

The Corporation of the City of Kawartha Lakes
Council Report

Report Number EA2018-012

Date: May 8th, 2018
Time: 2:00 p.m.
Place: Council Chambers

Ward Community Identifier: All

Title: Recommended 2018 Development Charges Task Force

Description: This report concludes consideration and implementation of the 2015 Development Charges Task Force recommendations and requests authorization to prepare terms of reference for a 2018 Development Charges Task Force

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2018-012, **Recommended 2018 Development Charges Task Force**, be received; and

That staff prepare terms of reference for a 2018 Development Charges Task Force and present them to Council for consideration and approval as soon as practicable.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of November 24th, 2015, Council adopted the following resolution:

Moved by Councillor Elmslie, seconded by Councillor Strangway,

RESOLVED THAT Report CORP2015-032, **Development Charge Background Study and By-law**, be received;

THAT the City of Kawartha Lakes Development Charge Background Study dated September 21, 2015, as amended by the addenda issued on October 30, 2015 and November 11, 2015, prepared by Watson and Associates Economists Limited and appended hereto as Appendix A, be adopted;

THAT based upon review of the above-noted study, including the proposed development charge by-law appearing therein, for the purpose of subsection 12(3) of the Development Charges Act it is determined that no further public meetings on these documents are required;

THAT for the purpose of paragraph 3 of subsection 5(1) of the Development Charges Act it is the intention of Council to ensure the increase in the need for services attributable to anticipated development will be met and that the committed and future excess capacity identified in the above-noted study shall be paid for by development charges or other similar charges;

THAT the growth-related capital forecast in the above-noted study be integrated into future asset management plans and capital budgets, subject to the annual capital budgeting process and budgetary constraints;

THAT a development charge by-law to implement the development charges calculated in the above-noted study be forwarded to Council for enactment;

THAT a by-law to repeal by-law 2014-238 be forwarded to Council for enactment;

THAT the Manager of Corporate Assets, in consultation with the Treasurer, submit a report to Council in 2016 to address Development Charge reserve fund reconciliation required to correct 2009-2016 draws from and commitments to the Development Charge reserve fund and to make the Development Charge reserve fund whole with respect to Development Charge revenue foregone as a result of exemptions, phase-ins and other unfunded costs; and

THAT the Manager of Corporate Assets submit a report to Council in 2016 to address Development Charges Task Force recommendations P-1 to P-5, as indicated in the schedule of recommendations attached hereto as Appendix B,

and to bring forward a recommended policy respecting the timing of the payment of development charges under agreements pursuant to section 27 of the Development Charges Act.

CARRIED CR2015-1242

The recommendations of the 2015 Development Charges (DC) Task Force are attached hereto as Appendix A. They are divided into two sets. One set applied to and was addressed by the 2015 Development Charges Background Study (DC study) directly. The other set is of general application intended to shape future DC by-law update processes. For ease of reference, this set of recommendations, P-1 through P-5, is reproduced in the table below:

Recommendations of General Applicability by the 2015 Development Charges Task Force			
Theme Code	Theme	Identifier	Recommendation
P	Planning and Consultation	P-1	A master planning policy be adopted to ensure master plans are undertaken with adequate funding, expertise, frequency and regard for the increase in need for service attributable to development.
P	Planning and Consultation	P-2	Capital and operating budgets be consistent with DC studies and that a DC reserve reconciliation be undertaken as part of each DC study.
P	Planning and Consultation	P-3	A process be established to ensure DC studies are prepared with adequate funding, expertise, frequency and consultation with stakeholders and the public.
P	Planning and Consultation	P-4	DC studies and proposed DC by-laws be made available for public review for a period of at least four (4) months prior to the corresponding public meeting(s) legislated under the Development Charges Act.
P	Planning and Consultation	P-5	Council consider forming a DC Task Force, with stakeholders as members, twelve (12) months before the City intends to amend or replace its DC by-law(s).

In accordance with the final direction provided by CR2015-1242 above, the Manager of Corporate Assets initially addressed recommendations P-1 to P-5 in Report ENG2016-027, attached hereto as Appendix B. The present report provides an update on this matter, concludes the consideration and implementation of recommendations P-1 through P-5 to the extent staff finds sufficient and requests authorization for staff to prepare terms of reference for a 2018 DC Task Force.

Rationale:

The Development Charges Act (DC Act) sets out the legal framework for the determination and administration of development charges (DCs) by municipalities in Ontario. A DC by-law setting out a municipality's DC rates must be supported by a Development Charges Background Study (DC study). A DC by-law has a legislated shelf life of at most 5 years.

The City's current DC by-law expires on November 24th, 2020. However, staff has retained Watson & Associates Economists Limited (Watson) to replace that by-law by Q1, 2019 for the following reasons:

1. DC Reserve Solvency: The DC Reserve continues to be challenged by (i) financing many investments in infrastructure to service growth on an upfront basis; (ii) the repayment of significant growth-related debt; (iii) the deferral of revenues via the DC Deferral Policy; (iv) the foregone revenue resulting from the phase-in of DC rates during 2014-2016; and (iv) the foregone revenue resulting from the several legislated and discretionary exemptions in the DC by-law. These challenges are such they ought to be addressed as soon as possible via a new DC study and by-law.
2. Growth-Related Capital Forecast Updates: Required updates to the timing, scope and costs of growth-related capital needs (e.g. municipal parking expansion), including the bringing forward of capital projects designated as committed excess capacity, are sufficient to warrant a new DC study.
3. Master Planning Coordination: The Growth Management Strategy (GMS) and other master plans are essential inputs for the DC study. In 2015, a new GMS was expected for 2016, followed by a new Transportation Master Plan and Water/Wastewater Capacity Study in 2019-2020. For greater coordination these three major master plans are now planned for concurrent preparation. Completion of this coordinated project is expected for 2019-2020, delaying the corresponding DC study to at least 2021, after the current DC by-law expires. To prevent inopportune expiration of the current DC by-law and to ensure the DC study after next reflects the latest master plans, replacement of the current DC by-law in early 2019 would be prudent and strategic.

Initiation of the DC by-law update process in 2018 has led staff to conclude on 2015 DC Task Force recommendations P-1 through P-5 as follows:

1. Recommendation P-1: As of 2017, the Corporate Assets Division provides coordinative and consultative support for all master plans to ensure their viability as inputs for the DC study. The division remains committed to timing a Master Planning Policy with the GMS update.

2. Recommendation P-2: As of 2017, capital budgets align with the DC study and clarify DC financing of specific capital projects. Operating budgets are expected to provide for comparable clarification by 2019. Regarding DC Reserve reconciliation, this is now a standard component of the DC by-law update process and measures are in place to ensure its required inputs are provided.
3. Recommendation P-3: The reconfiguration and expansion of the Corporate Assets Division through the 2016 reorganization has ensured adequate expertise and resources are available for DC by-law coordination.
4. Recommendation P-4: The DC Act was amended in 2016 to enhance the public consultation process. Staff finds the new public consultation requirements satisfactory. The DC by-law update process will be abundantly more productive if the DC study is guided by stakeholder consultation rather than assessed by stakeholders only after it is completed. As such, staff intends to align the DC by-law update process with the public notice requirements of the DC Act and have it guided by a 2018 DC Task Force.
5. Recommendation P-5: Staff recognizes the tremendous benefit of engaging stakeholders and the public during the DC by-law update process, and finds a consultation period of approximately 6 months sufficient. As such, this report recommends Council authorize staff to prepare terms of reference for a 2018 DC Task Force.

As staff is targeting Q1, 2019 for completion of the DC by-law update, it is expected the 2018 DC Task Force will conduct its work during Q3-Q4, 2018.

Other Alternatives Considered:

The alternative would be for Council to decline striking a DC Task Force for the 2018 DC by-law update. Staff and Watson advise against this as it would deprive the DC by-law update process of fulsome stakeholder and public consultation and result in a less-informed DC study and by-law.

Financial/Operation Impacts:

As DC Task Force membership is on a voluntary basis and staff liaison and other support costs are already budgeted, creation of a DC Task Force has no added financial impact on the City.

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

N/A

Consultations:

Watson & Associates Economists Limited

Attachments:

Appendix A: City of Kawartha Lakes 2015 Development Charges Task Force Recommendations



DCTF
Recommendations.pdf

Appendix B: Council Report ENG2016-027



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Assets