Town of Strathmore:
Offsite Levy Rates Review

April 11th, 2024

Prepared by:
Greg Weiss, President
CORVUS Business Advisors
9670 – 95 Avenue
Edmonton, AB T6C 2A4
(780) 428-4110
gweiss@corvusbusinessadvisors.com
www.corvusbusinessadvisors.com

April 11th, 2024

Town of Strathmore
Box 2280, 1 Parklane Dr.
Strathmore AB
T1P 1K2

RE: Town of Strathmore: Offsite Levy Rates Review

Enclosed is our report in support of the Strathmore's offsite levy rate update. If you have any questions do not hesitate to contact me.

Sincerely,

Greg Weiss
President

1 DOCUMENT INFORMATION

Revision Date	Description
April 11th, 2024	Final

2 CONTENTS

1 DOCUMENT INFORMATION I
2 CONTENTS II
3 INTRODUCTION 3
3.1 OVERVIEW 3
3.2 SCOPE AND APPROACH 3
3.3 METHODOLOGY 4
4 KEY FINDINGS 4
5 RATE UPDATES 7
6 RECOMMENDATIONS 9
7 ACKNOWLEDGEMENTS 10
8 DISCLAIMER 10
APPENDIX A: OFFSITE LEVY AREAS AND LAND STAGING 11
APPENDIX B: TRANSPORTATION 15
APPENDIX C: WATER 25
APPENDIX D: SANITARY 35
APPENDIX E: STORMWATER 44
APPENDIX F: OFFSITE INFRASTRUCTURE DEFINITIONS 52
APPENDIX G: COMPARISON OF RATES 54
APPENDIX H: RATE CALCULATION 55

3 INTRODUCTION

3.1 Overview

Bylaw 21-07, established by the Town of Strathmore ("the Town") in 2021, defines offsite levy charges for transportation, water, sanitary, and stormwater offsite infrastructure. The Town wishes to update this bylaw, amending offsite infrastructure included in the bylaw in alignment with the Town's recent actual expenditures, receipts, latest capital/master plans, and ensuring updated costs and development forecasts are reflected fairly and equitably in new rates, thereby ensuring a financially sustainable community.

This report outlines the methodology and information used in establishing updated transportation, water, sanitary, and stormwater offsite levy rates for the Town.

3.2 Scope and Approach

The Town has various infrastructure capital/master plans, and these plans have been used by Town staff as a start point for developing key information for this offsite levy review. Town staff reviewed existing plans and verified offsite projects for roads, water, sanitary, and drainage infrastructure[1]. The Town's review also included verification of benefits to existing development, future development, and benefiting areas.

Support provided by CORVUS Business Advisors ("CORVUS") included:

- Development and implementation of the offsite levy model—configuration, priming, and data loading.
- Incorporation of area measurements and land development forecasts (provided by Town staff).
- Incorporation of infrastructure costs and allocation percentages for existing development, new development, and other parties (provided by Town staff).
- Determination of reserve opening balances (historical reconciliation details provided by Town staff).
- Determination of roads, water, sanitary, and drainage levy rates.
- Preparation of the offsite levy report
- Presentation of results.

Offsite levy rates are forecast using a rolling 25-year review period. During this review, a cut-off date of December 31st, 2023 was established in alignment with the Town's most recent year-end. Accordingly, the review period stems from **2024 to 2048**. Project expenditures, receipts etc. were gathered as "actuals" from the Town's financial records up to the cut-off date. Beyond the cut-off date, all financial details are estimates. When the Town completes

[1] It was not within CORVUS' scope of work to review the Town's capital/master plans. Plans were reviewed and refined by Town staff and their engineering advisors.

its next rate update, information from January 1st, 2024 up to the new cut-off date will be converted from estimates to actuals, and the rolling 25-year review period will move further out.

3.3 Methodology

Rates are calculated using as an advanced cost-over-area approach, with "base" rates adjusted to ensure forecast levy account balances reach zero at the end of the 25-year review period. A detailed description of the calculation is included in Appendix H.

4 KEY FINDINGS

The following provides a summary of key findings pertaining to the updating of the Town's offsite levy rates:

Offsite Infrastructure Costs. Offsite infrastructure costs to be included in the offsite levy bylaw total approximately **$299.83 million**. An overview of offsite infrastructure costs and maps is provided in Appendices B1 (Transportation), C1 (Water), D1 (Sanitary), and E1 (Stormwater); and a definition of each offsite infrastructure type is provided in Appendix F.

Before determining how infrastructure costs will be allocated to parties that benefit (e.g., existing/residual development, future development, other municipalities etc.), financing provided by way of special ear-marked grants and other contributions are deducted from offsite infrastructure costs. For this review, the Town identified approximately **$0.23 million** in ear-marked grants and contributions. An overview of ear-marked grants and contributions and resulting net costs is provided in Appendices B2, C2, D2, and E2.

The share of costs which benefits existing/residual development (the Town's share) is **$32.09 million**; and the share of costs which benefits other stakeholders (e.g., neighbouring municipalities) is **$0.00**.

The share of costs which benefits future development totals approximately **$267.51 million ($98.77 million + $168.74 million)** and is based on the allocations shown in Appendices B4, C4, D4, and E4. However, **$98.77 million** of the cost which benefits future development is deemed beyond the 25-year review period (called "financial oversizing"). Financial oversizing is a pro-rated amount based on the anticipated year of construction (i.e., construction staging) which is provided in Appendices B3, C3, D3, and E3.

Of the **$267.51 million** in total offsite infrastructure costs which benefits future development, the portion that is deemed within the 25-year review period and included in rates today (the offsite levy share) is approximately **$168.74 million**, as shown in the table below. A summary of offsite infrastructure net cost "flow-thru" is provided in Appendices B6, C6, D6, and E6.

Summary of Infrastructure Costs & Allocations

Infrastructure	Special Grants & Contributions	Muni Share of Costs	Other Stakeholders' Share of Costs	Developer Cost Beyond 25 Yrs (Financial Oversizing)	Developer Costs (In Rates)	Total Costs
Transportation	$ 230,915	$ 17,808,257	$ -	$ 25,986,569	$ 45,246,458	**$ 89,272,200**
Water	$ -	$ 12,501,472	$ -	$ 46,438,853	$ 66,176,417	**$ 125,116,741**
Sanitary	$ -	$ 1,776,196	$ -	$ 22,932,412	$ 39,975,620	**$ 64,684,228**
Stormwater	$ -	$ -	$ -	$ 3,407,254	$ 17,345,222	**$ 20,752,476**
Total	$ 230,915	$ 32,085,924	$ -	$ 98,765,088	$ 168,743,717	**$ 299,825,645**

Offsite Levy Collections. Before allocating infrastructure costs to benefitting lands, offsite levy costs must be reduced by the total levies collected to date. Up to **December 31st, 2023**, the Town collected approximately **$6.02 million** in offsite levies as summarized in the table below. Details associated with levy collections are shown in Appendices B5, C5, D5, and E5.

Summary of Levies Collected to Date

Levies Collected To Date	
Transportation	$ 633,052
Water	$ 2,274,813
Sanitary	$ 1,399,870
Stormwater	$ 1,716,491
Total	$ 6,024,226

Offsite Levy Areas and Forecast Development. To facilitate the allocation of infrastructure costs to those lands that benefit from the infrastructure, the Town is parsed into 11 offsite levy areas. The area boundaries, numbering schema, and area measurements are described in Appendix A along with an offsite levy map. An overview of offsite infrastructure allocations to each benefitting area is provided in Appendices B7, C7, D7, and E7.

To calculate offsite levy rates, it is necessary to forecast the amount of land that will develop during the 25-year review period. Land development forms the denominator of the rate calculation. A larger denominator reduces rates but could potentially result in under-collection thereby placing an increased burden on taxpayers. A smaller denominator increases rates but could potentially result in over-collection thereby placing an increased burden on future development. Accordingly, land development forecasts need to be: (a) reasonable and reflect current planning assumptions including the current pace of development in the community, and (b) updated regularly.

For this review, the Town is forecasting development of approximately **793 ha.** during the 25-year review period (the land development forecast is shown in Appendix A). This is a reduction since the last update. A decrease in land development puts upward pressure on rates, all other things being equal.

Offsite Levy Reserves. The Town is currently managing offsite levy receipts and

withdrawals via four accounts (i.e., one account for each infrastructure type), and this in alignment with MGA requirements. The reason the MGA stipulates the requirement for separate accounts is because offsite levies can only be used to construct the type of infrastructure for which they were collected (e.g., water levies can only be used to construct water offsite infrastructure, not sanitary infrastructure etc.).

Interest. Offsite levy account balances (both actual and forecast) are impacted by interest. Actual reserve inflows and forecast reserve balances that are in a positive/surplus position earn interest (as required by the MGA). Actual reserve outflows and forecast reserve balances that are in a negative/deficit position are charged interest (forecast balances that are negative indicate the requirement for front-ending). An overview of account adjustments is discussed further below, and interest rates and forecast balances over the 25-year review period are shown in Appendices B9, C9, D9, and E9.

Front-ending Approach. Front-ending is an extremely important concept that underpins rigorous management of offsite levies. Front-ending represents monies owed by future development to the front-ending party (municipality or developer) for past construction undertaken on behalf of future development—i.e., a front-ending party will often pay for its share of an offsite infrastructure project in addition to that portion of the project which benefits future development when offsite levy reserve balances are insufficient.

There are 2 alternatives for repaying front-ending debts to claimants: (1) the First-In First-Out (FIFO) approach, and (2) the Average Outstanding Claim (AOC) approach. The FIFO approach can create: (a) stagnation of development, and (b) increased pressure on the municipality (i.e., taxpayers) to front-end. Accordingly, it is recommended that the Town establish an offsite levy policy framework that includes an AOC approach for repayment of front-ending.

Under the AOC approach, claimants share distributions based on their proportionate share of outstanding claims. For example, Developer A fronts a $1 million piece of infrastructure in 2016. The Town front-ends a $0.5 million piece of infrastructure in 2017. And Developer B is contemplating front-ending a $0.5 million piece of infrastructure in the future. Using the AOC approach, offsite levy collections are shared between Developer A (66.6% of distributions) and the Town (33.3% of distributions) until fully repaid[2]. If Developer B chooses to front-end in the future, then future claim reimbursements would be shared amongst Developer A (50% of distributions) and the Town (25% of distributions) and Developer B (25% of distributions) until repaid[3]. This approach is preferred, as it ensures regular positive cash flow to all claimants, and therefore no disincentive to future front-ending.

It is our understanding that (with the exception of water project #22 which is discussed in Section 6) all offsite projects constructed prior to 2021 whose portion of cost was allocated

[2] $1,000,000 / ($1,000,000 + $500,000) = **66.6%**. $500,000 / ($1,000,000 + $500,000) = **33.3%**.

[3] $1,000,000 / ($1,000,000 + $500,000 + $500,000) = **50%**. $500,000 / ($1,000,000 + $500,000 + $500,000) = **25%**.

to development, were financed via the offsite levy accounts. As such, there was no Town front-ending prior to 2021 and all offsite levy accounts maintained a surplus balance at end-2020.

Offsite Levy Account Balances. At end-2023, the Town is showing a balance of $335,109 in the transportation account. However, after adjustments the balance in the transportation account should be amended to reflect a surplus of approximately **$377,710** at end 2023. A complete reconciliation of the transportation account balance is provided in Appendix B8.

At end-2023, the Town is showing a balance of $1,300,469 in the water account. However, after adjustments the balance in the water account should be amended to a surplus of approximately **$1,163,577** at end 2023. A complete reconciliation of the water account balance is provided in Appendix C8.

At end-2023, the Town is showing a balance of $1,114,633 in the sanitary account. However, after adjustments the balance in the sanitary account should be amended to a surplus of approximately **$1,185,328** at end 2023. A complete reconciliation of the sanitary account balance is provided in Appendix D8.

At end-2023, the Town is showing a balance of $1,757,639 in the stormwater account. However, after adjustments the balance in the stormwater account should be amended to a surplus of approximately **$1,777,403** at end 2023. A complete reconciliation of the stormwater account balance is provided in Appendix E8.

5 RATE UPDATES

For future development to pay for its current share of the **$299.83 million** offsite infrastructure costs contained in the Town's capital plans, rates are approximately **$165,342** per net hectare on a weighted average basis, as shown in the tables below. A comparison of rates to other municipalities is shown in Appendix G.

The primary reason for the increase in rates is the decrease in forecast land development, and the increase in interest rates.

Offsite Levy Rates (Per Net Hectare): High, Low, & Averages[4]

	Transportation	Water	Sanitary	Stormwater	Total
High	$ 72,330	$ 44,267	$ 58,393	$ 36,441	$ 174,900
Low	$ 71,354	$ 42,645	$ -	$ 2,507	$ 139,337
Weighted Average	$ 71,491	$ 42,874	$ 30,656	$ 20,322	$ 165,342

Summary of Offsite Levy Rates by Area (Per Net Hectare)

Area #	Transportation	Water	Sanitary	Stormwater	Total
1.0	$ 71,354	$ 42,645	$ 58,393	$ 2,507	$ 174,900
2.0	$ 71,354	$ 42,645	$ 7,204	$ 18,134	$ 139,337
3.0	$ 72,330	$ 44,267	$ 19,721	$ 28,986	$ 165,305
4.0	$ 72,330	$ 44,267	$ 24,400	$ 5,050	$ 146,047
5.0	$ 71,354	$ 42,645	$ 24,400	$ 33,899	$ 172,297
6.0	$ 71,354	$ 42,645	$ 7,204	$ 26,443	$ 147,646
7.0	$ 71,354	$ 42,645	$ 7,204	$ 26,443	$ 147,646
8.0	$ 71,354	$ 42,645	$ -	$ 26,443	$ 140,443
9.0	$ 71,354	$ 42,645	$ 9,418	$ 26,443	$ 149,861
10.0	$ 71,354	$ 42,645	$ 3,819	$ 26,443	$ 144,262
11.0	$ 72,330	$ 44,267	$ 324	$ 36,441	$ 153,363

[4] Highs, Lows, and Averages are shown for information purposes only. Developers pay the actual rate applicable to their specific development area.

6 RECOMMENDATIONS

In addition to implementing the offsite levy rates outlined in *Section 5*, CORVUS recommends the following:

1. Amend the Town account records and balances to align with the account balances in the offsite levy model and described in Appendices B8, C8, D8, and E8; and in so doing, withdraw excess funds (if any) to pay down front-ending claims, or top-up account shortfalls as required.
2. Establish a formal and regular communication and documentation process between the Finance, Planning, and Engineering departments to enable the accurate documentation of offsite levy expenditures and front-ending details.
3. Ensure withdrawals from offsite levy accounts are limited to only that portion of project cost for which future development is responsible (i.e., Project Cost X Developer Share %).
4. During the reconciliation of future account balances, ensure the interest earning and charge rates that underpin the offsite levy bylaw for that specific time period are used to determine reserve interest impacts.
5. It is our understanding that water project #22 was front-ended by a local developer, and the Town has an agreement in place to repay the front-ended amount over several years. However, it is also our understanding that front-ending repayments to date have from an account other than the offsite levy account. As this project benefits development 100%, the Town's repayments to date should be reimbursed from the water offsite levy account, and future front-ending repayments should be made directly from the water offsite levy account.
6. Changes to the MGA in 2017 enable municipalities to charge offsite levies for recreation, fire, police, library, and interchange facilities. Town Administration and Council should consider whether it wishes to adopt such levies in the future and, if so, begin developing the necessary supporting documentation that will be needed to support such levies. Support documentation requirements for these new levies are outlined in Section 648 of the *Municipal Government Act* and *Regulation AR 187/2017*.

7 ACKNOWLEDGEMENTS

CORVUS Business Advisors would like to thank all Town of Strathmore staff from Engineering, Planning, and Finance who supported the work of this review.

8 DISCLAIMER

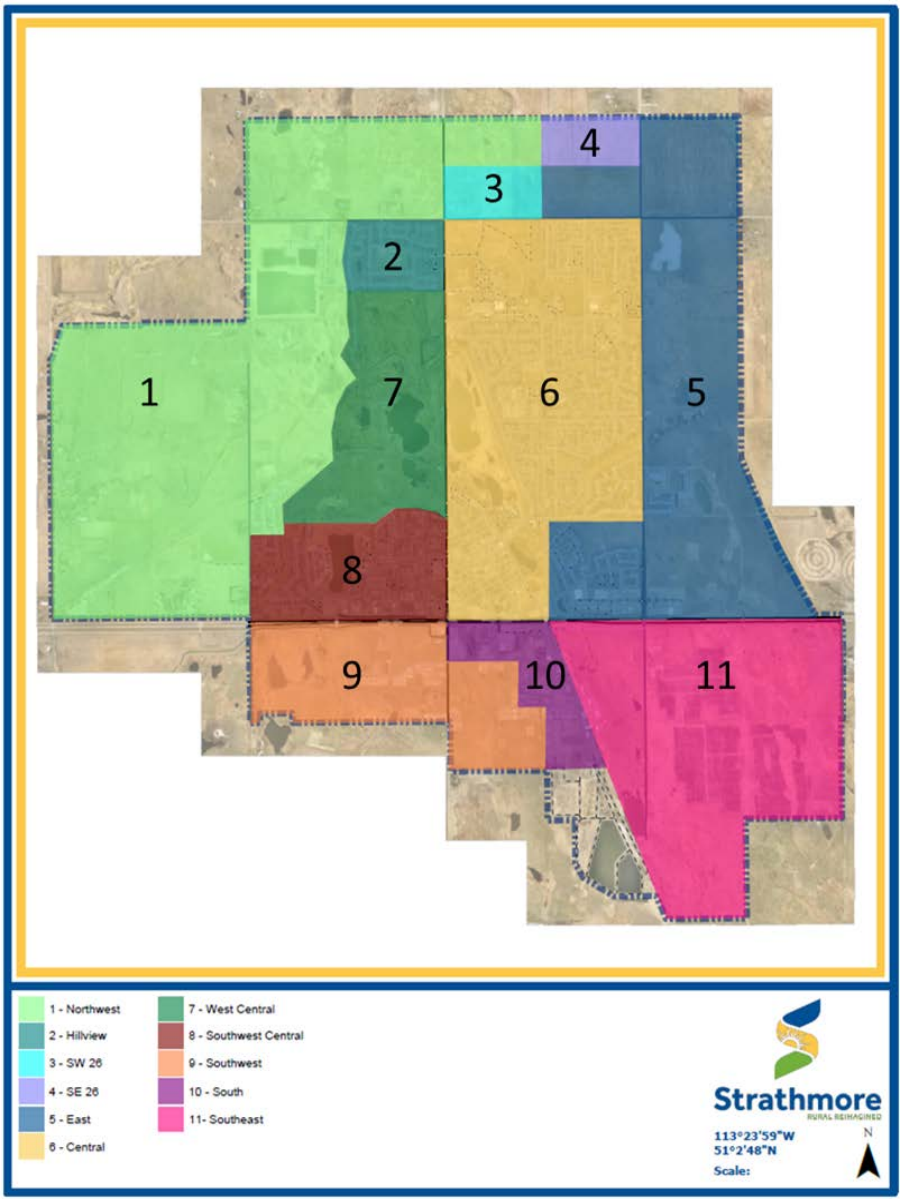
CORVUS Business Advisor has relied upon The Town of Strathmore and its advisors to provide all of the data and information used to construct the offsite levy model and create the rates, such as planning data and assumptions, development forecasts and assumptions, infrastructure costs and costs estimates, allocations to benefitting parties, allocation to benefitting areas, and other assumptions etc. As such, CORVUS Business Advisors makes no guarantee as to the accuracy of the input data and information provided by these groups or the results that stem from this data and information.

Offsite levy rates are not intended to stay static; they are based upon assumptions and the best available information of the day. Planning assumptions, cost estimates etc. can change each year. Accordingly, the Municipal Government Act requires that offsite levy rates be updated with the most available information on a regular basis (usually annually). When information changes, it will be reflected in a future update, and rates adjusted accordingly.

APPENDIX A: OFFSITE LEVY AREAS AND LAND STAGING

During this review, the Town's offsite levy area were amended and organized into **11** offsite levy areas, as shown in the map below to, In so doing: (1) offsite levy area boundaries align with infrastructure benefiting basin described in the Town's master plans, and (2) the amended areas ensure coverage of all Town lands—this is a leading practice and ensures any undeveloped land or redeveloped lands that have not paid levies previously are included in the bylaw. All offsite levy infrastructure costs are allocated to one or more areas.

Offsite Levy Areas



Total net development area at end 2023, the amount of land available for development in all offsite levy areas, was approximately **1,340 ha.** In calculating net development area, allowances have been made for environmental reserves, municipal reserves, and arterial road right of way and other deductions. From 2023 onward, this calculation will remain static, and the Town's model will automatically deduct lands that are developed from the bank of available lands.

Offsite Levy Net Development Area[5,6]

Area Ref. #	Development Area Location	Gross Area (ha.)	Environmental Reserves (ha.)	Sub-total	Municipal Reserves	Arterial Right of Way and Other Deductions (ha.)	Net Development Area (ha.)
1.5	Northwest	692.40	15.00	677.40	67.74	12.80	596.86
2.5	Hillview	-	-	-	-	-	-
3.5	SW 26	32.40	-	32.40	3.24	-	29.16
4.5	SE 26	32.40	-	32.40	3.24	-	29.16
5.5	East	390.20	18.10	372.10	37.21	13.10	321.79
6.5	Central	15.00	-	15.00	1.50	-	13.50
7.5	West Central	58.10	-	58.10	5.81	4.00	48.29
8.5	Southwest Central	6.80	-	6.80	0.68	-	6.12
9.5	Southwest	147.90	11.10	136.80	13.68	3.40	119.72
10.5	South	5.00	-	5.00	0.50	-	4.50
11.5	Southeast	240.20	37.50	202.70	20.27	11.40	171.03
		1,620.40	**81.70**	**1,538.70**	**153.87**	**44.70**	**1,340.13**

Summary of Offsite Levy Net Development Area

Description	ha.
Gross Development Area	1,620.40
Less Environment Reserve	81.70
Less Municipal Reserve	153.87
Less ROW Allowance	44.70
Net Development Area	1,340.13

*Note: 1 Hectare (ha.) = ~2.47 Acres

Net development area definitions will be applied in determining offsite levy obligations of developers on application for subdivision or development within The Town of Strathmore. Net development area is defined as follows:

- Gross Area – The area of lands to be developed in hectares that have not previously paid an offsite levy.
    - Less: Any environmental reserves contained within the development area Including environmental reserves and environmental easements.
    - Less: A 10% allowance for Municipal Reserves.
    - Less: The measurement of arterial road right of way that bisects the development lands.

[5] Area measurements were provided by Town staff.

[6] The Town's offsite levy model allows for 5 different land types. All lands are included in the fifth designation, hence the area reference of ".5". This has no bearing on rates.

- Equals: Net Developable Area, which is the area subject to offsite levies.

A rate planning period of 25 years underpins the offsite levy model and rate calculations. Many municipalities use this planning period as it provides a reasonable timeframe to recoup the costs associated with offsite levy infrastructure construction, and it aligns with the timeframes of many municipal capital planning and construction cycles.

Of the **1,140 ha.** of net land available across all offsite levy areas, planners estimate that approximately **793 ha. (59%)** will develop during the next 25-years (the rate planning period) as shown in the tables below.

Summary of Anticipated Development during the 25 Year Rate Planning Period

Developed In Next 25 Years	793.04	59.2%
Developed Beyond 25 Years	547.09	40.8%
Net Development Area	1,340.13	

Anticipated Development during the 25 Year Rate Planning Period

Area Ref. #	Development Area Location	Area Developed in Next 25 years (Net ha.)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
1.5	Northwest	299.500	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	9.30	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
2.5	Hillview	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.5	SW 26	29.160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.83	5.83	5.83	5.83	5.84	-	-	-	-	-
4.5	SE 26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.5	East	189.800	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	6.49	12.00	12.00	12.00	12.00	12.00
6.5	Central	13.500	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.5	West Central	48.290	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.5	Southwest Central	6.120	1.53	1.53	1.53	1.53	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	Southwest	119.670	6.57	6.57	6.57	6.57	6.57	6.57	4.90	4.90	4.90	4.90	4.90	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.75
10.5	South	4.500	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5	Southeast	82.500	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
		793.04	34.72	34.72	34.72	34.72	33.19	32.29	30.62	30.62	30.62	30.62	23.69	22.79	22.79	22.79	22.79	35.32	35.32	35.32	35.32	35.33	35.00	35.00	35.00	35.00	34.75

APPENDIX B: TRANSPORTATION

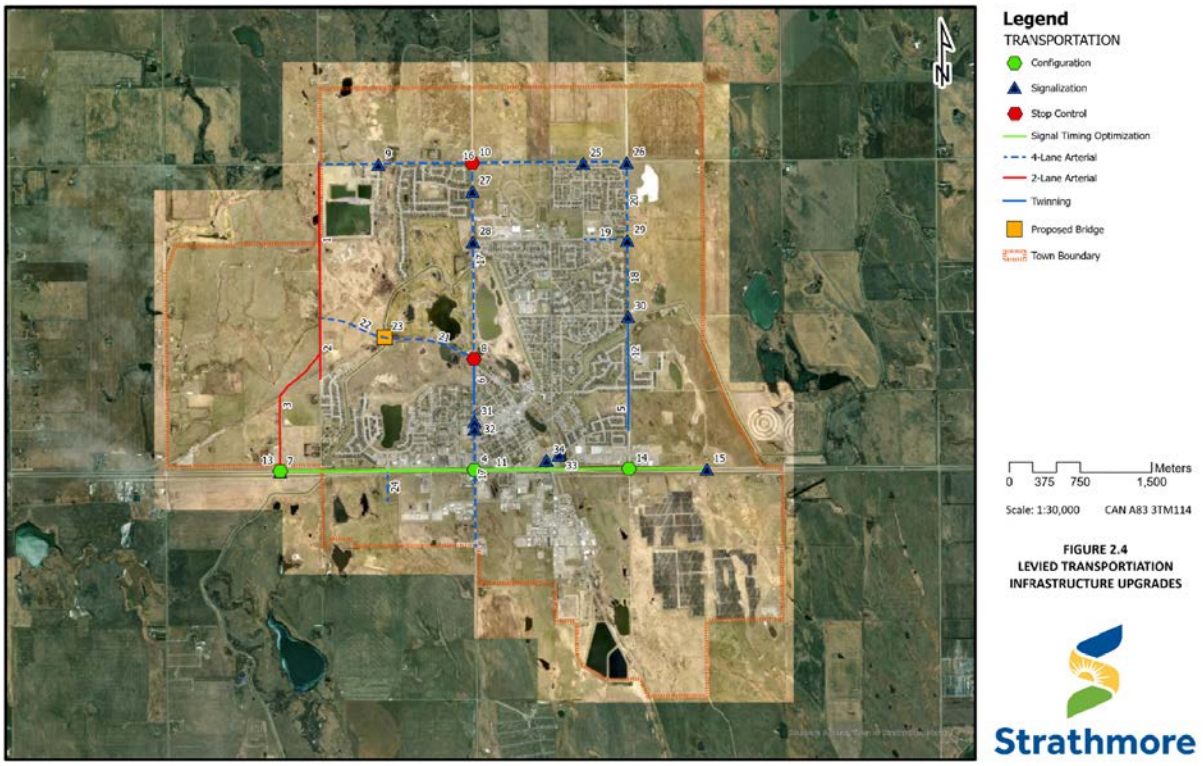
B1. Transportation Offsite Infrastructure

To support future growth, transportation offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) future debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately **$89.25 million** (in current dollars) as outlined in the table below. Actual construction expenditures, financing charges (if any), and future cost estimates were provided by Town staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support development during the 25-year review period. The remainder of this section outlines how the "net" costs for development are determined.

Summary of Transportation Offsite Infrastructure

Item	Project Description	Cost of Completed Work	Future Debenture Interest	Estimated Cost of Work Yet to be Completed	Total Project Cost
1	Wildflower Road - Phase 1	$ -	$ -	$ 2,537,500	$ 2,537,500
2	Wildflower Road - Phase 2	$ -	$ -	$ 7,032,500	$ 7,032,500
3	Wildflower Road - Phase 3	$ -	$ -	$ 4,845,000	$ 4,845,000
4	Highway 1 & Wheatland Trail Intersection Upgrades	$ -	$ -	$ 137,274	$ 137,274
5	George Freeman Trail Upgrades (Parklane to Archie Klaiber Trail)	$ -	$ -	$ 8,990,000	$ 8,990,000
6	Wheatland Trail Twinning	$ -	$ -	$ 3,114,377	$ 3,114,377
7	Highway 1/Wildflower Road Signalization	$ -	$ -	$ 1,160,000	$ 1,160,000
8	Wheatland Trail & Westcreek Access	$ -	$ -	$ 1,139,695	$ 1,139,695
9	TWP Road 244 & Lakewood Circle Intersection	$ -	$ -	$ 766,940	$ 766,940
10	TWP Road 244 & Wheatland Trail Intersection	$ -	$ -	$ 362,500	$ 362,500
11	Highway 1 Signal Timing	$ -	$ -	$ 54,994	$ 54,994
12	George Freeman Trail Twinning (Parklane Drive to Centennial Drive)	$ -	$ -	$ 4,338,752	$ 4,338,752
13	Highway 1 & Wildflower Road Intersection Upgrades	$ -	$ -	$ 141,413	$ 141,413
14	Highway 1 & George Freeman Trail Intersection Upgrades	$ -	$ -	$ 112,607	$ 112,607
15	Highway 1 & Edgefield Access Intersection Upgrades	$ -	$ -	$ 1,403,652	$ 1,403,652
16	TWP Road 244 Upgrades (Boundary to Boundary)	$ -	$ -	$ 12,414,609	$ 12,414,609
17	Wheatland Trail Upgrades (Boundary to Boundary)	$ -	$ -	$ 8,276,436	$ 8,276,436
18	George Freeman Trail Twinning (Centennial Drive to Brent Blvd)	$ -	$ -	$ 3,310,563	$ 3,310,563
19	Brent Boulevard Upgrade	$ -	$ -	$ 1,704,790	$ 1,704,790
20	George Freeman Trail Twinning (Brent Blvd to TWP Road 244)	$ -	$ -	$ 3,310,563	$ 3,310,563
21	Westcreek/Wildflower Arterial (Wheatland Trail to WID Canal)	$ -	$ -	$ 7,862,586	$ 7,862,586
22	Westcreek/Wildflower Arterial (WID Canal to Wildflower Road)	$ -	$ -	$ 6,207,305	$ 6,207,305
23	Westcreek Wildflower Arterial Bridge	$ -	$ -	$ 3,475,615	$ 3,475,615
24	Westmount Road Extension (South of Highway 1)	$ -	$ -	$ 2,482,922	$ 2,482,922
25	Strathford Boulevard & Township Road 244 Intersection	$ -	$ -	$ 342,195	$ 342,195
26	George Freeman Trail & Township Road 244 Intersection	$ -	$ -	$ 342,195	$ 342,195
27	Wheatland Trail & Hillview Drive Intersection	$ -	$ -	$ 446,341	$ 446,341
28	Wheatland Trail & Brent Boulevard Intersection	$ -	$ -	$ 446,341	$ 446,341
29	George Freeman Trail & Brent Boulevard Intersection	$ -	$ -	$ 342,195	$ 342,195
30	George Freeman Trail & Centennial Drive Intersection	$ -	$ -	$ 342,195	$ 342,195
31	Wheatland Trail & Westmount Drive Intersection	$ -	$ -	$ 446,341	$ 446,341
32	Wheatland Trail & 2 Avenue Intersection	$ -	$ -	$ 446,341	$ 446,341
33	Centre Street & Archie Klaiber Trail Intersection	$ -	$ -	$ 342,195	$ 342,195
34	Lakeside Blvd & Archie Klaiber Trail Intersection	$ 593,265	$ -	$ -	$ 593,265
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 593,265	**$ -**	**$ 88,678,935**	**$ 89,272,200**

*Past expenditures include past financing expenditures (interest) if any.
**Costs estimates provided by Town staff.
***Estimates include engineering and contingencies.
****Missing project numbers (if any) stem from projects that were deleted. However, certain deleted projects may be showing if a net project "credit" remains.
*****Unallocated levies collected to end-2020 (if any) are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (see *Section B5*).
******Offsite infrastructure definitions are described in Appendix F.



B2. Transportation Offsite Infrastructure Grants & Contributions to Date

The MGA enables the Town to allocate the costs of offsite infrastructure to development, other than those costs that have been provided by way of special ear-marked grant or contribution (i.e., contributed infrastructure). The Town has/will receive **$0.23 million** in special ear-marked grants or contributions for transportation offsite levy infrastructure as shown in the table below (note, if the Town receives other ear-marked grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is **$89.04 million**.

Special Grants and Contributions for Transportation Offsite Infrastructure

Item	Project Description	Total Project Cost	Special Provincial Grants (Historic & Future)	Developer Agreement Contributions (Historic & Future)	Reduced Project Cost
1	Wildflower Road - Phase 1	$ 2,537,500	$ -	$ -	$ 2,537,500
2	Wildflower Road - Phase 2	$ 7,032,500	$ -	$ -	$ 7,032,500
3	Wildflower Road - Phase 3	$ 4,845,000	$ -	$ -	$ 4,845,000
4	Highway 1 & Wheatland Trail Intersection Upgrades	$ 137,274	$ -	$ -	$ 137,274
5	George Freeman Trail Upgrades (Parklane to Archie Klaiber Trail)	$ 8,990,000	$ -	$ -	$ 8,990,000
6	Wheatland Trail Twinning	$ 3,114,377	$ -	$ -	$ 3,114,377
7	Highway 1/Wildflower Road Signalization	$ 1,160,000	$ -	$ -	$ 1,160,000
8	Wheatland Trail & Westcreek Access	$ 1,139,695	$ -	$ -	$ 1,139,695
9	TWP Road 244 & Lakewood Circle Intersection	$ 766,940	$ -	$ -	$ 766,940
10	TWP Road 244 & Wheatland Trail Intersection	$ 362,500	$ -	$ -	$ 362,500
11	Highway 1 Signal Timing	$ 54,994	$ -	$ -	$ 54,994
12	George Freeman Trail Twinning (Parklane Drive to Centennial Drive)	$ 4,338,752	$ -	$ -	$ 4,338,752
13	Highway 1 & Wildflower Road Intersection Upgrades	$ 141,413	$ -	$ -	$ 141,413
14	Highway 1 & George Freeman Trail Intersection Upgrades	$ 112,607	$ -	$ -	$ 112,607
15	Highway 1 & Edgefield Access Intersection Upgrades	$ 1,403,652	$ -	$ -	$ 1,403,652
16	TWP Road 244 Upgrades (Boundary to Boundary)	$ 12,414,609	$ -	$ -	$ 12,414,609
17	Wheatland Trail Upgrades (Boundary to Boundary)	$ 8,276,436	$ -	$ -	$ 8,276,436
18	George Freeman Trail Twinning (Centennial Drive to Brent Blvd)	$ 3,310,563	$ -	$ -	$ 3,310,563
19	Brent Boulevard Upgrade	$ 1,704,790	$ -	$ -	$ 1,704,790
20	George Freeman Trail Twinning (Brent Blvd to TWP Road 244)	$ 3,310,563	$ -	$ -	$ 3,310,563
21	Westcreek/Wildflower Arterial (Wheatland Trail to WID Canal)	$ 7,862,586	$ -	$ -	$ 7,862,586
22	Westcreek/Wildflower Arterial (WID Canal to Wildflower Road)	$ 6,207,305	$ -	$ -	$ 6,207,305
23	Westcreek Wildflower Arterial Bridge	$ 3,475,615	$ -	$ -	$ 3,475,615
24	Westmount Road Extension (South of Highway 1)	$ 2,482,922	$ -	$ -	$ 2,482,922
25	Strathford Boulevard & Township Road 244 Intersection	$ 342,195	$ -	$ -	$ 342,195
26	George Freeman Trail & Township Road 244 Intersection	$ 342,195	$ -	$ -	$ 342,195
27	Wheatland Trail & Hillview Drive Intersection	$ 446,341	$ -	$ -	$ 446,341
28	Wheatland Trail & Brent Boulevard Intersection	$ 446,341	$ -	$ -	$ 446,341
29	George Freeman Trail & Brent Boulevard Intersection	$ 342,195	$ -	$ -	$ 342,195
30	George Freeman Trail & Centennial Drive Intersection	$ 342,195	$ -	$ -	$ 342,195
31	Wheatland Trail & Westmount Drive Intersection	$ 446,341	$ -	$ -	$ 446,341
32	Wheatland Trail & 2 Avenue Intersection	$ 446,341	$ -	$ -	$ 446,341
33	Centre Street & Archie Klaiber Trail Intersection	$ 342,195	$ -	$ -	$ 342,195
34	Lakeside Blvd & Archie Klaiber Trail Intersection	$ 593,265	$ 230,915	$ -	$ 362,350
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 89,272,200	**$ 230,915**	**$ -**	**$ 89,041,285**

B3. Year of Construction

The timing of construction is used to determine the impact of inflation on cost, the impact of forecast reserve balances, and the estimate of financial oversizing (described in the Section that follows). The Town anticipates construction of offsite infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of the Town's annual rate/bylaw updates.

Forecast Year of Construction

Item	Project Description	Construction Start Year
1	Wildflower Road - Phase 1	2027
2	Wildflower Road - Phase 2	2029
3	Wildflower Road - Phase 3	2033
4	Highway 1 & Wheatland Trail Intersection Upgrades	2029
5	George Freeman Trail Upgrades (Parklane to Archie Klaiber Trail)	2029
6	Wheatland Trail Twinning	2029
7	Highway 1/Wildflower Road Signalization	2036
8	Wheatland Trail & Westcreek Access	2039
9	TWP Road 244 & Lakewood Circle Intersection	2039
10	TWP Road 244 & Wheatland Trail Intersection	2039
11	Highway 1 Signal Timing	2047
12	George Freeman Trail Twinning (Parklane Drive to Centennial Drive)	2047
13	Highway 1 & Wildflower Road Intersection Upgrades	2047
14	Highway 1 & George Freeman Trail Intersection Upgrades	2047
15	Highway 1 & Edgefield Access Intersection Upgrades	2047
16	TWP Road 244 Upgrades (Boundary to Boundary)	2050
17	Wheatland Trail Upgrades (Boundary to Boundary)	2050
18	George Freeman Trail Twinning (Centennial Drive to Brent Blvd)	2050
19	Brent Boulevard Upgrade	2050
20	George Freeman Trail Twinning (Brent Blvd to TWP Road 244)	2050
21	Westcreek/Wildflower Arterial (Wheatland Trail to WID Canal)	2030
22	Westcreek/Wildflower Arterial (WID Canal to Wildflower Road)	2035
23	Westcreek Wildflower Arterial Bridge	2030
24	Westmount Road Extension (South of Highway 1)	2030
25	Strathford Boulevard & Township Road 244 Intersection	2030
26	George Freeman Trail & Township Road 244 Intersection	2030
27	Wheatland Trail & Hillview Drive Intersection	2030
28	Wheatland Trail & Brent Boulevard Intersection	2030
29	George Freeman Trail & Brent Boulevard Intersection	2030
30	George Freeman Trail & Centennial Drive Intersection	2030
31	Wheatland Trail & Westmount Drive Intersection	2030
32	Wheatland Trail & 2 Avenue Intersection	2030
33	Centre Street & Archie Klaiber Trail Intersection	2030
34	Lakeside Blvd & Archie Klaiber Trail Intersection	2023

*Project costs are inflated by 3.0% per annum to the year of construction.

B4. Transportation Offsite Infrastructure Benefiting Parties

The transportation offsite infrastructure listed above will benefit three parties to varying degrees:

1. Town of Strathmore – a portion of the transportation infrastructure which is required to service existing residents. This residual benefit is determined at the point in time when the project is added to the bylaw (i.e., it does not fluctuate from year-to-year).
2. Other Stakeholders – other municipalities that benefit from the infrastructure.
3. Future Development:
    - Financial Oversizing – that portion of deemed cost (i.e., levyable transportation infrastructure costs) which benefits future development beyond the 25-year review period.
    - **In Rates – that portion of deemed cost (i.e., levyable transportation infrastructure costs) which benefits future development within the 25-**

year review period.

The table below outlines the allocation of transportation offsite levy infrastructure costs to benefiting parties.

Allocation of Transportation Infrastructure to Benefiting Parties

Item	Project Description	Reduced Project Cost	Muni Share %	Other Stakeholder Share	Developer Share Beyond 25 Yrs (Financial Oversizing %)	OSL / Developer Share %
1	Wildflower Road - Phase 1	$ 2,537,500	20.0%		9.6%	70.4%
2	Wildflower Road - Phase 2	$ 7,032,500	20.0%		16.0%	64.0%
3	Wildflower Road - Phase 3	$ 4,845,000	20.0%		28.8%	51.2%
4	Highway 1 & Wheatland Trail Intersection Upgrades	$ 137,274	20.0%		16.0%	64.0%
5	George Freeman Trail Upgrades (Parklane to Archie Klaiber Trail)	$ 8,990,000	20.0%		16.0%	64.0%
6	Wheatland Trail Twinning	$ 3,114,377	20.0%		16.0%	64.0%
7	Highway 1/Wildflower Road Signalization	$ 1,160,000	20.0%		38.4%	41.6%
8	Wheatland Trail & Westcreek Access	$ 1,139,695	20.0%		41.0%	39.0%
9	TWP Road 244 & Lakewood Circle Intersection	$ 766,940	20.0%		41.0%	39.0%
10	TWP Road 244 & Wheatland Trail Intersection	$ 362,500	20.0%		41.0%	39.0%
11	Highway 1 Signal Timing	$ 54,994	20.0%		41.0%	39.0%
12	George Freeman Trail Twinning (Parklane Drive to Centennial Drive)	$ 4,338,752	20.0%		41.0%	39.0%
13	Highway 1 & Wildflower Road Intersection Upgrades	$ 141,413	20.0%		41.0%	39.0%
14	Highway 1 & George Freeman Trail Intersection Upgrades	$ 112,607	20.0%		41.0%	39.0%
15	Highway 1 & Edgefield Access Intersection Upgrades	$ 1,403,652	20.0%		41.0%	39.0%
16	TWP Road 244 Upgrades (Boundary to Boundary)	$ 12,414,609	20.0%		41.0%	39.0%
17	Wheatland Trail Upgrades (Boundary to Boundary)	$ 8,276,436	20.0%		41.0%	39.0%
18	George Freeman Trail Twinning (Centennial Drive to Brent Blvd)	$ 3,310,563	20.0%		41.0%	39.0%
19	Brent Boulevard Upgrade	$ 1,704,790	20.0%		41.0%	39.0%
20	George Freeman Trail Twinning (Brent Blvd to TWP Road 244)	$ 3,310,563	20.0%		41.0%	39.0%
21	Westcreek/Wildflower Arterial (Wheatland Trail to WID Canal)	$ 7,862,586	20.0%		19.2%	60.8%
22	Westcreek/Wildflower Arterial (WID Canal to Wildflower Road)	$ 6,207,305	20.0%		35.2%	44.8%
23	Westcreek Wildflower Arterial Bridge	$ 3,475,615	20.0%		19.2%	60.8%
24	Westmount Road Extension (South of Highway 1)	$ 2,482,922	20.0%		19.2%	60.8%
25	Strathford Boulevard & Township Road 244 Intersection	$ 342,195	20.0%		19.2%	60.8%
26	George Freeman Trail & Township Road 244 Intersection	$ 342,195	20.0%		19.2%	60.8%
27	Wheatland Trail & Hillview Drive Intersection	$ 446,341	20.0%		19.2%	60.8%
28	Wheatland Trail & Brent Boulevard Intersection	$ 446,341	20.0%		19.2%	60.8%
29	George Freeman Trail & Brent Boulevard Intersection	$ 342,195	20.0%		19.2%	60.8%
30	George Freeman Trail & Centennial Drive Intersection	$ 342,195	20.0%		19.2%	60.8%
31	Wheatland Trail & Westmount Drive Intersection	$ 446,341	20.0%		19.2%	60.8%
32	Wheatland Trail & 2 Avenue Intersection	$ 446,341	20.0%		19.2%	60.8%
33	Centre Street & Archie Klaiber Trail Intersection	$ 342,195	20.0%		19.2%	60.8%
34	Lakeside Blvd & Archie Klaiber Trail Intersection	$ 362,350	20.0%		0.0%	80.0%
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -				100.0%
		$ 89,041,285				

*Allocations were determined by Town staff.
** Financial oversizing represents that portion of cost allocated to future development that is deemed beyond the 25-year review period. It is calculated using the construction start date, and then pro-rating the costs over the 25-year review period. For example, a project constructed in year 20 of the 25-year review period will have 5 years' of cost within the review period (i.e., 20% of cost), and 80% of cost is deemed beyond the review period (i.e., financial oversizing). This approach aligns with land staging which, similarly, is limited to lands within the 25-year review period and, therefore, it represents a more equitable allocation of costs to developers. Each year as the review period moves further out, the financial oversizing amount used to update rates will decrease….more costs will fall within the review period, less costs beyond.
*** For the Town of Strathmore, the financial oversizing amount is also capped at 41% as this is the maximum amount of land available for development beyond 2048.
**** Projects with deemed financial oversizing amounts were also assessed to ensure that land was available for development (and collection) beyond the 25-year review period. If lands were not sufficiently available beyond the 25-year review period, financial oversizing amounts were removed altogether.
***** Projects allocated 100% to future development were determined by the Town to benefit future development entirely (i.e., no benefit to existing development).

B5. Existing Receipts & Adjusted Levy Cost

Using the offsite levy share percentages shown in the previous section and applying those percentages to project costs results in an offsite levy cost of approximately **$45.25 million**. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts

collected from developers (if any) need to be considered in determining the residual/net costs to developers. Town staff have advised that **$0.63 million** ($0.52 million + $0.11 million) in transportation levies have been applied/collected as shown in the table below. This results in an adjusted offsite levy cost of approximately **$44.61 million**.

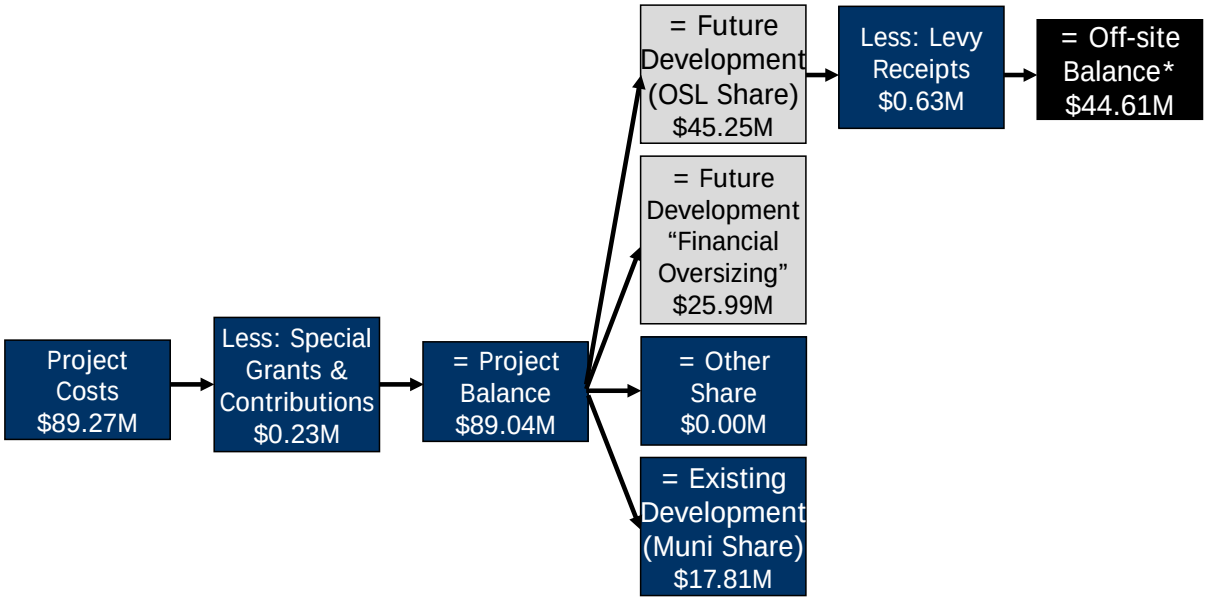
Offsite Levy Funds Applied to Date

Item	Project Description	OSL / Developer Cost	Offsite Levy Funds Collected to Dec 31, 2020	Offsite Levy Funds Collected Starting Jan 1, 2021	Adjusted Developer (Levy) Cost
1	Wildflower Road - Phase 1	$ 1,786,400	$ -	$ -	$ 1,786,400
2	Wildflower Road - Phase 2	$ 4,500,800	$ -	$ -	$ 4,500,800
3	Wildflower Road - Phase 3	$ 2,480,640	$ -	$ -	$ 2,480,640
4	Highway 1 & Wheatland Trail Intersection Upgrades	$ 87,855	$ -	$ -	$ 87,855
5	George Freeman Trail Upgrades (Parklane to Archie Klaiber Trail)	$ 5,753,600	$ -	$ -	$ 5,753,600
6	Wheatland Trail Twinning	$ 1,993,201	$ -	$ -	$ 1,993,201
7	Highway 1/Wildflower Road Signalization	$ 482,560	$ -	$ -	$ 482,560
8	Wheatland Trail & Westcreek Access	$ 444,481	$ -	$ -	$ 444,481
9	TWP Road 244 & Lakewood Circle Intersection	$ 299,107	$ -	$ -	$ 299,107
10	TWP Road 244 & Wheatland Trail Intersection	$ 141,375	$ -	$ -	$ 141,375
11	Highway 1 Signal Timing	$ 21,448	$ -	$ -	$ 21,448
12	George Freeman Trail Twinning (Parklane Drive to Centennial Drive)	$ 1,692,113	$ -	$ 8,065	$ 1,684,048
13	Highway 1 & Wildflower Road Intersection Upgrades	$ 55,151	$ -	$ 263	$ 54,888
14	Highway 1 & George Freeman Trail Intersection Upgrades	$ 43,917	$ -	$ 209	$ 43,707
15	Highway 1 & Edgefield Access Intersection Upgrades	$ 547,424	$ -	$ 2,609	$ 544,815
16	TWP Road 244 Upgrades (Boundary to Boundary)	$ 4,841,697	$ -	$ 23,077	$ 4,818,621
17	Wheatland Trail Upgrades (Boundary to Boundary)	$ 3,227,810	$ -	$ 15,385	$ 3,212,425
18	George Freeman Trail Twinning (Centennial Drive to Brent Blvd)	$ 1,291,120	$ -	$ 6,154	$ 1,284,966
19	Brent Boulevard Upgrade	$ 664,868	$ -	$ 3,169	$ 661,699
20	George Freeman Trail Twinning (Brent Blvd to TWP Road 244)	$ 1,291,120	$ -	$ 6,154	$ 1,284,966
21	Westcreek/Wildflower Arterial (Wheatland Trail to WID Canal)	$ 4,780,452	$ -	$ 14,615	$ 4,765,837
22	Westcreek/Wildflower Arterial (WID Canal to Wildflower Road)	$ 2,780,873	$ -	$ 11,538	$ 2,769,334
23	Westcreek Wildflower Arterial Bridge	$ 2,113,174	$ -	$ 6,461	$ 2,106,713
24	Westmount Road Extension (South of Highway 1)	$ 1,509,617	$ -	$ 4,615	$ 1,505,001
25	Strathford Boulevard & Township Road 244 Intersection	$ 208,055	$ -	$ 636	$ 207,419
26	George Freeman Trail & Township Road 244 Intersection	$ 208,055	$ -	$ 636	$ 207,419
27	Wheatland Trail & Hillview Drive Intersection	$ 271,376	$ -	$ 830	$ 270,546
28	Wheatland Trail & Brent Boulevard Intersection	$ 271,376	$ -	$ 830	$ 270,546
29	George Freeman Trail & Brent Boulevard Intersection	$ 208,055	$ -	$ 636	$ 207,419
30	George Freeman Trail & Centennial Drive Intersection	$ 208,055	$ -	$ 636	$ 207,419
31	Wheatland Trail & Westmount Drive Intersection	$ 271,376	$ -	$ 830	$ 270,546
32	Wheatland Trail & 2 Avenue Intersection	$ 271,376	$ -	$ 830	$ 270,546
33	Centre Street & Archie Klaiber Trail Intersection	$ 208,055	$ -	$ 636	$ 207,419
34	Lakeside Blvd & Archie Klaiber Trail Intersection	$ 289,880	$ -	$ 674	$ 289,206
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ 523,565	$ -	$ (523,565)
		$ 45,246,458	**$ 523,565**	**$ 109,487**	**$ 44,613,406**

B6. Summary of Transportation Offsite Levy Cost Flow-through

As shown in the figure below, the total cost for transportation infrastructure that forms the basis of the rate is approximately **$44.61 million**. The cost allocations to each benefitting party are based on the benefitting percentages shown in previous section. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).

Total Transportation Offsite Levy Costs



B7. Transportation Infrastructure Benefiting Areas

Net developer costs for each project have been allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by Town staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.

Transportation Allocations to Benefitting Areas

Item	Project Description	Developer Cost	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5
1	Wildflower Road - Phase 1	$ 1,786,400	1	1	1	1	1	1	1	1	1	1	1
2	Wildflower Road - Phase 2	$ 4,500,800	1	1	1	1	1	1	1	1	1	1	1
3	Wildflower Road - Phase 3	$ 2,480,640	1	1	1	1	1	1	1	1	1	1	1
4	Highway 1 & Wheatland Trail Intersection Upgrades	$ 87,855	1	1	1	1	1	1	1	1	1	1	1
5	George Freeman Trail Upgrades (Parklane to Archie Klaiber Trail)	$ 5,753,600	1	1	1	1	1	1	1	1	1	1	1
6	Wheatland Trail Twinning	$ 1,993,201	1	1	1	1	1	1	1	1	1	1	1
7	Highway 1/Wildflower Road Signalization	$ 482,560	1	1	1	1	1	1	1	1	1	1	1
8	Wheatland Trail & Westcreek Access	$ 444,481	1	1	1	1	1	1	1	1	1	1	1
9	TWP Road 244 & Lakewood Circle Intersection	$ 299,107	1	1	1	1	1	1	1	1	1	1	1
10	TWP Road 244 & Wheatland Trail Intersection	$ 141,375	1	1	1	1	1	1	1	1	1	1	1
11	Highway 1 Signal Timing	$ 21,448	1	1	1	1	1	1	1	1	1	1	1
12	George Freeman Trail Twinning (Parklane Drive to Centennial Drive)	$ 1,684,048	1	1	1	1	1	1	1	1	1	1	1
13	Highway 1 & Wildflower Road Intersection Upgrades	$ 54,888	1	1	1	1	1	1	1	1	1	1	1
14	Highway 1 & George Freeman Trail Intersection Upgrades	$ 43,707	1	1	1	1	1	1	1	1	1	1	1
15	Highway 1 & Edgefield Access Intersection Upgrades	$ 544,815	1	1	1	1	1	1	1	1	1	1	1
16	TWP Road 244 Upgrades (Boundary to Boundary)	$ 4,818,621	1	1	1	1	1	1	1	1	1	1	1
17	Wheatland Trail Upgrades (Boundary to Boundary)	$ 3,212,425	1	1	1	1	1	1	1	1	1	1	1
18	George Freeman Trail Twinning (Centennial Drive to Brent Blvd)	$ 1,284,966	1	1	1	1	1	1	1	1	1	1	1
19	Brent Boulevard Upgrade	$ 661,699	1	1	1	1	1	1	1	1	1	1	1
20	George Freeman Trail Twinning (Brent Blvd to TWP Road 244)	$ 1,284,966	1	1	1	1	1	1	1	1	1	1	1
21	Westcreek/Wildflower Arterial (Wheatland Trail to WID Canal)	$ 4,765,837	1	1	1	1	1	1	1	1	1	1	1
22	Westcreek/Wildflower Arterial (WID Canal to Wildflower Road)	$ 2,769,334	1	1	1	1	1	1	1	1	1	1	1
23	Westcreek Wildflower Arterial Bridge	$ 2,106,713	1	1	1	1	1	1	1	1	1	1	1
24	Westmount Road Extension (South of Highway 1)	$ 1,505,001	1	1	1	1	1	1	1	1	1	1	1
25	Strathford Boulevard & Township Road 244 Intersection	$ 207,419	1	1	1	1	1	1	1	1	1	1	1
26	George Freeman Trail & Township Road 244 Intersection	$ 207,419	1	1	1	1	1	1	1	1	1	1	1
27	Wheatland Trail & Hillview Drive Intersection	$ 270,546	1	1	1	1	1	1	1	1	1	1	1
28	Wheatland Trail & Brent Boulevard Intersection	$ 270,546	1	1	1	1	1	1	1	1	1	1	1
29	George Freeman Trail & Brent Boulevard Intersection	$ 207,419	1	1	1	1	1	1	1	1	1	1	1
30	George Freeman Trail & Centennial Drive Intersection	$ 207,419	1	1	1	1	1	1	1	1	1	1	1
31	Wheatland Trail & Westmount Drive Intersection	$ 270,546	1	1	1	1	1	1	1	1	1	1	1
32	Wheatland Trail & 2 Avenue Intersection	$ 270,546	1	1	1	1	1	1	1	1	1	1	1
33	Centre Street & Archie Klaiber Trail Intersection	$ 207,419	1	1	1	1	1	1	1	1	1	1	1
34	Lakeside Blvd & Archie Klaiber Trail Intersection	$ 289,206	1	1	1	1	1	1	1	1	1	1	1
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ (523,565)	1	1			1	1	1	1	1	1	
		$ 44,613,406											

* Unallocated levies collected to end-2020 are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (Areas 1, 2, 5-10).

B8. Reserve Balance

At December 31st, 2023 Town records showed a balance of $335,109 in the transportation offsite levy account. However, this was based on an over allocation of costs to developers. The transportation account balance should be amended to reflect a surplus of **$377,710**.

Transportation Offsite Levy Reserve Balance

Description	Dr	Cr	Balance
Unallocated OSL Receipts to December 31, 2020 (Opening Balance)	$ 523,564.89		$ 523,564.89
OSL Receipt Allocations 2021-2023	$ 109,466.90		$ 633,031.79
Offsite Levy Expenditure Withdrawls 2021-2023		$ 332,481.14	$ 300,550.65
Interest Earned/Charged	$ 34,557.88		$ 335,108.53
Account Balance per Muni Records December 31, 2023			**$ 335,108.53**
OSL Share of Other Expenditures to December 31, 2023		$ (42,601.14)	$ 377,709.67
Balance			**$ 377,709.67**

*The credit of $(42,601) in 2023 stems from an overallocation of expenditures for Project #34 whose allocation to developers is 80% (the original account withdrawal in 2023 was based on a different allocation).

B9. Development and Transportation Infrastructure Staging Impacts

Transportation offsite infrastructure will be constructed in staged fashion over the 25-year review period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy reserve funds will not be sufficient to pay for construction of transportation infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party that constructs and pays up front for infrastructure that benefits other parties.

To compensate parties for capital they provide in front-ending offsite infrastructure construction, a **5.12%**[7] interest allowance has been charged to the reserve when it is forecast to be in a negative balance. Further, a **1.85%**[8] interest credit has been provided to the reserve when it is forecast to be in a positive balance. The graph below highlights activity in the transportation levy reserve over the 25-year review period.[9]

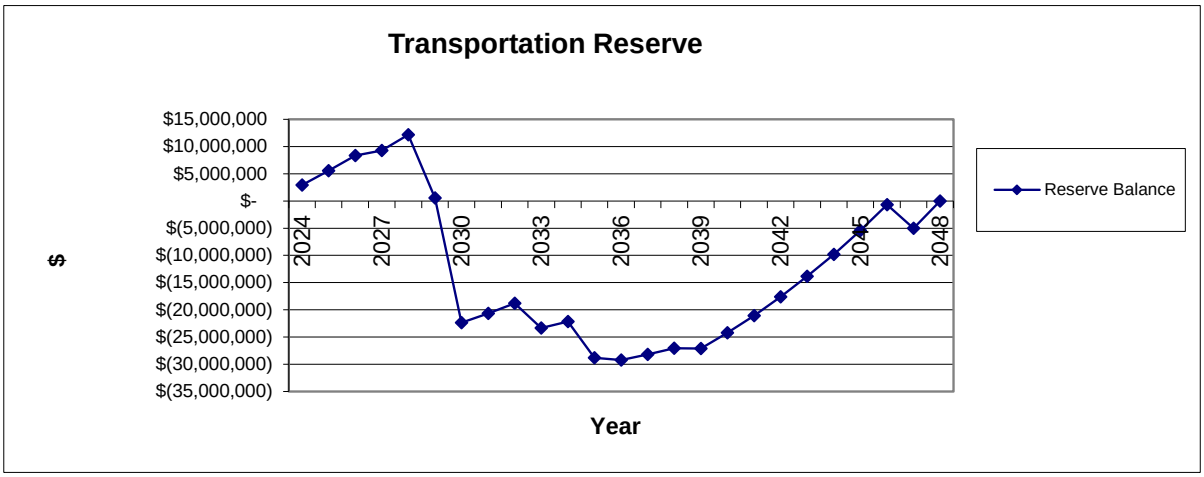
If necessary, an interest staging adjustment has been applied to rates (slightly positive or slightly negative) to ensure that the forecast reserve balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to the Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).

[7] The interest charging rate is equivalent to the 20-year debenture rate at the Alberta Capital Finance Authority at the time of calculation which was ~5.12%.

[8] The interest earning rate is equivalent to the interest earning rate within the Town various reserve accounts which was 1.85% in 2023.

[9] Note, forecast account/reserve balances are based only on offsite levy costs currently included in rates. Actual future account/reserve balances may vary depending on oversizing costs currently excluded from rate calculations.

Anticipated Transportation Offsite Levy Reserve Balances



APPENDIX C: WATER

C1. Water Offsite Infrastructure

In order to support future growth, water offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) future debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately **$125.12 million** (in current dollars) as outlined in the table below. Actual construction expenditures, financing charges (if any), and future cost estimates were provided by Town staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support development during the 25-year review period. The remainder of this section outlines how the "net" costs for development are determined.

Summary of Water Offsite Infrastructure

Item	Project Description	Cost of Completed Work	Future Debenture Interest	Estimated Cost of Work Yet to be Completed	Total Project Estimated Cost
1	Westmount Subdivision Backbone	$ 1,072,039	$ -	$ 2,604,867	$ 3,676,906
2	5 Avenue Fire Flow Improvements	$ -	$ -	$ 1,031,885	$ 1,031,885
3	Wildflower Reservoir Upgrades	$ -	$ -	$ 2,320,000	$ 2,320,000
4	Decommission Brentwood Reservoir	$ -	$ -	$ 159,500	$ 159,500
5	Upsize Centennial Drive Water Line	$ -	$ -	$ 1,740,000	$ 1,740,000
6	Wildflower Water Line D	$ -	$ -	$ 2,537,500	$ 2,537,500
7	Wildflower Water Line E	$ -	$ -	$ 1,740,000	$ 1,740,000
8	Wildflower Water Line F	$ -	$ -	$ 76,283	$ 76,283
9	Wildflower Reservoir Storage	$ -	$ -	$ 26,100,000	$ 26,100,000
10	Wildflower Reservoir Pumping	$ -	$ -	$ 5,800,000	$ 5,800,000
11	Heritage Water Line D	$ -	$ -	$ 2,501,250	$ 2,501,250
12	Prairies Water Line H	$ -	$ -	$ 2,755,000	$ 2,755,000
13	Prairies Water Line I	$ -	$ -	$ 2,682,500	$ 2,682,500
14	Prairies Water Line J	$ -	$ -	$ 703,250	$ 703,250
15	Prairies Water Line K	$ -	$ -	$ 1,595,000	$ 1,595,000
16	Prairies Water Line L	$ -	$ -	$ 85,550	$ 85,550
17	East Reservoir Fill Line	$ -	$ -	$ 5,437,500	$ 5,437,500
18	East Reservoir Fill Line Connection	$ -	$ -	$ 1,568	$ 1,568
19	East Reservoir Storage	$ -	$ -	$ 43,935,000	$ 43,935,000
20	East Reservoir Pumping	$ -	$ -	$ 4,205,000	$ 4,205,000
21	Edgefield Water Line H	$ -	$ -	$ 1,740,000	$ 1,740,000
22	Edgefield Water Line I	$ 351,300	$ -	$ -	$ 351,300
23	South Strathmore Water Line I	$ -	$ -	$ 2,030,000	$ 2,030,000
24	South Strathmore Water Line J	$ -	$ -	$ 1,406,500	$ 1,406,500
25	South Strathmore Water Line K	$ -	$ -	$ 1,413,750	$ 1,413,750
26	South Strathmore Water Line L	$ -	$ -	$ 3,335,000	$ 3,335,000
27	West Strathmore Water Line Q	$ -	$ -	$ 3,335,000	$ 3,335,000
28	West Strathmore Water Line R	$ -	$ -	$ 2,102,500	$ 2,102,500
29	West Strathmore PRV A	$ -	$ -	$ 159,500	$ 159,500
30	West Strathmore PRV B	$ -	$ -	$ 159,500	$ 159,500
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 1,423,339	**$ -**	**$ 123,693,402**	**$ 125,116,741**

*Past expenditures include past financing expenditures (interest) if any.
**Costs estimates provided by Town staff.
***Estimates include engineering and contingencies.
****Missing project numbers (if any) stem from projects that were deleted. However, certain deleted projects may be showing if a net project "credit" remains.
*****Unallocated levies collected to end-2020 (if any) are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (see *Section C5*).
******Offsite infrastructure definitions are described in Appendix F.

C2. Water Offsite Infrastructure Grants & Contributions to Date

The MGA enables the Town to allocate the costs of offsite infrastructure to development, other than those costs that have been provided by way of special ear-marked grant or contribution (i.e., contributed infrastructure). The Town has/will receive approximately **$0.00** in special ear-marked grants and contributions for water offsite levy infrastructure as shown in the table below (note, if the Town receives other ear-marked grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is **$125.12 million**.

Special Grants and Contributions for Water Offsite Infrastructure

Item	Project Description	Total Project Estimated Cost	Special Provincial Grants (Historic & Future)	Developer Agreement Contributions (Historic & Future)	Reduced Project Estimated Cost
1	Westmount Subdivision Backbone	$ 3,676,906	$ -	$ -	$ 3,676,906
2	5 Avenue Fire Flow Improvements	$ 1,031,885	$ -	$ -	$ 1,031,885
3	Wildflower Reservoir Upgrades	$ 2,320,000	$ -	$ -	$ 2,320,000
4	Decommission Brentwood Reservoir	$ 159,500	$ -	$ -	$ 159,500
5	Upsize Centennial Drive Water Line	$ 1,740,000	$ -	$ -	$ 1,740,000
6	Wildflower Water Line D	$ 2,537,500	$ -	$ -	$ 2,537,500
7	Wildflower Water Line E	$ 1,740,000	$ -	$ -	$ 1,740,000
8	Wildflower Water Line F	$ 76,283	$ -	$ -	$ 76,283
9	Wildflower Reservoir Storage	$ 26,100,000	$ -	$ -	$ 26,100,000
10	Wildflower Reservoir Pumping	$ 5,800,000	$ -	$ -	$ 5,800,000
11	Heritage Water Line D	$ 2,501,250	$ -	$ -	$ 2,501,250
12	Prairies Water Line H	$ 2,755,000	$ -	$ -	$ 2,755,000
13	Prairies Water Line I	$ 2,682,500	$ -	$ -	$ 2,682,500
14	Prairies Water Line J	$ 703,250	$ -	$ -	$ 703,250
15	Prairies Water Line K	$ 1,595,000	$ -	$ -	$ 1,595,000
16	Prairies Water Line L	$ 85,550	$ -	$ -	$ 85,550
17	East Reservoir Fill Line	$ 5,437,500	$ -	$ -	$ 5,437,500
18	East Reservoir Fill Line Connection	$ 1,568	$ -	$ -	$ 1,568
19	East Reservoir Storage	$ 43,935,000	$ -	$ -	$ 43,935,000
20	East Reservoir Pumping	$ 4,205,000	$ -	$ -	$ 4,205,000
21	Edgefield Water Line H	$ 1,740,000	$ -	$ -	$ 1,740,000
22	Edgefield Water Line I	$ 351,300	$ -	$ -	$ 351,300
23	South Strathmore Water Line I	$ 2,030,000	$ -	$ -	$ 2,030,000
24	South Strathmore Water Line J	$ 1,406,500	$ -	$ -	$ 1,406,500
25	South Strathmore Water Line K	$ 1,413,750	$ -	$ -	$ 1,413,750
26	South Strathmore Water Line L	$ 3,335,000	$ -	$ -	$ 3,335,000
27	West Strathmore Water Line Q	$ 3,335,000	$ -	$ -	$ 3,335,000
28	West Strathmore Water Line R	$ 2,102,500	$ -	$ -	$ 2,102,500
29	West Strathmore PRV A	$ 159,500	$ -	$ -	$ 159,500
30	West Strathmore PRV B	$ 159,500	$ -	$ -	$ 159,500
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 125,116,741	**$ -**	**$ -**	**$ 125,116,741**

C3. Year of Construction

The timing of construction is used to determine the impact of inflation on cost, the impact of forecast reserve balances, and the estimate of financial oversizing (described in the Section that follows). The Town anticipates construction of offsite infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of the Town's annual rate/bylaw updates.

Forecast Year of Construction

Item	Project Description	Construction Start Year
1	Westmount Subdivision Backbone	2022
2	5 Avenue Fire Flow Improvements	2031
3	Wildflower Reservoir Upgrades	2024
4	Decommission Brentwood Reservoir	2026
5	Upsize Centennial Drive Water Line	2025
6	Wildflower Water Line D	2030
7	Wildflower Water Line E	2030
8	Wildflower Water Line F	2030
9	Wildflower Reservoir Storage	2060
10	Wildflower Reservoir Pumping	2060
11	Heritage Water Line D	2050
12	Prairies Water Line H	2050
13	Prairies Water Line I	2050
14	Prairies Water Line J	2035
15	Prairies Water Line K	2035
16	Prairies Water Line L	2035
17	East Reservoir Fill Line	2035
18	East Reservoir Fill Line Connection	2035
19	East Reservoir Storage	2040
20	East Reservoir Pumping	2040
21	Edgefield Water Line H	2030
22	Edgefield Water Line I	2019
23	South Strathmore Water Line I	2060
24	South Strathmore Water Line J	2060
25	South Strathmore Water Line K	2060
26	South Strathmore Water Line L	2060
27	West Strathmore Water Line Q	2060
28	West Strathmore Water Line R	2060
29	West Strathmore PRV A	2060
30	West Strathmore PRV B	2060

*Project costs are inflated by 3.0% per annum to the year of construction.

C4. Water Offsite Infrastructure Benefiting Parties

The water offsite infrastructure listed above will benefit three parties to varying degrees:

1. Town of Strathmore – a portion of the water infrastructure which is required to service existing residents. This residual benefit is determined at the point in time when the project is added to the bylaw (i.e., it does not fluctuate from year-to-year).
2. Other Stakeholders – other municipalities that benefit from the infrastructure.
3. Future Development:
    - Financial Oversizing – that portion of deemed cost (i.e., levyable water infrastructure costs) which benefits future development beyond the 25-year review period.
    - **In Rates – that portion of deemed cost (i.e., levyable water infrastructure costs) which benefits future development within the 25-year review period.**

The table below outlines the allocation of water offsite levy infrastructure costs to benefiting parties.

Allocation of Water Infrastructure to Benefiting Parties

Item	Project Description	Reduced Project Estimated Cost	Muni Share %	Other Stakeholder Share	Developer Share Beyond 25 Yrs (Financial Oversizing %)	OSL / Developer Share %
1	Westmount Subdivision Backbone	$ 3,676,906	20.0%		0.0%	80.0%
2	5 Avenue Fire Flow Improvements	$ 1,031,885	20.0%		22.4%	57.6%
3	Wildflower Reservoir Upgrades	$ 2,320,000	20.0%		0.0%	80.0%
4	Decommission Brentwood Reservoir	$ 159,500	20.0%		6.4%	73.6%
5	Upsize Centennial Drive Water Line	$ 1,740,000	20.0%		3.2%	76.8%
6	Wildflower Water Line D	$ 2,537,500	0.0%		24.0%	76.0%
7	Wildflower Water Line E	$ 1,740,000	0.0%		24.0%	76.0%
8	Wildflower Water Line F	$ 76,283	0.0%		24.0%	76.0%
9	Wildflower Reservoir Storage	$ 26,100,000	0.0%		41.0%	59.0%
10	Wildflower Reservoir Pumping	$ 5,800,000	0.0%		41.0%	59.0%
11	Heritage Water Line D	$ 2,501,250	0.0%		41.0%	59.0%
12	Prairies Water Line H	$ 2,755,000	0.0%		41.0%	59.0%
13	Prairies Water Line I	$ 2,682,500	0.0%		41.0%	59.0%
14	Prairies Water Line J	$ 703,250	0.0%		41.0%	59.0%
15	Prairies Water Line K	$ 1,595,000	0.0%		41.0%	59.0%
16	Prairies Water Line L	$ 85,550	0.0%		41.0%	59.0%
17	East Reservoir Fill Line	$ 5,437,500	20.0%		35.2%	44.8%
18	East Reservoir Fill Line Connection	$ 1,568	20.0%		35.2%	44.8%
19	East Reservoir Storage	$ 43,935,000	20.0%		41.0%	39.0%
20	East Reservoir Pumping	$ 4,205,000	20.0%		41.0%	39.0%
21	Edgefield Water Line H	$ 1,740,000	0.0%		24.0%	76.0%
22	Edgefield Water Line I	$ 351,300	0.0%		0.0%	100.0%
23	South Strathmore Water Line I	$ 2,030,000	0.0%		41.0%	59.0%
24	South Strathmore Water Line J	$ 1,406,500	0.0%		41.0%	59.0%
25	South Strathmore Water Line K	$ 1,413,750	0.0%		41.0%	59.0%
26	South Strathmore Water Line L	$ 3,335,000	0.0%		41.0%	59.0%
27	West Strathmore Water Line Q	$ 3,335,000	0.0%		41.0%	59.0%
28	West Strathmore Water Line R	$ 2,102,500	0.0%		41.0%	59.0%
29	West Strathmore PRV A	$ 159,500	0.0%		41.0%	59.0%
30	West Strathmore PRV B	$ 159,500	0.0%		41.0%	59.0%
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -				100.0%
		$ 125,116,741				

*Allocations were determined by Town staff.
** Financial oversizing represents that portion of cost allocated to future development that is deemed beyond the 25-year review period. It is calculated using the construction start date, and then pro-rating the costs over the 25-year review period. For example, a project constructed in year 20 of the 25-year review period will have 5 years' of cost within the review period (i.e., 20% of cost), and 80% of cost is deemed beyond the review period (i.e., financial oversizing). This approach aligns with land staging which, similarly, is limited to lands within the 25-year review period and, therefore, it represents a more equitable allocation of costs to developers. Each year as the review period moves further out, the financial oversizing amount used to update rates will decrease….more costs will fall within the review period, less costs beyond.
*** For the Town of Strathmore, the financial oversizing amount is also capped at 41% as this is the maximum amount of land available for development beyond 2048.
**** Projects with deemed financial oversizing amounts were also assessed to ensure that land was available for development (and collection) beyond the 25-year review period. If lands were not sufficiently available beyond the 25-year review period, financial oversizing amounts were removed altogether.
***** Projects allocated 100% to future development were determined by the Town to benefit future development entirely (i.e., no benefit to existing development).

C5. Existing Receipts & Adjusted Levy Cost

Using the offsite levy share percentages shown in the previous section and applying those percentages to project costs results in an offsite levy cost of approximately **$66.18 million**. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts collected from developers need to be considered in determining the residual/net costs to developers. Town staff have advised that approximately **$2.27 million** ($2.08 million + $0.19 million) in water levies have been applied/collected as shown in the table below. This results in an adjusted offsite levy cost of approximately **$63.90 million**.

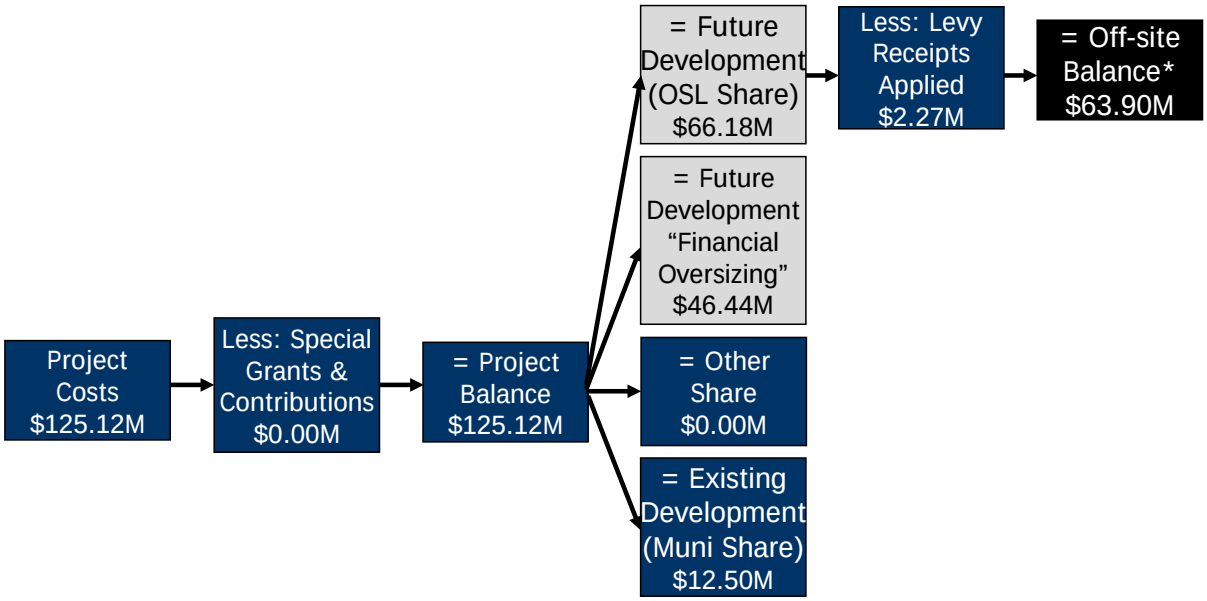
Offsite Levy Funds Applied to Date

Item	Project Description	OSL / Developer Cost	Offsite Levy Funds Collected to Dec 31, 2020	Offsite Levy Funds Collected Starting Jan 1, 2021	Adjusted Developer (Levy) Cost
1	Westmount Subdivision Backbone	$ 2,941,525	$ -	$ 5,144	$ 2,936,381
2	5 Avenue Fire Flow Improvements	$ 594,366	$ -	$ 1,444	$ 592,922
3	Wildflower Reservoir Upgrades	$ 1,856,000	$ -	$ 3,246	$ 1,852,754
4	Decommission Brentwood Reservoir	$ 117,392	$ -	$ 223	$ 117,169
5	Upsize Centennial Drive Water Line	$ 1,336,320	$ -	$ 2,434	$ 1,333,886
6	Wildflower Water Line D	$ 1,928,500	$ -	$ 4,438	$ 1,924,062
7	Wildflower Water Line E	$ 1,322,400	$ -	$ 3,043	$ 1,319,357
8	Wildflower Water Line F	$ 57,975	$ -	$ 133	$ 57,841
9	Wildflower Reservoir Storage	$ 15,399,000	$ -	$ 45,643	$ 15,353,357
10	Wildflower Reservoir Pumping	$ 3,422,000	$ -	$ 10,143	$ 3,411,857
11	Heritage Water Line D	$ 1,475,738	$ -	$ 4,374	$ 1,471,363
12	Prairies Water Line H	$ 1,625,450	$ -	$ 4,818	$ 1,620,632
13	Prairies Water Line I	$ 1,582,675	$ -	$ 4,691	$ 1,577,984
14	Prairies Water Line J	$ 414,918	$ -	$ 1,230	$ 413,688
15	Prairies Water Line K	$ 941,050	$ -	$ 2,789	$ 938,261
16	Prairies Water Line L	$ 50,475	$ -	$ 150	$ 50,325
17	East Reservoir Fill Line	$ 2,436,000	$ -	$ 7,607	$ 2,428,393
18	East Reservoir Fill Line Connection	$ 702	$ -	$ 2	$ 700
19	East Reservoir Storage	$ 17,134,650	$ -	$ 61,466	$ 17,073,184
20	East Reservoir Pumping	$ 1,639,950	$ -	$ 5,883	$ 1,634,067
21	Edgefield Water Line H	$ 1,322,400	$ -	$ 3,043	$ 1,319,357
22	Edgefield Water Line I	$ 351,300	$ -	$ 1,775	$ 349,525
23	South Strathmore Water Line I	$ 1,197,700	$ -	$ 3,550	$ 1,194,150
24	South Strathmore Water Line J	$ 829,835	$ -	$ 2,460	$ 827,375
25	South Strathmore Water Line K	$ 834,113	$ -	$ 2,472	$ 831,640
26	South Strathmore Water Line L	$ 1,967,650	$ -	$ 5,832	$ 1,961,818
27	West Strathmore Water Line Q	$ 1,967,650	$ -	$ 5,832	$ 1,961,818
28	West Strathmore Water Line R	$ 1,240,475	$ -	$ 3,677	$ 1,236,798
29	West Strathmore PRV A	$ 94,105	$ -	$ 279	$ 93,826
30	West Strathmore PRV B	$ 94,105	$ -	$ 279	$ 93,826
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ 2,076,714	$ -	$ (2,076,714)
		$ 66,176,417	**$ 2,076,714**	**$ 198,099**	**$ 63,901,604**

C6. Summary of Water Offsite Levy Cost Flow-through

As shown in the figure below, the total cost for water infrastructure that forms the basis of the rate is approximately **$63.90 million**. The cost allocations to each benefitting party are based on the benefitting percentages shown in previous section. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).

Total Water Offsite Levy Costs



C7. Water Infrastructure Benefiting Areas

Net developer costs for each project have been allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by Town staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.

Water Allocations to Benefitting Areas

Item	Project Description	Developer Cost	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5
1	Westmount Subdivision Backbone	$ 2,936,381	1	1	1	1	1	1	1	1	1	1	1
2	5 Avenue Fire Flow Improvements	$ 592,922	1	1	1	1	1	1	1	1	1	1	1
3	Wildflower Reservoir Upgrades	$ 1,852,754	1	1	1	1	1	1	1	1	1	1	1
4	Decommission Brentwood Reservoir	$ 117,169	1	1	1	1	1	1	1	1	1	1	1
5	Upsize Centennial Drive Water Line	$ 1,333,886	1	1	1	1	1	1	1	1	1	1	1
6	Wildflower Water Line D	$ 1,924,062	1	1	1	1	1	1	1	1	1	1	1
7	Wildflower Water Line E	$ 1,319,357	1	1	1	1	1	1	1	1	1	1	1
8	Wildflower Water Line F	$ 57,841	1	1	1	1	1	1	1	1	1	1	1
9	Wildflower Reservoir Storage	$ 15,353,357	1	1	1	1	1	1	1	1	1	1	1
10	Wildflower Reservoir Pumping	$ 3,411,857	1	1	1	1	1	1	1	1	1	1	1
11	Heritage Water Line D	$ 1,471,363	1	1	1	1	1	1	1	1	1	1	1
12	Prairies Water Line H	$ 1,620,632	1	1	1	1	1	1	1	1	1	1	1
13	Prairies Water Line I	$ 1,577,984	1	1	1	1	1	1	1	1	1	1	1
14	Prairies Water Line J	$ 413,688	1	1	1	1	1	1	1	1	1	1	1
15	Prairies Water Line K	$ 938,261	1	1	1	1	1	1	1	1	1	1	1
16	Prairies Water Line L	$ 50,325	1	1	1	1	1	1	1	1	1	1	1
17	East Reservoir Fill Line	$ 2,428,393	1	1	1	1	1	1	1	1	1	1	1
18	East Reservoir Fill Line Connection	$ 700	1	1	1	1	1	1	1	1	1	1	1
19	East Reservoir Storage	$ 17,073,184	1	1	1	1	1	1	1	1	1	1	1
20	East Reservoir Pumping	$ 1,634,067	1	1	1	1	1	1	1	1	1	1	1
21	Edgefield Water Line H	$ 1,319,357	1	1	1	1	1	1	1	1	1	1	1
22	Edgefield Water Line I	$ 349,525	1	1	1	1	1	1	1	1	1	1	1
23	South Strathmore Water Line I	$ 1,194,150	1	1	1	1	1	1	1	1	1	1	1
24	South Strathmore Water Line J	$ 827,375	1	1	1	1	1	1	1	1	1	1	1
25	South Strathmore Water Line K	$ 831,640	1	1	1	1	1	1	1	1	1	1	1
26	South Strathmore Water Line L	$ 1,961,818	1	1	1	1	1	1	1	1	1	1	1
27	West Strathmore Water Line Q	$ 1,961,818	1	1	1	1	1	1	1	1	1	1	1
28	West Strathmore Water Line R	$ 1,236,798	1	1	1	1	1	1	1	1	1	1	1
29	West Strathmore PRV A	$ 93,826	1	1	1	1	1	1	1	1	1	1	1
30	West Strathmore PRV B	$ 93,826	1	1	1	1	1	1	1	1	1	1	1
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ (2,076,714)	1	1			1	1	1	1	1	1	
		$ 63,901,604											

* Unallocated levies collected to end-2020 are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (Areas 1, 2, 5-10).

C8. Reserve Balance

At December 31st, 2023 Town records showed a balance of $1,300,469 in the water offsite levy account. However, this was based on an under allocation of costs to developers. The water account balance should be amended to reflect a surplus of **$1,163,577**.

Water Offsite Levy Reserve Balance

Description	Dr	Cr	Balance
Unallocated OSL Receipts to December 31, 2020 (Opening Balance)	$ 2,076,714.04		$ 2,076,714.04
OSL Receipt Allocations 2021-2023	$ 198,099.06		$ 2,274,813.10
Offsite Levy Expenditure Withdrawls 2021-2023		$ 1,072,040.47	$ 1,202,772.63
Interest Earned/Charged	$ 97,696.08		$ 1,300,468.71
Account Balance per Muni Records December 31, 2023			**$ 1,300,468.71**
OSL Share of Other Expenditures to December 31, 2023		$ 136,892.20	$ 1,163,576.51
Balance			**$ 1,163,576.51**

*The credit of $136,892 in 2023 stems from: (i) an overallocation of expenditures for Project #1 whose allocation to developers is 80% (the original account withdrawals in 2021 and 2022 were based on an allocation of 100%), and (ii) front-ending associated with Project #22.

C9. Development and Water Infrastructure Staging Impacts

Water offsite infrastructure will be constructed in staged fashion over the 25-year review period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy reserve funds will not be sufficient to pay for construction of water infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party that constructs and pays up front for infrastructure that benefits other parties.

To compensate parties for capital they provide in front-ending offsite infrastructure construction, a **5.12%**[10] interest allowance has been charged to the reserve when it is forecast to be in a negative balance. Further, a **1.85%**[11] interest credit has been provided to the reserve when it is forecast to be in a positive balance. The graph below highlights activity in the water levy reserve over the 25-year review period.[12]

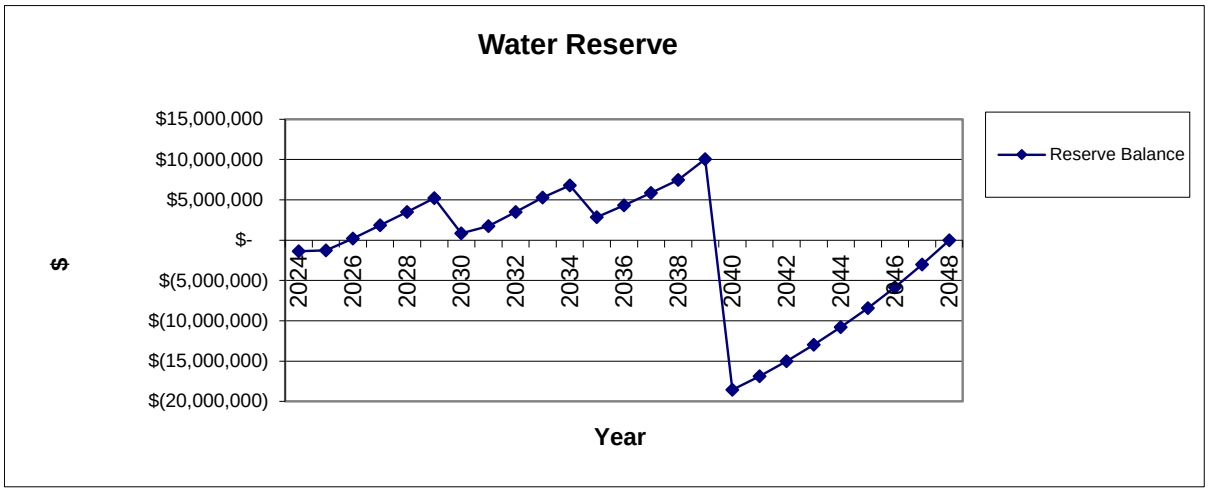
If necessary, an interest staging adjustment has been applied to rates (slightly positive or slightly negative) to ensure that the forecast reserve balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to the Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).

[10] The interest charging rate is equivalent to the 20-year debenture rate at the Alberta Capital Finance Authority at the time of calculation which was ~5.12%.

[11] The interest earning rate is equivalent to the interest earning rate within the Town various reserve accounts which was 1.85% in 2023.

[12] Note, forecast account/reserve balances are based only on offsite levy costs currently included in rates. Actual future account/reserve balances may vary depending on oversizing costs currently excluded from rate calculations.

Anticipated Water Offsite Levy Reserve Balances



APPENDIX D: SANITARY

D1. Sanitary Offsite Infrastructure

In order to support future growth, sanitary offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) future debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately **$64.68 million** (in current dollars) as outlined in the table below. Actual construction expenditures, financing charges (if any), and future cost estimates were provided by Town staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support development during the 25-year review period. The remainder of this section outlines how the "net" costs for development are determined.

Summary of Sanitary Offsite Infrastructure

Item	Project Description	Cost of Completed Work	Future Debenture Interest	Estimated Cost of Work Yet to be Completed	Total Project Estimated Cost
1	Central Trunk Sewer Upgrade (Phase 1)	$ 353,474	$ -	$ 3,480,000	$ 3,833,474
2	Central Trunk Sewer Upgrade (Phase 2)	$ -	$ -	$ 916,653	$ 916,653
3	Central Trunk Sewer Upgrade (Phase 3)	$ -	$ -	$ 1,024,067	$ 1,024,067
4	Central Trunk Sewre Upgrade (Phase 4)	$ -	$ -	$ 2,465,000	$ 2,465,000
5	West Trunk	$ -	$ -	$ 1,087,500	$ 1,087,500
6	Orchard Park Trunk	$ -	$ -	$ 906,250	$ 906,250
7	Ranch Forcemain Twinning	$ -	$ -	$ 420,500	$ 420,500
8	Ranch Lift Station Upgrade	$ -	$ -	$ 464,000	$ 464,000
9	Lakewood Meadows Trunk (West Boundary to Lift Station)	$ -	$ -	$ 1,015,000	$ 1,015,000
10	Lakewood Meadows Forcemain (Lift Station to 55M)	$ -	$ -	$ 3,190,000	$ 3,190,000
11	North Hill Forcemain	$ -	$ -	$ 5,945,000	$ 5,945,000
12	North Hill Lift Station	$ -	$ -	$ 5,147,500	$ 5,147,500
13	Prairie's Edge Forcemain	$ -	$ -	$ 6,525,000	$ 6,525,000
14	Prairie's Edge Lift Station	$ -	$ -	$ 5,147,500	$ 5,147,500
15	West Strathmore Trunk A	$ -	$ -	$ 1,740,000	$ 1,740,000
16	West Strathmore Trunk B	$ -	$ -	$ 1,957,500	$ 1,957,500
17	West Strathmore Forcemain	$ -	$ -	$ 8,772,500	$ 8,772,500
18	West Strathmore Lift Station	$ -	$ -	$ 13,485,000	$ 13,485,000
19	BTO Effluent Pump Station Upgrade	$ -	$ -	$ 641,784	$ 641,784
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 353,474	**$ -**	**$ 64,330,754**	**$ 64,684,228**

*Past expenditures include past financing expenditures (interest) if any.
**Costs estimates provided by Town staff.
***Estimates include engineering and contingencies.
****Missing project numbers (if any) stem from projects that were deleted. However, certain deleted projects may be showing if a net project "credit" remains.
*****Unallocated levies collected to end-2020 (if any) are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (see *Section D5*).
******Offsite infrastructure definitions are described in Appendix F.

D2. Sanitary Offsite Infrastructure Grants & Contributions to Date

The MGA enables the Town to allocate the costs of offsite infrastructure to development, other than those costs that have been provided by way of special ear-marked grant or contribution (i.e., contributed infrastructure). The Town has/will receive **$0.00 million** in special ear-marked grants and contributions for sanitary offsite levy infrastructure as shown in the table below (note, if the Town receives additional ear-marked grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is **$64.68 million**.

Special Grants and Contributions for Sanitary Offsite Infrastructure

Item	Project Description	Total Project Estimated Cost	Special Provincial Grants (Historic & Future)	Developer Agreement Contributions (Historic & Future)	Reduced Project Estimated Cost
1	Central Trunk Sewer Upgrade (Phase 1)	$ 3,833,474	$ -	$ -	$ 3,833,474
2	Central Trunk Sewer Upgrade (Phase 2)	$ 916,653	$ -	$ -	$ 916,653
3	Central Trunk Sewer Upgrade (Phase 3)	$ 1,024,067	$ -	$ -	$ 1,024,067
4	Central Trunk Sewre Upgrade (Phase 4)	$ 2,465,000	$ -	$ -	$ 2,465,000
5	West Trunk	$ 1,087,500	$ -	$ -	$ 1,087,500
6	Orchard Park Trunk	$ 906,250	$ -	$ -	$ 906,250
7	Ranch Forcemain Twinning	$ 420,500	$ -	$ -	$ 420,500
8	Ranch Lift Station Upgrade	$ 464,000	$ -	$ -	$ 464,000
9	Lakewood Meadows Trunk (West Boundary to Lift Station)	$ 1,015,000	$ -	$ -	$ 1,015,000
10	Lakewood Meadows Forcemain (Lift Station to 55M)	$ 3,190,000	$ -	$ -	$ 3,190,000
11	North Hill Forcemain	$ 5,945,000	$ -	$ -	$ 5,945,000
12	North Hill Lift Station	$ 5,147,500	$ -	$ -	$ 5,147,500
13	Prairie's Edge Forcemain	$ 6,525,000	$ -	$ -	$ 6,525,000
14	Prairie's Edge Lift Station	$ 5,147,500	$ -	$ -	$ 5,147,500
15	West Strathmore Trunk A	$ 1,740,000	$ -	$ -	$ 1,740,000
16	West Strathmore Trunk B	$ 1,957,500	$ -	$ -	$ 1,957,500
17	West Strathmore Forcemain	$ 8,772,500	$ -	$ -	$ 8,772,500
18	West Strathmore Lift Station	$ 13,485,000	$ -	$ -	$ 13,485,000
19	BTO Effluent Pump Station Upgrade	$ 641,784	$ -	$ -	$ 641,784
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 64,684,228	**$ -**	**$ -**	**$ 64,684,228**

D3. Year of Construction

The timing of construction is used to determine the impact of inflation on cost, the impact of forecast reserve balances, and the estimate of financial oversizing (described in the Section that follows). The Town anticipates construction of offsite infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of the Town's annual rate/bylaw updates.

Forecast Year of Construction

Item	Project Description	Construction Start Year
1	Central Trunk Sewer Upgrade (Phase 1)	2022
2	Central Trunk Sewer Upgrade (Phase 2)	2029
3	Central Trunk Sewer Upgrade (Phase 3)	2032
4	Central Trunk Sewre Upgrade (Phase 4)	2037
5	West Trunk	2032
6	Orchard Park Trunk	2034
7	Ranch Forcemain Twinning	2032
8	Ranch Lift Station Upgrade	2032
9	Lakewood Meadows Trunk (West Boundary to Lift Station)	2032
10	Lakewood Meadows Forcemain (Lift Station to 55M)	2030
11	North Hill Forcemain	2040
12	North Hill Lift Station	2040
13	Prairie's Edge Forcemain	2040
14	Prairie's Edge Lift Station	2040
15	West Strathmore Trunk A	2062
16	West Strathmore Trunk B	2062
17	West Strathmore Forcemain	2060
18	West Strathmore Lift Station	2060
19	BTO Effluent Pump Station Upgrade	2032

*Project costs are inflated by 3.0% per annum to the year of construction.

D4. Sanitary Offsite Infrastructure Benefiting Parties

The sanitary offsite infrastructure listed above will benefit three parties to varying degrees:

1. Town of Strathmore – a portion of the sanitary infrastructure which is required to service existing residents. This residual benefit is determined at the point in time when the project is added to the bylaw (i.e., it does not fluctuate from year-to-year).
2. Other Stakeholders – other municipalities that benefit from the infrastructure.
3. Future Development:
    - Financial Oversizing – that portion of deemed cost (i.e., levyable sanitary infrastructure costs) which benefits future development beyond the 25-year review period.
    - **In Rates – that portion of deemed cost (i.e., levyable sanitary infrastructure costs) which benefits future development within the 25-year review period.**

The table below outlines the allocation of sanitary offsite levy infrastructure costs to benefiting parties.

Allocation of Sanitary Infrastructure to Benefiting Parties

Item	Project Description	Reduced Project Estimated Cost	Muni Share %	Other Stakeholder Share	Developer Share Beyond 25 Yrs (Financial Oversizing %)	OSL / Developer Share %
1	Central Trunk Sewer Upgrade (Phase 1)	$ 3,833,474	20.0%		0.0%	80.0%
2	Central Trunk Sewer Upgrade (Phase 2)	$ 916,653	20.0%		16.0%	64.0%
3	Central Trunk Sewer Upgrade (Phase 3)	$ 1,024,067	20.0%		25.6%	54.4%
4	Central Trunk Sewre Upgrade (Phase 4)	$ 2,465,000	20.0%		41.0%	39.0%
5	West Trunk	$ 1,087,500	0.0%			100.0%
6	Orchard Park Trunk	$ 906,250	0.0%			100.0%
7	Ranch Forcemain Twinning	$ 420,500	0.0%		32.0%	68.0%
8	Ranch Lift Station Upgrade	$ 464,000	0.0%		32.0%	68.0%
9	Lakewood Meadows Trunk (West Boundary to Lift Station)	$ 1,015,000	0.0%		32.0%	68.0%
10	Lakewood Meadows Forcemain (Lift Station to 55M)	$ 3,190,000	0.0%		24.0%	76.0%
11	North Hill Forcemain	$ 5,945,000	0.0%		41.0%	59.0%
12	North Hill Lift Station	$ 5,147,500	0.0%		41.0%	59.0%
13	Prairie's Edge Forcemain	$ 6,525,000	0.0%		41.0%	59.0%
14	Prairie's Edge Lift Station	$ 5,147,500	0.0%		41.0%	59.0%
15	West Strathmore Trunk A	$ 1,740,000	0.0%		41.0%	59.0%
16	West Strathmore Trunk B	$ 1,957,500	0.0%		41.0%	59.0%
17	West Strathmore Forcemain	$ 8,772,500	0.0%		41.0%	59.0%
18	West Strathmore Lift Station	$ 13,485,000	0.0%		41.0%	59.0%
19	BTO Effluent Pump Station Upgrade	$ 641,784	20.0%		25.6%	54.4%
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -				100.0%
		$ 64,684,228				

*Allocations were determined by Town staff.
** Financial oversizing represents that portion of cost allocated to future development that is deemed beyond the 25-year review period. It is calculated using the construction start date, and then pro-rating the costs over the 25-year review period. For example, a project constructed in year 20 of the 25-year review period will have 5 years' of cost within the review period (i.e., 20% of cost), and 80% of cost is deemed beyond the review period (i.e., financial oversizing). This approach aligns with land staging which, similarly, is limited to lands within the 25-year review period and, therefore, it represents a more equitable allocation of costs to developers. Each year as the review period moves further out, the financial oversizing amount used to update rates will decrease….more costs will fall within the review period, less costs beyond.
*** For the Town of Strathmore, the financial oversizing amount is also capped at 41% as this is the maximum amount of land available for development beyond 2048.
**** Projects with deemed financial oversizing amounts were also assessed to ensure that land was available for development (and collection) beyond the 25-year review period. If lands were not sufficiently available beyond the 25-year review period, financial oversizing amounts were removed altogether.
***** Projects allocated 100% to future development were determined by the Town to benefit future development entirely (i.e., no benefit to existing development).

D5. Existing Receipts & Adjusted Levy Cost

Using the offsite levy share percentages shown in the previous section and applying those percentages to project costs results in an offsite levy cost of approximately **$39.98 million**. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts collected from developers need to be considered in determining the residual/net costs to developers. Town staff have advised that approximately **$1.40 million** ($1.28 million + $0.12 million) in sanitary levies have been applied/collected as shown in the table below. This results in an adjusted offsite levy cost of approximately **$38.58 million**.

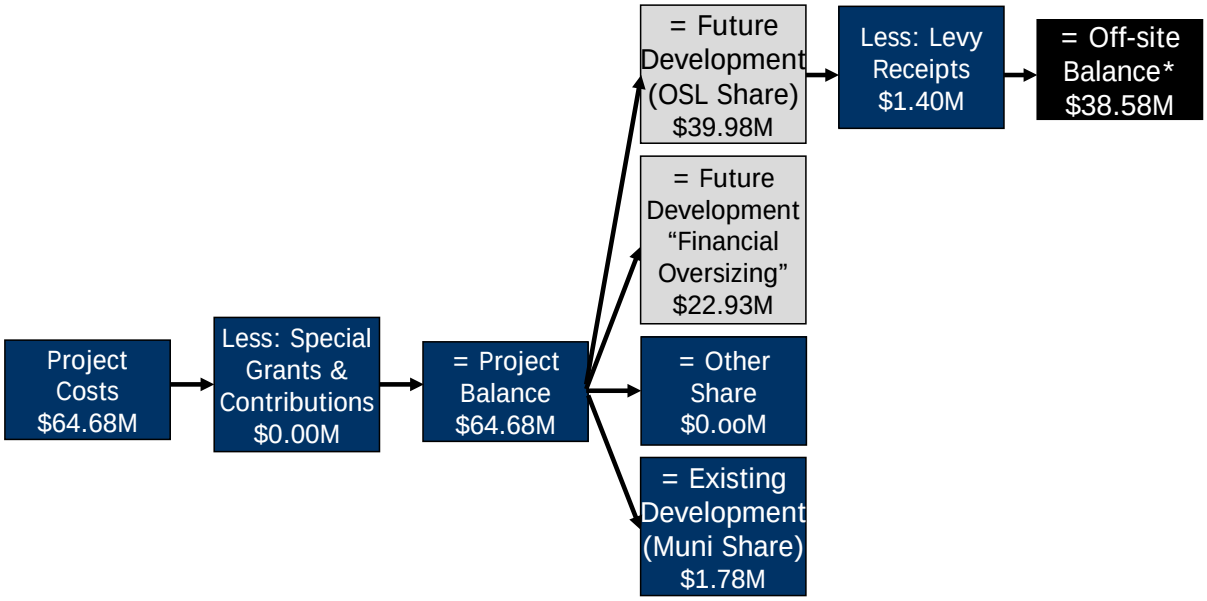
Offsite Levy Funds Applied to Date

Item	Project Description	OSL / Developer Cost	Offsite Levy Funds Collected to Dec 31, 2020	Offsite Levy Funds Collected Starting Jan 1, 2021	Adjusted Developer (Levy) Cost
1	Central Trunk Sewer Upgrade (Phase 1)	$ 3,066,779	$ -	$ 6,498	$ 3,060,281
2	Central Trunk Sewer Upgrade (Phase 2)	$ 586,658	$ -	$ 1,572	$ 585,086
3	Central Trunk Sewer Upgrade (Phase 3)	$ 557,093	$ -	$ 1,756	$ 555,337
4	Central Trunk Sewre Upgrade (Phase 4)	$ 961,350	$ -	$ 4,227	$ 957,123
5	West Trunk	$ 1,087,500	$ -	$ 1,612	$ 1,085,888
6	Orchard Park Trunk	$ 906,250	$ -	$ 1,344	$ 904,906
7	Ranch Forcemain Twinning	$ 285,940	$ -	$ 945	$ 284,995
8	Ranch Lift Station Upgrade	$ 315,520	$ -	$ 1,043	$ 314,477
9	Lakewood Meadows Trunk (West Boundary to Lift Station)	$ 690,200	$ -	$ 1,507	$ 688,693
10	Lakewood Meadows Forcemain (Lift Station to 55M)	$ 2,424,400	$ -	$ 4,736	$ 2,419,664
11	North Hill Forcemain	$ 3,507,550	$ -	$ 8,043	$ 3,499,507
12	North Hill Lift Station	$ 3,037,025	$ -	$ 6,964	$ 3,030,061
13	Prairie's Edge Forcemain	$ 3,849,750	$ -	$ 21,038	$ 3,828,712
14	Prairie's Edge Lift Station	$ 3,037,025	$ -	$ 16,597	$ 3,020,428
15	West Strathmore Trunk A	$ 1,026,600	$ -	$ 2,583	$ 1,024,017
16	West Strathmore Trunk B	$ 1,154,925	$ -	$ 2,906	$ 1,152,019
17	West Strathmore Forcemain	$ 5,175,775	$ -	$ 13,025	$ 5,162,750
18	West Strathmore Lift Station	$ 7,956,150	$ -	$ 20,021	$ 7,936,129
19	BTO Effluent Pump Station Upgrade	$ 349,130	$ -	$ 1,053	$ 348,077
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ 1,282,399	$ -	$ (1,282,399)
		$ 39,975,620	**$ 1,282,399**	**$ 117,471**	**$ 38,575,750**

D6. Summary of Sanitary Offsite Levy Cost Flow-through

As shown in the figure below, the total costs for sanitary infrastructure that forms the basis of the rate is approximately **$38.58 million**. The cost allocations to each benefitting party are based on the benefitting percentages shown in the previous section. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).

Total Sanitary Offsite Levy Costs



D7. Sanitary Infrastructure Benefiting Areas

Net developer costs for each project have been allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by Town staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.

Sanitary Allocations to Benefitting Areas

Item	Project Description	Developer Cost	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5
1	Central Trunk Sewer Upgrade (Phase 1)	$ 3,060,281	1	1	1			1	1			1	
2	Central Trunk Sewer Upgrade (Phase 2)	$ 585,086	1	1	1			1	1				
3	Central Trunk Sewer Upgrade (Phase 3)	$ 555,337	1	1	1			1	1				
4	Central Trunk Sewre Upgrade (Phase 4)	$ 957,123	1	1	1			1	1				
5	West Trunk	$ 1,085,888									1		
6	Orchard Park Trunk	$ 904,906									1		
7	Ranch Forcemain Twinning	$ 284,995				1	1						1
8	Ranch Lift Station Upgrade	$ 314,477				1	1						1
9	Lakewood Meadows Trunk (West Boundary to Lift Station)	$ 688,693	1										
10	Lakewood Meadows Forcemain (Lift Station to 55M)	$ 2,419,664	1										
11	North Hill Forcemain	$ 3,499,507	1		1								
12	North Hill Lift Station	$ 3,030,061	1		1								
13	Prairie's Edge Forcemain	$ 3,828,712				1	1						
14	Prairie's Edge Lift Station	$ 3,020,428				1	1						
15	West Strathmore Trunk A	$ 1,024,017	1										
16	West Strathmore Trunk B	$ 1,152,019	1										
17	West Strathmore Forcemain	$ 5,162,750	1										
18	West Strathmore Lift Station	$ 7,936,129	1										
19	BTO Effluent Pump Station Upgrade	$ 348,077	1	1	1	1	1	1	1	1	1	1	1
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ (1,282,399)	1	1	1			1	1	1	1	1	1
		$ 38,575,750											

* Unallocated levies collected to end-2020 are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (Areas 1, 2, 5-10).

D8. Reserve Balance

At December 31st, 2023 Town records showed a balance of $1,114,633 in the sanitary offsite levy account. However, this was based on an over allocation of costs to developers. The sanitary account balance should be amended to reflect a surplus of **$1,185,328**.

Sanitary Offsite Levy Reserve Balance

Description	Dr	Cr	Balance
Unallocated OSL Receipts to December 31, 2020 (Opening Balance)	$ 1,282,398.53		$ 1,282,398.53
OSL Receipt Allocations 2021-2023	$ 117,471.08		$ 1,399,869.61
Offsite Levy Expenditure Withdrawls 2021-2023		$ 353,474.21	$ 1,046,395.40
Interest Earned/Charged	$ 68,237.52		$ 1,114,632.92
Account Balance per Muni Records December 31, 2023			**$ 1,114,632.92**
OSL Share of Other Expenditures to December 31, 2023		$ (70,694.80)	$ 1,185,327.72
Balance			**$ 1,185,327.72**

*The credit of $(70,695) in 2023 stems from an overallocation of expenditures for Project #1 whose allocation to developers is 80% (the original account withdrawal in 2022 was based on an allocation of 100%).

D9. Development and Sanitary Infrastructure Staging Impacts

Sanitary offsite infrastructure will be constructed in staged fashion over the 25-year development period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy reserve funds will not be sufficient to pay for construction of sanitary infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party that constructs and pays up front for infrastructure that benefits other parties.

To compensate parties for capital they provide in front-ending offsite infrastructure construction, a **5.12%**[13] interest allowance has been charged to the reserve when it is forecast to be in a negative balance. Further, a **1.85%**[14] interest credit has been provided to the reserve when it is forecast to be in a positive balance. The graph below highlights activity in the sanitary levy reserve over the 25-year review period.[15]

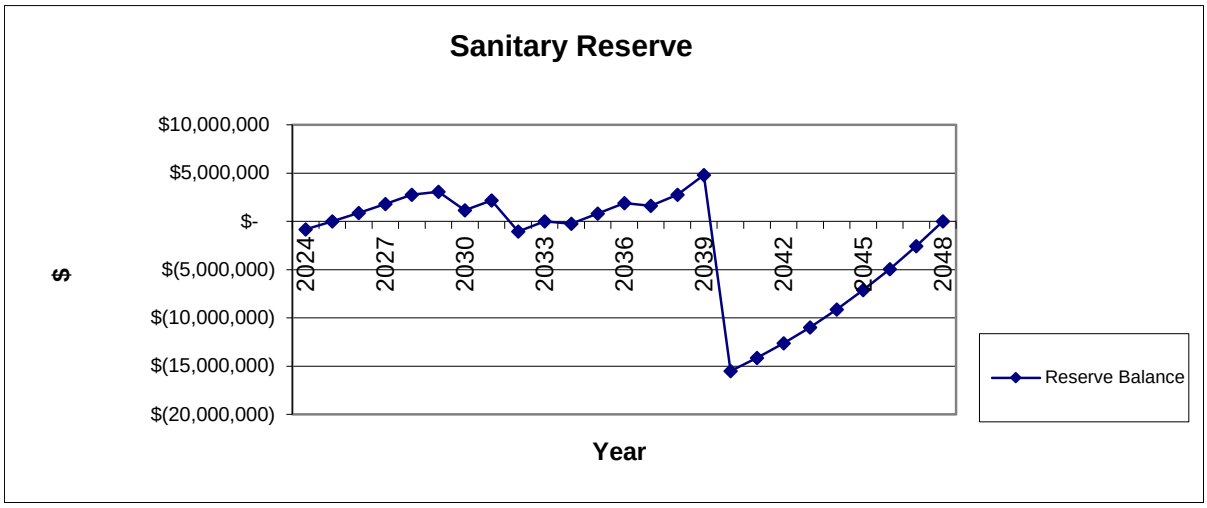
If necessary, an interest staging adjustment has been applied to rates (slightly positive or slightly negative) to ensure that the forecast reserve balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to the Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).

[13] The interest charging rate is equivalent to the 20-year debenture rate at the Alberta Capital Finance Authority at the time of calculation which was ~5.12%.

[14] The interest earning rate is equivalent to the interest earning rate within the Town various reserve accounts which was 1.85% in 2023.

[15] Note, forecast account/reserve balances are based only on offsite levy costs currently included in rates. Actual future account/reserve balances may vary depending on oversizing costs currently excluded from rate calculations.

Anticipated Sanitary Offsite Levy Reserve Balances



APPENDIX E: STORMWATER

E1. Stormwater Offsite Infrastructure

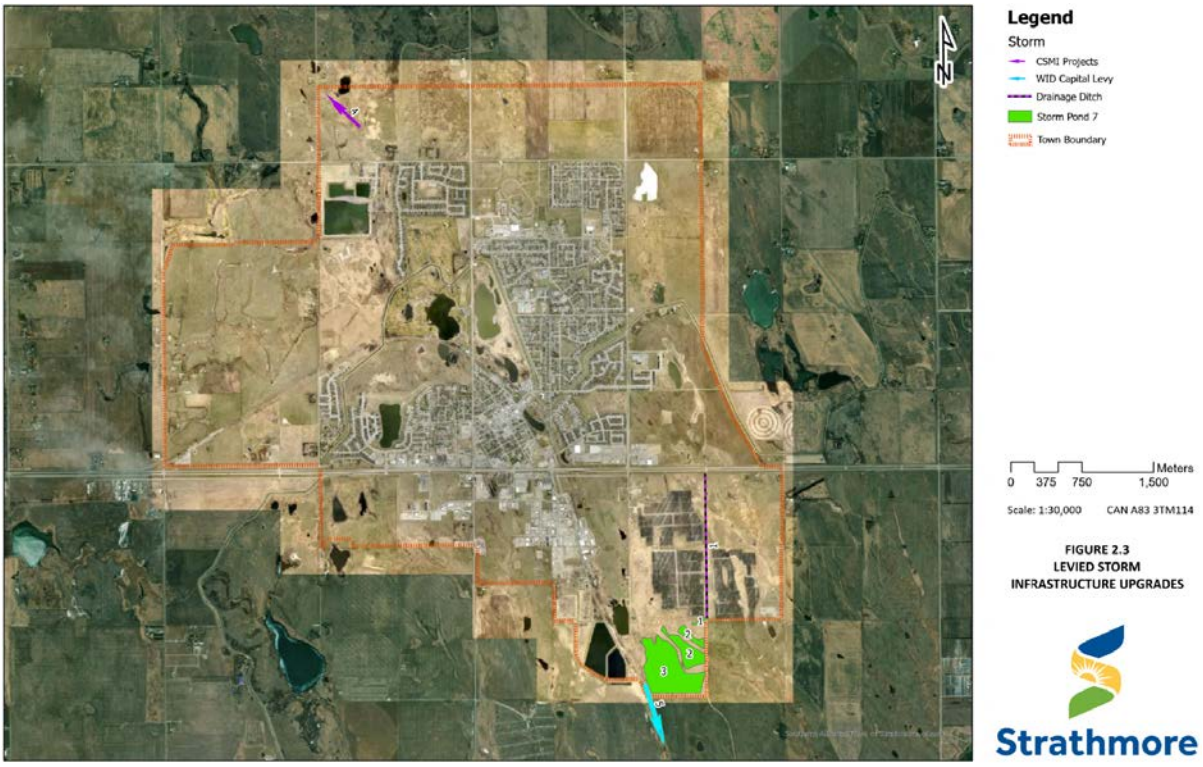
In order to support future growth, stormwater offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately **$20.75 million** (in current dollars) as outlined in the table below. Actual construction expenditures, financing charges (if any), and future cost estimates were provided by Town staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support development during the 25-year review period. The remainder of this section outlines how the "net" costs for development are determined.

Summary of Stormwater Offsite Infrastructure

Item	Project Description	Cost of Completed Work	Future Debenture Interest	Estimated Cost of Work Yet to be Completed	Total Project Estimated Cost
1	Stormpond 7 (Phase 1)	$ -	$ -	$ 1,624,000	$ 1,624,000
2	Stormpond 7 (Phase 2)	$ -	$ -	$ 984,550	$ 984,550
3	Stormpond 7 (Phase 3)	$ -	$ -	$ 6,749,750	$ 6,749,750
4	CSMI Projects	$ 39,593	$ -	$ 1,450,000	$ 1,489,593
5	WID Capital Levy	$ -	$ -	$ 9,904,583	$ 9,904,583
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 39,593	**$ -**	**$ 20,712,883**	**$ 20,752,476**

*Past expenditures include past financing expenditures (interest) if any.
**Costs estimates provided by Town staff.
***Estimates include engineering and contingencies.
****Missing project numbers (if any) stem from projects that were deleted. However, certain deleted projects may be showing if a net project "credit" remains.
*****Unallocated levies collected to end-2020 (if any) are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (see *Section E5*).

******Offsite infrastructure definitions are described in Appendix F.



E1. Stormwater Offsite Infrastructure Grants & Contributions to Date

The MGA enables the Town to allocate the costs of offsite infrastructure to development, other than those costs that have been provided by way of special ear-marked grant or contribution (i.e., contributed infrastructure). The Town has/may receive **$0.00 million** in special grants and contributions for stormwater offsite levy infrastructure as shown in the table below (note, if the Town receives additional grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is **$20.75 million**.

Special Grants and Contributions for Stormwater Offsite Infrastructure

Item	Project Description	Total Project Estimated Cost	Special Provincial Grants (Historic & Future)	Developer Agreement Contributions (Historic & Future)	Reduced Project Estimated Cost
1	Stormpond 7 (Phase 1)	$ 1,624,000	$ -	$ -	$ 1,624,000
2	Stormpond 7 (Phase 2)	$ 984,550	$ -	$ -	$ 984,550
3	Stormpond 7 (Phase 3)	$ 6,749,750	$ -	$ -	$ 6,749,750
4	CSMI Projects	$ 1,489,593	$ -	$ -	$ 1,489,593
5	WID Capital Levy	$ 9,904,583	$ -	$ -	$ 9,904,583
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ -	$ -	$ -
		$ 20,752,476	**$ -**	**$ -**	**$ 20,752,476**

E2. Stormwater Infrastructure Staging

The timing of construction is used to determine the impact of inflation on cost, and the impact of forecast account balances. The Town anticipates construction of offsite

infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of the Town's annual rate/bylaw updates.

Stormwater Infrastructure Staging

Item	Project Description	Construction Start Year
1	Stormpond 7 (Phase 1)	2029
2	Stormpond 7 (Phase 2)	2032
3	Stormpond 7 (Phase 3)	2035
4	CSMI Projects	2021
5	WID Capital Levy	2020

*Project costs are inflated by 3.0% per annum to the year of construction.

E3. Stormwater Offsite Infrastructure Benefiting Parties

The stormwater offsite infrastructure listed above will benefit three parties to varying degrees:

4. Town of Strathmore – a portion of the sanitary infrastructure which is required to service existing residents. This residual benefit is determined at the point in time when the project is added to the bylaw (i.e., it does not fluctuate from year-to-year).
5. Other Stakeholders – other municipalities that benefit from the infrastructure.
6. Future Development:
    - Financial Oversizing – that portion of deemed cost (i.e., levyable sanitary infrastructure costs) which benefits future development beyond the 25-year review period.
    - **In Rates – that portion of deemed cost (i.e., levyable sanitary infrastructure costs) which benefits future development within the 25-year review period.**

The table below outlines the allocation of stormwater offsite levy infrastructure costs to benefiting parties. Percentage allocations are determined after reducing stormwater offsite levy infrastructure costs for grants described earlier.

Allocation of Stormwater Infrastructure to Benefiting Parties

Item	Project Description	Reduced Project Estimated Cost	Muni Share %	Other Stakeholder Share	Developer Share Beyond 25 Yrs (Financial Oversizing %)	OSL / Developer Share %
1	Stormpond 7 (Phase 1)	$ 1,624,000	0.0%		20.0%	80.0%
2	Stormpond 7 (Phase 2)	$ 984,550	0.0%		32.0%	68.0%
3	Stormpond 7 (Phase 3)	$ 6,749,750	0.0%		41.0%	59.0%
4	CSMI Projects	$ 1,489,593	0.0%		0.0%	100.0%
5	WID Capital Levy	$ 9,904,583	0.0%		0.0%	100.0%
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -				100.0%
		$ 20,752,476				

*Allocations were determined by Town staff.
** Financial oversizing represents that portion of cost allocated to future development that is deemed beyond the 25-year review period. It is calculated using the construction start date, and then pro-rating the costs over the 25-year review period. For example, a project constructed in year 20 of the 25-year review period will have 5 years'

of cost within the review period (i.e., 20% of cost), and 80% of cost is deemed beyond the review period (i.e., financial oversizing). This approach aligns with land staging which, similarly, is limited to lands within the 25-year review period and, therefore, it represents a more equitable allocation of costs to developers. Each year as the review period moves further out, the financial oversizing amount used to update rates will decrease….more costs will fall within the review period, less costs beyond.
*** For the Town of Strathmore, the financial oversizing amount is also capped at 41% as this is the maximum amount of land available for development beyond 2048.
**** Projects with deemed financial oversizing amounts were also assessed to ensure that land was available for development (and collection) beyond the 25-year review period. If lands were not sufficiently available beyond the 25-year review period, financial oversizing amounts were removed altogether.
***** Projects allocated 100% to future development were determined by the Town to benefit future development entirely (i.e., no benefit to existing development).

E4. Existing Receipts

Using the offsite levy share percentages shown in the previous section and applying those percentages to project costs results in an offsite levy cost of approximately **$17.35 million**. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts collected from developers need to be considered in determining the residual/net costs to developers. Approximately **$1.72million** ($1.68 million + $0.04 million) in stormwater levies has been collected as shown in the table below. This results in an adjusted offsite levy cost of approximately **$15.63 million**.

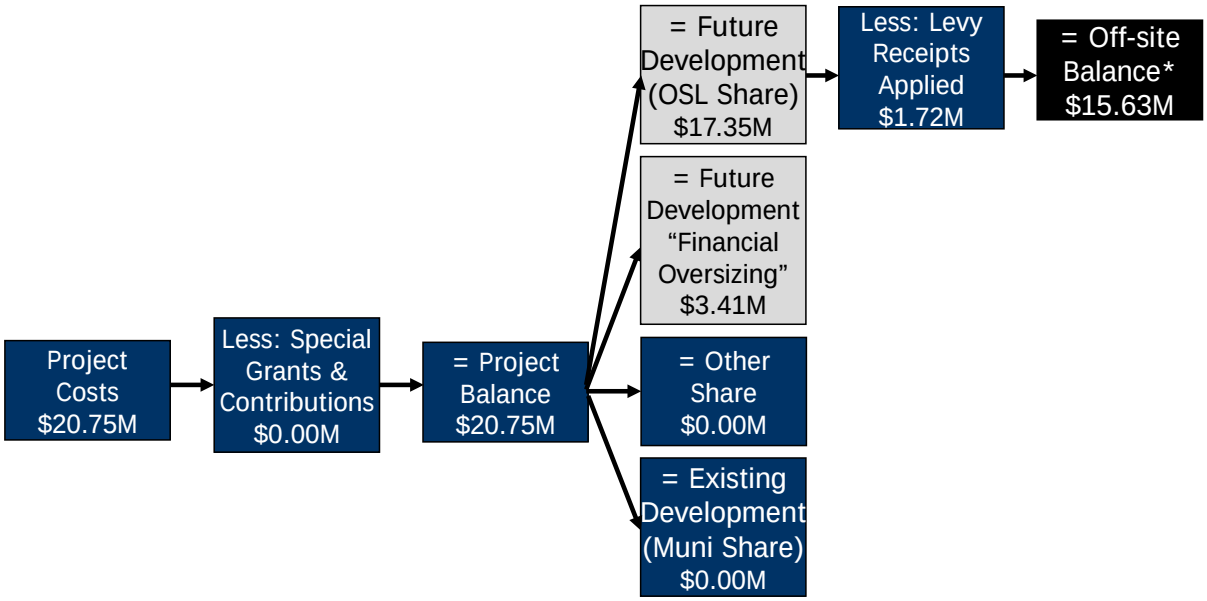
Offsite Levy Funds Collected to Date

Item	Project Description	OSL / Developer Cost	Offsite Levy Funds Collected to Dec 31, 2020	Offsite Levy Funds Collected Starting Jan 1, 2021	Adjusted Developer (Levy) Cost
1	Stormpond 7 (Phase 1)	$ 1,299,200	$ -	$ -	$ 1,299,200
2	Stormpond 7 (Phase 2)	$ 669,494	$ -	$ -	$ 669,494
3	Stormpond 7 (Phase 3)	$ 3,982,353	$ -	$ 5,439	$ 3,976,914
4	CSMI Projects	$ 1,489,593	$ -	$ 22,740	$ 1,466,853
5	WID Capital Levy	$ 9,904,583	$ -	$ 7,981	$ 9,896,602
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ -	$ 1,680,331	$ -	$ (1,680,331)
		$ 17,345,222	**$ 1,680,331**	**$ 36,160**	**$ 15,628,731**

E5. Summary of Stormwater Offsite Levy Cost Flow-through

As shown in the figure below, the total costs for stormwater infrastructure that forms the basis of the rate is approximately **$15.63 million**. The cost allocations to each benefitting party are based on the benefitting percentages shown in *Appendix E4*. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).

Total Stormwater Offsite Levy Costs



E6. Stormwater Infrastructure Benefiting Areas

Net developer costs for each project are allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by Town engineering staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.

Benefiting Areas for Stormwater Offsite Infrastructure

Item	Project Description	Developer Cost	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5
1	Stormpond 7 (Phase 1)	$ 1,299,200					1						1
2	Stormpond 7 (Phase 2)	$ 669,494					1						1
3	Stormpond 7 (Phase 3)	$ 3,976,914			1		1	1	1	1	1	1	1
4	CSMI Projects	$ 1,466,853	1			1							
5	WID Capital Levy	$ 9,896,602		1	1		1	1	1	1	1	1	1
100	Unallocated Offsite Levies Collected to Dec 31, 2020 - DO NOT DELETE	$ (1,680,331)	1	1			1	1	1	1	1	1	
		$ 15,628,731											

* Unallocated levies collected to end-2020 are included in project #100 and credited 100% to future development and to offsite levy areas where development occurred prior to 2020 (Areas 1, 2, 5-10).

E7. Account Balance

At December 31st, 2023 Town records showed a balance of $335,109 in the stormwater offsite levy account. However, this is based on an over allocation of costs to developers. The stormwater account balance should be amended to reflect a surplus of **$377,710**.

Stormwater Offsite Levy Account Balance

2022			$ (1,049,114.10)
Opening Balance			$ (1,049,114.10)
Interest on Opening Balance		$ 24,549.27	$ (1,073,663.37)
Withdrawals From Levy Account (Applied to Projects)		$ -	$ (1,073,663.37)
Additional OSL Expenditures (Front-ending) Incl Debenture Interest (If any)		$ -	$ (1,073,663.37)
OSL Receipts	$ 1,929.20		$ (1,071,734.17)
Non-Levy Contributions (If Any)	$ -		$ (1,071,734.17)
Interest on OSL Expenditures		$ -	$ (1,071,734.17)
Interest on OSL Receipts	$ 9.65		$ (1,071,724.53)
Interest on Non-Levy Contributions (If Any)	$ -		$ (1,071,724.53)
Town Front-ending Adjustment	$ 1,071,724.53		$ 0.00
Closing Balance			**$ 0.00**

E8. Development and Stormwater Infrastructure Staging Impacts

Stormwater offsite infrastructure will be constructed in staged fashion over the 25-year development period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy account funds will not be sufficient to pay for construction of stormwater infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party (to date the Town of Sylvan Lake has been the primary front-ender) that constructs and pays up front for infrastructure that benefits other parties.

In order to compensate parties for capital they provide in front-ending offsite infrastructure construction, a **5.12%** interest allowance has been charged to the account when in a negative balance[16]. Further, a **1.85%** interest credit has been provided to the account when it is in a positive balance[17]. The graph and table below outline stormwater levy account balances over the 25-year development period[18].

If necessary, a staging adjustment is applied to rates (positive or negative) to ensure that the forecast account balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to the Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).A

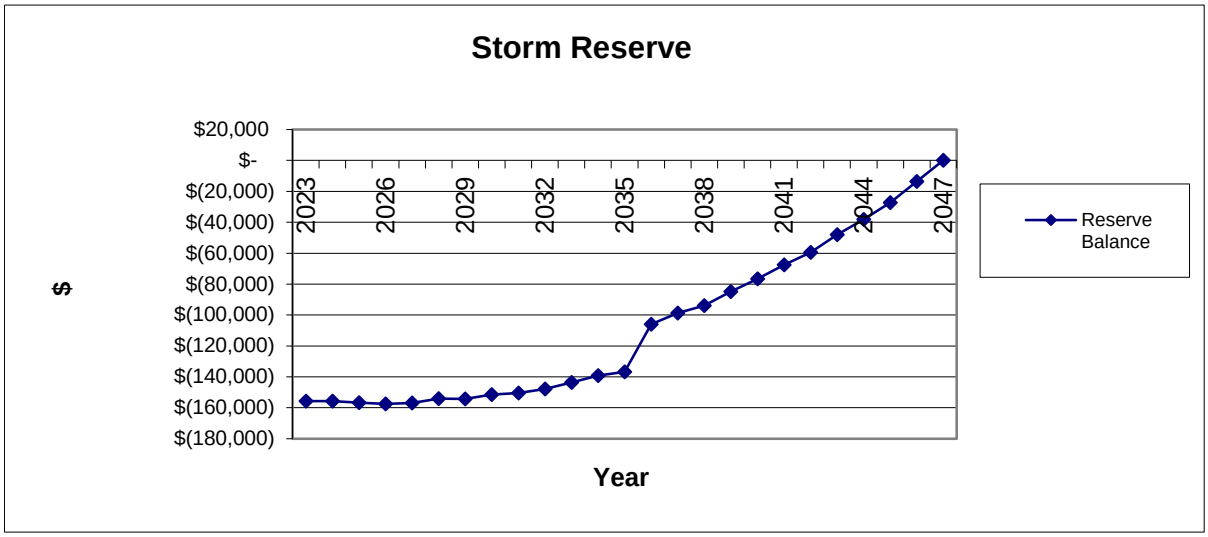
[16] The interest charging rate is equivalent to the 20-year debenture rate at the Alberta Capital Finance Authority at the time of calculation which was ~5.12%.

[17] The interest earning rate is equivalent to the interest earning rate within the Town various reserve accounts which was 1.85% in 2023.

[18] Note, forecast account/reserve balances are based only on offsite levy costs currently included in rates. Actual future account/reserve balances may vary depending on oversizing costs currently excluded from rate calculations.

detailed overview of offsite levy calculations, including staging adjustments, is outlined in *Appendix H*.

Anticipated Stormwater Offsite Levy Account Balances



Anticipated Stormwater Offsite Levy Account Balances

			Opening Balance	$ 0
Year	**Receipts**	**Expenditure**	**Interest**	**Balance**
2023	$ 6,105	$ 154,200	$ (7,701)	$ (155,796)
2024	$ 7,810	$ -	$ (7,695)	$ (155,681)
2025	$ 6,688	$ -	$ (7,748)	$ (156,741)
2026	$ 6,940	$ -	$ (7,790)	$ (157,591)
2027	$ 8,358	$ -	$ (7,760)	$ (156,992)
2028	$ 10,573	$ -	$ (7,614)	$ (154,034)
2029	$ 7,365	$ -	$ (7,627)	$ (154,295)
2030	$ 10,332	$ -	$ (7,486)	$ (151,449)
2031	$ 8,502	$ -	$ (7,433)	$ (150,380)
2032	$ 9,839	$ -	$ (7,308)	$ (147,850)
2033	$ 11,233	$ -	$ (7,104)	$ (143,721)
2034	$ 11,353	$ -	$ (6,883)	$ (139,250)
2035	$ 9,245	$ -	$ (6,760)	$ (136,765)
2036	$ 36,107	$ -	$ (5,234)	$ (105,893)
2037	$ 11,979	$ -	$ (4,883)	$ (98,797)
2038	$ 9,458	$ -	$ (4,646)	$ (93,984)
2039	$ 13,346	$ -	$ (4,193)	$ (84,832)
2040	$ 11,942	$ -	$ (3,790)	$ (76,680)
2041	$ 12,523	$ -	$ (3,336)	$ (67,493)
2042	$ 10,970	$ -	$ (2,939)	$ (59,463)
2043	$ 13,878	$ -	$ (2,370)	$ (47,955)
2044	$ 11,638	$ -	$ (1,888)	$ (38,205)
2045	$ 12,308	$ -	$ (1,347)	$ (27,244)
2046	$ 14,287	$ -	$ (674)	$ (13,631)
2047	$ 13,631	$ -	$ 0	$ 0

APPENDIX F: OFFSITE INFRASTRUCTURE DEFINITIONS[19]

F1. Water

The Town of Strathmore's water system conforms to the Standard's and Guidelines for Municipal Waterworks, Wastewater, and Storm Drainage Systems and published by Alberta Environment and Protected Areas.

The Town's water is supplied by the City of Calgary via the East Calgary Regional Waterline (ECRW) and delivered to the Wildflower Reservoir. Distribution throughout the Town is achieved via a network of transmission and distribution lines varying in size, materials, and age. Leviable water infrastructure focuses on primary distribution only, following a generalized grid pattern throughout the community that delivers water to the edge of each development area. A future East Reservoir and the transmission network to connect to the existing reservoir and ECRW are also included, all other upgrades, unless a direct impact of the Reservoir Upgrades, are the responsibility of the individual developments.

F2. Sanitary

The sanitary system in the Town also conforms to the Standard's and Guidelines for Municipal Waterworks, Wastewater, and Storm Drainage Systems and published by Alberta Environment and Protected Areas.

Sanitary Sewers are interconnected and utilize a trunk system to deliver the full Town's sanitary flows to the Waste Water Treatment Plant (WWTP) at the south edge of the Town. This Biological Nutrient Removal (BNR) style treatment plant is relatively new and operates well within its existing capacity. Leviable sanitary infrastructure is primarily attributed to upgrades to the Trunk System which runs in a Northwest to Southeast direction. Delivery systems (lift stations) associated with the Trunk Network which service more than two (2) development areas are also included within the Levy Structure; sanitary work within a community is not generally seen as a Levy project and is the responsibility of the development.

F3. Stormwater

The Town of Strathmore's stormwater system conforms to the Standard's and Guidelines for Municipal Waterworks, Wastewater, and Storm Drainage Systems and published by Alberta Environment and Protected Areas.

The Town's topography requires multiple stormwater catchment areas to be considered, primarily a North (Serviceberry) and a South (Bow) catchment area. Each has their own dedicated discharge location and restrictions on stormwater flow related to each of the discharge points. Levies are collected to provide the applicable discharge points at the Northwest and Southeast corners of Town. A regional collection system (storm ponds)

[19] Offsite infrastructure definitions were developed by the Town and are intended to be a guide only. The Town reserves the right to modify these definitions as required to address unique or changing circumstances.

necessary to achieve the flow restrictions at the Southeast discharge point is also included. Stormwater minor systems and community containment is the responsibility of each developer.

F4. Transportation

The Town of Strathmore primarily consists of local roadways and collector roads along with select arterial cross sections and Provincial Highways #1 and #817. The Transportation Master Plan outlines the cross section of each roadway however these generally follow the Transportation Association of Canada (TAC) Geometric Design Guide and other local (provincial) guidelines where appropriate.

Leviable Transportation upgrades focus on the primary collector or arterial roadways in a generalized grid pattern which support the community as a whole. These roadways generally follow the Alberta Township System (ATS) grid with minor exceptions where necessary. Roadways within a community which feed to this primary grid are the responsibility of each development and not considered in the Levy Projects.

APPENDIX G: COMPARISON OF RATES

The table below compares the Town's new offsite levy rates to rates in other municipalities.

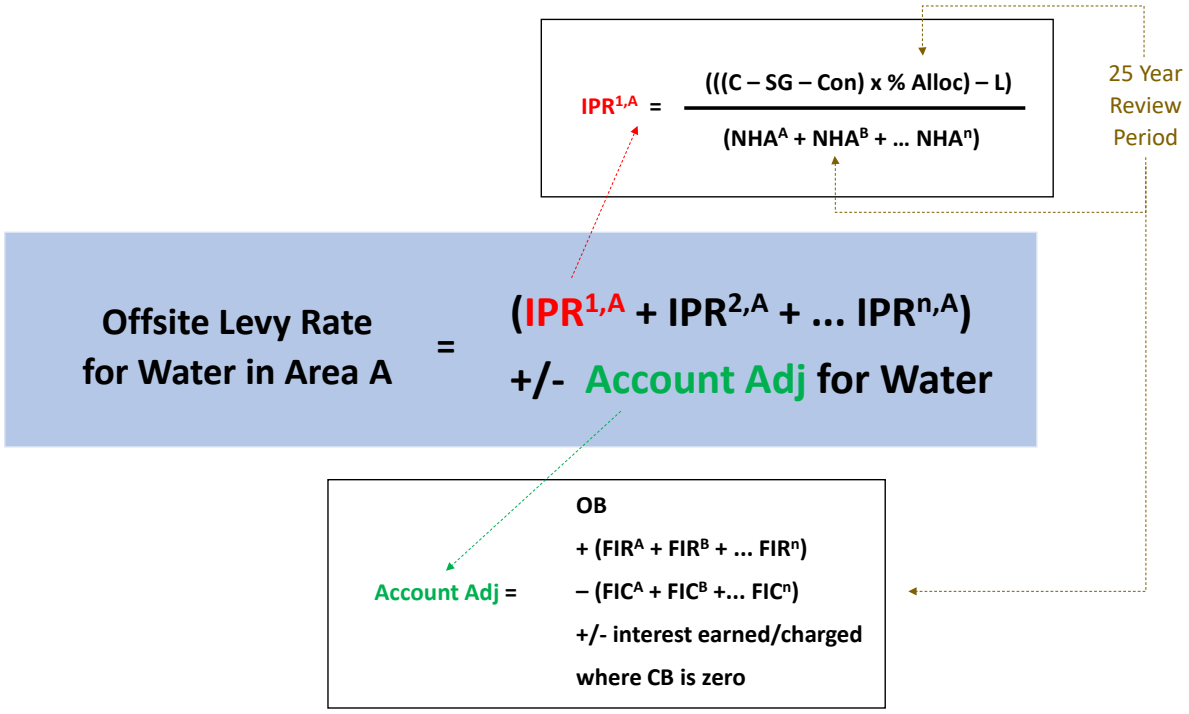
Municipality / Area	Average Per Ha.
Town of Crossfield	**$51,900 - $84,800 (2023)**
Town of Blackfalds (roads, water, sewer, storm)	**$90,100 (2015)**
City of Airdrie	**$91,200-$102,200 (2022)**
Town of Strathmore* (roads, water, sewer)	**$165,342 (2024)**
City of Medicine Hat* (roads, water, sewer, storm)	**$102,012 (2022)**
Town of Redcliff* (roads, water, sewer, storm)	**$109,200 (2016)**
Town of High River (roads, water, sewer)	**$138,052 - $290,481 (2021)**
City of Brooks* (roads, water, sewer, storm)	**$79,823 (2021)**
Town of Cochrane (roads, water, sewer, storm, hwy int, police)	**$281,711 - $320,613 (2023)**
Town of Okotoks (roads, water, sewer)	**$198,600 (2020)**
City of Red Deer* (roads, water, sewer, storm)	**$203,300 (2019)**
City of Chestermere* (roads, water, sewer, storm, recreation)	**$295,960 (2022)**
Red Deer County (Gasoline Alley) (roads, water, sewer, storm)	**$220,000 (2017)**
City of Lethbridge (roads, water, sewer, storm)	**$290,000 (2023)**
City of Calgary Green Field Area (roads, water, sewer, storm, comm,stab)	**$495,000 - $544,000 (2023)**
Foothills County	**Not current (2002)**
Town of Irricana	**Not current (2007)**
Rocky View County	**N/A - $/m3**
Wheatland County	**Incomplete (Road only)**
Town of Diamond Valley	**N/A – none**

*CORVUS clients

**Information adapted from online sources as at early 2024.

APPENDIX H: RATE CALCULATION

The diagram below depicts the rate calculation formula. The offsite levy rate in each offsite levy area (e.g., Area A) for a given infrastructure type (e.g., water) is equal to the sum of all Individual Projects Rates (IPRs) applicable to the Area, plus or minus a reserve/account Adjustment (Adj) for that specific infrastructure type (e.g., water reserve/account).



Where:

"$IPR^{1,A}$" is the **Individual Project Rate** for Project 1 in Area A and is calculated as: the total remaining cost allocated to future development, divided by the forecast adjusted net hectares that will develop during the 25-year review period in all areas that benefit from Project 1.

"C" is the total **Cost** of Project 1 and is calculated as: the actual historical costs for completed construction, plus actual historical loan interest (if any), plus estimated future construction costs, plus estimated future loan interest (if any). Cost estimates are prepared by the municipality (or engineering advisors or facility advisors for the municipality) and are often outlined in master plans or other technical documents.

"SG" are **Special Grants** received and anticipated. These grants are earmarked/restricted to a specific project.

"Con" is **Contributions** received and anticipated. These are unique contributions received from developers or other third parties which are not offsite levies and which are not already reflected in allocations to other municipalities etc. They are similar to special grants in that

they are contributions earmarked/restricted to a specific project.

"% Alloc" is the **Percentage of Project Cost Allocated** to future development within the 25-year review period. This percentage is determined by the municipality (or engineering advisors or facility advisors for the municipality). Project cost is allocated to three parties: (1) future development, (2) the existing municipality, and (3) third parties. Because infrastructure is often built solely to support future land development, project cost is often allocated 100% to future development. But when infrastructure is built to support an existing need, a percentage of cost is allocated to the municipality (i.e., existing taxpayers). Similarly, there may be circumstances when a project is constructed to support a need in a neighbouring municipality (e.g., a stormwater management facility to deal with drainage issues stemming from a neighbouring municipality, or an arterial road that straddles the boundary of both municipalities, or a water treatment plant intended to provide water to a neighbouring municipality). In this case, a percentage of cost is allocated to the third party.

"L" are the **Levies** collected to date for a specific project.

"NHA^{A}" are the **Net Hectares** of land in Area A that are forecast to be developed within the 25-year review period. Net hectares are usually equal to gross hectares less environmental lands (if any), less an allowance for municipal reserves (usually 10%), less arterial road rights of way and any other land allowances (if any). The total net hectares from all areas that benefit from a given project (i.e., the benefitting basin) are included in the denominator of the Individual Project Rate calculation (see IPR).

"Adj" is the overall offsite levy reserve/account **Adjustment** and is calculated as a percentage and applied to all offsite levy rates for a given infrastructure type (e.g., water). This is a complex calculation because legislation contemplates one account/reserve for each infrastructure type. The staging adjustment is revised each time rates are updated. This ensures rates reflect the most up-to-date data and assumptions.

> Note: though municipalities must track levies collected for each project, legislation does not contemplate one account/reserve for each project. If this were the case, no project would be built until all lands in the benefitting basin were developed and associated levies collected. This would not be practicable. By utilizing one account/reserve for a family of projects of a given infrastructure type, monies collected can be used to construct the next project in the construction staging schedule.

"OB" is the **Opening Balance** of the applicable offsite levy account/reserve (e.g., water reserve) and is calculated as the sum of all actual levy contributions received, less the % of actual project costs to date allocated to future development (including financing costs if any), plus/minus the application of interest earned and interest charged. Interest within offsite levy reserves/accounts may be calculated by applying the interest earning rate for the applicable year at mid-year (the "Half Year Rule") and the interest charge rate for the applicable year at September (the "Quarter Year Rule").

"FIR^{A}" is the estimated **Future Inflated Revenues** for Area A in the applicable offsite levy account/reserve (e.g., water revenues). Future inflated revenues are determined using the amount of land and timing stemming from the development staging plan in Area A, multiplied by offsite levy rates anticipated in the future in Area A (inflation is applied to current levy rates to forecast future rates).

"FIC^{A}" is the estimated **Future Inflated Costs** for Area A in the applicable offsite levy

account/reserve (e.g., water project costs). Future inflated costs are determined using the percentage of project costs in each year stemming from the construction staging plan for each project (inflation is applied to current cost estimates to forecast future costs).

"CB" is the **Closing Balance** in the applicable offsite levy account/reserve at the conclusion of the 25-year review period. The closing balance at the end of the 25-year review period must be zero—the municipality cannot over collect from future development, and future development cannot under pay.[20]

[20] Note, forecast account/reserve balances are based only on offsite levy costs currently included in rates. Actual future account/reserve balances may vary depending on oversizing costs currently excluded from rate calculations.