

Addendum No. 2 to:

**Town of Oakville
Development Charge
Background Study**

February 23, 2018



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 Planning for growth

List of Acronyms and Abbreviations

D.C.	Development Charge
D.C.A.	Development Charges Act, 1997, as amended
G.F.A.	Gross floor area
O.Reg.	Ontario Regulation
P.P.U.	Persons per unit
S.D.U.	Single detached unit
s.s.	Subsection
sq.ft.	Square foot
sq.m.	Square metre
t.f.a.	Total Floor Area

Addendum Report #2 to the December 22, 2017 Development Charges Background Study

1. Background

Commensurate with the provisions of the Development Charges Act, 1997, as amended (D.C.A.), the Town has undertaken a Development Charges (D.C.) Background Study and released the study in accordance with the D.C.A. The following provides a summary of the key dates in the development charge by-law process:

December 22, 2017 – Release of the D.C. Background Study Update and draft by-law

December 21, 2017 and January 4, 2018 – Notice of Public Meeting

January 29, 2018 – Scheduled date of Public Meeting

February 8, 2018 – Release of Addendum Report #1 to the D.C. Background Study

February 26, 2018 – Anticipated passage of Development Charges By-law

The purpose of this addendum report is to provide for changes to the December 22, 2017 D.C. Background Study and the February 8, 2018 Addendum Report #1 based on discussions with Town staff and stakeholders during the stakeholder consultation process. These refinements are in relation to:

- An update to “Services Related to a Highway – Roads” service standard calculation; and
- An update to “Table 6-4” referencing the costs to be incurred over the life of the D.C. by-law and correspondingly, updating the Executive Summary for this item.

These refinements will form part of the D.C. background study provided prior to by-law amendment adoption.

2. Discussion

This section of the addendum report provides an explanation for the above-noted refinements. It is noted that the refinements to the D.C. study result from the

stakeholder consultation process undertaken during December 2017 to January 2018. The corresponding tables and pages have been updated and included in the amended pages section to this addendum.

2.1 Updates to Services Related to a Highway

An issue was raised in regard to the manner in which the service standard for this section was presented. It was identified that both the quality and quantity information for roads related services should be presented, whereas the resultant value was only presented in the prior study document. The service standard sheet has been updated to include the requested information.

2.2 Update to Table 6-4 – “Costs to be Incurred over the Life of the By-law”

Based on the review of the background study with Town staff, it was determined that Table 6-4 which pertains to the costs to be incurred over the life of the by-law, was referencing totals from the capital service sheets (for Park Buildings and Recreation vehicles and equipment) incorrectly and have therefore been corrected. This correction also requires a change to item 8 of the Executive Summary.

The above changes do not have an impact on the calculation of the charges or draft by-law.

2.3 Changes to the Background Report

Based upon the above, the following revisions are made to the pages within the background study (new pages are appended to this report):

- Pages (iii) to (iv) – Updated the references to the costs to be recovered over the life of the by-law.
- Pages 5-25 – Updated the write-up to reflect the changes to the Services Related to a Highway – Roads service standard ceiling.
- Page 6-5 – Updated Table 6-4 to reflect the correct totals.
- Page B-2 – Updated the service standard summary to reflect the changes to the Services Related to a Highway – Roads.
- Page B-3 – Updated the Services Related to a Highway – Roads service standard to correct the historical inventory and replacement cost.

3. Process for Adoption of the Development Charges By-law

The changes herein form the basis for the by-law being presented to Council. If Council is satisfied with the above changes to the background study, and based on the public submissions made at the public meeting, the Background Study (December 22, 2017), Addendum Report #1 (February 8, 2018), Addendum Report #2 (February 23, 2018), and the amended by-law will be considered for approval by Council (February 26, 2018).

Amended Pages

5. On March 5, 2013, the Town of Oakville's D.C. By-law 2013-020 came into effect under the D.C.A. The by-law imposes development charges on residential and non-residential uses and will expire on March 4, 2018. The Town is undertaking a development charge public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been set for January 29, 2018 with adoption of the by-law subsequently (February 26, 2018).
6. On December 7, 2017, a Council D.C. Steering Committee was held to present the findings of the current D.C. study regarding the use of area rating and the associated calculations. Based on Council's input, it was recommended to staff that a uniform, Municipal-wide charge continue to be used. This decision is expected to be affirmed upon consideration of the D.C. background study.
7. The Town's development charges currently in effect are \$25,283 for single detached dwelling units for all services. Non-residential charges are \$10.62 per square foot (sq.ft.) for all services. This report has undertaken a recalculation of the charge based on future identified needs (presented in Schedule ES-1 for residential and non-residential). Charges have been provided on a Municipal-wide basis for all services. The corresponding single-detached unit charge is \$33,688. The non-residential charge is \$10.27 per sq.ft. of total floor area (t.f.a.). These rates are submitted to Council for its consideration.
8. The D.C.A. requires a summary be provided of the gross capital costs and the net costs to be recovered over the life of the by-law. This calculation is provided by service and is presented in Chapter 6 (Table 6-4). A summary of these costs is provided below:

Total gross expenditures planned over the next five years	\$ 356,458,346
Less:	
Benefit to existing development	\$ 81,822,610
Post planning period benefit	\$ 3,903,959
Prior project funding	\$ 21,185,779
Mandatory 10% deduction for certain services	\$ 6,412,683
Grants, subsidies and other contributions	\$ 43,404,340
Net Costs to be recovered from development charges	\$ 199,728,974

Hence, \$156.73 million (or an annual amount of \$31.35 million) will need to be contributed from taxes and rates, or other sources. Of this amount, \$3.9 million will be included in subsequent D.C. study updates to reflect the portion of capital that benefits growth in the post period D.C. forecasts.

Based on the above table, the Town plans to spend \$356.46 million over the next five years, of which \$199.73 million (56%) is recoverable from development charges. Of this net amount, \$146.72 million is recoverable from residential development and \$53.01 million from non-residential development. It is noted also that any exemptions or reductions in the charges would reduce this recovery further.

9. Considerations by Council – The background study represents the service needs arising from residential and non-residential growth over the forecast periods.

The following services are calculated based on a 2017-2031 forecast:

- Fire Protection Services; and
- Services Related to a Highway.

All other services are calculated based on a 2017-2026 forecast. These include:

- Parks and Recreation;
- Library Services;
- Transit Services;
- Municipal Parking; and
- General Government (Studies).

Council will consider the findings and recommendations provided in the report and, in conjunction with public input, approve such policies and rates it deems appropriate. These directions will refine the draft D.C. by-law which is appended in Appendix G. These decisions may include:

- adopting the charges and policies recommended herein;
- considering additional exemptions to the by-law; and
- considering reductions in the charge by class of development (obtained by removing certain services on which the charge is based and/or by a general reduction in the charge).

5.3.2 Services Related to a Highway

The Town has an inventory for services related to a highway valued at \$3.57 billion for arterial and collector roads, bridges and culverts, etc. This level of service translates to an average investment of \$19,143 per capita and a maximum D.C. eligible amount of approximately \$932.57 million for recovery over the 15-year forecast period.

With respect to future needs, the forecasted road program is an extension from the previous D.C. study, as well as added components identified through the Town's 2018 Transportation Background Study, which includes projects for areas such as Midtown and other active transportation initiatives throughout the Town, all of which totals \$920,840,600. Based on the location and timing of the road projects, a post period attribution has been allocated to recognize the benefit of those works to the Town post 2031 and amounts to \$220,408,276. Further, a number of deductions have been allocated to recognize existing benefit, grants/subsidies, reserve fund surpluses and other funding. A summary of those deductions are as follows:

- Benefit to Existing: \$102,973,685
- Grants, Subsidies and Other Contributions: \$151,326,280
- Reserve Fund Surplus: \$33,743,073
- Other Deductions: \$31,620,000

A large component of the grants, subsidies and other contributions are provided by Metrolinx to help fund the road components such as Burloak Drive and Kerr Street, while the other deductions are from monies that have already been allocated to the projects over previous years. Therefore, the net D.C. eligible amount to be recovered over the forecast period is \$380,769,285.

The Town currently utilizes 131,318 sq.ft. of depots and domes space and a fleet that includes 244 vehicles and equipment related to public works. This results in a calculated average level of service for the historical 10-year period of \$263 per capita, providing for a D.C.-eligible amount over the forecast period of \$12,826,923.

With regards to depots and domes facilities, the North Operations Depot (Phase 1 and 2) and the Central Operations Expansion/Renovation capital projects have been identified over the forecast period (the North Operations Depot is a shared facility between services related to a highway and parks). A North Snow Disposal Site has also been identified in the forecast but has been attributed as 100% post period benefit. The gross cost of the services related to a highway portion of these projects is \$25.29 million with a post period benefit of \$16.5 million and a further reduction of \$0.79 million to

Table 6-4
TOWN OF OAKVILLE
GROSS EXPENDITURE AND SOURCES OF REVENUE SUMMARY
FOR COSTS TO BE INCURRED OVER THE LIFE OF THE BY-LAW

SERVICE	TOTAL GROSS COST	SOURCES OF FINANCING							
		TAX BASE OR OTHER NON-DC SOURCE				POST DC PERIOD BENEFIT	DC RESERVE FUND		
		OTHER DEDUCTIONS	BENEFIT TO EXISTING	OTHER FUNDING	LEGISLATED REDUCTION		RESIDENTIAL	NON-RESIDENTIAL	
1. Services Related to a Highway									
1.1 Roads	226,313,366	21,185,779	37,547,132	41,147,940	0	3,288,383	80,043,685	43,100,446	
1.2 Depots and Domes	600,000	0	235,997	0	0	0	236,602	127,401	
1.3 Roads and Related Vehicles	2,464,000	0	0	0	0	0	1,601,600	862,400	
2. Fire Protection Services									
2.1 Fire facilities	16,658,200	0	3,663,050	0	0	0	8,446,848	4,548,303	
2.2 Fire vehicles	80,000	0	0	0	0	0	52,000	28,000	
2.3 Small equipment and gear	200,000	0	0	0	0	0	130,000	70,000	
3. Transit Services									
3.1 Transit vehicles	10,297,100	0	5,908,456	2,256,400	0	615,576	1,031,334	485,334	
4. Municipal Parking									
4.1 Municipal parking spaces	268,000	0	0	0	26,800	0	164,016	77,184	
5. Parks and Recreation									
5.1 Parkland development, amenities & trails	32,703,000	0	0	0	3,270,300	0	27,961,065	1,471,635	
5.2 Park Buildings	0	0	0	0	0	0	0	0	
5.3 Parks vehicles and equipment	3,423,500	0	0	0	342,350	0	2,927,093	154,058	
5.4 Recreation facilities	47,398,180	0	34,347,975	0	1,201,933	0	11,255,859	592,414	
5.5 Recreation vehicles and equipment	0	0	0	0	0	0	0	0	
6. Library Services									
6.1 Library facilities	11,578,000	0	0	0	1,157,800	0	9,899,190	521,010	
6.2 Library materials	1,210,000	0	0	0	121,000	0	1,034,550	54,450	
7. General Government									
7.1 Studies	3,265,000	0	120,000	0	292,500	0	1,939,700	912,800	
TOTAL EXPENDITURES & REVENUES	\$356,458,346	\$21,185,779	\$81,822,610	\$43,404,340	\$6,412,683	\$3,903,959	\$146,723,541	\$53,005,433	

TOWN OF OAKVILLE
SUMMARY OF SERVICE STANDARDS AS PER DEVELOPMENT CHARGES ACT, 1997, AS AMENDED

Service Category	Sub-Component	10 Year Average Service Standard					Maximum Ceiling LOS
		Cost (per capita)	Quantity (per capita)		Quality (per capita)		
Services Related to a Highway	Services Related to a Highway - Roads	\$19,142.90	0.0028	km of roadways	6,836,750	per lane km	932,565,516
	Services Related to a Highway - Depots and Domes	\$155.03	0.6204	ft ² of building area	250	per sq.ft.	7,552,441
	Services Related to a Highway - Roads and Related	\$108.27	0.0013	No. of vehicles and equipment	83,285	per vehicle	5,274,481
Fire	Fire Facilities	\$333.38	0.3673	ft ² of building area	908	per sq.ft.	16,240,940
	Fire Vehicles	\$103.42	0.0003	No. of vehicles	344,733	per vehicle	5,038,209
	Fire Small Equipment and Gear	\$10.47	0.0011	No. of equipment and gear	9,518	per Firefighter	510,057
Parking	Parking Spaces and Vehicles	\$25.05	0.0047	No. of spaces and vehicles	5,330	per space	1,061,118
	Parking Land	\$354.02	0.1189	m ² of Parking Lot area	\$2,977	per sq.m.	14,996,287
	Parking Facilities	\$8.57	0.0170	ft ² of building area	504	per sq.ft.	363,025
Parks and Recreation	Park Buildings	\$107.78	0.4422	ft ² of building area	244	per sq.ft.	4,565,561
	Parkland Development	\$711.41	0.0045	Hectares of Parkland	158,091	per hectare	30,135,328
	Parkland Amenities	\$704.35	0.0038	No. of parkland amenities	185,355	per amenity	29,836,266
	Harbours	\$62.79	0.0001	No. of Harbours	627,900	per item	2,659,784
	Parkland Trails	\$284.07	0.0007	Linear Km of Paths and Trails	405,814	per km.	12,033,205
	Parks Vehicles and Equipment	\$80.04	0.0019	No. of vehicles and equipment	42,126	per vehicle	3,390,494
	Indoor Recreation Facilities	\$2,273.22	4.5749	ft ² of building area	497	per sq.ft.	96,293,599
Recreation Vehicles and Equipment	\$13.87	0.0009	No. of vehicles and equipment	15,411	per vehicle	587,533	
Library	Library Facilities	\$293.90	0.5578	ft ² of building area	527	per sq.ft.	12,449,604
	Library Collection Materials	\$59.70	3.2441	No. of library collection items	18	per collection item	2,528,892

