



Finance Department

TO: Budget and Corporate Services Committee

SUBJECT: 2014 City of Burlington Development Charges Update Process

Report Number: F-49-12

File Number(s): 460-01

Report Date: November 20, 2012

Ward(s) Affected: 1 2 3 4 5 6 All

Date to Committee: January 15, 2013

Date to Council: January 28, 2013

Recommendation: Approve the 2014 Development Charges Update process as outlined in Finance report F-49-12 dated November 20, 2012; and

Appoint Councillors _____ and _____ as the Chair and Vice Chair of the Development Charges Consultation Committee respectively; and

Authorize the Manager of Purchasing to enter into direct negotiation with Watson & Associates Economists Ltd. and issue a purchase order based upon the outcome of the negotiation.

Purpose:

- Address goal or action in strategic plan
- Establish new or revised policy or service standard
- Respond to legislation
- Respond to staff direction
- Address other area of responsibility

The purpose of this report is to outline the process to update the City's current development charges (DC) by-law and related policies and to request approval to retain a consultant to assist City staff with the DC background study.

Reference to Strategic Plan:

- Vibrant Neighbourhoods
 - Excellence in Government
 - Prosperity
 - N/A
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Background:

The Development Charges Act, 1997 (DCA) and associated regulations require that a Development Charges By-law expires five years after the day it comes into force, unless it specifies an earlier expiry date or is repealed sooner. The City of Burlington's current DC by-law (By-law 49-2009) will expire July 1, 2014; consequently, the new by-law must be enacted prior to this date.

Discussion:

Development Charges (DC) Update Process

The *Development Charges Act, 1997*, details the rules to be followed when calculating development charges and prescribes the information to be contained in the required background study, including the timing of its availability to the general public as part of the process.

Similar to the 2009 DC study process, the 2014 DC study process will be based on a comprehensive public consultative process, whereby a number of committees will be established. Staff recommend three committees/groups: staff working groups, strategy committee and a consultation committee. The roles and membership for each committee have been briefly highlighted below under the subsection Committees. Terms of Reference proposed for the DC Consultation Committee involving community stakeholders are attached to this report (Appendix A) for Committee's consideration. As in previous DC studies, community engagement of stakeholders and the public are proposed. Staff believe that the involvement of stakeholders early in the process will once again allow for early consultation and a narrowing of crucial issues when the final quantum and related DC policies are presented.

In addition, the City, in accordance with the legislation, will be holding at least one public meeting (Budget & Corporate Services Committee) and ensure that adequate information is made available to the public in advance of the meeting. A draft schedule has been attached (Appendix B) for Committees' information.

Development Charges Act, 1997 (DCA)

Development Charges are imposed by municipalities on development and redevelopment to fund the growth related capital costs. The *Development Charges Act, 1997* legislates the process to be undertaken by municipalities in order to impose development charges.

The calculation requirements are subject to DCA legislation and accompanying regulations. A simplified summary of the DC calculation methodology involves the following:

- A forecast of the amount, type and location of anticipated development
- Identification of servicing needs to accommodate anticipated growth
- Identification of capital costs to provide services to meet the needs
- Deductions, which include:
 - Grants, subsidies and other contributions
 - Benefit to existing development
 - Statutory 10% deduction for select services
 - Amounts in excess of average 10 year historic service levels
 - DC Reserve Fund balances (where applicable)
- Allocation of net costs between residential and non-residential growth

The rationale for this methodology is that 'growth pays for growth'. As part of the DC review process, staff will be reporting to committee with the 2014 DC Background Study and By-law in the spring of 2014, at which time details and further clarity on the outcome of the process will be provided.

Committees

The following Committees are proposed in order to carry out the update of the development charges study and by-law:

1. Working Groups: consisting of staff from various departments and external partners that prepare the analysis and recommend policies for development related services.
2. Strategy Committee: consisting of senior staff from various departments. The primary role of this committee is to provide strategic guidance and input/involvement early in the process as well to review the analysis and proposed policies.
3. Consultation Committee: consisting of representatives from stakeholder groups who will meet, where possible, after each critical step, with city staff providing a support/administrative role.
 - Members of Council to be named and approved (2)
 - Hamilton-Halton Home Builders' Association (1)
 - Building Industry and Land Development Association or a similar development representative (1)
 - Development Industry Representative (1)
 - Burlington Chamber of Commerce (1)
 - Citizens (up to 3)

Staff continue to support the membership of the DC Consultation Committee as highlighted above. Finance staff will be contacting the parties from the respective organizations as well as the citizens, who participated in prior DC studies, to determine if they would like to be representatives or if an advertisement for potential candidate selection is required. Staff proposed that the chair and vice chair of this committee be appointed by council as part of the approval of this report.

Additional sub-committees to deal with technical issues may be required as part of the process. During the 2009 DC study, sub-committees were established to deal with technical aspects relating to storm drainage and transportation. This process proved to be extremely beneficial.

Consulting Assistance

Staff recommend single sourcing the consulting firm Watson & Associates Economists Ltd. (Watson & Associates) to provide professional financial advice and guidance during the 2014 DC update notwithstanding the City's normal requirement for a formal competitive bid process for projects valued over \$20,000 (Procurement By-law 69-2005, section 11).

Retaining Watson & Associates will result in greater efficiencies and will be extremely beneficial to the city given their expertise in the field and their engagement with the city, Region of Halton and some of the area municipalities on their DC updates. They are quite familiar with matters in Burlington. Some of the projects the firm has been retained by the city include: the 2004 and 2009 DC updates, fiscal impact studies over the years for the City (i.e. Bronte Creek Business Park, Grindstone Settlement Area), Development Application Approval Process (DAAP) fees analysis and more recently the planning fees study.

The city is extremely pleased with the financial and economic assistance provided. Watson & Associates were retained as the consultant for the Region of Halton, Milton and Oakville for their most recent DC update. Watson & Associates' alliances, knowledge, base data and broad experience provide synergies and efficiencies which will be beneficial to the City of Burlington.

As well, recognizing that the Region's DC By-law and policies have come forward in advance of the city, Watson & Associates are cognizant of the decisions and policies of the Region as the city moves forward with our policy decisions.

Timetable

Appendix B presents the steps inherent in the DC update process as well as the anticipated timing for completion. As seen from this table, there is a substantial amount of work to be completed in a limited time period.

Other related studies/matters that will impact the DC review process include:

1. Places to Grow: Region of Halton's Best Planning Estimates

The anticipated development in the City of Burlington over the 10 and 20 year planning horizon will be prepared based on the Halton Region Best Planning Estimates (BPE), updated in 2011. The Best Planning Estimates (BPE, 2011) was developed by Regional staff in consultation with staff from local municipalities based on various demographic models, using parameters derived from Statistics Canada Census data. The 2011 BPE population and employment forecast reflects the population and employment targets of the Provincial Growth Plan, Places to Grow and Regional Official Plan Amendments No. 38 and 39 (ROPA 38 & 39). The BPE form the basis of the growth projections for the DC background study and provide direction in determining the timely provision of both hard infrastructure (roads, storm drainage) and community infrastructure (parks, recreation centres, etc).

2. Residential Greenfield Build-out

As the city approaches residential greenfield build-out, growth will occur in the form of intensification. As the planning horizon for this DC review takes us to at least 2031, the implications of residential greenfield build-out must be considered.

3. Transportation Master Plan

One significant component of the DC study is the Transportation Background Study (TBS) which will be prepared as part of an overall Transportation Master Plan. The TBS is a document that identifies transportation improvements for a long-term planning horizon and provides the basis for the transportation service component of the study, which historically represents 70-80% of the calculation. The TBS will support and build upon the city's Cycling Master Plan and Transit Resource Document and will be aligned with the Region of Halton's Transportation Master Plan. Included in the plan will be cost analysis, coordinated land use data, service level standards, etc. Transportation Services staff will be leading the Transportation Master Plan study scheduled to commence early in 2013.

4. Halton Region 2012 Development Charges Update

In 2012, Regional Council approved the 2012 Development Charges By-laws effective September 5, 2012. The Region of Halton's 2012 DC update includes a few policy initiatives that may influence the City's DC Update. These include the following:

- Commercial Expansion Exemption
- Demolition Credit
- Conversion Credit
- Residential Dwelling Categories
- Built/Greenfield Development Charges

As Committee is aware, the Region of Halton's development charge by-laws are currently under appeal.

Financial Matters:

The funding for the costs associated with the update to the City's development charges (i.e. economic consultant and legal advice as required) was approved as part of the 2012 Capital Budget in the amount of \$100,000.

Environmental Matters:

N/A

Communication Matters:

The City of Burlington will involve the public and development industry in the 2014 Development Charges Study process. As noted above, staff propose a comprehensive public consultative process with the involvement of key stakeholders in order to address crucial issues at early stages in the process.

Conclusion:

Staff are proceeding with the update to the City's development charges at this time and have provided Committee with a proposed process and timetable for approval.

Respectfully submitted,

Ann Marie Coulson
 Manager of Financial Planning and Taxation
 905-335-7600 Ext. 7655

Appendices:

Appendix A – 2014 Development Charges Update - Consultation Committee Terms of Reference Appendix B – 2014 Development Charges Update - Proposed Work Plan

Notifications:
 (after Council decision)

Name	Mailing or E-mail Address

Approvals:

*required

*Department
 City Treasurer
 General Manager
 City Manager

To be completed by the Clerks Department	
Committee Disposition & Comments	
	01-Approved 02-Not Approved 03-Amended 04-Referred 06-Received & Filed 07-Withdrawn
Council Disposition & Comments	
	01-Approved 02-Not Approved 03-Amended 04-Referred 06-Received & Filed 07-Withdrawn

City of Burlington 2014 Development Charges Consultation Committee

TERMS OF REFERENCE

The Development Charges Consultation Committee is an advisory committee authorized by city council. The mandate of the committee is to advise and assist the city with respect to City Development Charges as follows:

1. Review the methodology and assumptions used in formulating Burlington's Development Charges and Policies
2. Provide input on recommendations dealing with the proposed development charge by-law and/or amendments.

Composition

The committee shall be comprised of members (up to 9) from the development industry, business sector, City of Burlington taxpayers and Council as follows:

- Members of Council (2)
- Hamilton-Halton Home Builders' Association (1)
- Building Industry and Land Development Association or a similar development representative (1)
- Development Industry Representative (1)
- Burlington Chamber of Commerce (1)
- Citizens' representative (up to 3)

City staff will provide support to the committee from an administrative and technical perspective.

Frequency of Meetings

Committee meetings shall generally be scheduled based on the requirements of the Development Charge process.

Quorum

A quorum shall be a majority of the committee members. If the quorum for a committee meeting is not present within fifteen (15) minutes of the time fixed for the commencement of the meeting, the committee may proceed without a quorum being present but the report of the committee meeting shall clearly indicate thereon what parts of the meeting were conducted without a quorum present.

Role of Chair and Vice Chair

The Chair and Vice Chair shall be members of council. The Chair shall preside over the meetings and assist the committee in attempting to reach consensus on fundamental policy issues of concern.

City of Burlington 2014 Development Charges Consultation Committee

TERMS OF REFERENCE

The Chair shall act as spokesperson and coordinate the presentation of the Committee's position to Council. It shall be the duty of the Chair, with respect to all meetings, which he/she presides to:

- Preserve order and decide all questions of order
- Enforce the observance of order and decorum among the members
- Represent and support the Committee, declaring its will and implicitly obeying its decisions.

The Vice-Chair shall assume the authority and perform all the duties of the Chair in the absence of the Chair.

Sub-Committee

The Committee may form sub-committees for the purpose of addressing specific technical issues relating to development charges. The Committee shall determine the number, frequency and membership of sub-committee(s) and shall review all information submitted by sub-committees.

Sub-committees must report back to the Committee on all analysis, discussions and recommendations.

Committee Records

Staff will coordinate and retain committee records including agendas, minutes, and subcommittee reports.

