

**FISCAL IMPACT ANALYSIS OF**  
***SMITH CREEK***  
**THREE SISTERS MOUNTAIN VILLAGE**  
**CANMORE, ALBERTA**



**Prepared by:**  
**InfraCycle Fiscal Solutions**

**For: Three Sisters Mountain Village Properties  
Limited c/o QuantumPlace Developments Ltd.**

**Report No.: IFS-FIA-0016**  
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## **PREFACE and ACKNOWLEDGEMENTS**

In October 2016, InfraCycle Fiscal Solutions (IFS) was retained by QuantumPlace Developments Ltd. on behalf of Three Sisters Mountain Village Limited to prepare a Fiscal Impact Analysis (FIA) of the Smith Creek community in the Three Sisters Mountain Village (TSMV).

This report examines only the financial feasibility from the perspective of the Town of Canmore (the Town). The FIA is an estimate of the financial impact of Smith Creek on the Town's finances.

I would like to acknowledge the assistance of the following:

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## EXECUTIVE SUMMARY

This report will assess the fiscal impact to the Town of Canmore if the amendments to the “Smith Creek Area Structure Plan” are approved and the development is built in a manner that is consistent with the “Smith Creek Land Use Concept Plan.”

The report provides the administration and Council with a quantifiable understanding of the financial benefits that would accrue to the Town of Canmore from the development of Smith Creek. The outcomes of the fiscal analysis demonstrate evidence of the project’s financial stability and sustainability strengths and thus provide the supplementary data or decision-making criteria requirements identified by the Town of Canmore.

The Concept Plan addresses several development areas that will be analyzed using high and low development scenarios. The analysis will show the fiscal impacts one year and ten years after Smith Creek is completely built.

The analysis calculates the lifecycle costs of new municipal engineering on-site services required to support the development as well as of existing off-site services that will be impacted by the development. It also calculates the lifecycle cost of existing and additional community services.

### Summary of Fiscal Impact Analysis for Low and High Scenarios

Low Scenario 1 year after build-out		Low Scenario 10 years after build-out	
Total Revenues	\$11,537,153	Total Revenues	\$115,371,590
Total Lifecycle Costs	\$15,485,368	Total Lifecycle Costs	\$122,920,977
<b>Net Revenue Gain</b>	<b>(\$3,948,215)</b>	<b>Net Revenue Gain</b>	<b>(\$7,549,387)</b>
High Scenario 1 year after build-out		High Scenario 10 years after build-out	
Total Revenues	\$14,868,843	Total Revenues	\$148,688,488
Total Lifecycle Costs	\$18,309,890	Total Lifecycle Costs	\$151,153,527
<b>Net Revenue Gain</b>	<b>(\$3,441,047)</b>	<b>Net Revenue Gain</b>	<b>(\$2,465,039)</b>

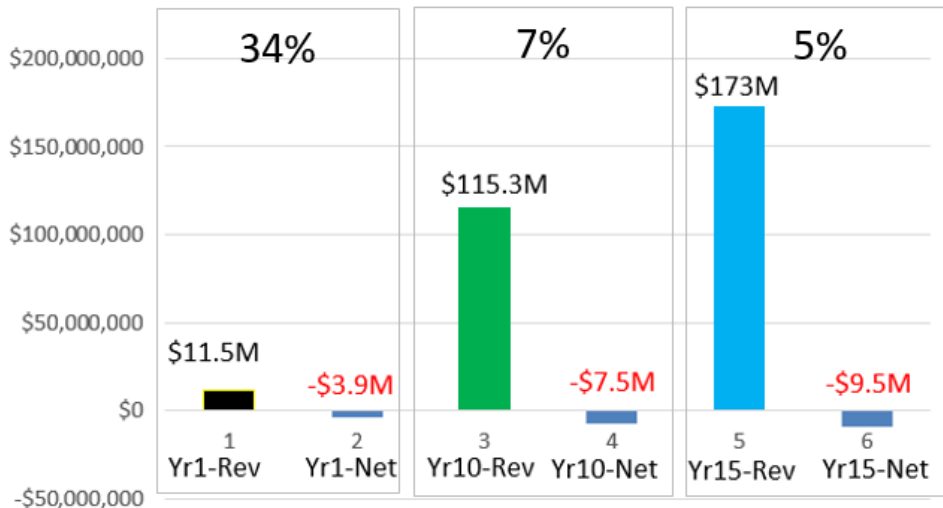


The table above, Summary of Fiscal Impact Analysis for Low and High Scenarios, shows the following:

- In the Low Scenario, there is a revenue shortfall of approximately \$3,948,000 one year after build-out. The primary factor contributing to the shortfall is an estimated \$3M in one-time capital expenses that are expected to be incurred during the build-out phase of Smith Creek when the expenses are greater than revenues.
- For the first year the gross revenue is \$11,597,000. When gross revenues are compared to the shortfall of \$3,899,000, the percentage of the shortfall is 34%. By 10 years after build-out, gross revenues are \$115,608,000 and the shortfall is \$7,434,371 which is 7% of gross revenues. By 15 years after build-out, gross revenues are approximately \$173,000,000 and the shortfall is \$9,300,000 which is 5% of gross revenues.

### Comparison of Net Revenues to Gross Revenue for the Low Scenario

The chart below shows the relationship between gross revenues and the revenue shortfall for the Low Scenario. While there is a revenue shortfall over time, gross revenues increase at a greater rate resulting in a decrease in the percentage of the shortfall.





## Average Annual Operating Revenues

The table below, Average Annual Operating Revenues - Low Scenario, shows the estimated recurring operating shortfall after the one-time capital expense is subtracted from the net revenue loss.

*Average Annual Operating Revenue - Low Scenario*

Year	Net Revenues	Capital	Net Cumulative Operating	Average Annual Operating Shortfall
1	(\$3,948,215)	(\$3,000,000)	(\$948,215)	(\$948,215)
10	(\$7,549,387)	(\$3,000,000)	(\$4,549,387)	(\$454,939)
15	(\$9,508,230)	(\$3,000,000)	(\$6,508,230)	(\$433,882)

The table below, Average Annual Operating Revenue - High Scenario, shows the estimated recurring operating revenue after the one-time capital expense is subtracted from the net revenue loss. For year one, it is estimated that there will be an operating shortfall of \$441,000. In years 10 and 15, it is estimated that there will be revenue gains of approximately \$54,000 and \$75,000 respectively.

*Average Annual Operating Revenue - High Scenario*

Year	Net Revenues	Capital	Net Cumulative Operating	Average Annual Operating Shortfall
1	(\$3,441,047)	(\$3,000,000)	(\$441,047)	(\$441,047)
10	(\$2,465,039)	(\$3,000,000)	\$534,961	\$53,496
15	(\$1,871,115)	(\$3,000,000)	\$1,128,885	\$75,259

## Gross Revenue Generated Per Net Hectare

There are 9.8 hectares of net land area allocated to commercial uses which will accommodate approximately 1,586,000 square feet of gross floor space in the Low Scenario and 1,803,000 square feet in the High Scenario. The commercial space generates less demand on community services while generating significant revenues.



The tables below, show the gross revenue generated per net hectare of revenue-producing land. In the Low Scenario, residential uses generate approximately \$94,000 per net hectare while commercial uses generate approximately \$561,000. Commercial land uses generate significantly more gross revenue per hectare at a ratio of 6:1.

#### Low Scenario

Revenue Generating Land Uses	Net Ha	Gross Revenue	Gross Revenue Per Net Ha	Ratio
Residential land	64.6	\$6,100,000	\$94,427.24	6:1
Commercial land	9.8	\$5,500,000	\$561,224.49	

#### High Scenario

Revenue Generating Land Uses	Net Ha	Gross Revenue	Gross Revenue Per Net Ha	Ratio
Residential land	64.6	\$8,600,000	\$133,126.93	5:1
Commercial land	9.8	\$6,300,000	\$642,857.14	

The results for the High Scenario are similar to the Low Scenario with residential use generating approximately \$133,000 per net hectare and commercial use generating approximately \$642,000 which is a ratio of 5:1.

#### Revenue Split – Residential to Commercial Assessment

In the Low Scenario, when the property assessment for Smith Creek is added to the Town's assessment, it results in an 82% residential and 18% commercial split. This has the effect of increasing the commercial assessment from 14% to 18% and reducing the residential assessment from 86% to 82%.

In the High Scenario, when the property assessment for Smith Creek is added to the Town's assessment, it results in an 83% residential and 17% commercial split. This has the effect of increasing the commercial assessment from 14% to 17% and reducing the residential assessment from 86% to 83%.

The overall effect of the development of Smith Creek will be to move the Town closer to its goal of achieving a higher percentage of commercial assessment relative to residential assessment.



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## Table of Contents

1.	INTRODUCTION .....	1
1.1	Background .....	1
2.	LOCATION .....	2
3.	DESCRIPTION OF SMITH CREEK.....	3
3.1	Residential Area.....	3
3.2	Commercial Area .....	3
3.3	Mixed Use Area .....	3
3.4	Office and Light Industrial Area.....	3
4.	METHODOLOGY .....	5
4.1	Source Data.....	5
4.2	Lifecycle Costing .....	5
4.3	Operating Cost Implication for the Town of Canmore.....	6
4.3.1	Town of Canmore Operating Expenses .....	6
4.3.2	Town of Canmore Revenues.....	6
4.4	A Conservative Approach.....	6
5.	DESCRIPTION OF SCENARIOS .....	7
5.1	Description of Scenarios.....	7
5.1.1	Scenarios Defined by Density.....	7
6.	FISCAL ANALYSIS .....	8
6.1	BASIS FOR ANALYSIS OF SMITH CREEK - LOW SCENARIO .....	8
6.1.1	Land Use Allocation .....	8
6.1.2	Unit Types.....	9
6.1.3	Population .....	9
6.1.4	Commercial Space .....	10
6.1.5	Capital Assets.....	11
6.1.5.1	New Infrastructure .....	11
6.1.5.2	Additional Capital Items .....	12
6.1.5.3	Existing Infrastructure .....	12
6.1.5.4	New Parks .....	13



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6.1.6	Non-tax Revenues.....	13
6.1.6.1	Operating Revenues.....	20
6.1.6.2	Off-site Levies.....	21
6.1.6.3	Property Tax Revenue .....	15
6.2.1	Revenues.....	16
6.2.2	Lifecycle Costs.....	18
6.2.3	Revenue Shortfall - Smith Creek (One Year after Build-out) .....	20
6.2.4	Revenue Shortfall - Smith Creek (10 Years after Build-out) .....	20
6.3	BASIS FOR ANALYSIS OF SMITH CREEK – HIGH SCENARIO.....	21
6.3.1	Land Allocation .....	21
6.3.2	Unit Types.....	22
6.3.3	Population .....	22
6.3.4	Capital Assets.....	23
6.3.4.1	New Infrastructure .....	23
6.3.4.2	Additional Capital Items.....	24
6.3.4.3	Existing Infrastructure .....	24
6.3.4.4	New Parks .....	25
6.3.5	Property Tax Revenue.....	26
6.4	RESULTS OF THE FISCAL IMPACT ANALYSIS HIGH SCENARIO.....	27
6.4.1	Revenues - Smith Creek (1 Year after Build-out) .....	27
6.4.2	Lifecycle Costs for Smith Creek (1 Year after Build-out).....	29
6.4.3	Revenue for Smith Creek (1 Year after Build-out).....	31
6.4.4	Net Revenue Gain for Smith Creek (10 Years after Build-out).....	31
7.	OBSERVATIONS AND CONCLUSIONS .....	32





## List of Tables

Table 1: Low and High Scenario .....	7
Table 2: Land Allocation Low Scenario .....	8
Table 3: Unit Types Low Scenario .....	9
Table 4: Population Low Scenario .....	9
Table 5: Commercial Space .....	10
Table 6: New Infrastructure Capital Assets .....	11
Table 7: Existing Infrastructure Capital Assets .....	12
Table 8: New Capital Assets – Parks Low Scenario .....	13
Table 9: Average Property Tax Assessment .....	15
Table 10: Revenues Low Scenario .....	16
Table 11: Property Tax Low Scenario .....	17
Table 12: Lifecycle Costs Low Scenario .....	18
Table 13: Revenue Shortfall for Smith Creek Low Scenario (1 year) .....	20
Table 14: Revenue Shortfall for Smith Creek Low Scenario (10 years), .....	20
Table 15: Land Use Allocation High Scenario .....	21
Table 16: Unit Types High Scenario .....	22
Table 17: Population High Scenario .....	22
Table 18: New Infrastructure Capital Assets .....	23
Table 19: Existing Infrastructure Capital Assets .....	24
Table 20: New Capital Assets – Parks .....	25
Table 21: Property Tax Assessment .....	26
Table 22: Revenues High Scenario .....	27
Table 23: Property Tax High Scenario .....	28
Table 24: Lifecycle Costs .....	29
Table 25: Net Revenue for Smith Creek (1 year) .....	31
Table 26: Net Revenue for Smith Creek (10 years) .....	31
Table 27: Impact on Assessment Low Scenario .....	32
Table 28: Impact on Assessment High Scenario .....	32
Table 29: Summary of Development Potential Low and High .....	34
Table 30: Average Annual Operating Revenue - Low Scenario .....	35
Table 31: Average Annual Operating Revenue - High Scenario .....	36

## List of Figures

Figure 1: Location Map .....	2
Figure 2: Land Use Concept Plan .....	4
Figure 3: Percentage of Gross Revenue to Revenue Shortfall Low Scenario .....	35
Figure 4: Percentage of Gross Revenue to Revenue Shortfall High Scenario .....	36



# 1. INTRODUCTION

## 1.1 Background

In 2015, on behalf of Three Sisters Mountain Village Properties Limited, QuantumPlace Developments Ltd. initiated a process to create the Area Structure Plan (ASP) for Smith Creek, which is within the Three Sisters Mountain Village Community (TSMV).

The Town of Canmore has requested a Fiscal Impact Assessment (FIA) which utilizes the InfraCycle fiscal modelling methodology that will show the fiscal impacts of the Smith Creek ASP development on the Town of Canmore. In October 2016, on behalf of Three Sisters Mountain Village Properties Limited, QuantumPlace Developments Ltd. retained InfraCycle Software Ltd. to complete the FIA of Smith Creek. This report assesses the fiscal impacts on the Town of Canmore if the Smith Creek ASP is approved and the development is built in a manner that is consistent with “Smith Creek Land Use Concept Plan” (Concept Plan). The Fiscal Baseline of the Town that was updated in January 2016 was used to complete the FIA of Smith Creek. This FIA provides a conservative and higher estimate of the costs associated with the proposed development of Smith Creek.

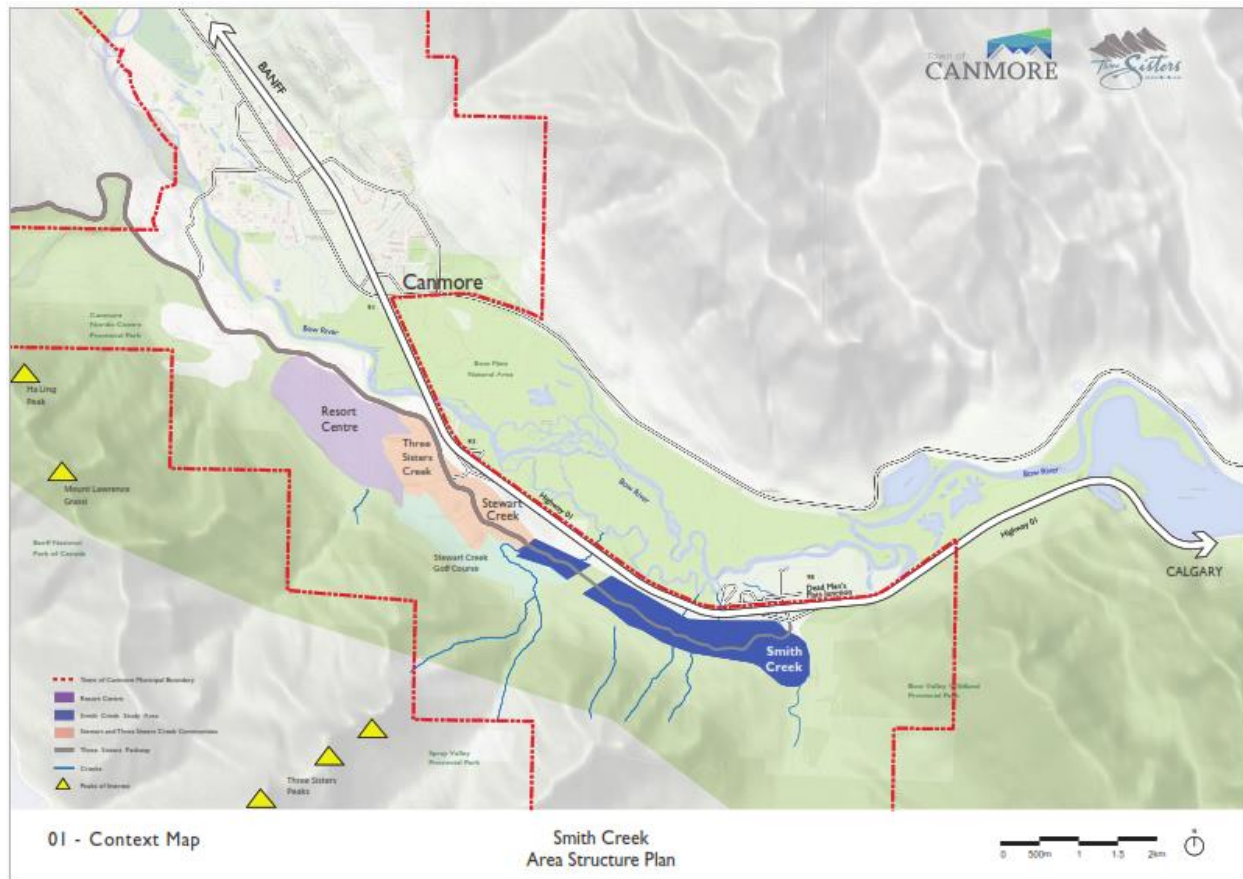
Due to the size of the development proposal, the Town’s population is expected to increase by 23% for the Low Scenario and 31% for the High Scenario. The development units for these two scenarios are 1,200 and 1,700 units, respectively. These development scenarios represent a significant increase to the Town’s population and its development footprint. The size of the proposed development required a careful analysis of the Town’s infrastructure and community assets to determine the cost implication of the assets. The location of the proposed development which is physically separated from core Town services and infrastructure played a role in determining the fiscal impacts on the Town. This analysis has taken into consideration the lifecycle cost of the proposed on-site municipal services and the impact on existing municipal services by the development of Smith Creek.



## 2. LOCATION

Three Sisters Mountain Village is located on the south side of the Trans-Canada Highway and a one hour drive west of the city of Calgary and twenty minutes east of the town of Banff. Smith Creek is located within the Town of Canmore adjacent to Stewart Creek Golf Course, and south of the Trans-Canada Highway. The Smith Creek Study Area includes the areas known as Sites 7, 8 and 9 in the Town of Canmore Master Zoning Bylaw. These lands are occupied by Thunderstone Quarries, and Provincial Parcels A and B.

*Figure 1: Location Map*





### **3. DESCRIPTION OF SMITH CREEK**

The Town of Canmore’s Municipal Development Plan (MDP) identifies portions of Smith Creek as land within their growth boundary, with an amendment proposed for Thunderstone Quarry. Smith Creek is envisioned to be the most established community at Three Sisters, with a majority of the residents putting down roots and living here year-round. The MDP is composed of the following land uses listed below.

#### **3.1 Residential Area**

The Smith Creek ASP will provide approximately 1,200 to 1,700 residential units and may increase the population of Canmore by 3,000 to 4,000 people over the estimated 10 to 15 years of development. Residential areas will provide a range of residential buildings that contribute to overall housing variety in both building form and tenure which will support the creation of distinct neighbourhood areas accommodating low and medium density housing.

#### **3.2 Commercial Area**

The commercial area will provide residents and visitors with the ability to purchase goods and services in proximity to their residence, to enhance a diversified commercial base and provide employment opportunities. Potential uses in the commercial area may include retail, personal services, restaurants, arts and entertainment and institutional establishments. The latter may include post-secondary educational facilities.

#### **3.3 Mixed Use Area**

The mixed use area will provide a centrally located, walkable community node which is complementary to and well integrated with adjacent residential areas. It will add to the commercial and service amenity offerings for the Town of Canmore and Smith Creek residents and provide an opportunity for residents to choose to live within proximity of local neighbourhood services, work space or convenience amenities. The mixed use area shall integrate a mix of uses, such as commercial, institutional or residential to support commercial uses in the mixed use area and the Project more broadly.

#### **3.4 Office and Light Industrial Area**

The intent of the office and light industrial area is to create an industrial, office and institutional node adjacent to the commercial area. This area will attract institutions, professionals, creatives as well as food manufacturing, and knowledge-class businesses to locate in Canmore and allow for businesses already there the opportunity to expand and grow. This area will help shift the municipal

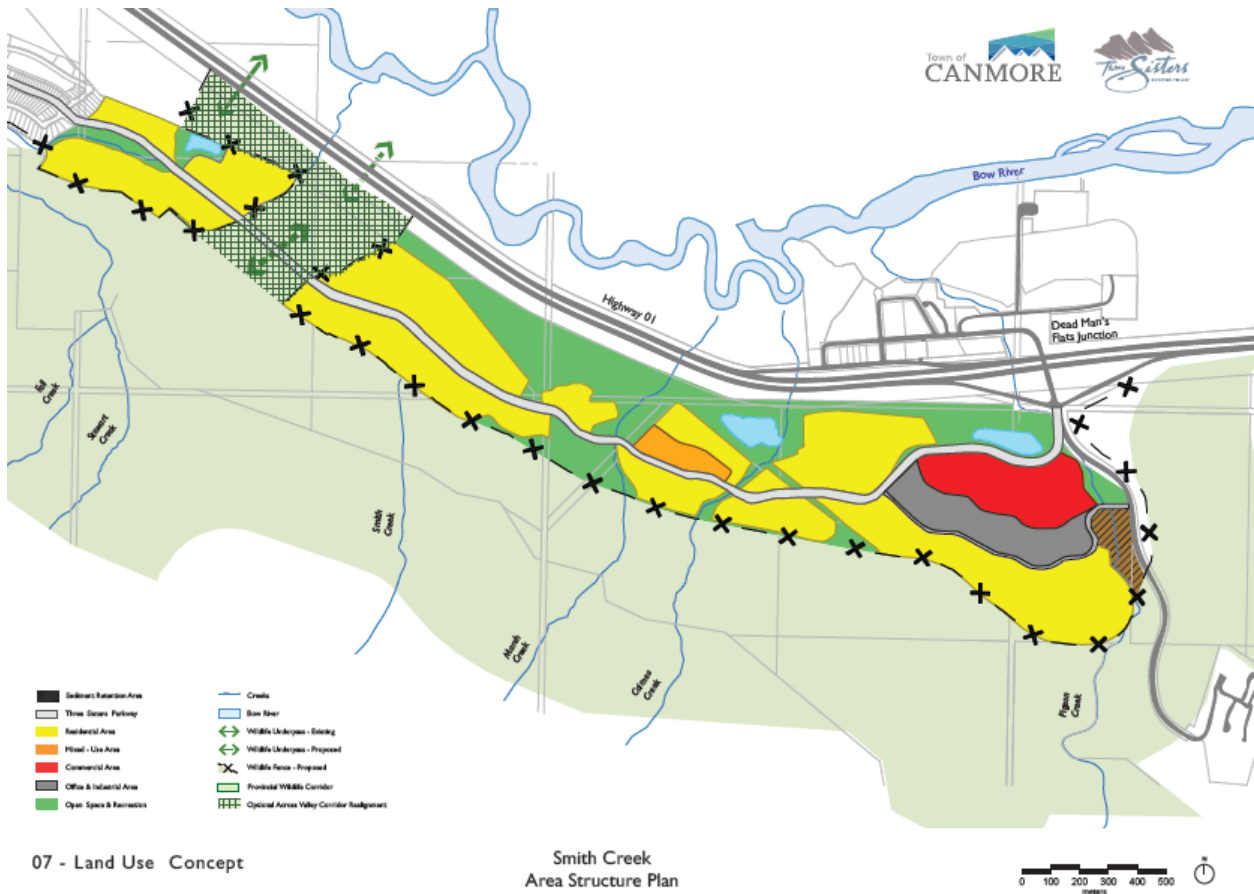


assessment base towards the MDP target of 1/3 non-residential and 2/3 residential to improve municipal financial sustainability while contributing to the overall economic growth of Canmore.

### 3.5 Land Use Concept

Figure 2 shows the “Land Use Concept Plan for Smith Creek.”

Figure 2: Land Use Concept Plan





## 4. METHODOLOGY

The following is an overview of the key elements of the methodology used to complete the FIA.

### 4.1 Source Data

The methodology uses data from a variety of sources that provide the most reliable data available at the time of the analysis. The goal is to represent the most likely impact on the Town's finances when Smith Creek is fully developed. Operating revenues and expenses were derived from actuals contained in the Town of Canmore financial statements. Capital costs for community services and infrastructure were estimates provided by the Town of Canmore staff from the appropriate departments. The assessment values for commercial, residential and industrial accommodations are based on those for similar land uses that currently exist in the Town of Canmore. They reflect the type of development anticipated at Smith Creek.

The data used to calculate the fiscal impact of Smith Creek development was obtained from the following sources:

- Actual operating expenses and non-tax revenue information was obtained from the Town's 2014 financial statements.
- The assessment values for the land uses were obtained by examining assessment data for prototype areas.
- The Property Tax Rate for fiscal year 2014 was used which is consistent with the 2014 actuals.
- Values for calculating the lifecycle cost of Capital Assets were obtained from the baseline data for the Town of Canmore which was updated in December 2015. (The use of this source was an agreed upon by the Town and QuantumPlace Developments Ltd.)

### 4.2 Lifecycle Costing

A concern for municipalities is the recurring annual expenses related to maintaining capital assets, soft costs and the cost of administration. To address this issue, the lifecycle costing method has been applied to infrastructure assets, the administration costs and other soft costs. This method provides a more accurate and complete calculation of the fiscal impact on the Town of Canmore.



### **4.3 Operating Cost Implication for the Town of Canmore**

#### **4.3.1 Town of Canmore Operating Expenses**

Smith Creek will have an impact on the following categories of operating expenditure:

General Municipal	Recreation	Housing
Engineering	Library	Solid Waste
Corporate Administration	Planning and Development	Water
Municipal Clerk	Facilities	Utilities
Arts and Events	Public Works	Economic Development
Community Social Development	Parks	Fire/Rescue
Policing	Streets and Roads	Bylaw Services

#### **4.3.2 Town of Canmore Revenues**

Revenues generated by Smith Creek were calculated from the following sources:

- Concession and Franchise Fees, Permits and Licenses
- Grants
- Other and Interest Earned
- Recreation Sales
- Sales Utilities
- Goods, Services, Rents
- Transfer from Reserve
- Fines & Penalties
- Property Taxes

### **4.4 A Conservative Approach**

A conservative approach has been used in preparing this FIA.

For example, there are different methods of accounting for the maintenance cost of the wildlife fence. While no decision has been made on how the proposed wildlife fence will be maintained in future, the cost of maintaining the fence has been allocated as an expense to the Town. Other methods of ongoing fence maintenance are being discussed between QuantumPlace Developments Ltd. and the Town. If alternative methods are found, the cost of maintaining the fence may be reduced in favour of the Town.

A conservative approach was used when determining property assessment. Prototype areas were used to produce average assessments for single family, town homes, and apartment units. Low and mid-range estimates of property assessment were used in the analysis to produce a realistic estimate of future potential property tax revenues.



## 5. DESCRIPTION OF SCENARIOS

The following is a description of two scenarios that were analyzed to produce the FIA.

### 5.1 Description of Scenarios

Below is a description of the Low Scenario and High Scenarios.

#### 5.1.1 Scenarios Defined by Density

Two development scenarios are proposed with the primary differences being the number of residential units, population density and commercial development within Smith Creek.

Table 1: Low and High Scenarios shows the differences for each scenario.

*Table 1: Low and High Scenario*

	Low	High
Total Units	1,200	1,700
Population	2,880	4,080
Commercial sq. ft.	1,586,000	1,803,000

#### 5.1.2 Ownership of Capital Assets

A key consideration in determining the fiscal impact to the Town of Canmore relates to who will own, replace, operate and maintain the capital assets after they are constructed. While Smith Creek contains land uses that will be developed as freehold, the inventory of infrastructure and assets included in this analysis are the assets that will be publicly owned. No infrastructure or capital assets that may be part of a private development or condominium have been included in this analysis.





## 6. FISCAL ANALYSIS

This section of the report describes the basis for preparing the results of FIA for Smith Creek.

The analysis evaluates:

- land use
- revenues
- lifecycle cost of capital infrastructure assets
- operating expenses
- net revenue gain or revenue shortfall.

### 6.1 BASIS FOR ANALYSIS OF SMITH CREEK - LOW SCENARIO

#### 6.1.1 Land Use Allocation

Table 2: Land Use Allocation Low Scenario shows the land allocation by land use type.

*Table 2: Land Allocation - Low Scenario*

Land Uses - Low Scenario	Percent of Net Land	Net Ha	Percent of Total Net Land
<b>Residential</b>			
Singles/duplex	55%	35.2	
Towns/Rows	32.5%	21.3	
Apartments	12.5%	8.1	
<b>Subtotal</b>	<b>100%</b>	<b>64.6</b>	<b>76.5%</b>
<b>Commercial</b>			
Retail	62%	12.3	
Business/Office	23%	4.5	
Industrial	15%	3.0	
<b>Subtotal</b>	<b>100%</b>	<b>19.8</b>	<b>23.5%</b>
<b>Total</b>		<b>84.4</b>	<b>100%</b>

The total net land area is 84.4 hectares of which 64.6 is allocated to residential uses. Of this, 55% is allocated to single family/duplex homes and 32.5% to town homes with the remaining 12.5% to apartments. The net land area allocated to commercial uses is 19.8 hectares of which 62% is allocated to retail, 23% to business/office and 15% to industrial.



## 6.1.2 Unit Types

Table 3 - Unit Types shows the total unit allocation for the Low Scenario.

*Table 3: Unit Types - Low Scenario*

<b>Residential Units - Low Scenario</b>	<b>Units</b>	<b>Net Ha</b>	<b>Units Per Net Acre</b>	<b>Units</b>
Singles/duplex	40%	35.2	13.6	480
Towns/Rows	35%	21.3	19.8	420
Apartments	25%	8.1	37.1	300
<b>Totals</b>		<b>64.6</b>		<b>1,200</b>

Table 3: Unit Types - Low Scenario shows the net land area for each type of unit. Of the total 64.6 hectares of net land area allocated to residential uses, 40% is allocated to single/duplex homes which yields 480 units at a density of 13.6 units per hectare; 35% is allocated to town homes which yields 420 units at a density of 21.3 units per hectare; 25% is allocated to apartments which yield 300 units at a density of 8.1 units per hectare. The total number of units that are planned in the Low Scenario is 1,200.

## 6.1.3 Population

Table 4: Population shows the estimated population for the Low Scenario.

*Table 4: Population - Low Scenario*

<b>Population - Low Scenario</b>	<b>Units</b>	<b>Average Persons Per Unit</b>	<b>Population</b>
Singles/duplex	480	2.40	1,152
Towns/Rows	420	2.40	1,008
Apartments	300	2.40	720
<b>Totals</b>	<b>1,200</b>		<b>2,880</b>

This table shows that 1,200 units will generate a population of approximately 2,880.



#### 6.1.4 Commercial Space

Table 5: Commercial Space, shows the estimate of commercial space in the Low Scenario.

*Table 5: Commercial Space - Low Scenario*

<b>Commercial</b>	<b>Net Ha</b>	<b>FAR</b>	<b>GLA Sq. Ft</b>
Retail	12.3	0.50	663,000
Business/Office	4.5	1.70	821,000
Industrial	3.0	0.32	102,000
<b>Total</b>	<b>19.8</b>		<b>1,586,000</b>

This table shows that 1,586,000 square feet of gross commercial space is planned on 19.8 hectares allocated for commercial uses.



## 6.1.5 Capital Assets

### 6.1.5.1 New Infrastructure

Table 6: New Infrastructure Capital Assets shows the list of new assets that will be needed to support development in Smith Creek. After the assets are constructed, they may be publicly owned and maintained by the Town. If some of these assets are privately owned, the FIA would improve in favour of the Town. In the analysis only the replacement, maintenance and operating costs are included. The capital costs are not.

*Table 6: New Infrastructure Capital Assets*

<b>New Infrastructure Capital Assets</b>	<b>Quantity in Meters or Number of Assets</b>
Bridge	1
Underpass	1
Culverts	6
Collector Roads	4,033
Local Roads	8,882
Sidewalks	25,830
Wastewater collector	4,154
Wastewater local	7,532
Wastewater force main	5,390
Water collector	7,025
Lift stations	4
Water local	8,343
PVR	7
Hydrants	53
Smith Creek reservoir	1
Stormwaters	3,592
Stormceptor & drywell install	4
Stormwater ponds	3
Stormwater Culverts	7



### 6.1.5.2 Additional Capital Items

Additional capital items will be needed to support development of Smith Creek. These include the following:

- An addition to the Animal Control Centre
- A portion of the cost of the Fire Hall and vehicles are attributed to Smith Creek
- Additional parks and parks vehicles are attributed to Smith Creek
- A portion of the Public Works yard is attributed to Smith Creek
- A portion of the cost of Streets and Roads vehicles are attributed to Smith Creek.

The capital cost of the above items are included in the analysis.

### 6.1.5.3 Existing Infrastructure

Table 7: Existing Infrastructure Capital Assets shows the list of existing assets that are owned by the Town and that will be impacted by the development at Smith Creek. The development will either require improvements of existing assets or will consume available capacity. In the analysis only the replacement, maintenance and operating costs are included. The capital costs are not. In the Low Scenario it is estimated that the impact will be an increase of 17% in costs, which is based on the estimated increase in population after Smith Creek is built.

*Table 7: Existing Infrastructure Capital Assets*

<b>Impact on Existing Capital Assets</b>	<b>Cost Determinate</b>
Laurence Grassi Booster Station	Growth Related
Three Sisters Reservoir	Growth Related
Pump House 2	Growth Related
Lift Station No, 8	Growth Related
Portion of Sanitary 1035 m of 525 mm sanitary sewer	Growth Related



#### 6.1.5.4 New Parks

Table 8: New Capital Assets – Parks - Low Scenario shows new park facilities that will be needed to support the development of Smith Creek. In the analysis only the replacement, maintenance and operating costs are included. The capital costs are not.

*Table 8: New Capital Assets – Parks - Low Scenario*

Items	number of items or meters
Off leash dog park	2
Playgrounds	4
Communications Boards	5
Chain link fencing	5,000 m
Wildlife Fencing	6,780 m
Public Trails Paved	2,600 m
Public Trails Gravel	10,000 m
Public Trails Organic	5,000 m

#### 6.1.6 Non-tax Revenues

##### 6.1.6.1 Operating Revenues

Operating revenues will be generated from development at Smith Creek which include the following revenue sources:

- Concession and Franchise Fees, Permits and Licenses
- Grants
- Other and Interest Earned
- Recreation Sales
- Sales Utilities, Goods, Services, Rents
- Transfer from Reserve
- Fines & Penalties.

It is estimated that 85% of revenues will be generated from residential uses and 15% from commercial uses. Revenues were generated for use in the model by applying the 85/15% split per capita and per square foot. The Town of Canmore's operating revenues from actuals were used to estimate revenues for each category of revenue.



### **6.1.6.2 Off-site Levies**

The operating budget includes a category for Off-site Levies which is intended to cover some capital costs that will be paid by the Town. The FIA does not contain capital costs for assets that are supported by Off-site Levies, therefore, those revenues are not included in the analysis.



### 6.1.6.3 Property Tax Revenue

Property taxes revenue is estimated based on several factors:

- Land use type
- Average assessment value for land use types
- Tax rate.

The average assessment for land use types was estimated by identifying prototype areas. These were identified by municipal address which was cross referenced with the Town’s assessment data.

Table 9: Average Property Tax Assessment shows the average property assessment for units and commercial space in prototype areas.

*Table 9: Average Property Tax Assessment*

<b>Apartments</b>	<b>600 Spring Creek Dr.</b>	<b>379 Spring Creek Dr.</b>	<b>505 Spring Creek Dr.</b>	<b>Avrg Assessment per unit</b>
Average Assessment per unit	\$570,508.00	\$605,994	\$581,616	<b>\$586,040</b>
<b>Singles</b>	<b>Dyrgas</b>	<b>Miskow</b>	<b>Casale Pl</b>	
Average Assessment per unit	\$1,328,721	\$1,257,387	\$1,003,561	<b>\$1,196,556</b>
<b>Townhomes</b>	<b>Prospect Heights</b>	<b>Riva Court</b>	<b>104 Armstrong PL</b>	
Average Assessment per unit	\$887,303	\$650,000	\$685,356	<b>\$740,886</b>
<b>Commercial</b>	<b>Town of Canmore</b>			
Retail average per sq. ft.	\$325			
Business/Office average per sq. ft.	\$283			
Industrial average per sq. ft.	\$200			

Assessments for town homes in the Town of Canmore vary considerably from moderate to high. As shown in the table above, town homes at Prospect Heights and Armstrong Place are assessed at \$887,000 and \$685,000, respectively. TSMV is currently developing and selling town homes at Riva Court and Riva Place for more than \$650,000. In the fiscal analysis of Smith Creek, a lower and more conservative average assessment value of \$650,000 is used.

The estimated average assessment per square foot for retail, business/office and industrial uses is based on comparable existing sites in the Town. The assessment values for commercial uses were reviewed with the Town of Canmore.





## 6.2 RESULTS OF THE FISCAL IMPACT ANALYSIS – LOW SCENARIO

The FIA contains two time horizons, one year after Smith Creek is built and 10 years after.

### 6.2.1 Revenues

Table 10: Revenues for Smith Creek One Year after Build-out - Low Scenario illustrates the revenues generated for the Town of Canmore using the land uses as proposed by QuantumPlace Development Ltd.

*Table 10: Revenues 1 Year after Build-out - Low Scenario*

Revenue Source	Residential	Non-Residential
Concession Franchise Permits Licenses	\$387,327	\$190,321
Grants	\$242,403	\$0
Other & Interest Earned	\$150,569	\$79,300
Penalty & Fine	\$229,729	\$111,020
Recreation Sales	\$378,224	\$0
Rental, Sale of Services and Goods	\$276,366	\$142,741
Sale Utilities	\$1,389,405	\$697,845
Tax Apartment	\$431,661	\$0
Tax Industrial	\$0	\$174,702
Tax Office	\$0	\$1,989,695
Tax Retail/Gateway	\$0	\$1,843,435
Tax Single Family/Duplex	\$1,395,889	\$0
Tax Towns/Rows	\$665,887	\$0
Transfer from Reserve	\$506,872	\$253,762
<b>Subtotal Revenues</b>	<b>\$6,054,332</b>	<b>\$5,482,821</b>
<b>Total Revenue</b>	<b>\$11,537,153</b>	
<b>% Total Revenue</b>	52.37%	47.63%

This scenario results in an estimated total gross revenue of \$11,537,000 one year after Smith Creek is completed. Approximately 52% is derived from residential uses and 48% from commercial uses. Approximately \$5,036,000 of total revenues are generated from operating revenue which is 44% of total revenues and approximately \$6,501,000 is generated from property taxes which is 56% of total revenues.



Table 11: Property Tax - Low Scenario illustrates the property tax revenue generated for the Town of Canmore.

*Table 11: Property Tax - Low Scenario*

	<b>Residential</b>	<b>Commercial</b>
Tax Single Family/Duplex	\$1,395,889	
Tax Towns/Rows	\$665,887	
Tax Apartment	\$431,661	
Tax Industrial	\$0	\$174,702
Tax Office	\$0	\$1,989,695
Tax Retail/Gateway	\$0	\$1,843,435
<b>Subtotals</b>	<b>\$2,493,437</b>	<b>\$4,007,832</b>
<b>Percentage</b>	<b>38%</b>	<b>62%</b>
<b>Total Tax Revenue</b>	<b>\$6,501,269</b>	

The residential uses are taxed at the residential tax rate and generate approximately \$2,493,000 per year which is 38% of total tax revenue. The commercial uses generate approximately \$4,008,000, per year which is 62% of total tax revenue. The total annual tax revenue generated from Smith Creek is approximately \$6,501,000.



## 6.2.2 Lifecycle Costs

Table 12: Lifecycle Costs Low Scenario for Smith Creek illustrates the cost for the Town of Canmore to provide services one year after Smith Creek is completely built.

*Table 12: Lifecycle Costs - Low Scenario*

Service Component	Capital	Replacement	Operating & Maintenance	Total Life Cycle Costs
Arts & Events			\$47,371	\$79,091
Bylaw Services	\$30,600	\$2,359	\$223,523	\$373,319
Bridges		\$97,037		\$114,161
Community Social Development			\$199,535	\$199,535
Corporate Admin	\$81,674	\$19,436	\$539,283	\$927,858
Econ Development				\$158,601
Engineering			\$146,174	\$225,474
Facilities		\$1,130	\$482,121	\$721,352
Fire/Rescue	\$2,152,837	\$60,220	\$1,454,379	\$4,104,988
General Municipal			\$1,052,707	\$1,591,951
Housing			\$89,155	\$89,155
Library			\$88,436	\$88,436
Municipal Clerk			\$105,426	\$153,006
P&D			\$132,265	\$195,705
Parks	\$173,060	\$262,522	\$158,761	\$713,097
Policing			\$363,016	\$553,337
Public Works	\$117,810	\$1,762	\$27,818	\$1,473,900
Recreation	\$50,000	\$0	\$461,387	\$511,387
Roads		\$420,692		\$494,931
Sanitary		\$265,459		\$312,304
Sidewalks		\$96,376		\$113,383
Solid Waste			\$272,248	\$414,989
Stormwater System		\$38,996		\$45,877
Streets and Roads	\$412,335	\$41,210	\$269,886	\$946,209
Transit			\$129,846	\$193,286
Water Supply		\$274,861		\$323,366
Water Utility			\$1,101,115	\$1,656,219
<b>Totals</b>	<b>\$3,018,316</b>	<b>\$1,582,060</b>	<b>\$7,344,452</b>	<b>\$15,485,368</b>



Lifecycle costs include the capital, replacement, operating and maintenance cost of assets and the operating cost of municipal services.

The following is a more detailed explanation of the costs:

- The capital column shows approximately \$3M in capital expenditures that will be supported by general revenues and that will not be funded by off-site levies.
- After the capital items listed in Table 6: New Infrastructure Capital Assets are built by the land developer, they will be transferred to the Town for ongoing replacement, operation and maintenance. Similarly, when expansion of existing assets listed in Table 7: Existing Infrastructure Capital Assets and Assets included in Table 8: New Capital Assets – Parks are constructed, the Town will be responsible for the lifecycle costs of these assets.
- There will be impacts on the Town's soft costs for items listed in Section 4.3.1 Town of Canmore Operating Expenses.
- The other impact on the Town will be on existing facilities and assets such as Fleet Vehicles and Buildings.

**The estimated total lifecycle cost for Smith Creek is \$15,485,000 one year after Smith Creek is completed.**



### 6.2.3 Revenue Shortfall - Smith Creek (One Year after Build-out)

Table 13: Revenue Shortfall for Smith Creek (1 Year) - Low Scenario illustrates the fiscal outcome for this scenario.

*Table 13: Revenue Shortfall for Smith Creek (1 Year) - Low Scenario*

Total Revenues	\$11,537,153
Total Lifecycle Costs	\$15,485,368
<b>Net Revenue</b>	<b>(\$3,948,215)</b>

When the total lifecycle costs are subtracted from total revenues **there is an estimated net revenue shortfall of (\$3,948,000) one year after Smith Creek is completely built.**

### 6.2.4 Revenue Shortfall - Smith Creek (10 Years after Build-out)

Table 14: Revenue Shortfall for Smith Creek (10 years) - Low Scenario illustrates the fiscal outcome for this option 10 years after build-out.

*Table 14: Revenue Shortfall for Smith Creek (10 years) - Low Scenario*

Total Revenues	\$115,371,590
Total Lifecycle Costs	\$122,920,977
<b>Net Revenue</b>	<b>(\$7,549,387)</b>

When the total lifecycle costs are subtracted from total revenues there is an estimated net revenue shortfall of approximately (\$7,549,000) 10 years after Smith Creek is completely built.



## 6.3 BASIS FOR ANALYSIS OF SMITH CREEK – HIGH SCENARIO

### 6.3.1 Land Allocation

Table 15: Land Use Allocation - High Scenario, shows the land allocation by type.

*Table 15: Land Use Allocation - High Scenario*

Land Uses - High Scenario	Percent of Net Land	Net Ha	Percent of Total Net Land
<b><i>Residential</i></b>			
Singles/duplex	54%	34.4	
Towns/Rows	32%	20.2	
Apartments	13%	8.5	
<b>Subtotal</b>	<b>100%</b>	<b>63.2</b>	<b>76.1%</b>
<b><i>Commercial</i></b>			
Retail	62%	12.3	
Business/Office	38%	7.5	
Industrial	0%	0	
<b>Subtotal</b>	<b>100%</b>	<b>19.8</b>	<b>23.9%</b>
<b>Total</b>		<b>83.0</b>	<b>100%</b>

The total net land area is 83.0 hectares of which 63.2 hectares are allocated to residential uses. Of the total, 54% is allocated to single family/duplex homes and 32% to town homes while the remaining 13% is allocated to apartments. The net land area allocated to commercial uses is 19.8 hectares of which 62% is allocated to retail and 38% to business/office space. No land is allocated for industrial uses in the High Scenario.



### 6.3.2 Unit Types

Table 16: Unit Types shows the estimated units for the High Scenario.

*Table 16: Unit Types - High Scenario*

<b>Residential Units High Scenario</b>	<b>Percent Units</b>	<b>Net Ha</b>	<b>Units Per Net Ha</b>	<b>Units</b>
Singles/duplex	40%	34.4	19.76	680
Towns/Rows	35%	20.2	29.39	595
Apartments	25%	8.5	49.99	425
<b>Totals</b>		<b>63.2</b>		<b>1,700</b>

This table shows the net land area for each type of unit. Of the total 63.2 hectares, 40% of the land is allocated to single/duplex homes which yields 680 units at a density of 19.76 units per hectare. Of the total, 35% of the land is allocated to town homes which yields 595 units at a density of 29.39 units per hectare. Of the total, 25% of the land is allocated to apartments which yields 425 units at a density of 49.99 units per hectare. The total number of units that are planned in the High Scenario are 1,700.

### 6.3.3 Population

Table 17: Population - High Scenario shows population estimates.

*Table 17: Population - High Scenario*

<b>Population High Scenario</b>	<b>Units</b>	<b>Average Persons Per Unit</b>	<b>Population</b>
Singles/duplex	680	2.40	1,632
Towns/Rows	595	2.40	1,428
Apartments	425	2.40	1,020
<b>Totals</b>	<b>1,700</b>		<b>4,080</b>

This table shows that the 1,700 units will generate a population of approximately 4,080.



## 6.3.4 Capital Assets

The list of capital assets for Smith Creek High Scenario are the same as for the Low Scenario.

### 6.3.4.1 New Infrastructure

Table 18: New Infrastructure Capital Assets shows the list of new assets that will be needed to support development in Smith Creek. After the assets are constructed they may be publicly owned and maintained by the Town. If some of these assets are privately owned, the FIA would improve in favour of the Town. In the analysis only the replacement, maintenance and operating costs are included. The capital costs are not.

*Table 18: New Infrastructure Capital Assets*

New Infrastructure Capital Assets	Quantity in Meters or Number of Assets
Bridge	1
Underpass	1
Culverts	6
Collector Roads	4,033
Local Roads	8,882
Sidewalks	25,830
Wastewater collector	4,154
Wastewater local	7,532
Wastewater force main	5,390
Water collector	7,025
Lift stations	4
Water local	8,343
PVR	7
Hydrants	53
Smith Creek reservoir	1
Stormwaters	3,592
Stormceptor & drywell install	4
Stormwater ponds	3
Stormwater culverts	7





### 6.3.4.2 Additional Capital Items

Additional capital items will be needed to support development of the Resort Centre. These include the following:

- An addition to the Animal Control Centre
- A portion of the cost of the Fire Hall and vehicles are attributed to the Resort Centre
- Additional parks vehicles are attributed to Smith Creek
- A new satellite Public Works yard is attributed to Smith Creek
- A portion of the cost of Streets and Roads vehicles are attributed to Smith Creek.

The capital costs of the above items are included in the analysis.

### 6.3.4.3 Existing Infrastructure

Table 19: Existing Infrastructure Capital Assets shows the list of existing assets that are owned by the Town and that will be impacted by development at Smith Creek. The development will require expansion of available consumer capacity. In the analysis only the replacement, maintenance and operating costs are included. The capital costs are not. For the High Scenario it has been estimated that the impact will be an increase of 42% in costs, which is based on the estimated increase in population after Smith Creek is built.

*Table 19: Existing Infrastructure Capital Assets*

<b>Impact on Existing Capital Assets</b>	<b>Cost Determinate</b>
Laurence Grassi Booster Station	Growth Related
Three Sisters Reservoir	Growth Related
Pump House 2	Growth Related
Lift Station No, 8	Growth Related
Portion of Sanitary 1035 m of 525 mm sanitary sewer	Growth Related



#### 6.3.4.4 New Parks

Table 20: New Capital Assets – Parks shows new park facilities that will be needed to support the development of Smith Creek. In the analysis only the replacement, maintenance and operating costs are included. The capital costs are not.

*Table 20: New Capital Assets – Parks*

<b>Items</b>	<b>number of items or meters</b>
Off leash dog park	2
Playgrounds	4
Communications Boards	5
Chain link fencing	5,000 m
Wildlife Fencing	6,780 m
Public Trails Paved	2,600 m
Public Trails Gravel	10,000 m
Public Trails Organic	5,000 m



### 6.3.5 Property Tax Revenue

Property tax revenue is estimated based on several factors:

- Land use type
- Average assessment value for land use types
- Tax rate.

The method for estimating property assessment for the High Scenario is the same as for the Low Scenario and described in Section 6.1.6.

Table 21: Property Tax Assessment shows the average property assessment for units and commercial space in the prototype areas.

*Table 21: Property Tax Assessment*

<b>Apartments</b>	<b>600 Spring Creek Dr.</b>	<b>379 Spring Creek Dr.</b>	<b>505 Spring Creek Dr.</b>	<b>Avg Assessment per unit</b>
Average Assessment per unit	\$570,508.00	\$605,994	\$581,616	<b>\$586,040</b>
<b>Singles</b>	<b>Dyrgas</b>	<b>Miskow</b>	<b>Casale Pl</b>	
Average Assessment per unit	\$1,328,721	\$1,257,387	\$1,003,561	<b>\$1,196,556</b>
<b>Townhomes</b>	<b>Prospect Heights</b>	<b>Riva Court</b>	<b>104 Armstrong PL</b>	
Average Assessment per unit	\$887,303	\$650,000	\$685,356	<b>\$740,886</b>
<b>Commercial</b>	<b>Town of Canmore</b>			
Retail Average per sq. ft.	\$325			
Business/Office Average per sq. ft.	\$283			
Industrial Average per sq. ft.	\$200			

Residential units are taxed at the residential rate and commercial uses are taxed at the commercial rate.



## 6.4 RESULTS OF THE FISCAL IMPACT ANALYSIS HIGH SCENARIO

The FIA contains two time horizons which are one year after Smith Creek is built as planned and 10 years after.

### 6.4.1 Revenues - Smith Creek (1 Year after Build-out)

Table 22: Revenues for Smith Creek (1 Year) - High Scenario illustrates the revenues generated for the Town of Canmore using the land uses as proposed by QuantumPlace Development Ltd.

*Table 22: Revenues for Smith Creel (1 Year) - High Scenario*

Revenue Source	Residential	Non-Residential
Concession Franchise Permits Licenses	\$548,565	\$216,334
Grants	\$343,312	\$0
Other & Interest Earned	\$213,249	\$90,139
Penalty & Fine	\$325,361	\$126,194
Recreation Sales	\$535,673	\$0
Rental, Sale of Services and Goods	\$391,413	\$162,250
Sale Utilities	\$1,967,794	\$793,225
Tax Apartment	\$607,827	\$0
Tax Industrial	\$0	\$0
Tax Office	\$0	\$2,706,508
Tax Retail/Gateway	\$0	\$1,907,628
Tax Single Family/Duplex	\$1,983,709	\$0
Tax Towns/Rows	\$943,340	\$0
Transfer from Reserve	\$717,876	\$288,445
<b>Subtotal Revenues</b>	<b>\$8,578,120</b>	<b>\$6,290,723</b>
<b>Total Revenues</b>	<b>\$14,868,843</b>	
<b>% Total Revenue</b>	<b>62.1%</b>	<b>37.9%</b>

The High Scenario results in estimated total revenues of \$14,869,000 one year after Smith Creek is completed. The highest source of revenue is the recurring property taxes which total \$8,149,000 and account for 55% of total revenues. Non-tax revenues are \$6,720,000 and account for 45% of total revenues.

Of the total revenues, approximately 62% are derived from residential uses and approximately 38% are generated from commercial uses.



Table 23: Property Tax - High Scenario illustrates the property tax revenue generated for the Town of Canmore.

*Table 23: Property Tax - High Scenario*

	<b>Residential</b>	<b>Commercial</b>
Tax Single Family/Duplex	\$1,983,709	
Tax Towns/Rows	\$943,340	
Tax Apartment	\$607,827	
Tax Industrial	\$0	\$0
Tax Office	\$0	\$2,706,508
Tax Retail/Gateway	\$0	\$1,907,628
<b>Subtotals</b>	<b>\$3,534,875</b>	<b>\$4,614,136</b>
<b>Percentage</b>	<b>43%</b>	<b>57%</b>
<b>Total Tax Revenue</b>	<b>\$8,149,011</b>	

The residential uses are taxed at the residential tax rate and generate approximately \$3,535,000 per year which is 43% of total tax revenue. The commercial uses generate approximately \$4,614,000 per year which is 57% of total tax revenue. The total annual tax revenue generated from the Smith Creek High Scenario is approximately \$8,149,000.



## 6.4.2 Lifecycle Costs for Smith Creek (1 Year after Build-out)

Table 24: Lifecycle Costs for Smith Creek - High Scenario, illustrates the cost for the Town of Canmore to provide services one year after Smith Creek is completely built.

*Table 24: Lifecycle Costs - High Scenario*

Service Component	Capital	Replacement	Operating & Maintenance	Total Life Cycle Costs
Arts & Events			\$67,109	\$103,164
Bylaw Services	\$30,600	\$2,359	\$316,657	\$481,627
Bridges		\$97,037		\$114,161
Community Social Development			\$282,674	\$282,674
Corporate Admin	\$81,674	\$19,436	\$763,985	\$1,189,411
Econ Development			\$0	\$180,278
Engineering			\$207,080	\$297,219
Facilities		\$1,130	\$683,005	\$954,752
Fire/Rescue	\$2,152,837	\$60,220	\$1,454,379	\$4,104,988
General Municipal			\$1,491,335	\$2,104,281
Housing			\$126,304	\$126,304
Library			\$125,284	\$125,284
Municipal Clerk			\$149,353	\$203,436
P&D			\$187,375	\$259,486
Parks	\$173,060	\$262,522	\$222,391	\$787,565
Policing			\$514,273	\$730,607
Public Works	\$117,810	\$1,762	\$39,408	\$198,108
Recreation	\$50,000	\$0	\$653,632	\$703,632
Roads		\$420,692		\$494,931
Sanitary		\$265,459		\$312,304
Sidewalks		\$96,376		\$113,383
Solid Waste			\$385,684	\$547,934
Stormwater System		\$38,996		\$45,877
Streets and Roads	\$412,335	\$41,210	\$382,339	\$1,078,172
Transit			\$183,948	\$256,059
Water Supply		\$274,861		\$323,366
Water Utility			\$1,559,913	\$2,190,887
<b>Total</b>	<b>\$3,018,316</b>	<b>\$1,582,060</b>	<b>\$9,796,128</b>	<b>\$18,309,890</b>
Total Life Cycle Costs (Residential+Commercial)	<b>\$18,309,890</b>			



Lifecycle costs include the capital, replacement, operating and maintenance cost of assets and the operating cost of municipal services.

The following is a more detailed explanation of the costs.

- The capital column shows approximately \$3M in capital expenditures that will be supported by general revenues and which will not be funded by off-site levies.
- After the capital items listed in Table 6: New Infrastructure Capital Assets are built by the land developer, they will be transferred to the Town for ongoing replacement, operating and maintenance. Similarly, when expansion of existing assets listed in Table 7: Existing Capital Assets and Assets, included in Table 8, New Capital Assets – Parks, are constructed, the Town will be responsible for the lifecycle costs of these assets.
- There will be impacts on the Town’s soft costs for items listed in Section 4.3.1, Town of Canmore Operating Expenses.
- The other impact on the Town will be on existing facilities and assets such as: Fleet Vehicles and Buildings.

**The estimated total lifecycle cost for Smith Creek is \$18,310,000 one year after Smith Creek is completed.**



### 6.4.3 Revenue for Smith Creek (1 Year after Build-out)

Table 25: Net Revenue for Smith Creek illustrates the fiscal outcome for the High Scenario one year after Smith Creek is completely built.

*Table 25: Net Revenue for Smith Creek (1 year)*

Total Revenues	\$14,868,843
Total Lifecycle Costs	\$18,309,890
<b>Net Revenue</b>	<b>(\$3,441,047)</b>

When the total lifecycle costs are subtracted from total revenues, **there is an estimated net revenue shortfall to the Town of Canmore of \$3,441,000 one year after Smith Creek is completely built.**

### 6.4.4 Net Revenue Gain for Smith Creek (10 Years after Build-out)

Table 26: Net Revenue for Smith Creek illustrates the fiscal outcome for this scenario 10 years after Smith Creek is completely built.

*Table 26: Net Revenue for Smith Creek (10 years)*

Total Revenues	\$148,688,488
Total Lifecycle Costs	\$151,153,527
<b>Net Revenue</b>	<b>(\$2,465,039)</b>

When the total lifecycle costs are subtracted from total revenues, **there is an estimated net revenue shortfall to the Town of Canmore of \$2,465,000 10 years after Smith Creek is completely built.**





## 7. OBSERVATIONS AND CONCLUSIONS

The following are key observations and conclusions arising from the FIA of Smith Creek.

### 7.1 Impact of Smith Creek Development on Town of Canmore Assessment.

Table 27: Impact on Assessment - Low Scenario shows that the residential/commercial split in property assessment in 2014 for the entire Town was 86% residential and 14% commercial. The table also shows that for the Low Scenario the residential assessment for Smith Creek is 69% and the commercial assessment is 31%. When the property assessment for Smith Creek is added to the Town’s assessment, it results in an 82% residential and 18% commercial split. This has the effect of increasing the commercial assessment from 14% to 18% and reducing the residential split from 86% to 82%.

*Table 27: Impact on Assessment - Low Scenario*

Low Scenario	Current Town-wide Assessment	Town Split 2014	Smith Creek Assessment	Smith Creek Split	Town + Smith Creek Assessment	Split Town + Smith Creek
Residential	\$4,507,963,980	86%	\$1,061,331,000	69%	\$5,569,294,980	82%
Commercial	\$735,814,600	14%	\$468,698,280	31%	\$1,204,512,880	18%
	\$5,243,778,580		\$1,530,029,280		\$6,773,807,860	

Table 28: Impact on Assessment - High Scenario shows the residential/commercial split in property assessment in 2014 was 86% residential and 14% commercial. The table also shows that for the High Scenario the percentage of residential assessment for Smith Creek is 76% and the commercial assessment is 24%. When the property assessment for Smith Creek is added to the Town’s assessment, it results in an 83% residential and 17% commercial split. This has the effect of increasing the commercial assessment from 14% to 17% and reducing the residential split from 86% to 83%.

*Table 28: Impact on Assessment - High Scenario*

High Scenario	Current Town-wide Assessment	Town Split 2014	Smith Creek Assessment	Smith Creek Split	Town + Smith Creek Assessment	Split Town + Smith Creek
Residential	\$4,507,963,980	86%	\$1,503,552,250	76%	\$5,956,997,399	83%
Commercial	\$735,814,600	14%	\$539,287,320	24%	\$1,185,770,560	17%
	\$5,243,778,580		\$1,898,989,379		\$7,142,767,959	

**Both the Low and High Scenarios will produce revenue splits that will move the Town closer to its goal of achieving higher commercial assessment relative to residential assessment. The**



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**percentage increase in commercial assessment is approximately 3% to 4% while there would be a reduction of approximately 3% to 4% in residential assessment.**

## 7.2 A Conservative Approach

**An objective of this FIA is to provide a realistic assessment of the fiscal impact of Smith Creek development after it is built. Therefore, a conservative fiscal approach has been used.**

For example, the cost of amenities in Smith Creek have been allocated to the Town but some of these amenities may be developed and maintained privately which would benefit the Town. Regarding assessment values there is a wide range of property values in the Town. In this analysis assessment values for single family homes is \$1,197,000, \$650,000 for town homes and \$585,000 for apartment units. These values are low to moderate considering current market prices and result in a conservative calculation of property tax revenue.

## 7.3 In-Depth Review

Prior to completing the FIA, InfraCycle Fiscal Solutions, the Town of Canmore staff and Quantum Place Developments Ltd. conducted an in-depth review of the actual expenditures for the Town of Canmore. This was done to gain a thorough understanding of the operating expenses and non-tax revenues that would be used in producing the FIA. **All operating expenses were reviewed on a departmental basis and included on a per capita basis in the analysis.** This includes all staff time, operation of buildings, vehicles and equipment. **All non-tax revenues were also reviewed and included in the analysis except for internal transfers and off-site levies. Property assessments were also reviewed for land uses proposed in Smith Creek.**

## 7.4 Scale of Development

Smith Creek will be a significant development. The Low Scenario would yield an additional population of approximately 2,880 and the High Scenario an additional population of 4,080. For the Low Scenario this represents an increase of 17% to the 2014 population of the Town and a 24% increase in the High Scenario. The Low and High Scenarios would have approximately 1,586,000 and 1,803,000 square feet of commercial space, respectively. The location of Smith Creek in the east end of the Town is a considerable distance from the existing core area. The potential for a large increase in population and the distance from the established Town warranted a review of infrastructure and community services.



**The outcome of the review identified costs for additional community services and capital items that are not covered by current off-site levies.** The major costs have been included in the analysis for following items:

- A second Fire hall with a total capital cost of approximately \$6M with \$2M attributed to Smith Creek, \$2M to the Resort Centre and \$2M to existing development
- A new Public Works Yard split between the Resort Centre and Smith Creek
- Additional Park facilities and equipment
- A portion of the cost of expansion to the Animal Control Centre is allocated to Smith Creek
- A portion of the cost of Civic Centre and equipment is allocated to Smith Creek
- A portion of additional vehicles for Streets and Roads is allocated to Smith Creek.

**The scale of the Smith Creek development will also contribute significantly to the Town's Offsite Levy model.** Based on the potential for development of units noted in Table 29 below, Three Sister Mountain Village will contribute approximately \$3M to the cost of past and future capital projects as included in the Offsite Levy model. Neither the revenues nor the expenditures relating to Off-sites are included in the FIA, but it is important to note that this revenue will be significant and it will flow to the Town's coffers.

*Table 29: Summary of Development Potential Low and High*

	Low Scenario	High Scenario
Population Expected	<b>2,880</b>	<b>4,080</b>
Singles/duplex	480	680
Towns/Rows	420	595
Apartments	300	425
Total Units	<b>1,200</b>	<b>1,700</b>
Commercial sq. ft.	<b>1,586,000</b>	<b>1,803,000</b>



## 7.5 The Bottom Line

### Low Scenario

The following chart, Figure 3: Percentage of Gross Revenue to Revenue Shortfall - Low Scenario, shows the comparison of gross revenue to net revenue for one year, 10 years and 15 years after Smith Creek is completely built.

One year after build-out the gross revenues are estimated to be \$11.5M while the revenue shortfall is \$3.9M which is 34% of gross revenues. At year 10, the gross revenues are estimated to be \$115.3M while the revenue shortfall is \$7.5M which is 7% of gross revenues. After 15 years, the gross revenue is \$173M while the revenue shortfall is \$9.5M which is 5% of gross revenues. The values that are shown for 10 years and 15 years are cumulative for the time period.

*Figure 3: Percentage of Gross Revenue to Revenue Shortfall - Low Scenario*

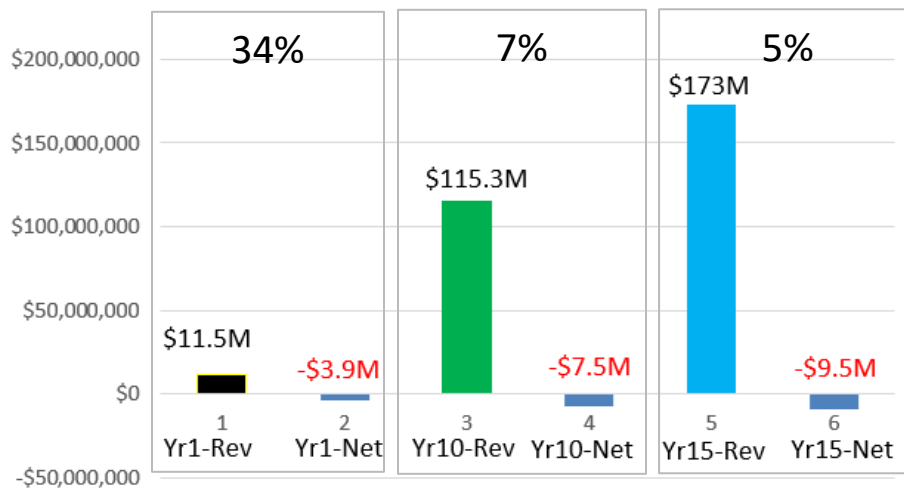


Table 30: Average Annual Operating Revenue - Low Scenario shows the estimated recurring operating shortfall after the one-time capital expense is subtracted from the net revenue loss.

*Table 30: Average Annual Operating Revenue - Low Scenario*

Year	Net Revenues	Capital	Net Cumulative Operating	Average Annual Operating Shortfall
1	(\$3,948,215)	(\$3,000,000)	(\$948,215)	(\$948,215)
10	(\$7,549,387)	(\$3,000,000)	(\$4,549,387)	(\$454,939)
15	(\$9,508,230)	(\$3,000,000)	(\$6,508,230)	(\$433,882)



**High Scenario**

The following chart, Figure 4: Percentage of Gross Revenue to Revenue Shortfall - High Scenario, shows the comparison of gross revenue to net revenue for one year, 10 years and 15 years after Smith Creek is completely built.

One year after build-out the gross revenues are estimated to be \$14.8M while the revenue shortfall is \$3.9 M which is 23% of gross revenues. At year 10, the gross revenues are estimated to be \$148.6M while the revenue shortfall is \$7.5M which is 2% of gross revenues. After 15 years, the gross revenue is \$223M while the revenue shortfall is \$1.8M which 5% of gross revenues. The values that are shown for 10 years and 15 years are cumulative for the time period.

*Figure 4: Percentage of Gross Revenue to Revenue Shortfall -High Scenario*

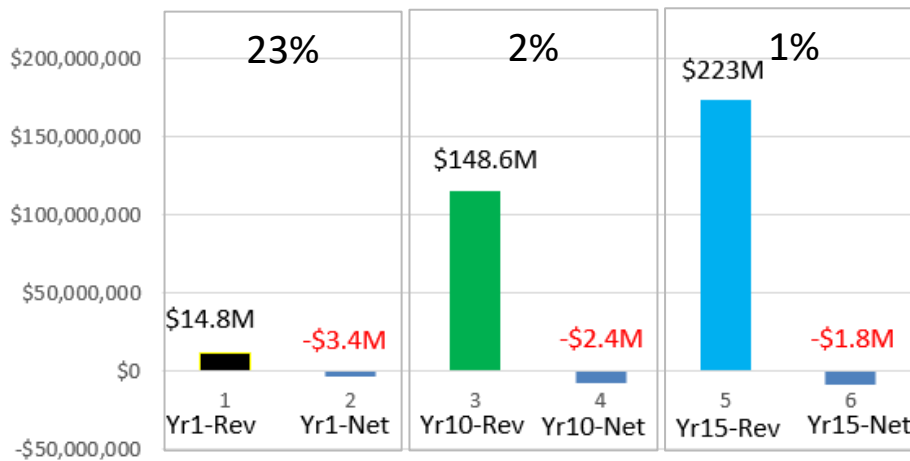


Table 31: Average Annual Operating Revenue - High Scenario shows the estimated recurring operating revenue after the one-time capital expense is subtracted from the net revenue loss. At year one it is estimated that there will be an operating shortfall of \$441,000. In years 10 and 15 it is estimated that there will be revenue gains of approximately \$54,000 and \$75,000, respectively.

*Table 31: Average Annual Operating Revenue - High Scenario*

Year	Net Revenues	Capital	Net Cumulative Operating	Average Annual Operating Shortfall
1	(\$3,441,047)	(\$3,000,000)	(\$441,047)	(\$441,047)
10	(\$2,465,039)	(\$3,000,000)	\$534,961	\$53,496
15	(\$1,871,115)	(\$3,000,000)	\$1,128,885	\$75,259



## **7.6 Reasons for Net Revenue Shortfall**

The primary reason for the net revenue shortfall in the Low and High Scenarios is that Smith Creek has a considerable amount of municipal infrastructure and community assets. Although the developer will pay the majority of the upfront capital cost of on-site infrastructure assets, the Town will assume the fiscal responsibility for replacing, operating and maintaining these assets. In addition to the municipal infrastructure, Smith Creek needs to be supported by a new Fire Hall with staff, vehicles and equipment to effectively operate it. As shown in Table 12: Lifecycle Costs - Low Scenario, costs related to the Fire Hall are significantly higher than others.