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Report
City Council
The Corporation of the City of Brampton

BRAMPTON CITY COUNCIL

DATE: June 11, 2014

Date: May 28, 2014

File: F85.POL

Subject: **2014 Development Charges Review – Public Meeting**

Contact: John Spencer, Project Manager, Development Charges
Corporate Services (874-3954)

Overview:

- **The City's current Development Charge By-laws expire on August 5, 2014.**
- **The *Development Charges Act, 1997* (DCA 1997) requires preparation of a detailed background study to support new Development Charge (DC) by-laws and rates.**
- **The proposed DC rates identified in this report and the supporting Background Study have been developed in keeping with the requirements of the DC Act.**
- **The background study and the draft rates presented have been calculated on a "full cost recovery" basis for provision of the infrastructure necessary to accommodate projected development.**
- **The proposed rates include adjustments (up and down) to the DC rates currently in effect, due to a variety of reasons, as explained in this report.**
- **The DC Study provides an opportunity for the City to review and evaluate its discounting provisions, exemptions and other policies governing the application of its DC By-laws. This report identifies those issues that staff has identified and recommends a position on each.**
- **The DCA requires that a public meeting be held prior to the passage of a development charge by-law. Notice was provided to indicate that the public meeting will take place on June 11, 2014 at 1:00pm at a Special Meeting of Council.**
- **Staff, in conjunction with Hemson Consulting Ltd., will provide a presentation at this Special Meeting to the Mayor and Members of Council and the public.**
- **A follow up report to seek endorsement of the Background Study and DC By-laws will be brought back to the June 18, 2014 meeting of City Council.**
- **Consultation with stakeholders has been ongoing throughout the development of the Background Study and will continue as required, up to approval of the Background Study and DC By-laws.**

Recommendations:

1. That the report entitled **Development Charges Background Study and Draft By-Laws** dated May 28, 2014 from John Spencer, Project Manager, Development Charges, Corporate Services Department, be received for information; and,

2. That staff be directed to report back to Council regarding the results of the Public Meeting and the appropriate development charges' recommendations.

Background:

The City's current 2009 Development Charge (DC) By-laws were prepared in accordance with the legislation set out in the *Development Charges Act (1997 (DCA).* The current set of bylaws was preceded by by-laws in 1999 and 2004. The DCA requires that municipalities must undertake a full Development Charges (DC) By-law approval process, including a new background study and a public meeting, at least every five years. The City's existing DC By-laws took effect in August 2009, therefore a full review with the required background studies and stakeholder consultation must be completed, and new DC By-laws approved, no later than August 5, 2014.

Staff, with the assistance of external consultants, has been working since last summer (2013) in undertaking a variety of tasks necessary to provide Council with an updated Background Study and an updated series of DC By-laws with amended DC rates. The City adopted a highly consultative approach for working with the development community in the preparation of the updated study. Staff believes this approach has been productive, has facilitated a comprehensive and objective review and lessened the potential for appeals.

In considering the draft Background Study, Council should be made aware that the methodology used to arrive at recommended development charge rates has not changed appreciably since the preparation of Brampton's first DC By-laws in 1999. As reported in early 2014, the Province of Ontario initiated a review of the DCA in late 2013, however no amendments have been made to the Act to date. Should the Province ultimately amend the Act, municipalities would likely be given direction on what the amended legislation means in terms of existing DC By-laws (e.g. prescription to amend by a specific date, etc.).

This report is intended to form an integral part of the Background Study. It serves as a summary and provides context for the detailed study results. In addition, it highlights policy issues for consideration by Members of Council. Presentation of this report and Background Study at this Special Meeting of City Council on June 11, 2014 fulfills the requirements for a statutory public meeting. Given the extensive consultation with BILD, it is staff's hope that feedback on the Study is nominal. This would facilitate Council's endorsement of the Background Study, DC By-laws, rates and associated policy recommendations, at the next meeting of Council on June 18, 2014.

Current Situation

Project Status Update

Since late last summer (2013), City staff and its consultants (Hemson and Kagan Shastri) have been undertaking a variety of tasks associated with the preparation of an updated Development Charges Background Study. A key principle governing Brampton in the preparation of its DC Background Study is the principle that development should pay for itself, to the greatest extent practicable and permitted under the Act so that the burden of growth on existing taxpayers is minimized. For detail on tasks completed to date, see Appendix #1.

The preparation of the Background Study requires a comprehensive effort of inventorying assets from the various service areas, to establish 10-year historical service level averages. These averages help to quantify the DC funding that can be secured through DC collection (less the DCA-imposed 10% discounts). Given that the Province has updated the development horizon year to 2041 through Amendment 2 (2013) to the Growth Plan, staff has also undertaken an update to the Transportation Master Plan (TMP) with this extended horizon. This master plan update has been coordinated by the Planning and Infrastructure Services Department (P&IS) and its consultant, Marshall Macklin Monaghan (MMM). Through their efforts, a revised and updated roads program has been recommended which extends the horizon for development from 2031 (as represented in the 2009 Background Study) to 2041. The recommendations from the TMP exercise are likewise factored into the calculation of draft rates.

On April 23, 2014, Council endorsed the population and employment forecasts for use in the City's Development Charges Background Study, as set out in a report prepared by the Planning and Infrastructure Services Department titled "City of Brampton and Region of Peel Population and Employment Forecasts", dated March 31, 2014. These forecasts called for a population of 837,200 persons in 2031 and 890,100 persons in 2041. Further, Council approved the forecast of 292,820 jobs in 2031 and 321,340 jobs in 2041. (These population forecasts include the census undercount, whereas the DC By-law uses the "census population"- excluding the undercount).

Current Development Landscape

When a municipality is reviewing its Development Charges By-laws and considering policy options that may affect how much it seeks to collect and any discounts or transitions it might consider, it's important to have an understanding of how the municipality fits within the broader economy of the region, province, etc. With this context in mind, the municipality can assess whether any special considerations are warranted for a particular sector. Brampton's Economic Development Office (EDO) staff and Planning and Infrastructure Services Staff (P&IS) staff monitor trends and maintain statistics on development.

Overall, the development landscape in Brampton remains healthy. There are good levels of activity in all development sectors, showing Brampton remains an attractive destination for new residents and business investment. This is important to keep in mind when contemplating policy decisions around development charges (Appendix #2).

Current State of DC Reserves

The 2014 Capital Budget and Forecast provided an overview of the City's current Development Charge Reserves, where it was noted that the DC Reserve Funds were over committed by approximately $239.4 million at the end of 2013. With the addition of a further commitment of $104.9 million through the 2014 Capital Budget approval, the City had an opening 2014 DC Reserve deficit of $344.2 million. A deficit is to be expected, as new infrastructure required to support growth is largely constructed and put into service in advance of the related DC collections. To date, interim borrowing from Reserve Funds and working funds are being used to cover cash flow deficiencies when needed. However, if the City is successful at being able to significantly improve on the delivery of the approved capital project backlog, cash flow demand will increase and working funds available to cover the DC deficit will be reduced, which will increase pressure to issue long-term debt or defer the approval of other new projects.

During the 2009 DC review, it was determined that temporary financing from internal sources could support DC deficits of no more than $300 million. It is inherent in the structure of development charges, that if infrastructure is to be provided in advance of development, it would be funded by either a deficit in the DC Reserve Funds or from the issuing of long-term debt. Consistent negative balances in the DC Reserve Funds are not sustainable under the current circumstances. The $300 million internal financing limit is subject to annual review, to ensure that it remains sustainable. Declining cash balances suggest that the cap should ideally be reduced to $240 million. Furthermore, the deficit must be eliminated before build-out of the City, when a sharp drop in DC revenue can be expected. For both of these reasons the Capital Forecast includes annual reductions in the permitted funding envelopes. Additionally, caps have had to be imposed on programs that have tended to exceed the long-term capacity to recover sufficient DCs to eliminate the program deficit.

The 2014 Capital Budget and Forecast was developed with the gradually reduced cap as a guide. Therefore, projects have had to be deferred, and it can be expected that each year's budget requirements will be subjected to close scrutiny with projects potentially deferred to stay within the cap.

Calculation of Draft Rates

The preparation of the 2014 Background Study has resulted in the following calculated rates for each of the following types of land uses:

Table 1: Calculated Development Charge Rates*

Residential Charge (per unit)	**Calculated**
Single Detached / Semi-Detached	$ 26,935
Row (Townhouse)	$ 21,726
Apartments over 750 square feet	$ 15,225
Apartments 750 square feet or less	$ 9,529
Non-Residential (per square metre of floor space)	
Non-Industrial/Non-Office	$ 96.70
Industrial and Office	$ 45.31

** These rates are subject to applicable adjustments and discounts, as recommended elsewhere in this report.*

As per previous studies, the development charges would be collected on all development (residential, non-industrial/non-office and industrial/office) within the boundaries of the City of Brampton. There are no area-specific rates contemplated in the Background Study.

The resultant, specific development charges generated for each program, to finance the net growth-related capital costs of the program, are depicted in Table 2 (Appendix #3). The following table (Table 3) show the draft DC rates for 2014 compared to the current (Spring 2014) rates:

Table 3: Draft Development Charges Rates Comparison (Pre- and post- By-law Update)

	Existing Rate	**Calculated Rate**	Change
Residential Development (per unit)			
Single/Semi-detached	$25,586	**$26,935**	+ 5.3 %
Rows	$21,209	**$21,726**	+ 2.4%
Large apartments	$17,293	**$15,225**	- 12.0 %
Small apartments	$9,593	**$9,529**	- 0.7 %

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Non-Residential (per sq. m)			
Industrial/Office *	$49.21	**$45.31**	- 7.9 %
Non-Industrial/Non-Office	$103.66	**$96.70**	- 6.7 %

* *With reference to the above table, please note that it is proposed that the 13.5 % discount for Industrial and Office rate be discontinued given that the calculated rate provides competitiveness with other GTA municipalities.*

DC Program

The Background Study capital program combines the City's 2014 ten-year capital forecast and the raw outputs of the draft TMP update.

The 2014–2023 development-related capital programs for general services including General Government, Library Services, Fire Services, Recreation Services, and Public Works: Building & Fleet, Parking and Transit totals $1.06 billion. The hard services capital program, including City-wide road works and Bramwest/NSTC infrastructure totals an additional $1.45 billion. This amount is estimated to provide for development-related infrastructure required to 2041 and beyond.

The DCA requires that development-related net capital costs for general services be reduced by:

a) grants, subsidies and recoveries from other governments;
b) capital replacements or other benefits provided to the existing community;
c) existing Reserve Fund balances;
d) amounts that exceed historic service levels; and
e) a statutory 10 per cent reduction for eligible soft (or general) services when calculating development charges.

After these deductions, the costs eligible for recovery through development charges for the general services capital program is reduced to $510.03 million, and the hard services development-related capital program decreases to $1.37 billion. These amounts are eligible for recovery through development charges.

Table 4 (see next page) provides a summary of the development-related capital program and the DC funding capacity as calculated in the 2014 Background Study. The table demonstrates that the gross Capital Plan cannot be fully funded through the projected DC receipts. This will necessitate that the City will need to review alternate funding sources and/or require the reduction in the capital program as part of its long term strategy.

Table 4: Capital Program Compared Against DC Funding Capacity

General Services e	Gross Cost ($000)	DC Eligible Cost For Recovery ($000)
General Government	$16,599	$10,666
Library Services	$70,887	$21,95
Fire Services	$82,519	$29,122
Recreations Services	$425,410	$346,201
Public Works: Buildings and Fleet	$113,459	$29,393
Parking	$23,550	$0.0
Transit	$330,818	$72,698
Total – 10-Year General Services	**$1,063,244**	**$510,033**

Engineered Services	Gross Cost* ($000)	DC Eligible Cost For Recovery ($000)
Roads - Excluding Bramwest NSTC	$1,378,793	$1,131,834
Roads - Bramwest NSTC	$62,288	$51,992
Total – Engineered Services to 2041 (Roads)	**$1,442,081**	**$1,365,826**

* Net of grants, subsidies and other recoveries

Issues Impacting Calculation of Draft Rates

There are a number of other factors that have impacted the rates presented in the Background Study. These include:

a) Changes to the person per unit (PPU) in the growth forecast
b) Application of a "Net" methodology for calculating the funding envelope, as opposed to a "gross" population methodology
c) Changes to the Floor Space per Worker (FSW) - used in calculating Industrial charges
d) A reduction in the Transit Congestion Factor
e) Extension of TMP term from 2031 to 2041

Each of these factors is described briefly.

a) Population/household size (PPU's):

The DC methodology calculates allowable, per capita DC rates for residential development (or per square metre rates for non-residential development), and then determines the unit rates for each housing type based on forecast 'persons per unit' (PPUs) for that type of unit. The 2011 Census data, including the Statistics Canada 'National Household Survey' (Fall 2013) confirm that the average occupancy of new housing in Brampton continues to increase in some categories, but has declined in others. Single/Semi Detached and Row House development are experiencing increases, while Large Apartment development is declining.

The per capita rate for Single Family/Semi-Detached residential development has increased by 5%. This is significant given that Brampton has the highest PPU's in Ontario for this category.

The following table shows the change in PPUs for each housing type based on actual unit sizes for recently constructed housing.

Table 5: Persons per Unit Comparison by Residential Type (2009 vs. 2014)

	2009 Background Study	2014 Background Study	Change
Single/Semi-detached	4.0	4.24	+5%
Rows (Townhouses)	3.3	3.42	+3%
Large apartments	2.7	2.40	-11%
Small apartments	1.5	1.50	-

The new construction household sizes for Brampton generally exceed those of other GTA municipalities for most types of housing:

Table 6: Persons per Unit Comparison
Brampton vs. GTA Municipalities

Municipality	Singles/ Semis	Rows	Large Apt	Small Apt
Brampton	4.24	3.42	2.40	1.50
Markham	3.69	2.86	2.42	1.80
Vaughan	3.64	3.10	2.23	1.60
Oakville	3.48	2.55	2.03	1.46
Mississauga*	3.48	3.48	2.31	1.58

** The City of Mississauga does not differentiate between singles/semis and rows*

b) "Net" vs "Gross" Population:

For the last Development Charges Review in 2009, Brampton made an effort to rely on a 'gross population' approach for calculating DC rates for soft services (parks and recreation, library, etc.). This involved calculating development charges based on maximum permissible funding envelopes, on a service by service basis, by multiplying the municipality's prevailing ten-year historic service level by the forecasted population in new housing units, or gross change in population. As a result of discussion with stakeholders, the 2009 DC Background Study was written so as not to make specific reference to the "Gross" methodologies and instead recognize the importance of considering the actual situation in Brampton in terms of delivering services to the growing population and trend towards relatively higher PPU's with the inclusion of the 'Brampton Soft Services Factor (BSSF)'.

Staff and BILD have engaged in extensive discussion around this issue. It is easily one of the most contested issues for BILD and is the subject of ongoing appeals at the Ontario Municipal Board (OMB) in other municipalities.

It is important to note that as demographic patterns change the difference between the net and gross methodologies will continue narrow. Staff, in discussion with its consultants (Hemson and Kagan Shastri), feel that the most appropriate response is to rely on a blended approach – one that uses variable factors, depending on the service area. The service level measures shown below are recommended since they would minimize the likelihood of an appeal on this issue

Table 7: Calculation Measure by Service Area

Program/**Service Area**	**Service Level Measure**
General Government	Net Population and Employment
Library Services	Net Population
Fire Services	Households
Recreation	Net Population
Transit	Net Population and Employment
Public Works and Fleet	Net Population and Employment
Parking	Net Population and Employment

(See Appendix #4 for additional explanation on this and other issues).

c) Floor Space per Worker (FSW):

The Floor Space per Worker factor (FSW) is a measure of employment density, which contributes directly to the calculation of DCs payable on Industrial and Office development. The methodology by which municipalities should calculate DCs payable on industrial and office space is not specific, so municipalities generally use the number of workers per square metre of building space as an indicator in assessing demand and costs for services, in the absence of a more accurate alternative metric. This approach has been generally accepted by municipalities and the development industry to date. An FSW rate is also used in the forecasting of employment for the municipality, when available land is converted to building space which accommodates future employees. As such, it factors into the amount of employment land the municipality requires to meet the Provincial Growth Plan forecasts and its own employment policies and activity rate objectives in the Official Plan and other policy documents.

The failure of the manufacturing sector to rebound since the 2008 recession has been notable across the GTA. In contrast, the constant upward trend of the logistics sector (Wholesale Trade and Transportation and Warehousing) is bolstered by activity in Peel region, with excellent access to both air transportation and road networks. (Peel's job growth increased by 6% between 2006 and 2001, second only to Halton Region (7.4%)).

Recent trends show Brampton achieving good growth in the industrial sector (Brampton was the fourth largest industrial market in Canada in 2013). A large part of the recent growth has been for warehouse/logistics centres. These forms of development tend to have comparatively fewer employees than manufacturing which translates to a higher FSW, and hence a lower overall DC charge.

The Region of Peel also retained Hemson Consulting Ltd. in 2013 to undertake a study on employment trends, particularly density assumptions (following concerns raised by the development industry regarding the Peel 2012 Development Charges By-law) to inform future Development Charges updates. That study was finalized in March 2014 and was considered by Peel's Growth Management Committee on May 15, 2014. The sample of buildings used by Hemson Consulting in that study (2000-2012) resulted in an FSW for Brampton of 114 m^2 /worker (112 m^2/worker on average for Peel) prior to adjustments noted below.

Building on their work for the Peel study, Hemson Consulting Ltd. worked with BILD (led principally by Orlando and IBI Group) to review the FSW as part of the input into the City's Background Study. The parties reviewed each other's respective building databases covering industrial buildings constructed between 2004 and 2013, which are currently fully occupied, in an effort to arrive at an FSW that was reflective of recent trends and aiming to reflect future trends. The study does not include office buildings as its FSW is not in question.

Hemson Consulting Ltd. has concluded that the FSW factor of 135 m^2/worker should be used for the 2014 DC Background Study. (In the 2009 DC Background Study, an FSW of 90 m^2/worker was used.) As was set out in the Peel study, the FSW value must be further adjusted to reflect the increasing proportion of workers with "no usual place of work" as per the 2011 Census. This would take into account all of the employment and economic development activity that occurs on employment land, not simply the workers who reside on a site, on a regular basis. Accordingly, the FSW number was adjusted downward by 11.9% (based on the findings of the Peel study). Without the adjustment, the FSW would be closer to 152m^2/worker. The industry accepts the principal of applying an adjustment factor.

To aid in the calculation of a suitable FSW figure, the City and Hemson Consulting Ltd. relied on the City's building permit data together with data obtained from the City's Employment Survey. This is a voluntary, biennial survey which is undertaken by Economic Development staff, most recently in 2013. Given the voluntary nature of the survey and that industrial buildings are often built "on spec" (without a specific tenant in mind), not all building permits records are matched with Employer Survey records. Many of the permits for which the City did not receive a response to the survey were for industrial multiples, having a much lower FSW. Orlando countered with its own, supplementary data that provided additional inputs, which are predominantly large warehouses.

Notwithstanding, Hemson has concluded that their calculated rate of 135 m^2/worker remains sound. Hemson further highlighted that in arriving at a suitable FSW figure, the City must consider a variety of factors. In other words, the exercise is not a simple matter of collating information on recent developments (researching their size and employee counts). The City must consider:

- Establishing a value consistent with the Growth Plan, Regional Official Plan and City planning polices and directions. The City will be undertaking an Employment Study that will focus on opportunities for more intense employment uses.

- Establishing a value that not only reflect recent trends (in building construction), but overall industrial development possible during the DC planning period (out to 2041). Markets are cyclical and responsive to global trends and demand for certain types of space fluctuates in response. As land closest to the goods movement corridors is developed, the proportion of logistics uses should decline.

- Undertaking a reasonable effort to examine recent developments using a consistent data source (in the City's case, this is the Employment Survey conducted by the City's EDO Office), recognizing the limitations on the data.

- Valuing the 'no fixed place of work employment' employee (e.g. contracted truck drivers).

At the calculated FSW factor of 135 m^2 per worker, the calculated DC charge of \$45.31/ m^2 is less than the calculated 2009 rate (with indexing), which included a 13.5% discount. This discount was added in 2009 so that Brampton remains competitive with neighbouring municipalities. Given the higher FSW in 2014, this discount is no longer required and can be removed.

It should also be noted that at 135 m^2/worker, Hemson Consulting Ltd. feels that the Brampton share of the forecasts assigned by Peel in Amendment 2 to the Provincial Growth Plan can be achieved. Without a certain level of employment development at higher densities (such as offices and other type of industrial development), more land would need to be set aside for employment growth to allow Brampton and Peel to meet the targets. As directed by Council in a 2010 resolution, recently reaffirmed with the consideration of the Peel and area municipal forecasts, Planning and Infrastructure Services and Economic Development staff will undertake an Employment and Office Strategy which shall review the City's employment policies and identify strategies to deliver the City's long term vision for employment lands.

This forms part of the City's 5 year Official Plan Review which is being undertaken in 2014-2015. This will include strategies for maximizing the employment land base and exploring opportunities for increasing employment densities and will include a review of the FSW issue.

Given the ongoing appeal at the Region of Peel, which is awaiting a decision from the OMB, in addition to ongoing appeals on the same issue with other municipalities, and given the pending Employment and Office Strategy, staff has indicated to BILD that this issue will continue to be monitored. BILD, led by Orlando is willing to accept the City's position on this matter at this time with the understanding that staff will continue to work with BILD in obtaining more fulsome data in future analyses of this topic. (See Appendix # 5). Staff will therefore report back to Council with any recommended amendments on the FSW factor, as required.

d) Transit Congestion Factor

Traffic congestion creates a challenge for transit vehicles to make their way through traffic. In the 2009 DC background Study, the City introduced the concept of a 'congestion factor' to reflect the additional transit vehicle requirements necessary to compensate for the increase in link congestion and intersection delay, and to maintain the existing levels of transit service headways.

The City's consultants reasoned that the application of a congestion factor partially mitigates the effects of congestion by providing some supplemental funding to enable the City to add more vehicles on the road, as congestion increases. BILD has held the opinion that they believe the figure used in 2009 (a 20% premium applied to the overall transit program) was arbitrary and the practice is contrary to the DC Act.

The City's TMP consultant has provided consideration for its application and has reasoned that a more suitable congestion factor would be 6% (see Appendix # 6). BILD has continued to express dissatisfaction with the theory behind the charge but have indicated they are willing to accept the factor in the context of the current DC update.

e) TMP Term (2031 to 2041)

As noted, the roads component of the TMP plays a significant part in contributing to the final DC rates, given the capability to allocate full cost recovery for the roads costs to the charge. Extending the program from 2031 to 2041 has the effect of 'amortizing' the costs for the roads program out to a later date and likewise, distributes the costs against projected development to the year 2041. This has a moderating impact on the overall per unit or square metre charge.

There are other smaller factors that affect the final DC rates calculations, but the above represents those that are the most impactful.

Draft DC Rates Compared to Other GTA Municipalities

Municipalities often like to compare their DC rates relative to other municipalities in close proximity or who are in comparable situations from a growth perspective. The calculation of DC rates is an objective exercise however, direct comparisons are challenging given the 'apples to oranges' comparisons (i.e. a multitude of variable factors and in some cases, area-specific charges). Notwithstanding, municipalities do look at their neighbours to ensure some degree of competitive balance.

Many GTA municipalities passed their last DC By-laws at approximately the same time as Brampton therefore, many are now in the process of updating those DC By-laws. Several have released proposed new DC rates, showing wide variation in the magnitude of the increases based on their current base DC rates.

In many municipalities there is still a general trend towards increases. The magnitude of the growth pressures in Brampton and the amount of infrastructure needed to meet the demands of growth results in Brampton's calculated rates being among the highest in the GTA in 2014. When the Region of Peel charge is included, the overall Brampton DC rate is comparable to the combined rates in several other municipalities. Comparison of combined upper- and lower-tier DC rates is more appropriate to allow for differences in distribution of responsibility and also to depict the actual burden on development in any given location.

Hemson has compiled a series of comparisons based on Brampton's 'calculated' and 'current' (Spring 2014) rates, with the DC rates of other municipalities in the GTA. They note however, that direct comparisons are not wholly reliable, given that some municipalities have additional area-specific charges, while others have pre-development charges that are not payable as a condition of building permit issuance. The figures represented in Appendix # 7 (Tables 8-12), which show the rates based on unit type and land use type, should be not be read too literally, as these additional charges are not depicted.

Appendix # 7 also includes a table (Table 13) which provides some comparison of Brampton's population and employment growth compared to other municipalities in the GTA. This reveals that Brampton is projected to have some of the highest average growth and the largest amount of actual growth to 2021.

Background Study - Format, Methodology and Program Highlights

In accordance with the DCA, the Background Study and Draft Amended DC By-laws were made available to the public 14 days prior to this Statutory Public meeting. They were made available via the city's portal and a hard copy was made available in the Clerk's Office. They have not been appended to this report.

Section I of the Background Study details an Introduction to the document, outlining the methodology required by the DC Act, the City's approach for applying this methodology, the growth forecasts used to drive the calculations, and the resulting DC rates.

Sections II-IX of the Background Study sets out the information and analysis upon which the proposed development charges are based.

- Section II designates the programs/services for which the development charges are proposed and the areas within the City to which the development charges will apply. It also briefly reviews the methodology that has been used in this background study.

- Section III presents a summary of the forecast residential and non-residential development which is expected to occur within the City over the 2014–2023 period and to 2041 (ultimate development).

- Section IV summarizes the historic ten-year average capital service levels that have been attained in the City which form the basis for the development rate calculations.

- Section V, identifies the development-related capital forecast that has been developed by various City departments and Boards.

- Section VI summarizes the calculation of applicable development rates and the resulting proposed development rates by class and type of development.

- Section VII provides a comparison of existing DC rates in the City with the rates calculated in this study.

- Section VIII provides an examination of the long-term capital and operating costs for each program/service included in the development rate calculations.

- Section IX provides a review of development charges administrative matters such as collection method and timing of payments, exemptions, credits for services-in-lieu, front-end financing, etc.

There are two appendices in the document. Appendix 'A' covers the growth forecast and discusses the population and employment figures that are used in the calculation of the respective permitted charges. 'Appendix B' provides the background data for each of the 6 program/service components that are the subject of the respective DC By-laws.

These include: General Services (including Works Buildings & Fleet, Parking Garages, and Growth Studies & Other), Recreation Services, Fire Services, Library Services, Transit Services, and Roads Services. Each of these sections begins with a brief text summarizing the results, followed by the detailed data for:

- The inventory of existing capital assets and determination of the permissible service level,
- The assumptions, cash flow analysis and other calculations leading to the required DC rate,
- The growth capital program for the next ten years, by project, showing the amounts to be funded from DCs and other sources, and
- The draft DC By-law proposed for that program/service component.

The following is a general overview of each section of the Background Study and each of the Service Areas:

a) Transportation, Transit and Roads:

The City is presently undertaking an update of its Transportation Master Plan (TMP) which includes a comprehensive integrated analysis of the City's transportation needs and identifies the transportation improvements required to serve the community into the future. Within the study, initiatives are identified in a wide variety of transportation service components, including road improvements, conventional transit and higher order transit. The plan identifies the ideal combination of transportation improvements of various types which provide service to the rapidly expanding community. Despite the fact that the City's TMP provides the most aggressive road network and transit expansion program possible, continued deterioration in service levels will be experienced on a city wide basis until build out.

For purposes of this development charge analysis, transportation services within the City are divided into two components: Transit and Roads. This is necessary because the Development Charges Act requires Transit to have the 10% discount while Roads does not require the 10% discount. Separate DC analyses are required despite the completely integrated planning of the TMP. Further work on the TMP will occur throughout 2014 and into early 2015, when the project is anticipated to be completed.

- Roads Program:

  For Roads development charge analysis, MMM, the City's TMP consultants, have identified the service level of the roads using a screen line analysis which shows the actual delivered roads service level in terms of vehicle capacity ratios. This is necessary to reflect the actual roads service level delivered to the community, as it is that service level that the City must respond to and provide for the necessary capital improvements. In the TMP, an extensive program of road capacity improvements is identified in order to provide transportation services to the growing community into the future.

Roads services include roads structures, sidewalks, streetlights, intersection improvements, grade separations, gateways, traffic signalization and road projects associated with Bramwest Parkway/NSTC. The total net municipal cost estimated for this infrastructure is $1.55 billion after grants, subsidies, and other recoveries are removed. This infrastructure will be used to service the ultimate development of the lands within the City's current designated urban areas. This development is expected to occur over the next 28 years.

Not all of the net municipal costs are to be recovered from new development by way of development charges. Approximately $65 million of the capital program is identified as a 'benefit to existing' share. This amount has been netted off against the chargeable capital cost. Another deduction is made to account for development charges collected from prior growth ($11.30 million) related solely to the Bramwest NSTC corridor.

- Transit Program:

The most significant portion of the transit capital program is associated with the acquisition of new buses and rapid transit vehicles throughout the forecast period. Vehicle acquisitions amount to $205.18 million. The City anticipates continuing to utilize the dedicated gas tax revenue to offset the cost of acquiring new transit vehicles, and therefore, $148.01 million in grants, subsidies and other recoveries has been identified to offset the cost of acquiring new vehicles.

The TMP dedicates a significant part of analysis to transit and has referenced a number of improvements for future expansions, beyond those identified in the current Capital Forecast. In this regard, the TMP has identified the need for an additional Maintenance and Storage Facility (MSF) in 2018 when the fleet size exceeds the capacity of the two existing garages at Clark and Sandalwood, inclusive of the near term expansion of the Sandalwood facility. Initial thoughts provided by Brampton Transit staff suggests that to enhance the efficiency of service and reduce dead-heading, the garages should be located in emerging growth areas. The first garage should be built in Northeast Brampton and the second in Southwest Brampton. While Brampton Transit is not currently planning to purchase any double-decker buses, the need for two new garages in the period from 2018 to 2041 would make this possible. For the purpose of the TMP Update, it is estimated that the cost of a garage to accommodate 250 buses would be approximately $75 million. However, as is noted below, the capacity to fund expansions like new storage facilities is constrained by current funding models.

The capital program includes two new minor transit terminals in 2014 and 2015 located in the northeast and northwest end of the City, respectively. The combined cost of both of these facilities totals $1.50 million.

The 2014–2023 gross development-related capital program for transit amounts to $330.82 million and accounts for the recovery of a transit service negative reserve fund balance, two new terminals, additional vehicles and new bus shelters, pads and stops.

As with all 'soft services' the amount the City can collect is predicated on its historical service levels over the past 10 years. This service level is calculated at $397.30 million. When this is converted into an average service level, it translates to approximately $362.86 per capita (population and employment combined).

Funding the above noted program is challenged by the necessity to first fund the negative Reserve Fund balance. The negative Reserve Fund balance relates to previously committed excess capacity. The negative DC Reserve Fund balance for Transit services amounts to $40.44 million (after the 10% statutory discount) and this full amount is brought forward for recovery through future development charges.

In addition, recent capital investments in transit, funded through a variety of sources including property taxes, have resulted in an 'excess capacity' of service. In consultation with staff, it has been determined that the $127.56 million in calculated excess capacity is deemed to be committed excess capacity and this amount is not deducted from the funding envelope calculation. Transit must be reduced by 10%as required under the *DCA*. The resulting net maximum allowable funding envelope is reduced to $68.58 million.

This service level is further adjusted by 6% to allow for a 'congestion factor' in the road network (see Appendix #6) and then used to calculate the maximum allowable transit growth-related capital program that can be funded through development charges. The resulting funding envelope carried forward to the development charge calculation is increased, therefore by 6%, to $72.69 million.

In conclusion, the ten year capital forecast for Transit service totals $330.81 million, but does not include the additional improvements identified in the TMP, such as the new transit facilities. Of the total $330.81 million identified in the capital forecast in gross project costs, $258.12 million is to be funded by alternative sources. No replacement/benefit to existing share is identified. The legislated 10 per cent discount amounts to $18.17 million and will be funded from non-development charge sources. An additional portion of the program ($90.86 million) will be netted out as it is deemed to provide benefit beyond the planning period and will be eligible for funding under subsequent development charges. The 2014–2023 DC costs eligible for recovery amounts to $72.70 million. This amount is allocated 71 per cent against residential development, or $51.62 million and 29 per cent against non-residential development, or $21.08 million, based on the ratio of forecast growth in population in new units and employment.

This yields unadjusted development charge rates of $317.84 per capita and $4.24 per square metre, respectively.

b) Other Programs:

- The development-related capital forecast for the Brampton Library totals about $70.89 million (9 per cent). The program includes the construction of a 'District 3' library. The 2014–2023 DC costs eligible for recovery amount to only $21.95 million, resulting in an unadjusted development charge of $135.17 per capita. This means a significant portion of funding must come from alternate sources, other than DC's, if the full program is to be realized.

- The Background Study identifies that Fire Services has a ten year historic average service level that equates to $674.67 per household. This translates to a funding envelope of a little more than $29.12 million in for the 2014–2023 planning period and a charge of $127.32 per capita. The non-residential share of the net growth related capital cost is divided by the ten-year forecast growth in floor space, resulting in an unadjusted charge of $1.70 per square metre. Fire has identified a capital program that is approximately $82.52 million meaning, like Library, a significant portion of the program remains underfunded.

- The Public Works service area includes works yards and fleet. The 10-year average inventory for municipal assets in this category results in a calculated average service level equivalent to $139.96 per population and employee. This translates into net revenue from DC's over the ten year planning period of $29.39 million. Like many of the other service areas, Public Works has a negative reserve balance totalling $38.02 million. The City has forecasted costs equivalent to over $113.46 million in this service area meaning that a significant portion of planned expenditures is not fundable through DCs.

- The Recreation service area is significant and covers all indoor/outdoor parks and recreation assets. The combined value of all these assets totals $1.47 billion, which translates to a ten-year average service level of $2,669.46 per capita and a funding envelope of $384.67 million. When this is reduced by the 10% reduction, the total is $346.20 million. The city has an ambitious capital plan totalling $425.41 million and includes parks development and construction of a new community centre in Bram-West (Mississauga/Embleton). Like many of the other services, the limitation on collections of DCs means that a significant portion of the planned expenditures are not fundable through DCs.

<u>By-Laws' Structure</u>

Through the 2009 DC Review, the City of Brampton structured the collection of development charges by creating seven (7) separate DC By-laws covering distinct service areas. These include the areas of 'General Government' (222-2009), 'Recreation Services' (223-2009), 'Fire Services' (224-2009), 'Library Services' (225-2009), 'Transit Services' (226-2009), 'Road Services' (227-2009), Bramwest Parkway-

North-South Transportation Corridor (228-2009). This structuring of its DC By-laws in this way enables the municipality to amend one or more DC By-laws without affecting the others. No change in this structure is being recommended under this Background Study however, the staff has drafted a series of new, updated draft DC By-laws, reflective of the Background Study recommendations and the policy direction noted in this report.

Other Policy Considerations

The preparation of the Background Study also affords the City the opportunity to evaluate policy matters. The policies that are referenced below are, for the most part, non-statutory, administrative and have relatively low financial impact on the City's DC revenues and related capital program. However, these policy decisions may have an impact on specific members of the development industry, economic competitiveness of the City and specific organizations within the community at large.

a) Previous 'Incenting' Measures and Their Status:

As has been reported in previous reports on the subject of development charges, the state of Brampton's DC reserves has been affected by a number of things. One of the more significant is the impact of City-initiated discounts and transitions.

In the past Brampton has opted to provide developers with discounts and transition measures for new development as a means of incenting select forms of development and lessening impacts of large DC increases. The sum of these measures is significant. When all discounts and transitions are combined, the City has forgone DC revenues totalling $51 million (2004 - 2013). Of that $51 million, only $5 million has been reimbursed to date. The DC Reserves must be reimbursed from the tax base, through future years' budgets. Reimbursements have been nominal due to limitations in available tax based sources (Reserves and/or Tax Increases).

It should be noted that the DC model does adjust for this shortfall to reflect the appropriate opening DC balances when calculating new DC rates.

Given the state of the City's reserves and this outstanding liability, future discounts and incentives need to be carefully considered given that they are not recoverable from future DC collections. These measures therefore have a direct impact on the City's revenue stream and create one of two direct impacts:

- If DC Reserves are not fully reimbursed from the tax base immediately, it results in the reduction of DC revenue collected in the short to medium term, which has the effect of compromising funding for DC-eligible projects and results in modified capital programs (i.e. deferrals or cancelled projects), and/or,
- They place increased burden on the tax base, as reimbursement is a legislated obligation

Having regard for the magnitude of the rates recommended by the Background Study, staff is recommending that there be no transition period granted to the adoption of the Background Study and the application of the associated rates. This is discussed more fully, below, under the "Effective Date" section of this report.

b) Identified Policy Issues:

Several policy issues have been identified in conjunction with the preparation of this background study. What follows is a brief overview of the issue and a proposed position on each. Where explanation and/or discussion of items are warranted, additional overview material has been incorporated into Appendix # 4.

i. Places of Worship:

Under the current DC By-law provisions, Places of Worship buildings, excluding those spaces that may be used for commercial purposes, are exempt from DC payment. Since this is a non-statutory discount, any exemption accorded will have to be recovered from the tax base. However, the value of the DC revenue forgone by this exemption is not significant enough to warrant any deviation from the current practice.

Staff recommends maintaining this provision in the DC By-laws. Staff will continue to monitor this exemption and bring forth adjustments in the future, as needed. No change required.

ii. Industrial and Office Discounts:

a) Industrial Discount

In April 2013, staff prepared a report to Committee of Council wherein staff recommended that the practice of discounting Industrial development instituted in 2004, remain in place until August 5, 2014. Given the economic climate, staff reasoned that an annual review of the discount would be beneficial to the City and the Development Community. Council concurred with this position.

As noted in the discussion around the draft Industrial rate, the proposed (2014) rate is comparable to the previously discounted rate (2009 rate, with indexing). Therefore, this discount can be removed considering the fact that the proposed rate is competitive, relative to other municipalities. The draft DC By-laws have been amended to reflect the removal of the discounting language.

b) Office - Grouping with Industrial

The City of Brampton has a longstanding practice of grouping Office and Industrial uses into one development charges rate category. Staff is recommending the continuation of this practice and will review and report back to Council on an annual basis on its effectiveness.

iii. Hotel Discount:

In 2012, Council extended a city-wide discount to hotel developments that meet the definition of a "full-service" hotel. The discounted rate was set, at that time, to equal the City of Mississauga's Non-Industrial rate. At the time, this translated to a 65.5% discount, compared to the City of Brampton's calculated Non-Industrial charge. Based on the City of Mississauga's proposed rate of $89.76 m2, this difference now works out to 7.7% off the calculated rate for the City of Brampton. Staff recommend that the discount for "full-service" hotels, be extended by another year and continue to be reviewed on an annual basis to ensure that the economic benefits are being achieved.

It should be noted, that based on Mississauga's draft Non-Industrial rate, the calculated discount afforded to Hotels in this category would be equivalent to $6.94 m^2 which is adjusted in the calculated rates for the Roads program. Staff see no significant concern in maintaining this position, albeit at a reduced discount, having regard for Mississauga's draft rate. No change in policy is therefore required.

iv. Local Services Policy:

When a municipality is preparing its development forecasts, which make up part of its Background Study, the DC Act qualifies what constitutes an 'eligible service'. Certain services are precluded from being collected for under the Act, such as: cultural and entertainment facilities (including museums, theatres and art galleries), tourism facilities (including convention centres), parkland acquisition, hospitals, headquarters for general administration of municipalities and local Boards and waste management. All these services are considered ineligible.

Other elements that represent DC-eligible services are often cost shared between a municipality and the developer(s). Neighbourhood park development would be an example – elements such as clearing and grubbing are not DC-eligible, but recreational facility installation is.

Some municipalities have prepared guidelines, designed to provide clarity as to what constitutes elements that are DC-recoverable (or reimbursable, if the developer is doing the work on behalf of the City) and that which is considered wholly the developer(s) responsibility, or a so called 'local service'. The creation of 'local service guidelines' helps define what should be included when undertaking development forecasts that contribute to by-law's preparation.

Staff drafted a 'Local Service Policy' document (Appendix # 8) for consideration and which would serve as an appendix to the Background Study. This has been reviewed by BILD and comments incorporated. Staff is recommending that the Local Services Policy therefore be endorsed with the Background Study.

v. Waiver of Development Charges on Change of Use For Occupancy of an Existing Industrial-Commercial Facility (Where there is No Incremental Growth in GFA):

EDO has identified that consideration should be made for non-residential users moving into existing facilities.

Currently, the DC By-laws allow the City to collect DCs when a building undergoes a Change of Use - specifically when the proposed use intensifies and is subject to a higher DC rate. For example, an industrial, multiple-unit building may have limited marketability by current industrial owners. These industrial units may be attractive to small to medium-sized enterprises (SME's) just starting out in commercial or retail enterprises. These small businesses are being asked to pay the difference in the current DC rate, from industrial to commercial, for the unit. EDO staff feels that the payment of DCs for Changes of Use may be a barrier to an entrepreneur or small business occupying vacant industrial space. EDO staff offered a suggestion that consideration be given to waiving DCs payable for change of use, if the zoning by-law permitted the use.

Finance staff is mindful of the challenges that a DC requirement can play in establishing a new business. While 'change of use' can appear to be relatively benign activities in terms of the impact on services and infrastructure, there are many implications that could stem from waiving DC's payable.

Finance staff feels that the issue warrants further study before recommendations can be provided to Council and therefore no changes have been added to the draft DC By-laws to reflect this matter.

vi. Definition of Convergent Industry Sectors (Between Office and Industrial):

EDO staff has also brought up an issue concerning the definition of "industrial". Over the past few decades, a number of factors, including globalization, deregulation, harmonization, and increasingly rapid technological shifts have fundamentally changed the structure of an increasing number of industries. An important aspect of this changing competitive landscape is the blurring and redefinition of industry boundaries. In this context, industry convergence can be defined as the converging of two or more previously separate industries.

While generally considered to occur mainly within the information technology, communications (ITC) and media sectors, industry convergence is also occurring in the chemical, pharmaceutical and food industries. Examples include the merger of the chemical, agro-food and pharmaceutical sector, the convergence between cosmetics and pharmaceuticals and the emerging convergence between the pharmaceutical and food industries. The financial services industry also provides examples of convergence, including the trend towards the merger of banking and insurance services.

With this in mind it is important to consider the changing landscape of industry and the definition of what constitutes industrial development. For example, data centres, operations centres and data warehouses, while on the surface may appear to be office uses, exhibit production processes, technological systems and site selection requirements similarly applied by traditional industrial uses. Therefore, they can be defined as industrial in the DC regime.

Legal and Finance staff have reviewed the definitions surrounding industrial development to determine if a more optimal definition is required to reflect the trends that EDO has observed. There is no threat to interpreting these uses in a way which might require a higher (i.e. non-industrial, non-office) charge. Staff therefore sees no need to undertake any changes at this time.

vii. Live-Work Units:

Live-work units are selectively located and developed around the City in nodal areas. They commonly provide opportunities for property owners to live and operate under a single roof. In turn, they provide employment opportunities and serve to 'animate' the street from an urban design perspective.

The Official Plan describes live-work units under Section 4.3.8 of the Official Plan. The zoning by-law further defines them as follows:

- *DWELLING, LIVE-WORK TOWNHOUSES shall mean a townhouse dwelling composed of three (3) or more dwelling units, where each dwelling unit is located on its own lot, or has frontage on a public street, with the garage in the rear yard and has access to the garage from a public street, public lane or private lane, where units have at least one common interior side wall; and where commercial and or residential uses are permitted on the ground floor/first floor, portions of the second or third floor; and where a home occupation is permitted on all floors; and where each dwelling unit may have a balcony or uncovered terrace on the second or third storey.*

Under the current interpretation of the DC By-laws, both the 'live' and 'work' components are assessed separate charges. Given the identified benefits of such units and in an effort to incent them, it is recommended that 'live-work' units be defined in the DC By-laws and that a provision would negate the collection of a development charge on the 'work' component. The impact to the overall DC Reserves would be nominal, as only a very few such units are constructed annually.

viii. Conservation Authorities

The conservation authorities (TRCA, CVC and HRCA) are currently granted a waiver from the City's development charges due to conservation authorities being considered a 'local board', per the existing definitions in the City's DC By-laws. Upon consultation with colleagues in other municipalities, none of the other municipalities surveyed grant an exemption for CA's and the Municipal Act, 2001 specifically excludes conservation authorities from its definition of a 'local board'.

Consequently, staff recommends the correction of the anomaly by appending the following to the definition of a 'local board' in the by-laws:

"*...but does not include a conservation authority established under the* Conservation Authorities Act, *R.S.O. 1990, c. C.27;*"

In summary, from a policy perspective, staff is recommending:

- Maintaining the current provisions afforded to Places of Worship and 'full service' Hotels (per the current definitions)
- Continue incenting Office developments by charging the Industrial rate
- Removal of the Industrial discount
- Adoption of the Local Services Policy
- Incorporation of a definition for 'live-work' units and incorporate a provision that removes the collection on the 'work' portion of such units
- Exclude TRCA from the definition of a 'local board'

Implementation

Given the extensive dialogue with the development community in the preparation of this Background Study, staff is anticipating there will be few questions or comments from this Background Study or this accompanying report.

In this regard, it is staff's intention to bring forward a short recommendation report for Council's consideration at its upcoming meeting of June 18th, 2014. This report would reference any commentary discussed or received in conjunction with this, the Public Meeting, and recommend the Background Study and DC By-laws for adoption. Staff has been working in earnest with BILD to avoid a meeting this summer. The Background Study must be approved prior to the expiration of the current DC By-laws, which is August 5, 2014.

Effective Date

Staff is recommending that the current DC By-laws remain in effect until July 31, 2014, which is two working days prior to their normal expiry date (August 5, 2014). The approved 2014 Background Study and DC By-laws are then proposed to come into effect on August 1, 2014.

Enactment of the new DC by-laws and rates on August 1, 2014 would facilitate easy transition – commencing on the start of the new month, which coincides with the typical indexing dates (of August 1st and February 1st), and has no detrimental impacts on the development community. This is a matter that has been discussed with BILD and they are in agreement with this approach. No transition measures are required based on this approach.

Statutorily Required Decisions In Support of the By-laws:

1. Prior to passing the DC By-laws, Council will be required to confirm its intention to ensure that the increase in the need for services attributable to anticipated development identified in the Background Study will be met.

2. Prior to passing the DC By-laws, Council will also be required to confirm its intention that the future excess capacity identified in the Background Study shall be paid for by development charges or similar charges.

3. Prior to passing the DC By-laws, Council will be required to confirm that no further public meetings will be required.

Corporate Implications:

Financial Implications:

Since the DC model is based on a full cost recovery model any shortfalls in revenue projections will have a drastic impact on the City's ability to fund future growth related infrastructure requirements, staff will be closely monitoring the developments as they unfold and prescribe corrective measures in terms of an upward revision of rates and/or paring down the growth related capital program, as warranted. This will be addressed as part of the Financial Master Plan envisioned, which will also articulate a sustainable strategy to fund the $45 million in forgone revenue by way of non-statutory discounts and the resultant operating impact of $47 million over the 10 year period.

Strategic Plan:

The preparation of a DC Background Study is a legislative requirement to be undertaken by a municipality, at least every five years if it wishes to collect development charges for new growth infrastructure. Brampton has an enviable track record in collecting development charges that position the City favourably, in conformity with the limitations of the DCA, to provide adequate infrastructure to its new residents.

The Strategic Plan prioritizes Corporate Excellence, responsible Growth Management, Community Engagement and Economic Development. As this report and the accompanying Background Study demonstrate, all of these priorities are considered in undertaking this study and in the preparation of this report.

The Strategic Plan has also identified the need for the City to undertake a variety of 'master plan' efforts in the coming years. These include, but are not limited to:

a) finalization of the Transportation Master Plan
b) initiation of new projects such as an Employment and Office Strategy
c) Downtown Master Plan
d) Parks and Recreation Master Plan
e) incentive/constraint programs for specific development typologies
f) Queen Street Higher Order Study
g) Storm Water Study
h) Sustainable Development Study

The completion of these initiatives should have the effect of clarifying capital program objectives. Should it be determined that the DC By-laws could aid in the supply of revenues needed to implement one or more of these master plans' outcomes, then staff would be prepared to return to Council with a further recommendation.

Conclusion:

The periodic review and updating of the City's DC Background Study represents a significant undertaking and has profound impacts on the City's ability to generate revenues required to provide infrastructure for a growing municipality. The preparation of a Background Study requires the collection of many inputs involving the efforts of staff from across the corporation in the preparation of inventories of assets used to calculate historical service levels, detailing future capital programming, collating unit costs, etc., in accordance with the DCA requirements.

The preparation of a Background Study relies upon the skills and background of experts in the DC field (such as Hemson and MMM) and requires considerable dialogue with the primary stakeholders, such as the development industry. Policy decisions are assessed and given consideration as well. In the end, a draft Background Study is released and it, in conjunction with the accompanying DC By-laws, provides a primary building block that enables the City to move forward with a foundation that does not unduly place the demands of growth on the existing tax base.

Staff is confident that the process used to deliver the submission of the draft 2014 Development Charge Background Study to Council has been a comprehensive one with an unprecedented amount of inputs from stakeholders, both internal and external. Staff feel that the resultant draft rates and draft policy recommendations are sound. Staff believe that the delivery of this package to the public, inclusive of the development community, will enable a prompt review, and ultimate endorsement, in the coming few weeks.

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Appendices:
Appendix # 1 - Project Tasks Completed (mid June 2014)
Appendix # 2 - Current Development Landscape
Appendix # 3 - Table 2: Distribution of Development Charges (by Service Area)
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Appendix #5 - Correspondence - Orlando Corp., Mr. Phil King (June 2, 2014)
Appendix # 6 - Draft Transit Congestion Factor Rationale
Appendix # 7 - GTA DC Rate and Growth Comparisons
Appendix # 8 - Draft 'Local Service' Policy

Appendix # 1

Project Tasks Completed (mid June 2014)

As per the introductory report that was prepared for Committee of Council's consideration in June 2013, staff has completed the initial phases of the project. Work completed to date includes:

Fall 2013:

- Retention of consultants to coordinate and provide advice on the project - Hemson Consulting Ltd. (Hemson) in addition to retaining external legal counsel (Kagan Shastri)
- Staff and stakeholder teams formulated
- Staff met with representatives of the BILD community to discuss the preparation of the Background Study and identified a preliminary list of concerns and issues that BILD wished to see addressed
- P&IS officially engaged Marshall Macklin Monaghan/McCormick Rankin to undertake an update of the Transportation Master Plan (TMP)
- P&IS (with Hemson) completed an updated growth forecast and received Council's endorsement of preliminary forecasts for use in the Development Charges Background Study
- Hemson also worked with the Region of Peel to examine employment trends in the industrial sector for use in the Region's DC By-law and forecasts
- Staff commenced its inventorying of DC-eligible assets to establish its 10-year historic service levels
- Council endorsed the 2014-2023 Capital Budget and Forecast which includes a forecast of future capital budget items that are DC eligible

Winter 2013/2014:

- Staff concluded its service level analysis and Hemson commenced its rates calculation
- Staff continued to meet with BILD in the overview of issues and concerns around DC calculations, collections and administration in an effort to exchange information and perspectives in an effort to avoid the potential for appeals
- Staff met routinely with the Senior Management Team to discuss milestones and detail prospective target dates for reporting to the Executive Leadership Team (ELT) and to Committee of Council. The schedule was designed to facilitate final approval of new by-laws by Council by no later than July 2, 2014, in advance of the expiry of the existing DC by-laws on August 5, 2014.

Spring 2014:

- Staff and its consultants met with BILD regularly to review and validate the preliminary Transportation Master Plan (TMP) recommendations for input into the DC Background Study ('soft service' inventory work, policy directions etc.)
- P&IS staff and MMM coordinated a Public Information Centre (PIC) in connection with the TMP update, in addition to facilitating public inputs through innovative, on-line survey techniques
- April 23, 2014 - Council endorsed the recommendations of the P&IS Department report titled: City of Brampton and Region of Peel Population and Employment Forecasts, which endorsed the population and employment forecasts used in the Development Charges Background Study
- A draft Background Study was prepared by Hemson and delivered to the city in mid-May, 2014
- Staff reviewed the study, prepared this accompanying Corporate Report, updated the seven (7) DC By-laws, drafted a presentation for the Statutory Public Meeting, updated the City portal page, reviewed all with ELT and SMT and made public, the draft Background Study twenty (20) days prior to the statutory Public Meeting (on June 11th, 2014), on both the City's portal and at the offices of the City Clerk, in accordance with the DCA requirements.

Appendix # 2

Current Development Landscape (April 2014)

National, Provincial and GTA Overview:

In April 2014, the Bank of Canada reported that it continues to see a gradual strengthening in the fundamental drivers of growth and inflation in Canada, which will stimulate business investment and shift the economy to a more sustainable growth track. The economy is expected to return to capacity over the next two years before easing slightly in 2016. Global economic growth is expected to strengthen over the next two years, aided by economic recovery in the United States that is gathering momentum.

Some economists are projecting a cooling of growth in Ontario. Ontario's economy is expected to grow at a slower rate than the national or U.S. average in the next two decades. (Ontario's real Gross Domestic Product is forecast to average 2.1 per cent growth between 2014 and 2035, compared with 2.2 per cent nationally, 2.4 per cent in the U.S. and 3.1 per cent globally, according to a long-term economic report released by the Ministry of Finance in April 2014.)

In the GTA, forecasts call for steady but tepid improvements in the labour market conditions through early 2014, with strengthening forecast for the later part of this year. Nevertheless, growth in this area will remain modest compared to historical norms.

Brampton's economy remains stable as it, along with the rest of the world, recovers from difficult times. Brampton is expected to continue on a positive economic growth curve through 2014, although at a modest pace. Levels of development activity in the City are also expected to see steady, if moderate, increases through 2014.

Brampton Overview:

Brampton continues to feel the effects of the economic and financial climate across Canada and the U.S. Manufacturing sector numbers in Brampton, as for all of Ontario, are down, impacting industrial development activity. Ontario's economy will continue to be challenged by external factors including weak U.S. demand and the related turbulence in financial markets, oil prices, value of the Canadian dollar, increased competition from newly industrialized economies and restructuring in the auto sector. In the short term, new warehousing and manufacturing activity is expected to make use of existing vacant buildings, which will result in little new construction. The office sector has performed better than expected.

On a year-over-year basis, the economic impact associated with new construction in Brampton rose by 65% between 2011 and 2012. The construction industry sustained over 21,000 jobs (person years) as a result of the $2.66 billion of construction activity in Brampton in 2012.

These jobs represented approximately $1.14 Billion in wages, demonstrating the importance of this industry to the vitality of the local Brampton economy, the GTA region and the provincial/national economy.

Measure of Impact	2011 (YTD December)	2012 (YTD December)	2013 (YTD June)
Value of Construction	$1.61B	$2.66B	$0.57B
Total Jobs (Person Years)*	12,719	21,021	4,481
Wages*	$665M	$1.14B	$253M
Year-Over-Year Variance (Total Jobs)		65%	

* *In Brampton, rest of Province and outside of Ontario*

A variety of economic factors were expected to continue to affect the construction industry in 2013 and beyond, including:

- Changes in interest rates recognizing that they have been very low in the past five years
- Changes in global economic conditions and impact on the domestic credit market
- Overall job creation and unemployment in secondary and tertiary industries, namely manufacturing and the service sector
- Government imposed costs such as taxes, levies, and development charges
- Supply of land in the west GTA

As is always the case when dealing with policy related to fees collection, a municipality must strike a balance between providing conditions favourable to development while also protecting the City's long term financial picture. Overall, economic factors, development trends and other conditions support a mostly positive outlook for residential and non-residential development activity in Brampton through 2017. Despite the decline in activity of late in the residential sector, the total number of units and the total areas of Industrial, Commercial and Institutional (ICI) development in recent years are still better than the lows that existed the last time the DC By-laws were reviewed (2009).

Development Activity and Economic Impact Analysis of New Construction - Brampton (to year-end 2013)

Development activity slowed in 2013 in Brampton compared to 2012. At year end, a total of just under 3,100 dwelling unit permits were issued. Almost 6,000 were issued in 2012. Similarly, 387,000 m^2 of non-residential development (industrial, office, institutional and commercial) was issued permits at year-end 2013, which compares favorably to the 370,000 m^2 issued in 2012.

A variety of reasons account for the decline in the residential numbers, in 2013. The most significant reason was the impact created by the Region of Peel DC increases that came into effect in late 2012. Many applicants who were in the development review stage, advanced their permits to avoid the Regional DC increases. This had the effect of creating a surplus of approved units in the market. Forecasts call for housing activity in Brampton in 2014 to correct back towards more normal levels.

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Appendix # 3

Table 2: Distribution of Development Charges (by Service Area)

Charge / Service	Single/Semi (/unit)	Row (/unit)	Large Apt. (/unit)	Small Apt. (/unit)	Non-Industrial, Non Office (/m²)	Industrial/ Office (/m²)
General Government	$216	$174	$122	$76	$0.68	$0.68
Library	$661	$533	$374	$234	$0.00	$0.00
Fire Services	$631	$509	$357	$223	$1.97	$1.97
Parks and Recreation	$9,131	$7,365	$5,161	$3,230	$0.00	$0.00
Public Works	$637	$514	$360	$225	$1.99	$1.99
Parking	$0	$0	$0	$0	$0.00	$0.00
Transit	$1,533	$1,237	$867	$543	$4.79	$4.79
Roads	$13,572	$10,947	$7,671	$4,802	$83.82	$34.46
NSTC	$554	$447	$313	$196	$3.45	$1.42
Total	$26,935	$21,726	$15,225	$9,529	$96.70	$45.31

Appendix # 4

Policy Issues – Supplementary Background

2. Discounts:

a. Industrial and Office Discount:

In August 2009, Council passed seven new DC by-laws based on the major programs for which DCs are collected. The Roads DC by-law contained a clause that had the effect of continuing to offer a discounted DC rate for Industrial and Office development in order to attract such development to the City. The discounted rate (which amounts to a 13.5% discount compared to the calculated charge) was designed to be competitive with rates in force in neighboring municipalities and was put in place for the first year of the Roads DC by-law or until such later date as determined by Council through an amendment to the by-law. Council extended that discount for a one year period until August 5th of the following year, in all of the subsequent years.

The industrial and office discount has presumably had a direct influence on several, notable high employment generators including the following projects:

- Air Canada's recently completed 80,000 square foot Operations Centre, which will employ 500 highly skilled personnel
- Canon Canada's new Canadian Headquarters campus, with Phase One bringing 500 white collar jobs and Phases Two and Three bringing up to 1,000 more over the coming years
- Kallo Development's 120,000 square foot seven-storey office building

These three high employment developments were attracted to Brampton in part because the City was able to compete on an even playing field with Mississauga and other neighbouring west GTA municipalities.

b. Hotel Discount:

In 2009 it was estimated this discount would account for approximately $75,000/year of forgone DC revenues. To date, the City has forgone actual revenue of approximately $233,400 (one application) since the discounted rate was approved. This suggests that the discount is not having the intended effect of attracting new hotel development. Staff believes that the determination of where a hotel decides to locate is motivated more by market- and less so by the DC regime.

Given that new hotel development remains an objective for the City, it's suggested that the discount provisions continue to be reviewed annually. The EDO is of the opinion that it is too early to evaluate the success of this policy. EDO staff recommends that the merits of this policy remain sound and that it be included in the DC review for consideration of continuation.

In the future, and alternatively, provisions may be reviewed in the context of geographic-specific strategies (such as the Central Area) or strategy-specific exercises, such as sports tourism.

3. Policy Issues:

   a. Gross vs. Net Population:

   BILD has consistently indicated to Brampton that they continue to object to any reference to gross population as the basis for DC fees calculation. They highlight the decision from the Ontario Municipal Board in 2010 related to a development charges by-law proposed by the Town of Orangeville. In that case, the Orangeville District Home Builders Association challenged the appropriateness of the gross population methodology to calculate 'soft services' (recreation and library) development charges. The case was subsequently appealed to Divisional Court, which upheld the Board's ruling that the methodology for calculating development charge funding envelopes using estimates of gross population from new units did not conform to the Act in the Town of Orangeville. The ruling held that the use of net increase in population in the municipality to calculate soft service development charges does conform to the requirements of the Act. The decision of the Board and the Divisional Court were very much focused on Orangeville, including the compact nature of the municipality.

   Effectively, the difference between gross and net, is that net population increase takes into account declines in population in existing development areas. The Board found that the decline in population in existing areas of the City provides, in theory, freed up capacity that can be used to meet the needs of new development. Using the gross population, fails to account for this theoretical freed up capacity.

   Municipalities normally counter this position with the argument that residents in growth areas of the City cannot be reasonably expected to travel to facilities in more remote parts of the City, in order to access the services provided by the City, just because there is theoretically, capacity created by the decline in population in the older community. Failure to account for the fact the development may not always occur in areas where there is an expected decline and theoretical increase in available capacity does not properly account for both the quantity and quality of service levels that are provided by a municipality. To date BILD continues to oppose this position in other municipalities.

   Staff have concluded the most suitable approach to addressing the 'gross vs. net' issue is to recommend an approach that generally uses the 'net' population approach, but has regard for other factors which better account for what is happening with the affected service . These are as follows:

Recommended DC Calculation Approach

Service Area	Service Level Measure
General Government	Net Population and Employment
Library	Net Population
Fire Services	Households
Recreation	Net Population
Transit	Net Population and Employment
Public Works and Fleet	Net Population and Employment
Parking	Net Population and Employment

Appendix #5

Correspondence - Orlando Corp., Mr. Phil King (June 2, 2014)

D1-38

ORLANDO CORPORATION

6205 Airport Road, Mississauga, Ontario L4V 1E3 Telephone: (905) 677-5480 Fax: (905) 677-2824

June 2, 2014

Via email: marilyn.ball@brampton.ca

City of Brampton
2 Wellington Street West
Brampton, Ontario L6Y 4R2

Attn: Marilyn Ball
Chief Planning and Infrastructure Services Officer

Re: Floor Space per Worker (FSW)
2014 Development Charges Review

Dear Marilyn,

Thank you for your letter dated May 29, 2014 regarding the Floor Space per Worker (FSW) issue.

We understand the ramifications of an increased FSW on the City's Official Plan and support a more detailed review of employment densities than the one Hemson has undertaken for the 2014 DC review.

We believe that all sources of information are relevant in obtaining a true indication of the employment density in building located on Employment lands.

We are concerned, however, regarding your comment on the recent Peel DC OMB hearing. The hearing was a result of our appeal of the 2012 Regional DC by-law. Hemson's evidence at the hearing only reflected what was known by them at the time of the by-law in 2012. None of the current information presented by Hemson for the 2014 Brampton DC or the Peel Employment study was submitted by Hemson or the Region at the hearing. Any reading of the OMB decision released respecting the 2012 Regional DC by-law must take that into consideration.

We would appreciate your confirmation that the most current information be used by the City.

D1-39

In the interim, we will accept the 135 m^2 per worker for the 2014 DC by-law on the understanding the City will continue to work with us and BILD to obtain full employment data for future analysis of the City's Official Plan and future DC by-laws.

Yours very truly,

ORLANDO CORPORATION

Phil J. King, P.Eng.
President

PJK/lds

cc: Darren Steedman, BILD, *via email:* dsteedman@metrusdev.com
Alana DeGasperis, BILD, *via email:* adegasperis@bildgta.ca
John Corbett, City of Brampton, *via email:* john.corbett@brampton.ca
Peter Simmons, City of Brampton, *via email:* peter.simmons@brampton.ca
Dan Kraszewski, City of Brampton, *via email:* dan.kraszewski@brampton.ca
Peter Honeyborne, City of Brampton, *via email:* peter.honeyborne@brampton.ca
Colin Grant, City of Brampton, *via email:* colin.grant@brampton.ca

425882.2

D1-40

Appendix # 6

Transit Congestion Factor

D1-41

MMM GROUP

MEMO

To:	John Spencer	Date:	May 1, 2014
From:	Mick Oliveira, P.Eng.	Job No.:	Brampton 2014 DC Study
Subject:	Transit Congestion Factor Calculation	CC:	

Transit Congestion Factor Methodology

The transit Congestion factor that is being used in the City of Brampton Development Charges Study is intended to allow the City to maintain existing transit service levels over the next 10 years in order to counter the effects of increases in road congestion.

Buses are currently programmed to service specific routes based on a scheduled headway. The number of buses that are required to service a route is a function of the length of the route and the average speed of the bus in mixed traffic. The average operating speed includes the time it takes to pick up and drop of passengers and the necessary dwell time at the end of the route where the bus must wait in order to re-join the route on a predetermined schedule.

A comparison of the average operating speeds from the City's 2011 and 2041 travel demand model was carried out for all Arterials and Major Collectors that currently have existing transit service routes during the AM peak hour. The results of the analysis are as follows

2011 AM Peak Hour Modelled Average Operating Speed: 49.6 km/h

2041 AM Peak Hour Modelled Average Operating Speed: 44.6 km/h

Change in Modelled Average Speed from 2011 to 2041: Decrease of 5 km/hr

% Decrease in Average Speed from 2011 to 2041 = (49.6-44.6)/49.6 = 10.5%

Estimated % Decrease in Average Speed from 2011 to 2024 = 10.5% *13/30 = 4.6%

A review of the impact of reducing the average operating speed on all bus routes by 4.6% was carried out to determine if any additional buses were required to maintain the existing transit route headway. The analysis showed that bus routes with high layby times could absorb the lower operating speeds without the need for additional buses; however, the existing routes that are operating on minimal lay bay times needed one additional bus per route to maintain the existing headway.

In order to better explain the relationship between each of these variable as well as the calculation of the congestion factor, a sample bus route was selected to demonstrate the calculation.

Sample Route: Route 1 Queen Street

Peak Hour Buses: 7 buses

Peak Hour Headway: 20 Minutes

2655 North Sheridan Way, Suite 300, Mississauga, ON L5K 2P8 | t: 905.823.8500 | f: 905.823.8503 | w: www.mmm.ca

Round Trip Distance: 42.4 km

Round Trip Travel Time: 140 min

Average Speed: 18.2 km/h

Current Layover: 1.4%

Based on a 4.5% reduction in average speed, an additional bus is required in order to maintain the 30 minute headway. The additional bus will result in the route having and increased layover of 10% in 2024.

The analysis shown in the attached Transit Congestion Factor calculation table demonstrates that 6% additional buses are required in order to maintain the existing operational transit service level in 2024. Therefore, it is recommended that the future DC eligible transit program be augmented by 6% in order to maintain existing transit service levels.

CITY OF BRAMPTON 2014 DC STUDY

TRANSIT FACTOR CALCULATION

Bus Route Description			Existing 2013 Conditions							Forecast 2024 Conditions				
Route Number	Route Name	Garage	PM Peak Buses	Headway	Total Round Trip Time (min)	Trip Duration + Load Time (min)	Current % Layover	Round Trip Distance (Km)	Average Speed (Km/h)	2024 Avg Speed (km/h) [1]	2024 Rnd Trip Time	Req'd Number of Buses (Rounded)	Rnd Trip Time	2024 % Layover
1	Queen	CLARK	7	20	140	138	1.4%	42.447	18.5	17.7	144	8.0	160	10%
1A	Queen - 1A	CLARK	6	20	120	118	1.7%	32.551	16.6	15.9	123	7.0	140	12%
2	Main	SANDAL	5	20	100	92	8.0%	28.953	18.9	18.1	95	5.0	100	4%
3	McLaughlin	SANDAL	6	15	90	79	12.2%	32.283	24.5	23.5	82	6.0	90	9%
4	Chinguacousy	SANDAL	5	20	100	94	6.0%	36.674	23.4	22.5	98	5.0	100	2%
4A	Chinguacousy - 4A	SANDAL	5	20	100	93	7.0%	39.573	25.5	24.5	97	5.0	100	3%
5	Bovaird	SANDAL	7	20	140	131	6.4%	47.961	22.0	21.1	136	7.0	140	3%
5A	Bovaird - 5A	SANDAL	7	20	140	132	5.7%	48.589	22.1	21.2	138	7.0	140	2%
7	Kennedy	SANDAL	7	15	105	106	-1.0%	37.22	21.1	20.2	110	8.0	120	8%
7A	Kennedy - 7A	SANDAL	6	15	90	82	8.9%	29.479	21.6	20.7	85	6.0	90	5%
8	Centre	SANDAL	5	20	100	87	13.0%	28.716	19.8	19.0	91	5.0	100	9%
9	Voddan	SANDAL	4	30	120	120	0.0%	41.085	20.5	19.7	125	5.0	150	17%
10	South Industrial	CLARK	2	20	40	40	0.0%	16.406	24.6	23.6	42	3.0	60	31%
11	Steeles	CLARK	13	8	104	93	10.6%	34.87	22.5	21.6	97	13.0	104	7%
12	Grenoble	CLARK	2	30	75	72	4.0%	24.089	20.1	19.3	75	3.0	90	17%
13	Avondale	CLARK	1	30	45	36	20.0%	11.941	19.9	19.1	38	1.0	30	-25%
14	Torbram	CLARK	9	10	90	90	0.0%	34.857	23.2	22.3	94	10.0	100	6%
15	Bramalea	SANDAL	5	20	100	100	0.0%	33.292	20.0	19.2	104	6.0	120	13%
15A	Bramalea - 15A	SANDAL	3	20	60	60	0.0%	19.437	19.4	18.7	63	4.0	80	22%
16	Southgate	CLARK	2	30	50	37	26.0%	12.564	20.4	19.6	39	2.0	60	36%
17	Howden	CLARK	2	20	40	36	10.0%	10.696	17.8	17.1	38	2.0	40	6%
18	Dixie	CLARK	7.5	16	120	116	3.3%	43.071	22.3	21.4	121	8.5	136	11%
18A	Dixie - 18A	CLARK	6.5	16	104	107	-2.9%	37.303	20.9	20.1	111	7.5	120	7%
19	Fernforest	CLARK	3	20	60	56	6.7%	19.542	20.9	20.1	58	3.0	60	3%
20	East Industrial	CLARK	2	20	40	38	5.0%	13.422	21.2	20.3	40	2.0	40	1%
21	Heart Lake	SANDAL	1	30	30	26	13.3%	10.276	23.7	22.8	27	1.0	30	10%
23	Sandalwood	SANDAL	10	15	150	150	0.0%	57.91	23.2	22.2	156	11.0	165	5%
24	Van Kirk	SANDAL	2	30	60	50	16.7%	20.448	24.5	23.6	52	2.0	60	13%
26	Edenbrook	SANDAL	2	30	60	51	15.0%	17.273	20.3	19.5	53	2.0	60	11%
29	Williams	SANDAL	7	15	105	90	14.3%	34.824	23.2	22.3	94	7.0	105	11%
30	Airport	CLARK	9	10	90	65	27.8%	30.144	27.8	26.7	68	9.0	90	25%
31	McVean	SANDAL	2	30	60	56	6.7%	27.987	30.0	28.8	58	2.0	60	3%
32	Father Tobin	SANDAL	1.5	30	45	40	11.1%	16.128	24.2	23.2	42	1.5	45	7%
33	Peter Robertson	SANDAL	1.5	30	45	40	11.1%	15.575	23.4	22.4	42	1.5	45	7%
35	Clarkway	CLARK	2	40	80	73	8.8%	26.818	22.0	21.2	76	2.0	80	5%
40	Central Industrial	CLARK	2	30	45	36	20.0%	15.652	26.1	25.0	38	2.0	60	38%
50	Gore Road	CLARK	4	20	80	74	7.5%	28.034	22.7	21.8	77	4.0	80	4%
51	Steeles West	CLARK	4	15	60	45	25.0%	18.337	24.4	23.5	47	4.0	60	22%
51A	Steeles West - 51A	CLARK	1	60	60	46	23.3%	21.812	28.5	27.3	48	1.0	60	20%
52	McMurchy	CLARK	3	20	60	60	0.0%	16.3	16.3	15.6	63	4.0	80	22%
53	Ostdes	CLARK	2.25	20	45	35	22.2%	11.617	19.9	19.1	36	2.3	45	19%
54	James Potter	CLARK	1.75	20	35	35	0.0%	9.827	16.8	16.2	36	2.8	55	34%
56	Springbrook	SANDAL	2	30	60	46	23.3%	22.72	29.6	28.4	48	2.0	60	20%
58	Financial	SANDAL	1	30	30	29	3.3%	12.804	26.5	25.4	30	1.0	30	-1%
115	Airport Express	CLARK	2	30	60	52	13.3%	29.027	33.5	32.2	54	2.0	60	10%
501	Züm Queen	SANDAL	11	15	165	147	10.9%	58.406	23.8	22.9	153	11.0	165	7%
501A	Züm Queen - 501A	SANDAL	10	15	150	118	21.3%	60.813	30.9	29.7	123	10.0	150	18%
502	Züm Main	SANDAL	14	9	126	105	16.7%	41.88	23.9	23.0	109	14.0	126	13%
511	Züm Steeles	SANDAL	11	8	88	75	14.8%	31.502	25.2	24.2	78	11.0	88	11%
Total			235				9.8%					249		11.3%
% Additional Buses Required in 2024												6%		
												14		

Note: 1 Average Speed in 2024 was estimated by reducing 2013 Average Speed by 4% based on the 10.5% overall reduction in average Operating Speeds observed from the City's 2011 and 2041 Travel Demand Mode

^— # of additional buses req.

Appendix # 7

Table 8: Development Charges Rate Comparisons - GTA Municipalities
Total Charges - SINGLE FAMILY/SEMI DETACHED RESIDENTIAL
(Upper and Lower Tier combined)

	City	Region	Total
Mississauga/Peel	$28,662	$36,340	$65,002
Oakville/Halton	$23,527	$40,292	$63,819
BRAMPTON/PEEL (proposed)	$26,935	$36,340	$63,275
Markham/York [1]	$26,728	$40,751	$63,175
BRAMPTON/PEEL (current)	$25,586	$36,340	$61,927
Vaughan/York [1]	$17,770	$40,751	$58,245
Richmond Hill / York [1]	$17,715	$40,751	$55,969
Burlington / Halton	$8,203	$40,292	$48,495

Table 9: Development Charges Rate Comparisons - GTA Municipalities
Total Charges – LARGE APARTMENTS

	City	Region	Total
BRAMPTON/PEEL (current)	$17,293	$25,957	$43,250
Mississauga/Peel	$15,921	$25,957	$41,878
BRAMPTON/PEEL (proposed)	$15,225	$25,248	$41,605
Markham/York [1]	$14,716	$25,248	$39,964
Vaughan/York [1]	$10,660	$25,248	$35,908
Richmond Hill / York [1]	$9,992	$25,248	$35,240
Oakville/Halton	$13,725	$20,190	$33,915
Burlington / Halton	$4,075	$20,190	$24,265

1 York Region area municipalities include area specific charges

Appendix # 7 (cont.)

Table 10: Development Charges Rate Comparisons - GTA Municipalities
Total Charges – SMALL APARTMENTS
(Upper and Lower Tier combined)

	City	Region	Total
Markham/York[2]	$11,586	$17,136	$28,722
Oakville/Halton	$9,871	$18,470	$28,341
Vaughan/York [2]	$8,142	$17,136	$25,278
Mississauga/Peel	$10,869	$13,497	$24,366
Brampton/Peel (current)	$9,593	$13,497	$23,090
BRAMPTON/PEEL (proposed)	$9,529	$13,497	$23,026
Richmond Hill / York [2]	$5,847	$17,136	$22,983
Burlington / Halton	$3,026	$18,470	$21,496

[2] York Region area municipalities include area specific charges

Appendix # 7 (cont.)

Table 11: Development Charges Rate Comparisons - GTA Municipalities
Total Charges – INDUSTRIAL
(Upper and Lower Tier combined)

	City	Region	Total
Richmond Hill / York [3]	$54.75	$208.95	$263.70
Vaughan/York [3]	$52.73	$208.95	$261.68
Oakville/Halton	$106.30	$135.56	$241.86
Markham/York [3]	$29.73	$208.95	$238.68
Mississauga/Peel	$94.23	$135.02	$229.25
Burlington / Halton	$73.91	$135.56	$209.47
Brampton / Peel (current)	$49.21	$135.02	$184.23
BRAMPTON/PEEL (proposed)	$45.31	$135.02	$180.33

Table 12: Development Charges Rate Comparisons - GTA Municipalities
Total Charges – NON-INDUSTRIAL (COMMERCIAL)
(Upper and Lower Tier combined)

	City	Region	Total
Richmond Hill / York [3]	$69.06	$408.90	$473.59
Vaughan/York [3]	$33.34	$408.90	$441.76
Markham/York [3]	$30.72	$408.90	$432.09
Burlington / Halton	$115.48	$272.76	$388.24
Oakville/Halton	$106.30	$272.76	$379.06
Brampton / Peel (current)	$103.66	$196.59	$300.25
BRAMPTON/PEEL (proposed)	$96.70	$196.59	$293.29
Mississauga/Peel	$94.23	$196.59	$290.82

[3] York Region area municipalities include area specific charges

Appendix # 7 (cont.)

Table 13: Population/Employment Growth in DC Studies – GTA Municipalities

		2011	2021	Average Annual Rate of Growth	Actual Growth
Brampton	Population	523,900	603,200	1.42%	79,300
	Employment	172,120	206,800	1.85%	34,680
Mississauga	Population	713,440	753,870	0.55%	40,430
	Employment	454,670	506,910	1.09%	52,240
Burlington	Population	175,780	182,540	0.38%	6,760
	Employment	92,055	101,835	1.01%	9,780
Richmond Hill	Population	185,540	215,760	1.52%	30,220
Markham	Population	301,710	354,800	1.63%	53,090
	Employment	159,680	221,500	3.33%	61,820

D1-48

Appendix # 8

Draft Local Services Policy

D1-49

BRAMPTON
Flower City
brampton.ca

Corporate Policies

SECTION: Finance and Insurance SUBJECT: **General Policy Guidelines on Development Charge and Local Service Funding for City-related Works ('*Local Service Guidelines'*)**		POLICY 13.x.x *DRAFT*
EFFECTIVE: **May 16, 2014**	REPLACES: n/a	PAGE:
APPROVED BY: [resolution]	PROCEDURAL UPDATES: n/a	

POLICY STATEMENT:

This policy sets out the City of Brampton's general policy guidelines on Development Charges (DC) and 'local service' funding for services related to a Highway and Parkland Development. The guidelines outline, in general terms, the size and nature of engineered infrastructure that have been considered in the context of the preparation of the Development Charges Background Study as a development charge project, versus infrastructure that is considered as a 'local service', to be developed separately by a landowner or landowners, pursuant to a Subdivision Agreement.[4]

The following Local Service Guidelines are general principles by which staff have been guided, in the preparation of a capital inventories and capital cost projections in support of the preparation of and future administration of the Development Charges Background Study. They should be read in companion with the approved Background Study. The guidelines will also be used in assessing proposed development works stemming from development applications. Notwithstanding, each application will be considered in the context of these policy guidelines as subsection 59(2) of the Development Charges Act, 1997, 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.

General:

1. The project must be listed in the most current City of Brampton DC Study, or:

1.1 The City, at its sole discretion, may deem a project not listed in the most current DC Study to be development-related and potentially fundable in whole or in part, from DCs. Inclusion of a "new" project may require the substitution (removal) of a similar project or projects from the related service project list, as contained in the most current DC Study,

[4] *For reference, these guidelines will be referred to as the 'Local Service Guidelines'.*

or require consideration for future DC funding pending a DC Background Study update or amendment.

2. If the proposed infrastructure does not add any additional capacity over and above the capacity requirement for a specific development, these projects are assumed to be the sole responsibility of the developer as they serve only the associated development site.

   2.1. The City may require larger infrastructure than what may be necessitated by a given development in order to conform to standard infrastructure sizes and capacities as per the City's design criteria.

3. These Local Service Policy Guidelines are subject to review and amendment by the City either in conjunction with, or independent of any amendments or updates to the City's DC by-laws.

4. If a project is considered Local, it is the responsibility of the benefitting landowners to fund the works directly. For the purposes of these Guidelines, a 'Local' service shall be considered one that is attributed to the development, for which the primary benefactors are those that will reside within that development (e.g. subdivision(s).

5. Individual departments may provide supplemental detail with regard to the detailing of Development Charges (DC) and 'local service' funding-related works. These detailed statements[5] should be read in companion with this document.

6. The detailed engineering requirements for all work and/or development applications are governed by the City of Brampton Official Plan or, if not specified in the Official Plan, by the secondary or site-specific planning and associated servicing analysis, or Design Standards for Roads and other infrastructure.

SCOPE:

The Policy covers works related to a Highway and Parkland Development, in the determination of how such works shall be paid for.

For the purposes of this document, works that are a developer responsibility under s. 59 of the Development Charges Act (DCA) shall be defined as a '***Local Service***'. The capital costs associated with these items will be borne entirely by the developer, with no credit or reimbursement from the City.

Works that are reimbursable or creditable through DC reserves are identified as a '***DC-funded Service***'. These works are normally attributed to growth. The capital costs associated with

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[5] *An example of such supplemental detail has been appended (Appendix # 1) pertaining to parks development.*

these items shall be included in the Development Charges and either credited or reimbursed to the developer in exchange for the completion of such works.

RESPONSIBILITIES:

The Planning and Infrastructure Services Department is responsible for the planning, design and construction of new roads and parks in the City. Works are either undertaken by city-commissioned forces (capital works) or in conjunction with new subdivision development, where the work is carried out by developers through a subdivision agreement (developer-works).

For developer works commissioned through a subdivision agreement process, a developer (or developers) details the proposed work through drawings and costing schedules. The Engineering and Development Services Division is responsible for overseeing this. They will review and approve the works and determine what portions of the works are DC eligible (i.e. works that are creditable or reimbursable using DC Funds from existing or future reserves) and what portions of the works are considered wholly the developer(s) responsibility, under the assessment that it represents a 'local service'. This policy shall be used as a guideline in that assessment.

It is the responsibility of the Financial Planning and Budgets Division of the Corporate Services Department to ensure that DC funds for both capital works and developer works are allocated in accordance with the guidelines, herein.

A. SERVICES RELATED TO A HIGHWAY

A highway and services related to a highway are intended for the transportation of people and goods via many different modes including, but not limited to passenger automobiles, commercial vehicles, transit vehicles, bicycles and pedestrians. The highway shall consist of all land and all associated infrastructure built to support (or service) this movement of people and goods, regardless of the mode of transportation employed, thereby achieving a complete street. A complete street is the concept whereby a road is planned, designed, operated and maintained to enable pedestrians, cyclists, public transit users and motorists to move safely and comfortably, thereby allowing for the efficient movement of persons and goods.

The associated infrastructure to achieve the above shall include, but is not limited to: road pavement structure and curbs; grade separation / bridge structures (for any vehicles, railways, bicycles and/or pedestrians); grading, drainage and retaining wall features; culvert structures; storm water drainage systems and related remediation works; traffic control systems; active transportation facilities (e.g. sidewalks, bike lanes, multi-use paths, etc.); transit lanes, stops/(pads) and amenities; roadway illumination systems; boulevard and median surfaces (e.g. sod & topsoil, paving, painting etc.); street trees and landscaping; parking lanes and driveway entrances; noise attenuation systems; railings and safety barriers and other infrastructure that is required to complete the works.

ROADS (INCLUDING LAND & STRUCTURES)

1.1. 'Local Service'

1.1.1. Local Roads: All Local Roads are considered to be the developer's responsibility. Development Charge funding shall not apply to Local/Minor Collector Roads.

1.1.2 Land Acquisition on existing rights-of-way (to achieve a complete street) shall be dedicated under the Planning Act provisions (s. 41, 51 and s. 53) through new development.

'DC-funded Service'

1.1.2. For proposed roads internal to a development area, Development Charge funding shall be considered having regard for the following criteria:

1.1.2.1. Where alternative design standards are utilized and where the road functions as a major collector (e.g. 'transit spine road), and standard major collector roads or larger, as identified in the Official Plan; and,

1.1.2.2. Where costs, over and above the minimum 'local' standards, noted in section 1.1, shall be considered DC-eligible; and,

1.1.2.3. Such costs described in 1.2.1.2 are shared proportionately '50/50' – with 50% paid by the developer and 50% paid by DC's.

1.1.3. For proposed arterial roads related to a development area, DC funding shall be considered for 100% of the capital and land costs.

1.1.4. Land Acquisition for new rights-of-way (to achieve a complete street) - Dedication, where possible, under the Planning Act provisions (s.51 and s.53) through development lands up to the Arterial and Major Collector standard[6].

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[6] *For purposes of this Local Service guideline provision, the width of a road allowance for an Arterial Road standard is considered to be 36 m, mid-block to a maximum of 44.4 m at major intersections.*

2. TRAFFIC CONTROL SYSTEMS, SIGNALS AND INTERSECTION IMPROVEMENTS

2.1. 'Local Service'

Traffic signals required for any private site entrances or entrances to specific developments on Arterial or Collector roads related to a development that are necessitated by a specific development,

2.1.1 Intersection improvements and/or traffic signals required on Collector Roads, Local Roads, private site entrances or entrances related to a specific development.

2.2. 'DC-funded Service'

Traffic signals required on Arterial Roads and/or Major Collector Roads, intersecting with Collector Roads, due to general development growth,

2.2.1 Intersection improvements, new or modified signalization, signal timing & optimization plans, area traffic studies for Arterial Roads and/or Major Collector Roads intersecting with Collector Roads and attributed to growth and unrelated to a specific development.

3. STREETLIGHTS

3.1. 'Local Service'

3.1.1 Streetlights on Local and Collector Roads internal to development.

3.1.2 Streetlights on Non-Arterial or Non-Major Collector Roads external to development needed to support a specific development or required to link with the area to which the plan relates.

3.2. 'DC-Funded Service'

3.2.1 Streetlights on new Arterial Roads and Arterial Road Improvements.

4. TRANSPORTATION RELATED PEDESTRIAN AND CYCLING FACILITIES

4.1. 'Local Service'

4.1.1. Sidewalks, bike lanes, inclusive of all required infrastructure, located within or linking to non-Arterial road corridors internal to development.

4.1.2. Other sidewalks, and bike lanes, inclusive of all required infrastructure, located within non-Arterial road corridors external to development and needed to support a specific development or required to link with the area to which the plan relates.

4.2. 'DC Funded Service'

4.2.1. Sidewalks, multi-use paths and bike lanes, inclusive of all required infrastructure, located within Arterial, Major Collector, and Regional Road and Provincial Highway corridors.

5. NOISE ABATEMENT MEASURES

5.1. 'Local Service'

5.1.1. External and internal to development where it is related to, or a requirement of a specific development.

5.2. 'DC Funded Service'

5.2.1. On new Arterial Roads and Arterial Road improvements abutting an existing community and unrelated to a specific development.

6. TRANSIT NODES, TERMINALS, AND BUS STOP INFRASTRUCTURE

6.1. 'Local Service'

6.1.1. Transit node and bus stop infrastructure and amenities located within non-Arterial Road corridors internal to development.

6.1.2. Transit node and bus stop infrastructure and amenities located within non-Arterial road corridors external to development and needed to support a specific development or required to link with the area to which the plan relates.

6.2. 'DC Funded Service'

6.2.1 Transit node and bus stop infrastructure and amenities located within Arterial and Regional road corridors, and including transit stations or terminals located on lands to serve these road corridors.

B. PARKS AND RECREATIONAL FACILITY DEVELOPMENT

7. PARKLAND DEVELOPMENT

The following provides a general overview of items related to park development that are considered a 'local service' (developer's cost) vs. 'DC Funded Service' (creditable works). The Parks Planning and Development Section (Planning and Infrastructure Services) have provided additional detailed reference (Appendix # 1) which provides further reference to applicants.

7.1. 'Local Service'

7.1.1 Parkland Development for all Neighbourhood Parks (and Neighbourhood park sub categories as defined in the Official Plan or respective Secondary Plan) and valleylands, including, but not limited to the following:

- Clearing and grubbing
- Topsoil stripping and stockpiling
- Servicing – water, hydro, stormwater, sanitary, electrical, fibre/phone, catch basins, meter and meter boxes to a point just inside the property line as per COB requirements including catch basins, manhole, access boxes and meter boxes within the park property.
- Rough grading (pre-grading) and the supply of topsoil to the required depth, as per COB requirements
- When parkland parcels cannot be developed in a timely manner, they shall be graded to ensure positive drainage and seeded to minimize erosion and dust.
- Temporary fencing may also be required where there is no permanent fence to prevent illegal dumping
- Temporary park sign advising future residents that the site is a future park
- Perimeter fencing of parkland to the COB standard located on the private side of the property line of adjacent land uses (residential, industrial, commercial) as required by the COB.

7.2 'DC Funded Service'

7.2.1. Program facilities within parkland are included in area municipal DC cost and may be reimbursable to the developer as a DC credit to up to the service levels collected for. (See Appendix #1 for additional detail)

7.2.2. Parkland Development for Community/City Parks: No direct developer responsibility as a 'local service' provision. All works for such parks are included in the area municipal DC and coordinated through City-commissioned contracts.

8. LANDSCAPE BUFFER BLOCKS, FEATURES, CUL-DE-SAC ISLANDS AND BERMS

8.1. 'Local Service'

a. The cost of developing all landscape buffer blocks, landscape features, cul-de-sac islands, berms and other remnant pieces of land conveyed to the City shall be a direct developer responsibility as a 'local service'. Such costs include but are not limited to:

- Pre-grading, sodding or seeding, supply and installation of amended topsoil, (to the COB's required depth), landscape features, perimeter fencing and amenities and all planting.

- Perimeter fencing to the COB standard located on the private side of the property line of adjacent land uses (residential, industrial, commercial) as required by the COB

b. Boulevard improvements on all internal roads are considered to be a direct developer responsibility.

c. Boulevard improvements, including sidewalks and pathways, external to a development considered necessary to connect the development to public spaces and existing sidewalks are considered to be a direct developer responsibility

d. Boulevard improvements proposed as part of a development project, are a direct developer responsibility

8.2. 'DC-funded Service' (nil)

a. Boulevard improvements will be considered a ' service' or DC project based on the categorization of the adjacent road described in Highway Improvements section above

ADMINISTRATION:

The above guidelines have been endorsed by Council. It shall be noted that the endorsement of these guidelines is not intended to replace commitments to roads and parks made under previous DC and local service funding arrangements.

CONTACTS:

Manager, Capital and Development Financing, Corporate Services Department

Appendix # 1

PARKS/OPEN SPACE COST RESPONSIBILITY MATRIX[7]

The following table provides an overview describing who will pay for typical supply and install works completed to City of Brampton standards.

SAMPLE OF TYPICAL TYPES OF COMPONENTS	CITY COST (DC ELIGIBLE)	LOCAL SERVICE (DEVELOPER FUNDED)
Playgrounds: • Equipment and play-mix • Curb and ramps • Play-mix drainage to CB • Associated benches, bench pads, and pathway extensions required to provide access to the playground	• To average DC Service Levels, when all playgrounds city-wide are considered	• Amounts in excess of average city-wide DC Service Levels
Pathways: • Asphalt, limestone screenings, woodchips, or other appropriate surface material • Base and drainage as required • Bridges outside of the road allowance • Restoration (grading and planting) of areas disturbed during construction of the pathway • Lighting where appropriate, including service connection • Signage	• In woodlots, parks, valleys, channels	• In SWMPs and vistas, unless major asphalt pathway passing through the site, and then city only covers that portion

[7] This *Cost Responsibility Matrix* may be modified, in the future, subject to the approval of the Chief, Planning and Infrastructure Services, without the necessity that the Guidelines be re-tabled for approval by Council.

SAMPLE OF TYPICAL TYPES OF COMPONENTS	CITY COST (DC ELIGIBLE)	LOCAL SERVICE (DEVELOPER FUNDED)
Shade Structures: • Structure (with size appropriate for size of park) • Hard surface in shade structure area (e.g., concrete) • Lighting and applicable portion of the associated service connection • Seating under structure (e.g., picnic table(s))	• Up to one structure for every 2 neighbourhood parks; all in community / city parks	• Service levels in excess of 1 per 2 neighbourhood parks, plus enhancements such as stone piers
Plantings: • Trees and shrubs • Grass seed or sod, as appropriate. • Flower beds and bulbs • Irrigation, when required	• Within parks	• Within SWMPs, road ROW, buffers, vistas, cemeteries, and to begin re-establishment of woody vegetation
Fencing: • Material as appropriate	• P-gates, around tennis courts	• Along property lines separating different uses, within road ROW, and where playgrounds are too close to the road
Gateways / Entrance Features: • Structures • Decorative paving • Plantings • Irrigation	• NIL	• All
Water Play Facilities (Splash Pads): • Surface treatment • Water play equipment • Service connections and meters	• All up to size appropriate for area	• Further enhancements

SAMPLE OF TYPICAL TYPES OF COMPONENTS	CITY COST (DC ELIGIBLE)	LOCAL SERVICE (DEVELOPER FUNDED)
Sports Fields (e.g., soccer, baseball, cricket): • Fine grading • Subsurface drainage • Seed and/or sod • Lighting (when appropriate) • Goal posts, netting, fencing • Players benches • Bleachers (when appropriate)	• All	
Courts (multi-purpose): • Excavation and grading • Subsurface material • Surface material (usually asphalt) • Fencing	• All	• NIL
Parking Lots: • Excavation and grading • Subsurface material • Surface material (usually asphalt) • Curbing / curb stops • Line painting • Catch basins and storm water piping • Driveways • Medians and islands	• Up to zoning requirements for parking	• In excess of zoning requirements

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SAMPLE OF TYPICAL TYPES OF COMPONENTS	CITY COST (DC ELIGIBLE)	LOCAL SERVICE (DEVELOPER FUNDED)
General Park Development: • Drainage (catch basins, manholes, storm sewer piping) • Fine grading • Topsoil spreading • Seed and / or sod • Signage • Benches • Pads for benches and waste receptacles	• Except as listed in next column	• In SWMPs, vistas, and cemeteries
Consultants Fees	• For City cost works	• For developer cost works
HST	• For City cost works	• For developer cost works