APPENDIX G

LIFECYCLE ANALYSIS OF GROWTH STRATEGY FOR THE CITY OF BRANDON, MANITOBA

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For:
The City of Brandon, Manitoba

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PREFACE and ACKNOWLEGEMENT

In September 2013, InfraCycle Fiscal Solutions was retained by the City of Brandon, Manitoba to prepare a lifecycle analysis of 4 growth nodes.

This report examines the lifecycle analysis of the growth nodes on four off-site services that would support development. The lifecycle analysis is limited to the lifecycle cost of off-site services. The analysis does not include costing of on-site infrastructure within growth nodes or community services.

The net lifecycle analysis of the growth nodes includes the calculation of property tax and levies generated from land uses within the growth nodes that would support the off-site services.

I want to acknowledge the assistance of the Department of Development Services, the Engineering Department and the Department of Finance. Staff in these departments provided valuable information that assisted with the completion of the lifecycle analysis and this report.

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EXECUTIVE SUMMARY

The Brandon and Area Planning District (BAPD) has undertaken a growth strategy that identified potential areas of development. Servicing future urban growth will require a significant investment; since the City of Brandon will likely be the main provider of the urban municipal service, it is important for the City to make certain that the investment will produce the highest off-setting financial return. This report examines at a high level the best direction for growth that has the highest potential to produce the best return on investment.

This study examined potential revenues that were limited to property taxes and levies that would support the capital cost of services. This should not be interpreted as actual or potential revenue gain that will accrue to the City of Brandon. Revenues were calculated for the purpose of evaluating relative differences of each growth node. Lifecycle costs were estimated for only four linear assets such as; major roads, wastewater, water, and storm sewers that would support development of the four growth nodes. No lift stations, off-site wastewater trunks, off-site water main, off-site storm sewers, river crossings, community services or parks are included in the analysis. Costs were assigned to the linear services for the purpose of evaluating the relative differences of the length of infrastructure servicing each growth node.

Rather than focus on specific dollar amounts, it would be appropriate to refer to each node in a ranking with potential to produce the best return on investment for the City of Brandon.

The Preferred Growth Node

Of the four growth nodes as identified on Map 4 of the Brandon & Area Planning District Fringe Area Growth Strategy (Growth Strategy), the preferred growth node is South East Brandon for the following reasons:

a) It has the potential to achieve the highest net revenue gain.
b) It has 471 acres, the largest area of land, containing 89 net acres of regional retail that will increase the City's non-residential revenues.
c) There is interest from experienced land developers to develop this growth node and specifically the regional retail use.

Other Growth Nodes

It is important to point out that this analysis focuses only on a high level lifecycle costing of the growth nodes; the result does not suggest there will be no growth within other growth nodes. The phasing of development in South West Brandon, West Brandon and North Brandon should be determined after accurate estimates can be provided for off-site services including; lift stations, pumping stations, stormwater outfalls, river crossings and improvements to major roads. Furthermore, the recommendation in this report merely identifies a growth node that may yield the highest return on public investment for development from a fiscal perspective. The study in this report does not take into consideration the potential social, environmental and economic impacts that the preferred growth node may have on the City.

An Inter-municipal Agreement and Annexation

South East Brandon is located outside the City of Brandon municipal boundary and it has been identified as an area for future urban development based on both the Land Use Evaluation analysis in Growth Strategy as well as this lifecycle analysis. The City has several alternatives in supporting development outside the City if the recommended growth node was to be developed. These alternatives include; pursue annexation, enter into an Inter-municipal Agreement or an Inter-municipal Development Plan.

Rolling River Reserve

The Rolling River Reserve contains approximately 540 acres. The City of Brandon and representatives of the Rolling River Reserve have had discussions about the servicing requirements for this area. It is intended that the Reserve lands be developed for urban purposes in future. The City of Brandon water and wastewater services cross the Reserve and provide services to the Airport. The water and wastewater services need to be relocated before the Council can obtain Reserve status for their land. The estimated cost to relocate the services is $5 million. The Council is in the process of securing funding to relocate the services.

Backlog of Infrastructure

The City needs to address the backlog of Infrastructure which is estimated to be $165 million. This can be addressed with the preparation of an Asset Management Plan. The City does not have an option to ignore this inevitable expense. Rather than reacting to emergencies, municipalities can take a pro-active approach to be engaging in long-range financial planning. If infrastructure is allowed to deteriorate to the point of collapse or become dysfunctional, it will be more expensive to bring the asset back to an acceptable service level. It is less expensive to maintain infrastructure in good condition than it is to replace infrastructure that has been allowed to deteriorate.

Developing South East Brandon and extending services through the industrial land will improve the City's opportunity to increase non-residential revenues and contributions to reserve funds for infrastructure improvements.

A study should be commissioned that monitors water loss or infiltration in wastewater and storm water systems. From this study the condition of the mains could be better estimated and the need for mitigation to reduce leakage and infiltration can be better quantified.

More work should be done in a cooperative fashion with the Brandon University, especially their Rural Development Institute. This could lead to greater innovation in service delivery and create a new way to approach old problems.

Levies

The City needs to review its policy for charging off-site levies. The current off-site levy for residential developments is low and there is no consistent application of off-site levies for commercial developments.

The implication is that the current taxpayers are paying to support the cost of new development. Regarding the commercial developers there is inconsistency in the application of off-site levies for retail, office and industrial properties. This creates uncertainty and a lack of fairness in the marketplace.

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1. INTRODUCTION

The Brandon and Area Planning District has undertaken a growth strategy that identified potential areas of urban development. Since the City of Brandon will likely be the main provider of municipal services to support urban growth in the fringe areas of the city, the City needs to understand the lifecycle analysis of the growth areas on four specific infrastructure assets and future revenues.

Servicing future growth will require a significant investment and the City wants to make sure that the investment will produce the highest off-setting financial return. The growth areas need to be evaluated to understand both the fiscal liabilities and financial opportunities. By prioritizing the growth areas, development can proceed in an orderly manner and allow the City to manage finances and expectations.

With a well planned growth strategy, the City can better manage several significant issues and challenges, which includes:

- The strategic investment of limited municipal resources to ensure commitments to maximize the economic, social and environmental returns for the City of Brandon and the Planning District.

- Assistance to the District in making financially responsible, sustainable, equitable and defensible decisions regarding the future urban growth in the region.

- Providing the Administration and Council with a quantifiable understanding of the fiscal implications of extending water, wastewater, stormwater and major roads to growth areas.

- The strategic phasing of services to nodes that will provide direction on the location and timing of infrastructure improvements required to allow growth to occur.

The City needs to find solutions that will produce the highest net revenue gain for the following reasons:

- The City of Brandon has a backlog of infrastructure that is estimated to be more than $165 million. This amount is growing annually as old infrastructure continues to age and the City of Brandon acquires new infrastructure assets in developing communities. There are currently no Federal or Provincial grant programs that will adequately fill this need and provide a recurring source of revenue to pay for the replacement of infrastructure. The only realistic funding source is property taxes and user fees.

- Increasing property taxes is often an unpopular choice for Council. Property taxes may be kept artificially low for a few years but escalating increases are inevitable. In recent years approximately 70% of property tax revenue has been derived from residential uses and approximately 30% from non-residential uses. A strategy that will keep property taxes lower is to increase the amount of industrial, office and retail uses, which will increase the percentage of revenues from non-residential uses.

2. METHODOLOGY AND SOURCE DATA

The following is an overview of the key elements of the methodology used to complete the lifecycle analysis. This section of the report provides an explanation of the data used to complete the lifecycle analysis.

2.1 Land Uses

Table 1 contains the proposed land uses for each of the four growth nodes, two scenarios for South East Brandon (S1 and S2), and the industrial area in the south east part of the City.

Table 1 - Net Land Uses

North Brandon	**ac**	**%**	**units**	**sq. ft. land**
Residential	203	58%	3,253	
Retail	145	42%		6.3 million
Totals	**348**	**100%**		
West Brandon	**ac**	**%**	**units**	**sq. ft. land**
Residential	280	92%	3,674	
Retail	25	8%		1 million
Totals	**305**	**100%**		
South West Brandon	**ac**	**%**	**units**	**sq. ft. land**
Residential	237	99.8%	3,115	
Retail	0.47	0.2%		20,000
Totals	**237**	**100%**		
South East Brandon S1 – Max Retail	**ac**	**%**	**units**	**sq. ft. land**
Residential	382	81%	5,000	
Retail	89	19%		4 million
Totals	**471**	**100%**		
South East Brandon S2 – 50% Retail	**ac**	**%**	**units**	**sq. ft. land**
Residential	417	90%	5,500	
Retail	44.5	10%		2 million
Totals	**461**	**100%**		
Industrial - East	**ac**	**%**	**units**	**sq. ft. land**
Totals	**1760**	**100%**	**0**	**77 million**

South East Brandon S1 has a total net area of 471 acres while South East Brandon S2 has a total net area of 461 acres. The reason that S2 has fewer net acres is that the residential area has been increased by 44.5 acres and the residential uses require more local roads and open space, which reduces the overall net land area.

The following is a ranking of the growth nodes based on the highest to lowest percentage of non-residential land uses.

The highest is North Brandon with non-residential at 42% to residential at 58%.

The second highest is SE Brandon S1-Max Retail with non-residential at 19% as compared to residential at 81%.

The third highest is SE Brandon S2-50% Retail with non-residential at 10% as compared to residential at 90%.

The fourth highest is West Brandon with non-residential at 8% as compared to residential at 92%.

The lowest is South West Brandon with non-residential at 0.2% as compared to residential at 99.8%.

2.2 Off-site Assets and Lifecycle Costing

A concern for municipalities is the recurring annual expenses related to maintaining capital assets, soft costs and the cost of administration related to the assets. To address this issue, the lifecycle costing method has been applied to four infrastructure assets, which include: major off-site roads; off-site wastewater trunks; off-site water mains; and off-site storm sewers. The City of Brandon could not provide the actual lifecycle costs for these off-site assets; as a result, industry accepted averages which have been used. As mentioned earlier in this report, the lifecycle analysis is limited to the lifecycle cost of off-site services. The analysis does not include costing of on-site infrastructure within growth nodes or the cost of community services. To evaluate the relative differences of the growth nodes, averages for typical urban areas were used. These values are considered conservative values and are shown below in *Table 2 – Lifecycle Values*.

Table 2 - Lifecycle Values

Asset Type	Capital/ft.	Replacement/ft.	Annual O&M	EUL
Arterial Roads	$500	$400	$4	20
Wastewater	$450	$350	$2	75
Water	$450	$350	$2	75
Stormwater	$450	$350	$2	75

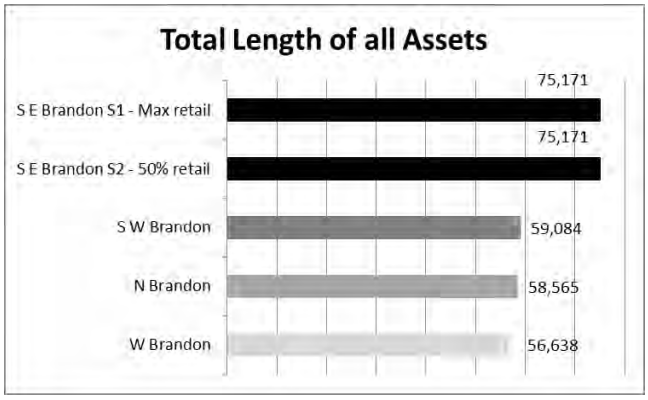
The growth nodes will need to be serviced with additional off-site infrastructure such as: lift stations, pumping stations, stormwater outfalls and river crossings. The City of Brandon did not have cost estimates for these assets, and as a result, these off-site infrastructures were not included in the estimates. The cost can vary considerably and relying on values from other municipalities is not feasible or appropriate.

Each growth node requires linear infrastructure of varying lengths. The values used to calculate lifecycle costs provide the means to compare the high level relative differences between the growth nodes.

2.3 Quantity of Assets

Each growth node is supported by four major off-site asset types: water, wastewater, stormwater and major roads. The total length of the assets for each growth node is shown below in *Figure 1 – Total Length of all Linear Infrastructure.* The length of assets for South East Brandon S1 and S2 are the same because the same infrastructure is needed to support both scenarios.

Figure 1 - Total Length of all Linear Infrastructure



3. DESCRIPTION OF SCENARIOS

The following is a description of the growth nodes and scenarios that were evaluated for the lifecycle analysis.

3.1 Description of Growth Nodes and Scenarios

There are four primary growth nodes:

- North Brandon
- West Brandon
- South West Brandon
- South East Brandon S1 Maximum Retail

In addition to completing a lifecycle analysis of the four primary growth nodes, the following scenarios were also evaluated:

- **South East Brandon S2 50% Retail** – The proposed land uses in South East Brandon S1 Maximum Retail include approximately 89 acres of regional retail development. The South East Brandon S2 50% Retail scenario was evaluated based on conservative planning by taking a reduction of 50% of retail land developing on 44.5 acres and the remaining 44.5 acres developing as residential.

- **Industrial Land** – There are approximately 11 quarter sections of vacant industrial land in the south eastern part of the City. The land is situated between the South East Brandon growth node and the City's wastewater treatment facility. To service the South East Brandon growth node, wastewater services will pass through the vacant industrial land. The area is already serviced with major roads and it presents an opportunity to make a large area of service land available for development. The potential revenue from 11 quarter sections was calculated.

- The Rolling River Reserve is situated north of North Brandon and the City asked for a comment on the potential for the Rolling River Reserve.

4. LIFECYCLE ANALYSIS

The results of the lifecycle analysis of the growth nodes and scenarios are described in this section. The analysis was completed for 10 years, 30 years and 50 years after an entire node is built.

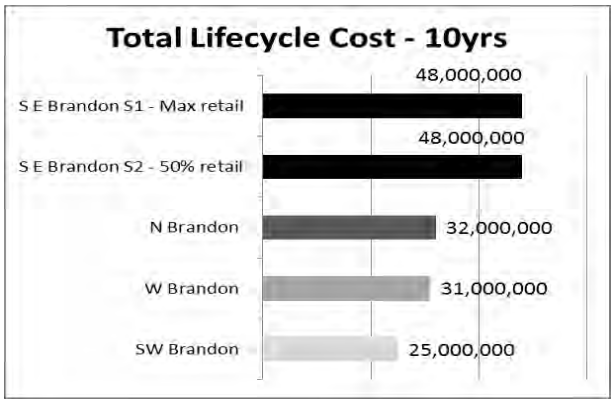
4.1 Lifecycle Costs

The estimated capital cost for water, wastewater, stormwater and major roads has been calculated for each growth node. The replacement cost is the accumulating liability for the four major linear assets which will need to be replaced at the end of their expected useful life. The operating and maintenance costs (O and M) are the estimated operating and maintenance cost for the linear assets. The cost for South East Brandon S1 and S2 are the same because all the costs are for off-site infrastructure only.

Figure 2 - Total Lifecycle Cost – 10yrs, 30yrs and 50yrs shows the comparison of lifecycle costs for each of the four growth nodes 10 years, 30 years and 50 years after the growth nodes are completely built. South East Brandon (S1 and S2 in this analysis) has the highest lifecycle cost because it requires the most amount of linear off-site infrastructure. North Brandon has the second highest, then West Brandon and South West Brandon.

It should be noted that these are estimates for linear infrastructure only and they do not include; lift stations, pumping stations, stormwater outfalls and river crossings. The cost estimates of linear infrastructure are intended to compare the relative cost of all the growth nodes with the information available at the time this study was prepared.

Figure 2 - Total Lifecycle Cost 10yrs, 30yrs and 50yrs



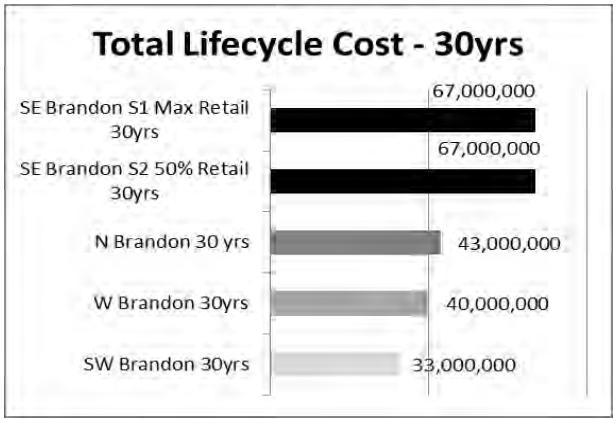


Table 3 - Comparison of Lifecycle Cost, shows the capital, replacement, operating and maintenance costs for 10 years, 30 years and 50 years. The following are observations about the analysis.

- The capital costs are one-time upfront costs which are the same for 10 years, 30 years and 50 years.

- Each of the assets that were analyzed have an expected useful life as shown in *Table 2 – Lifecycle Values*, that range from 20 to 75 years. The calculation of replacement cost is the accumulating liability at 10 years, 30 years and 50 years. These values are significant because the replacement costs are often not considered in the municipal budget process. When comparing the replacement cost to the total lifecycle cost, the replacement cost for 10 years is approximately 12%, for 30 years it is approximately 28% and for 50 years it is approximately 37%.

Table 3 – Comparison of Lifecycle Cost 10yrs, 30yrs and 50yrs

Lifecycle Costs 10 yrs.	Capital	Replacement	O and M	Totals
S E Brandon S1 - Max retail	$41,320,000	$5,000,000	$1,600,000	**$47,920,000**
S E Brandon S2 - 50% retail	$41,320,000	$5,000,000	$1,600,000	**$47,920,000**
N Brandon	$27,296,000	$3,760,000	$1,208,000	**$32,264,000**
W Brandon	$25,900,000	$3,550,000	$1,200,000	**$30,650,000**
SW Brandon	$21,000,000	$2,925,000	$1,007,000	**$24,932,000**

Lifecycle Costs 30 yrs.	Capital	Replacement	O and M	Totals
S E Brandon S1 - Max retail	$41,320,000	$19,700,000	$6,300,000	**$67,320,000**
S E Brandon S2 - 50% retail	$41,320,000	$19,700,000	$6,300,000	**$67,320,000**
N Brandon	$27,296,000	$12,400,000	$4,000,000	**$43,696,000**
W Brandon	$25,900,000	$10,500,000	$3,800,000	**$40,200,000**
SW Brandon	$21,000,000	$8,500,000	$3,000,000	**$32,500,000**

Lifecycle Costs 50 yrs.	Capital	Replacement	O and M	Totals
S E Brandon S1 - Max retail	$41,320,000	$32,800,000	$10,500,000	**$ 84,620,000**
S E Brandon S2 - 50% retail	$41,320,000	$32,800,000	$10,500,000	**$ 84,620,000**
N Brandon	$27,296,000	$20,700,000	$6,900,000	**$ 54,896,000**
W Brandon	$25,810,000	$18,000,000	$6,300,000	**$ 50,110,000**
SW Brandon	$21,213,000	$14,400,000	$5,000,000	**$ 40,613,000**

4.2 Revenues

Two sources of revenue were calculated that off-set some of the lifecycle cost of infrastructure; residential and commercial property taxes and levies for residential units. The City of Brandon does not have an established history of applying levies to commercial developments and no revenues from commercial levies were included in the calculation of revenues.

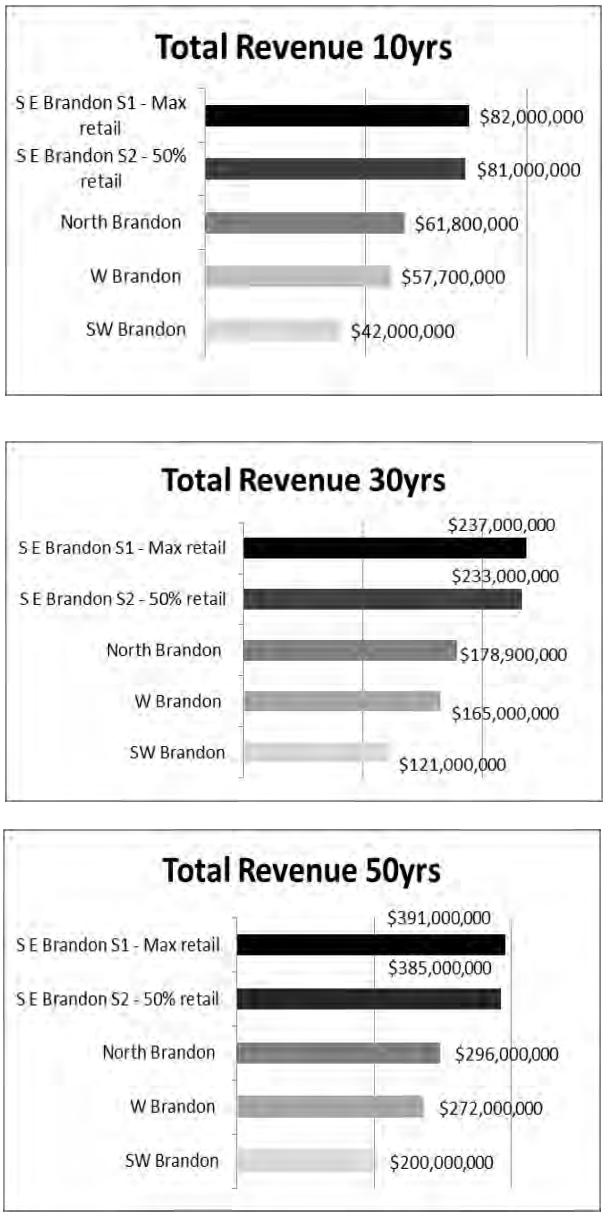
Average property tax revenue by land use type was provided by the City of Brandon. Property taxes fund a wide range of municipal expenditures. Since the lifecycle cost was calculated for only four major infrastructure groups, the tax revenues were adjusted to 40%, which is the estimate of property tax revenue spent on the four linear infrastructure groups examined in this study.

Figure 3 - Total Revenues shows the comparison of revenues generated from levies and property taxes for each of the growth nodes 10 years, 30 years and 50 years after the growth nodes are completely built.

Of the four growth nodes, South East Brandon S1 – Maximum Retail has the highest total revenues at an estimated $82 million after 10 years, $237 million after 30 years and $391 million after 50 years. It also has the most amount of net developable land for residential and retail uses at 471 acres. South East Brandon has a relatively high ratio of residential to retail land with approximately 81% of the land (382 ac) allocated to residential uses and 19% of the land (89 ac) allocated to retail uses.

South East Brandon S2 – 50% Retail has the second highest revenue at approximately $81 million after 10 years, $233 million after 30 years and $385 million after 50 years. The reduction of the retail area from 89 acres to 44.5 acres had the effect of reducing revenues but it did not affect the overall ranking of South East Brandon.

Figure 3 Total Revenues



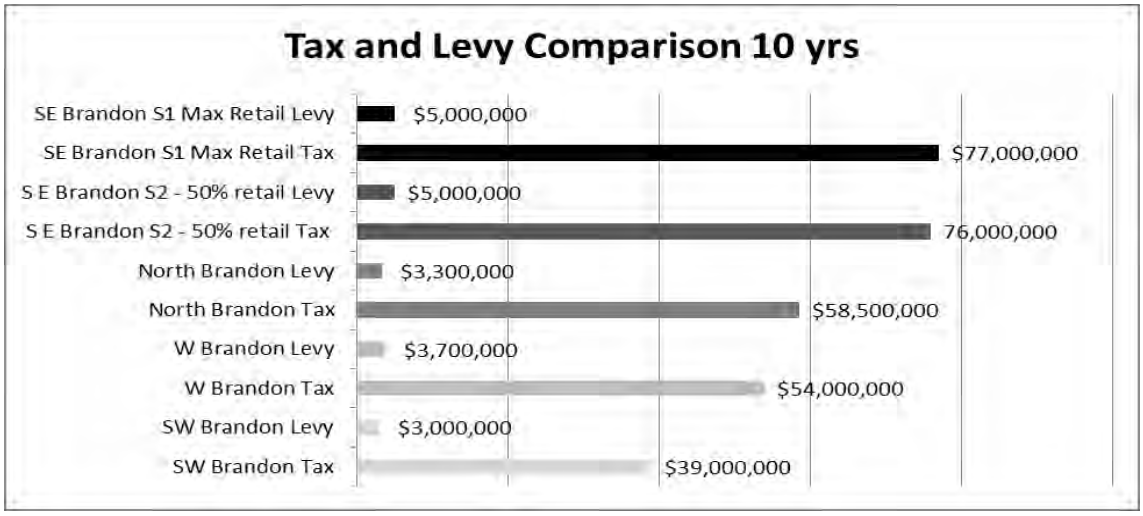
North Brandon has the second highest total revenues at $61.8 million after 10 years, $178.9 million after 30 years, and $296 million after 50 years. The land allocated for retail uses is 144 acres which is 42% of the total net developable land. The 203 acres allocated to residential represents 58% of the total net developable land.

West Brandon has the third highest total revenues at $57.7 million after 10 years, $165 million after 30 years and $272 million after 50 years. The land allocated for retail is 25 acres which is 8% of the total developable land. The 280 acres allocated for residential represents 92% of the total net developable land.

South West Brandon has the lowest total revenues at $42 million after 10 years, $121 million after 30 years and $200 million after 50 years. The land allocated for retail uses is 0.5 acres which is 1% of the total developable land. The 237 acres allocated for residential represents 99% of the total net developable land.

Figure 4 – Tax and Levy Comparison 10yrs shows the amount of tax levy that could be collected as compared to the tax revenue. Overall, the amount of levies is low when compared to tax revenue. To illustrate this issue the comparison of taxes to levies have been calculated 10 years after build-out.

Figure 4 - Tax and Levy Comparison 10yrs



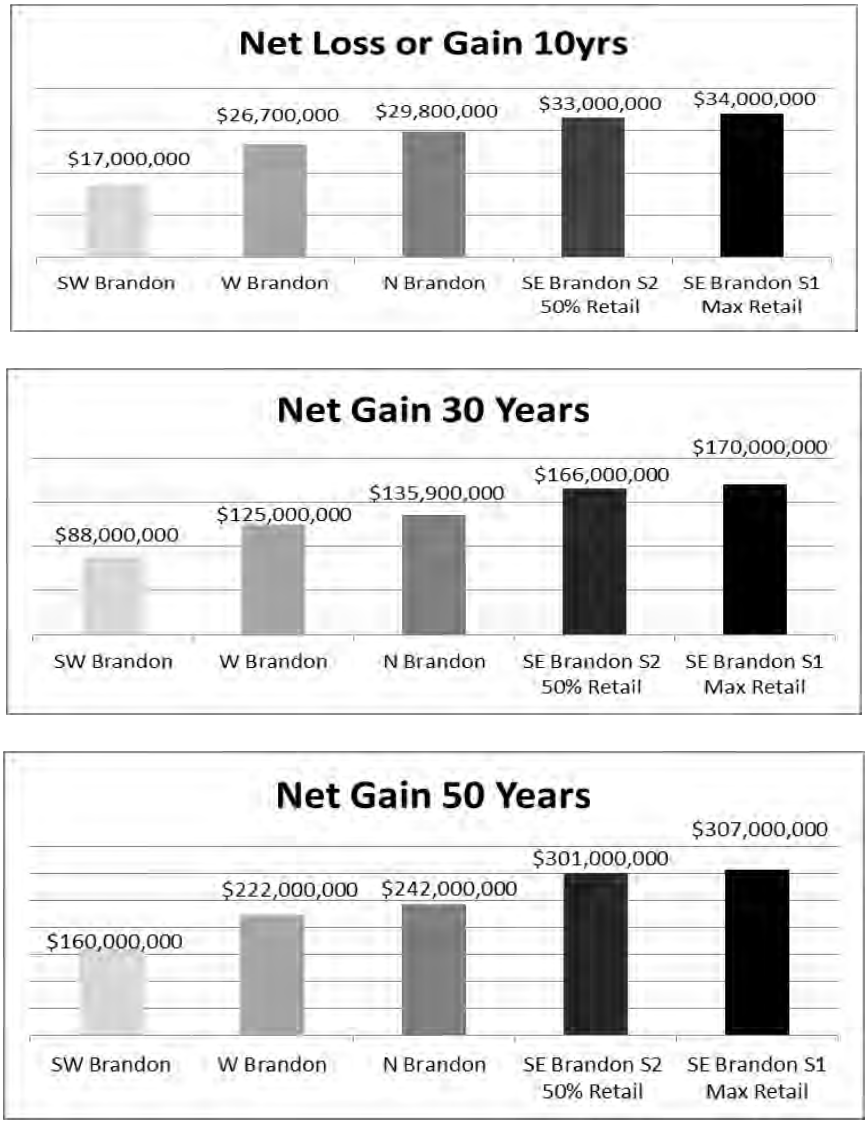
Using the example of South East Brandon S1, the total revenues are $82 million of which only $5 million or 6% is derived from levies.

In addition, the City only collects levies from residential developments. On occasion, the City collects some levies from non-residential developments. However, this is only negotiated on a project by project basis and collecting levies from non-residential developments has not been rationalized into a mandated process.

4.3 Net Loss or Gain

The calculation of net loss or gain is determined by subtracting the total lifecycle costs from the total revenues. *Figure 5 – Net Loss or Gain 10yrs*, *30yrs and 50yrs* provides a comparison of each growth node.

Figure 5 – Net Loss or Gain 10yrs, 30yrs and 50yrs



Each of the growth nodes shows a significant net gain. This should not be interpreted as actual or potential revenue gain that will accrue to the City of Brandon. As stated in Section 2.2 only the lifecycle costs of four linear assets were included in the analysis, no lift stations, roads, off-site wastewater trunks, off-site water main, storm sewers, community services or parks are included in the analysis. The cost of other elements of infrastructure need to be determined such as the cost of river crossings, lift stations and pumping stations. Costs were assigned to the linear assets for the purpose of evaluating the relative differences of the length of infrastructure servicing each growth node.

Interpretation
Rather than focus on specific dollar amounts, it would be appropriate to refer to each node in a ranking with potential to produce the best return on investment for the City of Brandon.

South West Brandon would most likely produce the lowest net revenue gain. A contributing factor is that the South West Brandon off-site linear infrastructure has an estimated lifecycle cost of $25 million while the land uses are estimated to generate $42 million in revenues, which is the lowest revenue of the growth nodes. The south west growth node contains a modest 0.5 acres designated for convenience retail development. There remains significant quantities of infrastructure for which there is no estimate of costs. The outcome of these estimates will increase costs and affect the calculation of the net loss or net gain.

West Brandon is estimated to produce the second lowest net revenue gain. Contributing to the low revenue gain is the fact that the West Brandon off-site linear infrastructure is estimated to cost $31 million while the land uses are estimated to generate $57.7 million in total revenues. The west growth node contains 25 acres designated for service retail development. West Brandon is located outside the City boundary and there has not been significant interest to develop within this growth node. There remains significant quantities of infrastructure for which there is no estimate of costs. The outcome of the estimates will affect the calculation of the net loss or net gain.

North Brandon is estimated to provide the second highest net gain. Contributing to the net gain is the fact that the North Brandon off-site linear infrastructure has an estimated cost of $32 million while the land uses are estimated to generate $61.8 million in total revenues. The north growth node contains approximately 144 acres identified for retail development. Although some commercial development has developed within this node, historically, there has not been interest in developing significant amounts of commercial floor space in North Brandon. There remains significant quantities of infrastructure for which there is no estimate of costs. The outcome of the estimates will affect the calculation of the net loss or net gain.

South East Brandon S1 Max Retail is estimated to produce the highest net gain. South East Brandon S1 Max Retail requires the most amount of linear infrastructure at an estimated cost of $48 million while the land uses are estimated to generate $82 million in total revenues. One of the reasons for the high net gain is that this is the largest node containing 471 acres that is capable of producing more residential and non-residential revenues which off-set costs. Also, the south east growth node contains approximately 89 acres designated for retail development. In addition, a significant difference between the south east growth node and the other nodes is the interest from two experienced land developers who have proposed regional scale retail developments in this node.

One of the drawbacks of South East Brandon is its location outside of the City Boundary.

There remains significant quantities of infrastructure for which there is no estimate of costs. The outcome of the estimates will affect the calculation of the net loss or net gain.

4.4 South East Brandon, Comparison of Scenarios 1 and 2

The total net land area proposed for retail development in South East Brandon is 89 acres. The City of Brandon wants to understand the fiscal implications if only 50% of the retail land (44.5 acres) is developed. S1 is South East Brandon as currently proposed with 89 acres of retail. S2 has the retail area reduced to 44.5 acres and the residential area increased by 44.5 acres. *Table 4 - Land Use Scenarios* shows the difference in land uses for the two scenarios.

Table 4 - Land Use Scenarios

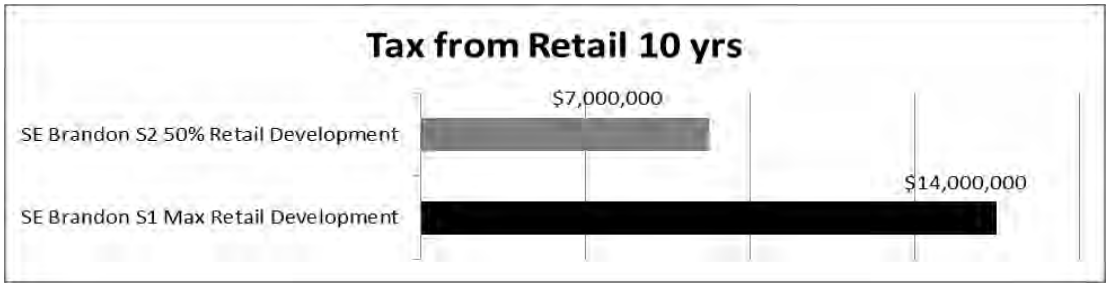
SE Brandon S1 – Max Retail	ac	%	units	sq. ft. retail land
Residential	382	81%	5,000	
Retail	89	19%		4 million
Totals	**471**	**100%**		
SE Brandon S2 – 50% Retail	**ac**	**%**	**units**	**sq. ft. retail land**
Residential	417.0	90%	5,500	
Retail	44.5	10%		2 million
Totals	**461.5**	**100%**		

The 10 year lifecycle costs for off-site services for S1 and S2 are the same. The total revenue for S1 is $82 million after 10 years while the total revenue for S2 is $81.7 million after 10 years.

Property taxes from major retail uses are highly desirable because the revenue supports services to the retail use and other land uses. *Figure 6 Tax Revenue Retail 10yrs* illustrates that S1 will produce approximately $14 million in tax revenue after 10 years or an average of $1.4 million per year. S2 will produce approximately $7 million after 10 years or approximately $700,000 per year.

The difference between the scenarios is approximately $700,000 per year. This difference will not affect the evaluation of the South East Brandon.

Figure 6 - Tax Revenue Retail 10yrs

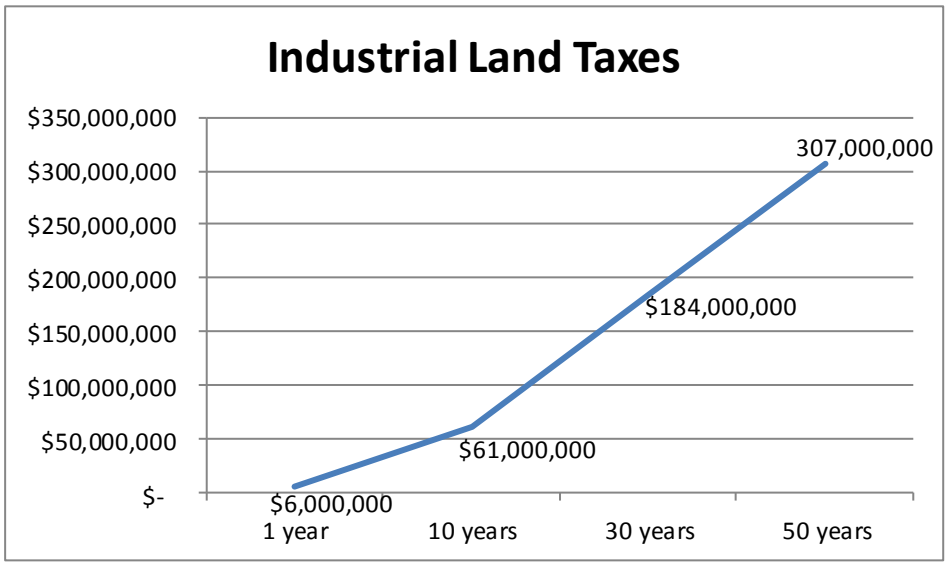


4.5 Industrial Land Opportunity

The City of Brandon has a shortage of serviced industrial land. The City's industrial area is located in the south east part of the City between the South East Brandon growth node and the wastewater treatment facility. Sanitary services need to pass through the unserviced industrial area to service the South East Brandon growth node. If this was to occur, it will provide an opportunity to develop more industrial land. The opportunity is further enhanced by the existence of major roads that provide access to the industrial area.

It is estimated that there are 11 quarter sections or 1,760 acres that are currently unserviced. If this land was developed it would be an opportunity for the City to increase non-residential revenues in the order of approximately $6 million per year. *Figure 7 Industrial Land Taxes* illustrates revenue generation for 1 year, 10 years, 30 years and 50 years.

Figure 7 - Industrial Land Taxes



5. OPTIMUM LAND USE MIX

The optimum land use mix needs to be a balance between maximizing revenues while satisfying land use goals and objectives. When identifying the optimum land use mix, the City of Brandon should consider, from a fiscal perspective, the following fundamental principles:

- **Where possible include non-residential revenue** generating uses in land use plans. These uses include; retail, office and industrial uses. This will help the City increase the percentage of revenue from non-residential uses from the current 71% residential and 29% non-residential revenue split. This will reduce the pressure on residential takes and make more funds available to deal with the backlog of infrastructure. When considering revenues, all revenues should be examined and not only property taxes.

- **Understand the relationship between specific land use types, municipal revenues and service delivery**. It is generally understood that the residential land uses and commercial (retail, office, industrial) land uses generate different revenues. However, there are ranges of revenues within each of the residential, commercial categories and they place different demands on infrastructure and community services.

One element of the optimum land use mix was considered in this study and that was property taxes. *Figure 8 Residential Taxes* illustrates the range and difference of property tax by residential land use.

Figure 8 - Residential Taxes

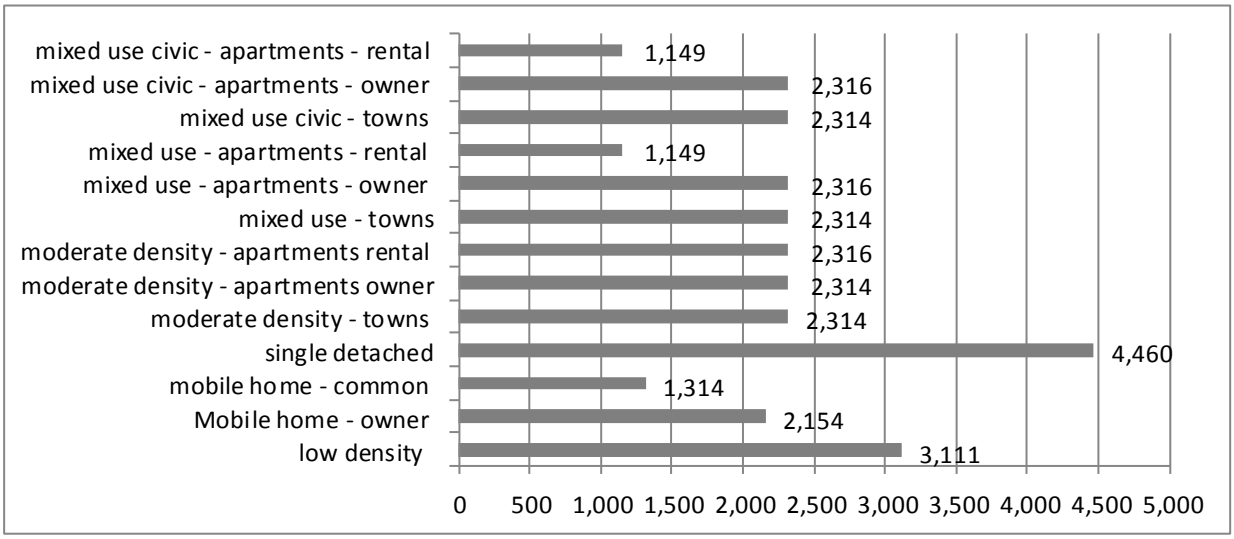
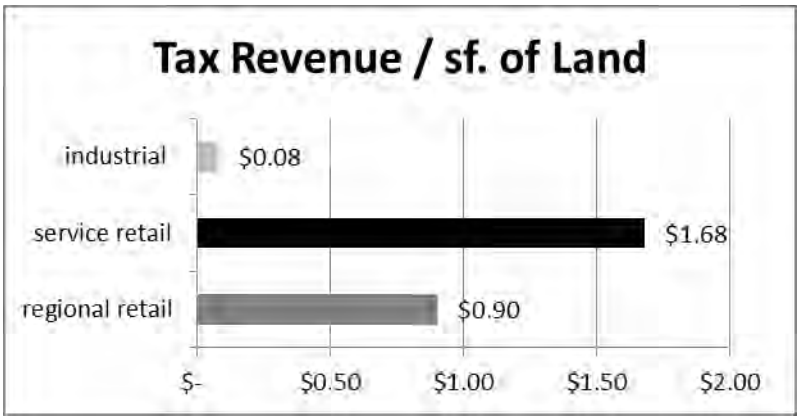


Figure 9 Commercial Taxes shows the range of taxes for commercial land uses.

Figure 9 - Commercial Taxes



The property tax revenue in *Figure 8 Residential Taxes and Figure 9 Commercial Taxes* include the revenue values for land and the improvements on the land.

The calculation of property assessment is affected by many factors such as; ownership, rental versus condominium and freehold. Locational factors such as; adjacent to amenities, views and proximity to the river also affect property valuation.

Just as there are many factors affecting property taxes, land uses also impact service delivery and community services. Generally, industrial and retail uses create less demand for community services than residential uses. Some industrial uses may require a higher level of protective services than others and some industrial uses may not be compatible with other uses.

Intensification is a growing trend in Canadian cities which is a consideration when defining the optimum land use from a fiscal perspective. As residential uses increase in density, some higher density residential units can produce less revenue per unit than lower density units. The issue around this point is that the cost of delivering community services remains relatively constant. For example; it costs approximately the same to provide community services to residents living in rental apartments as it does to provide community services to people living in single family homes. However, the single family home generates on average $4,460 per residential unit in property taxes as compared to $1,149 for a rental apartment. The issue here is not to stop intensification but to be aware of the issue and have an off-setting fiscal strategy.

At a high level, the optimum land use mix from a community perspective could include the following:

- A mix of residential uses and when higher density residential uses are considered, some off-setting commercial uses would be desirable.

- Land uses should not conflict from a community planning and a fiscal perspective. The City should protect prime locations for high revenue yielding uses and avoid placing low revenue generating uses at prime locations. For example; auto dealerships, RV sales and mini storage facilities should not be located at prime locations that could be developed for higher yielding service retail, regional retail and office uses. If there are objections to this approach to land use planning, a lifecycle analysis will provide evidence to support this approach.

- Regarding the industrial area, there are some industrial uses that will generate desirable non-residential revenue but they may preclude other higher revenue generating uses located close to them. As with residential uses, prime locations in the industrial area should be protected. A hotel or office uses servicing the industrial area will not want to locate close to an asphalt or cement plant.

- The City should consider a study of the industrial area that will identify areas for industrial uses to locate that require buffers and not conflict with or preclude high revenue yielding uses from locating in the industrial area. This study would also include: identifying revenue potential by land use type; locational criteria for high revenue generating land uses, prime locations and the optimum land use mix for the industrial area. Implementation could include a concept plan for the optimum land uses and zoning of land for uses that have special requirements such as location and buffers.

6. SWOT ANALYSIS

The four greenfield growth areas were identified in the map that accompanied the Request for Proposal documents. In addition to these there are five redevelopment or infill areas that are identified in the draft document "The Brandon & Area Planning District Fringe Area Growth Strategy."

From the maps included in the draft document noted above, and from best practices of other municipalities that have completed redevelopment and refill projects, the strengths, weaknesses, opportunities and threats have been compiled for each of the areas as noted below.

6.1 North Brandon

Strengths

- Located within city boundaries
- Located in close proximity to present water distribution system
- Located in close proximity to present wastewater collection system
- Reasonably close to existing land drainage services and the river
- No environmentally sensitive areas identified within development boundaries
- Few owners of rural land identified in development area
- All lands within the area are part of the City's planned lands
- Identified as a gateway community
- Development would enhance the northern gateway entrance
- Moderate to high land evaluation results from the Growth Strategy
- Surrounded by an existing bus route

Weaknesses

- Significant infrastructure upgrades identified, especially with wastewater and drainage networks
- Located at a distance, and on the other side of the river, from the water treatment plant
- Located at a distance, and on the other side of the river, from the wastewater treatment plants
- Limited development interest, especially in certain types of commercial development since there already exists regional commercial services in this general area
- Mostly in a Class 3 agricultural land capability
- Not identified as an influencing area

Opportunities

- Development of North Brandon could include the renewal of the water distribution network in 'The HUB' and 'The Flats' redevelopment/infill areas
- Development of North Brandon could include the renewal of the wastewater collection network for 'The East End' and 'The HUB' redevelopment/infill areas
- Possible agreement with the Federal Government for increased servicing of the Rolling River Reserve could decreased the capital investment required by extending services outside of the City to this area
- Could provide greater services for air commuters and residents north of the river

Threats

- Infrastructure investment in North Brandon, other than service renewal in identified nodes, would be single purpose and would not add significantly to increased availability of industrial lands
- With the expected upgrading of 1st and 18th Streets to collector routes, there would be a limited window for enhanced commercial opportunities when compared to other identified growth areas

Evaluation

While there are some cross-over potential with this area, especially with 'The HUB' redevelopment/infill node and the possibility of greater services for air commuters, with the upgrading of the major routes in this area to collector status the long-term uses this development would promote, are mainly residential. When compared to other growth areas with longer-term commercial and industrial uses, the North Brandon growth area would score lower on the list of priority areas. It is expected that without the commercial and industrial uses, the net cost over the life of the infrastructure extension, renewal would be higher for this area than in the other areas identified for growth.

6.2 West Brandon

Strengths

- Located closest to the water treatment plant and in close proximity to existing water distribution network
- Located in close proximity to existing wastewater collection network
- Located close to river and existing land drainage network
- Mostly in an area where there are no high quality agricultural lands identified
- No environmentally sensitive areas identified within development boundaries
- Few owners of rural land in development area

Weaknesses

- Not located entirely within city boundary
- Limited opportunity to renew existing water distribution network for nodes identified for redevelopment/infill
- Located farthest from the wastewater treatment plants
- Only a small portion of the identified area for development are planned lands
- No development interest identified
- Not identified as a community gateway
- Not identified as an influencing area
- Low land evaluation results from the Growth Strategy
- Not presently serviced by a bus route
- There is an existing dairy operation that would require a livestock buffer
- Portion to the north is not developable due to the floodplain location

Opportunities

- With the planned extension of the by-pass and the notion that urban/rural separation would be defined by the placement of this by-pass, the possibility for annexation of the lands increases
- With this development area, most of the identified redevelopment/infill nodes could have wastewater services renewed should new services be required
- With part of the identified area being in the floodplain the City could assess the area for potential expansion to the land drainage infrastructure

Threats

- Anytime development is contingent on achieving a favourable annexation agreement there are some inherent risks to development
- The timing of this development should be synchronized with the extension of the by-pass to coordinate the construction of the various types of infrastructure to reduce costs and disruption to the infrastructure once installed

Evaluation

While it is noted that there is existing water and sewer in close proximity to this area with the capacity to allow for additional growth, should growth require an increase in the wastewater system, this area is the farthest from the treatment plants. While it would be possible to renew the services in the existing nodes should services need to be upgraded, it would make most financial sense to take a systematic approach to infrastructure renewal with the end result being larger services available to develop this area. There is also no identification of industrial lands in this area. While having a commercial component does permit some net revenue from a lifecycle costing perspective, industrial lands typically realize the highest return on investment.

At present, there is room for some development in this area with the existing water and wastewater systems. As such, it makes sense to direct major development to another area while allowing small scale development as there would be little infrastructure costs by utilizing the existing services.

6.3 Southwest Brandon

Strengths

- Located within the City's boundary
- Located reasonably close to the water treatment plan and in the proximity of the existing water distribution network
- Located in close proximity to existing wastewater collection network
- Located close to existing land drainage network
- Only a small portion of the development area is identified as environmentally sensitive
- All of the development area are planned lands

Weaknesses

- Limited opportunity to renew existing water distribution network in nodes identified for redevelopment/infill
- Located at a distance to the wastewater treatment plants
- Little opportunity to renew existing wastewater collection network in node identified for redevelopment/infill
- Located away from the river should upgrades be required to the land drainage system should the notion to eventually have the drainage system empty into the river
- The land in the development area has been identified as possibly being of modest to high quality agricultural lands
- Portion of rural lands in development area are owned by multiple owners
- No identified development interest within the city limits, however interest does exist outside the borders
- Not identified as a community gateway
- Not identified as an influencing area
- Low land evaluation results from the Growth Strategy
- Not presently serviced by a bus route

Opportunities

- With the planned extension of the by-pass, while at present, the development area is within the city boundaries, it may be possible to expand the area through annexation once the rural/urban separation line is defined

Threats

- There is limited capacity in the existing water and wastewater networks so the threat exists should this area be opened for development too early. The need for increased infrastructure may arrive prior to the infrastructure being built. Anytime a project needs to be rushed, the costs typically escalate and the durability falls short of the expected life span

Evaluation

With the limited possibilities to renew the infrastructure in the core of the City with this development, and with the lands being planned, primarily for residential use, it is expected this area will have a high net cost over the life of the infrastructure assets. While the planned lands can answer the call for more residential development over the next 50 years as the population grows, it would not be the primary choice to start the development boom. It could be a secondary, or tertiary choice, depending on what route service expansion takes, especially the wastewater network.

6.4 South East Brandon

Strengths

- Located reasonably close to water treatment plant and in proximity to existing water distribution network
- Located closest to the wastewater treatment facilities
- Located in close proximity to existing wastewater collection network
- Located in close proximity to existing land drainage network
- Development pressure identified within the boundaries of the area
- Secondary community gateway
- Influencing area
- Identified for regional retail
- Moderate to high land evaluation results from the Growth Strategy
- Bus route presently borders the area

Weaknesses

- Not located entirely within city boundary
- Removed from river should the notion of returning water collected through land drainage to the river remain and the land drainage network requires upgrading
- Mostly in a Class 2 and Class 3 agricultural land capability
- Of the expansion development areas identified it has the most environmentally sensitive identified areas
- Portions of rural lands in developments area owned by multiple owners
- Only a portion of the area identified for development are planned lands

Opportunities

- With the planned extension of the by-pass and the notion that the urban/rural separation would be defined by the placement of this by-pass, the possibility for annexation of lands increases
- Development of South East Brandon could include renewal of water services to the University and Central regrowth areas
- Possibility of servicing industrial areas (610 and 110) with the creation of a new main from the wastewater treatment facility to the development area

Threats

- Anytime development is contingent on achieving a favourable annexation agreement there are some inherent risks to development

Evaluation

With the location of the industrial zoned lands between the wastewater treatment plant and this area, there is the possibility of increasing the serviced industrial lands as this area develops. As well, with the identification for regional retail, there are multiple classes to be serviced which should result in a lower net cost over the life of the asset.

While there is significant need for wastewater and land drainage infrastructure for this development to move forward, the return on investment is expected to be the highest here and would lay the foundation to service the Southwest node in the future.

7. IMPLEMENTATION AND RECOMMENDATIONS

7.1 Implementation

From the perspective of the Planning Act, and the Brandon & Area Planning District board, there are certain studies that need to be done and policies and goals established for areas from land supply to different types of development. The three municipalities working collectively should provide success for most obstacles that may be inherent in a plan for growth.

The boundary of the urban buffer will most likely need to be examined as growth occurs to ensure the appropriate separation is maintained. There are some sensitivities in each of the growth areas that will need to be identified and planned for as secondary plans and master plans are developed.

One area that makes growth achievable, especially starting in the South East Brandon growth node, is the concept of servicing industrial lands while extending services, especially wastewater services to the growth area. As well, once development in this area is nearing capacity, then the South West Brandon and the West Brandon growth node could have wastewater services provided at a lower cost than currently calculated since most of the distance will have already been traversed in serving previous areas.

This will also allow growth to happen in a systematic, contiguous fashion as recommended by the Province.

Inter-municipal Agreements - Background

Traditional models of 'urban development' in urban municipalities and 'rural development' in rural municipalities are changing throughout North America. In Canada there are a range of examples of industrial parks located within rural municipalities on the edge of urban municipalities. Sometimes these situations have historic antecedents, in other situations the urban municipality doesn't have the resources to develop residential, retail and industrial parks but need the development for continued economic growth. Urban density residential development is less often accepted outside the urban municipal boundaries but many plans allow such development.

There are a number of examples of inter-municipal agreements that don't disallow higher density (higher than traditional rural densities) urban development outside the boundaries of an urban centre. In some cases the Inter-municipal Development Plan or Growth Strategy clearly recognize the rights of the rural municipality to approve urban density development – residential, retail and industrial – prior to annexation.

The areas of 'challenge and discussion' are engineering standards given future incorporation of a development in a rural municipality into the adjacent urban municipality and current and future revenue agreements.

The basic rule is that where there is political consensus between the affected Councils there will be a way to allow urban density development close to but not within an urban municipality.

The following are examples of where inter-municipal agreements have been implemented. Appendix A contains an extract from the inter-municipal agreement for the Town of Sylvan Land and Red Deer County.

1. The Town of Hinton, Alberta is proposing that Yellowhead County develop an industrial park within the County serviced from the town.

2. The Town of Edson, Alberta is proposing that Yellowhead County develop an industrial park within the County. In Edson's case the Town wants the County to contribute to the costs of infrastructure upgrading to allow the industrial park to be developed.

3. Leduc County, Alberta is the site of the massive Nisku Industrial Area even though Nisku is bordered by the City of Leduc and serviced by the city of Edmonton.

4. Sylvan Lake and Red Deer County, Alberta have an Inter-municipal Development Plan (see excerpts below) that allow development to occur outside of the Town boundaries in advance of annexation. We have also included the provisions establishing an Inter-municipal Committee.

Inter-municipal Agreements – the Brandon & Area Planning District Context

For the various growth nodes to be developed on the fringe of any urban boundary there are a few options which include; annexation and cost/tax/service sharing agreement(s) between municipalities.

Instead of rushing into annexation, there could be a servicing agreement made with the municipality where growth is projected to occur. This has worked in other areas where the more urban municipality has extended water and wastewater services beyond their borders to service development areas.

The benefit for the municipality extending their services is that they have a partner available to fund a portion of the upfront costs as well as being able to extend servicing to areas they have targeted for development. This source of funding would not affect the debt capacity of the City since it would be funds provided by a partner, not a loan, although these would be repaid when annexation occurs at some point in the future.

This municipality also is able to receive service revenue from the areas served which spreads the operating costs over more users. In essence, from a water and wastewater perspective it is as if the lands have already been annexed. Especially if the notion is that water systems and wastewater systems are self-sustaining. If user fees are established in such a fashion that the operating and lifecycle costs of the system will be funded through user fees, there is little risk to extend the services and wait until the moment is right for annexation discussions.

Sometimes there is unwillingness for a municipality to extend their services beyond their borders. With the proposed future wastewater trunk line following the Western By-Pass, it

seems this is not the case for the City of Brandon. In fact, the proposed future wastewater trunk line appears to extend beyond the South East Brandon growth node.

Apart from the municipality supplying water and wastewater services, as residential development occurs in the fringe area there will be more area residents using community services offered by the City with the possibility of paying slightly higher fees as non-resident user fees.

The municipality receiving the services also receives a benefit since they are able to attract more and different types of development which has the effect of increasing the revenue they receive from taxation.

In this type of scenario, both municipalities need to work together and have a common vision for the area. Included in this common vision is the identification of areas for residential development. With the appropriate density, identification of areas for commercial development and the appropriate type of commercial development to ensure compatibility between the land uses, an agreement on development charges including what is covered and what the charge will be, and an agreement on the timetable for development setting out responsibilities of each municipality, both singularly and jointly.

Coming to an agreement on the appropriate land use should not pose too many obstacles, especially in light of the proposed by-pass. For example; the land in the South East Brandon growth node appears not to have significant constraints from many perspectives.

Working together in this fashion, development can proceed as quickly as possible without being bogged down should annexation discussion not go well or if the Province does not support the annexation if in their view annexation is not required. Should the latter be the case, the City would have a much stronger argument annexing an urban area down the road than annexing a rural area presently.

As mentioned above, eventually developed fringe areas are annexed into the urban municipality. From the perspective of the rural municipality, the increased tax revenues could almost be equated to interest payments (or return on investment) on the investment they made for the initial servicing. The payment through annexation can return this investment. Of course, having the annexation occur while the rural municipality is still recovering their investment would be the most cost effective for the urban municipality. Going to a 'rural' neighbour with a development agreement or an inter-municipal agreement proposal is basically asking that municipality to pay for a portion of the development. If, eventually, the area being developed is going to be part of an annexation agreement, the municipality may be reluctant to provide funds if they do not see how they are receiving anything of value. By treating the funds paid by the 'rural' municipality as an investment, the funds paid at annexation, and typically there are some funds paid, are the repayment of that investment and the municipality can determine if the return on their investment is sufficient for them to consider the investment a good one.

As well, cash is not the only thing of value that can be offered when annexing lands. There have been some municipalities that have offered extension of services, such as fire protection, to a portion of the municipality for a period of time with a value placed on this service provision.

Also, allowing access to community services at the same rate enjoyed by City residents can also form part of the annexation payment.

Other Considerations

There have been some innovations in pavements and cements that are designed to allow some water to flow through them. This would lower the amount of storm water that needs to be managed if this technology would work in Brandon's climate.

While greenfield growth can be focused in the South East Brandon growth node, initially, by determining the water seepage from the water system and infiltration of the wastewater system and then mitigating this seepage by sealing the mains with a layer of concrete, this can extend the useful life expectation of aging infrastructure while at the same time providing more capacity at the treatment plants.

Underground videos of the underground infrastructure can reveal the condition of the service. Depending on the amount of unaccounted for water, or additional wastewater, it may be redundant to have this study completed if the plan is to undertake a cement coating program to reduce, and even eliminate problems with the lines.

The easiest way to determine the level of seepage or infiltration is to compare the total amount billed, in cubic meters, to the cubic meters at the treatment plants. If Brandon is not on a metered system this may be more difficult.

In most cities with an older distribution and/or collection system, a good result is 30% loss so it is definitely something that should be looked at.

While it may not be specifically linked to South East Brandon, should all the areas eventually be developed, including development of the industrial area, the capacity that is presently at the treatment facilities may need to be enhanced. It is typically less costly to mitigate seepage and/or infiltration to gain capacity than it is to build a new treatment facility.

7.2 Recommendations

7.2.1 The Preferred Growth Node

The preferred growth node is South East Brandon for the following reasons:

a) It has the potential to achieve the highest net revenue gain.
b) It has 471 acres, the largest area of land, containing 89 net acres of regional retail that will increase the City's non-residential revenues.
c) There is interest from experienced land developers to develop this growth node and specifically the regional retail use.

7.2.2 Other Growth Nodes

It is important to point out that this lifecycle analysis report focuses only on a high level lifecycle costing of the growth nodes, the result does not suggest there will be no growth within other growth nodes. The phasing of development in South West Brandon, West Brandon and North Brandon should be determined after accurate estimates can be provided for off-site services including; lift stations, pumping stations, stormwater outfalls, river crossings and improvements to major roads. Furthermore, the recommendation in this report merely identifies a growth node that may yield a highest return on public investment for development from a fiscal perspective. The study in this report does not take into consideration the potential social, environmental and economic impacts that the recommended growth node may have on the city.

7.2.3 An Inter-municipal Agreement and Annexation

South East Brandon is located outside the City of Brandon municipal boundary and it has been identified as an area for future urban development based on both the Land Use Evaluation analysis in Growth Strategy as well as this lifecycle analysis. The City has alternatives in supporting development outside the city if the recommended growth node was to be developed. These alternatives include; annexation, municipalities enter into an Inter-municipal Agreement, or an Inter-municipal Development Plan.

The City is quickly running out of serviced land to accommodate development demand, and annexation can be a lengthy process. As an interim measure to accommodate the short-term demand for growth, the City should consider implementing an Inter-municipal Agreement or an Inter-municipal Development Plan. It is recommended that the City explore the administrative process to determine which process will be the most efficient in terms of timing and achieving the City's goals. The City should also explore the political will of the adjacent municipality to enter into such agreements until the lands are annexed and the possibility of establishing an Inter-municipal Growth Committee for the South East Brandon node.

7.2.4 Rolling River Reserve and North Brandon

While North Brandon does not appear to be readily linked to any of the other greenfield developments, it does have the effect of promoting infilling and redevelopment of the urban areas. While development of this area may not be a natural extension, should grants be available for urban growth intensification and support from the Federal government related to possible servicing of the Rolling River Reserve within the jurisdiction of the First Nation, the net cost of development may be lower than initially projected. Discussions should continue with the Council of the Rolling River Reserve on their servicing needs that may start the process in extending servicing to North Brandon.

The Rolling River Reserve contains approximately 540 acres. The City of Brandon and Council of the Rolling River Reserve have had discussions about the servicing requirements for this area. It is intended that the Reserve lands be developed for urban purpose in future. The City of Brandon's water and wastewater services cross the Reserve providing services to the Airport. The water and wastewater services need to be relocated before the First Nations can obtain

Reserve status for their land. The estimated cost to relocate the services is $5 million. The First Nations is in the process of identifying funding to relocate the services.

7.2.4 Backlog of Infrastructure

The City needs to address the backlog of Infrastructure which is estimated to be $165 million. This can be achieved with the preparation of an Asset Management Plan. The City does not have an option to ignore this inevitable expense. Municipalities that have delayed dealing with this issue have been forced to react to the collapse of infrastructure and deal with large unanticipated expenses. Rather than reacting to emergencies, municipalities can take a pro-active approach to be engaging in long-range financial planning. If infrastructure is allowed to deteriorate to the point of collapse or become dysfunctional, it will be more expensive to bring the asset back to an acceptable service level. It is less expensive to maintain infrastructure in good condition than it is to replace infrastructure that has been allowed to deteriorate.

Developing South East Brandon and extending services through the industrial land will improve the City's opportunity to increase non-residential revenues and contributions to reserve funds for infrastructure improvements.

A study should be commissioned that monitors water loss or infiltration in wastewater and storm water systems. From this study the condition of the mains could be better estimated and the need for mitigation to reduce leakage and infiltration can be better quantified.

More work should be done in a cooperative fashion with the Brandon University, especially their Rural Development Institute. This could lead to greater innovation in service delivery and create a new way to approach old problems.

7.2.5 Levies

The City needs to review its policy for charging off-site levies. The current off-site levy for residential developments is low and there is no consistent application of off-site levies for commercial developments.

The implication is that the current taxpayers are paying to support the cost of new development. For the commercial developers there is inconsistency in the application of off-site levies for retail, office and industrial properties. This creates uncertainty and a lack of fairness in the marketplace.

This study included the calculation of off-site levies as a revenue source that would offset the capital cost of municipal infrastructure. The purpose of off-site levies is to raise funds to cover the capital cost of new development and to not create a financial burden to existing residents for future developments.

Section 4.2 shows the comparison of off-site levies to property taxes. Overall the amount of levies is low when compared to tax revenue. The average levy charged per residential units is

only $1,000. On occasion, the City collects some levies from non-residential developments. However, this is only negotiated on a project by project basis and collecting levies from non-residential developments has not been rationalized into a mandated process.

The review of off-site levies should include a review and comparison of other municipalities in the Province of Manitoba that charge development levies and the process of implementation.

APPENDIX – A
Extract from the Town of Sylvan Lake and Red Deer County

4.0 POTENTIAL JOINT DEVELOPMENT AREA

Goal:
To encourage a shared vision that provides the basis for future discussions on joint development by the Town and County of select areas that may be of mutual benefit and interest.

Objectives:
1. To identify areas where joint development may be appropriate.
2. To establish the broad parameters for reaching agreement on how to implement joint development initiatives.

Policy Directions:
4.1 For the purposes of this Plan the term "joint development" shall mean a development exhibiting all of the following characteristics:

a. Development within County lands being undertaken by a private developer/landowner or any other party except the Town or County;
b. Use of Town water and/or sanitary sewer services where a formal agreement has been reached between the Town and County pursuant to Policy 4.3 of this Plan.

4.2 The Town shall not seek to annex any portion of an area that is the subject of a formal written agreement between the Town and County which allows joint development in the area within the County's jurisdiction.

4.3 Considerations and issues that should be addressed in an agreement relating to joint development of an area should include:
a. Equitable distribution of the municipal tax proceeds, or their equivalent grant-in-lieu contributions, resulting from the assessment growth in the joint development area between the Town and County in relation to the cost of maintaining and providing infrastructure, providing services, and contribution towards the creation of an attractive location for business;
b. Relation of Town and County mill rates relative to establishing a level playing field and avoiding competition for development on the basis of taxation levels;
c. Contribution towards the capital costs of infrastructure through the collection of off-site levies or capital contributions built into the utility rate base;
d. Ability to guarantee available capacity in municipal utility systems to the area subject to the agreement; e. Standards for the design and construction of infrastructure that will apply to the joint development area;
f. Ability to adjust mill rates that apply to the joint development area from time to time based on changing costs to provide infrastructure and services;
g. Establishing a suitable term of the agreement in recognition of the long term nature of land use and development decisions; and

h. Setting out a dispute resolution mechanism to be used solely in the context of the joint development agreement (which may be based on the process used for other matters under the IDP).

Inter-municipal Development Plan
5.2.5 Unless otherwise agreed to in writing by the Town, subdivision and development of the residential areas within the Potential Future Town Boundary as shown on Map 1 more intensely than first parcel out farmstead removal subdivision may be allowed prior to annexation into the Town where the following conditions are met:

a. The density of residential development shall be a minimum of 13 units per gross developable hectare. For the purposes of this plan, the term "gross developable hectare" includes all land in title less those lands to be dedicated as environmental reserve, open space in excess of the 10% Municipal Reserve mandated by the *Municipal Government Act*, and lands that will remain in agricultural use;

b. Use of a standard of infrastructure that meets or exceeds typical Town standards for urban residential areas internal to the development area. Without limiting the generality of the Town's standards, this includes curb and gutter, water distribution system, sanitary sewer collection system, street lights, piped storm water system, equipment, landscaping, sidewalks and street signage. The standard to be used for each development shall be acceptable to the County and Town;

c. External extensions of the Town's water and/or sanitary sewer system shall be to a standard acceptable to the County and the Town. Alternatively, a communal water supply and/or sewage collection system to be owned and operated by the Developer and acceptable to the County and the Town may be used; and

d. Where there is no benefit to the Town, the Town shall not incur any costs for internal and external infrastructure needed to service the development, including contributions towards upgrades of major facilities such as water reservoirs and sewage lift stations, unless otherwise acknowledged under separate agreement.

5.2.6 In reaching agreement on the standard of infrastructure where development occurs under Policy 5.2.5, the County shall obtain the Town's written concurrence on the detailed engineering construction drawings forming part of the County's development agreement prior to signing the development agreement with the developer.

5.2.7 Use of Town water and/or sanitary sewer where development occurs under Policy 5.2.5 shall not trigger immediate annexation by the Town. Future annexation of an area developed under Policy 5.2.5 shall occur when:

a. The Town requires the remaining undeveloped lands of the quarter section for future growth; or

b. The Town and County otherwise agree that the land should be annexed to maintain a logical, contiguous boundary.

5.2.8 When development as contemplated by Policy 5.2.5 is to be annexed, the County shall not oppose such annexation solely on the basis of loss of tax revenue or landowner opposition to annexation.

5.2.9 Subdivision and development of residential areas shown on Map 1 at intensities greater than first parcel out farmstead removal shall be preceded by the preparation and adoption of an area structure plan or outline plan as required under the respective municipality's Municipal Development Plan.

8.0 PLAN IMPLEMENTATION AND ADMINISTRATION

Successful implementation of this Plan will depend heavily on an ongoing commitment by the Town and the County to communicate and share information and views on land use planning matters with one another. Mutual trust and respect of one another as equals is essential. A clearly established system outlining the expectations and protocols for ongoing referrals, dialogue on planning issues, plan amendments and means of resolving any issues that arise helps to implement the goals, objective and policies of this plan.

8.1 INTERMUNICIPAL COMMITTEE

Goal:
To facilitate the ongoing sharing of information between the two municipality's elected officials and to provide a forum to review and comment on topics of mutual interest.

Objectives:
1. To establish broad processes and procedures for ongoing inter-municipal discussions and communication.
2. To define the role of the Inter-municipal Committee.

Policy Directions:
8.1.1 An Inter-municipal Committee shall be established between the Town of Sylvan Lake and Red Deer County. It shall comprise of the two Mayors, two councilors from each Council and the Town and County Chief Administrative Officers.

8.1.2 The mandate of the Inter-municipal Committee may include discussion and consideration of the following:

- Making recommendations on inter-municipal matters to their respective Councils;
- Monitoring the progress of the Plan including overseeing implementation actions;
- Reviewing any proposed annexations;
- Reviewing any proposed amendments to this Plan;
- Serving as an informal review body for any amendment, proposed area structure plan or applications that may have a significant impact on the Plan Area;
- Discussing any other joint issues which may arise;
- Serving as a forum for the discussion of economic development issues within or affecting the Plan Area;
- Assisting with the resolution of disputes in accordance with this Plan.

8.1.3 The Inter-municipal Committee shall meet annually approximately on the date of adoption of this plan or as mutually agreed upon to monitor/review the progress in plan implementation and to discuss issues of mutual interest and on an as-needed basis to discuss and/or resolve issues.

8.1.4 The responsibility for providing administrative support to the Inter-municipal Committee shall alternate between the two municipalities. Administrative support to be provided and procedures to be followed shall include:

- The establishment of dates and locations for all meetings, production of agendas, distribution of pre-meeting information packages, and other matters as deemed necessary.
- Keeping a record of the Committee meetings.
- Chairing the meetings on an alternating basis between the Mayors of the two municipalities.
- Convening meetings as required by the Plan.