



Staff Report

Corporate & Financial Services

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: November 17, 2025
Report Number: CFS.25.064
Title: Development Charge Deferral Agreement – Spy Cider House
Prepared by: Monica Quinlan, Director of Corporate & Financial Services

A. Recommendations

THAT Council receive Staff Report CFS.25.064, entitled “Development Charge Deferral Agreement – Spy Cider House”;

AND THAT Council authorize the Mayor and Clerk to execute a Development Charge Deferral Agreement between the Town and **Ken Bodnar Enterprises (Spy Cider House & Distillery)** for the property municipally known as **808108 24th Sideroad**, substantially in the form attached to this report.

B. Overview

The purpose of this report is to seek Council authorization to enter into a Development Charge Deferral Agreement with Ken Bodnar Enterprises (Spy Cider House & Distillery) to facilitate construction of a new event centre, at 808108 24th Sideroad.

The proposed development is considered an On-Farm Diversified Use under the County of Grey Official Plan, Town’s Official Plan and consistent with the Provincial Planning Statement (PPS 2024), which encourages small-scale, compatible economic activities on agricultural lands.

The recommended deferral supports the continued success of a local agri-tourism business while ensuring that all Development Charges, including interest, are recovered by the Town.

C. Background

Spy Cider House & Distillery operates as an active agricultural and agri-tourism enterprise producing cider and spirits from on-site orchard lands. The property includes orchards, production facilities, tasting areas, and other hospitality-related components.

The owner proposes to construct a new event centre (primary use) to host weddings, private and corporate events, integrated with the farm’s cider/distillery operations, and with ancillary agricultural storage space.

The event centre is intended to strengthen the existing agri-tourism business model, increase year-round viability, and provide a venue for showcasing local agriculture and value-added products. The building will also be used to directly support the primary agricultural use of the property during harvest times when indoor apple storage is required. The dual-use nature of the building remains consistent with the definition of On-Farm Diversified Use under the Town's Official Plan.

D. Analysis

The Development Charges Act, 1997 authorizes municipalities to impose DCs to recover capital costs associated with growth. The Town enacted By-law 2024-29 to govern DC collections. DCs are typically due at building permit issuance; however, Section 27 of the Act allows for deferral agreements.

The owner has requested a three-year DC deferral, with an initial payment of \$10,000 in 2025 and three equal annual payments thereafter, at a fixed 3.5% interest rate (in-line with the Town's Development Charge Interest Policy – recently passed).

The property is designated Agricultural in the Town's Official Plan. The development meets the definition of an On-Farm Diversified Use — a use that is secondary to the principal agricultural use of the property, limited in area, and includes small-scale, value-added, or hospitality activities directly related to the farm.

While the Spy Cider House website focuses primarily on its production and hospitality offerings (e.g., "Celebrate your love in the beauty of The Blue Mountains" and "Host your private or corporate event surrounded by orchards"), the applicant has also identified agricultural storage as a proposed secondary use within the new facility.

This addition supports ongoing farm operations and aligns with the policy intent of integrating on-farm activities.

Policy Context:

The Provincial Planning Statement (2024) encourages municipalities to promote agricultural viability and economic diversification. Section 4.3.2(1) states that:

- "Permitted uses in prime agricultural areas include agricultural uses, agriculture-related uses, and on-farm diversified uses."

The Town's Official Plan (Section B3.7) echoes this, defining On-Farm Diversified Uses as:

- "Uses that are secondary to the principal agricultural use of the property, are limited in area, and include but are not limited to home occupations, value-added processing, agri-tourism, and small-scale retail or hospitality activities directly related to the farm operation."

The Spy Cider House & Distillery operation exemplifies this category, integrating agriculture (orchard production and cider manufacturing) with hospitality (events, tastings, and tours).

The proposed event centre will serve as a venue for weddings, private and corporate functions, and community events — uses explicitly identified on the business' website — while maintaining a tangible link to the agricultural base through orchard-to-glass production and on-site storage.

This development clearly meets both the Provincial and local policy tests for On-Farm Diversified Use, and the Town has enacted a Zoning By-law Amendment to permit the proposed use along with regulations to ensure the use remains at a size and scale that can be considered appropriate for an On Farm Diversified Use.

In addition, on October 20, 2025, Council passed the following resolution:

THAT Council receive Staff Report PBS.25.064, entitled "Report in response of Deputation re: Grey and Gold Cider proposed Zoning By-Law Amendment" for information;

AND THAT Council recognizes diversified agricultural uses as an economic priority and encourages staff to ensure the Town is "open for business" in planning application review, and in all matters.

The resolution serves as further policy context to the review and recommendation related to the deferral agreement.

Justification for Deferral:

The Development Charges Act permits municipalities to defer payments through agreement. Staff support this deferral due to the following:

- The project is policy-supported as an On-Farm Diversified Use under the PPS and the Town's Official Plan;
- The facility enhances agri-tourism and local economic development;
- All DCs and interest will be fully recovered, ensuring fiscal neutrality; and
- The approach provides measured financial flexibility to a small-scale, agriculture-based enterprise reinvesting locally.

The agreement (included as Attachment #1) includes the following key terms:

- Total DCs estimated at \$109,746.25 (Town and County combined);
- Initial payment of \$10,000 by November 30, 2025;
- Remaining balance payable in three equal annual instalments;
- 3.5% annual interest, calculated daily;
- Agreement registered on title for full security

Avoiding Precedent:

While staff support this particular deferral given the project’s agricultural integration and alignment with Provincial policy, it is essential to emphasize that such approvals should remain exceptional and narrowly applied.

Development Charges are one of the Town’s primary funding tools for growth-related infrastructure — including roads, water and wastewater systems, fire services, parks, and facilities.

If broadly deferred or waived, DC collections would decline, reducing the Town’s ability to fund these capital projects and shifting the financial burden to existing taxpayers.

The intent of this deferral is therefore to:

- Recognize a unique, policy-supported use within the agricultural economy;
- Maintain full DC recovery with interest, ensuring the Town remains financially whole; and
- Avoid establishing an expectation that similar commercial or non-agricultural developments will receive deferrals.

This approach balances fiscal responsibility with the Town’s support for local farm-based innovation and entrepreneurship.

Future Policy Considerations:

The Town’s current DC By-law (2024-29) applies uniform non-residential rates across all development types.

Given the growing number of on-farm diversified uses in the region, as part of the next DC Background study, staff will begin to explore the possibility of a dedicated rate category for these uses, based on the:

- Provincial and municipal support for agricultural diversification;
- The shared nature of buildings for agricultural and on-farm diversified uses;
- The limited scale and secondary nature of these uses; and
- The need to ensure fairness and transparency across development categories.

Several comparator municipalities (e.g., Wellington, Grey Highlands, Prince Edward County) have begun to explore similar approaches.

E. Strategic Priorities

1. Communication and Engagement

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

2. 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.

F. Environmental Impacts

N/A

G. Financial Impacts

The proposed deferral will not negatively affect the Town's financial position on this project, as all Development Charges and interest will be collected in full.

The agreement will be registered on title, providing security for payment, and interest at 3.5 % per annum offsets the time value of funds.

However, it is important to note that **widespread or frequent DC deferrals would hinder the Town's ability to proceed with growth-related capital projects.**

Development Charges represent the primary mechanism for funding infrastructure needed to support new development.

If too many projects are deferred, the timing and availability of DC revenue can lag behind growth pressures, reducing flexibility in delivering necessary works such as road upgrades, water and wastewater expansions, and facility construction.

Therefore, staff recommend that DC deferrals continue to be considered **only in limited, policy-supported circumstances**, such as the present case.

H. In Consultation With

Shawn Postma, Manager of Planning

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Monica Quinlan, Director of Corporate & Financial Services directorcfs@thebluemountains.ca.

J. Attached

1. Draft DC Deferral Agreement

Respectfully submitted,

Monica Quinlan,
Director of Corporate & Financial Services

For more information, please contact:
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Report Approval Details

Document Title:	CFS.25.064 DC Deferral Agreement - Spy Cider House.docx
Attachments:	- Att 1 DC Deferral Agreement Bodnar SpyCider.pdf
Final Approval Date:	Nov 6, 2025

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

Monica Quinlan - Nov 6, 2025 - 2:51 PM

No Signature found

Adam Smith - Nov 6, 2025 - 5:18 PM