

Okotoks Off-Site Levy Bylaw Update – Response to Industry Feedback

Opening

Thank you for the continued engagement of BILD Calgary Region and the members of the Okotoks Development Committee throughout the development of the proposed Off-Site Levy Bylaw update. The Town appreciates the constructive dialogue, thoughtful feedback, and collaborative approach demonstrated by industry representatives during this process. We have reviewed the concerns outlined in your submission and welcome the opportunity to provide further context regarding the Town's proposed approach.

Oversizing Framework and Cost Recovery

The "Transportation – Oversize" and "Sanitary Collection – Oversize" tabs of the provided models show calculations at the fund level to demonstrate how levy rates are determined and projected fund performance. Reimbursement timelines are modelled for each of these funds in the "Transportation Recovery" and "San Collection Recovery" tabs of the models. These recovery models use the same core assumptions as the rate models. Industry can make changes to the provided models to understand how different assumptions impact levy rates and recovery (e.g., growth rate, expenditure timing, project sequencing, project costs).

The proposed oversize mechanics are as generally described in the July 11, 2025 memorandum titled "Town of Okotoks DRAFT Oversizing Approach". This methodology is generally consistent with BILD's Developer Funded Infrastructure Stabilization Fund for the City of Calgary. The following are the core principles and mechanisms:

- Developers must submit detailed calculations and supporting documentation as part of a request for reimbursement after the infrastructure has been constructed
- Requests for reimbursement will be queued on a "first come, first served" basis
- The Town will make annual payments to reimburse eligible oversize costs
- Developers will be reimbursed when sufficient funds are available and shall not be entitled to any interest recovery
- If there are insufficient funds, partial payments will be made until the total amount eligible for reimbursement has been paid

Okotoks agrees that there is merit to updating this supplementary document in collaboration with Industry based on these principles and the core mechanics of the proposed OSL bylaw to ensure consistent understanding and application of oversize.

PROPOSED ACTIONS:

- Okotoks is not proposing changes to oversize mechanisms within the OSL bylaw.
- Okotoks will update the supplementary oversize process document in consultation with Industry to support the implementation of the proposed bylaw.

Sanitary Collection

There are several factors contributing to the change in draft levy rates relative to what was presented on April 23. The first is an update to the project cost for SAN-45 based on a recent estimate at completion. The second change was due to a modelling error for projects starting in 2025. The 2025 portion of the total costs were not being carried through the model. This has been corrected by shifting start dates to 2026.

Okotoks accepts Industry's request to adjust the sanitary oversizing threshold from 375mm to 300mm. This has added approximately \$300,000 of eligible project costs resulting in an increase to the Sanitary Collection Oversize levy of approximately 10%.

PROPOSED ACTIONS:

- Okotoks will update the sanitary collection oversize size threshold to 300mm.

Water Supply & Treatment

The explanation for the change in the draft levy rate for Water Supply & Treatment was provided in the Town's May 25, 2026 response:

The project includes additional capacity to accommodate potential future regional connections (e.g.: Nanton and Cargill), which was required to support eligibility for provincial grant funding. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This was further discussed during subsequent developer consultations meetings:

- Date: May 27, 2026 / Recording Timestamp: 00:41:17
- Date: June 10, 2026 / Recording Timestamp: 00:18:16
- Date: June 22, 2026 / Recording Timestamp: 00:09:33

The Town has assessed the benefit allocation for this project as outlined in the "Foothills Okotoks Regional Water Project – Okotoks' Capacity and Cost Allocation Summary Memorandum – REV 2" memorandum dated July 16, 2026. This provides complete details of how the benefitting population has been calculated for the project which is reflected in the available model files.

The Town has provided full transparency on this item, including the disclosure of confidential information, and has no further details or explanations to provide.

PROPOSED ACTIONS:

- Okotoks is not proposing changes to the benefit allocation methodology.

Water Distribution & Storage

The benefit allocation methodology for Projects W-8 and W-12 is provided in the South Reservoir Feasibility Study (CIMA) and the supporting clarification memo. These documents represent the best available information regarding these projects and is the basis for the benefit allocation methodology.

As noted in the Town's May 25, 2026 response letter and subsequent discussions with industry, Okotoks is undertaking further study of the south reservoir and pump station projects. The findings of this study will be shared with industry and will inform in future updates to the Off-Site Levy bylaw. The Town remains committed to working with industry to develop an effective staging and construction strategy as this work advances.

PROPOSED ACTIONS:

- Okotoks is not proposing changes to the benefit allocation methodology.
- Okotoks will continue to work with industry to develop an effective staging and construction strategy for water distribution and storage.

Transportation (338 Ave Expansion)

The Off-Site Levy Bylaw is intended to establish clear and defensible structure for the funding of growth-related infrastructure projects which requires a number of assumptions to be made (e.g., timing of when upgrades will occur). For a project like the 338 Ave Expansion, which is large in scope and abuts many different properties each with different development timelines, the Town anticipates that the actual implementation of these projects will vary from these assumptions. The Town remains committed to collaborating with industry to develop an optimized and coordinated delivery strategy for the upgrades to 338 Avenue.

The proposed methodology for the benefit allocation of transportation infrastructure is based on land in different areas:

- Greenfield Areas that have already paid levies (levied lands)
- Greenfield Areas that have not yet paid levies (unlevied lands)
- Established Areas

Land equates to population and jobs which impacts the transportation network. The utilization of land is a repeatable approach that does not rely on transportation modelling that will continually evolve as land uses, densities and travel patterns adjust over time. Allocation of benefit is based on the assumed buildout of the Town. Given that the transportation projects included in the Off-Site Levy benefit large areas rather than individual parcels, allocation of benefit is applied network wide and is based on a project's location within the overall network.

Additional rationale for the benefit allocation methodology is included in the "Project List" tab of the Transportation OSL Model. The calculations for the allocation of benefit are provided in Appendix F of the draft Off-Site Levy Background Report. The Town believes this approach is fair, defensible, and generally consistent with other municipalities in the region (i.e., City of Calgary).

PROPOSED ACTIONS:

- Okotoks is not proposing changes to the benefit allocation methodology.
- Okotoks will continue to work with Industry to develop an optimized and coordinated delivery strategy for the upgrades to 338 Avenue.

Contingency Methodology

The Town appreciates industry's concerns regarding the impact of contingency on levy rates and supports a consistent and transparent approach to determining contingency amounts. The Town also recognizes that understated project costs resulting from insufficient contingency can lead to significant levy under-collections, creating cash flow challenges for front-ending parties and contributing to instability in Off-Site Levy rates.

Section 4.7 of the draft Off-Site Levy Background Report provides a transparent framework for contingency based on industry-accepted cost estimating guidelines. Its application in the proposed Off-Site Levy Bylaw is generally consistent with other municipalities in the region that use similarly transparent methodologies (e.g., Cochrane). These contingency amounts have been applied to each project based on this framework to reflect project uncertainty, complexity, and risks as shown in the "Project List" tabs of the rate models.

As requested by industry, the Town has eliminated contingency for developer-delivered oversize projects. The Town is willing to utilize technical work provided by Industry to inform contingency amounts for projects that are financed, designed and constructed by Industry in future Off-Site Levy Bylaw updates. The Town remains committed to advancing functional planning and designs for Off-Site Levy projects to decrease project uncertainty and reduce contingency amounts.

PROPOSED ACTIONS:

- Okotoks is not proposing changes to the contingency framework.
- Okotoks will continue to advance planning and design of OSL projects to increase cost certainty and decrease contingency to inform future OSL Bylaw updates.

Levy Payment Schedule

Okotoks accepts industry's request to adjust the levy payment schedule. The Town will change the payment schedule to 30% on execution, 30% on the one-year anniversary, and 40% on the two-year anniversary. This change results in an increase to levy rates of \$7,738/ha (approximately 2.5%) versus the current payment schedule.

PROPOSED ACTIONS:

- Okotoks will change the payment schedule to 30% on execution, 30% on the one-year anniversary, and 40% on the two-year anniversary.

Closing

The Town recognizes and appreciates the effort Industry has invested in reviewing and commenting on the proposed Off-Site Levy Bylaw update. This feedback has informed the Town's ongoing refinements and has helped shape a clear and equitable approach that supports responsible growth, infrastructure investment, and shared long-term objectives. Based on the feedback received, the Town will proceed with finalizing the bylaw package and associated background materials. Once complete, these documents will be circulated to Industry for a final review prior to advancing the bylaw for Council's consideration on September 14, 2026.

The Town looks forward to continuing its work with Industry as we transition to the implementation of this updated bylaw.

Sincerely,



James Cameron
Engineering Manager
Town of Okotoks