



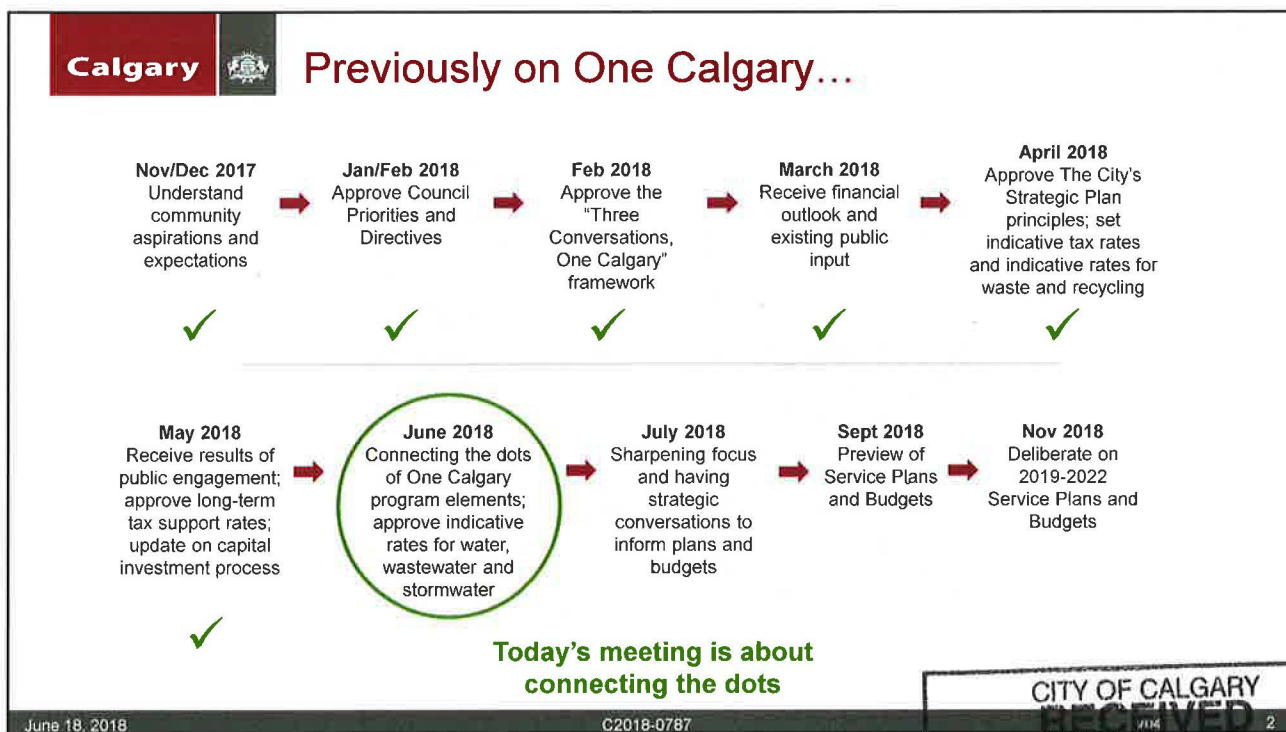
Calgary 

One Calgary: Utilities Indicative Rates and Funding New Growth

C2018-0787

ISC: Unrestricted

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JUN 18 2018

ITEM: C2018-0787
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Services delivered by the Water Utility



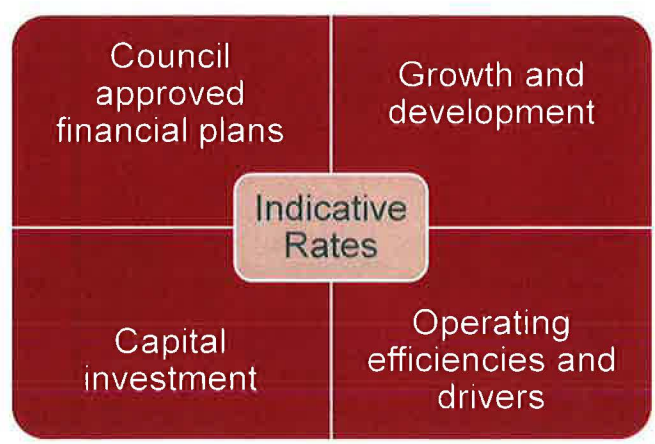
- Water treatment and supply
- Wastewater collection and treatment
- Stormwater management

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Factors affecting rates and rate increases

Slide from April 25 Strategic Session



Council approved financial plans	Growth and development
Capital investment	Operating efficiencies and drivers

Indicative Rates

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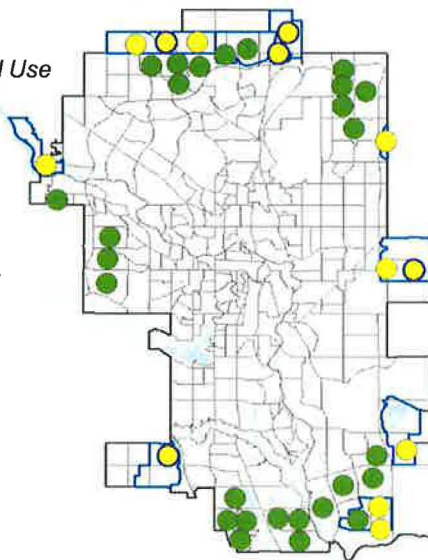


New Community Growth Strategy

- 27 Actively Developing Communities with Land Use

Future Investment Areas:

- Unfunded
- Future new community with significant non-residential component
- Area Structure Plan boundary



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Off-site levy funding for capital in new communities

Slide from April 25 Strategic Session

- While developer levies will fund some of the capital costs of infrastructure in the new communities, significant City funding will also be required (\$millions)
- Some of the Utilities infrastructure in the additional communities is not included in the current levy bylaw
 - Developer funding proportion of this infrastructure is unknown
 - This represents utilities' infrastructure and the costs have been assumed in the utility rates
- Required infrastructure to initiate the community (timing not indicated) and does not include downstream capital requirements

# of communities	Capital Required	Developer portion funded by off-site levies	City funded portion	Utility Infrastructure currently not in the levy bylaw
6	\$190-560	\$95 - \$320	\$25 - \$145	\$70 - \$110
12	\$710 - 910	\$400-\$470	\$180-220	\$130-220
All business cases	\$940	\$490	\$230	\$220

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Indicative utility service rate impacts with additional new growth

Slide from April 25 Strategic Session

	Indicative rate range* - not including new growth (2019-2022)	Incremental impact of new growth ** (2019-2026)	Total rate impact (2019-2022)
Water	0% per year	+ 0.0 - 0.5% per year	+ 0.0 - 0.5% per year
Wastewater	+ 4.5 - 5.5% per year	+ 0.2 - 0.4% per year	+ 4.7 - 5.9% per year
Stormwater	+ 3.5% - 5.0% per year	+ 0.5% - 1.5% per year	+ 4.0 - 6.5% per year

* Impacts will vary based on cost of service recommendations to be presented June 2018

** This is contingent on the growth decision made by Council in June 2018

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Current findings – utility infrastructure costs

All new growth business cases require a total of \$210 - 220 million (capital cost) for projects not in the current OSL bylaw

- ~\$200 million developer share (greenfield)
- ~\$10-20 million city share (non-greenfield)

New Community Growth Strategy	Incremental rate increase needed for <u>City share</u>
ALL business cases	Water - + 0.5% per year Wastewater – 0% per year Stormwater – 0% per year

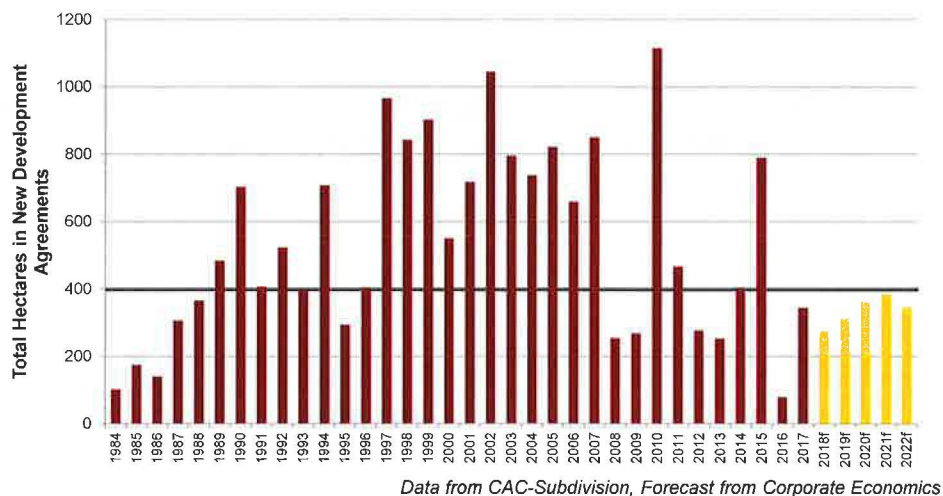


Cashflow/Timing Gap

- I. Short-term OSL shortfall is due to timing
 - OSL revenue income does not match timing of principal and interest payments
 - This is not a structural subsidy of growth by rate payers
 - This was a known risk
- II. Magnitude of shortfall is also driven by the gap between forecast and actual development rates
- III. Investments to new areas may increase the gap



Historical and projected Ha of Development






Indicative utility service rate impacts with City share of ALL NCGS business cases

	Indicative rate range* - not including new growth (2019-2022)	Incremental impact of City share of all NCGS business cases** (2019-2026)	Total rate impact (2019-2022)
Water	0% per year	+ 0.5% per year	+ 0.5% per year
Wastewater	+ 4.5 - 5.5% per year	+ 0.0% per year	+ 4.5 – 5.5% per year
Stormwater	+ 3.5% - 5.0% per year	+ 0.0% per year	+ 3.5 – 5.0% per year

* Impacts will vary based on cost of service recommendations to be presented July 2018

** This is contingent on the growth decision made by Council in June 2018

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Comparison of Utility Indicative Rates Proposed in April and June

From Apr 25 discussion

	Indicative rate range* - not including new growth (2019-2022)	Incremental impact of new growth ** (2019-2026)	Total rate Impact (2019-2022)
Water	0% per year	+ 0.0 - 0.5% per year	+ 0.0 - 0.5% per year
Wastewater	+ 4.5 - 5.5% per year	+ 0.2 - 0.4% per year	+ 4.7 – 5.9% per year
Stormwater	+ 3.5% - 5.0% per year	+ 0.5% - 1.5% per year	+ 4.0 – 6.5% per year

* Impacts will vary based on cost of service recommendations to be presented June 2018

** This is contingent on the growth decision made by Council in June 2018

Both the **developer's and City's share** in the utility rates for a subset of new community business cases

To today's discussion - June 18

	Indicative rate range* - not including new growth (2019-2022)	Incremental impact of City share of all NCGS business cases** (2019-2026)	Total rate impact (2019-2022)
Water	0% per year	+ 0.5% per year	+ 0.5% per year
Wastewater	+ 4.5 - 5.5% per year	+ 0.0% per year	+ 4.5 – 5.5% per year
Stormwater	+ 3.5% - 5.0% per year	+ 0.0% per year	+ 3.5 – 5.0% per year

* Impacts will vary based on cost of service recommendations to be presented July 2018

** This is contingent on the growth decision made by Council in June 2018

This is only the **City's share** in the utility rates for all 12 new community business cases

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Approximate impact* on typical monthly utility bill – with ALL NCGS business cases

Water, Wastewater and Stormwater Lines of Service	2019	2020	2021	2022
Incremental monthly change without new growth	\$2.96 - \$3.71	\$3.09 - \$3.92	\$3.21 - \$4.13	\$3.35 - \$4.35
Incremental monthly change with to new growth	\$0.23	\$0.24	\$0.24	\$0.24
Approximate typical monthly utility bill is \$115.93 in 2018	\$119.12 - \$119.87	\$122.45 - \$124.03	\$125.90 - \$128.40	\$129.49 - \$132.99

*Approximate only, based on residential metered service with 19m3 per month consumption. Impacts will vary based on cost of service recommendations to be presented July 2018. Impacts will vary based on Council direction regarding NCGS.

Administration Recommendations

That Council:

1. File Recommendation 2 from C2018-0489.
2. Approve the 2019-2022 range of indicative rate increases for Water, Wastewater and Stormwater services as shown in Table 3 of this report;

Table 3: Indicative Rates 2019-2022 – New Growth Community Strategy

Line of Service	Range of Indicative Rate increase 2019-2022
Water Treatment and Supply	0 – 0.5% per year
Wastewater Collection and Treatment	4.5% - 5.5% per year
Stormwater Management	3.5% - 5.0% per year



Administration Recommendations Continued

That Council:

3. Direct Administration, in consultation with stakeholders, to incorporate the proportionate share of the cost of off-site utility infrastructure attributable to new growth that provides servicing to communities approved by Council in the New Community Growth Strategy report (PFC2018-0678) into the off-site levy rates, through a proposed amendment to the water, sanitary sewer and storm sewer levy rates in Bylaw 2M2016, and report back to the Priorities and Finance Committee by 2018 Q4.



Questions

