

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 8
OF THE REGIONAL COMMISSIONER OF FINANCE**

**For Consideration by
The Council of The Regional Municipality of York
on June 23, 2005**

**1
2005 DEVELOPMENT CHARGE BY-LAW AMENDMENT
ADDITIONAL INFORMATION**

1. RECOMMENDATIONS

It is recommended that:

1. Council enact the proposed amendment to Development Charge By-law No. DC – 0005 - 2003 - 050, which incorporates additional information outlined in this report.
2. The proposed amendment to the Development Charge By-law, including any adjustments required as a result of input received, come into effect June 23, 2005.
3. Council determine that no further public meeting is necessary prior to passing the amendment to Development Charge By-law No. 0005-2003-050.

2. PURPOSE

The purpose of this report is to update Council on events that have taken place subsequent to the issuance of the background study to support a proposed amendment to the 2003 Development Charge (“DC”) By-law, and the Public Meeting held on June 2nd.

3. BACKGROUND

In December 2004, Council authorized staff to proceed with an amendment to the DC By-law incorporating increased costs resulting from additional conditions pertaining to mitigation of environmental impacts placed on many of the Regional wastewater projects, such that the costs of growth would be captured from the development creating the need for these costs. On May 8, 2005, the Region published notice of a public meeting required under Provincial legislation to enact an amendment to the DC By-law. On May 18, 2005, the draft background study supporting the proposed amendment was made available to the public.

Discussions with staff and stakeholders subsequent to the issuance of the draft background study have resulted in some recommended adjustments to the initial draft background study. These adjustments are outlined below.

4. ANALYSIS AND OPTIONS

4.1 Toronto Water Cost Share Agreement

The 2003 DC Background Study included costs totalling \$126.6 million pertaining to additional water supply from the City of Toronto. The agreement to secure additional supply was entered into in 1998, and identified works required for additional supply to year 2004. The Region has recently negotiated the terms of an agreement with the City of Toronto to obtain water supply beyond what was to be obtained in the 1998 agreement. The agreement, which is to be presented to Council for approval on June 23, 2005, identifies projects required to service a 2031 demand totalling \$203.4 million (in 2003 dollars), some of which were included in the 1998 agreement, but were not yet completed.

The current background study supporting the proposed 2005 DC By-law amendment has been adjusted to remove the costs that were originally included in the 1998 water supply agreement and have now been reflected in the proposed 2005 agreement.

4.2 Excess Supply Beyond Year 2026

In 2003, water servicing projections included in the DC Background Study estimated that by 2036, the Region's total water supply would fall just short of servicing projected demand. The recent negotiations with the City of Toronto would secure additional water supply such that by 2036, there would be excess water supply available for future development. The increase in costs associated with the additional water supply beyond 2026 totals \$76.7 million. The Development Charge Act, 1997 indicates that the cost of any excess capacity beyond the planning period must be backed out of the DC rate calculation, and collected in future DC By-laws. Therefore, the costs included in the 2005 DC Background Study have been reduced by \$74.2 million, to reflect the cost of works required to provide capacity beyond 2036.

4.3 Changes in Proposed By-Law Amendment after Public Meeting

The above analysis has resulted in a decrease in the proposed water charge from \$4,795 in the draft by-law to \$4,079 in the by-law (in 2003 dollars) now recommended for adoption. As the changes noted above have reduced the proposed DC rates, it is recommended that a further public meeting is not required under the DC Act, 1997.

5. FINANCIAL IMPLICATIONS

5.1 Proposed Water and Sewer DC Rates

The following chart outlines the proposed increases to the water and sewer DC rates, in 2003 dollars, based on the adjustments outlined above.

Comparison of 2003 Water and Sewer DC Rates

	Singles/ Semis	Multiples	Apartments 2>Bedrooms	Apartments 2<Bedrooms	Industrial/ Office/ Institutional	Retail
<u>Water</u>						
2003 By-law	\$3,296	\$2,825	\$2,072	\$1,318	\$0.54	\$0.79
Proposed Amendment	\$4,079	\$3,496	\$2,564	\$1,632	\$0.63	\$1.23
Difference	\$ 783	\$ 671	\$ 492	\$ 314	\$0.09	\$0.44
<u>Sewer</u>						
2003 By-law	\$3,320	\$2,846	\$2,087	\$1,328	\$0.48	\$0.70
Proposed Amendment	\$4,003	\$3,431	\$2,516	\$1,601	\$0.60	\$1.18
Difference	\$ 683	\$ 585	\$ 429	\$ 273	\$0.12	\$0.48

The proposed rates noted above do not reflect any increases due to indexing of the charge from 2003 values to 2005 values.

5.2 Proposed DC Rates – June 23, 2005

The DC By-law provides for annual indexing of the DC rate, effective June 23 of each year. On June 23, 2004, DC rates were indexed 4.4% in accordance with the Statistics Canada Quarterly Construction Price Statistics index. The index as of the first quarter 2005 has increased 6.4% over the first quarter 2004. Therefore, on June 23, 2005, DC rates will be indexed by 6.4%.

As well, the phase-in of transit DC rates is based on the percentage of the budgeted capital program spent in the year. For 2004, 19.8% of the proposed transit capital budget was spent, therefore, 19.8% of the proposed rate phase-in will be implemented on June 23, 2005.

The following tables summarize the proposed rates to be in effect as of June 23, 2005, taking into consideration the amended water and sewer DC rates, the phase-in of the transit DC, indexing of the DC rates, and subsequent adjustments to the water capital costs.

**Proposed Residential Development Charge
June 23, 2005 to June 22, 2006**

Regional Municipality of York Schedule of Residential Development Charges Effective June 23, 2005 to June 22, 2006				
	Single & Semi-detached	Multiple unit Dwelling	Apartments 2+ bedrooms	Apartments <2 bedrooms
Water	\$ 4,531	\$ 3,884	\$ 2,848	\$ 1,813
Sewer	\$ 4,446	\$ 3,811	\$ 2,795	\$ 1,778
Roads	\$ 4,287	\$ 3,675	\$ 2,695	\$ 1,715
<i>Subtotal</i>	\$13,264	\$11,370	\$ 8,338	\$ 5,306
Transit	\$ 1,142	\$ 927	\$ 680	\$ 432
General Services	\$ 515	\$ 418	\$ 305	\$ 195
GO Transit	\$ 287	\$ 226	\$ 166	\$ 105
Proposed New Rate	\$15,208	\$12,941	\$ 9,489	\$ 6,038
Rate effective June 23, 2005 without proposed amendment	\$13,580	\$11,544	\$8,465	\$5,385

**Proposed Non-residential Development Charge
June 23, 2005 to June 22, 2006**

Regional Municipality of York Schedule of Non-Residential Development Charges Effective June 23, 2005 to June 22, 2006				
	Per Square Foot of Gross Floor Area		Per Square Metre of Gross Floor Area	
	Industrial/ Office/ Institutional	Retail	Industrial/ Office/ Institutional	Retail
Water	\$ 0.70	\$ 1.64	\$ 7.54	\$17.66
Sewer	\$ 0.67	\$ 1.57	\$ 7.21	\$16.90
Roads	\$ 1.73	\$ 3.30	\$18.62	\$35.52
Transit	\$.42	\$ 0.67	\$ 4.52	\$ 7.21

General	\$.16	\$ 0.21	\$ 1.72	\$ 2.26
Proposed New Rate	\$ 3.68	\$ 7.39	\$ 39.61	\$79.55
Rate effective June 23, 2005 without proposed amendment	\$ 3.44	\$ 6.36	\$ 37.03	\$71.37

6. LOCAL MUNICIPAL IMPACT

The DC By-law is a key component to long term infrastructure planning and growth management. It is a major funding source for infrastructure required to accommodate growth within the area municipalities. This amendment will help ensure adequate funding is available for this infrastructure.

7. CONCLUSION

Adjustments have been identified to the background study required to amend the 2003 DC By-law, subsequent to the completion of the initial draft on May 18, 2005. It is recommended that these adjustments be incorporated into the amendment to the 2003 DC By-law, and that this amendment be enacted by Regional Council effective June 23, 2005.

The Senior Management Group has reviewed this report.

Respectfully submitted,

**June 21, 2005
Newmarket, Ontario**

**Sandra Cartwright
Commissioner of Finance**

(Report No. 8 of the Commissioner of Finance was adopted, without amendment, by Regional Council at its meeting held on June 23, 2005.)