

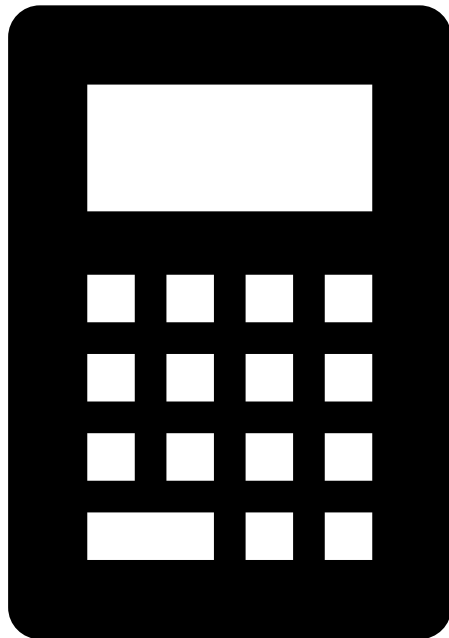


Development Charges – Public Meeting

MUNICIPALITY OF BLUEWATER

JULY 4, 2022

What are Development Charges (DCs)?



- ▶ A tool available to allow municipalities to recover **capital costs** associated with infrastructure and services put in place that benefit growth. This includes:
 - ▶ New infrastructure and services that support growth; and
 - ▶ Pay down existing debt for past growth works or services;
- ▶ General idea is that ‘growth pays for its share’ so that the existing tax-payers are not bearing the cost of servicing growth
- ▶ **Development charges can not be collected for operating or maintenance costs.**

Development Charges

- ▶ DCs are collected from new residential and non-residential development.
 - ▶ DCs cannot be collected from existing development.
- ▶ DCs are calculated based on a capital works plan set out in the DC Background Study that sets out what projects are being paid for through DCs.
 - ▶ Lots of rules around DCs – especially how they are calculated, what can be collected for
 - ▶ Calculating DCs is a mix of accounting, planning and engineering
 - ▶ DC money collected must go towards DC projects.
- ▶ DCs are ultimately set by Council.

Overview of DCs



DCs are calculated for residential and non-residential growth



Residential DCs are typically charged on a per unit basis (e.g. per single detached unit or per apartment unit)



Non-Residential DCs are typically charged per sq. ft. (or sq. m) for new commercial, institutional and industrial growth



Where projects have specific benefiting areas (e.g. a sewage treatment system), the DC should be area-specific.



In many other communities, there is often a different DC in urban areas vs. the rural area, because of area-benefiting services like water and wastewater.

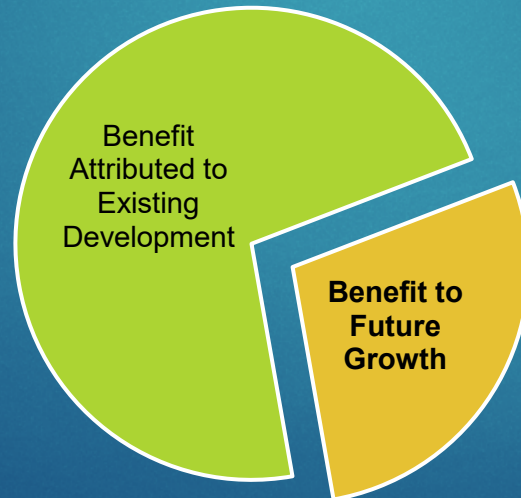
Different categories of development are split so residential development isn't paying for the non-residential share of growth and vice-versa.

Overview of DCs (continued)

- ▶ Overall, DCs are reflective of the projects being undertaken to service growth.
- ▶ Generally more growth projects = higher DCs
- ▶ DCs can only be collected for the portion of the project that benefits future growth



Net Capital Costs



This is what can be collected for through DCs

Process for Implementing a DC Bylaw

- ▶ **DC bylaws expire automatically after 5 years.**
- ▶ Undertake a Background Study
 - ▶ Forecast of future growth
 - ▶ Review of projects (take out old projects, add new ones, review costs)
 - ▶ Calculation of DCs for each project
- ▶ Present calculated DCs to staff and Council. Council sets proposed DC.
- ▶ Prepare draft By-law (available 2 weeks prior to Public Meeting)
- ▶ Host Public Meeting to get feedback on proposed DC
- ▶ Council passes DC By-law
- ▶ Issue Notice of Passage
- ▶ 40-day appeal period starts immediately after by-law passed.

DCs in Bluewater

First implemented DCs in 2017

Currently have municipal-wide DCs, and area-specific DCs for Bayfield, Hensall, Zurich for wastewater services and water DCs for Hensall

Collect residential and non-residential DCs

Currently exempt farm buildings, churches and cemeteries

Current By-law expires August 22, 2022

Current Residential/Non-Residential Development Charges from Bylaw 92-2017

Service Category	Single & Semi-Detached	Other Multiples	Apartments (2 bedrooms +)	Apartments (Bachelor, 1 bedroom)	Non-Residential (per ft ²)	Wind Turbines
Municipal Wide Services:						
Services Related to a Highway	838	666	617	401	0.48	838
Outdoor Recreation Services	672	533	494	322	0.09	-
Administration	387	307	285	185	0.25	387
Waste Diversion	21	17	15	10	0.01	-
Total Municipal Wide Services	1,918	1,523	1,411	918	0.83	1,225
Urban Services						
Wastewater – Bayfield	7,320	5,811	5,398	3,510	1.26	-
Wastewater – Hensall	3,034	2,409	2,237	1,455	0.16	-
Wastewater – Zurich	6,481	5,145	4,779	3,108	0.00	-
Water- Hensall	2,495	1,981	1,840	1,196	0.13	-
Grand Total Rural Area	1,918	1,532	1,411	918	0.83	1,225
Grand Total Bayfield Area	9,238	7,334	6,809	4,428	2.09	1,225
Grand Total Hensall Area	7,447	5,913	5,488	3,569	1.12	1,225
Grand Total Zurich Area	8,399	6,668	6,190	4,026	0.83	1,225

Forecasted Growth - Population

Year	Bayfield Population	Zurich Population	Hensall Population	Remainder of Municipality	Bluewater (Total)
2021	1,394	941	1,126	4,079	7,540
2022	1,632	944	1,130	4,105	7,811
2027	1,907	956	1,143	4,270	8,276
2032	2,182	968	1,155	4,434	8,739
2037	2,457	979	1,168	4,599	9,203
2042	2,732	991	1,180	4,763	9,666
2047	3,007	1,003	1,193	4,928	10,131
5-year change	275	12	13	165	465
10-year change	550	24	25	329	928
20-year change	1,100	47	50	658	1,855
25-year change	1,375	59	63	823	2,320

Forecasted Growth - Dwellings

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Year	Bayfield Dwellings	Zurich Dwellings	Hensall Dwellings	Remainder of Municipality	Bluewater (Total)
2021	717	399	453	1,733	3,302
2022	742	400	454	1,747	3,343
2027	867	405	459	1,817	3,548
2032	992	410	464	1,887	3,753
2037	1,117	415	469	1,957	3,958
2042	1,242	420	474	2,027	4,163
2047	1,367	425	479	2,097	4,368
5-year change	125	5	5	70	205
10-year change	250	10	10	140	410
20-year change	500	20	20	280	820
25-year change	625	25	25	350	1,025

Non-Residential Growth (sq. ft)

Year	Bluewater Non-Residential Growth (ft ²)	Bayfield Non-Residential Growth (ft ²)	Hensall Non-Residential Growth (ft ²)	Zurich Non-Residential Growth (ft ²)
2022-2027	18,951	1,482	8,924	7,812
2022-2032	37,902	2,964	17,847	15,625
2022-2042	75,803	5,928	35,694	31,250

Residential and Non-Residential Allocations

Residential Allocation (%)

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Non-Residential Allocation (%)

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Services and Projects Included in 2017 DCs

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Category	Sub Category	Project	Cost Eligible for DC Recovery
Services Related to Hwy	Bridges, Culverts, Structure	Airport Line Bridge	59,400
Services Related to Hwy	Depots and Domes	Bay Expansion PW Office Expansion	265,600 90,000
Services Related to Hwy	Vehicles and Fleet	Tractor and Blower Single Axle	139,000 205,000
Water Services	Storage	Hensall Water Storage	2,600,000
Wastewater Services	Treatment	Bayfield WWTP Hensall WWTP Zurich WWTP	5,300,000 2,379,850 3,449,735
Outdoor Recreation	Parkland Development	Parkland Development	270,000
Administration	Growth Related Studies	Studies	186,785
Waste Diversion	Collection	Capital Component of Collection	10,080
		Total	14,955,450

Services and Projects Included in 2022 DCs

Category	Sub Category	Project	Cost Eligible for DC Recovery
Services Related to Hwy	Bridges, Culverts, Structure	Airport Line Bridge	40,268
Services Related to Hwy	Depots and Domes	Bay Expansion	726,566
Services Related to Hwy	Vehicles and Fleet	Tractor and Blower	104,250
		Single Axle	262,500
		Sidewalk Plow	108,750
Services Related to Hwy	Roads	Zurich Main St	50,608
		Bayfield Main St	218,324
		Sidewalks	49,225
		Traffic Study	45,000
Water Services	Water	Hensall Water Storage	397,909
		Zurich Water Supply	4,260,097
Wastewater Services	Treatment	Bayfield WWTP	10,257,216
		Hensall WWTP	2,368,525
		Zurich WWTP	3,449,104
Outdoor Recreation	Parkland Development	Parkland Development	300,000
Administration	Growth Related Studies	Studies	153,400
Waste Diversion	Diversion	Transfer Facility	200,000
		Total	23,003,701

Changes to DCs

- ▶ New projects added:
 - ▶ Sidewalk Plow,
 - ▶ Bayfield Main Street,
 - ▶ Zurich Main Street,
 - ▶ Sidewalks,
 - ▶ Traffic Study,
 - ▶ Zurich Water Supply,
 - ▶ Waste Transfer Facility
- ▶ Updated costs:
 - ▶ Airport Line Bridge, Hensall water storage – grants received (reduces DCs)
 - ▶ Bay Expansion, Single Axle, – more recent cost estimates
 - ▶ Bayfield WWTP – updated costs plus inclusion of estimated financing costs

Calculating DCs

- ▶ Determine and deduct benefit to existing development
- ▶ Determine benefit to future residential and future non-residential development
- ▶ Determine development charge per capita for residential
- ▶ Determine development charge per sq. ft. for non-residential

Project Description: The existing water storage facility in Lucknow has reached the end of its useful life. The Township completed a Class Environmental Assessment to define the type, size and location for a new facility. It is expected that a new facility will be designed to meet the needs of the existing population and at least 50 years growth (1,854 persons).

Analysis of Long-Term Capital and Operating Costs: The capital costs of the new facility will be paid for by the existing users and through development charges on new development. Existing users will pay through reserve amounts and possibly through an increase in rate charges. The Township will also pursue grant opportunities, but at this time the availability of grants cannot be incorporated into the development charge calculations. If a grant is secured, subsequent development charge by-laws will be adjusted. The cost of operating the facility are paid by the users through service rate charges.

Project Benefitting Area(s): Lucknow

Costs:

Total Costs	\$ 3,100,000.00
Deduct any grants or subsidies	- \$ 0
Subtotal	\$ 3,100,000.00

Allocation of Costs

This project benefits existing and future development equally on a per capita basis.

Benefit to Existing Development (61% based on current population of 1,122)	\$ 1,891,000.00
Benefit to Future Development (39%)	\$ 1,209,000.00
Amount recoverable through Development Charges	\$ 1,209,000.00

Development Charge Calculations

Residential Allocation (per capita)

\$ 1,209,000.00 x 87.4% (based on residential assessment)	\$ 1,056,666.00
Divided by future capacity (1,854 – 1,122 persons)	732 persons
Residential development charge (per person)	\$ 1,461.38

Non-Residential Allocation (per square foot)

1 square foot of non-residential development = 0.0038 persons (based on 445,755 sqft. of non-residential development and a population increase of 1,705 persons)

\$ 1,209,000.00 x 12.6 % (based on non-residential assessment)	\$ 152,334.00
Divided by 732 persons x 0.0038 persons/sqft.	\$ 0.79 / sqft.

Table 7.4 Calculated Residential Development Charges Per Unit

Service Category	Single & Semi-Detached (per unit)	Multi-units (per unit)	Apartment (2 bed room +) per unit	Apartment (1 bedroom, bachelor), per unit
Municipal-wide				
• Administration	198	136	133	125
• Parks & Recreation	497	341	333	312
• Services Related to a Highway	1,671	1,146	1,118	1,049
• Waste Diversion	445	305	298	279
Municipal-wide Total	2,811	1,928	1,882	1,765
Bayfield Wastewater	23,599	18,121	17,680	16,576
Hensall Wastewater	2,899	1,989	1,941	1,820
Zurich Wastewater	6,551	4,495	4,386	4,112
Hensall Water	1,568	1,076	1,050	984
Zurich Water	12,822	8,799	8,584	8,048
Rural Area Total	1,176	1,928	1,882	1,765
Bayfield Total	26,410	18,121	17,680	16,576
Hensall Total	7,278	4,993	4,873	4,569
Zurich Total	22,184	15,222	14,852	13,925

Table 7.5 Calculated Non-Residential Development Charges (per sq.ft)

Service Category	Non-Residential Development Charge (per sq. ft)
Municipal-wide	
• Administration	0.27
• Parks & Recreation	-
• Services Related to a Highway	2.34
• Waste Diversion	0.62
Municipal-wide Total	3.23
Bayfield Wastewater	4.27
Hensall Wastewater	0.13
Zurich Wastewater	0.59
Hensall Water	0.07
Zurich Water	1.16
Rural Area Total	3.23
Bayfield Total	7.50
Hensall Total	3.43
Zurich Total	4.98

Proposed Development Charge Bylaw

- ▶ Will be in effect from passage in August for a 5-year period
- ▶ Exemptions:
 - ▶ Non-residential farm buildings
 - ▶ Churches
 - ▶ Industrial expansions less than 50% of the gross floor area (in accordance with the Development Charges Act)
 - ▶ Secondary units – as prescribed by the Development Charges Act
- ▶ Includes provision to index development charges on an annual basis to the Non-Residential Construction Price Index.
- ▶ Sets out when/how development charges are payable for different types of development.

Next Steps in DC Process

Council can consider any feedback received

Bylaw can be passed after August 8, 2022

Once bylaw is passed, a Notice of Passage is issued

There is a 40-day appeal period.

Questions and Comments

REVISED: July 26, 2022 *Rural Area Total corrected to \$2,811.00

Table 7.4 Calculated Residential Development Charges Per Unit

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Service Category	Single & Semi-Detached (per unit)	Multi-units (per unit)	Apartment (2 bed room +) per unit	Apartment (1 bedroom, bachelor), per unit
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