



# **Development Charges Update (Soft Services)**

**General Committee**

**April 20, 2009**

# Objective Of Update to Town Wide Soft Service Development Charges

- To calculate Development Charges consistent with the *Development Charges Act, 1997 (DCA)* to recover the maximum allowable portions of growth-related net capital costs
- To identify the growth-related net capital costs for Town-Wide Soft Services (TWSS) over the planning period 2009-2018
- To enact a new TWSS By-law prior to the expiration of the existing by-law on August 31, 2009
  - If a new by-law is not passed the Town cannot continue to collect development charges

# Meetings Held to Date

- The Development Charge Council Sub-committee met on April 7, 2009 to review the proposed methodology changes and the resulting proposed Town Wide Soft Service development charges
- Staff met with the Developer Breakout Group, composed of several developers interested in reviewing the proposed Soft Service development charges, on April 9, 2009

# Development Charge Process

The TWSS development charges are used to fund growth-related capital infrastructure for “General” or “Soft” Services

- Soft Services Include:
  - General Government – e.g. Studies
  - Library Services
  - Indoor Recreation
  - Park Development & Facilities – e.g. Playing Fields, Play Equipment
  - Public Works – e.g. Fleet, Works Yards
  - Fire Services
- A mandatory 10% discount applies to all services, other than Fire Services, which can recover 100% of Growth-Related Net Capital Costs in the Development Charge



# Growth Forecast

- Growth Forecast will be based on planning estimates prepared by Town staff and Hemson Consulting that were utilized in the 2008 Town Wide Hard and Area Specific Background Study
- Forecast is prepared based on the Current Official Plan and DC By-law will be reviewed accordingly as the Plan is updated

# Growth Forecast

	2008 Estimate	2009 - 2018	
		Growth	Total
Households	82,203	20,550	102,753
Population			
Census	275,287	51,711	326,998
<b>In New Households</b>		<b>61,022</b>	

	2008 Estimate	2009 - 2018	
		Growth	Total
Employment	172,859	38,376	211,235
Non-Residential Building Space (sq.m.)		1,512,483	

# Historic Ten Year Average Service Level

- Town's historic service levels are calculated over the period 1999 – 2008
- Delay or advancing of new construction affects service level calculation
- Quantitative (# of sq. ft.) and qualitative (\$ per sq. ft.) elements accounted for in the inventory calculations

# Calculation of Growth Related Capital

- Only growth related costs can be included in the development charge
- Portions of projects related to prior growth, replacement, those benefiting the existing community or the legislated 10 per cent discount must be financed by other Town sources
- Projects oversized for future growth may be recovered from future development if not financed from development charges



# Proposed Methodology Change #1

## Fleet Inventories

### Current Methodology

- Rolling stock kept by the Town for 7 years included in inventory

### Recommended Methodology

- All rolling stock with an estimated useful life of 7 years or more is included in inventory
- Results in an increase in the amount of funding available through development charges

# Proposed Methodology Change #2

## Residential/Non-Residential Allocation

### Current Methodology

- General Government and Fire Services are allocated based on property assessment. Public Works based on population and employment forecast

### Recommended Methodology

- General Government, Fire Services and Public Works based on future shares of the population and employment forecast
- Results in a more appropriate allocation of costs across the categories

# Proposed Methodology Change #3

## Population Forecast

### Current Methodology – Net Population

- Forecast population in new homes (61,022) less reductions in existing population base (9,311) arriving at net population of 51,711
- Maximum funding envelopes based historical service level multiplied by net population growth
- Funding envelope divided by gross population growth (61,022) to establish DC charge per capita

### Recommended Methodology – Gross Population

- Forecast population in new homes only (61,022)
- Maximum funding envelopes based on historical service level multiplied by gross population growth
- Larger Funding envelope divided by gross population growth to establish DC charge per capita
- Will result in a higher development charge which leads to an additional \$26M being collected over the next 10 years

# Growth Forecast

	2008 Estimate	2009 - 2018	
		Growth	Total
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Population			
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<b>In New Households</b>		<b>61,022</b>	

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# Growth Related Capital Forecast

DRAFT	Growth-Related Capital Forecast				
	Total (Net of Grants/ Subsidies)	Prior Growth	Net Cost After Prior Growth & Replacement	Pre-Built for Post 2018 Growth	Growth-Related Net Capital Costs 2009-2018
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>1.0 GENERAL GOVERNMENT</b>	\$12,439.0	\$0.0	\$12,439.0	\$2,971.9	\$9,467.1
<b>2.0 LIBRARY BOARD</b>	\$17,991.4	\$3,115.0	\$14,876.3	\$3,024.5	\$11,851.8
<b>3.0 FIRE SERVICES</b>	\$16,083.0	\$2,628.8	\$13,454.2	\$2,311.8	\$11,142.4
<b>4.0 INDOOR RECREATION</b>	\$110,380.0	\$32,961.7	\$77,418.3	\$718.5	\$76,699.8
<b>5.0 PARK DEVELOPMENT AND FACILITIES</b>	\$171,087.8	\$34,903.1	\$136,184.6	\$69,924.3	\$66,260.3
<b>6.0 PUBLIC WORKS</b>	\$25,497.9	\$9,249.8	\$16,248.1	\$4,464.6	\$11,783.5
<b>TOTAL 10 YEAR TOWN-WIDE SOFT SERVICES</b>	<b>\$353,478.9</b>	<b>\$82,858.4</b>	<b>\$270,620.6</b>	<b>\$83,415.6</b>	<b>\$187,205.0</b>

# Growth Related Capital Forecast Cont'd

DRAFT	Total Growth-Related							
	Growth-Related Net Capital Costs 2009-2018		Service Discount Required	Net Capital Costs After Discount		Residential Share	Non-Residential Share	
	(\$000)	%	\$000	(\$000)	%	\$000	%	\$000
1.0 GENERAL GOVERNMENT	\$9,467.1	10%	\$946.7	\$8,520.39	61%	\$5,230.8	39%	\$3,289.58
2.0 LIBRARY BOARD	\$11,851.8	10%	\$1,185.2	\$10,666.61	100%	\$10,666.6	0%	\$0.00
3.0 FIRE SERVICES	\$11,142.4	0%	\$0.0	\$11,142.43	61%	\$6,840.5	39%	\$4,301.91
4.0 INDOOR RECREATION	\$76,699.8	10%	\$7,670.0	\$69,029.8	100%	\$69,029.8	0%	\$0.00
5.0 PARK DEVELOPMENT AND FACILITIES	\$66,260.3	10%	\$6,626.0	\$59,634.28	100%	\$59,634.3	0%	\$0.00
6.0 PUBLIC WORKS	\$11,783.5	10%	\$1,178.4	\$10,605.18	61%	\$6,510.7	39%	\$4,094.49
<b>TOTAL 10 YEAR TOWN-WIDE SOFT SERVICES</b>	<b>\$187,205.0</b>	<b>9.4%</b>	<b>\$17,606.3</b>	<b>\$169,598.7</b>	<b>93%</b>	<b>\$157,912.7</b>	<b>7%</b>	<b>\$11,686.0</b>

# Growth Related Capital Forecast

- \$353.5 million net capital cost for Town-Wide Soft Services
- \$169.6 million included and recoverable in Development Charge
- Remaining Shares
  - \$82.9 million for prior growth (development charges balances from prior payments & 10% discount share from taxes)
  - \$83.4 million for post-2018 (future development charges)
  - \$17.6 million for 10% discount (tax supported)

# Proposed Town Wide Soft Residential Development Charges

DRAFT SERVICE	Charge By Unit Type			
	Single & Semi-Detached	Townhouse & Other Multiples	Large Apartment > 750 sq.ft.	Small Apartment < 750 sq.ft.
General Government	\$343	\$269	\$212	\$127
Library Board	\$726	\$570	\$449	\$270
Fire Services	\$440	\$346	\$272	\$164
Indoor Recreation	\$4,431	\$3,479	\$2,738	\$1,645
Park Development And Facilities	\$3,863	\$3,033	\$2,388	\$1,435
Public Works	\$415	\$326	\$257	\$154
<b>Total Development Charge Per Unit</b>	<b>\$10,218</b>	<b>\$8,023</b>	<b>\$6,316</b>	<b>\$3,795</b>



# Proposed Residential Development Charge Rates

DRAFT Unit Type	Existing Development Charge	Proposed Development Charge	Difference Existing vs Proposed	Difference Existing vs Proposed
Single and Semi-Detached	\$6,566	\$10,218	\$3,652	56%
Townhouse	\$5,158	\$8,023	\$2,865	56%
Apartment - >750 sq. ft.	\$4,667	\$6,316	\$1,649	35%
Apartment - <750 sq. ft.	\$2,793	\$3,795	\$1,002	36%

# Proposed Residential Development Charge Rates

<b>DRAFT</b>	<b>Current Residential Charge Single/Semi-Detached</b>	<b>Proposed Residential Charge Single/Semi-Detached</b>	<b>Difference in Charge Between Current and Proposed</b>	
<b>SERVICE</b>				
General Government	\$196	\$343	\$147	75%
Library Board	\$628	\$726	\$98	16%
Fire Services	\$522	\$440	(\$82)	-16%
Indoor Recreation	\$2,423	\$4,431	\$2,008	83%
Park Development And Facilities	\$2,589	\$3,863	\$1,274	49%
Public Works	\$208	\$415	\$207	100%
<b>Total Development Charge Per SDU</b>	<b>\$6,566</b>	<b>\$10,218</b>	<b>\$3,652</b>	<b>56%</b>

# Proposed Non-Residential Development Charge Rates

DRAFT		Current Non-Residential Charge Sq. m	Calculated Non-Residential Charge Sq. m	Difference in Charge	
SERVICE					
General Government		\$0.70	\$2.37	\$1.67	241%
Fire Services		\$1.85	\$3.04	\$1.19	64%
Public Works		\$1.65	\$2.85	\$1.20	73%
<b>Total Development Charge Per Square Metre</b>		<b>\$4.20</b>	<b>\$8.26</b>	<b>\$4.06</b>	<b>97%</b>

# Next Steps

- 2<sup>nd</sup> meeting with Developer Breakout Group during the week of April 20th
- Update DC Council Sub-Committee – week of April 27<sup>th</sup> – Detailed capital Program and Developer feedback
- General Committee Updates – May 4th
- Finalize Background Study – May 12th
- Public Meeting – May 26th
- Council Approval – June 3rd