Meeting Minutes

Date: May 24, 2022 10:00am

Attendees: Perry Neufeld, Don Janzen, Bridget Mearns, Bud Hogeweide, Jennifer Jared, Byron Buzunis, Lisa Sutherland and Janet Gutsell

Meeting #4 – Set the Levy Rate

Input Assumptions

- New interest rate buffer 1.75%
    - Change to 1.5%
- 3.1% Inflation
- Decrease rate of return from 3.1% to 2.5%
- Oversize $1.9M
- Reviewed adjusted projects
    - Need to add the Station Gate and Metis Trail Intersection project to input assumptions – add wording to the methodology that the ultimate intersection is paid for by the offsite levy no matter whether the developer or arterial road happens first
    - Change from CIP number to project name
    - Walsh Dr. – Why do we need to do the road as well as the sanitary?
        - Report done by L. Lammertsen – There isn't enough room to bury the pipe and not remove the road. We need to look at the construction plan to see if the road can remain and thereby not add the Stage 1 road costs to the project.
        - Still monitoring the levels of the sanitary levels but consensus seems to be that this project is still required. Industry doesn't want any issues being created with not having the pipe in when it's needed.
        - Current CIP project includes both the deep pipe and the stage 1 road costs
    - Add the storm outfall project in WLEC to the input list (or did we leave it for the next round discussion?)
    - W&WW is doing master plans for water, sanitary and storm so that should be ready for the next round of review.

New Cash Flow Graph

- Green line going below 0 is pushed out to 2034
- Blue bars have been adjusted by moving projects and adjusting borrowing terms
- 2030-2034 is where 4 sectors of major development come on line which causes the cash flow to go deeper in debt but this is quite far out and gives us some time to adjust things in the next review
- Based on this information we have proposed just increasing the levy by inflation
- NEW PROPSED RATES

- 2023 - $290K, 2024 - $299K, 2025 - $308K, 2026 - $318K
- Projects now to 2030 within the CIP + Station Gate Intersection – valued at $99M
- We try to keep the blue bars (debt payments) equal with the red line (forecast growth)
- Adding on the debt of Metis Trail and Whoop-Up in 2024 (this was based on the City wanting to bring the projects forward so they carried the debt until the project was originally scheduled in the levy at 2024)
- The green line is based on the difference between revenue and debt
- The Covid review dropped the forecast to 2020 – 5ha and 2021 – 12ha and moved projects out
- This plan gives the levy some room either if development slows and revenue is less than forecast or if development takes off and projects are required sooner. There is room in the cash flow for either scenario
- We made it through Covid due to slow growth and delaying projects
- Right now there is a lot of uncertainty in the global market, construction costs, increasing interest rates, etc. Right now we are in good shape if the growth average will stay at 30ha. Industry notes contractors are saying 15% increase in material costs, if you can get the materials. That doesn't include labour increases which may be around 22%. Project estimates have increased about 10% from 2019 costs so that should address the material increases.
- Our research indicates that other municipalities set a rate which is in place until the municipality does a review. They don't tend to have a yearly rate.

Next Meeting:

- Go through the bylaw. What we need to get finalized quickly is the bylaw, the methodology document can be a longer conversation.
- Push off methodology document to June 21 as it will likely take longer. This methodology document will be the basis for the complete review (Phase II) that will take happen beginning 2023 and will set rates in 2025 for 2026 CIP review (sets CIP for 2027-2030).
- Finalize levy rate to 2026 to align with current CIP.