

DEVELOPMENT CHARGES
BACKGROUND STUDY

City of Peterborough

HEMSON Consulting Ltd.

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EXECUTIVE SUMMARY

The following summarizes the findings of the study.

(i) STUDY CONSISTENT WITH NEW LEGISLATION

- This study calculates development charges for the City of Peterborough in compliance with the provisions of the *Development Charges Act, 1997* and its related regulation (*Ontario Regulation 82/98*).

(ii) ALL SERVICES WITH GROWTH-RELATED COSTS INCLUDED IN THE ANALYSIS

- The following City services have been included in the development charge analysis:

General Services

- general government
- fire
- recreation
- parking
- transit
- library
- police
- parks
- public works (buildings & equipment)

Engineered Services

- City-wide engineered infrastructure - roads and related, sewage treatment
- Planning area engineered infrastructure - collector roads, sanitary sewers, stormwater management

(iii) TWO APPROACHES ARE USED TO CALCULATE DEVELOPMENT CHARGES

- A City-wide average cost approach is used to calculate development charges for the General Services and City-wide Engineering Infrastructure listed above. This approach results in uniform charges throughout the City.
- In addition, area-specific development charges, called 'Planning Area Development Charges', are calculated for the recovery of engineering infrastructure for collector roads, sanitary sewers and stormwater management specific to individual City Planning

Areas. The area-specific approach more closely aligns costs and benefits for services where benefits are more localized and can be identified. This approach is combined with the average City-wide approach for all other services.

(iv) THE DEVELOPMENT CHARGES CALCULATIONS ARE BASED ON THE CITY MAINTAINING HISTORICAL RATES OF GROWTH

- The capital infrastructure planning for General Services is based on the ten-year planning horizon of 2004 to 2013.
- The planning for the City-wide engineering services of roads and sewage treatment is based on the longer planning period of achieving a population of 90,000 persons. The 90,000 population level reflects the design capacity of the Transportation Master Plan and the planned sewage treatment works.
- The Planning Area Specific calculations are based on the build-out development potential of each of the individual planning areas.
- The following is a summary of the forecast residential and non-residential growth in the City:

	Existing	2004-2013		2004-ultimate	
	As At Mid-Year 2003	Forecast Change	As at Mid-Year 2013	Forecast Change	As at Ultimate
Population in Existing Units	71,945	(2,833)	69,112	(5,456)	66,489
Housing Units	29,580	2,334	31,914	9,220	38,800
Forecast Population in New Units		6,021		23,511	
Total Population	71,945	3,188	75,133	18,055	90,000

	Existing	2004-2013		2004-ultimate	
	As At Mid-Year 2003	Forecast Change	As at Mid-Year 2013	Forecast Change	As at Ultimate
Non-Residential Building Space (in square metres of GFA)	n/a	107,000	n/a	650,000	n/a
Employment	39,600	1,776	41,376	10,350	49,950

(v) **CALCULATED RESIDENTIAL CITY-WIDE CHARGES INCREASE OVER PRESENT CHARGES**

- The proposed residential charges are recommended to vary by unit type, reflecting the different occupancy levels expected in various unit types and the associated differences in demand that would be placed on City services.
- The following is a summary of the calculated City-wide uniform development charge rates:

CITY-WIDE DEVELOPMENT CHARGES

	Unadjusted Charge Per Capita	Adjusted Charge Per Capita	Residential Charge By Unit Type (1)		
			Residential A	Residential B	Residential C
			Singles & Semi	Other Multiples	Apartments
LIBRARY SERVICES	\$94	\$100	\$290	\$250	\$170
FIRE SERVICES	\$80	\$85	\$247	\$213	\$145
POLICE SERVICES	\$34	\$38	\$110	\$95	\$65
RECREATION	\$315	\$380	\$1,102	\$950	\$646
PARKS	\$135	\$143	\$415	\$358	\$243
PUBLIC WORKS	\$61	\$64	\$186	\$160	\$109
PARKING	\$73	\$75	\$218	\$188	\$128
TRANSIT	\$105	\$108	\$313	\$270	\$184
GENERAL GOVERNMENT	\$18	\$21	\$61	\$53	\$36
SUB-TOTAL GENERAL SERVICES	\$915	\$1,014	\$2,942	\$2,537	\$1,726
ROADS & RELATED	\$1,210	\$1,210	\$3,509	\$3,025	\$2,057
SEWAGE TREATMENT	\$276	\$276	\$802	\$691	\$470
SUB-TOTAL ENGINEERING SERVICES	\$1,486	\$1,486	\$4,311	\$3,716	\$2,527
TOTAL CITY-WIDE CHARGE PER UNIT	\$2,401	\$2,500	\$7,253	\$6,253	\$4,253

(1) Based on Persons Per Unit Of:

2.90

2.50

1.70

- The proposed charges represent a significant increase over the City's current (2004) charges.
- The increase in the charges is due to the following factors:
 - much higher construction costs, especially for the engineering infrastructure of roads, sewers and storm water management;
 - the current charges do not reflect the fully-calculated charges from the previous development charges study (1999) as the rates were reduced prior to passage;
 - the proposed rates provide for the full recovery of eligible growth-related capital costs;
 - a portion of the proposed Planning Area Specific cost, specifically stormwater management facilities, are currently being recovered for byway of other charge and levies.
- The proposed rates compare with the current rates as follows:

Total Residential Development Charges

Development Charges By Growth Area	Charge Per Unit Residential A - Singles & Semi			
	Calculated 2004 City-wide Uniform plus Area Charge	Current City Uniform Charge	Difference in Charge	
			\$	%
1. Jackson	\$12,880	\$5,567	\$7,313	131%
2. Carnegie	\$9,630	\$5,567	\$4,063	73%
3. Lily Lake	\$9,662	\$5,567	\$4,095	74%
4. Chemong	\$11,143	\$5,567	\$5,576	100%
5. Auburn	\$10,099	\$5,567	\$4,532	81%
6. Lifflock	\$13,558	\$5,567	\$7,991	144%
7. Coldspring	\$8,215	\$5,567	\$2,648	48%
8. City-Wide Dev. Area	\$8,025	\$5,567	\$2,458	44%

Non-Residential Development Charges

City-Wide Uniform Charge	Charge Per Square Metre of Gross Floor Area			
	Calculated 2004 Charge	Current Charge	Difference in Charge	
			\$	%
Total Charge	\$40.78	\$14.48	\$26.30	182%

(vi) A PORTION OF GROWTH-RELATED COSTS REQUIRE FUNDING FROM NON-DEVELOPMENT CHARGE SOURCES

- The *Development Charges Act, 1997* requires that the growth-related net capital costs for general services be reduced by 10 per cent in calculating the applicable development charge for these services. The 10 per cent share of growth-related net capital costs not included in the development charge calculation must be funded from non-development charge sources.
- In total, about \$628,500 is identified to provide for the required 10 per cent reduction.
- Non-development charge funding for replacement portions of the capital forecast and for portions of growth-related projects that benefit existing development will total an additional \$35.0 million. The two largest components of these monies are \$23.1 million for the non-growth share of the roads program (10 year share only) and a further \$11.4 million for Transit services. A large portion of capital costs would have to be funded from the sale of existing assets, fund raising, property taxes, utility rates, user fees and other non-development charge revenue sources.
- It is estimated also that net annual property tax support operating costs will increase by approximately \$2.0 million by the year 2013 as the facilities and infrastructure embodied in the capital forecast are operated and maintained. Fifty per cent of the forecast increase in operating cost, or \$1.0 million, relates to the operating cost, including salaries, of a new fire hall. These costs should be funded from the increase in property assessment generated by new development.

(vii) CONSIDERATIONS & RECOMMENDATION REGARDING POLICIES, COLLECTION, AND BY-LAW ADMINISTRATION

- It is recommended that present practices regarding collection of development charges and by-law administration continue to the extent possible.
- As required under the *DCA*, the City should codify any rules regarding application of the by-laws and exemptions within the development charges by-laws proposed for adoption.

- It is recommended that the City develop reporting policies consistent with the requirements of the *DCA*.
- It is recommended that the by-law provide for the collection of the City-wide uniform development charges at the point of issuance of the building permit. It is noted that the City currently allows for the collection of charges at time of occupancy for some residential development. Council should review and give consideration to this policy.
- Consistent with the provision of the *DCA*, it is recommended that the by-law provide for the collection of the Planning Area Specific Charge at the point of entering a subdivision agreement or consent agreement.
- It is recommended that the by-laws permit the payment of a development charge in cash or through services-in-lieu agreements. The municipality is not obligated to enter into services-in-lieu agreements.

Council should give consideration to the following issues:

- It is recommended that limited exemptions, other than those required in the *Development Charges Act, 1997*, be formally adopted in the by-laws. In this regard Council may wish to give consideration to the following:

Non-Statutory Exemptions

- whether or not to continue with an exemption for industrial development;
 - whether or not to continue with an exemption for the first 465 square metres of building floor area of a commercial development
- It is recommended that Council review its current policy with respect to the timing of collection of development charges and codify the policy into the new development charges by-law.
 - It is recommended that Council adopt the growth-related capital forecast included in this background study, subject to annual review through the City's normal capital budget process.

I INTRODUCTION

This City of Peterborough Development Charges Background Study is presented as part of a process to lead to the approval of new development charge by-laws in compliance with the *Development Charges Act, 1997 (DCA)*.

The *DCA* and *Ontario Regulation 82/98 (O. Reg. 82/98)* require that a development charge background study be prepared in which development charges are determined with reference to:

- A forecast of the amount, type and location of housing units, population and non-residential development anticipated in the City;
- The average capital service levels provided in the City over the 10 year period immediately preceding the preparation of the background study;
- A review of future capital projects, including an analysis of gross expenditures, funding sources, and net expenditures incurred or to be incurred by the City or its local boards to provide for the expected development, including the determination of the growth and non-growth-related components of the capital projects; and
- An examination of the long term capital and operating costs for the capital infrastructure required for each service to which the development charges by-laws would relate.

This study presents the results of the review which determines the growth-related net capital costs which are attributable to development that is forecast to occur in the community. These growth-related net capital costs are then apportioned among various types of development (residential; non-residential) in a manner that reflects the increase in the need for each service attributable to each type of development. The study arrives, therefore, at proposed development charges for various types of development.

The *DCA* provides for a period of public review and comment regarding the proposed development charges. Following completion of this process in accordance with the *DCA* and Council's review of this study and the comments it receives regarding this study or other information brought to its attention about the proposed charges, it is intended that Council will pass new development charges for the City.

The remainder of this study sets out the information and analysis upon which the proposed development charges are based.

Section II designates the services for which the development charges are proposed and the areas within the City to which the development charges will apply. It also briefly reviews the methodologies that have been used in this background study.

Section III presents a summary of the forecast residential and non-residential development which is expected to occur within the City over the 2004–2013 period and to ultimate development, Official Plan build-out.

Section IV summarizes the historic ten year average capital service levels that have been attained in the City which form the basis for the development charge calculations.

In Section V, the growth-related capital forecast that has been developed by various City departments and boards is reviewed.

Section VI summarizes the calculation of applicable development charges and the resulting proposed development charges by class and type of development. This section also provides a comparison of existing development charge rates in the City with the rates proposed in this study.

Section VII provides an examination of the long term capital and operating costs for each service included in the development charge calculation.

Section VIII provides a review of development charges administrative matters such as collection method and timing of payments, exemptions, credits for services-in-lieu, front-end financing, etc.

II THE METHODOLOGY COMBINES A CITY-WIDE AND AREA-SPECIFIC APPROACH TO ALIGN GROWTH-RELATED COSTS AND BENEFITS

Several key steps are required in calculating any development charge. However, specific circumstances arise in each municipality which must be reflected in the calculation. In this study, therefore, we have tailored our approach to the City of Peterborough's unique circumstances. The approach to the proposed development charges is focussed on providing a reasonable alignment of growth-related costs with the development that necessitates them. This study combines a City-wide approach for certain services which the City provides with an area-specific approach for collector roads, sanitary sewers and stormwater management within the various designated planning areas.

A. BOTH CITY-WIDE AND AREA-SPECIFIC DEVELOPMENT CHARGES ARE PROPOSED

The City provides a wide range of services to the community it serves and has an extensive inventory of facilities, land, infrastructure, vehicles and equipment. The *Development Charges Act (DCA)* provides municipalities with flexibility to define services that will be included in the development charge by-laws, provided that the other provisions of the *Act* and *Regulations* are met. The *DCA* also requires that the by-laws designate the areas within which the by-laws shall be imposed. The development charges may apply to all lands in the municipality or to other designated development areas as specified in the by-laws.

1. Services Based on a City-wide Approach

For a number of development charge eligible services that the City provides, a range of capital facilities, land, equipment and infrastructure is available throughout the City. All City residents have access to all facilities. As new development occurs, new facilities will need to be added so that overall service levels in the City do not decline. A widely accepted method for sharing the growth-related capital costs for such City services is to apportion them over all new growth anticipated in the City.

The following services are included in the City-wide development charge calculation:

- General Government
- Library
- Fire
- Police
- Recreation
- Parks
- Public Works
- Parking
- Transit
- City-Wide Engineering (Roads and Related, Sewage Treatment)

These services form a reasonable basis on which to plan and administer the development charges. It is noted that the analysis of each of these services examines the individual capital facilities and equipment that make them up. For example, the Library service category includes buildings; associated land requirements as allowed under the new DCA; collection materials and furniture/equipment.

The resulting development charge for these services would be imposed against all development anywhere in the City.

2. Area-Specific Charges Are Proposed

For some services that the City provides, the need for growth-related capital additions to support anticipated development is more localized. For such services, where costs and benefits are more localized, an alternative technique — the area-specific approach — is employed.

The area-specific charges relate to the provision of collector roads, sanitary sewers and stormwater management services. Charges for these services are called *Planning Area Specific Development Charges*. A review of collector roads, sanitary sewer and stormwater management capital servicing plans indicates that there are considerable differences in the servicing requirements of the various areas that are to be developed as the City grows. The area-specific approach is applied to these services to more closely align the capital costs for the services with the particular areas that will be serviced by the required infrastructure.

Planning Area Specific Development Charges are therefore calculated for:

- Collector and Local Roads and Related (ie. sidewalks)
- Sanitary Sewer
- Stormwater Management

The area-specific approach for these services reflects the fact that the demand for, and benefit from, the projects provided by the City is much more localized than that for other

City services. Area-specific charges result in a more accurate distribution of costs among developers than the City-wide approach.

The area-specific approach also facilitates front-end financing arrangements for the designated services if the City chooses to use the front-ending provisions of the *Development Charges Act, 1997*. As an alternative, the area-specific charges also facilitate the use of developer group cost-sharing agreements.

B. KEY STEPS IN DETERMINING DEVELOPMENT CHARGES FOR FUTURE GROWTH-RELATED PROJECTS

Several key steps are required in calculating development charges for future growth-related projects. These are summarized below.

1. Growth Forecast

The first step in the methodology requires a development forecast to be prepared for the ten year study period, 2004–2013, and to build-out or ultimate development. The forecast of the future residential and non-residential development by location used in this study was prepared in conjunction with the City's Planning department.

For the residential portion of the forecast, both the *net population growth* as well as the new population that will result from the addition of new housing units is estimated. *Net population growth* equals the population in new housing units reduced by the decline in the population in the existing base anticipated over the ten year period and to build-out (due to reducing household size as the community ages). The *net population* determines the need for additional facilities and provides the foundation for development of the growth-related capital forecast. Using the net growth figures ensures that facility and infrastructure requirements are not overstated.

In calculating the development charge, however, the growth-related net capital costs are spread over the *total additional population growth resulting from the addition of new housing units*. This represents the population over which residential development charges will be collected.

The non-residential portion of the forecast estimates building space to be developed over the ten year period, 2004–2013, and to build-out. The forecast is based on an employment forecast for the City. Factors for floor space per worker by category are used to convert the employment forecast into gross floor areas for the purposes of the development charges study. In addition, consideration of recent historical non-residential building activity was taken into consideration.

2. Service Categories and Historic Service Levels

The *Development Charges Act* provides that the increase in the need for service attributable to anticipated development:

... must not include an increase that would result in the level of service exceeding the average level of that service provided in the municipality over the 10-year period immediately preceding the preparation of the background study...(s. 5. (1) 4.)

Historic ten year average service levels thus form the basis for development charges. A review of the City's capital service levels for buildings, land, vehicles, and so on has therefore been prepared as a reference for the calculation so that the portion of future capital projects that may be included in the development charge can be determined. The historic service levels used in this study have been calculated based on the period 1994–2003.

For “hard” services, such as roads and sanitary sewerage, historic service levels are less applicable and reference is made to the City's engineering standards as well as Provincial health or environmental requirements.

3. Growth-Related Capital Forecast and Analysis of Net Capital Costs to be Included in the Development Charges

A growth-related capital forecast has been prepared by the City's departments and boards as part of the present study. The forecast identifies growth-related projects and their gross and net costs, after allowing for capital grants, subsidies or other contributions as required by the Act (*DCA*, s. 5. (2)). The capital forecast provides another cornerstone upon which development charges are based. The new *DCA* requires that the increase in the need for service attributable to the anticipated development may include an increase:

... only if the council of the municipality has indicated that it intends to ensure that such an increase in need will be met. (s. 5. (1) 3.)

In conjunction with *DCA*, s. 5. (1) 4. referenced above, these sections have the effect of requiring that the development charge be calculated on the lesser of the historic ten year average service levels or the service levels embodied in future plans of the City. The growth-related capital forecast prepared for this study ensures that development charges are only imposed to help pay for projects that have been or are intended to be purchased or built in order to accommodate future anticipated development. It is not sufficient in the calculation of development charges merely to have had the service in the past. There must also be a demonstrated commitment to continue to emplace facilities or infrastructure in the future. In this regard, *Ontario Regulation 82/98*, s. 3 states that:

For the purposes of paragraph 3 of subsection 5 (1) of the Act, the council of a municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council.

For some projects in the growth-related capital forecast, a portion of the project may confer benefits to existing residents. As required by the *DCA*, s. 5. (1) 6., these portions of projects and their associated net costs are the funding responsibility of the City from non-development charges sources. The amount of City financing for such non-growth shares of projects is also identified as part of the preparation of the growth-related capital forecast.

There is also a requirement in the *DCA* to reduce the applicable development charge by the amount of any “uncommitted excess capacity” that is available for a service. Such capacity is available to partially meet the future servicing requirements. Adjustments are made in the analysis to meet this requirement of the *Act*.

Finally, in calculating development charges, the growth-related net capital costs must be reduced by 10 per cent for all services except wastewater, storm drainage, services related to highways, police services and fire (*DCA*, s. 5. (1) 8.). The 10 per cent discount is applied to the other services, e.g. recreation facilities, libraries, public works buildings and fleet, and the resulting City financing responsibility from non-development charge sources is identified.

4. Attribution to Types of Development

For the City-wide development charge, the next step in the determination of development charges is the allocation of the growth-related net capital costs between the residential and the non-residential sectors. This is done by using different apportionments for different services in accordance with the demands which the two sectors would be expected to place on the various services and the different benefits derived from those services.

Where reasonable data exist, the apportionment is based on the expected demand for, and use of, the service by each sector (e.g. roads apportioned based on shares of population and employment growth) and consideration of other factors affecting the demand for specific municipal services.

Finally, the residential component of the City-wide development charge is applied to different housing types on the basis of average occupancy factors. The non-residential component is applied on the basis of gross building space in square metres.

5. Final Adjustment

The final determination of the development charge results from adjustments made to growth-related net capital costs for each service and sector resulting from a cashflow analysis that takes account of the timing of projects and receipt of development charges. Interest earnings or borrowing costs are therefore accounted for in the calculation as allowed under the *DCA*.

III POPULATION IS FORECAST TO INCREASE BY 3,188 AND NON-RESIDENTIAL BUILDING SPACE BY 107,000 SQUARE METRES BY 2013

This section provides the basis for the growth forecasts used in calculating the development charges and provides a summary of the forecast results. Details of the forecast are provided in Appendix A. The section begins with a brief discussion of the growth forecast in the context of key factors affecting growth in the City of Peterborough. This is followed by a summary of the results of the housing unit and population forecast and of the non-residential employment and space forecast.

A. GROWTH OUTLOOK FOR CENTRAL ONTARIO IS PRIMARY FACTOR AFFECTING GROWTH IN PETERBOROUGH

Like many municipalities throughout Central Ontario, future growth in Peterborough County will be linked to the patterns of growth that will occur in Central Ontario and to a greater extent, in the Greater Toronto Area – Hamilton Region (GTA–H). Since recovering from the recession of the early and mid 1990s, housing and employment growth in the GTA–H region and in parts of Central Ontario has been robust. The long term outlook for the GTA–H region is for sustained economic health and growth, leading to continued strong levels of population and employment growth. As a result counties and regions adjacent to or near the GTA–H region will likely experience growth due to the in-migration of GTA-H residents and to the economic opportunities that will arise with increased population growth.

Migration levels to Peterborough County are expected to increase over the next 20 to 30 years as the total level of migration to Central Ontario increases over time. This is based upon our assumption that as the urban areas of Central Ontario evolve they will provide greater economic opportunities thus enabling Central Ontario to attract more growth. In addition, Central Ontario as a whole will attract higher amounts of growth serving as an alternative to the GTA–H region as it continues to grow and municipalities within approach full development. In Peterborough, higher levels of net migration are primarily reflected by the County's growing ties to Durham Region and the eastern portion of the GTA.

The growth outlook for the City of Peterborough assumes that the city will at least maintain a share of the County's population and household growth equal to the average share which

occurred in the 10 year period of 1991 to 2001. During this period the City accounted for 55 per cent of the county's population growth and 48 per cent of household growth.

B. THE RESIDENTIAL FORECAST IS BASED ON THE 2001 CENSUS AND LATEST AVAILABLE HOUSING MARKET INFORMATION

The residential growth forecast is generally consistent with an ongoing forecast assignment Hemson is undertaking for the Smart Growth Secretariat of the Ministry of Public Infrastructure Renewal. A description of the forecast methodology and more detailed tables of results are provided in Appendix A.

Table 1 provides a summary of the residential forecast for two planning periods: a ten year planning period, 2004–2013, and 2004–ultimate development. The ten year planning period is used throughout this study for the general or “soft” and the longer planning period is used for the engineered services.

The City's population is expected to increase by about 3,188 over the next ten years reaching about 75,133 by 2013. The ultimate population is forecast to reach about 90,000 at build-out.

The population figures referred to above and used in the development charge analysis reflect the “net” increase in population. Growth in population will occur by the provision of the forecast new housing units. However, the population provided for in new units is partially offset by a decline in the number of people within the existing stock of units — this is the declining average household size which occurs in virtually every community as it ages. In a maturing community the effect of the decline in population in the existing base of units becomes a very significant factor in determining the overall population of the community.

The importance of this to the development charges calculation is that the servicing plans (growth-related capital forecasts) are not based on providing facilities for the higher level of population (6,021) that will come from new housing units added between 2004–2013. Instead, the servicing forecast is based on providing for the net increase of 3,188 (6,021 population increase in new units offset by an expected decline of about 2,833 population in existing units). This helps to ensure that the growth-related capital facilities to be added by the City are not over-built.

Approximately 2,334 housing units are forecast to be developed between 2004 and 2013. The average annual growth over the 2004–2008 period is forecast at about 220 housing units per year

and over the 2009–2013 period, average annual growth is forecast to increase to approximately 250 housing units per year.

The planning area specific charges are calculated based on the total residential development potential of each of the areas as permitted by the City's current Official Plan. Details of the Planning Area growth is provided in Appendix A.

C. NON-RESIDENTIAL SPACE FORECAST IS BASED ON PREVAILING ACTIVITY RATES AND HISTORICAL PATTERNS

The non-residential space forecast prepared for development charges purposes is summarized on Table 1. About 107,000 square metres of building space is forecast to come on-stream over the next decade. During the post-2013 period to ultimate development it is forecast that a further 650,000 square metres will be added.

Table 1 also provides a summary of the employment forecast for the 2004–2013 period and to ultimate development. Over the next ten years, employment is projected to grow by approximately 1,776 employees. Beyond 2013 to ultimate development, a further 10,350 employees are forecast to be added.

TABLE 1

CITY OF PETERBOROUGH
SUMMARY OF RESIDENTIAL AND NON-RESIDENTIAL
DEVELOPMENT FORECAST

	Existing	2004-2013		2004-ultimate	
	As At Mid-Year 2003	Forecast Change	As at Mid- Year 2013	Forecast Change	As at Ultimate
Population in Existing Units	71,945	(2,833)	69,112	(5,456)	66,489
Housing Units	29,580	2,334	31,914	9,220	38,800
Forecast Population in New Units		6,021		23,511	
Total Population	71,945	3,188	75,133	18,055	90,000

	Existing	2004-2013		2004-ultimate	
	As At Mid-Year 2003	Forecast Change	As at Mid- Year 2013	Forecast Change	As at Ultimate
Non-Residential Building Space (in square metres of GFA)	n/a	107,000	n/a	650,000	n/a
Employment	39,600	1,776	41,376	10,350	49,950

IV SUMMARY OF HISTORIC CAPITAL SERVICE LEVELS

The DCA and Ontario Regulation 82/98 require that the development charges be set at a level no higher than the average service level provided in the municipality over the ten year period immediately preceding the preparation of the background study, on a service by service basis.

For non-engineering services (library, fire, etc.) the legislative requirement is met by documenting historic service levels for the preceding ten years, in this case, for the period 1994 – 2003. Typically, service levels for non-engineering services are measured as a ratio of inputs per capita. With engineered services such as roads and sanitary sewers, engineering and legislated environmental and health standards are used in lieu of inputs per capita.

O. Reg. 82/98 requires that when defining and determining historical service levels both *quantity* and *quality* of service be taken into consideration. In most cases, the service levels are initially established in quantitative terms. For example, service levels for buildings are presented in terms of square feet per capita. The qualitative aspect is introduced by the consideration of the monetary value of the facility or service. In the case of buildings, for example, the cost would be shown in terms of \$/square foot to replace or construct a facility of the same quality. This approach helps to ensure that the growth-related capital facilities that are to be charged to new growth reflect not only the quantity (number and size) but also the quality (value or cost) of service provided historically by the City. Both the quantitative and qualitative aspects of service levels used in the present analysis are based on information provided by staff of the City and boards based on historical records and the City's and surrounding municipalities' experience with costs to acquire or construct similar facilities, equipment and infrastructure.

Table 2 summarizes service levels for all City-wide services included in the development charge calculation. Appendix B provides detailed historical inventory data upon which the calculation of service levels is based.

TABLE 2

**CITY OF PETERBOROUGH
HISTORIC AVERAGE SERVICE LEVELS
1994 - 2003**

Service	Historic Average Service Level	
LIBRARY BOARD	\$204.02	\$/capita
- Buildings	0.71	sq.ft./capita
- Land	0.17	ha/10,000 pop
- Materials	\$88.24	\$/capita
- Furniture and Equipment	\$5.26	\$/capita
FIRE SERVICES	\$412.65	\$/household
- Buildings	1.29	sq.ft./household
- Land	0.65	ha/10,000 hhld
- Furniture and Equipment	\$15.34	\$/household
- Vehicles	\$70.67	\$/household
POLICE SERVICES	\$115.86	\$/capita
- Buildings	0.74	sq.ft./capita
- Land	0.06	ha/10,000 hhld
- Furniture and Equipment	\$33.45	\$/capita
- Vehicles	\$2.75	\$/capita
RECREATION	\$775.56	\$/capita
- Major Facilities	4.48	sq. ft./capita
- Land	2.93	ha/10,000 hhld
- Equipment	\$61.79	\$/capita
PARKS	\$467.79	\$/capita
- Parks Development	2.66	ha/1,000 pop
- Parks Facilities	\$130.63	\$/capita
- Special Facilities	\$89.29	\$/capita
PUBLIC WORKS	\$196.97	\$/capita
- Buildings	0.85	sq.ft./capita
- Land	1.39	ha/10,000 pop
- Furniture and Equipment	\$10.44	\$/capita
PARKING	\$236.75	\$/capita
- Parking Spaces	\$229.92	\$/capita
- Parking Meters	\$6.83	\$/capita
TRANSIT	\$217.69	\$/pop & empl
- Buildings	0.75	sq.ft./pop&empl
- Land	0.23	ha/10,000 pop&empl
- Buses	4	#/10,000 pop&empl
- Shelters, Loops, Signs & Equipment	\$4.28	\$/capita

V THE GROWTH-RELATED CAPITAL FORECAST

A. A GROWTH-RELATED CAPITAL FORECAST IS PROVIDED FOR COUNCIL'S APPROVAL

The DCA requires the Council of a municipality to express its intent to provide future capital facilities at the level incorporated in the development charges calculation. As noted above in Section II, *Ontario Regulation 82/98, s. 3* states that:

For the purposes of paragraph 3 of subsection 5 (1) of the Act, the council of a municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council.

Based on the growth forecasts summarized in Section III and detailed in Appendix A, staff of the City departments and the Library Board, in collaboration with the consultants, developed a growth-related capital forecast setting out those projects that are required to service anticipated growth. For all general services, the capital plan covers the ten year period from 2004 – 2013. As permitted by the DCA s. 5(1) 4., the development charge for engineering services is based on a longer planning horizon.

One of the recommendations contained in this background study is for Council to adopt the growth-related capital forecast developed for the purposes of the development charges calculation. It is assumed that future capital budgets and forecasts will continue to bring forward the growth-related projects contained herein that are consistent with the growth occurring in the City. It is acknowledged that changes to the forecast presented here may occur through the City's normal capital budget process.

B. THE GROWTH-RELATED CAPITAL FORECAST FOR CITY-WIDE SERVICES

A summary of the growth-related capital forecast for general services is presented in Table 3. The growth-related capital forecast for general services is estimated at a total gross cost of \$39.29 million. Grants, subsidies and other fundraising efforts are expected in the amount of \$11.41 million for Recreation services and \$4.30 million for Transit services yielding a net growth-related capital program of approximately \$23.58 million.

TABLE 3
CITY OF PETERBOROUGH
SUMMARY OF UNADJUSTED RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT CHARGES
FOR 10 YEAR MUNICIPALITY-WIDE GENERAL SERVICES

10 Year Growth in Population in New Units 6,021
 10 Year Growth in Square Metres 107,000

	Growth-Related Capital Forecast								Service Discount Required		Total Growth-Related Net Capital Costs After Discount
	Total Gross Cost (\$000)	Grants/ Subsidies (\$000)	Total Net Cost (\$000)	Replacement Share (\$000)	Prior Growth (\$000)	Net Cost After Prior Growth & Replacement (\$000)	Pre-Built Service (Calculated Oversizing) (\$000)	Total Growth-Related Net Capital Costs (\$000)	%	\$000	(\$000)
1.00 LIBRARY SERVICES	\$1,160.0	\$0.0	\$1,160.0	\$0.0	\$0.4	\$1,159.6	\$527.9	\$631.8	10%	\$63.2	\$568.6
2.00 FIRE SERVICES	\$1,368.5	\$0.0	\$1,368.5	\$0.0	\$404.5	\$964.0	\$224.9	\$739.2	0%	\$0.0	\$739.2
3.00 POLICE SERVICES	\$840.0	\$0.0	\$840.0	\$0.0	\$125.2	\$714.8	\$400.5	\$314.3	0%	\$0.0	\$314.3
4.00 RECREATION	\$14,220.2	\$11,409.2	\$2,811.0	\$0.0	\$702.8	\$2,108.2	\$0.0	\$2,108.2	10%	\$210.8	\$1,897.4
5.00 PARKS	\$900.0	\$0.0	\$900.0	\$0.0	\$0.0	\$900.0	\$0.0	\$900.0	10%	\$90.0	\$810.0
6.00 PUBLIC WORKS	\$1,629.8	\$0.0	\$1,629.8	\$439.9	\$139.3	\$1,050.6	\$422.6	\$627.9	10%	\$62.8	\$565.1
7.00 PARKING	\$750.0	\$0.0	\$750.0	\$0.0	\$0.0	\$750.0	\$0.0	\$750.0	10%	\$75.0	\$675.0
8.00 TRANSIT	\$18,060.2	\$4,302.4	\$13,757.8	\$11,417.8	\$25.1	\$2,314.9	\$1,234.3	\$1,080.7	10%	\$108.1	\$972.6
9.00 GENERAL GOVERNMENT	\$365.0	\$0.0	\$365.0	\$100.0	\$78.1	\$186.9	\$0.0	\$186.9	10%	\$18.7	\$168.2
TOTAL - GENERAL SERVICES	\$39,293.7	\$15,711.6	\$23,582.1	\$11,957.7	\$1,475.4	\$10,149.0	\$2,810.1	\$7,338.9	8.6%	\$628.5	\$6,710.4

Of the \$23.58 million in growth-related net capital costs, \$13.76 million (58 per cent) is related to the provision of Transit services for the purchase of new buses. A large share of this program is deemed to service the existing population and as such will not be recovered by way of the current development charge calculation. The second largest capital program is for Recreation services' construction of the Sport and Wellness Centre and totals approximately \$2.81 million (12 per cent). The Public Works department's expansion and fleet upgrade needs total \$1.63 million (7 per cent) and the Fire services' program including an expansion, a new pumper and firefighting equipment totals \$1.37 million (6 per cent). Library services, with the construction of additional library space and the acquisition of new collection materials, anticipates an expenditure level of \$1.16 million. A capital program of \$900,000 is planned for parks consisting of soccer fields and new park development, and the police services' growth-related capital expenditures total \$840,000, including additional space for the Headquarters building and additional communications equipment. The rest of the general services' growth-related capital program consists of \$750,000 for parking services and \$365,000 for general government (growth-related studies).

This capital forecast incorporates those projects identified to be related to growth anticipated in the next ten years. It is not implied that all of these costs are to be recovered from new development by way of development charges. Portions of this capital forecast relate to replacement of existing capital facilities or for shares of projects that provide benefit to the existing community (\$11.96 million), or for growth anticipated to occur beyond the 2004–2013 planning period (\$2.81 million). In addition, the amounts shown on Table 3 are also reduced by the legislated 10 per cent discount (\$628,500) for various “soft” services as mandated by s. 5 (1) 8. of the DCA.

The following Section VI describes the method and determination of net capital costs attributable to growth. Further details on the capital plans for each individual service category are available in Appendix B (general services). A summary of the “unadjusted” residential and non-residential development charges for City-wide general services is presented in Table 5.

C. THE GROWTH-RELATED CAPITAL FORECAST FOR ENGINEERED SERVICES

Table 4 provides a summary of the City-wide growth-related roads and related and sewage treatment capital program as well as the Planning Area Specific growth-related capital programs for collector roads, sanitary sewer and stormwater management projects. The City-wide engineering services' growth-related capital program totals \$111.1 million of which \$91.1 million is for roads and related projects and \$20.0 million for sewer treatment projects, providing servicing for anticipated growth over the 2004 to ultimate period. Of the City-wide capital

budget, almost \$54.0 million has been identified as recoverable under the DCA and has been included in the development charge calculation. Details of the capital program can be found in appendix C.

Also shown on Table 4 is a summary of the engineering services' capital programs for each specific Planning Growth Area. The growth-related capital expenditures for these areas range from \$2.1 million in Auburn to \$8.7 million in Jackson. Details of the capital programs can be found in appendix D.

TABLE 4
CITY OF PETERBOROUGH
SUMMARY OF ENGINEERED SERVICES GROWTH-RELATED INFRASTRUCTURE CAPITAL PROGRAM
FOR THE PERIOD 2004 TO BUILD-OUT

ENGINEERING SERVICES	Growth-Related Capital Forecast						Service Discount Required		Total Growth-Related Net Capital Costs After Discount (\$000)
	Total (Net of Grants/ Subsidies) (\$000)	Prior Growth (\$000)	Replacement Share (\$000)	Net Cost After Prior Growth & Replacement (\$000)	Pre-Built Service (Calculated Oversizing) (\$000)	Total Growth-Related Net Capital Costs (\$000)	%	\$000	
	A. CITY-WIDE ENGINEERING								
1. Roads & Related									
1.1 Transportation Plan	\$60,564.0	\$0.0	\$29,196.7	\$31,367.3	\$0.0	\$31,367.3	0%	\$0.0	\$31,367.3
1.2 Capital Budget Estimates - Identified Projects	\$10,615.2	\$0.0	\$5,748.9	\$4,866.3	\$0.0	\$4,866.3	0%	\$0.0	\$4,866.3
1.3 Other Projects	\$19,944.0	\$0.0	\$11,224.1	\$8,719.9	\$0.0	\$8,719.9	0%	\$0.0	\$8,719.9
Less: Existing Available Reserve Fund Balance		\$967.57		(\$967.57)		(\$967.57)			(\$967.57)
Total Roads & Related	\$91,123.2	\$967.57	\$46,169.7	\$43,986.0	\$0.0	\$43,986.0	0%	\$0.0	\$43,986.0
2. Sewage Treatment									
2.1 Future WWTP Plant Expansion of 8,000 m ³ /day	\$20,000.0	\$0.0	\$10,000.0	\$10,000.0	\$0.0	\$10,000.0	0%	\$0.0	\$10,000.0
Total Sewage Treatment	\$20,000.0	\$0.0	\$10,000.0	\$10,000.0	\$0.0	\$10,000.0	0%	\$0.0	\$10,000.0
Total City-Wide Engineering Infrastructure	\$111,123.2	\$967.57	\$56,169.7	\$53,986.0	\$0.0	\$53,986.0		\$0.0	\$53,986.0
B. AREA-SPECIFIC ENGINEERING									
1. Jackson Growth Area	\$8,709.8	\$388.2	\$0.0	\$8,321.6	\$0.0	\$8,321.6	0%	\$0.0	\$8,321.6
2. Carnegie Growth Area	\$3,431.2	\$428.4	\$0.0	\$3,002.8	\$0.0	\$3,002.8	0%	\$0.0	\$3,002.8
3. Lily Lake Growth Area	\$6,276.0	\$0.0	\$0.0	\$6,276.0	\$0.0	\$6,276.0	0%	\$0.0	\$6,276.0
4. Chemong Growth Area	\$7,095.3	\$12.0	\$0.0	\$7,083.3	\$0.0	\$7,083.3	0%	\$0.0	\$7,083.3
5. Auburn Growth Area	\$2,085.4	\$0.0	\$0.0	\$2,085.4	\$0.0	\$2,085.4	0%	\$0.0	\$2,085.4
6. Liftlock Growth Area	\$6,379.6	\$18.0	\$0.0	\$6,361.6	\$0.0	\$6,361.6	0%	\$0.0	\$6,361.6
7. Cold Spring Growth Area	\$3,984.0	\$120.0	\$0.0	\$3,864.0	\$0.0	\$3,864.0	0%	\$0.0	\$3,864.0
8. City-Wide Development Area	\$4,156.5	\$501.3	\$1,590.0	\$2,065.2	\$0.0	\$2,065.2	0%	\$0.0	\$2,065.2

VI PROPOSED DEVELOPMENT CHARGES ARE CALCULATED IN ACCORDANCE WITH THE DCA

This section summarizes the calculation of development charges for each service category and the resulting total development charge by type of development. For City-wide services, the calculation of the “unadjusted” per capita (residential) and per square metre (non-residential) charges is reviewed. Adjustments to these amounts resulting from a cashflow analysis that takes interest earnings and borrowing costs into account are also discussed.

For residential development, the adjusted total per capita amount is then converted to a variable charge by housing unit type using various unit occupancy factors. For non-residential development, only one development charge rate is proposed. The proposed non-residential charge is based on gross floor area (GFA) of building space.

It is noted that the calculation of the City-wide development charges does not include any provision for exemptions required under the DCA, for example, the exemption for enlargements of up to 50 per cent on existing industrial buildings. Such legislated exemptions, or other exemptions which Council may choose to provide, will result in loss of development charge revenue for the affected types of development. Any such revenue loss may not be made up, however, by offsetting increases in other portions of the calculated charge.

A. DEVELOPMENT CHARGE CALCULATION

A summary of the “unadjusted” and “adjusted” residential and non-residential development charges for City-wide services is presented in Tables 5 and 6. Further details of the calculation for each individual City service category are available in Appendices B and C. Final adjustments to the “unadjusted” development charge rates are made through a cashflow analysis. The analysis, details of which are included in Appendices B and C, considers the borrowing cost and interest earnings associated with the timing of expenditures and development charge receipts for each service category.

Table 5 provides the results of the adjustment for the residential component of the City-wide rate. As shown, the adjusted per capita rate is about 4 per cent higher than the unadjusted rate, from \$2,401 to \$2,500 per capita after cashflow analysis, reflecting greater expenditures in the

beginning of the planning period. The table also provides the calculated rates by unit type with the City-wide services totalling \$7,253 for single and semi-detached units, \$6,253 for other multiple units and \$4,253 for apartments.

Table 6 shows only a marginal increase in the non-residential rate after cashflow analysis, with the charge increasing by less 1 per cent, from \$40.53 to \$40.78 per sq.m of gfa.

Table 7 displays the total Planning Area development charge rates by unit type. The residential development charge for each growth area is composed of the planning area specific charge and the City-wide uniform charge. These rates range from \$8,025 per single and semi-detached unit in the City-Wide Development Area to \$13,558 per single and semi-detached unit in the Liftlock Growth Area. As there is no distinct area-specific non-residential charge, the uniform non-residential rate of \$40.78 per sq.m is applicable to all areas of the City.

B. COMPARISON OF 2004 NEWLY CALCULATED DEVELOPMENT CHARGES AND CURRENTLY IMPOSED DEVELOPMENT CHARGE RATES

Tables 8 through 10 present a comparison of the newly calculated development charges with the City's existing charges. Table 8 compares the calculated City-wide residential charges for single and semi-detached units with the current City-wide rates by service area. Table 9 compares the calculated City-wide non-residential charges per sq.m of gfa with the existing charges, and Table 10 shows the total planning area specific rates compared to the existing City-wide rates. As is shown, the development charges rates are increasing and in some service areas by a significant amount. These increases are a result of numerous factors including the following:

- much higher construction costs, especially for the engineering infrastructure of roads, sewers and storm water management;
- the current charges do not reflect the fully-calculated charges from the previous development charges study (1999) as the rates were reduced prior to passage;
- the proposed rates provide for the full recovery of eligible growth-related capital costs;
- a portion of the proposed Planning Area Specific cost, specifically stormwater management facilities, are currently being recovered for byway of other charge and levies.

TABLE 5

CITY OF PETERBOROUGH
 CITY-WIDE UNIFORM DEVELOPMENT CHARGES
 RESIDENTIAL DEVELOPMENT CHARGE BY UNIT TYPE

	Unadjusted Charge Per Capita	Adjusted Charge Per Capita	Residential Charge By Unit Type (1)		
			Residential A	Residential B	Residential C
			Singles & Semi	Other Multiples	Apartments
LIBRARY SERVICES	\$94.44	\$100	\$290	\$250	\$170
FIRE SERVICES	\$79.80	\$85	\$247	\$213	\$145
POLICE SERVICES	\$33.93	\$38	\$110	\$95	\$65
RECREATION	\$315.16	\$380	\$1,102	\$950	\$646
PARKS	\$134.54	\$143	\$415	\$358	\$243
PUBLIC WORKS	\$61.02	\$64	\$186	\$160	\$109
PARKING	\$72.88	\$75	\$218	\$188	\$128
TRANSIT	\$105.00	\$103	\$313	\$270	\$184
GENERAL GOVERNMENT	\$18.16	\$21	\$61	\$53	\$36
SUB-TOTAL GENERAL SERVICES	\$914.93	\$1,014	\$2,942	\$2,537	\$1,726
ROADS & RELATED	\$1,210	\$1,210	\$3,509	\$3,025	\$2,057
SEWAGE TREATMENT	\$276	\$276	\$802	\$691	\$470
SUB-TOTAL ENGINEERING SERVICES	\$1,486	\$1,486	\$4,311	\$3,716	\$2,527
TOTAL CITY-WIDE CHARGE PER UNIT	\$2,401	\$2,500	\$7,253	\$6,253	\$4,253

(1) Based on Persons Per Unit Of:

2.90

2.50

1.70

TABLE 6

CITY OF PETERBOROUGH
 CITY-WIDE UNIFORM DEVELOPMENT CHARGES
 NON-RESIDENTIAL DEVELOPMENT CHARGE PER SQ.M

Service	Unadjusted Charge Per Sq.M	Adjusted Charge Per Sq.M
LIBRARY SERVICES	\$0.00	\$0.00
FIRE SERVICES	\$2.42	\$2.50
POLICE SERVICES	\$1.03	\$1.10
RECREATION	\$0.00	\$0.00
PARKS	\$0.00	\$0.00
PUBLIC WORKS	\$1.85	\$1.87
PARKING	\$2.21	\$2.22
TRANSIT	\$3.18	\$3.20
GENERAL GOVERNMENT	\$0.55	\$0.60
SUB-TOTAL GENERAL SERVICES	\$11.24	\$11.49
ROADS & RELATED	\$23.91	\$23.91
SEWAGE TREATMENT	\$5.38	\$5.38
SUB-TOTAL ENGINEERING SERVICES	\$29.29	\$29.29
TOTAL CITY-WIDE CHARGE PER SQ.M	\$40.53	\$40.78

TABLE 7

CITY OF PETERBOROUGH
PLANNING AREA DEVELOPMENT CHARGES
RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT CHARGES

Total Residential Development Charges

Planning Area	Residential Charge Per Unit								
	Residential A - Singles & Semi			Residential B - Other Multiples			Residential C - Apartments		
	Planning Area Charge	City-Wide Uniform Charge	Total Charge	Planning Area Charge	City-Wide Uniform Charge	Total Charge	Planning Area Charge	City-Wide Uniform Charge	Total Charge
1. Jackson	\$5,627	\$7,253	\$12,880	\$4,851	\$6,253	\$11,104	\$3,298	\$4,253	\$7,551
2. Carnegie	\$2,377	\$7,253	\$9,630	\$2,049	\$6,253	\$8,302	\$1,393	\$4,253	\$5,646
3. Lily Lake	\$2,409	\$7,253	\$9,662	\$2,077	\$6,253	\$8,330	\$1,412	\$4,253	\$5,665
4. Chemong	\$3,890	\$7,253	\$11,143	\$3,354	\$6,253	\$9,607	\$2,281	\$4,253	\$6,534
5. Auburn	\$2,846	\$7,253	\$10,099	\$2,453	\$6,253	\$8,706	\$1,668	\$4,253	\$5,921
6. Lifflock	\$6,305	\$7,253	\$13,558	\$5,435	\$6,253	\$11,688	\$3,696	\$4,253	\$7,949
7. Coldspring	\$962	\$7,253	\$8,215	\$829	\$6,253	\$7,082	\$564	\$4,253	\$4,817
8. City-Wide Dev. Area	\$772	\$7,253	\$8,025	\$668	\$6,253	\$6,919	\$453	\$4,253	\$4,706

Non-Residential Development Charges

All Areas of The City	Calculated Non-Residential Charge (\$/sq.m)
General Services	\$11.49
Roads & Related	\$23.91
Sanitary Sewage Treatment & Related	\$5.36
Total City-Wide Uniform Charge	\$40.78

TABLE 8

CITY OF PETERBOROUGH
 CITY-WIDE DEVELOPMENT CHARGES
 COMPARISON OF EXISTING AND PROPOSED
 RESIDENTIAL DEVELOPMENT CHARGES PER CAPITA

Service	Calculated Residential Charge	Existing Residential Charge	Difference in Charge	
	Residential A	Residential A	\$	%
LIBRARY SERVICES	\$290	\$150	\$140	94%
FIRE SERVICES	\$247	\$242	\$5	2%
POLICE SERVICES	\$110	\$0	\$110	n/a
RECREATION	\$1,102	\$289	\$813	282%
PARKS	\$415	\$250	\$165	66%
PUBLIC WORKS	\$186	\$178	\$8	4%
PARKING	\$218	\$0	\$218	n/a
TRANSIT	\$313	\$266	\$47	18%
GENERAL GOVERNMENT	\$61	\$14	\$47	342%
SUB-TOTAL GENERAL SERVICES	\$2,942	\$1,389	\$1,553	112%
MUNICIPALITY-WIDE ENGINEERING SERVICES	\$4,311	\$4,178	\$133	3%
- Roads & Related	\$3,509			
- Sewer Treatment	\$802			
SUB-TOTAL ENGINEERING SERVICES	\$4,311	\$4,178	\$133	3%
TOTAL RESIDENTIAL CHARGE PER SDU	\$7,253	\$5,567	\$1,686	30%

TABLE 9

CITY OF PETERBOROUGH
CITY-WIDE DEVELOPMENT CHARGES
COMPARISON OF EXISTING AND PROPOSED
NON-RESIDENTIAL DEVELOPMENT CHARGES

Service	Calculated Non-Residential Charge	Existing Non-Residential Charge	Difference in Charge	
	(\$/sq.m)	(\$/sq.m)	\$	%
LIBRARY SERVICES	\$0.00	\$0.00	\$0.00	0%
FIRE SERVICES	\$2.50	\$1.43	\$1.07	75%
POLICE SERVICES	\$1.10	\$0.03	\$1.07	0%
RECREATION	\$0.00	\$0.00	\$0.00	0%
PARKS	\$0.00	\$0.00	\$0.00	0%
PUBLIC WORKS	\$1.87	\$1.23	\$0.64	52%
PARKING	\$2.22	\$0.00	\$2.22	n/a
TRANSIT	\$3.20	\$2.82	\$0.38	13%
GENERAL GOVERNMENT	\$0.60	\$0.07	\$0.53	717%
SUB-TOTAL GENERAL SERVICES	\$11.49	\$5.58	\$5.91	106%
MUNICIPALITY-WIDE ENGINEERING SERVICES	\$29.29	\$8.90	\$20.39	229%
- Roads & Related	\$23.91			
- Sewer Treatment	\$5.38			
SUB-TOTAL ENGINEERING SERVICES	\$29.29	\$8.90	\$20.39	229%
TOTAL NON-RESIDENTIAL CHARGE PER SQ.M	\$40.78	\$14.48	\$26.30	182%

TABLE 10

CITY OF PETERBOROUGH
 COMPARISON OF EXISTING AND PROPOSED
 PLANNING AREA SPECIFIC DEVELOPMENT CHARGES

Total Residential Development Charges

Development Charges By Growth Area	Charge Per Unit Residential A - Singles & Semi			
	Calculated 2004 City-wide Uniform plus Area Charge	Current City Uniform Charge	Difference in Charge	
			\$	%
1. Jackson	\$12,880	\$5,567	\$7,313	131%
2. Carnegie	\$9,630	\$5,567	\$4,063	73%
3. Lily Lake	\$9,662	\$5,567	\$4,095	74%
4. Chemong	\$11,143	\$5,567	\$5,576	100%
5. Auburn	\$10,099	\$5,567	\$4,532	81%
6. Liftlock	\$13,558	\$5,567	\$7,991	144%
7. Coldspring	\$8,215	\$5,567	\$2,648	48%
8. City-Wide Dev. Area	\$8,025	\$5,567	\$2,458	44%

Non-Residential Development Charges

City-Wide Uniform Charge	Charge Per Square Metre of Gross Floor Area			
	Calculated 2004 Charge	Current Charge	Difference in Charge	
			\$	%
Total Charge	\$40.78	\$14.48	\$26.30	182%

VII LONG TERM CAPITAL AND OPERATING COSTS

This section provides a brief examination of the long term capital and operating costs for the capital facilities and infrastructure to be included in the development charges by-law. This examination is required as one of the features of the *Development Charges Act, 1997*.

A. NET OPERATING COSTS FOR THE CITY'S SERVICES TO INCREASE OVER THE FORECAST PERIOD

Table 11 summarizes the estimated increase in net operating costs that the City will experience for additions associated with the planned capital program. The estimated changes in net operating costs are based on the financial information from the City (additional details are included in Appendix F).

As shown in Table 11, by 2013 the City's net operating costs are estimated to increase by about \$2.0 million. The most significant portion of this increase relates to the new Fire hall space which will also require the addition of 12 new firefighters. Construction of an expansion to the Police Headquarters, the new Wellness Centre, additional Library space as well as a new Public Works facility will all increase the City's operating costs. The maintenance costs associated with an expanded roads network, new parkland development and an expansion to the bus fleet will also create increases in the operating budget.

B. LONG TERM CAPITAL FINANCING FROM NON-DEVELOPMENT CHARGE SOURCES TOTALS \$35.7 MILLION

Table 11 also summarizes the components of the growth-related capital forecast that will require funding from non-development charge sources as discussed above in Section VI. Of the \$69.14 million net capital forecast (property tax supported services), about \$35.67 million will need to be financed from non-development charge sources over the next 10 years. This includes about \$628,500 in respect of the mandatory 10 per cent discount required by the DCA for "soft" services and about \$35.04 million for shares of projects related to capital replacement and for non-growth shares of projects that provide benefit to the existing community. This is largely related to the roads and related program which has a large non-growth or benefit to existing share.

In addition, approximately \$2.81 million in interim financing may be required for projects related to general service level increases and to growth in the post-2013 period. It is likely that most of these monies could be recovered from future development charges as the by-laws are revisited at least every five years. However, given the time-frames involved, the interim financing for this amount could be required over an extended period.

Council is made aware of these factors so that they understand the financial implications of the quantum and timing of the projects included in the growth-related capital forecast as set out in this study.

TABLE 11
CITY OF PETERBOROUGH
SUMMARY OF LONG TERM CAPITAL AND
OPERATING COST IMPACTS
(\$000)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
NET OPERATING COST (1)											
Library	\$0.0	\$0.0	\$0.0	\$68.9	\$68.9	\$68.9	\$68.9	\$68.9	\$68.9	\$68.9	n.a.
Fire	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	n.a.
Police	\$0.0	\$0.0	\$0.0	\$549.4	\$549.4	\$549.4	\$549.4	\$549.4	\$549.4	\$549.4	n.a.
Recreation	\$0.0	\$145.0	\$145.0	\$145.0	\$145.0	\$145.0	\$145.0	\$145.0	\$145.0	\$145.0	n.a.
Parks	\$2.5	\$5.0	\$7.6	\$10.7	\$13.9	\$17.1	\$20.3	\$23.6	\$27.7	\$31.9	n.a.
Public Works	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0	n.a.
Transit	\$63.6	\$63.6	\$63.6	\$63.6	\$63.6	\$63.6	\$63.6	\$63.6	\$63.6	\$63.6	n.a.
Roads	\$12.3	\$24.7	\$37.2	\$51.4	\$65.7	\$80.1	\$94.6	\$109.2	\$124.5	\$140.0	n.a.
NET OPERATING IMPACT	\$78.4	\$238.3	\$253.3	\$889.0	\$906.5	\$1,949.1	\$1,966.8	\$1,984.6	\$2,004.1	\$2,023.8	n.a.
LONG-TERM CAPITAL COST (1)											
Total Net Cost	\$6,968.9	\$6,312.9	\$6,687.9	\$8,391.9	\$6,192.9	\$7,837.4	\$6,192.9	\$6,192.9	\$6,192.9	\$6,172.7	\$69,143.7
Net Cost From Development Charges	\$4,329.9	\$2,510.6	\$2,866.4	\$3,697.8	\$2,477.5	\$3,010.5	\$2,477.5	\$2,468.2	\$2,432.5	\$2,432.5	\$28,703.4
Prior Growth Share from DC Reserve Balances (2)	\$818.6	\$134.0	\$106.1	\$51.3	\$50.9	\$594.7	\$50.9	\$50.9	\$50.9	\$50.9	\$1,959.2
Portion for Post 2013 Growth	\$123.4	\$123.4	\$131.7	\$1,054.5	\$123.4	\$659.7	\$123.4	\$133.7	\$173.4	\$163.3	\$2,810.1
Funding From Non-DC Sources											
- Discount Portion	\$236.7	\$34.6	\$73.4	\$78.1	\$30.9	\$62.2	\$30.9	\$29.9	\$25.9	\$25.9	\$628.5
- Replacement Portion	\$3,460.3	\$3,510.3	\$3,510.3	\$3,510.3	\$3,510.3	\$3,510.3	\$3,510.3	\$3,510.3	\$3,510.3	\$3,500.2	\$35,042.5
NET CAPITAL IMPACT FROM NON-DC SOURCES	\$3,697.0	\$3,544.9	\$3,583.7	\$3,588.3	\$3,541.2	\$3,572.5	\$3,541.2	\$3,540.1	\$3,536.2	\$3,526.1	\$35,671.1
TOTAL LONG TERM CAPITAL AND OPERATING IMPACTS	\$3,775.4	\$3,783.1	\$3,837.0	\$4,477.3	\$4,447.6	\$5,521.6	\$5,508.0	\$5,524.8	\$5,540.3	\$5,549.9	n.a.

(1) See Appendix F for details.

(2) Existing development charge reserve fund balances collected from growth prior to 2004 are applied to fund initial projects in growth-related capital forecast.

VIII DEVELOPMENT CHARGE ADMINISTRATION

Many of the administrative requirements of the *DCA* will be similar to those presently followed by the City in terms of collection practices. However, changes will likely be required in the use of and reporting on the new development charges. In this regard:

- It is recommended that present practices regarding collection of development charges and by-law administration continue to the extent possible.
- As required under the *DCA*, the City should codify any rules regarding application of the by-laws and exemptions within the development charges by-laws proposed for adoption.
- It is recommended that the City develop reporting policies consistent with the requirements of the *DCA*.
- It is recommended that the by-law provide for the collection of the City-wide uniform development charges at the point of issuance of the building permit. It is noted that the City currently allows for the collection of charges at time of occupancy for some residential development. Council should review and give consideration to this policy.
- Consistent with the provision of the *DCA*, it is recommended that the by-law provide for the collection of the Planning Area Specific Charge at the point of entering a subdivision agreement or consent agreement.
- It is recommended that the by-laws permit the payment of a development charge in cash or through services-in-lieu agreements. The municipality is not obligated to enter into services-in-lieu agreements.
- It is recommended that the by-laws provide for annual inflation indexing of the development charges rates;
- It is also recommended that the by-laws provide for the option of collecting charges at other points under agreement between the land owner and the municipality.

Council should give consideration to the following issues:

- It is recommended that limited exemptions, other than those required in the *Development Charges Act, 1997*, be formally adopted in the by-laws. In this regard Council may wish to give consideration to the following:

Non-Statutory Exemptions

- whether or not to continue with an exemption for industrial development;
 - whether or not to continue with an exemption for the first 465 square metres of building floor area of a commercial development
- It is recommended that Council review its current policy with respect to the timing of collection of development charges and codify the policy into the new development charges by-law.
 - It is recommended that Council adopt the growth-related capital forecast included in this background study, subject to annual review through the City's normal capital budget process.