

DEVELOPMENT CHARGE BYLAW REVIEW UPDATE

Recommendation

The Commissioner of Finance & City Treasurer recommends:

That the following report be received.

Contribution to Sustainability

Development Charge revenues provide revenues for new growth-related assets, however the funding of the replacement of these assets, ensuring their sustainability, becomes the responsibility of the City through tax rates or user fees.

Economic Impact

There is no economic impact associated with this report; however, the purpose of updating the City's Development Charge By-law is to make every effort to ensure that growth-related infrastructure is paid for by the development requiring the service.

Communications Plan

An initial meeting with the development community to communicate the draft calculations for the City's updated development charges took place in April. Staff expect that a number of additional meetings with the development community will be required over the next few months. The Development Charges Act has mandatory communication requirements around advertising of at least one public meeting that will be scheduled once the consultative process with the development community is nearer to completion.

Purpose

The purpose of this report is to provide Council with an update regarding the review of the City's Development Charge By-law that is currently underway, and to provide general information regarding the Region of York's Development Charge By-law review that is also underway.

Background Analysis and Options

The City of Vaughan's current Development Charge By-law #230-2008 expires in September 2013. Given the growth in the City of Vaughan since 2008 and the emerging requirements for new infrastructure related to intensification, the Vaughan Metropolitan Centre and the City's new Official Plan, the Council-approved 2011 Capital Budget included funding to begin the process of updating the 2008 Development Charge by-law somewhat earlier than the maximum 5 year cycle for development charge by-laws. The earlier new growth-related costs are captured, the more evenly the costs are distributed over future development.

The Development Charges Act 1997 permits the recovery of growth-related costs for a number of services. Eligible general services (or soft services) include the following:

- General government – Studies
- Library Services
- Fire and Rescue Services
- Indoor Recreation
- Parks Development and Facilities
- Public works: Building and Fleet

Cost recovery for future general services is limited to the average service level provided by the City for the previous 10 year period. In addition, all of the general services, with the exception of Fire and Rescue Services, can only be funded to a maximum of 90% from development charges.

The City-Wide engineering costs (roads, bridges, sidewalks etc.) are not subject to the 10 year average service level limitation or the 90% maximum funding limit from development charges, unless there is a benefit to the existing community. Special Area Development Charges are used to recover the following Engineering Services:

- Water
- Wastewater
- Storm Drainage

Preliminary Estimates of Costs and Rates

Hemson Consulting Ltd has been retained to prepare the updated Development Charge Background study utilizing data provided by City departments, growth forecasts and projected capital programs. The following preliminary costs and rates have been developed and were shared with the development community at an initial briefing session in April. All preliminary estimates are being further reviewed by both staff and the development community.

General Services:

The following chart compares the 2008 service level for the various general services (base cost and indexed) to the preliminary 2012 service level calculation. The “Change %” indicates the increase or decrease in the service level from 2008.

DRAFT ESTIMATES

Service	2008 DC Study Service Level	2008 Service Level Indexed	2012 DC Study Service Level	Service Level Measurement	Change %
1.0 GENERAL GOVERNMENT	N/A	N/A	N/A		
2.0 LIBRARY SERVICE	\$271.67	\$302.83	\$315.16	\$/capita	4%
- Buildings	127.50	142.13	144.15	\$/capita	1%
- Land	22.94	25.57	54.55	\$/capita	113%
- Materials	\$102.83	\$114.63	\$98.70	\$/capita	-14%
- Furniture and Equipment	\$18.39	\$20.50	\$17.77	\$/capita	-13%
3.0 FIRE AND RESCUE SERVICE	\$125.53	\$139.93	\$170.67	\$/ (pop+empl)	22%
- Buildings	54.39	60.63	71.55	\$/ (pop+empl)	18%
- Land	21.91	24.42	38.30	\$/ (pop+empl)	57%
- Vehicles	\$42.66	\$47.55	\$47.39	\$/ (pop+empl)	0%
- Equipment	\$6.58	\$7.33	\$13.43	\$/ (pop+empl)	83%
4.0 INDOOR RECREATION	\$1,373.50	\$1,531.04	\$1,478.25	\$/capita	-3%
- Buildings	\$1,074.59	\$1,197.84	\$1,154.58	\$/capita	-4%
- Land	283.11	315.59	307.40	\$/capita	-3%
- Equipment	\$15.80	\$17.61	\$16.27	\$/capita	-8%
5.0 PARK DEVELOPMENT AND FACILITIES	\$904.56	\$1,008.31	\$1,117.31	\$/capita	11%
- Parkland Development	\$533.30	\$594.47	\$709.28	\$/capita	19%
- Park Facilities	\$229.04	\$255.31	\$264.93	\$/capita	4%
- Parks Special	\$95.54	\$106.50	\$90.23	\$/capita	-15%
- Managed Trails	\$8.59	\$9.58	\$13.12	\$/capita	37%
- Park Operation Buildings & Land	\$38.09	\$42.46	\$39.75	\$/capita	-6%
6.0 PUBLIC WORKS: BUILDINGS AND FLEET	\$148.18	\$165.18	\$140.78	\$/ (pop+empl)	-15%
- Buildings	63.37	70.64	46.70	\$/ (pop+empl)	-34%
- Land	41.18	45.90	47.51	\$/ (pop+empl)	4%
- Fleet	\$43.63	\$48.63	\$46.57	\$/ (pop+empl)	-4%

A preliminary estimate of the general service rate for single family homes based on the above service levels per capita is as follows:

DRAFT ESTIMATES

PRELIMINARY GENERAL SERVICE RATE Service	Calculated Residential Charge	Current Residential Charge	Change	
	(\$/sdu)	(\$/sdu)	\$	%
General Government	\$316	\$305	\$11	4%
Library Service	\$758	\$760	-\$2	0%
Fire and Rescue Services	\$611	\$334	\$277	83%
Indoor Recreation	\$4,758	\$3,795	\$963	25%
Parks Development and Facilities	\$3,456	\$2,629	\$827	31%
Public Works, Buildings and Fleet	\$530	\$334	\$196	59%
Sub-total General Services	\$10,429	\$8,157	\$2,272	28%

City-Wide Engineering:

The preliminary City-Wide engineering costs are significantly impacted by new growth-related infrastructure requirements.

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	2012 Preliminary	2008 DC Study	2008 DC Study Indexed
Roads			
Studies	\$11,529,408	\$3,812,605	\$4,249,908
Sidewalks and Street lighting	\$54,177,003	\$41,594,249	\$46,365,078
VMC Related Roads	\$113,150,385	\$34,431,555	\$38,380,828
Urban Design (Growth Share)	\$8,700,206	\$631,487	\$703,919
Signalization	\$20,000,000	\$17,749,056	\$19,784,860
Special Area Overruns	\$0	\$4,585,458	\$5,111,407
Roadways and Other	\$666,894,701	\$154,101,913	\$171,777,287
Subtotal	\$874,451,703	\$256,906,324	\$286,373,286
Reserve Fund Balance	-\$28,792,671	-\$32,086,160	-\$32,086,160
Total	\$845,659,031	\$224,820,164	\$254,287,126
*33% Regional Share of Overpasses not yet included			

The preliminary estimates of City-Wide engineering costs of \$846 million currently include costs relating to significant improvements to roads that meet Regional road criteria. In the event that these roads are transferred to the Region of York, the City-Wide engineering costs will be adjusted.

Based on the estimated increase in engineering costs from \$254 million to \$846 million, the draft preliminary rate for city-wide engineering is projected to increase from \$4,333 per single family home to \$15,420 per single family home.

Special Area Costs

The Special Area Charges, which recover costs for water, wastewater and storm drainage in a specific area, can vary significantly, depending on the amount of benefiting land to share the cost. These areas and charges are still under review. Final determinations of what costs will remain in the Special Areas, and what costs may be more appropriate to the City Wide charges has not been finalized.

Region of York Development Charge By-Law

The Region of York's Development Charge By-law expires in June of this year. The Region is further along in the process than the City of Vaughan, and expects to obtain Council approval on May 17, 2012, with the updated by-law in effect June 17, 2012 (as per the March 22, 2012 report to Regional Council).

The March report indicates that the growth-related infrastructure capital costs are projected to increase from \$11,076.9 million in the current background study to \$14,368.4 million in the current 2012 background study. The Region-wide rate for a single family detached home is projected to increase from \$32,000 to \$42,479. The non-residential rates are proposed as follows:

	Current DC Bylaw Rates	Proposed 2012 DC Bylaw Rates
Industrial/Office/Institutional	\$151.24/sq. m.	\$218.06/sq. m.
Retail	\$287.84/sq. m.	\$436.91/sq. m.

The Region of York is contemplating policy changes in a number of areas, such as apartment rates based on size (sq. ft) rather than the number of bedrooms, non-retail and retail mixed use rates moving from predominant use to a 50/50 split when criteria are met, and rates charged to hotels moving from 100% retail rate to 25% retail and small apartment rate for rental units.

The York Region Area Treasurers met with the Region to review the proposed Development Charge By-law update, and agreed that where ever possible and practical, common development charge policies at both the upper and lower tier level is less confusing to developers, Councils and staff, and is more efficient to administer. City of Vaughan staff will be reviewing the City's existing development charge policies to determine where there may be opportunities to align the policies in the City's updated development charge by-law to the Region's updated by-law.

Relationship to Vaughan Vision 2020

Not applicable

Regional Implications

The Region of York Development Charge By-law is expected to be finalized May 17, 2012, and the implication to the Region will be known at that time. The update to the City of Vaughan's Development Charge By-law has no implications to the Region

Conclusion

The draft preliminary estimates for the City's General Services is currently indicating an increase of 28% for a single family home. The draft preliminary estimates for City-Wide Engineering costs are increasing substantially, but are still subject to change dependent on potential transfers of road projects to the Region of York, and final determination of what costs will remain in the Special Areas, and what costs will be distributed City-Wide. It is currently anticipated that a further update will be provided to Council early in the fall of 2012, when the costs are close to finalization and the Development Charge Background Study is ready to be published.

Attachments

Not applicable

Report prepared by:

Barb Cribbett, CMA
Commissioner of Finance & City Treasurer
Ext. 8475

Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance & City Treasurer