

Subject: Development Charges Background Study

Recommendation:

BE IT RESOLVED THAT Council receive Report # 2022-0192-Corporate Services – Development Charges Background Study, for information;

AND THAT Council hereby waive the requirements of the Town’s Purchasing Policy S402-00 and approve the sole sourcing of Watson & Associates Economists Ltd.;

AND THAT Council authorize Watson & Associates Economists Ltd. to complete the necessary background study for the implementation of a new development charge by-law, at a cost of \$40,000 plus HST;

AND THAT the Development Charges Background Study be funded 100% from the Development Charge Reserve with no impact to the Tax Levy Operating Budget.

Background:

By-law 4023 (2018), as amended by By-law 4149 (2019), came into effect on October 1, 2018, being a by-law for the purposes of establishing and collecting a Development Charge (D.C.) in accordance with the provisions of the D.C. These by-laws will expire on September 30, 2023. A new background study to support a Development Charges By-law is required prior to this to ensure the continued collection of Development Charges.

In 2022 the Town updated its DC By-law # 4431 (2022) and # 4314 (2021) for Indoor Recreation, Outdoor Recreation, Library and Admin; and also the additional requirements from Bills 108, 138, 197, and 213 so that the by-law is consistent with the revised legislation which included:

- Updating the D.C. analysis to remove the 10% mandatory deduction for Indoor Recreation
- Updating the D.C. policies in the Town’s by-law with respect to:
 - D.C. Instalment payments;
 - D.C. Rate Freeze;
 - Interest Rate to be applied;
 - Internal processes; and

- Include new Mandatory exemptions and definitions as defined in O.Reg 454/19 and Bill 213 (Universities).

The changes to the *Development Charges Act* now allow for 100% of the cost of the study to be funded from DCs (previously it was 90%).

Analysis:

The overall objective of this study is to provide funds that will allow the Town to finance the capital projects required for development and to permit the Town to grown on a financially sound basis while complying with the new legislated requirements.

The update process involves the following broad steps:

1. Study start-up meeting
2. Data collection & service standards – Review historical information, asset information, capital budget projections and future capital requirements
3. Growth projection development
4. Review of background material – Master Plans, Official Plan, and any other relevant documents
5. Development charge, calculation and staff interviews
6. Examination of long-term capital/operating costs/asset management plan
7. Draft DC Background Study
8. Finalize DC Background Study
9. Public Meeting Process
10. Adoption Process
11. Implementation of By-Law

Development Charge Background Study

Watson & Associates Economists Ltd. has provided a quote for their respective work assignments.

Watson & Associates Economists Ltd. (Appendix A):

Town-wide DC Update: \$40,000 + HST (2018 - \$39,900 + HST).

All fees relating to the development of the Town's new development charge by-laws will be funded by 100% from the Development Charges: Development Related Studies.

Due to the limited amount of consultants available to perform this type of work, and knowledge of the Town required for such an assignment, staff are recommending that Watson & Associates Economists Ltd. be utilized to perform the necessary work to update the Town's DC By-Law.

Management is requesting Council consider Section 25(2), Acquisition Where There Are Special Circumstances, of the Town's Procurement By-Law 3250-2012. The By-Law states in section 25 (2) "Where Council, on the advice of the Director Corporate Services or CAO, is of the opinion that there are Special Circumstances in relation to a proposed Acquisition that a reasonable person would consider sufficient to warrant a Non-Competitive Acquisition of such Goods or Services as are considered necessary to remedy the situation".

Watson & Associates Economists Ltd. have worked together to prepare the Town's Background Studies and associated By-Laws for many, many years. They have also prepared the Pelham Community Centre development charge review, 2014 East Fonthill Area Specific DC Background Study and Water & Waste Water Study in 2013. This firm also completed the Niagara Region's DC Background Study in 2022. As a result, this consulting firm possess extensive knowledge about the Town which would be difficult for another firm to replicate.

Financial Considerations:

The cost of the 2018 Development Charges Study was \$39,900 plus HST. Since there was an update to the recreation and library DC Study done in 2022 the cost will be \$40,000 plus HST.

Alternatives Reviewed:

N/A

Strategic Plan Relationship: Financial Sustainability

Development Charges revenue is important to fund the growth of the Town. The existing by-law needs to be updated and approved by Council prior to the September 30, 2023 when the existing by-laws expire.

Consultation:

Director Public Works

Director Community Planning and Development

Other Pertinent Reports/Attachments:

Appendix 1: Quote from Watson & Associates Ltd.

Prepared and Recommended by:

Teresa Quinlin-Murphy, FCPA, FCA, MBA
Director of Corporate Services & Treasurer

Prepared and Submitted by:

David Cribbs, BA, MA, JD, MPA
Chief Administrative Officer