



Staff Report

Finance

Report To: COW_Finance_Admin_Fire_Community_Services
Meeting Date: April 8, 2024
Report Number: FAF.24.047
Title: Development Charges Update
Prepared by: Sam Dinsmore, Acting Director of Finance / Treasurer

A. Recommendations

THAT Council receive Staff Report FAF.24.047, entitled "Development Charges Update";

AND THAT Council directs staff to bring forward the Development Charges By-law to the April 15, 2024, Council meeting.

B. Overview

This report outlines the changes that staff are recommending to the proposed Development Charges after additional public consultation with the development industry.

C. Background

The Town held a Public Meeting on March 12, 2024, after that meeting staff received requests from two groups to meet and discuss the background study. After these meetings staff and the consultant made some changes to several areas that has led to an average decrease of 8% on the residential charges and an average of 1% decrease on the non-residential charges.

D. Analysis

Hemson Consulting Memorandum

Attachment #1 is a memorandum from the Town's consultant that outlines the changes made to the charges. The staff report quickly touches on these points and includes a few more items that have been raised to staff.

- Allocation of Cost – the original split between residential and non-residential was 95 to 5, this has been changed to 91 to 9 to better reflect the build forecast (this change has decreased the residential rate and increased the non-residential rate)
 - Additionally, the floor space per employee was increased (this change has decreased the non-residential rate)
- Inventories have been revised for Parks and Recreation and Roads and Related

- Parks and Recreation has been decreased by 16% due to the lowering of the funding envelope
- Roads and Related is unchanged as the capital program doesn't reach the funding envelope
- Fire and Thornbury Sewer Treatment Capital Program changes
 - The benefit to existing (BTE) for the new fire hall being built in the Craighleith area is reduced from 50% to 33% which better reflects the size of the new hall versus the old hall (this has no impact on the charges as this program has already hit the funding envelope)
 - Phase 1A of the expansion at the Thornbury Wastewater Treatment Plant was included in the capital program and reserve fund forecast, the capital project has been removed from the list (this has decreased the charge for both residential and non-residential)

Other Items

- Parks and Recreation Capital Program (Attachment #2) – staff have received questions specific to the Parks and Recreation DC which is proposed to increase by over 100%. Attachment #2 is the draft capital program that is included in the background study and a foundation for the calculation of the rate. These programs as included are informed by other documents, specifically the Leisure Activity Plan, if a project is removed or reduced in scope it could impact the rate however staff do not recommending making that kind of change.
- By-law Length – new legislation allows for a 10-year (originally five-years) by-law however it is always at Council's discretion to rescind the by-law earlier with a new background study. Items to keep in mind:
 - to bring a new by-law into place a new background study must be undertaken which is a time consuming and expensive process
 - the appeal period is reopened with a new by-law
 - the legislated transition period (80% in year one with 100% in year five) starts again and therefore does impact the Town's DC collections
 - the current by-law (2019-17) is under the previous legislation and has a hard expiry date of April 24, 2024, it is outside of the Town's control to extend this by-law past this date.
- Transition Period – legislation requires a five-year transition period starting at 80%, Council can increase the transition period however any reduction given above the 80% would require the Town to fund that cost, this funding would come from taxation and water and wastewater rates
- Community Improvement Plan (CIP) – the Town has a robust CIP which does have a DC component for attainable housing and did receive an application in 2023. Staff would strongly recommend that the CIP be the vehicle to offer any DC credits or exemptions for attainable units and that predictable/reliable funding be put in place for this program
- Recent Increases – the Town has seen a significant increase to the proposed DC charges and has been asked if these types of increases have been seen in other municipalities.

Staff gave that question to the consultant as they have a number of municipal clients. This was their response:

- DC increases in the last 5 years or so have been substantial and not unlike the ones seen in Blue Mountains. All municipalities have seen an increase in construction costs both for facilities like fire halls, recreation centres and for larger engineering works like water / wastewater treatment plants and linear works. Each study is unique and what drives the changes may be different including the pace of forecasted growth, level of servicing over the 15 years prior to the background study, additional capital costs and others.”
- Development Charge Funding – the Town has always fully utilized DC funding for capital projects that have a growth-related component. This can be seen in the Thornbury Wastewater Treatment Plant expansion which is 90% funded from Development Charges and in the 2024 Capital Budget which has a total budget of \$80M with \$60M coming from DCs for those growth-related costs. A foundation of Development Charges is that growth pays for growth and the Town strives to do this within the legislation framework.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

N/A

G. Financial Impacts

Development Charges are an integral funding source for the Town's capital program with \$60M being funded from DCs in 2024 on an \$80M capital budget. It is important that this funding source remains to keep growth-related costs off the taxation levy or water and wastewater user rates.

The CIP is an important vehicle for the Town to offer DC relief on attainable units, to date this program has not been funded from the tax levy. To ensure the viability of the program the Town is going to need to identify a reliable and predictable funding source for this program.

H. In Consultation With

None.

I. Public Engagement

The topic of this Staff Report has been the subject of a Public Meeting in accordance with the following schedule:

- March 12, 2024, Public Meeting
- March 18, 2024, Committee of the Whole – Follow-up report to the Public Meeting, attaching comments received in response to the Public Meeting;
- April 15, 2024, Council – recommendation from Committee of the Whole considered by Council, and related By-law, if any.

Any comments regarding this report should be submitted to Sam Dinsmore, Acting Director of Finance/Treasurer directorfit@thebluemountains.ca.

J. Attached

1. Memorandum from Hemson Consulting
2. Draft Parks and Recreation Capital Program

Respectfully submitted,

Sam Dinsmore
Acting Director of Finance/Treasurer

For more information, please contact:
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Report Approval Details

Document Title:	FAF.24.047 Development Charges Update.docx
Attachments:	- Attachment 1.pdf - Attachment 2.pdf
Final Approval Date:	Apr 3, 2024

This report and all of its attachments were approved and signed as outlined below:

Sam Dinsmore - Apr 3, 2024 - 8:42 AM