



PRINCE EDWARD ISLAND
ÎLE-DU-PRINCE-ÉDOUARD

PRINCIPLES, STANDARDS AND CRITERIA REGULATIONS

PLEASE NOTE

This document, prepared by the *Legislative Counsel Office*, is an office consolidation of this Act, current to December 23, 2017. It is intended for information and reference purposes only.

This document is *not* the official version of the Act. The Act and the amendments as printed under the authority of the Queen's Printer for the province should be consulted to determine the authoritative statement of the law.

For more information concerning the history of this Act, please see the *Table of Public Acts* on the Prince Edward Island Government web site (www.princeedwardisland.ca).

If you find any errors or omissions in this consolidation, please contact:

Legislative Counsel Office
Tel: (902) 368-4292
Email: legislation@gov.pe.ca

PRINCIPLES, STANDARDS AND CRITERIA REGULATIONS



Table of Contents

Section	Page
PART 1 – DEFINITIONS	5
1. Definitions.....	5
PART 2 – PRINCIPLES	5
2. Fundamental principles	5
PART 3 – STANDARDS AND CRITERIA FOR CITIES	6
3. Establishment of a city	6
4. Establishment by amalgamation	6
5. Establishment by annexation.....	7
6. Establishment by concurrent amalgamation and annexation	8
7. Restructuring by annexation	8
8. Exception	8
PART 4 - STANDARDS AND CRITERIA FOR TOWNS	9
9. Establishment of a town	9
10. Establishment by amalgamation	9
11. Establishment by annexation.....	10
12. Establishment by concurrent amalgamation and annexation	11
13. Restructuring by annexation	11
14. Exception	11
PART 5 – STANDARDS AND CRITERIA FOR RURAL MUNICIPALITIES	12
15. Restructuring of rural municipalities by amalgamation	12
16. Restructuring of a rural municipality by annexation	13
17. Exception	14
18. Restructuring by concurrent amalgamation and annexation	14



**MUNICIPAL GOVERNMENT ACT
M-12.1**

PRINCIPLES, STANDARDS AND CRITERIA REGULATIONS

Pursuant to clause 261(1)(a) of the *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1, Council made the following regulations:

PART 1 – DEFINITIONS

1. Definitions

In these regulations

- (a) “**Act**” means the *Municipal Government Act* R.S.P.E.I. 1988, Cap. M-12.1;
- (b) “**Commission**” means the Island Regulatory and Appeals Commission established under section 2 of the *Island Regulatory and Appeals Commission Act* R.S.P.E.I. 1988, Cap. I-11. (*EC750/17*)

PART 2 – PRINCIPLES

2. Fundamental principles

Where a proposal to establish a new municipality or to restructure an existing municipality is initiated pursuant to subsection 15(1) or 15(2) of the Act, the Commission shall consider, in addition to the factors set out in subsection 19(2) of the Act, the following principles in evaluating the proposal:

- (a) whether the proposal demonstrates that the municipality has or will have the ability and capacity to meet the immediate and long-term needs of the residents within the boundaries proposed;
- (b) whether the proposed municipality is likely to be financially viable;
- (c) whether the proposed municipality has a stable base of economic activity;
- (d) whether the proposed municipality will hinder an existing municipality’s ability to expand its boundaries or provide services to its residents; and
- (e) whether the proposal demonstrates that the municipality has a vision of the services it intends to provide its residents in the immediate and long term. (*EC750/17*)

PART 3 – STANDARDS AND CRITERIA FOR CITIES

3. Establishment of a city

Where a proposal referred to in section 2 is for the establishment of a new municipality as a city, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2, whether the proposal

- (a) satisfies the criteria set out in clause 13(1)(a) of the Act;
- (b) complies with clause 14(a) of the Act;
- (c) complies with clause 14(b) of the Act or, if not, when the proposed municipality will be in compliance;
- (d) complies with clause 14(c) of the Act or, if not, when the proposed municipality will be in compliance;
- (e) complies with section 85 of the Act or, if not, when the proposed municipality will be in compliance;
- (f) includes a financial plan that demonstrates the financial viability of the proposed municipality;
- (g) demonstrates a sufficient economic base by particularizing the public and commercial services within the proposed boundaries, including but not limited to
 - (i) health care services,
 - (ii) recreational facilities,
 - (iii) retail establishments,
 - (iv) tourism establishments, and
 - (v) public administration or private sector office uses;
- (h) demonstrates that the proposed municipality will not hinder another municipality's ability to expand its boundaries or provide services to its residents, taking into consideration factors such as
 - (i) municipal boundary expansion initiatives approved, under consideration, or underway in the other municipality at the time of submission of the proposal, and
 - (ii) existing, approved or planned municipal infrastructure or facilities for provision of services in the other municipality; and
- (i) contains a plan for the services the proposed municipality intends to provide, including, where there is limited central water or sewer service provided within the boundaries, the plan for water and sewer services within the proposed municipality.
(EC750/17)

4. Establishment by amalgamation

Where a proposal referred to in section 2 is for the amalgamation of two or more municipalities into one municipality as a city, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors referred to in clauses 3(a) to (i); and
- (b) whether the proposal
 - (i) includes a municipal transition plan, which contains but is not limited to measures for the transfer and consolidation of



- (A) municipal administrations,
- (B) municipal services, if any, and
- (C) municipally-owned or operated facilities, if any, and
- (ii) includes in the financial plan referred to in clause 3(f) information with respect to
 - (A) the transfer of municipal assets, if any,
 - (B) the transfer of municipal debts, if any, and
 - (C) the transfer of municipal reserve funds, if any. (EC750/17)

5. Establishment by annexation

Where a proposal referred to in section 2 is for the establishment of a new municipality as a city by the annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors referred to in clauses 3(a) to (i); and
- (b) whether the proposal
 - (i) identifies and accounts for physical, environmental, social and economic factors such as
 - (A) physical features,
 - (B) environmental conditions,
 - (C) community establishments, including but not limited to community facilities, institutional uses and public administration offices, and
 - (D) non-residential land uses and the economic base,
 - (ii) includes a process to engage the residents of the proposed municipality in the planning of the future use of the land in the unincorporated area to be annexed,
 - (iii) demonstrates in the financial plan referred to in clause 3(f) that the annexation is likely to enhance the ability of the municipality to provide services, including information respecting
 - (A) the additional costs of administering the unincorporated area and the expected source of the funds to pay the additional costs,
 - (B) the effect of administering the unincorporated area on the financial viability of the proposed municipality,
 - (C) where an expansion of municipal services to the unincorporated area is proposed, a service delivery plan that identifies and addresses the cost, timing and phasing of the services to be provided, and
 - (D) where an expansion of municipal services to the unincorporated area is not proposed, the reasons why an expansion of municipal services is not warranted,
 - (iv) demonstrates the value of the annexation to the residents within the boundaries proposed in a statement of community benefits, which contains but is not limited to
 - (A) the rationale for the boundaries proposed, which considers the location and use of public and commercial services such as health care services, recreational facilities, retail establishments, tourism establishments and public administration or private sector uses,

- (B) shared needs and common interests that the annexation supports,
 - (C) immediate and long-term benefits to residents of the existing municipality, and
 - (D) immediate and long-term benefits to residents of the unincorporated area, and
- (v) includes a statement respecting the expected financial effect of the annexation on the property owners, which contains but is not limited to
- (A) changes to residential and non-residential tax rates in the existing municipality,
 - (B) changes to the residential and non-residential tax rates in the unincorporated area,
 - (C) the time-frame for implementation of any changes to the existing tax regime, and
 - (D) any additional fees or charges resulting from the annexation.
(EC750/17)

6. Establishment by concurrent amalgamation and annexation

Where a proposal referred to in section 2 is for the establishment of a new municipality as a city by a restructuring of the boundaries of two or more municipalities that includes a concurrent amalgamation and annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) clauses 3(a) to (e), (g) and (h);
- (b) clause 4(b); and
- (c) subclauses 5(b)(i) to (iv). *(EC750/17)*

7. Restructuring by annexation

Where a proposal referred to in section 2 is for the restructuring of the boundaries of a city by annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) clauses 3(h) and (i);
- (b) subclauses 5(b)(i) to (iv); and
- (c) whether the proposal provides evidence that the municipality has the administrative and technical resources to govern the unincorporated area proposed for annexation.
(EC750/17)

8. Exception

Notwithstanding section 7, where a proposal referred to in section 2 is for the restructuring of the boundaries of a city by annexation of an unincorporated area that consists of twenty or fewer properties, the Commission shall consider in evaluating the proposal whether the proposed restructuring supports ongoing municipal functions, taking into consideration the reasons for the proposal, which may include but are not limited to whether

- (a) the area proposed to be annexed has been identified as suitable and required for the provision of municipal services, infrastructure or facilities;
- (b) the purpose of the proposed annexation is to correct a property line; or



- (c) the municipality has initiated the proposal following a request from the owner or owners of one or more of the properties in the area to be annexed. (EC750/17)

PART 4 - STANDARDS AND CRITERIA FOR TOWNS

9. Establishment of a town

Where a proposal referred to in section 2 is for the establishment of a new municipality as a town, the Commission shall consider, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2, in evaluating the proposal, whether the proposal

- (a) satisfies the criteria set out in clause 13(1)(b) of the Act;
- (b) complies with clause 14(a) of the Act;
- (c) complies with clause 14(b) of the Act or, if not, when the proposed municipality will be in compliance;
- (d) complies with clause 14(c) of the Act or, if not, when the proposed municipality will be in compliance;
- (e) complies with section 85 of the Act or, if not, when the proposed municipality will be in compliance;
- (f) includes a financial plan that demonstrates the financial viability of the proposed municipality;
- (g) demonstrates a sufficient economic base by particularizing the public and commercial services within the proposed boundaries, including but not limited to
 - (i) health care services,
 - (ii) recreational facilities,
 - (iii) retail establishments,
 - (iv) tourism establishments, and
 - (v) public administration or private sector office uses;
- (h) demonstrates that the proposed municipality will not hinder another municipality's ability to expand its boundaries or provide services to its residents, taking into consideration factors such as
 - (i) municipal boundary expansion initiatives approved, under consideration, or underway in the other municipality at the time of submission of the proposal, and
 - (ii) existing, approved or planned municipal infrastructure or facilities for provision of services in the other municipality, and
- (i) contains a plan for the services the proposed municipality intends to provide, including, where there is limited central water or sewer service provided within the boundaries, the plan for water and sewer services within the municipality. (EC750/17)

10. Establishment by amalgamation

Where a proposal referred to in section 2 is for the amalgamation of two or more municipalities into one municipality as a town, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors specified in clauses 9(a) to (i); and

- (b) whether the proposal
 - (i) includes a municipal transition plan, which contains but is not limited to measures for the transfer and consolidation of
 - (A) municipal administrations,
 - (B) municipal services, and
 - (C) municipally-owned or operated facilities, and
 - (ii) includes in the financial plan referred to in clause 9(f) measures for
 - (A) the transfer of municipal assets, if any,
 - (B) the transfer of municipal debts, if any, and
 - (C) the transfer of municipal reserve funds, if any. (EC750/17)

11. Establishment by annexation

Where a proposal referred to in section 2 is for the establishment of a new municipality as a town by the annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors specified in clauses 9(a) to (i); and
- (b) whether the proposal
 - (i) identifies and accounts for physical, environmental, social and economic factors such as
 - (A) physical features,
 - (B) environmental conditions,
 - (C) community establishments, and
 - (D) non-residential land uses and the economic base,
 - (ii) includes a process to engage the residents of the proposed municipality in the planning of the future use of the land in the unincorporated area to be annexed,
 - (iii) demonstrates in the financial plan referred to in clause 9(f) that the proposed annexation is likely to enhance the ability of the municipality to provide services, including information respecting
 - (A) the estimated additional costs of administering the unincorporated area and the expected source of funds to pay the additional costs,
 - (B) the estimated effect of administering the unincorporated area on the financial viability of the proposed municipality,
 - (C) where an expansion of municipal services to the unincorporated area is proposed, a service delivery plan that identifies and addresses the estimated cost, timing and phasing of the services to be provided, and
 - (D) where an expansion of municipal services to the unincorporated area is not proposed, the reasons why an expansion of municipal services is not warranted,
 - (iv) demonstrates the value of the annexation to the residents within the boundaries proposed in a statement of community benefits which contains but is not limited to
 - (A) the rationale for the boundaries proposed, which considers the location and use of public and commercial services such as health-



- care services, recreational facilities, retail establishments, tourism establishments and public administration or private sector uses,
 - (B) shared needs and common interests that the annexation supports,
 - (C) immediate and expected long-term benefits to residents of the existing municipality, and
 - (D) immediate and expected long-term benefits to residents of the unincorporated area, and
 - (v) includes a statement of the expected financial effect of the annexation upon the property owners, which contains but is not limited to
 - (A) changes to residential and non-residential tax rates in the existing municipality,
 - (B) changes to the residential and non-residential tax rates in the unincorporated area,
 - (C) the time-frame for implementation of any changes to the existing tax regime, and
 - (D) any additional fees or charges resulting from the annexation.
- (EC750/17)

12. Establishment by concurrent amalgamation and annexation

Where a proposal referred to in section 2 is for the establishment of a new municipality as a town by a restructuring of the boundaries of two or more municipalities that includes a concurrent amalgamation and annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) clauses 9(a) to (e), (g) and (h);
- (b) clause 10(b); and
- (c) subclauses 11(b)(i) to (iv). (EC750/17)

13. Restructuring by annexation

Where a proposal referred to in section 2 is for the restructuring of the boundaries of a town by annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors specified in
 - (i) clauses 9(h) and (i), and
 - (ii) subclauses 11(b)(i) to (iv); and
- (b) whether the proposal provides a plan that demonstrates that the municipality will have the administrative and technical resources to govern the unincorporated area proposed for annexation. (EC750/17)

14. Exception

Notwithstanding section 13, where a proposal referred to in section 2 is for the restructuring of the boundaries of a town by annexation of an unincorporated area that consists of twenty or fewer properties, the Commission shall consider in evaluating the proposal whether the proposed restructuring supports ongoing municipal functions, taking into consideration the reasons for the proposal, which include but are not limited to whether

- (a) the area proposed to be annexed has been identified as suitable and required for the provision of municipal services, infrastructure or facilities;
- (b) the purpose of the proposal is to correct a property line; or
- (c) the municipality has initiated the proposal following a request from the owners of one or more of the properties in the area to be annexed. *(EC750/17)*

PART 5 – STANDARDS AND CRITERIA FOR RURAL MUNICIPALITIES

15. Restructuring of rural municipalities by amalgamation

Where a proposal referred to in section 2 for the restructuring of the boundaries of two or more rural municipalities by amalgamation will not result in a municipality that meets the requirements of subsection 13(1) of the Act, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2, whether the proposal

- (a) has been approved by the Minister pursuant to subsection 15(3) of the Act;
- (b) complies with clause 14(b) of the Act or, if not, when the proposed municipality will be in compliance;
- (c) complies with clause 14(c) of the Act or, if not, when the proposed municipality will be in compliance;
- (d) complies with section 85 of the Act or, if not, when the proposed municipality will be in compliance;
- (e) includes a municipal transition plan, which contains but is not limited to measures for the transfer and consolidation of
 - (i) municipal administrations,
 - (ii) municipal services, if any, and
 - (iii) municipally-owned or operated facilities, if any;
- (f) includes a financial plan that demonstrates the financial viability of the proposed municipality and contains but is not limited to measures for
 - (i) the transfer of municipal assets, if any,
 - (ii) the transfer of municipal debts, if any, and
 - (iii) the transfer of municipal reserve funds, if any;
- (g) demonstrates a sufficient economic base by particularizing the public and commercial services within the proposed boundaries, including but not limited to
 - (i) health care services,
 - (ii) recreational facilities,
 - (iii) retail establishments,
 - (iv) tourism establishments, and
 - (v) public administration or private sector office uses;
- (h) demonstrates that the proposed municipality will not hinder another municipality's ability to expand its boundaries or provide services to its residents, taking into consideration factors such as
 - (i) municipal boundary expansion initiatives approved, under consideration, or underway in the other municipality at the time of submission of the proposal, and



- (ii) existing, approved or planned municipal infrastructure or facilities for provision of services in the other municipality; and
- (i) contains a plan for the services the proposed municipality intends to provide, including, where there is limited central water or sewer service provided within the boundaries, the plan for water and sewer service within the municipality. (EC750/17)

16. Restructuring of a rural municipality by annexation

Where a proposal referred to in section 2 for the restructuring of the boundaries of a rural municipality by annexation of an unincorporated area will not result in a municipality that meets the requirements of subsection 13(1) of the Act, Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors referred to in clauses 15(a) to (i);
- (b) whether the proposal
 - (i) identifies and accounts for physical, environmental, social and economic factors such as
 - (A) physical features,
 - (B) environmental conditions,
 - (C) community establishments, including but not limited to community facilities, institutional uses and public administration offices, and
 - (D) non-residential land uses and the economic base,
 - (ii) includes a process to engage the residents of the proposed municipality in the planning of the future use of the land in the unincorporated area proposed for annexation
 - (iii) demonstrates in the financial plan referred to in clause 15(f) that the annexation is likely to enhance the expanded municipality's ability to provide services, including information respecting
 - (A) the additional costs of administering the unincorporated area and the expected source of funds to pay the additional costs,
 - (B) the effect of administering the unincorporated area on the financial viability of the proposed municipality,
 - (C) where an expansion of municipal services to the unincorporated area is proposed, a service delivery plan that identifies and addresses the cost, timing and phasing of the services to be provided, and
 - (D) where an expansion of municipal services to the unincorporated area is not proposed, the reasons why an expansion of municipal services is not warranted,
 - (iv) demonstrates the value of the annexation to residents within the boundaries proposed, by including a statement of community benefits, which contains but is not limited to
 - (A) the rationale for the boundaries proposed, which considers the location and use of public and commercial services such as health care services, recreational facilities, retail establishments, tourism establishments and public administration or private sector uses,
 - (B) shared needs and common interests that the annexation supports,
 - (C) immediate and expected long-term benefits to residents of the existing municipality, and

- (D) immediate and expected long-term benefits to residents of the unincorporated area,
- (v) includes a statement of the expected financial effect of the annexation on the property owners, which contains but is not limited to
 - (A) changes to residential and non-residential tax rates in the existing municipality,
 - (B) changes to the residential and non-residential tax rates in the unincorporated area,
 - (C) the time-frame for implementation of any changes to the existing tax regime, and
 - (D) any additional fees or charges resulting from the annexation, and
- (vi) provides a plan that demonstrates that the municipality will have the administrative and technical resources to govern the unincorporated area proposed for annexation. *(EC750/17)*

17. Exception

Notwithstanding section 16, where a proposal referred to in section 2 is for the restructuring of the boundaries of a rural municipality by annexation of an unincorporated area that consists of twenty or fewer properties, the Commission shall consider in evaluating the proposal whether the proposed restructuring supports ongoing municipal functions, taking into consideration the reasons for the proposal, which include but are not limited to whether

- (a) the property proposed to be annexed has been identified as suitable and required for the provision of municipal services, infrastructure or facilities;
- (b) the purpose of the proposal is to correct a property line; or
- (c) the municipality has initiated the proposal following a request from the owner or owners of one or more of the properties in the area to be annexed. *(EC750/17)*

18. Restructuring by concurrent amalgamation and annexation

Where a proposal referred to in section 2 for the restructuring of the boundaries of two or more rural municipalities by means of a concurrent amalgamation and annexation of an unincorporated area will not result in a municipality that meets the requirements of subsection 13(1) of the Act, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2, the factors specified in

- (a) clauses 15(a) to (i); and
- (b) subclauses 16(b)(i) to (iv). *(EC750/17)*

