



STAFF REPORT
Finance

Title: Development Charge Background Study & Update
Report Number: CORP2019-070
Author: Michael Pugliese
Meeting Type: Finance & Strategic Planning Committee Meeting
Council/Committee Date: October 21, 2019
File: n/a
Attachments: Appendix A: Development Charge Rate Comparison;
City of Waterloo Development Charge Background Study
(available at www.waterloo.ca/developmentcharges)
Ward No.: All – city wide

Recommendations:

1. That CORP2019-070 be approved.
2. That the City's updated Development Charge Background Study be received as information.
3. Having considered the use of area specific development charges, Council resolves to continue its current practice of imposing development charges on a city wide basis.

A. Executive Summary

Staff are providing Council with a progress report on the City's development charge (DC) update project. In collaboration with Hemson Consulting Ltd., City staff have been working to produce finalized growth projections, the growth related capital program, and preliminary DC rates for Council's consideration as part of the City's updated Development Charge Background Study.

Bill 108 has proposed some changes to the DC Act and Planning Act, with much uncertainty surrounding the timing of these changes and impact on current DC by-laws. As the city's DC by-law update project was well underway when the changes were proposed by the Province, staff are proceeding with a full DC by-law update (hard and soft services) to be passed before Jan. 1, 2020, which is before the anticipated proclamation date of the changes. The City's updated DC Background Study was released to the public via the City's website on Oct. 17, 2019 and can be found at www.waterloo.ca/developmentcharges. Staff are proposing taking the updated by-law for Council approval on Dec. 16, 2019, with an effective date for the new rates to be

Dec. 31, 2019. Council, and the public at large, will have 2 months (60 days) to review the DC Background Study prior to approval as required by the DC Act.

This report will provide summary information and staff recommendations, where appropriate, related to:

- Key assumptions & decision points used in finalizing the City's updated DC Background Study.
- Proposed policy updates and changes from the current DC by-law.
- Comparison of draft rates to the current DC by-law.
- Staff's approach on the public engagement process for the Background Study/by-law update.

The updated DC Background Study has been prepared under existing development charges legislation and this report does not include any analysis or discussion of the new DC legislation proposed under Bill 108.

With Bill 108's proposed deadline date of Jan. 1, 2021 for migration to a Community Benefits Charge (CBC), the City will need to begin work in late 2019 on developing a framework for the transition. As such, the general (soft or discounted) services contained in the updated DC by-law will only be in force for the 2020 calendar year, while the engineered (hard or non-discounted) services portion will continue until the next DC by-law update planned for 2024.

B. Financial Implications

The draft DC capital budget forecast over the next 10 years (2020-2029) totals approximately \$163M (in 2019 dollars). This, along with updated population & employment forecast data and revised modelling, has translated into an overall DC rate decrease from current 2019 values.

C. Technology Implications

None.

D. Link to Strategic Plan

(Strategic Objectives: Equity, Inclusion and a Sense of Belonging; Sustainability and the Environment; Safe, Sustainable Transportation; Healthy Community & Resilient Neighbourhoods; Infrastructure Renewal; Economic Growth & Development)

(Guiding Principles: Equity and Inclusion; Sustainability; Fiscal Responsibility; Healthy and Safe Workplace; Effective Engagement; Personal Leadership; Service Excellence)

Based on Growth Related Capital program Strategic Plan Links – identified on various individual project sheets.

E. Previous Reports on this Topic

None.

F. Approvals

Name	Signature	Date
Author: Michael Pugliese		
Director: Filipa Reynolds		
Commissioner: Keshwer Patel		
Finance: Keshwer Patel		

CAO



Development Charge Background Study & Update
CORP2019-070

Background:

Staff along with Hemson Consulting Ltd. have been working to produce finalized growth projections, the growth related capital program, and preliminary DC rates for Council's consideration as part of the City's updated Development Charge (DC) Background Study.

Bill 108 has proposed some changes to the DC Act and Planning Act, with much uncertainty surrounding the timing of these changes and impact on current DC by-laws. The draft regulations that came out in the summer indicate that a Community Benefits Charge (CBC) Authority would become effective Jan. 1, 2020, but existing DC by-laws can remain in force until Jan. 1, 2021. The ambiguity is whether the ability to pass a new by-law for soft services actually ends Jan. 1, 2020 or 2021. Based on discussions with Hemson Consulting as it relates to the Province's anticipated proclamation date, the City would not be able to pass a DC by-law with soft services after Jan. 1, 2020. In summary, a new DC by-law for soft services will not be permitted once the CBC regime takes force and effect; the draft regulations indicate this will happen on Jan 1, 2020.

As a result of the anticipated CBC effective date, Staff have adjusted timelines for the DC update process and are proceeding with a full DC by-law update (hard and soft services) to be passed before Jan. 1, 2020. Given that the DC update project was well underway and planned DC funded capital projects had been incorporated into the draft city wide capital budget for 2020 – 2029, staff determined that it was more efficient to proceed with the project and take the updated by-law for Council approval on Dec. 16, 2019, with an effective date for the new rates to be Dec. 31, 2019. The City's updated DC Background Study was released to the public via the City's website on Oct. 17, 2019 and can be found at www.waterloo.ca/developmentcharges.

A summary of original vs revised timelines to account for Bill 108 changes are as follows:

Original Timeline:

- Oct 21, 2019 FSP – DC update & council considers area rating
- Dec 9, 2019 FSP – DC Background Study released to Council & Public
- Jan 20, 2020 FSP – DC Formal Public Meeting
- Feb 10, 2020 FSP – DC by-law approval, along with rest of City budget
- Mar 1, 2020 – New DC rates to take effect

Revised Timeline:

- Oct 21, 2019 FSP – DC Background Study released to Council & Public; along with consideration of area rating & updates
- Nov 18, 2019 FSP – DC Formal Public Meeting
- Dec 16, 2019 Council – DC by-law approval
- Dec 31, 2019 – New DC rates to take effect

Council, and the public at large, will still have 2 months (60 days) to review the DC Background Study prior to approval as required by the DC Act. The key difference is that the benefit of reviewing the rest of the draft city wide budget at the same time will be compressed. The entire city wide budget will be released to Council on Dec 9, 2019 with the DC by-law approval planned for Dec. 16, 2019. This gives Council one week to review the DC capital program in context of the broader city wide capital budget. While this may seem like a short window, for many years, Council has not considered DC projects in the broader context since DC updates for the most part have been undertaken in the “off years” of the city wide budget process. Staff’s intention was to align the DC update this budget cycle with the city wide budget process, but through the introduction of Bill 108 midway through the DC update, this was no longer achievable. Should Council have changes to DC capital projects that are identified in Jan/Feb 2020, these would be adjusted in the final capital budget, but the DC rates would remain as approved in Dec. 2019. Staff will continue to aim for aligning the next DC update (hard or non-discounted services only) with the city wide capital budget process in 2023.

Further information regarding main components of the City’s updated DC Background Study are outlined below for Council’s review and consideration. The formal public meeting as required under the DC Act will allow Council and the public an opportunity to address the content of the Background Study prior to formal by-law approval in December.

Draft Growth Related Capital Program & Public Engagement:

The largest factor influencing the development charge rate calculation is the growth related capital program. Staff have updated the City’s growth related capital budget to reflect future growth needs in the City and to better reflect unit costs based on recent tender awards. As mentioned in the background section above, although the DC by-law approval will occur on a separate date from the city wide capital budget, Staff have taken a balanced approach in developing the DC capital program along side the rest of the city wide capital budget. City funding sources often utilized for DC co-pay in projects that are not fully growth related or that require a statutory 10% reduction have been prioritized to ensure the full capital program is balanced amongst growth and other non-growth related strategic priorities and enhancements (e.g. safe & sustainable transportation, healthy community & resilient neighbourhoods, economic growth & development).

The draft growth related capital program has been compiled by both finance staff and divisional level staff, and reviewed with the relevant managers and directors. The

current approved growth related capital program has remained largely intact, with only small modifications to dollar amounts and timing of the projects. New capital projects to this DC study were also added and prioritized amongst other projects. Annually funded projects have been extended out into the 10 year forecast window (2020-2029) accordingly.

The draft DC capital budget forecast over the next 10 years (2020-2029) totals approximately \$163M (in 2019 dollars) vs \$165M during the 2017 DC update. The growth related capital program details can be found in the City's updated DC Background Study. Staff have also assembled the growth related capital project sheet summaries in a consolidated file for review. Hardcopies are available upon request or via electronic format for download at www.waterloo.ca/developmentcharges.

As in previous DC updates, Staff have made public engagement a key element of the review process and meetings have been dedicated in the project timeline accordingly (both general public engagement & formal external industry working group meetings). The City's external industry working group is comprised of representatives with various technical/professional backgrounds from the Waterloo Region Homebuilders Association, the Waterloo Economic Development Advisory Committee, and the KW Chamber of Commerce.

Staff have reviewed the draft DC capital program with the City's external industry working group. The budget was well-received by the group, with only minor changes and suggestions provided for the finalized documents. Main areas of feedback surrounded benefit to existing (BTE) calculations and how staff arrived at these amounts. Staff have taken the feedback from the working group and revised impacted project sheets accordingly.

The working group is very pleased with the City's engagement process and appreciative of the City's ability to answer questions in a transparent and timely manner. Their feedback thus far has been that the consultation process is positive and informative.

Consideration of Area Rated Development Chares:

The DC Act requires consideration of the use of more than one Development Charge by-law to reflect different needs for services in different areas; i.e. the consideration of area rated DC's. There's no such process prescribed or procedure involved that Council must follow in order satisfy this requirement. As such, Staff have provided recommendation 3 of this report to satisfy this component of the DC Act.

Staff are recommending maintaining the continued use of a city wide rate for inclusion in the final Development Charge by-law. The main factors supporting this recommendation are as follows:

- Many services provided are not restricted to one specific area and are often used by all residents (e.g. roads, parks, recreation, library, fire, etc.)

- Collecting funds in one area and spending in another area may provide a perceived inequity as a result of the geographic separation.
- Area specific charges potentially cause equity issues transitioning from municipal-wide to area specific charges as well since prior DC's were collected city wide.
- A wider collection area (e.g. city wide) results in a larger pool of DC revenue that can be used to fund growth-related projects sooner or to minimize the need for debt financing. Likewise, with area rates, infrastructure that is to be funded from DC's may be delayed in areas where growth is not occurring.
- Area-specific DC's increase the administrative requirements for the City related to accounting and reporting purposes (e.g. one pooled service vs. many separate service areas) in addition to up front conversion of existing policies and tracking procedures to ensure DC collections are charged and kept in proper reserves.
- Generally, with fewer area-specific charges (i.e. city wide rates), a municipality is better able to:
 - Fund its infrastructure priorities from a larger pool of DC revenue,
 - Maintain flexibility and respond quicker to infrastructure needs, (e.g. advance growth-related infrastructure as a catalyst for economic development opportunities),
 - Be more strategic in its provision of services.

During the 2017 DC by-law update, Council directed Staff to investigate the merits of area rates. The scenario used was an uptown + station area grouping and a greenfield + rest of city grouping for water, wastewater, stormwater services. The results were that this scenario varied slightly between the city wide rate (i.e. +/- \$150 per unit on a DC for a single/semi detached, and +/- \$1.30 per sq. ft. on a DC for non-residential). Staff recommended maintaining a city wide rate for that DC by-law update with support from the City's external industry working group. Council ultimately approved maintaining the city wide DC rate. This was consistent with results seen in the 2012 DC study as well, were Council also maintained city wide DC rates.

The City's external industry working group is once again supportive of maintaining a city wide DC rate for this updated DC by-law because of the points noted above. As only two years has elapsed since the last area rating analysis was conducted, and results in 2017 were similar to 2012, the group is comfortable continuing with city wide DC's.

Population & Employment Forecast:

The population and employment growth forecasts being used in the City's DC Background Study are based on the Region's "moderate forecast" which, while still aligning with the Provincial targets, achieves the targets in a manner that is more aligned with recent growth rates. Simply put, the moderate forecast achieves the Growth Plan's 2031 population and employment targets but 10 years later in 2041. The Region has used the moderate forecast as part of their various master plans and most recently for their DC by-law update. Furthermore, the population and employment forecast used in the transportation model for the City's Transportation Master Plan

update is based on the Region's moderate growth scenario. It is thought to be the more prudent forecast to use for the DC Background Study update.

With the time horizon forecast period now extending to 2041 (vs 2031 in the last DC update), engineered (hard) services can forecast project costs out to that 2041 timeframe as permitted under the DC Act. General (soft) services are still bound by a 10 year forecast horizon to 2029.

The population forecast includes permanent residents in addition to accounting for the large off-campus student population residing in the City of Waterloo.

Details surrounding the population and employment forecast figures can be found in the City's updated DC Background Study.

Draft Development Charge Rates (city wide):

The draft DC rates have been shared with the City's external industry working group. Staff are continuing discussions with the group on the merits of the capital program, development forecast data, policy/administrative updates, and resultant rates. Based on the updated growth related capital program and updated growth forecast for the City, new DC rates would be as follows (currently in draft form and subject to change if parameters in the model are slightly modified prior to by-law approval):

Table 1: Updated Development Charge Rates - DRAFT

Service	Residential Charge By Unit Type (1)				
	Singles & Semis	Apartments			Multiples
		1 Bedroom or Less	2-3 Bedrooms	4-5 Bedrooms	
Library Services	\$908	\$325	\$574	\$759	\$597
Protective Services	\$496	\$178	\$314	\$415	\$326
Parks and Major Indoor Recreation Facilities	\$5,187	\$1,856	\$3,280	\$4,335	\$3,412
Cemeteries	\$0	\$0	\$0	\$0	\$0
Parking	\$1,177	\$421	\$744	\$984	\$774
Public Works and Fleet	\$842	\$301	\$532	\$704	\$554
Growth Studies	\$398	\$143	\$252	\$333	\$262
Subtotal General Services	\$9,008	\$3,224	\$5,696	\$7,530	\$5,925
Roads and Related Services	\$2,763	\$989	\$1,747	\$2,309	\$1,817
Water Supply and Wastewater	\$2,504	\$896	\$1,584	\$2,093	\$1,647
Stormwater Drainage and Control Services	\$1,226	\$439	\$775	\$1,025	\$806
Engineering Studies	\$279	\$100	\$177	\$234	\$184
Subtotal Engineered Services	\$6,772	\$2,424	\$4,283	\$5,661	\$4,454
TOTAL CHARGE PER UNIT	\$15,780	\$5,648	\$9,979	\$13,191	\$10,379

Service	Non-Residential Charge	
	Charge per Square Foot	Charge per Square Metre
Library Services	\$0.00	\$0.00
Protective Services	\$0.35	\$3.77
Parks and Major Indoor Recreation Facilities	\$0.00	\$0.00
Cemeteries	\$0.00	\$0.00
Parking	\$0.81	\$8.72
Public Works and Fleet	\$0.58	\$6.24
Growth Studies	\$0.28	\$3.01
Subtotal General Services	\$2.02	\$21.74
Roads and Related Services	\$1.92	\$20.67
Water Supply and Wastewater	\$1.71	\$18.41
Stormwater Drainage and Control Services	\$0.84	\$9.04
Engineering Studies	\$0.19	\$2.05
Subtotal Engineered Services	\$4.66	\$50.16
TOTAL CHARGE	\$6.68	\$71.90

Some of the driving forces around the slight overall reduction of DC rates are as follows, with a summary of these comparison figures found in Appendix A.

Residential Rates:

- The biggest General Service rate increases are in Library and Parks & Recreation services. Mainly driven from a combination of increased service levels since 2017 and a shift of costs (5%) away from the non-residential sector to the residential sector. The view here is that the need for these services is driven by residential development.
- The biggest General Service rate decreases are in the Parking and Public Works & Fleet services. Factors influencing the decreases include a more accurate valuation of parking facilities (which were overvalued in the previous study) which lowers the service level cap of available DC funding; and a (minor) reorganization of fleet assets between Public Works and Roads to better reflect these services.
- The other General Services of Fire, Cemeteries, and Growth-Related Studies are very similar to current rates. In the case of Cemeteries, there are sufficient DC reserve funds to fully fund all growth-related costs in this DC study.
- With the exception of the Water/Wastewater service, the shifts in the Engineered Service rates are relatively minor; a slightly higher rate for Roads and slightly lower rates for Stormwater and Engineering Studies. The significant drop in the Water/Wastewater rate is due to a smaller capital program in addition to some large projects having been either constructed or funded in recent years.

Non-Residential Rates:

- On the non-residential side it's a similar story, not much change to the General Services other than costs in Library and Parks & Rec being shifted entirely to the residential sector as noted above.

- For the Engineered Services, no major shifts other than in Water/Wastewater as noted above.

Other factors that drive shifts between services and between the residential and non-residential sectors include:

- minor changes to the development forecast,
- assumptions about the occupancy patterns of people per unit (PPU's) in new dwelling units which have been updated based on 2016 Census information,
- cashflow projections that take into account project timing in addition to any financing costs required.

Note, service categories will be rearranged and retitled for the final by-law schedules to better align with pending changes via Bill 108 and the introduction of a CBC by-law. Migration to a distinction between "Discounted" and "Non-Discounted" services will need to be made, with the Engineered Services plus Fire and Public Works & Fleet in the latter and everything else in the former. The Discounted schedule would then lapse when a CBC by-law is passed.

A comparison to local municipalities has been provided below for reference.

DC Comparison: Single/Semi Detached (2019 rates)

Municipality	Upper Tier	Lower Tier	Education	Total
Cambridge	\$28,056	\$21,472	\$2,601	\$52,129
Kitchener (suburban)	\$28,056	\$18,730	\$2,601	\$49,387
Waterloo (current)	\$28,056	\$15,881	\$2,601	\$46,538
<i>Waterloo (draft)</i>	<i>\$28,056</i>	<i>\$15,780</i>	<i>\$2,601</i>	<i>\$46,437</i>
Kitchener (central)	\$28,056	\$12,549	\$2,601	\$43,206
Guelph	-	\$35,098	\$2,484	\$37,582

DC Comparison: 1 Bedroom/Bachelor Apartment (2019 rates)

Municipality	Upper Tier	Lower Tier	Education	Total
Cambridge	\$15,278	\$10,749	\$2,601	\$28,628
Kitchener (suburban)	\$15,278	\$9,468	\$2,601	\$27,347
Kitchener (central)	\$15,278	\$6,342	\$2,601	\$24,221
Waterloo (current)	\$15,278	\$6,108	\$2,601	\$23,987
<i>Waterloo (draft)</i>	<i>\$15,278</i>	<i>\$5,648</i>	<i>\$2,601</i>	<i>\$23,527</i>
Guelph	-	\$13,924	\$2,484	\$16,408

DC Comparison: 2-3 Bedroom Apartment (2019 rates)

Municipality	Upper Tier	Lower Tier	Education	Total
Cambridge	\$15,278	\$10,749	\$2,601	\$28,628
Waterloo (current)	\$15,278	\$10,407	\$2,601	\$28,286
<i>Waterloo (draft)</i>	<i>\$15,278</i>	<i>\$9,979</i>	<i>\$2,601</i>	<i>\$27,858</i>
Kitchener (suburban)	\$15,278	\$9,468	\$2,601	\$27,347
Kitchener (central)	\$15,278	\$6,342	\$2,601	\$24,221
Guelph	-	\$19,478	\$2,484	\$21,962

DC Comparison: 4-5 Bedroom Apartment (2019 rates)

Municipality	Upper Tier	Lower Tier	Education	Total
Waterloo (current)	\$15,278	\$21,990	\$2,601	\$39,869
<i>Waterloo (draft)</i>	<i>\$15,278</i>	<i>\$13,191</i>	<i>\$2,601</i>	<i>\$31,070</i>
Cambridge	\$15,278	\$10,749	\$2,601	\$28,628
Kitchener (suburban)	\$15,278	\$9,468	\$2,601	\$27,347
Kitchener (central)	\$15,278	\$6,342	\$2,601	\$24,221
Guelph	-	\$19,478	\$2,484	\$21,962

DC Comparison: Townhomes/Row (2019 rates)

Municipality	Upper Tier	Lower Tier	Education	Total
Cambridge	\$20,967	\$15,097	\$2,601	\$38,665
Kitchener (suburban)	\$20,967	\$13,152	\$2,601	\$36,720
Waterloo (current)	\$20,967	\$11,482	\$2,601	\$35,050
<i>Waterloo (draft)</i>	<i>\$20,967</i>	<i>\$10,379</i>	<i>\$2,601</i>	<i>\$33,947</i>
Kitchener (central)	\$20,967	\$8,811	\$2,601	\$32,379
Guelph	-	\$25,860	\$2,484	\$28,344

DC Comparison: Non-Residential per Sq M (2019 rates)

Municipality	Upper Tier	Lower Tier	Education	Total
Waterloo (current)	\$172.98	\$76.49	\$18.62	\$268.09
<i>Waterloo (draft)</i>	<i>\$172.98</i>	<i>\$71.90</i>	<i>\$18.62</i>	<i>\$263.50</i>
Kitchener (suburban)	\$172.98	\$57.63	\$18.62	\$249.23
Cambridge	\$172.98	\$55.76	\$18.62	\$247.36
Kitchener (central)	\$172.98	\$20.78	\$18.62	\$212.38
Guelph	-	\$133.15	-	\$133.15

Current DC by-law terms (max. 5 year term):

Guelph	Mar. 2/2019 – Mar. 1/2024
Region of Waterloo	Aug. 1/2019 – Jul. 31/2024
Cambridge	Jul. 1/2019 – Jun. 30/2024
Kitchener	Jul. 1/2019 – Jun. 30/2024
Waterloo	Jan. 1/2018 – Dec. 31/2023

Policy Updates & Changes:

Staff are not proposing any significant changes to existing DC by-law policies, rather the goal is to align some of the more administrative portions of the by-law with that of the Region's DC by-law. This would provide better alignment along with ease of calculations for the development community and City staff.

The proposed policy changes to the updated DC by-law are as follows:

- Refined definitions for certain types of developments to better align with the Region DC by-law (e.g. back to back townhomes, stacked townhomes, home occupation & Live/work units, accessory buildings/amenity space, etc.)

- Treatment of DC's for secondary dwelling units in new construction, taking into account pending Bill 108 legislative changes. Currently secondary dwelling units in new construction are required to pay DC's but are not required to in existing single detached dwelling units.
- Redevelopment Credits timing to align with the Region's DC by-law – up to 5 years for residential and 10 years for non-residential / mixed use (currently 6 years for all types).
- Refunds timing to align with the Region's DC by-law – increased from 1 to 7 years from the issuance of the building permit if subsequently cancelled by the Chief Building Official (CBO).
- Annual indexing timing change from Jan. 1 annually to Dec. 1.

Staff recommend maintaining the following existing policy items to be part of the updated DC by-law:

- Discretionary Exemptions:
 - o Universities or Colleges except:
 - development beyond lands designated "Academic" in the Official Plan;
 - industrial/research uses on university or college lands where the industrial/research use is the main use; or
 - commercial uses
 - o Temporary use structures/trailers
 - o Temporary buildings without foundations for a period not exceeding 6 consecutive months (previously 12 months, propose changing to 6 months to align with the Region's DC by-law)
- Industrial expansion reset date of Aug. 1, 2014 (already aligns with the Region's DC by-law) as it relates to exemption of DC's for the enlargement of an existing industrial building up to a maximum of 50% of the existing gross floor area prior to the first enlargement

Council, during the 2017 DC by-law update, indicated their preference for incentives through DC grants to help bolster affordable housing development as well as promoting continued intensification and non-residential/commercial development. Staff reviewed the viability of adding additional discretionary exemptions to the DC by-law but recommended that any incentives for affordable housing and non-residential development be considered outside of the DC by-law, for example through a Community Improvement Plan (CIP).

By providing exemptions in the DC by-law, it limits Council's ability to review each application as well as potential funding shortfalls if uptake is greater than anticipated. By offering a DC grant through a CIP, Council has the opportunity to review applications if desired. Additionally, Council can commit a pre-determined funding budget to be used for the program, and once the funding is depleted, the program could either be extended or sunset based on Council's mandate.

For these reasons, staff are not recommending including any further discretionary exemptions in the updated DC by-law.

Migration Towards A Community Benefits Charge (CBC):

As noted above in the background section, and as communicated to Council in past reports, Bill 108 will have a significant change on how the City collects DC's for discounted (soft) services in addition to parkland dedication/cash in lieu and Section 37 provisions of the Planning Act for increased density applications.

The provincial government has been gathering data related to municipal revenues from parkland dedication, increased density applications, and DC discounted services. Staff anticipate that consultation on the CBC will continue this Fall as the province releases further information surrounding the draft prescribed calculation rate(s).

With Bill 108's proposed deadline date of Jan. 1, 2021 for migration to a CBC, the City will need to begin work in late 2019 on developing a framework for this transition. As the parameters and inputs surrounding a CBC are similar to that of the DC by-law update process, staff will look to procure the City's current DC by-law consultant, Hemson Consulting Ltd., under the single source provisions of the City's Purchasing by-law (2019-026).

Staff are currently in discussions with Hemson regarding potential scope of work, timing, and anticipated cost. If the anticipated cost is over \$100,000, clause 14.2.3.2 of the Purchasing by-law provides for single source procurements for additional deliveries by the original supplier of the service that were not included in the initial procurement, if a change of supplier for the additional services would cause significant inconvenience or substantial duplication of costs for the City. As overlap will occur with the current DC by-law update (both in timing and scope of work/deliverables), Staff feel that contracting Hemson through a single source procurement for the City's CBC update process would provide significant benefits, efficiencies, and time/cost savings. Single source procurement approvals would be obtained as per the Purchasing by-law.

Communications Plan:

Staff will forward a copy of this report to the Waterloo Economic Development Advisory Committee (WEDAC) to provide an update and review of draft DC rates and policy items.

Staff have also updated City website links to help disseminate information and provide timelines, contact information for questions, etc. for the general public. Additionally, and as required by the DC Act, notice in a general circulation newspaper is required informing the community of the Formal Public Meeting date. This will be done through the Waterloo Chronicle as is done with other City notice ads.

Timelines & Next Steps:

There are key dates to follow with respect to the DC Act in terms of notice periods and public documents. Staff have prepared the following timeline for Council's information that will provide the required notices and disclosure requirements.

- Oct. 17: DC Background Study Public Release & 60-day circulation period (must be at least 60 days before by-law passage, and 2 weeks prior to public meeting – both requirements to be met)
- Oct. 17 & 24: Public Meeting Notice provided in general circulation newspaper (Waterloo Chronicle)
- Oct. 21: DC Update Report to Council for information
- **Nov. 18: Formal Public Meeting** (*need at least 20 days notice in newspaper & study available at least 2 weeks prior – both requirements to be met*)
- Dec. 16: Passage of DC by-law by Council
- Dec. 31: Implementation of new DC by-law and new rates take effect (new DC rate brochure to be available)
- TBD: Notice of DC by-law approval and time for appeal (Clerk to post notice not later than 20 days after the day the by-law is passed – appeal period is up to 40 days after the day the by-law is passed)

Summary & Recommendations:

The DC Background Study and by-law update process is moving towards completion. Various internal departments have contributed a significant amount of information to date, allowing Hemson Consulting to prepare an updated Background Study document for Council's consideration.

Staff recommend that Council approve Recommendation 3 of this report to be used in finalizing the DC by-law document for Council's approval in December. Staff from the City and Hemson Consulting will be available to address questions or concerns in advance of the public meeting scheduled for Nov. 18, 2019.

APPENDIX A

Development Charge Rate Comparison

RESIDENTIAL DEVELOPMENT CHARGES (single/semi) - CURRENT VS. CALCULATED DEVELOPMENT CHARGES

Service	Current Residential Charge / SDU	Calculated Residential Charge / SDU	Difference in Charge	
Library Services	\$584	\$908	\$324	55%
Protective Services	\$521	\$496	(\$25)	-5%
Parks and Major Indoor Recreation Facilities	\$4,015	\$5,187	\$1,172	29%
Cemeteries	\$17	\$0	(\$17)	-100%
Parking	\$1,583	\$1,177	(\$406)	-26%
Public Works and Fleet	\$984	\$842	(\$142)	-14%
Growth Studies	\$405	\$398	(\$7)	-2%
Subtotal General Services	\$8,109	\$9,008	\$899	11%
Roads and Related Services	\$2,268	\$2,763	\$495	22%
Water Supply and Wastewater	\$3,806	\$2,504	(\$1,302)	-34%
Stormwater Drainage and Control Services	\$1,276	\$1,226	(\$50)	-4%
Engineering Studies	\$422	\$279	(\$143)	-34%
Subtotal Engineered Services	\$7,772	\$6,772	(\$1,000)	-13%
TOTAL CHARGE PER UNIT	\$15,881	\$15,780	(\$101)	-1%

NON-RESIDENTIAL DEVELOPMENT CHARGES - CURRENT VS. CALCULATED DEVELOPMENT CHARGES

Service	Non-Residential(\$/Square Metre)			
	Current Non-Residential Charge	Calculated Non-Residential Charge	Difference in Charge	
Library Services	\$0.44	\$0.00	(\$0.44)	-100%
Protective Services	\$3.53	\$3.77	\$0.24	7%
Parks and Major Indoor Recreation Facilities	\$3.06	\$0.00	(\$3.06)	-100%
Cemeteries	\$0.00	\$0.00	\$0.00	0%
Parking	\$10.32	\$8.72	(\$1.60)	-16%
Public Works and Fleet	\$3.30	\$6.24	\$2.94	89%
Growth Studies	\$2.64	\$3.01	\$0.37	14%
Subtotal General Services	\$23.29	\$21.74	(\$1.55)	-7%
Roads and Related Services	\$15.91	\$20.67	\$4.76	30%
Water Supply and Wastewater	\$25.78	\$18.41	(\$7.37)	-29%
Stormwater Drainage and Control Services	\$8.65	\$9.04	\$0.39	5%
Engineering Studies	\$2.86	\$2.05	(\$0.81)	n/a
Subtotal Engineered Services	\$53.20	\$50.16	(\$3.04)	-6%
TOTAL CHARGE PER SQUARE METRE	\$76.49	\$71.90	(\$4.59)	-6%