

City of Welland

2019 Development Charges Background Study & By-Law Review

Council Presentation

May 7th, 2019



DFA Infrastructure International Inc.



The Objectives of Today's Presentation are:

- Provide background on Development Charges
- Present Draft DC Study
- Discuss Next Steps

What are Development Charges?

- Development charges are fees levied against new development to recover the capital cost required to service new growth
- Principle behind DCs is that “growth pays for growth” and do not place an undue burden on existing tax payers for the cost of growth
- Development charges do not:
 - Pay for operating costs
 - Pay for asset replacement

Requirement for Imposing Development Charges

- Municipalities are given the authority to impose development charges under the *Development Charges Act, 1997*
- The Act requires that the following steps be taken to impose a development charge:
 - Prepare a Background Study
 - Hold at least one public meeting
 - Pass a DC by-law (DC by-laws are valid for 5 years with current DC by-law expiring on July 31, 2019)



Draft DC Background Study

Background Study Consists of Two Sets of Calculated Rates

- City Wide Charges (Including Water and Wastewater Charges)
- Area Specific Charges (St Andrew's Terrace Water Charges)

Main Components of a DC Background Study

- Development Forecast (What is the anticipated growth?)
- Historic Service Levels (What is the current level of service provided?)
- Capital Program (What services are required to support the anticipated growth?)

Growth Projections (City Wide)

City Wide	10-Year Development Charges Study Period (2019-2028)	Beyond 10 Years (2029-2041)	Total to Build Out (2019-2041)	
Residential Population ¹	7,452	9,688	17,140	62%
Employment Population	3,186	7,262	10,448	38%
<i>Total Residential & Employment Growth</i>	<i>10,638</i>	<i>16,950</i>	<i>27,588</i>	<i>100%</i>
Dwelling Units	2,909	3,781	6,690	
Non-Residential Gross Floor Area (GFA) (s.f.)	2,512,372	5,726,568	8,238,940	

Source Data: "Rationale for Urban Growth in Northwest Welland" Table 4.1 for 2016 & 2041. Interpolation in between years.

1. Includes undercount

Growth Projections (St Andrew's Terrace)

City Wide	Total to Build Out (2019-2041)	
Residential Population	3873	97%
Employment Population	120	3%
<i>Total Residential & Employment Growth</i>	<i>3993</i>	<i>100%</i>
Dwelling Units	1633	
Non-Residential Gross Floor Area (GFA) (s.f.)	59998	

Historical Service Levels

Service	Average Service Level Per Capita	Service Level Cap	Population Used
General Government	N/A	N/A	N/A
Parks & Recreation	\$ 3,613.39	\$ 26,926,984	Residential
Library	\$ 273.63	\$ 2,039,079	Residential
Transit	N/A	N/A	N/A
Fire	\$ 234.75	\$ 2,497,294	Residential and Employment
Public Works	\$ 376.58	\$ 4,006,035	Residential and Employment
Roads and Related	\$ 7,697.07	\$ 81,881,378	Residential and Employment
Stormwater	N/A	N/A	N/A
Water	N/A	N/A	N/A
Wastewater	N/A	N/A	N/A
St Andrew's Terrace (Area Specific)	N/A	N/A	N/A

Capital Costs (Gross)

Service	Gross Cost	Period
Municipal Wide Services		
General Government	\$ 1,135,000	2019 - 2028
Parks and Recreation	\$ 27,926,206	2019 - 2028
Library	\$ 593,946	2019 - 2028
Transit	\$ 14,000,000	2019 - 2028
Fire	\$ 21,390,000	2019 - 2028
Public Works	\$ 9,000,000	2019 - 2028
Roads and Related	\$ 37,760,000	2019 - 2028
Stormwater	\$ 6,950,000	2019 - 2041
Total Municipal Wide Services	\$ 118,755,151	
Water and Wastewater Services		
Water	\$ 14,040,000	2019 - 2041
Wastewater	\$ 24,300,000	2019 - 2041
Total Water and Wastewater Services	\$ 38,340,000	
Total	\$ 157,095,151	
St Andrew's Terrace (Area Specific)	\$ 1,900,000	2019 - 2041

Capital Costs (Net)

Service	Gross Cost	Grants/ Subsidies	Benefit To Existing Development	Required 10% Discount	Reserve Adjustment	Post Period Capacity to be Carried Forward	Net Recoverable Costs
Municipal Wide Services							
General Government	\$ 1,135,000	\$ -	\$ 601,500	\$ 53,350	\$ 271,823	\$ -	\$ 208,327
Parks & Recreation	\$ 27,926,206	\$ -	\$ 22,311,749	\$ 561,446	\$ 2,094,844	\$ -	\$ 2,958,167
Library	\$ 593,946	\$ -	\$ -	\$ 59,395	\$ 137,658	\$ -	\$ 396,893
Transit	\$ 14,000,000	\$ 9,490,000	\$ 3,996,349	\$ -	\$ 386,596	\$ -	\$ 127,055
Fire	\$ 21,390,000	\$ 5,180,000	\$ 11,960,452	\$ -	\$ 744,439	\$ 1,007,816	\$ 2,497,294
Public Works	\$ 9,000,000	\$ -	\$ 7,974,976	\$ -	\$ 15,608	\$ -	\$ 1,009,416
Roads and Related	\$ 37,760,000	\$ 10,363,750	\$ 11,623,938	\$ -	\$ 457,028	\$ -	\$ 15,315,285
Stormwater	\$ 6,950,000	\$ -	\$ 3,689,220	\$ -	\$ 358,114	\$ -	\$ 2,902,666
Total Municipal Wide Services	\$ 118,755,151	\$ 25,033,750	\$ 62,158,183	\$ 674,190	\$ 4,466,111	\$ 1,007,816	\$ 25,415,101
Water and Wastewater Services							
Water	\$ 14,040,000	\$ 150,000	\$ 6,304,963	\$ -	\$ 602,759	\$ -	\$ 6,982,277
Wastewater	\$ 24,300,000	\$ -	\$ 18,505,688	\$ -	\$ 73,921	\$ -	\$ 5,720,391
Total Water and Wastewater Services	\$ 38,340,000	\$ 150,000	\$ 24,810,651	\$ -	\$ 676,680	\$ -	\$ 12,702,669
Total	\$ 157,095,151	\$ 25,183,750	\$ 86,968,835	\$ 674,190	\$ 5,142,791	\$ 1,007,816	\$ 38,117,770
St Andrew's Terrace (Area Specific)	\$ 1,900,000	\$ -	\$ 343,201	\$ -	\$ 123,227	\$ -	\$ 1,433,572

Allocation of Net Capital Costs

Service	Net Capital Needs to be Recovered	Residential Share	Non-Residential Share	Basis for Allocation
Municipal Wide Services				
General Government	\$ 208,327	\$ 145,934	\$ 62,392	% of Population and Employment Growth
Parks and Recreation	\$ 2,958,167	\$ 2,839,840	\$ 147,908	95% residential and 5% non-residential
Library	\$ 396,893	\$ 377,048	\$ 19,845	95% residential and 5% non-residential
Transit	\$ 127,055	\$ 89,003	\$ 38,052	% of Population and Employment Growth
Fire	\$ 2,497,294	\$ 1,749,373	\$ 747,920	% of Population and Employment Growth
Public Works	\$ 1,009,416	\$ 707,103	\$ 302,312	% of Population and Employment Growth
Roads and Related	\$ 15,315,285	\$ 10,728,473	\$ 4,586,811	% of Population and Employment Growth
Stormwater	\$ 2,902,666	\$ 1,803,366	\$ 1,099,300	% of Population and Employment Growth
Total Municipal Wide Services	\$ 25,415,101	\$ 18,440,141	\$ 7,004,541	
Water and Wastewater Services				
Water	\$ 6,982,277	\$ 4,337,943	\$ 2,644,334	% of Population and Employment Growth
Wastewater	\$ 5,720,391	\$ 3,553,960	\$ 2,166,432	% of Population and Employment Growth
Total Water and Wastewater Services	\$ 12,702,669	\$ 7,891,903	\$ 4,810,766	
Total	\$ 38,117,770	\$ 26,332,044	\$ 11,815,307	
St Andrew's Terrace Water Service Area	\$ 1,433,572	\$ 1,390,488	\$ 43,084	% of Population and Employment Growth

Calculated Charges

Service	Residential Rate (Cost/Capita)	Non-Residential Rate (Cost/ft ²)
Municipal Wide Services		
General Government	\$ 21.38	\$ 0.02
Parks and Recreation	\$ 416.74	\$ 0.06
Library	\$ 55.87	\$ 0.01
Transit	\$ 12.50	\$ 0.01
Fire	\$ 261.95	\$ 0.30
Public Works	\$ 105.54	\$ 0.12
Roads and Related	\$ 1,588.28	\$ 1.80
Stormwater	\$ 119.66	\$ 0.14
Total Municipal Wide Services	\$ 2,581.93	\$ 2.46
Water and Wastewater Services		
Water	\$ 287.71	\$ 0.33
Wastewater	\$ 232.08	\$ 0.27
Total Water and Wastewater Services	\$ 519.79	\$ 0.59
Total	\$ 3,101.71	\$ 3.06
St Andrew's Terrace Water Service Area	\$ 374.48	\$ 0.75

Persons per Unit

Type of Dwelling	Persons per Unit (PPU)
Single/Semi-Detached/ Duplex	2.49
Rows & Other Multiples (Townhouses)	2.24
Apartments - 1 Bedroom or Less	1.20
Apartments - 2 or More Bedrooms	2.12
All Dwelling Types (Average)	2.29

Draft DCs - Residential

Service	Residential Charge By Dwelling Type				Per Dwelling Room
	Single Detached / Semi-Detached / Duplex	Row & Other Multiples	Apartment Units - One Bedroom of Less	Apartment Units - Two or More Bedrooms	Retirement Home/Special Need/Lodging Home
General Government	\$ 53.24	\$ 47.97	\$ 25.66	\$ 45.27	\$ 22.63
Parks and Recreation	\$ 1,037.57	\$ 934.90	\$ 500.08	\$ 882.33	\$ 440.97
Library	\$ 139.11	\$ 125.35	\$ 67.05	\$ 118.30	\$ 59.12
Transit	\$ 31.13	\$ 28.05	\$ 15.00	\$ 26.47	\$ 13.23
Fire	\$ 652.19	\$ 587.65	\$ 314.34	\$ 554.61	\$ 277.18
Public Works	\$ 262.78	\$ 236.78	\$ 126.65	\$ 223.46	\$ 111.68
Roads and Related	\$ 3,954.43	\$ 3,563.12	\$ 1,905.93	\$ 3,362.76	\$ 1,680.63
Stormwater	\$ 297.92	\$ 268.44	\$ 143.59	\$ 253.35	\$ 126.62
Sub-total Township Wide Services	\$ 6,428.39	\$ 5,792.26	\$ 3,098.31	\$ 5,466.54	\$ 2,732.06
Water	\$ 716.33	\$ 645.45	\$ 345.25	\$ 609.15	\$ 304.44
Wastewater	\$ 577.81	\$ 520.63	\$ 278.49	\$ 491.36	\$ 245.57
Sub-total for Water and Wastewater	\$ 1,294.15	\$ 1,166.08	\$ 623.74	\$ 1,100.51	\$ 550.01
TOTAL CHARGE PER FULLY SERVICED UNIT	\$ 7,722.53	\$ 6,958.34	\$ 3,722.05	\$ 6,567.06	\$ 3,282.08
St Andrew's Terrace Water Service Area	\$ 932.36	\$ 840.09	\$ 449.37	\$ 792.85	\$ 396.25

Comparison with Current DC Rates

Service	Residential Charge By Dwelling Type				Per Dwelling Room	Non-Residential Charge
	Single Detached / Semi-Detached /	Row & Other Multiples	Apartment Units - One Bedroom or Less	Apartment Units - Two or More Bedrooms	Retirement Home/Special Need/Lodging Home	(per square foot of Gross Floor Area)
CURRENT (2019) CHARGES						
Total Municipal Wide Services	\$ 6,646	\$ 5,210	\$ 2,959	\$ 4,435	\$ 2,828	\$ 4.91
Total Water and Wastewater Services	\$ 1,725	\$ 1,352	\$ 767	\$ 1,151	\$ 732	\$ 1.50
GRAND TOTAL MUNICIPAL WIDE CHARGE	\$ 8,371	\$ 6,562	\$ 3,726	\$ 5,586	\$ 3,560	\$ 6.41
PROPOSED CHARGES						
Total Municipal Wide Services	\$ 6,428	\$ 5,792	\$ 3,098	\$ 5,467	\$ 2,732	\$ 2.46
Total Water and Wastewater Services	\$ 1,294	\$ 1,166	\$ 624	\$ 1,101	\$ 550	\$ 0.59
GRAND TOTAL MUNICIPAL WIDE CHARGE	\$ 7,723	\$ 6,958	\$ 3,722	\$ 6,567	\$ 3,282	\$ 3.06
DIFFERENCE						
Total Municipal Wide Services	\$ (218)	\$ 582	\$ 139	\$ 1,032	\$ (96)	\$ (2.45)
Total Water and Wastewater Services	\$ (431)	\$ (186)	\$ (143)	\$ (50)	\$ (182)	\$ (0.91)
GRAND TOTAL MUNICIPAL WIDE CHARGE	\$ (648)	\$ 396	\$ (4)	\$ 981	\$ (278)	\$ (3.35)

St Andrew's Terrace (Current)	\$ 1,319	\$ 1,034	N/A	N/A	N/A	N/A
St Andrew's Terrace (Proposed)	\$ 932	\$ 840	\$ 449	\$ 793	\$ 3,282	\$ 0.75
St Andrew's Terrace (Difference)	\$ (387)	\$ (194)	N/A	N/A	N/A	N/A

Residential Comparison (single family)

Single Detached Dwelling Unit			
Municipality	Other Services	W&WW	Total
St Catharines	N/A	N/A	N/A
Port Colborne	N/A	N/A	N/A
Niagara Falls	\$6,683	\$5,911	\$12,594
Wainfleet	\$6,769	N/A	\$6,769
Thorold	\$10,819	\$2,317	\$13,136
Fort Erie	\$9,062	\$3,283	\$12,345
Grimsby	\$15,349	\$939	\$16,288
NOTL	\$9,371	\$1,678	\$11,049
Pelham	\$12,779	\$3,845	\$16,624
West Lincoln	\$6,812	\$1,680	\$8,492
Lincoln	\$19,568	\$3,035	\$22,603
Average	\$10,801	\$2,836	\$13,637
Welland (Current)	\$6,646	\$1,725	\$8,371
Welland (Proposed)	\$6,428	\$1,294	\$7,723

Non-Residential Comparison

(per square foot)

Non-Residential per Square Foot of GFA			
Municipality	Other Services	W&WW	Total
St Catharines	N/A	N/A	N/A
Port Colborne	N/A	N/A	N/A
Niagara Falls	\$1.69	\$2.24	\$3.93
Wainfleet	\$3.35	N/A	\$3.35
Thorold	\$4.54	\$1.45	\$5.99
Fort Erie	\$3.54	\$2.23	\$5.76
Grimsby	\$7.04	\$0.66	\$7.70
NOTL	\$3.68	\$1.06	\$4.74
Pelham	\$6.05	\$2.65	\$8.70
West Lincoln	\$2.23	\$0.92	\$3.15
Lincoln	\$11.61	\$2.30	\$13.91
Average	\$4.86	\$1.69	\$6.55
Welland (Current)	\$4.91	\$1.50	\$6.41
Welland (Proposed)	\$2.46	\$0.59	\$3.06



Next Steps

Next Steps

- May 8th - Post Draft DC By-law on City Website
- May 30th - DC Stakeholder Roundtable Meeting
- June 4th - Statutory DC Public Meeting
- July 9th - Approval of DC By-law
- August 1st - By-law to Come into Force



Questions / Comments