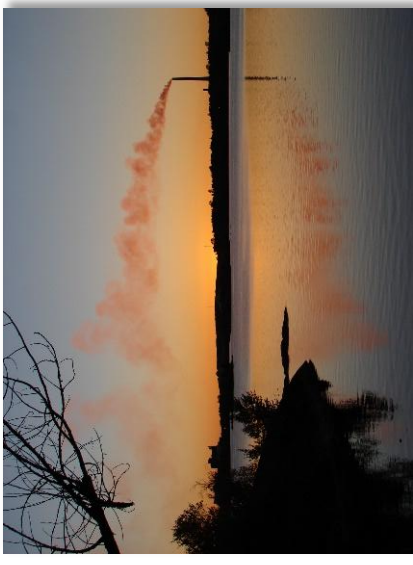


City of Greater Sudbury Development Charges Study Finance and Administration Committee Information Session



Tuesday, April 17th, 2018

HEMSON
Consulting Ltd.



Today we will discuss...

- Background
- What are Development Charges?
- DCs in Greater Sudbury
- Development Charges Study Process
 - Development Forecast: Population Projections Study results
- DC Policy Items
- Project Schedule and Next Steps
- Questions

Background

- The City passed DC By-law 2014-151 in June 2014
- By-law 2014-151 expires on June 30, 2019
- The City must pass a new by-law before expiry in order to continue collecting DCs

What Are Development Charges?

- Fees imposed on development to fund “growth-related” capital costs
- DCs pay for new infrastructure and facilities to maintain service levels
- Principle is “growth pays for growth” so that financial burden is not borne by existing tax/rate payers

Other Municipal Revenue Sources

- Direct developer contributions
 - Infrastructure required as part of a subdivision agreement
 - i.e. internal roads, sidewalks, streetlights, small water/sewer mains, park elements etc.
- Property taxes / water & wastewater rates
 - Long-term repair and replacement of infrastructure
 - Statutory and non-statutory reductions on DCs
 - Ineligible infrastructure

Overview of the DC Act

- Service exclusions:
 - 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
 - Landfill sites and solid waste incineration facilities*

Overview of the DC Act

- Eligible capital costs:
 - Costs to acquire and improve land
 - Building and structure costs
 - Rolling stock with a useful life of 7 years or more
 - Furniture and equipment, excluding computer equipment
 - Development-related studies
 - Engineering fees, contingencies
 - Past expenditures that still need to be funded through future DCs (i.e. – debentures)
 - Interest and financing costs

Service Categories

- Charges levied on a service by service basis, as defined by the City
- Three service categories under the *Development Charges Act (DCA)*

	General Services	Transit, Police, Fire	Engineered Services
DC eligible cost recovery	90%	100%	100%
Maximum planning period	10 years	10 years	Unlimited

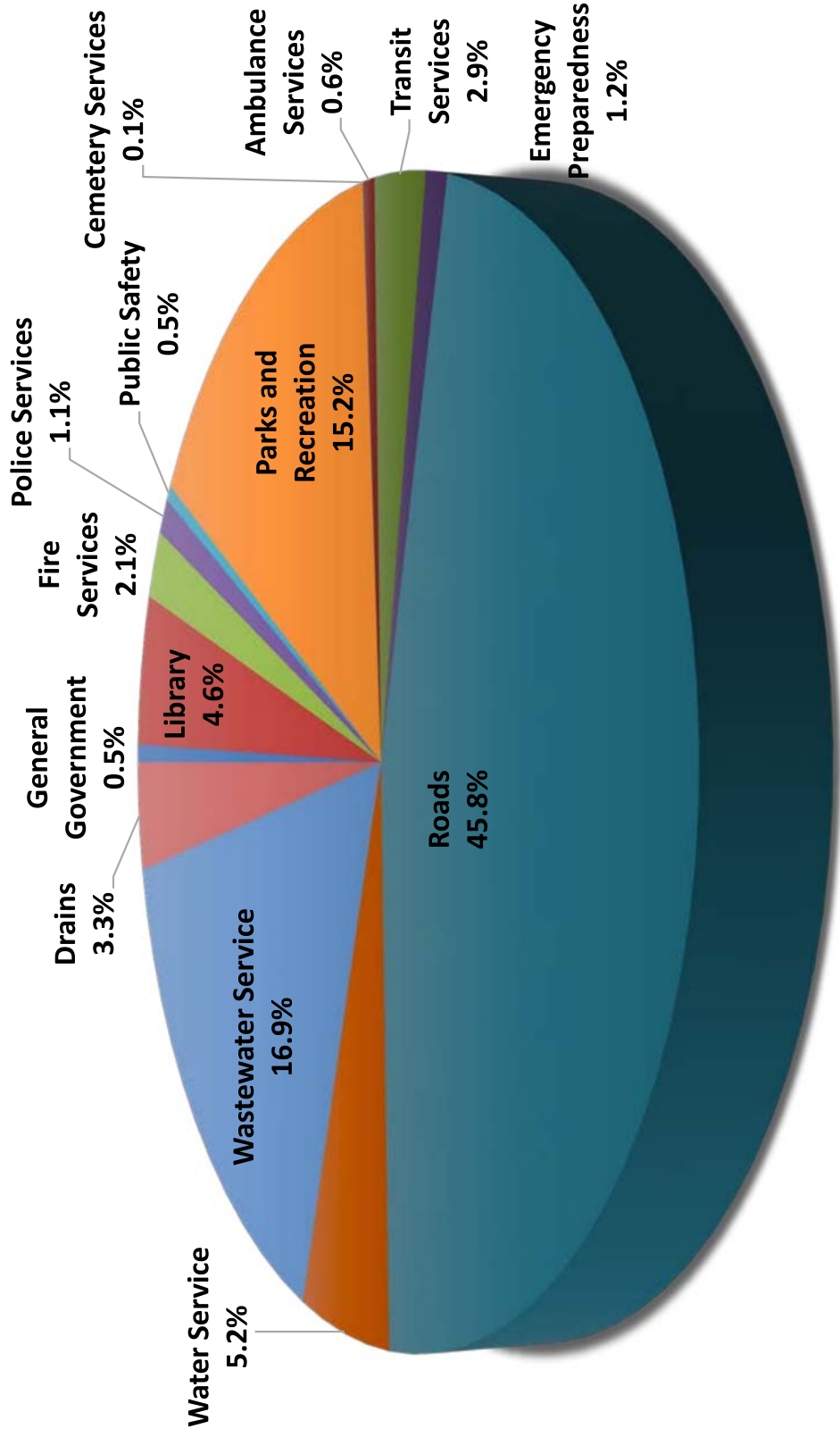
Greater Sudbury DC Rate Structure

Service	Statutory Maximum DC Cost Recovery	Statutory Maximum Planning Period	Planning Period Identified in 2014 DC Study
General Government	90%	10 years	10 years
Library	90%	10 years	10 years
Fire Services	100%	10 years	10 years
Police Services	100%	10 years	10 years
Public Safety	100%	10 years	10 years
Parks and Recreation	90%	10 years	10 years
Cemetery Services	90%	10 years	10 years
Ambulance Services	90%	10 years	10 years
Emergency Preparedness	90%	10 years	10 years
Transit Services	100%	10 years	10 years
Waste and Recycling Services ⁽¹⁾	100%	10 years	N/A
Roads and Related Services	100%	Unlimited	10 years
Water Services	100%	Unlimited	10 years
Wastewater Services	100%	Unlimited	10 years
Drains	100%	Unlimited	10 years

Notes:

(1) Waste services are being reviewed as part of the 2018 DC Study process.

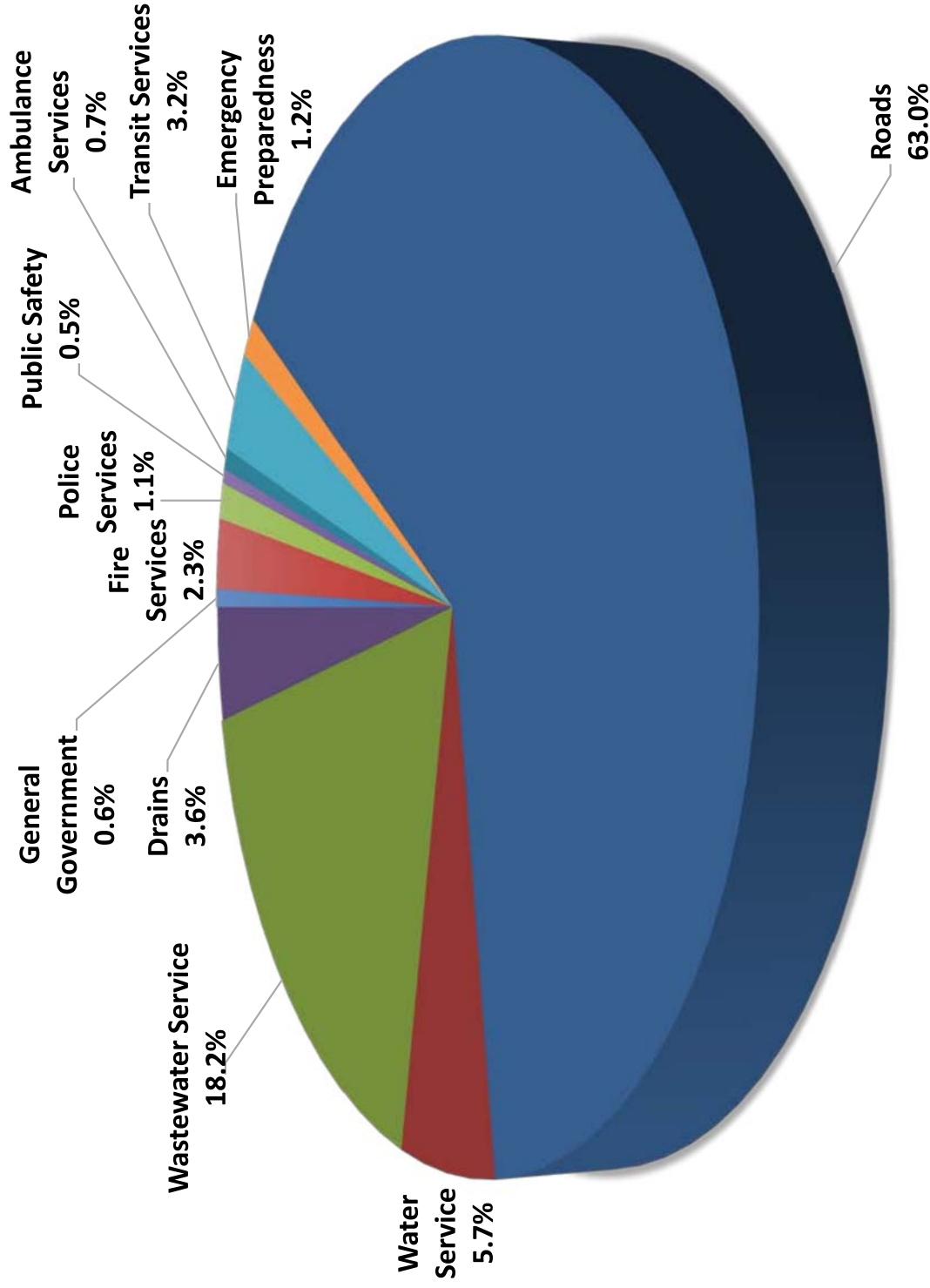
What Do DCs Fund in Greater Sudbury: Residential



Residential Charges Per Unit*
Singles \$16,150
Semi Detached \$11,571
Multiple and Apartments \$9,784

*Rates as of July 1, 2017 for all services.

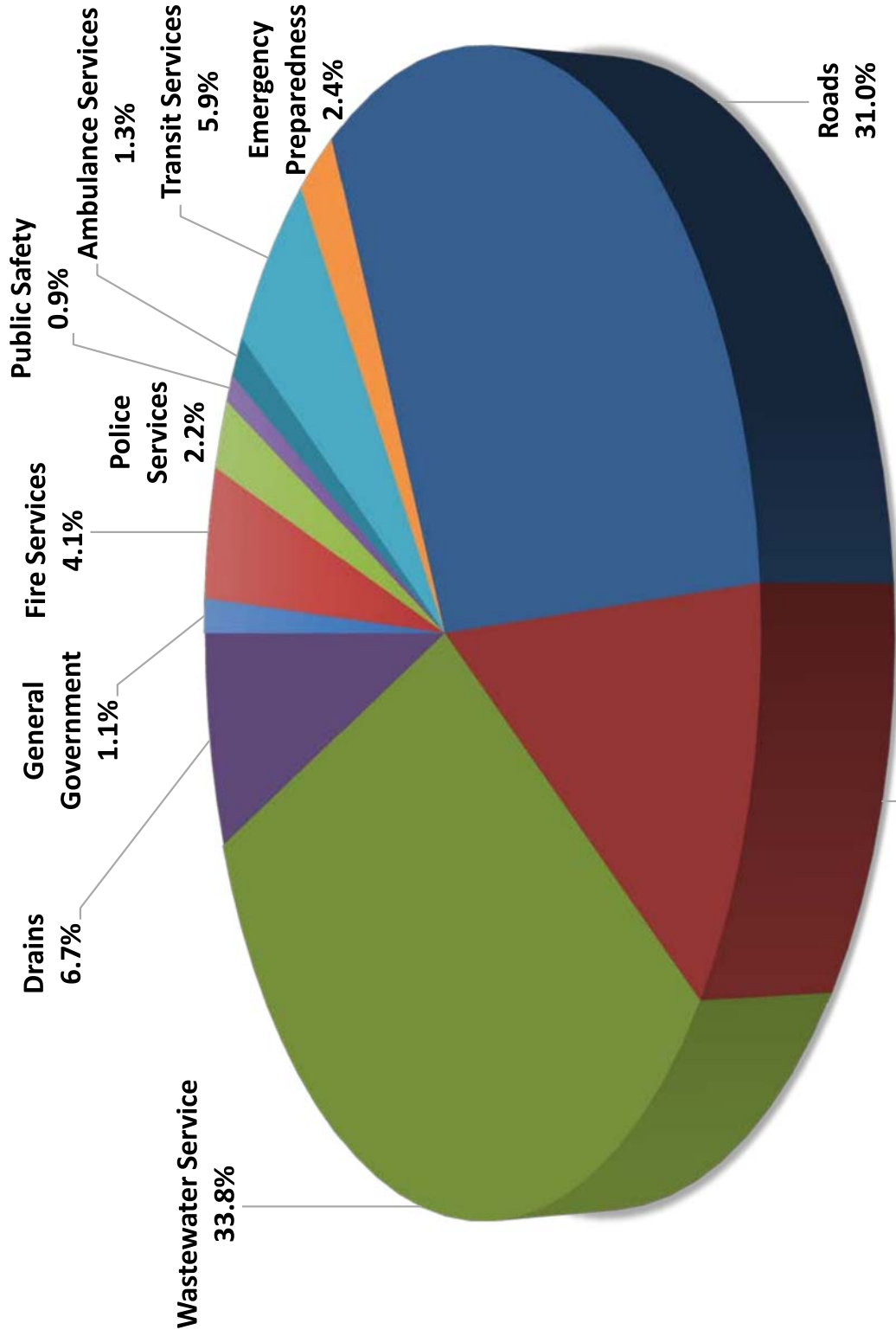
What Do DCs Fund in Greater Sudbury: Non-Industrial



Non-Industrial Charge Per Square Foot*
\$9.08

*Rate as of July 1, 2017 for all services.

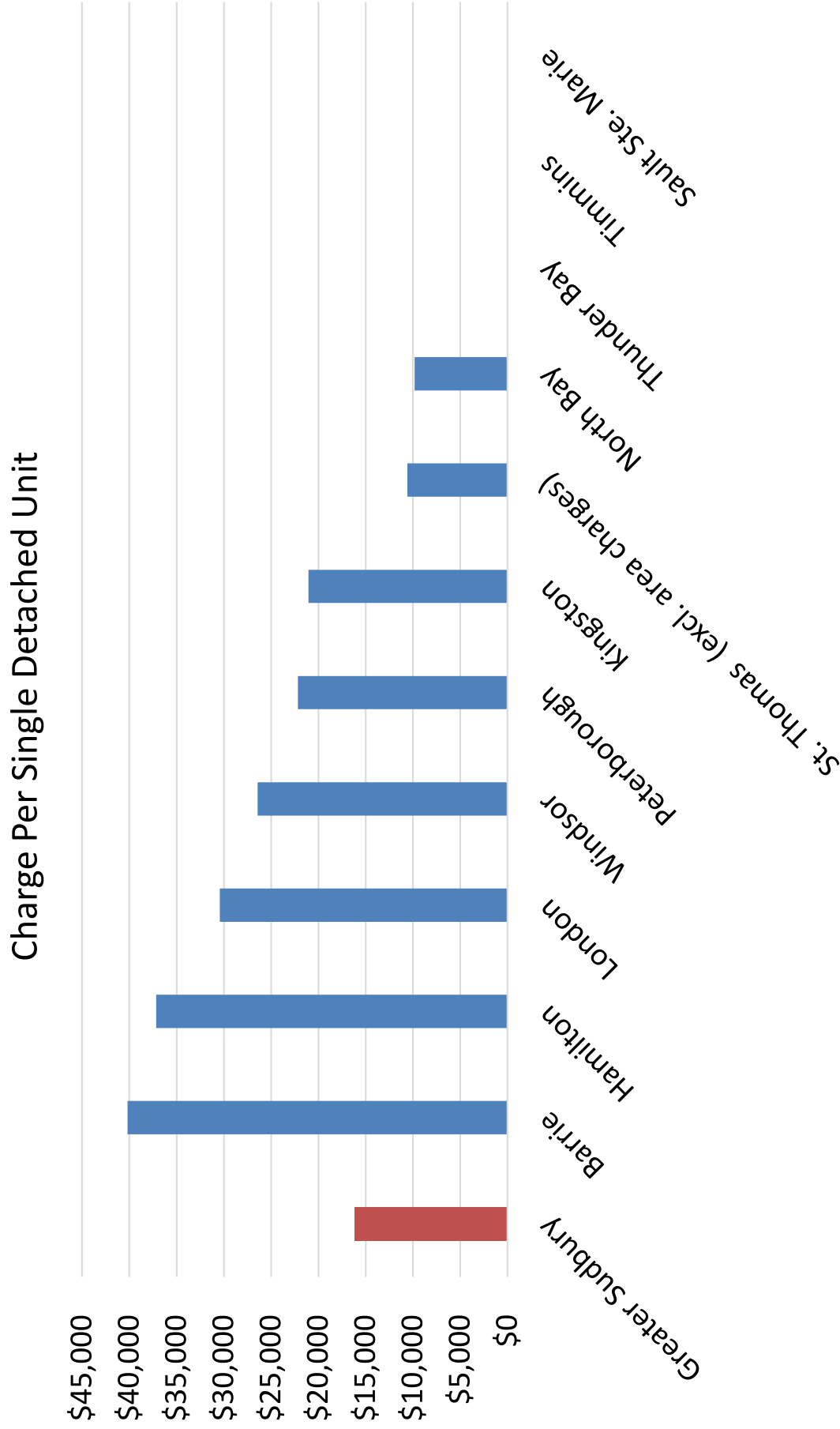
What Do DCs Fund in Greater Sudbury: Industrial



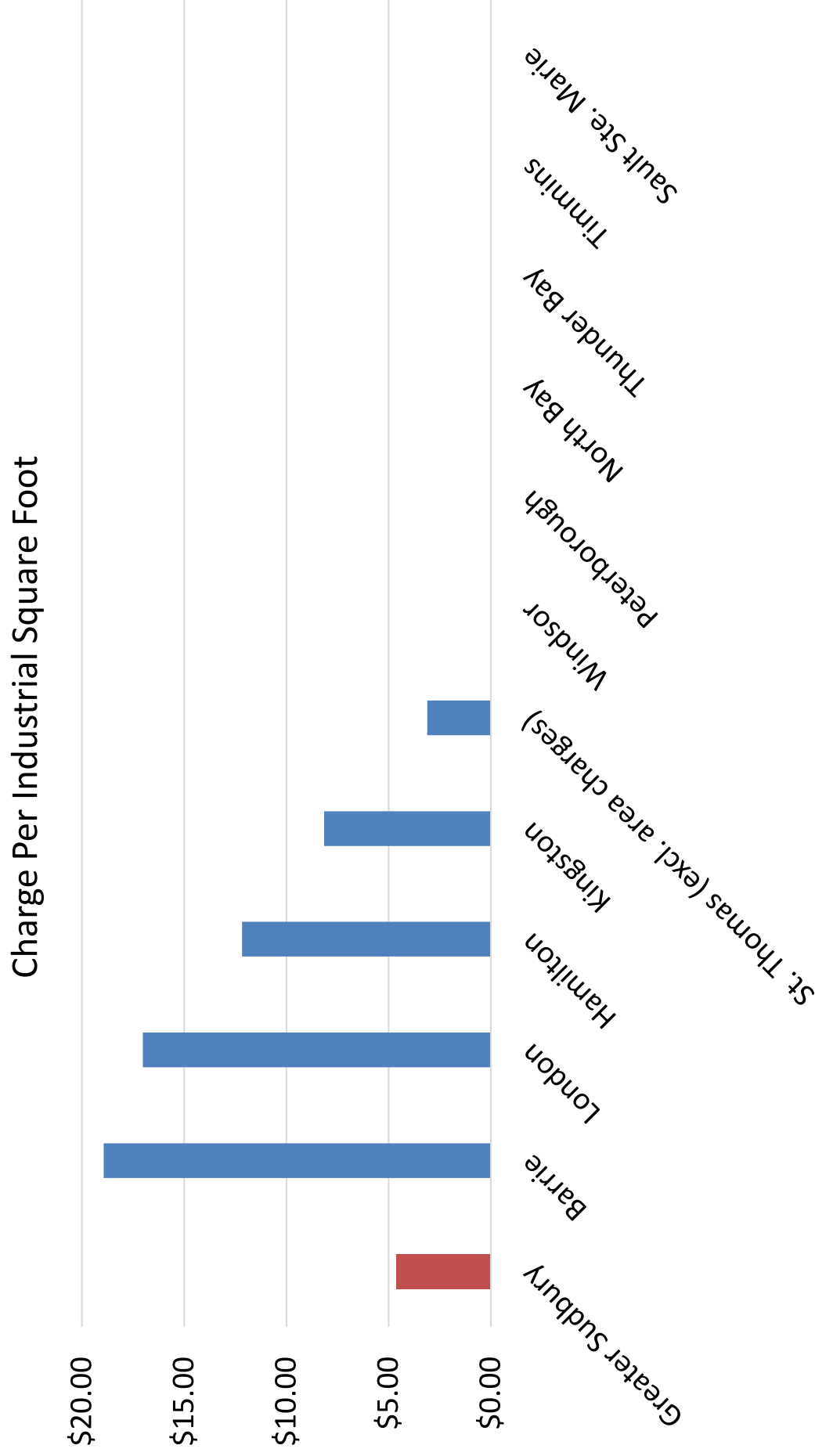
Industrial Charge Per Square Foot*
\$4.63

*Rate as of July 1, 2017 for all services.

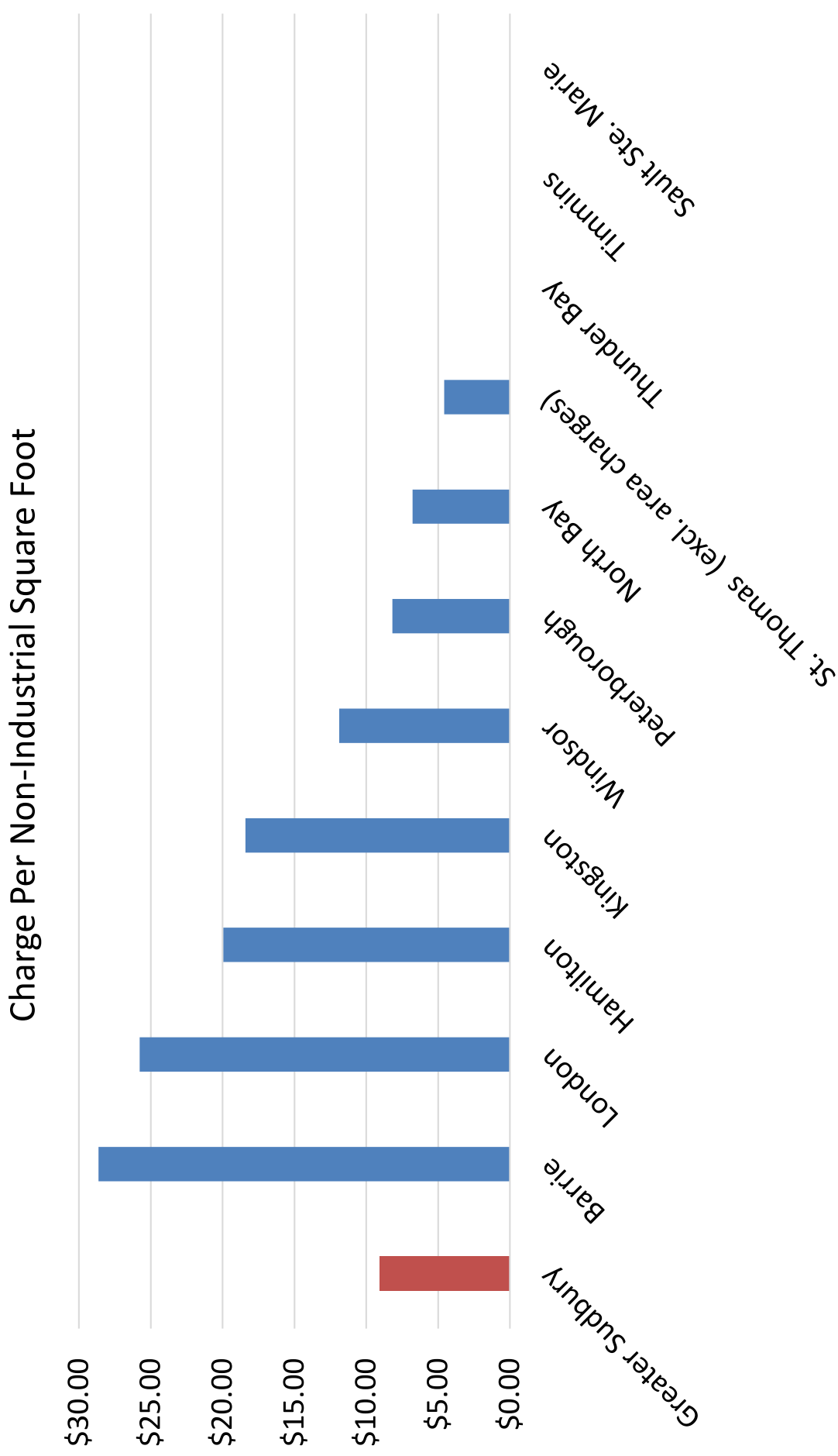
DC Comparison – Single Detached



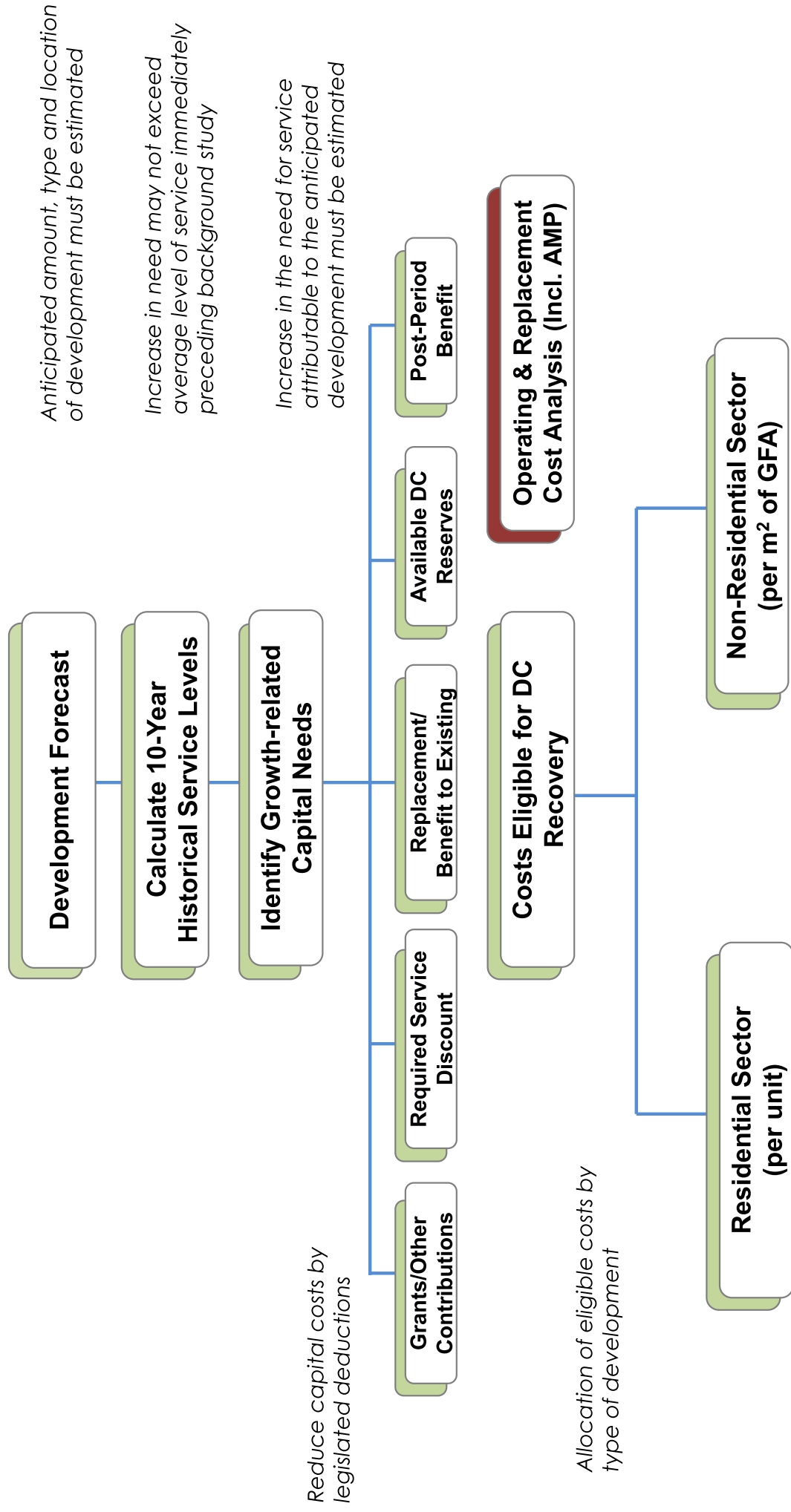
DC Comparison – Industrial



DC Comparison – Non-Industrial



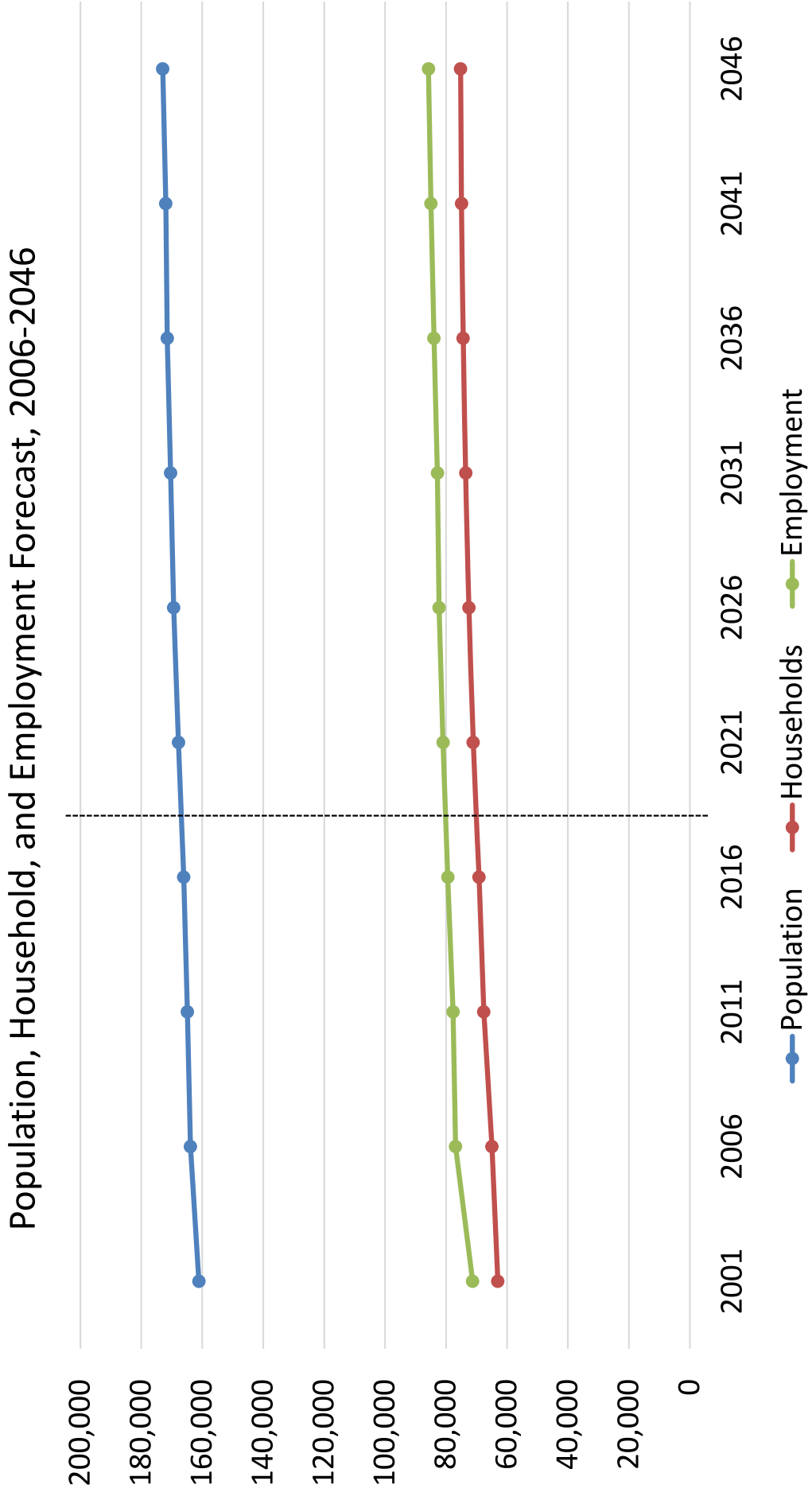
Overview of Study Process



Development Forecast

- Forecast of the amount, type and location of development
- Need to establish areas to which DCs apply (Municipal-wide/area-specific)
- Establish planning periods
- Types of development
 - Residential: population and dwelling units
 - Non-residential: non-residential floor space and employment

Population, Household, and Employment Forecast



Source: 2018 Draft Population Projections Study

Average Persons Per Unit (PPU)

	Period of Construction		
	Pre 2006	2006-2016	Total
Singles/Semis	2.52	3.06	2.56
Rows	2.48	1.91	2.45
Apartments	1.54	1.59	1.54
All Units	2.27	2.75	2.31

Illustrates aging population in existing units

Service Levels

- Maximum allowable charge for general services based on average service level provided in preceding 10 years
- Calculated by multiplying 10-year historical average service level by the forecast growth in the 10-year planning period
- Establishes a development charges ceiling
 - DC rates for general services directly limited by ten-year historical average

Development-Related Capital Program

- Capital programs are currently being developed in consultation with City staff
- Council must express intent to undertake capital works for them to be included in DC Study
- DC eligible costs to exclude:
 - Grants, subsidies & contributions
 - Benefit to existing or replacement elements
 - Uncommitted DC reserve funds
 - 10% ‘general’ service deduction
 - “Post-period” benefit

Calculation of Rates

- Costs to be allocated between residential and non-residential sectors
- Cash flow analysis to account for project and development timing
- Calculate charges:
 - Residential – per dwelling unit type
 - Non-residential – per square foot of GFA

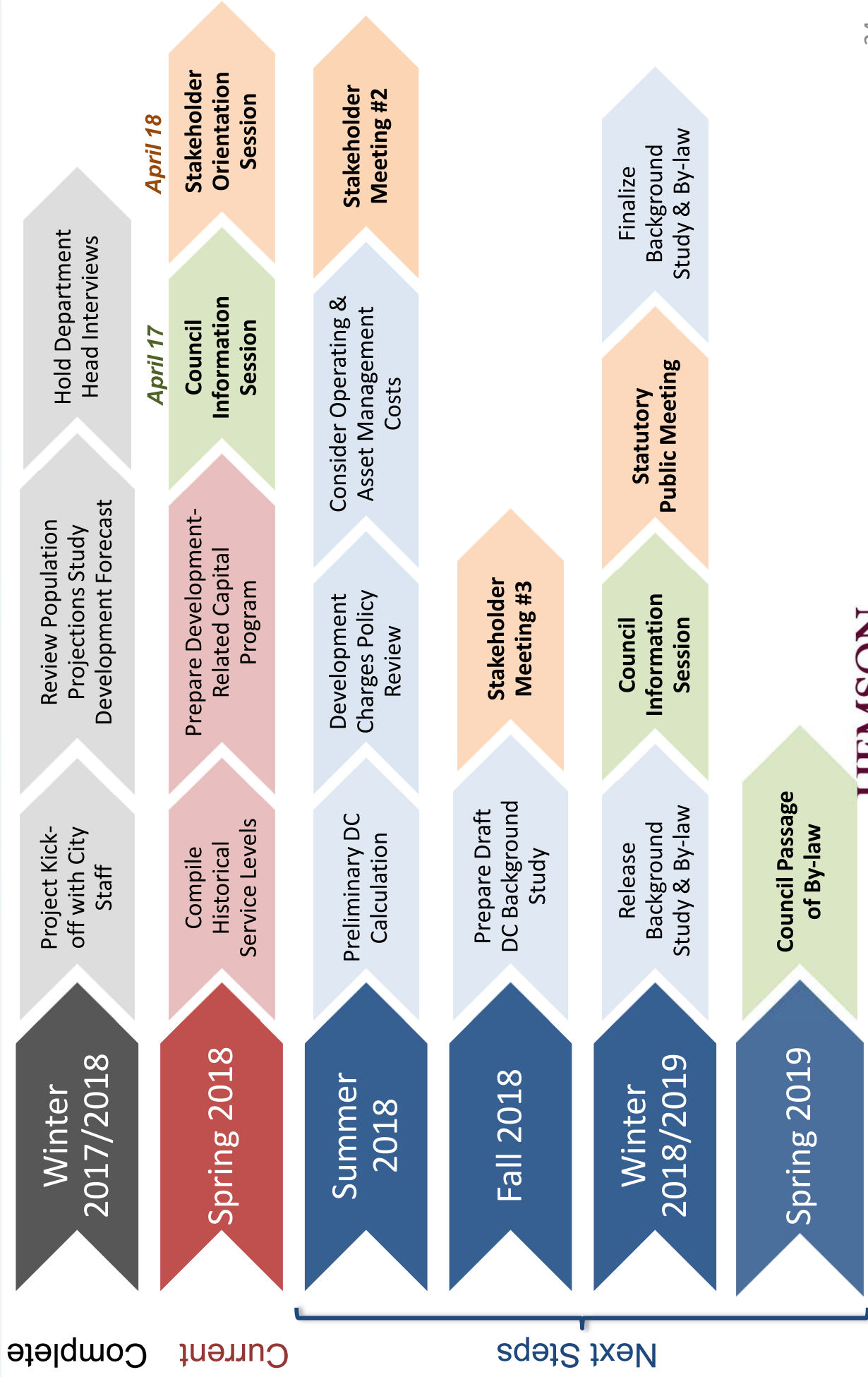
Key Steps in Passing a DC By-law

- Release DC background study 60 days prior to by-law passage (including on website) and two weeks prior to public meeting
- Advertise public meeting
- Release DC study and proposed by-law
- Hold statutory public meeting
- Receive feedback and amend proposed charges and by-law if warranted
- Determine if additional public meeting is required
- By-law passage by Council

DC Policy Considerations

- Required to consider area rating for engineered services
- Local service definitions/developer cost sharing
- Unit types and rate structure
- Treatment of secondary suites
- DC By-law exemptions
- Development, redevelopment and revitalization in Community Improvement Project Areas or exempt areas

Study Process & Next Steps



Questions?