



2020 Development Charges Background Study

City of Cornwall – Brookdale Avenue North Corridor

For Public Circulation and Comment

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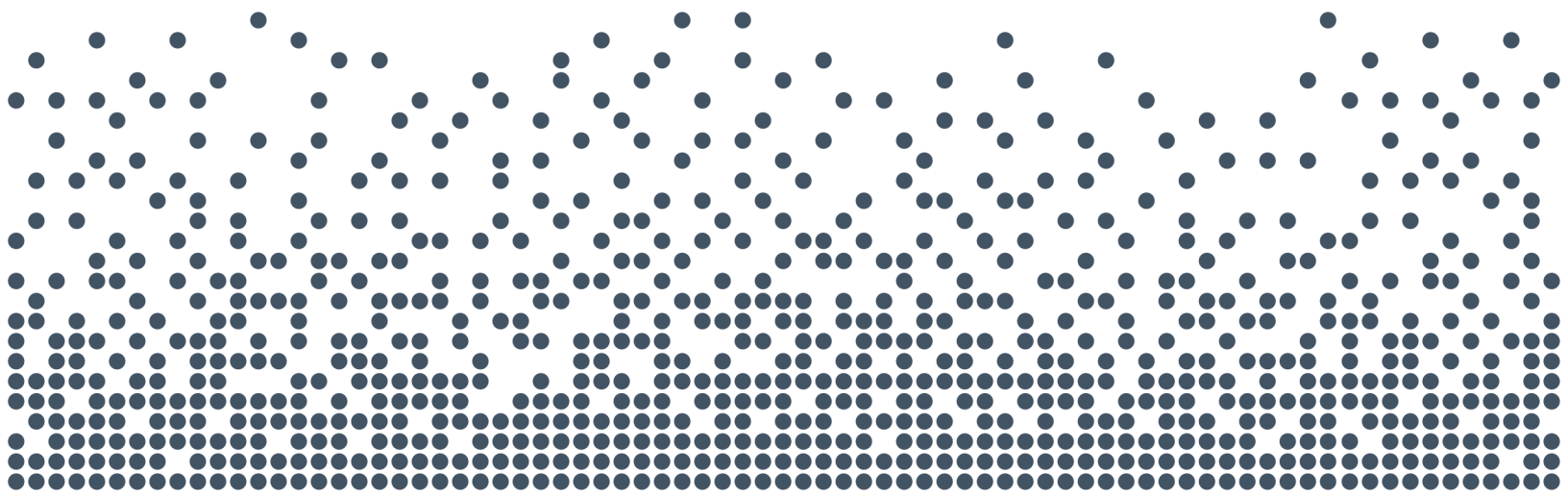
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development charge
D.C.A.	<i>Development Charges Act, 1997</i> as amended
G.F.A.	Gross floor area
L.P.A.T.	Local Planning Appeal Tribunal
N.A.I.C.S.	North American Industry Classification System
N.F.P.O.W.	No Fixed Place of Work
O.M.B.	Ontario Municipal Board
O.P.A.	Official Plan Amendment
O. Reg.	Ontario Regulation
P.O.A.	<i>Provincial Offences Act</i>
P.P.U.	Persons per unit
S.D.E.	Single detached equivalent
S.D.U.	Single detached unit
s.	subsection
sq.ft.	square foot/feet



Report



Chapter 1

Introduction



1. Introduction

1.1 Purpose of this Document

This background study has been prepared pursuant to the requirements of the *Development Charges Act, 1997* (section 10), and accordingly, recommends new development charges (D.C.s) and policies for the Brookdale Avenue North Corridor of the City of Cornwall (City).

The City retained Watson & Associates Economists Ltd. (Watson) to undertake the D.C. study process. Watson worked with senior staff of the City in preparing this D.C. analysis and the 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 City's D.C. background study, as summarized in Chapter 4. It also addresses the forecast amount, type and location of growth (Chapter 3), the requirement for "rules" governing the imposition of the charges (Chapter 7) and the proposed by-law to be made available as part of the approval process (Appendix C).

In addition, the report is designed to set out sufficient background on the legislation, the City's current D.C. policy (Chapter 2) and the policies underlying the proposed by-law, to make the exercise understandable to interested parties. Finally, the D.C. background study addresses post-adoption implementation requirements (Chapter 9) 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

As required under section 12 of the D.C.A., a public meeting has been scheduled on July 27, 2020 prior to Council considering the by-law for passage. Its purpose is to present the study to the public and to solicit public input on the proposed D.C. by-law. The meeting is also being held to answer any questions regarding the study's purpose, methodology and the proposed modifications to the City's D.C. by-law.

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

In accordance with the legislation, the D.C. background study and proposed D.C. by-law will be made available for public review by June 23, 2020.

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; and
- finalization of the study and Council consideration of the by-law.

Table 1-1
Schedule of Key D.C. Process Dates

Process Steps	Dates
1. Growth forecast and detailed discussions with staff regarding future needs to service growth	January to March, 2020
2. Presentation of Draft D.C. Study to the Development Industry (benefiting property owners)	June 17, 2020
3. Presentation of final recommendations to Council	June 22 2020
4. Release D.C. Background Study	June 23, 2020
5. D.C. public meeting	July 27, 2020
6. D.C. by-law passage	September 14, 2020



Process Steps	Dates
7. Newspaper notice given of by-law passage	By 20 days after passage
8. Last day for by-law appeal	40 days after passage
9. City makes available D.C. pamphlet	By 60 days after in force date

1.3 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 proposes changes to the D.C.A. The Bill has been 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. do not come into effect until they are proclaimed by the Lieutenant Governor. At the time of writing, the following provisions have been proclaimed:

- Transitional provisions with respect to services that are no longer eligible under the D.C.A., as well as other provisions clarifying definitions and administrative powers to make regulations, are in effect as of the date of Royal Assent. Regarding the transitional provisions for soft services, as noted below, services not identified within s. 2 (4) of the D.C.A. will no longer be eligible to be included in D.C. by-law once proclaimed. These ineligible services within existing D.C. by-laws can remain in effect, even if the by-law expires, until the earlier of the prescribed date (currently proposed to be one year from the date the community benefits charge (C.B.C.) authority is in effect), the date a C.B.C. by-law is passed, or the date when the existing D.C. by-law is repealed.
- Effective January 1, 2020, rental housing and institutional developments will pay D.C.s in six equal annual installments, with the first payment commencing at the date of occupancy. Non-profit housing developments will pay D.C.s in 21 equal



annual installments. Interest may be charged on the installments, 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 two years of a site plan or zoning by-law amendment planning approval (for applications submitted after this section is proclaimed) shall be determined based on the D.C. charge in effect on the day of site plan or zoning by-law amendment application. If the development is not proceeding via these planning approvals, or if the building permit is issued after the two-year period of application approval, then the amount is determined the earlier of the date of issuance of a building permit or occupancy.

On February 28, 2020, the Province released updated draft regulations related to the D.C.A. and the *Planning Act*. The regulation is under review and comments will be received until April 20, 2020. A summary of these changes to take effect upon proclamation by the Lieutenant Governor, inclusive of the proposals in the draft regulation, is provided below.

Changes to D.C.-Eligible Services – The initial draft regulations allowed for the following services to remain within the D.C.A. with all remaining “soft services” to be removed from funding under the D.C.A. regime. These services could be considered for inclusion under the C.B.C. regime (discussed below) imposed under the authority of the *Planning Act*. The initial eligible services were as follows:

- Water supply services, including distribution and treatment services;
- Wastewater services, including sewers and treatment services;
- Stormwater drainage and control services;
- Services related to a highway as defined in s. 1 (1) of the *Municipal Act, 2001* or subsection 3 (1) of the *City of Toronto Act, 2006*, as the case may be;
- Electrical power services;
- Policing services;
- Fire protection services;
- Toronto-York subway extension, as defined in s. 5.1 (1) of the D.C.A.;
- Transit services other than the Toronto-York subway extension;
- Waste diversion services;
- Ambulance services; and
- Other services as prescribed.



The new draft regulation will also allow the following services to continue to be eligible under the D.C.A.:

- Parks development (not including land);
- Recreation;
- Public libraries;
- Long-term care; and
- Public health.

Mandatory 10% Deduction – The *More Homes, More Choice Act* removes the mandatory 10% deduction for all services that remain eligible under the D.C.A.

C.B.C. Eligible Services – 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 services previously eligible under the D.C.A. that are not included in the above listing, in addition to costs for parkland and bonus zoning contributions. Various provisions are proposed as follows:

- The C.B.C. will be limited to a maximum prescribed percentage of land value on the day prior to building permit issuance. The proposed prescribed maximum percentages for the C.B.C. are as follows:
 - Single-tier municipalities: 15%
 - Lower-tier municipalities: 10%
 - Upper-tier municipalities: 5%
- A C.B.C. strategy must be prepared to support the C.B.C. by-law. Elements of the strategy include:
 - The amount, type and location of growth;
 - A parks plan, which would identify the amount of parkland required for growth;
 - The amount of parkland per person currently being provided in the municipality and whether this is forecast to change;
 - The anticipated increase in need for the service; and
 - Deductions for excess capacity, benefit to existing development and grants, subsidies and other contributions.



- Public notice of C.B.C. by-law passage will be required (same notice requirements as for D.C. by-law passage); and
- The interest rate for C.B.C. refunds upon successful Local Planning Appeal Tribunal (LPAT)¹ appeal will be the Bank of Canada rate on the date the by-law comes into force or quarterly.

¹ The Local Planning Appeal Tribunal (LPAT) was previously known as the Ontario Municipal Board (O.M.B.).



Chapter 2

Current City of Cornwall, Brookdale Avenue North Corridor D.C. Policy



2. Current City of Cornwall, Brookdale Avenue North Corridor D.C. Policy

2.1 By-law Enactment

The City adopted By-law Number 2018-037 on April 9, 2018, which provides for area-specific D.C.s for wastewater services to be imposed in the Brookdale Avenue North Corridor. By-law 2018-037 will expire on April 10, 2023.

2.2 Timing of D.C. Calculation and Payment

D.C.s are due and payable at the time of building permit issuance for the development.

2.3 Indexing

The by-law provides for annual indexing of the charges on January 1st of each year. Table 2-1 provides the charges currently in effect for all non-residential development types.

Table 2-1
City of Cornwall – Brookdale Avenue North Corridor
Current Development Charges

Service	NON-RESIDENTIAL
	(per sq.ft. of Gross Floor Area)
Brookdale Avenue North Corridor Wastewater Services	\$6.80

2.4 Redevelopment Credits

D.C. credits for non-residential redevelopments are provided for demolitions/ conversions of development that pre-existed within five years prior to the date of payment of the D.C.



2.5 Exemptions

The City's existing D.C. by-law includes statutory exemptions from payment of D.C.s with respect to:

- Industrial additions of up to and including 50% of the existing gross floor area (G.F.A.) of the building – for industrial additions which exceed 50% of the existing G.F.A., only the portion of the addition in excess of 50% is subject to D.C.s;
- Land used for municipal or Board of Education purposes; and
- Residential development that results in only the enlargement of an existing dwelling unit, or that results only in the creation of up to two additional dwelling units (as specified by Ontario Regulation (O. Reg.) 82/98).

The D.C. by-law also provides non-statutory exemptions from payment of D.C.s with respect to:

- Bona fide farm uses;
- Places of worship;
- Hospitals;
- College or university buildings;
- Manufacturing uses;
- Properties within the Brookdale Avenue North Corridor having paid a charge imposed under the *Municipal Act* for the extension of wastewater services to the Brookdale Avenue North Corridor; and
- Complete building permit applications received prior to April 10, 2018 and issued by June 30, 2018 will not be subject to development charges. A complete building permit means that all drawings and plans have been submitted in final form and all fees and charges have been paid.



Chapter 3

Anticipated Development in the City of Cornwall, Brookdale Avenue North Corridor



3. Anticipated Development in City of Cornwall, Brookdale Avenue North Corridor

3.1 Requirement of the Act

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 s. 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 provides for the anticipated development in the Brookdale Avenue North Corridor for which the City will be required to provide wastewater services over the buildout of the defined area.

3.2 Basis of Growth Forecast

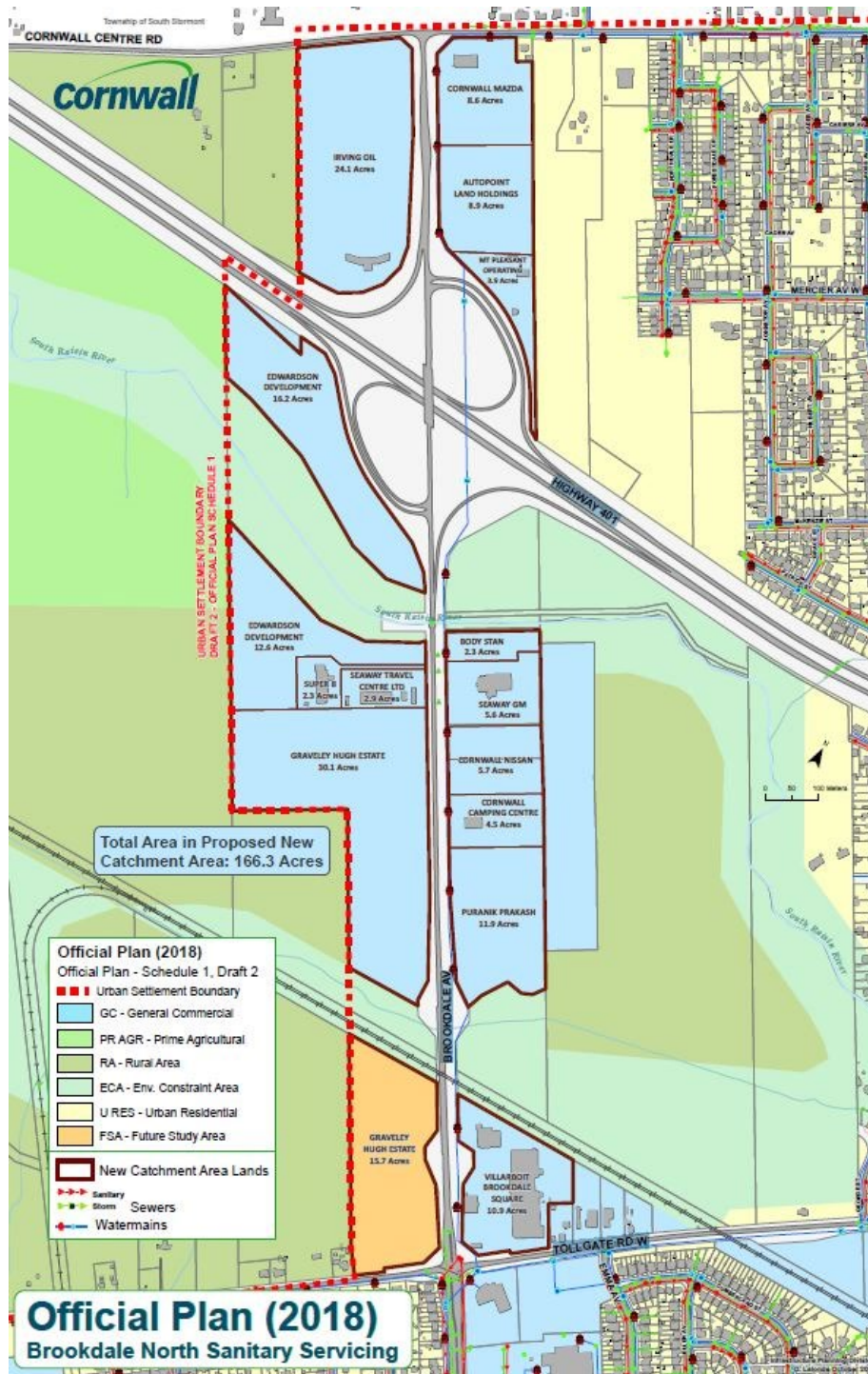
City staff provided Watson with the defined Brookdale Avenue North Corridor Area, the number and size of properties, and the development status of the properties (developed or vacant) prior to the preparation of the City’s 2018 D.C. Background Study.

The Brookdale Avenue North Corridor is defined as the immediate lands fronting on Brookdale Avenue from Tollgate Road North to Cornwall Centre Road, and is identified as the “New Catchment Area” on the Brookdale Avenue North Sanitary Servicing Map included as Figure 3-1. The developable area totals approximately 166 acres, contained within 16 land parcels. Although current ownership may differ, property names identified in Figure 3-1 and Table 3-1 are reflective of those shown in the City’s 2017 D.C. Background Study for continuity purposes.

The servicing area excludes properties that are deemed undevelopable for a number of reasons, including environmental constraints, zoning and insufficient access. Properties excluded from the servicing area comprise environmentally sensitive lands around the South Raisin River (south of Highway 401) and along the CN Rail Corridor, which are designated Environmental Constraint Areas in the new Official Plan, as well as lands designated as Prime Agricultural and Rural Area.



Figure 3-1¹
Brookdale Avenue North Corridor Servicing Area



¹ Property Names reflect those shown in the City's 2017 D.C. Background Study



Detailed in Table 3-1 are the properties within the Brookdale Avenue North Corridor servicing area. The table also includes the land use, net developable land area, development status, and potential G.F.A. of future development for each vacant parcel. The potential G.F.A. forecast was calculated assuming 18.5% land density for new development, based on input and expectations of City staff.

Table 3-1¹
 Brookdale Avenue North Corridor
 New Catchment Area Properties

Property Name	Land Use	Net Land Area (ac)	Development Status (Vacant vs. Developed)	Future Development (sq. ft. of GFA)
Cornwall Mazda	General Commercial	8.60	Developed	
Irving Oil	General Commercial	24.10	Developed	
Autopoint Land Holdings	General Commercial	8.90	Vacant	71,722
Mt Pleasant Operating	General Commercial	3.90	Vacant	31,429
Edwardson Development	General Commercial	28.80	Vacant	232,088
Stan Body	General Commercial	2.30	Vacant	18,535
Seaway Travel Centre Ltd	General Commercial	2.90	Developed	
Super 8	General Commercial	2.30	Developed	
Cornwall GM	General Commercial	5.60	Developed	
Cornwall Nissan ¹	General Commercial	5.70	Vacant	
Hugh Graveley Estate	General Commercial	30.10	Vacant	242,564
Cornwall Camping Centre	General Commercial	4.50	Developed	
Prakash Puranik	General Commercial	11.90	Vacant	95,897
Hugh Graveley Estate	Future Study Area	15.70	Vacant	126,520
Villarboit Brookdale Square	General Commercial	10.90	Developed	
Total		166.20		818,754

¹ Property Names reflect those shown in the City's 2017 D.C. Background Study



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 s. 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

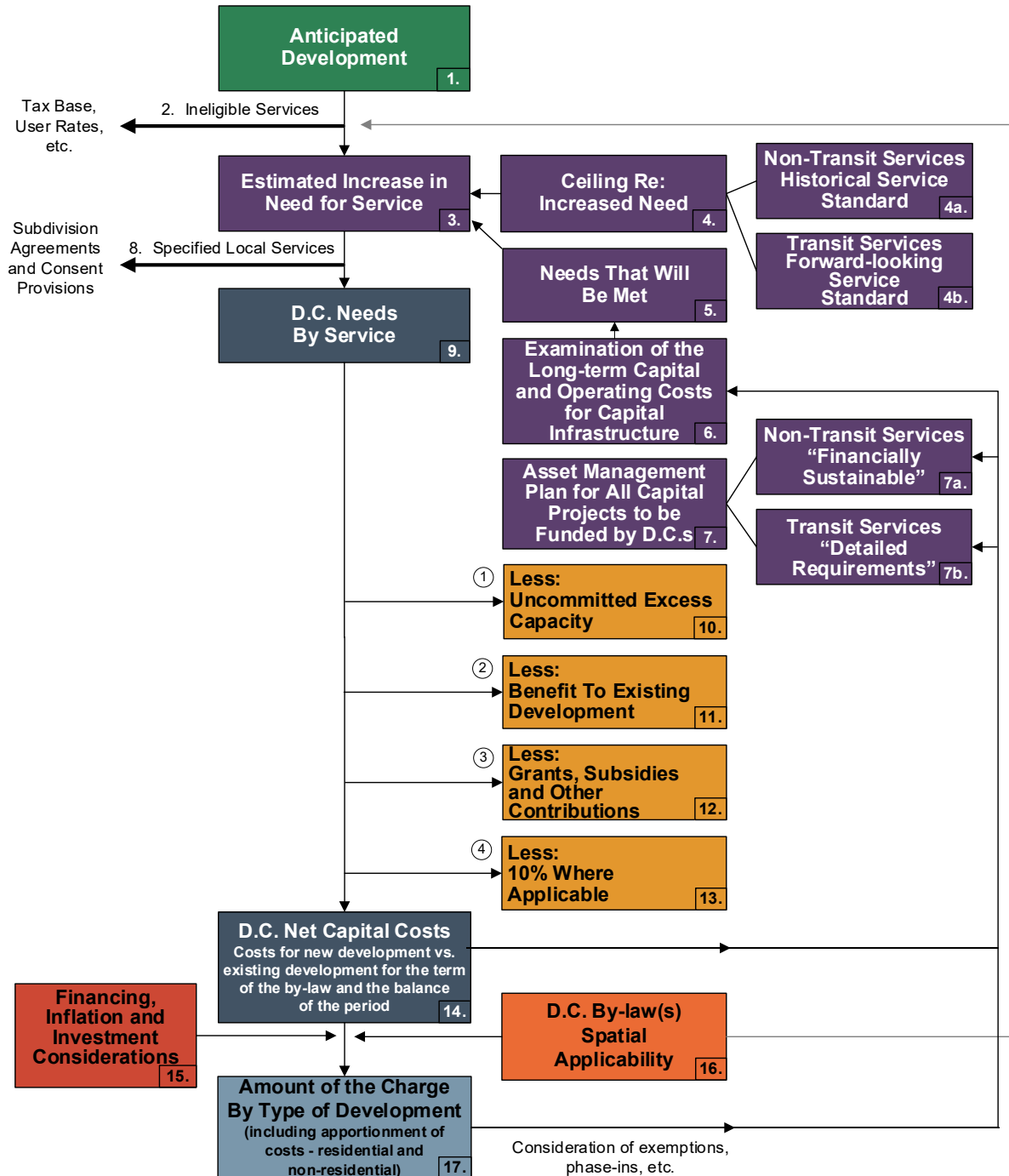
This analysis contained herein addresses only wastewater services provided within the Brookdale Avenue North Corridor. Wastewater services are an eligible service for inclusion in a D.C. by-law under the D.C.A.; however, two ineligible costs defined in s. 5 (3) of the D.C.A. are “computer equipment” and “rolling stock with an estimated useful life of [less than] seven years.” In addition, local sewers are covered separately under subdivision agreements and related means.

4.3 Increase in Need for Service

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, s. 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 D.C. under the Act





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. General policy guidelines on D.C. and local service funding for wastewater services are detailed in Appendix B to this report.

4.5 Capital Forecast

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

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

The capital costs include:

- costs to acquire land or an interest therein (including a leasehold interest);
- costs to improve land;
- costs to acquire, lease, construct or improve buildings and structures;
- 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;
- interest on money borrowed to pay for the above-referenced costs;
- costs to undertake studies in connection with the above-referenced matters; and
- 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” (s. 5 (1) 3). This can be done if the increase in service forms part of a Council-approved Official Plan, capital forecast or similar expression of the intention of Council (O. Reg. 82/98 s. 3). The capital program contained herein reflects the



approved tender costs to provide wastewater services to the Brookdale Avenue North Corridor.

4.6 Treatment of Credits

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.” Section 17, paragraph 4, of the same regulation indicates that, “the value of the credit cannot be recovered from future development charges,” if the credit pertains to an ineligible service. This implies that a credit for eligible services can be recovered from future 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.

The City has no outstanding D.C. credit obligations related to the Brookdale Avenue North Corridor.

4.7 Eligible Debt and Committed Excess Capacity

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

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

4.8 Existing Reserve Funds

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

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



There is no explicit requirement under the D.C.A. calculation method set out in s. 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.

The City currently has accrued \$287,000 in D.C. revenues related to development within the Brookdale North Ave Corridor. Those revenues have been recognized against the D.C.-eligible costs in the calculation of the charge.

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
- a 10% reduction for certain services.

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

4.9.1 Reduction Required by Level of Service Ceiling

This is designed to ensure that the increase in need included in subsection 4.2 does “not include an increase that would result in the level of service (for the additional development increment) exceeding the average level of the service provided in the municipality over the 10-year period immediately preceding the preparation of the background study.” O. Reg. 82.98 (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 factor are multiplied together, they



produce a measure of the level of service that meets the requirements of the Act, i.e. cost per unit.

The average service level calculation is not required for wastewater services as the level of service is set by provincial requirements.

4.9.2 Reduction for Uncommitted Excess Capacity

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

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

4.9.3 Reduction for Benefit to Existing Development

This step involves a further reduction to the need, by the extent to which such an increase in service would benefit existing development. The levels of service cap in section 4.9.1 is related but is not the identical requirement.

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

In the case of services such as recreation facilities, community parks, libraries, etc., the service is typically provided on a municipal-wide system basis. For example, facilities of the same type may provide different services (i.e. leisure pool vs. competitive pool), different programs (i.e. hockey vs. figure skating) and different time availability for the



same service (i.e. leisure skating available on Wednesday in one arena and Thursday in another). As a result, residents will travel to different facilities to access the services they want at the times they wish to use them, and facility location generally does not correlate directly with residence location. Even where it does, displacing users from an existing facility to a new facility frees up capacity for use by others and generally results in only a very limited benefit to existing development. Further, where an increase in demand is not met for a number of years, a negative service impact to existing development is involved for a portion of the planning period.

4.9.4 Reduction for Anticipated Grants, Subsidies, and Other Contributions

This step involves reducing the capital costs necessary to provide the increased services by capital grants, subsidies, and other contributions made or anticipated by Council and in accordance with various rules such as the attribution between the share related to new vs. existing development (O. Reg. 82.98, section 6). Where grant programs do not allow funds to be applied to growth-related capital needs, the proceeds can be applied to the non-growth share of the project exclusively. Moreover, gas tax revenues are typically used to fund non-growth-related works or the non-growth share of D.C. projects, given that the contribution is not being made in respect of particular growth-related capital projects.

4.9.5 The 10% Reduction

Paragraph 8 of s. 5 (1) of the D.C.A. requires that, “the capital costs must be reduced by 10 per cent.” This paragraph does not apply to water supply services, wastewater services, stormwater drainage and control services, services related to a highway, transit, police, and fire protection services. The primary services that the 10% reduction does apply to include services such as parks and recreation and libraries. The 10% is to be netted from the capital costs necessary to provide the increased services, once the other deductions have been made.



Chapter 5

Development Charge Eligible Cost Analysis



5. Development Charge Eligible Cost Analysis

This chapter outlines the basis for calculating D.C.-eligible costs for the D.C.s to be applied on a uniform basis across the Brookdale Avenue North Corridor. The required calculation process set out in s. 5 (1), paragraphs 2 to 8, in the D.C.A., and described in Chapter 4, was followed in determining D.C.-eligible costs.

The nature of the capital projects and timing identified in this chapter reflect Council's current intention. Over time, however, municipal projects and Council priorities change and, accordingly, Council's intentions may alter and different capital projects (and timing) may be required to meet the need for services required by new growth.

5.1 Buildout Capital Costs for the Brookdale Avenue North Corridor D.C. Calculation

In total, the tender cost to provide wastewater services to the Brookdale Avenue North Corridor is \$10.7 million (inclusive of 1.76% net H.S.T. and \$1.0 million for professional fees). Of the total cost, \$0.9 million has been deducted to account for the increased capacity of the system south of the proposed pumping station to accommodate the future servicing of lands along Tollgate Road West (outside the urban settlement boundary). These costs are summarized in Table 5-1.

Table 5-1
Brookdale Avenue North Corridor Wastewater Servicing
Gross Capital Cost Estimate

Cost Component	Gross Cost
Construction Cost	\$9,534,543
Net H.S.T. (1.76%)	\$167,808
Professional Fees	\$1,000,000
Total	\$10,702,351
<u>Less:</u>	
Servicing Costs Attributable to Tollgate Road West Lands	-\$914,025
Net Costs	\$9,788,326

The total servicing costs of \$9.8 million identified above have been allocated to properties within the Brookdale Avenue North Corridor based on the share of



anticipated peak sanitary sewer flows. Furthermore, costs have also been allocated to the servicing of additional lands beyond the Brookdale Avenue North Corridor reflective of additional capacity within the system design. As shown in Table 5-2 below, \$6.8 million or 69% of the total costs are to be recovered through D.C.s, with the remaining \$3.0 million to be recovered through the imposition of a *Municipal Act* capital charge on currently developed properties. The Cornwall Nissan property (identified as developed in Table 3-1) has been included in the D.C. calculation based on the development status at the time the 2017 D.C. Background Study was prepared.

**Table 5-2
Gross Capital Cost Estimate by Property and Cost Recovery Mechanism**

Property Name	Land Use	Total Peak Flows	Total Peak Flows	Gross Capital Cost Estimate		
		(L/s)	% of Total	Total	Municipal Act Capital Charge	Area Specific D.C.
Cornwall Mazda	General Commercial	4.00	4%	\$373,998	\$373,998	
Irving Oil	General Commercial	11.22	11%	\$1,048,064	\$1,048,064	
Autopoint Land Holdings	General Commercial	4.14	4%	\$387,044		\$387,044
Mt Pleasant Operating	General Commercial	1.82	2%	\$169,604		\$169,604
Edwardson Development	General Commercial	13.40	13%	\$1,252,458		\$1,252,458
Stan Body	General Commercial	1.07	1%	\$100,023		\$100,023
Seaway Travel Centre Ltd	General Commercial	1.35	1%	\$126,116	\$126,116	
Super 8	General Commercial	5.78	6%	\$540,110	\$540,110	
Cornwall GM	General Commercial	2.61	2%	\$243,534	\$243,534	
Cornwall Nissan	General Commercial	2.65	3%	\$247,882		\$247,882
Hugh Graveley Estate	General Commercial	14.01	13%	\$1,308,993		\$1,308,993
Cornwall Camping Centre	General Commercial	2.09	2%	\$195,697	\$195,697	
Prakash Puranik	General Commercial	5.54	5%	\$517,509		\$517,509
Hugh Graveley Estate	Future Study Area	7.31	7%	\$682,764		\$682,764
Villarboit Brookdale Square	General Commercial	5.07	5%	\$474,021	\$474,021	
Servicing of Additional Lands		22.69	22%	\$2,120,512		\$2,120,512
Total		104.75		\$9,788,326	\$3,001,538	\$6,786,788

Of the \$6.8 million identified in Table 5-2 to be recovered from D.C.s, \$2.1 million has been deducted for the D.C. recoverable cost share for servicing capacity benefiting lands outside the Brookdale Avenue North Corridor (in addition to Tollgate Road West lands) and a further \$287,000 has also been deducted reflective of accrued D.C. revenue. After adding \$1.6 million reflective of additional financing costs for the D.C. recoverable cost share only, \$6.0 million has been included in the calculation of the charge.

These costs, as summarized in Table 5-3, have been allocated 100% to non-residential development as the benefiting area is not zoned for residential development.



**Table 5-3
Infrastructure Costs Covered in the D.C. Calculation – Brookdale Avenue North Corridor Wastewater Services**

Prj.No.	Increased Service Needs Attributable to Anticipated Development 2020-Buildout	Timing (year)	Gross Capital Cost Estimate (2020\$)	Post Period Benefit ¹	Other Deductions ²	Net Capital Cost	Less:		Potential D.C. Recoverable Cost	
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development	Total	Non-Residential 100%
1	Brookdale Avenue North Sanitary Sewer Extension	2020	\$9,788,326	\$2,120,512	\$3,001,538	\$4,666,276			\$4,666,276	\$4,666,276
2	Net Present Value of Financing (D.C. Share)		\$1,574,369			\$1,574,369			\$1,574,369	\$1,574,369
	D.C. Revenues								-\$286,678	-\$286,678
	Total		\$11,362,696	\$2,120,512	\$3,001,538	\$6,240,645	\$0	\$0	\$5,953,967	\$5,953,967

¹ Servicing of Additional Lands (\$2.1 million)

² Municipal Act Capital Charge Share (\$3.0 million)



Chapter 6

D.C. Calculation



6. D.C. Calculation

Table 6-1 presents the non-residential D.C. calculation for wastewater services in the Brookdale Avenue North Corridor over the buildout period. The non-residential D.C. has been calculated on a per sq.ft. of G.F.A. basis for commercial, industrial, and institutional development. For the D.C. calculation, the total cost is divided by the anticipated development over the planning period (Table 3-1) to calculate a cost per sq.ft. of G.F.A.

The calculated D.C. for non-residential development within the Brookdale Avenue North Corridor is \$7.27 per sq.ft. of G.F.A.

Table 6-1
D.C. Calculation
Brookdale Avenue North Corridor Servicing Area
2020 to Buildout

SERVICE	2020 \$ D.C.-Eligible Cost	
	Non-Residential	per sq.ft.
1. Brookdale Avenue North Corridor Wastewater	\$5,953,967	\$7.27
DC ELIGIBLE CAPITAL COST	\$5,953,967	
Buildout G.F.A. Growth (sq.ft.)	818,754	
Cost Per Non-Residential GFA (sq.ft.)	\$7.27	



Chapter 7

D.C. Policy Recommendations and D.C. Policy Rules



7. D.C. Policy Recommendations and D.C. Policy Rules

7.1 Introduction

This chapter outlines the D.C. policy recommendations and by-law rules.

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 s. 5 (1) 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 s. 5 (1), paragraphs 2 to 8, 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;
- 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; and
- with respect to “the rules,” subsection 6 states that a D.C. by-law must expressly address the matters referred to above re s. 5 (1), paragraphs 9 and 10, as well as how the rules apply to the redevelopment of land.



7.2 D.C. By-law Structure

It is recommended that:

- the City impose an area-specific D.C. by-law for wastewater services within the Brookdale Avenue North Corridor.

7.3 D.C. By-law Rules

The following sets 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 provides the basis for the D.C.s:

7.3.1 *Payment in any Particular Case*

In accordance with the D.C.A., s. 2 (2), a D.C. shall 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 section 50 (7) of the *Planning Act* applies;
- d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
- e) a consent under section 53 of the *Planning Act*;
- f) the approval of a description under section 50 of the *Condominium Act*; or
- g) the issuing of a building permit under the *Building Code Act* in relation to a building or structure.

7.3.2 *Determination of the Amount of the Charge*

The following conventions shall be adopted:

1. Costs allocated only to non-residential uses as summarized in Chapter 5 herein.



7.3.3 Application to Redevelopment of Land (Demolition and Conversion)

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

1. the G.F.A. of the non-residential building demolished/converted multiplied by the current non-residential D.C. in place at the time the D.C. is payable.

The demolition credit is allowed only if the land was improved by occupied structures, and if the demolition permit related to the site was issued less than 60 months (five years) prior to the issuance of a building permit. 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)

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 which exceed 50% of the existing G.F.A., only the portion of the addition in excess of 50% is subject to D.C.s (s. 4 (3));
- Buildings or structures owned by and used for the purposes of any municipality, local board or board of education (section 3); and
- Residential development that results in only 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).

Non-statutory exemptions

- Bona fide farm uses;
- Places of worship;
- Hospitals;
- College or university buildings;
- Manufacturing uses; and



- Properties within the Brookdale Avenue North Corridor having paid a charge imposed under the *Municipal Act* for the extension of wastewater services to the Brookdale Avenue North Corridor.

7.3.5 Phase in Provision(s)

No provisions to phase-in the implementation of the charge have been proposed.

7.3.6 Timing of Collection

The D.C.s for all services 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 City and an owner under section 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 two 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.

Installment payments and payments determined at the time of site plan or zoning by-law amendment application are subject to annual interest charges based on the City's short-term cost of borrowing (i.e. prime lending rate plus 3%).

For the purposes of administering the by-law, the following definitions (pertaining to non-residential development) are provided as per O. Reg. 454-19:

“institutional development means development of a building or structure intended for use,

- (a) as a long-term care home within the meaning of subsection 2 (1) of the *Long-Term Care Homes Act, 2007*;
- (b) as a retirement home within the meaning of subsection 2 (1) of the *Retirement Homes Act, 2010*;
- (c) by any of the following post-secondary institutions for the objects of the institution:



- (i) a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - (ii) a college or university federated or affiliated with a university described in subclause (i), or
 - (iii) an Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*;
- (d) as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
- (e) as a hospice to provide end of life care.”

7.3.7 Indexing

All D.C.s will be subject to mandatory indexing annually on January 1st of each year, in accordance with provisions under the D.C.A.

7.3.8 D.C. Spatial Applicability

The D.C.A. historically has provided the opportunity for a municipality to impose municipal-wide charges or area-specific charges. Subsections 2 (7) and 2 (8) of the D.C.A. provide that a D.C. by-law may apply to the entire municipality or only part of it and more than one D.C. by-law may apply to the same area. Amendments to the D.C.A. now require municipalities to consider the application of municipal-wide and area-specific D.C.s. Subsection 10 (2) (c.1) requires Council to consider the use of more than one D.C. by-law to reflect different needs from services in different areas. Most municipalities in Ontario have established uniform, municipal-wide D.C.s.

In accordance with the D.C.A. the City has given consideration to the imposition of D.C.s on an area-specific basis, as the charges are to be imposed through an area-specific by-law on non-residential development within the defined service area.

7.4 Other D.C. By-law Provisions

7.4.1 Categories of Services for Reserve Fund and Credit Purposes

It is recommended that the City's D.C. collections be contributed into a reserve fund for wastewater services (Brookdale Avenue North Corridor).



7.4.2 By-law In-force Date

The proposed by-law under the D.C.A. will come into force on the date of by-law passage.

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).

7.5 Other Recommendations

It is recommended that Council:

“Approve the capital project listing set out in Chapter 5 of the Development Charges Background Study dated June 4, 2020, subject to further annual review during the capital budget process;”

“Approve the Development Charges Background Study dated June 4, 2020;”

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

“Approve the Development Charges By-law as set out in Appendix C.”



Chapter 8

Asset Management Plan



8. Asset Management Plan

The D.C.A. (new subsection 10 (c.2)) requires that the background study must include an asset management plan (A.M.P.) related to new infrastructure. Subsection 10 (3) of the D.C.A. provides:

“The asset management plan shall,

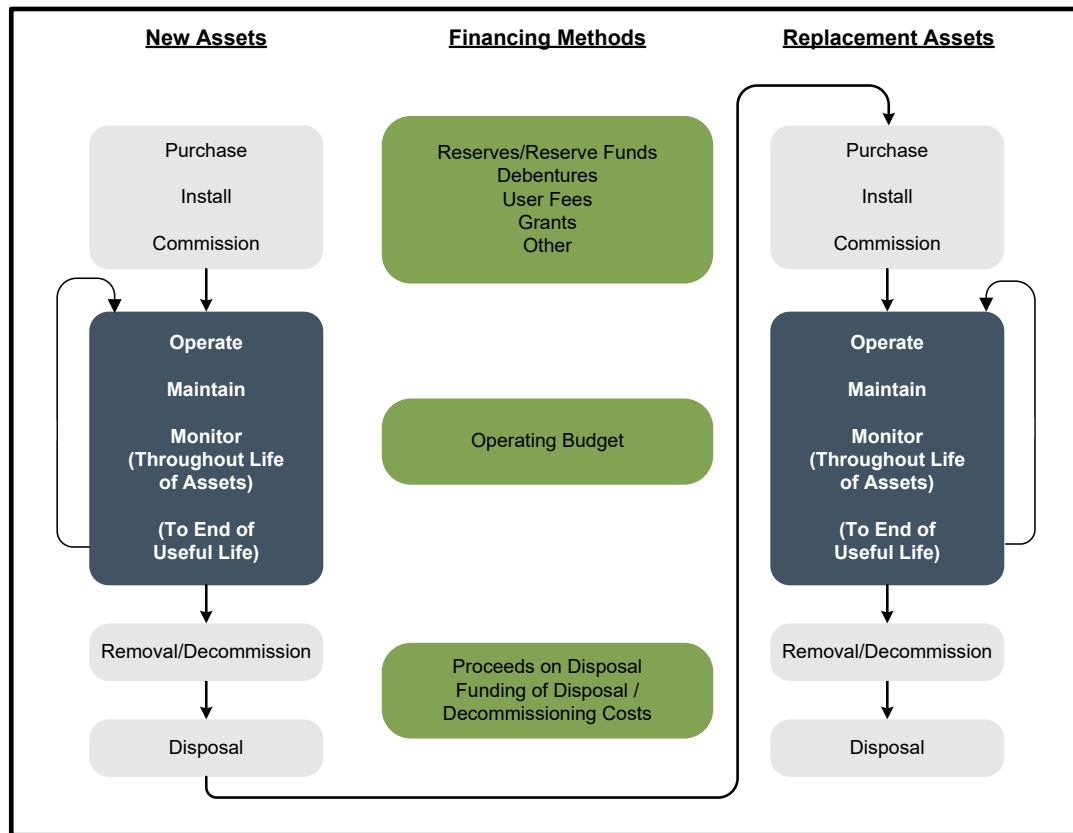
- (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;
- (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;
- (c) contain any other information that is prescribed; and
- (d) be prepared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

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

In 2012, the Province developed Building Together: Guide for Municipal Asset Management Plans which outlines the key elements for an A.M.P., as follows:

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

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



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

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

The above provides for the general approach to be considered by Ontario municipalities. At this time, there is not a mandated approach for municipalities, hence leaving the discretion to individual municipalities as to how they plan for the long-term replacement of their assets.

The City has undertaken an A.M.P. dated November 2016. The plan addresses both process equipment and linear sewer assets, and also includes provisionary costs for expansionary works.



In recognition to the above schematic, the following analysis (presented in 2020 \$) has been developed to provide the annualized expenditures associated with new growth. Note that the D.C.A. does not require an analysis of the non-D.C. capital needs or their associated operating costs, so these are omitted from the table below. Furthermore, as only the present infrastructure gap has been considered at this time within the 2016 A.M.P., the following does not represent a fiscal impact assessment (including future tax/rate increases) but provides insight into the potential affordability of the new assets with regard to the findings of the 2016 A.M.P.:

1. The non-D.C. recoverable portion of the projects will require financing from City financial resources (i.e. rates, fees, etc.). This amount has been presented on an annual debt charge amount based on 20-year financing.
2. Lifecycle costs for the 2020 D.C. capital works have been calculated at 2% of total infrastructure value, consistent with the 2016 A.M.P.
3. Incremental operating costs for the D.C. cost (only) have been included.
4. The resultant total annualized expenditures are \$432,000, inclusive of:
 - a) \$207,000 annual debt payment for interim debt financing for growth-related costs not included in the calculation of the charge
 - b) \$123,000 annual lifecycle costs; and
 - c) \$102,000 incremental operating costs.
5. The 2016 A.M.P. identified an annual provision of \$500,000 (2016 \$) in expansionary costs within the 10-year capital budget. The incremental annual capital and operating costs are less than the annual provision included within the 2016 A.M.P. and, as such, the capital plan is deemed to be financially sustainable. Moreover, incremental operating revenues would be received with the buildout of the Brookdale Avenue North Corridor, further improving the City's net financial position .



Chapter 9

By-law Implementation



9. By-law Implementation

9.1 Public Consultation Process

9.1.1 Introduction

This chapter addresses the mandatory, formal public consultation process (section 9.1.2), as well as the optional, informal consultation process (section 9.1.3). The latter is designed to seek the co-operation and participation of those involved, in order to produce the most suitable policy. Section 9.1.4 addresses the anticipated impact of the D.C. on development from a generic viewpoint.

9.1.2 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 regarding additional public meetings, once made, is final and not subject to review by a Court or the LPAT.

9.1.3 Other Consultation Activity

There are three broad groupings of the public who are generally the most concerned with 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 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 City D.C. policy. Their primary concern is frequently with the quantum of the charge, gross floor area exclusions such as basements, mechanical or indoor parking areas, or exemptions and phase-in or capping provisions in order to moderate the impact.

9.2 Anticipated Impact of the Charge on Development

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 City 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.



9.3 Implementation Requirements

9.3.1 Introduction

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

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

The sections which follow overview the requirements in each case.

9.3.2 Notice of Passage

In accordance with section 13 of the D.C.A., when a D.C. by-law is passed, the 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 which the notice must cover.

9.3.3 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 general description of the general purpose of the Treasurer’s statement and where it may be received by the public.

Where a by-law is not appealed to the LPAT, 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.

9.3.4 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 LPAT hearing in response to an appeal. Any person or organization may appeal a D.C. by-law to the LPAT 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 City 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.

9.3.5 Complaints

A person required to pay a D.C., or his agent, may complain to the 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 LPAT.



9.3.6 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.

9.3.7 Front-Ending Agreements

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

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

9.3.8 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.”

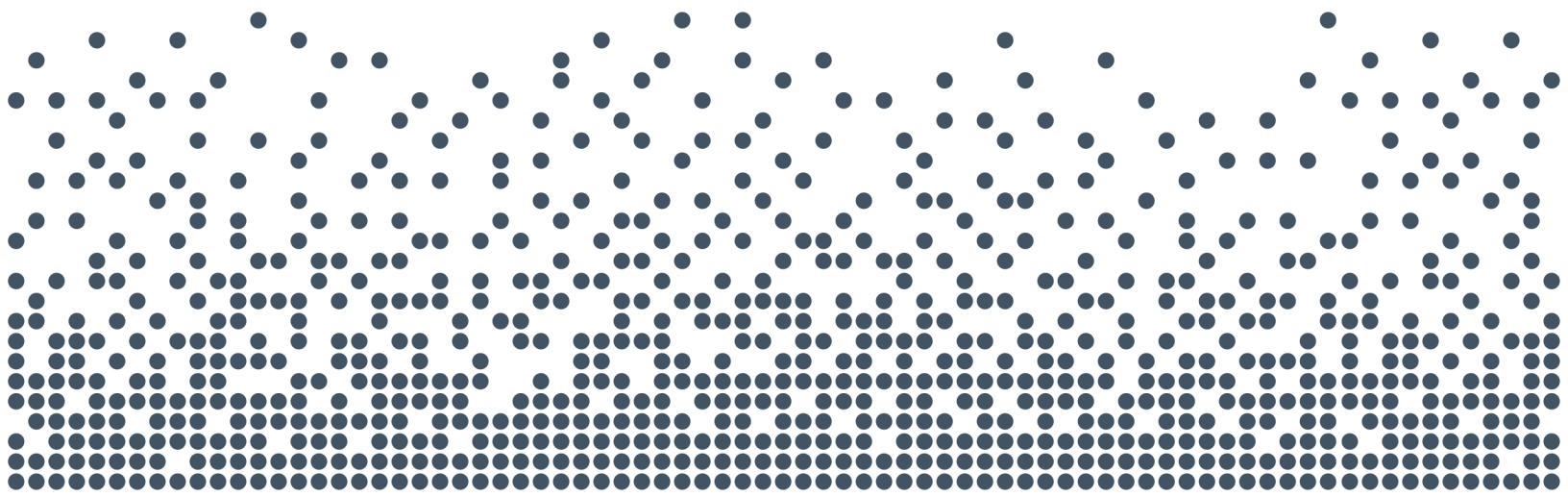


It is also noted that s. 59 (4) of the D.C.A. requires that the municipal approval authority for a draft plan of subdivision under s. 51 (31) of the *Planning Act*, use its power to impose conditions to ensure that the first purchaser of newly subdivided land is informed of all the D.C.s related to the 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 s. 59 (4) of the D.C.A. it would need to provide to the approval authority, information regarding the applicable 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 which 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.



Appendices



Appendix A

Long-Term Capital and Operating Cost Examination



Appendix A: Long-Term Capital and Operating Cost Examination

As a requirement of the D.C.A. under s. 10 (2) (c), an analysis must be undertaken to assess the long-term capital and operating cost impacts for the capital infrastructure projects identified within the D.C. As part of this analysis, it was deemed necessary to isolate the incremental operating expenditures directly associated with these capital projects, factor in cost savings attributable to economies of scale or cost sharing where applicable, and prorate the cost on a per unit basis. This was undertaken through a review of the City's 2018 Financial Information Return.

In addition to the operational impacts, over time the initial capital projects will require replacement. This replacement of capital is often referred to as lifecycle cost. By definition, lifecycle costs are all the costs which are incurred during the life of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The method selected for lifecycle costing is the sinking fund method which provides that money will be contributed annually and invested, so that those funds will grow over time to equal the amount required for future replacement.

Table A-1 depicts the annual operating impact resulting from the proposed gross capital projects at the time they are all in place. It is important to note that, while municipal program expenditures will increase with growth in population, the costs associated with the new infrastructure (i.e. facilities) would be delayed until the time these works are in place.

Table A-1
Operating and Capital Expenditure Impacts for Future Capital Expenditures

SERVICE	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
1. Wastewater Services	\$123,000	\$102,000	\$225,000



Appendix B

Local Service Policy



Appendix B: Local Service Policy

This Appendix sets out the City's General Policy Guidelines on Development Charges (D.C.s) and local service funding for Underground Linear Services. The guidelines outline, in general terms, the size and nature of engineered infrastructure that is included in the study as a D.C. project, versus infrastructure that is considered as a local service, to be emplaced separately by landowners, pursuant to a development agreement. The following policy guidelines are general principles by which staff will be guided in considering development applications. Each application, however, will be considered in the context of these policy guidelines and subsection 59 (2) of the D.C.A. Furthermore, each application will be considered on its own merits having regard to, among other factors, the nature, type and location of the development and any existing and proposed development in the surrounding area, as well as the location and type of services required and their relationship to the proposed development and to existing and proposed development in the area.

Underground Services (Sanitary Sewers)

Underground services (linear infrastructure sanitary services) within the road allowance are not included in the cost of road infrastructure and are treated separately. The responsibility for such services, as well as stormwater management ponds and pumping stations, which are undertaken as part of new developments or redevelopments, will be determined by the following principles:

1. The costs of the following items shall be direct developer responsibilities as a local service:
 - (a) all underground services internal to the development, including sanitary services;
 - (b) service connections from existing underground services to the development;
 - (c) new underground services or upgrading existing underground services external to the development if the services are required to service the development, and if the pipe sizes do not exceed City standards for local services;



(d) stormwater management ponds and other facilities required by the development including all associated features such as landscaping and fencing; or

(e) sanitary pumping stations serving individual developments;

2. The costs of the following items shall be paid through D.C.s:

(a) wastewater treatment plants and transmission mains associated with municipal service areas;

(b) external underground services involving trunk infrastructure and pipe sizes exceeding City local service standards; and

(c) sanitary pumping stations not required for the individual development.



Appendix C

Proposed Development Charges By-law



THE CORPORATION OF THE CITY OF CORNWALL

BY-LAW # ____ - ____

A BY-LAW FOR THE IMPOSITION OF AREA-SPECIFIC DEVELOPMENT CHARGES WITHIN THE BROOKDALE AVENUE NORTH CORRIDOR

WHEREAS the City of Cornwall will experience growth through development and re-development; and

WHEREAS development and re-development requires the provision of physical and social services by the City of Cornwall; and

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

WHEREAS the *Development Charges Act, 1997* (the “Act”) provides that the council of a City may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services; and

WHEREAS a development charges background study has been completed in accordance with the Act; and

WHEREAS the Council of The Corporation of the City of Cornwall has given notice of and held a public meeting on the ____ day of ____, ____ in accordance with the Act and the regulations thereto;

NOW, THEREFORE, THE COUNCIL OF THE CORPORATION OF THE CITY OF CORNWALL ENACTS AS FOLLOWS:



1. INTERPRETATION

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

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

“accessory use” means, where used to describe a use, building, or structure, that the use, building or structure is naturally and normally incidental, subordinate in purpose of floor area or both, and exclusively devoted to a principal use, building or structure;

“benefiting area” means an area defined by map, plan or legal description in a front-ending agreement as an area that will receive a benefit from the construction of a service;

“board of education” has the same meaning as set out in the *Education Act*, R.S.O. 1990, Chap. E.2, as amended, or any successor thereof;

“bona fide farm uses” means the proposed development will qualify as a farm business operating with a valid Farm Business Registration Number issued by the Ontario Ministry of Agriculture, Food and Rural Affairs and be assessed in the Farmland Realty Tax Class by the Ontario Property Assessment Corporation;

“Brookdale Avenue North Corridor” means the area defined as “New Catchment Area Lands” in the map provided as Schedule “C” to this by-law;

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

“capital cost” means costs incurred or proposed to be incurred by the City or a local board thereof directly or by others on behalf of and as authorized by the City or local board,

(1) to acquire land or an interest in land, including a leasehold interest,

(2) to improve land,



- (3) to acquire, lease, construct or improve buildings and structures,
- (4) to acquire, construct or improve facilities including,
 - (a) furniture and equipment other than computer equipment, and
 - (b) material acquired for circulation, reference or information purposes by a library board as defined in the *Public Libraries Act*, R.S.O. 1990, Chap. P.44, as amended, or any successor thereof; and
 - (c) rolling stock with an estimated useful life of seven years or more, and
- (5) to undertake studies in connection with any matter under the Act and any of the matters in clauses (1) to (4) above, including the development charges background study

required for the provision of services designated in this by-law within or outside the City, including interest on borrowing for those expenditures under clauses (1) to (5) above that are growth-related;

“City” means the Corporation of the City of Cornwall;

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

“Council” means the Council of the City;

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

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

“dwelling unit” means any part of a building or structure used, designed or intended to be used as a domestic establishment in which one or more persons



may sleep and are provided with culinary and sanitary facilities for their exclusive use;

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

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

“gross floor area” means:

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

“industrial” means lands, buildings or structures used or designed or intended for use for manufacturing, processing, fabricating or assembly of raw goods, warehousing or bulk storage of goods, distribution centres, and includes office uses and the sale of commodities to the general public where such uses are accessory to an industrial use, but does not include the sale of commodities to the general public through a warehouse club;



“Institutional” means land, buildings, structures or any part thereof used by any organization, group or association for promotion of charitable, educational or benevolent objectives and not for profit or gain. For the purposes of subsection 3.12 herein, means development of a building or structure intended for use;

- (1) as a long-term care home within the meaning of subsection 2 (1) of the *Long-Term Care Homes Act, 2007*;
- (2) as a retirement home within the meaning of subsection 2 (1) of the *Retirement Homes Act, 2010*;
- (3) by any of the following post-secondary institutions for the objects of the institution:
 - (a) a university in Ontario that receives direct, regular and ongoing operating funding from the Government of Ontario,
 - (b) a college or university federated or affiliated with a university described in subclause (i), or
 - (c) an Indigenous Institute prescribed for the purposes of section 6 of the *Indigenous Institutes Act, 2017*;
- (4) as a memorial home, clubhouse or athletic grounds by an Ontario branch of the Royal Canadian Legion; or
- (5) as a hospice to provide end of life care;

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

“local services” means those services, facilities or things which are under the jurisdiction of the City and are related to a plan of subdivision or within the area



to which the plan relates in respect of the lands under sections 41, 51 or 53 of the *Planning Act*, R.S.O. 1990, Chap. P.13, as amended, or any successor thereof;

“non-residential use” means a building or structure of any kind whatsoever used, designed or intended to be used for other than a residential use. Despite the foregoing, a non-residential use includes an institutional use as defined herein;

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

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

“place of worship” means that part of a building or structure that is exempt from taxation as a place of worship under the *Assessment Act*, R.S.O. 1990, Chap. A.31, as amended, or any successor thereof;

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

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

“residential use” means the use of a building or structure or portion thereof for one or more dwelling units, including a dwelling unit on land that is used for an agricultural use. Despite the foregoing, a residential use does not include an institutional use as defined herein;

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

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



2. DESIGNATION OF SERVICES

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

- (1) wastewater services.

3. APPLICATION OF BY-LAW RULES

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

- (1) the development of the lands requires any of the approvals set out in subsection 3.4 (1).

Area to Which By-law Applies

3.2 Subject to subsection 3.3, this by-law applies to all lands identified as “New Catchment Area Lands” in the map of the Brookdale Avenue North Corridor (Schedule “C”) whether or not the land or use thereof is exempt from taxation under section 13 of the *Assessment Act*.

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

- (1) the City or a local board thereof;
- (2) a board of education; or
- (3) the Corporation of the County of Stormont, Dundas and Glengarry or a local board thereof.

3.4 Approvals for Development

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



- (a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the *Planning Act*;
 - (b) the approval of a minor variance under section 45 of the *Planning Act*;
 - (c) a conveyance of land to which a by-law passed under subsection 50 (7) of the *Planning Act* applies;
 - (d) the approval of a plan of subdivision under section 51 of the *Planning Act*;
 - (e) a consent under section 53 of the *Planning Act*;
 - (f) the approval of a description under section 50 of the *Condominium Act*, R.S.O. 1990, Chap. C.26, as amended, or any successor thereof; or
 - (g) the issuing of a permit under the *Building Code Act* in relation to a building or structure.
- (2) No more than one development charge for each service designated in subsection 2.1 shall be imposed upon any lands, buildings or structures to which this by-law applies even though two or more of the actions described in subsection 3.4 (1) are required before the lands, buildings or structures can be developed.
- (3) Despite subsection 3.4 (2), if two or more of the actions described in subsection 3.4 (1) occur at different times, additional development charges shall be imposed if the subsequent action has the effect of increasing the need for services.

Exemptions

3.5 Exemption for Industrial Development:

- (1) Notwithstanding any other provision of this by-law, no development charge is payable with respect to an enlargement of the gross floor area of an existing industrial building where the gross floor area is enlarged by 50 percent or less.



- (2) If the gross floor area of an existing industrial building is enlarged by greater than 50 percent, the amount of the development charge payable in respect of the enlargement is the amount of the development charge that would otherwise be payable multiplied by the fraction determined as follows:
 - (a) determine the amount by which the enlargement exceeds 50 percent of the gross floor area before the enlargement;
 - (b) divide the amount determined under subsection (1) by the amount of the enlargement.
 - (3) The exemption of an existing industrial building provided by this section shall be applied to a maximum of fifty percent (50%) of the gross floor area before the first enlargement for which an exemption from the payment of development charges was granted pursuant to this by-law.
- 3.6 For the purpose of subsection 3.8 herein, “existing industrial building” is used as defined in the regulation made pursuant to the Act.
- 3.7 Other exemptions:
- (1) Notwithstanding the provision of this by-law, development charges shall not be imposed with respect to:
 - (a) Bona fide farm uses;
 - (b) Places of worship;
 - (c) Hospitals;
 - (d) College or university buildings;
 - (e) Manufacturing uses; and
 - (f) Properties within the Brookdale Avenue North Corridor having paid a charge imposed under the *Municipal Act* for the extension of wastewater services to the Brookdale Avenue North Corridor.



Amount of Charges – Non-Residential

3.8 The development charges described in Schedule “B” to this by-law shall be imposed on non-residential uses of lands, buildings or structures and calculated with respect to each of the services according to the total floor area of the non-residential use.

Reduction of Development Charges for Redevelopment

3.9 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 60 months 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) in the case of a non-residential building or structure, an amount calculated by multiplying the applicable development charges under subsection 3.8, by the gross floor area that has been or will be demolished or converted to another principal use;

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

Timing and Calculation of Payment of Development Charges

3.10 Development charges shall be calculated and payable in full in money or by provision of services as may be agreed upon, or by credit granted under the Act, on the date that the first building permit is issued in relation to a building or structure on land to which a development charge applies.

3.11 Where development charges apply to land in relation to which a building permit is required, the building permit shall not be issued until the development charge has been paid in full.



- 3.12 Notwithstanding subsections 3.10 and 3.11, development charges for institutional developments are due and payable in six installments commencing with the first installment payable on the date of occupancy, and each subsequent installment, including interest, payable on the anniversary date each year thereafter.
- 3.13 Where the development of land results from the approval of a site plan or zoning by-law amendment received on or after January 1, 2020, and the approval of the application occurred within two years of building permit issuance, the development charges under subsections 3.10, 3.11 and 3.12 shall be calculated on the rates set out in Schedule “B” on the date of the planning application, including interest. Where both planning applications apply, development charges under subsections 3.10, 3.11 and 3.12 shall be calculated on the rates, including interest, set out in Schedule “B” on the date of the later planning application.
- 3.14 Interest for the purposes of subsections 3.12 and 3.13 shall be payable on the development charge at the prime lending rate plus 3%.
- 3.15 Despite subsections 3.10 to 3.14, Council from time to time, and at any time, may enter into agreements providing for all or any part of a development charge to be paid before or after it would otherwise be payable, in accordance with section 27 of the Act.

4. PAYMENT BY SERVICES

- 4.1 Despite the payment required under subsection 3.8, Council may, by agreement, give a credit towards a development charge in exchange for work that relates to a service to which a development charge relates under this by-law.

5. INDEXING

- 5.1 Development charges imposed pursuant to this by-law shall be adjusted annually, without amendment to this by-law, on the first day of January each year, in accordance with the prescribed index in the Act.

6. SCHEDULES

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



Schedule A – Services Designated in Section 2.1

Schedule B – Non-Residential Development Charges

Schedule C – Map of Brookdale Avenue North Corridor

7. CONFLICTS

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

7.2 Notwithstanding section 7.1, where a development which is the subject of an agreement to which section 7.1 applies, is subsequently the subject of one or more of the actions described in subsection 3.4 (1), an additional development charge in respect of the development permitted by the action shall be calculated, payable and collected in accordance with the provisions of this by-law if the development has the effect of increasing the need for services, unless such agreement provides otherwise.

8. SEVERABILITY

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

9. DATE BY-LAW IN FORCE

9.1 This by-law shall come into effect at 12:01 AM on _____, ____.

10. DATE BY-LAW EXPIRES

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

11. EXISTING BY-LAW REPEAL

11.1 By-law 2018-037 is repealed as of the effective date of this By-law.



PASSED THIS _____ day of _____, _____

Mayor

City Clerk



**SCHEDULE "A" TO BY-LAW
COMPONENTS OF SERVICES DESIGNATED
IN SUBSECTION 2.1**

100% Eligible Services

Wastewater Services



**SCHEDULE B
SCHEDULE OF DEVELOPMENT CHARGES**

Service	NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)
	Brookdale Avenue North Corridor Wastewater Services



SCHEDULE C MAP OF BROOKDALE AVENUE NORTH CORRIDOR

