

Infill Fire Protection Cost Share Program - Update

Recommendation

That January 19, 2021, Urban Form and Corporate Strategic Development report CR_8162, be received for information.

Executive Summary

The Infill Fire Protection Cost Share Program invests in fire protection infrastructure required to support infill development projects. The program recognizes that some fire protection upgrades associated with infill developments benefit the entire neighbourhood and adjacent redevelopments, not just the subject property; therefore, these costs should be shared rather than paid entirely by developers. The program has established criteria that will ensure that funding will support developments that are aligned with the infill goals outlined in the City Plan, City policies and existing investments in infrastructure.

The work completed through the Infill Fire Protection Cost Share Pilot project has also identified key cost avoidance opportunities. Cost avoidance combined with targeted investment is supporting more and higher quality infill developments in the priority nodes and corridors of the city.

The work of the Pilot project has been successful in nurturing infill developments. Discussion of funding for an ongoing Infill Fire Protection Program to continue supporting infill will take place within EPCOR's 2022-2026 Performance Based Regulation application and related hearing process in 2021.

Report

The Infill Fire Protection Cost Share Program supports the infill goals outlined in the City Plan and the Infill Roadmap Action #16 - develop an equitable, transparent and predictable system to share the costs of infrastructure upgrades and renewal costs for infill projects. The program also supports ConnectEdmonton's strategic goal of Urban Places by helping the City achieve transformational impacts in the community. Through implementation of a variety of tools, Edmonton's neighbourhoods will become more vibrant as density increases, where people and businesses thrive and where housing and mobility options are plentiful. Planned and built well, these neighborhoods

and their districts will ensure that Edmonton's future growth is sustainable and attractive.

To ensure growth in Edmonton is managed with regard to long-term fiscal impacts and lifecycle costs of infrastructure and services, the City Plan identifies a growth management approach relying on the following key policy direction:

- 2.2.3.3 Strategize, invest in and nurture priority growth areas across the city to enhance equitable access to amenities and public services, and to maximize the benefits of mass transit investment.

Background

In most older Edmonton neighbourhoods, fire protection infrastructure was built to a previous standard appropriate for the density and built form of development at that time. When more intensive development is proposed in these areas today, it requires infrastructure upgrades to meet current standards. The City, working in partnership with EPCOR and the development industry, has developed a number of complementary tools and processes to address the fire protection infrastructure upgrades required to support infill development.

1. Infill Fire Protection Cost Share Program
 - Providing a methodology to share costs between infill developers, ratepayers and the City's Fire Rescue Services department, recognizing that some upgrades that improve fire protection in established areas benefit more than just that development project.
2. Infill Fire Protection Assessment
 - Reviewing the proposed built form for a specific site to determine the appropriate fire protection requirements
3. Fire Risk Assessment of Mature Neighbourhoods
 - Reviewing the neighbourhood to determine the appropriate fire protection requirement based on a detailed risk assessment

These three programs / processes, working together, have significantly reduced the cost of fire protection upgrades borne by infill developers. More information on Infill Fire Protection Assessment and Fire Risk Assessment of Mature Neighbourhoods can be found in Attachment 1.

Infill Fire Protection Cost Share Program - Pilot Development

Stakeholder consultation with EPCOR, affected developers, the Canadian Home Builders Association, the Urban Development Institute and Infill Development in Edmonton Association directly informed the cost share program. Through workshops, options were created, reviewed, refined and tested. These discussions led to the creation of the Infill Fire Protection Cost Share Pilot program to fund infrastructure

upgrades in the 2020 and 2021 construction seasons. The Infill Fire Protection Cost Share Program is in line with the newly adopted Policy C624:

- 2.3 Where an infrastructure asset is considered to be of greater benefit to a developing or redeveloping area of the city than to the whole city, charges are imposed on development activities to defray, in whole or in part, the cost of the asset.

Further details of how the infill cost share approach was funded, structured and updated throughout the Pilot project can be found in Attachment 2.

Infill Fire Protection Cost Share Program - Pilot Results

The information provided below summarizes the projects submitted for funding consideration to the Infill Fire Protection Cost Share Program Pilot project (Pilot project) up to the end of the 2020 intake period.

Thirty-four development projects were submitted to the Pilot project for review and the seven highest ranking projects were selected for funding. Six development projects for low rise apartment buildings and one row house style development (112 units of housing in total) were supported with funding from the Pilot project. The Pilot project was not able to support more projects due to funding constraints.

The Pilot project worked well and provided funding to projects that best met the six program criteria. Projects that ranked highly were typically missing middle style developments near transit priority corridors as defined by the Bus Network Redesign and transit/LRT stations. Costs of fire protection upgrades eligible for Pilot project funding ranged from \$60,000 to \$475,000 per development project.

The data gathered through the Pilot project is being used to inform EPCOR's funding request for an Infill Fire Protection Program in the 2022 to 2026 Performance Based Regulation term.

The Infill Cost Share Pilot project also revealed several challenges:

- It is challenging for developers to predict the required upgrades and infrastructure costs prior to buying land
- The limited scope of the Pilot project precluded funding commitment at the zoning stage of development and didn't include commercial only infill development
- The Pilot project does not have sufficient funds to share the cost of upgrades of all eligible developments.

In order to address these challenges, Administration has initiated the following work:

1. Administration and EPCOR have rolled out a communications and education strategy, which provides tools and resources to better support the infill development community in understanding fire protection requirements for each infill project and the factors within their control to reduce infrastructure requirements (built form, building materials, distance to adjacent buildings, sprinklers, etc). This will assist with improving the predictability of upgrades and help developers understand the decisions they make that influence their end costs. This work also reduces the cost of upgrades required, eliminating off-site upgrades for some developments and allowing the limited Program funding to support more developments.
2. Additional annual funding for EPCOR's Infill Fire Protection Program for the 2022-2026 period would allow for project entry into the program at the zoning stage of development as the project would likely progress to construction within the five year funding term.
3. In early 2021, EPCOR will propose additional annual funding for its Infill Fire Protection Program as part of its 2022-2026 Performance Based Regulation (PBR) application to City Council for approval. The 2022-2026 PBR Application will include a new capital program (the Infill Fire Protection Program) that aims to extend the infill cost share methodology beyond the pilot phase and provide funding for a five-year period. Based on the information gathered from the 2020-2021 Infill Cost Share Pilot Project, the Infill Fire Protection Program in the 2022-2026 PBR application will be proposed at an annual budget amount of \$4 million annually, or \$20 million over the five year term of the PBR. This is an increase from the \$1.2 million per year funding provided in the Infill Cost Share Pilot Program. Further details will be contained in the business case included in the PBR application.

The City of Edmonton and EPCOR have an existing contract for fire hydrant services. With Council's recent approval of the Fiscal Policy on Revenue Generation (Policy C624), it would be appropriate to review how fire protection infrastructure costs and the Infill Fire Protection Program are allocated and funded. Unless changes are made as to how these costs are allocated to the contract, which includes a portion of total hydrant and water main costs paid for by the City of Edmonton, initiatives such as the Infill Fire Protection Program will result in an increase to the tax levy. Administration will provide further information about this work at an upcoming Utility Committee meeting.

Alternative Funding Models

Several funding models were reviewed as part of the infill cost share methodology development work. It was suggested at the February 25, 2020, Urban Planning Committee meeting to further explore the option of setting up a fund, or a reserve,

similar to the SSSF (Sanitary Servicing Strategy Fund). A levy model was reviewed previously as the pilot was developed and challenges with this funding model were identified. As development of the Growth Management Framework continues, Administration will work with EPCOR to update the infill cost share approach as needed to align with that work.

Next Steps

1. Discussion of funding for an ongoing Infill Fire Protection Program will take place as part of the 2022-2026 Performance Based Regulation application process in the first quarter of 2021.
2. Work continues on the Infill Fire Protection Assessments and Risk Assessments to further refine processes, improve timelines through adequate resourcing, and increase awareness of these processes.
3. Administration and EPCOR will continue to educate and inform infill developers to improve understanding of the requirements of fire protection for infill developments, the tools and resources they can use to determine fire protection requirements for each infill project and the factors within their control to reduce off-site infrastructure requirements.
4. Administration and EPCOR will continue to work with industry to refine the infill cost share approach and update it as required to align with the Growth Management Framework.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Edmonton is attractive and compact			
Outcomes	Measures	Result(s)	Target(s)
Policies, regulations, and approvals foster development that meets the needs of today and tomorrow	Total number of development permits for residential and mixed use developments of three or more units in established, mature and downtown neighbourhoods	51 (2017) 53 (2018) 68 (2019)	Increase year over year or facilitation of previously not feasible projects

Attachments

1. Infill Fire Protection Assessment and Fire Risk Assessment of Mature Neighbourhoods
2. Infill Fire Protection Cost Share Pilot Details

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations

- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- R. Smyth, Deputy City Manager, Citizen Services
- B. Andriachuk, City Solicitor