

# Municipality of Lakeshore – Report to Council

## Finance & Technology

### Financial Planning & Analysis



**To:** Mayor & Members of Council

**From:** Justin Rousseau, Corporate Leader, CFO

**Date:** April 12, 2022

**Subject:** Development Charges Update Study Public Meeting

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### Recommendation

Administration circulate and publish the Development Charge Update Study for public consultation and prepare the Development Charges By-law amendment for Council's consideration at the May 30, 2022 Council meeting.

### Background

The Municipality of Lakeshore imposes development charges (D.Cs) to recover capital costs arising from the increase in need for services related to growth. The Municipality currently has a municipal-wide D.C. for the following services:

- Services related to a highway;
- Public works;
- Fire protection services;
- Policing services;
- Parks and Recreation services;
- Library services; and
- Growth studies

In addition to the above services, the Municipality also recovers water and wastewater costs in the Municipality's urban-serviced areas.

The basis for these D.C.s is documented in the "Town of Lakeshore Development Charges Background Study" dated October 7, 2020, which provided the supporting documentation for By-law 89-2020. The D.C. by-law came into effect January 1, 2021.

The Municipality's D.C.s have been indexed (in accordance with Section 5 of the by-law) annually on January 1st and are currently 14.47% higher than the rates implemented under By-law 89-2020.

Watson and Associates Economists Ltd. was retained to update the current D.C. by-law to reflect updated cost estimates and provide for the recovery of financing costs for the

Denis St. Pierre Water Pollution Plant Expansion. This is necessary, as the current construction cost in the Development Charge study is much less than actuals experienced at Tender. If a D.C. Update is not done the Municipality will not collect sufficient funds to help cover the growth portion of the project.

## Comments

### The Process:

A public meeting required under section 12 of the D.C.A. is taking place today April 26, 2022. Its purpose is to present the update study to the public and to solicit public input. The meeting is also being held to answer any questions regarding the study's purpose, methodology and the proposed modifications to the Municipality's D.C. by-law.

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

- Consideration of responses received prior to, at or immediately following the Public Meeting; and
- Council consideration of the amending by-law on May 31, 2022.

The following is a schedule of key D.C. process dates for the Municipality of Lakeshore

Project Milestone	Timing
1. Data collection, staff review, and D.C. calculations	February to March 2022
2. Background study and proposed by-law available to public	March 30, 2022
3. Public meeting advertisement placed in newspaper(s)	No later than April 5, 2022
4. Public meeting of Council	April 26, 2022
5. Council considers adoption of background study and passage of by-law	May 31, 2022
6. Newspaper notice given of by-law passage	By 20 days after passage
7. Last day for by-law appeal	40 days after passage
8. Municipality makes pamphlet available (where by-law not appealed)	By 60 days after in force date

### The Issue:

An expansion to the Denis St. Pierre Water Pollution Control Plant was identified in the 2020 D.C. study at a capital cost of approximately \$30 million (2020 dollars). This was based on estimated construction and associated tender prices in 2018/2019. The COVID-19 pandemic has been a significant factor in the increase in tender prices for

construction. There is no anticipated change in the scope of the project; the increase in cost is reflective of the increase in construction/tender prices. As such, the revised estimate based on current tender prices is \$54 million (or approximately \$47 million in 2020 dollars). Based on the 2020 D.C. background study, this project is 90% growth-related. This results in a net capital cost of \$39.76 million to be included in the D.C. calculation.

In addition to the capital costs for the expansion, the Municipality has also identified financing costs for the Denis St. Pierre expansion project. Approximately \$5.10 million has been identified and included in the D.C. calculation.

Based on these additional costs, approximately \$60.02 million is to be included in the D.C. calculation for wastewater facilities (for comparison, \$39.74 million was included in the 2020 D.C. study).

Based on the Municipality's 2020 D.C. study, the growth-related costs have been allocated between residential and non-residential development based on the incremental population and employment growth over the forecast period in urban serviced areas. This results in a 65% allocation to residential development and 35% allocation to non-residential development.

### **Others Consulted**

Watson and Associates Economist Ltd.

### **Financial Impacts**

Based on the proposed DC By-law update in 2020 dollars the wastewater Development Charge Rates will change as follows:

Service/ Class of Service	Current By-law 89-2020 (2020\$)	Calculated D.C Update (2020\$)	Increase
Waterwater Services (Residential per single detached unit)	\$10,391	\$14,116	\$3,725
Waterwater Services (Non-Residential DC per Sq ft)	4.46	6.05	\$1.59

When factoring in the inflation over the past two years the revised D.C. Charged for 2022 will be as follows upon completion of the Development Charge Update

**Municipality of Lakeshore  
Updated D.C. Schedule (2022\$)**

Service/Class of Service	RESIDENTIAL					NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)	Wind Turbine & Communication Towers (per Turbine/Tower)	Solar Farm (per sq. ft.)
	Single and Semi-Detached Dwelling	Other Multiples	Apartments - 2 Bedrooms +	Apartments - Bachelor and 1 Bedroom	Special Care/Special Dwelling Units			
<b>Municipal Wide Services/Classes of Services:</b>								
Services Related to a Highway	6,844	4,001	3,499	2,704	2,260	3.04	6,844	3.04
Public Works	648	379	331	256	214	0.28	-	-
Fire Protection Services	814	476	417	322	269	0.35	814	0.35
Policing Services	121	71	62	48	40	0.06	121	0.06
Parks and Recreation Services	4,297	2,511	2,197	1,698	1,419	0.19	-	-
Library Services	-	-	-	-	-	-	-	-
Growth Studies	528	308	270	208	174	0.23	528	0.23
<b>Total Municipal Wide Services/Classes of Services</b>	<b>13,252</b>	<b>7,746</b>	<b>6,775</b>	<b>5,236</b>	<b>4,376</b>	<b>4.16</b>	<b>8,307</b>	<b>3.68</b>
<b>Urban Services</b>								
Wastewater Services	16,158	9,445	8,261	6,364	5,337	6.93	-	-
Water Services	4,833	2,825	2,471	1,909	1,596	2.08	-	-
<b>Total Urban Services</b>	<b>20,991</b>	<b>12,270</b>	<b>10,733</b>	<b>8,293</b>	<b>6,932</b>	<b>9.00</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL RURAL AREA</b>	<b>13,252</b>	<b>7,746</b>	<b>6,775</b>	<b>5,236</b>	<b>4,376</b>	<b>4.16</b>	<b>8,307</b>	<b>3.68</b>
<b>GRAND TOTAL URBAN AREA</b>	<b>34,243</b>	<b>20,016</b>	<b>17,508</b>	<b>13,529</b>	<b>11,308</b>	<b>13.16</b>	<b>8,307</b>	<b>3.68</b>

## Attachments

Development Charge Background Study

Presentation for Public Meeting

## Report Approval Details

Document Title:	Development Charges Update Study Public Meeting.docx
Attachments:	- Development Charges Background Study Report.pdf - Lakeshore DC Update Public Meeting Presentation - Final.pdf
Final Approval Date:	Apr 21, 2022

This report and all of its attachments were approved and signed as outlined below:

Prepared by Justin Rousseau

Approved by Truper McBride