



# City of Barrie 2019 DC Background Study

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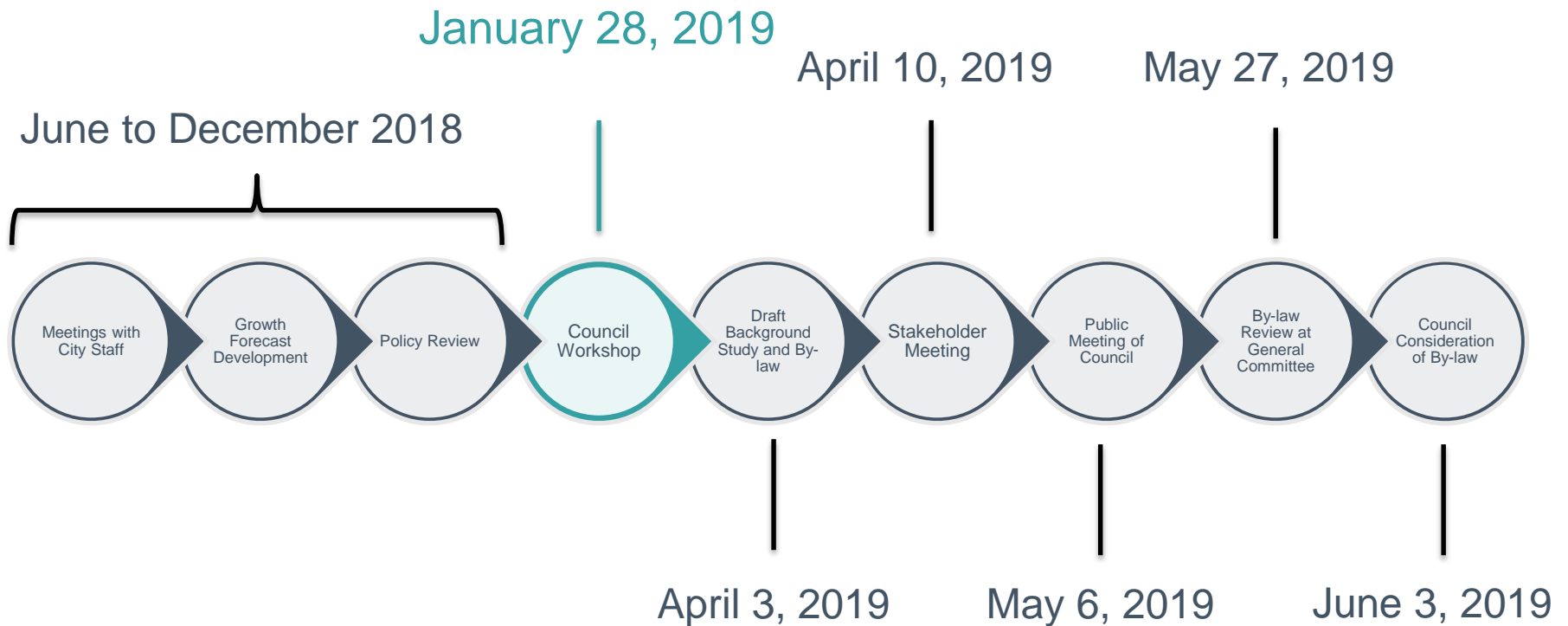
Council Workshop on  
Development Charges  
January 28, 2019

# Overview of Presentation



- This presentation is to provide Council an overview of the Development Charges Legislation, recent changes to the Development Charges Act due to Bill 73, and the process used in developing the rate calculations
- Staff will also look for Council feedback and/or direction around the following area:
  - Consideration of area rating
  - Discretionary Exemptions

# Study Process & Timelines



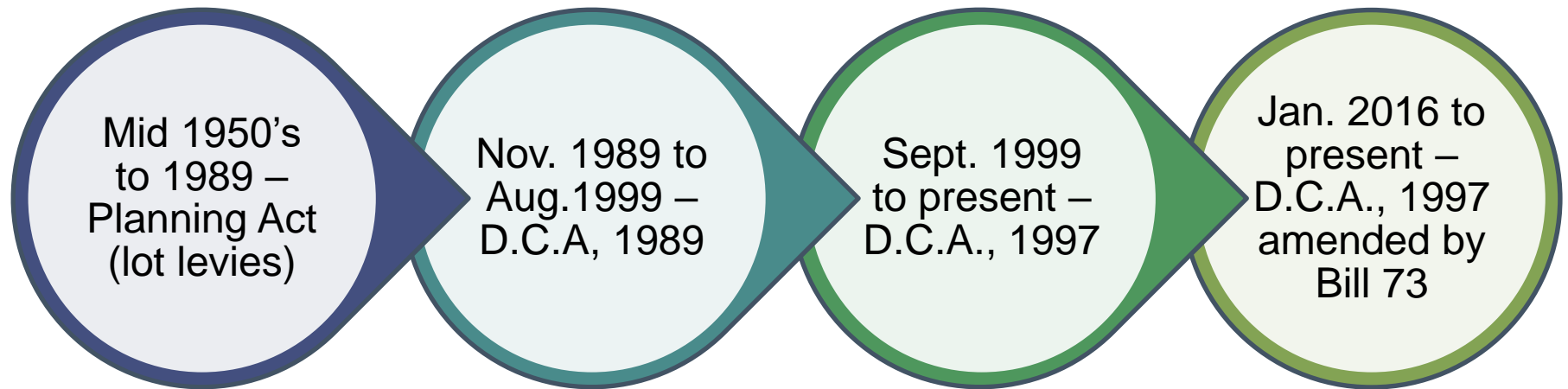
# Development Charges



## Purpose:

- To recover the capital costs associated with residential and non-residential growth within a municipality
- The capital costs are in addition to what costs would normally be constructed as part of a subdivision (i.e. internal roads, sewers, watermains, roads, sidewalks, streetlights, etc.)
- Municipalities are empowered to impose these charges via the Development Charges Act (D.C.A.)

# History of D.C.'s



# D.C.A. Overview



- The D.C.A. 1997 provided a major change to the D.C.A. 1989 which resulted in a significant loss of potential revenue to municipalities. The 1997 Act introduced a number of:
  - Service Limitations
  - Service Standard Restrictions
  - Mandatory Reductions
  - Mandatory Exemptions
- Bill 73, passed in December, 2015, introduced further changes
- The following provides a summary of the key aspects of the D.C.A. 1997 as amended

# Limitations on Services



- Some forms of capital and some services can not be included in the D.C.A.. For example:
  - Headquarters for the General Administration of the Municipality
  - Arts, Culture, Museums and Entertainment Facilities
  - Tourism Facilities
  - Provision of a Hospital
  - Parkland Acquisition
  - Waste Management Services (updated to allow for waste diversion, as per Bill 73)

# Capital Costs



## **Capital Cost definition has been broadened to include:**

- Acquire land or interest in land
- Improve land
- Acquire, lease, construct or improve buildings, facilities and structures (includes furniture and equipment)
- Equipment and rolling stock
- Capital component of a lease for the above
- Circulation materials for Libraries
- Studies for above including a D.C. Background Study
- Interest on money borrowed to pay for the above

# Capital Costs (cont'd)



- Certain Capital Costs may not be included:
  - Vehicle & Equipment with avg. life of <7 yrs.
  - Computer Equipment
- D.C.A. also provides for a mandatory 10% reduction of capital cost for all services except:
  - Water, Wastewater and Stormwater Services
  - Roads and related services (i.e. Public Works)
  - Fire
  - Police
  - Transit (updated as per Bill 73)

# Capital Costs



- The planning horizon for future capital needs is limited to 10 years for all services except:
  - Water, Wastewater and Stormwater Services
  - Roads and related services (i.e. Public Works)
  - Fire
  - Police
- Capital costs must be reduced by grants, subsidies and other contributions.
- May include authorized costs incurred or proposed to be incurred by others on behalf of a municipality/local board

# Service Standards



- Service Standard measure provides a ceiling on the level of the charge which can be imposed
- Previously (D.C.A., 1989), provided that the D.C. be “no higher than” the highest level attained over the previous 10 year period.
- D.C.A., 1997 provides that the “average of the past 10 years”  
(except transit as per Bill 73)
- Impacts – generally lowers collection levels and may provide for spiral downwards if the municipality does not keep up with construction of services

# Summary of Services Under Consideration



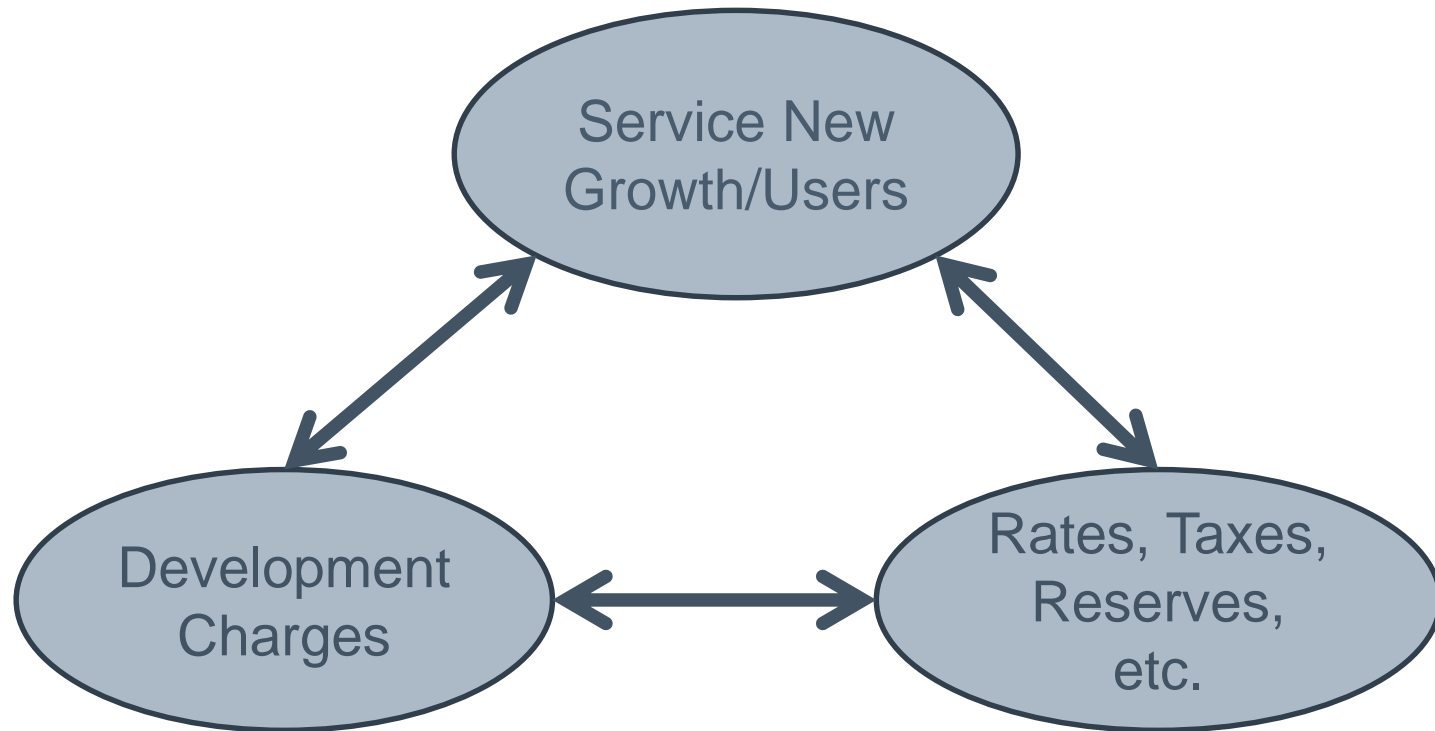
## **Existing Services:**

- Services Related to a Highway
- Public Works – Buildings & Fleet
- Fire Protection Services
- Parking Services
- Indoor Recreation
- Outdoor Recreation
- Library Services
- Paramedics
- Social Housing
- Long Term Care
- Administration Studies
- Wastewater Services
- Water Services
- Stormwater Services

## **New Services:**

- Waste Diversion
- Airport

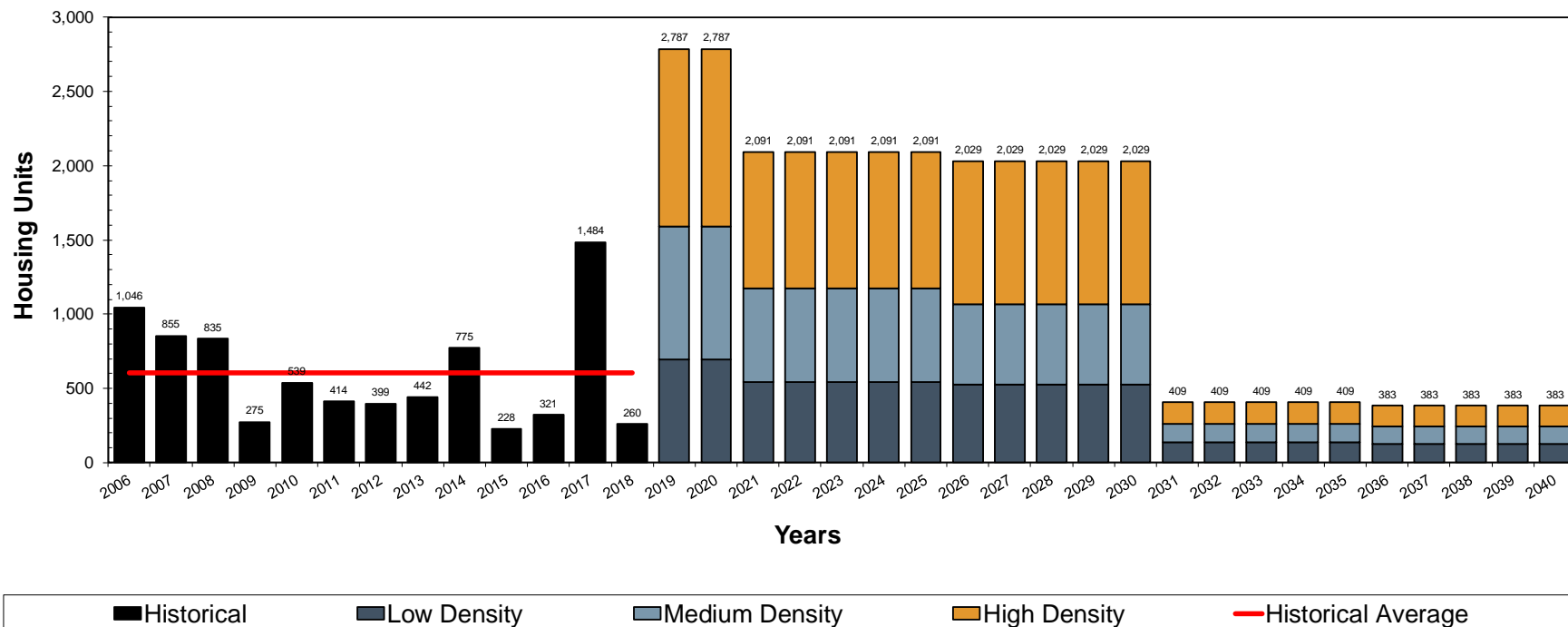
# Relationship Between Needs to Service Growth vs. Funding



# Growth Forecast



**Figure A-1**  
**Annual Housing Forecast<sup>1</sup>**



Source: Historical housing activity derived from Statistics Canada building permit data for the City of Barrie, 2007-2017 and the City of Barrie Building Department, 2018.

1. Growth forecast represents calendar year.

# Growth Forecast Summary



The 2019 Development Charge forecast provides for the following growth:

Measure	10 Year 2019-2028	13 Year 2019-2031	Urban Build Out 2019-Urban Build Out	13 Year 2019-2031 - Former Municipal City Boundary	13 Year 2019-2031 - Salem & Hewitt's Secondary Plan Areas	Urban Build Out 2019-Urban Build Out - Former Municipal City Boundary	Urban Build Out 2019-Urban Build Out - Salem & Hewitt's Secondary Plan Areas
(Net) Population Increase	47,778	58,978	69,075	21,248	37,731	21,559	47,516
Residential Unit Increase	21,967	27,199	31,314	12,894	14,305	13,049	18,265
Non-Residential Gross Floor Area Increase (ft²)	12,030,500	14,839,700	19,789,900	9,186,096	5,653,604	9,159,096	10,630,804

Source: Watson & Associates Economists Ltd. Forecast 2019



# Methodology

1. Identify amount, type and location of growth
2. Identify servicing needs to accommodate growth
3. Identify capital costs to provide services to meet the needs
4. Deduct:
  - i. Grants, subsidies and other contributions
  - ii. Benefit to existing development
  - iii. Statutory 10% deduction (soft services)
  - iv. Amounts in excess of 10 year historical service calculation
  - v. D.C. Reserve funds (where applicable)
5. Net costs then allocated between residential and non-residential benefit
6. Net costs divided by growth to provide the D.C. charge

# D.C. Cashflow



- Hard services normally constructed in advance of growth which can cause cash flow issues
- Project funding may require debenture financing or borrowing from other reserves to interim fund works (with repayment from D.C.'s) – also requires prioritizing the timing of construction for various projects
- In some cases, municipalities may consider agreements with developers to cashflow priority works

# Local Service Policies



- Subdivision Agreement Conditions - the Act broadens the coverage of such agreements to include “local services related to a plan of subdivision or within the area to which the plan relates”, rather than simply local services within a plan of subdivision, as under the old Act.
- This suggests the need for a D.C. Background study to provide a local service policy
- New section 59.1(1) and (2) of the Act “no additional levies” - prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A.
- Items to consider are collector & arterial roads, intersection improvements & traffic signals, streetlights & sidewalks, Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways, Noise Abatement Measures, Land dedications/easements, Water, Wastewater, Stormwater, and Park requirements.

# Update on Bill 73



- New Definitions & Ineligible Services
- Area-specific Charges
- Waste Diversion
- Asset Management
- Transit
- No Additional Levies
- Public Process Extended
- Annual Report of the Treasurer

# Impact of Bill 73 on Barrie



- Consider impact of “no additional levies” in development process and on Local Service Policy
- Annual reporting requirements to conform to the new required format
- Ensure the background study is available at least 60 days prior to by-law passage
- Asset Management Plan required for all growth related projects identified in the study
- Consideration of area rating (next slide)

# Consideration of Area Rating



Legislated requirements as per Bill 73:

- Requires that Municipalities must examine the use of area-rating but is not mandatory to impose
- While there are no specific “prescribed” services, this section identifies that the background study must consider this to reflect the different needs for different areas



# City of Barrie's current Area Specific Charges

- Water/Wastewater
  - Former City Municipal Boundary Areas
  - Salem & Hewitt's Secondary Plan Areas
- Stormwater
  - Former City Municipal Boundary Areas
  - Whiskey Creek
  - Note: Salem & Hewitt's Secondary Plan Areas stormwater services are direct developer responsibility



# Exemptions

## **Mandatory Exemptions**

- For industrial building expansions (may expand by 50% with no DC)
- May add up to 2 apartments for a single as long as size of home doesn't double
- Add one additional unit in medium & high density buildings
- Upper/Lower Tier Governments and School Boards

## **Discretionary Exemptions**

- Reduce in part or whole DC for types of development or classes of development (e.g. industrial or churches)
- May phase-in over time
- Redevelopment credits to recognize what is being replaced on site (not specific in the Act but provided by case law)



# City of Barrie Current Exemptions & Discounts

## **Discretionary Exemptions**

- College & University buildings used for teaching;

## **Discretionary Discounts**

- 50% discount for development of lands owned by a non-profit institution; and
- Discount on accessory building to an existing industrial building
- Discounted rates for the first 1.2 million sq.ft. of non-residential, non-retail space
- City Centre Planning Area:
  - 100% discount for non-residential development
  - 25% discount for residential development for which a building permit is issued on or before January 1, 2017



# Other Exemptions and Discounts for Consideration

## Exemptions

- Bona-fide farms;
- Places of worship;
- Hospitals; and
- Other?

## Other Considerations

- Grant programs outside of the D.C. by-law towards remediation of brownfields

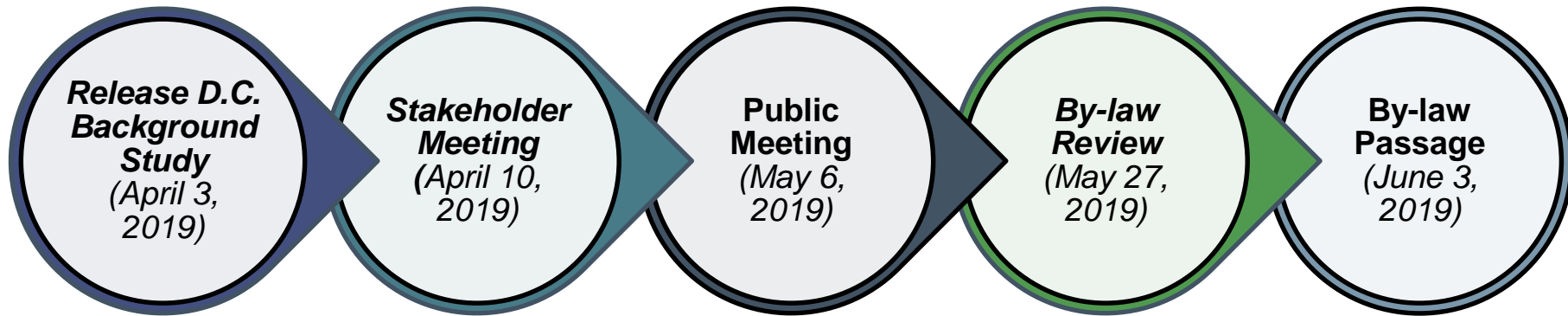
# Council Decisions



## **Council to provide input on the following matters:**

- Discretionary Exemptions
- Consideration of Area-rating

# Next Steps





Questions?