

Town of The Blue Mountains Development Charges Council Information Session



Friday, March 9th, 2018

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Today we will discuss...

- What are Development Charges (DCs)?
- Overview of *Development Charges Act (DCA)*
- Amendments to the DCA & Associated Regulations
- Summary of Ineligible & Eligible Services
- DCs in The Blue Mountains
- Overview of DC Background Study Process
- Proposed Project Timeline
- DC Policy Considerations
- Questions?

What Are Development Charges (DCs)?

- Fees imposed on new development to finance “development-related” capital costs
- Pays for new infrastructure and facilities to maintain service levels
- Principle is “growth pays for growth” so that financial burden is not borne by existing tax/rate payers
- In reality, development charges cannot fully fund growth due to statutory limitations

Other Municipal Revenue Sources

- Direct Developer Contributions
 - Infrastructure required as part of a subdivision agreement
 - i.e. internal roads, sidewalks, streetlights, small water/sewer mains, park elements etc.
- Property Taxes and Utility Rates
 - Long-term repair and replacement of infrastructure
 - Statutory and non-statutory reductions on DCs
 - Ineligible infrastructure
- Federal and Provincial grants
- Debt

Overview of the *DCA*

- Requirements of legislation:
 - A background study and public process are required
 - A by-law must be enacted and has a maximum life of 5 years
 - Restriction on services that can be included and the level of growth-related capital costs recovered
 - Charges can be municipal-wide and/or area-specific
 - Dedicated reserve funds are required
 - Credit and “front-ending” agreements are permitted

New Amendments to the DCA and Associated Regulations

- Effective as of January 1, 2016:
 - Ineligible services to be prescribed by *Regulations*
 - Transit services are no longer subject to a 10% reduction and based on a “*planned*” level of service
 - Waste collection and treatment are now eligible
 - Asset Management Plan (AMP) must demonstrate that assets are “*financially sustainable*” over their full lifecycle
 - Longer consultation period – DC Background Study made available 60 days prior to the passage of a DC By-law
 - Additional reporting requirements

Overview of the *DCA*: *Ineligible Services*

- Service exclusions:
 - Cultural and entertainment facilities, including museums, theatres and art galleries
 - Tourism facilities including convention centres
 - Parkland acquisition
 - Hospitals
 - Headquarters for general administration of municipalities and local boards
 - Landfill sites and solid waste incineration facilities*

Overview of the *DCA*: *Eligible Services*

- Eligible capital costs:
 - Costs to acquire and improve land
 - Building and structure costs
 - Rolling stock with a useful life of 7 years or more
 - Furniture and equipment, excluding computer equipment
 - Development-related studies
 - Engineering fees, contingencies
 - Past expenditures that still need to be funded through future DCs (i.e. debentures)
 - Interest and financing costs

Eligible Services: 100% Cost Recovery

Service	Statutory Maximum Planning Period
Roads & Related	Build-Out
Public Works (Buildings & Fleet)	Build-Out
Water	Build-Out
Sanitary Sewer	Build-Out
Stormwater Management	Build-Out
Protection Services (Police & Fire)	Build-Out
Transit*	10-years

* Transit is now eligible for a forward-looking 10-year service level & funding envelope, and is 100% cost recoverable

Eligible Services: 90% Cost Recovery

Typical Services	Statutory Maximum Planning Period
General Government	10-years
Library	10-years
Parks and Indoor Recreation	10-years
Child Care	10-years
Social Housing	10-years
Paramedic Services	10-years
Long Term Care	10-years
Municipal Parking	10-years

DCs in The Blue Mountains: Current Eligible Services

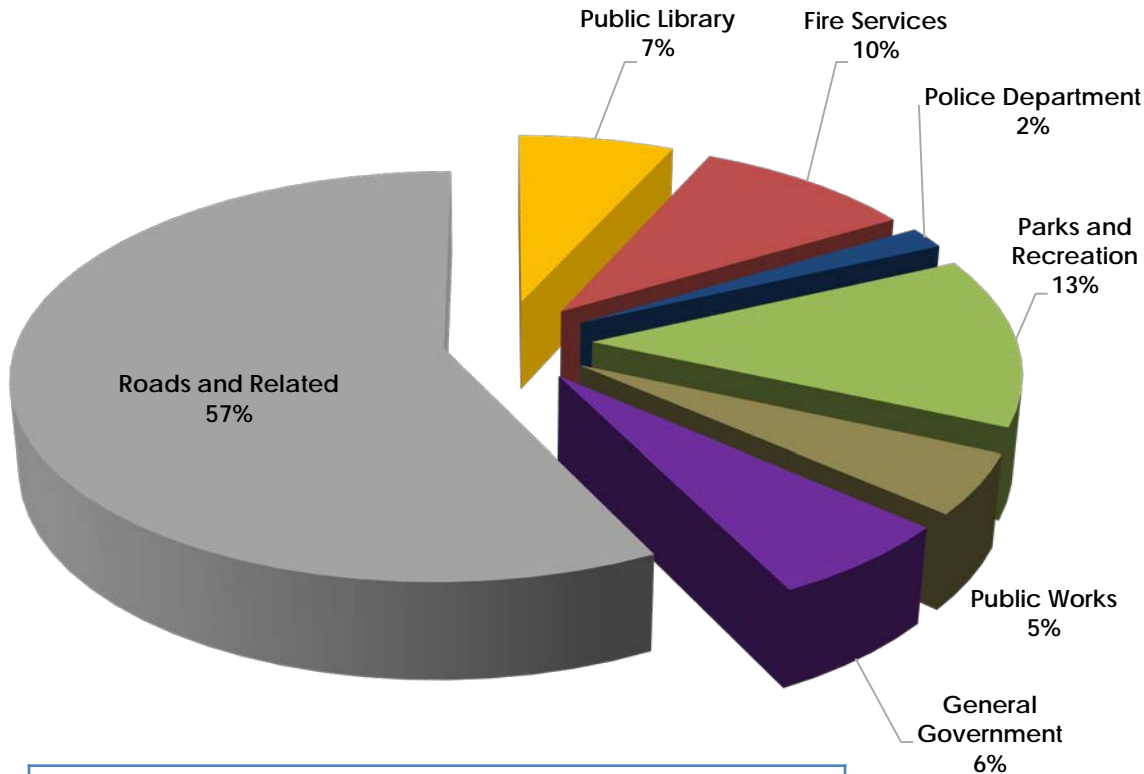
Town-wide Services	Planning Period in 2014 DC Study	Cost Recovery
Roads and Related*	10-year & Build-Out	100%
Fire	10-years	100%
Public Works	10-years	100%
Police	10-years	100%
General Government	10-years	90%
Library	10-years	90%
Parks and Recreation	10-years	90%
Area-Specific Services	Planning Period in 2014 DC Study	Cost Recovery
Water Works	10-year & Build-Out	100%
Wastewater	10-year & Build-Out	100%
Castle Glen Roads	10-year & Build-Out	100%

* Town-wide rate does not apply to Castle Glen Servicing Area

DC Service Areas as Defined by By-law 2014-51



Town-Wide Residential DC in The Blue Mountains



Total DC Percent Breakdown*	
Engineered Services	General Services
57%	43%

*Excludes water and wastewater services

Type of Residence	Charge Per Unit*
Res "A": A residence that is in excess of 225m ²	\$18,055
Res "B": A residence that is equal to or less than 225m ² but greater than to 150m ²	\$15,048
Res "C": A residence that is equal to or less than 150m ² but greater than 75m ²	\$12,036
Res "D": A residence that is equal to/less than 75m ²	\$9,030

*Town-wide uniform charge as of January 1, 2018, excluding Castle Glen

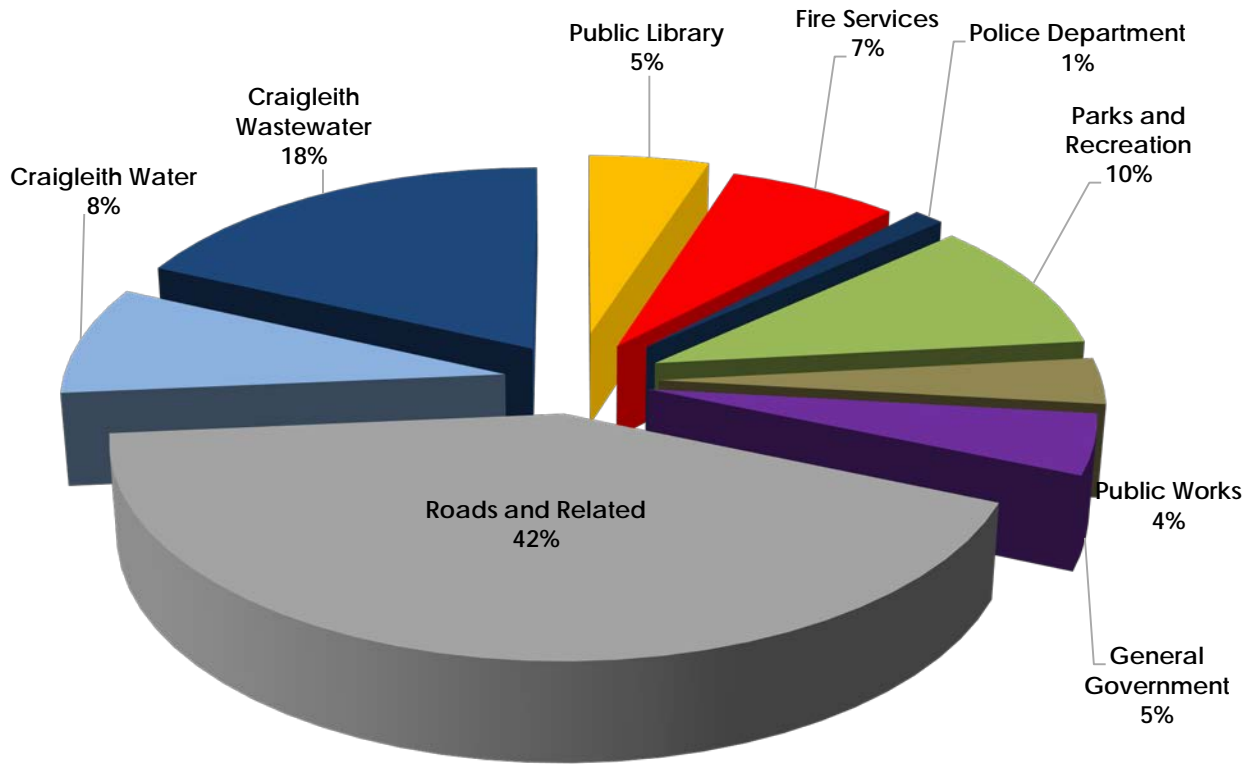
Total DCs by Service Area– Res “ A ”

Service Area	Water	Wastewater	Town-wide	Total
Craigleith	\$2,031	\$4,448	\$18,055	\$24,534
Camperdown	\$2,882	\$11,217	\$18,055	\$32,154
Castle Glen*	\$6,918	\$6,478	\$19,008	\$32,404
Swiss Meadows	\$0	\$0	\$18,055	\$18,055
Lora Bay**	\$9,252	\$13,991	\$18,055	\$41,298
Clarksburg	\$22,629	\$27,096	\$18,055	\$67,780
Osler	\$45,575	\$17,484	\$18,055	\$81,114
Thornbury East	\$4,339	\$5,359	\$18,055	\$27,753
Thornbury West	\$11,204	\$13,570	\$18,055	\$42,829

**Caste Glen is subject to ASDCs

*Lora Bay Service Area #1 Charge

Total Res. DCs Town-Wide & Water/Wastewater Craigleith ASDC

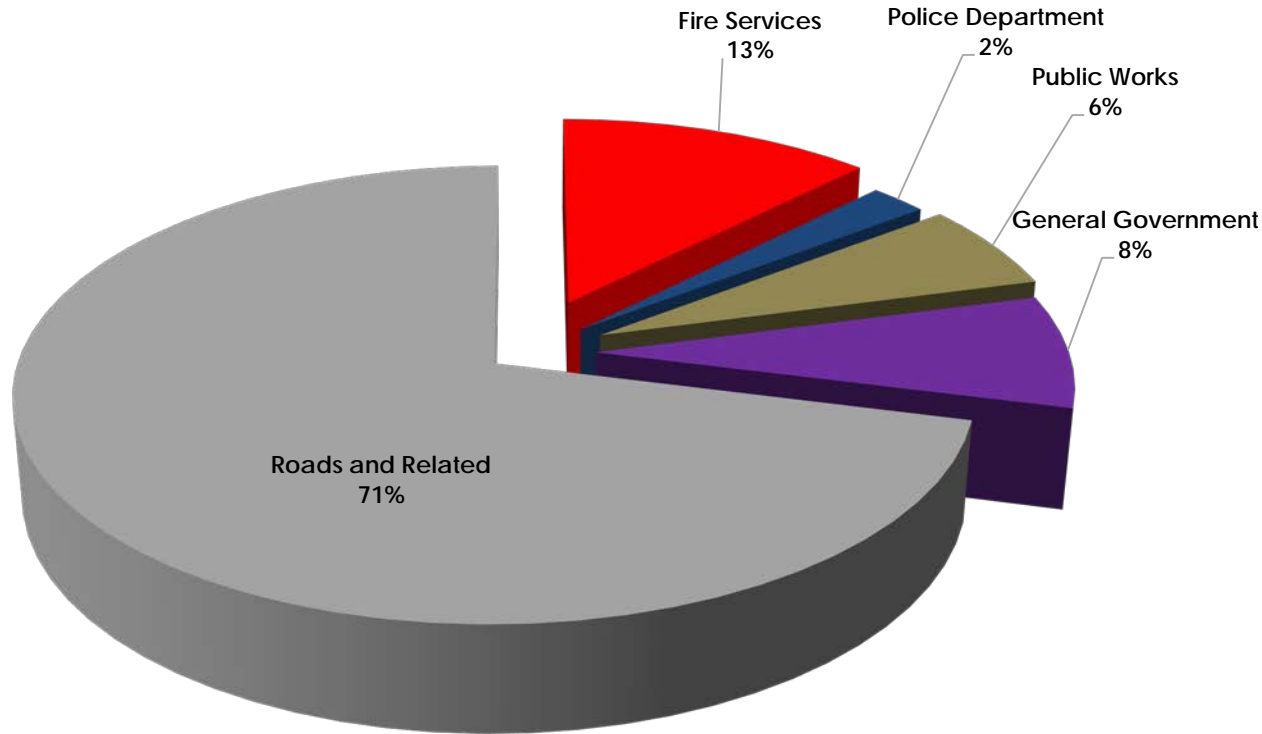


Total DC Percent Breakdown, Craigleith	
Engineered Services	General Services
68%	32%

Craigleith Residential Charges Per Unit*
Res "A" \$24,534
Res "B" \$20,446
Res "C" \$16,083
Res "D" \$12,270

*Charge as of January 1, 2018

Town-Wide Non-Residential DCs in The Blue Mountains



Town-wide Non-Residential Charge Per Square Metre*

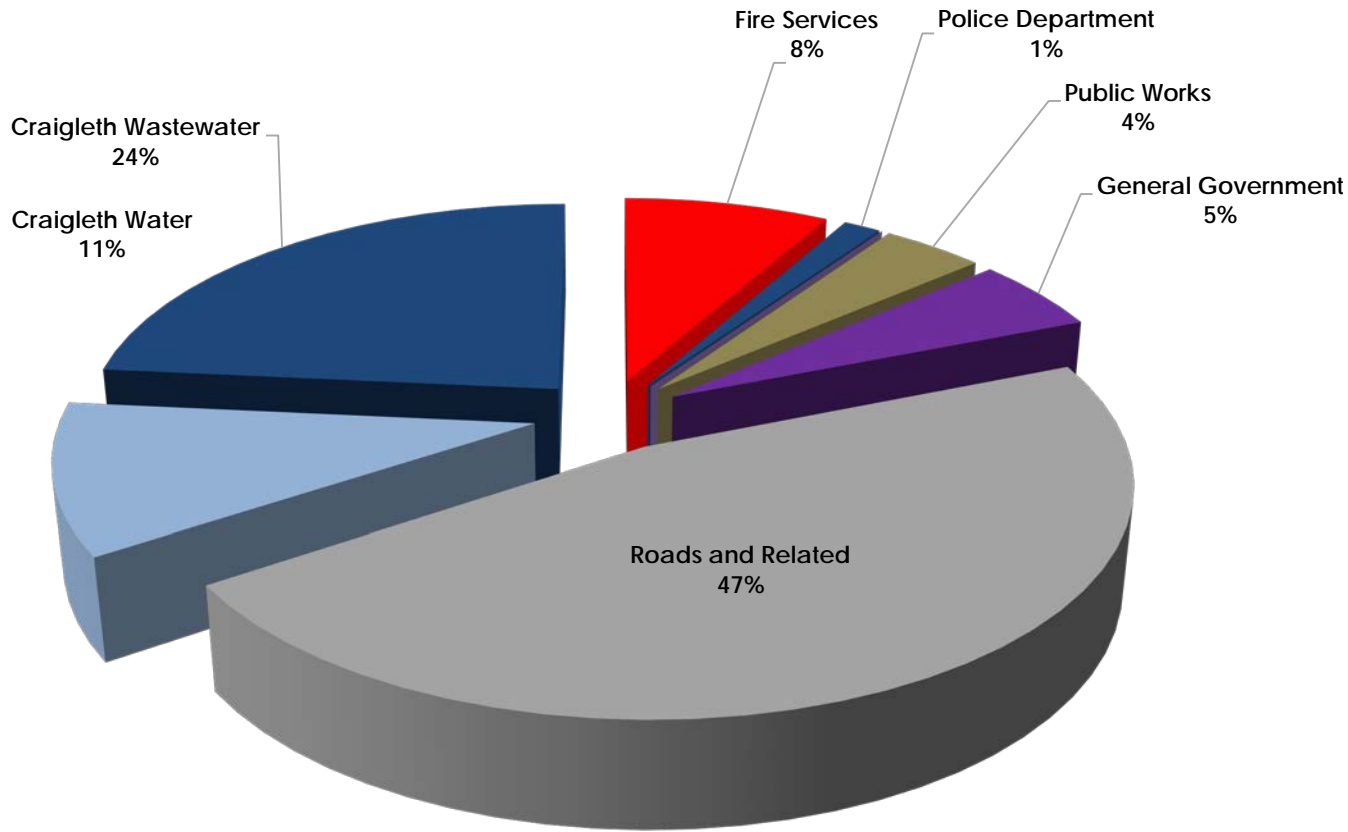
\$60.50

*Town-wide uniform charge as of January 1, 2018, excluding Castle Glen

Total DC Percent Breakdown*	
Engineered Services	General Services
71%	29%

*Excludes water and wastewater services

Total Non-Res. DCs Town-wide & Water/Wastewater Craigleith ASDC



Total DC Percent Breakdown, Craigleith	
Engineered Services	General Services
81%	19%

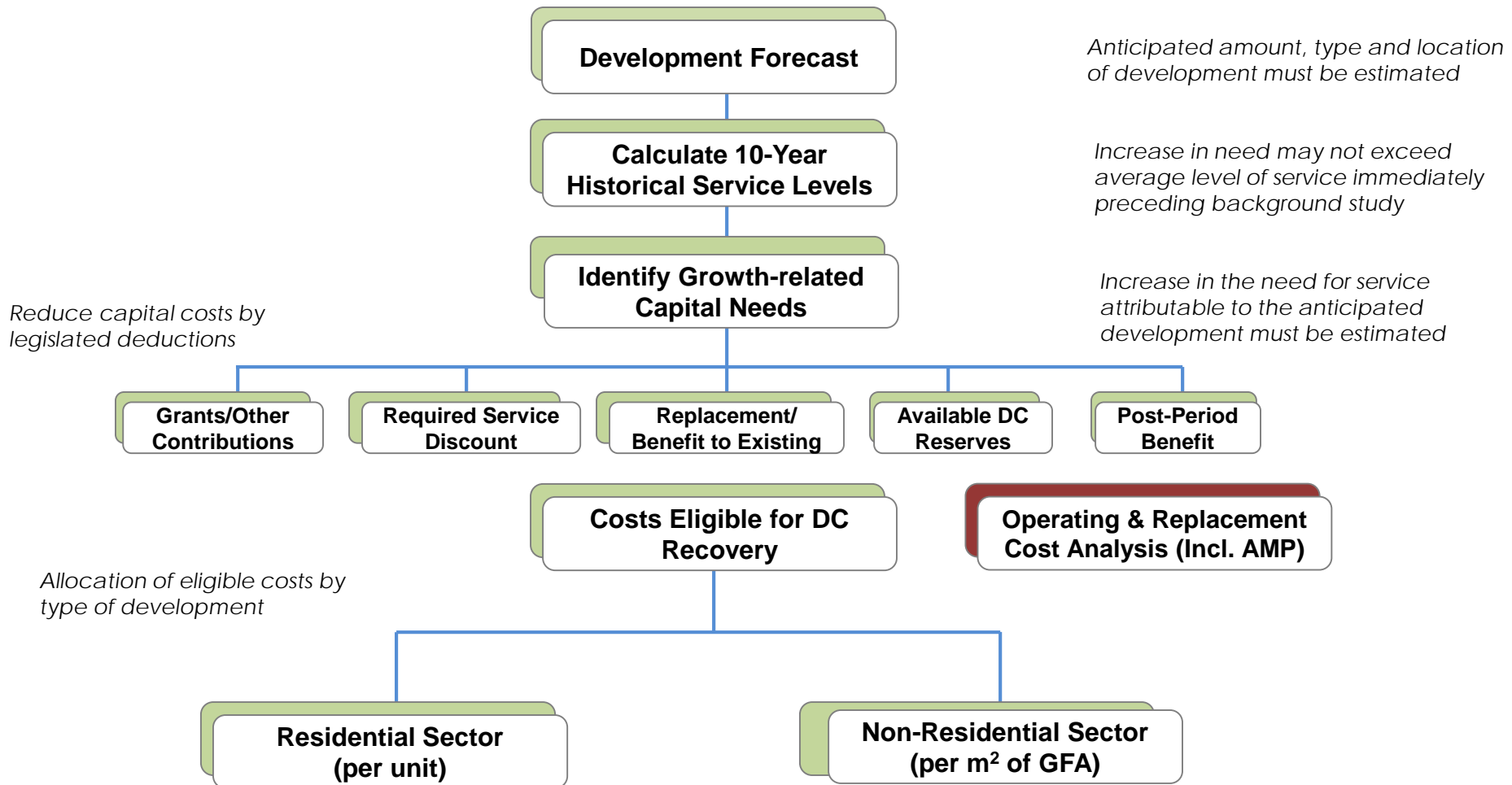
Non-Residential Charge Per Square Metre	
Town-wide Uniform	\$60.50
Craigleith Water	\$9.89
Craigleith Wastewater	\$21.62
Total	\$92.01

County of Grey DCs

- DCs are also levied at the County level and collected by the Town
- County's By-law was updated in 2016 and will expire on October 5th, 2021
- Recent update now allocates residential charges by unit type (previously based on GFA approach)
- Wind Turbine DC is a singular charge

County of Grey 2018 Development Charges \$/unit and \$/sq.m.	
Single and Semi-Detached, \$/unit	\$6,768
Row Housing and Other Multiple Residential, \$/unit	\$4,712
Apartment, \$/unit	\$4,000
Wind Turbine, \$/unit	\$2,416
Non-Residential \$/sq.m.	No charge

Overview of Study Process



Consultation with Council

- Early communication with Council regarding the project is proposed
 - Helps to provide transparency
 - Greater understanding of DC eligible and ineligible costs (i.e. growth does not pay for growth)
- Prior to the release of the DC Study, Council will:
 - Be made aware of the proposed policies and DC rates
 - Be aware of the comments/questions raised by the development industry and public prior to By-law adoption

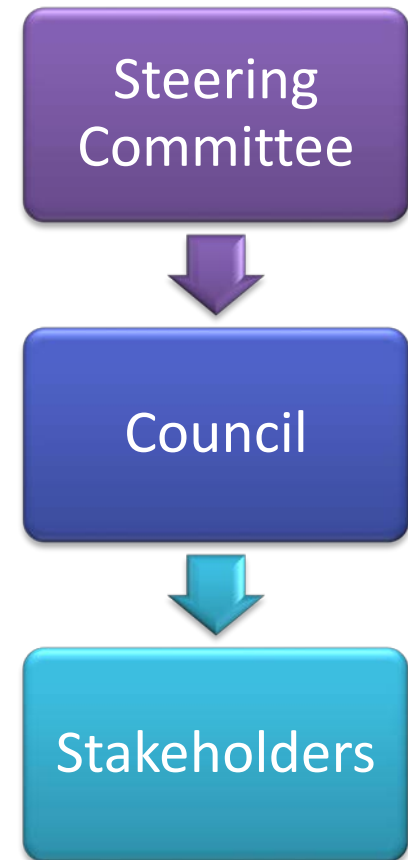


Need for Council Involvement

- Council must:
 - Give consideration to the use of “area-rating”
 - Adopt the capital forecast and the increase need for service attributable to development
 - Intend to undertake the capital forecast to ensure this need is met
 - Approve the DC rates and policies as identified in the proposed DC by-law

Stakeholder Consultation

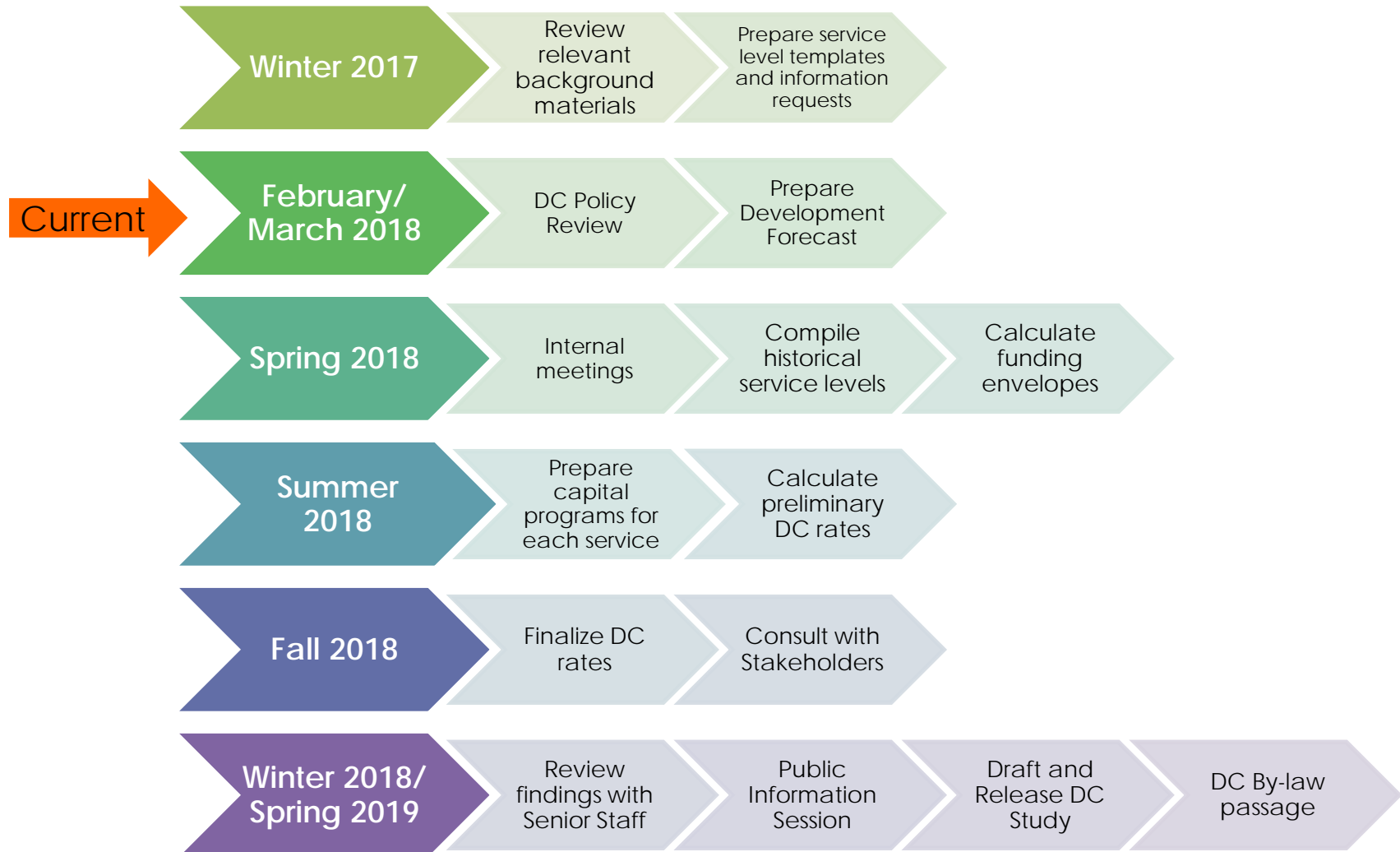
- A meeting with industry stakeholders is proposed prior to the release of the 2019 DC Background Study
 - Provides opportunity to address issues/concerns early on in the process
 - Enhances communication and transparency
- Will be used to discuss key inputs of the DC Study (i.e. forecast, service levels, capital programs etc).
- This meeting will be in addition to the statutory public meeting



Key Steps in Passing a DC By-law

Task	Description
<i>Release DC Background Study to Public</i>	<ul style="list-style-type: none">• 60 days prior to by-law passage (including on website)
<i>Advertise for Public Meeting</i>	<ul style="list-style-type: none">• 20 days notice
<i>Release Proposed DC By-law</i>	<ul style="list-style-type: none">• 2 weeks before Public Meeting (or sooner)
<i>Hold Statutory Public Meeting</i>	<ul style="list-style-type: none">• Receive submissions from public and Council• Amend proposed charges and by-law if warranted• Determine if additional Public Meeting is required
<i>DC By-law Passage</i>	<ul style="list-style-type: none">• Any changes brought forward for adoption
<i>Notice of By-law Passage</i>	<ul style="list-style-type: none">• 20 days after DC by-law passage
<i>Appeal Period</i>	<ul style="list-style-type: none">• 40 days following DC by-law passage
<i>DC Pamphlet</i>	<ul style="list-style-type: none">• 60 days after passage of DC by-law

Proposed Project Timeline



DC By-law Policy Review

- The DC Study will examine:
 1. Local services policies
 2. Use of area-specific development charges
 3. Consideration of new services (Parking, Waste & Transit)
 4. Non-statutory exemptions
 5. By-law administration and implementation
- Policy recommendations, where required, will be brought forward to Steering Committee and/or Council for consideration

1. Local Service Definitions

- Set of guidelines used by the Town to determine shares of capital projects to be recovered directly by the developer or through DCs
- As part of this update, the Town will examine local service guidelines for the following services:
 - Roads and Related Services
 - Water
 - Wastewater
 - Parkland development

1. Local Service Definitions

- As defined in the 2014 Local Service Definitions
- A **local service** is an infrastructure service that is:
 - Internal to a development, or
 - External to a development, but needed to support a specific development or required to link with the area to which the plan relates

2. Area-Specific Development Charges

- New requirement under the DCA for Council to give consideration to the use of ASDCs
- Currently the Town has distinct service areas for water, wastewater, and roads
- Council must give consideration as to whether other services (i.e. parks and recreation, library, police, public works etc.) should be calculated on a area specific basis

2. Area-Specific Development Charges

Service	Consideration for Area-Specific Rates
Water and Wastewater	<ul style="list-style-type: none">• Examine the possibility of reducing the number of water and wastewater servicing areas• Informed based on an analysis of servicing linkages and costing
Roads	<ul style="list-style-type: none">• Municipal-wide rates commonly used• Roads are provided through a Town-wide network planned based on Town-wide population and employment growth.
General Services (parks and recreation, library, police, public works etc.)	<ul style="list-style-type: none">• Open and accessible to all residents in the Town and are driven and planned for based on Town-wide population or population and employment growth.• Challenging to calculate area-specific charges – approach requires that area-specific service levels be established

3. Consideration of New Services

- Currently, the Town does not collect DCs for Parking, Waste Management or Transit Services
- Things to consider:
 - Are these services required to meet the needs of new development?
 - Will the Town incur any eligible development-related capital costs over the planning period?
 - Is there an existing service level?
 - How does the Town currently fund these services?
 - Are there any proposed changes to service delivery in the future?
 - Adding services may increase the applicable development charges
- These services may also be considered as part of future updates

3. Consideration of New Services: Overview of Service Delivery

1. Parking

- Town currently maintains a number of parking lots
- New lots and upgrades/enlargements to existing lots are being considered

2. Waste Management

- Only recycling or organic functions are eligible
- Organic waste management is currently provided by an external service provider but may be brought “in-house” in the future

3. Transit

- Shared between The Blue Mountains and Collingwood (primary operator)
- One bus services one route
- Does the Town plan to increase servicing capacity (i.e. purchase a new bus over the next 10-years)?
- Transit services requires a very detailed calculation under the requirements of the DCA including an assessment of ridership and detailed asset management plan analysis

4. Town's Current DC By-law Policies: Statutory Exemptions

- Exemptions required under the DCA:
 - Residential development permitting the creation of additional dwellings within an existing dwelling unit
 - Province has proposed an exemption for secondary units proposed in new units, currently awaiting regulations
 - Non-residential industrial development permitting the enlargement of gross floor area by 50% or less
 - Municipal buildings
 - School boards identified under the Education Act

4. Town's Current DC By-law Policies: Non-Statutory Exemptions

- Public hospitals
- Churches and other similar institutional buildings
- Buildings used for agricultural uses which do not receive water or wastewater supply services
- Accommodation for temporary seasonal workers which do not receive water or wastewater supply services
- Temporary buildings

4. Other Non-Statutory Exemptions for Consideration

- Staff are seeking Council direction on whether the following DC exemptions and/or reductions should be considered as part of the 2019 DC Background Study update:
 - Attainable (affordable) housing
 - Buildings that have built-in sprinkler systems
 - Low Impact Development
 - Commercial developments
 - Others

5. Rate Structure

- Current residential rates based on square meters (size threshold) units
- Staff propose that a rate structure similar to other municipalities and the County be adopted:

Grey County Residential DC Rates (\$/Unit) (Not Indexed)				
	Adjusted \$ Per Capita	Single & Semis	Rows & Other Multiples	Apartments
Total per Unit	\$2,526	\$6,571	\$4,575	\$3,884
<i>PPU</i>		2.60	1.81	1.54

- No changes are proposed to the existing non-residential rate structure

5. Redevelopment & Timing

- Redevelopment of land
 - Credits are provided to buildings that have been demolished and redeveloped
 - Amount of DCs credited are not to exceed the amount of DCs otherwise payable
- Timing and collection
 - DCs payable at first building permit
 - DCs for engineered services (i.e. roads, water and wastewater) for residential and commercial resort developments that require plan of subdivision approval are paid at the time the agreement is executed

Questions?

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