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STAFF REPORT: Finance & IT Services



REPORT TO: Council
MEETING DATE: May 12, 2014
REPORT NO.: FIT.14.20
SUBJECT: Local Service Policy and Guidelines
PREPARED BY: Robert W. Cummings, CPA, CMA
 Director of Finance & IT Services

A. Recommendations

THAT Council receive Staff Report FIT.14.20, "Local Service Policy and Guidelines" for information purposes; and

THAT Council approve the attached proposed Local Service Policy and Guidelines.

B. Background

The *Development Charges Act, 1997*, states that a municipality that enacts a Development Charge By-law must, at minimum, review the By-law and the accompanying background study every five years. The Town is currently working with Hemson Consulting Inc. to complete a Town-wide Development Charges Background Study (DCBS) and in order to aid this process, staff will need a Local Service Policy (Attachment 1) to ensure consistent guidelines are used in determining the infrastructure that is eligible for Development Charges.

The purpose of a Local Service Policy is to provide guidelines that Town staff can use to determine which engineered infrastructure is to be included in the Town's DCBS.

During the previous DCBS review, Council and stakeholders raised questions about certain infrastructure that was being included in the DCBS. A Local Service Policy will provide formal guidelines on infrastructure to be included in the DCBS and infrastructure that shall be the responsibility of the local developer. These guidelines will assist staff and users in understanding how new infrastructure will be funded within the Town.

The attached policy puts guidelines into general terms as to the size and nature of engineered infrastructure that is included in the Town's DCBS, as opposed to infrastructure that is considered a local service and paid for directly by developers pursuant to a development agreement or applicable approval process.

For a project to be eligible for development charge funding, the following will apply:

1. The project is required to be listed in the most current Town DCBS.
2. Infrastructure projects that add additional capacity over and above the capacity requirement for a specific development.

3. Infrastructure that provides servicing or capacity for more than one development is not necessarily fully or partially funded from development charges. If a project is considered fully or partially local in nature, the Town will require the benefitting development to fund the works directly.

The premise of the policy is relatively straight forward. Infrastructure required for services in a specific development and that is required solely as a result of that development should be paid for by the developer and not the future development community through development charges. The application of the policy does take due care and staff has started to carefully apply the fundamentals of this policy to the current review of the DCBS in order to see the impact on development charges. The responsibility of the developer paying for local infrastructure is supported within the *Planning Act* and within the scope of the Town to administer through Planning applications.

C. The Blue Mountains' Strategic Plan

The adoption of the Local Service Policy and Guidelines supports the Town's Strategic Action #5; "Ensuring long-term financial sustainability."

D. Environmental Impacts

None.

E. Financial Impact

The application of the Local Service Policy will have an impact on some future capital programs. The main area affected will be future roads and the Town may see this impact quantified in a reduced Roads development charge in the next DCBS review.

F. In Consultation With

Engineering and Public Works
Planning Services
Community Services
Troy Speck, CAO

G. Attached

1. Draft Local Service Policy and Guidelines

Respectfully submitted,

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TOWN OF THE BLUE MOUNTAINS

POLICY & PROCEDURES

Subject Title: Local Service Policy and Guidelines

Corporate Policy (Approved by Council)	<input checked="" type="checkbox"/>	Policy Ref. No.:	POL.COR.
Administrative Policy (Approved by CAO)	<input type="checkbox"/>	By-law No.:	
Department Policy: (Approved by Mgr.)	<input type="checkbox"/>	Name of Dept.:	
Date Approved:		Staff Report:	FIT.14.20

Policy Statement

The following policy guidelines are general principles which will be referenced by Town Staff when reviewing and evaluating development applications in the Town of The Blue Mountains.

Purpose

The purpose of this Policy is to provide guidelines that Town Staff can use to determine the engineered infrastructure to be included in the Town of The Blue Mountains Development Charge Background Study (DCBS).

The following guidelines put into general terms the size and nature of engineered infrastructure that is included in the Town of The Blue Mountains DCBS, as opposed to infrastructure that is considered as a local service and paid for directly by developers and landowners pursuant to a development agreement or applicable approval process.

For a project to be eligible for development charge (DC) funding, the following will apply:

1. The project is required to be listed in the most current Town of The Blue Mountains DCBS.
2. Infrastructure projects that add additional capacity over and above the capacity requirement for a specific development.
3. Infrastructure that provides servicing or capacity for more than one development is not necessarily fully or partially funded from DCs. If a project is considered fully or partially local in nature, the Town will require the benefitting development to fund the works directly.

Application

This policy applies to Town Staff with respect to infrastructure required for development applications and/or the Town of The Blue Mountains DCBS.

The following policy guidelines are general principles by which staff will be guided in considering development applications. However, each application will be considered on its own merits having regard to, among other factors, the context of the location, type and the relationship of the proposed development to the existing and proposed infrastructure services, as well as existing and proposed developments in the surrounding area. In some instances, infrastructure services may involve contributions from development charges as well as local service payments.

Definitions

The following provides the definition of "local service" under the *Development Charges Act, 1997* (DCA) for a number of services provided by the Town of The Blue Mountains (Town). The purpose of establishing these definitions is to determine the eligible capital costs for inclusion in the development charges (DC) calculation for the Town.

The functions or services deemed to be local in nature are not to be included in the determination of the development charge rates. The provision of local services is considered to be a direct developer responsibility under s.59 of the DCA and will (or may) be recovered under other agreement(s) with the landowner or developer.

A local service is defined as an infrastructure service that is:

- a. Internal to a development, or
- b. External to a development, however needed to support a specific development or required to link with the area to which the plan relates.

"Local service" funding is being specifically considered for the services of:

- A. Roads and Related Services**
- B. Water Services**
- C. Wastewater Services**
- D. Parkland Development**

A. ROADS AND RELATED SERVICES

i. Arterial Roads:

New arterial roads and arterial road improvements are included as part of road costing funded through DCs. Only the oversizing component would be recovered through DCs and local road equivalent costs are considered to be a local service.

ii. Collector Roads:

The local component of a collector road internal to a development is a direct developer responsibility under s.59 of the DCA as a local service. The oversized share of a collector road internal to a development is development charge recoverable.

Collector roads external to a development are a local service if the works are within the area to which the plan relates and therefore a direct developer responsibility under s.59 of the DCA. Otherwise, the works are included in the DC calculation to the extent permitted under s.5(1) of the DCA.

iii. Local Roads:

Local roads, within a development are local services and a direct developer responsibility under s.59 of the DCA.

iv. Additional Works:

Traffic Signals and Intersection Improvements due to development and growth-related traffic increases are to be included in the DC calculations, as part of the arterial, collector and local road components.

v. Subdivision/Site Entrances and Related:

Entrances and all related costs (including, but not limited to: signalization, turn lanes, utilities and extensions, etc.), no matter the class of road, are a local service and a direct developer responsibility under s.59 of the DCA.

vi. Streetlights:

Streetlights internal to a development or site are a direct developer responsibility through local service provisions (s.59 of the DCA).

Streetlights external to a development but related to the subject lands are a direct developer responsibility through local service provisions (s.59 of the DCA).

New streetlights in other areas related to growth are included in the DC calculation to the extent permitted under s.5(1) of the DCA.

vii. Sidewalks:

Sidewalks internal to a development or site are a direct developer responsibility through local service provisions (s.59 of the DCA).

Sidewalks external to a development but required and related to the subject lands are a direct developer responsibility through local service provisions (s.59 of the DCA).

New sidewalks in other areas related to growth are included in the DC calculation to the extent permitted under s.5(1) of the DCA.

viii. Bike or Transit Lanes:

Bike or transit lanes, where requested, internal to a development or site are a direct developer responsibility through local service provisions (s.59 of the DCA).

Bike or transit lanes external to a development but required and related to the subject lands are a direct developer responsibility through local service provisions (s.59 of the DCA).

New bike or transit lanes in other areas related to growth are included in the DC calculation to the extent permitted under s.5(1) of the DCA.

ix. Noise Abatement Measures:

Noise abatement measures internal to a development are a direct developer responsibility through local service provisions (s.59 of the DCA).

Noise abatement measures external to a development but required and related to, or mitigate impacts from, the development of the subject lands, are a direct developer responsibility through local service provisions (s.59 of the DCA).

x. Street Tree Planting:

Street tree planting, as required by Municipal Standards, is considered a local area service and a direct responsibility of the developer.

xi. Land Acquisition for Road Allowances:

Land acquisition for planned road allowances within development lands is a dedication under the *Planning Act* provisions.

Land acquisition for planned road allowances outside of development lands, and that is not a dedication under the *Planning Act*, is included in the DC calculation to the extent permitted under s.5(1) of the DCA.

Additional land acquisition for bridges or grade separations (beyond normal dedication requirements) is included in the DC calculation, to the extent in which it is eligible and identified, if applicable, in the DCBS.

For further clarification, all improvements to a road to facilitate development are considered local services and are to be paid by the developer unless they fall into one of the following categories:

1. The improvement is designated as required for traffic flow improvement for an area greater than the development, is defined as a road improvement required by the Town, and is identified through the Class Environmental Assessment process or a Town Transportation Study. Such an improvement would be listed in the DCBS.
2. The improvement is designated as required by Town Staff to serve a greater area than the development and is identified in the capital forecast and is listed in the DCBS.

B. WATER SERVICES

All water supply, storage, treatment facilities and booster pumping stations may be included in the development charge calculation.

Watermains within the development that are larger than 300mm are to be included in the development charge calculation. The amount of cost contribution for watermains within a development shall be calculated using tendered unit prices and shall be the difference between the cost of the actual pipe diameter and the cost of a 300mm pipe diameter including a 12% engineering fee. Only watermain and valves will be included in the calculation. Any costs related to the depth of pipe are the responsibility of the developer.

Water mains within the development that are 300mm and under are deemed to be a local service and are a direct funding responsibility of the developer.

Connections to trunk mains and pumping stations to service specific areas are to be a direct developer responsibility.

Trunk watermains, generally outside the development area, identified by a Class Environmental Assessment, Servicing Study or by Town Staff will be included in the development charge calculation.

C. WASTEWATER SERVICES

All sanitary sewage treatment facilities are to be included in the development charge calculation.

Major sanitary trunk sewers, external to the development, and major pumping stations serving more than one development are to be included in the development charge calculation. These services will be identified through a Class Environmental Assessment, Servicing Study or by Town staff.

Sewer collectors within the development that are 450 mm and under are deemed to be a local service and are a direct funding responsibility of the developer. Sanitary sewers within the development that are larger than 450mm that also service upstream properties will have cost sharing calculated on the tendered unit prices and shall be the difference between the cost of the actual pipe diameter and the cost of a 450mm pipe including a 12% engineering fee. All other appurtenances with respect to oversizing and any costs related to the depth of pipe are the responsibility of the developer.

Connections to collectors and pumping stations to service specific areas are to be a direct developer responsibility.

Sewage pumping stations within the development or local pumping stations serving a small localized area are deemed to be a local service and are a direct funding responsibility of the developer or developers on a flow area or proportional basis, or by agreement between the developers.

Upgrades to, or the construction of permanent pumping stations that are required as a result of an approved serviceability study that service more than one developer, will be funded under one of the following possible approaches:

- Through a development cost sharing agreement amongst the benefiting land owners. This is the Town's preferred approach; or
- Through a Town facilitated developer cost sharing arrangement, such as an area specific development charge or other similar mechanism. Under this approach, the Town will require one or more of the benefiting land owners to front-end finance the cost of the works.

D. PARKLAND DEVELOPMENT

For the purpose of parkland development, local service includes the requirement for the owner to undertake preparation of a conceptual park plan including proposed grading to demonstrate that the proposed park size, configuration and topography will allow for the construction of park facilities to the satisfaction of the Town.

The municipality also requires the owner to dedicate parkland or provide cash-in-lieu, consistent with the *Planning Act* provisions. All of these costs are deemed a direct responsibility of the owner and have not been included in the development charge calculation.

With respect to other parkland development costs, the municipal policy is to include all other components of parkland development in the DC calculation, including detailed design and contract administration, finished grading, sodding, park furniture, electrical, water, sanitary sewer, signage, plant material, walkways, play courts, parking lots, sports fields, playground equipment, water play equipment, recreational trails, park shelters and lighting.

Recreational Trails:

1. The costs of the following items shall be the direct developer responsibility as a local service:
 - a. All costs associated with any recreational trails to be constructed within the development (as incorporated in Section D6 of the Official Plan); and
 - b. Rough grading and any associated infrastructure (bridges and abutments, guard and hand rails, retaining walls) of all recreational trails and multi-use paths that are considered part of the Town's Public Walkways Network (as incorporated in Section D6 of the Official Plan) within the development.
2. The costs of new trails/walkways in other areas related to growth shall be paid through DCs.

Parkland:

1. The costs for parkland development as set out in the relevant development agreement shall be the direct developer's responsibility as a local service.
2. The costs of the following items shall be paid through DCs:
 - All costs associated with program facilities and non-local parkland in addition to all associated site works beyond the base parkland development.

Procedures

N/A

Exclusions

N/A

References and Related Policies

The detailed engineering requirements for all works and/or development are governed by the Town's Engineering Standards.

Town of The Blue Mountains' Official Plan.

The guidelines are developed in connection with Section 59 of the *Development Charges Act, 1997* and Section 51 and 53 of the *Planning Act*.

Consequences of Non-Compliance

As the guidelines are supported by the *Planning Act, Development Charges Act, 1997*, Town standards and other municipal policies, the Local Service Policy becomes part of the development process within the Town and therefore a prerequisite to siteplan and subdivision agreements.

Review Cycle

These local service policy guidelines are subject to review and amendment by the Town, which may be independent of an amendment to the Town's Development Charge By-laws.

This policy will be reviewed regularly prior to the review of the Development Charge Background Study by the Treasurer and Senior Management Team.

(Signature)