

ACREAGE ASSESSMENT REIMBURSEMENT OPTIONS FOR NOT-FOR-PROFIT SPORTS AND RECREATION ORGANIZATIONS

EXECUTIVE SUMMARY

Council directed Administration to explore options that would provide reimbursements for the cost of acreage assessment levies for certain not-for-profit organizations on Municipal Reserve lands. Administration has reviewed a number of options for reimbursement of the levies. Through investigation Administration has determined that there are only rare occurrences where development is being proposed on MR lands that would require the payment of acreage assessments. The options considered had no funding sources available. To assist with these proposals Administration will work with the not-for-profit social recreation groups to find alternative locations where the payment of acreage assessments is not required, or where the payment is not cost prohibitive.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Planning and Urban Development recommend that Council direct Administration to continue to work with not-for-profit social recreation groups to explore alternatives that are financially feasible for proposed developments when the requirement to pay acreage assessment levies on Municipal Reserve lands becomes a financial hindrance to development.

RECOMMENDATION OF THE SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2014 OCTOBER 31:

That Council refer Report PUD2014-0771 to the Administration to identify the most appropriate funding source for covering the outstanding acreage assessments for the Municipal Reserve parcel in Ogden, located at 2720 80 Avenue SE, at the Calgary Winter Lacrosse Association proposed facility, and to report back to the SPC on Planning and Urban Development no later than 2015 Q1.

Opposition to Recommendation:

Opposed: A. Chabot, D. Farrell

PREVIOUS COUNCIL DIRECTION / POLICY

At its 2014 February 10 meeting, Council tabled Councillor Keating's NM2014-15, Acreage Assessment Levies, directing Administration to explore options that would waive the acreage assessment levy if the applicant is an incorporated not-for-profit organized for the purpose of sports and recreation, the applicant adheres to the Public Use Policy and is in a Lease or Licence agreement on MR lands. Council requested that Administration waive the acreage assessment levy for the Municipal Reserve Parcel in the Shepard Industrial Area Structure Plan if the applicant meets the above criterion.

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At its 2014 February 24 meeting, Council adopted Councillor Keating's revised NM2014-15, Acreage Assessment Levies, directing Administration to explore options that would establish a reimbursement program that would provide certain types of incorporated not-for-profit organizations in a Lease or Leasing Licence with an acreage assessment levy reimbursement. Administration was directed to Report back to Council no later than 2014 October.

BACKGROUND

Acreage Assessments are one tool that The City uses to raise revenue to fund infrastructure required to service land for growth in developed and developing areas. Taxes, utility rates and grants are other sources of revenue for City infrastructure needs.

Under the Principles and Criteria for Off-site Levies Regulation AR 48/2004, The City must determine the calculation of the levy in consultation with affected landowners and developers. Once the calculation is determined it is incorporated into a bylaw that is adopted by Council. In order to waive an acreage assessment levy charge an amendment to the bylaw would be required. An amendment would then be subject to the above regulation which requires consultation with all land owners. A waiver of acreage assessment levies would result in a revenue shortfall and therefore it was determined by Council and Administration that a waiver of the levies would not be an option.

When new communities are built, the Municipal Government Act (MGA) requires that land be set aside for public use, comprised of up to 10% of the parcel, and designated as municipal reserve (MR), school reserve (SR), or municipal and school reserve (MSR). As these parcels are typically created and set aside at subdivision, the developer creating the subdivision is responsible for acreage assessments payable on those parcels.

The MGA restricts the use of Municipal Reserve (MR) parcels to certain specific purposes: public park, public recreation area and school board purposes. The Land Use Bylaw 1P2007 (LUB) further outlines how land set aside for community/social recreation can be used. The City of Calgary provides access to MR lands through a Licence of Occupation (LOC) or Lease agreement with community/social recreation groups. These agreements are also subject to the Public Use Policy ensuring access to any facilities for the public.

Social recreation groups include sport organizations; community run multi-purpose recreation facilities, senior's organizations, lawn bowling, tennis groups and arts groups (mostly theatre related). They must meet the following criteria to be on City land:

- 1) A not-for-profit organization incorporated under the Societies Act, the Agricultural Societies Act, Part IX of the Companies' Act, Part XXI of the Business Corporations Act, or a Special Act of the Legislature; and,
- 2) An organization which provides Calgarians with social, cultural, recreational, and athletic opportunities on a city wide basis. Typically, Social Recreation Organizations include sport groups, cultural groups, and senior citizens groups. And;
- 3) An organization providing the opportunity for public use and/or participation in its facilities and activities, in accordance with the Public Use Policy.

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Development of a Municipal Reserve (MR) parcel by a social recreational group is processed through the normal Development Permit process. The groups are typically not charged acreage assessments as these MR lands have been previously subdivided and acreage assessments have been paid. Unique circumstances have created exceptions to this process and acreage assessments remain outstanding on certain MR lands. At this time, only two exceptions have been identified.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The average cost for acreage assessments is approximately \$300,000/hectare. A license of occupation for social recreation groups on Municipal Reserve (MR) lands is typically for 2 to 4 hectares (a clubhouse and 2 to 4 playfields). This equates to approximately \$600,000 to \$1.2M in acreage assessment levies. The acreage assessment levies make it difficult for the not-for-profit organizations to raise the funds required to pay for the development of their projects. In addition, these organizations would also be obligated to service development (servicing charges, road and sidewalk upgrades, etc) as a condition(s) of development.

Council directed Administration through notice of motion (NM2014-15) to review options for certain not-for-profit organizations that are in a lease or leasing licence relationship with The City for Municipal Reserve (MR) lands. There is an established set of criteria in City policies for not-for-profits to obtain a lease/licence on MR lands.

Community Associations and Social Recreation groups that are in a lease or licensing agreement with The City are required to fund 100% of their capital development projects, and the planning, design and construction of such projects are in accordance with CS92-23 "Development and Project Control of Major Community Recreation and Cultural Facilities". Funding for these projects is generally obtained through the following sources: community fund raising programs; donations; sponsorships; and grants. Due to the limited availability of these funding sources the addition of acreage assessment levies to the total capital cost can make a project financially unattainable.

Section 264 of the Municipal Government Act allows Municipal Councils to lend money to a non-profit organization if the money loaned is used for a purpose that will benefit the municipality. The loan must be authorized by a bylaw. Approving loans to pay acreage assessments impacts The City's debt financing and total debt limits. The debt limit is finite and restricted by the Municipal Government Act and City policy. Adding debt for acreage assessment loans restricts Council's ability to approve debt elsewhere. Ultimately, Administration determined that a loan does not fit within the direction of the Notice of Motion NM2014-15 to explore options for reimbursement, as a loan must be paid back by the applicant.

Administration has investigated four options in response to Council's Notice of Motion: 1) The creation of a new grant and/or fund by Council; 2) City to include in a Budget the payment of acreage assessment levies when they are applicable to the development of Social Recreation facilities on City land; 3) Investigate a provision within the new Standard Development Agreement that excludes payment of acreage assessment levies on certain Municipal Reserve lands for social recreational not-for-profit organizations; and 4) Administration continues to work

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with social recreation groups to find alternative sites for development in cases where the acreage assessment levies are required and become a financial hindrance to development.

Option 1 – Council creates a new grant and/or fund for reimbursement of acreage assessment levies for not-for-profit social recreation organizations

This scenario would be subject to CS92-23, "Alleviate Funding Shortfalls for Community Capital Projects Managed by The City of Calgary with Total Costs of \$100,000 and Over". The policy stipulates that a project may not begin until 90% of the project costs are either on hand or firmly committed. Therefore any new grant or fund created for reimbursement of acreage assessment levies would be subject to the above policy.

Grant funding could; (i) come from the mill rate, in which case the rates would have to either be increased to account for the grant need or Council would have to forgo other services typically funded by the mill rate, or (ii) funding for a grant could come from an existing reserve. In both cases the funding would be treated as a one-time budget funding request to fund the assessment levy, and not be an on-going operational budget line item. Council may choose to move a lump sum at any given time out of a reserve fund and into an account for the use of reimbursement for acreage assessments meeting the above policy.

Proposals to develop Municipal Reserve lands that have never been serviced nor had acreage assessments paid are rare. Therefore, Administration has determined that the creation and administration of a grant fund for the payment of acreage assessment levies would be a costly and inefficient solution as a reimbursement option. Should Council elect to proceed with this option, then further direction would be required for Administration to either (a) identify a funding source, or (b) seek out and bring back to Council recommendations for a funding source.

Option 2 – City to include in a Budget the payment of acreage assessment levies when they are applicable to the development of social recreation facilities on City land.

As the Off-site Levy Bylaw does not allow Administration to waive acreage assessment levies, The City could choose to pay the acreage assessment levies on non-developed Municipal Reserve lands for an organization that meets the not-for-profit social recreation definition and complies with the above policy by incorporating the amount into a Budget. This would allow Council to address requests for funding on a case by case basis. Council could also consider paying the levies directly from a reserve fund as opposed to creating a grant. The risk associated with this option is that additional funds are not available in the budget and therefore would impact other projects. Should Council elect to proceed with this option, then further direction would be required to Administration to either (a) identify a funding source, or (b) seek out and bring back to Council recommendations for a funding source.

Option 3 – Investigate a provision within the new Standard Development Agreement that excludes payment of acreage assessment levies on certain Municipal Reserve lands for social recreational not-for-profit organizations.

Administration could investigate excluding specific City owned lands from the new Standard Development Agreement (SDA) calculations. The risk associated with this is that any lands excluded from paying levies could impact the overall charge per hectare. Through the

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development of the new SDA the exclusion of specific sites could be agreed to by the stakeholders involved if there is a benefit to The City in the development of social recreation facilities by not-for-profit organizations. This Option does not address the immediate needs of these organizations as the new SDA is still under way.

Option 4 - Administration will continue to work with social recreation groups to find alternative solutions for development in cases where the acreage assessment levies are required and become a financial hindrance to development.

In the rare occurrences that development is proposed on Municipal Reserve lands by a social recreation group and those lands require payment of acreage assessment levies, Administration will continue to work with the organization to explore alternatives that are financially feasible such as different locations and creative ways to reduce the area that acreage assessments would apply to.

Since there is no readily available source of funding for the first two options and Administration is still working on the new Standard Development Agreement, Administration has determined that Option 4 is the most appropriate recommendation for Council.

Stakeholder Engagement, Research and Communication

Engagement was limited to internal departments.

Strategic Alignment

The analysis and conclusions presented in this report are in alignment with the following:

Council's Fiscal Plan for Calgary (2012-2014) - Investing in great communities and a vibrant urban fabric.

2020 Sustainability Direction – Calgary has a natural and built system that contributes to physical, social and mental well-being and personal development.

The City of Calgary Municipal Development Plan – the recommendation contributes to complete communities by providing community services and facilities, parks, open spaces and outdoor recreation which creates an attractive City.

Recreation Master Plan 2010-2020 – the recommendation recognizes the importance of recreation facilities as community hubs.

Social, Environmental, Economic (External)

The City of Calgary seeks to promote and maintain a high quality of life through the provision and support of opportunities for cultural and recreation activities, which are essential elements of a complete community.

A strong social infrastructure is integral to a strong economy. The City supports cultural and recreational activities through investments in infrastructure and programs, and by leveraging partnerships that result in facility development opportunities.

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Financial Capacity

The recommendation has no impact on current or future budgets.

Risk Assessment

The risks associated with not having a reimbursement program in place is that social recreation not-for-profit organizations may not be successful developing on certain Municipal Reserve lands that require acreage assessment levies to be paid. Those lands could remain undeveloped. This is a low risk given the rarity of such occurrences.

If Council were to approve a grant program or include costs for acreage assessment levies in a budget it may result in an impact to other priority projects.

REASON(S) FOR RECOMMENDATION(S):

Administration has determined that there are no funding sources for reimbursement of acreage assessment levies for social recreation not-for-profit organizations through either a grant or budget adjustment. The best solution in the short term for addressing situations where payment of acreage assessments is cost prohibitive to the development of social recreation facilities is to continue to work with the social recreation groups to find alternative locations for development or ways to reduce the area that is used to calculate the acreage assessments.

ATTACHMENT(S)

No attachments.