



**ADDENDUM NO. 1 TO TOWN OF
NIAGARA-ON-THE-LAKE**

**DEVELOPMENT CHARGE
BACKGROUND STUDY UPDATE**

FOR PUBLIC CIRCULATION

OCTOBER 28, 2013



Plaza Three
101-2000 Argentia Rd.
Mississauga, Ontario
Canada L5N 1V9

Phone: (905) 272-3600

Fax: (905) 272-3602

e-mail: info@watson-econ.ca

www.watson-econ.ca

 **Planning for growth**

ADDENDUM REPORT

1. BACKGROUND

Commensurate with the provisions of the *Development Charges Act, 1997*, the Town has undertaken, a Background Study and is holding the statutory public meeting on October 28, 2013. Subsequently Council will pass a Development Charges By-law. The basis for the current study is to meet the requirements of the Development Charges Act.

2. DISCUSSION

2.1 Parkland Development and Equipment Calculations

The Town's DC study, dated October 11, 2013, reflected the growth related capital infrastructure requirements for the Town for the forecast periods. Growth related capital requirements for parkland development and equipment were outlined within the DC study. This addendum has provided for the recalculation of the parks and recreation services portion of the DC to account for changes identified by Town staff subsequent to the release of the DC Background Study. The result of the updates is an overall reduction in the proposed charge from the amount calculated in the October 11, 2013 background study.

Based on the above mentioned updates, the change contained within the Background Study is as follows:

- Parkland Development – Updated the estimated capital cost for the Niagara-on-the-Green Community Park from \$800,000 to \$375,000 (see project number 2 on amended page 5-14, attached). The result is an decrease of \$268 per single detached home and \$0.02 per sq.ft. for non-residential resulting in an updated parks and recreation services DC of \$1,148 and \$0.08 respectfully.

The above changes have been incorporated into the calculations. The summary below outlines the current charges vs the charges as calculated in the 2013 DC report dated October 11, 2013 and the charges calculated in this addendum report.

Residential (Single Detached) Comparison

Service	Current	Calculated Oct. 11th, 2013	Calculated Oct. 28th, 2013
Municipal Wide Services:			
Roads, Sidewalks, Streetlights & Related	3,242	4,748	4,748
Fire facilities & vehicles	678	1,038	1,038
Parks & Recreation	1,875	1,416	1,148
Library Facilities & Materials	499	578	578
Development Related Studies	470	182	182
Total Municipal Wide Services	6,764	7,962	7,694
Area Specific Services:			
Stormwater Servicing	1,455	1,161	1,161
Sanitary Sewerage (all urban areas except St. Davids)	387	293	293
Water Distribution	619	363	363
Total Area Specific Services	2,461	1,817	1,817
Grand Total - Urban Area (all urban areas except St. Davids)	9,225	9,779	9,511
Grand Total - Urban Area (St. Davids)	12,695	11,016	10,748

Non-Residential (per ft².) Comparison

Service	Current	Calculated Oct. 11th, 2013	Calculated Oct. 28th, 2013
Municipal Wide Services:			
Roads, Sidewalks, Streetlights & Related	2.20	3.75	3.75
Fire facilities & vehicles	0.49	0.99	0.99
Parks & Recreation	0.13	0.10	0.08
Library Facilities & Materials	0.05	0.04	0.04
Development Related Studies	0.35	0.17	0.17
Total Municipal Wide Services	3.22	5.05	5.03
Area Specific Services:			
Stormwater Servicing	0.99	0.89	0.89
Sanitary Sewerage (all urban areas except St. Davids)	0.26	0.23	0.23
Water Distribution	0.43	0.28	0.28
Total Area Specific Services	1.68	1.40	1.40
Grand Total - Urban Area (all urban areas except St. Davids)	4.90	6.45	6.43
Grand Total - Urban Area (St. Davids)	6.80	7.07	7.05

The Proposed By-law has been amended to include the updated charges as described above (Schedule "B").

2.2 St. Davids Community For Sanitary Sewerage Service By-law

The Town's DC study, dated October 11, 2013, contained a proposed area-specific development charges by-law for sanitary sewerage service in the community of St. Davids. Schedule "C" of the proposed by-law outlined the areas to which are subject to the area-specific charge. This addendum has provided for a newer map of the St. Davids Community provided by the Town's staff. This change does not result in a change to the proposed St. Davids Sanitary Sewerage charge from the amount calculated in the October 11, 2013 background study.

The Proposed By-law has been amended to include the updated charges as described above (Schedule "C").

2.3 Changes to Background Report Resulting from Above

Based upon the above, the following revisions are made to the pages within the Background Study (new pages are appended to this report):

- Page (ii) –textual changes to reflect the updated calculated charges.
- Page (iii) – recalculation of Table ES-1 schedule of development charges
- Page (iv) – recalculation and textual changes to reflect the updates in the summary of the gross capital costs and net costs to be recovered over the life of the by-law.
- Page 1-2 – Figure 1-1 updated to reflect this addendum report in the schedule of key development charge process dates.
- Page 5-13 and 5-14 – textual changes and chart updates to reflect the cost estimate decrease for project number 2 for parkland development and equipment services.
- Tables 6-3, and 6-4 – recalculation of the charges.
- Table 6-5 – table updated to reflect costs to be incurred over the life of the by-law.
- Page 8-6 – textual changes to reflect the addendum report.
- Appendix C – Table C-1 – recalculation of operating and capital expenditure impacts for future capital expenditures to reflect the updated information for outdoor recreation services, and some correction of figures to the other services.
- Appendix F – amended Schedule B to the By-law providing for the recalculated charge.

- Appendix G – amended Schedule C to the St. Davids By-law providing for the updated map.

3. PROCESS FOR THE ADOPTION OF THE DEVELOPMENT CHARGES BY-LAW

The changes herein form the basis for the by-law being presented to Council. If Council is satisfied with the above changes to the Background Study, and based on the public submissions made at the public meeting, this addendum report #1 and the amended by-law, including the amended Schedule “B” to the Town-wide by-law and the amended Schedule “C” to the St. Davids area-specific by-law, will be considered for approval by Council.

AMENDED PAGES

Measure	10 Year 2014-2023	Roads 2014- Build Out	Water, Wastewater, Storm 2014-Urban Build Out
(Net) Population Increase	2,948	10,754	10,584
Residential Unit Increase	1,420	4,825	4,757
Non-Residential Gross Floor Area Increase (ft ²)	962,200	2,249,800	2,212,212

Source: Watson & Associates Economists Ltd. Forecast 2013

4. On December 1, 2008, the Town of Niagara-on-the-Lake passed By-law Number 4265-08 under the *Development Charges Act, 1997*. The by-law came into effect on January 1, 2009 and imposes development charges on residential and non-residential uses. By-law Number 4265-08 will expire on January 1, 2014. The Town is undertaking a development charge public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been set for October 28, 2013 with adoption of the by-law anticipated for November 18, 2013.
5. The development charges currently in effect are \$9,225 for single detached dwelling units for full services, non-residential charges are \$4.90 per square foot. This report has undertaken a recalculation of the charge based on future identified needs (presented in Schedule ES-1 for Residential and Non-residential) and has been provided on a Municipal-wide basis for all services. The corresponding single-detached unit charge is \$9,511 and the non-residential charge (calculated on the same services and on the same basis) is \$6.43 per square foot of building area. These rates are submitted to Council for its consideration.

This report has also undertaken a recalculation of the area-specific development charge for sanitary sewerage in the Community of St. Davids. The present by-law for this area is \$3,855 per single-detached unit and was passed January 1, 2009. The calculated single-detached unit charge is \$1,530 and the non-residential charge is \$0.85 per square foot of building area (i.e. total St. Davids calculated charge of \$10,748 per unit and \$7.05 per sq.ft. respectively). These rates are also submitted to Council for its consideration.

TABLE ES-1
SCHEDULE OF DEVELOPMENT CHARGES

Service	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	2 Bedroom and Larger Apartments & 1-2 Bedroom Multiple Family Dwellings	Apartments - Bachelor and 1 Bedroom	All Other Dwelling Unit Types	(per ft² of Gross Floor Area)
A. Municipal Wide Services:					
Roads, Sidewalks, Streetlights & Related	4,748	3,004	1,975	3,419	3.75
Fire Facilities & Vehicles	1,038	657	432	747	0.99
Parks & Recreation	1,148	726	477	827	0.08
Library Facilities & Materials	578	366	240	416	0.04
Development Related Studies	182	115	76	131	0.17
Total Municipal Wide Services	7,694	4,868	3,200	5,540	5.03
B. Additional Charge Urban Area (Water Service)					
Water Distribution	363	230	151	261	0.28
C. Additional Charge Urban Area (Sanitary Sewerage & Stormwater)					
Stormwater Servicing	1,161	735	483	836	0.89
Sanitary Sewerage (all urban areas except St. Davids)	293	185	122	211	0.23
Sub-total	1,454	920	605	1,047	1.12
TOTAL DEVELOPMENT CHARGE					
RURAL AREA (no sewer/water) (A)	7,694	4,868	3,200	5,540	5.03
RURAL AREA (no sewer) (A+B)	8,057	5,098	3,351	5,801	5.31
URBAN AREA (A+B+C)	9,511	6,018	3,956	6,848	6.43
D. St. Davids Urban Area					
Same as denoted above:					
Municipal Wide Services	7,694	4,868	3,200	5,540	5.03
Water Distribution	363	230	151	261	0.28
Stormwater Servicing	1,161	735	483	836	0.89
Sanitary Sewerage (calculated under separate by-law)	1,530	969	637	1,105	0.85
TOTAL ST. DAVIDS AREA	10,748	6,802	4,471	7,742	7.05

6. The *Development Charges Act* requires a summary to be provided of the gross capital costs and the net costs to be recovered over the life of the by-law. This calculation is provided by service and is presented in Table 6-5. A summary of these costs is provided below, note that the table does not include water and wastewater services. This servicing will be constructed as development within the area wishes to proceed.

Total gross expenditures planned over the next five years	\$ 5,574,512
Less:	
Benefit to existing development	\$ 625,000
Post planning period benefit	\$ -
Ineligible re: Level of Service	\$ -
Mandatory 10% deduction for certain services	\$ 177,300
Grants, subsidies and other contributions	\$ -
Net Costs to be recovered from development charges	\$ 4,772,212

The Town plans to spend \$5.57 million over the next five years of which \$4.77 million (80%) is recoverable from development charges. Of this net amount, \$3.28 million is recoverable from residential development and \$1.49 million from non-residential development. The residual \$802,300 that is not recoverable from recoverable from development charges (or an annual amount of \$160,460) will need to be contributed from taxes and rates, or other sources. It is noted also that any exemptions or reductions in the charges would reduce this recovery further.

7. Considerations by Council – The background study represents the service needs arising from residential and non-residential growth over the forecast periods (build-out for roads, stormwater, water and wastewater and 10 years for all other services). However, Council will consider the findings and recommendations provided for in the report and, in conjunction with public input, approve such policies and rates it deems appropriate. These directions will refine the draft DC by-laws which is appended in Appendices F and G. These decisions may include:
- adopting the charges and policies recommended herein;
 - consider additional exemptions to the by-law; and
 - consider reductions in the charge by class of development (obtained by removing certain services on which the charge is based and/or by a general reduction in the charge).

In accordance with the legislation, the background study and proposed DC by-law will be available for public review on October 11, 2013.

The process to be followed in finalizing the report and recommendations includes:

- consideration of responses received prior to, at or immediately following the Public Meeting; and
- finalization of the report and Council consideration of the by-laws on subsequent to the public meeting.

Figure 1-1 outlines the proposed schedule to be followed with respect to the development charge by-law adoption process.

**FIGURE 1-1
SCHEDULE OF KEY DEVELOPMENT CHARGE PROCESS DATES
FOR THE TOWN OF NIAGARA-ON-THE-LAKE**

1. Data collection	March, 2013– May, 2013
2. Background Study preparation	June, 2013– August, 2013
3. Public Meeting Ad placed in newspaper(s)	October 3, 2013
4. Background study and proposed by-law available to public	October 11, 2013
5. Addendum Report No. 1 and amended proposed by-law available to public	October 28, 2013
6. Public meeting of Council	October 28, 2013
7. Council considers adoption of background study and passage of by-law	November 18, 2013
8. Newspaper notice given of by-law passage	By 20 days after passage
9. Last day for by-law appeal	40 days after passage
10. Town makes available pamphlet (where by-law not appealed)	By 60 days after in force date

5.2.6 Parkland Development and Equipment

The Town currently has 110.3 acres of parkland within its jurisdiction. This parkland consists of neighbourhood, community and district parks. The Town has sustained the current level of service over the historic 10-year period (2004-2013), with an average of 7.0 acres of parkland per 1,000 population. Including parkland, and parkland amenities (e.g. ball diamonds, playground equipment, soccer fields, etc.), the level of service provided is approximately \$666 per capita. When applied over the forecast period, this average level of service translates into a DC-eligible amount of \$1,962,041.

Based on the projected growth over the 10-year forecast period, the Town has identified \$825,000 in future growth capital costs for parkland development. The net growth capital cost after the mandatory 10% deduction and a nominal benefit to existing development deduction is \$715,500.

The Town presently has twenty-four (24) vehicles relating to Outdoor Recreation (includes two ice resurfacers) which provides a level of service of \$76 per capita or a DC-eligible amount of \$224,500. The Town has identified the need for three new vehicles amounting to \$150,000 within the 10 year forecast period. The net growth capital cost after the mandatory 10% deduction and a nominal benefit to existing development deduction is \$121,500.

The total net growth related costs for outdoor recreation services is \$837,000.

As the predominant users of outdoor recreation tend to be residents of the Town, the forecast growth-related costs have been allocated 95% to residential and 5% to non-residential.

TABLE 6-3
TOWN OF NIAGARA-ON-THE-LAKE
DEVELOPMENT CHARGE CALCULATION
Municipal-wide Services
2014-2023

SERVICE	2014 \$ DC Eligible Cost		2014 \$ DC Eligible Cost	
	Residential	Non-Residential	SDU	per ft ²
	\$	\$	\$	\$
5. <u>Roads Related</u>				
5.1 Public Works facilities & vehicles	556,237	393,763	432	0.41
	556,237	393,763	432	0.41
6. <u>Fire</u>				
5.1 Fire facilities & vehicles	1,336,856	946,368	1,038	0.99
	1,336,856	946,368	1,038	0.99
7. <u>Outdoor Recreation Services</u>				
7.1 Parkland development	795,150	41,850	617	0.04
	795,150	41,850	617	0.04
8. <u>Indoor Recreation Services</u>				
8.1 Recreation facilities	683,585	35,978	531	0.04
	683,585	35,978	531	0.04
9. <u>Library Facilities & Materials</u>				
9.1 Library facilities	333,450	17,550	259	0.02
9.2 Library materials	410,769	21,619	319	0.02
	744,219	39,169	578	0.04
10. <u>Development Related Studies</u>				
10.1 Studies	234,569	166,053	182	0.17
TOTAL	\$4,350,615	\$1,623,182	\$3,378	\$1.69
DC ELIGIBLE CAPITAL COST	\$4,350,615	\$1,623,182		
10 Year Gross Population / GFA Growth (ft ² .)	3,623	962,200		
Cost Per Capita / Non-Residential GFA (ft ² .)	\$1,200.67	\$1.69		
<u>By Residential Unit Type</u>	<u>p.p.u</u>			
Single and Semi-Detached Dwelling	2.81	\$3,378		
Apartments - 2 Bedrooms +	1.78	\$2,137		
Apartments - Bachelor and 1 Bedroom	1.17	\$1,405		
Other Multiples	2.03	\$2,432		

TABLE 6-4
TOWN OF NIAGARA-ON-THE-LAKE
DEVELOPMENT CHARGE CALCULATION
TOTAL ALL SERVICES

	2014 \$ DC Eligible Cost		2014 \$ DC Eligible Cost	
	Residential	Non-Residential	SDU	per ft ²
	\$	\$	\$	\$
Urban-wide Services Build out (all urban areas except St. Davids)	\$7,784,772	\$3,103,254	\$1,817	\$1.40
Roads Services Build out	18,792,807	7,519,569	4,316	3.34
Municipal-wide Services 10 Year	4,350,615	1,623,182	3,378	1.69
TOTAL	30,928,194	12,246,005	9,511	6.43

**Table 6-5
TOWN OF NIAGARA-ON-THE-LAKE
GROSS EXPENDITURE AND SOURCES OF REVENUE SUMMARY
FOR COSTS TO BE INCURRED OVER THE LIFE OF THE BY-LAW**

SERVICE	TOTAL GROSS COST	SOURCES OF FINANCING						
		TAX BASE OR OTHER NON-DC SOURCE				POST DC PERIOD BENEFIT	DC RESERVE FUND	
		OTHER DEDUCTIONS	BENEFIT TO EXISTING	OTHER FUNDING	LEGISLATED REDUCTION		RESIDENTIAL	NON-RESIDENTIAL
1. Roads, Sidewalks, Streetlights & Related 1.1 Depots and Domes	1,030,000	0	80,000	0	0	0	556,237	393,763
2. Fire Services 2.1 Fire Facilities & Vehicles	2,329,564	0	270,000	0	0	0	1,205,900	853,664
3. Outdoor Recreation Services 3.1 Parkland development and Equipment	975,000	0	45,000	0	93,000	0	795,150	41,850
4. Indoor Recreation Services 4.4 Recreation facilities	200,000	0	20,000	0	18,000	0	153,900	8,100
5. Library Facilities & Materials 5.1 Library facilities	90,000	0	0	0	9,000	0	76,950	4,050
5.2 Library materials	208,000	0	0	0	20,800	0	177,840	9,360
6. Development Related Studies 6.1 Studies	575,000	0	210,000	0	36,500	0	192,341	136,159
TOTAL EXPENDITURES & REVENUES	\$5,574,512	\$0	\$625,000	\$0	\$177,300	\$0	\$3,277,683	\$1,494,529

Note: This summary does not include water and wastewater services. This servicing will be constructed as development within the area wishes to proceed.

8.5 Other Recommendations

It is recommended that Council:

“Approve the Development Charges Background Study dated October 11, 2013, as amended (October 28, 2013)”;

“Approve the capital project listing set out in Chapters 5 and 7 of the Development Charges Background Study dated October 11, 2013 (as amended October 28, 2013), subject to further annual review during the capital budget process”;

“Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development (or new development as applicable)”;

“Adopt the assumptions contained herein as an ‘anticipation’ with respect to capital grants, subsidies and other contributions”;

“Determine that no further public meeting is required”; and

“Approve the Development Charge By-laws as set out in Appendix F and G.”

Table C-1
TOWN OF NIAGARA-ON-THE-LAKE
OPERATING AND CAPITAL EXPENDITURE IMPACTS
FOR FUTURE CAPITAL EXPENDITURES

SERVICE	NET GROWTH RELATED EXPENDITURES	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
1. Stormwater Servicing				
1.1 Channels, drainage and ponds	6,958,194	35,900	485,009	520,909
2. Sanitary Sewerage				
2.1 Sewers	1,754,501	9,100	2,252,160	2,261,260
3. Water Distribution				
3.1 Distribution systems	2,175,331	11,200	2,872,271	2,883,471
1. Roads, Sidewalks, Streetlights & Related				
4.1 Roads	26,312,376	1,082,900	1,641,525	2,724,425
1.1 Depots and Domes	950,000	15,700	59,267	74,967
2. Fire Services				
2.1 Fire Facilities & Vehicles	2,283,224	37,800	1,103,055	1,140,855
3. Outdoor Recreation Services				
3.1 Parkland development and Equipment	837,000	20,600	127,178	147,778
4. Indoor Recreation Services				
4.4 Recreation facilities	719,563	11,900	450,319	462,219
5. Library Facilities & Materials				
5.1 Library facilities	351,000	5,800	65,757	71,557
5.2 Library materials	432,388	39,500	81,004	120,504
6. Development Related Studies				
6.1 Studies	400,621	0	0	0

Annual Operating Expenditures base on Schedule 40 of FIR (do not include columns 2, 6, 8, 9, 12 & 16)

**SCHEDULE B
to By-law Number XX-2013**

passed the 18th day of November, 2013

Schedule of Development Charges

Service	RESIDENTIAL				NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	2 Bedroom and Larger Apartments & 1-2 Bedroom Multiple Family Dwellings	Apartments - Bachelor and 1 Bedroom	All Other Dwelling Unit Types	(per ft ² of Gross Floor Area)
A. Municipal Wide Services:					
Roads, Sidewalks, Streetlights & Related	4,748	3,004	1,975	3,419	3.75
Fire facilities & vehicles	1,038	657	432	747	0.99
Parks & Recreation	1,148	726	477	827	0.08
Library Facilities & Materials	578	366	240	416	0.04
Development Related Studies	182	115	76	131	0.17
Total Municipal Wide Services	7,694	4,868	3,200	5,540	5.03
B. Additional Charge Urban Area (Water Service)					
Water Distribution	363	230	151	261	0.28
C. Additional Charge Urban Area (Sanitary Sewerage & Stormwater)					
Stormwater Servicing	1,161	735	483	836	0.89
Sanitary Sewerage (all urban areas except St. Davids)	293	185	122	211	0.23
Sub-total	1,454	920	605	1,047	1.12
TOTAL DEVELOPMENT CHARGE					
RURAL AREA (no sewer/water) (A)	7,694	4,868	3,200	5,540	5.03
RURAL AREA (no sewer) (A+B)	8,057	5,098	3,351	5,801	5.31
URBAN AREA (A+B+C)	9,511	6,018	3,956	6,848	6.43

Sanitary Servicing charge not applicable to the St.Davids community, which is subject to the "Rural Area (A + B)" charge plus the stormwater servicing charge under this By-law plus a sanitary sewerage charge under a separate development charge by-law applicable to St. Davids Community.

