

ADMINISTRATIVE REPORT

TO: Robert Nicolay, City Manager	DATE: October 3, 2022
FROM: Alison Downing, Senior Planner	MEETING: City Council
SUBJECT: Area Structure Plan Preparation Fee Municipal Development Plan Amendment C-1237S	

RECOMMENDATIONS

That Council:

1. Give first reading to Bylaw C-1237S, being an amendment to the Municipal Development Plan,
2. Give second reading to Bylaw 1237S,
3. Have third reading for Bylaw 1237S, and
4. Give third reading to Bylaw 1237S.

5. Direct Administration to add the proposed fee of \$61.48 per hectare to the draft Fees, Rates, and Charges Bylaw to be presented to Council during November budget deliberations.

PREVIOUS COUNCIL / COMMITTEE DIRECTIONS

At the January 18, 2022, Infrastructure and Economic Development (IED) Committee meeting, the following motion was passed:

"Committee direct Administration to bring back opportunities for the City to recoup invested cost of this ASP, to be recuperated via instrument or servicing agreement conditions."

At the March 1, 2022, IED Committee meeting, the following motion was passed:

"Committee direct Administration to prepare amendments to the Municipal Development Plan and Fees, Rates and Charges Bylaw before proceeding with the Wood Lake Area Structure Plan."

At the August 16, 2022, IED Committee meeting, the following motion was passed:

"Committee direct Administration to bring Municipal Development Plan and Fees, Rates and Charges Bylaw amendments to Council for consideration based on the following:

1. *The Area Structure Plan Preparation Fee would apply to any future Area Structure Plans initiated by the City;*
2. *A flat fee of \$61.48 per hectare would be charged to the gross area of land minus undevelopable land and land held by the City for Municipal Reserve; and*
3. *The Area Structure Plan Preparation Fee would be collected at the Subdivision or Development Permit phase."*

BACKGROUND

At the January 18th, 2022, IED Committee meeting, Administration presented a draft Terms of Reference for preparing an ASP for three quarter sections of land directly west of Wood Lake. It was proposed that the ASP would be drafted in-house by City Planners, and the City would bear all associated costs. The IED Committee expressed concern that this could give development in Wood Lake a cost advantage over other development and consequently directed Administration to explore whether the City could pass on the preparation cost to the benefiting landowners. The mechanism to recoup the costs was subsequently presented to the IED Committee on March 1, 2022.

At the August 16, 2022, IED Committee meeting, Planning & Development presented the detailed proposal for cost recovery and was directed to bring this proposal forward to Council for consideration.

ANALYSIS

The *Municipal Government Act* (MGA) allows Council to establish a Fees, Rates and Charges bylaw for matters under Part 17 (Planning and Development). The preparation of an ASP requires significant planning and technical resources to demonstrate the feasibility of a land use concept and alignment with higher-order statutory plans. Therefore, the City may recoup its costs by including them in the Fees, Rates, and Charges Bylaw. The mechanism to do this includes adding the policy to the Municipal Development Plan (MDP) and adding the applicable fee to the Fees, Rates and Charges Bylaw. The fee could then be collected at the Subdivision phase or at the Development Permit phase.

As is the case in most municipalities, there is a combination of approaches to ASP development; some are initiated in-house while others are funded by developers.

In 2016, the City annexed 97 quarter sections of land from the County of Grande Prairie. The annexation application, filed in 2013, included a planning concept for development within the annexation area. This concept included the intention for the preparation of new ASPs to guide the timing of development, fiscal implications, and servicing standards in the annexed areas. Creating these plans would create certainty for developers, remove barriers and make the land more competitive with neighbouring municipalities.

In keeping with the City's goal to make the annexed land attractive for development, three ASPs have been completed to date, including;

Hughes Lake ASP	19 ¼ sections
Bear Creek North ASP	30 ¼ sections
Northern Lights ASP	16 ¼ sections

There are now only a few areas within the City boundary that do not have ASPs, including the three quarter-sections in the proposed Wood Lake ASP area. Planning & Development's goal is to ensure that all lands within the City boundary have an ASP. This is to be accomplished by creating new ASPs or expanding the boundaries of existing ASPs.

An ASP is a high-level long-range planning document for a greenfield area that specifies development constraints, future land uses, population density, general location of transportation and servicing, and the sequence of development.

In some smaller and more rural jurisdictions, including the County of Grande Prairie, the ASP provides additional details and is the final planning document before full land development. However, the City of Grande Prairie and most urban municipalities require the additional step in the planning process of requiring Outline Plans (OPs). OPs contain a detailed framework for a defined area (usually one ¼ section), including the lot layout, zoning, and open spaces. Developers are responsible for the cost of preparing OPs.

The cost of preparing an ASP range from approximately \$86 per hectare when consultants have been hired to prepare the plan to \$35 per hectare when the plan is created in-house by City Planners.

Administration recommends the following:

1. An Area Structure Plan Cost Recovery Fee be established as a flat per hectare fee. This would be the most efficient process to administer, balance out the cost recovery, and not dissuade development on those lands where the ASP preparation cost was more significant.
2. The fee should apply to any future ASP initiated by the City.
3. The fee should be applied at the subdivision or development permit stage through the imposition of conditions.
4. The fee shall only be collected once for the lands.
5. The fee shall apply to the gross area of land minus undevelopable land and lands held by the City for the purpose of municipal reserve.
6. The cost recovery would expire after 20 years from the adoption of the ASP.
7. The Subdivision / Development Authority may determine that the lands do not receive a demonstratable benefit from the ASP and exclude that area from the calculation.

Relationship to City Council's Areas of Focus / Strategic Priorities

The proposal aligns with Council's Strategic Growth area of focus as this would be an alternative revenue source to provide a more sustainable future through diverse and innovative economic opportunities.

Environmental Impact

Environmental impacts are a significant consideration in the ASP preparation process.

Economic Impact

Adopting an ASP is the first required land use planning step in developing land for industrial, commercial, or residential uses. Preparation of an ASP by the City, in consultation with landowners, has the potential to save considerable time when development opportunities arise.

Social Impact

There are no social impacts to preparing an ASP in-house and receiving cost recovery in the future.

Relevant Statutes / Master Plans / City Documents

Establishing an Area Structure Plan preparation fee requires amendments to the MDP and the Fees, Rates and Charges Bylaw.

Risk

Administration has identified several risks to applying an ASP cost recovery fee to future development. First, the Subdivision or Development Permit applicant may not directly benefit from the ASP. The applicant may have paid more for the land due to the fact that the ASP was completed and, therefore, already paid for the benefit, or they may require significant amendments to the plan to realize the development concept they desire.

Second, the land buyers may not be aware that this additional fee applies when they go to develop the land. Although it would be listed in the Fees, Rates and Charges Bylaw and the MDP, it is not a typical fee that would be expected and could be easily overlooked. This could impact the City's reputation with new developers.

Finally, administering the fee collection process and tracking would be difficult. The fee would apply to future parcels of land that are not subdivided yet and may not be subdivided for several decades. Administration will need to establish a tracking system to ensure that the fees are charged in the right instances and not twice for the same property.

Alternatives

The alternatives are:

1. The fee could apply to all ASPs created by the City. This would include the formally adopted ASPs (Bear Creek North, Hughes Lake, Northern Lights) as well as all future ASPs.
2. The fee could apply to undevelopable land and municipal reserve as well.
3. The fee could be calculated using the actual cost per hectare of the specific ASP in which the development is occurring.

STAKEHOLDER ENGAGEMENT

Planning & Development discussed this issue with Urban Development Institute Grande Prairie (UDIGP) at their April 21, 2022, meeting. They indicated general support for the idea of an ASP Preparation Fee.

Notification of the public hearing for the proposed amendment was undertaken in accordance with the requirements of the MGA. This included circulating internal departments and external agencies, including UDIGP and BILD and posting the amendment on the City's Public Notification webpage. At the time of writing this report, no comments or concerns were received as a result of these public notification methods.

BUDGET / FINANCIAL IMPLICATIONS

The City could potentially realize 75-80% cost recovery if all lands are subdivided within 20 years of the adoption of the ASP. The flat fee of \$61.48 / hectare would exclude undevelopable land and land that the City would own for the purpose of Municipal Reserve. The proposed fee is an average per hectare charge for the three most recently adopted ASPs.

	Bear Creek North	Northern Lights	Hughes Lake
Gross Land (Ha)	1927	1060	1177
Undevelopable / MR (Ha)	504	239	270
Net Land Total (Ha)	1423	821	907
Total Cost (\$)	\$117,461.00	\$32,000.00	\$109,793.00
Cost per Hectare	\$60.96	\$30.19	\$93.28

SUMMARY / CONCLUSION

In response to the IED Committee's concerns that City-funded Area Structure Plans (ASPs) would provide a cost advantage to developers in specific areas, Administration has prepared a cost recovery mechanism for benefitting properties. If approved by Council, a flat fee of \$61.48 per hectare would be applied to lands within all new ASPs areas funded by the City. Applicants for Subdivision or Development Permit would be required to enter into an ASP Preparation Fee agreement with the City, and payment would be due at the time of Subdivision or Development Permit (if there is no subdivision). The fees would only be collected once for the same land and would expire when the ASP is 20 years old.

ATTACHMENTS

Bylaw 1237S