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Toronto

May 9, 2023

Chris Barnett

Montréal

Calgary

Sent By Electronic Mail

Ottawa

Mayor and Members of Council
City of Barrie
70 Collier Street
P.O. Box 400
Barrie, L4M 4T5

Vancouver

New York

Attention: City Clerk

Dear Mayor and Members of Council:

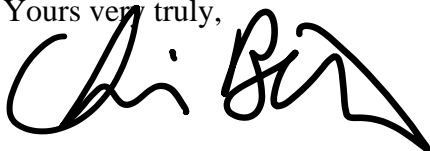
2023 Development Charges By-law - Statutory public meeting

We act on behalf of the Hewitts Creek Landowners Group Inc. We write to provide comment on the Development Charges By-law being considered at the statutory public meeting on May 10, 2023.

We have been provided with a copy of the letter submitted on behalf of the Salem Landowners Group Inc., and our client shares the concerns set out in that letter with respect to the proposed increase in the rates to be charged, and with how those proposed rates have been calculated.

We attach a memorandum from our client's consultant Arcadis setting out additional questions, and ask that responses be provided as part of any ongoing consultations prior to approval of the by-law.

Yours very truly,



Chris Barnett
Partner
CB:s

Cc: Hewitts Creek Landowners Group
LEGAL_1:80075081.1

SUBJECT
Outstanding Comments/Questions on Barrie DCBS – May
10th Public Meeting

TO
Chris Barnett – Osler, Hoskin and Harcourt LLP

DATE
May 5, 2023

OUR REF

DEPARTMENT
Planning

PROJECT NUMBER
120914

COPIES TO
Hewitt's Landowners Group

Arcadis (formerly IBI Group) has been retained by the Hewitt's Landowners Group to assist in the review of the City of Barrie's Development Charges Background Study – April 21, 2023 (Barrie DBCS). Alongside the consulting team for the Salem Landowners Group, we have engaged in consultation with City staff and their technical team since January 2023 and appreciate staff's effort and time to date to discuss our questions and comments.

Through our review of the City's DCBS, outstanding concerns remain with aspects of the City's methodology for engineered services and additional questions for clarification have been identified. Aligning with the comments submitted by the Salem Landowners Group, we would appreciate further dialogue with Staff to discuss the following concerns:

- **Hard Services cost estimates have inflated soft costs and contingencies:** the inflation assumptions used by the City to estimate the soft cost and contingencies for water, wastewater and roads projects are overstated;
- **Costs associated with phased road projects are inflated:** the City's 20% premium on phased road project is unreasonable as the premium is being applied to the entire project cost and not just the latter phases;
- **Outstanding comments on Local Service Guidelines:** outstanding comments on the local service guidelines have not been addressed by Staff.

Further details of these concerns are described in the Salem Landowners Group comments to Council, which have been appended to this correspondence.

Additional Comments for Clarification

In addition to the concerns outlined by the Salem Landowners Group, we have the following questions/comments on the City of Barrie's DCBS:

Library Services

1. Please provide additional information as to why the Downtown Branch library has increased in size in the level of service calculations from the materials circulated in February (41,204 sf to 46,000 sf).

Parks and Recreation

2. Please provided further details as to why the land area associated with indoor recreation facilities has increased from 3.6 ha (February circulated materials) to 13.16 ha in the Barrie DCBS.
3. Can the City please provide further details which underpin the size assumptions for the Hewitt's and Salem indoor recreation facilities? From the correspondence provided by the City, the Hewitt's Recreation Center is proposed to be 224,554 sf, which is approximately 72,000 sf larger than the next largest indoor recreation facility in the City (East Bayfield Community Centre at 152,331 sf). Are there special amenities/uses that are expected to be included in these facilities?
4. Why has the replacement cost of "Neighbourhood Parks" increased by 180% (\$436,000 vs. \$800,000) when compared to the materials circulated in February 2023? This has contributed to an increase of the maximum funding envelope for Parks and Recreation services by \$16.3 million when compared to the materials circulated in February.
5. Can further project specific details (timing and capital costs) be provided for the projects which are included in 3.4.1 and 3.4.2 (off-road and hiking trails) of the Parks and Recreation development related capital program?

Roads Level of Service

6. When compared to materials circulated in February, arterial and collector road unit costs have increased from \$3.6 million and \$4.3 million to \$12.0 million and \$8.9 million. Can the City please provide an explanation for this increase as it has impacted the overall funding envelope.

General Services – Historical Level of Service Calculations

7. The *Development Charges Act* and implementing regulations require that the historic service levels be calculated based on the replacement cost of existing facilities, which should be based on the quality and quantity of those existing facilities. How has the City determined the quality of existing facilities is the same as new facilities used as a proxy for replacement costs?

May 4, 2023

Our File No.: 190347

Via Email

Mayor and Members of Council
City of Barrie
70 Collier Street
Barrie, ON L4M 4T5

Dear Mayor and Members of Council:

**Re: Development Charge By-law Review Public Meeting – May 10, 2023
Comments on Behalf of the Salem Landowners Group**

We are solicitors for the Salem Landowners Group (“SLG”), who are developing lands within the Salem Secondary Plan Area.

The Background Study prepared by Hemson Consulting, April 21, 2023, proposes a **29%** increase in City-wide development charges, and an **97%** increase in area-specific development charges for the Annexed Area (Salem and Hewitts). Similar increases of 35% and 80% respectively were implemented by the City just four years ago in 2019.

As a result, the Background Study proposes that the City impose among the highest development charges in the GTA, at over **\$126,000** for a single detached unit.

The SLG has retained a team of technical consultants to assist in their review of the City’s ongoing Development Charge By-law Review. SLG’s consultants have been engaged in a consultation process with City staff and its consultants since January of this year, through which the City provided technical information used to inform the calculation of the development charges in the Background Study, and responded to questions raised by SLG’s consultants. While that process has been useful, the SLG has outstanding questions and concerns regarding the proposed development charge calculations that have not been addressed. Detailed information was provided by the City on May 2, which SLG’s consultants have not been able to review yet. Some of the requested costing information appears not yet to have been provided.

Key outstanding questions and concerns raised by SLG’s consultants are attached to this letter. Among the key issues raised are those noted below, which is not intended to be a complete summary, but rather touches on some key concerns.



Hard Service Cost Estimates – Inflated Soft Costs and Contingencies

Among the key concerns raised is the methodology used by the City to estimate the cost of water, wastewater and road projects, which unreasonably inflates the estimated costs. In that regard we note the following:

- The methodology used starts with calculating construction costs using up-to-date unit rates provided by a cost consultant retained by the City, and then increasing those costs by 87% across the board to account for possible soft costs and a 30% “contingency”.
- The use of this inflated contingency and soft cost amounts treats every project as conceptual, and ignores the completion of environmental assessments, detailed design, contracts and project cost reports for many of the projects, especially those in the Annexed Area.
- The methodology also fails to recognize that even for projects that have not reached the detailed design stage, the construction estimates are based on a fairly advanced understanding of project scope and very current costing information.
- Finally, the soft cost amounts used (50% of construction costs) are entirely out of scale with the amounts that the SLG has incurred for the projects they are building in the Annexed Area (which amount to about 20% of construction costs).

Inflated Costs of Phase Road Projects

We also note that the City approach to the costing of potentially phased road projects seems to be unreasonable. The City adds a 20% premium to these projects to account for the increased costs of the second phase, compared to if they were constructed as a single phase. However, the 20% premium is applied to the entire project cost, and not just the second phase, which has the effect of inflating the second phase by 40% and it not reasonable. The City’s standard 87% markup including contingencies is also added to the 20% premium. Finally, some of the projects costed as if they were phased are actually being designed and constructed as a single project.

Local Service Guidelines

The Local Service Guidelines are a key component of the Background Study. They are used to establish the components of projects constructed by the Landowners that are funded by the development charge and for which development charge credits are available, and are therefore an important document that provides ongoing direction throughout the development process.

Comments have been provided regarding the Local Service Guidelines, which we believe lack clarity. These comments have not been addressed in the Guidelines included in the Background Study. It is not in the City’s or the Landowners’ interest to have Local Service Guidelines that



cannot be clearly applied. We request a separate meeting be convened so that they can be discussed.

The SLG looks forward to continued dialogue with City staff toward the preparation of a development charge that is reasonable and complies with the requirements of the *Development Charges Act*.

Yours truly,

Goodmans LLP

Robert Howe

cc: Salem Landowners Group

OUTSTANDING QUESTIONS

Parks and Recreation - Indoor Recreation Facilities Land Area - Historical Level of Service

1. Please explain the difference in the land area of the indoor recreation facilities when comparing the information circulated in February (3.579 ha) and the information in the April 21 Development Charges Background Study (13.16 ha).
2. Please provide the total land area of the Sadler /Molson Centre-we wish to confirm that similar to the building area , the total area (shown as 2.2 ha) in the Background Study has been reduced by 40% to reflect the non DC eligible use of the facility.

General Services - Historical Level of Service Calculations

3. For many facilities the City has estimated the replacement cost of existing facilities based on recent tenders of new facilities. The Act and Regulations require that the historic service levels be calculated based on the replacement cost of the existing facilities, which should be based on the quality of those existing facilities. Using the cost of new state-of-the-art facilities would overstate the quality of the existing facilities which may not have all of amenities associated with, or may not have been constructed to the same standard as, the recently built/tendered facilities. Hence the historic level of service calculations would be too high as a result. How as the City determined that the quality of existing facilities is the same as the new facilities used as a proxy for replacement costs.

Water – Debt Payments

4. We understand that the discount rate that the City / Hemson has utilized to present value debenture principal payments that extend beyond 2041 is the inflation rate 2% - we would suggest that the more appropriate discount rate should be City's cost of capital (5.5%) consistent with standard financial theory. Also please confirm that the date the future principal payments are discounted back to .

Services Related to a Highway - Interchanges

5. In applying the Roads BTE/PPB Methodology, new interchanges that do not replace any existing infrastructure are typically considered 100% growth related. However, for project #3000, the Mapleview DDI interchange, there is an existing diamond interchange which is proposed to be re-configured to be a diverging diamond interchange (DDI). This represents at least a partial replacement of existing infrastructure which will improve movements to/from the highway and improve safety, and requires a benefit to existing

development allocation. The 2019 TMP (section 4.2.3.2) confirms that this project will mitigate capacity deficiencies, eliminate delays and improve safety.

6. We noted that not BTE has been assigned to the new McKay Interchange. There will be traffic from existing development attracted to this new Interchange once opened, diverting existing traffic trips and improving congestion at existing interchanges. Can you please explain the rationale for assigning no BTE to this project?

Local Service Guidelines

7. Comments have been provided regarding the local service guidelines, which we believe lack clarity. These comments have not been addressed in the guidelines included in the Background Study. It is not in the City's or the Landowners' interest to have local service guidelines that cannot be clearly applied. We request a separate meeting be convened so that they can be discussed.

Other Issues Regarding Services Related to a Highway, Water and Wastewater

Please see attached memo dated May4, 2023 prepared by Schaeffers Consulting Engineers with additional technical comments and questions.

7374096



SCHAEFFERS
CONSULTING ENGINEERS

6 Ronrose Drive
Concord, Ontario L4K 4R3

MEMORANDUM

To: Rob Howe, Goodmans LLP
cc.: Salem Landowners Group
From: Hal Beck
Date: May 4, 2023
Our File: 4074
Subject: **City of Barrie DC Background Study**

An industry stakeholder meeting was held on May 1, 2023 regarding the draft 2023 DC Background Study. A number of technical items of concern regarding DC calculations were raised in the meeting, which were carried over from a recent series of Secondary Plan Area stakeholder meetings. The questions could not be responded to by Finance staff on May 1st, who requested that the technical items be forwarded in writing for follow up.

Accordingly, this letter is prepared to meet the May 4th submission deadline and compiles the remaining items of concern or gaps identified in the recent staff response tracking table of April 14, 2023. The response item numbers are noted where applicable below in square brackets for convenience.

Services Related to a Highway

Project Estimate Amounts

1. The project by project road estimate tables of the 2019 Master Plan were partially updated as of the meeting on March 6, 2023 and final versions not yet ready for the May 1st meeting. [Item A1] We will review technical information received subsequent to the May 1st meeting and may have additional comments at a latter date.
2. The Prior Growth amounts are not shown in the DC project tables. Can a column containing this information be included on the DC project tables to understand DC eligible amounts. [Item A2]
3. The estimates for the DC roadworks projects are being updated for the 2023 DC Bylaw. Many of the projects have known contract costs or else have project cost reports completed based on detailed designs. Other project estimates are informed by the 2017

EA Study covering the Annex road corridors. There are few if any designs at the conceptual level per se. Despite the improved quality of project cost information available for many projects, concerns were forwarded that the available costing information shows excessive soft cost and contingency percentage mark ups (eg. 87%) being added to the updated hard cost estimates. While the percentage markups can be higher for projects smaller than the DC projects, typically the design, contract administration, and construction contingency costs would collectively sum up to 20% based on typical experiences and recent Developer led projects in Salem lands (which also had no additional EA soft cost expenditures). [Item A4]

4. Various staff responses have referred to 'Class D' estimates, 'Level D' estimates, and 'Class 3' estimates. Can information be provided to understand these estimates. [Items A4, C8, and C10.]
5. Can additional breakdown of the lump sum interchange costs be provided, also showing the estimated land area and cost. Can the project cost report already completed for proposed interchange projects be provided eg. the proposed McKay Interchange. [Items A10 and A11]

Phased Road Projects

6. There are DC road projects that were estimated as being "phased" (ie. widened perpendicular to centerline in two steps), which result in an increase in estimated ultimate total corridor DC costs. 3 of the road projects that are estimated as though being phased, are in fact being constructed to ultimate location in only one phase eg. Project ID's 1215, 2203, and 2204. It is unknown if/why 3 other projects eg. Project ID's 1374, 2205, 2308 will be phased. Can the project list be revised to show the correct list of phased road widenings, and reviewed to confirm if any road projects will indeed be phased. [Item A9]
7. The calculation methodology to date for the phased road projects is such that 70% of the Gross Cost estimate (if the entire project were completed in one step) will be incurred in Phase 1 and then 50% of the Gross Cost (if the entire project were completed in one step) will be incurred in Phase 2. Can the basis for this overall assumed 20% increase in hard and soft cost be provided. It appears too high. [Item A9]
8. Based on the materials to date, there was an additional 20% premium added onto the hard and soft cost percentage mark ups of each phase of the phased road estimates discussed above. This premium should only be applied to the phase 2 cost estimate. Can the rationales for this premium, if still being included in the final estimates, be provided. The combined phasing increases and phase premiums had effectively resulted in a combined 40% unsubstantiated bump up in project cost (relative to the cost if the entire project was completed in one step). [Item A9]
9. Based on staff response, a phased right of way land acquisition is assumed at locations of Non-participating landowners, at which properties the land acquisition was estimated to occur in phase 2. This would be inconsistent with design staff direction to date, which is such that the centerline for a proposed arterial widening will be a straight line. For example, the estimate methodology would imply that there would be local lane tapers at a mid-block non-participant property, such that the number of lanes and boulevard would be reduced back to existing width on one side of proposed centerline at these properties. Also, technical staff have not yet agreed to design zigzags in both curblines and overhead/

underground boulevard utilities implied for the initial “phased” land acquisition. It is assumed that the utility relocations on phase 2 widenings would be considered by staff to be DC eligible. Can the individual road project estimates be reviewed. [Item B7]

Active Transportation costs

10. It is not clear how the Active Transportation (AT) unit rates are being applied to which quantities for the works proposed within individual DC road reconstruction project limits. Can AT costs be provided on a road project by road project basis.
11. The AT unit rates 1.12 for new bike lanes are approximately 40% higher than if applying the road project cross sectional unit rates. Please apply lower unit rates for the Secondary Plan DC road project costs. [Item D7]
12. The AT unit rates 1.26 to 1.27 descriptions for cycle tracks have reconstruction cost inclusions which do not apply to new Annex DC road reconstruction. Also, the unit rates shown are well more than double the rates experienced in Salem land projects to date. Please apply lower unit rates for the Secondary Plan DC road project costs. [Item D9]
13. The AT unit rates 2.1 for sidewalks are approximately 40% above those experienced in Salem lands to date. The unit rates might be envisioned for stand alone project costs. Please apply lower unit rates for the Secondary Plan DC road project costs. [Item D11]

Parkland Development -Trails

14. Can a complete list of individual off-road trail projects and their assumed timings be shown in the DC Study. Refer to DC Study page 139, section 3.4. [Item A17 and D14]
15. Can the trail bridges and trail underpasses shown on page 240 and 241 be moved from the DC Roads list to the DC Parkland Trails list on page 139. Can the structures be incorporated into the applicable trail project that they will be constructed and claimed together with.
16. Can the Gross Costs of DC Trail projects include the estimated hard and soft costs.

Wastewater Services -Collection (Secondary Plan Area)

17. Concerns were previously forwarded concerning the available hard cost unit rate estimating tables. Staff noted that revisions were made. The final versions of the tables not yet available as of May 1st. We will review technical information received subsequent to the May 1st meeting and may have additional comments at a latter date.
18. The project by project wastewater sewer estimate tables (similar to the roads projects), that show how the unit rates were applied to quantities and summed, are not yet available as of May 1st. Can the final updated wastewater estimate tables breaking down the proposed DC Gross Costs be provided. [Item C21] We have very briefly reviewed the technical information received subsequent to the May 1st meeting and this information has not been provided.
19. The estimates for the DC wastewater sewer projects are being updated for the 2023 DC

Bylaw. The sewers in the Salem lands are generally assumed to be constructed as part of an overall ROW improvement project or new road (ie. not a stand alone project). Many of the DC projects listed in Salem lands have known contract costs or else have project cost reports completed based on detailed designs. Other project estimates are informed by the 2017 EA Study covering the Annex road corridors. There are few designs at the conceptual level per se. Despite the improved quality of project cost information available for the most costly of the projects, concerns were forwarded that the available DC costing information shows excessive soft cost and contingency percentage mark ups (eg. 111%) being added to the updated hard cost estimates. While the percentage markups can be higher for projects smaller than the DC projects, typically the design, contract administration, and construction contingency costs would collectively sum up to 20% based on typical experiences excluding EA soft cost expenditures). [Item C20]

20. There are tributaries external to Barrie and located in Innisfil affecting the size and usage of the following DC wastewater sewer projects eg. the Hewitts Creek Trunk Sewer projects (Lockhart Road to Mapleview). Can the share of the external tributary be tracked for future recovery and captured in PPB assessments on these projects. [Item C6] Refer also to DC projects 2.1.9 and 2.1.10.
21. There are tributaries external to Barrie and located in Innisfil affecting the size and usage of the following DC wastewater sewer projects eg. Huronia sewers (Lockhart Road to south Annex limit. Can the share of the external tributary be tracked for future recovery and captured in PPB assessments on these projects. [Item C5] Refer also to DC projects 2.1.4 and 2.1.5.

We understand the design of the Huronia sewers is now completed, and that the sewer shaft at the Huronia/McKay intersection will include a drop pipe to 11m depth, resulting in significant increased downstream sewer DC project costs (Lockhart to McKay). The need for this depth is not clear. Available project information is dated and incomplete. Can the project cost reports and latest complete sewer design drawings with design sheets be forwarded?

We understand the minimum pipe size of DC project 2.1.4 Huronia sewer (Lockhart to McKay) has recently been increased due to minimum microtunnelling diameter considerations from that shown by the DC project description. Can the description be updated.

Wastewater Service -Facilities

22. Can calculations be provided to support the 44% PPB assessed to the Primary Digester project whose capacity will be reached in Year 2064. Our memo of Jan 7, 2022 calculated there would be a 52% PPB applicable based on populations. [Item C6] Also refer to WW Facilities DC project 1.1.3.
23. Can the calculations supporting phosphorous related BTE be provided. [Item C8] Refer to WW Facilities DC projects.
24. Can PPB assessments be provided for the MBR Retrofit project. Refer to WW Facilities DC project 1.1.6.

Water Services -Distribution (Secondary Plan Area)

25. Concerns were previously forwarded concerning the available hard cost unit rate estimating tables. Staff noted that revisions were made but final versions not yet available as of May 1st. We will review technical information received subsequent to the May 1st meeting and may have additional comments at a latter date.
26. The project by project watermain estimate tables (similar to the roads projects), that show how the unit rates were applied to quantities and summed, are not yet available as of May 1st. Can the final updated watermain estimate tables breaking down the proposed DC Gross Costs be provided. [Item C10] We have very briefly reviewed the technical information received subsequent to the May 1st meeting and this information has not been provided.
27. The estimates for the DC watermain projects are being updated for the 2023 DC Bylaw. The pipes shown in the Salem lands are generally assumed to be constructed as part of an overall ROW improvement project or new road (ie. not a stand alone project). However, in Salem lands, approximately 2km of stand alone watermain projects and approximately 2km of watermain contained in ROW upgrade projects have construction contract costs available. Other project estimates are informed by the 2017 EA Study covering the Annex road corridors. There are few designs at the conceptual level per se. Despite the improved quality of project cost information available, concerns were forwarded that the available DC costing information shows excessive soft cost and contingency percentage mark ups (eg. 109%) being added to the updated hard cost estimates. While the percentage markups can be higher for projects smaller than the DC projects, typically the design, contract administration, and construction contingency costs would collectively sum up to 20% based on typical experiences and recent Developer led projects in Salem lands (which also had no additional EA soft cost expenditures). [Items C11 and C12]

Local Service Policy

28. A number of concerns with the wording and intentions of the Local Service Policy were forwarded on Feb 16, 2023 related to Transportation, Stormwater, Water Distribution, and Parkland Development. We request a meeting be convened to discuss the intentions and wording of the proposed Local Service Policy.