BYLAW NO. 2017-02

OF THE

TOWN OF WESTLOCK

A BYLAW OF THE TOWN OF WESTLOCK, IN THE PROVINCE OF ALBERTA, TO ESTABLISH OFF-SITE LEVIES FOR LAND THAT IS TO BE SUBDIVIDED OR DEVELOPED WITHIN THE TOWN OF WESTLOCK

WHEREAS:

- A. Section 648 of the *Municipal Government Act* allows Council to pass a bylaw for the imposition and payment of off-site levies in respect of land that is to be developed or subdivided:
- B. Council deems it necessary and expedient to collect Off-Site Levies to pay for the capital cost of infrastructure required to service the Growth of the Town;
- C. The Town has engaged in consultation with landowners and representatives of the development industry to address and define existing and future infrastructure required for Growth of the Town and the allocation of the capital costs of such infrastructure;
- D. Council has received the Report, which set out a fair and equitable calculation of Off-Site Levies in accordance with the *Municipal Government Act* and the Off-Site Levy Regulation;
- E. Council has advertised its intention to consider the enactment of this Bylaw pursuant to the requirements of the *Municipal Government Act*;

NOW THEREFORE, Council duly assembled, enacts as follows:

Name of Bylaw

This Bylaw shall be known and referred to as the "Off-Site Levy Bylaw".

Definitions

The following terms shall have the following meanings in this Bylaw:

- (a) "Bylaw" means this off-site levy bylaw;
- (b) "Chief Administrative Officer" means the chief administrative officer for the Town, regardless of the specific title that may be conferred on that officer from time to time:
- (c) "Council" means the council for the Town;

- (d) "Developable Land" means all land contained within the Development Area:
 - (i) upon which Development takes place after the date of enactment of this Bylaw; or
 - (ii) for which Subdivision approval is obtained after the date of enactment of this Bylaw;

excluding all Developed Land;

- (e) "Developed Land" means land that has been subject to Development or a Subdivision prior to the date this Bylaw comes into force, and in respect of which off-site levies for the same infrastructure have been paid;
- (f) "Development" means "development" as defined in the *Municipal Government Act*;
- (g) "Development Agreement" means "development agreement" as referred to in the *Municipal Government Act*;
- (h) "Development Area" includes the area of land within the municipal boundaries of the Town identified in Schedule "A" to this Bylaw;
- (i) "Growth" means:
 - (i) the creation of new Lots through Subdivision; and
 - (ii) the occurrence of Development;
- (j) "Lot" means "lot" as defined in the *Municipal Government Act*;
- (k) "Municipal Government Act" means the Municipal Government Act, RSA 2000, c. M 26, as amended or repealed and replaced from time to time;
- (I) "Off-Site Infrastructure" means those components and projects referred to in the Report, in relation to water facilities, sanitary sewer facilities and roads and related transportation infrastructure to be paid for in whole or in part by Off-Site Levies under the Bylaw;
- (m) "Off-Site Levies" means the off-site levies imposed pursuant to this Bylaw;
- (n) "Off-Site Levy Regulation" means the <u>Principles and Criteria for Off-Site Levies Regulation</u>, Alta. Reg. 46/2004, as amended or repealed and replaced from time to time;
- (o) "Report" means the <u>Town of Westlock Off-Site Levy Review, January 3, 2017</u>, prepared by Corvus Business Advisors, attached as Schedule "B" to this Bylaw;

- (p) "Subdivision" means "subdivision" as defined in the *Municipal Government Act*;
- (q) "Town" means the Town of Westlock.

Object of Levy

The object of the Off-Site Levies is to provide funds to pay for all or part of the capital costs of the Off-Site Infrastructure required for Growth, as determined in the Report.

Imposition of Levy

- (a) The Off-Site Levies are hereby established and imposed in respect of all Developable Land on the basis set out in the Report.
- (b) The amount of the Off-Site Levies imposed is as calculated in the Report.
- (c) The Off-Site Levies will be assessed on all Developable Land on a per hectare basis, excluding those portions of Developable Land that are designated pursuant to a Subdivision as:
 - (i) environmental reserve;
 - (ii) school reserve;
 - (iii) municipal reserve; or
 - (iv) arterial road right of way.
- (d) Unless otherwise agreed, payment of Off-Site Levies imposed under this Bylaw is due:
 - (i) in the case of Subdivision, at or prior to plan endorsement; and
 - (ii) in the case of Development, as a condition of the issuance of the development permit.

Authority of the Chief Administrative Officer

- (a) The Chief Administrative Officer is delegated the authority to enforce and administer this Bylaw, including, but not limited to the authority to:
 - (i) enter into Development Agreements on behalf of the Town with respect to, among other things, the collection of Off-Site Levies;
 - (ii) defer or waive collection of Off-Site Levies imposed pursuant to this Bylaw; and

- (iii) require security for payment of any deferred levies.
- (b) The Chief Administrative Officer may delegate the authority to enforce and administer this Bylaw.

6. Development Agreement

- (a) Council may, from time to time adopt policies or guidelines for the assistance and direction of the Chief Administrative Officer in determining which Development and Subdivision applications require a Development Agreement.
- (b) Where it is determined that a Development Agreement is appropriate for any application for Development or Subdivision, the developer or the owner, as the case may be, shall enter into a Development Agreement with the Town that provides for the payment of Off-Site Levies in accordance with this Bylaw or that provides for the deferral of Off-Site Levies, including requiring security for the payment of such deferred levies.

7. Annual Report

On or before December 31 in each calendar year, the Chief Administrative Officer shall provide an annual report to Council regarding the Off-Site Levies imposed under this Bylaw, including:

- (a) Off-Site Infrastructure constructed during the previous calendar year;
- (b) Construction costs of Off-Site Infrastructure constructed in the previous calendar year;
- (c) Estimated construction costs for Off-Site Infrastructure yet to be constructed and an explanation as to any adjustments to the estimates since the previous annual report;
- (d) Amount collected in Off-site Levies; and
- (e) Specifics of total value of Off-site Levies being held by Town and yet to be expended on Off-Site Infrastructure, interest earned and commitments for future expenditures of such monies.

8. Accounting

All funds collected pursuant to this Bylaw shall be accounted for in a special fund for each category of infrastructure and expended only as permitted under the *Municipal Government Act*.

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9. Review

The Town shall review the rates for Off-Site Levies annually and, if required, shall amend this Bylaw accordingly to update the rates for Off-Site Levies.

General

- (a) Nothing in this Bylaw precludes the Town from:
 - (i) imposing further or different levies, duly enacted by bylaw, on any portion of the Developable Lands in respect of which the Town has not collected Off-Site Levies;
 - (ii) deferring collection of Off-Site Levies on any portion of Developable Lands, including requiring security for payment of such deferred levies; or
 - (iii) reducing or forgiving payment of the Off-Site Levies required pursuant to this Bylaw, or otherwise providing for credits for other Off-Site Infrastructure or oversize infrastructure constructed by a developer in calculating and/or collecting the Off-Site Levies that become payable pursuant to this Bylaw.
- (b) Schedules "A" and "B" to this Bylaw, and specifically, without restricting the generality of the foregoing, the rates for Off-Site Levies set out in the Report, may be updated or amended from time to time by resolution of Council.
- (c) In the event that any provision of this Bylaw is declared invalid or void by any Court having competent jurisdiction, then such invalid or void provision shall be severed from the Bylaw and the remaining provisions of the Bylaw shall be maintained and deemed valid.

11. Transition

- (a) This Bylaw applies to:
 - (i) any Subdivision where the date of subdivision approval occurs on or after the date this Bylaw comes into force; and
 - (ii) any Development where the date of issuance of a development permit occurs on or after the date this Bylaw comes into force.
- (b) Development Agreements entered into prior to the enactment of this Bylaw shall remain valid and in effect.
- (c) Any off-site levies payable under Development Agreements entered into prior to the enactment of this Bylaw, are confirmed and shall continue to

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be payable notwithstanding the repeal of previous off-site levy bylaws pursuant to subsection (d).

(d) Town Bylaw Nos. 2010-10 and 2012-02 and all amendments thereto are hereby repealed.

12. Execution

This Bylaw shall take effect and come into force effective after final reading and signature thereof by the Chief Elected Official and Chief Administrative Officer, or their authorized delegates.

FIRST READING passed in open Council duly assembled in the Town of Westlock, in the Province of Alberta, this 21 day of February, 2017.

SECOND READING passed in open Council duly assembled in the Town of Westlock, in the Province of Alberta, this 21 day of <u>February</u>, 2017.

THIRD AND FINAL READING passed in open Council duly assembled in the Town of Westlock, in the Province of Alberta, this 27 day of February, 2017.

Mayor

Chief Administrative Officer

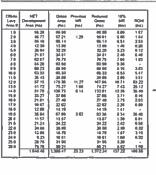
SCHEDULE A

Map of Development Area

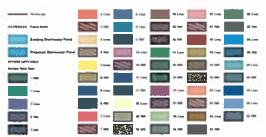
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Offsite Levy - AREAS

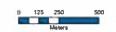












Base Map complet from the Provinced Title Mapping Digital Base 16TM AEP Resource Projection, Nacl 83 Dates Souted Data Warehouse Ltd, May 2018

SCHEDULE B

Town of Westlock Off-Site Levy Review, January 3, 2017, prepared by Corvus Business Advisors





Town of Westlock: Offsite Levy Review

Version 4 January 3rd, 2017

Prepared by:
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This document has been prepared by CORVUS Business Advisors for the sole purpose and exclusive use of the Town of Westlock.



January 3rd, 2017

Simone Wiley Director of Development Services Town of Westlock 10003 - 106 Street Westlock, AB T7P 2K3

RE: Town of Westlock Offsite Levy Review

Simone:

Enclosed is our report for the Offsite Levy Review. If you have any questions do not hesitate to contact me.

Yours truly,

Greg Weiss President

1 DOCUMENT INFORMATION

Version		
Number	Revision Date	Summary of Changes and Author
1.0	September 6th, 2016	DRAFT: Created by CORVUS Business Advisors
2.0	September 6th, 2016	DRAFT: Reviewed by Town staff
3.0	October 17th, 2016	DRAFT: Reviewed by Council
4.0	January 3 rd , 2017	FINAL



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3 INTRODUCTION

3.1 Introduction

Bylaw 2012-02, established by the Town of Westlock ("The Town") in 2012 defines offsite levy charges pertaining to water and sanitary infrastructure in the southwest area of the municipality. Similarly, bylaw 2010-10 established by the Town in 2010, defines offsite levy charges pertaining to sanitary infrastructure in the south area of the municipality. The Town wishes to harmonize these bylaws within a broader offsite levy bylaw which encompasses all offsite infrastructure needed to support growth in all areas of the Town, while also ensuring that accompanying charges are fair and equitable, comply with legislative and regulatory requirements, and recover the full cost of the infrastructure in order to ensure a financially sustainable community.

This report outlines the methodology and information used in establishing transportation, water, and sanitary offsite levy rates for the Town, as well as other key findings and recommendations.

3.2 Methodology

The Town of Westlock has created various infrastructure master plans, and these plans have been used as key inputs into this offsite levy rate review. Town staff reviewed existing plans and identified offsite projects for transportation, water, and sanitary infrastructure^{1 & 2}. The Town's assessment also included determination of benefits to existing development and future development.

Support provided by CORVUS Business Advisors included:

- Provision of the CORVUS offsite levy model, including configuration, priming, and data loading.
- Facilitation of a workshop to determine offsite levy area boundaries.
- Incorporation of offsite levy area measurements and land development forecasts (provided by Town staff).
- Incorporation of infrastructure costs and allocation percentages for existing development, new development, and other parties (provided by Town staff).
- Establishment of offsite levy reserve opening balances (historical details provided by Town staff).
- Development of transportation, water, and sanitary offsite levy rates.
- Presentation of offsite levy rates and background information to Administration,

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¹ It was not within CORVUS' scope of work to review the Town's master plans.

² Currently, all stormwater infrastructure in the Town is "onsite" in nature and, therefore, was not included in the scope of this analysis. Should the Town add offsite stormwater infrastructure to its capital plans in the future, the offsite levy model and bylaw can be amended during one of the annual updates to include stormwater charges.

Council, and the public.

Offsite levy rates within the CORVUS offsite levy model are forecast using a rolling 25-year review period. During this review, a cut-off date of December 31st, 2015 was established, and so the review period stems from 2016 to 2040. Costs that benefit development prior to and within the review period are included in rates. Costs that benefit development beyond the review period (called financial "oversizing") are excluded from rates. In future years, when rates are updated and the rolling 25-year period moves further out, offsite infrastructure costs beyond 2040 will gradually find their way into rates.

The cut-off date coincides with The Town's most recent year-end. Project expenditures, offsite levy receipts etc. were gathered as "actuals" from The Town's financial records up to the cut-off date. Beyond the cut-off date, all financial details are estimates. When The Town completes its next rate update, information from January 1st, 2016 up to the new cut-off date will be converted from estimates to actuals.

4 KFY FINDINGS

Key findings pertaining to the establishment of Town offsite levy rates are as follows:

 Offsite infrastructure costs to be included in the offsite levy bylaw total approximately \$55.23 million (2016 dollars). An overview of offsite infrastructure costs and maps is provided in Appendices B1, C1, and D1.

Before determining how the infrastructure costs will be allocated to parties that benefit (e.g., existing development, new development, other municipalities etc.), offsite infrastructure costs are always reduced by special ear-marked grants and development contributions. For this review, the Town has identified approximately \$9.51 million in grants and contributions. An overview of grants and contributions and resulting net costs is provided in Appendices B2, C2, and D2.

The share allocated to existing development (the Town's share) is approximately \$6.28 million; and, the share allocated to other stakeholders (e.g., neighbouring municipalities) is \$0.00.

That portion of cost which is allocated to future development (versus existing development and other allocations) totals approximately \$39.43 million and is based on the allocations shown in Appendices B4, C4, and D4. However, a portion of the cost allocated to future development is beyond the 25-year review period (called "financial oversizing"). Financial oversizing is determined based on the anticipated year of construction (construction staging) which is provided in Appendices B3, C3, and D3.

Of the \$39.43 million in total offsite infrastructure costs allocated to future development, the share allocated to future development that is included in rates today (the offsite levy share) is approximately \$6.84 million, as shown in the table below. A complete summary of offsite infrastructure net cost "flow-thru" is provided in Appendices B6, C6, and D6.



Future Future Special Grants Development Town Share of Other Muni Development Infrastructure and Other Costs **Total Costs** Costs Share of Costs Costs Contributions (Financial (in:Rates) Oversizing) Transportation 5.107.751 S 2 530 678 \$ 5 458 369 S 13.096.798 Water 8,191,813 \$ 1,174,418 \$ 11,152,392 \$ 3.051,590 \$ 23.570.212 Sanitary 1,321,899 \$ S 15.978.050 \$ 1.262.655 \$ 18.562.604 Stormwater \$ 9,513,712 \$ 6,282.170 S 32,588,810 \$ 6.844.923 \$ 55,229,614 Total

Summary of Infrastructure Costs & Allocations

Before allocating infrastructure costs to benefitting lands, offsite levy costs must be reduced by amounts collected to date. Up to December 31st, 2015, the Town has collected \$158,569 and shown in Appendices B5, C5, and D5.

- In order to facilitate the allocation of infrastructure costs to those lands that benefit from the infrastructure, the Town is parsed into 26 offsite levy areas. The area boundaries, numbering schema, and area measurements are described in Appendix A along with an offsite levy map; and, an overview of offsite infrastructure allocations to each benefitting area is provided in Appendices B7, C7, and D7.
- To calculate offsite levy rates, it is necessary to forecast the amount of land that will develop during the 25-year review period. Land development forms the denominator of the rate calculation. A larger denominator reduces rates, but could potentially result in under-collection thereby placing an increased burden on tax payers. A smaller denominator increases rates, but could potentially result in over-collection thereby placing an increased burden on future development. Accordingly, land development forecasts need to be (a) reasonable and reflect current planning assumptions including the current pace of development in the community, and (b) updated regularly.

For this review, the Town is forecasting development of approximately 68 ha. over the 25-year review period (approximately 2.7 ha. per year on average). The land development forecast and underpinning assumptions are shown in Appendix A.

- Offsite Levy Reserves. The Town is currently managing offsite levy receipts and withdrawals via a single reserve/account. However, the MGA requires that offsite levy monies be managed separately (i.e., one reserve/account for each infrastructure type). The reason this is a requirement is because offsite levies can only be used for the type of infrastructure for which they were collected (e.g., water levies can only be used to construct water offsite infrastructure, not sanitary infrastructure etc.). To facilitate the establishment of 3 reserves/accounts³ an overview of opening balances for the new reserves/accounts is shown in Appendices B8, C8, and D8.
- Interest. Offsite levy reserves/accounts (both actual and forecast) are impacted by interest. Actual reserve inflows, and forecast reserve balances that are in a positive

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³ The Town will establish 3 offsite levies reserves/accounts—one each for water, sanitary, and transportation infrastructure. The Town does not currently have any stormwater offsite infrastructure requirements. Should that change in the future, stormwater infrastructure can be added the Town's offsite levy model during the annual rate update and an additional reserve/account established.

position earn interest (as required by the MGA). Actual reserve outflows, and forecast reserve balances that are in a negative position are charged interest (negative forecast balances indicate that front-ending will be required).

An overview of reserve/account interest rates and forecast balances over the 25-year review period is shown in Appendices B9, C9, and D9.

Front-ending. Front-ending is an extremely important concept that underpins rigorous management of offsite levies. Front-ending represents debts owed by future development to the municipality for past construction undertaken by the municipality on behalf of future development—i.e., a municipality will often pay for its share of an offsite infrastructure project in addition to that portion of the project which benefits future development when offsite levy reserve balances are insufficient to pay for future development's share of the project.

Because front-ending balances represent debts owed to the municipality, they need to be clearly reflected in official municipal documents such as levy account/reserve balances, financial statements (e.g., front-ending notes), or accounts receivables, etc. This documentation enables the municipality to collect on these debts as future development occurs, and offsite levies are collected.

At end 2015, Town documentation reflected a front-ending balance of \$0.00. However, Town documentation did not include development's share of historical expenditures or debenture interest accruals. In actuality, at end-2015 there was approximately \$1.31 million (water: \$46,187 + sanitary \$1,262,655) in front-ending debt owed to the Town stemming from the Town's construction and payment of development's share of historical offsite water and sanitary infrastructure associated with bylaws 2010-10 and 2012-02. This front-ending balance is now captured in the Town's new offsite levy model so that tax payers will be properly reimbursed as levies and other contributions are collected over time.

At end 2015 there was \$158,569 in the Town's offsite levy reserve. Of this total, \$125,471.50 should be withdrawn immediately and transferred to the Town's General Revenue account, thereby paying down a portion of developer debts owed to the Town⁴. After doing so, the result will be a front-ending balance of approximately \$1.18 million owed to the Town as at end-2015.

A complete reconciliation of reserve balances for each of the 3 reserves/accounts the Town needs to maintain is provided in Appendices B8, C8, and D8

5 RATES

For future development to pay for its share of the \$55.23 million infrastructure costs in the Town, rates are \$100,218 per net hectare on a weighted average basis, as shown in table below. This rate is similar other municipalities of similar size in Alberta (a comparison of

⁴ In determining offsite levy reserve balances, the offsite levy model always assumes that positive reserve balances are utilized to draw down front-ending debts because it is in the developer's interest to do so (interest charge rates on debts are higher than interest earning rates on funds held in the account).

rates to other municipalities is outlined in Appendix E). Most importantly, these rates reflect the actual cost of infrastructure required to facilitate development in the Town.

Summary of Offsite Levies by Area

Area Ref. #	E0000000	nsportatio Charges	C	Water Charges	1	anitary harges	Total		
1	\$	39,697	\$	42,741	\$	0	\$	82,438	
2	\$	39,697	\$	42,741	\$	0	\$	82,438	
3	\$	39,697	\$	42,741	\$	0	\$	82,438	
4	\$	39,697	\$	42,741	\$	-	\$	82,438	
5	\$	39,697	\$	42,741	\$	-	\$	82,438	
6	\$	39,697	\$	42,741	\$	-	\$	82,438	
7	\$	39,697	\$	42,741	\$	0	\$	82,438	
8	\$	39,697	\$	42,741	\$	0	\$	82,438	
9	\$	39,697	\$	42,741	\$	0	\$	82,438	
10	\$	39,697	\$	42,741	\$	0	\$	82,438	
11	\$	39,697	\$	42,741	\$	-	\$	82,438	
12	\$	39,697	\$	42,741	\$	-	\$	82,438	
13	\$	39,697	\$	42,741	\$	alvatrantar with this variately assure their assure	\$	82,438	
14	\$	39,697	\$	42,741	\$		\$	82,438	
15	\$	39,697	\$	46,446	\$	20,727	\$	106,870	
16	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
17	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
18	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
19	\$	39,697	\$	42,741	\$	-	\$	82,438	
20	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
21	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
22	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
23	\$	39,697	\$	42,741	\$	-	\$	82,438	
24	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
25	\$	39,697	\$	42,741	\$	59,774	\$	142,212	
26	\$	39,697	\$	42,741	\$	0	\$	82,438	

^{*}Area 15 – the water and sanitary charges are based, in part, on costs stemming from Bylaw 2012-02 and the associated development agreement. In accordance with the development agreement, remaining contributions are to be received in 2017. When payment is received, water rates will be the same as all other areas, sanitary rates will be \$0 (assuming all other elements of the Town's capital plan remain the same), and the Town's overall weighted average rate will drop accordingly.



^{**}Areas 16,17,18,20,21,22,24,25 - the sanitary charges are based on costs stemming from Bylaw 2010-10.

Weighted Average Offsite Levy Rate

	C	sportation harges r net Ha)	r Charges r net Ha)	C	anitary harges r net Ha)	Total (per net Ha)		
High	\$	39,697	\$ 46,446	\$	59,774	\$	142,212	
Low	\$	39,697	\$ 42,741	\$	-	\$	82,438	
Weighted Average	\$	39,697	\$ 43,398	\$	17,123	\$	100,218	

^{*}Note, highs, lows, and weighted averages are shown for information purposes only. Developers pay the actual rate associated with the specific offsite levy area within which they are developing.

The offsite levy rates shown in the previous tables represent and full and equitable allocation of cost to new development. However, these new rates also represent a significant increase from current rates⁵. To reduce the impact of rate increases, the Town has indicated that wishes to implement a 4-year transition strategy as follows:

- 2017 full cost rates* less 30%** (average ~\$70,000 per ha.)
- 2018 full cost rates* less 20%**
- 2019 full cost rates* less 10%**
- 2020 full cost rates*

*Full cost rates will be amended each year during the Town's annual rate update.

As a result of this transition plan, in 2017 offsite levy rates in each area by would be:

^{**}Rate reductions in Area 15 would not apply to that portion of cost stemming from Bylaw 2012-02 and the associated development agreement.

⁵ The Town's current offsite levy bylaws pertain to only a few areas within boundary that stem from bylaws 2012-02 and 2010-10. Most Town lands have no associated offsite levy bylaw.

Summary of Offsite Levies by Area (After Transition Plan Reduction for 2017)	Summary of Offsite Levies by	Area (After	Transition Plan	Reduction for 2017)
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Area Ref. #	Transportati on Charges	Water Charges	Sanitary Charges	Total
1	\$27,788.14	\$29,918.63	\$ 0.00	\$57,708.1
2	\$27,788.14	\$29,918.63	\$ 0.00	\$57,709.1
3	\$27,788.14	\$29,918.63	\$ 0.00	\$57,710.1
4	\$27,788.14	\$29,918.63	\$ -	\$57,711.1
5	\$27,788.14	\$29,918.63	\$ -	\$57,712.1
6	\$27,788.14	\$29,918.63	\$ -	\$57,713.1
7	\$27,788.14	\$29,918.63	\$ 0.00	\$57,714.1
8	\$27,788.14	\$29,918.63	\$ 0.00	\$57,715.1
9	\$27,788.14	\$29,918.63	\$ 0.00	\$57,716.1
10	\$27,788.14	\$29,918.63	\$ 0.00	\$57,717.1
11	\$27,788.14	\$29,918.63	\$ -	\$57,718.1
12	\$27,788.14	\$29,918.63	\$ -	\$ 57,719.1
13	\$27,788.14	\$29,918.63	\$ -	\$57,720.1
14	\$27,788.14	\$29,918.63	\$ -	\$57,721.1
15	\$27,788.14	\$33,623.77	\$20,727.04	\$82,154.3
16	\$27,788.14	\$29,918.63	\$41,841.76	
17	\$27,788.14	\$29,918.63	\$41,841.76	\$ 99,565.9
18	\$27,788.14	\$29,918.63	\$41,841.76	
19	\$27,788.14	\$29,918.63	\$ -	\$ 57,726.1
20	\$27,788.14	\$29,918.63	\$41,841.76	\$ 99,568.9
21	\$27,788.14	\$29,918.63	\$41,841.76	\$ 99,569.9
22	\$27,788.14	\$29,918.63	\$41,841.76	\$ 99,570.9
23	\$27,788.14	\$29,918.63	\$ -	\$57,730.1
24	\$27,788.14	\$29,918.63	\$41,841.76	
25	\$27,788.14	\$29,918.63	\$41,841.76	•
26	\$27,788.14	\$29,918.63	\$ 0.00	

6 RECOMMENDATIONS

CORVUS recommends the following:

- 1. Implement the offsite levy rates outlined in Section 5.
- Ensure the offsite levy bylaw reflects the requirement for an annual update of offsite levy rates and delivery of an <u>annual update report to Council</u>. In addition to enabling compliance with MGA requirements, regular updates ensure offsite levy rates do not "decay", and Council is apprised regularly of the status of changes, reserves balances, etc.
- 3. <u>Transfer</u> \$125,471.50 from the Town's current offsite levy reserve to general revenues to reduce the front-ending debt owed to the Town. In so doing, establish <u>3 separate offsite levy reserves/accounts</u> as required by the MGA—one for each infrastructure type (i.e., water, sanitary, and transportation), with <u>opening balances</u> as reflected in Appendices B8: \$39,097.50, C8: (-\$1,183,370.50), and D8: \$0.00,

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- 4. Establish <u>sub-ledgers</u> for each reserve/account to track amounts owed to front-ending parties.
- 5. Update offsite levy <u>reserve/account balances</u> annually (and financial statements, and other internal documentation) to reflect the true balance, including front-ending.
- 6. During the reconciliation of future reserve balances, the <u>interest earning and charge</u> rates that <u>underpin the offsite levy bylaw</u> for that time period should be used to determine reserve interest impacts. This is outlined in the offsite levy model user guide and instructions for the annual rate update.
- 7. The Town's current development agreement associated with Bylaw 2012-02 contains no provision for indemnification in the event of default, placing undue financial risk on Town citizens. It is recommended that the Town develop an offsite levy <u>policy framework</u> to aide in effective implementation of the bylaw (CORVUS can assist). Indemnification is one example of policy area to be included.
- 8. Undertake a <u>water and sanitary utility rates study</u> to enable sustainable funding of the Town's share of offsite infrastructure projects. Current utility rates should be brought current and in alignment with current master plans and offsite levy financing summarized in this report, etc.
- 9. Implement a long term financial sustainability assessment model that provides Council with confidence that The Town is on a <u>financially sustainable path</u>, contains reasonable tax impacts, and includes the impact of the Town's share of various development costs plus any front-ending that will be required on behalf of various offsite levy reserves.
- 10. Recent changes to the MGA will enable municipalities to charge separately for offsite levies (i.e., transportation vs. water vs. sanitary vs stormwater). Accordingly, the Town should <u>maintain accurate records</u> to reflect which properties pay which offsite levies, and build this into the Town's administrative procedures.

7 ACKNOWLEDGEMENTS

CORVUS Business Advisors would like to thank all Town of Westlock staff from Engineering, Planning, and Finance, who supported the work of this review.

8 DISCLAIMER

CORVUS Business Advisor has relied upon Town of Westlock to provide all of the data and information used to construct the offsite levy model and create the rates, such as planning data and assumptions, development forecasts and assumptions, infrastructure costs and costs estimates, allocations to benefitting parties, allocation to benefitting areas, and other assumptions etc. As such, CORVUS Business Advisors makes no guarantee as to the accuracy of the input data and information provided by these groups or the results that stem from this data and information.

Offsite levy rates are not intended to stay static; they are based upon educated assumptions

and the best available information of the day. Planning assumptions, cost estimates etc. can change each year. Accordingly, the Municipal Government Act requires that offsite levy rates be updated with the most available information on a regular basis (usually <u>annually</u>). When information changes, it will be reflected in a future update, and rates adjusted accordingly.



APPENDIX A: OFFSITE LEVY AREAS AND STAGING

A1. Offsite Levy Areas

The Town is parsed into 26 offsite levy areas, as shown in the map below. These areas are generally about a quarter section in size but also take into consideration existing/planned infrastructure basins (i.e., transportation, water, sanitary, and stormwater basins) as well as natural and man-made barriers (e.g., rivers, highways, etc.). All offsite levy infrastructure costs are allocated to one or more areas.

Offsite Levy Areas

Total net development area, the amount of land available for development across all offsite levy areas, is approximately 1048 net ha. In calculating net development area only those lands remaining to be developed within the area that have not previously paid offsite levies have been considered (as required by legislation/regulation). Further, allowances have been made to net development area calculations for environmental reserves, municipal reserves, and arterial road right of way.

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Offsite Levy Net Development Area⁶

Area Ref. #	Development Area Location	Land Use	Gross Area (ha.)	Environmental Reserves (hai)	Sub-total	Municipal Reserves	Arterial Right of Way	Net Development Area (ha.)
1.4	NE 6-60-26-4	Other	66.59		66.59	6.66	1.67	58.26
2.4	NW 5-60-26-4	Other	57.21		57.21	6.80	1.64	48.77
3.4	NE 5-60-26-4	Other	65.14		65.14	6.51	2.53	56.10
4.4	NW 4-60-26-4	Other	13.99		13.99	1.40	0.20	12.39
5.4	NE 4-60-26-4 NORTH	Other	32.29		32.29	3.23	0.12	28.94
6.4	NE 4-60-26-4 SOUTH	Other	24.81	- 3	24.81	2.48	0.46	21.87
7.4	NW 3-60-26-4	Other	70.78		70.78	7.08	1.63	62.07
8.4	NE 3-60-26-4	Other	93.56	The state of the s	93.56	9.36	Emple of the ships	84.20
9.4	Pt. SE 3-60-26-4/Pt.NE 34-59-26-4	Other	80.96		80.96	8.10	3.63	69.23
10.4	SW 3-60-26-4	Other	65.33	1-10	65.33	6.53	5.47	53.33
11.4	SE 4-60-26-4	Other	26.60	-	26.60	2.66	3.51	20.43
12.4	SW 4-60-26-4 developed	Other	178.35	+	178.35	27.98	53.22	97.15
13.4	SE 5-60-26-4 developed	Other	75.27		75.27	8.43	25.12	41.72
14.4	SE 6-60-26-4/SW 5-60-26-4	Other	139.75	-	139.75	19.50	38.49	81.76
15.4	NE 31-59-26-4 WEST	Other	37.08		37.08	3.71	0.10	33.27
16.4	NE 31-59-26-4 EAST	Other	27.49	- 60	27.49	2.75	2.83	21.91
17.4	Plan 9826488 Lot B	Other	22.62		22.62	2.26	0.69	19.67
18.4	NW 32-59-26-4	Other	14.10	-23	14.10	1.41		12.69
19.4	NE 32-59-26-4 developed	Other	87.00	- VAL	87.00	11.96	38.40	36.64
20.4	NE 32-59-26-4	Other	13.87		13.87	1.39	0.91	11.57
21.4	NW 33-59-26-4 NORTH	Other	24.22	manuscript and	24.22	2.42	0.56	21.24
22.4	NW 33-59-26-4 SOUTH	Other	28.00		28.00	2.80	0.32	24.88
23.4	NE 33-59-26-4 developed	Other	18.70	- 10	18.70	1.87	3.15	13.68
24.4	Plan 0225186 B 3 L 1	Other	10.61		10.61	1.06	0.32	9.23
25.4	NE 33-59-26-4 SOUTH	Other	31.95	NAME OF TAXABLE PARTY.	31.95	3.20		28.76
26.4	NW 34-59-26-4	Other	89.21		89.21	8.92	1.59	78.70
		Total	1,395,48		1,395,48	160.46	186,56	1,048.46

⁶ The Town's offsite levy model has been configured to include 4 potential land use types: (1) commercial, (2) industrial, (3) residential, and (4) other. The Town is treating all development the same, and so area references have all been designated "other" (e.g., 1.4, 2.4, etc.).



Summary of Offsite Levy Net Development Area

Description	ha.
Gross Development Ar	1,395.48
Less Environment Res	-
Less Municipal Reserv	160.46
Less ROW Allowance	186.56
Net Development Area	1,048.46

*Note: 1 Hectare (ha.) = ~2.47 Acres

Net development area definitions will be applied in determining offsite levy obligations of developers on application for subdivision or development within Town of Westlock. Net development area is defined as follows:

- Gross Area The area of lands to be developed in hectares that have not previously paid an offsite levy.
 - Less: Any environmental reserves contained within the development area.
 - Less: A 10% allowance for Municipal Reserves.
 - Less: Arterial road right of way that bisects the development lands.
- Equals: Net Developable Area, which is the area subject to offsite levies.

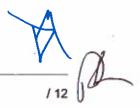
A2. Development Staging

A rate planning period of 25-years underpins the offsite levy model and rate calculations. This planning period is used by many municipalities as it provides a reasonable time frame to recoup the costs associated with offsite levy infrastructure construction, and it aligns with the timeframes of many municipal capital planning and construction cycles.

Of the 1048 net ha. of development area available across all offsite levy development areas, planners estimate that approximately 68 ha. (6.5%) will develop during the next 25-years (the rate planning period) as shown in the tables below.

Summary of Anticipated Development during the 25-year Rate Planning Period

Developed In Next 25 Years	67.69	6.5%
Developed Beyond 25 Years	980.77	93.5%
Net Development Area	1,048.46	



Anticipated Development During the 25-year Rate Planning Period

Area Ref #	Area Developed in Next 26 years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
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	67.69	10.00	12.50	0.70	1.50		9.23	1.50		100.00	5.50	3.20	1.50		6.50	3.20	1.50	6.30		007 + 109	6.30		4.13	10.410	4.13	0.74700

APPENDIX B: WATER OFFSITE INFRASTRUCTURE

B1. Water Offsite Infrastructure Costs

In order to support future growth, water offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately \$23.57 million as outlined in the table below. Actual costs, debenture interest (if any), and cost estimates were provided by Town staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support future development during the 25-year review period. The remainder of this section outlines how the "net" costs for future development are determined.

Summary of Water Offsite Infrastructure

Item	Project Description	Cost of Completed Work	Debenture Interest	Estimated Cost of Work Yet to be Completed	Total Project Estimated Cost		
1	NE 6-60-26-4 300mm	s -	5 -	\$ 605,000	\$ 605,000		
2	NW 5-60-26-4 300mm	\$ -	5	\$ 1,185,800	\$ 1,185,800		
3	NW 5-60-26-4 300mm	\$ -	\$ -	\$ 665,500	\$ 665,500		
4	NE 5-60-26-4 300mm	\$ -	\$	\$ 871,200	\$ 871,200		
5	NW 4-60-26-4 300mm	\$ -	S .	\$ 713,900	\$ 713,900		
6	NE 4-60-26-4 300mm	\$ -	\$	\$ 2,008,600	\$ 2,008,600		
7	6452MC B 250mm	\$ -	\$ -	\$ 133,100	\$ 133,100		
8	NW 3-60-26-4 300mm	\$ -	\$ -	\$ 1,367,300	\$ 1,367,300		
9	SW 3-60-26-4 400mm	\$ -	\$ -	\$ 1,476,200	\$ 1,476,200		
10	NE 3-60-26-4 300mm	S -	5 -	\$ 689,700	\$ 689,700		
11	SE 3-60-26-4 300mm	S -	5 -	\$ 1,173,700	\$ 1,173,700		
12	NW 33-59-26-4 300mm	S -	5 -	\$ 677,600	\$ 677,600		
13	SE 4-60-26-4 250mm	S -	S -	\$ 363,000	\$ 363,000		
14	NE 33-59-26-4 300mm	\$ -	\$ -	\$ 701,800	\$ 701,800		
15	Water Tower upgrade	S -	\$	\$ 10,799,250	\$ 10,799,250		
16	Water Improvements Bylaw 2012-02	\$ 138,562	\$	\$ -	\$ 138,562		
See = =		\$ 138,562	5	\$ 23,431,650	\$ 23,570,212		

^{*}Costs are based on 2015/16 estimates.

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^{**}Estimates include engineering costs and contingencies.

A map showing the location of this infrastructure is shown below.

Location of Water Offsite Infrastructure



B2. Water Offsite Infrastructure Grants & Contributions to Date

The MGA enables The Town to allocate the costs of offsite infrastructure to future development, other than those costs that have been provided by way of special grant or contribution (i.e., contributed infrastructure). The Town of Westlock has/will receive approximately \$8.19 million in special grants and contributions for water offsite levy infrastructure as shown in the table below (note, if The Town receives other grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is \$15.38 million.



Item	Project Description		Total Project Estimated Cost		Special Provincial Grants		Developer Agreement Contributions	Reduced Project Estimated Cost		
1	NE 6-60-26-4 300mm	\$	605,000	S		\$		\$	605,000	
2	NW 5-60-26-4 300mm	\$	1,185,800	\$		S		\$	1,185,800	
3	NW 5-60-26-4 300mm	\$	665,500	\$		\$		\$	665,500	
4	NE 5-60-26-4 300mm	\$	871,200	S	-	S		\$	871,200	
5	NW 4-60-26-4 300mm	\$	713,900	\$		3		\$	713,900	
6	NE 4-60-26-4 300mm	\$	2,008,600	\$		S	-	\$	2,008,600	
7	6452MC B 250mm	\$	133,100	\$		5	Administration was 2 sale	\$	133,100	
8	NW 3-60-26-4 300mm	\$	1,367,300	5		5	le manager - A	\$	1,367,300	
9	SW 3-60-26-4 400mm	\$	1,476,200	5	/A-10	5		\$	1,476,200	
10	NE 3-60-26-4 300mm	\$	689,700	S		S		\$	689,700	
11	SE 3-60-26-4 300mm	\$	1,173,700	S		S		\$	1,173,700	
12	NW 33-59-26-4 300mm	S	677,600	- Internation		3		\$	677,600	
13	SE 4-60-26-4 250mm	\$	363,000	\$	Commence of	\$		\$	363,000	
14	NE 33-59-26-4 300mm	S	701,800	S		S		\$	701,800	
15	Water Tower upgrade	S	10,799,250	\$	8,099,438	\$	SUF TOUR BUILD	\$	2,699,813	
16	Water Improvements Bylaw 2012-02	\$	138,562	-		5		\$	46,187	
		S	23,570,212	_	8,191,813	\$		S	15,378,400	

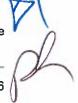
B3. Water Infrastructure Staging

The timing of construction is used to determine the impact of inflation on cost, the impact of forecast reserve balances, and the estimate of financial oversizing (described in the Section that follows). The Town anticipates construction of offsite infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of The Town's annual rate/bylaw updates.

Water Infrastructure Staging

item	Project Description	Construction Start Year
1	NE 6-60-26-4 300mm	2041
2	NW 5-60-26-4 300mm	2041
3	NW 5-60-26-4 300mm	2041
4	NE 5-60-26-4 300mm	2041
5	NW 4-60-26-4 300mm	2041
6	NE 4-60-26-4 300mm	2032
7	6452MC B 250mm	2025
8	NW 3-60-26-4 300mm	2041
9	SW 3-60-26-4 400mm	2041
10	NE 3-60-26-4 300mm	2041
11	SE 3-60-26-4 300mm	2041
12	NW 33-59-26-4 300mm	2041
13	SE 4-60-26-4 250mm	2025
14	NE 33-59-26-4 300mm	2021
15	Water Tower upgrade	2018
16	Water Improvements Bylaw 2012-02	2012

^{*}The share of projects constructed beyond the 25-year review period (2040) are not included in rates today (see



financial oversizing in next section).

B4. Water Offsite Infrastructure Benefiting Parties

The water offsite infrastructure previously outlined will benefit various parties to varying degrees as determined by Town's staff. During this review three potential benefiting parties were identified including:

- Town of Westlock a portion of the water infrastructure which is required to service existing residents.
- Other Stakeholders and Financial Oversizing other parties (such as neighboring municipalities) that benefit from the infrastructure, as well as that portion of cost which benefits future development beyond the 25-year review period ("financial oversizing").
- Town of Westlock Future Development all growth related infrastructure (i.e., levyable water infrastructure costs) during the 25-year rate planning period.

The table below outlines the allocation of water offsite levy infrastructure costs to benefiting parties. Project allocations were determined by Town staff.

Allocation of Water Infrastructure to Benefiting Parties

İtem	Project Description	Reduced Project Estimated Cost	Muni Share %	Other Stakeholder Share & Financial Oversizing %	OSL / Developer Share %
1	NE 6-60-26-4 300mm	\$ 605,000		100.0%	0.0%
2	NW 5-60-26-4 300mm	\$ 1,185,800		100.0%	0.0%
3	NW 5-60-26-4 300mm	\$ 665,500		100.0%	0.0%
4	NE 5-60-26-4 300mm	\$ 871,200		100.0%	0.0%
5	NW 4-60-26-4 300mm	\$ 713,900		100.0%	0.0%
6	NE 4-60-26-4 300mm	\$ 2,008,600		64.0%	36.0%
7	6452MC B 250mm	\$ 133,100		36.0%	64.0%
8	NW 3-60-26-4 300mm	\$ 1,367,300		100.0%	0.0%
9	SW 3-60-26-4 400mm	\$ 1,476,200		100.0%	0.0%
10	NE 3160-26-4 300mm	\$ 689,700		100.0%	0.0%
11	SE 3-60-26-4 300mm	\$ 1,173,700		100.0%	0.0%
12	NW 33-59-26-4 300mm	\$ 677,600		100.0%	0.0%
13	SE 4-60-26-4 250mm	\$ 363,000		36.0%	64.0%
14	NE 33-59-26-4 300mm	\$ 701,800		20.0%	80.0%
15	Water Tower upgrade	\$ 2,699,813	43.5%	4.5%	52.0%
16	Water Improvements Bylaw 2012-02	\$ 46,187		0.0%	100.0%
		\$ 15,378,400	Burton to the		

^{*}Project 15 Allocation: existing reservoir capacity 2727m³, expanded reservoir capacity 3537m³, total new reservoir capacity 6264m³, existing development 2727/6264=43.5%, new development 3537/6264=56.5%. **Financial oversizing is determined by separating out the pro rata portion of developer cost beyond the 25-year review period, in comparison with the anticipated year of construction. As the years move forward and rates are updated, these additional developer costs will be included in rate calculations.

B5. Existing Receipts & Adjusted Levy Cost

Using the offsite levy share percentages shown in the previous section and applying those

Version 4 – January 3rd, 2017 CORVUS Business Advisors percentages to project costs results in an offsite levy cost of approximately \$3.05 million. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts collected from developers need to be considered in determining the residual/net costs to developers. The Town has collected \$0.08 million in offsite levies to date. This results in an adjusted offsite levy cost of approximately \$2.97 million.

Offsite Levy Funds Collected to Date & Adjusted Levy Cost

ltem	Project Description	Developer Cost (Leviable Costs)	A proposition of	site Levy Funds ollected to Dec 31, 2015		site Levy Funds blected Starting Jan 1, 2016	Adj	justed Developer (Levy) Cost
1	NE 6-60-26-4 300mm	s -	\$		\$	-	\$	
2	NW 5-60-26-4 300mm	\$ -	5		\$		\$	
3	NW 5-60-26-4 300mm	S -	5		\$		\$	-
4	NE 5-60-26-4 300mm	s -	\$	- 10	\$		\$	
5	NW 4-60-26-4 300mm	\$ -	\$		\$	-	\$	
6	NE 4-60-26-4 300mm	\$ 723,096	5	18,787	\$	-	\$	704,309
7	6452MC B 250mm	\$ 85,184	\$	2,213	\$	2	5	82,971
8	NW 3-60-26-4 300mm	\$.	\$		\$	- 1/80/ N	\$	
9	SW 3-60-26-4 400mm	\$ -	\$	-	\$	-	\$	-
10	NE 3-60-26-4 300mm	\$ -	5		\$		\$	*3
11	SE 3-60-26-4 300mm	s -	\$		\$	-	\$	-
12	NW 33-59-26-4 300mm	S -	\$		\$		\$	+
13	SE 4-60-26-4 250mm	\$ 232,320	\$	6,036	\$		\$	226,284
14	NE 33-59-26-4 300mm	\$ 561,440	\$	14.587	\$		\$	546,853
15	Water Tower upgrade	\$ 1,403,363	\$	36,461	S	-	\$	1,366,901
16	Water Improvements Bylaw 2012-02	\$ 46,187	\$	1,200	\$	-	\$	44,987
		\$ 3,051,590	15	79,285	\$	THE RESERVE OF THE PERSON OF T	5	2,972,305

^{*}The Town has collected \$158,569 in water and sanitary offsite levies up to December 31st, 2015. In establishing opening balances, it has been assumed that 50% (\$79,284) has been collected for water infrastructure and 50% for sanitary infrastructure.

B6. Summary of Water Offsite Levy Cost Flow-through

As shown in the figure below, the total cost for water infrastructure that forms the basis of the rate is approximately \$2.97 million. The cost allocations to each benefitting party are based on the benefitting percentages shown in Section B4. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).

^{**}Offsite levies collected to Dec. 31st, 2015 were allocated to projects based on the pro rata proportion of total developer cost.

= Future Less: Levy = Off-site Development Receipts Balance* (OSL Share) \$0.08M \$2.97M \$3.05M = Future Development "Financial Oversizing" \$11.15M Less: Special Project = Project = Other Grants & Costs Balance Share Contributions \$23.57M \$15.38M \$0.00M \$8.19M = Existing Development (Town Share) \$1.17M

Total Water Offsite Levy Costs

B7. Water Infrastructure Benefiting Areas

Net developer costs for each project have been allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by The Town engineering staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.

| New | Developer | 14 | 24 | 32 | 44 | 54 | 64 | 74 | 84 | 94 | 104 | 114 | 124 | 134 | 164 | 174 | 164 | 194 | 204 | 214 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 224 | 2

Benefiting Areas for Water Offsite Infrastructure

B8. Reserve Balance

In accordance with the MGA, 3 reserves/accounts need to be created (one each for water, sanitary, and transportation). At December 31st, 2015, the balance of The Town's water

25/1

^{*}The Town has indicated that water offsite infrastructure is a single "looped system", and has therefore allocated future infrastructure costs to all areas.

reserve is \$33,097.50, as shown in the table below. This amount takes into consideration expenditures up to end-2015, and assumes that front-ending debts will be drawn down via a withdrawal of \$46,187.

The Town also needs to establish a set of "sub-ledgers" to track the amounts due to frontending parties, including interest impacts in accordance with the interest rates underpinning the bylaw.

Water Offsite Levy Reserve Balance

Description	Dr	Cr	Balance
Offsite Levy Expenditures to December 31, 2015		\$ 46,187.00	\$ (46,187.00)
Offsite Levy Receipt Allocations to December 31, 2015	\$ -		\$ (46, 187.00)
Debenture Interest Accrued to December 31, 2015		\$ 	\$ (46, 187.00)
Unallocated Receipts to December 31, 2015	\$ 79,284.50		\$ 33,097.50
Opening Balance			\$ 33,097.50

^{*}Of the Town's \$158,569 in unallocated offsite levy receipts at end 2015, 50% (i.e., \$79,284.50) was allocated to the water reserve.

B9. Development and Water Infrastructure Staging Impacts

Water offsite infrastructure will be constructed in staged fashion over the 25-year review period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy reserve funds will not be sufficient to pay for construction of water infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party that constructs and pays up front for infrastructure that benefits other parties.

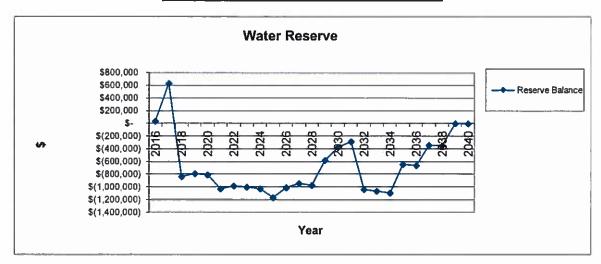
In order to compensate parties for capital they provide in front-ending offsite infrastructure construction, a 2.6%⁷ interest allowance has been charged to the reserve when it is forecast to be in a negative balance. Further, a 1% interest credit has been provided to the reserve when it is forecast to be in a positive balance. The graph and table below outline the forecast water levy reserve balances over the 25-year development period.

If necessary, an interest staging adjustment has been applied to rates (slightly positive or slightly negative) to ensure that the forecast reserve balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to The Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).

120

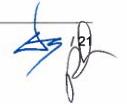
⁷ The 20-year debenture rate at the Alberta Capital Finance Authority is currently ~2.6%.

Anticipated Water Offsite Levy Reserve Balances



Anticipated Water Offsite Levy Reserve Balances

				Oper	ning Balance	\$ 33,098
Year	Receipts	E	xpenditure	1	nterest	Balance
2016	\$ -	\$	-	\$	331	\$ 33,428
2017	\$ 596,085	\$	-(•)	\$	6,295	\$ 635,808
2018	\$ 31,741	\$	1,488,827	\$	(21,353)	\$ (842,632)
2019	\$ 70,056	\$	-	\$	(20,087)	\$ (792,662)
2020	\$ -	\$	-	\$	(20,609)	\$ (813,272)
2021	\$ 457,332	\$	650,863	\$	(26, 177)	\$ (1,032,979)
2022	\$ 76,552	\$	-	\$	(24,867)	\$ (981,294)
2023	\$ -	\$	-	\$	(25,514)	\$ (1,006,808)
2024	\$ -	\$	-	\$	(26, 177)	\$ (1,032,985)
2025	\$ 306,720	\$	414,271	\$	(29,654)	\$ (1,170,190)
2026	\$ 183,809	\$	-	\$	(25,646)	\$ (1,012,027)
2027	\$ 88,745	\$	8.40	\$	(24,005)	\$ (947,288)
2028	\$ -	\$	##!	\$	(24,629)	\$ (971,917)
2029	\$ 407,982	\$	8, € 8	\$	(14,662)	\$ (578,597)
2030	\$ 206,878	\$	0.40	\$	(9,665)	\$ (381,384)
2031	\$ 99,883	\$	-	\$	(7,319)	\$ (288,819)
2032	\$ 432,096	\$	1,160,357	\$	(26,444)	\$ (1,043,525)
2033	\$ -	\$	-	\$	(27,132)	\$ (1,070,656)
2034	\$ -	\$	•	\$	(27,837)	\$ (1,098,493)
2035	\$ 472,163	\$	S-8	\$	(16,285)	\$ (642,616)
2036	\$ -	\$		\$	(16,708)	\$ (659,324)
2037	\$ 328,379	\$	3-0	\$	(8,605)	\$ (339,549)
2038	\$ -	\$	-	\$	(8,828)	\$ (348,377)
2039	\$ 348,377	\$		\$	(0)	\$ (0)
2040	\$ -	\$	71-1	\$	(0)	\$ (0)



APPENDIX C: SANITARY OFFSITE INFRASTRUCTURE

C1. Sanitary Offsite Infrastructure Costs

In order to support future growth, sanitary offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately \$18.56 million as outlined in the table below. Actual costs, debenture interest (if any), and cost estimates were provided by Town engineering staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support future development during the 25-year review period. The remainder of this section outlines how the "net" costs for future development are determined.

Summary of Sanitary Offsite Infrastructure

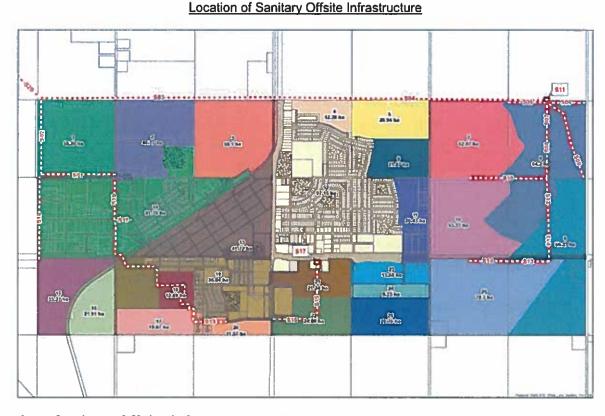
tem	Project Description	Cost of Completed Work	Debenture interest	Estimated Cost of Work Yet to be Completed	Total Project Estimated Cost
1	Industrial 113A Street	s -	3	\$ 471,900	\$ 471,900
2	Industrial west boundary north	S -	\$	\$ 568,700	\$ 568,700
3	Industrial north boundary	S -	\$	\$ 2,335,300	\$ 2,335,300
4	Forcemain north boundary	\$ -	\$ 650,000,000	\$ 1,210,000	\$ 1,210,000
5	Residential north boundary 300mm	\$ -	\$	\$ 423,500	\$ 423,500
6	Residential north boundary 300mm	\$ -	\$ -	\$ 108,900	\$ 108,900
7	NE 3-60-26-4 600mm	\$	\$	\$ 266,200	\$ 266,200
8	NE 3-60-26-4 750mm	\$ -	\$	\$ 375,100	\$ 375,100
9	NE 3-60-26-4 200mm	\$ -	\$	\$ 242,000	\$ 242,000
10	Residential east 375mm	\$ -	\$	\$ 423,500	\$ 423,500
11	Pump Station north boundary	S -	\$	\$ 3,025,000	\$ 3,025,000
12	SE 3-60-26-4 525mm	\$ -	5	\$ 556,600	\$ 556,600
13	NE 34-59-26-4 450mm	\$ -	\$ 3000000000000000000000000000000000000	\$ 254,100	\$ 254,100
14	NW 34-59-26-4 300mm	\$	\$.	\$ 145,200	\$ 145,200
15	NW 33-59-26-4 Forcemain	\$ -	\$	\$ 363,000	\$ 363,000
16	NW 33-59-26-4 375mm	S -	\$	\$ 453,750	\$ 453,750
17	NW 33-59-26-4 Pump Station	\$ -	5 -	\$ 1,815,000	\$ 1,815,000
18	Wastewater Improvements Bylew 2012-02	\$ 812,849	5 -	\$ -	\$ 812,849
19	Southwest Wastewater Trunk Upgrade Bylaw 2010-10	\$ 1,771,705	5	S -	\$ 1,771,705
20	Long Term Lagoon line upgrade	S -	\$	\$ 2,940,300	\$ 2,940,300
		\$ 2,584,554	5 -	\$ 15,978,050	\$ 18,562,604

^{*}Costs are based on 2015/16 estimates.



^{**}Estimates include engineering costs and contingencies.

A map showing the location of this infrastructure is shown below.



C2. Sanitary Offsite Infrastructure Grants & Contributions to Date

The MGA enables The Town to allocate the costs of offsite infrastructure to future development, other than those costs that have been provided by way of special grant or contribution (i.e., contributed infrastructure). The Town of Westlock has/will receive \$1.32 million in special grants and contributions for sanitary offsite levy infrastructure as shown in the table below (note, if The Town receives additional grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is \$17.24 million.



Special Grants and Contributions for Sanitary Offsite Infrastructure

ltem	Project Description		Total Project Estimated Cost		Special Grants		Developer Agreement Contributions		Reduced Project Estimated Cost	
1	Industrial 113A Street	s	471,900	5		\$		5	471,900	
2	Industrial west boundary north	5	568,700	\$		\$		S	568,700	
3	Industrial north boundary	S	2,335,300	\$		\$	Contrar .	\$	2,335,300	
4	Forcemain north boundary	S	1,210,000	\$		S	-	\$	1,210,000	
5	Residential north boundary 300mm	\$	423,500	5	1	\$	100	S	423,500	
6	Residential north boundary 300mm	\$	108,900	\$		\$		\$	108,900	
7	NE 3-60-26-4 600mm	\$	266,200	\$100		\$		\$	266,200	
В	NE 3-60-28-4 750mm	\$	375,100	5		\$		\$	375,100	
9	NE 3-60-26-4 200mm	S	242,000	\$		S		5	242,000	
10	Residential east 375mm	\$	423,500	5		\$		\$	423,500	
11	Pump Station north boundary	\$	3,025,000	5	-	\$		\$	3,025,000	
12	SE 3-60-26-4 525mm	8	556,600	\$	-	\$	market Pile	\$	556,600	
13	NE 34-59-26-4 450mm	\$	254,100	\$		\$		\$	254,100	
14	NW 34-59-26-4 300mm	\$	145,200	\$		\$		\$	145,200	
15	NW 33-59-26-4 Forcemain	\$	363,000	\$		\$		\$	363,000	
16	NW 33-59-26-4 375mm	\$	453,750	S		5		S	453,750	
17	NW 33-59-26-4 Pump Station	5	1,815,000	\$	-	\$		\$	1,815,000	
18	Wastewater Improvements Bylaw 2012-02	5	812,849	\$	541,899	5	100	\$	270,950	
19	Southwest Wastewater Trunk Upgrade Bylaw 2010-10	5	1,771,705	\$	780,000	\$	and the	5	991,705	
20	Long Term Lagoon line upgrade	\$	2,940,300	\$		\$		\$	2,940,300	
		\$	18,562,604	\$	1,321,899	\$		\$	17,240,705	

C3. Sanitary Infrastructure Staging

The timing of construction is used to determine the impact of inflation on cost, the impact of forecast reserve balances, and the estimate of financial oversizing (described in the Section that follows). The Town anticipates construction of offsite infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of the Town's annual rate/bylaw updates.

Sanitary Infrastructure Staging

tem	Project Description	Construction Start Year	
1	Industrial 113A Street	2041	
2	Industrial west boundary north	2041	
3	Industrial north boundary	2041	
4	Forcemain north boundary	2041	
5	Residential north boundary 300mm	2041	
6	Residential north boundary 300mm	2041	
7	NE 3-60-26-4 600mm	2041	
8	NE 3-60-26-4 750mm	2041	
9	NE 3-60-26-4 200mm	2041	
10	Residential east 375mm	2041	
11	Pump Station north boundary	2041	
12	SE 3-60-26-4 525mm	2041	
13	NE 34-59-26-4 450mm	2041	
14	NW 34-59-26-4 300mm	2041	
15	NW 33-59-26-4 Forcemain	2041	
16	NW 33-59-26-4 375mm	2041	
17	NW 33-59-26-4 Pump Station	2041	
18	Wastewater Improvements Bylaw 2012-02	2012	
19	Southwest Wastewater Trunk Upgrade Bylaw 2010-10	2010	
20	Long Term Lagoon line upgrade	2041	

^{*}The share of projects constructed beyond the 25-year review period (2040) are not included in rates today (see financial oversizing in next section).

C4. Sanitary Offsite Infrastructure Benefiting Parties

The sanitary offsite infrastructure previously outlined will benefit various parties to varying degrees as determined by the Town's staff. During this review three potential benefiting parties were identified including:

- Town of Westlock a portion of the sanitary infrastructure which is required to service existing residents.
- Other Stakeholders and Financial Oversizing other parties (such as neighboring municipalities) that benefit from the infrastructure, as well as that portion of cost which benefits future development beyond the 25-year review period ("financial oversizing").
- Town of Westlock Future Development all growth related infrastructure (i.e., levyable sanitary infrastructure costs) during the 25-year rate planning period.

The table below outlines the allocation of sanitary offsite levy infrastructure costs to benefiting parties. Project allocations were determined by Town staff.

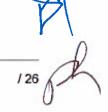
Allocation of Sanitary Infrastructure to Benefiting Parties

ltem	Project Description	Reduced Project Estimated Cost	Muni Share %	Other Stakeholder Share & Financial Oversizing %	OSL / Developer Share %
1	Industrial 113A Street	\$ 471,900		100.0%	0.0%
2	Industrial west boundary north	\$ 568,700		100.0%	0.0%
3	Industrial north boundary	\$ 2,335,300		100.0%	0.0%
4	Forcemain north boundary	\$ 1,210,000		100.0%	0.0%
5	Residential north boundary 300mm	\$ 423,500		100.0%	0.0%
6	Residential north boundary 300mm	\$ 108,900		100,0%	0.0%
7	NE 3-60-26-4 600mm	\$ 266,200		100.0%	0.0%
8	NE 3-60-26-4 750mm	\$ 375,100		100.0%	0.0%
9	NE 3-60-26-4 200mm	\$ 242,000		100.0%	0.0%
10	Residential east 375mm	\$ 423,500		100.0%	0.0%
11	Pump Station north boundary	\$ 3,025,000		100.0%	0.0%
12	SE 3-60-26-4 525mm	\$ 556,60		100.0%	0.0%
13	NE 34-59-26-4 450mm	\$ 254,10		100.0%	0.0%
14	NW 34-59-26-4 300mm	\$ 145,20		100.0%	0.0%
15	NW 33-59-26-4 Forcemain	\$ 363,00		100.0%	0.0%
16	NW 33-59-26-4 375mm	\$ 453,75)	100.0%	0.0%
17	NW 33-59-26-4 Pump Station	\$ 1,815,00		100.0%	0.0%
18	Wastewater Improvements Bylaw 2012-02	\$ 270,95		0.0%	100.0%
19	Southwest Wastewater Trunk Upgrade Bylaw 2010-10	\$ 991,70	5	0.0%	100.0%
20	Long Term Lagoon line upgrade	\$ 2,940,30	0	100.0%	0.0%
		\$ 17,240,70	5	No. of the state o	1

^{*}Financial oversizing is determined by separating out the pro rata portion of developer cost beyond the 25-year review period, in comparison with the anticipated year of construction. As the years move forward and rates are updated, these additional developer costs will be included in rate calculations.

C5. Existing Receipts & Adjusted Levy Cost

Using the offsite levy share percentages shown in the previous section and applying those percentages to project costs results in an offsite levy cost of approximately \$1.26 million. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts collected from developers need to be considered in determining the residual/net costs to developers. The Town has collected \$0.08 million in offsite levies to date. This results in an adjusted offsite levy cost of approximately \$1.18 million.



tem	Project Description	Developer Cost (Leviable Costs)	Offsite Levy Funds Collected to Dec 31, 2015	Starting lan 1	Adjusted Developer (Levy) Cost	
1	Industrial 113A Street	S -	\$	s -	s -	
2	Industrial west boundary north	\$	5 -	\$ -	S -	
3	Industrial north boundary	\$ -	5	\$.	\$.	
4	Forcemain north boundary	\$ -	\$ -	\$ -	S -	
5	Residential north boundary 300mm	\$	\$	\$	\$	
6	Residential north boundary 300mm	5 -	5	S -	\$ -	
7	NE 3-60-26-4 600mm	S -	5	S	\$ -	
8	NE 3-60-26-4 750mm	\$	\$ -	-	S -	
9	NE 3-60-26-4 200mm	S -	\$ -	\$ -	\$.	
10	Residential east 375mm	\$	\$	\$.	\$ -	
11	Pump Station north boundary	\$ -	5 -	5 -	\$.	
12	SE 3-60-26-4 525mm	5 -	\$ -	\$ -	\$ -	
13	NE 34-59-26-4 450mm	S -	\$ 100 000000000000000000000000000000000	\$	\$	
14	NW 34-59-26-4 300mm	\$ -	\$ -	\$ -	\$ -	
15	NW 33-59-26-4 Forcemain	S -	5	S -	\$ -	
16	NW 33-59-26-4 375mm	\$.	\$ -		\$ -	
17	NW 33-59-26-4 Pump Station	\$ -	5 -	\$.	\$.	
18	Wastewater Improvements Bylaw 2012-02	\$ 270,950	\$ 17,013	\$ -	\$ 253,937	
19	Southwest Wastewater Trunk Upgrade Bylaw 2010-10	\$ 991,705	\$ 62,271	5	\$ 929,434	
20	Long Term Lagoon line upgrade	\$ -	\$ -	-	S -	
		\$ 1,262,655	\$ 79,285	\$ -	\$ 1,183,371	

^{*}The Town has collected \$158,569 in water and sanitary offsite levies up to December 31st, 2015. In establishing opening balances, it has been assumed that 50% (\$79,284) has been collected for water infrastructure and 50% for sanitary infrastructure.

C6. Summary of Sanitary Offsite Levy Cost Flow-through

As shown in the figure below, the total costs for sanitary infrastructure that forms the basis of the rate is approximately \$1.18 million. The cost allocations to each benefitting party are based on the benefitting percentages shown in Section C4. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).



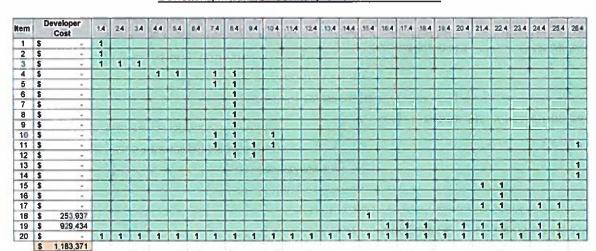
^{**}Offsite levies collected to Dec. 31st, 2015 were allocated to projects based on the pro rata proportion of completed project costs to date.

= Future Less: Levy = Off-site Development Receipts Balance* (OSL Share) \$0.08M \$1.18M \$1.26M = Future Development "Financial Oversizing" \$15.98M Less: Special Project = Project = Other Grants & Costs Share Balance Contributions \$18.56M \$17.24M \$0.00M \$1.32M = Existing Development (Town Share) \$0.00M

Total Sanitary Offsite Levy Costs

C7. Sanitary Infrastructure Benefiting Areas

Net developer costs for each project have been allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by Town staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.



Benefiting Areas for Sanitary Offsite Infrastructure

C8. Reserve Balance

In accordance with the MGA, 3 reserves/accounts need to be created (one each for water, sanitary, and transportation). At December 31st, 2015, the balance of the Town's sanitary

reserve is –(\$1,183,370.50), as shown in the table below. This negative amounts represents a front-ending debt owed to the Town by future development.

The Town also needs to establish a set of "sub-ledgers" to track the amounts due to frontending parties, including interest impacts in accordance with the interest rates underpinning the bylaw.

Sanitary Offsite Levy Reserve Balance

Description	Dr	Cr	Balance
Offsite Levy Expenditures to December 31, 2015		\$ 1,262,655.00	\$ (1,262,655.00)
Offsite Levy Receipt Allocations to December 31, 2015	\$ -		\$ (1,262,655.00)
Debenture Interest Accrued to December 31, 2015	 	\$ -	\$ (1,262,655.00)
Unallocated Receipts to December 31, 2015	\$ 79,284.50		\$ (1,183,370.50)
Opening Balance			\$ (1,183,370,50)

^{*}Of the Town's \$158,569 in unallocated offsite levy receipts at end 2015, 50% (i.e., \$79,284.50) was allocated to the sanitary reserve.

C9. Development and Sanitary Infrastructure Staging Impacts

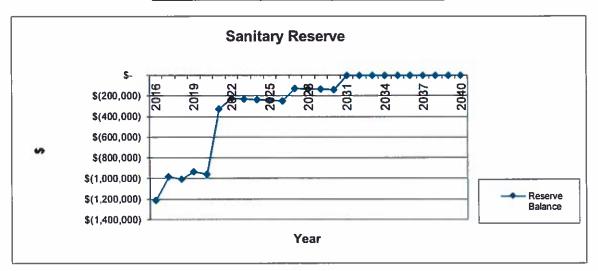
Sanitary offsite infrastructure will be constructed in staged fashion over the 25-year development period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy reserve funds will not be sufficient to pay for construction of sanitary infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party that constructs and pays up front for infrastructure that benefits other parties.

In order to compensate parties for capital they provide in front-ending offsite infrastructure construction, a 2.6% interest allowance has been charged to the reserve when it is forecast to be in a negative balance. Further, a 1% interest credit has been provided to the reserve when it is forecast to be in a positive balance. The graph and table below outline the forecast water levy reserve balances over the 25-year development period.

If necessary, an interest staging adjustment has been applied to rates (slightly positive or slightly negative) to ensure that the forecast reserve balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to The Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).

⁸ The 20-year debenture rate at the Alberta Capital Finance Authority is currently ~2.6%.

Anticipated Sanitary Offsite Levy Reserve Balances



Anticipated Sanitary Offsite Levy Reserve Balances

					Openi	ng Balance	\$	(1,183,371)	
Year	Receipts		Expenditure			Interest		Balance	
2016	\$		\$	_	\$	(30,768)	\$	(1,214,138)	
2017	\$	256,186	\$	-	\$	(24,907)	\$	(982,859)	
2018	\$	-	\$	-	\$	(25,554)	\$	(1,008,413)	
2019	\$	97,975	\$	-	\$	(23,671)	\$	(934,110)	
2020	\$	-	\$	-	\$	(24,287)	\$	(958, 396)	
2021	\$	639,587	\$	-	\$	(8,289)	\$	(327,098)	
2022	\$	107,060	\$	-	\$	(5,721)	\$	(225,760)	
2023	\$	±.	\$	-	\$	(5,870)	\$	(231,629)	
2024	\$	-	\$	-	\$	(6,022)	\$	(237,652)	
2025	\$	-	\$	-	\$	(6,179)	\$	(243,831)	
2026	\$	_	\$	-	\$	(6,340)	\$	(250,170)	
2027	\$	124,112	\$	121	\$	(3,278)	\$	(129,336)	
2028	\$	-	\$	-	\$	(3,363)	\$	(132,699)	
2029	\$	_	\$	-	\$	(3,450)	\$	(136,149)	
2030	\$	-	\$	-	\$	(3,540)	\$	(139,689)	
2031	\$	139,689	\$	-	\$	(0)	\$	(0)	
2032	\$	_	\$	-	\$	(0)	\$	(0)	
2033	\$	-	\$	-	\$	(0)	\$	(0)	
2034	\$	-	\$	-	\$	(0)	\$	(0)	
2035	\$	=	\$	343	\$	(0)	\$	(0)	
2036	\$	-	\$	10 4 7	\$	(0)	\$	(0)	
2037	\$	-	\$	-	\$	(0)	\$	(0)	
2038	\$	-	\$	-	\$	(0)	\$	(0)	
2039	\$	-	\$	-	\$	(0)	\$	(0)	
2040	\$	-	\$	-	\$	(0)	\$	(0)	



APPENDIX D: TRANSPORTATION OFFSITE INFRASTRUCTURE

D1. Transportation Offsite Infrastructure Costs

In order to support future growth, transportation offsite infrastructure is required. The estimated cost of this infrastructure is based upon: (a) actual construction costs to the cut-off date, (b) debenture interest associated with financing, and (c) future cost estimates. Total cost is approximately \$13.10 million as outlined in the table below. Actual costs, debenture interest (if any), and cost estimates were provided by Town staff. It is important to note that these costs represent "gross" costs, of which only a portion will go to support future development during the 25-year review period. The remainder of this section outlines how the "net" costs for future development are determined.

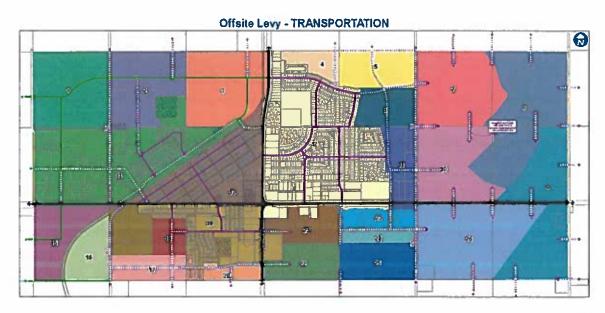
Summary of Transportation Offsite Infrastructure

Item	Project Description	Cost of Completed Work	Debenture Interest	Estimated Cost of Work Yet to be Completed	Total Project Estimated Cost	
1	Collector 115 Avenue	S -	\$ -	\$ 7,978,178	\$ 7,978,178	
2	Collector 96 Avenue	\$ -	5 -	S 5 118 620	\$ 5,118,620	
			5	\$ 13,096,798	5 13,096,798	

^{*}Costs are based on 2015/16 estimates.

A map showing the location of this infrastructure is shown below.

Location of Transportation Offsite Infrastructure



D2. Transportation Offsite Infrastructure Grants & Contributions to Date



^{**}Estimates include engineering costs and contingencies.

The MGA enables The Town to allocate the costs of offsite infrastructure to future development, other than those costs that have been provided by way of special grant or contribution (i.e., contributed infrastructure). The Town of Westlock has/will receive \$0.00 in special grants and contributions for transportation offsite levy infrastructure as shown in the table below (note, if The Town receives other grants or contributions in the future, it will be reflected in one of the annual updates and rates adjusted accordingly). The result is that the total reduced project estimated cost is \$13.10 million.

Special Grants and Contributions for Transportation Offsite Infrastructure

Item	Project Description	Total Project Estimated Cost		Special Provincial Grants		Developer Agreement Contributions		Reduced Project Estimated Cost	
1	Collector 115 Avenue	\$	7,978,178	\$		\$		\$	7,978,178
2	Collector 96 Avenue	\$	5,118,620	S		\$	-	\$	5,118,620
100		\$	13,096,798	S		\$		\$	13,096,798

D3. Transportation Infrastructure Staging

The timing of construction is used to determine the impact of inflation on cost, the impact of forecast reserve balances, and the estimate of financial oversizing (described in the Section that follows). The Town anticipates construction of offsite infrastructure as outlined in the table below. Note, if this schedule is adjusted in the future, it will be reflected in one of the Town's annual rate/bylaw updates.

Transportation Infrastructure Staging

Item	Project Description	Construction Start Year
1	Collector 115 Avenue	2028
2	Collector 96 Avenue	2041

^{*}The share of projects constructed beyond the 25-year review period (2040) are not included in rates today (see financial oversizing in next Section).

D4. Transportation Offsite Infrastructure Benefiting Parties

The transportation offsite infrastructure previously outlined will benefit various parties to varying degrees as determined by the Town. During this review three potential benefiting parties were identified including:

- Town of Westlock a portion of the transportation infrastructure which is required to service existing residents.
- Other Stakeholders and Financial Oversizing other parties (such as neighboring municipalities) that benefit from the infrastructure, as well as that portion of cost which benefits future development beyond the 25-year review period ("financial oversizing").

 Town of Westlock Future Development – all growth related infrastructure (i.e., levyable transportation infrastructure costs) during the 25-year rate planning period.

The table below outlines the allocation of transportation offsite levy infrastructure costs to benefiting parties. Project allocations were determined by Town staff.

Allocation of Transportation Infrastructure to Benefiting Parties

Item	Project Description	Reduced Project Estimated Cost	Muni Share %	Other Stakeholder Share & Financial Oversizing %	OSL / Developer Share %
1	Collector 115 Avenue	\$ 7,978,178	39.0%	29.3%	31.7%
2	Collector 96 Avenue	5 5,118,620	39.0%	61.0%	0.0%
		\$ 13,096,798	***	1 - 1 - FA 15	

^{*}Project1 1&2: gross benefiting area=1395.47 ha., undeveloped area=851.16 ha., new development 851.16/1395.47=61%.

D5. Existing Receipts & Adjusted Levy Cost

Using the offsite levy share percentages shown in the previous section and applying those percentages to project costs results in an offsite levy cost of approximately \$2.53 million. However, prior to allocating these costs to benefiting areas, existing offsite levy receipts collected from developers need to be considered in determining the residual/net costs to developers. The Town has collected \$0.00 in offsite levies to date. This results in an adjusted offsite levy cost of approximately \$2.53 million.

Offsite Levy Funds Collected to Date & Adjusted Levy Cost

Item	Project Description	Developer Cost (Leviable Costs)	Offsite Levy Funds Collected to Dec 31, 2015	Offsite Levy Funds Collected Starting Jan 1, 2016	Adjusted Developer (Levy) Cost
1	Collector 115 Avenue	\$ 2,530,678	\$ -	\$	\$ 2,530,678
2	Collector 96 Avenue	S -	\$ -	\$ -	S -
		\$ 2,530,678	\$	S	\$ 2,530,678

D6. Summary of Transportation Offsite Levy Cost Flow-through

As shown in the figure below, the total cost for transportation infrastructure that forms the basis of the rate is approximately \$2.53 million. The cost allocations to each benefitting party are based on the benefitting percentages shown in Section D4. The offsite levy balance (due from developers) is allocated to various benefitting areas (as described in the next section).

^{**}Financial oversizing is determined by separating out the pro rata portion of developer cost beyond the 25-year review period, in comparison with the anticipated year of construction. As the years move forward and rates are updated, these additional developer costs will be included in rate calculations.

Less: Levy = Future = Off-site Receipts Development Balance* Applied (OSL Share) \$2.53M \$0.00M \$2.53M = Future Development "Financial Oversizing" \$5.46M Less: Special = Other Project = Project Grants & Costs Balance Share Contributions \$13.10M \$13.10M \$0.00M \$0.00M = Existing Development (Town Share) \$5.11M

Total Transportation Offsite Levy Costs

D7. Transportation Infrastructure Benefiting Areas

Net developer costs for each project have been allocated to multiple benefiting offsite levy area (see tables below). Allocations are denoted with a "1" below applicable area numbers. Benefiting areas were determined by Town staff. The lands anticipated to develop over the 25-years in each offsite levy benefitting area are used to determine rates.

Benefiting Areas for Transportation Offsite Infrastructure

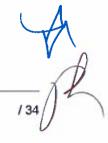
ris Project Description	Deve	loper Cost	1.4	2.4	34	44	5.4	64	01 .7	421	8.4	P4	194	(B.	11:	111	3 11	4 12	A 32	4 1	44	154	164	17.4	184	19.4	204	21A	22,4	23.4	24.4	25.4	1264
1 Collector 115 Avenue	1 5	2 530 678	1	140	11	1	1	1		1	Ш	3		1 1	111	1	311.	11.5		815	1		11	ш	211		1	1.34	111	1	2.18	1	151
2 Collector 96 Avenue	- 3	-	1	111	1	1	11	1	HE	1	m	10	1			II E				100	1	1	12	ш	11	1	1	1 3		11	1	1	1

^{*}The Town has indicated that transportation offsite infrastructure is a single "system", and has therefore allocated future infrastructure costs to all areas.

D8. Reserve Balance

In accordance with the MGA, 3 reserves/accounts need to be created (one each for water, sanitary, and transportation). At December 31st, 2015, the balance of The Town's transportation reserve is \$0.00, as shown in the table below.

The Town also needs to establish a set of "sub-ledgers" to track the amounts due to frontending parties, including interest impacts in accordance with the interest rates underpinning the bylaw.



Description	Dr	Cr	Ва	lance
Offsite Levy Expenditures to December 31, 2015		\$ 	\$	E-350
Offsite Levy Receipt Allocations to December 31, 2015	\$		\$	
Debenture Interest Accrued to December 31, 2015		\$ -	\$	
Unallocated Receipts to December 31, 2015	\$ -		\$	
Opening Balance			\$	•

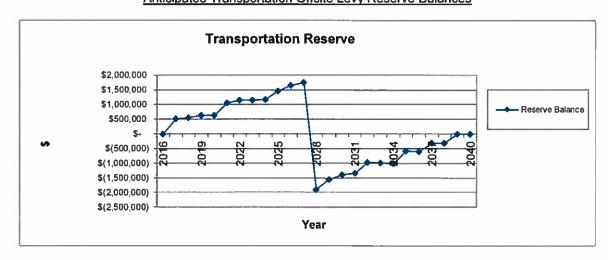
D9. Development and Transportation Infrastructure Staging Impacts

Transportation offsite infrastructure will be constructed in staged fashion over the 25-year review period. We have reviewed the availability of offsite levy funds to meet these construction requirements and found that offsite levy reserve funds will not be sufficient to pay for construction of transportation infrastructure from time to time—front ending of infrastructure will be required. A front-ender is the party that constructs and pays up front for infrastructure that benefits other parties.

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If necessary, an interest staging adjustment has been applied to rates (slightly positive or slightly negative) to ensure that the forecast reserve balance at the end of the 25-year review period always returns to break-even (i.e., developers are not charged too much thereby providing a windfall to the Town, nor are they charged too little thereby placing an unequitable burden on taxpayers).

Anticipated Transportation Offsite Levy Reserve Balances

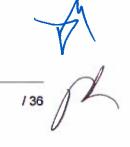


⁹ The 20-year debenture rate at the Alberta Capital Finance Authority is currently ~2.6%.

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Anticipated Transportation Offsite Levy Reserve Balances

	 			Rese	erve Balance	\$ -
Year	Receipts	E	kpenditure		nterest	Balance
2016	\$ -	\$	-	\$	-	\$ -
2017	\$ 511,103	\$	-	\$	5,111	\$ 516,214
2018	\$ 29,480	\$	-	\$	5,457	\$ 551,152
2019	\$ 65,068	\$	-	\$	6,162	\$ 622,381
2020	\$ The state of the s	\$	-	\$	6,224	\$ 628,605
2021	\$ 424,766	\$	-	\$	10,534	\$ 1,063,904
2022	\$ 71,101	\$	-	\$	11,350	\$ 1,146,356
2023	\$ -	\$	-	\$	11,464	\$ 1,157,819
2024	\$ Anti-appearance and the great appearance are not become, in the second and	\$	-	\$	11,578	\$ 1,169,397
2025	\$ 284,878	\$	-	\$	14,543	\$ 1,468,818
2026	\$ 170,720	\$	-	\$	16,395	\$ 1,655,933
2027	\$ 82,426	\$	-	\$	17,384	\$ 1,755,742
2028	\$ -	\$	3,608,142	\$	(48,162)	\$ (1,900,562)
2029	\$ 378,930	\$	-	\$	(39,562)	\$ (1,561,194)
2030	\$ 192,147	\$	-	\$	(35,595)	\$ (1,404,643)
2031	\$ 92,771	\$	-	\$	(34,109)	\$ (1,345,981)
2032	\$ 401,326	\$	-	\$	(24,561)	\$ (969,216)
2033	\$	\$	_	\$	(25,200)	\$ (994,415)
2034	\$ -	\$	-	\$	(25,855)	\$ (1,020,270)
2035	\$ 438,540	\$	-	\$	(15,125)	\$ (596,855)
2036	\$ 	\$	-	\$	(15,518)	\$ (612,373)
2037	\$ 304,995	\$		\$	(7,992)	\$ (315,370
2038	\$ -	\$	7	\$	(8,200)	\$ (323,570)
2039	\$ 323,570	\$		\$	-	\$ (0)
2040	\$ -	\$		\$	_	\$ (0)



APPENDIX E: BENCHMARK COMPARISONS

The table below compares the weighted average offsite levy rate in the Town to rates in other municipalities.

Municipality / Area	Average Rate Per Net Ha.
Parkland County* (Acheson)	\$42,169
Town of Drumheller* (in progress)	\$59,302
MD of Peace* (in progress)	\$63,378
Northern Lights County	\$60,684
Town of Westlock* (2017 Assuming Rate Reduction)	\$60,000
City of Fort Saskatchewan* (Industrial)	\$68,568
City of Lacombe*	\$72,534
Town of Edson*	\$77,434
Sturgeon County Industrial Park*	\$80,668
Town of Peace River*	\$83,355
Town of Rocky Mountain House* (in progress)	\$90,716
Town of Westlock* (2017 Assuming Full Rates)	\$100,218
Town of Redcliff* (in progress)	\$109,205
Leduc County*	\$106,255
City of Leduc*	\$117,509
Town of Beaumont*	\$160,900
Strathcona County* (N of Yellowhead)	\$181,022
City of St Albert*	+\$250,000
City of Edmonton	+\$300,000

^{*}CORVUS Clients

