

STAFF REPORT



TO City Council

SERVICE AREA Finance & Enterprise Services

DATE November 18, 2013

SUBJECT 2013 Development Charge Background Study and 2014 By-law

REPORT NUMBER FIN-13-48

EXECUTIVE SUMMARY

PURPOSE OF REPORT

The purpose of this report is to inform Council on the 2013 Development Charge Background Study (Background Study) and 2014 By-law (By-law). The City has been working with Watson and Associates over the past year to build a Development Charge Background Study and By-law that will accurately recover the capital costs associated with the projected residential and non-residential growth over the next 5 years. Finance has engaged a Staff Steering Committee, a Peer Review Team and the Development Community to identify issues and assist in making decisions that will contribute to a fair and accurate Development Charge Background Study.

KEY FINDINGS

The key findings discussed in this report are as follows:

Process and Approach:

- As part of the process of updating the Background Study, staff collaborated with an industry selected Peer Review Team comprised of Audrey Jacobs and Robert Stratford to ensure that assumptions, methodology and calculations were fair and reasonable,
- Stakeholder consultation and input was a priority throughout the Background Study and outreach was made to several key stakeholder groups including the Guelph Home Builders Association, Guelph Wellington Development Association, key non-residential developers as identified by the City's Economic Development Department, Guelph Chamber of Commerce and the Guelph Downtown Business Association

Methodology and Charge:

- The recommended Single Detached Dwelling unit charge is projected to increase by 12.6% (from \$24,208 to \$27,258)

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- Staff are recommending a consolidated non-residential fee structure
- The recommended new non-residential rate is a \$3.25 decrease from the current commercial rate and a \$0.95 decrease from the current industrial rate
- Residential growth, projected to reach 169,400 by build-out, is achievable without the inclusion of the Reserve Lands in the Clair-Maltby secondary plan area

Policy recommendations highlights include:

- Maintain the University of Guelph exemption,
- Eliminate industrial phasing,
- Redefine Services Related to a Highway,
- Continue to encourage Brownfield & Downtown development and Affordable Housing through separate corporate programs such as the Tax Increment Based Grant program,
- Health services has been added to the Development Charge calculation. This is an allowable charge under the DC Act, 1997 and will allow the City to collect for the growth portion of the Public Health facilities currently under construction,

FINANCIAL IMPLICATIONS

The 2013 Development Charges Background Study identifies \$544,492,747 in capital infrastructure that is required to accommodate the City's projected growth of 43,150 people from residential development and 29,204 people from non-residential development. This results in the following development charge rates.

Table 1: Proposed 2014 Development Charge

	Current	New	Change	% Change
Residential (per dwelling)				
Single and Semi Detached Dwelling	\$24,208	\$27,258	\$3,050	12.6%
Apartments – 2 Bedroom	\$14,568	\$16,405	\$1,837	12.6%
Apartments-Bachelor and 1 Bedroom	\$10,164	\$11,441	\$1,277	12.6%
Other Multiples	\$18,232	\$20,528	\$2,296	12.6%
Non-Residential (per sq ft)				
Commercial/Institutional	\$12.27	\$9.02	-\$3.25	-26.5%
Industrial	\$9.97		-\$0.95	-9.5%

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ACTION REQUIRED

Council is being asked to:

- Receive report FIN 13-48 2013 Development Charge Background Study and 2014 By-law and refer to the January 26, 2014 meeting of Council
- Provide Staff with feedback on the 2013 Background Study and the 2014 By-law

RECOMMENDATION

1. That the report FIN 13-48 2014 Development Charges Background Study and By-law dated November 18, 2013 regarding the City of Guelph's 2014 Development Charges Study be received and referred to the January 27, 2014 meeting of Council;
2. That an administrative report be prepared for the January 27, 2014 Council meeting that includes any additional information requested by Council at the Public Meeting;
3. That final adoption of the Background Study and approval of the Development Charges By-law be considered at the scheduled January 27, 2014 Council meeting.

BACKGROUND & DEFINITIONS

Under the *Development Charges Act, 1997* (DCA), the City is required to update its Background Study and By-law every five years. The City's existing By-law is set to expire on March 2, 2014 at 12:01am.

The Background Study identifies the forecasted growth, service standards and capital infrastructure needs over the 10-year and build-out planning horizons and determines a one-time charge that will be levied on new residential and non-residential development within the City of Guelph. These charges finance the portion of the capital costs associated with new infrastructure and municipal service expansion needed to support growth.

The *Development Charges Act 1997*, allows for the following services to be included in the background study:

- Services calculated on a 10-year forecast:
 - Outdoor Recreation
 - Administration (studies)
 - Library
 - Ambulance
 - Health Services
 - Indoor Recreation
 - Parking
 - Courts (POA)
 - Transit

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- Services calculated on a 19-year forecast:
 - Services Related to a Highway
 - Police
 - Fire
 - Wastewater Services
 - Stormwater
 - Outdoor Recreation

The DCA does not allow for the inclusion of the following services:

- Cultural and Entertainment facilities
- Tourism facilities
- Parkland acquisition
- Waste Management
- Computer Equipment

The associated By-law is approved by Council and sets the policy framework governing the collection of development charges for the period the study is in effect. The By-law is developed in accordance with the parameters set out in the legislation governing development charges.

Development charges represent a significant funding source for City capital program as illustrated below. Over a five year period (2009-2013), average commitments against the development charges reserves was \$25,067,320.

Table 2: Development Charges Collected and Spent		
Year	DC's collected	DC's spent (does not include unspent commitments)
2009	8,575,833	10,632,528
2010	18,853,969	16,772,670
2011	15,482,129	16,030,519
2012	18,430,940	9,165,080
2013*as at Sep 30	15,480,588	4,007,958
Total	\$76,823,459	\$56,608,755

Definitions

"Benefit to Existing" means the amount of benefit derived from a project that is attributable to existing population

"Build-out" means residential and non-residential development yield on all lands within the City's Municipal Boundary, including the Guelph Innovation District (GID), but excluding lands designated Reserve Lands and Open Space/Park Land in the Clair-Maltby Secondary Plan Area

"Development Charges" (DC's) means a one-time fee levied on new residential and non-residential development within the City of Guelph.

The following provides an explanation on how the development charge is calculated:

- 1) Identify amount, type and location of growth
- 2) Identify servicing needs to accommodate growth
- 3) Identify capital costs to provide services to meet the needs of growth
- 4) Deduct:
 - Grants, subsidies and other contributions
 - Benefit to existing development
 - Statutory 10% deductions (soft services)
 - Amounts in excess of 10 year historic service calculation
 - DC reserve funds (where applicable)
- 5) Net costs then allocated between residential and non-residential benefit
- 6) Net costs divided by growth to provide the DC charge

“Development Community” means Guelph Home Builder Association, Guelph Wellington Developers Association and non-residential developers as identified by the City’s Economic Development Department.

“Growth Forecast” means the anticipated amount, type and location of development, for which development charges can be imposed.

“Local Service Policy” means the corporate policy that outlines (i) the Local Services (such as parks, roads, pipes and sewers) relating to a plan of subdivision or within the area to which the plan relates, which are the responsibility of the developer as a condition of subdivision approval under the Planning Act; and (ii) the Local Services related to a severed parcel, which are the responsibility of the developer as a condition of consent under section 53 of the Planning Act (severance consent).

“Other Key Stakeholders” means the Guelph Downtown Business Association and Guelph Chamber of Commerce

“Peer Review Team” means the team of Development Community selected industry experts retained to review the detailed growth forecast, service standards, capital infrastructure, local service policy and By-law as directed by the minutes of settlement from the Ontario Municipal Board hearing regarding the 2009 DC By-law.

“Post Period Benefit” means the portion of a capital project that can be used to benefit future growth outside of the current planning horizon for the service.

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Approach

The City initiated the Development Charge Background Study in October 2012 by retaining Watson and Associates to oversee the update of the 2013 Background Study and the 2014 By-law. Work began with the development of a Work Plan that was circulated to stakeholders highlighting project meetings, information requirements and deadlines. The Work Plan incorporated the engagement and consultation with a Staff Steering Committee, a Peer Review Team and consultation with the Development Community and other key stakeholders.

The following schedule provides a high level overview of key dates involved in the preparation, review and public consultation process for the Background Study:

Table 3: Key Dates-Background Study Process	
Timing	Work Plan Item
Oct 2012 – Sep 2013	Collection and compilation of data necessary to calculate development charges
May 2013-Oct 2013	Staff Steering Committee Meetings
Mar 2013-Oct 2013	Peer Review Team Meetings and correspondence
Dec 2012-Oct 2013	Development Community Meetings
Oct 24, 2013	Notice of Public Meeting of Council
Oct 31, 2013	Background Study and proposed By-law made available to members of the public on City website
Nov 18, 2013	Public Meeting of Council
Jan 27, 2014	Development Charge By-law approval

Overview of Membership

Updating the City's DC Background Study is a complex project that requires input from a number of different stakeholder groups. The below table provides an overview of key membership and their mandate:

Table 4: DC Background Study Members		
	Membership	Mandate
Staff Steering Committee	Planning, Building, Engineering and Environment <ul style="list-style-type: none">General Manager of Planning Services, Todd SalterActing General Manager of	In January 2013, at the direction of the City's Executive Team, the Direct Report Leadership Team established a Development Charge Staff Steering Committee that

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	<p>Engineering Services, Don Kudo</p> <ul style="list-style-type: none"> • Manager of Transportation & Development Engineering, Rajan Philips • General Manager of Water Services, Peter Busatto • General Manager of Wastewater Services, Kiran Suresh <p>Community and Social Services</p> <ul style="list-style-type: none"> • General Manager of Parks and Recreation, Murray Cameron • Manager of Parks and Open Space, Karen Sabzali <p>Corporate and Human Resources</p> <ul style="list-style-type: none"> • General Manager of Legal Services/City Solicitor, Donna Jaques <p>Operations, Transit and Emergency Services</p> <ul style="list-style-type: none"> • General Manager of Public Works, Rodney Keller <p>Finance & Enterprise</p> <ul style="list-style-type: none"> • Manager of Financial Planning and Budgets, Sarah Purton • General Manager of Finance, Katrina Power • Sr. Corporate Analyst Long Term Planning & Development Charges, Christel Gregson • General Manager of Economic Development, Peter Cartwright • Corporate Manager of Downtown Renewal, Ian Panabaker 	<p>consisted of appropriate City staff. The mandate of this Committee was to provide input and make recommendations to the Executive Team with respect to the City's Background Study and By-law.</p> <p>The policy recommendations made by the staff steering committee are discussed in greater detail in the "Policy Considerations" section of this report.</p>
Consultant Team	<p>Watson and Associates</p> <ul style="list-style-type: none"> • Gary Scandlan • Nancy Neale • Jamie Cook 	<p>To provide expert advice and project management oversight in the development of the City's Development Charge Background Study and By-law.</p>

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Peer Review Team	<ul style="list-style-type: none"> Audrey Jacobs – IBI Consulting Robert Stratford – R.W. Stratford Consulting 	<p>In accordance with the Ontario Municipal Board (OMB) Minutes of Settlement with respect to the City of Guelph's 2009 DC By-law, a Peer Review Team was established to provide input at each stage of the 2013 Development Charge Background Study including:</p> <ul style="list-style-type: none"> a) Terms of Reference b) Study Assumptions and Methodology c) Analysis d) Conclusions and Recommendations <p>The team was selected by the appellants identified in the OMB settlement</p>
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As identified earlier in the report, the Peer Review Team was formed as the result of an Ontario Municipal Board decision that directed the City to use an independent review team at all stages during the update of the study. This was the first time the City had used this structure and found that valuable input was obtained by going through the review process as material was developed. In the City's opinion, some of the most influential Peer Review Team contributions included:

- Ensured all potential grants and subsidies were accounted for and deducted appropriately;
- Undertook significant work with respect to linking the projects identified in the Background Study to Council approved Master Plans and Studies and questioning material differences, additions or removals of projects from the 2008 Background Study;
- Provided feedback and advice on service standard calculations that appeared materially different or inconsistent with industry norms;
- Verified capital infrastructure costings and ensured all necessary deductions (benefit to existing and post period benefit) were considered;
- Strengthened the Local Service Policy with improved clarity regarding developer responsibility, City standards and corporate policies
- Ensured consistent assumptions were used in the modelling and forecasting of water, waste water and linear infrastructure, particularly with regard to conservation targets;
- Reviewed assumptions used in determining the growth forecast. The Peer Review Team undertook a detailed review of the City's growth forecast and questioned the feasibility of the intensification targets and adequacy of the land supply available to accommodate the forecasted growth. The City believes that the work undertaken through its various Council approved policies supports the growth forecast that has been utilized in the development of the Development Charge Study.

Appendix A provides an overview of the meetings that took place between City staff and the Peer Review Team and all formal communication between the City and Peer Review Team will be made available on the City's website Guelph.ca/dc

Stakeholder Review

Early in the process, City staff requested and received input from the Guelph Home Builders Association (GHBA) and Guelph Wellington Development Association (GWDA). This feedback was taken into consideration by staff during the development of the study as well as provided to the Peer Review Team to inform them of areas of concern that had been noted by these associations. Please refer to Appendix B for the input received from the GHBA and GWDA and the City's responses as provided on October 15, 2013.

Through the months of September and October 2013, the City scheduled four subsequent meetings with GHBA and GWDA to review the detailed service standards and capital infrastructure sheets as well as inform them of growth assumptions, methodology and policy changes. These meetings were designed to provide a forum for discussion in the spirit of co-operation. The intent of the group is to review development charge proposals, provide input, and bring issues or concerns to the fore during the study process. Discussions included dialogue on the role and purpose of the Peer Review Team, the timing of collection, assumptions, methodology and financial impact. Appendix A provides a detailed overview of the meetings between the City of Guelph and GHBA and GWDA.

In addition, the Guelph Chamber of Commerce, the Downtown Guelph Business Association and the non-residential development community has been sent updated DC background study information and been provided the opportunity to voice any questions or concerns that they may have.

Methodology

Growth Forecast:

In order to determine the development charge that may be imposed, it is a requirement of Section 3.5 (1) of the Development Charges Act, 1997 that "the anticipated amount, type and location of development, for which development charges can be imposed, must be estimated." The growth forecast used in the Development Charges Background Study is based on several Provincial and Council approved policies including:

- Province's mandated Places to Grow,
- City of Guelph's Official Plan, as amended by the City's Growth Plan Conformity Amendment, OPA 39 and by it's Official Plan Update, OPA 48
- Local Growth Management Study (LGMS),
- Guelph Employment Land Strategy (ELS),

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- Guelph Innovation District Secondary Plan (GID)(OPA 54) and;
- Downtown Secondary Plan (OPA 43)

The following broad assumptions were used to formulate the growth forecast:

- a population target of 169,400 by build-out (2031) which is in-line with the Provincially mandated Places to Grow target
- employment growth to provide approximately 29,204 additional jobs by build-out
- These population figures set the basis for future residential and employment growth and is the basis for determining the necessary hard and soft services to support that growth.
- As shown in the chart below, the updated growth forecast is projecting a trend towards intensification that will influence the anticipated housing mix.

Table 5: Housing Mix			
	2008 Background Study (2008 to Build-out)	2013 Background Study (2013 to 2023)	2013 Background Study (2013 to Build- out)
Low Density	28%	31%	22%
Medium Density	34%	31%	31%
High Density	38%	39%	47%

- Projected growth will be accommodated by lands contained within the existing corporate boundaries of the City of Guelph and do not include the designated Reserve land in the Clair-Maltby Secondary Plan Area shown in the updated Growth Forecast. The Reserve Lands and Open Space/Park Lands have been excluded given the uncertainty surrounding the residential and non-residential development yield prior to the adoption of the Secondary Plan for the Clair-Maltby area.

Service Standards:

In order to determine the amount of development charges the City is eligible to collect for each service, a current 10 year average standard of each service must be calculated. This is done by providing an inventory of all facilities, equipment, vehicles, lands, etc that are utilized in the provision of each eligible service. 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. This step in the process ensures that DC's maintain, but not increase, the existing service standard. Due to the regulatory nature of water, wastewater and stormwater services, there is no service level ceiling calculation requirement.

For example:

- The 10 year average square footage per capita of fire facility space = 0.3953 per capita,
- The average value of one square foot of fire facility space is \$249

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- Therefore the **service standard** is $0.3953 * \$249 = \98
- Multiply the service standard by the forecasted growth of 43,150 over the 10-year period to calculate the **maximum eligible amount** that can be recovered through Development Charges ($43,150 * \$98$). This results in \$4,242,077 for that service.

Capital Infrastructure Needs:

Masterplans, corporate policies and infrastructure models were used by Service Area Managers to identify the capital infrastructure and costs required to provide services for the City's projected growth. Eligible capital costs include:

- Land acquisition (excluding parkland)
- Capital improvements, acquisitions, leases and construction projects
- Rolling stock with a useful life of 7+ years
- Interest costs
- Studies in connection to the above

The costs associated with the capital infrastructure needs identified in the study may be subject to the following deductions:

- Grants, subsidies and other contributions
- Benefit to Existing population
- Benefit to future growth beyond the current study's time frame
- Statutory 10% deduction for soft services
- DC reserve fund balances

Policy Considerations

The Staff Steering Committee considered and made recommendations on the following list of policies:

1. Local Service Policy
2. Non-Residential Rate Structure
3. Phasing of the Charge
4. City Wide vs Area Specific Charges
5. University Lands and University Purposes
6. Early and Late Payment Agreements
7. Redevelopment Reduction time period
8. Timing of Collection
9. Services Included in the 2014 Background Study

The policy considerations were also discussed with the Peer Review Team and Development Community and these policy recommendations are reflected in the updated By-law.

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1. Local Service Policy

Local Services are services such as parks, roads, pipes and sewers, relating to a plan of subdivision or within the area to which the plan relates. In the context of a severance consent application, Local Services are those services related to the severed parcel. Local Services are the responsibility of the developer as a condition of subdivision approval under the Planning Act, or as a condition of consent under section 53 of the Planning Act (severance consent).

Under Section 59 of the DC Act, a municipality cannot impose charges relating to a development, under a subdivision agreement or as a condition of consent under section 53 of the Planning Act, except for local services relating to the plan of subdivisions.

Recommendation:

The Steering Committee identified the need to add clarity to the Local Service Policy, particularly in the Parkland Development and Services Related to a Highway sections. City Staff have improved definitions and detailed responsibilities of developers to ensure consistency and transparency.

2. Non-Residential Rate Structure

The 2009 DC By-law introduced the following rate structures with the intention of encouraging job intensive industries to set up in Guelph:

- Residential
- Industrial
- Commercial/Institutional

The industrial DC rate incentive did not generate the level of industrial development and employment that staff believe it had intended. In addition, determining who is truly commercial and who is industrial has been challenging due to difficulties in defining industrial and commercial activities in a way that addresses all situations. This has lead to lost revenue, frustration within the development and building community and lost productivity among staff and Council.

Recommendation:

In order to address these issues, the Steering Committee is recommending a single non-residential rate. The financial impact to the non residential developer is illustrated below.

Table 6: Non-Residential Rate Structure Comparison			
Non Residential Development Type	Current Rates 2013 per ft ²	2014 By-law, per ft ² (old rate structure)	2014 By-law, per ft ² blended *recommended*
Industrial	\$9.97	\$6.49	\$9.02
Commercial/Institutional	\$12.27	\$12.61	\$9.02

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In addition, early and late payment agreements are available under the *Development Charges Act, 1997* and can be used as an economic development incentive tool. Early and late payment agreements are discussed below.

3. Phasing

Phasing was incorporated into the 2009 By-law to further encourage industrial industries to develop in Guelph and to mitigate the substantial rate increase that was being recommended. The industrial rate was phased in over 5 years and has cost the City \$4,023,856 since 2009. The chart below shows the lost Development Charge revenue by year:

Table 7: The Cost of Phasing 2009-2013			
Year	%Phased	Charged \$/m2	Total Exempted
2009	42%	\$44.39	\$976,218
2010	42%	\$42.13	\$434,058
2011	61%	\$61.70	\$1,836,553
2012	80%	\$84.37	\$777,027
2013	100%	\$107.37	\$0
Total			\$4,023,856

Recommendation:

The Steering Committee does not recommend implementing a phasing program in the 2014 DC By-law as the blended rate is lower in comparison to the current rate in effect.

4. Area Specific vs. City Wide Rate Structure

A City wide rate structure is what is currently in effect and results in one rate for any development regardless of where it is occurring within the City.

Alternatively, area specific rates can be used to provide development incentives/disincentives by geographic location i.e. Greenfield vs. Built up area. It also isolates development costs to a specific geographic location and can more accurately reflect servicing burdens attributable by area or development type. However, they can be contentious and subject to appeal, reduces the City's flexibility to fund new works from the consolidated reserve fund and are harder to administer.

The Steering Committee discussed the equity of imposing different rates to specific areas, in particular the Downtown Secondary Plan area and Hanlon Creek Business Park. The intent was to determine a charge that would help fund the expensive capital infrastructure costs required to accommodate the forecasted growth planned for these areas.

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However, there is substantial risk associated with implementing an area specific rate, both within and outside of the area that the rate is applied. Specifically, if growth were not to occur as planned, the capital infrastructure costs would not be funded adequately. In addition, the City has a Tax Increment Based Grant program that has been successful in encouraging development in the Downtown and Brownfield areas.

Recommendation:

Based on these considerations, the Steering Committee does not recommend an area specific rate.

5. The University of Guelph

The City has a long history with the University and the current By-law exempts them from paying Development Charges for a) developments on University land or b) on land owned directly or indirectly by or on behalf of the University outside its core lands if the development is for University Purposes.

Recommendation:

The Steering Committee recommended continuing with this exemption but has added clarity to the By-law by including a definition for University Purposes.

6. Early and Late Payment Agreements

The Steering Committee expressed interest in using Early and Late Payment agreements to encourage non-residential development. Section 3.15 of the 2009 DC By-law allows for Early and Late Payment Agreements however historically they have only been used for affordable housing. The impact of an Early Payment agreement is the lost revenue incurred from collecting development charges before building permit to avoid a rate increase and the impact from a late payment agreement would be that the City would have to cash-flow capital infrastructure costs required for that development prior to construction.

Recommendation:

The Steering Committee recommends continuing with the current provision in Section 3.15 of the By-law that allows the City to enter into Early and Late Payment Agreements. However, the use of early and late payment agreements as an incentive tool needs further scoping and independent policy around the use of these agreements needs to be developed to ensure consistency and protect the City's revenues.

7. Redevelopment Reduction Time Limit

If a development involves the demolition and replacement of a building or structure on the same site, or the conversion from one primary use to another, the developer shall be allowed a reduction in DC's equivalent to the number of dwelling units

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and/or non-residential gross floor area in place at the time of demolition. Currently, the time limit for a redevelopment credit is 48 months and it is in line with surrounding municipalities.

Staff have received feedback from some members of the Development Community suggesting the 48 months does not provide sufficient time to secure a building permit. Watson & Associates informed the Steering Committee that research has proven that 48 months closely matches the time it takes for service capacity of the demolished property to be absorbed by current growth (one background study cycle) and therefore, after the 48 months, the reduction is not justified.

Recommendation:

The Steering Committee recommends maintaining the 48 month time limit as this is in-line with best practices at other municipalities and protects the City's capacity to accommodate the demands of growth.

8. Timing of Collection

For most services, Development Charges are collected at the time of building permit issuance. For residential developments proceeding through subdivision application under the Planning Act (S. 51), water, wastewater, stormwater and services related to a highway are paid at subdivision agreement and based upon the estimated development to occur on the lands, subject to review as the lands develop.

Through consultation with the Development Community, the GWDA expressed interest in pushing the time of collection of hard services out from subdivision agreement to building permit. Watson & Associates surveyed the surrounding municipalities to determine the industry standard (see Appendix C). The financial implications of collecting 100% of the Development Charge at building permit would be significant to the City's cashflow. The City would take on tremendous risk of financing all necessary hard infrastructure required to accommodate a pending subdivision with no guarantee the development will materialize and the costs will be recovered in a timely manner.

Recommendation:

Due to the risk and upfront costs associated with having the full charge due at building permit time, the Steering Committee recommends that the City continues to collect for water, wastewater, stormwater and services related to a highway at subdivision agreement and all other services at building permit.

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9. Services Included in the 2014 Background Study

The proposed By-law identifies the following categories of services for which development charges are imposed:

- Water Services
- Wastewater Services
- Storm water Drainage and Control Services
- Services Related to a Highway
- Fire Protection Services
- Library Services
- Indoor Recreation
- Outdoor Recreation Services
- Transit
- Administration
- Ambulance Services
- Provincial Offences Court Services
- Municipal Parking
- Police Services
- Health Services

The 2014 Background Study includes a charge for Health Services that has a \$64 impact per Residential single detached dwelling.

Road Services has been renamed Services Related to a Highway and the definition has been refined to encompass all services essential to a 'complete street'. This interpretation is in-line with the definitions used in the Development Charges Act. The impact of this redefinition is that bus pads, bus shelters and the bus terminal are now included in the Services Related to a Highway service category instead of the transit service category.

Recommendation:

The Staff Steering Committee is recommending all of these services listed above be included in the rate calculations, and the redefinition of Services Related to a Highway be accepted.

Finalizing the Development Charge Process

Expiration of the Current Development Charges By-law

The City's present By-law 2009-18729 was passed March 1, 2009 and came into force on March 2, 2009 and will expire on March 2, 2014. If a new By-law is not in place prior to this date, the City cannot collect development charges on any development in the City from that date until a new By-law is passed.

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It is imperative that every effort be made to establish sound development charge policies. Additional discretionary exemptions will create revenue shortfalls and impact tax rates and user fees.

Next Steps:

January 27th, 2014 – Council adoption of the DC Background Study and approval of the By-law

CORPORATE STRATEGIC PLAN

Goal 1: An attractive, well functioning and sustainable city

Goal 2: A health and safe community where life can be lived to the fullest

Goal 3: A diverse and prosperous local economy

Goal 4: A vibrant and valued arts, culture and heritage identity

Goal 5: A community-focused, responsive and accountable government

Goal 6: A leader in conservation and resource protection/enhancement

DEPARTMENTAL CONSULTATION

All City service areas have been consulted in the formulation of the Development Charge Background Study growth forecast, service standard and capital cost calculations as applicable.

The Corporate Community Engagement Team evaluated the mandate and scope of the 2013 Background Study and determined a “Decision not to Engage” was appropriate.

Policy considerations have been undertaken by the Steering Committee.

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FINANCIAL IMPLICATIONS

The Background Study has identified \$544,492,747 in capital projects that will be required as a result of growth projected to build-out.

Table 8: Schedule of Development Charges					
	Single & Semi-Detached Dwelling	Apartments 2+ Bedroom	Apartments Bachelor and 1 Bedroom	Other Multiples	Per ft² of Gross Floor Area
Municipal Wide Services					
Services Related to a Highway	\$3,253	\$1,958	\$1,365	\$2,450	\$1.37
Transit	505	304	212	380	.24
Parking	686	413	288	517	.32
Fire Protection Services	284	171	119	214	.12
Police Services	399	240	167	300	.17
Outdoor Recreation Services	3,525	2,122	1,480	2,655	.15
Indoor Recreation Services	2,556	1,538	1,073	1,925	.11
Library Services	540	325	227	407	.02
Administration	318	191	133	239	.15
Provincial Offences Act	9	5	4	7	.00
Health Services	64	39	27	48	.01
Ambulance	29	17	12	22	.01
Total Municipal Wide Services	\$12,168	\$7,323	\$5,107	\$9,164	\$2.67
Urban Services					
Stormwater Services	121	73	51	91	.05
Wastewater Services	6,344	3,818	2,663	4,778	2.67
Water Services	8,625	5,191	3,620	6,495	3.63
Total Urban Services	\$15,090	\$9,082	\$6,334	\$11,364	\$6.35
Grand Total	\$27,258	\$16,405	\$11,441	\$20,528	\$9.02

Appendix D illustrates how the City's proposed Development Charges compare to surrounding municipalities.

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COMMUNICATIONS

October 24, 2013 – DC Development Charge Public Meeting Advertised in Local Paper and on the website

November 1, 2013 – DC Background Study and proposed By-law posted to City Website

November 18, 2013 – Development Charges Public Meeting

ATTACHMENTS

Appendix A – Schedule of Key Development Charge Process Dates

Appendix B – Development Community Input and City Response

Appendix C – Time of DC Payment Survey

Appendix D – Development Charge Survey

The 2013 DC Background Study, Local Service Policy and 2014 Draft By-law received under separate cover

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