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The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2022-F-9
Date: March 8, 2022

Subject:

Authorization to Undertake a Comprehensive Review and Passage of a New Regional Residential and Non-residential Development Charge By-law

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) That a comprehensive review and passage of a new Regional Residential and Non-residential Development Charge By-law, including the related policies, be undertaken for consideration in the spring of 2023, as required by legislation;
- B) That the following outside consulting and legal services be retained, at an estimated cost not to exceed \$300,000, to provide technical expertise with the preparation of the Regional Residential and Non-residential Development Charge By-law and Background Study as follows:
 - i. The consulting firm of Watson & Associates Economists Ltd. be retained to assist with the development of the Regional Residential and Non-residential Development Charge Background Study, including the residential and non-residential planning forecasts and policy framework;
 - ii. The legal firm of WeirFoulds LLP be retained to prepare the new Regional Residential and Non-residential Development Charge By-law, ensuring the new by-law complies with the requirements of the Development Charges Act; and
 - iii. That consulting services be retained to assist Regional staff in the development of detailed capital cost estimates and related supporting analysis for the long-term roads, water supply and sanitary sewerage capital forecast.

- C) That the cost of this external consulting and legal services expenditures in the estimated amount of up to \$300,000 be financed as follows:

Development Charge Studies Reserve Fund	\$205,800	68.6%
Property Taxes	47,100	15.7%
Water and Sewer User Revenue	<u>47,100</u>	15.7%
Total	<u>\$300,000</u>	

With the property tax and water and sewer user revenue portions to be funded at the discretion of the Commissioner of Finance

- D) That the Commissioner of Finance be authorized to execute the necessary agreements.

Report:

1. Purpose

- 1.1 The purpose of this report is to inform Regional Council of the pending work to pass a new Regional Residential and Non-residential Development Charge (DC) By-law in the spring of 2023 in order to remain compliant with provincial legislation.

2. Background

- 2.1 The Regional Residential and Non-residential DC By-law for water supply, sanitary sewerage, roads, long-term care, police, paramedic services, housing services and health and social services (No. 28-2018, as amended) will expire on June 30, 2023. Work to pass a new by-law needs to commence in 2022. This report seeks authorization for staff to acquire the necessary consulting and legal services to assist with the development of a new DC By-law.

3. Previous Reports and Decisions

- 3.1 Report No. 2021-F-23 provided an update to the future work on the Regional Residential and Non-residential DC By-law.

4. Time Frame for Regional Development Charge Review

- 4.1 Figure 1 provides the timing of the necessary actions to pass a new Regional Residential and Non-residential DC By-law:

Figure 1
Schedule of Dates for the Region of Durham
DC Review

	Task	Regional Residential and Non-residential DC Review*
1.	Background Development Charge Review	April 2022 – February 2023
2.	Consultation with development industry, chambers of commerce and AM	September - February 2023
3.	Public Meeting Notice placed in newspapers (20 days ahead of Public meeting)	By March 1, 2023
4.	Release of Background study and proposed by-law (60 days prior to passing of DC By-Law and 14 days prior to Public Meeting)	March 7, 2023
5.	Public Meeting of Council	March 22, 2023
6.	Input from public, local development industry and area municipalities	March – April, 2023
7.	Final Date for Public Comment	April 21, 2023
8.	Finance and Administration Committee Review of final By-law	May 9, 2023
9.	Regional Council Consideration of Final By-law	May 24, 2023
10.	Implementation of New DC By-law	July 1, 2023

* Note that the above dates may be revised once the 2023 Regional Council schedule has been confirmed.

- 4.2 As part of the passage of a new DC By-law, staff will explore opportunities for new DC services that are now permitted under the DCA, including childcare and early years programs, services related to proceedings under the Provincial Offences Act, services related to emergency preparedness and waste diversion services. The DC Background Study to be released in March, 2023 will include any proposed new DC service categories for Council consideration.
- 4.3 The Region must prepare the background study and follow a public process in accordance with the Development Charges Act (DCA). The DCA and associated regulations require that at least one public meeting be held before the passage of a by-law and that the background study and proposed by-law must be available at least two weeks prior to the public meeting and 60 days prior to the passing of the DC by-law.

- 4.4 Accordingly, the proposed DC review will include a public meeting in March, 2023 for the Regional Residential and Non-residential DC By-law. The review also continues the Region's practice of soliciting input from all area municipalities, the local development industry, Chambers of Commerce and Business Associations, as the study proceeds through the various stages (ie. growth forecasts, capital plans and policy development).
- 4.5 It is recommended that the following list of outside consulting and legal services be retained to assist with the preparation of the Development Charge By-law and Background Study:
- a. Watson & Associates Economists Ltd. be retained to assist with the development of the DC Background Study, including the preparation of the development forecasts and policies. This firm has been retained for the Region's past DC studies and has extensive experience in the area of DCs. They are also very familiar with the municipal sector and the Region of Durham in particular;
 - b. The law firm of WeirFoulds LLP be retained to provide the necessary services, including the preparation of the new DC By-law (this firm worked on the preparation of the DC By-law renewals and amendments from 2017 – 2021). It will be necessary to receive outside legal advice and direction to ensure that the Region complies with the requirements of the DCA. The DCA provides for the right of appeal to the Ontario Land Tribunal (OLT) (formerly the Local Planning Appeal Tribunal (LPAT)) by a person or organization who objects to the new DC By-law. It is imperative, therefore, that the new DC by-law be supportable under the regime set out in the DCA;
 - c. Outside consulting services to assist staff with the detailed costing of the long-term capital cost estimates for water supply, sanitary sewerage and Regional roads. An accurate capital forecast is key to ensuring the Region collects sufficient DCs to finance the future growth-related capital program and to defend and justify the capital program to other stakeholders, including the development industry.

5. Planning Forecast Used for the Passage of the DC By-law

- 5.1 The Region is currently undertaking a municipal comprehensive review of the Regional Official Plan through Envision Durham. This review includes allocating the population and employment growth forecasts to 2051 (which were established by the Province through the Growth Plan for the Greater Golden Horseshoe) to the area municipalities. Once the Regional Official Plan is approved by the Province, the population and employment forecasts to 2051, as generated through the review of the Regional Official Plan, are subsequently allocated into service areas (for water supply and sanitary sewer services) and transportation zones (for roads and transit services) in order to allow staff to generate the infrastructure requirements to 2051. This work is necessary to complete a new DC By-law.

- 5.2 The anticipated timing of adoption of the new Regional Official Plan by Regional Council, and subsequent approval of the Plan by the Province, will not provide staff sufficient time necessary to generate the infrastructure requirements and associated cost estimates needed to pass a new Regional Residential and Non-residential DC By-law prior to their expiration date. Therefore, Regional staff are proposing that interim growth forecasts beyond the current Regional Official Plans planning horizon of 2031 be developed to inform the 10-year infrastructure forecasts for the Regional Residential and Non-residential DC By-law. Regional staff will meet with the development industry and area municipalities to advise of the recommended approach for the 2023 DC By-law.
- 5.3 Following the approval of the new Regional Official Plan by the Province and the subsequent updates to the infrastructure master plans and capital plans, the DC Background Study and By-law will need to be updated to assess the growth-related capital needs, in their entirety, for the forecast period to 2051.

6. Financial Implications

- 6.1 It is recommended that the external consulting and legal services expenditures estimated at \$300,000 be funded from the existing Development Charge Studies Reserve Fund (\$205,800) with the balance (\$94,200) from property taxes (\$47,100) and water and sanitary sewer user revenue (\$47,100), with the financing to be determined at the discretion of the Commissioner of Finance.

7. Relationship to Strategic Plan

- 7.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Ensuring the Region's DC By-law is in conformity with the DCA, supporting Goal 5 (Service Excellence).

8. Conclusion

- 8.1 A comprehensive Regional DC review to be undertaken by Regional staff, with the assistance of the recommended consultant and a specialist legal counsel, is recommended to ensure that the Regional DC and policy is updated prior to the expiry of the existing DC By-law and provides an appropriate level of funding for the Region's long term growth-related capital needs.
- 8.2 The recommended Regional DC review will include consultation with the Area Municipalities, the local development industry, local boards of trade, Chamber of Commerce and the public.
- 8.3 This report has been reviewed by staff of the Planning & Economic Development, Works and Corporate Services - Legal departments who concur with the recommendations.

Respectfully submitted,

Original Signed By

N. Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer