

Bylaw 18-2016 2016 Offsite Development Levies (Repeals Bylaw 28-2015)**Report Purpose**

To give second and third readings to a bylaw to impose new offsite development levies used to collect developer contributions for water, sewer, stormwater, and roadway improvements.

Recommendations

1. THAT Bylaw 18-2016, a bylaw that imposes new offsite development levies used to collect developer contributions for water, sewer, stormwater, and roadway improvements, be given second reading.
2. THAT Bylaw 18-2016 be given third reading.

Council History

June 9, 2015 – Council gave first reading to Bylaw 28-2015.

June 21, 2015 – Council approved Bylaw 28-2015.

June 21, 2016 – Council gave first reading to Bylaw 18-2016.

Economy: n/a

Governance: n/a

Social: Properly funded infrastructure provides for the social well-being of all residents.

Culture: n/a

Environment: Properly funded infrastructure provides for enhanced environmental sustainability.

Other Impacts

Policy: n/a

Legislative/Legal: Municipalities are authorized to impose and collect offsite levies through the *Municipal Government Act (MGA)*, Division 6, Sections 648 – 649. Strathcona County implements its authority by establishing a bylaw which provides detailed development levy objectives. The bylaw is then applied to specific development through a Development Agreement. Pursuant to Section 648 (6) of the *MGA*, the bylaw must be advertised at least once a week for two consecutive weeks prior to second and third readings.

Economic: Offsite levies aid in maintaining a fair and competitive tax structure, while continuing to invest in community infrastructure such as roads, utilities and facilities. Offsite levies are reviewed and calculated on an annual basis as part of the County's budget process. The offsite levy calculations have been coordinated and reconciled with the Long Range Capital Plan and the current year's program.

Levy rates have been adjusted for 2016 based on the following:

1. The County's interest rates have been adjusted to include an interest earning rate of 1.85% (from 2.0% in 2015) and an interest borrowing rate of 4.25% (from 4.40% in 2015).
2. Inflation to remaining levy projects has been reduced by 5% for aboveground (roads) projects and reduced by 10% for underground (utilities) levy projects.

Interdepartmental: Capital Planning & Construction, Utilities, and Financial Services.

Summary:

The proposed 2016 Offsite Development Levies were reviewed and discussed with the Urban Development Institute (UDI) and the Developer Committee on May 9, 2016. UDI requested the County look at reductions with respect to inflation rates applied. The County has reviewed and revised the initial proposed rates, applying a reduction of 5% for aboveground projects and a 10% reduction to underground projects. The reduction amounts are supported by recent County tenders. UDI has requested an inflation reduction closer to 20% based on reduced project costs that they have seen in their recent tenders; however, after collective discussions with Capital Planning & Construction, Utilities and Finance, Administration recommends maintaining the 5% and 10% reductions as proposed.

The proposed levy rates have decreased from 2015 based on a combination of factors including, but not limited to, inflation adjustment, interest earning and interest borrowing rates, levies collected in 2015, staging impacts and some project scope changes.

Communication Plan

Communication with: the public, Urban Development Institute and the Strathcona County Developer Committee by way of newspaper advertisement and meetings.

Enclosures

- 1 Summary Levy Comparison 2015 - 2016
- 2 Bylaw 18-2016