

**TOWN OF LUMSDEN
SASKATCHEWAN**

BYLAW NO. 2024-01

A BYLAW OF THE TOWN OF LUMSDEN IN THE PROVINCE OF SASKATCHEWAN TO ESTABLISH A DEVELOPMENT LEVY FOR LANDS THAT ARE TO BE DEVELOPED OR REDEVELOPED WITHIN THE TOWN OF LUMSDEN.

THE COUNCIL OF THE TOWN OF LUMSDEN ENACTS AS FOLLOWS:

1. PURPOSE

The purpose of this bylaw is:

- a) To impose and provide for the payment of development levies;
- b) Provide consistency between development levies and subdivision servicing fees, where appropriate;
- c) Authorize agreements to be entered into in respect of payment of development levies;
- d) Set out the conditions upon which the levy will be applied to specify land uses, classes of development, zoning districts or defined areas; and
- e) Indicate how the amount of the levy was determined.

2. AUTHORITY

The authority for this Bylaw is section 169 of *The Planning and Development Act, 2007*.

3. DEFINITIONS

In this bylaw:

- a) "**Act**" shall mean *The Planning and Development Act, 2007*.
- b) "**Capital Costs**" means the municipality's estimated cost of providing, altering, expanding or upgrading the following services and facilities associated, directly or indirectly, with a Proposed Development:
 - i) Sewage, water or drainage works;
 - ii) Roadways and related infrastructure;
 - iii) Parks;
 - iv) Recreational facilities.
- c) "**Development**" means the carrying out of any building, engineering, mining or other operations in, on or over land or the making of any material change in the use or intensity of the use of any building or land;
- d) "**Development Charge**" means servicing fees and/or development levies as defined within the Act.
- e) "**Development Lands**" means those lands (or any part thereof) within the Town of Lumsden, where no previous servicing agreement has been entered into for the specific proposed development and, in the opinion of Council, the Town of Lumsden will incur additional capital costs as a result of the proposed development;
- f) "**Development Levy**" means the levy imposed and created by this bylaw pursuant to the Act;
- g) "**Development Levy Agreement**" has the meaning ascribed to this term by the Act within section 171.
- h) "**Development Officer**" shall mean the development officer appointed by the Municipality;
- i) "**Municipality**" means the Town of Lumsden;
- j) "**Proposed Development**" means a permitted or discretionary use within the Town of Lumsden Zoning Bylaw, for which a person or corporation has made an application for a development permit;
- k) "**Servicing Agreement**" has the meaning ascribed to this term by the Act within section 172;



4. ADMINISTRATION AND ENFORCEMENT

Council hereby delegates to the Development Officer the duty and authority to enforce and administer this bylaw, including:

- a) administering the development levy, development levy agreements and servicing agreements.
- b) only Council has the authority to enter into a development levy agreement.

5. APPLICATION

- a) This bylaw applies to development lands that benefit or will benefit from municipal services installed or to be installed by or on behalf of the Municipality. The development levy imposed by this bylaw is intended to recover all or a part of the capital costs incurred by the Municipality as a result of a proposed development, as set out in Schedule "B" attached to and forming part of this bylaw.
- b) Pursuant to Section 169(3), the development levy will only be applied if: the specific proposed development was not previously subject to a servicing agreement; and, in the opinion of Council, additional capital costs will be incurred by the Municipality as a result of the proposed development.
- c) A Development Levy will be assessed on all developable lands within the Municipality except land designated as:
 - i) Environmental Reserve;
 - ii) Municipal Utility and Municipal Buffers;
 - iii) Arterial Road Right-of-Way.

6. IMPOSITION OF LEVY

- a) There is hereby imposed on the development lands a development levy in the amounts set out in Schedule "A" attached to and forming part of this bylaw. Schedule "A" shall be updated to reflect changes in infrastructure costs, as required.
- b) The amount of the development levy that is imposed shall be based upon the levy in place at the time when:
 - i) The development permit application is submitted to the Municipality and is deemed complete; or
 - ii) The building permit application is submitted to the Municipality in the case where no development permit is required.
- c) Any revisions to Schedule "A" shall apply only to development permit applications accepted by the Municipality after the date the revision is adopted.
- d) The Municipality may reduce the development levy where full coverage of services cannot be provided due to site limitations. Each of the capital works described in section 9 herein may be reduced or waived entirely according to the relative availability (capacity) of the service items.
- e) The Municipality may from time to time, by resolution, exempt or defer or partially exempt or defer the imposition of a development levy where the development lands are owned in whole or in part by a public body or bodies and where the development of the lands will be used in whole or in part for public service purposes.

7. AUTHORITY TO ENTER INTO AGREEMENT

- a) Any development levy agreement and the obligation to pay the applicable development levy shall be binding on successors in title to the original owner or owners, regardless of whether a caveat in respect of the development levy agreement is registered by the Municipality against the development lands.
- b) Nothing in this bylaw prevents the Municipality from imposing additional or new development levies on any portion of the development lands where the Municipality has not previously



collected the development levy or entered into a development levy agreement or servicing agreement.

8. PAYMENT

- a) The development levy provided in this Bylaw shall be paid, either:
 - i) 100% prior to issuance of a development permit; or
 - ii) In a fashion and timeline deemed appropriate by the Municipality within a development levy agreement as outlined by the development officer where payment is secured by letters of credit for all outstanding amounts prepared pursuant to section 171 of the Act.
- b) In the event that any development levy payment imposed by this bylaw payable under a development levy agreement is not paid at the time or times specified within the agreement and without limiting the remedies of the Municipality, the Municipality may issue a stop order prohibiting further development on the development lands.

9. PURPOSE AND USE OF THE LEVY

The development levy is intended to reimburse the Municipality for the capital costs associated with the construction, altering, expanding or upgrading of the following expenditures associated directly or indirectly with the proposed development:

- a) sewage, water or drainage works;
- b) roadways and related infrastructure;
- c) parks; and/or
- d) recreational facilities

The development levy may be utilized to pay a debt incurred by the municipality as a result of expenditure listed above or to reimburse an owner described in clause 173(d) of the Act.

10. CALCULATION OF LEVY

The development levy adopted in this bylaw was determined on the basis set out in Schedule "B" attached hereto and forming part of this bylaw.

11. SEVERABILITY

In the event that any provision of this bylaw is found to be null or void or contrary to law by any court of competent jurisdiction, then such provision shall be severed from this bylaw and the remainder of this bylaw shall continue to be of full force and effect.

12. THAT the previous Development Levy Bylaw No. 08-2016 and all amendments thereto, are hereby repealed.

13. ENACTMENT

This bylaw shall take effect and come into force upon the date it is approved by the Minister of Government Relations.

Readings

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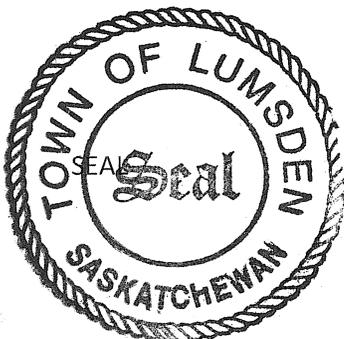
23rd day of January, 2024

Read a second time this

20th day of February, 2024

Read a third time this

20th day of February, 2024.




MAYOR


CHIEF ADMINISTRATIVE OFFICER

Schedule "A" to Bylaw No. 2024-01

Capital Infrastructure Summary	Uniform Development Charge	Percentage of Total
Water System	\$ 21,017	32.7%
Wastewater System	\$ 12,985	20.2%
Stormwater System	\$ -	0.0%
Roadways and Related Infrastructure	\$ 29,205	45.5%
Recreation Facilities	\$ 969	1.5%
Totals	\$ 64,175	100.0%
Scroll Down For Details		

Calculations based on 200 hectares
 \$39,500 / ha in 2016 (\$15,985/ac)
 \$64,175 / ha in 2024 (\$25,971/ac)

Project #	Water Projects	Total Capital Cost	3rd Party Funding	Net Capital Cost	% Allocation to Existing Community	Municipal Responsibility	% Allocation to Growth	Total Recoverable from new development	Year Completed	Funded Total	Year Funded	Uniform Development Charge
W01	Reservoir, Filter & Well #6 - Design/Tender Pkg	\$ 287,778	\$ -	\$ 287,778	10%	\$ 28,778	90%	\$ 259,000	2024	\$ -	0	\$ 1,295
W02	Construct Well #6 (Needed regardless of development)	\$ 340,006	\$ -	\$ 340,006	95%	\$ 323,006	5%	\$ 17,000	2025	\$ -		\$ 85
W03	Construct Reservoir Expansion & 3rd Filter (Needed due to dev)	\$ 4,134,000		\$ 4,134,000	5%	\$ 206,700	95%	\$ 3,927,300	2027	\$ -		\$ 19,637
W04	Deer Valley Waterline (tbd)	\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
W05	Reservoir Expansion to Accommodate Deer Valley (tbd)	\$ -		\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
W06		\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
TOTALS		\$ 4,761,784	\$ -	\$ 4,761,784	\$ 1	\$ 558,484	\$ 5	\$ 4,203,301	\$ 6,076	\$ -	\$ -	\$ 21,017

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Project #	Wastewater Projects	Total Capital Cost	3rd Party Funding	Net Capital Cost	% Allocation to Existing Community	Municipal Responsibility	% Allocation to Growth	Total Recoverable from new development	Year Completed	Funded Total	Year Funded	Uniform Development Charge
WW01	WWTP Reserve Funding (\$3M and loan \$5.5M) Loan O/S	\$ 8,500,000	\$ -	\$ 5,000,000	51%	\$ 2,550,000	49%	\$ 2,450,000	2046	\$ -	0	\$ 12,250
WW02	Lagoon Decommissioning - Engineering Study	\$ 50,000	\$ -	\$ 50,000	51%	\$ 25,500	49%	\$ 24,500	2021	\$ -		\$ 123
WW03	Closure of a Portion of Lagoon	\$ 250,000		\$ 250,000	51%		49%	\$122,500.00				\$ 613
WW04		\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
TOTALS		\$ 8,800,000		\$ 5,300,000		\$ 2,575,500		\$ 2,597,000	\$ 4,067	\$ -	\$ -	\$ 12,985

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Project #	Stormwater Projects	Total Capital Cost	3rd Party Funding	Net Capital Cost	% Allocation to Existing Community	Municipal Responsibility	% Allocation to Growth	Total Recoverable from new development	Year Completed	Funded Total	Year Funded	Uniform Development Charge
S01	Big Sky Stormwater Retention Area	\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
S02	Haryett Stormwater Retention Area	\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
S03	Stormwater Modelling Study	\$ 53,000	\$ -	\$ 53,000	100%	\$ 53,000	0%	\$ -		\$ -		\$ -
S04	Stormwater Diversion Construction (tbd)	\$ -	\$ -	\$ -		\$ -		\$ -		\$ -		\$ -
S05				\$ -								
TOTALS		\$ 53,000	\$ -	\$ 53,000		\$ 53,000		\$ -		\$ -		\$ -

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Project #	Roadway & Related Infrastructure Projects	Total Capital Cost	3rd Party Funding	Net Capital Cost	% Allocation to Existing Community	Municipal Responsibility	% Allocation to Growth	Total Recoverable from new development	Year Completed	Funded Total	Year Funded	Uniform Development Charge
R01	2022 Paving (loan o/s)	\$ 941,723	\$ -	\$ 941,723	100%	\$ 941,723	0%	\$ -	2022	\$ -		\$ -
R02	2024 Paving - Crimson/Rosewood Intersection	\$ 100,000		\$ 100,000	100%	\$ 100,000	0%	\$ -	2024			\$ -
R03	2026 Paving - Colbourne, 8th, Peter, Kelly, Elgin, Rosewood	\$ 1,826,382	\$ -	\$ 1,826,382	90%	\$ 1,643,744	10%	\$ 182,638	2026	\$ -		\$ 913
R04	James St Extension (N/S Grid East of Schandre)	\$ 1,200,000	\$ -	\$ 1,200,000	10%	\$ 120,000	90%	\$ 1,080,000		\$ -		\$ 5,400
R05	Canning Rd Extension (plus Walkway)	\$ 1,200,000	\$ -	\$ 1,200,000	10%	\$ 120,000	90%	\$ 1,080,000		\$ -		\$ 5,400
R06	Minerva Rd Upgrade	\$ 3,600,000	\$ -	\$ 3,600,000	10%	\$ 360,000	90%	\$ 3,240,000		\$ -		\$ 16,200
R07	Transportation Master Plan (south Lumsden)	\$ 250,000	\$ -	\$ 250,000	10%	\$ 25,000	90%	\$ 225,000		\$ -		\$ 1,125
R08	Bridge - Design, Inspection, Project Management	\$ 37,909	\$ -	\$ 37,909	86%	\$ 32,602	14%	\$ 5,307	2024	\$ -		\$ 27
R09	Bridge Rejuvenation	\$ 200,000		\$ 200,000	86%	\$ 172,000	14%	\$ 28,000				\$ 140
R10		\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
R11		\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
R12		\$ -	\$ -	\$ -	0%	\$ -	100%	\$ -		\$ -		\$ -
TOTALS		\$ 9,356,014	\$ -	\$ 9,356,014		\$ 3,515,069		\$ 5,840,945		\$ -		\$ 29,205

Project #	Recreation Projects	Total Capital Cost	3rd Party Funding	Net Capital Cost	% Allocation to Existing Community	Municipal Responsibility	% Allocation to Growth	Total Recoverable from new development	Year Completed	Funded Total	Year Funded	Uniform Development Charge
C01	Library Expansion (tbd with RM)	\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C02	Municipal Office (not eligible)	\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C03	South Park	\$ 225,000	\$ -	\$ 225,000	20%	\$ 45,000	80%	\$ 180,000		\$ -		\$ 900
C04	Fire Hall Expansion (not eligible)	\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C05	Sports Field	\$ 100,000	\$ -	\$ 100,000	86%	\$ 86,000	14%	\$ 14,000		\$ -		\$ 70
C06		\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C07		\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C08		\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C09		\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
C10		\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -		\$ -		\$ -
TOTALS		\$ 325,000	\$ -	\$ 325,000		\$ 131,000		\$ 194,000		\$ -		\$ 970



Schedule "B" to Bylaw No. 2024-01

REPORT

Town of Lumsden

Development Charge Study Background Report



June 2022

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REPORT

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1 Introduction

Access to existing and planned municipal infrastructure is a prerequisite for supporting community growth. Often municipal infrastructure lags behind economic growth creating local inefficiencies and unnecessary hindrances counteracting the benefits of this growth by discouraging private investment and potentially increasing public financial obligations due to a lack of community preparedness. This report focuses on defining potential strategies for assigning responsibility for the financing and construction of new infrastructure required to facilitate development within and surrounding the Town of Lumsden.

Development charges as referred to in this document refer to servicing fees and development levies as defined within *The Planning and Development Act, 2007* (the Act). Development charges provide communities with an opportunity to define the respective roles of public and private investment in financing growth. Sections 169 and 172 of the Act authorize Council to impose a development charge covering all or a part of the capital costs of providing, altering, expanding or upgrading:

- Sewage, water and drainage works
- Roadways and related infrastructure
- Parks
- Recreational Facilities

Often infrastructure provides a benefit to more than one development and, consequently, the cost of developing the infrastructure should be shared by all benefiting developments. The Act distinguishes between infill development which involves the intensification of land use on an existing subdivided property where the intensification is expected to trigger additional capital costs and greenfield subdivision which represents the subdivision and extension of new services to previously undeveloped lands by prescribing two different but related recovery mechanisms. Development levies are typically applied to infill development whereas servicing fees are generally employed in response to new property subdivisions.

All municipal infrastructure contemplated by the Act generally follows a similar life cycle relying on different funding mechanisms to support this life cycle. Development charges relate directly to the construction phase of this lifecycle.

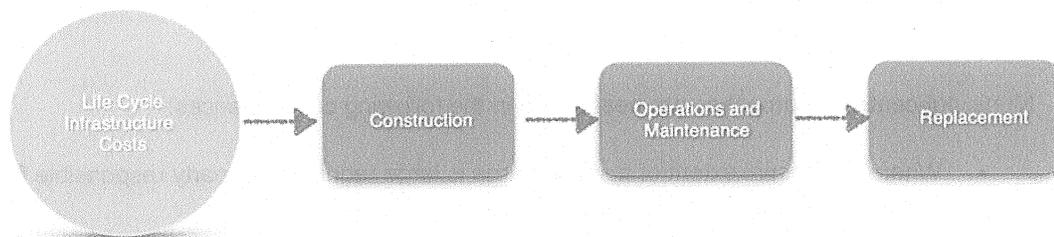


Figure 1-1

Town of Lumsden

Growth related infrastructure can be separated into two categories as illustrated below:

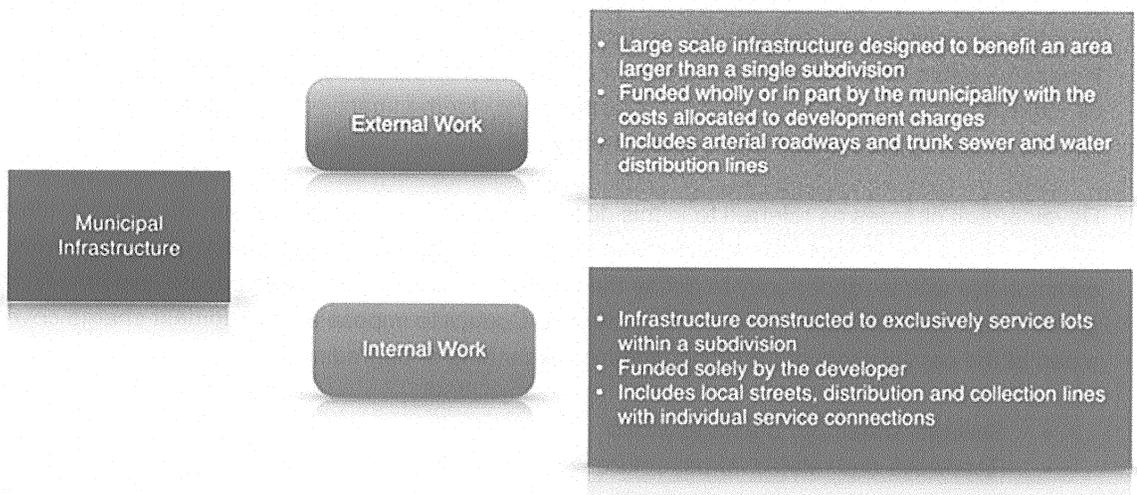


Figure 1-2

For the purposes of this report, it is assumed that internal works will remain the sole responsibility of a private developer and attention will be focused on the various approaches available to Lumsden to manage external works.

There are numerous approaches to financing growth-related infrastructure. At one end of the spectrum is the municipal-centred approach where the municipality finances all of the front-end external works and recovers this investment incrementally from developers who are deemed to benefit from these works on a proportionate basis. As new subdivisions occur, each developer is assigned a proportionate responsibility for this municipal investment as a fee contained within the servicing agreement or as a condition of a development agreement.

Municipal-centred approaches are best suited in the following circumstances:

- Where the spatial extent of a service area is large requiring the party responsible for financing the front-end costs to have significant debt and risk capacity;
- Where the municipality decides to proactively support or incent a particular form of development;
- Where a growth area involves a large number of individual property owners/developers; or

- Where the municipality acknowledges that a particular capital infrastructure project will benefit the existing population by relieving an existing capacity shortfall.
- Where the local development industry does not have the expertise or experience to front-end the costs of major works.

On the other end of the spectrum, a community may take a developer-centred approach where the municipality does not take on any direct responsibility for financing growth-related infrastructure. In this instance, developers are expected to fund all works using their own resources. This approach is most appropriate:

- Where servicing areas can be compartmentalized allowing for projects to be separated into smaller independent phases, reducing financial obligations and associated risks;
- Where there are a small number of landowners in designated growth areas; or
- Where the municipality has limited financial resources available to support capital infrastructure projects.

Lumsden utilizes an approach which falls somewhere in the middle of this spectrum by retaining responsibility for financing major water and wastewater treatment systems and community recreational facilities while transferring the obligation for the construction of any linear infrastructure connections to these larger-scale systems to individual developers. Under the current approach, developers are held solely responsible for the construction of all sewer and water lines and associated facilities, drainage works and internal and external roadways.

By assigning most of the responsibility for constructing external and internal works to the developer, the Town's long-term financial liability is minimized, and growth-related infrastructure is predominantly funded through a user-pay approach.

The Town has expressed an interest in employing latecomer agreements as a means of obtaining financial compensation for any initial up-front private investment in external works from future developers who will derive benefit from this private investment. In this instance, it is the municipality's responsibility to calculate the compensation, collect them from future developers and forward them to the original party responsible for the original investment. The Town is also considering an alternate approach to this financing method which would result in any compensation received from future developments to be paid to the property owners located within the subdivision originally financing the external works rather than to the original developer of the subdivision; recognizing that ultimately the additional capital cost associated with these works would have been transferred to the property owners through inflated lot prices.

Recognizing that infrastructure depreciates over time, the compensation rate prescribed in these latecomer agreements is often discounted over a set period of time, recognizing its decreased value. The downside of this funding approach is that where growth is not consistent over time or space, managing relationships and obligations with multiple developers through agreements can be onerous from an administrative standpoint,

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especially where the original developer is not local and is no longer present within the community when a latecomer charge is levied in the future. The other drawback to this form of infrastructure funding is that requiring a developer to front the construction of all required internal and external works could potentially act as a significant disincentive for private investment into the community if the front-end costs are beyond normal financial capacities.

The implementation of a latecomer charge or agreement requires the municipality to estimate the spatial extent of the broader benefit of a particular infrastructure project/investment, assign a proportionate cost allocation for this excess benefit based upon the spatial component (i.e. per hectare rate) and impose this calculated charge on future subdivisions as a condition of support within a servicing agreement, providing the original financier with this compensation discounted on a time basis for a 5-10 year period. In this scenario, the municipality acts as a broker to the financial transactions and not a direct financier. This approach is more closely correlated with a developer-centred approach but is not significantly dissimilar to the application of municipally centred development charges. The key difference between the two approaches is the party who is ultimately responsible for the up-front financing costs and risks associated with repayment.



2 Funding Sources

Figure 2-1 illustrates the various financial tools available to a municipality to provide the financial resources needed not only to fund growth but also to allow for the operation, maintenance and replacement of these public assets.

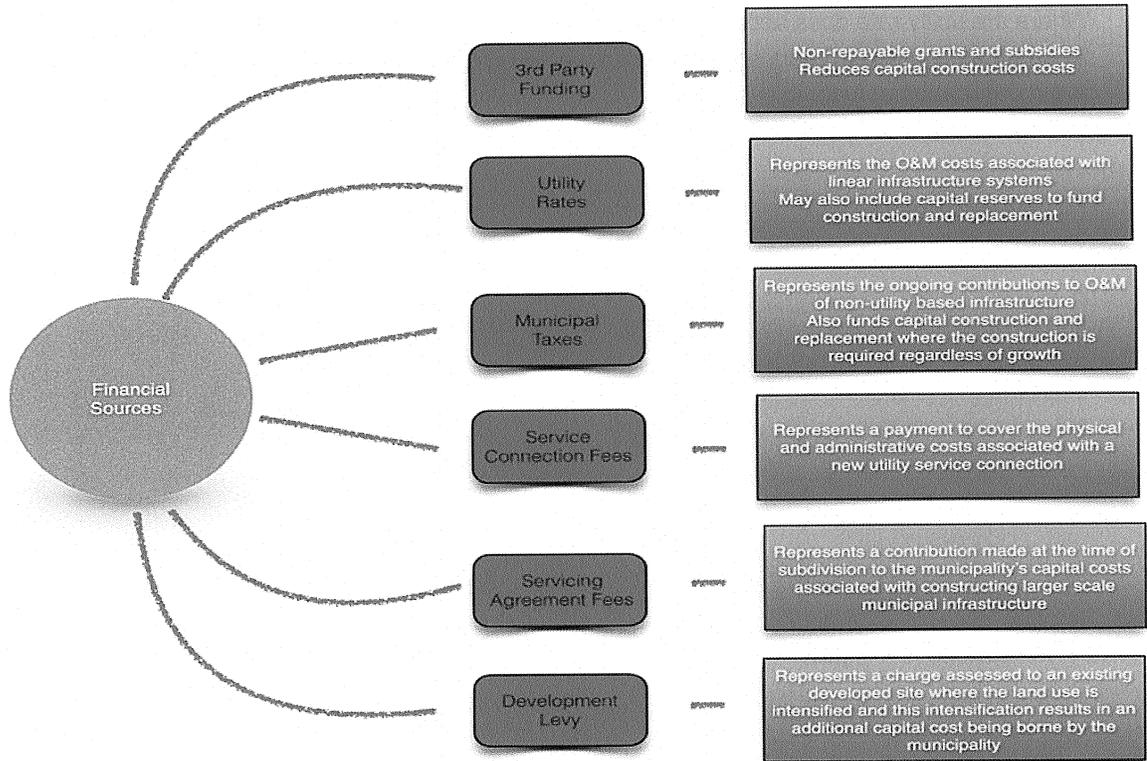


Figure 2-1

Investment in new infrastructure to support community growth in a community can draw on any one or all of the financial sources represented above. Third-party funding, municipal taxes, servicing agreement fees and development levies are most commonly associated with growth-related infrastructure projects.

The opportunity exists to incorporate a portion of future capital infrastructure investments for water and wastewater systems and facilities within the Town's utility rates. A utility rate is generally comprised of:

- Administrative costs (wages/salaries/benefits)

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- Supply costs (water supply)
- Operation and maintenance costs
- Capital reserves

The Town may assign a portion of any planned capital improvements to the water and wastewater systems to supplement the other growth-related funding sources typically employed and identified above. By assigning a portion of the planned capital cost for these projects to a utility rate, the Town may establish a consistent source of repayment and a broader funding base for capital projects required to maintain the level of service, continue to meet provincial regulatory requirements and which provide broad benefits. Where the utility rate does account for future capital expansion and/or replacement, the Act requires that these funds be used to reduce the overall projected capital cost assigned by the development charges to avoid duplication of funding.



3 Development Charge Calculation

3.1 PLANNING HORIZON

The Town's Official Community Plan features a Future Land Use Map to forecast the intended direction and form of development within the community. This projected growth will necessitate the expansion of existing and construction of new infrastructure. The forecasted servicing requirements for the community's projected growth over a certain time period forms the basis for establishing development charges. The planning horizon represents the time period in which the forecasted growth is to occur.

Development charges can be established on either a build-out or a revolving basis. A build-out approach includes all projects which will need to be constructed to realize the full amount of development anticipated by the Future Land Use Map over the planning horizon. Utilizing a build-out approach promotes greater stability in rates over time but is often less accurate in assessing project costs given the propensity for economic changes to affect materials and labour rates over time. A revolving program is generally more defensible and based upon a documented commitment where aligned with the Town's capital budgeting process. Establishing a rate based on a revolving approach aligns with the Future Land Use Map but requires some further consideration by the Town in identifying priority growth areas and necessitates a greater commitment to promoting growth in these areas.

To minimize the complexity of managing the charge rates over time, the Town utilizes a build-out approach over a 25-year planning horizon to define the capital projects that align with the Future Land Use Map to comprise the development charge.

3.2 LAND USE SPECIFIC VERSUS UNIFORM DEVELOPMENT CHARGES

There are many ways in which communities may calculate and apply development charges. The preferred method for any community generally depends upon the community's administrative capacity to update and implement the charge and the founding principles used in its creation. There are two methods widely employed within Saskatchewan communities which include Land Use Specific Charges and Uniform Development Charges.

Land Use Specific Charges consider a variety of factors which reflect the variable impact on, and demand for infrastructure by the various land use classifications within the community. This method requires a considerable amount of information and is more often employed in larger centres where there is a sufficient administrative capacity to calculate and maintain the development charge.

The Town of Lumsden employs a Uniform Development Charge. Uniform Development Charges distribute a community's growth-related costs equally regardless of the type of land use. Many smaller communities utilize a Uniform Development Charge because they are generally easier to administer and maintain as the process is consistent with uniform tax and utility rates regularly assessed by the community.



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3.3 UNIT FOR CHARGES

Development charges may be assessed at the time of subdivision or as a condition of a development permit on an area-specific, land use specific or uniform basis. There are numerous ways to calculate and assess development charges depending on the community's administrative capacities and objectives. Development charges can be assessed based on a net developable area, gross building area or on a per-unit basis.

Charges assessed on a gross building area basis are typically applied in relation to a development levy, based upon the submission of building plans. This method is not easily applied to subdivisions as it is very difficult to predict building size until a development application has been submitted.

Some communities use population projections and community density targets to predict the total number of dwellings which could be accommodated in designated growth areas. By estimating the total number of dwellings to be constructed, the Town can assign a proportion of the projected capital costs on a per dwelling basis. This method is equally applicable at the subdivision or development stage but is less effective in encouraging compact growth as it does not acknowledge the amount of land and the length of linear infrastructure.

3.4 ALLOCATION OF BENEFIT

At the foundation of financing growth is the principle that those that benefit from investments into new infrastructure should be held responsible for the cost of its construction and that growth should not come at the expense of the existing community. In determining the benefiting party, it is appropriate to ask the following question:

If no additional development were to occur, would this infrastructure project be required?

If the answer to the question is no, then it will be reasonable to allocate all or most of the financial responsibility to new developments which derive benefit from the new infrastructure. If the answer is yes, then it is assumed that the capital project benefits both existing and new development. Situations in which there might be a shared benefit include:

- The repair or unexpanded replacement of existing assets;
- Maintaining or increasing the overall average service level or existing operational efficiency;
- Eliminating a chronic servicing problem not primarily created by growth;
- Providing services where none previously existed;
- Altering a service requirement primarily due to the change in needs of the existing population base; and
- Altering a service requirement primarily due to changes in regulatory requirements.



3.5 CAPITAL PROJECT FORECASTING

Development charges represent the proportionate allocation of the cumulative costs of extending water, sanitary sewer, storm sewer, roadways and recreational services to growth areas. Growth and development, in turn, are classified on the Town's Future Land Use Map.

3.5.1 Water System

Capital improvements made to the existing treatment system and storage reservoirs will entirely benefit new development and as such would be funded entirely by this component of growth through the application of a uniform development charge.

New subdivisions within the Town's designated growth areas can be readily serviced by tying into the existing distribution system. The Town should encourage new subdivisions to locate contiguously with the current developed (serviced) boundaries wherever possible to discourage leapfrog development in order to minimize the amount of linear infrastructure required.

Where at the time of preliminary design of internal water distribution infrastructure, the Town identifies the need for these systems to be oversized or extended to accommodate connections to future subdivisions, the cost of providing this excess capacity should be estimated and represented as a latecomer fee applied to future developers discounted on a declining scale over a 5-10 year period.

3.5.2 Wastewater System

A uniform development charge and area-based allocation would be the most equitable approach to financing the construction and relocation of the Town's wastewater treatment plant. After allocating a portion of the total capital cost to the capital reserve portion of the utility rate, the balance of the estimated capital cost would be divided equally on a per hectare basis by the current Town footprint and forecasted urban growth areas combined.

This capital investment has a uniform and equal benefit to existing and new populations and as such, this expense can be distributed across the full spectrum of available financing tools including development charges, municipal taxes, and utility rates as a means of diversifying the funding sources contributing to its repayment

The Town must consider the risks associated with repayment of the capital debt when determining its appropriate distribution amongst the various funding tools. Assigning a large percentage to development charges could result in the Town incurring significant financing charges where urban growth does not proceed as forecasted, resulting in delayed repayment.

For each new subdivision, the developer would be responsible for contributing to the repayment of the capital debt associated with the relocation and construction of the new wastewater treatment facility. The developer would also be directly responsible for constructing the required collection system and connections to the facility as an internal work.

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Where at the time of preliminary design of internal wastewater collection infrastructure, the Town identifies the need for these systems to be oversized or extended to accommodate connections to future subdivisions, the cost of providing this excess capacity should be estimated and represented as a latecomer fee applied to future developers discounted on a declining scale over a 5-10 year period as repayment to the original financier.

Wastewater treatment plant capacity in excess of the Town's current and projected 25-year growth could be retained to protect the Town from deviations in actual and forecasted growth, or alternatively, could be offered to rural subdivisions within the facility's service area. If this excess capacity was to be offered to rural customers, it is expected that these additional rural customers would be assessed the same per hectare charge as a condition of support for a subdivision application within a servicing agreement executed with the Town for this purpose.

3.5.3 Stormwater System

Stormwater management for the new growth areas should be planned comprehensively but can be constructed incrementally with each new subdivision and financed as internal works within the servicing agreements.

Where at the time of preliminary design for a specific subdivision, the Town identifies the need for the consideration of constructed improvements and design standards in excess of what is needed within the proposed subdivision which will accommodate and benefit future subdivisions, the cost of providing this excess capacity should be estimated and represented as a latecomer fee applied to future developers discounted on a declining scale over a 5-10 year period, providing compensation back to the original financier.

3.5.4 Roadways and Related Infrastructure

New roads and related infrastructure required to service a new subdivision are currently the sole responsibility of the developer to finance as an internal work through the execution of a servicing agreement. It is expected that this approach will continue.

Where at the time of preliminary design for an individual subdivision, the Town identifies the need for the consideration of improvements and design standards which will extend a benefit beyond the boundaries of an individual subdivision, the cost of providing this excess capacity should be estimated and represented as a latecomer fee applied to future developers discounted on a declining scale over a 5-10 year period and provided as a repayment to either the original developer or to the existing property owners within the financing subdivision.

It is important to note that the Act supports the allocation of all or a portion of the estimated costs of preparing a comprehensive transportation plan to future developers as part of a uniform development charge.

3.5.5 Recreation Facilities

Recreational facilities can be classified as internal and external works in the same way infrastructure is. A developer is required under the Act to dedicate land or provide cash-in-lieu of dedication for this purpose. The classification of recreational facilities as an internal or external work depends upon the spatial benefit of the facilities.

Where a subdivision is located in an area where the Town has indicated a formal interest in constructing facilities which benefit the entire community, the Town would be responsible for the front-end financing of the project, allocating a proportionate amount of the debt repayment to existing populations through municipal taxes and to new development as a development charge. Alternatively, recreational facilities required by the Town within a subdivision intended to benefit only the new development would be the sole responsibility of the developer to construct and fund. Where the Town considers the benefit of these planned facilities to extend into other future developments, the option exists to identify the larger benefiting area and assign a proportionate financial responsibility for the cost (financed completely by the original developer) as a latecomer fee to future developers as additional subdivision occurs. Similarly, where the Town intends to invest in a comprehensive recreational master plan, the estimated costs of this study may be allocated to development charges.

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4 Development Charge Implementation

4.1 DEVELOPMENT CHARGE ADJUSTMENTS

Communities are often successful in receiving grants or other forms of financial assistance (e.g. federal/provincial funding, fundraising, private donor contributions, etc.) to offset the cost of growth-related capital costs. It is appropriate that the gross servicing costs be reduced by the anticipated value of grants and contributions to the extent that they are able to be used to fund growth-related costs. This is generally acknowledged because the grants and other contributions are offsetting municipal costs of service, of which the benefits accrue to all ultimate system users. Where conditional grants have been secured by the Town for a specific project, the project cost should be reduced by the amount of the grant. Unconditional grants, even though they may have been utilized by the Town for financing a project, are not deducted from the final project costs, as it can be rationalized that such funding could have been used for other projects. For the purposes of this report, it is assumed that any grants or alternative forms of funding received for the capital projects listed will be applied to reduce the gross project cost thus sharing the benefit proportionately between new and existing developments.

4.2 DEVELOPMENT CHARGE ASSESSMENT

Unless otherwise exempted, development charges associated with greenfield subdivisions will be assessed as a condition within the servicing agreement and calculated based on the net developable area within the subdivision. The net developable area is defined as follows:

Gross Area – The area of lands to be developed in hectares that have not previously been subject to a development charge.

Less: Any environmental reserves contained within the development area including environmental reserves and environmental easements.

Less: Allowance for Municipal Utility and Municipal Buffer parcels

Less: Lands dedicated for public roadways.

Equals: Net Developable Area, which is the area subject to offsite levies.

Sections 171(3) and 172 (4) of *The Planning and Development Act, 2007* prohibit the assessment of more than one development levy per development, or the assessment of a servicing fee for work previously addressed by a development levy unless the municipality will incur additional capital costs as a result of the proposed subdivision. The consequence of this is that where a subdivision of a new parcel occurs and a servicing agreement is executed to assess a servicing fee for the subdivision, a development levy may not be assessed in the future on that property for any works previously undertaken or funded by the original servicing fee unless it can be shown that the intensification of the property development will result in the municipality incurring additional capital costs as a result of the intensification.

Where it can be shown that the Town will incur an additional capital cost as a result of new development on an existing serviced parcel, the Town will charge the equivalent area-based development charge calculated on the gross floor area of the proposed new development.

4.3 DEVELOPMENT CHARGE CREDITS AND EXEMPTIONS

Development charges will not be collected on lands where:

1. In the case of subdivisions, the Town decides to defer the assessment of a servicing agreement fee to the property development stage as a development levy; or
2. It can be shown, or it is reasonable to assume, that the land was previously connected to all municipal services including water, sanitary sewer, and storm drainage services and road access and was previously assessed a development charge; or
3. In the case of a development levy, where a property is currently developed and the proposed additional development on the site represents a construction cost of less than \$50,000.00; or
4. Land is being developed for a not-for-profit public or community service use including but not limited to churches or other places of worship.

The Town may also consider providing a partial or full exemption where it is consistent with an adopted economic development initiative as a means of further encouraging the establishment of a specific type of new development or density of development in strategic areas of the Town. Such an exemption would be funded within the broader Town tax structure.

4.4 MUNICIPAL BUDGETING, FINANCING AND INFLATION

There is likely to be an occasional disconnection between the timing of capital infrastructure projects and development charge accounting, creating temporary funding shortfalls within the dedicated development charge account, resulting in the potential need for the Town to provide temporary financing for these projects. A detailed financial plan forecasting and reconciling these anticipated divergences should be undertaken as part of the Town's regular five-year capital works budgeting process.

Recognizing that this is a living document and that economics change over time, it is essential that the cost estimates used to calculate the development levy/servicing fee be updated regularly to reflect annual inflation. It is also important to update these estimates as formal project tenders are received to ensure that the most accurate data is employed. The levy rate calculations should be fully updated at least once every five years to match the Town's capital works budgeting cycle.

As development charges are collected by the Town, they should be allocated to imminent projects within the capital project register. Individual projects will remain in the capital project register and continue to contribute to the development charge rate until the project has been fully funded.