

**Report to
Rapport au:**

**Planning Committee / Comité de l'urbanisme
July 7, 2015 / 7 juillet 2015**

**and Council / et au Conseil
July 8, 2015 / 8 juillet 2015**

**Submitted on June 29, 2015
Soumis le 29 juin 2015**

Submitted by

Soumis par:

John L. Moser,

**Acting Deputy City Manager / Directeur municipal adjoint par intérim,
Planning and Infrastructure / Urbanisme et Infrastructure**

Contact Person

Personne ressource:

**Peggy Schenk, Manager / Gestion, Business Services / Services Opérationnels –
Planning and Growth Management / Urbanisme et Gestion de la croissance
(613) 580-2424, 27915, Peggy.Schenk@ottawa.ca**

Ward: RIDEAU-GOULBOURN (21)

File Number: ACS2015-PAI-PGM-0132

**SUBJECT: Village of Richmond – Area Specific Sanitary Sewer Development
Charge**

**OBJET: Village de Richmond - Redevances d'aménagement de secteur
distinct liées aux égouts sanitaires**

REPORT RECOMMENDATION

**That Planning Committee recommend that Council endorse the modifications to
Development Charges By-law 2014-229 set forth in Document 1 in respect of the
area specific sanitary sewer development charge for the Village of Richmond.**

RECOMMANDATION DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil d'appuyer les modifications au Règlement n° 2014-229 sur les redevances d'aménagement, qui figurent dans le Document 1, conformément aux redevances d'aménagement de secteur distinct liées aux égouts sanitaires pour le Village de Richmond.

BACKGROUND

As part of the comprehensive development charge update in 2013-14, City Council imposed an area-specific development charge for sanitary sewer service in respect of the Village of Richmond. This development charge is to recover a portion of the costs of the following works listed in the Master Servicing Study (Table 8-11) and updated in the 2013 Infrastructure Master Plan which involve: expanding the pump station; constructing a new 600mm forcemain, upgrading existing biofilter and gravity collection system; and repairing the existing 500mm forcemain. The largest cost component of the proposed expenditures listed above relates to the construction of the new forcemain.

At the time of the adoption of the Background Study and Development Charges By-law, the applicable area specific development charge was \$14,965 per Single Detached Dwelling and \$6.02 per square foot for Non-industrial development and \$2.36 for Industrial use.

Appeals were received in respect of this area-specific development charge by three appellants. City staff now have reviewed the development charge calculation with respect to overall costs, post-period capacity, total growth expected, benefit-to-existing development and the timing of the construction of the works.

The revised area-specific rates based on this analysis are \$7,900 per Single Detached Dwelling and \$3.26 per square foot for Non-industrial uses and \$1.28 for Industrial development.

DISCUSSION

In the opinion of staff, concurred to by the developers with the larger landholdings in the village, the forecast estimated total cost of the works at \$30M continues to be the basis for the development charge calculation. However, the City now has agreed to match the actual timing of the proposed capital works to the projected growth within the village. For example, the previous calculation contained a significant front-loading of \$27.5M in capital expenditures in 2025.

The proposed phasing of growth-related expenditures now is estimated to be required in three key stages in the overall development process. The City has added \$6.7M in non-growth related funding, with an additional \$5.6M in post period capacity, for an overall updated growth-related share of \$14.5M. The revised timing of the capital cost also identifies \$26.8M of the \$30M in expenditures to occur within the 2015-2031 planning horizon. There is now a basis to defer \$3.2M in capital infrastructure shown in the initial time period to smooth out expenditures based on the number of units anticipated to be constructed by 2031.

The overall growth projections within the planning horizon that are used in this analysis are consistent with the estimates prepared in the original development scenario, but are more closely aligned with the revised infrastructure staging process.

In addition, the original development charge was calculated using an average cost method. The revised calculation methodology uses a long-term cash-flow projection, which factors inflation, interest earnings and costs, as well as the anticipated timing of expenditures in alignment with projected new development. The village servicing calculation employed now matches the capital needs to the growth that benefits from the forecasted works. The appropriate funding arrangement is still an area-specific charge that will result in a more accurate distribution of costs and facilitate any front-end financing arrangements for the designated services

The City understands the process must be collaborative and has acknowledged the need to be more realistic concerning the timing of the capital works that will be required within the planning horizon. This update, in the opinion of staff, provides a more accurate and complete calculation methodology, which incorporates future financing costs.

Ultimately, the goal has been to establish as accurate a set of development charge rates as possible since these fees will continue to be the key source of revenue for the City to pay the cost of infrastructure required to service growth in the village. However, the capital budget process will continue to be the mechanism by which the City establishes its capital expenditure priorities. In this case, the developer also has the option to emplace by front-ending the required site-specific growth-related capital works that are in part funded by development charges specifically collected within the benefitting area. The developer is still required to pay for local infrastructure, as defined in the guidelines contained in the 2014 Background Study, and will only be eligible for cost recovery if the services are determined to be eligible growth-related capital costs for inclusion in the calculations.

There will be a requirement to monitor the residential and non-residential growth projections, the development related expenditures and anticipated revenue on an ongoing basis. While there may be some deviations in the various elements within the forecast period, the City is required to recalculate the development charge every five years through the introduction of a revised Background Study, which will be used as the basis to adjust the area-specific rates.

Transitional Provision

Through the site plan approval process in advance of the enactment of the area-specific development charge, a non-residential development had been made aware of the then upcoming imposition of the charge and a preliminary estimate of the charge was determined to be \$2.03 per square foot. This amount was incorporated into the site plan agreement executed by the City and the developer. It is therefore proposed that this rate apply in respect of the development in question, notwithstanding that building permits were pulled before the by-law was enacted and that it continue to apply in respect of the site until July 1, 2019. A corresponding rate of \$0.80 would apply as a transitional rate for industrial development in the village until December 31, 2015 with the full, non-residential rates coming into effect, other than for the development in question on January 1, 2016. This will result in a refund of a portion of the non-residential fees paid of \$25,585 in 2014.

In respect of residential development, whereas a transition period of approximately four months was provided in respect of the non-area specific charges in the comprehensive development charge by-law such that increases in the overall, non-area specific charge did not increase until October 1, 2014, there was no transition period in respect of the Village of Richmond sanitary sewer development charge. Therefore, staff would propose that for residential development the charge come into force on January 1, 2016, inclusive of any indexing to that date. This will result in a refund of sixteen payments of \$14,965 in area-specific residential development charges from June 12, 2014 to June 29, 2015 for a total of \$239,440.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Staff have met with the appellants and their representatives in seeking to arrive at a resolution of this matter. Further, this issue has been before Agriculture and Rural Affairs Committee and Planning Committee pursuant to a motion by Councillor Moffatt.

COMMENTS BY THE WARD COUNCILLOR

Councillor Moffatt has been involved in the discussions to resolve the Village of Richmond Area Specific Sanitary charge appeals and supports the recommendation of this report.

LEGAL IMPLICATIONS

A hearing with respect to this area specific development charge is presently scheduled before the Ontario Municipal Board for the week of September 28, 2015 with witness statements being exchanged prior to the next meeting of Council. Should the above recommendation carry, Legal Services would seek the implementation of the modifications set forth in Document 1 either at the hearing or possibly a settlement proceeding in advance of the September 28, 2015 date.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

FINANCIAL IMPLICATIONS

Upon approval of this report refunds will be processed from the reserve account for this area specific development charge. The City's share of the growth related costs for this area increase by \$6.7 million with the adoption of this report. This amount will be included in the next Long Range Financial Plan for the rate supported services (water/sewer).

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

TERM OF COUNCIL PRIORITIES

This project addresses the following Term of Council Priorities:

- Planning and Decision Making; and
- Fiscal Responsibility.

SUPPORTING DOCUMENTATION

Document 1 Recommended Modification to Development Charges By-law 2014-229
Area Specific Sanitary Sewer Charge for the Village of Richmond

DISPOSITION

Legal Services to conclude Ontario Municipal Board appeals process on the Village of Richmond Area Specific Sanitary Sewer charge.

**Document 1 - Recommended Modification to Development Charges By-law
2014-229 Area Specific Sanitary Sewer Charge for the Village of Richmond**

Residential Development Charges

Unit Type	Enactment to December 31, 2015	January 1, 2016 to expiration of by-law
Single & Semi-detached	\$0	\$7,900 as indexed
Multiple, Row & Mobile Dwelling	\$0	\$5,133 as indexed
Apartment Dwelling (2+ bedrooms)	\$0	\$4,535 as indexed
Apartment (less than 2 bedrooms)	\$0	\$3,339 as indexed

Non-residential Development Charges

Type	Enactment to December 31, 2015	January 1, 2016 to expiration of by-law
Non-Industrial Use	\$2.03	\$3.26 as indexed
Industrial Use	\$0.80	\$1.28 as indexed

“As Indexed” includes indexation from June 11, 2014

Despite the Non-residential rates above, the rate for “Enactment to December 31, 2015” shall apply to the development at 5873 Perth Street until July 1, 2019.