

September 15, 2021

## Established Area Local-sized levy (EALSL) exploration

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Presenter: Dan Vincent





## Agenda:

- I. Welcome and introductions
- II. Consultation expectations
  - I. Logistics
  - II. What to expect during meetings
- III. Why are we here/What is the problem we are trying to solve
  - I. Council Direction
  - II. What does exploration mean to us
- IV. High-level proposal review (refresh)
- V. Initial feedback received
- VI. Draft consultation plan



## Welcome and introductions

I. Name

II. Organization

III. Position and why you are here (what is your personal interest)

IV. What is the most exciting thing you have done this summer?



## Questions we want industry feedback on at the end of today:

- I. Do you understand how this new levy helps mitigate the first-in challenge for redevelopment projects in the Established Area?
- II. What concerns do you have about the proposal that was sent out (in addition to those outlined/captured below).



## Consultation expectations - logistics

- ENGAGE resource – Facilitation of meetings
- Terms of Reference – received ahead of time
- Target to distribute materials 1 week prior to meeting
- Target monthly meetings
- Delegates attending when you are out of town/away are ok. Working group members are responsible for ensuring delegates are prepared for the discussion.



## What to expect during meetings:

- Consultation– take feedback and incorporate where/when appropriate
- Consult on inputs to the new methodology and calculation (anything else, out of scope)
- Checking assumptions with industry stakeholders to ensure a realistic approach
- Presentations – Hold questions until the end
- Everyone participates



## Problem we are trying to solve:

Local sized pipe upgrades in established areas follow a ‘first in’ pays process which can make some development projects less desirable as financial risk increases or costs increase. (certainty)

This process currently places the financial burden on one developer while others who develop later in the same area may benefit without having paid for the upgrades. (fairness & equity)

## Council Direction:

2. Direct Administration to:

a. **Explore** a new Established Area off-site levy for local-sized water and sanitary pipes, through consultation with stakeholders, and for Council’s consideration, as part of the current Off-site Levy Bylaw review;



# What does exploration of local-sized levy mean to us?

Exploration of a levy is:	Status
Determining the magnitude of the current issue (\$1-4M annually)	Complete
Creating a potential methodology for a water and wastewater levy including eligibility for projects to use the fund, determination of who contributes to the fund, how it is managed, etc.	Initial draft complete
Testing assumptions and gathering stakeholder feedback	In-progress
Listening to stakeholder concerns and incorporating where able	In-progress
Submitting a report to Council with Administration’s professional recommendation for or against a levy with rationale	Not started

Exploration of a levy is not:
Searching for and exploring alternative funding sources to a levy
Delivery of a report to Council that does not outline a potential levy rate structure and calculation
Solving redevelopment challenges unrelated to Water or Wastewater local-sized pipes



# The Proposal

**1 Capital-sized upgrades (City continue to fund)**

Ensures larger infrastructure (trunks and feeder mains) can adequately service growth

Funding: Utility rates for EA portion

**2 Proactive local-sized investment program**

Multi-parcel benefit & informed through LAP analyses. This will support redevelopment over time and minimize disruptions to community

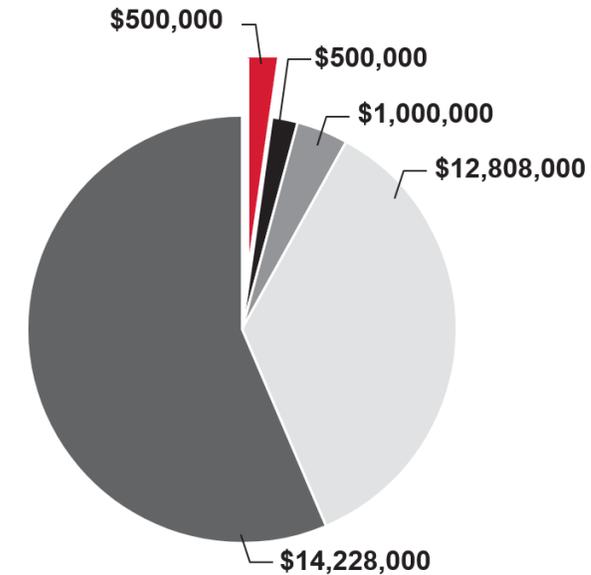
Funding: Utility rates

**3 Reactive Investment Program (levy)**

Cost-sharing between developers that is triggered by development applications

Applicant triggering upgrade will be responsible for building and 'front-ending' the cost and reimbursed through Reactive Fund

Funding:  
50% contribution by development through levy  
50% subsidy by The City



- 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)



## **Some initial feedback – What we have heard:**

### **General feedback**

- I. Continue to align with OSL Principles
- II. Generally, support for a program like this to remove first-in barrier
- III. 2 prong approach of reactive and proactive investment makes sense

### **Rate determination**

- IV. Some concern regarding rates for smaller scale development and impacts  
(potential to accidentally discourage redevelopment)
- V. Value for costs (levy) seem reasonable for most residential redevelopment
- VI. Industrial/Commercial rates appear to be low when compared to Residential



## **Initial feedback – What we have heard continued:**

### **Longer term sustainment**

VII. What happens to the subsidy/when does it disappear?

VIII. If the levy increases, will the City increase the subsidy?

IX. What happens if \$2M seed isn't enough and there is a huge rush?

X. Like the idea of a 2-year review cycle for update to calculation

XI. Generally, the annual investment target amount of \$1M (\$500K development levies, \$500K City subsidy) is a good test

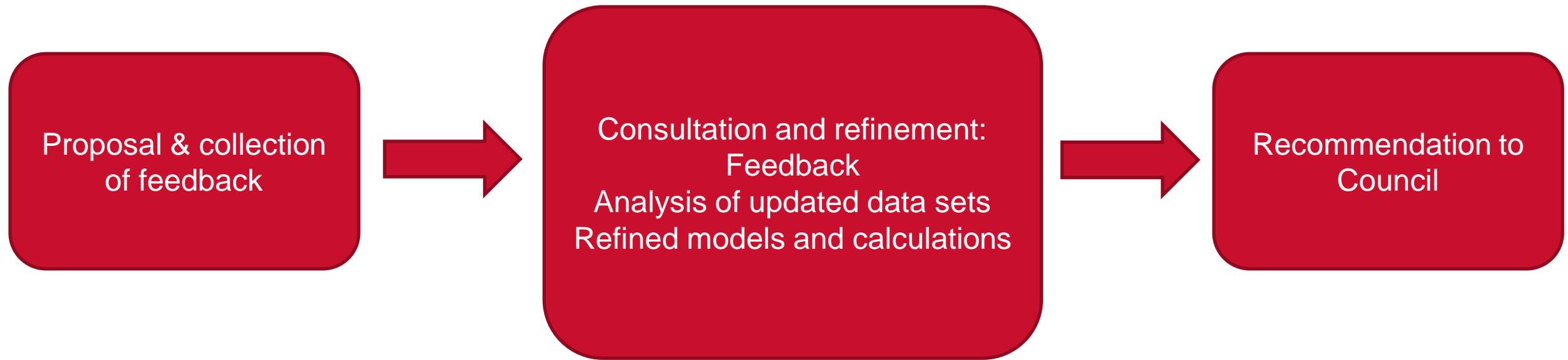
### **Decision making and consultation process**

XII. Concern regarding decision making (where does the final decision occur?)

XIII. Who is being consulted on this exploration?



## Approach to exploring a local-sized levy:



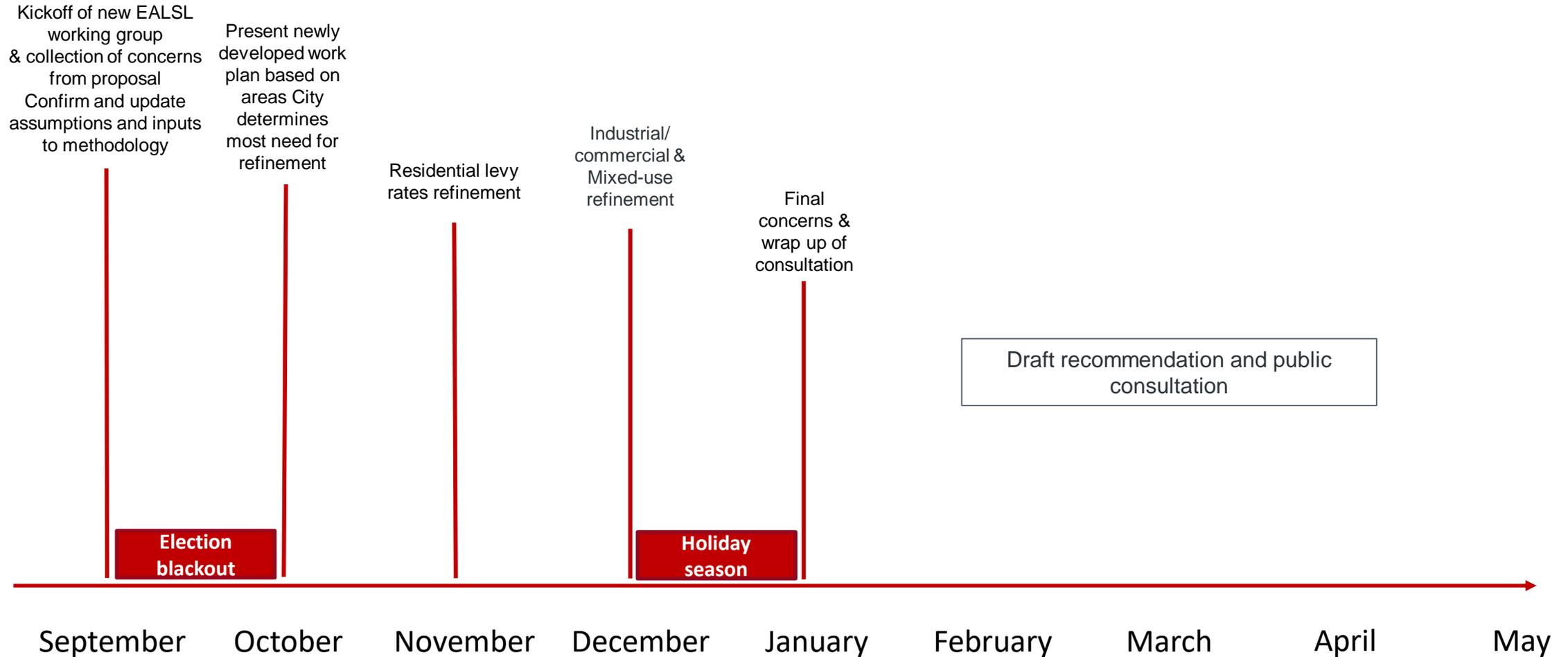
Input/starting point

Development of a recommendation

Output/Report to Council



# Established Area *Draft* consultation plan\*:



| = Planned meeting

\*Draft plan subject to change



**Thank you!**