



# Urban Planning and Economy

Edmonton

## Off-site Levy 2022 Annual Report

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ARAs, Boundary Assessments, and Off-Site Levies

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## 1. Executive Summary

The City of Edmonton started collecting off-site levies in 2022. The intention of these off-site levies is to partially fund construction of new fire halls in developing areas of the City.

The collection of off-site levies is authorized under section 648 of the Municipal Government Act RSA 2000, Chapter 26 MGA). The MGA allows municipalities to create off-site levies bylaws to help pay for important municipal infrastructure and facilities, such as community recreation facilities, fire halls, police stations, libraries and transportation connections to provincial highways.

These levies are incremental to the levies and charges already assessed to the development industry, which include:

- Arterial Roadway Assessments (ARAs);
- Boundary Assessments; and
- Drainage Assessments (Permanent Area Contributions or PACs which onsite and offsite storm and sanitary sewers, lift stations, and stormwater management facilities)
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The City of Edmonton is currently collecting off-site levies in 12 defined catchment areas to contribute to the cost of constructing fire halls.

Construction is anticipated to commence in the next 3-5 years on the fire halls in the Blatchford, Cumberland, and Walker catchment areas. Construction on the remaining fire halls is expected to commence in the next five to 10 years as development progresses in each respective catchment area and as each fire hall is warranted.

Off-site levy rates are updated annually and are generally determined by dividing the cost of the fire hall by the total assessable area of a catchment.

The off-site levy program is governed by a Steering Committee and a Working Committee. Both committees have representatives from the City as well as the Urban Development Institute - Edmonton Metro (UDI-ER), Canadian Home

Builders Association (CHBA), and the National Association for Industrial and Office Parks (NAIOP). Establishment and operation of these two committees have helped the City ensure that the requirements outlined in Section 648 of Municipal Government Act regarding Off-Site levies, namely those relating to transparency and proportional benefit, have been met.

A total of \$297,366.50 was collected in 2022. There have been no expenditures to date.



## 2. Introduction

Off-site levies are fees developers pay to the City when they are developing new subdivisions and new neighbourhoods. The MGA allows municipalities to create off-site levy bylaws to help pay for important municipal infrastructure and facilities, such as community recreation facilities, fire halls, police stations, libraries and transportation connections to provincial highways. In Edmonton, off-site levies are charged only for the capital cost of constructing and equipping fire halls at this time. The City administration worked closely with the development industry to develop the off-site levy bylaw. [Edmonton's Facilities Off-Site Levy Bylaw 19340](#) (the "Bylaw") was approved by City Council on August 16, 2021, and came into effect on January 1, 2022.

## 3. Planned and Under Construction Fire Halls

### 3.1 List of all Fire Halls and their Catchment Areas

The following is a listing of the fire halls for which this levy is being administered:

- Wedgewood Fire Hall
- Northeast EETP Fire Hall

- Riverview Fire Hall
- Big Lake Fire Hall
- Mistatim Industrial Fire Hall
- Cumberland Fire Hall
- EETP Fire Hall
- Northeast Horse Hill Fire Hall
- Horse Hill Fire Hall
- Walker Fire Hall
- Southeast Fire Hall
- Blatchford Fire Hall

The associated catchment area as well as the approximate location of each fire hall listed above is shown in Figure 3.1.

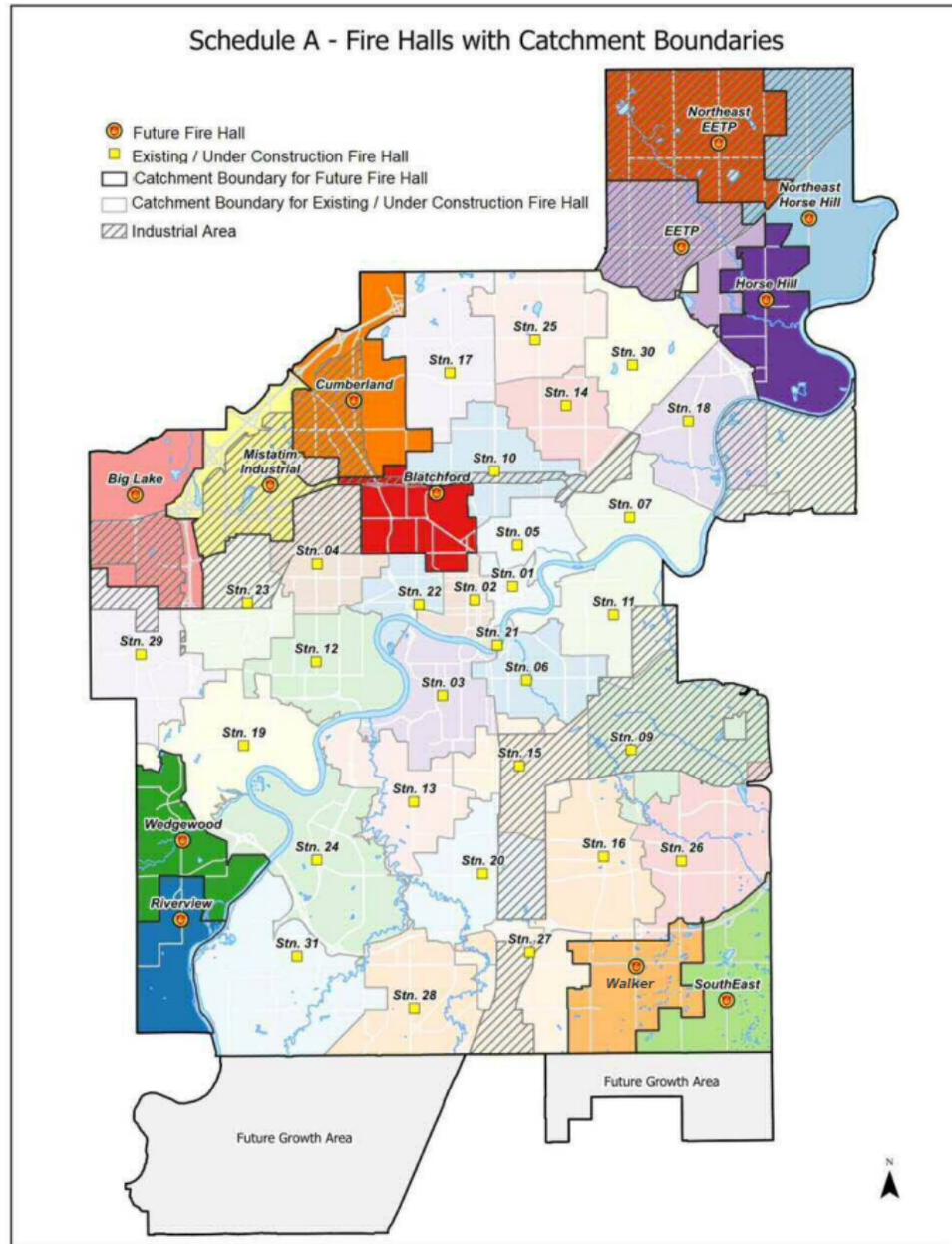


Figure 3.1: Fire Halls with Catchment Boundaries

No facilities have been added or deleted since the adoption of Bylaw 19340.

**3.2 Planning and Construction Activities**

A fire hall recently completed in the Windermere Area is not part of the off-site levies program as it was initiated and funded before Edmonton’s Facilities Off-Site Levies Bylaw came into effect.

The City will be proceeding with the Walker Fire Hall and Cumberland Fire Hall. A consultant is currently being procured for the design work. As part of the 2023-2026 capital budget discussions, City Council decided not to have these facilities integrated with supportive housing as had been previously contemplated.

The City is proceeding with land acquisition for the Wedgewood and the Big Lake Fire Halls as approved in the 2023-2026 capital budget.

#### **4. Off-Site Levies Governance**

Edmonton's off-site levy program is governed by a Steering Committee and Working Committee, both of which have representatives from the City and the development industry. The City is responsible for the collection of funds which it uses for the planning and delivery of fire halls. Development industry members represent stakeholders' interests and contribute information on development trends.

The Steering Committee is responsible for program management and strategic decision-making. The Working Committee supports the Steering Committee with technical analysis, financial tracking, and recommendations to the Steering Committee.

City Council has authority over the off-site levies bylaw, while City administration is responsible for the management of the program.

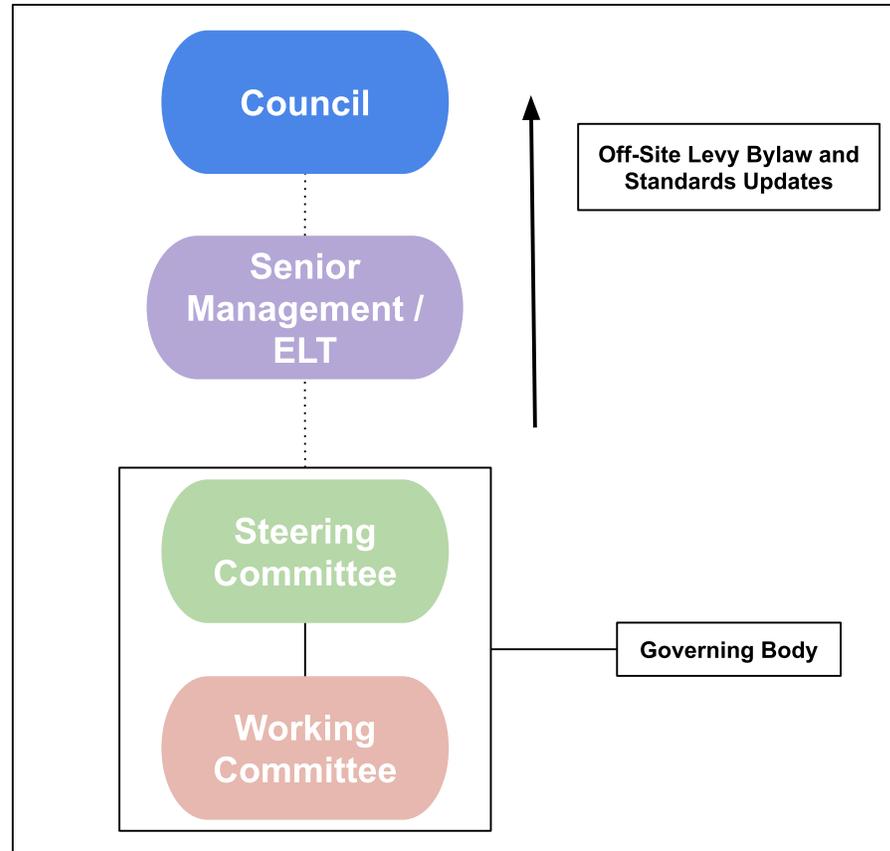


Figure 5.1: Off-site Levy Program Governance Structure

#### 4.1 Off-Site Levies Steering Committee

The Off-Site Levies Steering Committee tends to meet about 1-2 times a year. The primary purpose of the Steering Committee is to ratify the current year's rates and to advance decisions with respect to the off-site levies program in accordance with Off-Site Levies Bylaw 19340 and the associated standard. The Steering Committee is accountable for decision making in accordance with the Off-Site Levies Bylaw and the mandate of the program, annual reporting, and the overall implementation of the program.

Additionally, the Steering Committee is tasked with considering the perspective of stakeholders in its decisions and fostering an environment where all stakeholders provide input into decisions in a fair manner, in accordance with the Governance Principles.

## 4.2 Off-Site Levies Working Committee

The Off-Site Levies Working Committee tends to meet more often than the Steering Committee (6-8 times a year). The purpose of the Working Committee is to support the Steering Committee in making evidence-based decisions. The main focus of this committee is to provide technical analysis, financial tracking, and provide recommendations to the Steering Committee to support decision-making.

## 5. Off-Site Levy Rates for 2023

Off-site levy rates are calculated by distributing the construction cost of each facility (fire hall) uniformly over the total assessable area within each catchment. The rates for 2023 are provided in Table 5.1.

### Fire Halls Off-Site Levy Rates for Year 2023

| Sr. No. | Facility                          | Cost (\$)    | Benefitting Area (Ha) | Current Off-Site Levy Rate (\$/Ha) |
|---------|-----------------------------------|--------------|-----------------------|------------------------------------|
| 1       | Wedgewood Fire Station            | \$22,347,869 | 834                   | \$26,807                           |
| 2       | Riverview Fire Station            | \$22,347,869 | 549                   | \$40,695                           |
| 3       | Big Lake Fire Station             | \$22,347,869 | 1304                  | \$17,145                           |
| 4       | Mistatim Industrial Fire Station  | \$22,347,869 | 925                   | \$24,164                           |
| 5       | Cumberland Fire Station           | \$22,347,869 | 1252                  | \$17,844                           |
| 6       | EETP Fire Station                 | \$22,347,869 | 1279                  | \$17,467                           |
| 7       | Northeast EETP Fire Station       | \$22,347,869 | 1855                  | \$12,051                           |
| 8       | Northeast Horse Hill Fire Station | \$22,347,869 | 1220                  | \$18,322                           |
| 9       | Horse Hill Fire Station           | \$22,347,869 | 645                   | \$34,665                           |
| 10      | Walker Fire Station               | \$22,347,869 | 964                   | \$23,176                           |
| 11      | Southeast Fire Station            | \$22,347,869 | 1062                  | \$21,042                           |
| 12      | Blatchford Fire Station           | \$20,947,869 | 899                   | \$23,312                           |

Note: The cost is based on estimates and subject to change.  
All amounts are in current dollar value.

Table 5.1: Fire Hall Off-Site Levies Rates for Year 2023

### 5.1 Rate Calculation Methodology

"Catchment" means the land area that is served by a particular facility as identified in Schedule A of the bylaw and Figure 3.1 of this report.

"Off-Site Levies" means the amount of money to be paid by the applicant as a condition of subdivision, toward the construction cost of the facility from which the subject lands will benefit, which amount is calculated in accordance with Section 6 of the Bylaw.

"Off-Site Levies Rate" means the construction cost of a facility divided by the assessable area within the Catchment.

"Construction cost" means the estimated / actual cost of design, construction or expansion of a facility, in accordance with all safety codes and City policies, including an amount for engineering and administration, the purchase price or the estimated market value of land required for the facility, the estimated costs of any related appurtenances, interest on any borrowed money, and contingency of 10%.

"Facility" means a Fire Hall as listed in Schedule B of the Bylaw.

"Fire Hall" means a facility that provides emergency response to fires and other emergencies, and is used for the storage of fire fighting equipment.

"Assessable area" means the gross area of land within a catchment or subdivision, less the area of land designated or to be designated as:

- (i) public utility lots, municipal, school or environmental reserves;
- (ii) land owned by a school board that is to be developed for a school building project within the meaning of the School Act;
- (iii) arterial roads, transit centres or park and ride facilities;
- (iv) titled pipeline rights of way or power transmission line rights of way or any land which, at the sole discretion of the City Manager, is sufficiently encumbered by a pipeline or power transmission line that no development may reasonably take place;
- (v) provincial highways; or
- (vi) highway penetrator roads as defined in the Arterial Roads for Development Bylaw No. 14380.

## 5.2 Cost and Benefitting Areas of Fire Halls

The cost and associated remaining benefitting area for each fire hall is shown in Table 5.1. The cost for all fire halls is anticipated to be \$ 22,347,869 broken down as shown in Table 5.2.

| OFFSITE LEVIES - FIREHALL COST FOR 2023 YEAR LEVIES |                      |                      |                      |               |                      |
|---|----------------------|----------------------|----------------------|---------------|----------------------|
|   | 2021                 | 2022                 | 2021<br>Reallocation | % Increase    | 2022<br>Breakdown    |
| Internal Project Manager and Overhead               | \$ -                 | \$ 1,013,575         | \$ 912,218           | 11.11%        | \$ 1,013,575         |
| Design Costs  | \$ -                 | \$ 1,518,576         | \$ 1,366,718         | 11.11%        | \$ 1,518,576         |
| Construction Baseline Costs                         | \$ 13,239,038        | \$ 13,802,275        | \$ 10,960,102        | 25.93%        | \$ 13,802,275        |
| Traffic Signaling                                   | \$ -                 | \$ 100,000           | \$ -                 | 100.00%       | \$ 100,000           |
| FFE   | \$ 197,450           | \$ 700,000           | \$ 197,450           | 254.52%       | \$ 700,000           |
| Fire Truck  | \$ 1,248,261         | \$ 1,400,000         | \$ 1,248,261         | 12.16%        | \$ 1,400,000         |
| Planned Contingency                                 | \$ -                 | \$ 1,713,443         | \$ -                 | 100.00%       | \$ 1,713,443         |
| <b>Sub Total</b>                                    | <b>\$ 14,684,749</b> | <b>\$ 20,247,869</b> | <b>\$ 14,684,749</b> |               | <b>\$ 20,247,869</b> |
| Land  | \$ 2,500,000         | \$ 2,100,000         | \$ 2,500,000         | -16.00%       | \$ 2,100,000         |
| Percentage for Public Art                           | \$ 171,848           |                      | \$ 171,848           | -100.00%      |                      |
|   | <b>\$ 17,356,597</b> | <b>\$ 22,347,869</b> | <b>\$ 17,356,597</b> | <b>28.76%</b> | <b>\$ 22,347,869</b> |

Apr 17, 2023

Table 5.2: Breakdown of the total estimated cost used to calculate the 2023 Fire Hall Levies

## 5.3 Catchment Area Remodelling

The catchment areas shown in Section 3 were established based on the existing City of Edmonton roadway network. Information regarding future roadway networks can be found in approved Area Structure Plans and Neighbourhood Structure Plans. Therefore, in 2022, the City decided to remodel the catchment areas to include future roadway network information in addition to the existing roadway network information.

The City is currently in the process of remodelling the catchment areas which in turn will affect the 2023 rates. Work is anticipated to be completed before the end of 2023. As developers will have paid levies in 2023, this means that some developers may be overcharged (i.e., the resulting 2023 rate ended up being lower than the initial 2023 rate) and others may be undercharged (i.e., the resulting 2023 rate ended up being higher than the initial 2023 rate). Therefore, the City has committed to the following:

- If as a result of the catchment area remodelling, a developer has been overcharged (i.e., the revised rate ends up being lower than the initial

rate), the amount that the developer has been overcharged will be refunded to that developer. Alternatively, if a developer has made the first of two staged payments, the second payment will be adjusted to compensate for the initial overpayment.

- If a developer was undercharged (i.e., the revised rate ends up being higher than the initial rate), the City will not require the developer to make up the difference.

#### 5.4 Other Discussion Items

In addition to the decision regarding catchment remodelling, the following decisions were agreed to by the Off-Site Levies Working Committee and Steering Committee:

- The City will not impose the Fire Hall Levy on developments which do not include a condition in the subdivision LDA (Land Development Application) to pay the Fire Hall Levy even if the fire hall falls within a Fire Hall Levy catchment area. The City is undertaking a review of the practice of allowing extensions to subdivisions which have been approved, but which have lapsed. Until that review has been completed, the City will not impose a new condition to pay the Fire Hall Levy on a subdivision LDA as a condition of authorizing an extension. However, the LDA change requests will trigger the addition of a new condition to pay the Fire Hall Levy for subdivisions falling within a Fire Hall Levy catchment area).
- The City has and will continue to make an effort to identify potential sites for future fire halls earlier in the process than has been done historically. This will allow for a better selection of potential sites and could result in lowering the costs.
- The City agrees to engage with industry stakeholders in future updates to the building standards for fire halls (City of Edmonton Fire Hall Functional Program) similar to engagement on other types of public utilities and infrastructure in the City's Design and Construction Standards Manual.
- Given the recent changes in how public art contributions are allocated, there is no guarantee that contributions will be used in or near the fire halls. Therefore, it was agreed that contributions for

public art would be removed from fire hall costs that are used to calculate the Fire Hall Levy Rates.

- The City will reduce the estimated land costs in the rates from \$2.5M down to \$2.1M.

## 6.0 Off-Site Levies Fund Balance

Bylaw 19340 came into effect on January 1, 2022; however, a number of servicing agreements were executed in 2022 that were conditions of LDAs approved prior to 2022 that did not impose the requirement for developers to pay the Fire Hall Off-Site Levy. As a result, revenue was only collected from the four (4) catchments shown in the following Table 6.1.

### 6.1 Revenue

Category A developers are permitted to defer the payment of the Fire Hall Levy; 50 percent is due one year after the date of the servicing agreement, and the remaining 50 percent is due the following year, effectively being staged over two years. All other categories of developers are required to pay the levy on or before the “conditions precedent” date in the servicing agreement.

The City collected the following amounts in 2022:

| Catchment    | Amount Collected    |
|--------------|---------------------|
| Big Lake     | \$38,093.00         |
| Riverview    | \$16,690.00         |
| Walker       | \$72,383.00         |
| Wedgewood    | \$170,200.50        |
| <b>Total</b> | <b>\$297,366.50</b> |

Table 6.1 - Revenues collected in 2022

As disbursement of the funds above was requested in 2023, no interest was accrued in 2022.

## **6.2 Expenditures**

As construction on the fire halls in the catchments above did not commence in 2022, no expenditures from the fund were made in 2022.

## **6.3 Previous Balance**

As this levy came into effect on January 1, 2022, the previous year's balance is \$0.

# **7. Future Plan and Balance Projections**

Construction is anticipated to commence in the next 3-5 years on the fire halls in the Blatchford, Cumberland, and Walker catchment areas. Construction on the remaining fire halls is expected to commence in the next 5-10 years as development progresses within each respective catchment area and as each fire hall is warranted.

| Fire Hall            | Actual Revenue Collected | Revenue to Collect   | City's Contribution (1) | Potential Revenue at Time of Construction (2) | Potential Shortfall at Time of Construction (3) |
|----------------------|--------------------------|----------------------|-------------------------|---|---|
| Wedgewood            | \$170,201                | \$9,932,273          | \$12,245,395            | \$2,273,544                                   | \$7,828,930                                     |
| Riverview            | \$16,690                 | \$20,901,587         | \$1,429,592             | \$1,028,200                                   | \$19,890,077                                    |
| Big Lake             | \$38,093                 | \$7,064,404          | \$15,245,372            | \$1,878,934                                   | \$5,223,563                                     |
| Mistatim Industrial  | \$0                      | \$0                  | \$22,347,869            | \$0   | \$0   |
| Cumberland           | \$72,383                 | \$0                  | \$22,275,486            | \$72,383                                      | \$0   |
| EETP                 | \$0                      | \$2,912,411          | \$19,435,458            | \$250,696                                     | \$2,661,715                                     |
| Northeast EETP       | \$0                      | \$0                  | \$22,347,869            | \$0   | \$0   |
| Northeast Horse Hill | \$0                      | \$11,131,491         | \$11,216,378            | \$840,464                                     | \$10,291,027                                    |
| Horse Hill           | \$0                      | \$22,347,869         | \$0                     | \$1,510,419                                   | \$20,837,450                                    |
| Walker               | \$0                      | \$6,596,363          | \$15,751,506            | \$438,946                                     | \$6,157,417                                     |
| Southeast            | \$0                      | \$22,347,869         | \$0                     | \$124,097                                     | \$22,223,772                                    |
| Blatchford           | \$0                      | \$5,154,207          | \$15,793,662            | \$95,732                                      | \$5,058,474                                     |
| <b>Total</b>         | <b>\$297,367</b>         | <b>\$108,388,473</b> | <b>\$158,088,588</b>    | <b>\$8,513,415</b>                            | <b>\$100,172,425</b>                            |

1 City's will contribute for future Industrial as well as for any existing developments. These developments are exempted from offsite levy as per the bylaw.

2 This would be the total potential revenue collected until the construction starts for the facility.

3 Potential Shortfall at Time of Construction = Cost - (Estimated Revenue Collected at Time of Construction + City's Contribution for existing developments)

All amounts are in current dollar value (NPV).

All amounts are based on estimates and subject to change.