



**Town of Hinton
STANDING COMMITTEE MEETING
Agenda
April 8, 2014 - 4:00 PM
Committee Room, Hinton Government Centre**

TOWN COUNCIL MISSION
*Council serves the interests of our citizens
to enable our community to reach full
potential.*

Page

ORDER

1. Call to Order

ADOPTION OF AGENDA

1. Standing Committee Agenda - April 8, 2014

ACTION AND DISCUSSION ITEMS

- | | |
|---------|---|
| 2 - 26 | 1. Assessor Presentation - Verbal by Warren Powers |
| | 2. Financial Statement Presentation & Discussion with the Auditor - Gerald Joly |
| 27 - 28 | 3. Erith Park Rehabilitation |
| 29 - 53 | 4. Off-Site Levy Text/Content Review |
| | 5. Sustainability and Organizational Structure - Verbal by Bernie Kreiner |

ADDITIONAL INFORMATION

1. Urgent Matters from Council and Town Manager
2. Executive Assistant Logistics Information

IN CAMERA (if necessary)

ADJOURNMENT

1. Adjournment

TOWN OF HINTON
Consolidated Financial Statements
Year Ended December 31, 2013

Draft for discussion purposes only

TOWN OF HINTON
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Year Ended December 31, 2013

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Draft for discussion purposes only

INDEPENDENT AUDITOR'S REPORT

To the Councillors of Town of Hinton

We have audited the accompanying consolidated financial statements of Town of Hinton, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Hinton as at December 31, 2013, and the results of its operations, changes in accumulated surplus, changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edson, Alberta

CHARTERED ACCOUNTANTS



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TOWN OF HINTON
Consolidated Statement of Financial Position
December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 13,319,387	\$ 13,559,948
Receivables		
Taxes and grants in place of taxes (Note 3)	800,044	823,096
Trade and other receivables	2,574,933	2,333,866
Land held for resale	1,982,595	1,726,423
Due from West Yellowhead Regional Waste Management Authority (Note 7)		40,750
	18,676,959	18,484,083
LIABILITIES		
Accounts payable and accrued liabilities	3,300,410	2,948,373
Deposit liabilities	1,165,642	1,037,304
Deferred revenue (Note 5)	5,287,916	5,483,091
Landfill closure and post-closure liability (Note 6)	317,557	286,135
Due to West Yellowhead Regional Waste Management Authority (Note 7)	185,650	-
Long term debt (Note 8)	15,602,045	17,683,811
	25,859,220	27,438,714
NET FINANCIAL DEBT	(7,182,261)	(8,954,631)
NON-FINANCIAL ASSETS		
Prepaid expenses	4,870	1,946
Inventory for consumption	482,912	467,757
Long term investments (Note 10)	1,874,293	1,874,293
Tangible capital assets	143,153,418	141,826,756
	145,515,493	144,170,752
ACCUMULATED SURPLUS (Note 12)	\$138,333,232	\$135,216,121

APPROVED BY

_____ *Member of Council*

_____ *Authorized Signing Officer*

See notes to financial statements

**Mergaert, Barford,
Williams & Joly**

Chartered Accountants Page 5 of 53

TOWN OF HINTON
Consolidated Statement of Operations
Year Ended December 31, 2013

	(Unaudited) Budget	2013	2012
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 11,021,205	\$ 11,050,799	\$ 10,286,236
Government transfers for operating <i>(Schedule 3)</i>	2,931,458	2,722,898	3,150,111
User fees and sales of goods	5,382,406	5,525,214	5,940,127
Fines	1,565,000	1,599,824	1,561,270
Rentals	508,305	524,462	538,891
Franchise fees	1,019,734	1,099,955	977,242
Investment income	101,000	120,018	98,159
Licenses and permits	142,000	126,474	130,411
Development levies	-	111,710	127,958
Penalties and costs on taxes	180,000	220,737	171,136
Insurance proceeds	70,000	-	243,116
Other	7,000	35,335	25,486
West Yellowhead Regional Waste Management Authority	376,380	446,580	465,706
Gain (loss) on disposal of tangible capital assets	-	94,322	19,795
	<u>23,304,488</u>	<u>23,678,328</u>	<u>23,735,644</u>
EXPENSES			
Legislative	456,165	419,990	408,692
Administration	2,921,749	2,833,646	2,538,709
Protective services	4,463,132	4,414,796	4,174,267
Roads, streets, and equipment	5,102,400	4,973,273	4,839,494
Water, wastewater and waste management	2,810,839	3,080,609	2,754,840
Family and community support	1,208,323	1,351,006	1,184,751
Planning and development	1,481,889	1,464,819	1,410,100
Recreation and parks	4,665,233	4,619,299	4,605,114
Culture	901,069	910,096	915,840
West Yellowhead Regional Waste Management Authority	473,790	493,702	551,774
	<u>24,484,589</u>	<u>24,561,236</u>	<u>23,383,581</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>(1,180,101)</u>	<u>(882,908)</u>	<u>352,063</u>
OTHER INCOME			
Government transfers for capital <i>(Schedule 3)</i>	4,101,437	2,745,905	4,537,078
Contributed tangible capital assets	-	1,254,114	-
	<u>4,101,437</u>	<u>4,000,019</u>	<u>4,537,078</u>
EXCESS OF REVENUE OVER EXPENSES	2,921,336	3,117,111	4,889,141
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>135,216,121</u>	<u>135,216,121</u>	<u>130,326,980</u>
ACCUMULATED SURPLUS, END OF YEAR <i>(Note 12)</i>	<u>\$138,137,457</u>	<u>\$138,333,232</u>	<u>\$135,216,121</u>

See notes to financial statements

**Mergaert, Barford,
Williams & Joly**

TOWN OF HINTON
Consolidated Statement of Changes in Accumulated Surplus
Year Ended December 31, 2013

	Unrestricted Surplus	Restricted Surplus	Equity in TCA	2013	2012
BALANCE - BEGINNING OF PERIOD	\$ 1,026,902	\$ 10,046,274	\$124,142,945	\$135,216,121	\$130,326,980
Excess of revenue over expenses	3,117,111	-	-	3,117,111	4,889,141
Unrestricted funds designated for future use	(4,437,616)	4,437,616	-	-	-
Restricted funds used for tangible capital assets	-	(4,986,040)	4,986,040	-	-
Contributed tangible capital assets	(1,254,114)	-	1,254,114	-	-
Disposal of tangible capital assets	384,671	-	(384,671)	-	-
Annual amortization expense	4,528,820	-	(4,528,820)	-	-
Long term debt repaid	(2,081,766)	-	2,081,766	-	-
BALANCE - END OF PERIOD	\$ 1,284,008	\$ 9,497,850	\$127,551,374	\$138,333,232	\$135,216,121

See notes to financial statements

TOWN OF HINTON
Consolidated Statement of Change in Net Financial Assets (Debt)
Year Ended December 31, 2013

	2013	2012
NET EXCESS OF REVENUE OVER EXPENSES	\$ 3,117,111	\$ 4,889,141
Acquisition of tangible capital assets	(4,986,040)	(3,804,691)
Contributed tangible capital assets	(1,254,114)	-
Amortization of tangible capital assets	4,528,820	4,492,452
Proceeds on disposal of tangible capital assets	478,993	26,500
(Gain) loss on disposal of tangible capital assets	(94,322)	(19,795)
	<u>(1,326,663)</u>	<u>694,466</u>
Change in prepaid assets	(2,924)	582
Change in inventory for consumption	(15,154)	(42,730)
Change in long term investments	-	-
	<u>(18,078)</u>	<u>(42,148)</u>
DECREASE IN NET DEBT	1,772,370	5,541,459
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	(8,954,631)	(14,496,090)
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (7,182,261)	\$ (8,954,631)

See notes to financial statements

TOWN OF HINTON
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 3,117,111	\$ 4,889,141
Items not affecting cash:		
Amortization of tangible capital assets	4,528,820	4,492,452
(Gain) loss on disposal of tangible capital assets	(94,322)	(19,795)
Contributed tangible capital assets	(1,254,114)	-
	<u>6,297,495</u>	<u>9,361,798</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	23,052	(232,352)
Trade and other receivables	(241,067)	227,431
Land held for resale	(256,172)	116,612
Prepaid expenses	(2,924)	582
Inventory for consumption	(15,155)	(42,730)
Accounts payable and accrued liabilities	352,038	(932,613)
Due to West Yellowhead Regional Waste Management Authority	226,400	89,251
Deposit liabilities	128,338	(41,015)
Deferred revenue	(195,175)	(1,262,469)
Landfill closure and post-closure liability	31,422	29,078
	<u>50,757</u>	<u>(2,048,225)</u>
Cash flow from operating activities	<u>6,348,252</u>	<u>7,313,573</u>
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(4,986,040)	(3,804,691)
Proceeds on disposal of tangible capital assets	478,993	26,500
Cash flow used by investing activities	<u>(4,507,047)</u>	<u>(3,778,191)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	-	1,427,000
Repayment of long term debt	(2,081,766)	(1,869,648)
Cash flow used by financing activities	<u>(2,081,766)</u>	<u>(442,648)</u>
INCREASE (DECREASE) IN CASH FLOW	(240,561)	3,092,734
Cash - beginning of year	<u>13,559,948</u>	<u>10,467,214</u>
CASH - END OF YEAR (Note 2)	<u>\$ 13,319,387</u>	<u>\$ 13,559,948</u>

See notes to financial statements

**Mergaert, Barford,
Williams & Joly**

Consolidated Schedule of Tangible Capital Assets *(Schedule 1)*
Year Ended December 31, 2013

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2013	2012
COST								
BALANCE, BEGINNING OF YEAR	\$ 18,439,355	\$ 14,060,226	\$ 38,817,946	\$ 124,570,018	\$ 7,982,267	\$ 3,073,051	\$ 206,942,863	\$ 203,191,313
Acquisition of tangible capital assets	-	515,867	282,476	1,164,483	328,558	45,628	2,337,012	2,406,356
Construction in progress	-	110,180	1,102	3,791,863	-	-	3,903,145	1,398,335
Disposal of tangible capital assets	(285,807)	-	-	-	(38,393)	(87,899)	(412,099)	(53,141)
BALANCE, END OF YEAR	\$ 18,153,548	\$ 14,686,273	\$ 39,101,524	\$ 129,526,364	\$ 8,272,432	\$ 3,030,780	\$ 212,770,921	\$ 206,942,863
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 5,681,451	\$ 10,274,258	\$ 43,203,051	\$ 4,551,126	\$ 1,406,221	\$ 65,116,107	\$ 60,670,091
Annual amortization	-	596,814	1,084,734	2,127,615	550,291	169,366	4,528,820	4,492,452
Accumulated amortization on disposals	-	-	-	-	(18,896)	(8,529)	(27,425)	(46,436)
BALANCE, END OF YEAR	\$ -	\$ 6,278,265	\$ 11,358,992	\$ 45,330,666	\$ 5,082,521	\$ 1,567,058	\$ 69,617,502	\$ 65,116,107
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 18,153,548	\$ 8,408,008	\$ 27,742,532	\$ 84,195,698	\$ 3,189,911	\$ 1,463,722	\$ 143,153,419	\$ 141,826,756
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 18,439,355	\$ 8,378,775	\$ 28,543,688	\$ 81,366,967	\$ 3,431,141	\$ 1,666,830		\$ 141,826,756

See notes to financial statements

**Mergaert, Barford,
Williams & Joly**
Chartered Accountants

TOWN OF HINTON
Consolidated Schedule of Property and Other Taxes *(Schedule 2)*
Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
TAXATION		
Real property taxes	\$ 15,067,443	\$ 13,963,709
Linear property taxes	298,350	280,682
Government grants in place of property taxes	77,806	75,312
Special assessments and local improvement taxes	<u>49,188</u>	<u>49,188</u>
	<u>15,492,787</u>	14,368,891
REQUISITIONS		
Education requisition	4,207,635	3,857,663
Evergreens Seniors Foundation	<u>234,353</u>	<u>224,992</u>
	<u>4,441,988</u>	4,082,655
NET MUNICIPAL TAXES	<u>\$ 11,050,799</u>	<u>\$ 10,286,236</u>

See notes to financial statements

TOWN OF HINTON
Consolidated Schedule of Government Transfers **(Schedule 3)**
Year Ended December 31, 2013

	2013	2012
TRANSFERS FOR OPERATING		
Federal government conditional transfers	\$ 2,190	\$ -
Provincial government conditional transfers	1,284,635	1,485,807
Local government transfers	1,436,073	1,664,304
	2,722,898	3,150,111
TRANSFERS FOR CAPITAL		
Federal government conditional transfers	87,618	39,923
Provincial government conditional transfer	2,549,670	4,461,541
Local government transfers	108,617	35,614
	2,745,905	4,537,078
TOTAL GOVERNMENT TRANSFERS	\$ 5,468,803	\$ 7,687,189

See notes to financial statements

TOWN OF HINTON
Consolidated Schedule of Expenses by Object **(Schedule 4)**
Year Ended December 31, 2013

	Budget (Unaudited)	2013	2012
EXPENSES			
Salaries, wages and benefits	\$ 9,789,601	\$ 9,786,258	\$ 9,183,627
Contracted and general services	5,300,623	5,310,127	4,979,324
Materials, goods, supplies and utilities	3,439,313	3,496,308	3,122,968
Provision for (recovery of) allowances	1,500	246	468
Transfers to local boards and agencies	281,100	303,824	343,409
Transfers to individuals and organizations	49,800	58,907	53,693
Bank charges and short-term interest	4,700	4,205	4,893
Interest on capital long-term debt	746,572	698,688	762,178
West Yellowhead Regional Waste Management Authority	361,590	373,853	440,569
Amortization of tangible capital assets	4,509,790	4,528,820	4,492,452
	\$ 24,484,589	\$ 24,561,236	\$ 23,383,581

See notes to financial statements

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Hinton are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in accumulated surplus and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Hinton Municipal Library

Town of Hinton Family and Community Support Services

Proportionate consolidation of the West Yellowhead Waste Management Authority (51%)

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(continues)

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Land held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(continues)

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

1. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

2. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

3. Inventory for consumption

Inventories held for consumption are recorded at the lower of cost and replacement cost.

4. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

(continues)

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Land improvements	15 - 50 years	straight-line method
Buildings	50 years	straight-line method
Engineered structures:		
Roadway system	10 - 70 years	straight-line method
Water distribution system	45 - 100 years	straight-line method
Wastewater treatment system	45 - 100 years	straight-line method
Storm system	75 - 100 years	straight-line method
Machinery and equipment	5 - 25 years	straight-line method
Vehicles	5 - 25 years	straight-line method

2. CASH AND TEMPORARY INVESTMENTS

	<u>2013</u>	<u>2012</u>
Cash	\$ 1,123,639	\$ 3,117,981
Temporary investments	12,195,748	10,441,967
	<u>\$ 13,319,387</u>	<u>\$ 13,559,948</u>

Temporary investments are short-term deposits with original maturities of three months or less.

Included in cash and temporary investments is a restricted amount of \$5,274,544 (2012 - \$5,467,045) received from various government grants and held exclusively for the completion of approved projects (Note 5).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2013</u>	<u>2012</u>
Current taxes and grants in place of taxes	\$ 433,845	\$ 433,162
Tax arrears	366,199	389,934
	<u>\$ 800,044</u>	<u>\$ 823,096</u>

4. BANK INDEBTEDNESS

The Alberta Treasury Branches revolving loan is authorized to a limit of \$1,900,000 of which \$ nil was used at December 31, 2013 (2012 - \$ nil). The account bears interest at prime, is due on demand and secured by a general security agreement.

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

5. DEFERRED REVENUE

	<u>2013</u>	<u>2012</u>
Prepaid local improvement charges	\$ 13,372	\$ 16,046
Parent Link West network grant	24,794	35,219
Municipal Policing Assistance grant	69,280	69,650
New Police Officer grant	25,000	-
Other operating	-	35,529
Subtotal operating	132,446	156,444
Green Municipal Fund	836,340	926,148
Government of Alberta Municipal Housing and Capital Enhancement	407,488	401,229
Municipal Sustainability Initiative	1,864,103	1,147,076
Street Improvements Program	1,013,540	1,801,544
CFEP grant for performing arts centre	1,017,443	1,000,000
Early childhood grant	16,556	44,299
Other capital	-	6,351
	\$ 5,287,916	\$ 5,483,091

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the cost required in today's dollars for closure and post-closure activities for 25 years after closure.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 2.223 million cubic metres. The estimated remaining capacity of the landfill site is 1.733 (2012 – 1.762) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2072.

The authority has not designated assets for settling closure and post-closure liabilities.

	2013	2012
Estimated closure costs	\$ 2,572,974	\$ 2,572,974
Estimated post-closure costs	2,025,000	2,025,000
	<u>\$ 4,597,974</u>	<u>\$ 4,597,974</u>
Estimated capacity remaining	77.94 %	79.28 %
Portion of total liability remaining to be recognized	<u>\$ 3,583,661</u>	<u>\$ 3,645,274</u>
Estimated capacity used	22.06 %	20.72 %
Accrued liability portion	\$ 1,014,313	\$ 952,700
Less: closure disbursements	\$ (391,652)	\$ (391,652)
Closure and post-closure liability	<u>\$ 622,661</u>	<u>\$ 561,048</u>
Town of Hinton's 51% proportionate share	\$ 317,557	\$ 286,135

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

7. DUE FROM (TO) WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

The Town of Hinton, Yellowhead County and the Town of Edson established the West Yellowhead Regional Waste Management Authority to construct, maintain, control and manage a regional solid waste disposal system. The proportionate share of ownership, management and liability of the Authority held by each member as follows:

The Town of Hinton	51.0%
Yellowhead County	24.5%
The Town of Edson	24.5%

The parties have agreed to proportionately share costs associated with expenditures arising from the operation of the Authority. The proportions are based on each member's volume of municipal solid waste hauled and deposited to the system for disposal, relative to the total tonnage of solid waste hauled and deposited by all members.

The Town's proportionate share of the West Yellowhead Regional Waste Management Authority is included in these consolidated financial statements.

The amounts due to the West Yellowhead Regional Waste Management Authority are non-interest bearing with no set terms of repayment.

During the year, the town of Hinton paid \$210,000 (2012 - \$198,840) to the Authority for landfill use and charged the Authority \$74,500 (2012 - \$66,500) in management fees. The transactions were measured at the exchange amount.

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

8. LONG-TERM DEBT

	2013	2012
Tax supported debt	\$ 15,456,149	\$ 17,525,333
Self supported debt	145,896	158,478
	\$ 15,602,045	\$ 17,683,811

Principal and interest payments are due as follows:

	Principal	Interest	Total
2014	\$ 2,081,409	\$ 627,850	\$ 2,709,259
2015	2,165,259	543,999	2,709,258
2016	2,252,719	456,539	2,709,258
2017	2,343,953	365,305	2,709,258
2018	2,439,134	270,124	2,709,258
Thereafter	4,319,571	577,843	4,897,414
	\$ 15,602,045	\$ 2,841,660	\$ 18,443,705

Debenture debt is repayable to the Alberta Capital Financing Authority and bears interest at rates ranging from 2.226% to 11.375% per annum and matures in periods 2019 through 2025. Long term debt is issued on the credit and security of the Town at large.

The amounts due to the Canada Mortgage and Housing Corporation bear interest at rates of 4.31% and 8.25%, mature February 2027 and January 2021, and are repayable in blended monthly installments of \$607 and blended annual installments of \$13,203 respectively. Long term debt is issued on the credit and security of the Town at large.

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Hinton be disclosed as follows:

	<u>2013</u>	<u>2012</u>
Total debt limit	\$ 35,680,416	\$ 34,958,325
Total debt	(15,602,045)	(17,683,811)
Total debt guaranteed for other organizations	(1,318,991)	(1,412,455)
Amount of debt limit unused	\$ 18,759,380	\$ 15,862,059
Debt servicing limit	\$ 5,946,736	\$ 5,826,387
Debt servicing	(2,709,259)	(2,799,311)
Amount of debt servicing limit unused	\$ 3,237,477	\$ 3,027,076

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulations 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

10. LONG TERM INVESTMENTS

	<u>2013</u>	<u>2012</u>
Investment in GP Highway Maintenance storage facility	\$ 671,429	\$ 671,429
Investment in Happy Creek Estates	1,202,864	1,202,864
	\$ 1,874,293	\$ 1,874,293

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Tangible capital assets (Schedule 1)	\$212,770,921	\$206,942,863
Accumulated amortization (Schedule 1)	(69,617,502)	(65,116,107)
Long-term debt	(15,602,045)	(17,683,811)
	\$127,551,374	\$124,142,945

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

12. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2013</u>	<u>2012</u>
Unrestricted	\$ 1,284,008	\$ 1,026,902
Family and community support services	18,408	18,408
Library	43,516	43,516
Other operating	187,714	156,552
Cemetery perpetual care	50,509	50,509
Equipment	1,092,168	922,483
Facilities and components	450,548	175,269
Fire department	501,755	313,607
Future land development	3,208	207,651
Future infrastructure	550,055	400,000
Garbage bin replacement	-	8,005
General capital	-	35,789
Information technology	81,675	-
Infrastructure major facility	666,800	839,520
Land sales	1,168,495	994,871
ME first project	-	269,144
Municipal reserve	603,737	806,353
Offsite levy fund	1,373,240	1,538,142
Parks and trails infrastructure	461,358	461,358
Performing arts theatre	148,138	-
Photo radar	765,905	845,861
Roads and sidewalks	907,459	847,627
Water and sewer reserve	96,769	816,460
Other capital	120,595	269,177
West Yellowhead Regional Waste Management Authority	205,798	25,972
Subtotal restricted and unrestricted surpluses	10,781,858	11,073,176
Equity in tangible capital assets	127,551,374	124,142,945
	\$138,333,232	\$135,216,121

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

13. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer (CAO) and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits	2013	2012
Mayor I. Duncan	\$ 39,558	\$ 1,921	\$ 41,479	\$ 44,032
Mayor R. Mackin	10,872	539	11,411	-
Mayor G. Taylor	-	-	-	555
Councillor G. Barrow	5,124	239	5,363	-
Councillor B. Bulger	22,792	438	23,230	28,988
Councillor J. Callihoo	6,902	303	7,205	31,546
Councillor D. Currie	31,567	1,475	33,042	29,775
Councillor L. Johnston-MacKay	29,138	1,377	30,515	28,045
Councillor J. Macridis	25,534	1,189	26,723	32,538
Councillor R. Maguhn	22,811	1,018	23,829	18,865
Councillor M. Michaels	8,364	408	8,772	-
Councillor S. Mitchell	-	-	-	1,285
Councillor S. Taylor	7,176	346	7,522	-
Councillor M. Young	6,420	306	6,726	-
Chief Administrative Officer	160,592	35,105	195,697	191,324

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

14. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 223,000 members and 428 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The town is required to make current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 14.47% of pensionable earnings above this amount. Employees of the town are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Town of Hinton to the LAPP in 2013 were \$734,811 (2012 - \$640,339). Total current service contributions by the employees of the Town of Hinton to the LAPP in 2013 were \$670,518 (2012 - \$581,173).

As at December 31, 2012, the Plan disclosed an actuarial deficiency of \$4.98 billion.

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

15. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The municipality is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The municipality has a significant number of customers which minimizes concentration of credit risk.

Fair Value

The municipality's carrying value of cash and temporary investments, receivables, accounts payable and accrued liabilities, and deposit liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of the amount due from (to) West Yellowhead Regional Waste Management Authority is less than carrying value because the amounts are non-interest bearing. However, because the amounts due to West Yellowhead Regional Waste Management Authority have no fixed repayment terms, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the municipality for debt with similar terms.

The fair value of the landfill closure and post-closure liability and long term investments are not readily determinable because there are no active markets for these items.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the municipality manages exposure through its normal operating and financing activities. The municipality is exposed to interest rate risk primarily through its floating interest rate bank balances and long-term debt.

16. CONTINGENT LIABILITY

The Town of Hinton is a member of the Alberta Local Authorities Reciprocal Insurance Exchange and MUNIX. Under the terms of membership, the Town of Hinton could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town of Hinton has guaranteed a loan for the Hinton Golfing Society to construct a new Club House and consolidate an existing loan. At December 31, 2013, the outstanding balance was \$1,453,393 (2012 - \$1,492,383). The loan is guaranteed to a maximum of \$1,136,000 with a maximum amortization of 20 years and subject to interest at prime plus 0.75%.

The Town of Hinton has guaranteed a loan for the SPCA to construct a new building. At December 31, 2013 the outstanding balance was \$182,991 (2012 - \$276,631). The loan is guaranteed to a maximum of \$350,000 with a maximum amortization of 20 years and subject to interest at prime plus 2.00%.

TOWN OF HINTON
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

17. RECONCILIATION OF OPERATING RESULTS TO CASH BASED BUDGETING

The 2013 budget was prepared based on the previous accounting standards which tracked all municipal activities including capital projects, debenture repayments and proceeds, and reserve transfers for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Unaudited Budget	2013	2012
Excess of revenue over expenditures, per financial statements	\$ 2,921,336	\$ 3,117,111	\$ 4,889,141
<u>Add back:</u>			
Amortization expense (non-consolidated)	4,397,590	4,408,971	4,381,246
<u>Deduct:</u>			
Government transfers for capital	(4,101,437)	(2,745,905)	(4,537,078)
Contributed tangible capital assets	-	(1,254,114)	-
Development levies for capital	-	(111,710)	(127,958)
Other capital revenues	(69,000)	(62,919)	(734,132)
Gain/loss on disposal of tangible capital assets	-	(94,322)	(19,795)
Net effect of 51% consolidation of the West Yellowhead Regional Waste Management Authority	(9,690)	(59,978)	(15,341)
Principal payments of capital debt	(2,150,744)	(2,081,766)	(1,869,648)
Net transfers (to) from reserves	(988,055)	(998,695)	(1,142,917)
	<u>\$ -</u>	<u>\$ 116,673</u>	<u>\$ 823,518</u>

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



TOWN OF HINTON DIRECTION REQUEST

DATE: March 31, 2014

TO: STANDING COMMITTEE MEETING OF APRIL 8, 2014

FROM: Wendy Jones, Capital Projects and Construction Manager

REVIEWED BY: Mike Schwartz, Infrastructure Services Director

APPROVED BY: Bernie Kreiner, Town manager

RE: 2014 Capital Budget – Project Pending (Yellow) – Erith Park Rehabilitation

Purpose

This item is before Council to provide a current overview and status of the Erith Park Rehabilitation 2014 Capital Budget project pending (yellow highlight) and to obtain Council's direction prior to bringing forward to a meeting of Regular Council.

Issue

The 2014 Capital Budget identifies "Erith Park Rehabilitation Pending Grants" total budget \$165,000. (\$90,000.00 funded from Parks and Trails Reserves - \$75,000 funded from grants).

The Town of Hinton is a successful recipient of the 2014-2016 Municipal Demonstration Grant administered by Alberta Recycling Management Authority for the maximum funding amount of \$25,000. This program supports finding innovative applications for recycled tire products such as pour-in-place "pip" surfaces for playgrounds.

At present, there are two outstanding grant applications:

- 2014 CN EcoConnexions – From the Ground Up. CN in partnership with Tree Canada and Communities in Bloom provides matched funding up to \$25,000 for the greening of municipal and First Nations properties across Canada, especially in communities along the CN corridor. This funding supports plantings.
- 2014 Community Naturalization – FortisAlberta. Fortis's program awards a \$3,000.00 grant to develop or improve environmentally friendly programs in the community. This funding supports enhancing the quality of life for our residents.

It is noted that, the Town of Hinton was not a successful recipient in the 2014 Alberta Blue Cross grant program that awards \$50,000. This program supports their community engagement strategy to participate in funding community initiatives that improve the health and well-being towards amenities and facilities.

Council direction is being sought to define the scope of work and budget in conjunction with approved and pending grants to be undertaken to rehabilitate Erith Park within the 2014 construction year.

Administration Comments on Situation / Options

There are private and public organizations that promote developing partnerships with municipalities by offering the opportunity to apply for grant funding throughout the year. The criteria for the funding is generally focused on supporting projects that will benefit the community-at-large by promoting greening/naturalization (plantings) and active living/health and wellness. Administration seeks to identify a project that benefits the community-at-large and meets the criteria.

Erith Park's current conditions still maintain a sand base play surface and the elevations do not support adequate storm drainage creating ponding issues around the play area. This park also has no play features that support those living with disabilities.

Administration for the purposes of identifying the scope of work to rehabilitate Erith Park has evaluated various options for council's consideration:

Option 1: Replace existing sand base with pour-in-place rubber, construct adequate storm drainage and provide plantings. Existing play elements would stay in place.
Estimated cost: \$225,000 to \$250,000.

Option 2: Includes Option 1 above with the addition of a few play elements that will support those living with disability and mobility challenges.
Estimated cost: \$345,000 to \$370,000.

Option 3: Includes Option 1 with removing existing play elements and replacing with new play elements that are inclusive (i.e. all of the play elements would support those living with disabilities).
Estimated cost: \$490,000 to \$515,000.

Administration's Conclusion / Proposed Direction

If council recommends proceeding with rehabilitation on some basis at Erith Park, Administration would recommend only moving forward with Option 1 that will allow the Town to benefit and be supported from the 2014-2016 Municipal Demonstration Grant.

Town Manager Comments

After further review, administration has concluded that we are not aware of substantial public concern with the current conditions at this playground site and the additional Town costs necessitated to do this work properly outweighs the benefits of an improved playground, even if some grant funding is available (which will otherwise need to be returned.) As such, we now recommend removing this item from the 2014 capital budget. Essentially, the benefits to do the work, we believe do not justify the additional costs to be borne by the Town to do a proper rehabilitation project.

Attachments

n/a



TOWN OF HINTON DIRECTION REQUEST

DATE: April 3, 2014

TO: STANDING COMMITTEE MEETING OF APRIL 3, 2014

FROM: Bernie Kreiner, Town manager

REVIEWED and APPROVED BY: Bernie Kreiner, Town manager

RE: OFF-SITE LEVY TEXT/CONTENT REVIEW

Purpose

This item is before Council to have council work thru proposed legal changes for understanding before the item proceeds to Regular Council for formal further readings (It's advertised to do this on April 15th).

Issue

Does council understand and accept all the legally recommended amendments that we've received to this by-law and two schedules?

Administration Comments on Situation / Options

Town council asked for this opportunity following legal review. We've worked with Bill Barclay and he's undertaken a few material and many clarity/accuracy improvements (contained in Attachment 1) to the "not legally reviewed" by-law. (attachment 2) I suggest we walk thru things page by page for discussion and understanding.

Administration's Conclusion / Proposed Direction

I believe the legal review has improved precision and clarity on this complex bylaw for the benefit of all.

Attachments

1. Legally recommended by-law and attachments (note the handwritten changes were further refinements jointly undertaken via lawyer/CAO discussion).
2. Original draft by-law #1092 which was given first reading March 18th, 2014.
3. Background information from Brownlee Fryatt on what levy bylaws should contain, as detailed by another law firm.

Legally Recommended -

Attach A
+ added

Note - per changes
continued with Bill B
3 PM April 3/2014.

TOWN OF HINTON

BYLAW #1092

A BYLAW OF THE TOWN OF HINTON IN THE PROVINCE OF ALBERTA TO PROVIDE FOR THE IMPOSITION OF AN OFF-SITE LEVY IN RESPECT OF LAND TO BE DEVELOPED OR SUBDIVIDED

WHEREAS Section 648 of the Municipal Government Act, RSA 2000, C.M-26, as amended permits Council to enact a Bylaw to provide for the imposition and payment of Off-Site Levies in respect to land to be developed or subdivided, and to authorize agreements to be entered into in respect to the payment of those Levies;

AND WHEREAS certain lands within the corporate boundaries of the Town of Hinton are proposed for subdivision or development;

AND WHEREAS the Council of the Town of Hinton has determined that expenditures will be required for the capital cost of infrastructure required for or impacted by subdivision or development;

AND WHEREAS the Town has engaged in extensive consultation with effected land owners and representatives of the development industry to address and define existing and future infrastructure construction and associated capital costs, and to allocate the costs to the beneficiaries of development;

AND WHEREAS ^{March} Associated Engineering has undertaken a study for the Town of Hinton which is dated ^{April} April 14, 2014 and entitled "Development Fees and Charges, Off-Site Levies and Developer Contributions", which takes into account infrastructure master plans and identifies Off-Site Levy eligible projects and costs, and which contains supporting information used to establish the Off-Site Levies provided for by this Bylaw;

AND WHEREAS Council has advertised its intention to consider the provisions of this Bylaw pursuant to the provisions of Section 606 of the Municipal Government Act;

NOW THEREFORE the Council of the Town of Hinton, duly assembled, hereby enacts as follows:

1. An Off-Site Levy is hereby imposed and shall be collected in respect of lands within the Town of Hinton which are to be developed or subdivided and for which no Off-Site Levy has been previously paid.
2. The Off-Site Levies hereby imposed shall be calculated in accordance with Schedule "A" attached hereto, having regard to the principles and criteria set out in Schedule "B" attached hereto. Schedule "A" and Schedule "B" form part of this Bylaw.

Schedule A
+ B are
attached
as per
above

3. Development or Servicing Agreements entered into at the time of or pursuant to development or subdivision may provide for the collection of Off-Site Levies as provided for in Schedule "B" to this Bylaw.
4. Any Off-Site Levies payable pursuant to Development Agreements entered into pursuant to previous Bylaws are hereby confirmed and shall continue and remain in effect notwithstanding the repeal of such Bylaws.
5. If any portion of this Bylaw is declared or held to be invalid for any reason, the remaining portions of this Bylaw shall remain in effect.
6. First reading given to Bylaw #1090 is hereby rescinded.
7. Upon this Bylaw coming into effect, Bylaw #840 is repealed.
8. This Bylaw shall come into effect upon the third and final reading and signing of this Bylaw.

READ A FIRST TIME THIS ____ DAY OF _____, 2014
READ A SECOND TIME THIS ____ DAY OF _____, 2014
READ A THIRD TIME THIS ____ DAY OF _____, 2014

MAYOR

DIRECTOR OF CORPORATE SERVICES

SCHEDULE "A"

OFF-SITE LEVY BYLAW

The Off-Site Levy Rates per hectare for the noted years are shown in the table below.

Year	2014	2015 (see note below)
Water	\$16,168	
Sanitary Sewer	\$ 8,769	
Storm Sewer	\$ 1,342	
Arterial Roads	\$20,835	
Intersectional roadway	\$ 2,090	
Total	\$49,204	

2015 rates will be the 2014 rates adjusted for the change in the year over year non-residential building construction cost index for Edmonton as of third quarter compared to the previous year third quarter, as calculated by Statistics Canada. Similar annual adjustments will apply in subsequent years until this Schedule is amended.

Unless prepaid, the Off-Site Levies are based upon the year of, and are due at the time of, the development permit application for each new subdivision lot or when each new subdivision lot is first sold, whichever happens first.

SCHEDULE "B"

OFF-SITE LEVY BYLAW

AUTHORITY TO COLLECT OFF-SITE LEVIES AND ISSUE CREDITS

Town Council has the authority under the Municipal Government Act to create a bylaw for the purpose of collecting an Off-Site Levy. Council authorizes Town Administration to enter into Development or Servicing Agreements which, among other things, provides for the collection of Off-Site Levies and where applicable, provides Off-Site credits to Developers.

1. DEFINITIONS

In this Schedule, the following words and terms shall have the following meanings, unless the context requires otherwise:

- a) Arterial Roads -- Those roads shown as arterial roads in the latest approved Town of Hinton Transportation plan, and land associated with these roads;
- b) Developable Land – Land within the Town of Hinton that can be physically provided with water, sanitary sewer and storm drainage service and is suitable for urbanization;
- c) Developed Land – Land which has been subdivided or developed and for which Off-Site Levies have been paid;
- d) Industry – Industry shall consist of interested members of the development community including developers or landowners who have undertaken subdivisions in the recent past in Hinton;
- e) Intersectional Roadway System Improvements – intersectional improvements to roads connecting to Highway 16 which will be a future municipal arterial roadway upon construction of the Highway 16 by-pass. (as per projects within AE Engineering memo to JA Fraser dated February 23, 2012);
- f) Skip or Leap-frog Development – Development of lots that are not contiguous with existing development, also sometimes referred to as “leap frogged development”;
- g) Off-Site Infrastructure – Off-Site Infrastructure includes Sanitary Sewer Facilities, Storm Sewer Systems, Water Facilities, intersectional roadway system improvements and Arterial Road facilities required for subdivision or development. The Off-Site Levy Account provides compensation payments for the installation of Off-Site Infrastructure based upon the criteria set out in this Schedule;
- h) On-site Infrastructure – Roads, sewer and water facilities built on the land area defined by the current phase of development, required to provide capacity to service the current phase of development;
- i) Oversize Infrastructure – Oversize Infrastructure is sanitary facilities, storm sewer systems, and water facilities sized greater than the predefined base size or capacity

required for the current phase of subdivision or development and which provides increased capacity for future development;

- j) Sanitary Sewer Facilities – Sanitary Sewer Facilities, in the context of this Schedule, include treatment facilities, pipe, appurtenances, lift stations, force mains and land associated with these facilities;
- k) Storm Sewer Systems – Storm Sewer Systems, in the context of this Schedule, include pipe, appurtenances, storm water detention facilities, lift stations and land associated with these facilities;
- l) Storm Water Detention Facilities – Storm Water Detention Facilities, in the context of this Schedule, include storm water ponds, pond outlets up to and including the control structure, low flow bypass pipe, overland surface flow routes and land associated with these facilities;
- m) Water Facilities – Water Facilities, in the context of this Schedule, include treatment facilities, pipe, appurtenances, pump stations, reservoirs and land associated with these facilities.

2. OFF-SITE LEVY BYLAW PURPOSE

The Off-Site Levy Bylaw creates a levy to provide funds for the construction of Off-Site Infrastructure required for growth.

3. OFF-SITE LEVY BYLAW PRINCIPLES

The following principles provide guidance for interpretation of the Bylaw:

- a) Development and Subdivision in areas of the Town for which no Off-Site Levy has been previously paid will provide Off-Site Levies for the purpose of funding the infrastructure required for growth. However, those who benefit from the infrastructure should share proportionally, on a per hectare basis, in its costs.
- b) Provision or the providing of Off-Site Infrastructure should not create an advantage or penalty due to the time or location of development. Thus Off-Site Levies, while acknowledging changing and inflationary costs, should remain constant, predictable and understandable over time unless additional costs are added.
- c) Infrastructure will be required to maintain cost effective and orderly growth. Decisions regarding what is considered cost effective and orderly growth are not made through the Off-Site Levy but are determined by the planning process and Town Council. Thus Skip Development will not normally be funded by the Off-Site Levy Account but may be funded by the developer through an approval process.
- d) The calculation of the Off-Site Levies should be an open transparent process. Thus the process should be clear and understandable. The management of the Off-Site Levy Account should be open with information available to the public and Industry, and part of

the municipal audit for policy compliance.

- e) Appropriate, less growth affected, infrastructure and projects that have substantial Town wide benefit should be funded by the community as a whole. Some projects are of a magnitude and scale that they provide community wide benefit and are thus best paid from property tax payers. Examples of this type of infrastructure include town-wide recreational, cultural, protective and environmental facilities, arterial roadway expansions beyond four lanes and general government service facilities.

4. OFF-SITE LEVY OBJECTIVES

To recover the cost of infrastructure required for growth:

- i) Using financing strategies that remain sustainable;
- ii) Facilitating development by reducing risk on early Developers and ensuring future Developers share the costs of the facilities from which they benefit;
- iii) Promoting cost effective development.

To promote orderly development by:

- i) Supporting Town planning through growth strategies, Master Servicing Plans and Area Structure Plans;
- ii) Providing Off-Site Infrastructure, once the outline plan is approved and when Developers require it; and
- iii) Providing infrastructure for contiguous development.

To create a transparent process by:

- i) Conforming with the Municipal Government Act;
- ii) Providing opportunity for industry input into the levy and its administration; and
- iii) Providing for the Off-Site Levies and reserve account status to be part of the annual municipal financial audit of the Town of Hinton.

To create a clear process for calculation of the rate, levies and credits by:

- i) Creating consistent and predictable levies and credits;
- ii) Creating predictable and stable levies over time;
- iii) Documenting a process for establishing the levy rate; and
- iv) Create a logical cost recovery framework.

5. APPLICATION OF OFF-SITE LEVIES

- a) Off-Site Levies will be assessed on all Developable Land which are subject to subdivision or development and for which an off-site levy has not been collected, except land designated as:
 - i) Environmental Reserve (ER);
 - ii) Municipal Reserve (MR); or
 - iii) Arterial Road Right-of-Way (AR).
- b) When one component of the Off-Site Levy becomes due, all components are due. The Off-Site Levy is a single indivisible levy. No component levy can be deferred or waived separately from the other components. However, a component may not be collected when/if the municipal service related to that subdivision will not be available to benefit that subdivision ie. Treated water or piped sanitary sewer.
- c) No legally defined parcel of land will be assessed levies on only a portion of its area.
- d) Off-Site Levies will not be collected on land where:
 - i) It can be shown or it is reasonable to assume that the land was previously connected to all municipal services including water, sanitary sewer, and storm drainage services and road access; or
 - ii) There will be a reasonable opportunity to collect off-site levies in the future, upon subdivision and further servicing of the land; or
 - iii) ~~The land remains completely un-serviced and off-site levies can be imposed in the future.~~
- e) Where a new service is provided to an existing residence but it is not appropriate to charge Off-Site Levies, then an appropriate connection charge will be assessed to allow the service connection. The connection charge will be evaluated based upon the equivalent values used for the Off-Site Levy components for services provided, land area used by an equivalent residence on an urban lot and future opportunities to collect full Off-Site Levies. This occurs only where an existing, formerly unserviced property is connected to Town services where no planning, subdivision or zoning changes are contemplated.
- f) For services provided beyond the Town boundary a connection charge will be negotiated in lieu of Off-Site Levies that is appropriate to the services provided and is representative of the connections impact on the overall system.

6. CALCULATION OF OFF-SITE CREDITS

- a) Off-Site credits are credits calculated for Off-Site Infrastructure constructed by the

4 developer and will be based on actual project costs where Town policies and procedures are followed. Off-Site credits will be subtracted from the total amount of the Off-Site Levy owing at the Development or Service Agreement stage. Where applicable, this credit will be subtracted from the total Off-Site Levy fees due for a subdivision before distributing the remaining Off-Site Levy fee due for each developed lot in a subdivision.

- b) A developer who constructs an Off-Site credit applicable facility will be compensated through Off-Site credits from the Off-Site Levy fund. This will be done by credits vs. cash, except to the extent that the amount of the construction value exceeds the total value of Off-Site Levies due for that subdivision under that Development or Servicing Agreement.
- c) The terms of payments for Off-Site credits will be reflected in the Development or Servicing Agreement as determined on a case by case basis.

7. CALCULATION OF OFF-SITE LEVY RATE

- a) Off-Site levies include eligible Water Facilities, Sanitary Sewer Facilities, Storm Sewer Systems, Intersectional Roadway System Improvements and all lanes of Arterial Roads (these terms are as defined in Section 1). Off-Site levies do not include the portion of any Arterial Road beyond four driving lanes.
- b) The levy rate calculation shall include the following for each levy component:
 - i) Total hectares of Developable Land within the Town boundary;
 - ii) A list of proposed and cost-eligible infrastructure systems and facilities needed to support growth and service existing or future un-serviced areas.
 - iii) Total estimated present day cost of Off-Site Infrastructure (whether built or to be built) required to service the Developable Land;
 - iv) Present per cost per hectare of each levy component; with the levy rate calculated separately for each of the Water Facilities, Sanitary Sewer Facilities, Storm Sewer Systems, ~~Storm Water Detention Facilities~~, Arterial Roadway and Intersectional Roadway System Improvement components.
- c) The Off-Site Levy rate calculation will be fully updated at least once every three years. (For reference, the next update to be undertaken with a target to be effective January 1, 2016) and Administration will provide a report to Council on an annual basis.
- d) Representatives of the development industry will be invited to participate in the update of the off-site levy rate calculation.

8. CALCULATION OF OFF-SITE LEVIES

- a) Off-Site Levies will be calculated using the rates set out in Schedule "A".

- b) For a specific new subdivision, the calculation formula is:

Net Area = Gross Area – MR – ER – AR, where MR is area for municipal reserve, ER is area for Environmental Reserve and AR is area of arterial roads within the subdivision area.

Assessed Levy = Net Area x Levy Rate (applicable at the time of lot sale or development permit)

9. OFF-SITE LEVY PAYMENTS

- will be* *shall* *will be*
- a) Off-Site Levies ~~may be~~ *will be* imposed upon the developer at the time of subdivision or development and where a Development or Servicing Agreement ~~is~~ *is* utilized, ~~the~~ *That* Agreement ~~may~~ provide that the Levy will be paid by the developer prior to initial lot sale or development permit application for each created subdivision lot within the development phase *unless the developer opts for b)*
- b) If a developer undertakes prepayment as provided below, this payment will be for the entire subdivision of land.

10. PREPAYMENT OF OFF-SITE LEVIES

- a) Prepayment of Off-site Levies may occur when Off-Site Levies for a parcel of land are paid prior to the year in which it will be serviced as indicated by a Construction Completion Certificate being issued by the Town for the water and waste water utilities.
- b) Prepayment will be accepted when:
- i) A single legal entity has control over the land on which prepayment is to be made; and
 - ii) Payment is made on entire subdivision of land (no payment will be accepted on part of a subdivision or land parcel);
- c) Once Off-Site Levies have been paid under this clause no further Off-Site Levies will be collected. No refund of Off-Site Levies will be provided on any land which has had the levies prepaid and subsequently become exempt from Off-Site Levies at a future date (for example land that once subdivided is designated Municipal Reserve).
- d) Off-Site credits will be calculated based upon the Off-Site Levy Bylaw, Service Agreements, procedures and rates in place at the time work is completed

11. INDUSTRY LIASON

- a) Communication between the Town of Hinton and key Industry stakeholders will occur prior to presenting formally any amendments to this Bylaw and its Schedules.



TOWN OF HINTON
BYLAW #1092

A BYLAW OF THE TOWN OF HINTON IN THE PROVINCE OF ALBERTA
TO PROVIDE FOR THE IMPOSITION OF AN OFF-SITE LEVY
IN RESPECT OF LAND TO BE DEVELOPED OR SUBDIVIDED
FOR THE YEARS 2014, 2015 AND 2016 *deleted*

WHEREAS Section 648 of the Municipal Government Act, permits a Council to impose a levy known as an Off-Site Levy in respect of land to be developed within the municipal limits of the Town of Hinton and authorize an Agreement to be entered into for payment of the levy;

AND WHEREAS the Town has engaged in extensive consultation with representatives of the development community to address and define existing and future infrastructure requirements of the Town having regard to circumstances of the municipality and the benefits of development;

AND WHEREAS the Council of the Town of Hinton has determined that a consistent levy for each infrastructure type is in the best interests of all of the beneficiaries of development;

AND WHEREAS the the Town of Hinton has undertaken a study entitled "development fees and charges, off-site levies and developer contributions based on its infrastructure master plans to identify off-site levy eligible projects and costs, this document is dated March 14, 2014 by Associated Engineering and contains supporting information used to establish off-site leviabile infrastructure and costs for this bylaw.

AND WHEREAS Council has advertised its intention to consider the provisions of this Bylaw pursuant to the provisions of Section 606 of the Municipal Government Act;

NOW THEREFORE the Council of the Town of Hinton in session duly assembled hereby enacts as follows:

1. There is hereby imposed a levy which shall be known as an Off-Site Levy upon all undeveloped lands lying within the municipal boundary of the Town of Hinton except ~~land designated as Environmental Reserve, Municipal Reserve and Arterial Road Right-of-Way.~~ *deleted as it's covered is Sched 9.5.*

2. The principles and criteria of the Off-Site Levy shall be in accordance with the attached Schedule "A".

3. The Offsite Levy rates shall be in accordance with the attached Schedule "B". The Offsite Levy rates in place in 2015 shall continue into 2016 and beyond if no amendment is made by Town Council to this schedule. All Off-site Levy funds collected pursuant to this by-law shall be accounted for by the Town of Hinton in a special fund and only expended as permitted under the provisions of Part 17 of the Municipal Government Act.

4. The entering into a Development or Servicing Agreement with respect to the collection of a levy or the payment of oversize credits is hereby authorized.

deleted 5. ~~The Schedules that form part of this Bylaw may be amended by resolution of Council.~~

6. First reading given to Bylaw #1090 is hereby rescinded.

7. Bylaw #840 is hereby repealed.

8. Any development agreements approved under previous bylaws of the Town shall continue as though the bylaw under which they were enacted was never repealed.
9. If any portion of this bylaw is declared or held to be invalid for any reason, the remaining provisions of this bylaw shall continue to be in full force and effect.
10. This bylaw shall take effect on the final day of passing.

READ A FIRST TIME THIS _____ DAY OF _____, 2014.

READ A SECOND TIME THIS _____ DAY OF _____, 2014.

READ A THIRD TIME THIS _____ DAY OF _____, 2014.

MAYOR

DIRECTOR OF CORPORATE SERVICES

**SCHEDULE "A"
OFF-SITE LEVY BYLAW**

AUTHORITY TO COLLECT OFF-SITE LEVIES AND ISSUE CREDITS

Town Council has the authority under the Municipal Government Act to create a bylaw for the purpose of collecting an Off-Site Levy. The executed Service Agreement authorizes Town Administration to collect the assessed off-site levies and provide the calculated compensation payments to Developers.

1. DEFINITIONS

- deleted*
- a) Arterial Roads -- Those shown as arterial roads in the latest approved Town of Hinton Transportation plan, and land associated with these roads;
- b) Developable Land – Land that can be physically provided with water, sanitary sewer and storm drainage service and is suitable for urbanization;
- c) Developed Land – The land is considered developed once it is subdivided, Off-Site Levies have been paid and services provided to the lot;
- deleted*
- d) Development Region – The development region includes all undeveloped land within the Town boundary;
- deleted*
- e) Growth – Creation of new serviced residential, commercial or industrial lots from previously un-serviced land;
- f) Industry – Industry members shall consist of interested members of the development community including developers who have undertaken subdivisions in the recent past in Hinton;
- g) Intersectional roadway system improvements – intersectional improvements to roads connecting to Highway 16 which will be a future municipal arterial roadway upon construction of the Highway 16 by-pass. (as per projects within AE Engineering memo to JA Fraser dated February 23, 2012);
- h) Skip or Leap-frog Development – Development of lots that are not contiguous with existing development, also sometimes referred to as "leap frogged development";
- i) Offsite Infrastructure – Offsite infrastructure is sanitary sewer facilities, storm sewer systems, water facilities, intersectional roadway system improvements and arterial road facilities required for the development phase but installed outside the development boundary. The Offsite Account provides compensation payments for the installation of offsite infrastructure based upon the criteria of this bylaw;
- j) On-site – Roads, sewer and water facilities built on the land area defined by the current phase of development required to provide capacity to service the current phase of development;
- k) Oversize Infrastructure – Oversize infrastructure is sanitary facilities, storm sewer systems, and water facilities sized greater than the predefined base size or capacity that provides increased capacity in the system beyond what is required by the current phase of development;

- l) Sanitary Sewer Facilities – Sanitary sewer facilities, in the context of this bylaw, include treatment facilities, pipe, appurtenances, lift stations, force mains and land associated with these facilities;
- m) Storm Sewer Systems – Storm sewer systems, in the context of this bylaw, include pipe, appurtenances, storm water detention facilities, lift stations and land associated with these facilities;
- n) Storm Water Detention Facilities – Storm water detention facilities, in the context of this bylaw, include storm water ponds, pond outlets up to and including the control structure, low flow bypass pipe, overland surface flow routes and land associated with these facilities;
- o) Water Facilities – Water facilities, in the context of this bylaw, include treatment facilities, pipe, appurtenances, pump stations, reservoirs and land associated with these facilities.

2. OFFSITE LEVY BYLAW PURPOSE

The Offsite Levy Bylaw creates a levy to provide funds for the construction of offsite infrastructure required for growth.

3. OFFSITE LEVY BYLAW PRINCIPLES

The following principles provide guidance for interpretation of the Bylaw and form the basis of the provisions.

1. Development in new growth areas through an Offsite Levy will provide the capital that will fund the infrastructure required for growth. Those who benefit from the infrastructure, which is defined by all those in the development region, should share proportionally, on a per hectare basis, in its costs. These projects provide service extensions to specific new neighborhoods or create capacity for entire sectors of the Town.
2. Provision or the providing of Offsite Infrastructure will not create an advantage or penalty due to the time or location of development. Thus offsite levies, while acknowledging inflationary costs, should remain somewhat constant, predictable and understandable over time unless additional costs are added.
3. Infrastructure will be provided to maintain cost effective and orderly growth. Decisions regarding what is considered cost effective and orderly growth are not made through the Offsite Levy but are determined by the planning process and Town Council. Thus skip development will not be funded by the offsite fund but may be funded by the developer through an approval process.
4. The calculation of the levy should be an open transparent process. Thus the process should be clear and understandable. The management of the Offsite Levy Account should be open with information available to the public and industry, and part of the municipal audit for policy compliance.
5. Appropriate, less growth affected, infrastructure and projects that have substantial Town wide benefit should be funded by the community as a whole. Some projects are of a magnitude and scale that they provide community wide benefit and thus best paid from property tax payers. Examples of this type of infrastructure include town-wide recreational, cultural, protective and environmental facilities, arterial roadway expansions beyond four lanes and general government service facilities.

4. OFFSITE LEVY OBJECTIVES

1. To recover the cost of infrastructure required for growth:
 - a) Using financing strategies that remain sustainable;
 - b) Facilitating development by reducing risk on early Developers and ensuring future Developers share the costs of the facilities from which they benefit;
 - c) Promoting cost effective development.
2. To promote orderly development by:
 - a) Supporting Town planning through growth strategies, Master Servicing Plans and Area Structure Plans;
 - b) Providing offsite infrastructure, once the outline plan is approved and when Developers require it;
 - c) Providing infrastructure for contiguous development.
3. To create a transparent process by:
 - a) Conforming with the Municipal Government Act;
 - b) Providing opportunity for industry input into the levy and its administration.
 - c) Providing for the off-site levies and reserve account status to be part of the annual municipal financial audit of the Town of Hinton.
4. To create a clear process for calculation of the rate, levies and credits by:
 - a) Creating consistent and predictable levies and credits;
 - b) Creating predictable and stable levies over time;
 - c) Documenting a process for establishing the levy rate;
 - d) Create a logical cost recovery framework.

5. APPLICATION OF OFFSITE LEVIES

Offsite Levies will be assessed on all Developable Land within the development area except land designated as:

- a) Environmental Reserve (ER);
- b) Municipal Reserve (MR);
- c) Arterial Road Right-of-Way (AR).

When one component of the Offsite Levy becomes due, all components are due. The Offsite Levy is a single indivisible levy. No component levy can be deferred or waived separately from the other components. However, a component may not be collected when/if the municipal service related to that subdivision will not be available to benefit that subdivision ie. Treated water or piped sanitary sewer.

No legally defined parcel of land will be assessed levies on only a portion of its area.

Offsite Levies will not be collected on land where:

- a) It can be shown or it is reasonable to assume that the land was previously connected to all municipal services including water, sanitary sewer, and storm drainage services and road access; or
- b) There will be a reasonable opportunity to collect offsite levies in the future, upon subdivision and further servicing of the land; or
- c) The land remains completely un-serviced.

Where a new service is provided to an existing residence but it is not appropriate to charge Offsite Levies, then an appropriate connection charge will be assessed to allow the service connection. The connection charge will be evaluated based upon the equivalent value of the Offsite Levy components for services provided, land area used by an equivalent residence on an urban lot and future opportunities to collect full Offsite Levies. This occurs only where an existing, formerly unserviced property is connected to Town services where no planning, subdivision or zoning changes are contemplated.

For services provided beyond the Town boundary a connection charge will be negotiated in lieu of Offsite Levies that is appropriate to the services provided and is representative of the connections impact on the overall system.

6. CALCULATION OF OFFSITE CREDITS

Offsite credits are for offsite infrastructure constructed by the developer and will be based on actual project costs where Town policies and procedures are followed. Oversize credits will be subtracted from the total amount of the Offsite Levy Fees owing at the development or service agreement stage. This credit will be subtracted from the total offsite levy fees due for a subdivision before distributing the remaining Offsite Levy fee due for each developed lot in a subdivision.

A developer who constructs an offsite-applicable facility will be compensated through offsite credits from the offsite levy fund. This will be done by credits vs. cash, except to the extent that the amount of the construction value exceeds the total value of off-site levies due for that subdivision under that development or servicing agreement.

The terms of payments for offsite credits will be reflected in the Development or Servicing Agreement as determined on a case by case basis.

7. CALCULATION OF OFFSITE LEVY RATE

Offsite levies include eligible water facilities, sanitary sewer facilities, storm sewer systems, intersectional roadway system improvements and all lanes of arterial roads (these terms are as defined in Section 1). Offsite levies do not include the portion of any arterial road beyond four driving lanes.

The levy rate calculation shall include the following for each levy component:

- a) Total hectares of developable land within the Town boundary;
- b) A list of proposed and cost-eligible infrastructure systems and facilities needed to support growth and service existing or future un-serviced areas.

- c) Total estimated present day cost of offsite infrastructure (whether built or to be built) required to service the developable land;
- d) Present per cost per hectare of each levy component; with the levy rate calculated separately for each of the water, sanitary sewer, storm water, arterial roadway and intersectional roadway system improvement components.

The offsite levy rate calculation will be fully updated at least once every three years. (For reference, the next update to be undertaken with a target to be effective January 1, 2016)

Representatives of the development industry will be invited to participate in the update of the offsite levy rate calculation.

8. CALCULATION OF OFFSITE LEVIES

Offsite Levies will be calculated using the rates set out in Schedule "B".

For a specific new subdivision, the calculation formula is:

Net Area = Gross Area – MR – ER – AR, where MR is area for municipal reserve, ER is area for Environmental Reserve and AR is area of arterial roads within the subdivision area.

Assessed Levy = Net Area x Levy Rate (applicable at the time of lot sale or development permit)

9. OFFSITE LEVY PAYMENTS

Offsite Levies legally due upon the developer executing a Development or Servicing Agreement. To support subdivision development, offsite levy payment is to be paid by the developer prior to initial lot sale or development permit application for each created subdivision lot within the development phase.

If a developer undertakes prepayment as provided below, this payment will be for the entire subdivision of land.

10. PREPAYMENT OF OFFSITE LEVIES

Prepayment of Offsite Levies occurs when Offsite Levies for a parcel of land are paid prior to the year in which it will be serviced as indicated by a Construction Completion Certificate being issued by the Town for the water and waste water utilities.

Prepayment will be accepted when:

- a) A single legal entity has control over the land on which prepayment is to be made; and
- b) Payment is made on entire subdivision of land (no payment will be accepted on part of a subdivision or land parcel);

Once Offsite Levies have been paid under this clause no further offsite levies will be collected. No refund of Offsite Levies will be provided on any land which has had the levies prepaid and subsequently become exempt from offsite levies at a future date (for example land that once subdivided is designated Municipal Reserve).

Oversize credits will be calculated based upon the Offsite Levy Bylaw, Service Agreements, procedures and rates in place at the time the work is completed.

11. INDUSTRY LIASON

Communication between the Town of Hinton and key industry stakeholders will occur prior to presenting formally any amendments to this by-law and its schedules.

Under Legal Review

SCHEDULE "B"
OFF-SITE LEVY BYLAW

The Offsite Levy Rates per hectare for the noted years are shown in the table below.

Year	2014	2015 (see note below)
Water	\$16,168	
Sanitary Sewer	\$ 8,769	
Storm Sewer	\$ 1,342	
Arterial Roads	\$20,835	
Intersectional roadway system improvements	\$ 2,090	
Total	\$49,204	

2015 rates will be the 2014 rates adjusted for the change in the year over year non-residential building construction cost index for Edmonton as of third quarter compared to the previous year third quarter, as calculated by Stats Canada.

Unless prepaid, the offsite Levies is due and is applicable is based on the year that the development permit application for each new subdivision lot is made or when each new subdivision lot is first sold, whichever happens first.



O Info re
Off-site levys
(@ SIC - Apr 8

Brownlee LLP Legal Update – Off-Site Levy Checklist

We continue to receive many inquiries respecting Off-Site Levies. The enabling legislation is the *Municipal Government Act* R.S.A. c. M-26, as amended, (the “MGA”) and in particular ss. 648, 650, and 655, together with the *Principles and Criteria for Off-Site Levies Regulation* (Alta. Reg. 48/2004, the “Regulations”). Here is a checklist to review and apply when developing off-site levies for your community.

A. CHECKLIST

1. **Recoverable Infrastructure Costs - MGA s. 648, s. 650 and s. 655**
 - a) **Infrastructure Type** – Off-site levies may be used for facilities listed in s. 648(2)
 - (i) **Water** - new or expanded facilities for storage, transmission, treatment or supply of water;
 - (ii) **Sanitary** - new or expanded facilities for treatment, movement or disposal of sanitary sewage;
 - (iii) **Storm** - new or expanded storm sewer drainage facilities;
 - (iv) **Transportation** - new or expanded roads required for or impacted by a subdivision or development; and
 - (v) **Lands** - land required for or in connection with any facilities described in the off-site levy provisions of the *MGA*.
 - b) **Capital v. Maintenance** – off-site levies may be used for the recovery of capital costs.
 - c) **Incidentals and Appurtenances** – “road” infrastructure is not limited to road surface or road geometry. “Road” as defined in s.616 and ss.1(1) of the *MGA* includes bridges and incidental structures.
 - d) **Regional or Boundary Facilities** - the *MGA* does not require a municipality to extend its facilities beyond its boundaries or endeavour to recover costs by levy for facilities beyond its boundaries. A broad and purposive approach to Part 17 suggests that there may be circumstances where it is valid to impose an off-site levy for regional facilities (e.g. where an intermunicipal plan contemplates shared cost recovery for a boundary road). Options for cost sharing of facilities that benefit lands in more than one municipality could be explored.

2. **Consider Alternative Models** – neither the *MGA* nor the Regulations prescribes a particular model. Off-site levies are not a “one size fits all” form of cost recovery. The off-site levy should reflect the unique or special circumstances of the municipality.
3. **Access Skilled Professionals** – clear and technically supportable information is the basis for both fruitful negotiation with local developers and a solid legal defence in the event of court challenge. Skilled consultants can be vital for compiling data and preparing reports that backstop municipal efforts to:
 - a) compel developers to aid in addressing and defining existing and future infrastructure requirements;
 - b) identify a correlation between the levy and the impacts of new development;
 - c) develop a methodology that is consistent across the municipality, yet recognizes variations among infrastructure types;
 - d) meet municipal obligations to:
 - (i) develop a clear method of calculation for the levy; and
 - (ii) provide a levy calculation that includes a description of the facilities and benefiting areas, supporting technical data and estimated costs and mechanisms to address cost increases over time.
4. **Reference and Make Supporting Reports Available** – detailed levy calculations do not need to be on the face of the bylaw; rather, they may be part of the schedules or cross referenced in reports referred to within the bylaw.
5. **Duty to Consult and Negotiate** – the Regulations require that the levy calculation be determined in consultation with affected landowners and developers. Although a formal public hearing is not required, a similar process (sometimes called a non-statutory public hearing) is one avenue for consultation. The legislation and Regulations do not specify a particular form of consultation and negotiation. However:
 - a) **Good faith** – negotiations should be carried out in ‘good faith’ and in a manner that recognizes the uniqueness of the community;
 - b) **Informed Council** – Council should be kept informed and updated throughout the consultation and negotiation process;
 - c) **Stakeholders’ Input** – beneficiaries of a proposed development should be given the chance to participate, with full knowledge of the levies;
 - d) **Neighbours** – consider coordinating local infrastructure provisions, levies, and services with those of neighbouring municipalities.



6. **Duty to Advertise** – a public hearing is not a requirement for an off-site levy bylaw, but the bylaw must be advertised (*MGA s.648(6)*).
7. **Ensure Proper Accounting Procedures** – procedures must be in place to effectively track payments and expenditures and to provide annual reporting. Again, skilled professionals can be of assistance.
8. **Re-evaluate Projects and Estimated Costs Periodically** – the underlying assumptions should be reviewed periodically and adjusted as new information becomes available.
9. **Development or Subdivision** – Off-site levies may be collected at the time of subdivision or development. The Bylaw should allow levies to be imposed at either stage.
10. **Deferred Payment** – it is common to collect off-site levies on issuance of a development permit (*MGA s.650(1)*) or subdivision approval (*MGA s.655(1)*). Collection can be triggered by subdivision or development and deferred to a later date (as specified in the development agreement). If the municipality defers payment, it may wish to require security. The municipality may also wish to include an escalation clause, such that the amount of the levy shall be the amount prescribed in the Off-Site Levy Bylaw in place at the time of payment (not subdivision or development).
11. **Inflation** - current market conditions demonstrate that inflationary factors can have a major impact on cost recovery calculations. For example, if there is net inflation of 15% per annum (increase in construction costs less investment revenue) a \$2 million project will, in three years time, cost \$2.9 million. Further, the levy calculation may include 'estimated costs and mechanisms to address cost increases over time' (Regulation s. 3(9)). Inflation can be minimized through a number of tools:
 - a) **Adjustments** - the Bylaw can contemplate adjustments for year of estimate versus year of collection;
 - b) **Limiting deferred payments** - If deferrals allowed, escalation clauses can require that the levy in place at the time of payment applies;
 - c) **Recalculation** - estimated costs can be recalculated annually;
 - d) **Pooling** - multiple projects can be included in one pool; and
 - e) **Staging** - construction can be staged continuously throughout the planning horizon.

12. **Levy Credits** - A municipality may wish to require a developer, rather than the municipality construct some of the infrastructure contemplated under the Off-Site Levy Bylaw. A situation, sometimes referred to as a 'levy credit' occurs where the project cost exceeds the developer's off site levy contribution. While it may be possible for the municipality to structure repayment when levy payments are received from other developers, these agreements must be carefully drafted.
13. **Consider Alternative Cost Recovery Tools** – Off-Site Levy Bylaws are only one cost recovery tool, and they are not always the best tool.
 - a) **Time and Means of Collection** – An off-site levy may only be collected once. (MGA s.648(4));
 - b) **Carrying Costs** – it is expensive to front-end or finance infrastructure costs and await development or subdivision for levy collection.
 - c) **Significant effort and expense** - Council is faced with a difficult task in trying to achieve the appropriate balance for cost recovery.

B. SUMMARY

Off-site levies are a key tool for municipal capital cost recovery. In today's economic climate, these levies help address growth And increasing service demands. While there are some limitations to this tool, Off-Site Levy Bylaws have many significant benefits:

- a) **Facilities Beyond Adjacent Lands** - neither the MGA nor the Regulation specifies a maximum geographical distance between development lands and the location of infrastructure. By definition, an Off-Site Levy Bylaw may be used to assess costs for infrastructure not abutting the development lands.
- b) **Broader Recovery of Transportation Costs** - under an Off-Site Levy Bylaw, a municipality can recover costs for road construction or expansion arising from the broader impact of proposed development (MGA s.648(2)(c.1)).
- c) **Broad Local Discretion** - the Regulation sets out general principles for calculation of levies, but does not dictate to a municipality how to address specific factors. The Regulation expressly provides that the municipality is to retain the flexibility to negotiate the levy in a manner that recognizes the unique or special circumstances of the municipality.
- d) **No Petition** - unlike a local improvement levy, an off-site levy is not subject to a landowner right of petition.



B R O W N L E E
L L P

- e) **Consistency** – a well-conceived Off-Site Levy Bylaw eliminates piecemeal technical analysis and development agreement negotiations and provides a more consistent outcome with transparent charges.

- f) **Flexible over time** - an Off-Site Levy Bylaw allows a municipality to address infrastructure requirements over a significant time period. The bylaw can require a developer to contribute to off-site infrastructure it benefits from, whether the development precedes the construction of the off-site infrastructure, or the construction of the off-site infrastructure precedes the development.

For further information on planning and development matters, including off-site levies, contact the following members of the Brownlee LLP municipal team:

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