



Off-site Levy Bylaw Review Stakeholder Consultation Meeting Notes

Date/Time: June 28, 2022 / 1:00 – 3:00 pm

Location: MS Teams – video conferencing

Attendees:

Internal	External
Brian Arthur	Paul Battistella
Quinn Eastlick	Marcello Chiacchia
Pam McHugh	Bob Faktor
Hannah Oh	Brett Friesen
Angela Sedor	Jay German
Michael Sydenham	Brian Hahn
Chris Tse	Robert Homersham
Erika Van Boxmeer	Guy Huntingford
Josh White	Thilo Kaufmann
Trudy Wobeser	Gillian Lawrence
	Graeme Melton
	Chris Ollenberger
	Jackie Stewart
Regrets	
Joel Armitage	Jim Gordon
Greg Bodnarchuk	Alexander Leliever
Raminder Brar	Richard Mackett
Jamie Cooper	Sina Rezainan
Shameer Gaidhar	James Robertson
Paul Gedye	Mark Wynker

Agenda

1. **Message from Executive Sponsor** (Josh White)
2. **What we heard** (Angela Sedor)
3. **Off-site Levy Bylaw Review** (Angela Sedor)
4. **Consultation focus areas** (Angela Sedor)
5. **Next steps** (Angela Sedor)
6. **Discussion** (Quinn Eastlick)



Feedback collected

What we heard: Have we missed anything?

- Between slides 14 and 17, seems like a lot of alignment and understanding.

Formula: Is the new way of presenting the formula clearer?

- In general, the formula makes sense. Need to be careful we don't over complicate it.
- Slide 19 - Is population and job growth the best tool to use or can we use net area? What was the decision to do this? Would be easier to do net area because there is less Environmental Reserve and major roads so it's net developable land. Suggest using net area as it's simpler.
- Slide 24 – caused confusion, how will the areas/denominator be added? Should key in on this area as a group but not sure that the confusion will be resolved today.
 - Want to work towards alignment on the information shared on this slide, through time in the working group sessions.
- The formula is clearer. The three factors of the formula have always been there. Looking for the data and assumptions behind the three factors. The requirement of the MGA is to provide all the information required to clearly understand what's behind the three factors, how is it going to be any different going forward?
- Industry is going to struggle on the understanding part if they don't have a good grip on the notion of capacity. It looks like a capacity model approach where we're trying to line up infrastructure to the area it benefits/serves. How do we get an understanding without an understanding of how the capacity was derived? This is a specific request that has been made in earlier conversations.
- Capacity issue – related comment came up last night about the size of water infrastructure, and how we must build the ultimate size as it's too costly to go back in. Do you see this as a capacity model, lining up the capacity or usage of a particular hectare?
- Is determination of infrastructure benefit in scope or out of scope?
 - Would you consider all the inputs to determine allocation of benefit as part of the formula? Are those in scope or out of scope?
 - What are you relying on to determine that allocation of benefit? That will be the critical part of this conversation. This question is about industry's need to get clarity.
- What are you relying on for the determination of benefit? This is going to be an integral part of consultation. Encourage you to go down this path as it will provide the clarity that industry is looking for.
- We need to focus on what benefit means, the Varsity fire hall is a good example of how it may not translate well. It would be good to put parameters around "benefit", so we are all on the same page going forward. Putting parameters around each area will be helpful going forward, knowing that Community Services will likely be a challenge because of the four different areas. Should set aside some time in working groups for these conversations.
- How are treatment plants going to be handled as they don't seem to fit in the formula presented?
 - Wanted confirmation that the methodology is or isn't going to change.
 - The levy is made up of two parts, the capital costs and then the actual part. As the 6-year period went through, the estimates can be checked. Will we see how close we were with the initial estimates? Will we have enough time with the 3-4 sessions



planned for Water? We want to see how accurate we are with our predictions to see how much we may need to adjust this next rate bylaw. We want to ensure we have some time to discuss this in working group sessions.

- Assumptions behind factors in the formula – for those in the Community Services meetings, recall that the police department was forthright and quick to provide costing for their buildings. I think this is a cost input. Not sure why other departments can't or are having difficulty providing similar information, can you clarify?

Consultation: What are your thoughts on the opportunities presented to you to stay informed/be consulted on for this project?

- Do the 3-4 sessions for Water Resources include the Established Area linear levy exploration?
- Is The City open to engaging industry on the denominator (slide 24) or is this final?
- When will you be scheduling the upcoming working group meeting dates?
- Are any in-person meetings possible?
 - Would like to get back to in-person meetings because they'll be more fruitful.
 - Let's agree to move to a hybrid model which allows the flexibility you referred to and the benefits of the face-to-face meetings that some are looking for.
- In the consultation will you be advising of the proposed/calculated rates up front and working backwards to validate? At what point will we get to the actual numbers?
 - You may want to add something in the formula that reduces the capital costs by past collections.

General questions and comments:

- Are all the service areas going to be debt financed? Otherwise, how would you finance infrastructure that services a very large area, beyond the approved new communities?
 - A library may be clean cut, but what about an interchange that services the Keystone ASP, but sits on Stoney Trail? This could service future ASPs as well, how do we account for that? Could you expand the denominator to cover this?
 - Looking for clarification on the denominator for Transportation and the role of city-wide vs ASPs.
 - Would suggest The City be open to input on the denominator for certain projects/areas, given that there could be some significant differences.
 - Will any grants be deducted off the cost before the levy amount per acre is calculated?
 - If the infrastructure is being built to handle the unplanned land, then have the assumptions not already been made?
- How will current balances be reconciled/included in the formula? Keep future collections from already signed development agreements in mind please.
- Within this work plan, do you intend to incorporate Council's direction to "right-size" infrastructure as part of the original assumptions of cost in the white papers? It would be unfair to complete this exercise after the levy has been determined and some Development Agreements have potentially "overpaid".
 - Want to make sure that we get things as close as possible.
 - How will "right sizing" be considered? With Water, by upsizing for future development, are we just recreating the "first in" issue? Do we see this as a capacity model, and it's proportionate share of infrastructure?

- Want to see a demonstration of how the levy is calculated, with all the assumptions, inputs, etc. We want to ensure we get an accurate levy, in alignment with transparency, resiliency and competitiveness.
- Notion of promoting understanding is a great place to start.
- A couple of weeks ago an audit of Calgary Recreation facilities came out. Appendix B of that report had a flow chart of how capital decisions are made. That chart shows a business case process. Can those internal business cases be provided as inputs into the formula, as part of the white papers, etc.?
- We indicated that we are having issues because development didn't proceed at a pace that was anticipated, thus lead to lower collections, and missed debt servicing.
 - Table 5 – 2021 OSL Annual Report. Residential portion has more than met its quota, an average of 311 HA on average. It was industrial that did not meet the expectations. Struggling with the characterization that it was their slow growth that caused the shortfall. How is the levy underwater? There were a few projects with costs that blew through the water, some that were lower than budgeted. We should be okay, but we're not. Want to understand this.
 - Table 4 – the characterization that we're under recovered doesn't make sense. We need to understand more clearly the last two columns and specifically how it impacts the formula and what the output will be. Is there really a shortfall of \$120M, or will they be offset by the Development Agreements that have been signed but not collected? Also, need to understand how these balances (positive and negative) will impact the levy.
- Housing Accelerator Fund – may need further input. Will support an application for this to reduce the cost of housing in Calgary.
- In conversations with Councillors – there is the understanding piece, but there's also a desire to have money collected and spent in a ward. If we don't line up across this group of the basin vs city-wide approach, we may be forced into a situation like Edmonton.

Summary of Action Items

Action Item	Status
Water treatment plant forecasted estimates and actuals will be shared to show differences between 2015 and current date at a future working group session.	Underway
Transportation to share the estimates and actuals from 2015 to current date at future working group session.	Underway