C.s). Figure 5-3 is presented inclusive of the City's current 2/3 reduction to the industrial D.C.

The current and calculated D.C.s have also been assessed in terms of the share of average sales price of new residential dwelling units. The D.C.s per unit presented in Figure 5-1 are shown as percentage of sales price in Table 5-4.

Table 5-4
D.C.s per Single and Semi-Detached Unit as a percentage of Average Sales Price

Municipality	Average Sales Price of Newly Constructed Dwellings (2022-2023) [2]	D.C.s Per Unit	D.C.s as a percentage of Sales Price
Ontario Municipalities [1]	1,057,501	74,914	7.1%
Saskatoon, SK	583,668	35,790	6.1%
Calgary, AB	698,231	34,180	4.9%
Regina: 2024 City-wide	511,064	20,170	3.9%
Edmonton, AB	579,763	19,744	3.4%
Regina: 2023 Rate/Current	511,064	15,950	3.1%
Surrey, BC	2,157,599	45,358	2.1%
Red Deer, AB	569,084	11,017	1.9%

1. Kitchener, London, Windsor, Barrie, Vaughan, Oakville, Burlington
2. Source: CMHC and CREA

Table 5-4 shows that D.C.s range between 2% and 7% of average sales prices across the municipalities surveyed. The current D.C.s in Regina represent 3.1% of the average sales price of $511,000 in the City. The calculated charge is $4,220 higher than the current charges and would represent 3.9% of the average sales prices (if these rates had no impact on sales price and were absorbed in land costs supply chain, or developer margins). This percentage would remain below the Ontario municipalities and that of Saskatoon. If these costs were fully passed on to homeowner, the $4,220 increase per unit would increase home prices by 0.8%. To understand the affordability of these increases to the ultimate homeowner, this increased cost would equate to $25 additional monthly mortgage payments at 5% interest and a 25-year term.

6. Observations/Takeaways

The following takeaways are provided for the City's consideration:

1. The City is continuing to incur pressures on the D.C. account balances due to the timing and amount of D.C.s being collected and planned expenditures to build out the growth plan area. The City will also be undertaking updates to the OCP growth plan and servicing master plans in the near future. As such, this update to the D.C. model and charge is based on the known infrastructure needs to service the buildout of the growth plan as well as the financing costs that have already been committed to. This approach addresses the anticipated capital costs of servicing as well as the City's limited capacity to take on new D.C. debt financing.

2. Uniform and area-specific charges were assessed to understand the how the intensity of the servicing requirements change across the greenfield area in aggregate and by specific area. This analysis should be considered as the City updates their OCP growth plan and master plans in the future. Changes to the amount and timing growth and the location/phasing of development should be considered along side the financial impacts, such as:

    - There is capital infrastructure already complete or underway that has been designed to provide capacity to the greenfield areas that could become a funding obligation of the City with changes to the growth plan;
    - Planned infrastructure that has a shared benefit across greenfield and established areas of the city may have inherent economies of scale built in. Removing/deferring greenfield areas in the growth plan may result in increased costs for the established area that would be funded by the City.
    - Costs of servicing increased development in established areas vs. greenfield and impacts on existing residents (e.g., increased mill and utility rates) of funding that infrastructure would also need to be assessed

3. In determining whether to impose a city-wide or area-specific rate, Council should consider the following fiscal impacts assessed herein, such as:

    - How the rate compares to other comparator municipalities, including the share of average new home prices that D.C.s represent;
    - The fiscal impacts on new and existing residents of funding the growth-related costs not included in the calculation (e.g., established area costs and revenue foregone from the D.C. reduction;
    - Impacts on affordability of new homes if the increase in the charge is fully or partially passed on to home buyers; and
    - The City's ability to incur additional debt

4. If the City were to elect to deviate from the 'growth pays for growth' principles within the calculation of the charge, various scenarios could be assessed to shift

the funding responsibility of growth-related projects from new development to existing and future residents and businesses. For each $10 million in growth-related capital needs removed from the D.C. model there would be a $6,198/ha decrease in the uniform city-wide charge and a corresponding one-time 0.17% increase in mill rates or 0.38% increase in utility rates using the same approach included in Section 5.1.

Schedule A
D.C. Policy Review

Memorandum

To	Luke Grazier
From	Gary Scandlan and Daryl Abbs
Date	September 11, 2023
Re:	Development Charges Policy Review and Recommendations

Fax ☐ Courier ☐ Mail ☐ Email ☒

1. Introduction

Municipalities across Canada are increasingly faced with the challenge of funding the required infrastructure to accommodate growth and development, while keeping rates low. Development Charges are used by municipalities across Canada to allow growth to pay for growth, while reducing the impacts on taxes and user rates.

The City of Regina currently imposes Development Levies and Servicing Agreement Fees (referred to as Development Charges) on new development to recover the capital costs associated with growth. As part of the City's Development Charges Policy (Policy Number 2021-OCC-P0002), a policy review is to be undertaken at least once every five (5) years.

The City has retained the consulting team of Watson & Associates Economists Ltd. (Watson) and Stantec Consulting to undertake a review of the City's Development Charges Financial Cashflow Model (Model), capital project list, and relevant sections of the Development Charges Policy.

This memorandum provides Watson's review of the City's Development Charge Policy (herein referred to as "the Policy") along with recommended revisions for City staff and Council's consideration.

2. Legislative Framework

The *Planning and Development Act, 2007* (the Act) provides municipalities in Saskatchewan with the rules and regulations around various municipal planning matters (e.g. authorities, Official Community Plans, interim development control, etc.). Part VIII of the Act sets out the rules for Development Levies (DLs) and Servicing Agreement Fees (SAFs). SAFs relate to capital charges imposed on subdivisions and DLs relate to capital charges imposed on all other development.

S.172 (3)(a) sets out that a Servicing Agreement may provide for certain works to be constructed by the developer:

> *Servicing agreements may provide for:*
>
> *the undertaking by the applicant to install or construct within the proposed subdivision, and in accordance with the specifications stated in the agreement, any storm sewers, sanitary sewers, drains, watermains and laterals, hydrants, sidewalks, boulevards, curbs, gutters, street lights, graded, gravelled or paved streets and lanes, connections to existing services, area grading and levelling of land, street name plates, connecting and boundary streets, landscaping of parks and boulevards, public recreation facilities or other works that the council may require*

As such, this sets out what works are the developer's responsibility. All other capital costs required to service new development in the City would be collected through SAFs (S.172(3)(b)) or DLs (S.169).

SAFs do not require a by-law to be implemented, however, DLs require the implementation of a Development Levy By-law (S.169(1)).

Section 169(2.1) provides that "if the subdivision of land is involved, development levies must not be used as a substitute for SAFs.

The services that can be included in SAFs and DLs are set out in section 169(2) for DLs and section 172(3)(b) for SAFs. These services are as follows:

- Sewage, water, or drainage works;
- Roadways and related infrastructure;
- Parks; and
- Recreational facilities.

For the services above, the eligible capital costs that can be included in the calculation of the charges is set out in S.168 of the Act. The municipality's estimated cost of providing construction, planning, engineering, and legal services are eligible for funding by SAFs and DLs.

In developing the charges for SAFs and DLs, the Act requires municipalities to identify the nexus between the anticipated development and the additional capital costs incurred as a result (S.169(3)).

Section 169(5) provides that municipalities have the ability to vary the DLs by Zoning districts or other defined areas, land uses, capital costs as they relate to different classes of development, or the size or number of lots or units in a development. This gives municipalities the ability to allocate and impose charges in a number of different ways.

Public consultation is required in the adoption of a DL by-law. This must be done in accordance with the Public Participation provisions set out in Part X of the Act. Once a by-law is passed by Council, it must be approved by the Minister. (s.170).

Municipalities may enter into DL agreements (s.171) and Servicing Agreements (s.172) which set out the DLs and SAFs to be paid, as well as the works that are the responsibility of the developer.

Section 173 of the Act provides that Development Levy Agreements and Servicing Agreements may provide that DLs or SAFs are provided in instalments, may apply a variable rate for different phases of a development, provide for security against works constructed, and allow for developers to oversize the capital works and receive recoveries from other developments.

Section 174 provides that DLs and SAFs collected must be deposited into one (1) or more accounts, separate from the other funds in the municipality. These funds may only be used for eligible capital costs to the extent they are required to service growth and development.

3. Overview of Development Charges Policy Number 2021-OCC-P002

The following provides an outline and summary of the current Policy along with the information included in each section.

- **Sections 1 to 3**: **Policy Statement, Purpose, and Scope** – These sections set out the City's intent to use SAFs and DLs (collectively referred to as Development Charges), to support growth and development in the City by investing in infrastructure. The City will collect Development Charges, manage the funds, and invest in infrastructure required to accommodate growth.
- **Section 4**: **Definitions** – The Policy includes various definitions to aid in the interpretation of the Policy and application of Development Charges in the City.
- **Section 5**: **Legislative Authority** – This section summarizes, at a high-level, the authority provided by the *Planning and Development Act, 2007*, the financial policies in the Official Community Plan, and the incorporation of the Policy into the Development Levy Bylaw.
- **Section 6: General Policy** – The General Policy section identifies the delegated authority to prepare, enter into, and administer the SAF and DL agreements as well as to determine the capital projects to be included in the Development Charges calculations. This section further describes the difference between SAFs and DLs.
- **Section 7: Greenfield Area Policy**
    - **Section 7A: Greenfield Area Development Charges** – This section identifies the lands subject to the charges, timing of payment, calculation of the charges and other matters as provided in the table below:

Section 7A Policy Items	Summary
Applicable Lands	• All lands, unless otherwise exempt
Timing of Determination	• DLs – date of application of development permit • SAFs – date the City confirms formal submission application requirements • If a Development Levy or Servicing Agreement expires and the development has not completed, new fees will be assessed
Calculation Approach	• The charges are imposed on a per hectare of net developable area as follows: • Net Development Area X Approved Rate (per service) = Total Development Charges Payable
Credits	• If Development Charges are paid but no development occurs, the Developer will receive a credit in the applicable units to be registered on the affected property title
Inclusion of Administrative Costs	• As allowable under the applicable legislation, administration costs are included in the calculations and calculated as follows: • Gross Development Area X Approved Administration Fee = Total Administration Fee Charges Payable
Exemptions	• Environmental reserves, dedicated lands for road right of way and designated for freeways, expressways, and grade separations, natural lakes or rivers, lands previously subject to SAFs where no development occurred, unless the City will incur additional capital costs as a result of proposed development, Municipal Utility lands, Municipal Buffer lands, Public Work development that does not include a building or structure intended for occupancy or habitation, and development within the Tower Crossing Plan Area (subject to separate DCs).
Deferrals	• Where development is not required to connect to water and/or wastewater at the time of development, DCs deferred until connection. No deferral for other services (i.e. transportation, parks and recreation, or administration). • The deferral shall be registered as an interest against the title of the lands.
Reductions for Industrial Land	• 2/3 reduction of applicable Development Charges provided that any application to rezone the lands at a later date would be subject to the payment of the reduction. • The reduction shall be registered as an interest against the title of the lands.

Tower Crossing Plan Area DCs	• Area-specific Development Charges for the Tower Crossing Plan Area for sanitary sewer works.
	• These charges are imposed on all development in this area:
	  ○ Established Area within: Tower Crossing charges only
	  ○ Greenfield Area within: Tower Crossing charges plus City-wide Greenfield charges

- **Section 7: Greenfield Area Policy**
    - **Section 7B: Greenfield Area Agreements** – Lands in the City that are subject to DLs and SAFs may be required to enter into a Development Levy Agreement or a Servicing Agreement. This section identifies the application requirements, payment of charges, financial securities, and endeavour to assist provisions as provided in the following table:

Section 7B Policy Items	Summary
Application Requirements	• Before the issuance of a Servicing Agreement number, the developer must submit a secondary plan or concept plan, zoning approval, application for subdivision, an Engineering Submission, a Landscape Drawing Submission, and/or a formal written request to enter into an agreement. • The developer has 6 months from the date the Servicing Agreement number is signed to execute the agreement with the City, otherwise the associated Agreement is cancelled.

Payment of Development Charges	• SAFs are payable at the time of execution of the Servicing Agreement.
	• DLs are payable at the time of execution of the Development Levy Agreement.
	• The City will accept installment payments for Development Charges greater than $50,000. The installments are as follows:
	  ○ Servicing Agreement Infrastructure:
	  ▪ 30% upon execution of the Servicing Agreement;
	  ▪ 40% upon the earlier of the issuance of a Certificate of Completion for Infrastructure Work; or 12 months from the date of the Servicing Agreement;
	  ▪ 30% upon the earlier of the issuance of a Financial Acceptance Certificate for the Infrastructure Work; or 24 months from the date of the Servicing Agreement
	  ○ Servicing Agreement Parks and Recreation Facilities:
	  ▪ 50% upon the earlier the issuance of a Certificate of Completion for Landscaping Work or 18 months from the date of the Servicing Agreement;
	  ▪ 50% upon the issuance of Final Acceptance Certificate for the Landscaping Work or 24 months from the Servicing Agreement's date
	• Unpaid portions of Development Charges shall be secured by Letters of Credit.

Financial Assurances for Completion of Work	• All work required to be constructed by a Developer shall be secured by security in a form satisfactory to the City. • The amount of the security is based on a percentage share of the total construction costs, as determined by a professional licensed engineer. • The percentage of security required is based on past performance with the City:

Section 7B Policy Items	Summary
	○ 100% - previous major breach of terms and conditions of past agreement ○ 75% - no previous agreements with the City in the past 7 years ○ 50% - one (1) or more completed agreements in the last 7 years where all payments were made on time or references provided from another municipality whereby one (1) or more development agreements were completed in the past 7 years with all payments made on time. ○ 25% - two (2) or more completed agreements in the last 7 years where all payments were made on time or references provided from another municipality whereby two (2) or more development agreements were completed in the past 7 years with all payments made on time. • The categorization of a developer may be revised based on performance.
Endeavor to Assist	• Where a developer provides Excess Infrastructure Capacity for works not included in the SAF or DL calculations, the City may agree to include Endeavour to Assist provisions in development agreements with future benefitting lands. • The costs related to the Excess Infrastructure Capacity will be based on a proportionate land area of the benefiting lands unless indicated otherwise. • The Executive Director is authorized to determine the allocation of costs related to Excess Infrastructure Capacity. • Endeavour to Assist Payments shall be escalated at the City's indicative pricing rate plus two (2) per cent. • The maximum term for an Endeavour to Assist Agreement is 20 years, or when all payments are made, whichever comes first. The City is not liable for any payments, should the future benefitting lands not develop within the term of the agreement.

- **Section 8: Established Area Policy** – Development within the Established Area is exempt from Development Charges[1]. If development of lands within the Established Area results in intensification, the City shall annually transfer the incremental municipal tax revenue to the Intensification Infrastructure Reserve to fund the infill share of the Capital Projects as identified in the Capital Project List. Developers may still be required to enter into Servicing Agreements or Development Levy agreements for matters other than payment of Development Charges.
- **Section 9: Capital Projects** – Infrastructure servicing that a Developer must install or construct as per section 172(3)(a) of the *Planning and Development Act, 2007* are not included in the calculation of Development Charges. This section sets out what types of projects are eligible for Development Charges,

[1] The Established Area refers to the existing built-up area of Regina as of 2014 when the OCP was approved. See Appendix 1 for a map outlining the Established Area.

determination of the appropriate cost shares, and determination of cost estimates as summarized in the following table:

Section 9 Policy Items	Summary
Costs Eligible for Payment with Development Charges	• The project list included in the calculation of Development Charges is developed by City Administration based on technical studies and master plans and reviewed in consultation with development industry members. • Costs included are the majority of typical water, wastewater, drainage, and other utility services, roads and other related infrastructure, parks, and recreation facilities. • Infrastructure projects, studies, designs, and models not included in the project list are not funded by Development Charges unless determined by the Executive Director and subject to compliance with the Act. If they are required for one or more specific developments, they are funded 100% by the Developer. • Interim services shall be funded 100% by the developer.
Determining Cost Share	• Each project cost is allocated between the Greenfield and Established Areas. They may be allocated 100% to an area or shared between the areas based on the share of the project benefit. • The Executive Director is authorized to determine how Capital Projects are allocated based on the following criteria: ○ 100% Greenfield – projects that primarily facility development of the Greenfield Area ○ 100% Established Area – projects that primarily facilitate Intensification within the Established Area ○ Shared – Projects required to facilitate growth in general and provide City-wide benefit should be allocated based on their share of growth. Projects are considered to provide a City-wide benefit if they meet the following criteria: ▪ Serve the broader City population, including water or wastewater treatment plants; ▪ Studies or plans that consider the City as a whole; ▪ Transportation projects that add capacity and are within the area bound by the expressway portions of Lewvan / Pasqua and the Ring Road / 9th Avenue North or as determined by the Executive Director but not including projects 'on' the expressway portions of Ring Road or Lewvan Drive / Pasqua Street; or ▪ Parks and recreation projects that provide new municipal level services, servicing most areas of the City. ○ Calculation of the intensification share is as follows: ▪ Assumed Intensification Hectares = Greenfield Residential Hectares X (Intensification population/greenfield population). ▪ Intensification Share = Assumed Intensification Hectares/Total Hectares ▪ Greenfield Share = 1 – Intensification Share

Section 9 Policy Items	Summary

Estimate of Costs	• Project costs are estimated over a 25-year period
	• If an individual development requires a Capital Project in advance of the project being triggered or planned for by the City to accommodate overall growth, funding of the project either in whole or in part, including land acquisition, shall become 100 per cent funded by the Developer
	• Infrastructure Costs
	  ○ Determined by values expressed in studies or reports.
	  ○ Costs are inflated annually using the inflation rate determined in the Development Charges Financial Cashflow Model.
	  ○ Costs assume a 13.5% rate for consulting services when they are part of the project cost estimates.
	  ○ Grants are netted from the total project cost estimate if confirmed. If not known or confirmed, the total project cost estimate is included. If a project will not proceed without the grant, only the net project cost will be included.
	  ○ Alternative funding sources are removed from the total project costs, excluding Community Contributions.
	• Land Costs
	  ○ Land required for services that developers are required to construct are 100% funded by the Developer
	  ○ Land required for Capital Projects that directly or indirectly support the City's growth are included in the Development Charges calculations
	  ○ Land value shall be determined by a Professional Appraiser as defined by the Appraisal Institute of Canada

- **Section 10: Fund Management** – The City utilizes three (3) separate deferred revenue accounts; Utility (water, wastewater, and drainage), Roads, and Parks/Administration. The Administration costs are recognized annually based on confirmed actual expenditures. These accounts are kept separate from other funds. Interest is calculated annually based on the combined balance of the accounts. Interest from internal and external borrowing is also included in the calculation of the rate.
  - **Section 10A: Development Charges Financial Cash Flow Model** – This section outlines the policies and framework with respect to the financial model including inflation and interest rates, opening balances, revenue projections, expense projections, and the rate calculations as summarized in the following table:

Section 10A Policy Items	Summary
Overview	• The City uses a cashflow model to identify the most effective, efficient, and economical use of available cash.

Section 10A Policy Items	Summary

	• City prepares an annual report indicating the reconciliation of completed Capital Projects with the model.
	• Development Charges calculated are reviewed from time to time and presented to Council for approval. The review will include:
	  ○ consultation with development industry members;
	  ○ review of the current Servicing Agreement Fee balance and interest due;
	  ○ determination of pace of development to establish the Capital Projects list and developable area;
	  ○ the current population and population projections to calculate appropriate funding splits for new projects added to the list;
	  ○ review of greenfield development Capital Projects to calculate the greenfield rate;
	  ○ review of City-wide development Capital Projects to ensure cost estimates, capacity and timing are accurate to calculate both the greenfield rate and portion of Capital Projects funded through the Established Area Policy;
	  ○ review for alignment to Master Plans and OCP Growth Phasing;
	  ○ adjustment, addition, and removal of Capital Projects projected over the 25-year time horizon; and
	  ○ indexing for inflation

Inflation Rates and Interest Rates	• City determines the inflation rate that will be applied to project costs at least every two (2) years. If the City does not have the expertise to determine the inflation rate, an external consultant will be contracted. • This rate will also be used to index the Development Charges in years between reviews. • Interest rates for internal and external borrowing will be determined based on the City of Regina Debt Management Policy and interest costs will be incorporated into the rate.
Opening Balance	• Based on the year-end cash balance from the deferred revenue accounts. • If a regional partner has agreed to pay Development Charges, in whole or in part, the opening balance will reflect the anticipated revenue.
Revenue Projections	• The City shall establish 25-year revenue projections based on recent growth estimates, detailed growth studies, and growth policy. • Outstanding Development Charges to be collected are identified through a review of executed agreements.
Expense Projections	• The City shall establish 25-year expenditure projections based on the Capital Project List. Adjustments to the timing and Project List are to be based on updated studies, master plans, current year cost estimates, and timing required to allocate capital project funding based on the pace of growth. • The total costs allocated to Greenfield growth and Intensification growth should be quantified separately.
Rate Calculations	• Greenfield Rate Calculation

Section 10A Policy Items	Summary
	○ The rate is calculated by dividing the total Greenfield Costs by the Total Greenfield Hectares (remaining unsubdivided area). • Administration Rate Calculation ○ The annual rate is calculated by dividing the Total Administration Costs by the Estimated Annual Amount of Development. • Established Rate Calculation ○ As development in the Established Area is exempt from Development Charges, no rate is calculated and the share of expenditures applicable to the Established Area are to be funded by the City.

- **Sections 11 to 13**: **Policy Review, Reviews, and Amendments** – These sections set out the period for Policy reviews (at least every five years), when the reviews have been undertaken, and when amendments have been applied.
- **Section 14: Appendix A: Funding Criteria and Summary Charts** – This section sets out the funding criteria and cost sharing approaches between the funding sources (i.e. Developer funding, Development Charges, and City funding). Level of service improvements are not intended to be funded with Development Charges unless it is demonstrated that a project has been deferred and subsequently growth has deteriorated the current population level of service. Where projects do not have substantiated population actuals or estimates, the administration may utilize a placeholder of 30% Development Charge funding, 70% City funding until further details are known. Upgrades to existing Arterial Roads, Intersections and Traffic Signals shall deduct the rehabilitation cost from the gross cost if rehabilitation is warranted within three (3) years from the time the capacity increases are triggered to maintain a targeted level of service.

4. Best Practices in Development Charges Policy Matters

Most Provinces across Canada have some form of legislation providing for recovery of capital costs associated with growth. The legislation varies between Provinces, as does the name of the revenue tool (e.g. Development Charges, Offsite Levies, Development Levies, etc.), however, the principle of recovering growth-related capital costs is consistent across Canada. In this section of the report, all charges will be referred to as Development Charges for consistency.

In reviewing best practices with respect to Development Charges, a survey of best practices across Canada was conducted. Comparator municipalities were selected based on a combination of size, growth rate, and other similarities to Regina. The municipalities surveyed are as follows:

Table 4-1
Canada-wide Survey
Municipalities Surveyed

Province	Municipalities
British Columbia	• Vancouver
Alberta	• Calgary • Edmonton
Saskatchewan	• Saskatoon
Manitoba	• Brandon
Ontario	• Peel Region • Niagara Region • Toronto • Ottawa
New Brunswick	• Moncton
Nova Scotia	• Halifax

4.1 By-law Updates and Indexing

The City of Regina recalculates the charges annually. This includes a review of the anticipated growth as well as the capital project list to determine the updated charges to impose.

Almost all of the municipalities surveyed have specified time frames for updating their Development Charge by-law calculations. Note, in between these reviews, the calculated charges are indexed to keep the charges increasing with inflation. Calgary, Edmonton, and Halifax update every 5 years by Policy (not required through legislation). In Ontario, the legislative requirement to review the by-law calculations and undertake a study was previously 5 years, however, the Province recently changed the maximum life of a by-law to 10 years. Moncton, Brandon, and Vancouver do not have any specific requirements, however, seek to review the calculated charges when significant changes in capital costs are identified. Saskatoon does not currently have a formal bylaw or policy; however, they are in the currently undertaking a process to compile their internal policies and procedures to create an official policy.

With respect to indexing of the charges in the by-laws, all municipalities surveyed include some form of indexing, with most utilizing the Statistics Canada Building Construction Price Index. All index annually, with only Regina indexing every two (2) years. Saskatoon reviews and updates their costs based on planned tenders. Increases in costs are verified against Statistics Canada Industry Price Indexes for the previous year.

The following table provides a summary of the above information.

Table 4-2
Canada-wide Survey
Summary of By-law Updates and Indexing

Canada-wide	Mandatory By-law Expiry/Review	Frequency of Update	Annual Indexing
Regina, SK	No	Calculations - Annually Policy Review - Every 5 years	Inflationary adjustment (every 2 years)
Saskatoon, SK	No	Annually	
Calgary, AB	No	Every 5 years	StatsCan Construction price index for roads, Municipal Price Index for water, wastewater, and stormwater
Peel Region, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Niagara Region, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Toronto, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Ottawa, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Moncton, NB	No	Upon significant changes in capital costs	StatsCan Construction price index
Brandon, MB	No	None specified	StatsCan Construction price index
Halifax, NS	No	Every 5 years	"all-in cost" debenture rate published by the Nova Scotia Municipal Finance Corporation
Edmonton, AB	No	Every 5 years	the lesser of the Edmonton Non-Residential Construction Price Index or the prime rate charged by the TD Bank in Edmonton plus 1 per cent.
Vancouver, BC	No	None specified	Annual inflationary adjustment report

*As of November 28, 2022, by-laws have a maximum life of 10 years. Was previously 5 years

4.2 Services Included in Development Charge Bylaws

Although the legislation in Saskatchewan only allows for recovery of costs for certain services, legislation across Canada varies. Regina imposes charges for water, wastewater, and roads, as well as parks and recreation services. Note, the *Planning and Development Act* also allows for charges for drainage services, however, no growth-related drainage projects are currently identified in the Model. Saskatoon imposes levies for trunk sewers, primary watermains, arterial roads and interchanges, as well as parks and recreation (community centres). In Ontario, municipalities are allowed to impose charges for 20 different municipal services. In Calgary, the City imposes charges for water, wastewater, drainage, roads, paramedics, recreation facilities, libraries, transit and police. However, Edmonton only charges for wastewater, drainage, roads, and fire. Moncton imposes charges for water, wastewater, drainage, and roads, but is also authorized to impose charges for trails and transit. Brandon imposes charges on water, wastewater, drainage, and roads, whereas Halifax imposes charges on water, wastewater, and roads. This information is summarized in the following table:

Table 4-3
Canada-wide Survey
Services Included in the Development Charge By-laws

Canada-wide	Water	Wastewater	Drainage	Transportation/ Roads	Parkland Acquisition/ Parkland Development	Affordable Housing	Childcare	Emergency Response Stations/ Paramedics	Recreation Facilities	Libraries	Transit	Police	Long-term Care	Growth Studies	Waste Diversion	Fire
Regina, SK	✓	✓		✓	✓				✓							
Saskatoon, SK	✓	✓		✓	✓				✓							
Calgary, AB	✓	✓	✓	✓				✓	✓	✓	✓	✓				
Peel Region, ON	✓	✓		✓				✓				✓	✓	✓	✓	
Niagara Region, ON	✓	✓		✓				✓			✓	✓	✓	✓	✓	
Toronto, ON	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ottawa, ON	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓		✓
Moncton, NB	✓	✓	✓	✓												
Brandon, MB	✓	✓	✓	✓												
Halifax, NS	✓	✓		✓												
Edmonton, AB		✓	✓	✓												✓
Vancouver, BC	✓	✓	✓	✓	✓	✓	✓									
Total	**11**	**12**	**7**	**12**	**5**	**1**	**2**	**5**	**5**	**3**	**4**	**5**	**3**	**4**	**3**	**3**

Notes:

Halifax, NS:	Roads only special area charge - Dartmouth Cove
Edmonton, AB:	Currently only facilities included in charge is fire, however, City phasing in charges for all facilities
	Provided in the local municipal DCCs

4.3 Application of Charges – Area-specific vs. Municipal-wide

Similar to Regina, the municipalities included in the survey have the ability to calculate and apply charges on a municipal-wide and/or area-specific basis. There is no consistent approach across Canada, as the infrastructure required to accommodate new development is identified differently in the various jurisdictions.

Service-specific Approach

Water and wastewater charges tend to be area-specific as municipalities may have urban areas which are serviced with water and/or wastewater and the benefitting area of the works may be clearly identified. Many other services provided (roads, parks & recreation facilities, etc.) are not restricted to one specific area and are often used by all residents.

Area-based Approach

Some municipalities may choose to identify specific areas of development and identify costs related to those areas only. This may be due to identification of key growth areas, or the desire to identify greenfield charges separately from infill charges. This may allow for varied discounts, exemptions or other policies Council may wish to impose in certain areas of their municipality.

The following table provides a summary of the how the comparator municipalities impose their charges:

Table 4-4
Canada-wide Survey
Application of Charges - Municipal-wide vs. Area-specific

Canada-wide	Municipal-wide Charges	Area-specific Charges
Regina, SK		Greenfield vs. Established charge areas Tower Crossing Area
Saskatoon, SK	All services except for Community Centres	Community Centres
Calgary, AB	Water/Wastewater Treatment	Greenfield Area (uniform water/wastewater linear, transportation, and community services) Greenfield Area (area-specific stormwater) Centre City Levy (all services)
Peel Region, ON	All other services	Water and wastewater based on serviced area Police based on service area (2 providers)
Niagara Region, ON	All other services	Water and wastewater based on serviced area
Toronto, ON	All services	
Ottawa, ON		4 charge areas for residential 2 charge areas for non-residential (1)
Moncton, NB		All services utilize localized area specific charges
Brandon, MB		Established growth area (only treatment) Emerging growth area (treatment and linear, and roads and storm)
Halifax, NS	Water and wastewater	Minor special area charge for roads
Edmonton, AB		All services provided
Vancouver, BC	All services provided	All services provided (2)

Notes:
1. Ottawa: For Residential - Inside vs. Outside Greenbelt and rural serviced vs. rural unserviced.
   For Non-residential: serviced vs. unserviced
2. Vancouver: Additional charges apply to False Creek Flats and South East False Creek

4.4 Application of Charges – Residential vs. Non-residential Rate Categories

When surveying municipalities across Canada, the residential charge application used by Regina (e.g. per hectare) is used by some municipalities, but not all. Saskatoon currently utilizes lot frontage to impose the charges. Outside of Ontario, approximately half of the municipalities impose residential charges based on unit type (e.g. single-detached, townhouse, apartment, etc.) and half based on the area of the parcel.

With respect to non-residential development, most municipalities impose their charges on a per floor area basis or based on the area of the parcel. This is consistent with the approach undertaken in Regina.

The following table summarized the application of the charges across the municipal comparators:

Table 4-5
Canada-wide Survey
Application of Charges – Residential vs. Non-residential

Canada-wide	Residential						Non-residential			
	Per Lot	Per Unit (by type)	Per Unit (by density)	Per floor area of building	Per area of parcel	Other?	Per floor area of building	Per lot	Per area of parcel	Other?
Regina, SK					✓				✓	
Saskatoon, SK						✓(1)				
Calgary, AB		✓(2)			✓(2)	✓(2)	✓(2)		✓(2)	
Peel Region, ON		✓					✓			
Niagara Region, ON		✓					✓			
Toronto, ON		✓					✓			
Ottawa, ON		✓					✓			
Moncton, NB					✓(3)	✓(3)			✓(3)	✓(3)
Brandon, MB		✓(4)			✓(4)		✓(4)		✓(4)	
Halifax, NS		✓					✓			
Edmonton, AB					✓(5)				✓(5)	
Vancouver, BC				✓(6)			✓			
Total	**0**	**7**	**0**	**1**	**5**		**8**	**0**	**5**	**1**

Notes:

1 Saskatoon: Based on length of lot frontage
2 Calgary: Per area of parcel for greendfield (res and non-res), per unit for infill res, per floor area for infill non-res, and frontage for residential Centre City Levy
3 Moncton: Local Cost Sharing DC - based on frontage, Area DC based on zoning and area of properties
4 Brandon: Emerging Areas - per net area of parcel prior to subdivision agreement. Then per unit or floor area. For Established Areas - per unit or floor area
5 Edmonton: Charge per net area of parcel
6 Vancouver: residential charges vary by density

4.5 Discretionary Exemptions

Mandatory exemptions vary across Canadian jurisdictions depending on the provision provided in the legislation. Ontario has the most prescriptive legislation with a number of mandatory exemptions required. Most jurisdictions allow municipal Councils to identify discretionary exemptions from their charges, provided the exemptions are included in the by-laws. The Ontario municipalities surveyed provide a number of exemptions for various categories and classes of services. Other jurisdictions provide limited discretionary exemptions. The following table provides a summary of the exemptions provided in the by-laws of the comparator municipalities:

Table 4-6
Canada-wide Survey
Discretionary Exemptions

Canada-wide	Discretionary Exemptions
Regina, SK	(2/3) Reduction for Industrial Established Area
Saskatoon, SK	No formal policy
Calgary, AB	Environmental Reserve Skeletal Roads
Peel Region, ON	Hospitals Colleges/universities Places of worship (limited to 25% of floor space) Agricultural societies Agriculture use, excluding cannabis growing/processing Mobile temporary sales trailers
Niagara Region, ON	Discretionary exemptions are not provided through the DC by-law.
Toronto, ON	Place of worship Public hospitals Non-profit hospice Temporary sales offices or pavilions Industrial uses Development creating an accessory use/structure not exceeding 10 sq.m. of gross floor area Dwelling rooms within a rooming house Temporary building or structure in place for less than 8 months
Ottawa, ON	Development on contaminated lands (Community Improvement PLAN areas) Places of worship Cemeteries Agricultural uses Unserviced storage facilities with dirt floors Temporary units Seasonal buildings for the sale of gardening products Non-profit health care Childcare and long term care facilities Coach houses Non-residential accessory uses Garden suites
Moncton, NB	None
Brandon, MB	Industrial development
Halifax, NS	None
Edmonton, AB	None
Vancouver, BC	For-profit-affordable rental housing A (artist studio) - 100% For-profit-affordable rental housing B (artist studio which include more categories) - 86.24%

4.6 Observations on Best Practices

Based on the survey of policies and practices across Canada, the following provides a list of the observations arising from results:

- Most municipalities index their Development Charges annually. The source of the indexing information varies; however, use of the Statistics Canada Building Construction Price Index is the most common (this index tracks construction tender prices and should provide a reasonable estimate of inflationary impacts on capital projects).
- Area-specific charges may be used depending on local circumstances. There is no standardized approach that could apply to all municipalities, however, generally, water and wastewater can be imposed on the serviced areas of the municipalities with all other charges imposed on a municipal-wide basis.
- With respect to the basis for imposing the charges, best practices across Canada are shared between imposing the charge on a per unit basis or per property area basis for residential development and on a per area of building basis or per property area basis for non-residential development. Regina utilizes the per area basis for both residential and non-residential development.
- Discretionary exemptions vary across Canada, however any exemptions from the charges should be funded through other sources (e.g. water/wastewater rates or taxes). No municipalities surveyed utilize the tax-lift approach to funding in Regina.

5. Policy Review and Recommendations

As noted, municipalities across Canada are increasingly faced with the challenge of funding the required infrastructure to accommodate growth and development, while keeping rates low. Development Charges are used by municipalities across Canada to allow growth to pay for growth, while reducing the impacts on taxes and user rates.

Based on the above information, the following provides a number of recommended Policy changes for City staff, Council, and development stakeholders' consideration. Note that the City may separate these recommendations into short, medium, and long-term recommendations due to impacts on the development community and/or City administration.

5.1 Addressing Account Deficits

In review of the Policy and Model, it appears the accounts are in significant deficits. This is generally observed for the following reasons:

- Funding of exemptions and discounts;
- Use of tax lift to fund Established Area exemption;

- Utilizing gross area in the Development Charge calculations;
- Assumptions on timing of anticipated development in the model were higher than actual development and thus actual revenues have been much lower than anticipated; and
- Growth expenditures in the Model have outpaced revenue received, contributing to a larger deficit.

These items are discussed further below, along with recommendations for consideration. In addition, a discussion with respect to financial planning for growth-related infrastructure is provided.

5.1.1 Funding of Exemptions and Discounts

Currently when a type of development is exempt or discounted, the City does not fund the exempt or discounted amount into the reserve accounts. As such, this will provide a deficit in the accounts. As more exempt developments proceed, the deficit will increase over time and the deficit will be incorporated into the calculations to be recovered from non-exempt development. For example, industrial properties receive a 2/3 reduction in the applicable charges. This reduction has been applied once to a 17.39-hectare subdivision which resulted in the development charge being discounted by approximately $5 million. To keep reserve accounts whole, the City should fund discounts in the future through non-development charge sources (i.e. tax revenue, utility rate revenue, and senior government contributions). Additionally, this approach will provide transparency for Council as all exemptions would be quantified and may be incorporated into the City's budget.

Recommendation #1: Fund exemptions and discounts from non-Development Charge sources into the reserve accounts, or an accompanying account. If these are funded there will be an impact on the mill rate and/or utility rate. As such, this could cause the need for trade-offs with both growth and non-growth projects.

5.1.2 Use of Tax Lift to Fund Exemptions

The City currently does not impose development charges on properties in the Established Area. Instead, the City has chosen to utilize the incremental tax lift to cover the related infrastructure costs benefiting growth and intensification in the Established Area. The incremental tax revenue is allocated to the Intensification Infrastructure Reserve and is intended to recover the costs applicable to the Established Area. It is anticipated that the Intensification Infrastructure Reserve and the anticipated tax lift funding will be insufficient to fund the Established Area's share of growth costs in future years.

Through conducting financial impact analyses for municipalities across Canada, it has been observed that incremental tax revenue gained from development generally only covers the incremental operating costs a municipality incurs from new development. For example, using a representative city block in the Established Area, redevelopment

from single-detached units to apartments may provide approximately 5 times the amount of population but only 3 times the amount of tax revenue[1]. To accommodate the additional population, the City will incur incremental operating costs for various services such as parks, recreation, road maintenance, etc. This additional population would also require water and wastewater capacity in the City's treatment plants and if the linear water and wastewater infrastructure is not large enough to accommodate the increase in density, there will be additional lifecycle replacement costs imposed on the City for the upsized infrastructure.

Furthermore, the incremental tax revenue may be insufficient to cover the capital costs over a reasonable period of time. The following table provides some examples of recent developments, the Intensification Levy that was paid/would have been paid, and the length of time before the tax lift recovers the amount of the Intensification Levy:

Table 5-1
Tax Lift/Exemption Funding Examples

Land Use	Total Infrastructure Levy Calculated	Average Annual Municipal Tax Lift	Years for Tax Lift to Cover Levy
Liquor Store	$46,278	$14,969	3 to 4 years
8 Apartments (2 bedrooms or greater) and ground floor commercial	$100,010	$31,266	3 to 4 years
Secondary suite	$4,200	$97.56	~30 years

Note that although larger developments may provide for recovery of the levy in 3 to 4 years, the levy was collected at the building permit stage, whereas the tax lift would delay the recovery of the funds until after the building is constructed, occupied, and then subsequently reassessed. In addition, properties in the Established Area can receive tax exemptions of up to five years under several incentive policies provided by the City. This means the City's cashflow may be negatively impacted for an additional number of years. Also, some properties may be exempt from taxes per the *Cities Act* (e.g. municipally exempt properties and schools). Therefore, no incremental tax revenue would be recovered.

[1] Using a City block in the Established Area of approximately 4.4 acres, there are approximately 22 single-detached homes. This equates to a density of approximately 5 units per acre. Assuming there are 3 persons per unit on average, the total population of the City block would be approximately 66 people. On that same 4.4 acres of land, if these units were demolished and apartments were constructed, using an assumed density of 40 units per acre and 2.2 persons per unit on average, there may be approximately 387 people in 176 apartment units. This represents an increase of approximately 486%. With respect to taxable assessment, using an average of $315,000 for single-detached units and $160,000 for apartments, at the current municipal mill rates, the anticipated tax revenue increases from $70,000 per year to $215,000.

Based on the share of costs per capita for the 2022 Development Charges calculation, the following table provides for the equivalent charges by residential unit type and non-residential gross floor area (per sq.m). Note, these charges will be reviewed and updated by Watson through the Policy review and Model update process, if applicable:

Table 5-2
Established Area Development Charge Calculation

Land Use Types	Ratio	2022 Rounded Rates
Per Equivalent Population	1	$6,162
Residential		
Secondary Suite	1.3	$8,000
Single Detached	2.7	$16,600
Semi-Detached (e.g. duplex)	2.6	$16,000
More than 2 Dwelling Units (e.g. Townhouse, Triplex, etc.)	2.5	$15,400
Apartment (Less than 2 Bedrooms)	1.3	$8,000
Apartment (Two or More Bedrooms)	1.9	$11,700
Residential Group Care Home	2.7	$16,600
Office/Commercial/Institutional (per m2)	0.02778	$170
Industrial (per m2)	0.01333	$80

Recommendation #2: The City may wish to revisit imposing development charges in the Established Area. If the City still wishes to provide a discount or exemption to the Established Area, the City should consider the following options:

1. Calculate the applicable development charges for each development in the Established Area and allocate the equivalent amount into the reserve accounts; or

2. Incorporate any costs deemed to benefit the Established Area directly into the City's budget process. Under option 1 and 2 these costs likely would be funded through mill and utility rates which could cause the need for trade-offs with both growth and non-growth projects.

Option 2 would provide the same share of funding as option 1, with less administrative burden. Note, if costs supporting the growth and intensification of the Established Area are incorporated into the Budget process, this may take the form of a specific line item in the Budget. This would provide Council and the public with transparency on the cost of the exemptions.

5.1.3 Net Development Area in Calculations

Section 7A of The Policy provides that the charges will be imposed on new development based on the **net** developable area multiplied by the applicable charge per hectare. The Model however, forecasts growth based on the **gross** area of developable

properties in certain instances[1]. As a result, the City will not collect all of the revenue anticipated in the Model. The following provides a simple example:

- Total Development Charges to be Recovered in Model: $1,000,000
- Total Gross Developable Area: 50 hectares
- Total Development Charge per Hectare: $20,000
- Net Developable Area: 40 hectares
- Actual Development Charge Revenue Received: $800,000

If the City does not fund the difference between the gross hectares and the actual net developable hectares, this will further exacerbate the account deficit. Section 7.A.1 of The Policy provides a number of exempt land areas which include Environmental Reserves, natural lakes or rivers, etc. Based on the above, as well as best practices across Canada, the City should consider calculating the Model based on net developable area. As it may be challenging to know exactly what the net developable area of all of the development properties may be, the City can use the historical average approach. City staff can review previous developments that have occurred since 2015 (the date for which data is available) and estimate the gross-to-net ratio by dividing the total net developable areas by the total gross areas. This ratio can then be applied to all future developable lands to determine the net area to be used in the calculations. As such, the lands identified in Section 7.A.1 of the Policy would not be considered "exemptions", but rather excluded from the definition of "net developable area". For unique properties where lakes or rivers may exist, the City may wish to further analyze the anticipated net developable area using GIS software.

Recommendation #3:

Immediate: Calculate the Model on net developable area using historical average gross-to-net ratios to estimate the net developable area. Additionally, for unique properties, the City may use GIS software to further analyze the net developable area. Section 7.A.1 of the Policy may be renamed from "Exemptions" to "Exclusions from Net Developable Area".

Long-term: Explore a future unit-based model for consideration. Rather than imposing the charges on an area basis, the City could impose the charge on a per capita/per unit basis. This would allow for alignment of capacity requirements for land areas with different densities. This may be explored after updates are made to master plans and the completion of servicing studies and reports.

[1] The City has been using gross hectares of applicable lands in the OCP Growth Plan and the Phasing Plan without a concept or secondary plan identifying non-developable hectares.

5.1.4 Financial Planning for Growth-related Infrastructure

In the City of Regina and across Canada, there is a concept that “growth pays for growth”. This concept is the underpinning of various Development Charge legislations across the Country. However, in practice, due to discounts, exemptions, and other limitations, growth does not completely pay for growth. In the City, this can be observed in the account deficits. The recommendations above will assist in managing the account deficits, however, they do so by ensuring the City is funding the exempt or discounted portion of the charges. In addition to the above, when budgeting for growth-related expenditures, the City should consider identifying the infrastructure that will require debt financing. Currently the City is challenged with increasing non-growth-related infrastructure requirements and has recently requested extension of the City’s debt limit. As we understand, when growth-related projects are incorporated into the capital budget, the funding source identified is Development Charges, however, no indication of debt required is included. As such, this puts pressure on the City’s debt capacity for future growth-related projects. Identifying the anticipated debt financing for growth-related infrastructure also allows the Model to be updated with accurate timing of expenditures.

Recommendation #4: When undertaking the capital budget process, growth-related projects that require debt financing should be identified as such and incorporated into the City’s overall debt financing forecast. This includes both internal and external financing sources. To achieve this, the City may consider closer integration between the capital budget process and the Development Charges Governance Committee process, with new projects being identified early in the year. This may mean less growth projects being undertaken as those projects will have to be weighed against non-growth projects and trade-offs will have to be made.

5.2 Administrative Fees

The *Planning and Development Act* allows for the recovery of fees related to the administration of the servicing agreements and development levy agreements. As such, the City currently calculates the anticipated costs and calculates a fee per hectare. The following provides some discussion on the current approach to calculating the applicable costs and Development Charges.

5.2.1 Administration Fee Inclusions

Currently the City identifies staff that spend approximately 50% or more of their time allocated to development charge-related or 'growth-related' tasks.. Once identified, the total cost of the employees’ time is included (e.g. salaries, benefits, overhead, etc.) based on the estimate of percentage of time spent on these assignments. This approach is common practice with other jurisdictions across Canada, however, many municipalities would include the full cost of reviewing, preparing, and executing these agreements.

Recommendation #5: Maintain the current approach. Although many municipalities include the full cost of reviewing, preparing, and executing agreements, this would require all staff involved in the process to track their time and add administrative work. Through discussions with staff and the development community, the current method of estimation is fair and reasonable.

5.3 Calculation Policies – Allocation Approach

The following provides for a discussion on the current approaches to allocating benefit between the Established Area vs. Greenfield Area, growth vs. non-growth (Development Charge vs. City-funded share), and in-period vs. post-period.

5.3.1 Established Area vs. Greenfield Area

Currently, for shared projects, the Model utilizes an allocation between each area based on the relative anticipated population growth. This is based on targeted growth in the Official Community Plan's Growth Plan. It has been observed that growth has not materialized at the same pace as planned. As such, the reduced growth provides downward pressure on the account deficits. Furthermore, the allocation of costs between each area may be reviewed for each service. For parks and recreation as well as transportation, utilizing the relative share of population growth provides for a reasonable cost sharing approach as population from all areas of the City may utilize this infrastructure. With respect to water and wastewater however, the infrastructure required was designed based on the relative needs for each area. The City's engineers utilize general design criteria when determining the capacity of water and wastewater infrastructure required to accommodate new development. This design criteria varies based on the type of property (e.g. single family residential, high-rise residential, industrial, etc.). As such, the City can apportion benefit between the areas based on the relative water and wastewater demands of the developable properties.

Recommendation #6: It is recommended that the City maintain the current approach to allocating costs between the Established Area and Greenfield Area. As the City will be planning for growth based on the OCP, the future infrastructure plans will be determined based on the targeted growth in each area. Furthermore, in conjunction with Recommendation #2, if the City funds the Established Area share of the costs directly in the budget process, slower growth in the Established Area will not affect the account deficits.

5.3.2 Suggested Revisions to Appendix A

As part of the Request for Proposal, a review of Appendix A to The Policy was required. Appendix A of The Policy provides the approach to identifying the funding splits between the Developers' direct costs, Development Charges (SAF/DL), and the City (non-growth share). Currently, the allocation of costs between Development Charges

(growth) and the City (non-growth) is determined on a project-by-project basis. The relative shares of benefit, however, are based on infrastructure plans.

When determining the share of non-growth costs, best practice suggests the following items be considered:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- an increase in average service level of quantity or quality;
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (generally considered for water or wastewater services to provide existing homes with municipal services).

Recommendation #7: Utilizing these principles, it is recommended that the City incorporate the detailed benefitting calculations (where applicable) into the project list document that is shared with the development community and other stakeholders. This will provide enhanced transparency.

5.3.3 Project Share Placeholder

Section 14.0 provides the funding criteria and summary charts. In this section, item (5) refers to the applicability of the Development Charge share vs. the City share. Item (5) states the following:

> e. In the absence of any substantiated population actuals or estimates, the administration may utilize a default placeholder funding split share of 30 per cent SAF/DL Funding, 70 per cent City Funding in the interim to calculate a SAF/DL Rate

Recommendation #8: Remove item (5)e from The Policy. When a new project is identified, the City will have estimated the cost of the project based on various parameters including the sizing/capacity required, length, material type, etc. As such it is recommended that the City continue to estimate the SAF/DL funding share, rather than use a placeholder amount.

5.4 Development Charge Background Study and Policy Review

Based on a review of best practices across Canada, the following provide recommendations with respect to the timing of calculation updates, as well as adjustments to the charges in between reviews.

5.4.1 Timing for Calculation Updates

Currently the City undertakes annual updates to the Development Charges calculations. This requires extensive staff time to review any changes to the anticipated capital needs and timing of growth, review with industry stakeholders, and update the calculations.

Through a review of best practices across Canada, almost all jurisdictions surveyed updated their respective Development Charge calculations on a 5-year or 10-year cycle. However, if the municipalities wanted to update the calculations earlier, they have the option. This reflects that planning for growth changes frequently and the study calculations only represent a point in time. Updating the calculations on a defined cycle reduces administrative costs but still provides municipalities the flexibility to update the calculations should there be major changes to infrastructure requirements or anticipated development.

Recommendation #9: Undertake updates to the Development Charges calculation less frequently. Council may want to consider undertaking calculation updates every 3 years, with major policy reviews every 6 years.

5.4.2 Indexing

Continuing from the previous section, as most municipalities undertake their calculations on a 5-year or 10-year cycle, provisions are provided to index the charges annually to keep the charges in-line with construction cost increases. Most municipalities utilize the Statistics Canada Building Construction Price Indexes (non-residential) for their closest municipality. In Regina's case, this would be Saskatoon.

Utilizing the approach of calculating the Development Charge on defined cycles (e.g. 5-years), then indexing the charge in between reviews, provides the development community with stability and allows the City to keep the cost of infrastructure with capital construction cost inflation.

Recommendation #10: For years in between calculation reviews, the City should consider indexing the charges based on the Statistics Canada Building Construction Price Indexes (non-residential).

5.4.3 Inflation Assumptions Used in the Model

Currently, the Model calculates the Development Charges using a cashflow method. This method utilizes an assumed inflation to be applied to the capital costs to ensure the costs are provided in each years' respective dollars. Section 10.A.1 of the Policy states that:

> *"The City determines the inflation rate that will be applied to project costs at least every two years. If the City does not have the expertise to determine the inflation rate, an external consultant will be contracted, and a report will be commissioned"*

The inflation assumptions utilized in previous Models are as follows:

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
4%	4%	4%	3%	3%	3%	2.4%	1.99%	1.99%	1.99%

Statistics Canada releases a Building Construction Price Index that tracks tender prices. The closest available data is provided for Saskatoon. In reviewing the index from 2017 to 2023, the annual increase in construction prices averaged approximately 3.6%. As such, the inflation assumptions used in the Model have been conservative.

Recommendation #11: As prices rise and fall over time, on average over a long-term time horizon, the Bank of Canada's target rate of inflation is approximately 2%. It is best practice in municipal finance to assume inflation of 2% when forecasting over a long-term time horizon. As such, it is recommended that the City utilize a long-term inflation assumption of 2% in their Model.

5.5 Other Matters

The following provides for a discussion on other matters with respect to The Policy.

5.5.1 Cost Estimates

Section 9.C.1 of The Policy provides that:

> "Costs of the infrastructure shall be determined by using values expressed in studies or reports…"

Studies and reports provide reasonable cost estimates for capital expenditures, however, the most accurate costs are tenders received on current capital projects, where available.

Recommendation #12: Update the wording in this section to state the following: "Costs of the infrastructure shall be determined by using values expressed in studies, reports, or recent tenders received for similar projects"

5.5.2 Application of Grants and Other Funding Sources

In undertaking the calculations, The Policy (Section 9.C.1) provides that grants are netted from the total project cost, where receipt of the grant is known or where the project would not proceed without the grant. This approach does not incorporate cases where the grant may be applicable to the non-growth component only. In these cases, the City will be underestimating the cost to growth. Similarly with respect to alternative funding sources, if they are attributable to non-growth costs, they should only be applied to the City portion of the funding. Furthermore, amounts acquired through fundraising should also apply to the City portion only, as the amounts would be raised from existing residents.

Recommendation #13: Revise section 9.C.1 to note the following: "Where grants and other funding sources are identified for replacement costs, rehabilitation costs, or other non-growth-related cost, they shall be deducted from the City's funding share only".

5.5.3 Timeline for Development Charge Calculation Model

When undertaking Development Charge calculations, the cost of the capital needs required to accommodate growth are divided by that growth. As such, the capital needs should always align with the anticipated development to be serviced. The Policy (Sections 10.A.3 and 10.A.4) provides that the revenue and expenditure forecasts be undertaken over a 25-year period, however, as the capital needs should align with the anticipated development, this may not always align with a 25-year period.

The current City Model provides anticipated development and related capital needs to accommodate a target population of 300,000. The City is currently completing a growth forecast that will project the City's future population by 2051, as well as when the City might reach a population of 300,000. Although the growth forecast will indicate the anticipated population by 2051, capital needs required to accommodate growth to 2051 have not yet been identified. As a result, the Model should continue to reflect a target population of 300,000 people until master plans are completed for all services. Once the master plans identify infrastructure to accommodate growth to 2051, the Development Charges Calculation Model can be updated to calculate rates based on infrastructure needs and growth to 2051.

Recommendation #14:

Revise sections 10.A.3 and 10.A.4 to note that revenues and expenditures be forecasted based on the OCP Growth Plan time horizon, which is currently a population of 300,000 by the year 2038 based on the updated growth forecast undertaken concurrently with this review.

Once completed, the growth forecast will project growth of Regina to the year 2051. This longer-term projection can be the basis for establishing an updated OCP Growth Plan and associated time horizon, which subsequently can be used to inform master plan updates. Afterwards, the City will have an understanding of the infrastructure requirements needed to grow the City beyond 300,000 and update the timing and projects in the Model accordingly.

5.6 Summary of Recommendations

The following provides a summary of the recommendations identified in Sections 5.1 through 5.5 above:

Table 5-3
Summary of Recommendations for Change to The Policy

Policy Matter	Recommendation
Funding of Exemptions and Discounts	**Recommendation #1**: Fund exemptions and discounts from non-Development Charge sources into the reserve accounts, or an accompanying account. If these are funded there will be an impact on the mill rate and/or utility rate. As such, this could cause the need for trade-offs with both growth and non-growth projects.
Use of Tax Lift to Fund Exemptions	**Recommendation #2:** The City may wish to revisit imposing development charges in the Established Area. If the City still wishes to provide a discount or exemption to the Established Area, the City should consider the following options: 1.Calculate the applicable development charges for each development in the Established Area and allocate the equivalent amount into the reserve accounts; or 2. Incorporate any costs deemed to benefit the Established Area directly into the City's budget process. Under option 1 and 2 these costs likely would be funded through mill and utility rates which could cause the need for trade-offs with both growth and non-growth projects. Option 2 would provide the same share of funding as option 1, with less administrative burden. Note, if costs supporting the growth and intensification of the Established Area are incorporated into the Budget process, this may take the form of a specific line item in the Budget. This would provide Council and the public with transparency on the cost of the exemptions.
Net Development Area in Calculations	**Recommendation #3:** **Immediate:** Calculate the Model on net developable area using historical average gross-to-net ratios to estimate the net developable area. Additionally, for unique properties, the City may use GIS software to further analyze the net developable area. Section 7.A.1 of the Policy may be renamed from "Exemptions" to "Exclusions from Net Developable Area". **Long-term:** Explore a future unit-based model for consideration. Rather than imposing the charges on an area basis, the City could impose the charge on a per capita/per unit basis. This would allow for alignment of capacity requirements for land areas with different densities. This may be explored after updates are made to master plans and the completion of servicing studies and reports.

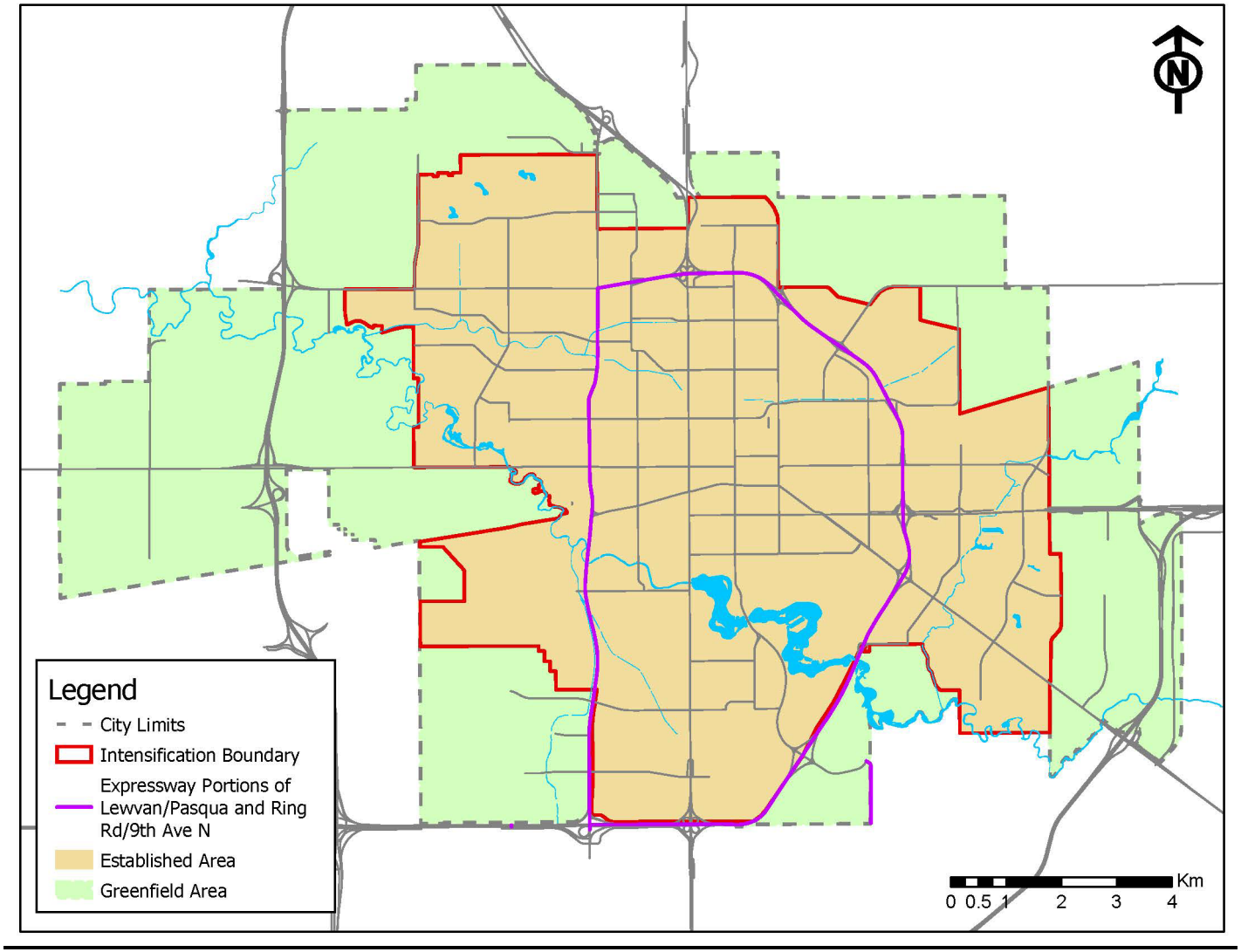
Policy Matter	Recommendation
Financial Planning for Growth-related Infrastructure	**Recommendation #4:** When undertaking the capital budget process, growth-related projects that require debt financing should be identified as such and incorporated into the City's overall debt financing forecast. This includes both internal and external financing sources. To achieve this, the City may consider closer integration between the capital budget process and the Development Charges Governance Committee process, with new projects being identified early in the year. This may mean less growth projects being undertaken as those projects will have to be weighed against non-growth projects and trade-offs will have to be made.
Administration Fee Inclusions	**Recommendation #5:** Maintain the current approach. Although many municipalities include the full cost of reviewing, preparing, and executing agreements, this would require all staff involved in the process to track their time and add administrative work. Through discussions with staff and the development community, the current method of estimation is fair and reasonable.
Established Area vs. Greenfield Area – Growth-rate	**Recommendation #6:** It is recommended that the City maintain the current approach to allocating costs between the Established Area and Greenfield Area. As the City will be planning for growth based on the OCP, the future infrastructure plans will be determined based on the targeted growth in each area. Furthermore, in conjunction with Recommendation #2, if the City funds the Established Area share of the costs directly in the budget process, slower growth in the Established Area will not affect the account deficits.
Suggested Revisions to Appendix A	**Recommendation #7:** Utilizing these principles, it is recommended that the City incorporate the detailed benefitting calculations (where applicable) into the project list document that is shared with the development community and other stakeholders. This will provide enhanced transparency.
Project Share Placeholder	**Recommendation #8:** Remove item (5)e from The Policy. When a new project is identified, the City will have estimated the cost of the project based on various parameters including the sizing/capacity required, length, material type, etc. As such it is recommended that the City continue to estimate the SAF/DL funding share, rather than use a placeholder amount.
Timing for Calculation Updates	**Recommendation #9:** Undertake updates to the Development Charges calculation less frequently. Council may want to consider undertaking calculation updates every 3 years, with major policy reviews every 6 years.
Indexing	**Recommendation #10:** For years in between calculation reviews, the City should consider indexing the charges based on the Statistics Canada Building Construction Price Indexes (non-residential).
Inflation	**Recommendation #11:** As prices rise and fall over time, on average over a long-term time horizon, the Bank of Canada's target rate of inflation is approximately 2%. It is best practice in municipal finance to assume inflation of 2% when forecasting over a long-term time horizon. As such, it is recommended that the City utilize a long-term inflation assumption of 2% in their Model.
Cost Estimates	**Recommendation #12:** Update the wording in this section to state the following: "Costs of the infrastructure shall be determined by using values expressed in studies, reports, or recent tenders received for similar projects"

Policy Matter	Recommendation
Application of Grants and Other Funding Sources	**Recommendation #13:** Revise section 9.C.1 to note the following: "Where grants and other funding sources are identified for replacement costs, rehabilitation costs, or other non-growth-related cost, they shall be deducted from the City's funding share only".
Timeline for Development Charge Calculation Model	**Recommendation #14:** Revise sections 10.A.3 and 10.A.4 to note that revenues and expenditures be forecasted based on the OCP Growth Plan time horizon, which is currently a population of 300,000 by the year 2038 based on the updated growth forecast undertaken concurrently with this review. Once completed, the growth forecast will project growth of Regina to the year 2051. This longer-term projection can be the basis for establishing an updated OCP Growth Plan and associated time horizon, which subsequently can be used to inform master plan updates. Afterwards, the City will have an understanding of the infrastructure requirements needed to grow the City beyond 300,000 and update the timing and projects in the Model accordingly.

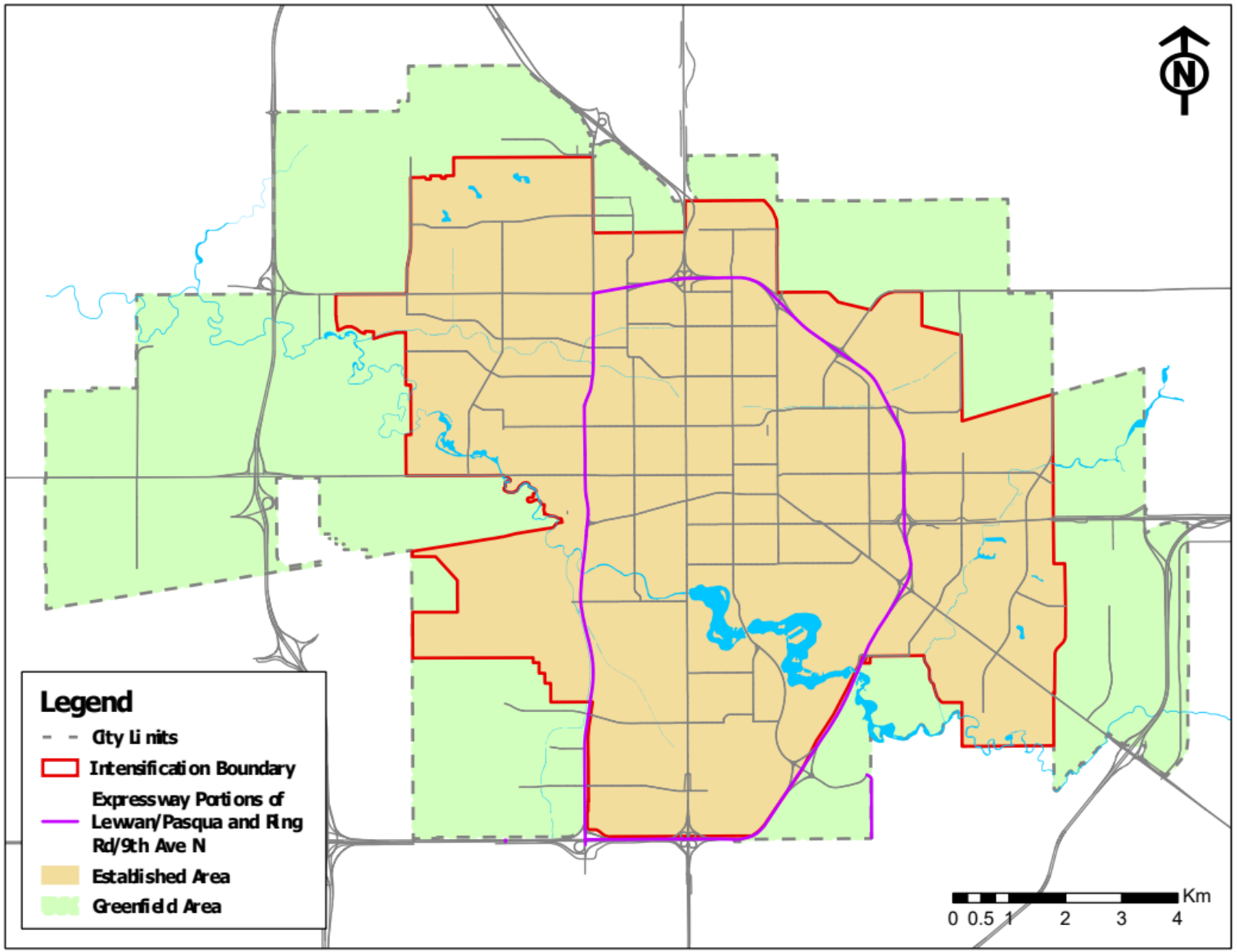
We trust that this memorandum provides you with the information that you require. These recommendations are being provided to City staff, stakeholders, and City Council for their consideration.

Appendix 1:
Map of Established Area

Map of Established and Greenfield Areas

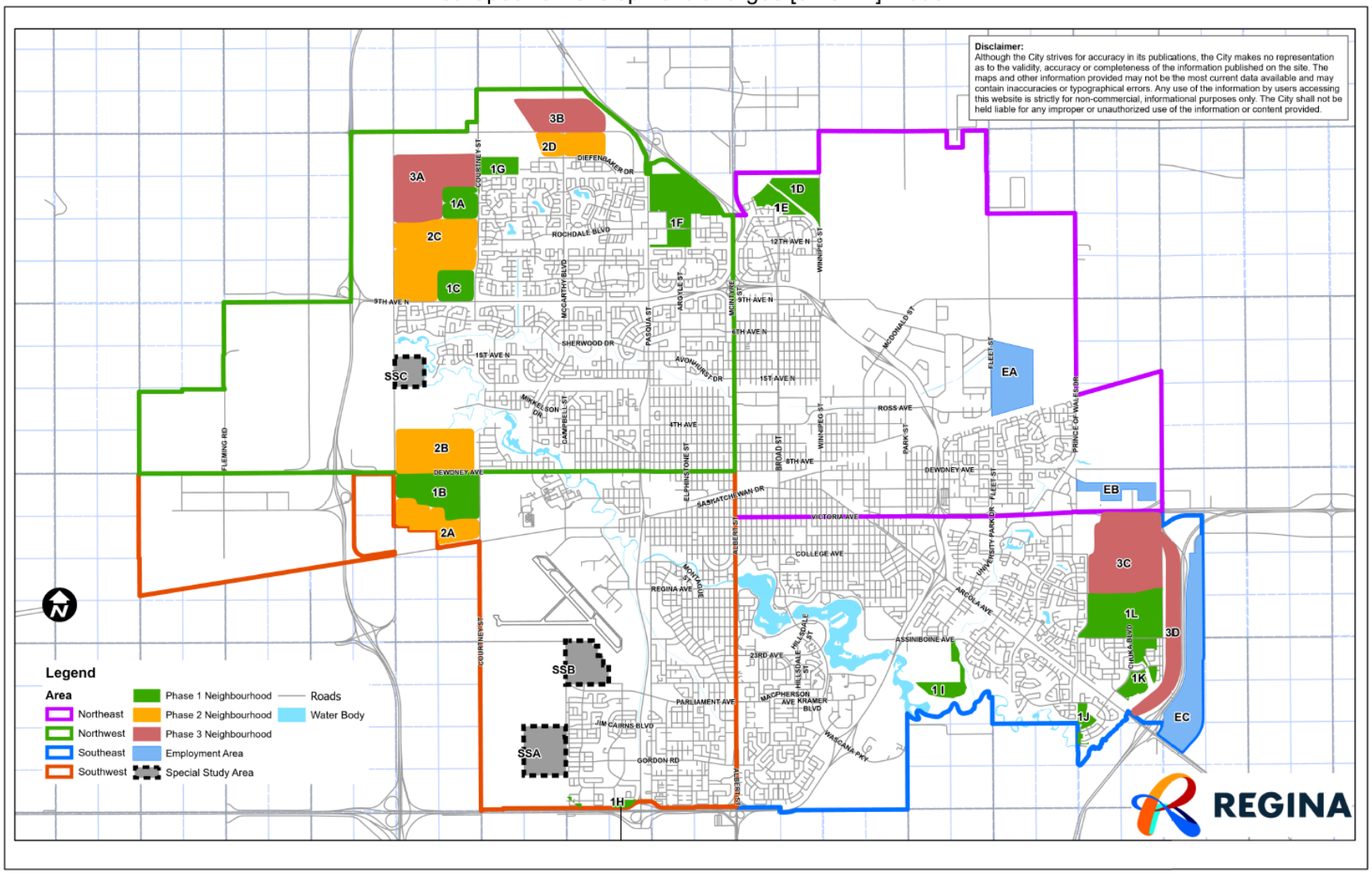


Schedule B
Established Area & Greenfield Area Map


Legend
City Limits
Intensification Boundary
Expressway Portions of Lewvan/Pasqua and Ring Rd/9th Ave N
Established Area
Greenfield Area
N
0 0.5 1 2 3 4
Km

Schedule C
Area-Specific Map

Area Specific Development Charges [or 'SAF'] Model



Appendix E - Summary of Recommended Policy Amendments

Amendment # and Applicable Policy/Section:	Recommended Amendment:
1. Development Charges Policy, Section 4	Replace the definition of the term "Development Charges Financial Cash Flow Model (SAF Model)" with the following: "**Development Charges Financial Cash Flow Model (SAF Model)**: The cash flow calculations performed over a time horizon based on the anticipated development of the New Neighbourhoods identified in Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods from *Design Regina: The Official Community Plan* from information including the Growth-Related Capital Project List, indexing and Servicing Agreement Fee reserve fund balances to calculate an annual Servicing Agreement Fee rate and Development Levy rate."
2. Development Charges Policy, Section 4	Replace the definition of the term "Indexing" with the following: "**Indexing**: A cost inflation adjustment based on the Statistics Canada Building Construction Price Index (non-residential)."
3. Development Charges Policy, Section 4	Add a definition for the term "Rail Corridor" as follows: "**Rail Corridor**: Land subdivided and used exclusively for railway rights-of-way and not including land area associated with rail loops or rail tracks internal to a site."
4. Development Charges Policy, Section 7A	Replace Paragraph 1 with the following: "All lands in Regina are subject to the rates set forth by Council and in *The Development Levy Bylaw, 2011* and subject to applicable Servicing Agreement Fees and Development Levies unless exempt by this Policy or by Council. Any exemptions provided by Council resulting in forgone revenue to the Development Charges Financial Cash Flow Model shall be offset directly by the City through the City Budget or an alternative source, as applicable."
5. Development Charges Policy, Section 7.A.1	Replace section title and Paragraph 1 with the following: "**7.A.1 Exemptions and Exclusions from Net Development Area** Servicing Agreement Fees and Development Levies apply to development in all areas of the city except for the following, which are exempt and shall not be included as "Total Greenfield Hectares" within the Greenfield Rate Calculation:"
6. Development Charges Policy, Section 7.A.1	Add the following to the list of development charge-exempt land uses:

Amendment # and Applicable Policy/Section:	Recommended Amendment:
	"Rail Corridors, but only land used exclusively for railway rights-of-way and not including land area associated with rail loops or rail tracks internal to a site."
7. Development Charges Policy, Section 7.A.3	Replace Section 7.A.3 with the following: "Industrial Development within the Greenfield Area will be eligible for a 2/3 reduction of any applicable Servicing Agreement Fees or Development Levies, provided that as a condition of any application to rezone the lands related to the Development which would result in a zoning designation other than industrial, the applicant or landowner shall be required to pay the reduced portion of the applicable fees or levies. The City shall register an interest against the affected title(s) related any development that has had a reduction applied in accordance with this section. The registered interest shall identify the obligation to make payment to the City equal to the reduced portion of the applicable fees or levies in the event the zoning designation changes to a zone other than industrial. Further, the impact of forgone revenue resulting from any such reductions on the Development Charges Financial Cash Flow Model shall be offset directly by the City through the City Budget or an alternative source, as may be applicable."
8. Development Charges Policy, Section 8A	Replace Section 8A with the following: "**Established Area Development Charges** Development within the Established Area shall be exempt from the imposition and collection of Servicing Agreement Fees and Development Levies. Capital Projects included in the Development Charges Financial Cash Flow Model, impacting, or benefitting growth in the Established Area shall be funded directly by the City through the City Budget or an alternative funding source, as may be applicable."
9. Development Charges Policy, Section 9C	Replace Paragraph 1, Sentence 1 with the following: "The Administration shall project capital costs associated with projects funded by Servicing Agreement Fees and Development Levies over a time horizon based on the anticipated development of the New Neighbourhoods identified in Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods from *Design Regina: The Official Community Plan*."
10. Development Charges Policy, Section 9.C.1	Replace Paragraph 1, Sentence 1 with the following: "Costs of the infrastructure shall be determined by using values expressed in studies, reports, or recent tenders received for similar projects."

Amendment # and Applicable Policy/Section:	Recommended Amendment:
11. Development Charges Policy, Section 9.C.1	Add a sentence at the end of the section stating the following: "Where grants and alternative funding sources are related to replacements costs only, rehabilitation costs, or other non-growth-related costs, they shall be deducted from the City's funding share only."
12. Development Charges Policy, Section 10A	Replace Paragraph 3 with the following: "The Development Charges rates set forth by Section 7A of the Policy are reviewed from time to time and presented to Council for approval. When rates are set for a period greater than one year, they shall be indexed in any subsequent years by percentage change using the Statistics Canada Building Construction Price Indexes (3rd quarter, non-residential) without amendment of this Bylaw."
13. Development Charges Policy, Section 10A	Replace Paragraph 4, Bullet 8 with the following: "adjustment, addition, and removal of Capital Projects projected over a time horizon based on the anticipated development of the New Neighbourhoods identified in Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods from *Design Regina: The Official Community Plan*;"
14. Development Charges Policy, Section 10.A.1	Replace Paragraph 1 and Paragraph 2 with the following: "As applicable, project cost estimates shall be inflated by percentage change using the Statistics Canada Building Construction Price Indexes (non-residential), with the percentage change being equivalent to the difference between current year Statistics Canada Building Construction Price Indexes (non-residential) and the Statistics Canada Building Construction Price Indexes (non-residential) in effect when the last cost estimate was completed."
15. Development Charges Policy, Section 10.A.3	Replace Paragraph 1, Sentence 1 with the following: "The City shall establish time horizon projections based on the anticipated development of the New Neighbourhoods identified in Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods from *Design Regina: The Official Community Plan*."
16. Development Charges Policy, Section 10.A.4	Replace Paragraph 1, Sentence 1 with the following: "The City shall establish time horizon projections based on the anticipated development of the New Neighbourhoods identified in Map 1 – Growth Plan and Map 1b – Phasing of New Neighbourhoods from *Design Regina: The Official Community Plan* for the expected expenditures related to the delivery of growth-related Capital Projects listed in the model."

Amendment # and Applicable Policy/Section:	Recommended Amendment:
17. *The Regina Administration Bylaw, 2003*, Schedule A, Section 42(2)	Replace Section 42(2) as follows: "The Intensification Infrastructure Reserve shall be funded primarily through the transfer of an amount each year based on dedicated mill and utility rates in effect to serve as the funding source for the required Established (or 'intensification') Area share of Capital Projects identified in the Capital Project List as defined in *The Development Levy Bylaw, 2011* and *The Development Charges Policy*."
18. *The Regina Administration Bylaw, 2003*, Schedule A, Section 42(3)	Delete Section 42(3) which currently states: "For the purpose of subsection (2) and section 43, "tax lift": (a) applies where, as a result of development within the Established Area, the municipal portion of the property taxes assessed against a property increases from the amount that would have been assessed against the same property if not for the development; and (b) means the amount equal to the total increase referred to in clause (a) for all development that occurs within the Established Area."
19. *The Regina Administration Bylaw, 2003*, Schedule A, Section 43(b)	Delete Section 43(b) which currently states: "transfers to the reserve of the amount of the tax lift generated from intensification development that occurs within the Established Area as defined in *The Development Levy Bylaw, 2011* and *The Development Charges Policy*;"
20. *The Regina Administration Bylaw, 2003*, Schedule A	Add Section 44 as follows: "**Purpose and Funding Source for the Industrial Development Charge Reduction Reserve** (1) The primary purpose of the Industrial Development Charge Reduction Reserve is to provide a funding source to offset the financial impact on the Development Charges Financial Cash Flow Model of any industrial development charge reductions provided pursuant to *The Development Levy Bylaw, 2011* and *The Development Charges Policy*. (2) The Industrial Development Charge Reduction Reserve shall be funded primarily through the transfer of an amount each year based on dedicated mill and utility rates in effect to serve as the funding source for industrial development charge reductions, with dedicated rates being determined by the Development Charges Financial Cash Flow Model."

Amendment # and Applicable Policy/Section:	Recommended Amendment:
21. *The Regina Administration Bylaw, 2003*, Schedule A	Add Section 45 as follows: "**Industrial Development Charge Reduction Reserve** The account balance for the Industrial development Charge Reduction Reserve shall include the account balance for the reserve at the start of the year adjusted by: (a) transfers made to the reserve of amounts approved by Council, by resolution, bylaw or through the annual budget; and (b) transfers from the reserve to the development Charges Deferred Revenue Accounts to offset the impact of any industrial development charge reductions on the Development Charges Financial Cash Flow Model."

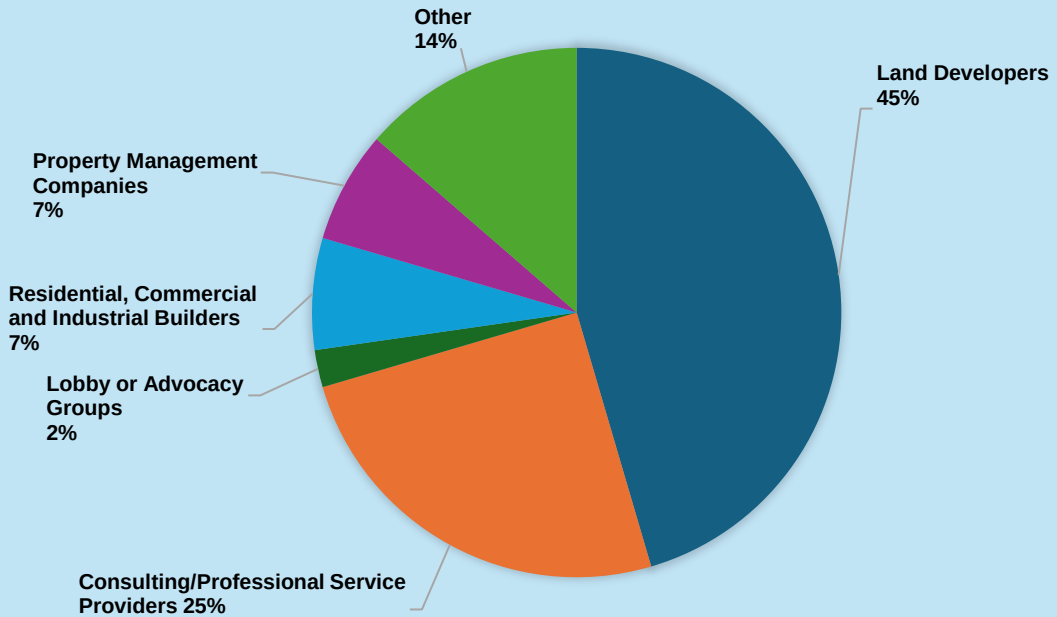
Appendix F - Stakeholder Consultation Summary

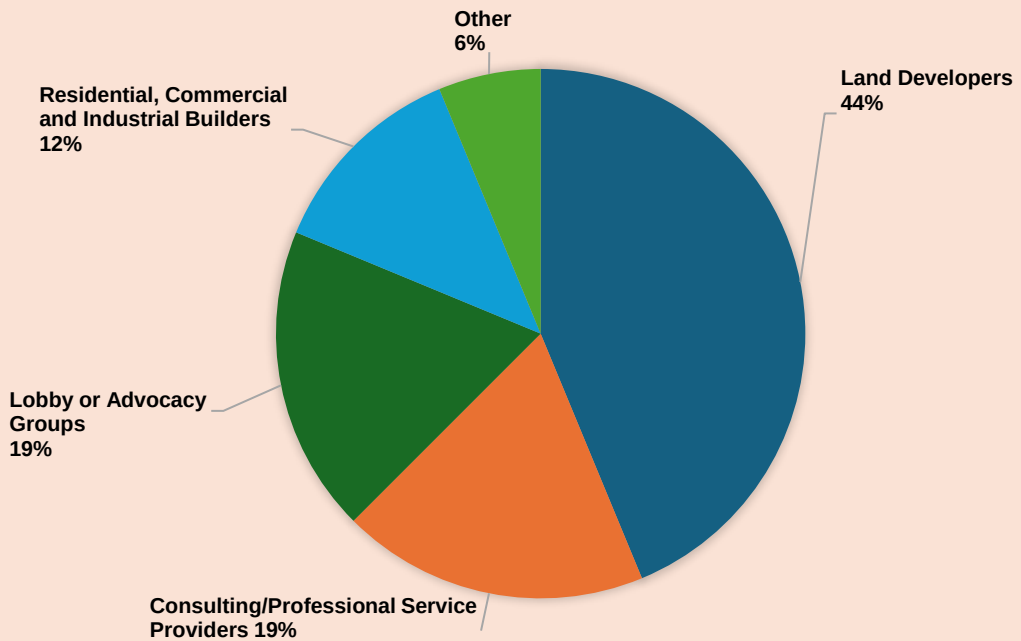
Preface

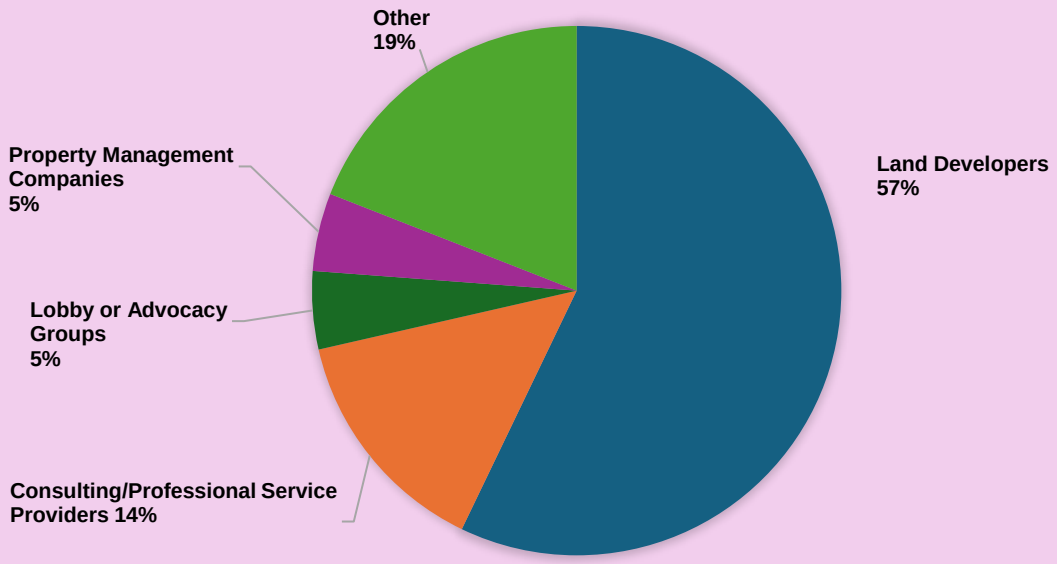
Approximately 140 stakeholders were identified as interested parties and invited to each Development Charges Policy and Model Review (DC Review) consultation session. Generally, these stakeholders could be categorized as:

- Land developers
- Consulting or professional service providers
- Property management companies
- Lobby or advocacy groups
- Residential, commercial, and industrial builders

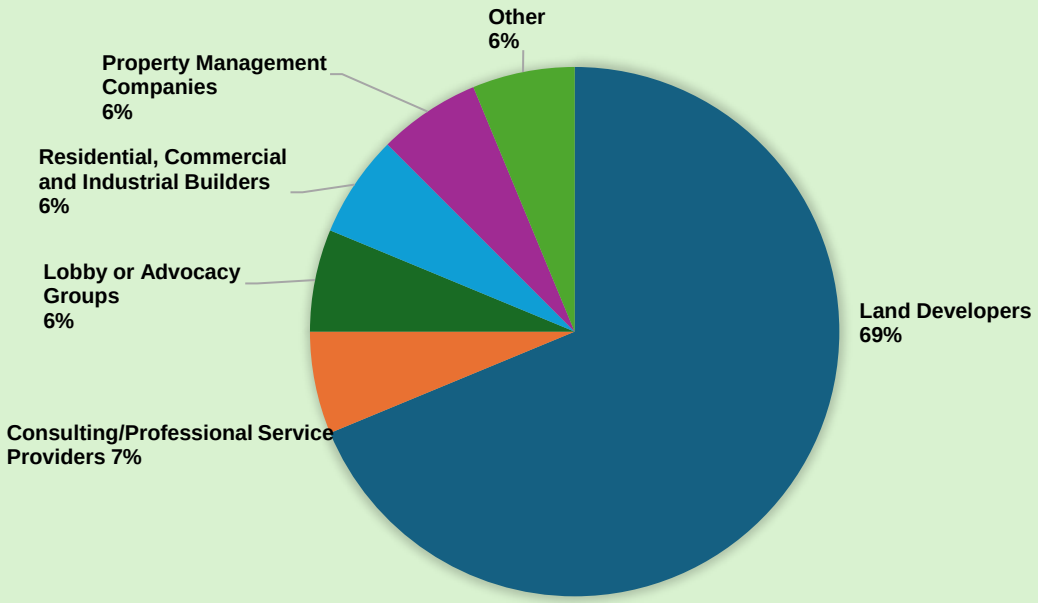
Summarized on the next pages, are the formal consultation sessions that occurred throughout the project. These sessions are in addition to meetings and correspondence with staff and developers from other jurisdictions such as Calgary, Edmonton, Winnipeg, Hamilton, Saskatoon, Red Deer, Grande Prairie, Brandon, Prince Albert, Moose Jaw, Yorkton, White City and Pilot Butte.

Development Charges Policy and Model Review Kick-off/Development Charges 101 (April 2023)	
Description:	City Administration provided an overview of the DC Review, as well as a general overview of the current Development Charges Policy (Policy) and Development Charges Financial Cash Flow Model (Model), as well as related processes, procedures and assumptions. *Note: There is no formal stakeholder feedback listed as this session was primarily informational in nature.*
No. of Stakeholder Attendees:	44
Stakeholder Attendee Breakdown:	

Development Charges Policy Recommendations (August 2023)	
Description:	City Administration and the consulting team presented the initial version of the Consultant Policy Recommendation Memo to elicit feedback to integrate into the final version of the memo. *Note: Detailed feedback for each Policy recommendation discussed during this session is summarized in Appendix G, along with responses and related recommendations from Administration.*
No. of Stakeholder Attendees:	16
Stakeholder Attendee Breakdown:	

Model Project List (January 2024)	
Description:	City Administration and the consulting team presented the modified Model Project List for feedback and discussion to inform further updates.
No. of Stakeholder Attendees:	21
Stakeholder Attendee Breakdown:	

Stakeholder Feedback:	***Topic/Theme:***	***Comments:***	***City Response:***
	Transportation Level of Service (LOS) Standards	LOS standards and warrants for transportation projects require further evaluation. In general, the way a transportation project benefits new greenfield growth needs to be assessed considering the city is experiencing population growth without the expected levels of greenfield growth.	Transportation projects are based on current LOS standards. Projects are continually evaluated based on LOS-related data (e.g. traffic counts) and the source of traffic impacting the City's transportation network.
	Project Spending/ Debt Prioritization	The City needs to prioritize spending and debt towards projects needed to enable growth, otherwise there could be implications for how Regina competes with other municipalities on a provincial and national scale. "Must have" projects needed to enable growth should be prioritized over "nice to have" projects.	Balancing City spending on growth-related infrastructure and other priorities while keeping taxes, fees and development charge rates affordable is not a challenge unique to Regina. Going forward, it is acknowledged spending prioritization and budgetary trade-offs will need to continue to be considered and strategically evaluated given the current deficit in the Development Charge Account.
	Changing Growth Dynamics	Regina is seeing population intensification, but not through new units, rather this is occurring through more people living in existing housing stock. This should be a key consideration in reviewing key planning and infrastructure policies going forward.	The City is undertaking a Population, Housing and Employment Forecast and Urban Land Needs Study. This study will inform an upcoming Official Community Plan Growth Plan Review, as well as subsequent updates to infrastructure master plans. Generally, long-term planning must take into account changing growth dynamics, particularly in light of the trends that have been observed since the pandemic.

Model and Rate Consultation (May 2024)	
Description:	City Administration and the consulting team presented updated versions of the Policy Recommendation Memo and Model Project List. Stakeholders were also asked to provide feedback on whether the City should continue with the current uniform citywide approach for applying development charges or consider shifting to an area-specific approach. Additionally, a potential Municipal Front-Ending Policy for lift stations was discussed with stakeholders.
No. of Stakeholder Attendees:	16
Stakeholder Attendee Breakdown:	

Stakeholder Feedback:	*Topic/Theme*	*Comments*	*City Response*
	Citywide Development Charge Rate and Project List	While it is positive that the City has revisited the cost allocations for many projects in the Model Project List, a DC Rate over $400,000 per hectare still represents a significant increase for a market that has not experienced price appreciation to offset such an increase. The City should review suggested revisions to the Model Project List that will be provided after the session, which may impact the calculated citywide DC Rate.	The City will review the suggested changes to the Model Project List and will update the DC Rate calculations accordingly.
	Area-Specific Development Charge Rate	Further adjustments to the presented area-specific DC Rate calculation are required to ensure area rates precisely assign the benefit and cost of a project to the applicable growth area. It is acknowledged such adjustments will require time and effort, along with close collaboration and vetting with development industry stakeholders. Until this work is completed, the City should maintain the current citywide DC Rate approach.	It is agreed that additional infrastructure modelling and consensus building with stakeholders will be needed to further refine area-specific DC Rate calculations. Ongoing and planned infrastructure studies will help inform future area-specific DC Rate discussions.
	Municipal Front-Ending of Lift Stations	A Municipal Front-Ending Policy for lift stations would relieve a financial burden for developers, as generally, a developer must carry the cost of a lift station until full build-out of a new neighbourhood. The interest associated with a developer carrying this cost over such a long period can be crippling and present cash flow challenges.	A Municipal Front-Ending Policy for Regina could be explored, especially if it reduces a barrier for developers and helps advance new neighbourhood and housing development. Potentially, the City could look at working with development industry stakeholders to develop a pilot Municipal Front-Ending Agreement that eventually could serve as the framework for a more formalized policy in the future.

Appendix G - Responses to Consultant Policy Recommendations

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
<u>Section 5.1.1: Funding of Exemptions and Discounts (p. 20)</u> Fund exemptions and discounts from non-development charge sources into development charge reserve accounts, or an accompanying account. If these are funded there will be an impact on the mill and/or utility rate. As such, this could cause the need for trade-offs with both growth and non-growth projects.	General support for this recommendation as it keeps the Development Charges Financial Cash Flow Model (Model) and associated reserves whole. This recommendation creates transparency as it clearly shows the impact of incentives/reductions on City finances.	<u>Industrial Reduction</u> Based on CR17-121, the original intent was to account for the industrial reduction by adjusting the Model's growth horizon variable by one year (e.g. 2040 to 2041) and assuming development in this additional year can be serviced without adding new infrastructure costs to the Model in 2041. Per CR17-121, this adjustment was made to offset any impacts on the residential and commercial development charge rate resulting from the reduction. Based on a review of past Models and considering the variability of growth, the adjustment contemplated in CR17-121 may not be realistic and is expected to negatively impact the Model's deficit over time. This means the industrial reduction lacks a secure funding source. <u>Council Approved Development Charge Exemptions</u> The Development Charges Policy (Policy) grants City Council the authority to approve development charge exemptions on a case-by-case basis. Currently, there is no designated funding source to replenish the Development Charge Account (DC Account) to offset exemptions. Consequently, the impact of any developments receiving an exemption on capital infrastructure is not recoverable. For example, the recent development charge exemption for the Harbour Landing school site resulted in the future school's capital impact on growth-related infrastructure not being captured. **<u>Administration Recommendation</u>** Amend the Policy to state that the industrial development charge reduction and Council approved development charge reductions appear as a line item within applicable future City budgets.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
Section 5.1.2: Use of Tax Lift to Fund Exemptions (p. 20) The City may wish to revisit imposing development charges in the Established Area. If the City still wishes to provide a discount or exemption to the Established Area, the City should consider the following options: 1. Calculate the applicable development charges for each development in the Established Area and allocate the equivalent amount into the reserve accounts; or 2. Incorporate any costs deemed to benefit intensification in the Established Area directly into the City's budget process. Under options 1 and 2 these costs likely would be funded through mill and utility rates which could cause the need for trade-offs with both growth and non-growth projects. Option 2 would provide the same share of funding as option 1, with less administrative burden. Note, if costs supporting the growth and intensification of the Established Area are incorporated into the budget process, this may take the form of a specific line item in the budget. This would provide Council and the public with transparency on the costs of the exemptions.	Re-introduction of the intensification levy would be contrary to the City's goals of intensification and revitalization of Established Areas of the city, such as the City Centre and adjacent areas. The City should look at other creative ways to fund this infrastructure besides an intensification levy, such as tax increment financing. The City's debt limit should be expanded to help finance some of these costs.	Additional issues noted by Administration: Additional Issue #1 A delay in the process of allocating tax lift to the intensification infrastructure reserve (IIR) occurs between the approval of a building permit, construction and reassessment. The delay is increased when a development receives a tax exemption incentive. This delay puts pressure on the IIR's deficit because "cash" is withdrawn in lump sums to pay for expenditures and the revenue added to IIR occurs incrementally over several years. As such, expenditures have and are projected to continue to outpace revenue added to the IIR. For instance, as of December 31, 2023, tax lift has generated under $125,000 in revenue; far less than the amount of expenses incurred, resulting in the IIR's 2023 closing balance of approximately negative $7 million. While tax lift revenue will likely grow in future years, it is unlikely to cover projected expenditures over the next five years. Additional Issue #2 Revenue from tax-exempt developments (e.g. schools) cannot be allocated to the IIR due to their tax-exempt status. It is estimated that the forgone tax lift revenue from tax-exempt developments approved since repeal of the intensification levy is approximately $4.1 million. As a result, the capital impact of these developments on growth-related infrastructure is currently unrecoverable, which is another contributing factor to the IIR's deficit. **Administration Recommendation** Amend applicable sections of the Policy and *The Regina Administration Bylaw, 2003* to indicate applicable costs will be funded through mill and utility rate increases.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
Section 5.1.3: Net Development Area in Calculations (p. 22) *Immediate Recommendation* Calculate rates based on the net developable area for applicable greenfield neighbourhoods in the growth and phasing plans using historical average gross-to-net ratios to estimate the net developable area. Additionally, for unique properties, the City may use GIS software to further analyze the net developable area. Section 7.A.1 of the Policy may be renamed from "Exemptions" to "Exclusions from Net Developable Area". *Long-Term Recommendation* Explore a future unit-based Model for consideration. Rather than imposing the charges on an area basis [per hectare], the City could impose the charge on a per capita/per unit basis. This will allow for alignment of capacity requirements for land areas with different densities. This may be explored as future updates are made to master plans and the completion of servicing studies and reports.	General support for this recommendation under the City's current approach for applying development charges (i.e. on a per-hectare basis). Some felt the City should explore applying development charges using other approaches, such as a per-unit charge.	Response to Immediate Recommendation Administration will update current procedures to ensure a gross-to-net ratio is used for neighbourhoods or areas without an approved secondary or concept plan identifying the hectares of non-developable lands. Once secondary or concept plans are approved that identify non-developable lands, the net development area calculation can be updated accordingly. **Administration Recommendation** Rename Section 7.A.1. from "Exemptions" to "Exemptions and Exclusions from Net Development Area" and add wording to the section to clearly convey that the area (hectares) of any exempt lands is not to be included in the DC Rate calculations. Response to Long-Term Recommendation Unit-based development charges are generally applied concurrently with the issuance of building permits for new developments within a new subdivision, which is a major shift from the City's current practice of applying charges through the servicing agreement process. As a result, a unit-based charge means the City would not receive full development charge revenue from a new subdivision until full build-out (i.e. issuance of all building permits for new homes and businesses), which can take several years. A unit-based development charge is not recommended at this time. Since unit-based charges are applied incrementally as building permits are issued in a new subdivision, the City would need to "absorb" the cost of growth-related infrastructure for a greater period than the current approach, putting added pressure on the current DC Account deficit and the City's overall debt limit. Exploration of a unit-based charge is recommended to be revisited as part of a future major Policy review.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
Section 5.1.4: Financial Planning for Growth-related Infrastructure (p. 24) When undertaking the capital budget process, growth-related projects that require debt financing should be identified as such and incorporated into the City's overall debt financing forecast. This includes both internal and external financing sources. To achieve this, the City may consider closer integration between the capital budget process and the Development Charges Governance Committee process, with new projects being identified early in the year. This may mean less growth projects being undertaken as those projects will have to be weighed against non-growth projects and trade-offs will have to be made.	No major comments on the recommendation. However, some stakeholders did enquire about whether they should be part of the Development Charges Governance Committee (DCGC) to have greater oversight into how projects are added to the Model.	The DCGC is an internal committee responsible for providing oversight and vetting changes to the Model Project List. The DCGC scrutinizes proposed changes to ensure they align with relevant policies and legislation. After vetting Model Project List changes at the DCGC level, a revised list is prepared for stakeholder consultation. As suggested by the consulting team, Administration will review administrative procedures to improve integration between development charge and budget processes.
Section 5.2.1: Administration Fee Inclusions (p. 24) Maintain the current approach. Although many municipalities include the full cost of reviewing, preparing and executing agreements, this would require all staff involved in the process to track their time and add administrative work. Through discussions with staff and the development community, the current method of estimation is fair and reasonable.	Generally, stakeholders supported the current approach of only including staff positions spending over 50 per cent of their time on development charge (or 'growth') related tasks. Some stakeholders felt these tasks should be considered a basic City service and the Administration Fee List should be removed from the Model completely.	Administration agrees with maintaining the current approach as it accommodates variations in the estimated time staff spend on development charge-related tasks and end-of-year actuals.
Section 5.3.1: Established Area vs Greenfield Area (p. 25) It is recommended that the City maintain the current approach to allocating costs between the Established Area and Greenfield Area. As the City will be planning for growth based on the OCP, the future [updated] infrastructure plans will be determined based on targeted growth in each area. Furthermore, in conjunction with Recommendation #2, if the City funds the Established Area share of costs directly through the budget process, slower growth in the Established Area will not affect the account deficits.	Initially, the Consultant Policy Recommendation Memo suggested a shift to the approach for allocating costs with a shared benefit to the Established Area and Greenfield Area to be based on the actual distribution of growth observed (i.e. the percentage of units added in each area). Stakeholders were opposed to such a shift as they felt it would contradict OCP policies. Based on this feedback and further discussion, this section of the Consultant Policy Recommendation Memo was revised accordingly.	Administration agrees with maintaining the current approach of allocating costs with a shared benefit based on the 70 per cent Greenfield Area, 30 per cent Established Area target defined in the Official Community Plan (OCP). Note, this approach for allocating costs for projects with a shared benefit is not applied to projects where the relative capacity added to each area is clearly defined in a technical study or supported by relevant data.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
Section 5.3.2: Suggested Revisions to Appendix A (p. 25) As part of the Request for Proposal, a review of Appendix A to the Policy was required. Appendix A provides the approach to identifying the funding splits between the developer's direct costs, development charges, and the City (or 'non-growth/existing residents') share. Currently, the allocation of costs between development charges (or 'growth') and the City is determined on a project-by-project basis. The relative shares of benefit, however, are based on infrastructure plans. When determining the share of non-growth costs, best practice suggests the following items be considered: 1. The repair of unexpended replacement of an existing asset that are in need of repair. 2. An increase in average service level of quantity or quality. 3. The elimination of a chronic servicing problem not created by growth. 4. Providing services where none previously existed (generally considered for water and wastewater services to provide existing homes with municipal services). Utilizing these principles, it is recommended that the City incorporate the detailed benefitting calculations (where applicable) into the project list document that is shared with the development community and other stakeholders. This will provide enhanced transparency.	Stakeholders felt the Model Project List should show the full cost of each project to ensure full transparency.	In the past, the Model Project List has typically displayed the full costs of projects, including both the development charge (or 'growth') and City (or 'non-growth/existing residents') share. However, there have been instances where only the growth portion of a project was shown. Moving forward, Administration will update procedures to ensure project costs are consistently shown in the Model Project List.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
<u>Section 5.3.3: Project Share Placeholder (p. 26)</u> Section 14.0 [i.e. Appendix A of the Policy] provides the funding criteria and summary charts. In this section, item (5) refers to the applicability of the development charge share vs the City share. Item (5)e states the following: *"e. In the absence of any substantiated population actuals or estimates, the administration may utilize a default placeholder funding split share of 30% SAF/DL* [development charge] *funding, 70% City Funding in the interim to calculate a rate."* It is recommended to remove (5)e from the Policy. When a new project is identified, the City will have estimated the cost of the project based on various parameters including the sizing/capacity required, length, material type, etc. As such, it is recommended that the City continue to estimate the development charge funding share, rather than using a placeholder amount.	No major feedback – stakeholders generally were supportive of the Policy's current approach.	For the majority of projects the development charge (or 'growth') and City (or 'non-growth/existing residents') shares of the overall cost are based on either infrastructure capacity added or the ratio of new population and existing population that will benefit from a project. The usage of placeholder estimates for determining the growth versus non-growth share of a project have typically been limited to infrastructure master plan updates and projects with variable timelines, where calculating estimates based on actual population or capacity data is challenging. Therefore, Administration recommends keeping 5(e) in the Policy as it provides flexibility in unique circumstances.
<u>Section 5.4.1: Timing for Calculation Updates (p. 26)</u> Undertake updates to the development charge rate (DC Rate) calculation less frequently. Council may want to consider undertaking calculation updates every 3 years, with major Policy reviews every 6 years.	General support for having DC Rate reviews less frequently.	Due to the current DC Account deficit, transitioning to a three-year DC Rate review cycle is not recommended. It is anticipated this deficit will require careful monitoring over the next several years which may necessitate the deferral of costs and projects. Since the timing of projects impacts DC Rate calculations, it is recommended the timing of rate calculations be undertaken more frequently to align with the timeline for the multi-year budget. It is also recommended that major Policy reviews continue to be carried out every five years, especially since the current Policy provides flexibility for a review to occur earlier, if needed.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
Section 5.4.2: Indexing (p. 27) For years in between calculation reviews, the City should consider indexing the charges based on the Statistics Canada Building Construction Price Indexes (non-residential).	No opposition to indexing charges based on the Statistics Canada Building Construction Price Indexes.	Administration agrees with the approach of indexing DC Rates between rate review cycles using Statistics Canada Building Construction Price Indexes (non-residential). **Administration Recommendation** Amend the Policy to indicate that DC Rates in years between rate review cycles are to be indexed using the Statistics Canada Building Construction Price Indexes (3rd quarter, non-residential) without amendment to *The Development Levy Bylaw, 2011*.
Section 5.4.3: Inflation Assumptions Used in the Model (p. 27) As prices rise and fall over time, on average over a long-term time horizon, the Bank of Canada's target rate of inflation is approximately two per cent. It is best practice in municipal finance to assume inflation of two per cent when forecasting over a long-term time horizon. As such, it is recommended that the City utilize a long-term inflation assumption of two per cent in their Model.	No major feedback.	This recommendation relates to the application of an inflation rate to project cost estimates to account for inflation that occurred since the year of the latest cost estimate. For example, an inflation rate can be used to bring a 2020 cost estimate into current year dollars until an updated estimate is provided. Instead of applying the Bank of Canada's (BoC) target inflation rate, Administration recommends inflating project cost estimates using Statistics Canada Building Construction Price Indexes (non-residential) similar to the methodology used by the consulting team in updating the Model Project List. The BoC's inflation target may be more appropriate if the City was setting DC Rates for longer periods of time; however, since the City's practice is to set DC Rates for shorter periods, construction price indexes may provide better accuracy. **Administration Recommendation** Amend the Policy to articulate that inflation rate applied to project cost estimates older than the current year should be based on the percentage difference between the Statistics Canada Building Construction Price Index (non-residential) in effect between the 3rd quarter of the current year and the year and/or quarter in which the latest estimate was completed.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
<u>Section 5.5.1: Cost Estimates (p. 28)</u> Section 9.C.1 of The Policy provides that: *"Costs of the infrastructure shall be determined by using values expressed in studies or reports …"* Studies and reports provide reasonable cost estimates for capital expenditures; however, the most accurate costs are tenders received on current capital projects, where available. Update the wording in this section to state the following: *"Costs of the infrastructure shall be determined by using values expressed in studies, reports, or recent tenders received for similar projects."*	The City needs to have an approach where the most up-to-date estimate is used at all times. The City should look at getting revised estimates through the process of updating infrastructure master plans.	Using recent tenders from similar capital projects has been used in the past to provide cost estimates for projects, in addition to studies and reports. Overall, to ensure accuracy, cost estimates are updated in the Model Project List on an ongoing basis from the conceptual stage to when a project is tendered for construction based on the best information available. The recommended update to Section 9.C.1 may provide additional clarity into the project cost estimating procedure. In regard to the comments from stakeholders on master plans, the City will be exploring integrating actual cost estimates into master plans through future updates. Many jurisdictions utilize cost estimates from infrastructure master plans as initial estimates for longer-term growth-related infrastructure projects in their respective development charge models. Going forward, as the City's master plans are updated, the City will look to incorporate applicable updated cost estimates into the Model Project List and DC Rate calculations. **<u>Administration Recommendation</u>** Update section 9.C.1 of the Policy with the wording suggested in the Consultant Policy Recommendation Memo.
<u>Section 5.2.2: Application of Grants and Other Funding Sources (p. 28)</u> Revise section 9.C.1 to note the following: *"Where grants and other funding sources are identified for replacement costs, rehabilitation costs, or other non-growth-related cost, they shall be deducted from the City's funding share only."*	This adds an unnecessary complexity to the current approach. Nobody is raising an issue that grants are not being accounted for correctly in the Model.	This recommendation aligns with the City's current practice and procedures. However, the amendment would add clarity and transparency related to the treatment of grants and alternate funding sources in the Model. **<u>Administration Recommendation</u>** Update section 9.C.1 of the Policy with the wording suggested in the Consultant Policy Recommendation Memo.

Consultant Policy Memo Recommendation:	Stakeholder Feedback and Key Themes:	Administration Response and Recommendations:
<u>Section 5.5.3: Timeline for Development Charges Model (p. 29)</u> Revise sections 10.A.3 and 10.A.4 to note that the revenues and expenditures shall be forecasted based on either the OCP growth forecast time horizon or the master planning time horizons, whichever is earlier. Once the OCP growth forecast is completed, the Model may be updated to reflect the anticipated year in which the City will reach 300,000 people. Subsequently, when the associated master plans are complete, the timing of the Model may be updated to 2051.	Some expressed they felt not extending the Model beyond the 300,000-population growth horizon shows little progress since the current OCP Growth Plan was developed in 2013.	As part of the DC Review, a Population, Housing and Employment Forecast and Urban Land Needs Study (Growth Study) was completed to inform growth, development phasing and infrastructure needs to the year 2051. A key finding from the Growth Study is that the City is projected to reach a population of 300,000 before build-out of "New Neighbourhoods" identified in the OCP Growth Plan. Where previously, the OCP was premised on the City reaching a population of 300,000 and building out of the "New Neighbourhoods" at around the same time. The Growth Study indicates a population of 300,000 will be reached by 2039, while build-out of the "New Neighbourhoods" is projected to occur around 2044, when the City's population is projected to be approximately 333,000. Since growth-related infrastructure included in the Model is intended to capture the capital needs required to build out the current Growth Plan, the Model will be extended to 2044. After the ongoing Growth Plan Review is completed, the City will have an updated plan that reflects both greenfield and intensification land needs to accommodate the Growth Study's forecasted 2051 population of approximately 369,600. Next, updates to infrastructure master plans and related studies can be carried out to identify the infrastructure requirements to facilitate build out of the updated Growth Plan. Afterwards, the Model can be extended to the year 2051 and applicable growth-related infrastructure projects can be added. **<u>Administration Recommendation</u>** Revise several sections of the Policy to note the Model's lifespan should be based on the anticipated build-out year of the current OCP Growth Plan.

Stantec

Memo

To:	City of Regina	From:	Stantec Consulting Ltd.
Project/File:	111000547	Date:	May 14, 2024

Reference: City of Regina Development Charges Policy and Model Review – Capital Project List Review

1 Introduction

Stantec Consulting Ltd. (Stantec) has been retained by Watson and Associates Economists Ltd. (Watson) as a subconsultant on the City of Regina (City) Development Charges Policy and Model Review project (Review Project). The City has retained Watson as the Prime Consultant on the Review Project.

1.1 Purpose

The purpose of the Review Project is to review the City's current Development Charges Policy (DC Policy) and Financial Cash Flow Model (Model) and provide recommendations for changes to the DC Policy and Model to address deficiencies identified by the City with the current DC Policy and Model. Stantec's involvement includes a review of, and providing recommendations for, the Capital Project List of projects that are funded through the DC Policy.

1.2 Current Model Deficiencies

The City has identified deficiencies with the current Model, which pertain generally to a lack of revenue generated by the Model to fund growth-related capital projects. As such, the cash flow for the Model is such that expenditures exceed revenues and require significant debt servicing to fund planned capital projects. Table 1 includes information provided by the City for specific deficiencies with the current Model as identified by the City. See Figure 1 for a map (provided by the City) of the Greenfield and Established Areas of the city. The Greenfield Area and Established Area are defined in the DC Policy and are referenced in Table 1.

Reference: City of Regina Development Charges Policy and Model Review – Capital Project List Review

Table 1: Current Model Deficiencies as Identified by the City of Regina

Deficiency	Background and Description	Impact
Un-adjusted hectares per year assumption in Model.	When the current Model was adopted in 2015, the Model assumed the City would be receiving development charge revenue based on 80 hectares per year of greenfield land being subdivided based on a 2013 population forecast and *OCP Map 1b: Phasing of New Neighbourhoods* (Phasing Plan). Hectares developed per year is a key variable impacting projected yearly cashflow in the Model. The more hectares subdivided, the more development charge revenue the Model has available to pay for projects when needed. Since the Model's adoption the 80 hectares per year of subdivision assumption has gone un-adjusted.	Between 2016 and the end of 2021, an annual average of 19.23 hectares of greenfield land has been subdivided, accounting for only 24% of the Model's 80 hectares per year greenfield development assumption. Assuming development charges revenue equal to 80 hectares per year of greenfield land being subdivided makes the Model appear like it has more revenue available to fund projects than it does. This leads to a shortfall in the Model's reserves when eligible projects need to withdraw funds. The impact of not adjusting this assumption relates directly to debt. When required to access funds from the reserve to proceed with eligible projects, the Model reserves do not have the amount of funds available that was previously forecasted using the 80 hectares per year of development charge revenue assumption. As a result, debt must be used to pay for the project, leading to deficits in the Model reserves, and further driving up the costs of projects due to debt servicing costs.
Greenfield vs Established Area development charges cost sharing split.	The Model assumes 30% of growth will occur in the Established Area per the OCP intensification rate goal of allocating 30% of all new growth to the Established Area through intensification. In alignment with the intensification goal, growth-related capital projects in the Model having a shared benefit between new growth in the Established Area and Greenfield Area and generally have costs allocated 70% to the Greenfield Area and 30% to the Established Area. Under the current Model, the Greenfield Area funds allocated costs through collected greenfield development charges while the Established Area funds allocated costs through tax lift from intensified development within the Established Area, previously funded through the intensification levy repealed in 2021.	Since 2014, the cumulative city intensification rate is 11.2%. Due to the difference between the actual intensification rate and the OCP intensification rate goal used in the Model, allocating costs for projects with a shared benefit between the Established Area and Greenfield Area may be interpreted as an over-allocation of cost to the Established Area. Per the current DC Policy, the current method of allocating costs for projects with a shared benefit reduces the greenfield development charge rates and increases the amount of funds required through tax lift to support the approximately $209 million Established Area share of project costs. This will make it more difficult for tax lift to fund projects required to support intensified development in the Established Area, especially in the short-term until the overall rate of city intensification increases.
Population Forecast.	A 2013 population forecast projected the city would reach a population of 300,000 by 2040. This forecast was used to fix the Model's growth horizon and lifespan at a population of 300,000 with an end year of	Watson prepared a Population, Housing, and Employment Forecast and Urban Land Needs Study Final Report in March 2024 which noted that Regina's population in 2021 was approximately 233,000. The 2013 population

Reference: City of Regina Development Charges Policy and Model Review – Capital Project List Review

Deficiency	Background and Description	Impact
	2040. This is a key variable as it determines the years in which certain projects may need to be delivered to support new growth and level of service.	forecast projected Regina's population would reach 239,590 in 2021, which is slightly higher than the actual population in 2021 according to Watson's 2024 report. Additionally, Watson's 2024 report noted that housing occupancy trends have changed since 2011, with the average persons per dwelling unit increasing between 2011 and 2021. This is partly a result of an increase in the share of multi-generational households in Regina. Although Regina's population has been growing generally on par with the 2013 forecast, this has occurred with less new greenfield land subdivision and new housing units than predicted. This assumption, along with the hectares developed per year assumption, are interrelated as they impact the Model's lifespan (i.e., when the city will reach a population of 300,000) and the timing of projects needed to facilitate growth to reach a population of 300,000. Due to this assumption, the Model may be projecting that certain projects are required sooner than needed.
Select transportation projects have a reduced cost estimate.	In 2019, as part of the process to set 2020 development charge rates, a decision was made to reduce the total value of transportation projects by 20%. The 2020 rates were set as part of Council's approval of CR19-96, with the 2020 rates representing an 18.3% reduction from 2019 rates. CR19-96 indicates "growth-related transportation projects were maintained in the model, with the final total value reduce by an additional 20% recognizing the uncertainty of projects and the work planned to gather more information." This uncertainty was related to whether some of the transportation projects included in the Model benefitted a population beyond 300,000.	Per the 2020 Model used to calculate the 2020 rates, as a result of the 20% transportation project cost reduction, total transportation project costs decreased from approximately $400 million to $320 million. This decreased the total development charges share of these project costs by an estimated $74 million. In Models used to calculate the 2021 and 2022 rates, the blanket 20% reduction to transportation projects was removed. However, 20% reductions remained for projects deemed to have a benefit extending beyond a population of 300,000 (i.e., new residents over the 300,000 population target would share the benefit) and for projects without a recent estimate.
Inflationary increases not applied to project costs.	In 2019, as part of the process to set 2020 development charge rates, a decision was made to not apply an inflation rate to cost estimates to bring costs into current year dollars. The rationale for not applying the inflation rate at the time was due to a pending policy review planned for 2020 where the current inflation rate would be reviewed and possibly refined.	The planned policy review was completed in 2021 when the current DC Policy was approved by City Council. However, inflation rates were not applied to project cost estimates in the 2021 and 2022 Models. The Model still did apply an inflation rate to the Model's cashflow projections which forecast the Model reserve balances for each remaining year in the Model.

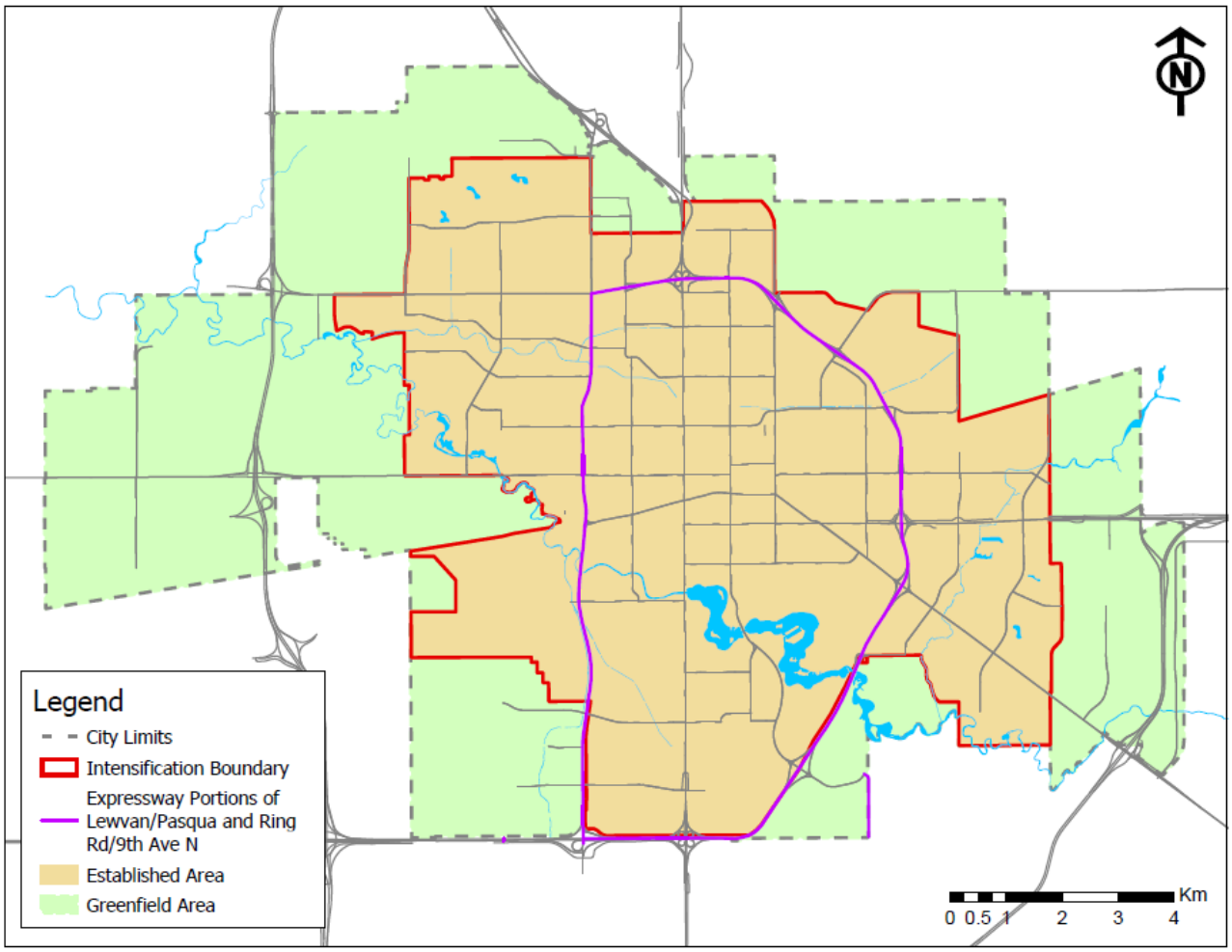


Figure 1: City of Regina Greenfield Area and Established Area as per the Current DC Policy (provided by the City of Regina)

1.3 Background Information

The following list of documents were provided by the City and used by Stantec as part of the Review Project to verify or confirm information on the Capital Project List.

- Administration costs spreadsheet (City of Regina).
- Annual greenfield subdivision data (1985 to 2023) (City of Regina).
- Arcola Avenue Corridor Study (KGS Group, 2022).
- Arcola Avenue Corridor Study Technical Appendices (KGS Group, 2022).
- Current balance and Development Charges account forecasting (City of Regina).
- Current Capital Project List (City of Regina).

Reference: City of Regina Development Charges Policy and Model Review – Capital Project List Review

- Current Model concerns and issues (City of Regina).
- Development Charges annual rates (1985 to 2023) (City of Regina).
- Development Charges Policy (City of Regina).
- Development Charges projects map (City of Regina).
- Downtown Serviceability Study (AECOM, 2014).
- Functional Design - Saskatchewan Drive Extension West of Lewvan Drive Final Report (AECOM, 2018).
- Hemson growth forecast technical memorandums (Hemson Consulting Ltd., 2013).
- Indoor aquatic facility information from Recreation Culture Capital Plan (City of Regina).
- Inflation rate background information (City of Regina).
- Pasqua Street at 9th Avenue N/Ring Road Interchange and Corridor Value Engineering Study Final Report (MMM Group, 2010).
- Past Development Charges annual reports (2020 to 2022) (City of Regina).
- Past Development Charges Models (2010 to 2023) (City of Regina).
- Pinkie Road & Courtney Street Functional Planning Study (Associated Engineering, 2018).
- Potential SAF 10 year recreation projects spreadsheet (City of Regina).
- Recreation Master Plan (City of Regina, 2019).
- Regina Transportation Master Plan Cycling Master Plan (IBI Group, 2012).
- Relevant City Council reports (City of Regina).
- Remaining hectares in Development Charges Model (City of Regina).
- Scarth Street cost estimate (City of Regina).
- Serviceability Study Wastewater Catchment Area and Water Network Expansion for North Regina (Associated Engineering, 2023).
- Servicing Fees Policy Review (Watson and Associates Economists Ltd., 2007).
- Southeast zone level park cost breakdown (City of Regina).
- Transportation Master Plan (City of Regina, 2017).
- Utility model capital plans (2023 to 2048) (City of Regina).
- Wastewater Capacity Upgrades – South Trunk – Work Area 2.13 –Cash Flow for South Trunk and Lakeview Upgrading Alternates Technical Memorandum (Draft) (AECOM, 2022).
- Wastewater Capacity Upgrades – South Trunk Preliminary Design Report – Final (AECOM, 2023).
- Wastewater Capacity Upgrades – South Trunk Preliminary Design Report – 90% DRAFT (AECOM, 2022).
- Wastewater Capacity Upgrades South Trunk Revised Preliminary Design Cost Estimate (AECOM, 2023).
- Wastewater Capacity Upgrades - Work Area 2.08 – Downtown Regional Relief Element Alignment and Configuration Review Technical Memorandum (AECOM, 2022).
- Wastewater Master Plan (City of Regina, 2019).
- Wastewater Master Plan Phase 1: System Response (Stantec, 2017).
- Wastewater Master Plan Phase 2: System Renewal (Stantec, 2019).
- Water Master Plan (City of Regina, 2018).
- Water Master Plan Final Report (AECOM, 2019).
- West Regina Bypass Midterm Report (Associated Engineering, 2012).
- Winnipeg Street Bridge Realignment Study Value Engineering Workshop Report (AECOM, 2013).

2 Capital Project List Review

Stantec reviewed the current Capital Project List to provide an independent review of the projects on the list and provide recommendations to the Capital Project List. The following subsection summarizes the scope of the review.

2.1 Scope of Review

The goal of the review of the current Capital Project List was to review each project on the list and provide verification of the following information.

- Should this project be on the list? Is it applicable based on the current DC policy (i.e., only projects that support growth should be on the list)?
- What is the cost estimate of the project?
- What year was the cost estimate completed? This information is important to establish the baseline cost estimate so that inflation can be applied to construction costs based on when the project will occur.
- What is the class of cost estimate (i.e., Class III, Class IV)? This information will provide a general idea of the accuracy of the cost estimate.
- What triggers the project (required at a certain population, required in a certain year)?
- What is the duration of the project?
- What area of the city does this project benefit (i.e., northwest, northeast, southwest, southeast, Established Area, city-wide)?
- Are there any gaps in information that prevents this information from being verified?

The review did not include updating cost estimates for the various projects on the list. Many of the projects were developed through extensive studies and reports that provided detailed cost estimates. For the proposes of this Review Project, it was assumed that the cost estimates provided in the various studies and reports were acceptable and accurate as they would have been developed by competent professionals with a more intimate understanding of the scope of the project than can be understood from this Review Project. However, any obvious issues with project costs were noted.

2.2 Review Summary

Detailed review comments were provided in the reviewed Capital Project List spreadsheet over several iterations.

Upon an initial review, in general, the majority of project costs, triggers, and timelines can be found within the Capital Project List spreadsheet itself, with a general lack of supporting documentation to verify project costs, triggers, and timelines. Many projects have City notes that indicate the project cost and sometimes the project trigger used in the Model. In many cases the project timelines are included in the spreadsheet without any notes or assumptions.

Without supporting documentation to support the project costs, triggers, and timelines, the outputs from the Model may produce flawed results.

Stantec worked collaboratively with City Administration to fill any information gaps with available information. The final version of the reviewed Capital Project List was provided to the City on November 16, 2023, and included the following information for each project where available. A detailed version as well as a clean version for stakeholders without cash flow or front end information was provided.

- Project #.
- Project name.
- Source(s) of information.
- Estimated cost in 2023 dollars.
- Development Charges, developer, and City cost shares in percentages and dollars (Note: no changes were made from the existing cost shares that were already established).
- Established area and greenfield cost shares in percentages and dollars (Note: no changes were made from the existing cost shares that were already established).
- Start and end dates of the project in years.
- Verified year dollars of cost estimate.
- Verified class of cost estimate.
- Benefitting area(s) of the project, including general areas (i.e., NW, SE, etc.) and specific map area reference numbers from a City prepared map.
- Cash flow of the project from 2023 through 2058 (2023 to 2058 timeline was already established in the Capital Project List spreadsheet provided by the City).
- Each project cost was adjusted to 2023 dollars using the Statistics Canada Non-Residential Building Construction Price Indexes for either Saskatoon (closest municipality with price indexes) or the composite price index if data for Saskatoon was not available for a specific year.

Any updates to the Capital Project List spreadsheet after November 16, 2023, have been made by the City.

3 Recommendations

Detailed recommendations were provided in the reviewed Capital Project List spreadsheet for each project. In general, the majority of the recommendations pertain to substantiating the project costs, triggers, and timelines. These inputs are critical to produce sufficient Development Charge rates to fund the projects needed to support growth in Regina.

In addition to the detailed recommendations in the reviewed Capital Project List spreadsheet for each project, the following recommendations are recommended to address current Model deficiencies and to maintain and update the Model continually over time.

1. For the projects currently in the Capital Project List without supporting documentation to support project costs, triggers, or timelines, it is recommended that the City confirm the project cost, trigger, and timeline used in the Model. In the absence of detailed supporting documentation to verify project costs, triggers, and timelines, it is recommended to utilize the current information in the Capital Project List

spreadsheet developed by City subject matter experts, and account for inflation on project costs, until such time that additional information is available.

2. The cost of projects will escalate every year based on many factors. As such, it is recommended to account for inflation on project costs in the Model. It is recommended to adjust project costs from the year dollars the cost estimate is based on to the current year dollars in the Model using non-residential construction price indexes published by Statistics Canada.

3. For current project cost estimates without a noted year dollar that the estimate is for, assume the year dollars was the same as the year the final document was completed (i.e., it can be assumed that a 2020 report with a project cost estimate is based on 2020 dollars, if not indicated otherwise).

4. It is recommended to update the list of projects, project costs, triggers, and timelines in the Model as additional studies or work is completed or information becomes available. A consistent approach should be developed so that project costs are updated consistently as a project progresses (i.e., at conceptual design, preliminary design, detailed design, tenders received, contract award, etc.).

5. It is recommended that future infrastructure studies or master plan updates include the information required to be inputted into the Capital Project List spreadsheet. This could be included during the procurement phase in the request for proposal (RFP) documentation. The RFP could clearly include what information is to be provided during the infrastructure study or master plan update. The following is a list of minimum information that should be included for each recommended project resulting from an infrastructure study or master plan update.

    - Project name.
    - Opinion of probable cost (OPC).
    - Class of OPC (i.e., Class 5, Class 4, etc., and to an accepted industry standard, such as ASTM E2516). If the City requires a certain class, it should be noted in the RFP but should be relevant to the level of detail generated during the infrastructure study or master plan update (i.e., a Class 1 or Class 2 OPC should not be expected during a master plan update as there is not enough design done or details included to provide for that class of OPC).
    - Year dollars of the OPC (i.e., 2024 year dollars).
    - Specific triggers. Triggers should be tied to something measurable, such as being required to be commissioned and operational before a certain population threshold is met in order to meet/maintain a required level of service. It is recommended not to base triggers on dates (i.e., required in 2030) as this is arbitrary and could vary if population growth varies from any assumptions used in the infrastructure study or master plan update analyses.
    - Timeline for the project (i.e., start and end dates/years). While an initial timeline is needed and should be provided based on any assumptions used at the time the infrastructure study or master plan update was done, it is understood that the timeline could vary and should be updated as time goes on and more information becomes available. For example, an infrastructure study may recommend a new wastewater trunk be required in 2030 based on reaching a population of 280,000 people by that year based on an assumed projected growth rate. However, if population growth is slower than assumed, the project dates could be pushed out further with justifiable rationale.

- Cash flow for the project if it is a multi-year project. This is beneficial especially if the cash flow is not uniform.
- A breakdown of benefitting areas. This will provide for an accurate cost share split between Development Charges, direct developer costs, and City costs, as well as between Established Area costs and greenfield area costs. For example, an infrastructure study may recommend an existing wastewater trunk be upgraded within an existing area of the city to provide capacity for new growth upstream as well as alleviate existing capacity issues for existing areas in the Established Area. The infrastructure study should include a breakdown of the benefits to the existing areas in the Established Area that will benefit from alleviating existing capacity issues, as well as the benefits to new growth areas upstream that will benefit from added capacity for new growth. A consistent approach should be developed for providing breakdowns by benefiting areas, whether that be by area basis or by population basis (i.e., one infrastructure study should not provide a benefitting area breakdown by population while another one provides it by areas such as hectarages; there should be a consistent approach).

The information provided in the infrastructure studies or master plan updates should allow for a simple copy and paste exercise into the Capital Project List spreadsheet to minimize administration burden on the City. The City could request a specific table to be provided that mimics the Capital Project List spreadsheet so that the City does not need to go searching for the information in the final reports.

The intent and ultimate goal of this recommendation is to provide for a more transparent process with better buy-in and support from stakeholders with the following rationale.

- All projects on the Capital Project List are based on an infrastructure study or master plan.
- Information from the infrastructure studies and master plans is simply copied and pasted into the Capital Project List spreadsheet.
- The infrastructure studies and master plans serve as the backup documentation to support the inclusion of the projects in the Capital Project List.
- Ideally, the infrastructure studies and master plans could be shared with stakeholders for full transparency.
- Once all the projects on the Capital Project List can be related back to a specific study or master plan, it is easier to defend the Capital Project List to stakeholders and City Council and get better buy-in and support.

6. It is recommended that the full cost of a project be included in the Capital Project List spreadsheet. Currently, some projects may only include the Development Charges portion of the project cost while the full cost remains unknown. It is recommended that the full cost be shown, and the appropriate cost share split be included for full transparency and consistency with other City documents, such as the Utility Capital Plan.

7. It is noted that there are no drainage projects on the current Capital Project List, however, there does not appear to be clear rationale for why not, whether that be a policy decision or because there are currently no drainage projects that support growth and that would qualify for partial or full funding from Development Charges. If this is the result of a policy decision not to include drainage projects, this should be clearly noted in the Development Charges Policy. If this is because there are no current

drainage projects, a tab for drainage should be included in the Capital Project List spreadsheet with the content just noting no current projects or similar language.

Appendix I - Model Project List

Transportation

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
11	New & Enhanced Traffic Controls	These funds are used for the design and installation of new traffic controls and enhancements to existing controls. Locations are determined annually based on analysis of warrants, studies and growth projections.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 28,337,000	100%	0%	$ 28,337,000	$ -	30%	70%	$ 8,501,100	$ 19,835,900	2024	2038	Not available. It is recommended that this information be included in future updates.	City-wide	- The project name was changed from "Annual Traffic Signal Installation Program" to "New & Enhanced Traffic Controls" to align with the City's General Captial Plan. [11.16.23] - Project cost adjusted to $1,800,000 per year and $27,000,000 over 15 years (2024-2038) as per direction from City of Regina Subject Matter Experts [11.16.23]. - Project timeline remained the same as per direction from City of Regina Subject Matter Experts [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
20	Courtney Street Extension (Sherwood Drive to 1st Avenue North - West Side)		Pinkie Road & Courtney Street Functional Planning Study; City of Regina Subject Matter Experts;	$ 6,967,000	100%	0%	$ 6,967,000	$ -	0%	100%	$ -	$ 6,967,000	2035	2035	Budgetary ±30%	NW	- Estimated cost of $5,510,000 from the Pinkie Road & Courtney Street Functional Planning Study was increased by 23% from $5,510,000 (2017 dollars) to $6,773,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added.[11.16.23] - Benefitting areas added. [11.16.23] - Benefitting area updated to only include the northwest (previously, also included Westerra/southwest). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
21	Courtney Street Flyover at CP Mainline	The purpose of this project is to provide north-south capacity to service new growth in the west area of Regina, including Westerra and the GTH. The project will provide direct access to the south end of the city and will also increase safety and decrease travel times on roadways by providing a grade seperation at a relatively busy railway crossing. The objective is to contruct a grade separation to allow Courtney Street to pass over the CP Mainline.	Pinkie Road & Courtney Street Functional Planning Study; City of Regina Subject Matter Experts;	$ 17,781,000	100%	0%	$ 17,781,000	$ -	0%	100%	$ -	$ 17,781,000	2035	2036	Budgetary ±30%	SW, NW	- Estimated cost of $14,257,000 from the Pinkie Road & Courtney Street Functional Planning Study was increased by 23% from $14,257,000 (2017 dollars) to $17,524,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). The revised estimate of $17,524,000 (2023 dollars) was reduced by $238,398.42 to account for the GTH's portion. The resulting new estimate in 2023 dollars is $17,285,601.58, rounded to $17,286,000. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
25	Dewdney Avenue twinning (Pinkie Road to Fleming Road)	The purpose of this project is to provide east-west capacity to service new growth from the GTH. The objective is to upgrade approximately 3.3KM of existing roadway. The project may require upgrades to the Dewdney Avenue bridge over the West Regina Bypass.	Transportation Master Plan; Regina Bypass Project; City of Regina Subject Matter Experts;	$ 12,860,000	40%	60%	$ 5,144,000	$ 7,716,000	0%	100%	$ -	$ 5,144,000	2038	2039	Class D - conceptual	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $12,600,000 (2015 dollars) to $16,002,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - $3,500,000 was deducted from the updated cost to account for the GTH's portion. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - The benefitting area has been updated to city-wide (previously, northwest and southwest). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
38	McDonald Street Widening (Kress Street to Fleet Street)	Widening of 1KM of road from Kress Street to Fleet Street	Transportation Master Plan; Fleet St. Business Park Secondary Plan; City of Regina Subject Matter Experts;	$ 4,527,000	40%	60%	$ 1,810,800	$ 2,716,200	0%	100%	$ -	$ 1,810,800	2039	2040	Class D - conceptual	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $3,465,000 (2015 dollars) to $4,401,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note: the Fleet Street Business Park Secondary Plan lands were the only growth area deemed to benefit from this project; other growth areas in the north-east were not deemed to benefit from the project. [11.16.23] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - The benefitting area for this project has been changed from northeast to city-wide as the project will generate employment opportunities and jobs for people within all areas of the city, as well as help get them to those jobs. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
42	Pasqua Street & Ring Road Interchange		Transportation Master Plan; Pasqua Street at 9th Ave N & Ring Road Interchange and Corridor Value Engineering Study; City of Regina Subject Matter Experts;	$ 41,803,000	60%	40%	$ 25,081,800	$ 16,721,200	0%	100%	$ -	$ 25,081,800	2029	2031	Class C - functional	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $31,500,000 (2015 dollars) to $40,005,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Transportation Project #41:Pasqua Street & Ring Road Interchange and Pasqua Corridor Review was integrated into Transportation Project #42: Pasqua Street & Ring Road Interchange. The only added cost to Transportation Project #42 resulting from this was the addition of a $635,000 spend in 2027 which appears in the 2024 Budget's 2024-2028 General Capital Plan, which increases the total cost to $40,640,000. [3.6.24] - The project's benefitting area was changed from northwest to city-wide. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - The funding split for the project has been revised to 60% development charge (or 'growth') and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [5.16.24]
45	Pasqua Street Widening (Ring Road to Rochdale Boulevard)		Transportation Master Plan; Pasqua Street at 9th Avenue North & Ring Road Interchange and Corridor Value Engineering Study; City of Regina Subject Matter Experts;	$ 5,356,000	60%	40%	$ 3,213,600	$ 2,142,400	0%	100%	$ -	$ 3,213,600	2029	2031	Class C - functional	NW	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $4,100,000 (2015 dollars) to $5,207,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - The funding split for the project has been revised to 60% development charge (or 'growth') and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [5.16.24]
46	Pasqua Street Widening (Ring Road to Sherwood Drive)		Transportation Master Plan; Pasqua Street at 9th Avenue North & Ring Road Interchange and Corridor Value Engineering Study; City of Regina Subject Matter Experts;	$ 8,688,000	60%	40%	$ 5,212,800	$ 3,475,200	0%	100%	$ -	$ 5,212,800	2029	2031	Class C - functional	NW	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $6,650,000 (2015 dollars) to $8,446,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - The funding split for the project has been revised to 60% development charge (or 'growth') and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [5.16.24]
54	Prince of Wales Drive Twinning (Dewdney Avenue to Jenkins Drive)		Transportation Master Plan; Fleet St. Business Park Secondary Plan; City of Regina Subject Matter Experts;	$ 4,527,000	40%	60%	$ 1,810,800	$ 2,716,200	0%	100%	$ -	$ 1,810,800	2033	2034	Class D - conceptual	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $3,465,000 (2015 dollars) to $4,401,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note:a revised estimate is expected to be received in Q1, 2024. [11.16.23] - The benefitting area for this project has been changed from northeast to city-wide as the project will generate employment opportunities and jobs for people within all areas of the city, as well as help get them to those jobs. [3.7.24] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
57	Prince of Wales Drive Widen and Pave (Jenkins Drive to Highway 46) - Design and Construction	Design and construction of the paving of Prince of Wales Drive from Jenkins Drive to Highway 46.	Transportation Master Plan; Fleet St. Business Park Secondary Plan; City of Regina Subject Matter Experts;	$ 10,718,000	40%	60%	$ 4,287,200	$ 6,430,800	0%	100%	$ -	$ 4,287,200	2025	2025	Class C - functional	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The benefitting area for this project has been changed from northeast to city-wide as the project will generate employment opportunities and jobs for people within all areas of the city, as well as help get them to those jobs. [3.7.24] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
63	Ring Road Widening (Albert Street to McDonald Street) - Design and Construction	Detailed design and construction of a third lane on Ring Road between Albert Street and McDonald Street.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 16,509,000	53%	47%	$ 8,749,770	$ 7,759,230	0%	100%	$ -	$ 8,749,770	2026	2029	Class D - conceptual	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 7% from $10,700,000 (2022 dollars) to $11,419,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The total cost was updated rom $11,419,000 to $16,050,000 per a revised Class D estimate from Q2, 2023. Additionally, the revised estimate indicated that the project provides a benefit to both greenfield growth and the existing city, with the growth portion being $8,550,000 and the non-growth/existing city portion being $7,500,000. Accordingly, this line item has been updated to reflect this funding split. [2.12.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
65	Ring Road Widening (Ross Avenue to Dewdney Avenue) - Design and Construction	This project is to increase capacity for traffic on Ring Road between Ross Avenue and Dewdney Avenue interchange ramps. This project will provide a permanent solution to meet long-term traffic growth associated with development in northeast Regina.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 9,926,000	56%	44%	$ 5,554,446	$ 4,371,554	0%	100%	$ -	$ 5,554,446	2024	2025	Class B - preliminary design	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
74	Saskatchewan Drive Extension (Lewvan Drive to Sandra Schmirler Way) - Plus Bridge over Wascana Creek		Transportation Master Plan; Functional Design - Saskatchewan Drive Extension West of Lewvan Drive; City of Regina Footnotes to AECOM design; City of Regina Subject Matter Experts;	$ 8,728,000	60%	40%	$ 5,236,800	$ 3,491,200	0%	100%	$ -	$ 5,236,800	2035	2035	Not available. It is recommended that this information be included in future updates.	SW, NW	- Estimated cost from the Functional Design - Saskatchewan Drive Extension West of Lewvan Drive Final Report (AECOM, 2018) was increased by 21% from $7,000,000 (2018 dollars) to $8,485,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note: a Class B estimate for this project is expected to be received in Q4, 2024. [11.16.23] - The funding split for the project has been revised to 60% development charge (or 'growth') and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Northwest added as a benefitting area (previously, only southwest). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
75	Saskatchewan Drive Extension (Sandra Schmirler Way to Courtney Street N 1/2) - Construct and Design	This project relates to design and construction costs associated with a rebuild of Sandra Schmirler Way to Courtney Street with a paved surface (north half).	Transportation Master Plan; Functional Design - Saskatchewan Drive\ Extension West of Lewvan Drive; City of Regina Footnotes to AECOM design; City of Regina Subject Matter Experts;	$ 11,109,000	60%	40%	$ 6,665,400	$ 4,443,600	0%	100%	$ -	$ 6,665,400	2025	2028	Class C - functional	SW, NW	- Projects #75 (formerly listed as "Saskatchewan Dr/13th Ave: Schmirler Way to Courtney St Design") and #76 (formerly listed as "Saskatchewan Dr/13th Ave: Schmirler Way to Courtney St N1/2 Construct" were combined into one project and listed as Project #75 - Saskatchewan Drive Extension (Sandra Schmirler Way to Courtney Street N 1/2) Construct and Design. [11.16.23] - City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 60% development charge (or 'growth') and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Northwest added as a benefitting area (previously, only southwest). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
77	Saskatchewan Drive Extension (Sandra Schmirler Way to Courtney Street S 1/2) - Construct and Design	This project relates to design and construction costs associated with a rebuild of Sandra Schmirler Way to Courtney Street with a paved surface (south half).	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 9,668,000	60%	40%	$ 5,800,800	$ 3,867,200	0%	100%	$ -	$ 5,800,800	2034	2034	Class D - conceptual	SW, NW	- The project name was adjusted to "Saskatchewan Dr Extension: Sandra Schmirler Way to Courtney St S 1/2 Design and Construct" (formerly listed as "13th Ave: Sandra Schmirler Way to Courtney St"). [11.16.23] - Estimated cost provided by City of Regina Subject Matter Experts was increased by 17% from $8,000,000 (2020 dollars) to $9,399,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 60% development charge (or 'growth') and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Northwest added as a benefitting area (previously, only southwest). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
81	Saskatchewan Drive & Lewvan Drive Flyover	The purpose of this project is to provice east-west capacity to service new growth in the west end of the city and provide a connection to downtown. It will also increase safety and decrease travel times by providing a grade separation at a busy intersection. The objective is to construct a grade separation to allow Saskatchewan Drive to pass over Lewvan Drive.	Transportation Master Plan; Functional Design - Saskatchewan Drive Extension West of Lewvan Drive; City of Regina Subject Matter Experts;	$ 34,556,000	60%	40%	$ 20,733,600	$ 13,822,400	0%	100%	$ -	$ 20,733,600	2035	2040	Class C - functional	SW, NW	- Estimated cost from the Functional Design - Saskatchewan Drive Extension West of Lewvan Drive Final Report (AECOM, 2018) was increased by 21% from $28,602,900 (2018 dollars) to $34,670,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - $1,075,028.94 was deducted from the updated cost to account for the GTH's portion. The resulting new estimate in 2023 dollars is $33,594,971.06, rounded to $33,595,000. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 60% development charge (or "growth") and 40% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Northwest added as a benefitting area. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
82	Transportation Master Plan Updates - Major Review	Completion of a major update to the Transportation Master Plan. This update will ensure the City has an up-to-date economically feasible and environmentally responsible transportation network plan.	City of Regina Subject Matter Experts;	$ 878,000	30%	70%	$ 263,400	$ 614,600	30%	70%	$ 79,020	$ 184,380	2025	2035	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost per review/update provided by City of Regina Subject Matter Experts was increased by 7% from $400,000 (2022 dollars) to $427,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline updated to recur every ten years starting in 2025 as per direction from City of Regina Subject Matter Experts. Two reviews are planned to occur during the 2024-2038 timeline of the model (in 2025 and in 2035). Total cost was set at $854,000 ($427,000 x 2). [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - Updated to have a 70% City, 30% development charge (or 'growth') share similar to the other master plan projects. [5.16.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
83	Transportation Master Plan Updates - Minor Review	Completion of a minor update to the Transportation Master Plan. This update will ensure the City has an up-to-date economically feasible and environmentally responsible transportation network plan.	City of Regina Subject Matter Experts;	$ 771,000	30%	70%	$ 231,300	$ 539,700	30%	70%	$ 69,390	$ 161,910	2028	2038	Not available. It is recommended that this information be included in future updates.	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated to recur every five years starting in 2028 as per direction from City of Regina Subject Matter Experts. Three reviews are planned to occur during the 2024-2038 timeline of the model (in 2028, in 2033, and in 2038). Total cost was set at $750,000 ($250,000 x 3). [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
88	Victoria Avenue East Widening (Prince of Wales Drive to Tower Road)	Note: The estimate assumes lighting is included.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 10,294,000	40%	60%	$ 4,117,600	$ 6,176,400	0%	100%	$ -	$ 4,117,600	2030	2033	Class D - conceptual	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $7,880,000 (2015 dollars) to $10,008,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Benefitting area changed from northeast, southeast to city-wide. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
89	Wascana Parkway to Highway 1A Loop Ramp	This project will result in the installation of a loop ramp from Wascana Parkway onto Highway 1A to provide free-flow conditions to the current left turn lane from Wascana Parkway onto Highway #1A.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 6,696,000	40%	60%	$ 2,678,400	$ 4,017,600	30%	70%	$ 803,520	$ 1,874,880	2025	2025	Class D - conceptual	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 7% from $6,100,000 (2022 dollars) to $6,510,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project has been bumped from 2024 to 2025 to reflect actual construction plans. [2.22.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - Revised to have a 60% City share, 40% development charge (or 'growth') share similar to project #105C. [5.16.24]
100	Road Network Improvements Property Purchase	Funding for property acquisitions to realize the 25-year road network plan in the Transportation Master Plan and beyond. Purchased property will be utilized for road right of way for increased network capacity to support continued growth.	City of Regina Subject Matter Experts;	$ 8,522,000	100%	0%	$ 8,522,000	$ -	0%	100%	$ -	$ 8,522,000	2024	2038	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 7% from $500,000 (2022 dollars) to $534,000 (2023 dollars) per year ($8,010,000 over 15 years (2024-2038) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
102	Saskatchewan Drive Corridor Improvements (Winnipeg Street to McTavish Street)	Street enhancements including upgraded sidewalks, curbs, street furniture on Saskatchewan Drive and Winnipeg Street to McTavish Street. Specifically, the development charge portion relates to: adding turning lanes/storage capacity in the portion of the project within the Heritage Neighbourhood, as well as additional lanes, turn lane capacity, medians and intersection improvements within the project of the project in the Cathedral Neighbourhood.	Saskatchewan Drive Corridor and Functional Study; City of Regina Subject Matter Experts;	$ 81,634,000	12%	88%	$ 9,669,541	$ 71,964,459	30%	70%	$ 2,900,862	$ 6,768,679	2027	2031	Class C - functional	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Line item updated to show overall project cost, not just the development charge (or 'growth') portion only. Based on total cost, the development charge share represents roughly 12% of the total. [3.18.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
103	Intersection Capacity Upgrades	This project relates to intersection capacity improvements that are required due to growth of the city. The estimate costs includes $500,000 spends in 2025, 2028, 2031, 2034, 2037 and 2040.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 3,600,000	100%	0%	$ 3,600,000	$ -	30%	70%	$ 1,080,000	$ 2,520,000	2025	2040	Not available. It is recommended that this information be included in future updates.	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
104	9th Avenue North Twinning (Courtney Street to Highway 11)	The purpose of this project is to provide east-west capacity to service new growth in west and northwest Regina. It will serve as a highway connection and will also provide direct access to Ring Road, Sherwood Industrial Park, Ross Industrial Park. The objective is to upgrade apporximately 2.8KM of roadway.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 9,100,000	100%	0%	$ 9,100,000	$ -	0%	100%	$ -	$ 9,100,000	2029	2032	Class D - conceptual	NW	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 27% from $8,000,000 (2015 dollars) to $10,160,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The cost estimate of $10,160,000 (2023) dollars was reduced by $1,312,739 to reflect the GTH's contribution per the current version of the Municipal Service Agreement, last updated on January 11, 2023. [1.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
105	Southeast Regina Roadway Capacity Solution	Long-term improvements to southeast Regina roadways.	Arcola Avenue Corridor Study; City of Regina Subject Matter Experts;	$ 75,089,000	40%	60%	$ 30,035,600	$ 45,053,400	0%	100%	$ -	$ 30,035,600	2030	2032	Class C - functional	SE	- Projects 105, 105A, 105B, 105C, and 105D include all of the projects related to the Arcola Avenue Corridor Study. City of Regina Subject Matter Experts provided updated total project costs of $120,300,000 for all of these projects. Project 105 includes the remainder of work and costs not included in Projects 105A, 105B, 105C, and 105D. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The cost estimate was reduced from $103,000,000 to $73,000,000 to account for an assumption that only one of Arcola Avenue Interchange or the Prince of Wales Drive to Wascana Parkway Extension will be required. This is a rough estimate and over time the City will need to confirm which improvement is less likely to proceed and confirm the precise value of the project removed from this line item. [3.7.24] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
105 B	Arcola Avenue Intersection Improvements	Relates to the implementation of some of the recommendations from the Arcola Avenue Corridor Study.	Arcola Avenue Corridor Study; City of Regina Subject Matter Experts;	$ 5,349,000	40%	60%	$ 2,139,600	$ 3,209,400	0%	100%	$ -	$ 2,139,600	2025	2026	Class C - functional	SE	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project start date and cashflow has been bumped from 2024 to 2025 to reflect actual construction plans. [2.22.24] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
105 C	Assiniboine Avenue, Northbound On-Ramp (Design and Construct)	This project will upgrade the existing Assiniboine Avenue active transportation infrastructure between Park Street and University Park Drive in coordination with road renewal.	Arcola Avenue Corridor Study; City of Regina Subject Matter Experts;	$ 3,497,000	40%	60%	$ 1,398,800	$ 2,098,200	0%	100%	$ -	$ 1,398,800	2025	2027	Class C - functional	SE	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24]
105 D	Wascana Parkway to Prince of Wales Drive Extension (Design)	Design of the extension of Wascana Parkway to Prince of Wales Drive.	Arcola Avenue Corridor Study; City of Regina Subject Matter Experts;	$ 4,012,000	40%	60%	$ 1,604,800	$ 2,407,200	0%	100%	$ -	$ 1,604,800	2028	2028	Class C - functional	SE	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The funding split for the project has been revised to 40% development charge (or 'growth') and 60% City to account for the impact of traffic from outside City Limits and/or the benefit to existing population. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
106	Courtney Street Extension (1st Avenue North to Dewdney Avenue)		Transportation Master Plan; City of Regina Subject Matter Experts;	$ 25,378,000	100%	0%	$ 25,378,000	$ -	0%	100%	$ -	$ 25,378,000	2035	2037	Not available. It is recommended that this information be included in future updates.	NW	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 17% from $21,000,000 (2020 dollars) to $24,672,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Benefitting area updated to only include northwest (previously, also included Westerra). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
107	Fleet Street and McDonald Street - Intersection Improvements	Capacity improvements at the intersection of Fleet Street and McDonald Street including turning lanes, improved traffic signals and street lighting.	Transportation Master Plan; City of Regina Subject Matter Experts;	$ 1,697,000	30%	70%	$ 509,100	$ 1,187,900	30%	70%	$ 152,730	$ 356,370	2025	2025	Class C - functional	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - The benefitting area for this project has been changed from northeast to city-wide as the project will generate employment opportunities and jobs for people within all areas of the city, as well as help get them to those jobs. [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
108	Saskatchewan Drive Functional Study- Lewvan Drive to Airport	Functional design work for the extension of Saskatchewan Drive from Lewvan Drive to north of the airport.	City of Regina Subject Matter Experts;	$ 206,000	100%	0%	$ 206,000	$ -	0%	100%	$ -	$ 206,000	2024	2024	Not available. It is recommended that this information be included in future updates.	SW, NW	- Project cost and timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Northwest added as a benefitting area (previously, only included southwest). [3.7.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
			Total	**$468,783,000**			**$251,840,956**	**$216,942,044**			**$ 13,586,622**	**$238,254,334**					

31 total transportation projects

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
19	Transfer Pumping	Design of an additional transfer pumping station to improve relieability of the water distribution system.	Water Master Plan Scenario 2 (AECOM, 2019); City of Regina Subject Matter Experts;	$ 9,230,000	100%	0%	$ 9,230,000	$ -	30%	70%	$ 2,769,000	$ 6,461,000	2027	2029	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost from the Water Master Plan Scenario 2 (AECOM, 2019) was increased by 23% from $7,300,000 (2017 dollars) to $8,973,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
20	Buffalo Pound Water Treatment Plant Upgrade/Expansion	The purpose of this project is to expand the capacity of the Buffalo Pound Water Treatment Plant to accommodate growth. This line item shows the estimated cost of paying back the growth portion of a the City of Regina's share of the project.	City of Regina Subject Matter Experts;	$ 19,865,100	100%	0%	$ 19,865,100	$ -	30%	70%	$ 5,959,530	$ 13,905,570	2024	2040	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 3% from $22,700,000 (2022 dollars) to $23,350,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23]. - Benefitting areas added. [11.16.23] - Estimated cost set back to $22,700,000 to remain consistent with current financing assumptions used by the City of Regina which also assume payback of the expenditure by 2040. To date, development charge-funded payments of $727,450 (2021) $727,450 (2022) and $1,380,000 (2023) have been allocated to this project, which leaves $19,865,100 remaining.This line item will be further updated upon execution of a formal financing agreement. [5.2.24]
32	Twinning of Main from Farrell Pump Station with New Supply Main (Dewdney Avenue to Saskaskatchewan Drive)	Twinning of 600mm watermain from Farrell Pump Station with a new 750 mm supply main along Broad Street from Dewdney Avenue to Saskatchewan Drive.	Downtown Serviceability Study (AECOM, 2014); City of Regina Subject Matter Experts;	$ 4,863,000	50%	50%	$ 2,431,500	$ 2,431,500	100%	0%	$ 2,431,500	$ -	2028	2035	Not available. It is recommended that this information be included in future updates.	Established Area	- Estimated cost from the Downtown Serviceability Study (AECOM, 2014) was increased by 29% from $3,675,000 (2014 dollars) to $4,727,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes (a composite index of 95.1 was used as there was no price index for Saskatoon for Q1, 2024). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note: Timeline to be updated as further information becomes available (e.g. water and wastewater serviceability study for the east, west, and City Centre areas of Regina). [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
33	Downtown Water System Upgrades - Option 2 (East-West Looping)	This project involves implementing water system upgrades in the Downtown-area per the Downtown Serviceability Study.	Downtown Serviceability Study (AECOM, 2014); City of Regina Subject Matter Experts;	$ 9,455,000	100%	0%	$ 9,455,000	$ -	100%	0%	$ 9,455,000	$ -	2028	2030	Not available. It is recommended that this information be included in future updates.	Established Area	- Project #33 was split into #33, #33A, and #33B to separate out 11th Avenue and Scarth Street. [11.16.23] - Total estimated cost of Projects #33, #33A, and #33B from the Downtown Serviceability Study (AECOM, 2014) was increased by 29% from $8,234,800 (2014 dollars) to $10,591,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - The cost of Project #33 was set at $9,191,000 such that the sum of Projects #33, #33A, and #33B is $10,591,000. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
33 A	11th Avenue Utility and Corridor Upgrades	Underground water utility upgrades completed in conjunction with General Fund street enhancements.	Downtown Serviceability Study (AECOM, 2014); City of Regina Subject Matter Experts;	$ 823,000	100%	0%	$ 823,000	$ -	100%	0%	$ 823,000	$ -	2025	2025	Not available. It is recommended that this information be included in future updates.	Established Area	- Project #33 was split into #33, #33A, and #33B to separate out 11th Avenue and Scarth Street. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Funds were allocated to this project through the 2023/2024 Budget. However, the overall project has been delayed. These funds will be available to allocate towards the growth portion of the project when construction is completed. [12.6.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
33 B	Scarth Street	Underground water utility renewal completed in conjunction with General Fund street enhancements.	Downtown Serviceability Study (AECOM, 2014); City of Regina Subject Matter Experts;	$ 618,000	100%	0%	$ 618,000	$ -	100%	0%	$ 618,000	$ -	2027	2027	Not available. It is recommended that this information be included in future updates.	Established Area	- Project #33 was split into #33, #33A, and #33B to separate out 11th Avenue and Scarth Street. [11.16.23] - Updated cost estimate provided by City of Regina Subject Matter Experts. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
50	Buffalo Pound Water Treatment Plant Pump Upgrades	Pump upgrades at the Buffalo Pound Water Treatment Plant to align with long-term growth plans for Regina.	Water Master Plan Scenario 2 (AECOM, 2019); City of Regina Subject Matter Experts;	$ 11,064,000	100%	0%	$ 11,064,000	$ -	30%	70%	$ 3,319,200	$ 7,744,800	2030	2031	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost from the Water Master Plan Scenario 2 (AECOM, 2019) was increased by 23% from $8,750,000 (2017 dollars) to $10,756,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project trigger updated to be a population of 257,000 and the project timeline and cashflow updated from 2026-2027 to 2030-2031. [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
51	Eastern Pressure Solution : Contract 1, Contract 2A and Contract 2B	The Water Master Plan recommends an Eastern Pressure Solution to accomodate growth. Contract 1 includes a pump station and storage reservoirs (1 funded through DCs/SAFs), Contract 2A includes a 2 KM long water supply main and Contract 2b includes a 8.5 KM long water supply main. This line item relates to the cost of the 1st reservoir only and not the 2nd reservoir approved by City Council on July 7, 2023.	Water Master Plan Scenario 2 (AECOM, 2019); City of Regina Subject Matter Experts;	$185,800,472	100%	0%	$185,800,472	$ -	30%	70%	$ 55,740,142	$130,060,330	2024	2044	Not available. It is recommended that this information be included in future updates.	City-wide	- Several related projects were combined into one project. [11.16.23] - City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note: This project was previously noted as providing a benefit to greenfield growth exclusively in the southeast and northeast. This allocation was changed to city-wide as: 1) The project relieves existing pressure deficiencies in the northeast corner of the city caused by growth, which would worsen and spread along the eastern edge of the city due to future growth; and 2) The project increases water storage volumes which will support future growth and development in all areas of the city, which would have had to been limited in some form if the water system was not expanded by 2026. [4.9.24] - As of May 16, 2024 the estimated remaining cost is $115,617,242. At this stage, it is assumed that remaining cost will need to be financed. Until a financing agreement is executed, this line item assumes the remaining cost will be financed over a 20-year period (2024-2043), with interest rate of 5%. [5.16.24]
56	Distribution Trunk Main - West Loop	Enhancements to the City's water distribution system to accommodate future growth.	Water Master Plan Scenario 2 (AECOM, 2019); City of Regina Subject Matter Experts;	$ 11,760,000	100%	0%	$ 11,760,000	$ -	0%	100%	$ -	$ 11,760,000	2029	2034	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost from the Water Master Plan Scenario 2 (AECOM, 2019) was increased by 23% from $9,300,000 (2017 dollars) to $11,432,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - Project start date moved to 2029. [5.2.24]
59	Distribution Trunk Mains - Other Trunk Mains	Enhancements to the City's water distribution system to accommodate future growth.	Water Master Plan Scenario 2 (AECOM, 2019); City of Regina Subject Matter Experts;	$ 317,000	100%	0%	$ 317,000	$ -	0%	100%	$ -	$ 317,000	2028	2029	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost from the Water Master Plan Scenario 2 (AECOM, 2019) was increased by 23% from $250,000 (2017 dollars) to $308,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23]
60	Water Master Plan Update	Updates to the City of Regina Water Master Plan.	City of Regina Subject Matter Experts;	$ 823,000	30%	70%	$ 246,900	$ 576,100	30%	70%	$ 74,070	$ 172,830	2025	2028	Not available. It is recommended that this information be included in future updates.	City-wide	- Projects #60 (formerly listed as "Water Master Plan Major Update") and #61 (formerly listed as "Water Master Plan Minor Update") were combined into one project and listed as Project #60 - Water Master Plan Updates. [11.16.23] - Project cost was updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note: looking to begin initiation and planning in 2025, hiring a consultant in 2026, execution in 2027, and delivery in 2028 of a technical Water Master Plan update. This will be a midway review of the 23 year capital plan in the current technical Water Master Plan (2018-2040) and will look to add an additional 14 year outlook to have an updated 25 year plan from 2030 to 2054. [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
62	Serviceability Study for 300,000 Population Equivalency	This program will evaluate whether or not the City can provide service to various growth areas that meet current service standards and then develop a plan to ensure that the services are available when needed.	City of Regina Subject Matter Experts;	$ 2,819,000	100%	0%	$ 2,819,000	$ -	30%	70%	$ 845,700	$ 1,973,300	2023	2026	Class 2/3	City-wide	- Project name updated (removal of "+" sign). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
			Total	**$257,437,572**			**$254,429,972**	**$ 3,007,600**			**$ 82,035,142**	**$172,394,830**					

12 total water projects

Wastewater

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
6	Wastewater Treatment Plant Expansion (258,000 Population Equivalency)	Funds to pay back the growth portion of a wastewater treatment plant expansion to accommodate a population of 258,000 per a P3 Contract with EPCOR ending in 2044.	City of Regina Subject Matter Experts;	$123,369,381	17%	83%	$ 20,849,425	$102,519,956	30%	70%	$ 6,254,828	$ 14,594,598	2024	2043	Not available. It is recommended that this information be included in future updates.	City-wide	- Project cost remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Note: This project was erroneously listed in the previous models/projects list as having a $24,500,000 development charge/servicing agreement fee (or "growth") portion. Per, CR13-26, development charges are to fund a portion of the deferred capital cost starting in 2017 until 2044. CR13-26 indicates that the deferred capital cost (principle and interest) was estimated to be $265,000,000 with the development charge amount of this cost being $44,600,000, equating to a development charge portion/percentage of 16.83% ($44.6M/$265M x 100). Bylaw 2014-48 (The Regina Wastewater Treatment Plant Borrowing Bylaw, 2014) indicates that the total deferred capital payments (principle and interest) to be paid back to EPCOR From 2017 until 2044 is $165,495,511. Applying the development charge portion/percentage from CR13-26 to the total deferred capital payments equates to a total development charge amount of $27,852,895. This remaining development charge (or 'growth') share is reflected in this line item. [3.5.24]
8	Downtown Wastewater System Upgrades	Implementing wastewater system upgrades in the Downtown-area per the Downtown Serviceability Study.	Downtown Serviceability Study (AECOM, 2014); City of Regina Subject Matter Experts;	$ 3,672,000	30%	70%	$ 1,101,600	$ 2,570,400	100%	0%	$ 1,101,600	$ -	2028	2030	Not available. It is recommended that this information be included in future updates.	Established Area	- Estimated cost from the Downtown Serviceability Study (AECOM, 2014) was increased by 29% from $2,775,000 (2014 dollars) to $3,569,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
13	Wastewater Treatment Plant Expansion (300,000 Population Equivalency)	This upgrade/expansion will provide capacity equivalent to a population of 300,000.	City of Regina Subject Matter Experts;	$ 91,668,000	100%	0%	$ 91,668,000	$ -	30%	70%	$ 27,500,400	$ 64,167,600	2025	2027	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 17% from $76,000,000 (2021 dollars) to $89,117,000 (2023 dollars) AB11 [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project cashflow and timing adjusted to match the approved 2024 Utility Capital Plan. [1.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
14	Wastewater Infrastructure: Pre-Design, Detailed Design and Construction	Funds used to advance wastewater projects supporting growth and intensification in the Established Area that result from servicing studies and applicable infrastructure master plans. Note: This line item was formerly called "wastewater linear replacement (growth portion").	Serviceability Study Wastewater Catchment Area and Water Network Expansion for North Regina (Associated Engineering, 2023); City of Regina Subject Matter Experts;	$ 31,373,000	100%	0%	$ 31,373,000	$ -	100%	0%	$ 31,373,000	$ -	2024	2040	Class D	Established Area	- Project cost updated to align with the Serviceability Study Wastewater Catchment Area and Water Network Expansion for North Regina (Associated Engineering, 2023). [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project cashflow and timing adjusted to match the approved 2024 Utility Capital Plan. [12.6.23] - "NW" removed from project name as project will benefit intensification more broadly throughout the Established Area [2.8.24]. - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
15	Wastewater Capacity Upgrades: South Trunk	This project is the continuation of ongoing efforts to comply with regulatory commitments to improve wastewater capacity and minimize bypasses to Wascana Creek during heavy precipitation events. The estimate includes pre-design, design and construction costs.	Wastewater Capacity Upgrades South Trunk Revised Preliminary Design Cost Estimate (AECOM, 2023); City of Regina Subject Matter Experts	$105,682,000	30%	70%	$ 31,704,600	$ 73,977,400	30%	70%	$ 9,511,380	$ 22,193,220	2024	2029	Not available. It is recommended that this information be included in future updates.	City-wide	- Project cost updated to align with the Wastewater Capacity Upgrades South Trunk Revised Preliminary Design Cost Estimate (AECOM, 2023). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project cashflow and timing adjusted to match the approved 2024 Utility Capital Plan [1.8.24]. - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
16	Wastewater Capacity Upgrades: Linear Relief	This project is the continuation of ongoing efforts to comply with regulatory requirements to improve wastewater capacity. The estimate includes pre-design, design and construction costs.	City of Regina Wastewater Capacity Upgrades - Work Area 2.08 – Downtown Regional Relief Element Alignment and Configuration Review Technical Memorandum (AECOM, 2022); City of Regina Subject Matter Experts;	$131,083,000	30%	70%	$ 39,324,900	$ 91,758,100	30%	70%	$ 11,797,470	$ 27,527,430	2028	2039	Conceptual	City-wide	- Estimated cost from the City of Regina Wastewater Capacity Upgrades - Work Area 2.08 – Downtown Regional Relief Element Alignment and Configuration Review Technical Memorandum (AECOM, 2022) was increased by 17% from $108,680,000 (2021 dollars) to $127,436,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Removed the word "storage" from the project name. [2.8.24] - Note: Rochdale Trunk has been identified as a priority through the North Serviceability Study and is identified as a priority based on current condition assessments. [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
17	Wastewater Capacity Upgrades: East Central/Reibling Park Storage	The estimate includes pre-design, design and construction costs.	Wastewater Master Plan Phase 1 Alternative 4D (Stantec, 2017); City of Regina Subject Matter Experts;	$ 4,552,000	30%	70%	$ 1,365,600	$ 3,186,400	30%	70%	$ 409,680	$ 955,920	2035	2038	Class D	City-wide	- Estimated cost from the Wastewater Master Plan Phase 1 Alternative 4D (Stantec, 2017) was increased by 23% from $3,600,000 (2017 dollars) to $4,425,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting Area(s)	Capital Project List Updates
18	Serviceability Study for 300,000 Population Equivalency	A number of serviceability studies have identified over the next several years, including City Centre, Southeast Regina, West Regina and North Regina. As we move forward, additional studies may be required to support growth in residential, commercial and industrial land uses.	City of Regina Subject Matter Experts;	$ 823,000	100%	0%	$ 823,000	$ -	30%	70%	$ 246,900	$ 576,100	2028	2030	Class 2/3	City-wide	- Project name updated (removal of "+" sign). [11.16.23] - City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
19	Wastewater Master Plan Update		City of Regina Subject Matter Experts	$ 823,000	30%	70%	$ 246,900	$ 576,100	30%	70%	$ 74,070	$ 172,830	2025	2028	Class 2/3	City-wide	- Project added as per direction from City of Regina Subject Matter Experts. [11.16.23] - Project cost and timeline provided by City of Regina Subject Matter Experts. [11.16.23] - Benefitting areas included. [11.16.23] - Note: Looking to begin initiation and planning in 2025, hiring a consultant in 2026, execution in 2027, and delivery in 2028 of a technical Wastewater Master Plan update. This will be a midway review of the 25 year capital plan in the current technical WWMP (2018-2042) and will look to add a 12 year outlook to have an updated 25 year plan from 2030 to 2054. [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
20	Wastewater Capacity Upgrades: Lakeview Relief Alignment	This project is the continuation of ongoing efforts to comply with regulatory requirements to improve wastewater capacity and minimize bypasses to Wascana Creek during heavy precipitation events. The Lakeview Relief Alignment focuses on reducing basement flooding incidents in the Lakeview-area and will also help permit infill development. The estimate includes design and construction costs.	Wastewater Capacity Upgrades - South Trunk- Preliminary Design Report - Final (AECOM, 2023 May). *Note, the cost estimate in report was developed in January 2022.* . City of Regina Subject Matter Experts.	$ 22,343,000	30%	70%	$ 6,702,900	$ 15,640,100	100%	0%	$ 6,702,900	$ -	2030	2032	Class C (pre-design)	Established Area	- Project added to the Development Charges Model as it was discovered that this work was not included in the Project #15: Wastewater Capacity Upgrades: South Trunk line item as previously thought. The estimated cost from the Wastewater Capacity Upgrades - South Trunk - Work Area 2.13 - Cash Flow for South Trunk and Lakeview Alternates Technical Memorandum (Aecom, 2022) was increased by 7% from $20,300,000 (2022 dollars) to $21,721,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [2.26.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
			Total	**$515,388,381**			**$225,159,925**	**$290,228,456**			**$ 94,972,228**	**$130,187,698**					

10 total wastewater projects

Parks & Recreation

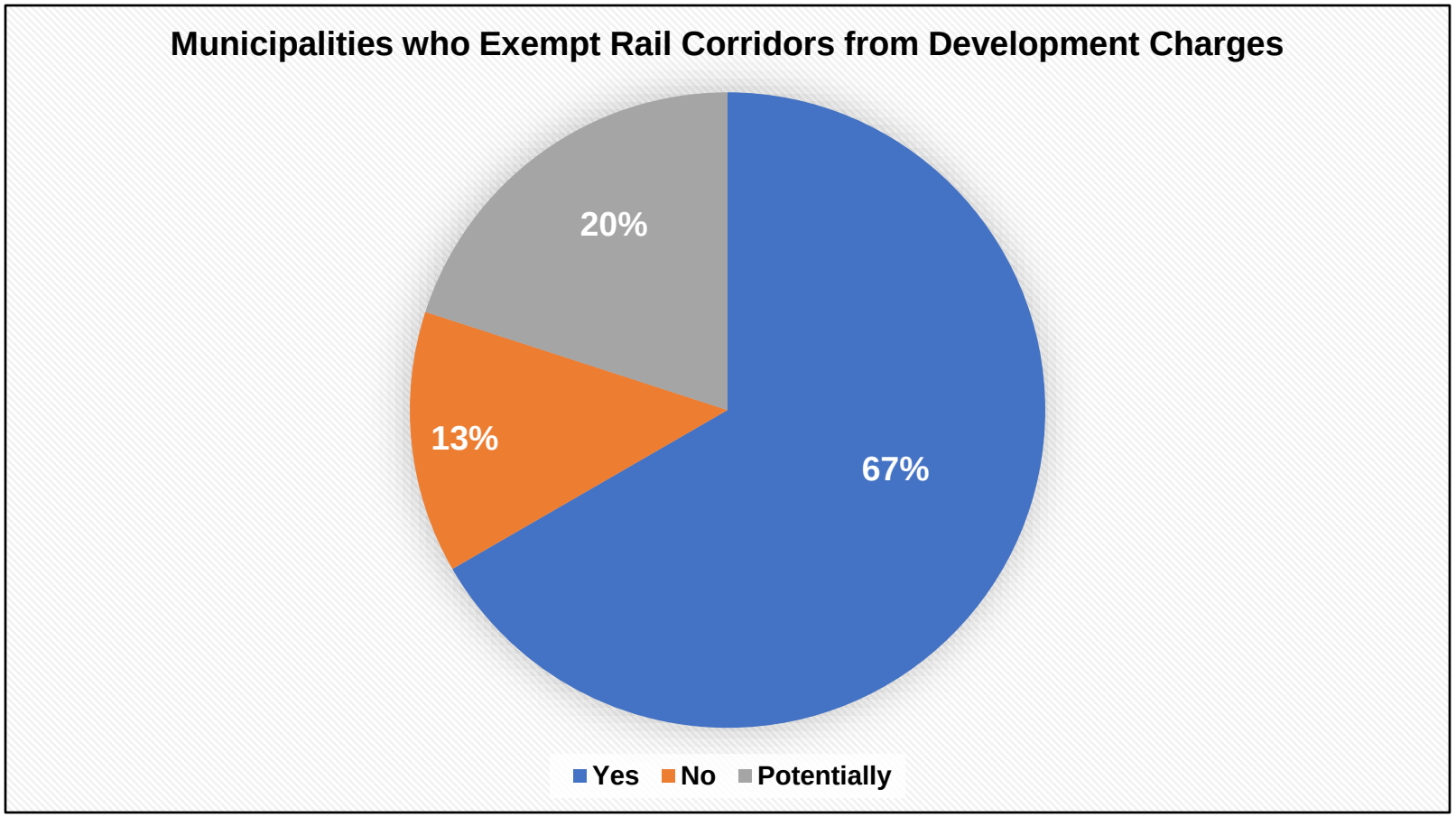
#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting area(s)	Capital Project List Updates
5	Municipal Level Dog Park - NW	Construction of a new dog park.	City of Regina Subject Matter Experts;	$ 411,000	30%	70%	$ 123,300	$ 287,700	30%	70%	$ 36,990	$ 86,310	2025	2025	Not available. It is recommended that this information be included in future updates.	SW, NW	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 17% from $339,000 (2020 dollars) to $399,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project start date bumped from 2024 to 2025. [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
9	Plant Establishment Funding	Funding provides for watering and maintenance of newly planted trees and shrubs within the parks and open space of a new development for a three-year period to ensure establishment and survival of the new plant material. Any plantings that fail to survive this three-year period are replaced	City of Regina Subject Matter Experts;	$ 2,685,000	100%	0%	$ 2,685,000	$ -	0%	100%	$ -	$ 2,685,000	2024	2038	Not available. It is recommended that this information be included in future updates.	City-wide	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 17% from $148,000 (2020 dollars) per year to $174,000 (2023 dollars) per year ($2,610,000 over 15 years (2024-2038) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
17	Victoria East (The Towns) Zone Level Park	A future zone-level park to serve the southeast area of Regina.	City of Regina Subject Matter Experts; Open Space Management Strategy; Southeast Neighbourhood Plan;	$ 10,531,565	100%	0%	$ 10,531,565	$ -	0%	100%	$ -	$ 10,531,565	2026	2027	Class D	SE	- Estimated cost provided by City of Regina Subject Matter Experts was increased by 3% from $39,599,010 (2022 dollars) to $40,766,000 (2023 dollars) using the Statistics Canada Non-Residential Building Construction Price Indexes for Saskatoon (closest municipality with price indexes). [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Cost reduced to $9,537,025 as it was determined that there wil be enough municipal reserve land to dedicate to the zone-level park and the purchase of additional land will not be required. As such, land purchase was removed from the cost estimate. [12.6.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - Project start date moved to 2026, cost estimate incresed to $10,531,565. [5.2.24]
22	New Indoor Aquatic Facility (Lawson Civic Centre; Growth Portion)	Planning, design and construction of the Indoor Aquatics Facility to add competive and leisure pool capacity.	City of Regina Subject Matter Experts;	$160,700,000	12%	88%	$ 19,187,000	$141,513,000	30%	70%	$ 5,756,100	$ 13,430,900	2024	2028	Class D	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Cost share split updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Project timeline remained the same as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Verified class of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23]
23	New Lit Artificial Turf Field (undefined location)	Design and construction of an additional artificial turf field with appropriate seating, a score clock and lighting.	City of Regina Subject Matter Experts;	$ 5,771,000	30%	70%	$ 1,731,300	$ 4,039,700	30%	70%	$ 519,390	$ 1,211,910	2028	2030	Not available. It is recommended that this information be included in future updates.	City-wide	- City of Regina Subject Matter Experts provided updated project costs. [11.16.23] - Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Project timeline and cashflow revised to align with the approved Recreation and Culture Capital Plan from the 2024 Budget [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
35	Rec Master Plan - Major Update	Major updates to the Recreation Master Plan.	City of Regina Subject Matter Experts;	$ 258,000	30%	70%	$ 77,400	$ 180,600	30%	70%	$ 23,220	$ 54,180	2039	2039	Based on actual cost of last plan.	City-wide	- Project timeline updated as per direction from City of Regina Subject Matter Experts. [11.16.23] - Verified year dollars of cost estimate added. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
38	Douglas Park Pickleball Courts	This project will involve the development of a multi-court pickleball facility at Douglas Park.	Actual tender;	$ 988,000	30%	70%	$ 296,400	$ 691,600	0%	100%	$ -	$ 296,400	2023	2024	Actual tender prices.	City-wide	- Project cost updated based on actual tender prices. [11.16.23] - Benefitting areas added. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
39	Geothermal Heating Facility at New Indoor Aquatic Facility	The development of a geothermal facility will provide a clean energy source for the new indoor aquatic facility (IAF). By utilizing a geothermal energy resource, there will be a significant reduction in the facility's reliance on fossil fuel energy sources.	City of Regina Subject Matter Experts;	$ 28,500,000	12%	88%	$ 3,382,889	$ 25,117,111	30%	70%	$ 1,014,867	$ 2,368,022	2024	2027	Class D	City-wide	- Project added as per direction from City of Regina Subject Matter Experts. [7.14.23] - Project cost and timeline provided by City of Regina Subject Matter Experts. [7.14.23] - Benefitting areas included. [11.16.23]
40	Pickleball Facility (undefined location)	Additional consultation with the pickleball community will occur regarding how best to meet future pickleball needs.	City of Regina Subject Matter Experts	$ 1,540,000	30%	70%	$ 462,000	$ 1,078,000	30%	70%	$ 138,600	$ 323,400	2026	2027	Not available. It is recommended that this information be included in future updates.	City-wide	- Project added as per direction from City of Regina Subject Matter Experts. [7.14.23] - Project cost and timeline provided by City of Regina Subject Matter Experts. [7.14.23] - Benefitting areas included. [11.16.23] - Project timeline and cashflow revised to align with the approved Recreation and Culture Capital Plan from the 2024 Budget [2.8.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]

#	Project Name	Description/Notes	Source(s)	Estimated Cost (2024 $)	DC/Growth Share (%)	City Share (%)	DC/Growth Cost	City Cost	Established Area Share (%)	Greenfield Area Share (%)	Established Area Cost	Greenfield Area Cost	Start	End	Verified Class of Cost Estimate	Benefitting area(s)	Capital Project List Updates
41	New Cricket Field (undefined location)	Based on trends and current bookings for cricket fields, a new field will be required in 2026/2027 to respond to demand.	City of Regina Subject Matter Experts;	$ 1,700,000	30%	70%	$ 510,000	$ 1,190,000	30%	70%	$ 153,000	$ 357,000	2026	2027	Class D	City-wide	- Project added as per direction from City of Regina Subject Matter Experts. [7.14.23] - Project cost and timeline provided by City of Regina Subject Matter Experts. [7.14.23] - Benefitting areas included. [11.16.23] - Previously, it was thought this would be located within the Hawkstone Neighbourhood. However, it has now been determined the project will not fit in the Hawkstone Neighbourhood. As such, a new location for the project will need to be selected. Once selected, the project name/description will be updated accordingly. [3.4.24] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24] - Cost estimated decreased from $5,657,000 to $1,700,000. [5.2.24]
42	Community Space at Harbour Landing School	A community space to be developed at the site of the new Harbour Landing Elementary School.	City of Regina Subject Matter Experts;	$ 1,379,000	30%	70%	$ 413,700	$ 965,300	30%	70%	$ 124,110	$ 289,590	2024	2024	Class D	SW	- Project added as per direction from City of Regina Subject Matter Experts. [7.14.23] - Project cost and timeline provided by City of Regina Subject Matter Experts. [7.14.23] - Benefitting areas included. [11.16.23] - Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
43	Community Space in SE Growth Area	A community space to be developed within the southeast growth area.	City of Regina Subject Matter Experts;	$ 2,274,000	30%	70%	$ 682,200	$ 1,591,800	30%	70%	$ 204,660	$ 477,540	2025	2027	Class D	SE	- Project added as per direction from City of Regina Subject Matter Experts. [7.14.23] - Project cost and timeline provided by City of Regina Subject Matter Experts. [7.14.23] - Benefitting areas included. [11.16.23] - Project timeline and cashflow advanced to 2024-2026. [2.8.24] - Project timeline and cashflow pushed to 2025-2027. [3.4.24] Estimate inflated using the Statistics Canada Non-Residential Building Construction Price Indexes (Saskatoon, Q3, 2023). [4.9.24]
				Total $216,737,565			**$ 40,082,754**	**$176,654,811**			**$ 7,970,937**	**$ 32,111,817**					

12 total parks & recreation projects

Appendix J - Jurisdictional Research on Rail Corridor Exemptions

Summarized in the pie chart below and the table on the next page is an analysis of development charge exemptions in policies across Canada. This research only pertains to land subdivided exclusively for a rail corridor or rail right-of-way, as opposed to a subdivision containing internal rail loops owned and operated by a private entity.



	Are Rail Corridor Subdivisions Exempt from Development Charges (Y/N)?
Ottawa	**Yes**. Development charges would not be applied to a rail corridor subdivision as Ottawa only applies charges based on the number of dwelling units added to a site (residential) or gross floor area added to a site (non-residential).
Edmonton	**Yes**. Rail corridor subdivisions are exempt and rate calculations exclude rail corridors from the defined developable area used to determine rates.
Hamilton	**Yes**. Same case as Ottawa, see above.
Saskatoon	**No**.
Kitchener	**Yes**. Same case as Ottawa, see above.
Windsor	**Yes**. Yes, same case as Edmonton, see above.
Regina	**Potentially**. Rail corridors are not on the list of development charge-exempt land uses; however, Council has the authority to exempt development charges on a case-by-case basis.
Barrie	**Yes**. Same case as Ottawa, see above.
Red Deer	**Yes**. Same case as Edmonton, see above.
Lethbridge	**Yes**. Same case as Edmonton, see above.
Airdrie	**Yes.** Same case as Edmonton, see above.
Grande Prairie	**No**.
Prince Albert	**Potentially**. Prince Albert's bylaw does not outright provide a development charge exemption for rail corridors; however, the bylaw has the flexibility to exempt development charges on a case-by-case basis if the municipality will not incur additional capital costs.
Moose Jaw	**Potentially**. Same case as Prince Albert, see above.
Yorkton	**Yes**. Same case as Edmonton, see above.