



AGENDA
Strategic Priorities Committee

July 18, 2017

Immediately following the 9:00am Special Meeting of Council
Council Chambers, Town Hall

Pages

1. CALL TO ORDER

2. DECLARATIONS OF PECUNIARY INTEREST

3. AMENDMENTS AND APPROVAL OF THE AGENDA

Resolution

THAT the July 18, 2017 Strategic Priorities Committee agenda be accepted as presented.

4. DELEGATIONS AND PRESENTATIONS

4.1 Watson & Associates re: Development Charges Workshop

2

Resolution

THAT the delegation from Watson & Associates regarding Development Charges Workshop be received for information, discussion and direction to the Development Charges consultant.

5. STRATEGIC PRIORITIES REVIEW

6. NEXT MEETING

August 15, 2017 - 9:00am, Town Hall, Council Chambers

7. ADJOURNMENT

Resolution

That this meeting of the Strategic Priorities Committee adjourn at _____ am.

Town of St. Marys

Development Charges Council Workshop

July 18, 2017

Preliminary Findings

- ❑ This presentation provides for the preliminary development charge calculations along with the proposed capital spending as provided via discussions with staff.
- ❑ This presentation is to provide Council with preliminary findings, for information and to solicit input. A public process will take place prior to Council's consideration of a new by-law

Timelines for DC Process

- ✓ Project Start-up meeting – March 6, 2017
- ✓ Staff Interviews – May 17, 2017
- ❖ Council Workshop – July 18, 2017
- ▣ Stakeholder Meeting – August, 2017
- ▣ Final Background Study and draft D.C. by-law – Mid-September, 2017
- ▣ Public Meeting – October 24, 2017
- ▣ By-law adoption – November 28, 2017

Development Charges

Purpose:

- ❑ To recover the capital costs associated with residential and non-residential growth within a municipality
- ❑ The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.)
- ❑ Municipalities are empowered to impose these charges via the Development Charges Act (DCA)

DCA Overview

- ❑ The DCA 1997 provided a major change to the DCA 1989 which resulted in a significant loss of potential revenue to municipalities. The 1997 Act introduced a number of:
 - Service Limitations
 - Service Standard Restrictions
 - Mandatory Reductions
 - Mandatory Exemptions
- ❑ Bill 73, passed in December, 2015, introduced further changes
- ❑ The following provides a summary of the key aspects of the DCA 1997 as amended

Limitations on Services

- ❑ Some forms of capital and some services can not be included in the DCA. For example:
 - Headquarters for the General Administration of the Municipality
 - Arts, Culture, Museums and Entertainment Facilities
 - Tourism Facilities
 - Provision of a Hospital
 - Parkland Acquisition
 - Waste Management Services (updated to allow for waste diversion, as per Bill 73)

Capital Costs

- ❑ Capital Cost definition has been broadened to include:
 - Acquire land or interest in land
 - Improve land
 - Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
 - Equipment and rolling stock
 - Capital component of a lease for the above
 - Circulation materials for Libraries
 - Studies for above including a DC Background Study
 - Interest on money borrowed to pay for the above

Capital Costs (cont'd)

- ❑ Certain Capital Costs may not be included:
 - Vehicle & Equipment with avg. life of <7 yrs.
 - Computer Equipment
- ❑ DCA also provides for a mandatory 10% reduction of capital cost for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Fire
 - Police
 - Transit (updated as per Bill 73)

Capital Costs

- ❑ The planning horizon for future capital needs is limited to 10 years for all services except:
 - Water, Wastewater and Stormwater Services
 - Roads and related services (i.e. Public Works)
 - Fire
 - Police
- ❑ Capital costs must be reduced by grants, subsidies and other contributions.
- ❑ May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

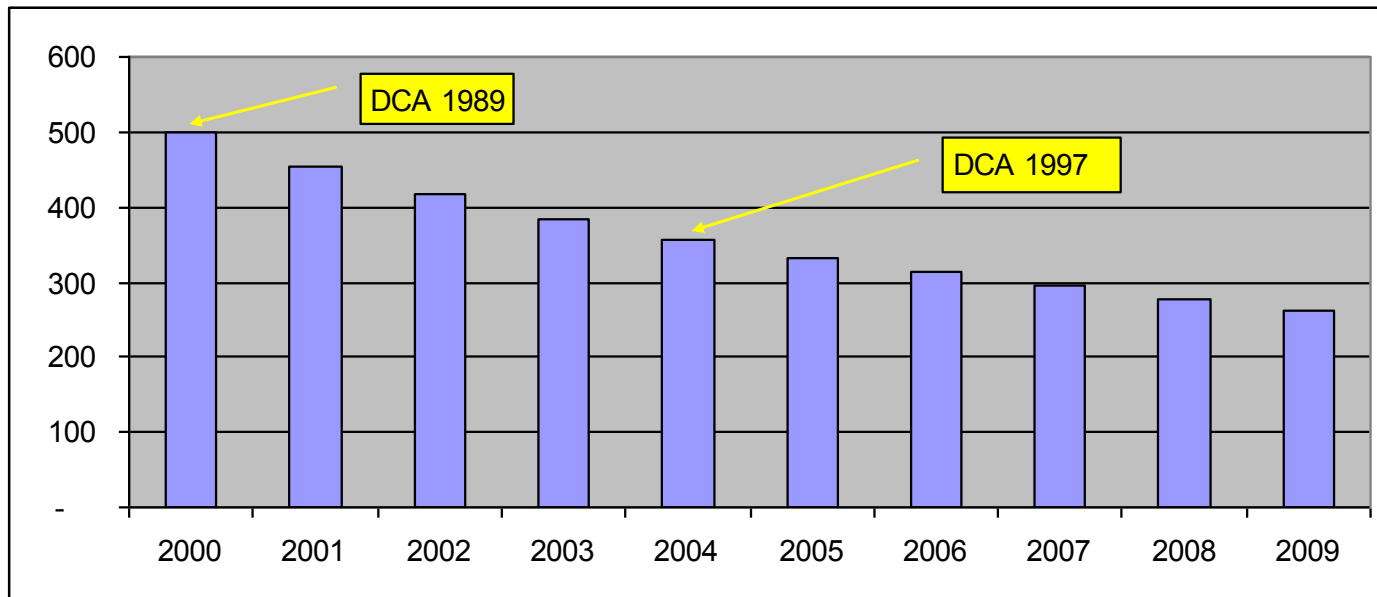
Service Standards

- ❑ Service Standard measure provides a ceiling on the level of the charge which can be imposed
- ❑ Previously (DCA, 1989), provided that the DC be “no higher than” the highest level attained over the previous 10 year period.
- ❑ DCA, 1997 provides that the “average of the past 10 years” (except transit as per Bill 73)
- ❑ Impacts – generally lowers collection levels and may provide for spiral downwards if the municipality does not keep up with construction of services

Service Standard Example

- A municipality of 10,000 in 2000 is growing at 1,000 persons per year
- They have 1 arena (\$5 million value) and have a council approved standard of one arena per 10,000 persons – they will construct the new arena in 2010 when they reach a population of 20,000
- Following slide shows recovery under current DCA vs. 1989 DCA

Service Standard Example



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Arena Value	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000
Service Standard	500	455	417	385	357	333	313	294	278	263

10 Yr. Avg.	359.39
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Changes to the DCA (Bill 73)

Effective as of January 1, 2016, DCA changes include:

- Transit Services – mandatory 10% deduction removed and basis for service standard measure changed
- Waste Diversion – to be included as an eligible service
- Ineligible Service definition to be moved from Act to regulations
- DC Background Studies to examine area rating – also to provide asset management plan for new capital
- Annual Report of the Treasurer – increased reporting requirements
- No Additional Levies
- Minister to have power to impose area specific changes
- Housekeeping changes to the Act

Update on Bill 73:

Impact on St. Marys

- ❑ Need to consider Area Rating as part of the Background Study (but not mandatory to impose)
- ❑ Consider impact of “no additional levies” in development process / detailed local service policy required to be developed
- ❑ Asset Management Plan required for all growth related projects identified in the study
- ❑ Consider Waste Diversion services for inclusion in the Development Charge

Local Service Policies

- ❑ As part of the DC process, need to define what is included in the DC and what is a developer responsibility
- ❑ Generally, a developer is responsible for :
 - Water and Wastewater connections to trunk mains and pumping stations to service specific areas
 - Storm Water Management
 - Internal roads, sidewalks, streetlights, private entrances

Mandatory Exemptions

Exemptions:

- Mandatory exemptions
 - ▣ for industrial building expansions (may expand by 50% with no DC)
 - ▣ May add up to 2 apartments for a single as long as size of home doesn't double
 - ▣ Add one additional unit in medium & high density buildings
 - ▣ Upper/Lower Tier Governments and School Boards

Discretionary Exemptions

Exemptions:

- Discretionary exemptions
 - ▣ Reduce in part or whole DC for types of development or classes of development (e.g. industrial or churches)
 - ▣ May phase-in over time
 - ▣ Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)

Current Exemptions in St. Marys D.C. By-law (51-2013)

□ Exemptions

- Place of worship or for the purposes of a cemetery or burial ground exempt from taxation under the Assessment Act
- Non-residential farm buildings constructed for bona fide farm uses
- An accessory building
- A home occupation
- A temporary use permitted under the municipal zoning by-law enacted in accordance with section 396 of the Planning Act
- A temporary building without foundation in the Building Code for a period not exceeding six consecutive months and not more than six months in any one calendar year on a site for which development charges have already been paid
- All non-residential development

Other items in St. Marys' D.C. By-law (51-2013)

□ Redevelopment

- Where as a result of development, a building or structure existing on the land within five (5) years was or is to be demolished, in whole or in part, the development charge otherwise payable with respect to such development shall be reduced.

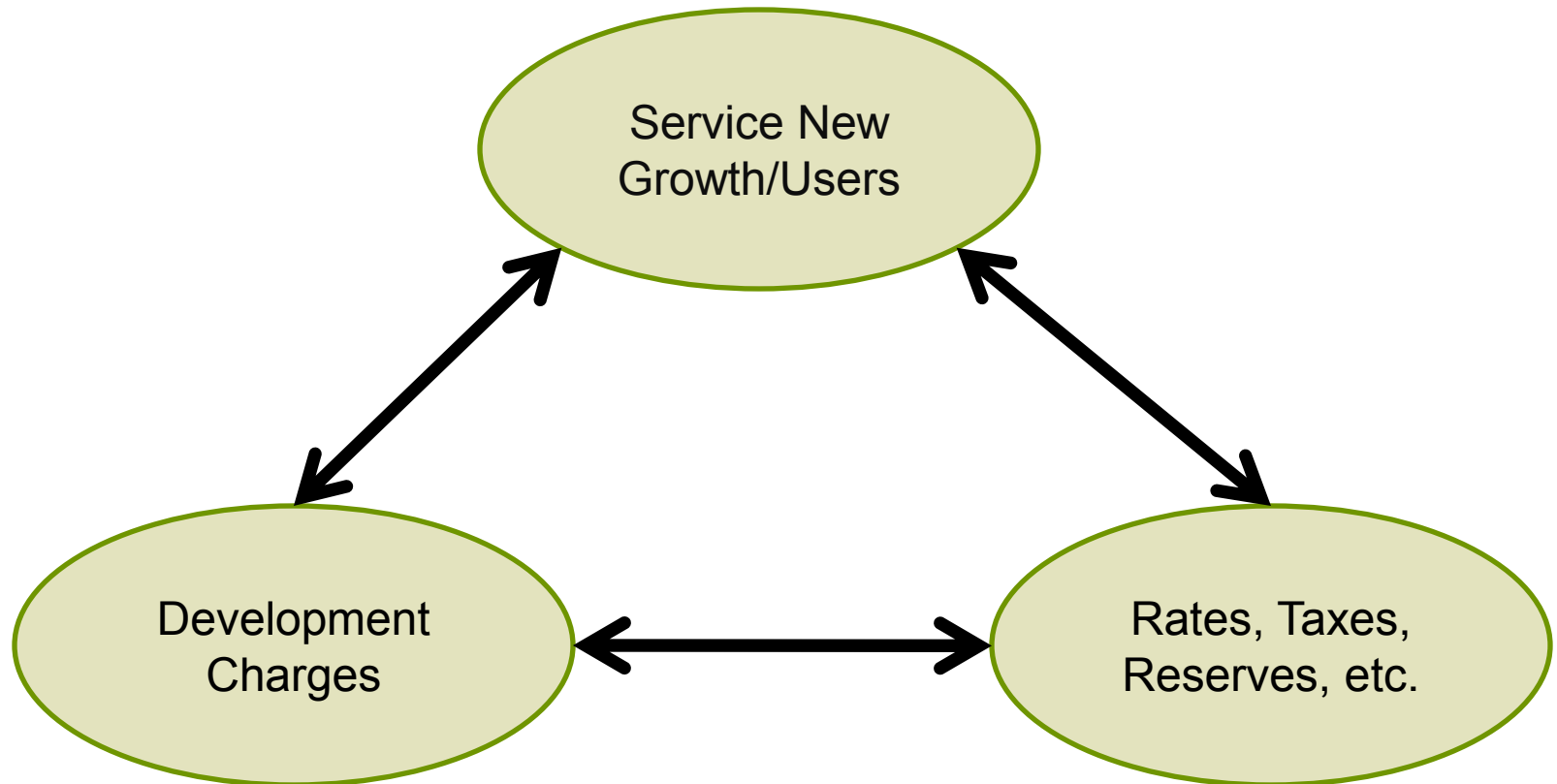
□ Timing of Payment

- Development charges are payable on the date on which a building permit is issued; or
- The Town may enter into agreements providing for all or any part of a development charge to be paid before or after it would otherwise be payable.

□ Indexing

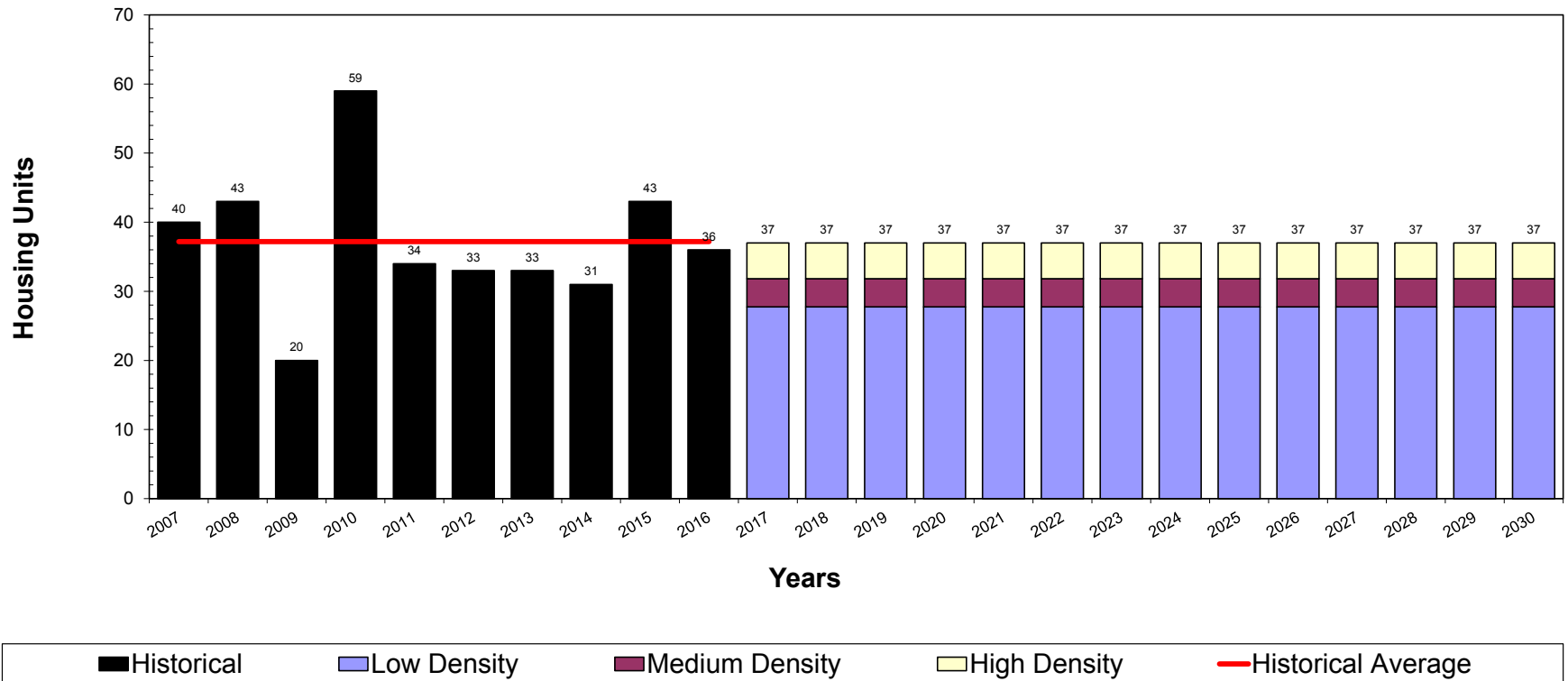
- Development charges imposed shall be adjusted annually on January 1st, without amendment to the By-law.

Relationship Between Needs to Service Growth vs. Funding



Growth Forecast

Figure A-1
Annual Housing Forecast¹



Growth Forecast Increase

The 2017 Development Charge forecast provides for the following growth:

Measure	10 Year 2017-2026	15 Year 2017-2031	Build Out 2017-Build Out
(Net) Population Increase	439	698	1,948
Residential Unit Increase	371	519	1,162
Non-Residential Gross Floor Area Increase (ft ²)	107,400	180,600	548,900

Source: Watson & Associates Economists Ltd. Forecast 2017

Summary of Services Considered

□ General Services:

- Services Related to a Highway (currently roads and related)
- Fire Protection Services
- Police Services
- Outdoor Recreation Services
- Indoor Recreation Services
- Library Services
- Administration Studies
- Child Care
- Waste Diversion

□ Urban Area Services

- Wastewater Services
- Water Services

Increased Service Needs Attributable to Anticipated Development

Increased Service Needs Attributable to Anticipated Development	Gross Capital Cost Estimate (2017\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Subtotal	Less: Other (e.g. 10% Statutory Deduction)	Potential DC Recoverable Cost		
					Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development			Total	Residential Share	Non-Residential Share
Fire Services	347,600	-	-	347,600	14,532	-	333,068		333,068	232,264	100,804
Police Services	308,600	3,118	-	305,482	243,800	-	61,682		61,682	43,794	17,888
Services Related to a Highway	9,068,600	1,590,060	-	7,478,540	3,477,595	2,035,900	1,965,045		1,965,045	1,183,077	781,968
Parks and Recreation*	321,775	-	-	321,775	-	-	321,775	32,177	289,597	275,117	14,480
Library Services	5,425,000	1,560,451	-	3,864,549	3,572,009	-	292,540	31,385	261,155	247,032	14,123
Child Care Services	500,000	-	-	500,000	467,100	-	32,900	3,290	29,610	29,610	-
Administration Studies	357,000	-	-	357,000	185,334	-	171,666	15,497	156,169	96,127	60,042
Waste Diversion	2,006	-	-	2,006	-	-	2,006	201	1,806	1,282	524
Wastewater	11,488,284	2,757,100	-	8,731,184	2,389,489	182,650	6,159,045		6,159,045	4,539,852	1,619,192
Water	3,212,600	-	-	3,212,600	2,008,571	335,000	869,029		869,029	603,445	265,584
Total	31,031,465	5,910,729	-	25,120,736	12,358,431	2,553,550	10,208,755	82,550	10,126,206	7,251,601	2,874,604

*Note: Parks and Recreation capital needs are the same as presented in the previous study, pending Monteith Brown report.

**Note: Reserve Fund balances have been applied to the Residential Shares only, as the Town currently exempts Non-residential charges

Level of Service Ceiling – Maximum vs. Utilized

Service Category	Sub-Component	10 Year Average Service Standard					Maximum Ceiling LOS	Utilized	Remaining
		Cost (per capita)	Quantity (per capita)		Quality (per capita)				
Roads and Related	Roads	\$4,597.70	0.0068	lane km of roadways	676,132	per lane km	3,209,195	1,567,545	2,311,450
	Sidewalks	\$466.00	0.0035	km of sidewalks	133,143	per km	325,268		
	Traffic Signals & Streetlights	\$493.60	0.0628	No. of Traffic Signals and Streetlights	7,860	per signal	344,533		
	Public Works Services	\$634.19	4.9632	ft² of building area	128	per ft²	442,665		
	Roads and Related Vehicles	\$332.35	0.0029	No. of vehicles and equipment	114,603	per vehicle	231,980	397,500	277,145
Fire	Fire Facilities	\$231.29	0.8202	ft² of building area	282	per ft²	161,440	333,068	134,571
	Fire Vehicles	\$353.55	0.0009	No. of vehicles	392,833	per vehicle	246,778		
	Fire Small Equipment and Gear	\$85.13	0.0619	No. of equipment and gear	1,375	per Firefighter	59,421		
Police	Police Facilities	\$88.37	0.5421	ft² of building area	163	per ft²	61,682	61,682	-
Parks	Parkland Development	\$230.15	0.0035	Acres of Parkland	65,757	per acre	101,036	316,700	74
	Parkland Amenities	\$436.65	0.0055	No. of parkland amenities	79,391	per amenity	191,689		
	Parkland Trails	\$54.78	2.4899	Linear Metres of Paths and Trails	22	per lin m.	24,048		
	Parks Vehicles and Equipment	\$11.56	0.0003	No. of vehicles and equipment	38,533	per vehicle	5,075		
Recreation	Indoor Recreation Facilities	\$5,230.89	19.7341	ft² of building area	265	per ft²	2,296,361	-	2,296,361
	Recreation Vehicles and Equipment	\$28.55	0.0011	No. of vehicles and equipment	25,955	per vehicle	12,533	-	12,533
Library	Library Facilities	\$283.69	0.7330	ft² of building area	387	per ft²	124,540	124,540	-
	Library Collection Materials	\$383.11	11.9168	No. of library collection items	32	per collection item	168,185	168,000	185
Childcare	Child Care Facilities	\$229.40	0.7910	ft² of building area	290	per ft²	100,707	32,900	67,807
Waste Diversion	Waste Diversion - Contract	\$4.57	0.4094	No. of serviced properties	11	per vehicle	2,006	2,006	-

Summary of Preliminary Calculations

Service	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	(per ft² of Gross Floor Area)
Municipal Wide Services:					
Services Related to a Highway	2,537	1,510	1,045	1,733	4.33
Fire Protection Services	498	296	205	340	0.56
Police Services	94	56	39	64	0.10
Outdoor Recreation Services	827	492	341	565	0.13
Indoor Recreation Services	-	-	-	-	-
Library Services	743	442	306	508	0.13
Administration	289	172	119	197	0.57
Child Care	89	53	37	61	-
Waste Diversion	4	2	2	3	-
Total Municipal Wide Services	5,081	3,023	2,094	3,471	5.82
Urban Services					
Wastewater Services	4,543	2,703	1,872	3,103	3.16
Water Services	1,294	770	533	884	1.47
Total Urban Services	5,837	3,473	2,405	3,987	4.63
GRAND TOTAL RURAL AREA	5,081	3,023	2,094	3,471	5.82
GRAND TOTAL URBAN AREA	10,918	6,496	4,499	7,458	10.45

Comparison of Current and Calculated Charges - Residential

Residential (Single Detached) Comparison

Service	Current	Calculated
Municipal Wide Services:		
Services Related to a Highway	2,109	2,537
Fire Protection Services	46	498
Police Services	-	94
Parks and Recreation Services	890	827
Library Services	232	743
Administration	934	289
Child Care	-	89
Waste Diversion	-	4
Total Municipal Wide Services	4,211	5,081
Area Specific Services:		
Wastewater Services	2,667	4,543
Water Services	690	1,294
Total Area Specific Services	3,357	5,837
Grand Total - Urban Area	7,568	10,918

Notes:

- Parks and Recreation capital needs are the same as presented in the previous study, pending Monteith Brown report.
- Reserve Fund balances have been applied to the Residential Shares only, as the Town currently exempts Non-residential charges
- Wastewater treatment plant costs are calculated over a buildout time horizon, whereas the rest of wastewater services and water services are calculated on a 15-year time horizon

Comparison of Current and Calculated Charges – Non-residential

Non-Residential (per ft².) Comparison

Service	Current	2011 Calculated (if indexed)*	Calculated
Municipal Wide Services:			
Services Related to a Highway	-	2.87	4.33
Fire Protection Services	-	0.03	0.56
Police Services	-	-	0.10
Parks and Recreation Services	-	0.13	0.13
Library Services	-	0.02	0.13
Administration	-	0.95	0.57
Child Care	-	-	-
Waste Diversion	-	-	-
Total Municipal Wide Services	-	3.99	5.82
Area Specific Services:			
Wastewater Services	-	4.00	3.16
Water Services	-	1.08	1.47
Total Area Specific Services	-	5.09	4.63
Grand Total - Urban Area	-	9.08	10.45

*2011 Calculated amounts indexed at the same rate as the residential charges

Notes:

- Parks and Recreation capital needs are the same as presented in the previous study, pending Monteith Brown report.
- Reserve Fund balances have been applied to the Residential Shares only, as the Town currently exempts Non-residential charges
- Wastewater treatment plant costs are calculated over a buildout time horizon, whereas the rest of wastewater services and water services are calculated on a 15-year time horizon

Survey of Residential D.C.s

Municipality	Single & Semi Detached Dwelling				
	Upper Tier Charges	Lower Tier Charges	Education DC's	Total Development Charges	Rank
Woolwich (Breslau)	\$17,962	\$8,403	\$2,601	\$28,966	1
Wellesley	\$17,962	\$8,054	\$2,601	\$28,617	2
Wilmot (New Hamburg/Baden)	\$17,962	\$7,149	\$2,601	\$27,712	3
Woolwich	\$17,962	\$6,929	\$2,601	\$27,492	4
Thames Centre	\$0	\$26,657	\$0	\$26,657	5
Mapleton (Drayton)	\$4,714	\$11,997	\$1,884	\$18,595	6
Mapleton (Moorefield)	\$4,714	\$10,528	\$1,884	\$17,126	7
Middlesex Centre (Arva, Delaware, Ilderton, Kilworth/Komoka)	\$0	\$16,899	\$0	\$16,899	8
North Perth (Listowel)	\$0	\$14,297	\$0	\$14,297	9
Stratford	\$0	\$13,558	\$0	\$13,558	10
Minto	\$4,714	\$6,112	\$1,884	\$12,710	11
North Perth (Atwood)	\$0	\$12,228	\$0	\$12,228	12
St. Marys (Calculated)	\$0	\$10,918	\$0	\$10,918	13
St. Marys (Current)	\$0	\$7,568	\$0	\$7,568	14
North Middlesex (Parkhill)	\$0	\$5,485	\$0	\$5,485	15
North Middlesex (Ailsa Craig, Nairn & Petty)	\$0	\$5,384	\$0	\$5,384	16
West Perth*	\$0	\$5,379	\$0	\$5,379	17

Survey of Commercial D.C.s

Municipality	Commercial - per ft ²				
	Upper Tier Charges	Lower Tier Charges	Education DC's	Total Development Charges	Rank
Thames Centre	\$0.00	\$15.29	\$0.00	\$15.29	1
Wilmot (New Hamburg/Baden)	\$9.52	\$3.27	\$1.73	\$14.52	2
Woolwich (Breslau)	\$9.52	\$2.83	\$1.73	\$14.08	3
Wellesley	\$9.52	\$2.50	\$1.73	\$13.75	4
Woolwich	\$9.52	\$1.84	\$1.73	\$13.09	5
St. Marys (Calculated)	\$0.00	\$10.45	\$0.00	\$10.45	6
Mapleton (Drayton)	\$1.36	\$3.73	\$0.00	\$5.09	7
Middlesex Centre (Arva, Delaware, Ilderton, Kilworth/Komoka)	\$0.00	\$4.78	\$0.00	\$4.78	8
Mapleton (Moorefield)	\$1.36	\$3.26	\$0.00	\$4.62	9
Minto	\$1.36	\$2.38	\$0.00	\$3.74	10
North Perth (Listowel)	\$0.00	\$3.00	\$0.00	\$3.00	11
West Perth	\$0.00	\$2.06	\$0.00	\$2.06	12
North Perth (Atwood)	\$0.00	\$1.60	\$0.00	\$1.60	13
Stratford	\$0.00	\$0.95	\$0.00	\$0.95	14
North Middlesex (Parkhill)	\$0.00	\$0.76	\$0.00	\$0.76	15
North Middlesex (Ailsa Craig, Nairn & Petty)	\$0.00	\$0.75	\$0.00	\$0.75	16
St. Marys (Current)	\$0.00	\$0.00	\$0.00	\$0.00	17

Survey of Industrial D.C.s

Municipality	Industrial - per ft ²				
	Upper Tier Charges	Lower Tier Charges	Education DC's	Total Development Charges	Rank
St. Marys (Calculated)	\$0.00	\$10.45	\$0.00	\$10.45	1
Woolwich (Breslau)	\$4.77	\$2.83	\$1.73	\$9.33	2
Wellesley	\$4.77	\$2.50	\$1.73	\$9.00	3
Woolwich	\$4.77	\$1.84	\$1.73	\$8.34	4
Wilmot (New Hamburg/Baden)	\$4.77	\$1.51	\$1.73	\$8.01	5
Mapleton (Drayton)	\$1.36	\$3.73	\$0.00	\$5.09	6
Mapleton (Moorefield)	\$1.36	\$3.26	\$0.00	\$4.62	7
Minto	\$1.36	\$2.38	\$0.00	\$3.74	8
West Perth	\$0.00	\$2.06	\$0.00	\$2.06	9
Middlesex Centre (Arva, Delaware, Ilderton, Kilworth/Komoka)	\$0.00	\$1.91	\$0.00	\$1.91	10
North Perth (Listowel)	\$0.00	\$1.78	\$0.00	\$1.78	11
North Middlesex (Parkhill)	\$0.00	\$0.76	\$0.00	\$0.76	12
North Middlesex (Ailsa Craig, Nairn & Petty)	\$0.00	\$0.75	\$0.00	\$0.75	13
North Perth (Atwood)	\$0.00	\$0.38	\$0.00	\$0.38	14
Thames Centre	\$0.00	\$0.00	\$0.00	\$0.00	15
Stratford	\$0.00	\$0.00	\$0.00	\$0.00	15
St. Marys (Current)	\$0.00	\$0.00	\$0.00	\$0.00	15

Council Decisions

- Need Council's input on the following matters prior to moving to public process:
 - DC charges to be implemented
 - Phase-in Policies
 - Consideration of Area-rating
 - Other Policies/Exemptions
 - Non-residential Charges
 - Subsidized Housing (nothing in by-law currently exempts this)

Next Steps

- Council may wish to provide comments and direction at this time
- Undertake the public process (October 24, 2017) to receive input prior to Council's consideration of a by-law (November 28, 2017)