

**Town of Tecumseh
Office Consolidation,
MRSPA Area-Specific
Development Charge
Background Report**

**Consolidated Report
(October 13, 2015)**

Comprised of:

Initial Report
(May 6, 2015)

Addendum No. 1
(May 22, 2015)



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 Planning for growth

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List of Acronyms and Abbreviations

D.C.	Development charges
D.C.A.	Development Charges Act
ha	hectares
mm	millimeters
M.R.S.P.A.	Manning Road Secondary Plan Area
M.T.O.	Ministry of Transportation Ontario
O.Reg.	Ontario Regulation
P.S.	Pumping station
sq.ft.	square feet
S.W.M.	Stormwater Management

1. Introduction

1.1 Background

The basis for the calculation of the Town's existing schedule of residential and non-residential charges is documented in the "Town of Tecumseh 2014 Development Charge Background Study" dated July 21, 2014. Based upon consideration of public input during the development charge process, Council adopted the recommended charges as presented in Table 1-1. The Residential and Non-Residential charges provided in Table 1-1 were established on September 1, 2014 and will be indexed this September 1st in accordance with the provisions of the by-law. The present charges in the urban area are \$12,406 for a single detached single unit and a non-residential rate of \$3.80 per sq.ft.

As part of the 2014 Development Charge Background Study, a definition of "local service" was provided. Consideration of local services is required as per section 59 of the Development Charges Act as it defines what services will be provided by the developing landowner and what servicing costs the municipality will pay for as part of the development charge. The Town's Local Service Policy is provided in Appendix B to this report. Generally, the policy provides that developing landowners shall provide, at their costs, the following infrastructure:

- Water – localized pumping, large mains and small localized mains;
- Wastewater – localized pumping, large and small localized mains;
- Stormwater – S.W.M. ponds, large and small localized mains; and
- Roads – collector and localized roads, including sidewalks, street lighting, bike routes and intersection improvements.

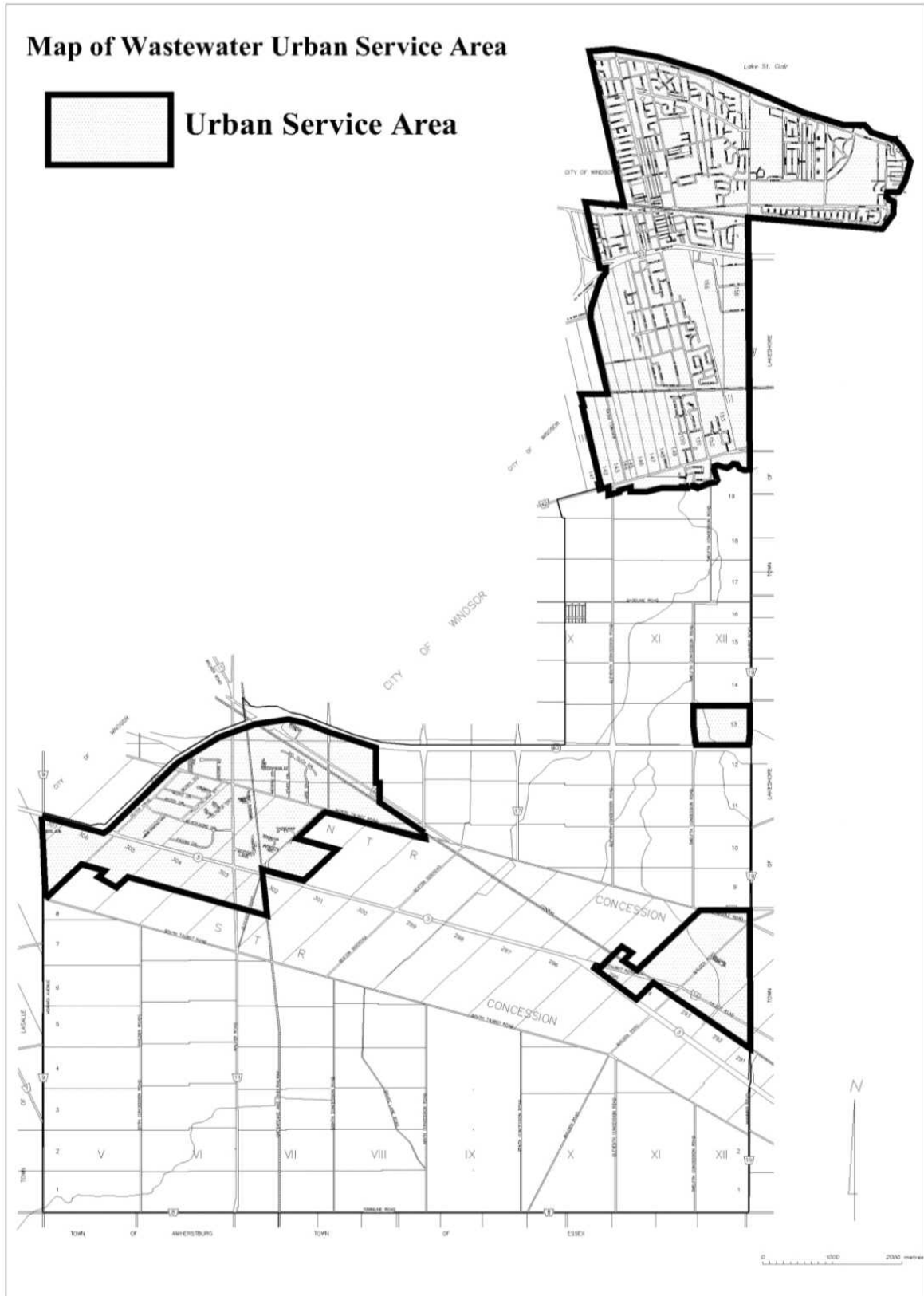
The purpose of this report is to provide for an area-specific development charge to assist developing landowners within the Manning Road Secondary Plan area, to cost share localized stormwater, road and sanitary sewer works (i.e. works which are identified as Local Services under the Town's policy). It is expected that all works provided within this by-law will be constructed by developing landowners and that the charges provided herein will assist in cost sharing major facilities and oversizing of works to the benefit of all landowners. It is also anticipated that the Town will enter into development charge agreements with landowners to provide for credits and recovery of these works. Note that the Town has been working with the developing landowners since early 2012. A preliminary background study was prepared (dated November 20,

2012) and proceeded to a public meeting. Comments were received from landowners in the area which lead to a delay in implementing the charge. This report provides for an update to that process.

Table 1-1
Development Charges
(effective September 1, 2014 - August 31, 2015)

	Residential (Per Dwelling Unit)					Non-Residential (per ft ² of Gross Floor Area)
	Single-Detached Dwelling & Semi- Detached Dwelling	Apartments 2 Bedrooms +	Apartments Bachelor & 1 Bedroom	Multiple Dwellings	Special Care Dwellings/ Senior's Homes	
Total Municipal Wide Development Charges	8,496	4,528	3,436	5,274	2,930	2.16
Urban Service Area - Wastewater Services (See Key Map 1-1)	3,910	2,084	1,581	2,427	1,348	1.64
Total Urban Area Development Charges	\$12,406	\$6,612	\$5,017	\$7,701	\$4,278	\$3.80

Development charges key map attached.
Map 1-1



1.2 Existing Policies (Rules)

The following subsections summarize the rules set out by By-law 2014-68 (as amended) regarding the calculation, payment and collection of development charges for the Town (note that proposed new policies for this area-specific by-law are provided in Section 3.5).

1.2.1 Payment in any Particular Case

In accordance with the *Development Charges Act, 1997*, s.2(2), a development charge may be calculated, payable and collected where the development requires one or more of the following:

- (a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- (b) the approval of a minor variance under Section 45 of the *Planning Act*;
- (c) a conveyance of land to which a by-law passed under subsection 50(7) of the *Planning Act* applies;
- (d) the approval of a plan of subdivision under Section 51 of the *Planning Act*;
- (e) a consent under Section 53 of the *Planning Act*;
- (f) the approval of a description under section 50 of the *Condominium Act*; or
- (g) the issuing of a building permit under the *Building Code Act* in relation to a building or structure.

1.2.2 Application to Redevelopment of Land (Demolition and Conversion)

If a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

1. the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or

2. the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures, and if the demolition permit related to the site was issued, less than 5 years prior to the issuance of a building permit. The credit can, in no case, exceed the amount of development charges that would otherwise be payable.

1.2.3 Exemptions (full or partial)

(a) Statutory exemptions:

- industrial building additions of up to and including 50% of the existing gross floor area (defined in O.Reg. 82/98, s.1) of the building; for industrial building additions which exceed 50% of the existing gross floor area, only the portion of the addition in excess of 50% is subject to development charges (s.4(3));
- buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education (s.3); and
- residential development that results in only the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (based on prescribed limits set out in s.2 of O.Reg. 82/98).

(b) Non-statutory exemptions

- Non-residential buildings constructed for bona fide farming uses.

1.2.4 Phasing in

The by-law 2014-68 did not include a phase in of the charges.

1.2.5 Timing of Collection

The development charge for all services are payable upon issuance of a building permit.

1.2.6 Indexing

Indexing of the development charges shall be implemented on a mandatory basis annually commencing on the first anniversary date of this by-law and each anniversary date thereafter, in accordance with the Statistics Canada Quarterly, Non-Residential.

1.2.7 The Applicable Areas

The charges developed herein provide for varying charges within the Town, as follows:

- Wastewater charges will be imposed within the urban areas of the Town.
- Remaining Services – the full residential and non-residential charge will be imposed on all lands within the Town.

1.3 Development Charge Requirements for an Area-specific By-law

Section 10 of the *Development Charges Act* (D.C.A.) provides the following provision in regards to preparing a Development Charge background study and by-law:

- “(1) Before passing a development charge by-law, the council shall complete a development charge background study.
- (2) The development charge background study shall include,
- (a) the estimates under paragraph 1 of subsection 5 (1) of the anticipated amount, type and location of development;
 - (b) the calculations under paragraphs 2 to 8 of subsection 5 (1) for each service to which the development charge by-law would relate;
 - (c) an examination, for each service to which the development charge by-law would relate, of the long term capital and operating costs for capital infrastructure required for the service; and
 - (d) such other information as may be prescribed.”

Generally, the above provides for a review of the following:

- Review of growth forecast (provided in Chapter 2);
- Review of capital needs (provided in Chapter 3);
- Review of historic service standards (note that within this study a service standard review is not required for sanitary and stormwater services, as per section 4(3) of O.Reg. 82/98);
- Review of the service standards related to roads was considered as part of the 2014 Development Charge study;
- Review of Policies (existing policies provided in Section 1.2);
- Proposed by-law (provided in Appendix A).

1.4 Development Charge Process

The basis for this report is to provide for an area-specific by-law for the Manning Road Secondary Plan Area, in order to provide cost sharing of local services for the Manning Road area developers. Subsequent to Council's consideration of this report, the following process will be required in order to pass an area-specific by-law (provided in Appendix A):

- Public meeting ad placed in newspaper(s) at least twenty days prior to the public meeting;
- Background study made available to the public at least two weeks prior to the public meeting; and
- Subsequent to the public meeting, Council may consider and adopt a by-law.

2. Anticipated Development

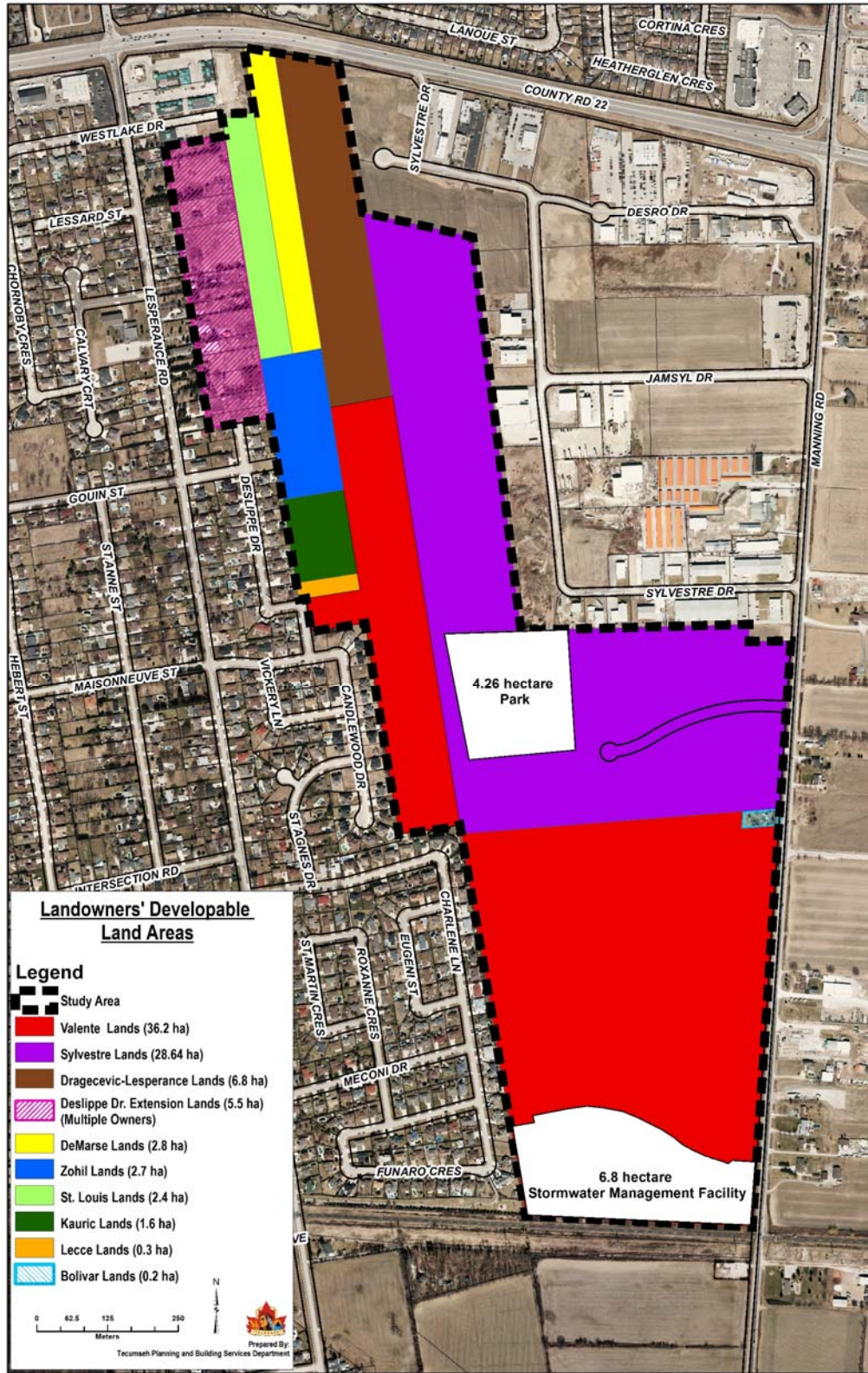
The Manning Road Secondary Plan Area (M.R.S.P.A.) is approximately 100 ha in size and is bounded by Essex County Road 22 to the north, Manning Road (Essex County Road 19) to the east, CPR tracks to the south and along the west by existing development east of Lesperance Road (see Map 2-1). Of the approximately 100 ha of land, 87.14 ha of land are considered available for development.

The M.R.S.P.A. consists of relatively large parcels of land that are currently owned by 10 individuals and/or corporations, ranging in size from 2.8 ha to 40.0 ha. The proposed land use is as follows:

Proposed Land Use Areas in the Manning Road Secondary Plan Area

Land Use	Area (Ha)	% Total Area
Residential	79.04	80.5%
Commercial	3.00	3.1%
Parkland	4.26	4.3%
Stormwater Management Facility and Pump Station	6.80	6.9%
Institutional	5.10	5.2%
Total	98.20	100.0%
Net Developable Land	87.14	88.7%

Map 2-1



3. Proposed Capital Servicing Needs

3.1 Local Services

The *Development Charges Act* acknowledges that municipal infrastructure is constructed not only by the municipality but also by the developing landowner. For example, a residential developer may construct the watermains, sewer mains, storm works, roads, sidewalks and streetlights within their subdivision (and subsequently dedicate these works to the municipality) whereas the municipality would build the water treatment/major distribution system, wastewater treatment/collection system and major road system. The municipal cost is generally funded by development charges, whereas the developer pays directly for their internal works. These internal developer costs are referred to in the Act as “Local Services.”

In preparing a Development Charge Background Study, municipalities need to establish a policy regarding what is to be considered a local service (i.e. what infrastructure costs are to be borne directly by the developing land owner) and what costs are to be included in the Development Charge. Section 59(2) provides local services are related to a plan of subdivision or within the area to which the plan relates, to be installed or paid for by the owner as a condition of approval under section 51 of the *Planning Act*.” The Town of Tecumseh provided their definition of Local Services in Appendix B to their 2014 Development Charge Background Study. A copy is provided in Appendix B to this report.

Figure 3-1 provides a schematic depicting the Development Charge vs. Local Service provisions of the present local service policy. As was noted earlier, the Town wishes to assist the developing landowners within the Secondary Plan Area to cost share a segment of these localized costs. Figure 3-1 also provides for which service components would be included in this area-specific D.C. These capital costs are further described in the next section.

3.2 Overview of Capital Costs to Service the Manning Road Secondary Plan Area

The Town has retained the services of Dillon Consulting Limited to assess the infrastructure service needs for the area. Their evaluation and recommendations are provided within the “Functional Servicing Report – Manning Road Secondary Plan Area, Town of Tecumseh,” dated April, 2015.

**Figure 3-1
Services Included in the Area-Specific Charge**

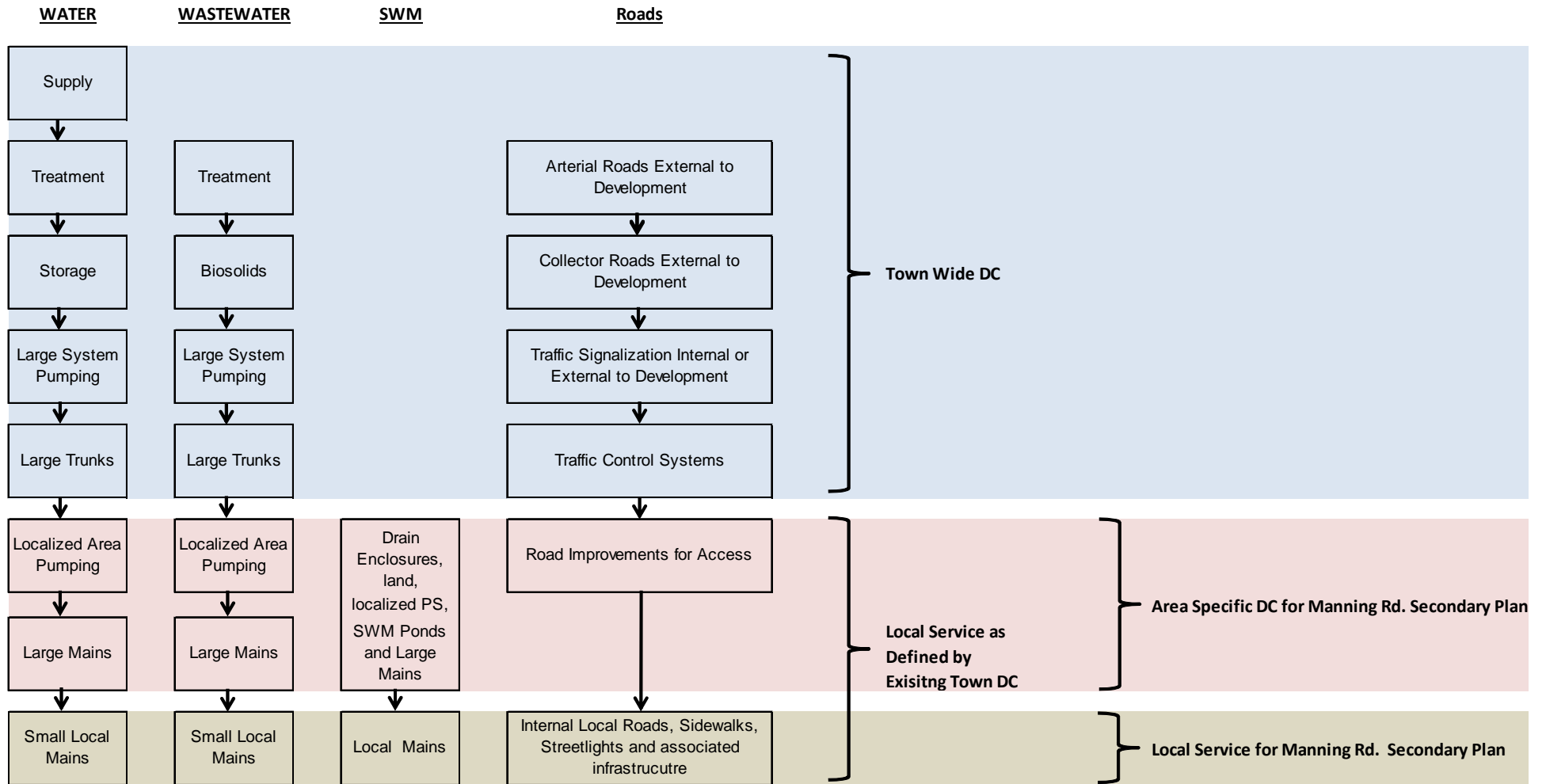


Table 3-1 provides for the detailed servicing needs for the area, including both works which the Town will need to construct and the localized servicing needs which are the developing landowners' responsibility. The following projects are not considered area-specific projects associated with the M.R.S.P.A. Costs for the below projects are/will be assessed under the Town-wide development charges:

- Upgrading the Manning Road watermain from to a 400 mm diameter, as needed to provide service to the development area when required;
- Upgrading the Sylvester Sewage Pump Station capacity;
- Abandonment of forcemain outlet from Sylvestre pump station's and replacement with gravity sanitary sewer outlet on Westlake extension, providing back-up power; and
- Sanitary sewer upgrades required to outlet to Westlake (Lesperance Road Additional Sanitary Sewer), including capacity assessment and design.

3.3 Calculation of the Development Charge

As noted earlier, Dillon Consulting Limited prepared the servicing information along with the estimated costs. Chapter 8 of their report provided a detailed assessment of the costs to be shared amongst developing landowners in the Secondary Plan Area. Table 3-2 provides for the calculation of the development charge. It is noted that the charge has been calculated on a developable hectare of land basis, which is different from the Town's present by-law (which provides charges on a per residential unit basis and per square foot of non-residential building space). The calculation is recommended on an area basis as the charges will be paid at the time of development approval vs. building permit application and, hence, will be based upon the full development. As well, most of the project costs are for stormwater services which relate more closely to land area for drainage purposes.

Table 3-2 provides for a development charge of \$148,854 per hectare (\$60,240 per acre) of developable land.

Table 3-1
Area-Specific Project Cost Estimates

PROJECT	ESTIMATED QUANTITY	CAPITAL COSTS	CAPITAL COST ENG/CONT ONLY (25%)	BASE COST	BASE COST ENG/CONT ONLY (25%)	NET DEVELOPMENT CHARGES*	COMMENTS	
STORM SEWER SYSTEM								
1	Storm Sewer Drainage Pipe						Assuming trunk storm sewers 825 mm dia. or larger are a shareable cost. Base cost of 750 mm dia. storm sewers at 3.0 m depth represents the local servicing requirement that would be the responsibility of individual developers.	
	a) 2100 mm dia., Concrete A257.2 65-D	751	\$1,680,224	\$420,056	\$368,088	\$92,022		\$1,640,170
	b) 1500 mm dia., Concrete A257.2 65-D	589	\$831,190	\$207,798	\$288,708	\$72,177		\$678,103
	c) 1200 mm dia., Concrete A257.2 65-D	89	\$86,926	\$21,732	\$43,463	\$10,866		\$54,329
	d) 1050 mm dia., Concrete A257.2 65-D	287	\$211,955	\$52,989	\$140,630	\$35,158		\$89,156
	e) 900 mm dia., Concrete A257.2 65-D	693	\$467,715	\$116,929	\$339,619	\$84,905		\$160,120
	f) 825 mm dia., Concrete A257.2 65-D	279	\$159,332	\$39,833	\$136,563	\$34,141		\$28,461
	Sub-Total	2688	\$3,437,342	\$859,336	\$1,317,071	\$329,268	\$2,650,339	
2	Storm Sewer Manholes						Assuming all MHs 1800 mm dia. or greater are a shareable cost. Base cost of 1500mm dia. MH at 4.0 m depth represents the local servicing requirement that would be the responsibility of individual developers.	
	a) 1800mm dia., Precast (MH 51, 52, 53, 58, 59, 85, 86, 89, 102, 103)	10	\$167,270	\$41,818	\$71,750	\$17,938		\$119,400
	b) 2400mm dia., Precast (MH 79, 80)	2	\$39,175	\$9,794	\$14,350	\$3,588		\$31,031
	c) 3000mm dia., Precast (MH 82, 100)	2	\$43,050	\$10,763	\$14,350	\$3,588		\$35,875
	d) 3600mm dia., Precast (MH 50, 76)	3	\$104,760	\$26,190	\$21,525	\$5,381		\$104,044
	e) 1650 x 1500 mm Manhole Tee, Precast (MH 77, 78)	2	\$19,510	\$4,878	\$14,350	\$3,588		\$6,450
	f) 2100 x 1500 mm Manhole Tee, Precast (MH 1, 11, 14, 21, 31, 35)	5	\$64,850	\$16,213	\$35,875	\$8,969	\$36,219	
	Sub-Total	24	\$438,615	\$109,654	\$172,200	\$43,050	\$333,019	
TOTAL STORM SEWER SYSTEM			\$3,875,957	\$968,989	\$1,489,271	\$372,318	\$2,983,358	
STORMWATER MANAGEMENT FACILITIES AND PUMP STATIONS								
3	Stormwater Management Pond						There are no base costs associated with the stormwater management facility, with the complete cost being considered shareable. These costs do not include land acquisition, which is considered separately below.	
	a) Pond Excavation and Grading	L.S.	\$2,460,000	\$615,000	N/A	N/A		\$3,075,000
	b) Landscaping	L.S.	\$1,793,750	\$448,438	N/A	N/A		\$2,242,188
	Sub-Total		\$4,253,750	\$1,063,438	N/A	N/A	\$5,317,188	
4	Stormwater Pumping Station, including standby power.	L.S.	\$753,375	\$188,344	N/A	N/A	\$941,719	
TOTAL STORMWATER MANAGEMENT FACILITIES AND PUMP STATIONS			\$5,007,125	\$1,251,781	-	-	\$6,258,906	
STORMWATER MANAGEMENT LAND COSTS								
5	Land acquisition for Stormwater Management Pond	L.S.	\$1,655,138	-	N/A	N/A	\$1,655,138	
TOTAL STORMWATER MANAGEMENT LAND COSTS			\$1,655,138	-	-	-	\$1,655,138	
TOTAL STORM WATER MANAGEMENT COSTS						\$10,897,402		
SANITARY DRAINAGE								
1	Sanitary Sewer Drainage Pipe		This cost is the direct responsibility of the developer.					Sanitary sewers up to 450mm dia. represents the local servicing requirement that would be the responsibility of individual developers. There are no proposed sanitary sewers that exceed the base cost, resulting in no area-specific cost sharing for sanitary sewers.
2	Sanitary Sewer Manholes		This cost is the direct responsibility of the developer.					
TOTAL SANITARY DRAINAGE			-	-	-	-	\$0	
SANITARY PUMP STATION								
3	Sanitary Pumping Station including Standby Power	L.S.	\$553,500	\$138,375	N/A	N/A	\$691,875	
TOTAL SANITARY PUMP STATION			\$553,500	\$138,375	-	-	\$691,875	
TOTAL WASTEWATER COSTS						\$691,875		

Table 3-1

Area-Specific Project Cost Estimates

PROJECT		ESTIMATED QUANTITY	CAPITAL COSTS	CAPITAL COST ENG/CONT ONLY (25%)	BASE COST	BASE COST ENG/CONT ONLY (25%)	NET DEVELOPMENT CHARGES*	COMMENTS
WATERMAIN								
1	Watermain Pipe		This cost is the direct responsibility of the developer.					Watermains up to 375mm dia. represents the local servicing requirement that would be the responsibility of individual developers. There are no proposed watermains that exceed the base cost, resulting in no area-specific cost sharing for watermains.
2	Land Acquisition for Watermain		This cost is the direct responsibility of the developer.					Land acquisition required for looping the watermains will be considered the direct responsibility of individual developers.
TOTAL WATER COSTS							\$0.00	
ROADS								
1	Internal MRSPA Road Network		This cost is the direct responsibility of the developer.					Based on the Local Service Level in the current DC Background Report, there will not be any DC road-based projects. Signals at Manning road intersections are partial funded by the current DC By-law and DC background report.
2	Jamsyl Drive Extension (External)							Cost associated with the extension of infrastructure services and roadways to the MRSPA, as outlined in Section 8.2.6 of this report. Land Acquisition Cost was determined as outlined in Appendix D of this report: \$3.40/sq.ft x 29,185 sq.ft = \$99,229.00
	a) Land Acquisition Cost	L.S.	\$99,229	-	N/A	N/A	\$99,229	
	b) Roadways & Infrastructure Cost	L.S.	\$71,750	\$17,938	N/A	N/A	\$89,688	
3	Street "A" Extension (External)							Cost associated with the extension of infrastructure services and roadways to the MRSPA, as outlined in Section 8.2.6 of this report. Land Acquisition Cost was determined as outlined in Appendix D of this report: \$4.60/sq.ft x 19,602 sq.ft = \$90,169.00
	a) Land Acquisition Cost	L.S.	\$90,169	-	N/A	N/A	\$90,169	
	b) Roadways & Infrastructure Cost	L.S.	\$74,928	\$18,732	N/A	N/A	\$93,659	
4	Gouin Extension (External), including 900 mm dia. Storm Sewer extension	L.S.	\$90,200	\$22,550	N/A	N/A	\$112,750	Cost associated with the extension of infrastructure services and roadways to the MRSPA, as outlined in Section 8.2.6 of this report. 900 mm diameter storm sewer costs within the limits of the MRSPA have been included, whereas the 900 mm diameter storm sewer outside the MRSPA will be the responsibility of the Town.
Sub-Total			\$426,276	\$59,219			\$485,495	
TOTAL ROAD COSTS							\$485,495	
REQUIRED DRAIN WORKS UNDER AREA SPECIFIC DEVELOPMENT CHARGES								
1	Enclosure of the Baillargeon Drain							Only the partial enclosure of the Baillargeon Drain, as required to connect to the MRSPA storm sewer system has been included. The abandonment and infilling of the balance of the Baillargeon Drain will be considered the direct responsibility of individual developers.
	a) 1350 mm dia., Concrete A257.2 65-D	60	\$73,800	\$18,450	N/A	N/A	\$92,250	
	b) Manhole at Storm Sewer including Drop Structure (MH 77A)	1	\$42,025	\$10,506	N/A	N/A	\$52,531	
	c) Manhole at Storm Sewer including Drop Structure (MH 77B)	1	\$18,265	\$4,566	N/A	N/A	\$22,831	
	d) Ditch Inlet Catch Basin at Northwest corner of Charlene Lane, including 300 mm dia. Connection to Storm Trunk	L.S.	\$16,656	\$4,164	N/A	N/A	\$20,820	
Sub-Total			\$150,746	\$37,687			\$188,433	
TOTAL DRAIN WORKS							\$188,433	

Table 3-1
Area-Specific Project Cost Estimates

PROJECT	ESTIMATED QUANTITY	CAPITAL COSTS	CAPITAL COST ENG/CONT ONLY (25%)	BASE COST	BASE COST ENG/CONT ONLY (25%)	NET DEVELOPMENT CHARGES*	COMMENTS	
REQUIRED STUDIES UNDER AREA SPECIFIC DEVELOPMENT CHARGES								
1	<u>Mandatory Background Studies:</u>						Engineering and consulting services incurred by the Town to complete preliminary design studies and reports related to the development of the MRSPA.	
	a) 2010 SWM Class EA (Dillon)	L.S.	\$200,000	-	N/A	N/A		\$200,000
	b) 2015 SWM Class EA Addendum Report (Dillon)	L.S.	\$97,000	-	N/A	N/A		\$97,000
	c) Draft MRSPA Functional Servicing Report (Dillon)	L.S.	\$115,000	-	N/A	N/A		\$115,000
	d) Final MRSPA Functional Servicing Report Updates (Dillon)	L.S.	\$55,000	-	N/A	N/A		\$55,000
	e) Bailargeon Drain Studies (Dillon)							
	i) Preliminary Hydraulic Study	L.S.	\$20,000	-	N/A	N/A		\$20,000
	ii) Detailed Hydraulic Modeling Report	L.S.	\$72,000	-	N/A	N/A		\$72,000
	iii) Allowance for Drainage Act Report	L.S.	\$50,000	-	N/A	N/A		\$50,000
	f) Memo for Gouin Street Sanitary Sewer Capacity Assessment (Dillon)	L.S.	\$2,500	-	N/A	N/A		\$2,500
	g) Archaeological Stage 1 (Fisher Consulting)	L.S.	\$2,500	-	N/A	N/A		\$2,500
	h) Archaeological Stage 2 (Fisher Consulting)	L.S.	\$4,500	-	N/A	N/A		\$4,500
	i) Area Specific DC Study (Watson)	L.S.	\$31,600	-	N/A	N/A		\$31,600
	j) Provision for Area Specific DC Update Study	L.S.	\$15,000	-	N/A	N/A		\$15,000
	k) Legal Costs (Wolf Hooker)	L.S.	\$10,000	-	N/A	N/A		\$10,000
	l) Land Appraisal (Ray Bower Appraisal Services)							
	i) SWM Pond Land Valuation	L.S.	\$24,000	-	N/A	N/A	\$24,000	
	ii) SWM Pond Land Valuation Update	L.S.	\$3,500	-	N/A	N/A	\$3,500	
	iii) Jamsyl and Street A Land Valuation	L.S.	\$5,300	-	N/A	N/A	\$5,300	
	Sub-Total		\$707,900				\$707,900	
TOTAL STUDIES						\$707,900		
REQUIRED MISCELLANEOUS WORKS UNDER TOWN WIDE DEVELOPMENT CHARGES								
1	Manning Road Watermain Upgrade to 400 mm					N/A	Cost for upgrades are included in the Town Wide Development Charges.	
2	Upgrade to Sylvester Pumping Station					N/A	Cost for upgrades are included in the Town Wide Development Charges.	
3	Abandon forcemain outlet from Sylvestre Pump Station and replace with gravity sanitary sewer outlet on Westlake extension. Provide back-up power.					N/A	Cost for upgrades are included in the Town Wide Development Charges.	
4	Sanitary Sewer upgrades required to outlet to Westlake (Lesperance Road Additional Sanitary Sewer) including capacity assessment and design.					N/A	Cost for upgrades are included in the Town Wide Development Charges.	
TOTAL MISCELLANEOUS WORKS						\$0.00		
TOTAL AREA-SPECIFIC PROJECT COSTS						\$12,971,104		

Table 3-2
Summary of Costs Included in Area Specific DC

Services	\$	Cost per Hectare of Chargeable Area	Cost Per Acre of Chargeable Area
Local Sanitary Works			
Sanitary Pumping Station (local)	691,875		
Sanitary Drainage (local)	0		
Subtotal Sanitary	691,875	7,940	3,213
Local Road Works			
Subtotal Roadway Extensions	485,495	5,571	2,255
Local SWM Works			
Storm Sewer System (oversizing Costs)	2,983,358	34,236	13,855
Other Local SWM Costs			
SWM Facilities	6,258,906	71,826	29,068
SWM Land Costs	1,655,138	18,994	7,687
Studies	707,900	8,124	3,288
Drainage Works	188,433	2,162	875
Subtotal Other Local SWM Costs	8,810,377	101,106	40,917
Total	\$12,971,104	\$148,854	\$60,240

Cost per hectare based on 87.14 Developable Hectares (see page 2-1)

3.4 Proposed Approach to Servicing the Secondary Plan

As noted earlier, the purpose of prepared an area-specific development charge by-law is only to assist in spreading certain localized capital costs amongst developing landowners. The Town will not be responsible for the construction of any of the localized works provided by the area-specific development charge by-law; however, there are costs for the Town-wide D.C. by-law (as presented on Table 3-1) which the Town will construct.

It is anticipated that the Town will enter into agreements with the developing landowners to assist in the recovery of costs amongst all landowners. For large projects, such as the storm pond facilities, this form of agreement will provide for building the asset with a recovery from other landowners as they proceed with their developments. For other works (e.g. oversizing), it is anticipated that a credit agreement will be entered into.

For information purposes, a Summary of Agreements provided by the *Development Charges Act* is presented in Appendix C.

3.5 Proposed Policies (Rules) for Area-specific By-law

The following subsections summarize the proposed rules for the area-specific by-law regarding the calculation, payment and collection of the Manning Road Area-specific development charges.

3.5.1 Payment in any Particular Case

In accordance with the *Development Charges Act, 1997*, s.2(2), a development charge may be calculated, payable and collected where the development requires one or more of the following:

- (a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- (b) the approval of a minor variance under Section 45 of the *Planning Act*;
- (c) a conveyance of land to which a by-law passed under section 50(7) of the *Planning Act* applies;
- (d) the approval of a plan of subdivision under Section 51 of the *Planning Act*;
- (e) a consent under Section 53 of the *Planning Act*;
- (f) the approval of a description under section 50 of the *Condominium Act*, or
- (g) the issuing of a building permit under the *Building Code Act* in relation to a building or structure.

3.5.2 Application to Redevelopment of Land (Demolition and Conversion)

The charges provided herein are based upon the developable area of lands within the Manning Road Secondary Plan.

At present, there are no buildings within the net developable lands and, as such, no redevelopment credit is required. However, during the long term build out of the area, redevelopment may occur and provision must be made to accommodate these redevelopments.

3.5.3 Exemptions

- (a) Statutory exemptions:

- industrial building additions of up to and including 50% of the existing gross floor area (defined in O.Reg. 82/98, s.1) of the building; for industrial building additions which exceed 50% of the existing gross floor area, only the portion of the addition in excess of 50% is subject to development charges (s.4(3));
- buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education (s.3); and
- residential development that results in only the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (based on prescribed limits set out in s.2 of O.Reg. 82/98).

3.5.4 Phasing in

No phase in of the charge is provided for the area-specific development charges.

3.5.5 Timing of Collection

The development charge for all services be collected at the time of entering into a subdivision agreement or development agreement, subject to early or late payment agreements entered into by the Town and an owner under s.27 of the D.C.A., 1997.

3.5.6 Indexing

Indexing of the development charges shall be implemented annually on the anniversary date of the by-law, in accordance with the Statistics Canada Quarterly, Construction Price Statistics for the prior year period.

3.5.7 The Applicable Areas

The charges developed herein provide for development within the Manning Road Secondary Plan area only.

4. Recommendations

Based on the foregoing, it is recommended that Council:

- approve the Development Charges Background Study dated May 6, 2015;
- approve the changes to the Local Service Policy definition for the Manning Road Secondary Plan Area, as provided in Section 3.1; and
- approve the area-specific development charges by-law as set out in Appendix A.

Appendix A – Proposed Development Charge By-law

The Corporation of the Town of Tecumseh

By-Law Number 2015-_____

A by-law for the imposition of an area-specific development charge for the Manning Road Secondary Plan Area

WHEREAS the *Development Charges Act, 1997* (hereinafter called “the Act”) provides that the council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased need for services;

AND WHEREAS a development charges background study has been completed in accordance with the Act;

AND WHEREAS the Council of the Town of Tecumseh has given notice and held a public meeting on the 26th day of May, 2015 in accordance with the Act and the regulations thereto;

NOW THEREFORE THE COUNCIL OF THE TOWN OF TECUMSEH ENACTS AS FOLLOWS:

1.0 Definitions

1.1 In this by-law,

- (1) “**Act**” means the *Development Charges Act, S.O. 1997, c. 27*, as amended, or any successor thereto;
- (2) “**Accessory use**” means where used to describe a use, building, or structure, that the use, building or structure is naturally and normally incidental, subordinate in purpose of floor area or both, and exclusively devoted to a principal use, building or structure;
- (3) “**Apartment unit**” means any residential dwelling unit within a building containing five or more dwelling units where access to each residential unit is obtained through a common entrance or entrances from the street level and the residential units are connected by an interior corridor;
- (4) “**Bedroom**” means a habitable room larger than seven square metres, including a den, study, or other similar area, but does not include a living room, dining room or kitchen;

- (5) “**Benefitting area**” means an area defined by a map, plan or legal description in a front-ending agreement as an area that will receive a benefit from the construction of a service;
- (6) “**Board of education**” means a board defined in subsection 1(1) of the *Education Act*, or any successor thereto;
- (7) “**Building Code Act**” means the *Building Code Act, 1992*, as amended, or any successor thereto;
- (8) “**Capital cost**” means costs incurred or proposed to be incurred by the municipality or a local board thereof directly or by others on behalf of, and as authorized by the municipality or local board,
- to acquire land or an interest in land, including a leasehold interest;
 - to improve land;
 - to acquire, lease, construct or improve buildings and structures;
 - to acquire, lease, construct or improve facilities including,
 - (i) rolling stock with an estimated useful life of seven years or more,
 - (ii) furniture and equipment, other than computer equipment, and
 - (iii) materials acquired for circulation, reference or information purposes by a library board as defined in the *Public Libraries Act*,
 - to undertake studies in connection with any matters under the Act and any of the matters referred to in clauses (a) to (d) including the development charges background study
- required for the provision of services designated in this by-law within or outside the municipality, including interest on borrowing for those expenditures under clauses (a), (b), (c) and (d) that are growth-related;
- (9) “**Chargeable area**” means the area of land, in hectares, as shown on Schedule C to this by-law, to be dedicated to the Town for parkland purposes and the land for the stormwater management pond and associated pump;
- (10) “**Commercial**” means any non-residential development not defined under “institutional” or “industrial”;

- (11) “**Council**” means the Council of the municipality;
- (12) “**Development**” means the construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof, and includes redevelopment;
- (13) “**Development charge**” means a charge imposed pursuant to this by-law;
- (14) “**Dwelling unit**” means any part of a building or structure used, designed or intended to be used as a domestic establishment in which one or more persons may sleep and are provided with culinary and sanitary facilities for their exclusive use;
- (15) “**Farm building**” means that part of a bona fide farm operation encompassing barns, silos and other ancillary development to an agricultural use, but excluding a residential use;
- (16) “**Grade**” means the average level of finished ground adjoining a building or structure at all exterior walls;
- (17) “**Gross floor area**” means the total floor area of all floors above grade of a dwelling unit measured between the outside surfaces of exterior walls or between the outside surfaces of exterior walls and the centre line of party walls dividing the dwelling unit from other dwelling units or other portion of a building;

In the case of a non-residential building or structure, or in the case of a mixed-use building or structure in respect of the non-residential portion thereof, the total area of all building floors above or below grade measured between the outside surfaces of the exterior walls, or between the outside surfaces of exterior walls and the centre line of party walls dividing a non-residential use and a residential use, except for:

- A room or enclosed area within the building or structure above or below grade that is used exclusively for the accommodation of heating, cooling, ventilating, electrical, mechanical or telecommunications equipment that services the building;
- Loading facilities above or below grade;
- A part of the building or structure below grade that is used for the parking of motor vehicles or for storage or other accessory use;

- (18) “**Industrial**” means lands, buildings or structures used or designed or intended for use for manufacturing, processing, fabricating or assembly of raw goods, warehousing or bulk storage of goods, and includes office uses and the sale of commodities to the general public where such uses are accessory to an industrial use, but does not include the sale of commodities to the general public through a warehouse club;
- (19) “**Institutional**” means lands, buildings or structures used or designed or intended for use by an organized body, society or religious groups for promoting a public or non-profit purpose and shall include, but without limiting the generality of the foregoing, places of worship, and special care facilities;
- (20) “**Local board**” has the same definition as defined in the *Development Charges Act, S.O. 1997*;
- (21) “**Local services**” means those services, facilities or things which are under the jurisdiction of the municipality and are related to a plan of subdivision or within the area to which the plan relates in respect of the lands under Sections 41, 51 or 53 of the *Planning Act, R.S.O. 1990*, as amended or any successor thereto;
- (22) “**Multiple dwellings**” means all dwellings other than single detached dwellings, semi-detached dwellings, and apartment house dwellings;
- (23) “**Municipality**” means The Corporation of the Town of Tecumseh;
- (24) “**Non-residential use**” means a building or structure of any kind whatsoever used, designed or intended to be used for other than a residential use and includes all commercial, industrial and institutional uses;
- (25) “**Owner**” means the owner of land or a person who has made application for an approval for the development of land upon which a development charge is imposed;
- (26) “**Regulation**” means any regulation made pursuant to the Act;
- (27) “**Residential use**” means lands, buildings or structures of any kind whatsoever used, designed or intended to be used as living accommodations for one or more individuals;

- (28) **“Semi-detached dwelling”** means a dwelling unit in a residential building consisting of two dwelling units having one vertical wall or one horizontal wall, but no other parts, attached or another dwelling unit where the residential units are not connected by an interior corridor;
- (29) **“Services”** (or **“service”**) means those services set out in Schedule “A” to this by-law;
- (30) **“Servicing agreement”** means an agreement between a landowner and the municipality relative to the provision of municipal services to specified lands within the municipality;
- (31) **“Single detached dwelling unit”** means a residential building consisting of one dwelling unit and not attached to another structure and includes mobile homes.

2.0 Designation of Services

2.1 The categories of services for which development charges are imposed under this by-law are as follows:

- (a) stormwater;
- (b) roads; and
- (c) wastewater.

2.2 Components of the services designated in Subsection 2.1 are described in *Schedule “A”*.

3.0 Application of by-law Rules

3.1 Development charges shall be payable in the amounts set out in this by-law where:

- (a) the lands are located in the area described in Subsection 3.2; and
- (b) the development of the lands requires any of the approvals set out in Subsection 3.4 (a).

Area to Which By-law Applies

- 3.2 Subject to Subsection 3.3, this by-law applies to all lands within the Manning Road Secondary Plan Area of the Town of Tecumseh.
- (a) The Development Charges described in Schedule “B” to this by-law shall be calculated and collected only in those areas as delineated in the Town of Tecumseh Manning Road Secondary Plan Area, as shown in Schedule “C” to this by-law.
- 3.3 This by-law shall not apply to lands that are owned by and used for the purposes of:
- (a) the Town of Tecumseh or a “local board” thereof;
- (b) a “board of education” as defined in Section 1(1) of the *Education Act, R.S.O. 1990*;
- (c) the County of Essex or a “local board” thereof.

Approvals for Development

- 3.4 (a) Development charges shall be imposed on all lands, buildings or structures that are developed for residential or non-residential uses if the development requires,
- (i) the passing of a zoning by-law or an amendment to a zoning by-law under Section 34 of the *Planning Act, R.S.O. 1990*;
- (ii) the approval of a minor variance under Section 45 of the *Planning Act, R.S.O. 1990*;
- (iii) a conveyance of land to which a by-law passed under Subsection 50(7) of the *Planning Act, R.S.O. 1990*, applies;
- (iv) the approval of a plan of subdivision under Section 51 of the *Planning Act*;
- (v) a consent under Section 53 of the *Planning Act*;
- (vi) the approval of a description under Section 50 of the *Condominium Act, R.S.O. 1990*; or
- (vii) the issuing of a permit under the *Building Code Act S.O. 1990*, in relation to a building or structure.

Exemptions

- 3.5 (a) Notwithstanding the provisions of this by-law, development charges shall not be imposed where there is an enlargement of the gross floor area of an existing industrial building, as defined in subsection 1(1) of O.Reg 82/98 of the Act, and the gross floor area is enlarged by 50 per cent or less, the amount of the development charge in respect of the enlargement is zero, subject to the limitation in subparagraph (c) below.
- (b) If the gross floor area of an existing industrial building as it existed prior to the first enlargement for which an exemption from the payment of development charges was eligible to be granted pursuant to this by-law or any previous Town of Tecumseh Development Charges By-law enacted pursuant to the *Development Charges Act, 1997*, as amended or its predecessor legislation, is enlarged by more than 50 per cent, the amount of the development charge in respect of the enlargement is the amount of the development charge that would otherwise be payable multiplied by the fraction determined as follows:
1. Determine the amount by which the enlargement exceeds 50 per cent of the gross floor area before the enlargement.
 2. Divide the amount determined under paragraph 1 by the amount of the enlargement.

Provided however the total gross floor area eligible for exemption on the enlargement of an existing industrial building provided for by this section shall be limited to fifty per cent of

- (i) the gross floor area of the existing industrial building that existed prior to the first enlargement, if any, for which an exemption from the payment of development charges was eligible to be granted pursuant to this by-law or any previous Town of Tecumseh Development Charges By-Law enacted pursuant to the *Development Charges Act, 1997*, as amended or its predecessor legislation; or
- (ii) the gross floor area of the existing industrial building where there has not been an enlargement in accordance with item (i) above.

Amount of Charges

- 3.6 The development charges described in *Schedule "B"* to this by-law shall be imposed on all residential and non-residential uses of lands.

Calculation of Development Charges

- 3.7 The development charge with respect to the development of any land, buildings or structures shall be calculated in the case of a residential use and a non-residential use development, based upon the number of net hectares of land related to the development.

Reduction of Development Charges Where Redevelopment

- 3.8 In the case of land where a building permit is being issued for the construction of a residential or non-residential building or structure on the land subsequent to the demolition of all or part of a residential or non-residential building or structure on the land, the development charge as calculated in conformity with the requirements of this By-law shall apply, however:
- (1) A credit shall be due to an Owner, upon the finalization of the building permit for the construction of a residential or non-residential building or structure on the Owner's land provided that the finalization of the building permit occurs within the six years immediately subsequent to the date of the issuance of the demolition permit;
 - (2) Where a credit is due in accordance with the provisions of Subsection 1 and the development or redevelopment involved the demolition of a residential building or structure then the credit shall be calculated by multiplying the number of dwelling units that were demolished by the applicable residential development charge in place at the time the development charge was paid;
 - (3) Where a credit is due in accordance with the provisions of Subsection 1 and the development or redevelopment involved the demolition of a non-residential building or structure then the credit shall be calculated by multiplying the gross floor area demolished by the applicable non-residential development charge in place at the time the development charge was paid;

- (4) Any credit due shall become payable to the Owner immediately upon the successful completion of the final inspection for the building or structure constructed on the lands provided that the finalization of the permit occurs within the six-year limit contemplated by Subsection 1, and in no case shall a credit exceed the amount of the development charge that was paid at the time the building permit was issued for the replacement building or structure; and
- (5) Notwithstanding the timing of the credit anticipated by Subsection 1, where the Town can reasonably anticipate that a credit will be due to an Owner in accordance with the provision of Subsection 1, then the Town, at the Towns sole discretion, may defer the payment of that portion of the applicable development charge (the “deferred development charge”) that is in an amount equal to the anticipated credit. Upon the Owner qualifying for the credit in accordance with the terms of Subsection 1, the deferred development charge shall be deemed to have been paid. Where the Owner becomes ineligible for a credit in accordance with the terms of Subsection 1, the deferred development charge shall become payable immediately. A deferred development charge that has become payable but remains outstanding shall be deemed to have been paid on the Owner’s behalf by the Town and shall become a charge against the land, added to the tax roll, and collected in like manner and with the same priority as municipal taxes in accordance with Section 446 of the Municipal Act.

Time of Payment of Development Charges

- 3.9 (a) The development charge shall be calculated as of, and shall be payable, on the date a building permit is issued in relation to a building or structure on land to which the development charge applies.
- (b) Notwithstanding subsection (a), and provided that the owner and the Town have not entered into an agreement pursuant to subsection (c), the development charge identified in Schedule B to this by-law shall be payable, subject to any applicable exemptions or reductions contained in this by-law:
- (i) with respect to an approval or a plan of subdivision under Section 51 of the *Planning Act*, R.S.O., 1990, c. P.13, immediately upon entering into the subdivision agreement;

- (ii) with respect to the granting of a consent under Section 53 of the *Planning Act*, R.S.O. 1990, c. P.13, immediate upon entering into an agreement made as a condition of the granting of such consent.
- (c) Notwithstanding subsections (a) and (b) an owner and the Town may enter into an agreement respecting the timing of the payment of a development charge, or a portion thereof, and the terms of such agreement shall then prevail over the provisions of this by-law.

4.0 Payment by Services

- 4.1 Despite the payments required under Subsection 3.9, Council may, by agreement, give a credit towards a development charge in exchange for work that relates to a service for which a development charge is imposed under this by-law.

5.0 Indexing

- 5.1 Development charges imposed pursuant to this by-law shall be adjusted annually, without amendment to this by-law, commencing on the first anniversary date of this by-law and each anniversary date thereafter, in accordance with the Statistics Canada Quarterly Construction Price Statistics.

6.0 Schedules

- 6.1 The following schedules to this by-law form an integral part thereof:

Schedule "A" – Components of Services Designated in Subsection 2.1;

Schedule "B" – Residential and Non-Residential Development Charges; and

Schedule "C" – Map denoting Manning Road Secondary Plan service areas of the Town to which charges provided in Schedule "B" will apply.

7.0 Date By-law in Force

- 7.1 This by-law shall come into force upon adoption by the Council of the Town of Tecumseh.

8.0 Date By-law Expires

- 8.1 This by-law will expire 5 years from the date of adoption, unless it is repealed at an earlier date.

BY-LAW read a FIRST time this _____ day of _____, 2015.

BY-LAW read a SECOND time this _____ day of _____, 2015.

BY-LAW read a THIRD time and FINALLY PASSED this _____ day of _____, 2015.

MAYOR

CLERK

Schedule "A"
To By-law No. 2015 - _____
Designated Municipal Services Under this By-law

Area-specific Services:

Wastewater Services

 Localized Area Pumping Stations

 Local Drainage Mains

Roads

 Road Improvements for Access

 Land

Stormwater Management

 SWM Facilities

 Land

 Localized Pumping Stations

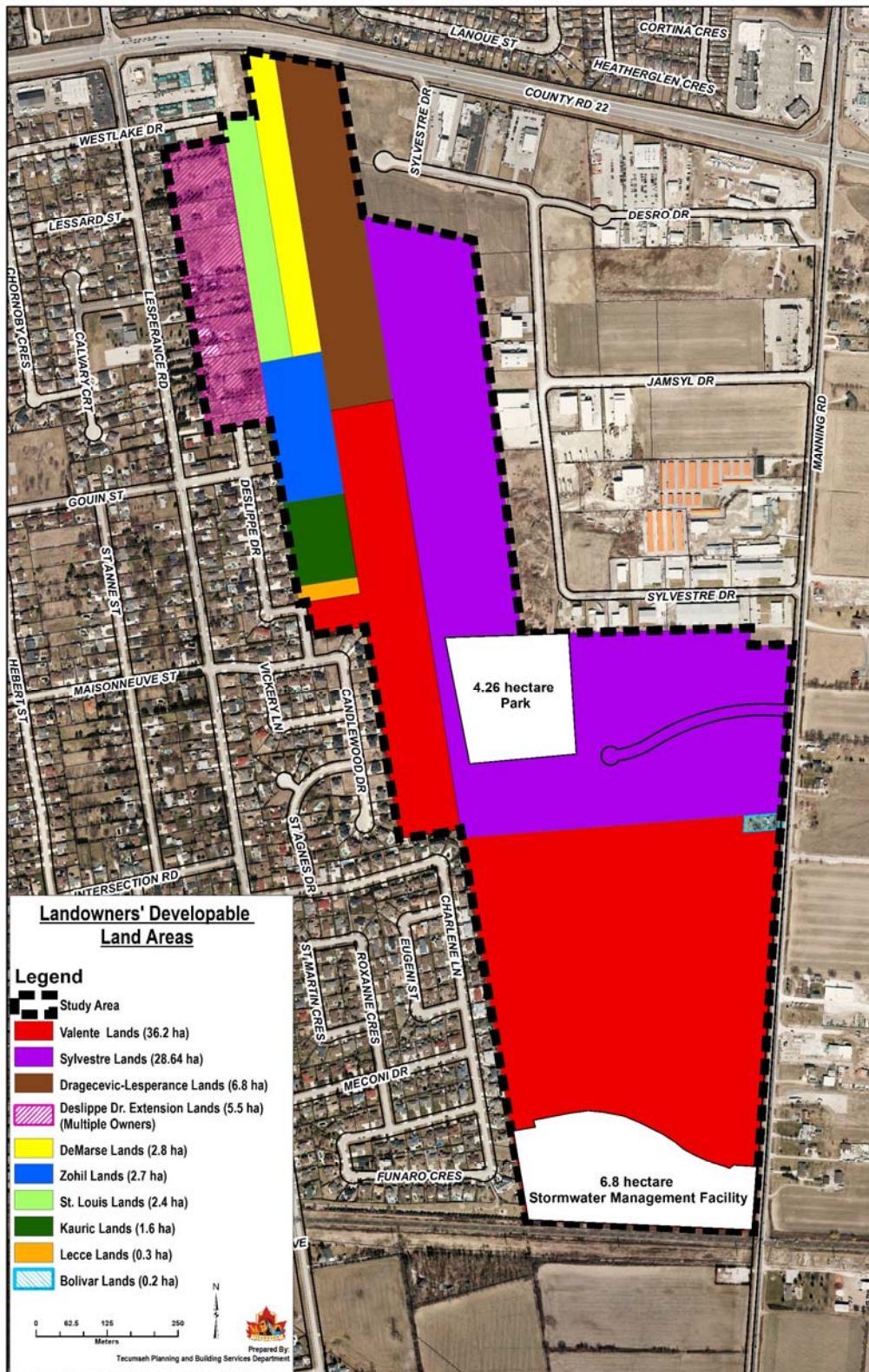
 Large Local Mains

 Studies

Schedule "B"
To By-law No. 2015 - _____
Schedule of Development Charges

Services	\$	Cost per Hectare of Chargeable Area	Cost Per Acre of Chargeable Area
Local Sanitary Works			
Sanitary Pumping Station (local)	691,875		
Sanitary Drainage (local)	0		
Subtotal Sanitary	691,875	7,940	3,213
Local Road Works			
Subtotal Roadway Extensions	485,495	5,571	2,255
Local SWM Works			
Storm Sewer System (oversizing Costs)	2,983,358	34,236	13,855
Other Local SWM Costs			
SWM Facilities	6,258,906	71,826	29,068
SWM Land Costs	1,655,138	18,994	7,687
Studies	707,900	8,124	3,288
Drainage Works	188,433	2,162	875
Subtotal Other Local SWM Costs	8,810,377	101,106	40,917
Total	\$12,971,104	\$148,854	\$60,240

Schedule "C"
To By-law No. 2015 - _____
Map of Manning Road Secondary Plan Area



**Appendix B – Town of Tecumseh Local
Service Policy (as per the 2014 Town of
Tecumseh Development Charge
Background Study)**

Appendix B – Local Service Policy

1. Collector Roads

- 14.1 Collector roads Internal to development – Direct developer responsibility under s.59 of the D.C.A. (as a local service).
- 14.2 Roads (collector and arterial) external to development – Include in the D.C. calculation to the extent permitted under s.5(1) of the D.C.A. (dependent on local circumstances).

2. Traffic Signals

- 2.1 Traffic signalization within or external to development – Include in the D.C. calculation to the extent permitted under s.5(1) of the D.C.A.

3. Intersection Improvements

- 3.1 New roads (collector and arterial) and road (collector and arterial) improvements – Include as part of road costing noted in item 1.
- 3.2 Intersections improvements within specific developments and all works necessary to connect to entrances (private and specific subdivision) to the roadway – Direct developer responsibility under s.59 of the D.C.A. (as a local service).
- 3.3 Intersections with County roads and provincial highways – Include in the D.C. calculation to the extent that they are a Town responsibility.
- 3.4 Intersection improvements on other roads due to development growth increasing traffic – Include in the D.C. calculation.

4. Streetlights

- 4.1 Streetlights on external roads – Include in the area municipal D.C. (linked to collector road funding source in item 1).
- 4.2 Streetlights within specific developments – Direct developer responsibility under s.59 of the D.C.A. (as a local service).

5. Sidewalks

- 5.1 Sidewalks on M.T.O. and County roads – Direct developer responsibility through local service provisions (s.59 of the D.C.A.).
- 5.2 Sidewalks on area municipal roads – Linked to collector road funding source in item 1.
- 5.3 Other sidewalks external to development (which are a local service within the area to which the plan relates) – Direct developer responsibility as a local service provision (under s.59 of the D.C.A.).

6. Bike Routes/Bike Lanes/Bike Paths/Multi-Use Trails/Naturalized Walkways

- 6.1 Bike routes and bike lanes, within road allowance, external to development – Include in D.C. road costs (County and area municipal), consistent with the service standard provisions of the D.C.A., s.5(1).
- 6.2 Bike paths/multi-use trails/naturalized walkways external to development – Include in area municipal D.C.s consistent with the service standard provisions of the D.C.A., s.5(1).
- 6.3 Bike lanes, within road allowance, internal to development – Direct developer responsibility under s.59 of the D.C.A. (as a local service).
- 6.4 Bike paths/multi-use trails/naturalized walkways internal to development – Direct developer responsibility under s.59 of the D.C.A. (as a local service).
- 6.5 Trail Bridges/Underpasses and associated works – Include in area municipal D.C.s consistent with the service standard provisions of the D.C.A., s.5(1).

7. Noise Abatement Measures

- 7.1 Internal to Development – Direct developer responsibility through local service provisions (s.59 of the D.C.A.).
- 7.2 External to the Development – Include in the D.C. to the extent possible.

8. Traffic Control Systems

8.1 Include in the D.C. calculation.

9. Land Acquisition for Road Allowances

9.1 Land Acquisition for arterial roads – Dedication under the Planning Act subdivision provisions (s.51) through development lands; in areas with limited or no development, include in County or area municipal D.C. (to the extent eligible).

9.2 Land Acquisition for collector roads – Dedication under the Planning Act subdivision provision (s.51) through development lands in areas with limited or no development, include in County or area municipal D.C. (to the extent eligible).

9.3 Land Acquisition for grade separations (beyond normal dedication requirements) – Include in the D.C. to the extent eligible.

10. Land Acquisition for Easements

10.1 Easement costs external to subdivisions shall be included in the D.C. calculation.

11. Storm Water Management

11.1 Quality and Quantity Works including conveyance and downstream erosion works are a direct developer responsibility through local service provisions (s. 59 of the D.C.A.).

11.2 Oversizing of stormwater management works for development external to developments will be subject to best efforts clauses by area municipality.

12. Water

14.1 Pumping stations and works associated with zone boundaries – Included in the D.C., area municipal and County.

14.2 Watermains external to subdivisions over 300 mm – Included in the D.C.

14.3 Marginal costs of waterworks within the subdivision – Included in the D.C. above 300 mm nominal diameter.

- 14.4 Connections to trunk mains and pumping stations to service specific areas – Direct developer responsibility.

13. Sanitary Sewer

- 13.1 Major pumping stations shall be included in the D.C., minor pumping stations to be a direct developer responsibility.
- 13.2 Sanitary sewers greater than 375mm external to subdivisions – Included in the D.C.
- 13.3 Connections to trunk mains and pumping stations to service specific areas – Direct developer responsibility.
- 13.4 Marginal costs of sanitary sewer works within the subdivision, which benefits upstream developers – Included in D.C. above 375mm nominal diameter and depth of 5 meters or greater.

Note: for any and all of the above the Town may facilitate cost sharing agreements.

Appendix C – Development Charge Agreements

Appendix C – Development Charge Agreements

As discussed in Section 2.1, there are various types of agreements provided for within the *Development Charges Act*. The following provides for a discussion of these agreements. Note that these agreements may be used for a Town wide development charge or to facilitate an area-specific charge which recovers local service works.

C.1 D.C. Collection Timing

The *Development Charges Act* (D.C.A.) provides for two points in time where a municipality can, by by-law, mandate the collection of the development charge:

- Section 26(1) provides the charge shall be payable at the time the building permit is issued; and
- Section 26(2) provides that for Water, Wastewater, Storm Water and Roads services, a municipality may provide that the development charge be payable immediately upon the parties entering into a subdivision agreement or consent agreement.

The Act also provides that the municipality may enter into different forms of municipal servicing agreements; however, these agreements are ad hoc and are based on negotiated terms. The Act provides for three types of agreements, as provided below.

C.1.1 Front-Ending Agreements (s. 44 and 45)

Section 44 and 45 of the D.C.A. provides a municipality with the ability to enter into an agreement with parties to upfront the costs of a project which will benefit an area in the municipality to which the D.C. by-law applies. Such an agreement can provide for the upfront costs to be borne by one or more parties to the agreement who are, in turn, reimbursed in future, by persons who develop land within an area defined in the agreement. The services for which an agreement may be entered into are limited to Water, Wastewater, Storm Water and Roads services. The agreement may allow for “tiering” which provides for sharing the burden of the upfront costs by prorating the upfront costs (which is initially paid by one or more landowners) and then recovering these costs on a prorated sharing basis (i.e. as more landowners within the defined benefiting area come on-stream they shoulder a portion of the upfront costs). A front-

ending agreement must be advertised and an opportunity is provided for a land owner within the defined benefiting area to object to the agreement. A front-ending agreement may provide for the following costs to be included in the cost of the work:

1. The reasonable costs of administering the agreement.
2. The reasonable costs of consultants and studies required to prepare the agreement

C.1.2 Accelerated or Delayed Payment Agreements (s. 27(1))

Section 27(1) of the D.C.A. provides that a municipality may enter into an agreement with a person who is required to pay a development charge providing for all or any part of a development charge to be paid before or after it would otherwise be payable. The total amount of a development charge payable through an agreement under this section is the amount of the development charge that would be determined under the by-law on the day specified in the agreement. If no day is specified, at the earlier of:

- (a) the time the development charge or any part of it is payable under the agreement;
- (b) the time the development charge would have been payable in the absence of the agreement.

Accelerated agreements most often assist municipalities with cash flow to build specific smaller projects and most often applies to water, wastewater and road improvements. Usually involves the prepayment of all or a portion of the D.C. with a credit provided at the time the D.C. is payable (i.e. building permit issuance).

Delayed payment agreements normally assist the developing landowner with cash flow by delaying the payment to a specified time period or to provide for instalments over time.

C.1.3 Service Emplacement Agreements (s. 38)

Section 38 of the D.C.A. provides that a developing landowner may construct or provide a service which relates to a service in the D.C. by-law. If a municipality allows this work to be provided then the municipality shall give the person a credit towards the development charge in accordance with the agreement. The amount of the credit is the reasonable cost of doing the work as agreed by the municipality and the person who is to be given the credit. A credit given in exchange for work done is a credit only in

relation to the service to which the work relates (i.e. an agreement to build a park will provide that the credit is against the parkland component of the Development Charge). Service emplacement agreements most often apply to smaller water, wastewater and road improvements projects and to parkland development projects.

Of the three types of agreements described above, the Service Emplacement Agreement is the most often used by Ontario municipalities for assisting in cash flow followed by the Accelerated Payment Agreement. The Front-ending agreement appears to be the least used either because it is the most complex, requires the most administration, is appealable by other landowners or is best used for very large capital works which generally require a significant investment and have a long term for recovery.

Accelerating project construction involves an increased risk to the municipality in that no new net revenues accrue to the D.C. reserve funds, but new liabilities arise for the accelerated infrastructure. In instances where repayments are based on set timing schedules, the municipality assumes a risk that revenues may not be available to make the repayment. This risk could be counterbalanced by agreements with the developer with respect to providing timely D.C. revenue payments. In effect, the developer would be required to assume some or all of the risk of a slowdown in the housing market and correspondingly, the slowdown in D.C. revenues to be collected.

It is noted that in order to facilitate municipal service financial agreements, additional preparation and administration is required to oversee the credits and repayments. Additions to the D.C. administration systems and processes used by Finance and the Building Departments to accommodate the credit/repayment system is often necessary.

C.2 D.C. Credits vs. Cash Repayments

Based on the three municipal servicing agreement discussed in the prior section, the value of the project or cash contribution provided may be recognized in different ways, i.e. either by a credit or repayment. A “credit” is a deduction at the time the D.C. is to be paid (i.e. at the time the D.C. is paid at building permit, the credit will be deducted in order to reduce the charge payable). It is generally restricted to the lands and/or developer who has undertaken the work or prepaid their D.C.s. A “repayment” is a collection from others which is given to the person who did the work or made the initial contribution (i.e. the repayment for a front-ending agreement would collect from other benefitting landowners to pay the front-ender).

Under a D.C. credit system, a credit would be available against development charges otherwise payable (i.e. it is recognised at the time the building permit is issued). The credit would be limited in its application to the service component that was accelerated. For example, if a storm water management (S.W.M.) pond was accelerated, credit would be applied to the S.W.M. pond component of the D.C. upon application for building permit in that developer's subdivision. In this way, the credits for the construction of growth-related infrastructure would only be recovered upon development of the property facilitated by the accelerated infrastructure. The developer bears the risk and rewards of either slow or fast build out of the accelerated development.

If a credit system is used, all three types of agreements may be used to accelerate the project timing. If a repayment system is to be used then only the front-ending agreement would be used as the two other types of agreements relate to credit recoveries not repayments.

Both credits and repayments can impact a municipality's D.C. revenue stream. Repayments generally impact cash flow sooner as the payment has a stipulated date whereas credits generally impact later and are recognised when the development actually proceeds and the development charges are paid. Based on the ability to align the liability and collection directly with the specific development, agreements providing credits are the preferred.

Addendum to:

**Town of Tecumseh
Area-specific Development
Charge for the Manning
Road Secondary Plan Area**

May 22, 2015



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 **Planning for growth**

Summary of Revisions made to May 6, 2015 Development Charges Background Study

1. Background

Commensurate with the provisions of the Development Charges Act, 1997, the Municipality has undertaken an Area Specific Development Charges (D.C.) Background Study for the Manning Road Secondary Plan Area and has distributed the study to the public. The Area Specific Development Charge Study was released to the public on May 6, 2015 and the public meeting scheduled for May 26, 2015 with by-law passage anticipated after the public meeting.

The purpose of this revised D.C. background report is to provide for changes to the May 6, 2015 Area Specific D.C. Background Study. These refinements are in relation to:

- Updating of the map in the body of the study as well as the map in the draft by-law;
- Updating headings in tables 3-2 and Schedule B to the by-law; and
- Updates to definitions in the by-law.

These refinements will form part of the Area Specific D.C. Background Study provided prior to by-law adoption.

2. Discussion

This section of the addendum report provides an explanation for the above-noted refinements. It is noted that the refinements have no impact on the calculated development charges.

2.1 *Updating of Maps*

The map in both the body of the study and in the by-law has been updated to better reflect the chargeable land areas that the area specific development charges are applicable to. The updated maps have also identified the locations of the park and stormwater management pond.

2.2 Updating Headings in Tables

Updating of the headings in tables 3-2 and Schedule B to the by-law have been made to indicate the cost per hectare and cost per acre of chargeable area.

2.3 Definitions in the By-law

Upon further review with staff, it was requested that the definition of “Net hectare” in the by-law be removed and that a new definition of “Chargeable area” be included for ease of understanding.

2.4 Changes to the Background Report

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

- Page 2-2 – Map 2-1 replaced with new map which better reflects the chargeable land areas subject to the area specific development charges;
- Page 3-7 – Table 3-2 – Headings updated to reflect cost per hectare of chargeable area and cost per acre of chargeable area;
- Page A-3 – Item 1.1 (9) - Addition of “Chargeable area” definition. Note that items 1.1(9) to 1.1(22) are now renumbered due to this added definition.
- Page A-5 – Item 1.1 (23) – Removed definition of “Net hectare”;
- Page A-14 – Schedule “B” – Headings updated to reflect cost per hectare of chargeable area and cost per acre of chargeable area; and
- Page A-15– Schedule “C” replaced with new map.

Note that this amended pages to this addendum report includes the entire updated draft by-law.

3. Process for 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, the Background Study (May 6, 2015), this addendum report (May 22, 2015) and the amended by-law will be considered for approval by Council.

Amended Pages
(Inserted throughout the body of the report)