



COUNCIL REPORT

Community Recreation Off-Site Bylaw

Electoral Division: All

File: 1007-752

Date:	July 23, 2024		
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Department:	Capital & Engineering Services		
Approved by:	<input checked="" type="checkbox"/> Executive Director / Director	and/or	<input checked="" type="checkbox"/> Chief Administrative Officer

REPORT SUMMARY

This report is for Council’s consideration of the first reading of Bylaw C-8550-2024 (Community Recreation Off-Site Levy) The Bylaw is consistent with the *Municipal Government Act*, Council’s Strategic Priorities, and Recreation and Parks Master Plan.

Since June of 2022, Administration, working with consulting and legal advisors, has completed a review of soft service levy frameworks, including a detailed comparison analysis. The overarching project goal was established to “develop a framework and formula to assess and calculate soft levy that is well defined, practical, aligned with the MGA provisions and vetted through the development community”.

Through the Master Plan issued for Recreation & Parks, the County has identified five new facilities identified under the Recreation and Parks Master Plan over the next 20 years. The future capital construction costs are estimated at approximately \$99 million for the five recreation facilities. The extent of current planning for these facilities ranges from detailed business plans (e.g., Springbank and Langdon Recreation Centers) to high-level future concepts (e.g., Conrich and Harmony Recreation Facilities).

From these estimates, an allocation of benefits and capital costs from these facilities was performed across existing residential and non-residential landowners versus future development projections across the next 20 years. Different options were developed, considered, and presented for external engagement.

The proposed Bylaw provides a framework that utilizes a base off-site levy charge across the County and catchment-specific off-site levy charges for development within the primary benefitting areas of the planned facilities. The proposed levy rate for the Entire County Area is \$1,162 per acre, Eastern Catchment is \$6,076 per acre, and Western Catchment is \$2,887 per acre. The intent of this report is to seek approval for the First Reading of the amended bylaw and allow for Administration to begin the consultation process with the relevant stakeholders. Third and final reading of the amended bylaw is anticipated to be in front of Council Q4 of 2024.

ADMINISTRATION’S RECOMMENDATION

THAT Bylaw C-8550-2024 be given first reading.

THAT Council directs Administration to advertise the proposed Community Recreation Off-Site Levy Bylaw in accordance with section 648(6) of the *Municipal Government Act*.



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BACKGROUND

Since 2004, municipalities have advocated for the Government of Alberta to expand the types of municipal infrastructure that could be constructed using off-site levies. With the 2018 amendments to the *Municipal Government Act* (MGA) municipalities are now permitted to pass bylaws requiring the payment of off-site levies subject to several conditions specially stated in Section 648. These levies provide a mechanism for supporting the increased need for infrastructure to support growth.

Since June of 2022, Administration, working with consulting and legal advisors, has completed a fulsome review of soft service levy frameworks, including a detailed comparison analysis. From that assessment, options and methodology for a levy calculation were developed. Engagement sessions with stakeholders were held wherein these methods were presented and input was obtained.

Through the Master Plan issued for Recreation & Parks, the County has identified five new facilities to be constructed over the next 20 years. The anticipated year of construction and total estimated capital costs per facility are as follows (not including Phases 2 and 3 for the South Springbank Facility):

Facility	Description	Target Service Areas	Est. Year	Cost Estimate \$000's (future value)
Indus	Ice Rink	Eastern Catchment	2025	\$11,933
South Springbank	1. Community Centre	Western Catchment	2027	\$15,676
Langdon	Recreation Centre & Fieldhouse	Eastern Catchment	2027	\$37,606
Harmony	Community Centre	Western Catchment	2034	\$17,635
Conrich	Community Centre	Eastern Catchment	2034	\$16,118
Total Estimated Future Value Capital Costs:				\$98,969

The future capital construction costs are estimated at approximately \$99 million for the five recreation facilities. With the consideration of anticipated contributions from others, it is estimated that the net capital costs are approximately \$89 million. The extent of current planning for these facilities ranges from detailed business plans (e.g., Springbank and Langdon Recreation Centers) to high-level future concepts (e.g., Conrich and Harmony Recreation Facilities).

From these estimates, an allocation of benefits and capital costs from these facilities was performed. Different options were developed, considered, and presented for external engagement and to Council during the December 2023 and April 2024 Governance Committee Meetings. These options attributed benefits and costs to target servicing areas ranging from a community-specific funding approach, a Catchment-specific approach, a County-wide approach, to a Hybrid County-Wide Base and Catchment-Specific approach.

ANALYSIS

Based on the direction from Council and previous input from external engagement, County Administration focused its subsequent analysis on the Hybrid Base and Catchment model. This features a base off-site levy charge across the County and catchment-specific off-site levy charges for development within the primary benefitting areas of the planned facilities. These primary benefitting areas are based on the established principle of a "20-minute drive" time to access the facilities for County constituents. Based on this, an Eastern Catchment (for the Indus, Langdon, and Conrich facilities) and a Western Catchment (for the South Springbank and Harmony facilities) were developed.

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For this option, an updated review was completed for how facility costs and benefits should be allocated across the entire County and within each of the Eastern and Western Catchments. As such, 1/3 of the overall net capital costs are allocated towards the benefit of the entire County as a base levy; the 2/3 remaining is allocated to the catchment area. Note that the catchment areas would also be subject to the base levy rate.

In addition, this analysis considered how facility costs and benefits should be allocated across existing landowners and projected development. Upon further review and consideration of the intended purpose for each of the new facilities, it is proposed that facility costs and benefits be allocated to existing landowners based on the ratio of the land presently built-out relative to the total planned development as specified across the County's area structure plans and community schemes. The intention of these facilities is to support the planned build-out of the communities within their respective catchments.

As per the MGA, soft services off-site levies allow a municipality to recover capital costs for these types of infrastructure based on the degree of benefit the development will receive from these facilities. It is a levy imposed by a municipality through authorization by the Municipality's Council by the adoption of a bylaw.

Future land development projections were developed for the County to determine the projected development area. Consideration was given for the Calgary Metropolitan Regional Board's Growth Plan, the County's hamlet growth areas, joint planning areas, remaining policy areas, and non-policy areas given each community's recent growth rates, County planning documents, and input from the County's Planning Administration. In addition, projections for non-residential development were derived based on the County's recent five-year rate of non-residential land absorption per community and County's planning documents. Combined, for the purposes of calculating this levy, the estimated land development for the County over the next 20 years was calculated to be over 13,000 acres.

The recommended levy framework is summarized in the following table, including the levy rates, projected funding from the levy charges applied over the next 20 years, funding requirements allocated to existing build-out, and eligible facilities for each levy schedule.

Catchment	Recommended Levy Rates \$/acre	Projected 20-Year Levy Funding	Funding Allocated to Existing Build-Out	Eligible Facilities	Target Servicing Areas / ASP's
Entire County	\$1,162	\$15.9M	\$8.9M	All	Entire County
Eastern	\$6,076	\$26.5M	\$9.0M	Indus Langdon Conrich	Indus Fulton Langdon Conrich Dalroy Delacour Janet OMNI
West	\$2,887	\$8.6M	\$4.4M	South Springbank Harmony	Bragg Creek Elbow Valley Springbank Harmony

Based on the updated levy rates and land development projections, it is estimated that a total of approximately \$51.0 million can be obtained from the off-site levy over the next 20 years. Conversely, the share of net capital costs allocated to the County to reflect existing build-out is approximately \$22.3 million. The remaining net capital costs have been allocated to development beyond the 20-year projection horizon in a manner consistent with other Alberta municipalities to acknowledge that future

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growth will also benefit from these new facilities. Development beyond the 20-year forecast period is allocated net capital costs on the pro-rated portion based on the anticipated year of construction within this 20-year period.

Consideration for Residential Rates Based on Dwelling Units

During the December 2023 presentation to Council, consideration was requested for a levy rate charged to residential development on a per dwelling unit basis. This method of implementation was considered but is not recommended based on the following:

- Levies are to be implemented at the time of Subdivision Approval or Development Permit;
- For Residential development, the number of dwelling units is not sufficiently determined at this time in the development process; and
- No other municipality in Alberta has established a Recreation Levy on a per dwelling unit basis.

Consideration for Including Bearspaw in the Western Catchment

During the April 2024 presentation to Council, consideration was requested for the inclusion of Bearspaw in the Western Catchment given that some of its constituents in the southeastern portion may be access the new South Springbank and Harmony facilities within 20 minutes. Consideration for the including Bearspaw within the Western Catchment was considered but is not recommended based on the following:

- The subdivision of Bearspaw into smaller portions to impose levies is not practical or consistent with the proposed levy framework for all other communities in the County;
- The majority of Bearspaw constituents are beyond 20-minutes to the new Recreation facilities;
- Bearspaw benefits from an existing Recreation facility. Further, the possibility of this facility's expansion is not in scope; and
- There is significant negative impact to the Western Catchment Levy Rate if the entire Bearspaw area was included:
 - Levy rate decreases to \$1,192 per acre (vs. \$2,887 per acre)
 - Projected 20-year levy funding decreases to approximately \$7.9M (vs. \$8.6M)

As the County's development proceeds, levy funds are collected, future servicing needs are refined and prioritized, and capital funding plans are developed, it is expected the County will be required to review and update the levy rates as appropriate regularly.

COMMUNICATIONS / ENGAGEMENT

In accordance with the *Municipal Government Act*, municipalities establishing an Off-Site levy must consult in good faith with stakeholders. A "stakeholder" is defined to be any person that will be required to pay the levy when the bylaw is passed, or any other person the municipality considers is affected. This includes developers, landowners, residents, and lobbyists that have an interest in, or may be affected by, the proposed levy.

Pending the first reading of the proposed bylaw, additional engagement will be completed. This may include:

- Engaging industry representatives and stakeholders on updates/changes
- Advertising in Rocky View Weekly & Social Media
- Holding open houses
- Providing supporting information on County website

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IMPLICATIONS

The establishment of these levies will create a new funding source for future Recreation Facility capital investments. Usage of these funds can only be applied for the future facility infrastructure as itemized against the schedule within the bylaw. The County is required to provide annual reporting of collecting versus used funds for each levy schedule per MGA legislation. In addition, as development occurs across the County, Administration may be required to review and update levy rates to ensure the rates remain appropriate given facility funding requirements, community servicing demands, and input from the development community.

Given that capital costs were allocated across existing build-out versus new development, the County will have a share of the capital costs for each facility it wishes to construct. It will need to obtain this funding from alternative sources to ensure sufficient funds are place for construction. In addition, these facilities will need to be included and approved as part of the County’s capital planning processes with their funding sources itemized.

STRATEGIC ALIGNMENT

Key Performance Indicators		Strategic Alignment
Service Excellence	SE2: Services are resourced and delivered to specific groups as intended, and citizens are satisfied with the outcomes	SE2.1: Percent of citizens satisfied with the range of County services available/delivered
Financial Health	FH2: Ensuring County remains financially sustainable for future generations	FH2.1: Percent of assets (by value) that are incorporated in an Asset Management Plan
		The bylaw's purpose is to provide a new source of funding to support a broader range of required services to residents in new developments and not to strain the existing services for current residents.
		The levy will assist with future financial sustainability as it will provide a new source of funding for new infrastructure as the County continues to grow

ALTERNATE DIRECTION

Administration does not have an alternate direction for Council’s consideration.

ATTACHMENTS

- Attachment A: Draft Bylaw C-8550-2024 – Community Recreation Facilities Off-Site Levy
- Attachment B: Presentation