

Integrated Infrastructure Management Plan - Cumulative Impacts

Recommendation:

That the March 22, 2016, Sustainable Development report CR_2705, be received for information.

Report Summary

This report responds to the costs and revenues of greenfields within a larger framework of Growth Coordination Strategy. The report grounds the cumulative impacts within the context of a more comprehensive perspective, identifies the costs and revenues of growth in the three priority urban growth areas established by *The Way We Grow*, Edmonton's Municipal Development Plan, and establishes a framework to build Administration's capacity to model policy impacts on growth and associated costs.

Previous Council/Committee Action

At the July 8, 2015, Special Executive Committee meeting, the following motion was passed:

That Administration prepare a report outlining the Integrated Infrastructure Management Plan cumulative impacts that relate to the Growth Strategy Implementation initiatives within the City's greenfields.

Report

Context and Broader Implications

The cumulative impacts of the city's greenfield growth is a complex question which should be examined through a more comprehensive approach to understand the full spectrum of considerations.

The direct revenue from both residential and non-residential taxes in specific areas do not give a complete assessment of the value of city development. The picture of city-wide growth cannot be easily represented as no neighbourhood (or group of neighborhoods) is a microcosm, or true representation, of the entire city.

The tax revenue of an individual neighbourhood does not exclusively pay for municipal programs and services associated with that neighbourhood. All neighbourhoods benefit from shared resources, infrastructure and services provided by the municipality, such as, pipes, roads and parks.

Broader economic benefits are accrued from activities spurred by the development of new neighbourhoods, such as, new employment and the purchase of locally produced

goods and services. Secondary benefits accrue from the expenditures of those individuals deriving income directly or indirectly from the development industry.

New residential development leads to lower housing prices and more diverse choices for citizens in support of growing up, in and out. With more housing options for citizens, Edmonton will be more able to attract and retain a skilled and talented work force.

Furthermore, higher incomes and revenues for business tend to boost revenues available to higher orders of government through taxes on income, sales and other business activities.

To advance improved research and analysis for Council to guide planning and support decision-making, Administration will develop a growth modelling framework based on best practices. The tool will enable Council to look at costs and revenues from a city-wide perspective and assess financial and policy impacts of growth.

Integrated Infrastructure Management Planning Cumulative Impacts

Integrated Infrastructure Management Planning is a high-level analysis that provides Council with information about the infrastructure required for development. The broad-based analysis provides a general indication of future cost implications and revenue potential.

At this time, Administration has completed a cumulative Integrated Infrastructure Management Planning analysis for the City's Urban Growth Areas, see Attachment 1.

The Integrated Infrastructure Management Planning review was completed for the build-out of the Urban Growth Areas over a 30 to 39 year time frame, starting in 2016. At build out, these areas are expected to have a total population of 195,025. Based on the information available at this time, the review generally shows that the Urban Growth Areas will require a developer infrastructure investment of approximately \$3.8 billion as well as a capital investment by the City and/or the Province and/or other sources of funding of approximately \$1.4 billion.

As is typical for residential focused neighbourhoods whose primary function is to provide housing and community amenities, the Urban Growth Areas anticipated combined cumulative revenue over the 50 year analysis period is expected to be lower than the required combined capital, operating and life cycle costs the City is expecting to expend. Therefore, the City will need to continue its efforts to promote greater density, more effective utilization of infrastructure, and grow the industrial and commercial sectors in order to balance the City's overall assessment base.

At this time, the detailed impacts of development of the City's developing areas are not available. The Development Infrastructure Impact Model and the Integrated Infrastructure Management Planning process were introduced to assess greenfield areas, such as the Urban Growth Areas, prior to the start of comprehensive development taking place. A new approach and/or modification to the Development

Infrastructure Impact Model will be required as well as a considerable amount of data collection in order to be able to determine the impacts of completing the partially developed greenfield areas within the city.

Growth Strategy Implementation Program

Administration has identified a means to frame future calculations within the larger Growth Coordination Strategy Implementation context. The Growth Modelling Framework forms part of the larger Growth Coordination Strategy Program as defined in *The Way Ahead* Implementation Plan.

Implementing the Growth Coordination Strategy will identify and manage future public obligations and accommodate expected growth through monitoring, reporting, coordination and communication. It will align growth opportunities with investment decisions as outlined in the City's Municipal Development Plan (*The Way We Grow*). This will support decision making with respect to funding decisions and priorities by monitoring and forecasting the city's growth and change from a local and regional perspective and through collaboration with neighbours as metropolitan Edmonton evolves over the next 50 years. There are already a number of initiatives that are already undertaken by Administration in this regard, such as, the Integrated Infrastructure Management Planning, Growth Monitoring and Growth Coordination Committees.

Growth Modelling Framework

The Framework will build Administration's capacity to predict and model growth and anticipate future costs and revenues through the creation of a dynamic predictive model that takes into consideration multiple factors impacting growth in the City. Administration has established a multi-disciplined project team, to create high level cost impact reports from a comprehensive growth coordination strategy implementation perspective. The proposed project contains four phases starting in 2015 and to be concluded in 2019. Please see Attachment 2 for more details. Progress to date includes:

- establishing a steering committee;
- identifying all supporting information, data and documentation required for the project scope;
- seeking input from external and internal stakeholders;
- connecting with other areas in Administration who forecast growth and its impacts; and
- identifying a short-term action plan.

There are a number of growth forecasting tools currently used in the City to serve specific data and forecasting needs of business areas. Administration is working collaboratively across business areas to ensure that the Growth Modelling Framework integrates the current models being used. The Growth Coordination Strategy will promote an overarching model at a corporate level which will help guide capital funding decisions.

Policy

The Way We Grow, Edmonton's Municipal Development Plan:

- Section 3.1.1: Manage future public obligations and growth opportunities through a long term growth coordination strategy.
- Section 3.2: Accommodating Growth.

Public Consultation

Administration has consulted with both internal and external stakeholders, and will continue to engage them throughout program implementation. Key stakeholders in this process include: the Growth Market Intelligence Committee comprising the Urban Development Institute, the Infill Development Edmonton Association, School Boards, EPCOR, and ATCO.

Attachments

1. Integrated Infrastructure Management Planning
2. Growth Modelling Framework

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Treasurer, and General Manager, Financial and Corporate Services