

Council Report

Report Number:	CA2025-004
Meeting Date:	August 26, 2025
Title:	Budget Increase for Development Charges Background Study Special Project
Description:	This report addresses the need to increase the budget for the Development Charges Background Study special project.
Author and Title:	Dr. Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report CA2025-004, **Budget Increase for Development Charges Background Study Special Project**, be received;

That the budget for special project 921204601 (Development Charges Background Study) be increased by \$100,000.00, with that increase financed as follows: (i) (\$7,000.00) by the General Contingency Reserve and (ii) \$107,000.00 by the Administrative Studies Account of the Development Charges Reserve; and

That a corresponding change order be issued to Watson and Associates, under Purchase Order 907484 OS, to ensure completion of special project 921204601 in a timely fashion.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

As Council is aware, the City has retained Watson and Associates to prepare the next Development Charges Background Study (DC Study), a special project which is well underway and proceeding toward the goal of having a new development charges (DC) by-law take effect on January 1, 2026. Due to, among other factors, numerous DC Act revisions over 2019-2025 and the ongoing appeals of the City's 2014, 2015 and 2019 DC by-laws at the Ontario Land Tribunal (OLT), the budget for this project requires a significant increase. This report addresses that need.

Rationale:

From mid-2019 to mid-2025, the DC Act was amended by seven distinct laws: (i) More Homes, More Choice Act (2019); (ii) Plan to Build Ontario Together Act (2019); (iii) Coronavirus (COVID-19) Support and Protection Act (2020); (iv) COVID-19 Economic Recovery Act (2020); (v) More Homes Built Faster Act (2022); (vi) Cutting Red Tape to Build More Homes Act (2024); and (vii) Protect Ontario By Building Faster and Smarter Act (2025). In short, these have resulted in sweeping changes being made to the DC Act in a chaotic fashion, particularly because changes established by several of the laws were later reversed or rendered more complex by others. Compounding the uncertainty generated by repeated reversals in legislation is the elevated complexity and burden of municipal administration of the DC Act arising from the above-noted laws.

As a result of the foregoing, staff was obliged to convert special project 921204601 from a Community Benefits Charges Strategy (CBC Strategy) to a DC Study and to pause, resume and change direction of the project multiple times. The resulting additional work and inflation in billing rates (due to delays) over 2020-2025 have increased the cost of the DC Study special project.

Furthermore, the amendments made to the DC Act and Council's adoption of the new Transportation Master Plan and Water-Wastewater Master Plan in early 2025 have introduced new information, complexities and opportunities to be considered by staff, Watson and Associates, and the DC Task Force. This has resulted in a greater need for meetings, including those of the DC Task Force requiring attendance by Watson and Associates, and the City's pursuance of a capital charges by-law under the Municipal Act to recover growth-related capital costs for certain DC-ineligible services. These elevated needs have increased the cost of the DC Study special project.

Finally, appeals of the City's 2014, 2015 and 2019 DC by-laws remain ongoing at the OLT, which is currently adjudicating the appeals in sequence. For these cases, only a single common appellant remains, as all other appellants have withdrawn their applications. With the OLT evidently experiencing a heavy case backlog, a hearing for

the 2014 appeal was not held until September of 2023. Part of the 2014 appeal has been settled by an OLT decision, which was rendered in January of 2024 but remains abeyant while the balance of the appeal continues through ongoing mediation between the parties. Due to OLT-related factors beyond the City's control, staff is unable to estimate when mediation will be concluded for the 2014 appeal. Staff is likewise unable to estimate when the 2015 and 2019 appeals will be heard and adjudicated by the OLT.

Meanwhile, the OLT decision regarding the 2014 appeal, as well as progress to date on the associated mediation, have produced previously unknown or unanticipated ramifications for the DC Study. An increased amount of work is required to ensure the DC Reserve reconciliation, which resets the opening balance of the reserve and constitutes an integral part of the DC Study, reflects the OLT-related outcomes to date respecting the 2014 DC by-law. Consequently, the cost of the DC Study special project has increased.

Other Alternatives Considered:

As Council approval of the recommendations of this report is required to complete DC Study and ensure a new DC by-law takes effect by January 1, 2026, staff is not advancing any alternative recommendations for Council's consideration currently.

Alignment to Strategic Priorities

By supporting sustainable community development and the expansionary capital investments it requires, the recommendations of this report align with the strategic priorities of "A Vibrant and Growing Economy" and "Good Government" identified in the City's 2024-2027 Strategic Plan.

Financial/Operation Impacts:

The current budget of special project 921204601 is \$70,000, a figure established in 2020. In consultation with Watson and Associates, staff is recommending that this budget be increased by \$100,000 to address the above-noted significant pressures on the project. As the cost of the DC Study is now 100% (instead of 90%) DC-recoverable, staff is moreover recommending that the revised budget be financed entirely by the DC Reserve, returning \$7,000 to the General Contingency Reserve.

Consultations:

Watson and Associates

City Treasurer

Director of Corporate Services

Department Head email: jrojas@kawarthalakes.ca

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