

Offsite Levy Questions & Answers

Basic Principle: Growth pays for Growth

What is an offsite levy?

An offsite levy is one of several financing sources that municipalities use to pay for infrastructure costs associated with growth. Offsite levy charges are used to transparently and equitably allocate offsite infrastructure capital costs to those that benefit (i.e., this ensures growth pays for growth). As outlined in Alberta legislation, eligible offsite infrastructure includes new or expanded roads, water, sanitary, storm water infrastructure, and associated lands for each.

Many municipalities in Alberta impose offsite levies. Such as

City of Camrose	Leduc County	Town of Morinville
City of Grande Prairie	MD of Big Lake	Town of Peace River
City of Leduc	Parkland County	Town of Rocky Mountain House
City of Medicine Hat	Strathcona County	Town of Vermillion
City of St. Albert	Town of Beaumont	Town of Whitecourt
County of Lac La Biche	Town of Grande Cache	
Lamont County	Town of Hinton	

Offsite levies provide a mechanism for municipalities to recover capital costs incurred for infrastructure improvements required for new development. Offsite levies may only be collected once, for each type of infrastructure, in respect of lands subject to development or subdivision for those items outlined (transportation, drainage, water, sewer, and/or land required for transportation, drainage, water, sewer). The offsite levy rates are calculated by area to ensure each development bears an equal share of costs associated with the needs of a specified area. The *Municipal Government Act* clearly outlines the requirements for offsite levy financial reporting, tracking use of funds (for example: costs associated with an offsite levy cannot be used towards ongoing maintenance of infrastructure).

What is the purpose of an offsite levy?

An offsite levy helps pay for road and municipal utility systems required outside or "off" the site of a development or subdivision to serve that development. Offsite levies are collected from a developer at time of subdivision or development, and held in trust to construct specific offsite infrastructure(s). Municipalities prefer offsite levies to other forms of infrastructure cost allocation (e.g., development agreements) because they are easier to administer, they create a level playing field amongst developers (i.e., consistent, transparent, equitable outcome), and they provide elected officials and administrators with a detailed understanding of the cost of growth.

What are the projects the offsite levy is being collected for and when will they be built?

The main projects funded in part by offsite levies are as follows:

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|----------------------------|------------|---------------------------------------|------------|
| • Groundwater Wells | (\$1.7mil) | • Waste Water Treatment Plant Upgrade | (\$8.5mil) |
| • Reservoirs | (\$7.5mil) | • Glenwood Drive | (\$6mil) |
| • Pumping | (\$3.6mil) | • Range Road 175 | (\$2.7mil) |
| • Pressure reducing valves | (\$657tho) | • Arterial North of Hwy 16 | (\$6mil) |
| • Water Mains | (\$7.5mil) | • 54 Street | (\$4.2mil) |
| • Sewer line upgrades | (\$32mil) | | |

The timing of the projects will be determined by the available funding, and the need required by new subdivision and development.

How will I know if I have to pay an offsite levy?

The Town exempts certain minor developments from the need to pay the levy. If you want to know whether an offsite levy payment will be required for a particular development or subdivision, contact the Planning Department at 780-723-4402.

Why wasn't there a caveat on the title to warn me that an offsite levy is outstanding?

The Town of Edson cannot register a caveat for such a purpose.

Why weren't the offsite levies paid when the lot was created or building constructed?

In the case of development and subdivision many years ago, the reasons a levy was not imposed may not be clear. Most developments/subdivisions were required to enter into a Subdivision and Development Agreement for offsite costs; however, those costs typically were not reflective of the true costs. Extensive research has been done to ensure each benefitting area would pay their true fair share of offsite costs – essentially making “growth pay for growth” rather than increasing everyone’s taxes to pay for the necessary upgrades, due to the new development.

How are the rates calculated?

The Town completed engineering and financial studies of the infrastructure required to support and maintain cost effective and orderly growth. The Town has allocated those costs to the lands that will benefit from the new or expanded infrastructure so that developers and people subdividing will pay an amount proportionate to the area being developed or subdivided. The Town will ensure that the offsite levy rates are current by reviewing the costs of construction each year.

When does the offsite levy need to be paid?

The offsite levy must be paid prior to the commencement of development or prior to Town of Edson approval of a survey plan for subdivision registration at the land titles office.

What authority does the Town have in imposing an offsite levy?

Alberta Municipal Affairs has provided municipalities the authority, under the *Municipal Government Act* Division 6, to set and collect offsite levy rates through the adoption of a bylaw.

What is the benefit of an offsite levy to developers in this area?

An offsite levy effectively levels the playing field for development in an area that requires infrastructure upgrades due to increased development. Without a system in place to determine benefit and cost for those using new infrastructure, the Town is required to enter into single development agreements with those looking to develop here. As such, individual developers can often be responsible for the full costs associated with necessary upgrades that others within the area will benefit from. This can drastically impact a project’s feasibility. Additionally, by having the municipality manage things like intersection upgrades and drainage ditch construction, the developer significantly reduces the amount of work they are required to do upfront for a development application.

What areas in Edson are affected by the Offsite Levy Bylaw?

Every area of the Town is affected by the Offsite Levy Bylaw.

Background:

During consideration of an Offsite Levy Bylaw the Town held public consultation and stakeholder open house on July 2, 2013. Bylaw 2135, being a Bylaw for the collection of offsite levies was given 1st reading on July 16, 2013. A Public hearing and 2nd reading for Bylaw 2135 was held on August 20, 2013, in Edson and was advertised in accordance of the provisions outlined in section 606 of the *Municipal Government Act*. Bylaw 2135 came into full force and effect following 3rd (final) reading during the regular Council meeting held on September 17, 2013. The offsite levy Bylaw rates will be reviewed annually to ensure current prices are being used.