

**County of Wellington
2018 Development Charge
Update Study**

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 **Planning for growth**

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List of Acronyms and Abbreviations

D.C.	Development Charge
D.C.A.	Development Charges Act
G.F.A.	Gross floor area
O.Reg	Ontario Regulation
P.P.U.	Persons per unit
S.D.U.	Single detached unit
sq.ft.	Square foot

1. Introduction

1.1 Background

The County of Wellington imposes development charges (D.C.) to recover the increase in needs for service arising from growth. The basis for the calculation of the County's existing County-wide development charges is documented in the "County of Wellington Development Charge Background Study", dated February 24, 2017, which provided the supporting documentation for By-law 5523-17. The development charges came into effect June 1, 2017.

The County's development charges have been indexed (in accordance with section 16 of the by-law) annually on January 1st and are currently 3% higher than the 2017 rates implemented under By-law 5523-17 (presented below). The 2017 development charges (unindexed) are shown in Table 1-1.

The purpose of this report is to recover, through development charges, for additional growth-related capital items related to roads and studies. The road related works were identified through discussions between County staff and staff from the benefitting local municipality, whereas County staff have further identified the needs for additional road related studies.

Table 1-1
County of Wellington
2017 County-wide Development Charges (Unindexed)

Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units	(per ft ² of Gross Floor Area)
County-wide Services:						
Roads and Related	2,733	1,773	1,294	2,159	857	1.03
Police Services	130	84	62	103	41	0.05
Library Services	944	613	447	746	296	0.04
Studies	69	45	33	55	22	0.03
Homes for the Aged	86	56	41	68	27	0.01
Child Care	21	14	10	17	7	0.00
Provincial Offences Act	121	79	57	96	38	0.04
Health Unit	93	60	44	73	29	0.01
Social Services Administration	115	75	54	91	36	0.01
Ambulance	54	35	26	43	17	0.01
Waste Diversion	348	226	165	275	109	0.13
Total County-wide Services	4,714	3,060	2,233	3,726	1,479	1.36

1.2 Existing Policies (Rules)

The following subsections set out the rules governing the calculation, payment and collection of development charges as provided in By-law 5523-17, in accordance with the *Development Charges Act, 1997*, as amended (D.C.A.).

1.2.1 Payment in any Particular Case

In accordance with the *D.C.A.*, the D.C. shall 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*;
- g) the issuing of a building permit under the *Building Code Act* in relation to a building.

1.2.2 Determination of the Amount of the Charge

The calculation for residential development is generated on a per capita basis, and based upon different forms of housing types (single and semi-detached, apartments with two or more bedrooms, one bedroom apartments and bachelors, other multiples, and special care/special dwelling units). The total cost is divided by the “gross” (new resident) population to determine the per capita amount. The eligible D.C. cost calculations are based on the net anticipated population increase (the forecast new unit population less the anticipated decline in existing units). This approach acknowledges that service capacity will be “freed up” by the population decline in existing units. The cost per capita is then multiplied by the average occupancy of the new units to calculate the charges by type of residential dwelling unit.

The non-residential D.C. has been calculated based on a per square foot of gross floor area basis.

1.2.3 Application for Land Redevelopment

Despite any other provisions of the By-law, where, as a result of the redevelopment of land, a building or structure existing on the same land within five (5) years prior to the date of payment of development charges in regard to such redevelopment was, or is to be demolished, in whole or in part, or converted from one principal use to another principal use on the same lane, in order to facilitate the redevelopment, the development charges otherwise payable with respect to such redevelopment shall be reduced/provided a credit as follows:

- 1) a credit shall be allowed, provided that the land was improved by occupied structures (or structures capable of occupancy) within the five years prior to the issuance of the building permit, and the building permit has been issued for the development or redevelopment within five years from the date the demolition permit has been issued; and
- 2) if a development or redevelopment involves the demolition of and replacement of a residential building or structure, a credit shall be allowed equivalent to the number of dwelling units demolished multiplied by the applicable residential development charge in place at the time the development charge is payable; and
- 3) if a development or redevelopment involves the demolition of and replacement of a non-residential building or structure, a credit shall be allowed equivalent to the gross floor area demolished multiplied by the applicable non-residential development charges in place at the time the development charge is payable.

A credit can, in no case, exceed the amount of the development charge that would otherwise be payable, and no credit is available if the existing land use is exempt under this by-law.

1.2.4 Exemptions (full or partial)

The following lands are exempt from development charges:

- a) Statutory exemptions
 - i. 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)) of the D.C.A;

- ii. buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education (s.3); and
- iii. residential development that results only in 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

- i. A hospital, to which the Public Hospitals Act applies;
- ii. A college or university;
- iii. A cemetery;
- iv. A place of worship; or
- v. Non-residential farm buildings constructed for bona fide farm uses.

1.2.5 Indexing

The by-law provided for the automatic indexing of the development charges, without amendment, annually, beginning on January 1, 2018 in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index.

1.2.6 By-law Duration

The by-law will expire at 12:01 AM on June 1, 2022 unless it is repealed by Council at an earlier date.

1.2.7 Timing of D.C. Payments

Development charges imposed under the By-law are calculated, payable and collected upon issuance of the first building permit for the development.

Despite the above, Council from time to time, and at any time, may enter into Agreements providing for all or any part of the development charge to be paid before or after it would otherwise be payable, in accordance with Section 27 of the D.C.A.

1.3 Basis for D.C. By-law Update

This D.C. Update Study provides for an amendment to the County's current development charges by-law (By-law 5523-17). The purpose of this amendment is to

incorporate additional growth-related capital (roads and studies) that was not included in the D.C. study process.

Details on the changes to the calculation and by-law are presented in Chapter 3 of this report. The draft amending by-law is presented in Appendix B to this report.

Updates to Roads Capital Sheet

The Roads capital table on Page 5-27 of the County of Wellington Development Charge Background Study, dated February 24, 2017, should have included the following three (3) intersection improvement projects:

- WR 18 & Gerrie Road;
- WR 18 & Beattie Line; and
- WR 7 & First Line.

These projects are provided in Chapter 3.

Updates to Administration Studies Capital Sheet

The Administration Studies table on Page 5-3 of the County's 2017 Background Study should have included the following two (2) studies:

- Roads Facilities Study; and
- Transportation Master Plan.

These projects are provided in Chapter 3.

1.4 Summary of the Process

The Public Meeting required under section 12 of the Development Charges Act, 1997, has been scheduled for October 9, 2018 at 9:00am located in the County of Wellington's Council chambers. Its purpose is to present the update study to the public and to solicit public input. The meeting is also being held to answer any questions regarding the study's purpose, methodology and the proposed modifications to the County's development charges.

The process to be followed in finalizing the report and recommendations includes:

- consideration of responses received prior to, at or immediately following the Public Meeting; and
- Council consideration of the amending by-law on October 25, 2018.

Figure 1-1 outlines the proposed schedule to be followed with respect to the development charge by-law adoption process.

**Figure 1-1
Schedule of Key Development Charge Process Dates
for the County of Wellington**

1. Discussions with County Staff	February, 2018
2. Data collection, Calculations & Policy Development	February – July, 2018
3. D.C. Background study update report and proposed amending D.C. by-law available to public (two weeks prior to the Public Meeting and 60 days prior to By-law passage)	August 24, 2018
4. Notice of Public Meeting	No later than September 19, 2018
5. Public meeting of Council	October 9, 2018
6. Council considers adoption of background study and passage of by-law	October 25, 2018
7. Newspaper notice given of by-law passage	By 20 days after passage
8. Last day for by-law appeal	40 days after passage
9. County makes available pamphlet (where by-law not appealed)	By 60 days after in force date

1.5 Policy Recommendations

It is recommended that the County's current D.C. policies, as identified in section 1.2 of this report, be continued.

2. Anticipated Development

The 2017 D.C. study provided for the anticipated residential and non-residential growth within the County of Wellington. The growth forecast associated with services included in the background study is provided in Table 2-1 below.

Table 2-1
County of Wellington
2017 D.C. Background Study – Growth Forecast Summary

Measure	10 Year 2017-2026	25 Year 2017-2041
(Net) Population Increase	16,415	41,545
Residential Unit Increase	5,974	15,404
Non-Residential Gross Floor Area Increase (ft ²)	6,255,600	13,271,700

For the purposes of this D.C. update, the 2017 D.C. Background Study growth forecast remains unchanged as the incremental growth is anticipated to remain the same.

3. Updates to the County's Capital Needs

The County passed By-law 5523-17 on, May 25, 2017, being a by-law for the purposes of establishing and collecting a development charge in accordance with the provisions of the *D.C.A.* The D.C. Background Study and By-law identified anticipated capital needs for recovery through D.C.s for County-wide Services. This chapter of the report summarizes the changes regarding the addition of the growth-related projects for Roads and Administration Studies. As these projects are being added as part of the 2017 D.C. study, the costs need to be deflated from 2018 dollars to 2017 dollars (the year of the last D.C. Background Study and adoption of the D.C. By-law).

3.1 Roads

As noted in section 1.3, the County has identified three (3) growth-related intersection improvements that will service the growth identified within the 2017 D.C. study. These projects are located in the following areas:

- WR 18 & Gerrie Road;
- WR 18 & Beattie Line; and
- WR 7 & First Line.

These works are anticipated to be undertaken in 2021 and 2022. The gross cost of these projects \$2,329,000. A reduction in the amount of \$698,700 has been applied to reflect the benefit to existing development, which is consistent with the other intersection improvement projects identified in the 2017 D.C. study. Therefore, the net growth-related amount to be added to the Roads capital table is \$1,630,300.

Table 3-1 provides for the updated service standard as per section 5(1)4 of the *D.C.A.* The resulting service standard is well in excess of the growth-related capital needs and hence, no further adjustments are required.

Based on the County's 2017 D.C. study, the costs allocated between residential and non-residential development based on the ratio of future anticipated population and employment are 74% residential and 26% non-residential over the 25-year forecast period. These added projects are highlighted in yellow and presented in Table 3-2.

**Table 3-1
County of Wellington
Roads Service Standard – Revised**

**Wellington County
Service Standard Calculation Sheet**

Service: Roads
Unit Measure: km of roadways

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017 Value (\$/km)
Arterial Roads and Turning Lanes	713	713	713	713	713	713	713	720	720	720	\$550,000
Total	713	713	713	713	713	713	713	720	720	720	

Population	86,434	86,830	87,030	87,319	88,200	89,246	89,890	90,271	91,245	92,930
Per Capita Standard	0.0083	0.0082	0.0082	0.0082	0.0081	0.0080	0.0079	0.0080	0.0079	0.0077

10 Year Average	2008 - 2017
Quantity Standard	0.0081
Quality Standard	\$546,259
Service Standard	\$4,425

DC Amount (before deductions)	25 Year
Forecast Population	41,545
\$ per Capita	\$4,425
Eligible Amount	\$183,824,162

**Table 3-2
County of Wellington
Roads Capital – Revised (2017\$)**

Wellington County
Service: Roads

Prj. No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2017\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential DC Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
2017-2041											
CENTRE WELLINGTON											
Wellington Road 7 (Elora to Highway 6)											
1	Widening to a four-lane rural cross-section	2035-2041	11,589,000	2,897,250		8,691,750	3,212,321		5,479,429	4,054,778	1,424,652
2	Major Culvert Extensions	2035-2041	93,000	23,250		69,750	25,778		43,972	32,539	11,433
3	Utility Relocations	2035-2041	377,000	94,250		282,750	104,500		178,250	131,905	46,345
4	Miscellaneous / Contingency (10%)	2035-2041	1,207,000	301,750		905,250	334,565		570,685	422,307	148,378
5	Property Acquisition	2035-2041	134,000	33,500		100,500	37,143		63,357	46,884	16,473
6	Class Environmental Assessment	2035-2041	155,000	38,750		116,250	42,964		73,286	54,232	19,054
7	Engineering and Contract Administration (10%)	2035-2041	1,357,000	339,250		1,017,750	376,143		641,607	474,789	166,818
Wellington Road 7 (Teviotdale to Salem)											
8	Construct Passing Lane, Rothsay South for 2km	2021	774,000	0		774,000	387,000		387,000	286,380	100,620
9	Construct Passing Lane, Salem to C070470	2017-2018	774,000	0		774,000	387,000		387,000	286,380	100,620
10	Provision to construct two additional passing lanes	2022-2027	1,548,000	0		1,548,000	774,000		774,000	572,760	201,240
Wellington Road 18 (Fergus to Elora)											
11	Widening to a four-lane rural cross-section	2026-2031	7,823,000	0		7,823,000	2,425,130		5,397,870	3,994,424	1,403,446
12	Class Environmental Assessment	2026-2031	1,032,000	0		1,032,000	319,920		712,080	526,939	185,141
Wellington Road 21											
13	Widening to a four-lane rural cross-section	2039	1,032,000	258,000		774,000	113,520		660,480	488,755	171,725
Wellington Road 43											
14	Widening to a four-lane rural cross-section	2039	2,214,000	553,500		1,660,500	243,540		1,416,960	1,048,550	368,410
15	Provision of bicycle lanes on a new bridge over the Grand River	2039	449,000	112,250		336,750	49,390		287,360	212,646	74,714
ERIN											
Wellington Road 124 (Wellington Road 52 to Wellington Road 23)											
16	Construct a truck by-pass for the Village of Erin	2025-2030	6,564,000	0		6,564,000	1,433,304		5,130,696	3,796,715	1,333,981
17	Class Environmental Assessment	2022-2023	1,032,000	0		1,032,000	225,346		806,654	596,924	209,730
18	Property Acquisition	2022-2023	335,000	0		335,000	73,150		261,850	193,769	68,081
Wellington Road 124 (Guelph to Erin)											
19	Construct passing lane, B124135 to Fourth Line	2018	1,548,000	0		1,548,000	338,019		1,209,981	895,386	314,595
20	Bridge 124135, Design and Replace	2017-2020	3,509,000	0		3,509,000	2,339,333		1,169,667	865,553	304,113
21	Construct Passing Lane, West of Brisbane	2022	1,548,000	0		1,548,000	338,019		1,209,981	895,386	314,595
Minto											
Wellington Road 109 (Harriston to Teviotdale)											
22	Construct Passing Lane, East of WR 5	2034	774,000	193,500		580,500	193,500		387,000	286,380	100,620
Puslinch											
Wellington Road 46 (Brock Road)											
23	Widening to a four-lane rural cross-section (Maltby Rd to WR 34)	2020-2021	3,462,000	0		3,462,000	864,475		2,597,525	1,922,168	675,356
24	Widening to a five-lane rural cross-section (WR 34 to Hwy 401)	2018-2021	6,522,000	0		6,522,000	1,628,570		4,893,430	3,621,138	1,272,292
25	Replace Signals (Maple Leaf Lane, Maltby Road)	2018	330,000	0		330,000	82,402		247,598	183,222	64,375
Traffic Signal & Roundabouts											
Roundabout Programme											
26	WR 7 & WR 109	2017-2041	1,135,000	0		1,135,000	351,850		783,150	579,531	203,619
27	WR 8 & WR 9	2017-2041	1,238,000	0		1,238,000	383,780		854,220	632,123	222,097
28	WR 8 & WR 10	2017-2041	1,445,000	0		1,445,000	447,950		997,050	737,817	259,233
29	WR 18 & WR 26	2017-2041	1,445,000	0		1,445,000	447,950		997,050	737,817	259,233
30	WR 21 & Eight Line	2017-2041	1,445,000	0		1,445,000	447,950		997,050	737,817	259,233
31	WR 30 & Guelph Road 3	2017-2041	1,135,000	0		1,135,000	351,850		783,150	579,531	203,619
32	WR 34 & WR 33	2017-2041	1,445,000	0		1,445,000	1,300,500		144,500	106,930	37,570
33	WR 124 & WR 26	2017-2041	1,445,000	0		1,445,000	447,950		997,050	737,817	259,233
34	WR 124 & WR 32 (2 locations, Class EA)	2017-2041	3,922,000	0		3,922,000	3,529,800		392,200	290,228	101,972
35	WR 124 & Guelph Road 1	2017-2041	1,651,000	0		1,651,000	1,485,900		165,100	122,174	42,926
36	WR 124 & Kossuth Road	2017-2041	1,342,000	0		1,342,000	1,207,800		134,200	99,308	34,892
37	WR 124 & Whitelaw Road	2017-2041	1,238,000	0		1,238,000	1,114,200		123,800	91,612	32,188
Traffic Signal Programme											
38	WR 7 & David Street (Major Improvements)	2017-2041	836,000	0		836,000	259,160		576,840	426,862	149,978
39	WR 7 & Second Line (Basic Improvements)	2017-2041	165,000	0		165,000	51,150		113,850	84,249	29,601
40	WR 7 & WR 11	2017-2041	444,000	0		444,000	137,640		306,360	226,706	79,654
41	WR 7 & WR 18 (Major Improvements)	2017-2041	836,000	0		836,000	259,160		576,840	426,862	149,978
42	WR 18 & WR 29	2017-2041	444,000	0		444,000	137,640		306,360	226,706	79,654
43	WR 22 & WR 29	2017-2041	444,000	0		444,000	137,640		306,360	226,706	79,654
44	WR 124 & Jones Baseline	2017-2041	444,000	0		444,000	137,640		306,360	226,706	79,654
Added Projects											
45	WR 18 & Gerrie Road	2021	401,000	0		401,000	120,300		280,700	207,718	72,982
46	WR 18 & Beattie Line	2022	558,000	0		558,000	167,400		390,600	289,044	101,556
47	WR 7 & First Line	2021	1,370,000	0		1,370,000	411,000		959,000	709,660	249,340
48	Reserve Adjustment (Estimate Ending Balance as of Dec. 31, 2016)						2,310,815		-2,310,815	-1,710,003	-600,812
Total			81,010,000	4,845,250	0	76,164,750	31,996,057	0	44,168,693	32,684,833	11,483,860

3.2 Administration (Growth-related) Studies

As noted earlier, the County has provided for the addition of two (2) growth-related studies:

- Roads Facilities Study; and
- Transportation Master Plan.

These studies are anticipated to be undertaken in 2019 to 2020. The gross cost of these studies is \$441,000. A reduction in the amount of \$205,800 has been applied to reflect the benefit to existing development. Therefore, the net growth-related amount to be added to the Administration Studies capital table is \$235,200.

Based on the County's 2017 D.C. study, the costs allocated between residential and non-residential development based on the ratio of future anticipated population and employment are 71% residential and 29% non-residential over the 10-year forecast period. These added projects are highlighted in yellow and presented in Table 3-3:

**Table 3-3
County of Wellington
Administration Studies – Revised (2017\$)**

Wellington County
Service Studies

Prj.No	Increased Service Needs Attributable to Anticipated Development 2017-2026	Timing (year)	Gross Capital Cost Estimate (2017\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Subtotal	Less: Other (e.g. 10% Statutory Deduction)	Potential DC Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development			Total	Residential Share 71%	Non-Residential Share 29%
1	Development Charge Study - Update	2017	75,000	0		75,000	0		75,000	7,500	67,500	47,925	19,575
2	Development Charge Study - Update	2022	75,000	0		75,000	0		75,000	7,500	67,500	47,925	19,575
3	Official Plan update	2020	40,000	0		40,000	0		40,000	4,000	36,000	25,560	10,440
4	Official Plan update	2025	40,000	0		40,000	0		40,000	4,000	36,000	25,560	10,440
5	Waste Management Strategy	2016-2018	300,000	0		300,000	180,000		120,000	12,000	108,000	76,680	31,320
6	Provision for other Studies	2017-2026	250,000	0		250,000	0		250,000	25,000	225,000	159,750	65,250
	Added												
7	Roads Facilities Study	2019-2020	147,000	0		147,000	132,300		14,700	0	14,700	10,437	4,263
8	Transportation Master Plan	2019-2020	294,000	0		294,000	73,500		220,500	0	220,500	156,555	63,945
9	Reserve Adjustment	2016	12,526	0		12,526	0		12,526	0	12,526	8,894	3,633
	Total		1,233,526	0	0	1,233,526	385,800	0	847,726	60,000	787,726	559,286	228,441

3.3 D.C. By-law Revised Schedule of Charges

3.3.1 Updated D.C. Calculation (2017\$)

The detailed calculation table underlying the additional capital needs are summarized in Tables 3-4 and 3-5. Table 3-4 calculates the proposed development charge to be imposed on anticipated development in the County for the additional Roads projects over the 25-year planning horizon. Similarly, Table 3-5 calculates the development charge to be imposed on anticipated development for the administration studies projects over the 10-year planning horizon.

For the residential calculations, the total cost is divided by the “gross” (new resident) population to determine the per capita amount. The eligible D.C. cost calculations set out in Table 3-2 and Table 3-3 are based on the net anticipated population increase (the forecast new unit population less the anticipated decline in existing units). The cost per capita is then multiplied by the average occupancy of the new units to calculate the charge in Tables 3-4 and 3-5. With respect to non-residential development, the total costs in the uniform charge allocated to non-residential development (based on need for service) have been divided by the anticipated development over the planning period to calculate a cost per sq.ft. of gross floor area.

Table 3-4
County of Wellington
Roads and Related D.C. Calculation (2017-2041)

SERVICE	2017 \$ DC Eligible Cost		2017 \$ DC Eligible Cost	
	Residential	Non-Residential	SDU	per ft ²
	\$	\$	\$	\$
1. <u>Roads and Related</u>				
1.1 Roads	32,684,833	11,483,860	2,282	0.86
1.2 Depots and Domes	5,878,974	2,065,585	411	0.16
1.3 PW Rolling Stock	1,762,606	619,294	123	0.05
	40,326,413	14,168,740	2,816	1.07
TOTAL	\$40,326,413	\$14,168,740	\$2,816	\$1.07
DC ELIGIBLE CAPITAL COST	\$40,326,413	\$14,168,740		
25 Year Gross Population / GFA Growth (ft ² .)	45,675	13,271,700		
Cost Per Capita / Non-Residential GFA (ft ² .)	\$882.90	\$1.07		
<u>By Residential Unit Type</u>	<u>p.p.u</u>			
Single and Semi-Detached Dwelling	3.19	\$2,816		
Apartments - 2 Bedrooms +	2.07	\$1,828		
Apartments - Bachelor and 1 Bedroom	1.51	\$1,333		
Other Multiples	2.52	\$2,225		
Special Care/Special Dwelling Units	1.00	\$883		

**Table 3-5
County of Wellington
Administration Studies D.C. Calculation (2017-2026)**

SERVICE	2017 \$ DC Eligible Cost		2017 \$ DC Eligible Cost	
	Residential	Non-Residential	SDU	per ft ²
4. Studies	\$	\$	\$	\$
4.1 Studies	559,286	228,441	99	0.04
TOTAL	\$559,286	\$228,441	\$99	\$0.04
DC ELIGIBLE CAPITAL COST	\$559,286	\$228,441		
10 Year Gross Population / GFA Growth (ft ² .)	18,038	6,255,600		
Cost Per Capita / Non-Residential GFA (ft ² .)	\$31.01	\$0.04		
<u>By Residential Unit Type</u>	<u>p.p.u</u>			
Single and Semi-Detached Dwelling	3.19	\$99		
Apartments - 2 Bedrooms +	2.07	\$64		
Apartments - Bachelor and 1 Bedroom	1.51	\$47		
Other Multiples	2.52	\$78		
Special Care/Special Dwelling Units	1.00	\$31		

Tables 3-6 and 3-7 compare the amended and existing single detached dwelling unit and non-residential per square foot development charges (2017\$ values).

**Table 3-6
County of Wellington
Comparison of Existing and Amending Residential D.C. (2017\$)**

Service	Charge Based on 2017 D.C. Study	Calculated Charge Based on 2018 D.C. Update
County-Wide Services:		
Roads and Related	2,733	2,816
Police Services	130	130
Library Services	944	944
Studies	69	99
Homes for the Aged	86	86
Child Care	21	21
Provincial Offences Act	121	121
Health Unit	93	93
Social Services Administration	115	115
Ambulance	54	54
Waste Diversion	348	348
Total County-Wide Services	4,714	4,827

Table 3-7
County of Wellington
Comparison of Existing and Amending Non-Residential D.C. (2017\$)

Service	Charge Based on 2017 D.C. Study	Calculated Charge Based on 2018 D.C. Update
County-Wide Services:		
Roads and Related	1.03	1.07
Police Services	0.05	0.05
Library Services	0.04	0.04
Studies	0.03	0.04
Homes for the Aged	0.01	0.01
Child Care	-	-
Provincial Offences Act	0.04	0.04
Health Unit	0.01	0.01
Social Services Administration	0.01	0.01
Ambulance	0.01	0.01
Waste Diversion	0.13	0.13
Total County-Wide Services	1.36	1.41

3.3.2 Revised D.C. Rates (2017\$ and 2018\$)

Based on the calculations above, the D.C. for Roads and Related is calculated to increase from \$2,733 to \$2,816 per single detached unit, and from \$1.03 to \$1.07 per square foot for non-residential development.

For administration studies, the D.C. is calculated to increase from \$69 to \$99 per single detached unit, and from \$0.03 to \$0.04 per square foot for non-residential development.

Table 3-8 provides for the updated County-wide development charges in 2017 values, as the study was originally completed in 2017. Table 3-9 provides for the indexed 2018 values as the County's current development charges have been indexed to 2018 values.

Table 3-8
County of Wellington
Updated Development Charge Calculation (2017\$)

Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units	(per ft ² of Gross Floor Area)
County-wide Services:						
Roads and Related	2,816	1,827	1,333	2,225	883	1.07
Police Services	130	84	62	103	41	0.05
Library Services	944	613	447	746	296	0.04
Studies	99	64	47	78	31	0.04
Homes for the Aged	86	56	41	68	27	0.01
Child Care	21	14	10	17	7	0.00
Provincial Offences Act	121	79	57	96	38	0.04
Health Unit	93	60	44	73	29	0.01
Social Services Administration	115	75	54	91	36	0.01
Ambulance	54	35	26	43	17	0.01
Waste Diversion	348	226	165	275	109	0.13
Total County-wide Services	4,827	3,133	2,286	3,815	1,514	1.41

**Table 3-9
County of Wellington
Updated Development Charge Calculation (2018\$)**

Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units	(per ft ² of Gross Floor Area)
County-wide Services:						
Roads and Related	2,900	1,882	1,373	2,292	909	1.10
Police Services	134	87	64	106	42	0.05
Library Services	972	631	460	768	305	0.04
Studies	102	66	48	80	32	0.04
Homes for the Aged	89	58	42	70	28	0.01
Child Care	22	14	10	18	7	0.00
Provincial Offences Act	125	81	59	99	39	0.04
Health Unit	96	62	45	75	30	0.01
Social Services Administration	118	77	56	94	37	0.01
Ambulance	56	36	27	44	18	0.01
Waste Diversion	358	233	170	283	112	0.13
Total County-wide Services	4,972	3,227	2,354	3,929	1,559	1.44

4. Recommendations

It is recommended that Council:

“Continue the D.C. approach to calculate the charges on a uniform County-wide basis for all services”;

“Approve the Development Charges Update Study dated August 24, 2018, as amended (if applicable)”;

“Approve the updated capital projects set out in Chapter 3 of the Development Charges Update Study dated August 24, 2018”;

“Determine that no further public meeting is required”; and

“Approve the Amending Development Charge By-law as set out in Appendix B”.

Appendix A – Asset Management and Long-Term Capital and Operating Cost Examination

A-1 – Asset Management Plan

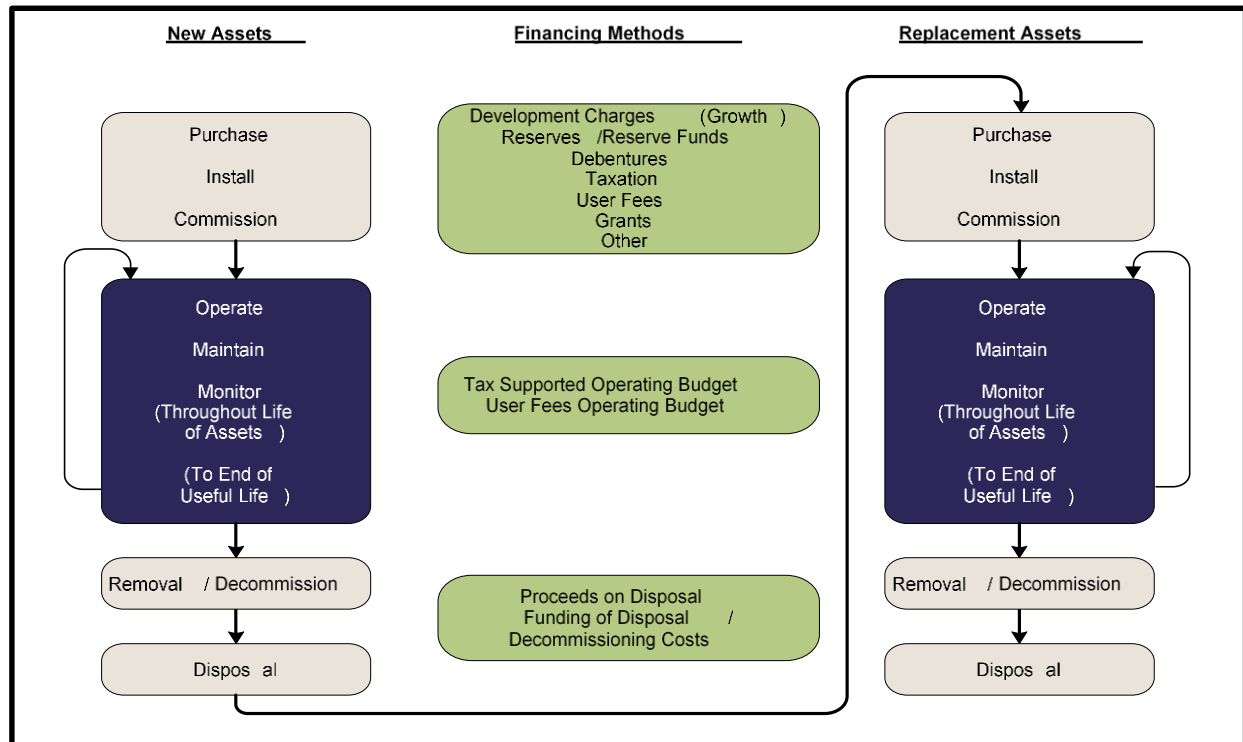
The recent changes to the D.C.A. (new section 10(2)(c.2)) require that the Background Study must include an asset management plan related to new infrastructure. Section 10 (3) of the D.C.A. provides:

The asset management plan shall,

- (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;**
- (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;**
- (c) contain any other information that is prescribed; and**
- (d) be prepared in the prescribed manner.**

In regard to the above, section 8 of the Regulations was amended to include subsections (2), (3) and (4) which set out for specific detailed requirements for transit (only). For all services except transit, there are no prescribed requirements at this time thus requiring the municipality to define the approach to include within the Background Study.

At a broad level, the Asset Management Plan provides for the long term investment in an asset over its entire useful life along with the funding. The schematic below identifies the costs for an asset through its entire lifecycle. For growth-related works, the majority of capital costs will be funded by the D.C. Non-growth related expenditures will then be funded from non-D.C. revenues as noted below. During the useful life of the asset, there will be minor maintenance costs to extend the life of the asset along with additional program related expenditures to provide the full services to the residents. At the end of the life of the asset, it will be replaced by non-D.C. financing sources.



In 2012, the Province developed Building Together: Guide for municipal asset management plans which outlines the key elements for an asset management plan (A.M.P.), as follows:

State of local infrastructure: asset types, quantities, age, condition, financial accounting valuation and replacement cost valuation.

Desired levels of service: defines levels of service through performance measures and discusses any external trends or issues that may affect expected levels of service or the municipality's ability to meet them (for example, new accessibility standards, climate change impacts).

Asset management strategy: the asset management strategy is the set of planned actions that will seek to generate the desired levels of service in a sustainable way, while managing risk, at the lowest lifecycle cost.

Financing strategy: having a financial plan is critical for putting an A.M.P. into action. By having a strong financial plan, municipalities can also demonstrate that they have made a concerted effort to integrate the A.M.P. with financial planning and municipal budgeting, and are making full use of all available infrastructure financing tools.

Commensurate with the above, the County prepared an Asset Management Plan in 2013 for its existing assets, however, the plan does not include all assets categories

that are included in the capital forecast needs of the D.C. background study and for the services included, the plan only addresses non-growth costs of capital (i.e. does not include expansionary capital). As a result, the asset management requirement for the D.C. must be undertaken in the absence of this information.

In recognition to the schematic above, the following table (presented in 2017 \$) has been developed to provide the annualized expenditures and revenues associated with new growth. Note that the D.C.A. does not require an analysis of the non-D.C. capital needs or their associated operating costs so these are omitted from the table below. As well, as all existing assets for the categories of assets included in the D.C. eligible capital costs are not included in the County's Asset Management Plan (i.e. other transportation services, fire, police, parking, outdoor and indoor recreation, and library are not included), the present infrastructure gap and associated funding plan have not been considered at this time. Hence the following does not represent a fiscal impact assessment (including future tax/rate increases) but provides insight into the potential affordability of the new assets:

1. The non-D.C. recoverable portion of the projects which will require financing from County financial resources (i.e. taxation, rates, fees, etc.). This amount has been presented on an annual debt charge amount based on 10-year financing.
2. Lifecycle costs for the 2017 D.C. capital works have been presented based on a sinking fund basis. The assets have been considered over their estimated useful lives.
3. Incremental operating costs for the D.C. services (only) have been included.
4. The resultant total annualized expenditures are \$28.6 million.
5. Consideration was given to the potential new taxation and user fee revenues which will be generated as a result of new growth. These revenues will be available to finance the expenditures above. The new operating revenues are \$42.4 million. This amount, totalled with the existing operating revenues of \$195.6 million, provide annual revenues of \$238 million by the end of the period.

In consideration of the above, the capital plan is deemed to be financially sustainable for the future growth expenditures and revenues.

Table A-1
Wellington County
Asset Management - Future Expenditures and Associated Revenues
2017\$

	2041 (Total)
Expenditures (Annualized)	
Annual Debt Payment on Non-Growth Related Capital ¹ (2014 DC and 2016 updates)	2,532,275
Annual Debt Payment on Post Period Capital ²	1,931,197
Lifecycle:	
Annual Lifecycle - County Wide Services	\$4,884,977
Incremental Operating Costs (for D.C. Services)	\$19,257,391
Total Expenditures	\$28,605,840
Revenue (Annualized)	
Total Existing Revenue ³	\$195,551,147
Incremental Tax and Non-Tax Revenue (User Fees, Fines, Licences, etc.)	\$42,449,866
Total Revenues	\$238,001,013

¹ Non-Growth Related component of Projects including 10% mandatory deduction on soft services

² Interim Debt Financing for Post Period Benefit

³ As per Sch. 10 of FIR

A-2 – Long-Term Capital and Operating Cost Examination

County of Wellington Annual Capital and Operating Cost Impact

As a requirement of the Development Charges Act, 1997 under subsection 10(2)(c), an analysis must be undertaken to assess the long-term capital and operating cost impacts for the capital infrastructure projects identified within the development charge. As part of this analysis, it was deemed necessary to isolate the incremental operating expenditures directly associated with these capital projects, factor in cost saving attributable to economies of scale or cost sharing where applicable, and prorate the cost on a per unit basis (i.e. sq.ft. of building space, per vehicle, etc.). This was undertaken through a review of the County's approved 2015 Financial Information Return (FIR).

In addition to the operational impacts, over time the initial capital projects will require replacement. This replacement of capital is often referred to as life cycle cost. By definition, life cycle costs are all the costs which are incurred during the life of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The method selected for life cycle costing is the sinking fund method which provides that money will be contributed annually and invested, so that those funds will grow over time to equal the amount required for future replacement. The following factors were utilized to calculate the annual replacement cost of the capital projects (annual contribution = factor X capital asset cost) and are based on an annual growth rate of 2% (net of inflation) over the average useful life of the asset:

Asset	Lifecycle Cost Factors	
	Average Useful Life	Factor
Roads - Intersections	20	1.48595

Table C-1 depicts the annual operating impact resulting from the proposed gross capital projects at the time they are all in place. It is important to note that, while County program expenditures will increase with growth in population, the costs associated with the new infrastructure (i.e. facilities) would be delayed until the time these works are in place.

Table A-2
County of Wellington
Operating and Capital Expenditure Impacts
For Future Capital Expenditures

SERVICE	GROSS COST LESS BENEFIT TO EXISTING	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
1. Roads and Related				
1.1 Roads	49,013,943	2,027,173	6,714,883	8,742,056

Appendix B – Draft Amending Development Charge By-law

The Corporation of the County of Wellington

By-law Number _____-18

**Being a By-Law of
The Corporation of the County of Wellington
To Amend By-Law 5523-17, as amended
Respecting Development Charges**

Whereas the County of Wellington enacted By-law 5523-17 pursuant to the *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended (the “Act”), which Act authorizes Council to pass by-laws for the imposition of development charges against land;

And Whereas the County has undertaken a study pursuant to the Act which has provided an updated Schedule B to By-law 5523,17;

And Whereas Council has before it a report entitled “County of Wellington 2018 Development Charge Update Study” prepared by Watson & Associates Economists Ltd., dated August 24, 2018 (the “update study”);

And Whereas the update study and proposed amending by-law were made available to the public on August 24, 2018 and Council gave notice to the public pursuant to section 12 of the Act.

And Whereas Council, on October 5, 2018 held a meeting open to the public, pursuant to section 12 of the Act, at which Council considered the study, and written and oral submissions from the public;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE COUNTY OF WELLINGTON HEREBY ENACTS AS FOLLOWS:

1. By-law 5523-17 is hereby amended as follows:
 - a) Schedule “B” is deleted and the attached Schedule “B” substituted therefore.
2. This by-law shall come into force on the day it is enacted.
3. Except as amended by this By-law, all provisions of By-law 5523-17, as amended, are and shall remain in full force and effect.

By-law read a first and second time this 25th day of October, 2018.

By-law read a third time and finally passed this 25th day of October, 2018.

Corporation of the County of Wellington

Warden: _____

County Clerk: _____

Schedule B
By-law No. _____-18
Schedule of Development Charges (2017 \$)

Service	RESIDENTIAL					NON-RESIDENTIAL
	Single and Semi-Detached Dwelling	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Other Multiples	Special Care/Special Dwelling Units	(per ft ² of Gross Floor Area)
County-wide Services:						
Roads and Related	2,816	1,827	1,333	2,225	883	1.07
Police Services	130	84	62	103	41	0.05
Library Services	944	613	447	746	296	0.04
Studies	99	64	47	78	31	0.04
Homes for the Aged	86	56	41	68	27	0.01
Child Care	21	14	10	17	7	0.00
Provincial Offences Act	121	79	57	96	38	0.04
Health Unit	93	60	44	73	29	0.01
Social Services Administration	115	75	54	91	36	0.01
Ambulance	54	35	26	43	17	0.01
Waste Diversion	348	226	165	275	109	0.13
Total County-wide Services	4,827	3,133	2,286	3,815	1,514	1.41