

**Topic: Adoption of Updated Schedules "C" through "G" under Bylaw No. 2015-07
(2017 Off-Site Levy Rates and Annual Report)****Introduction:**

The Annual Report summarizes the off-site levy rates updated for the 2017 construction season, and subsequent bylaw schedule amendments to reflect the change in rates due to the current market conditions. Additionally, the required growth projects have been updated to provide essential services for development and growth with their respective area allocations for each of the infrastructure categories (water, sanitary, storm and transportation). Of significance, Engineering Services completed updated Water and Sanitary Sewer Master Servicing studies in 2016 for the Acheson & Big Lake Area.

Facts (Background Information):**LEGISLATIVE HISTORY**

Municipalities are authorized to impose and collect off-site levies through the Municipal Government Act (MGA), Division 6, Sections 648 - 649. Parkland County implements its authority by establishing a bylaw which provides detailed development levy objectives. Off-Site Levy Bylaw 2015-07 was enacted on April 28, 2015. The bylaw is then applied to a specific development through a Development Agreement. The provisions of the Bylaw require that updated Schedules "C" through "G" be approved by Council resolution on an annual basis.

COUNCIL DIRECTION

Council Policy C-PD05 Off-Site Infrastructure Levies was adopted on April 9, 2013.

Administrative Procedures C-PD05-P1 Off-Site Levy Assessment and Collection was adopted April 9, 2013.

BACKGROUND and DISCUSSION

The imposition of off-site levies is a mechanism by which a municipality may collect all or some of the capital dollars needed to construct new infrastructure required to support growth. 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 or 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 connecting with any of the above described facilities.

Parkland County first established its Off-Site Levy Bylaw in 2007 for water, sanitary and storm; transportation was established in 2010. These previous Bylaws were consolidated into a single Bylaw in 2015. In accordance with the approved 2015 Bylaw, Off-Site Levy Rates are to be reviewed and adjusted on an annual basis to reflect estimated construction costs, updated interest or carrying costs, and amount of remaining developable land. The Off-Site Levy 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.

Offsite levies are not intended to stay static; they are based upon assumptions and the best available data of the day. Planning assumptions, cost estimates, etc. can change each year. Accordingly, the MGA requires that offsite levy rates be updated with the most available information on a regular basis. Should information change, it will be reflected in a future update, and rates adjusted accordingly.

The County uses the CORVUS offsite levy model to manage rates. This model is in use in dozens of Alberta municipalities. The model uses a "full cost" methodology where by the infrastructure costs, inflation, construction staging, development staging, financial costs and reserve interest earning and charging impacts are all used to determine rates that allocate all costs to developers on an equitable basis, based on degree of benefit. With the CORVUS model in place, the County is in a position to quickly and efficiently update offsite levy rates each year upon completion of year-end finance activities.

Analysis:

Off-Site Levy Update

In 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 projects the infrastructure requirements based on the anticipated development.

Development Staging was amended consistent with the Acheson Industrial, Big Lake, and Fifth Meridian Area Structure Plans. Overall, the amount of land projected to develop within the next 25 years was slightly increased to reflect projected market conditions and development plans within each of the benefitting areas by Developers.

The updated 2017 rates provide an update for realized construction costs, projected rates in 2017 dollars, and updated long term timing for infrastructure requirements. Unit costs for storm and transportation infrastructure remained the same consistent with previously completed master infrastructure studies; water and sewer unit rates were updated consistent with the updated Water and Sewer studies completed by Engineering Services in 2017. New water, sewer and transportation infrastructure projects were added within the model to cover expanding areas of Acheson. The unit rates are in line with the current developer/county built unit rates prevalent within both Parkland County and the Capital Region. Next year's update (2018) will provide an opportunity to reflect on the 2017 construction season and update unit rates respectively.

Water Infrastructure

- Engineering Services completed the updated Acheson & Big Lake Water Area Water Servicing Study in September of 2016; this report replaced the previous study undertaken in 2011. The number of water projects within the model increased by four (4) from last year to a total of twenty-four (24). The total costs of all projects in the model increased from \$61.84 million to \$128.95 million. Updated cost estimates, plus new projects to service Zones 7 and 8 and identification of the required reservoirs & pumphouses to serve Acheson/Big Lake under the ultimate servicing scenario have led to increased levy rates in 2017.

Storm Infrastructure

- The number of storm projects within the model remained at same at 36 with the total cost of the projects decreasing by \$4.93 million from \$51.11 million (2016) to \$46.18 million (2017). The lower project costs are a result of confirmed tender costs for the Acheson outfall project and less accumulated interest over time.
- Of significance is the \$26.5 million dollars of expenditures incurred by the County in 2015 and 2016 to construct the Acheson outfall and Zone 5 collector main.

Sanitary Infrastructure

- Engineering Services completed the updated Acheson & Big Lake Water Sanitary Servicing Study in October of 2016; this report replaced the previous study undertaken in 2011.
- Updated cost estimates, plus new projects to service Zones 7 and 8 under the ultimate servicing scenario have led to increased levy rates in some areas 2017; other areas have decreased as additional modelling has identified previous areas as no longer requiring upgrades.

- The number of off-site sanitary projects within the model increased by four (4) to eighteen with the total costs of the projects increasing by \$5.32 million from \$17.34 million to \$28.48 million.

Transportation Infrastructure

- The number of off-site transportation projects within the model increased by four (4) to a total of 35 over last year. The four new projects identified are to service Zone 7 of Acheson as a result of proposed land development in this area by Panattoni (Highlands Business Park). The total costs of all transportation improvements increased by \$9.62 million from \$122.69 million to \$132.31 million.
- Of note, Engineering Services will be completing further comprehensive traffic studies for the Acheson area in 2017 that will be utilized within next year's update.
- Transportation levy rates increased within Zone 1 and 2 of Acheson as a result of the County's acquisition of the 'Keizer property' (adjacent to Wagner Natural Area) in 2016. As these lands are to be utilized for conservation purposes and not developed, these lands were removed from the model.

Annual Report

The annual off-site levy update 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 constructed costs of the existing built off-site levy environment. The estimated construction costs for each infrastructure identified within the program is accounted for, as well as the amounts of collected off-site levies that were collected and held in by the County. Finally the total value of off-site levy funds being held by the County, which are yet to be expended, and the projected expenditures of the program which have not yet been actualized.

Stakeholder Communications or Engagement

- Administration hosted an engagement session with the Development Industry on April 11, 2017. This included a formal presentation providing interested stakeholders a chance to understand the Off-Site Levy update and provide comments.
- The comments collected have provided important insight into the long term management of the County's Off-Site Levy program.

Implications of Recommendation(s)

a) Financial:

- The financial implications to Parkland County and the Off-Site Levy Bylaw are complex and included in the Annual Report.
- The Off-Site Levy Rates have increased for some areas from last year due to increased project estimates and actual expenditures during 2016. In contrast, other areas have decreased. A yearly update provides the most reflective cost estimates for projected project costs. The weighted average rate total of all areas is \$110,107 per hectare; this is up from \$97,652 per hectare last year.

b) Legal/Risk:

- The development or master planning documentation utilized within the Bylaw update underwent substantial consultation with the development industry and the public.

c) Program or Service:

- None at this time

d) Organizational

- As part of the 2017 budget, a new position within the Planning & Development Services department was granted to coordinate and deal with increased administration of the County's Off-Site Levy Program.

Strategic Connections

- a) **Strategic Plan:** This aligns with Strategic Plan (2016-2020) Healthy Communities Goal 5 – Residents/Businesses have access to programs and infrastructure that contribute to their well-being and quality of life.
- b) **Economic:** Off-Site levies aid in maintaining a fair and competitive tax structure, while continuing to invest in community infrastructure such as roads, utilities and facilities. Off-Site levies are reviewed and calculated on an annual basis by the Off-Site Levy Review Committee. The off-site levy calculations have been coordinated and reconciled with the County's Capital Plan and financial ledgers.
- c) **Social:** Properly funded infrastructure provides for the social well-being of all residents.
- d) **Environmental:** Properly funded infrastructure provides for enhanced environmental sustainability.
- e) **Financial Impact:** Parkland County will collect off-site levies from developers that subdivide or develop within the benefitting areas in order to ensure the collection of these funds are transferred to the front end contributors that are constructing or upgrading off-site infrastructure.

Conclusion/Summary:

Administration supports the Annual Report and proposed Water, Sanitary Sewer, Stormwater and Transportation Off-Site Levy Projects & Estimated Costs and Off-Site Levy Rate Changes as presented.

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