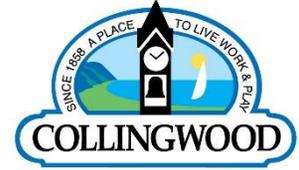


**Report for Public Meeting**

Prepared by Hemson for the Town of Collingwood



# Amended Development Charges Background Study: Water Treatment Plant

January 30, 2025



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# List of Acronyms

AMP Asset Management Plan

BTE Benefit to Existing

CBC Community Benefits Charges

COG Cost of Growth

DCA Development Charges Act

DC Development Charges

GFA Gross Floor Area

PPB Post-Period Benefit

PPU Persons Per Unit

WTP Water Treatment Plant

# 1. Introduction

The Town of Collingwood released a 2024 Development Charges (DC) Background Study related to the Raymond A. Barker Water Treatment Plant (WTP) expansion as part of the process to lead to the approval of a new DC By-law in compliance with the *Development Charges Act, 1997* (DCA). Since the adoption of the by-law by Council in April 2024 (By-law 2024-036), the Town has received additional grant funding related to the WTP. This amendment study accounts for the additional grant funding in order to determine a new DC rate. By-law 2024-036 will be amended to reflect the new rate.

The DCA and O. Reg. 82/98 require that an Amended DC Background Study be prepared in which development charges are determined with reference to:

- The average capital service levels provided in the Town over the 15-year period immediately preceding the preparation of the background study (if applicable);
- A review of future capital projects, including an analysis of gross expenditures, funding sources, and net expenditures incurred, or to be incurred, by the Town or its local boards to provide for the expected development, including the determination of the eligible and ineligible components of the capital projects; and,
- An examination of the long-term capital and operating costs for the capital infrastructure required for each service to which the development charges by-laws would relate.

This study presents the results of the review which determines the development-related net capital costs attributable forecast to occur in the Town. These development-related net capital costs are then apportioned among residential and non-residential development in a manner that reflects

the increase in the need for each service attributable to each type of development. The study arrives, therefore, at calculated development charges for various types of development.

The DCA provides for a period of public review and comment regarding the proposed development charges. Following completion of this process in accordance with the DCA, Council will review this study, and comments received regarding this study or other information brought to Council's attention about the proposed charges. Council will then pass an amended development charges by-law for the Town.

The remainder of this study sets out the information and analysis upon which the proposed development charges are based.

## **A. Legislative Context**

The study is prepared in accordance with the DCA and associated regulations, including the amendments that came into force most recently on November 28, 2022 as per *Bill 23: More Homes Built Faster Act, 2022*. Prior to the publishing of this Consolidated DC Study, *Bill 185: Cutting Red Tape to Build More Homes Act, 2024* came into force which reversed the 5-year mandatory phase-in of DCs enacted under Bill 23 and provided exemptions for Affordable and Attainable housing projects that meet the legislative requirements. Key legislative changes incorporated into this consolidated study include:

- Historical service level standards have been extended from a 10 to 15-year planning period;
- DC by-laws now expire every 10 years instead of 5 years;
- The amount of interest paid on DC deferrals and freeze is capped at prime plus 1%;

- Costs associated with affordable housing services are now ineligible for recovery through DCs;
- Municipalities must spend or allocate 60% of available DC reserve funds per year for roads, water and wastewater services;
- Discounts for purpose-built rentals based on the number of bedrooms; and
- Exemptions for Affordable and Attainable housing developments which meet the definitions under the DCA.

## **B. Consultation and Approval Process**

The following provides a summary of the consultation and approval process to be completed as part of the DC Background Study. Following the release of the DC Background Study, consultation continued with the public and development industry stakeholders prior to the passage of the new DC By-law occurred in March 2025.

### **Timeline of Consultation and Approval Process**

<b>Activity</b>	<b>Date</b>
Release of Amending DC Background Study	January 30, 2025
Release Draft DC By-law	March 3, 2025
Statutory Public Meeting	March 17, 2025
Passage of Amended WTP DC By-law	March 31, 2025

## **C. Relevant Analysis Relating to the Raymond A. Barker Water Treatment Plant Expansion**

Development charges have been calculated related to the recovery of the Town of Collingwood’s share of costs related to the WTP expansion. The total project cost is estimated to be \$270 million with the expansion anticipated to be completed in 2032. Based on current agreements, the Town’s share of the

project represents 37% of the capital costs with the other 63% to be funded by the Town of New Tecumseth.

Since the passage of the Town's WTP by-law in April of 2024, \$70.0 million in grant funding has been received for the project. This grant funding is split evenly based on the shares identified above between the Towns of Collingwood and New Tecumseth.

Additional details on the project can be found on the Town's website:  
<https://engage.collingwood.ca/water-treatment-plant-expansion>

## **2. The DC Methodology Aligns Development-Related Costs and Benefits**

Several key steps are required in calculating a development charge. However, specific circumstances arise in each municipality which must be reflected in the calculation. In this study, we have tailored our approach to the Town of Collingwood's unique circumstances. The approach to the calculated development charges is focused on providing a reasonable alignment of development-related costs with the development that necessitates them.

### **A. Consideration for Area Rated Services**

In accordance with the DCA, Council must give consideration to the use of area rating, also known as area-specific development charges, as part of the development charges background study. The proposed WTP expansion will benefit growth occurring across Collingwood and as a result, it is not reasonable to calculate the development charge on an area-specific basis.

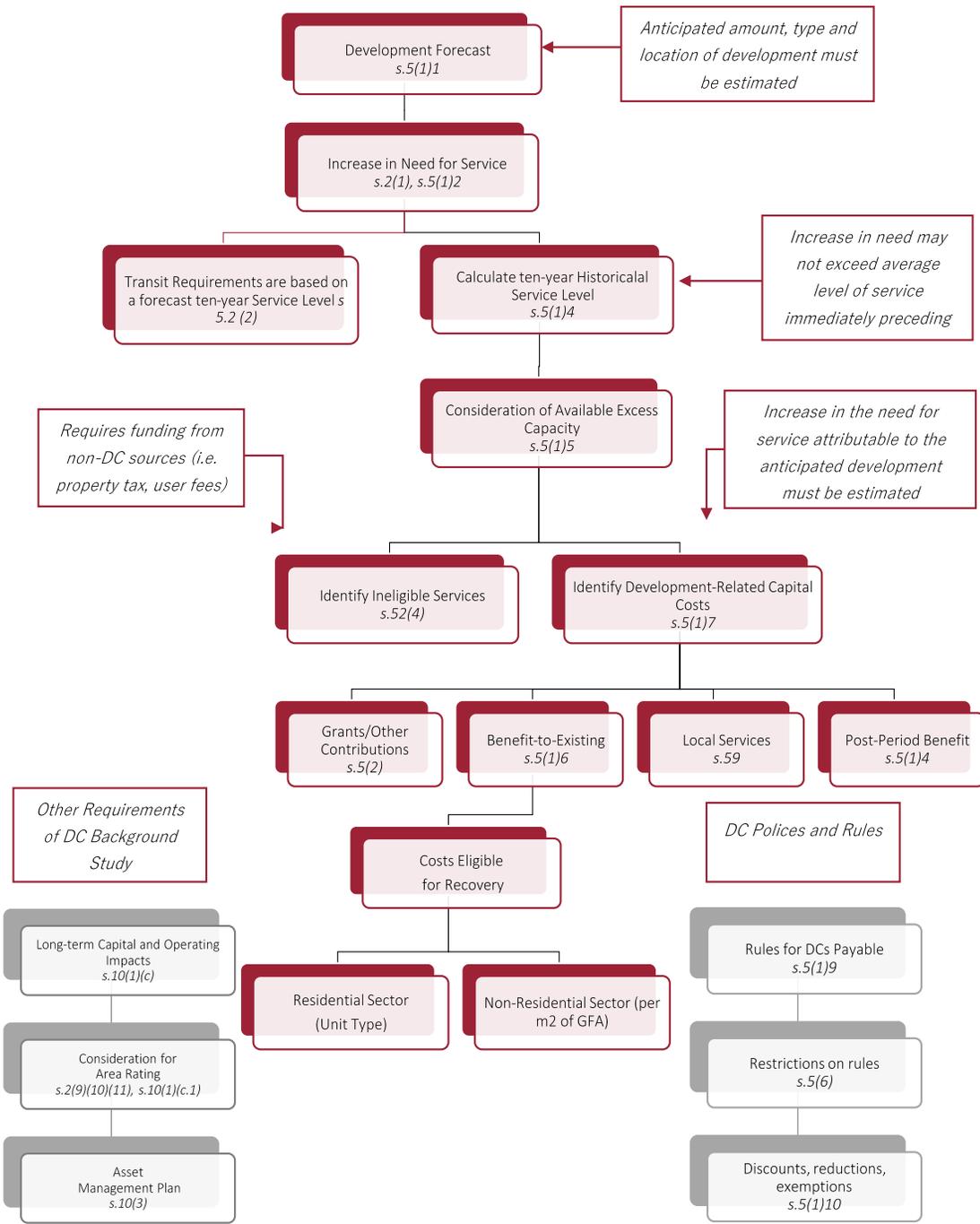
### **B. Town-Wide Development Charge Proposed**

The DCA provides municipalities with flexibility to define services that will be included in the development charges by-laws, provided that its other provisions, as well as those of O. Reg. 82/98, are met. The DCA also requires that the by-laws designate the areas within which DCs shall be imposed. The development charges may apply to all lands in a municipality or to other designated development areas as specified in the by-laws. Recognizing that the proposed WTP will benefit growth occurring across Collingwood, a Town-wide development charge is proposed.

## **C. Key Steps In Determining DCs for Future Development-Related Projects**

Several key steps are required in calculating DCs for future development-related projects. These are summarized below and shown schematically in Figure 1.

**Figure 1: Statutory Requirements of Development Charge Calculation and Study Process**



## **i. Development Forecast**

The first step in the methodology requires a development forecast to be prepared. A planning horizon of 2025-2041 has been used for the WTP which is consistent with the planning horizon being used for Engineered Services as part of the Town-wide DC Background Study update.

The forecast of the future residential and non-residential development by location is based on growth anticipated to occur in the Town. For the residential portion of the forecast both the Census population growth and population growth in new units is estimated. Net population growth determines the need for additional facilities and provides the foundation for the development-related capital program.

The non-residential portion of the forecast estimates the gross floor area (GFA) of building space to be developed over the planning horizon to 2041. The forecast of GFA is based on the employment forecast for the Town. Factors for floor space per worker by category are used to convert the employment forecast into gross floor areas for the purposes of the development charges study.

## **ii. Service Categories and Historical Service Levels**

The DCA provides that the increase in the need for service attributable to anticipated development:

... must not include an increase that would result in the level of service exceeding the average level of that service provided in the municipality over the 15-year period immediately preceding the preparation of the background study...(s. 5. (1) 4.)

Historical 15-year average service levels generally form the basis for development charges. However, this requirement is not applicable to the WTP development charge calculation as the infrastructure included in the capital program is required to achieve health and safety standards as identified in

relevant legislation including Provincial regulations, other relevant legislation as well as Town standards (see Section 4(3) of O.Reg. 82/98).

### **iii. Development-Related Capital Program and Analysis of DC Eligible Costs to be Recovered through Development Charges**

A development-related capital program has been prepared as part of the study. The program identifies the gross and net municipal costs, after allowing for capital grants, subsidies or other recoveries as required by the Act (DCA, s. 5. (2)). The capital program provides another cornerstone upon which development charges are based. The DCA requires that the increase in the need for service attributable to the anticipated development may include an increase:

... only if the council of the Municipality has indicated that it intends to ensure that such an increase in need will be met. (s. 5. (1) 3.)

The development-related capital program prepared for this study ensures that development charges are only imposed to help pay for projects that have been or are intended to be purchased or built in order to accommodate future anticipated development. It is not sufficient in the calculation of development charges merely to have had the service in the past. There must also be a demonstrated commitment to continue to emplace facilities or infrastructure in the future. In this regard, O. Reg. 82/98, s. 3 states that:

For the purposes of paragraph 3 of subsection 5 (1) of the *Act*, the council of a Municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council.

For some projects in the development-related capital program, a portion of the project may confer benefits to existing residents. As required by the DCA,

s. 5(1)6., these portions of projects and their associated net costs are the funding responsibility of the Town from non-development charges sources. The amount of municipal funding for such non-DC-eligible shares of projects is also identified as part of the preparation of the development-related capital program.

There is also a requirement in the DCA to reduce the applicable development charge by the amount of any “uncommitted excess capacity” that is available for a service. Such capacity is available to partially meet the future servicing requirements. Adjustments are made in the capital program analysis to meet this requirement of the DCA.

#### **iv. Attribution to Types of Development**

The next step in the determination of development charges is the allocation of the development-related net capital costs between the residential and the non-residential sectors. In the Town of Collingwood, the allocation is based on the projected changes in population and employment over the planning periods, the anticipated demand for services and other relevant factors.

The residential component of the development charges is applied to different housing types based on average occupancy factors. The non-residential component is applied on the basis of gross building space in square metres.

#### **v. Final Adjustment**

The final determination of the development charge results from adjustments made to development-related DC eligible costs resulting from the application of any unallocated growth-related reserve fund balances that are available to finance the development-related capital costs in the capital program. A cash flow analysis is also undertaken to account for the timing of projects and receipt of development charges. Interest earnings or borrowing costs are therefore accounted for in the calculation as allowed under the DCA.

## **D. Operating & Capital Cost Impacts and Asset Management Plan Legislative Requirements**

Section 10 of the *DCA* identifies what must be included in a Development Charges Background Study, namely:

- s.10 (2) The development charge background study shall include,
  - (c) an examination, for each service to which the development charge by-law would relate, of the long term capital and operating costs for capital infrastructure required for the service; and
  - (c.2) an asset management plan prepared in accordance with subsection (3).

### **i. Asset Management Plan**

- (3) The asset management plan shall,
  - (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;
  - (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;
  - (c) contain any other information that is prescribed; and
  - (d) be prepared in a prescribed manner.

The requirement to include an Asset Management Plan (AMP) was part of the *DCA* amendments that came into effect on January 1, 2016. A key function of the Asset Management Plan is to demonstrate that all assets proposed to be funded under the development charges by-law are financially sustainable over their full life-cycle.

### 3. Development Forecast

The *DCA* requires the Town to estimate “the anticipated amount, type and location of development” for which development charges may be imposed. The development forecast must cover both residential and non-residential development and be specific enough with regards to quantum, type, location and timing of development to allow the Town to prepare a reasonable development-related capital program.

The forecast is consistent with the analysis contained in the Town’s 2024 DC Background Study dated April 15, 2024, updated to reflect a 2025 base year. Additional details on the forecast can be found in Appendix A of the 2024 DC Background Study. In this respect, the following assumptions apply:

- A forecast to 2041 is based on the Town achieving population and employment forecasts set out in its new Official Plan to a 2051 planning horizon. Despite 2041 being the end-point of the development forecast planning horizon, the Town will continue to plan to achieve the 2051 population and employment forecasts set out in the Official Plan and is expected these forecasts will be used in subsequent DC Background Study updates.
- The population and household growth determines the need for additional facilities and provides the foundation for the development-related capital program. Table 1 summarizes the population and household development forecast. The table shows that the Town’s Census population is forecast to increase by roughly 10,180 people by 2041. The number of dwellings will increase by 6,360 units over the same planning period.
- In addition to the net population forecast, a forecast of “population in new units” that will result from the addition of new housing units has been made. In total, 12,850 is the forecasted population growth in new

dwelling units to 2041. Population growth in new units is estimated by applying the following PPU to the housing unit forecast:

- 2.69 for single and semi-detached units;
  - 2.00 for rows and multiples; and
  - 1.45 for apartments
- 
- Non-residential development charges are calculated on a per square metre of gross floor area (GFA) basis. Therefore, as per the DCA, a forecast of non-residential building space has been developed.
  - An average employment density of 70 square metres per employee has been used to convert the employment forecast into building space estimates. A summary of the GFA forecasts is provided in Table 1. The total GFA growth is forecast at roughly 182,560 square metres with an accompanying growth of 2,610 employees.

TABLE 1

TOWN OF COLLINGWOOD  
 SUMMARY OF RESIDENTIAL AND NON-RESIDENTIAL  
 DEVELOPMENT FORECAST

Town-wide Development Forecast	2024 Estimate	Long-Term Planning Period 2025-2041	
		Growth	2041
<b>Residential</b>			
Occupied Dwellings	11,995	6,355	18,350
Population			
Census	26,422	10,178	36,600
<i>Population In New Dwellings</i>		<i>12,848</i>	
<b>Non-Residential</b>			
Place of Work Employment <sup>1</sup>	11,864	2,608	14,472
Non-Residential Building Space (sq.m.)		182,560	

<sup>1</sup> Excludes Work at Home Employment but includes No Fixed Place of Work

## **4. Development-Related Capital Forecast**

### **A. A Development-Related Capital Forecast is Provided for Council's Approval**

The DCA requires the Council of a Municipality to express its intent to provide future capital facilities at the level incorporated in the development charges calculation. As noted above in Section 2, O. Reg. 82/98, s. 3 states that:

For the purposes of paragraph 3 of subsection 5 (1) of the Act, the council of a Municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council.

One of the recommendations contained in the Amendment DC Background Study is for Council to adopt the amended WTP development-related capital program derived for the purposes of the development charges calculation. It is acknowledged that additional changes to the costs and/or scope of work proposed WTP expansion may occur through the Town's normal capital budget process.

### **B. The Development-Related Capital Forecast**

As summarized below, the WTP expansion project is anticipated to cost \$270.0 million. Under this amended study, \$70.0 million in grant funding has been allocated to the project, leaving a net municipal share of \$200.0 million. Of this amount, \$126.0 million is anticipated to be funded from the Town of New Tecumseth. A benefit to existing share of roughly 8% of the net municipal costs have been identified and is based on unconnected units and available capacity within the existing plant to service growth over the planning

horizon. Finally, a post-period share of 48% has been applied to the project and represents available capacity in the WTP to service growth occurring beyond 2041. This amount is eligible for DC funding and will be considered for recovery in subsequent DC Background Studies.

Since the original by-law’s enactment in April 2024, the Town has incurred \$7.8 million in DC eligible costs towards the plant expansion. These costs, as well as the negative reserve fund balance associated with them, are identified separately in Appendix A (Table 1).

<b>Gross Cost</b>	<b>\$270.0 million</b>
Less: Grant Funding	\$70.0 million
Less: New Tecumseth Share (63%)	\$126.0 million
Less: Benefit to Existing Shares	\$5.8 million
Less: Available DC Reserves	\$0.0 million
Less: Post-Period Benefit	\$32.7 million
<b>Total DC Eligible In-Period Costs</b>	<b>\$35.5 million</b>

## **5. Development Charges are Calculated in Accordance with the *DCA***

This section summarizes the calculation of development charges for the WTP and the resulting total development charge by type of development. The calculation of the “unadjusted” per capita (residential) and per square metre (non-residential) charges is reviewed. Adjustments to these amounts resulting from a cash flow analysis that accounts for interest earnings and borrowing costs are also discussed.

For residential development, an adjusted total per capita amount is applied to different housing types based on average occupancy factors. For non-residential development, the calculated development charges rates are based on gross floor area (GFA) of building space.

It is noted that the calculation of the development charges does not include any provision for exemptions required under the DCA, for example, the exemption for enlargements of up to 50% on existing industrial buildings. Such legislated exemptions, or other exemptions which Council may choose to provide, will result in a loss of development charges revenue for the affected types of development. Any such revenue loss may not be offset, however, by increasing other portions of the calculated charge.

### **A. Unadjusted Development Charges Calculation**

The summary below presents the “unadjusted” residential and non-residential development charges for WTP infrastructure. Of the development-related cost, 83%, or \$29.5 million, has been allocated to new residential development, and 17%, or \$6.0 million, has been allocated to new non-residential development. This results in a charge of \$2,298 per capita, and \$32.83 per square metre of gross floor area.

<b>Total DC Eligible In-Period Costs 2025-2041</b>	<b>\$35.5 million</b>
Residential Share of DC Eligible Costs (83%)	\$29.5 million
Growth in Population in New Units	12,848
<b>Unadjusted DC per Capita</b>	<b>\$2,298</b>
Non-Residential Share of DC Eligible Costs (17%)	\$6.0 million
Growth in Square Metres	182,560
<b>Unadjusted DC per Square Metre</b>	<b>\$32.83</b>

## B. Adjusted Development Charges Calculation

Final adjustments to the “unadjusted” development charges rates are made through a cash flow analysis. The analysis considers the borrowing cost and interest earnings associated with the timing of expenditures and development charges receipts for each service category. As shown below, the DC rate per capita increases from \$2,298 to \$3,362 and the non-residential rate increases from \$32.83 to \$49.10 per square metre.

<b>Residential Development Charges</b>	
Unadjusted DC per capita	\$2,298
<b>Adjusted DC per capita</b>	<b>\$3,362</b>
<b>Non-Residential Development Charges</b>	
Unadjusted DC per Square Metre	\$32.83
<b>Adjusted DC per Square Metre</b>	<b>\$49.10</b>

## C. Calculated Residential and Non-Residential Development Charges

Table 2 provides the calculated WTP rates by residential unit type with the charge ranging from a high of \$9,039 per unit for a serviced single- and semi-detached units to a low of \$3,362 per unit for apartments with one bedroom or less.

Table 3 displays the WTP non-residential charges. The calculated non-residential development charge of \$49.10 per square metre is applied uniformly across the Town.

TABLE 2

TOWN OF COLLINGWOOD  
TOWN-WIDE DEVELOPMENT CHARGES  
RESIDENTIAL DEVELOPMENT CHARGES

Service	Unadjusted Charge Per Capita	Adjusted Charge Per Capita	Charge By Unit Type (1)			
			Single & Semi-Detached	Multiples	Apartment 2+ Bedrooms	Apartments 1 or Fewer Bedrooms
Water Treatment Plant	\$2,298	\$3,362	\$9,039	\$6,724	\$5,379	\$3,362
<b>TOTAL RESIDENTIAL CHARGE</b>	<b>\$2,298</b>	<b>\$3,362</b>	<b>\$9,039</b>	<b>\$6,724</b>	<b>\$5,379</b>	<b>\$3,362</b>
(1) Based on Persons Per Unit of:			2.69	2.00	1.60	1.00

TABLE 3

TOWN OF COLLINGWOOD  
TOWN-WIDE DEVELOPMENT CHARGES  
NON-RESIDENTIAL DEVELOPMENT CHARGES

Service	Unadjusted Charge (\$/square metre)	Adjusted Charge (\$/square metre)	Percentage of Charge
Water Treatment Plant	\$32.83	\$49.10	100.0%
<b>TOTAL NON-RESIDENTIAL CHARGE</b>	<b>\$32.83</b>	<b>\$49.10</b>	<b>100.0%</b>

## **D. Comparison of 2025 Newly Calculated Development Charges With Charges Currently In Force in Collingwood**

As shown in Table 4, the residential development charge rate for a single- or semi-detached unit decreases from \$9,836 per unit to \$9,039 when factoring in the grant funding secured since the passage of the WTP DC by-law in April 2024. Rows and other multiples will decrease from \$7,317 per unit to \$6,724 per unit, large apartments will decrease by \$474 per unit to \$5,379 per unit and small apartments will decrease by \$296 per unit to \$3,362 per unit.

Table 5 displays the current non-residential rate verses the calculated WTP charge. The charge will decrease from \$32.83 per square metre to \$49.10 per square metre.

TABLE 4

TOWN OF COLLINGWOOD  
COMPARISON OF CURRENT AND CALCULATED

Residential Unit Type	Current	Calculated	Difference	
Singles & Semis \$/unit	\$9,836	\$9,039	(\$797)	-8%
Rows & Other Multiples \$/unit	\$7,317	\$6,724	(\$593)	-8%
Apartments 2+ Bedrooms \$/unit	\$5,853	\$5,379	(\$474)	-8%
Apartments 1 Bedroom or Less \$/unit	\$3,658	\$3,362	(\$296)	-8%

TABLE 5

TOWN OF COLLINGWOOD  
COMPARISON OF CURRENT AND CALCULATED  
NON-RESIDENTIAL DEVELOPMENT CHARGES

Non-Residential Development Charge	Current	Calculated	Difference	
Non-Residential Charge per Square Metre	\$53.49	\$49.10	(\$4.39)	-8%

## 6. Cost of Growth Analysis

This section provides a brief examination of the long-term capital and operating costs as well as the asset management-related annual provisions for the capital facilities and infrastructure to be included in the DC By-law. This examination is required as one of the provisions of the *DCA*.

### A. Asset Management Plan

The summary below provides the calculated annual asset management contribution for both the gross capital expenditures and the share related to the 2025-2041 DC recoverable portion. The year 2042 has been included to calculate the annual contribution for the 2025-2041 period as the expenditures 2041 will not trigger asset management contributions until 2042. As shown, by 2042, the Town should fund an additional \$443,450 per annum to fund the full life cycle costs of the WTP expansion.

Service	2025-2041 Capital Program		Calculated AMP Annual Provision by 2042	
	DC Related	Non-DC Related*	DC Related	Non-DC Related*
Water Treatment Plant	\$ 35,515,088	\$ 234,484,912	\$ 443,451	\$ 2,927,841

\*Includes ineligible and post-period shares

### B. Long-Term Capital and Operating Cost Impacts

The long-term operating cost impact for the WTP expansion will be determined and funded as part of the Town's utility rate model and associated rates.

With respect to long-term capital financing, approximately \$5.8 million will need to be funded from non-DC revenue sources as it relates to the ineligible/benefit to existing share of the project. A further \$32.7 million in interim DC financing related to post-period shares of projects may be required.

### **C. Program is Deemed Financially Sustainable**

The calculated annual funding provision should be considered within the context of the Town's projected growth. Over the 2041 planning horizon, the Town is projected to increase by nearly 6,360 households. In addition, the Town will also add over 2,610 new employees that will result in 182,560 square metres of additional non-residential building space. This growth will have the effect of increasing the overall assessment base and charges revenues to offset the capital asset provisions required to replace the infrastructure proposed to be funded under the development charges by-law. The collection of these funds is intended to be allocated to the Town's reserves for the future replacement of these assets.

In addition, as part of the annual budget update the Town also contributes to asset replacement reserves and spends on yearly asset replacement needs as needed. Through this annual exercise, staff identify the required funding and propose mitigating measures to ensure there are sufficient funds in reserves over the long term. Life-cycle funding methodologies are also reviewed to ensure that the Town is continuing to implement financially sustainable practices for funding the eventual replacement of assets.

The calculated annual provisions identified are considered financially sustainable as it is expected that the increased capital asset management requirements can be absorbed by the utility and user base over the long-term.

## 7. Other Considerations and Legislative Requirements

This section sets out other considerations and legislative requirements relating to the DCA including administration and collection, recent legislative changes, and consideration for area rating.

### A. Development Charges Administration and Collection

The DCA requirements in respect of the collection of DCs, certification and remittance, as well as reserve fund management are outlined in this section.

#### i. Development Charges Amount Payable and Date of Payment

The total amount of a DC is the amount of the DC that would be determined under the by-law on the day of an application for site plan approval or the day of an application for rezoning or, if neither of these apply, the day of building permit issuance. Full details on determining the DCs payable in any particular case are provided in section 26 and section 26.2 of the DCA.

The default date of payment of a DC is the date of building permit issuance. However, under section 27 of the DCA the Town may enter into an agreement with a developer to alter the timing of payment.

For rental housing and institutional development, DCs must be paid in six equal annual installments beginning at building occupancy (permit or actual occupancy) and for the following five anniversaries of that date.

For required instalments, the Town may charge interest from the date the DC would have been payable to the date the instalment is paid. Interest may accrue on each installment until the final payment has been made. Any skipped or late payments can be added to the tax roll (including interest). Full details on the prescribed payment plans are provided in section 26.1 of the

*DCA*. In accordance with section 26.3 the maximum interest rate a municipal can charge is prime plus 1%.

## **ii. Reserve Funds**

Under the *DCA*, a municipality that has passed a development charge by-law must establish a separate reserve fund for each service to which the development charge relates and pay each development charge it collects into the respective reserve fund. While the *DCA* does permit municipalities to borrow from the reserve fund, the amount borrowed is to be repaid with interest at a rate not less than the prescribed minimum interest rate. Additionally, money in the reserve fund is to be spent only on development-related capital costs.

Annual financial statements are to be provided to Council and must include the following:

- Opening and closing balances and in-year transactions
- A description of service or category of service
- Details on credits paid by individual credit holders
- Amounts borrowed and purpose of borrowing
- Interest accrued on borrowing
- Amount and source of money used to repay borrowing
- Projects funded from DCs including amount and source of DC and non-DC funding

## **B. Changes Arising From Bill 23, *More Homes Built Faster Act (Bill 23)* and *Cutting Red Tape to Build More Homes Act (Bill 185)***

As of November 28, 2022, there are several changes to the *DCA* due to the enactment and Royal Assent of Bill 23. A list of the changes that are now in force is provided below.

## Recent Changes to the DCA

Section	Description
Section 2(1)	Exemptions for existing rental residential buildings and a range of residential units in existing and new houses.
Section 2(4)	Housing services are ineligible for DC funding (repeal of paragraph 17 of ss.2(4) of the <i>DCA</i> ). Existing by-laws are deemed to be “amended” and no development charges can be collected for housing services from November 28, 2022 onward.
Section 4.1	Exemptions for affordable and attainable residential units as defined in the Affordable Residential Units Bulletin.
Section 4.2	Exemptions for non-profit housing development. This does not apply with respect to a DC payable before November 28, 2022.
Section 4.3	Exemption for inclusionary zoning residential units. This does not apply with respect to a DC payable before November 28, 2022.
Section 5(1)	Historical service level calculation period extended from 10 years to 15 years. Does not apply to by-laws in force prior to November 28, 2022.
Section 9(1)	Maximum life of a DC by-law extended from 5 years to 10 years. This does not apply to by-laws in-force before November 28, 2022.
Section 26.1	Deferral payments now apply to rental housing and institutional development. Interest on deferral payments is now capped at prime plus 1% in accordance with s.26.3.
Section 26.2	DCs for rental housing development are now discounted based on the number of bedrooms proposed. Interest on DC freeze now capped at prime plus 1% in accordance with section 26.3.
Section 26.3	Maximum interest rates are capped at prime plus 1%. This does not apply with respect to a DC that was payable before November 28, 2022.

Section	Description
Section 35	Municipalities are now required to spend or allocate at least 60% of reserve balances each year for Water Supply, Wastewater, and services related to a highway beginning in 2023.
Section 44(4)	Rules for front ending agreements as they relate to affordable and attainable residential units.
Section 60(1)(s.4)	Additional services for which municipalities are required to spend or allocate at least 60% of reserve fund balances may be prescribed through Regulations (none are proposed as of yet).
Section 60(1)(d.2) and 9d.3)	Prescribes developments and criteria related to attainable residential units (section 4.1).

### **C. Development Charges Administration**

Many of the administrative requirements of the DCA will be similar to those presently followed by the Town in terms of collection practices. However, changes will likely be required in the use of and reporting on the new development charges. In this regard:

- It is recommended that the present practices regarding collection of development charges and by-law administration continue to the extent possible;
- As required under the DCA, the Town should codify any rules regarding application of the by-laws and any exemptions within the development charges by-laws proposed for adoption;
- It is recommended that the Town develop reporting policies consistent with the requirements of the DCA;

- It is recommended that the by-laws permit the payment of a development charge in cash or through services-in-lieu agreements. The municipality is not obligated to enter into services-in-lieu agreements;
- The proposed draft by-law will set out the rules to determine development charges applicable in any particular case. Rules for exemptions are also outlined in the proposed draft by-law; and
- It is recommended that Council adopt the development-related capital forecast included in this background study, subject to annual review through the Town's normal capital budget process.

**Appendix A**  
**Water Treatment Plant Services**  
**Technical Appendix**

# Water Treatment Plant Technical Appendix

This appendix outlines the Water Treatment Plant (WTP) expansion development-related capital project the Town will require in order to meet the servicing needs of new residential and non-residential development.

The WTP capital forecast is based on the latest cost estimates as of September 2023. Additional details on the project can be found on the Town's website: <https://engage.collingwood.ca/water-treatment-plant-expansion>

The analysis is set out in the tables which follow. The tables include:

Table A.1                    2025-2041 Development-Related Capital Forecast and Calculation of the Discounted Growth-Related Net Capital Costs

Table A.2                    Cash Flow Analysis

## **A. Development-Related Capital Program**

### **i. Gross Capital Program Costs**

The total project cost is estimated to be \$270.0 million with the expansion anticipated to be completed in 2032. Based on current agreements, the Town's share of the project represents 37% of the capital costs with the other 63% to be funded by the Town of New Tecumseth.

### **ii. Grants, Subsidies and Other Recoveries**

Under this amended study, \$70.0 million in grant funding from the Provincial Government has been allocated to the project, leaving a net municipal share of \$200.0 million.

### **iii. Replacement and Benefit to Existing Shares**

A benefit to existing share of roughly 8% of the net municipal costs have been identified and is based on unconnected residential units and available capacity of the existing plant to service growth over the planning horizon.

### **iv. Available DC Reserve Funds**

An adjustment of \$7.8 million has been made for costs incurred to date by the Town as it relates to the WTP. The Town's WTP DC reserve balance is currently in a deficit position of \$7.8 million.

### **v. Other Development-Related / Post-Period Benefit Shares**

A post-period share of 48% (\$32.7 million) has been applied to the project and represents available capacity in the WTP to service growth occurring beyond the 2041 planning horizon. This amount is considered to be eligible from DC funding and will be considered for recovery in subsequent DC Background Studies.

### **vi. 2023-2041 DC Eligible Development Related Costs**

The total in-period costs included for recovery in the DC calculation amounts to \$35.5 million.

## **B. Cash Flow Analysis**

The long-term cash-flow analysis takes into consideration expenditure timing and revenue projections. The effect of the analysis is an increase in the residential development charge rates to \$3,362 per capita. The adjusted non-residential cash-flow amounts to \$49.10 per square metre of gross floor area.

The following table summarizes the calculation of the WTP Services development charge:

<b>DC Eligible Costs</b>	<b>\$35.5 million</b>
--------------------------	-----------------------

<b>Residential Development Charges</b>	
Unadjusted DC per capita	\$2,298
<b>Adjusted DC per capita</b>	<b>\$3,362</b>
<b>Non-Residential Development Charges</b>	
Unadjusted DC per Square Metre	\$32.83
<b>Adjusted DC per Square Metre</b>	<b>\$49.10</b>

APPENDIX A

TABLE 1

TOWN OF COLLINGWOOD  
2024 DEVELOPMENT CHARGES BACKGROUND STUDY  
WATER TREATMENT PLANT COSTS

Project Description	Timing	Gross Costs	Grant Funding	Net Municipal Costs	New Tecumseth Share (63%)	Collingwood Share (37%)	Ineligible Shares BTE (%)	Ineligible Shares BTE (\$)	Total DC Eligible Costs	Available DC Reserves	DC Eligible Costs 2025-2041	DC Eligible Costs Post-2041
<b>1 Raymond A. Barker Water Treatment Plant Expansion</b>												
1.1 Current Capital Cost Estimate	2025 - 2032	\$ 270,000,000	\$ 70,000,000	\$ 200,000,000	\$ 126,000,000	\$ 74,000,000	8%	\$ 5,813,926	\$ 68,186,074	\$ -	\$ 35,515,088	\$ 32,670,986
1.2 Costs Incurred To Date for WTP - Collingwood Share	2025 - 2025	\$ 7,800,000	\$ -	\$ 7,800,000	\$ -	\$ 7,800,000	0%	\$ -	\$ 7,800,000	\$ -	\$ 7,800,000	\$ -
1.3 Recovery of Negative Reserve Fund Balance	2025 - 2025	\$ (7,800,000)	\$ -	\$ (7,800,000)	\$ -	\$ (7,800,000)	0%	\$ -	\$ (7,800,000)	\$ -	\$ (7,800,000)	\$ -
Sub-total Raymond A. Barker Water Treatment Plant Expansion		\$ 270,000,000	\$ 70,000,000	\$ 200,000,000	\$ 126,000,000	\$ 74,000,000		\$ 5,813,926	\$ 68,186,074	\$ -	\$ 35,515,088	\$ 32,670,986
<b>TOTAL</b>		<b>\$ 270,000,000</b>	<b>\$ 70,000,000</b>		<b>\$ 126,000,000</b>			<b>\$ 5,813,926</b>	<b>\$ 68,186,074</b>	<b>\$ -</b>	<b>\$ 35,515,088</b>	<b>\$ 32,670,986</b>

Capacity (m <sup>3</sup> ):	Total Capacity	10% Reserve	Net Capacity	Collingwood Share
Added Capacity	28,000	2,800	25,200	37%
<b>Total Capacity Available (m<sup>3</sup>)</b>	<b>28,000</b>	<b>2,800</b>	<b>25,200</b>	

Available DC Reserve Balance
Balance as of Dec 31, 2024
\$ (7,800,000)

Residential Development Charge Calculation		
2025-2041 DC Eligible Costs	83%	\$29,522,376
Growth in Population in New Units		12,848
Unadjusted Development Charge Per Capita		<b>\$2,298</b>
Non-Residential Development Charge Calculation		
2025-2041 DC Eligible Costs	17%	\$5,992,712
Growth in Square Metres		182,560
Unadjusted Development Charge Per Square Metre		<b>\$32.83</b>



APPENDIX A  
TABLE 2-1

**TOWN OF COLLINGWOOD  
WATER TREATMENT PLANT  
CASHFLOW AND DETERMINATION OF DEVELOPMENT CHARGE**

<b>WATER TREATMENT PLANT</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
OPENING CASH BALANCE (\$000)	(\$6,483.9)	(\$8,307.3)	(\$10,193.5)	(\$12,150.8)	(\$14,177.8)	(\$16,272.4)	(\$18,432.2)	(\$20,654.4)	(\$23,372.1)
<b>RESIDENTIAL FUNDING REQUIREMENTS</b>									
Prior Growth	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Water Treatment Plant: Non Inflated	\$3,690.3	\$3,690.3	\$3,690.3	\$3,690.3	\$3,690.3	\$3,690.3	\$3,690.3	\$3,690.3	\$0.0
Water Treatment Plant: Inflated	\$3,690.3	\$3,764.1	\$3,839.4	\$3,916.2	\$3,994.5	\$4,074.4	\$4,155.9	\$4,239.0	\$0.0
<b>NEW RESIDENTIAL DEVELOPMENT</b>									
- Population Growth in New Units	673	692	709	727	746	766	787	699	716
<b>REVENUE</b>									
- DC Receipts: Inflated	\$2,262.7	\$2,373.1	\$2,480.0	\$2,593.9	\$2,714.9	\$2,843.4	\$2,979.8	\$2,699.5	\$2,820.5
<b>INTEREST</b>									
- Interest on Opening Balance	(\$356.6)	(\$456.9)	(\$560.6)	(\$668.3)	(\$779.8)	(\$895.0)	(\$1,013.8)	(\$1,136.0)	(\$1,285.5)
- Interest on In-year Transactions	(\$39.3)	(\$38.3)	(\$37.4)	(\$36.4)	(\$35.2)	(\$33.9)	(\$32.3)	(\$42.3)	\$49.4
<b>TOTAL REVENUE</b>	<b>\$1,866.8</b>	<b>\$1,878.0</b>	<b>\$1,882.0</b>	<b>\$1,889.2</b>	<b>\$1,899.9</b>	<b>\$1,914.6</b>	<b>\$1,933.7</b>	<b>\$1,521.2</b>	<b>\$1,584.4</b>
<b>CLOSING CASH BALANCE</b>	<b>(\$8,307.3)</b>	<b>(\$10,193.5)</b>	<b>(\$12,150.8)</b>	<b>(\$14,177.8)</b>	<b>(\$16,272.4)</b>	<b>(\$18,432.2)</b>	<b>(\$20,654.4)</b>	<b>(\$23,372.1)</b>	<b>(\$21,787.7)</b>

<b>WATER TREATMENT PLANT</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>TOTAL</b>
OPENING CASH BALANCE (\$000)	(\$21,787.7)	(\$19,997.5)	(\$17,978.1)	(\$15,713.0)	(\$13,180.1)	(\$10,369.1)	(\$7,251.6)	(\$3,805.9)	
<b>RESIDENTIAL FUNDING REQUIREMENTS</b>									
Prior Growth	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$0.0</b>
Water Treatment Plant: Non: Inflated	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$29,522.4</b>
Water Treatment Plant: Inflated	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>\$31,673.7</b>
<b>NEW RESIDENTIAL DEVELOPMENT</b>									
- Population Growth in New Units	731	748	765	783	799	817	835	855	<b>12,848</b>
<b>REVENUE</b>									
- DC Receipts: Inflated	\$2,937.2	\$3,065.6	\$3,198.0	\$3,338.7	\$3,475.0	\$3,624.4	\$3,778.3	\$3,946.2	<b>\$51,131.3</b>
<b>INTEREST</b>									
- Interest on Opening Balance	(\$1,198.3)	(\$1,099.9)	(\$988.8)	(\$864.2)	(\$724.9)	(\$570.3)	(\$398.8)	(\$209.3)	<b>(\$13,207.0)</b>
- Interest on In-year Transactions	\$51.4	\$53.6	\$56.0	\$58.4	\$60.8	\$63.4	\$66.1	\$69.1	<b>\$233.2</b>
<b>TOTAL REVENUE</b>	<b>\$1,790.3</b>	<b>\$2,019.4</b>	<b>\$2,265.1</b>	<b>\$2,532.9</b>	<b>\$2,811.0</b>	<b>\$3,117.5</b>	<b>\$3,445.6</b>	<b>\$3,805.9</b>	<b>\$38,157.6</b>
<b>CLOSING CASH BALANCE</b>	<b>(\$19,997.5)</b>	<b>(\$17,978.1)</b>	<b>(\$15,713.0)</b>	<b>(\$13,180.1)</b>	<b>(\$10,369.1)</b>	<b>(\$7,251.6)</b>	<b>(\$3,805.9)</b>	<b>(\$0.0)</b>	

<b>Adjusted Charge Per Capita</b>	<b>\$3,362</b>
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<b>Allocation of Capital Program</b>	
Residential Sector	83.1%
Non-Residential Sector	16.9%
<b>Rates for 2025</b>	
Inflation Rate	2.0%
Interest Rate on Positive Balances	3.5%
Interest Rate on Negative Balances	5.5%

**APPENDIX A  
TABLE 2-2**

**TOWN OF COLLINGWOOD  
WATER TREATMENT PLANT  
CASHFLOW AND DETERMINATION OF DEVELOPMENT CHARGE**

<b>WATER TREATMENT PLANT</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
OPENING CASH BALANCE (\$000)	(\$1,316.1)	(\$1,752.1)	(\$2,215.6)	(\$2,708.4)	(\$3,231.9)	(\$3,787.8)	(\$4,378.1)	(\$5,004.4)	(\$5,482.2)
<b>NON-RESIDENTIAL FUNDING REQUIREMENTS</b>									
Prior Growth	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Water Treatment Plant: Non Inflated	\$749.1	\$749.1	\$749.1	\$749.1	\$749.1	\$749.1	\$749.1	\$749.1	\$0.0
Water Treatment Plant: Inflated	\$749.1	\$764.1	\$779.4	\$794.9	\$810.8	\$827.1	\$843.6	\$860.5	\$0.0
<b>NEW RESIDENTIAL DEVELOPMENT</b>									
- Square Metre of Non-Residential GFA	8,050	8,120	8,190	8,260	8,330	8,400	8,470	11,760	11,900
<b>REVENUE</b>									
- DC Receipts: Inflated	\$395.3	\$406.7	\$418.4	\$430.4	\$442.7	\$455.4	\$468.4	\$663.3	\$684.6
<b>INTEREST</b>									
- Interest on Opening Balance	(\$72.4)	(\$96.4)	(\$121.9)	(\$149.0)	(\$177.8)	(\$208.3)	(\$240.8)	(\$275.2)	(\$301.5)
- Interest on In-year Transactions	(\$9.7)	(\$9.8)	(\$9.9)	(\$10.0)	(\$10.1)	(\$10.2)	(\$10.3)	(\$5.4)	\$12.0
TOTAL REVENUE	\$313.2	\$300.5	\$286.6	\$271.4	\$254.9	\$236.8	\$217.3	\$382.7	\$395.1
CLOSING CASH BALANCE	(\$1,752.1)	(\$2,215.6)	(\$2,708.4)	(\$3,231.9)	(\$3,787.8)	(\$4,378.1)	(\$5,004.4)	(\$5,482.2)	(\$5,087.1)

<b>WATER TREATMENT PLANT</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>TOTAL</b>
OPENING CASH BALANCE (\$000)	(\$5,087.1)	(\$4,648.0)	(\$4,157.5)	(\$3,616.5)	(\$3,021.5)	(\$2,364.2)	(\$1,645.1)	(\$860.1)	
<b>NON-RESIDENTIAL FUNDING REQUIREMENTS</b>									
Prior Growth	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Water Treatment Plant: Non: Inflated	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5,992.7
Water Treatment Plant: Inflated	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6,429.4
<b>NEW RESIDENTIAL DEVELOPMENT</b>									
- Square Metre of Non-Residential GFA	12,040	12,250	12,390	12,530	12,740	12,880	13,020	13,230	182,560
<b>REVENUE</b>									
- DC Receipts: Inflated	\$706.5	\$733.2	\$756.5	\$780.3	\$809.3	\$834.5	\$860.4	\$891.8	\$10,737.9
<b>INTEREST</b>									
- Interest on Opening Balance	(\$279.8)	(\$255.6)	(\$228.7)	(\$198.9)	(\$166.2)	(\$130.0)	(\$90.5)	(\$47.3)	(\$3,040.2)
- Interest on In-year Transactions	\$12.4	\$12.8	\$13.2	\$13.7	\$14.2	\$14.6	\$15.1	\$15.6	\$47.9
TOTAL REVENUE	\$439.1	\$490.4	\$541.0	\$595.1	\$657.2	\$719.1	\$785.0	\$860.1	\$7,745.6
CLOSING CASH BALANCE	(\$4,648.0)	(\$4,157.5)	(\$3,616.5)	(\$3,021.5)	(\$2,364.2)	(\$1,645.1)	(\$860.1)	(\$0.0)	

<b>Adjusted Charge Per Square Metre</b>	<b>\$49.10</b>
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<b>Allocation of Capital Program</b>	
Residential Sector	83.1%
Non-Residential Sector	16.9%
<b>Rates for 2025</b>	
Inflation Rate	2.0%
Interest Rate on Positive Balances	3.5%
Interest Rate on Negative Balances	5.5%