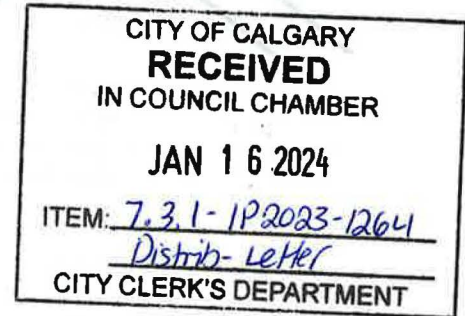




January 15, 2024

City of Calgary  
P.O. Box 2100, Stn. M, Mail code 8138  
Calgary, Alberta,  
Canada  
T2P 2M5

Dear Members of Council,



**RE: BILD Issues and Recommendations on Proposed Off-site Levy Bylaw  
10 Home and Business Essentials: Improved Off-site Levies Program and Bylaw, IP2023-1264**

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We are reaching out on behalf of BILD Calgary Region (BILD) to address the upcoming Council meeting on January 16, 2024, where the proposed off-site levy bylaw update will be discussed. This communication serves as an extension of our initial letter to Council sent on December 12<sup>th</sup>, prior to the Infrastructure Planning Committee (IPC) meeting on December 13<sup>th</sup> ([link](#)). In this letter, we highlight particular concerns related to the proposed off-site levy bylaw and present BILD's recommendations for addressing these concerns in a timely, fair and fully transparent manner.

This letter flags three remaining areas of concern which have become clear following the IPC meeting. We believe these items are important to City Council's deliberation on this matter. First, information provided by Administration to Committee members regarding water levy modelling was not correct. Second and third, with respect to transit and water consumption assumptions implicit in the OSL bylaw rates, industry is willing to accept Administration's recommendations provided there is a direction to collect and report accurate data, which can then be used as data inputs for establishing levy rates.

BILD has engaged with Administration and members of Council on these matters over the last 4 years, including our participation in the December 13<sup>th</sup>, 2023, IPC meeting. Subsequent discussions were held with Administration senior leadership on January 4<sup>th</sup> and 8<sup>th</sup>, 2024, including Stuart Dagleish and Josh White, in the hopes of finding solutions to our concerns which could ultimately gain BILD's support for the levy in its entirety. Unfortunately, Administration is not willing to work with industry on all three items, and therefore we are appealing to City Council to provide that direction.

BILD's concerns and recommendations related to the proposed OSL Bylaw are outlined below:

#### **Denominator used in Water Levies**

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##### **Summary**

In response to prior requests, Administration provided updated water levy related information to industry on December 4<sup>th</sup>, 2023. Industry has since reviewed the full ASP area model provided by The City and has determined that financial model, in our analysis, was incongruent with information represented to IPC on December 13<sup>th</sup>, 2023.

##### **Issues**

1. BILD disagrees with Administration's representation to IPC that the full ASP area model results in a higher levy than one with the Approved Areas as the denominator. The data and model used to reach that conclusion is inconsistent with The City's own long-range forecasts and the practical reality of when infrastructure would be required.
2. As was presented on January 4<sup>th</sup>, 2024, to Administration, BILD used the full ASP area model (provided by The City) and cross referenced the City of Calgary Long Range Water Plan 2021 (provided by The City) to reallocate four projects to the City's own projected timeline for construction. The result was a levy that was lower than The City's proposed bylaw update using the Approved

Areas denominator model, and therefore better reflects a more accurate and fair allocation of costs to benefitting areas. Given what is evident by a corrected full ASP area model option, accurately reflecting The City's long-range capital plan, it is clear to BILD and its members that the levy based on the Approved Areas as proposed, does not meet the test for a fair and accurate allocation of proportional benefit.

3. BILD requested Administration work closely with industry for approximately 2 weeks in advance of the January 16<sup>th</sup> Council meeting to verify all the assumptions in the full ASP area model. BILD believes this will lead to a meaningfully lower water levy rate which is more fair and fully transparent. Unfortunately, Administration declined.

#### **Recommendation**

BILD requests Council direct Administration to engage in transparent collaboration with BILD for a thorough validation of assumptions within the full ASP area model. We propose that the revised full ASP area-based levy rates be presented to Council by the end of February 2024.

#### **Transit**

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##### **Summary**

BILD supports the inclusion of transit buses in the levy and equitable transit service to new development where, with the proposed transit levies, renters and purchasers of new homes will pay for the capital costs of new buses required to provide such transit service. However, it is not clear from any data provided to BILD by Administration that equitable transit service to new development will be implemented.

##### **Issues**

1. Industry is willing to accept Administration's recommendations provided that an acceptable means is established to capture and report real transit service and utilization data for new communities (rather than relying on city-wide data), with a mechanism for reconciliation and levy adjustment in future per that information.
2. Simply put, we are asking for the reporting to confirm that the money collected, is spent for this purpose or that the methodology calculation be amended to align with the actual transit service provided.

##### **Recommendation**

BILD requests Council direct Administration to make changes, acceptable to industry, to OSL Annual Reporting commencing with the 2024 OSL Annual Report to include actual new bus service provided (buses purchased and new routes implemented) as compared to population growth in greenfield areas. This reporting will serve to inform future levy bylaw updates with measured inputs.

#### **Water Consumption/Max Daily Demand (MDD)**

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##### **Summary**

Industry is willing to accept Administration's recommendations provided that an independent third-party is assigned to research and report accurate estimates of water system leakage and end-user consumption associated with new community development (rather than relying on city-wide data and estimates), with a means for reconciliation and levy adjustment in the future per that information.

##### **Issues**

1. The central issue for the purpose of benefit allocation for water related levies is whether assigning the average production from water treatment plants is appropriate given it is known there is a difference in water use and end user consumption due to aging infrastructure in the established areas versus new infrastructure and lower consumption in new communities due to more efficient appliances. Using a city-wide average makes renters and purchasers of new homes pay twice. Firstly, in the higher than needed cost of water levies included in the price of their new home and secondly to pay through water rates for both the inefficiency inherent due to the higher rate of leaks and breaks in established areas and costs to repair those breaks.
2. BILD maintains that data is available or should be obtainable to distinguish water use and end-user consumption in new areas from the city-wide average.

3. The City of Edmonton's water services provider, EPCOR Water Services Inc. (EWSI), indicates a significantly lower MDD design metric is used in Edmonton for new growth. While it is not expected that the MDD design metrics for Calgary and Edmonton to be equal, EWSI notes that the lower growth design metric has allowed them to delay water treatment plant expansions for over a decade and materially reduced costs on water line extensions projects. This significant difference between Alberta's major cities, warrants expedient further investigation and review, with the results of such review possibly serving to reduce capital expenditures and cost recovery risks for both industry and The City. EPCOR Study is linked here. [EPCOR Water Use Study](#)

#### **Recommendations**

1. BILD requests Council direct Administration to:
  - a. Engage BILD to come to agreement on appropriate terms of reference for an arms-length third-party review of appropriate water consumption rates for new greenfield areas. BILD believes such agreement on terms of reference could be reached by the end of February.
  - b. Report back to IPC by no later than September of 2024 with the findings of the arms-length third-party review as well as proposing any further appropriate corresponding adjustments to the impacted levies as needed.

In addition to the above recommendations, given the transition from the current 2016 bylaw to the new 2024 bylaw, BILD would like to collaborate with Administration on enhanced OSL monitoring and reporting to ensure clarity, accuracy of the balances pre and post the 2024 OSL Bylaw. BILD respectfully requests Council initiate a motion arising specifically addressing the need for an improved monitoring and reporting process for the OSL balances. BILD proposes Administration report back to Council by Q3 2025.

After four years of engagement, BILD remains committed to achieving a fair and fully transparent levy system in collaboration with the City of Calgary. We believe that the proposed recommendations outlined above are crucial steps in this direction and will ultimately gain BILD members' support for the new Off-site Levy Bylaw. Further, BILD's proposed approach is consistent with the sense of urgency and commitment Council stated and directed as part of its emergency September 16<sup>th</sup>, 2023, Council meeting on the housing affordability crisis in Calgary.

We appreciate your attention to these matters and kindly request your support in advocating for these recommendations during the upcoming discussions on the off-site levy bylaw on January 16<sup>th</sup>. We believe that by working together, we can achieve a balanced and equitable solution that benefits all stakeholders.

Thank you for your time and consideration. We look forward to continued collaboration and a mutually acceptable resolution on this important matter.

Yours truly,  
**BILD Calgary Region**



Brian R. Hahn  
Chief Executive Officer

**Cc: City of Calgary:**  
Stuart Dalglish, Chief Operating Officer  
Debra Hamilton, A/General Manager, Planning & Development Services  
Josh White, Director, Calgary Approvals Coordination Planning & Development  
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Jennifer Black, A/ Coordinator, Growth Financial Strategies

**BILD Calgary Region:**  
BILD Calgary Region Board of Directors  
BILD Off-site Levy Steering Committee