



# The Town of Beaumont

Council Policy #2

## OFF-SITE LEVY

Approved by Council Resolution #14/09/29

the 23<sup>rd</sup> day of September, 2014

### PURPOSE:

The purpose of this policy is to establish a framework for administering the Off-Site Levy Bylaw for the Town of Beaumont.

### POLICY STATEMENT:

This policy will determine the processes and procedures for the assessment and collection of off-site levies, as well as disbursement of levy funds in funding the construction of offsite levy infrastructure.

### SCOPE/APPLICATION:

#### 1 Document Information

##### 1.1 Revision History

Version Number	Revision Date	Summary of Changes and Author
1	March 30 <sup>th</sup> , 2014	DRAFT
2	May 16 <sup>th</sup> , 2014	DRAFT: Reviewed by Administration
3	May 30 <sup>th</sup> , 2014	Reviewed By Council

##### 1.2 Glossary

At the outset, it is critical to have a common understanding of the terminology. The following terms and acronyms have been used throughout the document.

Term	Description
Off-Site Levy Exemption	Conditions that must be satisfied in order to have to an off-site levy assessment waived on a subdivision or development permit application.

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<b>Term</b>	<b>Description</b>
<b>Off-Site Levy Offset</b>	Front-end infrastructure costs incurred by the developer used to reduce the amount of off-site levy assessment payable by the developer.
<b>Off-Site Levy Deferral Agreement</b>	An agreement between the developer and municipality that permits the developer to pay off-site levies on an installment basis.
<b>Off-Site Levy Down Payment</b>	The amount of off-site levy that is immediately due upon the issuance of a subdivision or development permit.
<b>Off-site Levy Installment</b>	The amount of off-site levy assessment that is due annually.
<b>"Qualified" Off-site Infrastructure</b>	Developer front-ended infrastructure that is outlined in the Off-site Levy Bylaw and contained within the "qualified" portion of the Capital Plan (usually the first 5 years).
<b>"Non-Qualified" Off-site Infrastructure</b>	Developer front-ended infrastructure that is outlined in the Off-site Levy Bylaw and is contained within the "non-qualified" portion of the Capital Plan (usually beyond 5 years).
<b>Capital Plan</b>	Outlines off-site infrastructure approved for construction and outlined in the off-site levy bylaw. Note, items approved for construction do not necessarily mean that they are funded.
<b>Annual Financial Plan</b>	Outlines future anticipated disbursement / retention of off-site levy reserve funds. The plan considers front-ending claims, development infrastructure staging, off-site levy reserve balances, future off-site levy receipts, municipal debt capacity etc.
<b>Construction Completion Certificate</b>	Issued by the municipality to signify that front-end off-site infrastructure has been constructed to standard.
<b>Final Acceptance Certificate</b>	Issued at the completion of a warranty period and when front-end infrastructure is free of defects and deficiencies. The Final Acceptance Certificate signals the release of hold back on front-ended construction repayment.
<b>Holdback</b>	The amount of funds held-back after issuance of the Construction Completion Certificate during the warranty period. Holdback may be released upon issue of the Final Acceptance Certificate.

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### **3 Introduction**

The Town has adopted an off-site levy bylaw to pay for all or part of the infrastructure required in respect of lands to be subdivided or developed (i.e., transportation, water, sanitary sewer, and storm water). This document outlines the policies, procedures and processes that Town of Beaumont will utilize to help guide when to assess levies to developers, when levy amounts are payable, when and how front-end infrastructure construction will be assigned to developers, and when and how developer front-end construction will be reimbursed.

Each section within the report is laid out in a consistent fashion with the introduction of the scope of the section, an overview of the typical steps and flow of decisions that Town staff would follow, the fundamental principles that are used to support policy option choices and then procedural workings and other information that will assist staff to administer, and the applicant to understand, the policy statements.

Policies have been vetted by both Administration and Council.

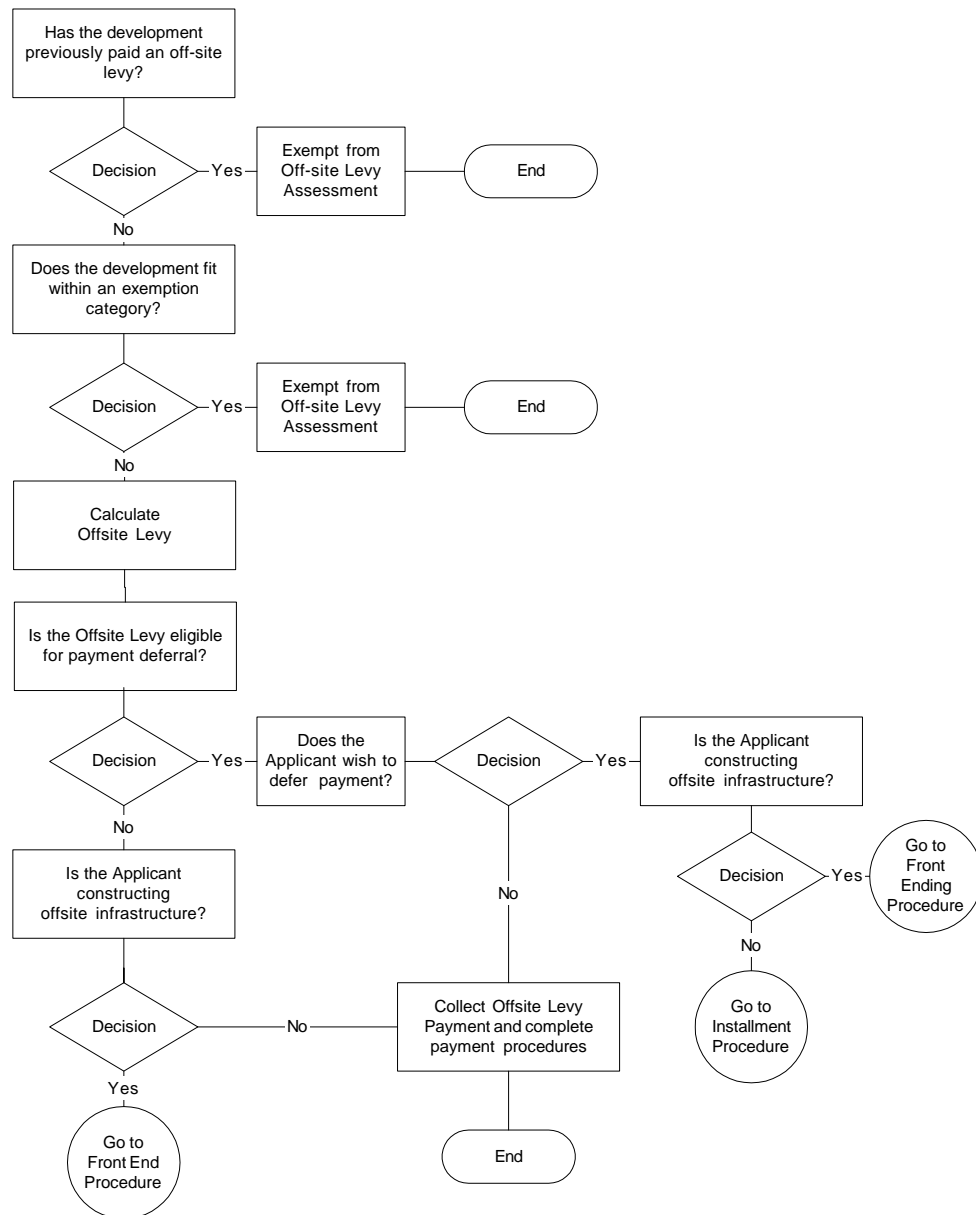
### **4 Assessment / Collection Process Overview**

The flow chart below outlines the various process steps and decisions that will be used to guide off-site levy assessment and collection.

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**Figure 1: Off-site Levy Assessment and Collection**



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#### 4.1 Levy Assessment, Assessment Exemptions and Thresholds

The obligation to pay off-site levies occurs in two steps: (1) the levy is “incurred” upon application for a subdivision agreement or development permit, and (2) the levy is paid upon issuance of the subdivision or development permit or may be deferred to a future time of payment. This section focuses on the principles and options that will guide the Town in determining “when” the submission of an application for a subdivision agreement or development permit would result in a levy obligation being “incurred”.

##### 4.2.1 Legislated Exemption

The first criteria to be considered in determining if an application for a subdivision agreement or development permit is eligible or exempt from incurring an off-site levy obligation is outlined in legislation. Town guiding policies are consistent with these legislative requirements.

Municipal Government Act, Section 648(4) states:

“An off-site levy imposed under this Part of the former Act may be collected once only in respect of land that is the subject of a development or subdivision.”

##### ***Guiding Principle***

***If a parcel of land was previously developed or subdivided, and an offsite levy was paid in accordance with Section 648 of the Municipal Government Act on that entire parcel, then any new development or subdivision is exempt from any future assessment and payment of offsite levies.***

##### 4.2.2 Town Exemptions

Except for exemption conditions outlined in legislation, off-site levies would apply to all “development” or “subdivision” situations within the Town of Beaumont off-site levy development area unless such development or subdivision is explicitly exempted.

According to Section 616 (b) of the Municipal Government Act “Development” means (i) an excavation or stockpile and the creation of either of them, (ii) a building or an addition to or replacement of a building and construction or placing of any of them on, in over or under land, (iii) a change of use of land or a building or an act done in relation to land or a building that results in or is likely to result in a change in the use of the land or building or (iv) a change in the intensity of use of land or a building or an act done in relation to land or a building that results in or is likely to result in a change in the intensity of use of the land or building.

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According to Section 616 (ee) of the Municipal Government Act “Subdivision” means the division of a parcel of land by an instrument.

As such, all improvements on a site including: buildings, other structures, parking and loading areas, landscaping, paving or graveling areas, devoting areas to exterior display, etc. might be considered development. Further, the placement of any land instrument that divides land might be considered subdivision.

The broad application of these definitions to the assessment of off-site levies would result in obligations due where there may be no intent to develop or where the nature and size of the development would not warrant payment of an off-site levy. Whereas the intent of the off-site levy assessment is clearly to pay for the construction of off-site levy transportation, water, sanitary and storm management infrastructure that supports the development. Clearly then, a subdivision or a development application that does not place any or little burden on transportation, water, sanitary and/or storm management off-site infrastructure might be considered exempt from off-site levy assessment and payment obligation.

**Guiding Principle:**

**If a development or subdivision is, in the opinion of the Town, likely not to place a burden on the transportation, and/or water, and/or sanitary, and/or storm water offsite infrastructure then the development or subdivision may, subject to the approved policies, be considered exempt from offsite levy assessment and payment obligation.**

**Off-site levy assessment exemptions and exemption thresholds:**

<b>Exemption / Exemption Threshold</b>	<b>Rationale</b>
a) <b>Temporary Development / Land Uses</b> – Temporary land uses are exempt so long as the use or structure proposed will not be used beyond 1 year.	If a use is truly temporary in nature the impact on off-site levy infrastructure will also be temporary and therefore complies with the guiding principle. The timeframe threshold ensures that a temporary use is not extended to permanent use, and is consistent with the Town’s Land Use Bylaw.

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Exemption / Exemption Threshold	Rationale
<b>b) Replacement of a Structure –</b> Replacement of a structure with a new structure of the same size and same intensification at the same site or lot when such replacement is substantially completed within 1 year of the demolition or destruction of the prior structure are exempt.	This is intended to exempt residential rebuilding / commercial rebuilding in the event of a fire or similar catastrophic loss, etc. The replacement structure would not use off-site infrastructure to any greater extent than the previous structure. The threshold timeframe is intended to ensure that replacement of the structure occurs in a timely fashion.
<b>c) Altering a Residential Structure –</b> Altering residential structures within a size limit up to creation of a 3-plex are exempt.	This is intended to exempt the various forms of residential alterations that may be applied for, ranging from a room addition through to creation of a 3-plex. Alterations beyond a 3-plex would be considered a development that would result in greater demand on off-site infrastructure and therefore not exempt from off-site levies.
<b>d) Ancillary improvements –</b> includes but may not be limited to, accessory buildings as defined in the Land Use Bylaw, fences, walls, berms, parking, and signs. These miscellaneous improvements are exempt.	This is intended to exempt various residential, commercial and industrial development applications that would not create any additional burden on off-site infrastructure.
<b>e) Division of Lands so that Further Subdivision Can Take Place –</b> includes situations where lands are subdivided into blocks that in turn would require further subdivision of individual lots or blocks. A parcel size threshold greater than 16ha. (40ac.) is exempt.	This allows large tracks of lands to be assembled and divided among developers. The minimum parcel size threshold is established to help guide application of this exemption.
<b>f) Non-residential Farm Buildings –</b> agricultural / farming structures are exempt. This would include bona fide farming operations encompassing barns, silos and other ancillary development for agricultural use.	Exempting non-residential farm buildings would permit existing farms to modernize without facing off-site levy assessments and payments.

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Exemption / Exemption Threshold	Rationale
g) <b>Division of Agricultural Lands</b> – includes situations where a farm is subdivided. Subdivision of land in blocks of say 16 ha. (40ac.) or greater are exempt. An exemption is also permitted for the severance of a residential parcel of land from the agricultural lands for a residential site.	This would allow land owners to sell their farmland and create one residential site on the divided lands.
h) <b>Enlargement of Existing Non-Residential Buildings</b> – Non-Residential buildings may be enlarged to a threshold of 25% of the existing buildings floor size before off-site levies are assessed.  <u>Cumulative</u> building enlargement in excess of the 25% building threshold size will result in the assessment of off-site levies.	The floor area percentage threshold is simple to administer. A cumulative threshold has been created to ensure that multiple / staged building enlargements do not bypass the payment of off-site levies.
i) <b>Intensified Land Development</b> – Non-building site development use (processing / production facilities, storage etc.) can be increased by a threshold 25% before off-site levies are assessed. <u>Cumulative</u> increased site use in excess of the 25% threshold will result in the assessment of off-site levies.	The site use % threshold is simple to administer. A cumulative threshold has been created to ensure that multiple / staged site developments do not bypass the payment of off-site levies.
j) <b>Alteration of a Non-Residential Structure That Does Not Change the Use or Size of the Structure</b> – This would permit any existing industrial or commercial structure to be modernized and be exempt from off-site levy assessment and payments provided that the improvement occurred within the existing floor area size and the use of the structure did not change.	This would allow existing developments to make office renovations etc. within the existing development floor area. However if a structures floor area size were increased the exemption would be lost. Further, if an alteration changed the use of the structure then the exemption would not apply.
k) <b>Demolition or Removing of a Structure</b> – This would permit any existing property to remove existing structures while remaining exempt from off-site levy assessments.	This would allow existing property owners to demolish older structures in readying the property for future development.

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## 4.2 Levy Assessment Deferment and Installment Payments

### 4.2.1 Eligibility for Payment Deferment

Off-site levy payment deferment criterion does not consider the financial capacity of developers – all developers are considered to have equivalent financial capacity and an equal right to payment deferment. Off-site Levy payment deferment criterion is focused on the amount of off-site levy that is to be paid by the developer. Developments below the off-site levy deferment threshold amount are required to pay off-site levy amounts as a condition of subdivision or development permit approval. Developments above the deferment threshold amount may “elect” to defer off-site levy payment over a 2 year period by entering into agreement (executing a Deferral Agreement) with the Town for off-site levy deferred payment.

#### Guiding Principle

**A development or subdivision that is assessed cumulative offsite levies in excess of \$800,000 may elect to defer offsite levy payments.**

Potential off-site levy deferment includes:

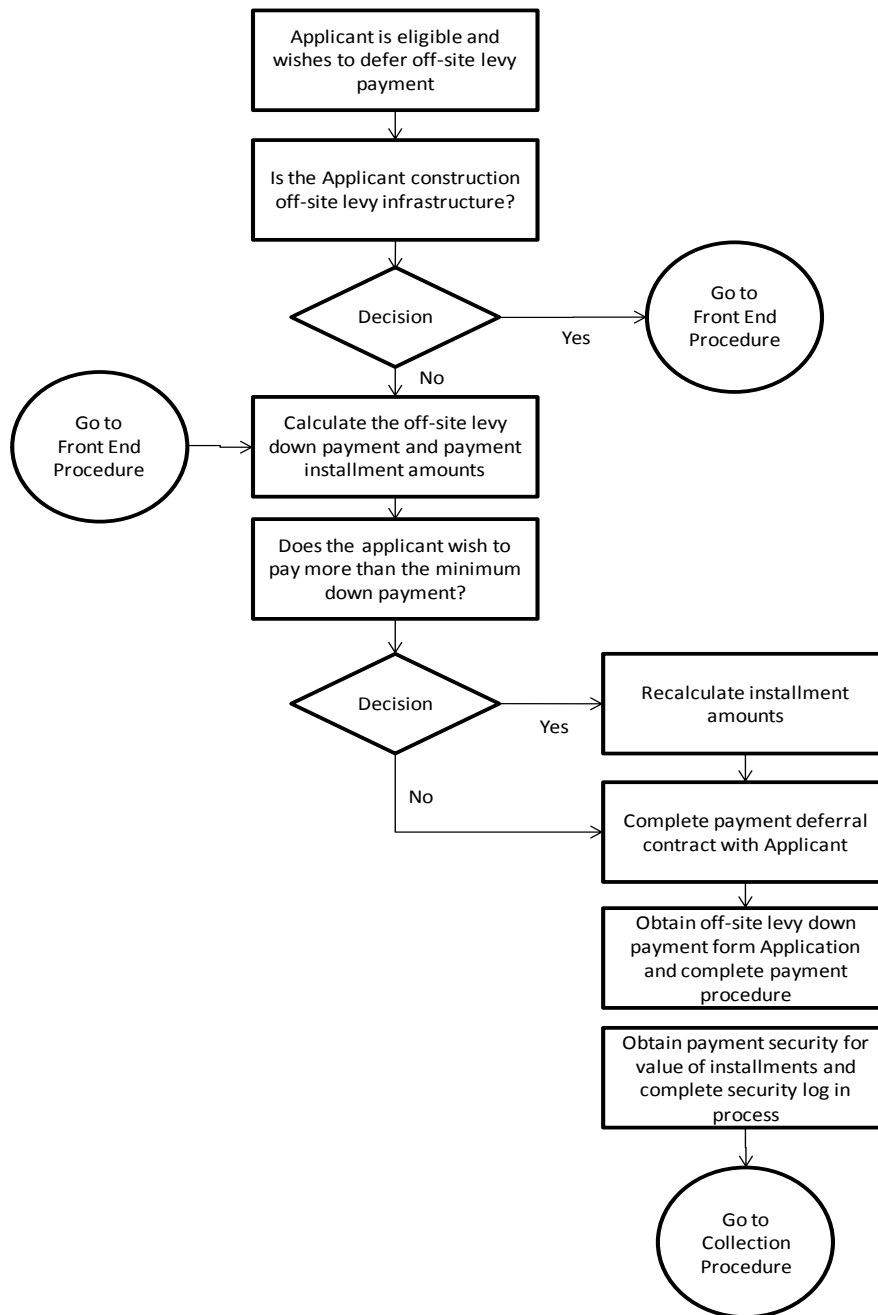
Deferment Threshold	Rationale
a) <b>Off-site Levy Deferment Threshold</b> – The option to defer payment of levies would be extended to any subdivision or development application with off-site levies greater than \$800,000. The maximum deferment period is 2 years.	The dollar value threshold provides the developer with a clearly understood threshold for payment deferment. Off-site levies below the threshold are payable as a condition of approving a development or subdivision application.

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The following flow chart outlines the payment deferment process:

**Figure 2: Off-site Levy Deferment**



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#### 4.2.2 Repayment Period and Terms

The repayment period is akin to the terms established in a credit agreement whereby the lender (the Town) determines the term of the agreement and the creditor (developer) must meet the terms of the agreement. The creditor has the ability to pay out amounts owing any time prior to the terms of the agreement.

##### Guiding Principle

**Developers that are eligible and elect to defer offsite levy payments must enter into agreement with the Town (execute a Deferral Agreement). The Deferral Agreement with the Town outlines the terms and conditions upon which offsite levy payments will be made. Non-qualified infrastructure is not eligible for deferral.**

Off-site levy payment (installment) terms:

Installment Terms	Rationale
a) <b>Initial Off-Site Levy Down Payment</b> – A portion of the off-site levy assessment is payable as a condition of the subdivision or development agreement being issued. The down payment must be 50% of the off-site levy assessment, plus an administration fee. The balance to be paid in installments.	The payment of a portion of the off-site levy ensures that some level of funding will immediately flow into the off-site levy reserves.
b) <b>Installment Payments</b> – The balance owing is paid within 2 years as follows: <ul style="list-style-type: none"> <li>1st Year Anniversary Date - 50% of the balance owing will be paid. The balance owing is adjusted to reflect the approved off-site levy rates as at date of payment.</li> <li>2nd Year Anniversary Date - payment of the remaining balance. The balance owing will be adjusted to reflect the approved off-site levy rates as at the time of payment.</li> </ul>	The payment installment period is intended to provide a cash flow outlet to the developer. Deferral however does not lock in the amount to be paid by the developer. A developer would be required to adjust amounts due to the Town as a result of any levy rate changes that occurred over the deferment period.
c) <b>Early Repayment</b> – Developers have the ability to pay off any off-site levy balances earlier than the repayment date terms.	This would accommodate situations where a developer wishes to pay out all levy obligations. Early payment may be desired to avoid off-site levy rate increase adjustments.

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#### 4.2.3 Repayment Indemnification

Off-site levies are required to be paid as a condition of issuing a subdivision or development agreement. However, if eligible, the applicant may elect to pay the off-site levy in installments as outlined earlier. In order to secure the position of the Town in the case of non-payment of an installment the applicant will provide the Town with indemnification that can be easily converted to cash by the Town in the case of payment default by the developer.

##### Guiding Principle

**Developers that elect to defer offsite levy payments must provide the Town with indemnification in the event of payment default.**

**Failure of the developer to pay an offsite levy installment will result in the indemnification held by the Town to be exercised and applied against amounts owed by the developer.**

Off-site levy indemnification:

Indemnification Terms	Rationale
a) <b>Irrevocable Letter of Credit</b> – An irrevocable letter of credit in the amount of the balance owing will be provided by the developer to the Town. As installments are provided to the Town a new letter of credit for the remaining balance owing will be provided. This balance may be adjusted as a result of any off-site levy rate changes that have occurred.	The irrevocable letter of credit provided through a bank or lending institution may be readily converted in the case of payment default.

#### 4.2.4 Increasing Amounts Due for Any Increase in Off-Site Levy Rates

Off-site levy monies owed to the Town on deferred payment schemes will be adjusted by off-site levy rate changes that occur prior to payment of levies. Off-site levy assessments are in effect “floating” and subject to adjustment as rates change. Deferral applicants are liable for increases in levy rates that occur after they elect to defer payment to the date that payment is actually made. Should the developer elect to pay an installment or any amount owing prior to a scheduled installment date the off-site levy assessment will be determined based upon the off-site levy rates in effect at the time of payment.

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**Guiding Principle**

**Developers that elect to defer offsite levy payments will be assessed their offsite levy obligation based upon the offsite levy rate in effect at time of payment.**

Calculation of off-site levy payments:

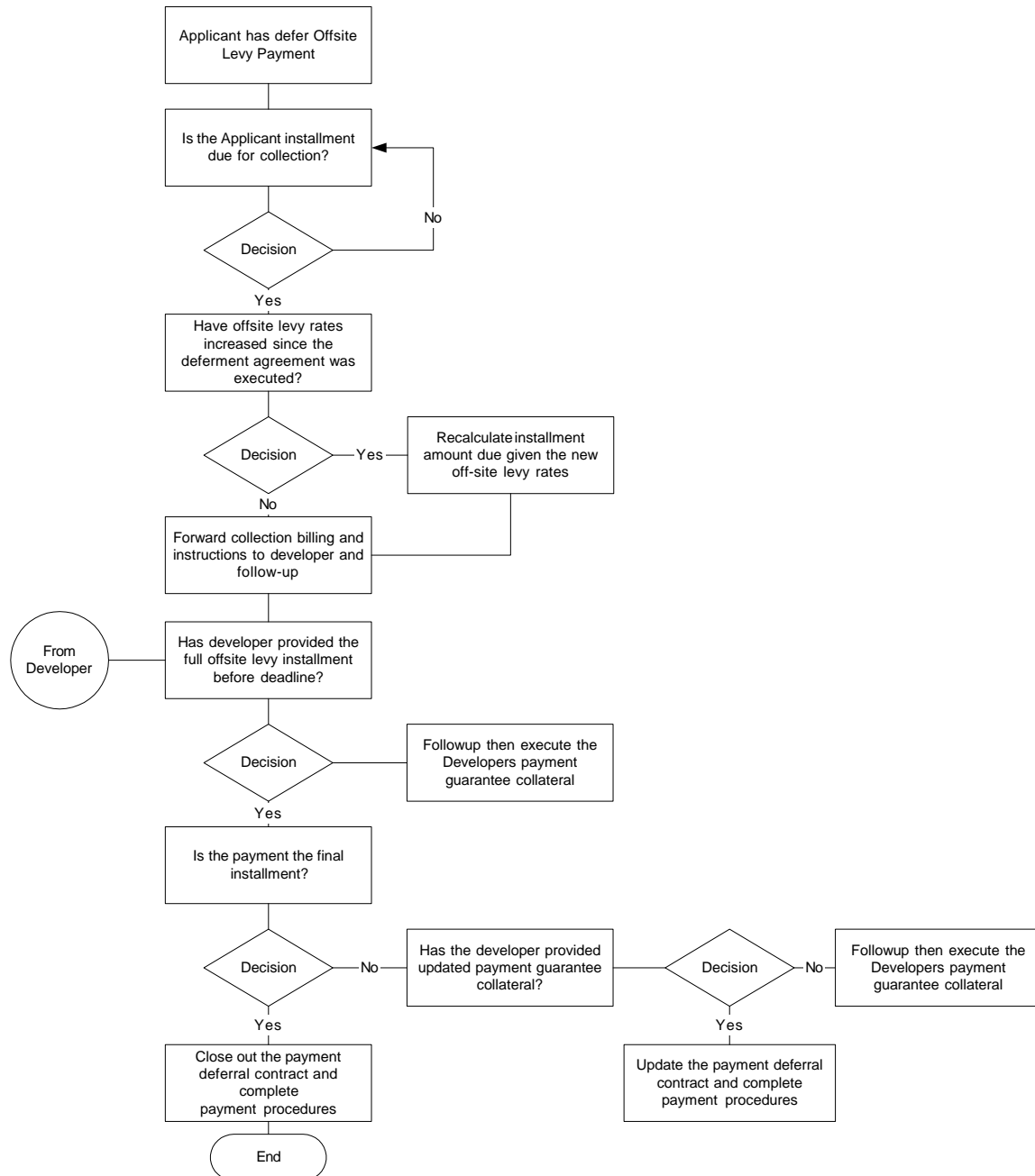
Assessment Adjustment Terms	Rationale
a) <b>Assessment at Time of Payment</b> – Off-site levy balances owing are “floating” and subject to adjustment for off-site levy rates in effect at the time of payment.	Off-site infrastructure is subject to changes for cost changes, interest rate changes etc. These changes will be considered in off-site levy rate changes annually.

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The following flow chart outlines the installment *collection process*.

**Figure 3: Off-Site Levy Collection:**



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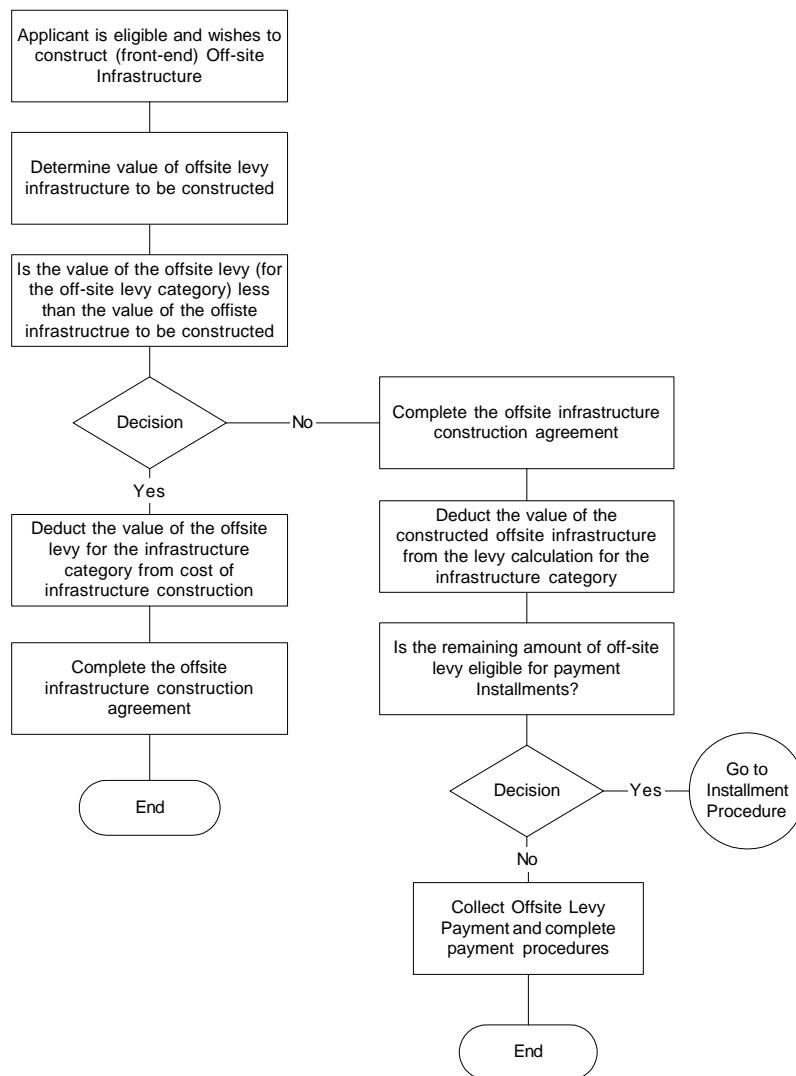
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## 5 Off-site Levy Infrastructure Front-ending

The timing of off-site infrastructure is such that all off-site levy funds will not be in place prior to construction. In order to attract developers to front-end construction, the Town is establishing rules for offsetting levies and providing interest on front-ending balances owed to the front-ending party.

The following flow chart outlines the infrastructure front-ending process.

Figure 4: Off-site Levy Front-ending Process:



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### 5.1 Construction of “Qualified” and “Non-Qualified” Off-site Infrastructure

When the Town has approved off-site infrastructure construction and entered into contract (Front-end Construction Agreement) with the developer, the agreement will outline the standards and specifications of the infrastructure to be constructed. The decision to approve the construction as “qualified” is based upon the off-site infrastructure being outlined within the Town’s Off-Site Levy Bylaw and the infrastructure being required “by the Town” in the near term. This later condition is denoted by the project being reflected in the next 5 years of the Town’s Capital Plan.

There may be instances where a developer will construct off-site infrastructure to support their development however the Town may not require the infrastructure to be built in the near term (“non-qualified”). For example, a developer may wish to construct all four lanes of an arterial road when only two lanes are required.

#### Guiding Principle

**Offsite infrastructure constructed by a developer will be constructed to the standards and specifications of the Town.**

**Developers are required to enter agreement with the Town on all offsite infrastructure constructed (qualified or non qualified infrastructure).**

**“Qualified” offsite infrastructure is outlined within Town of Beaumont’s Offsite Levy Bylaw and is contained within the next 5 years of the Town’s Capital Plan.**

**“Non-qualified” offsite infrastructure is outlined with Town of Beaumont’s Offsite levy but is contained beyond the next 5 years of the Town’s Capital Plan.**

**Developers that construct “Qualified” or “Non-qualified” offsite infrastructure are permitted to offset offsite levies up to the cost of infrastructure being constructed (see offsetting offsite levies).**

**Developers that construct “qualified” offsite infrastructure will be reimbursed infrastructure construction costs and interest will accrue on unpaid balances.**

**Developers that construct “non-qualified” offsite infrastructure will not be reimbursed costs and will not receive interest on unpaid balances until such time as the infrastructure becomes “qualified” (i.e., contained in the next 5 years of the Town’s Capital Plan).**

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	<i>Qualified Infrastructure</i>	<i>Non-qualified Infrastructure</i>
<b>Relationship to Off-Site Levy Bylaw and Capital Plan</b>	Is contained in the Town's Off-site Levy Bylaw and the next 5 years of the Town's Capital Plan.	Is contained in the Town's Off-site Levy Bylaw but is contained beyond the next 5 years of the Town's Capital Plan.
<b>Standards &amp; Specifications</b>	Constructed to the standards and specifications of the Town.	Constructed to the standards and specifications of the Town.
<b>Front-end Agreement</b>	Developers are required to enter into agreement with the Town.	Developers are required to enter into agreement with the Town
<b>Offset Off-Site Levies</b>	Developers may offset the value of off-site levies being collected by the cost of construction. Offset may only be applied to levies in the same category as infrastructure being constructed.	Developers may offset the value of off-site levies being collected by the cost of construction. Offset may only be applied to levies in the same category as infrastructure being constructed.
<b>Interest on Unpaid Balance</b>	Developers will receive interest on the balance of off-site infrastructure amounts due to the developer.	No Interest Payment Until Qualified – Developers will not receive interest on non-qualified infrastructure constructed. Interest will only accrue once the infrastructure is "qualified".

## 5.2 Offsetting Off-Site Levies for Front-end Infrastructure Costs

Developers who front-end the construction of off-site levy infrastructure whether "qualified" or "non-qualified" may apply the cost of this infrastructure against off-site levies due to the Town. If the developer is constructing off-site infrastructure or contributing land that will be used to site off-site levy infrastructure the Town will award the developer a credit up to the value of construction. However, the construction credit may only be applied against the same category of levy as the constructed front-end infrastructure. No construction credits may be applied to off-site levies owing that differ from the off-site levy infrastructure being constructed. For example, if a developer is front-ending the construction of transportation off-site infrastructure, then the transportation off-site levy assessment can be offset by the value of front-ended transportation infrastructure. The value of construction cannot be offset against any other off-site levy assessments.

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**Guiding Principle**

**Developers that front-end the construction of offsite infrastructure may offset the offsite levy assessments on this category of offsite infrastructure up to the cost of infrastructure construction.**

**Front-end infrastructure costs may only be applied against the same offsite levy category as the infrastructure being front-ended.**

Calculation of off-site front-end amounts and levy credits for front-ended off-site levy infrastructure:

Front-end Construction Amount / Offset Credits	Rationale
<p><b>Offset Based Upon Professional Estimate / Adjusted for Actual</b> – The offset credit will be based upon the Town approved construction estimates. The developer will provide this estimate. The developer estimate must be certified by a professional architect or engineer or based on a fixed price bid from a contractor, and will contain direct costs only.</p> <p>When the infrastructure is ultimately constructed the actual cost of construction (direct costs only), approved by the Town, may be applied to adjust any off-site levies still owing.</p> <p>The developer must advise the Town of any change orders that impact the cost of the approved infrastructure and the change order must be approved in writing by the Town to be eligible for reimbursement or levy assessment offset.</p>	<p>Obtaining external pricing ensures that all parties understand the potential cost of the project.</p> <p>Final actual construction cost is required to finalize amounts that may be due to the developer and / or the Town.</p> <p>The notification and approval of change orders will keep the Town and developer apprised of the cost changes and potential impact on levy assessments outstanding.</p>

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## 6 Infrastructure Front-end Claim Reimbursement

### 6.1 Construction Inspection and Acceptance

Developers that front-end the construction of off-site levy infrastructure will construct infrastructure to the standards and specifications demanded by the Town. In this regard the process used to inspect and accept other development infrastructure will be used for off-site infrastructure construction. The Town will inspect constructed infrastructure and issue a Construction Completion Certificate when the infrastructure is completed. This certificate will “start the clock” on the timing of “qualified” off-site infrastructure. The developer will be responsible for correcting any deficiencies in off-site infrastructure construction. Front-end off-site infrastructure will be subject to a two-year warranty period. To ensure that the developer corrects deficiencies in front-end infrastructure, cost reimbursement will be subject to hold back. The Town will issue a Final Acceptance Certificate when all deficiencies have been remedied and the warranty period has expired. The Final Acceptance Certificate will trigger the release of front-end infrastructure reimbursement hold back.

#### Guiding Principle

**Developers will be responsible to construct offsite infrastructure to the standards and specifications of the Town.**

Infrastructure inspection and acceptance conditions are outlined below:

Inspection / Acceptance Terms	Rationale
a) <b>Inspection, Correction of Deficiencies, Acceptance</b> – Developer constructed infrastructure will be built to Town standards and specifications. At completion, infrastructure will be subject to Town inspection. The developer will remedy construction deficiencies. A Construction Completion Certificate will be issued by the Town to signify that infrastructure conforms to Town standards. The developer will be eligible for reimbursement of front-ending costs subject to holdbacks and availability of funds in the off-site levy reserve(s).	The developer is accountable for the infrastructure constructed. The inspection process will ensure that standards have been met and that deficiencies are noted and subject to future correction by the developer. The Construction Completion Certificate “starts the clock” for qualified infrastructure.
b) <b>Hold Back on Deficiencies, Issuance of Final Acceptance Certificate</b> – The Town will withhold (minimum 10% plus costs associated with rectifying deficiencies) of the	To ensure that a developer corrects any off-site infrastructure deficiencies a hold back amount will be established. The issue of a Final Acceptance Certificate

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<p>cost of front-end off-site infrastructure repayment amounts to expedite correction of deficiencies.</p> <p>At the conclusion of the warranty period and after construction deficiencies are completed a final acceptance inspection will be undertaken, a Final Acceptance Certificate will be issued and holdback on reimbursement may be released (subject to availability of funds in the off-site levy reserve(s)).</p>	<p>by the Town will be used to signal release of holdback on payment to the developer.</p>
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## 6.2 Interest on Unpaid Balance

Developers who construct “qualified” off-site infrastructure, where the cost of construction exceeds off-site levies payable, will earn interest on balances due to them. Interest will accrue from the point of the issuance of the Construction Completion Certificate, and will be posted to the developers account annually and upon final repayment of the construction cost by the Town. Interest accrued on unpaid balances owed to the developer will earn interest at the nominal cost of capital for that time period contained in the off-site levy model (i.e., their reserve “charging rate”).

### Guiding Principle

**Balances due to developers as a result of front-ending the construction of “qualified” offsite infrastructure will earn interest at the nominal cost of capital for that time period contained in the offsite levy model.**

Interest earned on outstanding balance due to the developer for construction of “qualified” off-site infrastructure:

Inspection / Acceptance Terms	Rationale
<p>a) <b>Interest on Outstanding Balance at Town Cost of Capital</b> – Developer constructed off-site infrastructure will earn interest on any outstanding balance at the nominal cost of capital for that time period contained in the off-site levy model.</p>	<p>Developers who construct “qualified” infrastructure will receive credit for the working capital invested in front-ending off-site infrastructure.</p> <p>The MGA indicates that parties that front-end infrastructure construction will be entitled to interest on their investment.</p>

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### 6.3 Financial Plan and Payments on Developer Front-end Debts

Each year, the Town will develop a financial plan that outlines how off-site levy reserve fund balances will be utilized. The plan will consider future staging of off-site infrastructure, the balance in off-site levy reserves, the Town's borrowing capacity, development trends, anticipated levy receipts, expenditures, front-end debt, monies needed to construct off-site infrastructure, monies available to repay front-ending parties, and amounts to be retained in the reserve to finance future disbursements.

Any off-site levy reserve funds that are assigned to the draw-down of obligations related to "qualified" front-end construction will be distributed to front-ending parties (Town and / or private developers) in an equitable fashion. Equity will be achieved by prorating repayment funds across the outstanding balance of all amounts owed.

#### Guiding Principle

**The Town will develop annually a financial plan that outlines how offsite levy funds will be utilized.**

**Funds drawn from the offsite levy reserve to pay down "qualified" front-end obligations will be prorated across all outstanding loan balances (subject to other reserve financing requirements as described in the Town's annual financial plan).**

**When an amount owed on "qualified" front-ending obligation is less than \$50,000, the amount due will be paid out in its entirety.**

The following outlines the administrative processes that will be used when reserve payments are allocated to the repay / draw down of "qualified" front-end obligations.

Repayment of "Qualified" Debts	Rationale
a) <b>Financial Plan</b> - The Town will develop a financial plan annually that will indicate how off-site levy funds will be utilized and disbursed.	
b) <b>Payments on Amounts will be Prorated on All Balances Due</b> - The Town will determine the amount of funding to be applied to the pay down of front-ending obligations for "qualified" balances. Such funding will be prorated across all debts.	Using a pro-rated methodology ensures that the Town (as a significant front-ending party) does not "dominate" repayments (as would be the case in a First In First Out scheme) thereby creating unwanted disincentives for developer front-ending.
c) <b>Payments on Amounts Below \$50,000 will be paid out</b> - When the balance of a "qualified" front-end obligation falls below	Small outstanding balances will be paid out to reduce the administrative efforts associated with these amounts.

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Repayment of "Qualified" Debts	Rationale
\$50,000, the balance will be paid out in its entirety.	
d) <b>Town as Front-ending Claimant</b> - The Town (when it is a front-ending claimant) may elect not to receive a distribution in any year in order to expedite repayment of front-ending claims to other off-site levy reserve claimants.	This gives the Town flexibility to create additional front-ending incentives, should it wish.
e) <b>Accounting</b> - The Town will maintain an accurate and appropriate accounting of off-site levy reserve balances and amounts due to front-end off-site infrastructure claimants.	

#### 6.4 Annual Reporting

In addition to the administrative policies outlined in this document, during the next update of off-site levy rates, the Town will amend its off-site levy bylaw to include specific direction pertaining to the regular update of off-site levy rates. The following "language" is offered, and will be vetted by the Town's legal advisors:

"On or before April 30 in each calendar year the Chief Administrative Officer, or assigned designate, shall submit to Council, an annual Off-site Levy Report pursuant to this bylaw identifying:

- Construction costs of projects constructed in the previous calendar year;
- Estimated construction costs for projects yet to be constructed and an explanation of adjustments to the estimates since the previous annual report;
- Amounts collected in Off-site Levy fees;
- Specifics of the total value of Off-site Levy fees being held by Town of Beaumont within reserves and yet to be expended on off-site levy projects, interest earned and commitments for future expenditures of such monies; and
- Updated rates and schedules to be approved by Council resolution on an annual basis."

#### AUTHORITY/RESPONSIBILITY TO IMPLEMENT:

- For information or clarification for this policy, refer to the CAO, Manager of Corporate Services, or Municipal Planner.
- The Municipal Planner and Manager of Corporate Services must ensure that the policy requirements are met and updated as required.

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