Off-site Levy Bylaw Review – Community Services Working Group Stakeholder Consultation Meeting Notes

Date/Time: September 28, 2023 / 3:00 – 4:00 p.m.

Location: MS Teams – video conferencing

Attendees:

Internal	External
Marcus Berzins	Jackie Stewart
Jennifer Black	Brian Hahn
Garrath Douglas	Paul Battistella
Maggie Choi	
Chris Tse	
Catherine Spaens	
Jan-Steyn Pieterse	
Laura Urbain*	
Regrets	
Helena Nguyen	Shameer Gaidhar
Rodney Babineau	Paul Gedye
Cody Van Hell	Greg Bodnarchuk
Josh White	Guy Huntingford
	Marcello Chiacchia
	Richard Mackett
	Chris Ollenberger
	Mark Wynker
	Jake German

*Note taker

Agenda

1. **Welcome & agenda overview** (Garrath Douglas)
2. **Preliminary levy rate** (Chris Tse)
3. **Methodology** (Chris Tse)
4. **Discussion** (Chris Tse)

Feedback collected:

General Feedback/Comments

- Who provided feedback on the stormwater approach?
- Is it you that lowers the rates? Propose using non-residential construction price index, would be good to work through a simple example to illustrate that.

- I'm not sure I understand the accounting policy supply piece, could you provide some examples of that utilizes and how that is being supported?
- It's starting to get there, as your probably aware, The City does a performance base rate skim for Enmax, there is a subtraction of a performance factor, it would be interesting to compare/worth exploring.
- Further to the escalation for inflation, why did they switch from using the previous 4 years, to the now 5 year comparison when referring to inflation gain? In the Calgary corporate report, it was showing 0.9 %, what was the going rational for making that switch?
- If you can show us, it is something we need to measure, I have all the data and when I do the previous years it comes outs to 3.6. We would have to get it on an annual bases to check if mistakes get made.
- This is a huge inflationary year, but if we move into a resection, since we are correcting things on an annual basis, could you provide a reference to this information – refer to treasury to confirm why there is a role over to the 5 year.
- I believe we asked about the October 2019 Associated Engineering for the CMRB which showed the City of Calgary "Unaccounted For" water rate of 17 to 28%. Other than Wheatland County, Calgary 2019 reported water loss rate was the highest in the CMRB and well above the published AUMA 2014 target for Alberta's urban municipal sector to maintain the volume of "unaccounted for" water at 10% of total water use. What has been done to address this? What is the current "unaccounted for" water rate for the Calgary water system? How does the "unaccounted for" rate impact the infrastructure forecast, capital cost and the OSL rate?
- The 12 and 25? What is that [referring to BILD letter]
- We don't have a current understanding water utility is not accounted for? Currently doesn't track, or is that a routinely collected data point?
- We just provide questions to the city, we are just trying to understand unaccounted for rates, for the levy rates.
- For the Elbow River basin, could we get an understanding of how many levies NAIOP would pay and how many BILD would pay?
- Trying to understand who pays the levy and how many members from each group pay the levy would be good to help form it. We need a little bit more information and help understanding a rational for paying it.
- Let's understand who's going to be paying the levy.
- Unfortunately, what happens is people buy land and made commitments on a catchment basis, its not the only factor that needs to be considered, but it's a big one. If it's impacted by those changes, there needs to be a different conversation.
- The city of Calgary is a member of BILD, I don't know if they know that, we need to weigh that decision.
- With all due regard who are the people most impacted by this, how is this going to be passed on for affordability?
- We've made it pretty clear there is winners and losers here, it's a nice wedge issue to have, and NAIOP said its okay, we need to have a longer conversation about this, it will impact performance on projects. If NAIOP's members are building a big proportion, then they need to contribute more.
- We were clear with are last meeting with Stuart, you've created winners and losers with this, until we get those answers we don't have all the facts on table before we launch into a position.

- That approach has the challenge of preserving housing affordability. It's back in your court to how to regard that if the answers to our questions are forthcoming from Stuart. Part of that is wrapped up in an answer around a denominator, but we need that answer.
- If its not available today then its really tough for us to provide an answer.
- There is a significant rate increase in the levy amounts for plants between our last meeting and this one? There's a relationship between the spread of the discount rate and the inflation rate. What is the inflation rate being assumed vs. the discount rate? I've asked before but I don't think I've got an answer. Why are the rates for plants for the Established Areas linked to future plants when they tie into existing plants. There is a significant timing difference in how these projects roll out that is not being reflected in the current methodology.
- What's the inflation rate of the growth being assumed for the changes?
- We are paying those costs when it's not reflected in the greenfield, I'd like to get an answer as to why there is misalignment there and whether those are going to be addressed or not.
- The last time we looked at that it was more then 2%, admittedly I haven't looked since.
- It should matter at some time; we should be aligning the costs for when we consume costs.
- Remember in the treatment plant model for water, maybe it's been corrected, there was some capacity that had been added, that 15M liters per day. Did that get fixed in the model?
- It should be counted into the rate – not significant but want to make sure its correct.
- The problem with linear is we are trying to pay for historical debt plus future costs. Any debt that's been taken on is 25-year loans. Any future would be 15 years. This year we are taking on 25 years of debt. We are trying to pay that off in 15 years. Is there a clear link between the infrastructure and those cost to the benefiting homes? Are they paying more then they should? Been our issue for a few years and its really clear in industries mind that those cost benefit more than those in the [4226?] hectares. Is there not a way to distribute those cost into future hectares/homes? It doesn't seem fair; it should match the years to develop that out and use up that capacity.
- We are paying those costs when it's not reflected in the greenfield, would like to get an answer as to why there is misalignment there and whether those are going to be addressed or not.
- Is there not a way to push some of those costs? Have the city pay those costs, or onto the next 10 years of development? Doesn't make sense it's been all thrown onto these hectares.
- It doesn't matter because you are dividing by 15 years vs. 9 years. The problem is we are paying off 25 years of mortgages and it has to be paid in 15 years?
- What's the horizon in these project lists?
- In terms of fighting for affordability in new homes, what is the common denominator in rising costs then? Water is the biggest, between transit and water. What is causing that rate increase? On a per hectare cost? What is the biggest reason for that?
- The problem is we are taking on more mortgages, but we aren't getting rid of any of them. The broader part of them are being added in the most recent years. Is this going to continue to go on that way or can you forecast it will balance out?
- Is there a possibility for proof of concept for the linear? Could we chat about that? It's a big jump and its going to be extremely difficult to get support from industry.
- I hope that the folks at The City is aware we are trying to preserve affordability. I trust that's what you've said that you've maximized to the full extent of what you can, I'm hoping you can appreciate what we are trying to do. We need to stand up and fight for that. We need answers

to those important questions, if its important for that support from our members, we will need to address the unaccounted-for piece.

- Why are the rates for plants for the Established Areas linked to future plants when they tie into existing plants. There is a significant timing difference in how these projects roll out that is not being reflected in the current methodology.
- We inherited this issue. On your item five: it's going to be over a 15-year time frame instead of the 10 year right?
- Water losses don't affect water pressures, is that what I'm hearing?
- Are we going to get the response on Monday from The COO's office?
- If you have a few minutes, could we go through the model so that I can make sure I'm reading them correctly?
- This is about fighting for affordably for homeowners, thank you.
- Do we need to schedule a meeting with the COO's office? If you could guide us if there are time slots available? Want to confirm our times in our calendars.
- Previously the team had said we would still be taking feedback until the end of October, would be nice to be aligned before it goes to executive committee.
- Do you want anything from BILD for the final consultation meeting?
- We see that you did fix the storm drainage on the rate, and that we have a lot of questions of the Established Areas.

Summary of Action Items

- provide a reference to treatment plant model for water – refer to treasury to confirm why there is a role over to the 5 year.
- Go through the [financial] model for accuracy.
- Provide proof of concept for the linear.
- Provide a response time to BILD from COO's office (regarding their questions/concerns).
- Requests from BILD for final consultation prior to Oct.5th.
- Confirm feedback deadline for BILD.