



# Off-site Levy Bylaw Review

## Water Resources Session #11

November 17, 2022



# Today's Agenda

1. Welcome, Introductions & Agenda Overview
2. Meeting Norms (Hybrid)
3. Refresher on the proposed Established Area Levy
  - i. Background
  - ii. Need for Local-Sized Water & Wastewater Pipe Upgrades
  - iii. Current Framework
  - iv. Current Investments in Water & Wastewater infrastructure in the Established Area
  - v. Proposed Levy & Rates
  - vi. Feedback to Date
4. Next Steps



## Meeting Norms (Hybrid)

- **Presentations:** Hold questions until the end.
- **Tone:** Keep a positive tone. Discuss ideas on addressing issues.
- **Listen & Respect:** Every voice is an important voice. Everyone participates, no one dominates.
- **Sounds:** Mute your mic when you are not talking (online). Speak-up so that those online can hear (in-person).
- **Sights:** You are encouraged to turn on your camera (online) and face the camera (in-person).
- **Discussion:** If you would like to comment or have a question, please raise your hand (in-person and online). We will get you in order as best as we can.



# Background

- The local water network is designed to support land use at the time of subdivision design
- The local water network in the Established Area was not designed to support the density The City is striving for
- New greenfield subdivisions are being designed with larger local water pipes to support higher density and buildings



# Current Framework

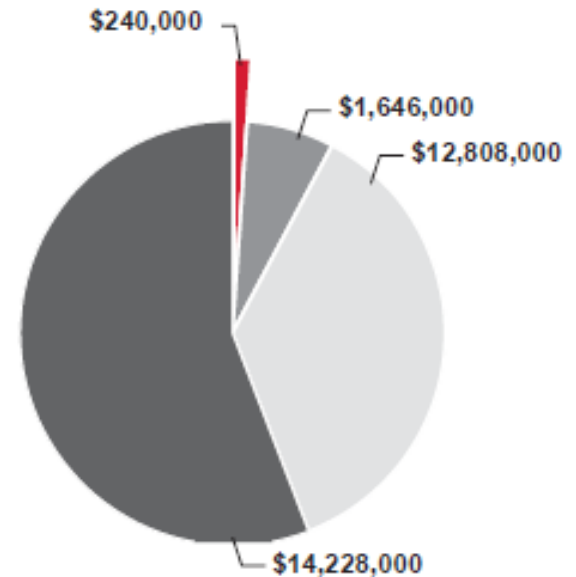
- The development that triggers the upgrade delivers and pays for it
- No mechanism for cost sharing with future developments that also benefit from the upgrade
- Some developments have been on-hold or cancelled due to utility upgrades cost, known as the “First-In Barrier”





# Water & Wastewater Investments

- The City invests in water & wastewater infrastructure to support Established Area growth
- \$10-15M/year in capital sized infrastructure
- \$8-14M/year in asset management
- \$300k-\$2.9M/year in local sized infrastructure
- Developers trigger \$0-650k/year in upgrades



- Average annual Developer (local sized) investment
- Average annual City local sized investment
- Average annual City life cycle and maintenance investments (local and capital sized)
- Average annual City capital sized investment



# Proposed Levy

**Council directed Admin to explore a local-size water and wastewater pipe levy in April 2020**

**The proposed levy is designed to address two core issues:**

## ***Improve Uncertainty***

- The trigger and scope of upgrades required is often not known until well into the development process. This creates financial uncertainty which can risk the viability of a project, the levy is meant to improve this

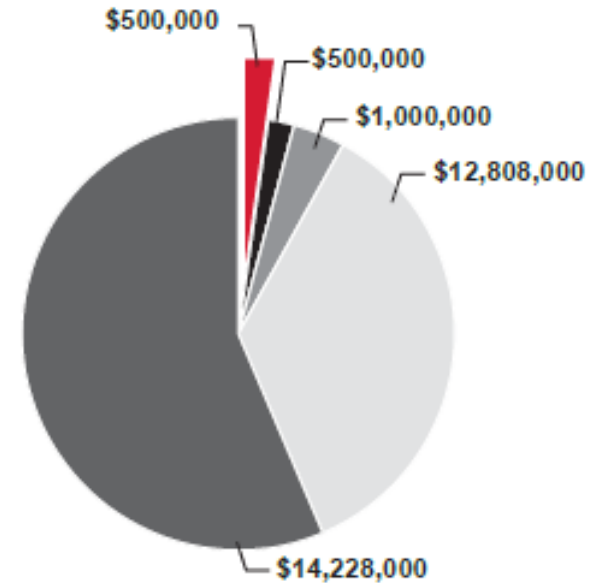
## ***Fairness & Equity***

- Other redevelopment in area may benefit from the same upgrade, the levy introduces a cost sharing mechanism for future redevelopers to contribute to the costs paid by the first developer



# Proposed Levy

- Proactive Fund (City funded)
  - \$1-4M/year
  - Target priority Established Area Communities
  - Main Streets & TODs
- Reactive Fund (Developer funded)
  - Up to \$1M/year total (50% City subsidy)
  - 75% Water / 25% Sanitary
  - All re-developments in the EA pay into the fund (except master planned communities)
  - Eligible upgrades triggered are reimbursed from this fund



- Developer contribution to a local sized levy to be used for reactive only investments
- City subsidy to local sized fund to support responsive/reactive developer triggered upgrades
- City funding for proactive local sized investment
- City funding of capital lifecycle and maintenance investment (local and capital sized – subject to budget availability)
- City funding of capital sized investment (subject to budget availability)





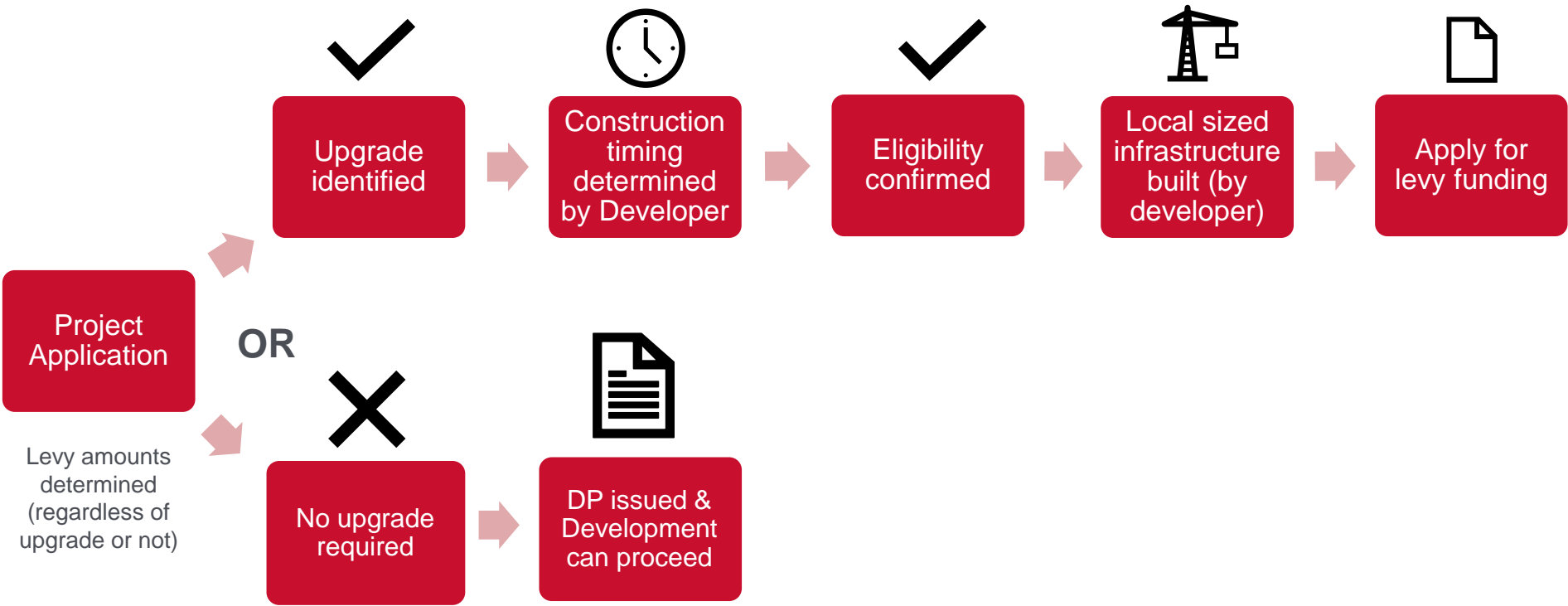
# Proposed Eligibility

Eligible Infrastructure	Ineligible Infrastructure
Upgrades to increase the diameter of local-sized water pipes to meet fire flow needs of a site	Water and/or sanitary main extensions needed solely to service un-serviced lot(s)
New extensions to the water system for loop and to increase the available fire flow (incl. cross ties)	Water upgrades needed to support fire flows beyond 20,000L/min
Upgrades in diameter to a sanitary main	Privately owned water or sanitary pipes



# Application process

Developer can check Reactive fund size & commitments





# Proposed Levy Rates

- \$2M seed fund
- Maximum \$300k/year/project
- Review levy performance and funding amounts after two years, or when 20% of seed fund remaining, whichever comes first
- Please note: the levy rates reflects the 50% subsidy from The City

		Single Detached	Semi-Detached/ Duplex	Multi- Residential Grade Oriented	Multi- Residential Non Grade-Oriented (2 bedrooms or more)	Multi-Residential Non Grade- Oriented (1 Bedroom or Less)
	\$/Person	2.9	2.6	1.8	1.5	1.2
Wastewater	\$58.00	\$168.21	\$150.81	\$104.41	\$87.01	\$69.60
Water	\$174.01	\$504.63	\$452.43	\$313.22	\$261.02	\$208.81
		\$672.84	\$603.24	\$417.63	\$348.03	\$278.41

Commercial	\$0.32/square meter
Industrial	\$0.32/square meter



## Discussion

How should we monitor progress to be successful?

- Two-year review period, adjust if required
- Monitor levy balances, review funding amounts when seed fund drops below 20% of original balance
- Tracking number of re-developments and utility upgrades



# Feedback Received

## Levy Proposal

- There is alignment to OSL principles
- Solving the “First-in Barrier” will encourage development
- City subsidy to the reactive fund is welcomed
- Proposed rates are reasonable, rates based on unit type is fair
- \$300k/year/project maximum is fair
- Two-year performance and funding amount review is appropriate

## Questions

- Questions around why developers need to pay for it first and get reimbursement after completion
- Questions around additional water fees collected from new development and how it contributes to capital costs
- Questions about why small level developments pay a levy if an upgrade is not triggered
- The scope and scale of the “First-in Barrier” is not well understood
- Questions around how an added cost for EA development can achieve MDP targets



## Next Steps

- The City's OSL team continue to work on implementation and administration of the proposed levy
- Proposed Established Area Levy goes to the Infrastructure Planning Committee (IPC)
- If passed by the IPC, it will go to Council for approval
- Target implementation date: end of Q1 2023



**Thank you!**