

**CITY OF GREATER SUDBURY
2009 DEVELOPMENT CHARGES
BACKGROUND STUDY**

**Presentation to Council
Wednesday, April 22nd, 2009**

HEMSON Consulting Ltd.

THIS EVENING'S PRESENTATION WILL COVER

- What are development charges?
- Elements of the DC Study Process
- By-law policy issues
- Next steps

WHAT ARE DEVELOPMENT CHARGES?

- Development charges are fees levied against new development to pay for the capital costs of servicing growth
- The principle behind development charges is that “Growth pays for growth”
- Development charges are widely used in Ontario
- Sudbury has been levying DCs for many years, rates are low

ELEMENTS OF DC PROCESS

- Growth forecast for residential and non-residential development
- Inventories and funding envelopes for soft services
- Growth-related capital projects
- Calculated DC rates
- DC policy choices
- New DC by-law and policies conforming with the *DCA*

DCA BY-LAW TIMEFRAMES

- Maximum life of a DC by-law is 5 years from date of passage (may be repealed/amended earlier)
- Existing DC by-law (2004-200F) expires on July 13, 2009
- New by-law required in order to collect DCs after July 13, 2009

GROWTH FORECAST

- Growth forecast must consider amount and type of development
- Forecast must cover 10-year planning period and up to OP Build-out for engineered services
- Residential forecasts has been projected for population and housing units
- Employment and non-residential space forecasts have also be prepared

GROWTH FORECAST

	2008 Estimate	2009 - 2018	
		Growth	Total
Households	65,863	4,070	69,933
Population	158,392	2,048	160,440

	2008 Estimate	2009 - 2018	
		Growth	Total
Employment	76,885	9,100	85,985
Non-Residential Building Space (sq.ft.)		4,545,000	

Subject to refinement

WHAT ARE GROWTH-RELATED CAPITAL COSTS?

- **Growth-related capital costs are costs that result from the expansion of services to meet the needs of new development**
- **In Greater Sudbury, capital costs have been grouped into two categories:**
 1. General Services
 2. Engineered Services

NOT ALL COSTS ARE 100% RECOVERABLE

100% Cost Recovery

- **Protection Services:**
 - Fire
 - Police
- **Engineered Services**
 - Roads and Related
 - Water
 - Sewer
 - Drains

90% Cost Recovery

- **General Government (Studies)**
- **Library**
- **Parks & Recreation**
- **Public Works: Buildings & Fleet**
- **Ambulance Services**
- **Transit Services**

SOME SERVICES ARE EXCLUDED

- **Cultural and entertainment facilities, including museums, theatres and art galleries**
- **Tourism facilities including convention centres**
- **Parkland acquisition**
- **Hospitals**
- **Headquarters for general administration of municipalities and local boards**
- **Waste management**

SERVICE LEVELS

- The basis for the DC calculation for 'soft' services
- Expressed as average service level over past ten years (e.g. \$/household)
- Both quantity and quality of service must be considered
- Recoveries cannot exceed 10-year historic average service level – establishes 'maximum allowable' charge

SERVICE LEVELS

SERVICE	Historic 10-Year Average Service Level
LIBRARY BOARD	\$432.99 /household
FIRE SERVICES	\$827.33 /household
POLICE SERVICES	\$686.48 /household
RECREATION	\$2,864.63 /household
PUBLIC WORKS	\$955.39 /household
AMBULANCE SERVICES	\$311.23 /household
TRANSIT SERVICES	\$579.76 /household

Subject to refinement

MAXIMUM FUNDING ENVELOPES

Service	Maximum Allowable (\$000)
1. Library Board	\$1,762.3
2. Fire Services	\$3,367.2
3. Police Services	\$2,794.0
4. Recreation	\$11,659.0
5. Public Works	\$3,888.4
6. Ambulance Services	\$1,266.7
7. Transit Services	\$2,359.6

Subject to refinement

GROWTH-RELATED CAPITAL PROJECTS

- To be eligible, Council must express their intent to undertake growth-related capital projects
- Portions of costs benefiting existing community must be removed
- Deductions are required for grants, subsidies, uncommitted DC reserve funds, and 10% of 'soft' service capital costs
- Long term capital and operating cost impact of capital programs must be established

GENERAL SERVICE PROJECTS

Service	Growth-Related Capital Forecast					Total Growth-Related Net Capital Costs After Discount		
	Total (Net of Grants/ Subsidies) (\$000)	Prior Growth (\$000)	Benefit to Existing Share (\$000)	Pre-Built Service (Calculated Oversizing) (\$000)	Growth-Related Net Capital Costs 2009-2018 (\$000)	Service Discount Required		(\$000)
						%	\$000	
1.00 GENERAL GOVERNMENT	\$573.0	\$0.0	\$211.5	\$0.0	\$361.5	10%	\$36.2	\$325.4
2.00 LIBRARY BOARD	\$5,147.0	\$0.0	\$1,805.6	\$1,579.2	\$1,762.3	10%	\$176.2	\$1,586.0
3.00 FIRE SERVICES	\$2,837.2	\$0.0	\$0.0	\$0.0	\$2,837.2	0%	\$0.0	\$2,837.2
4.00 POLICE SERVICES	\$6,815.3	\$0.0	\$0.0	\$4,021.3	\$2,794.0	0%	\$0.0	\$2,794.0
5.00 PARKS AND RECREATION	\$3,592.5	\$0.0	\$250.0	\$825.0	\$2,517.5	10%	\$251.8	\$2,265.8
6.00 PUBLIC WORKS	\$910.0	\$0.0	\$300.0	\$0.0	\$610.0	10%	\$61.0	\$549.0
7.00 AMBULANCE SERVICES	\$9,090.8	\$0.0	\$97.4	\$7,726.7	\$1,266.7	10%	\$126.7	\$1,140.0
8.00 TRANSIT	\$9,666.7	\$0.0	\$4,632.8	\$2,674.2	\$2,359.6	10%	\$236.0	\$2,123.7
Total - 10 Year City-Wide Soft Services	\$38,632.5	\$0.0	\$7,297.4	\$16,826.4	\$14,508.8		\$887.8	\$13,621.0

Subject to refinement

ENGINEERED SERVICES PROJECTS

Service	Growth-Related Capital Forecast				
	Total (Net of Grants/ Subsidies) (\$000)	Prior Growth (\$000)	Benefit to Existing Share (\$000)	Pre-Built Service (Calculated Oversizing) (\$000)	Total Growth- Related Net Capital Costs (\$000)
1. Roads	\$94,233.21	\$0.00	\$25,783.70	\$0.00	\$68,449.51
2. Water Services	\$42,670.16	\$0.00	\$34,729.21	\$0.00	\$7,940.95
3. Wastewater Services	\$14,012.63	\$0.00	\$8,148.68	\$0.00	\$5,863.95
4. Drains	\$8,720.10	\$0.00	\$6,219.53	\$0.00	\$2,500.58
Total - City-Wide Engineered Services	\$159,636.1	\$0.0	\$74,881.1	\$0.0	\$84,754.98

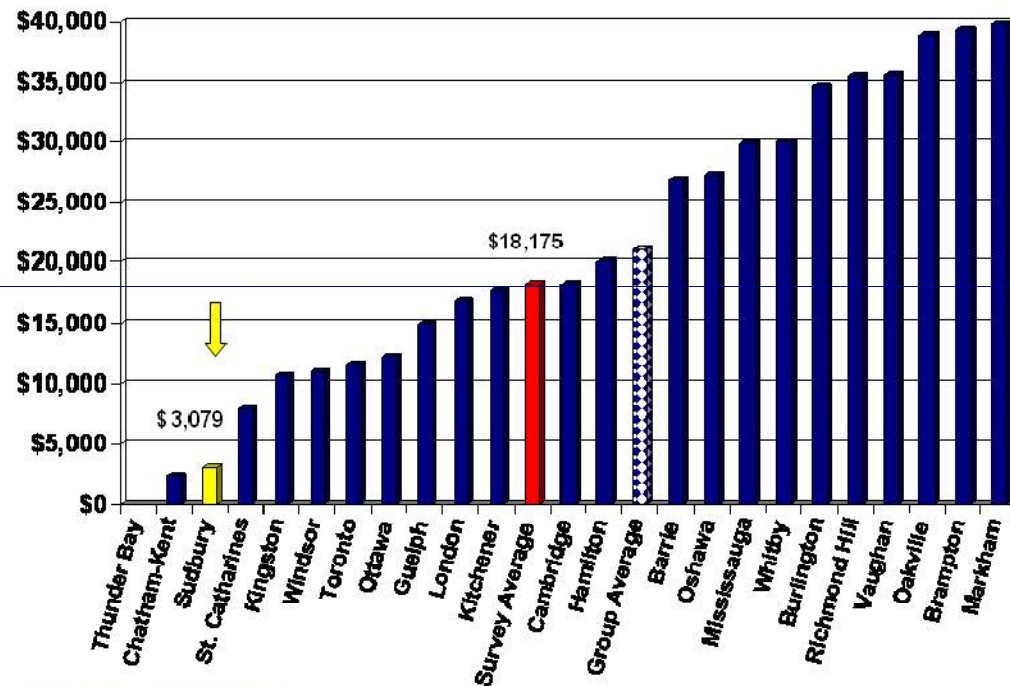
Subject to refinement

NEW POLICIES THAT COULD BE CONSIDERED

- **Introduction of Non-Residential Charge**
 - Currently exempt
- **Implementing less than maximum allowable charge:**
 - Phase-in of maximum charge
 - Permanent discount

SUDBURY'S CURRENT DC RATE IS COMPARATIVELY LOW

Development Charges – Single, Semi-Detached



Amongst the lowest residential development charges

2008 Municipal Study

BMA
Management Consulting Inc.

DC RATE ENVIRONMENT

- DC rates are not linked to rates of growth
- Several slower growth communities have rates much higher than Sudbury's rates
- Generally, 2009 rates are likely to be significantly higher than 2008 rates

NEXT STEPS

- **Refinement of eligible cost estimates**
- **Calculation of charges**
 - Project list indicates maximum amounts much higher than existing rate
- **Council review and input**
- **Preparation of DC Background Study**
- **Stakeholders Consultation**
- **Public Meeting**
- **Passage of new By-law**