



Legislation Details (With Text)

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Title: Policy C-FS-20 - Off-Site Levy - Recovered Funds Utilization Policy
Presented by: Diane McMordie, Director of Finance & Utilities

Sponsors:

Indexes:

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Attachments: 1. C-FS-20 Off-Site Levy Recovery Fund Utilization (Changes incorporated), 2. C-FS-20 Off-Site Levy Recovery Fund Utilization (Changes highlighted)

Date	Ver.	Action By	Action	Result
11/21/2016	1	City Council	approved	

TAMRMS#: B06

Policy C-FS-20 - Off-Site Levy - Recovered Funds Utilization Policy

Presented by: Diane McMordie, Director of Finance & Utilities

RECOMMENDATION(S)

That City Council Policy C-FS-20 Off-Site Levy Recovery Fund Utilization, provided as an attachment to the November 21, 2016 agenda report titled "Policy C-FS-20 - Off-Site Levy- Recovered Funds Utilization Policy", be approved.

PURPOSE OF REPORT

As directed by Standing Committee of the Whole, Administration received feedback from Committee members on this draft policy. The final policy, now in front of Council for approval, incorporates this feedback along with further Administrative recommendations.

COUNCIL DIRECTION

On September 12, 2016 Standing Committee of the Whole passed the following resolution:

(AR-16-115)

That, Council members provide feedback on the draft Off-Site Levy Recovery Fund Utilization Policy, to Administration by October 3, 2016.

That Administration present to Council on November 21, 2016, a final draft Off-Site Levy Recovery Fund Utilization Policy that has been updated utilizing the Standing Committee of the Whole general discussion related to this draft policy and the Council members feedback as inputs to inform finalizing of the draft policy.

On April 4, 2016 Council passed the following resolution:

(C187-2016)

That the estimated \$40 million cost of the Phase 3 North Interceptor (Project 9) be financed using \$10 million from the Offsite Levy Recovery Fund (OLRF) with the balance of the final project budget of approximately \$30 million to be funded through debenture borrowing;

That the annual debt costs relating to the debenture be paid using funds remaining in the OLRF plus future offsite levy recoveries as described in the March 14, 2016 agenda report entitled "Project 9 Funding Options";

That a policy be developed for the OLRF that includes options for mitigating the inherent cash flow risks involved with this funding model until the completion of the debenture term;

That Administration prepare a borrowing bylaw for Council's consideration, in accordance with the provisions of the Municipal Government Act, the maximum value in the bylaw to be stated at \$40 million; and

That Administration propose to Standing Committee of the Whole in October 2016 amendments to all relevant Council policies to allow for the debt financing of Utility growth infrastructure.

BACKGROUND AND DISCUSSION

The Off-Site Levy Recovery Fund Utilization Policy is an extension/reference to Schedule C3 within C-FS-01 Financial Reserves, and provides added clarity, direction and restriction as to the future use of funds within this reserve account. Given the nature of this particular reserve and the detailed parameters which the City wishes to impose, it was felt that a separate policy would be warranted.

The intent would be to have the reserve schedule within C-FS-01 provide high level statements and then refer to this policy for further direction/restrictions.

A summary and rationale for the amendments made based on Council Member feedback and administrative recommendations are as follows:

1. Definitions: Off-Site Levy (OSL), re-worded to exact wording as per the Off-Site Levy Bylaw.
2. Service Standard 4, changed the timelines for the comprehensive review from "every 4 years" to "at least once every 4 years" to allow for a more frequent review should circumstances warrant or should Council wish to direct Administration to do so.
3. Service Standard 6b, to reflect the delay between construction payments and/or debt payments to when the City is eligible to claim reimbursement from the OSL reserve it is recommended that for the first 3 years of the project that an equivalent of three (3) full years debt servicing would need to be held as a buffer in the reserve after which time (from years 4-10) a two (2) debt servicing buffer would be required. It is felt that this change helps further mitigate the risks in the early years of the project while still meeting the objective to not unnecessarily hold funds.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

SLT provided input and direction related to the policy prior to it being presented to the Committee in September 2016 and provided further review of the finalized policy.

Committee members engaged in dialogue at the September 2016 Standing Committee of the Whole meeting and provided feedback at that time as well as via email.

IMPLICATIONS OF RECOMMENDATION(S)

Financial: There are no financial implications to the policy itself.

Legal / Risk: The intent of the policy is to mitigate the risk associated with the forecasted pace of development while at the same time not restricting funds unnecessarily.

Program or Service: Typically the lead developer of an ASP will undertake the construction of all off-site levy projects required for the development and be subsequently reimbursed by the City as levies are collected. Having a fund available for the City to potentially front-end some of this infrastructure may have the effect of the development community placing more pressure on the City to construct these projects.

Organizational: Resources from both Engineering and Finance will be required to ensure the financial and development models are updated at least annually as well as anytime a new project is being recommended to be front-ended. At this time it is assumed the additional workload will be absorbed within current budgets.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendation, the following alternatives could be considered:

- a) Alternative 1. Provide Administration with further amendments to the policy and direct Administration to present a revised version to Council for consideration.
- b) Alternative 2. Do not approve the policy. Should Council choose this alternative, amendments will also be required to policy C-FS-01 Financial reserves to indicate that the fund is available for any capital project at Council's discretion.

STRATEGIC CONNECTIONS

- a) City of St. Albert Strategic Plan (Policy C-CG-02)

Pillars of Sustainability

ECONOMIC - We prosper and excel through a strong and diverse economy that is supported by forward-thinking commerce, outstanding local businesses and a dynamic downtown core.

Governance Strategy

Council is committed to ensuring that the City of St. Albert is a responsive, accountable government that delivers value to the community.

- b) Long Term Plans (e.g. MDP, Social Master Plan, Cultural Master Plan, etc.)
 - N/A
- c) Corporate Objectives (See Corporate Business Plan)
 - Exercise strong fiscal management
- d) Council Policies, Bylaws or Federal/Provincial statutes
 - C-FS-01 Financial Reserves
 - C-FS-03 Debt Management
- e) Other Plans or Initiatives (Business Plans, Implementation Strategies, etc.)
 - N/A

Report Date (Council Meeting Date): November 21, 2016
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Committee/Department: Financial Services
General Manager: Chris Jardine, Acting General Manager
Interim City Manager: Chris Jardine