RECOMMENDATION

(a) That a new Development Charges (DC) Background Study for all City services be initiated to support a new DC By-law, in accordance with the Development Charges Act, 1997;

(b) That Watson & Associates Economists Ltd. be approved as a single source through Purchasing Policy #11 as the consultant to complete the City’s 2014 Development Charge (DC) Background Study and support the enactment of a new DC By-law, to be funded from the approved 2013 Capital Budget (FCS12096), project 3381355301 (2014 DC Study – DC Funding $540,000, Levy Funding $60,000);
EXECUTIVE SUMMARY

2014 DC Background Study
The Development Charges Act, 1997 requires the DC By-laws expire after no more than 5 years from the date they come into effect. The last DC Background Study and DC By-laws for all City services were completed in 2009. In 2011, a new Background Study and By-law was completed for the rate budget services (Water, Wastewater, and Stormwater) – however, in order to consolidate all services back into one Background Study and one By-law, the DC Background Study will need to cover all eligible City services.

Policy #11 Request
Watson & Associates Economists Ltd. (Watson) are considered to be DC experts, and leaders in the field. City staff are recommending Watson be single-sourced through Policy 11 of the Purchasing Policy. Their expertise is evidenced by the fact that they produce as many DC Background studies (see Appendix “B” to Report FCS13028) as all other firms combined. Watson is extremely knowledgeable about the City’s infrastructure, employment and residential metrics as they have most recently completed or are working on projects such as the Airport Employment Development Lands, West Harbourfront Cost/Benefit Analysis and the costing of expanded Water Services from Hamilton to Haldimand County. Watson also completed the 2004, 2006, 2009 and 2011 DC Background Studies for the City. Staff at Watson have a significant amount of knowledge, experience and familiarity with the City, its infrastructure, and DC policies.

Watson’s billing practise is based on an hourly basis. With the in-house expertise currently residing within City staff and the consolidation of the infrastructure services planned for the 2014 DC Background Study, expenditures should be considerably less than the consolidated amounts spent for the 2009/2011 studies ($760,000 including appeal costs). Ninety percent of these expenditures are eligible for DC funding and ten percent from the levy. The Policy 11 procurement process will also allow City staff to spend additional time with all of the DC stakeholders, as forecast in the tentative schedule attached as Appendix “A” to Report FCS13028.

Tentative Schedule
City staff have prepared a tentative schedule, attached as Appendix “A” to Report FCS13028, which would see the collection of information and preparation of the DC Background Study coincide with the Capital Budget process. This means that there should be less duplication of work for City staff, and the Background Study will be completed much earlier, allowing more time for consultation with the Development Industry prior to finalizing the Background Study and DC By-laws for presentation to Council.
Should staff be directed to undergo a competitive process and issue an RFP for consultant services to produce the DC Background Study and support the passing of new DC By-laws, the tentative schedule may be unattainable. The delays resulting from both going through the competitive process, and getting a new consultant up to speed if Watson was not successful, would make it more difficult for the Background Study to be coordinated with the Capital Budget process, and minimize the time available for consultation with the Development Industry in hopes of avoiding appeals.

**DC Stakeholders Committee**

The DC Stakeholders Committee is established at the beginning of each Council term in order to provide input, feedback, and direction to staff and consultants during the preparation of the DC Background Study and By-laws. The make-up of the committee is as follows;

- Councillor B. Clark
- Councillor B. Johnson
- Councillor J. Partridge
- Councillor M. Pearson
- John Chivers-Wilson (Citizen-at-Large)
- Melanie Winterle (Citizen-at-Large)
- Representative from Hamilton-Halton Home Builders Association
- Representative from Hamilton Chamber of Commerce
- Representative from Hamilton/Burlington Real Estate Board

Staff will be liaising with the committee per the forecast schedule presented in Appendix “A” to Report FCS13028.

The 2014 DC Background Study was included in the 2013 Capital Budget as being funded over two years, with the costs related to preparation of the DC Study and By-laws to be funded from the 2013 budget. If there are no appeals to the 2014 DC By-laws, any remaining funding would be returned to the DC Administrative Studies reserves.

**Alternatives for Consideration – See Page 6**
recover the growth related capital costs related to servicing such new development. If DC’s were no longer collected, it would have a significant impact on the tax levy.

Recommendation (b) to Report FCS13028 - If this recommendation is approved, staff will enter negotiations with Watson for a competitive hourly rate. Watson billing practice is based on an hourly basis. With the in-house expertise currently residing within City staff and the consolidation of the infrastructure services planned for the 2014 DC Background Study, expenditures should be considerably less than the consolidated amounts spent for the 2009/2011 studies ($760,000 including appeal costs). Ninety percent of these expenditures are eligible for DC funding and ten percent from the levy.

Project 3381355301 was approved through the 2013 Capital Budget with a 2013 budget of $600,000. The majority of costs are expected to be consultant fees, including printing of the DC Background Study, however, other costs including legal fees, advertising, meeting expenses and other printing costs related to the 2014 DC Background Study will also be funded from this project.

Staffing:
None

Legal:
The Development Charges Act requires that DC By-laws expire after a period of no more than 5 years. The 2009 DC By-law will expire on July 5, 2014, with a new By-law required to be in place by July 6, 2014. A DC background study must be completed in order to support a new By-law, and the By-law must be passed within one year of the completion of the DC Background Study.

HISTORICAL BACKGROUND (Chronology of events)

The Development Charges Act, 1997 requires that DC By-laws expire no more than 5 years from the effective date of the By-law. After the DC Act came into place and prior to amalgamation, each of the former municipalities and the region undertook DC Background Studies and developed DC By-laws.

After amalgamation, the first DC Study and By-law for the entire City was completed in 2004. In 2006, an additional study was completed to review several service components where growth capital needs had changed significantly, and also added collection for GO Transit DC’s.

In 2009, the next comprehensive DC Background Study was completed, and several community services related service components were added. During the 2009 DC
process, the water and wastewater services were included in a separate By-law from the rest of the services as it was anticipated that a new assessment of future growth requirements would be completed. The DC By-law for all services other than water and wastewater was set to expire in 2014.

In 2011, a new DC Background Study on the water, wastewater and stormwater services was completed, and a new By-law put in place. By-law amendments were also made to the other 2009 DC By-law which included removing the stormwater service component and making adjustments to the Industrial DC rate.

Watson has completed each of the 2004, 2006, 2009 and 2011 DC Background Studies for the City.

Council has also referred a number of issues to staff to review as part of the 2014 DC Background Study, including: Process for the allocation of DC credits and exemptions, DC policies respecting intensification, and area-rating of DC’s.

### POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

Use of Purchasing Policy #11 requires Council approval for single source requests of $250,000 or more.

After completion of the DC Background Study, the accompanying By-law will replace By-laws 09-143, 11-174 and 11-175 (each as amended).

### RELEVANT CONSULTATION

Corporate Services Department, Financial Services Division, Procurement Section – Advised Policy #11 request must be made to Council, or go through RFP process.

### ANALYSIS / RATIONALE FOR RECOMMENDATION

A single source procurement through Purchasing Policy #11 is to be recommended in cases where it is more cost effective to do so. There may be more than one supply available in the market, but only one is recommended for consideration. Justification is
required to support why it is beneficial to award this work as a single source, rather than through the competitive process.

Watson are considered to be Development Charges experts, and leaders in the field. City staff are recommending Watson be single-sourced through Policy 11 of the Purchasing Policy. Their expertise is evidenced by the fact that they produce as many DC Background studies (see Appendix “B” to Report FCS13028) as all other firms combined. Watson is extremely knowledgeable about the City’s infrastructure, employment and residential metrics as they have most recently completed or are working on projects such as the Airport Employment Development Lands, West Harbourfront Cost/Benefit Analysis and the costing of expanded Water Services from Hamilton to Haldimand County. Staff at Watson have a significant amount of knowledge, experience and familiarity with the City, its infrastructure, and DC policies. The level of familiarity that Watson has with the City and its DC’s and services makes them more cost effective than a new firm stepping in would be.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

That staff be directed to issue an RFP for the completion of a Development Charges Background Study and providing support for the passing of a new Development Charges By-law.

While it is possible that issuing an RFP could result in cost savings, it would make the tentative schedule unattainable, and may not result in the City receiving the same level of expertise in the field. It could also result in the City selecting a consultant without the level of familiarity and experience with the City’s current DC policies and previous studies and By-laws.

**Financial Implications:**
Issuing an RFP may, or may not result in cost savings as compared to approving a single-source through Purchasing Policy #11.

**Staffing Implications:**
None.

**Legal Implications:**
A new DC By-law must be in place by July 6, 2014. Delays in the tentative schedule will result in decreased amount of time for consultation with the Public and Development Industry, which could increase the risk of OMB appeals.
Policy Implications:
None.

This alternative is not recommended.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1
A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective
1.1 Continue to grow the non-residential tax base.
1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
1.3 Promote economic opportunities with a focus on Hamilton’s downtown core, all downtown areas and waterfronts.
1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES / SCHEDULES

Appendix “A” – Tentative Schedule for 2014 DC Background Study
Appendix “B” – Watson & Associates Economists Ltd. DC Client Listing
## TENTATIVE SCHEDULE

### 2014 DEVELOPMENT CHARGES BACKGROUND STUDY

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013</strong></td>
<td></td>
</tr>
<tr>
<td>March 25, 2013</td>
<td>DC Consultant and DC Budget Report approval at Audit, Finance &amp; Administration Committee</td>
</tr>
<tr>
<td>March 27, 2013/</td>
<td>DC Consultant and DC Budget Report approval from Council</td>
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<tr>
<td>April 10, 2013</td>
<td></td>
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<tr>
<td>Late April</td>
<td>Initial Staff meeting with consultants, various Division staff to discuss requirements, needs</td>
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<tr>
<td>May</td>
<td>Follow-up with Division staff on requirements, initial focus on service standard details</td>
</tr>
<tr>
<td>June</td>
<td>Initial DC Stakeholder Committee meeting Development Engineering to meet with HHHBA re future development</td>
</tr>
<tr>
<td>July/August</td>
<td>Division staff work on Capital Budget, growth related Capital Forecast</td>
</tr>
<tr>
<td>September/October</td>
<td>Divisional meetings reviewing forecasts, service standard details DC Stakeholder Committee meeting – update on process</td>
</tr>
<tr>
<td>November/December</td>
<td>Finalize Capital Budget, growth related Capital Forecast. Present to Council DC pricing options (re; intensification) and to receive further direction from Council re; which options to investigate through the DC Background Study in order to receive comments from DC Stakeholder Committee.</td>
</tr>
<tr>
<td><strong>2014</strong></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>Draft DC Background Study DC Stakeholder Committee to review study, proposed DC policies</td>
</tr>
<tr>
<td>February/March</td>
<td>Consultation with Public, Development Industry, DC Stakeholder Committee</td>
</tr>
<tr>
<td>April</td>
<td>Finalize DC Background Study &amp; By-law Advertise Public Meeting (20 Day notice required)</td>
</tr>
<tr>
<td>May</td>
<td>Public Meeting – make any changes/adjustments as directed Additional Public Meeting, if required, passing of new DC By-law</td>
</tr>
<tr>
<td>July 6, 2014</td>
<td>New DC By-law becomes effective</td>
</tr>
</tbody>
</table>
# Development Charge Client List Re the Establishment of Charges Under the DCA, 1997 (2003-2013)

## REGIONS
- Durham
- Halton
- Niagara
- Peel
- Waterloo
- York

## COUNTIES
- Brant
- Dufferin
- Lanark
- Northumberland
- Prince Edward
- Renfrew
- Wellington

## CITIES
- Barrie
- Belleville
- Brantford
- Burlington
- Cumberland
- Guelph
- Hamilton
- Kanata
- Kawartha Lakes
- Kingston
- London
- Niagara Falls
- North Bay
- Orillia
- Oshawa
- Ottawa
- Pickering
- Port Colborne
- Quinte West
- Sault St. Marie
- St. Thomas
- Sarnia
- Stratford
- Thorold
- Timmins
- Toronto
- Waterlooo

## TOWNS
- Ajax
- Arnprior
- Aurora
- Bradford West Gwillimbury
- Caledon
- Cobourg
- Collingwood
- East Gwillimbury
- Erin
- Essex
- Fort Erie
- Georgina
- Gravenhurst
- Grimsby
- Halton Hills
- Huntsville
- Kingsville
- Lakeshore
- LaSalle
- Lincoln
- Milton
- Minto
- Mississippi Mills
- Mono
- Niagara-on-the-Lake
- Oakville
- Petrolia
- Pelham

## DISTRICTS
- Muskoka

## MUNICIPALITIES
- Centre Elgin
- Chatham-Kent
- Grey Highlands
- Lambton Shores
- Leamington
- Middlesex Centre
- North Grenville
- North Middlesex
- North Perth
- Port Hope
- South Bruce
- Thames Centre
- West Elgin

## TOWNS (Cont’d)
- Renfrew
- Richmond Hill
- St. Marys
- Saugeen Shores
- Shelburne
- Tecumseh
- Tillsonburg
- Wasaga Beach
- Whitby
- Whitchurch-Stouffville

## TOWNSHIPS
- Adjala-Tosorontio
- Cavan Monaghan
- Centre Wellington
- Clearview
- East Luther Grand Valley
- Guelph/Eramosa
- King
- Madawaska Valley
- Malahide
- Mapleton
- Melancthon
- Oro-Medonte
- Puslinch
- Severn
- Smith-Ennismore-Lakefield
- Southgate
- Tay
- Uxbridge
- Wainfleet
- Wellington North
- West Lincoln
- Wilmot
- Woolwich

## VILLAGES
- Point Edward
- Dundalk

## OTHER
- GO Transit – GTA/Hamilton
- Bradford West Gwillimbury PUC
- Chatham-Kent PUC
- Essex Union Water Board