

The Corporation of the City of Kawartha Lakes

Agenda

Special Council Meeting

CC2019-26

Tuesday, November 5, 2019

Open Session Commencing at 10:00 a.m.

Council Chambers

City Hall

26 Francis Street, Lindsay, Ontario K9V 5R8

Members:

Mayor Andy Letham

Deputy Mayor Doug Elmslie

Councillor Ron Ashmore

Councillor Pat Dunn

Councillor Patrick O'Reilly

Councillor Tracy Richardson

Councillor Kathleen Seymour-Fagan

Councillor Andrew Veale

Councillor Emmett Yeo

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1.	Call to Order	
2.	Adoption of Agenda	
3.	Disclosure of Pecuniary Interest	
4.	Statutory Public Meeting - Proposed Development Charges By-law	
4.1	CC2019-26.2.1	
	Proposed Development Charges By-law and Background Study Presentation	
	Adam Found, Manager of Corporate Assets	
	Andrew Grunda, Watson and Associates	
4.2	CC2019-26.4.2	
	Development Charges Task Force Presentation	
	Eugene McDonald, Chair of the Development Charges Task Force	
4.3	CC2019-26.4.3	
	Public Comments - Proposed Development Charges By-law	
4.4	CC2019-26.2.4	
	Written Public Submissions - Proposed Development Charges By-law	
4.5	CC2019-26.2.5	
	Adjournment - Statutory Public Meeting	
5.	Reports	
5.1	EA2019-015	4 - 13
	Direction Regarding Development Charges By-Law	
	Adam Found, Manager of Corporate Assets	

That Report EA2019-015, **Direction Regarding Development Charges By-Law**, be received;

That the proposed development charges (DC) by-law be revised to reflect a uniform DC rate for industrial, commercial and institutional development for each municipal service, and a 50% DC exemption for industrial development that does not qualify for the legislated industrial DC exemption;

That the effective date of the proposed DC by-law and proposed DC assistance policy be revised from January 1, 2020 to April 1, 2020; and

That the DC study, proposed DC by-law and proposed DC assistance policy, as revised, be presented to Council for adoption at the December 10, 2019 Council meeting.

6. Closed Session

7. Matters from Closed Session

8. Confirming By-Law

8.1 CC2019-26.8.1

14 - 14

A By-law to Confirm the Proceedings of a Special Meeting of Council,
Tuesday, November 5, 2019

9. Adjournment

The Corporation of the City of Kawartha Lakes

Council Report

Report Number EA2019-015

Date: November 5, 2019

Time: 10:00 a.m.

Place: Council Chambers

Ward Community Identifier: All Wards

Title: Direction Regarding Development Charges By-Law

Description: This report expands on key recommendations to staff by the Development Charges Task Force with the intent of obtaining further direction from Council in advance of enactment of a new development charges by-law.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2019-015, **Direction Regarding Development Charges By-Law**, be received;

That the proposed development charges (DC) by-law be revised to reflect a uniform DC rate for industrial, commercial and institutional development for each municipal service, and a 50% DC exemption for industrial development that does not qualify for the legislated industrial DC exemption;

That the effective date of the proposed DC by-law and proposed DC assistance policy be revised from January 1, 2020 to April 1, 2020; and

That the DC study, proposed DC by-law and proposed DC assistance policy, as revised, be presented to Council for adoption at the December 10, 2019 Council meeting.

Department Head:_____

Financial/Legal/HR/Other:_____

Chief Administrative Officer:_____

Background:

At the Committee of the Whole meeting of October 8, 2019, members of Council were presented with information relating to the following documents that were published in draft or proposed form on the City's website on October 7, 2019:

1. Development Charges Background Study
2. Development Charges By-Law
3. Development Charges Assistance Policy

At the meeting, presentations relating to these documents were given on behalf of staff, the Development Charges (DC) Task Force and Watson and Associates, preparer of the DC study. At the conclusion of the presentations, members of Council were advised staff would bring to the November 5, 2019 Council meeting recommendations regarding further direction on the proposed DC by-law. This report fulfills that commitment.

Rationale:

As Council is aware, the DC Task Force has made 28 recommendations to staff pertaining to the 2019 DC by-law update and more generally to the City's DC framework. The recommendations reflect the Terms of Reference for the DC Task Force, as subsequently expanded by Council Resolution CR2019-275 based on Mayor Letham's memo to Council dated April 9, 2019. For Council's information, this memo and the DC Task Force's recommendations to date are attached hereto as Appendices A and B, respectively.

Many of the DC Task Force's recommendations have already been implemented or reflected in the DC study, by-law and or assistance policy to the extent applicable, while others pertain to incidental and background matters such as prioritization of growth-related works and DC reserve management. Still others pertain to more strategic and comprehensive considerations such as the undertaking of a fiscal impact and competitiveness study.

Of the DC Task Force's 28 recommendations, staff has identified the following for further examination in partnership with Council:

1. Recommendation #21: That industrial, commercial and institutional (ICI) DC rates be blended into a uniform ICI DC rate to make DC rates applied to commercial development more competitive.
2. Recommendation #22: That a 50% DC exemption or defrayal be provided for industrial development that does not qualify for the legislated industrial DC exemption, if a uniform ICI DC rate is adopted.

3. Recommendation #13: That the DC By-Law and DC Assistance Policy take effect January 1, 2020, with the intent of being amended or replaced as needed to align with Bill 108 by January 1, 2021.
4. Recommendation #14: That an owner with a development in the approval process be permitted to enter into an agreement to lock in 2019 DC rates for the development, provided there is sufficient time to have the agreement prepared by staff and approved by Council by December 10, 2019, but subject to the DCs for the development being indexed on January 1, 2020 and paid by June 30, 2020.

The rationale for extracting these recommendations for further examination with Council at this time is that staff understands they are of particular interest to Council, based on its direction to the DC Task Force, and that their effects warrant special consideration by staff and Council as part of the ongoing public consultation for the proposed DC by-law.

Recommendation #21 makes the City's commercial DC rates more competitive without causing a shortfall in the DC reserve balance that would have to be made up by non-DC sources supported by existing ratepayers. But this comes at the expense of making industrial and institutional DC rates less competitive than otherwise. Recommendation #22 proposes a DC exemption designed to offset the particularly acute impact of Recommendation #21 on industrial DC rates. Like any other exemption, however, this exemption could have financial consequences for existing ratepayers. Recommendations #21 and #22 should be considered as effectively a single recommendation; the latter should not be adopted without the former, and should subsequently be reviewed for its effectiveness if adopted. With that understanding, and recognizing Council's objective of balancing fiscal responsibility with investment in growth and development, staff is supportive of Recommendations #21 and #22 and has incorporated them into this report's recommendations.

Recommendation #13 reflects the need to implement the newly calculated DC rates as soon as practicable in order to support growth-related capital works and solvency of the DC reserve. By contrast, Recommendation #14 reflects the sentiment that owners of developments in the planning approval process ought to have the opportunity to lock in current DC rates for a reasonable period of time, subject to indexation on January 1, 2020. While this measure has no financial consequences for existing ratepayers like a DC rate phase-in or exemption would, it could place further pressure on the DC reserve. Balancing each other, Recommendations #13 and #14 should be considered as effectively a single recommendation; the latter arises only because of the former. With that understanding, staff is supportive of the general intent underlying these recommendations, and has incorporated that intent into this report's recommendations.

Other Alternatives Considered:

As staff is supportive of Recommendations #21 and #22 on a combined basis, the relevant alternative for Council would be to not direct staff to update the proposed DC by-law accordingly.

Staff proposes an effective date of April 1, 2020 for the new DC by-law to reflect the intent underlying Recommendations #13 and #14. The relevant alternative for Council would be to establish a different effective date that is prior to November 25, 2020, the date the current DC by-law expires. Staff's position, however, is that extension of the proposed effective date from January 1, 2020 to April 1, 2020 reasonably safeguards the DC reserve while providing ample time for developments legitimately in the approval process to reach building permit or development agreement stages prior to the new higher DC rates taking effect.

Financial/Operation Impacts:

Among the four DC Task Force recommendations examined in this report, only Recommendation #22 carries a financial implication for existing ratepayers. Assuming a blended ICI DC rate and that industrial development primarily occurs in urban areas of the City, the 50% industrial DC exemption could cost the DC reserve an estimated \$199,000/year to \$385,000/year (in 2019 dollars), where the limits of this range reflect historical and aggressive forecasted rates of industrial development, respectively, as determined by Watson and Associates based on building permit data and the Growth Management Strategy.

As required by the DC Act, the resulting shortfall in the DC reserve must be paid for by ratepayer-supported (i.e. taxpayer-supported and water-wastewater user-supported) sources. Based on direction received by Council, and considering this exemption offsets the industrial DC rate increase arising from making commercial DC rates more competitive, staff are supportive of this recommendation with the understanding it will be subsequently reviewed for its effectiveness, ideally during the next DC by-law update.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

The recommendations of this report align with the "Vibrant and Growing Economy" strategic goal.

Consultations:

Watson and Associates Economists Limited
DC Task Force
Mayor
CAO

Attachments:

Appendix A: Memo to Council by Mayor Letham Entitled “Development Charge Review for New 2020 By-Law”



20190409 Mayor DC
Memorandum.pdf

Appendix B: Development Charges Task Force Recommendations as of October 29, 2019



20191029 DC Task
Force Recommendation

Department Head E-Mail: jrojas@kawarthalakes.ca

Department Head: Juan Rojas, Director of Engineering and Corporate Assets



Memorandum

Date: April 9th, 2019

To: Council

From: Mayor Letham

Re: Development Charge Review for new 2020 By-Law

Recommendation:

That the April 9th, 2019 memorandum from Mayor Letham regarding a **development charge review** be received; and

That the development charges task force consider the following issues when making recommendation on the new development charges by-law (and supporting background study) to take effect in January 2020:

- Payment deferral options currently in place for residential developments, and their effectiveness;
- Affordable housing incentive options for private sector development;
- The appropriateness of discounting commercial and industrial development charges (from 50% to 100%) where job creation goals are met;
- Mechanisms for deferring development charge- support projects that are “population serving” vs “growth incenting” to ensure stability;
- Look at derelict buildings and extend the development charge waiver up to ten years to encourage demolition and protect development rights;
- Consider development charges being charged within the existing zone category (for example, storage units);
- Reduce the development charge supported projects to specific user groups if appropriate (for example, transferring a portion of growth related costs from non-residential to residential for parks);



- Create a long term development charges plan that affordably funds growth related projects over a realistic timeline without relying on deficit funding to meet projected growth;

Rationale:

The City of Kawartha Lakes continues to invest heavily in growth inciting projects and has so, for over ten years. The foundation of the municipality and the required resources are now in place to realize that growth. A task force will assist us in determining whether or not the municipality should look at incentivizing potential development to aid in meeting projected growth targets.

The focus of this council term needs to be jobs and affordable housing for young, working families. Our residential growth is moving forward with success. That growth needs to be matched with commercial and industrial expansion to have an impact on our tax, water, and waste water rates. Through staffing and a focus on increased capacity projects, council has spent the last four years putting all of the pieces in place to realize that growth. Our goal should be to expand the tax base for young families and existing business. Increased revenues from taxation can then be invested back into population supporting assets.

By exploring these issues through the task force and consultant, and bringing back these recommendations through staff in the fall, I believe council will then have the proper information in front of them to make informed decisions regarding growth and investment in our community for the foreseeable future.

City of Kawartha Lakes Development Charges Task Force Recommendations
As of October 29, 2019

No.	Category	Issue	Recommendation
1	Administration	DC Deferral Policy	That the DC Deferral Policy be reviewed for potential updates in light of Bill 108, extended to non-residential development and be incorporated into the broader DC Assistance Policy.
2	Administration	Alignment of DCs with Zoning	That development type definitions in zoning and DC by-laws remain independent.
3	Administration	2014 / 2015 DC By-Law Appeals	That in the formulation of the DC study, Watson consider the issues arising from the 2014 / 2015 DC by-law appeals.
4	Administration	DC Reserve Management and Sustainability	That staff include an expense item in the 2020 and future operating budgets to stabilize the financial impacts of legislated DC exemptions and discretionary DC deferrals in a transparent, accountable, fiscally-responsible and legislatively-compliant manner.
5	Administration	DC Reserve Management and Sustainability	That staff prudently triage growth-related capital works as much as reasonably possible until the DC reserve sufficiently regains its health.
6	Administration	DC Reserve Management and Sustainability	That staff seek a third party expert in municipal finance to undertake a study of the fiscal impact of growth, including an evaluation of forecasted vs. actual growth and recommended strategies for managing the pattern of growth, the triaging of growth-related capital works and the continuity of the
7	Administration	DC Reserve Management and Sustainability	That the 2009-2019 DC reserve reconciliation of approximately \$7M be implemented in 2020 as planned to help support the long-term health of the City's reserves.
8	Administration	Legislated and Discretionary DC Exemptions	That discretionary DC exemptions be removed from the DC by-law and be replaced with a general authority for the City to, through policy, provide DC deferrals through direct payments to the DC reserve from other City funds.
9	Administration	Legislated and Discretionary DC Exemptions	That an agricultural development class be added to the non-residential DC rate schedule to minimize the financial burden to existing ratepayers of continuing a DC exemption or full DC deferral for such development.
10	Administration	Legislated and Discretionary DC Exemptions	That a DC Assistance Policy be developed to provide for the transparent, accountable, fiscally-responsible, fair and legislatively-compliant facilitation of DC deferrals, DC deferrals and other DC-related assistance authorized by Council.

City of Kawartha Lakes Development Charges Task Force Recommendations
As of October 29, 2019

No.	Category	Issue	Recommendation
11	Administration	Legislated and Discretionary DC Exemptions	That the DC Assistance Policy be brought under the City's Community Improvement Plan (CIP) the next time that plan is amended, whereby the CIP is updated to incorporate "growth" (in development / business / population) explicitly as one of its priorities.
12	Administration	Extension of Task Force Term	That the DC Task Force's mandate be expanded to include the making of recommendations relating to the forthcoming community benefits charges by-law and the fiscal impact study, and that its term be extended
13	Administration	Alignment with Bill 108	That the DC By-Law and DC Assistance Policy take effect January 1, 2020, with the intent of being amended or replaced as needed to align with Bill 108 by January 1, 2021.
14	Administration	Transition for Development in the Approval Process	That an owner with a development in the approval process be permitted to enter into an agreement to lock in 2019 DC rates for the development, provided there is sufficient time to have the agreement prepared by staff and approved by Council by December 10, 2019, but subject to the DCs for the development being indexed on January 1, 2020 and paid by June 30,
15	Capital Planning	Municipal Services Included in the DC Study	That soft services remain in the DC by-law until such time they can be transitioned to the new community benefits charges framework in late 2020.
16	Capital Planning	Service Master Planning	That a Master Planning Policy be developed by June 30, 2021 as required by the Strategic Asset Management Policy.
17	Capital Planning	Provincial Growth Projections for the City	That the City continue to align its growth, capital and financial plans with the Provincial Growth Plan as required by legislation, while prudently implementing such plans based on actual and committed growth.
18	Capital Planning	Growth-Related Capital Works Prioritization	That growth-related capital works required for corresponding growth to occur be given priority over other such works, all else equal.
19	Capital Planning	Growth-Related Capital Works Prioritization	That growth-related capital works that can be deferred to a time after some or all of the corresponding growth occurs be prudently triaged based on actual and committed growth and with regard for the state of the DC
20	Capital Planning	Long-Term Development Charges Plan	That the fiscal impact study include strategies for long-term management of DCs.

City of Kawartha Lakes Development Charges Task Force Recommendations
As of October 29, 2019

No.	Category	Issue	Recommendation
21	Economic Growth	Non-Residential DC Rates	That industrial, commercial and institutional (ICI) DC rates be blended into a uniform ICI DC rate to make DC rates applied to commercial development more competitive.
22	Economic Growth	Non-Residential DC Rates	That a 50% DC exemption or defrayal be provided for industrial development that does not qualify for the legislated industrial DC exemption, if a uniform ICI DC rate is adopted.
23	Economic Growth	Non-Residential DC Rates	That storage units be included in the definition of industrial development, if a uniform ICI DC rate is not adopted.
24	Economic Growth	Non-Residential DC Rates	That the DC Assistance Policy provide for a full DC defrayal for agricultural development, and that future updates to that policy consider expansion to the definition of "agricultural development" to reflect evolving uses of agricultural land.
25	Economic Growth	Non-Residential DC Rates	That the fiscal impact study include a detailed inter-municipal comparison of DC rates and make recommendations to guide the future updating of the DC Assistance Policy.
26	Economic Growth	Job Creation Incentives	That the matter of job creation incentives, as it relates to DCs, be considered in the formulation of the fiscal impact study and future updating of the DC Assistance Policy.
27	Economic Growth	Affordable Housing Incentives	That the DC Assistance Policy provide for a full DC defrayal for affordable housing, but only to the extent that such housing is indeed affordable.
28	Economic Growth	Redevelopment Credits for Blighted Property	That the DC by-law include a general authority for the City to, through policy, conditionally extend the redevelopment credit obtainability period on a limited basis for derelict or blighted property.

The Corporation of the City of Kawartha Lakes

By-law 2019-XXX

A By-Law to Confirm the Proceedings of a Special Meeting of Council, Tuesday, November 5, 2019

Recitals

1. The Municipal Act, 2001, S.O. 2001 c. 25 as amended, provides that the powers of a municipal corporation are exercised by its Council.
2. The Municipal Act, also provides that the Council's powers must be exercised by by-law.
3. For these reasons, the proceedings of the Council of The Corporation of the City of Kawartha Lakes at this meeting should be confirmed and adopted by by-law.

Accordingly, the Council of The Corporation of the City of Kawartha Lakes enacts this By-law 2019-XXX.

Section 1.00: Confirmation

- 1.01 The actions of the Council at the following meeting:

Tuesday, November 5, 2019, Open Session, Special Council Meeting

and each motion, resolution and other action passed or taken by the Council at that meeting is, except where prior approval of the Ontario Municipal Board is required, adopted, ratified and confirmed as if all such proceedings had been expressly embodied in this By-law.

- 1.02 The Mayor and the proper officials of the City are authorized and directed to do all things necessary to give effect to the actions of the Council referred to in Section 1.01 of this By-law. In addition, the Clerk is authorized and directed to affix the corporate seal to any documents which require it.

Section 2.00: General

- 2.01 This By-law shall come into force on the date it is finally passed.

By-law read a first, second and third time, and finally passed, this 5 day of November 2019.

Andy Letham, Mayor

Cathie Ritchie, City Clerk