



Addendum to 2021 Development Charges Background Study

Township of Adjala-Tosorontio

For Public Circulation and Comment

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1. Summary of Revisions to the July 29, 2021 Development Charges Background Study

1.1 Background

Commensurate with the provisions of the Development Charges Act (D.C.A.), 1997, the Township of Adjala-Tosorontio (Township) has undertaken a Development Charges Background Study (D.C.B.S.) and has distributed the study and draft by-law to the public. The following provides a summary of the key dates in the Development Charges (D.C.s) by-law process:

- July 29, 2021 – Release of the D.C.B.S.
- September 8, 2021 – Public Meeting of Council
- September 27, 2021 – Public Meeting of Council and Consideration of D.C. Background Study and D.C. By-law

The purpose of the addendum to the June 29, 2021 D.C.B.S. is to include a local service policy as it pertains to Transportation Services.

2. Discussion

Some of the need for services generated by additional development consists of local services related to a plan of subdivision. As such, those needs will be required as a condition of subdivision agreements or consent conditions. Through discussions with Township staff, the following local service guidelines are proposed to delineate the jurisdiction for capital cost recovery (i.e. local service of development charges).

1. Collector Roads
 - a. Collector Roads External to Development – If local service within the area to which the plan relates, direct developer responsibility under s.59 of the D.C.A.
2. Traffic Signals and Intersection Improvements
 - a. Local Streets / Private Entrances / Entrances to Specific Developments – Direct developer responsibility under s.59 of the D.C.A. (as a local service)
 - b. Minor Arterial / Collector Road Intersections, including signalization, within County Roads – County responsibility



- c. Intersection Improvements / Signalization on Other Local Roads Due to Development Growth Increasing Traffic – Include in D.C. calculation (excluding private entrance signals) as required under s.5(1) of the D.C.A.
- 3. Streetlights
 - a. Streetlights on County (Arterial) Roads – County responsibility
 - b. Streetlights on Area Municipal (Collector) Roads – Linked to collector road funding source
- 4. Sidewalks
 - a. Sidewalks on Area Municipal (Collector) Roads – Linked to collector road funding source
 - b. Other sidewalks External to Development (which are local service within the area to which the plan relates) – Direct developer responsibility as a local service provision (under s.59 of the D.C.A.)
- 5. Noise Abatement Measures
 - a. Internal to Development – Direct developer responsibility through local service provisions (s.59 of the D.C.A.)
- 6. Land Acquisition for Road Allowances
 - a. Land Acquisition for Arterial Roads – Dedication under the Planning Act subdivision provisions (s.51) through development lands; in areas with limited or no development - County responsibility
 - b. Land Acquisition for Collector Roads – Dedication under the Planning Act subdivision provision (s.51) through development lands in areas with limited or no development, include in municipal D.C. (to the extent eligible)
- 7. Storm Water Management
 - a. Quality and Quantity Works – direct developer responsibility through local service provisions (s.59 of the D.C.A.) including downstream or adjacent erosion works



3. Changes to the D.C.B.S.

Based on the foregoing, the following revisions are made to the pages within the April 15, 2020 D.C.B.S., as amended. Accordingly, the revised pages are appended to this report:

Page 4-7 and subsequent pages of Chapter 4 – Updated to include the local service policy identified herein and update page numbering.

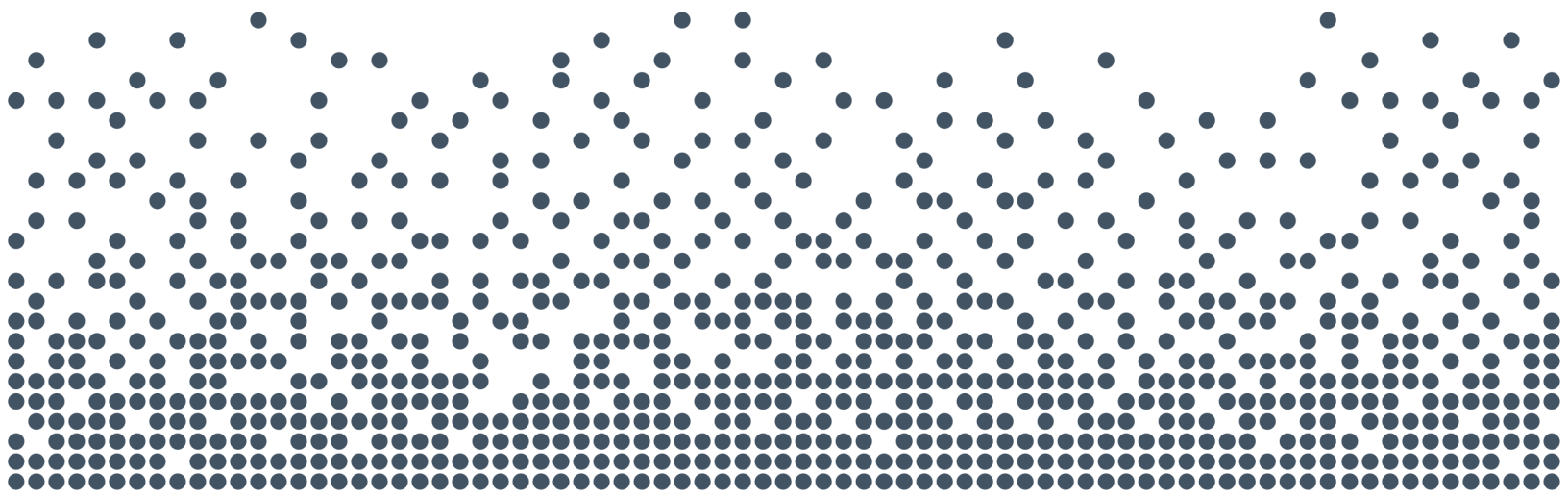


4. Process for Adoption of the D.C. By-law

The revisions provided herein form the basis for the D.C. by-law amendment and will be incorporated into the D.C.B.S. This background study, as amended will have been provided on the City's website at least 60 days prior to Council's passage of the by-law. The report and proposed by-law will be presented to Council, and the general public, at a public meeting of Council, prior to Council's consideration and adoption of the proposed D.C. By-law.

If Council is satisfied with the above noted changes to the D.C.B.S., then prior to passage of the by-law Council must:

- Approve the D.C.B.S., as amended;
- Determine that no further public meetings are required on the matter; and
- Adopt the D.C. by-law.



Appendix



Appendix A

Amended Pages



Categories of Municipal Services	Inclusion in the D.C. Calculation	Service Components
24. Provision of Cultural, Entertainment and Tourism Facilities and Convention Centres	Ineligible Ineligible	24.1 Cultural space (e.g. art galleries, museums and theatres) 24.2 Tourism facilities and convention centres
25. Other	Yes Yes	25.1 Studies in connection with acquiring buildings, rolling stock, materials and equipment, and improving land ^[2] and facilities, including the D.C. background study cost 25.2 Interest on money borrowed to pay for growth-related capital

^[1] with a 7+ year lifetime

^[2] same percentage as service component to which it pertains

Eligibility for Inclusion in the D.C. Calculation	Description
Yes	Municipality provides the service – service has been included in the D.C. calculation.
No	Municipality provides the service – service has not been included in the D.C. calculation.
n/a	Municipality does not provide the service.
Ineligible	Service is ineligible for inclusion in the D.C. calculation.

4.4 Local Service Policy

Some of the need for services generated by additional development consists of local services related to a plan of subdivision. As such, they will be required as a condition of subdivision agreements or consent conditions. Through discussions with Township staff, the following local service guidelines are proposed to delineate the jurisdiction for capital cost recovery (i.e. local service of development charges).



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4.5 Capital Forecast

Paragraph 7 of s.s.5(1) of the D.C.A. requires that, “the capital costs necessary to provide the increased services must be estimated.” The Act goes on to require two potential cost reductions and the Regulation sets out the way in which such costs are to be presented. These requirements are outlined below.



These estimates involve capital costing of the increased services discussed above. This entails costing actual projects or the provision of service units, depending on how each service has been addressed.

The capital costs include:

- costs to acquire land or an interest therein (including a leasehold interest);
- costs to improve land;
- costs to acquire, lease, construct or improve buildings and structures;
- costs to acquire, lease or improve facilities including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference or information purposes;
- interest on money borrowed to pay for the above-referenced costs;
- costs to undertake studies in connection with the above-referenced matters; and
- costs of the D.C. background study.

In order for an increase in need for service to be included in the D.C. calculation, municipal council must indicate "...that it intends to ensure that such an increase in need will be met" (s.s.5(1)3). This can be done if the increase in service forms part of a Council-approved Official Plan, capital forecast or similar expression of the intention of Council (O. Reg. 82/98 s.3). The capital program contained herein reflects the Township's approved capital budget and forecast, and post D.C. background studies.

4.6 Treatment of Credits

Section 8 para. 5 of O. Reg. 82/98 indicates that a D.C. background study must set out, "the estimated value of credits that are being carried forward relating to the service." s.s.17 para. 4 of the same Regulation indicates that, "...the value of the credit cannot be recovered from future D.C.s," if the credit pertains to an ineligible service. This implies that a credit for eligible services can be recovered from future D.C.s. As a result, this provision should be made in the calculation, in order to avoid a funding shortfall with respect to future service needs.

The Township has no outstanding D.C. credit obligations.



4.7 Classes of Services

Section 7 of the D.C.A. states that a D.C. by-law may provide for any D.C. eligible service or the capital costs with respect to those services. Further, a class may be composed of any number or combination of services and may include parts or portions of each D.C. eligible services. With respect to growth-related studies, Section 7(3) of the D.C.A. states that:

For greater certainty, a development charge by-law may provide for a class consisting of studies in respect of any service listed in subsection 2 (4) whose capital costs are described in paragraphs 5 and 6 of subsection 5 (3).

These provisions allow for services to be grouped together to create a class for the purposes of the D.C. by-law and D.C. reserve funds. The D.C. calculations and draft by-law provided herein include a class for growth studies. This class is comprised of the following municipal-wide services:

- Growth-Related Studies
 - Transportation Services;
 - Fire Protection Services;
 - Policing Services; and
 - Parks and Recreation Services.

4.8 Eligible Debt and Committed Excess Capacity

Section 66 of the D.C.A. states that for the purposes of developing a D.C. by-law, a debt incurred with respect to an eligible service may be included as a capital cost, subject to any limitations or reductions in the Act. Similarly, s.18 of O. Reg. 82/98 indicates that debt with respect to an ineligible service may be included as a capital cost, subject to several restrictions.

In order for such costs to be eligible, two conditions must apply. First, they must have funded excess capacity which is able to meet service needs attributable to the anticipated development. Second, the excess capacity must be “committed,” that is, either before or at the time it was created, Council must have expressed a clear intention that it would be paid for by D.C.s or other similar charges. For example, this may have been done as part of previous D.C. processes.



4.9 Existing Reserve Funds

Section 35 of the D.C.A. states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 8 of subsection 5(1).”

There is no explicit requirement under the D.C.A. calculation method set out in s.s.5(1) to net the outstanding reserve fund balance as part of making the D.C. calculation; however, s.35 does restrict the way in which the funds are used in future.

The Township’s D.C. Reserve Funds balances, by service, are presented in Table 4-2 below. 2020 year-end reserve fund balances have been adjusted to account for eligible and actual reserve fund draws and commitments occurring over the 2016 to 2020 period as well as reserve fund adjustments that were identified in the Township’s 2016 D.C. Background Study. Furthermore, the reserve funds have also been adjusted to account for estimated 2021 D.C. revenues to mid-2021. These balances have been applied against future spending requirements for all services.

Table 4-2
Township of Adjala-Tosorontio
Estimated D.C. Reserve Funds Balances (as at Mid-2021)

Service	Totals
Transportation Services	\$441,581
Fire Protection Services	\$228,392
Policing Services	\$483
Parks and Recreation Services	\$147,400
Library Services	\$8,914
Growth Related Studies	(\$52,582)
Roads Services - Everett Settlement Area	(\$93,147)
Total	\$681,041

4.10 Deductions

The D.C.A. potentially requires that five deductions be made to the increase in the need for service. These relate to:

- the level of service ceiling;
- uncommitted excess capacity;



- benefit to existing development; and
- anticipated grants, subsidies and other contributions.

The requirements behind each of these reductions are addressed as follows:

4.10.1 Reduction Required by Level of Service Ceiling

This is designed to ensure that the increase in need included in 4.3 does “...not include an increase that would result in the level of service (for the additional development increment) exceeding the average level of the service provided in the Municipality over the 10-year period immediately preceding the preparation of the background study...” O. Reg. 82.98 (s.4) goes further to indicate that, “...both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service.”

In many cases, this can be done by establishing a quantity measure in terms of units as floor area, land area or road length per capita, and a quality measure in terms of the average cost of providing such units based on replacement costs, engineering standards or recognized performance measurement systems, depending on circumstances. When the quantity and quality factor are multiplied together, they produce a measure of the level of service, which meets the requirements of the Act, i.e. cost per unit.

The average service level calculation sheets for each service component in the D.C. calculation are set out in Appendix B.

4.10.2 Reduction for Uncommitted Excess Capacity

Paragraph 5 of s.s.5(1) requires a deduction from the increase in the need for service attributable to the anticipated development that can be met using the Municipality’s “excess capacity,” other than excess capacity which is “committed” (discussed above in 4.6).

“Excess capacity” is undefined, but in this case, must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of uncommitted excess capacity from the future increase in the need for service, would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g. if a road widening to



accommodate increased traffic is not required because sufficient excess capacity is already available, then widening would not be included as an increase in need, in the first instance.

4.10.3 Reduction for Benefit to Existing Development

Section 5(1)6 of the D.C.A. provides that, “The increase in the need for service must be reduced by the extent to which an increase in service to meet the increased need would benefit existing development.” The general guidelines used to consider benefit to existing development included the following:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- an increase in average service level of quantity or quality (compare water as an example);
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (generally considered for water or wastewater services).

This step involves a further reduction in the need, by the extent to which such an increase in service would benefit existing development. The level of services cap in 4.10.1 is related but is not the identical requirement. Sanitary, storm and water trunks are highly localized to growth areas and can be more readily allocated in this regard than other services such as services related to a highway, which do not have a fixed service area.

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing library facilities simply replicates what existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as recreation facilities, community parks, libraries, etc., the service is typically provided on a Township-wide system basis. For example, facilities of the same type may provide different services (i.e. leisure pool vs. competitive pool), different programs (i.e. hockey vs. figure skating) and different time availability for the same service (i.e. leisure skating available on Wednesday in one arena and Thursday in



another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

4.10.4 Reduction for Anticipated Grants, Subsidies, and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies and other contributions made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development O. Reg. 82.98, s.6. Where grant programs do not allow funds to be applied to growth-related capital needs, the proceeds can be applied to the non-growth share of the project exclusively. Moreover, Gas Tax revenues are typically used to fund non-growth-related works or the non-growth share of D.C. projects, given that the contribution is not being made in respect of particular growth-related capital projects.

4.11 Township-Wide vs. Area Rating

This step involves determining whether all the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Under the D.C.A., it is now mandatory to “consider” area-rating of services (providing charges for specific areas and services), however, it is not mandatory to implement area-rating. Further discussion is provided in section 7.3.8.

4.12 Allocation of Development

This step involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.