

Policy on Development Cost Sharing

May 18, 2011



Presentation

- What is the purpose of the Policy?
- Why do we need the Policy?
- Who developed the Policy?
- Highlights of the Policy
- When does the Policy apply?
- How does the Policy Work?

What is the purpose of the Policy?

- Creates a formal framework for development cost sharing negotiations.
- Removes uncertainty for developers and the City regarding who is responsible for infrastructure costs.



What is the purpose of the Policy?

- Meant to fill in the gaps in DC by-law as the City moves to full cost recovery for growth.
- Is a point of reference for development charges credit(s) discussions.

Why do we need the Policy?



- Deals with cost sharing for items not included in Development Charge By-law.
- Creates a standard approach for development cost sharing negotiations.

Who developed the Policy?

- Developed by City Staff and Development Community;
- Began in 2009 with an internal review of similar documents in other municipalities;
- Numerous meetings with applicable City Departments;
- Meetings & consultations with DLAC subcommittee and full Development Liaison Advisory Committee.

Highlights of the Policy

- Document clarifies in policy framework who is responsible for what costs;
- Document represents an evolution from current practice of case by case decision making which leads to perceived inconsistencies or inequities;
- New framework for development in the City should lead to greater consistency

Highlights of the Policy

- Represents a uniform approach to cost sharing;
- City may share more of the costs in some circumstances and less costs in others
- Difficult to cover all possible scenarios in this document; and
- Funding for cost sharing not fully resolved.

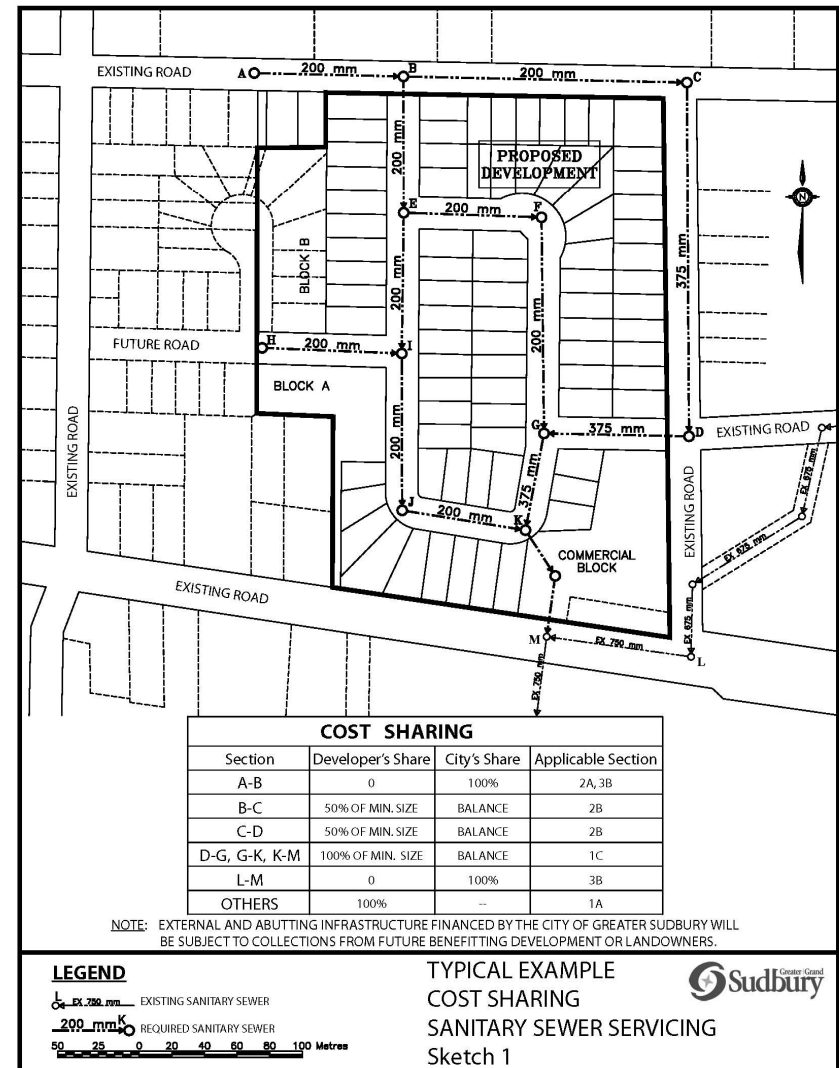
When does the Policy apply?

- The policy would apply when new private development is being proposed in the City.
- Would also be referenced when City is being asked to credit work for DC by-law purposes.



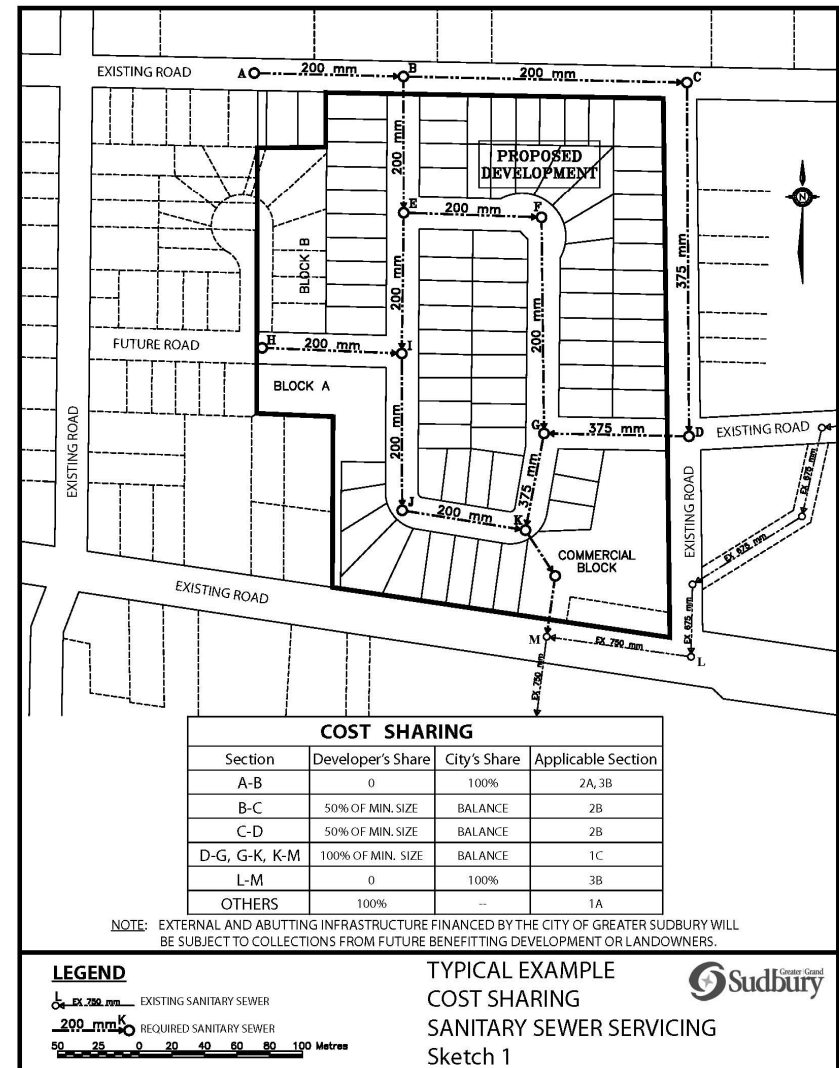
How does the Policy Work?

- It identifies common development situations and outlines who is responsible for costs and how development costs are to be shared.
- Text and schematic drawings are to be read together.



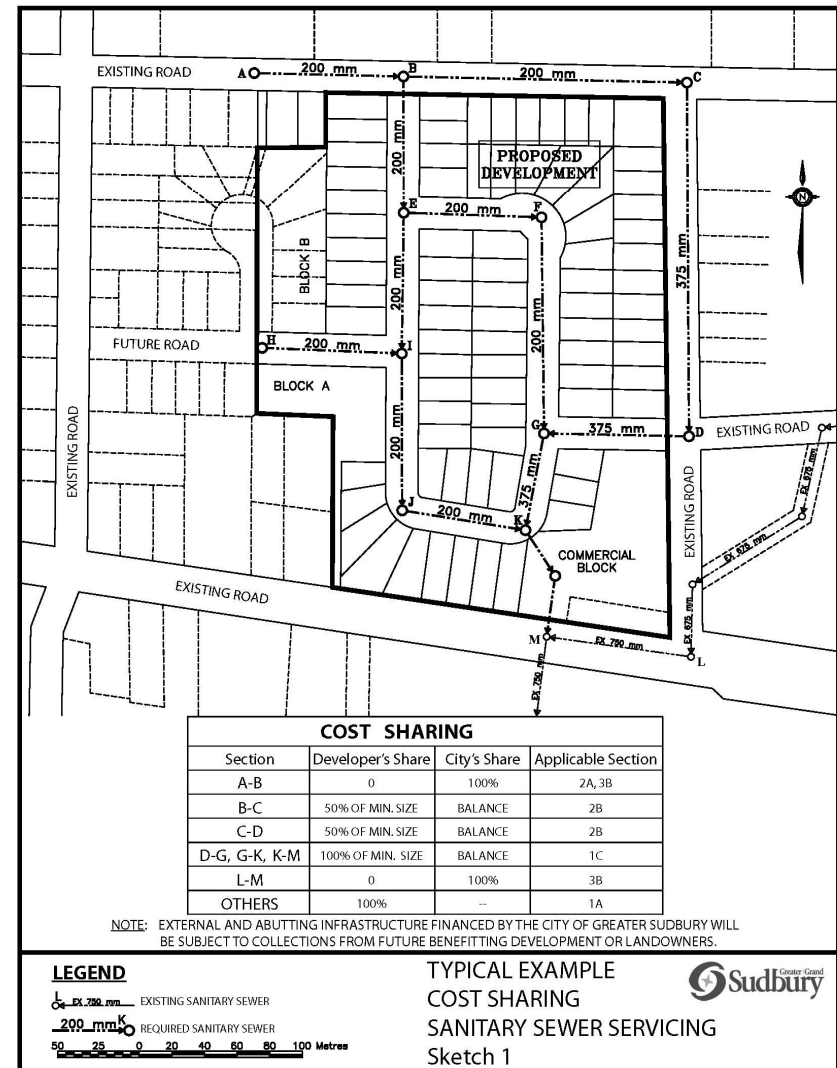
How does the Policy Work?

- The first step would be to determine whether the item is internal, abutting or external to the project
- The next step would be to determine who is the beneficiary of the work
- Then cost sharing would be determined



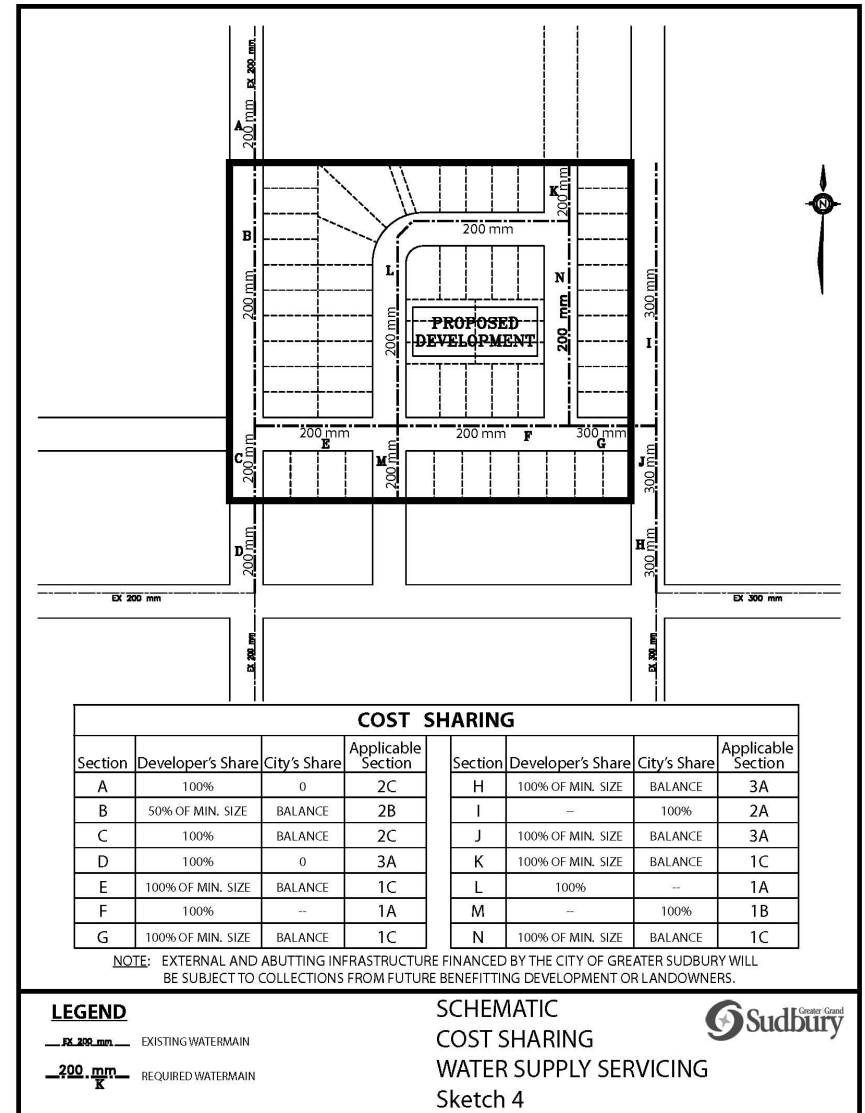
How does the Policy Work?

- Where the developer is the sole beneficiary, the cost is entirely borne by them
- Where the City receives tangible benefits at the developers expense, the costs may be cost shared
- Where others benefit, costs may be front - ended



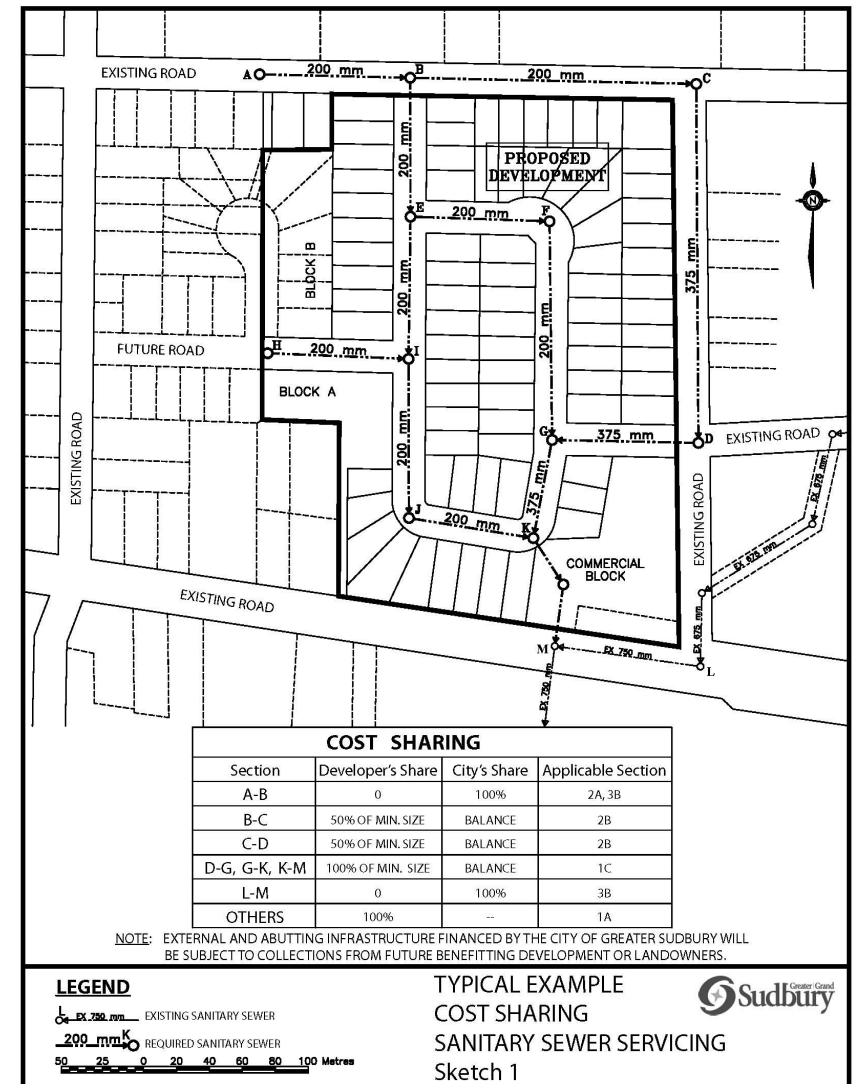
Policy Example - Water

- For an internal water main that is required to service the development, the Developer shall pay for 100% of the cost.



Policy Example – Sanitary Sewer

- For a sanitary sewer, which is not required to service the development, the City shall pay for 100% of the cost to be recovered from future/existing benefitting developments where applicable. (eg: Section **A-B** on Sketch #1)



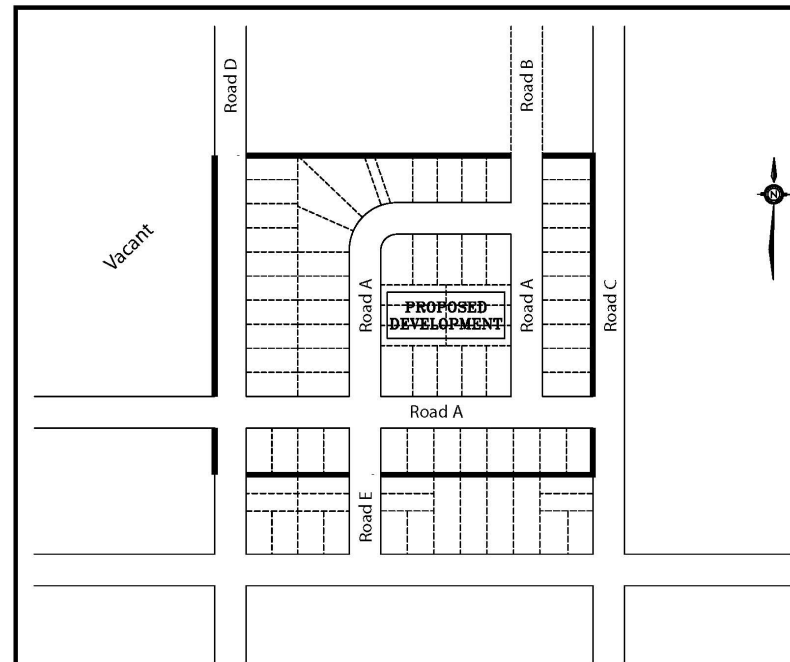
Policy Example – Storm Sewer



Policy Example – Roads

- In cases where a road is currently constructed to a rural standard and needs to be rebuilt to an urban standard, or cases where a road is identified as a collector in the Official Plan but is currently constructed as a local road the Developer shall pay for 50% and the City shall pay for 50% of the cost to upgrade the road. (eg: Road **D** on Sketch #5)

Policy Example – Roads



COST SHARING			
Road Section	Developer's Share	City's Share	Applicable Section
A	100%	0	Roads A
B	100%	0	Roads B
C	80%	20%	Roads C
D	50%	50%	Roads D
E	100%	0	Roads E

NOTE: EXTERNAL AND ABUTTING INFRASTRUCTURE FINANCED BY THE CITY OF GREATER SUDBURY WILL BE SUBJECT TO COLLECTIONS FROM FUTURE BENEFITTING DEVELOPMENT OR LANDOWNERS.

SCHEMATIC
COST SHARING
ROADS
Sketch 5



Future Funding Requirements

- Policy represents modifications to historical cost sharing practices.
- Currently limited or no funding envelopes are not in place to support the City's share of development cost sharing.
- Development Charges Credits will be used where applicable and current capital envelopes for replacement cost requests.

Future Funding Requirements

- For new elements not currently budgeted for Council is being asked to allocate \$100,000 from the Roads Capital Financing Reserve Fund and \$100,000 from the Water Capital Financing Reserve Fund as a source of funding.
- Staff will report back to Council with respect to future budget implications which may be necessary to further support this framework.

Development Charge Credits

- DC Bylaw allows the City to credit project elements up to the total charge payable for that portion of work for: a) projects which increase size or capacity of a service at the request of the City; or b) substitute a project for services provided in lieu by the developer which could be considered for credit.
- This framework will be used in conjunction with the DC Bylaw in reviewing these development requests.

Alternatives

- The alternative to not having a policy in place would be to require development to wait until the City can properly service the area.
- Require first applicant to bear all of the cost which is usually unfair as others often benefit.
- Under either of these scenarios the City may miss out on development opportunities as developers investment capital is invested elsewhere.

Questions

