

# Standard Facilities Off-Site Levies



This standard falls under *Bylaw 19340 Facilities Off-Site Levies*.

<b>Program Impacted</b>	<p>Land Development <i>Edmonton is developed so that it supports growth and social, cultural, economic and environmental well-being.</i></p> <p>Financial Management <i>The City of Edmonton’s resilient financial position enables both current and long-term delivery and growth.</i></p>
<b>Approved By</b>	City Manager
<b>Date of Approval</b>	November 19, 2021
<b>Approval History</b>	n/a
<b>Next Scheduled Review</b>	January 2025

This Standard sets out how Off-Site Levies are established, administered and governed for the construction of fire halls within defined catchment areas from which their developments will benefit. Terms used in this Standard are defined in Bylaw 19340 - City of Edmonton Facilities Off-Site Levies.

## 1. REQUIREMENTS

- a. Off-Site Levies will be established as “area-based” costs.
- b. Off-Site Levy Rates will initially be based on estimated Construction Costs. As refined estimates of the Construction Costs or as-built costs become available, Off-Site Levy Rates will be revised to reflect the more accurate Construction Costs.
- c. If the cost of a Facility increases for any reason, including any cost overruns during construction, the Off-Site Levy Rates will be adjusted to reflect the increases in costs.
- d. If the cost of a Facility decreases from earlier estimates, the Off-Site Levy Rate will be decreased accordingly, but refunds will not be issued to those who previously paid the higher rate.
- e. Any changes to safety codes and City policies that result in changes to the costs of Facilities will be reflected in updates of Construction Costs and the corresponding Off-Site Levy Rates.

- f. Any cost adjustments pursuant to 1(b), 1(c), 1(d) and 1(e) that will result in changes to the Off-Site Levy Rates will be subject to the timing indicated in 1(g) and 1(h), and the updated Off-Site Levy Rates will be applied on a “go forward” basis.
- g. Off-site levy rates will be reviewed and updated annually.
- h. Notwithstanding 1(g), if cost information becomes available part way through a year that will increase or decrease an Off-Site Levy rate by more than 10%, then the Off-Site Levy Rate will be updated. Mid-year adjustments will be considered on a case by case basis, depending on the magnitude of the change, and the time of the year relative to the expected timing of the annual update
- i. If there are commercial units or components built into a Facility, the estimated construction costs of those components or units will be excluded from the Construction Cost upon which Off-Site Levy Rate is based.
- j. The City's designated share of costs of new or expanded Facilities will be equal to the amount of Off-Site Levies that would have been paid by developments in place prior to the adoption of the bylaw or establishment of the Catchment in the bylaw.
- k. The City's designated share of costs of the subdivision or development of land zoned for industrial uses will be equal to the amount of Off-Site Levies that would have been paid under the subdivision or development of that land within the Catchment.
- l. If the City borrows money to front end the costs of a new or expanded Facility, then the interest on the borrowed money will be included in the Off-Site Levy Rate.
- m. All costs for servicing a parcel of land required for a Facility will be included in the Off-Site Levy Rate for that Facility, either by having been included in the purchase price of the land or through the provision of new services, or combination of the two.
- n. Any Off-Site Levies collected before the acquisition of land or the construction of a Facility will be held in an interest bearing trust account. Interest will accrue at the City's short-term investment weighted average monthly rate and the principal and accrued interest will only be used for the intended purpose.
- o. The governance committee (as described in Section 3a) may choose to pool monies for multiple Facilities of the same type, and then utilize the pooled monies to fund a given Facility. Notwithstanding 1(n) any monies used from one or more Catchments to finance a Facility in a different Catchment will require the payment of interest on the monies used. The amount of interest will be equal to the amount that would have accrued on the monies if they had remained in the interest bearing trust account, and will be applied to the Off-Site Levy Rate.

- p. If the City of Edmonton chooses to construct a Facility on land that is already owned by the City, the appraised value of the land will be included in the Off-Site Levy Rate for that Facility. The land will be appraised in the year that construction starts on the Facility and that appraised value will be included in the next update of the Off-Site Levy Rate, with no subsequent adjustments to the land value for the purpose of determining the Off-Site Levy Rate.
- q. Deferred payments will be permitted for Off-Site Levies for Category A developers as defined in the City of Edmonton *Guidelines for Establishing Security in Servicing Agreements*. Fifty per cent will become due and owing exactly one year after the date of execution of the Servicing Agreement and the other fifty per cent will be due and owing exactly two years after the date of execution of the Servicing Agreement. All other categories of developers will be required to submit payment of Off-Site Levies on or before the “conditions precedent date” in their respective Servicing Agreement.
- r. Any deferred payments pursuant to 2(q) that are late will incur an interest charge of 18% annually, effective the day following the due date.
- s. The City will not charge a fee for administering Off-Site Levies.
- t. The timing of land acquisition will be undertaken in conjunction with Real Estate, and the timing of design and construction of Facilities will be recommended through the budget process.
- u. If a proposed Facility is cancelled and a new one added, or if the catchment boundaries for a specific facility are changed or re-adjusted for any reason, the City of Edmonton may reallocate Off-Site Levies already collected to a different Facility that will service the area from which the levies were collected, and will adjust the Catchment boundaries and Off-Site Levy Rates accordingly.
- v. If a proposed new Facility is cancelled and the area becomes serviced by an existing Facility that is to be expanded, the Off-Site Levies collected from the affected benefitting area will be allocated to the expansion of the existing Facility. If a proposed new Facility is cancelled and the area becomes serviced with an existing Facility with no plans for a different future Facility, then the Off-Site Levies collected will be refunded to those who paid the Off-Site Levies along with any interest that may have accrued on those funds. If the cancellation occurs 30 years or more from the date of Off-Site Levy collection, the funds will be used for a different Facility within the authority of the Bylaw.

## **2. REPORTING**

- a. A report on the Off-Site Levies will be prepared and published annually. It will include, but not be limited to, the following:
  - i. Revenue collected from each Catchment;
  - ii. Expenditure incurred in each Catchment;
  - iii. Interest charged or accrued;
  - iv. Updated cost estimates of future Facilities;

- v. Updated Off-Site Levy Rates for the new year;
- vi. Addition or deletion of any Facilities;
- vii. Short term Facilities capital plan (5 Year); and
- viii. Governing structure.

### **3. GOVERNANCE**

- a. The City of Edmonton will establish a body to oversee the administration of the Facilities Off-Site Levies Bylaw 19340 and be governed by terms of reference. The committee will be composed of, but not be limited to, representatives of appropriate City business areas, members of the development industry, and others that the City deems necessary.
  
- b. The City of Edmonton will ensure efficient and effective tools, processes, practices, and measures for financial administration and control are used to support the effective, appropriate, transparent, and economic use of the off site levy funds and reserve. As part of these processes, transactions to and from reserves as well as ending balances will be reviewed annually as part of the year end process to prepare the financial statements. These balances will be reviewed by the external auditors as part of the year end audit. Reserves are also in scope for the City of Edmonton's internal auditor's audit plans. Variances from the approved budget are also reviewed each year as part of the operating financial update report. This report is prepared monthly and presented to City Council for June, September, and December month ends. City Policy 217D requires reserve balances to be reviewed on a periodic basis, with recommendations made to City Council. This review is currently done every three years. City Policy 217D also directs that transfers to and from reserves have to be approved by City Council as part of the operating and capital budget processes.