

Bremner area servicing

Council Meeting

April 4, 2023

Purpose

Administration is recommending an Amendment to the 2023 Capital Budget to add \$26,000,000 for the Bremner Stage 1 water reservoir, pumphouse and supply.

Bremner Planning Timeline



* Timing is dependent on Council decisions and market conditions.

Recent and ongoing work

- Following Council adoption of the ACP and ASPs, administration, the developer and various regional service providers have been working collaboratively on the necessary studies, negotiations, land purchases and appraisals, bylaw creations, transportation upgrades and servicing confirmations that are anticipated to enable the potential review of a subdivision application within 2023, with servicing in 2024/2025 and potential occupancies in 2025.
- The developer has made significant investments to advance the development in accordance with the Council approved statutory plans and based on the current market demands.

Growth projections

Based on current regional growth rates, the County's population is estimated to grow by up to 30,000 people within the next 15 years.

Through the draft five-year growth plan update the region has proposed projections as high as 40,000 people within the same time period. Increased projected growth rates are due to several factors including:

- Anticipated industrial growth within the Heartland Industrial Area
- Anticipated services and associated employment growth within the County's new growth areas
- Anticipated demand increase with more housing choices within the County's new growth areas

Residential development trends

- Previous urban growth rates for the County have been low primarily due to a lack of available serviced lands.
- Since 2021 and the opening of new growth areas such as Cambrian Crossing and Ardrossan East, the County has seen high market demand for new housing. This is demonstrated by current trends in residential lot creation within the County including:
 - In the urban service area, residential development has exceeded the 10-year average by 30%-50%.
 - In the Hamlet of Ardrossan, residential development has exceeded the 10-year average by 40%-60%.

Offsite Development Levies for New Growth Areas Policy SER-009-044

- This policy was adopted by Council in 2019
- The purpose of the policy is to provide a fair, consistent, and transparent approach for the financing, design, construction, funding, and recovery of leviable infrastructure, while maintaining consideration of both developer timelines and Council priorities.
- The general principles of the policy are that the County will finance design and construction of leviable utility infrastructure (water and wastewater), while developers finance design and construction of leviable transportation and stormwater management infrastructure.
- This policy has been implemented in the North of Yellowhead ACP, with County financing of the offsite watermain and stage 1 wastewater, while the developer financed the stage 1 transportation projects.
- In accordance with the policy, design and construction of water storage facilities (i.e., reservoirs and pumphouses) and their associated supply lines is to be funded by water utility rates.

Preferred servicing opportunity

| Stage 1 Water Front-End Costs | |
|------------------------------------|--------------|
| Supply Line | \$4M |
| Reservoir Stage 1 | \$22M |
| Stage 1 Wastewater Front-End Costs | |
| Gravity System Stage 1 | \$23M |
| Total | \$49M |

| Opportunity |
|---|
| As per the Offsite Development Levies for New Growth Areas policy the County is responsible for front-ending all off-site servicing infrastructure, and is responsible for funding water storage and supply infrastructure |
| If Council approves a 2023 CBA of \$26M at this time, for construction of the Stage 1 water servicing (with costs recovered through utility rates) the developer has indicated they would be willing to finance the Stage 1 Wastewater gravity system |
| This opportunity will reduce the County's future front-end requirements by \$23M |
| Water cost estimates include significant contingency (50%) at this time, which generally come down as design progresses |
| This opportunity allows for logical servicing of land in Bremner, without the need for costly interim servicing schemes that can create significant throwaway costs which are ultimately downloaded onto home buyers |

Utility rate and reserve impacts

- The overall expected impact of the new water infrastructure on urban ratepayers is expected to be approximately 30 cents per cubic meter of water or approximately \$4.35 per month (\$52.20 per year) for a typical residential service in the Urban Service Area using 14.5 m³ per month.
- Administration recommends using rate smoothing to incorporate the rate change over a period of five years by adding a dedicated six cent increase each year, starting in 2024, until the full 30 cent increase has been incorporated into the base rate.
- Utilities reserves would be reduced to approximately \$42 million, but the reserve expenditure would be recovered over the next 12 to 14 years. This is not expected to impact Utilities planned capital programs.

Recommendation

THAT an amendment to the 2023 Capital Budget to construct the Bremner Stage 1 water reservoir, pumphouse and supply in the amount of \$26,000,000, to be funded \$13,000,000 from Utilities Reserves and \$13,000,000 from utility rate supported debenture, be approved.