

## Centre City Levy 2018 Annual Report

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### EXECUTIVE SUMMARY

This is the annual report on the Centre City Levy program, in accordance with Council direction and to support increased transparency and accountability. Attachment 1 includes a detailed program summary for 2018 on the Centre City Levy, including the amounts collected, spent, and remaining balances. In 2018, \$1.7 million was collected; nearly \$1.9 million was spent; and a balance of \$7.8 million remained in the Centre City Levy fund. This remaining balance will continue to be used to support ongoing and future Centre City infrastructure programs through 2019 and beyond.

The Centre City Levy program is a funding tool used to collect levies and charges from developers to fund the share of local utility infrastructure and community improvements related to development intensification and population growth in the Centre City Plan Area. The City collects the levy from developers as part of the subdivision or development permit process. The levy is then used, often with additional funds from other sources, for infrastructure programs to support growth, quality of life, and resiliency in the Centre City Plan Area.

The Centre City Levy program has generally been well received by members of the development industry; however, there are opportunities to improve and enhance the program by aligning it with recent legislative changes. Further to this, there are opportunities for program evaluation as it has not been comprehensively reviewed since its inception in 2007. Over the next year, a levy program review is being undertaken. This review will include the Centre City Levy Bylaw 38M2009, Off-site Levies Bylaw 2M2016 and recommendations from the internal Off-site Levy Administration Audit.

### ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Planning and Urban Development receive this report for the Corporate Record and forward to the 2019 November 18 Combined Council Meeting.

### PREVIOUS COUNCIL DIRECTION / POLICY

Council has received the following Centre City Levy Annual Reports for information:

- On 2018 June 25, report PUD2018-0389 which provided a program summary for 2017;
- On 2017 June 26, report PUD2017-0516 which provided a program summary for 2016;
- On 2016 September 26, report PUD2016-0706 which provided a program summary for 2014 and 2015;
- On 2014 October 06, report PFC2014-0662 which provided a program summary for 2013;
- On 2013 April 08, report PUD2013-0177 which provided a program summary for 2012;
- On 2011 February 16, LPT2011-09 which provided a program summary for 2010;
- On 2010 February 08, report LPT2010-03 which provided a program summary on the Centre City Levy program.

On 2009 June 01, Council, through report C2009-41, adopted the Centre City Levy Bylaw 28M2009.

On 2007 May 7, Council, through report LPT2007-18, directed: "Administration to: ...

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3. Provide an annual report to the SPC on Land Use, Planning and Transportation on the status of the Centre City Levy funds, including the City's corresponding commitment to infrastructure upgrades."

### **BACKGROUND**

The Centre City Levy program was established in 2007 to fund utility and community services infrastructure required to support development intensification and population growth within Calgary's Centre City Plan Area (see Figure 1 of Attachment 1). Between 2007 - 2018, the population of the Centre City Plan Area has increased by almost 12,000 people. During this period, the Centre City Levy program has collected \$27 million and has contributed almost \$20 million towards utility and community services projects that support redevelopment and quality-of-life in the area.

The program consists of two components: the utility portion through the Centre City Levy Bylaw (Bylaw 38M2009), under the authority of the *Municipal Government Act*, and the voluntary community services portion under Council resolution (as per report LPT2010-03); collectively, these are referred to as the Centre City levies. The Centre City Levy Bylaw 38M2009 replaced the earlier bylaws and has been amended since its adoption in 2009.

Centre City Levy funds are used to pay for all or part of the capital costs associated with the construction, upgrading, and replacement of infrastructure in the Centre City Plan Area; they are not used for maintenance or lifecycle costs. In accordance with Council direction, Centre City Levy funds are collected separately for, and may be used towards, projects that fall within the following categories:

- All or part of the capital costs of the construction, upgrading, and replacement of water and sanitary sewer mains required for or impacted by a proposed subdivision or development in the Centre City Plan Area;
- Community or Recreation infrastructure (transit, fire, police, recreational, and library facilities);
- Alternative transportation infrastructure (pedestrian overpasses, bikeways, and sidewalks);
- Upgrading local parks, regional pathways, and regional parks; and
- The 13<sup>th</sup> Avenue Greenway.

The Centre City Levy is collected from all development projects in the Centre City Plan Area on a linear frontage basis, calculated using the length of a parcel's frontage along the avenues.

### **Centre City Levy Program and the Off-site Levy Program**

The Centre City Levy program is distinct from, but complementary to, the Off-site Levy program. The Off-site Levy program, Bylaw 2M2016, is applied on a city-wide basis and includes capital infrastructure and services, whereas the Centre City Levy program is only applied within the Centre City Plan Area and includes more localized infrastructure and services.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The Municipal Government Act requires publicly available annual reporting that details the collection and spend of the off-site levies. The city-wide levy report for Bylaw 2M2016 is posted to Calgary.ca and includes detailed financial tables that summarize the levies collected, spent,

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and the balance to be spent on future projects. The Centre City Levy 2018 Annual Report, as shown in Attachment 1, follows a similar format with details on the infrastructure projects and programs supported by the Centre City Levy program. Through 2020, both levy bylaws will be reviewed, and consideration given to presenting the annual reports together as part of the same report to Council.

In 2018, a total of \$1,724,323 was collected through the Centre City Levy program, and \$1,898,906 was spent on infrastructure projects in the Centre City Plan Area. As of 2018 December 31, the Centre City Levy fund balance across all service lines was \$7,799,087. This balance will continue to be utilized for ongoing and future infrastructure projects in the Centre City Plan Area.

In 2018, Centre City Levy funds were used to support the following infrastructure programs:

- Centre City water and sanitary main upgrades;
- Public realm improvements on 17 Avenue SW;
- Streetscape improvements on the 1 Street SW Corridor, including the underpass;
- Improvements to the 4 Street SW underpass; and
- Public realm improvements in West Eau Claire Park.

Centre City Levy funds are used to support growth and complement several City initiatives and policies, including the Centre City Plan, Centre City Mobility Plan, Established Areas Growth and Change Strategy, Municipal Development Plan, and the Calgary Transportation Plan.

### ***Off-site Levy Program Review***

The 2018 report PUD2018-0389 indicated that a review of both the Centre City and Off-site Levies Bylaws would occur. However, the timing of the review was dependent on the City of Calgary Charter levy regulations being enacted, which occurred in 2019 February. In 2019, dedicated resources were allocated from to complete the review, which is planned to occur through 2020. The scope of the review will include both the Centre City Levy Bylaw 38M2009 and Off-site Levies Bylaw 2M2016. Information on the review was presented to the Priorities and Finance Committee on 2019 October 8 (Report PFC2019-1123).

The review will include various options and opportunities that can be considered. Through the City of Calgary Charter, there are specific authorities for redevelopment that may provide an opportunity for The City and Industry to share in the capital costs beyond the Centre City Plan area. Additionally, the Charter may allow for other opportunities to improve the program, including defining levy-eligible infrastructure that may support alternative infrastructure solutions to address the needs of intensification and population growth.

Through the internal Off-site Levy Administration Audit that was presented to the Audit Committee on 2019 October 24 (Report 2019-AP03), it was determined that the reporting process for the Off-site Levy Bylaw (also applicable to the Centre City Levy Bylaw) could be more effective and efficient. The recommendations provided by the Auditor outline a road map toward improved stewardship that could be applied to both levy programs.

The plan for the review is to have the comprehensive levy program review completed in early 2021 and is expected to result in:

- An effective ongoing levy program monitoring approach (this may include the creation of one bylaw or multiple bylaws that work together);

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- Ensuring the bylaw(s) align to legislation to reduce legal risk;
- The development of a review schedule that aligns to the service plan and budget cycle (2-4 years) with up-to-date infrastructure and cost information; and
- Implementation of audit recommendations discussed at the 2019 October 24 Audit Committee meeting.

### **Stakeholder Engagement, Research and Communication**

This report is an annual summary of the Centre City Levy program for 2018. The information in Attachment 1 was prepared with the assistance of multiple service lines and business units. A copy has been provided to Industry and they have been given the opportunity for discussion. This collaborative approach with the levy programs will continue through the comprehensive review in 2019-2020.

### **Strategic Alignment**

The Centre City Levy aligns with One Calgary 2019-2022 Service Plan and Budgets as a means of investing in communities in the Centre City Plan Area. The program facilitates development by aligning funds with required infrastructure to support subdivision and development in the Centre City, thereby aligning with the goals and objectives of the Downtown Strategy, the Established Areas Growth and Change Strategy, and others. The Centre City Levy enables improvements to local infrastructure and greenway corridors that help achieve the vision of the Municipal Development Plan, the Calgary Transportation Plan, the Centre City Plan, as well as the social, environmental, economic, and smart growth goals of The City's Triple Bottom Line Policy.

### **Social, Environmental, Economic (External)**

#### Social

Continued application of the Centre City Levy will support infrastructure investments that will improve the attraction and resiliency of Calgary's downtown by responding to the needs of a diversifying and growing workforce and population. It will also increase access to services such as recreational and cultural amenities and by enhance quality of life within the Centre City Plan Area.

#### Environmental

Ongoing application of the Centre City Levy will support the continued delivery and expansion of parks, pedestrian pathways and other community infrastructure required as a result of development intensification and population growth in the Centre City Plan Area. The funds may be used to enhance existing open spaces to encourage walking and cycling; better protection of the environment; and promoting the health of citizens.

#### Economic (External)

Ongoing application of the Centre City Levy will support the long-term economic growth and renewal of the Centre City Plan Area by reducing the financial risk of unknown infrastructure upgrades and associated financial burden on individual developers. At the same time, the

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program leverages the private investment in redevelopment, supporting intensification and population growth in the Centre City. It also provides strategic investment in infrastructure required to support a resilient downtown and a growing and diversifying population in the area.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

No impacts are anticipated. The administration of the Centre City Levy and operational impacts of the associated infrastructure projects are accommodated within existing approved budgets.

#### ***Current and Future Capital Budget:***

The Centre City Levy program collects funds to support the share of infrastructure capital costs within the Centre City Plan Area related to intensification and population growth. Infrastructure projects where costs exceed either the levy share or the levies collected must be supplemented by other sources and coordinated through the annual service plan and budget process.

### **Risk Assessment**

This report provides information on program details from the previous year (2018) therefore, there are no specific risks associated with receiving this report for the corporate record.

Redevelopment activity in the residential and non-residential markets in the Centre City Plan Area has the potential to impact future revenues for this program. Slower development will result in lower annual collections, faster development will increase pressure on demand for infrastructure. Additionally, the timing of when infrastructure is needed and may not align with the amount of levy funds collected. Therefore, funding from other sources may be required. Administration will continue to monitor these trends and identify service and funding requirements through the annual service plan and budget process.

Due to the economic downturn and to support Calgary's economic recovery, The City communicated, in 2019 Q1, that the community services component of the Centre City program is voluntary until a comprehensive review of the levy program is completed. This change may have an impact on the community services collections. Administration will monitor the impact and consider this as part of the levy program review.

#### **REASON(S) FOR RECOMMENDATION(S):**

This report provides an annual summary of the levies collected and spent through the Centre City Levy program in 2018. Reporting on the Centre City Levy is aligned with The City's goals of transparency and accountability and direction to bring it to Committee.

### **ATTACHMENT(S)**

1. Attachment 1 – Centre City Levy 2018 Annual Report