

**Planning and Development Services Report to
Infrastructure and Planning Committee
2022 June 10**

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Off-site Levy and Centre City Levy 2021 Annual Report

RECOMMENDATION(S):

That the Infrastructure and Planning Committee recommend that Council receive this Report for the Corporate Record.

RECOMMENDATION OF THE INFRASTRUCTURE AND PLANNING COMMITTEE, 2022 JUNE 10:

That Council receive this Report for the Corporate Record.

Opposition to Recommendation:

Against: Councillor McLean

HIGHLIGHTS

- This report provides updates on the Off-site Levy and Centre City Levy, for the year 2021, to meet the Municipal Government Act (MGA) requirements of annual reporting to provide full and open disclosure of all off-site levy (levy) collections and spends.
- *What does this mean to Calgarians?* The Off-site Levy and Centre City Levy reports ensure on-going accountability and transparency of off-site levies as a funding source for infrastructure that supports growth and development in Calgary.
- *Why does it matter?* The City of Calgary uses the off-site levies collected to deliver, and recover costs associated with, growth infrastructure that supports jobs and economic activity in Calgary. In 2021, \$111M in total levy funds (Off-site levy and Centre City Levy) were spent as part of The City's \$1.2B capital expenditures.
- The current Centre City Levy enables growth-related investments towards the vision for the Greater Downtown Plan approved by Council through report C2021-0524.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

The Off-site Levies Bylaw (2M2016) and Centre City Levy Bylaw (38M2009) govern a funding stream to build growth infrastructure. The levies collected under these bylaws can be used to pay for all or part of the capital cost of eligible infrastructure, including required land and associated financing costs. Off-site levies are collected for transportation, utilities, and community services infrastructure. The MGA governs the administration of the off-site levy funds and requires that funds must be used for the purpose authorized by the bylaw.

2021 Off-site Levy Updates

In 2021, a total of \$155.7M was collected: Off-site Levy collection of \$152M and \$3.7M transferred to the levy account as part of the Established Area Density Incentive. \$12.9M in investment income was received. \$109.7M was spent on infrastructure projects.

As of 2021 December 31, the Off-site Levy fund balance across all service lines was \$439M. Of this balance, \$360M is committed to over 245 Council-approved growth infrastructure projects. The remaining \$79M will be committed to future Council-approved projects. Additional details can

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be found in the Off-site Levy Annual Report (Attachment 2). This balance has not been adjusted for the temporary deficit balance of \$120M that exists in Water Resources mainly from linear infrastructure and the Shepard watershed. The shortfalls are temporarily mitigated by utility rate revenue and are expected to be recovered from future levy collection. The balance of \$79M has many restrictions on how it can be spent, given the many different infrastructure types.

In addition to restrictions on how off-site levy funds can be spent, The City requires capital projects to be fully funded before Council approves capital amounts through the service plans and budgets process. The City uses various funding sources to pay for infrastructure, and may fund or finance the levy portion of costs from other funding sources until levies are collected. Timing of levy collection does not always align with when the infrastructure is required.

The following table shows a summary of the 2021 Off-site Levy balance:

Opening Balance, Off-site Levies as at January 1, 2021	\$380,413,479
Total Off-site Levies Collected	155,750,026
Investment Income Received	12,917,004
Off-site Levies Spent	(109,718,788)
Closing Balance, Off-site Levies as at December 31, 2021	\$439,361,721

2021 Off-site Levy Funded Key Activities by Department

Transportation priority growth projects delivered in 2021 (Attachment 2, Schedules A and D):

- Airport Trail N.E. Phase 2 Trail (\$12.9 million spent in 2021)
- The Banff Trail Area Improvements (\$7.6 million spent in 2021)
- Stoney Trail (\$4.8 million spent in 2021)

Water Resources priority growth projects delivered in 2021 (Attachment 2, Schedule B):

- Bonnybrook Plant D Expansion (\$22.4 million spent in 2021)
- Rangeview Sanitary Trunk (\$1.2 million spent in 2021)
- Glacier Ridge Sanitary Trunk Extension West Basin (\$610 thousand spent in 2021)

Community Services priority growth projects delivered in 2021 (Attachment 2, Schedules C, E):

- Calgary Fire Department Fleet (\$6 million spent in 2021)
- Vivo Expansion (\$5.7 million spent in 2021)

This summary highlights approximately \$61.2M of off-site levies spent. The remaining \$48.5M was spent towards 12 Transportation projects, 127 Water Resources projects, and three Community Services projects, details of which can be found in Schedules A-E of Attachment 2.

2021 Centre City Levy Updates

The Centre City Levy enables growth-related investments towards the vision for the Greater Downtown Plan (C2021-0524). In 2021, \$1.2M of Center City Levy was spent towards Greater Downtown Plan investments. Improvements to Downtown underpasses were funded, encouraging private investment and making life better for people living and working Downtown. Furthermore, the levy supported the Century Gardens redevelopment as a way to create a green network for a healthy environment, one of the Greater Downtown Plan's five strategic moves.

The following table shows a summary of the 2021 Centre City Levy balance:

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Opening Balance, Centre City Levies as at January 1, 2021	\$8,312,062
Total Centre City Levies Collected	1,334,799
Investment Income Received	255,596
Centre City Levies Spent	(1,179,444)
Closing Balance, Centre City Levies as at December 31, 2021	\$8,723,013

In 2021, a total of \$1.3M was collected through the Centre City Levy program, and \$1.2M was spent on infrastructure projects in the Centre City Plan Area. As of 2021 December 31, the Centre City Levy fund balance across all service lines was \$8.7M. This balance will continue to be used for ongoing and future infrastructure projects in the Centre City Plan Area: \$1.5M is committed to three Transportation projects while \$7.5M will be used towards future Water Resources and Community Services projects and Calgary Police Service district offices. Additional details can be found in the Centre City Levy Annual Report (Attachment 3).

2021 Centre City Levy Funded Key Activities

In 2021, Centre City Levy funds were used to support the following infrastructure programs (Attachment 3, Schedule A, B and C):

- Improvements to 5th Street S.W. Underpass (\$778 thousand spent in 2021)
- Century Gardens (\$345 thousand spent in 2021)
- Waterworks-water main upgrades (\$45 thousand spent in 2021)

Monitoring and Continuous Improvement

Administration uses the Off-site Levy and Centre City Levy Annual Reports for ongoing monitoring. Annual reporting of balances, refinements to process and procedures, and stakeholder consultation continues to inform ongoing improvement opportunities related to annual reporting and the future Calgary Off-site Levies Bylaw Review.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

Stakeholder dialogue/relations were undertaken

The attached annual reports were prepared with input from Community Services, Water Resources, Transportation, Finance, Law and Customer Service and Communication. Drafts of Attachments 2 and 3 were shared with industry members from Building Industry and Land Development Association (BILD) Calgary Region, Commercial Real Estate Development Association (NAIOP) as part of the Off-site Levy Joint Governance Committee, and Calgary Inner City Builders Association (CICBA). Annual reports are posted on [Calgary.ca/offsitelevy](https://calgary.ca/offsitelevy).

IMPLICATIONS

Social, Environmental and Economic Implications

The levies collected support the long-term economic growth of Calgary through growth infrastructure investment and job creation. Off-site levies support the resiliency of Calgary by responding to the infrastructure needs of a diversifying population and facilitating access to services and amenities that enhance quality of life for Calgarians. Levy funded infrastructure

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also includes investments in active mobility options, and transit options to support Calgary's climate strategy promoting health and wellness of citizens.

Service and Financial Implications

There are no financial implications from this report

RISK

There are no specific risks associated with receiving this report for the corporate record. However, development activities and real estate market trends are directly related to the future collections for Off-site Levy and Centre City Levy programs. Broader considerations of risk include:

- 1) City financial risk - Slower development than forecasted may result in lower annual levy collections. For the committed capital projects or growth infrastructure required in advance of development, funding from other sources or capital deferrals may be needed to cover any shortfall amounts. Shortfalls will continue to grow under the current Off-site Levy bylaw if development agreement hectare totals remain lower than expected. Additionally, dispersed development may increase future capital needs that outpace levy collections.
- 2) Reduction in Provincial funding - Many of Calgary's growth capital projects require the City to fund the infrastructure not funded by levy. Provincial funding is one of the funding sources The City utilizes to cover the non-growth portion. In recent years, The City has experienced reductions in Provincial support and this reduction in funding increases The City's financial risk.

Administration will continue to monitor the local economy, development industry market trends and identify service and funding requirements through the annual service plans and budget process to help mitigate these potential risks.

ATTACHMENT(S)

1. Attachment 1 - Background and Previous Council Direction - IP2022-0515
2. Attachment 2 - Off-site Levy 2021 Annual Report - IP2022-0515
3. Attachment 3 - Centre City Levy 2021 Annual Report - IP2022-0515
4. Attachment 4 - Industry letter NAIOP - IP2022-0515
5. Attachment 5 - Industry letter BILD - IP2022-0515
6. Attachment 6 - Presentation - IP2022-0515

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Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Stuart Dalgleish	Planning & Development	Approve
Les Tochor	CFOD	Approve
Katie Black	Community Services	Consult
Doug Morgan	Transportation	Consult
Michael Thompson	Utilities & Environmental Protection	Consult
Jill Floen	Law	Consult