REVIEW OF MUNICIPAL GROWTH FINANCING MECHANISMS

City of Winnipeg

Report for Council Consideration

HEMSON Consulting Ltd.

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I INTRODUCTION

For many years the City of Winnipeg experienced relatively modest rates of growth and was able to absorb the added demands placed on infrastructure and annual operations without the need to change the way in which it funded and financed the additional needs. In the last ten years, the City has been experiencing a period of increasing growth placing greater pressure on the City's infrastructure and resources. With growth expected to continue, the funding of new infrastructure for expanded City services will be a significant challenge. Recognizing this challenge, the City is in the process of examining the costs and revenues associated with growth as well as the potential to introduce new funding mechanisms. To assist the City in this process Hemson was retained to undertake a review of funding and financing principles and practices and to calculate what level of charges would be required in order to pay for off-site infrastructure that would be needed to met the service demands of growth anticipated to occur up to 2041.

This report provides an overview of the City's current context and practices related to development-related funding, as well as a review of key financing mechanisms employed by municipalities across Canada to fund the initial emplacement of development-related costs, and which could be employed to fund the costs of growth in Winnipeg.

The report is organized as follows:

Section II provides an overview of the City's current context as it relates to growth and funding practices. In particular, it considers the extent to which new development-growth funds the associated municipal servicing requirements – does growth pay for growth in Winnipeg.

Section III explores some of the key principles that underlie the question of who should pay for growth. It also examines a variety of development-related capital funding mechanisms that are available to Canadian municipalities.

Section IV presents a closer examination of legislative charges as a funding mechanism, with a comparison of how this mechanism is employed by 13 Canadian municipalities to fund the City-wide costs associated with development. A detailed summary of this review is provided in Appendix A.

Section V concludes the report with a summary of lessons learned, implications for Winnipeg.

A second report addresses the calculation of charges required to pay for off-site infrastructure to meet future growth needs.

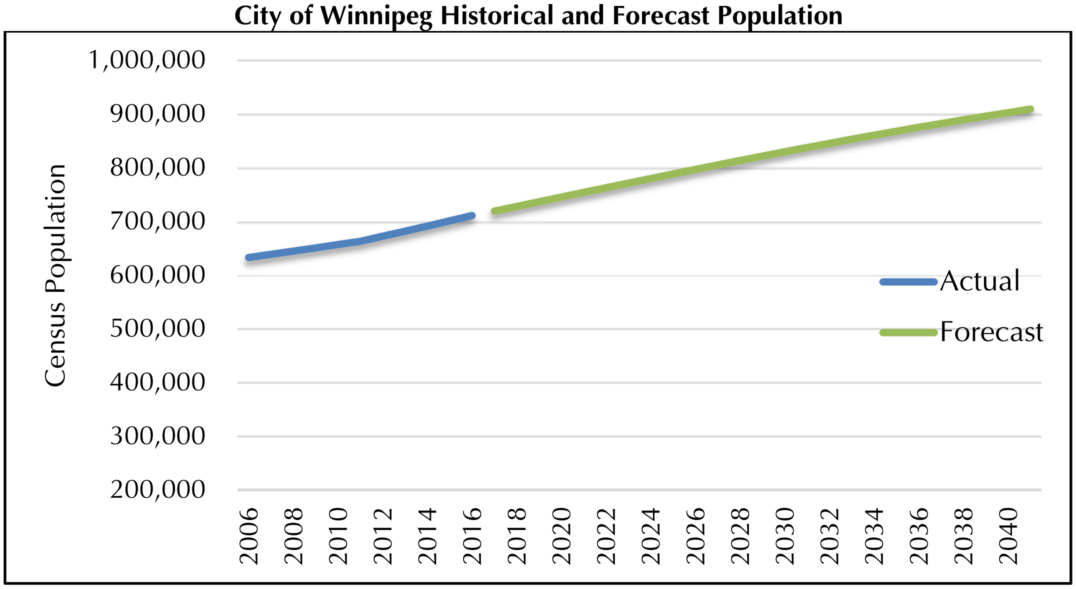
II WINNIPEG'S CURRENT CONTEXT

This section describes Winnipeg's current growth context including population and household growth trends and forecasts, relevant plans and policies, and current development funding practices.

A. WINNIPEG HAS EXPERIENCED SIGNIFICANT GROWTH IN RECENT YEARS

In recent years, the City of Winnipeg has experienced increasing rates of growth. Annual population growth rates have increased from an average of approximately 0.9 per cent between 2006 and 2011 to approximately 1.4 per cent between 2011 and 2016. As demonstrated by Figure 1, population growth is expected to remain relatively strong over the coming decades: the City's Census population of 711,500 in 2016 is anticipated to increase to approximately 910,000 in 2041, representing a total increase of 28 per cent.

Figure 1
City of Winnipeg Historical and Forecast Population

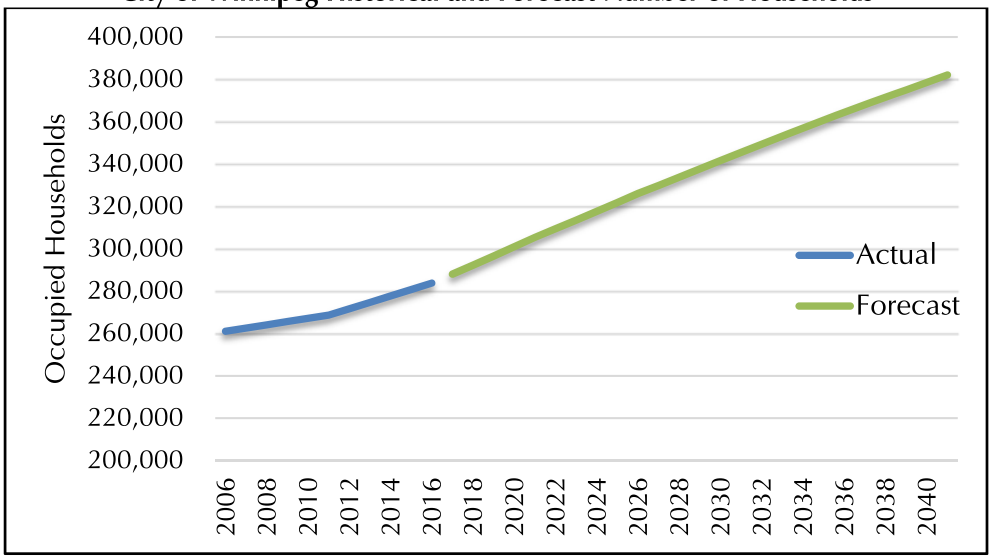


Source: City of Winnipeg Population, Housing, and Economic Forecast, 2016

Figure 2 illustrates how the City's recent growth trends have been reflected in housing development. While annual household growth averaged approximately 0.6 per cent during the mid 2000s, annual growth rates have reached 1.1 per cent in recent years.

In 2016, there was a total of 283,900 occupied households in Winnipeg; this number is expected to grow to 382,200 by 2041, representing a total increase of 35 per cent.

Figure 2
City of Winnipeg Historical and Forecast Number of Households



Source: City of Winnipeg Population, Housing, and Economic Forecast, 2016

Winnipeg's planning policy framework recognizes the need to plan for this growth while supporting sustainability and economic development. *OurWinnipeg*, the City's long-range development plan, is framed by overarching directions that include creating complete communities that are rich in amenities; supporting sustainable transportation with high quality transit, pedestrian, and cycling infrastructure; and protecting the natural environment with sustainable water, wastewater, stormwater management, and solid waste management systems and infrastructure. Implementation of these directions will require significant future capital and operating investment.

B. HOW WINNIPEG PAYS FOR DEVELOPMENT-RELATED SERVICING TODAY

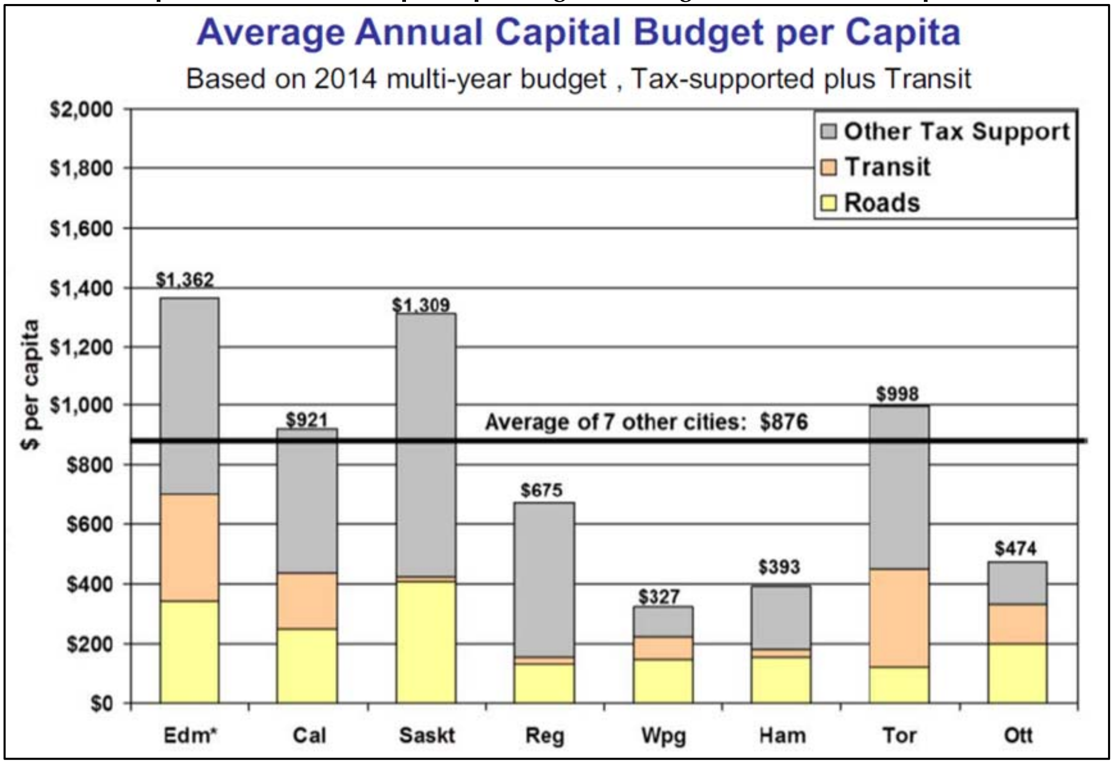
Historically Winnipeg has largely relied on property taxes and utility rates together with Federal and Provincial grants to pay for new infrastructure required to service growth. Additional operating costs and the costs of infrastructure repair and replacement are also paid for with property taxes and utility rates supplemented by fees and charges. However, for a number of years, property tax rates have been constrained and investment in both new and replacement infrastructure has been limited. As a result, service levels have declined and the average condition of the City's infrastructure has deteriorated.

Recently with the significant increase in development activity, the added demands on the City's existing infrastructure have risen leading to further reductions in service levels. As new development is projected to continue at robust levels for an extended period there is a pressing need to invest in new infrastructure to prevent further declines in service levels. Specifically, new and expanded City-wide capital infrastructure, including water, wastewater, stormwater and transportation infrastructure as well as protection and recreational facilities and further capital investment will be required over the coming decades.

When a new development is undertaken, the developer is responsible for the construction of the infrastructure within the development. This includes water distribution, wastewater collection, roads, sidewalks, street lights etc. In addition, through provisions of the development agreement funds must be provided by the developer to pay for boundary roads and intersections. As well, the City charges Trunk Service Rates, which pay for the costs of local land drainage trunk facilities across benefitting properties. Collectively, the infrastructure through these mechanisms is limited to services directly serving the development.

Because the development-related capital funding mechanisms are largely limited to local services, the City has to fund the majority of City-wide infrastructure costs through property taxes and utility rates. Since the late 1990's, because the increase in the City's property tax rate has been far below the rate of inflation, the City's tax revenues have in effect been declining. Partly as consequence of this and as shown in Figure 3, the City of Winnipeg's average annual per capita infrastructure spending is equal to roughly one-third of the average across eight major Canadian cities.

Figure 3
Comparison of Annual Capital Spending Across Eight Canadian Municipalities



Source: City of Winnipeg Community Trends and Performance Report, 2016

Furthermore, in contrast to Winnipeg, other municipalities in Manitoba, and many cities in other provinces, require developers to fully or partly fund the initial or first-round of required off-site or city-wide infrastructure for a broad range of services. This frees up property taxes to fund annual operating costs and long-term capital replacement requirements. Further details regarding capital funding mechanisms are provided within Section III and Appendix A.

In summary, given the City's current capital funding structure and as a result of the constrained flow of property tax revenues, the City has been unable to fully meet its capital funding needs. Consequently, Winnipeg is experiencing a deterioration in its existing infrastructure and a growing City-wide infrastructure deficit. This infrastructure deficit was last estimated at $3.5 billion in 2009, and is expected to reach

$7.4 billion by 2018. Of this, $3.6 billion is related to the need for new development-related infrastructure.[1]

C. FUNDING IMPLICATIONS OF NEW DEVELOPMENT FOR MUNICIPAL SERVICES

As has been noted previously, the City of Winnipeg stands out compared to municipalities both in Manitoba and in other provinces in terms of the way in which it pays for the municipal infrastructure requirements of new development. To a greater or lesser degree most municipalities in Canada, especially large cities, require new development to make up-front payments (in the form of fees and charges) to cover the capital costs of the infrastructure that is needed in order to provide municipal services.

In contrast, with the exception of some boundary road related costs and land drainage facilities, individual developments in Winnipeg do not contribute directly to the capital cost of off-site infrastructure. Such infrastructure is very extensive and includes:

- Roads, bridges and tunnels
- Water and Wastewater plants and distribution and collection systems
- Waste collection facilities
- EMS (Police, Fire and Ambulance) facilities and fleet
- Transit equipment
- Community Facilities
- Libraries including collection
- Central Services including IT requirements

Net of any grants, the City receives the capital cost of infrastructure related to these services are paid for through property taxes or in the case of water and wastewater and waste through utility rates.

To understand the implications of Winnipeg's funding structure and to address the extent to which 'growth pays for growth', it is important to first consider what the term means.

[1] *City of Winnipeg Community Trends and Performance Report, 2016*

1. What Does "Growth Pays for Growth" Mean?

The term "growth pays for growth" has a number of possible meanings in the context of municipal finance. At its broadest it means that over time as a community develops it is able to provide municipal services on a sustainable basis without the need to increase rates and taxes because of growth. In this context, growth can be considered as adding to the financial demands on the City in three ways:

- Costs of 'first-round' capital infrastructure
- Annual operating costs
- Costs of periodic infrastructure replacement

In Winnipeg property taxes and utility rates largely fund all three elements. In practice given the City's constrained revenues, especially from property taxes, 'first-round' infrastructure has not been added at the level required to maintain service levels given the amount of growth that has occurred. Nor has it has not kept pace with replacement needs of the existing infrastructure. For this reason, irrespective of the revenue contribution made by growth, the "growth pays for growth" test is not being met since the required amount of new infrastructure is not being provided.

The other narrower meaning of the term "growth pays for growth" commonly refers to the concept that new development pays directly for 'first-round' infrastructure through fees or charges. This is the approach used widely across Canada but only to very limited extent in Winnipeg. Instead infrastructure required for new development is funded by property taxes and utility rates. Since neither property taxes nor utility rates are determined according to the costs of providing services to individual properties, the cost of growth-related infrastructure is not paid by growth. Instead it is shared across the City with both new and existing properties contributing according to the funding structure. In the case of property taxes, properties of equal value whether new or existing pay the same amount of property taxes. For utility rate based services, charges are volumetric or on a per unit basis and are not differentiated between new and existing development very clearly. Therefore, while growth contributes to the cost of first-round infrastructure it does not pay for it entirely or the same level as in most other cities.

2. How Does New Development Affect City Costs?

As noted above, as new development occurs it requires municipal services. Some service needs can be met without the immediate addition of new infrastructure. This does cause a service level decline as far as the infrastructure component is concerned but may not affect overall performance if the service can be maintained for example through additional staffing. In the long run however additional infrastructure is likely to be needed. For quite some time the City has minimized its investment in new infrastructure especially for services that are funded through property taxes. By underinvesting in 'first-round' infrastructure the City has been able to keep property tax rates low. Had the City kept pace with the real demands created by growth, property tax rates would have to have been higher.

In light of this underinvestment it is plain that the infrastructure requirements of growth are not being paid for fully by growth. Instead most of the impacts of growth are absorbed through service level reductions which affect all City residents and businesses.

Where infrastructure has been added, the costs have mostly been paid for through taxes or rates. As for the City's increased operating costs arising from growth, these have been paid through taxes and utility rates. This is in keeping with practices across Canada.

3. New Development Generates Additional Taxes and Rate Revenue

As growth has occurred in Winnipeg additional revenues have been generated from three principle sources.

- **Property Taxes**: Revenues from property taxes are a function of property values (per the "ad valorem" system). Under this funding system the share of the City's tax funded budget paid by an individual property is determined according to its value. The costs of servicing the same property are not considered and therefore there is no direct linkage between the taxes paid by a new property and the cost of providing services. This is contrary to what has sometimes been suggested. Revenues from new development are not "ring fenced" and thus available to pay for new infrastructure.

  New units tend to have assessed values that are higher than average as they are primarily because they tend to be larger and newer. But while the taxes paid by these units are higher, they are no greater than the taxes on other houses in the City of the same value.

  As such, like all properties in the City they contribute their fair share towards City costs. The point that under Winnipeg's current funding structure 'growth does not pay for growth' can be readily understood by considering the effect that would be felt if the City were to increase spending on first-round infrastructure to meet the needs of new growth. This would necessitate a higher tax rate which would increase taxes on all properties not just on new development. The additional spending would be paid for only in part by growth.

- **Utility Rates:** Revenues generated by new development are based on volumes in the case of water and wastewater by unit for waste. New development therefore pays the same amount as existing units. Rate funded growth-related infrastructure is payed for through the rates. As with items that have been funded through property taxes, these rates have to be higher than would be the case if growth-related projects were directly funded by new development

- **Fees and Charges:** Fees and charges largely cover program operating costs. As such new development contributes proportionately in the same way as existing development. To the extent if any that new infrastructure is paid for through fees and charges a direct charge to new development would better address the objective of making growth pay for growth.

In summary the funding system used is Winnipeg to pay for new infrastructure is largely based on property taxes and utility rates. Using this approach new development enjoys an advantage compared to many municipalities elsewhere. In short, in Winnipeg "growth does not pay for growth" in the way that occurs in most other cities. Because new development does not pay much of the off-site cost of new infrastructure and because tax rates have been kept low, infrastructure investment has been severely constrained resulting in lowered service standards.

D. PREVIOUS FINANCING GROWTH STUDY

In 2005 in response to an accumulating infrastructure deficit and funding challenges, the City previously completed *Financing Infrastructure Related to Land Development*, a growth financing study. At the time of the study, Winnipeg was beginning to see steady population growth following an extended period of slow growth. The study provided the estimated infrastructure costs that would be associated with new development over a 15-year period. It assessed potential financing options and funding scenarios and their impact on property owners and developers. The study recommended that the City consider new growth funding mechanisms, such as development cost charges for new development. New funding mechanisms would be geared toward mitigating the reliance on property taxes for the funding of development-related costs, and thereby making more funds available for annual operations and the renewal of existing infrastructure.

City Council chose not to adopt new growth funding mechanisms, and funding for development-related costs has therefore continued to rely primarily on property taxes and utility rates. However, since that time conditions have changed. Growth rates have accelerated along with long-term population and housing projections. The City has also introduced a range of plans and policies that call for new and sustainable forms of infrastructure, through *OurWinnipeg*, the Transportation Master Plan and the

Transit-Oriented Development Handbook, by way of example. It is in light of these changes, that the City is now re-examining potential options to fund development-related costs.

III KEY GROWTH FUNDING PRINCIPLES AND AVAILABLE MECHANISMS

In considering how to fund development-related infrastructure, a number of key principles guide current practices in Canadian municipalities:

Benefits Received: The benefits received principle states that those who benefit from the services in question should pay for them. This principle provides the underlying rationale for legislative charges. Direct and off-site infrastructure clearly confers direct benefits to the residents or businesses in developing or redeveloping areas.

Economic Efficiency: This principle is concerned with the allocation of resources (taxes and user fees) required to produce or deliver the largest bundle of services that society desires. Theoretically, economic efficiency is achieved when the user fee or tax per unit of output (marginal benefit) equals the extra or marginal cost of the last unit consumed.

Equity or Fairness: This principle is linked to the "benefits" principle in that those who require services should pay for them. The following three issues require attention when considering equity:

- **Service standards** are of critical importance. The initial round of development-related capital infrastructure and facilities should be of roughly equal quality and quantity to that provided across the municipality. It would be inequitable for higher standards to be required in new areas than are generally available in the existing community (recognizing however that new areas may be required to conform to higher health, environmental or other best practice standards than in the past).

- **Inter-generational equity** should be considered. Inequity arises when one generation contributes to costs while another enjoys the benefits.

- **Equity or fairness** does not necessarily imply that all development should pay an equal charge. Various classes or locations of development may require higher or lower initial capital costs for certain services. These differences can be considered in calculating charges, since to do otherwise would result in a cross-subsidization of one development by another.

Accountability or Transparency: Under this principle, the process for determining the amount of a fee, charge or tax should be clear and understandable by all stakeholders. There should also be certainty in the amount of fee, charge or tax and there should be a clear linkage between the source of funding and the expenditure.

Ease of Administration: The need to provide funding mechanisms that can be applied with reasonable time and cost is addressed by this principle. Further, compliance on the part of taxpayers or ratepayers should be relatively simple.

Revenue Security or Reliability: Ensuring that revenues are sufficient to fund services on a reliable basis is critical. Ideally, the revenue should be stable and predictable so that it aligns with financial budgets and funding plans and avoids the risk associated with funding sometimes very sizable capital investments.

Canadian municipalities use a range of approaches to funding the costs of growth. Each of these approaches affect how these costs are allocated among residents. The following presents an overview of some of these funding mechanisms and their performance against the key principles listed above.

1. Legislative Charges for Development-Related Capital

Most municipalities in Canada require developers to provide or pay for on-site infrastructure, and it is assumed that this will continue in the City of Winnipeg. In addition to these on-site costs, many municipalities impose charges to pay for off-site, development-related infrastructure. The terminology for these charges varies across provinces and municipalities (e.g. development charges, development levies, off-site levies, development cost charges, capital levies, infrastructure charges, impact fees). For the purposes of this report, these charges will be referred to broadly as legislative charges.

While Winnipeg does not currently impose legislative charges, certain costs associated with boundary roads, intersections and drainage are recovered as a condition of subdivision approval. The current practice of many Canadian municipalities would be to include some of these items within legislative charge rates.

Legislative charges are generally based on the benefits principle. In simple terms, increases in need for services necessitated by development are estimated and all or a portion of the net capital cost (gross cost less other contributions such as grants or subsidies) of providing the services are recovered through the levy paid by the benefiting development. The capital projects required to provide various services over specified time periods are generally set out in municipal capital budgets or in other long-range financial plans. In addition to planned capital projects, legislative charges may also help to cover capital costs already incurred where the infrastructure serves growth over a long period, such as in the case of water treatment plants.

There is a significant variation in the provincial legislation affecting legislative charges in terms of scope, and in how they are calculated, collected and used by municipalities. For example, charges may be differentiated by land use and location of development, eligible capital costs to be considered in calculating the charge, and accounting considerations. A detailed discussion and comparison of the treatment of legislative charges across a number of Canadian municipalities is included within Section IV and Appendix A.

2. Property Taxes and Utility Rates

Property taxes and utility rates are the most significant revenue sources for most municipalities. As property taxes are calculated based on property values, they are primarily based on ability to pay; however, in a broad sense, property taxes may be viewed as being consistent with the benefits principle if one considers the societal benefits that are conferred by the delivery of municipal services. Nonetheless, property taxes can be problematic when taxpayers do not recognize a clear connection between the amount they pay and the benefits they receive. This can lead to frustration on behalf of taxpayers who feel that they pay for services that they do not benefit from, as well as to the inefficient use of services for which the costs of use are unclear. In contrast, utility rates that are largely based on consumption reflect the benefits principle more directly.

Municipalities have the authority to raise all sums required to provide the full range of municipal services through property taxes and user fees and charges (net of other government grants and subsidies). Therefore, all development-related infrastructure and facility funding could be raised through these sources. However, a number of important considerations require attention:

- Due to limited authority in certain provinces for the range of capital costs that can be funded through legislative charges, property taxes must be used by some municipalities to pay for some development-related costs (e.g. fire, police, and library buildings; vehicles and equipment; and transit services). Additionally, as legislative charge legislation is typically based on the benefits principle, the portions of development-related capital costs that are deemed to be of benefit to the existing community, even for the services for which legislative charges are allowed, will require funding through property taxes or user charges.

- If, instead of legislative charges, property tax and user fees are used to fund development-related capital costs (e.g. water, wastewater, stormwater and roads), additional debt financing is often required. This is because these services generally require "lump" capital investments and must be built early in the development process.

- Finally, because municipalities are generally facing significant funding gaps related to rehabilitation/replacement of existing infrastructure and facilities, significant tax and user charge increases will be required to avoid further deterioration of the existing infrastructure. Adding development-related capital funding requirements to this existing need clearly exacerbates this situation.

While the costs of development-related infrastructure and facilities can be funded through property taxes and utility rates, this approach runs counter to the principle that growth should pay for growth. It adds significant costs to the expenditure base that is paid for by existing ratepayers through tax and utility rates.

3. Comprehensive Development Agreements

As noted above, there are a variety of development-related capital facilities that are generally not covered by legislative charge legislation. In British Columbia, the introduction of s. 176 in the *Local Government Act* provided local governments the authority to enter into agreements for the provision of local infrastructure. Under this authority, the City of Vancouver may enter into Comprehensive Development Agreements (CDAs) in which a developer or group of developers agree to provide amenities for the broader community charges (e.g. social housing, libraries, fire halls, and transit stations) in exchange for development approval. These amenities are over and above those paid for through legislative charges. CDAs are generally limited to large developments that have a significant impact on such facilities. They are negotiated on a case-by-case basis.

The CDA approach helps to address the principle that growth should pay for growth in a comprehensive manner, and can help to ensure that service levels for community amenities would not deteriorate in the face of growth or fall on the existing community through property taxes. However, CDAs are often confidential agreements between municipalities and proponents of development, and as a result can be viewed as against the principles of transparency and equity.

4. Front-End Servicing and Financing Agreements

In the late 1970s, the Regional Municipality of Halton, a rapidly growing municipality in the Greater Toronto Area, would have exceeded provincially allowable debt limits to provide necessary development-related water and wastewater capital through the tax base for large development areas in the Town of Oakville. To address this situation, two steps were taken. First, since this occurred prior to the adoption of Ontario's *Development Charges Act*, development charges were established under the authority of the Ontario *Planning Act* to provide a long-term funding source for this infrastructure. Further, in order to completely avoid the debt financing associated with early provision requirements for water and sewage treatment plants as well as the extension of trunk water mains and wastewater infrastructure to the different development areas, the Region introduced front-end servicing and financing policies that required developers to provide and finance the infrastructure (with appropriate development charge credits given in recognition of the developer provision of the works).

The approach was later incorporated into development charge legislation to provide similar authority to municipalities across Ontario. Generally, front-end financing is limited to water, wastewater, stormwater, and road infrastructure costs. It is noted that an area specific legislative charge regime is most consistent with front-end financing approaches, particularly since flow-through of funds from subsequent benefitting owners is more closely aligned with the specific projects that have been front-ended.

Under this approach, in addition to ensuring that growth pays for growth, the risks related to the pace of development are shifted from the public to the private sector.

5. Density Bonusing

Density bonusing is an arrangement by which a municipality allows a developer to exceed densities set out in zoning bylaws in exchange for the provision of infrastructure or community facilities. This scenario is typically applied in redevelopment or infill situations and is intended to be mutually beneficial: the developer benefits from additional potential productivity of the land in question; the municipality benefits from higher tax revenues resulting from higher property assessment as well as amenities, which in the absence of the arrangement would lead to a deterioration in service levels. Density bonusing is generally used in larger cities such as Toronto and Vancouver.

The potential revenue from density bonusing can be very high during construction booms when developers are willing to pay the bonus. However, in weaker real estate markets, density bonusing can act as a disincentive to development.

6. Directed Tax Revenue

Directed tax revenue approaches provide a funding source for redevelopment, infrastructure and other community improvement projects. Under these schemes, municipalities earmark incremental tax revenues derived from development in specified areas for the purpose of funding municipal capital improvements. Some examples of such approaches are described below.

Community Revitalization Levies (CRLs) are used in the Province of Alberta to overcome budgetary constraints prohibiting much needed revitalization. The incremental tax revenue is taken from private sector developments and used to provide public infrastructure improvements to further enhance the designated area. Over time, these improvements can lead to enhanced land values for the private sector developer, and in turn, additional tax revenues for the municipalities once the CRLs are finished.

Tax Increment Financing (TIF) is a public financing method that uses future incremental gains in taxes to either fund completely or to subsidize current improvements. As the completion of a public project often results in an increase in the property value of surrounding real estate, the incremental increase in tax revenue is earmarked for a period of time to support the public project. TIF arrangements have long been common in U.S. municipalities and are gaining popularity in Canada. The Province of Manitoba introduced the *Community Revitalization and Tax Increment Financing Act* in 2009, and Winnipeg has used TIF to help finance the development of its downtown Sports, Hospitality and Entertainment District.

In Ontario, municipalities can adopt community improvement plans to facilitate the rehabilitation of a designated area through providing a range of financial incentives to landowners. Among the financial incentive options available is a Tax Increment Equivalent Grant program (TIEG) under which property tax incentives can be provided to owners for specified periods when approved projects are undertaken. TIEG amounts can be substantial, but are not without risk. If an initial estimated future tax increment is too high, a municipality could be required to pay out a grant which has a value higher than the increment.

IV COMPARISON OF LEGISLATIVE CHARGES IN CANADIAN MUNICIPALITIES

This section provides a summary of how legislative charges are employed in a number of municipalities across Canada to fund the city-wide costs of growth. Municipalities reviewed include Halifax Regional Municipality, the Cities of Toronto, Ottawa, Hamilton, Regina, Saskatoon, Edmonton, Calgary, Vancouver and Surrey, as well as three of Manitoba's Rural Municipalities: St. Clements, Taché, and East St. Paul. A more detailed comparison of these charges is included within Appendix A.

A. PROVINCIAL LEGISLATION

Legislative charges are imposed by municipalities in most provinces, including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. In most of these provinces, municipal or planning legislation provides the authority to impose legislative charges. Ontario has the most extensive legislation as the only jurisdiction with a separate *Development Charges Act*.

Provincial legislation varies in which capital costs are eligible for recovery through legislative charges. It is typical for eligible costs to include primarily "hard services" such as water, wastewater, stormwater and road infrastructure. Alberta's *Municipal Government Act* allows off-site levies to be imposed only for these hard services. Municipalities in British Columbia and Saskatchewan are permitted to impose levies for park development and recreation facilities in addition to hard services. Only Ontario allows for the inclusion of a complete range of development-related capital costs, with the exception of costs related to general administration buildings, cultural or entertainment facilities, tourism and convention centres, hospitals, waste management facilities and the acquisition of land for parks.

The *Manitoba Planning Act* permits municipalities to establish by-laws which set levies to compensate for capital costs incurred by the subdivision of land. This legislation allows for some flexibility in determining which municipal services would be impacted by subdivision approval, and therefore are eligible for recovery through a such a levy.

B. ELIGIBLE SERVICES

Under the provincial legislation described above, the use of legislative charges is permissive and not mandatory; municipalities do not necessarily impose levies for all of the services that are allowed. For example, the City of Edmonton's Arterial Roadway Assessment represents the City's only mechanism for funding off-site capital costs: a uniform per-hectare charge is imposed across a defined catchment area to fund construction costs associated with arterial roads within that catchment area. Developers in Edmonton also pay charges for sewer and stormwater management, but only to cover the costs to serve the area of development or subdivision.

Halifax Regional Municipality currently collects infrastructure charges for stormwater, streets, and solid waste management costs only, although the *Halifax Municipal Charter* allows for recovery of water, wastewater, transit and transportation, parks and recreation facilities, fire services, and libraries. However, the municipality is currently in the process of reviewing its existing infrastructure charges and is exploring opportunities to incorporate a wider range of capital costs.

The Cities of Toronto, Hamilton, and Ottawa take advantage of Ontario's permissive development charges legislation. Costs are recovered through development charges for a wide range of capital projects, including transit; parkland development and recreational facilities; non-profit housing; social services; child care; and police, fire, and emergency services, among many others.

It is noted that the City of Calgary has recently introduced a new Community Services Charge on greenfield development. These charges, which cover the costs of a range of facilities and transit vehicles, are not enabled as off-site levies under Alberta's *Municipal Government Act*, but resulted from extensive consultation with industry stakeholders. As a condition of the support of key development industry organizations, the City is currently undergoing a process of ongoing monitoring and consultation over the course of the first year of implementation.

C. HOW CHARGES ARE APPLIED

Each municipality faces unique circumstances which dictate whether an area-specific or city-wide charge is applied. For example, the City of Ottawa has a separate charge for development inside of the Greenbelt, outside of the Greenbelt, within serviced rural areas, and within rural areas that do not receive water and wastewater servicing.

A number of other municipalities rely primarily on a city-wide charge, but have calculated separate charges for defined areas with unique servicing needs: These include Halifax's "master planning areas", the Binbrook and Dundas/Waterdown areas in Hamilton, the Anniedale-Tynehead and West Clayton areas in Surrey, and the Village Districts of Lorrette and Landmark in the Rural Municipality of Taché.

There is also variation across the municipalities reviewed in terms of whether charges are uniform or land use specific, and whether the charges apply to lot size, building area, or unit type. The Cities of Regina and Edmonton, and the Rural Municipalities reviewed in Manitoba impose uniform charges across all land uses. Municipalities that impose uniform charges often calculate the charges on a per-hectare or per-lot basis. The majority of the remaining municipalities impose land use specific charges, and typically calculate the charges according to residential unit type or per square metre or foot of gross floor area.

In the Rural Municipality of Taché, a two-tier rate system is applied within the Village Districts of Lorrette and Landmark. As is permitted within Manitoba's *Planning Act*, a charge is imposed for each new lot as a condition of subdivision approval. In the event that the lot is developed into multiple dwelling units, an additional charge is applied per residential equivalent unit.

D. CALCULATION METHODOLOGIES

Generally, legislative charges are calculated using an estimate of eligible capital costs over a certain forecast period and distributing these costs among development that is forecasted over the same time period. In calculating capital costs eligible for recovery through legislative charges, a desired level of service (i.e. quantity and/or quality of service related to the provision of municipal infrastructure on a per capita basis) is considered. Ontario's development charge legislation generally requires that the level of service to be recovered through development charges be limited to the average level of service over the preceding 10 years.

Municipalities in Ontario are additionally required to take into account a number of statutory deductions, such as benefit to existing development; any grants, subsidies, and other recoveries; and a 10 per cent discount for soft services (e.g. parkland development, libraries, recreational facilities). Many municipalities in other provinces undertake a comparatively simplified approach to calculating the charges.

E. RATE COMPARISON

A comparison of legislative charge rates can be found in Appendix A. Rates are highly variable across the municipalities due to the services included in the charge and other unique circumstances and costs which may impact the cost of servicing new development. Note that in the case of residential charges, the rate per single detached dwelling unit is provided where applicable. Many of the municipalities that calculated charges per dwelling unit impose lower charges on alternative dwelling types such as townhouses, row houses, and apartment units.

The majority of the municipalities reviewed adjust their rates on an annual basis according to publicly available, third party inflation data such as Statistics Canada's *Construction Price Statistics.* Some municipalities, including the Cities of Calgary and Surrey, have planned for higher annual increases as they are in the process of phasing in new rates over a period of several years. In particular, the City of Calgary is in the process of introducing new off-site levies within its urban area with the goal of recovering 100 per cent of development-related water and wastewater infrastructure costs by 2018. As a result, significant rate increases are planned for 2017 and 2018.

F. EXEMPTIONS AND DISCOUNTS

Many municipalities use legislative charge exemptions and discounts to incentivize certain types of development, or to promote intensification in certain areas. Generally, lost revenue from non-statutory exemptions and discounts is covered through property taxes and utility rates.

Examples of exemptions and discounts include the following:

- In the City of Toronto, industrial uses are exempt from development charges;
- In the Cities of Hamilton and Ottawa, exemptions or discounts are offered for development on contaminated or "brownfield" sites, and for intensification in downtown neighbourhoods or transit nodes; and
- The City of Calgary has introduced the Density Incentive Program, which caps levy rates within the urban area that reach a density equivalent of 285 or more people and jobs per hectare.

These exemptions and discounts can serve as effective mechanisms to support economic development, sustainability, and efficiencies in capital investment.

V CONCLUSION

A wide range of financial mechanisms are available to Canadian municipalities to help fund the costs associated with growth and development. Depending upon the provision of provincial legislation as well as each community's unique context, these mechanisms are used in a variety of ways. There is a clear opportunity to find an approach that is tailored to Winnipeg through a close examination of nation-wide practices and the City's particular needs.

Unlike many cities in Canada which use charges to pay for first-round infrastructure, including a large number Manitoba's municipalities, Winnipeg is reliant on property taxes and utility rates to fund these costs. This reliance has led to competing funding priorities and a growing infrastructure deficit. A particular issue that relates to the manner in which Winnipeg funds first-round infrastructure is whether "growth pays for growth". Currently it is self evident that growth does not pay for growth since significant amounts of required infrastructure are not being built. However, were the required infrastructure built, growth would only be paying a share of the cost. The City's tax rate would have to increase to account for the added cost and all ratepayers (not just new growth) would contribute. If the City were to have an infrastructure fee, the need for higher tax rates would be moderated by the amount such a fee would generate.

Should the City choose to pursue the introduction of new growth funding mechanisms, it should consider lessons learned from its previous growth study as well as from the experiences of other municipalities.

This report is intended to provide a background understanding of where Winnipeg sits in relation to the funding of growth related infrastructure. It also provides important context with other communities in Manitoba and cities across Canada. A second report provides information regarding potential regulatory fees that could be applied given the City's future growth prospects, infrastructure requirements and conventional fee calculation methods.

APPENDIX A

COMPARISON OF GROWTH FINANCING MECHANISMS IN CANADIAN MUNICIPALITIES

	Municipality				
	Halifax, NS	Toronto, ON	Ottawa, ON	Hamilton, ON	Regina, SK
Population (2011 census)	390,096	2,615,060	883,391	519,949	193,100
Governing legislation	*Halifax Municipal Charter* Section 104(1)	*Development Charges Act,* 1997 and O.Reg. 82/98	*Development Charges Act* , 1997 and O.Reg. 82/98	*Development Charges Act* , 1997 and O.Reg. 82/98	*Planning and Development Act* , 2007 Section 169 and 172
Municipal By-law	Regional Subdivision By-law	By-law No. 1347-2013, adopted October 2013	By-law 2014-229, adopted June 2014	By-law No. 14-153, adopted June 2014	Administration and Calculation of Servicing Agreement Fees and Development Levies polcy, last reviewed December 2009
Terminology	Infrastructure Charges	Development Charges (DCs)	Development Charges (DCs)	Development Charges (DCs)	Development Levies and Servicing Agreement Fees
Services Recovered for under By-law	Water Wastewater Stormwater Streets Solid Waste Management	Spadina Subway Extension Transit Parks and Recreation Library Subsidized Housing Police Fire Emergency Medical Services Development-Related Studies Civic Improvements Child Care Health Pedestrian Infrastructure Roads and Related Water Sanitary Sewer Storm Water Management	Roads and Related Services Sanitary Sewer (Wastewater) Water Stormwater Drainage Police Emergency Services (Fire) Public Transit Parks Development Recreation Facilities Libraries Child Care Works and Yards Paramedic Service Corporate Studies Affordable Housing Program	Water Wastewater Facilities and Linear Stormwater Drainage and Contol Highways Public Works Police Services Fire Protection Services Transit Services Parkland Development Recreation Facilities Library Services Administrative Studies Ambulance Services Long Term Care Health Services Social & Child Services Social Housing Airport Services Parking Services Provincial Offenses Act Hamilton Conservation Authority	Water Wastewater Stormwater / Drainage Roads / Transportation Recreation Parks
Do charges apply municipality-wide or based on service areas?	Municipality-wide charges for water, wastewater, and solid waste management. Charges for additional services are levied on an area-specific basis for Master Planning areas.	City-wide	City-wide charges for most services. Area-specific charges for four broad areas (Inside or outside of the Greenbelt; rural serviced or unserviced) for collector roads, water distribution, sanitary sewer collection, protection, some recreation, library facilities, and servicing studies. In specified locations, area-specific charges apply for storm drainage ponds.	Generally City-wide. Charges are uniform within the urban area. Outside of the urban area, charges for water, wastewater, and stormwater are detemined according to the urban services required or used, while charges for all other services remain uniform. Additional Special Area Charges apply at two locations (Binbrook and Dundas/Waterdown).	Rates apply across the City but are calculated separately for greenfield vs. infill development
Are charges land use specific or uniform across land uses (e.g. residential, commercial industrial)?	Land use specific	Land use specific	Land use specific	Land use specific	Uniform
Are charges applied to lot size, building area or unit type?	Residential: By unit type Non-residential: Per square foot GFA Area-specific charges: Per acre	Residential: By unit type Non-residential: Per square metre	Residential: By unit type Non-residential: Per square foot GFA	Residential: By unit type Non-residential: Per square foot/metre GFA	Per hectare
Timing of charge	At time of subdivision	At time of building permit	At time of building permit	At time of building permit	Development Levy: At time of building permit Servicing Agreement: At time of subdivision
Calculation methodology	Not specified in legislation. Current charges were levied in accordance with the 2000 *Infrastructure Charges Best Practices Guide* : 1. Total capital costs of oversized infrastructure, less portion of projects that will benefit the Municipality 2. Costs are allocated based on the net land area and average density of the parcel being subdivided based on type of development	As per provincial legislation, 10-year historic average service levels are calculated. Both quantity and quality of service is considered. 10-year capital cost estimate, less legislated reductions: benefit to existing development; existing excess capacity; grants, subsidies, and other recoveries; 10% discount for soft services.	As per provincial legislation, 10-year historic average service levels are calculated. Both quantity and quality of service is considered. 10-year capital cost estimate, less legislated reductions: benefit to existing development; existing excess capacity; grants, subsidies, and other recoveries; 10% discount for soft services.	As per provincial legislation, 10-year historic average service levels are calculated. Both quantity and quality of service is considered. 10-year capital cost estimate, less legislated reductions: benefit to existing development; existing excess capacity; grants, subsidies, and other recoveries; 10% discount for soft services.	A cash-flow model is used to calculate Servicing Agreement Fee and Development Levy rates. The following steps are required: 1. Establish inflation rate and interest rates 2. Set the opening Servicing Agreement Fee / Development Levy Reserve Cash Balance 3. Calculate outstanding fees/levies to be collected 4. Establish development projections for infill & greenfield 5. Establish payment schedule for fees/levies 6. Update capital project list 7. Establish share of costs attributed to greenfield and infill growth for each capital project 8. Calculate the share of total capital costs allocated to infill and greenfield development 9. Calculate rates for infill & greenfield based on the cash-flow model
Forecast periods used	Not specified	10 years and longer term (to 2031) By-law to be reviewed every 5 years	10 years and longer term (to 2031) By-law to be reviewed every 5 years	10 years and longer term (to 2031) By-law to be reviewed every 5 years	25 years By-law to be reviewed every 5 years
Amount of charge	Residential: $4,493.38 per single detached unit Non-residential: $2.33 per sq. ft. ($25.08 per sq. m.) Additional charges in Master Planning Areas: Wentworth: $10,893 per acre ($26,918 per ha) Bedford South: $10,893 per acre ($26,918 per ha) Russell Lake: $15,733 per acre ($38,877 per ha) Portland Hills: $7,393 per acre ($18,268 per ha) Bedford West Area 1,4,5,11: $5,486 per acre ($13,556 per ha) Bedford West Area 2,3,7,8,10,12: $9,958 per acre ($24,607 per ha) Bedford West Area 6: $26,969 per acre ($66,642 per ha) Bedford West Area 9: $21,702 per acre ($53,627 per ha) (Rates were adopted at different times between 2005 and 2010)	Residential: $34,482 per single/semi-detached unit Non-residential: $175.78 per square metre, applied to ground floor only (Current rates effective February 2016)	Residential: $22,468 per single/semi-detached unit within the greenbelt $30,752 per single/semi-detached unit outside the greenbelt $20,159 per single/semi-detached unit within rural serviced area $17,703 per single/semi-detached unit within rural unserviced area Non-residential: $19.82 per square foot for non-industrial uses (213.34 per square metre) $8.55 per square foot for industrial uses (92.03 per square metre) (Current rates effective August 2015)	Total urban area charges: Residential: $35,465 per single/semi-detached unit Commercial/Institutional: $19.74 per sq. ft. (204.62 per sq. m.) over 10,000 sq. ft.; 50% of the per sq. ft. charge applies to the first 5,000 sq. ft. (465 sq. m.), and 75% of the charge applies to the second 5,000 sq. ft. (465 sq. m) Industrial: $11.60 per sq. ft. ($124.86 per sq. m.) for development over 10,000 sq. ft. (929 sq. m.) $8.70 per sq. ft. ($93.65 per sq. m.) for development under 10,000 sq. ft. (929 sq. m.) (Rates effective July 6, 2015 to July 5, 2016)	Greenfield rates: $346,000 or $380,000 per hectare (2016 rates)
Indexing provision	Not specified in the legislation. Current practice of the Region is index only the Bedford West infrastructure charge.	As per provincial legislation, rates may be indexed as prescribed by the Statistics Canada Quarterly *Construction Price Statistics.*	As per provincial legislation, rates may be indexed as prescribed by the Statistics Canada Quarterly *Construction Price Statistics.*	As per provincial legislation, rates may be indexed as prescribed by the Statistics Canada Quarterly *Construction Price Statistics.*	City to commission a report every 2 years estimating the inflationary rate to be used. This rate is used to inflate project costs and to index rates in years between re-calculations.
Exemptions and discounts	Statutory exemptions: Crown Land Non-Statutory Exemptions: The by-law may provide full or partial exemptions for different uses	Statutory exemptions for industrial additions, residential additions, boards of education. Non-statutory exemptions: Non-profit / affordable housing is exempt. Industrial uses are exempt. Other non-residential development charges are applied to ground floor only.	Statutory exemptions for industrial additions, residential additions, boards of education. Non-statutory exemptions: Residential development within Central Area exempt. Reductions for apartment dwellings within 500 metres of transit stations if parking restrictions are met. Development on contaminated lands is eligible for exemption through the City's Brownfield Redevelopment Strategy and Community Improvement Plan.	Statutory exemptions for industrial additions, residential additions, boards of education. Non-statutory exemptions: Certain uses exempt, including affordable housing and agricultural uses. Brownfield sites eligible for exemption for the lesser of environmental remediation costs or development charges otherwise payable. Development within boundaries of the Downtown CIPA eligible for 85% exemption of DCs otherwise payable.	None (previously exempted inner area of the City to promote growth in developed areas)
Comments	HRM is currently in the process of updating their existing infrastructure charges to align with the recently amended Halifax Municipal Charter. Since the introduction of infrastructure charges in 2002, the Region has examined various methodologies and best practices for the implementation of infrastructure charges. The information provided above is subject to change in coming months.		The City is currently undertaking a review of its transit-related DCs.		As of Jan. 1, 2016: New Sevicing Agreement Fee and Development Levy in place. To be phased in over 3 years. As per provincial legislation: Servicing Agreement Fees are collected when land is subdivided. Development Levies are collected where development <u>does not</u> involve the subdivision of land.

	Municipality				
	Saskatoon, SK	Edmonton, AB	Calgary, AB	Vancouver, BC	Surrey, BC
Population (2011 census)	222,189	812,201	1,096,833	603,502	468,251
Governing legislation	*Planning and Development Act* , 2007 Section 169 and 172	*Municipal Government Act,* 2000 (Division 6) and Alberta Regulation 48/2004	*Municipal Government Act* , 2000 (Part 17, Division 6) and Alberta Regulation 48/2004	*Local Government Act* (RSBC 2015), Section 933 Vancouver Charter, SCB 1953, Chapter 55, Part XXIV - A	*Local Government Act* (RSBC 2015), Section 933
Municipal By-law	2015 Prepaid Servicing Rates (Direct and Off-site), approved November 2015	Bylaw 14380, adopted September 2006	Off-site Levy Bylaw 2M2016, approved January 2016	By-law No. 9755, enacted November 2008	Bylaw No. 18664; came into effect May 2016
Terminology	Development Levies / Off-site levies / Prepaid Service Rates	Permanent Area Contributon (PAC) Arterial Roadway Assessment (ARA)	Off-site levies Community services charge	Development Cost Levies (DCLs)	Development Cost Charges (DCCs)
Services Recovered for under By-law	Water Wastewater Stormwater / Drainage Roads / Transportation Recreation Parks	PAC: Wastewater and Stormwater ARA: Roads	Off-site levies: Water Wastewater Stormwater / Drainage Community services charge: Facilities (police stations, libraries, recreation, emergency response) Transit (buses)	Engineering Infrastructure Recreation Parks Social and Replacement Housing Childcare Facilities	Water Sewer Stormwater / Drainage Roads (arterial and collector) Parkland Acquisition
Do charges apply municipality-wide or based on service areas?	City-wide	PAC: Based on the area of development or subdivision ARA: By catchment area	Rates apply City-wide and are uniform across the City's Established Area. Rates within the Greenfield Area are specific to each watershed.	Generally City-wide. Additional charges apply to three specific "layered" zones. Six separate area-specific DCL zones are identified, but as of July 2016, five of these zones will be merged into the City-wide rates.	Generally City-wide. Area specific charges apply to the Anniedale-Tynehead and West Clayton areas.
Are charges land use specific or uniform across land uses (e.g. residential, commercial industrial)?	Land use specific	Uniform	Greenfield Area: Uniform Established Area: Land use specific	Land use specific	Land use specific
Are charges applied to lot size, building area or unit type?	Lot-front metres for residential lots with area less than 1,000 sq. m., commercial developments greater than 1,000 sq. m., and industrial lots. Per hectare charge for developments outside these parameters.	Per hectare	Greenfield Area: Per hectare Established Area: By residential unit type or non-residential square metre GFA	Residential: Per square metre Non-residential: Per square metre or per building permit	Single family residential: Per lot Multi-family residential and most non-residential: Per square foot Industrial: Per acre
Timing of charge	At time of building permit	Condition of a subdivision or development permit	Greenfield Area: At time of subdivision Established Area: At time of building permit	As a condition of building permit issuance	As a condition of subdivision approval or building permit issuance
Calculation methodology	Not specified	PAC: Each developer required to pay relative share of on-site and off-site sewer and stormwater management costs serving the development area. ARA: Total construction costs of the arterial roads within a catchment are shared proportionately based on the area of the subject lands within the catchment.	Generally, levies are calculated as follows: 1. Determine the projected population growth for a specific timeframe and the land area that will be absorbed by the population growth in that same timeframe. 2. Determine the infrastructure required to service that land area and estimate the infrastructure costs. 3. Determine the benefit allocation for each project attributable to the projected new population, the existing population and the regional population. 4. Determine the levy rate by dividing the estimated infrastructure costs attributable to the future growth by the total hectares required to serve the projected population.	Three approaches to determining level of service: 1. Standards-based 2. Past level of service 3. Plan-based Include one-time capital costs serving new growth (operating costs not included). Costs reduced by contributions from other sources (e.g. grants).	DCC Rates = 10-year infrastructure costs to service growth / 10-year growth projection
Forecast periods used	Rates adjusted annually according to annual capital program	Cost estimates for each catchment area / drainage basin updated annually	10 years	10 years	10 years (as outlined by City's 10-Year Servicing Plan)
Amount of charge	Residential: $1,870.90 per front m Institutional/Commercial/School: $2,201.45 per front m Industrial: $2,308.23 per front m (approved Nov. 2015)	Average ARA rate: $191,170 per hectare Expansion Assessment Charge of $22,367 per hectare added for sanitary trunk servicing (2016 rates)	Greenfield Area: Average off-site levy rate of $356,190 per hectare plus an additional $78,850 per hectare Community Services Charge. Established Area: Off-site levies calculated based on average people per unit / per square metre assumptions. Rates cover water and wasterwater services only and are to be phased in from 2016 to 2018. Residential: $2,089 per single detached unit in 2016; to increase to $6,267 in 2018. Commercial: $12.21 per square metre in 2016; to increase to $36.62 in 2018. Industrial: $5.86 per square metre in 2016; to increase to $17.58 in 2018. Community Service Charges do not apply to Established Area. (approved 2016 rates)	City-wide rates: Residential units at or below 1.2 FSR and laneway homes: $33.26 per square metre Residential units over 1.2 FSR, commercial, and most other uses: $143.27 per square metre Industrial: $57.16 per square metre Daycare, temporary buildings: $10 per building permit (current rates as of September 2015)	City-wide rates: Single family residential: Average of $36,806 per lot. Rates vary according to zoning. Commercial: $9.92 per sq. ft. ($106.78 per sq. m.) for the ground floor, plus $5.62 per sq. ft. ($60.49 per sq. m.) for all other floors Industrial: $79,079 per acre ($195,408 per ha), plus $14.20 per sq. ft. ($152.85 per sq. m.) of non-ground floor GFA Institutional charges ranging from $2.87 to $6.74 per sq. ft. ($30.89 to $72.55 per sq. m.) for uses including schools, hospitals, and federal and provincial buildings.
Indexing provision	Rates adjusted annually according to annual capital program.	Rates adjusted based on the percentage change in the Edmonton *Non-Residential Construction Price Index* .	Rates adjusted annually using average Statistics Canada construction price index for Calgary for previous four published quarters.	Rates adjusted annually for changes in property and construction inflation using public, third-party data.	The City is proposing to increase rates by 10% in 2017 and 2018. Consultation will be held for each rate increase.
Exemptions and discounts	None	None	Density Incentive Program: Levy rate is capped if development within the Established Area reaches density equivalent of 285 or more people and jobs per hectare.	Exemptions for certain uses including social housing and churches. Small residential units of 29 square metres or less are exempt. Central Waterfront Port Lands snd False Creek North areas exempt due to alternative funding arrangements in place.	Exemptions for dwelling units under 312 square feet and for non-profit rental housing. Development where the value of work authorized by the permit does not exceed $100,000 for residential or $50,000 or other uses is also exempt. No charge for agriculturel uses, except for those falling within the Highway 99 Corridor and Campbell Heights area.
Comments	The City completed a Financing Growth Study in April 2015. According to a staff report, as of March 2016 the City was still in the process of reviewing options to update its development levy policies.	PACs are payments for storm and sanitary trunk sewers, storm water management facilities, and other cost-sharable drainage improvements within predefined drainage basins (land areas). It is based on the area of development or subdivision. ARAs establish how developers will share the costs of arterial roadway infrastructure. Each development occurring within the catchment is required to pay an assessment based on a per hectare rate under the provisions of the Servicing Agreement.	New by-law presents a drastic increase in rates for greenfield development from 2015, as well as the introduction of water and wastewater service charges in Established Area. By-law was introduced through extensive consultation with industry stakeholders and received the conditional support of the local NAIOP, UDI, and Canadian Home Builders' Association groups. As a result of agreements with these groups, the City is currently carrying out a work plan for continued industry collaboration and ongoing assessment of the impacts of the new rates through 2016. Alberta's *MGA* allows for off-site levies to be charged only for water, wastewater, storm/drainage, and roads. The Community Service Charges enacted are not enabled as off-site levies within the *MGA* , but have been established as accepted industry practice for greenfield development.	The City is currently undertaking a review of its City-wide DCLs	In 2017 and 2018, it is proposed to increase the DCC rates by approximately 10 percent. Consultation will be held for these subsequent annual rate increases.

	Municipality		
	Rural Municipality of St. Clements, MB	Rural Municipality of Taché, MB	Rural Municipality of East St. Paul, MB
Population (2011 census)	10,505	10,284	9,046
Governing legislation	*Planning Act* , 2005 Section 142 and 143	*Planning Act* , 2005 Section 142 and 143	*Planning Act* , 2005 Section 142 and 143
Municipal By-law	By-law No. 14-2009, passed December 2009	By-law No. 2-2015, passed December 2015	By-law No. 2013-18, passed January 2014
Terminology	Capital Development Levies	Dedication Fees	Capital Levies
Services Recovered for under By-law	Capital Improvements Roads Recreation & Culture Environment (water, sewer)	Capital costs incurred for subdivision* Fees also include municipality's costs to examine and approve a subdivision application Fees within Local Improvement Districts additionally include: Water meters and installation Water hydrant installation Improvements to the public water and/or sewer system **NTD: Will follow up with municipality for more information*	Road Rebuilding and Traffic Signalization Water Sewer Environmental health Active transportation Other capital expansions/improvements associated with the subdivision of land
Do charges apply municipality-wide or based on service areas?	Charges apply to all lands but vary based on available servicing (separate charged for areas serviced by sewer and water, sewer only, and non serviced areas)	Generally municipality-wide, with area-specific rates for two Local Improvement Districts	Municipality-wide
Are charges land use specific or uniform across land uses (e.g. residential, commercial industrial)?	Uniform	Uniform	Uniform
Are charges applied to lot size, building area or unit type?	Per new lot	Per new lot	Newly created residential lots: Per new lot Non-residential and multi-residential units: Per residential equivalent unit
Timing of charge	As a condition of subdivision approval	As a condition of subdivision approval	As a condition of subdivision approval
Calculation methodology	Not specified	Not specified	Not specified
Forecast periods used	Not specified	Not specified	Not specified
Amount of charge	Serviced Sewer and Water: $9,250 per lot Serviced Sewer only: $6,750 per lot Non Serviced: $4,250 per lot (Rates last amended in 2012)	Two-tier dedication fee system applied to Local Improvement Districts: A charge is applied per lot, and in the event that the lot is developed into multiple dwelling units, an additional charge is applied per residential equivalent unit. Village Disrtict of Lorette (Local Improvement District #1): $9,500 for an unserviced residential lot $14,000 for a serviced residential lot For multi family units, an additional $13,000 charge per unit is applied. Village Disrtict of Landmark (Local Improvement District #3): $10,500 per lot For multi family units, an additional $9,500 charge per unit is applied. Other areas: $7,000 per lot (2016 rates)	Total of $19,200 per newly created residential lot and/or per residential equivalent unit for non-residential and multi-residential developments. (2014 rates)
Indexing provision	Fee schedule may be amended from time to time by resolution of Council.	The 2015 by-law sets annual rate increase amounts to 2018.	Not specified
Exemptions and discounts	None	For lots created within "Rural Residential Clusters" and/or causing the creation of a Cluster (defined as a grouping of 6 or more Rural Residential Lots), the fee is reduced to $7,000 per lot.	None
Comments	Levies collected are split between four established reserve funds: Capital Improvement Reserve Fund, Road Reserve Fund, Recreation & Culture Reserve Fund, and Environment Reserve Fund.	By-law positions these charges under Section 232(2) of the Municipal Act, which states that a Council may establish fees/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"	Total charge of $19,200 is broken down by reserve: 1. Traffic Signalization Reserve 2. Road Rebuilding Reserve 3. Capital Levy Reserve 4. Water Capital Levy Reserve 5. Sewer Capital Levy Reserve 6. Environmental Health Services Reserve 7. Active Transportation Reserve