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Thursday, September 29<sup>th</sup>, 2009

6:30 p.m.

Lanark Highlands Municipal Office - 75 George Street, Lanark, Ontario  
Council Chambers

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\*6:30 p.m. *“Special” Committee of the Whole  
(Development Charges Study – Council Review)  
(as per Section 240 of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, the Mayor has  
called a special meeting)*

**Chair, Deputy Mayor Bruce Horlin**

1. **CALL TO ORDER**
2. **DISCLOSURE OF PECUNIARY INTEREST & GENERAL NATURE THEREOF**
3. **REPORTS**

i) **Development Charges Study - Council Review**– *attached, page 4.*

a) **Presentation.**

Glenn Tunnock, Tunnock Consulting.

b) **Township Auditor’s Comments.**

Howard Allan, Allan Chartered Accountant Professional Corporation.

c) **Motions.**

*Suggested Motion:*

*“**WHEREAS**, a development charge cannot exceed the average level of service for the previous 10 years for each service for which a development charge is imposed pursuant to Section 5 (4) of the Development Charges Act;*

***AND WHEREAS**, the 10 year level of service has been calculated as part of the Development Charges Background Study, dated September 22, 2009;*

***NOW THEREFORE BE IT RESOLVED THAT**, the Council of the Corporation of the Township of Lanark Highlands resolves that the 10 year average level of service shall be as set out in Table 5 of the Development Charges Background Study dated September 22, 2009.”*

*Suggested Motion:*

*“**WHEREAS**, a development charges background study shall be prepared pursuant to Section 10 (1) of the Development Charges Act, prior to the adoption of a development charges bylaw;*

***AND WHEREAS**, a development charges background study dated September 22, 2009 has been prepared in accordance with the said Act;*

***NOW THEREFORE BE IT RESOLVED THAT**, the Council of the Corporation of the Township of Lanark Highlands receive the Development Charges Background Study as information;*

***AND THAT**, the Development Charges Background Study be presented at the Public Meeting being held pursuant to the requirements of the Development Charges Act to consider the recommendations of the development charges background report and draft by-law.”*

#### **4. ADJOURNMENT**

# REPORTS

# **Township of Lanark Highlands Development Charges Study**



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**File P-1984**

**September 22, 2009**

# Township of Lanark Highlands Development Charges Study, 2009

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# Township of Lanark Highlands

## Development Charges Study 2009

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### 1.0 Introduction

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The Township of Lanark Highlands prepared a Development Charges Study in 2004 under the *Development Charges Act, 1997* and subsequently adopted By-Law No. 2004-534. This by-law has been in force continuously since that date.

The purpose of this study is to fulfill the requirements of Section 10 (1) of the *Development Charges Act, 1997*, e.g. "Before passing a development charges by-law, the council shall complete a development charge background study". The contents of the study must include:

- an estimate of the anticipated amount, type and location of development;
- the increase in the need for services attributed to such development for each type of service;
- an estimate of the average level of service for the previous 10 years for each service;
- a determination of any excess capacity;
- a determination of the benefit(s) to existing development;
- the capital costs of the increased services;
- an examination of the long term operating costs;
- a calculation of the development charge for various types of development and the portion applying to exempted development.

The procedures for the adoption of a development charges by-law to implement a study require a public meeting, duly advertised. Appeal of a development charges by-law must be made within 40 days after the date of the adoption of a by-law by filing a notice of appeal in writing with the clerk, setting out the objection to the by-law and the reasons for the objection. Appeals are then submitted to the Ontario Municipal Board, who may hold a hearing and decide whether the appeal is to be dismissed in whole or in part.

The by-law is valid for a period of five (5) years (Section 9-1) but may be renewed.

The Township of Lanark Highlands is interested in a development charges by-law to enable the community to impose charges against land, to pay for capital costs required because of increased needs for services arising from development. Replacement of existing capital assets and operational costs associated with the maintenance of capital assets acquired under development charges are not an eligible component of development charges.

## 2.0 The Pattern and Projections for Development (Anticipated Development)

### 2.1 Residential Building Permit Activity

<b>Year</b>	<b>Single Detached Dwellings</b>	<b>Semi-detached Dwelling (Total units)</b>	<b>Multiple Dwelling Units (Total units)</b>	<b>Total</b>
<b>1999</b>	50	0	0	<b>50</b>
<b>2000</b>	35	0	0	<b>35</b>
<b>2001</b>	33	0	0	<b>33</b>
<b>2002</b>	25	0	0	<b>25</b>
<b>2003</b>	52	0	0	<b>52</b>
<b>2004</b>	34	0	0	<b>34</b>
<b>2005</b>	32	0	0	<b>32</b>
<b>2006</b>	32	0	0	<b>32</b>
<b>2007</b>	32	0	0	<b>32</b>
<b>2008</b>	26	0	0	<b>26</b>
<b>Total</b>	<b>351</b>	<b>0</b>	<b>0</b>	<b>351</b>

Source: Municipal Records

Residential development annotated in Table 1 has occurred throughout the municipality.

### 2.2 Population and Growth Forecast

Population growth in the Township of Lanark Highlands grew by 8.0% or 1.6% per annum over the period 2001-2006<sup>1</sup> (4,795 – 5,180), and by 3.6% over the period 1996-2001 (4,649 – 4,795). The growth over the period 2001-2006 is a rate which exceeded growth rates in other municipalities in Lanark County. Growth has been influenced in part given the community's proximity to larger centers such as Ottawa, Carleton Place and Perth and the rural lifestyle and amenities the Township has to offer. Population projections were undertaken as the basis for the

<sup>1</sup> Statistics Canada, 2001 and 2006 Census  
Development Charges Study  
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current official plan (Tunnock Consulting Ltd.) where the projected growth to 2021 was 6,490 and the number of housing starts was projected as 680 (2001-2021) or 34 units per year. The actual number of starts averaged 35 units per year (1999-2008), but has fallen off in the last 4 years to just over 30 units per annum.

Population projections undertaken by the Ministry of Finance (*Ontario Population Projections Update, Spring 2008*) for Lanark County, estimate an increase of 7.25% over the period 2006 – 2016 falling to approximately one-half that rate in the period 2016-1026 or 3.7%. The County’s overall projected growth rate of 1.44 % per annum is slightly less than the historical growth rate of 1.8% per annum experienced by Lanark Highlands (2001-2006). The robust rate of growth has continued but has softened slightly, likely in response to the recent economic downturn in Ontario as elsewhere. The current growth rate may be pegged at around 1.4% /annum and is considered reasonable in reflecting a median estimate between the Ministry’s projections, the legacy of housing starts and earlier projections undertaken for the Official Plan.

<b>Table 2 – Township of Lanark Highlands, Population and Housing and Projections<sup>1</sup>, 1996-2021</b>				
<b>Year</b>	<b>Population</b>	<b>Number of Dwelling Units</b>	<b>Persons per Household</b>	<b>Projected Future Housing Demand (# units)</b>
<b>1996</b>	4,649 <sup>2</sup>	1,765	2.63	--
<b>2001</b>	4,795	1,870	2.56	--
<b>2006</b>	5,180	2,113	2.45	
<b>2009</b>	5,465	2,277	2.4	156 units - 2004-2009
<b>2014</b>	5,847	2,436	2.4	159 units – 2009-2014 or 32 units/annum
<b>2021</b>	6,139	2,612	2.35	176 units – 2015-2021 or 25 units per year

Source: Statistics Canada,

1. Counts have been adjusted to reflect 2001 Census boundaries.

2. Counts have been adjusted to reflect 2001 Census boundaries. These data represent 100% of the population based upon 2001 geographic legal areas. Users wishing to compare 2001 Census data with those of other censuses should take into account that the boundaries of geographic areas may change from one census to another. In order to facilitate comparison, the 1996 Census population counts are adjusted, as needed, to account for boundary changes between the 1996 and 2001 Censuses.

The demand for housing and indeed, development, is not always driven by population growth. New household creation occurs also as a result of a redistribution of the population, i.e. young adults leaving parental homes, an increase in single parent households etc. These trends also result in a reduction in the number of persons per household, hence the predicted number of persons per household gradually falling off at to 2.35 after 2014. The reduction also reflects an aging demographic typical of the Canadian trend.

It is assumed that the Municipality will continue to experience residential development, albeit at a more modest rate. At the occupancy rates projected, the demand for new housing starts will be in the order of 32 units per year or 159 over the period 2009-2014.

### **2.3 Non-Residential Construction**

Construction activity over the last five years has been predominantly residential and is characteristic of Township's rural residential character. Non-residential building permit activity has been limited. Total non-residential construction value from building permits was \$1,297,000. The 2004 development charges study projected the addition of 3,030 m<sup>2</sup> over the period 2004-2009 and an additional 5,820 m<sup>2</sup> between 2009 and 2014. The estimated additional floor area of non-residential construction over the period was calculated at 660 m<sup>2</sup> from Table 3, a figure substantially less than the projection. New non-residential growth is expected to be limited given the lack of municipal sewer and water services in the village of Lanark, a downturn in the economy and the accessibility the population of Lanark Highlands has to the service centers of Almonte, Carleton Place, Perth and indeed Ottawa. A more conservative projection of 1,000 m<sup>2</sup> of new floor space is projected for the next five years. The estimated increase over the last five year period is intended to accommodate a typical lag in the response of non-residential commercial development to residential construction (housing starts) in a municipality.

**Table 3 – Township of Lanark Highlands  
Non-Residential Construction, 2004-2014**

<b>Description</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Institutional</b>	<b>Farm</b>	<b>Total Non-residential</b>
2004-2009 Actual Construction Value <sup>1</sup>					\$1,297,000
2. Cost related to estimated square footage of construction <sup>2</sup>					\$1,037,600
Cost per ft. <sup>2</sup> construction value <sup>3</sup>					\$146
Estimated Addition of non-residential floor space 2004-2009 <sup>3</sup>					7,107 ft. <sup>2</sup> or 660 m <sup>2</sup>
Estimated Addition of non-residential floor space 2009-2014 <sup>3</sup>					1,000 m <sup>2</sup>
<b>Footnotes:</b> 1. Total construction costs derived from municipal records. 2. Estimated actual value based on the assumption that 80% of construction costs contributed to additional square footage i.e. building costs vs. on-site servicing or other costs. 3. Per square foot new unit building costs based on Capital Expenditure Price Statistics.					
Source: Tunnock Consulting Ltd.					

### 3.0 Level of Service

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#### 3.1 Service Components

The services which are eligible for development charges funding under the Development Charges Act and which the municipality is interested in include: Transportation, Fire Services and Recreation and Cultural Services.

Some services are only eligible for funding at a 90 % level. Those affected in the Township of Lanark Highlands include:

- Recreation Services; -local parks
- recreation equipment
- community centers
- library facilities, library materials, furniture and equipment

The following summarizes the scope of eligible services under the Development Charges Act, 1997 applicable to the Township of Lanark Highlands.

<b>Table 4 – Township of Lanark Highlands, Eligible Services, 2004</b>		
<b>Municipal Services</b>	<b>Service Component</b>	<b>Development Charge % Recovery</b>
<b>Transportation Services</b>	Roads	100
	Public Works Facilities (salt domes, garages)	100
	Vehicles	100
<b>Fire Services</b>	Fire Vehicles	100
	Fire Equipment	100
<b>Recreation Services</b>	Recreation Facilities	90
	Library Services	90
<b>Studies</b>	Development Charges Study	100
	Roads Needs Study	100
	Official Plan Review	100
Source: Development Charges Act, 1997, Sections 5 (3), 5 (5) and 7		

### 3.2 Ten Year Average Level of Service and Quality of Service

Section 5 (1) of the Development Charges Act requires municipalities to calculate the average level of service over the 10 year period immediately preceding the preparation of the development charges study (1999-2008) for each eligible service. Consideration must also be given to the quality of the service offered. The following Table identifies the service levels for each of the services described in Table 4 above.

<b>Table 5 - 10 Year Level of Service<sup>1</sup></b>			
<b>1999 Level of Service<sup>1</sup></b>	<b>2008 Level of Service</b>	<b>10 year average Level of Service</b>	<b>Maximum Allowable DC Expenditure</b>
<b>Roads</b>			
1. Pulverizing \$5,000/km 2. Shoulder Widening \$25,000/km 3. Surface Treatment \$20,000/km 4. 150mm Granular 'A' \$25,000/km 5. 300mm Granular 'B' \$75,000/km 6. Pavement \$50,000/km	1. \$7,000/km 2. \$32,500/km 3. \$42,000/km 4. \$37,125/km 5. \$90,000/km 6. \$62,500/km	1. \$6,000/km 2. \$26,250/km 3. \$31,000/km 4. \$28,560/km 5. \$82,500/km 6. \$56,250/km	1. \$6,000/km 2. \$26,250/km 3. \$31,000/km 4. \$28,560/km 5. \$82,500/km 6. \$56,250/km
<b>Public Works Facilities</b>			
1. Lanark Depot \$77,000 2. McDonald's Corners Depot \$452,100 3. Middleville Depot \$485,100 4. Tatlock Depot \$286,000 5. Joe's Lake Depot \$158,400 6. White Lake Depot \$112,200 <b>Total = \$1,570,800</b>	1. \$190,000 2. \$803,000 3. \$735,500 4. \$509,600 5. \$371,200 6. \$172,400 <b>\$2,781,700</b>	1. \$133,500 2. \$627,550 3. \$610,600 4. \$398,100 5. \$264,800 6. \$142,300 <b>\$2,176,850</b> \$1,570,800 + \$2,781,700 ÷ 2 ÷ 5,465 = \$398,22/capita	\$398.,22/capita
<b>Public Works Vehicles and Equipment</b>			
Equipment \$3,417,000	\$5,010,544 <sup>2</sup>	\$4,157,000 \$3,417,000 + \$5,010,544 ÷ 2 = 4,157,000 ÷ 5,465 = \$937.13/capita	\$937.13/capita
<b>Fire Vehicles and Equipment</b>			
Vehicles & Equipment \$3,430,000	\$4,109,700	\$3,430,000 + \$4,109,700 ÷ 2 = \$3,769,850 ÷ 5,465 = \$689.81/capita	\$689.81/capita
<b>Fire Stations</b>			
1. Lanark Village \$300,000 2. Middleville \$200,000 3. McDonald's Corners \$200,000 4. Robertson Lake \$100,000 5. Joe's Lake \$100,000 6. Tatlock \$250,000	1. \$300,000 2. \$224,000 3. \$200,300 4. \$109,100 5. \$102,500 6. \$247,700 7. \$247,700	1. \$300,000 2. \$212,000 3. \$200,150 4. \$104,550 5. \$101,250 6. \$248,850 7. \$203,850	\$250.80/capita

**Table 5 - 10 Year Level of Service<sup>1</sup>**

1999 Level of Service <sup>1</sup>	2008 Level of Service	10 year average Level of Service	Maximum Allowable DC Expenditure
7. White Lake \$160,000 Total = \$1,310,000	\$1,431,300	\$1,370,650 $\$1,310,000 + \$1,431,300 \div 2 = \$1,370,650 \div 5,465 = \$250.80/\text{capita}$	
<b>Library Services</b>			
\$516,884	\$673,026	$\$516,884 + \$673,026 \div 2 = \$594,955 \div 5,465 = \$108.86/\text{capita}$	\$108.86/capita
<b>Recreation Facilities</b>			
\$4,041,475	\$5,262,337	$\$4,041,475 + \$5,262,337 \div 2 = \$4,651,906 \div 5,465 = \$851.21/\text{capita}$	\$851.21/capita

Notes: 1. Standards derived from Development Charges Background Study, Final report, September 204, Township of Lanark Highlands (i.e. Roads standards taken from Table 7; Public Works Facilities standards taken from Table 10; Public Works Equipment standards taken from Tables 12 and 13; Fire Vehicles and Equipment taken from Table 5 and were adjusted by deducting value for fire stations. Table 4 was also used and adjusted by adding value of 2 dry hydrants and an adjusted value for the replacement of a tanker.) Library and Recreation values derived from Township asset registry (2009) and adjusted for historical costs using CPI.  
2. Adjusted values based on Consumer Price Index, 2009. 2004-2009 CPI given as 23.2%. Therefore Table 12 value of \$4,057,000 adjusted by adding equipment purchases of \$90,000 (\$4,157,000) multiplied by 23.2% = \$5,121,424

The level of service on a year-by-year basis has remained constant or modestly increased over the 10 year period. This can be attributed in part to capital expenditures the municipality has undertaken to improve the level of services. The municipality has allocated revenues from past development charges reserves towards these improvements. The quality of the services offered in some circumstances is regulated. The construction of buildings and the installation of handicapped (accessible) features, for example, are regulated by the Building Code Act. Other services are affected by standards which have become universal such as OPSS for road construction, or safety standards for playground furniture. Specifications for fire vehicles are expected to meet provincial standards. Circulation materials for libraries will be new. It is not anticipated that the quality of any service will be compromised by the addition of the proposed capital assets.

Table 6 provides a summary of the 10 year average level of service for each eligible service. For the purposes of this study it also constitutes the standard recognized by Council as appropriate for the municipality and is the basis upon which the 2009-2014 development charges are based.

#### 4.0 Estimated Increase in Need for Services

The increase in the need for additional (eligible) services for the Township of Lanark Highlands for the period 2009-2014 is identified in Table 7. These needs reflect a capital expenditure forecast for the period 2009-2014.

<b>Table 7 – Township of Lanark Highlands, Capital Expenditure Forecast – 2009-2014</b>			
<b>Service</b>	<b>Description</b>	<b>Gross Capital Cost</b>	<b>Projected Year of Expenditure</b>
Transportation Services - Roads	1. Highland Line	1. \$1,452,696	1. 2009-2010
	2. 9 <sup>th</sup> Concession 'B' Dalhousie	2. \$89,300	2. 2009
	3. Galbraith Road	3. 1,505,670	3. 2010
	4. Sheridan Rapids Rd E	4. \$147,000	4. 2010
	5. Sheridan Rapids Rd W	5. \$126,000	5. 2011
	6. 7 <sup>th</sup> Concession Lanark	6. \$112,850	6. 2012
	7. 8 <sup>th</sup> Concession Dalhousie	7. \$149,000	7. 2013
	8. 9 <sup>th</sup> Concession 'B' Dalhousie	8. <u>\$400,000</u>	8. 2014
		<b>\$3,982,516</b>	
Transportation Services - Facilities	1. Salt Shed - Lanark Village	1. \$66,000	1. 2010
	2. Garage – Lanark Village	2. \$440,000	2. 2010
	3. Garage Addition – Middleville	3. \$211,200	3. 2011
	4. Salt Shed – McDonald's Corners	4. \$61,600	4. 2012
	5. Salt Shed – White Lake	5. \$88,000	5. 2013
	6. Salt Shed – Tatlock	6. \$79,200	6. 2014
	7. Internet Towers	7. <u>\$5,000</u>	7. 2010
		<b>\$951,000</b>	
Transportation Services - Equipment	1. T-Axle c/w Plow/Sander	1. \$210,000	1. 2010
	2. 4WD ¾ Ton Truck	2. \$38,000	2. 2010
	3. 4WD ½ ton truck	3. \$32,000	3. 2011
	4. Brushing Arm	4. \$60,000	4. 2012
	5. Grader	5. <u>\$320,000</u>	5. 2013
		<b>\$660,000</b>	
Fire Services – Fire Equipment	1. 10 SCBA Bottles	1. \$4,000	1. 2009
	2. 40 lengths hi-volume fire hose	2. \$20,000	2. 2009
	3. Portable Pump	3. \$10,000	3. 2009
	4. Internet Towers	4. \$5,000	4. 2010
	5. Dry hydrant – Joe's Lake	5. \$5,000	5. 2010
	6. 10 Portable Radios	6. \$5,000	6. 2011
	7. Dry Hydrant – Location TBD	7. \$5,000	7. 2012
	8. 20 SCBA Bottles	8. \$8,000	8. 2012
	9. Dry Hydrant – Location TBD	9. <u>\$5,000</u>	9. 2014
		<b>\$67,000</b>	
Fire Services – Fire Vehicles	1. Tanker – Joe's Lake	1. \$200,000	1. 2013
	2. Pumper – Watson's Corners	2. <u>\$250,000</u>	2. 2014
		<b>\$450,000</b>	

**Table 7 – Township of Lanark Highlands, Capital Expenditure Forecast – 2009-2014**

<b>Service</b>	<b>Description</b>	<b>Gross Capital Cost</b>	<b>Projected Year of Expenditure</b>
Library Services	1. Circulation Materials	1. \$17,000	1. 2010
	2. Circulation Materials	2. \$18,000	2. 2011
	3. Circulation Materials	3. \$18,000	3. 2012
	4. Circulation Materials	4. \$19,000	4. 2013
	5. Circulation Materials	5. \$19,000	5. 2014
		<b>\$91,000</b>	
Recreation Services - Facilities	1. LDCC Handicapped Facilities	1. \$20,000	1. 2011
	2. LDCC Addition to Women's Change Room	2. \$10,000	2. 2011
	3. LDCC Addition to washrooms for handicapped	3. \$10,000	3. 2011
	4. Youth Centre – Entrance Doors	4. \$5,000	4. 2014
	5. Youth Centre – Barrier Free Ramp	5. \$5,000	5. 2014
	6. Youth Centre – Accessible Washrooms	6. \$4,000	6. 2014
	7. Youth Centre – Barrier Free Ramp	7. \$2,500	7. 2013
	8. Youth Centre – Accessible Washrooms	8. \$4,000	8. 2013
	9. Hopetown Community Center – Barrier Free Ramp	9. \$4,000	9. 2012
	10. Middleville Community Center – Entrance Doors	10. \$2,500	10. 2012
	11. Middleville Community Center – Handrail	11. \$1,500	11. 2012
	12. Robertson Lake Park – Accessible Change Rooms	12. \$10,000	13. 2013
	13. Robertson Lake Park – Accessible Washrooms	13. \$10,000	14. 2013
	14. Vincent Hall Park – Accessible Canteen	14. \$4,000	15. 2010
	15. Vincent Hall Park – Accessible Washrooms	15. \$10,000	16. 2010
	16. Vincent Hall Park – Playground Equipment	16. \$20,000	17. 2014
	17. Clyde Waterfront Park – Accessible Playground Structure	17. \$10,000	
		<b>\$132,500</b>	
<b>Capital Studies</b>			
Capital Studies	1. Development Charges Study	1. \$7,500	1. 2009
	2. Official Plan Review	2. \$25,000	2. 2014
	3. Roads Management Study	3. \$50,000	3. 2010
		<b>\$82,500</b>	

**Table 7 – Township of Lanark Highlands, Capital Expenditure Forecast – 2009-2014**

Service	Description	Gross Capital Cost	Projected Year of Expenditure
Source: Municipality			

The services listed above are intended to reflect specific projects to be undertaken over the next five year period.

## **5.0 Development Charge Calculations**

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The Development Charges Act requires Councils to consider a number of matters in calculating the applicable development charge for growth related capital expenditures. The following itemizes these matters.

### **5.1 Determination of Excess Capacity (DC Act, Section 5. (1) 5)**

Council has indicated that it intends to “ensure that an increase in the need for services will be met through a program of capital expenditures based on an annual approval of capital forecasts”. The pattern of capital expenditures in the past is an indication of Council’s practice in levying a charge against development that creates a need for services. Excess capacity to this extent is intended to be paid for by development charges and consequently, there is no excess capacity that is attributed to existing services.

### **5.2 Determination of the Benefit to Existing Development (DC Act, Section 5 (1) 6)**

The Act requires Council to reduce the development charge by the proportion that can be attributed to existing development. For example, if a new fire hall is constructed, and will service part an area already serviced, the cost related to servicing that existing development must be deducted from the charge.

The Township of Lanark Highlands continues to experience growth and will require new infrastructure to meet the future demands attributed to that growth. The existing range of services offered by the Municipality is generally considered to benefit all ratepayers and improvements are also of general benefit to all ratepayers. For example, recreation facilities in one part of the municipality are accessible and open to all residents of the municipality.

For the purposes of this study, any benefit attributed to existing development would be generalized across the whole community. The calculation for the value of the benefit to existing development is allocated at 10% of the gross development charge less any grants or adjustments for replacement costs or the 10 year level of service.

### **5.3 Operating Costs (DC Act, Section 10 (2c))**

An assessment was undertaken of the operating costs for each of the types of eligible service as shown in Table 9.

**Table 9– Township of Lanark Highlands - Operating Costs by Type of Service, 2001-2004**

Type of Service	2006	2007	2008
<b>Transportation</b>	\$769.79/dwelling	\$827.93/dwelling	\$986.00/dwelling
<b>Fire Services</b>	\$152.07/dwelling	\$178.04/dwelling	\$158.69/dwelling
<b>Recreation and Culture Services</b>	\$158.44/dwelling	\$168.29/dwelling	\$156.53/dwelling

Source: Financial Information Returns, 2006-2008

The overall operational costs for transportation have increased by 28% over the three year period 2006-2008 while the operational costs for fire services and recreation and cultural services have remained relatively constant over the same period. Municipal expenditures for roads are the single most important cost for a rural township municipality and fluctuations in costs are experienced in response to improved levels of services or weather conditions (i.e. winter deicing costs can change from one year to the next depending on snow conditions). The operational costs associated with the capital projects proposed will increase the operational costs within each of the municipal spending categories. Increases are expected to be nominal for fire services since most of the costs are associated with the acquisition of firefighting equipment. The two vehicles to be replaced (development charges are applied only to the upgraded (pro-rated) costs and not to the replacement component) will not increase the operational costs beyond the anticipated inflationary increases to fuel and maintenance. For recreational and cultural services including libraries, no additional staffing is anticipated. Nominal overhead costs for heating and maintenance of additions to recreation buildings may be expected. Maintenance costs will be expected to rise for transportation services through the addition of four salt sheds and the construction and addition to municipal garages. Increases in costs will rise gradually over the five year period as these facilities are added. Projected increases in operational costs will be shared across the growth in municipal assessment arising from new development and are not expected to be extraordinary for the added capital assets proposed. The additional assets will also be incorporated into the municipal capital asset maintenance program designed to provide for the replacement of depreciated assets over time.

#### **5.4 Capital Costs for Increased Services and Allocation between Residential and Non-Residential Sectors**

The capital costs are calculated on the basis of what is required to maintain the 10 year average level of service as set out in Table 5.1 for each service multiplied by the projected level of new development in the community over the next five years. The intent is that future residents and businesses will be expected, through development charges, to maintain the standard level of service set out in Table 6.

The proportion of the charge allocated between residential and non-residential sectors utilized in the 2004 study allocated 98% of proposed charges to the residential sector and 2% to the non-residential sector. The latest assessment role values for each of these land use sectors (i.e. the total assessed value for all residential property tax classes and all non-residential property classes) was used to ascertain whether the proportionate split between the property classes was still the same in 2009. The comparison is provided as follows:

	<u>2004</u> <u>Assessment</u>	<u>2009</u> <u>Assessment</u>
Industrial, Commercial, Institutional Sector		
Farm		
Total	2.0 %	6.78%
Residential	<u>98.0%</u>	<u>93.22%</u>
Grand Total	100.0%	100.0

It is recommended that the updated assessment roles be used for the purpose of allocating costs between the residential and non-residential sector and consequently, that 93.14% of the costs be allocated to the residential sector and 6.78% to the non-residential sector.

Other factors applicable to the calculation are as follows:

- The number of housing starts over the five year period 2009-2014 will be 159 units
- Non-residential construction will yield an additional 10,764 ft.<sup>2</sup> (1,000 m<sup>2</sup>) over the period 2009-2014
- Although there was no differentiation between dwelling types given the predominance of single detached dwelling construction, development charges should be pro-rated for multiple-residential dwellings and mobile homes at the rate of 87.5% of the residential charge for an apartment dwelling of 2 bedrooms or more, a town house or mobile home and 75% of the residential development charge for an apartment dwelling with a bachelor or 1 bedroom.

## 5.5 Development Charges Calculations

The following Tables set out the development charges calculations for the specific services set out in this report.

<b>Table 10.1 - Calculation of Development Charge</b>	
<b>Item: Transportation Services:</b>	
1. Roads	\$3,982,516
2. Facilities	\$ 951,000
3. Equipment	<u>\$ 660,000</u>
<b>Total</b>	<b>\$5,593,516</b>
<b>Development Charge Gross Cost</b>	<b>\$5,593,516</b>
<b>Less Replacement Cost Component</b>	<b>\$1,140,458</b>
<b>Less Uncommitted Excess Capacity</b>	<b>\$0</b>
<b>Less Grants, Subsidies and Other Contributions</b>	
<b>Less Benefit to Existing Development</b>	<b>91.3 x \$4,453,058 = \$4,065,642</b>
<b>Less 10 % where Applicable</b>	<b>\$0</b>
<b>NET DEVELOPMENT CHARGE</b>	<b>\$387,416</b>
<b>Residential Development Charge - (93.22% x \$387,416) = \$361,149.23 ÷ 159 dwelling units = \$2,271.38/dwelling unit</b>	<b>\$2,271.38/dwelling unit</b>
<b>Non-Residential Development Charge - (6.78% x \$387,416.31) = \$26,266.77 ÷ 1,000 m<sup>2</sup> = \$26.27/m<sup>2</sup></b>	<b>\$26.27/m<sup>2</sup></b>

<b>Table 10.2 - Calculation of Development Charge</b>	
<b>Item: Fire Services:</b>	
1. Fire Equipment	\$ 67,000
2. Fire Vehicles	<u>\$450,000</u>
<b>Total</b>	<b>\$517,000</b>
<b>Development Charge Gross Cost</b>	<b>\$517,000</b>
<b>Less Replacement Cost Component</b>	<b>\$410,000</b>
<b>Less Uncommitted Excess Capacity</b>	<b>\$0</b>
<b>Less Benefit to Existing Development</b>	<b>75% x \$107,000 = \$80,250</b>
<b>Less Grants, Subsidies and Other Contributions</b>	<b>\$0</b>
<b>Less 10 % where Applicable</b>	<b>\$0</b>
<b>Net Capital Cost</b>	<b>\$26,750</b>
<b>NET DEVELOPMENT CHARGE</b>	<b>\$0</b>
<b>Residential Development Charge - (93.22% x \$26,750) = \$24,936.35 ÷ 159 dwelling units = \$156.83/dwelling</b>	<b>\$156.83/dwelling unit</b>
<b>Non-Residential Development Charge - (6.78% x \$26,750) = \$1,813.65 ÷ 1,000 m<sup>2</sup> = \$1.813/m<sup>2</sup></b>	<b>\$1.813/m<sup>2</sup></b>

<b>Table 10.3 - Calculation of Development Charge</b>	
<b>Item: Recreation and Cultural Services</b>	
1. Library Services	\$ 91,000
2. Recreation Facilities	<u>\$132,500</u>
<b>Total</b>	<b>\$223,500</b>
<b>Development Charge Gross Cost</b>	<b>\$223,500</b>
<b>Less Uncommitted Excess Capacity</b>	<b>\$0</b>
<b>Less Benefit to Existing Development</b>	<b>75% x \$223,500 = \$55,875</b>
<b>Less Grants, Subsidies and Other Contributions</b>	<b>\$0</b>
<b>Less 10 % where Applicable</b>	<b>\$5,587</b>
<b>Net Capital Cost</b>	<b>\$50,288</b>
<b>NET DEVELOPMENT CHARGE</b>	<b>\$50,288</b>
<b>Residential Development Charge - (100% x \$50,288) = \$50,288 ÷ 159 dwelling units = \$316.28/dwelling unit.</b>	<b>\$316.28/dwelling unit</b>
<b>Non-Residential Development Charge</b>	<b>\$nil</b>

<b>Table 10.4 - Calculation of Development Charge</b>	
<b>Capital Studies:</b>	
<b>1. Development Charges</b>	<b>\$7,500</b>
<b>2. Official Plan Review</b>	<b>\$25,000</b>
<b>3. Roads Management Study</b>	<b><u>\$50,000</u></b>
<b>Total</b>	<b>\$82,500</b>
<b>Development Charge Gross Cost</b>	<b>\$82,500</b>
<b>Less Uncommitted Excess Capacity</b>	<b>\$0</b>
<b>Less Benefit to Existing Development</b>	<b>75% x \$82,500 = \$61,875</b>
<b>Less Benefit to Existing Development</b>	<b>\$0</b>
<b>Less Grants, Subsidies and Other Contributions</b>	<b>\$0</b>
<b>Less 10 % where Applicable</b>	<b>\$0</b>
<b>NET DEVELOPMENT CHARGE</b>	<b>\$20,625</b>
<b>Residential Development Charge - (93.22% x \$20,625) = \$19,226.62 ÷ 159 dwelling units = \$120.92/dwelling unit</b>	<b>\$120.92/dwelling unit</b>
<b>Non-Residential Development Charge - (6.78% x \$20,625) = \$1,398.38 ÷ 1,000 m<sup>2</sup> = \$1.398/m<sup>2</sup></b>	<b>\$1.398/m<sup>2</sup></b>

Table 11 sets out a summary of the development charges based on Tables 10.1 – 10.4.

<b>Table 11 – Summary of Development Charges for Residential and Non-Residential Uses</b>			
<b>Municipal Service</b>		<b>Residential Charge per dwelling unit</b>	<b>Non-Residential Charge per ft.<sup>2</sup></b>
<b>1</b>	<b>Transportation</b>	<b>\$2,271.38/dwelling unit</b>	<b>\$26.27/m<sup>2</sup></b>
<b>2</b>	<b>Fire Services</b>	<b>\$156.83/dwelling unit</b>	<b>\$1.813/m<sup>2</sup></b>
<b>3</b>	<b>Recreation and Culture</b>	<b>\$316.28/dwelling unit</b>	<b>nil</b>
<b>4</b>	<b>Capital Studies</b>	<b>\$120.92/dwelling unit</b>	<b>\$1.398/m<sup>2</sup></b>
<b>Total Charge</b>		<b>\$2,865.41/dwelling unit</b>	<b>29.48/m<sup>2</sup> or \$2.73/ft.<sup>2</sup></b>

## **6.0 Transitional and Other Matters**

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### **6.1 Exclusion of Local Services (DC Act, Section 2 (5))**

The municipality shall not impose a development charge levy with respect to the installation of 'local' services in a plan of subdivision. These services such as the construction of a road or installation of street lighting are typically the direct cost of the developer. These costs may include improvements to services outside of the boundaries of the subdivision which are related directly to the subdivision itself, such as widening or paving an access road.

While the developer would be expected to install services at his/her cost, this would not exempt payment of a development charge as set out in the by-law.

### **6.2 Development Charges Reserves**

The municipality must maintain its development charge reserve fund.

For services that were eligible under both the previous by-law, the reserve fund is to be transferred over and is deemed to be for the same service. This transfer would occur on the day the old by-law is repealed. For Lanark Highlands, this means that the reserves for transportation services, fire services, recreation and cultural services and planning and development services are transferred to their counterparts under the new by-law.

### **6.3 Interest Rates**

There are three circumstances where the Bank of Canada rate may apply to interest. If a municipality is required to refund a development charge as a result of an OMB decision (DC Act, Section 18 (3)); if a development charge is refunded as a result of a complaint filed with the Council (DC Act, Section 25 (2)); or if the municipality borrows funds from a development charges fund e.g. inter-fund transfer, then the Bank of Canada Rate applies to the interest on any of the funds refunded or borrowed. The applicable rate is the rate in effect on the date when the by-law comes into force.

Council may in the by-law allow for the updating of this rate on a quarterly basis e.g. the first day of business of every January, April, July or October.

### **6.4 Treasurer's Statement**

The Treasurer of the municipality must provide Council with a financial statement on the status of the development charges fund on an annual basis. The statement must be sent to the Ministry of Municipal Affairs and Housing within 60 days of the receipt by Council.

Contents of the statement must include:

- (a) opening balance
- (b) closing balance
- (c) description of each service and/or services within categories
- (d) transactions during the year
- (e) list of credits by service (outstanding at beginning of year, given in the year and outstanding at the end of the year)
- (f) list of credits by holder
- (g) amounts borrowed and associated interest paid
- (h) interest applied to balances
- (i) for each project that is financed, the amount transferred from the reserve and the amount from all other sources to fund the project.