

Municipality of North Middlesex Development Charge Background Study

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 Planning for growth

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List of Acronyms and Abbreviations

A.M.P.	Asset Management Plan
D.C.	Development Charge
D.C.A.	<i>Development Charges Act, 1997, as amended</i>
E.R.U.	Equivalent Residential Units
G.F.A.	Gross floor area
N.F.P.O.W.	No Fixed Place of Work
N.R.B.C.P.I.	Non-Residential Building Construction Price Index
O.M.B.	Ontario Municipal Board
O.P.A.	Official Plan Amendment
O.Reg.	Ontario Regulation
P.P.U.	Persons per unit
S.D.U.	Single detached unit
s.s.	Subsection
sq.ft.	Square foot
W.W.T.P.	Wastewater Treatment Plant

Executive Summary

1. The report provided herein represents the Development Charge (D.C.) Background Study for the Municipality of North Middlesex required by the *Development Charges Act, 1997, as amended* (D.C.A.). This report has been prepared in accordance with the methodology required under the D.C.A. The contents include the following:
 - Chapter 1 – Overview of the legislative requirements of the Act;
 - Chapter 2 – Review of present D.C. policies of the Municipality;
 - Chapter 3 – Summary of the residential and non-residential growth forecasts for the Municipality;
 - Chapter 4 – Approach to calculating the development charge;
 - Chapter 5 – Review of historical service standards and identification of future capital requirements to service growth and related deductions and allocations;
 - Chapter 6 – Calculation of the development charges;
 - Chapter 7 – Development charge policy recommendations and rules; and
 - Chapter 8 – By-law implementation.

2. Development charges provide for the recovery of growth-related capital expenditures from new development. The D.C.A. is the statutory basis to recover these charges. The methodology is detailed in Chapter 4; a simplified summary is provided below:
 - 1) Identify amount, type and location of growth;
 - 2) Identify servicing needs to accommodate growth;
 - 3) Identify capital costs to provide services to meet the needs;
 - 4) Deduct:
 - Grants, subsidies and other contributions;
 - Benefit to existing development;
 - Statutory 10% deduction (soft services);
 - Amounts in excess of 10-year historical service calculation;
 - D.C. reserve funds (where applicable);

- 5) Net costs are then allocated between residential and non-residential benefit;
and
 - 6) Net costs divided by growth to provide the D.C. charge.
3. A number of changes to the D.C. process need to be addressed as a result of Bill 73. These changes have been incorporated throughout the report and in the updated draft by-law, as necessary. These items include:
- a. Area-rating: Council must consider the use of area specific charges.
 - b. Asset Management Plan for New Infrastructure: The D.C. background study must include an asset management plan that deals with all assets proposed to be funded, in whole or in part, by D.C.s. The asset management plan must show that the assets are financially sustainable over their full lifecycle.
 - c. 60-day Circulation Period: The D.C. background study must be released to the public at least 60-days prior to passage of the D.C. by-law.
 - d. Timing of Collection of Development Charges: The D.C.A. now required D.C.s to be collected at the time of the first building permit.
4. The growth forecast (Chapter 3) on which the area specific development charges are based, projects the anticipated residential housing units and non-residential gross floor area based on equivalent residential units with 0.666 acres of non-residential land generating the same need for service as one residential unit.
5. In early 2013, the Municipality of North Middlesex's D.C. By-law 2013-8 came into effect under the D.C.A. The by-law was amended on June 7, 2017 with By-law 30 of 2017 with respect to roads, water, wastewater, and stormwater services. The by-law imposes development charges on both residential and non-residential uses. The Municipality is undertaking a development charge public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been set for February 21, 2018 with adoption of the by-law subsequently (March 21, 2018).
6. The current D.C. is calculated on an area rating basis and it is recommended that the area specific charges be continued for the Ailsa Craig, Nairn, Petty areas and the Parkhill area. This decision is expected to be affirmed upon consideration of the D.C. background study to Council.

7. The Municipality's current development charges for all services within Ailsa Craig, Nairn and Petty are \$5,384 for single detached dwelling units and \$0.75 per square foot (sq.ft.) for non-residential. Additionally, area specific charges for the Parkhill area are also imposed in the amounts of \$5,150 for a single detached dwelling and \$0.70 per sq.ft. for non-residential development. These charges are imposed at 50% of the calculated charges as per the 2013 amendment to the 2013 by-law.

This report has undertaken a recalculation of the charge based on the identified needs (presented in Schedule ES-1 for residential and non-residential) and have been presented at the full calculated charges. Charges have continued to be provided on an area-specific basis for roads, water, wastewater, and stormwater services only. The corresponding full calculated single-detached unit charge is \$10,983 for the Ailsa Craig, Nairn & Petty areas. The full calculated non-residential charge is \$1.52 per sq.ft. of gross floor area (G.F.A.). The Parkhill area charges are calculated at \$11,189 for single detached units and \$1.54 per square foot of building area for non-residential. As the current D.C. is discounted at 50%, as per the current policy, Schedule ES-2 provides for a 50% reduction to the recalculations undertaken in this report. These rates are submitted to Council for its consideration.

8. Considerations by Council – The background study represents the service needs arising from residential and non-residential growth over the forecast periods.

The following services are calculated based on an area-specific basis for the Ailsa Craig, Nairn, Petty areas:

- Roads;
- Water Services; and
- Wastewater Services.

The following services are calculated based on an area-specific basis for the Parkhill area:

- Roads;
- Water Services;
- Wastewater Services; and
- Stormwater Services.

Council will consider the findings and recommendations provided in the report and, in conjunction with public input, approve such policies and rates it deems appropriate. These directions will refine the draft D.C. by-law which is appended in Appendix D. These decisions may include:

- adopting the charges and policies recommended herein;
- considering additional exemptions to the by-law; and
- considering reductions in the charge by class of development (obtained by removing certain services on which the charge is based and/or by a general reduction in the charge).

Table ES-1
Calculated Development Charges
2018\$

Schedule of Ailsa Craig, Nairn, and Petty Area-specific Development Charges

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per sq.ft. of Gross Floor Area)
Roads	2,092	1,117	1,412	0.29
Water	334	178	225	0.05
Wastewater	8,557	4,567	5,775	1.18
Total	10,983	5,862	7,412	1.52

Schedule of Parkhill Area-specific Development Charges

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per sq.ft. of Gross Floor Area)
Roads	1,225	654	827	0.17
Water	963	514	650	0.13
Wastewater	8,029	4,285	5,418	1.11
Storm	972	519	656	0.13
Total	11,189	5,972	7,551	1.54

Table ES-2
Discounted Development Charges (50% of Calculated)
2018\$

Schedule of Ailsa Craig, Nairn, and Petty Area-specific Development Charges - Discounted

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per sq.ft. of Gross Floor Area)
Roads	1,046	558	706	0.15
Water	167	89	113	0.03
Wastewater	4,279	2,284	2,887	0.59
Total	5,492	2,931	3,706	0.76

Schedule of Parkhill Area-specific Development Charges - Discounted

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per sq.ft. of Gross Floor Area)
Roads	613	327	413	0.09
Water	482	257	325	0.07
Wastewater	4,015	2,143	2,709	0.56
Storm	486	259	328	0.07
Total	5,595	2,986	3,775	0.77

1. Introduction

1.1 Purpose of this Document

This background study has been prepared pursuant to the requirements of the *Development Charges Act, 1997*, as amended (D.C.A.) and, accordingly, recommends new development charges and policies for the Municipality of North Middlesex.

The Municipality retained Watson & Associates Economists Ltd. (Watson), to undertake the development charges (D.C.) study process in 2017. Since that time, Watson has worked with Municipal staff in preparing the D.C. analysis and policy recommendations.

This D.C. background study, containing the proposed D.C. by-law, will be distributed to members of the public in order to provide interested parties with sufficient background information on the legislation, the study's recommendations and an outline of the basis for these recommendations.

This report has been prepared, in the first instance, to meet the statutory requirements applicable to the Municipality's development charge background study, as summarized in Chapter 4. It also addresses the requirement for "rules" (contained in Chapter 7) and the proposed by-law to be made available as part of the approval process (included as Appendix D).

In addition, the report is designed to set out sufficient background on the legislation (Chapter 4), North Middlesex's current D.C. policy (Chapter 2) and the policies underlying the proposed by-law (Chapter 7), to make the exercise understandable to those who are involved.

Finally, it addresses post-adoption implementation requirements (Chapter 8) which are critical to the successful application of the new policy.

The Chapters in the report are supported by Appendices containing the data required to explain and substantiate the calculation of the charge. A full discussion of the statutory requirements for the preparation of a background study and calculation of a D.C. is provided herein.

1.2 Summary of the Process

The public meeting required under section 12 of the D.C.A., has been scheduled for February 21, 2018. Its purpose is to present the study to the public and to solicit public

input. The meeting is also being held to answer any questions regarding the study's purpose, methodology and the proposed modifications to the Municipality's D.C.

To date, the following process has taken place:

- Data collection, staff review, D.C. calculations and policy work;
- Background study and draft D.C. by-law released to the public (January 16, 2018); and
- Public meeting advertisement placed in newspaper(s) in accordance with the requirements of the D.C.A. (at least 20 days prior to the public meeting).

The process to be followed in finalizing the report and recommendations include:

- Public meeting of Council (February 21, 2018);
- Consideration of responses received prior to, at, or immediately following the Public Meeting;
- Council approval of background study and draft by-law;
- Council passage of the D.C. by-law (March 21, 2018);
- Implementation of the D.C. by-law – effective date of new by-law and rates (March 21, 2018);
- Notices in the newspaper(s), to the Clerk of the County, the secretary of every School Board having jurisdiction within the municipality, and any person or organization who has provided the clerk with a written request for notice (given of by-law passage within 20 days of passage); and
- Last day for by-law appeal is 40 days after by-law passage.

Municipality makes pamphlet available (where by-law is not appealed) within 60 days after the by-law comes into force.

1.3 Changes to the *Development Charges Act*: Bill 73

With the amendment of the D.C.A. (as a result of Bill 73 and O.Reg. 428/15), there are a number of areas that must be addressed to ensure that the Municipality is in compliance with the D.C.A., as amended. The following provides an explanation of the changes to the Act that affect the Municipality's Background Study and how they have been dealt with to ensure compliance with the amended legislation.

1.3.1 Area Rating

Bill 73 has introduced two new sections where Council must consider the use of area specific charges:

- 1) Subsection 2(9) of the Act now requires a municipality to implement area-specific D.C.s for either specific services which are prescribed and/or for specific municipalities which are to be regulated. (Note that at this time, no municipalities or services are prescribed by the Regulations.)
- 2) Subsection 10(2)c.1 of the D.C.A. requires that, “the development charges background study shall include consideration of the use of more than one development charge by-law to reflect different needs for services in different areas.”

In regard to the first item, there are no services or specific municipalities identified in the regulations which must be area rated. The second item requires Council to consider the use of area rating.

1.3.2 Asset Management Plan for New Infrastructure

The new legislation now requires that a D.C. background study must include an Asset Management Plan (s.10 (2) c.2). The asset management plan must deal with all assets that are proposed to be funded, in whole or in part, by D.C.s. The current regulations provide very extensive and specific requirements for the asset management plan related to transit services; however, they are silent with respect to how the asset management plan is to be provided for all other services. As part of any asset management plan, the examination should be consistent with the municipality’s existing assumptions, approaches and policies on asset management planning. This examination may include both qualitative and quantitative measures such as examining the annual future lifecycle contributions needs (discussed further in Appendix B of this report).

1.3.3 60-Day Circulation of D.C. Background Study

Previously the legislation required that a D.C. background study be made available to the public at least two weeks prior to the public meeting. The amended legislation now provides that the D.C. background study must be made available to the public (including posting on the municipal website) at least 60 days prior to passage of the D.C. by-law. No other changes were made to timing requirements for such things as notice of the public meeting and notice of by-law passage.

This D.C. study is being provided to the public on January 16, 2018 to ensure the new requirements for release of the study is met.

1.3.4 Timing of Collection of Development Charges

The D.C.A. has been refined by Bill 73 to require that D.C.s are collected at the time of the first building permit. For the majority of development, this will not impact the Municipality's present process. However, there may be instances where several building permits are to be issued and either the size of the development or the uses will not be definable at the time of the first building permit. In these instances, the Municipality may enter into a delayed payment agreement in order to capture the full development.

1.3.5 Other Changes

It is also noted that a number of other changes were made through Bill 73 and O.Reg. 428/15 including changes to the inclusion of Waste Diversion and the restriction for collection of additional levies.

2. Current Municipality of North Middlesex Policy

2.1 Schedule of Charges

The Municipality of North Middlesex's D.C. By-law 2013-08 came into effect in early 2013 and was amended by By-law 30 of 2017 on June 7, 2017. The by-law provides for area specific services in the Ailsa Craig, Nairn, Petty areas include roads, water, and wastewater services. Area specific services in the Parkhill are include roads, water, wastewater and stormwater services.

The following table shows the development charges currently in effect (2017), note these rates are at a discounted rate of 50% as per the 2017 D.C. by-law amendment:

Schedule of Ailsa Craig/Nairn/Petty Area-specific Development Charges

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per s.f. of Gross Floor Area)
Roads	1,026	455	799	0.1400
Water	164	73	127	0.0250
Wastewater	4,195	1,863	3,270	0.5800
Total	5,384	2,391	4,196	0.7450

Schedule of Parkhill Area-specific Development Charges

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per s.f. of Gross Floor Area)
Roads	601	267	468	0.0850
Water	472	210	368	0.0650
Wastewater	3,936	1,748	3,068	0.5450
Storm	477	212	371	0.0650
Total	5,485	2,436	4,276	0.7600

The residential charges are imposed based on the number and type of dwelling units. Non-residential charges are based on a per sq.ft. of gross floor area basis.

2.2 Timing of D.C. Calculation and Payment

Development charges are payable at the time of building permit issuance and are collected by the Municipality of North Middlesex Building Department.

2.3 Indexing

The by-law provides for annual indexing of the charge on the anniversary year of the by-law for each year without amendment of the by-law using the Non-Residential Construction Price Index produced by Statistics Canada.

2.4 Redevelopment Allowance

The follow redevelopment allowance is contained within the Municipality's current D.C. by-law:

Despite any other provisions of the by-law, where, as a result of the redevelopment of land, a building or structure existing on the same land within 5 years prior to the date of payment of Development Charges in regard to such redevelopment was, or is to be demolished, in whole or in part, or converted from one principal use to another principal use on the same land, in order to facilitate the redevelopment, the Development Charges otherwise payable with respect to such redevelopment shall be reduced.

2.5 Exemptions

The following non-statutory exemptions are provided under By-law 2013-8:

- For vacant lots within the Ailsa Craig, Nairn and Petty area which have paid a capital charge for sanitary services under the D.C.A. or the *Municipal Act*, no further D.C.s for this service are payable.

3. Anticipated Development in the Municipality of North Middlesex

3.1 Ailsa Craig, Nairn and Petty Area

As noted earlier, the purpose of this study is to provide a development charge for services specific to the Ailsa Craig, Nairn and Petty. In regard to these areas, Maps 3-1 and 3-2 identify the chargeable service areas.

With respect to residential lands, there are several development parcels in the Ailsa Craig, Nairn and Petty Area which have the potential for 183 single family units. In addition, there are 30 infill lots providing a total of 213 units. Since the last (2013) D.C. study a number of units have been constructed in the growth areas, as noted in the table below. For purposes of the D.C. calculation, the total residential units of 213 will be used.

Lands	Units
Ailsa Craig and Nairn	183
Infill Lots - Ailsa Criag and Nairn	30
Residential Units Identified in 2013 Study	213
Units Built to date	6
Net Residential Units	207

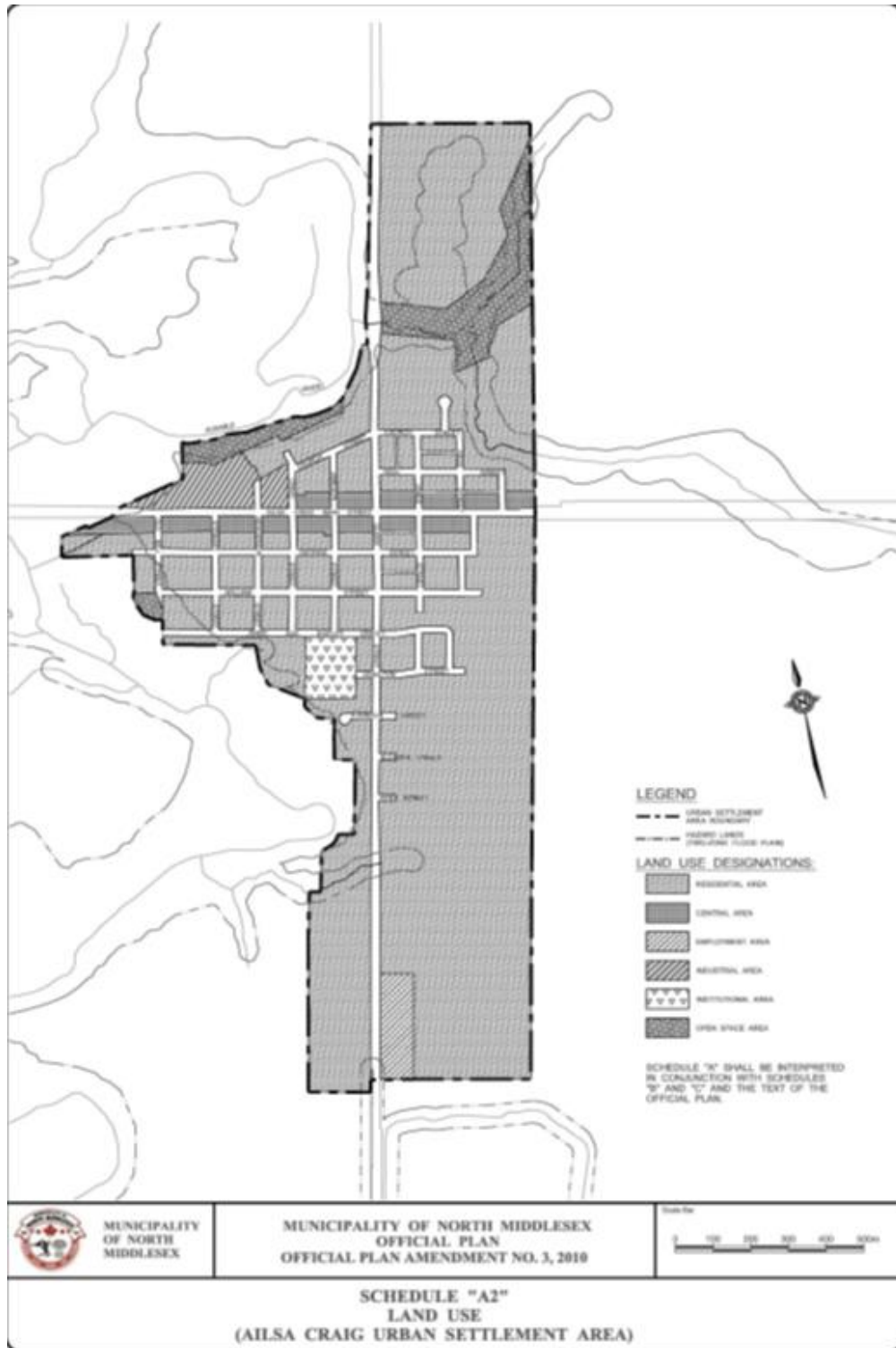
The residential development anticipated for this area is predominantly single detached units; however, provision should be made for potential medium- and high-density units which may occur within the community. In most D.C. studies, the calculation of the charge considers the average occupancy per unit. Based upon Statistics Canada data (presented in Appendix A) for the municipality (note sufficient data was not available for medium and high density, so the County average was used), the following persons per unit (P.P.U.) were identified along with the percentage relationship to single detached units.

Unit Type	P.P.U. by Unit Type	Relationship to Single Detached
Low Density	3.26	100%
Medium Density	2.20	67%
High Density	1.74	53%

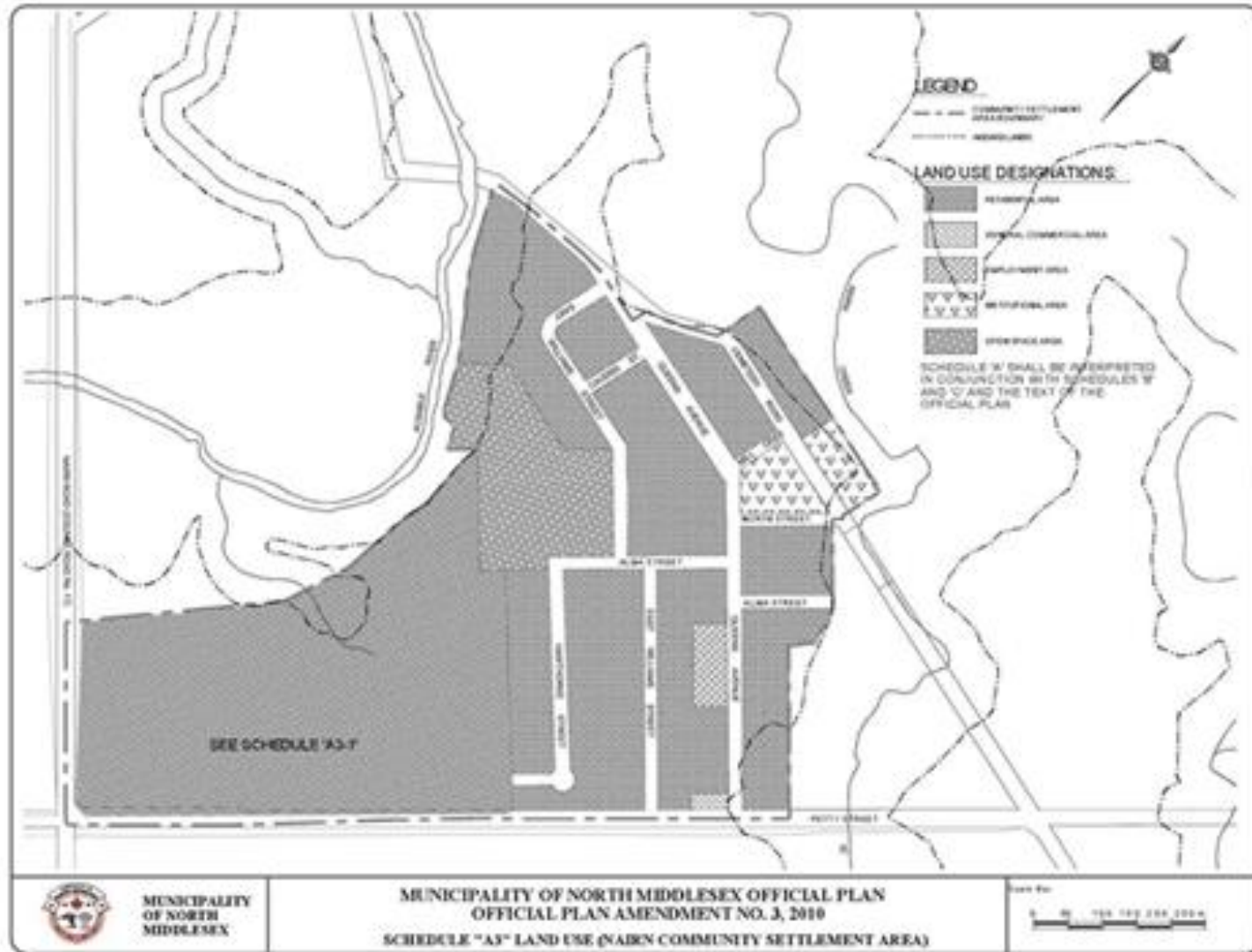
The non-residential gross floor area is based on equivalent residential units for the D.C. study. Based on information provided by Dillon Consulting's engineering report, it was estimated that 0.666 acres of land generated the same need for service as one residential unit. Based upon a 25% building coverage, 7,257 square feet of non-residential building space per residential unit would be provided.

The above growth information, for the Ailsa Craig, Nairn and Petty area, is provided for the purposes of calculating the D.C. for water and road purposes within the service area. For the wastewater service, the original calculation of growth was based upon the additional service capacity of the wastewater treatment facility after servicing existing residents and businesses within the area. In total, the excess capacity of the plant would service 265 equivalent residential units (E.R.U.). At the time, Council provided an incentive for a period of time to allow the infill lots the opportunity to prepay the wastewater development charge (only), 21 lots took advantage of this opportunity. The net capacity of the plant for development charge purposes is therefore 244 residential equivalent units (i.e. $265 - 21 = 244$ E.R.U.). These 244 E.R.U.s continue to be used for D.C. calculation purposes in Chapter 5 as this is the total growth potential upon completion of the plant expansion.

Map 3-1



Map 3-2



3.2 Parkhill Area

As noted earlier, the prior study provided a development charge for roads, water, sanitary and storm services specific to the Parkhill area. The Parkhill urban settlement area, along with the identified residential and industrial developable lands, is provided on Map 3-3.

With respect to residential lands and, as identified in the 2013 D.C. study, there are three development parcels which have the potential for 292 single family units. In addition, there are 20 infill lots providing a total of 312 units. These units are detailed below. Note that in the 2009 study, it was anticipated that the Hofstra property would be re-designated as residential and yield 90 units. No application has come forth; hence the 90 units have been removed from the residential listing and the 20 acres of land was added to the industrial land total, providing 170.6 acres of land. Based upon .666 acres of land requiring a similar need for service as a residential unit, the 170.6 acres of industrial land would have the same servicing needs as 256 residential unit equivalents. Therefore, a total of 568 Residential Equivalent Units are anticipated for growth, this amount has been used for D.C. calculation purposes in Chapter 5. Since the last (2013) D.C. study a number of units have been constructed in the Parkhill growth area, as noted in the table below.

Parkhill Residential Units (Single Family)

Lands	Units
Merrit	22
West Park (East Side)	45
West Park (Elliot)	225
Infill	20
Residential Units Identified in 2013 Study	312
Units Built to date	17
Net Residential Units	295

Parkhill Non-Residential

Industrial Acreage	170.6
Residential Unit Equivalent (E.R.U.)	256

Map 3-3



4. The Approach to Calculation of the Charge

4.1 Introduction

This chapter addresses the requirements of s.s.5(1) of the D.C.A. with respect to the establishment of the need for service which underpins the development charge calculation. These requirements are illustrated schematically in Figure 4-1.

4.2 Services Potentially Involved

Table 4-1 lists the full range of Municipality service categories which are provided within the Municipality.

A number of these services are defined in s.s.2(4) of the D.C.A. as being ineligible for inclusion in development charges. These are shown as “ineligible” on Table 4-1. Two ineligible costs defined in s.s.5(3) of the D.C.A. are “computer equipment” and “rolling stock with an estimated useful life of (less than) seven years...” In addition, local roads are covered separately under subdivision agreements and related means (as are other local services). Services which are potentially eligible for inclusion in the Municipality’s development charge are indicated with a “Yes.”

4.3 Increase in the Need for Service

The development charge calculation commences with an estimate of “the increase in the need for service attributable to the anticipated development,” for each service to be covered by the by-law. There must be some form of link or attribution between the anticipated development and the estimated increase in the need for service. While the need could conceivably be expressed generally in terms of units of capacity, s.s.5(1)3, which requires that Municipality Council indicate that it intends to ensure that such an increase in need will be met, suggests that a project-specific expression of need would be most appropriate.

4.4 Local Service Policy

Some of the need for services generated by additional development consists of local services related to a plan of subdivision. As such, they will be required as a condition of subdivision agreements or consent conditions.

Figure 4-1
The Process of Calculating a Development Charge under the D.C.A., 1997

The Process of Calculating a Development Charge under the Act that must be followed

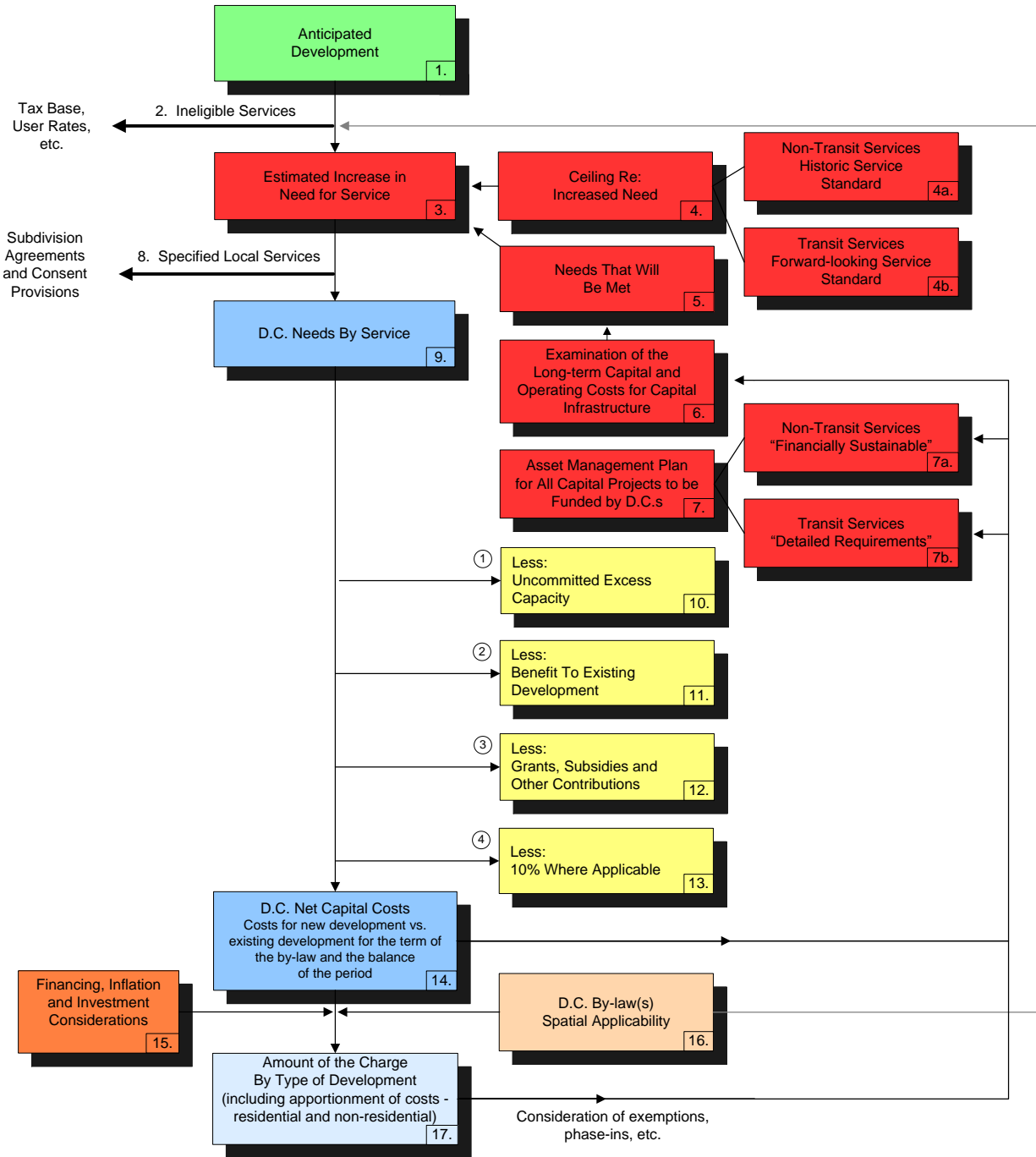


Table 4-1
Categories of Municipal Services to be Addressed as Part of the Calculation

Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
1. Roads	Yes	1.1 Arterial roads	100
	Yes	1.2 Collector roads	100
	Yes	1.3 Bridges, Culverts and Roundabouts	100
	No	1.4 Local municipal roads	0
	Yes	1.5 Traffic signals	100
	Yes	1.6 Sidewalks and streetlights	100
	Yes	1.7 Active Transportation	100
2. Other Transportation Services	n/a	2.1 Transit vehicles ¹ & facilities	100
	n/a	2.2 Other transit infrastructure	100
	n/a	2.3 Municipal parking spaces - indoor	90
	n/a	2.4 Municipal parking spaces - outdoor	90
	No	2.5 Works Yards	100
	No	2.6 Rolling stock ¹	100
	n/a	2.7 Ferries	90
	n/a	2.8 Airport	90
3. Stormwater Drainage and Control Services	Yes	3.1 Main channels and drainage trunks	100
	No	3.2 Channel connections	100
	No	3.3 Retention/detention ponds	100
4. Fire Protection Services	No	4.1 Fire stations	100
	No	4.2 Fire pumpers, aerials and rescue vehicles ¹	100
	No	4.3 Small equipment and gear	100

¹with 7+ year life time

*same percentage as service component to which it pertains
computer equipment excluded throughout

Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
5. Outdoor Recreation Services (i.e. Parks and Open Space)	Ineligible	5.1 Acquisition of land for parks, woodlots and E.S.A.s	0
	No	5.2 Development of area municipal parks	90
	No	5.3 Development of district parks	90
	No	5.4 Development of municipal-wide parks	90
	No	5.5 Development of special purpose parks	90
	No	5.6 Parks rolling stock ¹ and yards	90
6. Indoor Recreation Services	No	6.1 Arenas, indoor pools, fitness facilities, community centres, etc. (including land)	90
	No	6.2 Recreation vehicles and equipment ¹	90
7. Library Services	No	7.1 Public library space (incl. furniture and equipment)	90
	No	7.2 Library vehicles ¹	90
	No	7.3 Library materials	90
8. Electrical Power Services	Ineligible	8.1 Electrical substations	0
	Ineligible	8.2 Electrical distribution system	0
	Ineligible	8.3 Electrical system rolling stock	0
9. Provision of Cultural, Entertainment and Tourism Facilities and Convention Centres	Ineligible	9.1 Cultural space (e.g. art galleries, museums and theatres)	0
	Ineligible	9.2 Tourism facilities and convention centres	0
10. Wastewater Services	Yes	10.1 Treatment plants	100
	Yes	10.2 Sewage trunks	100
	n/a	10.3 Local systems	0
	No	10.4 Vehicles and equipment ¹	100

¹with 7+ year life time

Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
11. Water Supply Services	Yes Yes n/a No	11.1 Treatment plants 11.2 Distribution systems 11.3 Local systems 11.4 Vehicles and equipment ¹	100 100 0 100
12. Waste Management Services	Ineligible Ineligible n/a n/a	12.1 Landfill collection, transfer vehicles and equipment 12.2 Landfills and other disposal facilities 12.3 Waste diversion facilities 12.4 Waste diversion vehicles and equipment ¹	0 0 90 90
13. Police Services	n/a n/a n/a	13.1 Police detachments 13.2 Police rolling stock ¹ 13.3 Small equipment and gear	100 100 100
14. Homes for the Aged	n/a n/a	14.1 Homes for the aged space 14.2 Vehicles ¹	90 90
15. Child Care	n/a n/a	15.1 Child care space 15.2 Vehicles ¹	90 90
16. Health	n/a n/a	16.1 Health department space 16.2 Health department vehicles ¹	90 90
17. Social Housing	n/a	17.1 Social Housing space	90
18. Provincial Offences Act (P.O.A.)	n/a	18.1 P.O.A. space	90
19. Social Services	n/a	19.1 Social service space	90
20. Ambulance	n/a n/a	20.1 Ambulance station space 20.2 Vehicles ¹	90 90
21. Cemeteries	n/a n/a	21.1 Cemetery facilities 21.2 Cemetery equipment	90 90
22. Hospital Provision	Ineligible	23.1 Hospital capital contributions	0

¹with 7+ year life time

Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
23. Provision of Headquarters for the General Administration of Municipalities and Area Municipal Boards	Ineligible Ineligible Ineligible	23.1 Office space 23.2 Office furniture 23.3 Computer equipment	0 0 0
24. Other Services	Yes	24.1 Studies in connection with acquiring buildings, rolling stock, materials and equipment, and improving land ² and facilities, including the D.C. background study cost	0-100
	Yes	24.2 Interest on money borrowed to pay for growth-related capital	0-100

¹with a 7+ year life time

²same percentage as service component to which it pertains

Eligibility for Inclusion in the D.C. Calculation	Description
Yes	Municipality provides the service – service has been included in the D.C. calculation.
No	Municipality provides the service – service has not been included in the D.C. calculation.
n/a	Municipality does not provide the service.
Ineligible	Service is ineligible for inclusion in the D.C. calculation.

4.5 Capital Forecast

Paragraph 7 of s.s.5(1) of the D.C.A. requires that “the capital costs necessary to provide the increased services must be estimated.” The Act goes on to require two potential cost reductions and the Regulation sets out the way in which such costs are to be presented. These requirements are outlined below.

These estimates involve capital costing of the increased services discussed above. This entails costing actual projects or the provision of service units, depending on how each service has been addressed.

The capital costs include:

- a) costs to acquire land or an interest therein (including a leasehold interest);
- b) costs to improve land;
- c) costs to acquire, lease, construct or improve buildings and structures;
- d) costs to acquire, lease or improve facilities, including rolling stock (with a useful life of 7 or more years), furniture and equipment (other than computer equipment), materials acquired for library circulation, reference or information purposes;
- e) interest on money borrowed to pay for the above-referenced costs;
- f) costs to undertake studies in connection with the above-referenced matters; and
- g) costs of the development charge background study.

In order for an increase in need for service to be included in the D.C. calculation, Municipality Council must indicate "...that it intends to ensure that such an increase in need will be met" (s.s.5 (1)3). This can be done if the increase in service forms part of a Council-approved Official Plan, capital forecast or similar expression of the intention of Council (O.Reg. 82/98 s.3). The capital program contained herein reflects the Municipality's approved and proposed capital budgets and master servicing/needs studies.

4.6 Treatment of Credits

Section 8 para. 5 of O.Reg. 82/98 indicates that a development charge background study must set out "the estimated value of credits that are being carried forward relating to the service." s.s.17 para. 4 of the same Regulation indicates that "...the value of the credit cannot be recovered from future development charges," if the credit pertains to an ineligible service. This implies that a credit for eligible services can be recovered from future development charges. As a result, this provision should be made in the calculation, in order to avoid a funding shortfall with respect to future service needs. The Municipality has no outstanding credits that are required to be included in the D.C. calculations undertaken within this study.

4.7 Eligible Debt and Committed Excess Capacity

Section 66 of the D.C.A. states that, for the purposes of developing a development charge by-law, a debt incurred with respect to an eligible service may be included as a capital cost, subject to any limitations or reductions in the Act. Similarly, s.18 of O.Reg. 82/98 indicates that debt with respect to an ineligible service may be included as a capital cost, subject to several restrictions.

In order for such costs to be eligible, two conditions must apply. First, they must have funded excess capacity which is able to meet service needs attributable to the anticipated development. Second, the excess capacity must be “committed,” that is, either before or at the time it was created, Council must have expressed a clear intention that it would be paid for by development charges or other similar charges; for example, this may have been done as part of previous development charge processes.

4.8 Existing Reserve Funds

Section 35 of the D.C.A. states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 8 of subsection 5(1).”

There is no explicit requirement under the D.C.A. calculation method set out in s.s.5(1) to net the outstanding reserve fund balance as part of making the D.C. calculation; however, s.35 does restrict the way in which the funds are used in future.

For services which are subject to a per capita based, service level “cap,” the reserve fund balance should be applied against the development-related costs for which the charge was imposed, once the project is constructed (i.e. the needs of recent growth). This cost component is distinct from the development-related costs for the next 10-year period, which underlie the D.C. calculation herein.

The alternative would involve the Municipality spending all reserve fund monies prior to renewing each by-law, which would not be a sound basis for capital budgeting. Thus, the Municipality will use these reserve funds for the Municipality’s cost share of applicable development-related projects, which are required but have not yet been undertaken, as a way of directing the funds to the benefit of the development which contributed them (rather than to future development, which will generate the need for additional facilities directly proportionate to future growth).

The Municipality's estimated D.C. reserve fund balances by area and service as of December 31, 2017 is shown below. The reserve fund balances are used annually to pay for the capital works including existing debt payments for growth-related capital infrastructure):

Service	Ailsa Craig, Nairn, Petty	Parkhill
Roads	15,541.99	39,998.31
Water	2,606.74	19,117.46
Wastewater	64,404.59	313,712.26
Stormwater		18,529.52
Total	82,553.32	391,357.55

4.9 Deductions

The D.C.A. potentially requires that five deductions be made to the increase in the need for service. These relate to:

- the level of service ceiling;
- uncommitted excess capacity;
- benefit to existing development;
- anticipated grants, subsidies and other contributions; and
- 10% reduction for certain services.

The requirements behind each of these reductions are addressed as follows:

4.9.1 Reduction Required by Level of Service Ceiling

This is designed to ensure that the increase in need included in 4.3 does "...not include an increase that would result in the level of service (for the additional development increment) exceeding the average level of the service provided in the Municipality over the 10-year period immediately preceding the preparation of the background study..." O.Reg. 82.98 (s.4) goes further to indicate that "...both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service."

In many cases, this can be done by establishing a quantity measure in terms of units as floor area, land area or road length per capita and a quality measure, in terms of the average cost of providing such units based on replacement costs, engineering standards or recognized performance measurement systems, depending on

circumstances. When the quantity and quality factor are multiplied together, they produce a measure of the level of service, which meets the requirements of the Act, i.e. cost per unit.

4.9.2 Reduction for Uncommitted Excess Capacity

Paragraph 5 of s.s.5(1) requires a deduction from the increase in the need for service attributable to the anticipated development that can be met using the Municipality's "excess capacity," other than excess capacity which is "committed" (discussed above in 4.6).

"Excess capacity" is undefined, but in this case, must be able to meet some or all of the increase in need for service, in order to potentially represent a deduction. The deduction of uncommitted excess capacity from the future increase in the need for service would normally occur as part of the conceptual planning and feasibility work associated with justifying and sizing new facilities, e.g. if a road widening to accommodate increased traffic is not required because sufficient excess capacity is already available, then widening would not be included as an increase in need, in the first instance.

4.9.3 Reduction for Benefit to Existing Development

Subsection 5(1)6 of the D.C.A. provides that, "The increase in the need for service must be reduced by the extent to which an increase in service to meet the increased need would benefit existing development." The general guidelines used to consider benefit to existing development included the following:

- the repair or unexpanded replacement of existing assets that are in need of repair;
- an increase in average service level of quantity or quality (compare water as an example);
- the elimination of a chronic servicing problem not created by growth; and
- providing services where none previously existed (generally considered for water or wastewater services).

This step involves a further reduction in the need, by the extent to which such an increase in service would benefit existing development. The level of services cap in 4.4 is related, but is not the identical requirement. Sanitary, storm and water trunks are highly localized to growth areas and can be more readily allocated in this regard than other services such as roads, which do not have a fixed service area.

Where existing development has an adequate service level which will not be tangibly increased by an increase in service, no benefit would appear to be involved. For example, where expanding existing library facilities simply replicates what existing residents are receiving, they receive very limited (or no) benefit as a result. On the other hand, where a clear existing service problem is to be remedied, a deduction should be made accordingly.

In the case of services such as recreation facilities, community parks, libraries, etc., the service is typically provided on a municipal-wide system basis. For example, facilities of the same type may provide different services (i.e. leisure pool vs. competitive pool), different programs (i.e. hockey vs. figure skating) and different time availability for the same service (i.e. leisure skating available on Wednesday in one arena and Thursday in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

4.9.4 Reduction for Anticipated Grants, Subsidies and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies and other contributions (including direct developer contributions required due to the local service policy) made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development. That is, some grants and contributions may not specifically be applicable to growth or where Council targets fundraising as a measure to offset impacts on taxes (O.Reg. 82.98 s.6).

4.9.5 The 10% Reduction

Paragraph 8 of s.s.(1) of the D.C.A. requires that, “the capital costs must be reduced by 10 percent.” This paragraph does not apply to water supply services, waste water services, storm water drainage and control services, services related to a highway (roads and related), police, fire protection services, and transit. The primary services to which the 10% reduction does apply include services such as parks, recreation, libraries, childcare/social services, ambulance, homes for the aged, health and parking.

The 10% is to be netted from the capital costs necessary to provide the increased services, once the other deductions have been made, for eligible services. It is noted that there are no services included in North Middlesex's D.C. that requires the mandatory 10% deduction.

4.10 Municipal-Wide vs. Area Rating

This step involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Under the amended D.C.A., it is now mandatory to "consider" area-rating of services (providing charges for specific areas and services), however, it is not mandatory to implement area-rating. Further discussion is provided in subsection 7.4.4.

4.11 Allocation of Development

This step involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.

4.12 Asset Management

The new legislation now requires that a D.C. Background Study must include an Asset Management Plan (s. 10 (2)c.2). The asset management plan must deal with all assets that are proposed to be funded, in whole or in part, by D.C.s. The current regulations provide very extensive and specific requirements for the asset management plan related to transit services (as noted in the subsequent subsection) however, are silent with respect to how the asset management plan is to be provided for all other services. As part of any asset management plan, the examination should be consistent with the municipality's existing assumptions, approaches and policies on the asset management planning. This examination has been included in Appendix B.

4.13 Transit

The most significant changes to the Act relate to the transit service. These changes relate to four areas of the calculations, as follows:

- A. Transit no longer requires the statutory 10% mandatory deduction from the net capital cost (subsection 5.2(i) of the D.C.A.).

- B. The Background Study requires the following in regard to transit costs (as per subsection 8(2) of the Regulations):
1. The calculations that were used to prepare the estimate for the planned level of service for the transit services, as mentioned in subsection 5.2(3) of the Act.
 2. An identification of the portion of the total estimated capital cost relating to the transit services that would benefit,
 - i. the anticipated development over the 10-year period immediately following the preparation of the background study, or
 - ii. the anticipated development after the 10-year period immediately following the preparation of the background study.
 3. An identification of the anticipated excess capacity that would exist at the end of the 10-year period immediately following the preparation of the background study.
 4. An assessment of ridership forecasts for all modes of transit services proposed to be funded by the development charge over the 10-year period immediately following the preparation of the background study, categorized by development types, and whether the forecasted ridership will be from existing or planned development.
 5. An assessment of the ridership capacity for all modes of transit services proposed to be funded by the development charge over the 10-year period immediately following the preparation of the background study.
- C. A new forward-looking service standard (as per 6.1(2) of the Regulations):
1. The service is a discrete service.
 2. No portion of the service that is intended to benefit anticipated development after the 10-year period immediately following the preparation of the background study may be included in the estimate.
 3. No portion of the service that is anticipated to exist as excess capacity at the end of the 10-year period immediately following the preparation of the background study may be included in the estimate.

- D. A very detailed asset management strategy and reporting requirements (subsection 6.1(3) of the Regulation) that includes lifecycle costs, action plans that will enable the assets to be sustainable, summary of how to achieve the proposed level of service, discussion on procurement measures and risk.

The Municipality of North Middlesex currently does not provide a Transit service.

5. Development Charge Eligible Cost Analysis by Service

5.1 Introduction

This chapter outlines the basis for calculating eligible costs for the D.C. to be applied on an area specific basis. In each case, the required calculation process set out in s.5(1) paragraphs 2 to 8 in the D.C.A. and described in Chapter 4, was followed in determining D.C. eligible costs.

The nature of the capital projects and timing identified in the Chapter reflects Council's current intention. However, over time, Municipality projects and Council priorities change and accordingly, Council's intentions may alter and different capital projects (and timing) may be required to meet the need for services required by new growth.

5.2 Service Levels and 20-Year Capital Costs for North Middlesex's D.C. Calculation

This section evaluates the development-related capital requirements for those services within the Development Areas.

5.2.1 *Ailsa Craig, Nairn, and Petty Area*

5.2.1.1 Water and Roads Servicing Costs.

A review of capital works provided in the former study was undertaken with staff with five capital projects identified to service the growth within the area. These projects are still the projects anticipated and therefore, have been inflated to 2018 values for purposes of the D.C. calculations. Table 5-1 provides for the summary of current costs projected to service the development areas. In total, the capital costs amount to \$774,300 of which \$703,200 is for road related works and \$71,100 is for water works.

**Table 5-1
Ailsa Craig, Nairn, and Petty Areas
Summary of Capital Cost by Area and Service**

Project #	Description	Roads 2018 \$	Water 2018 \$	Total 2018 \$	% Recoverable from Growth
1	East Williams - Alma to Petty - resurfacing	195,100		195,100	50%
2	Bear Creek Intersection improvements and Traffic light	319,900		319,900	50%
3	Petty from Queen to .5 km south - Sidewalk/Lighting	188,200		188,200	100%
4	Water Debt #26-25059- O/S Balance		24,500	24,500	100%
5	Water Debt #26-25156- O/S Balance		46,600	46,600	100%
Total		703,200	71,100	774,300	67%

Based upon a review of the benefiting lands, the far-right hand column of Table 5-1 presents the allocation of costs between new growth and existing development. Table 5-2 provides for the net growth-related costs (\$516,800 or 67% of the total costs).

**Table 5-2
Ailsa Craig, Nairn, and Petty Areas
Net Growth-Related Costs**

Project #	Description	Roads 2018 \$	Water 2018 \$	Total 2018\$
1	East Williams - Alma to Petty - resurfacing	97,550		97,550
2	Bear Creek Intersection improvements and Traffic light	159,950		159,950
3	Petty from Queen to .5 km south - Sidewalk/Lighting	188,200		188,200
4	Water Debt #26-25059- O/S Balance		24,500	24,500
5	Water Debt #26-25156- O/S Balance		46,600	46,600
Total		445,700	71,100	516,800

5.2.1.2 Wastewater Servicing Costs.

In 2007, the municipality initiated a major undertaking to address process deficiencies affecting capacity and performance of the Ailsa Craig Wastewater Treatment Plant (W.W.T.P.) and to provide municipal wastewater services to the community of Nairn through the connecting Petty Street corridor. The approved project included the construction of the following works:

AILSA CRAIG:

- Expansion and upgrade of the Ailsa Craig W.W.T.P. including headworks, aeration tanks, secondary clarifiers, septage receiving facilities, tertiary filtration, UV disinfection and Biosolids Management; and
- Gravity sewer replacement on Queen Street from the south limit of Ailsa Craig to Mary Street.

NAIRN AND PETTY STREET CORRIDOR BETWEEN NAIRN AND AILSA CRAIG:

- Gravity and low pressure sewers including sanitary service connections and appurtenances;
- Wastewater pumping station #1 located on the east side of Petty Street, north of Bear Creek, and discharge forcemain to a gravity sewer outlet on Petty Street; and
- Wastewater pumping station #2 located on the west side of Petty Street, north of New Ontario Road, and discharge forcemain to a gravity sewer outlet on Queen Street in Ailsa Craig.

The wastewater treatment facility was oversized to accommodate additional development within the community at a cost of \$2.088 million (2018 value). Table 3-5 provides a summary of the total project cost in both 2013 values and inflated 2018 values along with the proportionate share allocated to future development. Note that the contributions received for 21 infill lots was identified as a funding source leaving the net amount to be recovered for the 244 residential lot equivalents.

The following table provides for the original calculation which were undertaken when the servicing of this area was completed. The costs have been updated to 2018 values however, the original number of residential equivalents units (244) are used with the calculation.

**Table 5-3
Ailsa Craig, Nairn, and Petty Areas
Summary of Wastewater Capital Costs**

Description	Total Project Cost	Benefiting Areas	Benefiting Areas
		New Development 2013 \$	New Development 2018 \$
Capital Expenditures - Wastewater Servicing Project (net of Land and Interim Financing)	14,449,564	1,912,387	2,038,867
Total Capital Expenditures Excluding Interim Financing	14,449,564	1,912,387	2,038,867
Less:			
COMRIF Grant/OSTAR Funding	7,235,385	-	-
Total Grants and Funding	7,235,385	-	-
Net Capital Expenditures	7,214,179	1,912,387	2,038,867
Add:			
Land Costs	30,000	-	-
Net Capital Expenditures (including Land)	7,244,179	1,912,387	2,038,867
Add: Interim Financing	167,200	45,914	48,951
Net Capital Expenditures (including Land and Interim Financing)	7,411,379	1,958,301	2,087,818
Less:			
Reserves	275,000	-	-
Net Capital Expenditures	7,136,379	1,958,301	2,087,818
Net Capital Expenditures Before Interest	7,084,792	1,876,000	2,000,073
%age of Net Capital Expenditures Before Interest		29%	29%
Other Funding			
Amount to be recovered from Ailsa Craig Infill Lots	84,903	-	-
Storm Sewer Upgrade on Queens Avenue	259,810	-	-
Special Septage Disposal Charge	280,000	-	-
Sewer Oversizing Contribution	70,224	-	-
East Williams Public School	63,070	-	-
Shady Pines Campground	195,820	-	-
Craigwood Youth Services	242,850	-	-
Other Related Funding	243,968	-	-
Total Other Funding Sources	1,440,645	-	-
Net Capital Expenditures	5,695,734	1,958,301	2,087,818
Total			2,087,818
Number of Lots (Residential Equivalent)	-	244	244
Recovery per lot	-	8,026	8,557

(1) to be recovered by a special fee for septage treatment

5.2.2 Parkhill Area

In 2009, the municipality retained Dillon Consulting to assist in determining the servicing needs for the developable lands identified in Chapter 3. Their review considered the needs for roads, water, wastewater and stormwater services. These works were reviewed with staff and further refinements were made during the 2013 D.C. study. For this study, the capital needs are assumed to be the same as what was identified in the

2013 D.C. study and therefore, have been adjusted for inflation to 2018 values for this study. Generally, the capital works provide for the following:

- works included are external to the subdivision;
- road improvements provide improvements to a semi-urban standard, including curb, gutter, sidewalk (one side), topsoil and sod (2 sides);
- extension of water and wastewater mains to connect to the systems. Mains are sized either 8" or 10" depending on the area;
- stormwater works are required, in some cases, to drain the developed lands and roadways;
- water supply to be provided by existing connection to the Huron Water System (no direct capital costs);
- wastewater treatment capacity is not sufficient to accommodate new development. The existing Lagoon System will accommodate approximately 40% of the growth and, hence, treatment capacity needs to be included. Dillon had reviewed this need at the time and deemed that the appropriate system would be to upgrade to a New Hamburg System. This system would include a grinder, aerated lagoon, facultative lagoon, slow and filter, UV disinfection (contained within a control building) and wetland; and
- it was noted that, because the topography of the northern portion of the industrial lands located along County Road 7 (northeast area as shown on Map 3-3), the lands will require either grinder pumps for each lot and/or a localized pumping station. These costs have not been included and will be a direct local service cost of the developing landowner.

Table 5-4 provides for the summary of projected costs to service the individual areas identified on Map 5-1. In total, the project costs total \$12.1 million. Of this cost, 68% is for the wastewater services, 17% for roads and 6% for water, and 9% for stormwater services.

**Table 5-4
Parkhill Area
Summary of Capital Cost by Service**

Description	Offsite Streets Affected	Roads 2018 \$	Water 2018 \$	Wastewater 2018 \$	Stormwater 2018 \$	Total 2018 \$	% Recoverable from Growth
Hofstra	County Rd. 8	103,400	-			103,400	50%
Dr. Merrit	Eagle, Hastings	183,100	35,200			218,300	58%
North of Drain	Duke, Centre, Park, Mcleod	500,000	139,600		156,700	796,300	69%
North of Drain	West Park Construction	1,236,800	395,700	129,000	878,900	2,640,400	37%
Industrial			194,000	233,500		427,500	100%
Industrial				465,900		465,900	100%
Sub-Total		2,023,300	764,500	828,400	1,035,600	4,651,800	
Lagoon - New Hamburg Upgrade				7,462,900		7,462,900	50%
Total		2,023,300	764,500	8,291,300	1,035,600	12,114,700	52%

Based upon a review of the benefiting lands, Table 5-5 presents the allocation of costs between new growth and existing development. Table 5-6 provides for the net growth-related costs (\$6.33 million or 52% of the total costs). Note that in regards to roads, the percentage has been discounted to recognise that the 20 infill lots identified in Chapter 3 will be deemed existing benefit.

**Table 5-5
Parkhill Area
Allocation of Costs to Growth**

Description	Offsite Streets Affected	Roads	Water	Sanitary	Storm
Hofstra	County Rd. 8	50%			
Dr. Merrit	Eagle, Hastings	50%	100%		
North of Drain	Duke, Centre, Park, Mcleod	50%	100%	100%	100%
North of Drain	West Park Construction	22.5%	45%	100%	45%
Industrial			100%	100%	
Industrial				100%	
Lagoon - New Hamburg Upgrade				50%	

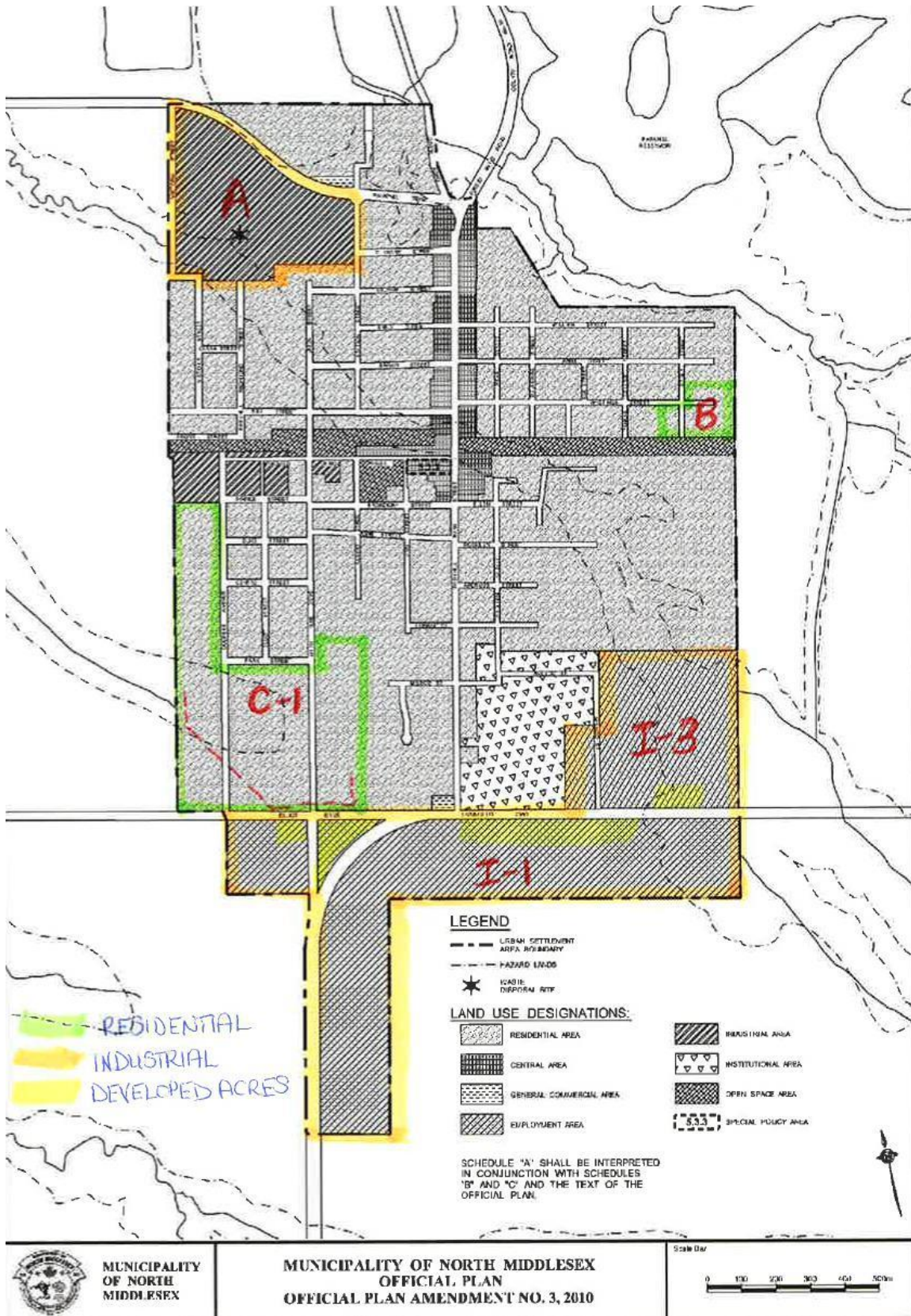
Note: The northeast area of I-3 will require localized grinder pumps for each lot and/or a localized pumping station. These costs are not included above and are will be the developers direct costs to install.

**Table 5-6
Parkhill Area
Net Growth-Related Costs**

Description	Offsite Streets Affected	Roads 2018 \$	Water 2018 \$	Sanitary 2018 \$	Storm 2018 \$	Total 2018 \$
Hofstra	County Rd. 8	51,700	-	-	-	51,700
Dr. Merrit	Eagle, Hastings	91,550	35,200	-	-	126,750
North of Drain	Duke, Centre, Park, Mcleod	250,000	139,600	-	156,700	546,300
North of Drain	West Park Construction	278,280	178,100	129,000	395,500	980,880
Industrial		-	194,000	233,500	-	427,500
Industrial		-	-	465,900	-	465,900
		671,530	546,900	828,400	552,200	2,599,030
Lagoon - New Hamburg Upgrade		-	-	3,731,450	-	3,731,450
Total		671,530	546,900	4,559,850	552,200	6,330,480

Note: The northeast area of I-3 will require localized grinder pumps for each lot and/or a localized pumping station. These costs are not included above and will be the developers direct costs to install.

Map 5-1 Development Areas within Parkhill



6. Development Charge Calculation

6.1 Development Charge Calculation for Ailsa Craig, Nairn, and Petty Area.

Tables 6-1 and 6-2 calculate the proposed development charge for the roads and water services. The residential calculations are provided in Table 6-1 and are calculated by dividing the D.C.-eligible costs by the residential and non-residential E.R.U.s (Equivalent Residential Units) (as identified as the serviceable growth in prior studies), thus providing a “per E.R.U.” (or single detached unit). The cost per unit is then multiplied by percentage relationship other units have relative to single detached to derive the charge for medium- and high-density building forms. (Appendix A provides for the gross population figures for each forecast period along with the average occupancy by unit type.)

**Table 6-1
Residential Development Charge Calculation – Roads and Water
Residential Development Charge Per Single Detached Unit**

Service	Growth Costs	Residential Equivalent Units (E.R.U.)	Cost Per E.R.U. (Single Detached) Unit
Roads	445,700	213	2,092
Water	71,100	213	334
Total	516,800		2,426

Relationship Between Single Detached and Other Units

Unit Type	P.P.U. By Unit Type	Relationship to Single Detached Unit
Low Density	3.26	100%
Medium Density	2.20	67%
High Density	1.74	53%

Development Charge By Unit Type Based on Above

Service	Low Density	Medium Density	High Density
Roads	2,092	1,412	1,117
Water	334	225	178
Total	2,426	1,637	1,295

Similar calculations are provided for non-residential development in Table 6-2; however, the D.C.-eligible cost per unit for each service is divided by the forecast building area (square footage) per E.R.U. to provide the non-residential charge on a cost per square foot basis.

**Table 6-2
Non-Residential Development Charge Calculation – Roads and Water**

Service	Cost Per E.R.U. (Single Detached) Unit	sq. ft. of Building Space per E.R.U.	Non-Residential (\$/sq.ft.)
Roads	2,092	7,257	0.29
Water	334	7,257	0.05
Total	2,426		0.34

Similar to the calculation undertaken for water and roads services, Table 6-3 provides for the residential D.C. calculation for wastewater services and Table 6-4 provides for the non-residential development charge calculation.

**Table 6-3
Residential Development Charge Calculation - Wastewater**

Service	Growth Costs	Residential Equivalent Units (E.R.U.)	Cost Per E.R.U. (Single Detached) Unit
Wastewater	2,087,818	244	8,557
Total	2,087,818		8,557

Relationship Between Single Detached and Other Units

Unit Type	P.P.U. By Unit Type	Relationship to Single Detached Unit
Low Density	3.26	100%
Medium Density	2.20	67%
High Density	1.74	53%

Development Charge By Unit Type Based on Above

Service	Low Density	Medium Density	High Density
Wastewater	8,557	5,775	4,567
Total	8,557	5,775	4,567

**Table 6-4
Non-Residential Development Charge Calculation – Wastewater**

Service	Cost Per E.R.U. (Single Detached) Unit	sq. ft. of Building Space per E.R.U.	Non-Residential (\$/sq.ft.)
Wastewater	8,557	7,257	1.18
Total	8,557	7,257	1.18

6.2 Development Charge Calculation for Parkhill Area.

Tables 6-5 and 6-6 calculate the calculate the proposed development charge for roads, water, wastewater and stormwater services. The residential and non-residential calculations are undertaken similar to those identified in subsection 6.1 for the Ailsa Craig, Nairn, and Petty Area specific charges.

**Table 6-5
Residential Development Charge Calculation**

Residential Development Charge Per Single Detached Unit

Service	Growth Costs	Residential Equivalent Units (E.R.U.)	Cost Per E.R.U. (Single Detached) Unit
Roads	671,530	548	1,225
Water	546,900	568	963
Wastewater	4,559,850	568	8,029
Storm	552,200	568	972
Total	6,330,480		11,189

Relationship Between Single Detached and Other Units

Unit Type	P.P.U. By Unit Type	Relationship to Single Detached Unit
Low Density	3.26	100%
Medium Density	2.20	67%
High Density	1.74	53%

Development Charge By Unit Type Based on Above

Service	Low Density	Medium Density	High Density
Roads	1,225	827	654
Water	963	650	514
Wastewater	8,029	5,418	4,285
Storm	972	656	519
Total	11,189	7,551	5,972

Table 6-6
Non-Residential Development Charge Calculation

Service	Cost Per E.R.U. (Single Detached) Unit	sq. ft. of Building Space per E.R.U.	Non-Residential (\$/sq.ft.)
Roads	1,225	7,257	0.17
Water	963	7,257	0.13
Wastewater	8,029	7,257	1.11
Storm	972	7,257	0.13
Total	11,189		1.54

7. Development Charge Policy Recommendations and Development Charge By-law Rules

7.1 Introduction

Subsection 5(1)9 states that rules must be developed:

“...to determine if a development charge is payable in any particular case and to determine the amount of the charge, subject to the limitations set out in subsection 6.”

Paragraph 10 of the section goes on to state that the rules may provide for exemptions, phasing in and/or indexing of D.C.s.

Subsection 5(6) establishes the following restrictions on the rules:

- the total of all development charges that would be imposed on anticipated development must not exceed the capital costs determined under s.s.5(1) 2-8 for all services involved;
- if the rules expressly identify a type of development, they must not provide for it to pay development charges that exceed the capital costs that arise from the increase in the need for service for that type of development; however, this requirement does not relate to any particular development; and
- if the rules provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges may not provide for any resulting shortfall to be made up via other development.

With respect to “the rules,” section 6 states that a D.C. by-law must expressly address the matters referred to above re s.s.5(1) para. 9 and 10, as well as how the rules apply to the redevelopment of land.

The rules provided are based on the Municipality’s existing policies; however, there are items under consideration at this time and these may be refined prior to adoption of the by-law.

7.2 Development Charge By-law Structure

It is recommended that:

- roads, water and wastewater services be imposed on the Ailsa Craig, Nairn and Petty boundary of the Municipality;
- roads, water, wastewater and stormwater services be imposed on the Parkhill area; and
- one Municipal D.C. by-law be used for applicable services in each of the two area specific areas.

7.3 Development Charge By-law Rules

The following subsections set out the recommended rules governing the calculation, payment and collection of development charges in accordance with section 6 of the D.C.A.

It is recommended that the following sections provide the basis for the development charges:

7.3.1 *Payment in any Particular Case*

In accordance with the D.C.A., s.s.2(2), a development charge be calculated, payable and collected where the development requires one or more of the following:

- a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
- b) the approval of a minor variance under section 45 of the *Planning Act*;
- c) a conveyance of land to which a by-law passed under subsection 50(7) of the *Planning Act* applies;
- d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
- e) a consent under section 53 of the *Planning Act*;
- f) the approval of a description under section 50 of the *Condominium Act*; or
- g) the issuing of a building permit under the *Building Code Act* in relation to a building or structure.

7.3.2 *Determination of the Amount of the Charge*

The following conventions be adopted:

- 1) Costs allocated to residential uses will be assigned to different types of residential units based on the average occupancy for each housing type

constructed during the previous decade. Costs allocated to non-residential uses will be assigned based on the amount of sq.ft. of G.F.A. constructed for eligible uses (i.e. industrial, commercial and institutional).

7.3.3 Application to Redevelopment of Land (Demolition and Conversion)

If a development involves the demolition of and replacement of a building or structure on the same site, or the conversion from one principal use to another, the developer shall be allowed a credit equivalent to:

- 1) the number of dwelling units demolished/converted multiplied by the applicable residential development charge in place at the time the development charge is payable; and/or
- 2) the gross floor area of the building demolished/converted multiplied by the current non-residential development charge in place at the time the development charge is payable.

The demolition credit is allowed only if the land was improved by occupied structures, and if the demolition permit related to the site was issued less than 60 months prior to the issuance of a building permit. If a development or redevelopment involves the demolition of and replacement of a residential building or structure, a credit shall be allowed equivalent to the number of dwelling units demolished multiplied by the applicable residential development charge in place at the time the development charge is payable. If a development or redevelopment involves the demolition of and replacement of a non-residential building or structure, a credit shall be allowed equivalent to the gross floor area demolished multiplied by the applicable non-residential development charge in place at the time the development charge is payable. In no case, can the credit exceed the amount of development charges that would otherwise be payable.

7.3.4 Exemptions (full or partial)

- a) Statutory exemptions
 - industrial building additions of up to and including 50% of the existing gross floor area (defined in O.Reg. 82/98, s.1) of the building; for industrial building additions which exceed 50% of the existing gross floor area, only the portion of the addition in excess of 50% is subject to development charges (s.4(3)) of the D.C.A.;
 - buildings or structures owned by and used for the purposes of any municipality, local board or Board of Education (s.3);

- residential development that results only in the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (based on prescribed limits set out in s.2 of O.Reg. 82/98).
- b) Non-statutory exemptions
- For vacant lots within the Ailsa Craig, Nairn and Petty area which have paid a capital charge for sanitary services under the D.C.A. or the *Municipal Act*, no further D.C.s for this service are payable.

7.3.5 Phasing in

No provisions for phasing in the D.C. are provided in the draft D.C. by-law (Appendix D).

7.3.6 Discount

As per the 2017 D.C. update, the current D.C. is discounted by 50%. This report (Chapter 6), has provided the full calculation of the charges. In the event that Council wishes to continue with a discount for a specified amount of time over, up to and including the full 5-year term of the by-law, it may do so through refinements to the draft by-law prior to passage.

7.3.7 Timing of Collection

A development charge that is applicable under section 5 of the D.C.A. shall be calculated and payable;

- in full in money or by provision of services as may be agreed upon, or by credit granted by the Act, on the date that the first building permit is issued in relation to a building or structure on land to which a development charge applies, or in a manner or at a time otherwise lawfully agreed upon; and
- Despite above, Council, from time to time, and at any time, may enter into agreements providing for all or any part of a development charge to be paid before or after it would otherwise be payable.

7.3.8 Indexing

Indexing of the development charges shall be implemented on a mandatory basis annually commencing on the anniversary date of the by-law (similar to the current D.C. by-law) and each anniversary date thereafter, in accordance with the Statistics Canada

Quarterly, Non-Residential Building Construction Price Index (CANSIM Table 327-0043)¹ for the most recent year-over-year period.

7.3.9 The Applicable Areas

The charges developed herein shall be imposed as follows:

- Ailsa Craig, Nairn and Petty Specific Roads, Water and Wastewater services – the full residential and non-residential charge will be imposed on all lands within the area-specific portion of the Municipality; and
- Parkhill Specific Roads, Water, Wastewater and Stormwater services – the full residential and non-residential charge will be imposed on all lands within the area-specific portion of the Municipality.

7.4 Other Development Charge By-law Provisions

It is recommended that:

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

The Municipality's D.C. collections are currently reserved in seven separate reserve funds: Roads, water, and wastewater for the Ailsa Craig/Nairn/Petty area and roads, water, wastewater, and storm for the Parkhill area. It is recommended that the Municipality continue the current practice. Appendix C outlines the reserve fund policies that the Municipality is required to follow as per the D.C.A.

7.4.2 By-law In-force Date

A by-law under the D.C.A., 1997 comes into force on the day after which the by-law is passed by Council unless Council chooses to set a later date. It is recommended that the new by-law come into effect on March 21, 2018.

7.4.3 Minimum Interest Rate Paid on Refunds and Charged for Inter-Reserve Fund Borrowing

The minimum interest rate is the Bank of Canada rate on the day on which the by-law comes into force (as per s.11 of O.Reg. 82/98).

¹ O.Reg 82/98 referenced "The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007" as the index source. As of the end of December, 2013 this catalogue has been discontinued and replaced by this web based table.

7.4.4 Area Rating

As noted earlier, Bill 73 has introduced two new subsections where Council must consider the use of area-specific charges:

1. Subsection 2(9) of the Act now requires a municipality to implement area-specific D.C.s for either specific services which are prescribed and/or for specific municipalities which are to be regulated. (note that at this time, no municipalities or services are prescribed by the Regulations)
2. Subsection 10(2)c.1 of the D.C.A. requires that “the development charges background study shall include consideration of the use of more than one development charge by-law to reflect different needs for services in different areas”

In regard to the first item, there are no services or specific municipalities identified in the regulations which must be area rated. The second item requires Council to consider the use of area rating.

At present, the Municipality’s by-law does provide for area rating. Cost of services are recovered based on the benefitting area to Ailsa Craig, Nairn and Petty area vs. Parkhill area.

It is recommended to Council that the use of area rating for roads, water, wastewater, and stormwater be continued on the same basis as it is currently imposed on.

7.5 Other Recommendations

It is recommended that Council:

“Whenever appropriate, request that grants, subsidies and other contributions be clearly designated by the donor as being to the benefit of existing development or new development, as applicable;”

“Adopt the assumptions contained herein as an ‘anticipation’ with respect to capital grants, subsidies and other contributions;”

“Continue the D.C. approach to calculate the charges for water, wastewater and road services on an area-specific basis for Ailsa Craig, Nairn and Petty;”

“Continue the D.C. approach to calculate the charges for water, wastewater, stormwater and road services on an area-specific basis for Parkhill;”

“Approve the capital project listing set out in Chapter 5 of the Development Charges Background Study dated January 16, 2018, subject to further annual review during the capital budget process;”

“Approve the Development Charges Background Study dated January 16, 2018, as amended (if applicable);”

“Determine that no further public meeting is required;” and

“Approve the development charge by-law as set out in Appendix D.”

8. By-law Implementation

8.1 Public Consultation Process

8.1.1 Introduction

This chapter addresses the mandatory, formal public consultation process (subsection 8.1.2), as well as the optional, informal consultation process (subsection 8.1.3). The latter is designed to seek the co-operation and participation of those involved, in order to produce the most suitable policy. Subsection 8.1.4 addresses the anticipated impact of the development charge on development from a generic viewpoint.

8.1.2 Public Meeting of Council

Section 12 of the D.C.A. indicates that before passing a development charge by-law, Council must hold at least one public meeting, giving at least 20 clear days' notice thereof, in accordance with the Regulation. Council must also ensure that the proposed by-law and background report are made available to the public at least two weeks prior to the (first) meeting.

Any person who attends such a meeting may make representations related to the proposed by-law.

If a proposed by-law is changed following such a meeting, Council must determine whether a further meeting (under this section) is necessary (i.e. if the proposed by-law which is proposed for adoption has been changed in any respect, Council should formally consider whether an additional public meeting is required, incorporating this determination as part of the final by-law or associated resolution. It is noted that Council's decision, once made, is final and not subject to review by a Court or the O.M.B.).

8.1.3 Other Consultation Activity

There are three broad groupings of the public who are generally the most concerned with municipal development charge policy:

1. The first grouping is the residential development community, consisting of land developers and builders, who are typically responsible for generating the majority of the development charge revenues. Others, such as realtors, are directly impacted by development charge policy. They are, therefore, potentially interested in all aspects of the charge, particularly the quantum by unit type,

projects to be funded by the D.C. and the timing thereof, and Municipality policy with respect to development agreements, D.C. credits and front-ending requirements.

2. The second public grouping embraces the public at large and includes taxpayer coalition groups and others interested in public policy.
3. The third grouping is the industrial/commercial/institutional development sector, consisting of land developers and major owners or organizations with significant construction plans, such as hotels, entertainment complexes, shopping centres, offices, industrial buildings and institutions. Also involved are organizations such as Industry Associations, the Chamber of Commerce, the Board of Trade and the Economic Development Agencies, who are all potentially interested in Municipality's development charge policy. Their primary concern is frequently with the quantum of the charge, gross floor area exclusions such as basements, mechanical or indoor parking areas, or exemptions and phase-in or capping provisions in order to moderate the impact.

8.2 Anticipated Impact of the Charge on Development

The establishment of sound development charge policy often requires the achievement of an acceptable balance between two competing realities. The first is that high non-residential development charges can, to some degree, represent a barrier to increased economic activity and sustained industrial/commercial growth, particularly for capital intensive uses. Also, in many cases, increased residential development charges can ultimately be expected to be recovered via higher housing prices and can impact project feasibility in some cases (e.g. rental apartments).

On the other hand, development charges or other Municipality capital funding sources need to be obtained in order to help ensure that the necessary infrastructure and amenities are installed. The timely installation of such works is a key initiative in providing adequate service levels and in facilitating strong economic growth, investment and wealth generation.

8.3 Implementation Requirements

8.3.1 Introduction

Once the Municipality has calculated the charge, prepared the complete background study, carried out the public process and passed a new by-law, the emphasis shifts to implementation matters.

These include notices, potential appeals and complaints, credits, front-ending agreements, subdivision agreement conditions and finally the collection of revenues and funding of projects.

The sections which follow overview the requirements in each case.

8.3.2 Notice of Passage

In accordance with s.13 of the D.C.A., when a D.C. by-law is passed, the Municipality clerk shall give written notice of the passing and of the last day for appealing the by-law (the day that is 40 days after the day it was passed). Such notice must be given no later than 20 days after the day the by-law is passed (i.e. as of the day of newspaper publication or the mailing of the notice).

Section 10 of O.Reg. 82/98 further defines the notice requirements which are summarized as follows:

- notice may be given by publication in a newspaper which is (in the Clerk's opinion) of sufficient circulation to give the public reasonable notice, or by personal service, fax or mail to every owner of land in the area to which the by-law relates;
- s.s.10(4) lists the persons/organizations who must be given notice; and;
- s.s.10(5) lists the eight items which the notice must cover.

8.3.3 By-law Pamphlet

In addition to the "notice" information, the Municipality must prepare a "pamphlet" explaining each development charge by-law in force, setting out:

- a description of the general purpose of the development charges;
- the "rules" for determining if a charge is payable in a particular case and for determining the amount of the charge;
- the services to which the development charges relate; and
- a general description of the general purpose of the Treasurer's statement and where it may be received by the public.

Where a by-law is not appealed to the O.M.B., the pamphlet must be readied within 60 days after the by-law comes into force. Later dates apply to appealed by-laws.

The Municipality must give one copy of the most recent pamphlet without charge, to any person who requests one.

8.3.4 Appeals

Sections 13 to 19 of the D.C.A. set out the requirements relative to making and processing a D.C. by-law appeal and O.M.B. Hearing in response to an appeal. Any person or organization may appeal a D.C. by-law to the O.M.B. by filing a notice of appeal with the Municipal clerk, setting out the objection to the by-law and the reasons supporting the objection. This must be done by the last day for appealing the by-law, which is 40 days after the by-law is passed.

The Municipality is carrying out a public consultation process, in order to address the issues which, come forward as part of that process, thereby avoiding or reducing the need for an appeal to be made.

8.3.5 Complaints

A person required to pay a development charge, or his agent, may complain to the Municipality Council imposing the charge that:

- the amount of the charge was incorrectly determined;
- the reduction to be used against the development charge was incorrectly determined; or
- there was an error in the application of the development charge.

Sections 20 to 25 of the D.C.A. set out the requirements that exist, including the fact that a complaint may not be made later than 90 days after a D.C. (or any part of it) is payable. A complainant may appeal the decision of City Council to the O.M.B.

8.3.6 Credits

Sections 38 to 41 of the D.C.A. set out a number of credit requirements, which apply where a municipality agrees to allow a person to perform work in the future that relates to a service in the D.C. by-law.

These credits would be used to reduce the amount of development charges to be paid. The value of the credit is limited to the reasonable cost of the work which does not exceed the average level of service. The credit applies only to the service to which the work relates, unless the Municipality agrees to expand the credit to other services for which a development charge is payable.

8.3.7 Front-Ending Agreements

The Municipality and one or more landowners may enter into a front-ending agreement which provides for the costs of a project which will benefit an area in the Municipality to which the D.C. by-law applies. Such an agreement can provide for the costs to be borne by one or more parties to the agreement who are, in turn, reimbursed in future by persons who develop land defined in the agreement.

Part III of the D.C.A. (Sections 44 to 58) addresses front-ending agreements and removes some of the obstacles to their use which were contained in the D.C.A., 1989. Accordingly, the Municipality assesses whether this mechanism is appropriate for its use, as part of funding projects prior to Municipality funds being available.

8.3.8 Severance and Subdivision Agreement Conditions

Section 59 of the D.C.A. prevents a Municipality from imposing directly or indirectly, a charge related to development or a requirement to construct a service related to development, by way of a condition or agreement under s.51 or s.53 of the *Planning Act*, except for:

- “local services, related to a plan of subdivision or within the area to which the plan relates, to be installed or paid for by the owner as a condition of approval under section 51 of the *Planning Act*,” and
- “local services to be installed or paid for by the owner as a condition of approval under section 53 of the *Planning Act*.”

It is also noted that s.s.59(4) of the D.C.A. requires that the municipal approval authority for a draft plan of subdivision under s.s.51(31) of the *Planning Act*, use its power to impose conditions to ensure that the first purchaser of newly subdivided land is informed of all the development charges related to the development, at the time the land is transferred.

In this regard, if the municipality in question is a commenting agency, in order to comply with subsection 59(4) of the D.C.A. it would need to provide to the approval authority, information regarding the applicable Municipality development charges related to the site.

If the municipality is an approval authority for the purposes of section 51 of the *Planning Act*, it would be responsible to ensure that it collects information from all entities which can impose a development charge.

The most effective way to ensure that purchasers are aware of this condition would be to require it as a provision in a registered subdivision agreement, so that any purchaser of the property would be aware of the charges at the time the title was searched prior to closing a transaction conveying the lands.

Appendix A – Background Information on Persons Per Unit Data

**Municipality Of North Middlesex
Persons Per Unit By Age And Type Of Dwelling
(2016 Census)**

Age of Dwelling	Singles and Semi-Detached						20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	-	-	-	3.500	
6-10	-	-	-	3.000	-	3.286	
11-15	-	-	-	3.182	-	3.308	
16-20	-	-	-	2.333	-	2.938	3.26
20-25	-	-	-	2.423	-	2.714	
25-35	-	-	-	2.821	-	2.647	
35+	-	-	1.657	2.658	3.412	2.605	
Total	-	-	1.617	2.696	3.571	2.696	

Age of Dwelling	Multiples ²						15 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	-	-	-	-	
6-10	-	-	-	-	-	-	
11-15	-	-	-	-	-	-	
16-20	-	-	-	-	-	-	
20-25	-	-	-	-	-	-	
25-35	-	-	-	-	-	-	
35+	-	-	-	-	-	-	
Total	-	-	-	-	-	-	

Age of Dwelling	Apartments ³						15 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	-	-	-	-	
6-10	-	-	-	-	-	-	
11-15	-	-	-	-	-	-	
16-20	-	-	-	-	-	-	
20-25	-	-	-	-	-	-	
25-35	-	-	-	-	-	-	
35+	-	-	-	-	-	1.636	
Total	-	0.833	-	-	-	1.423	

Age of Dwelling	All Density Types					
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total
1-5	-	-	-	3.091	-	2.929
6-10	-	-	-	-	-	3.357
11-15	-	-	-	3.091	-	3.308
16-20	-	-	-	2.625	-	2.684
20-25	-	-	-	2.520	-	2.613
25-35	-	-	-	2.821	-	2.500
35+	-	-	1.548	2.637	3.485	2.571
Total	-	1.059	1.603	2.693	3.583	2.624

1. Includes townhomes and apartments in duplexes.

2. Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

Note: Does not include Statistics Canada data classified as 'Other'

PPU Not calculated for samples less than or equal to 50 dwelling units, and does not include institutional population

Middlesex County
Persons Per Unit By Age And Type Of Dwelling
(2016 Census)

Age of Dwelling	Singles and Semi-Detached						20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	1.918	3.083	4.343	3.094	
6-10	-	-	1.960	3.208	4.458	3.256	
11-15	-	-	1.794	3.150	4.295	3.125	
16-20	-	-	1.867	2.999	3.857	2.969	3.11
20-25	-	-	1.963	2.866	3.623	2.884	
25-35	-	-	1.873	2.806	3.469	2.830	
35+	-	1.437	1.792	2.574	3.360	2.484	
Total	-	1.457	1.813	2.759	3.669	2.703	

Age of Dwelling	Multiples ²						20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	-	1.810	2.481	-	2.308	
6-10	-	-	1.725	2.324	-	2.124	
11-15	-	1.333	1.688	2.401	-	2.081	
16-20	-	-	1.690	2.575	-	2.296	2.20
20-25	-	-	1.813	2.725	3.364	2.491	
25-35	-	1.571	1.982	2.778	2.933	2.601	
35+	-	1.313	1.846	2.717	2.952	2.370	
Total	-	1.328	1.827	2.666	3.124	2.383	

Age of Dwelling	Apartments ³						20 Year Average
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total	
1-5	-	1.329	1.940	2.914	-	1.721	
6-10	-	1.299	1.944	2.609	-	1.686	
11-15	-	1.331	1.977	2.118	-	1.733	
16-20	-	1.227	2.118	3.000	-	1.837	1.74
20-25	-	1.193	1.875	3.125	-	1.687	
25-35	0.778	1.221	1.877	2.678	-	1.635	
35+	1.077	1.175	1.898	2.641	2.240	1.582	
Total	1.060	1.206	1.914	2.685	2.074	1.630	

Age of Dwelling	All Density Types					
	< 1 BR	1 BR	2 BR	3/4 BR	5+ BR	Total
1-5	-	1.350	1.928	2.980	4.373	2.602
6-10	-	1.301	1.908	3.081	4.393	2.716
11-15	-	1.331	1.857	3.048	4.227	2.722
16-20	-	1.245	1.963	2.911	3.821	2.567
20-25	-	1.215	1.863	2.828	3.579	2.433
25-35	1.000	1.229	1.895	2.794	3.498	2.402
35+	1.115	1.201	1.851	2.594	3.296	2.217
Total	1.152	1.225	1.871	2.742	3.620	2.360

1. Includes townhomes and apartments in duplexes.

2. Includes bachelor, 1 bedroom and 2 bedroom+ apartments.

Note: Does not include Statistics Canada data classified as 'Other'

PPU Not calculated for samples less than or equal to 50 dwelling units, and does not include institutional population

Appendix B – Asset Management and Long-Term Capital and Operating Cost Examination

B-1 Asset Management

The recent changes to the D.C.A. (new subsection 10(c.2)) require that the Background Study must include an asset management plan related to new infrastructure.

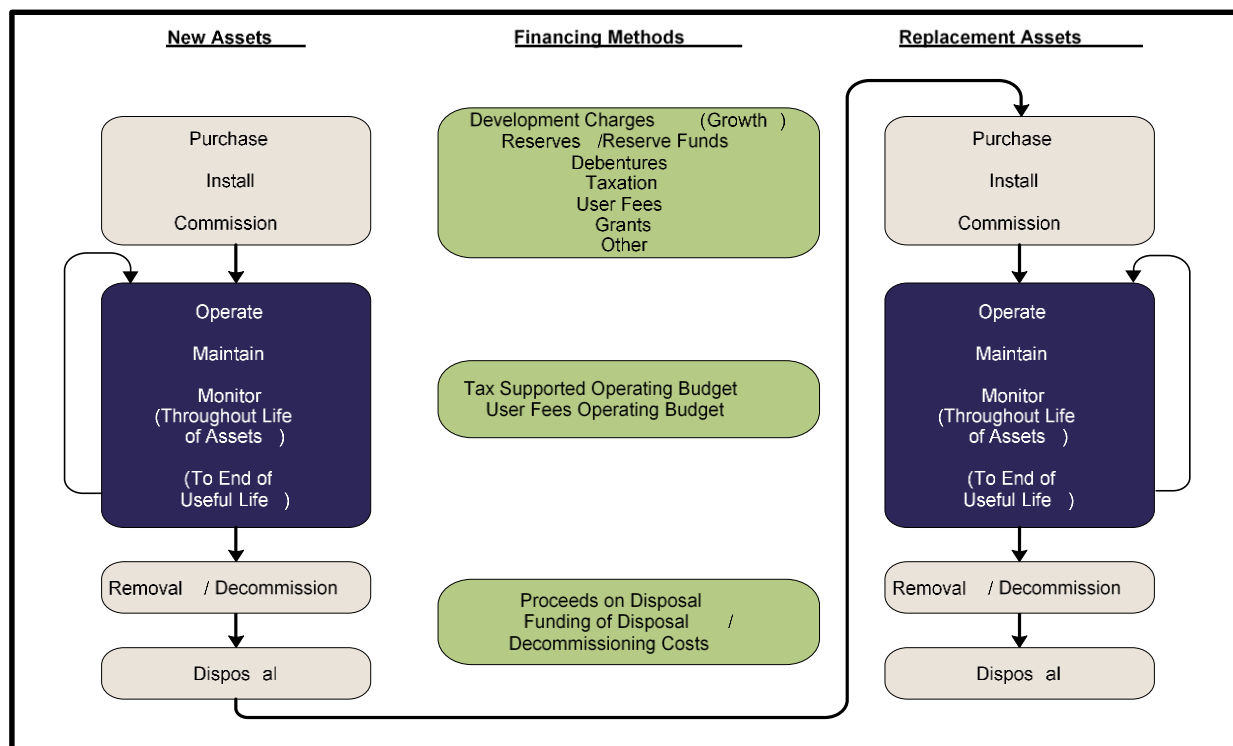
Subsection 10(3) of the D.C.A. provides:

The asset management plan shall,

- (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;**
- (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;**
- (c) contain any other information that is prescribed; and**
- (d) be prepared in the prescribed manner.**

In regard to the above, section 8 of the Regulations was amended to include subsections (2), (3) and (4) which set out for specific detailed requirements for transit (only). For all services except transit, there are no prescribed requirements at this time thus requiring the municipality to define the approach to include within the Background Study.

At a broad level, the Asset Management Plan provides for the long-term investment in an asset over its entire useful life along with the funding. The schematic below identifies the costs for an asset through its entire lifecycle. For growth related works, the majority of capital costs will be funded by the D.C. Non-growth-related expenditures will then be funded from non-D.C. revenues as noted below. During the useful life of the asset, there will be minor maintenance costs to extend the life of the asset along with additional program related expenditures to provide the full services to the residents. At the end of the life of the asset, it will be replaced by non-D.C. financing sources.



In 2012, the Province developed Building Together: Guide for municipal asset management plans which outlines the key elements for an asset management plan (A.M.P.), as follows:

State of local infrastructure: asset types, quantities, age, condition, financial accounting valuation and replacement cost valuation.

Desired levels of service: defines levels of service through performance measures and discusses any external trends or issues that may affect expected levels of service or the municipality's ability to meet them (for example, new accessibility standards, climate change impacts).

Asset management strategy: the asset management strategy is the set of planned actions that will seek to generate the desired levels of service in a sustainable way, while managing risk, at the lowest lifecycle cost.

Financing strategy: having a financial plan is critical for putting an A.M.P. into action. By having a strong financial plan, municipalities can also demonstrate that they have made a concerted effort to integrate the A.M.P. with financial planning and municipal budgeting, and are making full use of all available infrastructure financing tools.

Commensurate with the above, the Municipality prepared a Comprehensive Asset Management Plan in 2016 for its existing water, wastewater, stormwater, roads, bridges

& culverts, facilities, land improvements, vehicles, and equipment assets. As the asset management plan dealt with the existing assets however, had not identified the impacts of the growth-related infrastructure that is still to be put in place, as such, the requirement for the D.C. must be undertaken in the absence of this information.

In recognition to the schematic above, the following table has been developed to provide the annualized expenditures and revenues associated with new growth. Note that the D.C.A. does not require an analysis of the non-D.C. capital needs or their associated operating costs so these are omitted from the table below. As well, all existing assets for the categories of assets included in the D.C. eligible capital costs are included in the Municipality's 2016 Comprehensive Asset Management Plan, which provides the long-term approach to addressing the existing assets. Hence the following does not represent a fiscal impact assessment (including future tax/rate increases) but provides insight into the potential affordability of the new assets:

1. The non-D.C. recoverable portion of the projects which will require financing from Municipality financial resources (i.e. taxation, rates, fees, etc.). This amount has been presented on an annual debt charge amount based on 20-year financing.
2. Lifecycle costs for the 2018 D.C. capital works have been presented based on a sinking fund basis. The assets have been considered over their estimated useful lives.
3. The resultant total annualized expenditures are approximately \$2.36 million.
4. Consideration was given to the potential new taxation and user fee revenues which will be generated as a result of new growth. These revenues will be available to finance the expenditures above. The new operating revenues over time will be \$1.99 million. This amount, totalled with the existing operating revenues of \$12.76 million, provide annual revenues of \$14.75 million by the end of the period.
5. In consideration of the above, the capital plan is deemed to be financially sustainable.

Table B-1
Municipality of North Middlesex
Asset Management – Future Expenditures and Associated Revenues

	Sub-Total	Buildout (Total)
Expenditures (Annualized)		
Annual Debt Payment on Non-Growth Related Capital ¹ (2019 DC)		345,095
Lifecycle:		
Annual Lifecycle - Area Specific Services ¹	\$539,784	
Sub-Total - Annual Lifecycle	\$539,784	\$539,784
Incremental Operating Costs (for D.C. Services)		\$1,476,277
Total Expenditures		\$2,361,156
Revenue (Annualized)		
Total Existing Revenue ²		\$12,755,186
Incremental Tax and Non-Tax Revenue (User Fees, Fines, Licences, etc.)		\$1,990,842
Total Revenues		\$14,746,028

¹ All infrastructure costs included in Area Specific by-laws have been included

² As per Sch. 10 of FIR

B-2 Long-Term Capital and Operating Cost Examination

As a requirement of the D.C.A. s.10(2)(c), an examination for each service to which the development charge by-law would relate, of the long-term capital and operating costs for capital infrastructure required for the service.” The D.C.A. s.10(2)(c.2) also requires an asset management plan be prepared. As prepared in Appendix B-1.

As part of this analysis, it was deemed necessary to isolate the incremental operating expenditures directly associated with these capital projects, factor in cost saving attributable to economies of scale or cost sharing where applicable, and prorate the cost on a per unit basis (i.e. sq.ft. of building space, per vehicle, etc.). This was undertaken through a review of the Municipality’s approved 2015 F.I.R.

In addition to the operational impacts, over time the initial capital projects will require replacement. This replacement of capital is often referred to as lifecycle cost. By

definition, lifecycle costs are all the costs which are incurred during the life of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The method selected for life cycle costing is the sinking fund method which provides that money will be contributed annually and invested, so that those funds will grow over time to equal the amount required for future replacement. The following factors were utilized to calculate the annual replacement cost of the capital projects (annual contribution = factor X capital asset cost) and are based on an annual growth rate of 2% (net of inflation) over the average useful life of the asset:

Asset Class	Factor	Term
Roads	0.02000	35
Stormwater	0.00586	75
Water	0.00320	100
Wastewater	0.00320	100

Table B-2 depicts the annual operating impact resulting from the proposed gross capital projects at the time they are all in place. It is important to note that, while Municipality program expenditures will increase with growth in population, the costs associated with the new infrastructure (i.e. facilities) would be delayed until the time these works are in place.

Table B-2
Municipality of North Middlesex
Operating and Capital Expenditure Impacts
For Future Capital Expenditures

SERVICE	GROSS COST LESS BENEFIT TO EXISTING	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
1. Services Related to a Highway				
1.1 Roads	1,117,230	62,888	820,209	883,097
2. Water Services				
2.1 Treatment, storage and distribution systems	618,000	38,038	423,293	461,331
3. Wastewater Services				
3.1 Treatment plants & Sewers	6,647,668	409,178	230,770	639,948
4. Stormwater Drainage and Control Services				
4.1 Channels, drainage and ponds	552,200	29,680	13,768	43,448
Total	8,935,098	539,784	1,488,040	2,027,824

Appendix C – Development Charge Reserve Fund Policy

Appendix C – Development Charge Reserve Fund Policy

C.1 Legislative Requirements

The D.C.A. requires development charge collections (and associated interest) to be placed in separate reserve funds. Sections 33 through 36 of the Act provide the following regarding reserve fund establishment and use:

- a municipality shall establish a reserve fund for each service to which the D.C. by-law relates; s.7(1), however, allows services to be grouped into categories of services for reserve fund (and credit) purposes, although only 100% eligible and 90% eligible services may be combined (minimum of two reserve funds);
- the municipality shall pay each development charge it collects into a reserve fund or funds to which the charge relates;
- the money in a reserve fund shall be spent only for the “capital costs” determined through the legislated calculation process (as per s.5(1) 2-8);
- money may be borrowed from the fund but must be paid back with interest (O.Reg. 82/98, s.11(1) defines this as the Bank of Canada rate either on the day the by-law comes into force or, if specified in the by-law, the first business day of each quarter); and
- D.C. reserve funds may not be consolidated with other municipal reserve funds for investment purposes (s.37).

Annually, the Treasurer of the Municipality is required to provide Council with a financial statement related to the D.C. by-law(s) and reserve funds. This statement must also be forwarded to the Minister of Municipal Affairs and Housing upon request.

O.Reg. 82/98 prescribes the information that must be included in the Treasurer’s statement, as follows:

- opening balance;
- closing balance;
- description of each service and/or service category for which the reserve fund was established;
- transactions for the year (e.g. collections, draws);
- list of credits by service or service category (outstanding at beginning of the year, given in the year and outstanding at the end of the year by holder);

- amounts borrowed, purpose of the borrowing and interest accrued during previous year;
- amount and source of money used by the Municipality to repay municipal obligations to the fund;
- schedule identifying the value of credits recognized by the Municipality, the service to which it applies and the source of funding used to finance the credit; and
- for each draw, the amount spent on the project from the D.C. reserve fund and the amount and source of any other monies spent on the project.

Based upon the above, Figure C-1 sets out an example of the format for which annual reporting to Council could be provided.

C.2 D.C. Reserve Fund Application

Section 35 of the D.C.A. states that:

“The money in a reserve fund established for a service may be spent only for capital costs determined under paragraphs 2 to 8 of subsection 5(1).”

This provision clearly establishes that reserve funds collected for a specific service are only to be used for that service.

Figure C-1
Municipality of North Middlesex
Annual Treasurer's Statement of Development Charge Reserve Funds

Description	Services to which the Development Charge Relates							Total
	Ailsa Craig, Nairn, and Petty Area			Parkhill Area				
	Roads	Water Services	Wastewater Services	Roads	Water Services	Wastewater Services	Stormwater Services	
Opening Balance, January 1, _____								0
Plus:								
Development Charge Collections								0
Accrued Interest								0
Repayment of Monies Borrowed from Fund and Associated Interest ¹								0
Sub-Total	0	0	0	0	0	0	0	0
Less:								
Amount Transferred to Capital (or Other) Funds ²								0
Amounts Refunded								0
Amounts Loaned to Other D.C. Service Category for Interim Financing								0
Credits ³								0
Sub-Total	0	0	0	0	0	0	0	0
Closing Balance, December 31, _____	0	0	0	0	0	0	0	0

¹ Source of funds used to repay the D.C. reserve fund

² See Attachment 1 for details

³ See Attachment 2 for details

The Municipality is compliant with s.s. 59.1 (1) of the *Development Charges Act*, whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the *Development Charges Act* or another Act.

**Attachment 1-A
Municipality of North Middlesex
Amount Transferred to Capital (or Other) Funds – Capital Fund Transactions**

Capital Fund Transactions	Gross Capital Cost	D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period		Post D.C. Forecast Period			Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
<u>Roads</u>											
Capital Cost A											
Capital Cost B											
Capital Cost C											
Sub-Total - Services Related to Highways	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Water Services</u>											
Capital Cost D											
Capital Cost E											
Capital Cost F											
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Wastewater Services</u>											
Capital Cost G											
Capital Cost H											
Capital Cost I											
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Attachment 1-B
Municipality of North Middlesex
Amount Transferred to Operating (or Other) Funds – Operating Fund Transactions**

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. Forecast Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
<u>Roads</u>									
Capital Cost J									
Capital Cost K									
Capital Cost L									
Sub-Total - Services Related to Highways	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
<u>Water Services</u>									
Capital Cost M									
Capital Cost N									
Capital Cost O									
Sub-Total - Water	\$0	\$0	\$0	\$0	\$0		\$0	\$0	
<u>Wastewater Services</u>									
Capital Cost P									
Capital Cost Q									
Capital Cost R									
Sub-Total - Wastewater	\$0	\$0	\$0	\$0	\$0		\$0	\$0	

**Attachment 2
Municipality of North Middlesex
Statement of Credit Holder Transactions**

Credit Holder	Applicable D.C. Reserve Fund	Credit Balance Outstanding Beginning of Year _____	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year _____
Credit Holder A					
Credit Holder B					
Credit Holder C					
Credit Holder D					
Credit Holder E					
Credit Holder F					

Appendix D – Proposed Development Charge By-law

The Corporation of the Municipality of North Middlesex
By-law Number 2018-_____
Being a By-law for the Imposition of Development Charges

WHEREAS the Municipality of North Middlesex will experience growth through development and re-development;

AND WHEREAS development and re-development require the provision of physical and social services by the Municipality of North Middlesex;

AND WHEREAS Council desires to ensure that the capital cost of meeting growth-related demands for, or burdens on, municipal services does not place an excessive financial burden on the Municipality of North Middlesex or its existing taxpayers, while at the same time ensuring new taxpayers contribute no more than the net capital cost attributable to providing the current level of municipal services;

AND WHEREAS subsection 2(1) of the *Development Charges Act, 1997 c. 27* (hereinafter called “the Act”) provides that the Council the Municipality of North Middlesex may impose development charges against land to pay for increased capital costs required because of increased needs for services;

AND WHEREAS the Council of The Corporation of the Municipality of North Middlesex has given Notice on January XX, 2018 according to section 12 of the *Development Charges Act, 1997*, of its intention to pass a by-law under section 2 of the said Act;

AND WHEREAS the Council of the Municipality of North Middlesex has heard all persons who applied to be heard no matter whether in objection to, or in support of, the development charge proposal at a public meeting held on February 21, 2018;

AND WHEREAS the Council of the Municipality of North Middlesex had before it a report entitled 2018 Development Charge Background Study dated January 16, 2018 prepared by Watson & Associates Economists Ltd., wherein it is indicated that the development of any land within the Municipality will increase the need for services as defined herein;

AND WHEREAS the Council of the Municipality of North Middlesex on March 21, 2018 approved the applicable Development Charge Background Study, as amended, inclusive of the capital forecast therein, in which certain recommendations were made relating to the establishment of a development charge policy for the Municipality of North Middlesex pursuant to the *Development Charges Act, 1997*;

AND WHEREAS the Council of the Municipality of North Middlesex on March 21, 2018 determined that no additional public meeting was required to be held as part of the approval process.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE MUNICIPALITY OF NORTH MIDDLESEX ENACTS AS FOLLOWS:

1. Interpretation

1.1 In this by-law, the following items shall have corresponding meanings:

“accessory” means a building that is normally incidental, subordinate and exclusively devoted to a main building that is located on the same lot therewith and includes a private garage that is not attached to the main building in any way and does not include a fence or a sign.

“Act” means the *Development Charges Act, 1997*, as amended, or any successor thereof;

“agreement” shall mean a contract between the municipality and an owner of land and any amendment thereto;

"Agricultural Use" means the cultivation of land, the production of crops and the selling of such product on the premises, and the breeding and care of livestock and the selling of such livestock or the product of such livestock raised on the premises, and without limiting the generality of the foregoing includes aviaries, apiaries, fish farming, animal husbandry, and the raising and harvesting of field, bush, or tree crops, market gardening, nurseries and greenhouses. However, "agricultural use" does not include facilities for the permanent or temporary housing of persons employed on the lot;

“apartment unit” means any residential unit within a building containing more than four dwelling units where the units are connected by an interior corridor;

“bedroom” means a habitable room which can be used as sleeping quarters, but does not include a bathroom, living room, dining room or kitchen;

“board of education” has the same meaning as set out in the *Education Act*, R.S.O. 19990, Chap. E.2, as amended, or any successor thereof;

“Building Code Act” means the *Building Code Act*, S.O. 1992, as amended, or any successor thereof;

“capital cost” means costs incurred or proposed to be incurred by the municipality, or a local board thereof, directly or under an agreement, required for the provision of services designated in this by-law within or outside of the municipality;

- (a) to acquire land or an interest in land, including a leasehold interest,
- (b) to improve land,
- (c) to acquire, lease, construct or improve buildings and structures,
- (d) to acquire, construct or improve facilities including,
 - i. furniture and equipment other than computer equipment, and
 - ii. material acquired for circulation, reference or information purposes by a library board as defined in the Public Libraries Act, R.S.O. 1990, Chap. P.44, as amended, or any successor thereof; and
 - iii. rolling stock with an estimated useful life of seven years or more, and
- (e) to undertake studies in connection with any matter under the Act and any of the matters in clauses (a) to (d) above, including the development charge background study required for the provision of services designated in this by-law within or outside the municipality, including interest on borrowing for those expenditures under clauses (a) to (e) above that are growth-related;

“commercial” means any use of land, structures or buildings for the purposes of buying or selling commodities and services, but does not include industrial or agricultural uses, but does include hotels, motels, motor inns and boarding, lodging and rooming houses;

“Council” means the Council of the Corporation of the Municipality of North Middlesex;

“development” means the construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that the effect of increasing the size of usability thereof, and includes redevelopment;

“development charge” means a charge imposed with respect to this by-law;

“dwelling unit” means any part of a building or structure used, designed or intended to be used as a domestic establishment in which one or more persons may sleep and are provided with culinary and sanitary facilities for their exclusive use;

“Existing” means the number, use and size that existed as of the date this by-law was passed;

“gross floor area” means:

- (a) in the case of a residential building or structure, the total area of all floors above grade of a dwelling unit measured between the outside surfaces of exterior walls or between the outside surfaces of exterior walls and the centre line of party walls dividing the dwelling unit from any other dwelling unit or other portion of a building; and
- (b) in the case of a non-residential building or structure, or in the case of a mixed-use building or structure in respect of the non-residential portion thereof, the total area of all building floors above or below grade measured between the outside surfaces of the exterior walls, or between the outside surfaces of exterior walls and the centre line of party walls dividing a non-residential use and a residential use, except for:
 - i. a room or enclosed area within the building or structure above or below that is used exclusively for the accommodation of heating, cooling, ventilating, electrical, mechanical or telecommunications equipment that service the building;
 - ii. loading facilities above or below grade; and
 - iii. a part of the building or structure below grade that is used for the parking of motor vehicles or for storage or other accessory use;

“farm building” means that part of a bona fide farm operation encompassing barns, silos, and other ancillary development to an agricultural use, but excluding a residential use;

“industrial” means lands, buildings or structures used or designed or intended for use for manufacturing, processing, fabricating or assembly of raw goods, warehousing or bulk storage of goods, and includes office uses and the sale of

commodities to the general public where such uses are accessory to an industrial use, but does not include the sale of commodities to the general public through a warehouse club;

“Institutional” means land, buildings, structures or any part thereof used by any organization, group or association for promotion of charitable, educational or benevolent objectives and not for profit or gain;

“Local Board” means a school board, public utility, commission, transportation commission, public library board, board of park management, local board of health, board of commissioners of police, planning board, or any other board, commission, committee, body or local authority established or exercising any power or authority under any general or special Act with respect to any of the affairs or purposes, including school purposes, of the Municipality of North Middlesex or any part or parts thereof;

“local services” means those services, facilities or things which are under the jurisdiction of the municipality and are related to a plan of subdivision or within the area to which the plan relates in respect of the lands under Sections 41, 51 or 53 of the *Planning Act*, R.S.O. 1990, Chap. P.13, as amended, or any successor thereof;

“mixed use building” means a building that is used and/or designated to be used for both residential and non-residential purposes;

“multiple dwellings” means all dwellings other than single-detached, semi-detached and apartment unit dwellings;

“municipality” means the Corporation of the Municipality of North Middlesex;

“net capital cost” shall mean the capital cost, less capital grants, subsidies and other contributions made to the municipality or that the Council anticipates will be made, including conveyances or payments under Sections 42, 51 and 53 of the *Planning Act*, in respect of the capital cost;

“non-residential use” means a building or structure of any kind whatsoever used, designed or intended to be used for other than a residential use;

“Official Plan” means the Official Plan adopted for the Municipality, as amended and approved;

“owner” means the owner of land or a person who has made application for an approval for the development of land upon which a development charge is imposed’

“rate” means the interest rate established weekly by the Bank of Canada based on Treasury Bills having a term of 91 days;

“regulation” means any regulation made pursuant to the Act;

“Residential Dwelling” means a building, occupied or capable of being occupied as a home, residence or sleeping place by one or more persons, containing one or more Dwelling Units but not including motels, hotels, tents, truck campers, tourist trailers, mobile camper trailers or boarding, lodging or rooming houses;

“residential use” means the use of a building or structure or portion thereof for one or more Dwelling Units. This also includes a Dwelling Unit on land that is used for an Agricultural Use;

“row dwelling” means a building containing three or more attached dwelling units in a single row, each of which dwelling units has an independent entrance from the outside and is vertically separated from any abutting dwelling unit;

“semi-detached dwelling” means a building divided vertically into two dwelling units each of which has a separate entrance and access to grade;

“service” means a service designed in Schedule “A” to this by-law, and “services” shall have a corresponding meaning;

“servicing agreement” means an agreement between a landowner and the municipality relative to the provision of municipal services to specified land within the municipality;

“single detached dwelling unit” means a residential building consisting of one dwelling unit and not attached to another structure;

“Zoning By-law” means the Zoning By-law of the Municipality of North Middlesex, or any successor thereof passed pursuant to section 34 of the *Planning Act*, S.O. 1998.

2. Designation of Services

2.1 The categories of services for which development charges are imposed under this by-law are as follows:

- Road Services
- Water Services
- Wastewater
- Stormwater

2.2 The components of the services designated in subsection 2.1 are described in Schedule A.

3. Application of By-law Rules

3.1 Development charges shall be payable in the amounts set out in this by-law where:

- (a) the lands are located in the area described in subsection 3.2; and
- (b) the development of the lands requires any of the approvals set out in subsection 3.4(a).

Area to Which By-law Applies

3.2 Subject to subsection 3.3, this by-law applies to all lands within the Parkhill, Ailsa Craig and Nairn and Petty service areas, whether or not the land or use thereof is exempt from taxation under s. 13 or the *Assessment Act*.

3.3 Notwithstanding clause 3.2 above, this by-law shall not apply to lands that are owned by and used for the purposes of:

- (a) the municipality or a local board thereof;
- (b) a board of education; or
- (c) the Corporation of the County of Middlesex or a local board thereof.

Approvals for Development

3.4 (a) Development charges shall be imposed on all lands, buildings or structures that are developed for residential or non-residential uses if the development requires:

- i. the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
 - ii. the approval of a minor variance under section 45 of the *Planning Act*;
 - iii. a conveyance of land to which a by-law passed under subsection 50(7) of the *Planning Act* applies;
 - iv. the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - v. a consent under section 53 of the *Planning Act*;
 - vi. the approval of a description under section 50 of the *Condominium Act*, R.S.O. 1990, Chap. C.26, as amended, or any successor thereof; or
 - vii. the issuing of a permit under the *Building Code Act* in relation to a building or structure.
- (b) No more than one development charge for each service designated in subsection 2.1 shall be imposed upon any lands, buildings or structures to which this by-law applies even though two or more of the actions described in subsection 3.4(a) are required before the lands, buildings or structures can be developed.
- (c) Despite subsection 3.4(b), if two or more of the actions described in subsection 3.4(a) occur at different times, additional development charges shall be imposed if the subsequent action has the effect of increasing the need for services.

Exemptions

- 3.5 Notwithstanding the provisions of this by-law, development charges shall not be imposed with respect to:
- (a) an enlargement to an existing dwelling unit;
 - (b) one or two additional dwelling units in an existing single detached dwelling; or
 - (c) one additional dwelling unit in any other existing residential building.

- 3.6 Notwithstanding subsection 3.5(b), development charges shall be imposed if the total gross floor area of the additional one or two units exceeds the gross floor area of the existing dwelling unit.
- 3.7 Notwithstanding subsection 3.5, development charges shall be imposed if the additional unit has a gross floor area greater than
- i. in the case of a semi-detached or row dwelling, the gross floor area of the existing dwelling unit; and
 - ii. in the case of any other residential building, the gross floor area of the smallest dwelling unit contained in the residential building.
- 3.8 Exemption for Industrial Development:
- (a) Notwithstanding any other provision of this by-law, no development charge is payable with respect to an enlargement of the gross floor area of an existing industrial building where the gross floor area is enlarged by 50 percent or less.
 - (b) If the gross floor area of an existing industrial building is enlarged by greater than 50 percent, the amount of the development charge payable in respect of the enlargement is the amount of the development charge that would otherwise be payable multiplied by the fraction determined as follows:
 - i. determine the amount by which the enlargement exceeds 50 percent of the gross floor area before the enlargement;
 - ii. divide the amount determined under subsection (i) by the amount of the enlargement
- 3.9 For the purpose of subsection 3.8 herein, “existing industrial building” is used as defined in the Regulation made pursuant to the Act.

Amount of Charges

Residential

- 3.10 The development charges set out in Schedule B and C shall be imposed on residential uses of lands, buildings or structures, including a dwelling unit accessory to a non-residential use and, in the case of a mixed-use building or

structure, on the residential uses in the mixed-use building or structure, according to the type of residential unit, and calculated with respect to each of the services according to the type of residential use.

- 3.11 For vacant lots within the Ailsa Craig, Nairn and Petty area which have paid a capital charge for sanitary services under the *Development Charges Act, 1997* or *Municipal Act*, no further development charges for this service are payable.

Non-Residential

- 3.12 The development charges described in Schedule B and Schedule C to this by-law shall be imposed on non-residential uses of lands, buildings or structures, and, in the case of a mixed-use building or structure, on the non-residential uses in the mixed-use building or structure, and calculated with respect to each of the services according to the total floor area of the non-residential use.

Reduction of Development Charges for Redevelopment

- 3.13 Despite any other provisions of this by-law, where, as a result of the redevelopment of land, a building or structure existing on the same land within 5 years prior to the date of payment of development charges in regard to such redevelopment was, or is to be demolished, in whole or in part, or converted from one principal use to another principal use on the same land, in order to facilitate the redevelopment, the development charges otherwise payable with respect to such redevelopment shall be reduced by the following amounts:

(a) in the case of a residential building or structure, or in the case of a mixed-use building or structure, the residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charge under subsection 3.10 by the number, according to type, of dwelling units that have been or will be demolished or converted to another principal use; and

(b) in the case of a non-residential building or structure or, in the case of mixed-use building or structure, the non-residential uses in the mixed-use building or structure, an amount calculated by multiplying the applicable development charges under subsection 3.12, by the gross floor area that has been or will be demolished or converted to another principal use;

provided that such amounts shall not exceed, in total, the amount of the development charges otherwise payable with respect to the redevelopment.

Time of Payment of Development Charges

- 3.14 Development charges imposed under this by-law are calculated, payable, and collected upon issuance of a building permit for the development.
- 3.15 Despite subsection 3.14, Council from time to time, and at any time, may enter into agreements providing for all or any part of a development charge to be paid before or after it would otherwise be payable, in accordance with section 27 of the Act.

4. Payment by Services

- 4.1 Despite the payment required under subsections 3.10 and 3.12, Council may, by agreement, give a credit towards a development charge in exchange for work that relates to a service to which a development charge relates under this by-law.

5. Indexing

- 5.1 Development charges imposed pursuant to this by-law may be adjusted annually, without amendment to this by-law, commencing on January 1, 2019 and annually thereafter, in accordance with the prescribed index in the Act.

6. Schedules

- 6.1 The following schedules shall form part of this by-law:

- Schedule A - Components of Services Designated in Subsection 2.1
- Schedule B - Residential and Non-Residential Development Charges for the Ailsa Craig, Nairn and Petty Service Area
- Schedule C - Residential and Non-Residential Charge for the Parkhill Area Service
- Schedule D - Map Illustrating the Ailsa Craig Service Area Subject to the Development Charges
- Schedule E - Map Illustrating the Nairn and Petty Service Area Subject to the Development Charges
- Schedule F - Map Illustrating the Parkhill Service Area Subject to the Development Charges

7. Conflicts

7.1 Where the Municipality and an owner or former owner have entered into an agreement with respect to land within the area to which this by-law applies, and a conflict exists between the provisions of this by-law and such agreement, the provisions of the agreement shall prevail to the extent that there is a conflict.

7.2 Notwithstanding subsection 9.1, where a development which is the subject of an agreement to which subsection 9.1 applies, is subsequently the subject of one or more of the actions described in subsection 3.4, an additional Development Charge in respect of the development permitted by the action shall be calculated, payable and collected in accordance with the provisions of this by-law if the development has the effect of increasing the need for services, unless such agreement provides otherwise.

8. Severability

8.1 If, for any reason, any provision of this by-law is held to be invalid, it is hereby declared to be the intention of Council that all the remainder of this by-law shall continue in full force and effect until repealed, re-enacted, amended or modified.

9. Date By-law In Force

9.1 This by-law shall come into effect on the date of passage hereof.

10. Date By-law Expires

10.1 This by-law will expire at 12:01 AM on March 21, 2023 unless it is repealed by Council at an earlier date.

11. Existing By-law Repealed

11.1 By-law Number 2013-08, as amended, is hereby repealed as of the date and time of this by-law coming into effect.

ENACTED and PASSED THIS 21st day of March, 2018.

Clerk

Mayor

Schedule "A" to By-law Number 2018-__

Designated Municipal Services Under This By-law:

100% Eligible Services

Roads

Roads, Sidewalks, Curbs and Gutters

Water

Distribution system

Wastewater

Treatment

Collection System

Stormwater

Storm Sewers

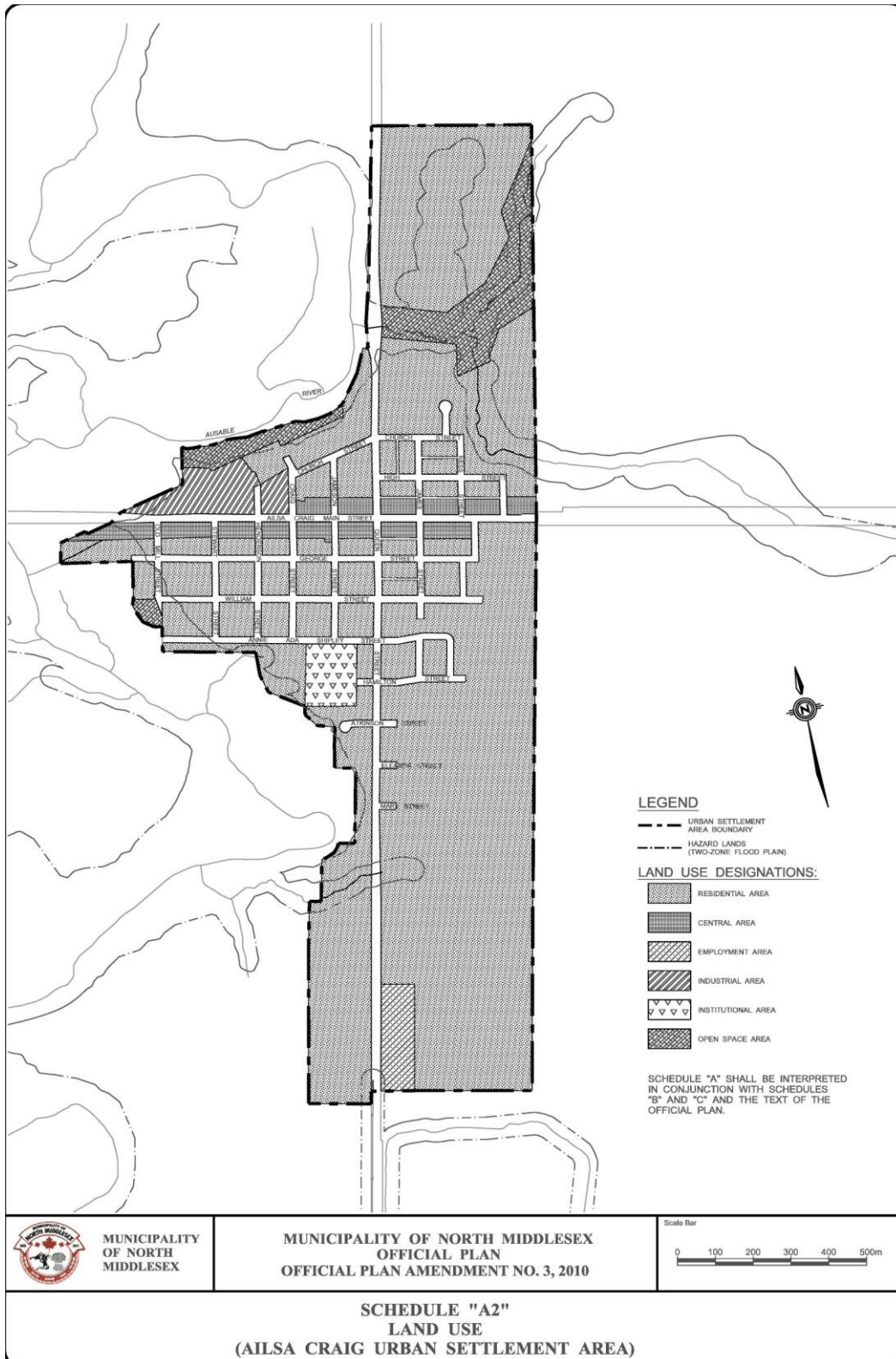
Schedule B
By-law No. 2018-__
Schedule of Ailsa Craig/Nairn/Petty Area Specific Development Charges

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per sq.ft. of Gross Floor Area)
Roads	2,092	1,117	1,412	0.29
Water	334	178	225	0.05
Wastewater	8,557	4,567	5,775	1.18
Total	10,983	5,862	7,412	1.52

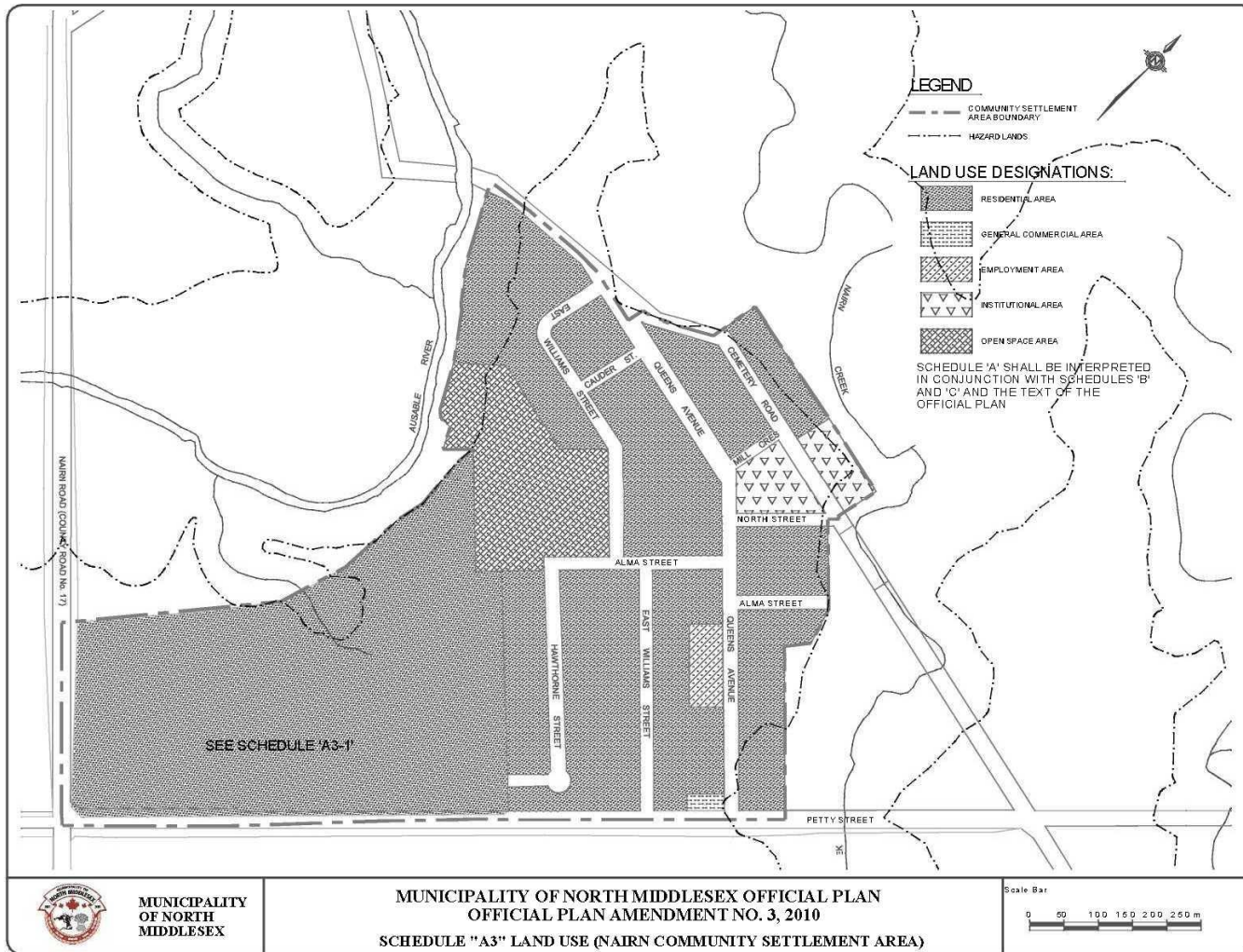
Schedule C
By-law No. 2018-__
Schedule of Parkhill Area Specific Development Charges

Service	Residential			Non-residential
	Single & Semi-detached Dwelling	Apartments	Other Multiples	(per sq.ft. of Gross Floor Area)
Roads	1,225	654	827	0.17
Water	963	514	650	0.13
Wastewater	8,029	4,285	5,418	1.11
Storm	972	519	656	0.13
Total	11,189	5,972	7,551	1.54

**Schedule D
By-law No. 2018-___
Map of Benefitting Area – Ailsa Craig**



**Schedule E
By-law No. 2018-__
Map of Benefitting Area – Nairn & Petty**



**Schedule F
By-law No. 2018-___
Map of Benefitting Area – Parkhill**

