

Centre City Levy Update: Program Summary 2017

EXECUTIVE SUMMARY

The Centre City Levy is a financial tool used to pool levies and 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 annual report is required by Council, and provides a summary of the levy amounts collected and spent in the Centre City during 2017 (Attachment 2: Table 2), as well as the remaining fund balances by portfolio (Attachment 2: Tables 3, 4, and 5). This report also explains the differences between the Centre City Levy and the Off-Site Levy infrastructure funding programs.

The City collects a predictable levy from developers during a subdivision or development permit process and often combines it with other sources of funding to undertake the improvements. The program has been generally well received by members of the development industry; however, there are opportunities to improve and enhance the program, since it has not been comprehensively reviewed since its inception in 2007.

Moving forward, Administration and industry members anticipate conducting a review of this program in 2018-2019 as a part of the Industry/City Work Plan's Established Area Strategy Initiative. Recent legislative changes to the Municipal Government Act (MGA) and anticipated further changes through the new City Charter have changed the regulatory context for levies. Therefore, this work has been on hold as the layers of new legislation are anticipated to be enacted through 2017 and 2018.

ADMINISTRATION RECOMMENDATION:

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

RECOMMENDATION OF SPC ON PLANNING AND URBAN DEVELOPMENT, DATED 2018 JUNE 14:

That the Administration Recommendation contained in Report PUD2018-0389 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2017 June 26, Council received report PUD2017-0516 for information. This report provided a program summary for 2016.

On 2016 September 26, Council received report PUD2016-0706 for information. This report provided a program summary for 2014 and 2015.

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

Centre City Levy Update: Program Summary 2017

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 Greenway 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 subdivision and development permit applications in the Centre City Area excluding applications

Centre City Levy Update: Program Summary 2017

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 levies and charges collected from developers to fund growth-related local public infrastructure within the Centre City Plan Area. 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 are not used for maintenance or life-cycle costs. Specific funds are collected 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 Centre City Plan 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 expanding infrastructure within the Centre City Plan Area that may be requirements placed on an individual triggering development in other areas of the City. While the utility portion of this program is an off-site levy under Section 648 of the Municipal Government Act, it differs from the city-wide Off-Site Levy Bylaw program, where funds from developers are collected to fund major capital infrastructure on a city-wide basis such as water or wastewater treatment facilities or major road projects. The Centre City Levy's local utility and non-utility infrastructure includes water, sanitary, transit, alternative 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 frontage basis, calculated using the length of parcel's frontage. It allows for the sharing of infrastructure costs among all development projects in the Centre City Plan Area in order to not burden any one project with the total cost impact. The levy is collected through the subdivision or development permit process. Table A shows the amount collected per linear meter of parcel frontage. Each type of infrastructure has a different amount collected. These rates have not increased since 2010, when Council removed the automatic annual increase from the Bylaw.

Centre City Levy Update: Program Summary 2017

Table A: Current Centre City Levy Rates, by Infrastructure Type

Infrastructure Type	Levy Rate (calculated by \$/metre parcel frontage)
Community & Recreation Infrastructure	\$1,306
Alternative Transportation Infrastructure	\$642
Local and Regional Parks & Pathways	\$266
13 Ave Greenway	\$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 and charges collected, spent, and funds remaining in capital deposits in 2017 by portfolio (Table 3, Table 4, Table 5) as well as the totals collected and spent since the levy's inception in 2007 (Table 3, Table 4, Table 5).

In 2017 \$1,873,242 was collected (including interest accrual), and \$1,285,064 was spent (Table 2). An overall balance of \$7,797,170 remained in the account (including interest accrued) at the end of 2017 (Table 2).

In 2017 Centre City levy funds were spent on water and sanitary expansions, alternative transportation, and library capital projects within the Centre City Plan Area. In addition, a reversal of project spending by Parks was done this year to adjust where funds were used on life-cycle projects in 2014-2015, which are not allowable expenditures of the program. Specific examples of project spending in 2017 included:

- The New Central Library
- 13 Ave SW watermain expansion between 4 ST and 6 ST SW
- Centre ST sanitary expansion between 6 AV and 7 AV S
- 4 ST SW pedestrian underpass enhancements
- 1 ST SW corridor pedestrian realm improvements
- 17 Ave SW public realm improvements
- 8 ST SW pedestrian corridor Phase 1 and detailed design for master plan

Moving forward, there is approximately \$7.8 million accrued in the program, with identified project spending that amounts to approximately \$8.6 million over the coming years. More specifically, Centre City Levy transportation funds are expected to be allocated to the purchase of shuttles, and components of several projects including the 4 ST SW pedestrian underpass upgrade, 17 Ave SW public realm improvements, continued design work for 8 ST SW pedestrian improvements. Funds will also be used for future stages of the 13th Ave Greenway project. Water Resources anticipates using utility funds to expand a sanitary pipe along 13 Ave SE, as well as three water pipe expansions along Centre ST S, 12 AV SW, and 13 AV SW to support redevelopment projects and future growth. Community Services plans to use funds to support customer facing improvements at the Beltline Aquatic and Fitness Centre, the finalization of the New Central Library in 2018, and the West Eau Claire Park & Public Realm Plan upgrades and enhancements.

Centre City Levy Update: Program Summary 2017

Other projects will be identified based on development proposal impacts, and this anticipated project spending may be adjusted later in 2018 since capital plans may change related to funding sources and new development proposals. Efforts to coordinate project spending across departments are supported through the One Calgary (2019-2022) service-based budget process, and the direction within the Centre City Plan, the Municipal Development Plan, the Calgary Transportation Plan, and the Centre City Mobility Plan.

Further Program Review

As outlined, the collection of these levies and charges, combined with other sources of funding, has resulted in the delivery of a number of projects that support and enhance development in the Centre City. The utility portion of this program has been well received by members of the development industry because it provides cost certainty to developers building in the Centre City. Infrastructure expansions 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 expansions and allows for risk sharing amongst benefitting developments. Industry representatives also support the use of funds to provide and enhance public amenities that support vibrancy in the Centre City, and recent improvements to the program reporting has accelerated spending on community assets.

Through the Industry/City Work Plan, the Established Areas Initiative working group has been exploring ways to reduce the costs of redevelopment. In that regard, an option was explored to suspend the community services charges as an interim measure prior to a more comprehensive review of this levy within the new legislative framework. Industry representatives on the working group, on balance, advocated for the continued collection of community services charges (and utility charges) to support the provision of community amenities. Supporting community vibrancy and amenities is important to the group, and a temporary reprieve from paying these charges was felt not to be a substantial factor to advance anticipated development projects. Instead, representatives advocated for the accelerated spending of accrued funds on appropriate capital projects. This report outlines short term planned and budgeted project spending.

Administration currently prepares an annual report for both the Centre City Levy and the related Off-Site Levy program. There is merit in combining these two financial reports to improve transparency and accessibility for external stakeholders; however, Administration is currently directed to bring this Centre City Levy annual report through Committee and Council (LPT23007-18) while the Off-Site Levy report is published online. Through the work of a comprehensive program review, Administration will explore the opportunity to combine this reporting with the Off-Site Levy annual report, and bring any recommendations in this regard to Council.

Further, a comprehensive review of this levy program is anticipated through 2018-2019 pending further anticipated changes to the legislative regime through the City Charter, and within the recently-amended provincial legislation regarding levies. As part of the Established Areas Initiative, collaboration will continue with industry members, community and business stakeholders to consider opportunities to improve and enhance the program. This involves reviewing the success of the current program, evaluating the levy rates including cost and calculation methodology, and examining how and when the collected funds are used. Any

Centre City Levy Update: Program Summary 2017

proposed changes are anticipated to be brought to Council through the SPC on Planning and Urban Development, likely in late 2018 or 2019.

Stakeholder Engagement, Research and Communication

This report is an annual summary of the Centre City Levy program for 2017. The information and recommendations of this report are reviewed with industry members of the Established Areas Working Group. This collaborative approach will continue in a review of the program through 2018-2019, to be completed by the Established Areas working group within the 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 in 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, the Centre City Plan, 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 expansion 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 long term economic growth and renewal of the Centre City Plan Area by reducing the financial risk of unknown infrastructure expansions 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:

No impacts are anticipated. The administration of the Centre City Levy and operational impacts of the improvement projects initiated are accommodated within existing approved budgets.

**Planning & Development Report to
SPC on Planning and Urban Development**
2018 June 14

**ISC: UNRESTRICTED
PUD2018-0389
Page 7 of 7**

Centre City Levy Update: Program Summary 2017

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 and charges collected are supplemented by other sources.

Risk Assessment

This report provides information on program details from the previous year; therefore, there is no significant risk associated with this report. Activity in the residential and non-residential markets in the Centre City has the potential to impact future revenues for this program. Administration will continue to monitor these trends.

REASON(S) FOR RECOMMENDATION(S):

This report provides an annual summary of the levies and charges collected and spent through the Centre City Levy program in 2017. Production of the report is done in collaboration with members of the development industry, which enhances the accountability and transparency of the program. The program continues to receive support from Administration and Industry representatives.

ATTACHMENT(S)

1. Centre City Levy Plan Area
2. Centre City Levy Financial Tables 1 to 5