

STRATEGIC GROWTH AND FUNDING IN THE SOUTH SHEPARD AREA STRUCTURE PLAN

EXECUTIVE SUMMARY

Administration has received and reviewed two Outline Plan/Land Use (OP/LU) applications within the South Shepard Area Structure Plan (ASP). The developers of these lands are seeking planning approvals in order to initiate development of ±155 hectares in southeast Calgary. These proposals would result in the first phase of urban development within South Shepard.

The South Shepard ASP includes a Growth Management Overlay (Overlay) policy in order to ensure the coordination of growth and the associated servicing and funding. The policy states that the Overlay should only be removed when solutions for municipally financed infrastructure and services have been determined. The ASP also indicates that a land use redesignation should not be approved until the Overlay is removed through an ASP amendment.

Concurrent with the OP/LU review process, Administration worked with the developers to identify the infrastructure and services required to enable development. The developers have submitted a Growth Management Analysis/Business Case in order to seek Overlay removal, as a proposal is necessary when a development area requires infrastructure and/or servicing that are not identified in approved City capital or operating budgets. In this case, an unresolved issue is that the area is outside of Council's seven minute benchmark for emergency response service, and there is no approved funding for the required capital and operating costs. If development is allowed to proceed without seven minute service, it will reduce the ability to meet the Council approved benchmark and lead to an inequity in service between this and other areas of the city.

South Shepard has not been identified as a priority growth area in City budgets or capital plans. Subsequent phases present additional financial and planning challenges, and may not proceed for a number of years. This would make it difficult to achieve operating efficiencies, and to provide transit and other community amenities that align with the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP). Also, the Calgary Fire Department has identified a number of other emergency response stations that it considers a higher priority, based on need in established areas and other new communities.

Therefore, Administration recommends that it is premature to remove the Growth Management Overlay for the subject lands in the South Shepard ASP.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommend:

1. That this report (PFC2017-0445) be directed to the July 31 Combined Meeting of Council to the Public Hearing portion of the Agenda;
2. The proposed bylaw set out in Attachment 5 be advertised in accordance with standard public hearing requirements;
3. That Council hold a public hearing on the proposed bylaw; and
4. That Council refuse to remove the Growth Management Overlay and file and abandon the bylaw.

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PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 May 6, Council adopted Bylaw 10P2013, the South Shepard Area Structure Plan. The Urban Growth policies in Section 8.4 define the intent and implementation of the Growth Management Overlay.

On 2013 March 15, Council approved C2013-0057 “New Area Structure Plan Process”, which identified in an attachment to that report that Growth Management Overlay removal proposals should be brought to the Priorities and Finance Committee (PFC) for decision. This attachment is also appended to this report as Attachment 1.

On 2010 May 17, through report CPS2010-30, Council approved policy CSPS033, “Integration of Emergency Services into The City of Calgary Land Use, Infrastructure and Mobility Planning Policy”. This policy articulates the role of emergency service providers as essential partners in The City’s land use, infrastructure and mobility planning processes.

On 2008 January 9, Council approved CPS2008-03 “Calgary Fire Department Service Levels and Response Time Benchmarks”. In this document, the key service level benchmark is referenced as 5.2.1, which is the First Alarm Performance Against Response Time Target for both fire rescue and emergency medical incidents.

BACKGROUND

Relevant Planning Policy

Guiding policy for growth planning can be found in the MDP, where it is noted that “the policies of the MDP provide the primary source of direction for strategic growth and change decisions”. Fostering complete communities and a multi-modal, connected city are overall goals of the MDP. From Part 5, section 5.2.5:

- The City has an obligation to provide essential infrastructure when it grants land use approvals for new developments, including core services such as water, wastewater, roads and fire and police services. The City is also responsible to its current and future citizens for ensuring the provision of complete community infrastructure including transit, libraries, parks and recreation facilities. Provision of infrastructure and the associated operating and maintenance costs require substantial ongoing investment.

The Overlay was introduced to help facilitate comprehensive, logical, and efficient growth in alignment with the above MDP direction. This was intended to ensure that the opening of a new community would be done in parallel with providing these core services, while setting the stage for delivering complete community services and ensuring that operating and maintenance costs are managed efficiently. An Overlay exists in all ASPs approved since 2012.

The South Shepard ASP includes an Overlay for unserved or pre-development lands. In this ASP, an OP/LU application can be received by The City, but the Overlay must be removed prior to land use approval by demonstrating that infrastructure and service issues are resolved. Relevant policies from Section 8.4 of the ASP include:

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- **1.c.** A land use redesignation should not be approved until the portion of the Overlay including the lands subject to a redesignation application is removed, even if the design and land use pattern proposed through the redesignation is considered to be satisfactory.”
- **1.d.** Prior to, or in conjunction with the approval of land use redesignation to accommodate fully-serviced urban development within the Plan Area, the Overlay as shown on Map 14: Growth Management Overlay should be removed from the redesignation area through an amendment to the map by Council.”
- **2.a.** An application to remove a portion of the Overlay through an amendment to Map 14: Growth Management Overlay must include a growth management analysis that addresses the means of coordinating development with City-financed services over time, in accordance with the prioritization principles of the Corporate Framework for Growth and Change, or approved growth management policies in place at the time, and contain the following:
 - the major on-site and off-site transportation and utility infrastructure improvements and facilities necessary to serve the subject site, including, but not limited to:
 - i. transportation,
 - ii. water service,
 - iii. sanitary service,
 - iv. storm water service, and
 - v. emergency response service;

For lands with an Overlay, an assessment of infrastructure and services is required. If the identified elements are either in place, approved by Council in City budgets, or funded by other levels of government, then the Overlay can be removed. Additionally, a developer can submit a Growth Management Analysis/Business Case that demonstrates how infrastructure and services can be delivered through a developer supported funding agreement and/or servicing proposal. The proposal submitted for the subjects lands can be found in Attachment 2.

Service Level Response Time Targets

Council has approved a benchmark in CPS2008-03 “Calgary Fire Department Service Levels and Response Time Benchmarks” that identifies:

- (5.2.1) First-in pumper emergency response within seven minutes at fire rescue incidents, and within six and thirty seconds minutes at life threatening emergency medical incidents, 90% of the time.

The seven minute fire rescue benchmark was affirmed in 2014 as Performance Measure N.PM2 for Community Services in the Action Plan (2015-2018) budget process. The benchmark for medical incidents (N.PM3) was revised to seven minutes to bring it into alignment with the fire rescue benchmark.

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These benchmarks are key performance metrics for the Calgary Fire Department. They were developed to balance the needs of the public, the safety of Fire Rescue personnel, and the protection of lives, property, and the environment. The Department has identified these benchmarks as the primary justification when requesting funding for additional emergency response stations.

Integration of Emergency Response and Planning Policy

Council Policy CSPA033 “Integration of Emergency Services into The City of Calgary Land Use, Infrastructure and Mobility Planning Policy” describes how emergency service provision should be included in The City’s land use, infrastructure and mobility planning processes. Relevant excerpts from this policy, including providing equitable service for Calgarians and identifying the Calgary Fire Department as a key stakeholder, are appended in Attachment 3.

Based on these policies/guidelines and benchmarks, Administration must include emergency service provision in its assessment of whether the subject lands are sufficiently serviced to begin urban development.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The subject lands include ±155 hectares in the southern part of the ASP. Hopewell Residential Management LP is the developer for LOC2016-0090 (±95 hectares), while Melcor Developments is the developer for LOC2016-0115 (±60 hectares). A Growth Management Analysis/Business Case was submitted jointly for the two applications (Attachment 2). The Overlay assessment was completed concurrently with the OP/LU process.

Attachment 4 includes a map of the land use concept approved for the ASP, as well as maps of the subject OP/LU applications. Attachment 5 is an ASP amendment bylaw that identifies the area for which the developers are seeking Overlay removal. This bylaw will be advertised in order to provide Council with both options (removal and no removal) at the Public Hearing.

Transportation, Water, Sanitary and Storm Servicing

Administration’s analysis has determined that the required assets necessary for providing water, sanitary and stormwater service are considered developer funded, therefore no City capital costs are required to service the subject lands.

For transportation servicing, the developer has proposed a two-lane roundabout at Highway 22X and 104 Street SE to provide primary access to the site. The developer group has agreed to fully fund this temporary asset which will ultimately be replaced with a City funded north-south flyover. Administration has determined that this roundabout can accommodate up to 2,700 single family equivalent units and ~2,800 square metres of commercial development. Highway 22X is under the jurisdiction of Alberta Transportation. Alberta Transportation has been consulted and have agreed to the interim dual lane roundabout concept with an ultimate flyover. The developer group is currently undertaking a Functional Planning Study for the roundabout with geometric detail and land impacts to be approved by Alberta Transportation and The City.

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In addition to the flyover, other capital investments will be required to service additional phases beyond the subject lands. These investments, as identified in the ASP, include feedermain extensions, a sanitary trunk, a library and other community amenities.

Emergency Response Servicing and Developer Proposal

The Calgary Fire Department has determined that the subject lands are completely outside of the seven minute benchmark. The nearest stations to the subject lands are Station #30 (McKenzie Towne – 7.8km drive distance) and Station #41 (Seton – 9.4km drive distance). As a result, without capital and operating funding for a station within seven minutes of the subject lands, the Calgary Fire Department would not be able to meet its benchmark for this area, and in doing so erode its ability to meet the benchmark overall. Furthermore, the Fire Department considers a portion of the lands to be outside of the 10 minute Alberta Building Code standard.

Representatives from Administration met multiple times with the developers to review potential solutions for bringing emergency response service to the subject lands. Through these discussions, the developers have suggested greater use of non-flammable building materials, building sprinklering, and alternative emergency access ideas to mitigate the coverage issue. They have been willing to financially partner on the capital component of a temporary station. The Fire Department has shown flexibility on service delivery city wide, accommodating temporary stations in different formats and modeling various road patterns and access scenarios. The developers indicated throughout that they could not support the operating cost burden associated with a new emergency response station within their business model.

The basis for the developer proposal for emergency response service is as follows. Comments in quotations are taken directly from the developer proposal.

- Based on an interpretation that response time targets and service level benchmarks “are long term goals for the Fire department to achieve and not necessarily a firm requirement for all new development”
- A proposal that in advance of The City providing seven minute emergency response service, sprinklers will be installed in all homes “to reduce flames spread from the room of origin and statistically reduce the amount of fire related injuries and deaths”.
- “When the population in Hotchkiss is such that property taxes collected by [The City] can generally support the operating cost of a [emergency response] station at The City’s sole determination, a temporary [emergency response] station can be built on a reserved lot by the Developers.”

Conclusion

Based on an analysis of the proposed solutions, including the formal proposal in Attachment 2, Administration recommends that the removal of the Overlay cannot be supported at this time.

The following strategic growth concerns, based on MDP policy, have been identified regarding initiating development in the South Shepard ASP at this time:

1. **Development Location:** The subject lands are isolated, and the community is small (~3,300 expected units) relative to current average new communities. As mentioned, further

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development north and south of the subject lands will require transportation, utility and complete community infrastructure. As existing development to the west is separated from the area by Stoney Trail, it is likely the area will face transit and walk/bike connectivity issues until service is provided, connections are available, and usage is desirable. For these reasons, it is not clear that realizing a complete community that is well connected is likely in the short term.

2. **Investment Priority:** In order to maximize access, and infrastructure and operating efficiencies, The City seeks to attract growth to areas where City services such as transit, recreation, and emergency response are already in place. Then, through its budgets and in alignment with the Municipal Development Plan, the Calgary Transportation Plan and other Council priorities, The City makes strategic investments to advance future growth areas. While the subject area has planning policy in place, it has not been identified as an investment priority for The City in approved budgets and plans.
3. **Operating Costs:** A key focus for Administration is managing costs and finding operating efficiencies. Required general operating costs are not in approved budgets. This includes, but is not limited to, emergency services, Calgary Transit, Waste & Recycling, and Parks service. It should be noted that the lead developer has been involved in discussions with The City around how developers can contribute to the operating cost burden in new communities. No conclusion has yet been reached in this work.

Specific to the emergency response issue, Administration has the following concerns:

1. **Operating Costs for New Fire Halls:**
 - a. The Calgary Fire Department is currently assessing available operating resources and unfunded station needs. At this time, the Department is unable to resource a station in South Shepard within existing budgets.
 - b. The developer group has stated in their Growth Management Analysis/Business Case that they cannot support the operating costs for a temporary emergency response station within their business model.
2. **Access for Emergency Services:** The developers have suggested an emergency access point across Highway 22X. Through modeling, this proposal was not found to improve emergency response service sufficient to meet the seven minute benchmark.
3. **Sprinklers and Building Materials:** The developers have offered to construct homes using less flammable building materials. The Fire Department supports sprinklers and less flammable building materials, however these measures do not address the life threatening emergency medical component of the service.
4. **Policy Implementation:** The Calgary Fire Department does not support the developer group's interpretation of the benchmark in the Service Level Response Time Target policy.

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- a. The interpretation would create a entire community operating at a lower level of service, and significantly impair the ability to achieve the seven minute Council approved benchmark
- b. The Fire Department believes the best way to ensure equitable, efficient, cost-effective seven minute service is to link funding commitments to planning approvals, thereby minimizing the risks to citizens

Administration is therefore recommending against removing the Overlay for the subject lands. Administration will continue to monitor market trends, land supply levels, and operating funding levels in order to determine the best time to support development in South Shepard.

Process

As indicated, the South Shepard ASP allows for concurrent review of the OP/LU application and the Growth Management Analysis/Business Case. The OP/LU was received on 2016 April 20. The Growth Management Analysis/Business Case was initially received on 2017 February 6. The ability to submit concurrently was established through the ASP prior to Council approval of the process chart displayed in Attachment 1; however Administration has used this chart as a guide to bring forward both files to Council. Therefore, the Growth Management Analysis/Business Case is brought forward to PFC through this report, and the Hopewell Residential OP/LU (LOC2016-0090) is scheduled to be received at Calgary Planning Commission on 2017 June 15. Both reports are then recommended to be received together at the 2017 July 31 Combined Meeting of Council. The Melcor Developments OP/LU application (LOC2016-0115) will proceed to Calgary Planning Commission at a later date.

Stakeholder Engagement, Research and Communication

Administration has met with the developers multiple times before and throughout the OP/LU review process (May 2016 – March 2017). Calgary Growth Strategies, Community Planning, the Calgary Fire Department, the Law Department and other business units through CPAG have been involved.

Strategic Alignment

The South Shepard ASP was approved in 2013. This plan area, along with other ASPs completed before and after, have been evaluated for inclusion in City budgeting exercises. The location for the emergency response station is identified in the ASP, and the required funding is not included in Action Plan (2015-2018) or in Community Services' 10 Year Community and Recreation Infrastructure Investment Plan (CRIIP).

In the MDP, Section 5.2.5 "Linking land use to municipal financial and infrastructure capacity" speaks to an obligation to provide core services, including fire services, when land use approvals are granted.

Social, Environmental, Economic (External)

Social

The development of the subject lands will bring additional population growth to southeast

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Calgary, though it is unclear how much of the growth will be net new population increase or population reallocated from other developing communities. New residents will create new demand for government services and private amenities. The City will need to be ready to provide services in order to facilitate complete communities.

Environmental

Site specific environmental concerns are part of the OP/LU review. Initial access/egress for the subject lands is focused on auto travel, and is not conducive for active modes such as walking and bicycling, and efficient transit service. There is an unresolved issue related to the wetlands and storm water management that is being examined through the OP/LU review.

Economic (External)

A new growth area in southeast Calgary would bring an additional opportunity for new housing and commercial development. The developer group has estimated that new development, over the entire build out period, would generate ~\$87M in off-site levies and add ~\$1.8B to the assessment base. While this would create jobs and investment, it is not clear how much will be net new growth or reallocated from other developing communities.

Financial Capacity

Current and Future Operating Budget:

Operating costs for the emergency response station are unfunded in the Action Plan 2015-2018 period. Administration estimates an annual operating cost of \$3.5 million for a temporary station. The source of funding for these costs would be the property tax base. As well, providing transit and other City services would have an operating budget impact at such time as they are provided.

If Administration's Recommendation 4 is accepted by Council, there is no impact to the operating budget.

Current and Future Capital Budget:

Capital costs for the emergency response station are unfunded in the Action Plan 2015-2018 period. Administration estimates a cost of \$1.5 million (one time) for a temporary station, and a cost of \$18 million (one time) for a permanent station. The primary source of funding for these costs is the Community Services Charge paid by developers.

If Administration's Recommendation 4 is accepted by Council, there is no impact to the capital budget.

Risk Assessment

If Administration's Recommendation 4 is accepted:

1. Until an emergency response solution is found, the developer group's investment in the subject lands would not occur. The 2016-2020 Suburban Residential Growth document,

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produced by The City, reports 4-5 years of serviced land in the southeast planning sector, and 5-6 years citywide as of April 2016.

If Administration's Recommendation 4 is not accepted:

1. There are a number of other greenfield growth areas where emergency response service is beyond seven minutes. In areas where emergency response service is a major limiting factor, there will be pressure to extend the same treatment as that applied in South Shepard to other developers. If this occurs, it will generate inequity in service across the city. There would be areas where response is provided within seven minutes, and others where service is provided beyond seven minutes with no tangible financial plan to provide comprehensive and equitable coverage in the future.
 - a. This may create a legal risk to The City as the policy is implemented unequally in different areas of the city.
 - b. For new residents and businesses, it increases safety risk and insurance cost to locate in an area outside of the benchmark.
2. There is the potential to "pre-commit" future City capital and operating budgets, or divert from other priorities, because development will be allowed to proceed and will eventually trigger future unfunded needs. This includes the future emergency response investment, but also other City investments required to serve the community comprehensively.
3. It becomes very unlikely that the Calgary Fire Department would be able to achieve the Council benchmark of seven minute response to fire incidents, 90% of the time, because any incidents in South Shepard would raise the percentage of incidents where the response time was not achieved.
4. Administration is aware that it could be argued that the members of the PFC have fettered their own discretion in a recommendation to Council on the ASP amendment. In asking PFC to review and determine whether adequate City services have been provided for, whether at City or developer expense, the recommendation is strategic and financial. This is a more appropriate determination for PFC than Calgary Planning Commission as the essence of the recommendation is the use of current and future public dollars. Regardless, Council members must be amenable to persuasion at any public hearing, and any position they took at PFC is preliminary at best.

REASON(S) FOR RECOMMENDATION(S):

For the subject lands in the South Shepard ASP, Administration and the developer group explored different options for securing seven minute emergency response service. The developer group also proposed that The City revisit its implementation of the seven minute benchmark in order to allow development ahead of seven minute service. As neither sufficient technical or financial solutions were forthcoming, and Administration has concerns about inequity in emergency response and establishing precedent for growth areas, Administration does not support relaxing the implementation of Council's benchmark. Further, the subject lands have not been identified as a priority for investment in Council approved budgets. Administration

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also has concerns about the isolation of the new development, and the impact of this on the efficiency of City services. Administration recommends against accepting the developer proposal for emergency services and therefore that it is premature to remove the Growth Management Overlay for the subject lands.

ATTACHMENT(S)

Attachment 1: Growth Management Overlay Evaluation from C2013-0057 New Area Structure Plan Process: Attachment 4

Attachment 2: South Shepard ASP – Hopewell/Melcor Business Case for Growth Management Overlay Removal

Attachment 3: Excerpts from the Integration of Emergency Response into The City of Calgary Land Use, Infrastructure and Mobility Planning Policy

Attachment 4: Map of Outline Plan/Land Use Applications and Land Use Concept from the South Shepard ASP

Attachment 5: Proposed Amendments to the South Shepard Area Structure Plan