

Addendum to:

**Town of Kingsville
Development Charge
Background Study**

December 28, 2017



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 **Planning for growth**

List of Acronyms and Abbreviations

D.C.	Development Charge
D.C.A.	Development Charges Act
E.A.	Environmental Assessment
F.I.R.	Financial Information Return
G.F.A.	Gross floor area
P.P.U.	Persons per unit
P.S.	Pumping Station
S.D.E.	Single detached equivalent
S.D.U.	Single detached unit
sq.ft.	Square foot

Addendum Report to November 8, 2017 Development Charges Background Study

1. Background

Commensurate with the provisions of the Development Charges Act, 1997, as amended (D.C.A.), the Region has undertaken a Development Charges (D.C.) Background Study and released the study in accordance with the D.C.A. The following provides a summary of the key dates in the development charge by-law process:

November 8, 2017 – Release of the D.C. Background Study Update and draft by-law

December 11, 2017 – D.C. Public Meeting

January 8, 2018 – Scheduled Passage of Development Charges By-law

The purpose of this addendum report is to provide for changes to the November 8, 2017 D.C. Background Study based on requests from Council at the December 11, 2017 Public Meeting. The November 8, 2017 D.C. Background Study provides the water and wastewater calculations on a combined urban-wide basis. The refinements are in relation to providing the water and wastewater calculations on an area-specific basis as an option for Council to consider at the January 8, 2017 by-law passage. These refinements are provided as an option, therefore no changes to the proposed by-law are required.

2. Discussion

This section of the addendum report provides an explanation for the above-noted refinements for this potential option. It is noted that this option will impact the calculated development charges and therefore the corresponding tables are provided.

2.1 Water and Wastewater Calculation Based on Two Urban Areas

Based on Council discussions at the Public Meeting, Council requested the water and wastewater D.C. calculations to be provided on an area-specific basis for the Cottam and Ruthven, Kingsville, and Lakeshore West areas. The following tables provide a comparison of the current rates (2017\$) with the calculated rates on a combined urban basis and on an area-specific basis. These are provided for the single detached charge and the non-residential (per sq.ft.) charge.

Residential (Single Detached per unit) Comparison

Service	Current Rates 2017\$ as per By-law 12- 2013, as amended**	Calculated (Combined Urban Area)	Calculated (Area-specific)
Urban Area Services - Ruthven, Kingsville, and Lakeshore West			
Wastewater Services	661	2,051	1,585
Water Services	-	3,580	3,730
Urban Area Services - Cottam Area			
Wastewater Services	1,950	2,051	11,574
Water Services	-	3,580	-
Total Ruthven, Kingsville, and Lakeshore West Areas	661	5,631	5,315
Total Cottam Area	1,950	5,631	11,574

**Cottam Area charges are currently discounted at 50% of the calculated rates

Note: Current rates were not indexed, however, they were phased-in over 5 years.

Non-Residential (per sq.ft.) Comparison

Service	Current Rates 2017\$ as per By-law 12- 2013, as amended**	Calculated (Combined Urban Area)	Calculated (Area-specific)
Urban Area Services - Ruthven, Kingsville, and Lakeshore West			
Wastewater Services	0.32	1.13	0.86
Water Services	-	0.50	0.52
Urban Area Services - Cottam Area			
Wastewater Services	1.09	1.13	5.11
Water Services	-	0.50	-
Total Ruthven, Kingsville, and Lakeshore West Areas	0.32	1.63	1.38
Total Cottam Area	1.09	1.63	5.11

**Cottam Area charges are currently discounted at 50% of the calculated rates

Note: Current rates were not indexed, however, they were phased-in over 5 years.

The details for this option for Council has been provided in Appendix H to the Background Study (included herein).

2.2 Changes to the Background Report

Based upon the above, the following revisions are made to the pages within the background study (new pages are appended to this report):

- Table of Contents – updated to include Appendix H.
- Page (iii) – updated to include reference to Appendix H.
- Page 1-2 – updated Figure 1-1 to include the addendum report in the Schedule of Key D.C. Process Dates.
- Page 7-7 – updated wording to include reference to Appendix H.
- Appendix H – Added Appendix H.

Amended Pages

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6. The Town's residential D.C. currently in effect is \$8,246 for single detached dwelling units for Town-wide services. The non-residential charge is \$0.37 per sq.ft. for Town-wide services. The Town also imposes urban charges for stormwater and wastewater services (in addition to the Town-wide D.C.s). The Ruthven, Kingsville and Lakeshore West areas' D.C.s are \$697 for single detached units and \$0.34 per sq.ft. for non-residential development. The Cottam area's D.C.s are \$1,968 for single detached units and \$1.10 per sq.ft. for non-residential development. Note, the Cottam area D.C.s have been discounted 50% from the calculated rates.
7. This report has undertaken a recalculation of the charge based on future identified needs (presented in Table ES-1 for residential and non-residential). Charges have been provided on a Town-wide basis for all services except water, wastewater and stormwater. The urban charges have been combined into one rate for all urban development. Additionally, water D.C.s have now been incorporated into the charges. In the past, water services have been included in the draft reports, however, the charges were removed at time of adoption. The corresponding single detached unit charges are \$7,411 for Town-wide services and \$5,823 for urban services. The non-residential charge is \$0.59 per sq.ft. of building area for Town-wide services and \$1.74 per sq.ft. of building area for urban services. These rates are submitted to Council for its consideration.
8. New categories have been added to the schedule of charges (provided in ES-1) for Council's consideration. Bunk houses have been included as a residential category and are proposed to be charged on a per capita basis, with a maximum charge based on 10 persons. Wind turbines and greenhouses have been added as non-residential categories. Wind turbines are proposed to be calculated on a per unit basis and are calculated equivalent to the single detached unit rates for services related to a highway, fire, police, administration, and non-administration space. Greenhouses have been included on a per sq.ft. basis for the services noted above for wind turbines, as well as water services.
9. Based on feedback from Council at the December 11, 2017 Public Meeting, staff were directed to provide the water and wastewater calculations on one urban-wide basis (as provided throughout the November 8, 2017 Background Study) as well as based on two separate urban areas. This analysis is provided in Appendix H.

In accordance with the legislation, the background study and proposed D.C. by-law will be available for public review on November 8, 2017.

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
- Finalization of the report and Council consideration of the by-law subsequent to the public meeting.

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

Figure 1-1
Schedule of Key D.C. Process Dates for the Town of Kingsville

1. Data collection, staff review, engineering work, D.C. calculations and policy work	Summer 2017 to Fall 2017
2. Background study and proposed by-law available to public	November 8, 2017
3. Public meeting advertisement placed in newspaper(s)	No later than November 20, 2017
4. Public meeting of Council	December 11, 2017
5. Addendum Report	December 28, 2017
6. Council considers adoption of background study and passage of by-law	January 8, 2018
7. Notice given of by-law passage in newspaper(s)	By 20 days after passage
8. Last day for by-law appeal	40 days after passage
9. Town makes pamphlet available (where by-law not appealed)	By 60 days after in force date

1.3 Changes to the D.C.A.: Bill 73

With the amendment of the D.C.A. (as a result of Bill 73 and O.Reg. 428/15), there are a number of areas that must be addressed to ensure that the Town is in compliance with the D.C.A., as amended. The following provides an explanation of the changes to the Act that affect the Town's background study and how they have been dealt with to ensure compliance with the amended legislation.

1. All Town services, with the exception of water, wastewater and stormwater, require that the average ten-year service standard be calculated. This average service standard multiplied by growth in the Town, establishes an upper ceiling on the amount of funds which can be collected from all developing landowners. Section 4(4) of O. Reg. 82/98 provides that "...if a development charge by-law applies to a part of the municipality, the level of service and average level of service cannot exceed that which would be determined if the by-law applied to the whole municipality." Put in layman terms, the average service standard multiplied by the growth within the specific area, would establish an area specific ceiling which would significantly reduce the total revenue recoverable for the Town hence potentially resulting in D.C. revenue shortfalls and impacts on property taxes.
2. Extending on item 1, attempting to impose an area charge potentially causes equity issues in transitioning from a Town-wide approach to an area specific approach. For example, if all services were now built (and funded) within area A (which is 75% built out) and this was funded with some revenues from areas B and C, moving to an area rating approach would see Area A contribute no funds to the costs of services in Areas B & C. The D.C.s would be lower in Area A (as all services are now funded) and higher in B and C. As well, funding shortfalls may then potentially encourage the municipality to provide less services to B and C due to reduced revenue.
3. Many services which are provided (roads, parks, recreation facilities, library) are not restricted to one specific area and are often used by all residents. For example, arenas located in different parts of the Town will be used by residents from all areas depending on the programming of the facility (i.e. a public skate is available each night, but at a different arena; hence usage of any one facility at any given time is based on programming availability).

For the reasons noted above, it is recommended that Council continue the D.C. approach to calculate the Town-wide charges on a uniform Town-wide basis and calculate the water, wastewater, and stormwater services on an urban area basis. Based on discussions at the Public Meeting, an option to provide water and wastewater services on an area-specific basis is included in Appendix H.

Appendix H – Water and Wastewater Alternative Calculation Option

Appendix H – Water and Wastewater Alternative Calculation Option

H.1 Introduction

The water and wastewater calculations have been provided throughout the report based on one urban area, which combines the Cottam area as well as the Ruthven, Kingsville, and Lakeshore West area. Based on discussions at the Public Meeting, Council requested the water and wastewater calculations be presented on an area-specific basis, based on separating the calculations into each of the two areas noted above. The following provides for the analysis, as requested, as well as a comparison of the calculated charges under each scenario.

H.2 Separated Capital Needs

Wastewater Services

Section 5.4.2 of the background study provides the list of capital works required to service the urban areas. These projects can be allocated to each specific urban area as follows:

Ruthven, Kingsville, and Lakeshore West

- Phase II Capacity Expansion Lakeshore West PCP,
- Kingsville PCP Lagoons Quality Upgrade,
- Wastewater Master Plan,
- Ruthven PS Upgrade,
- LSE Trunk Sewer and Pumping Station, and
- Lakeside Park Sanitary Sewer Twinning.

Cottam

- Cottam Sewage Lagoon – Phase 2 (Aeration Pond & Pond 3).

Based on the growth identified in each area, the residential/non-residential split (based on the ratio of population to employment growth) for the Ruthven, Kingsville, and Lakeshore West area is 79%/21% and the residential/non-residential split for Cottam is 88%/12%.

The following provides for the revised infrastructure costs to be covered in the D.C. calculation for wastewater:

[illegible]

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

Town of Kingsville

Service: Wastewater Services - Cottam

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 88%	Non-Residential Share 12%
	2017-Urban Buildout										
1	Cottam Sewage Lagoon - Phase 2 (Aeration Pond & Pond 3)	2019-2020	3,223,000	1,128,100		2,094,900	-		2,094,900	1,843,512	251,388
	Reserve Fund Deficit		70,558	-		70,558	-		70,558	62,091	8,467
	Total		3,293,558	1,128,100	-	2,165,458	-	-	2,165,458	1,905,603	259,855

Water Services

Section 5.4.3 of the background study provides the list of capital works required to service the urban areas. These projects are all required for the Ruthven, Kingsville, and Lakeshore West area.

Based on the growth identified in the Ruthven, Kingsville, and Lakeshore West area (including greenhouse growth), the residential/non-residential split (based on the ratio of population to employment growth) is 74%/26%.

The following provides for the revised infrastructure costs to be covered in the D.C. calculation for water:

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-Urban Buildout									74%	26%
1	SW Service Area Upgrade	2019-2024	-	-		-	-		-	-	-
2	Stage 1 - two 400mm watermain	2019	5,200,000	-		5,200,000	1,300,000		3,900,000	2,886,000	1,014,000
3	Stage 2 - 400mm watermain	2019	1,500,000	-		1,500,000	375,000		1,125,000	832,500	292,500
4	Stage 3 - 300mm watermain	2020	1,700,000	-		1,700,000	425,000		1,275,000	943,500	331,500
5	Stage 4 - 1050mm trunk watermain twinning	2021	4,100,000	-		4,100,000	1,025,000		3,075,000	2,275,500	799,500
6	Stage 5 - 600mm trunk watermain twinning	2023	3,850,000	-		3,850,000	962,500		2,887,500	2,136,750	750,750
7	Stage 6 - 600mm trunk watermain twinning	2024	3,450,000	-		3,450,000	862,500		2,587,500	1,914,750	672,750
	Total		19,800,000	-	-	19,800,000	4,950,000	-	14,850,000	10,989,000	3,861,000

H.3 Area-specific D.C. Calculation

As discussed in Chapter 6 of the background study, the D.C. is calculated for residential and non-residential development. Table 6-2 of the November 8, 2017 background study provides for the wastewater calculations on a combined urban-wide basis. Table H-1 and H-2 provide the wastewater calculations for the Ruthven, Kingsville, and Lakeshore West and Cottam areas, respectively on an area-specific basis. Table 6-3 of the November 8, 2017 background study provides the water calculations on a combined urban-wide basis (including greenhouse growth). Table H-3 provides the water calculations based on the area-specific works identified for the Ruthven, Kingsville, and Lakeshore West area.

As noted in Chapter 6 of the background study, the calculation for residential development is generated on a per capita basis and is based upon four forms of housing types (single and semi-detached, apartments – 2 bedrooms+, apartments – bachelor and 1 bedroom, and all other multiples). The non-residential D.C. has been calculated on a per sq.ft. of gross floor area basis for all types of non-residential development (industrial, commercial and institutional).

The D.C.-eligible costs for water and wastewater were developed in section H.2, based on their proposed capital programs.

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 section H.2 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 (Appendix A, Schedule 5) to calculate the charges in Tables H-1, H-2, and H-3.

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 H-1
Town of Kingsville
Development Charge Calculation
Wastewater Services – Ruthven, Kingsville, and Lakeshore West
2017 to Urban Buildout

SERVICE	2017 \$ D.C.-Eligible Cost		2017 \$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
2. <u>Wastewater Services</u>	\$	\$	\$	\$
2.1 Treatment plants & sewers	4,670,670	1,241,571	1,585	0.86
	4,670,670	1,241,571	1,585	0.86
TOTAL	\$4,670,670	\$1,241,571	\$1,585	0.86
D.C.-ELIGIBLE CAPITAL COST	\$4,670,670	\$1,241,571		
Buildout Gross Population/G.F.A. Growth (sq.ft.)	8,751	1,446,816		
Cost Per Capita/Non-Residential G.F.A. (sq.ft.)	\$533.73	\$0.86		
<u>By Residential Unit Type</u>	<u>P.P.U.</u>			
Single and Semi-Detached Dwelling	2.97	\$1,585		
Apartments - 2 Bedrooms +	1.43	\$763		
Apartments - Bachelor and 1 Bedroom	1.76	\$939		
Other Multiples	2.05	\$1,094		

Table H-2
Town of Kingsville
Development Charge Calculation
Wastewater Services – Cottam
2017 to Urban Buildout

SERVICE	2017 \$ D.C.-Eligible Cost		2017 \$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
2. <u>Wastewater Services</u>	\$	\$	\$	\$
2.1 Treatment plants & sewers	1,905,603	259,855	11,574	5.11
	1,905,603	259,855	11,574	5.11
TOTAL	\$1,905,603	\$259,855	\$11,574	5.11
D.C.-ELIGIBLE CAPITAL COST	\$1,905,603	\$259,855		
Buildout Gross Population/G.F.A. Growth (sq.ft.)	489	50,884		
Cost Per Capita/Non-Residential G.F.A. (sq.ft.)	\$3,896.94	\$5.11		
<u>By Residential Unit Type</u>	<u>P.P.U.</u>			
Single and Semi-Detached Dwelling	2.97	\$11,574		
Apartments - 2 Bedrooms +	1.43	\$5,573		
Apartments - Bachelor and 1 Bedroom	1.76	\$6,859		
Other Multiples	2.05	\$7,989		

Table H-3
Town of Kingsville
Development Charge Calculation
Wastewater Services – Ruthven, Kingsville, and Lakeshore West
2017 to Urban Buildout

SERVICE	2017 \$ D.C.-Eligible Cost		2017 \$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
3. <u>Water Services</u>	\$	\$	\$	\$
3.1 Watermains	10,989,000	3,861,000	3,730	0.52
	10,989,000	3,861,000	3,730	0.52
TOTAL	\$10,989,000	\$3,861,000	\$3,730	0.52
D.C.-ELIGIBLE CAPITAL COST	\$10,989,000	\$3,861,000		
Buildout Gross Population/G.F.A. Growth (sq.ft.)	8,751	7,366,616		
Cost Per Capita/Non-Residential G.F.A. (sq.ft.)	\$1,255.74	\$0.52		
<u>By Residential Unit Type</u>	<u>P.P.U.</u>			
Single and Semi-Detached Dwelling	2.97	\$3,730		
Apartments - 2 Bedrooms +	1.43	\$1,796		
Apartments - Bachelor and 1 Bedroom	1.76	\$2,210		
Other Multiples	2.05	\$2,574		

H.4 Comparison of Calculated Rates

The following tables provide for a comparison of the current rates (2017\$) with the calculated rates on a combined urban basis and on an area-specific basis. These are provided for the single detached charge and the non-residential (per sq.ft.) charge.

Residential (Single Detached per unit) Comparison

Service	Current Rates 2017\$ as per By-law 12- 2013, as amended**	Calculated (Combined Urban Area)	Calculated (Area-specific)
Urban Area Services - Ruthven, Kingsville, and Lakeshore West			
Wastewater Services	661	2,051	1,585
Water Services	-	3,580	3,730
Urban Area Services - Cottam Area			
Wastewater Services	1,950	2,051	11,574
Water Services	-	3,580	-
Total Ruthven, Kingsville, and Lakeshore West Areas	661	5,631	5,315
Total Cottam Area	1,950	5,631	11,574

**Cottam Area charges are currently discounted at 50% of the calculated rates

Note: Current rates were not indexed, however, they were phased-in over 5 years.

Non-Residential (per sq.ft.) Comparison

Service	Current Rates 2017\$ as per By-law 12- 2013, as amended**	Calculated (Combined Urban Area)	Calculated (Area-specific)
Urban Area Services - Ruthven, Kingsville, and Lakeshore West			
Wastewater Services	0.32	1.13	0.86
Water Services	-	0.50	0.52
Urban Area Services - Cottam Area			
Wastewater Services	1.09	1.13	5.11
Water Services	-	0.50	-
Total Ruthven, Kingsville, and Lakeshore West Areas	0.32	1.63	1.38
Total Cottam Area	1.09	1.63	5.11

**Cottam Area charges are currently discounted at 50% of the calculated rates

Note: Current rates were not indexed, however, they were phased-in over 5 years.