SUBJECT: City of Hamilton 2009 Development Charges Studies for Growth Infrastructure (FCS09042) (City Wide)

RECOMMENDATION:

a) That CN Watson & Associates Ltd, be single-sourced (purchasing policy #11) to continue completing the City’s 2009 Development Charges Background Studies and By-Law amendments at a 2009 cost not to exceed $500,000 to support new City of Hamilton Development Charges By-laws, in accordance with the Provincial Development Charges Act, (1997);

b) That recommendation A of FCS09042 be funded from capital project 3380955900 (Development Charge Study)

EXECUTIVE SUMMARY:

The actual cost of the City’s 2004 DC By-law for consultant work was approximately $520,000. Council approved CN Watson as a single source in 2008 for initial Development Charge study work to an upset limit of $175,000; specifically for the water and wastewater growth infrastructure. Staff are now requesting that Council approve the continued use of CN Watson for Development Charge (D.C) work on the balance of the growth services and to complete all 2009 D.C. Background studies and by-laws. Council
in the 2009 Capital Budget approved $500,000 for the completion of all 2009 Development Charge Studies and By-laws.

The Provincial Development Charges Act (last updated 1998) states that a municipality’s Development Charge By-laws have a maximum shelf life of 5 years. Hamilton’s Development Charge By-Law 04-145 was enacted on July 6, 2004, based on the findings of the Development Charges Background Study dated May 19, 2004, and must be replaced by July 2009. This would also include the related DC amendments 06-173 and 06-174.

CN Watson & Associates Ltd., may be retained as a “single source” as per the City’s Purchasing Policy #11. Purchasing Policy 11 allows for the single sourcing of services when it is more cost-effective or beneficial in other terms (i.e., quality of work) to the City. CN Watson & Associates Ltd are recognized as the pre-eminent authority on growth infrastructure impacts to municipalities. They are used by the majority of municipalities experiencing growth in Ontario. They also authored the City’s Background Study in 2004 and related amendments in 2006. They are familiar with the background material, processes and calculations used to arrive at the current DC By-Law and would therefore be able to amend the documents as required with minimal cost.

Staff will be meeting with the Development Charge Stakeholders’ Committee on a timely basis to review any Background Study work to date and provide input into proposed Development Charge policies.

**BACKGROUND:**

Development Charges By-Law 04-145 was enacted on July 6, 2004, based on the findings of the Development Charge Background Study dated May 19, 2004. As per the Development Charges Act, 1997, DC By-Laws can be in effect for a maximum period of five years before a new Background Study and By-Law is required to be enacted. However, municipalities may elect to enact a new By-Law or amend their By-Laws before the five year period expires.

Since the DC By-Law was enacted in July 2004 and amended in 2006, several areas of the Background Study and By-Law that require updating have been identified. The most notable of which is the City’s Growth Related Integrated Development Strategy (G.R.I.D.S.). GRIDS is a planning process which will identify land use and associated infrastructure development using the Province’s “Places to Grow” population forecasts. These forecasts have increased significantly since the previous Development Charges Study in 2004 and 2006 amendments. What this means is that there will be increased growth infrastructure requirements to service the growing population.

With the approval of the 2009-2018 10-year Rate Capital Budget, the City of Hamilton has approved a plan which calls for total capital spending of $1.8 billion on water, wastewater and storm water infrastructure. The Capital funding for growth infrastructure totals approximately $624 million from development charge collections ($318 million residential/$306 million non-residential). The issues which will be examined by a new
Development Charge Background Study for water, wastewater and storm water infrastructure include but are not limited to:

1. Cost Updates for inclusion into a new DC Study for all water, wastewater and storm water Capital projects completed since the 2004 study.

2. Revision of forecast capital budgets for all water, wastewater and storm water growth projects based on updated cost inflation, revised growth assumptions and interest rate assumptions. This is especially significant for the larger projects such as the proposed expansion of the Wastewater Treatment Plant whose financing costs require substantial funding from development activity in order to make it a viable City project.

3. The 2004 DC Background Study used former Hamilton-Wentworth Region approved forecast population projections out to 2024 (575,000) as the basis for development growth forecasts. The 2009 DC Background Study is required to use the Province’s population forecast (“Places to Grow” – 660,000 by 2031).

Before passing a Development Charges By-law under the Act, the City is required to complete a Development Charges Background Study. Included in the scope of the Study is an examination of various geographical areas, infill and greenfield development, as well as, industrial and Brownfield sites and an analysis of whether differential development charge rates would be appropriate for these areas versus a single uniform City-wide rate. An evaluation of the long-term capital and operating costs for development would be made, as required under the Development Charges Act, 1997. This entails a complete review of water, wastewater and storm water servicing costs.

**Public Consultation Process**

Before passing a Development Charge By-law, Council is required to hold at least one public meeting. A minimum of 20 days notice of the meeting(s) is required and the proposed By-law and Background Study are to be made available to the public at least two weeks prior to the meeting. If there is more than one meeting, then it must be made available two weeks prior to the first meeting.

Public notice may be given by publication in a newspaper with sufficiently general circulation.

Any person who attends a meeting may make representations relating to the proposed By-law. If a proposed By-law is changed following a meeting, Council shall determine whether a further meeting is necessary. Such a determination is final and not subject to review by a Court or the Ontario Municipal Board.

**ALTERNATIVES FOR CONSIDERATION:**

There are no alternatives. A new By-law must be in place by July 2009.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

The additional 2009 cost to complete the City's DC studies would be set to a maximum of $500,000. The cost breakdown is estimated as follows:

- $400,000 various consulting services and legal fees (does not include possible OMB appeal costs)
- $40,000 public meetings, advertisement, printing
- $60,000 chargebacks, miscellaneous and other expenses, contingencies

As per the requirements of the Development Charges Act, 1997, development charge studies are eligible for development charge funding up to a maximum of 90%. As a result, 90% of the study costs will be funded from the development charge reserves. The remaining 10% will be funded from the general tax capital reserve.

Purchasing Policy 11 allows for the single sourcing of services when it is more cost-effective or beneficial in other terms (i.e., quality of work) to the City. Single Source requests which are $250,000 or greater must have Council approval prior to initiating the negotiation process. For purchases $100,000 to $249,999, the request for use of Negotiation Policy/Emergency Reporting Form shall be completed and approved by the General Manager of the Client Department.

POLICIES AFFECTING PROPOSAL:

The following By-laws would be affected: 04-145, 06-173, 06-174

RELEVANT CONSULTATION:

Director of Development Engineering, Planning and Economic Development

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Public services and programs are delivered in an equitable manner that is coordinated, efficient, effective and easily accessible to all citizens.

The recommended policy will encourage conservation participation and ensure financial relief is provided for a reasonable period.
Environmental Well-Being is enhanced. ☑ Yes ☐ No
Consumption of all natural resources is reduced.
Consumption of water may be reduced.

Economic Well-Being is enhanced. ☑ Yes ☐ No
Hamilton's high-quality environmental amenities are maintained and enhanced.
The following policy will encourage conservation and participation by water users, thereby reducing the level of water treatment and withdrawal of water by the City.

Does the option you are recommending create value across all three bottom lines?
☑ Yes ☐ No
Yes

Do the options you are recommending make Hamilton a City of choice for high performance public servants?
☑ Yes ☐ No
Yes