Stakeholder Comments October 9, 2018

Exemptions

1. University exemption should be reviewed. Council should have the opportunity to re-evaluate the merits of the exemption. It should be stressed that the exemption will be funded by existing taxpayers and also that many other policy areas (brownfields, downtown, intensification) are not proactively supported by DC exemptions.
2. Rational for continuing the full exemption for the University is weak. How much do Guelph citizens really use the University library/sports fields? My guess is that any such usage is more than offset by university students use of Guelph's libraries, parks etc. And the cost for fire and policing related to University students, especially in the downtown are significant.
3. If the City wants to pass on growth costs associated with the University to the local tax base, let's be clear that this is the intent and not try to create a questionable rationale for a full DC exemption.
4. Why does the University exemption have to be 100%? It could be 25%? Should it be consistent with other incentive programs (Brownfield, Downtown redevelopment) that have separate programs independent of DC policy?
5. I don't agree with providing a DC exemption for all parking structures. Anytime parking is increased, it is a disincentive to transit usage and should not be encouraged by DC exemption.
6. Discretionary Exemptions: Where exemptions (for hospitals and churches) are mandated by the legislation there is no need to discuss further but where exemptions are discretionary the City should be asking why such growth costs are being transferred to the existing Ratepayer. Staff have indicated that they want to keep the D.C. policy clean and hence are not recommending preferential D.C. treatment for brownfields, infill or the downtown and staff note that special programs are in place to support these planning objectives. So why not keep the D.C. exemptions limited to mandated exemptions only and handle the discretionary areas with special programs or direct grants by Council? The prime example is the discretionary D.C. exemption provided to the University. Why are the costs of the University's growth being passed on to existing ratepayers? Why not keep the D.C. policy clean and let Council provide an annual grant to the University if it feels it is necessary or merited? The rationale provided by staff for the 100% University D.C. exemption is very weak. It suggests the exemption exists because citizens are able to use the University library and sports facilities which may be occurring but I would estimate that such usage doesn't compare to the university students using the City's libraries, parks and recreation facilities. The background paper also suggests that the University provides some of it's own services (fire, policing) as a reason for the discretionary exemption but it should be clear that the City's off campus servicing costs for policing and transit are significantly impacted and increased by university growth. The University is one of Guelph's largest developers. If for instance growth requires it to construct a parking structure

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(to the detriment of city transit) or more student housing (in competition with the private sector) do we really want to forego the appropriate D.C. charges and pass the costs resulting from the University's growth on to seniors and other existing rate payers? Discretionary D.C. exemptions by the City should not exist. At best any such exemptions should be at nominal/symbolic values certainly not 100%.

7. The report notes that there is a non-statutory exemption for Colleges as well as the University and hopefully the policy paper on the University exemption will also cover Colleges. In both cases I suggest that exemptions be eliminated, the city always has the option of providing direct grants for special purposes but these DC Exemptions amount to hidden subsidies

Staff Responses to Questions/Comments 1-7:

At the June 27, 2018 Council workshop, Council requested Staff to provide alternative University exemption policy options to be considered through the update of the DC By-law consistent with the stakeholder comments above. Staff are still in the process of internal consultation and review of the options. Staff are targeting the release the staff recommended approach in the upcoming weeks prior to the public release of the Background Study on December 12, 2018.

The draft DC Background Study identified colleges as a non-statutory exemption. While the Act does not directly exempted this form of development, case law has determined that these charges may not be imposed on senior levels of government.

Finally, the only discretionary exemption remaining is the Bona Fide Farm Use Exemption which staff can find no instance of ever being applied. As a result, Staff are recommending the removal of the Bona Fide Farm Use Exemption from the DC By-law. The Official Plan does not identify agriculture in any areas within the City's limits in the long-term, and so an incentive for the development of farm buildings is not aligned with the greater policy documents.

Local Service Policy

8. Disappointed in continued direction to soften local services policy and shift true developer costs to dc eligible category where costs may not be collected through dc's and hence fall on existing taxpayers. With rising home prices, the developers have a windfall in profits and they should not also be benefitting from avoiding local servicing costs.
9. Significant costs are being moved from Local Service to DC eligible in response to continuing developer pressure and their suggested difficulties in setting up cost share agreements.

10. When costs are in the Local Service, then it is clearly growth is paying for growth. When items are shifted to the DC, they are not necessarily paid for by growth due to legislated deductions, these costs are borne by the existing tax base. I would have preferred to see more items included in local service not fewer. Problems cited by the development community are not new and have been around for many years. When they purchase the raw land they understand the DC rules and should accommodate anticipated costs.
11. How is the level of service ceiling impacted by changes in the local service requirement? If the level of service is reduced, then I strongly oppose the proposed direction to move more growth related items from Local service (where they are clearly paid 100% by developers) to the DC where if the maximum level of service ceiling is not raised, the growth costs are effectively being transferred to existing taxpayers.

12. The first reason for opposing this shift of costs from the Local Service to the DC is that Council may well find that the resulting DC calculations are so high that they may decide to reduce the DC and thereby directly shift DC eligible growth costs to the existing tax base.

13. Shifting Local Service Costs to D.C. Eligible Costs: This policy is being promoted by staff apparently in response to developer pressure for simplification. It is suggested that some growth costs which would be paid 100% by growth under a local service definition can be shifted to a category of D.C. eligible costs and would still be borne by growth, so no harm no foul as developers still pay. But the reality is that costs when shifted to a D.C. eligible category may not in fact be borne by growth and when this happens it is the existing rate payer that bears the costs. The costs that make their way into the final D.C. are not based on such a simple definition of what is D.C. eligible. The final costs included in the D.C. bylaw are limited by maximums which depend on service level calculations. There are also some projections, scenario's, forecasts and complex modelling which may result in growth-related projects/costs not falling within the horizon year of the D.C. bylaw. It is also common for significant pressure to be brought forward by the developers to reduce the D.C. after the study and calculations are completed. Compromises to achieve a lower D.C. are sometimes found by deferring growth projects past the bylaw horizon year or simply agreeing to lower the D.C. by other means. This results in growth costs which may be 'D.C. eligible' but are ultimately borne by existing rate payers. The direction should be to increase not reduce the number of projects/costs in the Local Service category as this is the only way to ensure that Growth is truly paying for Growth. While there are many issues that developers face with definitions and cost shared agreements, these processes have been around for many years and precedents are well established. The rules and risks were clear when the developer acquired the raw land and the proposed shift of Local Service costs to D.C. eligible costs does nothing more than shift some portion of growth costs from the developers to existing rate payers.

I believe this proposed policy of shifting Local Service Costs to D.C. eligible costs also benefits greenfield residential development at the expense of infill and commercial/industrial development.

14. Read the LSP memo and agree with the staff positions that are different from developer positions. However, my understanding of the LSP is that staff are recommending a significant shift of items from local services to DC eligible. The financial impact should be quantified/estimated. I don't support this shift and feel that it should be moving in the other direction with more costs placed in the LSP. The costs involved are clearly growth costs and when defined as local service these items are 100% paid by growth. When defined as DC eligible, the costs may only be partially paid by growth as there are deductions, exemptions, service level limitations, excess capacity considerations, and council discretion to reduce calculated DC. When shifted to DC Eligible some portion of the growth costs will wind up being borne by existing taxpayers and this should be explained. Also with no area rating, costs that go into the general DC from greenfield subdivisions are being added to the DC of infill/intensification which is not the policy direction the City wants to go in

Staff Responses to Questions/Comments 8-14:

The updates to the Local Service Policy (LSP) were influenced by several factors:

- Legislated changes (Bill 73) relating to fees being levied and requirements for development to construct works;
- A need to reduce the amount of administration and staff time relating to negotiating the definition of 'proportionate share'; and a need to have a policy that promotes consistency, certainty and efficiency to the development process from both the City perspective as well as the developer's perspective.

Staff approached the LSP update with the goal of improving the functionality of the By-law while minimizing the impact on the tax and rate budgets.

Staff believe that the basis for determining what is considered Local Service versus costs that have a broader City benefit is clear and transparent and therefore less open to interpretation which will lead to a more efficient process.

The only cost in staff's opinion, that is not influenced by legislated changes is the recommendation to include basic trail development of certain trails in the development charge. The current practice of requiring basic trail development as a Local Service is not proving to be successful as it is inefficient and more expensive for the City to come back and upgrade trails many years after the development is complete.

Capital

Library

15. The presentation should highlight the new library where a very small percentage of costs is being funded by growth
16. The new Library summary baffles me. To think that only about $6M of the $50 M expenditure is payable by growth suggests some flaw with the calculations/process

Staff Response to Question 15-16:

The DCA limits the amount a service can include in the DC rate calculation to the 10-year average level of service. This calculation is intended to prohibit growth or development revenues to fund service level enhancements. Growth revenues can only be used to extend the same level of service to the new population that the current population experiences. For the library, the average level of service is determined by the total gross floor area (GFA) of all library space in the library, multiplied by the value of the area and divided by the City's population.
The service standard calculation results in a value of $169/capita, based on an average of 0.4626 sq.ft. per capita and an average of $365/sq.ft. of building space ($365 x 0.4626 = $169).
The growth forecast identifies 22,565 more people in the next 10 years, so the maximum amount that can be included in the DC rate is:
$169 x 22,565 =$3,808,069
In addition to the facility there are library vehicles that provide an additional $51,674 to the maximum service standard for a grand total service standard for facilities and vehicles of $3,859,743.

The cost of the new Main Library is estimated at a total of $50.16 million based on an 88,000 sq.ft. facility or $570/sq.ft. This facility will replace the existing main branch, therefore a reduction of $15.373 million has been made to reflect the component of the project that benefits the existing population (replacement of 28,994 sq.ft. or approx. 33% of the project).

It is noted that the $6.347 million included in the DC calculations is to recognize the portion of the expanded facility that will benefit the growth anticipated in the 10-year forecast period only (this amount is net of the mandatory 10% deduction). There has also been a deduction for $11.758 million to recognize the post-period growth benefit (that is the population growth beyond 2027). Finally, an additional "other deduction" has been made in the amount of $15.77 million to recognize that the facility's proposed size and cost are considered an enhancement beyond the eligible service standard level. This can indicate an oversizing of the facility that may have longer term post-period growth potential and that enhancements to the library service level is being proposed in excess of the long-term service standard calculations.

Other

17. Costs for a second GO station, Hanlon interchanges and cycling paths under Speedvale and Woodlawn bridges etc may well be incurred within a 10 year capital program which I assume is the horizon for this DC study. Please ensure they are included in the Study.
18. I did not find a summary of the capital needs for new/expanded trail infrastructure. The underpass at Speedvale and the downtown trail crossings over the Speed must be very expensive and the 10 year plan should include other expensive trail projects such as grade separations at woodlawn and victoria and the trail attachment to the GJR bridge over the Eramosa

    The full listing of planned trails can be found in Table A attached.

    Interchanges on the Hanlon are not planned within the timeframe applied in the DC calculation, and the plans for a second GO station or anything related to increased inter-regional transportation services have not been shared with the City and therefore have not been included in the Study at this time.

General

19. Perspective of an Existing Residential Taxpayer on the DC Study: The basic principle of DC legislation is that Growth should pay for Growth. If this doesn't occur then it is the Existing ratepayer that will bear some growth related capital costs in addition to the annual anticipated cost of living increases in municipal taxes. Over the past twenty years, Guelph's residential tax increases have regularly exceeded the rate of inflation and the recent introduction of a special infrastructure levy is a clear example of the impact on existing taxpayers of growth not paying for growth in this city. If the existing ratepayer is a senior whose pension income is fixed or limited to cost of living adjustments, the cumulative impact of such residential tax increases may be the senior's inability to continue home ownership. This defeats the important social policy of encouraging seniors to 'Age at Home'. The impact of high and increasing municipal taxes is also especially hard for first time home buyers who are finding home ownership in Guelph continuously less affordable. So if it is especially important for seniors and first time home buyers to ensure that Growth does in fact pay for Growth then there are two areas in the current study that really need to be addressed. The first is the provision of discretionary exemptions and the second is the shifting of local service costs to DC eligible costs.
20. Watson Executive Summary indicates DC increase of about 5,000 on single family home over past 5 years. This is about a 17% increase, for context it could be compared to the % increase in Price of homes over the same period which is probably much higher. Even with this increase only 54% of the 5 year capital program would be coming from growth. The existing taxpayers seem to have far too high a share of the costs.

    Thank you for these comments and they will be considered in the development of Council presentation materials.

21. I don’t agree with the memo on changing the payment timing. This is a significant concession to developers and should be quantified on a time value of money basis and looking at potential upfront costs to City. I would also be concerned that such a shift might lead to developers delaying implementation as early payment of some of the DC at plan of subdivision is an incentive to get on with implementation

    The current process is to collect hard services (water, wastewater, roads and storm) at the time of subdivision agreement which is a legacy policy aligned with an Area-Specific DC By-law. The City changed to a city-wide DC By-law methodology over 10 years ago.

    The amount owing at subdivision is based on the proposed number and type of units to be developed. Subdivision agreements are generally required in a greenfield situation, whereas an infill development is required to pay all DCs at first building permit issuance. Making this process complex, is that the dwelling units are subject to change from Subdivision Agreement to Building Permit issuance causing significant reconciliation of payments made on planned units versus actual units. For this reason, the process is administratively burdensome, manual and complex and management is proposing to address this through a Singular DC Collection Methodology.

    Staff are recommending the singular DC collection point only once the dwelling unit identification has been established ie at building permit issuance. The time between Subdivision Agreement and building permit varies, but is generally not longer than two years. For this reason, staff do not expect a material financial impact on the shift in collection timing as this is offset by the indexing of the fees in that same period.

    Further benefits from a singular collection point include automation efficiencies, improved reporting and analytics on growth-related KPI’s.

Table A

Projected Trail Development 2018-2027 as at March 2018 - ***subject to change, based on actual growth activity and results of Trail Masterplan Update 2019

	Project Name	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
1	Hanlon Expressway - Hydro Corridor Trail			100,000	600,000							700,000
2	Southgate Business Park Trail										1,000,000	1,000,000
3	Hanlon Creek Conservation Area at Arkell Road						500,000					500,000
4	Torrance Creek West Phase 1							500,000				500,000
5	Torrance Creek West Phase 2							350,000				350,000
6	Torrance Creek East					600,000						600,000
7	66 Eastview Road						500,000					500,000
8	Watson Parkway N to Watson Road N, north of Clythe Creek								300,000			300,000
9	Guelph Innovation District Trails										1,000,000	1,000,000
10	55 and 75 Cityview Drive Subdivision				400,000							400,000
11	20 and 37 Cityview Drive Subdivision						400,000					400,000
12	Tunnel under CNR/ Metrolinx track at Hadati Creek Trail off Schroder Crescent OR CNR/ Metrolinx track crossing at Cityview Drive										1,000,000	1,000,000
13	Kortright East Phase 3 Trails		230,000									230,000
14	Kortright East Phase 4 and 5 Trails	120000										120,000

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	Project Name	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
15	Victoria Park Village Subdivision		600,000									600,000
16	Guelph Lake/ Nima Trail Subdivision Trail			150,000								150,000
17	Guelph Lake Sports Field Trails								450,000			450,000
18	Canoe Launch and Node							175,000				175,000
19	Watson Creek trail Gateway Feature										200,000	200,000
20	GID - Pedestrian Bridge across Eramosa River									1,000,000		1,000,000
21	CNR/ Metrolinx lands at Knight Lumber/ Raglan										1,000,000	1,000,000
22	Homewood Trail - EIS							150,000				150,000
23	Mitchell Farm - Chillico Run						250,000					250,000
24	132 Harts Lane _ Harts Farm Subdivision	8000.00										8,000
25	East of Eramosa River from Stone Road pedestrian bridge to Cooks Mill Road								300,000			300,000
26	Schroder Crescent to Victoria Road N sidewalk through 259 Grange Road								250,000			250,000
27	Hyland Subdivision (Carter Park)				200,000							200,000
28	Stone Road bow bridge - trail, Eng. Assessment										300,000	300,000
29	Speed River Trail West - Phase B	150,000										150,000
30	Northwest Drainage Channel								650,000			650,000

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	Project Name	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
31	Northwest Drainage Channel							200,000				200,000
32	Crane Park bridge		300,000									300,000
33	Dallan										90,000	90,000
34	Kortright Hills Trail			50,000								50,000
35	71 Wyndham Street		50,000									50,000
	TOTAL	278,000	1,180,000	300,000	1,200,000	600,000	1,650,000	1,375,000	1,950,000	1,000,000	4,590,000	14,123,000