



Committee Report

To: Warden Chris Peabody and
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: March 2, 2023

Re: Development Charges Study Timeline

Staff Recommendation:

The Development Charges Study Timeline report is for information.

Background:

Staff have met with the Development Charge (DC) Study consultants Watson and Associates, Economists Ltd. The proposed schedule has been developed with the goal of passing a DC by-law, if Council determines to do so, before the completion of the Port Elgin Paramedic Station. Passing of the by-law before completion should permit DCs to be collected to offset the loan payments.

Proposed Meeting Dates:

- Council Workshop - DC 101
 - April 20 Committee Meeting
- Council Workshop - Review Draft Study and Council Guidance for Public Meeting
 - June 8 Committee Meeting
- Stakeholder Meeting (for Public - Council Members can attend but not quorum)
 - July 5 - time to be determined
- Public Meeting
 - August 3 Council Meeting
- By-law Consideration
 - October 5 Council Meeting

Financial/Staffing/Legal/IT Considerations:

The 2021 DC Study included growth-related projects over the following 10-15 years for which \$30,873,714 would have been paid from DCs rather than from increased taxation. It was estimated that if the development charges were not implemented and all proposed projects were to proceed, then the county would need to increase the tax levy by an additional \$2,304,979 in 2022 and maintained for 15 years in order to pay for these new growth-related expense if borrowing was not utilized. And that this would result in a one-time increase to the then current budgeted tax levy of approximately 4.11%. These costs are over and above

the asset repair and replacement costs in the Asset Management Plan as it only covers existing assets and not new or expanded ones due to growth.

The chart in Appendix A shows the then estimated costs of the 2021 DC Study projects eligible to be paid in full or in part by DCs. The chart has been modified to remove the “unassigned” row that included costs that the provincial government has declared no longer eligible for DCs, namely growth-related studies and affordable housing. This has reduced the 2021 estimated total of \$30,873,714 to \$24,214,275.

The chart shows how more than half of the DCs collected in the primary growth area of Saugeen Shores is spent in other parts of Bruce County. This is due to substantial funds being spent expanding or modifying the roads network around the County to accommodate new growth, not just internal new growth but also increased seasonal residences and the need for the owners, often residing outside of Bruce County, to get to these new seasonal residences. The DC Study provides a holistic view of the County as a whole taking into account internal and external travel patterns of Bruce County residents and visitors.

It is estimated that many of the projects may have increased dramatically in price due to the major increases in construction costs and other changes in estimates over the past 2 years. These increases will need to be revised with a new 2023 DC Study.

For example, the Port Elgin Paramedic Station’s revised cost is estimated to be under \$10,000,000 instead of the originally anticipated \$4,000,000 and is expected to be paid with a 30 year loan. This revised costing could result in the increasing of the amount that can be used to contribute to the loan payment to offset growth. The 2021 DC study anticipated between 16% and 25% of the loan payments could come from DCs. The amount would vary depending upon future growth numbers. A 30-year loan of \$10,000,000 at 5% would result in total payments of \$19,500,000. If DCs are collected at the same percentage as calculated in 2021, then DCs could reduce the need for increased property taxes by \$3,100,000 to \$4,900,000.

A similar increase in estimated costs is anticipated for the new paramedic station on the Huron-Kinloss/South Bruce border in Holyrood.

There will be an increased administrative burden on the County to implement D.C.s.

- At least two extra schedules will need to be completed in the County’s annual F.I.R.
 - A staff member with experience with this new reporting has been identified.
- Each D.C. category may require new general ledger accounts, plus additional internal transfers general ledger accounts that would need reconciling each year.
- Budgeting will get a bit more complicated managing the varying percentage of D.C. contributions applicable to each different project.
 - Finance Division staff will assist the other County departments in budgeting for D.C. funded projects.
- Auditors generally pay extra attention to D.C. reserves in year-end audits.
- Annual D.C. reports are required to be prepared and presented to Committee.
 - Staff already have templates for this.
- Tracking sheets would need to be created for the lower-tiers.
 - Staff already have proto-templates for this.

- Reports and pamphlets and other documents are required to be available to the public.
 - Staff have already established a [webpage](#) for this.

County staff do not anticipate requiring additional staffing at this time.

There are no legal or I.T. considerations.

Interdepartmental Consultation:

The Senior Management Team discussed a DC Study being prepared in 2023 and included this project in the 2023-2027 Corporate Budget and Forecast.

Link to Strategic Goals and Elements:

None identified.

Approved for Submission:

Derrick Thomson
Chief Administrative Officer

Appendix A: Estimated 2021 D.C. Study identified growth-related Spending and Revenue by Municipality (excluding now ineligible Housing and Studies)

Note: The 2023 DC Study will result in an updated chart, particularly in the Paramedics D.C. Spending column.

Municipality	Studies D.C. Spending	Paramedics D.C. Spending	Affordable Housing D.C. Spending	Roads D.C. Spending	Total D.C. Spending	% of Assigned D.C. Spending	D.C. % Collected
Arran-Elderslie				1,256,513	1,256,513	5.19%	4.12%
Brockton				5,774,288	5,774,288	23.85%	13.35%
Huron-Kinloss		54,000		167,063	221,063	0.91%	10.62%
Kincardine		211,500		7,365,938	7,577,438	31.29%	12.11%
Saugeen Shores		477,000		2,428,988	2,905,988	12.00%	28.43%
Northern Bruce Peninsula				288,563	288,563	1.19%	17.31%
South Bruce				167,063	167,063	0.69%	5.63%
South Bruce Peninsula				6,023,363	6,023,363	24.88%	8.43%
Total	-	742,500	-	23,471,775	24,214,275	100.00%	100.00%