

To/Attention Audrey Jacob, Dukhee Nam **Date** October 19, 2018
From Tara Baker, Christel Gregson
Cc Gary Scandlan, Nancy Neale, DC Stakeholder Group
Subject **Responses to City of Guelph 2018 Draft Development Charges Background Study – Preliminary Review and Comments**

Capital Program: Administration Studies

Question:

1. BTE allocation to Master Plan Projects: Master Plans have an element of benefit to existing (BTE). Consideration should be given to a BTE provision for the Masterplan projects.

Answer:

Staff agree that in most cases, masterplans should have a BTE provision and will review the BTE's accordingly. It was found that the Stormwater Master Plan was the only plan that is being undertaken just to assess the intensification impacts to the system and therefore no BTE has been allocated.

Question:

2. Capital Cost Increase for Watershed Study Update: Please provide information to explain the Gross Capital Cost increase from \$100,000 in the 2013 DCBS to \$1.3 million in the 2018 DCBS.

Answer:

Watershed planning requirements have increased because this work is mandatory/required to comply with the Province's Places to Grow 2017. Essentially, we are now required to do watershed planning to inform municipal policy and decision-making as it relates to city planning, which means we have a number of watershed/subwatershed studies to undertake or update to support this requirement.

Capital Program: Parking

Question:

3. Financing Details for Parkade – Wilson (496 spaces) – Growth-Related Debt: Please provide details as to the calculation of growth-related debt was determined.

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Answer:

The growth-related debt of \$5.5 million (principal) will to be issued in 2018 with the first payment to take place in 2019. The 20-year debenture payments have been discounted by 2% annually back to 2018 to ensure the payments are included in the DC at present value (2018\$). Since the Principal amount of \$5.5 million is required to be accommodated within the service standard ceiling, the discounting on the annual debenture payments is then provide for on the line item for interest.

Question:

4. Capital Costs and Financing Details for Future Parkade – (500 Spaces) and Growth-Related Debt: Please provide details as to how future parkade capital costs and growth-related debt were determine.

Answer:

The capital costs for the future parkade were based on an estimate of 500 spaces at an average cost per space of a structured parking space of \$50,276 (as per the Wilson Street Parkade tender cost) plus an estimated cost for land. The debenture was assumed to be required for both the in-period and post period growth components and was calculated based on 20-year debt at 4% being issued in 2022. The annual debt payments were then discounted by 2% annually (back to 2018) to provide the costs in current 2018\$.

Capital Program: Indoor Recreation

5. BTE allocation to Eastview Community Park: the capital program sheet provided on June 15, 2018, noted that the project is to implement splash pad, natural play structure and traditional play structure. It is noted that Eastview Community Park is an existing park in the city. There should be a BTE provision. Please review and advise.

Answer:

Eastview is the continued implementation of a 'new' park that is being implemented in phases. New budget asks/DC identified funding is to continue to implement the approved Master Plan for a new park.

Capital Program: Indoor Recreation**Question:**

6. Capital Cost Increase and Financing Details for South End Community Centre: Please provide information to explain the Gross Capital Cost increase from \$36.3 million in the 2013 DCBS to \$68 million in the 2018 DCBS. Please also provide details as to how growth-related debt was calculated/determined.

Answer:

The 2013 DC study provide an initial estimate of the cost of the South End Community Centre. Based on the most recent information and estimated size of the facility, staff have updated the estimated cost to \$68 million for the 2018 DC study. This cost will be confirmed as detailed design is completed. The City has confirmed through reserve fund projections that debt will be required on this project, therefore an estimated 20-year debenture has been calculated at 4% to be issued in 2020. The debt payments have then been discounted by 2% annually to reflect 2018 values.

Capital Program: Library**Question:**

7. Cost Attribution for Library – Main (88,000 sq.ft.): compared to the 2013 DCBS, there are several changes in the cost attribution: PPB has significantly decreased, Other Deductions were applied, and Grants/Subsidies were no longer applied. Please explain how cost attribution was developed for the project in the 2018 DCBS.

Answer:

The 2013 DCBS was identifying growth to 2022 vs. 2027 in the 2018 DCBS, therefore, the additional growth from 2023 to 2027 is now considered current period growth needs and results in a lower PPB.

During the 2013 DCBS, staff were hopeful that a grant would be available to assist in funding the project, however, there was no specific grant or grant program identified at the time. Since there has been no opportunities in recent years for library grant funding and no known grants on the horizon, the grant funding was removed from the calculations in the 2018 DCBS. Staff continue to monitor grant funding opportunities and would apply for any funding opportunities in the future, and where successful, adjust the DC calculations accordingly.

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 \$580/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).

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 will be considered in future DC Studies.

Capital Program: Transit

Question:

8. Capital Costs, Cost Attribution and Financing Details for New Transit Facility: please explain how \$76 million in capital costs were determined and how cost attribution was developed for the project. Please also provide details as to how growth-related debt was calculated/determined. It is noted that the DC eligible share is much higher in Debt Interest costs (roughly 80% of \$10,740,467 in total costs) than in the project itself (roughly 16% of \$76 million in total costs).

Answer:

The capital costs were based on a 300,000 sq.ft. facility. The facility will house 180 vehicles (based on a 40' bus equivalent). Currently the City has 89 vehicles housed at the existing garage. As per Dillon's assessment of ridership needs to service growth, an additional 27.45 40' bus equivalent vehicles are required along with an additional 17.34 40' bus equivalent vehicles to meet the increased transit modal share needs of existing residents/employees resulting in a total of 133.79 40' bus equivalent vehicles to be included in the 10-year forecast. The vehicles attributable to BTE is 106.34 (89+17.34) of the 133.79 resulting in a BTE share of 79% and growth share of 21%. Further since the facility will house 180 vehicles there is a post period benefit to the facility equal to 25%.

The debt was calculated only on the growth-related components (in-period and post period) not the entire facility, therefore there is no BTE deduction. Debt was assumed for 20 years at 4% and payments were discounted by 2% to 2018 and the post period applied to the debt payments is based on the 25% (the same as the facility).

Capital Program: Services Related to a Highway

9. Benefit to Existing (BTE) Allocation to Full Corridor Reconstruction: There are multiple Corridor Reconstruction projects with varying BTE attribution, including:

- a) Full Corridor Reconstruction (York Rd Wastewater Trunk and Paisley Feedermain; PN0110): 30% BTE

Answer:

- o This project is driven by project W-I-9 from the Hydraulic Modeling Update for the 2013 Guelph DC Study completed by AECOM in 2013. The study recommends construction of a new pipe to benefit customers city-wide by connecting the Clythe Reservoir to the Paisley Reservoir. The 30% represents the replacement of the currently existing assets.

b) Downtown Full Corridor Reconstruction projects: 75% BTE

Answer:

- o The downtown full corridor reconstruction projects includes streetscaping according to the Downtown Streetscaping Manual. The associated improvements to the road surface and sidewalks improve access and accommodate increased transportation volume throughout the downtown core through improved layout and markings. It supports intensification objectives by creating an attractive, marketable community that will draw new residents to the area.

c) Full Corridor Reconstruction (Road Component Only) 50% BTE

Answer:

- o The road expansion projects are based on recommendations from 2005 Guelph-Wellington Transportation Study and have been carried through subsequent DC studies with a 50% BTE recommendation. There is no data at this time to support an amendment.

Question:

Please explain how the BTE assumption was developed for the Corridor Reconstruction projects.

10. BTE Allocation to Watson Rd N (Watson Pkwy S to York Rd; PN0149): the June 15 capital program sheet provided by the City noted that the project includes replacement of an existing bridge. There should be BTE consideration for the project. Please review and advise.

Answer:

When upgrading the road to accommodate the urban cross section, the bridge will need to be designed to accommodate the new cross section. This design and upgrade would not be required without growth and development of the City.

11. BTE Allocation to New Signal Installation (TF0014): the June 15 capital program sheet noted that the new signal installation is in developed areas. Please explain how the 10% BTE assumption was developed for the project.

Answer:

TF0014 is funding for the installation of new traffic control signals at warranted locations throughout the city's road network. New traffic signals predominately become warranted based upon growth through traffic generated by new development. Therefore, the BTE of 10% considers the existing users of the

intersections and is an application which is consistent with previous studies recommendation.

12. Victoria Road (Clair Road to Maltby – PN0779): the June 15 capital program sheet noted that the project scope includes upgrading the existing 2-lane road to accommodate general traffic growth. Please explain the rationale for 0% BTE assumed.

Answer:

There is a 50% DC and 50% BTE funding for this project identified as per the 2005 Guelph–Wellington Transportation Study and previous DC studies however, the project is to service growth in Clair/Maltby therefore, initially the entire project was shown as PPB. We have updated the table to indicate the BTE portion and then show the net amount as PPB. This does not impact the calculated charge.

13. Transportation Master Plan Update (RD0337): please explain how the 20% BTE assumption was developed for the project

20% BTE was allocated to recognize the review of existing system and issues. The majority of the project will focus on growth.

14. Gordon St: Clair Rd to Maltby Rd (WW,STMN,ED) – (WW0070) (PN0080): the 2013 DCBS allocated the BTE amount of \$590,000 and the Post Period Benefit (PPB) amount of \$295,000. Please explain the rationale for 0% BTE assumed

There is a 70% DC and 30% BTE funding split for this project identified as per the 2005 Guelph–Wellington Transportation Study and previous DC studies however, the project is to service growth in Clair/Maltby therefore, initially the entire project was shown as PPB. We have updated the table to indicate the BTE portion and then shown the net amount as PPB. This does not impact the calculated charge.

15. New PW Fleet Repair and Yard in South: The Gross Capital Cost of this project increased from \$3.3 million in the 2013 DCBS to \$48.2 million in the 2018 DCBS. Please provide detailed project cost information.

Answer:

The capital costs included in the 2018 DCBS are based on a 148,550 sq.ft. facility at \$325/sq.ft. It is anticipated that this facility will replace the following existing facilities:

- Operations Main Build, storage and garage (45 Municipal)
- Annex Building at 50 Municipal Street (70% PW)
- Cold Storage Barn

The 2013 DCBS anticipated a small repair facility in the south, not a full replacement of three existing facilities and an expansion. Therefore, the 2018 DCBS was updated to reflect the most current vision for the facility.

Capital Program: Fire

Question:

16. Debt Items and Level of Service Calculations – Existing Debt (South End Facility): The Fire capital program includes “Existing Debt (South End Facility).” At the same time, the facility (Station #6 (160 Clair CRESC)) is included in the service level calculations.

The fact that debt payments are included in DC indicates that a portion of the facilities are growth-related, not relating to existing communities. Historical service level calculations should, therefore, exclude the growth-related portion. Please review and advise.

Answer:

For cashflow purposes, the City issued debentures on the South End Fire Facility. The Facility has been fully open since 2011 and in service. The balance of debenture payments for 2018 and 2019 have been included in the calculations.

We have followed the following sections of the Act in the determination of service standard calculations.

- Section 5(1) 4 of the DCA provides: The estimate under paragraph 2 must not include an increase that would result in the level of service exceeding the average level of that service provided in the municipality over the 10-year period immediately preceding the preparation of the background study required under section 10.”
- Section 4(1) of the Regulations provides: For the purposes of paragraph 4 of subsection 5 (1) of the Act, both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service.

Review of City Responses to May 29 IBI Memorandum

1. Discrepancies in Housing Supply: 2013 DCBS and 2018 DCBS

Question:

May 29 IBI memo pointed out discrepancies in housing supply between the 2013 DCBS and the 2018 DCBS. The City Response noted that there have been a few factors resulting in the change between 2013 and 2018: new applications, changes in existing applications and exclusion of infill in low supply from severance and accessory apartments. The City Response indicated that the timing between 2013 DCBS and 2018 DCBS is 4.5 years, while the May 29 IBI memo reviewed building activity over 5 years (2013 – 2017). It is noted that consideration of 4.5 years instead of 5 years would only increase the level of supply discrepancy IBI pointed out, since the number of units over 4.5 years would be fewer than the number over 5 years. The City Response lacks sufficient details, considering that the magnitude of the change in supply (over 1,500 single detached units and

4,000 apartment units). • Please provide further details as to how new applications, changes in existing applications and severance and accessory units account for a difference of thousands of units over a 5-year period.

Answer:

Further to the detail provided in the June 15th memo, which indicated the major factors resulting in changes to the housing supply forecast, there are several other factors that have contributed to the discrepancy as detailed below. New applications, changes to existing applications, and changes to the approach in developing the supply inventory account for the majority of the discrepancy.

Increase to Multi-Residential Unit Developments

There has been a notable increase in the number of multi-residential unit developments that have been proposed since the 2013 DC Background Study. A few examples of these active and approved (unbuilt) applications include:

- 71 Wyndham St S
- 78 Starwood Dr
- 144 Watson Rd N
- 671 Victoria Rd N
- 139 Morris St
- 98 Farley Dr
- 237 Janefield Ave
- 1888 Gordon St
- 45 Yarmouth St
- 5 Arthur St S

Combined, the above applications contribute to approximately 2,000 additional high-density residential units to the future housing supply.

Guelph Innovation District

The finalization of the Guelph Innovation District Secondary Plan in 2014, which came into effect in 2017, designated additional residential lands south of Stone Road. The majority of the units on those lands are projected to be apartments, contributing an additional 1,000 high density residential units to the housing supply.

Changes to Plans of Subdivision

Changes to the proposed number units on multi-residential blocks within draft plans of subdivisions, such as 55 & 75 Cityview Drive North. Other multi-residential blocks within registered plans of subdivision, such as 107

Westra Drive, have active site plans that propose a higher number of units than were reported in the Development Priorities Plan.

Additional Identified Vacant Lots

An updated and more robust MPAC database also helped us to identify additional vacant lots within the built-up area.

Low Density Residential Supply – Adjusted Approach

The approach for the low-density residential supply has changed and no longer includes forecast assumptions around severance activity and projected accessory apartments, which together amounted to approximately 100 units per year.

2. Housing Supply Details

Question:

In response to the question in the May 29 IBI memo on how Development Priorities Plans and other referenced documents together align with the supply information in the 2018 DCBS, the City Response referred to the Growth management monitoring report as a document that provides a fulsome account of the city's housing supply. It is not clear how Schedule 6 in the Sep 13 DCBS was derived from the housing supply reported in the Growth management reports.

- The 2018 DCBS appears to suggest that there is significantly more supply potential (approximately 2,700 units) available in the City than the 2017 Growth Management Monitoring Report suggests.² Please review and advise.

Answer:

This is largely an issue around differing methodologies between the two housing supplies.

Growth Management Monitoring Report

The Growth Management Monitoring Report (GMMR) uses the definition of housing supply from the PPS, 2014 and is meant to demonstrate how the city is complying with the provincial policies around housing supply. This housing supply inventory includes lands with approved applications, lands that were re-designated through OPAs, and other undeveloped lands that were identified in the City's Residential Intensification Analysis (RIA).

Development Charged Background Study

The housing supply in the DC Background Study accounts for all of the sites that contribute to the housing supply reported in the GMMR, but also considers other applications for lands with active development applications,

such as 19-59 Lowes Road, 671 Victoria Road North, and 98 Farley Drive. Sites with active applications that are also identified in the GMMR housing supply will have updated unit mixes that are based on the development proposal in the DC Background Study housing supply, such as 237 Janefield Avenue, and 107 Westra Drive.

3. Housing Supply and Demand Reconciliation

Question:

The City Response detailed housing supply as of December 31, 2017, which does not align with the 2017 Growth Management Monitoring Report.³ Please review and advise. It is also noted that demand consideration is not sufficiently elaborated in the 2018 DCBS or the City Response. The May 29 IBI memo provided a comparison between the 2018 DCBS and historical completions/building permit activities, in terms of historical housing mix

Answer:

We recognize that the City has historically achieved a higher percentage of ground-oriented housing in recent years (Schedule 7) compared to the remaining housing supply inventory summarized in Schedule 6, Appendix A of the Draft Development Charges Background Study, August 2018. It is noted that the DC housing forecast does not include housing growth associated the Clair-Maltby Secondary Plan Area. Once approved, the Clair-Maltby Secondary Plan Area will provide additional ground-oriented housing opportunities for the City. It is also noted that the City's housing forecast has been derived in accordance with the policies of the City of Guelph Official Plan (OP) which promote a compact urban form and direct the City to provide a range of housing opportunities, including affordable housing.

4. Natural Heritage System

Question:

The May 29 IBI memo questioned how the Local Growth Management Strategy (LGMS) has accounted for changes to the Natural Heritage System arising from Official Plan Amendment (OPA) 42, given that the OPA was adopted post the LGMS. The City Response indicated that the LGMS did incorporate the NHS. We acknowledge that the LGMS took NHS into account, however, it is entirely not transparent in the documents. In order to give the GDHBA/GWDA some level of comfort and move the process along, can you provide us with updated NHS mapping which takes the settlements referenced in # R4 of Watson's June 15th memo into account?

Answer:

The June 15th memo had an attachment titled "Growth Forecast Schedule 6", which illustrated the City's NHS mapping in context with the sites that contribute to the DC Background Study housing supply.

5. Land Value Assumption:

Question:

The City response provided that the land value assumption (\$780,000/acre) for Fire, Police, Public Works, Indoor Recreation, Library Facilities is based on MPAC assessment data. Current Value Assessment (CVA) determined by MPAC is for the entire properties and includes both land and building components. Please provide further details as to how land value was separated from building value?

Answer:

On properties assessed using the cost approach MPAC breaks out the land value. The City only used the land value assessment as identified by MPAC and did not include building components.