

Township of Georgian Bay Development Charges Study Committee of the Whole Update



Tuesday, April 15th, 2014

HEMSON
Consulting Ltd.



Topics

1. Overview of *Development Charges Act*
2. Development charges in Georgian Bay
3. Development forecast
4. Services and service levels
5. Development-related capital costs
6. Draft DC Rates
7. Next steps

Overview of the *Development Charges Act (DCA)*

- DCs are imposed by by-law
- Maximum life of a DC by-law is 5 years after the day it comes into force (Township's by-law expires on July 29th, 2014)
- Prior to passing a by-law Township must:
 - undertake a background study
 - hold at least one public meeting
- Appeals adjudicated at OMB

Overview of the DCA

- Charges levied on a service basis
- Township given discretion to define services
- Two types of service:

	'General' Services	'Hard' Services (Engineering/ Protection)
DC eligible cost recovery	90%	100%
Maximum planning period	10 years	unlimited

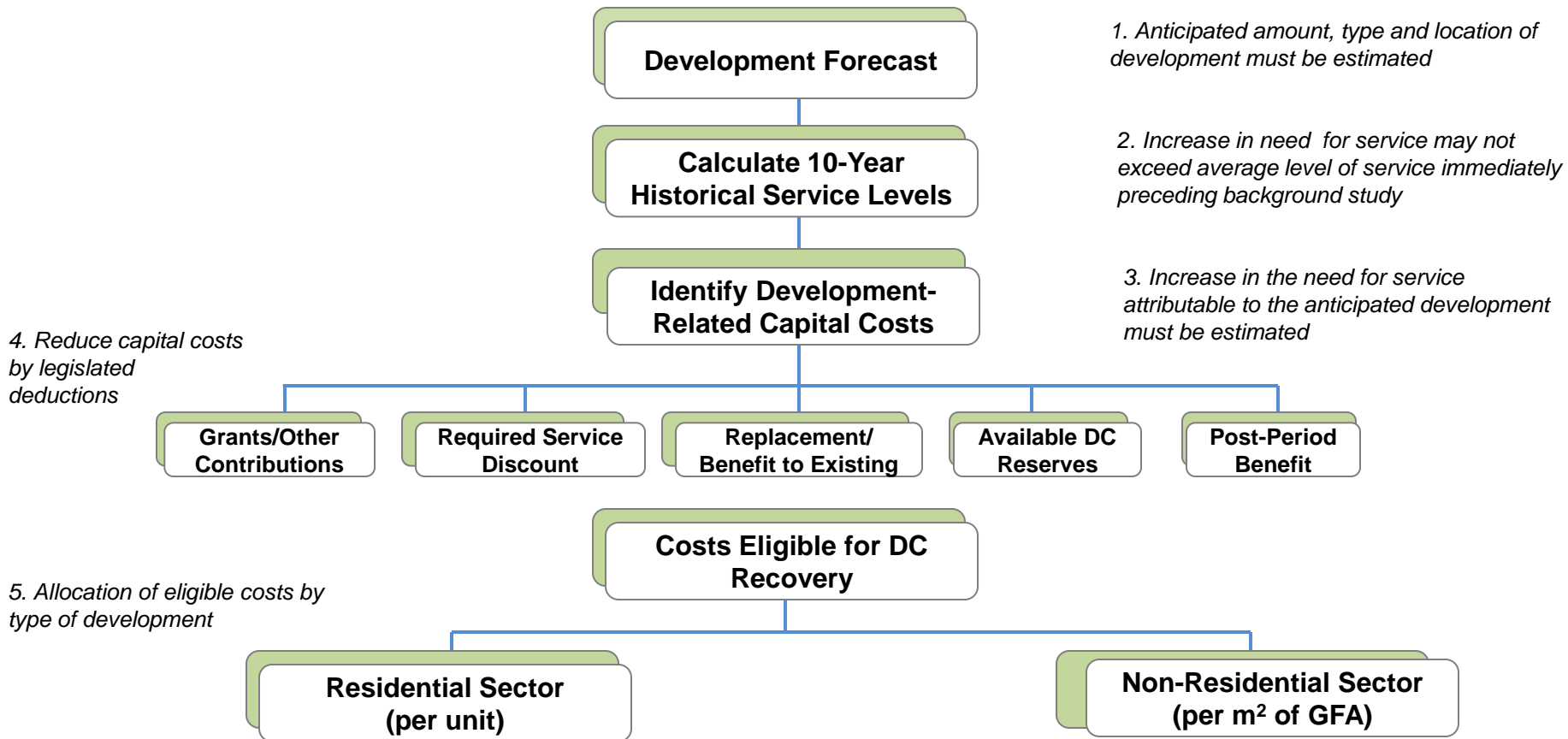
Overview of the *DCA*

- Service exclusions
 - Cultural and entertainment facilities, including museums, theatres and art galleries
 - Tourism facilities including convention centres
 - Parkland acquisition
 - Hospitals
 - Headquarters for general administration of municipalities and local boards
 - Waste management

Overview of the *DCA*

- Eligible capital costs
 - Costs to acquire and improve land
 - Building and structure costs
 - Rolling stock with a useful life of 7 years or more
 - Furniture and equipment, excluding computer equipment
 - Development-related studies
 - Interest and financing costs

Steps to Calculating a DC



Step 1 – Development Forecast

- 10 years (2014-2023) for all services except Fire Protection (2014-2031)
- Township-wide uniform rates
- Forecast comparison:

	10 year growth		2014-2031 growth	
	Old Study	New Study	Old Study	New Study
Total Households	747 (75 per year)	505 (50 per year)	1,440 (80 per year)	935 (52 per year)
Non-Residential Floorspace (sq. m.)	50,000	10,071	90,000	23,198

Source: Watson and Associates Economists Ltd., The District Municipality of Muskoka 2013
Phase 2 Update

Step 2 – Services

Service	Cost Recovery	Planning Period	Comments
Community Services	90%	10 years	Includes Library, Parks and Recreation in current by-law but no DC calculated this time
Fire Protection	100%	To 2031	Same as current by-law
Public Works	100%	10 years	Costs recovered to 90% under current by-law
General Government	90%	10 years	Same as current by-law
Roads and Related	100%	10 years	Same as current by-law

Step 3 – Development-Related Capital Costs

- Council must express its intent to carry out the capital works
- Capital program based on capital forecast documents, development forecasts and consultation with staff
- Also includes recovery for recently constructed projects:

Completed Project	Growth-Related Costs to be Recovered	Year of Completion
MacTier Branch Expansion	\$79,709	2008
Port Severn Park	\$17,594 (\$100,000 previously funded through reserves)	2010
MacTier Sand/Salt Dome	\$337,472	2009
Port Severn Sand/Salt Dome	\$301,569	2009
Port Severn Streetscaping	\$448,339	2010
Total	\$1,184,683	

Community Services

Development-Related Capital Costs

- Excess capacity, arising from recent Port Severn Investments means no DC can be justified at this time
- Also, Township has reserve funds on hand to fund future projects

	Gross Project Cost	DC Eligible Costs	
		Available DC Reserves	2014-2023
1.0 – Community Services			
1.1 - Library	\$805,566	\$126,449	\$0
1.2 - Recreation Facilities	\$263,000	\$0	\$0
1.3 – Parks and Open Space	<u>\$8,598,451</u>	<u>\$117,594</u>	<u>\$0</u>
Total Community Services	\$9,667,017	\$244,042	\$0

Fire Protection Development-Related Capital Costs

	Timing	Gross Project Cost	DC Eligible Costs	
			Available DC Reserves	2014-2031
2.0 – Fire Protection				
2.1 – Building, Land & Furnishings – Port Severn Fire Hall Expansion	2024	\$150,000	\$150,000	\$0
2.2 – Vehicles – Pumper Truck	2024	\$400,000	\$138,513	\$261,487
2.3 – Equipment – Personal Protective Equipment	Various	<u>\$20,000</u>	<u>\$0</u>	<u>\$20,000</u>
Total Fire Protection		\$570,000	\$288,513	\$281,487

Public Works

Development-Related Capital Costs

	Gross Project Cost	DC Eligible Costs	
		Available DC Reserves	2014-2023
3.0 – Public Works			
3.1 – Buildings			
3.1.1 – Recovery of MacTier Sand/Salt Dome	\$337,472	\$33,442	\$304,030
3.1.2 – Recovery of Port Severn Sand/Salt Dome	\$301,569	\$0	\$178,307
3.2 – Fleet and Equipment	<u>\$208,432</u>	<u>\$0</u>	<u>\$0</u>
Total – Public Works	\$847,473	\$33,442	\$482,337

Note: the historic 10-year service level allows maximum funding of \$482,337

Roads and Related Development-Related Capital Costs

	Timing	Gross Project Cost	DC Eligible Costs	
			Available DC Reserves	2014-2023
4.0 – Roads and Related				
4.1 – Roadway Capital Works				
Recovery of Port Severn Streetscaping (2010)	Various	\$893,922	\$166,555	\$281,785
Lone Pine Road Widening and Improvements	2014	\$508,250	\$0	\$204,125
Hasketts Drive Widening and Improvements	2014	\$2,959,500	\$0	\$431,118
Community Centre Road Improvements	2015	\$75,000	\$0	\$30,000
Lone Pine Drive/DR 5 – Interchange Improvement Study	2015	\$80,000	\$0	\$40,000
Growth-Related Studies	Various	<u>\$250,000</u>	<u>\$0</u>	<u>\$125,000</u>
Total – Roads and Related		\$4,766,672	\$166,555	\$1,112,028

General Government Development-Related Capital Costs

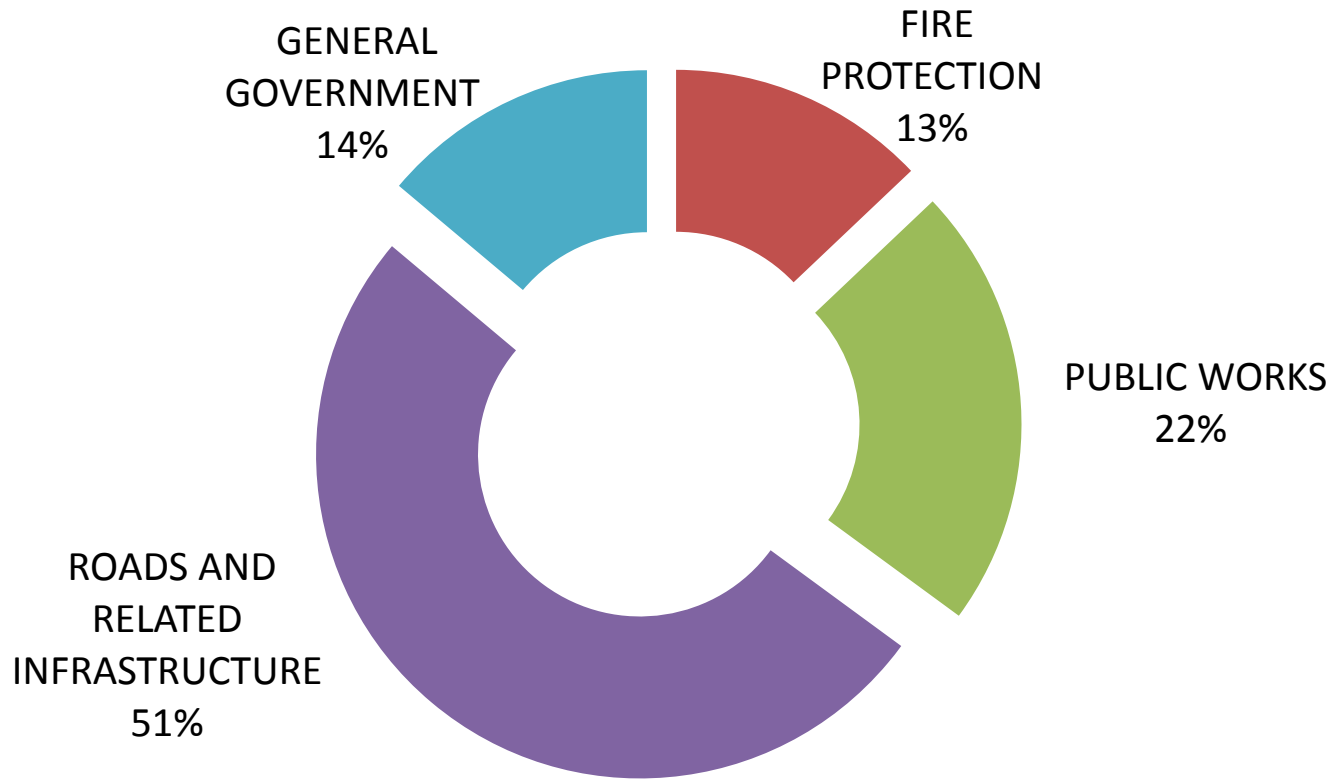
	Timing	Gross Project Cost	DC Eligible Costs	
			Available DC Reserves	2014-2023
5.0 – General Government				
5.1 – Development Related Studies				
Recovery of Master Plan and Urban Design for Honey Harbour, MacTier and Port Severn	Various	\$317,572	\$30,264	\$109,944
Recovery of Economic Development Strategy	Various	\$40,000	\$0	\$3,375
Honey Harbour Waterfront Plan	2014	\$40,000	\$0	\$9,000
Development Charge Study (x2)	2014 & 2019	\$50,000	\$0	\$45,000
Provision for Future Planning Studies	Various	<u>\$150,000</u>	<u>\$0</u>	<u>\$135,000</u>
Total – General Government		\$597,572	\$30,264	\$302,319

Step 3

Capital Cost Deductions

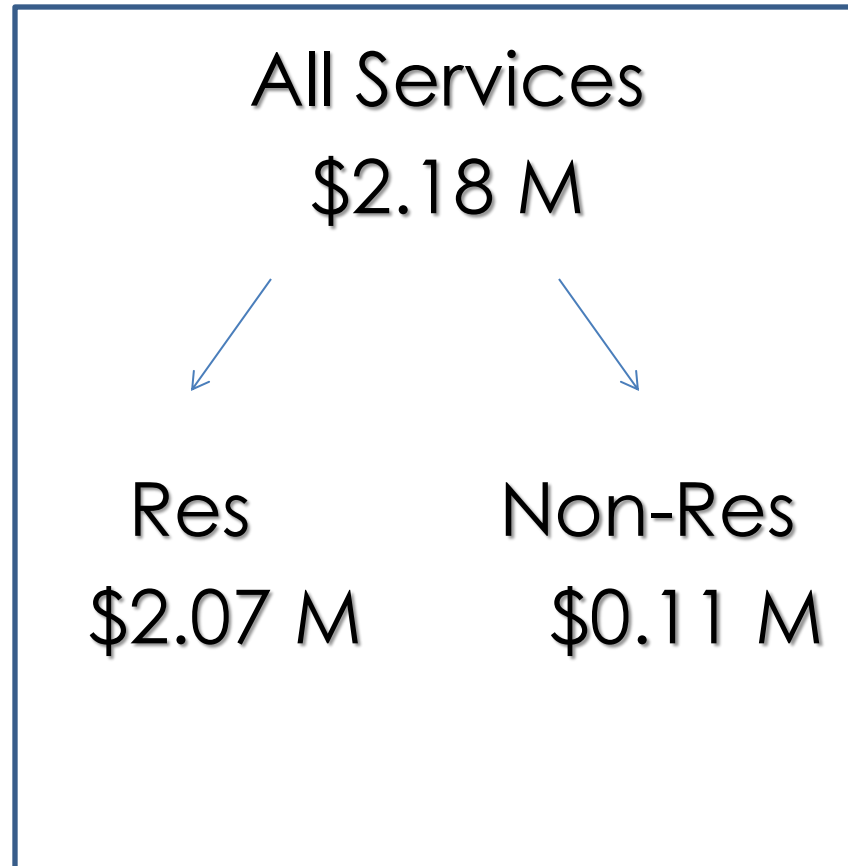
Total Gross Cost (\$millions)	\$ 16.45
Less: Grants & Subsidies	\$ 9.05
Less: Benefit to Existing Share	\$ 2.49
Less: 10% Discount	\$ 0.23
Less: Reserve Funds	\$ 0.76
Less: Post-Period Benefit	<u>\$ 1.75</u>
DC Eligible Cost	\$ 2.18

DC Eligible Costs



Total DC Eligible Costs = \$2.18 million

Step 4 – Allocation of DC Eligible Costs



DC Rate Calculation

Residential:

- Expressed as a charge per household
- Levied as charge per unit and by unit type

Non-Residential:

- Expressed as a charge per square metre of gross floor area (GFA)
- Single rate calculated for all non-residential uses

Draft Residential Rates

Service	Unadjusted Charge Per Household	Adjusted Charge Per Household	Residential Charge By Unit Type (1)				Percentage of Charge
			Singles & Semis	Rows & Other Multiples	Apartments Large	Apartments Small	
Community Services	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Fire Protection	\$273	\$240	\$247	\$209	\$164	\$137	6.3%
Public Works	\$907	\$913	\$938	\$797	\$623	\$520	23.9%
Roads And Related Infrastructure	\$2,092	\$2,092	\$2,149	\$1,825	\$1,428	\$1,190	54.8%
General Government	<u>\$569</u>	<u>\$571</u>	<u>\$586</u>	<u>\$498</u>	<u>\$389</u>	<u>\$325</u>	<u>15.0%</u>
TOTAL CHARGE PER UNIT	\$3,841	\$3,816	\$3,920	\$3,329	\$2,604	\$2,172	100.0%
(1) Based on Persons Per Unit Of:			2.71	2.30	1.80	1.50	

Draft

Non-Residential Rates

Service	Non-Residential Charge		Percentage of Charge
	Unadjusted Charge per Square Metre	Adjusted Charge per Square Metre	
Community Services	\$0.00	\$0.00	0.0%
Fire Protection	\$0.61	\$0.65	6.5%
Public Works	\$2.39	\$2.32	23.2%
Roads And Related Infrastructure	\$5.52	\$5.52	55.4%
General Government	<u>\$1.50</u>	<u>\$1.48</u>	<u>14.8%</u>
TOTAL CHARGE PER SQUARE METRE	\$10.02	\$9.97	100.0%

Residential Rates Are Lower Than Current Rates

Service	Current Residential Charge / SDU	Calculated Residential Charge / SDU	Difference in Charge	
Community Services	\$1,317	\$0	(\$1,317)	-100%
Fire Protection	\$576	\$240	(\$336)	-58%
Public Works	\$916	\$913	(\$3)	0%
Roads And Related Infrastructure	\$1,660	\$2,092	\$432	26%
General Government	<u>\$236</u>	<u>\$571</u>	<u>\$335</u>	<u>142%</u>
TOTAL CHARGE PER UNIT	\$4,705	\$3,816	(\$889)	-19%

SDU = single detached unit

Non-Residential Rates Are Higher Than Current Rates

Service	Non-Residential (\$/Square Metre)			
	Current Non-Residential Charge	Calculated Non-Residential Charge	Difference in Charge	
Community Services	\$0.00	\$0.00	\$0.00	0%
Fire Protection	\$0.97	\$0.65	(\$0.32)	-33%
Public Works	\$1.33	\$2.32	\$0.99	74%
Roads And Related Infrastructure	\$2.67	\$5.52	\$2.85	107%
General Government	<u>\$0.38</u>	<u>\$1.48</u>	<u>\$1.10</u>	<u>289%</u>
TOTAL CHARGE PER SQUARE METRE	\$5.35	\$9.97	\$4.62	86%

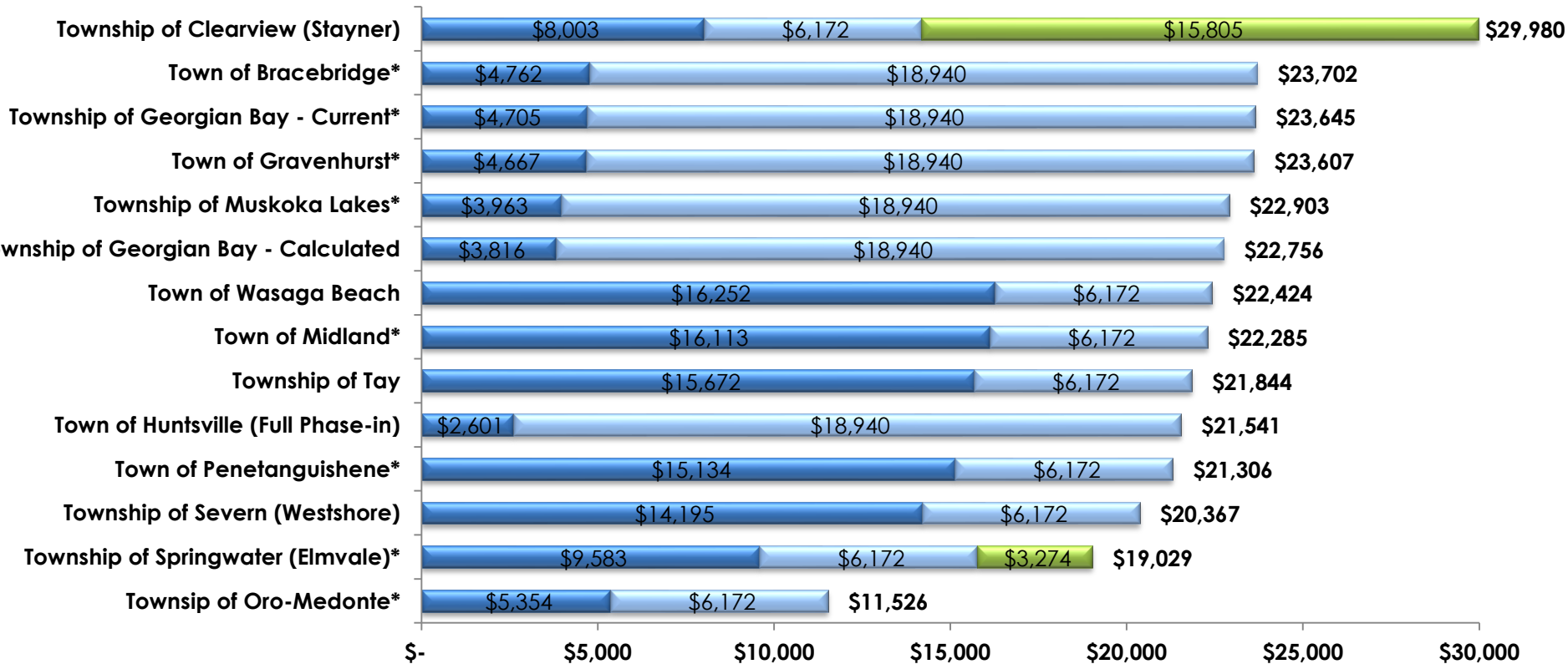
Factors Influencing Rates

- Residential
 - Lower housing forecast
 - Uncommitted excess capacity in Community Services
 - Changes to the capital program
- Non-Residential
 - Significantly lower floor space forecast

DC Comparison – Residential SDU

Residential Rate Comparison Single Detached Units

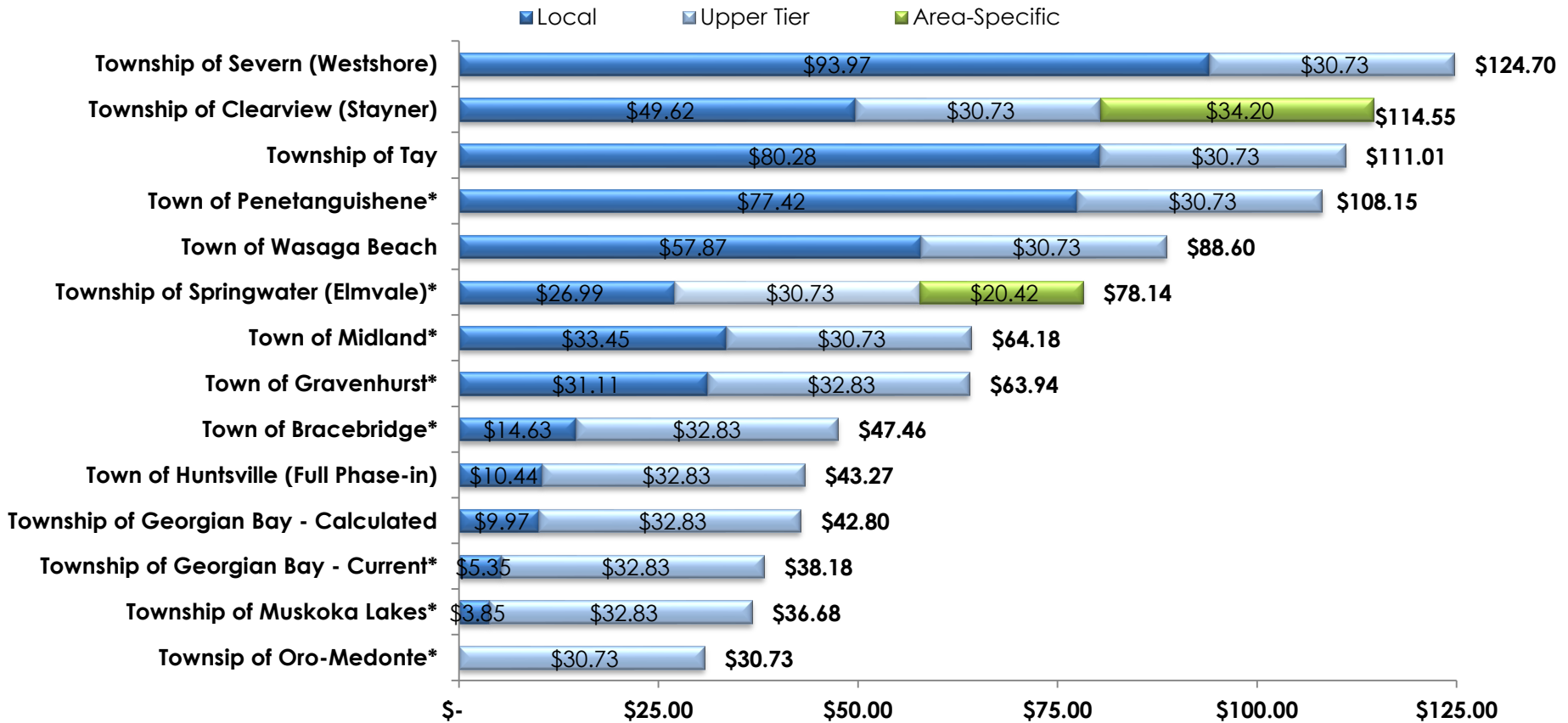
Local Upper Tier Area-Specific



* DC Background Studies underway, rate changes expected in 2014

DC Comparison – Non-Residential

Non-Residential Rate Comparison Retail Charge \$/Sq.M



Next Steps

Activity	Date
Advertise Public Meeting	Week of 21 April (21 days prior to PM)
Release Final Background Study and Draft By-Law	Week of 28 April (14 days prior to PM)
Statutory Public Meeting	13 th or 20 th of May
By-law Passage	9 June
Current by-law expires	29 July