



Updates to the Proposed Water Established Area Levy

Council has directed Administration to explore a new Established Area off-site levy for local-sized water and wastewater pipes in April 2020 to solve the “First-In” problem. A proposal was developed and sent to the development industry in 2021 for feedback. The proposal can be found [here](#).

The “First-In” problem occurs when a new proposed development or redevelopment triggers the need for additional capacity in the local water or wastewater network that requires an infrastructure upgrade. Currently, the developer is required to fund the entire upgrade to support their proposed development.

The problem has two components to it:

1. **Uncertainty** about the trigger and scope of the upgrade. Confirmation of a triggered upgrade is not verified until a development application is submitted. The unexpected costs identified late in the planning process result in financial uncertainty for developers. Depending on the order of magnitude for the upgrade, it can result in project cancellation due to project viability.
2. **Fairness and equity.** The upgrades triggered serve the proposed redevelopment and is a developer obligation. It's possible further development in the area may benefit from this upgrade without future developers having to contribute to the costs paid for by the first developer. There is currently no mechanism for development to recover any of these costs from future developers in the Established Area.

In response to consultation with the development industry, The City is proceeding with a three-year pilot to fund triggered local-sized water and wastewater pipes in the Established Area. Work is underway to identify a variety of funding sources for The City to subsidize the developer portion of the previously proposed levy. The funding source selected will only be in place for the duration of the pilot. No developer contributions are required during the pilot period.

The pilot will be used to test the assumptions, criteria and processes identified in the 2021 levy proposal. The City hopes to understand the infrastructure requirements for the future levy program to better inform the overall needs for Established Area local-sized pipe upgrade funding, including future developer and City contributions.

As part of the pilot, The City will monitor its success throughout the three-year period to determine the next steps for this initiative. It is The City's intention to implement a levy following the pilot period.



The pilot is still under development, so no specific details are available yet. The City hopes to complete the design of the pilot by the end of the year and will share more information regarding implementation details and dates at that time.

In the meantime, landowners and developers are encouraged to contact The City for more information on the pilot and/or locations that may trigger a local-sized upgrade. The City continues to offer free pre-application meetings to provide more information on-site specific infrastructure needs.

Questions or comments about the Water Established Area pilot can be directed to Chris Tse at Chris.Tse@calgary.ca.