



Community Services Levies Working Group: Emergency Response Station Preliminary Rate

June 27, 2023



Today's Agenda

1. Welcome & Agenda Overview
- 2. Introductions**
3. Preliminary Levy Rate
4. Principles
5. Methodology
6. Levy Rate Model Intro
7. Discussion and Next Steps



Meeting Norms

- **Presentations:** Please hold questions until the end.
- **Tone:** Keep a positive tone. Discuss ideas on addressing issues.
- **Listen & Respect:** Every voice is an important voice. Everyone participants, 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 if you are online.
- **Discussion:** If you would like to comment or have a question, please raise your hand (in-person/online). We will get to you in order as best as we can.



Preliminary Levy Rate – Emergency Response Stations

	2023 Posted Rates (\$/ha)	Preliminary Rate (\$/ha)	Change (%)
Fire Levy Rate	\$22,349	\$22,136	-1%



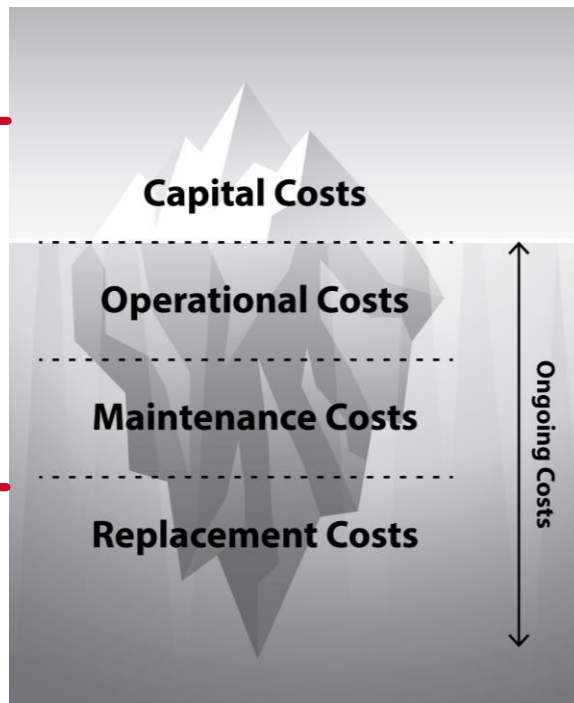
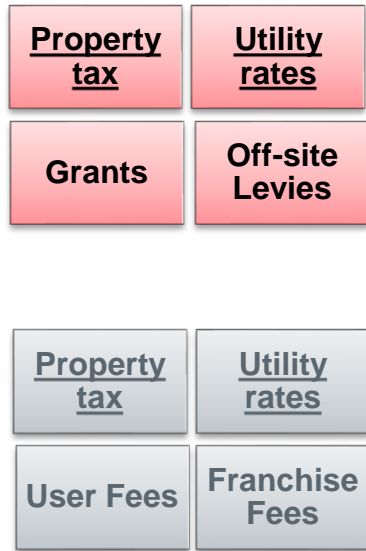
Council-approved Principles for Growth Funding & Financing

- 1. Sustainable and resilient:** The off-site levy should be structured and monitored in a way that supports long-term sustainability of levies and associated service and infrastructure for Calgary, on the premise that growth pays for its share of growth. At the same time, it should allow the ability to withstand and be nimble in response to changing environments in the near-and mid-term.
- 2. Shared cost, shared benefit, shared risk:** The off-site levy should reflect equitable sharing, among stakeholders, of cost, benefit and risk related to off-site infrastructure.
- 3. Competitive:** As a component of the overall cost of development, and value for money within Calgary, the off-site levy should be positioned to deliver infrastructure and services, within a competitive and stable environment, that help attract residential, commercial, and industrial development and investment within the Calgary Region.
- 4. Collaborative and consultative:** The off-site levy (process, methodology and calculation) should be developed through a collaborative and consultative approach with stakeholders.
- 5. Transparent and accountable:** The off-site levy (process, methodology and calculation) shall be clear and transparent. The off-site levy should be governed according to the Off-Site Levy Principles, with oversight, stewardship and ongoing monitoring and reporting.
- 6. Aligned and compliant:** The off-site levy shall be aligned to The City's growth and funding strategies, be compliant with governing legislation, and seek changes in the legislation that help advance towards the Off-Site Levy Principles.



Funding mechanisms for growth costs

City Funding Mechanisms



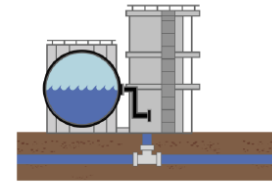
City Growth Costs



Fire & Police



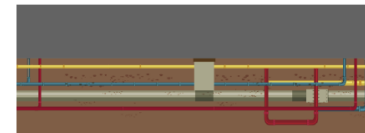
Recreation & Libraries



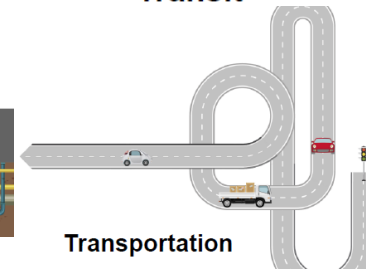
Water



Transit



Sanitary & Storm



Transportation

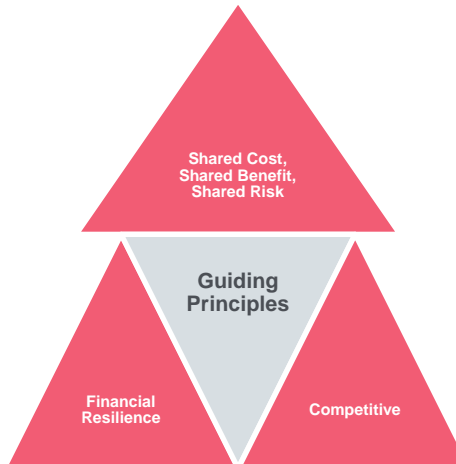
*underlined are repeated funding mechanisms that fund a multitude of costs



Who funds the initial capital costs of growth?



*City must consider the submerged part of the iceberg to achieve guiding principles





Levy Rate Formula (old)



Capital Costs (\$)

x


Benefit (%)

Approved, Leviable Land (ha)

Levy Rate per Hectare



Levy Rate Model (new)

Annual Calculation 
using escalation and discount rates

Starting Balance	\$	
Capital Expenditures	Minus	
Developer Contributions (levy rate x ha)	Plus	
Investment Income / (Interest expense)	Plus / (Minus)	
Ending Balance	= \$	= \$0





Major Model Assumptions

Item	Description
Planned land	<ul style="list-style-type: none"> • Includes all current ASP land • Includes all projects directly aligned with growth • Model period to 2055, plus 3 years for levy payment schedule
Land Absorption	<ul style="list-style-type: none"> • All leviable land will sign a development agreement (DA) by the end of the model period • Steady decline in DA's from 2027 to the end of the model period
Expenditures	<ul style="list-style-type: none"> • All projects will be built within the model period • Some years will have a negative levy balance • Other funding to deliver projects will be available as needed
Levy Rate	<ul style="list-style-type: none"> • Balances expenditures with revenues to achieve \$0 at the end of the model period
Incoming Levy Balance	<ul style="list-style-type: none"> • Equates to the “previously levied” land / population i.e. supports the portion of costs not being paid by the remaining leviable land



Key Model Variables

Item	Influencing Factors
Expenditures	<ul style="list-style-type: none">• Priority projects, corporate prioritization, Council approvals
Land absorption	<ul style="list-style-type: none">• Annual fluctuations
Escalation rate	<ul style="list-style-type: none">• 5-year rolling average
Discount rate	<ul style="list-style-type: none">• 5-year rolling average
Payment schedule	<ul style="list-style-type: none">• Community Services is paid in year 3



Community Services is paid in year 3

Invoicing pattern of a Development Agreement (DA):

	<u>1st invoice</u>	<u>2nd invoice</u>	<u>3rd invoice</u>
Non Off-site Levies:	100%		
<u>Off-site Levies:</u>			
Water	55%	45%	
Transportation		20%	80%
Community Services (includes Transit and CPS)			100%
Total fees, levies, and charges:	30%	30%	40%



Future Levy Variables

Item	Influencing Factors
Projects costs	<ul style="list-style-type: none"> • Design advancements and scope changes
Project inclusions	<ul style="list-style-type: none"> • Plans and policies
Alternative Funding & Financing	<ul style="list-style-type: none"> • Funded by levy vs other means
Escalation rate	<ul style="list-style-type: none"> • High or low inflationary periods will affect the 5-year rolling average in the model
Discount rate	<ul style="list-style-type: none"> • Impacted by a variety of factors per methodology to develop a discount rate



Levy Updates

- Levy proposed to be updated annually
- Timing/frequency to align with growth and infrastructure approvals
- New leviable land and associated new capital projects added to the calculation.
- Other variables can be adjusted as well as information is refined / updated.



Discussion and Next Steps

- Model:
 - What do you need to understand the model?
 - What information / descriptions are missing?
 - Versioning

- Other options:
 - Reach out with specific questions - 1 on 1's?
 - Formal sessions?
 - Informal group Q&A?

	CS Working Group
Emergency Response Services	27-Jun
Calgary Police Service	18-Jul
Calgary Public Library	27-Jul
Recreation	31-Jul

Thank you!