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# TOWNSHIP OF DRUMMOND/ NORTH ELMSLEY

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## DEVELOPMENT CHARGES BACKGROUND STUDY

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Final Report June 7, 2019

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Prepared by: ZanderPlan Inc.

in partnership with

Clem Pelot Consulting and

Jp2g Consultants Inc.

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## **1.0 INTRODUCTION**

The Township of Drummond/North Elmsley currently has a Development Charges By-Law in place, which took effect on August 26, 2014 (By-Law No. 2014-044), as permitted by the *Development Charges Act, 1997*, as amended. That By-Law was supported by a Background Study completed by ZanderPlan Inc. titled "Development Charges Background Study (August 18, 2014)". The Township has been collecting Development Charges since 1999 to help offset the cost of additional services that are required as a result of the growth that is projected in the Municipality, and wishes to continue this practice. The *Development Charges Act, 1997* as amended indicates that:

*"The council of a municipality may by by-law impose development charges against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the by-law applies." (Section 2(1))*

Moreover, according to the *Development Charges Act, 1997*:

*"Unless it expires or is repealed earlier, a development charge by-law expires five years after the day it comes into force." (Section 9(1))*

Based on the above, the current Development Charges By-law will expire in August of 2019. Before adopting a new Development Charges By-Law, the Municipality is required (as per Section 10(1) of the *Development Charges Act, 1997*), to complete a Background Study in order to identify services to which the Development Charges will relate. The Background Study shall do the following: outline the increase in need for a service that is the result of growth; summarize the net growth-related capital costs of services for which a Development Charge will be collected; and, determine the capital costs of the services that will be incurred during the term of the implementing Development Charges By-Law.

As such, the Township of Drummond/North Elmsley has retained ZanderPlan Inc. to undertake the preparation of the required Background Study and prepare the associated Development Charges By-Law for 2019. The following Report has been prepared by ZanderPlan Inc, in cooperation with Clem Pelot Consulting and Jp2g Consultants Inc to support Council's adoption of a new Development Charges By-Law.

## **2.0 DEVELOPMENT CHARGES: LEGISLATIVE BASIS, POLICY AND PROCEDURE**

### **2.1 APPLICATION OF THE DEVELOPMENT CHARGES BY-LAW**

The Municipality has the right under Section 2, subsection (1) of the *Development Charges Act, 1997* to impose development charges to contribute to the cost of increased services that result from additional growth and development in the Township. As new households establish in the Township, new residents will place increasing pressure on the Township's services; the collection of Development Charges is intended to help offset these ongoing growth pressures. Under Section 2(2) of the *Development Charges Act, 1997* Development Charges can be applied as follows:

*“A development charge may be imposed only for development that requires,*

- (a) the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the Planning Act;*
- (b) the approval of a minor variance under section 45 of the Planning Act;*
- (c) a conveyance of land to which a by-law passed under subsection 50 (7) of the Planning Act applies;*
- (d) the approval of a plan of subdivision under section 51 of the Planning Act;*
- (e) a consent under section 53 of the Planning Act;*
- (f) the approval of a description under section 9 of the Condominium Act, 1998; or*
- (g) the issuing of a permit under the Building Code Act, 1992 in relation to a building or structure.”*

As per Section 2(6), the Development Charges By-Law may also be applied to services that are provided outside the municipality, as well as the entire municipality or only part of it (Section 2(7)). In addition, more than one development charge by-law may apply to the same area (Section 2(8)). These policies are intended to give the municipality greater flexibility to impose area-specific charges where applicable, or to apply the charges to services such as recreation and libraries that may be located outside the geographic Township. Historically in the Township of Drummond/North Elmsley, there has only been one applicable Development Charge. Further, although the Township has agreements with neighbouring municipalities for some services including recreation and library facilities which are located outside the Township, there are no development charges proposed for these services as part of this Study.

## **2.2 EXEMPTIONS AND INELIGIBILITY**

Section 2(3) outlines instances in which a Development Charge shall not apply, where the purpose of the development in question is to:

- (a) permit the enlargement of an existing dwelling unit; or*
- (b) permit the creation of up to two additional dwelling units as prescribed, subject to the prescribed restrictions, in prescribed classes of existing residential buildings.*

In addition, this additional policy will also apply, once proclaimed by the Lieutenant Governor:

- (c) [or to] Permit the creation of a second dwelling unit, subject to the prescribed restrictions, in prescribing classes of proposed new residential buildings.*

Additional provisions related to second dwelling units have also been included in Ontario Regulation 82/98 which associated with the *Development Charges Act*. The Regulation indicates that, for the purposes of interpreting Section 2(3)(b) of the *Act* which is described above, the following exceptions shall apply:

Name of Class of Residential Building	Description of Class of Residential Buildings	Maximum Number of Additional Dwelling Units	Restrictions
Single detached dwellings	Residential buildings, each of which contains a single dwelling unit, that are not attached to other buildings.	Two	The total gross floor area of the additional dwelling unit or units must be less than or equal to the gross floor area of the dwelling unit already in the building.
Semi-detached dwellings or row dwellings	Residential buildings, each of which contains a single dwelling unit, that have one or two vertical walls, but no other parts, attached to other buildings.	One	The gross floor area of the additional dwelling unit must be less than or equal to the gross floor area of the dwelling unit already in the building.
Other residential buildings	A residential building not in another class of residential building described in this table.	One	The gross floor area of the additional dwelling unit must be less than or equal to the gross floor area of the smallest dwelling unit already in the building.

These recent legislative changes provide greater opportunity for homeowners to establish additional dwelling units within their homes, without any Development Charges impacts. This is consistent with the Provincial directive in recent years to allow for a greater range of housing types including secondary dwellings and secondary dwelling units. This change will need to be considered in the future application of Development Charges for Drummond/North Elmsley and will also need to be considered when the Township undertakes their next Official Plan review.

In addition to the above, the *Development Charges Act, 1997* outlines ineligible services under Section 2(4), noting that “a development charge by-law may not impose development charges to pay for increased capital costs required because of increased needs for a service that is prescribed as an ineligible service for the purposes of this subsection.”

Services which are ineligible for Development Charges are included in Ontario Regulation 82/98, being the implementing Regulation for the *Development Charges Act*. Under Section 2.1 of the Regulation, the following services are deemed ineligible:

1. *The provision of cultural or entertainment facilities, including museums, theatres and art galleries but not including public libraries.*
2. *The provision of tourism facilities, including convention centres.*
3. *The acquisition of land for parks.*
4. *The provision of a hospital as defined in the Public Hospitals Act.*
5. *The provision of landfill sites and services.*
6. *The provision of facilities and services for the incineration of waste.*
7. *The provision of headquarters for the general administration of municipalities and local boards.*

Finally, the *Development Charges Act, 1997* sets out the following exemptions from the Development Charges By-Law:

- (a) Local services per clauses 59(2)(a) and (b) (Section 2(5))
- (b) lands owned by a municipality or a board as defined in the *Education Act*; and
- (c) various exemptions for industrial development (Section 4)

## 2.3 DEVELOPMENT CHARGES BACKGROUND STUDY

Section 10(1) of the *Development Charges Act, 1997* indicates that:

*Before passing a development charge by-law, the council shall complete a development charge background study.*

In preparing a Background Study to support a new Development Charges By-Law for the Township, and in order to make an appropriate recommendation for a new Development Charge rate, it is necessary to evaluate historic building permit activity and population data, and establish the level of service that residents of the Municipality have enjoyed in each of the affected service areas over the previous period. Through an analysis of the historic information and the expected expenditures in each of the service areas, it is possible to calculate the total amount of Development Charge that the Municipality can apply to the expansion of those services in the future.

### 2.3.1 BACKGROUND STUDY METHODOLOGY

Section 5(1) of the *Development Charges Act, 1997* prescribes the method by which the Municipality is to determine the development charges it intends to implement. These steps for calculation include the following:

1. Estimate the amount, type and location of development;
2. Estimate the increase in need for service attributable to the anticipated development;
3. Indicate Council's intention to ensure such an increase in need will be met;
4. Exclude an increase that would result in the level of service exceeding the average level of that service provided over the 10-year period immediately preceding the background study;
5. Reduce the increase in the need for service by the part of that increase that can be met using the municipality's excess capacity;
6. Reduce the increase in the need for the service by the extent to which an increase in service would benefit existing development or by the ability of existing services to meet the needs through existing capacity;
7. Estimate the capital costs necessary to provide the increased services, reduced by capital grants, subsidies, and other contributions. According to Section 5, subsection (3), capital costs include:
  - (a) costs to acquire land or an interest in land.
  - (b) costs to improve land.
  - (c) costs to acquire, lease, construct, or improve buildings and structures.
  - (d) costs to acquire, lease, construct or improve facilities including: rolling stock with an estimated useful life of seven years or more, furniture and equipment other than computer equipment, and materials acquired for circulation, reference or information purposes by a library board.
  - (e) costs to undertake studies in connection to the above.
  - (f) costs of the development charge background study.

- (g) interest on money borrowed to pay for costs described in (a) to (d).
8. Reduce the capital costs listed above by 10 percent, excluding the following services:
    - (a) water supply services.
    - (b) waste water services.
    - (c) storm water drainage and control services.
    - (d) those services related to a highway.
    - (e) electrical power services.
    - (f) police services.
    - (g) fire protection services.
  9. Develop rules to determine if a development charge is payable; and
  10. Develop rules to provide for full or partial exemptions for types of development and the phasing in of development charges, as well as the indexing of development charges.

Moreover, there are particular items which must be included in a Development Charges Background Study, in order to provide the context for the associated calculations and recommended rates. As per Section 10(2) of the *Development Charges Act, 1997*, the following information must be included in the study:

- (a) the estimates under paragraph 1 of subsection 5 (1) of the anticipated amount, type and location of development;*
- (b) the calculations under paragraphs 2 to 8 of subsection 5 (1) for each service to which the development charge by-law would relate;*
- (c) an examination, for each service to which the development charge by-law would relate, of the long term capital and operating costs for capital infrastructure required for the service;*
  - (c.1) unless subsection 2 (9) or (11) applies, consideration of the use of more than one development charge by-law to reflect different needs for services in different areas;*
  - (c.2) an asset management plan prepared in accordance with subsection (3); and*
- (d) such other information as may be prescribed. 1997, c. 27, s. 10 (2); 2015, c. 26, s. 5 (1).*

The following services will be included in the Development Charges Study for Drummond/North Elmsley:

- Administration (Development Charges Study)
- Fire Protection
- Public Works (roads and equipment)
- Parks and Recreation

Detailed descriptions for these services are included below. Once the Background Study is complete, the *Development Charges Act, 1997* outlines specific public notification and appeal processes which must be followed. According to Section 11, “A development charge by-law may only be passed within the one-year period following the completion of the development charge background study”.

Prior to passing the By-Law, the municipality must host at least one public meeting and give the public at least twenty days of notice prior to this meeting, while also making the by-law and background study



available to the public. Section 10(4) of the Act indicates that “the council shall ensure that a development charge background study is made available to the public at least 60 days prior to the passing of the development charge by-law and until the by-law expires or is repealed by posting the study on the website of the municipality or, if there is no such website, in the municipal office.” In addition, the public must be notified of the relevant opportunities for appeal to the Local Planning Appeal Tribunal.

## **2.4 BY-LAW DURATION**

Once all official processes ensue and the By-Law is adopted, the Development Charges By-Law is valid for a period of not more than five years after it comes into effect (Section 9(1)). Council may choose to repeal or revise the By-law during that time, as circumstances change.

## **2.5 NOTIFICATION PROCESS**

In order to pass the proposed Development Charges By-Law, the Background Study must be presented to the public in at least one duly advertised public meeting for which the public has been given at least twenty (20) days advance notice. As noted above, Council must also ensure that the proposed By-Law and Background Study are made available to the public at least sixty days before the first public meeting. If Council approves the By-Law, the public must be given forty (40) days notice of the adoption, commencing the day after the By-Law is adopted.

## **2.6 APPEAL PROCESS**

According to Section 14 of the *Development Charges Act, 1997*:

*“Any person or organization may appeal a development charge by-law to the [Local Planning Appeal Tribunal] by filing with the clerk of the municipality on or before the last day for appealing the by-law, a notice of appeal setting out the objection to the by-law and the reasons supporting that objection”.*

The last day for an appeal of a Development Charges By-Law is forty (40) days after the day the By-Law is passed by Council (Section 13(1)). Should any person or organization choose to appeal, the appeal is submitted to the Local Planning Appeal Tribunal by the Clerk within 30 days of the last day of appeal (Section 15(2)). The Tribunal may hold a hearing to determine whether the appeal is to be heard or dismissed in whole or in part, may order the municipality to repeal or amend the by-law, or may repeal or amend it in a way satisfactory to the Tribunal (Section 16(3)). The Tribunal will also decide who will be given notice of the hearing and in what manner (Section 16(2)).

Should the Local Planning Appeal Tribunal appeal or amend the Development Charges By-Law, the municipality shall refund any development charges paid under the by-law, or the difference between a charge paid within 30 days after the Board’s order, or 30 days after the repeal or amendment by Council (Section 18(1), Section 19(2)).

## **2.7 COMPLAINT PROCESS**

In addition to an appeal, a property owner may make an official complaint to the Council of the Municipality in the following circumstances:

- (a) *“the amount of the development charge was incorrectly determined;*
- (b) *Whether a credit is available to be used against the development charge, or the amount of the credit or the service with respect to which the credit was given, was incorrectly determined; or*
- (c) *there was an error in the application of the development charge by-law” (Section 20(1)).*

This complaint must be made no longer than 90 days after the day of the charge is paid, must be in writing, and must include the complainant’s name, mailing address, and reasons for the complaint (Section 20(2); Section 20(3)). Council shall hold a hearing and allow an opportunity for the complainant to make representations, and the Clerk shall mail notice of the Council’s decision and notify the complainant of the last day to appeal the decision (40 days after the decision is made) (Section 21(2); Section 21(1)). Further appeals can be made to the Local Planning Appeals Tribunal.

## 3.0 POPULATION AND GROWTH PROJECTIONS

### 3.1 DEMOGRAPHIC ANALYSIS AND POPULATION GROWTH

#### 3.1.1 DEMOGRAPHIC ANALYSIS

According to the Census and other available data from the Township, Drummond/ North Elmsley’s population increased by 3.8% between 2011 and 2016, to a total population of 7,773. Lanark County and the Province of Ontario had population increases of 4.6% over the same period, therefore Drummond/ North Elmsley’s population is growing at a lower than average rate. The Township’s rate of growth is also slowing down, when compared to a 5.2% population increase between 2007 and 2011 and a 6.7% increase between 2001 and 2006. Township growth that is occurring is coming from new residents to the Township as well as from the conversion of seasonal dwellings to year round dwellings, particularly on waterfront properties.

The number of persons per household has been consistent, averaging 2.1 persons/ household over the fifteen year period. The Township’s population and household data for the period from 2001 to 2018 is shown in Table 1.

TABLE 1: DRUMMOND/ NORTH ELMSLEY POPULATION AND HOUSEHOLD DATA (2001-2018)				
YEAR	POPULATION	POPULATION GROWTH Over 5 years	NUMBER OF HOUSEHOLDS	PERSONS PER HOUSEHOLD
2001 Census	6670	7.8%	3176	2.1
2006 Census	7118	6.7%	3360	2.1
2011 Census	7487	5.2%	3494	2.1
2016 Census	7,773	3.8%	3667	2.1
2017*	7,847	N/A	3702	2.1
2018**	7,910	N/A	3732	2.1
* 35 new homes (+ 74 people) ** 30 new homes (+ 63 people)		<b>NOTE:</b> Information based Township reports, MPAC data, OPP data and Census data		

### 3.1.2 POPULATION GROWTH PROJECTION

The historical data displayed in Table 1 was subsequently used to project the number of persons and households in Drummond/ North Elmsley for the ten year period from 2019 to 2028, which is depicted in Table 2. Specifically, the rate of growth projected in the Township for the next ten years is the same as the rate of growth reported in the 2016 Census (3.8% over five years or .75% annually). A constant average household size of 2.1 persons/ household was also assumed in this calculation. This is seen as a conservative but reasonable projection based on historic trends.

It is therefore expected that the Township will experience .75% annual growth in its population, attaining a total population of 8,524 residents by the end of 2028. It is anticipated that the majority of residents will continue to leave the Township for work, shopping and leisure activities, while enjoying the rural and waterfront lifestyle that is available in Drummond/North Elmsley.

YEAR	POPULATION	NUMBER OF HOUSEHOLDS	PERSONS/HOUSEHOLD
2019	7969	3762	2.1
2020	8029	3792	2.1
2021	8089	3822	2.1
2022	8150	3852	2.1
2023	8211	3882	2.1
2024	8273	3912	2.1
2025	8335	3942	2.1
2026	8398	3972	2.1
2027	8461	4002	2.1
2028	8524	4032	2.1

**NOTES:** Projection based on MPAC data, Census data and building permit activity (2014-2018).

## 3.2 BUILDING PERMIT ACTIVITY

### 3.2.1 NEW RESIDENTIAL BUILDING PERMIT ACTIVITY

The rate of new residential development (excluding rebuilds) in Drummond/ North Elmsley has been relatively constant over the past ten years. Development in the Township peaked between 2004 and 2008, with an average of 59 new residential units per year. However, in the ten years since 2009 the average has been between 28 and 33 new residential units per year.

Table 3 depicts residential construction in the Township from 2014 to 2018. The five year period resulted in 142 new dwelling units (an average of 28.4 new homes per year) and \$385,125 in Development Charges to the Township. Approximately 38% of these new homes were located in subdivisions and the balance was typically through severances for individual homes or construction on existing vacant lots.

YEAR	NEW SINGLE FAMILY DWELLINGS	APPROVED DEVELOPMENT CHARGE	DEVELOPMENT CHARGES COLLECTED	VALUE OF CONSTRUCTION
2014	20	\$2,000	\$41,500*	\$5,310,690
2015	30	\$2,625	\$78,750	\$7,087,000
2016	27	\$2,750	\$74,250	\$5,976,465
2017	35	\$2,875	\$100,625	\$9,048,511
2018	30	\$3,000	\$90,000	\$10,088,000
<b>TOTAL</b>	<b>142</b>	<b>N/A</b>	<b>\$385,125</b>	<b>\$37,510,666</b>

\* 17 units @ \$2,000 and 3 units @ \$2500

An additional 31 building permits were issued from 2014 to 2018 for ‘rebuids’ which were exempted from the Township’s Development Charge.

Based on building permit activity over the period of 2009 to 2018, the above-noted demographic analysis, and a projected modest rate of population growth, it is recommended that the Township’s projected new residential permit activity be based on 30 units per year over the next ten year period.

### **3.2.2 COMMERCIAL/INDUSTRIAL BUILDING PERMIT ACTIVITY**

The Township’s commercial and industrial development was significantly lower from 2014 to 2018, as compared to the preceding five year period. The total number of permits issued for new commercial and industrial buildings (excluding renovations) from 2014 to 2018 was 17, compared to 72 permits issued from 2009 to 2013.

Table 4 summarizes new commercial and industrial construction (excluding renovations) in Drummond/ North Elmsley from 2014 to 2018.

YEAR	VALUE OF NEW CONSTRUCTION AS INDICATED BY APPLICANT (\$)	NUMBER OF PERMITS	SQUARE FOOTAGE OF NEW CONSTRUCTION
2014	\$620,000	3	28,983
2015	\$235,000	4	1,536
2016	\$361,000	5	10,300
2017	\$190,000	1	2,555
2018	\$490,000	4	6,376
<b>TOTAL</b>	<b>\$1,896,000</b>	<b>17</b>	<b>49,750</b>

**NOTES: Much of the Commercial/ Industrial permit activity was for the construction of farm buildings (classified as Industrial) while Commercial permit activity was limited to a few projects in 2014 and 2016.**

The total estimated value of new commercial/ industrial construction from 2014 to 2018 was \$1.896M, which represents about half of the \$3.692M estimated value of new commercial/ industrial construction in the Township from 2009 to 2013.

The annual average square footage of new construction for commercial/ industrial activity in Drummond/ North Elmsley from 2014 to 2018 was 9,950 square feet per year. For the four year period from 2010 to 2013 (data was not available for 2009), the annual average square footage of new construction for commercial/industrial activity was 14,039 square feet. Therefore, for the most recent five years, the Township has experienced a 30% reduction in the square footage of new commercial/ industrial space being built.

Based on building permit activity over the period of 2009 to 2018, the above-noted demographic analysis, and a projected modest rate of population growth, it is recommended that the Township's projected new commercial/ industrial building permit activity be based on 10,000 square feet per year over the next ten year period.

### **BUILDING PERMIT ACTIVITY SUMMARY**

Overall, building permit activity has continued at a modest but steady rate. The majority of residential development has continued to take the form of single family dwellings, 38% of which have been located in new subdivisions. Commercial and industrial development has declined throughout the Township.

Over the next five year period a total of 150 new residential dwellings are anticipated, resulting in 315 additional residents in the Township by the year 2023. The average household size is expected to remain constant at 2.1 persons per household. Recent legislative changes in Ontario have allowed for the construction of additional apartments in existing residential dwellings which are exempt from Development Charges, including Granny Flats. This newer form of construction is difficult to quantify at this time, and may result in additional new residents to the Township.

Over the next five year period an additional 50,000 square feet of new commercial/ industrial space is anticipated, primarily relating to farming. Farming practices are changing as farms acquire larger land holding and the amount of new farm construction has decreased somewhat in recent years; however, some additional growth is still anticipated within the farm community.

It is notable that the significant economic development now happening in neighboring Smiths Falls and in the Town of Carleton Place may have a positive impact on future residential, commercial and industrial development in Drummond/ North Elmsley.

## **4.0 ELIGIBLE CAPITAL EXPENDITURES AND MUNICIPAL SERVICE STANDARDS**

The *Development Charges Act, 1997* sets out the Municipal services to which a Municipality may impose a Development Charge. These charges are intended to cover increasing capital costs associated with the services which result from an increase in population sizes. The following services are eligible for Development Charges under the *Development Charges Act, 1997*.

## 4.1 GENERAL GOVERNMENT

The *Development Charges Act, 1997*, does not permit the collection of development charges for general administration, administration buildings or daily government activities. However, development charges can be collected towards the preparation of development charges background reports such as this study. The estimated cost of the next Development Charges Study is \$25,000, the entire cost of which can be funded from development charges.

**2024 Development Charges Study: \$25,000 x 100% = \$25,000**

## 4.2 STUDIES AND REPORTS

An Official Plan review and Zoning Bylaw review will be completed by Drummond/ North Elmsley within the five years covered by this Study, but it has been determined by staff that the growth-related portion of those studies is very limited. In addition, the Township already has some funds in reserve to contribute to the cost of these studies. As a result, neither of these studies will be considered in the Township's growth-related capital projects contained in this Development Charges Study. Similarly, the cost of updating the Township's Asset Management Plan does not relate to growth and will not be included in the DC Study.

## 4.3 FIRE SERVICE

Fire Service for the Township of Drummond/ North Elmsley is provided by Drummond/ North Elmsley Tay Valley Fire Rescue, which is a shared service between Drummond/ North Elmsley and Tay Valley Township established in 1953. The BBD&E Fire Station, located at 14 Sherbrooke Street East in Perth, provides service to Drummond/ North Elmsley and parts of Tay Valley, while the South Sherbrooke Fire Station on Highway 7 in Maberly serves the Township of Tay Valley.

The Townships of Drummond/North Elmsley and Tay Valley share the annual operating cost of Drummond/ North Elmsley Tay Valley Fire Rescue. In 2018, the Drummond/North Elmsley share of the total fire department operating budget was 55% or \$394,929, with Tay Valley Township responsible for the balance of the budget.

Due to the large geographic size of the Drummond/North Elmsley Township, two additional Fire Service Agreements are in place:

An agreement with the Township of Lanark Highlands provides additional fire service to the north end of former Drummond Township. Drummond/ North Elmsley and Tay Valley each pay a fixed annual fee of \$5,000 to Lanark Highlands for this service (for a total of \$10,000 per year).

An agreement with the Town of Smiths Falls provides additional fire service to a small area at the southeast corner of former North Elmsley Township. In December 2016, the response area for Smiths Falls coverage in Drummond/North Elmsley was increased and the payment format changed to a fixed annual fee of \$10,000 payable to the Town of Smiths Falls.

Drummond/North Elmsley Tay Valley Fire Rescue also has Mutual Aid agreements with neighbouring fire departments, to assist in times of need.

The number of calls received annually by Drummond/North Elmsley Tay Valley Fire Rescue has remained relatively constant for the past 10 years, despite new development and population growth.

Drummond/North Elmsley Tay Valley Fire Rescue maintains a Full Time Fire Chief, a Full Time Administrative Assistant/ Treasurer, two volunteer Station Chiefs and thirty-two volunteer firefighters (for a total of 34 volunteers).

Drummond/North Elmsley Tay Valley Fire Rescue maintains a fleet of vehicles and a range of equipment to meet the needs of both Townships. The BBD&E Fire Station in Perth serves Drummond/ North Elmsley and a portion of Tay Valley. The capital costs for the BBD&E Fire Station building, vehicles and equipment are shared between Drummond/ North Elmsley and Tay Valley Township. The D/ NE share of capital costs for the BBD&E Fire Station is currently 55%, the same percentage used for shared operating costs in 2018.

Table 5 lists Fire Department vehicles for the BBD&E Fire Station serving Drummond/ North Elmsley, with 2019 replacement costs.

<b>TABLE 5: DRUMMOND/NORTH ELMSLEY TAY VALLEY FIRE RESCUE 2019 VEHICLE REPLACEMENT SCHEDULE FOR THE BBD&amp;E FIRE STATION</b>						
<b>Unit #</b>	<b>Vehicle Type</b>	<b>Model of Vehicle</b>	<b>Year of Vehicle</b>	<b>Years of Service</b>	<b>Replacement Year</b>	<b>Est. Replacement Cost (Vehicle only)</b>
370	½ Ton Truck	Ford	2016	15	2031	\$50,000
330	Tanker	GMC	1994	25	2019	\$350,000
331	Tanker	International	2006	20	2026	\$350,000
320	Pumper	International	2012	20	2032	\$450,000
321	Pumper	GMC	2002	20	2022	\$450,000
340	Rescue	International	2015	20	2035	\$400,000
390	ATV	Polaris	2016	20	2036	\$40,000
	<b>Total</b>					<b>\$2,090,000</b>

The total replacement cost for the existing vehicles at the BBD&E Fire Station in 2019 dollars is \$2,090,000. The replacement cost for truck/ firefighter equipment is \$1,000,000 and the BBD&E Fire Station building has an asset value of \$1,685,000. Overall, the total 2019 replacement cost for the BBD&E Fire Station is \$4,775,000. The Township of Drummond/North Elmsley's share of the BBD&E Fire Station is 55%, making its total share \$2,626,250. Therefore, the replacement cost per D/ NE Township household in 2019 is: \$2,626,250/ 3762 = \$698.

#### **4.3.1 FIRE DEPARTMENT – ANTICIPATED CAPITAL EXPENDITURES**

##### Pumper Truck Replacement

Drummond/North Elmsley Tay Valley Fire Rescue is planning the replacement of a Pumper truck at the BBD&E Fire Station (Unit #321) in 2022, at an estimated cost of \$450,000. D/NE's share of this purchase

is 55% or \$247,500. The new Pumper will have an expanded cab, designed to accommodate five firefighters as compared to the current pumper's cab space for two firefighters. The new Pumper will also have 25% increased pumping capacity, going from 840 gallons per minute (existing Pumper) to 1,050 gallons per minute in the new pumper. A portion of the cost for this increased capacity is attributable to growth and can be funded from Development Charges. Increased Fire Pump Capacity is needed due to having bigger homes built, which will result in larger fires. Also newer homes are primarily built with combustible material which burns hotter and faster compared to older homes. The value of having a larger cab is to transport more Firefighters to the scene in Emergency vehicles instead of personal vehicles clogging roadways and private roads with un-needed vehicles. New houses are sometimes built on lakes and subdivisions that don't have ample room for lots of vehicles. The estimated cost for the new Pumper's increased capacity and enhanced features is \$49,500. It is estimated that 20% of the cost of the replacement pumper truck can be attributed to growth.

**2022 Purchase of replacement Pumper Truck: \$247,500 x 20% = \$49,500**

#### Water Storage

Additional water storage is a requirement due to the construction of larger homes in closer proximity to one another in subdivisions and on waterfront roads. Greater and more intensive development results in an increased need for a reliable supply of water for fire suppression. One way to meet this need is to establish a water source (dry hydrant or water storage tank) in strategic locations around the Township. A dry hydrant is a non-pressurized pipe system with one end located in a water source such as a lake, river, or stream, and the other end above ground and accessible to a pumper truck. Where dry hydrants are not feasible a buried water tank can be installed. Water sources such as these have proven to be an efficient, cost-effective means of establishing and maintaining a water source for fire suppression in growth areas. A number of water sources already exist in the Township. However, over the five year period of this Study, the Township is anticipating the need to establish two additional water sources; Otty Lake North Shore Road and Lower Tennyson Road are the most likely locations, however alternate locations may be considered depending on growth and development.

The establishment of water sources at strategic locations in the Township will benefit existing residents and businesses as well as new home owners and new businesses; this additional level of service for the two hydrants is not expected to significantly benefit the residents of Tay Valley Township, and therefore 100% of the cost will be assumed by Drummond/North Elmsley Township. The population of the Township is expected to grow by 3.8% in the five year period of the Study, and therefore 4% of the cost for new water sources can be attributed to growth.

**Water sources: \$15,000 x 2 = \$30,000 x 4% = \$1,200**

The anticipated capital expenditures in the Fire Department are depicted in Table 6.



TABLE 6: FIRE DEPARTMENT ANTICIPATED CAPITAL EXPENDITURES					
YEAR	ITEM	VALUE (2019 DOLLARS)(\$)	D/NE's SHARE (\$) (%)	GROWTH RELATED PORTION (\$) (%)	NOTES
2020	Water source	15,000	15,000 (100%)	600 (4%)	Portion attributed to additional population in D/NE
2022	Pumper #321 replacement	450,000	247,500 (55%)	49,500 (20%)	Replacement value includes 20% for truck enhancement
2023	Water source	15,000	15,000 (100%)	600 (4%)	Portion attributed to additional population in D/NE
<b>TOTAL</b>		<b>\$480,000</b>	<b>\$277,500</b>	<b>\$50,700</b>	

#### 4.3.2 FIRE DEPARTMENT SUMMARY

The total capital expenditures for the Drummond/North Elmsley share of Drummond/North Elmsley Tay Valley Fire Rescue over the period of this Study are expected to be \$277,500, of which \$50,700 can be attributed to growth. This represents Drummond/North Elmsley's share of the eligible capital costs for Fire Services.

The projected number of new homes over the next five years is 30 units per year or 150 new homes. The calculated Development Charge is \$50,700/150 which equals \$338/household.

**Fire Department: \$50,700.00 eligible for Development Charges**

#### 4.4 ENVIRONMENTAL SERVICES

The *Development Charges Act* permits municipalities to level development charges for new infrastructure including roads, water and wastewater, and transit, which are required to service development-related growth within the municipality. Development charges cannot be used to pay for operating costs or for regular wear-and-tear replacement of infrastructure or equipment.

##### 4.4.1 SEWAGE DISPOSAL SERVICES

As indicated in the 2014 Development Charges Study, there are no municipal sanitary services available in the Township at this time, nor are there any anticipated capital projects with respect to municipal sewage disposal services. All development within the Township is serviced with either communal or private sewage services. Therefore, no development charges related to sewage disposal can be collected.

##### 4.4.2 WATER SERVICES

As with the sewage disposal services, there are no municipal water services nor any anticipated capital projects relating to municipal water servicing since the last Development Charges study was completed. All development within the Township is serviced with either communal or private water services. As a result, no development charges relating to municipal water servicing can be collected.

##### 4.4.3 WASTE MANAGEMENT

Section 2(4)5 of the *Development Charges Act* states that a development charge by-law may not impose development charges to pay for "...increased capital costs required because of increased needs for...[t]he

provision of waste management services”. As a result, no development charges relating to municipal waste management are able to be collected.

#### **4.4.4 ROAD SERVICES**

Within this category, projects are considered eligible to collect a development charge if the project meets the following conditions:

- The road project must be as a direct result of growth.
- Maintenance operations (including normal re-construction as a result of wear and tear) are not eligible.
- Improvements that have a measurable benefit to the existing taxpayers must be discounted by the pro-rated value of that benefit.
- Only the cost of improving the road condition and not the complete re-construction cost is applicable.

If the above noted conditions are met for a project, the estimated cost for the anticipated road improvement is then calculated. The calculation is based on using “benchmark” and “unit” costs for the various components relating to road construction. Since the last Development Charge Study five years ago, Jp2g reviewed unit and benchmark prices based on average construction costs for projects constructed in 2018 against current industry/recent prices (see Tables 7) and, while they have increased (sometimes substantially) since the last Development Charge study, they are considered to be reasonable and in keeping with the current industry costs.

TABLE 7: BENCHMARK COSTS		
TYPE	COST (\$)	UNIT
Earth Excavation	12.00	per cubic metre
Rock Excavation	105.00	per cubic metre
Dewatering	15,000.00	Lum sum
Granular "A"	16.00	per tonne
Granular "B"	15.00	per tonne
Granular "A" (Shouldering)	15.00	per tonne
Asphalt - Wear Course	95.00	per tonne
Asphalt - Base Course	90.00	per tonne
Partial Depth Removal of Asphalt	5.00	per square metre
Remove Asphalt	10.00	per square metre
Ditching in Earth	15.00	per metre
Riprap	60.00	tonne
Removal of Steel Beam Guide Rail (SBGR)	16.00	per metre
Single Rail SBGR with Channel	150.00	per metre
Extruder Terminal	4000.00	each
600mm Dia. CSP Culvert Extension	1,000.00	per metre
R & R 16m X 600mm Dia. CSP	11,000.00	each
Precast Concrete Bridge Sections including, excavation footings and waterproofing	41,550	per metre
Road Widening (Shoulder) including Granular's and Pavement	15.00	per metre
<b>Full Depth Reconstruction</b> - Pulverize, 50mm Lift of HL4 asphalt, 100mm Gran. "A", 200mm Gran. "B", shouldering, 25% spot drainage improvements, culvert replacement, 10% contingency, geotechnical and engineering	400,000	per kilometre
<b>NOTES:</b> Benchmark costs based on 2018 average construction costs in the local area		

Within the Township of Drummond/North Elmsley, Township staff identified seven road/bridge projects that are anticipated to occur within the timeline of this study (i.e. the next 5 years). Considering the benchmark and unit prices detailed above as a guide and reviewing the numbers provided by the Township, Table 8 below summarizes the estimated costs (including the portion that can be considered related to growth) for the capital projects identified by Township staff.

At the present time, there are no Federal or Provincial funding programs known that would contribute to the capital cost of these projects. The projects mostly include reconstruction or resurfacing of the existing roads in order to meet the minimum desired level of service; however, a portion of all of the projects will involve widening and/or increasing the sub-surface of the road to meet increased traffic demands, a portion of which can be attributable to growth.

TABLE 8: 5 YEAR CAPITAL ROADS EXPENDITURES				
YEAR	DESCRIPTION	TOTAL COST (\$)	% GROWTH RELATED	AMOUNT GROWTH RELATED (\$)
2021	Armstrong Road Bridge widening (includes a detailed deck condition survey, design work, reinforcement of beams, and construction)	500,000	27%	\$135,000
2023	Buttermilk Hill Road Bridge widening (includes a detailed deck condition survey, design work, reinforcement of beams, and construction)	650,000	27%	175,500
2022	Wayside Drive (resurfacing and widening of shoulder for ~ 1.35 km)	540,000	4%	21,600
2020	Tennyson Road (resurfacing and widening of shoulder for ~ 14.8 km)	5,000,000	4%	200,000
2023	Canal Bank/Riverside Drive (resurfacing and widening of shoulder for ~ 0.6 km)	240,000	45%	108,000
2024	Poonamalie (resurfacing and widening of shoulder for ~ 3.09 km)	1,200,000	4%	48,000
2020	Widenmaier Corner Reconstruction	40,000	0	0
	<b>TOTALS:</b>	<b>8,170,000</b>		<b>688,100</b>
<p><b>NOTES:</b> Approximate road lengths were obtained from the road inventory table in Appendix A of the Asset Management Action Plan (2018-2029) prepared by the Township of Drummond North Elmsley.</p>				

In the case of the road projects listed in Table 8, the portion of the road improvements that includes widening of the road is considered a requirement due to growth in the Township and is therefore eligible for Development Charges. The total for the anticipated road projects is \$7,020,000.00. Of that, \$377,600.00 can be considered growth related. The percentage that has been attributed to growth based on the benchmark/unit rates is consistent with the anticipated growth rate of 4%. In the case of Canal Bank/Riverside Drive, the current gravel road is intended to be widened and resurfaced to meet the needs to continued growth and development in this area of the Township. It was determined by staff that 45% of this project could be attributed to growth.

**Road Projects: \$377,600.00 can be attributed to growth**

In terms of the bridge projects, the upgrades to the Armstrong Road and Buttermilk Hill Road Bridges, only the widening of the bridge is considered growth related. The total cost of the bridge widening/improvement projects are \$1,150,000; the anticipated cost of the widening portions of the total cost is \$310,500.00. The widening of the bridges on Township roads is necessary to increase the safety and quality of the bridges to meet the needs of the growing population. Staff have determined that 27% of the bridge projects is attributable to growth.

**Bridge Projects: \$310,500.00 can be attributed to growth**

#### 4.4.5 PUBLIC WORKS HOUSING FACILITIES

The Township's existing salt storage shed located on Concession 7 in Geographic Drummond Township is expected to be replaced in 2020. The projected replacement value of the existing structure, as shown in Table 9 below is \$231,854.00. The existing shed is approximately 3,200 m<sup>2</sup>, while the proposed shed will be 9,600 m<sup>2</sup>. The enlarged shed is required not only to provide a more secure and efficient facility but to better serve the increased demand for road maintenance in the Township. The increase in the size of the storage structure can be partially attributable to the increase in traffic, roads and demands for maintenance services throughout the Township. No other improvements or upgrades to public works housing facilities are planned in the next five-year period that is the subject of this Study. However, it is relevant to note all of the Township's facilities and replacement insurance values for informational purposes. These include the Municipal Office, Community Halls, as well as the Public Works Housing Facilities. This information, as listed in Table 9, is the 2018 Insurance Replacement Values as provided by the Township.

TABLE 9: INSURANCE REPLACEMENT VALUES OF TOWNSHIP FACILITIES (2018)		
FACILITY	LEGAL ADDRESS	2018 INSURANCE REPLACEMENT VALUE (\$)
Municipal Office/Garage	310 Port Elmsley Road	1,761,009
Ferguson's Falls Community Hall	1362 Ferguson's Falls Road	344,098
Drummond Centre Garage & Hall	1920 Concession 7 Drummond	1,434,570
Storage Garage	1920 Concession 7 Drummond	103,466
Salt/Sand Shed	1920 Concession 7 Drummond	249,480
Salt/Sand Shed	310 Port Elmsley Road	190,344
Landfill Garage	745 Code Road	18,684
Landfill Re-use Centre	745 Code Road	19,279
Landfill Office Trailer	745 Code Road	12,155
Rideau Ferry Docks	Rideau Ferry Road	233,972
<b>TOTAL ASSET COST</b>		<b>\$4,367,057</b>

The replacement value of the Drummond salt storage shed with an enlarged storage shed is estimate at \$500,000.00, based on information provided by Township staff. The Township staff attributes the growth rate of 4% of the cost to new growth and thus the additional cost to enlarge the structure is \$20,000. The expansion to the facility can be attributable to the growth in the Township in order to meet the increased needs and expectations of residents of the Township.

**Public Works Facilities: \$20,000.00 can be attributed to growth**

#### 4.4.6 PUBLIC WORKS EQUIPMENT

In addition to planned road works, public works equipment is also eligible for consideration for Development Charges. A breakdown of the Public Works Equipment currently owned by the Township as well as the anticipated year for future replacement, and future replacement value where known is listed below; Table 10 depicts the Transportation Equipment while Table 11 shows the Environmental Equipment.

<b>TABLE 10: TRANSPORTATION EQUIPMENT: REPLACEMENT YEAR AND COST</b>		
<b>TRANSPORTATION MAKE &amp; MODEL</b>	<b>REPLACEMENT COST IN 2018 (\$)</b>	<b>REPLACEMENT YEAR</b>
<b>LARGE TRUCKS</b>		
2015 International Sander/Plow Truck	300,000	15 – 20 years
2006 International 7600 Tandem Plow Truck	250,000	2020
2008 International 7600 Tandem Plow Truck	270,000	2023
2011 International 7600 Tandem Plow Truck	280,000	2026
2000 Spare Single Axel Plow Truck (replace with a tandem)	300,000	2020
5-Ton Truck (New)	150,000	15 – 20 years
<b>SMALL TRUCKS</b>		
2008 Ford Cube E350 Cube Van	8,000	2022
2016 GMC 3/4 ton Pick-Up Truck (Cold Patching)	45,000	2026
2016 GMC 3/4 Ton Pick-Up Truck (Shawn J)	45,000	2026
2019 Silverado 1/2 ton 4X4 Pick-Up Truck (CBO)	45,000	2028
2019 Silverado 1/2 ton 4X4 Pick-Up Truck (Scott)	45,000	2028
<b>HEAVY EQUIPMENT</b>		
2013 Volvo G9060B Grader		
Volvo G740 Grader (2002)	400,000	2027
Case Loader/Backhoe/Extend-a-hoe (1999)	145,000	2019
Dresser Rubber Tire Loader (1988)	100,000	2022
John Deere Track Loader 2008	(Outside Replacement Window)	
Kubota 4 Wheel Drive Tractor	(Outside Replacement Window)	
Massey Ferguson 5HI/Mower/Brushing Unit	(Outside Replacement Window)	
<b>ACCESSORY EQUIPMENT</b>		
Kubota Diesel Chipper	(Outside Replacement Window)	
Steamer	(Outside Replacement Window)	
AMI Pavement Edger	(Outside Replacement Window)	
Water Tank (Stainless Steel)	(Outside Replacement Window)	
Water Tank (Stainless Steel)	(Outside Replacement Window)	
Brush Cutting Unit	(Outside Replacement Window)	
Rock Drill Compressor 2013	(Outside Replacement Window)	
Grader Mounted Roller Packer	\$22,000	2020
Grader Mounted Roller Packer	(Outside Replacement Window)	
<b>OTHER</b>		
35 KW Generator	30,000	2024
Reflectometer	15,000	2021
GPS System	25,000	2024
2-way Radios (18)	(Outside Replacement Window)	
Emergency/Detour Equip Trailer	(Outside Replacement Window)	

TABLE 11: ENVIRONMENTAL EQUIPMENT: REPLACEMENT YEAR AND COST		
ENVIRONMENTAL MAKE & MODEL	REPLACEMENT COST IN 2013 (\$)	REPLACEMENT YEAR
<b>LARGE TRUCKS</b>		
1990 Rear Packer Garbage Truck (used)	20,000	2020
1992 International Dump Truck	15,000	2022
<b>HEAVY EQUIPMENT</b>		
2008 John Deere 605C Track Loader	(Outside Replacement Window)	
2004 Cat 826G Waste Compactor	(Outside Replacement Window)	
<b>OTHER</b>		
Weigh Scales	75,000	2028
Landfill Closure (8-11 years)	1,235,000	2026
Re-Use Centre	21,600	2023
Phase 2 Opening	200,000	2024
Landfill Trailer (+2031)	(Outside Replacement Window)	
Landfill upgrades (Boldrick Property)	30,000	2019

While there are a number of pieces of equipment scheduled to be replaced during the period of this Study (2019-2023), it has been determined that only the new 5-Ton Truck, the 2000 Spare Single Axel Plow Truck (replace with a tandem), and the Grader Mounted Roller Packer can be attributed to future growth. The estimated growth related percentages has been provided by staff as 4%, 15%, and 4% respectively, providing a total growth related cost of equipment to \$51,880.00 The growth related portion for the new Tandem Plow Truck was determined based on the difference between new single axel plow to a tandem plow, which is now required to meet the growth needs. The growth-related portion for the new 5-Ton Truck and Grader Mounted Roller Packer is based on the growth rate for the Township, however, does not have upgrades required based on growth.

No other replacements are anticipated to be upgraded or expanded to reflect growth, and therefore none of these other costs can be considered growth related for the purposes of this Study.

**Public Works Equipment: \$51,880.00 can be attributed to growth**

**4.4.7 PUBLIC WORKS SUMMARY**

In summary, the public works department anticipates a number of road improvements and bridge improvements over the five year period that is the subject of this Study. In addition, an expansion to the existing salt storage facility in Drummond Township is planned. The eligible projects can be summarized as follows:

Growth-related road improvements: \$377,600

Growth-related bridge improvements: \$310,500

Growth-related facilities improvements: \$20,000

Growth-related equipment improvements: \$51,880

**The total eligible cost for the public works department is \$759,980.00**

#### **4.5 PARKS AND RECREATION FACILITIES**

The Township is not proposing any capital projects related to parks or recreation facilities at this time. Therefore, no Development Charges can be collected for this service.

The Township has instated Fee Sharing Agreements for recreational services in collaboration with the Town of Smiths Falls and the Town of Perth. These Agreements provide Drummond/North Elmsley residents with access to recreation facilities and programs in the abutting urban municipalities.

In the “Agreement for Recreational Services” between the Township of Drummond/North Elmsley and the Town of Smiths Falls, a cost-sharing agreement has been instated to allow Drummond/North Elmsley ratepayers access to the following Smiths Falls facilities from January 1, 2017 to December 31, 2021: the Memorial Community Centre Arena and Hall, and the Youth Arena and Hall. The annual cost to the Township of Drummond/ North Elmsley is currently \$36,173 but the amount changes each year depending on the budget.

Through By-law No. 2018-019, the Township of Drummond/North Elmsley also established a four year “Recreational Fee for Service Agreement” (2019-2022) with the Town of Perth which allows Township ratepayers to use the following facilities: the Perth and District Community Centre, the Perth and District Indoor Pool, and Conlon Farm Recreation Facility. The annual cost to the Township of Drummond/ North Elmsley is currently \$170,398, and increases by the CPI each year.

#### **4.6 LIBRARY**

The Township, in conjunction with Tay Valley Township and the Town of Perth, entered into an agreement under By-law 2002-051 for the management and operation of the Perth and District Union Public Library, which is under the management, regulation and control of the Perth and District Union Public Library Board. As a result of this agreement, Drummond/ North Elmsley ratepayers have access to all Perth library services. The annual cost to the Township of Drummond/ North Elmsley is currently \$161,000.

As per the Union Library agreement, each of the three municipalities pay 4% of their respective levy amounts towards library capital expenditures. The Board is planning an expansion of library space to meet future demand. Although the expansion could be considered for development charges, the Township historically collects development charges for roads, admin, equipment and fire services exclusively because the 4% levy would make up that revenue.

#### **4.7 AVERAGE LEVEL OF SERVICE**

Section 5(1)(4) of the *Development Charges Act* notes that the proposed development charge “... 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.” Table 12 below summarizes the average level of service provided to the households



in the Township for each of the service areas, based on the data and demographic information described above.

<b>TABLE 12: AVERAGE LEVEL OF SERVICE (list by project)</b>				
<b>SERVICE AREA</b>	<b>MEASUREMENT BASE</b>	<b>TOTAL VALUE (\$)</b>	<b>NUMBER OF HOUSEHOLDS</b>	<b>AVERAGE LEVEL</b>
Development Charges Study	N/A			AS NEEDED
Studies and Reports	N/A			AS NEEDED
Fire Protection – Equipment and Housing	Cost per household	D/NE Share: \$2,626,250	3762	\$698/household
Public Works	Cost per household	\$4,467,128	3762	\$1,223/household

## 5.0 DEVELOPMENT CHARGES CALCULATION

### 5.1 SURROUNDING MUNICIPALITY COMPARISONS

Nearby municipalities and counties around the Township of Drummond/North Elmsley impose Development Charges for Residential, Commercial and Industrial Development. These surrounding municipalities' Development Charges, implementation dates, and any special provisions to the By-law are listed in Appendix 1.

The current Development Charge for new homes in the Township of Drummond/North Elmsley is \$3,000, which is comparable to the development charges approved by rural neighboring municipalities.

### 5.2 ASSESSMENT ANALYSIS

Table 13 below shows the tax split between residential and non-residential development in the Township. As noted in previous Development Charges studies, the tax split is a reasonable way to allocate eligible capital expenditures in the Township. It is notable that this split between residential and non-residential development has not changed since the 2014 DC Study.

<b>TABLE 13: ASSESSMENT ANALYSIS (2019)</b>		
	<b>ASSESSMENT</b>	<b>PERCENTAGE</b>
<b>RESIDENTIAL</b>	\$1,106,885,296	97%
<b>COMMERCIAL</b>	\$33,059,330	3%
<b>TOTALS:</b>	<b>\$1,139,944,626</b>	<b>100%</b>

Non-residential development, including commercial/industrial and institutional activity, is seen to provide an inherent benefit to the Township as a whole; this type of development is desirable and should be encouraged. Historically, the Township has chosen not to apply development charges to these activities, in order to encourage their establishment. Whether Development Charges are applicable to non-

residential development or not, the entire charge that is applied in the Township should not be fully attributed to residential activity. Therefore, those expenditures which would benefit both the residential and the non-residential sectors should be reduced by 3%, as shown in Table 18.

In addition to this adjustment, and as required by the *Development Charges Act*, Section 5(1)(8), the capital cost of some of the expenses that are eligible for development charges must be reduced by 10%. This reduction does not apply to Fire Protection Services or services related to a highway as defined by the *Highway Traffic Act*. Therefore, the eligible cost for development charges for the affected services must be reduced by 10%.

Section 33 of the *Development Charges Act* requires that municipalities set up reserve funds to manage Development Charges that are collected and track how they are allocated to each of the eligible service areas. Existing funds that are in Reserve in the Municipality, as a result of previous Development Charges that have been collected and not yet spent, must also be considered in this calculation. Therefore, in Table 16, existing Reserve funds in each of the service areas have been identified and the amount for each service area that can be collected from new Development Charges has been adjusted accordingly. While municipalities may borrow monies from the reserve fund, ultimately "the money in a reserve fund established for a service may be spent only for capital costs" associated with at service (Section 35 of the *Development Charges Act*).

### 5.3 DEVELOPMENT CHARGES SUMMARY

In summary, the analysis and calculations above can be used to determine the maximum eligible development charges for the Township. Historically, Development Charges have only been applied to residential growth in the Township; however, the relevant calculations for industrial/commercial activity are included below as well, to give Township Council an opportunity to consider their application to industrial/commercial growth in the future.

**TABLE 14: FINAL COST ELIGIBLE FOR DEVELOPMENT CHARGE**

SERVICE AREA	ELIGIBLE COST FOR DEVELOPMENT CHARGE (\$)	AFTER 10% REDUCTION (SEC. 5(1)8)	RESERVE FUND AMOUNT (\$)	AFTER DEDUCTION FOR RESERVES (\$)	RESIDENTIAL SHARE (97%) (\$)	COMMERCIAL /INDUSTRIAL SHARE (3%) (\$)
Development Charges Study	25,000	N/A	0	25,000	24,250	750
Fire Protection	50,700	N/A	0	50,700	49,179	1521
Public Works	759,980	683,982	44,643	639,339	620,159	19,180
<b>TOTAL:</b>	<b>835,680</b>	<b>N/A</b>	<b>N/A</b>	<b>715,039</b>	<b>693,588</b>	<b>21,451</b>

#### 5.3.1 MAXIMUM RESIDENTIAL DEVELOPMENT CHARGE

The data in Table 14 above can now be used to determine the maximum Development Charge that can be collected by the Township in each of the service areas for the upcoming five-year period, which can be applied to residential growth. Table 15 utilizes the calculations for each service area and the projected number of households per year to determine the maximum Development Charge.

<b>TABLE 15: DEVELOPMENT CHARGE CALCULATION – RESIDENTIAL</b>			
<b>SERVICE AREA</b>	<b>ELIGIBLE RESIDENTIAL SHARE (\$)</b>	<b>PROJECTED NUMBER OF HOUSEHOLDS (30/YEAR)</b>	<b>MAXIMUM DEVELOPMENT CHARGE (\$)</b>
Development Charges Study	24,250	150	162
Fire Protection	49,179	150	328
Public Works	620,159	150	4,134
<b>TOTAL:</b>	<b>693,588</b>		<b>\$4,624</b>

In summary, the maximum Development Charge that can be collected by the Township from residential growth, based on the information provided by the Township and calculated herein, is \$4,624 per household. The current Development Charge collected by the Township is \$3,000.00 per household; the breakdown for this charge calculated in 2009, as compared to the current data, is depicted in Table 16 below.

<b>TABLE 16: SUMMARY OF DEVELOPMENT CHARGE CALCULATION</b>			
<b>SERVICE AREA</b>	<b>CURRENT DEVELOPMENT CHARGE (FROM 2014 STUDY) (\$)</b>	<b>STUDY MAXIMUM DEVELOPMENT CHARGE (2019) (\$)</b>	<b>SUGGESTED DEVELOPMENT CHARGE (\$)</b>
Development Charges Study	60	162	162
Fire Protection	0	328	328
Public Works	2610	4,134	3,510
Facilities	330		
<b>TOTAL:</b>	<b>\$ 3,000</b>	<b>\$ 4,624</b>	<b>\$4,000</b>

The recommended residential Development Charge for the upcoming period from 2019 to 2024 is \$4,000.

### **5.3.2 MAXIMUM COMMERCIAL/INDUSTRIAL DEVELOPMENT CHARGE**

In considering a Development Charge for industrial/commercial development in the Township, it is notable that most municipalities in the area do apply a charge based on the square footage of construction. In order to determine a reasonable square footage cost, it is appropriate to consider the average industrial/commercial construction that has taken place in the Township in recent years. Table 4 above depicts commercial/industrial building activity over the previous five-year period in the Township. The average square footage of industrial/commercial construction that took place between 2014 and 2018 was just under 10,000 square feet per year. This is a decrease of approximately 50% over the previous five year period. It is, however, assumed that there will continue to be some commercial/industrial growth in the Township. Based on the historic information, a modest but reasonable estimate for commercial/industrial growth in the next five year period is 10,000 square feet per year. As noted in Table 14 above, the maximum amount of Development Charges that can be collected for commercial/industrial activity is \$22,464.00. Therefore, the allocation per square foot over the next

five year period, assuming 10,000 square feet of commercial/industrial growth per year, is a maximum of \$2.25 per square foot.

Following a presentation of the draft 2019 Development Charge Study to Committee of the Whole on May 14, 2019, Council determined that Development Charges would not be applied for Commercial or Industrial building activity for the period of 2019 to 2024.

### 5.3.3 DEVELOPMENT CHARGE ACCOUNTING

As prescribed in the *Development Charges Act* and associated Regulations, the Township is required to create a separate Development Charge Reserve Fund, and track each of the service areas independently. Interest earned on the fund balance accrues to the fund and is an integral part of the Development Charge structure. Withdrawals from the fund should only be made to pay for the growth-related net capital costs associated with the services listed in this Report, or to refund overpayment to owners, with interest, if appropriate.

A sub-account for each of the service areas should be created and maintained, where the proportionate share of the Development Charge revenue should be deposited along with the interest accumulated, and any expenditure should be appropriately deducted. Sub-accounts for service categories which require a ten percent municipal contribution should be maintained separately from those that do not. The following Table summarizes how the Development Charges that are collected are to be allocated between Reserve Fund sub-accounts. It is easier for the Municipality to manage sub-accounts within one reserve fund account, rather than creating separate reserve fund accounts for each service area, as the Township will then have the ability to “borrow” funds from one service area to another without creating an overdraft in reserve fund. The Township’s Treasurer should be responsible for the reserve fund and the appropriate sub-accounts.

<b>SERVICE CATEGORY</b>	<b>PROPORTIONAL SHARE: RESIDENTIAL</b>
Development Charges Study	4%
Fire Protection	8%
Public Works	88%
<b>TOTAL:</b>	<b>100%</b>

An annual report with details related to the Development Charges and reserve funds must be prepared by the Clerk-Treasurer and submitted to Township Council in accordance with the requirements of the *Development Charges Act*. The annual report is to include statements of the opening and closing balances of the reserve fund for the preceding year, and the transactions related to the reserve funds, and must be submitted to the Minister of Municipal Affairs and Housing within sixty (60) days of it being presented to Council. The annual report from the Clerk-Treasurer must include the following information:

For each reserve fund:

- A description of the service for which the fund was established (list of services in the service category).

- For any credits in relation to the service or service category for which the fund was established, detail the amount outstanding at the beginning of the previous year, the amount in the current year, the amount used in the year and the amount outstanding at the end of the year.
- The amount of any money borrowed from the fund by the Township during the previous year and the purpose for which it was borrowed, and the amount of interest accrued during the previous year on the money borrowed from the fund by the Township.
- The amount and source of any money used by the Municipality in the previous year to repay money borrowed from the fund or interest on such money.
- A schedule that identifies credit recognized under Section 17 of the *Development Charges Act* and, for each credit recognized, the service against which the credit is applied and the source of funds used to finance the credit.

For each project that is financed in whole or in part through Development Charges:

- The amount of money from each reserve fund that is spent on the project.
- The amount and source of any other money that is spent on the project.

## 6.0 IMPLEMENTATION

In previous Development Charges Studies, a fixed Development Charge rate was recommended to apply across the entire Township and to only apply to Residential development. This same approach is also recommended for the upcoming five-year period. As noted in previous studies, this is supported by the following:

- a) Most capital expenditures in the Township are designed to service the entire population, and therefore a Township-wide approach is an equitable approach for allocating these costs.
- b) Most capital projects represent large expenditures that preclude an even rate of expansion or implementation. The construction or acquisition program must be based on the priority needs of the entire Township rather than attempting to balance construction by the financial returns in differing areas.
- c) It is easier for the Township to administer one charge across the entire jurisdiction.

The Development Charges By-Law passed by Council to implement this Study expires five years after the day it comes into force and effect, unless Council chooses to impose an earlier expiry date, or repeal said by-law at an earlier date.

The Development Charges By-Law should be implemented in full on the date of passage of the By-Law, and should apply to all new residential building permit applications and commercial/industrial

development if that is the wish of Council. The *Development Charges Act* identifies the building permit stage as the time when Development Charges are payable. As services are required at or near the date that a building is occupied, it is appropriate to collect the Development Charge at the building permit stage.

The *Development Charges Act* requires the preparation of a brochure which is to be available to the general public and which describes the general purpose of the Development Charges that are being imposed, the rules for determining if a Development Charge is payable and the amount, along with a list of the services to which the Development Charges relate and a description of the general purpose of the Clerk-Treasurer’s annual report. In addition, the public should be advised where the pamphlet can be viewed. One copy of the pamphlet is to be distributed free of charge to anyone requesting it.

The *Development Charges Act* requires that one of the conditions of approval on a Draft Plan of Subdivision is that the person(s) who first purchase the sub-divided land after the Final Approval of the Draft Plan must be informed, at the time the land is being transferred, of all of the Development Charges related to the development.

## 7.0 SUMMARY OF NEW DEVELOPMENT CHARGES

The final summary of the recommended Development Charges for Drummond/North Elmsley is shown in Table 18.

TABLE 18 - SUMMARY OF DEVELOPMENT CHARGES 2019	
DEVELOPMENT TYPE	PROPOSED DEVELOPMENT CHARGE
Residential Unit	\$ 4,000
Commercial/Industrial Development	\$ 0/square foot

The following table shows the allocation of the proposed Development Charge between the various service areas.

TABLE 19 - ALLOCATION OF DEVELOPMENT CHARGES		
SERVICE AREA	%	\$
Development Charges Study	4	160
Fire Protection	8	320
Public Works	88	3,520
<b>TOTAL:</b>	<b>100%</b>	<b>\$4,000</b>

**APPENDIX 1: COMPARISON OF DEVELOPMENT CHARGES**

<b>TABLE 16: CURRENT DEVELOPMENT CHARGES IN SURROUNDING MUNICIPALITIES 2019</b>				
<b>MUNICIPALITY</b>	<b>RESIDENTIAL DEVELOPMENT CHARGE</b>	<b>COMMERCIAL/ INDUSTRIAL DEVELOPMENT CHARGE</b>	<b>IMPLEMENTATION DATE</b>	<b>SPECIAL NOTES/PROVISIONS</b>
<b>Lanark Highlands</b>	N/A	N/A		Previous Development Charges lapsed October 27, 2014
<b>Tay Valley</b>	\$2700-\$3550 depending on type of dwelling	N/A	December 2, 2014	Yearly increase in Development Charges, inconsistent and dependent on type of dwelling Industrial and commercial development exempt
<b>Montague</b>	\$2569-\$3248 depending on type of dwelling	\$7.52/sq m	November 30, 2016	No development charges if replacing or reconstructing a building provided it was occupied in at some point in the 24 months preceding the application for a building permit No charges for enlargement of existing dwelling unit. No charges in enlarging gross floor area of industrial building by up to 50% No development charges in the construction of a second single detached dwelling on a property where such property is in agreement with the Township for future demolition of the first (existing) dwelling
<b>Mississippi Mills</b>	<u>Rural Based:</u> \$2812-\$6879 depending on type of dwelling <u>Urban Based:</u> \$5940-\$14530 depending on type of dwelling	<u>Rural Based:</u> \$2.74/square foot <u>Urban Based:</u> \$4.95/ square foot	June 26, 2018	Lands owned and used by Municipality or a local board, the board of education, or the Corporation of the County of Lanark exempt Enlargement to existing unit, one or two additional units in existing single detached dwelling, and one additional unit in any other existing residential building exempt Industrial development exempt
<b>Rideau Lakes</b>	\$3673.54/ housing unit	\$1.71 /sq ft or \$18.38/sq m	October 6, 2014	Development charges may not be applied to in an enlargement of an existing dwelling unit, the creation of one or two dwelling units in certain types of residential buildings, and the first 50% of an expansion of an existing non-residential building
<b>Perth</b>	<u>General:</u> \$2770.61-\$6452.80 depending on number of units <u>North Area Charge:</u>	<u>General:</u> \$3.17/ sq ft <u>North Area Charge:</u> \$3.67/ sq ft	November 10, 2014	Any expansion up to 50% of any existing industrial building is exempt. Charges do not apply to accessory uses to residences nor to buildings less than 10m <sup>2</sup>

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	\$3015.57-\$7022.73 depending on number of units <u>West Area Charge:</u> \$3402.43-\$7924.86 depending on number of units <u>East Area Charge:</u> \$3045.35-\$7090.15 depending on number of units	<u>West Area Charge:</u> \$3.20/ sq ft <u>East Area Charge:</u> \$3.30/ sq ft		Each Residential/Non-Residential use has a Special Area Charge
<b>Carleton Place</b>	\$1,662.30-\$4,072.64 depending on type of dwelling	\$2.08/sq ft or \$22.34/ sq m	June 26, 2018	Exemption for residential if one or two units constructed within existing single detached dwelling unit or one unit in any other residential building. Exemption is lost if gross floor area of the new construction of additional units exceeds the gross floor area of existing unit
<b>Smiths Falls</b>	N/A	N/A		
<b>Beckwith</b>	<u>All Residential Unit Types:</u> \$5000-\$6000	N/A	May 13, 2014	Residential unit Development Charges increase by \$250 increments each year over the five year period of the Development Charges By-law
<b>County of Lanark</b>	\$302-\$700 depending on type of dwelling (Jan 1, 2017) \$362-\$840 depending on type of dwelling (Jan 1, 2018) \$423-\$979 depending on type of dwelling (Jan 1, 2019) \$483-\$1119 depending on type of dwelling (Jan 1, 2020) \$543-\$1258 depending on type of dwelling (Jan 1, 2021)	\$0.41/sq ft of Gross Floor Area (Jan 1, 2017) \$0.49/sq ft of Gross Floor Area (Jan 1, 2018) \$0.58/sq ft of Gross Floor Area (Jan 1, 2019) \$0.66/sq ft of Gross Floor Area (Jan 1, 2020) \$0.74/sq ft of Gross Floor Area (Jan 1, 2021)	January 1, 2017	Places of worship, lands owned and used by Municipality, interior alterations of existing buildings, non-residential farm buildings, industrial buildings, and hospitals exempt Enlargement of existing residential dwelling or creation of one or two additional units where specific conditions are met are exempt Reduction in development charges allowed in case of demolition or redevelopment of residential, non-residential, or mixed use buildings provided the building was occupied and a building permit for redevelopment was issued within five years of the issuance of the demolition permit.
<b>NOTE:</b> Information current as of March, 2019				