

Report for Public Consultation

Prepared by Hemson for the Township of Ramara



2024 Area-Specific Development Charges Background Study: Bayshore Village, Brechin/Lagoon City and Rama Road

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Contents

Acronyms	1
Executive Summary	2
1. Introduction	6
A. Legislative Context	7
B. Consultation and Approval Process	8
2. The Methodology Aligns Development-Related Costs and Benefits	9
A. Area-Specific Development Charges Are Proposed	9
B. Key Steps When Determining Development Charges For Future Development Related Projects	10
C. Operating & Capital Cost Impacts and Asset Management Plan Legislative Requirements	14
3. Development Forecast	16
A. Bayshore Village	16
B. Brechin/Lagoon City	17
C. Rama Road	17
4. Development-Related Capital Program	21
A. Bayshore Village Water and Sewer Servicing	21
B. Brechin/Lagoon City Water and Sewer Servicing	25
C. Rama Road	29
5. Proposed Development Charges are Calculated in Accordance with the DCA	31
A. ASDC Calculation by Area	31
B. Comparison of Current and Calculated Rates	36
C. Statutory Phase-in of Calculated ASDCs	36

6. Cost of Growth Analysis	38
A. Long-term Capital and Operating Cost Impacts	38
B. Asset Management Plan	38
C. Program is Deemed Financially Sustainable	39
7. Development Charges Administration and Considerations	42
A. Development Charges Amount Payable and Date of Payment	42
B. Reserve Funds	43
C. Development Charges Administration	43
Appendix A - Draft Development Charges By-laws (Available Under Separate Cover)	45

Acronyms

AMP Asset Management Plan

ASDC Area-Specific Development Charges

BTE Benefit to Existing

COG Cost of Growth

DCA Development Charges Act

DC Development Charges

GFA Gross Floor Area

PPB Post-Period Benefit

PPU Persons Per Unit

Executive Summary

A. Purpose of Development Charges Background Study

The *Development Charges Act, 1997* (DCA) and its associated Ontario Regulation 82/98 (O. Reg. 82/98) allow municipalities to impose development charges on development and redevelopment to pay for eligible capital costs. This Area-Specific Development Charges (ASDC) Background Study is presented as part of a process to pass development charges by-laws that comply with the legislation.

This study calculates ASDCs for the provision of roads and related, water and sewer services in the Township of Ramara in compliance with the provisions of the DCA and associated Regulations. ASDCs have been calculated for the following areas:

1. Bayshore Village
2. Brechin and Lagoon City
3. Rama Road

The use of ASDCs more closely aligns costs and benefits for services where benefits are more localized and can be identified.

i. Study is Consistent with Development Charges Legislation

The Township of Ramara 2024 ASDC Study is presented as part of the process to lead to the approval of new DC By-law(s) in compliance with the DCA. The study is prepared in accordance with the DCA and associated regulations, including amendments that came into force through the *More Homes, More Choice Act*, the *COVID-19 Economic Recovery Act*, and the *More Homes Built Faster Act* (Bill 23).

At the time of preparing this Study, *Bill 185: Cutting Red Tape to Build More Homes Act, 2024* had received its first reading at the Ontario Legislature but had not yet received Royal Assent. The Bill proposes changes to the DCA including removing the mandatory 5-year phase-in of development charges and reintroduces studies as an eligible DC cost. The changes introduced through Bill 185 will continued to be monitored between the release of this ASDC Study and the passage of the proposed DC By-laws, should the Bill come into force, the legislation will supersede the language in the DC By-laws.

ii. Key Steps of the Development Charges Calculation

The DCA in Ontario is the most prescriptive of all DC legislation in Canada with respect to recovering development-related costs. Several key steps are required to calculate DCs. These include:

- Preparing a development (growth) forecast;
- Establishing historical service levels for applicable services;
- Determining the increased needs for services arising from development; and
- Determining how these costs are attributed to development types (i.e. residential and non-residential).

iii. The Development-Related Capital Program is Subject to Change

It is recommended that Council adopt the development-related capital program developed for the purposes of this 2024 ASDC Study. However, it is recognized that this Study is a point-in-time analysis and there may be changes to project timing, scope and costs through the Township's normal annual budget process.

B. Development Forecast

The service areas have land available for further development and continue to experience growth, the following is a summary of the serviceable residential and non-residential growth in the three areas.

Area	DC Service	Planning Horizon	Residential Growth (Population)	Non-Residential Growth (Square Metres of GFA)
Bayshore Village	Water and Sewer	2024-Buildout	39	-
Brechin/Lagoon City	Water	2024-2051	1,596	20,300
Brechin/Lagoon City	Sewer	2024-Buildout	3,500	42,000
Rama Road	Water and Sewer	2024-Buildout	6,990	57,454

C. Calculated Development Charges

Based on the growth forecast and capital program contained in this study, the following rates for residential and non-residential development have been calculated:

i. Bayshore Village

BAYSHORE VILLAGE	Single-Detached Unit
Sanitary Sewage Service	\$27,256
Water Service	\$2,549
Total Sewer and Water	\$29,805

ii. Brechin/Lagoon City

BRECHIN/LAGOON CITY	Residential Charge By Unit Type			Non-Residential Charge Per Square Metre of Gross Floor Area
	Single-Detached	Semi-Detached and Townhouse	Apartment	
Sanitary Sewage Service	\$17,985	\$14,622	\$13,891	\$107.52
Water Service	\$1,084	\$882	\$838	\$6.12
Total Sewer and Water	\$19,069	\$15,504	\$14,729	\$113.63

iii. Rama Road

	Residential Charge By Unit Type			Non-Residential Charge per Square Metre of Gross Floor Area
	Single-Detached	Semi-Detached and Townhouses	Apartment	
Water & Sewer	\$84,613	\$68,791	\$65,352	\$344.23

D. Cost of Growth Analysis

An overview of the long-term capital and operating costs as well as the asset management-related annual provisions for capital facilities and infrastructure to be included in the DC By-laws are provided in Section 6 of this Study. This examination is required as one of the provisions of the DCA.

E. Key Policy Recommendations

- It is recommended that the Township’s present practices regarding collection of development charges and by-law administration continue to the extent possible;
- As required under the DCA, the Township should codify any rules regarding application of the by-laws and any exemptions within the development charges by-laws proposed for adoption; and
- It is recommended that Council adopt the development-related capital forecast included in this Study, subject to annual review through the Township’s normal capital budget process.

F. Draft Area-Specific DC By-laws to be Provided Under Separate Cover

The Township’s proposed DC By-laws will be made available under separate cover a minimum of two weeks in advance of the statutory public meeting anticipated to be held on May 27, 2024.

1. Introduction

The DCA and its associated regulations allow municipalities in Ontario to recover development-related capital costs from new development. The Township of Ramara's ASDC Study is presented as part of a process to establish development charges by-laws that complies with this legislation.

In 2014, the Council of the Township of Ramara passed development charges by-laws for the recovery of net development-related capital costs of providing sewer and water services in the Bayshore Village and Brechin/Lagoon City services areas. The 2014 by-laws were subsequently repealed and updated in 2019 through By-laws 2019.63 (Brechin/Lagoon City) and 2019.64 (Bayshore Village).

The Township of Ramara retained Hemson to complete an ASDC Background Study to update the development charges calculations to recover capital costs associated with the provision of water and sewer services in the Bayshore Village and Brechin/Lagoon City services areas. Hemson was also retained to calculate a new ASDC rate for the Rama Road area to recover development-related capital costs associated with water and sewer infrastructure.

The main objective of this Study is to calculate ASDCs for the provision of water and sewer services in the Bayshore Village, Brechin/Lagoon City and Rama Road areas within the Township of Ramara, in compliance with the legislation. Following the completion of the background study and legislated public consultation, Council may pass development charges by-laws to enact the calculated or reduced development charge rates.

In addition to the water and sewer development charges, the Township levies development charges on a Township-wide uniform basis for the recovery of General Services including Fire, Recreation, Library, Growth

Studies and Roads and Related infrastructure. These services are not examined as part of this Study.

A. Legislative Context

The study is prepared in accordance with the DCA and associated regulations, including the amendments that came into force most recently on November 28, 2022 as per *Bill 23: More Homes Built Faster Act, 2022*.

Key legislative changes include:

- 5-year mandatory phase-in of the calculated DC rates (beginning with a 20% reduction in Year 1, decreasing by 5% annually until Year 5);
- Historical service level standards have been extended from a 10 to 15-year planning period;
- DC by-laws now expire every 10 years instead of 5 years;
- The amount of interest paid on DC deferrals and freeze is capped at prime plus 1%;
- Costs associated with studies and affordable housing services are now ineligible for recovery through DCs;
- Municipalities must spend or allocate 60% of available DC reserve funds per year for roads, water and wastewater services; and
- Discounts for purpose built rentals based on the number of bedrooms.

Bill 185: Cutting Red Tape to Build More Homes Act, has proposed to reverse changes introduced by Bill 23 including the removal of the 5-year phase-in and the reintroduction of growth-related studies as a DC eligible cost. These proposed changes will continue to be monitored up until the passage of the new DC By-laws.

The DCA was also amended to exempt affordable and attainable housing developments from the payment of DCs; however, the regulations which will define these types of units have not yet been released and therefore, these changes are not yet in force.

B. Consultation and Approval Process

The following provides a summary of the consultation and approval process undertaken to complete this Study. Following the release of the ASDC Study, consultation will continue with the public and development industry stakeholders prior to the passage of the new DC By-laws anticipated to occur in June 2024.

Timeline of Consultation and Approval Process

Description	Date
Council Information Session	February 26, 2024
Public Release of DC Background Study	April 25, 2024
Developer Information Session	May 2024 (targeted)
Statutory Public Meeting	May 27, 2024 (targeted)
Passage of 2024 DC By-laws	June 24, 2024 (targeted)

2. The Methodology Aligns Development-Related Costs and Benefits

Several key steps are required when calculating a development charge. However, specific circumstances arise in each municipality, which must be reflected in the calculation. In this Study, we have tailored our approach to the Township of Ramara and the recovery of water and sewer infrastructure costs. The approach to the proposed ASDCs is focussed on providing a reasonable alignment of development-related costs with the development that necessitates them. This Study employs an area-specific approach since this study relates to sewer and water services within defined service areas.

A. Area-Specific Development Charges Are Proposed

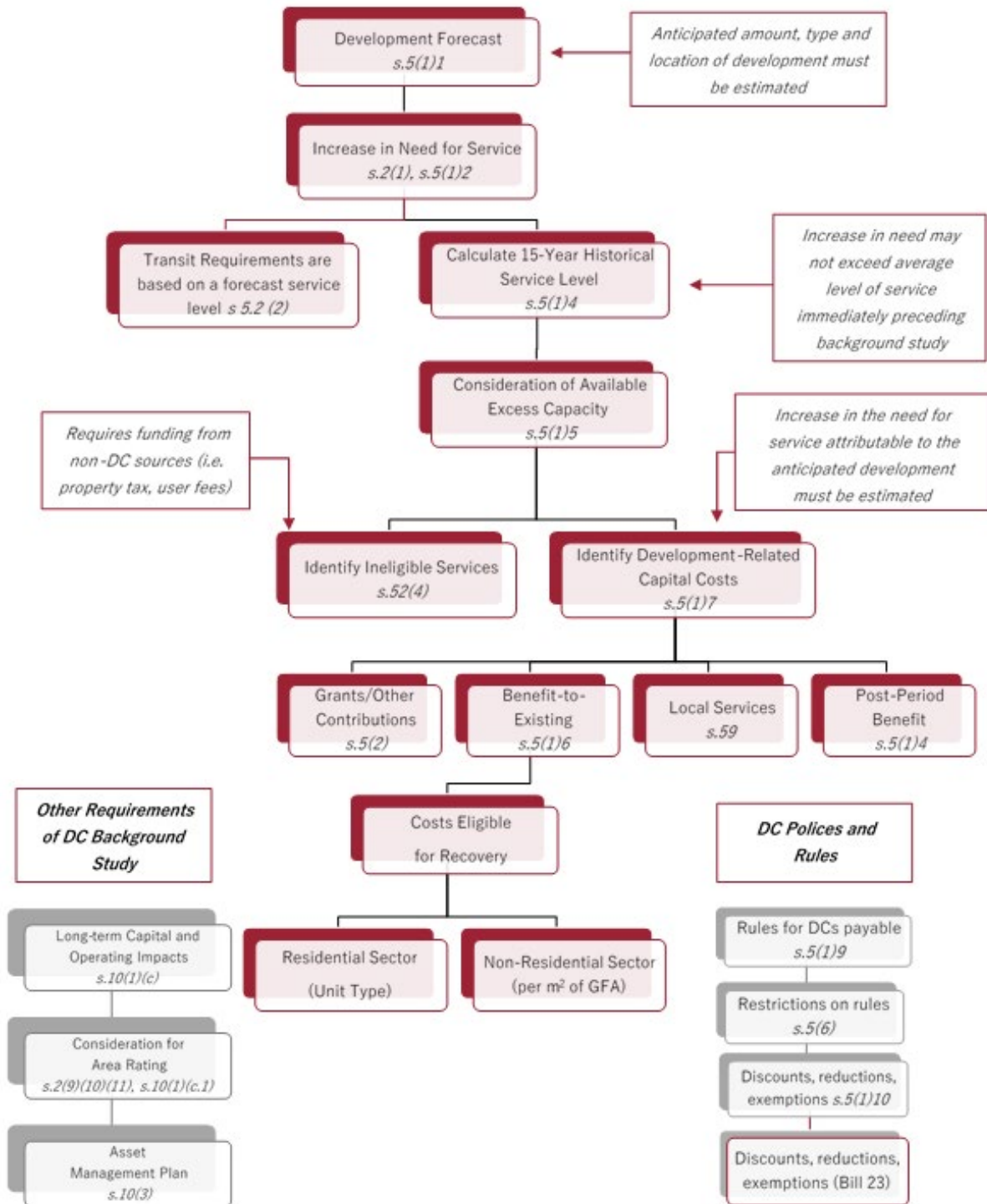
The DCA requires that development charge by-laws designate the areas within which the by-laws shall be imposed. The development charges may apply to all lands in the municipality or to other designated development areas as specified in the by-laws. For most development charge eligible services the Township provides (general services, roads etc.), costs are apportioned over all new growth anticipated in the Township. Since a new library or road can be used by all new residents it is reasonable that growth in all areas pay for these types of services. Sewer and water systems require differing additional, identifiable and independent projects in order to provide for anticipated growth. The area-specific approach is applied to water and sewer services to more closely align the capital costs for these services with the particular areas that will be serviced by the required infrastructure. With regards to the Township of Ramara, the sewer and water system infrastructure costs can be localized to the specific service areas of Bayshore Village, Brechin/Lagoon City and Rama Road. ASDCs for such works is also consistent with the Township's existing development charges.

The area-specific approach can facilitate front-end financing arrangements for the designated services if the Township chooses to use the front-ending provisions of the DCA. As an alternative, area-specific charges can also facilitate the use of developer group cost-sharing agreements.

B. Key Steps When Determining Development Charges For Future Development Related Projects

Several key steps are required in calculating DCs for future development-related projects. These are summarized in Figure 1 and discussed further in the following sections.

Figure 1 Key Steps in Calculating Development Charges



i. Development Forecast

The first step in the methodology requires a development forecast to be prepared for the study period, in this case from 2024 to build-out for Bayshore Village, Brechin/Lagoon City (Sewer Services) and Rama Road. A planning horizon of 2024-2051 is used for Brechin/Lagoon City Water Services.

The forecast of the future residential and non-residential development used in this study is based on the capacity of works within the three ASDC areas (Bayshore Village, Brechin/Lagoon City Sewer and Rama Road). Development anticipated to occur in other areas of the Township is not included in the development forecast.

ii. Service Categories and Historical Service Levels

The DCA stipulates that development charges cannot be recovered for the shares of the capital program that exceed the historical 15-year average service level for each service. However, this provision does not apply to Water and Sewer services as engineering standards, Provincial health, and environmental requirements take precedence.

iii. Development-Related Capital Forecast and Analysis of Net Capital Costs to Be Included in the Development Charges

Township staff, engineering consultants, and Hemson as part of this Study have prepared the development-related capital programs. The program identifies development-related projects and their gross and net costs, after allowing for capital grants, subsidies or other contributions as required by the DCA s.5.(2). The capital forecast provides another cornerstone upon which development charges are based. The DCA requires that the increase in the need for service attributable to the anticipated development may include an increase:

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

In conjunction with DCA, s. 5. (1) 4. referenced above, these sections have the effect of requiring that the development charge be calculated on the lesser of the historical 15-year average service levels or the service levels embodied in future plans of the Township. The development-related capital program prepared for this study ensures that development charges are only imposed to help pay for projects that have been or are intended to be purchased or built in order to accommodate future anticipated development. It is not sufficient in the calculation of development charges merely to have had the service in the past. There must also be a demonstrated commitment to continue to emplace facilities or infrastructure in the future. In this regard, O. Reg. 82/98, s. 3 states that:

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

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

There is also a requirement in the DCA to reduce the applicable development charge by the amount of any “uncommitted excess capacity”

that is available for a service. Such capacity is available to partially meet the future servicing requirements. Adjustments are made in the capital program analysis to meet this requirement of the DCA.

iv. Attribution to Types of Development

The next step in the determination of ASDCs is the allocation of the development-related net capital costs between the residential and the non-residential sectors. For the **Brechin/Lagoon City** and **Rama Road** service areas, the charges have been calculated on a cost per person for residential uses and a cost per square metre for non-residential uses. The residential charges are then calculated for single-detached, semi-detached and townhouse and apartment units based on the average occupancy of each unit. The residential rate structure by unit type is consistent with the Township's current ASDC by-law.

The **Bayshore Village** works only service residential lands and the charge is calculated on the population servicing capacity of the works. The Bayshore Village charge is calculated and levied on a per single-detached unit basis as no other unit types are permitted within the servicing area.

C. Operating & Capital Cost Impacts and Asset Management Plan Legislative Requirements

Section 10 of the DCA identifies what must be included in a DC Background Study, namely:

- s.10 (2) The development charge background study shall include,
 - (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; and
 - (c.2) an asset management plan prepared in accordance with subsection (3).

i. Asset Management Plan

- (3) The asset management plan shall,
 - (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;
 - (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;
 - (c) contain any other information that is prescribed; and
 - (d) be prepared in a prescribed manner.

The requirement to include an AMP was part of the DCA amendments that came into effect on January 1, 2016. A key function of the AMP is to demonstrate that all assets proposed to be funded under the development charges by-law are financially sustainable over their full life-cycle. Section 6 of this ASDC Study that deals with the operating and capital cost impacts and the asset management plan.

3. Development Forecast

The DCA requires the Township to estimate “the anticipated amount, type and location of development” for which development charges may be imposed. The development forecast must cover both residential and non-residential development and be specific enough with regards to quantum, type, location and timing of development to allow the Township to prepare a reasonable development-related capital program.

A residential and non-residential growth forecast for the Bayshore Village, Brechin/Lagoon City and Rama Road service areas was prepared for the Study. The details of the forecast are summarized below.

A. Bayshore Village

The Bayshore Village service area receives full municipal water and sewer servicing. The system is designed to accommodate build-out of the village and the costs of the systems have been allocated against all benefiting lands within the area.

As Table 1 illustrates, a total of 374 residential units are anticipated to be serviced once the Village is fully built-out. In total, 358 units or 95% of the anticipated units have already been constructed and there are approximately 16 units remaining to be constructed. The cost of the works is fully allocated over all lots developed and those still to be developed, to ensure growth is paying an equitable share of the works. A person per unit (PPU) factor of 2.46 is applied to remaining 16 units to be constructed, resulting in an anticipated population growth of 39 person from 2024-buildout.

B. Brechin/Lagoon City

The capital costs of the Water and Sewer services infrastructure is shared between the Brechin/Lagoon City areas.

Table 2 provides a summary of the development potential in Brechin/Lagoon City. The Sewer Servicing Area within Brechin/Lagoon City will grow by roughly 1,890 units and 3,500 persons. A further 600 employees accommodated within 42,000 square metres of non-residential floor space will also be accommodated within the Sewer Servicing Area from 2024-build-out.

In contrast, the Water Servicing Area will grow by roughly 614 units which will accommodate 1,600 person over the 2024-2051 planning horizon. A further 290 employees accommodated within 20,300 square metres of non-residential GFA will be added over the same period.

C. Rama Road

Table 3 summarizes the anticipated growth within the Rama Road area. Significant development is anticipated, largely driven by the construction of a new 12,000 square metre Water Park and 7,000 square metre Family Fun Centre. Approximately 850 hotel rooms and 3,600 residential units are also anticipated.

The residential units will accommodate roughly 6,990 persons and the new waterpark as well as other non-residential uses will result in an additional 575 employees accommodated within 57,500 square metres of non-residential space.

TABLE 1

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 BAYSHORE VILLAGE
 DEVELOPMENT FORECAST

Location	Number of Lots					Population Growth	
	Existing		Growth		Total	In new Units	
	#	% of Total	#	% of Total	#	PPU	Population
Bayshore Village	329	88%	16	4%	345	2.46	39
Block H	0	0%	0	0%	0	2.46	0
Southview	29	8%	0	0%	29	2.46	0
Total	358	96%	16	4%	374		39

TABLE 2

TOWNSHIP OF RAMARA
2024 ASDC BACKGROUND STUDY
BRECHIN/LAGOON CITY
DEVELOPMENT FORECAST

	Planning Horizon	Unit Growth	Population Growth	Employment Growth	Non-Residential Gross Floor Area Growth (m ²)
Sewer Servicing Area	2024-Build-out	1,890	3,500	600	42,000
Water Servicing Area	2024-2051	614	1,600	290	20,300

TABLE 3

TOWNSHIP OF RAMARA
2024 ASDC BACKGROUND STUDY
RAMA ROAD
DEVELOPMENT FORECAST

	Planning Horizon	Unit Growth	Population Growth	Employment Growth	Non-Residential Gross Floor Area Growth (m ²)
Water and Sewer	2024-Build-out	3,567	6,990	575	57,454

4. Development-Related Capital Program

The development-related capital forecast is based on water and sewer infrastructure needs and costs identified by Township staff and information prepared by the Town's engineering consultants (Tatham Engineering and Exp.). A significant amount of infrastructure that has already been constructed was oversized to accommodate the growth discussed in Section 3 of this report.

The following section provides an overview of the development-related capital works and costs to be recovered under the proposed new development charges by-law.

A. Bayshore Village Water and Sewer Servicing

The Bayshore Village is approaching build-out; however, there are still approximately 16 lots, or 5%, of developable lands to be constructed. Much of the sewer and water infrastructure has already been constructed and the works were oversized to accommodate full development of the service area. The remaining lots to be developed are to pay for a proportionate share of the capital infrastructure, plus financing, as the existing lots have already paid for a share of the works.

i. Sanitary Sewer Services

Table 4 provides an overview summary of the sanitary sewer works for Bayshore Village. The capital program includes sewage treatment and disposal projects related to the construction of new spray fields as well as preliminary design work related to the future wastewater treatment plant. Financing costs related to the development-related eligible costs, as permitted by the DCA, are also included in the capital program for recovery.

The Bayshore Village sewer capital program totals \$9.8 million of which \$431,800 has been identified as development-related. The balance of the capital program provides benefit to the existing system users and is not included in the development charge recovery. The development-related costs are allocated over the forecast population growth of 39 persons to yield a calculated development charge of \$11,072.88 per capita.

ii. Water Services

Table 5 displays the water service works for Bayshore Village. The capital program includes a provision for funding future growth-related infrastructure.

The total cost of the works is \$100,000 of which \$40,400 is allocated to in-period growth. The balance of the capital program is anticipated to be funded from available DC reserves and is not included in the development charge recovery.

The development-related costs are allocated over the forecast population growth of 39 persons to yield a calculated development charge of \$1,035.62 per capita for Bayshore Village water services.

TABLE 4

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 BAYSHORE VILLAGE
 SEWER SERVICING WORKS (\$000)

Project Description	Gross Cost	Grants and Subsidies	Other Recovery	Net Cost	Benefit to Existing %	Development Charge Recoverable %	Development Related Costs			Anticipated Population Growth	Calculated DC \$/capita
							Available DC Reserves	2024-Build-out	Other Dev. Related		
1.0 Sewage Treatment and Disposal											
1.1 Class EA Study Update	\$ 120.0	\$ -	\$ -	\$ 120.0	96% \$ 114.9	4% \$ 5.1	\$ 5.1	\$ -	\$ -	39	\$ -
1.2 Land acquisition Cost	\$ 1,897.0	\$ -	\$ -	\$ 1,897.0	96% \$ 1,815.8	4% \$ 81.2	\$ 81.2	\$ -	\$ -	39	\$ -
1.3 Design and Construction (spray fields)	\$ 7,600.0	\$ -	\$ -	\$ 7,600.0	96% \$ 7,274.9	4% \$ 325.1	\$ 76.2	\$ 248.9	\$ -	39	\$ 6,382.42
Sub-Total	\$ 9,617.0	\$ -	\$ -	\$ 9,617.0	\$ 9,205.6	\$ 411.4	\$ 162.5	\$ 248.9	\$ -		\$ 6,382.42
2.0 Financing Costs¹	\$ 182.9	\$ -	\$ -	\$ 182.9	0% \$ -	100% \$ 182.9	\$ -	\$ 182.9	\$ -	39	\$ 4,690.46
TOTAL	\$ 9,799.9	\$ -	\$ -	\$ 9,799.9	\$ 9,205.6	\$ 594.4	\$ 162.5	\$ 431.8	\$ -		\$ 11,072.88

Notes:

(1) Financing is for the Net DC Recoverable Share of the new works, and is based on the following long-term borrowing assumptions:

Amortization Period	Financing Rate	Debt Factor	Interest Rate
30	4.00%	0.057830	0.73490

December 31, 2023 Reserve Funds	\$ 162,508
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TABLE 5

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 BAYSHORE VILLAGE
 WATER WORKS (\$000)

Project Description	Gross Cost	Grants and Subsidies	Other Recovery	Net Cost	Benefit to Existing %	Development Charge Recoverable %	Development Related Costs			Anticipated Population Growth	Calculated Development Charge \$/capita		
							Available DC Reserves	2023-Build-out	Other Dev. Related				
1.0 Future Capital Works													
1.1 Provision for Growth-Related infrastructure	\$ 100.0	\$ -	\$ -	\$ 100.0	0%	\$ -	100%	\$ 100.0	\$ 59.6	\$ 40.4	\$ -	39	\$ 1,035.62
Sub-Total	\$ 100.0	\$ -	\$ -	\$ 100.0		\$ -		\$ 100.0	\$ 59.6	\$ 40.4	\$ -		\$ 1,035.62
TOTAL	\$ 100.0	\$ -	\$ -	\$ 100.0		\$ -		\$ 100.0	\$ 59.6	\$ 40.4	\$ -		\$ 1,035.62

December 31, 2023 Reserve Funds	\$ 59,611
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B. Brechin/Lagoon City Water and Sewer Servicing

i. Sanitary Sewer Services

Sanitary sewer projects for the Brechin/Lagoon City service areas includes for the recovery of outstanding debentures associated with completed sewer projects. Only the growth-related share of the outstanding debentures are included for recovery in the DC rate calculation. The program also includes for a new Sewage Treatment Plant facility as associated works including new force mains, land acquisition costs, project management and project design as well as the decommissioning of the existing plant. Financing costs related to the in-period DC eligible shares have also been included in the capital program.

Table 6 displays the sanitary sewer works required to service Brechin/Lagoon City, the capital program totals \$68.8 million. A BTE share of 76% has been applied to the costs associated with the new facility construction (with the exception of the plant decommissioning costs), which totals \$38.4 million. The BTE share is calculated based on the existing plant capacity of 2,273 m³/day and the proposed capacity after the new facility is constructed of 3,000 m³/day. In total, the Township has \$301,700 in the DC reserve fund which is applied to the costs associated with the construction of the new facility.

The remaining costs, \$30.1 million is considered development-related and has been allocated between residential and non-residential development based on shares of population and employment growth over the planning horizon (85% residential and 15% non-residential, respectively). This yields a charge of \$7,311.1 per capita and \$107.5 per square metre of gross floor area.

ii. Water Services

The Lagoon City Water Treatment Plant (WTP) provides water supply and treatment for Lagoon City and Brechin. The cost of water servicing in Lagoon City and Brechin totals \$500,000 as shown on Table 7. The costs associated with the intake extension are fully attributable to growth and therefore, no BTE deduction is made. Financing costs of \$367,500, based on the DC eligible share of the project, has been included for the recovery in the calculation. Approximately \$39,600 is available in the DC reserve fund and is applied to the preliminary work associated with the intake extension.

The remaining costs of \$827,900 is deemed development-related and has been allocated between residential and non-residential development based on shares of population and employment growth over the planning horizon (85% residential and 15% non-residential, respectively). This yields a charge of \$440.8 per capita and \$6.1 per square metre of gross floor area.

TABLE 6

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 BRECHIN/LAGOON CITY WATER AND SEWER SERVICING
 SEWAGE WORKS (\$000)

Project Description	Gross Cost	Other Recovery	Anticipated Grants and Other Funding	Net Cost	Benefit to Existing %	Development Charge Recoverable %	Development Related Costs				
							Available DC Reserves	2024-Build-Out	Other Dev. Related		
1.0 Recovery of Completed Projects											
1.1 Recovery of Outstanding Debt (Principal Only)	\$ 2,879.3	\$ -	\$ -	\$ 2,879.3	0%	\$ -	100%	\$ 2,879.3	\$ -	\$ 2,879.3	\$ -
1.2 Recovery of Outstanding Debt (Interest Component)	\$ 1,502.1	\$ -	\$ -	\$ 1,502.1	0%	\$ -	100%	\$ 1,502.1	\$ -	\$ 1,502.1	\$ -
1.3 Recovery of Accumulated Deficit	\$ 3,200.2	\$ -	\$ -	\$ 3,200.2	0%	\$ -	100%	\$ 3,200.2	\$ -	\$ 3,200.2	\$ -
Sub-Total Completed Projects	\$ 7,581.6	\$ -	\$ -	\$ 7,581.6		\$ -	\$ 7,581.6	\$ -	\$ 7,581.6	\$ -	
2.0 New Facility Construction											
2.1 New Facility	\$ 39,551	\$ -	\$ -	\$ 39,551.0	76%	\$ 29,966.5	24%	\$ 9,584.5	\$ 301.7	\$ 9,282.8	\$ -
2.2 Force Mains	\$ 5,801	\$ -	\$ -	\$ 5,800.8	76%	\$ 4,395.1	24%	\$ 1,405.7	\$ -	\$ 1,405.7	\$ -
2.3 Design	\$ 4,219	\$ -	\$ -	\$ 4,218.8	76%	\$ 3,196.4	24%	\$ 1,022.3	\$ -	\$ 1,022.3	\$ -
2.4 Project Management	\$ 1,000.0	\$ -	\$ -	\$ 1,000.0	76%	\$ 757.7	24%	\$ 242.3	\$ -	\$ 242.3	\$ -
2.5 Provision for Land Acquisition	\$ 120.0	\$ -	\$ -	\$ 120.0	76%	\$ 90.9	24%	\$ 29.1	\$ -	\$ 29.1	\$ -
2.6 Plant Decommissioning Cost	\$ 1,000.0	\$ -	\$ -	\$ 1,000.0	0%	\$ -	100%	\$ 1,000.0	\$ -	\$ 1,000.0	\$ -
Sub-Total New Facility Construction	\$ 51,690.6	\$ -	\$ -	\$ 51,690.6		\$ 38,406.5	\$ 13,284.0	\$ 301.7	\$ 12,982.3	\$ -	
3.0 Financing Costs ¹	\$ 9,540.7	\$ -	\$ -	\$ 9,540.7	0%	\$ -	100%	\$ 9,540.7		\$ 9,540.7	
TOTAL	\$ 68,812.9	\$ -	\$ -	\$ 68,812.9		\$ 38,406.5	\$ 30,406.3	\$ 301.7	\$ 30,104.6	\$ -	

Residential Development Charge Calculation	
Residential Share of DC Eligible Costs	85% \$ 25,588.9
Growth in Population in New Units	3,500
Unadjusted Development Charge Per Capita	\$ 7,311.1
Non-Residential Development Charge Calculation	
Non-Residential Share of DC Eligible Costs	15% \$ 4,515.7
Growth in Square Metres	42,000
Unadjusted Development Charge Per Square Metre	\$ 107.5

December 31, 2023 Reserve Funds	\$ 301,726
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Notes:

(1) Financing is for the Net DC Recoverable Share (of the completed projects only and after considering existing reserve funds) and is based on the following long-term borrowing assumptions:

Amortization Per Financing Rate	Debt Factor	Interest Rate
30	0.057830	0.73490
4.00%		



TABLE 7

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 BRECHIN/LAGOON CITY WATER AND SEWER SERVICING
 WATER WORKS (\$000)

Project Description	Gross Cost	Grants and Subsidies	Other Recovery	Net Cost	Benefit to Existing %	Development Charge Recoverable %	Development Related Costs				
							Available DC Reserves	2024-2051	Other Dev. Related		
1. Lagoon City Water Treatment Plant (WTP)											
1.1 Intake Extension - Preliminary Work	\$ 75.0	\$ -	\$ -	\$ 75.0	0%	\$ -	100%	\$ 75.0	\$ 39.6	\$ 35.4	\$ -
1.2 Intake Extension - Construction	\$ 425.0	\$ -	\$ -	\$ 425.0	0%	\$ -	100%	\$ 425.0	\$ -	\$ 425.0	\$ -
Sub-Total	\$ 500.0	\$ -	\$ -	\$ 500.0		\$ -		\$ 500.0	\$ 39.6	\$ 460.4	\$ -
2. Financing Costs ⁽¹⁾	\$ 367.5	\$ -	\$ -	\$ 367.5	0%	\$ -	100%	\$ 367.5	\$ -	\$ 367.5	\$ -
TOTAL	\$ 867.5	\$ -	\$ -	\$ 867.5		\$ -		\$ 867.5	\$ 39.6	\$ 827.9	\$ -

Residential Development Charge Calculation		
Residential Share of DC Eligible Costs	85%	\$ 703.7
Growth in Population in New Units		1,596
Unadjusted Development Charge Per Capita		\$ 440.8
Non-Residential Development Charge Calculation		
Non-Residential Share of DC Eligible Costs	15%	\$ 124.2
Growth in Square Metres		20,300
Unadjusted Development Charge Per Square Metre		\$ 6.1

December 31, 2023 Reserve Funds	\$ 39,575
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(1) Financing is for the Net DC Recoverable Share (after considering existing reserve funds) and is based on the following long-term borrowing assumptions:

Amortization Period	Financing Rate	Debt Fa Interest Rate
30	4.00%	##### 0.73490

C. Rama Road

The Rama Road servicing area is a new ASDC brought forward as part of this Study. Significant development is proposed for the area which includes the construction of a new 12,000 square metre Water Park and 7,000 square metre Family Fun Centre. Approximately 850 hotel rooms and 3,600 residential units are also anticipated. Water and sanitary sewer infrastructure is required in order to service the proposed development.

i. Water and Sanitary Sewer

Table 8 summarizes the proposed capital program which includes three phases to construct the required water and sewer infrastructure. An overview of the infrastructure needs in each phase is provided below:

- **Phase 1** – supply/installation of 400mm watermain, valve chambers, creek crossing, road restoration, pedestal water tower, gravity sewers, and pumping stations.
- **Phase 2** – supply/installation of 400mm watermain, valve chambers, road restoration, additional gravity sewers and another pumping station.
- **Phase 3** – supply/installation of 400mm watermain, valve chambers, road restoration, gravity sewers, new forcemain and pumping stations.

As shown in Table 8, the three phases totals \$165.1 million. Financing costs have also been determined for the DC eligible shares of the project and total \$110.2 million. In total, the capital program amounts to \$275.4 million.

A BTE share of \$15.2 million, or 9%, has been calculated based on existing units and non-residential users which will connect into the new infrastructure once constructed. This share has been removed from the DC eligible costs and will be funded from capital connection fees. After this adjustment, the DC eligible costs are reduced to \$260.2 million. As this is a new ASDC, there is no existing reserve balance and therefore no adjustment has been made. The capital projects are required to service development occurring in-period and as such, no post-period adjustment is made.

TABLE 8

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 DEVELOPMENT-RELATED CAPITAL PROGRAM
 RAMA ROAD: WATER AND SANITARY SEWER

Project Description	Gross Project Cost	Grants/ Subsidies/Other Recoveries	Net Municipal Cost	Ineligible Costs		Total DC Eligible Costs	Available DC Reserves	2024-Buildout	Post Period
				BTE %	Replacement & BTE Shares				
2.0 RAMA ROAD: WATER AND SANITARY SEWER									
2.1 Water and Wastewater Infrastructure									
2.1.1 Phase 1	\$ 84,448,000	\$ -	\$ 84,448,000	9%	\$ 7,755,694	\$ 76,692,306	\$ -	\$ 76,692,306	\$ -
2.1.2 Phase 2	\$ 45,274,000	\$ -	\$ 45,274,000	9%	\$ 4,157,958	\$ 41,116,042	\$ -	\$ 41,116,042	\$ -
2.1.3 Phase 3	\$ 35,426,000	\$ -	\$ 35,426,000	9%	\$ 3,253,519	\$ 32,172,481	\$ -	\$ 32,172,481	\$ -
Subtotal Water and Wastewater Infrastructure	\$ 165,148,000	\$ -	\$ 165,148,000		\$ 15,167,171	\$ 149,980,829	\$ -	\$ 149,980,829	\$ -
2.2 Financing Costs									
2.2.1 DC eligible share only	\$ 110,221,357	\$ -	\$ 110,221,357	0%	\$ -	\$ 110,221,357	\$ -	\$ 110,221,357	\$ -
Subtotal Financing Costs	\$ 110,221,357	\$ -	\$ 110,221,357		\$ -	\$ 110,221,357	\$ -	\$ 110,221,357	\$ -
TOTAL	\$ 275,369,357	\$ -	\$ 275,369,357		\$ 15,167,171	\$ 260,202,186	\$ -	\$ 260,202,186	\$ -

Residential Development Charge Calculation

Residential Share of 2024-Buildout DC Eligible Costs	92%	\$ 240,424,756
Growth in Population in New Units		6,990
Unadjusted Development Charge Per Capita		\$34,395.53

Non-Residential Development Charge Calculation

Non-Residential Share of 2024-Buildout DC Eligible Costs	8%	\$ 19,777,430
Growth in Square Metres		57,454
Unadjusted Development Charge Per Square Metre		\$344.23

Reserve Fund Balance¹

Balance as at December 31, 2023	\$0
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¹New DC service, therefore no available reserve fund balance exists

Financing Assumptions²

Amortization Period	Financing Rate	Debt Factor	Interest Rate
30	4.00%	0.057830	0.73490

² Financing is for the Net DC Recoverable Share (after considering existing reserve funds) and is based on the identified long-term borrowing assumptions

5. Proposed Development Charges are Calculated in Accordance with the DCA

This section summarizes the calculation of ASDCs for each area and service category as well as the resulting development charge by type of development (e.g. residential and non-residential). The DCA requires that the development-related capital costs be apportioned between the sectors responsible for the increase in need for servicing. Even if Council exempts a certain form of development from paying development charges, the reduction cannot be recouped through increased charges on other forms of development.

A. ASDC Calculation by Area

i. Bayshore Village Water and Sewer

The calculation of development charges rates is derived by dividing the total net capital program by the forecast population growth that can be serviced by the works over the study period. The result is a calculated development charge on a per capita basis. The per capita charge is then applied against average occupancies by unit type, for newly constructed units, to arrive at a development charge per unit type.

Table 9 provides a summary of the calculated development charge rates for the provision of water and sewer services to be levied in Bayshore Village. The current land-use designation in Bayshore Village only permits single-detached units and therefore, only rates for single-detached units have been calculated.

ii. Brechin/Lagoon City Water and Sewer Servicing ASDCs

The calculation of Brechin/Lagoon City water and sewer development charges rates is derived by dividing the residential and non-residential shares of the project costs by the anticipated population and employment growth. The result is a calculated development charge on per capita or per square metre of non-residential GFA basis. For the residential charges, the per capita charge is then applied against average occupancies by unit type, for newly constructed units, to arrive at a development charge per unit type.

Table 10 provides a summary of the calculated development charge rates for the provision of water and sewer services to be levied in Brechin/Lagoon City.

iii. Rama Road

Similar to the Brechin/Lagoon City development charges rates, the calculation of Rama Road water and sewer development charges rates is derived by dividing the residential and non-residential shares of the project costs by the anticipated population and employment growth. The result is a calculated development charge on per capita or per square metre of non-residential GFA basis. For the residential charges, the per capita charge is then applied against average occupancies by unit type, for newly constructed units, to arrive at a development charge per unit type.

Table 11 provides a summary of the calculated development charge rates for the provision of water and sewer services to be levied in the Rama Road area.

TABLE 9

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 BAYSHORE VILLAGE WATER AND SEWER SERVICING
 SUMMARY OF CALCULATED RATES

BAYSHORE VILLAGE	Charge Per Capita	Residential Charge ¹
		Single-Detached
Sanitary Sewage Service	\$11,072.88	\$27,256
Water Service	\$1,035.62	\$2,549
Total Sewer and Water	\$12,108.50	\$29,805

(1) Based on Persons Per Unit Of:

2.46



B. Comparison of Current and Calculated Rates

Table 12 provides a comparison of the current sewer and water development charges rates with the proposed rates in this Study. No comparison has been provided for the Rama Road area as no charge currently exists.

The newly calculated residential sewer and water charge for **Brechin/Lagoon City** totals \$19,069 per single-detached unit and represents about a 6% increase over the current rate of \$18,067 per single-detached unit. In contrast, the calculated sewer and water development charge rate for a single-detached unit in **Bayshore Village** is \$29,805 per unit, which is \$22,600 higher than the current charge of \$7,219. Both the water and sewer component of the charge has increased.

The newly calculated non-residential charge in **Brechin/Lagoon City**, \$113.63 per square metre of GFA, and is higher than the current charge of \$74.34 per square metre, which represents a 53% increase.

C. Statutory Phase-in of Calculated ASDCs

In November 2022, the DCA was amended to require that the calculated development charge rates be phased-in over a 5-year period based on the following:

- Year 1 = 80% of calculated rates
- Year 2 = 85% of calculated rates
- Year 3 = 90% of calculated rates
- Year 4 = 95% of calculated rates
- Year 5 = 100% of calculated rates

On April 10, 2024, the Province introduced *Bill 185, Cutting Red Tape to Build More Homes Act*, which proposes to remove the 5-year mandatory phase-in. Should the legislation be updated, the 5-year phase-in will not apply to the calculated rates presented in this Study unless otherwise directed by Council.

TABLE 12

**TOWNSHIP OF RAMARA
2024 ASDC BACKGROUND STUDY
COMPARISON OF CALCULATED AND CURRENT RATES**

Residential Charges	Calculated Charge	Current Charge	Difference Between Calculated and Current	
	\$/Single-detached Unit		\$	%
Brechin / Lagoon City				
Sewer	\$17,985	\$17,188	\$797	4.6%
Water	\$1,084	\$879	\$205	23.3%
Total Brechin / Lagoon City	\$19,069	\$18,067	\$1,002	5.5%
Bayshore Village				
Sewer	\$27,256	\$5,348	\$21,908	409.7%
Water	\$2,549	\$1,871	\$678	36.2%
Total Bayshore Village	\$29,805	\$7,219	\$22,586	312.9%

Non-Residential	Calculated Charge	Current Charge	Difference Between Calculated and Current	
	\$/Square Metre of GFA		\$	%
Brechin / Lagoon City				
Sewer	\$107.52	\$70.73	\$36.79	52.0%
Water	\$6.12	\$3.61	\$2.51	69.4%
Total Brechin / Lagoon City	\$113.63	\$74.34	\$39.29	52.9%

6. Cost of Growth Analysis

This section provides a brief examination of the long-term capital and operating costs as well as the asset management related annual provisions for the capital facilities and infrastructure to be included in the 2024 DC By-laws. This examination is required as one of the provisions of the DCA.

A. Long-term Capital and Operating Cost Impacts

The DCA requires that a background study estimate the future tax supported operating cost implications of the development-related capital program contained in the study. The capital program contained in this background study relates to the provision of water and sewer services in Bayshore Village, Brechin/Lagoon City and Rama Road.

The funds required for operating the water and sewer systems are obtained through the utility rates, a user fee system. Since the water and sewer systems are part of a full cost recovery water and sewer rate, any additional operating costs as a result of the capital program will be recovered through this revenue tool. The Township has already incurred many of the costs considered under this Study, with the prevailing water and sewer rates based on the funding of the works, net of development charge recoveries. No additional operating costs associated with the capital costs are anticipated to be borne by the property tax base.

B. Asset Management Plan

The DCA now requires that municipalities complete an Asset Management Plan before passing a development charges by-law. A key function of the Asset Management Plan is to demonstrate that all assets funded under the

development charges by-law are financially sustainable over their full life cycle.

When assets require rehabilitation or are due for replacement, the source of funds is limited to reserves or contributions from operating. Capital expenditures to carry out the rehabilitation and replacement of aging infrastructure are not growth-related and are therefore not eligible for funding through development charge revenues or other developer contributions.

Table 13 provides the calculated annual asset management contribution for both the gross capital expenditures and the share related to the in-period recoverable portion. As shown in Table 13, once the infrastructure is fully constructed, the Township should fund an additional \$373,000 per annum to fund the full life cycle costs of the new assets related to water and sanitary sewer infrastructure.

C. Program is Deemed Financially Sustainable

The calculated annual funding provision should be considered within the context of the Township's projected growth. This growth will have the effect of increasing the overall assessment base and additional utility revenues to offset the capital asset provisions required to replace the infrastructure proposed to be funded under the ASDC by-laws. The collection of these funds is intended to be allocated to the Township's reserves for the future replacement of these assets.

In addition, as part of the annual budget update the Township also contributes to asset replacement reserves and spends on yearly asset replacement needs as needed. Through this annual exercise, staff identify the required funding and propose mitigating measures in order to ensure there are sufficient funds in reserves over the long term. Life-cycle funding methodologies are also reviewed in order to ensure that the Township is

continuing to implement financially sustainable practices for funding the eventual replacement of assets.

The calculated annual provisions identified are considered to be financially sustainable as it is expected that the increased capital asset management requirements can be absorbed by the utility base over the long-term.

TABLE 13

TOWNSHIP OF RAMARA
 2024 ASDC BACKGROUND STUDY
 CALCULATED AMP PROVISIONS

	Capital Program		Calculated AMP Provision	
	DC Recoverable	Non-DC Recoverable	DC Related	Non-DC Related
Bayshore				
Water	\$40,389	\$59,611	\$494	\$730
Sewer	\$248,914	\$9,368,086	\$574	\$16,939
Brechin/Lagoon City				
Water	\$460,425	\$39,575	\$1,061	\$91
Sewer	\$12,982,287	\$38,708,274	\$25,287	\$81,929
Rama Road				
Water and Sewer	\$149,980,829	\$15,167,171	\$345,592	\$34,949
Total	\$163,712,844	\$63,342,716	\$373,007	\$134,637

7. Development Charges Administration and Considerations

A. Development Charges Amount Payable and Date of Payment

The total amount of a DC is the amount that would be determined under the by-law on the day of an application for site plan approval or the day of an application for rezoning or, if neither of these apply, the day of building permit issuance. Full details on determining the DCs payable in any particular case are provided in s.26, s.26.1 and s.26.2 of the DCA.

The default date of payment of a DC is the date of building permit issuance. However, under s.27 of the DCA the Township may enter into an agreement with a developer to alter the timing of payment.

For three specific types of development, DCs must be paid according to the following plan:

- Six equal annual installments beginning at building occupancy (permit or actual occupancy) and for the following five anniversaries of that date for rental housing and institutional development.

For required instalments, the Township may charge interest from the date the DC would have been payable to the date the instalment is paid. Interest may accrue on each installment until the final payment has been made. Any skipped or late payments can be added to the tax roll (including interest). Full details on the prescribed payment plans are provided in s.26.1 of the DCA. In accordance with s.26.3 the maximum interest rate a municipal can charge is prime plus 1%.

B. Reserve Funds

Under the DCA, a municipality that has passed a development charge by-law must establish a separate reserve fund for each service to which the development charge relates and pay each development charge it collects into the respective reserve fund. Beginning in 2023 and each calendar year thereafter, a municipality shall spend or allocate at least 60% of the monies in a reserve fund associated with water and sanitary sewer infrastructure.

While the DCA does permit municipalities to borrow from the reserve fund, the amount borrowed is to be repaid with interest at a rate not less than the prescribed minimum interest rate. Additionally, money in the reserve fund is to be spent only on development-related capital costs.

Annual financial statements are to be provided to Council and must include the following:

- Opening and closing balances and in-year transactions
- A description of service or category of service
- Details on credits paid by individual credit holders
- Amounts borrowed and purpose of borrowing
- Interest accrued on borrowing
- Amount and source of money used to repay borrowing
- Projects funded from DCs including amount and source of DC and non-DC funding

C. Development Charges Administration

Many of the administrative requirements of the DCA will be similar to those presently followed by the Township in terms of collection practices.

However, changes will likely be required in the use of and reporting on the new development charges. In this regard:

- It is recommended that the present practices regarding collection of development charges and by-law administration continue to the extent possible;
- As required under the DCA, the Township should codify any rules regarding application of the by-laws and any exemptions within the development charges by-laws proposed for adoption;
- It is recommended that the Township develop reporting policies consistent with the requirements of the DCA;
- It is recommended that the by-laws permit the payment of a development charge in cash or through services-in-lieu agreements. The municipality is not obligated to enter into services-in-lieu agreements;
- The proposed draft by-law sets out the rules to determine development charges applicable in any particular case. Rules for exemptions are also outlined in the proposed draft by-law; and
- It is recommended that Council adopt the development-related capital forecast included in this Study, subject to annual review through the Township's normal capital budget process.

Appendix A

Draft Development Charges By-laws
(Available Under Separate Cover)