

Topic: Off-Site Levy Report & Schedule(s) Amendment (Bylaw 2015-07)**Introduction:**

The annual report summarizes the off-site levy rates and subsequent bylaw schedule updates to reflect the 2024 construction season. The changes consider current market conditions, and projects that are required for growth and impact allocations for each infrastructure category (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.

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 by Council no less than every three years (3) or sooner if required. No changes to existing Bylaw 2015-07 are proposed this year, only the annual rate updates.

Off-site levies are not intended to stay static; they are based upon the best available data of the day. Planning assumptions, cost estimates, etc. can change each year. Accordingly, the MGA requires that off-site levy rates be updated with the most available information on a regular basis.

The County uses the CORVUS off-site levy model to manage rates. This model is in use in dozens of Alberta municipalities. The model uses a "full cost" methodology whereby 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 able 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.

Engineering Services reviewed and adjusted construction cost estimates for future infrastructure projects, specifically water & wastewater. The unit rates are in line with the current developer/county built unit rates prevalent within both Parkland County and the Capital Region.

Water Infrastructure

- There are a total of 32 water projects within the model, this has remained the same as last year.
- The estimated costs of all water projects are \$187.71 million. This reflects actual construction costs and updated cost estimates.
- Integration of funding contributions resulted in reduction to the water levy by \$1.05 million.

Storm Infrastructure

- There are a total of 36 storm projects within the model, this has remained the same as last year
- The total cost of the storm water projects are \$45.16 million. This reflects actual construction costs and updated cost estimates.

Sanitary Infrastructure

- There are a total of 49 sanitary projects within the model, this has increased by one (1) since last year.
- The total costs of the sanitary projects are \$89.1 million. This reflects actual construction costs and updated cost estimates.
- Integration of funding contributions resulted in reduction to the sanitary levy by \$0.5 million.

Transportation Infrastructure

- There are a total of 52 transportation projects within the model, this remained the same as last year.
- The total costs of the transportation projects are \$260.75 million to reflect actual construction costs and updated cost estimates.
- Integration of funding contributions resulted in reduction to the transportation levy by \$8.16 million.

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 and the projected collection of funds 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 by the County.

Stakeholder Communications or Engagement

- Administration provided the development industry and consultants with a draft copy of the Annual Report and projected 2024 rates in March and advised them that they may provide comments, written submissions, or request 1:1 conferencing with staff should they desire by April 19, 2024.
- Only one comment was received and addressed specific to the construction timelines of two (2) of the long term transportation projects.
- As of date of this report, April 10, 2024, no other, feedback, comments, or objections were received by the County.

Implications of Recommendation(s)

a) Financial:

- The financial implications to Parkland County and the Off-Site Levy Bylaw are included in the Annual Report and align with growth objectives.
- The Off-Site Levy Rates increased from an average of \$150,163 per net hectare to \$153,840 per net hectare. The rationale for these changes has 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: The Off-Site Levy Program aligns with the Parkland County Strategic Plan 2022-2025 and supports the pillars of Complete Communities, Strategic Economic Diversification and Responsible Leadership.

Goal A1: To ensure that County infrastructure meets the needs of residents, businesses, and industry.

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.

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.

Department: Planning & Development

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

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