

**Presentation Overview**  
2014 October 28

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## Council Direction

2014 October 28

On 2014 July 28, Council adopted PFC2014-0568 directing Administration to:

1. Investigate the viability of landowner "gifting" proposals in Keystone West and East .....
2. To proceed with negotiating construction financing agreements for East and West Keystone for an area not to exceed 1400 units in total; and report back through the Priorities & Finance Committee by 2014 October 28 at the latest .....



## Background

2014 October 28

- ▶ Construction Finance Agreements allow for developers to advance timing of development
- ▶ Infrastructure needed to start the development is paid for by the developers
- ▶ The City pays the developer back at the time scheduled Capital Budgets

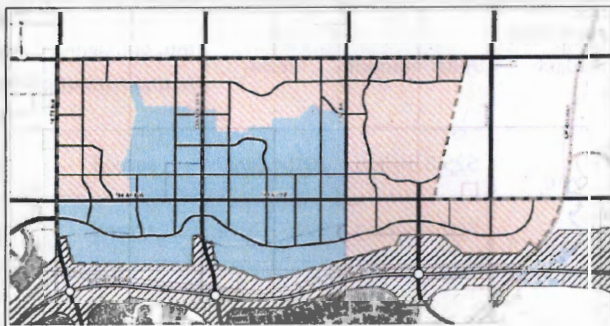
### 'Gifting' Analysis

2014 October 28

- ▶ The idea of 'gifting' is not a viable solution to advance capital infrastructure

### Growth Management Overlay

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**Map 4**  
**Growth Management Overlay**

Transportation/Utility Corridor	144th Avenue Boundary	144th Avenue Road
Growth Management Overlay	Growth Management Overlay	Local Road
Growth Management Overlay	Growth Management Overlay	Primary Collector/Collector
Growth Management Overlay	Growth Management Overlay	Interchange

\* Outstanding conditions:  
1. The required transportation appraisals are not funded at the time.  
2. The required capacity study for all of the proposed roads.  
3. The required site plan is not funded at the time, accordingly, project north of 144th Ave will be moved over appraisals by The Calgary Fire Department.

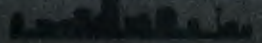
The alignment of 144th Avenue NW will be revised though ASP amendment. The map in Figure 1 does not reflect this requirement.



## Agreement Terms

2014 October 28

- ▶ Capital Infrastructure
- ▶ Infrastructure Estimated Costs
- ▶ Payback Timing
- ▶ Debt and Debt Servicing Impacts
- ▶ Operating Costs



## Agreement Terms

2014 October 28

East and West Keystone Impacted Budget Programs	Dollar amount	Term	City of Calgary Administration	Brookfield, Mattamy, Genstar, The Hong Family
East Keystone (sanitary and storm)	\$25.8 million	2015 - 2020	agreed	agreed
West Keystone (sanitary and storm)	\$10.5 million	2015 - 2024	agreed	agreed
Water Feedermain Pre-installation (portion along centre street and 144 <sup>th</sup> Ave)	\$6.7 million	TBD - 2024	agreed	agreed
Total Capital Cost	\$43.0 million			
Incremental Operating Costs	TBD	TBD	TBD	TBD

## Endeavours to Assist

2014 October 28

- ▶ Developers requested that an Endeavour term be included in the agreements
- ▶ City would assist the developers to recover some of their costs from other developers
- ▶ Additional risks for The City associated with this approach under current SDA
- ▶ Administration did not support including this term

## Risk Analysis

2014 October 28

- ▶ Impacts debt
- ▶ Long term financial commitments - loss of ability to adapt to unforeseen change
- ▶ Cumulative risks of several CFAs
- ▶ Leads to fragmented growth and potential over supply of infrastructure per capita
- ▶ Intensive use of staff resources - redirect focus to strategic, collaborative solutions

## Conclusions / Next Steps

2014 October 28

### Conclusions:

- ▶ General agreement on the terms
- ▶ Operating cost methodology requires further discussions
- ▶ Administration supports moving forward with these CFAs, and the associated borrowing bylaws

## Conclusions / Next Steps

2014 October 28

### Next Steps:

- ▶ Administration to prepare bylaws for 2014 November 17 meeting of Council recommending 1<sup>st</sup> reading
- ▶ Resolve operating cost term
- ▶ Return to Council for 2<sup>nd</sup> and 3<sup>rd</sup> reading of bylaws and ASP amendment to remove Growth Management Overlay.
  - ▶ This is planned to occur on December 15 provided agreement on all terms and the CFAs have been executed.

## Recommendations

2014 OCTOBER 28

That the Priorities and Finance Committee:

1. Direct Administration to prepare the following bylaws for East and West Keystone according to the terms outlined and attach them to this report prior to going to the 2014 November 17 meeting of Council:
  - a. Borrowing Bylaw 12B2014 for the interim debt required to a maximum amount of \$25.8 million in self-supported debt for East Keystone;
  - b. Borrowing Bylaw 13B2014 for the long-term debt required to a maximum amount of \$25.8 million in self-supported debt for East Keystone;
  - c. Borrowing Bylaw 14B2014 for the interim debt required to a maximum amount of \$10.5 million in self-supported debt for West Keystone;

## Recommendations

2014 OCTOBER 28

That the Priorities and Finance Committee:

1. Direct Administration to prepare the following bylaws for East and West Keystone according to the terms outlined and attach them to this report prior to going to the 2014 November 17 meeting of Council:
  - d. Borrowing Bylaw 15B2014 for the long-term debt required to a maximum amount of \$10.5 million in self-supported debt for West Keystone;
  - e. Borrowing Bylaw 16B2014 for the interim debt required to a maximum amount of \$6.7 million in self-supported debt for East and West Keystone combined;
  - f. Borrowing Bylaw 17B2014 for the long-term debt required to a maximum amount of \$6.7 million in self-supported for East and West Keystone combined.

## Recommendations

2014 OCTOBER 28

### 2. Recommend that Council:

- a. Approve capital budget appropriations for 2015 in programs 895-000 (Collection Network) of \$15.4 million, and 897-000 (Drainage Facilities & Network) of \$10.4 million for East Keystone funded by self supported debt;
- b. Approve capital budget appropriations for 2015 in programs 895-000 (Collection Network) of \$8.8 million, and 897-000 (Drainage Facilities & Network) of \$1.7 million for West Keystone funded by self supported debt;
- c. 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;

## Recommendations

2014 OCTOBER 28

### 2. Recommend that Council:

- d. Approve exceeding the drainage debt servicing limit of 40 percent of revenues from 2014 – 2024 to a maximum of 53 percent for the sole purpose of entering into Construction and Financing Agreements associated with the East and West Keystone Financing and Funding Proposals;
- e. 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;
- f. 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.



Questions

2014 October 28

Questions?