

City of Brooks

Offsite Levy Update

2023

Offsite Levies (OSL)

Offsite Levies (OSL) are payments imposed by the City, pursuant to Section 648 of the *Municipal Government Act* (MGA), in respect of land that is being developed. These levies should estimate past and future capital costs of infrastructure which directly benefit the development of these lands.

By charging offsite levies, the City is partnering with developers to build crucial infrastructure, which supports development, while ensuring a financially sustainable community.

Background & Methodology

The City of Brooks partnered with CORVUS Business Advisors in 2021 to compile the necessary information and establish the foundation for charging offsite levies to developers. The rates and the supporting information form a part of Bylaw 21/24, which is currently in effect.

Offsite projects were identified for transportation, water, sanitary sewer and stormwater infrastructure.

Background & Methodology *continued..*

Reviewing and updating the assumptions and estimates that form the basis for offsite levies is an important part of the process so that the rates always reflect the expectations of the next 25 years. Therefore, City of Brooks administration has updated the information in 2023, compiled a new update and will be proposing new OSL rates to be effective January 1, 2024.

This presentation will outline the proposed changes and the Offsite Levy Update will be made available to the public for their consultation and feedback.

Background & Methodology *continued..*

The following information was needed to calculate fair and equitable rates:

- Past and future scheduled infrastructure projects (offsite infrastructure costs), and the extent in which those projects will benefit future development;
- Anticipated development in the identified offsite levy areas;
- Offsite levy reserve balances representing offsite levies that have been collected for future use toward identified projects; and
- Forecasted interest rates/financing assumptions.

Offsite Infrastructure Costs

(In millions)

○ Total offsite infrastructure costs	\$100.26
○ Special ear-marked grants & contributions	\$36.79
○ Share of costs which benefit existing development	\$38.93
○ Share of costs which benefit future development	\$24.54
○ Share of developer's costs included in rates (benefits within the next 25 years)	\$19.22

Offsite Levy Areas and Forecasted Development

- Total anticipated development in the next 25 years is 186.73 ha.
- No changes to forecasted development assumptions and the 25 offsite levy areas did not change.
- 1.02 ha were developed in this update period.

Offsite Levy Collections

(As of December 31, 2022)

○ Total offsite levies collected	\$6,164,583
○ Transportation	\$644,505
○ Water	\$2,527,596
○ Sanitary Sewer	\$2,613,098
○ Stormwater	\$379,385
○ Levies collected in this update period	\$74,146

Offsite Levy Reserves

(As of December 31, 2022)

○ Total offsite levies reserves	\$1,110,461
○ Transportation	\$184,559
○ Water	\$(463,819)
○ Sanitary Sewer	\$1,002,723
○ Stormwater	\$386,997

Interest Rates/Financing Assumptions

- Offsite levy charging rate (based on 20 year lending rate) went from 2% to 5.11%
- Offsite levy earning rate (based on 1 year GIC rate) went from 1% to 5.6%
- Construction price index went from 3% to 4.8% for years 2023, 2024 & 2025, and then back to 3% for the remaining 25 year period

Rates Update

- Rates required for the \$100.26 million offsite infrastructure costs would be approximately \$81,414 per net hectare on a weighted average (\$79,823 in current rates).
- Represents a 2% weighted average increase over the rates in Bylaw 21/24.
- Specific rates for each offsite area and each infrastructure category can be found on page 7 of the 2023 Offsite Levy Update.

Next Steps

- The 2023 Offsite Levy Update be made available to all stakeholders for their review and feedback.
- Bylaw changes to be made based on the new rates and assumptions.
- New OSL rates to take effect January 1, 2024 once Council has passed the proposed Bylaw changes.

Questions

