

November 17, 2022

Mayor Clark and Members of Council
City of Medicine Hat
580 First St SE
Medicine Hat, Alberta T1A 8E6

Dear Mayor Clark and Members of Council:

We had the opportunity to meet with City Staff regarding the offsite levy review on four occasions since August 2022 and have also submitted various questions via email. We also had the opportunity to review the proposed bylaw 4721 introduced at the November 7, 2022 Council meeting. In addition, we have reviewed the Municipal Government Act, the regulations and implementation fact sheet pertaining to offsite levies and the AUMA and RMA Guide to Offsite Levies.

In the [Offsite levy manual](#), provided by RMA and the AUMA, it states:

“The establishment of a defensible OSL regime requires supporting technical documentation and analysis, such as infrastructure master plans, engineering studies and OSL reports, including a cost-benefit analysis. Undertaking these studies can be costly and time-consuming. Although the cost of the studies that provide the foundation for an OSL regime may ultimately be recoverable through the OSL, the municipality must be able fund the studies initially. In addition to the costs of the up-front studies, the municipality must cover the costs of maintaining the OSL regime once it is in place. Maintenance of the regime includes accounting for the funds that are collected and expended. Each category of OSL must be accounted for separately and any interest that accrues to the fund can only be used for that same purpose (section 648(5), MGA). Depending on the complexity of the municipality’s OSL regime, the administrative costs and time associated with maintaining and administering the OSL regime may become a burden and cannot be offset against the OSL funds. These administrative costs are not directly linked to the capital costs associated with infrastructure or facilities, but rather are operational in nature. A further cost of an OSL regime that must be covered by the municipality is the cost of updating the levy rates and preparing the required annual reports. Because construction costs will vary over time, it is important that the levy rates be kept current. If OSL rates are not updated and verified on a regular basis, there is a risk that the funds collected will be inadequate to cover the actual cost of construction. If a municipality does not have the financial expertise to maintain the OSL regime or if it cannot afford to hire consultants to assist the administration with the operation of the OSL regime, the municipality would be wise to not implement an OSL regime.”

Through the MGA Off-site levy amendments 2021 Implementation Fact Sheet, it states:

“Municipalities must make the following information publicly available:

- Any information or data the municipality relied upon and any assumptions the municipality made in calculating the levy, including, without limitation, any information, data or assumptions the municipality used in models to complete calculations. s.648.2(6)(a).
- The calculations that were performed in order to determine the amount of the levy. s.648.2(6)(b)”

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The offsite levy manual states the following regarding Stakeholder Consultation:

- Consultation must begin at the earliest opportunity and must provide stakeholders with the ability to provide input on an ongoing basis. s.648.3(3).
- During consultation, a municipality must make publicly available any calculations the municipality has made and any information the municipality has relied upon including, without limitation, any assumptions and data the municipality has used in models to complete calculations. s.648.3(4)

The offsite levy manual does state that funds cannot be co-mingled across basins. Separate accounts are also to be maintained for each infrastructure or facility type for which an OSL is collected. If the OSL model provides for a further division, for example, by basins (nodes), the accounting must also reflect this division.

We noticed that since the last offsite levy bylaw was approved in 2013, several projects have been added to the new bylaw that were constructed and added to the model before the consultations took place. We also appreciate that various projects have also been removed, and the adjustments have resulted in lower overall offsite costs for several nodes.

With the information presented and through consultations and what we have reviewed, we still have outstanding questions and information that have not yet been addressed through stakeholder consultations and correspondence. Some questions remain about some projects, project accounting and the overall cost-benefit of the offsite levy model.

With that in mind, we also recognize that City staff had a requirement to have this bylaw introduced and passed before the end of 2022. We acknowledge the efforts of City Staff in their willingness to consult and engage with stakeholders. There has been much more information shared and greater transparency provided in this consultation process than in previous consultations. With the time and effort spent with stakeholders, we also know that staff were required to expedite the process so the bylaw could be introduced to Council.

We want to encourage growth and further development in the municipality and work towards any efforts to promote growth. We would also like to see full transparency on some of the questions that are still outstanding, so that the development community can feel confident in the overall process and information being presented.

Therefore the Medicine Hat & District Chamber of Commerce and the Urban Development Industry would be able to support the bylaw moving forward as long as it's also recommended to:

1. Continue to follow up on the questions and information presented by stakeholders as a means to **build trust and transparency**, including any information, data, statutory plans, functional servicing reports, areas structure plans and other planning documents the municipality relied upon and any assumptions the municipality made in calculating the levy, including, without limitation, any information, data or assumptions the municipality used in models to complete calculations and a better understanding of projects, receipts and calculations that were performed to determine the amount of the levy.
2. Amend subsection 9(a) of the proposed bylaw to read as follows: The City shall review the levy projects and the levy rates **annually in consultation with stakeholders**.
3. Ensure that the bylaw also includes a clause where the **levy rates are agreed upon in the conditions of a subdivision approval** from the City for a period of one year with the option to

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apply for an extension of 12 months to fulfill any conditions and payment of offsite levies agreed upon to avoid fluctuations and ensure greater predictability and business planning for development.

4. Ensure that any projects that may be considered as potential offsite projects are **not constructed before being added to the levy model** and before the appropriate consultation with stakeholders has been held. Projects and rates should only be added and adjusted after consultation with stakeholders.
5. Ensure any **consultations begin at the earliest opportunity**, providing stakeholders with the ability to provide input on an ongoing basis. s.648.3(3).
6. **Create incentives in consultation with industry groups and developers** that can be applied equitably and will be targeted to promote growth and land development.
7. Work to maintain **continuity in the offsite levy model and consultations** conducted through staff retention and continuity of the staff representatives engaged in constructing the model and in the consultation processes.
8. Work to maintain offsite levies as one of the lowest in the province and **market the competitive advantage** to prospective businesses and developers.

Sincerely,

Scott Lehr
2021-2022 President
Medicine Hat & District Chamber of Commerce

Curtis Presber
Chair
Urban Development Industry

Cc: Glenn Feltham, Interim City Manager
Cc: Rochelle Pancoast, Managing Director, Strategic Management and Analysis
Cc: Amanda Brinda, City Planner & Director of Development Services
Cc: Randi Buchner, Superintendent of Engineering, Planning & Development Services

Sources:

- City of Medicine Hat Offsite Levy Bylaw Amendment p.352-464
https://docs.medicinehat.ca/OnBaseAgendaOnline/Documents/ViewDocument/REGULAR_MEDICINE_HAT_CITY_COUNCIL_5106_Agenda_Packet_11_7_2022_6_30_00_PM.pdf?meetingId=5106&documentType=AgendaPacket&itemId=0&publishId=0&isSection=false
- Offsite Levy implementation fact sheet: <https://open.alberta.ca/dataset/9012714b-1d3c-4046-997c-1afbde6975f1/resource/ee86a5c8-b100-437b-a1ea-089332576b7e/download/ma-municipal-government-act-off-site-levie-amendments-2021.pdf>
- OFF-SITE LEVIES REGULATION: https://www.kings-printer.alberta.ca/1266.cfm?page=2017_187.cfm&leg_type=Regs&isbncIn=9780779824953&display=html
- Offsite levy manual: https://www.abmunis.ca/sites/default/files/off-site_levies_manual_final.pdf