



Development Charges Background Study

City of Brandon

August 13, 2024

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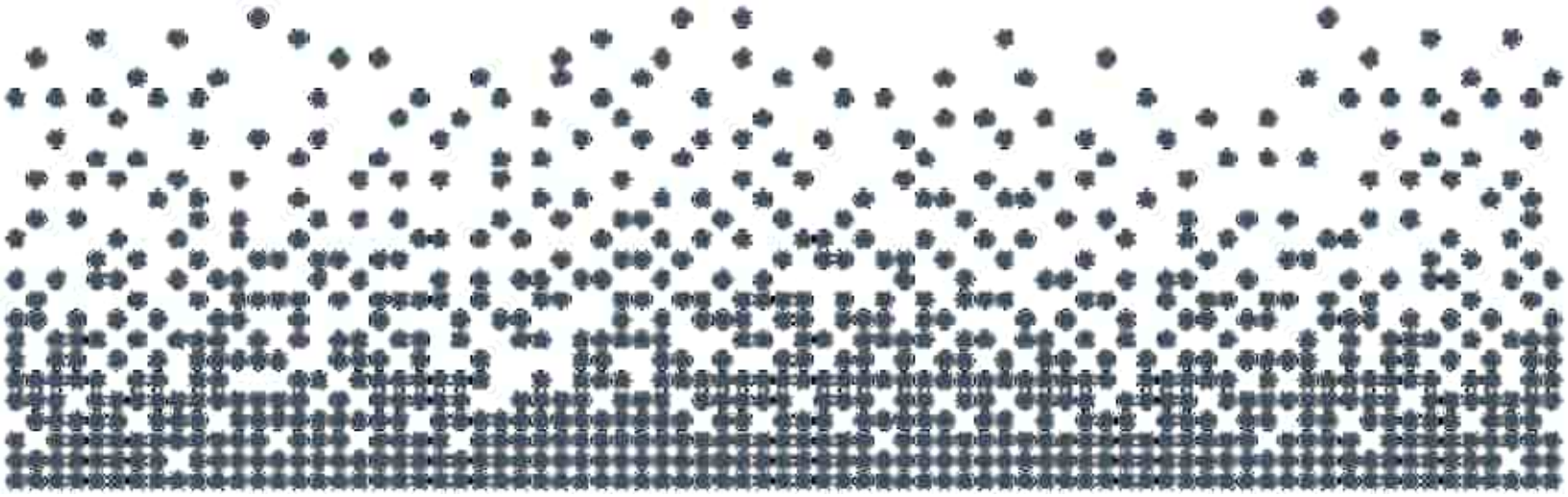
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
G.F.A.	Gross floor area
F.S.W.	Floor space per worker
P.P.U.	Persons per unit
sq.ft.	Square feet



Executive Summary



Executive Summary

1. The report provided herein represents the Development Charges Background Study for the City of Brandon required by the *Planning Act*, the *Municipal Act*, and the *Public Utilities Board Act*. The contents of this report include the following:
 - Chapter 1 – Overview of the legislative requirements of the Act, funding sources for capital, and survey of Development Charges in other municipalities;
 - Chapter 2 – Review of present Development Charge policies of the City;
 - Chapter 3 – Summary of the residential and non-residential growth forecasts for the City;
 - Chapter 4 – Approach to calculating the Development Charge;
 - Chapter 5 – Identification of future capital requirements to service growth and related deductions and allocations;
 - Chapter 6 – Calculation of the Development Charge;
 - Chapter 7 – Development Charge policy recommendations and rules; and
 - Chapter 8 – By-law implementation.
2. Development Charges are a revenue tool that municipalities can utilize to recover costs for growth-related capital expenditures from new development. The methodology is detailed in Chapter 4; a simplified summary is provided below.
 - 1) Identify amount, type and location of growth;
 - 2) Identify servicing needs to accommodate growth;
 - 3) Identify capital costs to provide services to meet the needs;
 - 4) Deduct:
 - Grants, subsidies and other contributions;
 - Post-period benefit; and
 - Benefit to existing development.
 - 5) Allocate net costs between residential and non-residential benefit; and
 - 6) Divide net costs by growth to provide the Development Charge.
3. The growth forecast (Chapter 3), on which the Development Charge is based, projects the following population and non-residential floor area for the 20-year forecast period.



Table ES-1
Summary of Growth Forecast

Area	Anticipated 20-year Growth	
	Growth in Population	Growth in Gross Floor Area (sq.ft.)
Emerging Growth Area	9,920	1,413,491
Established Growth Area	2,480	249,440
Total City-Wide Growth	12,400	1,662,931

4. On December 17, 2018, the City of Brandon passed By-law No. 7175, which came into full force and took effect on July 1, 2019. The by-law imposes Development Charges on residential and non-residential uses. The City is undertaking a Development Charges public review process and anticipates passing a new by-law. Stakeholder engagement sessions occurred on an ongoing basis throughout the study process.
5. The City's Development Charges currently in effect are summarized in Tables ES-2 and ES-3 below. This report has undertaken a recalculation of these charges based on future identified needs (presented in Tables ES-4 and ES-5). It is noted that the costs and calculations undertaken herein are based on 2023 dollars. Charges have been provided on a City-wide basis (i.e. both the Emerging and Established Growth Areas) for water and wastewater treatment infrastructure, along with transportation network infrastructure. Charges related to water, wastewater and drainage network infrastructure are provided on an area-specific basis, and are imposed on the Emerging Growth Area only.



Table ES-2
Current Development Charge Rates (2024)
Prior to Subdivision or Rezoning (Emerging Growth Area Only):

Service	Residential and Non-Residential (per net hectare)
Emerging Growth Area	
Drainage	\$3,356
Transportation	\$23,683
Wastewater	\$36,531
Water	\$11,497
Total Emerging Growth Area Development Charge	\$75,067



Table ES-3
Current Development Charge Rates (2024)
Prior to Building Permit Issuance:

Service	Residential – Low Density (per unit)	Residential – High Density (per unit)	Non-Residential (per sq.ft.)
Established Growth Area			
Wastewater Treatment	\$511	\$331	\$0.30
Water Treatment	\$400	\$259	\$0.23
Total Established Growth Area Development Charge	\$911	\$590	\$0.53
Emerging Growth Area			
Wastewater Treatment	\$511	\$331	\$0.30
Water Treatment	\$400	\$259	\$0.23
Drainage	\$142	\$92	\$0.08
Transportation	\$1,003	\$649	\$0.57
Wastewater Network Infrastructure	\$1,548	\$1,001	\$0.89
Water Network Infrastructure	\$488	\$315	\$0.28
Total Emerging Growth Area Development Charge	\$4,092	\$2,647	\$2.35

6. Considerations by Council – The Background Study represents the service needs arising from residential and non-residential growth over the 20-year forecast period for the following services:

- City-wide:
 - Water Treatment;
 - Wastewater Treatment;
 - Transportation Intersections;
 - Transportation Roads;
- Emerging Growth Area:
 - Water Linear;



- Wastewater Linear; and
- Drainage.

Council will consider the findings and recommendations provided in the report and, in conjunction with public input and Public Utility Board findings, approve such policies and rates it deems appropriate. These decisions may include:

- Adopting the charges and policies recommended herein;
- Considering additional recommended exemptions to the by-law; and
- Considering reductions in the charge by removing certain services on which the charge is based and/or by a general reduction in the charge.

Table ES-4
Schedule of Development Charges

Emerging Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$650	\$480	\$0.26
Wastewater Linear	\$6,830	\$5,047	\$2.78
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$908	\$671	\$0.37
Total	\$21,193	\$15,660	\$8.62

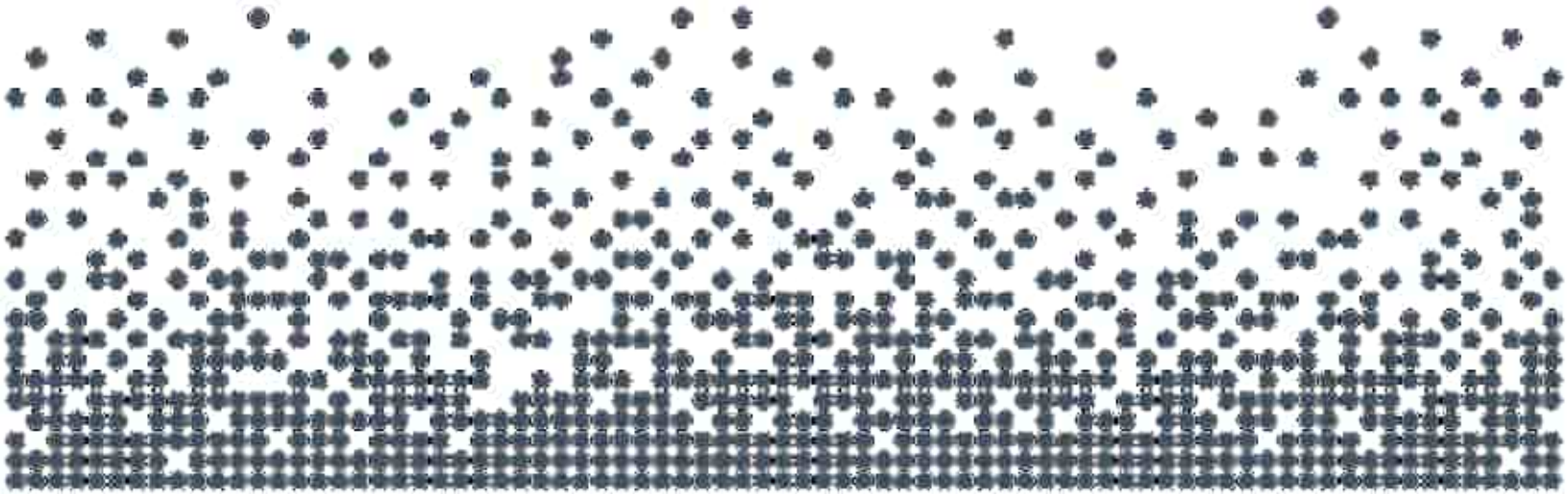


Table ES-5
Schedule of Development Charges
Established Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Total	\$12,805	\$9,462	\$5.21

These rates are submitted to Council for its consideration.

It shall be noted that an assumption has been made that major capital works for water and wastewater treatment facilities will receive 50% grant funding within the Development Charge calculations. This is a risk to both the City and the Development community. The City will endeavor to pursue grant funding; however, there is the potential that without grant funding, the treatment projects will not proceed and development will be delayed or halted without a source of additional funds. Future Development Charges will be impacted by shortcomings in grant funding assumptions.



Report



Chapter 1

Introduction



1. Introduction

1.1 Purpose of this Document

The City of Brandon experienced considerable growth in recent years. Between 2016 and 2021, the City has grown in population by approximately 5%. As of the 2021 Census, the City now has over 51,000 people. Continued growth places demand on the City to provide the necessary infrastructure to facilitate continued growth.

Many municipalities across Canada seek to recover the cost of growth-related infrastructure by imposing capital charges. These charges are referred to as Development Charges, Development Cost Charges, Off-site Levies, Impost Fees, etc. but all seek to recover the capital costs related to providing infrastructure for growth. Within Manitoba, the *Municipal Act* provides the authority to construct infrastructure and to impose Development Charges on the development that requires such capital works to be constructed.

The City of Brandon currently imposes Development Charges on new development to recover the broader system wide capital costs associated with growth. These capital costs are in addition to the direct servicing costs that are incurred by developers for the construction of works as part of a subdivision (e.g., internal roads, sewers, watermain, sidewalks, parks, etc.).

This background study provides an update to the existing Development Charge rates and has been prepared pursuant to provincial legislation and utilizing best practices employed by other Canadian municipalities. In addition to the Development Charge calculations, this report provides recommendations on Development Charge policies for consideration by the City of Brandon.

The City retained Watson & Associates Economists Ltd. (Watson) and Dillon Consulting Limited (Dillon) to undertake the Development Charge study process. Watson and Dillon have worked with City staff in preparing the Development Charge analysis and policy recommendations.

This report has been prepared to document the rationale and statutory requirements applicable to the City's Development Charge as summarized in Chapter 4. It also



addresses the developed “rules” (contained in Chapter 7) and the proposed by-law to be made available as part of the approval process (included under separate cover).

In addition, the report is designed to set out sufficient background on the legislation (Section 1.4), Brandon’s current Development Charge policies (Chapter 2) and the policies underlying the proposed by-law, to make the exercise understandable to those who are involved.

Finally, it addresses post-adoption implementation requirements (Chapter 8) which are critical to the successful application of the new policy.

The Chapters in the report are supported by appendices containing the data required to explain and substantiate the calculation of the charge (Chapter 6). A full discussion of the statutory requirements for the preparation of a background study and calculation of a Development Charge is provided herein.

1.2 Summary of the Process

Watson and City staff have presented preliminary findings and rates to Council as well as stakeholders. The purpose of these meetings was to present the progress of the study to the public and to solicit public input. The meetings were also held to answer questions regarding the study’s purpose, methodology, preliminary calculations, and policy information.

The background study and proposed Development Charge by-law is anticipated to be available for public review for summer 2024. Subsequently, the process to be followed in finalizing the report and recommendations includes:

- undertake final stakeholder meetings and consider observations and comments arising from these meetings;
- present the findings of the report to Council and consider input from that meeting; and
- finalize the report and request Council consideration of the by-law and updated rates.

Figure 1-1 outlines the proposed schedule to be followed with respect to the Development Charge by-law adoption process.



Figure 1-1
Schedule of Key Development Charge Process Dates for the City of Brandon

Schedule of Study Milestone	Date(s)
1. Data collection, staff review, engineering work, preliminary Development Charge calculations and policy work	July 2023 to January 2024
2. Initial Council Meeting	November 27, 2023
3. Initial Stakeholder Meeting	November 28, 2023
4. Refinements to capital project costs and ongoing engagement sessions with Stakeholders	January 2024 to May 2024
5. Background study and proposed by-law available to Stakeholders and Council	Summer 2024
6. Final Council and Stakeholder Meetings	Summer 2024
7. Report and By-Law for 1 st Reading	Fall 2024
8. Public Hearing	Fall 2024
9. Public Utility Board Submission	Fall 2024
10. Report and By-Law for 2 nd Reading	Fall 2024
11. Council considers adoption of background study and passage of By-law 3 rd Reading	Dependent on PUB Approval Timelines

1.3 Capital Funding Sources

Development Charges are one of many revenue sources a council may use to fund capital works.

The following provides a number of the more common sources of internal and external funding along with impacts on the operating budget and who is affected by this financing method:



Table 1-1
Capital Funding Sources Summary

Financing Sources	Operating Budget Impact	Who is Affected?
<u>Internal Sources:</u>		
Operating Budget Transfers	“in year” provision within the operating budget	Current year taxpayer
Reserves – General	Past contributions from operating budget	Past taxpayers, ratepayers
Reserves – Development Charges	No impact	Developers, Builders and Developing Landowners
Reserves – Parkland	No impact	Developers, Builders and Developing Landowners
<u>External Sources:</u>		
Grants	No impact	Provincial/Federal Government
Public/Private Partnership (3P)	Usually has direct impact on future operating budgets, similar to debt	Future tax and rate payers
Fundraising	No impact	Community Groups/Residents
Provincial Legislation (e.g. local improvement, drainage, Municipal Act)	Any direct non-recoverable costs to be paid by operating budget	Generally, impacts the benefiting landowner
Non-D.C. Debt Financing	Future operating budgets to pay debt charges	Future tax, rate payers
D.C. Debt Financing	No impact	Developers, Builders and Developing Landowners

1.4 Legislative Framework

There are three main pieces of legislation which provide municipalities in Manitoba with the authority to impose Development Charges: the *Municipal Act*, the *Planning Act*, and the *Public Utilities Board Act*. These are all discussed in turn below:



Municipal Act

The *Municipal Act* sets out general provisions respecting municipal operations. With respect to capital charges, Section 232(2) provides for the following:

A council may:

Establish fees or other charges for services, activities or things provided or done by the municipality or for the use of property under the ownership, direction, management or control of the municipality.

This would include capital charges for various services including water, wastewater, stormwater management, and transportation.

Sections 250(1), 250(2)(b) and (c), and 252 (1) and (2) of the Act address charges related to development in a municipality and generally provide for the following:

250(1): A municipality is a corporation and, subject to this Act, has the right and is subject to the liabilities of a corporation and may exercise its powers for municipal purposes

250(2) Without limiting the generality of subsection (1), a municipality may for municipal purposes do the following: ...

(b) construct, operate, repair, improve and maintain works and improvements;

(c) acquire, establish, maintain and operate services, facilities and utilities;

252(1) A municipality exercising powers in the nature of those referred to in clauses 250(2) (b) and (c) may set terms and conditions in respect of users, including:

Setting the rates or amounts of deposits, fees and other charges, and charging and collecting them...

252(2) A charge referred to in clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this Act.



Generally, these sections of the *Municipal Act* provide municipalities with the authority to construct infrastructure and to impose rates on the development that requires such capital works to be constructed.

Planning Act

Section 143(1) of the *Planning Act* allows a council to set the levies to be paid by subdivision applicants to compensate the municipality for the capital costs as follows:

A council may, by by-law, set the levies to be paid by applicants to compensate the municipality for the capital costs specified in the by-law that may be incurred by the subdivision of land.

Section 143(2) states that a Council must establish a reserve fund to deposit levies that are paid:

A council must establish a reserve fund under the Municipal Act into which the levies are to be paid.

It is noted that Section 150 provides for the authority to require a developing landowner to enter into a development agreement and construct local works at the owner's expense.

Public Utilities Board Act

The Public Utilities Board of Manitoba (PUB) is an administrative tribunal that has broad oversight and supervisory powers over public utilities. Section 82(1)(b) of the *Public Utilities Board Act* requires authorization from the Board to impose any rate or charge:

No owner of a public utility shall...

(b) without the written authorization of the board...make, impose, exact, or collect, any rate, toll, fare, or charge, or any schedule or rates, either individual or joint, for any product supplied or service rendered by it within the province.

Section 64(2) provides that the board may disallow a charge that appears unjust or excessive:



...the board may...disallow or change, as it think reasonable, any such tolls or charges as, in its opinion, are excessive, unjust, or unreasonable or unjustly discriminate between different persons or different municipalities.

Compared to other provinces, there is limited legislative direction on the calculation and administration of Development Charges. As part of the Development Charge study process, Watson undertook a policy survey review on best practices across Canada. Based on these best practices and a comparison to Brandon's policies, recommendations were provided to the City for consideration as part of this background study process. The policy survey and the associated recommendation are provided in Appendix A of this report.

1.5 Servicing Requirements

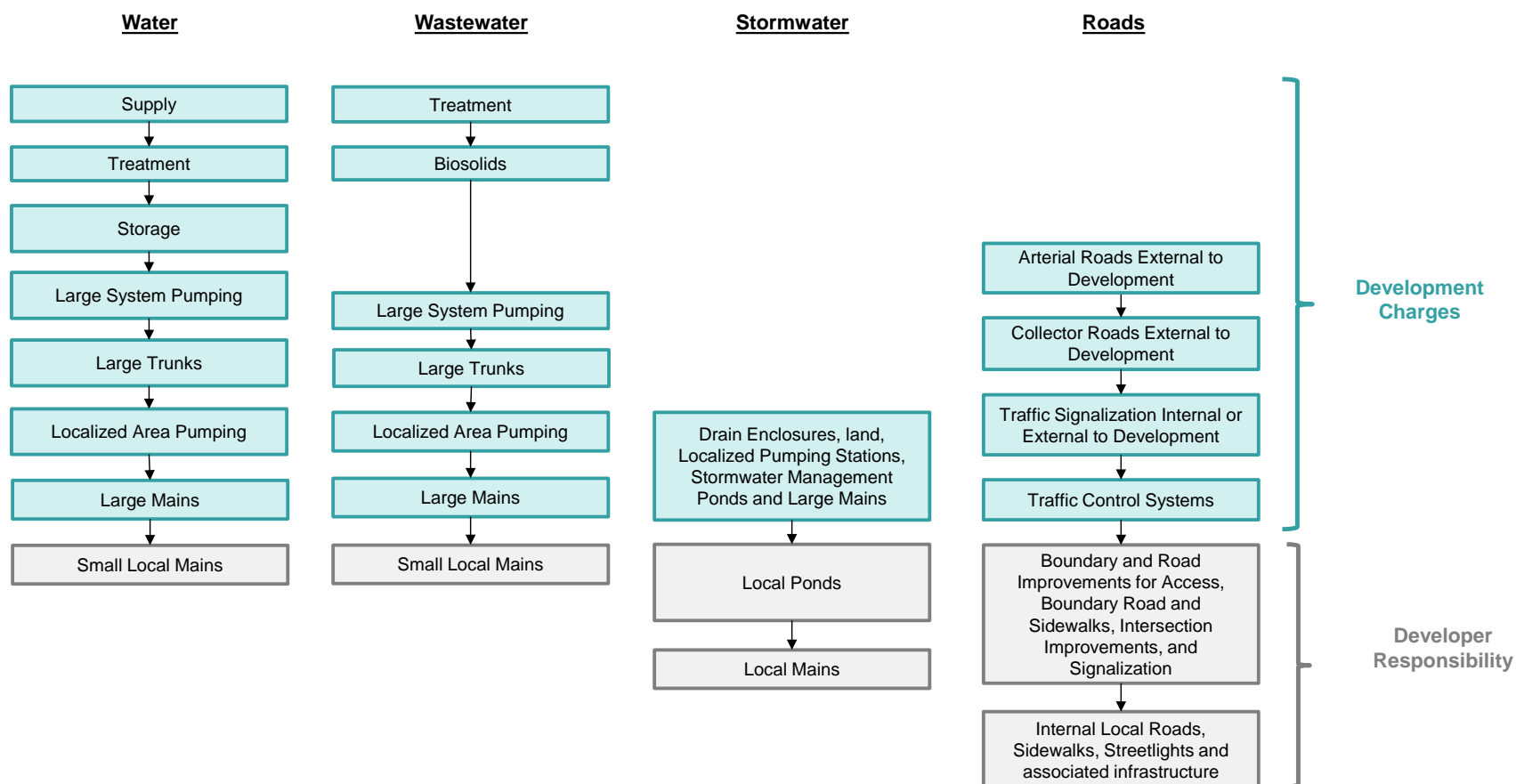
In regard to the above legislation, and in order to understand how the above legislation can be applied, a discussion on water, wastewater, stormwater, and transportation systems is provided herein. Figure 1-2 provides for the hierarchy of water, wastewater, stormwater management and transportation systems. This schematic has been broken into components (denoted by the different colours) for ease of understanding municipal practice and how the legislation is applied, as follows:

Developer Responsibility (grey) – these costs are generally the local mains or roads installed by a developer and are usually internal to the subdivision. The servicing requirements are imposed under the *Planning Act* (as a condition of development approval) and the cost to undertake this servicing is directly the responsibility of the developing landowner. Similar costs (i.e. local mains which may be constructed to extend services to properties without water or sewer) may also be imposed as a direct cost to properties as a local improvement under the *Municipal Act*.

Development Charges (light blue) – These costs are the broader system costs which include supply, treatment, storage, major pumpage, trunk mains and larger mains, and roads external to a development. These costs are most often included as part of the Development Charge related to growth (under the *Municipal Act*). Within the City of Brandon, these costs are recovered through Development Charges.



Figure 1-2
Local Service Schematic





1.6 Survey of Development Charges in Other Areas

The following table provides a survey of Development Charges across various municipalities in Manitoba:

Table 1-2
Development Charges Survey of Manitoba Municipalities

Municipality	Year Last Updated	Rate (per single detached unit)
East St. Paul	2019	\$19,500
Springfield	2024	\$17,650
MacDonald	2022	\$15,900
Ritchot	2024	\$15,525
Tache (Lorette)	2015	\$10,500
Headingley	2011	\$9,000
West St. Paul	2012	\$6,100
Steinbach	2024	\$4,083
Winnipeg	n/a	n/a

In addition to the above, a survey of Development Charges across other municipalities in Canada has been provided below:

Table 1-3
Development Charges Survey of Municipalities Across Canada

Municipality	Year Last Updated	Rate (per single detached unit)
Richmond	2023	\$61,138
Surrey	2024	\$50,741
Calgary	2024	\$40,604
Abbotsford	2021	\$35,645
Regina	2021	\$21,267
Edmonton*	2024	\$18,923

*Median rate related to fire halls only



Similarly, Table 1-4 provides for a survey of Development Charges for similar small sized prairie cities:

Table 1-4
Development Charges Survey of Small Prairie Cities

Municipality	Year Last Updated	Rate (per single detached unit)
Lethbridge	2024	\$19,933
Weyburn	2018	\$7,430
Prince Albert	2011	\$6,558
Medicine Hat*	2022	\$4,227

*Median Rate



Chapter 2

Current City of Brandon Development Charge Policy



2. Current City of Brandon Development Charge Policy

2.1 Schedule of Charges

The City of Brandon currently imposes Development Charges under By-law No. 7175. This by-law imposes Development Charges for residential and non-residential uses.

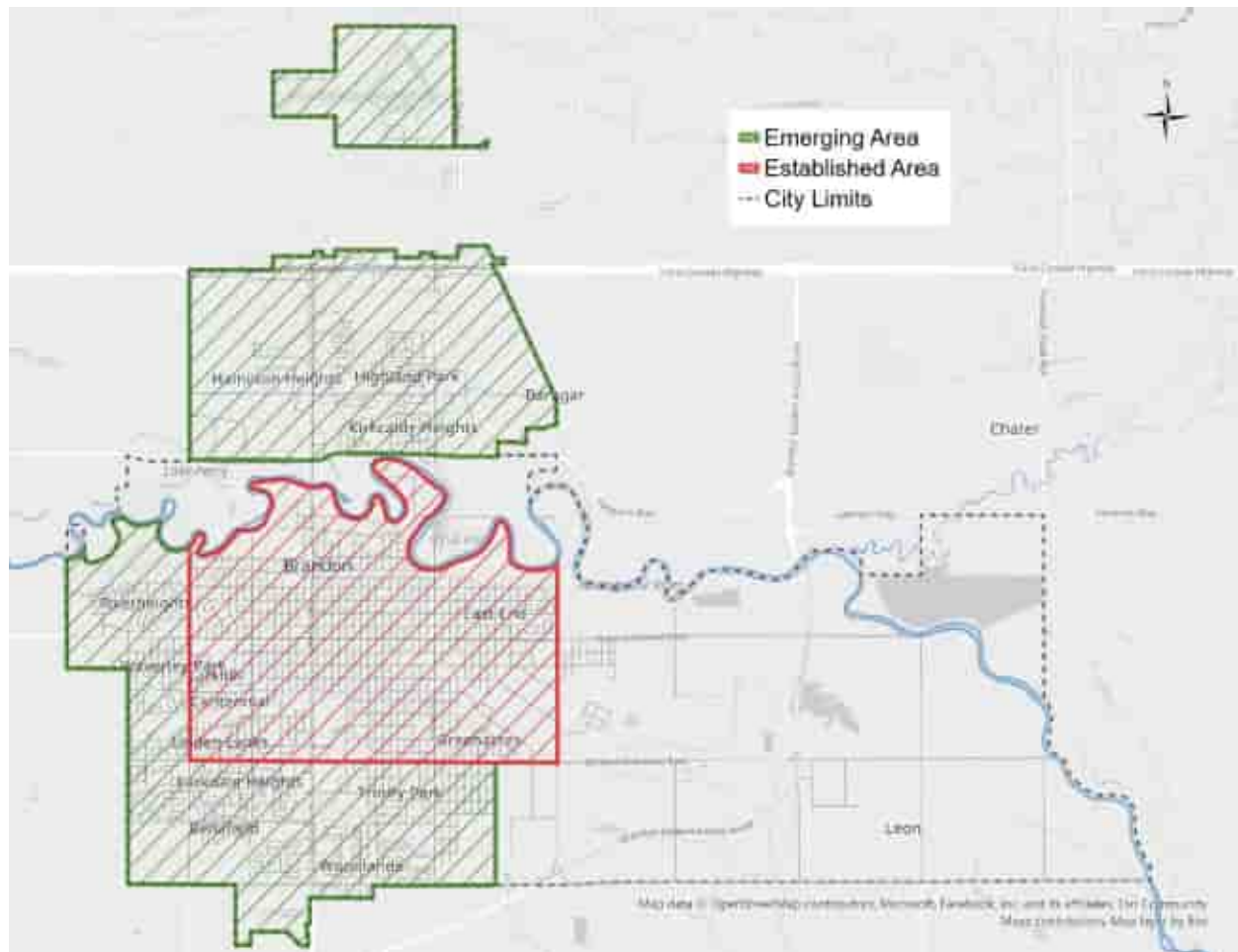
The following services are covered under By-law No. 7175:

- Treatment Infrastructure:
 - Water
 - Wastewater
- Network Infrastructure:
 - Transportation
 - Water
 - Wastewater
 - Drainage

The City utilizes a uniform City-wide Development Charge calculation for water and wastewater treatment infrastructure and an area-specific Development Charge for all network infrastructure (e.g. water, wastewater, transportation, and drainage). This area charge is differentiated between the Established Growth Area and the Emerging Growth Area, based on the map below:



Figure 2-1
Map of Development Charge Areas



It is noted that Development Charges related to network infrastructure are only imposed within the Emerging Growth Area, whereas treatment infrastructure are imposed both within the Emerging Growth Area and the Established Growth Area.

The table below provides the Development Charges currently in effect:



Table 2-1
Current Development Charge Rates (2024)
Prior to Subdivision or Rezoning (applicable to Emerging Growth Area only):

Service	Residential and Non-Residential (per net hectare)
Emerging Growth Area	
Drainage	\$3,356
Transportation	\$23,683
Wastewater	\$36,531
Water	\$11,497
Total Emerging Growth Area Development Charge	\$75,067



Table 2-2
Current Development Charge Rates (2024)
Prior to Building Permit Issuance:

Service	Residential – Low Density (per unit)	Residential – High Density (per unit)	Non-Residential (per sq.ft.)
Established Growth Area			
Wastewater Treatment	\$511	\$331	\$0.30
Water Treatment	\$400	\$259	\$0.23
Total Established Growth Area Development Charge	\$911	\$590	\$0.53
Emerging Growth Area			
Wastewater Treatment	\$511	\$331	\$0.30
Water Treatment	\$400	\$259	\$0.23
Drainage	\$142	\$92	\$0.08
Transportation	\$1,003	\$649	\$0.57
Wastewater Network Infrastructure	\$1,548	\$1,001	\$0.89
Water Network Infrastructure	\$488	\$315	\$0.28
Total Emerging Growth Area Development Charge	\$4,092	\$2,647	\$2.35

2.2 Timing of Development Charge Calculation and Payment

Established Growth Area

Within the Established Area, Development Charges related to water and wastewater treatment are imposed and collected prior to the issuance of a building permit.



Emerging Growth Area

Charges for network infrastructure (50% of the total network charge) are calculated and payable at the time of issuance of a development agreement prior to the issuance of a certificate of approval for a subdivision (plan of subdivision or condominium) or prior to a rezoning receiving third reading under the *Planning Act*.

Charges for water and wastewater treatment and the remaining 50% of the network infrastructure charge are calculated and payable prior to the issuance of a building permit.

2.3 Indexing

Indexing of the Development Charges is implemented on a mandatory basis for this by-law. The Development Charges are indexed annually by the amount equal to the previous year's Consumer Price Index (Manitoba) percentage increase (or decrease) between September 1 of the current year and September 1st of the previous year. The indexed Development Charges for the new year will become effective January 1st in the annual City of Brandon Fee Schedule By-law.

2.4 Redevelopment Allowance

If a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the Development Charge is payable; and/or
- the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the Development Charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures and if the demolition permit related to the site was issued less than 60 months prior to the issuance of a building permit. The credit can, in no case, exceed the amount of development charges that would otherwise be payable.



2.5 Exemptions

Development Charges do not apply to residential accessory buildings. In addition, the City does not charge Development Charges to industrial areas which fall outside of the established and emerging growth areas.

It is noted that the Established Growth Area of the City is not subject to the network infrastructure/linear portion of the charge.



Chapter 3

Anticipated Development in the City of Brandon



3. Anticipated Development in the City of Brandon

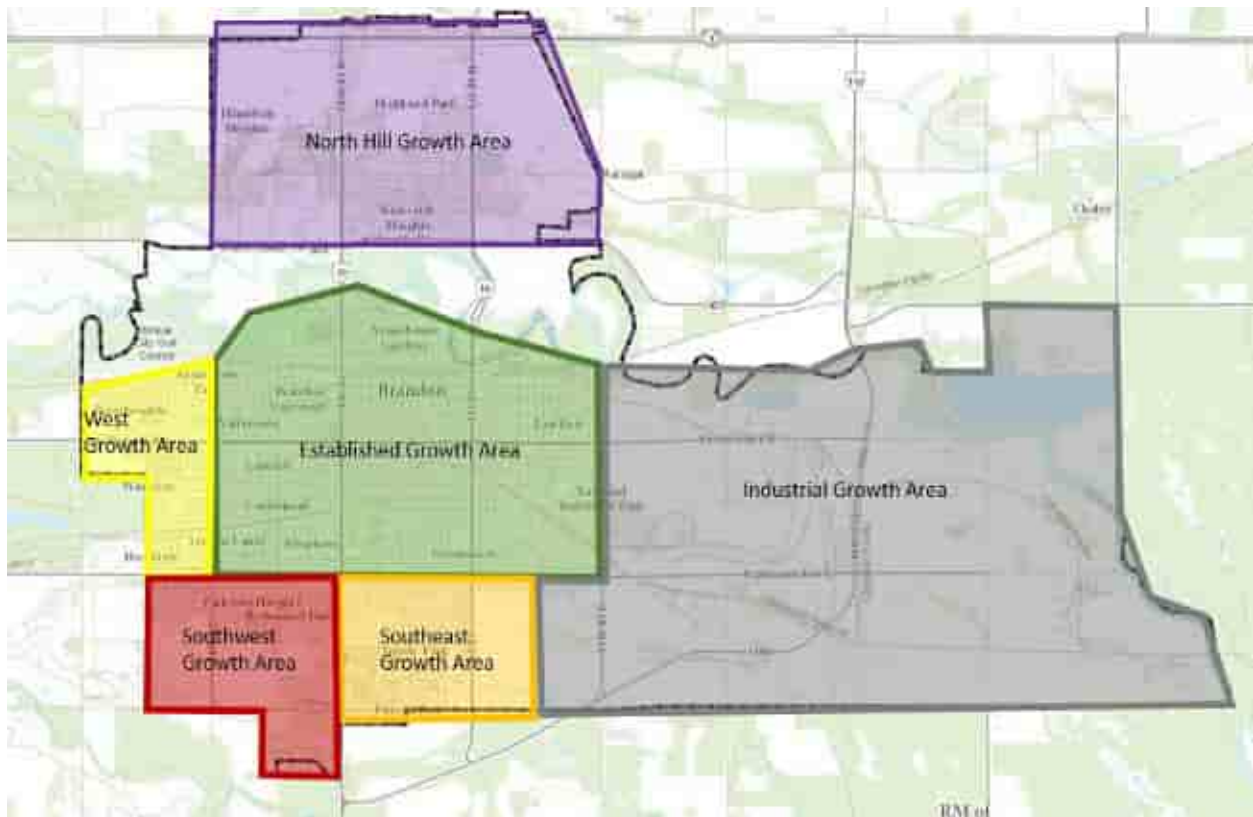
3.1 Methodology Discussion

Chapter 4 provides the methodology for calculating the Development Charge utilized in this study. Figure 4-1 presents this methodology graphically. The first box of the schematic notes that calculating the Development Charge requires an estimate of the anticipated amount, type and location of development for the area which the Development Charge is imposed.

The City of Brandon has identified various growth areas where infrastructure has been planned to service development over the 20-year period from 2023 to 2042 (Map 3-1). It is noted that the West, Southwest, Southeast, and North Hill Growth Areas identified on the map all form the Emerging Growth Area. Consistent with the prior Development Charge background study, the City has excluded the Industrial Growth Area from the Development Charge calculations.



Map 3-1
Growth Areas within the City of Brandon



3.2 Summary of Growth

The City has prepared a Growth Strategy which identifies growth and development anticipated to 2051 within the growth areas identified in Map 3-1 above. The 30-year forecast from 2022 to 2051 provides for an additional 7,600 residential units and the following incremental non-residential floor area:

- 2.5 million sq.ft. in commercial floor space; and
- 1.0 million sq.ft. in industrial floor space.

The information from the Growth Strategy was utilized to inform the 20-year growth forecast used in the Development Charge study calculations.

The anticipated residential and non-residential growth for the various growth areas across the City is summarized in Tables 3-1 to 3-3 below.



Table 3-1
Residential Growth Summary

Area	Growth in Units	Average P.P.U. Assumption	Growth in Population
<i>Emerging Growth Areas:</i>			
North Hill Growth Area	794	2.50	1,984
Southwestern Growth Area	2,182	2.50	5,456
Southeastern Growth Area	794	2.50	1,984
West Growth Area	198	2.50	496
Subtotal Emerging Growth Area	3,968	2.50	9,920
Established Growth Area	992	2.50	2,480
Total City-Wide Growth	4,960	2.50	12,400

An average assumption of 2.50 persons per unit (P.P.U.) assumption was utilized to forecast the growth in population (to align with the Growth Strategy). As identified in the table above, the City is anticipated to add approximately 4,960 units and 12,400 additional people over the 20-year forecast period. This anticipated growth can be further broken down into the Emerging and Established Growth Areas as follows:

- Emerging Growth Areas: additional 3,968 units and 9,920 population; and
- Established Growth Area: additional 992 units and 2,480 population.

Table 3-2
Non-residential Growth Summary

Area	Growth in Non-Residential G.F.A.	Average F.S.W. Assumption	Growth in Employment
<i>Emerging Growth Areas:</i>			
North Hill Growth Area	494,722	900	550
Southwestern Growth Area	777,420	900	864
Southeastern Growth Area	70,675	900	79
West Growth Area	70,675	900	79
Subtotal Emerging Growth Area	1,413,491	900	1,571
Established Growth Area	249,440	900	277
Total City-Wide Growth	1,662,931	900	1,848

As identified in Table 3-2, the City is anticipated to add approximately 1.66 million sq.ft. of gross floor area (G.F.A.) over the 20-year forecast period within the growth areas of the City. Based on average floor space per worker (F.S.W.) assumptions, this equates



to approximately 1,848 additional employees. This can be further broken down between the Established and Emerging Growth Areas as follows:

- Emerging Growth Areas: additional 1.41 million sq.ft. in G.F.A. and 1,571 employees; and
- Established Growth Area: additional 250,000 sq.ft. in G.F.A. and 277 employees.

Note: the Industrial Growth Area has been excluded from the growth forecast as part of the Development Charge calculations. Given that the growth and the associated capital costs for this development is not included in the Development Charge calculation, capital infrastructure required to accommodate industrial development would need to be funded through developer contributions negotiated through development agreements when properties are zoned or subdivided for development or by the City.

The growth-related costs calculated in this study for City-wide services (i.e. water and wastewater treatment, and transportation network infrastructure) are allocated between residential and non-residential development based on the City-wide population to employment ratio over the 20-year forecast period. Table 3-3 provides the population to employment split calculation.

Table 3-3
City-wide Population to Employment Allocation Summary

Population	Employment
12,400	1,848
87%	13%

For network infrastructure other than transportation (i.e., water, sewer and drainage), the growth-related costs are allocated between residential and non-residential development based on the Emerging area and Established area population to employment ratio over the 20-year forecast period. Table 3-4 provides the population to employment split calculation for these area-specific services:



Table 3-4
Established and Emerging Area Population to Employment Allocation Summary

Area	Population	Employment
Emerging Area	9,920	1,571
	86%	14%
Established Area	2,480	277
	90%	10%

3.2.1 Persons per Unit by Unit Type

In determining the overall population growth target, an average P.P.U. of 2.50 was utilized. As discussed further in Chapter 6, the Development Charge is calculated on a per capita basis. This per capita amount is then applied to the different residential unit categories based on the assumed P.P.U. for each category, which is provided below:

- The number of housing units to be constructed in the City of Brandon during the 20-year growth period from 2023 to 2042 is presented above in Table 3-1.
- Population in new units is derived by multiplying the anticipated growth in units by the average persons per unit by dwelling type for new units.
- The P.P.U. for the new housing units by age and type of dwelling is based on 2021 Census data. The total calculated P.P.U. for each density type has been adjusted to account for the downward P.P.U. trend which has been recently experienced in both new and older units, largely due to the aging of the population. The adjusted 20-year average P.P.U.'s by dwelling type are as follows:
 - Low density: 2.735
 - High density: 2.021



Chapter 4

The Approach to the Calculation of the Development Charge



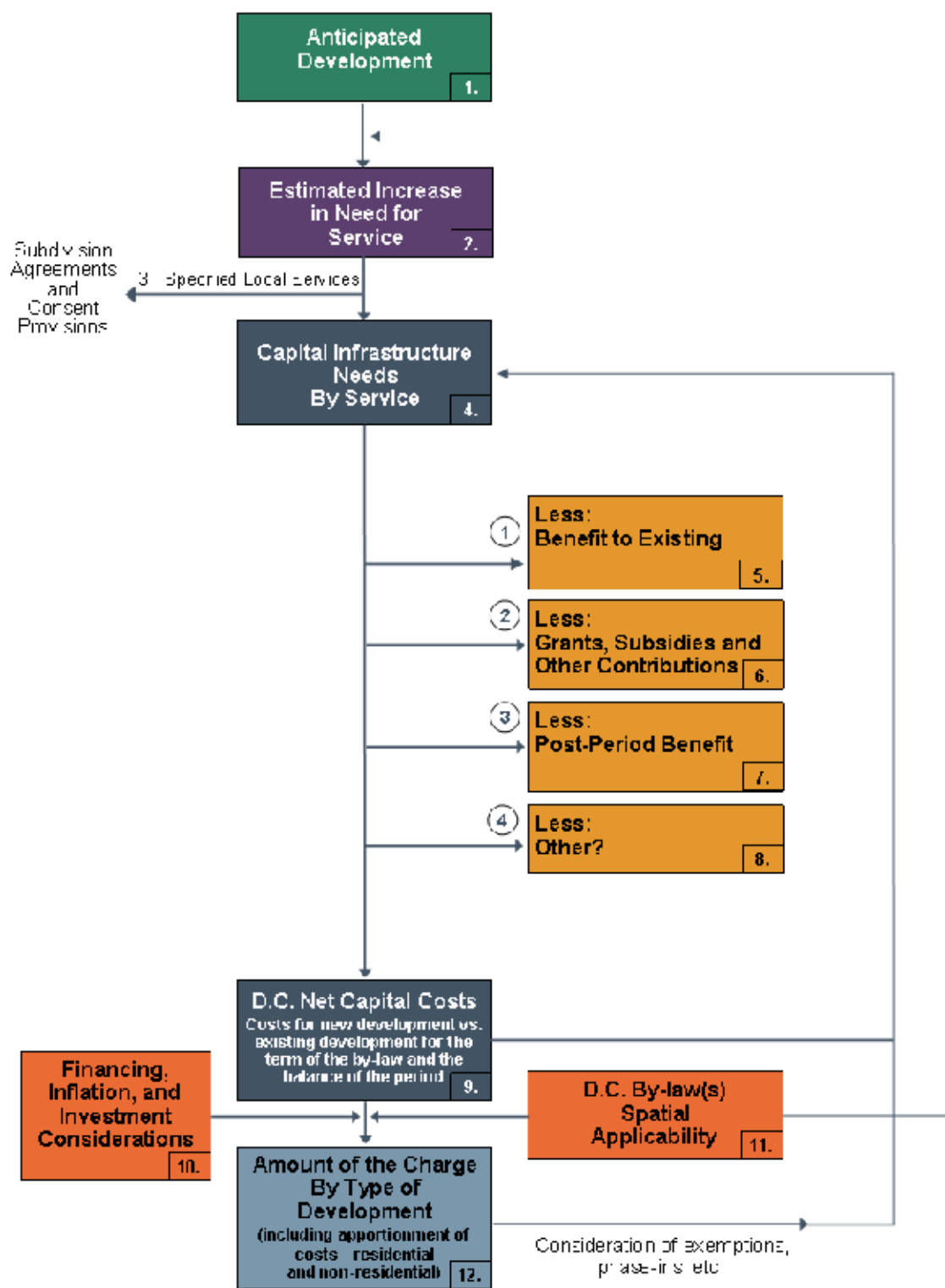
4. The Approach to the Calculation of the Development Charge

4.1 Introduction

This chapter addresses the methodology utilized in calculating a Development Charge for the City of Brandon. The methodology reflects similar methodologies utilized in other districts across Canada. The steps are illustrated schematically in Figure 4-1.



Figure 4-1
The Process of Calculating a Development Charge for the City of Brandon





4.2 Services Potentially Involved

The *Municipal Act*, s. 232(2) provides that a municipality may establish fees or other charges for services, activities or things provided or done by the municipality – this would include capital charges for various services including water, sewer, stormwater management, and transportation.

While the City provides a wide range of services to its residents and would have the ability to collect for many services it provides, only capital works related to transportation, water, wastewater, and stormwater (drainage) have been included within the Development Charge calculation provided herein.

The Development Charge calculation has been provided on a City-wide basis for water treatment, wastewater treatment, and transportation network infrastructure, and on an area-specific basis for water, wastewater, and drainage network infrastructure. The area-specific charge has been differentiated by the Emerging Growth Area versus the Established Growth with Development Charges only being imposed on the Emerging Growth Area for these services.

It is noted that through this study process, three different calculation options were evaluated and reviewed with City staff:

1. Established versus Emerging area-specific charges (current methodology utilized by the City);
2. Uniform City-wide charge for all growth areas (excluding Industrial); and
3. Area-specific charge on the basis of the following areas:
 - a. North Growth Area;
 - b. South Growth Area;
 - c. West Growth Area; and
 - d. Established Growth Area.

The report herein provides for the calculation option of Established and Emerging Growth Area charges (option 1 above), however, the Development Charge calculations for the two other options that were evaluated are provided in Appendix D. This calculation option remains the preferred and recommended option by City Administration.



It is noted that transportation network costs are currently only imposed in the Emerging Area, however, transportation projects provide benefit to the City as a whole. As growth in the City increases, there are increased vehicle trips anticipated on City roads. Many people may work in one area of the City and live in another, or work in another municipality altogether. As such, the increased vehicle trips on roads in the Emerging Growth Areas may be arising from growth and development in the Established Growth Area. As a result, it is recommended that the calculated Development Charge for transportation network infrastructure would apply on a City-wide basis.

The table below provides a summary of the services for which a Development Charge has been calculated:

Table 4-1
Summary of Services Included in Development Charge Calculation

Service	Emerging Growth Area	Established Growth Area
Water Treatment	✓	✓
Wastewater Treatment	✓	✓
Transportation Network	✓	✓
Water Network	✓	
Wastewater Network	✓	
Drainage	✓	

Note: The Industrial Growth Area has been excluded from the growth forecast and Development Charge calculations.



4.3 Increase in the Need for Service

The Development Charge calculation commences with an estimate of “the increase in the need for service attributable to the anticipated development” for each service to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. While the need could conceivably be expressed generally in terms of units of capacity, it is expressed within this study on a project-specific basis (i.e. the listing of capital works to service the development lands). Council will consider this increase in need and approve it within the recommendations provided in Chapter 7.

4.4 Direct Services

Some of the need for services generated by additional development consists of direct services related to a plan of subdivision. As such, they will be required as a condition of subdivision agreements or conditions of approval. These types of costs were denoted in grey within Figure 1-2.

4.5 Capital Forecast

The capital costs necessary to provide the increased services are estimated. Adjustments to the capital costs are then applied to ensure that the costs included in the Development Charge reflect the net growth-related costs necessary to facilitate the anticipated growth in the City. These adjustments are outlined below.

These estimates involve capital costing of the increased services discussed above. This entails costing actual projects or the provision of service units, depending on how each service has been addressed.

The capital costs which may be included are provided as follows:

- a. costs to acquire land or an interest therein (including a leasehold interest);
- b. costs to improve land;
- c. costs to acquire, lease, construct or improve buildings and structures;
- d. costs to acquire, lease or improve facilities, including rolling stock, furniture and equipment;



- e. interest on money borrowed to pay for the above-referenced costs;
- f. costs to undertake studies in connection with the above-referenced matters; and
- g. costs of the development charge background study.

In order for an increase in need for service to be included in the Development Charge calculation, it is recommended that City Council indicate that it intends to ensure that such an increase in need will be met by including the appropriate works within its annual capital budget process. Timing of works should be staged based upon communication with the development community and prioritization of servicing to meet the anticipated demands.

4.6 Eligible Debt and Committed Excess Capacity

For the purposes of developing a Development Charge by-law, a debt incurred with respect to a service may be included as a capital cost. Generally, in order for capital costs to be eligible, they must provide excess capacity to meet service needs attributable to the anticipated development. An example is where the City builds a treatment plant expansion and thus provides capacity for future development to occur.

4.7 Reserve Funds

Section 143(2) of the *Municipal Act* states that a Council must establish a reserve fund, which the levies are to be paid.

There is generally no explicit requirement to net the outstanding reserve fund balance as part of making the Development Charge calculation; however, it is recommended that the existing reserve fund balances be used to net-down the capital costs identified, respective of each service. This can be done as categorizing the reserve fund balance as a benefit to existing development (as those developments that have paid into the reserve funds would then be considered existing development).

The following table provides for the existing reserve fund balances:



Table 4-2
Reserve Fund Balance Summary

Service	Balance up to April 2024
Drainage	\$92,836
Transportation	\$654,606
Water Treatment	\$217,285
Wastewater Treatment	\$296,955
Water Network	\$303,738
Wastewater Network	\$891,878
Total	\$2,457,299

Recommendations on the reporting on reserve funds is set out in Appendix B.

4.8 Deductions

The Development Charge methodology utilized requires that the following deductions be made to the increase in the need for service. These relate to:

- benefit to existing development;
- anticipated grants, subsidies and other contributions; and
- post-period benefit.

The requirements behind each of these reductions are addressed as follows:

4.8.1 Reduction for Benefit to Existing Development

This step involves a further reduction in the need, by the extent to which such an increase in service would benefit existing development. Sanitary and water trunks, and drainage infrastructure are highly localized to growth areas and can be more readily allocated in this regard than other services such as transportation related services, which do not have a fixed service area.

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing facilities simply replicates what existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand,



where a clear existing service problem is to be remedied, a deduction should be made accordingly.

4.8.2 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies and other contributions (including direct developer contributions required for a plan of subdivision) made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes.

4.8.3 Reduction for Post-Period Benefit

For projects which provide a benefit related to development beyond the forecast period utilized for the Development Charge calculation, a deduction is made in relation to that benefit. For example, where a water treatment plant is being expanded to provide for growth over a 30-year period, however the Development Charge calculation only includes the growth forecasted over a 20-year period, a deduction is made for the growth not included in the calculation as part of the 10 years outside of the forecast.



Chapter 5

Development Charge Eligible Cost Analysis by Service



5. Development Charge Eligible Cost Analysis by Service

5.1 Introduction

This chapter outlines the basis for calculating eligible costs for development charges. The required calculation process set out in Chapter 4 was followed in determining Development Charge eligible costs.

The nature of the capital projects and timing identified in the Chapter reflects the City's current intention. However, over time, City projects and Council priorities change and accordingly, Council's intentions may alter and different capital projects (and timing) may be required to meet the need for services required by new growth.

5.2 Capital Costs for Development Charge Calculation

This section evaluates the development-related capital requirements for the services required to service the growth identified in Chapter 3 of this report. Each service component is evaluated on one format sheet: the infrastructure cost calculation, which determines the potential Development Charge recoverable cost.

It is noted that the capital costs associated with growth within the Industrial Growth Area have been excluded from the calculations by applying post-period benefit deductions, until such time industrial development is anticipated.

5.2.1 Land Drainage Services

The City has identified two (2) capital drainage works (broken out by stages/phases) required to facilitate growth over the 20-year period from 2023 to 2042. In addition to the two capital projects, debt financing costs have been included to fund these projects.

- The total gross cost included in the calculations is \$87.84 million:
 - The capital costs of the drainage works is \$61.12 million; and
 - The financing costs related to these projects is \$26.72 million.



- The benefit to existing development is approximately \$45.98 million which includes the existing reserve fund balance of \$92,836.
- The benefit to growth outside of the forecast period is approximately \$11.94 million.
- A further deduction in the amount of \$13.88 million has been made to account for anticipated grant funding.
- A portion of the costs related to drainage would benefit the industrial growth area. Costs related to development in the industrial area total \$12.24 million and have been deducted from the calculations as a City-funded cost.
- As a result of the aforementioned deductions, the Development Charge recoverable amount is approximately \$3.81 million.

Given Land Drainage services are calculated on an area-specific basis for the Emerging Growth Area, the residential/non-residential allocation for all land drainage services have been allocated 86% residential development and 14% non-residential development. This is based on the incremental growth in population relative to employment over the 20-year forecast period within the Emerging Growth Area.



Table 5-1
Infrastructure Costs Included in the Development Charges Calculation
Land Drainage Services

Area-Specific Service (Emerging Growth Area)

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Less:			Net DC Recoverable Cost	Residential Share	Non- residential
			Grants / Subsidies	Other Contributions	Existing Benefit		Post Period Benefit	City Contribution (Industrial Growth)	DC Reserve Funding to Date		86%	14%
SE Drainage Phase 1 - Design (South Portion)	South	468,000	-	-	366,912	101,088	-	-		101,088	87,268	13,820
SE Drainage Phase 1 - Design (Industrial Portion)	Industrial	282,000	-	-	81,871	200,129	-	200,129		-	-	-
SE Drainage Phase 1 - 17th Street E Pond Land Acquisition (South Portion)	South	1,290,000	-	-	1,011,360	278,640	-	-		278,640	240,546	38,094
SE Drainage Phase 1 - 17th Street E Pond Land Acquisition (Industrial Portion)	Industrial	780,000	-	-	327,600	452,400	-	452,400		-	-	-
SE Drainage Phase 1 Stage 1 - 1st to 17th Street (South Portion)	South	8,535,900	-	-	6,572,643	1,963,257	1,090,698	-		872,559	753,266	119,292
SE Drainage Phase 1 Stage 1 - 1st to 17th Street (Industrial Portion)	Industrial	2,564,100	-	-	1,282,050	1,282,050	-	1,282,050		-	-	-
SE Drainage Phase 1 Stage 2 - 17th Street to Richmond Avenue E (South Portion)	South	13,553,280	5,421,300	-	6,375,472	1,756,508	975,838	-		780,670	673,940	106,730
SE Drainage Phase 1 Stage 2 - 17th Street to Richmond Avenue E (Industrial Portion)	Industrial	8,166,720	3,266,700	-	2,058,008	2,842,012	1,705,207	1,136,805		-	-	-
SE Drainage Phase 1 Stage 3 - 1st Street & Richmond Avenue Relief LDS and Zenith Pond (South Portion)	South	4,359,120	1,743,600	-	2,615,520	-	-	-		-	-	-
SE Drainage Phase 1 Stage 3 - 1st Street & Richmond Avenue Relief LDS and Zenith Pond (Industrial Portion)	Industrial	4,500,880	1,800,400	-	-	2,700,480	-	2,700,480		-	-	-
SE Drainage Phase 1 Stage 4 - Southridge Pond Modification and Lady Slipper LDS	South	4,120,000	1,648,000	-	2,472,000	-	-	-		-	-	-
SE Drainage Phase 2 - 17th St E to Assiniboine River (South Portion)	South	5,250,000	-	-	3,885,000	1,365,000	846,300	-		518,700	447,786	70,914
SE Drainage Phase 2 - 17th St E to Assiniboine River (Industrial Portion)	Industrial	7,250,000	-	-	2,102,500	5,147,500	3,191,450	1,956,050		-	-	-
Financing Costs - SE Drainage Phase 1 (South Portion)	South	14,320,581	-	-	11,962,488	2,358,093	1,218,863	-		1,139,230	983,479	155,751
Financing Costs - SE Drainage Phase 1 (Industrial Portion)	Industrial	7,218,124	-	-	2,288,414	4,929,710	1,232,428	3,697,283		(0)	(0)	(0)
Financing Costs - SE Drainage Phase 2 (South Portion)	South	2,177,211	-	-	1,611,136	566,075	350,966	-		215,108	185,700	29,409
Financing Costs - SE Drainage Phase 2 (Industrial Portion)	Industrial	3,006,624	-	-	871,921	2,134,703	1,323,516	811,187		(0)	(0)	(0)
Reserve Fund Adjustment					92,836	(92,836)	-			(92,836)	(80,144)	(12,692)
Total		87,842,540	13,880,000	-	45,977,732	27,984,808	11,935,266	12,236,383	-	3,813,159	3,291,840	521,319



5.2.2 Transportation Services

Roads

The City has identified a number of capital road projects required for growth over the 20-year forecast period from 2023 to 2042. These works include constructing new roads and upgrading and urbanizing existing roads.

- The total gross cost included in the calculations is \$33.48 million.
- The benefit to existing development is approximately \$6.80 million which includes the existing reserve fund balance of \$327,303.
- The benefit to growth outside of the forecast period is approximately \$9.25 million.
- A deduction to recognize contributions from developers for various projects has been made in the amount of \$801,168.
- A further deduction in the amount of \$3.64 million has been made to account for anticipated grant funding.
- As a result of the above deductions, the Development Charge recoverable amount is approximately \$12.99 million.

The Development Charge eligible costs for roads have been allocated 87% to residential development and 13% to non-residential development based on the relative incremental City-wide growth in population and employment over the 20-year forecast period.

Intersections

The City has identified a number of capital intersection projects required to facilitate growth over the 20-year period from 2023 to 2042. These works include new roundabouts, signals, and a geometry enhancement.

- The total gross cost of the projects is approximately \$3.02 million.
- The benefit to existing development is \$519,174 which includes the existing reserve fund balance of \$327,303.
- A deduction to recognize contributions from developers for various projects has been made in the amount of \$18,107.
- As a result of the above, the Development Charge recoverable amount is approximately \$2.00 million.



The Development Charge eligible costs for intersections have been allocated 87% to residential development and 13% to non-residential development based on the relative incremental growth in City-wide population and employment over the 20-year forecast period.



Table 5-2
Infrastructure Costs Included in the Development Charges Calculation
Roads – Transportation Services

City-Wide Service

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Less:	Net DC Recoverable Cost	Residential Share	Non- residential
			Grants / Subsidies	Other Contributions	Existing Benefit		Post Period Benefit		87%	13%
Clare Avenue - 18th St N to Mockingbird Dr	North	950,763	-	301,314	-	649,449	-	649,449	565,213	84,235
Clare Avenue - Mockingbird Dr to 1st St N	North	-	-	-	-	-	-	-	-	-
Braecrest Drive - 18th St N to 1st St N	North	-	-	-	-	-	-	-	-	-
Victoria Avenue - 34th St to 38th St	Established	5,137,506	3,637,506	-	750,000	750,000	-	750,000	652,723	97,277
Maryland Avenue - 26th St to Marquis Cres	South	505,381	-	-	62,563	442,819	-	442,819	385,384	57,435
Patricia Avenue - 18th St to 34th Street	South	5,217,756	-	-	2,571,888	2,645,869	-	2,645,869	2,302,693	343,176
Patricia Avenue - 34th St to 38th St	South	1,626,244	-	-	836,063	790,181	-	790,181	687,693	102,488
Patricia Avenue - 1st St to 18th	South	2,320,000	-	69,854	360,023	1,890,123	-	1,890,123	1,644,969	245,154
Richmond Avenue - 26th St to 34th St	South	2,160,000	-	139,000	1,273,230	747,770	-	747,770	650,782	96,988
1st Street - South of Richmond Ave to Maryland Ave	South	2,160,000	-	291,000	616,770	1,252,230	-	1,252,230	1,089,813	162,417
18th Street - Strathcona Ave to Brian Ave	South	4,150,000	-	-	-	4,150,000	-	4,150,000	3,611,735	538,265
Victoria Avenue E - 17th St E to PTH No. 110	Industrial	2,250,000	-	-	-	2,250,000	2,250,000	-	-	-
17th Street E - PTH No. 110 to Richmond	Industrial	2,500,000	-	-	-	2,500,000	2,500,000	-	-	-
Patricia Avenue E - 1st St to Richmond	Industrial	4,500,000	-	-	-	4,500,000	4,500,000	-	-	-
Reserve Fund Adjustment					327,303	(327,303)		(327,303)	(284,851)	(42,452)
Total		33,477,650	3,637,506	801,168	6,797,839	22,241,137	9,250,000	12,991,137	11,306,156	1,684,982



Table 5-3
Infrastructure Costs Included in the Development Charges Calculation
Intersections – Transportation Services

City-wide Service

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Less:	Net DC Recoverable Cost	Residential Share	Non- residential
			Grants / Subsidies	Other Contributions	Existing Benefit		Post Period Benefit		87%	13%
Maryland Avenue & 26th Street	South	536,816	-	-	53,682	483,134	-	483,134	420,470	62,664
34th Street & Brookwood/Bellafield Collector	South	417,793	-	-	41,779	376,014	-	376,014	327,244	48,770
1st Street & Maryland Avenue	South	546,313	-	-	54,631	491,681	-	491,681	427,909	63,772
Patricia Avenue & 34th Street	South	417,793	-	-	41,779	376,014	-	376,014	327,244	48,770
Patricia Avenue & 18th Street	South	600,000	-	-	-	600,000	-	600,000	522,179	77,821
Victoria Avenue E & 33rd Street E	Industrial	500,000	-	18,107	-	481,893	481,893	-	-	-
Reserve Fund Adjustment					327,303	(327,303)		(327,303)	(284,851)	(42,452)
Total		3,018,715	-	18,107	519,174	2,481,433	481,893	1,999,540	1,740,195	259,345



5.2.3 Water and Wastewater Linear Services

Linear Water (Water Network)

The City has identified seven (7) water network projects required for growth over the 20-year forecast period from 2023 to 2042.

- The total gross cost of the projects is approximately \$8.33 million.
- The benefit to existing development is approximately \$3.97 million which includes the existing reserve fund balance of \$303,738.
- A further deduction to account for the benefit to growth outside of the forecast period is approximately \$1.63 million.
- The Development Charge recoverable amount is approximately \$2.73 million.

The residential/non-residential allocation for linear water services have been allocated 86% towards residential development and 14% towards non-residential development for the 20-year forecast period. This is based on the relative share in growth of population and employment over the forecast period within the Emerging Growth Area.

Linear Wastewater (Sewer Network)

The City has identified seven (7) wastewater network projects required for growth over the 20-year forecast period from 2023 to 2042. These works include various new sewer pipes as well as upgrades to existing sewer pipes, a new lift station, and a lift station upgrade. Additionally, debt financing costs have been included to related to the SW Lift Station Phase 1 and the South End Lift Station Upgrade.

- The total gross cost included in the calculations is \$81.60 million:
 - The capital costs of the sewer works is \$71.57 million; and
 - The financing costs related to these projects is \$10.03 million.
- A deduction related to the benefit of these works to existing development has been made in the amount of \$6.48 million. This amount includes the existing reserve fund balance of \$891,878.
- Further deductions have been made to recognize the following:
 - Other contributions from developers: \$142,800;
 - Anticipated grant funding: \$11.46 million;
 - Deduction to recognize the benefit to growth beyond the forecast period: \$34.60 million;



- A portion of the Gravity Trunk from the Southeast Lift Station to Municipal Pre-treatment Plant would benefit the industrial growth area. The costs related to the industrial growth area of \$103,462 have been deducted from the calculations as the City would fund this portion of the costs; and
- A deduction of \$114,640 has been made to account for the portion of the Maryland Avenue – Lyndale Drive to 9th Street project that has already been funded through the Development Charges reserve fund.
- As a result of the noted deductions, the Development Charge recoverable amount is approximately \$28.70 million.

The residential/non-residential allocation for linear wastewater services have been allocated 86% towards residential development and 14% towards non-residential development for the 20-year forecast period. This is based on the relative share in growth of population and employment over the forecast period within the Emerging Growth Area.



Table 5-4
Infrastructure Costs Included in the Development Charges Calculation
Linear Water (Network) Services

Area Specific Service – Emerging Growth Area

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Less:	Net DC Recoverable Cost	Residential Share	Non- residential
			Grants / Subsidies	Other Contributions	Existing Benefit		Post Period Benefit		86%	14%
18th Street N - Braecrest to Husky - West WM (10" to 12" pipe)	North	2,097,202	-	-	1,887,482	209,720	-	209,720	181,048	28,672
18th Street N - Braecrest Intersection (10" to 12" pipe)	North	300,000	-	-	270,000	30,000	-	30,000	25,899	4,101
South End Water Servicing Plan	All	200,000	-	-	20,000	180,000	-	180,000	155,391	24,609
Patricia Avenue - Currie Blvd to Bellafield Access	South	1,620,000	-	-	-	1,620,000	436,154	1,183,846	1,021,996	161,850
Patricia Avenue - Bellafield Access to 34th St	South	1,460,000	-	-	-	1,460,000	561,538	898,462	775,628	122,834
Patricia Avenue - 34th St to 38th St	South	1,000,000	-	-	-	1,000,000	576,923	423,077	365,236	57,841
Highland Avenue/PTH 1 - 18th St to 1st St	North	1,650,000	-	-	1,485,000	165,000	55,000	110,000	94,961	15,039
Reserve Fund Adjustment					303,738	(303,738)		(303,738)	(262,212)	(41,526)
Total		8,327,202	-	-	3,966,220	4,360,982	1,629,615	2,731,367	2,357,946	373,421



Table 5-5
Infrastructure Costs Included in the Development Charges Calculation
Linear Wastewater (Sewer Network) Services

Area Specific Service – Emerging Growth Area

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Post Period Benefit	Less:		Net DC Recoverable Cost	Residential Share	Non- residential Share
			Grants / Subsidies	Other Contributions	Existing Benefit			City Contribution (Industrial Growth)	DC Reserve Funding to Date		86%	14%
Kirkcaldy Drive Lift Station & Forcemain	North	12,738,152	11,464,337	142,800	-	1,131,015	531,577	-	-	599,438	517,485	81,953
Pacific Ave - 1st St to Douglas St	All	3,238,810	-	-	3,049,810	189,000	-	-	-	189,000	163,161	25,839
Maryland Avenue - Lyndale Dr to 9th St	South	703,904	-	-	567,489	136,416	-	-	114,640	21,775	18,798	2,977
SW Lift Station Phase 1 – Design & Contract Administration	South	1,977,000	-	-	-	1,977,000	988,500	-	-	988,500	853,357	135,143
SW Lift Station Phase 1 - 34th Street Lift Station	South	11,305,000	-	-	-	11,305,000	5,652,500	-	-	5,652,500	4,879,715	772,785
SW Lift Station Phase 1 - 18th Street lift station	South	6,980,000	-	-	-	6,980,000	3,490,000	-	-	3,490,000	3,012,862	477,138
SW Lift Station Phase 1 - Gravity Sewers to 34th Street LS	South	3,386,374	-	-	-	3,386,374	1,693,187	-	-	1,693,187	1,461,702	231,485
SW Lift Station Phase 1 - Gravity sewer to 18th Street LS	South	4,800,000	-	-	-	4,800,000	2,400,000	-	-	2,400,000	2,071,882	328,118
SW Lift Station Phase 1 - SW Lift Station to SE Lift Station - 34th Street Forcemain	South	2,395,000	-	-	-	2,395,000	1,197,500	-	-	1,197,500	1,033,783	163,717
SW Lift Station Phase 1 - SW Lift Station to SE Lift Station - 18th Street Forcemain	South	2,395,000	-	-	-	2,395,000	1,197,500	-	-	1,197,500	1,033,783	163,717
SW Lift Station Phase 1 - Land Acquisition	South	21,705	-	-	-	21,705	10,853	-	-	10,853	9,369	1,484
SW Lift Station Phase 1 - Fibre Communications	South	505,000	-	-	-	505,000	252,500	-	-	252,500	217,979	34,521
Financing Costs - SW Lift Station Phase 1	South	9,668,773	-	-	-	9,668,773	4,834,387	-	-	4,834,387	4,173,450	660,937
Gravity Trunk - Southeast Lift Station to Municipal Pre- treatment Plant	South	16,474,106	-	-	1,205,759	15,268,347	12,355,580	103,462	-	2,809,305	2,425,229	384,076
South End Lift Station Upgrade	South	2,165,000	-	-	652,593	1,512,407	-	-	-	1,512,407	1,305,637	206,770
Financing Costs - South End Lift Station Upgrade	South	357,421	-	-	107,737	249,684	-	-	-	249,684	215,549	34,136
Maryland Avenue - 26th St to Lyndale Dr	South	2,488,600	-	-	-	2,488,600	-	-	-	2,488,600	2,148,369	340,231
Reserve Fund Adjustment		-	-	-	891,878	(891,878)	-	-	-	(891,878)	(769,945)	(121,934)
Total		81,599,847	11,464,337	142,800	6,475,267	63,517,443	34,604,083	103,462	114,640	28,695,258	24,772,166	3,923,092



5.2.4 Water Treatment Services

The City has identified five (5) capital water treatment projects required for growth over the 20-year forecast period from 2023 to 2042. These projects include various upgrades to the existing water treatment plant. Additionally, debt financing costs have been included to fund the capital projects.

- The total gross cost included in the calculations is \$292.47 million:
 - The capital costs of the works is \$267.86 million; and
 - The financing costs related to these projects is \$24.61 million.
- The following deductions have been made to the gross capital cost:
 - The benefit to existing development is approximately \$91.72 million which includes the existing reserve fund balance of \$217,285
 - Anticipated grant funding, assumed at 50% of the overall costs, in the amount of \$147.04 million has been deducted from the calculation.
 - The portion of costs related to growth outside of the forecast period is \$18.26 million. This amount has been deducted from the calculations.
 - A portion of the costs related to water treatment would benefit the industrial growth area. Costs related to the industrial area total \$1.27 million and have been deducted from the calculations as a City-funded cost.
- As a result of the above, the Development Charge recoverable amount is approximately \$34.19 million

The residential/non-residential allocation for water treatment services have been allocated 87% residential development and 13% non-residential development for the 20-year forecast period based on incremental City-wide growth in population relative to employment.

It shall be noted that an assumption has been made that major capital works for water treatment facilities will receive 50% grant funding within the Development Charge calculations. This is a risk to both the City and the Development community. The City will endeavor to pursue grant funding; however, there is the potential that without grant funding, the treatment projects will not proceed and development will be delayed or halted without a source of additional funds. Future Development Charges will be impacted by shortcomings in grant funding assumptions.



It should also be noted that an assumption has been made that the water treatment facilities will not proceed without grant funding, based on rate revenue forecasting and capital expenditure projections.

Historically, the City has been granted favourable funding ratios on major treatment projects due to water quality driving the upgrades; however, from recent experience with current grant funding models, the requirement is for municipalities to contribute 50% of capital costs to be eligible for funding. Often the grant does not include consulting services to support the design or construction works. Water quality should not be drivers for upgrades at the treatment facilities on the 20 year horizon, with the projects identified driven by both growth and asset management improvements. Growth and development have historically not been successful rationale for water treatment grant funding.



Table 5-6
Infrastructure Costs Included in the Development Charges Calculation
Water Treatment Services

City-wide Service

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Less:		Net DC Recoverable Cost	Residential Share 87%	Non- residential Share 13%
			Grants / Subsidies	Other Contributions	Existing Benefit		Post Period Benefit	City Contribution (Industrial Growth)			
Upgrade to Existing Water Treatment Plant (includes Chemical Building, Membrane Building, Intake & Settling Pond, Existing Plant Upgrades)	All	181,762,870	103,989,065	-	54,314,112	23,459,693	3,127,959	722,185	19,609,548	17,066,143	2,543,406
High Lift Pump Station	All	20,900,000	10,450,000	-	5,225,000	5,225,000	2,960,833	80,423	2,183,743	1,900,506	283,237
UF Expansion	All	5,000,000	2,500,000	-	-	2,500,000	1,916,667	20,720	562,613	489,641	72,972
Residuals Treatment Upgrade	All	13,200,000	6,600,000	-	4,609,176	1,990,824	1,194,495	28,286	768,044	668,427	99,617
New Reservoir	All	47,000,000	23,500,000	-	11,750,000	11,750,000	5,875,000	208,681	5,666,319	4,931,384	734,935
Financing Costs - Upgrade	All	16,500,516	-	-	11,523,300	4,977,216	663,629	153,219	4,160,368	3,620,758	539,610
Financing Costs - All Other Projects (in-period)	All	8,110,850	-	-	4,079,976	4,030,874	2,519,132	53,697	1,458,045	1,268,933	189,112
Reserve Fund Adjustment					217,285	(217,285)			(217,285)	(189,103)	(28,182)
Total		292,474,236	147,039,065	-	91,718,849	53,716,322	18,257,715	1,267,211	34,191,396	29,756,689	4,434,707



5.2.5 Wastewater Treatment Services

The City has identified five (5) capital wastewater treatment projects required for growth over the 20-year forecast period from 2023 to 2042. These projects include various upgrades to the existing wastewater treatment plant and a new maintenance shop. Additionally, debt financing costs have been included to fund the five (5) capital projects.

- The total gross cost included in the calculations is \$126.99 million:
 - The capital costs of the works is \$110.75 million; and
 - The financing costs related to these projects is \$16.24 million.
- The following deductions have been made to the gross capital cost:
 - The benefit to existing development is approximately \$20.03 million which includes the existing reserve fund balance of \$296,955.
 - Anticipated grant funding, assumed at 50% of the overall costs, in the amount of \$71.58 million has been deducted from the calculation.
 - Other contributions from the Province of \$1.50 million have been deducted from the Maintenance Shop.
 - The portion of costs related to growth outside of the forecast period is \$15.71 million. This amount has been deducted from the calculations.
 - A portion of the costs related to water treatment would benefit the industrial growth area. Costs related to the industrial area total approximately \$656,408 and have been deducted from the calculations as a City-funded cost.
- As a result of the above, the Development Charge recoverable amount is approximately \$17.53 million

The residential/non-residential allocation for wastewater treatment services have been allocated 87% residential development and 13% non-residential development for the 20-year forecast period based on incremental growth in population relative to employment on a City-wide basis.

Similar to water treatment infrastructure, an assumption has been made that major capital works for wastewater treatment facilities will receive 50% grant funding within the Development Charge calculations. This is a risk to both the City and the Development community. The City will endeavor to pursue grant funding; however, there is the potential that without grant funding, the treatment projects will not proceed and



development will be delayed or halted without a source of additional funds. Future Development Charges will be impacted by shortcomings in grant funding assumptions.

It should also be noted that an assumption has been made that the wastewater treatment facilities will not proceed without grant funding, based on rate revenue forecasting and capital expenditure projections.



Table 5-7
Infrastructure Costs Included in the Development Charges Calculation
Wastewater Treatment Services

City-Wide Service

20-year Capital Needs (2023 to 2042) Project Descriptions	Growth Area	Gross Capital Cost 2023\$	Less:			Net Growth- related Cost	Less:		Net DC Recoverable Cost	Residential Share 87%	Non- residential Share 13%
			Grants / Subsidies	Other Contributions	Existing Benefit		Post Period Benefit	City Contribution (Industrial Growth)			
Upgrade to Existing Treatment Plant	All	79,000,000	57,200,000	-	16,845,455	4,954,545	-	175,986	4,778,560	4,158,769	619,791
Membrane Tank 10	All	3,200,000	1,600,000	-	-	1,600,000	598,695	35,566	965,738	840,480	125,259
Maintenance Shop	All	3,000,000	-	1,500,000	-	1,500,000	-	53,280	1,446,720	1,259,077	187,643
Screening Addition	All	25,200,000	12,600,000	-	-	12,600,000	7,560,000	179,021	4,860,979	4,230,498	630,481
WRF Expansion Conceptual Design and Licence Update	All	350,000	175,000	-	52,500	122,500	-	4,351	118,149	102,825	15,324
Financing Costs - Wastewater Treatment	All	16,243,832	-	-	2,830,695	13,413,138	7,551,578	208,203	5,653,357	4,920,103	733,254
Reserve Fund Adjustment					296,955	(296,955)			(296,955)	(258,439)	(38,516)
Total		126,993,832	71,575,000	1,500,000	20,025,605	33,893,228	15,710,273	656,408	17,526,547	15,253,311	2,273,235



Chapter 6

Development Charge Calculation



6. Development Charge Calculation

6.1 Basis of Calculation

As part of this study process, the City evaluated a number of different calculation options:

Table 6-1
Development Charge Calculation Options

Service	Option 1	Option 2	Option 3
Water Treatment	City-wide	City-wide	City-wide
Wastewater Treatment	City-wide	City-wide	City-wide
Transportation Network	City-wide	City-wide	City-wide
Water Network	Area-specific: <ul style="list-style-type: none">• Emerging Area only	City-wide	Area Specific: <ul style="list-style-type: none">• North Area• South Area• West Area• Established Area
Sewer Network	Area-specific: <ul style="list-style-type: none">• Emerging Area only	City-wide	Area Specific: <ul style="list-style-type: none">• North Area• South Area• West Area• Established Area
Drainage	Area-specific: <ul style="list-style-type: none">• Emerging Area only	City-wide	Area Specific: <ul style="list-style-type: none">• North Area• South Area• West Area• Established Area



All three calculation options were undertaken and evaluated as part of the study process. Through discussions with City staff, the preferred calculation methodology is Option 1, based on it being the most equitable rate structure in the long term while providing an incentive to infill development (i.e. promotes redevelopment in the downtown), and has been presented herein. The alternative calculation options are presented in Appendix D for informational purposes.

6.2 Calculation of Development Charge

Table 6-2 calculates the proposed uniform Development Charges to be imposed on anticipated development in the Emerging Growth Area over a 20-year forecast period from 2023 to 2042. Table 6-3 calculates the proposed uniform Development Charges to be imposed on anticipated development in the Established Growth Area over a 20-year forecast period from 2023 to 2042.

The calculation for residential development is generated on a per capita basis and is based upon two forms of housing types (low-density and high-density units). The non-residential Development Charge is calculated on a per sq.ft. of G.F.A. basis for all types of non-residential development. It is noted that industrial development within the Industrial Growth Area has not been included in the Development Charge calculations.

For the residential calculations, the total cost is divided by the 20-year growth in population to determine the per capita amount. The cost per capita is then multiplied by the average occupancy of the new units to calculate the charge in Table 6-1.

With respect to non-residential development, the total costs in the uniform charge allocated to non-residential development (based on need for service) have been divided by the anticipated development over the planning period to calculate a cost per sq.ft. of G.F.A.



Table 6-2
Development Charge Calculation
Emerging Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$650	\$480	\$0.26
Wastewater Linear	\$6,830	\$5,047	\$2.78
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$908	\$671	\$0.37
Total	\$21,193	\$15,660	\$8.62

Table 6-3
Development Charge Calculation
Established Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Total	\$12,805	\$9,462	\$5.21



Chapter 7

Development Charge Policies



7. Development Charge Policies

7.1 Introduction

Rules can be developed to determine if a Development Charge is payable in any particular case and to determine the amount of the charge, subject to any limitations. In general, the rules may provide for exemptions, phasing in, and/or indexing of Development Charges.

The rules provided herein give regard to the City's existing policies; however, there are items under consideration at this time and these may be refined prior to adoption of the by-law.

7.2 Development Charge By-law Structure

It is recommended that:

- The City uses a uniform City-wide Development Charge calculation for water treatment, wastewater treatment, and transportation network infrastructure;
- The City uses an area-specific Development Charge calculation for the Emerging Growth Area for drainage, water network, and wastewater network infrastructure; and
- One municipal Development Charge by-law be used for all services.

It is noted that the City currently imposes City-wide Development Charges for water and wastewater treatment, and area-specific Development Charges for all network infrastructure (i.e. water distribution, wastewater collection, drainage, and transportation). Development Charges related to network infrastructure are currently only imposed within the Emerging Area.

It is recommended that the City apply the transportation network charge on a City-wide basis, given that this infrastructure provides a broad benefit. It is recommended to continue imposing the Development Charges for network infrastructure related to water, wastewater, and drainage on development in the Emerging Area only.



It is noted that the growth and associated capital costs within the Industrial Growth Area in the City have been excluded from the calculations. The capital costs have been identified as post-period benefit until such time industrial development is anticipated.

7.3 Development Charge By-law Rules

The following subsections set out the recommended rules governing the calculation, payment and collection of Development Charges in accordance with The *Municipal Act* and the *Planning Act*.

The Administration recommends that the following sections provide the basis for the development charges:

7.3.1 Determination of the Amount of the Charge

The following conventions be adopted:

- 1) Costs allocated to residential uses will be assigned to different types of residential units based on the average occupancy for each housing type constructed during the previous decade.
- 2) Costs allocated to non-residential uses will be assigned based on the amount of square feet of gross floor area constructed for eligible uses (i.e. industrial, commercial and institutional) or will be assigned to one category for all non-residential uses.
- 3) Costs allocated to residential and non-residential uses are based on the following:
 - For water treatment, wastewater treatment, and transportation network infrastructure, an 87% residential/13% non-residential allocation has been made based on population vs. employment growth over the 20-year forecast period.
 - For water network, wastewater network, and drainage infrastructure, an 86% residential/14% non-residential allocation has been made based on population vs. employment growth in the Emerging Growth Area over the 20-year forecast period.



7.3.2 Application for Redevelopment of Land (Demolition and Conversion)

If a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- 1) the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or
- 2) the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures and if the demolition permit related to the site was issued less than 60 months prior to the issuance of a building permit. The credit can, in no case, exceed the amount of development charges that would otherwise be payable.

7.3.3 Exemptions (full or partial)

Development Charges shall not apply to residential accessory buildings. In addition, the City does not charge Development Charges to industrial areas which fall outside of the Established and Emerging growth areas.

7.3.4 Phasing in

No provisions for phasing in the Development Charge are provided in the development charge by-law, however, Council may implement a phase-in of the calculated charges upon consideration of the by-law.

7.3.5 Timing of Collection

A Development Charge that is applicable shall be calculated and payable;

- where a development and/or building permit is required in relation to a building or structure, the owner shall pay the Development Charge prior to the issuance of a permit or prior to the commencement of development or redevelopment as the case may be; and



- Despite the above, Council, from time to time, and at any time, may enter into agreements providing for all or any part of a development charge to be paid before or after it (i.e. delayed payment approved by an agreement) would otherwise be payable.

It is noted that the City currently imposes Development Charges based on the following timing:

- For network infrastructure (i.e. water, wastewater, drainage, and transportation) 50% of the charge is calculated and payable on a per hectare basis at the time of development agreement.
- The remaining 50% of the network charge and 100% of the treatment charge is calculated and payable upon issuance of a building permit on a per unit (residential) or per sq.ft. (non-residential) basis.

Based on the best practices policy review, imposing Development Charges at the time of building permit may provide more accurate charges, as the type of development is known. Furthermore, imposing charges on a per hectare basis may be less equitable than imposing charges on a per unit or per sq.ft. basis.

7.3.6 *Transitional Rules*

With the new Development Charges By-law, all development charges will be paid at the time of building permit. For previously approved developments that have paid development charges at the time of development agreement, a credit will be applied at the time of permit equal to the total contribution at the time of development agreement. The credit will be calculated by the total development charge paid divided by the number and type of residential units and/or square footage of non-residential approved. For example, a subdivision to create 20 single detached residential units paying \$100,000 would be provided a \$2,000 per unit credit for each detached unit at the time of building permit.

7.3.7 *Indexing*

Indexing of the Development Charges shall be implemented on a mandatory basis for this by-law. The Development Charges shall be indexed annually by the amount equal to the previous year's Statistics Canada Non-residential Building Construction Price Index (Winnipeg) percentage increase (or decrease) between Q2 of the current year



and Q2 of the previous year. The indexed development charges for the new year will become effective January 1st in the annual City of Brandon Fee Schedule By-law.

The City currently indexes the charge based on the Consumer Price Index, however, based on the best practices review, it is recommended to utilize the Construction Price Index to more closely align to increases in Development Charge capital project costs.

7.3.8 The Applicable Areas

The charges developed herein provide for Development Charges to be imposed City-wide, excluding the Industrial Area for water treatment, wastewater treatment, and transportation infrastructure. The charges related to water network, wastewater network and drainage infrastructure are to be imposed on an area-specific basis on the Emerging Growth Area only.

7.4 Other Development Charge By-law Provisions

It is recommended that:

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

The City's Development Charge collections are currently reserved in six (6) separate reserve funds: Drainage, Transportation, Water Treatment, Wastewater Treatment, Water Network, and Wastewater Network. The collection in these separate reserve funds is recommended to continue.

7.4.2 By-law In-force Date

A Development Charges by-law comes into force on the day after which the by-law is passed by Council.



Chapter 8

By-law Implementation



8. By-law Implementation

Once the City has calculated the charge, prepared the complete background study, carried out the public process and passed a new by-law, the emphasis shifts to implementation matters.

These include notices, potential appeals and complaints, credits, front-ending agreements, subdivision agreement conditions and finally the collection of revenues and funding of projects.

The following sections overview the requirements in each case.

8.1 Notice of Passage

When a Development Charge by-law is passed, the City Clerk should give notice of passing along with any procedures Council deems desirable as part of the implementation process. Such notice should be given within a reasonable amount of time after the day the by-law is passed (i.e. as of the day of newspaper publication or the mailing of the notice).

8.2 By-law Pamphlet

In addition to the “notice” information, the City may prepare an information handout explaining each Development Charge by-law in force, setting out:

- a description of the general purpose of the Development Charges;
- the “rules” for determining if a charge is payable in a particular case and for determining the amount of the charge; and
- the services to which the Development Charges relate.

The City should provide one copy of the most recent information handout without charge, to any person who requests one.

8.3 Complaints and Appeals

A person required to pay a development charge, or his agent, may object, dispute, or grieve to the General Manager of Development Services imposing the charge that:



- the amount of the charge was incorrectly determined;
- the reduction to be used against the Development Charge was incorrectly determined; or
- there was an error in the application of the Development Charge.

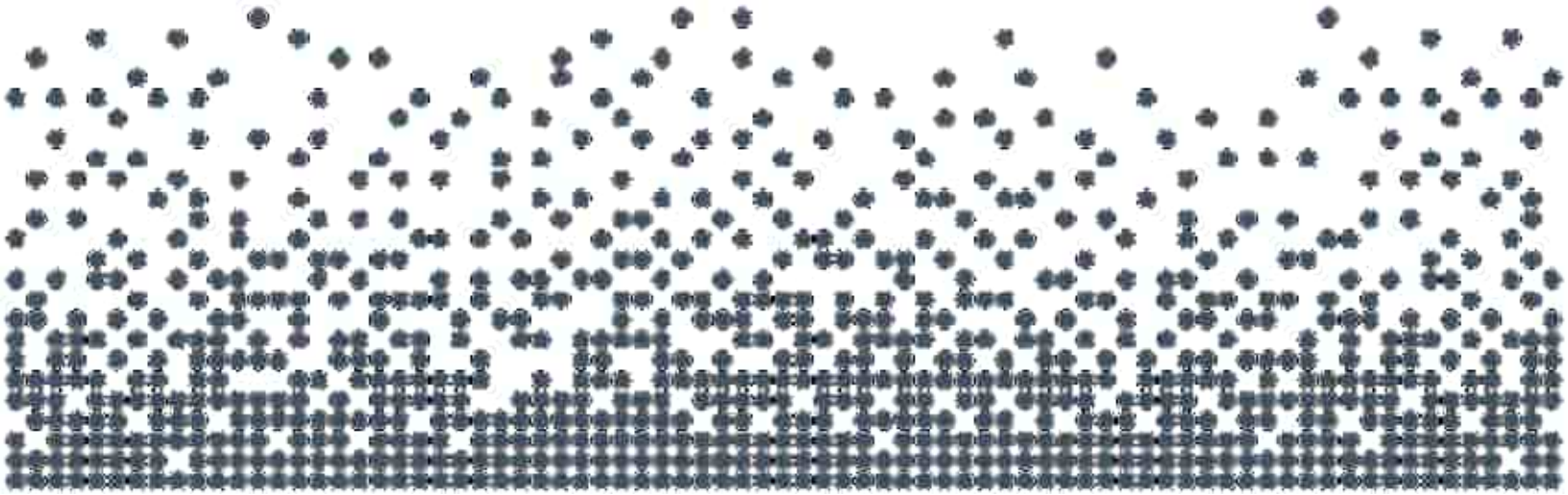
If the individual is not satisfied with the decision received from the General Manager of Development Services, then this matter may be appealed directly to the Planning Commission, in writing.

8.4 Credits

Regarding credits where a City agrees to allow a person to perform work in the future that relates to a service in the Development Charge by-law, these credits would be used to reduce the amount of development charges to be paid. The value of the credit is limited to the reasonable cost of the work which does not exceed the average level of service. The credit applies only to the service to which the work relates, unless the City agrees to expand the credit to other services for which a development charge is payable.

8.5 Front Ending Agreements

The City and one or more landowners may enter into a front-ending agreement that provides for the costs of a project that will benefit an area in the City to which the Development Charge by-law applies. Such an agreement can provide for the costs to be borne by one or more parties to the agreement who are reimbursed in future by persons who develop land defined in the agreement.



Appendices



Appendix A

Best Practices Policy Review



Appendix A: Development Charges Policy Review and Recommendations

A.1 Introduction

The City of Brandon currently imposes Development Charges (Development Charges) on new development to recover the capital costs associated with growth. The City has retained the consulting team of Watson & Associates Economists Ltd. (Watson) and Dillon Consulting Limited (Dillon) to undertake a Development Charges Background Study, including a review of the City's capital project list, calculation model, and Development Charges policies.

This memorandum provides Watson's review of the legislative framework, the City's current Development Charges policies, a review of best practices across Canada, and recommended revisions/updates to the process for City staff and Council's consideration.

A.2 Legislative Framework

There are three main pieces of legislation which provide municipalities in Manitoba with the authority to impose Development Charges: the *Planning Act*, the *Municipal Act*, and the *Public Utilities Board Act*. These are all discussed in turn below:

Municipal Act

The *Municipal Act* sets out general provisions respecting municipal operations. With respect to capital charges, Section 232(2) provides for the following:

A council may:

Establish fees or other charges for services, activities or things provided or done by the municipality or for the use of property under the ownership, direction, management or control of the municipality

This would include capital charges for various services including water, wastewater, stormwater management, and transportation.

Sections 250(1), 250(2)(b) and (c), and 252 (1) and (2) of the Act address charges related to development in a municipality and generally provide for the following:

250(1): A municipality is a corporation and, subject to this Act, has the right and is subject to the liabilities of a corporation and may exercise its powers for municipal purposes



250(2) Without limiting the generality of subsection (1), a municipality may for municipal purposes do the following: ...

(b) construct, operate, repair, improve and maintain works and improvements;

(c) acquire, establish, maintain and operate services, facilities and utilities;

252(1) A municipality exercising powers in the nature of those referred to in clauses 250(2) (b) and (c) may set terms and conditions in respect of users, including:

Setting the rates or amounts of deposits, fees and other charges, and charging and collecting them...

252(2) A charge referred to in clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this Act.

Generally, these sections of the *Municipal Act* provide municipalities the authority to construct infrastructure and to impose rates on the development that requires such capital works to be constructed.

Planning Act

Section 143(1) of the *Planning Act* allows a council to set the levies to be paid by subdivision applicants to compensate the municipality for the capital costs as follows:

A council may, by by-law, set the levies to be paid by applicants to compensate the municipality for the capital costs specified in the by-law that may be incurred by the subdivision of land.

Section 143(2) states that a Council must establish a reserve fund to deposit levies that are paid:

A council must establish a reserve fund under the Municipal Act into which the levies are to be paid.

It is noted that Section 150 provides for the authority to require a developing landowner to enter into a development agreement and construct local works at the owner's expense. Within Brandon, the local service policy outlines the works that are the developer's responsibility to construct.

Public Utilities Board Act

The Public Utilities Board of Manitoba (PUB) is an administrative tribunal that has broad oversight and supervisory powers over public utilities. Section 82(1)(b) of the *Public Utilities Board Act* requires authorization from the Board to impose any rate or charge:



No owner of a public utility shall...

(b) without the written authorization of the board...make, impose, exact, or collect, any rate, toll, fare, or charge, or any schedule or rates, either individual or joint, for any product supplied or service rendered by it within the province

Section 64(2) provides that the board may disallow a charge that appears unjust or excessive:

...the board may...disallow or change, as it think reasonable, any such tolls or charges as, in its opinion, are excessive, unjust, or unreasonable or unjustly discriminate between different persons or different municipalities

Compared to other Provinces, there is limited legislative direction on the calculation and administration of Development Charges. The following section will provide an overview of the City's current Development Charges policies, followed by a survey of best practices across Canada. Based on these best practices and a comparison to Brandon's policies, recommendations are provided at the end of this memo for consideration.

A.3 Current Development Charges Policies

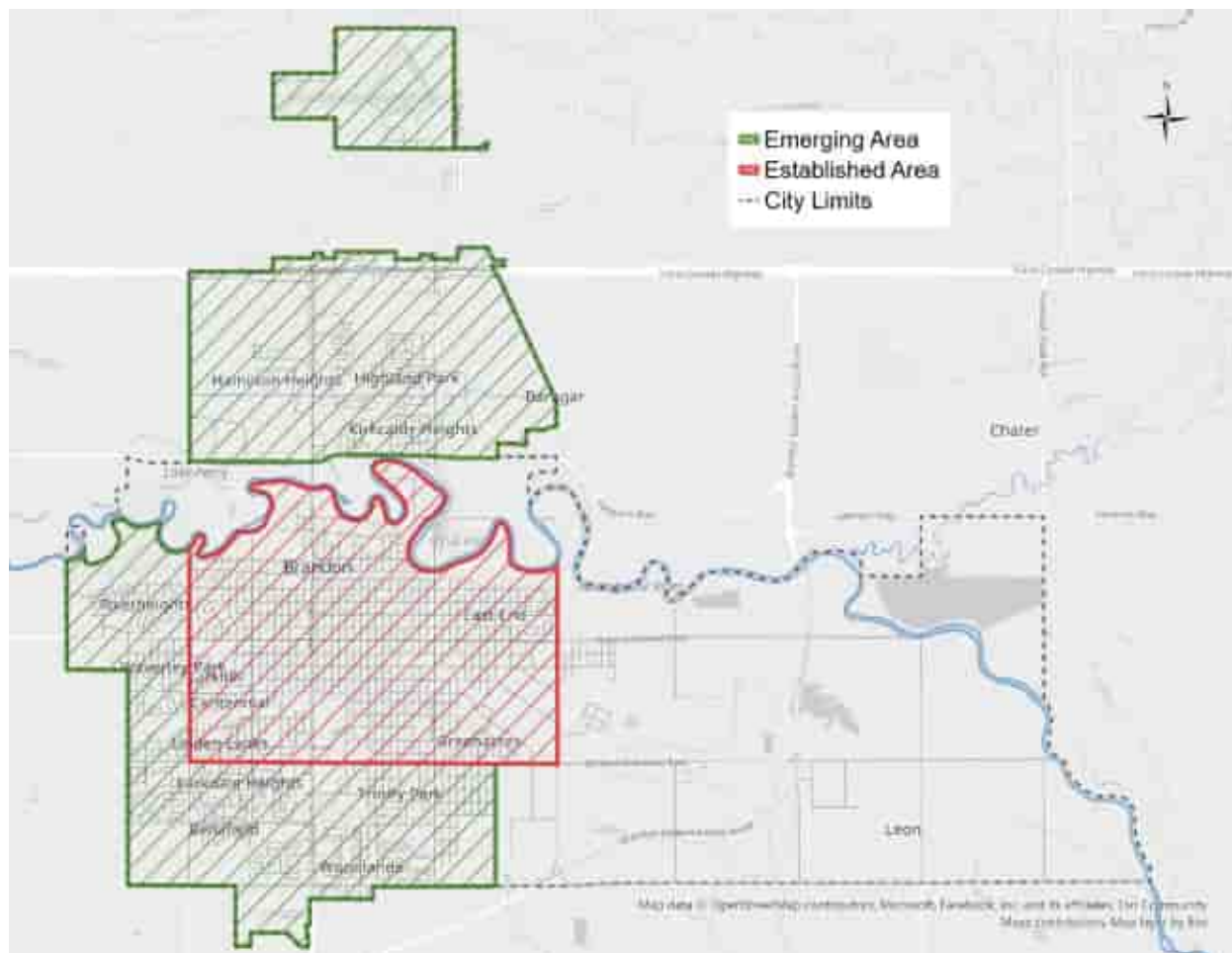
The following subsections provide a summary of the City's current Development Charges policies with respect to indexing, exemptions, reserve funds, etc.

A.3.1 Development Charge By-law Structure

The City of Brandon currently imposes Development Charges under By-law No. 7175. The City utilizes a uniform City-wide Development Charge calculation for water and wastewater treatment and an area based Development Charge for all linear infrastructure (e.g. water distribution, wastewater collection, and stormwater sewers). This area charge is differentiated between the Established Area and the Emerging Area, based on the map below:



Figure A-1
City of Brandon
Map of Development Charge Areas



A.3.2 Services Covered

The following services are covered under By-law No. 7175:

- Treatment:
 - Water
 - Wastewater
- Network Infrastructure:
 - Transportation
 - Water
 - Wastewater
 - Drainage



It is noted that Development Charges related to network infrastructure are only imposed within the Emerging Area, whereas treatment costs are imposed both within the Emerging Area and the Established Area.

A.3.3 Local Service Policy

In addition to the services above, new development creates the need for new localized services (e.g., local streets, localized watermains/wastewater sewers, etc.). These localized works are related to a plan of subdivision and as such are required to be constructed by the developing landowner as a condition of development agreement or conditions of subdivision approval.

As part of the original Development Charges background study, a local service policy was developed to outline the guidelines as to what works are to be considered direct developer responsibility and what works are to be included in the Development Charges calculation. Generally, works that are internal to a development or benefit a single development would be considered direct developer responsibility whereas works external to one development area that are required for growth would be included in the Development Charges calculation. The local service policy outlines the hierarchy of cost recovery with respect to the following capital components:

- Collector roads;
- Traffic signals;
- Intersection improvements;
- Sidewalks;
- Bike routes/bike lanes/bike paths/multi-use trails/naturalized walkways;
- Noise abatement measures;
- Land acquisition;
- Storm water management;
- Water;
- Sanitary sewer; and
- Parkland development.

It should be noted that the Local Service Policy has been superseded by the Development Charges Capital Infrastructure Policy as per Appendix C.

A.3.4 Timing of Collection

Established Area

Within the Established Area, Development Charges related to water and wastewater treatment are imposed and collected prior to the issuance of a building permit.



Emerging Area

Charges for network infrastructure (50% of the total network charge) are calculated and payable prior to the issuance of a certificate of approval for a subdivision (plan of subdivision or condominium) or prior to a rezoning receiving third reading under the *Planning Act*.

Charges for water and wastewater treatment and the remaining 50% of the network infrastructure charge are calculated and payable prior to the issuance of a building permit.

A.3.5 Determination of the Amount of the Charge

The following conventions are utilized to determine the charge:

- Costs allocated to residential uses are assigned to different types of residential units based on the average occupancy for each housing type constructed during the previous decade;
- Costs allocated to non-residential uses are assigned based on the amount of square feet of gross floor area constructed;
- Costs allocated to residential and non-residential uses are based on population versus employment growth over the buildout forecast period (i.e. 84% residential/16% non-residential);

For Development Charges that are collected prior to Subdivision or Rezoning Application date (i.e. for network infrastructure within the Emerging Area), the charge is based on the net hectares of developable area, for both residential and non-residential. Net hectares exclude lands related to:

- Public or school reserves;
- Public streets;
- Private roads;
- Land for municipal services; and
- Land not suitable for building sites as defined in the *Planning Act*.

A.3.6 Redevelopment Allowance

If a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or



- the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures and if the demolition permit related to the site was issued less than 60 months prior to the issuance of a building permit. The credit can, in no case, exceed the amount of development charges that would otherwise be payable.

A.3.7 Indexing

Rates are governed by the annual schedule of fees. Adjustments are applied annually in September of each year to come in effect January 1 of the upcoming year, in accordance with Statistics Canada's Consumer Price Index (Manitoba) year over year increase.

A.3.8 Reserve Funds

The City has established six (6) separate reserve funds by by-law for Development Charges collections: Transportation, Drainage, Water Network, Wastewater Network, Water Treatment, and Wastewater Treatment.

The City has a Development Charges Reserve Fund Management Policy (Policy No. 1091) which outlines the use and management of the Development Charges reserve funds. Based on the guidance in the policy, Development Charges reserves are used to fund growth infrastructure projects in accordance with the 10-year capital plan. Where a shortfall exists in the City's reserve funds, the City will fund projects with debt.

A.3.9 Exemptions

Development Charges do not apply to residential accessory buildings. In addition, the City does not charge Development Charges to industrial areas which fall outside of the Established and Emerging growth areas.

It is noted that the Established Area of the City is not subject to the network infrastructure/linear portion of the charge.

A.4 Best Practices in Development Charges Policy Matters

Most Provinces across Canada have some form of legislation providing for recovery of capital costs associated with growth. The legislation varies between Provinces, as does the name of the revenue tool (e.g. Development Charges, Offsite Levies, Development Levies, etc.), however, the principle of recovering growth-related capital costs is consistent across Canada. In this section of the report, all charges will be referred to as Development Charges for consistency.



In reviewing best practices with respect to Development Charges, a survey of best practices across Canada was conducted. Given that the legislation in Manitoba is limited with respect to guidance on Development Charges compared to other Provinces, policies and best practices all across Canada were reviewed to compare to Brandon. The municipalities surveyed are as follows:

Table A-1
Canada-wide Survey
Municipalities Surveyed

Province	Municipalities
British Columbia	<ul style="list-style-type: none">• Vancouver
Alberta	<ul style="list-style-type: none">• Calgary• Edmonton
Saskatchewan	<ul style="list-style-type: none">• Saskatoon• Regina
Manitoba	<ul style="list-style-type: none">• Steinbach
Ontario	<ul style="list-style-type: none">• Peel Region• Niagara Region• Toronto• Ottawa
New Brunswick	<ul style="list-style-type: none">• Moncton
Nova Scotia	<ul style="list-style-type: none">• Halifax

A.4.1 By-law Updates and Indexing

With respect to by-law updates, Brandon does not have any specific requirements through legislation, however, the City seeks to review the calculated charges when significant changes in capital costs are identified. This is similar to the practices observed in Moncton and Vancouver.

Almost all of the municipalities surveyed have specified time frames for updating their Development Charge by-law calculations. Note, in between these reviews, the calculated charges are generally indexed to keep the charges increasing with inflation. Calgary, Edmonton, and Halifax update every 5 years by policy (not required through legislation). In Ontario, the legislative requirement to review the by-law calculations and undertake a study was previously 5 years, however, the Province recently changed the maximum life of a by-law to 10 years. The City of Regina recalculates the charges annually. This includes a review of the anticipated growth as well as the capital project list to determine the updated charges to impose. Saskatoon does not currently have a



formal bylaw or policy, however, they are in the currently undertaking a process to compile their internal policies and procedures to create an official policy.

With respect to indexing of the charges in the by-laws, all municipalities surveyed include some form of indexing, with most utilizing the Statistics Canada Building Construction Price Index. All index annually, with only Regina indexing every two (2) years. Saskatoon reviews and updates their costs based on planned tenders. Increases in costs are verified against Statistics Canada Industry Price Indexes for the previous year. Steinbach provides for an automatic annual increase of 2.5% in the by-law.

The following table provides a summary of the above information.

Table A-2
Canada-wide Survey
Summary of By-law Updates and Indexing

Canada-wide	Mandatory By-law Expiry/Review	Frequency of Update	Annual Indexing
Brandon, MB	No	Every 3 years	Manitoba Consumer Price Index
Steinbach, MB	No	None specified	Automatic annual increase in the rate by 2.5%
Regina, SK	No	Calculations - Annually Policy Review - Every 5 years	Inflationary adjustment (every 2 years)
Saskatoon, SK	No	Annually	
Calgary, AB	No	Every 5 years	StatsCan Construction price index for roads, Municipal Price Index for water, wastewater, and stormwater
Peel Region, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Niagara Region, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Toronto, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Ottawa, ON	Yes	Minimum every 10 years*	StatsCan Construction price index
Moncton, NB	No	Upon significant changes in capital costs	StatsCan Construction price index
Halifax, NS	No	Every 5 years	"all-in cost" debenture rate published by the Nova Scotia Municipal Finance Corporation
Edmonton, AB	No	Every 5 years	the lesser of the Edmonton Non-Residential Construction Price Index or the prime rate charged by the TD Bank in Edmonton plus 1 per cent.
Vancouver, BC	No	None specified	Annual inflationary adjustment report

*As of November 28, 2022, by-laws have a maximum life of 10 years. Was previously 5 years

A.4.2 Services Included in Development Charge Bylaws

The legislation in Manitoba does not specify the services for which Development Charges may be used, however the legislation across Canada varies. Brandon currently imposes charges on water, wastewater, drainage, and roads. The City of



Steinbach imposes charges for these services as well but also collects for fire protection services. It appears that Sections 250(2) and 252(1) of Manitoba's *Municipal Act* provide for the legislative authority to impose charges for any service/facility for which a municipality is responsible.

With respect to other jurisdictions, Regina imposes charges for water, wastewater, and roads, as well as parks and recreation services. Saskatoon imposes levies for trunk sewers, primary watermains, arterial roads and interchanges, as well as parks and recreation. In Ontario, municipalities are allowed to impose charges for 20 different municipal services. In Calgary, the City imposes charges for water, wastewater, drainage, roads, paramedics, recreation facilities, libraries, transit and police. However, Edmonton only charges for wastewater, drainage, roads, and fire. Moncton imposes charges for water, wastewater, drainage, and roads, but is also authorized to impose charges for trails and transit. Halifax imposes charges on water, wastewater, and roads. This information is summarized in the following table:



Table A-3
Canada-wide Survey
Services Included in the Development Charge By-laws

Canada-wide	Water	Wastewater	Drainage	Transportation/ Roads	Parkland Acquisition/ Parkland Development	Affordable Housing	Childcare	Emergency Response Stations/ Paramedics	Recreation Facilities	Libraries	Transit	Police	Long- term Care	Growth Studies	Waste Diversion	Fire
Brandon, MB	✓	✓	✓	✓												
Steinbach, MB	✓	✓	✓	✓												✓
Regina, SK	✓	✓		✓	✓				✓							
Saskatoon, SK	✓	✓		✓	✓				✓							
Calgary, AB	✓	✓	✓	✓				✓	✓	✓	✓	✓				
Peel Region, ON	✓	✓		✓				✓			✓	✓	✓	✓	✓	
Niagara Region, ON	✓	✓		✓				✓			✓	✓	✓	✓	✓	
Toronto, ON	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ottawa, ON	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓		✓
Moncton, NB	✓	✓	✓	✓												
Halifax, NS	✓	✓		✓												
Edmonton, AB		✓	✓	✓												✓
Vancouver, BC	✓	✓	✓	✓	✓	✓	✓									
Total	12	13	8	13	5	1	2	5	5	3	4	5	3	4	3	4

Notes:

Halifax, NS: Roads only special area charge - Dartmouth Cove
Edmonton, AB: Currently only facilities included in charge is fire, however, City phasing in charges for all facilities
Provided in the local municipal DCCs



A.4.3 Application of Charges – Area-specific vs. Municipal-wide

Similar to Brandon, the municipalities included in the survey have the ability to calculate and apply charges on a municipal-wide and/or area-specific basis. There is no consistent approach across Canada, as the infrastructure required to accommodate new development is identified differently in the various jurisdictions.

Service-specific Approach

Water and wastewater charges tend to be area-specific as municipalities may have urban areas which are serviced with water and/or wastewater and the benefitting area of the works may be clearly identified. Many other services provided (roads, parks & recreation facilities, etc.) are not restricted to one specific area and are often used by all residents.

Area-based Approach

Some municipalities may choose to identify specific areas of development and identify costs related to those areas only. This may be due to identification of key growth areas, or the desire to identify greenfield charges separately from infill charges. This may allow for varied discounts, exemptions or other policies Council may wish to impose in certain areas of their municipality.

The following table provides a summary of the how the comparator municipalities impose their charges:



Table A-4
Canada-wide Survey
Application of Charges - Municipal-wide vs. Area-specific

Canada-wide	Municipal-wide Charges	Area-specific Charges
Brandon, MB		Established growth area (only treatment) Emerging growth area (treatment, water/wastewater linear infrastructure, roads and storm)
Steinbach, MB	All services	
Regina, SK		Greenfield vs. Infill charge areas Tower Crossing Area
Saskatoon, SK	All services except for Community Centres	Community Centres
Calgary, AB	Water/Wastewater Treatment	Greenfield Area (uniform water/wastewater linear, transportation, and community services) Greenfield Area (area-specific stormwater) Centre City Levy (all services)
Peel Region, ON	All other services	Water and wastewater based on serviced area Police based on service area (2 providers)
Niagara Region, ON	All other services	Water and wastewater based on serviced area
Toronto, ON	All services	
Ottawa, ON		4 charge areas for residential 2 charge areas for non-residential (1)
Moncton, NB		All services utilize localized area specific charges
Halifax, NS	Water and wastewater	Minor special area charge for roads
Edmonton, AB		All services provided
Vancouver, BC	All services provided	All services provided (2)

Notes:

- Ottawa: For Residential - Inside vs. Outside Greenbelt and rural serviced vs. rural unserved.
For Non-residential: serviced vs. unserved
- Vancouver: Additional charges apply to False Creek Flats and South East False Creek

A.4.4 Application of Charges – Residential vs. Non-residential Rate Categories

When surveying municipalities across Canada, the residential charge application used by Brandon (e.g. per hectare at subdivision stage and per dwelling unit at building permit stage) is unique to the City. The City of Steinbach imposes charges based on unit type, which is similar to the method utilized by approximately half of the municipalities surveyed outside of Toronto.

With respect to non-residential development, most municipalities impose their charges on a per floor area basis or based on the area of the parcel. This is consistent with the approach undertaken in Brandon.

The following table summarized the application of the charges across the municipal comparators:



Table A-5
Canada-wide Survey
Application of Charges – Residential vs. Non-residential

Canada-wide	Residential						Non-residential			
	Per Lot	Per Unit (by type)	Per Unit (by density)	Per floor area of building	Per area of parcel	Other?	Per floor area of building	Per lot	Per area of parcel	Other?
Brandon, MB		✓(4)			✓(4)		✓(4)		✓(4)	
Steinbach, MB		✓					✓			
Regina, SK					✓				✓	
Saskatoon, SK						✓(1)				
Calgary, AB		✓(2)			✓(2)	✓(2)	✓(2)		✓(2)	
Peel Region, ON		✓					✓			
Niagara Region, ON		✓					✓			
Toronto, ON		✓					✓			
Ottawa, ON		✓					✓			
Moncton, NB					✓(3)	✓(3)			✓(3)	✓(3)
Halifax, NS		✓					✓			
Edmonton, AB					✓(5)				✓(5)	
Vancouver, BC				✓(6)			✓			
Total	0	6	0	1	4		7	0	4	1

Notes:

- 1 Saskatoon: Based on length of lot frontage
- 2 Calgary: Per area of parcel for greenfield (res and non-res), per unit for infill res, per floor area for infill non-res, and frontage for residential Centre City Levy
- 3 Moncton: Local Cost Sharing DC - based on frontage, Area DC based on zoning and area of properties
- 4 Brandon: Emerging Areas - per net area of parcel prior to subdivision agreement. Then per unit or floor area. For Established Areas - per unit or floor area
- 5 Edmonton: Charge per net area of parcel
- 6 Vancouver: residential charges vary by density



A.4.5 Discretionary Exemptions

Mandatory exemptions vary across Canadian jurisdictions depending on the provision provided in the legislation. Ontario has the most prescriptive legislation with a number of mandatory exemptions required. Most jurisdictions allow municipal Councils to identify discretionary exemptions from their charges, provided the exemptions are included in the by-laws. The Ontario municipalities surveyed provide a number of exemptions for various categories and classes of services. Other jurisdictions provide limited discretionary exemptions. The following table provides a summary of the exemptions provided in the by-laws of the comparator municipalities:



**Table A-6
Canada-wide Survey
Discretionary Exemptions**

Canada-wide	Discretionary Exemptions
Brandon, MB	Industrial development Residential accessory buildings
Steinbach, MB	None
Regina, SK	2/3 Reduction for Industrial Established Area
Saskatoon, SK	No formal policy
Calgary, AB	Environmental Reserve Skeletal Roads
Peel Region, ON*	Hospitals Colleges/universities Places of worship (limited to 25% of floor space) Agricultural societies Agriculture use, excluding cannabis growing/processing Mobile temporary sales trailers
Niagara Region, ON*	Discretionary exemptions are not provided through the DC by-law.
Toronto, ON*	Place of worship Public hospitals Non-profit hospice Temporary sales offices or pavilions Industrial uses Development creating an accessory use/structure not exceeding 10 sq.m. of gross floor area Dwelling rooms within a rooming house Temporary building or structure in place for less than 8 months
Ottawa, ON*	Development on contaminated lands (Community Improvement PLAN areas) Places of worship Cemeteries Agricultural uses Unserviced storage facilities with dirt floors Temporary units Seasonal buildings for the sale of gardening products Non-profit health care Childcare and long term care facilities Coach houses Non-residential accessory uses Garden suites
Moncton, NB	None
Halifax, NS	None
Edmonton, AB	None
Vancouver, BC	For-profit-affordable rental housing A (artist studio) - 100% For-profit-affordable rental housing B (artist studio which include more categories) - 86.24%

*Note: Ontario has a number of mandatory exemptions including municipal development, public/catholic schools, limited expansion of industrial buildings, non-profit housing, etc.



A.4.6 Observations on Best Practices

Based on the survey of policies and practices across Canada, the following provides a list of the observations arising from results:

- Most municipalities index their Development Charges annually. The source of the indexing information varies, however, use of the Statistics Canada Building Construction Price Index is the most common (this index tracks construction tender prices and should provide a reasonable estimate of inflationary impacts on capital projects).
- Area-specific charges may be used depending on local circumstances. There is no standardized approach that could apply to all municipalities, however, generally, water and wastewater can be imposed on the serviced areas of the municipalities with all other charges imposed on a municipal-wide basis.
- With respect to the basis for imposing the charges, best practices across Canada are shared between imposing the charge on a per unit basis or per property area basis for residential development and on a per area of building basis or per property area basis for non-residential development.
- Discretionary exemptions vary across Canada, however any exemptions from the charges should be funded through other sources (e.g. water/wastewater rates or taxes).

A.5 Policy Review and Recommendations

As noted, municipalities across Canada are increasingly faced with the challenge of funding the required infrastructure to accommodate growth and development, while keeping rates low. Development Charges are used by municipalities across Canada to allow growth to pay for growth, while reducing the impacts on taxes and utility rates.

Based on the above information, the following provides a number of recommended policy changes for City staff, Council, and development stakeholders' consideration. Note that the City may separate these recommendations into short, medium, and long-term recommendations due to impacts on the development community and/or City administration.

A.5.1 Approach to the Calculations

In review of the City's current approach to the Development Charges calculations, the following areas of consideration are further discussed below:

- Inclusion of transportation costs in the Established Area;
- Use of area-specific Development Charges for the Industrial Area and separate Emerging Areas;
- Use of a 20-year forecast period for calculation purposes; and



- Incorporating debt financing costs into the calculation.

A.5.1.1 Transportation Costs for Established Area

Currently transportation network costs are only imposed in the Emerging Area, however, transportation projects provide benefit to the City as a whole. As growth in the City increases, there are increased vehicle trips anticipated on City roads. Many people may work in one area of the City and live in another, or work in another municipality altogether. As such, the increased vehicle trips on roads in the Emerging Areas may be arising from growth and development in the Established Area. In other municipalities across Canada, transportation projects are generally viewed as increasing traffic capacity in the system as a whole.

Recommendation #1: In the calculations, include transportation projects required to accommodate growth and development in both the Established and Emerging Areas. As such, the calculated charge for transportation network infrastructure would apply to all areas where Development Charges are imposed.

A.5.1.2 Area-specific Development Charges

The City's current Development Charges by-law provides for two area-specific charges; one for the Established Area and one for the Emerging Areas. There are capital needs required for the Industrial Area of the City, however no Development Charges are imposed in this area. The City should consider the calculation of a Development Charges for the Industrial Area based on the requirement for capital infrastructure. Furthermore, the City has noted that a significant amount of growth-related infrastructure is required for the Southern Emerging Area but not the North and West sections of the Emerging Area. As such, the City may consider exploring area-specific Development Charges to ensure that the capital costs are borne by the developments requiring them.

Recommendation #2: Undertake Development Charges calculations for the Industrial Area based on the capital costs required to accommodate the anticipated development.

Recommendation #3: Undertake the Development Charges calculations on an area-specific basis for the Emerging Areas. The area-specific calculations may be delineated by the North, West, and South areas.

A.5.1.3 20-Year Forecast Period

Development Charges calculations are undertaken based on the premise that growth should pay for growth. As such, once the growth and development have been identified (e.g. amount, type, and location), the capital needs required to accommodate that growth are also identified. The Development Charges calculations are then undertaken by taking the required capital costs and dividing them by the growth and development



that will benefit. The current calculations are based on a capital forecast that identifies capital needs for designated lands in the Development Plan, which are projected to accommodate 35 to 40 years of growth.

Identifying capital needs that far into the future is challenging, and as such Development Charges calculations may be understated.

Recommendation #4: Ensure the Development Charges calculations are undertaken using a growth and development forecast that matches the City's capital forecast. The City noted that a 20-year capital forecast is reasonable, so the Development Charges calculations should be undertaken using a 20-year growth and development forecast.

A.5.1.4 Inclusion of Growth Studies In Development Charges Calculations

As part of planning for growth, studies such as water, wastewater, land drainage, and transportation master plans are required to determine the infrastructure necessary to accommodate growth and development in the City.

Recommendation #5: The City should consider incorporating growth-related studies into the definition of capital costs to be recovered through development charges.

A.5.1.5 Debt Financing Costs

The City is facing financial challenges with respect to funding large growth-related capital expenditures. The growth-related expenditures may require debt financing to allow the City to undertake the work and spread the costs over a longer time horizon. The interest costs related to any debt issuances should be considered part of the overall cost of the project and therefore be included in the Development Charges calculations. This would assist in recovering the full growth-related cost of the projects.

Recommendation #6: The City should consider incorporating debt financing costs into the Development Charges calculations. This would require City staff input as to which projects may require debt financing.

A.5.2 Application of the Development Charges By-law

Based on the policy review, best practices, and discussions with City staff, the following provides for a review of recommended changes to the application of the Development Charges by-law.

A.5.2.1 Timing of the Charge

The City's Development Charges by-law identifies the timing for which a Development Charges is charged. For network infrastructure (i.e. water, wastewater, drainage, and transportation) 50% of the charge is calculated and payable on a per hectare basis at the time of development agreement. The remaining 50% of the network charge and



100% of the treatment charge is calculated and payable upon issuance of a building permit on a per unit (residential) or per sq.ft. (non-residential) basis.

Through a review of best practices, there are varied approaches municipalities take across Canada, however, for many jurisdictions the timing of the charge is dependent on local circumstances. Imposing the Development Charges at the time of building permit does provide for delayed recovery of Development Charges relative to the time of development agreement, however, this approach may provide more accurate charges, as the type of development is known.

Furthermore, imposing charges on an area basis may be less equitable than imposing charges on a per unit or per sq.ft. basis. Growth-related capital needs for water, wastewater, and drainage services are generally based on a per capita demand. When imposing the Development Charges on a per hectare basis, 10 acres of high-density development pay the same charge as 10 acres of low density development, however, there may be greater demand for services on the high-density property. When imposing the charges based on the type and number of units, the Development Charges are calculated on a per capita basis then equated to the various housing types according to the assumed persons per unit.

Recommendation #7: Consider imposing all Development Charges on a per unit and per sq.ft. basis at the time of building permit.

A.5.2.2 Indexing

The City's Development Charges by-law currently provides for indexing of the Development Charges. This aligns with best practices, however, the index utilized is the Manitoba Consumer Price Index. This index tracks a number of prices including the following:

- food,
- shelter,
- household furnishings and equipment,
- clothing, transportation,
- health and personal care,
- recreation, education, and reading,
- alcoholic beverages, tobacco, and cannabis,
- energy, goods, and services.

The index most commonly used across the municipalities surveyed is the Statistics Canada Building Construction Price Index. This index tracks tender prices of construction projects which would more closely align to increases in Development Charges capital project costs. Where Statistics Canada does not provide an index specific to a municipality, the municipality uses the information of the municipality closest in proximity.



The following table provides for a comparison of the annual average percentage changes in each index:

Table A-7
Comparison of Indices

Index	2018	2019	2020	2021	2022
Consumer Price Index (Manitoba)	2.5%	2.2%	0.5%	3.3%	7.8%
Construction Price Index (Winnipeg)	2.8%	2.4%	0.8%	6.2%	8.6%

Recommendation #8: The City should consider using the Statistics Canada Building Construction Price Index to index their charges between by-law reviews.

A.5.2.3 Discount of Overall Charge

The intent of the Development Charges calculation exercise is to calculate the cost of growth-related infrastructure. Once the full cost of growth is determined, City staff and Council must weigh the impacts of imposing the fully calculated charge on development in the City. Given local circumstances, economic development challenges, incentive approaches, etc., if the fully calculated rate is deemed to be too high, then a reduction in the rate may be identified. This reduction may be funded with non-Development Charges sources (e.g. existing reserves, taxes, or utility rates) which will provide Council and the public full transparency on the impact to the tax/rate payers of reducing the Development Charges.

Recommendation #9: The City may consider providing a reduction in the fully calculated charge if it is deemed to be too high. Any proposed reduction in the charges should be estimated by City administration and presented to Council for their consideration.

A.5.3 General Policy Matters

The following provides for some recommended changes with respect to general policy matters.

A.5.3.1 Development Charges Debt Management Policy

Development Charges are a new revenue tool for the City. When Development Charges were initially implemented in December 2018, the starting balance of the



reserve funds was \$0. As such, the City needs a policy to assist with the transition from utility rate and tax funding to this new revenue tool. To assist in managing the transition, the City may consider the creation of a debt management policy for growth-related infrastructure. This policy may include parameters regarding the quantum of debt issuances, the proportionate share of growth vs. non-growth debt, as well as the use of existing utility rate and tax reserves to interim finance growth-related projects. These reserves may be paid back over time (with interest) from the Development Charges reserve funds.

Recommendation #10: City staff create a Development Charges Debt Management Policy which provides parameters for the issuance of growth-related debt and manages the transition from utility rate/tax funding to Development Charges funding (e.g. use of existing reserves as interim financing, with interest).

A.5.3.2 Frequency of Review

The City's Development Charges by-law includes a section that states the rates shall be reviewed every three (3) years. However, this does not require that a detailed review of the calculations be undertaken. As per the best practices survey in Section 4, most municipalities utilize a fixed time period between reviews. This is generally 5 years, however, Ontario recently changed the legislation to require detailed reviews a minimum of every 10 years.

The City currently tracks their growth forecast and prepares the capital budget on an annual basis. To keep capital costs up to date, the City may consider including a set time period for review as it is observed there is currently a large gap in the project costs from what was originally anticipated in the Development Charges calculations.

Recommendation #11: The City undertake annual internal reviews of the calculation and undertake detailed calculation updates every 5 years. During annual reviews, if significant increases in capital costs are observed, a detailed update the Development Charges calculations may be undertaken prior to the 5-year period.

A.5.3.3 Inclusion of Other Services

The City currently collects Development Charges for water, wastewater, drainage, and transportation services. As previously noted, the legislation in Manitoba is not prescriptive and is open-ended with respect to the services for which a Development Charges may be imposed. As such, other municipalities recover growth-related costs for other services (e.g. Steinbach includes costs for fire services). As such the City may consider including additional services in the future. This may be considered a long-term goal.

Recommendation #12: Consider including additional services to the Development Charges calculations and by-law in the future (long-term recommendation).



A.5.3.4 Clarifications in the Local Service Policy

Through the initial implementation of development charges, a Local Service Policy was created. The purpose of this policy is to clearly identify which capital works would be the responsibility of the developer vs. which capital works would be included in the Development Charges study and by-law for recovery. There have been instances where the Local Service Policy may not be clear. For example, where a water or wastewater main runs through a property, the current policy identifies that the developer will be responsible for the costs within the subdivision for works up to a certain diameter of pipe (300mm for water and 350mm for wastewater). However, the policy does not state how the oversizing of a main through a property is to be addressed.

Recommendation #13: Consider updating the Local Service Policy. Through discussions with staff, an updated version of the Local Service Policy (Development Charges Capital Infrastructure Policy) has been prepared and is included as part of this Background Study.

A.5.4 Summary of Recommendations

The following provides a summary of the recommendations identified in the sections above:

Table A-8
Summary of Recommendations

Policy Matter	Recommendation
Approach to the Calculations	
Transportation Costs for Established Area	Recommendation #1: In the calculations, include transportation projects required to accommodate growth and development in both the Established and Emerging Areas. As such, the calculated charge for transportation network infrastructure would apply to all areas where Development Charges are imposed.
Area-specific Development Charges	Recommendation #2: Undertake Development Charges calculations for the Industrial Area based on the capital costs required to accommodate the anticipated development. Recommendation #3: Undertake the Development Charges calculations on an area-specific basis for the Emerging Areas. The area-specific calculations may be delineated by the North, West, and South areas. Should significant variations in charges occur, consider a City-wide development charge approach.
20-Year Forecast Period	Recommendation #4: Ensure the Development Charges calculations are undertaken using a growth and development forecast that matches the City's capital forecast. The City noted that a 20-year capital forecast is reasonable, so the Development Charges calculations should be undertaken using a 20-year growth and development forecast.



Policy Matter	Recommendation
Growth Studies	Recommendation #5: The City should consider incorporating growth-related studies into the definition of capital costs to be recovered through development charges.
Debt Financing Costs	Recommendation #6: The City should consider incorporating debt financing costs into the Development Charges calculations. This would require City staff input as to which projects may require debt financing.
Application of the Development Charges By-law	
Timing of the Charge	Recommendation #7: Consider imposing all Development Charges on a per unit and per sq.ft. basis at the time of building permit.
Indexing	Recommendation #8: The City should consider using the Statistics Canada Building Construction Price Index to index their charges between by-law reviews.
Discount of the Overall Charge	Recommendation #9: The City may consider providing a discount in the fully calculated charge if it is deemed to be too high. Any proposed reduction in the charges should be estimated by City administration and presented to Council for their consideration.
General Policy Matters	
Development Charges Debt Management Policy	Recommendation #10: City staff create a Development Charges Debt Management Policy which provides parameters for the issuance of growth-related debt and manages the transition from utility rate/tax funding to Development Charges funding (e.g. use of existing reserves as interim financing, with interest).
Frequency of Review	Recommendation #11: The City undertake annual internal reviews of the calculation and undertake detailed calculation updates every 5 years. During annual reviews, if significant increases in capital costs are observed, a detailed update the Development Charges calculations may be undertaken prior to the 5-year period.
Inclusion of Other Services	Recommendation #12: Consider including additional services to the Development Charges calculations and by-law in the future (long-term recommendation).
Clarifications in the Local Service Policy	Recommendation #13: Consider updating the Local Service Policy. Through discussions with staff, an updated version of the Local Service Policy has been prepared and is included as Appendix A to this memo.



Appendix B

Development Charge Reserve Fund Policy



Appendix B: Policy Review: Reserve Fund Management and Financing Options for Growth-Related Infrastructure

Through the Development Charge background study process, a review of the City's existing policies related to the management of Development Charge reserve funds and the financing of growth-related infrastructure was undertaken. The following sections provide a summary of recommendations on the management of Development Charge reserve funds. In addition, commentary is provided on alternative financing options for growth-related projects when Development Charge reserve funds are in a deficit. These recommendations are based on a review of the City's current policies relative to best practices observed across Canada. It is noted that recommendations related to the policies and administration of Development Charges (e.g. indexing, frequency of reviews, etc.) are provided in Appendix A.

B.1 Reserve Fund Management

The City has a Development Charge Reserve Fund Management Policy which outlines the use of debt, the criteria on which growth-related projects should be prioritized, developer responsibilities, frequency of policy review, and responsibilities for staff.

The current policy makes specific reference to the Transitional Period which is identified as the first five years of the 10-year capital plan (until January 1, 2025). The City has identified that during this time, growth-related projects will be funded by debt, given the shortfall in Development Charge revenues. The policy then identifies additional requirements for prioritizing growth-related projects to minimize financial risk to the City.

The following sections provide additional guidance on various policies related to Development Charge reserve funds that should be considered for inclusion in the City's Development Charge Reserve Fund Management Policy. These additional components would assist in providing transparency and clear guidelines into the management and use of Development Charge reserve funds.



B.1.1 Establishment of Reserve Funds

The City has established six (6) separate reserve funds by by-law for Development Charge collections: Drainage, Transportation, Water Treatment, Wastewater Treatment, Water Network, and Wastewater Network.

The City's Development Charge reserve fund balances by service up to April 2024 are shown below:

Table B-1
Reserve Fund Balances as of April 2024

Service	Balance up to April 2024
Drainage	\$92,836
Transportation	\$654,606
Water Treatment	\$217,285
Wastewater Treatment	\$296,955
Water Network	\$303,738
Wastewater Network	\$891,878
Total	\$2,457,299

The establishment of separate reserve funds for each service is consistent with legislative requirements and best practices observed across Canada.

B.1.2 Use of Reserve Funds

Based on the best practices observed across Canada, it is recommended that the City's reserve fund management policy include specific guidance on the management and use of reserve funds. The following provides recommendations on various provisions that can be included on the management of Development Charge reserve funds:

- the City shall pay each Development Charge it collects into a reserve fund or funds to which the charge relates;
- the money in a reserve fund shall be spent only for the "capital costs" determined through the calculation process;
- monies in reserve funds collected for a specific service are only to be used for that service; and
- Development Charge reserve funds may not be consolidated with other City reserve funds for investment purposes.



B.1.3 Transitional Periods

Development Charges can be a useful revenue tool for municipalities to assist in funding growth-related infrastructure. Development Charges are calculated by dividing the total growth-related costs by the anticipated development that requires the capital costs. For this background study, the anticipated development will occur over a 20-year forecast period. This means that the City would not collect all of the funds to undertake all of the projects until year 20. However, much of the growth-related infrastructure, particularly water and wastewater infrastructure, needs to be constructed to allow development to proceed. As Development Charges are a relatively new revenue tool for the City, interim financing of the capital works will be required to deliver the infrastructure.

There are various alternatives in funding a project that can be reviewed when there are not enough funds in a Development Charge reserve fund:

1. Borrow from other Development Charge reserve funds which may have a positive balance. The borrowed funds would be repaid (with interest), once Development Charge revenues are collected in the reserve fund that required the funds. The policy should define the interest rate to apply (e.g. Bank of Canada rate) as well as the term of the interim loan which may vary by service or amount loaned.
2. Borrow from other City reserves/reserve funds. Similar to intra-Development Charge fund borrowing, the funds would be repaid (with interest) over time. The policy should define the interest rate to apply (e.g. Bank of Canada rate) as well as the term of the interim loan which may vary by service or amount loaned.
3. Issue external debt and repay the principal and interest amounts from the Development Charge reserve fund. It is noted that the associated financing (interest) costs can be included in the Development Charge calculation for recovery from future development.
4. Prioritize the timing of growth-related projects based on Council priorities.
5. Undertake agreements with developers to front-end finance the required works. Further discussion on these agreements is provided in Section B.2 of this appendix.

The City's existing reserve fund management policy states that the City will utilize debt to fund growth-related projects for a five (5) year period until January 1, 2025. Based



on discussions with City staff, there have been significant cost increases and debt financing will be required beyond this date.

To provide flexibility in managing the reserve funds and the issuance of growth-related debt, it is recommended that the policy provide general guidance on how deficits in the reserve funds should be managed, as opposed to providing a specific deadline on when debt can be utilized. The policy can include the above alternatives as various financing alternatives that can be reviewed in priority sequence when determining how growth-related projects should be funded.

As part of the Development Charge background study update, debt financing has been identified for various growth-related projects. The related financing costs have been included in the Development Charge calculations for recovery. The policy should include a provision that debt financing requirements should be reviewed whenever the Development Charge calculations are reviewed so that the City can recover the associated financing costs from future development.

In addition, the City has provided guidance on how to phase/prioritize growth-related projects within its existing policy. These criteria should be reviewed and updated if necessary.

B.1.4 Reporting Requirements

It is recommended that the City's Finance department provide Council with a financial statement related to the Development Charge by-law(s) and reserve funds. The following information could be included in this statement:

- opening balance;
- closing balance;
- description of each service and/or service category for which the reserve fund was established;
- transactions for the year (e.g. collections, draws);
- list of credits by service or service category (outstanding at beginning of the year, given in the year and outstanding at the end of the year by holder);
- amounts borrowed, purpose of the borrowing and interest accrued during previous year;



- amount and source of money used by the City to repay municipal obligations to the fund;
- schedule identifying the value of credits recognized by the City, the service to which it applies and the source of funding used to finance the credit; and
- for each draw, the amount spent on the project from the Development Charge reserve fund and the amount and source of any other monies spent on the project.

The annual reporting outline should be provided in the City's Development Charge Reserve Fund Management Policy to provide additional clarity on the frequency and extent of reporting. This will also provide the development community with transparency as to how the funds are being utilized on an annual basis.

Based on the above, Figure B-2 sets out a sample format for which annual reporting to Council could be provided.



Figure B-2
Annual Treasurer's Statement of Development Charge Reserve Funds

Description	Services to which the Development Cost Charge Relates						Total
	Drainage	Transportation	Water Treatment	Wastewater Treatment	Water Network	Wastewater Network	
Opening Balance, January 1, _____							0
<u>Plus:</u>							
Development Charge Collections							0
Accrued Interest							0
Repayment of Monies Borrowed from Fund and Associated Interest ¹							0
Sub-Total	0	0	0	0	0	0	0
<u>Less:</u>							
Amount Transferred to Capital (or Other) Funds ²							0
Amounts Refunded							0
Amounts Loaned to Other D.C.C. Service Category for Interim Financing							0
Credits ³							0
Sub-Total	0	0	0	0	0	0	0
Closing Balance, December 31, _____	0	0	0	0	0	0	0

¹ Source of funds used to repay the D.C.C. reserve fund

² See Attachment 1 for details

³ See Attachment 2 for details



Attachment 1a
Amount Transferred to Capital (or Other) Funds – Capital Fund Transactions

Capital Fund Transactions	Gross Capital Cost	D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period			Post D.C. Forecast Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions					
Transportation											
Capital Cost A											
Capital Cost B											
Capital Cost C											
Sub-Total - Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Services											
Capital Cost D											
Capital Cost E											
Capital Cost F											
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater Services											
Capital Cost G											
Capital Cost H											
Capital Cost I											
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Attachment 1b
Amount Transferred to Operating (or Other) Funds – Operating Fund Transactions

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. Forecast Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
<u>Transportation</u>									
Capital Cost J									
Capital Cost K									
Capital Cost L									
Sub-Total - Transportation	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
<u>Water Services</u>									
Capital Cost M									
Capital Cost N									
Capital Cost O									
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
<u>Wastewater Services</u>									
Capital Cost P									
Capital Cost Q									
Capital Cost R									
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0		\$0	\$0	



Attachment 2
Statement of Credit Holder Transactions

Credit Holder	Applicable D.C. Reserve Fund	Credit Balance Outstanding Beginning of Year _____	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year _____
Credit Holder A					
Credit Holder B					
Credit Holder C					
Credit Holder D					
Credit Holder E					
Credit Holder F					



B.1.5 Reserve Fund Target Balances

In general, most municipalities do not set targets with respect to minimum or maximum reserve fund balances. The balance is largely driven by development activity in the municipality and the planned capital expenditures in the capital budget.

It is recommended that the City review reserve fund balances during the budgeting process to ensure that reserve funds are not being over-committed with respect to the capital forecast and anticipated growth-related projects. Many municipalities across Canada undertake a cashflow forecast of the Development Charge reserve funds based on the anticipated development and timing of expenditures noted in the background study (updated as per the capital budget process). A cashflow model to analyze the impact of the proposed capital program on Development Charge reserve fund balances can assist the City in determining when debt financing may be required, which projects to prioritize, and how to best utilize the funds available. The City may also review its reserve fund balances on an annual basis to determine whether a cap should be applied on funding from a particular reserve based on the budget.

B.1.6 Interest Assumptions

It is recommended that the City develop a policy related to the allocation of interest to Development Charge reserve funds. In general, municipalities allocate interest at the end of the year based on the average balances throughout the year. Interest should be allocated proportionately, based on the balance in each individual reserve fund. In addition, negative interest should be allocated if a reserve fund is in a deficit position.

B.1.7 Accounting of Expenditures

Municipalities generally transfer funds from the Development Charge reserve fund to capital projects as expenditures occur. The frequency of these transfers can vary from monthly to annually.

It is recommended that the City of Brandon implement a policy on the accounting of expenditures and when funds are transferred from the Development Charge reserve fund. The frequency of transfers should align with how other non-Development Charge capital projects are funded.



When the capital budget is approved by Council, municipalities generally track the funds that have been “committed” from each reserve fund. The cash balance, in addition to the “committed” balance is tracked to ensure that the Development Charge reserve funds maintain an overall positive balance. Some municipalities track these committed funds directly within their accounting software, whereas others track through separate cash flow models in Excel.

It is recommended that the City track the “committed” reserve fund balances to gain a better understanding of when reserve funds would go into negative positions.

B.1.8 Funding of Exemptions

Municipalities generally budget for exemptions through the annual budget process. Once approved by Council, funds can then be transferred to the Development Charge reserve fund as exemptions are provided, transferred to a separate Development Charge exemptions reserve for tracking purposes, or transferred at year end.

It is recommended that the City track exemptions that are provided and fund these exemptions on an annual basis from other tax-/rate-supported sources to ensure that Development Charge exemptions are accounted and budgeted for appropriately. This will also ensure that the balances in the Development Charge reserve funds reflect the actual amount of development activity.

B.2 Financing Options for Growth

Development Charges are a revenue tool used by municipalities that will incur capital costs to allow development to occur. These expenditures are then recovered from new development through the payment of Development Charge at the time of development agreement or building permit. By the nature of this revenue tool, a municipality generally incurs expenditures in advance of development and must cashflow the works. Given that the first Development Charge by-law was adopted in 2018, and the initial charges implemented were low relative to the expenditures required, the City is facing funding challenges as it transitions into utilizing Development Charges to fund growth-related infrastructure.

To accommodate growth and development, capital infrastructure for roads, water, and wastewater is required, along with facilities and capital costs related to other services

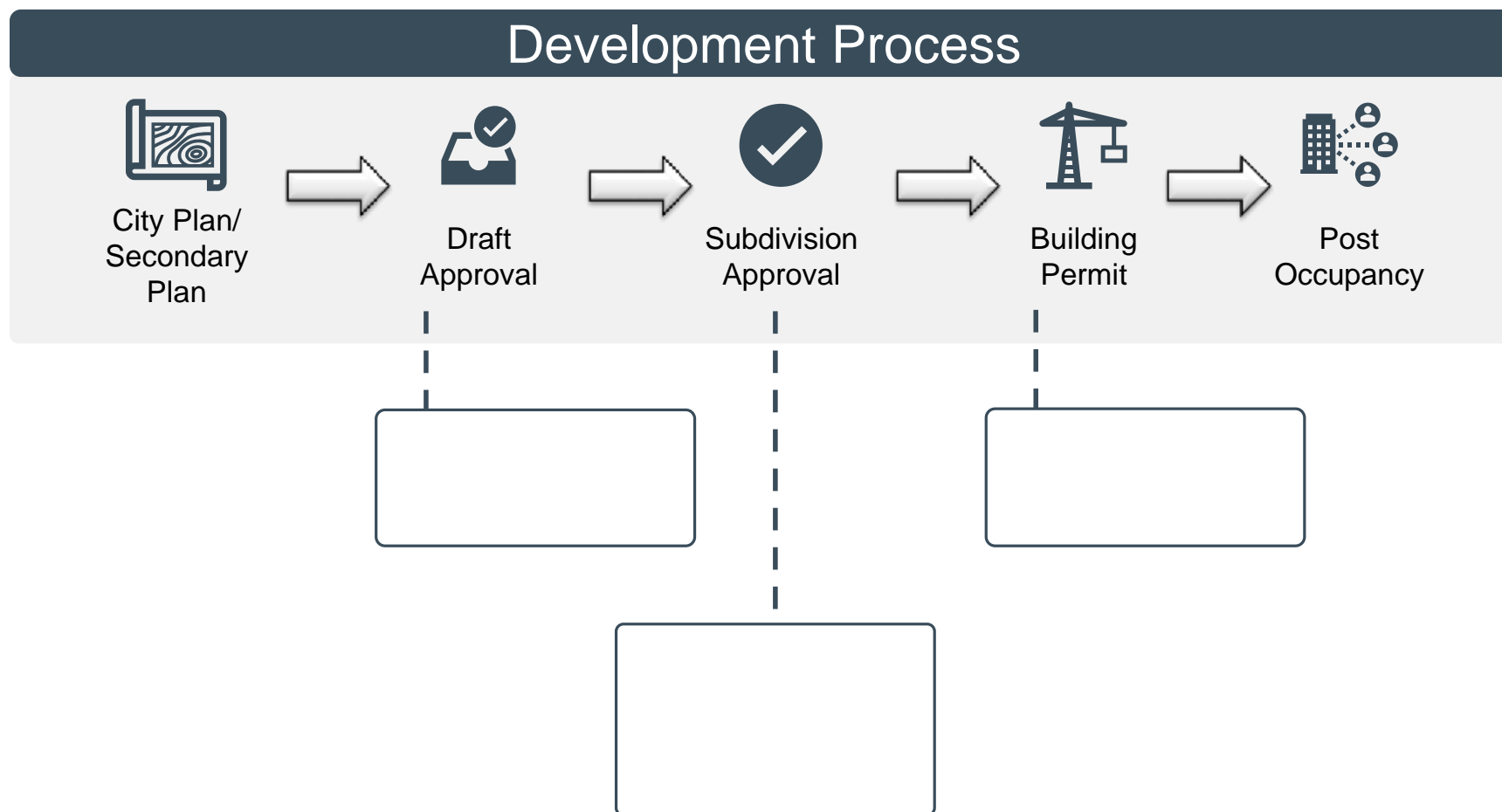


provided by the City. Although Development Charges are the main financing source for growth-related infrastructure, certain challenges may arise in utilizing this funding source.

Certain growth-related expenditures (e.g. water and wastewater related works) are required prior to development proceeding. As a result, Development Charge expenditures are required prior to collection of the corresponding Development Charge revenue. This may result in cashflow impacts for a municipality. Figure B-2 below provides a schematic of the planning process along with the timing of the required infrastructure for water and wastewater services. Many of the capital-intensive services the City provides (e.g. water, wastewater, and roads) require the expenditures to be incurred before the building permit stage.



Figure B-2
City of Brandon
Infrastructure Timing Versus Development Timing for Water and Wastewater Services





The City has a Development Charges Reserve Fund Management Policy (Policy No. 1091) which outlines the use and management of the Development Charges reserve funds. Based on the guidance in the policy, Development Charges reserve funds are used to fund growth infrastructure projects in accordance with the 10-year capital plan. Where a shortfall exists in the City's reserve funds, the City will fund projects with debt.

Ultimately there may be a funding gap between anticipated Development Charge revenues and expenditures and as noted above, this gap would be cash-flowed with debt. Without alternative financial arrangements, the issuance of further debt may negatively impact the City's overall financial position.

To assist in reducing this gap, various alternative funding approaches are provided for consideration in the subsequent sections.

B.2.1 Service Emplacement Agreements

A developing landowner may construct works or provide a service which relates to a service in the Development Charge by-law. Through an agreement with the developer, the municipality could provide credit towards the Development Charge in accordance with the agreement (note: alternative repayment agreements can be utilized). The amount of the credit should be equivalent to the reasonable cost of doing the work as agreed upon by the City and the developer who is to be given the credit. A credit given in exchange for work completed may only be a credit in relation to the service to which the work relates (e.g. an agreement to build a watermain will provide that the credit is against the water component of the Development Charge). Should the project cost exceed the credit amount, the City would need to identify how the excess amount will be repaid as part of the agreement.

These agreements are similar to the early payment agreements discussed below, however instead of providing the Development Charge funds directly to the City, the developer builds the infrastructure and receives a credit against the future Development Charge payable. Outstanding Development Charge credits may be incorporated into the Development Charge calculations.

These service emplacement agreements most often apply to stormwater projects, smaller watermain and sewer extensions, as well as roads. Service emplacement agreements are also a useful tool when the City does not have the contracting or project



management capacity to undertake the work required. These agreements should only apply to projects that are identified in the City's Development Charge background study.

The agreement should consider and include the following, at a minimum:

- The total costs for the work and the total credit amount;
- Whether payback is to be provided in Development Charge credits or cash;
- Confirmation that the credit applies to the service provided (i.e. a watermain installation would result in a credit for the component of the Development Charge related to water services);
 - Note: if funds provided are in excess of the Development Charge payable for the applicable service, the credit may be applicable for other services, through negotiation between the City and the developer.
- Treatment of potential cost overruns relative to the project cost estimate;
- Confirm the City's inspection requirements upon completion of the works; and
- Whether there is an ability to transfer credits to another development upon approval by the City.

The City's finance department (or alternative designate) should be responsible for administering the agreements and tracking outstanding credit obligations. The City's staff should inspect the final works upon completion to ensure it meets the City's standards, or as an alternative, the City can assign their own project manager to oversee the work throughout the process.

The City should consider their lack of control over final costs when a developer is responsible for constructing the works. In addition, given that the City is not responsible for the construction, there may be quality control issues that arise.

As the developer agrees to construct the capital works, full funding is provided for the specific project. The credit provided relates to the service provided. If a stormwater management pond was constructed, a credit would only be applied to that specific service. As a result, the developer bears cashflow risk if the value of the credit is more than the Development Charge payable.

Additional administrative costs would need to be borne by the City in order to track the credits. Additionally, the City may assume increased risk when external parties construct municipal infrastructure.



Early Payment Agreements

The City may consider entering into an agreement with a person who is required to pay a Development Charge providing for all or any part of a Development Charge to be paid before or after it would otherwise be payable. If the City does not have the ability to finance a project, developing landowners could enter into an early payment agreement to provide the City with the funds to construct the works (or finance the works in part) required for development.

These agreements should only apply to projects already in the Development Charge Background Study and should be utilized when projects need to be advanced ahead of the proposed timing (or availability of funds) to accommodate development.

Agreements should include the following, at a minimum:

- Total number of units for which a Development Charge was prepaid;
- Confirmation of whether a single landowner or multiple landowners are part of the early payment agreement; and
- How cost overruns are to be handled.

In terms of administering these agreements, the finance department (or designated alternate) should be responsible for tracking the outstanding credits to ensure they are provided as the credit holder receives building permits.

The actual cost of infrastructure can be higher than budgeted. Given that a developer would pay the Development Charges to advance this work, cost overruns may constrain the City's cashflow. Therefore, identification of the amount of prepayment required should be undertaken after the infrastructure plans are finalized.

Early payment agreements assist municipalities with cashflow to build specific projects. Through early payment of all or a portion of the Development Charge, the City is able to collect revenue ahead of when the associated capital expenditures are required.

With early payment agreements, the City would receive the Development Charges earlier than otherwise anticipated and would not receive the associated indexing that could be collected if Development Charges are paid at the time of building permit.



Front-Ending Agreements

The City may consider entering into front-ending agreements for projects related to water, wastewater, drainage, and roads. These agreements provide for developing landowners to fully finance the works required for development to proceed through paying more than their Development Charges payable (overpayment or loan to the City). The “overpayment” funds are then flowed back to the front-enders as other developments pay Development Charges.

These agreements function best for large greenfield development areas containing a group of developers, although these agreements could also be applicable to intensification areas depending on the circumstances. Front-ending agreements should be utilized to fund large scale projects that are required to support growth in greenfield areas (e.g. water/wastewater servicing, road extensions, etc.).

When developers are seeking to accelerate works in advance of the City’s capital plan and Development Charge background study, these agreements can be utilized to cashflow the works.

At a minimum, the agreement should include the following components:

- Description of the project(s) to be front-ended;
- Confirmation of the total amount to be front-ended and the number of participating landowners;
- Treatment of cost overruns;
- The payback period;
- Interest rate for payback; and
- The specifics with respect to funding of any non-growth components.

These may be detailed agreements that require legal involvement and should consider some form of public engagement for the landowners that may be impacted that are not party to the agreement. In addition to the complex process required to execute these agreements, there is additional effort required in administering and tracking progress which often requires dedicated staffing resources. Annual statements should be considered and provided to the front-ending developers.



The City would need to be cautious of cost overruns and how these may be recovered. In addition, there is uncertainty with respect to the timing of future development and the overall payback period.

Front-ending agreements can provide for the upfront costs to be borne by one or more developers who are, in turn, reimbursed in the future by persons who develop land defined in the agreement. By requiring developers to pay for these capital expenditures, the City limits its financial risk by transferring the assumption of the costs required to support the development to the landowners.

Front-ending agreements may not be as feasible when the housing market is not strong as the development community may be unwilling to assume the financing risk involved.

B.2.2 Funding Approaches Utilized Across Canada

Municipality	Capital Financing Approach – Growth-Related Infrastructure
Regina, Saskatchewan	<ul style="list-style-type: none">• Water and wastewater infrastructure is paid through Servicing Agreements and Development Levy Agreements (Combination of local service and Development Charges)• Under this policy, a developer may need to oversize the infrastructure and the City will use Best Efforts (Endeavour to Assist) in recovering the oversizing component from future developers• Debt utilized to fund costs to be recovered through the Development Levy Agreements (Development Charges)
Winnipeg, Manitoba	<ul style="list-style-type: none">• Attempted implementing Development Charges (Impact Fees) but was required to refund and remove fees by their tribunal• Mix of reserves, debt, and significant reliance on Federal and Provincial funding
Halton Region, Ontario	<ul style="list-style-type: none">• Use of Development Charges to fund growth-related expenditures• Front-ending and early payment agreements in place through the water and wastewater allocation policy• This is utilized for residential development.



Municipality	Capital Financing Approach – Growth-Related Infrastructure
	<ul style="list-style-type: none"> The Region cashflows the non-residential component of these works.
Edmonton, Alberta	<ul style="list-style-type: none"> Development Charges (Offsite Levies) used to fund fire halls only Other growth-related infrastructure funded by rates and taxes through the capital budget Growth-related infrastructure must be accompanied by a business case
Calgary, Alberta	<ul style="list-style-type: none"> Development Charges (Offsite Levies) use to fund most municipal services (e.g. water, wastewater, roads, transit, recreation, parks, etc.) Differential rate applied to greenfield areas versus City Centre (greenfield rate applied on a per net hectare basis, City Centre rate is applied based on per metre of frontage)
Moncton, New Brunswick	<ul style="list-style-type: none"> Recently implemented Development Charges on an area-specific basis Request major developers front-end finance where possible Moncton Industrial Development front-ends the cost of infrastructure required Approximately 20% of capital budget is applied to growth-related projects
Halifax, Nova Scotia	<ul style="list-style-type: none"> Regional Development Charges used to fund water and wastewater infrastructure Approximately 20%-30% of capital budget applied to growth-related projects Water and Wastewater projects funded through Halifax Water (separate from City)



Municipality	Capital Financing Approach – Growth-Related Infrastructure
Metro Vancouver, British Columbia	<ul style="list-style-type: none">• Currently have wastewater Development Charges (Development Cost Charges) and recently implemented water Development Charges• Fund majority of growth infrastructure through Development Charges• Currently reviewing options for funding major infrastructure projects
York Region, Ontario	<ul style="list-style-type: none">• Roads credit policy• Early payment agreements on an area specific basis (Vaughan, Nobleton)
Durham Region, Ontario	<ul style="list-style-type: none">• Early payment and front-ending agreements in place for Seaton and Carruthers Creek

Based on the above funding approaches and their applicability to the City, it is recommended that the City should consider utilizing the three (3) alternative financing agreements (e.g. early payment agreements, service emplacement agreements, and front-ending agreements) wherever possible to assist in limiting the use of debt. This will assist in limiting the impact of growth on credit rating and overall financial health.



Appendix C

Development Charges Capital Infrastructure Policy



City Policy

Title: Development Charges Capital Infrastructure Policy

Policy: 1096

Covers: Development Charge network projects within the City of Brandon

Effective:

Purpose:

To guide City Administration in determining what growth-related infrastructure and improvements shall be funded through Development Charges.

Guidelines within this Policy pertain to determining Development Charge funding for transportation, land drainage, water and wastewater network infrastructure.

**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

The following definitions provided are for the sole purpose of interpreting the Development Charges Capital Infrastructure Policy.

Arterial Street: streets used to carry large volumes of all types of traffic moving at medium-to-high speeds. The primary function is efficient traffic movement and the secondary function is providing land access. Arterial Streets are identified in Schedule “A1” of the Traffic By-law.

Bike Lane: a lane within a roadway that is intended for exclusive bicycle use.

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

Collector Street: streets that collect and distribute traffic to Arterial Streets and local streets as well as provide access to adjacent areas. Collector Streets typically operate as neighbourhood-wide connections and may connect to higher capacity Arterial Streets, other Collector Streets, or lower capacity local streets. The functions of providing land access and traffic movement are of equal importance. Collector Streets are identified in Schedule “A1” of the Traffic By-law.

Developer: a person, persons, or corporation who has applied to subdivide and/or develop, or to service an existing parcel of land, whether as the owner or an agent for the owner of the land.

Development Area: the aggregate of all contiguous lands within the City of Brandon within a Neighbourhood Plan which has been adopted by the City of Brandon. In the absence of an adopted Neighbourhood Plan a Development Area shall be the aggregate of all contiguous lands within a single legal section of land, typically bound by Arterial Streets.

Development Charges: a charge for new services or upgrades to existing services required for growth as defined in the Development Charges By-law No. 7175.

Domestic Sewer: a gravity fed pipe and appurtenances that receives wastewater from sewer service lines and conveys it to a public lift station or pre-treatment plant.

Forcemain: conveys wastewater from a lift station to a Domestic Sewer.

Incremental Cost: costs incurred by Developers for the installation of water, sewer and land drainage mains above and beyond what is required to service an individual Development Area. Incremental Costs do not include design costs.

Intersection Improvement: improving the operation of a vehicular intersection to maintain or improve the level of service, typically determined through a traffic impact study. Within the context of this Policy, an Intersection Improvement may include roundabouts, enhanced

intersection geometry and/or traffic control devices. Traffic control devices within this Policy are installations to control traffic including but not exclusive to all pavement markings, traffic signs and traffic signals required to operate the transportation system in a safe and efficient manner.

Multi-use Path: a pathway physically separated from motor vehicle traffic and can be either within the roadway right-of-way or within an independent right-of-way. Multi-use Paths are built for all forms of active transportation. Also referred to as a multi-use trail.

Oversizing: increasing the capacity of land drainage mains, watermains or Domestic Sewer mains to and/or within a new Development Area that supports adjacent Development Areas, both existing and new. Oversizing improvements may include water distribution, wastewater collection, and land drainage infrastructure and the additional capacity may be considered a Development Charge should the infrastructure fit under the definition of a Development Charge.

1.0 POLICY STATEMENT

In the process of reviewing and updating Development Charge rates as outlined in The Development Charges By-law, City Administration shall adhere to the following guidelines for determining whether new growth-related infrastructure and improvements should be funded from Development Charge reserves.

The following guidelines need to be read in conjunction with the City's Municipal Servicing Standards requirements.

The intent of the following clauses is to define what projects are to be considered when calculating Development Charge rates. If a project does not fit within the clauses below, it is not considered to be a Development Charge project.

1. Roads¹
 - 1.1 All Arterial Streets – Include in the Development Charge (D.C.) calculation
 - 1.2 Collector Streets located within existing right-of-ways of sufficient width as of the initial Development Charges By-law adoption date of December 17th, 2018 – include in the D.C. calculation

In the absence of adopted City of Brandon Municipal Servicing Standards, the typical road cross sections attached as Appendix A are to be used in conjunction with the above statements to define applicable road Development Charge calculations.

¹ Road cost calculations are to include any incidentals present within the road right-of-way including but not exclusive to Bike Lanes, Multi-Use Paths, sidewalks, street lighting, trees and signage.

2. Intersection Improvements
 - 2.1 Intersection Improvements external to the Development Area which do not provide a connection to a road internal to the development – include in the D.C. calculation.
 - 2.2 Intersection Improvements external to the Development Area which provide a connection from a Collector Street internal to the development to an Arterial Street and directly benefits multiple Development Areas – include in the D.C. calculation
 - 2.3 Notwithstanding 2.1, Intersection Improvements external to the Development Area that are warranted solely due to a specific Development Area will be the full direct responsibility of the Developer.

3. Land/Easement Acquisition

- 3.1 Land or easement acquisition required to facilitate a Development Charge project - include in the D.C. calculation

4. Storm Water Management

- 4.1 Land drainage mains external to the Development Area which support multiple Development Areas - include in the D.C. calculation
- 4.2 Land drainage mains internal to the Development Area which benefit external Development Areas and have an increased carrying capacity at the request of the City – include the Incremental Cost in the D.C. calculation²

² Developers who are required to increase capacity of their internal land drainage network at the request of the City are eligible for incremental cost reimbursement between the land drainage main size required to solely service the Development Area and the land drainage main size identified by the City in accordance with Section 7, Oversizing, of this Policy.

5. Water

- 5.1 Booster stations and works associated with pressure zone boundaries - include in the D.C. calculation
- 5.2 Watermains external to the Development Area which support multiple Development Areas - include in the D.C. calculation
- 5.3 Watermains internal to the Development Area which benefit external Development Areas and have an increased main size at the request of the City – include the Incremental Cost in the D.C. calculation³

³ Developers who are required to increase the main size of their internal watermain network at the request of the City are eligible for incremental cost reimbursement between the watermain size required to solely service the Development Area and the watermain size identified by the City in accordance with Section 7, Oversizing, of this Policy.

6. Domestic Sewer

- 6.1 Public lift stations and associated Forcemains – include in D.C. Calculation
- 6.2 Domestic Sewer mains external to the Development Area which support multiple Development Areas – include in D.C. calculation

- 6.3 Domestic Sewer mains internal to the Development Area which benefit external Development Areas and have an increased carrying capacity at the request of the City – include the Incremental Cost in the D.C. calculation⁴
- 6.4 Domestic Sewer mains internal to the Development Area which benefit external Development Areas and are greater than 4.5m in depth at the request of the City – include Incremental Cost in the D.C. calculation⁴

⁴ Developers who are required to increase capacity and/or depth of their internal Domestic Sewer network at the request of the City are eligible for incremental cost reimbursement between the Domestic Sewer main size required to solely service the Development Area and the Domestic Sewer main size identified by the City; and between 4.5m and the Domestic Sewer main depth identified by the City in accordance with Section 7, Oversizing, of this Policy.

7. Oversizing

- 7.1 Where the City has identified potential synergies between a proposed development and Development Charge projects and it is determined to be in best interest of the project to alter the routing to cross through a Development Area, the City may require Oversizing of the development's infrastructure.
 - i The following will be taken into consideration when assessing suitability of routing a Development Charge project through a Development Area
 - 1 Impact on the cost of construction and potential to lower Development Charge rates
 - 2 Cost to the taxpayers for future maintenance of the asset
 - 3 Cost to the taxpayers for future renewal of the asset
- 7.2 Where a synergy has been identified in accordance with Oversizing Section 7.1 and the project meets both of the following criteria below – include Incremental Cost in the D.C. calculation.
 - i Benefits multiple Development Areas
 - ii Meets the intent and takes the place of an existing Development Charge project

RELATED ITEMS:

- Bylaw 7397 – Development Charges
- Appendix A – Municipal Servicing Standards Draft Street Sections

Motion #:

Authorized By:

City Clerk on behalf of City Council

Revision Date:

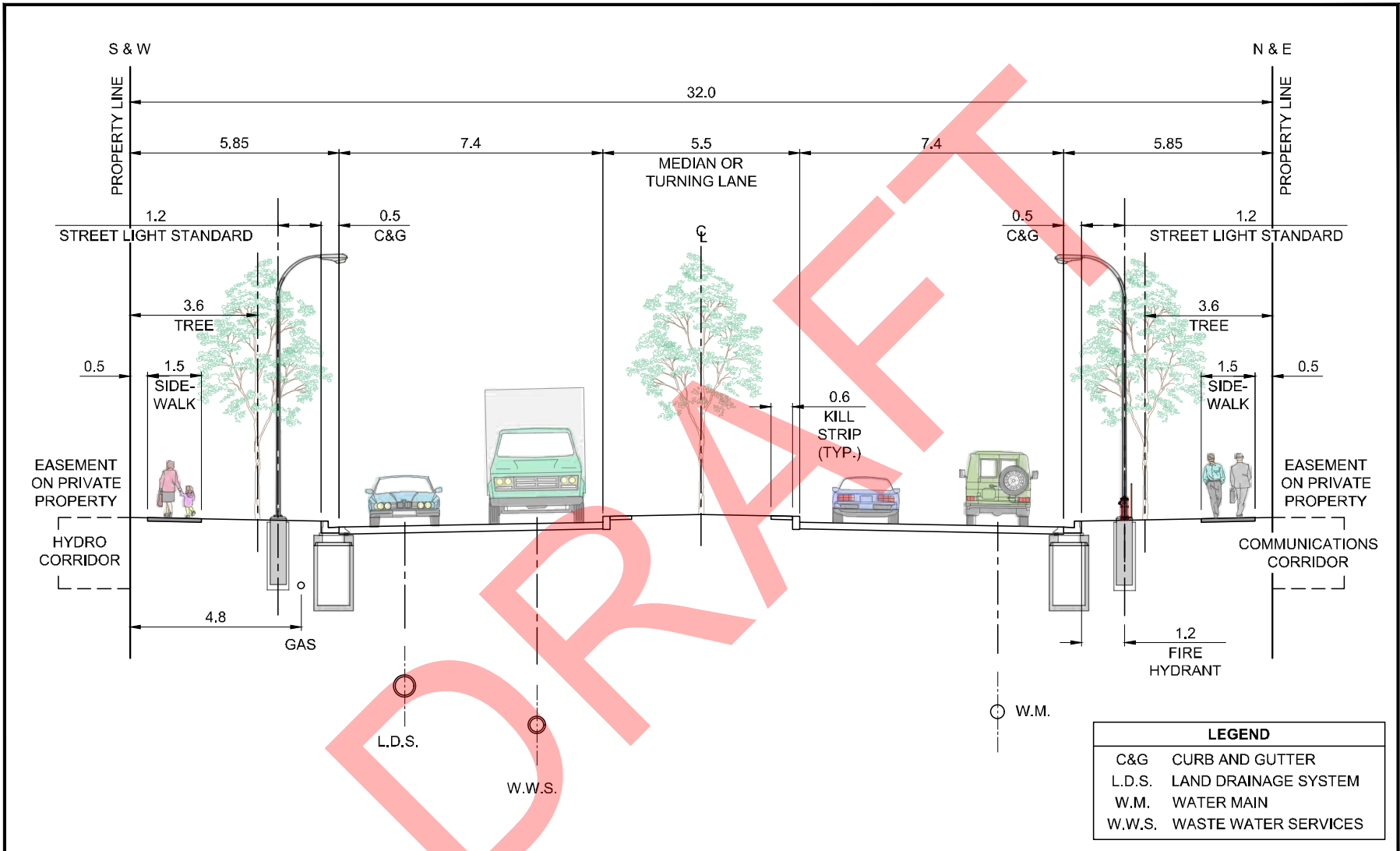
Authorized By:


City Engineer

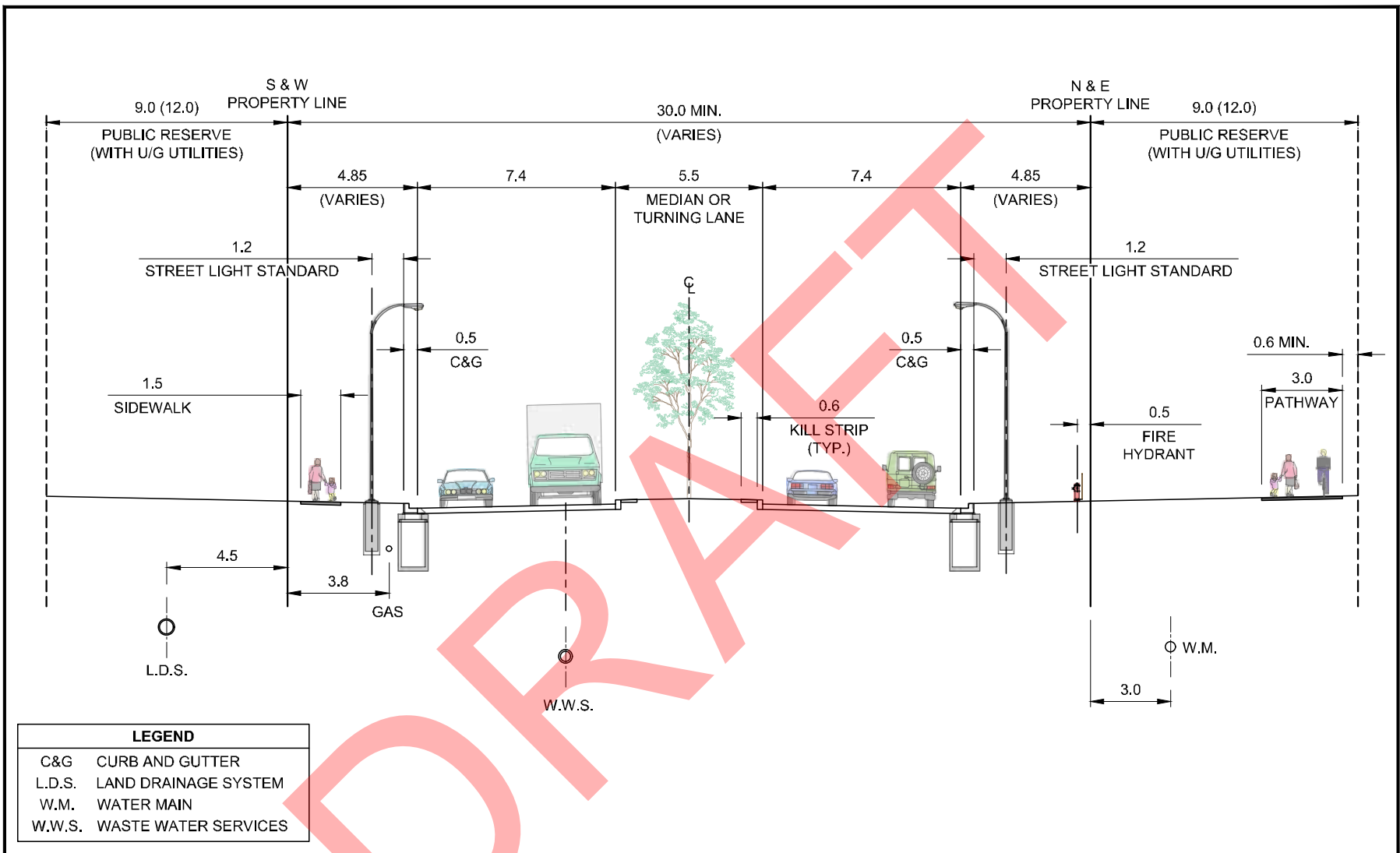
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Appendix A – Municipal Servicing Standards Draft Street Sections

DRAFT

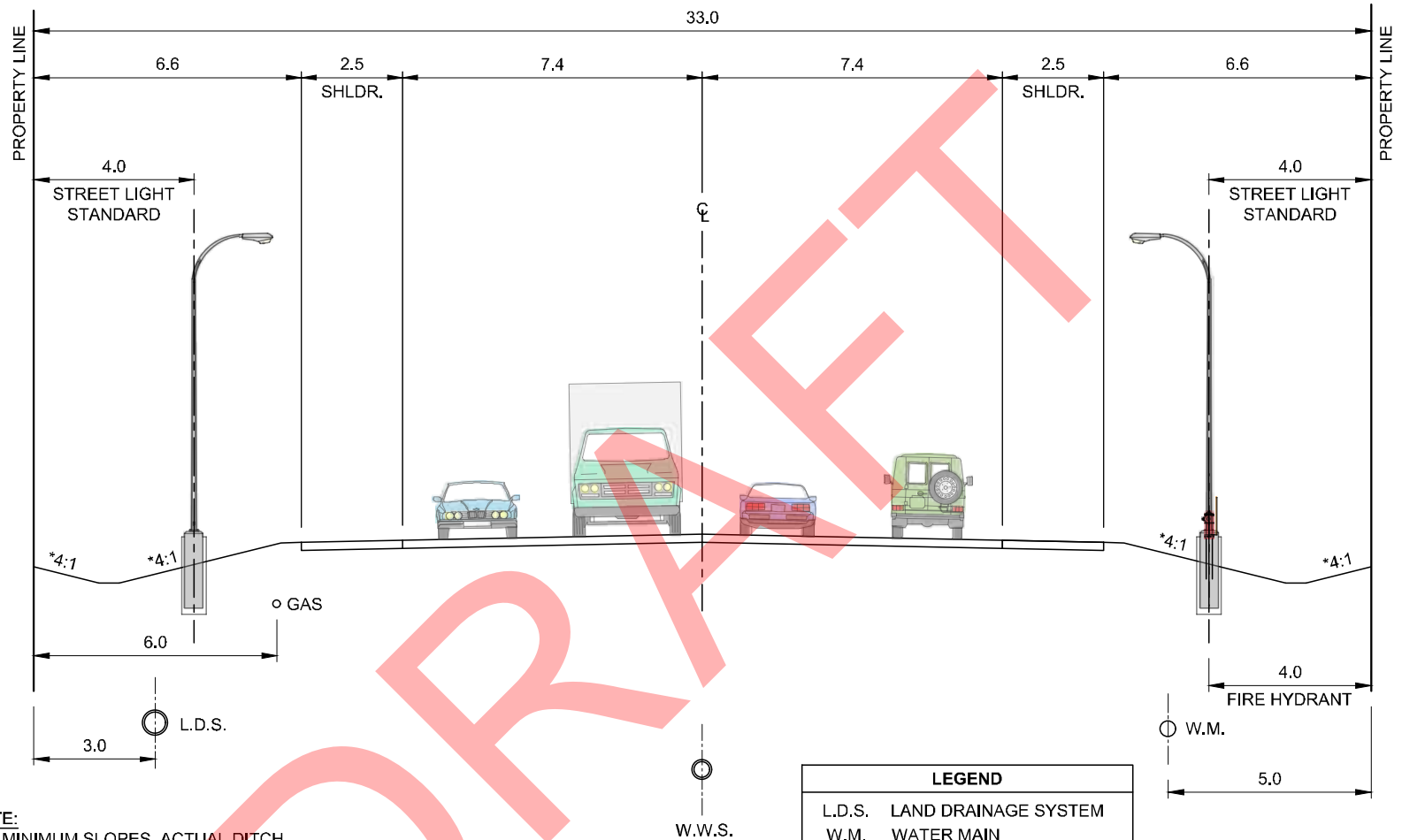


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				NAME	NAME			
				DATE SIGNED	DATE SIGNED			
No.	REVISION DESCRIPTION	DATE	BY					
1	ORIGINAL STANDARD DRAWING	2023.04.28	XXX					



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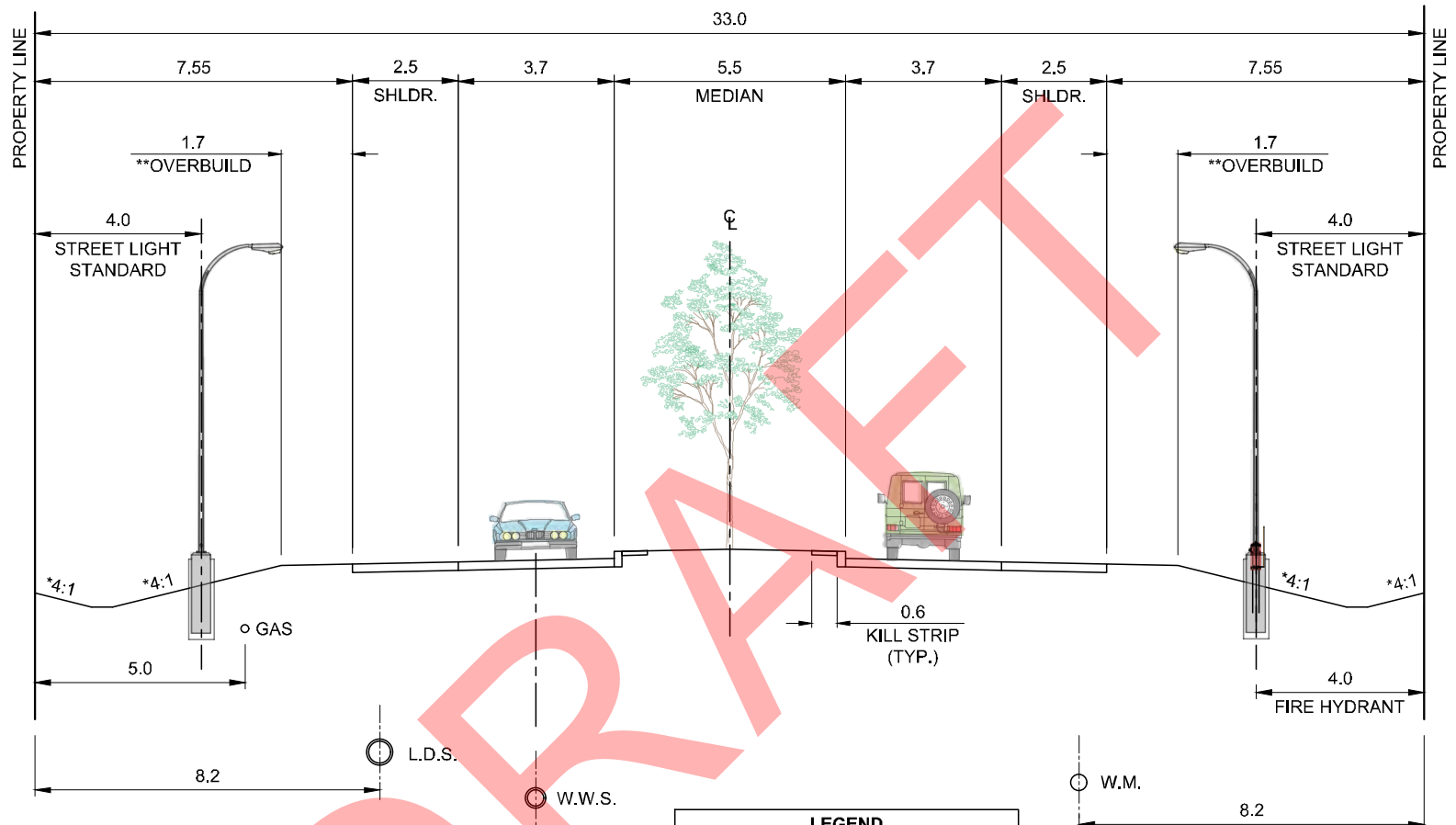


NOTE:
*4:1 MINIMUM SLOPES. ACTUAL DITCH
DESIGN TO BE DETERMINED THROUGH
HYDROLOGIC/HYDRAULIC ANALYSIS.

LEGEND	
L.D.S.	LAND DRAINAGE SYSTEM
W.M.	WATER MAIN
W.W.S.	WASTE WATER SERVICES


				APPROVALS		CROSS-SECTION ARTERIAL - RURAL	
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				DATE SIGNED	DATE SIGNED		
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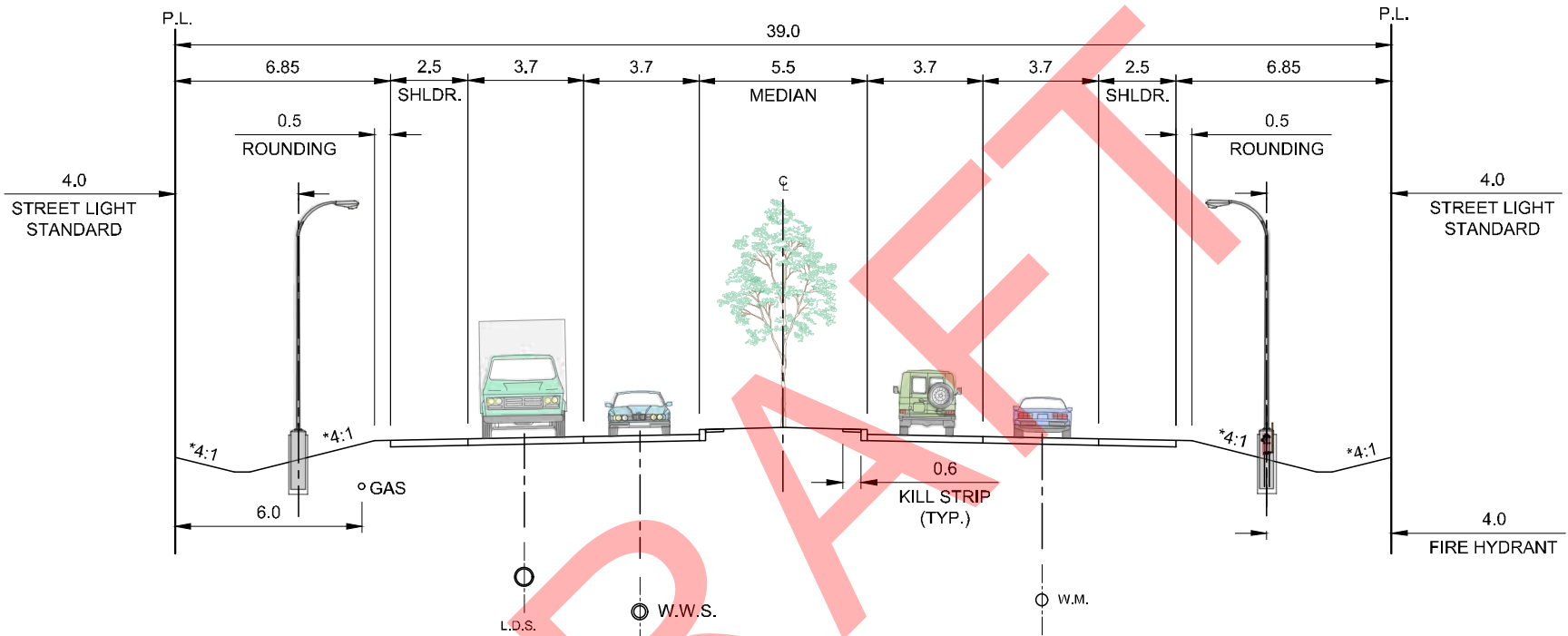


NOTES:
 *4:1 MINIMUM SLOPES. ACTUAL DITCH DESIGN TO BE DETERMINED THROUGH HYDROLOGIC/HYDRAULIC ANALYSIS.
 **ROAD BED OVERBUILT TO ACCOMMODATE URBAN ARTERIAL.

LEGEND	
L.D.S.	LAND DRAINAGE SYSTEM
W.M.	WATER MAIN
W.W.S.	WASTE WATER SERVICES

				APPROVALS			CROSS-SECTION ARTERIAL - RURAL, 2-LANE DIVIDED	
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No.	REVISION DESCRIPTION	DATE	BY

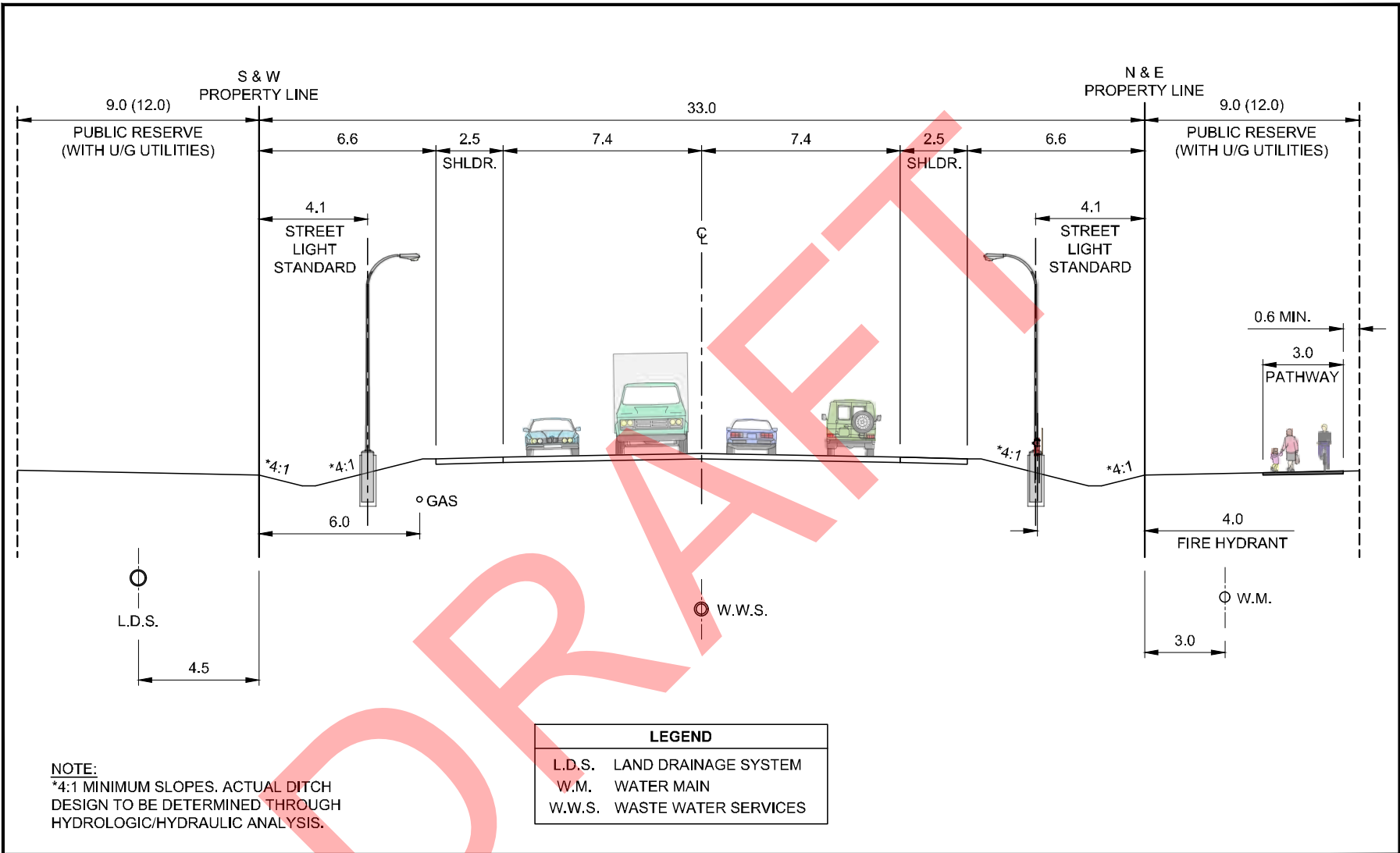



NOTES:
 *4:1 MINIMUM SLOPES. ACTUAL DITCH DESIGN TO BE DETERMINED THROUGH HYDROLOGIC/HYDRAULIC ANALYSIS.
 **ROAD BED OVERBUILT TO ACCOMMODATE URBAN ARTERIAL.

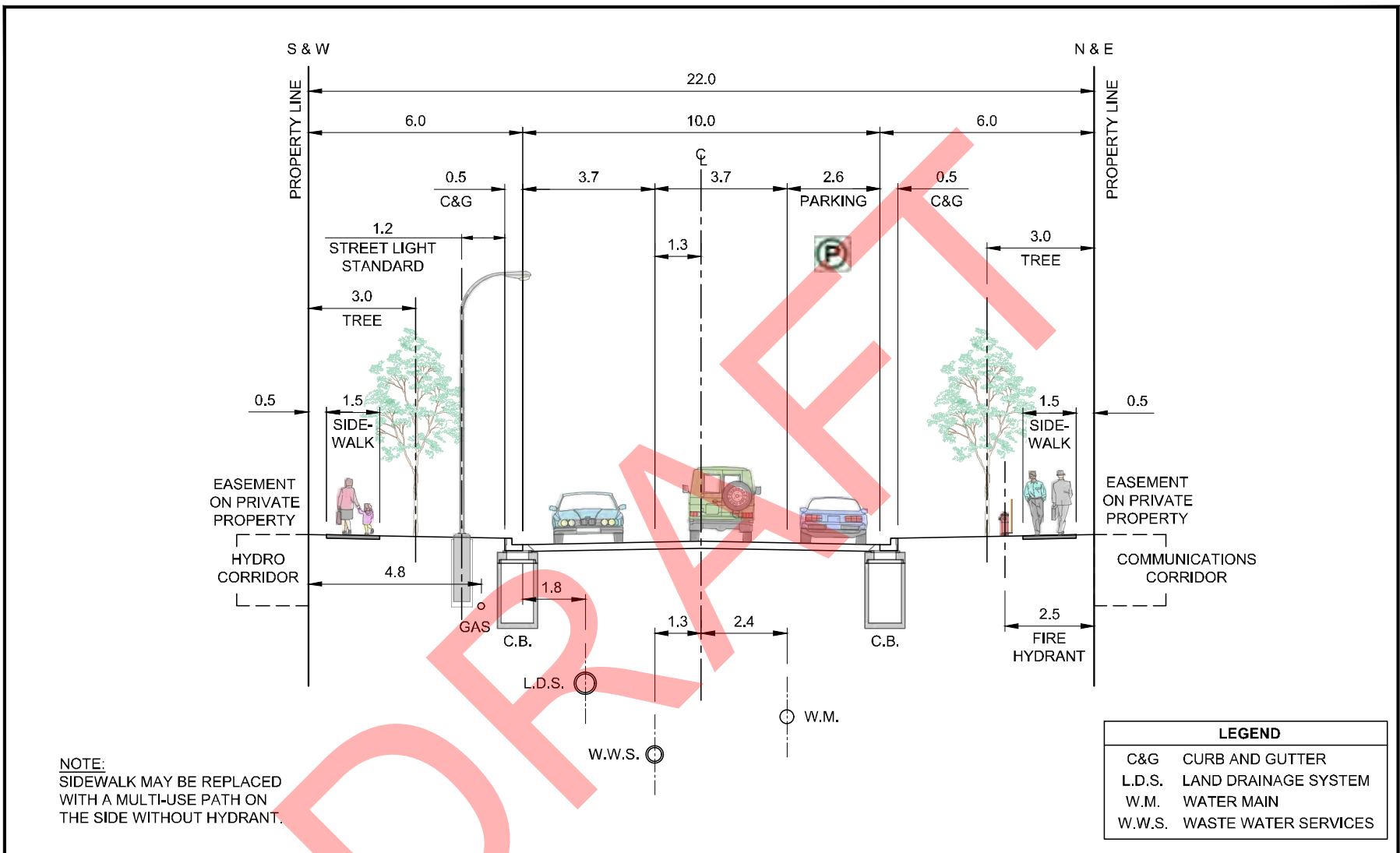
LEGEND	
L.D.S.	LAND DRAINAGE SYSTEM
W.M.	WATER MAIN
W.W.S.	WASTE WATER SERVICES

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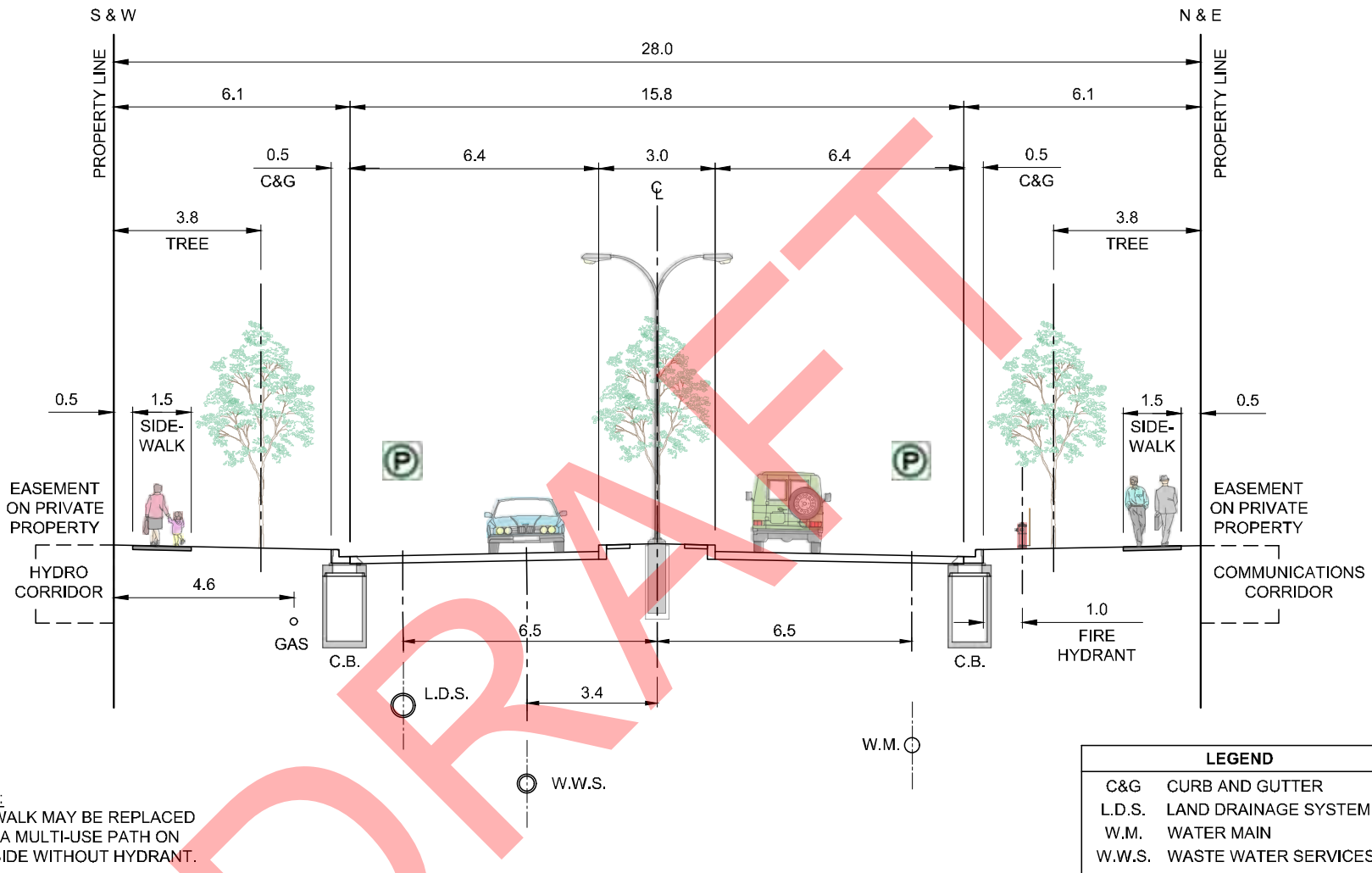



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No.	REVISION DESCRIPTION	DATE	BY				NTS	0006

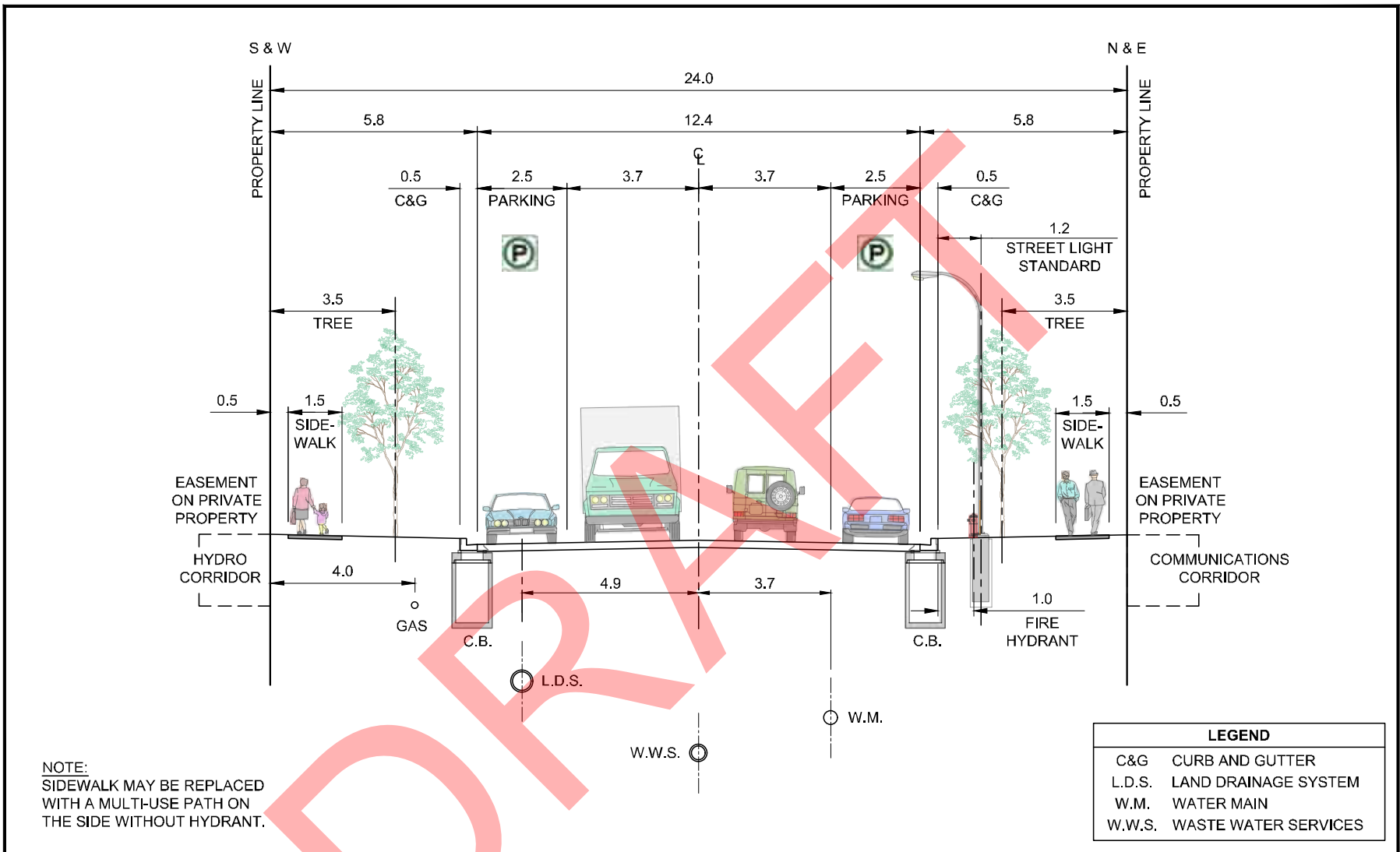


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No.	REVISION DESCRIPTION	DATE	BY	DATE SIGNED	DATE SIGNED		





				APPROVALS			CROSS-SECTION	
				SIGNATURE	SIGNATURE		COLLECTOR - URBAN 2-LANE DIVIDED DOUBLE PARKING LANES	
				NAME	NAME	SCALE: NTS	DRAWING No.	
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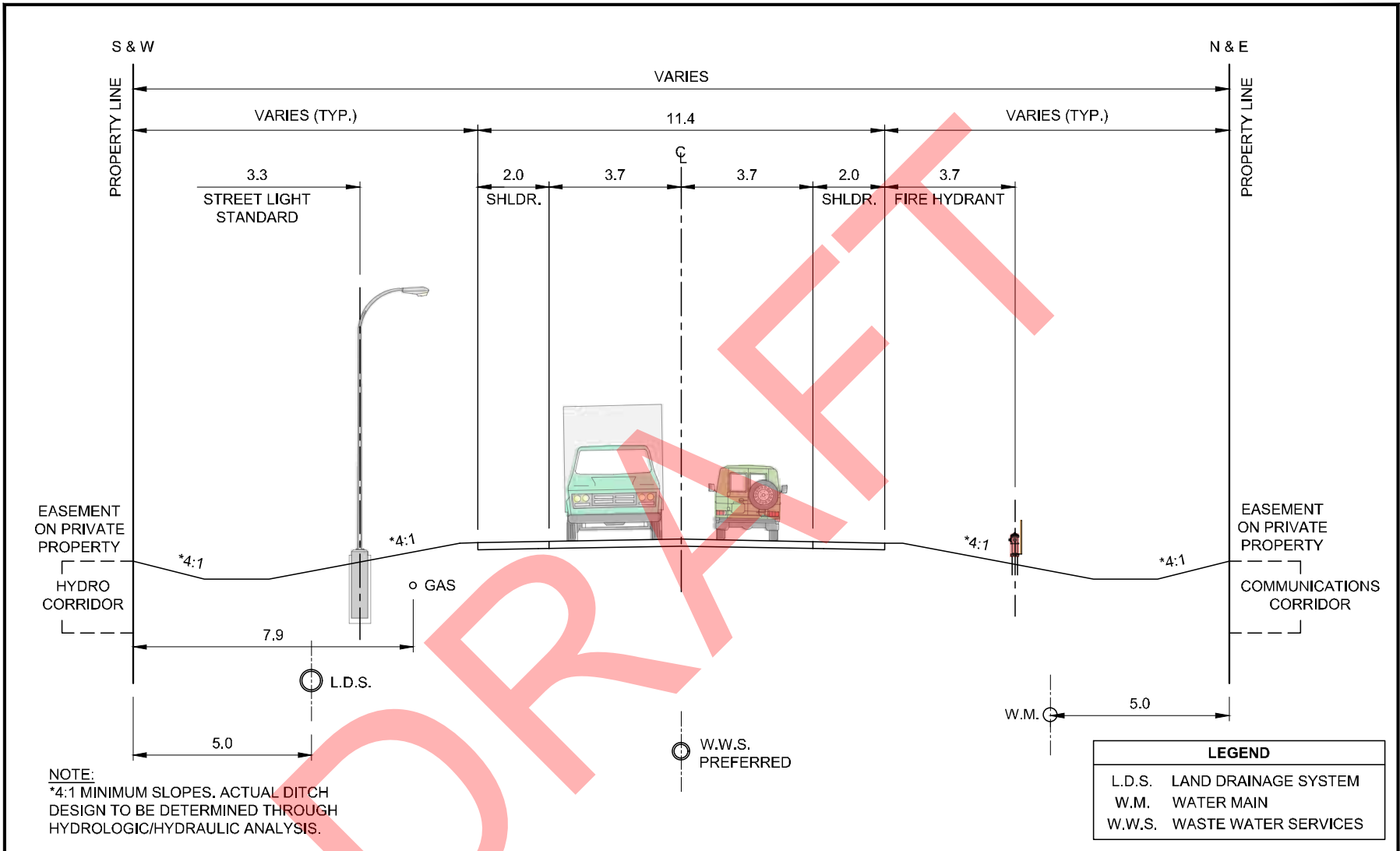


APPROVALS				CROSS-SECTION	
				COLLECTOR - URBAN, 2-LANE UNDIVIDED, DOUBLE PARKING LANES	
				SCALE:	DRAWING No.
				NTS	0009

SIGNATURE		SIGNATURE	
NAME		NAME	
DATE SIGNED		DATE SIGNED	

1	ORIGINAL STANDARD DRAWING	2023.04.28	XXX
No.	REVISION DESCRIPTION	DATE	BY





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No.	REVISION DESCRIPTION	DATE	BY	DATE SIGNED	DATE SIGNED		





LEGEND	
L.D.S.	LAND DRAINAGE SYSTEM
W.M.	WATER MAIN
W.W.S.	WASTE WATER SERVICES

1	ORIGINAL STANDARD DRAWING	2023.04.28	XXX		
No.	REVISION DESCRIPTION	DATE	BY		

APPROVALS	
SIGNATURE	SIGNATURE
NAME	NAME
DATE SIGNED	DATE SIGNED



CROSS-SECTION	
LOCAL - URBAN	
SCALE: NTS	DRAWING No. 0011



Appendix D

Development Charge Calculation Options



Appendix D: Development Charge Calculation Options

As part of the Development Charges Background Study process, the following calculation options were reviewed with staff:

1. Established versus Emerging area-specific charges (current methodology utilized by the City;
2. Uniform City-wide charge for all growth areas (excluding industrial); and
3. Area-specific charge on the basis of the following areas:
 - a. North Growth Area;
 - b. South Growth Area;
 - c. West Growth Area; and
 - d. Established Growth Area.

City staff have recommended that the Development Charge continue to be calculated on an Established versus Emerging Growth Area basis. Chapters 5 and 6 provide for the capital costs and associated Development Charge calculation for the City Administration recommended option. The following sections provide a summary of the calculations for the other two options that were reviewed.

D.1 Area-Specific Development Charge Calculation

As noted above, this option provides for four (4) discrete area-specific charges. Chapter 3 of this report provided for the growth in each of the four areas and is summarized below:

Table D-1
Summary of Growth by Area

Area	Anticipated 20-year Growth	
	Growth in Population	Growth in Gross Floor Area (sq.ft.)
North Growth Area	1,984	494,722
South Growth Area	7,440	848,095
West Growth Area	496	70,675
Established Growth Area	2,480	249,440
Total City-Wide Growth	12,400	1,662,931



The following tables provide a summary of the gross and net capital costs for each area, by service:

Table D-2
Gross Capital Costs – Area-Specific Option

Area	Gross Capital Costs						
	Water Linear	Wastewater Linear	Drainage	Water Treatment	Wastewater Treatment	Transportation Intersections	Transportation Roads
North Growth Area	\$4,113,202	\$13,806,960	-	\$292,474,236	\$126,993,832	\$3,018,715	\$33,477,650
South Growth Area	\$4,148,000	\$66,724,079	\$54,074,091				
West Growth Area	\$66,000	\$1,068,807	-				
Established Growth Area	-	-	-				

Table D-3
City of Brandon
Net Development Charge Recoverable Costs – Area-Specific Option

Area	Net Development Charge Recoverable Costs						
	Water Linear	Wastewater Linear	Drainage	Water Treatment	Wastewater Treatment	Transportation Intersections	Transportation Roads
North Growth Area	\$259,090	\$510,899	-	\$34,191,396	\$17,526,547	\$1,999,540	\$12,991,137
South Growth Area	\$2,415,285	\$28,133,670	\$3,813,159				
West Growth Area	\$56,993	\$50,688	-				
Established Growth Area	-	-	-				

Based on the growth identified in Table D-1 and the net recoverable costs for each service provided in Table D-3, the summary of the Development Charge calculation by area is provided below for water network, wastewater network, and drainage.

Table D-4
Development Charge Calculations – Area-Specific Services
North Growth Area

SERVICE	2023\$ DC Eligible Cost			2023\$ DC Eligible Cost	
	Total Net Recoverable Costs	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$	\$
Water Linear	259,090	202,855	56,235	280	0.11
Wastewater Linear	510,899	400,010	110,890	551	0.23
Drainage	-	-	-	-	-
TOTAL	769,989	602,864	167,125	\$831	\$0.34



Table D-5
Development Charge Calculations – Area-Specific Services
South Growth Area

SERVICE	2023\$ DC Eligible Cost			2023\$ DC Eligible Cost	
	Total Net Recoverable Costs	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$	\$
Water Linear	2,415,285	2,143,590	271,694	788	0.32
Wastewater Linear	28,030,209	24,968,926	3,061,282	9,179	3.61
Drainage	3,813,159	3,384,218	428,941	1,244	0.51
TOTAL	34,258,652	30,496,735	3,761,917	\$11,211	\$4.44

Table D-6
Development Charge Calculations – Area-Specific Services
West Growth Area

SERVICE	2023\$ DC Eligible Cost			2023\$ DC Eligible Cost	
	Total Net Recoverable Costs	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$	\$
Water Linear	56,993	49,162	7,830	271	0.11
Wastewater Linear	50,688	43,724	6,964	241	0.10
Drainage	-	-	-	-	-
TOTAL	107,681	92,886	14,794	\$512	\$0.21

Table D-7
Development Charge Calculations – Area-Specific Services
Established Growth Area

SERVICE	2023\$ DC Eligible Cost			2023\$ DC Eligible Cost	
	Total Net Recoverable Costs	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$	\$
Water Linear	-	-	-		
Wastewater Linear	-	-	-		
Drainage	-	-	-		
TOTAL	-	-	-	\$0	\$0.00

It is noted that transportation, water treatment, and wastewater treatment charges are provided on a City-wide basis. A summary of this calculation is provided below:



Table D-8
City of Brandon
Development Charge Calculations – City-wide Services

SERVICE	2023\$ DC Eligible Cost			2023\$ DC Eligible Cost	
	Total Net Recoverable Costs	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$	\$
Water Treatment	34,191,396	29,756,689	4,434,707	6,563	2.67
Wastewater Treatment	17,526,547	15,253,311	2,273,235	3,364	1.37
Transportation Intersections	1,999,540	1,740,195	259,345	384	0.16
Transportation Roads	12,991,137	11,306,156	1,684,982	2,494	1.01
TOTAL	66,708,620	58,056,351	8,652,269	\$12,805	\$5.21

Based on the above, the following provides a summary of the total Development Charge calculation for each area:



Table D-9
Summary of Development Charge Calculation
North Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$280	\$207	\$0.12
Wastewater Linear	\$551	\$407	\$0.22
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$0	\$0	\$0.00
Total	\$13,636	\$10,076	\$5.56

*Based on a low density persons per unit assumption of 2.735 and high density persons per unit assumption of 2.021.

Table D-10
Summary of Development Charge Calculation
South Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$788	\$582	\$0.32
Wastewater Linear	\$9,179	\$6,783	\$3.61
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$1,244	\$919	\$0.51
Total	\$24,016	\$17,746	\$9.64

*Based on a low density persons per unit assumption of 2.735 and high density persons per unit assumption of 2.021.



Table D-11
Summary of Development Charge Calculation
West Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$271	\$200	\$0.11
Wastewater Linear	\$241	\$178	\$0.10
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$0	\$0	\$0.00
Total	\$13,317	\$9,841	\$5.42

*Based on a low density persons per unit assumption of 2.735 and high density persons per unit assumption of 2.021.

Table D-12
Summary of Development Charge Calculation
Established Growth Area

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$0	\$0	\$0.00
Wastewater Linear	\$0	\$0	\$0.00
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$0	\$0	\$0.00
Total	\$12,805	\$9,462	\$5.21

*Based on a low density persons per unit assumption of 2.735 and high density persons per unit assumption of 2.021.



D.2 City-Wide Development Charge Calculation

Under this option, all services are calculated on a City-wide basis. As noted in Chapter 3, the total City-wide growth is identified as follows:

Table D-13
Summary of City-wide Growth

Area	Anticipated 20-year Growth	
	Growth in Population	Growth in Gross Floor Area (sq.ft.)
Total City-Wide Growth	12,400	1,662,931

The following tables provide for the gross and net Development Charge recoverable costs for the City-wide calculation:

Table D-14
Gross Capital Costs – City-wide Option

Area	Gross Capital Costs						
	Water Linear	Wastewater Linear	Drainage	Water Treatment	Wastewater Treatment	Transportation Intersections	Transportation Roads
City-wide (excluding industrial)	\$8,327,202	\$81,599,847	\$87,842,540	\$292,474,236	\$126,993,832	\$3,018,715	\$33,477,650

Table D-15
Net Development Charge Recoverable Costs – City-wide Option

Area	Net Development Charge Recoverable Costs						
	Water Linear	Wastewater Linear	Drainage	Water Treatment	Wastewater Treatment	Transportation Intersections	Transportation Roads
City-wide (excluding industrial)	\$2,731,367	\$28,695,258	\$3,813,159	\$34,191,396	\$17,526,547	\$1,999,540	\$12,991,137

Based on the above net recoverable costs, the following table provides for the Development Charge calculation for each of the services:



Table D-16
Development Charge Calculations – City-wide Option

SERVICE	2023\$ DC Eligible Cost			2023\$ DC Eligible Cost	
	Total Net Recoverable Costs	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$	\$
Water Linear	2,731,367	2,377,102	354,265	524	0.21
Wastewater Linear	28,695,258	24,973,414	3,721,844	5,509	2.24
Drainage	3,813,159	3,318,583	494,576	732	0.30
Water Treatment	34,191,396	29,756,689	4,434,707	6,563	2.67
Wastewater Treatment	17,526,547	15,253,311	2,273,235	3,364	1.37
Transportation Intersections	1,999,540	1,740,195	259,345	384	0.16
Transportation Roads	12,991,137	11,306,156	1,684,982	2,494	1.01
TOTAL	101,948,404	88,725,450	13,222,954	\$19,570	\$7.96

To summarize the calculation, the following provides the total Development Charge for low density residential units, high density residential units, and non-residential development.

Table D-17
City of Brandon
Summary of Development Charge Calculations – City-wide Option

Service	Low Density Rate (per unit)	High Density Rate (per unit)	Non-residential Rate (per sq.ft.)
Water Treatment	\$6,563	\$4,850	\$2.67
Wastewater Treatment	\$3,364	\$2,486	\$1.37
Water Linear	\$524	\$387	\$0.21
Wastewater Linear	\$5,508	\$4,070	\$2.24
Transportation Intersections	\$384	\$284	\$0.16
Transportation Roads	\$2,494	\$1,843	\$1.01
Drainage	\$732	\$541	\$0.30
Total	\$19,570	\$14,461	\$7.96

*Based on a low density persons per unit assumption of 2.735 and high density persons per unit assumption of 2.021.



Appendix E

Local Service Policy



Appendix E: Local Service Policy (Superseded)

**[THIS POLICY HAS BEEN SUPERSEDED BY THE DEVELOPMENT CHARGES
CAPITAL INFRASTRUCTURE POLICY]**

General Policy Guidelines on Development Cost Charge and Local Service Funding for Road-Related, Stormwater Management, Water Works, Sanitary Sewer Works and Parkland Development

The following guidelines need to be read in conjunction with the City's Municipal Service Standards requirements.

1. Collector Roads

- 1.1 Collector roads internal to development – Direct developer responsibility
- 1.2 Roads (collector and arterial) external to development – Include in the Development Charge calculation

2. Traffic Signals (includes traffic control systems)

- 2.1 Traffic signalization within or external to development – Include in the Development Charge calculation

3. Intersection Improvements

- 3.1 Intersection improvements internal to development – Direct Developer Responsibility
- 3.2 Intersection improvements external to development which provide a connection to a road internal to the development – Direct developer responsibility
- 3.3 Intersection improvements external to development which do not provide a connection to a road internal to the development – include in the Development Charge



4. Streetlights

4.1 Streetlights on external roads – Include in the Development Charge

4.2 Streetlights within specific developments – Direct developer responsibility

5. Sidewalks

5.1 Sidewalks on Provincial and City roads – Include in the Development Charge

5.2 Sidewalks on internal roads – Developer reasonability

5.3 Other sidewalks external to development (adjacent to development or within the area to which the plan relates) – Direct developer responsibility

6. Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways

6.1 Bike routes and bike lanes, within road allowance, external to development – Include in the Development Charge road costs

6.2 Bike lanes, within road allowance, internal to development – Direct developer responsibility

6.3 Bike paths/multi-use trails/naturalized walkways internal to development – Direct developer responsibility

6.4 Bike paths/multi-use trails/naturalized walkways adjacent to a development or within the area to which the plan relates – Direct developer responsibility

7. Noise Abatement Measures

7.1 Internal or adjacent to development – Direct developer responsibility

8. Land Acquisition for Infrastructure for Network Expansions or Improvements

8.1 Land acquisition for infrastructure networks internal to, adjacent or directly benefiting a development - Direct developer responsibility

8.2 Land acquisition for infrastructure networks external to a development - Include in the Development Charge calculation

9. Land Acquisition for Easements



9.1 Easement costs external to subdivisions shall be included in the Development Charge calculation.

10. Storm Water Management

10.1 Design and construction of stormwater management infrastructure – Direct developer responsibility

10.2 Oversizing of stormwater management works for development external to developments will be subject to best efforts clauses to recover from benefiting lands.

10.3 Broader Network conveyance system infrastructure - Include in the Development Charge calculation

11. Water

11.1 Booster stations and works associated with pressure zone boundaries to be included within the Development Charge

11.2 Watermains external to subdivisions included in the Development Charge

11.3 Developer responsible for costs of waterworks within the subdivision which are 300 mm or less nominal diameter

11.4 Connections to trunk mains and booster stations to service specific areas, to be direct developer responsibility.

12. Sanitary Sewer

12.1 Lift stations shall be included in the Development Charge

12.2 Sanitary sewers external to subdivisions included in the Development Charge

12.3 Connections to trunk mains and lift stations to service specific areas to be direct developer responsibility.

12.4 Developer responsible for costs of sanitary sewers within the subdivision which are 350 mm or less nominal diameter



13. Parkland Development

13.1 All greenspace areas internal to development, including grading, landscaping (trees, shrubs, sod) and amenities (benches, playgrounds, signage) – direct developer responsibility.