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Title: Bylaw 21/2017 - 2016 Off-Site Levies Annual Report and Bylaw Amendment
Presented by: Tanya Hynes

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Attachments: 1. Bylaw 21/2017 - Amendment 3 to Off-Site Levy Bylaw 30/2013, 2. Bylaw 30/2013 March 21, 2016, 3. City of St Albert 2016 Offsite Levy Update, 4. 2016 OSL Receipt Reconciliation Consistent with Approved Council Policy C-P&E-08

Date	Ver.	Action By	Action	Result
3/20/2017	1	City Council	approved	Pass
3/20/2017	1	City Council	receive first reading	Pass
3/20/2017	1	City Council	consent to third reading	Pass
3/20/2017	1	City Council	received third reading	Pass
3/20/2017	1	City Council	approved	Pass

TAMRMS#: B06

Bylaw 21/2017 - 2016 Off-Site Levies Annual Report and Bylaw Amendment

Presented by: Tanya Hynes

RECOMMENDATION(S)

1. That Bylaw 21/2017, being Amendment 3 to Off-Site Levy Bylaw 30/2013, be read a first time.
2. That Bylaw 21/2017 be read a second time.
3. That unanimous consent be given for consideration of third and final reading of Bylaw 21/2017.
4. That Bylaw 21/2017 be read a third and final time.
5. That \$3.68M in the current off-site levy receipts held by the City be allocated and administered as indicated in the *2016 OSL Receipt Reconciliation Consistent with Approved Council Policy C-P&E-08*, provided as an attachment to the March 20, 2017 agenda report entitled "Bylaw 21/2017 - 2016 Off-Site Levies Annual Report and Bylaw Amendment".

PURPOSE OF REPORT

The report summarizes the off-site levy rates updated for the 2017 construction season, and subsequent bylaw amendment to reflect the change in rates. Additionally, the required projects, which provide essential services for development and growth, have been updated to align with Council approved master planning documents and proposed changes to servicing schematics within developing neighbourhoods.

COUNCIL DIRECTION

On February 2, 2015 Council passed the following motion:

(C34-2015)

That Council Policy C-P&E-08, Off-site Levy Framework dated February 2, 2015, be approved.

That Council Policy C-P&E-09, Off-site Levy City Front-Ending Prioritization Criteria dated February 2, 2015, be approved.

BACKGROUND AND DISCUSSION

A municipality may collect all or some of the capital dollars needed to construct new infrastructure required to support growth through the imposition of an off-site levy bylaw. The Municipal Government Act (“MGA”) defines categories of permissible off-site levies:

- New or expanded facilities for the storage, transmission, treatment or supply of water;
- New or expanded facilities for the treatment, movement or disposal of sanitary sewage;
- New or expanded storm sewer drainage facilities;
- New or expanded roads required for or impacted by a subdivision or development; and
- Land required for or in connection with any of the above described facilities.

The City of St. Albert first established its Off-Site Levy (OSL) Bylaw in 2010 with an update completed in September 2013. In accordance with the approved 2013 Bylaw update, the OSL rates are to be reviewed and adjusted by the City Engineer on an annual basis to reflect estimated construction costs, updated interest or carrying costs, and amount of remaining developable land. The OSL projects and corresponding benefitting parties specified within the Bylaw itself must be reviewed and amended by Council no less than every three years or sooner if required. This is to ensure that the Bylaw itself remains up-to-date and in sync with the master plans and policies that guide it.

The first step in updating the rates is for Council to approve the reconciliation of all of the OSL receipts collected to date, before then approving any changes to the OSL project list, estimated construction costs and allocation of costs (benefitting parties).

OSL Receipt Reconciliation

As per the OSL Framework Policy, Administration is recommending the allocation of levy receipts collected to the end of 2016 against any front-ending owing on identified and approved OSL projects under the Bylaw.

As of December 31, 2016, there is approximately:

- \$3.68M in transportation levy receipts,
- \$3.49M in water levy receipts,
- \$1.86M in sanitary levy receipts, and
- -\$20K in storm levy receipts.

The collected fees include the 2016 OSL receipt collections. An anomaly to the reconciliation is the -\$20K within the storm account. This occurred during the 2016 reconciliation based on changes to development agreements and project accounting. The administration challenge that resulted in the value has been rectified, with additional check and balances incorporated into the reconciliation process.

The total front-ending value, based on updated spent construction values, equates to \$16,036,337.55. This value pertains to the constructed off-site levy infrastructure that is owed from the off-site levy program. As off-site levy infrastructure program management is infrastructure site specific, it is critical to consider total owed front-ending dollars as separate entities, and as such recovery of front-ending dollars must be examined within each of the infrastructure types. A summary of the current owed front-ending parties is shown in the below table.

Infrastructure Type	Total Front-Ending Reimbursements Owed (by Infrastructure Type)	Front Ending Party (by Infrastructure Type)	Total Owed to Front-Ending Party (by Infrastructure Type)
Transportation	\$ 15,911,215.81	City of St. Albert	\$ 15,416,496.29
		Landrex	\$ 337,689.07
		Genstar	\$ 157,030.45
Sanitary	N/A	N/A	N/A
Storm	\$ 125,121.74	Landrex	\$ 125,121.74
Water	N/A	N/A	N/A

Because the off-site levy program collects calculated levies as development occurs within the City, if there are no owed front-ending parties or front-ending parties are owed less than the funds that are held within each of the pertaining infrastructure off-site levy reserve accounts, then that money will continue to be held in trust for the program.

As of December 31, 2016, there are three front-ending parties that are claiming reimbursement as referenced in the above Council Recommendation 5. *2016 OSL Receipt Reconciliation Consistent with Approved Council Policy C-P&E-08* provides a delineation of the pro-rata share recovery disbursement consistent with Council Policy C-P&E-08 Off-Site Levy Framework.

Alternatively, Council could contemplate an alternative reimbursement payout schematic. By reducing the transportation recoveries to the City of St. Albert by \$380K, two private front-ending parties can be paid out for their front-ending components in the transportation basin. This alternative reimbursement affecting the transportation funds disbursement is shown in the below table. Under Council Policy C-P&E-08 Off-Site Levy Framework, any front-ending party who is owed \$100,000 or less has priority over the pro-rata share basis and is fully reimbursed the following calendar year, subject to available funds. While these two front-ending parties are owed amounts over this threshold, this alternative reimbursement should still be considered.

Alternative Disbursement

Front-ending party	Current owned transportation front-ending value	Pro-rata share disbursement (Consistent with Policy)	Alternative disbursement
City of St. Albert	\$ 15,416,496.29	\$ 3,568,918.89	\$ 3,188,726.94
Landrex	\$ 337,689.07	\$ 78,175.02	\$ 337,689.07
Genstar	\$ 157,030.45	\$ 36,352.55	\$ 157,030.45

Off-Site Levy Update

As part of the annual update of the off-site levy program, the unit rates for projected infrastructure are updated to best reflect the changes in the current market. The model, as per its functionality, projects the infrastructure requirements based on anticipated development. The updated 2017 rates provide an update for realized construction costs, projected rates in 2017 dollars, and updated long-term timing for infrastructure requirements.

The 2017 update will provide an opportunity to reflect on the 2017 construction season and update each unit rate respectively. Additionally, construction expenditures for 2016 were updated within the model and they continue to be in line with the projected prices (as reflected with each project's contingency).

Net Development Area

The Net Development Area has been amended from the 2016 Off-Site Levy Bylaw/Rate Update. This year, a comprehensive review of the GIS data was undertaken to reconcile the Net Development Area. Changes to the Net Development Area were based on updated road alignments, mapping corrections, registered subdivisions, amendments to planning documents, and accounting for development agreements that were never finalized. This resulted in an increase in Net Development Area.

Water Infrastructure

No additional water infrastructure projects were added in 2016. The bylaw currently includes 15 water infrastructure projects.

Storm Infrastructure

For 2017, one stormwater project has been removed from the Off-Site Levy Model.

- Project 8- North East Area Storm- Everitt Drive Storm Sewer Phase 2

The project was removed as the City received an application to amend the Erin Ridge North Area Structure Plan, and the proposed servicing schematic for the lands formerly known as the Lutheran Church Lands (King of Kings Lands) only benefits those lands and is considered to be an on-site improvement and thus warrants removal from the Off-Site Levy Model.

Sanitary Infrastructure

No additional sanitary infrastructure projects were added in 2016. The bylaw currently includes 15

sanitary infrastructure projects.

The Phase 3 North Interceptor Sanitary Trunk Line, Project 9, was updated to reflect the overall project costs based on the contract award.

Transportation Infrastructure

For 2017, one intersection and two roadway projects have been removed from the Off-Site Levy Model.

- Project 10 - Meadowview Drive- from West City Limits to Ray Gibbon Drive
- Project 11 - Giroux Road- from West City Limits to Ray Gibbon Drive
- Project 22 - Intersection- Hogan Road and Giroux Road

The intersection was removed as it is existing and was funded through an alternate program. The two roadway infrastructure projects were removed as the City's Transportation Master Plan (2016) did not identify these two roads as future arterial components servicing the overall St. Albert growth area.

2016 Off-Site Levy Update

The annual off-site levy update report provides a detailed account of the functionality of the off-site levy program over the previous year, and comparative tables outlining all changes to each project, growth and projected collection reserve throughout the long-term management of the off-site levy program.

The report provides a detailed account for the identified off-site levy infrastructure constructed during the previous calendar year, as well as the actualized construction costs of the existing built off-site levy environment. The estimated construction costs for each infrastructure project identified within the program is accounted for, as well as the amounts of off-site levies collected. Finally, the total value of off-site levy funds being held by the City which have yet to be expended and the projected expenditures of the program which have yet to be actualized, are detailed.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

Administration hosted an information session on February 22, 2017 with a presentation on the Off-Site Levy update, followed by a question and answer period. Attendees were invited to submit comments to Engineering.

The open house was well attended by the development industry, and the comments collected will be used to inform the long-term management of the Off-Site Levy program.

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

The financial implications of the Off-Site Levy Bylaw update to the City of St. Albert are complex and are included in the attached report entitled *The City of St. Albert 2016 Off-Site Levy Update*.

Overall the Off-Site Levy Rates have decreased due to an increase in net development land, an adjustment to project cost estimates, and a reduction in the number of off-site levy projects.

Legal / Risk:

The master planning documents used within the Bylaw update underwent substantial consultation with the development industry and the public during their development.

Updating the bylaw annually ensures the required projects and estimated project costs are reflective of best available information.

Program or Service:

None at this time.

Organizational:

None at this time.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

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

Alternative 1. That the March 20, 2017 agenda report entitled "Bylaw 21/2017 - 2016 Off-Site Levies Annual Report and Bylaw Amendment", be received as information.

This would demonstrate Administration completed the annual update report as per Council Policy C-P&E-08 Off-Site Levy Framework. However, this would not amend the bylaw to update the number of off-site levy infrastructure projects, or the rates for 2017. It would also not provide Administration with direction on how to allocate the levy receipts collected against any front-ending parties for approved OSL projects.

Alternative 2. That Recommendations 1 through 4 to amend the Offsite Levies Bylaw be approved and that Recommendation 5 not be approved as described in *2016 OSL Receipt Reconciliation Consistent with Approved Council Policy C-P&E-08*, but to consider the pay out alternative for transportation front-ending parties as described within the agenda report. An alternative to Recommendation 5 would be:

That \$3.68M in the current off-site levy receipts held by the City be allocated and administered as per the Alternative Disbursement scenario as described in the March 20, 2017 agenda report entitled "Bylaw 21/2017 - 2016 Off-Site Levies Annual Report and Bylaw Amendment".

As front-ending costs paid back to the City are transferred into the OSL Recovery Funds, reducing the reimbursement amount to the City could impact the financial model used for debenture repayment for other front-ending projects such as Sanitary Project 9.

STRATEGIC CONNECTIONS

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.

BUILT ENVIRONMENT - We build our community towards the future to sustain balanced development, with a reverent eye to the past, honoring our unique settlement history and distinct identity.

NATURAL ENVIRONMENT- We protect, embrace and treasure our deeply-rooted connections with the natural environment through championing environmental action.

Governance Strategy

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

Service Delivery Strategy

Council is committed to ensuring that the City of St. Albert is engaging residents to identify opportunities to improve delivery of services to the community.

Long Term Plans (e.g. MDP, Social Master Plan, Cultural Master Plan, etc.)

MDP

Utility Master Plan

Transportation Master Plan

Corporate Objectives (See Corporate Business Plan)

Deliver programs and services that meet or exceed our standards

Exercise strong fiscal management

Ensure our customers are very satisfied

Council Policies, Bylaws or Federal/Provincial statutes

C-P&E - 08 Off-Site Levy Framework

Other Plans or Initiatives (Business Plans, Implementation Strategies, etc.)

N/A

Report Date: March 20, 2017

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