

# Offsite Development Levies for New Growth Areas Policy

Presentation to Priorities Committee

July 16, 2019

# Background

## **Council Motion dated October 30, 2018:**

THAT administration prepare a policy for Council's consideration by the end of the second quarter of 2019 that would provide principles for offsite development levies, including:

1. The developer, rather than the County, frontend (finance) the capital cost of new or expanded sanitary sewage facilities, new or expanded water transmission mains, new or expanded storm sewer drainage facilities, new or expanded arterial roads, and new or expanded water lines.
2. To help facilitate development, the County will continue to fund water storage facilities through utilities rates rather than recovering through offsite development levies.
3. That the Strathcona County Developer Committee establish a working committee to review and develop a suggested levy formula for Council's consideration of the potential implementation of soft cost infrastructure.
4. While working through the levy formula noted in the principle above, that the County maintain the Major Recreational Facility Contribution currently charged at the time of agreement in accordance with the Fees and Charges Bylaw.
5. That Council support the principle that offsite infrastructure will be designed and constructed primarily by the developer rather than by the County.

# Process to Date

- Working Committee was established which included representation from County administration as well as development industry
- Committee met between November 2018 to April 2019 to finalize the draft Offsite Development Levies for New Growth Areas Policy (draft “Levies Policy”)
- It was agreed that philosophies discussed would be limited to New Growth Areas with the intent to capture the North of Yellowhead ACP, the West of 21 ACP and the Bremner ACP (if adopted)
- All other existing levy basins within the Offsite Development Levies Bylaw would continue to follow historic approach to levy financing and recovery

# Item 1

## Financing

- Working Committee determined a collaborative approach to financing leviable infrastructure without adding risk to the County or impacting municipal taxes
- Focus towards maintaining consideration of both developer timelines and Council Priorities
- Where we landed - a shared approach:
  - The developer will finance all arterial road and associated stormwater management infrastructure; and
  - County will finance all water and wastewater infrastructure

# Item 1

## **Benefit to this approach**

- Reduces financial risk to the County in the event the development stops or slows (compared to past practices)
- By only financing utility projects, the County may be able to use utility reserves to cover short-term financing payments, paying it back once development resumes to a normal pace
- This split would be less financially impactful to County than to the developer (typical utility servicing cost approximately 15-40% of the total leviable costs)

# Item 2

## **Water Reservoirs**

- October 30 motion provided direction that the County will continue to fund water storage facilities through the utility rates
- Water supply mains feeding water storage facilities are also being proposed as County funded, as they are integral to the operation of such facilities
- The definition of Leviaible Infrastructure in the draft Levies Policy has been written to exclude water storage facilities and their associated supply mains, which will be funded through utility rates

# Item 3

## Soft Cost Infrastructure

- October 30 motion required that the working committee review and develop a suggested levy formula for the potential implementation of soft cost infrastructure
- Due to the complexities of defining benefitting areas for these facilities, this work has been tabled and will be revisited later this year

# Item 4

## **Major Recreation Facility (MRF) Contribution:**

- The collection of MRF contributions was agreed to remain status quo by the committee, as reflected in Section 12 of the draft Levies Policy

# Item 5

## **Design & Construction of Leviable Infrastructure:**

- Leviable infrastructure is to be designed and constructed primarily by the developer
- Construction responsibilities will generally mirror financing responsibilities (developer design and construct arterial roads and associated stormwater management - County design and construct water and wastewater infrastructure), as reflected in Section 3 of the draft Levies Policy
- Flexibility written into the procedures document attached to the policy to allow blended financing with one party constructing all leviable infrastructure where prudent

# Additional Draft Policy Information

- All leviable infrastructure will ultimately be funded by development (excluding water reservoirs and their supply mains), regardless of financing party and inclusive of borrowing interest
- Each New Growth Area will require a basin specific strategy and bylaw for financing and construction of leviable infrastructure
- Levy collection will occur at the time of execution of a development agreement which may be required as a condition of subdivision, or development permit, whichever occurs first
- Strathcona County will administer Over Expenditure Sharing Strategies, which will be created for developers required to finance leviable arterial road projects

# Questions?