

Entering into the Cooperative Stormwater Management Initiative (CSMI) Cooperative

RECOMMENDATION(S):

That the Intergovernmental Affairs Committee recommend that Council:

1. Direct Administration to:
 - a) Finalize negotiations and formally enter into the Cooperative Stormwater Management Initiative (CSMI) Cooperative, contingent on Rocky View County Council and the Western Irrigation District Board doing the same, within the next 6 months; and
 - b) Provide CSMI updates as part of the annual Integrated Watershed Management Update to the Standing Policy Committee on Utilities and Corporate Services (UCS) and as a periodic regional update to the Intergovernmental Affairs Committee, as needed.
2. Direct that the contents of Attachments 3 and 4 remain confidential pursuant to Sections 16 (Disclosure harmful to the business interests of a third party), 21 (Disclosure harmful to intergovernmental relations), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

Review By: 2021 October 15

HIGHLIGHTS

- The purpose of this report is to recommend that The City of Calgary (The City) formally enter into the Cooperative Stormwater Management Initiative (CSMI) to manage stormwater in East Belvedere instead of taking a Calgary-only approach that would drain these lands through Forest Lawn Creek (FLC).
- What does this mean to Calgarians? CSMI will be a cost-effective use of Water Utility rates and off-site levy dollars. CSMI will enable the development of East Belvedere and will benefit Calgarians who will live and work in the area by minimizing localized flooding and supporting watershed health.
- Why does it matter? CSMI is a provincially supported collaboration between four municipalities and the Western Irrigation District (WID) to resolve drainage challenges limiting the region's economic potential. CSMI supports regional economic growth, inter-municipal cooperation, the agricultural sector and watershed health.
- CSMI will invest approximately \$90.3M in capital by 2043 to build and operate a regional stormwater conveyance system in a challenging drainage area. The City's share will be approximately \$9.9M, with an additional ~\$10M to build a connection to CSMI. Timing of The City's investments will be determined by East Belvedere development.
- Previous Council Direction: Administration was directed to sign the CSMI Master Stormwater Agreement no later than 2018 February 28 (IGA2018-0166).
- Strategic Alignment to Council's Citizen Priorities: Pursuing CSMI is in alignment with: H3 Manage the interrelationships between flood protection, water quantity and quality, and land use; H4 Work with regional partners on an integrated approach to the watershed; W3 Examine opportunities for alternative service delivery for competitiveness.
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

- The CSMI Cooperative is expected to include The City of Calgary, Rocky View County (RVC), Town of Strathmore, Wheatland County and the WID. The City of Chestermere withdrew from the initiative in 2019 December.
- CSMI is unique in that it will be owned and operated by an external party, on lands outside the city boundary, and governed by a Board on which The City would hold one of five equal votes.
- Municipalities in the CSMI region are experiencing increased urbanization and industrialization, accelerating the need for stormwater solutions that will effectively manage stormwater volume and quality.
- The City has limited options for stormwater management in East Belvedere. A feasibility investigation on the FLC alternative identified several environmental and implementation challenges on the already strained FLC watershed. Directing flows to FLC would likely require widening the creek, could reduce the developability of lands identified by Real Estate & Development Services (RE&DS) and would limit the capacity to accommodate densification and adapt to climate changes.
- A comparative sustainability assessment found that CSMI presented a lower flooding risk for development along FLC and ranked higher for contributing to sound regional growth, climate resiliency, and watershed health. CSMI should help create a more level stormwater playing field for development in the region.
- All five partners intend to sign the CSMI legal agreements in 2020 Q4 allowing the CSMI Cooperative to be established and construction to start. The first stage of construction is expected to begin by the end of 2020.
- The estimated total capital cost of the CSMI system by 2043 is \$90.3M. The City's share will be approximately \$9.9M. \$7.3M in provincial grants and \$2.6M in federal capital grants have been awarded to support the initiative to date. The City would also need to invest approximately \$10M to build and own a stormwater drainage connection, with right of way through the City of Chestermere, from the eastern edge of East Belvedere to the start of the CSMI system south of Chestermere Lake.
- By signing on to the CSMI Cooperative, The City would agree to these key terms:
 - WID will construct, own and operate the system at the direction of the Cooperative.
 - City Council will only approve developments in East Belvedere that are designed to meet the mandatory CSMI rate, volume and quality requirements.
 - Member costs will be proportional to use, however voting rights will be equal.
 - Should rate, volume or quality exceedances occur that cannot be attributed to a specific party, members will share proportional responsibility.
 - The lands to be serviced by the CSMI have been fully delineated, and there will be limited opportunities to accommodate additional lands in the future.
- Next steps: CSMI members will execute the legal agreements to formally establish the Cooperative in 2020 November. Administrative and governance procedures will be established in Q4 2020. If signing on to the CSMI Partnership is approved, The City will finalize an internal implementation plan to participate. The first phase of construction is anticipated to begin by 2020 December.

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STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Communication or Engagement was not required

The recommendation to proceed with CSMI instead of the Calgary-only FLC option does not impact the timing or cost of development in Calgary therefore no formal engagement was conducted on this matter.

Stakeholder engagement will be carried out by the CSMI for each stage of infrastructure construction, as directed by the related regulating and funding bodies. Stakeholder engagement may include partner municipalities, irrigators, landowners and First Nations communities.

IMPLICATIONS

A cross-Corporate Triple Bottom Line team identified following implications of entering CSMI:

Social

- Participating in CSMI demonstrates regional cooperation. The CSMI appears to align with the Calgary Metropolitan Region Board's 2021 Growth and Servicing Plans.
- CSMI will protect East Belvedere communities from localized flooding, improving safety for people and property, and supporting Resilient Calgary's 'Future Ready Infrastructure' and 'Natural Infrastructure' pillars.
- CSMI's mandatory volume control targets could drive natural infrastructure for stormwater management, adding to community connectivity, vibrancy and aesthetics.
- FLC would require extensive upgrades to infrastructure and the creek, which could impact community connectivity and vibrancy.

Environmental

- CSMI will allow partner municipalities to grow while maintaining irrigation water quality and watershed health. Managing water quality and quantity is a concern with the FLC option.
- Compared with FLC, CSMI's governance and operations should improve regional accountability for water quality and reduce adverse impacts to the watershed.
- Widening FLC would likely be necessary, which would have negative impacts on the creek and its banks and would require approval under the Water Act.
- CSMI studies demonstrated potential to accommodate climate change impacts. Constraints in the FLC area limits its capacity to accommodate increased flows to adapt to climate changes and further densification in the area.

Economic

- CSMI levels the stormwater playing field for regional developers by establishing common stormwater management targets for all partnering municipalities.
- CSMI avoids potentially significant impacts to RE&DS lands as directing flows to FLC could reduce developable land and/or require additional fill.
- Stepping away from the CSMI could be damaging for regional relations and economic development. However, CSMI will likely be completed with or without The City.
- CSMI is cost-effective use of Water Utility rate dollars that will benefit Calgarians.

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Service and Financial Implications

Existing Operating funding - base

Existing Capital funding -base

Participating in CSMI does not require any adjustments to Council's 2019-2022 Service Plans and Budgets. The Water Utility intends to recover capital debt-servicing through off-site levies. The operating costs (administration, monitoring, operations, maintenance, and CSMI Board participation) are captured in the Water Utility's annual budget and will be recovered through Stormwater rates. Detail is provided in Attachment 2.

Table 1: Capital cash flow projections

CSMI CAPITAL COSTS <i>(rounded numbers)</i>	2018 2019	2020	2021	2022	2023- 2043	Total (2018- 2043)
Total CSMI cost	\$0.8 M	\$6.4 M	\$6.5 M	\$2.1 M	\$74.5 M	\$90.3 M*
City of Calgary share of CSMI cost	-	\$0.1 M	\$0.4 M	\$0.3 M	\$9.1 M	\$9.9 M
City of Calgary connection to CSMI**	-	-	-	-	\$10.0 M	\$10.0 M

*\$9.9 M in provincial and federal grants awarded to CSMI to date, reducing municipal investment to \$80.4 M. The City's CSMI cost share would have been higher without these grants.

** The City's capital investment needed to build and own a stormwater drainage connection from the East Belvedere to the CSMI system.

Opportunity cost of pursuing the recommendation

The opportunity cost of pursuing the recommendation means that The City is not pursuing FLC, a project that offers full City control over design and implementation timelines. If the City of Chestermere finds an alternate stormwater solution to CSMI, this could provide a potential development advantage for Chestermere.

RISK

Attachment 3 (Restricted) identifies the key risks from The City participating in CSMI and the associated mitigation strategies.

ATTACHMENT(S)

1. Previous Council Direction, Background
2. CSMI region map, construction stages, and capital funding
3. CONFIDENTIAL - Risk management
4. CONFIDENTIAL - Summary of legal agreements

**Utilities & Environmental Protection Report to
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Department Circulation

General Manager	Department	Approve/Consult/Inform
Dan Limacher	Utilities and Environmental Protection	Approve