

Alternative Funding Contingency Plan

On 2024 January 16, through the amendment to the Report IP2023-1264, Council directed Administration to report back in 2024 Q2 to the Infrastructure & Planning Committee with a detailed implementation plan, including specifics on deliverables, scope of work, resourcing and timing on alternative means to fund new growth-related infrastructure in active Area Structure Plans outside the currently Approved Area, as opposed to passing the financial burden to The City of Calgary, existing taxpayers and existing utility rate payers. This included consideration of developer-led and/or provincial government funded options.

This attachment provides an overview of the plan as outlined in the amendment to the Report IP2023-1264.

The City of Calgary uses off-site levies to fund the delivery of priority infrastructure and services that support growth in new and existing communities. Other funding sources are The City's responsibility and can include tax dollars, utility rates, cost-sharing with other local governments and/or cost-sharing with other orders of government. As outlined in the "Municipal Fiscal Gap" report (C2023-0960) presented at the 2023 September 26 Council meeting, there are few funding tools available to municipalities, meaning the reliance on off-site levies is critical for The City.

Preliminary investigation of alternatives or complementary funding tools to levies indicated that various developer-led funding models are used by other Canadian municipalities. The examples of these include models where developers directly fund, finance and build growth infrastructure with no payback from the municipality. Other models were noted where developers fund, finance and build infrastructure, and are paid back by other developers benefitting from the infrastructure. This type of inter-developer cost-sharing administered by the municipality is known as Permanent Area Contributions (PAC) in Edmonton.

Administration has prepared a three-phase approach to the Alternative Funding Contingency Plan:

1. Investigate funding options as alternatives to the off-site levies to mitigate the risk of a challenge to the Off-site Levies Bylaw.
2. Assess implications of the alternative funding contingency tools on the Off-site Levies Bylaw and The City's financial sustainability.
3. Potential consideration of implementing alternative funding contingency tools as needed.

The following table summarizes the strategy for developing the Alternative Funding Contingency Plan:

Deliverable	Scope of work	Resourcing	Timing
Phase 1: Investigate contingency funding tools alternative to the off-site levies			
Project charter, governance model	Develop project charter, confirm resources and governance.	Lead: Planning and Development Services Support: Finance, Infrastructure Services	2024 Q3
Workplan, project scope	Confirm project scope and alignment with corporate priorities while ensuring collaboration with internal parties.	Lead: Planning and Development Services Support: Finance, Infrastructure Services	2024 Q3
Project execution	Conduct research of alternative funding contingency models (developer-led and/or	Lead: Planning and Development Services	2024 Q3 - 2025 Q2

	provincial government). Assess them through the lens of the Council direction. Evaluate the benefits and risks of switching all or part of the infrastructure types currently funded by the off-site levies to the alternative system(s) (developer-led and/or provincial government).	Support: Finance, Infrastructure Services	
Phase 2: Assess implications of the alternative funding tools on the Off-site Levies Bylaw and The City's financial sustainability.			
Off-site Levies Bylaw impact assessment	Assess the impact of the alternative funding contingency tools (developer-led and/or provincial government) to the Off-site Levies Bylaw including benefits and risks to The City of switching to a different funding system (developer-led and/or provincial government) if there is a challenge to the Off-Site Levies Bylaw.	Lead: Planning and Development Services Support: Finance, Infrastructure Services	2025 Q4 - TBD
Phase 3: Implement alternative funding contingency tools if needed			
Implementation	Potential consideration of implementing alternative or complementary funding tools (developer-led and/or provincial government), if required. Administration will continue to monitor the benefits and risks over time.	Lead: Planning and Development Services Support: Finance, Infrastructure Services	TBD