



CHESTERMERE

Policy Name: Off-Site Levy Policy Framework

Policy Number: 320

Effective Date:	Approved By:
July 22, 2025	Mayor and Council
Policies Amended / Rescinded:	Policy Type:
Policy #320 Off-Site Levy Policy Framework	Development Services

I. Purpose and Intent

1. Although the *Municipal Government Act (MGA)* provides guidance as to how the Bylaw should be established, it provides only cursory guidance as to how the Bylaw should be implemented. Accordingly, this document is intended to outline the Policies that the City of Chestermere will utilize to guide when to assess Off-Site Levies, when levies are payable (deferrals), when and how front-ended infrastructure construction will be assigned to developers and when and how front-ended construction costs will be reimbursed.

II. Definitions

Term	Description
Annual Financial Plan	Outlines future anticipated disbursement / retention of Off-Site Levy reserve funds. The plan considers front-ending claims, development infrastructure staging, Off-Site Levy reserve balances, future Off-Site Levy receipts, municipal debt capacity and description and status of project(s).
Capital Plan	Outlines offsite infrastructure approved for construction and outlined in the Off-Site Levy Bylaw. Note, items approved for construction do not necessarily mean that they are funded.
Construction Completion Certificate	Issued by the municipality to signify that front-end offsite infrastructure has been constructed to standard.



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Developers	An individual or entity responsible for initiating, managing, or carrying out activities involving the physical alteration, change of use, or increased intensity of use of land or buildings.
Development	As is defined in Section 616(b) of the <i>Municipal Government Act</i> .
Final Acceptance Certificate	Issued at the completion of a warranty period and when front-end infrastructure is free of defects and deficiencies. The Final Acceptance Certificate may signal the release of hold back on front-ended construction repayment.
Holdback	The amount of funds held-back after issuance of the Construction Completion Certificate during the warranty period. Holdback may be released upon issue of the Final Acceptance Certificate
Off-Site Levy Down Payment	The amount of Off-Site Levy that is immediately due upon the issuance of development agreement.
Off-Site Levy Exemption	Conditions that must be satisfied in order to have an Off-Site Levy assessment waived on a development agreement application.
Off-Site Levy Installment	The amount of Off-Site Levy assessment that is due annually.
Off-Site Levy Offset	Front-end infrastructure costs incurred by the developer used to reduce the amount of Off-Site Levy assessment payable by the developer.

III. Policy Statement / Policy

This document is laid out in chronological fashion starting with Policies pertaining to initial assessment and ending with Policies pertaining to disbursement of levy funds. Each section within the report contains an introduction to the scope of the Policy, the fundamental principles that are used to support Policies, and other information that will assist the City through procedures to administer the Policy statements.



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1. Levy Assessment. Assessment Exemptions and Thresholds

The obligation to pay Off-Site Levies occurs in two steps: (1) the levy is incurred upon application of development, and (2) the levy is paid upon execution of the development agreement or may be deferred to a future time of payment. This section focuses on the principles that will guide the City in determining when the application for development would result in a levy obligation being incurred.

a. Legislated Exemption

- I. The first criteria to be considered in determining if a development is eligible or exempt from incurring an Off-Site Levy obligation is outlined in legislation. City guiding Policies are consistent with these legislative requirements in the *Municipal Government Act*, Section 648(4) and Section 648(7).

Guiding Principle

If a parcel of land was previously developed, and an Off-Site Levy or equivalent levy for a certain infrastructure type (e.g., water) was paid on that entire parcel, then any new development is exempt from any future assessment and payment of an Off-Site Levy of the same type. Any specific Off-Site Levy or equivalent levy that was not paid is still eligible for payment triggered by a future subdivision or development.

b. City Exemptions

- I. Except for exemption conditions outlined in legislation, Off-Site Levies would apply to all “development” situations within the City of Chestermere unless such development is explicitly exempted.
- II. City Off-Site Levy assessment exemptions and exemption thresholds shall be considered on the following principles.
 1. Temporary development / land uses.
 2. Demolition or removal of existing structures.
 3. Replacement of a structure.



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4. Altering a residential structure up to development of two dwelling units.
5. Accessory improvement or uses.
6. Farm buildings or uses.
7. Alteration or enlargement of existing non-residential buildings.
8. Alteration or enlargement of non-residential land use (e.g., processing/production facilities, storage etc.) so long as the use of the site is not changed.

2. Levy Assessment Deferment and Installment Payments

Off-Site Levies may be paid in full or may be deferred over a period of time.

a. Deferral and Installment Eligibility

- I. Developers classified as Tier 1, Tier 2, or Tier 3, in accordance with Policy #327 Subdivision and Development Security Requirements, are eligible to apply for deferment and installment payment arrangements for Off-Site Levies. Developers designated as Tier 4 or Tier 5 are not eligible for deferment and are required to pay the required Off-Site Levy in full at execution of the Development Agreement.

Guiding Principle

The City extends credit to developers based upon their performance within the City and tiering outlined in Policy #327 Subdivision and Development Security Requirements.

b. Deferral Schedule and Agreement

- I. A **Deferral Schedule** must be included in a Development Agreement as a Schedule.
- II. The **Development Agreement** shall outline the terms and conditions upon which Off-Site Levy payments will be made in accordance with this Policy.



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c. Repayment Period and Terms

- I. Off-Site Levy payment (installment) terms shall be as follows:
 1. **Down Payment** - 30% of the Off-Site Levy assessment is payable as a condition of the development agreement.
 2. **Installment Payments** - The balance owing is paid within a maximum period of 2 years:
 - a. 1st Year Anniversary - 30% of the balance owing is paid.
 - b. 2nd Year Anniversary - full payment of the remaining balance.

3. Off-Site Levy Infrastructure Front-ending

The timing of offsite infrastructure is such that all Off-Site Levy funds will not be in place prior to construction. Front-ending will be required and may be undertaken by either the City or a developer.

- a. Construction of “Qualified” and “Non-Qualified” Offsite Infrastructure
 - I. “Qualified” means that the City has approved offsite infrastructure construction, entered into a contract (Front-end Construction Agreement) with the developer, and the infrastructure being constructed is reflected in the next 5 years of the City’s Capital Plan (i.e., the near term).
 - II. There may be instances where a developer wishes to construct offsite infrastructure (or support the financing of front-end construction) to support its development, however the City may not require the infrastructure to be built at this time (i.e., beyond 5 years). For example, a developer may wish to construct all four lanes of an arterial road when only two lanes are required. This infrastructure is called “non-qualified”.



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Guiding Principle

Developers are required to enter into an agreement with the City on all offsite infrastructure projects (qualified or non-qualified).

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

b. Offsetting Off-Site Levies for Front-end Infrastructure Costs

- I. Developers who front-end the construction of Off-Site Levy infrastructure (or support the financing of front-ended infrastructure) whether "qualified" or "non-qualified" may apply the cost of this infrastructure (or the portion financed thereof) against Off-Site Levies due to the City. If the developer is constructing or financing offsite infrastructure or contributing land that will be used to site Off-Site Levy infrastructure the City will award the developer a credit up to the cost of construction/financing.**
- II. The construction credit may only be applied against the same category of levy as the constructed front-end infrastructure. No construction credits may be applied to Off-Site Levies owing that differ from the Off-Site Levy infrastructure being constructed.**

Guiding Principle

Developers that front-end the construction or financing of offsite infrastructure (qualified or non-qualified) may offset the Off-Site Levy assessment on the same category of offsite infrastructure up to the cost of infrastructure construction/financing.



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III. Estimating front-ended construction costs for the purpose of determining offsets must be based upon the following principles:

1. Estimate and Adjusted for Actual - The offset credit will be based upon the City approved construction estimates. The developer will provide this estimate. The estimate must be certified by a professional architect or engineer or based on a fixed price bid from a contractor.
2. When the infrastructure is constructed the actual cost of construction, approved by the City, may be applied to adjust any Off-Site Levies still owing.
3. The developer must advise the City of any change orders that impact the cost of the approved infrastructure, and the change order must be approved in writing by the City to be eligible for reimbursement or levy assessment offset.

4. Construction Inspection and Acceptance

Front-ended infrastructure is to be constructed to the standards and specifications required by the City. In this regard, the process used by the City to inspect and accept other on-site development infrastructure will be used for offsite infrastructure construction as specified in the City of Chestermere Engineering Design and Construction Standards.

Guiding Principle

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

a. Interest on Unpaid Balance

- I. Developers who front-end Off-Site Levy infrastructure, may not earn interest on balances due to them.



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b. Annual Reserve Fund Priorities

- I. The City will develop a financial plan annually that indicates how Off-Site Levy reserve balances will be distributed. The plan will consider future staging of offsite infrastructure, Off-Site Levy reserve balances, the City's borrowing capacity, development trends etc. The plan will forecast anticipated levy receipts, expenditures, the allocation of expenditures between front-end debt draw down, monies drawn by the City to construct offsite infrastructure, and amounts retained to finance future construction, etc.

Guiding Principle

The City will develop a financial plan annually that forecasts the nature of Off-Site Levy reserve disbursements.

c. Payments on Developer Front-end Debts

- I. Off-Site Levy reserve funds that are used to the draw-down obligations related to "qualified" front-end construction will be distributed to front-ending parties (City and/or private developers) in an equitable fashion. Small balances will be paid out in priority to optimize efficient administration.
- II. When there are remaining front ending off site levy credits owed to the developer, after their development has been completed, the developer will be paid out the remaining credits from future annual off site levy revenue minus any City interest obligations on a priority basis.

REFERENCES

Bylaw #013-25 Off-Site Levy Bylaw

City of Chestermere Design and Construction Standards

Municipal Government Act, RSA 2000, c M-26

Policy #327 Subdivision and Development Security Requirements



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Mayor, Shannon Dean

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Chief Administrative Officer, Kent Edney

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