

**ADDENDUM NO. 1
TO TOWN OF COLLINGWOOD**

**DEVELOPMENT CHARGE
BACKGROUND STUDY UPDATE**

FOR PUBLIC CIRCULATION

JUNE 20, 2014



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 **Planning for growth**

ADDENDUM REPORT

1. BACKGROUND

The Town of Collingwood has undertaken a process to update their Development Charges By-law. Commensurate with the provisions of the *Development Charges Act, 1997*, the Town has undertaken a Background Study, "Town of Collingwood Development Charge Background Study", dated June 9, 2014 was released in preparation for holding the statutory public meeting, scheduled for June 23, 2014. Following the public meeting Council will pass a new Development Charges by-law.

Subsequent to the release of the above noted Background Study, refinements have been identified which are provided herein. These changes do not result in a change to the proposed charges but do however, refine the draft By-law.

2. DISCUSSION

2.1 Public Works Facilities and Wastewater Sewers

The Town's Development Charges Background Study, dated June 9, 2014, reflected the growth related capital infrastructure requirements for the Town for two forecast periods, 10 years for "soft" services and 18 years for "hard" services.

This addendum provides for textual refinements to the Public Works Facilities and Wastewater Sewers services, as well, other minor textual changes have been made throughout the report to for clarity, grammatical and spelling corrections. These changes were identified subsequent to the release of the June 9th Background study following further discussion with Town staff and Watson & Associates Economists Ltd.

The result of the updates reflect only textual changes and do not have any impact on the calculated or recommended charges as provided for in the June 9, 2014 Background Study.

Based on the above mentioned updates, the changes to be made the Background Study are as follows:

- Public Works Facilities:
 - Updated to correct labelling of 'Storage Shed & Garage Addition' to 'Office & Shop' (see project numbers 2 and 3 on amended page 5-24, attached);

- Wastewater Sewer:
 - Updated to correct labelling of ‘South Sewer Servicing’ to ‘South Servicing’ (see projects number 10 and 11 on amended page 5-34, attached); and
- Balance of the report:
 - Refinements for clarity along with updates to correct grammatical and spelling errors throughout the report (detailed listing of changes will be provided in section 2.2).
- Draft By-law:
 - Updated draft By-law to correct date of annual indexing to commence on the first day of January in the year following the enactment of the By-law.

2.2 Changes to Background Report Resulting from Above

Based upon the above, the following revisions are made to the pages within the Background Study (new pages are appended to this report):

- Page (ii)-(iii) – Textual changes to growth summary to show “18 Year” heading instead of “20 Year”. Textual changes to section 5 and section 6.
- Page 1-2 – Textual changes to Figure 1-1 to include this Addendum.
- Page 2-1 – Textual changes to current Schedule of Charges.
- Page 2-2 – Textual changes to Redevelopment Allowance.
- Pages 2-3 – Textual changes to Exemptions.
- Pages 3-1 to 3-2 – Textual changes to Section 3.3.
- Pages 3-5 to 3-6 – Textual changes to Section 3.6.
- Pages 4-6 to 4-8 – Textual changes to Committed Excess Capacity and Deductions.
- Page 5-4 – Textual changes to Airport.
- Page 5-9 – Textual changes to Outdoor Recreation Services.
- Page 5-14 – Textual changes to Library Services.
- Page 5-19 – Textual changes to Roads and Related.
- Page 5-24 – Textual changes to Public Works Facilities Capital Sheet.
- Page 5-25 – Textual changes to Police Services.
- Page 5-28 – Textual changes to Fire Protection Services.
- Pages 5-32 and 5-34 – Textual changes to Wastewater Services and Wastewater Sewer Capital Sheet.
- Page 5-35 – Textual changes to Water Services.
- Page 6-1 – Textual changes to Development Charge Calculation.
- Pages 7-2 to 7-6 – Textual changes to the Development Charge Policy Recommendations and Development Charge By-law Rules.
- Pages 8-1 to 8-4 – Textual changes to the By-law Implementation.

- Appendix D – Textual changes to Section D.1 to reflect grammatical updates.
- Appendix F – Textual changes to By-law indexing date to reflect January.

3. PROCESS FOR THE ADOPTION OF THE DEVELOPMENT CHARGES BY-LAW

The changes herein form the basis for the draft By-law being presented to Council. If Council is satisfied with the above changes to the Background Study, and based on the public submissions made at the public meeting, the Background Study (as amended by this report), Addendum Report #1 and the amended draft By-law, will be considered for approval by Council.

AMENDED PAGES

EXECUTIVE SUMMARY

Measure	10 Year 2014-2023	18 Year 2014-2031
(Net) Population Increase	8,163	14,089
Residential Unit Increase	3,761	6,475
Non-Residential Gross Floor Area Increase (ft ²)	886,900	1,422,800

Source: Watson & Associates Economists Ltd. Forecast 2014

4. On July 27, 2009, the Town of Collingwood passed By-law 2009-092 under the *Development Charges Act, 1997*. The by-law imposes development charges on residential and non-residential uses. The by-law came into effect on September 1, 2009 and will expire on September 1, 2014. The Town is undertaking a development charge public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been set for June 23, 2014 with adoption of the by-law subsequently. It is noted that the Black Ash Creek DC by-law 2012-114, does not expire until 2017 and therefore, has not been updated as part of this DC process.
5. The Town's development charges currently in effect are \$21,507 for single detached dwelling units for full services (excluding Area Specific Charges for Black Ash Creek). Non-residential charges are \$5.54 per square foot for full services (excluding Area Specific Charges for Black Ash Creek). This report has undertaken a recalculation of the charge based on future identified needs (presented in Table ES-1 for residential and non-residential). Charges have been provided on a Town-wide basis for all services. The corresponding single-detached unit charge is \$21,265. The non-residential charge is calculated at \$11.66 per square foot of building area. Currently, the non-residential rates are discounted. It is recommended that discounted non-residential rates continue at current charge of \$5.54 per square foot for full services. These rates are submitted to Council for its consideration.
6. The *Development Charges Act* requires a summary be provided of the gross capital costs and the net costs to be recovered over the life of the by-law. This calculation is provided by service and is presented in Table 6-5. A summary of these costs is provided below:

Total gross expenditures planned over the next five years	\$ 98,604,582
Less:	
Benefit to existing development	\$ 21,100,089
Post planning period benefit	\$ 3,997,050
Ineligible re: Level of Service	\$ -
Mandatory 10% deduction for certain services	\$ 1,615,377
Grants, subsidies and other contributions	\$ 23,608,150
Net Costs to be recovered from development charges	\$ 48,283,916

Hence, \$50.32 million (or an annual amount of \$10.06 million) will need to be contributed from taxes and rates, or other sources. Of this amount, \$3.997 million will be included in subsequent DC study updates to reflect the portion of capital that benefits growth in the post period DC forecasts.

Based on the above table, the Town plans to spend \$98.6 million over the next five years, of which \$48.28 million (49%) is recoverable from development charges. Of this net amount, \$43.07 million is recoverable from residential development and \$5.21 million from non-residential development. It is also noted that any exemptions or reductions in the charges would reduce this recovery further.

7. Considerations by Council – The background study represents the service needs arising from residential and non-residential growth over the forecast periods.

The following services are calculated based on an 18-year forecast:

- Wastewater Services;
- Water Services;
- Roads and Related;
- Fire Protection Services; and
- Police Protection Services.

All other services are calculated based on a 10-year forecast. These include:

- Transit;
- Municipal Parking;
- Airport Space;
- Outdoor Recreation Services;
- Indoor Recreation Services;
- Library Services; and
- Administration.

However, Council will consider the findings and recommendations provided in the report and, in conjunction with public input, approve such policies and rates it deems appropriate. These directions will refine the draft DC by-law which is appended in Appendix F. These decisions may include:

- adopting the charges and policies recommended herein;
- considering additional exemptions to the by-law; and
- considering reductions in the charge by class of development (obtained by removing certain services on which the charge is based and/or by a general reduction in the charge).

1. INTRODUCTION

In accordance with the legislation, the background study and proposed DC by-law will be available for public review on June 9, 2014.

The process to be followed in finalizing the report and recommendations includes:

- consideration of responses received prior to, at, or immediately following the Public Meeting; and
- finalization of the report and Council consideration of the by-law subsequent to the public meeting.

Figure 1-1 outlines the proposed schedule to be followed with respect to the development charge by-law adoption process.

**FIGURE 1-1
SCHEDULE OF KEY DEVELOPMENT CHARGE PROCESS DATES
FOR THE TOWN OF COLLINGWOOD**

1. Data collection, staff review, engineering work, DC calculations and policy work	Spring 2014
2. Public meeting advertisement placed in newspaper(s)	May 30, 2014
3. Background study and proposed by-law available to public	June 9, 2014
4. Addendum to Background Study and proposed by-law	June 20, 2014
5. Public meeting of Council	June 23, 2014
6. Council considers adoption of background study and passage of by-law	July 21, 2014
7. Newspaper notice given of by-law passage	By 20 days after passage
8. Last day for by-law appeal	40 days after passage
9. Town makes pamphlet available (where by-law not appealed)	By 60 days after in force date

2. CURRENT TOWN OF COLLINGWOOD POLICY

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2.1 Schedule of Charges

On July 27, 2009, the Town of Collingwood passed By-law 2009-092 under the *Development Charges Act, 1997*. The by-law came into force on September 1, 2009 and will expire on September 1, 2014.

By-law 2012-114 was also passed on November 5, 2012, which set out the area specific DCs for Black Ash Creek. This by-law is not expiring until 2017 and therefore, does not form part of this current study.

By-law 2009-092 imposes development charges for residential and non-residential uses. The table below provides the rates currently in effect, as at January 1, 2014.

**DEVELOPMENT CHARGES
EFFECTIVE JANUARY 1, 2014**

Service	Residential				Non-Residential (per ft ² .)
	Single & Semi Detached	Multiples	Apartments with >= 2 Bedrooms	Apartments with < 2 Bedrooms	
Roads and Related	5,227	4,319	3,327	2,373	1.82
Transit	36	30	22	16	0.01
Fire Protection Services	539	446	343	244	0.09
Police Protection Services	84	69	53	38	0.03
Outdoor Recreation Services	2,709	2,239	1,725	1,230	0.15
Indoor Recreation Services	495	410	315	225	0.03
Library Services	659	545	420	300	0.03
Administration	151	124	96	68	0.05
Airport Space	85	70	54	39	0.03
Municipal Parking	201	166	127	91	0.07
Rail Service Lines	121	103	79	56	0.04
Wastewater Services	6,536	5,402	4,160	2,967	1.86
Water Services	4,664	3,854	2,969	2,117	1.33
Total	21,507	17,777	13,690	9,764	5.54

2.2 Services Covered

The following services are covered under By-law 2009-092:

- Administration;
- Airport Space;
- Fire Protection Services;
- Indoor Recreation Services;
- Outdoor Recreation Services;
- Library Services;
- Municipal Parking;
- Police Protection Services;

- Rail Service Lines;
- Roads & Related;
- Transit;
- Wastewater Services; and
- Water Services.

By-law 2012-114, as amended:

- Black Ash Creek – Stormwater Services

2.3 Timing of DC Calculation and Payment

Development charges are payable in full in money or by provision of services as may be agreed upon, or by credit granted under the Act, on the date that the first building permit is issued in relation to a building or structure on land to which a development charge applies.

2.4 Indexing

Rates shall be indexed on January 1st each year, without amendment to the by-law by the percentage change recorded in the average annual Non-Residential Construction Price Index produced by Statistics Canada.

2.5 Redevelopment Allowance

When the redevelopment of land, a building or structure existing on the same land has been demolished in order to facilitate the re-development, the development charges otherwise payable with respect to such redevelopment are reduced by the following amounts:

- (a) in the case of a residential building or structure, or in the case of a mixed-use building or structure, the residential development charge is calculated by multiplying the applicable development charge unit rate by the number, according to type, of the dwelling units that have been or will be demolished; and
- in the case of a non-residential building or structure or, in the case of mixed-use building or structure, the non-residential charge is calculated by multiplying the applicable development charge by the gross floor area that have been or will be demolished.

provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

2.6 Exemptions

The following exemptions are provided under By-laws 2009-092:

- Residential:
 - the enlargement of an existing residential dwelling unit;
 - the creation of one or two additional residential dwelling units in an existing single detached dwelling where the total gross floor area of the additional unit(s) does not exceed the gross floor area of the existing dwelling unit;
 - the creation of one additional dwelling unit in any other existing residential building provided the gross floor area of the additional unit does not exceed the smallest existing dwelling unit already in the building.
- Non-Residential:
 - industrial expansion of up to 50% of existing GFA;
 - a board of education;
 - any municipality or local board thereof;
 - a hospital under the Public Hospitals Act;
 - a place of worship exempt from taxation under the Assessment Act;
 - a non-residential farm building;.

Where there is no municipal water and/or municipal sanitary sewer feasibly available within five hundred feet of the building site itself; and no municipal water and/or sanitary sewer main service is scheduled to service the subject lands within five years of the date of approval of the building permit issuance, the Treasurer of the Municipality shall rebate the water services component and/or the sanitary sewer component of the residential or non-residential development charge to the registered owner who applies, and provides proof satisfactory to the Municipality, that adequate private water and/or sanitary services, as the case may be, have been installed and are properly functioning so as to provide ample service to the subject lands.

3. ANTICIPATED DEVELOPMENT IN THE TOWN OF COLLINGWOOD

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3.1 Requirements of the Act

Chapter 4 provides the methodology for calculating a development charge as per the *Development Charges Act, 1997*. Figure 4-1 presents this methodology graphically. It is noted in the first box of the schematic that in order to determine the development charge that may be imposed, it is a requirement of Section 5 (1) of the *Development Charges Act* that “the anticipated amount, type and location of development, for which development charges can be imposed, must be estimated.”

The growth forecast contained in this chapter (with supplemental tables in Appendix A) provides for the anticipated development for which the Town of Collingwood will be required to provide services, over a 10-year (2014-2024) and longer-term (2014-2031) time horizon.

3.2 Basis of Population, Household and Non-Residential Gross Floor Area Forecast

In compiling the growth forecast, a number of documents and sources were consulted to help assess permanent and seasonal development potential area over the forecast period; including:

- The Town of Collingwood 2008 Development Charge (DC) Study, prepared by Watson & Associates Economists Ltd.;
- The Town of Collingwood Official Plan, Office Consolidation December, 2012;
- Places to Grow (Growth Plan for the Greater Golden Horseshoe), 2006. Office Consolidation June, 2013, Schedule 7: Distribution of population and employment for the County of Simcoe to 2031; and
- Discussions with planning staff regarding future residential and non-residential development opportunities for the Town.

3.3 Summary of Growth Forecast

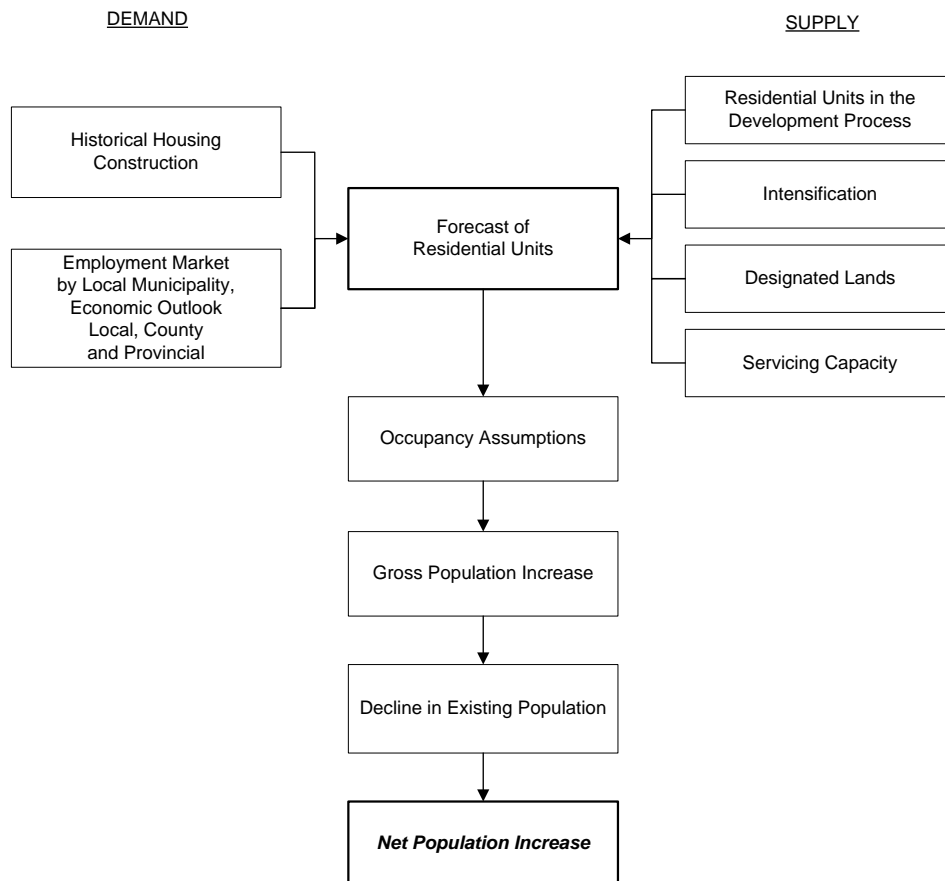
A detailed analysis of the residential and non-residential growth forecasts is provided in Appendix A. The discussion provided herein summarizes the anticipated growth for the Town and describes the basis for the forecast. The results of the residential growth forecast are summarized in Table 3-1 below, and *Schedule 1* in Appendix A, while the forecast methodology employed is illustrated in Figure 3-1.

The population is summarized both including and excluding the net Census undercount. The Census undercount represents the net number of persons missed during Census enumeration. As of 2011, the net Census undercount is estimated at approximately 4%. It is noted that the DC calculation has been derived based on the population forecast excluding the net Census undercount. Accordingly, all references provided herein to the population forecast exclude the Census undercount.

Existing and forecast seasonal dwellings and corresponding population was also added to the residential growth forecast based on information provided in the Town's December 2012 Official Plan (OP)¹.

As identified in Table 3-1 and *Schedule 1*, the Town's combined permanent and seasonal population is anticipated to reach approximately 35,870 by 2024 and 41,790 by 2031, resulting in an increase of 8,160 and 14,090, respectively, over the 10-year and long-term (2014 to 2031) forecast periods.

FIGURE 3-1
HOUSEHOLD FORMATION – BASED POPULATION AND HOUSEHOLD FORECAST MODEL



¹ The Town of Collingwood Official Plan, Office Consolidation, December 2012, pg. 6.

1. Unit Mix (Appendix A – Schedules 1 through 5)

- The unit mix for the Town was informed by historical development activity (as per *Schedule 5*), discussions with planning staff regarding anticipated development trends for the Town, as well as a review of the previous 2009 Collingwood DC Background Study growth forecast.
- Based on the above, the long-term (2014-2031) permanent and seasonal household growth forecast is comprised of a housing unit mix of approximately 58% low density (single detached and semi-detached), 30% medium density (multiples except apartments) and 12% high density (bachelor, 1 bedroom and 2 bedroom apartments).

2. Geographic Location of Residential Development (Appendix A – Schedule 1)

- *Schedule 1* summarizes the anticipated amount, type and location of development for the Town of Collingwood.

3. Planning Period

- Short and long-term (2014-2031) time horizons are required for the DC process. The DCA limits the planning horizon for certain services, such as parks, recreation and libraries, to a 10-year planning horizon. Roads, fire services, water and wastewater and stormwater services utilize a longer planning period.

4. Population in New Units (Appendix A - Schedules 2 through 5)

- The number of permanent and seasonal housing units to be constructed in the Town of Collingwood during the short-term and long-term periods are presented on Table 3-1. Over the 2014-2031 forecast period, the Town is anticipated to average 380 new units per year.
- Population in new units is derived from *Schedules 2 through 4*, which incorporate historical development activity, anticipated units (see unit mix discussion) and average persons per unit by dwelling type for new units.
- *Schedule 6* summarizes the average number of persons per unit (PPU) for the new housing units by age and type of dwelling based on 2011 custom Census data for the Town. The total calculated PPU for all density types has been adjusted to account for the downward PPU trend which has been recently experienced in both new and older units, largely due to the aging of the population. Adjusted 20-year average PPU's by dwelling type are as follows:

- Low density: 2.40
- Medium density: 2.21
- High density: 1.43

5. Existing Units and Population Change (Appendix A - Schedules 2 through 4)

- Existing households as of 2014 are based on the 2011 Census households, plus estimated residential units constructed between 2011 and 2013 assuming a 6-month lag between construction and occupancy (see *Schedule 2*).
- The decline in average occupancy levels for existing housing units is calculated in *Schedules 2 through 4*, by aging the existing population over the forecast period. The forecast population decline in existing households over the 2014 to 2031 forecast period is estimated at approximately 350.

6. Employment (Appendix A, Schedules 8 through 10)

- The employment forecast is largely based on the activity rate method, which is defined as the number of jobs in a municipality divided by the number of residents. The total 2031 employment forecast is based on Schedule 7 of the Growth Plan for the Greater Golden Horseshoe. Key employment sectors include primary, industrial, commercial/population-related, institutional, and work at home, which are considered individually below.
- The Town of Collingwood's 2011¹ employment by place of work is outlined in *Schedule 8a*. The 2011 employment base is comprised of the following sectors:
 1. 35 primary (less than 1%);
 2. 790 work at home employment (approx. 8%);
 3. 1,553 industrial (approx. 17%);
 4. 4,698 commercial/population related (approx. 50%); and
 5. 2,340 institutional (approx. 25%).
- The 2011 employment base by usual place of work, including work at home, is estimated at approximately 9,420. An additional 1,140 employees have been identified for the Town in 2011 that have no fixed place of work (NFPOW).² The 2011 employment base, including NFPOW, totals approximately 10,550.

¹ 2011 employment based on Statistics Canada "Place of Work" custom employment data.

² Statistics Canada defines "No Fixed Place of Work" (NFPOW) employees as, "persons who do not go from home to the same work place location at the beginning of each shift. Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.

- Total employment, including work at home and NFPOW, for the Town of Collingwood is anticipated to reach approximately 12,540 by 2024 and 13,500 by 2031. This represents an employment increase of 1,590 for the 10-year forecast period, and 2,540 for the long term (2014-2031) forecast period.
- *Schedule 8b*, Appendix A, summarizes the employment forecast, excluding work at home employment and NFPOW employment, which is the basis for the DC employment forecast. The impact on municipal services from work at home employees has already been included in the population forecast. The impacts of municipal services related to NFPOW employees have largely been included in the employment forecast by usual place of work (i.e. employment and GFA in the retail and accommodation sector generated from NFPOW construction employment). Furthermore, since these employees have no fixed work address, they cannot be captured in the non-residential gross floor area (GFA) calculation. Accordingly, work at home and NFPOW employees have been removed from the DC employment forecast and calculation.
- Total employment for the Town of Collingwood (excluding work at home and NFPOW employment) is anticipated to reach approximately 10,320 by 2024, and 11,100 by 2031. This represents an employment increase of 1,340 and 2,120 over the 10-year and long-term (2014-2031) forecast periods, respectively.

7. Non-Residential Sq.ft. Estimates (Gross Floor Area (GFA), Appendix A, *Schedule 8b*)

- Square footage estimates were calculated in *Schedule 8b* based on the following employee density assumptions:
 - 1,300 sq.ft. per employee for industrial;
 - 500 sq.ft. per employee for commercial/population-related; and
 - 700 sq.ft. per employee for institutional employment.
- The Town-wide incremental Gross Floor Area (GFA) increase is anticipated to be approximately 886,900 sq.ft. over the 10-year, 1,422,800 sq.ft. over the long term (2014-2031) forecast period.
- In terms of percentage growth, the long-term (2014-2031) incremental GFA forecast by sector is broken down as follows:
 1. industrial – (approx. 34%);
 2. commercial/population-related – (approx. 50%); and
 3. institutional – (approx. 16%).

4. THE APPROACH TO CALCULATION OF THE CHARGE

4.7 Eligible Debt and Committed Excess Capacity

Section 66 of the DCA, 1997 states that, for the purposes of developing a development charge by-law, a debt incurred with respect to an eligible service may be included as a capital cost, subject to any limitations or reductions in the Act. Similarly, s.18 of O.Reg. 82/98 indicates that debt with respect to an ineligible service may be included as a capital cost, subject to several restrictions.

In order for such costs to be eligible, two conditions must apply. First, they must have funded excess capacity which is able to meet service needs attributable to the anticipated development. Second, the excess capacity must be “committed,” that is, either before or at the time it was created, Council must have expressed a clear intention that it would be paid for by development charges or other similar charges; for example, this may have been done as part of previous development charge processes. It is noted that projects which have been debentured to-date and to which the principal and interest costs need to be recovered are included within the capital detail sheets. It is also noted that growth related financing has been included where applicable.

4.8 Existing Reserve Funds

Section 35 of the DCA states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 8 of subsection 5(1).”

There is no explicit requirement under the DCA calculation method set out in s.s.5(1) to net the outstanding reserve fund balance as part of making the DC calculation; however, s.35 does restrict the way in which the funds are used in future.

For services which are subject to a per capita based, service level “cap,” the reserve fund balance should be applied against the development-related costs for which the charge was imposed, once the project is constructed (i.e. the needs of recent growth). This cost component is distinct from the development-related costs for the next 10-year period, which underlie the DC calculation herein.

The alternative would involve the Town spending all reserve fund monies prior to renewing each by-law, which would not be a sound basis for capital budgeting. Thus, the Town will use these reserve funds for the Town’s cost share of applicable development-related projects, which are required but have not yet been undertaken, as a way of directing the funds to the benefit of the development which contributed them (rather than to future development, which will generate the need for additional facilities directly proportionate to future growth).

The Town's Development Charge Reserve Fund Balance by service at December 31, 2013 (adjusted) is shown below:

Service	2013 Reserve Fund Balance	Commitments/ Debt to be issued	2013 Reserve Fund Balance (Adjusted)
Roads and Related	\$2,213,187		\$2,213,187
Airport	\$49,908		\$49,908
Transit	\$21,033		\$21,033
Municipal Parking	\$118,288		\$118,288
Rail Lines	\$72,761		\$72,761
Fire Protection Services	(\$1,463,824)	\$1,463,824	\$0
Police Services	\$183,592		\$183,592
Outdoor Recreation Services	\$1,016,225		\$1,016,225
Indoor Recreation Services	\$365,795		\$365,795
Library Services	\$49,364		\$49,364
Administration	\$140,448		\$140,448
Wastewater Services	\$4,638,317		\$4,638,317
Water Services	(\$693,238)		(\$693,238)
Total	\$6,711,856	\$1,463,824	\$8,175,680

Note: Amounts in brackets are Deficit balances.

4.9 Deductions

The DCA, 1997 potentially requires that five deductions be made to the increase in the need for service. These relate to:

- the level of service ceiling;
- uncommitted excess capacity;
- benefit to existing development;
- anticipated grants, subsidies and other contributions; and
- 10% reduction for certain services.

The requirements behind each of these reductions are addressed as follows:

4.9.1 *Reduction Required by Level of Service Ceiling*

This is designed to ensure that the increase in need included in 4.3 does "...not include an increase that would result in the level of service (for the additional development increment) exceeding the average level of the service provided in the Municipality over the 10-year period immediately preceding the preparation of the background study..." O.Reg. 82.98 (s.4) goes further to indicate that "...both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service."

¹ Rail Reserve balance to be combined with Outdoor Recreation Services Reserve Fund.

In many cases, this can be done by establishing a quantity measure in terms of units such as floor area, land area or road length per capita and a quality measure, in terms of the average cost of providing such units based on replacement costs, engineering standards or recognized performance measurement systems, depending on circumstances. When the quantity and quality factor are multiplied together, they produce a measure of the level of service, which meets the requirements of the Act, i.e. cost per unit.

The average service level calculation sheets for each service component in the DC calculation are set out in Appendix B.

4.9.2 Reduction for Uncommitted Excess Capacity

Paragraph 5 of s.s.5(1) requires a deduction from the increase in the need for service attributable to the anticipated development that can be met using the Town's "excess capacity," other than excess capacity which is "committed" (discussed above in 4.6).

"Excess capacity" is undefined, but in this case must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of uncommitted excess capacity from the future increase in the need for service would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g. if a road widening to accommodate increased traffic is not required because sufficient excess capacity is already available, then widening would not be included as an increase in need, in the first instance.

4.9.3 Reduction for Benefit to Existing Development

This step involves a further reduction in the need, by the extent to which such an increase in service would benefit existing development. The level of services cap in 4.4 is related, but is not the identical requirement. Sanitary, storm and water trunks are highly localized to growth areas and can be more readily allocated in this regard than other services such as services related to a highway, which do not have a fixed service area.

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing library facilities simply replicates what existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as recreation facilities, community parks, libraries, etc., the service is typically provided on a Town-wide system basis. For example, facilities of the same type may provide different services (i.e. leisure pool vs. competitive pool), different programs (i.e. hockey

5. DEVELOPMENT CHARGE ELIGIBLE COST ANALYSIS BY SERVICE

5.2.2 Airport

The Town currently provides 15,433 sq.ft. of airport space in three buildings, a maintenance building, a Quanset building and the terminal. This represents 0.76 sq.ft. of facility space per capita and a value of \$105 per capita. Based on this service standard the Town would be eligible to collect an additional \$857,278 from DC's for additional airport space over the 10-year period. In addition to the facility space, there are also 1,046,500 sq.ft. of runway and taxiways at the airport. This provides the Town with a service standard of \$233 per capita or 42.5 sq.ft. per capita equating to an additional amount of \$1,901,244 in DC eligible funding over the 10-year forecast period.

The Town has identified the need for additional space in the amount of \$350,000 and a new taxiway at a cost of \$1,300,000 to service growth. Attributions to post period benefit of \$305,000 and benefit to existing of \$1,040,000 have been made. In additional, the reserve fund surplus of \$49,908 has been deducted resulting in a net growth related cost of \$255,092 (prior to the 10% mandatory deduction for inclusion in the DC calculations).

The residential/non-residential allocation for airport services is based on the relationship between population and employment resulting in an allocation of 86% to residential and 14% to non-residential.

5.2.5 Outdoor Recreation Services

The Town currently has 264.6 acres of parkland within its jurisdiction. This parkland consists of various sized community parks, neighbourhood parks, waterfront parks including both active parks and open space areas. The Town has sustained the current level of service over the historic 10-year period (2004-2013), with an average of 10 acres of parkland and 2.7 parkland amenity items per 1,000 population. The Town also provides 3 kilometres of trails per capita and 0.6 launch ramps and docks per 1,000 population. Including parkland, parkland amenities (e.g. ball diamonds, playground equipment, soccer fields, etc.), trails, marina launch pads and docks, the level of service provided is approximately \$1,788 per capita. When applied over the forecast period, this average level of service translates into a DC-eligible amount of \$14,595,852.

Based on the projected growth over the 10-year forecast period, the Town has identified \$27,092,410 in future growth capital costs for parkland development. These projects include, the development of additional parks including amenities, trails, and docking. Allocations for a post period benefit of \$4,682,200 and existing development benefit of \$8,280,000 have been made along with reductions of \$1,016,225 and \$72,761 to recognize the reserve fund surpluses in the outdoor recreation reserve fund and the rail service lines reserve fund, respectively. The net growth capital cost after the mandatory 10% deduction is \$11,628,203 for inclusion in the DC.

The Town has an inventory of 64 vehicles/equipment for recreation purposes including mowers, trailers, trucks, tractors, ice resurfacers, etc. which are valued at \$1.14 million. This investment equates to \$39 per capita or 2.4 vehicles/equipment per 1,000 population. The DC recoverable cost this service standard provides is \$315,582 for the 10-year forecast period. Town staff have identified \$810,000 in costs for vehicles and equipment related to recreation with \$320,300 attributable to the post 10-year forecast period and \$175,000 attributable to existing development. This results in a net growth related cost, after the 10% mandatory deduction, of \$283,230 for inclusion in the DC calculation.

As the predominant users of outdoor recreation tend to be residents of the Town, the forecast growth-related costs have been allocated 95% to residential and 5% to non-residential.

5.2.7 Library Services

The Town provides library facility space which totals 20,000 sq. ft. Over the past ten years, the average level of service was 0.68 sq. ft. of space per capita or an investment of \$239 per capita. Based on the service standard over the past ten years, the Town would be eligible to collect a total of \$1,949,977 from DC's for library services.

Currently, the outstanding debt for the new main library that was opened in 2010 has been identified for inclusion in the DC. The debt principal and interest, discounted, totals \$3,296,574 with \$1,021,222 attributable to the post 10 year forecast period and \$1,650,000 attributable to existing development. The current reserve fund surplus of \$49,364 has been deducted resulting in a net growth related cost of \$575,988 for inclusion in the DC calculations.

The Town has an inventory of library collection items (70,751 items currently). These collection items include various materials such as books, periodicals, reference materials, audio visual materials and electronic resources, all of which have a total value of approximately \$4.9 million. Over the past ten years, the average level of service was 2.78 collection items per capita or an investment of \$181 per capita. Based on this service standard, the Town would be eligible to collect approximately \$1,473,993 from DC's for library collection items (over the 10-year period).

Based on the projected growth over the 10-year forecast period (2014-2023), expansion to the collection has been identified for future capital. The net growth related capital cost to be included in the DC is \$1,323,000 (after the mandatory 10% deduction).

While library usage is predominately residential based, there is some use of the facilities by non-residential users, for the purpose of research. To acknowledge this use of the growth-related capital costs have been allocated 95% residential and 5% non-residential.

5.3 Service Levels and 18-Year Capital Costs for Collingwood's DC Calculation

This section evaluates the development-related capital requirements for those services with 18-year capital costs.

5.3.1 Roads and Related

Collingwood owns and maintains 161.6 km of arterial and collector roads, as well as 64.8 km of sidewalks and 24 sets of traffic signals. This provides an average level of investment of \$3,383 per capita, resulting in a DC-eligible recovery amount of \$47.66 million over the 18-year forecast period.

With respect to future needs, the identified roads program was reviewed with staff by CC Tatham and totals \$71,063,700. The capital projects include various works related to adding capacity to the roads system including road improvements/expansions, intersection improvements and additional sidewalks. In addition to these costs outstanding credits have been included at a value of \$509,161 and a deduction of \$2,213,187, the DC reserve fund surplus balance, has been made. Additional deductions include \$9,735,600 related to growth in the post period, \$16,849,400 related to existing development and \$8,608,150 of contributions from others, have been made. The net growth related cost attributable to growth in the 18-year forecast is therefore, \$34,166,524, which has been included in the DC calculations.

The Public Works Department has a variety of vehicles and major equipment totalling approximately \$5.16 million. The inventory provides for a per capita standard of \$195. Over the forecast period, the DC-eligible amount for vehicles and equipment is \$2,754,118. Additional vehicles and equipment will be required to service growth over the forecast period and therefore, an amount of \$2,754,000 has been included in the DC calculation.

The Town operates their Public Works service out of a number of facilities. The facilities provide 400,574 sq.ft. of building area, providing for an average level of service of 15.83 sq.ft. per capita or \$2,184 per capita. This level of service provides the Town with a maximum DC-eligible amount for recovery over the 18-year forecast period of \$30,775,025.

An addition to office space has been included at a cost of \$380,000. In addition, the outstanding debt related to the office & shop addition has been included. The debt principal and interest, discounted, totals \$8,452,179 with \$1,060,017 attributed to post period benefit. The net amount included in the DC is \$7,772,072.

5.3.2 Police Services

The Collingwood Police Service operates from one police station and a storage garage which amount to 15,142 sq. ft. of building area, providing for a per capita average level of service of 0.28 sq. ft. per capita or \$110 per capita. This level of service provides the Town with a maximum DC-eligible amount for recovery over the 18-year forecast period of \$1,545,704.

To service growth over the 18-year forecast period, staff have identified the need to include a provision for additional space as well as upgrades/expansion of cells & removal of the underground fuel tanks that were on the site to service the Fire service when the facility was shared. The total cost identified is \$2,640,000 with a benefit to existing development of \$1,836,092. The current surplus in the DC reserve fund in the amount of \$183,592 has been deducted resulting in a net growth related cost of \$803,908 for inclusion in the DC calculations.

The police service currently has 35.23 police officers assigned to Collingwood through a contract with the OPP. The value of equipment and gear for these officers provides a calculated average level of service for the historic 10-year period of \$2 per capita, providing for a DC-eligible amount over the forecast period of \$22,402. A provision of \$22,400 has been included in the DC calculations to provide for equipment and gear for additional officers assigned to Collingwood due to growth over the forecast period.

The costs for the Collingwood Police Service are shared 87%/13% between residential and non-residential based on the population to employment ratio over the 18-year forecast period.

5.3.3 Fire Protection Services

Collingwood currently operates its fire services from one facility with 20,329 sq.ft. of space, providing for a per capita average level of service of 0.4 sq.ft. per capita or \$145 per capita. This level of service provides the Town with a maximum DC-eligible amount for recovery over the forecast period of \$2,048,963.

Expansion of fire protection services will be required in the future to service growth and therefore, a provision of \$2.5 million has been identified with a post period benefit of \$1,413,400. Further, the outstanding debt, related to the new fire station that the service began operating out of in 2013, in the amount of \$1,755,337 has been included. This amount is the total principal and interest, discounted that is outstanding as of 2014. A post period benefit of \$218,174 has been made. In total, the net growth related costs to be included in the DC calculations, is \$2,623,262.

The fire department has a current inventory of 10 vehicles which are used in Collingwood as well as a Zodiak which is shared with the Town of the Blue Mountains. The total DC-eligible amount calculated for fire vehicles over the forecast period is \$2,327,644, based on a standard of \$165 per capita.

The need for five additional fire vehicles has been identified, having a gross capital cost of \$3,528,000. In addition, the outstanding debt principal and interest (discounted) of \$177,216 has been included resulting in a grand total of \$3,705,216 being identified for inclusion in the development charge. The need for four additional vehicles, to service growth over the 18-year forecast period has been identified at a growth related cost of \$1,255,000. This amount has been included in the DC calculations.

The fire department provides 43 items of equipment and gear for the use in fire services. This results in a calculated average level of service for the historic 10-year period of \$13 per capita, providing for a DC-eligible amount over the forecast period of \$187,665 for small equipment and gear.

Based on growth-related needs, the fire department has identified the need for additional equipment and gear for firefighters as well as gas detection equipment. The growth capital cost for the related equipment and net amount included in the development charge totals \$162,000 for inclusion in the DC calculation.

These costs are shared between residential and non-residential based on the population to employment ratio over the forecast period, resulting in 87% being allocated to residential development and 13% being allocated to non-residential development.

5.4 Service Levels and Urban 18-Year Capital Costs for Collingwood's DC Calculation

This section evaluates the development-related capital requirements for those services with urban 18-year capital costs.

5.4.1 Wastewater Services

CC Tatham, in conjunction with staff, undertook a review of the wastewater services required to service growth over the forecast period to 2031, details of their work is provided in Appendix G. The wastewater treatment plant works required over the forecast period include the WPCP expansion to increase capacity by 12,000 m³/day. As well, expansion of the Black Ash sewage pumping station, Class EAs and studies have been identified. These projects will service growth in the current 18-year forecast period and the post 18-year forecast period. The gross cost of the projects is \$77.53 million of which \$31.6 million is attributable to growth in the post period. The current surplus in the reserve fund of \$4,638,317 has been deducted from the growth related costs resulting in a net cost of \$40,091,683 included in the DC calculations.

For sanitary sewers a number of projects have been identified totalling \$4.83 million of which \$3,349,600 benefits growth in post period and \$54,200 benefits existing development. As well, a master servicing study for \$120,000 has been identified and outstanding credit obligations totalling \$314,432 have been included. Finally, outstanding debt for the south servicing in the amount of \$1,815,076 has been identified with \$224,927 attributable to growth in the forecast period. The net growth related amount for inclusion in the DC is therefore, \$3,450,781.

The residential/non-residential capital cost allocation for wastewater services would be based on an 87%/13% split based on the incremental growth in population water flows to employment water flows, for the 18-year forecast period.

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

The Town of Collingwood
Service: Wastewater - Sewers

Pj.No	Increased Service Needs Attributable to Anticipated Development 2014-2031	Timing (year)	Gross Capital Cost Estimate (2014)	Post Period Benefit	Other Deductions	Net Capital Cost	Benefit to Existing Development	Less: Grants, Subsidies and Other Contributions Attributable to New Development	Total		
									Total	Residential Share 87%	Non-Residential Share 13%
1	Through future development, south of Mountain Road between the Eleventh Line and west limit Oversizing of trunk sewer through future development	2028	117,000	117,000		-	-		-	-	-
2	Through future development, north of Mountain Road between the Tenth Line to beyond the Eleventh Line - Oversizing of trunk sewer through future development	2025	255,000	178,500		76,500	-		76,500	66,482	10,018
3	Through future development, along Black Ash Creek from Sixth Street to the south limit - Oversizing of trunk sewer through future development	2031	81,000	81,000		-	-		-	-	-
4	Mountain Road from Tenth Line to Balsam Street - Trunk sewer (twinning of existing)	2020	2,317,000	1,853,600		463,400	-		463,400	402,717	60,683
5	Harbour Street from the Georgian Trail to the Tenth Line - Extension of the existing trunk sewer	2030	540,000	540,000		-	-		-	-	-
6	Harbourview Park Interceptor from High Street to the WPCP - Trunk sewer (twinning of existing)	2025	1,159,000	579,500		579,500	-		579,500	503,613	75,887
7	Huronario Street from Lockhart Road to Collins Street - Trunk sewer to replace the existing sewer	2024	361,000	-		361,000	54,200		306,800	266,624	40,176
8	Master Servicing Study	2015	120,000	-		120,000	-		120,000	104,286	15,714
	Outstanding Credits & Debt										
9	Lotco II Limited		314,432	-		314,432	-		314,432	273,256	41,176
10	South Servicing Debt - Principal (Discounted)	2015-2034	1,002,135	199,869		802,266	-		802,266	697,207	105,059
11	South Servicing Debt - Interest (Discounted)	2015-2034	812,941	25,058		787,884	-		787,884	684,709	103,175
	Total		7,079,508	3,574,527	-	3,504,981	54,200	-	3,450,781	2,998,893	451,888

5.4.2 Water Services

For water services, CC Tatham, along with staff reviewed and assessed the works required to service growth. From this review, a number of projects related to facilities were identified including expansions to booster pumping stations and reservoirs, upgrades to the water treatment plant and an expansion of the water treatment plant as well as a Class EA and studies relating to the Zone 3 booster pumping station and reservoir. The total gross cost of \$35,595,000 has been identified for these projects. Deductions to this amount include \$4.2 million related to growth in the post 2031 period, \$1,255,000 related to existing development along with \$15 million anticipated as a recovery from others. In addition to these costs, the deficit in the current DC reserve fund, of \$693,238 has been included which results in an overall cost of \$15,833,238 for the DC calculations.

A total program for linear water services, including a master servicing study and outstanding credit obligations provide for a gross total of \$10,618,347. From this amount, deductions have been made to recognize works that will benefit growth in the post 2031 period, of \$4,458,600 and works that provide a benefit to existing of \$691,100. Based on these reductions, the net growth related costs for inclusion in the DC calculations is \$5,468,647.

The residential/non-residential capital cost allocation for wastewater services would be based on an 87%/13% split based on the incremental growth in population water flows to employment water flows, for the 18-year forecast period.

6. DEVELOPMENT CHARGE CALCULATION

6. DEVELOPMENT CHARGE CALCULATION

Table 6-1 calculates the proposed uniform development charges to be imposed for infrastructure services based upon an urban 18-year horizon (wastewater and water). Table 6-2 calculates the proposed uniform development charge to be imposed on anticipated development in the Town for Municipal-wide services over an 18-year planning horizon. Table 6-3 calculates the proposed uniform development charge to be imposed on anticipated development in the Town for Municipal-wide services over a 10-year planning horizon

The calculation for residential development is generated on a per capita basis and is based upon four housing types (single and semi-detached, apartments 2+ bedrooms, apartment's bachelor and 1 bedroom, and other multiples). The non-residential development charge has been calculated on a per sq.ft. of gross floor area basis for all types of non-residential development (industrial, commercial and institutional). Wind Turbines are deemed to be equivalent to a residential single detached unit as it relates to Roads and Related and Fire Protection Services only.

The DC-eligible costs for each service component were developed in Chapter 5 for all Town services, based on their proposed capital programs.

For the residential calculations, the total cost is divided by the "gross" (new resident) population to determine the per capita amount. The eligible DC cost calculations set out in Chapter 5 are based on the net anticipated population increase (the forecast new unit population less the anticipated decline in existing units). The cost per capita is then multiplied by the average occupancy of the new units (Appendix A, Schedule 5) to calculate the charge in Tables 6-1, 6-2 and 6-3.

With respect to non-residential development, the total costs in the uniform charge allocated to non-residential development (based on need for service) have been divided by the anticipated development over the planning period to calculate a cost per sq.ft. of gross floor area.

Table 6-4 summarizes the total development charge that is applicable for Municipal-wide services and Table 6-5 summarizes the gross capital expenditures and sources of revenue for works to be undertaken during the 5-year life of the by-law.

7. DEVELOPMENT CHARGE POLICY RECOMMENDATIONS AND DEVELOPMENT CHARGE BY-LAW RULES

7.2 Development Charge By-law Structure

It is recommended that:

- the Town uses a uniform Municipal-wide development charge calculation for all municipal services;
- one municipal development charge by-law be used for the Town for all services.

7.3 Development Charge By-law Rules

The following subsections set out the recommended rules governing the calculation, payment and collection of development charges in accordance with Section 6 of the *Development Charges Act, 1997*.

It is recommended that the following sections provide the basis for the development charges:

7.3.1 *Payment in any Particular Case*

In accordance with the *Development Charges Act, 1997*, s.2(2), a development charge be calculated, payable and collected where the development requires one or more of the following:

- a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- b) the approval of a minor variance under Section 45 of the *Planning Act*;
- c) a conveyance of land to which a by-law passed under section 50(7) of the *Planning Act* applies;
- d) the approval of a plan of subdivision under Section 51 of the *Planning Act*;
- e) a consent under Section 53 of the *Planning Act*;
- f) the approval of a description under section 50 of the *Condominium Act*; or
- g) the issuing of a building permit under the *Building Code Act* in relation to a building or structure.

7.3.2 *Determination of the Amount of the Charge*

The following conventions be adopted:

- 1) Costs allocated to residential uses will be assigned to different types of residential units based on the average occupancy for each housing type constructed during the previous decade. Costs allocated to non-residential uses will be assigned to industrial, commercial and institutional uses based on the gross floor area constructed.
- 2) Costs allocated to residential and non-residential uses are based upon a number of conventions, as may be suited to each municipal circumstance, e.g.
 - for administration, transit, municipal parking and airport space, the costs have been based on an employment vs. population growth ratio (86% / 14% respectively);
 - for library, outdoor recreation and indoor recreation services, a 5% non-residential attribution has been made to recognize use by the non-residential sector;
 - for roads and related and police services, a 13% non-residential attribution has been made based on a population vs. employment growth ratio over the twenty year forecast period;
 - for fire services, an 87% residential / 13% non-residential allocation has been made based on the land coverage within the Town;
 - for water and wastewater a 13% non-residential attribution has been made based on the population growth vs. employment growth ratio over the eighteen-year forecast period;

7.3.3 Application to Redevelopment of Land (Demolition and Conversion)

If a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- 1) the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or
- 2) the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures, and if the demolition permit related to the site was issued, less than 60 months prior to the issuance of a building permit. The credit can, in no case, exceed the amount of development charges that would otherwise be payable.

Credit for OPA # 10 and # 12 Lands:

If a development involves the demolition and replacement of a building or structure on the lands affected by OPA 10 and 12 as shown on Schedule C in the by-law in Appendix E, a redevelopment credit will be allowed for the demolition of the industrial use structures towards the commercial use development. This redevelopment credit will be applicable during the sixty month life of the by-law. The credit will be equivalent to the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

7.3.4 Exemptions (full or partial)

a) Statutory exemptions

- industrial building additions of up to and including 50% of the existing gross floor area (defined in O.Reg. 82/98, s.1) of the building; for industrial building additions which exceed 50% of the existing gross floor area, only the portion of the addition in excess of 50% is subject to development charges (s.4(3));
- buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education (s.3);
- residential development that results in only the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (based on prescribed limits set out in s.2 of O.Reg. 82/98).

b) Non-statutory exemptions

- hospitals
- places of worship
- non-residential farm buildings
- the issuance of a building permit in accordance with Section 2(3) of the Act.

7.3.5 Phasing in

No provisions for phasing-in the development charge are provided in the development charge by-law.

7.3.6 Non-Residential Charges

Currently, the Town discounts the non-residential development charges. It is recommended that the current rates be continued for the five year term of the by-law, subject to annual indexing, and therefore, not be implemented at the calculated rates.

7.3.7 Wind Turbines

As part of the Development Charge process, staff reviewed the projects included within the development charge background study and the various rules that would ultimately be incorporated into the development charge by-law. In regards to Wind Turbines, the services that are impacted by this type of development include Roads and Related and Fire Protection Services. The impact on these services are similar to a residential single detached unit and therefore, 100% of the Roads and Related and Fire Protection Services are recommended as a new charge in the event that Wind Turbines are developed within the Town.

7.3.8 Timing of Collection

Development charges shall be calculated and payable in full in money or by provision of services as may be agreed upon, or by credit granted under the Act, on the date that the first building permit is issued in relation to a building or structure on land to which a development charge applies.

Where development charges apply to land in relation to which a building permit is required, the building permit shall not be issued until the development charge has been paid in full.

7.3.9 Indexing

Indexing of the development charges shall be implemented on a mandatory basis annually on the first day of January, in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (CANSIM Table 327-0043)¹ for the most recent year over year period, beginning in January, 2015 and every subsequent year.

¹ O.Reg. 82/98 referenced "The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007" as the index source. As of the end of December, 2013 this catalogue has been discontinued and replaced by this web based table.

7.3.10 The Applicable Areas

The charges developed herein are applicable to all areas of the Town.

7.4 Other Development Charge By-law Provisions

It is recommended that:

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

The Town's development charge collections are currently reserved in thirteen separate reserve funds: Protection; Roads-Related; Parks and Recreation; Libraries; Administration; Water; and Sanitary Sewer. It is recommended that twelve separate reserve funds be established: Wastewater Services, Water Services, Roads and Related, Fire Protection Services, Police Protection Services, Transit, Municipal Parking, Airport Space, Outdoor Recreation Services, Indoor Recreation Services, Library Services and Administration Services. It is recommended that this breakdown be implemented in conjunction with the new by-law. Appendix F outlines the reserve fund policies that the Town is required to follow as per the DC Act.

7.4.2 By-law In-force Date

A by-law under DCA, 1997 comes into force on the day after which the by-law is passed by Council.

7.4.3 Minimum Interest Rate Paid on Refunds and Charged for Inter-Reserve Fund Borrowing

The minimum interest rate is the Bank of Canada rate on the day on which the by-law comes into force (as per s.11 of O.Reg. 82/98)

7.5 Other Recommendations

It is recommended that Council:

“Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development (or new development as applicable)”;

“Adopt the assumptions contained herein as an ‘anticipation’ with respect to capital grants, subsidies and other contributions”;

8. BY-LAW IMPLEMENTATION

8. BY-LAW IMPLEMENTATION

8.1 Public Consultation Process

8.1.1 *Introduction*

This chapter addresses the mandatory, formal public consultation process (Section 8.1.2), as well as the optional, informal consultation process (Section 8.1.3). The latter is designed to seek the co-operation and participation of those involved, in order to produce the most suitable policy. Section 8.1.4 addresses the anticipated impact of the development charge on development from a generic viewpoint.

8.1.2 *Public Meeting of Council*

Section 12 of the DCA, 1997 indicates that before passing a development charge by-law, Council must hold at least one public meeting, giving at least 20 clear days' notice thereof, in accordance with the Regulation. Council must also ensure that the proposed by-law and background report are made available to the public at least two weeks prior to the (first) meeting.

Any person who attends such a meeting may make representations related to the proposed by-law.

If a proposed by-law is changed following such a meeting, Council must determine whether a further meeting (under this section) is necessary (i.e. if the proposed by-law which is provided for adoption has been changed in any respect, Council should formally consider whether an additional public meeting is required, incorporating this determination as part of the final by-law or associated resolution. It is noted that Council's decision, once made, is final and not subject to review by a Court or the OMB).

8.1.3 *Other Consultation Activity*

There are three broad groupings of the public who are generally the most concerned with Town development charge policy:

1. The first grouping is the residential development community, consisting of land developers and builders, who are typically responsible for generating the majority of the development charge revenues. Others, such as realtors, are indirectly impacted by development charge policy. They are, therefore, potentially interested in all aspects of the charge, particularly the quantum by unit type, projects to be funded by the DC and

the timing thereof, and Town policy with respect to development agreements, DC credits and front-ending requirements.

2. The second public grouping embraces the public at large and includes taxpayer coalition groups and others interested in public policy.
3. The third grouping is the industrial/commercial/institutional development sector, consisting of land developers and major owners or organizations with significant construction plans, such as hotels, entertainment complexes, shopping centres, offices, industrial buildings and institutions. Also involved are organizations such as Industry Associations, the Chamber of Commerce, the Board of Trade and the Economic Development Agencies, who are all potentially interested in Town development charge policy. Their primary concern is frequently with the quantum of the charge, gross floor area exclusions such as basements, mechanical or indoor parking areas, or exemptions and phase-in or capping provisions in order to moderate the impact.

8.2 Anticipated Impact of the Charge on Development

The establishment of sound development charge policy often requires the achievement of an acceptable balance between two competing realities. The first is that high non-residential development charges can, to some degree, represent a barrier to increased economic activity and sustained industrial/commercial growth, particularly for capital intensive uses. Also, in many cases, increased residential development charges can ultimately be expected to be recovered via higher housing prices and can impact project feasibility (e.g. rental apartments).

On the other hand, development charges or other Town capital funding sources need to be obtained in order to help ensure that the necessary infrastructure and amenities are installed. The timely installation of such works is a key initiative in providing adequate service levels and in facilitating strong economic growth, investment and wealth generation.

8.3 Implementation Requirements

8.3.1 Introduction

Once the Town has calculated the charge, prepared the complete background study, carried out the public process and passed a new by-law, the emphasis shifts to implementation matters.

These include notices, potential appeals and complaints, credits, front-ending agreements, subdivision agreement conditions and finally the collection of revenues and funding of projects.

The sections which follow overview the requirements in each case.

8.3.2 Notice of Passage

In accordance with s.13 of the DCA, when a DC by-law is passed, the Town Clerk shall give written notice of the passing and of the last day for appealing the by-law (the day that is 40 days after the day it was passed). Such notice must be given no later than 20 days after the day the by-law is passed (i.e. as of the day of newspaper publication or the mailing of the notice).

Section 10 of O.Reg. 82/98 further defines the notice requirements which are summarized as follows:

- notice may be given by publication in a newspaper which is (in the Clerk's opinion) of sufficient circulation to give the public reasonable notice, or by personal service, fax or mail to every owner of land in the area to which the by-law relates;
- s.s.10(4) lists the persons/organizations who must be given notice; and
- s.s.10(5) lists the eight items which the notice must cover.

8.3.3 By-law Pamphlet

In addition to the "notice" information, the Town must prepare a "pamphlet" explaining each development charge by-law in force, setting out:

- a description of the general purpose of the development charges;
- the "rules" for determining if a charge is payable in a particular case and for determining the amount of the charge;
- the services to which the development charges relate; and
- a description of the general purpose of the Treasurer's statement and where it may be received by the public.

Where a by-law is not appealed to the OMB, the pamphlet must be readied within 60 days after the by-law comes into force. Later dates apply to appealed by-laws.

The Town must give one copy of the most recent pamphlet without charge, to any person who requests one.

8.3.4 Appeals

Sections 13-19 of the DCA, 1997 set out the requirements relative to making and processing a DC by-law appeal and OMB Hearing in response to an appeal. Any person or organization may appeal a DC by-law to the OMB by filing a notice of appeal with the Town Clerk, setting out the objection to the by-law and the reasons supporting the objection. This must be done by the last day for appealing the by-law, which is 40 days after the by-law is passed.

The Town is carrying out a public consultation process, in order to address the issues which come forward as part of that process, thereby avoiding or reducing the need for an appeal to be made.

8.3.5 Complaints

A person required to pay a development charge, or his agent, may complain to the Town Council imposing the charge that:

- the amount of the charge was incorrectly determined;
- the reduction to be used against the development charge was incorrectly determined; or
- there was an error in the application of the development charge.

Sections 20-25 of the DCA, 1997 set out the requirements that exist, including the fact that a complaint may not be made later than 90 days after a DC (or any part of it) is payable. A complainant may appeal the decision of Town Council to the OMB.

8.3.6 Credits

Sections 38-41 of the DCA, 1997 set out a number of credit requirements, which apply where a Town agrees to allow a person to perform work in the future that relates to a service in the DC by-law.

These credits would be used to reduce the amount of development charges to be paid. The value of the credit is limited to the reasonable cost of the work which does not exceed the average level of service. The credit applies only to the service to which the work relates, unless the Town agrees to expand the credit to other services for which a development charge is payable.

8.3.7 Front-Ending Agreements

The Town and one or more landowners may enter into a front-ending agreement which provides for the costs of a project which will benefit an area in the Town to which the DC by-law applies.

APPENDIX D
DEVELOPMENT CHARGE RESERVE FUND POLICY

APPENDIX D - DEVELOPMENT CHARGE RESERVE FUND POLICY

D.1 Legislative Requirements

The DCA, 1997 requires development charge collections (and associated interest) to be placed in separate reserve funds. Sections 33 through 36 of the Act provide the following regarding reserve fund establishment and use:

- a Town shall establish a reserve fund for each service to which the DC by-law relates; s.7(1), however, allows services to be grouped into categories of services for reserve fund (and credit) purposes, although only 100% eligible and 90% eligible services may be combined (minimum of two reserve funds);
- the Town shall pay each development charge it collects into a reserve fund or funds to which the charge relates;
- the money in a reserve fund shall be spent only for the “capital costs” determined through the legislated calculation process (as per s.5(1) 2-8);
- money may be borrowed within the DC reserve funds but must be paid back with interest (O.Reg. 82/98, s.11(1) defines this as the Bank of Canada rate either on the day the by-law comes into force or, if specified in the by-law, the first business day of each quarter); and
- DC reserve funds may not be consolidated with other Town reserve funds for investment purposes (s.37).

Annually, the Treasurer of the Town is required to provide Council with a financial statement related to the DC by-law(s) and reserve funds. This statement must also be forwarded to the Minister of Municipal Affairs and Housing within 60 days of the statement being filed with Council.

O.Reg. 82/98 prescribes the information that must be included in the Treasurer’s statement, as follows:

- opening balance;
- closing balance;
- description of each service and/or service category for which the reserve fund was established;
- transactions for the year (e.g. collections, draws);
- list of credits by service or service category (outstanding at beginning of the year, given in the year and outstanding at the end of the year by holder);
- amounts borrowed, purpose of the borrowing and interest accrued during previous year;



APPENDIX F
PROPOSED DEVELOPMENT CHARGE BY-LAW

resolution of the Municipal Council, the Municipal Treasurer shall calculate forthwith the amount of any overpayment to be refunded as a result of said amendment or repeal.

- (2) Refunds that are required to be paid under subsection (1) shall be paid with interest to be calculated as follows:
 - (a) Interest shall be calculated from the date on which the overpayment was collected to the date on which the refund is paid;
 - (b) The Bank of Canada interest rate in effect on the date of enactment of this by-law shall be used.
- (3) Refunds that are required to be paid under subsection (1) shall include the interest owed under this section.

BY-LAW INDEXING

16. The development charges imposed pursuant to this By-law shall be adjusted annually, without amendment to this By-law, commencing on the first day of January in the year following the enactment of this By-law and every subsequent year, in accordance with the Act.

SEVERABILITY

17. In the event any provision, or part thereof, of this by-law is found by a court of competent jurisdiction to be ultra vires, such provision, or part thereof, shall be deemed to be severed, and the remaining portion of such provision and all other provisions of this by-law shall remain in full force and effect.

HEADINGS FOR REFERENCE ONLY

18. The headings inserted in this by-law are for convenience of reference only and shall not affect the construction of interpretation of this by-law.

BY-LAW REGISTRATION

19. A certified copy of this by-law may be registered on title to any land to which this by-law applies.

BY-LAW ADMINISTRATION

20. This by-law shall be administered by the Town Treasurer.