



## Legislation Text

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**TAMRMS#:** B06

### **Bylaw 8/2018 - 2017 Off-site Levies Annual Report & Bylaw Amendment**

Presented by: Aleks Cieply, City Engineer

#### **RECOMMENDATION(S)**

1. That Bylaw 8/2018, being Amendment 4 to Off-Site Levy Bylaw 30/2013, be read a first time.
2. That Bylaw 8/2018 be read a second time.
3. That unanimous consent be given for consideration of third and final reading of Bylaw 8/2018.
4. That Bylaw 8/2018 be read a third and final time.
5. That \$6.22M in the current off-site levy receipts held by the City be allocated and administered as indicated in "2017 OSL Receipt Reconciliation Consistent with Approved Council Policy C-P&E-08", provided as an attachment to the March 19, 2018 agenda report entitled "Bylaw 8/2018 - 2017 Off-Site Levies Annual Report and Bylaw Amendment".

#### **PURPOSE OF REPORT**

The report summarizes the off-site levy rates updated for the 2018 construction season, and subsequent bylaw amendment to reflect the changes in rates and project lists.

#### **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.

In accordance with the approved 2013 Off-Site Levy (OSL) Bylaw (the “Bylaw”), 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.

Generally, infrastructure projects referenced within the Bylaw are those that have a wider benefit beyond the on-site local improvements to be constructed as a component of a particular proposed development. A developer will “front-end” the cost of those Bylaw projects, and subsequent benefitting developers pay their calculated share of those costs to the City, later to be paid out to the front-ending developer as a reimbursement.

The OSL projects and corresponding benefitting parties specified within the Bylaw must be reviewed and amended by Council no less than every three years, or sooner if required. This is to ensure that the Bylaw remains up-to-date and in accordance 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 referenced in the Bylaw, estimated construction costs, and allocation of costs to benefitting parties.

### **OSL Receipt Reconciliation**

As per the OSL Framework Policy, Administration is recommending the allocation of levy receipts collected to the end of 2017 against any front-ending owing on identified and approved OSL projects under the Bylaw.

As of December 31, 2017, there is approximately:

- \$3.13M in transportation levy reserves,
- \$6.29M in water levy reserves,
- \$3.11M in sanitary levy reserves, and
- \$117K in storm levy reserves.

The total front-ending value for constructed OSL infrastructure, based on updated spent construction values, is \$22,441,186.39. The City is required by regulation to manage OSL accounts by each OSL type. Repayment to front-ending parties for the costs of constructing various “leviable” projects referenced in the Bylaw must be made from the applicable OSL account.

Summary of current owed front-ending parties:

Transportation Infrastructure: \$12,719,012.02 owed to two parties.

- City of St. Albert is owed \$12,619,057.97
- Landrex is owed \$99,954.05

Water Infrastructure: there are no front-ended projects.

Sanitary Infrastructure: \$9,595,190.00 is owed to the City of St. Albert

Storm Infrastructure: \$126,984.37 is owed to Landrex.

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 off-site levy reserve accounts) then that money will continue to be held in trust for the program.

As of December 31, 2017, there are two front-ending parties that are claiming reimbursement as referenced in the above Council Recommendation 5. Under Council Policy C-P&E-08 Off-Site Levy Framework, any front-ending party that 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.

### **Off-Site Levy Update**

As part of the annual update of the off-site levy program, the unit rates for projected infrastructure are reviewed to best reflect changes in the current market. The model, as per its functionality, projects infrastructure requirements based on anticipated development. The updated 2018 rates provide an update for realized construction costs, projected rates in 2018 dollars, and updated long-term timing for infrastructure requirements.

### **Net Development Area**

The Net Development Area (NDA) has been amended from the 2017 OSL Bylaw update. Reductions to the NDA were based on areas included in executed development agreements. The remaining NDA is 999.85 hectares.

### **Transportation Infrastructure**

No additional transportation infrastructure projects were added for 2018. The Bylaw currently includes 34 transportation projects.

### **Water Infrastructure**

No additional water infrastructure projects were added for 2018. The Bylaw currently includes 15 water infrastructure projects.

### **Sanitary Infrastructure**

When Bylaw 30/2013 is updated in 2018, costs for a sanitary project will be added to the Bylaw:

- Project 5 LF2 - South West Lift Station & Forcemain.

As there are multiple benefitting owners in this area, Project 5 will no longer be treated as an on-site improvement. Although this area is not covered within an Area Structure Plan, there

has been growing interest in developing in the area. Including the project in the Bylaw now will ensure project costs are allocated and collected appropriately. The Bylaw currently includes 15 sanitary infrastructure projects.

## **Storm Infrastructure**

No additional stormwater infrastructure projects were added for 2018. The Bylaw currently includes 14 stormwater infrastructure projects.

## **2017 Off-Site Levy Update Report**

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.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

Administration hosted an information session on February 22, 2018 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 a few members of the public, 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, "City of St. Albert 2017 Off-Site Levy Update".

On average, unless a new project has been allocated to an area, OSL rates have decreased from 2017. This is attributed to a decrease in the water off-site levy rate.

### 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 recommendation, the following alternatives could be considered:

Alternative 1. That the agenda report Bylaw 8/2018 - 2017 Off-Site Levies Annual Report and Bylaw Amendment, be received as information.

This would acknowledge that Administration completed the annual update report as per Council Policy C-P&E-08 Off-Site Levy Framework. However, this would not update the Bylaw, the number of off-site levy infrastructure projects, or the rates for 2018. 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.

## **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, honouring 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**

- MDP
- Utility Master Plan
- Transportation Master Plan

### **Corporate Objectives**

- 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 19, 2018

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