

Calgary



Off-Site Levy Bylaw Amendment Arising from New Community Growth Strategy 2018 (PFC2018-0973)

Public Hearing Council Meeting
2018 November 12
ISC: Unrestricted



Off-site Levy Background

- Charges placed on development for major off-site capital infrastructure
- MGA sec. 648 authorize municipalities to create off-site levies
- Current bylaw went into effect in February 2016
- Amendments necessary to keep the calculations current
- No review of methodology for a 5 year period
- Guiding Principles:

Benefit allocation

Fairness and equity

Financial sustainability

Guiding legislation

Certainty

Competitiveness

Accountability

Collaboration

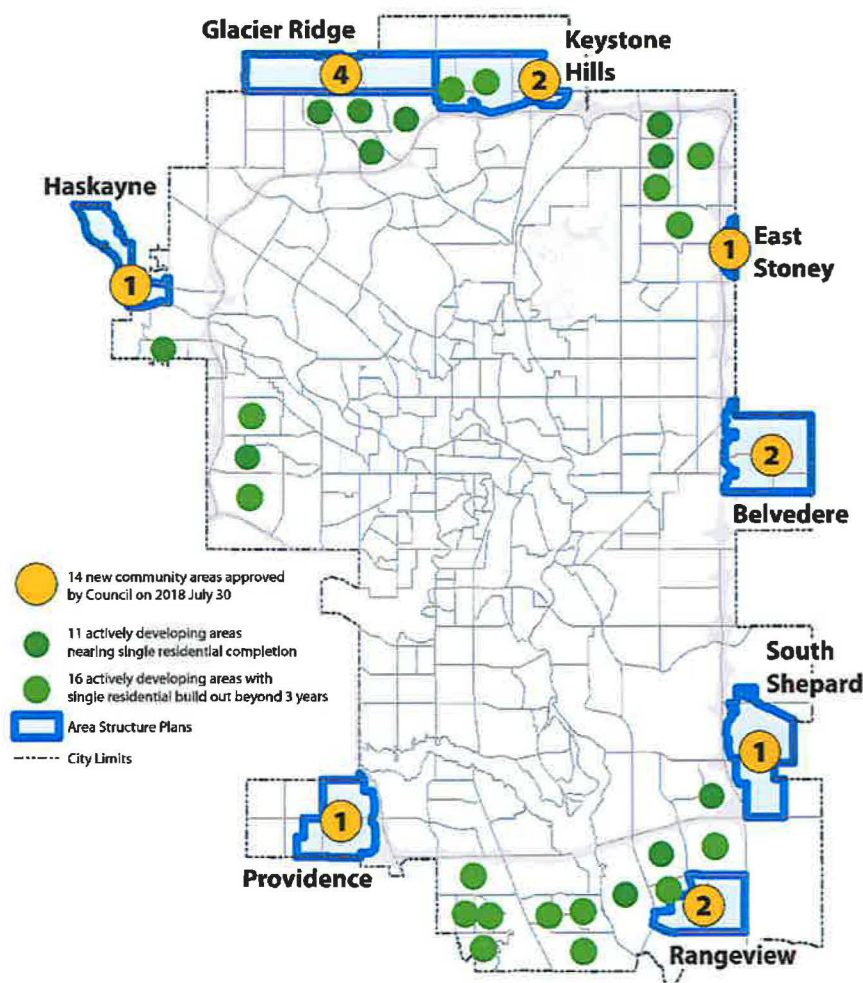
Efficiency

Clarity and transparency

Reason for the Amendment

- Council has approved initiating 14 new communities for One Calgary (2019-2022)
- Capital investments are eligible for funding through off-site levies, but are not currently included in the bylaw
- Council directed Administration to amend the Off-site Levy Bylaw 2M2016
- Total of **\$159 million** in infrastructure is added to the off-site levy

14 Council Approved New Community Areas by Area Structure Plan



As of 2018 July 30

Bylaw Amendments (New Rates)

Table A: Proposed 2019 Rates Excluding Storm Sewer (per hectare)

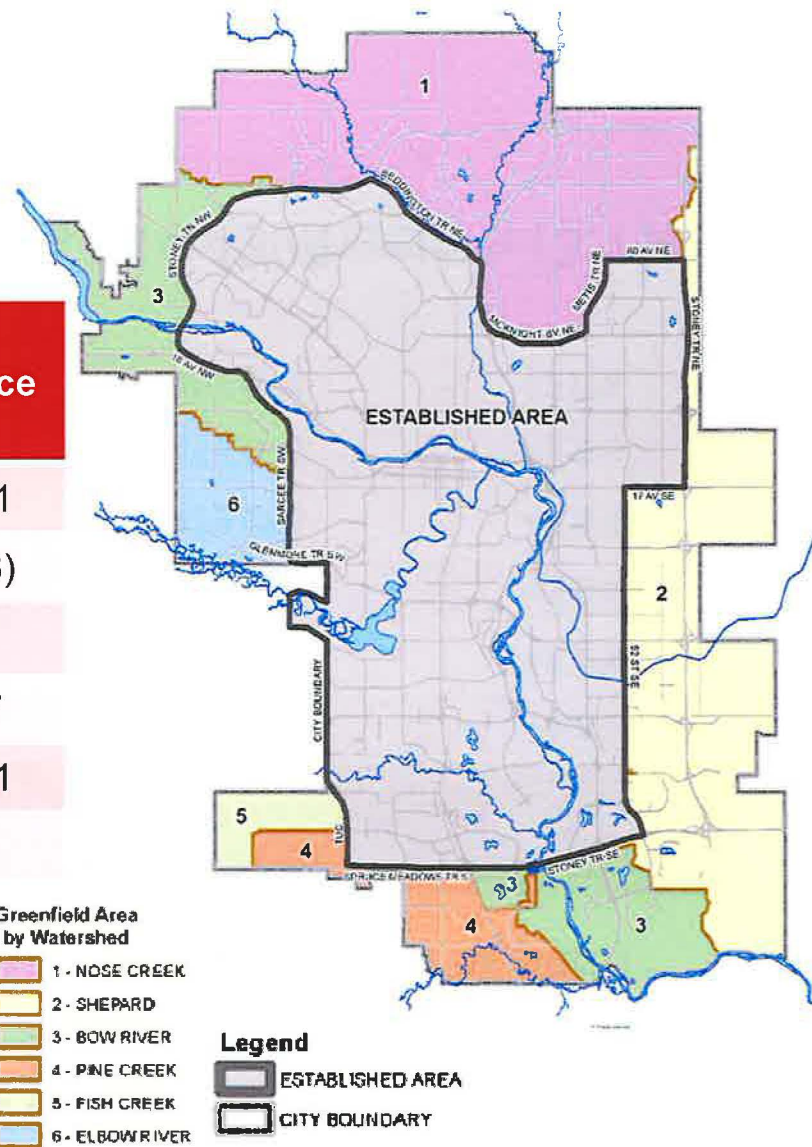
Service	Original Projected 2019 Levies	Proposed 2019 Levies	Difference
Transportation*	\$135,535	\$135,720	+\$185
Water Distribution	35,632	44,845	+9,213
Wastewater Collection	48,996	51,781	+2,785
Treatment Plant Levy	142,925	142,925	0
Community Services Charge*	78,126	78,126	0

*2019 Levies are estimates and subject to change once the Non Residential Construction Price Index (NRCPI) rate is confirmed in Q4 2018. The NRCPI is the escalation rate for the Transportation Levy and the Community Services Charge.

Bylaw Amendments (New Rates)

Table B: Proposed 2019 Storm Sewer Rates, by Watershed Catchment (per hectare)

	Watershed Catchment	Original Projected 2019 Levies	Proposed 2019 Levies	Difference
1	Nose Creek	\$12,484	\$17,425	+\$4,941
2	Shepard	47,073	45,565	- (1,508)
3	Bow River	7,698	8,615	+917
4	Pine Creek	18,532	19,569	+1,037
5	Fish Creek	0	22,221	+22,221
6	Elbow River	0	0	0



Bylaw Amendments (New Rates)

Tables A+B: Proposed 2019 Total Rates[±], by geographic area (per hectare)

	All Services, by Watershed Catchment	Original Projected 2019 Levies	Proposed 2019 Levies	Difference
1	Nose Creek	\$453,698	\$470,822	+3.8%
2	Shepard	488,287	498,962	+2.2%
3	Bow River	448,912	462,012	+2.9%
4	Pine Creek	459,747	472,966	+2.9%
5	Fish Creek	441,215	475,619	+7.8%
6	Elbow River	441,215	453,397	+2.8%

Citywide weighted average increase is \$14,439/hectare (3.1%)

[±] 2019 proposed Levies include an escalation factor that is applied on January 1st each year as outlined in Bylaw 2M2016

*2019 Levies are estimates and subject to change once the Non Residential Construction Price Index (NRCPI) rate is confirmed in Q4 2018. The NRCPI is the escalation rate for the Transportation Levy and the Community Services Charge.



Engagement

Stakeholder engagement

- Met four times with BILD Calgary developer sub group
 - Included NAIOP representation
- Presented to Industrial Strategy Working Group
- Presented to Developer Advisory Committee
- September 21 Drop-in Session
 - Circulated widely, open to all stakeholders
- November 7 met with Rockyview County



Further Feedback from Industry Members

On October 12, BILD-Calgary Region, on behalf of a group of developers with developments outside of the 14 new communities, submitted a request to either:

1. defer payment of the incremental difference in the levies owed to a future phase in the development, or
2. defer the payment of the incremental difference in the levies owed to the third year of the payment term.

Terms of payment are detailed in the off-site levy bylaw (2M2016)

Options evaluated to address concerns about cost increases:

- 1) Deferred payments to future phases or alternate payment terms
 - Utility rates or property tax would be used to bridge the timing of payment difference
- 2) Exempt developers from paying the increase if the following are in place
 - an approved outline plan and land use as of November 12, 2018,
 - a complete sub division application submitted by May 12, 2019; and
 - a Council directed funding source to cover the exempted amount.

These options are not recommended by Administration

Options: Considerations and Risks

- Fairness: a change would apply equally to any application that qualifies
- Growth pays for growth: a change would provide a subsidy to the developer's portion
- Financial Sustainability:
 - levies are cash in hand, a change requires an alternative funding source to cover the developers portion
 - a source to cover the subsidized amount would have to be identified
 - deferred payments would further introduce risk for cash shortfalls to the Utilities
- Significant stakeholder engagement was done on payment terms during the 2016 Off-site levy work
- Ensure transparent and accountable process is maintained

Recommendations

1. That Council hold a public hearing on the proposed bylaw amendment set out in Attachment 1; and
2. That Council approve the proposed bylaw amendment to the Off-site Levy Bylaw 2M2016 in Attachment 1.

Amended bylaw will be effective **2018 December 31**



Questions?