



# Development Charges Background Study

Municipality of North Middlesex

February 18, 2022

Watson & Associates Economists Ltd.  
905-272-3600  
info@watsonecon.ca

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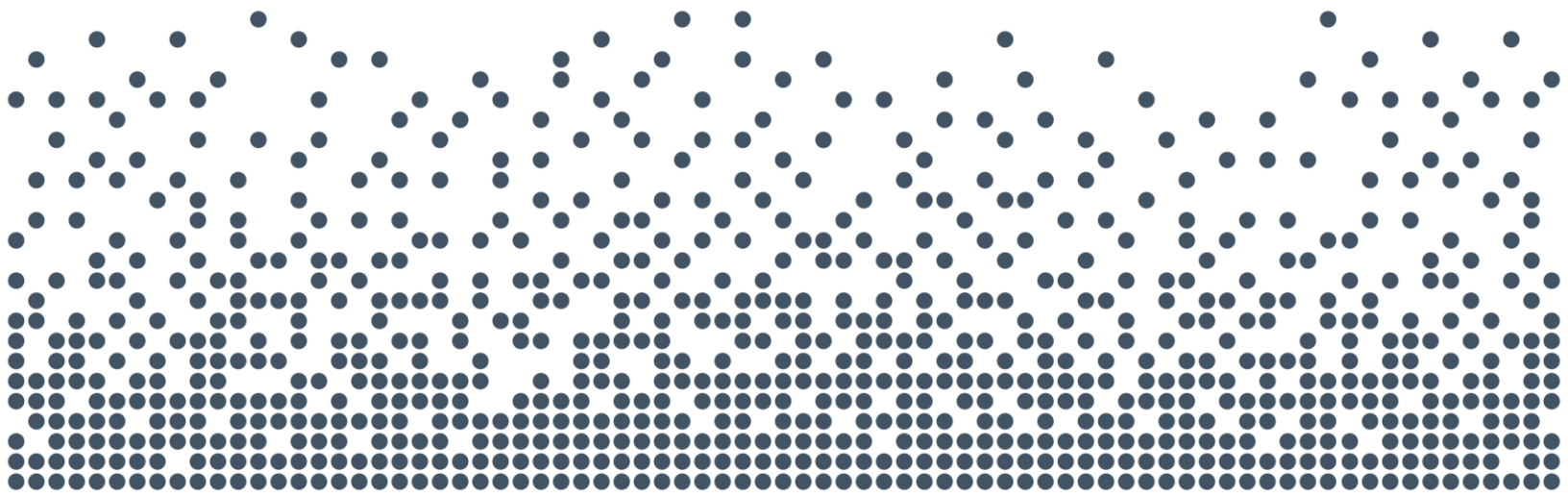
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## List of Acronyms and Abbreviations

<b>Acronym</b>	<b>Full Description of Acronym</b>
A.M.P.	Asset management plan
CANSIM	Canadian Socio-Economic Information Management System (Statistics Canada)
C.I.P.A.	Community Improvement Project Areas
D.C.	Development charge
D.C.A.	Development Charges Act, 1997, as amended
ERASE	Environmental, Remediation, and Site Enhancement
F.I.R.	Financial Information Return
G.F.A.	Gross floor area
LPAT	Local Planning Appeal Tribunal
M.O.E.C.P.	Ministry of the Environment, Conservation and Parks
N.F.P.O.W.	No fixed place of work
OLT	Ontario Land Tribunal (formerly LPAT)
O.P.A.	Official Plan Amendment
O. Reg.	Ontario Regulation
P.O.A.	Provincial Offences Act
P.P.U.	Persons per unit
S.D.E.	Single detached equivalent
S.D.U.	Single detached unit
S.W.M.	Stormwater management
sq.ft.	square foot
sq.m	square metre



# Executive Summary





# Executive Summary

1. The report provided herein represents the Development Charges (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 D.C.;
  - 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 D.C.s;
  - Chapter 7 – D.C. policy recommendations and rules; and
  - Chapter 8 – By-law implementation.
  
2. D.C.s 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;
    - 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.





- 6) Net costs divided by growth to provide the D.C.
3. A number of changes to the D.C. process need to be addressed as a result of the *Smart Growth for Our Communities Act, 2015* (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 (A.M.P.) that deals with all assets proposed to be funded, in whole or in part, by D.C.s. The A.M.P. 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 requires D.C.s to be collected at the time of the first building permit.
  4. Further changes to the D.C.A. were introduced through four bills passed in the Ontario legislature: Bill 108, Bill 138, Bill 197, and Bill 213. The following provides a brief summary of the proposed changes.

Bill 108: More Homes, More Choice: Ontario's Housing Supply Action Plan

In May 2019, the Province introduced Bill 108, More Homes, More Choice Act, 2019 which would make changes to the current D.C. legislation. The Bill was passed and given Royal Assent on June 6, 2019. While the legislation has been passed, much of the detailed changes were to be implemented by Regulation, however, these changes were not implemented (subject to Bill 197 discussed later). The following items are currently in effect:

- a. Effective January 1, 2020, rental housing and institutional developments shall pay D.C.s in six (6) equal annual payments commencing at first occupancy. Non-profit housing developments shall pay D.C.s in 21 equal annual payments. Interest may be charged on the instalments, and any



unpaid amounts inclusive of interest payable shall be added to the property tax roll and collected in the same manner as taxes.

- b. Effective January 1, 2020, the D.C. amount for all developments occurring within two years of a Site Plan or Zoning By-law Amendment planning approval (for applications made after January 1, 2020), shall be determined based on the D.C. by-law in effect on the day of Site Plan or Zoning By-law Amendment application.

Other key elements of the changes that were not proclaimed and were dealt with subsequently through Bill 197 are provided below:

- The D.C. would be refined to only allow for the following services to remain within the D.C.: water, wastewater, storm water, roads, fire, policing, ambulance, waste diversion, parks development, recreation, public libraries, long-term care, and public health.
- The mandatory 10% deduction would be removed for all services that remain eligible in the D.C.
- A new community benefits charge (C.B.C.) would be introduced to include formerly eligible D.C. services that are not included in the above listing, parkland dedication and bonus zoning contributions.

#### Bill 138: Plan to Build Ontario Together Act, 2019

On November 6, 2019, the Province released Bill 138 which provided further amendments to the D.C.A. and Planning Act. This Bill received Royal Assent on December 10, 2019 and was proclaimed which resulted in sections related to the D.C.A. (schedule 10) becoming effective on January 1, 2020. With respect to the D.C.A., this Bill removed the provision of instalment payments for commercial and industrial developments that were originally identified in Bill 108.

#### Bill 197: COVID-19 Economic Recovery Act, 2020

In March 2020, Canada was impacted by the COVID-19 global pandemic. As a result, the economy was put into a state of emergency in an effort to slow the spread of the virus. In response, the Province tabled legislation on July 8, 2020 which



amended a number of Acts, including the D.C.A. and the Planning Act. With Bill 197, many changes proposed in Bill 108 have now been revised. With respect to the above noted changes from Bill 108, the following changes are provided in Bill 197:

- **Eligible Services:** The list of eligible services for the D.C. has now been expanded to include most services eligible under the D.C.A. prior to Bill 108. For the Municipality of North Middlesex, this means that services currently provided in the D.C. study remain eligible.
- **Mandatory 10% Deduction:** The mandatory 10% deduction is removed (consistent with Bill 108). This applies to all D.C.-eligible services.
- **Community Benefits Charges:** a municipality may, by by-law impose a C.B.C. to pay for the capital costs for formerly eligible D.C. services in addition to parkland dedication and bonus zoning contributions. However, based on the list of D.C.-eligible services under the new legislation, all current services are D.C. eligible, thus a C.B.C. has not been prepared for the Municipality at this time.

#### Bill 213: Better for People, Smarter for Business Act, 2020

On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that would exempt the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government.

These changes to the D.C.A. are further discussed in Section 1.4 of this report.

5. The growth forecast (Chapter 3) on which the Municipal-wide D.C. is based, projects the following population, housing, and non-residential floor area for the 10-year (2022 to 2031), 20-year (2022 to 2041), and 20-year urban area periods. A summary is provided in table ES-1.



Table ES-1  
Summary of Growth Forecast by Planning Period

Measure	10-year 2022 to 2031	20-year 2022 to 2041	20-year Parkhill 2022 to 2041	20-year Ailsa Craig/Nairn 2022 to 2041
(Net) Population Increase	483	1,128	782	487
Residential Unit Increase	339	769	395	284
Non-Residential Gross Floor Area Increase (sq.ft.)	149,600	357,300	83,100	43,700

Source: *Watson & Associates Economists Ltd. Forecast 2022*

6. On March 21, 2018, the Municipality of North Middlesex passed By-law 17 of 2018 under the D.C.A. The by-law imposes D.C.s on residential and non-residential development. This by-law will expire on March 21, 2023. The Municipality is undertaking a D.C. public process and anticipates passing a new by-law in advance of the expiry date. The mandatory public meeting has been scheduled for April 6, 2022 with adoption of the by-law on April 20, 2022.
7. The Municipality D.C.s currently in effect have been reduced by 50% from their calculated amounts. The discounted D.C. for Ailsa Craig/Nairn/Petty is \$6,225 for single detached dwellings and \$0.86 per sq. ft. for non-residential development. The discounted D.C. for Parkhill is \$6,342 for single detached dwellings and \$0.87 per sq. ft. for non-residential development.

This report has undertaken a recalculation of the charges based on future identified needs (presented in Schedule ES-3). Charges have been provided on a Municipal-wide basis for all services (except water and wastewater services). The corresponding municipal-wide single detached unit charge is \$4,505 and the non-residential charge is \$1.49 per sq.ft. of building area. The Parkhill area charges for full services total \$20,357 for a single detached unit. For non-residential development, wastewater treatment charges have been allocated between commercial/institutional/small industrial uses and large industrial wastewater users. The corresponding commercial/institutional/small industrial and large industrial D.C.s for full services is \$9.08 and \$18.65 per sq.ft. of building area, respectively. The Ailsa Craig and Nairn area charges for full services total \$16,396 per single detached unit. For non-residential development,



wastewater treatment charges have been allocated between commercial/institutional/small industrial uses and large industrial wastewater users. The corresponding commercial/institutional/small industrial and large industrial D.C.s for full services is \$7.74 and \$12.91 per sq.ft. of building area, respectively. These rates are submitted to Council for its consideration.

8. In addition to the calculations noted above, an alternative calculation has been provided for water and wastewater services in the urban areas. This calculation combines the Parkhill and Ailsa Craig/Nairn areas into one urban area for the purposes of the calculations. The corresponding calculated D.C.s for the rural area would remain the same (\$4,505 per single detached unit and \$1.49 per sq.ft. of non-residential development), whereas the charges for full services in both urban areas would be \$19,187 per single detached unit, \$8.77 per sq.ft. of commercial/institutional/small industrial development, and \$16.76 per sq.ft. of large industrial development. These calculations are discussed further in Appendix H and summarized in Table ES-4.
9. The D.C.A. requires a summary be provided of the gross capital costs and the net costs to be recovered over the life of the by-law. This calculation is provided by service and is presented in Table 6-6. A summary of these costs is provided below:

Table ES-2  
Summary of Expenditures Anticipated Over the Life of the By-law

Summary of Expenditures Anticipated Over the Life of the By-law	Expenditure Amount
Total gross expenditures planned over the next five years	\$63,686,167
Less: Benefit to existing development	\$34,812,250
Less: Post planning period benefit	\$5,282,000
Less: Ineligible re: Level of Service	\$1,822,160
Less: Grants, subsidies and other contributions	\$0
<b>Net costs to be recovered from development charges</b>	<b>\$21,769,757</b>

This suggests that for the non-D.C. cost over the five-year D.C. by-law (benefit to existing development, ineligible services, and grants, subsidies and other contributions), \$36.63 million (or an annual amount of \$7.33 million) will need to



be contributed from taxes and rates, or other sources. With respect to the post period benefit amount of \$5.28 million, it will be included in subsequent D.C. study updates to reflect the portion of capital that benefits growth in the post period D.C. forecasts.

Based on the above table, the Municipality plans to spend \$63.69 million over the next five years, of which \$21.77 million (34%) is recoverable from D.C.s. Of this net amount, \$19.42 million is recoverable from residential development and \$2.35 million from non-residential development. It is noted also that any exemptions or reductions in the charges would reduce this recovery further.

#### 10. 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 on an area-specific basis:

- Wastewater Services; and
- Water Services.

The following services are calculated based on a 20-year forecast:

- Services Related to a Highway; and
- Fire Protection Services.

All other service is calculated based on a 10-year forecast. This includes:

- Parks and Recreation Services.

In addition, a class of service has been established for Growth Studies which is calculated based on a Municipal-wide 10-year forecast. Library services were reviewed and considered, however, no capital needs were identified for the forecast period.

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 G. These decisions may include:

- adopting the charges and policies recommended herein;



- considering additional exemptions to the by-law;
- considering the alternative approach to the urban area charges presented in Appendix H; 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).





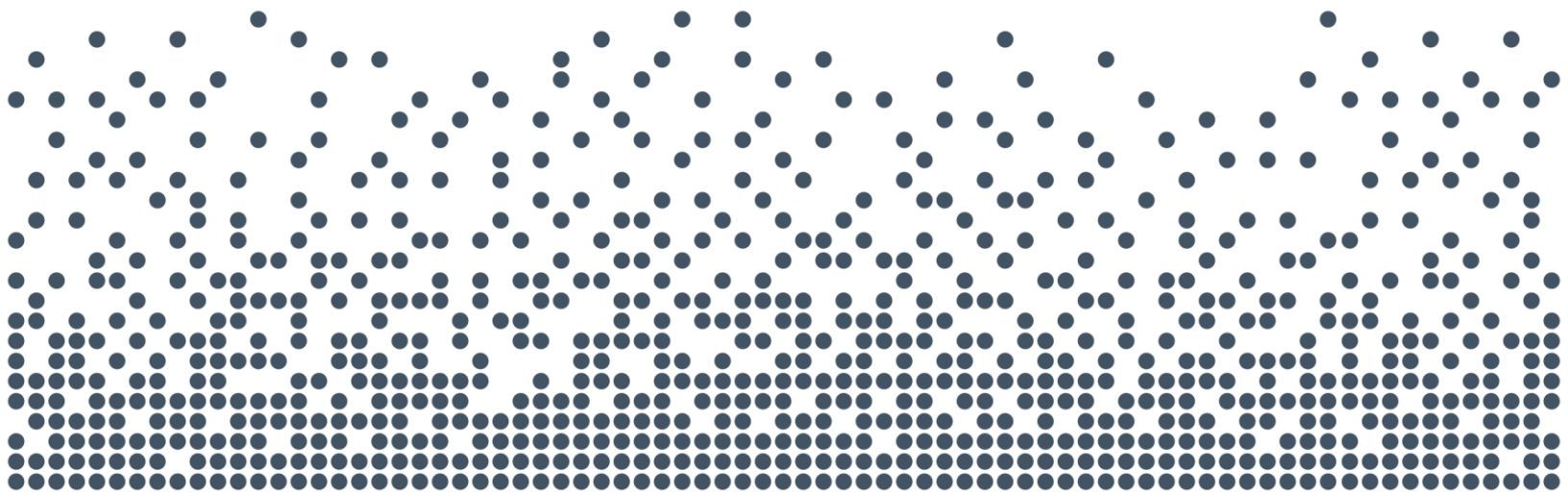
Figure ES-3  
Schedule of Development Charges

Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL	
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Commercial, Institutional, and Small Industrial (per sq.ft. of Gross Floor Area)	Large Industrial (per sq.ft. of Gross Floor Area)
<b>Municipal Wide Services/Class of Service:</b>							
Services Related to a Highway	1,525	1,088	1,038	655	563	0.55	0.55
Fire Protection Services	1,405	1,002	956	603	518	0.50	0.50
Parks and Recreation Services	603	430	411	259	223	0.06	0.06
Growth Studies	972	693	662	417	359	0.38	0.38
<b>Total Municipal Wide Services/Class of Services</b>	<b>4,505</b>	<b>3,213</b>	<b>3,067</b>	<b>1,934</b>	<b>1,663</b>	<b>1.49</b>	<b>1.49</b>
<b>Urban Services - Parkhill</b>							
Wastewater Treatment	10,135	7,230	6,900	4,350	3,741	5.23	14.80
Wastewater Sewers	1,097	783	747	471	405	0.49	0.49
Water Storage	2,059	1,469	1,402	884	760	0.74	0.74
Water Distribution	2,562	1,828	1,744	1,100	946	1.13	1.13
<b>Total Urban Services</b>	<b>15,852</b>	<b>11,310</b>	<b>10,793</b>	<b>6,805</b>	<b>5,852</b>	<b>7.59</b>	<b>17.16</b>
<b>Urban Services - Ailsa Craig &amp; Nairn</b>							
Wastewater Treatment	5,900	4,209	4,017	2,532	2,178	3.45	8.61
Wastewater Sewers	1,450	1,034	987	622	535	0.84	0.84
Water Storage	3,842	2,741	2,616	1,649	1,418	1.56	1.56
Water Distribution	700	499	477	300	258	0.40	0.40
<b>Total Urban Services</b>	<b>11,892</b>	<b>8,483</b>	<b>8,097</b>	<b>5,103</b>	<b>4,389</b>	<b>6.25</b>	<b>11.42</b>
<b>GRAND TOTAL RURAL AREA</b>	<b>4,505</b>	<b>3,213</b>	<b>3,067</b>	<b>1,934</b>	<b>1,663</b>	<b>1.49</b>	<b>1.49</b>
<b>GRAND TOTAL - PARKHILL</b>	<b>20,357</b>	<b>14,523</b>	<b>13,860</b>	<b>8,739</b>	<b>7,515</b>	<b>9.08</b>	<b>18.65</b>
<b>GRAND TOTAL - AILSA CRAIG &amp; NAIRN</b>	<b>16,396</b>	<b>11,696</b>	<b>11,164</b>	<b>7,037</b>	<b>6,052</b>	<b>7.74</b>	<b>12.91</b>



**Figure ES-4**  
**Schedule of Development Charges – Alternative Calculation for Urban Services**

Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL	
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units	Commercial, Institutional, and Small Industrial (per sq.ft. of Gross Floor Area)	Large Industrial (per sq.ft. of Gross Floor Area)
<b>Municipal Wide Services/Class of Service:</b>							
Services Related to a Highway	1,525	1,088	1,038	655	563	0.55	0.55
Fire Protection Services	1,405	1,002	956	603	518	0.50	0.50
Parks and Recreation Services	603	430	411	259	223	0.06	0.06
Growth Studies	972	693	662	417	359	0.38	0.38
<b>Total Municipal Wide Services/Class of Services</b>	<b>4,505</b>	<b>3,213</b>	<b>3,067</b>	<b>1,934</b>	<b>1,663</b>	<b>1.49</b>	<b>1.49</b>
<b>Urban Services</b>							
Wastewater Treatment	8,683	6,194	5,912	3,727	3,205	4.68	12.68
Wastewater Sewers	1,240	885	844	532	458	0.60	0.60
Water Storage	2,955	2,108	2,012	1,268	1,091	1.11	1.11
Water Distribution	1,805	1,288	1,229	775	666	0.88	0.88
<b>Total Urban Services</b>	<b>14,682</b>	<b>10,475</b>	<b>9,997</b>	<b>6,302</b>	<b>5,420</b>	<b>7.28</b>	<b>15.27</b>
<b>GRAND TOTAL RURAL AREA</b>	<b>4,505</b>	<b>3,213</b>	<b>3,067</b>	<b>1,934</b>	<b>1,663</b>	<b>1.49</b>	<b>1.49</b>
<b>GRAND TOTAL - URBAN</b>	<b>19,187</b>	<b>13,688</b>	<b>13,064</b>	<b>8,236</b>	<b>7,083</b>	<b>8.77</b>	<b>16.76</b>



# Report



# Chapter 1

## Introduction



# 1. Introduction

## 1.1 Purpose of this Document

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This background study has been prepared pursuant to the requirements of the *Development Charges Act, 1997*, as amended, (D.C.A.) (section 10) and, accordingly, recommends new development charges (D.C.s) and policies for the Municipality of North Middlesex.

The Municipality retained Watson & Associates Economists Ltd. (Watson), to undertake the D.C. study process throughout 2021 and early 2022. Watson 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 D.C. 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 G).

In addition, the report is designed to set out sufficient background on the legislation (Chapter 4), North Middlesex's current D.C. policies (Chapter 2) and the policies underlying the proposed by-law, 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 April 6, 2022. 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.s.

In accordance with the legislation, the background study and proposed D.C. by-law will be available for public review on February 18, 2022.

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

- consideration of responses received prior to, at, or immediately following the public meeting;
- refinements to the report, if required; and
- Council consideration of the by-law subsequent to the public meeting.

Figure 1-1 outlines the proposed schedule to be followed with respect to the D.C. by-law adoption process.

Figure 1-1  
Schedule of Key D.C. Process Dates for the Municipality of North Middlesex

Schedule of Study Milestone	Dates
1. Data collection, staff review, D.C. calculations and policy work	April to December, 2021
2. Public release of final D.C. Background study and proposed by-law	February 18, 2022
3. Public meeting advertisement placed in newspaper(s)	No later than March 16, 2022
4. Public meeting of Council	April 6, 2022
5. Council considers adoption of background study and passage of by-law	April 20, 2022
6. Newspaper notice given of by-law passage	By 20 days after passage
7. Last day for by-law appeal	40 days after passage
8. Municipality makes pamphlet available (where by-law not appealed)	By 60 days after in force date



## **1.3 Changes to the D.C.A.: Bill 73 – Smart Growth for our Communities Act, 2015**

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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) Section 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) Section 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 (A.M.P.) (subsection 10 (2) (c.2)). The A.M.P. 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 A.M.P. 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 A.M.P., 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 F of this report).

### **1.3.3 60-Day Circulation of the 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 February 18, 2022 to ensure the new requirements for release of the study are met.

### **1.3.4 Timing of Collection of D.C.s**

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. There may be instances, however, 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 way in which transit D.C. service standards are calculated, the inclusion of waste diversion, and the ability for collection of additional levies; however, these sections do not impact the Municipality's D.C.



## 1.4 Further Changes to the D.C.A.: Bill 108, 138, 197, and 213

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### 1.4.1 *Bill 108: More Homes, More Choice Act – An Act to Amend Various Statutes with Respect to Housing, Other Development, and Various Matters*

On May 2, 2019, the Province introduced Bill 108, which proposed changes to the D.C.A. The Bill was introduced as part of the Province's "*More Homes, More Choice: Ontario's Housing Supply Action Plan*". The Bill received Royal Assent on June 6, 2019.

While having received royal assent, many of the amendments to the D.C.A. would not come into effect until they are proclaimed by the Lieutenant Governor (many of these changes were revised through Bill 197). At the time of writing, the following provisions have been proclaimed:

- Effective January 1, 2020, rental housing and institutional developments will pay D.C.s in six equal annual payments commencing at occupancy. Non-profit housing developments will pay D.C.s in 21 equal annual payments. Interest may be charged on the instalments, and any unpaid amounts may be added to the property and collected as taxes.
- Effective January 1, 2020, the D.C. amount for all developments occurring within 2 years of a Site Plan or Zoning By-law Amendment planning approval (for application submitted after this section is proclaimed), shall be determined based on the D.C. in effect on the day of Site Plan or Zoning By-law Amendment application. If the development is not proceeding via these planning approvals, then the amount is determined the earlier of the date of issuance of a building permit.

On February 28, 2020, the Province released updated draft regulations related to the D.C.A. and the Planning Act. A summary of these changes to take effect upon proclamation by the Lieutenant Governor is provided below:

**Changes to Eligible Services** – Prior to Bill 108, the D.C.A. provided a list of ineligible services whereby municipalities could include growth related costs for any service that was not listed. With Bill 108, the changes to the D.C.A. would now specifically list the



services that are eligible for inclusion in the by-law. Further, the initial list of eligible services under Bill 108 was limited to "hard services", with the "soft services" being removed from the D.C.A. These services would be considered as part of a new community benefits charge (discussed below) imposed under the Planning Act. As noted in the next section this list of services has been amended through Bill 197.

**Mandatory 10% deduction** - The amending legislation would remove the mandatory 10% deduction for all services that remain eligible under the D.C.A.

**Remaining Services to be Included in a New Community Benefits Charge (C.B.C.) Under the Planning Act** - It is proposed that a municipality may, by by-law, impose a C.B.C. against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies. The C.B.C. is proposed to include formerly eligible D.C. services that are not included in the above listing, in addition to parkland dedication and bonus zoning contributions.

#### ***1.4.2 Bill 138: Plan to Build Ontario Together Act, 2019***

On November 6, 2019, the Province release Bill 138 which provided further amendments to the D.C.A. and Planning Act. This Bill received Royal Assent on December 10, 2019 and was proclaimed which resulted in sections related to the D.C.A. (schedule 10) becoming effective on January 1, 2020. The amendments to the D.C.A. included removal of instalment payments for commercial and industrial developments that were originally included in Bill 108.

#### ***1.4.3 Bill 197: COVID-19 Economic Recovery Act***

In response to the global pandemic that began affecting Ontario in early 2020, the Province released Bill 197 which provided amendments to a number of Acts, including the D.C.A. and Planning Act. This Bill also revised some of the proposed changes identified in Bill 108. Bill 197 was tabled on July 8, 2020, received Royal Assent on July 21, 2020, and was proclaimed on September 18, 2020. The following provides a summary of the changes:



### 1.4.3.1 D.C. Related Changes

#### List of D.C. Eligible Services

- As noted above, under Bill 108 some services were to be included under the D.C.A. and some would be included under the C.B.C. authority. Bill 197, however, revised this proposed change and has included all services (with some exceptions) under the D.C.A. These services are as follows:
  - Water supply services, including distribution and treatment services.
  - Wastewater services, including sewers and treatment services.
  - Storm water drainage and control services.
  - Services related to a highway.
  - Electrical power services.
  - Toronto-York subway extension.
  - Transit services.
  - Waste diversion services.
  - Policing services.
  - Fire protection services.
  - Ambulance services.
  - Library services.
  - Long-term Care services
  - Parks and Recreation services, but not the acquisition of land for parks.
  - Public Health services.
  - Childcare and early years services.
  - Housing services.
  - Provincial Offences Act services.
  - Services related to emergency preparedness.
  - Services related to airports, but only in the Regional Municipality of Waterloo.
  - Additional services as prescribed.

#### Classes of Services – D.C.

Pre-Bill 108/197 legislation (i.e. D.C.A., 1997) allowed for categories of services to be grouped together into a minimum of two categories (90% and 100% services).



The Act (as amended) repeals and replaces the above with the four following subsections:

- A D.C. by-law may provide for any eligible service or capital cost related to any eligible service to be included in a class, set out in the by-law.
- A class may be composed of any number or combination of services and may include parts or portions of the eligible services or parts or portions of the capital costs in respect of those services.
- A D.C. by-law may provide for a class consisting of studies in respect of any eligible service whose capital costs are described in paragraphs 5 and 6 of s. 5 of the D.C.A.
- A class of service set out in the D.C. by-law is deemed to be a single service with respect to reserve funds, use of monies, and credits.

As well, the removal of the 10% deduction for soft services under Bill 108 has been maintained.

Note: An initial consideration of “class” appears to mean any group of services.

### *1.4.3.2 C.B.C. Related Changes*

#### C.B.C. Eligibility

- The C.B.C. is limited to lower-tier and single tier municipalities; upper-tier municipalities will not be allowed to impose this charge.
- O. Reg. 509/20 was filed on September 18, 2020. This regulation provides for the following:
  - A maximum rate will be set as a percentage of the market value of the land the day before building permit issuance. The maximum rate is set at 4%. The C.B.C may only be imposed on developing or redeveloping buildings which have a minimum height of five stories and contain no less than 10 residential units.
  - Bill 197 states that before passing a C.B.C. by-law, the municipality shall prepare a C.B.C. strategy that (a) identifies the facilities, services, and matters that will be funded with C.B.C.s; and (b) complies with any prescribed requirements.
  - Only one C.B.C. by-law may be in effect in a local municipality at a time.



### 1.4.3.3 Combined D.C. and C.B.C. Impacts

#### D.C. vs. C.B.C. Capital Cost

- A C.B.C. may be imposed with respect to the services listed in s. 2 (4) of the D.C.A. (eligible services), “provided that the capital costs that are intended to be funded by the community benefits charge are not capital costs that are intended to be funded under a development charge by-law.”

#### Transition – D.C. and C.B.C.

- The specified date for municipalities to transition to the D.C. and C.B.C. is two years after Schedules 3 and 17 of the COVID-19 Economic Recovery Act comes into force (i.e. September 18, 2022).
- Generally, for existing reserve funds (related to D.C. services that will be ineligible):
  - If a C.B.C. is passed, the funds are transferred to the C.B.C. special account;
  - If no C.B.C. is passed, the funds are moved to a general reserve fund for the same purpose;
  - If a C.B.C. is passed subsequent to moving funds to a general reserve fund, those monies are then moved again to the C.B.C. special account.
- For reserve funds established under s. 37 of the Planning Act (e.g. bonus zoning)
  - If a C.B.C. is passed, the funds are transferred to the C.B.C. special account;
  - If no C.B.C. is passed, the funds are moved to a general reserve fund for the same purpose;
  - If a C.B.C. is passed subsequent to moving funds to a general reserve fund, those monies are then moved again to the C.B.C. special account.

If a municipality passes a C.B.C. by-law, any existing D.C. credits a landowner may retain may be used towards payment of that landowner’s C.B.C.

- As a result of the passage of Bill 197, and subsequent proclamation on September 18, 2020, this report has provided the D.C. calculations without the 10% mandatory deduction.



At this time, no decision has been made with respect to developing a C.B.C. therefore, this report does not address any community benefit charges at this time.

#### **1.4.4 Bill 213: Better for People, Smarter for Business Act, 2020**

On December 8, 2020, Bill 213 received Royal Assent. One of the changes of the Bill that took effect upon Royal Assent included amending the Ministry of Training, Colleges and Universities Act by introducing a new section that would exempt the payment of D.C.s for developments of land intended for use by a university that receives operating funds from the Government. As a result, this mandatory exemption will be included in the D.C. by-law.





# Chapter 2

## Current Municipality of North Middlesex Policy



## 2. Current Municipality of North Middlesex Policy

### 2.1 Schedule of Charges

On March 21, 2018, the Municipality of North Middlesex passed By-law 17 of 2018 under the D.C.A. This by-law imposes D.C.s on residential and non-residential uses. The calculated rates were discounted by 50%. The tables below provide the rates currently in effect for the two serviced areas.

Table 2-1  
Municipality of North Middlesex  
Current D.C. Rates for Ailsa Craig/Nairn/Petty Area Specific  
(April 1, 2021 to March 31, 2022)

Service	Residential			Non-Residential
	Single & Semi Detached	Apartments	Other Multiples	per sq.ft. of Gross Floor Area
Roads	2,371	1,266	1,601	0.33
Water	378	201	255	0.05
Wastewater	9,700	5,176	6,546	1.33
<b>Total</b>	<b>12,449</b>	<b>6,643</b>	<b>8,402</b>	<b>1.72</b>
<b>50% Reduction of Calculated DC</b>	<b>6,225</b>	<b>3,322</b>	<b>4,201</b>	<b>0.86</b>

Table 2-2  
Municipality of North Middlesex  
Current D.C. Rates for Parkhill Area Specific  
(April 1, 2021 to March 31, 2022)

Service	Residential			Non-Residential
	Single & Semi Detached	Apartments	Other Multiples	per sq.ft. of Gross Floor Area
Roads	1,389	742	938	0.19
Water	1,091	583	736	0.15
Wastewater	9,101	4,857	6,141	1.26
Storm	1,102	588	744	0.15
<b>Total</b>	<b>12,683</b>	<b>6,770</b>	<b>8,559</b>	<b>1.75</b>
<b>50% Reduction of Calculated DC</b>	<b>6,342</b>	<b>3,385</b>	<b>4,279</b>	<b>0.87</b>



## 2.2 Services Covered

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The following services are covered under By-law 17 of 2018:

- Services Related to a Highway (roads);
- Water services;
- Wastewater services; and
- Stormwater services.

## 2.3 Timing of D.C. Calculation and Payment

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D.C.s are payable at the time of building permit issuance (subject to the amendments to the D.C.A.) and are collected by the Municipality of North Middlesex Building Services Department.

## 2.4 Indexing

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Rates may be adjusted annually, without amendment to the by-law, commencing on January 1, 2019 and annually thereafter, in accordance with the prescribed index in the Act.

## 2.5 Redevelopment Allowance

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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 of the by-law 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 of the by-law, 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 D.C.s otherwise payable with respect to the redevelopment.

## 2.6 Exemptions

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The following non-statutory exemptions is provided under By-law 17 of 2018:

- 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* (as amended) or *Municipal Act*, no further development charges for this service are payable.



# Chapter 3

## Anticipated Development in the Municipality of North Middlesex



## 3. Anticipated Development in the Municipality of North Middlesex

### 3.1 Requirement of the Act

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Chapter 4 provides the methodology for calculating a D.C. as per the D.C.A. Figure 4-1 presents this methodology graphically. It is noted in the first box of the schematic that in order to determine the D.C. that may be imposed, it is a requirement of subsection 5 (1) of the D.C.A. that “the anticipated amount, type and location of development, for which development charges can be imposed, must be estimated.”

The growth forecast contained in this chapter (with supplemental tables in Appendix A) provides for the anticipated development for which the Municipality of North Middlesex will be required to provide services over a 10-year (2022 to 2031 (early-2032)) and a longer-term (2022 to 2041 (mid-2041)) time horizon.

### 3.2 Basis of Population, Household and Non-Residential Gross Floor Area Forecast

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The D.C. growth forecast has been derived by Watson. In preparing the growth forecast, the following information sources were consulted to assess the residential and non-residential development potential for the Municipality over the forecast period, including:

- Population and Housing Projections for Middlesex County, Watson & Associates Economists Ltd., December, 2020;
- 2006, 2011 and 2016 population, household, and employment Census data;
- Historical residential building permit data over the 2011 to 2021 period;
- Residential and non-residential supply opportunities as provided by the Municipality of North Middlesex; and
- Discussions with Municipal staff regarding anticipated residential and non-residential development in the Municipality of North Middlesex.

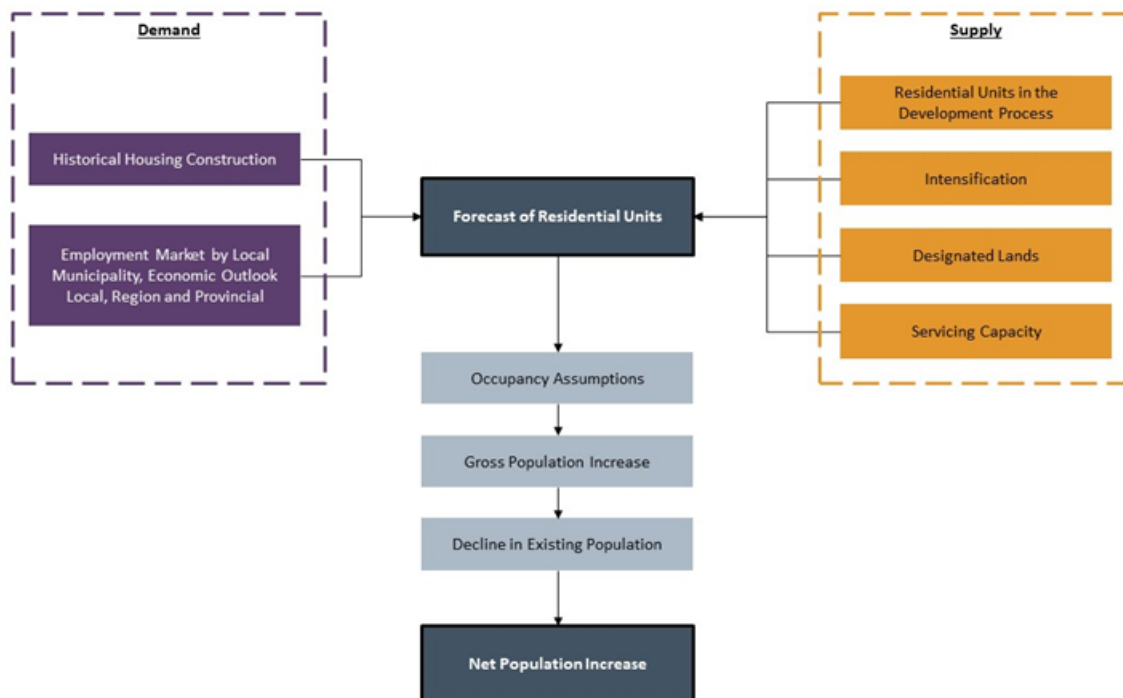


### 3.3 Summary of Growth Forecast

A detailed analysis of the residential and non-residential growth forecasts is provided in Appendix A and the methodology employed is illustrated in Figure 3-1. The discussion provided herein summarizes the anticipated growth for the Municipality and describes the basis for the forecast. The results of the residential growth forecast analysis are summarized in Table 3-1 below, and Schedule 1 in Appendix A.

As identified in Table 3-1 and Schedule 1, the Municipality's population is anticipated to reach approximately 6,870 by Early-2032, and 7,510 by Mid-2041, resulting in an increase of 480 and 1,130 persons, respectively, over the 10-year and longer-term forecast periods.<sup>[1]</sup>

Figure 3-1  
Household Formation-based Population and Household Projection Model



<sup>[1]</sup> The population figures used in the calculation of the 2021 D.C. exclude the net Census undercount, which is estimated at approximately 3.5%.





**Table 3-1  
Municipality of North Middlesex  
Residential Growth Forecast Summary**

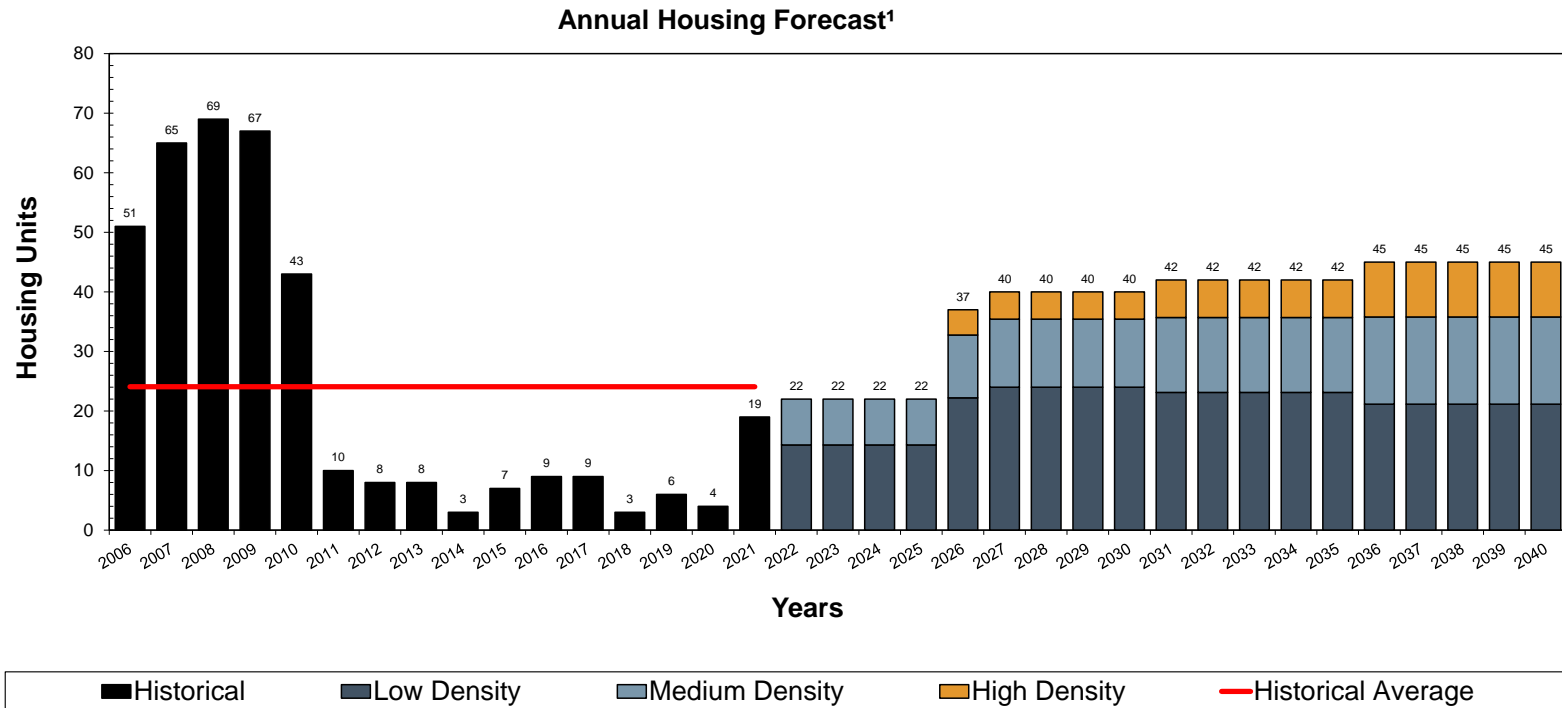
	Year	Population (Including Census Undercount) <sup>[1]</sup>	Excluding Census Undercount			Housing Units					Persons Per Unit (P.P.U.): Total Population/ Total Households
			Population	Institutional Population	Population Excluding Institutional Population	Singles & Semi-Detached	Multiple Dwellings <sup>[2]</sup>	Apartments <sup>[3]</sup>	Other	Total Households	
Historical	<i>Mid 2006</i>	6,970	6,740	265	6,475	2,165	20	100	25	2,310	2.918
	<i>Mid 2011</i>	6,890	6,658	258	6,400	2,195	9	129	9	2,342	2.843
	<i>Mid 2016</i>	6,570	6,352	212	6,140	2,180	10	115	25	2,330	2.726
Forecast	<i>Early 2022</i>	6,610	6,384	215	6,169	2,219	11	116	25	2,371	2.693
	<i>Early 2032</i>	7,110	6,867	241	6,626	2,415	104	142	25	2,686	2.557
	<i>Mid 2041</i>	7,770	7,512	282	7,230	2,614	227	212	25	3,078	2.441
Incremental	<b>Mid 2006 - Mid 2011</b>	<b>-80</b>	<b>-82</b>	<b>-7</b>	<b>-75</b>	<b>30</b>	<b>-11</b>	<b>29</b>	<b>-16</b>	<b>32</b>	
	<b>Mid 2011 - Mid 2016</b>	<b>-320</b>	<b>-306</b>	<b>-46</b>	<b>-260</b>	<b>-15</b>	<b>1</b>	<b>-14</b>	<b>16</b>	<b>-12</b>	
	<b>Mid 2016 - Early 2022</b>	<b>40</b>	<b>32</b>	<b>3</b>	<b>29</b>	<b>39</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>41</b>	
	<b>Early 2022 - Early 2032</b>	<b>500</b>	<b>483</b>	<b>26</b>	<b>457</b>	<b>196</b>	<b>93</b>	<b>26</b>	<b>0</b>	<b>316</b>	
	<b>Early 2022 - Mid 2041</b>	<b>1,160</b>	<b>1,128</b>	<b>67</b>	<b>1,061</b>	<b>396</b>	<b>216</b>	<b>96</b>	<b>0</b>	<b>707</b>	

Source: Derived from Population and Housing Projections for Middlesex County forecast for the Municipality of North Middlesex and discussions with municipal staff regarding servicing and land supply by Watson & Associates Economists Ltd., 2022.

[1] Census undercount estimated at approximately 103.5%. Note: Population including the undercount has been rounded.

[2] Includes townhouses and apartments in duplexes.

[3] Includes bachelor, 1-bedroom and 2-bedroom+ apartments.



Source: Historical housing activity derived from building permits from the Municipality of North Middlesex..

[1] Growth Forecast represents start year.



Provided below is a summary of the key assumptions and findings regarding the Municipality of North Middlesex D.C. growth forecast:

1. Unit Mix (Appendix A – Schedules 1, 2, and 6)

- The unit mix for the Municipality was derived from the Population and Housing Projections for Middlesex County 2020, as well as a review of active development applications (as per Schedules 6), and discussions with planning staff regarding the anticipated development trends for the Municipality.
- Based on the above indicators, the Early-2022 to Mid-2041 household growth forecast is comprised of a unit mix of 56% low density (single detached and semi-detached), 31% medium density (multiples except apartments) and 13% high density (bachelor, 1-bedroom, and 2-bedroom apartments).

2. Geographic Location of Residential Development (Appendix A – Schedules 2)

- Schedule 2 summarizes the anticipated amount, type, and location of development by area for the Municipality of North Middlesex.
- In accordance with forecast demand and available land supply, the percentage of forecast housing growth between Early-2022 and Mid-2041 by development location is summarized below.

Development Location	Amount of Housing Growth, 2022 to-2041	Percentage of Housing Growth, 2022 to 2041
Ailsa Craig	255	36%
Parkhill	379	54%
Nairn	13	2%
Rural	60	8%
<b>Municipal Total</b>	<b>707</b>	<b>100%</b>

Note: Figures may not add precisely due to rounding.



### 3. Planning Period

- Short- and longer-term time horizons are required for the D.C. process. The D.C.A. limits the planning horizon for transit services to a 10-year planning horizon. All other services can utilize a longer planning period if the municipality has identified the growth-related capital infrastructure needs associated with the longer-term growth planning period.

### 4. Population in New Units (Appendix A – Schedules 3 through 5)

- The number of housing units to be constructed by 2041 in the Municipality of North Middlesex over the forecast period is presented in Figure 3-2. Over the Early-2022 to Mid-2041 forecast period, the Municipality is anticipated to average 36 new housing units per year.
- An Institutional population<sup>[1]</sup> growth of 67 is anticipated between 2022 to 2041 period.
- Population in new units is derived from Schedules 3, 4, and 5, which incorporate historical development activity, anticipated units (see unit mix discussion) and average persons per unit (P.P.U.) by dwelling type for new units.
- Schedule 8a and 8b summarizes the average P.P.U. assumed for new housing units by age and type of dwelling based on Statistics Canada 2016 custom Census data for the Municipality of North Middlesex. Due to data limitations, P.P.U.s for medium and high-density dwellings were derived from Middlesex County as outlined in Schedule 8b. The total calculated 25-year adjusted average P.P.U.s by dwelling type are as follows:
  - Low density: 2.980
  - Medium density: 2.126
  - High density<sup>[2]</sup>: 1.718

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<sup>[1]</sup> Institutional population largely includes special care facilities such as nursing home or residences for senior citizens. A P.P.U. of 1.100 depicts 1-bedroom and 2- or more bedroom units in collective households.

<sup>[2]</sup> Includes bachelor, 1-bedroom and 2- or more bedroom apartments.



## 5. Existing Units and Population Change (Appendix A – Schedules 3, 4, and 5)

- Existing households for Early-2022 are based on the 2016 Census households, plus estimated residential units constructed between mid-2016 and year-end 2021 assuming a 6-month lag between construction and occupancy (see Schedule 3).
- The decline in average occupancy levels for existing housing units is calculated in Schedules 3 through 5, by aging the existing population over the forecast period. The forecast population decline in existing households over the Early-2022 to Mid-2041 forecast period is approximately 741.

## 6. Employment (Appendix A – Schedules 10a, 10b, and 10c)

- Employment projections are largely based on the activity rate method, which is defined as the number of jobs in a municipality divided by the number of residents. Key employment sectors include primary, industrial, commercial/population-related, institutional, and work at home, which are considered individually below.
- 2016 employment data<sup>[1]</sup> (place of work) for the Municipality of North Middlesex is outlined in Schedule 10a. The 2016 employment base is comprised of the following sectors:
  - 260 primary (14%);
  - 575 work at home employment (30%);
  - 228 industrial (12%);
  - 358 commercial/population-related (19%); and
  - 485 institutional (25%).
- The 2016 employment by usual place of work, including work at home, is estimated at 1,905. An additional 52 employees have been identified for the Municipality in 2016 that have no fixed place of work (N.F.P.O.W.).<sup>[2]</sup>

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<sup>[1]</sup> 2016 employment is based on Statistics Canada 2016 Place of Work Employment dataset by Watson & Associates Economists Ltd.

<sup>[2]</sup> No fixed place of work is defined by Statistics Canada as "persons who do not go from home to the same work place location at the beginning of each shift". Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.



- Total employment, including work at home and N.F.P.O.W., for North Middlesex is anticipated to reach approximately 1,640 by Mid-2041. This represents an employment increase of approximately 260 jobs. <sup>[1]</sup>
- Schedule 10b, Appendix A, summarizes the employment forecast, excluding work at home employment and N.F.P.O.W. employment, which is the basis for the D.C. employment forecast. The impact on municipal services from work at home employees has already been included in the population forecast. The need for municipal services related to N.F.P.O.W. employees has largely been included in the employment forecast by usual place of work (i.e. employment and gross floor area generated from N.F.P.O.W. construction employment). Furthermore, since these employees have no fixed work address, they cannot be captured in the non-residential gross floor area (G.F.A.) calculation.

#### 7. Non-Residential Sq.ft. Estimates (G.F.A.), Appendix A – Schedule 10b)

- Square footage estimates were calculated in Schedule 10b based on the following employee density assumptions:
  - 3,000 sq.ft. per employee for primary;
  - 1,300 sq.ft. per employee for industrial;
  - 550 sq.ft. per employee for commercial/population-related; and
  - 700 sq.ft. per employee for institutional employment.
- The Municipal-wide incremental G.F.A. increase is anticipated to be 357,300 sq.ft. over the longer-term forecast period.
- In terms of percentage growth, the Mid-2021 to Mid-2041 incremental G.F.A. forecast by sector is broken down as follows:
  - primary – 49%;
  - industrial – 31%;
  - commercial/population-related – 9%; and
  - institutional – 11%.

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<sup>[1]</sup> G.F.A. and employment associated within special care institutional dwellings treated as residential, resulting in an institutional employment difference between Schedules 10a and 10b. Total employment growth in Schedule 10b (excluding work at home and N.F.P.O.W. employment) has been downwardly adjusted to account for institutional employment associated with special care facilities. Total employment in Schedule 10b is anticipated to increase approximately 100 by Early-2032, and 230 by Mid-2041.



## 8. Geography of Non-Residential Development (Appendix A, Schedule 10c)

- Schedule 10c summarizes the anticipated amount, type and location of non-residential development by servicing area for the Municipality of North Middlesex by area.
- The amount and percentage of forecast total non-residential growth between Early-2022 and Mid-2041 by development type is summarized below.

Development Location	Amount of Non-Residential G.F.A., 2022 to 2041	Percentage of Non-Residential G.F.A., 2022 to 2041
Ailsa Craig	37,900	11%
Parkhill	83,100	24%
Nairn	5,800	1%
Rural	230,500	63%
<b><i>Municipal Total</i></b>	<b>357,300</b>	<b>100%</b>

Note: Figures may not add precisely due to rounding.



# Chapter 4

## The Approach to the Calculation of the Charge





## 4. The Approach to the Calculation of the Charge

### 4.1 Introduction

---

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

### 4.2 Services Potentially Involved

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Table 4-1 lists the full range of municipal services that are provided within the Municipality.

A number of these services are defined in subsection 2 (4) of the D.C.A. as being ineligible for inclusion in D.C.s. These are shown as “ineligible” on Table 4-1. Two ineligible costs defined in subsection 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 that are potentially eligible for inclusion in the Municipality’s D.C. are indicated with a “Yes.”

### 4.3 Increase in the Need for Service

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The D.C. 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, subsection 5 (1) 3, which requires that Municipal 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.



Figure 4-1  
The Process of Calculating a Development Charge under the Act  
that must be followed

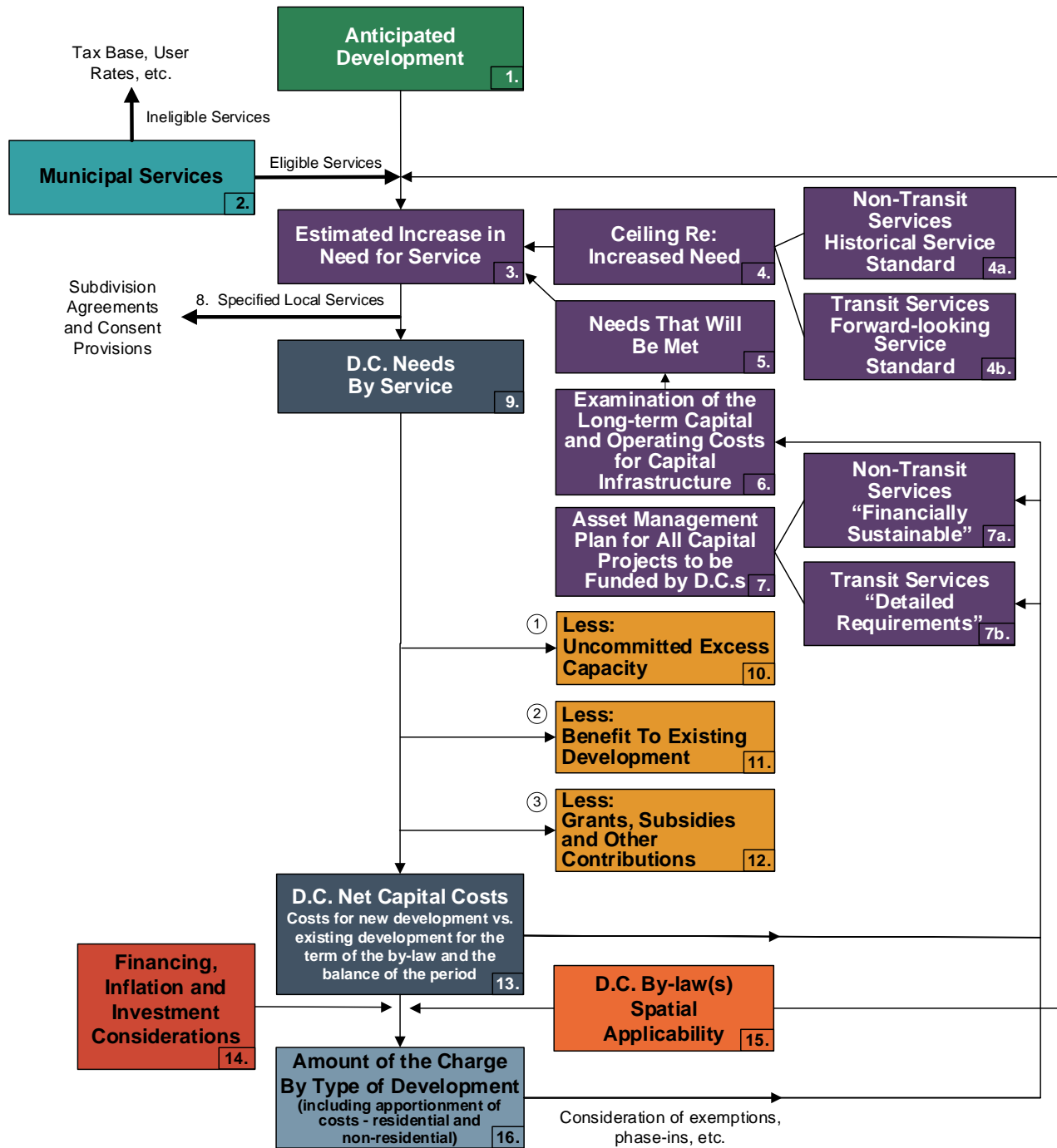




Table 4-1  
Categories of Municipal Services to be Addressed as Part of the Calculation

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.

Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
1. Services Related to a Highway	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 <sup>1</sup> & facilities	100
	n/a	2.2 Other transit infrastructure	100
	n/a	2.3 Municipal parking spaces - indoor	100
	n/a	2.4 Municipal parking spaces - outdoor	100
	Yes	2.5 Works yards	100
	Yes	2.6 Rolling stock <sup>1</sup>	100
	n/a	2.7 Ferries	100
	n/a	2.8 Airport <sup>2</sup>	100
3. Stormwater Drainage and Control Services	No	3.1 Main channels and drainage trunks	100
	No	3.2 Channel connections	100
	No	3.3 Retention/detention ponds	100

<sup>1</sup>with 7+ year life-time

<sup>2</sup>only eligible for the Region of Waterloo



Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
4. Fire Protection Services	Yes	4.1 Fire stations	100
	Yes	4.2 Fire pumpers, aerials, and rescue vehicles <sup>1</sup>	100
	Yes	4.3 Small equipment and gear	100
5. Parks Services (i.e. Parks and Open Space)	Ineligible	5.1 Acquisition of land for parks, woodlots, and E.S.A.s	0
	Yes	5.2 Development of area municipal parks	100
	n/a	5.3 Development of district parks	100
	Yes	5.4 Development of municipal-wide parks	100
	Yes	5.5 Development of special purpose parks	100
	Yes	5.6 Parks rolling stock <sup>1</sup> and yards	100
6. Indoor Recreation Services	Yes	6.1 Arenas, indoor pools, fitness facilities, community centres, etc. (including land)	100
	Yes	6.2 Recreation vehicles and equipment <sup>1</sup>	100
7. Library Services	Yes	7.1 Public library space (incl. furniture and equipment)	100
	n/a	7.2 Library vehicles <sup>1</sup>	100
	n/a	7.3 Library materials	100
8. Emergency Preparedness Services	No	8.1 Facility space (incl. furniture and equipment)	100
	No	8.2 Vehicles <sup>1</sup>	100
	No	8.3 Equipment	100
9. Electrical Power Services	Ineligible	9.1 Electrical substations	0
	Ineligible	9.2 Electrical distribution system	0
	Ineligible	9.3 Electrical system rolling stock	0

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<sup>1</sup>with 7+ year life-time



Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
10. Provision of Cultural, Entertainment and Tourism Facilities and Convention Centres	Ineligible	10.1 Cultural space (e.g. art galleries, museums, and theatres)	0
	Ineligible	10.2 Tourism facilities and convention centres	0
11. Wastewater Services	Yes	11.1 Treatment plants	100
	Yes	11.2 Sewage trunks	100
	No	11.3 Local systems	0
	No	11.4 Vehicles and equipment <sup>1</sup>	100
12. Water Supply Services	Yes	12.1 Treatment plants	100
	Yes	12.2 Distribution systems	100
	No	12.3 Local systems	0
	No	12.4 Vehicles and equipment <sup>1</sup>	100
13. Waste Management Services	Ineligible	13.1 Landfill collection, transfer vehicles and equipment	0
	Ineligible	13.2 Landfills and other disposal facilities	0
	n/a	13.3 Waste diversion facilities	100
	n/a	13.4 Waste diversion vehicles and equipment <sup>1</sup>	100
14. Policing Services	n/a	14.1 Policing detachments	100
	n/a	14.2 Policing rolling stock <sup>1</sup>	100
	n/a	14.3 Small equipment and gear	100
15. Homes for the Aged	n/a	15.1 Homes for the aged space	100
	n/a	15.2 Vehicles <sup>1</sup>	100
16. Child Care	n/a	16.1 Child care space	100
	n/a	16.2 Vehicles <sup>1</sup>	100
17. Health	n/a	17.1 Health department space	100
	n/a	17.2 Health department vehicles <sup>1</sup>	100
18. Social Housing	n/a	18.1 Social housing space	100
19. Provincial Offences Act (P.O.A.)	n/a	19.1 P.O.A. space	100
20. Social Services	n/a	20.1 Social service space	100

<sup>1</sup>with 7+ year life-time



Categories of Municipal Services	Eligibility for Inclusion in the D.C. Calculation	Service Components	Maximum Potential D.C. Recovery %
21. Ambulance	n/a n/a	21.1 Ambulance station space 21.2 Vehicles <sup>1</sup>	100 100
22. Hospital Provision	Ineligible	22.1 Hospital capital contributions	0
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  Yes	24.1 Studies in connection with acquiring buildings, rolling stock, materials and equipment, and improving land <sup>2</sup> and facilities, including the D.C. background study cost 24.2 Interest on money borrowed to pay for growth-related capital	  0-100  0-100

<sup>1</sup>with a 7+ year life-time

<sup>2</sup>same percentage as service component to which it pertains

## 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. The Municipality's detailed Local Service Policy is provided in Appendix E.



## 4.5 Capital Forecast

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Paragraph 7 of subsection 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 D.C. background study.

In order for an increase in need for service to be included in the D.C. calculation, Municipal Council must indicate “that it intends to ensure that such an increase in need will be met” (subsection 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 section 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

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Section 8, paragraph 5, of O. Reg. 82/98 indicates that a D.C. background study must set out “the estimated value of credits that are being carried forward relating to the service.” Subsection 17, paragraph 4, of the same regulation indicates that “the value

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of the credit cannot be recovered from future D.C.s,” if the credit pertains to an ineligible service. This implies that a credit for eligible services can be recovered from future D.C.s. As a result, this provision should be made in the calculation, in order to avoid a funding shortfall with respect to future service needs. There are no outstanding credit obligations to be included in the D.C. calculations.

## 4.7 Classes of Services

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Section 7 of the D.C.A. states that a D.C. by-law may provide for any D.C. eligible service or the capital costs with respect to those services. Further, a class may be composed of any number or combination of services and may include parts or portions of each D.C. eligible service. With respect to growth-related studies, Section 7(3) of the D.C.A. states that:

“For greater certainty, a development charge by-law may provide for a class consisting of studies in respect of any service listed in subsection 2 (4) whose capital costs are described in paragraphs 5 and 6 of subsection 5 (3).”

These provisions allow for services to be grouped together to create a class for the purposes of the D.C. by-law and D.C. reserve funds. The D.C. calculations and by-law provided herein include a class for growth studies. These classes are comprised of the following services:

- Growth Studies
  - Water Services;
  - Wastewater Services;
  - Stormwater Drainage and Control Services;
  - Services Related to a Highway;
  - Fire Protection Services; and
  - Parks and Recreation Services.

## 4.8 Existing Reserve Funds

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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 subsection 5 (1) to net the outstanding reserve fund balance as part of making the D.C. calculation; however, section 35 does restrict the way in which the funds are used in future.

For services that 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 that contributed them (rather than to future development, which will generate the need for additional facilities directly proportionate to future growth).

The Municipality’s D.C. reserve fund balances by service at December 31, 2021 is shown below:



Table 4-2  
Summary of Development Charges Reserve Fund Balances  
As of December 31, 2021

Ward	Service	Balance as at December 31, 2021
Parkhill and Ailsa Craig	Services Related to a Highway	\$94,194.88
Parkhill	Stormwater Services	\$34,275.79
Parkhill	Wastewater Services	\$486,648.07
Parkhill	Water Services	\$34,892.04
Ailsa Craig	Wastewater Services	\$133,299.25
Ailsa Craig	Water Services	\$5,510.45
	<b>Total</b>	<b>\$788,820.48</b>

## 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
- costs related to services that are ineligible as per the D.C.A.

The requirements behind each of these reductions are addressed below.

### 4.9.1 Reduction Required by Level of Service Ceiling

This is designed to ensure that the increase in need included in section 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” (D.C.A., subsection 5 (1) 4). O. Reg. 82/98 (section 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 factors are multiplied together, they produce a measure of the level of service, which meets the requirements of the Act, i.e. cost per unit.

With respect to transit services, the changes to the Act as a result of Bill 73 have provided for an alternative method for calculating the service standard ceiling. Transit services must now utilize a forward-looking service standard analysis, described later in this section.

The average service level calculation sheets for each service component in the D.C. calculation are set out in Appendix B.

#### ***4.9.2 Reduction for Uncommitted Excess Capacity***

Paragraph 5 of subsection 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."

"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***

Section 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 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 service cap in section 4.9.1 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 services related to a highway, 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 Wednesdays in one arena and Thursdays 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, section 6).

#### **4.10 Municipal-wide vs. Area Rating**

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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 section 7.4.4.

#### **4.11 Allocation of Development**

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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**

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The new legislation now requires that a D.C. background study must include an asset management plan (A.M.P.) (subsection 10 (2) c. 2). The A.M.P. 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 A.M.P. related to transit services (as noted in the subsequent subsection); however, they are silent with respect to how the A.M.P. is to be provided for all other services. As part of any A.M.P., 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 F.

## 4.13 Transit

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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 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 D.C. over the 10-year period immediately following the preparation of the background study, categorized by development types, and whether the forecast 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 subsection 6.1 (2) of the regulations) requires the following:
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, a summary of how to achieve the proposed level of service, discussion on procurement measures and risk are required.

The Municipality does not currently, and in the near future does not intend to, provide transit services. Therefore, the above calculation and reporting requirements are not required.



# Chapter 5

## D.C.-Eligible Cost Analysis by Service





## 5. D.C.-Eligible Cost Analysis by Service

### 5.1 Introduction

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This chapter outlines the basis for calculating eligible costs for the D.C.s to be applied on a uniform basis. In each case, the required calculation process set out in subsection 5 (1) paragraphs 2 to 7 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. Over time, however, Municipal projects and Council priorities change; accordingly, Council's intentions may alter, and different capital projects (and timing) may be necessary to meet the need for services required by new growth.

### 5.2 Service Levels and 10-Year Capital Costs for D.C. Calculation

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This section evaluates the development-related capital requirements for parks and recreation, library services, and growth studies over a 10-year planning period. Each service component is evaluated on two format sheets: the average historical 10-year level of service calculation (see Appendix B), which “caps” the D.C. amounts; and, the infrastructure cost calculation, which determines the potential D.C. recoverable cost. For the growth studies class of service, the infrastructure cost calculation, which determines the potential D.C. recoverable cost is provided.

#### 5.2.1 Parks and Recreation Services

The Municipality currently has 85 acres of parkland within its jurisdiction. This parkland consists of active and passive parks. Based on the inventory of parkland provided over the historical 10-year period (2012 to 2021), the Municipality has provided an average of 13.2 acres of parkland per 1,000 population. The Municipality also currently provides 44 parkland amenities. These amenities include playgrounds, baseball diamonds, soccer fields, tennis courts, skate parks, a volleyball court, splash pads, bleachers, etc. Over the historical 10-year period the Municipality provided an average of 6.7 amenities per 1,000 population. In addition to parkland development and amenities, the Municipality



has 2,920 linear metres of trails which has provided an average of 454.50 linear metres of trails per 1,000 population, over the historical 10-year period. Including parkland development, amenities and trails the average level of service provided equates to an investment of \$1,275 per capita. When applied over the forecast period, this average level of service translates into a D.C.-eligible amount of \$615,598.

With respect to indoor recreation facilities, there are currently six facilities provided by the Municipality which offer 78,100 sq.ft. of space. Based on the inventory of space provided over the historical 10-year period (2012 to 2021), the Municipality has provided an average of approximately 12.16 sq.ft. of space per capita or an investment of \$4,591 per capita. Based on this service standard, the Municipality would be eligible to collect \$2,217,511 from D.C.s for facility space.

The Municipality utilizes 14 vehicles and related equipment to service the above-mentioned parks and recreation facilities. Over the historical 10-year period, the Municipality has provided an average level of service of 1.8 vehicles per 1,000 population. This level of service translates to an average investment of \$46 per capita. Over the 10-year forecast period, the Municipality would be eligible to collect \$22,305 from D.C.s for vehicles and equipment.

In total the Municipality is eligible to collect approximately \$2.86 million for parks and recreation services.

The Municipality has identified parks and recreation capital works totalling \$182,000 to service growth over the 10-year forecast period. These works include playground equipment and parkland development in Ailsa Craig, along with a provision for additional parkland amenities throughout the Municipality. As the items identified solely relate to growth over the forecast period, no deductions for benefit to existing development or post-period benefit have been provided. As a result, the total amount included in the D.C. calculations is \$182,000.

As the predominant users of parks and recreation services tends to be residents of the Municipality, the forecast growth-related costs have been allocated 95% to residential and 5% to non-residential.



**Table 5-1**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Parks and Recreation Services**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies, and Other Contributions Attributable to New Development	Total	Residential Share	Non- Residential Share
	2022-2031									95%	5%
1	Ailsa Craig Playground Equipment	2028-2029	79,000	-		79,000	-		79,000	75,050	3,950
2	Ailsa Craig Parkland Development	2028-2029	36,000	-		36,000	-		36,000	34,200	1,800
3	Provision for Additional Parkland Amenities	2028-2029	67,000	-		67,000	-		67,000	63,650	3,350
	<b>Total</b>		<b>182,000</b>	<b>-</b>	<b>-</b>	<b>182,000</b>	<b>-</b>	<b>-</b>	<b>182,000</b>	<b>172,900</b>	<b>9,100</b>



### **5.2.2 Library Services**

The Municipality provides a total of 9,500 sq.ft. of library space at the Parkhill and Ailsa Craig libraries. Over the past ten years, the average level of service was 1.25 sq.ft. of space per capita or an investment of \$383 per capita. This level of service provides the Municipality with a maximum D.C.-eligible amount for recovery over the 10-year forecast period of \$184,748.

There are no capital needs identified to service growth in the Municipality for the 10-year forecast period. Municipal staff will continue to monitor the needs of the library system and may include capital needs in future D.C. studies.



### **5.2.3 Growth Studies**

The D.C.A. permits the inclusion of studies undertaken to facilitate the completion of the Municipality's capital works program. As discussed in Section 4.7, these studies have been allocated as a class of service based on each service to which the study relates.

For planning related studies (i.e. Official Plan updates), a deduction of 10% has been applied to recognize the extent to which the studies relate to non-D.C.-eligible services. All planning studies have been allocated to the class of services in the following manner:

- Services Related to a Highway – 25%;
- Water Services – 25%;
- Wastewater Services – 25%;
- Fire Protection Services – 15%; and
- Parks and Recreation Services – 10%.

In addition, the capital costs of D.C. Studies have been allocated across the different services based on the proportion of the total net growth-related capital costs. The following provides a breakdown of the allocation of D.C. study updates to each service:

- Services Related to a Highway – 2.8%;
- Water Services – 15.8%;
- Wastewater Services – 78.3%;
- Fire Protection Services – 2.6%; and
- Parks and Recreation Services – 0.5%.

The total cost of these studies is \$612,000, of which \$269,400 is attributable to existing benefit. A deduction of \$7,160 has been made to recognize the portion of planning studies related to D.C.-ineligible services. The resultant net growth-related capital cost of \$335,440 has been included in the D.C.

These costs have been allocated 83% residential and 17% non-residential based on the incremental growth in population to employment for the 10-year forecast period.



**Table 5-2**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Class of Service – Growth Studies**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Service to Which Project Relates	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions (to recognize benefit to non-D.C. services)	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non-Residential Share
	2022-2031										83%	17%
<b>1</b>	<b>Development Charges Study</b>											
1a	Development Charges Study	2022	Water Services	5,600	-		5,600	-		5,600	4,648	952
1b	Development Charges Study	2022	Wastewater Services	27,900	-		27,900	-		27,900	23,157	4,743
1d	Development Charges Study	2022	Services Related to a Highway	1,000	-		1,000	-		1,000	830	170
1e	Development Charges Study	2022	Fire Protection Services	900	-		900	-		900	747	153
1f	Development Charges Study	2022	Library Services	-	-		-	-		-	-	-
1g	Development Charges Study	2022	Parks and Recreation Services	200	-		200	-		200	166	34
	<b>Sub-Total</b>			<b>35,600</b>	<b>-</b>		<b>35,600</b>	<b>-</b>	<b>-</b>	<b>35,600</b>	<b>29,548</b>	<b>6,052</b>
<b>2</b>	<b>Development Charges Study</b>											
2a	Development Charges Study	2026	Water Services	5,600	-		5,600	-		5,600	4,648	952
2b	Development Charges Study	2026	Wastewater Services	27,900	-		27,900	-		27,900	23,157	4,743
2d	Development Charges Study	2026	Services Related to a Highway	1,000	-		1,000	-		1,000	830	170
2e	Development Charges Study	2026	Fire Protection Services	900	-		900	-		900	747	153
2f	Development Charges Study	2026	Library Services	-	-		-	-		-	-	-
2g	Development Charges Study	2026	Parks and Recreation Services	200	-		200	-		200	166	34
	<b>Sub-Total</b>			<b>35,600</b>	<b>-</b>		<b>35,600</b>	<b>-</b>	<b>-</b>	<b>35,600</b>	<b>29,548</b>	<b>6,052</b>
<b>3</b>	<b>Official Plan Update</b>											
3a	Official Plan Update	2022	Water Services	9,000	-	900	8,100	900		7,200	5,976	1,224
3b	Official Plan Update	2022	Wastewater Services	9,000	-	900	8,100	900		7,200	5,976	1,224
3d	Official Plan Update	2022	Services Related to a Highway	9,000	-	900	8,100	900		7,200	5,976	1,224
3e	Official Plan Update	2022	Fire Protection Services	5,300	-	530	4,770	500		4,270	3,544	726
3f	Official Plan Update	2022	Library Services	-	-	-	-	-		-	-	-
3g	Official Plan Update	2022	Parks and Recreation Services	3,500	-	350	3,150	400		2,750	2,283	468
	<b>Sub-Total</b>			<b>35,800</b>	<b>-</b>	<b>3,580</b>	<b>32,220</b>	<b>3,600</b>	<b>-</b>	<b>28,620</b>	<b>23,755</b>	<b>4,865</b>



**Table 5-2 Continued**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Class of Service – Growth Studies**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Service to Which Project Relates	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions (to recognize benefit to non-D.C. services)	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
								Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share	Non- Residential Share
	2022-2031										83%	17%
<b>4</b>	<b>Official Plan Update</b>											
4a	Official Plan Update	2026	Water Services	9,000	-	900	8,100	900		7,200	5,976	1,224
4b	Official Plan Update	2026	Wastewater Services	9,000	-	900	8,100	900		7,200	5,976	1,224
4d	Official Plan Update	2026	Services Related to a Highway	9,000	-	900	8,100	900		7,200	5,976	1,224
4e	Official Plan Update	2026	Fire Protection Services	5,300	-	530	4,770	500		4,270	3,544	726
4f	Official Plan Update	2026	Library Services	-	-	-	-	-		-	-	-
4g	Official Plan Update	2026	Parks and Recreation Services	3,500	-	350	3,150	400		2,750	2,283	468
	<b>Sub-Total</b>			<b>35,800</b>	<b>-</b>	<b>3,580</b>	<b>32,220</b>	<b>3,600</b>	<b>-</b>	<b>28,620</b>	<b>23,755</b>	<b>4,865</b>
5	Parks and Recreation Master Plan	2022-2025	Parks and Recreation Services	61,200	-		61,200	30,600		30,600	25,398	5,202
6	Recreation Feasibility Study	2022-2025	Parks and Recreation Services	61,200	-		61,200	30,600		30,600	25,398	5,202
7a	Water Master Servicing Plan - Parkhill	2022-2023	Water Services	61,200	-		61,200	49,000		12,200	10,126	2,074
7b	Water Master Servicing Plan - Ailsa Craig	2022-2023	Water Services	61,200	-		61,200	49,000		12,200	10,126	2,074
8a	Stormwater Master Plan - Parkhill	2023-2024	Stormwater Drainage and Control Services	51,000	-		51,000	40,800		10,200	8,466	1,734
8b	Stormwater Master Plan - Ailsa Craig	2023-2024	Stormwater Drainage and Control Services	51,000	-		51,000	40,800		10,200	8,466	1,734
9	Fire Master Plan	2025	Fire Protection Services	61,200	-		61,200	15,300		45,900	38,097	7,803
10	North Middlesex Arena and Fitness Centre Feasibility Study	2022-2023	Parks and Recreation Services	61,200	-		61,200	6,100		55,100	45,733	9,367
				-	-		-	-				
	<b>Total</b>			<b>612,000</b>	<b>-</b>	<b>7,160</b>	<b>604,840</b>	<b>269,400</b>	<b>-</b>	<b>335,440</b>	<b>278,415</b>	<b>57,025</b>



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

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This section evaluates the development-related capital requirements for those services with 20-year capital costs.

### 5.3.1 Services Related to a Highway

#### Roads

North Middlesex owns and maintains 467 km of urban, semi-urban, and gravel roads. Over the historical 10-year period, the average level of service provided was 0.07 km of road per capita. This equates to an average level of investment of \$83,500 per capita, resulting in a D.C.-eligible recovery amount of approximately \$94.19 million over the 20-year forecast period. The Municipality also has 38 bridges and 44 culverts. The average level of service for bridges and culverts provided over the past 10 years equates to an investment of \$31,838 per capita and a D.C.-recoverable amount of approximately \$35.91 million over the forecast period. Further, the Municipality provides 24 km of sidewalks and 700 streetlights. The level of service for sidewalks and streetlights over the historical 10-year period equates to an average level of investment of \$664 per capita and a D.C.-recoverable amount of \$748,428 over the forecast period.

In total the D.C.-eligible amount for Services Related to a Highway – Roads is approximately \$130.85 million.

The Municipality has identified future needs with respect to services related to a highway. These capital projects include upgrades and realignment of Victoria Street, upgrades to Michele Avenue (including sidewalks), and a provision for additional road and crossing infrastructure. In total the gross capital cost estimate is approximately \$1.83 million. Of this amount, \$808,000 has been deducted to reflect the amount of the works that benefits existing development. A further deduction of \$94,195 has been made to recognize the balance in the reserve fund. The net growth-related capital cost included in the D.C. calculation is \$922,805.





The residential/non-residential allocation for services related to a highway – roads of 83% residential and 17% non-residential is based on the ratio of anticipated growth in population to employment over the 20-year forecast period.



**Table 5-3**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Services Related to a Highway – Roads**

Prj.No	Increased Service Needs Attributable to Anticipated Development  2022-2041	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 83%	Non-Residential Share 17%
1	Parkhill - Victoria St. Road Realignment & Upgrade (Gravel to Full Urban 500m)	2025-2026	1,190,000	-		1,190,000	446,000		744,000	617,520	126,480
2	Michele Avenue Sidewalks - 170m	2026-2027	23,000	-		23,000	-		23,000	19,090	3,910
3	Michele Avenue Road Upgrade (Semi-urban to Urban) 170m	2026-2027	408,000	-		408,000	362,000		46,000	38,180	7,820
4	Provision for additional road and crossing infrastructure	2022-2040	204,000	-		204,000	-		204,000	169,320	34,680
	Reserve Fund Adjustment						94,195		(94,195)	(78,182)	(16,013)
	<b>Total</b>		<b>1,825,000</b>	<b>-</b>	<b>-</b>	<b>1,825,000</b>	<b>902,195</b>	<b>-</b>	<b>922,805</b>	<b>765,928</b>	<b>156,877</b>



## Public Works Facilities, Fleet and Equipment

The Public Works Department utilizes a variety of vehicles and major equipment to service the roads within the Municipality. In total, these vehicles and equipment have a replacement value of approximately \$4.38 million. The inventory provided over the historical 10-year period results in a per capita investment of \$672. Over the forecast period, the D.C.-eligible amount for vehicles and equipment is \$758,433.

The Municipality operates their public works service out of four facilities. These facilities, along with a salt dome, provide 28,200 sq.ft. of building area. Over the past 10-years, the Municipality has provided an average of 4.39 sq.ft. of facility space per capita. This results in an average level of investment of \$1,222 per capita. This level of service provides the Municipality with a maximum D.C.-eligible amount for recovery over the 20-year forecast period of \$1,378,642.

In total the D.C. eligible amount for recovery for services related to a highway – facilities, vehicles, and equipment is approximately \$2.14 million.

The Municipality has identified a new plow and sand truck in its capital forecast, at a gross cost of \$275,000. This vehicle will allow the Municipality to service new developments throughout the Municipality. A deduction of \$45,000 has been made to reflect funds committed by the Municipality from other sources. This results in a net growth-related capital cost of \$230,000. This amount has been included in the D.C. calculations.

The 83%/17% residential/non-residential net growth-related capital cost allocation for facilities and fleet is based on the incremental growth in population to employment for the 20-year forecast period.



**Table 5-4**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Services Related to a Highway – Facilities, Fleet and, Equipment**

Prj .No	Increased Service Needs Attributable to Anticipated Development  2022-2041	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 83%	Non-Residential Share 17%
1	New Plow and Sanding Truck	2023	275,000	-	45,000	230,000	-		230,000	190,900	39,100
	<b>Total</b>		<b>275,000</b>	<b>-</b>	<b>45,000</b>	<b>230,000</b>	<b>-</b>	<b>-</b>	<b>230,000</b>	<b>190,900</b>	<b>39,100</b>



### **5.3.2 Fire Protection Services**

North Middlesex currently operates its fire services from 6,500 sq.ft. of facility space. The sq.ft. of facility space provided over the previous 10-year period results in an average level of service of 0.96 sq.ft. per capita. This level of service equates to an average level of investment of \$345 per capita and provides the Municipality with a maximum D.C.-eligible amount for recovery over the forecast period of \$389,284.

The fire department has a current inventory of 7 vehicles which includes a pumper/tanker, one (1) tanker, two (2) rescues, two (2) fire engines, and a pickup truck. Over the historical 10-year period the average level of service was 1 vehicle per 1,000 population. The total D.C.-eligible amount calculated for fire vehicles over the forecast period is \$563,515, based on an average level of investment of \$500 per capita.

The fire department provides 78 items of equipment and gear for use in fire services. The equipment and gear provided over the historical 10-year period results in a calculated average level of service of \$97 per capita, providing for a D.C.-eligible amount over the forecast period of \$109,236 for equipment and gear.

In total the D.C.-eligible amount for fire services is \$1,062,035.

The need for a fire station in Parkhill and an e-draulic extraction tool has been identified to service growth in the Municipality. The total capital cost associated with these items is \$5.96 million. The Parkhill Fire Station and EMS Hall is a joint facility to be constructed with the County. To reflect the space that relates to the EMS Hall, a deduction of \$1.77 million has been made. Further deductions of \$1.47 million for post-period benefit and \$1.66 million for benefit to existing development have also been made to the calculations. The net growth-related capital cost included in the D.C. calculation is \$1,061,300.

These costs are shared between residential and non-residential based on the population to employment ratio over the forecast period, resulting in 83% being allocated to residential development and 17% being allocated to non-residential development.



**Table 5-5**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Fire Protection Services**

Prj .No	Increased Service Needs Attributable to Anticipated Development  2022-2041	Timing (year)	Gross Capital Cost Estimate (2022\$)	Other Deductions	Post Period Benefit	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share  83%	Non- Residential Share  17%
1	Parkhill Fire & EMS Hall	2022-2022	5,910,000	1,770,000	1,470,000	2,670,000	1,658,700		1,011,300	839,379	171,921
2	E-Draulic Extrication Tool	2022-2023	50,000		-	50,000	-		50,000	41,500	8,500
	<b>Total</b>		<b>5,960,000</b>	<b>1,770,000</b>	<b>1,470,000</b>	<b>2,720,000</b>	<b>1,658,700</b>	<b>-</b>	<b>1,061,300</b>	<b>880,879</b>	<b>180,421</b>



## **5.4 Service Levels and Urban 20-year Capital Costs for North Middlesex's D.C. Calculation**

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This section evaluates the development-related capital requirements for water and wastewater services in the urban areas of Parkhill and Ailsa Craig/Nairn. Through discussions with Municipal staff, along with information provided through the recent water and wastewater rate study update, capital needs to accommodate growth in the urban areas of Parkhill and Ailsa Craig/Nairn have been identified. These capital needs are discussed further in this section.

### ***5.4.1 Water and Wastewater Linear Services – Parkhill***

To accommodate growth in Parkhill, the Main Street watermain needs to be replaced and upgraded from a ductile iron watermain to a PVC watermain. In addition, the Parkhill Reservoir requires upgrades. In total, this work is estimated at a gross capital cost of \$9.40 million. A deduction of \$8.46 million has been applied to the calculations to reflect the share of the works that benefits existing development. This results in a D.C. recoverable amount of \$940,000 included in the D.C. calculations.

For wastewater, the Municipality retained CIMA+ engineering to identify the capital needs required to service all development lands in Parkhill. CIMA+ identified gravity sewer upgrades on Main Street, Mill Street, Hastings Street, and Station Street. Further, upgrades to the Victoria Street pumping station are required. In total, the gross capital cost estimate of these works is approximately \$1.48 million. As these capital needs are required to service all development in Parkhill, deductions totalling \$631,600 have been made to reflect the share of the costs that will benefit growth post-2041. Further deductions totalling \$445,100 have been made to reflect the share of the works that benefit existing development. The net growth-related capital costs included the D.C. calculations totals \$402,300.

The growth-related costs have been allocated between residential and non-residential development based on the incremental growth in population to employment over the 20-year forecast period which results in a 90% allocation to residential development and a 10% allocation to non-residential development.



**Table 5-6**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Water Services – Parkhill - Linear**

Prj.No	Increased Service Needs Attributable to Anticipated Development  Urban 2022 to 2041	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 90%	Non-Residential Share 10%
1	Parkhill Main Street Watermain Rehabilitation and Reservoir Works	2022-2026	9,400,000	-		9,400,000	8,460,000		940,000	846,000	94,000
	<b>Total</b>		<b>9,400,000</b>	<b>-</b>	<b>-</b>	<b>9,400,000</b>	<b>8,460,000</b>	<b>-</b>	<b>940,000</b>	<b>846,000</b>	<b>94,000</b>





**Table 5-7**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Wastewater Services – Parkhill - Linear**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 90%	Non-Residential Share 10%
	<b>Urban 2022 to 2041</b>										
1	Gravity Sewer Upgrades on Parkhill Main Street (23m)	2022	44,000	14,800		29,200	19,800		9,400	8,460	940
2	Gravity Sewer Upgrades on Mill Street (279m)	2025-2026	350,000	117,600		232,400	157,500		74,900	67,410	7,490
3	Gravity Sewer Upgrades on Hastings Street (356m)	2023-2024	500,000	168,000		332,000	225,000		107,000	96,300	10,700
4	Gravity Sewer Upgrades on Station Street (55m)	2026-2027	95,000	31,900		63,100	42,800		20,300	18,270	2,030
5	Victoria Street Upgrades (Pump Station)	2023-2024	490,000	299,300		190,700	-		190,700	171,630	19,070
	<b>Total</b>		<b>1,479,000</b>	<b>631,600</b>	<b>-</b>	<b>847,400</b>	<b>445,100</b>	<b>-</b>	<b>402,300</b>	<b>362,070</b>	<b>40,230</b>



### **5.4.2 Water and Wastewater Linear Services – Ailsa Craig/Nairn**

To accommodate growth in Ailsa Craig and Nairn, a watermain upgrade for the new elevated storage tank is required. In total, this work is estimated at a gross capital cost of \$5.05 million. A deduction of approximately \$2.69 million has been applied to the calculations to reflect the share of the works that benefits existing development. A further deduction of approximately \$2.18 million has been made to reflect the share of the costs that benefits growth outside of the forecast period. This results in a D.C. recoverable amount of \$176,000 included in the D.C. calculations.

For wastewater, the Municipality retained CIMA+ engineering to identify the capital needs required to service all development lands in Ailsa Craig and Nairn. CIMA+ identified sewer replacement and upgrades on Petty Street, Queen Street, Annie Ada Shipley Street, Henderson Street, and William Street. Further, upgrades to the new Ontario pump station and William Street pump station and forcemain are required. In total, the gross capital cost estimate of these works is approximately \$7.27 million. As these capital needs are required to service all development in Ailsa Craig, deductions totalling approximately \$4.51 million have been made to reflect the share of the costs that will benefit growth post-2041. Further deductions totalling approximately \$2.40 million have been made to reflect the share of the works that benefit existing development. The net growth-related capital costs included the D.C. calculations totals \$364,200.

The growth-related costs have been allocated between residential and non-residential development based on the incremental growth in population to employment over the 20-year forecast period which results in a 90% allocation to residential development and a 10% allocation to non-residential development.



**Table 5-8**  
**Infrastructure Cost Included in the Development Charges Calculation**  
**Water Services – Ailsa Craig/Nairn – Linear**

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 90%	Non-Residential Share 10%
	<b>Urban 2022 to 2041</b>										
1	Watermain upgrade - 300mm - New elevated tank site to Elgin Road (Queen and Petty St. Rehab and upgrade)	2022-2023	5,050,000	2,181,000		2,869,000	2,693,000		176,000	158,400	17,600
	<b>Total</b>		<b>5,050,000</b>	<b>2,181,000</b>	<b>-</b>	<b>2,869,000</b>	<b>2,693,000</b>	<b>-</b>	<b>176,000</b>	<b>158,400</b>	<b>17,600</b>



**Table 5-9  
Infrastructure Cost Included in the Development Charges Calculation  
Wastewater Services – Ailsa Craig/Nairn – Linear**

Prj.No	Increased Service Needs Attributable to Anticipated Development  Urban 2022 to 2041	Timing (year)	Gross Capital Cost Estimate (2022\$)	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Potential D.C. Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Residential Share 90%	Non-Residential Share 10%
	<b>Sewers</b>										
1	Replace and Upgrade Sewers on Petty Street - 1452m 300mm pipe and 16 Manhole Structures	2026-2027	2,410,000	1,338,000		1,072,000	964,000		108,000	97,200	10,800
2	Replace and Upgrade Sewers on Queen Street - 160m 300mm pipe sewer and 2 Manhole structures	2022	247,000	137,100		109,900	98,800		11,100	9,990	1,110
3	Replace and Upgrade Sewers on Queen Street - 932m 375mm pipe sewer and 2 Manhole structures	2023-2025	1,900,000	1,142,800		757,200	665,000		92,200	82,980	9,220
4	Replace and Upgrade Sewers on Annie Ada Shipley Street - 315m 375mm pipe sewer and 3 Manhole structures	2026-2027	561,000	337,400		223,600	196,400		27,200	24,480	2,720
5	Replace and Upgrade Sewers on Henderson Street - 113m 375mm pipe sewer and 1 Manhole Structure	2027-2028	201,000	120,800		80,200	70,400		9,800	8,820	980
6	Replace and Upgrade Sewers on William Street 184m 375 mm pipe sewer and 3 Manhole Structures	2028-2029	358,000	215,300		142,700	125,300		17,400	15,660	1,740
				-							
	<b>Pumping Stations and Forcemains</b>	0	-	-		-	-		-	-	-
7	New Ontario Pump Station Upgrade	2029-2030	435,000	378,400		56,600	26,100		30,500	27,450	3,050
8	William Street Pump Station Upgrade	2024-2025	627,000	551,100		75,900	31,400		44,500	40,050	4,450
9	William Street PS Forcemain Upgrade (600m 250mm diameter)	2025-2026	533,000	291,000		242,000	218,500		23,500	21,150	2,350
		0	-	-		-	-		-	-	-
	<b>Total</b>		<b>7,272,000</b>	<b>4,511,900</b>	-	<b>2,760,100</b>	<b>2,395,900</b>	-	<b>364,200</b>	<b>327,780</b>	<b>36,420</b>



### 5.4.3 Water Storage and Wastewater Treatment Services – Parkhill

#### Water

The Municipality has identified an expansion to the Mount Carmel reservoir to accommodate growth. This expansion will take the reservoir from a capacity of 450 cu.m to a capacity of 2,475 cu.m. The total cost of this expansion is estimated at approximately \$3.42 million.

Based upon the information provided above, a capacity calculation is provided below, which calculates a net cost per cubic metre and then, based on storage capacity requirements (based on discussions with staff), provides a capital cost per capita and per employee. These costs are then multiplied by the assumed cubic metres of volume required per person and per employee. It is assumed that the volume per person is equal to the volume per employee.

Parkhill Water		Residential	Non-residential
Mount Carmel Reservoir Expansion (2022 \$)	\$3,420,000.00		
Total Capacity of Expanded Reservoir (cu.m)	2,475		
Cost per cu.m	\$1,381.82	\$1,381.82	\$1,381.82
Volume per capita/employee (cu.m)		0.500	0.500
<b>Cost per capita/employee</b>		<b>\$690.91</b>	<b>\$690.91</b>

For the calculation of the residential charges, the capital cost per person was multiplied by the persons per unit for each housing type. The calculations are provided below:

Residential Unit Type	Persons per Unit	Charge per Capita	DC by Unit Type
Single and Semi-Detached Dwelling	2.980	\$690.91	\$2,059
Other Multiples	2.126	\$690.91	\$1,469
Apartments - 2 Bedrooms +	2.029	\$690.91	\$1,402
Apartments - Bachelor and 1 Bedroom	1.279	\$690.91	\$884
Special Care/Special Dwelling Units	1.100	\$690.91	\$760

The non-residential development charge has been calculated as described above. The per employee capital cost of \$690.91 is divided by the average square feet of building space per employee to derive the development charge per square foot of building space as follows:



Capital Cost per employee	\$690.91
Average sq.ft. per employee	934
Non-residential charge per sq.ft.	\$0.74

## Wastewater

The Municipality has identified the need to upgrade their lagoon system to a mechanical wastewater treatment plant. This treatment plant has been designed for construction over two phases and will increase the existing capacity to 2,300 cu.m. The total cost of the works is estimated at approximately \$31.40 million.

Based upon the information provided above, a capacity calculation is provided below, which calculates a net cost per cubic metre and then, based on capacity requirements (based on discussions with staff), provides a capital cost per capita and per employee. These costs are then multiplied by the assumed cubic metres of volume required per person and per employee. To estimate these assumed flows, a review of the 2019 Environmental Assessment for the Parkhill Wastewater Treatment Plant was undertaken. Based on the current volume per capita and the future anticipated volume for residential and non-residential lands, the volume per capita included in the calculations is 0.249 cu.m, the volume for commercial, institutional, and small industrial uses is 0.358 cu.m per employee, and the volume for large industrial wastewater users is 1.626 cu.m per employee.

Parkhill Wastewater		Residential	Non-residential Commercial/ Institutional/ Small Industrial	Non-residential Large Industrial*
Parkhill Wastewater Treatment Plant (Phase 1 and 2) (2022 \$)	\$31,400,000			
Total Capacity Treatment Plant Phase 1 and 2 (cu.m)	2,300			
Cost per cu.m	\$13,652.17	\$13,652.17	\$13,652.17	\$13,652.17
Volume per capita/employee (cu.m)		0.249	0.358	1.626
<b>Cost per capita/employee</b>		<b>\$3,400.85</b>	<b>\$4,883.07</b>	<b>\$22,195.77</b>

\*Non-residential Large Industrial is categorized as industrial wastewater users with a per employee flow greater than 0.500 cu.m

For the calculation of the residential charges, the capital cost per person was multiplied by the persons per unit for each housing type. The calculations are provided below:

Residential Unit Type	Persons per Unit	Charge per Capita	DC by Unit Type
Single and Semi-Detached Dwelling	2.980	\$3,400.85	\$10,135
Other Multiples	2.126	\$3,400.85	\$7,230
Apartments - 2 Bedrooms +	2.029	\$3,400.85	\$6,900
Apartments - Bachelor and 1 Bedroom	1.279	\$3,400.85	\$4,350
Special Care/Special Dwelling Units	1.100	\$3,400.85	\$3,741



The non-residential development charge has been calculated as described above. With respect to commercial, institutional, and small industrial developments, the per employee capital cost of \$4,883.07 is divided by the average square feet of building space per employee to derive the development charge per square foot of building space as follows:

Capital Cost per employee	\$4,883.07
Average sq.ft. per employee (Commercial/ Institutional/ Small Industrial)	934
Non-residential charge per sq.ft.	\$5.23

With respect to industrial developments with higher wastewater use, the per employee capital cost of \$22,195.77 is divided by the average square feet of building space per employee for industrial uses to derive the development charge per square foot of building space as follows:

Capital Cost per employee	\$22,195.77
Average sq.ft. per employee (Large Industrial)	1,500
Non-residential charge per sq.ft.	\$14.80

#### **5.4.4 Water Storage and Wastewater Treatment Services – Ailsa Craig/Nairn**

##### Water

The Municipality has identified the need for an elevated storage tank in Ailsa Craig. This storage tank will expand the storage capacity to 2,500 cu.m. The total cost of this expansion (including financing costs) is estimated at approximately \$6.45 million.

Based upon the information provided above, a capacity calculation is provided below, which calculates a net cost per cubic metre and then, based on storage capacity requirements (based on discussions with staff), provides a capital cost per capita and per employee. These costs are then multiplied by the assumed cubic metres of volume required per person and per employee. It is assumed that the volume per person is equal to the volume per employee.



Ailsa Craig & Nairn Water		Residential	Non-residential
Elevated Storage Tank (2,500 cu.m) (2022 \$)	\$6,380,000		
Financing Costs (20 years @ 2.5%)	\$66,000		
<b>Total Cost of Storage Tank including Financing Costs</b>	<b>\$6,446,000</b>		
Total Capacity Storage (cu.m)	2,500		
Cost per cu.m	\$2,578.40	\$2,578.40	\$2,578.40
Volume per capita/employee (cu.m)		0.500	0.500
<b>Cost per capita/employee</b>		<b>\$1,289.20</b>	<b>\$1,289.20</b>

For the calculation of the residential charges, the capital cost per person was multiplied by the persons per unit for each housing type. The calculations are provided below:

Residential Unit Type	Persons per Unit	Charge per Capita	DC by Unit Type
Single and Semi-Detached Dwelling	2.980	\$1,289.20	\$3,842
Other Multiples	2.126	\$1,289.20	\$2,741
Apartments - 2 Bedrooms +	2.029	\$1,289.20	\$2,616
Apartments - Bachelor and 1 Bedroom	1.279	\$1,289.20	\$1,649
Special Care/Special Dwelling Units	1.100	\$1,289.20	\$1,418

The non-residential development charge has been calculated as described above. The per employee capital cost of \$1,289.20 is divided by the average square feet of building space per employee to derive the development charge per square foot of building space as follows:

Capital Cost per employee	\$1,289.20
Average sq.ft. per employee	825
Non-residential charge per sq.ft.	\$1.56

## Wastewater

The Municipality has identified the need to expand the wastewater treatment plant to accommodate growth and development. The additional capacity anticipated totals 1,200 cu.m. The total cost of the works is estimated at approximately \$9.54 million.

Based upon the information provided above, a capacity calculation is provided below, which calculates a net cost per cubic metre and then, based on capacity requirements (based on discussions with staff), provides a capital cost per capita and per employee. These costs are then multiplied by the assumed cubic metres of volume required per person and per employee. It is assumed that the volume per person and per employee is similar to the assumptions utilized for the Parkhill treatment plant.





Ailsa Craig & Nairn Wastewater		Residential	Non-residential Commercial/ Institutional/ Small Industrial	Non-residential Large Industrial*
Treatment Plant Expansion and Addition (2022 \$)	\$9,180,000			
Treatment Plant Filter (2022 \$)	\$357,000			
<b>Total Treatment Plant Costs</b>	<b>\$9,537,000</b>			
Total Capacity Treatment Plant Expansion (cu.m)	1,200			
Cost per cu.m	\$7,947.50	\$7,947.50	\$7,947.50	\$7,947.50
Volume per capita/employee (cu.m)		0.249	0.358	1.626
<b>Cost per capita/employee</b>		<b>\$1,979.78</b>	<b>\$2,842.64</b>	<b>\$12,921.08</b>

\*Non-residential Large Industrial is categorized as industrial wastewater users with a per employee flow greater than 0.500 cu.m

For the calculation of the residential charges, the capital cost per person was multiplied by the persons per unit for each housing type. The calculations are provided below:

Residential Unit Type	Persons per Unit	Charge per Capita	DC by Unit Type
Single and Semi-Detached Dwelling	2.980	\$1,979.78	\$5,900
Other Multiples	2.126	\$1,979.78	\$4,209
Apartments - 2 Bedrooms +	2.029	\$1,979.78	\$4,017
Apartments - Bachelor and 1 Bedroom	1.279	\$1,979.78	\$2,532
Special Care/Special Dwelling Units	1.100	\$1,979.78	\$2,178

The non-residential development charge has been calculated as described above. With respect to commercial, institutional, and small industrial developments, the per employee capital cost of \$2,842.64 is divided by the average square feet of building space per employee to derive the development charge per square foot of building space as follows:

Capital Cost per employee	\$2,842.64
Average sq.ft. per employee (Commercial/ Institutional/ Small Industrial)	825
Non-residential charge per sq.ft.	\$3.45

With respect to industrial developments with higher wastewater use, the per employee capital cost of \$12,921.08 is divided by the average square feet of building space per employee for industrial uses to derive the development charge per square foot of building space as follows:

Capital Cost per employee	\$12,921.08
Average sq.ft. per employee (Large Industrial)	1,500
Non-residential charge per sq.ft.	\$8.61



# Chapter 6

## D.C. Calculation



## 6. D.C. Calculation

Table 6-1 calculates the proposed uniform D.C.s to be imposed for linear water and wastewater services in Parkhill based upon a 2022 to 2041 horizon. Table 6-2 calculates the proposed uniform D.C.s to be imposed for linear water and wastewater services in Ailsa Craig and Nairn based upon a 2022 to 2041 horizon. Table 6-3 calculates the proposed uniform D.C. to be imposed on anticipated development in the Municipality for Municipal-wide services over a 20-year planning horizon. Table 6-4 calculates the proposed uniform D.C. to be imposed on anticipated development in the Municipality for Municipal-wide services over a 10-year planning horizon.

The calculation for residential development is generated on a per capita basis and is based upon five forms of housing types (singles and semi-detached, apartments 2+ bedrooms, apartments bachelor and 1 bedroom, all other multiples, and special care/special dwelling units). The non-residential D.C. has been calculated on a per sq.ft. of G.F.A. basis for all types of non-residential development (industrial, commercial, and institutional).

The D.C.-eligible costs for each service component were developed in Chapter 5 for all Municipal services, based on their proposed capital programs.

For the residential calculations, the total cost is divided by the “gross” (new resident) population to determine the per capita amount. The eligible-D.C. cost calculations set out in Chapter 5 are based on the net anticipated population increase (the forecast new unit population less the anticipated decline in existing units). The cost per capita is then multiplied by the average occupancy of the new units (Appendix A, Schedule 5) to calculate the charge in Tables 6-1, 6-2, 6-3, and 6-4.

With respect to non-residential development, the total costs in the uniform charge allocated to non-residential development (based on need for service) have been divided by the anticipated development over the planning period to calculate a cost per sq.ft. of G.F.A.

Table 6-5 summarizes the total D.C. that is applicable for Municipal-wide services and Table 6-6 summarizes the gross capital expenditures and sources of revenue for works to be undertaken during the 5-year life of the by-law.



Table 6-1  
Municipality of North Middlesex  
Development Charge Calculation  
Parkhill Services  
2022 to 2041

SERVICE/CLASS	2022\$ D.C.-Eligible Cost		2022\$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$
1. <u>Wastewater Services</u>				
1.1 Parkhill Sewers	362,070	40,230	1,097	0.49
	362,070	40,230	1,097	0.49
2. <u>Water Services</u>				
2.1 Parkhill Distribution	846,000	94,000	2,562	1.13
	846,000	94,000	2,562	1.13
<b>TOTAL</b>	<b>1,208,070</b>	<b>\$134,230</b>	<b>\$3,659</b>	<b>\$1.62</b>
D.C.-Eligible Capital Cost	\$1,208,070	\$134,230		
Urban 20-year Gross Population/GFA Growth (sq.ft.)	984	83,100		
<b>Cost Per Capita/Non-Residential GFA (sq.ft.)</b>	<b>\$1,227.71</b>	<b>\$1.62</b>		
<b>By Residential Unit Type</b>	<b>P.P.U.</b>			
Single and Semi-Detached Dwelling	2.980	\$3,659		
Other Multiples	2.126	\$2,610		
Apartments - 2 Bedrooms +	2.029	\$2,491		
Apartments - Bachelor and 1 Bedroom	1.279	\$1,570		
Special Care/Special Dwelling Units	1.100	\$1,350		



Table 6-2  
Municipality of North Middlesex  
Development Charge Calculation  
Ailsa Craig and Nairn Services  
2022 to 2041

SERVICE/CLASS	2022\$ D.C.-Eligible Cost		2022\$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$
3. <u>Wastewater Services</u>				
3.1 Ailsa Craig & Nairn Sewers	327,780	36,420	1,450	0.84
	327,780	36,420	1,450	0.84
4. <u>Water Services</u>				
4.1 Ailsa Craig & Nairn Distribution	158,400	17,600	700	0.40
	158,400	17,600	700	0.40
<b>TOTAL</b>	<b>486,180</b>	<b>\$54,020</b>	<b>\$2,150</b>	<b>\$1.24</b>
D.C.-Eligible Capital Cost	\$486,180	\$54,020		
Urban 20-year Gross Population/GFA Growth (sq.ft.)	674	43,700		
<b>Cost Per Capita/Non-Residential GFA (sq.ft.)</b>	<b>\$721.34</b>	<b>\$1.24</b>		
<b>By Residential Unit Type</b>	<b>P.P.U.</b>			
Single and Semi-Detached Dwelling	2.980	\$2,150		
Other Multiples	2.126	\$1,534		
Apartments - 2 Bedrooms +	2.029	\$1,464		
Apartments - Bachelor and 1 Bedroom	1.279	\$923		
Special Care/Special Dwelling Units	1.100	\$793		



**Table 6-3**  
**Municipality of North Middlesex**  
**Development Charge Calculation**  
**Municipal-wide Services and Classes of Services**  
**2022 to 2041**

SERVICE/CLASS	2022\$ D.C.-Eligible Cost		2022\$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$
5. <u>Services Related to a Highway</u>				
5.1 Roads and Related	765,928	156,877	1,221	0.44
5.2 Facilities, Vehicles, and Equipment	190,900	39,100	304	0.11
	956,828	195,977	1,525	0.55
6. <u>Fire Protection Services</u>				
6.1 Fire facilities, vehicles, and equipment	880,879	180,421	1,405	0.50
	880,879	180,421	1,405	0.50
<b>TOTAL</b>	<b>\$1,837,707</b>	<b>\$376,398</b>	<b>\$2,930</b>	<b>\$1.05</b>
D.C.-Eligible Capital Cost	\$1,837,707	\$376,398		
20-Year Gross Population/GFA Growth (sq.ft.)	1,869	357,300		
<b>Cost Per Capita/Non-Residential GFA (sq.ft.)</b>	<b>\$983.26</b>	<b>\$1.05</b>		
<b>By Residential Unit Type</b>	<b>P.P.U.</b>			
Single and Semi-Detached Dwelling	2.980	\$2,930		
Other Multiples	2.126	\$2,090		
Apartments - 2 Bedrooms +	2.029	\$1,995		
Apartments - Bachelor and 1 Bedroom	1.279	\$1,258		
Special Care/Special Dwelling Units	1.100	\$1,082		



Table 6-4  
Municipality of North Middlesex  
Development Charge Calculation  
Municipal-wide Services and Classes of Services  
2022 to 2031

SERVICE/CLASS	2022\$ D.C.-Eligible Cost		2022\$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
<b>7. Parks and Recreation Services</b>				
7.1 Park development, amenities, trails, recreation facilities, and vehicles	172,900	9,100	603	0.06
	172,900	9,100	603	0.06
<b>8. Growth Studies</b>				
8.1 Water Services	41,500	8,500	145	0.06
8.2 Wastewater Services	58,266	11,934	203	0.08
8.3 Stormwater Drainage and Control Services	16,932	3,468	59	0.02
8.4 Services Related to a Highway	13,612	2,788	48	0.02
8.5 Fire Protection Services	46,679	9,561	163	0.06
8.6 Parks and Recreation Services	101,426	20,774	354	0.14
	278,415	57,025	972	0.38
<b>TOTAL</b>	<b>\$451,315</b>	<b>\$66,125</b>	<b>\$1,575</b>	<b>\$0.44</b>
D.C.-Eligible Capital Cost	\$451,315	\$66,125		
10-Year Gross Population/GFA Growth (sq.ft.)	854	149,600		
<b>Cost Per Capita/Non-Residential GFA (sq.ft.)</b>	<b>\$528.47</b>	<b>\$0.44</b>		
<b>By Residential Unit Type</b>	<b>P.P.U.</b>			
Single and Semi-Detached Dwelling	2.980	\$1,575		
Other Multiples	2.126	\$1,124		
Apartments - 2 Bedrooms +	2.029	\$1,072		
Apartments - Bachelor and 1 Bedroom	1.279	\$676		
Special Care/Special Dwelling Units	1.100	\$581		



Table 6-5  
Municipality of North Middlesex  
Development Charge Calculation  
Total All Services and Classes of Services

	2022\$ D.C.-Eligible Cost		2022\$ D.C.-Eligible Cost	
	Residential	Non-Residential	S.D.U.	per sq.ft.
	\$	\$	\$	\$
Urban-wide Services/Classes 20-year	1,694,250	188,250	5,809	2.86
Municipal-wide Services/Classes 20-year	1,837,707	376,398	2,930	1.05
Municipal-wide Services/Classes 10-year	451,315	66,125	1,575	0.44
<b>Total</b>	<b>3,983,272</b>	<b>630,773</b>	<b>10,314</b>	<b>4.35</b>

Note: Information above does not include waterstorage or wastewater treatment





**Table 6-6**  
**Municipality of North Middlesex**  
**Gross Expenditure and Sources of Revenue Summary**  
**for Costs to be Incurred over the Life of the By-law**

Service/Class	Total Gross Cost	Sources of Financing					
		Tax Base or Other Non-D.C. Source			Post D.C. Period Benefit	D.C. Reserve Fund	
		Other Deductions	Benefit to Existing	Other Funding		Residential	Non-Residential
<b>Parkhill</b>							
1. Wastewater Services							
1.1 Wastewater Services	25,911,500	0	12,864,950	0	3,812,000	8,311,095	923,455
2. Water Services							
2.1 Water Services	12,820,000	0	11,025,000	0	0	1,615,500	179,500
<b>Ailsa Craig &amp; Nairn</b>							
3. Wastewater Services							
3.1 Ailsa Craig & Nairn Sewers	5,149,500	0	1,593,900	0	0	3,200,040	355,560
4. Water Services							
4.1 Ailsa Craig & Nairn Distribution	11,496,000	0	6,773,300	0	0	4,250,430	472,270
5. Services Related to a Highway							
5.1 Roads and Related	1,462,167	0	627,000	0	0	693,188	141,978
5.2 Facilities, Vehicles, and Equipment	275,000	45,000	0	0	0	190,900	39,100
6. Fire Protection Services							
6.1 Fire facilities, vehicles, and equipment	5,960,000	1,770,000	1,658,700	0	1,470,000	880,879	180,421
7. Parks and Recreation Services							
7.1 Park development, amenities, trails, recreation facilities, and vehicles	0	0	0	0	0	0	0
8. Growth Studies							
8.1 Water Services	151,600	1,800	99,800	0	0	41,500	8,500
8.2 Wastewater Services	73,800	1,800	1,800	0	0	58,266	11,934
8.3 Stormwater Drainage and Control Services	102,000	0	81,600	0	0	16,932	3,468
8.4 Services Related to a Highway	20,000	1,800	1,800	0	0	13,612	2,788
8.5 Fire Protection Services	73,600	1,060	16,300	0	0	46,679	9,561
8.6 Parks and Recreation Services	191,000	700	68,100	0	0	101,426	20,774
<b>Total Expenditures &amp; Revenues</b>	<b>\$63,686,167</b>	<b>\$1,822,160</b>	<b>\$34,812,250</b>	<b>\$0</b>	<b>\$5,282,000</b>	<b>\$19,420,448</b>	<b>\$2,349,309</b>



# Chapter 7

## D.C. Policy Recommendations and D.C. By-law Rules



## 7. D.C. Policy Recommendations and D.C. By-law Rules

### 7.1 Introduction

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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 D.C.s that would be imposed on anticipated development must not exceed the capital costs determined under subsection 5 (1) 2-7 for all services involved;
- if the rules expressly identify a type of development, they must not provide for it to pay D.C.s 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 D.C. than is allowed, the rules for determining D.C.s 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 subsection 5 (1) paragraphs 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 D.C. By-law Structure

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### It is recommended that:

- a class of service be established for growth studies;
- the Municipality uses a uniform Municipal-wide D.C. calculation for all municipal services, except water and wastewater;
- water and wastewater services, be imposed on the urban service areas of the Municipality; and
- one municipal D.C. by-law be used for all services.

## 7.3 D.C. By-law Rules

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

### It is recommended that the following sections provide the basis for the D.C.s.:

#### 7.3.1 *Payment in any Particular Case*

In accordance with the D.C.A., subsection 2 (2), a D.C. 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 9 of the *Condominium Act, 1998*; or



- (g) the issuing of a permit under the *Building Code Act, 1992* 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 square feet of G.F.A. constructed for eligible uses (i.e. industrial, commercial, and institutional).
- 2) Costs allocated to residential and non-residential uses are based upon a number of conventions, as may be suited to each municipal circumstance, e.g.
  - for growth studies, the costs have been based on a population vs. employment growth ratio (83%/17%) for residential and non-residential, respectively) over the 10-year forecast period;
  - for parks and recreation and library services, a 5% non-residential attribution has been made to recognize use by the non-residential sector;
  - for services related to a highway (including public works) and fire services, an 83% residential/17% non-residential attribution has been made based on a population vs. employment growth ratio over the 20-year forecast period;
  - for linear water and wastewater services a 90% residential/10% non-residential allocation has been made based on population vs. employment growth over the urban 20-year forecast period.
- 3) Costs for water storage and wastewater treatment have been allocated to residential and non-residential development based on a capacity calculation as discussed in section 5.4 of this report.

### **7.3.3 Application to Redevelopment of Land (Demolition and Conversion)**

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:

- 1) the number of dwelling units demolished/converted multiplied by the applicable residential D.C. in place at the time the D.C. is payable; and/or
- 2) the G.F.A. of the building demolished/converted multiplied by the current non-residential D.C. in place at the time the D.C. is payable.

The credit can, in no case, exceed the amount of D.C.s 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 G.F.A. (defined in O. Reg. 82/98, section 1) of the building; for industrial building additions that exceed 50% of the existing G.F.A., only the portion of the addition in excess of 50% is subject to D.C.s (subsection 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 (section 3);
- residential development in existing buildings: 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 section 2 of O. Reg. 82/98);
- residential development in new dwellings: development that includes the creation of up to two detached dwelling units (based on prescribed limits set out in section 2 of O. Reg. 82/98); and
- a university in Ontario that receives direct, regular, and ongoing operating funding from the Government of Ontario



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 Development Charges Act, 1997 or Municipal Act, no further development charges for this service are payable.

### **7.3.5 Phasing in**

No provisions for phasing in the D.C. are provided in the D.C. by-law.

### **7.3.6 Timing of Collection**

The D.C.s for all services and classes are payable upon issuance of a building permit for each dwelling unit, building, or structure, subject to early or late payment agreements entered into by the Municipality and an owner under s. 27 of the D.C.A.

Commencing January 1, 2020, rental housing and institutional developments will pay D.C.s in six equal annual payments commencing at occupancy. Non-profit housing developments will pay D.C.s in 21 equal annual payments. Moreover, the D.C. amount for all developments occurring within 2 years of a Site Plan or Zoning By-law Amendment planning approval (for applications submitted after January 1, 2020), shall be determined based on the D.C. in effect on the day of the applicable Site Plan or Zoning By-law Amendment application.

Instalment payments and payments determined at the time of Site Plan or Zoning By-law Amendment application are subject to annual interest charges calculated based on the Municipality's D.C. Interest Rate Policy, as may be amended from time to time.

### **7.3.7 Indexing**

Indexing of the D.C.s shall be implemented on a mandatory basis annually commencing on the first anniversary date of this by-law and each anniversary date thereafter, in accordance with the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0135-01)<sup>1</sup> for the most recent year-over-year period.

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<sup>1</sup> O. Reg. 82/98 referenced "The Statistics Canada Quarterly, Construction Price Statistics, catalogue number 62-007" as the index source. Since implementation,



### **7.3.8 The Applicable Areas**

The charges developed herein provide for varying charges within the Municipality, as follows:

- all Municipal-wide services – the full residential and non-residential charge will be imposed on all lands within the Municipality; and
- water and wastewater – the full residential and non-residential charge will be imposed on the urban service areas of the Municipality.

## **7.4 Other D.C. By-law Provisions**

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**It is recommended that:**

### **7.4.1 Categories of Services/Classes of Services for Reserve Fund and Credit Purposes**

The Municipality's D.C. collections are currently reserved in seven separate reserve funds: roads (ward 1 and ward 2), water services (ward 1 and ward 2), wastewater services (ward 1 and ward 2), and stormwater services (ward 1).

It is recommended that the Municipality rename and combine the Roads reserve funds into one reserve fund entitled "Services Related to a Highway" to align with the eligible service definitions as per the D.C.A. as amended. Further it is recommended that the Municipality create new reserve funds for: Fire Protection Services, Parks and Recreation Services, and Growth Studies related to the class of service required under the D.C.A., as amended.

Appendix D outlines the reserve fund policies that the Municipality is required to follow as per the D.C.A.

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Statistics Canada has modified this index twice and the above-noted index is the most current. The draft by-law provided herein refers to O. Reg. 82/98 to ensure traceability should this index continue to be modified over time.

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### **7.4.2 By-law In-force Date**

A by-law under the D.C.A. comes into force on the day after which the by-law is passed by Council.

### **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 section 11 of O. Reg. 82/98).

### **7.4.4 Area Rating**

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

1. Section 2 (9) of the D.C.A. 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. Section 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.

It is recommended that the Municipality’s by-law provide for wastewater and water services on an urban area basis. All other Municipal services are recovered based on a uniform, Municipal-wide basis. There have been several reasons why they have not been imposed:

1. All Municipal services, with the exception of water, wastewater, and stormwater, require that the average 10-year service standard be calculated. This average service standard, multiplied by growth in the Municipality, establishes an upper ceiling on the amount of funds that can be collected from all developing



landowners. Section 4 (4) of O. Reg. 82/98 provides that “if a development charge by-law applies to a part of the municipality, the level of service and average level of service cannot exceed that which would be determined if the by-law applied to the whole municipality.” Put in layman terms, the average service standard multiplied by the growth within the specific area would establish an area-specific ceiling which would significantly reduce the total revenue recoverable for the Municipality, hence potentially resulting in D.C. revenue shortfalls and impacts on property taxes.

2. Extending on item 1, attempting to impose an area charge potentially causes equity issues in transitioning from a Municipal-wide approach to an area-specific approach. For example, if all services were now built (and funded) within Area A (which is 75% built out) and this was funded with some revenues from Areas B and C, moving to an area rating approach would see Area A contribute no funds to the costs of services in Areas B and C. The D.C.s would be lower in Area A (as all services are now funded) and higher in Areas B and C. As well, funding shortfalls may then potentially encourage the municipality to provide less services to Areas B and C due to reduced revenue.
3. Many services provided (roads, parks and recreation facilities, library) are not restricted to one specific area and are often used by all residents. For example, arenas located in different parts of the Municipality will be used by residents from all areas depending on the programming of the facility (i.e. a public skate is available each night, but at a different arena; hence usage of any one facility at any given time is based on programming availability).

For the reasons noted above, it is recommended that Council calculate the charges on a uniform Municipal-wide basis for all services/classes of services other than water and wastewater services, which are recommended to be imposed on an urban area basis. Currently water and wastewater charges are imposed separately for Parkhill and Ailsa Craig/Nairn. An alternative approach to combining these areas into one urban-serviced area is provided in Appendix H.



## 7.5 Other Recommendations

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### 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;”

“Establish a class of service for growth studies;”

“Adopt the D.C. approach to calculate the charges on a uniform Municipal-wide basis for all services (except for water and wastewater services);”

“Approve the capital project listing set out in Chapter 5 of the D.C.s Background Study dated February 18, 2022, subject to further annual review during the capital budget process;”

“Approve the D.C.s Background Study dated February 18, 2022, as amended (if applicable);”

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

“Approve the D.C. By-law as set out in Appendix G.”



# Chapter 8

## By-law Implementation



## 8. By-law Implementation

### 8.1 Public Consultation Process

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#### **8.1.1 Introduction**

This chapter addresses the mandatory, formal public consultation process (section 8.1.2), as well as the optional, informal consultation process (section 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. Section 8.1.4 addresses the anticipated impact of the D.C. 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 D.C. 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 Ontario Land Tribunal (OLT) (formerly the Local Planning Appeal Tribunal (LPAT) and Ontario Municipal Board (O.M.B.)).

#### **8.1.3 Other Consultation Activity**

There are three broad groupings of the public who are generally the most concerned with Municipality D.C. 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 D.C. revenues. Others, such as realtors, are directly impacted by D.C. 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 Municipal 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 Municipal D.C. policy. Their primary concern is frequently with the quantum of the charge, G.F.A. 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**

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The establishment of sound D.C. policy often requires the achievement of an acceptable balance between two competing realities. The first is that high non-residential D.C.s 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 D.C.s 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, D.C.s or other Municipal 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

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### 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 that follow overview the requirements in each case.

### 8.3.2 Notice of Passage

In accordance with section 13 of the D.C.A., when a D.C. by-law is passed, the Municipal 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;
- subsection 10 (4) lists the persons/organizations who must be given notice; and
- subsection 10 (5) lists the eight items that the notice must cover.

### 8.3.3 By-law Pamphlet

In addition to the “notice” information, the Municipality must prepare a “pamphlet” explaining each D.C. by-law in force, setting out:

- a description of the general purpose of the D.C.s;
- 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 D.C.s relate; and
- a 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 OLT, 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 OLT hearing in response to an appeal. Any person or organization may appeal a D.C. by-law to the OLT 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 that 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 D.C., or his agent, may complain to the Municipal Council imposing the charge that:

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

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 Municipal Council to the OLT.





### **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 D.C.s 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 D.C. is payable.

### **8.3.7 Front-Ending Agreements**

The Municipality and one or more landowners may enter into a front-ending agreement that 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 Municipal 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 section 51 or section 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 subsection 59 (4) of the D.C.A. requires that the municipal approval authority for a draft plan of subdivision under subsection 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 D.C.s 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 Municipal D.C.s 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 that can impose a D.C.

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.