

Calgary



# Off-site Levy Bylaw Review - Consultation

September 14, 2021

I. Welcome and introductions – new membership

II. Consultation expectations

- Logistics
- Feedback
- What to expect during meetings
- Out of scope

III. OSL Strategy impacts to Water Resources

IV. Types of infrastructure and input requested (and input not applicable)

# Introductions

I. Name

II. Organization

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

IV. Most unique food you've eaten and brief backstory (only if you want to share)

## Questions we want industry feedback on after today's presentation:

- I. Do you understand the impacts of the new strategy to each infrastructure type?
- II. What concerns do you have for the new strategy based on type of infrastructure?
- III. For the key elements of the strategy – do you understand what we are trying to achieve, any concerns with key elements?

## 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.

## How feedback will be used

- Consultation – take feedback and incorporate where/when appropriate
- Consult on inputs to the new or updated calculation (anything else, out of scope)
- Checking assumptions with industry stakeholders to ensure a realistic approach

## Meeting expectations

- Presentations – hold questions until the end
- Everyone participates, no one dominates
- We are looking to leverage your expertise and experience on specific components of the Off-site Levy bylaw
- We will consider feedback and respond to questions that are relevant to calculating the new rate.

## Out of scope

- Centre City Levy
- Detailed review of the current off-site levy rates and/or methodology
- Evaluating the long-term impacts of COVID-19 on city-building
- Review of funding sources for City-funded portions of growth-related capital infrastructure
- Incremental tax and user fees (including utility rates)

## **New Strategic Approach – What does it mean to us?**

# Project objectives

1. Customer-focused approach (including simple, easy to explain)
2. Increased corporate consistency
3. Implement City strategies
  - MDP and CTP
  - Improved growth process - using growth strategies to identify infrastructure needs
  - Frequency - align to growth strategy & budget cycle
4. Increase financial resilience
5. Enable off-site levy funds to be available at the right time
6. Legally defensible and legislatively compliant

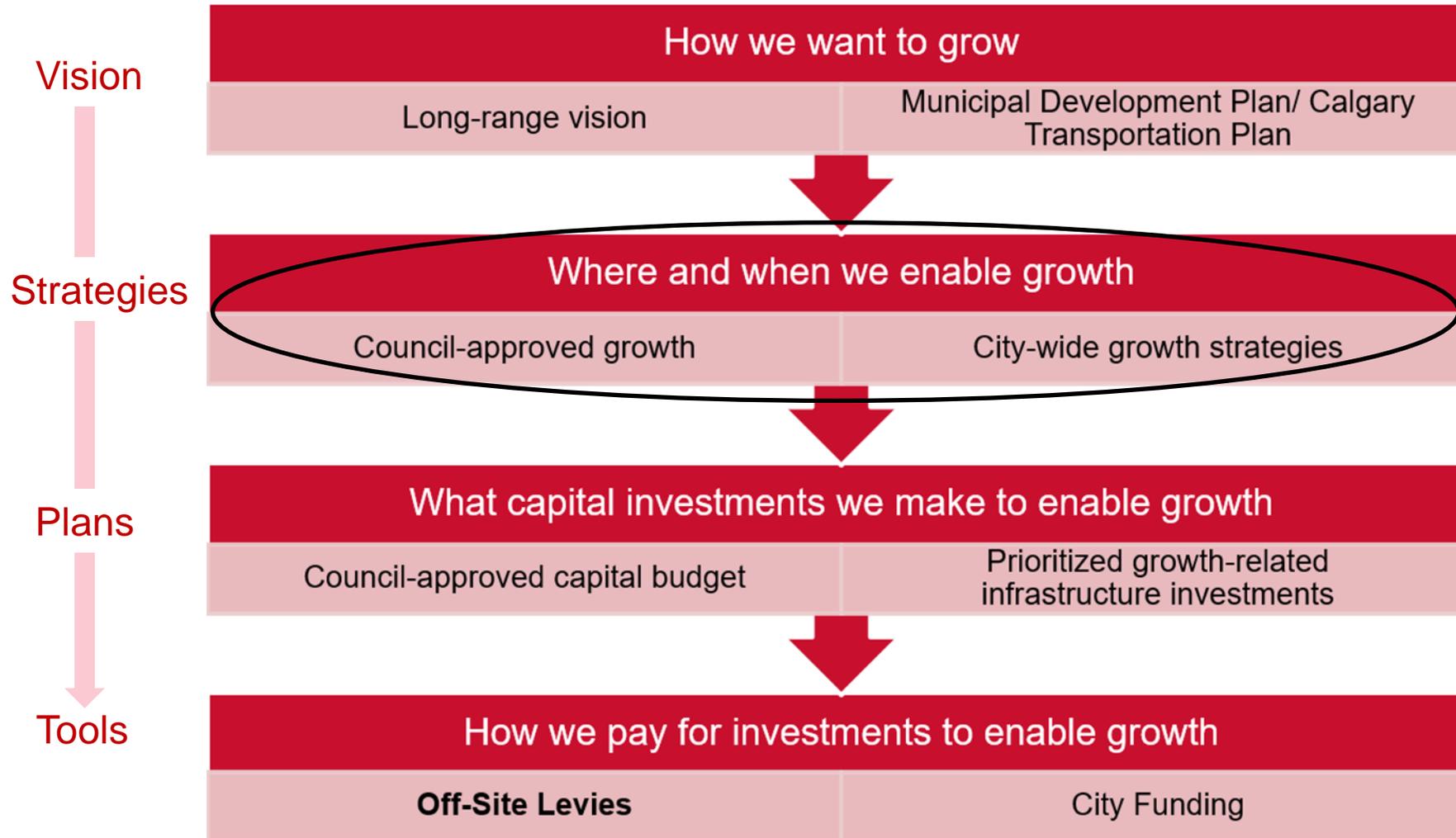
# Proposed Approach

## **New off-site levy:**

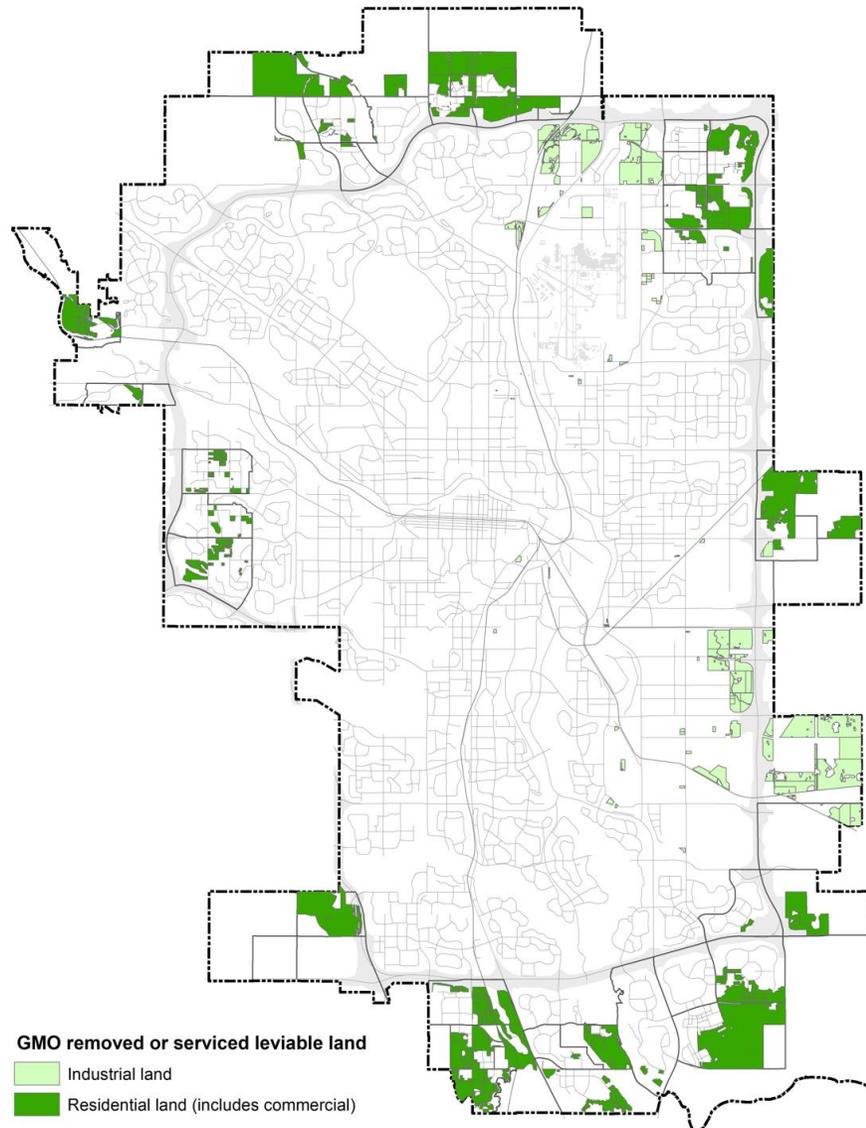
- Capacity-based model - funding of 100% of growth-related capital infrastructure cost for investments in greenfield growth area.
  - No change to treatment plant levy in greenfield area
- Infrastructure required to service Council-approved new and actively developing communities.
- OSL for infrastructure benefiting new community business cases.
- Other City funding sources to be used for most infrastructure upgrades and downstream impacts in the Established Area.



# A New, Responsive Off-site Levy



# New OSL Strategy – Denominator



- All remaining leviable lands within approved growth areas:
  - The 27 actively developing communities;
  - The 14 new communities approved in 2018; and
  - Any new communities approved in 2022
- All serviced industrial and employment lands

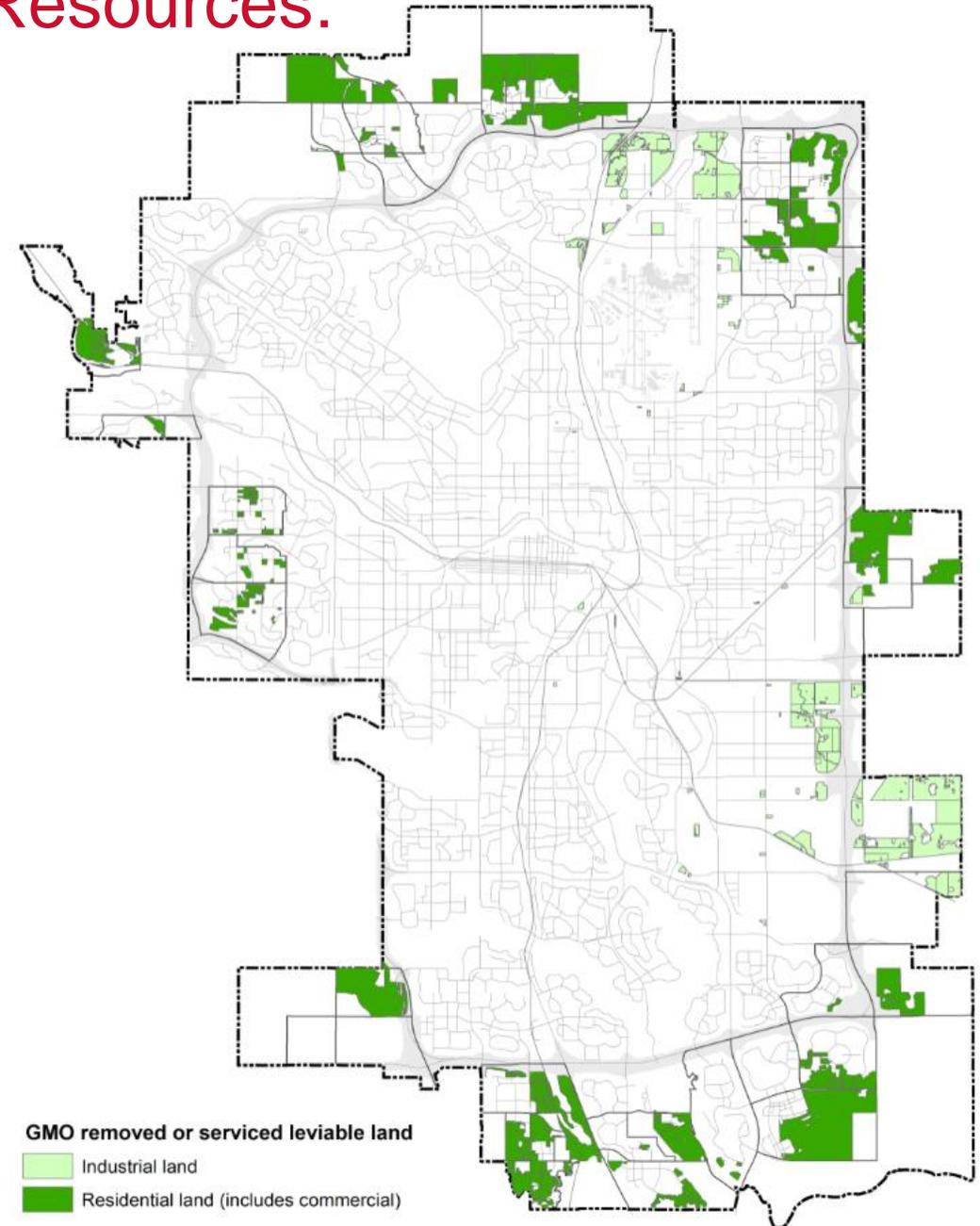
*\*Map for illustrative purposes*

# What is different for Water Resources:

## OSL Strategy impacts to Water Resources

- 1) All approved growth (GMO removed) – planning horizon vs. time horizon
- 2) All infrastructure required to support approved growth (14NC and 27AD) – numerator input
- 3) Not dependent on forecast of Development Agreements signed as denominator (less reliance on pace of growth)
- 4) Direct linkage to Business Case process
  - Consideration for identifying upgrades in alignment with Business Case process
  - Levy rate will be sensitive to approval of new community Business Cases

\*No change to Treatment Plants methodology (already aligns with OSL Strategy)\*



## Consultation plan and areas for input

# Water Resources new Bylaw components:

## **New 2022 Off-site Levy Bylaw:**

### **1. Create infrastructure lists**

- Add & remove growth related infrastructure for each infrastructure type
- Examine timing of projects (defer or advance)

### **2. Review infrastructure costs (actuals & estimates)**

### **3. Consult on methodologies**

- Collect feedback on Cost of Capacity (new) methodology
- Council approved growth – land considerations (denominator)

### **4. Consult on calculation**

- Concept and theory testing
  - Interest rate
  - Discount rate
  - Escalation rate
  - Debt term

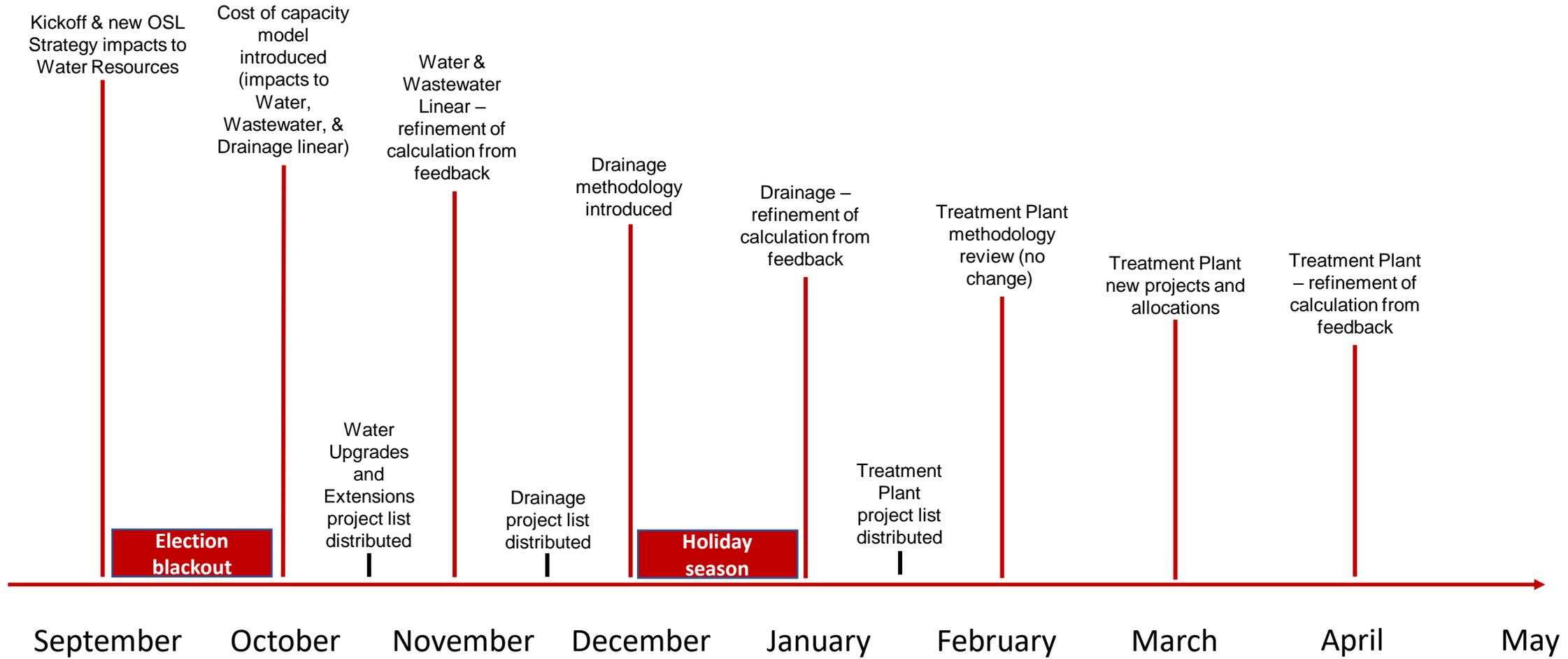


# Considerations by service line and type of infrastructure – Where do we want your input?

Service line and type of infrastructure	Plan to transition to a new methodology	Specific considerations for discussion and opportunities for Industry stakeholder input
Water and Wastewater Linear extensions and upgrades	YES	<ul style="list-style-type: none"> <li>• Any new projects to be added to the levy (to be confirmed)</li> <li>• Timing of existing and new projects (earlier, same, later)</li> <li>• New cost of capacity methodology</li> </ul>
Drainage extensions and upgrades	MAYBE	<ul style="list-style-type: none"> <li>• Any new projects to be added to the levy (to be confirmed)</li> <li>• Timing of existing and new projects (earlier, same, later)</li> <li>• New cost of capacity methodology                             <ul style="list-style-type: none"> <li>- <b>Catchment vs. Citywide rate determination (calculation impacts)</b></li> </ul> </li> </ul>
Water and Wastewater Treatment Plants upgrades and expansions	NO	<ul style="list-style-type: none"> <li>• New projects (inclusion and allocation of benefit) – confirmed</li> <li>• Timing of existing and new projects (earlier, same, later)</li> </ul>



# Draft consultation plan\*:



| = Planned meeting

| = Planned material distribution

\*Draft plan subject to change

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**Thank you and questions!**