



ADMINISTRATIVE REPORT

**Topic: Adoption of Updated Schedules "C" through "G" under Bylaw No. 2015-07
(2020 Off-Site Levy Rates and Annual Report)**

Introduction:

The Annual Report summarizes the off-site levy rates updated for the 2020 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).

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 that 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 at least 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 of sanitary sewage;
- New or expanded storm sewer drainage facilities;
- New or expanded roads required for or impacted by a subdivision or development;
- New or expanded recreation facilities;
- New or expanded fire halls;
- New or expanded police stations;
- New or expanded libraries; and
- Land required for or in connecting with any of the above-described facilities.

Parkland County first established its Off-Site Levy Bylaw for the Acheson and Big lake Area Structure Plan areas in 2007 for water, sanitary and storm; a separate transportation Bylaw was added 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 at least 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 accord 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 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 increased by 1% to reflect projected market conditions and development plans within each of the benefitting areas by Developers.

There were no new water, sewer, and transportation infrastructure projects added within the model for the 2020 update, however, Engineering Services reviewed and adjusted construction cost estimates for future infrastructure projects. 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 (2021) will provide an opportunity to reflect on the 2020 construction season and update unit rates respectively.

Water Infrastructure

- The number of water projects within the model remained the same as last year with a total of thirty-two (32). The total costs of all water projects in the model is reduced from \$137.87 million to 137.18 reflect actual construction costs. Project cost estimates are based on 2019 estimates and include engineering costs and contingencies.

Storm Infrastructure

- The number of storm projects within the model remained the same as last year with a total of thirty-five (35). The total cost of the storm water projects increased from \$43.21 million to \$ 44.45 million to reflect actual construction costs and updated cost estimates. Project cost estimates are based on 2019 estimates and include engineering costs and contingencies.

Sanitary Infrastructure

- The number of off-site sanitary projects within the model remained the same as last year with a total of forty-six (46). The total costs of the sanitary projects remains unchanged at \$59.36 million. No adjustments were made to cost estimates for projects anticipated for construction in the next five years.

Transportation Infrastructure

- The number of off-site transportation projects within the model remained the same as last year with a total of fifty-one (51). The total costs of the projects increased from \$170.52 million to \$199.65 million to reflect actual construction costs and updated cost estimates. Project cost estimates are based on 2019 estimates and include engineering costs and contingencies.

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.

Stakeholder Communications or Engagement

- The annual drop-in information session with the Development Industry that Administration hosts every year was cancelled due to the COVID-19 pandemic. However, administration advised the development industry to provide comments and written submission or 1:1 teleconferencing should they desire by April 10, 2020.
- No objections, comments, submissions were received by the County per the date of this Report.

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 increased from a weighted average of \$92,448 per net hectare to \$107,495 per net hectare. The rationale for these changes have been included within the Annual Report.

b) Legal/Risk:

- None at this time

c) Program or Service:

- None at this time

d) Organizational

- None at this time

Strategic Connections

a) **Strategic Plan:** This aligns with the County's Long-Term Strategic Plan (2040 and Beyond) Complete Communities:

- Guiding Principle 1.2 – *"We are a region of connected communities, through infrastructure, transit, recreation facilities, trails, and technology";*
- Guiding Principle 2.3 – *"We effectively pursue and manage new opportunities to stimulate economic growth, increase investment, and diversify our long-term economic bases";*
- Guiding Principle 4.1 – *"We are recognized leaders in municipal governance, managing our resources responsibly and sustainably, ensuring we leave a vibrant and resilient community legacy to those that follow us".*

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.

Originating Department: Planning & Development
Author: Sharif Ibrahim, Planning & Off-Site Levy Coordinator
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