

## LOCAL IMPROVEMENT TAX POLICY

<b>Policy Number:</b>	13/423.01
<b>Policy Review:</b>	Every 4 Years or upon Legislative Change
<b>Policy Owner (Dept.):</b>	Engineering Services
<b>Reference(s):</b>	Sec 391 to 409 – Municipal Government Act Asset Management Policy

### 1. PURPOSE OF POLICY

- 1.1. To establish the procedures for identifying, initiating, assessing, and funding local infrastructure improvements, as defined by the Municipal Government Act, within the City of Lacombe.

### 2. POLICY STATEMENT

- 2.1. When infrastructure improvement needs are identified by members of the public or by City Council, and determined to be a local improvement, City Administration will levy local taxes with consistent methodology based on the type of improvement under consideration and according to legislation.
- 2.2. Local improvements are contributed assets to the City. The life cycle operations, maintenance, renewal, and replacement of local improvements are responsibility of the City.
- 2.3. Whenever practical the City will combine applicable projects with other planned work to leverage economies of scale, and reduce public disruptions associated with construction activities.
- 2.4. When a full road reconstruction project has been identified in the City’s capital plan, Administration will include in its estimates, the cost to provide a new/upgraded sidewalk, paving of lanes or street lighting improvements etc. (as the case may be) to align the street, where practical, with the City’s current Design Guidelines and other plans.
- 2.5. This policy was developed in accordance with Part 10, Division 7 of the Act, as well as various supplemental portions. In the event of a discrepancy, the Act will govern.

### 3. APPLICABILITY

- 3.1. This policy applies to all existing projects in Councils’ 10 year Capital Plan that utilize local improvement tax as a funding source as well as all new projects that contemplate local improvement tax as a funding source.
- 3.2. This Policy does not apply to projects on arterial roads.
- 3.3. This Policy does not apply to properties that have already paid for the same local improvement though an offsite levy or redevelopment levy or other agreement.

3.4. Council reserves the right to refuse to initiate projects for the following reasons:

- Insufficient availability of funding
- The City portion of costs are too high compared to the public benefit received
- Project is not consistent with other City plans or good planning principles
- The City cannot sustainably operate, maintain, renew, and replace the infrastructure long term

3.5. This Policy comes into effect upon approval of Council.

## 4. NON-COMPLIANCE

4.1. Council may vary from this policy by resolution for reasons of strategic importance to the City at their discretion.

## 5. DEFINITIONS AND ABBREVIATIONS

5.1. **Act** – Means the Municipal Government Act. R.S.A. 2000 as may be amended from time to time.

5.2. **Actual Frontage** – Means the true physical length of a property line used for its assessment, as in the context of sections 7.4 and 7.5.

5.3. **Administration** – Means the CAO, Directors, or designated support staff of the City of Lacombe.

5.4. **Chief Administrative Officer (CAO)** – Means the individual appointed by Council to the position of Chief Administrative Officer as per the Municipal Government Act.

5.5. **City** – Means the City of Lacombe

5.6. **Collector Road** – Means a road that collects traffic from local roads and does not generally have more than 600 dwelling units before connecting to an arterial roadway.

5.7. **Effective Frontage** – Means the artificial or imaginary length of a property line used for its assessment, as in the context of sections 7.4 and 7.5.

5.8. **Flankage** – Means the side of the property perpendicular to the one used for assessment. For Low Density Residential Properties this will be the long side of the lot. For all other properties this will be the narrow side of the lot.

5.9. **Frontage** – Means the length of property used for its assessment. For Low Density Residential Properties this will be the narrow side of the lot fronting a street or road. For all other properties this will be the longer side of the lot fronting the street or road.

5.10. **Local Improvement** – Means a project, purchase, structure, work, or other undertaking by the City which, in the opinion of the Council, is of greater benefit to the area in which it is

undertaken than it is to the whole municipality, and that is to be paid for in whole or in part by a local improvement tax.

- 5.11. **Local Improvement By-Law** – Means the by-law that council must pass in order to execute a local improvement tax as per Section 397 of the Act.
- 5.12. **Local Improvement Plan** – Means the plan to execute the local improvement including location, improvement details, benefitting areas, estimated costs, payment term, sources of revenue etc. as per Section 394 of the Act.
- 5.13. **Local Road** – Means a road that does not generally collect traffic from any other roads and does not have more than 100 dwelling units before connecting to a collector roadway.
- 5.14. **Low Density Residential Properties** – Means any single family dwelling, duplex or four-plex.
- 5.15. **Other Properties** – Means all properties not included in “Low Density Residential Properties” including higher density developments and mixed-use properties.
- 5.16. **Typical Frontage** – Means the property line that exists along a rectangular lot with an area of average size for a given local improvement project.
- 5.17. **Typical Lot** – means a regular lot with the improvement area of average size for a given local improvement.

## 6. ROLES AND RESPONSIBILITIES

### 6.1. Council

- 6.1.1. Approve this policy and any amendments.
- 6.1.2. Consider the allocation of resources for successful implementation of this policy in the annual budget process.
- 6.1.3. May direct Administration to develop a local improvement plan under this policy.
- 6.1.4. Review and either approve or reject local improvement plans, and bylaws presented by City Administration.

### 6.2. Chief Administrative Officer

- 6.2.1. Ensure staff compliance with this Policy.
- 6.2.2. Implement policy and establish administrative directives for carrying out this policy.
- 6.2.3. Ensure Policy and Administrative Directive reviews occur as scheduled and verify the implementation of policies and directives.

### 6.3. Directors

- 6.3.1. Ensure their staff comply with this Policy.

6.3.2. Prepare local improvement plans and bylaws for Council’s review and consideration.

6.3.3. Ensure this Policy meets legislative standards.

**6.4. Managers and Supervisors**

6.4.1. Develop Local Improvement Plans after initiation by Council or members of the public.

6.4.2. Communicate the methodology outlined in section 7 to the Public/Citizens, and educate them on the process for initiating a local improvement.

**6.5. Public/Citizens/User Group**

6.5.1. Understand the rules for petitioning specific to local improvement taxation, as outlined in the Act and this policy.

**7. POLICY DETAILS**

**7.1. Eligible Projects**

7.1.1. Projects identified by members of the public or by City Council that have not been fully funded by other means. This includes but is not limited to the construction, re-construction, or replacement of municipal infrastructure items noted in the *Table 1 – Eligible Local Improvement Projects*.

7.1.2. The payment term for each individual project will be determined as part of the Local Improvement Bylaw but may not exceed the Maximum Terms noted in *Table 1 – Eligible Local Improvement Projects*.

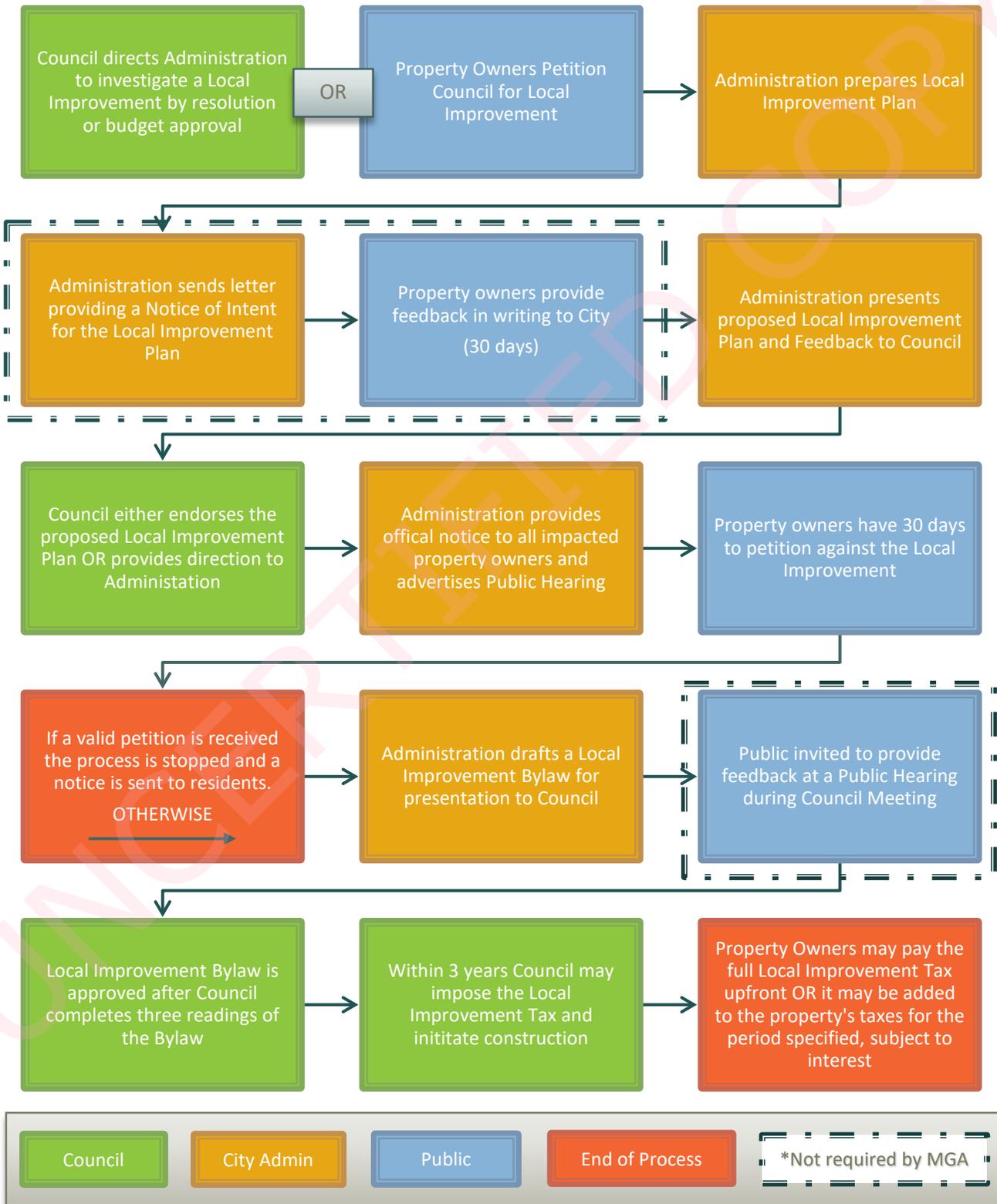
**TABLE 1 - ELIGIBLE LOCAL IMPROVEMENT PROJECTS**

Local Improvement	Maximum Term
Street Paving or Overlay	10 Years
Lane Paving/Reconstruction	10 Years
Sidewalk Only	20 Years
Curb and Gutter Only	20 Years
Sidewalk and Curb and Gutter	20 Years
Storm Sewers	20 Years
Traffic Calming	20 Years
Street Lighting	15 Years
Decorative Lighting	15 Years
Other Municipal Improvements requested by a specific area and deemed by Council to be a greater benefit to that area.	20 Years

**7.2. The Local Improvement Process**

*Figure 1 -Local Improvement Process* summarizes the steps required to implement a local improvement tax. Each step is described in more detail in Section 7.3.

**FIGURE 1 – LOCAL IMPROVEMENT PROCESS**



## 7.3. Initiation of Local Improvement

- 7.3.1. Local improvements may be initiated by Council through resolution, by Council through the adoption of a capital budget where local improvement taxes are identified as a funding source, or upon petition by the affected property owners.
- 7.3.2. Council reserves the right to defer or refuse to initiate a local improvement project except in the case of a valid petition by the affected property owners.
- 7.3.3. Petitions requesting a local improvement shall be in a form specified in the Act, signed by a minimum of 2/3 of the property owners who would be liable to pay the local improvement tax, and representing at least 1/2 of the value of assessments prepared under Part 9 of the Act for the parcels of land in respect of which the tax will be imposed.
  - If a property owner has multiple properties liable to pay the local improvement tax of a single project, that person's signature will be counted for each parcel owned.
  - If a property has more than one owner, only one signature may be counted for that property.
  - For condominiums, one signature may be counted for each titled condominium unit.
- 7.3.4. Administration shall prepare a Local Improvement Plan, with estimated costs apportioned to benefiting properties as per the terms specified in Section 7.8.
- 7.3.5. A letter providing a Notice of Intent for the local improvement and soliciting public feedback shall be sent to all owners liable to pay the local improvement tax at least thirty (30) days before the Local Improvement Plan is presented to Council. The letter shall summarize the Local improvement Plan including the proposed local improvement, benefiting areas, estimated costs, and maximum payment term.
- 7.3.6. Local Improvement Plans shall be presented to Council, including any feedback received from the public. Council shall approve the project and direct Administration to proceed with the preparation of a Local Improvement By-law or provide alternative direction.
- 7.3.7. If Council endorses the Local Improvement Plan, Administration will give official notice with a second letter to the property owners on the plan and intentions of the local improvement in accordance with the Act including directions for the petition process.
- 7.3.8. Petitions against a local improvement shall be in a form specified in the Act, signed by a minimum of two-thirds (2/3) of the property owners who would be liable to pay the local improvement tax, and representing at least one-half (1/2) of the value of assessments prepared under Part 9 of the Act for the parcels of land in respect of which the tax will be imposed.

- 7.3.9. If a valid petition is received, the local improvement will not proceed, and property owners will be notified. Otherwise, Administration will proceed with preparation of a Local Improvement Bylaw.
- 7.3.10. All Local Improvement Bylaws shall be prepared in accordance with the Act. The Local Improvement Bylaw will set the maximum rate of interest for the local improvement tax, as per the Act.
- 7.3.11. Prior to the first reading of the Local Improvement By-law, a public hearing shall be held to solicit public feedback on the project.
- 7.3.12. When a local improvement is approved, Council may implement the local improvement and impose a local improvement tax at any time within the following three (3) calendar years after the sending of notices.
- 7.3.13. Prior to initiating borrowing on a Local Improvement project, the City shall provide each property owner with the opportunity to prepay their total assessment for the local improvement.

#### 7.4. Benefitting Area

- 7.4.1. All properties that are directly adjacent to a proposed Local Improvement project may be assessed with a local improvement tax.
- 7.4.2. For sidewalk improvements, benefitting properties will include both sides of the road even if the sidewalk is installed on one-side only.

#### 7.5. Improvement Assessment

- 7.5.1. Assessment to properties may be calculated on an effective Frontage, rear Frontage, parcel area, per parcel, uniform unit rate basis or assessed property value as described in Part 9 of the Act.
- 7.5.2. If a property, which is subject to a local improvement, is subdivided:
- The outstanding amount of the local improvement may be paid in full as a condition of the subdivision, or
  - The original local improvement bylaw for the local improvement shall be amended to redistribute the outstanding amount of the local improvement to the properties that will be created as a result of the subdivision, in accordance with Section 402 of the Act.
  - These considerations must be satisfied prior to endorsement of the subdivision.

7.6. Frontage for Low Density Residential Properties

7.6.1. Low Density Residential Properties will be assessed for local improvements on the basis of Effective Frontage. Those properties of irregular size or shape may require adjustment of their Frontage to reflect an Effective Frontage (EF) as defined in the *Table 2- Effective Frontage for Low Density Residential Properties*.

7.6.2. For condominium titled units the effective frontage of the condominium plan, will be divided by the number of titled condominium units.

**TABLE 2 - EFFECTIVE FRONTAGE FOR LOW DENSITY RESIDENTIAL PROPERTIES**

Lot Descriptions	Effective Frontage	Figure
<p><b>Rectangular Lots</b>  <b>Note: Corner lots with a corner cut-off will be considered as rectangular lots</b></p>	<p><math>EF = \text{Actual Frontage}</math>                      (Disregarding corner cut-off)</p> <p>Where a local improvement affects:</p> <ul style="list-style-type: none"> <li>• A side yard they will be assessed up to the maximum length of the frontage.</li> <li>• Two sides of a corner lots they will be assessed up to the maximum length of the long side only.</li> </ul>	
<p><b>Irregular Lots – Lots with sides approximately perpendicular to the improvement</b></p>	$EF = \frac{\text{Typical Lot Frontage} \times \text{Lot Area}}{\text{Area of Typical Lot}}$	
<p><b>Pie Shaped - Irregular lots with narrow side adjacent to improvement</b></p>	<p>If Actual Frontage is greater than Typical Lot Frontage:  <math>EF = \text{Actual Frontage}</math></p> <p>If Actual Frontage is less than Typical Lot Frontage:  <math>EF = \text{Typical Frontage}</math></p>	
<p><b>Reverse Pie Shaped - Irregular lots with wide side adjacent to improvement</b></p>	$EF = \frac{\text{Typical Lot Frontage} \times \text{Lot Area}}{\text{Area of Typical Lot}}$	

7.7. Frontage for “Other Properties”

7.7.1. Other Properties (including higher density residential and mixed-use) are typically assessed for roadway improvements on the basis of Actual Frontage. Those properties of irregular size or shape may require adjustment of their Frontage to reflect an Effective Frontage (EF) as defined in the *Table 3- Effective Frontage for Other Properties*.

7.7.2. Properties not described specifically in this policy may be evaluated on an individual basis and assessed in a manner considered reasonable by Council.

**TABLE 3 - EFFECTIVE FRONTAGE FOR OTHER PROPERTIES**

Lot Descriptions	Effective Frontage	Figure
<b>Rectangular Lots</b>	$EF = \text{Actual Property Length Adjacent to Improvement}$ (Regardless of frontage or flankage)	
<b>Corner Lots</b>	$EF = \text{Actual Property Length Adjacent to Improvement}$ (Disregarding corner cut-off)	
<b>Corner Lots previously assessed for the same improvement on the flankage side</b>	$EF = \text{Actual Property Length Adjacent to Improvement} - \text{Previously Charged Flankage}$ (Disregarding Corner cut-off)	
<b>Rectangular Lots adjacent to streets on 3 sides</b>	$EF = \text{Actual Property Length Adjacent to Improvement}$ Up to the maximum frontage of the greater of: a) The length of the sum of the two opposite sides; or b) The length of the remaining, “Center” side	
<b>Rectangular Lots adjacent to streets on 4 sides</b>	$EF = \text{Actual Property Length Adjacent to Improvement}$ Up to the maximum frontage of the greater of: a) The sum of the length of the front and back sides of the property; or b) The sum of the length of the two remaining sides of the property	

7.8. Apportionment of Costs

7.8.1. When projects funded in whole or in part by a local improvement tax assessed to benefitting properties under a local improvement by-law, the apportionment of the project costs are to be as noted in *Table 4- Apportionment of Costs*.

7.8.2. Council may alter the apportionment of costs from those noted in *Table 4- Apportionment of Costs* by resolution for an individual project.

**TABLE 4 - APPORTIONMENT OF COSTS**

Local Improvement	Property Owner	City
<b>Street Paving or Overlay</b>		
<i>Local Road</i>	90%	10%
<i>Collector Road</i>	30%	70%
<b>Lane Paving/Reconstruction</b>	100%	-
<b>Sidewalk Only</b>		
<i>Local Road</i>	90%	10%
<i>Collector Road</i>	30%	70%
<b>Curb and Gutter Only</b>		
<i>Local Road</i>	90%	10%
<i>Collector Road</i>	50%	50%
<b>Sidewalk and Curb and Gutter</b>		
<i>Local Road</i>	90%	10%
<i>Collector Road</i>	30%	70%
<b>Storm Sewers</b>	80%	20%
<b>Traffic Calming</b>	50%	50%
<b>Street Lighting</b>		
<i>Local Road</i>	90%	10%
<i>Collector Road</i>	30%	70%
<b>Decorative Lighting</b>	100%	-
<b>Other Municipal Improvements requested by a specific area and deemed by Council to be a greater benefit to that area</b>	<b>TBD</b>	<b>TBD</b>

7.8.1. Local Improvements on or adjacent to Collector Roads are eligible for a higher portion of City funding than Local Roads as they benefit all properties directly adjacent to them as well as all local roads that are serviced by them.

7.8.2. Local improvements on or adjacent to Local Roads typically benefit only properties directly adjacent to that Local Road.

## 7.9. Project Inclusions and Exclusions

- 7.9.1. Asphalt overlays will include where applicable minor curb, sidewalk, and road base repairs as part of the estimated project costs.
- 7.9.2. Roadway reconstruction will include where applicable, base work, paving, utility relocations, curb and gutter, sidewalks, driveways, landscaping and tie-ins as part of the estimated project costs.
- 7.9.3. In the case of curb, sidewalk or street paving improvements, the City will replace any existing private driveway aprons, private sidewalk connections, and typical landscaping which are damaged or removed during construction or modified to ensure positive drainage.
- 7.9.4. The property owner will typically be responsible for the costs not covered by the City in section 7.9.3 and any additional paved, concrete or landscaped areas outside of the improvement area.
- 7.9.5. For any additional assessment not covered in this policy, the apportionment will be assessed by Administration and approved by Council.

## 8. END OF POLICY

Original Signed

\_\_\_\_\_  
Signature of Mayor

May 26, 2020

\_\_\_\_\_  
Date

Original Signed

\_\_\_\_\_  
Signature of CAO

May 26, 2020

\_\_\_\_\_  
Date

## POLICY RECORD

### Approval and Amendment History

Date of Council Meeting	Council Motion Number	Description

### Review History

Date of Policy Owner's Review	Description/Action Taken or Required