

## Off-site Levy - Stakeholder Engagement

### Recommendation

That the December 1, 2020, Urban Form and Corporate Strategic Development report CR\_6853, be received for information.

### Executive Summary

Following an update to the *Municipal Government Act* (MGA) in October 2017, City Council approved Administration's approach to implementing the enabling provisions of the Act, including the initiation of planning and engagement for the off-site levies provision and the development of an off-site levy bylaw and policy. This report provides an update on activities to date.

In February 2019, the Government of Alberta approved Charter regulations that broadened the eligibility criteria for off-site levies. The MGA and Charter regulations also require municipalities to consult in good faith with stakeholders prior to making a final determination on infrastructure and facility requirements, methodology for levying costs, and how they will be calculated.

Off-site levies are a tool that support the City's ability to build the infrastructure and services that contribute to the vibrancy of neighbourhoods. The City Plan recognizes that although the City's revenue will continue to include traditional taxation sources, deployment of alternative and targeted fiscal tools, such as levies, is required.

To ensure incorporation of good faith engagement, a comprehensive engagement process was developed to collaboratively work with industry stakeholders. Although at this time, consensus is not achieved on the approach for the bylaw, this report outlines the City's approach to the engagement process and provides an update on Administration's activities and decisions to date, project delays related to COVID-19, industry concerns and next steps toward the development of an off-site levy bylaw and policy.

Recognizing the complexity of implementing levies, Administration is committed to continue to work with industry on an approach that advances Council's goals. At this point, Administration is planning to report back to Council in mid-2021 to advance the off-site levy policy and bylaw for Council approval; however as Administration advances the work to the next steps the approach for a bylaw may adjust as well as the timelines.

### Report

#### Background - Authority to Advance the Off-site Levy Bylaw

In response to October 2017 provincial amendments to the *Municipal Government Act*, Administration submitted Urban Form and Corporate Strategic Development report CR\_7552 to Executive Committee on January 27, 2020 and to City Council on February 3, 2020, which identified implementation categories for *enabled provisions*, including off-site levies. Administration outlined that planning would be initiated for off-site levies noting that the high impact and complex nature of levies would warrant periodic updates to Council. In addition, in February 2019, the Government of Alberta approved Charter regulations that allowed for off-site levies to be collected on an expanded scope of facilities and infrastructure including community recreation facilities, fire halls, police stations, libraries and transportation infrastructure to connect to provincial highways.

Report CR\_7552 Offsite Levies - Update and White Paper described how off-site levies fit into a broader suite of development charges. A phased approach was identified where Phase One sees Administration working toward a bylaw that considers new fire halls and libraries in growth areas. Phase Two will build off the City's Growth Management approach through understanding how infill growth and the related municipal infrastructure and services are most effectively provided and paid for. This approach to allocating costs aligns with the recently approved Council Policy C624 Fiscal Policy for Revenue Generation.

Off-site levies help to build the infrastructure and services that contribute to the vibrancy of neighborhoods as outlined in the Urban Places section of ConnectEdmonton. Application of levies also supports the City's ongoing financial viability as Administration reimagines prioritizing capital ahead of operating, and increasing use of cost distribution/sharing tools. The City Plan also recognizes that the City's revenue will continue to include traditional revenue sources such as taxation and grants from other orders of government, but deployment of alternative and targeted fiscal tools is required. Adopting tools to finance the city's growth is an important component of the City Plan's Growth Management Framework - an integrated approach to apply policy, infrastructure planning, growth priorities and financing plans.

This report provides information on the work that the Administration has undertaken to consult with industry stakeholders on the methodology and principles that will be used as the basis for developing the off-levies bylaw and policy and for calculating associated rates.

### Stakeholders Engagement and Outcomes

The MGA and Charter Regulation requires municipalities to consult in good faith with stakeholders, defining stakeholders as any person that will be required to pay the levy when the bylaw is passed, or any other person the municipality considers to be affected. In response, Administration developed a comprehensive engagement plan with two committee streams:

1. Steering Committee composed of internal stakeholders with subject matter expertise providing integrated strategic advice on the initiative.
2. External Stakeholder Committee with representatives from:
  - Urban Development Institute - Edmonton Region (UDI-ER),
  - Developers not members of UDI-ER,
  - National Association for Industrial and Office Parks (NAIOP), commercial real estate development association,
  - Infill Development in Edmonton Association (IDEA)
  - Canadian Home Builders Association-Edmonton Region (CHBA-ER)
  - Building Industry and Land Development (BILD)

Engagement efforts with external stakeholders were focused on the *Advise* level of engagement of the City's public engagement spectrum which provided stakeholders the opportunity to provide feedback and share perspectives with the City, to inform the bylaw and policy that is ultimately presented to City Council.

A set of roundtable consultations consisting of half-day workshops were conducted by a third party facilitator with the external stakeholders focusing on key discussion topics. As established in the Process Principles with the stakeholders, the City ensured that interactions between the City and stakeholders occurred in an environment of open and transparent communication, recognizing that these two elements build trust and are the foundation of an effective working relationship. To that end the City shared detailed analysis including anticipated cash-flow calculations and sought input on potential improvements to the methodology. The key focus areas noted in the Approach section above were discussed in detail with the stakeholders over the course of the round table meetings. Attachment 1 provides a summary of meeting dates and topics of discussion.

Although consensus was not achieved on the approach for each aspect of a potential bylaw, discussion was robust and Administration provided supporting rationale, data, and analysis for topic areas. Through the engagement process, it was agreed that in the first phase of off-site levies implementation charges would not be applied to the construction of police stations and recreation centres as further work was needed to identify the benefiting areas of those facilities, a key requirement of the MGA in applying off-site levies. There were a number of elements where Administration and

industry stakeholder representatives' opinions diverged. The industry representatives felt that the costs related to the following elements should not be included in the off-site levy charges:

- Construction of new libraries (with a preference that the City direct Edmonton Public Library to lease in commercial developments rather than build stand-alone facilities)
- Public art
- Environmental building standards
- Aesthetic enhancements
- Apparatus and equipment (e.g., fire trucks)

The position of Administration was set through discussions that ended with the onset of COVID-19. That is, in Phase One, off-site levy charges should cover the capital costs of new libraries and fire halls in accordance with City policies, levels of services, and standards. As the City reimagines actions to recover from the pandemic and the economic recession, the direction is now being re-examined; given the significant shifts impacting development in our city, exploration of issues around the development of a bylaw will continue into early 2021.

### Next Steps

Recognizing the complexity of implementing levies, Administration is committed to continue to work with industry on an approach that advances Council's goals. At this point, Administration is planning to report back to Council in mid-2021 to advance the off-site levy policy and bylaw for Council approval; however as Administration advances the work to the next steps the approach for a bylaw may adjust as well as the timelines. In addition, Administration has to finalize the financial model, develop a governance model and implementation plan.

### Corporate Outcomes and Performance Management

Corporate Outcomes: The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has sustainable and accessible infrastructure.	Percentage of Edmontonians with access to infrastructure and amenities that improve their quality of life.	75 percent (2019)	N/A
The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.	City asset sustainability index (actual expenditure on capital infrastructure compared to required expenditure).	1.06 (2018)	1

### **Attachments**

1. List of external stakeholder meetings

### **Others Reviewing this Report**

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- J. Meliefste, Acting Deputy City Manager, Integrated Infrastructure Services
- R. Smyth, Deputy City Manager, Citizen Services
- B. Andriachuk, City Solicitor