



RESORT VILLAGE OF TURTLE VIEW DEVELOPMENT CHARGES STUDY

FINAL REPORT

OCTOBER 27, 2022



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APEGGS Member 31288

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The following is a summary highlighting consultant recommendations and key findings from the Development Charges Study.

Development Charges

1. Using budget documents provided by the R.V. of Turtle View (R.V.), and estimates of time for planning, engineering and administration costs related to future growth, a total of **\$12,996,000** of estimated off-site capital expenditures are planned to be undertaken to the year 2045 to accommodate growth and development within the Resort Village.
2. It is recommended that a development charge of **\$12,448 per lot** be adopted by the R.V. Council by bylaw.
3. It is recommended that the same development charge be adopted for both Residential and Non-Residential land uses.
4. The planning horizon is to the year 2045.
5. Off-site development charges are applied using a reasonable estimate of the number of developed acres, and an average density of 5 lots per acre.
6. Residential lots each have a similar impact on infrastructure. Maintaining a single per-lot residential development charge for off-site services is recommended.
7. Development charges are currently expected to be paid in full at the time of subdivision approval. It is recommended this timing for payment remain in place.
8. In accordance with The Planning and Development Act Section 174(1), all development charges collected shall be placed into special reserves specific to the infrastructure for which the charges are collected. For example, an off-site levy reserve for Roads would be created and the proportion of development charges collected for Roads would be placed into an 'off-site roadway' reserve and used for future capital expenditures to expand, upgrade, or build new roads to accommodate new development.
9. It is recommended that an annual increase using the Building Construction Price Index be built into the development charges to ensure development charges reflect costs into the future.
10. It is recommended that the R.V. OCP be updated to designate the land uses of the newly annexed lands.
11. It is recommended that a regular review of development charges be undertaken every 3 years prior to budget approval to ensure that the charges are current.

Based on the above, the table on the next page lists the recommendations and rationale for the proposed Development Charges.

Development Charges are implemented for cost recovery purposes only. There is no operating budget impact.

Development Charges		
ITEM	CONSULTANT RECOMMENDATION	RATIONALE
Capital Cost Figure for Development Charge Calculation (2022 – 2032)	\$12,996,000	Capital costs are established based on costs associated with growth and development and consistent with eligible categories prescribed in the <i>Planning and Development Act, 2007</i> . Capital improvements to infrastructure are identified in the R.V.'s 10-year Capital Plan documents and in records of actual infrastructure costs incurred. Capital cost calculation includes a 3.2% annual increase for inflation in construction costs.
Projected Lot Development 2020 - 2045	150 residential lots (pre-annexation) plus, 894 residential lots (post-annexation) Total: 1,044 lots	Projected lot development was provided by the Resort Village. Prior to annexation (August 2022) there were 150 lots identified for future growth. The 2022 annexation added 1,787 acres of land to the R.V.. An estimate of 10% of the annexed area could reasonably be assumed to be developed for multi-parcel subdivision given the proximity to the lake. Projected lot development is estimated to be 1,044 lots to 2045.
Proposed Residential Development Charges Application	Residential per lot charge Development Charge: \$12,448 / lot	A standard per-lot fee is proposed for residential multi-parcel subdivisions because all multi-parcel residential lots have a similar impact on infrastructure.
Proposed Non-Residential Development Charges Application	Non-Residential – per lot charge Development Charge: \$12,448 / lot	A per lot fee using the same rate as the Residential charge is recommended due to the low amount of non-residential development expected. Non-residential lots can be assumed to be part of the total lot count.
Payment Options	Payment in full upon Subdivision Approval	We recommend requiring payment of development charges at time of subdivision approval. There is no need to defer payment or increase risk to the municipality to encourage development.
Specific Reserves	Establish specific reserves for development charges	To comply with the legislation, the R.V. will need to create reserve funds specific to the infrastructure for which development charges are being collected.

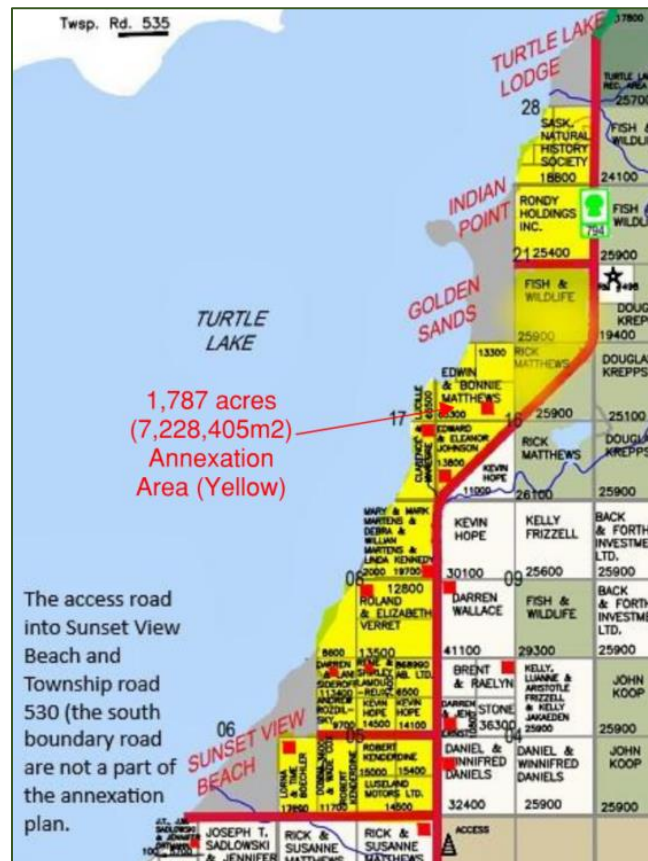
1 BACKGROUND

On June 17, 2022, the Resort Village of Turtle Lake (R.V.) contracted Wallace Insights to conduct a study into a comprehensive review of development charges associated with the subdivision and development of land. Mr. Doug Ramage, P.Eng. of Northbound Planning was sub-contracted to assist with the review of development costs and recommendations for development charges.

The R.V. is a new municipality and is situated in two areas along the shores of Turtle Lake which is located 125 kilometres north of North Battleford. The R.V. was formerly part of the Rural Municipality of Parkdale No. 498 (R.M.). The Resort Village was formed following a vote on a petition to restructure the organized hamlets of Indian Point Golden Sands and Turtle Lake Lodge. The vote was ratified on November 10, 2018. The map below shows the boundary of the R.V. and the land areas transferred to the R.V. at the time of the Minister's Order to establish a Resort Village.



A Ministerial Order was signed on August 19, 2022, which expanded the R.V. boundary to include lands formerly within the R.M. The map below shows the newly expanded R.V. area (yellow and red roads) which has been added to the original 2018 R.V. boundary. The annexation area is approximately 1,787 acres.



The R.V. is growing and expected to continue to grow over the next 10 years. The R.V. requires a fair and transparent development charge to cover municipal costs for providing various off-site capital works to accommodate future growth and development. The off-site development charge is required to meet the legislation in The Planning and Development Act, 2017 (Act), and the policies contained in the R.V.'s Official Community Plan.

2 INTRODUCTION

This review is intended to examine the costs to the Resort Village for providing off-site infrastructure, planning, engineering, and legal services to accommodate growth and development. The findings are based on a 23-year planning horizon.

Terminology

There are a few terms used throughout this study which are important to know.

1. **Service Agreement Fees** – development charges associated with the subdivision of land. These are normally applied as a condition of approval of subdivisions.
2. **Development Levy** – these are development charges which are imposed when there is an intensification of land use on a site, without the subdivision of land.
3. **Development Charges** – a general term to describe the rates charged for both Service Agreement Fees and Development Levies (if any).
4. **Off-site Infrastructure** – municipal infrastructure consisting of roadways, provision of water, treatment of sewage, drainage, parks, and recreation, etc., which serve to accommodate growth and development within the municipality but are not directly associated with any one development.
5. **Direct Services** – infrastructure associated directly with a particular development and mainly located on-site (ie. within the subdivision).
6. **Allocation of Benefit** – a subsidy (reduction in charges) provided by the municipality in recognition that existing residents may benefit from new or enhanced infrastructure.

3 LEGISLATIVE AUTHORITY

In Saskatchewan, The Planning and Development Act, 2007 (the Act) provides municipalities with the authority to recover costs of development through what are commonly referred to as development charges. Development charges are common. However, they are often misunderstood and there is considerable variation amongst municipalities in the calculation, application, and administration of development charges. This makes comparing development charges between municipalities very complicated.

This report is a review of the servicing agreement fees which are charged as a condition of approval for new subdivisions in the Resort Village of Turtle View.

Development charges are authorized by Sections 169 and 172 of the Act and cover the municipal costs of extending, upgrading, or building of roads, sewer, water, and the provision of other infrastructure specified in the Act.

Section 169 in the Act states:***Development Levy Bylaw***

169(1) If a council has adopted an official community plan that authorizes the use of development levies, the council may, by bylaw, establish development levies to recover the capital costs of services and facilities as prescribed in subsections (2) and (3).

(2) If a development does not involve the subdivision of land, a council may impose development levies for the purpose of recovering all or a part of the municipality's capital costs of providing, altering, expanding, or upgrading the following services and facilities associated, directly or indirectly, with a proposed development:

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

Section 172 states:***Servicing agreement***

172(1) If there is a proposed subdivision of land, the municipality in which the subdivision is located may require a subdivision applicant to enter into a servicing agreement to provide services and facilities that directly or indirectly serve the subdivision.

(2) Subdivision applicants shall not receive a certificate of approval from the approving authority if a servicing agreement is required by the municipality and has not been signed by the parties to the agreement.

The analysis of development charges also includes the possibility of establishing a new Development Levy Bylaw for developments that do not require subdivision but increase the demand for municipal services. It is our opinion that the R.V. does not have enough of these types of developments (intensification) to warrant bringing in a development levy.

There are several benefits which accrue from this review; among the most important are:

- Municipal capital costs incurred as result of development are paid for by developers at time of subdivision.
- It reduces pressure on the mil rate (property taxes) by requiring new development to pay for a fair share of the costs of growth.
- It requires payment of capital costs from those who benefit most from development.
- It creates a more equitable and fair system for allocating development costs.

This report and analysis will enable the R.V. to inform ratepayers and developers about the costs of development in Turtle View and how those costs are recovered.

4 ANALYSIS

On August 22, 2022, servicing information and development data was obtained from the Resort Village. The list of documents included:

- Indian Point Golden Sands-Turtle Lake Lodge Sandy Beach – Schedule 3 Growth and Expansion Plans
- Summary of Infrastructure – Present and Estimated – to 2045
- Sewage Lagoon Costs, 2011 (Audited)
- Sewage Lagoon Design, 2010 (AESL)
- Annexation Documents were received on September 29, 2022.

4.1 Eligible Versus Non-Eligible Costs

For the purposes of comparing how different jurisdictions apply development charges based on differences in provincial legislation, the following table has been produced to illustrate the differences between provincial legislation. It is important to note that each of the eligible growth factors on the left side of the chart below is subject to some level of interpretation as to what can and cannot be included within that category. Based on the principle of accountability and transparency, a municipality is required to 'reasonably' demonstrate that the rates are based on actual and projected costs and exercise transparency in how the costs are calculated.

Table 1: Eligible Off-site Levies for Western Canadian Provinces

ELIGIBLE OFF-SITE LEVIES FOR WESTERN CANADIAN PROVINCES				
OFF-SITE LEVIES	BRITISH COLUMBIA	ALBERTA	SASKATCHEWAN	MANITOBA
Water	✓	✓	✓	✓
Wastewater	✓	✓	✓	✓
Stormwater System	✓	✓	✓	✓
Roads	✓	✓	✓	✓
Parks	✓		✓	
Recreation		✓	✓	
Transit				
Police & Fire		✓		
Library		✓		
Childcare	✓ *Vancouver only			
Housing	✓			

	*Vancouver and Whistler (for employee housing) only			
Other ¹		✓ *Redevelopment levies imposed on land for park/ school buildings and/or new or expanded recreation facilities; Necessary land purchases.	✓ *Planning, Administration, Engineering, Legal Fees may be included.	✓ *Waste removal, drainage, public, street lighting, sidewalks, traffic control, access and connections to existing services.

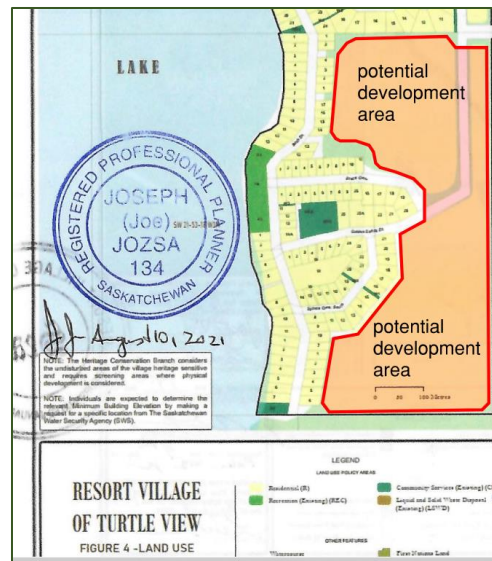
In Saskatchewan, the capital costs for the major elements of growth may be recovered from development charges. Development charges may therefore include costs for the construction of the infrastructure listed below and the associated planning, engineering, and legal services related to that construction:

- water;
- wastewater;
- storm water;
- roadways and related infrastructure; and,
- parks and recreational facilities.

If developers are paying up-front for the capital cost of infrastructure which directly serves a subdivision (direct costs), the risk and cost of growth for the municipality is generally lower. Development charges for direct costs are not being considered in this analysis since development normally pays for all direct services to serve their developments in the R.V.. Shallow utilities such as gas, electricity, and cable are not typically provided by municipalities, but are paid for by developers as direct costs for a local area. Other costs such as relocation of major utility infrastructure (e.g., natural gas stations, electrical sub-stations, transmission lines) are also typically paid for directly by developers.

4.2 Future Growth Consideration

The current OCP identifies areas for residential growth clustered mainly around Indian Point as shown on the map on the next page.



The potential development area is designated for 'Residential' development. The development charges in this report have been calculated using these lots, plus an estimate of lots within the annexation area. With the newly annexed land now within the R.V. it adds considerably more development potential to the R.V.. A land use designation has not yet been confirmed for this new annexation area. It is assumed that further residential growth will occur. However, the potential exists for non-residential uses to be considered as well. It is recommended that the OCP be updated to determine the land uses of the newly annexed land. Once that is completed, a regular review of the development charges should be undertaken to ensure that the charges remain current. In the absence of these land use designations, a reasonable estimate of development area (10% of annexed area) was determined in consultation with Council.

4.3 Development Charge Calculations

This section describes the methodology and basis for conducting the review of the Development Charges for the R.V.. The assessment of development charges was completed through a review of the legislation and our recent experience reviewing off-site development charges for the R.M. of Corman Park and City of Martensville.

It is important to understand what costs can be included in the development charges and what is not eligible. The following describes what is not eligible:

- Operation and Maintenance of existing infrastructure – e.g. road grading, resurfacing, topping, etc. all considered to be maintenance of existing infrastructure paid for by property taxes.
- Direct Servicing and Infrastructure – these are things which are contained within the boundaries of a development (subdivision), which are normally paid for by developers.

The following describes what is eligible (all are typically located off-site and paid for by the municipality):

- Water – infrastructure for the treatment and distribution of water to serve future growth.
- Sewer – infrastructure for the collection, treatment, and disposal of wastewater.
- Stormwater – infrastructure for the capture, collection, and conveyance of stormwater.

- Roadways and Related Infrastructure – new roads, expanded, or widened roadways for more capacity, or upgrading of roadways to serve more growth. May also include signage, lighting, intersection improvements, etc.
- Parks – parks serving multiple subdivisions.
- Recreation Facilities – playgrounds serving multiple subdivisions, marinas, covered picnic areas, etc.

The following assumptions were made in the calculation of development charges and are discussed further in this section.

- Review of capital costs eligible under the legislation for both historical and future development charges.
- Capital costs based on available information from the R.V.'s capital planning documents, and studies associated with growth and development.
- A reasonable land absorption estimate over the projection period has been determined. For the purpose of development charge calculation, an estimated of 10% of the annexed land area is assumed to be developed for multi-parcel development.
- A charge differential between Residential and Non-Residential development is not desired. Residential and non-residential development will share the costs equally.
- Annual indexing assumes 3.2% increase annually based on the Building Construction Index
- 'Allocation of Benefit' set at 100% towards new development

This section summarizes the calculation of specific development-related costs.

4.4 Capital Cost Forecast (2020 – 2045)

A development-related capital forecast has been prepared by the consulting team and R.V. staff and Council members as part of the study. The forecast identifies development-related projects contained within the R.V. long term capital plans and the required planning studies to support growth and development. These are indirect, or off-site, costs which benefit and enable growth in the R.V.

Development charges are applied in consideration of factors including the projected land absorption and lot development over the planning period (2022-2045). In discussion with the R.V. Council, in the absence of approved land use designations, and based on current demand, it is assumed that 10% of the annexed area could be developed for residential multi-parcel purposes. Using the R1 Zoning District as a guide, the minimum lot size in the R1 District is 550m². This results in a density of 7 lots per gross acre (4,047m²). However, most lake developments create larger lots than the minimum specified in the Zoning Bylaw. Therefore 5 lots per acre was used for future lake subdivisions. Using these parameters as a guide it is assumed that approximately 894 new residential multi-parcel lots could be developed in the new annexation area to 2045 – in addition to the 150 lots identified within the pre-annexation area. This yields a total of 1,044 lots for projection purposes.

Table 11 provides the breakdown of development charges which are detailed in **Appendix A – Development Charge Summary**.

Table 2: R.V. Long Term Capital Plans, Breakdown of Development Cost Charges adjusted for Inflation

DEVELOPMENT CHARGE SUMMARY	2020 - 2045
Road Construction	\$10,061,000
Sewage Works	\$2,354,000
Water Works	\$27,000
Drainage Works	\$70,000
Recreation and Recreation Facilities	\$365,000
Engineering, Planning, Legal Fees	\$54,000
Planning & Engineering Contracts	\$65,000
TOTAL	\$12,996,000
Estimated Annual Inflation (2020 – 2045)	3.2%
Anticipated Land Absorption Lot Development (pre-annexation)	1,044 lots
Cost Recovery Rate (Allocation of Benefit)	100%
Residential and Non-Residential Charge / lot	\$12,448

For future consideration, where rural developments may focus on roads and drainage, development standards associated with more urban-type development that may include lakeshore developments can include curb and gutter, sidewalks, streetlights, etc. Where the R.V. incur costs for this infrastructure the legislation allows for those costs to be recovered through development charges.

4.5 Annual Indexing of Development Charges

Based on the Building Construction Price Index sourced from Statistics Canada, the rate of inflation from Q1-2017 (99.5) to Q4-2021 (112.0) was 12.5% averaging 2.5% annually.

Since Q4-2021, the non-residential building construction price index has risen to 117.0 in Q2-2022 resulting in an increase of 5% resulting in an average of 3.2% from Q1-2017 to Q3-2022

Considering the average inflation from Q1-2017 – Q2-2022 of 3.2%, development charges are recommended to increase at a rate of 3.2% annually for the years 2022 – 2045 to align with the Building Construction Price Index average. The rate of inflation should be reviewed annually to update the development cost charges.

4.6 Establishing Capital Reserve Fund

Development charges that are collected need to be applied to specific projects identified within a capital plan. To comply with the legislation, the R.V. is required to create reserve funds specific to the infrastructure for which development charges are being collected. This may be a general 'Restricted Reserve'. It is important that it can be demonstrated that development charges collected have been applied to the capital costs of infrastructure and not applied to the general revenue of the R.V.

4.7 Development Charge Payment

It is recommended that the R.V. require 100% payment of development charges upon Servicing Agreement approval. The option of entering into a flexible payment plan in the Servicing Agreement is always available, but this practice should be guided by a consistent, fair, and transparent policy.

4.8 Allocation of Benefit

'Allocation of Benefit' is applied by some municipalities to recognize that there can be a benefit to all existing ratepayers when new infrastructure is built or upgraded resulting from growth. It could be a new roadway, improved or widened roadway, better drainage, more provision for water, etc.

The Allocation of Benefit is a principle that is applied to development charges without a standard formula. The most common practice is to apply a reduction (by %) based on an estimated value which can be reasonably justified as having benefit for current ratepayers (in the Municipality) and thus paid for through taxes. For example, if a new roadway was estimated to cost \$1million dollars, and it was estimated that 25% of the expected traffic was from existing ratepayers not travelling to or from the new development, then the estimated total development charge would be reduced by 25%. The reduced amount of development charge would be covered from the mil rate (existing ratepayers).

The Allocation of Benefit principle is not applied everywhere and can be quite problematic to estimate how much benefit to apply to the reduction in development charges. The principle of 'growth pays for growth' is widely accepted, especially in large cities. This means that 100% of the estimated costs for growth-related infrastructure are paid for from new growth.

The decision to apply an 'Allocation of Benefit' rests with the R.V.. It is our understanding that the R.V. does not wish to apply an 'Allocation of Benefit' reduction at this time. We would agree with that direction due to the low population base, but this policy choice can be reviewed at any time in the future.

4.9 Successful Grant Applications

The R.V. may be successful in applying for grants that offset the cost of growth and off-site development-related capital construction. Where this occurs, the off-site infrastructure costs may be reduced by the value of grants and contributions based on the extent that they are used to fund growth-related costs.

Where conditional grants are secured by the R.V. for specific projects, the project cost should be reduced by the amount of the grant. Unconditional grants, even though they may have been utilized by the R.V. 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 as they are not specific to a particular capital project.

4.10 Development Charge Exemptions

There are several situations defined within the Act where a development or subdivision is considered exempt from development charges or where it is appropriate to provide a development charge credit to a proponent.

The following situations describe these circumstances:

1. A site has been previously assessed a development charge and the proposed new development will not result in any substantial increase in the intensity of development (i.e. development charges can only be charged once on an existing site).

2. Where a building or structure is replaced by another building or structure on the same site prior to demolition of the former premises, the Owner of the building or structure who has previously paid a development charge on the sites being redeveloped may be exempt from an additional levy as long as the replacement building, or structure, does not exceed the footprint of the existing building or structure.
3. Where land is intended to be developed for a not-for-profit or community service use including but not limited to churches or other places of worship (Council has authority to waive any development charges by policy or by individual request).
4. The R.V. Council may wish to incentivize certain forms of development by exempting the applicable charges in part or in whole. Such exemptions would be established by Council policy and funded within the broader public tax structure.

5 POLICY CONSIDERATIONS AND OPTIONS

5.1 Principles for Applying Development Charges

This policy is intended for the recovering of costs incurred by the municipality to support growth and development through development charges. In general, when a municipality creates a framework for development charges, they should be applied based on these five principles:

- **Benefit** – who mainly benefits from the cost?
- **Equity / Fairness** – are the rates applied fairly?
- **Accountability / Transparency** – are the rates based on actual cost and how are the costs calculated? Do the stakeholders understand how the levies are calculated?
- **Ease of Administration** – can the costs be administered easily and with minimal staff?
- **Revenue Reliability / Security** – does the rate cover the costs over the long run and are they stable?

Most municipalities recognize that there are some benefits which accrue to all ratepayers and stakeholders when a municipality grows. However, this benefit may not be as widely accepted in lake and resort communities. Municipal-wide benefits of growth can include:

- more jobs;
- broader tax base;
- more diversity;
- more residential choices;
- more leisure options; and,
- increased ability to attract more growth.

The application of the principles of benefit, equity and fairness are matters of public policy leading to decisions on how much subsidy to offer new development. Affordability and cost competitiveness come up as common reasons for not putting all costs for off-site development on new development. Some municipalities keep off-site charges low to encourage new growth and development - an economic development incentive. However, placing too much of the costs on the mill rate can erode overall affordability within a municipality by putting upward pressure on property taxes affecting all ratepayers. In the case of a Resort Village which is primarily accommodating the construction and development of resort and recreational properties, it may be hard to identify tangible benefits to more growth which accrue to the wider community. Therefore, there is some justification to putting all development costs on new development.

5.2 Sources of Funding Growth

There are essentially four sources of funding to fund the development of off-site infrastructure which supports growth and development:

1. Mill Rate (Property Taxes)
2. Government Grants
3. Development Charges (Service Agreement Fees or Development Levy)
4. Surcharges on Utility Bills

Common questions about the funding of growth have usually been:

- How is growth paid for?
- Is the current funding model sustainable?
- What other funding options are available?

It is important for Council to note that there is no one methodology that is applied universally across the province to determine development charges and cost recovery. There is also no standard way to determine the 'Allocation of Benefit' to the larger community and how that impacts development charges. **Establishing development charges is a matter of policy choice for a municipality based on balancing cost recovery with encouraging growth and development as part of meeting strategic outcomes desired by the R.V.**

Development charges may be assessed and administered based on:

- Uniform charges applied to all land use classifications across the R.V.
- Land use specific charges applied uniformly across the R.V.
- Site specific charges applied uniformly across all land use classifications within the R.V.
- Site and land use specific charges.

When considering the method of assessment and administration for development charges it is important to consider the capacity within the Administration to oversee the implementation.

5.3 Application of Development Charges

Section 169 of the Act states:

S. 169(4)(a)(b) The levies in the development levy bylaw must be based on: a study or studies that determine the capital costs for municipal servicing and recreational requirements that service the area for which the levy is being applied; and consideration by Council of future land use patterns and development and phasing of public works.

This study serves to meet the requirements of Section 169. The findings are based on reasonable capital cost estimates and reasonable development projections in the R.V. to 2045.

5.4 Uniform Development Charge - Per Lot Basis

The R.V. currently wishes to impose development charges on a per-lot basis across the entire R.V. (i.e. the charges are not differentiated based on geographic area). The calculation of development charges considers the total capital costs associated with growth and development and is divided by the number of existing developed lots. This practice has the advantage of being simple to understand and easy to administer.

5.5 Uniform Development Charge – Per Hectare/Acre Basis

Similar to how the R.V. currently applies development charges (on a uniform basis across the R.V.) this method would calculate charges by dividing the total eligible capital costs by the developable land area (represented in hectares or acres). Many municipalities charge costs based on an area of land. This is normally done when there is a land use map or growth plan which identifies geographic areas for growth, and the charges are applied fairly and consistently across all growth areas.

In our opinion, a uniform rate is desired, and we would recommend a uniform per-lot charge for both Residential and Non-Residential uses.

5.6 Area Specific Charges

In the interest of completeness, we have examined the option of administering development charges on an area basis. Area-specific charges for infrastructure may be applied to individual sectors that are geographically dispersed and represent differences in development demand, timing, and costs associated with financing growth.

The R.M. of Sherwood is an example of a rural municipality that has applied Development Levies through area or sector charges. The R.M. of Sherwood identified three areas forecasted for future development in the near term (referred to as the northwest, northeast and southwest zones of Sherwood Forest, Sherwood Industrial Park (SIP), and Highway Corridor area, respectively).

Each of the identified areas (sectors) are subject to the Development Levy fee specifically calculated for that area. Due to the relatively small amount and homogenous nature of development in the R.V. of Turtle View, we do not recommend an area-specific charge at this time.

6 ASSET MANAGEMENT PROGRAM CONSIDERATIONS

Development charges as discussed in this report provide a method of financing the capital costs of infrastructure associated with growth and development; however, the costs associated with maintaining and operating this infrastructure are not eligible to be funding through levies or servicing agreements. The underlying principle of development charges is 'growth pays for growth' to minimize or remove the financial burden on existing ratepayers.

After a period, typically the length of the warranty period, new infrastructure is turned over to the responsibility of the municipality and represents an increase in costs that is funded through the existing tax base.

Asset management planning provides a framework to assess the lifecycle costs and operating cost impacts that is critical to understanding the financial sustainability of the budgeting process and allocation of funding towards municipal service delivery and long-term management of assets including infrastructure, equipment, and buildings as examples.

7 NEXT STEPS

The next steps in the process assume that the R.V. Council adopts the recommendations from this report.

1. Adopt a new Development Charge Bylaw. The R.V. Administrator will prepare the necessary bylaw, advertise the bylaw, and adopt the bylaw through a public hearing in accordance with The Planning and Development Act, 2007.