

August 1, 2012

What is an Off-Site Levy?

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

Off-Site Levies are based on:

1. *Benefitting Area* – The area identified within Schedule ‘A’ of Bylaw 12-04 shows those lands that will contribute to capital infrastructure costs required due to development.
2. *Estimated cost of the Off-Site infrastructure to service those lands* – The County of Vermilion River Bylaws 12-06 (Master Transportation Plan) and 12-13 (Functional Drainage Plans for the Northwest Drainage Basin) are utilized to determine cost estimates for required upgrades to service the development area. Additional engineered cost estimates are used for any further upgrades in the area.
3. *Growth Projections for the identified Lands* – Growth projections are based on anticipated growth in the area. As development rates fluctuate, reviews of the levy on an annual basis will provide updates to the model and the growth projections.
4. *Apportionment of benefiting parties* – Determination of allocation of benefit is completed in order to confirm contribution figures to selected infrastructure projects.

Consultations with Alberta Transportation concerning intersection upgrades on highway 16 have confirmed that the County should be managing projects of this nature. Prior to an Off-Site Levy being in place, individual developers were required to complete (at their cost) studies and pay for select infrastructure upgrades in their entirety. Alberta Transportation was involved in the discussions concerning necessary road networks to service the Off-Site Levy Area. Further, the County has worked closely with Alberta Environment concerning drainage plans within the area. The improvements outlined within the Levy plan are necessary in order to accommodate development in the area.

The Bylaw for an Off-Site Levy in the County of Vermilion River does include a clause concerning annual reporting by the CAO to the County Council. Additionally, annual reviews of the levy bring forward any necessary adjustments based on current cost estimates, growth figures and contributions.

Off-Site Levy Frequently Asked Questions:

What authority does the County have in imposing an Off-Site Levy?

Alberta Municipal Affairs has provided municipalities the authority, under the Municipal Government Act Division 6, to set and collect Off-Site Levy rates through the adoption of a bylaw.

What is the benefit of an Off-Site Levy to developers in this area?

An Off-Site 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 County 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 projects 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.

How do infrastructure projects in the Levy area fit with those outside of it?

Roads and drainage infrastructure projects within the levy area do continue outside of the levy boundaries in some cases. Those costs associated with the work within the boundaries of the levy area are distributed amongst benefiting lands. When dealing with those projects outside of the levy area, costs associated with necessary upgrades are required by individual applicants and based on specific need of the development. The County would utilize the development agreements in these cases in order to ensure funds and work to be completed. With no means for sharing the costs, the first development in an area without an off-site levy often solely pays the cost of the upgrade in its entirety.

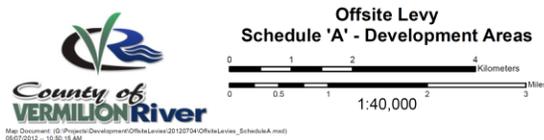
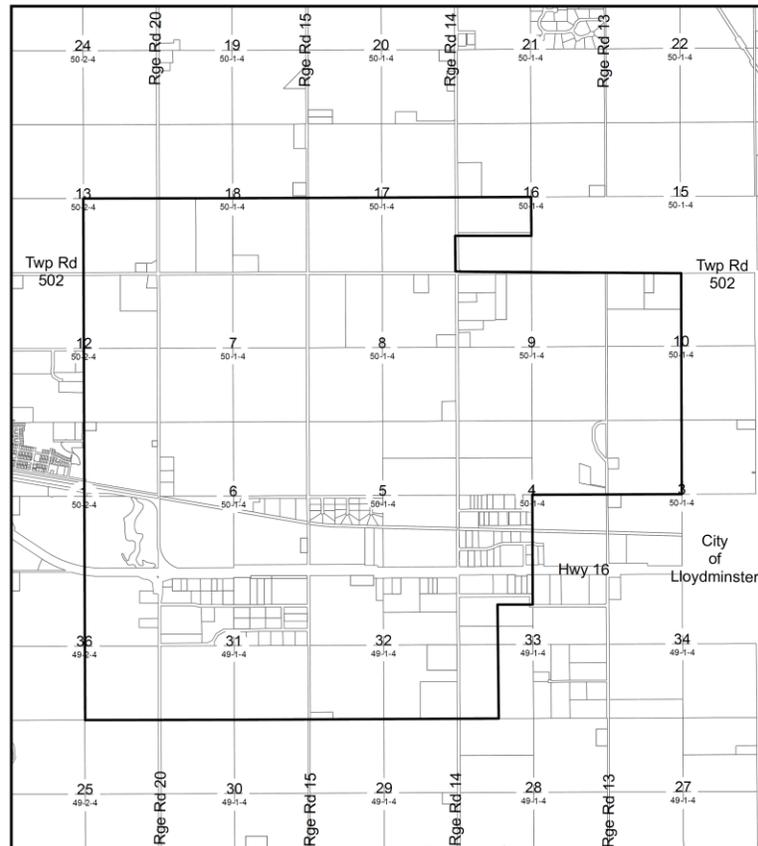
What are the policies concerning Off-Site Levies?

Off-Site Levy Policies (County Policy AD 022) were approved at the July 24, 2012 County of Vermilion River Council meeting. A public consultation session was held on June 18, 2012 concerning possible policies and covered items such as exemptions, thresholds and deferment requirements. Please note that in accordance with the regulations set out in the Municipal Government Act, the County can only collect Off-Site Levy payments at the time of subdivision or development. Policy AD 022 can be found on the County website for review.

Off-Site Levy Frequently Asked Questions:

What areas are affected by the Off-Site Levy Bylaw?

The following map outlines the area specified in Bylaw 12-04:



Why was this area selected?

Due to an Off-Site Levy requiring a detailed plan with growth projections, cost estimates for identified projects within a 25 year timeframe, annual reporting of funds and interest paid/earned, having a levy that encompasses the entire municipality is not feasible within the County of Vermilion River.

The County of Vermilion River has determined that the lands identified in Bylaw 12-04 are a high growth area that will require upgrades to infrastructure systems to support future development. The Inter-Municipal Development Plan between the City of Lloydminster and the County of Vermilion River identifies that Urban Expansion areas are those lands considered for future annexation discussions. As such, the Off-Site levy has not included any of those lands within it's plan. Infrastructure in the Urban Expansion Area's would require negotiation with the City of Lloydminster and would be required through the development agreement process with the applicant.

Off-Site Levy Frequently Asked Questions:

Off-Site Levy rates put simply?

Costs of Infrastructure Associated with Defined Area

MINUS County Share of Specific Infrastructure Projects
DIVIDED BY Area Anticipated to Develop in Growth Period
EQUALS: LEVY RATE PER AREA OF LAND

Would the County collect levies from new oil well developments in the area?

The Municipal Government Act allows a municipality to collect Off-Site Levies at the time of subdivision or at the time of issuance of development permit. The issue when dealing with oil well activity is that the municipality does not have the authority to regulate or grant approvals for resource extraction. As such, the County does not have jurisdiction for collecting funds associated with oil well development within the levy area.

What is the process with an Off-Site Levy?

- The County of Vermilion River has determined a growth and development area around the City of Lloydminster where there continues to be high levels of development. These lands are specified as the benefiting lands to future infrastructure required due to development within the benefiting area.
- County of Vermilion River Master Transportation Plan (Bylaw 12-06) outlines the required long-term road infrastructure costs for these high growth areas based on projected growth and anticipated needs in the Levy area. Estimated Costs are utilized to determine the 'Transportation Levy Rate'.
- Drainage Projects and Plans (Specifically Bylaw 12-13 – Functional Drainage Plans for the NW Drainage Basin and detailed work on the Blackfoot/Devonia Basin) are utilized to determine the needs for upgrading and/or constructing drainage systems within the Levy area. Estimated Costs are utilized to determine the 'Drainage Levy Rate'.
- Apportionment of costs to both 'Developers' and 'County' is determined through calculation utilizing existing developments and required infrastructure needs. By identifying the infrastructure that would be required without development, the County is able to determine what portion of the capital infrastructure costs that shall be borne by the County or funded through grants and bursaries.

During consideration of an Off-Site Levy Bylaw the County held public consultation and stakeholder open houses on September 10, 2009, February 8, 2010 and August 23, 2011. Policies were discussed during a public consultation on June 18, 2012.

Bylaw 12-04, being a bylaw for the collection of Off-Site Levies in the County of Vermilion River, was given 1st reading on July 9, 2012. Public hearing for Bylaw 12-04 was held on July 9th, 2012 at 6:30 p.m. in Blackfoot Alberta and was advertised in accordance of the provisions outlined in section 606 of the MGA. Bylaw 12-04 came into full force and effect following 2nd and 3rd (final) readings during the regular County Council meeting held on July 24, 2012.