

Alternative Funding Tools and Considerations

Capital Funding Tools			
Sources of Funding	Description	Considerations	Who Pays
Community Revitalization Levy	A levy that allows municipalities to borrow against future incremental property tax revenues to help pay for infrastructure required to spur new development in a specific area.	<ul style="list-style-type: none"> Community revitalization levies require a significant growth in property values or new construction growth within the designated area to pay down the debt of the capital project. A flat property tax increase would achieve the same intent as the use of a community revitalization levy without the associated drawbacks. Provincial approval is required for the use of a community revitalization levy. The Government of Alberta has not approved a new community revitalization levy since 2014 and there is no indication that future requests would be approved. A community revitalization levy would not be effective, unless an area was going through significant redevelopment, as the incremental increased property tax revenue generated in the catchment area arising from a recreation facility would not cover the related capital costs. 	Residents of the designated area
Off-Site Levy	Fees developers pay when building new neighbourhoods to help pay for important infrastructure. In Edmonton, off-site levies are charged only for the construction and equipping of fire halls at this time.	<ul style="list-style-type: none"> The ability to define the direct benefit to properties can be a barrier to a cost allocation tool such as local improvement taxes to be feasibly applied Although the <i>Municipal Government Act</i> allows off-site levies to be used for recreation facilities, continued consultation and investigation with industry stakeholders would be required to provide time for the development industry to work these additional charges into their business model and the City would need to work out the application of a preferred approach in consultation with the development industry. 	Developers

<p>Local Improvement Tax</p>	<p>A tax imposed on property owners within a defined benefitting area for the development of local infrastructure projects.</p>	<ul style="list-style-type: none"> Local improvement taxes may be imposed following the specific process as set out in the Municipal Government Act. As a result, property owners of the catchment area would pay more in taxes. The City would borrow the capital costs and recover through a local improvement tax. The process required under the <i>Municipal Government Act</i> must be followed. If a sufficient number of property owners petition against a local improvement, it cannot proceed. This may contribute to inequality across the city, leading to recreation facilities only being developed in areas that would not petition against a local improvement tax. A local improvement project must be completed within five years after the property owners receive the local improvement notice. If there is a local improvement bylaw in place but the project has not been started or the project has been started but not completed then City Council may impose the tax for two years, after which the tax must not be imposed until the local improvement has been completed or is operational. 	<p>Residents of the defined benefitting area</p>
<p>Community Amenity Contributions</p>	<p>A charge imposed at the time of development permit to pay for a specific type of infrastructure or facility.</p>	<ul style="list-style-type: none"> Limited ability to generate significant funds. When funds would be contributed is uncertain; developers would pay at the time of a development permit but the timing of obtaining the permit can fluctuate. These charges may dissuade developers from developing the neighbourhood. Distribution of amenity contributions is up to the developer as outlined in City Policy C599 Community Amenity Contributions in Direct Control Provisions. Generating significant funds would require very large developments which are not always supported by the community. 	<p>Developers</p>
<p>Fundraising</p>	<p>A capital campaign with a targeted fundraising effort over a defined period of time.</p>	<ul style="list-style-type: none"> May not achieve desired fundraising target to proceed with the project. Significant investment from residents and organizations may not be possible. 	<p>Individuals For-profit organizations Non-profit organizations</p>

Attachment 1

Capital User Fee	<p>A dedicated user fee levied on consumers of the service used to finance all or part of a capital improvement.</p>	<ul style="list-style-type: none"> • A capital user fee levied on consumers of the facility, charged in addition to membership/attendance user fees. Funding still originates from the consumers that use the facility. • Levying a capital user fee, in addition to existing membership and admission user fees, may adversely impact attendance. A capital user fee could take the form of a small surcharge in addition to attendance/membership fees at a City recreation facility. The design of such a fee structure would need to take into consideration the relationship between pricing and demand, such that the total user fee does not have a negative impact on attendance at the facility. • A capital user fee charged in addition to membership/admission user fees would result in the facility having a higher fee structure than other similar facilities. 	<p>Facility users</p>
Capital Partnership	<p>Partner organizations can include other orders of governments, non-profit organizations, and private corporations.</p>	<ul style="list-style-type: none"> • Partners may not have the financial capacity to contribute significant funds. • There are limited partners that would invest in recreation facilities. • There may be partner requirements that are contrary to residents requirements. 	<p>For-profit organizations Non-profit organizations</p>

Annual Operating and Maintenance Funding Tools			
Sources of Funding	Description	Considerations For Use in a Policy	Who Pays
Naming Rights	Form of advertising where an organization purchases the right to name a facility typically for a defined period of time.	<ul style="list-style-type: none"> Does not generate significant funds to offset all operating costs. It may be difficult to find naming rights sponsors. Naming rights sponsor interests may not fit with the City's brand and image. 	For-profit organizations Non-profit organizations
Sponsorships	A company commits money to a facility or amenity in exchange for specific promotional benefits.	<ul style="list-style-type: none"> Does not generate significant funds to offset all operating costs. 	For-profit organizations Non-profit organizations
User and Parking Fees	Charges for parking at adjacent lots and street parking. Payments are levied on the consumers of City services.	<ul style="list-style-type: none"> No City recreation facilities currently charge for parking. Parking fees would impact attendance as there are free alternatives within reasonable distance of most recreation facilities. Higher user fees would have an adverse impact on attendance. 	Facility users
Government Funding	Federal or provincial funding opportunities	<ul style="list-style-type: none"> Potential to access grants and other government funding but it may only cover a small portion of the total funding requirement and the opportunities may be limited at present. 	Other Orders of Government
Operating Partnerships	Funding from operating partner organizations which can include other non-profit organizations and private corporations.	<ul style="list-style-type: none"> Partners may not have the financial capacity to operate the facility. Partners may limit some opportunities for the community to focus on its specific programming. 	For-profit organizations Non-profit organizations