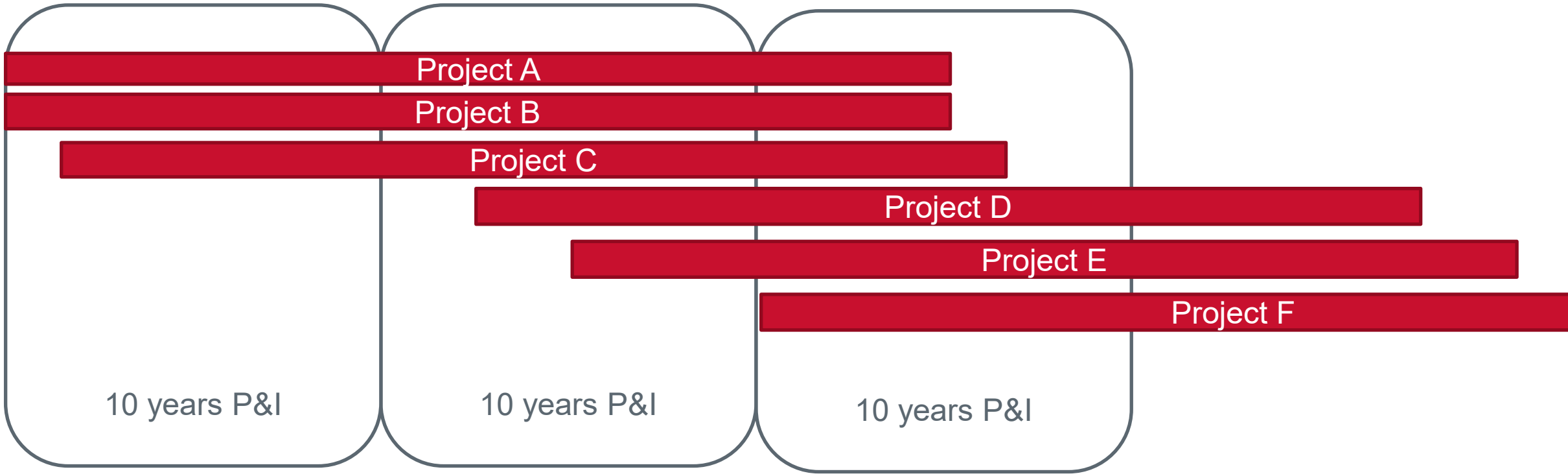
WR Greenfield Levy Clarifications

Feb. 14, 2022

Agenda

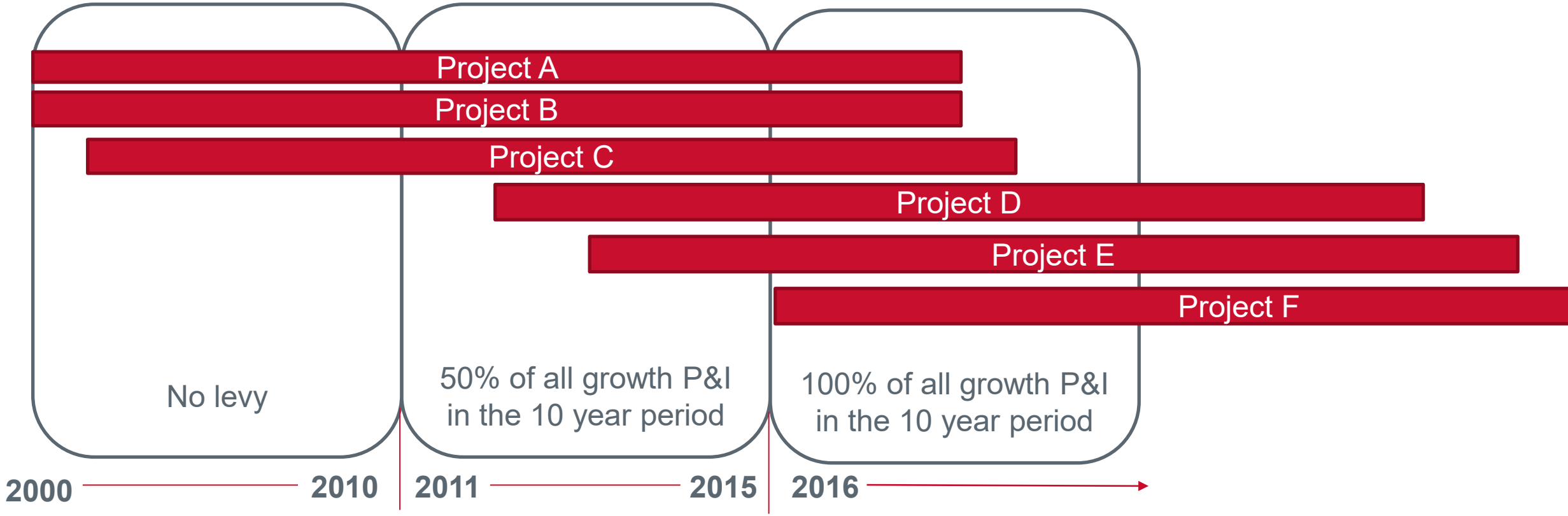
1. Historical Debt
2. Rangeview Example
3. Project Timing
4. Inputs that Impact the Levy Rate
5. Project Updates

Historical Debt



- Levy is set based on a rolling 10 year period.
- All growth related debt servicing within that 10 year period is included in the levy rate at the time of the bylaw review.
- Intent in using 25 years was to align to community build out
- When there are balances or shortfalls, there is a manual addition

Historical Debt



- From 2000 – 2010 – Council direction to not recover from the levy
- From 2011 - 2015 – Council direction to recover 50% of growth related P&I, including projects previously completed and future investments
- Starting in 2016 – Council direction to recover 100% of growth related P&I, including projects previously completed and future investments

Proposed Methodology Denominator

- Approved land was used as the denominator as it reflects area that can develop and utilize the available *land* capacity.
- Numerator includes all debt servicing related to growth from 2022 onwards, as it reflects the cost of infrastructure that is needed to service the approved lands.
- The methodology remains city wide and is intended to be a rolling model that adjusts as new growth areas are approved.
    - Rolling Model: When new growth areas are reviewed and approved, the numerator and the denominator get updated
    - City wide: The levy paid goes towards all debt servicing throughout the city, not just to the specific infrastructure that benefits the development
    - Main benefits: Less variability in the rate due to adjustments for balances and shortfalls, and no reliance on growth forecasts.

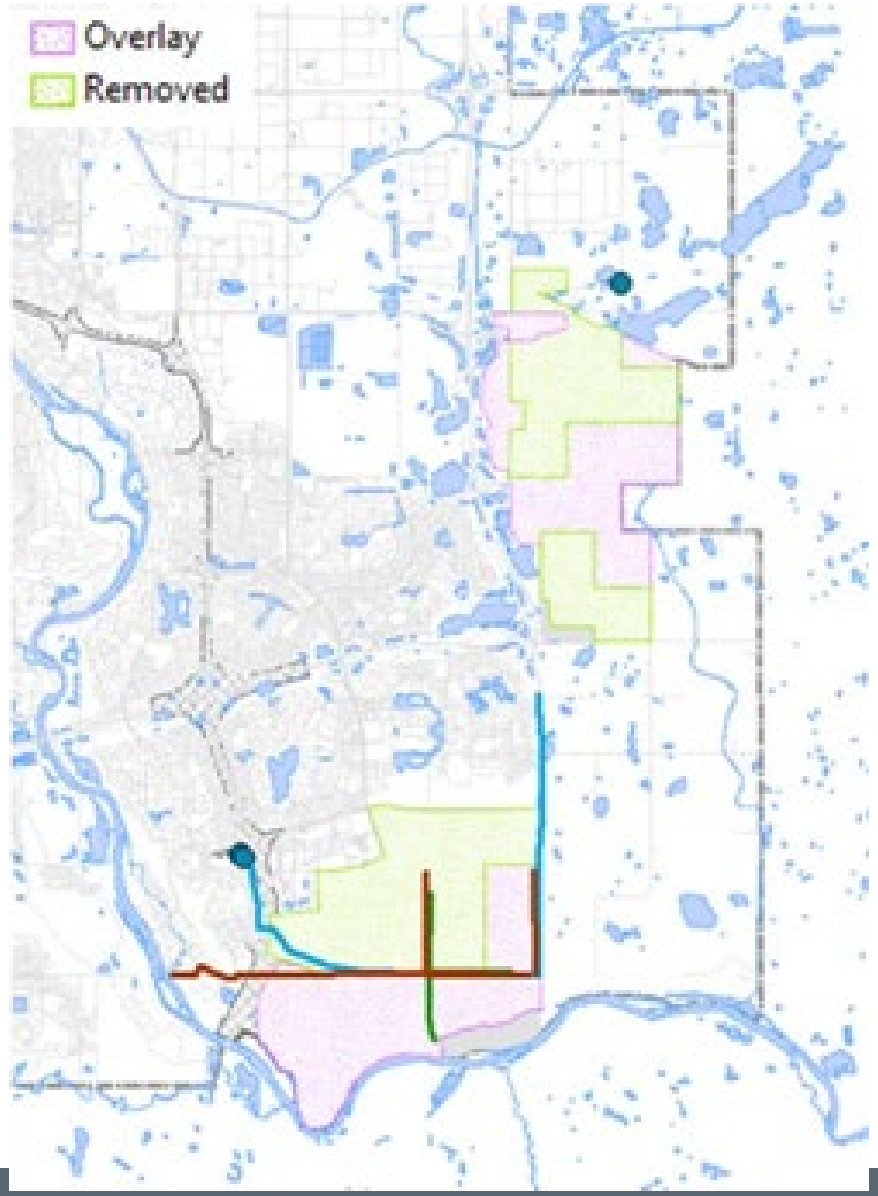
Proposed Methodology Denominator

- There will be pockets of land that may come in with no additional capital however, the timing for the GMO to be removed off of those lands is uncertain
  - If GMO never gets removed – those lands can't access the *utility* capacity
  - When GMO does get removed, they would contribute to the remaining debt servicing at the time, across the city
  - Not a new issue – as this would have existed with the old methodology too
  - Difficult to confirm until design of the community is quite advanced (elevations, density, etc)

- The exact serviced land will never match exactly for water, wastewater and stormwater

- The time it takes for full cost recovery is dependent on the actual pace of growth.
  - There will be a shortfall/balance depending on the pace of growth, but this doesn't get adjusted into the rate.

Rangeview Example



Rangeview Example

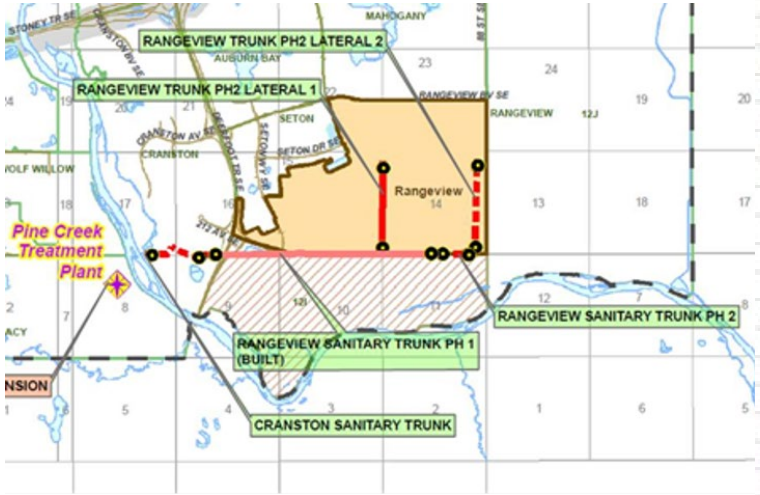


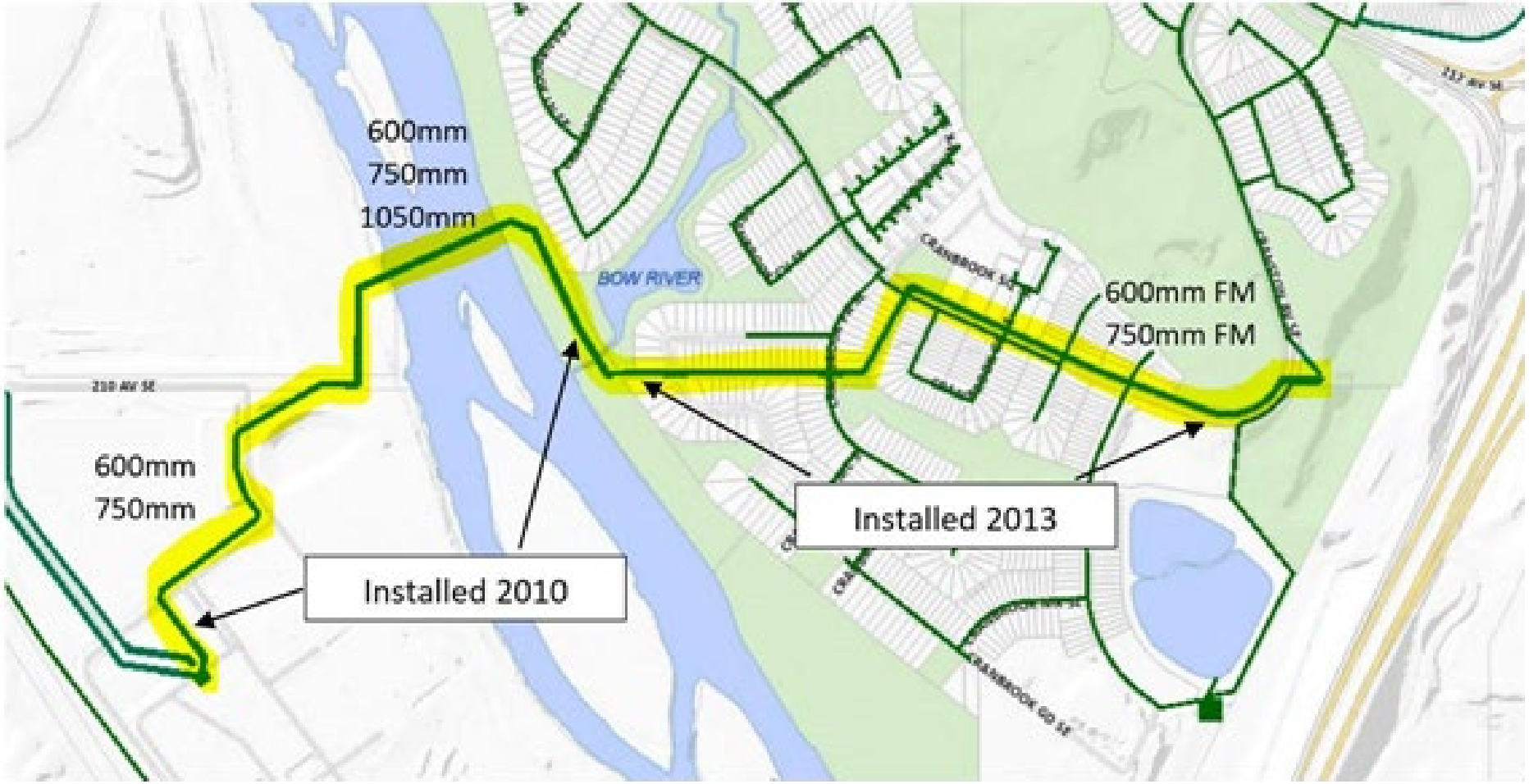
Figure 5-1. Rangeview Sanitary Trunk (RST) Catchment (Area 1)

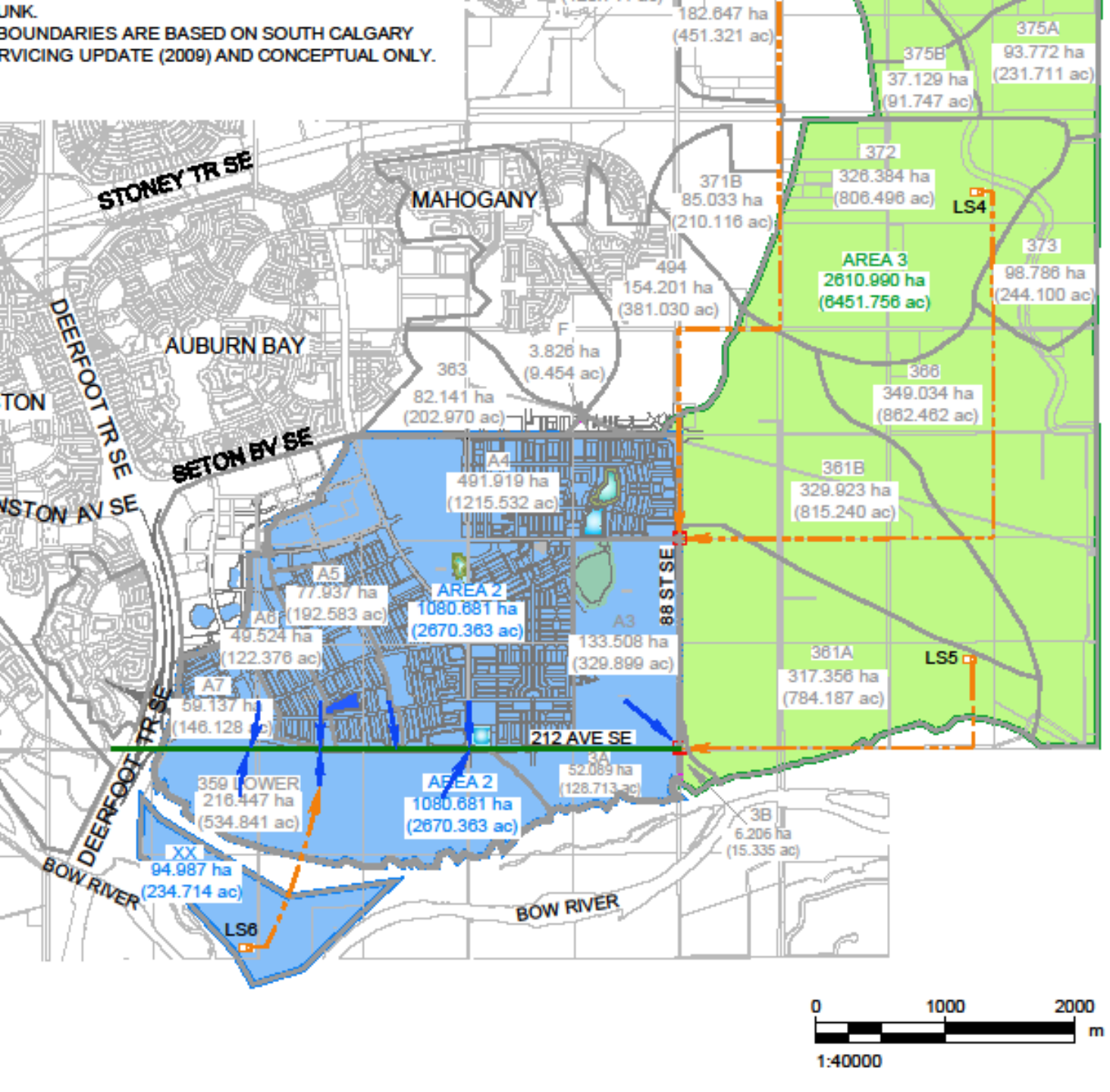
Figure 5-2. RST Phase III - 52 ST SE Lateral Catchment (Area 2)

- Blue area is serviced by infrastructure previously approved
  - Phase 1 is already underway
  - Phase 2 may be required

- We won't know if phase 2 will be triggered until we get full development details on the south portion

Previously completed infrastructure that supports Rangeview Growth





- Green area requires further extensions/infrastructure to bring on additional lands

Ricardo Land

In capacity now	Increased capacity in 2025 with no additional capital	
$ 152,618/ha in 2022	$ 158,911/ha in 2022	(4% increase)
$ 169,116/ha in 2025	$ 167,643/ha in 2025	(0.9% decrease)

Proposed Methodology Denominator

Issue/Concern	Discussion items
- Can we include the entire ASP areas?	- How will we determine the full numerator associated with the ASP areas? Infrastructure needs would be conceptual and the estimated cost would be very high level - could result in even more levy rate fluctuation.
- Lands that have GMO removed later, may pay a different rate	- Is this a risk that exists with the current methodology too? How do we mitigate/manage it now? - Allocate a percentage of that project cost for future collection to be brought on when more lands get added? - Can we apply something like oversize? - From a city wide perspective – does it get balanced out?

Project Timing

- Timing of infrastructure is determined through an interactive process with the affected developers.

- The City considers budget availability, developer phasing, constructability, operational constraints and resource capacity

- Providence
  - Staged pump station to enable development within available budget
  - Used construction agreement to try and expedite timing to align with developer
  - Working with developers to determine appropriate timing for next phases of infrastructure

- Rangeview
  - Broadened scope for phase 1 to find efficiencies (groundwater management)
  - Exploring the timing of next phase based on development details

- Glacier Ridge
  - Construction agreement scope returned to The City to deliver
  - Interim servicing to allow some phases to proceed while infrastructure is delivered

What inputs have an impact on the levy rate

- Years of serviced land and # of communities available
- Debt Servicing related to completed projects
- Actual Project Costs vs. Estimates
- Forecasted projects to complete the approved lands
- Shortfall from 2016-2021 Period ($41M)
- Debt Term Selected (15 vs. 25 yrs)
- Timing of projects previously approved
- Denominator based on approved lands

Comparing – 15 year debt term vs. 25 year debt term

15 year debt term	25 year debt term	Difference
NPV of P&I from 2022 – **2046***	NPV of P&I from 2022-**2053**	
$682.2M (P&I)	$676.5M (P&I)	
4,293 Ha	4,293 Ha	
$ 158,911/ha in 2022	**$ 157,590/ha in 2022**	↓ **0.8% lower**
3.48% escalation rate	3.70% escalation rate	
$ 216,217/ha in 2031	**$ 218,580/ha in 2031**	↑ **0.9% higher**
$ 901.7M levy collected	**$ 910.7M levy collected**	↑ **1% higher**

Project Update – Water Linear Extensions

Project	2016 OSL Bylaw Project Cost	Updated Costs	Notes
Ogden Feedermain (includes Ph 1 and 2)	$38.5M	$21.3M for Ph1 $12.5M for Ph2	Phase 1 completion in 2022 **Phase 2 has been deferred to 2023+**
Lower Sarcee Feedermain	$30.9M	$34.8M	Delivered in two parts. Anticipated completion 2023.
210 Ave Pump Station 210 Ave Feedermain	$15.0M $12.0M	$20.8M $13.96M	Anticipated completion in 2023 Completed in 2019
East McKenzie FM	$6.4M	$5.7M	Completed in 2020
Northridge FM Ph 1	$30.7M	$42.4M	Construction completed in 2020, with maintenance period until 2022
Northridge FM Ph 2		$33M	**Deferred to 2026+**
Northridge Res Land Reservoir	$3.2 $12.1M	$0.15 $18.5M	**Deferred to 2023+**

Project Update – Water Linear Extensions

Project	2016 OSL Bylaw Project Cost	Updated Costs	Notes
Northridge West Leg Ph 1 and Ph 2	$20.8M	$21.3M for Ph1 $12.5M for Ph2	Phase 1 completion in 2022 **Phase 2 has been deferred to 2023+**
Belvedere FM Ph 1 and Ph 2	$23M	$23M +	Indication there are more costs
Providence Starlight PS	$15.8M	$19.9M for Ph 1 $20M for Ph 2	Interim/Ph 1 to be complete in 2022 Phase 2 has been deferred to 2023+
146 Av FM	$5.4M	$5.4M	**Deferred to 2026+**
Westview Res Land Westview Reservoir	$1.1M $8.9M	$1.1M + $8.9M	Indication it will be more **Deferred to 2026+**
Haskayne FM	$11.3M	$9.5M	Completed in 2020 with ongoing maintenance period to 2022

Project Update – Water Linear Extensions

2016 OSL Bylaw Estimate Total	2022 Updated Cost Estimates	2022 Updated Costs Estimates with Deferrals
235M	324.7M	239.2M