

REPORT FOR PUBLIC CONSULTATION
PREPARED BY HEMSON FOR
THE MUNICIPALITY MUNICIPALITY OF MEAFORD



INTERIM DEVELOPMENT CHARGES BACKGROUND STUDY

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EXECUTIVE SUMMARY

A. PURPOSE OF 2021 INTERIM DEVELOPMENT CHARGES (DC) BACKGROUND STUDY

i. A New Short-term Development Charges By-law is Recommended

The Municipality of Meaford Interim 2021 Development Charges (DC) Background Study is presented as part of the process to lead to the approval of a new DC by-law in compliance with the *Development Charges Act, 1997 (DCA)* that provides for the continuation of the Municipality's current development charges rates and policies .

ii. Municipality to Continue with Comprehensive DC Review and Update to Provide New Rates and Policies in 2021

The Municipality is in the process of completing a comprehensive review and update of its development charges rates, policies and practices; however, the study process will not be completed, while allowing for extended public and developer consultation, prior to the expiry of the Municipality's existing by-law (after consideration of the Provincial extension provided by the *Emergency Management and Civil Protection Act* in which a declaration of Emergency was declared under *Ontario Regulation 50/20 as a result of COVID-19*). It is our understanding that on the declaration of emergency was revoked and the Municipality's DC by-law would expire 6 months from the termination of the emergency declaration being early 2021.

Given the events surrounding the outbreak of COVID-19 in Ontario and across Canada, it is understandable that municipal governments have made it their utmost priority to protect residents. The Municipality of Meaford has taken the COVID-19 outbreak very seriously to protect the community, as a result municipal resources were deployed and fully committed to manage the pandemic which therefore has limited the resources available to carry-out the DC Study within the timeframe required. Therefore, in order to provide for a full and comprehensive consultative process, it is necessary to extend the By-law beyond the current by-law expiry. This extended time will also allow for the internal resources required to more fully examine the development forecast, inventory of capital assets and development-related capital costs.

The comprehensive Development Charges Background Study and related process is expected to be undertaken in 2021.

iii. **Services Considered under this Study**

It should be noted that the services included for in this interim Development Charges Background study relate solely to Services Related to a Highway (Roads and Related and Public Works), Fire Emergency Services, Water and Sewer. Other services such as Public Library, Parks and Recreation and Administration (development-related studies), for which development charges are currently collected for, will continue to be in force under the existing DC By-law 56-2015 until the Municipality passes a new DC by-law for these services (and the existing DC by-law is repealed) or two years after the day *COVID-19 Economic Recovery Act, 2020* comes into force.

Although development charges for Public Library, Parks and Recreation services and Administration (development-related studies) are not included in this interim DC Background Study, the development charges at the existing rates are included in a summary of the total charges for illustration purposes in this study. Furthermore, these services will be included and recalculated in the upcoming comprehensive DC Background Study to be.

iv. **DC Eligible and Ineligible Costs**

Development charges are intended to pay for the initial round of capital costs needed to service new development over an identified planning period. This is based on the overarching principle that “growth pays for growth”. However, the *DCA* and associated regulation includes several statutory adjustments that prevent these costs from fully being recovered by growth. Such adjustments include, but are not limited to: ineligible costs, including operating and maintenance costs; ineligible services; deductions for costs that exceed historical service level caps; and statutory exemptions for specific uses (i.e. industrial expansions).

B. PROPOSED DEVELOPMENT CHARGES

The analysis undertaken thus far for services considered in this study indicates development charges rates (for single/semi detached units) in the Municipality would need to cumulatively increase by upwards of 10 per cent from the current 2020 rates in order to recover for the development-related capital costs required to support development occurring throughout the Municipality¹. The preliminary analysis also shows upward pressure on the DC rates for all services being considered under this study.

¹ The increase calculated and referenced relates only for services to which this Interim DC study related to (i.e. Services Related to a Highway, Fire Emergency Services, Water and Sewer). The preliminary analysis for other DC services such as Public Library, Parks and Recreation and Administration (studies) would put additional upward pressure on the rates.

As a result of completing this preliminary analysis, it is evident that the required calculations for each service to which the development charge by-law relates justify, at a minimum, that the current rates be maintained for the interim development charge by-law. Therefore, despite the initial calculations indicating a more substantial rate increase, the development charges rates are proposed to be identical to those imposed by the Municipality at the time of passage in early 2021 for the interim period.

The first table below provides the Municipality-wide development charges currently levied by the Municipality for residential and non-residential development. These are the charges that are proposed for the Municipality's interim DC by-law upon passage in early 2021 with the exception of the charge for Nursing Homes being introduced as a part of this by-law. Nursing Homes are treated as a residential use under Meaford's DC by-law and it proposed that the charge be levied on a per bed bases with an occupancy of 1 person/bed. The rate will be comprised of the services being covered under this by-law, namely; Services related to a Highway – public works and roads, fire services, water and sewer services. The Municipality also levies area-specific charges in Service Area 1, Service Area 2 and Service Area 3. These rates, which will be proposed for the interim DC by-law, are also included in the tables below.

Service	Municipal-wide Charges				
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre	
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development
Fire Emergency Services	\$751	\$504	\$305	\$5.84	\$3.43
Services Related to a Highway					
<i>Public Works</i>	\$485	\$327	\$197	\$3.84	\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29	\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17	\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50	\$31.22
Public Library*	\$603	\$406	\$0	\$0.00	\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00	\$0.00
Parking*	\$173	\$117	\$0	\$1.25	\$1.07
Administration*	\$304	\$205	\$0	\$2.48	\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$13,517	\$9,088	\$4,054	\$88.37	\$47.89

*Shown for illustration purposes

Service	Service Area 1 Charges					
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre		
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development	
Fire Emergency Services	\$751	\$504	\$305	\$5.84		\$3.43
Services Related to a Highway						
<i>Public Works</i>	\$485	\$327	\$197	\$3.84		\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29		\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17		\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50		\$31.22
Public Library*	\$603	\$406	\$0	\$0.00		\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00		\$0.00
Parking*	\$173	\$117	\$0	\$1.25		\$1.07
Administration*	\$304	\$205	\$0	\$2.48		\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$13,517	\$9,088	\$4,054	\$88.37		\$47.89

*Shown for illustration purposes

Service	Service Area 2 Charges					
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre		
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development	
Fire Emergency Services	\$751	\$504	\$305	\$5.84		\$3.43
Services Related to a Highway						
<i>Public Works</i>	\$485	\$327	\$197	\$3.84		\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29		\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17		\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50		\$31.22
Service Area 2 Water	\$1,126	\$756	\$458	\$9.93		\$5.30
Service Area 2 Sewer	\$1,590	\$1,068	\$646	\$14.03		\$7.47
Public Library*	\$603	\$406	\$0	\$0.00		\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00		\$0.00
Parking*	\$173	\$117	\$0	\$1.25		\$1.07
Administration*	\$304	\$205	\$0	\$2.48		\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$16,233	\$10,912	\$5,157	\$112.33		\$60.66

*Shown for illustration purposes

Service	Service Area 3 Charges					
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre		
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development	
Fire Emergency Services	\$751	\$504	\$305	\$5.84		\$3.43
Services Related to a Highway						
<i>Public Works</i>	\$485	\$327	\$197	\$3.84		\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29		\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17		\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50		\$31.22
Service Area 3 Water	\$1,166	\$783	\$474	\$10.14		\$5.28
Service Area 3 Sewer	\$1,637	\$1,100	\$665	\$10.22		\$5.33
Public Library*	\$603	\$406	\$0	\$0.00		\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00		\$0.00
Parking*	\$173	\$117	\$0	\$1.25		\$1.07
Administration*	\$304	\$205	\$0	\$2.48		\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$16,320	\$10,971	\$5,193	\$108.73		\$58.50

*Shown for illustration purposes

C. FEW MODIFICATIONS TO THE MUNICIPALITY'S EXISTING DEVELOPMENT CHARGES BY-LAW ARE PROPOSED

A draft copy of the development charges by-law will be made available to the public for review in advance of the statutory public meeting consistent with the requirements of the DCA. The by-law itself will be largely identical to the existing DC by-law, with adjustments

to reflect legislative changes that have occurred since the passage of Meaford's current DC By-law, Number 56-2015.

Additionally, the Municipality is proposing a change in the by-law to provide clarity on the treatment of nursing home facilities. The following is the proposed definition of a nursing home, for the purpose of the DC by-law:

A facility for the residential care of elderly or disabled people. Nursing homes may also be referred to as a nursing facility, long-term care facilities, care homes, rest homes, convalescent homes or convalescent care

Nursing Homes are treated as a residential use under Meaford's DC by-law and it proposed that the charge be levied on a per bed bases with an occupancy of 1 person/bed. The rate will be comprised of the services being covered under this by-law, namely; Services related to a Highway – public works and roads, fire services, water and sewer services.

1. INTRODUCTION

The Municipality of Meaford Interim 2021 Development Charges (DC) Background Study is presented as part of the process to lead to the approval of a new DC by-law in compliance with the *Development Charges Act, 1997 (DCA)* that provides for the continuation of the Municipality's current development charges rates and policies for a period of six months.

A. PURPOSE OF STUDY

The Municipality is in the process of completing a comprehensive review and update of its development charges rates, policies and practices; however, the study process will not be completed, while allowing for extended public and developer consultation, prior to the expiry of the Municipality's existing by-law (after consideration of the Provincial extension provided by the *Emergency Management and Civil Protection Act* in which a declaration of Emergency was declared under *Ontario Regulation 50/20 as a result of COVID-19*). It is our understanding that on the declaration of emergency was revoked and the Municipality's DC by-law would expire 6 months from the termination of the emergency declaration being early 2021.

Given the events surrounding the outbreak of COVID-19 in Ontario and across Canada, it is understandable that municipal governments have made it their utmost priority to protect residents. The Municipality of Meaford has taken the COVID-19 outbreak very seriously to protect the community, as a result municipal resources were deployed and fully committed to manage the pandemic which therefore has limited the resources available to carry-out the DC Study within the timeframe required.

Therefore, the Municipality, in consultation with Hemson, have initiated this Interim 2021 Development Charges (DC) Background Study as part of the process to lead to the approval of a new DC by-law in compliance with the *Development Charges Act, 1997 (DCA)* that provides for the continuation of the Municipality's current development charges rates and policies for a period of six months. This interim study presents the results of the review that determines the development-related net capital costs which are attributable to new development forecast to occur in the Municipality of Meaford. These development-related net capital costs are then apportioned among various types of development (residential; non-residential) in a manner that reflects the increase in the need for each service attributable to each type of development.

As a result of completing this analysis, it is clear that the required calculations for each service to which the interim development charge background study and by-law relates justify, at a minimum, that current rates be maintained. The approach proposed by the Municipality is conservative which would allow for a more consultative process with council, the development industry and interested members of the public which would not have been afforded without this interim DC Study and accompanying by-law proposed.

The *DCA* provides for a period of public review and comment regarding the proposed development charges. Following completion of this process, in accordance with the *DCA* and Council's review of this study and the comments it receives regarding this study or other information brought to its attention about the proposed charges, it is intended that Council will pass new development charges for the Municipality.

2. MUNICIPAL-WIDE & AREA-SPECIFIC APPROACH

Several key steps are required in calculating any development charge. However, specific circumstances arise in each Municipality which must be reflected in the calculation. Therefore, this study has been tailored for the Municipality of Meaford's unique circumstances. The approach to the proposed development charges is focused on providing a reasonable alignment of development-related costs with the development that necessitates them.

A. MUNICIPAL-WIDE & AREA-SPECIFIC DEVELOPMENT CHARGES ARE CALCULATED

The Municipality provides a wide range of services to the community it serves and has an extensive inventory of facilities, land, infrastructure, vehicles and equipment. The *DCA* provides municipalities with flexibility to define services that will be included in development charge by-laws, provided that the other provisions of the Act and its associated regulations are met. The *DCA* also requires that the by-law designates the areas within which the by-law shall be imposed. The development charges may apply to all lands in a municipality or to other designated development areas as specified in the by-law.

i. Services Based on a Municipal-Wide Approach

For the services that the Municipality provides, a range of capital facilities, land, equipment and infrastructure are available throughout the Municipality; fire stations, arterial roads and so on. As new development occurs, additional facilities will need to be constructed so that service levels in newly developing areas are consistent with levels enjoyed in existing communities. A widely accepted method for sharing the development-related capital costs for such Municipal services is to apportion them over all new development anticipated in the Municipality.

The following services are included in the Municipal-wide development charges calculation:

- Fire Emergency Services;
- Services Related to a Highway:
 - Public Works; and
 - Roads and Related.
- Municipal-Wide Water; and

- Municipal-Wide Sewer.

Importantly, other services such as Public Library, Parks and Recreation, Parking and Administration (development-related studies), for which development charges are currently collected for, will continue to be in force until the Municipality passes a new DC by-law for these services (and the existing DC by-law is repealed) or two years after the day *COVID-19 Economic Recovery Act, 2020* comes into force.

Although development charges for Public Library, Parks and Recreation, Parking and Administration (development-related studies) are not included in this interim DC Background Study, the development charges at the existing rates are included in a summary of the total charges for illustration purposes in this study. Furthermore, these services will be included and recalculated in the comprehensive DC Background Study to be released in later 2021.

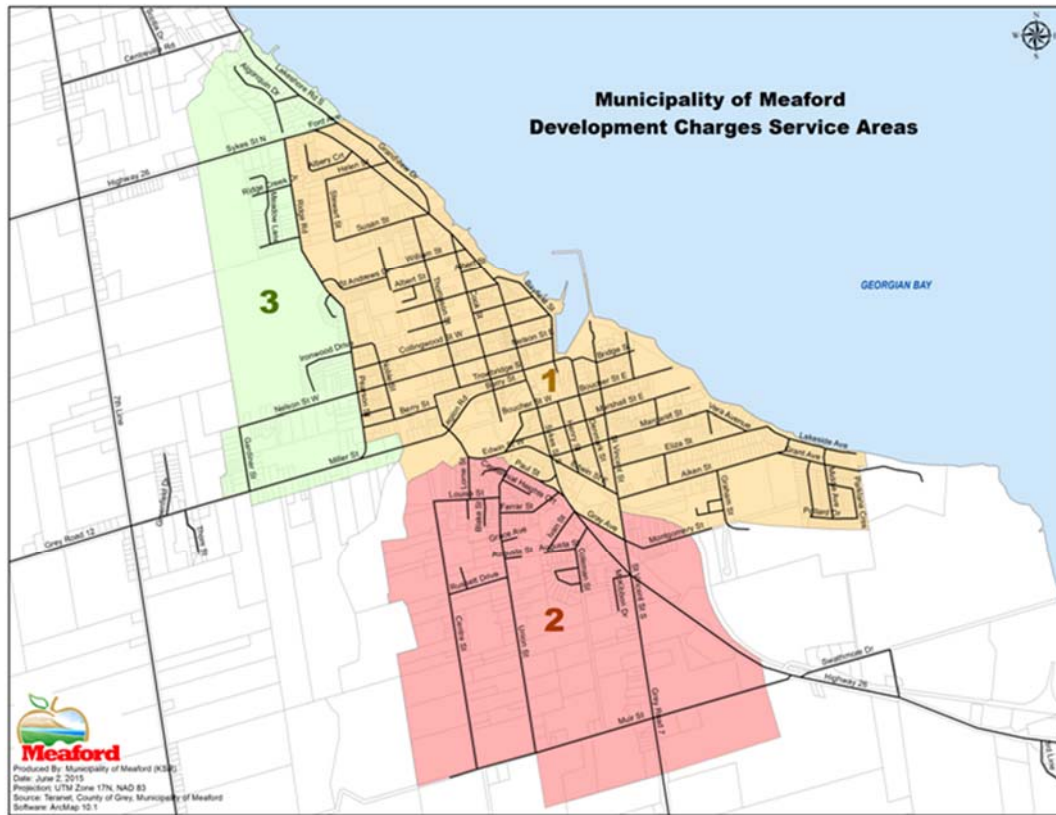
These services form a reasonable basis on which to plan and administer the development charges. The analysis of each of these services examines the individual capital facilities and equipment that make them up. For example, Fire service includes various buildings and associated land, fire fighting vehicles and equipment.

The resulting development charge for these services would be imposed against all development in the Municipality.

ii. Services Based on an Area-Specific Approach

In addition to the Municipal-wide development charges, area-specific development charges are calculated for the recovery of the engineered services – water distribution and sewage collection – that are required in various service areas. The area-specific approach more closely aligns costs and benefits for services with benefits that are more localized and can be identified. These service areas are outlined in Figure 1 below.

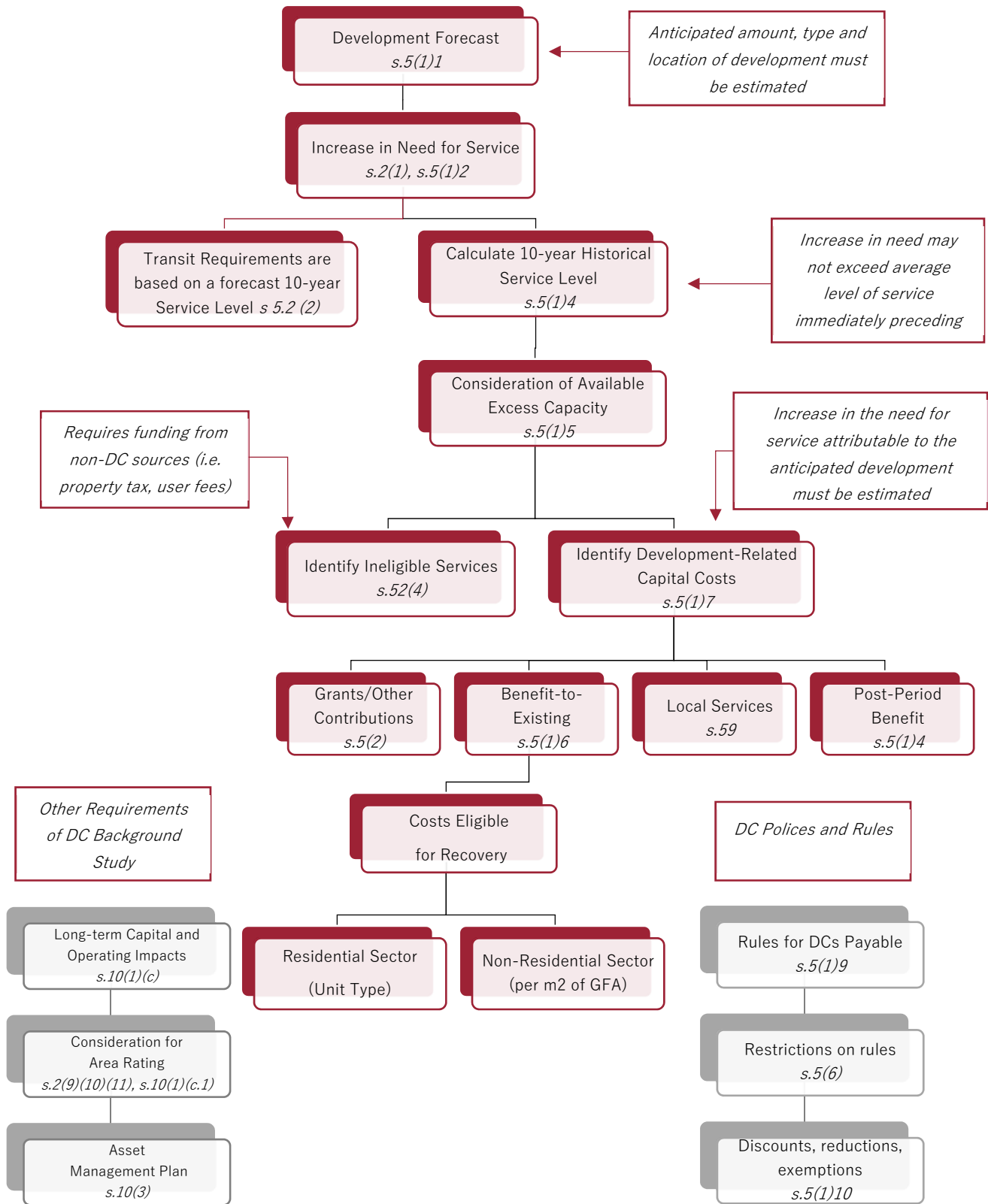
Figure 1 Municipality of Meaford Development Charges Service Areas



B. KEY STEPS IN DETERMINING DEVELOPMENT CHARGES

Several key steps are required in calculating development charges for future development-related projects. These are summarized below and illustrated in Figure 1.

Figure 2 Statutory Requirements of Development Charge Calculation and Study Process



i. Development Forecast

The first step in the methodology requires a development forecast to be prepared for the study period, 2021–2031, for the general services considered in this study. All engineering services are based on a development forecast to build-out. The forecasts of population and households are guided by discussions with municipal staff, consistent with the last DC study updated for the 2016 Census, building permit activity (2016-2020), and other planning data. The water, sewer and roads calculations are based on the build-out data for the three service areas shown on Figure 1, consistent with the 2015 DC Study.

For the residential portion of the forecast, the net (or Census) population growth and population growth in new units is estimated. Net population growth equals the population in new housing units reduced by the decline in the population in the existing base anticipated over the planning period (due to reducing household sizes as the community ages). Net population is used in the calculation of the development charges funding envelopes. In calculating the per capita development charge, however, population growth in new units is used.

The non-residential portion of the forecast estimates the Gross Floor Area (GFA) of building space to be developed over the planning period, 2021–2031. The forecast of GFA is based on the employment forecast for the Municipality. A factor for floor space per worker by category is used to convert the employment forecast into gross floor area for the purposes of the DC Background Study.

ii. Service Categories and Historical Service Levels

The *DCA* provides that the increase in the need for service attributable to anticipated development:

... must not include an increase that would result in the level of service exceeding the average level of that service provided in the Municipality over the 10-year period immediately preceding the preparation of the background study...(s. 5. (1) 4.)

Historical 10-year average service levels thus form the basis for development charges. A review of the Municipality's capital service levels for buildings, land, vehicles and so on, has therefore been prepared as a reference for the calculation, so that the portion of future capital projects that may be included in the development charge can be determined. The historical service levels used in this study have been calculated based on the period 2011–2020. Please note that this information is anticipated to be finalized over the next several months and subject to change based on more recent data.

iii. **Development-Related Capital Program and Analysis of Net Capital Costs to be included in the Development Charges**

A development-related capital program has been prepared by Municipal staff as part of the present study. The program identifies development-related projects and their gross and net costs, after allowing for capital grants, subsidies or other contributions as required by the Act (*DCA*, s. 5. (2)). The capital program provides another cornerstone upon which development charges are based. The *DCA* requires that the increase in the need for service attributable to the anticipated development may include an increase:

... only if the council of the Municipality has indicated that it intends to ensure that such an increase in need will be met. (s. 5. (1) 3.)

In conjunction with *DCA*, s. 5. (1) 4. referenced above, these sections have the effect of requiring that the development charge be calculated on the lesser of the historical 10-year average service levels or the service levels embodied in future plans of the Municipality. The development-related capital forecast prepared for this study ensures that development charges are only imposed to help pay for projects that have been or are intended to be purchased or built in order to accommodate future anticipated development. It is not sufficient in the calculation of development charges merely to have had the service in the past. There must also be a demonstrated commitment to continue to emplace facilities or infrastructure in the future. In this regard, *Ontario Regulation 82/98*, s. 3 states that:

For the purposes of paragraph 3 of subsection 5 (1) of the *Act*, the council of a Municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an Official Plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council.

For some projects in the development-related capital forecast, a portion of the project may confer benefits to existing (a “BTE”) residents. As required by the *DCA*, s. 5. (1) 6., these portions of projects and their associated net costs are the funding responsibility of the Municipality from non-development charges sources. The amount of Municipality funding for such non-development shares of projects is also identified as part of the preparation of the development-related capital forecast.

There is also a requirement in the *DCA* to reduce the applicable development charge by the amount of any “uncommitted excess capacity” that is available for a service. Such capacity is available to partially meet future servicing requirements. Adjustments are made in the

analysis to meet this requirement of the *Act*. The comprehensive DC Background Study will provide additional details on the projects.

iv. Attribution to Types of Development

The next step in the determination of development charges is the allocation of the development-related net capital costs between the residential and the non-residential sectors. This is done by using different apportionments for different services in accordance with the demands which the two sectors would be expected to place on the various services and the different benefits derived from those services.

Where reasonable data exist, the apportionment is based on the expected demand for, and use of, the service by each sector (e.g. based on shares of population in new units and employment growth).

Finally, the residential component of the Municipal-wide and area-specific charges is applied to different housing types on the basis of average occupancy factors. The non-residential component is applied on the basis of gross building space in square metres.

v. Final Adjustment

The final determination of the development charge results from adjustments made to development-related net capital costs for each service and sector resulting from the application of any unallocated reserve fund balances available to finance the development-related capital costs in the capital forecast. A cash flow analysis is also undertaken to account for the timing of projects and receipt of development charges for Municipal-wide services only. Interest earnings or borrowing costs are therefore accounted for in the calculation as allowed under the *DCA*.

3. DEVELOPMENT FORECAST

This section provides the basis for the development forecasts used in calculating the DCs, as well as a summary of the forecast results.

A. RESIDENTIAL FORECAST

DCs are levied on residential development as a charge per new unit. Therefore, for the residential forecast, a projection of both the *population growth*² as well as the *population in new units* is required.

- The *population growth* determines the need for additional facilities and provides the foundation for the development-related capital program.
- When calculating the DC, however, the development-related net capital costs are spread over the total additional population that occupy new housing units. This population in new units represents the population from which DCs will be collected.

Table 1 provides a summary of the residential forecast over the planning period, from 2021 to 2031. For DC calculation purposes, this period is applicable to all Municipal-wide services. Also included in Table 1 is the development forecast to build-out for the area-specific water and sewer charges in the Municipality.

For the planning period 2021–2031, the Municipality’s Census population is expected to increase by 1,100, people over the planning period, reaching 12,500 by 2031. About 500 additional occupied dwelling units are forecast to be built between 2021 and 2031 and the population residing in these units is expected to increase by 1,170.

The ultimate development forecast has been utilized in the calculation of certain municipal-wide and area-specific development charges, which is also shown in Table 1. Between 2021 and build-out, the Municipality is forecast to add an additional 3,850 residential dwelling units with an associated population growth of almost 7,700.

² Commonly referred to as “net population growth” in the context of development charges.

B. NON-RESIDENTIAL FORECAST

DCs are levied on non-residential development as a charge per square metre of gross floor area (GFA). As with the residential forecast, the non-residential forecast requires both a projection of *employment* growth as well as a projection of the *employment growth associated with new floor space* in the Municipality.

The non-residential forecast projects an increase of 60 employees to 2031, which is anticipated to be accommodated in about 3,860 square metres of new non-residential building space. Table 1 also provides a summary of the non-residential development forecasts used in this analysis.

Throughout the Municipality, there is 33.5 remaining hectares of developable non-residential land to build-out. With an estimated coverage of 25 per cent in Service Areas 1 and 2, and 15 per cent in Service Area 3, approximately 81,640 additional square metres of non-residential building space can be accommodated in Meaford. Approximately 1,360 additional employees are anticipated within this new building space.

TABLE 1

MUNICIPALITY OF MEAFORD
 SUMMARY OF RESIDENTIAL AND NON-RESIDENTIAL
 MUNICIPAL-WIDE & AREA-SPECIFIC DEVELOPMENT FORECAST

Municipal-wide Development Forecast	2020 Estimate	General Services Planning 2021-2031	
		Growth	Total at 2031
Residential			
Total Occupied Dwellings	5,000	500	5,500
Total Population			
Census	11,400	1,100	12,500
<i>Population In New Dwellings</i>		<i>1,170</i>	
Non-Residential			
Total Employment Growth	3,670	60	3,730
Non-Residential Building Space (sq.m.)		3,860	
<i>Commercial, Retail & Other</i>		<i>2,710</i>	
<i>Industrial</i>		<i>1,150</i>	

Area-Specific Development Forecast	Service Area 1	Service Area 2	Service Area 3	Municipal-Wide
Residential				
Residential Growth	671	2,336	847	3,854
<u>Existing Units</u>	<u>1,617</u>	<u>349</u>	<u>260</u>	<u>2,226</u>
<i>Total</i>	2,288	2,685	1,107	6,080
Population in New Units	1,218	4,806	1,675	7,699
Non-Residential				
Developable Land (ha)	1.17	30.13	2.24	33.54
Building For Space (square metres)	2,930	75,310	3,400	81,640
Employee Growth	49	1,255	57	1,361

4. SUMMARY OF HISTORICAL CAPITAL SERVICE LEVELS

The *DCA* and *Ontario Regulation 82/98* require that DCs be set at a level no higher than the average level of service provided in the municipality over the 10-year period immediately preceding the preparation of the Background Study, on a service by service basis.

For all services considered in this study, with exception of water, the legislative requirement is met by documenting historical service levels for the preceding 10 years, in this case, for the period from 2011 to 2020. Typically, service levels for these services are measured as a ratio of inputs per capita, or per population plus employment.

O. Reg. 82/98 requires that when determining historical service levels, both quantity and quality of service be taken into consideration. In most cases, the service levels are initially established in quantitative terms. For example, service levels for buildings are presented in terms of square feet per capita. The qualitative aspect is introduced by the consideration of the monetary value of the facility or service. In the case of buildings, for example, the cost would be shown in terms of dollars per square foot to replace or construct a facility of the same quality. This approach helps to ensure that the development-related capital facilities that are to be charged to new development reflect not only the quantity (number and size) but also the quality (value or replacement cost) of service provided historically by the Municipality. Both the quantitative and qualitative aspects of service levels used in the present analysis are based on information provided by municipal staff, based on historical records and experience with costs to acquire or construct similar facilities, equipment and infrastructure as of 2020.

The service levels are expressed as a dollar value per capita (\$/capita) or a dollar value per capita plus employment (\$/capita & employment) of infrastructure value. This service level expression is a construction to meet the requirement of subsection 5(1) of the *DCA* and does not directly reflect the utilization of infrastructure or the way municipalities plan for services.

Table 2 summarizes service levels for all applicable services included in the DC calculation. Please note that this information is anticipated to be finalized over the next several months and subject to change. The comprehensive DC Background Study which will be released in early 2021 will provide supplementary information in this regard. It should be noted that the initial rate analysis ensures that rates would not result in the level of service exceeding the average level of that service provided in the Municipality over the planning period immediately preceding the preparation of the background study for applicable service areas.

TABLE 2

MUNICIPALITY OF MEAFORD
 SUMMARY OF AVERAGE HISTORIC SERVICE LEVELS 2011 - 2020

Service	2011 - 2020 Service Level Indicator
<p>1.0 FIRE EMERGENCY SERVICES</p> <ul style="list-style-type: none"> Buildings Land Furniture & Equipment Vehicles 	<p>\$410.82 per pop & empl</p> <ul style="list-style-type: none"> \$109.41 per pop & empl \$58.04 per pop & empl \$39.06 per pop & empl \$204.31 per pop & empl
<p>2.0 SERVICES RELATED TO A HIGHWAY</p>	
<p>2.1 PUBLIC WORKS</p> <ul style="list-style-type: none"> <i>Buildings</i> <i>Furniture And Equipment</i> <i>Fleet & Related Equipment</i> 	<p>\$755.69 per pop & empl</p> <ul style="list-style-type: none"> <i>\$183.11 per pop & empl</i> <i>\$30.01 per pop & empl</i> <i>\$542.57 per pop & empl</i>
<p>2.2 ROADS AND RELATED</p> <ul style="list-style-type: none"> <i>Roads</i> <i>Bridges & Culverts</i> <i>Traffic Signals</i> <i>Sidewalks</i> 	<p>\$15,425.32 per pop & empl</p> <ul style="list-style-type: none"> <i>\$8,633.19 per pop & empl</i> <i>\$6,554.30 per pop & empl</i> <i>\$15.86 per pop & empl</i> <i>\$221.97 per pop & empl</i>

5. THE DEVELOPMENT-RELATED CAPITAL PROGRAM

The *DCA* requires the Council of a municipality to express its intent to provide future capital facilities at the level reflected by the capital program incorporated in the DC calculation and recovered through the proposed rates. As noted in Section II, *Ontario Regulation 82/98*, s. 3 states that:

For the purposes of paragraph 3 of subsection 5 (1) of the Act, the council of a municipality has indicated that it intends to ensure that an increase in the need for service will be met if the increase in service forms part of an official plan, capital forecast or similar expression of the intention of the council and the plan, forecast or similar expression of the intention of the council has been approved by the council.

A. DEVELOPMENT-RELATED CAPITAL FORECAST FOR SERVICES CONSIDERED IN THIS STUDY

Based on the development forecasts detailed in Table 1, Hemson and Municipal staff have created a series of preliminary development-related capital programs setting out those projects that are required to service anticipated development. For all general services considered under this study (Fire Emergency Services & Public Works), the capital plan covers the planning period from 2021 to 2031. Engineering services (Roads and Related, Water and Sewer) on both a Municipal-wide and area-specific services are calculated on a planning period to build-out. The comprehensive DC Background Study will provide additional details on the project costs, timing and DC eligible shares. Therefore, it is acknowledged that changes to the forecast presented herein may also occur through the Municipality's normal capital budget process.

A summary of the development-related capital forecast for the services considered under this study is presented in Table 3 below. The table provides a total for all services analysed over the planning periods (2021–2031 and to build-out). In total, the development-related capital forecast for general services is estimated to total \$3.2 million. No alternative funding sources have been identified.

Of the \$3.2 million net municipal capital costs, Fire Emergency Services accounts for 70 per cent of the total. The table provides an overview of the type and classification of projects included in the capital program to determine the initial DC rate calculations.

As identified, the net capital forecast for the general services totals \$3.2 million and incorporates those projects identified to be related to the development anticipated between 2021 and 2031. However, not all of the capital costs are to be recovered from new development by way of DCs. As shown in the table, about \$27,750 relates to the replacement of existing capital facilities or for shares of projects that provide benefit to the existing community. These portions of capital costs will have to be funded from non-DC revenue sources, largely property taxes for this group of services.

An additional share of \$810,893 has been identified as available DC reserve funds and represents the revenue collected from previous DCs. This portion has been netted out of the chargeable capital costs. These funds represent the estimated uncommitted reserve fund balances, as at December 31, 2019, that are available to help fund the development-related net capital costs identified in this study. All of the available reserve funds are accounted for in this study, however, the balances are based on available data determined early in 2020 (pre-pandemic). The application of available DC reserve funds will be reviewed again with the comprehensive Development Charges Background Study and related process which is expected to be completed and finalized in 2021 with a new development charges by-law intended to be brought before Council.

A share of \$1.7 million is attributable to development beyond 2029. This development-related share has been removed from the calculation and may therefore be recovered under future DC studies.

The total costs eligible for recovery through DCs for general services is \$720,469. This amount is allocated between the residential and non-residential sectors (allocation is based on shares of population in new units and employment growth in new space) to derive the unadjusted DCs. Of the \$720,469 in costs identified eligible for recovery, approximately \$684,446 (95%) is deemed to benefit residential development. When this amount is divided by the growth in population in new dwelling units (1,170), an unadjusted charge of \$585.00 per capita results.

The non-residential share totals \$36,023 and is split between industrial (1%) and other non-residential (4%) development. For other non-residential development, the share of \$28,819 divided by the growth in square metres to 2031 (2,710) yields an unadjusted charge of \$10.63 per square metre. For industrial development, the share of \$7,205 divided by the industrial growth in square metres to 2031 (1,150) yields an unadjusted charge of \$6.26 per square metre.

Table 4 provides a summary of the development-related capital program for Roads, Water and Sewer services to build-out. In total, the development-related capital forecast for

engineered services is estimated to total \$51.8 million. No alternative funding sources have been identified.

As shown in the table, about \$8.4 million relates to the replacement of existing capital facilities or for shares of projects that provide benefit to the existing community. These portions of capital costs will have to be funded from non-DC revenue sources, largely property taxes for this group of services.

An additional share of \$1.8 million has been identified as available DC reserve funds and represents the revenue collected from previous DCs. This portion has been netted out of the chargeable capital costs. These funds represent the estimated uncommitted reserve fund balances, as at December 31, 2019, that are available to help fund the development-related net capital costs identified in this study. No post-period benefit shares have been applied.

The total capital program for engineered services can be split out between Municipal-wide (Roads & Related, System-Wide Water, System-Wide Sewer), Service Area 2 (Water and Sewer) and Service Area 3 (Water and Sewer). The breakdown of the allocation of the costs can be seen in the second part of Table 4 below.

For Municipal-wide Roads, Water and Sewer, the residential share of the development charges totals \$27.9 million. This yields an unadjusted development charge of \$3,623.78 per capita when divided by the total population growth in new units to build-out (7,699). The other non-residential share totals \$3.4 million, yielding an unadjusted charge of \$76.51 per square metre, while the industrial share of \$1.5 million yields an unadjusted charge of \$40.69 per square metre.

In Service Area 2, the residential share of the development charges totals \$5.6 million. This yields an unadjusted development charge of \$1,167.62 per capita when divided by the total population growth in new units to build-out (4,806). The other non-residential share totals \$1.0 million, yielding an unadjusted charge of \$24.64 per square metre, while the industrial share of \$443,695 yields an unadjusted charge of \$13.11 per square metre.

Lastly, the residential share of the development charges in Service Area 3 totals \$1.7 million. This yields an unadjusted development charge of \$971.46 per capita when divided by the total population growth in new units to build-out (1,675). The other non-residential share totals \$38,858, yielding an unadjusted charge of \$20.76 per square metre, while the industrial share of \$16,545 yields an unadjusted charge of \$10.81 per square metre.

TABLE 3

MUNICIPALITY OF MEAFORD
 SUMMARY OF THE DEVELOPMENT RELATED CAPITAL PROGRAM (2021-2031): FIRE SERVICES & PUBLIC WORKS

Project Description	Timing	Gross Project Cost	Grants/ Subsidies/ Other Recoveries	Net Municipal Cost	Ineligible Costs Replacement & BTE Shares	Total DC Eligible Costs	DC Eligible Costs		
							Available DC Reserves	2021-2031	Post 2031
1.0 FIRE EMERGENCY SERVICES									
1.1 Various Development-Related Projects <i>Development-Related Fire Equipment Provision for Growth-Related Capital Needs</i>	2021 - 2031	\$ 2,287,000	\$ -	\$ 2,287,000	\$ 27,750	\$ 2,259,250	\$ 110,865	\$ 474,497	\$ 1,673,888
2.0 SERVICES RELATED TO A HIGHWAY: PUBLIC WORKS									
2.1 Various Development-Related Projects <i>Buildings, Land, Equipment</i>	2021 - 2031	\$ 946,000	\$ -	\$ 946,000	\$ -	\$ 946,000	\$ 700,028	\$ 245,972	\$ -
Total Development Related Capital Program (Fire Services & Public Works)		\$ 3,233,000	\$ -	\$ 3,233,000	\$ 27,750	\$ 3,205,250	\$ 810,893	\$ 720,469	\$ 1,673,888

Residential Development Charge Calculation		
Residential Share of 2021 - 2031 DC Eligible Costs	95%	\$684,446
Non-Residential Development Charge Calculation		
<i>Other Non-Residential</i>		
Non-Residential Share of 2021 - 2030 DC Eligible Costs	4%	\$28,819
<i>Industrial</i>		
Non-Residential Share of 2021 - 2030 DC Eligible Costs	1%	\$7,205

TABLE 4

MUNICIPALITY OF MEAFORD
 SUMMARY OF THE DEVELOPMENT RELATED CAPITAL PROGRAM: ROADS, WATER & SEWER (BUILD-OUT)

Project Description	Timing	Gross Project Cost	Grants/ Subsidies/Other Recoveries	Net Municipal Cost	Ineligible Costs	Total DC Eligible Costs	DC Eligible Costs			
					Replacement & BTE Shares		Available DC Reserves	Service Area Build-Out	Post Build-Out	
3.0 ROADS & RELATED										
2.1 Various Development-Related Projects <i>Roads Projects</i>	2021 - 2031	\$ 4,710,000	\$ -	\$ 4,710,000	\$ 646,960	\$ 4,063,040	\$ 387,649	\$ 3,675,391	\$ -	
4.0 SYSTEM-WIDE WATER										
2.1 Various Development-Related Projects <i>Municipal-Wide Waterworks</i>	2021 - 2031	\$ 3,799,000	\$ -	\$ 3,799,000	\$ 87,100	\$ 3,711,900	\$ -	\$ 3,711,900	\$ -	
5.0 SYSTEM-WIDE SEWER										
2.1 Various Development-Related Projects <i>Municipal-Wide Sanitary Sewer</i>	2021 - 2031	\$ 32,745,000	\$ -	\$ 32,745,000	\$ 6,116,500	\$ 26,628,500	\$ 1,184,341	\$ 25,444,159	\$ -	
1.0 SERVICE AREA 2 SPECIFIC WORKS - WATER										
2.1 Various Development-Related Projects <i>Service Area 2 Waterworks</i>	2021 - 2031	\$ 3,410,281	\$ -	\$ 3,410,281	\$ 413,800	\$ 2,996,481	\$ -	\$ 2,996,481	\$ -	
2.0 SERVICE AREA 2 SPECIFIC WORKS - SEWER										
2.1 Various Development-Related Projects <i>Service Area 2 Sanitary Sewer</i>	2021 - 2031	\$ 4,681,553	\$ -	\$ 4,681,553	\$ 601,100	\$ 4,080,453	\$ -	\$ 4,080,453	\$ -	
3.0 SERVICE AREA 3 SPECIFIC WORKS - WATER										
2.1 Various Development-Related Projects <i>Service Area 3 Waterworks</i>	2021 - 2031	\$ 1,249,000	\$ -	\$ 1,249,000	\$ 293,400	\$ 955,600	\$ 118,327	\$ 837,273	\$ -	
4.0 SERVICE AREA 3 SPECIFIC WORKS - SEWER										
2.1 Various Development-Related Projects <i>Service Area 3 Sanitary Sewer</i>	2021 - 2031	\$ 1,183,000	\$ -	\$ 1,183,000	\$ 277,800	\$ 905,200	\$ 59,904	\$ 845,296	\$ -	
Total Development Related Capital Program (Roads, Water & Sewer)		\$ 51,777,834	\$ -	\$ 51,777,834	\$ 8,436,660	\$ 43,341,174	\$ 1,750,221	\$ 41,590,953	\$ -	

TABLE 4

MUNICIPALITY OF MEAFORD
 SUMMARY OF THE DEVELOPMENT RELATED CAPITAL PROGRAM: ROADS, WATER & SEWER (BUILD-OUT)

MUNICIPAL-WIDE		
Residential Development Charge Calculation		
Residential Share of DC Eligible Costs to Build-out	85.0%	\$ 27,899,485
Non-Residential Development Charge Calculation		
<i>Other Non-Residential</i>		
Non-Residential Share of DC Eligible Costs to Build-out	10.5%	\$3,438,968
<i>Industrial</i>		
Non-Residential Share of DC Eligible Costs to Build-out	4.5%	\$1,492,998
SERVICE AREA 2		
Residential Development Charge Calculation		
Residential Share of DC Eligible Costs to Build-out	79.3%	\$ 5,611,573
Non-Residential Development Charge Calculation		
<i>Other Non-Residential</i>		
Non-Residential Share of DC Eligible Costs to Build-out	14.4%	\$1,021,666
<i>Industrial</i>		
Non-Residential Share of DC Eligible Costs to Build-out	6.3%	\$443,695
SERVICE AREA 3		
Residential Development Charge Calculation		
Residential Share of DC Eligible Costs to Build-out	96.7%	\$ 1,627,195
Non-Residential Development Charge Calculation		
<i>Other Non-Residential</i>		
Non-Residential Share of DC Eligible Costs to Build-out	2.3%	\$38,858
<i>Industrial</i>		
Non-Residential Share of DC Eligible Costs to Build-out	1.0%	\$16,515

6. CALCULATED AND PROPOSED DEVELOPMENT CHARGES

This section summarizes the calculation of DCs and the resulting total charges by sector. For all municipal services, the calculation of the “unadjusted” per capita (residential) and per square metre (non-residential) charges are reviewed. Adjustments to these amounts resulting from a cash flow analysis that takes interest earnings and borrowing costs into account is considered.

For residential development, the adjusted total per capita amount is converted to a variable charge by housing unit type using various unit occupancy factors. For non-residential development, the charges are based on gross floor area of building space.

A. DEVELOPMENT CHARGES CALCULATION

The analysis undertaken thus far indicates development charges rates would need to increase by upwards of 10 per cent from the current 2020 rates in order to recover for the development-related capital costs required to support development occurring throughout the Municipality³. It is also noted that there is upward pressure on the DC rates for all services being considered in this study.

In general, the development charge analysis undertaken for the interim by-law indicates that there is upward pressure on the Municipality’s rates as a result of increases in construction and project costs from those identified in the 2015 DC study and the identification of additional servicing needs for some services considered as a result of more detailed studies.

B. DEVELOPMENT CHARGES PROPOSED

As a result of completing this preliminary analysis, it is evident that the required calculations for each service to which the development charge by-law relates justify, at a minimum, that the current rates be maintained for the interim development charge by-law. Therefore, despite the initial calculations would support an increase in the DC rates, the development charges

³ The increase calculated and referenced relates only for services to which this Interim DC study related to (i.e. Services Related to a Highway, Fire Emergency Services, Water and Sewer). The preliminary analysis for other DC services such as Public Library, Parks and Recreation, Parking and Administration (studies) would put additional upward pressure on the rates.

rates are proposed to be identical to those currently imposed by the Municipality under the interim by-law. The approach proposed by the Municipality is conservative which would allow for a more consultative process with council, the development industry and interested members of the public which would not have been afforded without this interim DC by-law proposed.

Table 5 summarizes the existing Municipal-wide residential DC rates currently in force by residential unit. As shown in the table, the existing residential charge ranges from \$13,517 for a single- or semi-detached unit to \$9,088 for rows and other multiples. The additional charge for nursing homes is also calculated based on a PPU of 1 person/bed, yielding a development charge of \$4,054 per bed. The Municipal-wide non-residential DC is differentiated into two categories: other non-residential and industrial and the rates for both categories are \$88.37 and \$47.89 per square meter - these charge are also displayed on Table 5 below. Included in Table 6 below are the Service Area 1 development charge rates. As there are no specific Area 1 charges, the rate for Area 1 is identical to the Municipal-wide charges found in Table 5.

TABLE 5
MUNICIPALITY OF MEAFORD
CURRENT MUNICIPAL-WIDE RESIDENTIAL & NON-RESIDENTIAL DEVELOPMENT CHARGES

Service	Municipal-wide Charges				
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre	
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development
Fire Emergency Services	\$751	\$504	\$305	\$5.84	\$3.43
Services Related to a Highway					
<i>Public Works</i>	\$485	\$327	\$197	\$3.84	\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29	\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17	\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50	\$31.22
Public Library*	\$603	\$406	\$0	\$0.00	\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00	\$0.00
Parking*	\$173	\$117	\$0	\$1.25	\$1.07
Administration*	\$304	\$205	\$0	\$2.48	\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$13,517	\$9,088	\$4,054	\$88.37	\$47.89

*Shown for illustration purposes

TABLE 6

MUNICIPALITY OF MEAFORD
CURRENT RESIDENTIAL & NON-RESIDENTIAL DEVELOPMENT CHARGES (SERVICE AREA 1)

Service	Service Area 1 Charges				
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre	
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development
Fire Emergency Services	\$751	\$504	\$305	\$5.84	\$3.43
Services Related to a Highway					
<i>Public Works</i>	\$485	\$327	\$197	\$3.84	\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29	\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17	\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50	\$31.22
Public Library*	\$603	\$406	\$0	\$0.00	\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00	\$0.00
Parking*	\$173	\$117	\$0	\$1.25	\$1.07
Administration*	\$304	\$205	\$0	\$2.48	\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$13,517	\$9,088	\$4,054	\$88.37	\$47.89

*Shown for illustration purposes

Table 7 summarizes the existing area-specific charges for Service Area 2 residential DC rates currently in force by residential unit. As shown in the table, the existing residential charge ranges from \$16,233 for a single- or semi-detached unit to \$10,912 for rows and other multiples and \$5,157 per bed in nursing home facilities. The Service Area 2 non-residential DC for other non-residential and industrial development have rates set at \$112.33 and \$60.66 per square meter respectively.

TABLE 7

MUNICIPALITY OF MEAFORD
CURRENT RESIDENTIAL & NON-RESIDENTIAL DEVELOPMENT CHARGES (SERVICE AREA 2)

Service	Service Area 2 Charges				
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre	
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development
Fire Emergency Services	\$751	\$504	\$305	\$5.84	\$3.43
Services Related to a Highway					
<i>Public Works</i>	\$485	\$327	\$197	\$3.84	\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29	\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17	\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50	\$31.22
Service Area 2 Water	\$1,126	\$756	\$458	\$9.93	\$5.30
Service Area 2 Sewer	\$1,590	\$1,068	\$646	\$14.03	\$7.47
Public Library*	\$603	\$406	\$0	\$0.00	\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00	\$0.00
Parking*	\$173	\$117	\$0	\$1.25	\$1.07
Administration*	\$304	\$205	\$0	\$2.48	\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$16,233	\$10,912	\$5,157	\$112.33	\$60.66

*Shown for illustration purposes

Lastly, Table 8 summarizes the existing area-specific charges for Service Area 3 residential DC rates currently in force by residential unit. As shown in the table, the existing residential charge ranges from \$16,320 for a single- or semi-detached unit to \$10,971 for rows and other multiples and \$5,193 per bed in nursing home facilities. The Service Area 3 non-residential DC for other non-residential and industrial development have rates set at \$108.73 and \$58.50 per square meter respectively.

TABLE 8

MUNICIPALITY OF MEAFORD
CURRENT RESIDENTIAL & NON-RESIDENTIAL DEVELOPMENT CHARGES (SERVICE AREA 3)

Service	Service Area 3 Charges				
	Residential Charge by Unit Type			Non-Residential Charge per Square Metre	
	Single & Semi-Detached	Rows & Other Multiples	Nursing Home (\$/bed)	Other Non-Residential Development	Industrial Development
Fire Emergency Services	\$751	\$504	\$305	\$5.84	\$3.43
Services Related to a Highway					
<i>Public Works</i>	\$485	\$327	\$197	\$3.84	\$2.12
<i>Roads & Related</i>	\$967	\$649	\$393	\$8.29	\$4.40
System-Wide Water	\$954	\$640	\$388	\$8.17	\$4.35
System-Wide Sewer	\$6,818	\$4,583	\$2,771	\$58.50	\$31.22
Service Area 3 Water	\$1,166	\$783	\$474	\$10.14	\$5.28
Service Area 3 Sewer	\$1,637	\$1,100	\$665	\$10.22	\$5.33
Public Library*	\$603	\$406	\$0	\$0.00	\$0.00
Parks & Recreation*	\$2,462	\$1,657	\$0	\$0.00	\$0.00
Parking*	\$173	\$117	\$0	\$1.25	\$1.07
Administration*	\$304	\$205	\$0	\$2.48	\$1.30
TOTAL CHARGE PER UNIT / OR SQ. M.	\$16,320	\$10,971	\$5,193	\$108.73	\$58.50

*Shown for illustration purposes

Please note, although development charges for Public Library, Parks and Recreation, Parking and Administration are not included in this interim DC Background Study, the development charges at the existing rates are included in a summary of the total charges for illustration purposes in this study. Furthermore, these services will be included and recalculated in the comprehensive study to be released in the first half of 2021.

7. COST OF GROWTH ANALYSIS

This section provides a brief examination of the long-term capital and operating costs as well as the asset management-related annual provisions for the capital facilities and infrastructure to be included in the DC By-law. This examination is required as one of the provisions of the *DCA*.

A. ASSET MANAGEMENT PLAN

A key function of the Asset Management Plan is to demonstrate that all assets proposed to be funded under the DC by-law are financially sustainable over their full life cycle.

Based on the capital program developed for all Municipal-wide and area-specific services, by 2031 for the Municipality will need to fund an additional \$475,000 per annum for Municipal-wide services in order to properly fund the full life cycle costs of the new assets supported under the Development Charges By-law.

B. LONG-TERM CAPITAL AND OPERATING COSTS

In addition, the preliminary analysis completed to date has permitted a sufficient examination of the long term capital and operating costs for capital infrastructure required for each service to which the development charge relates to justify the maintaining of current rates during for the anticipated term of this short-term development charge by-law. This preliminary analysis addresses the requirements of *ss.10 (2)(b) and (c) of the DCA*.

In summary, the asset management plan and long-term capital and operating analysis demonstrates that the Municipality can afford to invest and operate the capital infrastructure over the planning period. Importantly, the Municipality's annual budget review allows staff to continue to monitor and implement mitigating measures should the program become less sustainable.

8. OTHER ISSUES AND CONSIDERATIONS

A. BY-LAW ADMINISTRATION

A draft copy of the development charges by-law will be made available to the public for review in advance of the statutory public meeting consistent with the requirements of the DCA. The by-law itself will be largely identical to the existing DC by-law, with adjustments to reflect legislative changes that have occurred since the passage of Meaford's current DC By-law, Number 56-2015.

Additionally, the Municipality is proposing a change in the by-law to provide clarity on the treatment of nursing home facilities. The following is the proposed definition of a nursing home, for the purpose of the DC by-law:

A facility for the residential care of elderly or disabled people. Nursing homes may also be referred to as a nursing facility, long-term care facilities, care homes, rest homes, convalescent homes or convalescent care

Nursing Homes are treated as a residential use under Meaford's DC by-law and it proposed that the charge be levied on a per bed bases with an occupancy of 1 person/bed. The rate will be comprised of the services being covered under this by-law, namely; Services related to a Highway – public works and roads, fire services, water and sewer services.

Additional details to be included in the draft proposed by-law.

B. CONSIDERATION FOR AREA RATING

In accordance with the DCA, Council must give consideration to the use of area rating, also known as area-specific development charges, as part of the DC Background Study. As part of the Municipality's 2021 Interim DC Study, the appropriateness of implementing area-specific development charges for the various Municipal services was examined.

The DCA permits the Municipality to designate, in its DC by-law, the areas where development charges shall be imposed. The charges may apply to all lands in the Municipality or to other designated development areas as specified in the DC by-law.

Based on discussions with staff, and the analysis of the delivery of services, it is proposed that the Municipality continue to calculate and collect DCs on a Municipal-wide and area-

specific basis. The rationale for maintaining this approach is based primarily on the fact that higher capital costs for water and sewer are required in Service Areas 2 and 3.