

# INTERNAL MEMO

DATE October 15, 2013

TO **Guelph Wellington Development Association and Guelph & District Home Builders Association**

FROM City Staff

SUBJECT **Appendix B: Guelph DC Background Study Feedback and Review**

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## **Responses to Guelph and District Home Builders Association**

### 1. Growth Projections

- a. Population growth should be reflected using the net population growth over the forecast period in the calculation of the maximum available; as opposed to the gross growth population as this will drive up the maximum allowable for each service. There are currently a number of appeals at OMB in this region. Guelph does not need to be another and we should stick to the historic calculations of the 2004 study.

The growth projections used in the 2014 Background study have been thoroughly analyzed by the Peer Review Team and discussed at the September 3, 2013 Developer Consultation Meeting. In addition, the growth forecast was prepared in accordance with the places to growth projections which have been used to develop the Official Plan, Guelph Local Growth Management Strategy (LGMS), Guelph Employment Land Strategy (ELS) the Guelph Innovation

### 2. Cash Flow Analysis

- a. The cash flow analysis should be included in the background study. It should be ensured that the assumptions that are used are reasonable. There should be room for adjustments based on the current economic climate and the real rate of interest rates. Consideration should be given for interest earned as well, not all carrying costs are accurate and should be a true cost.

This is part of the scope of the Development Charge Background Study work and will be completed.

### 3. Long Term Operating Impact

- a. Long term operating and operating costs should be properly analyzed as to whether or not the capital program is actually affordable and the impact it may have on property taxes.

This is part of the scope of the Development Charge Background Study work and will be completed.

4. Development Charge Bylaw

- a. The proposed DC Bylaw should be reviewed comparatively against the existing DC bylaw to identify changes in any policies.

A detailed listing of all the policy issues has been discussed with the development community. In our opinion, the only significant change has been that the industrial/commercial non residential rates will be combined so that there is just one non residential rate and one residential rate.

5. Hard Services

- a. Consideration should be provided and accepted for with regards to flow rate and the access and unused surplus capacity

6. Reserve Funds

- a. Proper accounting with detailed balances should be provided especially with regard to the non-growth component

Reserve fund statements for the past 5 years were provided for review and comment. These statements are also provided to Council and the Ministry of Municipal Affairs and Housing and are available at any time for public review.

7. Service Standards

- a. Service level standards should not be in excess or beyond normal historic levels

Summaries have been provided to show that the City has not exceeded service standards. In addition, the development community has been provided with detailed sheets and comments are welcome.

8. Mandatory Contribution

- a. It must be clear in all aspects of the DC Charge that the City is mandatorily required to contribute a minimum 10% to the charge.

This has been done in accordance with the Development Charges Act.

## **Responses to Guelph Wellington Developers Association**

1. Consideration and clear understanding of a uniform versus area-specific DC rate approach (need to understand and be clear on what is included in the DC rate and what is not).

The City has decided to administer a uniform city wide DC rate in the 2014 DC background study and Bylaw. In addition, the Local Service Policy addresses which items are and are not included in the DC rate.

2. If area specific, what is the basis on which Greenfield, brownfield, greyfield and infill areas will be established.

Not applicable

3. If area specific, what approach will be taken to set the DC rates for such areas?

Not applicable

4. Clear identification of reserve fund accounts (need to clearly identify funds collected and spent by service and by project)

5. Reserve fund statements and detailed transaction reports by project were provided.

6. Clear identification of projects (including project number, description, timing and capital cost).

7. Capital infrastructure needs sheets were provided to the Development community for review and the City encouraged feedback relating to projects identified. Soft service capital sheets were provided September 20, with comments due back October 11. And Hard service capital was provided October 11 with comments due back October 25.

8. Clear understanding of the estimates of persons per household.

A detailed population growth analysis was presented by Jamie Cook of Watson and Associates on September 3, 2013. Developers were given an opportunity to ask questions and voice concerns.

9. Clear identification of the basis for the residential and non-residential split.

Costs allocated to residential and non-residential uses are based upon a number of Conventions, as may be suited to each City circumstance, e.g.

- for Administration, the costs have been based on a population vs. employment growth ratio (63%/37%) for residential and non-residential, respectively) over the 10-year forecast period;
- for Indoor Recreation, Outdoor Recreation and Library services, a 5% non-residential attribution has been made to recognize use by the non-residential sector;
- for Transit, Municipal Parking, Municipal Courts and Ambulance Services, a 63% residential/37% non-residential attribution has been made based on a population vs. employment growth ratio over the 10-year forecast period;
- for Health Services, a 90% residential/10% non-residential attribution has been made based on an attribution of average predominant use over the 10-year forecast period;
- for Services Related to a Highway and Related Facilities and Vehicles & Equipment, Fire & Police, an 60% residential/40% non-residential attribution has been made based on a population vs. employment growth ratio over the 19-year forecast period; and
- for Stormwater, Water and Wastewater services an 60% residential/40% non-residential allocation has been made based on population vs. employment growth over the build out urban forecast period.

10. Clear identification of the basis for square ft/employee for non-residential calculations

Please see section 3-6 and Appendix A in the 2013 Background study for a detailed review of the non-residential growth assumptions, sources and calculations.

11. Clear identification as to how the benefit to existing development (BTE is to be calculated).

BTE involves reducing the capital cost by the extent to which that the project benefits existing development. Determination of BTE will vary by project.

12. Clear identification as to how the post Period Benefit is calculated:

Derived from measuring capacity in new facilities or infrastructure that is above the currently eligible service levels that will be available to serve new growth occurring after the planning horizon.

13. Clear identification as to how conservation impacts will be quantified and applied to the DC rate calculations.

All water/waste water and linear infrastructure was based on consumption rates that accounted for a 5000m<sup>3</sup> reduction due to conservation over the past 10 years. The Peer Review Team has reviewed all the assumptions relating to water consumption and tied modeling work to the capital infrastructure needs. Please refer to the Peer Review comments and Staff responses in the "Peer Review, Hard Services R.W. Stratford".

14. Clear identification as to what service are to be and can be funded through the development charge.

The DC Act mandates the services that can be funded through the collection of DC's. The table below outlines all eligible service and identifies the services included in the City of Guelph's Background Study and DC rate.

Eligible Services	DC % Recovery	Included in Guelph DC
Waste Water Services	100	Included
Water Supply Services	100	Included
Police	100	Included
Homes for the Aged	90	Not included
Day Care	90	Not included
Health	90	Proposed in 2014
Social Service Space	90	Not included
Ambulance	90	Included

POA (Court)	90	Included
Services Related to a Highway	100	Included
Transit	90	Included
Parking	90	Included
Storm Water	100	Included
Fire	100	Included
Outdoor Recreation (parks and open space	90	Included
Indoor Recreation	90	Included
Library	90	Included
Administration (studies in connection with acquiring buildings, rolling stock, materials and equipment and improving land and facilities including the DC background study)	90	Included

15. Clear identification of how the Places to grow projections are being complied.

The places to growth projections have been used to develop the Official Plan, Guelph Local Growth Management Strategy (LGMS), Guelph Employment Land Strategy (ELS) the Guelph Innovation District (GID) Secondary Plan and the Downtown Secondary Plan (OPA 43) which all contributed to the growth forecast used in the Development Charge Background Study.

16. Clear understanding of historic service level information and how it is applied on a go forward basis in the DC calculations.

Historic service standard provides a ceiling on the charge which can be imposed. The Development Charges Act provides that the average of the past 10 years be the basis for the upper limit of the charge and must measure both quantity and quality. Watson reviewed the Service Stand information at the September 27, 2013 Developer Consultation meeting.

17. Consideration of timing of DC payments operations related planning approvals.

Payment of hard service DC's is due at the time of subdivision approval and the current draft DC By-law does not recommend any changes to the timing of the payment. This allows the City to pay for the infrastructure required prior to the actual home construction. This is in line with most neighbouring communities. If 100% of the DC was due at building permit, the City would be required to cash flow or issue debt to pay for the water, waste water and linear infrastructure required for that development. The City would also assume the risk of building the required infrastructure and the development not happening when anticipated.