

Infill Fire Protection Cost Share Pilot Details

The following outlines the Infill Cost Share Pilot program information that was previously provided in reports to Council, along with updated information to reflect the current cost share process. Additional modifications to the cost share process will be discussed with industry and criteria will be updated based on the results of the pilot to support EPCOR's Infill Fire Protection capital program which will be included in its 2022-2026 PBR Application.

Cost Share Principles

Through workshops with industry and EPCOR, the following principles were established to guide the development of a successful cost share methodology:

- Fair allocation of costs
- Recognition that there is limited public funding available
- Simple to understand and calculate
- Transparent and predictable
- Provides incentives for targeted infill
- Relatively easy to administer

Cost Share Approach

Through workshops with industry and EPCOR, several options for a cost share methodology were developed and evaluated. The proposed option generally aligns with Option 2 of the June 19, 2018 Urban Form and Corporate Strategic Development report CR_5192 Charges for Hydrant Additions in Mature Communities where the City, EPCOR ratepayers and infill developers would each bear a portion of the costs for required infrastructure.

Water system infrastructure required for all new infill developments has been categorized as follows:

- (i) **Extensions** - extension of a water main and any additional hydrants to bring water servicing and fire protection to a property or area that did not previously have water service.
- (ii) **Expansions** - replacement of an existing water main with a new water main of a larger size and/or the addition of hydrants to improve fire protection within an area.

(iii) **Realignments** - replacement of water infrastructure to move a water main from an alley to a road and to provide additional fire hydrants.

(iv) **Relocations** - movement of water infrastructure to meet a developer specific request.

(v) **Service Installation** - a new water service line (a service line extends from the water main to the property line) to provide potable water and fire protection services to a new infill development.

Under the proposed cost share approach, Extensions, Relocations and Service Installations would continue to be entirely funded by developers as these upgrades primarily benefit new development. Upgrades that benefit all users, categorized as Expansions and Realignments, will be funded by water ratepayers and Edmonton Fire Rescue Services through EPCOR's established cost allocation method. This proposed cost sharing methodology will enable some previously financially unviable projects to proceed.

Project Selection Criteria

Public funding for the proposed cost share program was capped at \$1.2 million per year during the 2020-2021 trial period and thereby limiting the number of projects that were selected for funding to offset their costs. To determine which projects receive funding, developers submitted applications to EPCOR and were ranked based on scoring of the following criteria: system capabilities, neighbourhood renewal status, location and use, transit proximity, current state and project adjacency. Projects with the highest ranking received funding to cover the cost of Expansions and Realignments. Infill developers were required to pay all remaining costs of fire protection upgrades. The criteria has been updated to reflect changes to the Bus Network Redesign.

Infill Project Scoring Criteria is proposed to include the following six categories:

- **System Capability**

This is defined as the current capability of the system to provide the required fire flows into the area in which the proposed development will be located.

An estimated system capability can be found in the EPCOR Hexagon Map available as part of the City of Edmonton's Open Data portal. These system capabilities do not necessarily reflect that there is sufficient fire flow to the specific proposed development.

To assist in determining what the fire flow requirements are for the specific development, an initial evaluation will be performed against the fire flow requirements specified in Volume 4 (Water) of the City of Edmonton Design and Construction Standards. A revised evaluation and ranking will be completed once site specific design information is available.

- **Renewal Status**

This is defined as the coordination with proposed, ongoing, or completed water main renewal projects which will allow for optimized capital spending and reduced resident disruption.

- **Location and Use**

The projects selected for consideration are to be in compliance with the City Plan. As noted above, in keeping with the City's vision the proposed program will only consider funding for residential and mixed use developments with three or more units in established mature and downtown neighbourhoods.

The location and use criteria will ensure that developments which meet the definition of "missing middle" are ranked higher. The missing middle is targeted for funding because it aligns with the City vision for infill development and recognizes that there has been limited mid-sized residential development in established, mature, and downtown neighbourhoods.

- **Transit Proximity**

This is defined as the distance of the development to current and future priority transit networks. This criteria has been updated to reflect the Bus Network Redesign and considers LRT, Frequent, and Rapid service.

- **Current State**

This refers to how far along the project is in the development process. For example, a project which is in the development permit phase is further along than a project which still requires rezoning.

Construction of the development should not proceed without sufficient fire protection in accordance with both the National Fire Code and Volume 4 of the City of Edmonton Design and Construction Standards.

- **Project Adjacency**

This refers to the extent to which the project is aligned with other projects on the same street so that efficiencies in project coordination can be realized.

The points awarded in each category will be multiplied and a total score for the project eligibility will be awarded. Due to the number of factors in a project, and the granularity of the evaluation system, it is conceivable that projects may have identical total scores. In this case, prioritization will be given to the project(s) that have the best project coordination where the highest number of proposed developments benefit from the project. If a tie still exists, the project with the lowest required funding will be selected. The final selection criteria will be based on which project had the earliest application date for consideration.

EPCOR allocated funds to cover the costs of Expansions and Realignment for the highest ranked projects until funds were depleted. Initial project applications were accepted for review, ranking and funding allocation in late 2019 and spring and fall of 2020, for construction in 2020 and 2021. Projects that do not receive funding in the first year of application were moved forward for review and ranking in the subsequent year.

If the cost share program does not meet a developer's needs, the developer may complete the work at their expense.

Public Funding for Cost Share Program - 2019-2021 Pilot Project Period

For most infill developments fire protection infrastructure already exists, but cannot meet modern fire protection standards and adequately service higher density development. EPCOR's current programs to upgrade aging infrastructure target areas where there has been a high frequency of main breaks or areas where the City has targeted for neighbourhood renewal. These existing programs are funded by EPCOR water ratepayers. These targeted neighbourhoods may not include areas where there is infill development. Infill development provides an opportunity to upgrade infrastructure earlier than

planned. In these situations, infill developers have historically paid for the full cost of fire protection upgrades. While these improvements may be necessary to facilitate infill development, some of these upgrades benefit the entire neighbourhood and adjacent redevelopments, not just the subject property.

Under the Performance Based Regulation (PBR) framework, EPCOR develops a five-year forecast of capital costs for all of its water infrastructure upgrade programs. This five year forecast is approved by City Council through the PBR renewal process.

As part of advancing EPCOR's 2017-2021 PBR, City Council approved approximately \$16 million in funding for the Accelerated Fire Protection capital program to provide fire protection upgrades in areas targeted for neighbourhood renewal. This provides benefits to customers as water infrastructure and surface restoration work is coordinated. To support the Infill Cost Share Pilot Program for 2020 and 2021, EPCOR allocated \$2.4 million from this capital program.

EPCOR recovers a portion of the cost of this capital program through the rates charged to water ratepayers and the remainder is recovered from Edmonton Fire Rescue Services through the 2017-2021 Fire Hydrant Services Contract. This allocation between water ratepayers and Fire Rescue Services is based on an established cost allocation methodology and reflects that water mains provide not only potable water services, but are also sized large enough to meet fire protection requirements.

The proposed cost sharing methodology assigned approximately \$2.4 million of the \$16 million in funds currently approved for the Accelerated Fire Protection program to facilitate targeted infill projects that rank highest in terms of the six criteria.