

## **CENTRE CITY LEVY UPDATE**

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### **EXECUTIVE SUMMARY**

This report provides an update on the Centre City Levy program for 2014 and 2015. It provides a summary of the levy amounts collected and spent during this time period, remaining fund balances, as well as the projects within the Centre City Plan Area where the funds were used (Attachments 1 and 2). This update report was deferred until the new Off-Site Levy Bylaw had been considered by Council on 11 January 2016, and explains the differences between these two infrastructure funding programs.

The Centre City Levy program began in February 2007 to support development in the Centre City Plan Area (Attachment 3). The program collects levies on development applications and pools them to fund local public infrastructure that is required as a result of new growth within this area. Generally, the program offsets financial risk for developers and has been well received by the industry. However, there are opportunities to improve and enhance the program.

The program will be reviewed in 2016 as part of the overall Established Area Strategy identified in the Industry/City Work Plan that was created as part of the Off-Site Levy Bylaw process. 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 tools for providing public realm improvements in areas undergoing redevelopment.

### **ADMINISTRATION RECOMMENDATION(S)**

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

### **RECOMMENDATIONS OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2016 APRIL 13**

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That Council:

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
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.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2007 February 26, Council adopted and approved the Centre City Levy Bylaw 9M2007 as recommended in Report LPT2007-02.

In 2007 May, Council directed that an annual report be provided to the SPC on Land Use, Planning and Transportation (LPT) on the status of these levies.

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On 2010 February 08 Council adjusted the rates of the levy to the current rates in Report LPT2010-03.

On 2016 January 11, Council, through PFC 2015-0854, approved "defer reporting on the Centre City Levy Update until Council has considered the Offsite Levy Bylaw being recommended to Council."

### **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 by having to front end the necessary upgrades to service not only their development but the surrounding area as well. The Centre City Levy was established so that The City could collect funds that would be used to pay for all or part of the capital costs of the construction, upgrading and replacement of 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 3.

The Centre City Levy program is local in nature and thus differs from the city-wide Off-Site Levy Bylaw program that was approved by Council on 2016 January 11. Funds from the Off-Site Levy program go toward funding 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, emergency medical service, 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 as a condition of approval on development permits. 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<br>(calculated by \$/metre<br>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 1 provides a summary of the levies collected, spent, and in reserves in 2014 and 2015 as well as the totals since the levy's inception in 2007. In 2014 and 2015 a total of \$5,735,630 was collected (including interest accrual), and \$3,769,709 was spent during the two-year period. An overall balance of \$8,966,168 remains in the account (including interest accrued).

Through 2014 and 2015 levy funds were spent on projects focused on fire, water and sanitary upgrades and investments in the public realm within the Centre City Plan Area (Attachment 2). 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 underpasses along 8<sup>th</sup> Street SW and 1<sup>st</sup> Street SW;
- upgrades to Central Memorial Park;
- upgrades to Fire Station #1; and
- improvements to streetscape frontage/pedestrian realm and facility upgrades at the Beltline Aquatic and Fitness Centre.

So far in 2016, Centre City Levy funds have been allocated to the 4<sup>th</sup> Street SW pedestrian underpass. Other projects will be identified based on development proposal impacts.

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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 often requires a lag time.
- **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 being built that support development in this area while also enhancing the Centre City. The program has been well received by industry because it provides certainty to developers planning to develop in the Centre City. Infrastructure upgrades needed to support a proposed development can be unknown until later in the approval process, in this area. The certainty associated with the levy reduces financial risks 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 anticipated 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 will be done in collaboration with the development industry, the business community, and internal departments to consider opportunities to improve and enhance the program. This will involve reviewing the success of the program, evaluating the current levy rates, and examining how 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 Q1 2017.

### Stakeholder Engagement, Research and Communication

This update is an annual reporting of the Centre City Levy program since inception in 2007 and for the 2014 and 2015 calendar years. Opportunities for stakeholder input will be incorporated as part of the review of this program, including through the early stages of the Established Areas Strategy of the 2016 Industry/City Work Plan.

### Strategic Alignment

The Centre City Levy aligns with Council's Fiscal Plan for Calgary as a means of investing in communities and the urban fabric of the Centre City area. The Centre City Levy enables improvements to the local 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 fund infrastructure required or impacted by subdivision or development.

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### **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 population by increasing access to services such as recreational and cultural amenities, providing 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 and 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 received as a condition of development permit approvals help ensure that funds are available for improvements to public infrastructure within the Centre City Plan Area. Any 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.

### **ATTACHMENT(S)**

1. Centre City 2014-2015 Levy Summary
2. Centre City 2014-2015 Projects Summary
3. Centre City Plan Area