

## **ADVANCING GROWTH IN KEYSTONE HILLS ASP: BORROWING BYLAWS AND AREA STRUCTURE PLAN AMENDMENT**

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### **EXECUTIVE SUMMARY**

The Construction and Financing Agreement (CFA) for West Keystone has now been executed to advance the construction of the storm and sanitary trunks to service the area. Administration previously prepared the bylaw to amend the ASP map to remove the overlay from the lands related to the West Keystone CFA, which received first reading at Council's Public Hearing March 9, 2015. Administration is bringing this report to Council for consideration for advancing the construction of the capital infrastructure and the partial removal of the Growth Management Overlay for Keystone Hills.

A new alignment for the future water feedermain has now been secured with the Province within the Transportation Utility Corridor. Therefore, the bylaws and a CFA for the water feedermain is no longer required.

### **ADMINISTRATION RECOMMENDATION(S)**

That Council:

1. Give second and third reading to Bylaw 14B2014 and 15B2014 for the interim and long term debt to advance the required capital sanitary and storm infrastructure;
2. Amend Bylaw 7P2015, by deleting Map 4, entitled "Growth Management Overlay" and by substituting with the map entitled "Growth Management Overlay" as contained in Attachment 3 to this report;
3. Give second and third reading to Bylaw 7P2015 as amended;
4. Reconsider Council's decision contained in the Minutes of the 2014 November 17 Regular Meeting of Council, with respect to Priorities and Finance Committee Recommendation 3 contained in Report PFC2014-0844;
5. File the Priorities and Finance Committee Recommendation 3 contained in Report PFC2014-0844; and
6. Give first reading to Bylaw 6B2015 to repeal Borrowing Bylaws 16B2014 and 17B2014 for \$6.7 million each for interim and long-term debt for the water feedermain in East and West Keystone.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2014 November 17 the following recommendation, from report PFC2014-0844 East and West Keystone Financing and Funding Proposals, was approved by Council:

3. Approve capital budget appropriations for 2015 in program 892-000 (Water Distribution Network) of \$6.7 million for both East and West Keystone funded by self supported debt;
5. Direct Administration to finalize and execute the Construction and Financing Agreements associated with the East and West Keystone Financing and Funding Proposals only if provisions for the payment of operating costs by the developers are included in the agreements;
6. Give first reading to the proposed Bylaw 12B2014, Bylaw 13B2014, Bylaw 14B2014, Bylaw 15B2014, Bylaw 16B2014 and Bylaw 17B2014 for interim and long-term debt for East and West Keystone and withhold second and third reading pending the execution of the Construction and Financing Agreements associated with the East and West Keystone Financing and Funding Proposals.

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On 2014 December 15, Council adopted the following recommendations contained in Report C2014-0963:

1. Give second and third reading to Bylaw 12B2014, Bylaw 13B2014, Bylaw 16B2014 and Bylaw 17B2014.
5. Direct Administration to prepare a new bylaw to lift the Growth Management Overlay for the area related to the West Keystone Funding and Financing Proposal, advertise, and return directly to Council once the Construction and Financing Agreements (CFAs) have been executed.

On 2015 March 9, Council adopted the following recommendations contained in Report C2015-0193:

1. Give first reading to Bylaw 7P2015; and
2. Withhold second and third readings of Bylaw 7P2015 pending second and third readings of the borrowing bylaws 14B2014 and 15B2015 for the short and long term debt to advance the required capital sanitary and storm infrastructure.

### **BACKGROUND**

Administration has continued to work collaboratively with five developers in the West Keystone area (the Developers), being Mattamy, Genstar, The Hong Family, Brookfield and Qualico, to finalize the details of the West Keystone Construction and Financing Agreement (CFA). Through discussions, Administration and the Developers were able to reach agreement on the interim operating costs and lifecycle costs which have been addressed and included in the CFA.

Water Resources and the Developers have agreed to an alternative alignment of the future Northridge Feedermain (water feedermain) that was originally to be installed through the lands of the East and West Keystone CFAs. The alternate alignment allows the water feedermain to be installed when the City allocates budget. This eliminates the need for a CFA to advance the construction through the East and West Keystone lands.

It has been determined that the existing roads to service the Keystone Hills ASP can facilitate a growth of approximately 1400 housing units. Until the capital road improvements have been completed, a cap of 1400 housing units has been imposed on development applications within the Keystone Hills ASP. The capital improvements totalling approximately \$75 million have been budgeted 2020 to 2023.

This report brings forward the borrowing bylaws for interim and long term debt and the ASP amendments to revise the Growth Management Overlay (GMO) in the Keystone Hills ASP to allow development to proceed in the West Keystone area. Since each recommendation is dependent on the approval of the previous recommendation, Administration has prepared this report to align them in the correct order to facilitate Council's consideration process. Details of the recommendations are as follows:

1. Bylaw 14B2014 and 15B2014 require second and third reading. These bylaws ensure that Council approves the debt that will finance the assets constructed by the developer.

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The developer will be repaid from the proceeds of the long term debt issuance in 2024 as stipulated in the West Keystone CFA.

2. Bylaw 7P2015 requires an amendment to add an outstanding condition to the GMO map, "If the 144<sup>th</sup> Ave NW road alignment is revised, the Growth Management Overlay Removal Area boundary adjacent to 144<sup>th</sup> Ave NW will continue along to match the revised alignment.", as shown on the map (Attachment 3).
3. Bylaw 7P2015 requires second and third reading. This bylaw amends the Keystone Hills ASP Map 4 Growth Management Overlay to reflect that the required funding for the capital infrastructure is now available and that the Developers can proceed to the land use/outline plan application stage if their application is within the GMO removal area.
4. Water Resources budget appropriations must be readjusted to reflect that the advancement of the construction of the water feedermain through East and West Keystone is no longer necessary since an alternative alignment has been resolved.
5. Priorities Finance Committee Recommendation 3 has to be filed as per normal process.
6. Bylaw 6B2015 is being introduced to repeal the borrowing bylaws for the interim and long term debt to advance the pre-installation of the capital water feedermain as the advancement is unnecessary.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

N/A

**Stakeholder Engagement, Research and Communication**

Administration has worked collaboratively with internal departments and the Developers to establish the terms of the Construction and Financing Agreement for the West Keystone Funding and Financing Proposal. Administration met weekly with the Developers. Weekly meetings were also held with an internal coordinating team including Law, Finance, Water Resources, Transportation and Growth Management. Directors and General Managers from the related business units and departments also provided input and direction.

**Strategic Alignment**

N/A

**Social, Environmental, Economic (External)**

N/A

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**Financial Capacity**

**Current and Future Operating Budget:**

The infrastructure for West Keystone was originally planned to be beyond 2018, therefore operating costs for these areas were not included as part of Action Plan 2015-2018. To minimize the impact to the current operating budget, Administration and the Developers have agreed to an interim operating cost and lifecycle cost to reduce the impact on The City's operating and maintenance budgets.

**Current and Future Capital Budget:**

Consistent with the Growth Management Framework, the infrastructure for West Keystone had been indicated for 2024 in The City's 10-year capital plan. Council approval of the 2015 capital budget appropriations and the related borrowing bylaws for interim financing and long-term debt funding is required to accommodate the earlier construction of the infrastructure.

**Risk Assessment**

The most significant risk is committing funds for infrastructure ahead of when it was scheduled in the capital budgets as it reduces the ability of The City to adjust its priorities in response to changes in growth trends. For example, if the economy continues to slow down, absorption will be delayed and cost recoveries by the City will also slow down from the collection of off-site levies and taxes.

The available capacity within the overlay removal area will be allocated on a first-come-first-served basis. Currently, there could be 4 outline plans submitted within the overlay area, which could ultimately result in approximately 5000 housing units. Without capital improvements to the transportation network to Keystone Hills, there is significant risk to The City that there will be pressure to approve land use and other development applications beyond the 1400 housing unit cap imposed in the Keystone Area.

**REASON(S) FOR RECOMMENDATION(S):**

The Construction and Financing Agreement for the West Keystone Funding and Financing Proposal has been executed as previously directed by Council.

**ATTACHMENT(S)**

1. Proposed Bylaw 14B2014
2. Proposed Bylaw 15B2014
3. Amended Keystone Hills ASP Map 4 Growth Management Overlay
4. Proposed Bylaw 7P2015
5. Proposed Bylaw 6B2015