

Topic: Off-Site Levy Overview

Introduction:

Administration recommends that the Governance and Priorities Committee (the “Committee”) accept the report on the Off-Site Levy overview for information.

Facts (Background Information):Legislative Background

Municipalities are authorized to impose and collect off-site levies through the Municipal Government Act (MGA). Parkland County Council approved Off-Site Levy Bylaw 2015-07 on April 28, 2015, to allow for the collection of levies for off-site water, sanitary, road and stormwater infrastructure in the Acheson, Big Lake and Fifth Meridian areas. Under the MGA, off-site levies can only be collected once for each type of off-site infrastructure, and the collected levies can only be used towards the type of infrastructure it was collected for. The MGA and Off-Site Levies Regulation requires that levy rates are transparent, replicable and based on the most current information available. As such, the provisions of the Bylaw require that the off-site levy rates are approved by Council resolution on at least an annual basis. Prior to the updated Bylaw being brought to Council, an overview of off-site levies is provided to Governance and Priorities Committee for additional information and background.

Off-Site Levy Background

Typically to support development in the Acheson and Big Lake areas, on-site and off-site infrastructure is required. On-site infrastructure is funded by the developer (or property owner) while off-site infrastructure costs are distributed based on proportional benefit and then recovered through off-site levies. The basic methodology for determining off-site levy rates is dividing the infrastructure costs by the net benefitting area to calculate a dollar per hectare value. Some municipalities (including Parkland County) also take into consideration other factors such as development sequencing, infrastructure sequencing and macro-economic variables. The County reviews its off-site levy program annually to ensure it remains adaptable to changing growth patterns and market conditions.

The guiding principle behind off-site levies is “Development pays for Development”, so that ratepayers within Parkland County are not bearing the costs of growth triggered by private development. The County’s off-site levy program follows this principle by ensuring new developments contribute to the cost of constructing off-site infrastructure that is required to support that new development. The off-site levy program allows Parkland County to distribute the costs of off-site infrastructure amongst benefitting areas in a fair and equitable manner.

Analysis:

Off-Site Levy Program Methodology

Bylaw 2015-07 establishes off-site levy rates for water, sanitary, transportation and stormwater off-site infrastructure for the Acheson, Big Lake and Fifth Meridian areas. The County's levy rates are established using infrastructure master plans to identify what infrastructure is required to support growth and determining the proportional benefit of land using that infrastructure. Other factors are also taken into consideration for rate calculations to ensure full cost recovery such as infrastructure cost estimates, expenditures, sequencing of development and construction, and macro-economic variables. The County continues to review the off-site levy program annually to ensure levy rates remain up to date, are reflective of current market conditions and are allocated to developers in a fair and equitable manner.

Off-Site Levy Annual Update

Bylaw 2015-07 establishes off-site levy rates for water, sanitary, transportation and stormwater off-site infrastructure for the Acheson, Big Lake and Fifth Meridian areas. The County's levy rates are established using infrastructure master plans to identify what infrastructure is required to support growth and determining the proportional benefit of land using that infrastructure. Other factors used for rate calculations are infrastructure cost estimates, expenditures, sequencing of development and infrastructure, levy reserve balances and macro-economic variables. To ensure the rates reflect the most up to date information, the County updates its Off-Site Levy Bylaw with new rates on an annual basis. Overseeing this annual update is the Off-Site Levy Committee, which is made up of Parkland County Staff from multiple departments including:

- Planning
- Engineering
- Economic Growth
- Finance

Each department on the Committee plays a vital role in the annual update process. The current process for the annual update includes the following:

1. Generate off-site levy rates using current infrastructure cost estimates, project expenditures, off-site levy reserve balances, development and infrastructure sequencing, and macro-economic factors.
2. Draft annual report summarizing this year's update and the new rates. The draft report is distributed to the developer community and landowners that are impacted by off-site levies.
3. Conduct engagement sessions stakeholders to gain their feedback on the draft report and this year's new rates.
4. Present to GPC to provide a general overview of off-site levies and their purpose before the updated bylaw is presented to Council.
5. Present new rates and updated bylaw schedules to Council for approval.
6. Implement new rates as approved by Council through Bylaw 2015-07.
7. Review off-site levy processes and engagement.

Parkland County's Off-Site Levy program is an effective tool for allocating infrastructure costs fairly among benefitting areas/landowners. Off-site levies are reviewed on an annual basis, ensuring that they remain up to date and reflective of current market cost estimates. The practice of reviewing and updating

the off-site levies annually enables developers and businesses to make informed decisions based on accurate cost projections and mitigates the risk of outdated levies. This ensures developers and businesses can rely on up-to-date off-site levies to plan their projects effectively, manage costs and ensure financial viability, leading to increased confidence and investment in the area.

Conclusion/Summary:

That the Governance and Priorities Committee (the “Committee”) accept the report on the Off-Site Levy overview for information.

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