

DEVELOPMENT CHARGES BACKGROUND STUDY

Town of Innisfil



Addendum Report #2 to the July 19, 2018 Development Charges Background Study

HEMSON Consulting Ltd.

September 11, 2018

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DISCLAIMER

A. AMENDED TABLES INCLUDED

Only the tables that have been changed since the release of the July 19, 2018 DC Background Study and accompanying August 23, 2018 Addendum Report are included in this second Addendum Report.

B. CONSOLIDATED 2018 DC BACKGROUND STUDY TO BE PREPARED FOLLOWING APPROVAL OF DC BY-LAW

Following Council's approval of the proposed DC by-law, a complete consolidated version of the 2018 Development Charges Background Study, reflecting the adopted development charge rates, will be prepared and posted on the Town's website.

I BACKGROUND

A. DC BACKGROUND STUDY WAS PUBLISHED IN ACCORDANCE WITH THE DCA AND ASSOCIATED REGULATIONS

The Town of Innisfil DC Background Study and Addendum Report have been prepared in accordance with the requirements of the *Development Charges Act, 1997* (DCA) and associated regulations, as summarized below.

Task	Description
Release DC Background Study to Public	<ul style="list-style-type: none"> 60 days prior to by-law passage (including on website)
Advertise for Public Meeting	<ul style="list-style-type: none"> 20 days notice
Release Proposed DC By-law	<ul style="list-style-type: none"> 2 weeks before Public Meeting (or sooner)
Hold Statutory Public Meeting	<ul style="list-style-type: none"> Receive submissions from public and Council Amend proposed charges and by-law if warranted Determine if additional Public Meeting is required
DC By-law Passage (Current Task)	<ul style="list-style-type: none"> Any changes brought forward for adoption
Notice of By-law Passage	<ul style="list-style-type: none"> 20 days after DC by-law passage
Appeal Period	<ul style="list-style-type: none"> 40 days following DC by-law passage
DC Pamphlet	<ul style="list-style-type: none"> 60 days after passage of DC by-law

In addition to the Statutory Public Meeting held on August 8, 2018, two development industry stakeholder meetings were held on June 20, 2018 and August 8, 2018. Verbal and written comments and submissions were received by members of the public through this process, and responses to pertinent written questions have been provided.

B. AMENDED DC RATES ARE CALCULATED IN ACCORDANCE WITH THE DCA AND ASSOCIATED REGULATIONS

The purpose of this Addendum Report is to amend the July 19, 2018 DC Background Study based on stakeholder comments received and discussions with Town staff following the Statutory Public Meeting. The proposed amendments to the DC Background Study are in addition to those identified within the first Addendum Report, released August 23, 2018.

The amendments proposed by this Addendum Report relate to the calculation of Water Distribution and Water Supply and Treatment DCs. The amendments result in

a reduction in the calculated Water services DC rates within the Background Study and proposed by-law.

It is Hemson's role as the Town's consultant to prepare a study that meets the requirements of the DCA and represents a fair, reasonable, and defensible calculation of the charges. In our view, the changes contemplated in this Addendum Report represent improvements to the accuracy of the data used to calculate the development charges for the Town. In our opinion the proposed changes are reasonable and in keeping with the provisions of the DCA.

C. CHANGES WILL BE REFLECTED IN THE CONSOLIDATED 2018 DC BACKGROUND STUDY

All identified changes will be reflected in a consolidated 2018 DC Background Study, which will be prepared following the passage of the new DC By-law and subsequently posted on the Town's website.

II ADDENDUM REPORT IS CONSISTENT WITH THE DEVELOPMENT CHARGES ACT

A. THE REPORT IS CONSISTENT WITH THE DEVELOPMENT CHARGES ACT (DCA)

- This study calculates the amended DCs for the Town of Innisfil in compliance with the provisions of the DCA and its associated regulation Ontario Regulation 82/98 (O.Reg 82/98).
- The Town needs to continue implementing DCs to fund capital projects related to growth throughout Innisfil so that development pays for its share of capital requirements to the extent allowed by the DCA so that new services required by growth are provided in a fiscally responsible manner.
- The DCA and O. Reg. 82/98 require that a DC background study be prepared in which DCs are determined with reference to:
 - A forecast of the amount, type and location of housing units, population and non-residential development anticipated in the Town;
 - A review of future capital projects, including an analysis of gross expenditures, funding sources, and net expenditures incurred or to be incurred by the Town to provide for the expected development, including the determination of the development and non-development-related components of the capital projects;
 - An examination of the long-term capital and operating costs for the capital infrastructure required for each service to which the DC by-law would relate; and
 - An asset management plan that demonstrates that all the assets proposed to be funded under the development charge by-law are financially sustainable.
- This report identifies the amended development charge rate and associated calculations since the July 19, 2018 DC Background Study. It is intended that Council will pass a new DC by-law as informed based on the inputs and assumptions identified in the July 19, 2018 DC Background Study, and the updated calculations identified in this Addendum report.

B. WATER SERVICES WITH DEVELOPMENT-RELATED COSTS ARE INCLUDED IN THE ANALYSIS

The following Town services were identified in the July 19, 2018 DC Background Study. Inputs have been updated for Water services based on stakeholder feedback and dialogue with Town staff. The updates relate to project costs and reserve balances included in the Background Study.

Services denoted with an (*) have been amended since the release of the July 19, 2018 DC Background Study and August 23, 2018 Addendum Report.

- Library Board
- Fire Services
- Police Services
- Parks and Recreation
- Public Works
- Municipal Fleet
- General Government
- Roads and Related
- Water Services*
- Wastewater Services

III RECOMMENDED CHANGES TO THE JULY 19, 2018 DC BACKGROUND STUDY ARE PROPOSED

This section describes the proposed changes to the July 19, 2018 DC Background Study. The impact of the changes is a reduction in the overall calculated development charges for Water services. After this reduction, the total calculated DC rate ranges from \$46,924 to \$58,304 per single detached unit, representing a reduction of \$1,499 to \$2,474 per unit from the rates calculated within the July 19, 2018 DC Background Study, which ranged from \$48,423 to \$60,778 per single detached unit. The associated impacts to the other residential and non-residential rate categories are discussed further in the following sections.

A. WATER SERVICES CAPITAL PROGRAM AMENDMENTS

The proposed amendments relate to the Water services capital programs. More specifically, refinements were made to the Town-wide Water Supply costs as well as Water Pumping Stations costs for the Innisfil South service area, as follows:

1. The Water Supply DC reserve fund balance, as at December 31, 2017, was amended to reflect the correct balance of approximately \$6.62 million. This represents an increase of \$0.42 million over the reserve balance of approximately \$6.20 million shown in the July 19, 2018 DC Background Study. Table 1 displays the revised Water Supply calculations, which result in a decline in the Water Supply DC rates.
2. Under the Innisfil South Water Servicing capital program, the previously included project 2.2.1: Lefroy Booster Pumping Station (Phase 1) within the July 19, 2018 DC Background Study was removed. Through discussions with Town staff it was determined that this project cost is sufficiently accounted for within the Innisfil South Water Servicing reserve fund deficit of approximately \$8.74 million as at December 31, 2017. The amended Innisfil South Water Servicing capital program is included in Table 2, and the amended summary of calculated residential development charges for Innisfil South is included in Table 3.

Table 1: Water Supply – Plant Costs

	Innisfil Share	BWG Share	Total
1. Phase 3a Expansion			
1.1 Added Capacity (m ³ max. day)	4,600	7,400	12,000
1.2 Capital Cost	\$ 13,136,833	\$ 21,133,167	\$ 34,270,000
1.3 Debenture Interest Costs ¹	\$ 6,196,000		
Total Phase 3a Expansion	\$ 19,332,833		
2. Phase 3b Expansion			
2.1 Added Capacity (m ³ max. day)	9,600	7,400	17,000
2.2 Capital Cost	\$ 9,283,765	\$ 7,156,235	\$ 16,440,000
2.3 Debenture Interest Costs ¹	\$ 4,379,000		
Total Phase 3b Expansion	\$ 13,662,765		
3 Town Campus Servicing Master Plan	\$ 690,000		
Total Growth-Related Works	\$ 33,685,598		
Recovery: Water Supply DC Reserve Fund (Dec 31, 2017)	\$ (6,621,158)		
Total Growth-Related Capital Costs	\$ 27,064,440		
Capacity Available (m ³):			
Phase 3a Added Capacity	4,600		
Phase 3b Added Capacity	9,600		
Total Capacity Available (m ³)	14,200		
Cost Per Cubic Metre (\$ / m³)	\$ 1,905.95		

Source: InnServices Utilities Inc.

Notes:

1. Debt Repayment Terms

Amortization Period	Financing Real Rate	Debt Factor	Interest Share
20	4.00%	0.073582	0.471635007

2. Water Demands:

Residential:	
Maximum Day Water Demand Per Capita	
Average Day Per Capita	0.2750 m ³ /day/cap
Max Day Factor	1.8
Max Day Per Capita	0.495 m ³ /day/cap

Non-Residential:	
Average Day Demand Per Hectare	20 m ³ /ha.d
Max Day Factor	1.8
Max Day Per Hectare	36 m ³ /ha.d
Average Coverage	25%
Average Day Demand GFA	
Per Square Metre of GFA	0.0144000 m ³
Per Square Foot of GFA	0.0013378 m ³

Table 2: Innisfil South Water Servicing Capital Program

2.1 Watermain		Anticipated Timing (Year)	Gross Cost	Grants / Subsidies	Non-Growth Replacement Share	Post Period Allocation	Net Growth-Related
#	Project Description						
1	Trunk Watermain from Alcona to BWG - Outstanding Town Share	2013	\$ 2,822,575	\$ -	\$ -	\$ -	\$ 2,822,575
2	Killarney Beach Rd. Trunk Watermain	2024 - 2031	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
3	Ewart St. Trunk Watermain	2031 - 2041	\$ 2,300,000	\$ -	\$ -	\$ -	\$ 2,300,000
4	Trunk Watermain on Pine Ave., 3rd Line and shoreline to Gilford	2031 - 2041	\$ 4,800,000	\$ -	\$ 4,800,000	\$ -	\$ -
5	Church Dr. Trunk Watermain	2019 - 2023	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Sub-Total Watermain System			\$ 12,222,575	\$ -	\$ 4,800,000	\$ -	\$ 7,422,575

2.2 Water Pumping Stations		Anticipated Timing (Year)	Gross Cost	Grants / Subsidies	Non-Growth Replacement Share	Post Period Allocation	Net Growth-Related
#	Project Description						
1	Lefroy BPS Phase 2 Expansion	2024 - 2031	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Sub-Total Water Pumping Stations			\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000

2.3 Water Storage		Anticipated Timing (Year)	Gross Cost	Grants / Subsidies	Non-Growth Replacement Share	Post Period Allocation	Net Growth-Related
#	Project Description						
1	Lefroy Reservoir Phase 2 Expansion	2024 - 2031	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 2,700,000
Sub-Total Water Storage			\$ 2,700,000	\$ -	\$ -	\$ -	\$ 2,700,000

Total Water Distribution System			\$ 15,122,575	\$ -	\$ 4,800,000	\$ -	\$ 10,322,575
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Servicing Areas	New Flows 2018 - 2041					
	Wastewater Flows			Water Flows		
	Existing	Future	Total	Existing	Future	Total
1. Innisfil South	-	1,413,908	1,413,908	-	1,645,849	1,645,849

Table 3: Innisfil South Summary of Calculated Residential Charges

Water Servicing	Innisfil South*
1. Water Distribution System	
1.1 Watermains	\$7,422,575
1.2 Water Pumping Stations	\$200,000
1.3 Water Storage	\$2,700,000
1.4 Uncommitted Reserve Fund Balance (Dec. 31, 2017)	<u>\$8,738,845</u>
Total Water Distribution System	\$19,061,420
Forecast Serviced Water Demand (m ³)	2,963
Cost Per Cubic Metre	\$6,434.17
Residential Charge Based On:	
Max Day Per Capita:	0.495 m ³ /day/cap
	\$3,185
2. Water Supply and Treatment Cost Per Cubic Metre	\$1,905.95
Residential Charge Based On:	
Max Day Per Capita:	0.495 m ³ /day/cap
	\$943

* Innisfil South Service Area includes the previous service areas of Gilford and Lefroy.

B. ENGINEERED SERVICES CAPITAL PROGRAM SUMMARY

Table 4 provides a revised summary of the Engineered Services capital program included in the DC Background Study. Again, it is noted that the amendments are limited to the Water Supply and Water Pumping Stations capital programs; no changes are proposed to the Roads and Related or Wastewater services capital programs.

Table 4: Summary of Development-Related Capital Program for Engineered Services, 2018-2041

Service	Gross Cost	Grants / Subsidies	Net Municipal Cost
1.0 ROADS AND RELATED	\$472,250.6	\$0.0	\$472,250.6
1.1 Roads Infrastructure	\$454,895.0	\$0.0	\$454,895.0
1.2 Multi-Use Trails and Bike Lanes	\$10,064.2	\$0.0	\$10,064.2
1.3 Signalization	\$5,744.2	\$0.0	\$5,744.2
1.4 Engineering-Related Studies and Other	\$6,879.3	\$0.0	\$6,879.3
1.5 Recovery of Past Commitments ¹	\$385.0	\$0.0	\$385.0
1.6 Committed Excess Capacity (Available Reserve Fund)	(\$5,717.1)	\$0.0	(\$5,717.1)
2.0 WATER SERVICES	\$140,494.5	\$3,316.0	\$137,178.5
2.1 Water Supply - Plant Costs	\$27,064.4	\$0.0	\$27,064.4
2.2 Watermains	\$69,003.2	\$3,316.0	\$65,687.2
2.3 Water Pumping Stations	\$20,606.7	\$0.0	\$20,606.7
2.4 Water Storage	\$16,281.2	\$0.0	\$16,281.2
2.5 Committed Excess Capacity (Available Reserve Fund)	\$7,539.0	\$0.0	\$7,539.0
3.0 WASTEWATER SERVICES	\$371,406.8	\$0.0	\$371,406.8
3.1 Wastewater Treatment - Plant Costs (Town-wide)	\$204,149.9	\$0.0	\$204,149.9
3.2 Sanitary Sewers	\$43,665.2	\$0.0	\$43,665.2
3.3 Sewage Pumping Stations and Forcemains	\$108,858.0	\$0.0	\$108,858.0
3.4 Wastewater Treatment (Cookstown)	\$10,403.9	\$0.0	\$10,403.9
3.5 Committed Excess Capacity (Available Reserve Fund)	\$4,329.8	\$0.0	\$4,329.8
TOTAL - ENGINEERED SERVICES CAPITAL PROGRAM	\$984,151.9	\$3,316.0	\$980,835.9

IV REVISED CALCULATED DEVELOPMENT CHARGES

The following provides a summary of the revised calculated development charges arising from the changes identified in the Addendum report.

A. PROPOSED RESIDENTIAL AND NON-RESIDENTIAL RATES

Proposed residential development charges rates by unit type are presented in Table 5. The proposed development charges range from a total of \$46,924 per single detached unit in the Friday Harbour service area to \$58,304 per single detached unit in the Innisfil South service area. It is noted that the Town-wide services portion of these charges remains at \$32,966 per single detached unit as per the August 23, 2018 Addendum Report.

Proposed non-residential development charges rates per square metre are presented in Table 6. Non-residential development charges are calculated on a uniform basis, at a total of \$233.25 per square metre across all service areas. It is noted that the Town-wide services portion of this charge remains at \$104.74 per square metre as per the August 23, 2018 Addendum Report.

Table 5: Calculated Residential Development Charges by Unit Type

Service	Adjusted Charge Per Capita	Residential Charge By Unit Type (1)			
		Singles & Semis	Rows & Other Multiples	Apartments 2+ Bedrooms	Apartments Bachelor or 1 Bedroom
Innisfil North					
Town-wide Charge	\$10,238	\$32,966	\$28,564	\$19,453	\$14,846
Water Distribution	\$508	\$1,636	\$1,417	\$965	\$737
Water Supply and Treatment	\$943	\$3,036	\$2,631	\$1,792	\$1,367
Wastewater Collection	\$928	\$2,988	\$2,589	\$1,763	\$1,346
Wastewater Treatment	\$2,584	\$8,320	\$7,209	\$4,910	\$3,747
Total Charge in Innisfil North	\$15,201	\$48,946	\$42,410	\$28,883	\$22,043
Friday Harbour					
Town-wide Charge	\$10,238	\$32,966	\$28,564	\$19,453	\$14,846
Water Distribution	\$0	\$0	\$0	\$0	\$0
Water Supply and Treatment	\$943	\$3,036	\$2,631	\$1,792	\$1,367
Wastewater Collection	\$808	\$2,602	\$2,254	\$1,535	\$1,172
Wastewater Treatment	\$2,584	\$8,320	\$7,209	\$4,910	\$3,747
Total Charge in Friday Harbour	\$14,573	\$46,924	\$40,658	\$27,690	\$21,132
Innisfil South					
Town-wide Charge	\$10,238	\$32,966	\$28,564	\$19,453	\$14,846
Water Distribution	\$3,185	\$10,256	\$8,886	\$6,052	\$4,618
Water Supply and Treatment	\$943	\$3,036	\$2,631	\$1,792	\$1,367
Wastewater Collection	\$1,157	\$3,726	\$3,228	\$2,198	\$1,678
Wastewater Treatment	\$2,584	\$8,320	\$7,209	\$4,910	\$3,747
Total Charge in Innisfil South	\$18,107	\$58,304	\$50,518	\$34,405	\$26,256
Innisfil Central					
Town-wide Charge	\$10,238	\$32,966	\$28,564	\$19,453	\$14,846
Water Distribution	\$1,308	\$4,212	\$3,649	\$2,485	\$1,897
Water Supply and Treatment	\$943	\$3,036	\$2,631	\$1,792	\$1,367
Wastewater Collection	\$2,553	\$8,221	\$7,123	\$4,851	\$3,702
Wastewater Treatment	\$2,584	\$8,320	\$7,209	\$4,910	\$3,747
Total Charge in Innisfil Central	\$17,626	\$56,755	\$49,176	\$33,491	\$25,559
Cookstown					
Town-wide Charge	\$10,238	\$32,966	\$28,564	\$19,453	\$14,846
Water Distribution	\$534	\$1,719	\$1,490	\$1,015	\$774
Water Supply and Treatment	\$943	\$3,036	\$2,631	\$1,792	\$1,367
Wastewater Collection	\$3,645	\$11,737	\$10,170	\$6,926	\$5,285
Wastewater Treatment	\$0	\$0	\$0	\$0	\$0
Total Charge in Cookstown	\$15,360	\$49,458	\$42,855	\$29,186	\$22,272
(1) Based on Persons Per Unit Of:		3.22	2.79	1.90	1.45

Table 6: Calculated Non-Residential Development Charges per Square Metre

Service	Adjusted Charge per Square Metre
Innisfil North	
Town-wide Charge	\$104.74
Water Distribution	\$27.99
Water Supply and Treatment	\$27.45
Wastewater Collection	\$28.54
Wastewater Treatment	\$44.53
Total Charge in Innisfil North	\$233.25
Friday Harbour	
Town-wide Charge	\$104.74
Water Distribution	\$27.99
Water Supply and Treatment	\$27.45
Wastewater Collection	\$28.54
Wastewater Treatment	\$44.53
Total Charge in Friday Harbour	\$233.25
Innisfil South	
Town-wide Charge	\$104.74
Water Distribution	\$27.99
Water Supply and Treatment	\$27.45
Wastewater Collection	\$28.54
Wastewater Treatment	\$44.53
Total Charge in Innisfil South	\$233.25
Innisfil Central	
Town-wide Charge	\$104.74
Water Distribution	\$27.99
Water Supply and Treatment	\$27.45
Wastewater Collection	\$28.54
Wastewater Treatment	\$44.53
Total Charge in Innisfil Central	\$233.25
Cookstown	
Town-wide Charge	\$104.74
Water Distribution	\$27.99
Water Supply and Treatment	\$27.45
Wastewater Collection	\$28.54
Wastewater Treatment	\$44.53
Total Charge in Cookstown	\$233.25

B. COMPARISON WITH JULY 19, 2018 DC BACKGROUND STUDY

The proposed development charges rates represent an overall reduction as compared with the rates presented within the July 19, 2018 DC Background Study. As shown in Table 7, the proposed DC rates, ranging from \$46,924 to \$58,304 per single detached unit, represent a reduction of \$1,499 per unit from the July 19, 2018 calculated rates for most service areas. For the Innisfil South service area, the total DC rate is reduced by \$2,474 per single detached unit due to the additional adjustment made to the Water Distribution DC calculation.

The proposed total non-residential development charges rate of \$233.25 per square metre represents a reduction of \$20.39 from the July 19, 2018 calculated rate of \$253.64 per square metre.

Table 7: Comparison of Proposed Residential Development Charges per Single Detached Unit

Service	July 19, 2018 Residential Charge / SDU	Proposed Residential Charge / SDU	Difference in Charge	
Innisfil North				
Town-wide Charge	\$34,416	\$32,966	(\$1,450)	-4%
Water Distribution	\$1,636	\$1,636	\$0	0%
Water Supply and Treatment	\$3,085	\$3,036	(\$49)	-2%
Wastewater Collection	\$2,988	\$2,988	\$0	0%
Wastewater Treatment	\$8,320	\$8,320	\$0	0%
Total Charge in Innisfil North	\$50,445	\$48,946	(\$1,499)	-3%
Friday Harbour				
Town-wide Charge	\$34,416	\$32,966	(\$1,450)	-4%
Water Distribution	\$0	\$0	\$0	0%
Water Supply and Treatment	\$3,085	\$3,036	(\$49)	-2%
Wastewater Collection	\$2,602	\$2,602	\$0	0%
Wastewater Treatment	\$8,320	\$8,320	\$0	0%
Total Charge in Friday Harbour	\$48,423	\$46,924	(\$1,499)	-3%
Innisfil South				
Town-wide Charge	\$34,416	\$32,966	(\$1,450)	-4%
Water Distribution	\$11,231	\$10,256	(\$975)	-9%
Water Supply and Treatment	\$3,085	\$3,036	(\$49)	-2%
Wastewater Collection	\$3,726	\$3,726	\$0	0%
Wastewater Treatment	\$8,320	\$8,320	\$0	0%
Total Charge in Innisfil South	\$60,778	\$58,304	(\$2,474)	-4%
Innisfil Central				
Town-wide Charge	\$34,416	\$32,966	(\$1,450)	-4%
Water Distribution	\$4,212	\$4,212	\$0	0%
Water Supply and Treatment	\$3,085	\$3,036	(\$49)	-2%
Wastewater Collection	\$8,221	\$8,221	\$0	0%
Wastewater Treatment	\$8,320	\$8,320	\$0	0%
Total Charge in Innisfil Central	\$58,254	\$56,755	(\$1,499)	-3%
Cookstown				
Town-wide Charge	\$34,416	\$32,966	(\$1,450)	-4%
Water Distribution	\$1,719	\$1,719	\$0	0%
Water Supply and Treatment	\$3,085	\$3,036	(\$49)	-2%
Wastewater Collection	\$11,737	\$11,737	\$0	0%
Wastewater Treatment	\$0	\$0	\$0	0%
Total Charge in Cookstown	\$50,957	\$49,458	(\$1,499)	-3%