

# City of Regina IMF Industrial Expansion Area – Concept Plan



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for the City of Regina

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## **X. Executive Summary**

### **X.1 Introduction and Background**

The proposed Canadian Pacific Intermodal Facility (IMF) is an exciting project that will create a new economic driver immediately west of the City of Regina. The announcement of this project is already attracting development interests to the area surrounding the proposed facility, including a very large proposed distribution centre for Loblaws. As such, the City of Regina initiated a concept planning process in the summer of 2008 to assist the City in understanding the overall pattern of development that can occur in the area and the servicing networks needed to support this development. The plan will help establish a context in which specific development proposals can be considered, and provide background in support of the proposal for annexation of land.

Intermodal facilities have been constructed on the edges of cities across North America on ever-growing scale, to respond to rapid growth in the amount of container traffic. Modern intermodal facilities are always land-expansive, as the volume of freight, and the size of equipment has generally continued to increase over time. Globally, the United Nations has forecast that world container traffic will approximately double by 2020. The volume of container traffic has continued to increase in Canada as retailers expand off-shore sourcing of goods, and as commodity prices drive exports from Canada's resource areas.

### **X.2 Demand for Industrial Uses in the IMF Area**

Substantial demand for industrial development can be anticipated in the area around the IMF. The businesses that typically locate in and around IMFs are of several types:

- Businesses that require direct access to the IMF to receive or disperse goods;
- Businesses that serve the intermodal terminal itself; and
- Businesses engaged in operations that do not directly require terminal access, but benefit from locating in proximity to the facility.

Adjacent to the IMF itself, it is likely that very large-scale distribution facilities will be attracted to the area because of the opportunity for direct access to the container handling and storage areas. Distribution facilities constructed adjacent to IMFs in other centres, including Calgary and Edmonton, are of extremely large size and require very large parcels of land (30-50 hectares in size). There will also be some businesses that may be attracted to the area specifically to service the IMF, such as container maintenance or shipping/receiving firms. Depending on the services delivered, these businesses may or may not need close proximity to the facility. This land need was not considered in the Industrial Growth Study and constitutes a new requirement for additional industrial lands.

Research has found that an IMF is not necessarily a catalyst for other, unrelated industrial firms, but that the high quality road infrastructure and strong highway access in the area of most IMF's serves as a strong catalyst to industrial development. In this case, the upgrades to Pinkie Road and Dewdney Avenue, and the rapid access to Highways 1 and 11 that they provide, will certainly attract firms to the area.

As such, it is likely that the amount of development in this area, and therefore the amount of industrial land potentially required for servicing and development, will be greater than anticipated in the base case scenario of the 2007 Industrial Growth Study. A planning figure of 156 net hectares of industrial land is appropriate for "traditional" industrial lands west of the airport, which is consistent with the High scenario in the 2007 Study.



To allow for a developable area of 156 net hectares, the area required for roads, stormwater facilities, and other public land requirements needs to be accounted for, resulting in a total demand for approximately 195 hectares of land for light industrial uses in this area. These lands are in addition to lands required for the IMF, Loblaw's, and similar logistics uses adjacent to the IMF.

### **X.3 Concept Plan**

A number of land use and servicing factors affect the pattern of land uses within the proposed annexation area:

- The area between the IMF and the City boundary is within the flight path of Regina International Airport. As such, this area makes an ideal location for warehousing and other industrial uses compatible with the IMF, although restrictions related to emissions affect the potential for heavier industrial uses in the area.
- Dewdney Avenue will provide east-west arterial road access to the area. There is no east-west road link possible to the south of the facility into the City due to the presence of the airport and as such, Dewdney Avenue is likely to provide the major east-west link.
- A new north-south connector road, near the existing Pinkie Road, is to be constructed as part of the IMF project. The road will offer a limited access, high speed connection to the area from Highways 1 and 11. While the final alignment of this road is not known, a preferred alignment is currently under consideration by the Province.
- Very large warehouse, logistics, and distribution uses will likely be attracted to the IMF, which are extremely land-extensive. Direct access to the facility is desirable for these uses. Other intermodal facilities in North America have been careful to plan for very large facilities (warehouses of 1M SF and larger) and, accordingly, a lotting pattern and servicing pattern that allows for very large parcels.
- It will be very important to ensure that any future residential development is set well back from the intermodal facility.
- Much of the area is within an aquifer sensitivity zone. However, the area is considered “low sensitivity” and permits light industrial uses. Restrictions on the type of industry due to aquifer sensitivity are not likely to present a constraint on the anticipated form of development.

The initial draft concept plan for the IMF area is shown on the next page.

### **X.4 Servicing Plan and Considerations**

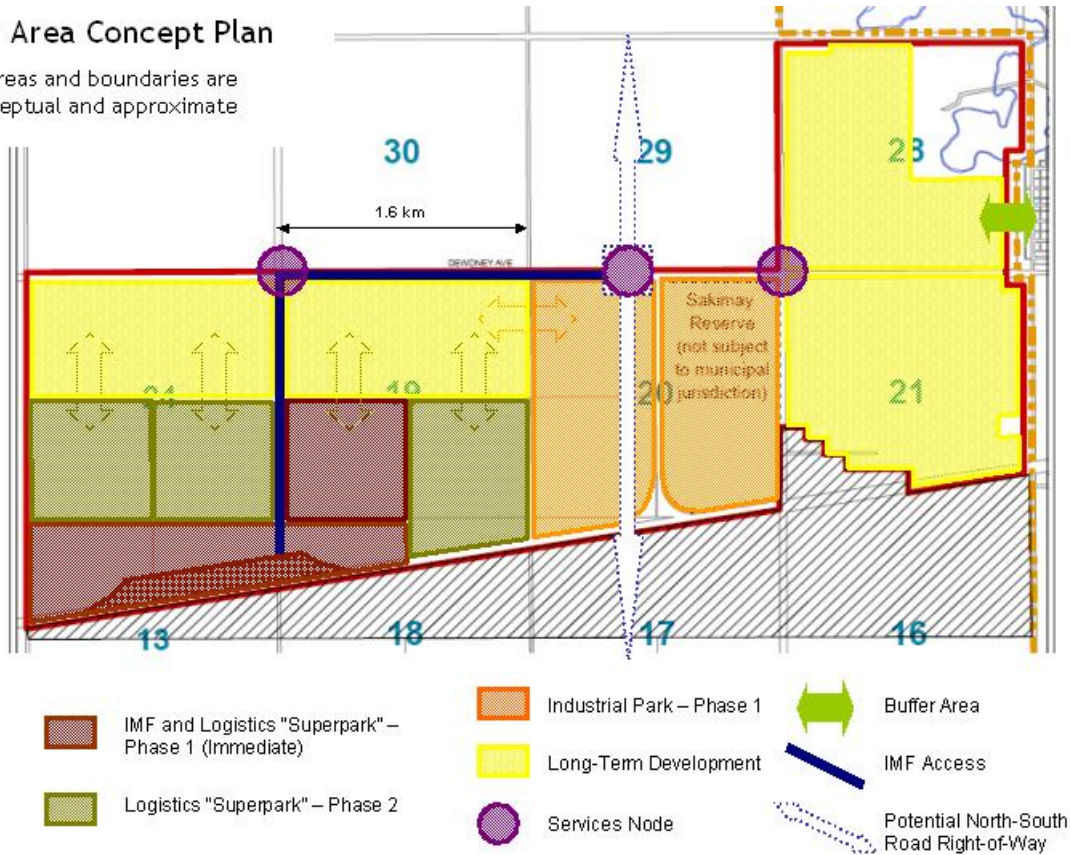
A preliminary infrastructure servicing plan has been developed based on the draft concept plan. The preliminary infrastructure servicing plan identifies the regional water, wastewater and drainage infrastructure required to support development of the area. Due to the large area proposed for development, the lands will be serviced in separate staged phases. Phase I includes the lands west of the current Pinkie Road alignment; Phase II identifies the lands east of Pinkie Road in Sections 28 and 21 and will be developed at a later date.

The lands identified within Phase I are further divided into three stages, with Stage 1 comprised of the inter-modal facility and the proposed Loblaw's distribution centre site. Because the major water and wastewater connections must be made at the outset of development, the cost of delivering services to these two Phase I, Stage I users is estimated at \$54 million (including the engineering fees, which are estimated at \$7 million and some of which will be needed in short order to meet Loblaw's schedule for opening their facility).



## IMF Area Concept Plan

All areas and boundaries are conceptual and approximate



### X.5 Financial Implications

At the time of writing, the assessment of the financial impacts of the proposed annexation area is in progress by City staff. In general, the annexation will have the following financial impacts

- *Capital Costs* – Planning, design, and construction costs associated with transportation Infrastructure, municipal (piped) infrastructure, protective services, and costs associated with a potential tax loss compensation agreement
- *Capital Revenues* – potential revenues through development levies and servicing agreement fees
- *Operating Costs* – for municipal services delivered in the area
- *Operating Revenues* – municipal tax revenues

### X.6 Annexation Rationale

Intermodal facilities are generally located within urban municipalities for good reasons – they generate significant truck traffic requiring roads at urban standards, they attract large-scale industrial uses that generally require full urban services, and they may grow quickly, requiring the capacity to provide additional services in the future.

Although some warehouse uses may consist of “dry” industrial facilities, not requiring piped services, other distribution facilities may have extensive water, wastewater, and/or power requirements to support their operations. Fire flows for protection of warehouse facilities on the





scale envisioned here also require significant capacity in the water system. As such, it is anticipated that a full range of piped services will be required to be extended from the City's wastewater and water treatment facility.

Many firms wish to move extremely quickly to construct and begin operations at a new large scale distribution facility. The ability to construct services and support rapid development timelines with extensions to existing services is critical. Access to the full range of urban services that can be provided within the City of Regina will also maximize the potential for a full range of spin-off industrial uses in the area and provide more co-ordinated planning for the long term.

It is also highly likely that, even with a substantial amount of new industrial land available within the City of Regina, there would be dry industrial uses attracted to the IMF area that would prefer to locate in the RM of Sherwood for tax or other reasons. These would logically locate near the IMF, adjacent to the boundaries of the proposed annexation area. In this regard, the annexation may produce mutual benefit to both the RM and the City, as new firms are attracted to the area. It is therefore in the economic interests of not only Regina but of the surrounding area for annexation to bring these lands within the urban envelope of the City.

Financially, while the new industrial area will generate additional municipal and school taxes, there will also be substantial capital and operating costs associated with the provision of services to the IMF area. However, focussing on the financial impacts on the IMF area alone misses the broader impact of the new development. With increased employment in the Regina area, it is likely that new residents will locate in the City of Regina. There will also be significant costs associated with these new residents, as the provision of services to residential areas typically comes with much higher costs than industrial areas. The maintenance of a balanced tax base is important for the fiscal health of municipalities, making it important that the City of Regina receive both the costs and revenues associated with the IMF area development.

The City of Regina is the economic centre of Saskatchewan and provides an environment and facilities that foster job growth and economic vitality by linking the resource base of the Province to the markets beyond Saskatchewan. Having the responsibility for the provision of services to industry centralized in the City is important to private sector decisions as it provides a certainty and level of service provision equal to the need. Throughout Canada, history has shown that successful planning and robust economies depend on the capacity of local governments to provide the needed services. In the context of southern Saskatchewan the expansion of the City of Regina's boundaries is an economic imperative.



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# 1 Introduction and Background

On December 7, 2007, the Government of Canada and the Province of Saskatchewan announced that they would contribute up to \$27 million towards the construction of a new Canadian Pacific Railway inter-modal facility (IMF) west of Regina. The project includes the upgrading of Pinkie Road connecting to Highways #1 and #11, both National Highway System routes and connects to the City of Regina road network.

The IMF is an exciting project that is already attracting development interests to the area surrounding the proposed facility. As such, the City of Regina requested the development of a concept plan for industrial development in a proposed annexation area that would include the IMF facility. In May, 2008, MKI was retained to complete the land use concept planning work; concurrently, UMA AECOM was retained to complete a servicing strategy for the concept plan area.

The key objective of the concept plan is to assist the City in understanding the overall pattern of development which can occur in the area and the servicing networks needed to support this development. The plan will help establish a context in which specific development proposals can be considered, and provide background in support of the proposal for annexation of land.

The work thus needed to consider:

- *An assessment of potential demand for development over the long term;*
- *The appropriate pattern of land use based on good planning practice and sustainability objectives;*
- *Identification of the cost effective overall servicing concept including road, water, wastewater, stormwater and other municipal servicing infrastructure; and,*
- *Analysis of the municipal financial implications associated with annexation and development of the area.*

## 1.1 The IMF Project

Intermodal facilities (IMFs) are locations where freight is transferred among modes of transportation without handling the freight itself, through the use of containerization. Standard shipping containers (today, the 40', or two-TEU<sup>1</sup> container) are offloaded from one mode onto another through a variety of technologies. Ports, airports, and rail intermodal facilities are all examples of an IMF.

Modern intermodal facilities are always land-expansive, as the volume of freight, and the size of equipment has generally continued to increase over time. Globally, the United Nations has forecast that world container traffic will expand to approximately 200M TEU's by 2020<sup>2</sup>, from approximately 100M today. The volume of container traffic has continued to increase in Canada

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<sup>1</sup> TEU stands for Twenty Foot Equivalent Unit, a container measuring 20' x 8' x 8.5'. The standard 40' container pervasive today is two TEU's in size.

<sup>2</sup> United Nations Economic and Social Commission for Asia and the Pacific, *Regional Shipping and Port Development Strategies* (New York, United Nations, 2005).



as retailers expand off-shore sourcing of goods. As one example, Canadian Tire has suggested it will increase its foreign sourcing of retail goods from 35% in 2006 to 50% by 2009.<sup>3</sup>

The most common transfers among modes are ship-rail and rail-truck. The proposed new Regina rail-truck IMF will replace the existing facility north of Downtown, which has become quite limited in its capacity.



**The Centrepoint Intermodal Facility in Rochelle, IL**

The new Regina IMF will be located along the CPR mainline, from a point roughly two kilometres west of Pinkie Road, extending westerly for approximately two kilometres. The container handling functions of the facility will be located on the north side of the mainline, and will be accessed from Dewdney Avenue via a new access road. The subdivision proposal for the facility has a total land area of approximately 130 hectares, although the facility itself will not encompass this entire area.

Tri-partite funding for the project was announced in the autumn of 2007. Funding will be provided under the Asia-Pacific Gateway Initiative, in support of the total project costs of \$93M. The project components include the IMF itself, and upgrades to Dewdney Avenue and Pinkie Road. The funding is conditional on the eligibility requirements of the Building Canada Plan and further due diligence and planning at all three levels of government.

As the exact timing for construction of the facility has yet to be finalized, there needs to be some flexibility as part of the concept planning to respond to the pace at which the project proceeds. However, there has already been interests expressed by a firm wishing to locate a new facility adjacent to the IMF, and the project can be expected to stimulate considerable interest in development in the area. Background on the types of land uses in the vicinity of IMF's in other centres and more detail on the related land use and servicing implications are contained in Section 2 of this report.

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<sup>3</sup> CanTire International Trading, as quoted by GWL Realty Advisors in *Global Supply Chains* (GWL, 2007).





## **1.2 Concept Planning and Relationship to Other Studies**

In 2007, MKI completed the Industrial Growth Study for the City of Regina, which was presented to Regina City Council and approved in November, 2007.

During the course of this study, the IMF facility concept was known, but not considered as imminent. However, in order to consider the eventuality of the IMF becoming reality, the Industrial Growth Study intentionally recommended a flexible strategy to account for the possibility that the IMF facility would proceed and would become a driver for new industrial uses immediately west of the City. As such, the land use and servicing work prepared as part of the Industrial Growth Study provides a baseline to support the consideration of industrial development in this area.

The servicing concept work for the IMF concept plan areas was completed under separate contract, with the land use team working in co-ordination with the engineering consultants. The servicing analysis is available under separate cover.



## 2 Demand for Industrial Uses in the IMF Area

Intermodal terminals are evolving as critical junctions in national and international freight transportation corridors, given the increasing reliance of global supply chains on efficient multi-modal transportation infrastructure for rapid goods movement. In this respect, the establishment of the Canada Pacific Railway (CPR) inter-modal facility (IMF) west of Regina provides a significant opportunity for the City of Regina to direct the growth of the regional economy.

The first part of this section highlights the nature of demand for intermodal terminals and the implications of such demand on land use planning around Regina's proposed IMF. The second part of this section focuses on the planning issues and considerations that the City should be cognisant of in order to facilitate for the long-term growth of the terminal and associated industrial uses. The discussion draws upon detailed case studies of IMFs in Calgary, Winnipeg and Edmonton carried out as part of this project, and relates these to broader research across Canada and the US.

### 2.1 The Traditional Market for an IMF: Changing Needs

The businesses that typically locate in and around IMFs are likely to fall within the following categories:

- a. *Businesses that require direct access to the IMF to receive or disburse goods;*
- b. *Businesses that serve the intermodal terminal itself; and*
- c. *Businesses engaged in operations that do not directly require terminal access but benefit from locating in proximity to the facility.*

#### **a. Businesses that require direct access to the IMF to receive or disburse goods.**

This category of businesses consists primarily of distribution centres, and are almost always constructed on a very large scale. These facilities include both distribution uses and warehousing uses – this is really a question of semantics as it really relates to how long goods remain in the facility. These centres are continuously engaged in receiving and disbursing large volumes of goods and find it cost effective to establish access to rail and truck loading zones at the IMF.

Typically, these uses prefer to locate immediately adjacent to the length of the IMF, since permanent access or close proximity to the IMF allows them to achieve cost savings due to minimized drayage (container delivery/movement) distances and facilitates their efforts to achieve efficient onward goods movement.

The increasing level of sophistication of global supply chains allows such companies to consolidate their expanding distribution activities at key locations. Consequently, space requirements, such as the increase in volume of goods and the consequent implications for truck loading and docking are resulting in the demand for larger lot sizes at IMFs. For instance, Sears and Canadian Tire both opened large distribution facilities with direct access to the CPR IMF in Calgary in 2000 and 2002 respectively. While the City had anticipated demand for traditionally-sized industrial lots around the IMF, the two companies required lots in the range of 20-25 hectares and 35-40 hectares respectively. The site assembly for Canadian Tire resulted in some roads and piped infrastructure becoming redundant. Similarly, businesses around Winnipeg's older established IMF are also found to be moving towards locations where more flexible lot sizes are available, in comparison with smaller lots in the IMF area.



### ***b. Businesses that serve the intermodal terminal itself***

This category of businesses consists of firms that liaise between shippers and retailers, and offer terminal-related services involving the collection and distribution of freight, other drayage services (such as documentation completion, storage services) and the physical transportation of goods. Consequently, freight handlers, trucking companies and logistics/freight forwarding services are the main uses that directly service the IMF and may locate in proximity to it, if not immediately adjacent to the facility. Companies often offer these services in conjunction, and their operations result in land uses including transportation, warehousing, and to a lesser proportion, office uses (for example, freight forwarding offices).

The comparison to an airport here is useful – firms in category a), above, are similar to those that locate airside on airport grounds, to have direct access to one or more components of the aircraft movement areas. Firms in category b) are those that would seek a location in an airport business park or in industrial areas immediately adjacent to the airport. Although actual distance is less of a critical cost issue for these firms, proximity does have an effect on their business model and is important in deciding on location.

### ***c. Businesses engaged in operations that do not directly require terminal access, but benefit from locating in proximity to the facility for other reasons.***

Since IMFs attract a concentration of logistics operations and transportation services, other industries associated with operations may also find it beneficial to locate in proximity to the IMF. Maintenance companies that provide truck, rail or terminal repair services; manufacturing firms or product assembly operations which receive raw materials from the IMF; and processing companies may not require the IMF directly but often achieve cost savings by locating near the facility.

Furthermore, businesses that may have little or no connection with the IMF are also found to locate in proximity to it. Patterns of industrial development are visible wherein major industrial and business parks have established around not just intermodal terminals, but in the vicinity of major transportation hubs including airports and seaport facilities. As importantly, studies have also found that a significant proportion of industrial uses that establish near IMFs are attracted to such areas not necessarily because of the terminal location but because terminal zones often have a high degree of accessibility to transportation networks, such as high-quality, high-speed roads (elaborated upon further in Section 2.2).

## **2.2 The Market Created around an IMF: Land Use Implications**

Since the primary service provided by an IMF is goods movement, easy access to highway infrastructure has long been recognized as a key factor in locating such a facility, regardless of whether the facility provides a port-road connection, port-rail connection, rail-road connection, or a combination of these. Consequently, intermodal facilities are typically located with excellent highway frontage and/or access.

At the same time, accessibility to highways and consequently to markets is a key location determinant of businesses including industrial and retail uses engaged in warehousing and distribution, as well as transportation companies engaged in logistical operations, quite independent of the presence or absence of intermodal facilities. A significant proportion of firms that initially locate near intermodal facilities have been found to choose such locations not due to an association with the IMF but because of the transportation infrastructure accessible at such locations.



Municipal planning and zoning in other centres has recognized that a critical mass of industrial development can be created in areas with relatively good transportation access, and has helped shape the areas around major rail junctions and airports for industrial and commercial uses. As such areas have developed, logistics clusters, industrial parks and business parks have developed around IMFs. IMF related uses (eg. transportation and warehousing services) have also attracted businesses that rely upon them and gain in competitiveness by relocating in proximity to them.

For instance, when the Canadian National IMF in Edmonton was built in 2001, it was originally surrounded by agricultural land uses and clay product related industries owing to clay deposits in the area. Over time, the land uses near this IMF expanded to include industrial, commercial and residential land uses. In addition to two large food warehousing and distribution companies near the IMF, the nearby Voyageur Industrial Park consists primarily of medium industrial activities including trucking and concrete manufacturing, as well as a cement plant. The nearby Mooncrest Park houses mainly light industrial activity including trucking firms, a lawn ornament manufacturer and some residential lots. In addition, a new proposed Area Secondary Plan for the area includes additions of one light industrial service centre, two medium industrial areas and a heavy industrial area in the vicinity of the IMF.

However, the patterns of development around the two older established IMFs in Calgary and Winnipeg also reveal that as the land uses around intermodal facilities evolve with the IMF associated industry, factors including transportation capacity, lot sizes, and servicing influence the feasibility for both IMF related and unrelated businesses to remain at these locations. This is much the same as the condition experienced by the existing facility in Regina; it has essentially outgrown its location.

In Winnipeg, intermodal-related businesses are found to be locating away from the IMF primarily because the older established industrial areas that surround the existing terminal were planned for smaller lots and are unable to meet current business needs for larger parcels, or the variety in lot sizes and servicing that would accommodate a range of industries. These industrial uses are moving west of the terminal towards the Rural Municipality of Rosser, where parcel sizes commonly vary between 0.8 and 82 hectares, and the City is considering a relocation of the IMF to this area.

## **2.3 Planning Considerations**

### **a. The IMF Itself**

The provision for primary users of the IMF to locate with direct access or in close proximity to the IMF, the availability of large lot sizes, appropriate servicing for the primary users of the IMF, and critical transportation infrastructure appear to be the key considerations in the long-term growth and success of IMFs.

#### ***Lot Sizes and Servicing***

The instances of Calgary and Winnipeg demonstrate the importance of protecting some land for very large users in the immediate area surrounding the facility. As distribution technology changes, warehouses continue to be built on larger and larger floorplates, requiring larger parcels. Ensuring large lots are available with direct access within the intermodal facility also helps minimize transportation impacts on local municipal roads, as the path between the facility and the neighbouring industrial area is minimized and, often, does not require the use of municipal roads for loading movements. This can also reduce redundancy with respect to the provision of local roads and servicing for such larger parcels. In the case of smaller lots, the cost



of servicing is likely to play a role in determining lot sizes. With respect to long term planning, it is also useful to consider reservation of future rights of way for utility corridors prior to the construction of the IMF, since obtaining land for servicing purposes in the future may pose a hurdle once the area is planned.

The demand for water and wastewater services to these lots can vary dramatically depending on the type of goods and the distribution model employed by the firm. Significant water requirements can result from the need for both large-scale fire flows, to handle a potential structure fire in this scale of facility, as well as operational requirements such as product, vehicle, or container washing. In labour-intensive facilities with large workforces, domestic water requirements are another consideration. These servicing considerations are dealt with in greater detail in the servicing plan for the Regina IMF, under separate cover, but they speak to an important aspect of the IMF Concept Plan – the potential for significant urban service requirements, at varying capacities, for firms locating adjacent to the IMF.

The examples of Edmonton and Calgary make it clear that while it is likely that the demand for larger lots will continue to grow in the near future, the City's long-term planning process would benefit from flexibility to address issues such as future changes in the needs of such large facilities. Distribution models change quickly with technology and market conditions, and the best chance of ensuring the Regina area can support the needs of these firms is to ensure a flexible approach to land use and servicing the area.

### ***Transportation Infrastructure***

Planning around an IMF also has direct and indirect implications on transportation planning. As the industrial areas surrounding IMFs have filled in, transportation capacity constraints have also been found to affect development adversely. For instance, the flight of businesses from Winnipeg's Inkster Industrial Area near the CPR IMF to an emerging industrial area in the Rural Municipality of Rosser is attributable not only to the demand for larger lot sizes, but is also being exacerbated by capacity constraints on the Inkster highway that abuts the IMF. Under the Asia Pacific Gateway Initiative, a planned expansion of the highway is now being undertaken.

### **b. Surrounding Land Uses**

The key factors to consider in planning for land uses surrounding an IMF include the land capacity and zoning provisions for future expansion of industrial and transportation uses, overall compatibility with nearby residential uses, and environmental constraints.

### ***Industrial and Transportation Land Use***

Providing for and protecting land in proximity to the IMF for future industrial growth should be a key consideration in the long term planning process. In this regard, the CPR IMF in Vaughan which is also physically similar to the proposed facility in Regina, bears mention. The large scale of this facility is anticipated to anchor an extensive industrial area in the future and lands surrounding it have been designated and zoned for a large-scale industrial area including a broad range of parcel sizes and servicing. One major concern with this facility is the relatively long distance that trucks will need to travel to an expressway from this site, although upgrades to a major regional road in the area are currently supporting traffic levels (albeit with frequent concerns expressed about existing levels of congestion). In Calgary, long term transportation planning has assisted in protecting future route alignments that are expected to benefit IMF related functions by facilitating highway connectivity with cities including Edmonton and Vancouver.





Relevant lessons can also be learnt from a recent massive IMF development west of Chicago. Union Pacific's 843-acre Global III Intermodal Terminal, located in Rochelle, Illinois, in Ogle County just west of Chicago, began operations in 2003. The concept plan for this area provides land for industrial development in close proximity to the IMF, as well as land to construct five supporting rail tracks to support future industrial development. A feasibility study for this facilities anticipated that major developments due to the IMF will include warehousing, distribution, drayage, equipment maintenance, manufacturing and processing uses; while the 2004 *Distribution Corridor Plan* by Ogle County recommended the establishment of an exclusive warehousing and distribution zoning district in proximity to the IMF.

Similarly, the 770 acre (312 hectare) BNSF Logistics Park in Chicago has spurred the development of the 1,100 acre (445 hectare) CenterPoint Intermodal Centre directly adjacent to this IMF. Area zoning allows for manufacturing as well as distribution uses. Offering a range of parcel sizes for future developments (approximately 6 to 24 hectare lots) and with approximately 120 hectares for further expansion, the site accommodates businesses that include major retailers, logistics firms and cartage companies. Existing facilities range from approximately 200,000 square feet (18,580m<sup>2</sup>) to 1.8 million square feet (167,220m<sup>2</sup>).

### ***Residential Land Use: Compatibility and Conflict***

Zoning restrictions play a significant role in determining the proximity of residential land use to IMFs, as do the relevant company policies of railroad landowners. For instance, CN Rail's corporate position restricts residential development within 300 metres of major intermodal yards. A 2006 City of Edmonton CN Intermodal Area Redevelopment Plan indicates that restrictions on land titles could be used by the company to accomplish the same.

In cases where residential development has occurred in proximity to IMFs, common compatibility concerns have included permanent disturbances caused by IMFs, such as noise due to truck and train traffic, as well as poor air quality due to fumes from related activities and surrounding industrial uses. The establishment of buffer zones is a common mitigation measure in such cases. Winnipeg's CPR intermodal yard is an example of a facility that has come into conflict with adjacent residential areas due to the nature of IMF operations. Nearby residential areas to the north and southwest have complained about noise and traffic, causing some conflict with industrial operations. Separation from the residential neighbourhood to the north consists of a fence and a 60 metre wide arterial road allowance, which has not been sufficient to address noise concerns. Calgary's IMF has also seen residential development south of smaller industrial lots but this residential subdivision is located at a distance from the industrial area and compatibility concerns comparable with those at the Winnipeg facility have not surfaced.

We would note that in Regina's case, although there are residences within the proposed annexation area, there is the opportunity at this time to prevent conflicts of this nature through careful planning for other land uses within the annexation area in the future. In general, however, residential development would not be appropriate adjacent to or in proximity to the IMF at any point in the future.

### ***Environmental Considerations***

It is also necessary to ensure that measures are in place to mitigate any adverse environmental impacts of IMF related or surrounding development through the planning process. A significant proportion of IMF related development occurs on the outskirts of major urban areas on land originally in rural areas, and the development of several IMFs in North America has been accompanied by requirements to address impacts on neighbouring environmental features. For instance, during the construction of the CN Rail IMF in Edmonton, impacts of the IMF on an environmentally sensitive wetland were identified and requirements to ensure the health of the



system were instituted. Similarly, the planning process for California's Stockton Intermodal Facility which began operations in 2001, identified that the construction of that IMF would impact approximately 1.72 acres (0.7 hectares) of U.S. classified wetlands. Consequently, wetland remediation and relocation was part of the IMF development.

Environmental concerns have also been found to surface due to compatibility issues between industrial uses and surrounding uses. In Calgary, environmental concerns arose due to the location of an active landfill site in proximity to the IMF, which dealt with food products. Provincial guidelines specify setbacks for the food processing industry from such sites and, in such cases, it would be necessary to ensure compliance with such guidelines during the site approval process.

Zoning restrictions, the planning and site approval processes, and the resulting requirement to undertake appropriate mitigation measures would be the regular channels via which to identify and address adverse environmental impacts of the IMF development.

## **2.4 Impact of the IMF Facility on Demand for Industrial Lands in Regina**

### **2.4.1 Distribution Facilities Adjacent to the IMF**

As noted, the presence of an IMF facility acts as a catalyst for certain industrial developments in the immediate area. The facility supports a land use type not seen in Regina to date – warehouse facilities of extraordinary size, in many cases in excess of one million square feet (approx. 93,000 square meters). To the extent that the presence of the facility will provide a significant additional piece of infrastructure that Regina can offer to firms considering the city as a location, it will generate increased demand for industrial land, since firms may see the facility as providing a necessary higher capacity and quality piece of infrastructure to support their operations.

Both Edmonton and Calgary have attracted two major warehouse facilities to the area surrounding their IMF, within the first five to ten years of the facility being constructed. It can be anticipated that more such facilities could follow, especially given the strong interest shown by Loblaw's in proceeding with a roughly 1M SF (93,000 SM) facility immediately.

Although the number of large-scale distribution facilities that will ultimately wish to locate adjacent to the IMF cannot be predicted, it is appropriate to consider the possibility of a considerable number of these facilities locating in the area in the future. In terms of demand for land, there is little risk to the City associated with designating too much land in this area; there is only a risk of not designating enough.

The example of Calgary makes clear that these facilities may require extensive land areas in addition to the very large area of the buildings themselves. Depending on the company's distribution model, on-site container handling and storage, on-site goods handling and storage, and vehicle parking and servicing can require very large land areas in addition to the building footprint.

It would be appropriate to identify at least three additional very large parcels adjacent to the facility for potential development. These lots should be 30-50 hectares in size each and as such, would require the equivalent of one or more additional quarter-sections of land to house.

From a strategic perspective, the Airport/Intermodal lands represent a significant opportunity for the City to attract this type of development. If the project proceeds in the short term, the City



needs to proceed immediately with planning and servicing the area to ensure firms can locate in this area as soon as the facility opens, or potentially, in advance of the facility opening.

#### **2.4.2 Traditional Industrial Uses**

The 2007 Industrial Growth Study identified lands west of Regina Airport for development for light industrial uses. The forecasts used to identify land need contained in the Industrial Lands Study included both a base case and an “aggressive” or high growth scenario. We would suggest it would be wise to consider the high growth scenario, at least for the West of Airport Lands, as more likely, given the increased demand associated with the facility. This scenario identified a need for 156 net hectares of land in this area.

To allow for a developable area of 156 net hectares, the area required for roads, stormwater facilities, and other public land requirements needs to be included to identify the gross (total) area of land need. A typical factor for a net-to-gross calculation is 25%. As such, this level of demand translates to a need for approximately 195 hectares of land for more traditional, light industrial uses. This is in addition to the lands for large-scale distribution facilities, noted above.

Although it is difficult to quantify exactly the increased demand for industrial lands in this area, we are confident that the proposed IMF creates a need to plan for potentially higher demand for land associated with the attraction of firms to Regina that would not otherwise consider locating in the city. Demand for land can only be increased as a result of the facility, and it is prudent to consider the location and scale of these new types of users as part of the industrial lands strategy.

#### **2.5 Identity and Branding of the IMF Area**

We note as well that as these distribution facilities are typically clustered closely together, and share a primary objective, it is common to brand and market the industrial areas set aside adjacent to IMF facilities. It would be most appropriate to brand the Regina IMF area in the same way, as a “Logistics SuperPark” (or other desirable name). All levels of government, together could work with the Regina Region Economic Development Association to begin a branding process to help market the opportunity to bring major distribution facilities to Regina.

The branding and marketing for these facilities in other centres typically emphasizes the equipment and infrastructure available at the IMF itself, the quality and capacity of the road infrastructure in the area, and connections available by rail from the facility location. With the planned upgrades to the new North-South connector road, the Regina facility should be able to market all of these attributes as well.



### 3 Concept Plan

In order to provide for orderly planning of the IMF annexation area, a concept plan is required to identify the location and approximate area of proposed land uses. The process of developing a concept plan for the IMF annexation area was as follows:

- Evaluate the demand for industrial development associated with the facility, and catalyzed by the presence of the facility, to the extent possible;
- Evaluate land use considerations affecting the scale, type, and location of industrial uses in the area;
- Evaluate servicing considerations for the area;
- Prepare a draft concept plan for review by City staff; and,
- Following comments, revise and finalize the Concept Plan.

It is important to note that the concept plan was developed through an iterative process that involved responding to a number of key elements that remain in flux at the time of writing. Key among these is the alignment of the upgraded Pinkie Road, and discussions by Regina staff with the RM of Sherwood and landowners in the annexation area.

The demand for industrial development was outlined in the previous section of this report. Land use and servicing considerations are outlined below.

#### 3.1 Land Use Considerations

The 2007 Industrial Growth Study identifies the “West of Airport” lands as being a future growth area, as well as currently designated lands adjacent to the airport, within the City’s boundary, referred to as the “Airport Abutting” lands. The new intermodal facility will be located just west of the area identified for future industrial expansion in the Industrial Growth Study, but many of the considerations affecting industrial development in this area remain consistent with those considered as part of the previous study.

Several issues affect which lands and how much land should be identified in this area for industrial development:

- The existing land uses in the area include several large industrial facilities, including Brandt Industries.
- The area between the IMF and the city boundary is within the flight path of Regina International Airport. As such, this area makes an ideal location for warehouse and other industrial uses compatible with the IMF, although restrictions related to emissions affect the potential for heavier industrial uses in the area.
- Pinkie Road and Dewdney Avenue provide arterial road access to the area. There is no east-west road link possible to the south of the facility into the City due to the presence of the airport and as such, Dewdney Avenue is likely to provide the major east-west link. There are several issues related to the anticipated upgrade of Pinkie Road, outlined below.
- Intermodal facilities can attract very large warehouse, logistics, and distribution uses that require extensive amounts of land. Direct access to the facility is desirable for these uses. Other intermodal facilities in North America have been careful to plan for very large facilities (warehouses of 1M SF and larger) and, accordingly, a lotting pattern that allows for very large parcels.
- Other industrial uses may have less of a need to locate immediately adjacent to the facility, but will be attracted to the area to serve other users who do use the facility, and due to the proximity to other transportation infrastructure (upgraded Pinkie Road, Provincial highways and the Airport).



- It will be very important to ensure that any future residential development is set well back from the intermodal facility. A facility of the scale described will ultimately generate a great deal of noise, and considerable emissions related to extensive commercial traffic. Regina may need to address or amend setback policies in the RDP and/or zoning by-law accordingly to account for the presence of the IMF itself.
- Much of the area is within an aquifer sensitivity zone. However, the area is considered “low sensitivity” and was identified for light industrial uses, rather than heavier industrial uses which are more likely to be constrained by aquifer sensitivity. As such, restrictions on the type of industry due to aquifer sensitivity are not likely to present a constraint on the anticipated form of development.

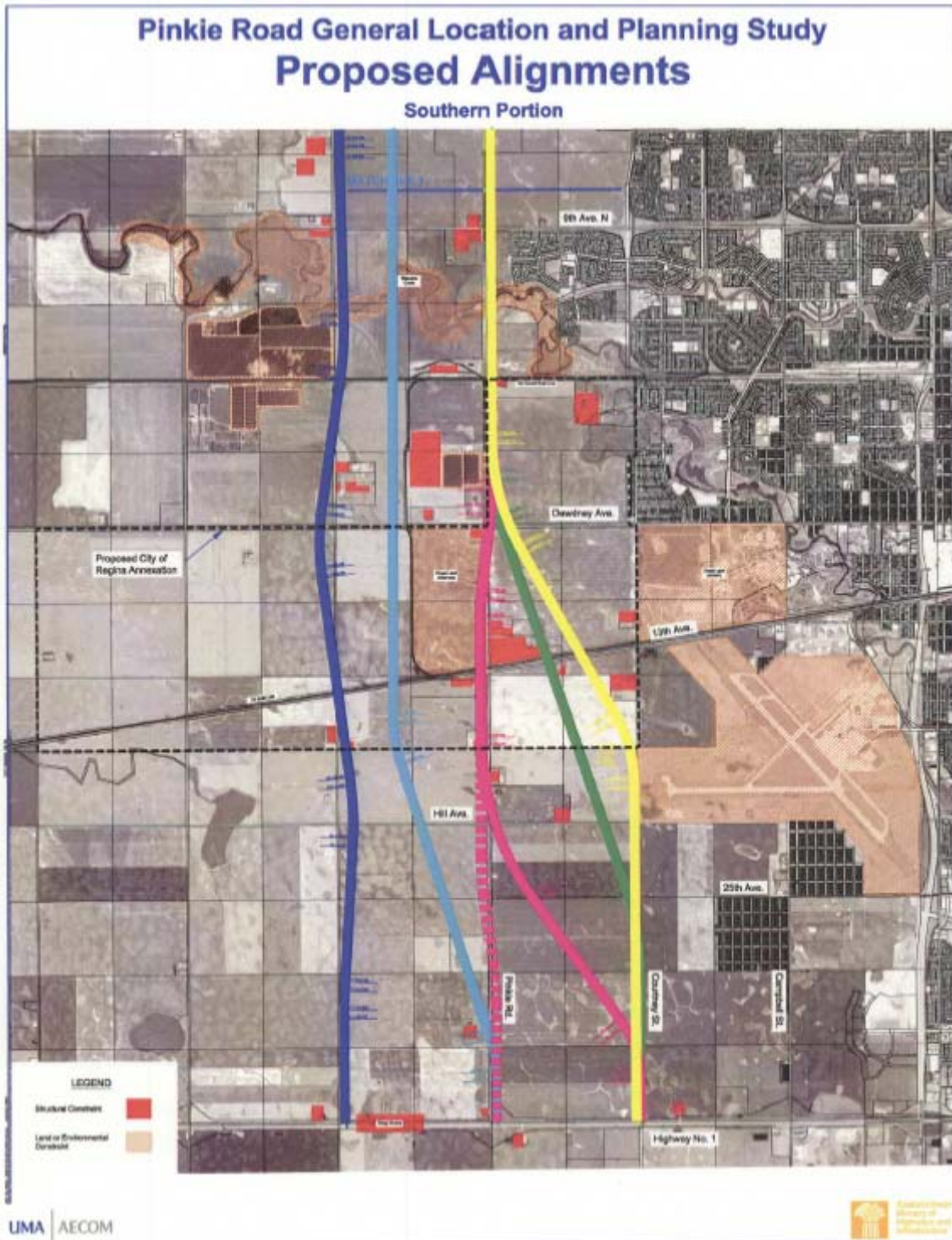
### **3.2 Initial Concept Planning and IMF Planning Workshop**

During the spring of 2008, MKI began work on a draft addendum to the 2007 Industrial Growth Study that identified an industrial area to the north and northeast of the proposed facility, and generally centred on Pinkie Road, to the south of Dewdney Avenue. MKI identified that additional lands for large lot industrial development should also be considered directly adjacent to the facility, in section 19 and/or sections 24 and 20, as demand warrants, with access via the new road proposed to access the intermodal facility itself via Dewdney Ave. This draft addendum was not considered by Council, as it became the basis for the concept planning exercise that began in May of 2008.

MKI facilitated a concept planning workshop with City of Regina staff and UMA engineering on June 4, 2008, to develop an initial concept plan. Additional information was available at the workshop that helped to refine the plan, including the location and configuration of the IMF facility. The following assumptions were made for the purposes of concept planning:

- Access road will be along the boundary between Sec. 19 and 24, opposite the City’s access road to the City of Regina Waste Water Treatment Plant.
- There are two related but independent types of industrial uses likely in the area:
  - Very large scale distribution uses associated with the IMF, requiring direct access to the facility
  - More traditional, light industrial and warehouse uses which will be attracted to the area due to the high quality transportation infrastructure
- The piped services to the area need to be significantly upgraded to handle the anticipated development. Servicing will generally come from the north and/or southeast.
  - A 300mm watermain exists to Dewdney at intersection of Pinkie.
  - No wastewater servicing exists to the area
  - Local storage and distribution system will be required
  - Stormwater will try for on-site detention but recognize some flow NE to SW.
- The new north-south connector (Pinkie Road\_ will be a limited access, high speed connection between Provincial highways and should generally be considered as a highway. The alignment of Pinkie Road was not certain as of the time of the workshop, however, draft alignments (shown in the map on the next page) are available. Subsequently, a preferred alignment for this road was selected for planning purposes.
- Dewdney Road will be upgraded on the existing alignment
- A buffer area will be required in E. Sec. 28 adjacent to the creek and residential areas
- Further discussion will be required to understand all issues related to the inclusion of Sakimay nation lands within the annexation area.





The concept planning workshop came to the conclusion, after much discussion, that the IMF area should be developed as two separate industrial areas – an area for IMF related, large scale, distribution oriented facilities, and a more traditional industrial park. Although physically discrete, the areas will share:



- An “agile” development philosophy, with land use and servicing plans established with sufficient flexibility to respond to changes in the pace or scale of development
- Potentially, a shared marketing concept – a light industrial/warehouse oriented area with extremely good transportation infrastructure and linkages – road, rail, air.
- Road infrastructure, specifically upgrades to Dewdney Avenue and Pinkie Road and a new access road
- Potentially, shared water and wastewater servicing infrastructure, resulting in a more compact and efficient servicing plan.

The concept plan therefore calls for three distinct areas to be planned within the IMF area.

### ***IMF Facility***

The tracked component of the facility will be about 2 km in length, extending west from a point in NW section 18, on the north side of the CPR line. However, the subdivision plan for the facility will encompass all of the area within Section 13, and all of NW Section 18, north of the tracks, 2.4 km in total length.

The facility will be accessed via a new road located on the alignment of the existing grid road between sections 19 and 24. Container storage will be located immediately north of the tracks. Trailer and chassis storage would be located north of the container storage areas. A stormwater detention facility is planned adjacent to the access road, at the north side of the development. At the time of writing, the number of employees at the facility is estimated to be 50. Few additional details about the layout of the facility are available.

### ***Logistics SuperPark***

This area will be comprised of large lots adjacent to the IMF, extending north from the IMF subdivision. The anticipated built form is for mega warehouses, with an extremely large area under roof. Developments in this area would have a generally north-south orientation with direct access to the facility along the southern lot line. The majority of the area would be reserved for very large-scale developments (500,000 SF+), with a smaller area retained for smaller distribution facilities that require close proximity to the IMF.

This area designated for these uses would need to be intentionally extremely large, to allow for the flexibility to accommodate very large-scale distribution facilities with land-expansive requirements. Lots for these facilities could extend northward from the IMF up to 1.6 km in distance, all the way to Dewdney Avenue if required.

The Logistics Superpark could be developed in two phases. The first phase would include the IMF facility itself and the proposed Loblaw's distribution centre. The Loblaw's development consists of an approximately 1M SF warehouse for food distribution/storage, which requires one quarter-section (65 hectares). The south-west quarter of Section 19 has been identified for this development.

The second phase consists of additional large lots located to the east and west of the proposed Loblaw's facility, with the critically important direct access to the IMF facility available along the southern boundary of this area. The lots are intentionally very large to ensure parcels are available for the type of development anticipated to be attracted to the IMF area.

Finally, lands have been identified in the north portion of Sections 24 and 19 for future development. It is likely that additional IMF-related businesses will show interest in locating in



this area, particularly adjacent to the IMF access road, once the facility becomes operational and/or expands in the future.

### ***Industrial Park***

This area will consist of a business park type layout oriented to light industrial uses, industrial multiples, and warehouses, on traditionally sized industrial lots. A variety of lot sizes would be available, with potential reverse frontage onto the upgraded north-south connector road, providing “highway exposure” for these uses, which would likely command a premium in terms of land value.

At this time, the new north-south connector road is anticipated to be located in the west portion of Section 20. Section 20 has been identified as Phase 1 of the industrial park, recognizing that development decision on the Sakimay lands in east Section 20 are not subject to municipal planning decisions. However, Sakimay has indicated interest in pursuing development of this area.

Future development areas have been identified in Section 28, north of Dewdney Avenue. Development would occur to the west and south of the Paul Dojack Youth Centre. A buffer will be required to separate industrial uses from the residential area off Dorothy Avenue and/or from the Wascana creek, which provides a natural buffer in the northeastern portion of Section 28.

Section 21, to the south of Dewdney Avenue, has also been identified for future development. It is likely that the internal road system required for this development would be accessed via Dewdney Avenue.

Service uses will be required in this area. The interchange between the north-south connector road and Dewdney Avenue will be a significant node for truck traffic as well as commuter traffic in the area, not only for commuters to jobs within the IMF area but from Grand Coulee as well. There will be a need for basic food services, gas station/convenience, and certain other supportive services in the area (such as a garage). One or more service nodes should be zoned as part of the planning for the area, including the intersection of Dewdney and the existing Pinkie Road, the intersection of the new access road and Dewdney Avenue, and the interchange itself are potential locations.

### **3.4 Concept Plan**

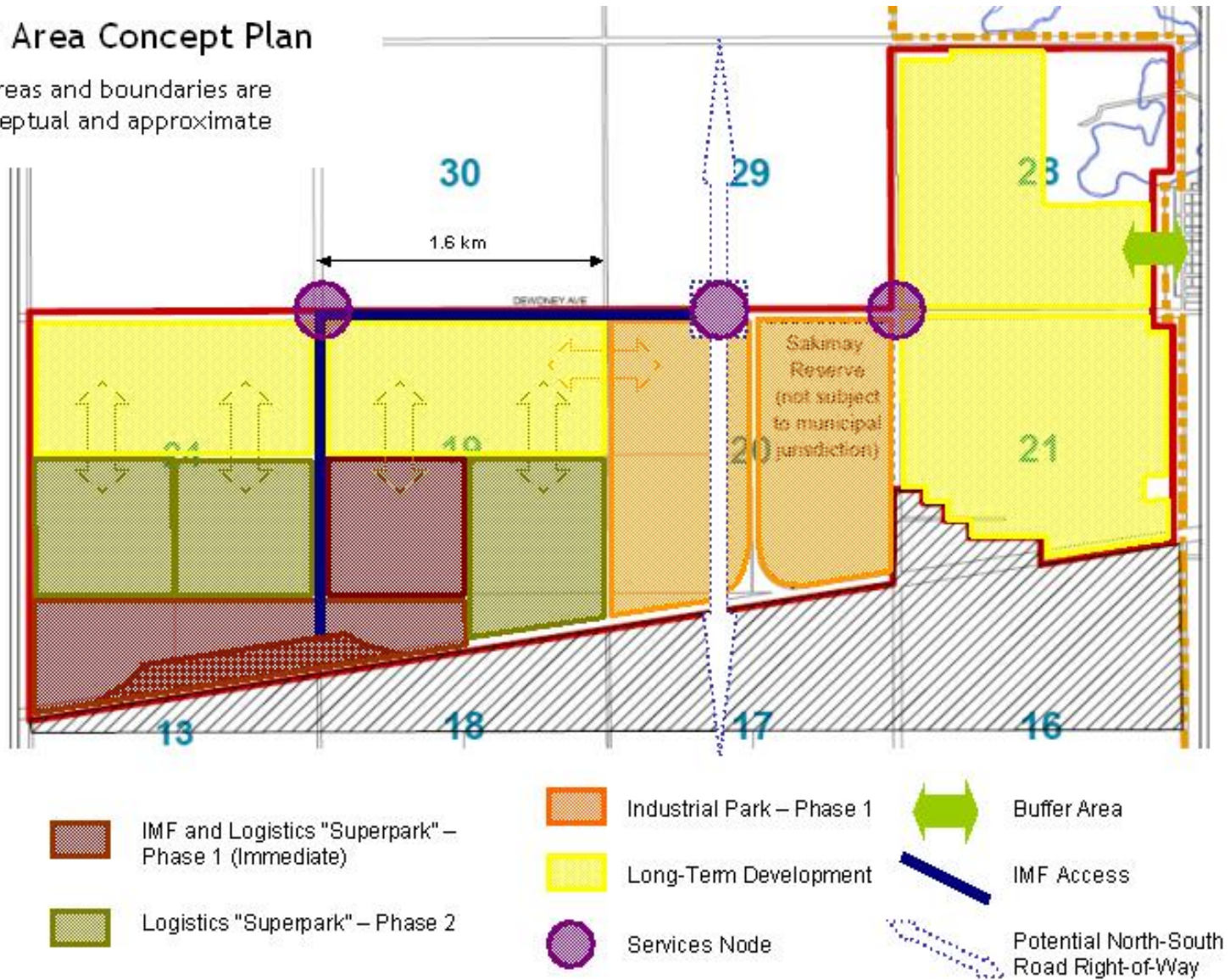
The concept plan for the IMF area appears on the following page.





# IMF Area Concept Plan

All areas and boundaries are conceptual and approximate





Estimates of developable area, density, and jobs within the concept plan areas are outlined on the table below.

IMF Industrial Area Concept Plan						
Areas and Employment Totals						
	Gross Area (ha)	Net-to-Gross	Net Area (ha)	Net Density	Jobs**	Use/Notes
<b>1 CPR Intermodal Facility</b>						
IMF Facility Subdivision	130	100%	130	0.4	50	
<b>2 Logistics Superpark</b>						
Phase 1	63	90%	57	5	283	Very low site coverage - large warehouses
Phase 2	205	90%	185	5	923	Very low site coverage - large warehouses
	<b>268</b>		<b>241</b>		<b>1206</b>	
<b>3 Industrial Park</b>						
Phase 1 - Sec. 20 (incl. Sakimay Reserve)	219	75%	164	20	3283	Densities assume light industrial
<b>4 Long-Term Expansion (Logistics/Industrial)</b>						
Long-Term Industrial Development	600	75%	450			Area to allow for expansion of logistics park and long-term development
* area approximate						
** employment forecasts are approximate and will vary based on type of uses						

### 3.5 Impacts on Findings and Recommendations of the 2007 Industrial Lands Study

In our opinion, the City will need to exercise some flexibility in the timing of different potential new industrial areas, to respond to this project. If it gets under way right away, the changes to the industrial strategy would be different than if it takes some time to be planned and constructed.

However, the City should, per the recommended phasing strategy in the Industrial Growth Study (2007), proceed with the introduction of new industrial lands in the “East of Ross” area. The East of Ross lands are required for heavier industrial uses and are adjacent to an existing industrial area. They will be required in the very near future to allow heavier industrial uses on full urban services to develop. The presence of the intermodal facility does not affect the strategy for these lands, in our opinion.

The Industrial Growth Study also identified the IPSCO buffer lands as a short-term opportunity to provide additional supply of light industrial lands in Regina. The cost of servicing these lands was estimated to be in the range of \$8M for water and wastewater, as boosting is required for water supply. Certain traffic improvements are also required.

We would not recommend slowing down the planning process for the IPSCO buffer lands, as the rapid consumption of industrial land in Regina may mean they are needed in the short term to prevent the City running out of supply. Further, the timing of the intermodal facility is uncertain. However, *if the intermodal facility were to proceed immediately*, and a development plan prepared for a large industrial area at that location, the City could likely reduce capital costs by deferring development of the IPSCO buffer lands in favour of developing a larger supply in the Airport/Intermodal Area.

It is difficult to identify whether or not the development of the intermodal facility can proceed quickly enough to allow development in the area to provide a potential replacement for the IPSCO buffer lands. If so, however, we feel that the opportunity to defer the capital costs associated with development of the IPSCO buffer lands could be examined. However, until and unless the facility and an associated development plan proceed in very short order, we would recommend the City





continue planning to bring the IPSCO buffer lands on stream in the short to medium-term to ensure a larger supply of industrial lands is available to the market.

The timing for development of the Airport Abutting Lands is affected by the timing of certain infrastructure improvements related to the Southwest Sector plan. Given the opportunity represented by the Airport/Intermodal Lands, the Airport Abutting Lands might be considered for longer-term development, being phased in after 2021. However, opportunities should still be pursued for reduced infrastructure capital costs through dovetailing servicing projects for industrial areas with the residential areas, regardless of timing.

We would suggest referring to the “West of Airport Lands” as the “Airport-Intermodal Area Lands”, to reflect the importance of this project in terms of the industrial lands strategy. The phasing of lands in the area of the Intermodal facility should respond to the timing of construction of the facility, such that if the project proceeds immediately, lands in the area are brought on stream simultaneously. As such, the planning process for these lands should begin immediately, with specific lands identified and an annexation request prepared.

To summarize, the suggested impacts of the project on the status of identified industrial growth areas is:

- East of Ross – no change
- IPSCO Buffer – continue as planned but monitor for potential deferral if IM project happens immediately
- Airport Abutting – phase in tied to timing of servicing for Southwest Sector, but could be phased in later (2021) if the IMF project proceeds and industrial lands brought on stream there sooner
- Airport/Intermodal Lands – begin planning immediately, phase in tied to project timing



## 4 Financial Implications

This section provides a qualitative analysis of the financial implications of the annexation on the City of Regina. Further cost analysis will be completed as the process proceeds.

### 4.1 Capital Costs

The preliminary infrastructure servicing plan for the IMF area identifies the regional water, wastewater and drainage infrastructure required to support development of the Loblaws / CPR inter-modal facility. According to the accompanying briefing report:

*The cost of servicing Phase I of the lands (required immediately to service Loblaws and the inter-modal facility site) are estimated at \$54 million (including the engineering fees, which are estimated at \$7 million).*

*The cost to service all of the lands currently proposed (Phases I and II) for inclusion in City Limits are estimated at \$104 million, including engineering fees for detailed design and construction management.*

*Due to the large area proposed for development, the lands will be serviced in separate staged phases.*

*Because the major water and wastewater connections must be made at the outset of development, the cost of delivering services to these two Phase I users is estimated at \$54 million (including the engineering fees, which are estimated at \$7 million and some of which will be needed in short order to meet Loblaws schedule for opening their facility).*

In addition to the substantial costs associated with piped infrastructure, significant road projects will be required as part of development of the IMF area. Funding for required road projects was announced as part of the December 7, 2007 project announcement by all three levels of government.

Fire protection services to a new industrial area west of the Airport were discussed in mid-2007, with regard to the annexation of a relatively small area and the need for additional fire stations and apparatus to serve the area, should annexation proceed. To meet the Regina Fire Department's standard of 6 firefighters on scene in 10 minutes, a new station and associated apparatus was identified as being necessary in the area, and costs associated with this were included in the cost estimates attached to the Industrial Growth Study.

At this time, no analysis of capital costs, if any, for policing services has been completed.

### 4.2 Capital Revenues

The costs for planning, design, and construction of new municipal infrastructure is typically recovered through a servicing fee, levied on a per hectare basis. The servicing analysis has considered the potential capital revenues associated with these fees.

*Based on a similar model for the identified Loblaws / inter-modal facility, we expect to recover part of the \$54 million of Phase I from the collection of fees, resulting in a significant shortfall in the range of \$35 million to \$46 million.*



*The estimated \$35 to \$46 million is a range, rather than a specific dollar amount, at this point in time due to the uncertainties around whether we have the ability to collect fees from CPR and Sakimay First Nation, whose lands are serviced in Phase I, Stage II and included in the 20-year rate.*

*If all land owners are subject to the fee, the Phase I costs would be partially shared by CPR and Loblaws, resulting in a shortfall of \$35 million for Phase I, Stage I. If CPR is not required to pay the full per-hectare fee, the shortfall increases to \$46 million.*

#### **4.3 Annual (Operating) Costs**

Annual operating costs associated with provision of services to the IMF area will include:

- Road operations - winter maintenance, periodic resurfacing and maintenance
- Water/Wastewater – operation of systems, maintenance for pipes and pumping stations
- Transit operations
- Fire – one new station and new apparatus will need to be operated
- Police

In addition to the costs of providing services to the IMF area, it is important to consider that the fiscal impacts of the IMF development will extend beyond just the annexation area. New industrial development will attract new residents to Regina to work in the area. These residents are very likely to live in the City, resulting in demand for new residential services. While it is difficult to assess the resulting costs to the City, the costs of providing services to a residential area are considerably greater than those associated with industrial areas, as residential areas require a range of additional services or higher levels of service. For example, a residential area requires community facilities such as parks, cultural facilities, and schools, which are not required in industrial areas.

As such, the operating cost impacts of the IMF area development could be considered to include the costs associated with serving residential areas for the some 5,500 additional employees that could work in the IMF area over time. As such, while the IMF area itself once developed may generate more in annual tax revenue than the costs of providing services in that area alone, these additional taxes need to offset the additional costs resulting from new residential development in Regina, in order to ensure a balanced tax base.

#### **4.4 Annual (Operating) Revenues**

Some annual tax revenues will accrue to the City through property taxes received from landowners in the IMF area. As development occurs, the improvements to properties in the industrial areas will generate significant revenues.

It is impossible to predict the value of development within the area with any degree of certainty. However, in order to provide a rough assessment of potential municipal tax revenues, the amount of potential development in the IMF area was estimated based on comparable developments near IMF facilities in other Canadian centres. The consulting team did not calculate assessed values for these properties, but rather, estimated based on the municipal taxes paid per square foot by existing comparable properties within the City of Regina. This approach was deemed more likely to provide accurate estimates of taxation revenue.



The draft analysis was reviewed by City staff in the Assessor's office. It should be noted that estimates are for structures only, and would be in addition to the taxes received on lands and structures already within the annexation area. Based on the modified annexation boundary included in the July 16, 2008 report to Executive Committee, the assessed value of existing properties and improvements in the area is \$8,000,515 – however, roughly half of this amount is the Paul Dojack Youth Centre, which is exempt from municipal taxes. An estimate of the municipal taxation revenue associated with these properties has not been prepared at this time.

#### **4.4.1 Future Tax Revenue – Logistics Superpark**

If fully developed at relatively low densities, the Logistics Superpark area has the potential to ultimately house 4.2M square feet (roughly 390,000 square meters) of warehouse development. A larger total square footage is possible if development in this area extends into the north half of sections 24 and 19, or if development occurred at higher densities (in terms of lot coverage) than estimates. However, to provide a reasonable estimate, the assumption for these purposes is that development will not extend that far north, and will occupy the areas identified on the Concept Plan.

This amount of floor area in large scale distribution facilities, assessed in the “megawarehouse” category at current assessed values, would generate between \$2.7M and \$4.2M annually in municipal tax revenue for the City of Regina, by the time of full build-out. Tax revenues would of course, gradually grow to this amount over an extended period of time.

#### **4.4.2 Future Tax Revenue – Industrial Park**

If fully developed at typical densities, the Industrial Park as shown has the potential to ultimately house 2.3M square feet (roughly 214,000 square meters) of industrial development. The type of development is assumed to be a mixture of warehouse, light industrial, and industrial flex buildings.

This amount of floor area of warehouse, light industrial, and industrial flex buildings, at typical current assessed values would generate between \$2.0M and \$3.0M annually in municipal tax revenue for the City of Regina. Tax revenues would of course, gradually grow to this amount over an extended period of time and would initially be much lower.

This estimate does not include any potential revenues received from development of the lands identified as “long-term industrial development”, as these are not forecast to be required for development until approximately 2030.

#### **4.4.3 Limits on these estimates**

The tax revenues forecasts above are limited by a number of very broad assumptions and could vary significantly for a number of reasons. These include the density of development, the value of the structures differing, and the reassessment anticipated in 2009. They should be treated as order of magnitude estimates only. Further, as noted, the estimates are for the areas at the time of full build-out. Depending on the actual pace of development, this level of tax revenue may not be achieved for decades, as tax revenues will grow only as development occurs.



## 5 Annexation Rationale

Urban development should occur in an urban municipality with the internal resources and financial capacity to provide the full range of urban services. This premise has been supported by the historic, and successful, dichotomy between rural municipalities and cities in the Province, which recognizes that the form of government and the servicing needs change from a rural to an urban context.

There are two central components to the rationale for annexation of the IMF area: a *functional servicing rationale* and an *economic development and strategic planning rationale*.

### 5.1 Functional Servicing Rationale

Intermodal facilities are located within urban municipalities for good reasons – they generate significant truck traffic requiring roads at urban standards, they attract large-scale industrial uses that generally require full urban services, and they may grow quickly, requiring the capacity to provide additional services in the future.

One of the impacts of the new facility will be to generate considerable additional truck traffic on the roads serving the facility, as well as traffic associated with employees in the new industrial areas travelling to and from work. It is very likely that roads will need to be to an urban standard to serve the facility.

The City of Regina is the economic centre of Saskatchewan and provides an environment and facilities that foster job growth and economic vitality by linking the resource base of the Province to the markets beyond Saskatchewan. Having the responsibility for the provision of services to industry centralized in the City is important to private sector decisions as it provides a certainty and level of service provision equal to the need.

Although some warehouse uses may consist of “dry” industrial facilities, not requiring piped services, other distribution facilities may have extensive water, wastewater, and/or power requirements to support their operations. Fire flows for protection of warehouse facilities on the scale envisioned here also require significant capacity in the water system. As such, it is anticipated that a full range of piped services will need to be extended from the City’s wastewater and water treatment facility.

Perhaps the strongest evidence of the functional needs of the IMF facilities are the location decisions of the companies that have built them – in Canada, virtually every single road-rail intermodal facility is located within an urban municipality.

### 5.2 Strategic Planning/Economic Development Rationale

The separation of servicing planning (by the service-providing municipality) from land use and strategic planning (by the recipient municipality) can lead to conflicting decisions regarding service provision. The service provision model of the providing municipality may not match the development objectives or approval processes of the neighbouring municipality.

Many firms wish to move extremely quickly to construct and begin operations at a new large scale distribution facility. The ability to construct services and support rapid development timelines with extensions to existing services is critical. The alternatives to annexation would involve the IMF facility being located in the RM of Sherwood, with services being constructed and operated by the





RM, or with services being constructed and operated by the City of Regina through a servicing agreement with the RM.

Large scale industrial development, including large-scale distribution uses with unique servicing requirements, need the resources of the City of Regina to support them. Prestige industrial parks and associated infrastructure and services are fundamentally urban land use types and need to be located in an urban municipality designed to plan, construct, and operate these services.

Another approach to developing the area would be a servicing agreement, as reviewed below.

### **5.2.1 Servicing Agreements**

Servicing agreements have been established in certain circumstances by municipalities wishing to provide one or more municipal services to an area in a neighbouring municipality. These agreements typically include a cost-recovery agreement or other revenue-sharing formula to fund the delivery of services to a particular area, defined by the agreement. However, governance of the area remains with the municipality in which the area is located.

These agreements have been used as a compromise solution where annexation of the area in question is not feasible or strongly resisted, and where an urban municipality has the capacity to provide services to a rural neighbour without this capacity. They are also used among urban municipalities where one has capacity in a system and one or more neighbours do not. Servicing agreements are common where system capital costs or entry barriers to service delivery are high, such as in water and wastewater services, and in protective services.

Servicing agreements are often considered a “second best” solution for a number of reasons:

- **Cost-recovery challenges.** While the direct costs associated with a development can be calculated with some accuracy, other costs are less easy to establish. For example, a significant amount of traffic can result from a development that generates new commuter flows within the urban municipality. The resulting costs for road expansion and maintenance can be difficult to isolate and account for.
- **Accountability** – when services in a particular area provided by one municipality, but the elected officials governing the area are from another municipality, there is no democratic accountability for the services provided. The elected officials from the service-providing municipality are not those elected by those receiving the service.
- **Conflict among priorities** – servicing agreements are instituted when capacity exists in a certain system. However, this capacity may be reduced over time and when there are strains on a system, the area outside a municipality that is serviced by agreement can be the first to face restrictions. There is less of an incentive for municipalities to continue servicing the area once their own internal growth pressures or needs of their population are causing restrictions.

A substantial concern with this approach is the imbalance in taxation revenue that would result from industrial development being located in the RM, with the residential development required to support workers in the industrial very likely to be located in the City of Regina. The cost of providing services to a residential area is much higher than the cost of service provision to an industrial area, as the number and nature of services required to be provided are much more extensive.

The same broader perspective is relevant to strategic and land use planning. Development will come to Regina not only due to the presence of the IMF, but because of the strong labour force



and quality of life available in the City. Both the industrial development and the associated residential development should be planned together. From both a fiscal and strategic planning perspective, there is a need for both the costs and revenues resulting from the IMF area development to accrue to the City of Regina.

### 5.3 Summary

There is great potential in Regina for attracting investment to the IMF area that will require long range strategic planning, as well as a need for reliable and scaleable infrastructure that can only be provided by an urban municipality. The fact that the City has proceeded with this study and the related infrastructure planning is in itself an indication of the scale of administrative resources required to address this significant development opportunity.

Having access to the full range of urban services that can be provided within the City of Regina will help maximize the potential for a full range of spin-off industrial uses in the area, and provide more co-ordinated planning for the long term. It is therefore in the economic interests of not only Regina but of the surrounding area to bring these lands within the urban envelope of the City.

It is highly likely that, even with a substantial amount of new industrial land available within the City of Regina, there would be dry industrial uses attracted to the IMF area that would prefer to locate in the RM of Sherwood for tax or other reasons. These would logically locate near the IMF, adjacent to the boundaries of the proposed annexation area. In this regard, the annexation may produce mutual benefit to both the RM and the City, as new firms are attracted to the area.

The Province of Saskatchewan has traditionally recognized that the nature of government should reflect the needs of those that it serves. As such, while most of the municipalities in the Province serve rural areas with a relatively limited range of services, the larger cities in the Province provide those services needed to support a strong economy, diverse population and protection of the natural environment.

Local government reform throughout Canada over the last two decades has recognized the need for the integration of municipal services, economic health and community development within one municipal administration. Successful cities attract business by providing the hard and soft elements of infrastructure that make an economy run, and a community an attractive place to live. Planning for growth often requires a fifty year horizon with the consequent financial resources.

It is particularly important at this point in the Province's history that comprehensive planning for the long-term economic health of the City and surrounding region can proceed. Annexation of sufficient land to encompass all anticipated urban development within the City of Regina is a necessary element of this planning and this economic health.

