



The Corporation of the City of Kawartha Lakes
Department of Engineering and Corporate Assets
Corporate Assets Division
12 Peel Street
Lindsay, Ontario, K9V3L8
Tel: 705-324-9411 ext. 1183
Toll Free: 1-888-822-2225
Email: afound@kawarthalakes.ca
Website: www.kawarthalakes.ca

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Dear Mayor Letham and Members of Council

Re: Draft Development Charges Background Study

I am writing to update you on the ongoing DC by-law update process. As of October 7, 2019, the draft DC study, along with the corresponding DC by-law and DC assistance policy, are published on the City's website. In mid-2018, the DC by-law update commenced with the retaining of Watson and Associates and the writing of Report EA2018-012. That report reflected the following rationale for updating the DC by-law as soon as practicable:

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 (v) the foregone revenue resulting from the several legislated and discretionary DC exemptions. Timely updating of the DC by-law is expected to help improve the solvency of the DC reserve.
2. Growth-Related Capital Needs Updates: Required updates to the timing, scope and costs of growth-related capital needs are sufficient to warrant a DC by-law update. Generally speaking, growth-related capital costs incurred or quantified since 2015 have been higher than as projected in the 2015 DC study. For example, the Lindsay Water Pollution Control Plan upgrade and expansion is now estimated to cost \$22.4M instead of the \$11.9M based on its EA study. Moreover, new major growth-related capital needs, such as redevelopment of Bobcaygeon Beach Park, have been identified subsequent to enactment of the 2015 DC by-law.
3. Master Planning Coordination: The Growth Management Strategy was originally planned for 2016, but changes in provincial direction have delayed its commencement considerably. The study is now slated to begin in 2020, and is to be followed in 2021-2022 by the Transportation Master Plan and Water-Wastewater Capacity Study as these depend critically on the Growth Management Strategy for input. All three documents are essential inputs into the DC study, but the DC by-law will expire on November 25, 2020, well before their completion. To prevent inopportune expiration of the DC by-law and to ensure

the post-2019 DC study reflects the latest master plans, replacement of the DC by-law as soon as practicable is prudent and strategic.

As recommended by Report EA2018-012, Council directed staff to assemble a DC Task Force to help guide the DC by-law update by providing advice and recommendations to staff regarding the formulation of the new DC study and by-law. The DC Task Force was established by Council on January 15, 2019. As a product of highly productive meetings during February 1-September 27, 2019, the DC Task Force made 27 recommendations, each of which staff has implemented, is in the process of implementing or is planning to implement. Many of the recommendations are reflected directly in the DC study, by-law and or assistance policy.

As of the writing of this memorandum, the balance of the DC by-law update process planned to January 1, 2020 in can be summarized as follows:

1. October 7: The draft DC study, by-law and assistance policy are published on the City's website in accordance with the DC Act (i.e. at least 14 days prior to the first public meeting and at least 60 days prior to DC by-law enactment).
2. October 8: Staff, the DC Task Force and Watson present to Committee of the Whole, with a focus on apprising the committee on the draft DC study findings.
3. October 10: Notice of the November 5 public meeting is given in accordance with the DC Act (i.e. at least 20 days prior to the first public meeting).
4. November 5: Council holds a public meeting on the draft DC study and by-law in accordance with the DC Act. Recommendations of staff and the DC Task Force are shared with Council, and further direction is obtained from Council.
5. November 26: Publication of the proposed DC study, by-law and assistance policy if revised from the respective draft versions.
6. December 10: Council adopts the DC study, by-law and assistance policy (assuming no further public meetings are required as determined by Council).
7. January 1: The DC by-law and assistance policy take effect.

Staff looks forward to continuing the DC by-law update process with Council as 2019 draws to a close.

Sincerely,

Adam Found, Ph.D., PLE
Manager of Corporate Assets