

# City of Greater Sudbury

## Update on 2014 Development Charges Background Study and By-Law



November 26, 2013



# Today we will discuss...

- Background
- Development Charges (DC) Overview
- Key Focus Areas
- Next Steps

# Background

- City Council passed Development Charges By-law 2009-200F in July 2009
- By-law's five year life expires on July 9<sup>th</sup>, 2014

# What Are Development Charges?

- Pay for “growth-related” capital costs
- Pays for new infrastructure and facilities to maintain service levels
- Principle is “growth pays for growth” so financial burden is not borne by existing tax/rate payers
- DC’s cannot fully fund growth due to statutory limitations

# Overview of the Development Charges Act (*DCA*)

- Charges levied on a service by service basis
- Municipalities have authority to define (group) services

	<b>‘General’ Services</b>	<b>‘Hard’ Services</b> (Engineered/ Protection)
DC eligible cost recovery	90%	100%
Maximum planning period	10 years	Unlimited (to 2036 based on population growth study)

# CGS: Municipal Services

- Municipal services eligible for 100% Cost Recovery (included in 2009 study & by-law):
  - Roads and Related
  - Water
  - Sanitary Sewer
  - Drains and Stormwater
  - Fire Services
  - Police Services

# CGS: Municipal Services

- Municipal services eligible for 90% cost recovery (included in 2009 study & by-law):
  - Library
  - Parks and Trails
  - Indoor Recreation
  - Public Works (Buildings and Fleet)
  - Transit Services
  - Emergency Medical Services/Emergency Preparedness
  - General Government (Studies)

# Other Potential Eligible Services

- Following areas not included in 2009 DC Study
- Must be growth-related capital expenditures within next 10 years to be included in DC Study
  - Parking
  - Housing
  - Long-Term Care
  - Employment Services
  - Provincial Offences
  - Child Care
  - Public Health
  - Airport

# Ineligible Services: DC Act

- Costs cannot be recovered for:
  - 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

# Examples of Eligible Capital Growth Related Projects

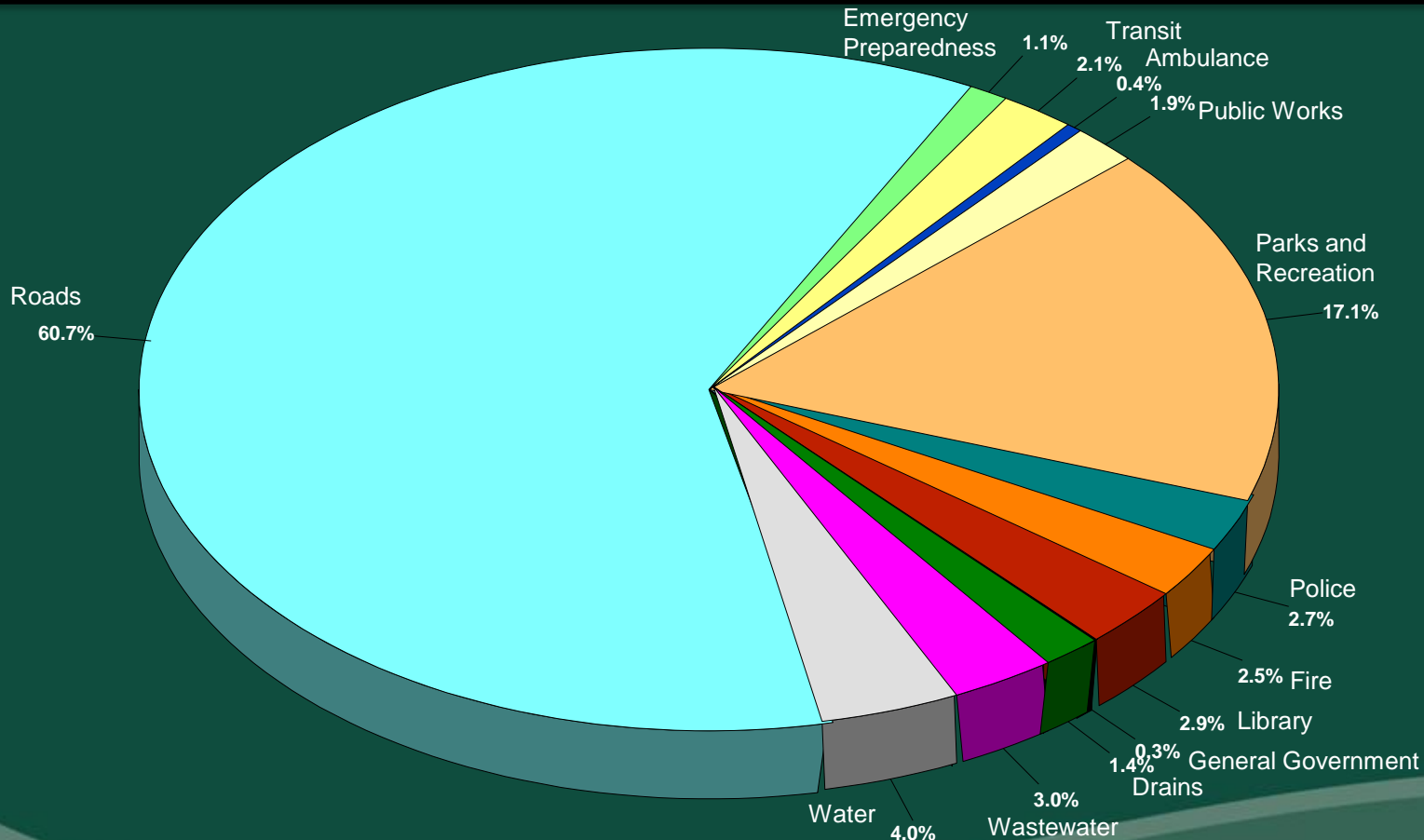
- Adding square footage to a building
- Adding a vehicle to the existing fleet
- Adding a road lane, turning lane, streetlights, etc
- Adding additional roads or buildings to maintain/improve existing service levels
- Required equipment for new staff hires (Police and Firefighters)
- Watermain upgrades from existing 300mm to 600mm
- Studies that have a growth component (ie. Official plan)

# Current DC Rate Structure

<b>Servicing</b>	<b>Single Family</b>	<b>Multiples &amp; Apartments</b>	<b>Industrial (Sq Ft)</b>	<b>Commercial /Institutional (Sq Ft)</b>
All Services	\$14,829	\$9,285	\$4.34	\$10.11
Excluding Water	\$14,239	\$8,916	\$3.92	\$9.69
Excluding Wastewater	\$14,390	\$9,010	\$4.02	\$9.79
Excluding Water & Wastewater	\$13,800	\$8,641	\$3.60	\$9.37

# Where do DCs go in Greater Sudbury

## (Residential)



# Key Steps in Calculating DCs

## STEP 1 – PREPARE DEVELOPMENT FORECAST

- Forecast amount, type and location of development
- Establish areas to which DCs apply (City-wide/area-specific)
- Establish planning periods
- Types of development
  - Residential: household and/or population forecast
  - Non-residential: non-residential floor space and employment

# Key Steps in Calculating DCs

## STEP 2 – DETERMINE SERVICE LEVELS

- Calculate 10-year historic average service level (on service by service basis)
- Average service level sets cap on eligible DC funding – “maximum allowable funding envelope”
- Both quantity and quality of service must be considered

# Key Steps in Calculating DC's

## STEP 3 – DEVELOPMENT-RELATED CAPITAL PROGRAM

- Council must express intent to undertake capital works for them to be included in DC Study
- DC eligible costs must exclude:
  - Grants, subsidies & contributions
  - Benefit to existing or replacement elements
  - Uncommitted DC reserve funds
  - 10% 'soft' service deduction
  - "Post-period" benefit
- Examples: - 3,000 sq ft building expanding to 6,000 sq ft building  
- 2 lane arterial road expanded to 4 lanes

# Key Steps in Calculating DCs

## STEP 4 – CALCULATION OF RATES

- Allocate costs between residential and non-residential sectors
- Prepare cash flow analysis with financing costs to reflect project and development timing
- Calculate charges:
  - Residential – per dwelling unit type
  - Non-residential – per square foot

# Key Steps in Calculating DCs

## STEP 5 – DC POLICY CHOICES

- To present proposed policy choices to be reflected in 2014 by-law.
- Example of policy choices includes \*review of DC exemptions for Downtown Centres and Community Improvement Plan Areas.

\* Area specific versus city wide for WWW

# Key Steps in Calculating DCs

## STEP 6 – PUBLIC CONSULTATION

- Staff will prepare communication strategy and timelines for the community to:
  - Share concerns
  - Input on growth relating projects
  - 2014 DC Background Study
  - 2014 DC By-Law

## STEP 7 – NEW DC BY-LAW AND POLICIES

- Hemson Consulting and staff will present DC Background Study and By-Law to City Council during Spring 2014 for approval before July 9, 2014.

# Final Steps in DC Process

- Presentation of draft 2014 DC Background Study and DC rates (April 15, 2014)
- Hold statutory public meeting (May 6, 2014)
- Amend proposed charges and by-law (as required)
- Passage of by-law by Council (June 10, 2014)

# Provincial Review of Development Charges Act

- Ministry of Municipal Affairs and Housing reviewing its development charges system
- Consultations to be completed by mid-January 2014
- Proposed changes and effective date for changes are unknown at this time

# QUESTIONS?