

CENTRE CITY LEVY UPDATE: Program Summary 2014-2015

EXECUTIVE SUMMARY

The Centre City Levy is a financial tool used to pool levy charges collected from developers to fund local public infrastructure and public realm improvements required as a result of new growth within the Centre City Plan Area (Attachment 1). This report provides a summary of the levy amounts collected and spent in the Centre City during 2014 and 2015 (Attachment 2: Tables 3 and 5), as well as the remaining fund balances (Attachment 2: Tables 2, 3, and 5). It also provides an update on the projects within the Centre City Plan Area where the funds were used (Attachment 2: Tables 4 and 6), and anticipates future project spending with the fund balance. The 2014 and 2015 reports were referred until the new Off-Site Levy Bylaw had been considered by Council on 11 January 2016. This report also explains the differences between these two infrastructure funding programs.

The program offsets the financial burden for developers by collecting levies during a subdivision or development permit process and uses the funds to support infrastructure needs related to growth. It has been generally well received by the industry; however, there are opportunities to improve and enhance the program, since it has not been comprehensively reviewed since its inception in 2007.

This report was deferred in 2016 April to provide time for Administration to work with industry members in providing more detailed reporting information in the attached financial tables (Attachment 3). The revised financial tables provide a greater level of detail than did the simplified tables included in the April report PUD2016-0285. Moving forward, Administration and industry members are conducting a review of this program in 2016 as a part of the Industry/City Work Plan's Established Area Strategy Initiative. Improving this program is well-aligned with other initiatives underway that are aimed at reducing the barriers to redevelopment, such as the availability of information regarding infrastructure capacity, and having new financial tools for providing public realm improvements in areas undergoing redevelopment.

ADMINISTRATION RECOMMENDATION(S)

That the Standing Policy Committee (SPC) on Planning and Urban Development (PUD) recommend that Council receive this report for information.

RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2016 SEPTEMBER 14:

That the Administration Recommendation contained in Report PUD2016-0706 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2016 April 25, Council, through report PUD2016-0285, approved the following recommendations:

1. File Administration's Recommendation contained in Report PUD2016-0285;
2. Refer the Centre City Levy Update Report PUD2016-0285 to Administration, for consultation with industry stakeholders; and

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3. Direct Administration to report back to the Standing Policy Committee on Planning and Urban Development in 2016 September, with an amended report including improved reporting data on the Centre City Levy Program.

On 2016 January 11, Council, through report PFC 2015-0854, approved "That the Priorities and Finance Committee recommend that Council approve Administration's request to defer reporting on the Centre City Levy Update until Council has considered the Off-site Levy Bylaw being recommended to Council in 2016 January 11."

On 2010 February 08, Council, through report LPT2010-03, adjusted the rates of the levy to the current rates, as recommended:

That the SPC on Land Use, Planning and Transportation recommends that:

1. Council give three readings to the proposed amending bylaw to the Center City Levy Bylaw 38M2009; and
2. Council direct Administration to collect the following levies as a condition of permit approval, payable upon release of the first associated Building permit for the subject site:
 - a) \$1,306 per front metre of development for Community and Recreation infrastructure;
 - b) \$642 per front metre of development for alternative transportation infrastructure;
 - c) \$266 per front metre of development for upgrading local parks, regional pathways, and regional parks, and
 - d) \$312 per front metre of development for the 13th Ave Greenway.

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

1. Collect the following levies as a condition of releasing development permits in Centre City:
 - a) \$1,130 per front metre of development for Community and Recreation infrastructure (as listed on the Attachment);
 - b) \$535 per front metre of development for alternative transportation infrastructure (pedestrian overpasses, bikeways and sidewalks);
 - c) \$222 per front metre of development for the upgrading of local parks, regional pathways, and regional parks;
 - d) \$260 per front metre of development for the 13th Avenue Geenway identified in the proposed Centre City plan; and
2. Prepare a Centre City open space plan for Council approval by 2008 April; and
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."

On 2007 February 5, Council, through report LPT2007-02, adopted the Centre City Levy Bylaw 9M2007, as follows:

1. Council approve the redevelopment levies for utility improvements to be included in the proposed Centre City Redevelopment Levies Bylaw presented in Attachment 1, as amended, as follows:
 1. Pursuant to section 648(2)(a), (b), (c) & (d) of the Municipal Government Act, an offsite levy in the amount of One Thousand, Eight Hundred and Twenty-Three Dollars (\$1,823.00) per metre of site frontage is hereby imposed on all

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subdivision and development permit applications in the Centre City Area excluding applications for development of single detached dwellings and excluding development where the building floor area of the proposed development does not exceed the building floor areas of the existing structure. This off-site levy is for the construction of water and sanitary sewer mains required for or impacted by the proposed development (the "Utility Levy") in the Centre City Area as identified on Schedule A.

2. Council give three readings to the Centre City Redevelopment Levies Bylaw.

In addition, Council made the following referral:

That the SPC on Land Use, Planning and Transportation Recommendation 3 (Administration Recommendation 5), as follows, contained in Report LPT2007-02, be referred to the SPC on Land Use, Planning and Transportation with an update report on or before 2008 April:

"5. Direct Administration to collect levies for transit buses, transportation infrastructure, protective services stations, recreation facilities, libraries, parks and greenways as outlined in Attachment 2 to be applied as a condition of releasing development permits."

BACKGROUND

The Centre City Levy is a financial tool used to pool levy charges collected from developers to fund local public infrastructure within the Centre City Plan Area. The intent is to mitigate the potential burden on any one development resulting from the need to front end the necessary upgrades to service not only their development but the surrounding area as well. The City collects funds that are used to pay for all or part of the capital costs of the construction, upgrading and replacement of infrastructure. Funds can be used for water and sanitary sewer mains, and non-utility related infrastructure required for, or impacted by, a proposed development in the Centre City Plan Area. This area is made up of the Downtown Plan area and the Beltline Area Redevelopment Plan area as shown in Attachment 1.

The Centre City Levy program collects levies for 'local' infrastructure that reflects requirements usually placed on a specific development. This is different from the city-wide Off-Site Levy Bylaw program. Funds from the Off-Site Levy program are collected to fund major capital infrastructure on a city-wide basis such as water or wastewater treatment facilities or major interchanges. The Centre City Levy's local utility and non-utility infrastructure includes water, sanitary, transit, transportation, fire, police, recreation, libraries, park upgrades and greenways.

The Centre City Levy is collected from all development projects in the Centre City Plan Area on a linear basis, calculated using the length of parcel's frontage. It allows for the sharing of infrastructure costs amongst several development projects in order to not hinder any one project with the total cost impact. The levy is collected through the subdivision or development permit process. The following table shows the amount collected per linear meter of parcel frontage, calculated along avenues only. Each type of infrastructure has a different amount collected, as follows:

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Current Centre City Levy Rates, by Infrastructure Type

Infrastructure Type	Levy Rate (calculated by \$/metre parcel frontage on avenues)
Community & Recreation Services	\$1,306
Transportation	\$642
Parks	\$266
Greenways	\$312
Water & Sanitary Sewer Mains	\$2,184
Total Levy Rate (\$/metre)	\$4,710

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Attachment 2 provides financial tables that summarize the levies collected, spent, and funds remaining in capital deposits in 2014 (Table 3) and 2015 (Table 5) as well as the totals collected and spent since the levy's inception in 2007 (Table 2). In 2014 \$2,051,168 was collected (including interest accrual), and \$1,330,727 was spent (Table 3). In 2015 \$3,505,299 was collected (including interest accrual), and \$2,439,811 was spent (Table 5). An overall balance of \$8,965,967 remained in the account (including interest accrued) at the end of 2015 (Tables 2 and 5).

Through 2014 and 2015 levy funds were spent on fire, water and sanitary upgrades and investments in the public realm within the Centre City Plan Area. For these two years, projects included:

- upsizing and replacement of sanitary and water utility infrastructure that was needed as a result of new development in the Centre City;
- improvements to pedestrian corridors and railway underpasses along 8th Street SW and 1st Street SW;
- upgrades to Centre City Parks;
- upgrades to Fire Station #1; and
- upgrades to Beltline Aquatic & Fitness Centre.

Moving forward, Centre City Levy transportation funds are expected to be allocated to the 4th Street SW pedestrian railway underpass and the 13th Ave Greenway project. Water Resources anticipates using utility funds to continue to support the watermain upgrade on 13th Ave SW as well as sewer upgrades in the City Centre and Beltline areas. Community Services will be using the library funding to support the new downtown library, and is considering whether funds

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designated for parks can be used to support the pathway and public space improvements as part of the West Eau Claire Park & Public Realm Plan. Other projects will be identified based on development proposal impacts.

Since 2007, the Centre City Levy program has regularly shown that not all funds collected are being spent within the same year. Reasons for the funds remaining unspent include:

- **Development Variability:** Development proposals vary from year to year in the plan area. The resulting unpredictability of collecting funds means that City departments are not always able to utilize the funding collected in the short term.
- **Incremental Fund Collection:** Funds for infrastructure types increase incrementally with development permits. Accumulating enough funds to support a substantial infrastructure project can require several years.
- **Eligible Plan Area Projects:** The limitations on spending the funds within the Centre City Plan Area can further delay spending until a suitable project is scheduled and funds are adequate to support the improvements.
- **Leveraging City Funds:** The Centre City Levy funds are sometimes combined with other centre city project budgets to maximize overall infrastructure improvements which can result in delays until budgets are aligned.

The collection of these levies has resulted in a number of projects that support and enhance development in the Centre City. The program has been well received by industry because it provides certainty to developers who plan to develop in the Centre City. Infrastructure upgrades needed to support a proposed development can be unknown until later in the approval process. The certainty associated with the levy reduces financial uncertainty to development projects related to unanticipated infrastructure upgrades.

Areas of improvement to strengthen the program have been identified. A comprehensive review of the Centre City Levy program is underway as part of the 2016 Industry/City Work Plan that was directed by Council in 2016 January. As part of the Established Areas Strategy, this review is being done in collaboration with the development industry, the business community, and Administration to consider opportunities to improve and enhance the program. This involves reviewing the success of the current program, evaluating the levy rates, and examining how and when the collected funds are used. Any proposed changes are anticipated to be brought to Council through the SPC on Planning and Urban Development by the end of Q2 2017.

Stakeholder Engagement, Research and Communication

This report is an annual summary of the Centre City Levy program since inception in 2007 and for the 2014 and 2015 calendar years. Following Council direction received in 2016 April Administration worked with industry stakeholders to improve the attached reporting data. At the same time, the Industry Working Group supporting the Established Areas Strategy of the 2016 Industry/City Work Plan is reviewing the program to consider opportunities to improve and enhance the program.

Strategic Alignment

The Centre City Levy aligns with Council's Fiscal Plan for Calgary as a means of investing in communities in the Centre City area. The Centre City Levy enables improvements to the local

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infrastructure and greenway corridors that help achieve the vision of the Municipal Development Plan, the Calgary Transportation Plan, Area Redevelopment Plans, as well as the Social, Environmental, Economic, and Smart Growth goals of the Triple Bottom Line Policy. The program facilitates development by helping jointly fund infrastructure required to support subdivision or development.

Social, Environmental, Economic (External)

Social

Continued application of the Centre City Levy will support infrastructure investments that respond to the needs and interests of a growing workforce and population by increasing access to services such as recreational and cultural amenities, and by enhancing value to community life within the Centre City Plan Area.

Environmental

Ongoing application of the Centre City Levy will support the continued upgrade of parks and pedestrian pathways required as a result of development intensification 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 continued 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. It provides strategic investment in infrastructure required to support a growing population in the area.

Financial Capacity

Current and Future Operating Budget:

The administration of the Centre City Levy and operational impacts of the improvement projects initiated are accommodated within existing approved budgets.

Current and Future Capital Budget:

Centre City Levy contributions help ensure that funds are available for improvements to public infrastructure within the Centre City Plan Area. Improvement projects where costs exceed the levies collected are supplemented by other revenue sources.

Risk Assessment

There are no significant risks associated with this report, for the years 2014 and 2015.

REASON(S) FOR RECOMMENDATION(S):

This report provides an annual summary of the levies collected and spent in 2014 and 2015. Administration recommends that this report is received for information.

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ATTACHMENT(S)

1. Centre City Levy Plan Area
2. Centre City Levy Financial Tables 1 to 6
3. Industry Letter