



CANTON/TOWNSHIP  
ALFRED AND PLANTAGENET

**CANTON D'ALFRED ET PLANTAGENET**  
**ORDRE DU JOUR**  
**RÉUNION SPÉCIALE**  
le mardi 30 juillet 2019, 18 h 00  
**SALLE DE CONFÉRENCE HOTEL DE VILLE**

**TOWNSHIP OF ALFRED AND PLANTAGENET**  
**AGENDA**  
**SPECIAL MEETING**  
Tuesday, July 30, 2019, 6:00 P.M.  
**TOWN HALL CONFERENCE ROOM**

**Pages**

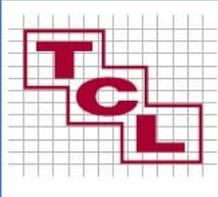
1. Ouverture de la réunion
2. Adoption de l'ordre du jour
3. Divulgations d'intérêts pécuniaires
4. M. Glen Tunnock - Redevances d'aménagement
5. Clôture

1. Opening of the meeting
2. Adoption of the agenda
3. Disclosures of pecuniary interests
4. Mr. Glen Tunnock - Development Charges
5. Adjournment

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# Development Charges Background Study –Township of Alfred and Plantagenet

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*July 17, 2019*



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# Township of Alfred and Plantagenet Development Charges Background Study

## 1. Introduction

The quality of life residents enjoy is directly related to the condition of municipal infrastructure. All tax payers and residents are in fact shareholders in the design, development and maintenance of municipal infrastructure. Development charges which were legislatively introduced in 1989 provide a source of financing for municipalities for new infrastructure triggered by new growth and development. Development Charges (DCs) enables municipalities to shift the responsibility for growth-related capital expenditures from property taxes to the development industry. In an era of fiscally-constrained municipalities, the use of development charges revenues are the mark of a financially responsible municipality since DCs will help to offset increases in the municipal tax levy.

The process for the preparation of a DC study including the calculations required is largely driven by the Development Charges Act (DCA) and associated Ontario Regulation 82/89 as summarized in the diagram. This process has been followed in the preparation of the 2019 Development Charges Background Study for the



Township of Alfred and Plantagenet. The study is a mandatory requirement prior to enacting a development charges by-law.

The Township has used development charges since the inception of the legislation and the current review is intended to update the study undertaken in 2014 (Tunnock Consulting Ltd.) and to also update By-law 2014-74, as amended by By-law 2016-060, which implemented the 2014 study.

Bill 108, The More Homes, More Choice Act, 2019, amended the Development Charges Act. The effect was to change the scope of municipal services for which development charges could be levied. Soft services such as recreation and library services were removed while waste diversion and ambulance services were added. Bill 108, alternatively, permitted municipalities to create a community benefits charge under a corresponding amendment to Section 37 of the Planning Act. The associated regulation to govern the process for the new Section 37.1 has not been approved. This report only addresses matters under the Development Charges Act.

A new section 26.1 was also added to the Development Charges Act setting out rules for when a development charge is payable in respect of five types of development: rental housing, institutional, industrial, commercial and non-profit housing. Unless certain exceptions apply, the charge will be payable in annual instalments (21 instalments in the case of non-profit housing development, and six instalments in the case of the other types). The instalments begin on the earlier of the date of the issuance of a permit under the Building Code Act, 1992 authorizing occupation of the building and the date the building is first occupied.

Based on changes to the Planning Act, the Development Charges Act was also amended to exempt second residential units for a development charge. These exemptions now extend to a second residential unit in an ancillary building located on the same property as the principle residential building. Section 2 (3.1) of the Development Charges Act sets out the exemption as follows:

2 (3.1) The creation of a second dwelling unit in prescribed classes of proposed new residential buildings, including structures ancillary to dwellings, is, subject to the prescribed restrictions, exempt from development charges.

The effect of Bill 108 on the Township is to eliminate development charges for recreational and library services. Revenues which have already been collected from development charges for these services may be placed in a special reserve and may continue to be used for these services. Development charges for these services may continue to be collected up until the expiry of the current development charges by-law to August 31, 2019. The effect is to also require that second residential units be exempted and that development charges for industrial, commercial and institutional uses be paid in six (6) installments over a five year period.

Section 2 (4) of the Development Charges Act sets out the scope of the services permitted.

A development charge by-law may impose development charges to pay for increased capital costs required because of increased needs only for the following services:

1. Water supply services, including distribution and treatment services.

2. Waste water services, including sewers and treatment services.

3. Storm water drainage and control services.

4. Services related to a highway as defined in subsection 1 (1) of the *Municipal Act, 2001* or subsection 3 (1) of the *City of Toronto Act, 2006*, as the case may be.

5. Electrical power services.

6. Policing services.

7. Fire protection services.

8. Toronto-York subway extension, as defined in subsection 5.1 (1).

9. Transit services other than the Toronto-York subway extension.

10. Waste diversion services.

11. Other services as prescribed.

The scope of services addressed in this study as permitted under Section 2 (4) of the Development Charges Act include:

- Transportation Services (roads, vehicles, public works buildings including a salt dome, streetlights, transit services)
- Waste Diversion Services
- Capital Studies

The eligible capital costs that may be incorporated into a development charge are set out in Section 5 (3) of the Development Charges Act and include:

1. Costs to acquire land or an interest in land, including a leasehold interest.
2. Costs to improve land.
3. Costs to acquire, lease, construct or improve buildings and structures.
4. Costs to acquire, lease, construct or improve facilities including,
  - i. rolling stock with an estimated useful life of seven years or more, and
  - ii. furniture and equipment, other than computer equipment,



5. Costs to undertake studies in connection with any of the matters referred to in paragraphs 1 to 4.
6. Costs of the development charge background study required under section 10 of the Development charges Act.
7. Interest on money borrowed to pay for costs described in paragraphs 1 to 4.

The process for the preparation and public review required under the legislation includes the following steps:

1. A public meeting with a minimum of 20 days advance notice. The notice may be published either in the newspaper or sent to every owner of land affected by the by-law. The development charges background study and proposed by-law must be made available at least two weeks before the meeting;
2. Presentations may be made by any person who attends the public meeting;
3. Following adoption of the development charges by-law by Council, the adoption must be advertised by either of the means described above and to anyone who submitted a written request to be notified. The County of Prescott & Russell and every school board must also be circulated with the notice of adoption;
4. The appeal period is 40 days from the day after the by-law is adopted and any appeal must be filed with the clerk of the municipality along with a cheque for \$300, payable to the Minister of Finance;
5. Any appeal that is received is forwarded to the Local Planning Appeal Tribunal who is responsible for making a decision on the appeal (i.e. to dismiss, or allow the appeal in whole or part).

Once adopted, the new by-law is valid for a period of five (5) years and may be renewed once again at that time. Following approval of the development charges by-law, an explanatory brochure must be prepared for distribution to the public.

The Official Plan for the United Counties of Prescott and Russell which applies to the Township of Alfred and Plantagenet includes the following statements with regard to Council's intentions for the uses of Development Charges:

"Local municipalities will be encouraged to plan and provide for short and long term capital expenditures by enacting development charge by-laws under the *Development Charges Act, 1997*." (Section 3.2 (7))

"The policies of this Plan shall be implemented by the County, the consent approval authority, local municipalities, and local Committees of Adjustment through the powers conferred upon them by the *Planning Act, R.S.O. 1990*, the *Municipal Act, 2001*, the *Development Charges Act, 1997*, the *Building Code Act, R.S.O. 1992*, as amended, and any other applicable statutes of the Province of Ontario." (Section 7.2).

Development charges are typically due and payable on the issuance of a building permit; however, the municipality may enter into an agreement for payment over an extended period of

time. As indicated, the Act now also requires that development charges are to be paid in installments for certain types of land uses listed above.

## 2. Population, Housing and Non-Residential Projections

Alfred and Plantagenet has experienced modest growth in its population over the period 2001-2016 from 8,593 to 9,680. A study on population, housing and employment projections<sup>1</sup> anticipates a modest growth pattern over the next 20-30 years; “On a County-wide basis, population is forecast to grow to a total of 116,800 by 2036, representing fairly modest growth. Employment is forecast to remain relatively stable, growing by roughly 3,800 jobs or roughly 13% over the 2036 horizon.”<sup>2</sup> (See **Figures 1 & 2** -Table 2 and Table 4 from Hemson report.)

Figure 1: Population Forecast – United Counties of Prescott & Russell

<b>Table 2</b>			
<b>Forecast Total Population United Counties of Prescott and Russell</b>			
Census Year	Hemson Forecast Range		
	Low	Reference	High
2001		79,500	
2006		83,000	
2011	86,700	88,700	88,700
2016	90,200	93,500	93,700
2021	94,200	99,000	100,500
2026	97,800	105,300	109,000
2031	100,600	111,500	118,000
2036	104,200	116,800	126,400
Growth 2011 – 2031	14,100	22,800	29,400
Growth 2011 - 2036	15,600	28,200	37,800

Source: Hemson Consulting Ltd. 2012. Figures Rounded.

<sup>1</sup> Hemson Consulting Ltd., *Growth Forecast and Land Needs Analysis, Final Report*, December 2012.

<sup>2</sup> IBID, p. 8.

Figure 2: Employment Forecast – United Counties of Prescott & Russell

<b>Forecast of Total Employment United Counties of Prescott and Russell</b>				<b>Table 4</b>
Census Year	Hemson Forecast Range			
	Low	Reference	High	
2001		28,000		
2006		28,100		
2011	29,700	29,700	29,700	
2016	30,300	31,000	31,100	
2021	30,100	31,600	32,100	
2031	28,800	32,200	34,700	
2036	28,900	33,500	37,000	
Growth 2011 – 2031	-900	2,600	5,000	
Growth 2011- 2036	-700	3,800	7,400	

Source: Hemson Consulting Ltd. 2012. Figures Rounded.

“Growth in housing units is of most relevance for the land capacity analysis because this forms the basis of determining a local basis, as the case may be, for settlement area expansions to accommodate anticipated growth in population. As shown in **Figure 3** (Table 5 below), the Hemson reference population forecast translates into growth of approximately 8,700 additional housing units to 2031 and approximately 10,000 units to 2036. This forecast is slightly in excess of the high unit requirement shown over the period to 2026 in the County official plan.” The study projections consider the reference population, and employment to be the preferred estimates for the purposes of the official plan and these figures have been translated in **Figure 3** (Table 5 below), to projected housing starts. The study also provides specific projections for each of the municipalities in the County. **Figure 4** (Table 6 below), from the study report projects an increase of 800 housing units over a 20 year period (2011 – 2031) in the Township of Alfred & Plantagenet or 41 units per year which correspond to an increase in population **Figure 5** (Table 7) of 2,500 or 125 persons per year. The number of housing starts per year is similar to the number of housing starts projected by Tunnock Consulting Ltd in 2009 at 44.

Figure 2: Housing Forecast – United Counties of Prescott & Russell

Hemson Reference Forecast Total Housing Units United Counties of Prescott and Russell			
Census Years	Total Housing Units	Unit Growth	County OP Unit Growth
2001	27,700		
2006	30,200	2,500	
2011	33,100	2,900	2,210
2016	35,500	2,400	2,090
2021	38,000	2,500	2,140
2026	40,100	2,100	2,050
2031	41,800	1,700	n/a
2036	43,100	1,300	n/a
Growth 2011 – 2031		8,700	n/a
Growth 2011 - 2036		10,000	n/a

Source: Hemson Consulting Ltd. 2012. Figures Rounded.

The rate of growth based on the 2016 Census and the building permit activity for the period 2011-2016 (from municipal records) indicates a downtrend in population growth rates from a projected 125 persons per year to 97 persons per year. The number of new housing units during the same period numbered 46 per year. However, municipal building permit activity over the 2014-2018 time period indicates only 33 new starts annually down from a projected 41 units. For the purposes of this study, the projections that will be used are summarized in **Table 1** and further summarized in Section 2.2

Figure 3: Housing Forecast – United Counties of Prescott & Russell

Distribution of Hemson Reference Household Forecast to Local Municipalities within the County					
Municipality	Total Occupied Households				
	2011	2031	Growth 2011-2031	2036	Growth 2011 – 2036
Russell	5,280	7,510	2,230	7,870	2,590
Casselman	1,430	1,890	460	1,970	540
The Nation	4,270	5,310	1,040	5,430	1,170
Clarence-Rockland	8,640	11,550	2,910	11,980	3,340
Alfred-Plantagenet	3,700	4,530	800	4,650	920
Champlain	3,520	3,880	360	3,940	420
Hawkesbury	4,940	5,600	660	5,710	770
East Hawkesbury	1,310	1,510	200	1,540	230
County Total	33,120	41,780	8,660	43,100	9,980

Source: Hemson Consulting Ltd. 2012. Figures Rounded.

Figure 4: Total Households– United Counties of Prescott & Russell

Table 7					
<b>Distribution of Hemson Reference Population Forecast to Local Municipalities within the County</b>					
Municipality	Total Population Including the Undercount				
	2011	2031	Growth 2011-2031	2036	Growth 2011 -2036
Russell	15,810	22,230	6,420	23,660	7,850
Casselman	3,800	4,920	1,120	5,200	1,400
The Nation	12,170	14,880	2,710	15,280	3,110
Clarence-Rockland	24,120	31,470	7,350	33,210	9,090
Alfred-Plantagenet	9,540	11,550	2,010	12,040	2,500
Champlain	8,840	9,720	880	10,010	1,170
Hawkesbury	10,890	12,860	1,970	13,390	2,500
East Hawkesbury	3,490	3,860	370	4,000	510
<b>County Total</b>	<b>88,700</b>	<b>111,500</b>	<b>22,800</b>	<b>116,800</b>	<b>28,200</b>

Source: Hemson Consulting Ltd. 2012. Figures Rounded.

Figure 5: Reference Population – United Counties of Prescott & Russell

<b>Table 1 - Population, Housing and Employment Projections 2006-2031 - Alfred &amp; Plantagenet</b>			
Year	Population	Housing	Number Persons per household
<b>2006</b>	8831	3532	2.5
<b>2011</b>	9196 <sup>3</sup>	3728	2.5
<b>2016</b>	9680 <sup>4</sup>	3959	2.5
<b>2019</b>	9965	4064	2.5
<b>2024</b>	10440	4239	2.5
Annual Growth	95 persons/year - 2016-2024	35 units per year – 2016-2024	

<sup>3</sup> Statistics Canada, 2011 Census

<sup>4</sup> Statistics Canada, 2016 Census

## 2.1 Growth Areas Within Alfred and Plantagenet

The growth distribution for the Township of Alfred and Plantagenet as set out in **Figure 6** (Hemson - Appendix) anticipates the growth being distributed in several areas over the period 2011-2036:

1. Alfred – 147 units
2. Plantagenet – 56 units
3. Wendover – 546 units
4. Curran – 18 units
5. Lefaivre – 18 units

Figure 6: Growth Distribution – Alfred & Plantagenet

Alfred-Plantagenet 2011 to 2036												
Total Housing Unit Growth											922	
Share Allocated to Urban and Community Policy Areas											85%	
Urban and Community Policy Area Housing Unit Growth											784	
Settlement Areas	Permits	Share Permits	Share Forecast	Units	Gross ha Req't Based on Density Range UPGH				Gross ha Supply	Gross ha Surplus or (Short) at Density Range UPGH		
					7	9	16	12		7	9	12
Alfred	50	19%	19%	147	21	16	12	187	166	171	175	
Plantagenet	19	7%	7%	56	8	6	5	330	322	323	325	
Wendover	186	70%	70%	546	78	61	46	58	(20)	(3)	12	
Curran	6	2%	2%	18	3	2	1	89	87	87	88	
Lefaivre	6	2%	2%	18	3	2	1	57	55	55	56	
Pendleton	0	0%	0%	-	-	-	-	17	17	17	17	
Treadwell	0	0%	0%	-	-	-	-	52	52	52	52	
<b>Total</b>	<b>267</b>	<b>100%</b>	<b>100%</b>	<b>784</b>	<b>112</b>	<b>87</b>	<b>65</b>	<b>790</b>	<b>678</b>	<b>703</b>	<b>724</b>	

The most significant area for future growth is projected for Wendover, a reflection of current and past activity and may be attributed to the proximity of this area to Ottawa. Wendover is within reasonable commuting distance of key employment centres such as Rockland-Clarence and Ottawa.

## 2.2 Summary

Alfred and Plantagenet can expect continued population and housing growth over the next 20 year period, however, the rate of growth will be less than past trends. Population growth will occur at the rate of some 97 persons per year and 35 housing units per year based on current trends. Most of the growth is projected to occur in the Wendover area and the land supply is considered to be adequate in this settlement area as well as the other settlement areas deemed suitable for growth.

**The historic and projected population growth is as follows:**

- **Population – base year - 2016:** **9,680 (Statistics Canada Census)**
- **Population 2024** **10,440**
- **Population Growth 2014-2019:** **475 (to 9,965 @ 95/year)**
- **Population Growth 2014-2024** **950 (to 10,440)**
- **Housing Units – 2016** **3,959**

- **Housing Growth 2014 – 2018:** **167 units (33.4 units/year)**
- **Housing Growth 2014 – 2024:** **350 units**
- **Housing – Total Units 2019:** **4,064 units**
- **Housing – Total Units 2024:** **4,239 units**

### 2.3 Building Permit Activity

**Tables 2 and 3** provides a summary of the building permit activity for the Township of Alfred and Plantagenet over the last 5 years. The number of building permits issued for new housing starts averaged 33.4 per year (2014-2018) with a significant decline experienced in 2018. Non-residential permits averaged 10.2 over the same period. The total construction value for residential construction over the 5-year period 2014-2018 was \$23,217,132 or \$4.6 million annually. During the period 2014-2018, the number of new housing started declining to an average of 33 units per year and the number of new non-residential building permits remained approximately the same at an average of 10.2 per year.

**Table 2 - Building Activity, 2014 - 2018 - Township of Alfred & Plantagenet**

		A 2014	B 2015	C 2016	D 2017	E 2018	Avg. 2014- 2018
<b>Residential Permits (Group C)</b>							
	Singles	29	26	20	26	16	23.4
	Semis	8	2	4	6	2	4.4
	Towns/Row	0	0	0	0	0	0
	Apartments	4	0	0	24	0	5.6
	Mobile Homes	0	0	0	0	0	0
	<b>Total</b>	41	28	24	56	18	33.4
<b>Non-Residential Permits</b>							
	Commercial	2	7	6	8	5	5.6
	Industrial	3	0	0	0	0	0.6
	Institutional	1	1	6	9	3	4
	<b>Total</b>	6	8	12	17	8	10.2

<b>Class of Building</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
<b>Commercial</b>	\$ 498,245.00	\$ 1,040,750.00	\$ 284,806.00	\$ 846,251.00	\$ 1,230,792.00	\$ 3,402,599.00
<b>Industrial</b>	\$ 641,190.00	\$ -	\$ -	\$ -	\$ -	\$ 641,190.00
<b>Institutional</b>	\$ 49,335.00	\$ 14,555.00	\$ 214,400.00	\$ 1,726,510.00	\$ 205,000.00	\$ 2,209,800.00
<b>Total Non-Residential</b>	\$ 1,188,770.00	\$ 1,055,305.00	\$ 499,206.00	\$ -	\$ 1,435,792.00	\$ 10,378,474.00
<b>Total Residential</b>	\$ 7,835,658.00	\$ 5,226,586.00	\$ 6,199,401.00	\$ 8,004,527.00	\$ 3,955,487.00	\$ 23,217,132.00

### 2.3.1 Non-Residential Development

The projected non-residential growth over the period 2019-2024 based on **Table 4** above is as follows:

<b>Land Use</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Institutional</b>	<b>Total</b>
2014-2018 total construction value (Note 1)	\$ 3,402,599	\$ 641,190	\$ 2,209,800	\$ 10,378,474
2014-2018 average annual construction value (Note 2)	\$ 680,520	\$ 128,238	\$ 441,960	\$ 1,250,718
Estimated value of construction that added to square footage (Note 3)	\$ 544,416	\$ 70,531	\$ 397,764	\$ 1,012,711
Estimated construction cost per square foot indexed to 2018 (Note 4)	\$ 185	\$ 115	\$ 204	\$ 505
Projected annual construction in square feet 2019-2024 (Note 5)	2,943	613	1,949	5,505/yr.
Note 1: total construction value per Table 3 - Development Charges Study				
Note 2: average annual value calculated as 2014-2018 total construction value ÷ 5 (years)				
Note 3: value calculated based on assumption of 80% of commercial, 55% of industrial and 90% of institutional construction values contribute to new square frontage (i.e. 80% x \$2,920,552 = \$2,336,441)				
Note 4: Value calculated as construction cost per square foot from Table 4, 2009 Development Charges study multiplied by indexed Capital Expenditure Price Statistic (Statistics, Ottawa). Commercial = \$185. Industrial = \$115. Institutional = \$204.				
Note 5: projected construction calculated as Estimated construction value ÷ estimated construction cost per square foot or, for example: commercial = \$544,416 ÷ 185 = 2,943 ft. <sup>2</sup> /year				

## Non-Residential Land Use Mix – 2019-2024

Commercial	14,715 ft. <sup>2</sup>	
Industrial	3,065 ft. <sup>2</sup>	
Institutional	$\frac{9,745 \text{ ft.}^2}{27,525 \text{ ft.}^2} \times 50\% = 4,873 \text{ ft.}^2$	
Total		22,652 ft.

The institutional component is discounted by 50% given that most of the institutional development was generated by the Township of Alfred and Plantagenet.

➤ **Total Non-Residential Growth 2019-2024: 22,652 ft.<sup>2</sup>**

### 2.3.2 Residential – Non-Residential Split

**(DC Act, Section 5 (1) 1):** the allocation of DC recoverable costs between residential and non-residential development has been calculated. The proportion of the charge allocated between residential and non-residential takes the same approach as the 2014 study by utilizing the latest assessment role values for each of these sectors.

The proportion is as follows:

Industrial, Commercial, Institutional Sector 4.5 %  
Farm 19.2 %  
Total 23.7%

Residential 76.3%

Source: Municipal Property Assessment Corporation, 2016

The split will be applied to all services.

## 3. Level of Service

**(DC Act, Section 5 (1) 4 and O.R. 82/98 -Section 4 (1):** the Act requires that the municipality examine the level of service requirements for capital expenditures driven by the need to service new development within the Town. The average level of service for the preceding 10 year period for each of the applicable services must be calculated (i.e.2009-2019). The 10-year average represents the ‘cap’ or maximum level that can be funded by DC’s. The intent of the legislation respecting the 10-year average is to prevent municipalities from arbitrarily increasing the level of service over past practices. In a number of circumstances, the level of service may be established by legislative fiat or by standards that are common to capital projects such as the OPSD standards.

**Table 5** sets out the quantity and quality of service for each municipal service considered in this study (i.e. transportation services, waste diversion services and capital studies). The calculations are based on the average level of service for the period 2009 – 2019 or the 10 year period preceding the year of the calculation of the development charge. The calculations for the

quality level of service are based on the estimated replacement values for this period derived from municipal records. The unit value is based on dwellings for most services and the base number used for 2019 is based on 4.064 dwellings.

**Table 6** sets out the maximum expenditure for each type of service based on the preceding 10-year period average. The Table is an extrapolation of the calculations in **Table 4**. Calculations are shown for both the five and 10 year period as cost of some services is proposed to be spread out over a larger number of benefiting dwellings given the life cycle costs associated with certain types of services.

In most circumstances, the level of service continues to rise as the municipality invests in additional infrastructure in the municipality.

Table 5 - 10 Year Average Level of Service							
Item	2019	Quality of Service: Replacement Value - 2009	Quality of Service: Replacement Value - 2019	Quality: 10 Year Average Level of Service: 2009- 2019 (per dwelling) (4,064 dwellings)	Quantity Level of Service - 2009	Quantity Level of Service - 2019	Quantity: 10 Year Average Level of Service: 2019
Public Works Buildings and Salt Shed	7	\$1,894,312.00	\$2,482,716.00	\$538.51	7 buildings	7 buildings	1 building/580 dwellings
Roads	303 km	\$23,207,070.00	\$30,415,557.00	\$6,597.27	291.2	303	0.074km/dwelling
Streetlights	80 poles and 691 fixtures	\$666,134.00	\$873,045.00	\$189.37	645 light fixtures	689 light fixtures	0.17 fixtures per dwelling
Bus Stop	1 bus stop - Plantagenet	\$7,630.00	\$10,000.00	\$2.17		1 bus stop	\$1.49 per dwelling
Public Works Vehicles	17 vehicles	\$984,180.00	\$1,289,882.00	\$279.78	14 vehicles	17 vehicles	0.0034 vehicles per dwelling
Public Works Equipment	22 unlicensed vehicles	\$1,485,688.00	\$1,947,166.00	\$422.35	18 vehicles	22 vehicles	0.0054 vehicles per dwelling
Waste Diversion Services	0	\$76,300.00	\$100,000.00	\$23.30	0	0	0
Capital Studies Environmental Assessment, Official Plan review, DC Study	3	\$95,375.00	\$125,000.00	\$29.13	studies	studies	studies

Notes: 1. Replacement values for 2019 derived from Asset Management Study, 2016, adjusted by the CPI for 2016-2019 or 9.2%.

<b>Table 6 - Maximum Expenditure per 10-year Level of Service</b>			
	Average Level of Service 2009-2019/dwelling	Maximum Expenditure 2019 - 2024 /dwelling unit based on 175 dwellings	Maximum Expenditure 2019 - 2029/dwelling unit based on 350 dwellings
Municipal Service			
Public Works Buildings and salt shed	\$538.51	\$94,239.65	\$188,479.31
Roads	\$6,597.27	\$1,154,522.60	\$2,309,045.21
Streetlights	\$189.37	\$33,139.31	\$66,278.62
Bus Stop	\$2.17	\$379.58	\$759.17
Rolling Stock	\$279.78	\$48,961.72	\$97,923.44
Waste Diversion Sevices	\$23.30	\$4,077.78	\$8,155.56
Studies	\$29.13	\$5,097.23	\$10,194.46

## 4. Estimated Increase in Need for Service and Capital Costs

### 4.1 Capital Projects

**Table 7** sets out a comprehensive list of the capital projects required to meet the growth and development needs of the Township of Alfred and Plantagenet over the next 10 - 20 years. The capital projects take into consideration a number of statutory requirements for calculations under the *Development Charges Act*. **Table 7** more specifically addresses the following:

- **Gross Capital Cost:** capital costs for various services as determined from servicing studies, engineering reports and estimates undertaken by the Township of Alfred and Plantagenet. These are summarized in **Section 4.2**.
- **10-year Eligible Level of Service:** reflects calculations undertaken in **Tables 5-6** of this report
- **Benefits to Existing Population:** shows applicable deductions for the proportion of the costs of the capital projects attributed as a benefit to the existing population (see **4.3**)
- **Grants and Contributions:** the value of grants or contributions from other sources are shown in this column (see **4.5**)
- **Excess Capacity:** the value of excess capacity as of 2013, where applicable is shown as a calculation (see **4.4**)
- **Credits from Development Charges Reserve Funds:** the value of funds accumulated in the various service spending envelopes is shown as a deduction (see **4.7**)
- **Net Eligible Cost:** calculation is the gross capital cost less the applicable deductions in the previous columns
- **Year of Expenditure:** indicates year in which capital cost will be incurred

## 4.2 Benefits to Existing Development

**(DC Act, Section 5(1) 6):** the Act obligates municipalities to deduct the value of the benefit to existing development. These calculations have been undertaken for all eligible services.

**Note: this statutory deduction is intended to avoid double funding by deducting the value of infrastructure that can be attributed to existing development. The premise is that development charges should only fund infrastructure for future needs or future growth.**

The calculations have included a deduction of 10% to recognize the benefit to existing development for all services.

## 4.3 Excess Capacity

**(DC Act, Section 5 (1) 5):** the unused servicing capacity existing in the system as of 2019 was assessed.

**Note: Municipalities are expected to use up existing capacity paid for by past funding before using development charges.**

None of the services were determined to have excess capacity for the purposes of the legislation.

## 4.4 Grants and Subsidies

**(DC Act, Section 5 (1) 10):** Federal and provincial infrastructure funding are examples of grants that are typically deducted. There are no grants available for the proposed service expenditures.

## 4.5 Credits from Development Charges Reserves

The accumulated funds in the Development Charges Reserve Fund for each of the service spending envelopes has been deducted as a credit towards the calculation of the net eligible cost. The calculation was based on the outstanding balance to December 31, 2018. These deductions include:

• Transportation Services	\$422,296.53
• Waste Diversion Services	\$ 0.00
• Growth related studies	<u>\$ 0.00</u>
<b>Total</b>	<b>\$422,296.53</b>

The Township's development charges reserves have been applied against anticipated new charges. Given that development charges have been collected for the first half of 2019, it is estimated that 50% of the previous years' revenues (2018) for transportation services should be added to the year-end reserve of \$422,296 or  $50\% \times \$101,837 = \$50,919$ . Total reserves to be carried forward =  $\$422,296 + \$50,919 = \$ 473,215$ .

**Table 7– Eligible Capital Projects by Type, Capital Cost, Grants, Benefits, Excess Capacity and Year**

Project	General or Area Charge	No. Dwelling Units Contributing	Gross Capital Cost	Eligible expenditure based on 10-year average level of service applied for 2014-2024	Eligible expenditure: Lesser of Gross Capital Cost or 10-year average	Benefits to Existing Population	Grants & contributions including transfers from general funding	Legislated Reduction (10%)	Excess Capacity	Credits from DC Reserve	Net Eligible Cost to be funded from Development Charges	Year of Expenditure	Net Eligible Expenditure
<b>Transportation Services</b>													
Public Works Buildings and Salt Dome	General	350	\$ 475,000.00	\$ 188,479.31	\$ 188,479.31	\$ 18,847.93	\$ -	\$ -	\$ -	\$ -	\$ 169,631.38	2021-2022	\$ 169,631.38
Roads	General	175	\$ 1,154,522.60	\$ 1,154,522.60	\$ 1,154,522.60	\$ 115,452.26	\$ -	\$ -	\$ -	\$ 473,215.00	\$ 1,039,070.34	2019-2024	\$ 565,855.34
Streetlights	General	175	\$ 11,000.00	\$ 33,139.31	\$ 11,000.00	\$ 1,100.00	\$ -	\$ -	\$ -	\$ -	\$ 9,900.00	2019-2024	\$ 9,900.00
Bus Stop	General	175	\$ 10,000.00	\$ 379.58	\$ 379.58	\$ 37.96	\$ -	\$ -	\$ -	\$ -	\$ 341.62	2020	\$ 341.62
Rolling Stock	General	175	\$ 45,000.00	\$ 48,961.72	\$ 45,000.00	\$ 4,500.00	\$ -	\$ -	\$ -	\$ -	\$ 40,500.00	2020	\$ 40,500.00
<b>TOTAL</b>			\$ 1,695,522.60	\$ 1,376,520.80	\$ 1,354,381.49	\$ 139,938.15	\$ -	\$ -	\$ -	\$ 473,215.00	\$ 1,218,943.34		\$ 786,228.34
Waste Diversion Services	General	350	\$ 100,000.00	\$ 8,155.56	\$ 8,155.56	\$ 815.56	\$ -	\$ -	\$ -	\$ -	\$ 7,340.01	2019-2024	\$ 7,340.01
<b>TOTAL</b>			\$ 100,000.00	\$ 8,155.56	\$ 8,155.56	\$ 815.56	\$ -	\$ -	\$ -	\$ -	\$ 7,340.01		\$ 7,340.01
Growth Studies (DC study, environmental assessment, official plan, zoning))	General	175	\$ 125,000.00	\$ 5,097.23	\$ 869.92	\$ 86.99	\$ -	\$ -	\$ -	\$ -	\$ 782.93	2019-2024	\$ 782.93
<b>Total</b>			\$ 125,000.00	\$ 5,097.23	\$ 869.92	\$ 86.99	\$ -	\$ -	\$ -	\$ -	\$ 782.93		\$ 794,351.28

Notes: 1. Benefits to existing population calculated as 10%.

## 5. Long-Term Operational and Capital Costs

The long term impacts of the addition of new facilities have an impact on general taxation to support services. The *Development Charges Act* requires municipalities to consider the financial impacts of the long-term capital and operating costs. New development will contribute to the assessment base of the municipality and its ability to offset increased operational costs through an increase in assessable property. An additional 350 housing units over the next decade will add in excess of \$1.037 million in new property assessment.

In 2013, municipalities were required to prepare Asset Management Plans (AMP) as a financial tool to planning for the ongoing maintenance, repair and scheduled replacement of all of the municipality's capital assets. The Township of Alfred and Plantagenet has an estimated \$151 million in tax supported assets (roads, bridges, culverts, water and sanitary and storm water, buildings etc.) based on their replacement cost. The AMP includes a financing strategy which will provide for the replacement of capital assets at the end of their life-cycle. This strategy anticipates some expansion activities including some of the capital projects listed in this study. The anticipated capital projects designed to service new growth would add a further \$1.7 million.

Lifecycle costs for existing roads are already incorporated into the AMP and are not expected to affect the long term capital costs of the municipality. Operational costs will be expected to decline marginally with the conversion of gravel based roads to hard (paved) surfaces.

With respect to other additional operational costs, none of the additional services is expected to require an increase in staffing. Increased operational costs are itemized as follows:

- Salt Shed (1) :\$500 annually for hydro

Lifecycle costs are based on setting aside reserves for the replacement of assets at the end of the projected useful cycle of the asset. The estimated costs for new assets are set out in **Table 8**. The additional assets of \$641,000 will add an estimated \$14,333 to the annual lifecycle or replacement costs for new infrastructure. The list does not include roads which are addressed in the Municipality's Asset Management Study.

Asset	Gross Cost	Year Started	Lifecycle	Annual Amortized Value
Salt Shed: Plantagenet	\$ 400,000.00	2021	50	\$ 8,000.00
Public Works Buildings	\$ 75,000.00	2019	50	\$ 1,500.00
Streetlights	\$ 11,000.00	2019	30	\$ 366.67
Bus Shelter	\$ 10,000.00	2020	15	\$ 666.67
Public Works Vehicles	\$ 45,000.00	2020	25	\$ 1,800.00
Waste Diversion Services	\$ 100,000.00	2019	50	\$ 2,000.00
TOTAL	\$ 641,000.00			\$ 14,333.33

## 6. Calculation of Development Charges

**(O.R. 82/98, Section 8)** Based on completion of the eligible cost components and the statutory deductions, detailed calculations have been undertaken to determine the proposed development charges including area specific rates, where required. **Table 9** sets out the detailed calculations of the development charges for the various municipal services.

**Table 9** shows calculations for development charges which are proportionately shared between the residential and non-residential sectors and where the charge would be levied against only the residential sector. Where the development charge is split, the residential charge would be \$3,077.57 and the non-residential sector would be \$9.11/ft.<sup>2</sup>. Where the development charge was levied against the residential sector only the charge would be \$4,033.52.

The proportionate split between the residential and non-residential sector is derived from Section 2.3.2 of this study.

Table 9 - Calculation of Development Charge										
Municipal Service	Net Eligible Cost	Residential Share @ 100%	Residential Share @ 76.3%	Non-Residential Share @ 0%	Non-Residential Share @ 23.7%	Residential DC @ 100%		Residential Share @ 76.3%	Non-Residential DC	
						Number Units	Development charge	Development charge	Square Feet	Development charge
<b>Transportation Services</b>										
Public Works Buildings and Salt Dome	\$ 169,631.38	\$ 169,631.38	\$ 129,428.74	\$ -	\$ 40,202.64	350	\$ 484.66	\$ 369.80	45304.00	\$ 0.887
Roads	\$ 565,855.34	\$ 565,855.34	\$ 431,747.63	\$ -	\$ 134,107.72	175	\$ 3,233.46	\$ 2,467.13	22652.00	\$ 5.920
Streetlights	\$ 9,900.00	\$ 9,900.00	\$ 7,553.70	\$ -	\$ 2,346.30	175	\$ 56.57	\$ 43.16	22652.00	\$ 0.104
Bus Stop	\$ 341.62	\$ 341.62	\$ 260.66	\$ -	\$ 80.97	175	\$ 1.95	\$ 1.49	22652.00	\$ 0.004
Rolling Stock	\$ 40,500.00	\$ 40,500.00	\$ 30,901.50	\$ -	\$ 9,598.50	175	\$ 231.43	\$ 176.58	22652.00	\$ 0.424
<b>TOTAL</b>	<b>\$ 786,228.34</b>	<b>\$ 698,076.00</b>	\$ 599,892.23	\$ -	\$ 186,336.12	175	\$ 4,008.07	\$ 3,058.16		<b>\$ 7.339</b>
<b>Environmental Services</b>			\$ -	\$ -	\$ -			\$ -		
Waste Diversion	\$ 7,340.01	\$ 7,340.01	\$ 5,600.43	\$ -	\$ 1,739.58	350	\$ 20.97	\$ 16.00	45304.00	\$ 0.887
<b>TOTAL</b>	<b>\$ 7,340.01</b>	<b>\$ 7,340.01</b>	\$ 5,600.43	\$ -	\$ 1,739.58		<b>\$ 20.97</b>	\$ 16.00		<b>\$ 0.887</b>
<b>Studies</b>			\$ -	\$ -	\$ -			\$ -		
Growth Studies (DC study, Planning , Environmental Assessment)	\$ 782.93	\$ 782.93	\$ 597.37	\$ -	\$ 185.55	175	\$ 4.47	\$ 3.41	22652.00	\$ 0.887
<b>Total</b>	<b>\$ 782.93</b>	<b>\$ 782.93</b>	\$ 597.37	\$ -	\$ 185.55		<b>\$ 4.47</b>	\$ 3.41		<b>\$ 0.887</b>
<b>Grand Total</b>					\$ -		<b>\$ 4,033.52</b>	\$ 3,077.57		<b>\$ 9.11</b>

## 6.1 Transportation Services

Development charges are proposed for improvements to Township roads (\$1.154 million), the construction of one salt shed (\$400,000), the construction of a new bus stop \$10,000, upgrades to street lights of \$11,000, acquisition of new public works vehicles (\$45,000), and an extension to the public works garage (\$75,000).

Accumulated reserves of \$473,215, have been applied against the eligible costs for transportation services. The calculations are shown in **Table 7** and the results transferred to **Table 8**.

It should be noted from **Table 6** that the eligible charge for roads based on the 10-year average level of service is \$2,309,045 while the gross capital cost projected for the next 5-year period is \$1,154,522.60. For the 2019-2024 DC by-law, the proposed charge is based on 100% of the eligible costs of road improvements \$565,855.

This is an increase from 40% levied in the 2014 development charge. The proposed charge is the maximum that could be levied; however, if Council wishes to levy less then this is their prerogative to do so.

## 6.2 Water and Wastewater Services

The sole project under this category is for the carryover of the costs of the sewage lagoon expansion in Alfred. Reserves can continue to be used for this service.

## 6.3 Fire Services

There are no proposed new fire services to be funded from development charges for the next 5-year period. Any reserves collected for this service category would still be applied to this service for expenditures not made under the previous development charges by-law, or such funds could be retained for future expenditures.

## 6.4 Recreation and Cultural Services

Development charges may no longer be collected for recreation and cultural services as a result of the enactment of Bill 108 on June 6, 2019. However, funds previously collected for the service category may be placed in a special fund and expended on the projects proposed under the previous development charges by-law. There is no time limit on such expenditures. Should the municipality proceed to use the new authority for the enactment of a community benefits charge under section 37.1 of the Planning Act, the revenues collected could be amalgamated with the reserve of funds from the previous development charges by-law.

## 6.5 Waste Diversion Services

A newly eligible service for development charges is for waste diversion. The municipality proposes to provide for a composting services estimated at \$100,000 under the service category.

## 6.6 Capital Studies

Capital studies include updates to the official plan and zoning by-law, the preparation of an environmental assessment report and the cost of the development charges study. These studies are estimated to cost \$125,000.

## 6.7 Development Charges Summary

Development charges are required to fund the cost of capital infrastructure in anticipation of projected growth over the next 5-10 years and have been summarized in **Table 9**. Development charges are recommended for expenditures for transportation, waste diversion services and capital studies.

The estimated annual revenues to be generated from Development Charges for residential development only are as follows:

1. Residential: 35 units x \$4,033.52 = \$141,173.20 (\$705,866)

## 7. Recommendations

- 1) That Council impose a development charge as a means to offset the costs of new infrastructure arising from new growth and development.
- 2) That the development charge be levied for transportation, and waste diversion services and capital studies.
- 3) That the development charge be levied on the residential sector only.
- 4) That the residential development charge be set at \$4,033.52/residential unit
- 5) That the current development charges reserve for recreational and cultural services be transferred to a special reserve for application to the recreational and cultural services proposed to be funded in 2014.
- 6) That any reserves for fire services and the Alfred sewage services be retained and applied to those services.
- 7) That the Council convene a public meeting for the purposes of advising the public on the proposed development charges and that the meeting and meeting notice comply with the requirements of the Development charges Act.
- 8) That the current development charges by-law be redrafted to reflect the proposed charge and updated to reflect current legislative requirements.
- 9) That an informational pamphlet be prepared for distribution to interest parties in compliance with the Development Charges Act.