

Attachment 4: Direct Incremental Operating Costs in New Communities

This attachment outlines the review process on information gathered with respect to the Direct Incremental Operating Costs in New Communities. A summary table of these costs is presented on the following page.

Through this process, meetings were held with subject matter experts throughout the Administration on the Direct Incremental Operating Costs applicable to new communities specific to each business unit.

These meetings took place in the first quarter of 2018 to ensure the timeliness of information. In many cases, the cost structure had been closely reviewed as part of this same initiative in 2017, and confirmed once again in 2018.

Items confirmed with each business unit were:

- When service is typically, or has historically been introduced
- Cost per year
- Cost driver (e.g., flat fee, per household unit cost, per lane kilometer, per hectare, time)
- Confirmation of when calculation was last reviewed
- Description of what is included in the cost
- Methodology of calculation

Senior administrators are in agreement with the cost estimates as well as the cost driver identified and the description of what is included in the service provided.

In certain cases, specifically Fire and Transit, the direct incremental operating cost is heavily dependent on geographical conditions surrounding the business proposal. The Fire Station in the attached document is assuming a “base” fire station versus a station with additional service capabilities. This is largely dependent on what nearby Fire Stations are equipped with, and if supplement equipment/staff is or is not required to adequately support the larger area.

For Transit, the estimate for introductory-level service (peak-periods only) is based on the average direct incremental operating costs from previous service introductions, which have typically ranged between \$500K and \$1.0M. Costs and service introduction timing are dependent on the geographic nature of the community, level of service, and whether a completely new route would be required or if an existing adjacent route can be extended to accommodate a new community. Ultimately, funding is required for incremental operating costs before transit service can be introduced or expanded in a new community.

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	Service	Introduction	Avg Cost per Year	Cost Driver	Description
1	Fire	For lands beyond seven-minute service	\$3,400,000	Per Station	<ul style="list-style-type: none"> Interim fire service costs Single engine with 20 staff, protective equipment, duty gear, engine operating costs, facility and operations maintenance.
2a	Roads	1 st Year after Final Acceptance Certificate	\$2,750	Per km	<ul style="list-style-type: none"> Street lighting, signage, minimal clearing during Year 1
2b	Roads	2 nd Year after Final Acceptance Certificate	\$9,500	Per lane km	<ul style="list-style-type: none"> Street lighting, signage, street cleaning, snow removal and potholes
3a	Introductory Transit	At 670 Units	\$750,000	Per route	<ul style="list-style-type: none"> Peak-period bus service (average of range) Range is \$500K - \$1M depending on geographical conditions, level of service, and ability to extend existing routes Data are based on long-term historical average Funding prerequisite before service can be introduced
3b	Base Transit	At 2150 Units	\$1,750,000	Per route	<ul style="list-style-type: none"> Full day bus service Cost represents the average within the typical range of \$1.25M-2.5M, depending on geographical conditions and level of service Data are based on long-term historical average Funding prerequisite before service can be expanded
4	Parks	After Final Acceptance Certificate	\$17,500	Per municipal reserve hectare	<ul style="list-style-type: none"> Includes horticultural, irrigation, amenities, pathways and urban forestry.
5	Waste & Recycling	At occupancy	\$88	Per Single/Semi Residential Occupied Dwelling Unit	<ul style="list-style-type: none"> Black Cart and Green Cart service
6	Police	At 500 Units	\$160,000	Per Officer, per 500 units	<ul style="list-style-type: none"> Citywide average of one officer for 500 households to maintain current level of City wide service

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	Service	Introduction	Avg Cost per Year	Cost Driver	Description
7a	Community Standards	At initiation	\$135,000	Per Officer, per 3500 Units	<ul style="list-style-type: none"> • One officer per 3500 households • Includes Salary, Equipment, Vehicle Maintenance and Operating Cost
7b	Calgary Neighbourhoods	As required	\$25,000	Per Community Association	<ul style="list-style-type: none"> • Commences upon the establishment of Community Association (Neighborhood Partnership Coordinator); Neighborhood Programming for running recreation programs in new community