

CENTRE CITY LEVY UPDATE

EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the collection, usage and outstanding balance of the Centre City Levy funds for the 2013 calendar year. This report does not propose adjustments to the Centre City levies for 2014. A detailed analysis of the Centre City levies will be incorporated into the next Standard Development Agreement review process.

The Centre City Levy rate includes components for both utility and non-utility which include water, sanitary, transit, transportation fire, police, fire, emergency medical service, recreation, libraries, parks upgrades and greenways. The amount assessed per development within the Centre City Area (Attachment 1) has remained at \$4710/metre frontage since 2010.

In the past this report has been presented to the Special Policy Committee of Planning and Urban Development. Due to the financial nature of this report it has been determined it would be more appropriate for presentation to the Priorities and Finance Committee (PFC). The role of PFC is to advise and recommend to Council on financial matters.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

2007 February 05 Combined meeting of Council, in considering LPT2007-02 (Centre City Levies for Redevelopment), Council approved two readings of the Centre City Redevelopment Levies Bylaw (9M2007) and referred the following item 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 to be applied as a condition of releasing development permits". Council approved Third Reading of Bylaw 9M2007 on 2007 February 26.

At the 2007 May 07 Combined meeting of Council, in considering LPT2007-18 (Centre City Levies Update) it was moved as amended by Alderman Colley-Urquhart, seconded by Alderman Chabot that Council direct Administration to "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."

At the 2010 February 08 Combined meeting of Council, in considering LPT2010-03 (Centre City Levies Update) it was moved by Alderman Colley-Urquhart, seconded by Alderman Ceci that Council direct Administration to "2. 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) \$643 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 Avenue Greenway".

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At the 2011 March 07 Combined meeting of Council, in considering LPT2011-09 (Centre City Levies Update) it was moved by Alderman Chabot, seconded by Alderman D. Hodges to amend the Centre City Levy Bylaw (Amending Bylaw 18M2011) to delete the 5.36% annual increase and replace it with a 0% annual increase.

BACKGROUND

The Centre City Levy was established in early 2007 so that the City could impose offsite levies and charges that would be used towards future utility-related improvements in the Centre City area. This levy was adopted through Bylaw 38M2009. The Centre City Redevelopment area is made up of the Downtown Urban Structure Plan and the Beltline Area Redevelopment Plan as shown in Attachment 1.

Separate charges were also adopted by Council (LPT2010-03) to be implemented as conditions of approval on development permits in the Centre City Levy area. These separate charges included funding towards future improvements; including community and recreation infrastructure, alternative transportation, parks upgrading, and 13th Avenue Greenway infrastructure upgrades.

From 2007 to 2013 the levy rates were reviewed on an annual basis. During this process Administration engaged the Urban Development Institute (UDI). From 2007 to 2010 assessed levy rates increased proportionally with the rising construction price index (CPI). The current levy rates have remained the same in early 2011 via the Amending Bylaw 18M2011 and by adoption of the Administration Recommendations of LPT2011-09 that included a 0% annual increase.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This report provides the annual summary update of the levy rate history, levy fund usage and outstanding balances for the 2013 calendar year. It includes both the funding collected as a levy and also by way of a condition of development permit. This information is provided in four different attachments (Attachments 2 to 4). The following information explains the data provided in each attachment.

Attachment 2: Current Rates Summary

This table is a summary the current rates charged for each different utility type which are charged by frontage. It differentiates between rates enabled via bylaw and those approved by Resolution of Council (to be captured via condition of development permit approval).

Attachment 3: Historical Rates Summary

This table is a breakdown of approved annual levy rates from 2007 to the present that shows how the rates have changed over the years. To date since its inception in 2007, Administration has collected approximately \$14.9 million, from 58 applicants, for all infrastructure improvements for development permits within the centre city and beltline. Of the \$14.9 million, approximately \$8.7 million has been collected for utilities and \$6.2 million collected for non-utility infrastructure improvements.

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Attachment 4: 2013 Levy Summary

This table confirms the total levy funds received only in 2013. It also outlines the expenditures of levy funds in 2013 for various city improvements, as well as, outstanding balances. For 2013, various departments show minimal expenditures. Generally, these groups accumulate levy funds that will enable them to use the funds towards future significant projects within the Centre City boundary area such as the upgrades on 1st Street SW and 8th Street SW pedestrian underpasses. Currently the overall reserve balance is approximately \$7M.

Approximately 64 additional applicants for conditionally approved development permits have been advised of their Centre City Levy redevelopment levy obligations should they gain final approval. These levy fund payments remain outstanding since they are still in the development process and the City has yet to approve these permits. The levies connected with these applications total approximately \$20.1 million of potential future contributions (based on 2006 to 2013 rates at time of the particular development application conditional approval). Funds collected from these future levy payments will be placed in capital deposit accounts for the construction of infrastructure in the centre city and beltline areas.

The timing of the construction for non-utility infrastructure projects is identified through development of the Culture, Parks and Recreation Infrastructure Investment Plan (CPRIP) and Emergency Response Infrastructure Investment Plan (ERIIP). The projects to be constructed with these funds are reviewed annually with the development industry and approved with the City's Capital Budget process through the Business Plan and Budget Coordination (BPBC3).

This levy will undergo a comprehensive review as part of developing the next Standard Development Agreement (SDA) which will include discussions with both internal departments and the development industry.

Stakeholder Engagement, Research and Communication

Each year levy rates undergo a review by Administration and representatives of the development industry, including consultation with representatives from the Urban Development Institute (UDI). The information included in this report was gathered by Administration, who consulted with various relevant internal Finance and Infrastructure groups (e.g. Transportation and Utilities).

Strategic Alignment

The Centre City Levy Bylaw 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 such as police and emergency response facilities, libraries, parks upgrades, pedestrian pathways and greenways 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.

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Social, Environmental, Economic (External)

Social

Application of the Centre City Levy Bylaw has the potential to support infrastructure investments that respond to the needs and interests of a growing population to access services, recreational and cultural amenities, and to participate in community life within the centre city area.

Environmental

Application of the Centre City Levy Bylaw supports the continued upgrade of parks and pedestrian pathways required as a result of intensification of growth in the centre city. The funds will work to enhance existing open spaces and encourage walking and cycling.

An improvement to municipal infrastructure utilizing these levy funds contributes to better protection of both the environment and the health of citizens.

Economic (External)

Application of the Centre City Levy Bylaw supports the continued economic growth and renewal of the Centre City. It provides strategic investments in infrastructure required to support a growing population in the centre city through the enhancement of amenities. These Investments assist in attracting creative and entrepreneurial people to this part of the city.

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:

Levy contributions received as a condition of development permit approvals ensure that funds are in place for improvements to public infrastructure within the Centre City boundary area. The funds collected are shown as a separate line item in each department's existing approved budget. Any improvement projects that exceed the levies collected are supplemented by other revenue sources.

Risk Assessment

There are no significant risks associated with this annual report. The levies are based on assumptions regarding the need for infrastructure and the timing of redevelopment. Without the levy funds, additional City funds would be required from other revenue sources in order to deliver the capital infrastructure.

REASON(S) FOR RECOMMENDATION(S):

Annual reporting on the Centre City Levy is required under the offsite levy regulation of the Municipal Government Act (MGA). Monitoring the collection, usage and balance of the funds received provides the information needed to better inform future decisions in regards to both the determination of the rates and the utilization of funds.

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ATTACHMENT(S)

1. Centre City Redevelopment Area Map
2. Current Rates Summary
3. Historical Rates Summary
4. 2013 Levy Summary