

City Policy

Title: Development Charges Reserve Fund Management Policy

Policy: 1091

Covers: Development Charges within the City of Brandon

Effective: March 2, 2020

Revised:

Purpose:

To guide City Administration and City Council in managing the Development Charge Reserves and funding Growth Infrastructure using debt, until such time that the reserve balances are sufficient to fund Growth Infrastructure.

Background:

City Council adopted Development Charges By-law No. 7175 to collect charges from development, which will be used to fund the capital costs of Growth Infrastructure (GI). Funds collected will be placed in the Development Charge (DC) Reserves and then used to fund GI projects in accordance with the 10-year capital plan, the timing of which is determined by the City of Brandon Growth Strategy.

GI projects that have been identified within the first five years of the 10-year capital plan (until January 1, 2025) cannot be funded due to a shortfall in DC revenues. During this time, the “Transitional Period”, GI projects will need to be funded by Debt.

The Development Charges Reserve Fund Management Policy (the policy) identifies additional requirements for prioritizing the timing of Major GI Projects to ensure that value for investment is realized, minimizing financial risk to the City during the transitional period.

**Where there is any conflict or inconsistency between the policies and procedures adopted by the City of Brandon and the terms of a Collective Agreement entered into and adopted by the City of Brandon, and/or the provisions contained within a statute or regulation of the Government of Canada and/or the Province of Manitoba and/or a by-law of the City of Brandon, the Collective Agreement or the Federal or Provincial statute or regulation or by-law of the City of Brandon shall supersede such policies or procedures adopted by the City of Brandon.*

DEFINITIONS

City means the area incorporated and known as the City of Brandon.

Debt means funds borrowed for the purpose of constructing Growth Infrastructure.

Developer means an owner or successor of lands under development.

Developer Interest means a developer who is actively completing or has completed planning and development processes required for development to occur on the lands, including neighbourhood planning, and rezoning and/or subdivision approvals.

Development Charges (DC) means fees collected from developers and builders at the time of subdivision/rezoning and building permit to help pay for the cost of Growth Infrastructure required to provide municipal services to new development.

Development Charge (DC) Reserves means reserve funds set aside for the purposes of fully or partially funding Growth Infrastructure projects. The City currently has six specific-purpose development charge reserves:

- Bylaw 7180 – Treatment – Wastewater Reserve
- Bylaw 7181 – Treatment – Water Reserve
- Bylaw 7182 – Network Infrastructure - Transportation Reserve
- Bylaw 7183 – Network Infrastructure - Wastewater Reserve
- Bylaw 7184 – Network Infrastructure - Water Reserve
- Bylaw 7185 – Network Infrastructure - Drainage Reserve

Development Plan means the Brandon & Area Planning District Development Plan (March 2013) or any document which supersedes it.

Growth Infrastructure (GI) means network and treatment infrastructure necessary to support growth, and includes, water and wastewater treatment, transportation, water distribution, wastewater collection, and drainage infrastructure.

Growth Strategy means the Brandon & Area Planning District Fringe Area Growth Strategy (November 2013) or any document which supersedes it.

Infrastructure Master Plans means any Infrastructure Master Plan document commissioned by the City of Brandon for the purposes of guiding future Infrastructure Investments, which can be found on the City of Brandon Engineering website.

Major GI Project means any GI project with an estimated construction value over \$2,000,000.

Secondary Plans means any Secondary Plan document commissioned by the City of Brandon for the purposes of guiding future planning requirements, which can be found on the City of Brandon Planning website.

1.0 POLICY

- 1.1 The City will use Debt to fund GI for a five (5) year period until January 1, 2025 (transitional period). The transitional period timeline may be reduced if DC revenues exceed projections or increased if DC revenues are less than projected.
- 1.2 In addition to the City's community vision of aligning GI investment with Council adopted plans and strategies, including the Development Plan, the Growth Strategy, Infrastructure Master Plans, and Secondary Plans, the City will prioritize the timing of GI in the transitional period by the following additional criteria:
 - 1.2.1 *Phasing Investment* – Phasing GI investment to prioritize development of the south growth area, and staging investment in the south growth area to minimize Debt costs to the City;
 - 1.2.2 *Administrative & Industry Capacity* – Aligning the timing of GI investment with the capacity of both City and industry resources to manage, administer and construct all projects in the City of Brandon Capital Budget; and
 - 1.2.3 *Developer Interest* – Aligning timelines with developer interest when criteria **1.2.1** and **1.2.2** are met.
- 1.3 Prior to the City submitting the following year's financial plan to fund Major GI Projects during the transitional period, developer(s) must financially commit to proceeding with development through:
 - 1.3.1 Submitting a phasing plan supported by transportation and servicing analysis that requires the Major GI Project; and
 - 1.3.2 Executing a development agreement for the lands that require the Major GI Project and paying Development Charges, due at the time of subdivision or rezoning, equal to or greater than \$250,000 or five percent of the total estimated GI cost (at the time the agreement is executed), whichever is less; or
 - 1.3.3 Executing an agreement with the City that commits a developer to executing a development agreement and paying of Development Charges as outlined in **1.3.2** prior to the construction completion of the GI.
- 1.4 Depending on the health of the DC Reserves, reserve funds available following the transitional period may be used to fund Debt payments on GI constructed during the transitional period or allocated for future GI.
- 1.5 At a minimum, the DC Reserve Fund Management Policy will be reviewed and updated concurrently with the Development Charges consultation process every three years, and include a review of:
 - 1.5.1 The health of the reserves to fund GI; and
 - 1.5.2 Financial policies to limit financial risk to the City.

2.0 RESPONSIBILITIES

2.1 Development Services shall:

- Identify and prioritize Growth Infrastructure.
- Prepare a ten (10) year capital plan for growth.
- Consult with the development industry on the capital plan for growth.
- Annually prepare a five (5) year cash flow analysis.
- Report to Council on the capital plan for growth and detailed five (5) year capital plan.
- Prepare and administer agreements that trigger construction of Growth Infrastructure.

2.2 Finance shall:

- Maintain record keeping and provide annual reports for each DC Reserve.
- Assist Development Services with the creation of the annual five (5) year cash flow analysis.
- Analyze Debt requirements to cover anticipated funding gaps within the five (5) year cash flow analysis.
- Report to Council on funding gaps and Debt requirements.
- Prepare borrowing by-laws.

2.3 Council shall:

- Be aware of City plans, by-laws and initiatives to facilitate growth, including the Development Plan, Growth Strategy and Development Charges.
- Review and provide feedback to Administration on five (5) year capital plan for growth and Debt requirements.
- Approve borrowing by-laws and annual financial plan, as per The Municipal Act.
- Identify issues related to this policy, and/or recommendations to administration for the development of policy updates.

RELATED ITEMS:

- Bylaw 7175 – Development Charges
- Bylaw 7180 – Treatment – Wastewater Reserve
- Bylaw 7181 – Treatment – Water Reserve
- Bylaw 7182 – Network Infrastructure - Transportation Reserve
- Bylaw 7183 – Network Infrastructure - Wastewater Reserve
- Bylaw 7184 – Network Infrastructure - Water Reserve
- Bylaw 7185 – Network Infrastructure - Drainage Reserve

Motion #: 644

March 2, 2020

Authorized By:

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Heather Ewasiuk
City Clerk on behalf of City Council

Revision Date:

Authorized By:

Patrick Pulak

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