



Development Charge Council Workshop

Presented by:
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Innovation and Strategic Initiatives
March 18, 2019

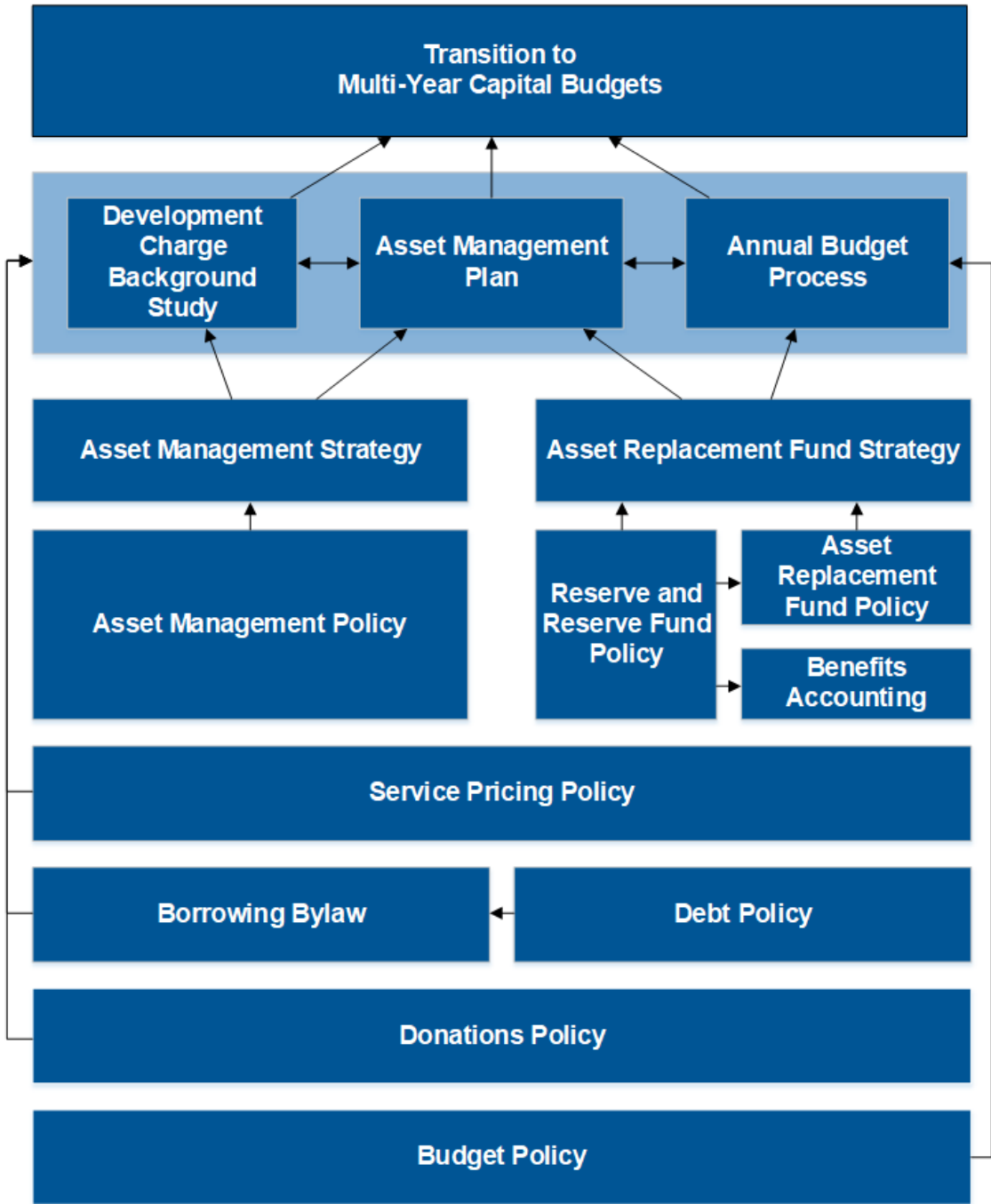


Agenda



- Review development charge fundamentals
- Explain how funding envelop was calculated
- Explain how funding envelop is spent
- Explain the financial impact of growth





What are Development Charges



- The principle of development charges is that it helps growth pay for growth.
- Development Charges are regulated by the Development Charges Act.
- In order to collect development charges, municipalities need to conduct a study to justify its rate every 5 years.



What Services Can Development Charges Fund?



- General Government
- Library
- Fire Services
- Recreation
- Yards & Public Works Fleet
- Parking
- Engineered Services
- Waste Collection



Maximum DC Recovery



Service	Statutory Maximum DC Cost Recovery
General Government	90%
Library	90%
Recreation	90%
Waste Collection	90%
Parking	90%
Fire Services	100%
Yards & Public Works Fleet	100%
Engineered Services	100%



What Services Can't Development Charges Fund?



- Cultural and entertainment facilities
- Tourism facilities
- Parkland acquisition
- Hospitals
- Headquarters for general administration
- Landfill sites and solid waste
- Computer equipment
- Rolling stock with a useful life of 7 years or more



What are Development Charges, exactly?



Fees imposed on development to finance a capital program that maintains service levels in the face of growth.

Service levels: Replacement cost of average capital inventory over the past 10 years.

Growth: Net new population and employment moving to the municipality.



DC Funding Envelope



Service Level per Person (\$)

x

Net Population and Employment Growth (#)

+/-

Reserves

= Funding Envelope



What Services Can Development Charges Fund? (Revisited)



- General Government
- Library
- Fire Services
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- Yards & Public Works Fleet
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Service Levels



Park Features	GIS		TCA		DC	
	Quantity	Value	Quantity	Value	Quantity	Value
AMPHITHEATRE	2	N/A	0	\$ -	0	
BALL DIAMOND	13	N/A	0	\$ -	36	\$ 9,728,100
BALL DIAMOND - LIT	8	N/A	0	\$ -	11	\$ 5,290,500
BASKETBALL COURT	9	N/A	0	\$ -	3	\$ 61,500
BASKETBALL COURT - LIT	1	N/A	0	\$ -	1	\$ 20,500
BATTING CAGE	1	N/A	0	\$ -	0	\$ -
BLEACHER	51	N/A	0	\$ -	0	\$ -
LABYRINTH	1	N/A	0	\$ -	0	\$ -
LAWN BOWLING	1	N/A	0	\$ -	1	\$ 150,000
OUTDOOR SKATING	1	N/A	0	\$ -	0	\$ -
PARK	1	N/A	0	\$ -	0	\$ -
PAVILION	4	N/A	0	\$ -	0	\$ -
PLAYGROUND	64	N/A	1	\$ 143,777	56	\$ 4,942,000
PLAYGROUND EQUIPMENT	0	N/A	55	\$ 2,251,227	58	\$ 1,694,470
POOL	1	N/A	0	\$ -	0	
SHADE SHELTER	1	N/A	0	\$ -	0	
SOCCER PITCH	46	N/A	0	\$ -	71	\$ 14,719,153
STAGE	1	N/A	0	\$ -	0	
TENNIS COURT	21	N/A	21	\$ 922,720	27	\$ 1,270,000
WADING POOL	2	N/A	0	\$ -	1	\$ 23,419
WASHROOM	10	N/A	0	\$ -	10	\$ 3,591,100
Change Room	0	N/A	0	\$ -	1	\$ 457,700
Swing Sets	0	N/A	0	\$ -	14	\$ 1,665,000
Swings	0	N/A	0	\$ -	52	\$ 66,000
Total	239	0	77	\$ 3,317,724	342	\$ 43,679,442

Service Level per Person

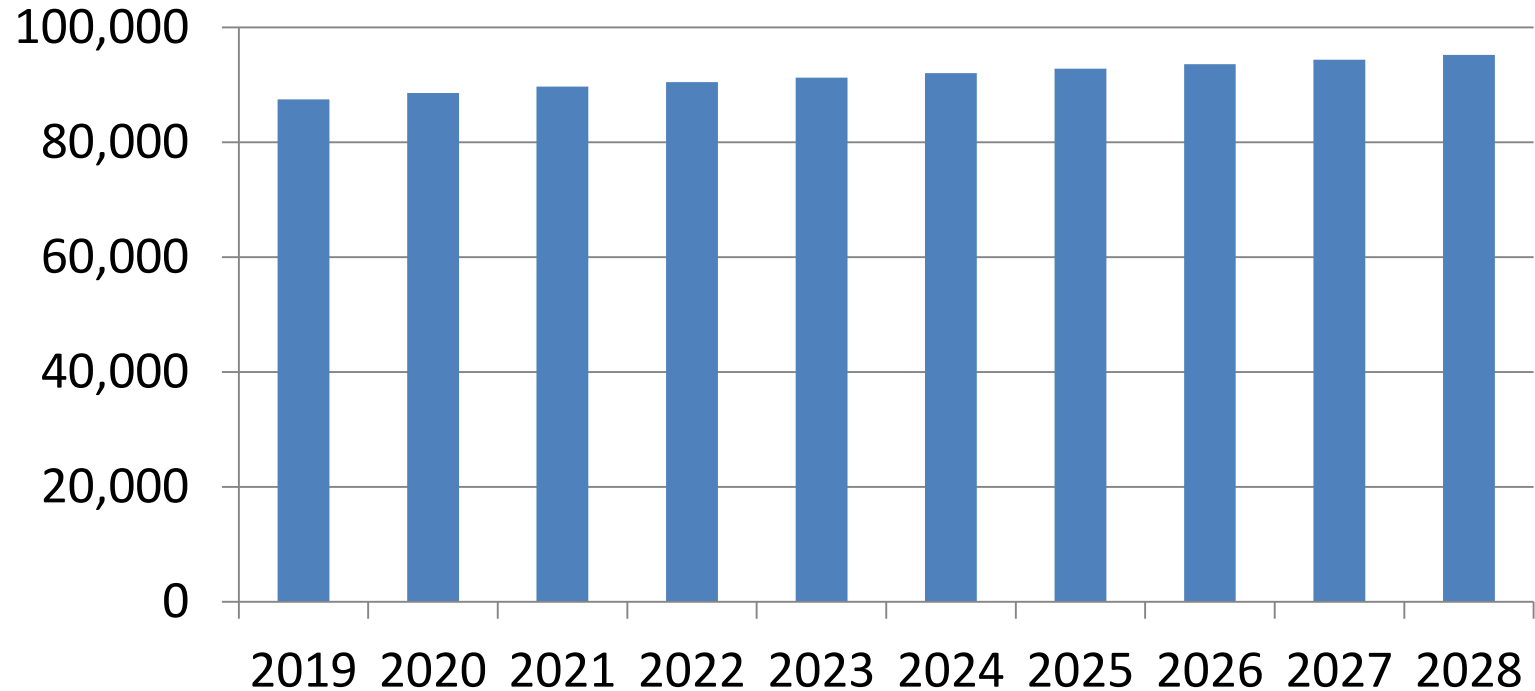


	Current Charge per Capita	Preliminary New Charge per Capita	Change (\$)	Change (%)
General Government	\$ 117	\$ 71	-\$ 46	-40%
Library	\$ 231	\$ 284	\$ 53	23%
Fire Services	\$ 150	\$ 205	\$ 55	37%
Parks & Recreation	\$ 2,549	\$ 4,010	\$ 1,461	57%
Yards & Fleet	\$ 97	\$ 233	\$ 136	140%
Municipal Parking	\$ 100	\$ 127	\$ 27	27%
Waste Collection & Transfer	N/A	\$ 45	\$ 45	N/A
Town-Wide Engineered Services	\$ 1,758	\$ 2,927	\$ 1,169	66%
Total	\$ 5,002	\$ 7,902	\$ 2,900	58%

Net Population and Employment Growth



Population Projections



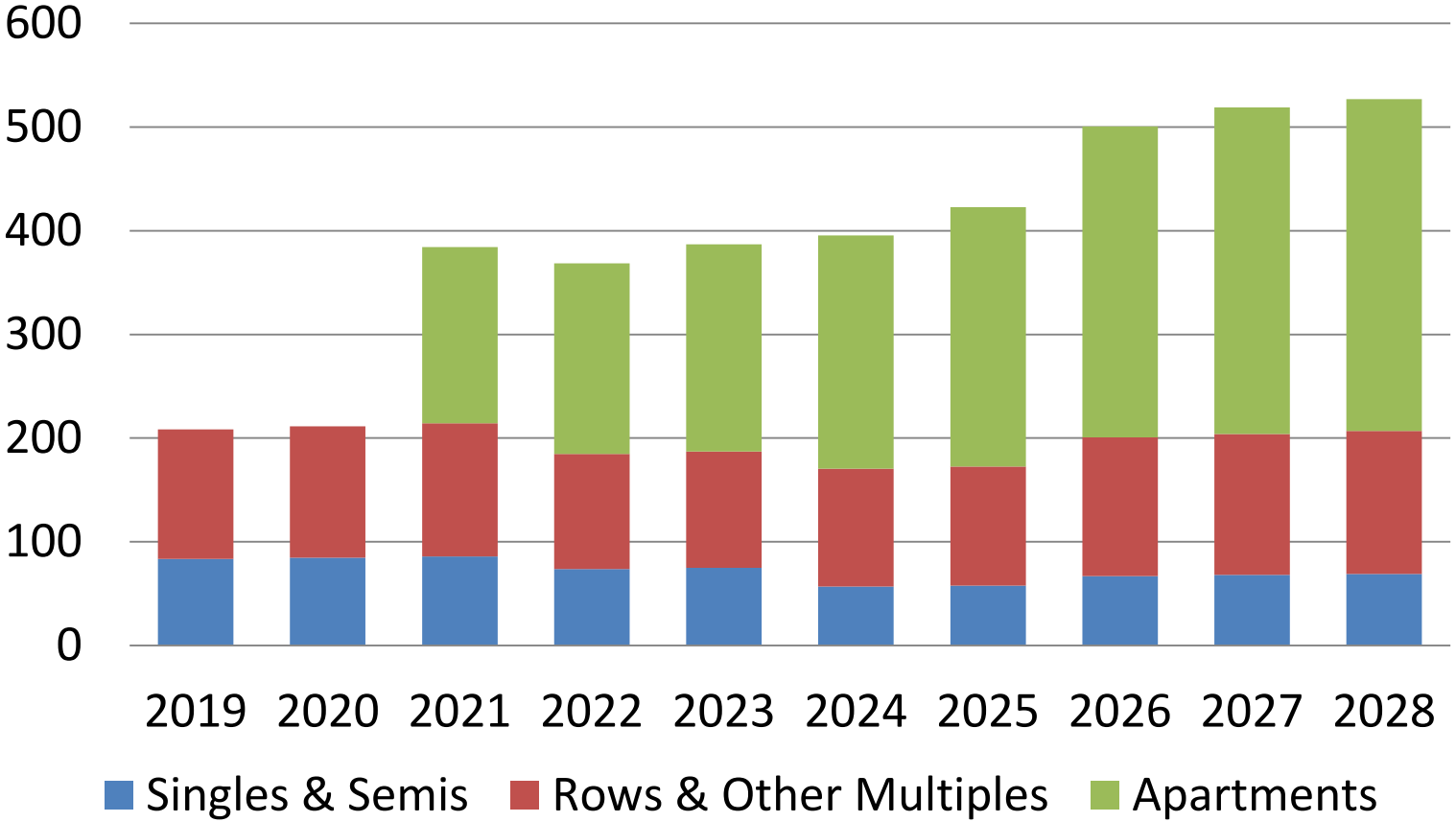
Population is projected to rise from 86,000 in 2018 to 95,000 in 2028



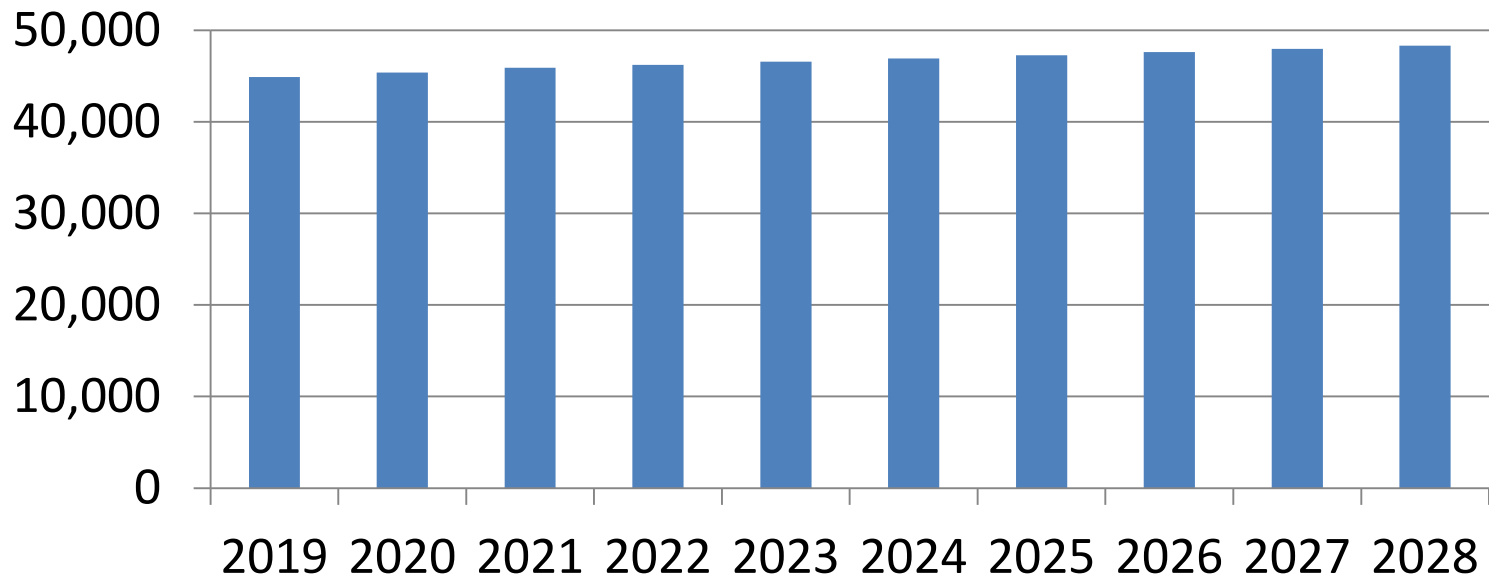
We do not charge new residents, we charge the related development.



Number of units projected to be built per year by type



Employment Projections



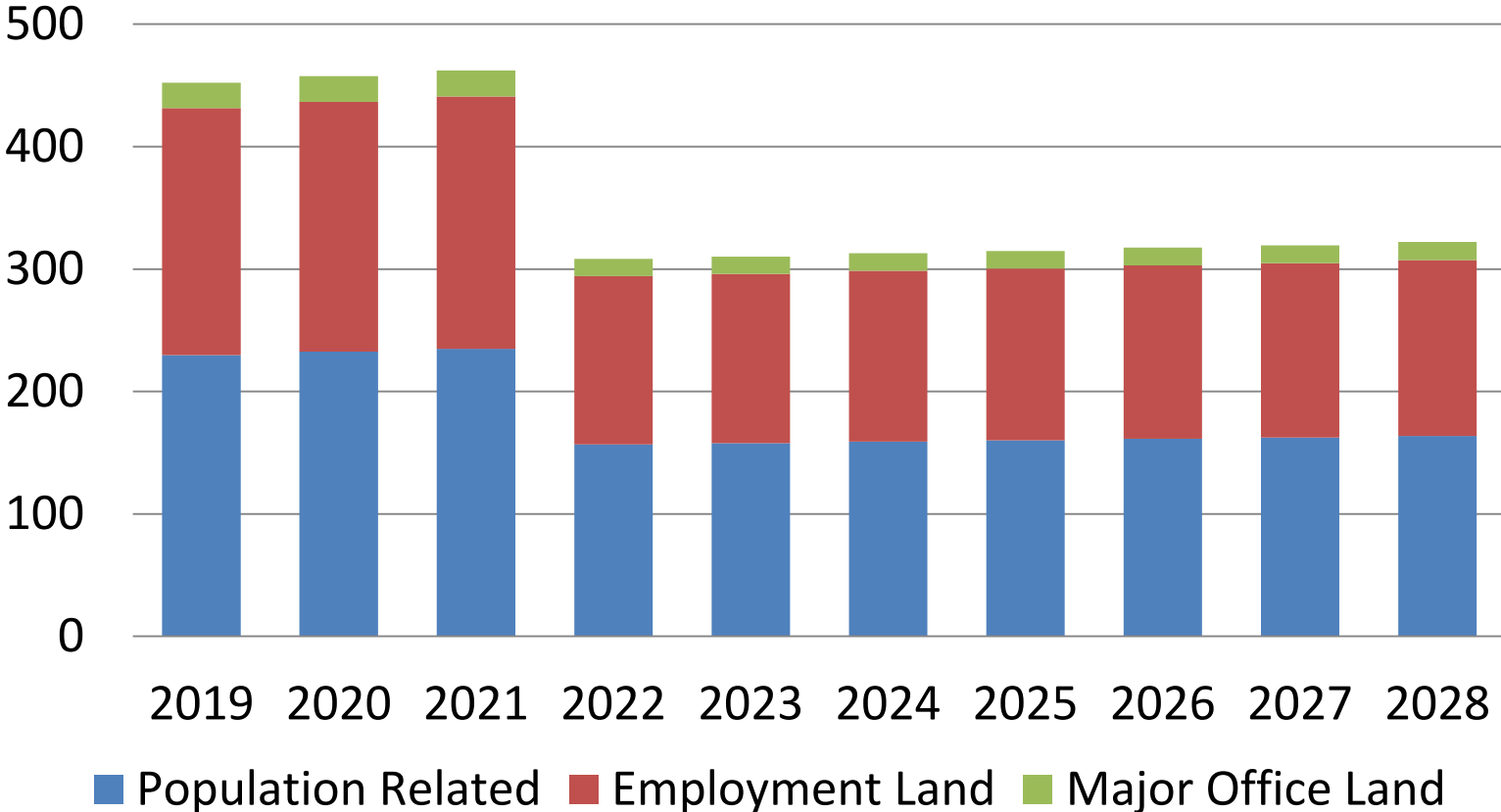
Employment is projected to rise from 44,000 in 2018 to 48,000 in 2028.



We do not charge new workers, we charge the related development.



Number of square meters to be built per year by type



Capital Program



Elements of a DC capital program



Net Municipal Costs

- Replacement & Benefit to the Existing Costs
- 10% Reduction (if applicable)
- Available DC Reserves
- Current Period Growth Costs (2019-2028)
- Post Period Growth Costs (Post 2028)

Can't fund with DCs under legislation

Can fund with DCs due to growth

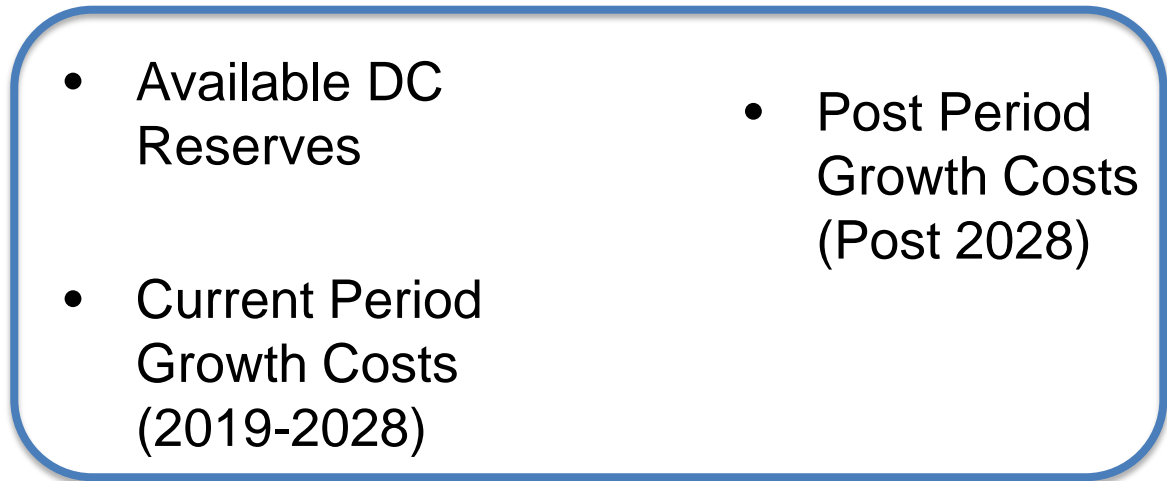
Can't fund with DCs due to **not enough** growth

Elements of a DC capital program



Development Related Costs

- Replacement & Benefit to the Existing Costs
- 10% Reduction (if applicable)



Can't fund with DCs under legislation

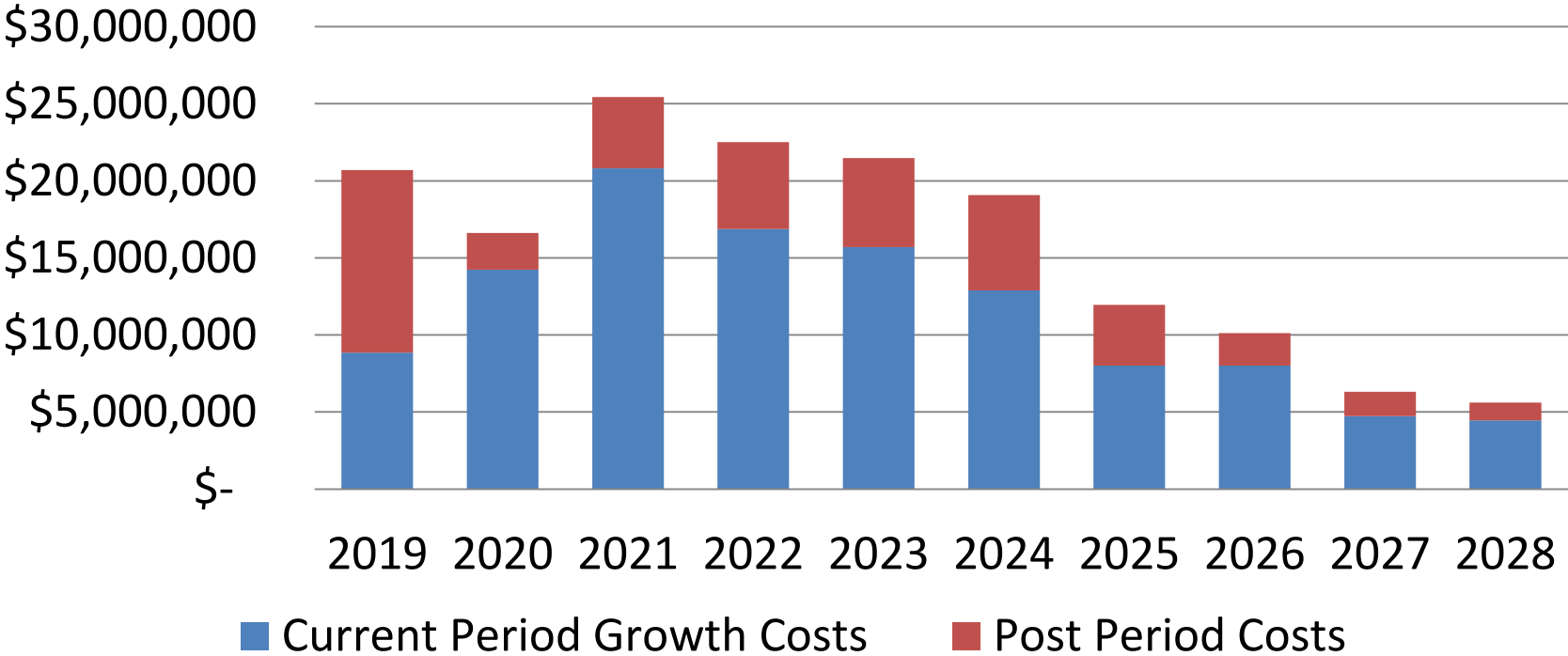


Can fund with DCs due to growth



Can't fund with DCs due to **not enough** growth

Planned capital costs that strictly relate to growth



- There are \$45,000,000 of post period costs.
- Working with staff to reduce post period costs to an optimal level.



Elements of a DC capital program



Planned Capital Program

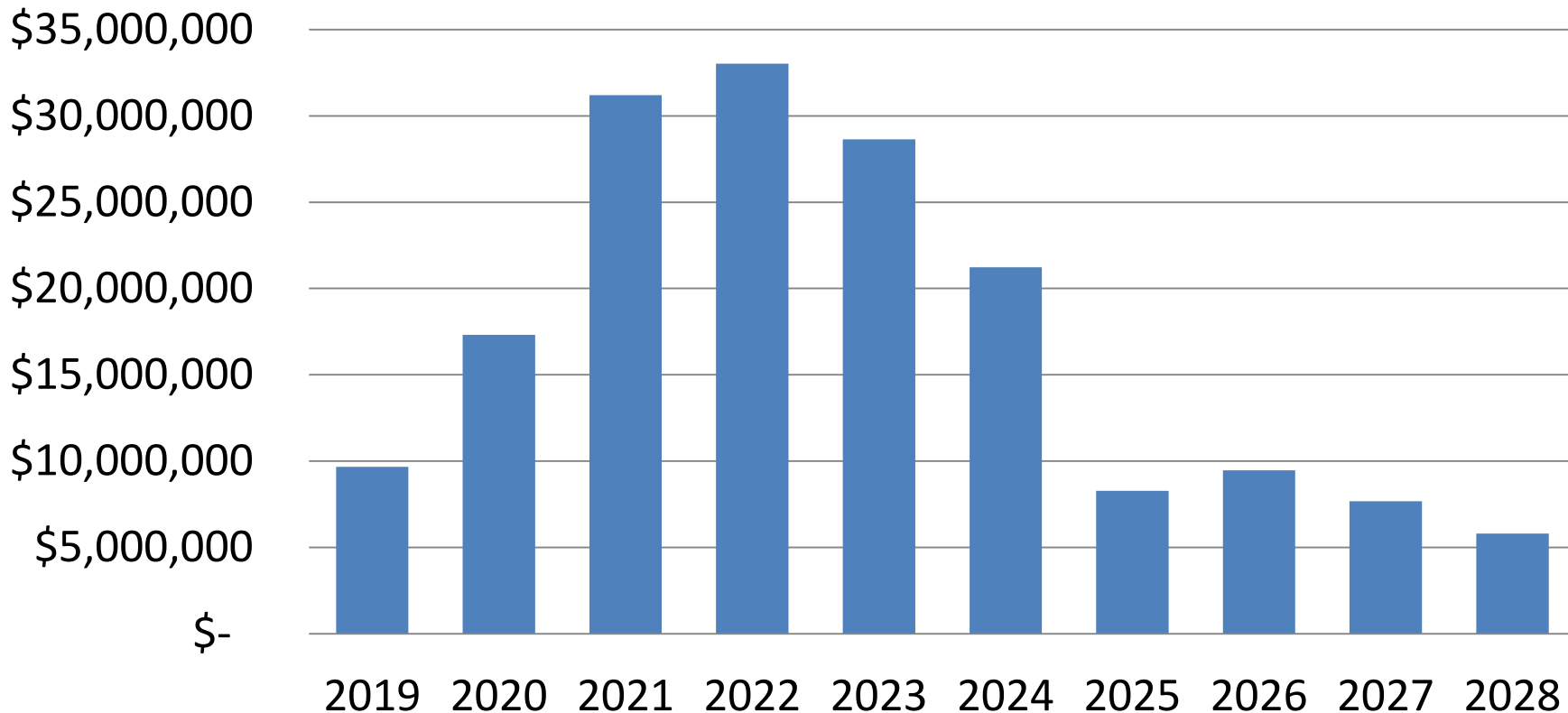
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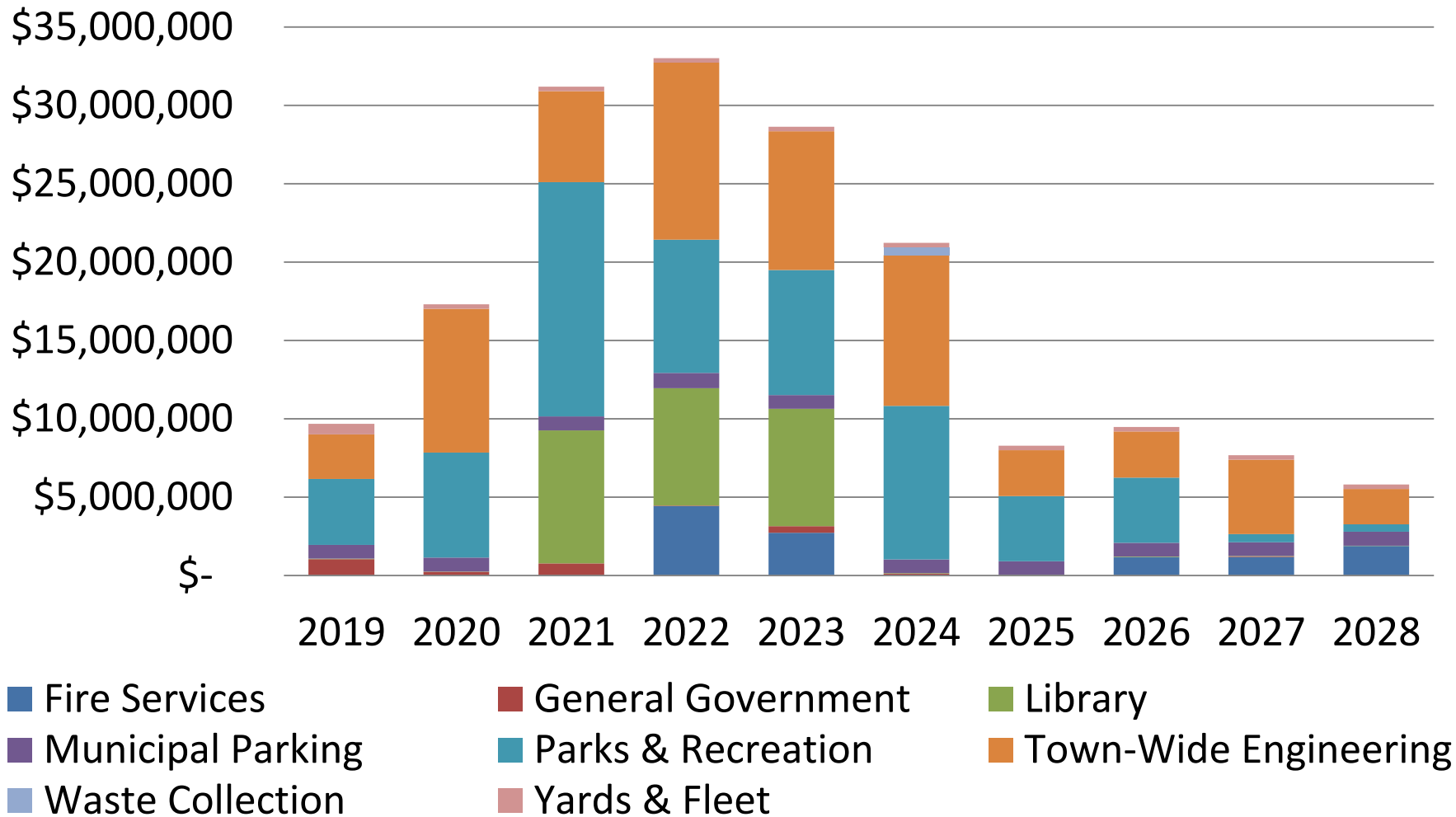
Planned total capital costs associated with growth in the current period



- \$115.8 million capital program, \$29.2 million from reserves and \$86.6 million from new DCs.



Planned total capital costs associated with growth in the current period



Elements of a DC capital program



Ineligible costs

- Replacement & Benefit to the Existing Costs
- 10% Reduction (if applicable)

- Available DC Reserves
- Current Period Growth Costs (2019-2028)

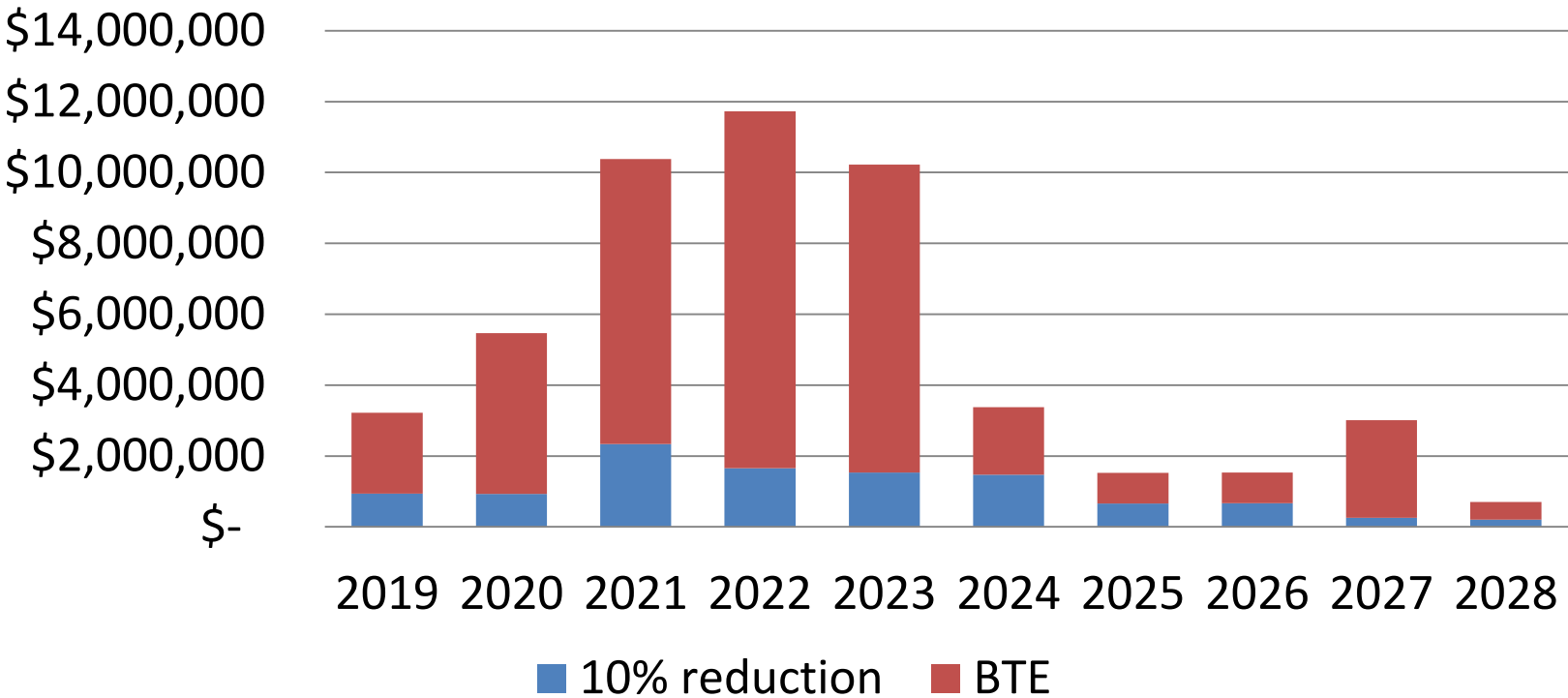
- Post Period Growth Costs (Post 2028)

Can't fund with DCs under legislation

Can fund with DCs due to growth

Can't fund with DCs due to **not enough** growth

Planned capital costs not covered by DCs



\$10.7 million cannot be covered though DCs due to the mandatory reductions.

\$40.5 million cannot be covered though DCs due to benefit to the existing.



Annual Impact



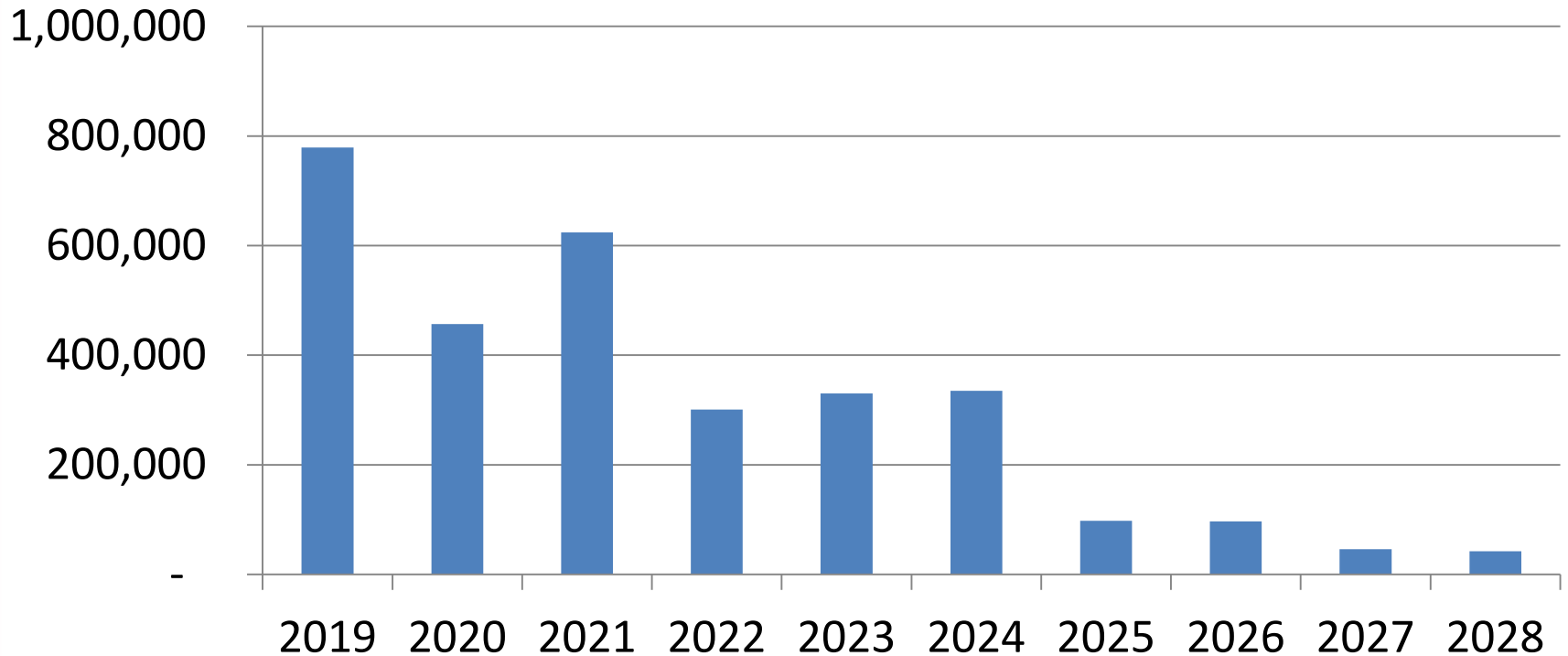
Operating Costs



	Net Cost (in 2018\$)
General Government	N/A
Library	\$0.10 per \$ of capital
Fire	\$0.25 per \$ of capital
Recreation	\$0.05 per \$ of capital
Parks	\$0.04 per \$ of capital
Fleet and Building	\$0.03 per \$ of capital
Parking	\$0.05 per \$ of capital
Waste Management	\$0.15 per \$ of capital
Town-Wide Engineering	\$0.01 per \$ of capital



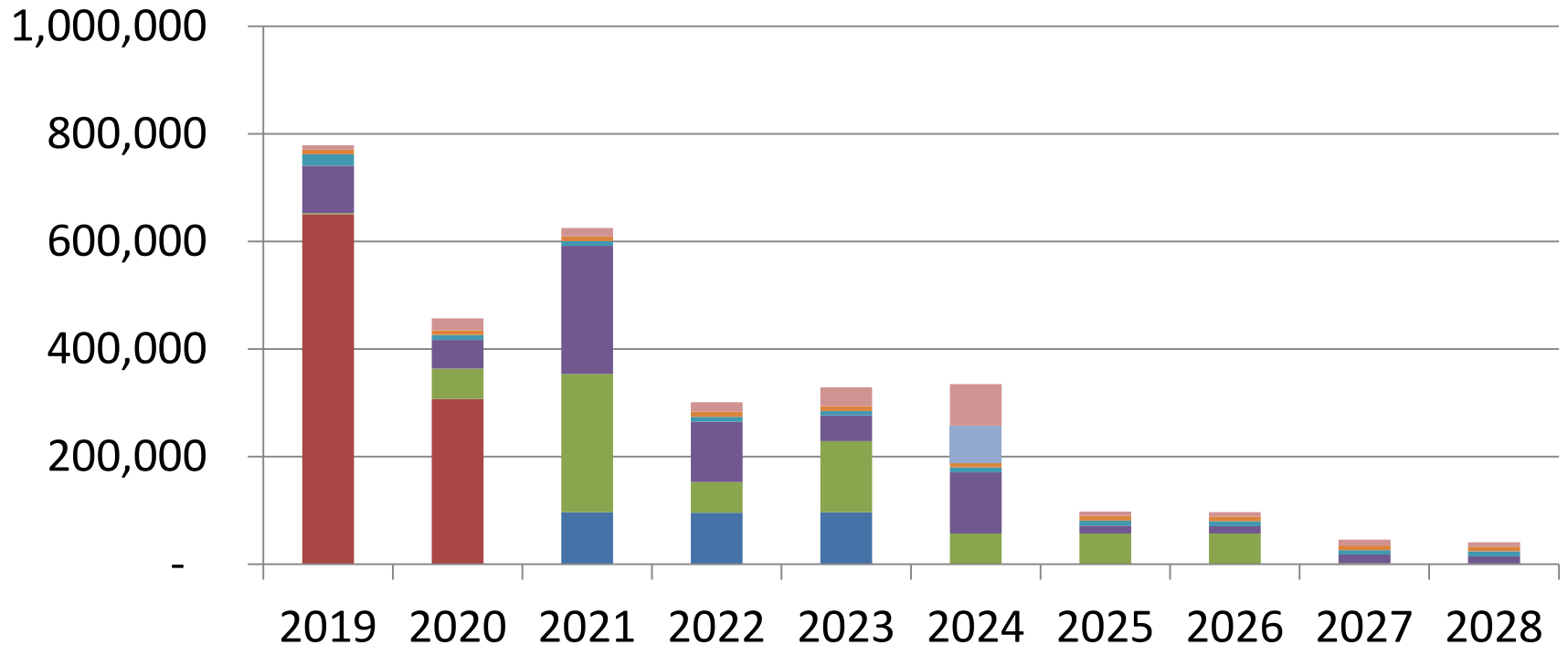
Operating Costs



\$23.5 million in additional operating costs over the 10 year period



Operating Costs



Library

New Recreation Capital

Yards & Fleet

Waste Collection & Transfer

Fire Services

New Parks Capital

Municipal Parking

Town-Wide Engineered Services



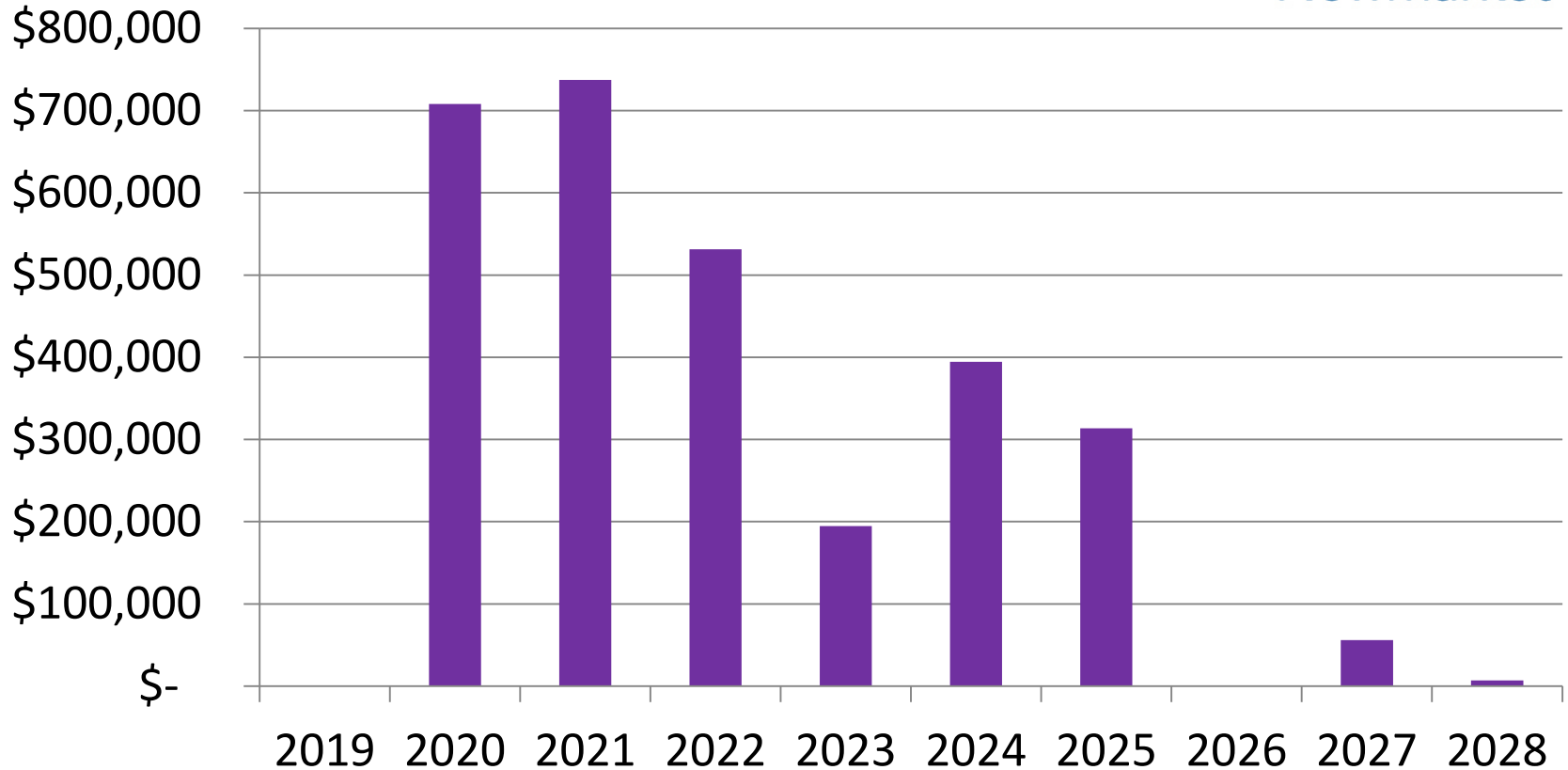
Amortization Costs



	Estimated Useful Life
Buildings	40 Years
Fire Trucks	15 Years
Vehicles	7 Years
Furniture	10 Years
Splash pads	20 Years
Trails	25 Years
Road Works	40 Years



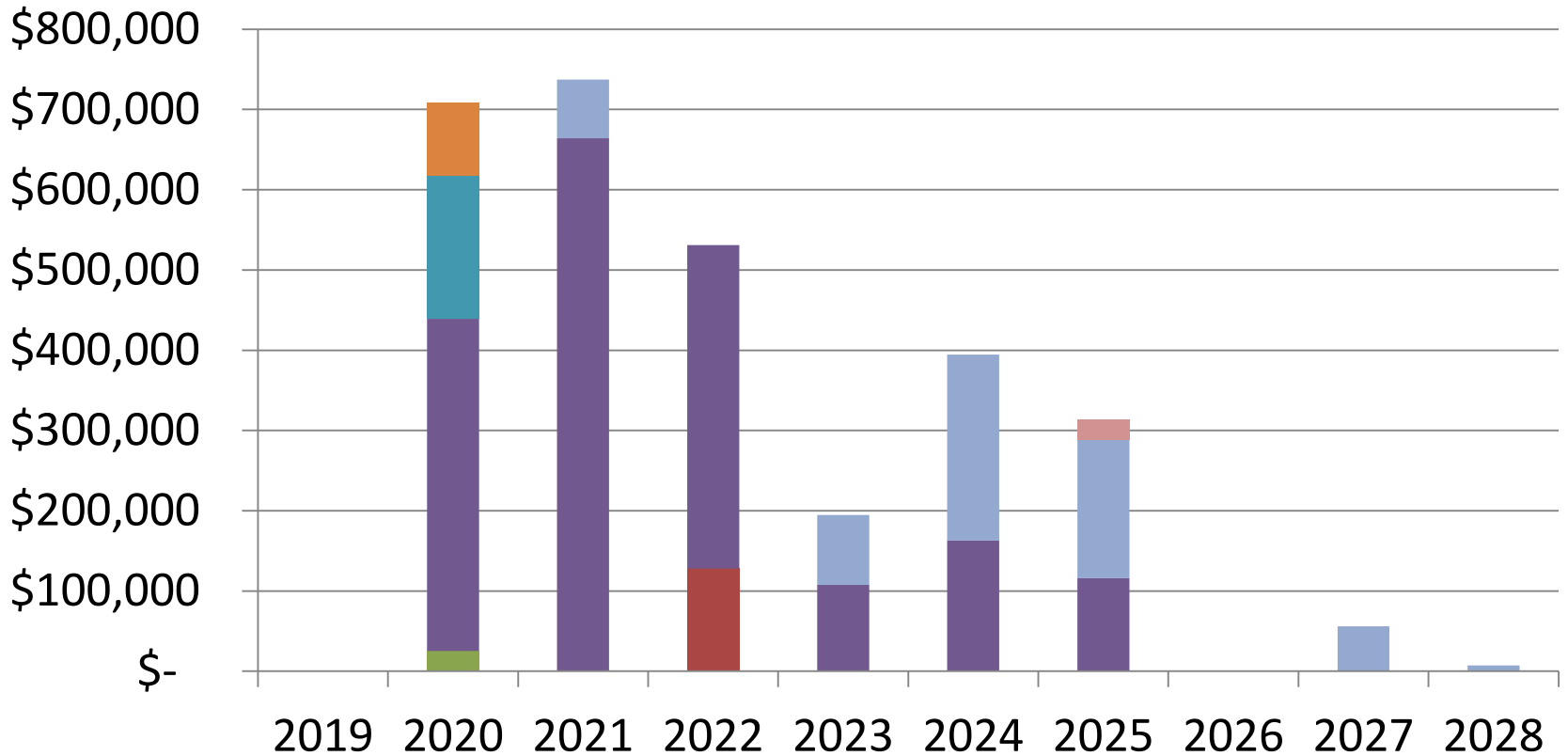
Amortization Costs



\$20.5 million in additional amortization costs over the 10 year period



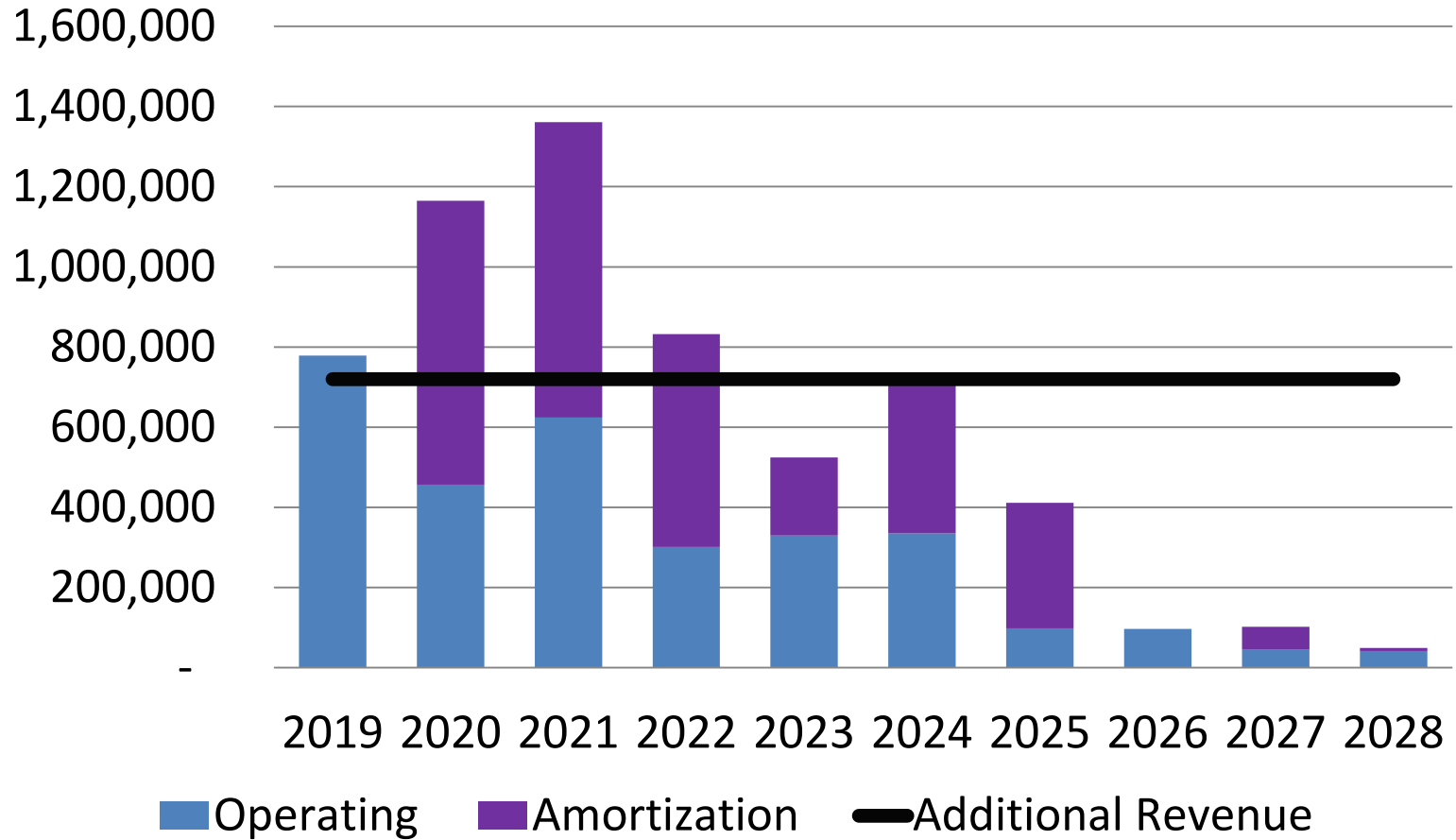
Amortization Costs



- General Government
- Library
- Fire
- Parks & Recreation
- Yards & Fleet
- Municipal Parking
- Town-wide Engineered
- Waste Collection & Transfer



Combined Costs



Projected Annual Impact

\$23.5 Million in Additional Operating Costs
+ \$20.5 Million in Additional Amortization Costs
- \$39.6 Million in Additional Assessment Revenue

= \$4.4 million or an annual cost increase impact of 0.14%



Rates



Preliminary Calculated Rates



	Current Rates	Preliminary Calculated Rates	Percent Change
Single- and semi-detached	\$ 22,240 / unit	\$ 31,000 / unit	39%
Rows and other multiples	\$ 17,641 / unit	\$ 24,000 / unit	36%
Large apartments	\$ 13,771 / unit	\$ 19,000 / unit	38%
Small apartments	\$ 11,179 / unit	\$ 13,000 / unit	16%
Non-residential	\$ 58.86 / m ²	\$ 68 / m ²	15%



Development Charges



22% of the capital budget
is funded from Development Charges
(DCs)



Impact of potential mandatory DC exemptions by Province



1. Expensive

- Capital to accommodate growth needs to be paid for somehow.

2. Ineffective

- There is insufficient evidence to support that lowering DCs lower housing prices.

3. Counterproductive

- Communities discourage growth when they do not see a benefit.



Process Going Forward



- Council presentation on April 8th
- Developer information session on April 18th
- Public meeting on May 21st
- By-law passage on June 24th

