**BILD Calgary Region – Okotoks Development Committee**
**Industry Feedback –Proposed Updates to Off-Site Levy Bylaw and Oversizing Framework**
**January/February 2026**

**Overall Feedback**
BILD CR members remain concerned with the proposed approach to off-site levies and the introduction of an "oversized infrastructure fund." As currently presented, the framework does not provide sufficient financial certainty, transparency, or fairness for front-ending developers, and raises material risks related to recoverability, timing, governance, and accountability. We see that there is further technical work and engagement required before any such system is implemented.

In response to the questions and feedback requested by the Town of Okotoks, we provide the following comments for your consideration and further discussion.

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**1. Draft Off-Site Levy Project List (July 11, 2025)**

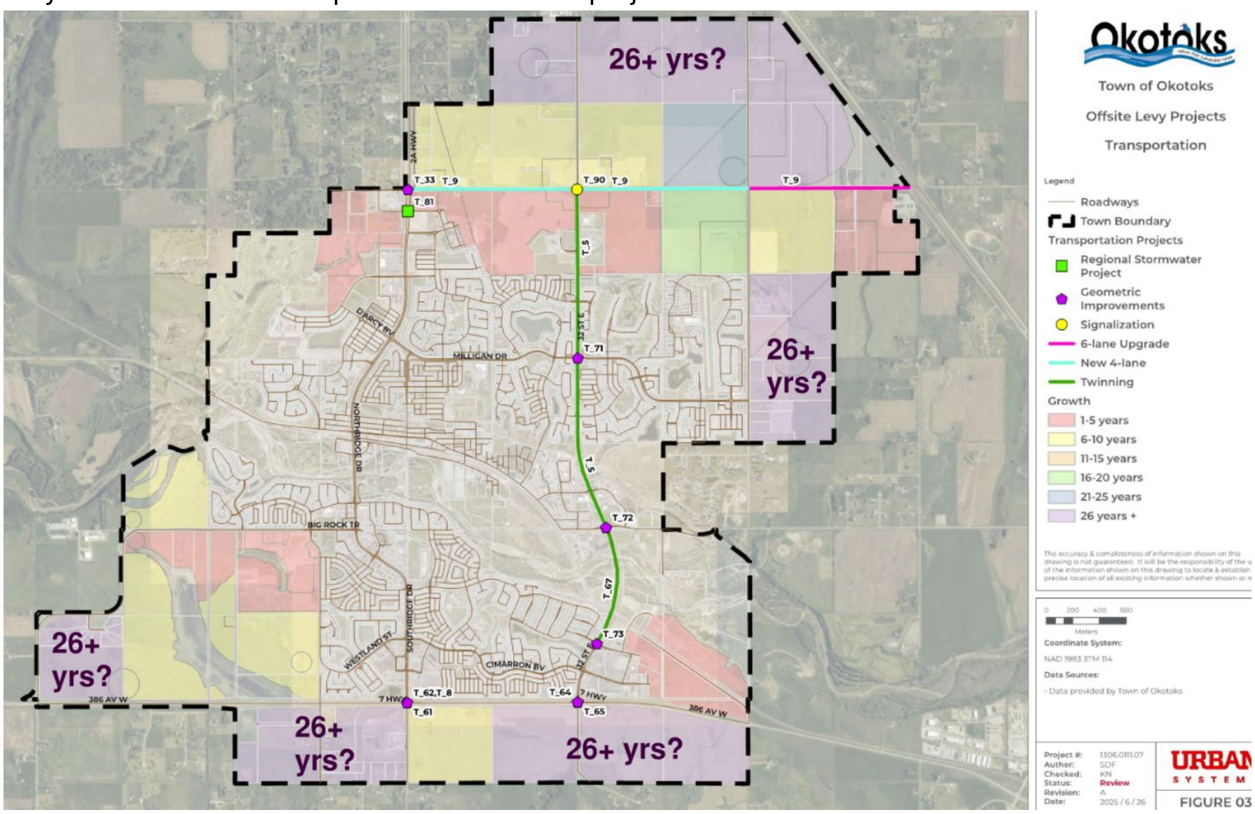
**Does Industry have any feedback related to the projects proposed?**

Industry appreciates that the Draft Off-Site Levy Project List is grounded in master planning and technical studies. However, several concerns remain:

- **Appropriateness of Project Inclusion:**
  Some projects appear to reflect broader municipal capital infrastructure intended to support long-term, Town-wide growth rather than infrastructure necessitated by near-term development. Industry is concerned that the levy framework may be absorbing projects that extend beyond the appropriate scope of growth-related off-site levy infrastructure.
- **Oversizing vs. Base Infrastructure:**
  There is insufficient clarity on what portions of the listed projects constitute true "oversizing" attributable to future growth versus baseline infrastructure that would otherwise be required by the municipality regardless of development timing.
- **Growth Alignment and Phasing:**
  Several projects appear advanced relative to realistic development phasing. Advancing major infrastructure well ahead of demand creates significant financial exposure for early developers, particularly where recovery timelines are uncertain.
- **Transparency of Costing and Prioritization:**
  Industry requests clearer documentation on:
  - The basis for prioritization of projects within the list;
  - Cost estimates and contingencies; and
  - How projects will be staged in alignment with actual growth and servicing need.
  - What are the proposed rates in total, if there was no oversize system then what do the rates look like? What do the proposed OSL rates look like with the inclusion of front-ending, what would be the OSL bylaw rates and rates for Oversize infrastructure?

- **Cashflow: Cost vs Levy Collection:**
  The levy project list has been clearly defined with anticipated budgets and a year allocated to each. However, this only covers the cost component (not the levy collection component). Industry needs to see a model from the Town that predicts the rate that levies are collected relative to cost out the door for these projects. (i.e. do the project costs run parallel with the anticipated rate of levy collection?) We do not know or have not seen the projects cash flowed out.

- **Clarity on 25-yr Horizon**
  The below map from Urban shows growth areas that include years **above** the 25-yr horizon. However, the infrastructure projects are those within the 25-yr window. Can there be additional mapping or information provided to clarify the 25-yr horizon boundary and above 25-yrs in relation to the required infrastructure projects?



## 2. Finance and Funding – Oversizing Approach

### a) Infrastructure Considered Through the Oversizing Approach

Industry remains concerned that the oversized framework is being applied to entire major facilities (e.g., reservoirs, trunk infrastructure), rather than being limited to the incremental capacity above what is required for immediate development.

### b) Thresholds Between Local Developer-Funded Infrastructure and Oversizing Levy Contributions

The proposed thresholds separating locally funded infrastructure from oversized components lack sufficient transparency and technical justification. Without clear criteria, there is uncertainty and risk of inconsistent application across projects.

**Key Concerns:**

- Lack of objective criteria for determining thresholds;
- Potential for thresholds to change over time;
- Risk that developers are funding infrastructure beyond what is reasonably attributable to their development impacts.

### c) Treatment of Unique Infrastructure Considerations

Industry supports flexibility for unique infrastructure considerations but is concerned that variability (e.g., depth of utilities, roundabouts vs. standard intersections, site constraints) may result in inequitable cost allocation.

**Key Concerns:**

- Variations in cost due to site-specific constraints may disproportionately burden early developers;
- Lack of standardized cost-sharing methodologies for atypical infrastructure.

### d) Cost Recovery Timing

Industry remains highly concerned about cost recovery timing under the proposed oversizing model.

**Key Issues:**

- Recovery timelines, based on current growth projections, may extend multiple decades;
- Long recovery horizons undermine project viability and financing feasibility;
- The model does not appear to adequately address interest, financing, and opportunity costs incurred by front-ending developers.

**e) Levy Buckets Clarity and Oversize approach**

Based on the Urban Systems Memo, the reimbursement timing states that developers will go in a funding "queue" for oversize recovery when there's not money available. However, it is unclear what bucket the oversize funding would actually come from. i.e. would it come from the current bucket "A" in the below photo (that currently has a balance of -$13M), or is a new line (new bucket) being proposed that starts at $0 and developers pay into over time? Are we going to see a levy hike to accommodate the new buckets for the oversize?

New bucket G, H, etc?

Are additional "buckets" being added to the typical lines? i.e. is it being proposed that a "sanitary oversize levy" line is being added? or is the oversize recovery coming from Bucket A

**OFF-SITE LEVIES**

The Off-Site Levies payable pursuant to the Bylaw shall be in accordance with the following table:

| | Infrastructure Category | Off-Site Levy (Ha) | | | |
|---|---|---|---|---|---|
| | | Effective Until Dec 31, 2023 | Effective Until Dec 31, 2024 | Effective Until Dec 31, 2025* | 2024 Annual Report Balance |
| A | Sanitary Collection | $34,984 | $35,684 | $36,398 | (13,102,218) |
| B | Sanitary Treatment and Disposal | $41,539 | $42,370 | $43,217 | |
| C | Water Supply and Treatment | $39,162 | $39,945 | $40,744 | |
| D | Water Distribution and Storage | $11,849 | $12,085 | $12,327 | (3,863,536) |
| E | Transportation | $79,098 | $80,680 | $82,294 | (1,897,168) |
| F | Community Amenity | $60,222 | $62,029 | $63,890 | |
| | **LEVY TOTAL** | **$266,854** | **$272,793** | **$278,870** | |

*Off-Site Levy rates beyond December 31, 2025 are subject to inflationary increase consistent with annual increases captured in the above table.*

If yes to the above, is existing bucket 'A' going to only fund the Town's portion of infrastructure? Can a third column be included which shows the anticipated oversize recovery associated with each of the industry financed line items? (As exampled below)

# Approach

**Overview of Financing and Funding Approach – Sharing the Risk -**

ADD COLUMN FOR ANTICPATED OVERSIZE AMOUNT ELIGABLE FOR INDUSTRY RECOVERY

**Financing Approach - 25yr Window ($2025)**

| Infrastructure Category | Front-Ended By Town | Front-Ended By Industry | Total |
|---|---|---|---|
| Sanitary Treatment and Disposal | $25,262,000 | $0 | $25,262,000 |
| Sanitary Collection | $19,746,000 | $25,979,000 | $45,725,000 |
| Water Distribution | $4,797,000 | $0 | $4,797,000 |
| Water Supply and Treatment | $47,800,000 | $0 | $50,220,000 |
| Water Storage | $0 | $45,246,000 | $45,246,000 |
| Transportation | $31,103,000 | $79,987,000 | $111,090,000 |
| Recreation | $64,079,000 | $0 | $64,079,000 |
| **Total** | **$195,207,000** | **$151,212,000** | **$346,419,000** |

**3. Town-Wide Recovery and First-Come, First-Served Reimbursement**

*(Sanitary Collection Example)*

Industry appreciates the illustrative example provided; however, the example highlights several structural concerns with the proposed model:

- **Fund Sufficiency:**
  The example demonstrates that levy inflows are significantly outpaced by upfront capital costs, resulting in prolonged negative fund balances and extended reimbursement timelines.
- **Equity of First-Come, First-Served:**
  A queue-based reimbursement model disproportionately disadvantages early developers, who bear the greatest financial risk while later developers benefit from serviced lands with minimal upfront exposure.
- **Risk Concentration:**
  The approach concentrates financial risk in the earliest projects, which is commercially impractical and may deter development in initial growth areas.
- **Town-Wide Contribution Misalignment:**
  While Town-wide recovery may appear equitable in principle, it further dilutes repayment certainty and timing for front-ending developers, particularly in municipalities with uneven or slower growth patterns.