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**Ardrossan Capital Budget Amendments and Payment Approval****Report Purpose**

To seek Council approval to amend various projects and reimburse the existing developer in the hamlet of Ardrossan for overpayment of developer contributions based on the approved Ardrossan off-site levy bylaw.

**Recommendations**

1. THAT the 2011, 2012, 2016, and 2018 Capital Budgets be amended as set out in enclosure 1 of the January 19, 2021 Corporate Finance Report.
2. THAT a settlement be issued to Ardrossan Land Corporation in the amount of \$3,071,781 for the purpose of correcting overpayment of developer infrastructure contributions; and that up to \$814,067 be funded from excess contributions for transportation and the remaining balance be interim financed from Utilities Reserves.

**Our Prioritized Strategic Goals**

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure

**Report**Background

On December 8, 2020, Council approved Bylaw 59-2020 Ardrossan Offsite Levy Bylaw ("the Bylaw") which established the off-site levies for the hamlet of Ardrossan.

Administration has worked with the majority landowner in Ardrossan since 2014 to develop an offsite levy regime for the hamlet. This work including implementing levy rate methodologies was significantly impacted by the pending decision regarding the ultimate hamlet boundary. The original Ardrossan Area Structure Plan (the "Ardrossan ASP") included approximately 60 hectares of developable area at the time of adoption in 2014. The Ardrossan East Area Structure Plan (the "Ardrossan East ASP") added an additional 99 hectares of developable area to the hamlet and was not adopted until 2019.

The Bylaw includes both the Ardrossan ASP and the Ardrossan East ASP as one benefitting basin for all leviable infrastructure streams, with the methodology and rates being applied retroactively to all development since the date of adoption of the original Ardrossan ASP. This has been captured in an amending agreement with the developer, which includes off-site levy payments for approximately 27 hectares of land and came into effect on December 8, 2020 when the Bylaw was approved. Prior to the approval of the Bylaw, Contributions in Aid of Construction (CIACs) were collected for development as a placeholder, in temporary lieu of off-site levy payments.

Overpayment of Developer Contributions

Table 1 summarizes the total contributions paid by the developer in Ardrossan compared to the new contributions payable which are based on a combination of off-site levy rates approved in the Bylaw, developer front ended contributions, and updated CIAC rates.

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Associate Commissioners: Gregory J. Yeomans, Chief Financial Officer; Stacy Fedechko, Infrastructure and Planning Services

Lead Department: Corporate Finance

<b>Table 1</b> (in 000s)	Water	Wastewater	Transportation	Transportation CIACs	Total
Contributions Paid	\$869	\$4,035	\$2,477	\$699	\$8,081
New Contributions Payable	\$1,643	\$1,004	\$1,414	\$947	\$5,009
Over (Under) Payment	(\$774)	\$3,031	\$1,063	(\$248)	\$3,072

If off-site development levies had been in place since the date of adoption of the original Ardrossan ASP, the developer would have paid approximately \$3.1 million less, and the County would have had to front-end infrastructure costs for approved projects until off-site levies were collected from future development.

With the approval of the Bylaw, the County is required to account for the difference between amounts collected to date and the levy amounts owing. For the existing development, this can be accomplished by retaining a credit or through payment of a settlement. In consideration of the administrative challenges of maintaining a credit, legal considerations and the levy methodology, it is Administration's recommendation to settle the balances through issuing a one-time settlement. The County will need to interim finance most of this payment until further off-site levies are collected.

#### Capital Budget Amendments

In general, funding of all off-site leviable infrastructure is shared between developers and the County, typically based on benefit assigned by usage or area, with developers paying for the proportionate share of benefit to developable lands. The exception is water reservoirs, which are fully funded by the County and recovered through utility rates, which is consistent with all other areas of the County.

The Bylaw identifies who is responsible to fund the various types of leviable infrastructure, and a number of capital budget amendments are required to reflect changes between the developer's and County's proportionate share. Interim financing approval is also required in the event that development has not yet occurred, and off-site levies are not yet collected to pay for infrastructure or to make levy debt payments. Enclosure 1 provides details of the required capital budget amendments.

In summary, the key changes reflect a shift in funding from developer CIAC to off-site levies and a reallocation from County to levy funding to reflect the allocations in the Bylaw. Where debt is already approved, it is recommended that it shift from utility to levy debt to align with the revised allocations. In addition, levy funding will be collected as development occurs; therefore, interim financing is required until off-site levy funds are collected. Here is a summary of the details:

- Reallocations of funding from County to developer off-site levies (\$1.9 million);
- Reallocations of funding from developer to County to be funded from Utilities Reserves (\$0.5 million);
- Reclassification of debt from Utilities to levy as applicable (\$1.9 million); and

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- Interim financing from the Utilities Reserves as required for direct infrastructure costs and/or future levy debt payments (\$4.5 million plus interest if applicable), be approved.

**Council and Committee History**

December 8, 2020	Council approved Bylaw 59-2020 Ardrossan Off-site Levy Bylaw
June 23, 2020	Council gave three readings to Bylaw 34-2020
November 19, 2019	Council adopted Bylaw 31-2019 Ardrossan ASP (repealing Bylaws 10-2014 and 41-2017)
October 29, 2019	Council adopted Bylaw 24-2019 Ardrossan East ASP
July 4, 2017	Council adopted Bylaw 41-2017 Ardrossan ASP
June 24, 2014	Council adopted Bylaw 10-2014 Ardrossan ASP

**Other Impacts**

**Policy:** FIN-001-004: Expenditure and Budget Management; FIN-001-024: Financial Reserves; FIN-001-027: Tangible Capital Assets Financial Reporting

**Legislative/Legal:** n/a

**Interdepartmental:** Planning and Development Services; Transportation Planning and Engineering; Utilities; and Corporate Planning

**Master Plan/Framework:** n/a

**Enclosure**

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| 1 | Capital Budget Amendments and Financing Approvals associated with the Approval of Ardrossan Off-site Development Levy Bylaw 59-2020 |
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