



CITY POLICY

POLICY NUMBER: C200B

REFERENCE:

City Council 2008 02 13
City Council 2002 01 09
City Council 1986 05 27
Municipal Government Act, R.S.A. 2000, c. M-26, as amended

ADOPTED BY:

City Council
2008 02 13

SUPERSEDES:

C200A

PREPARED BY: Corporate Services Department

DATE: 2008 01 09

TITLE: Financing of Local Improvements

Policy Statement:

1. Debt financing to be recovered by Local Improvement assessments will be controlled by Council, considering approved financing guidelines.
2. In servicing New Residential Subdivisions, the Property Share of the Cost of the Local Improvements will not be eligible for City debenture financing.
3. Local Improvements of any Developed Residential Subdivision will be eligible for financing from City debentures recovered by Local Improvements assessments.
4. In servicing new and developed industrial and commercial property, the Property Share of the Cost of the Local Improvements will be eligible for financing by City debentures recovered by Local Improvements assessments if the conditions outlined in section 2.04, General Guidelines, of this Policy are met.
5. Local Improvements initiated and constructed by the City will be financed by Local Improvement assessments unless Council decides a portion of the Costs will be recovered from other financing sources or utility rates.
6. All Costs incurred by the City for servicing of property by Local Improvements will be recovered from assessments against benefiting properties.

The purpose of this policy is to:

Provide clear and consistent guidelines regarding the identification of construction to be assessed as local improvements.

Financing Criteria

- 1) No City Local Improvement debentures will be used to finance the developers' share of the Costs of Local Improvements on industrial and commercial property unless the following conditions exist:
 - a) The required financing is within the annual debt financing guidelines approved by Council and in accordance with the *Debt Management Fiscal Policy C203C*, as amended.
 - b) A public need for the development (and related improvements) exists.
- 2) In the case of a Local Improvement that is to be owned by a private landowner, and not the City, a letter of credit may be required by the City of Edmonton in the amount of the projected construction costs regarding the estimated value of the Local Improvement, certified by a contractor.
- 3) In the case of a Local Improvement that is to be owned by a private landowner, and not the City, that property owner may be required to also enter into any other agreements as may be required by the City, to address any issues that are outside the scope of the Local Improvement.
- 4) If the City is to be responsible for the maintenance of the Local Improvement or if the City is the licensee from Alberta Environment, then the construction of the Local Improvement must adhere to the City's design criteria and specifications, including project management which may include the requirement for project management by the City.
- 5) The construction of a Local Improvement will be considered for Local Improvement financing by the City if the work is either undertaken or administered by the City's own staff, or by a private contractor (except as specified in 4 above). In the case of the latter, the City's public tender process must be followed.



CITY PROCEDURE

POLICY NUMBER: C200B

AUTHORITY: City Manager

EFFECTIVE DATE: 2008 02 13

TITLE: Financing of Local Improvements

PAGE: 1 of 3

1. DEFINITIONS

- 1.01 Benefiting Property: shall mean any property within a defined area that would take or derive a direct or indirect benefit from a Local Improvement
- 1.02 City Share of the Cost: shall mean the portion of the Local Improvement Costs that will be financed directly by the City with no recovery through Local Improvement assessments.
- 1.03 Costs: shall mean the costs of the Local Improvement project and may include those Costs set out in Section 395 of the *Municipal Government Act*, as amended.
- 1.04 Developed Residential Subdivision: shall mean any subdivision (or parcel of land) containing existing residential development previously serviced, which services have been fully depreciated, and any subdivision occurring as a result of a replot process pursuant to the *Municipal Government Act*.
- 1.05 Local Improvement: shall have the meaning set out in the *Municipal Government Act*, as amended.
- 1.06 Local Improvement Committee: shall mean the committee that is responsible for reviewing proposals pursuant to this Policy and determining the amount of City funding available for such proposals. The Local Improvements Committee shall consist of the General Manager of Corporate Services Department and the General Managers of all the Operating Departments or their designates.
- 1.07 New Residential Subdivision: shall mean any residential subdivision (or parcel of land), excluding any subdivision occurring as a result of a replot process pursuant to the *Municipal Government Act*, that
- (a) has not been previously fully serviced (excluding alley paving); or
 - (b) does not have existing residential development.
- 1.08 Operating Departments: shall mean those City Departments responsible for construction and installation of Local Improvements.
- 1.09 Property Share of the Cost: shall mean the portion of the Local Improvement Costs that will be the responsibility of the property owner as established by the Local Improvement bylaw.



CITY PROCEDURE

POLICY NUMBER: C200B

AUTHORITY: City Manager

EFFECTIVE DATE: 2008 02 13

TITLE: Financing of Local Improvements

PAGE: 2 of 3

2. PROCEDURES

- 2.01 Operating Departments will maintain and update specific Local Improvement departmental policies pertaining to the construction of Local Improvements.
- 2.02 The procedures to be followed with Operating Departments in the day-to-day implementation of this Policy will be incorporated into appropriate instructions developed and authorized by each responsible General Manager.
- 2.03 The procedure to be followed for the preparation of annual debt financing guidelines for City financing of Local Improvements will be done in accordance with the Debt Management Fiscal Policy C203C and as follows:
 - a) The General Manager of the Corporate Services Department or their designate will, on an as-required basis, convene the Local Improvement Committee, or a similarly mandated Committee, comprising the General Manager of the Corporate Services Department and the General Managers of all the Operating Department or their designates.
 - b) To the Local Improvement Committee, the representative of the Planning and Development Department will bring information to permit the Local Improvements Committee to determine an approximate amount of City funding which will be needed for each Operating Department to provide the City Share of the Cost of the Local Improvements in developed residential subdivisions and in industrial and commercial areas in each of the next five years.
 - c) To the Local Improvement Committee, the representatives of the other Operating Departments will bring information to permit the Local Improvement Committee to determine the approximate amount of City funding which will be needed to provide the City Share of the Cost of Local Improvements in Developed Residential Subdivisions and in industrial and commercial areas in each of the next five years.
 - d) To the Local Improvement Committee, the representative of the Corporate Services Department will bring information to permit the Local Improvement Committee to determine the approximate amount and terms of the City Share of the Cost of the Local Improvement funding which can be provided to Local Improvements so as to not affect the City's credit rating in each of the next five years.
 - e) The Local Improvement Committee will evaluate the information provided and recommend the guidelines for financing of Local Improvements to the City Manger. Such guidelines shall comprise the amounts each Operating Department may budget for City Share of the Cost of the Local Improvements in each of the next five years.



CITY PROCEDURE

POLICY NUMBER: C200B

AUTHORITY: City Manager

EFFECTIVE DATE: 2008 02 13

TITLE: Financing of Local Improvements

PAGE: 3 of 3

- f) The convening of the Local Improvement Committee and its deliberations and recommendations shall be timed so as to be an early part of the City's capital budget process.

2.04 General Guidelines

Operating Departments, in consultation with the Corporate Services Department, will include the following general considerations in evaluating and making recommendations on City financing of Local Improvements:

- a) the extent to which the work will be undertaken by the property owner;
- b) the value of the proposed Local Improvements relative to the assessment of the property on the assessment roll;
- c) the extent to which the Local Improvements are necessary and desirable for all or part of the municipality;
- d) the necessity of City funding of the Local Improvement to the viability of the development or in making the subdivision functional;
- e) the financial and economic implications of the development and the Local Improvement to the City;
- f) the extent to which payments, guarantees, indemnities or other securities (e.g. mortgages, letters of credit) are provided to minimize financing risks to the City if deemed appropriate by the Operating Departments;
- g) the availability of City-budgeted funds for financing; and
- h) any other considerations that ought to be taken into account with respect to local improvement financing.