

REPORT FOR PUBLIC MEETING

PREPARED BY HEMSON FOR THE TOWN OF SHELBURNE



2021 DEVELOPMENT CHARGES STUDY

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EXECUTIVE SUMMARY

A. PURPOSE OF 2021 DEVELOPMENT CHARGES (DC) BACKGROUND STUDY

i. Legislative Context

The Town of Shelburne 2021 Development Charges (DC) Background Study is presented as part of the process to lead to the approval of a new DC by-law in compliance with the *Development Charges Act, 1997* (DCA). The study is prepared in accordance with the DCA and associated Regulation, including the amendments that came into force on January 1, 2016, June 6, 2019, January 1, 2020, and September 17, 2020.

ii. Key Steps in Determining Future Development-Related Projects

In accordance with the *DCA* and associated regulation, several key steps are required to calculate development charges. This includes preparing a development forecast, establishing historical service levels, determining the increase in need for services arising from development and appropriate shares of costs, attribution to development types (i.e. residential and non-residential) and the final adjustment to the calculated rate of a cash flow analysis.

iii. DC Eligible and Ineligible Costs

Development charges are intended to pay for the initial round of capital costs needed to service new development over an identified planning period. This is based on the overarching principle that “growth pays for growth”. However, the DCA and associated regulation includes several statutory adjustments and deductions that prevent these costs from fully being recovered by growth. Such adjustments include, but are not limited to: ineligible costs, including operating and maintenance costs; ineligible services; deductions for costs that exceed historical service level caps; and statutory exemptions for specific uses (i.e. industrial expansions).

iv. 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 the 2021 DC Background Study. However, it is recognized that the DC Background Study is a point-in-time analysis and there may be changes to project timing,

scope and costs through the Town’s normal annual budget process. The following summarizes the findings of the Town of Shelburne’s 2021 Development Charges Background Study.

B. DEVELOPMENT FORECAST

i. Residential and Non-Residential

The table below provides a summary of the anticipated residential and non-residential growth over the 2021-2030 planning period. The development forecast is further discussed in Appendix A.

Town-wide Development Forecast	2020 Estimate	All Services Planning Period 2021 - 2030	
		Growth	Total at 2030
Residential			
Total Occupied Dwellings	2,971	920	3,891
Total Population			
Census	8,639	2,598	11,237
<i>Population In New Dwellings</i>		<i>2,649</i>	
Non-Residential			
Employment	2,531	772	3,303
Non-Residential Building Space (sq.m.)		53,760	

C. CALCULATED DEVELOPMENT CHARGES

The table below provides the development charges levied Town-wide for residential development based on the aforementioned forecasts and as detailed in Appendix A.

In addition to the calculated rates in this 2021 DC Background Study, the Town levies a Town-wide charge for Fire, Police, Services Related to a Highway of Public Works and Roads and Related, Water and Wastewater Services under By-law #19-2020. The Town also levies three area specific development charges in the School Road Area (By-law #20-2020), East Area (By-law #21-2020) and West Area (By-law #46-2020). The following DC Background Studies accompany the aforementioned by-laws: [2020 Development Charges Study](#) & [Area-Specific Development Charges – West Area](#).

Service	Single & Semi-Detached	Other Multiples	Apartments 2 + Bedrooms	Apartments 1 or < 1 Bedroom
Library Services	\$415	\$332	\$235	\$161
Parks And Recreation	\$7,834	\$6,271	\$4,439	\$3,042
TOTAL TOWN-WIDE CHARGE	\$8,249	\$6,603	\$4,674	\$3,203

The rates calculated as part of this study are the maximum permissible rates under the current legislation. Council may implement rates lower than those calculated and the revenue shortfall will need to be made up from other sources namely property taxes and user fees.

It should be noted that the services included for development charges recovery in this study relate to Library and Parks and Recreation Services only.

D. ASSET MANAGEMENT PLAN

A key function of the Asset Management Plan is to demonstrate that all assets proposed to be funded under the development charges by-law are financially sustainable over their full life cycle. By 2031, the Town will need to fund an additional \$297,100 per annum for Town-wide services in order to properly fund the full life cycle costs of the new assets supported under the 2021 Development Charges By-law.

E. LONG-TERM CAPITAL AND OPERATING COSTS

An overview of the long-term capital and operating costs for the capital facilities and infrastructure to be included in the DC by-law is provided in the study. This examination is required as one of the provisions of the DCA. Additional details on the long-term capital and operating impact analysis is found in Appendix D. By 2030 the Town's net operating costs are estimated to increase by about \$911,700 per annum.

F. MODIFICATIONS TO THE TOWN'S DEVELOPMENT CHARGES BY-LAW ARE PROPOSED

The Town is proposing to modify the current development charges by-law as part of the study process. The proposed draft by-law will be made available, under separate cover, a minimum of two weeks in advance of the statutory public meeting.

1. INTRODUCTION

This Town of Shelburne 2021 Development Charges Background Study is presented as part of a process to lead to the approval of a new development charge by-law in compliance with the *Development Charges Act, 1997 (DCA)*.

A. LEGISLATIVE CONTEXT

This study is prepared in accordance with the DCA and associated Regulations, including recent legislative amendments. During the study process, multiple legislative changes have occurred. In 2019, the province announced changes to the DCA and the *Planning Act* through two key pieces of legislation Bill 108: *More Homes, More Choice Act* and Bill 138: *Plan to Build Ontario Together Act, 2019*. Prior to the end of the consultation process, Canada was impacted by the COVID-19 global pandemic. In response, the province of Ontario introduced legislation to enact the state of emergency and as part of that in July 2020, Bill 197 *COVID-19 Economic Recovery Act, 2020*. Bill 197 reversed many of the initiatives put forward through Bill 108 and 138.

On September 17, 2020, the Province enacted Bill 197 including the following changes:

- Removal of the statutory 10 per cent reduction on “soft” services
- A list of eligible services as listed in subsection 2 (4) of the DCA
- Ability to create service classes in subsection 7 (3) of the DCA
- Changes related to Community Benefits Charges (not included as part of this DC Study process)
- Others.

Other changes to the DCA that came into force on January 1, 2020 as they relate to the “DC Freeze” (Section 26.2 of the DCA) and the “DC Deferrals “(Section 26.1 of the DCA) are not impacted by the recent legislation introduced through the *COVID-19 Economic Recovery Act, 2020*.

B. PURPOSE OF STUDY

This study presents the results of the review that determines the development-related net capital costs which are attributable to new development forecast to occur in the Town of Shelburne. These development-related net capital costs are then apportioned among various types of development (residential; non-residential) in a manner that reflects the

increase in the need for each service attributable to each type of development. Therefore, the study arrives at proposed development charges for various types of development.

The DCA provides for a period of public review and comment regarding the proposed development charges. Following completion of this process, in accordance with the DCA and Council's review of this study and the comments it receives regarding this study or other information brought to its attention about the proposed charges, it is intended that Council will pass new development charges for the Town.

2. TOWN-WIDE APPROACH

Several key steps are required in calculating any development charge. However, specific circumstances arise in each municipality, which must be reflected in the calculation. Therefore, this study has been tailored for the Town of Shelburne's unique circumstances. The approach to the proposed development charges is focussed on providing a reasonable alignment of development-related costs with the development that necessitates them.

A. TOWN-WIDE DEVELOPMENT CHARGES ARE CALCULATED

The Town provides a wide range of services to the community it serves and has an extensive inventory of facilities, land, infrastructure, vehicles and equipment. The DCA provides municipalities with flexibility to define services that will be included in the development charge by-laws, provided that the other provisions of the Act and its associated regulations are met. The DCA also requires that the by-law designates the areas within which the by-law shall be imposed. The development charges applies to all lands in the Town.

i. Services Based on a Town-Wide Approach

For the some of services that the Town provides, a range of capital facilities, land, equipment and infrastructure is available throughout the Town; libraries, parks and so on. As new development occurs, new facilities will need to be added so that service levels in newly developing areas are provided at levels enjoyed in existing communities. A widely accepted method for sharing the development-related capital costs for such Town services is to apportion them over all new development anticipated in the Town.

The following services are included in the Town-wide development charge calculation:

- Library Services
- Parks and Recreation

These services form a reasonable basis on which to plan and administer the development charges. The analysis of each of these services examines the individual capital facilities and equipment that make them up. For example, the Library service includes various buildings and associated land, and collection materials.

The resulting development charge for these services would be imposed against all development in the Town.

B. KEY STEPS IN DETERMINING DEVELOPMENT CHARGES

Several key steps are required in calculating development charges for future development-related projects. These are summarized below and illustrated in Figure 1.

i. Development Forecast

The first step in the methodology requires a development forecast to be prepared for the 10-year study period, 2021–2030. The forecast of the future residential and non-residential development used in this study is consistent with the targets established for the Town in the County of Dufferin Official Plan, and through discussions with Town staff and its planning consultant, GSP Group. The development forecast is based on estimates of development occurring within the Town’s current urban boundary. This is consistent with Provincial regulations that require development charges forecasts be based on areas approved for development in a municipality’s official plan.

For the residential portion of the forecast, the net (or Census) population growth and population growth in new units is estimated. Net population growth equals the population in new housing units reduced by the decline in the population in the existing base anticipated over the 10-year period (due to reducing household sizes as the community ages). Net population is used in the calculation of the development charges funding envelopes. In calculating the per capita development charge, however, population growth in new units is used.

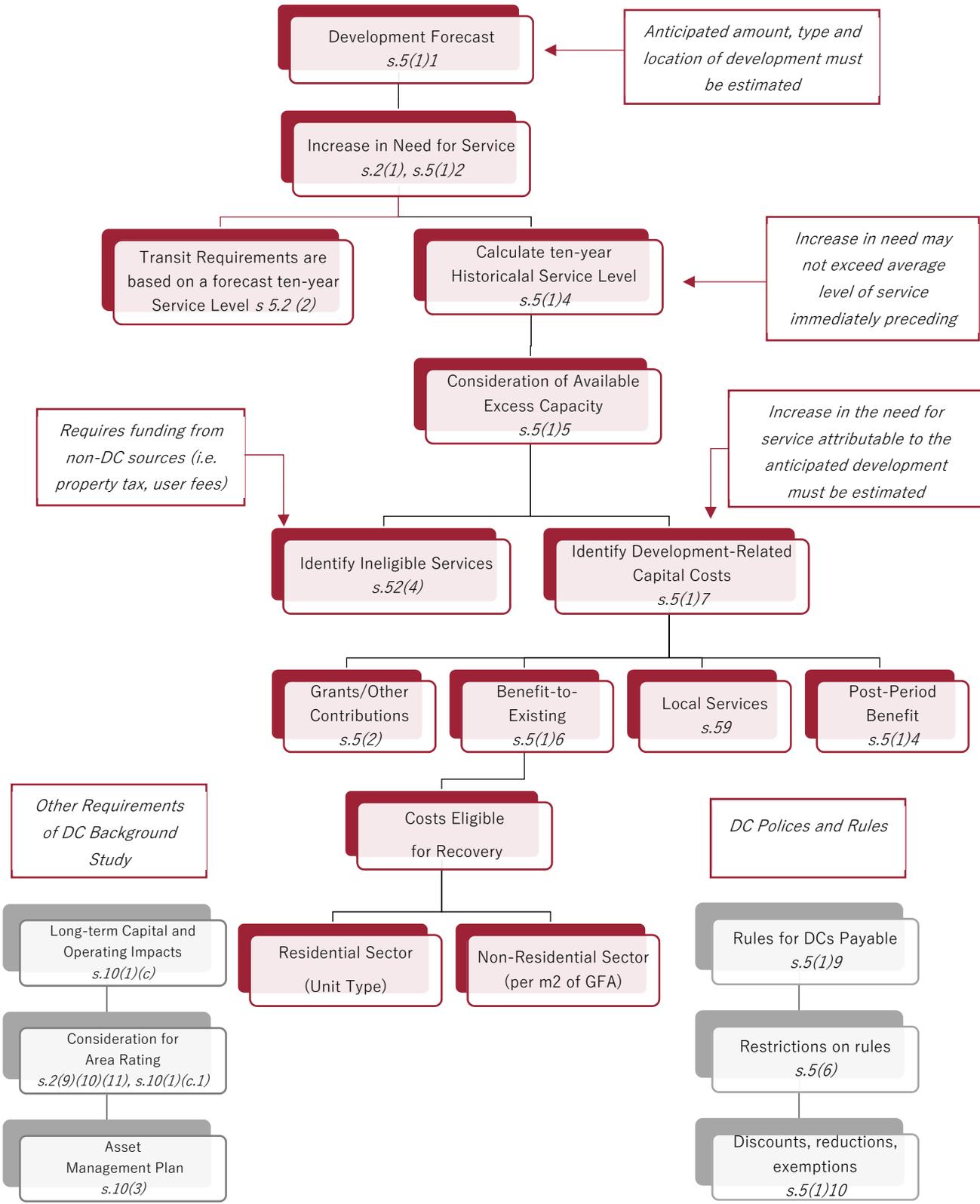
The non-residential portion of the forecast estimates the Gross Floor Area (GFA) of building space to be developed over the 10-year period, 2021–2030. The forecast provides estimates for two categories: employment-land employment and population related employment. The forecast of GFA is based on the employment forecast for the Town. Factors for floor space per worker by category are used to convert the employment forecast into gross floor areas for the purposes of the development charges study.

ii. Service Categories and Historical Service Levels

The *Development Charges Act* provides that the increase in the need for service attributable to anticipated development:

... must not include an increase that would result in the level of service exceeding the average level of that service provided in the Town over the 10-year period immediately preceding the preparation of the background study...(s. 5. (1) 4.)

Figure 1: Statutory Requirements of Development Charge Calculation and Study Process



Historical 10-year average service levels thus form the basis for development charges. A review of the Town's capital service levels for buildings, land, vehicles and so on, has therefore been prepared as a reference for the calculation, so that the portion of future capital projects that may be included in the development charge can be determined. The historical service levels used in this study have been calculated based on the period 2011–2020.

iii. Development-Related Capital Program and Analysis of Net Capital Costs to be included in the Development Charges

A development-related capital program has been prepared by the Town staff, Town consultants and Boards as part of the present study. 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 Act (DCA, s. 5. (2)). The capital program 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 Town 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 10-year average service levels or the service levels embodied in future plans of the Town. The development-related capital forecast 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, *Ontario Regulation 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 Town from non-

development charges sources. The amount of Town funding for such non-development shares of projects is also identified as part of the preparation of the development-related capital forecast.

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 analysis to meet this requirement of the Act.

iv. Attribution to Types of Development

The next step in the determination of development charges is the allocation of the development-related net capital costs between the residential and the non-residential sectors. This is done by using different apportionments for different services in accordance with the demands which the two sectors would be expected to place on the various services and the different benefits derived from those services.

Where reasonable data exist, the apportionment is based on the expected demand for, and use of, the service by each sector (e.g. based on shares of population in new units and employment growth).

Finally, the residential component of the Town-wide charge is applied to different housing types on the basis of average occupancy factors. The non-residential component is applied on the basis of gross building space in square metres.

v. Final Adjustment

The final determination of the development charge results from adjustments made to development-related net capital costs for each service and sector resulting from the application of any unallocated reserve fund balances available to finance the development-related capital costs in the capital forecast. A cash flow analysis is also undertaken to account for the timing of projects and receipt of development charges for Town-wide services. Interest earnings or borrowing costs are therefore accounted for in the calculation as allowed under the DCA.

3. DEVELOPMENT FORECAST

This section provides the basis for the development forecasts used in calculating the development charges and provides a summary of the forecast results. Appendix A contains additional material related to the development forecast.

Forecasts of population are based on estimates of development occurring within the Town's approved urban boundary. The forecast is consistent with Provincial regulations that require development charges forecasts be based on areas approved for development in a municipality's official plan.

Recognizing that the Town has experienced rapid population growth in recent years – a trend that is expected to continue into the future – Shelburne is anticipated to exceed Dufferin County's 2036 total population target within the ten-year planning horizon of this study. The Town's forecast population growth used for the purposes of this study is anticipated to be accommodated within the existing designated urban lands.

A. RESIDENTIAL FORECAST

The residential forecast is based on a forecast of population and households in the Town. Table 1 provides a summary of the residential forecast: a ten-year planning period, 2021-2030. The ten-year planning period is used throughout this study for all services including Library, Parks and Recreation Services.

Over the ten-year planning period from 2021-2030, the total number of occupied households is forecast to increase by approximately 920 units, which translates into a population in new units of approximately 2,650. The population in new housing units was estimated based on a Statistics Canada special run of data on occupancy patterns of household unit types by period of construction, adjusted where insufficient data was present.

The table also shows that the Town's net population (or Census population) is forecast to increase over the ten-year forecast period by 2,600 persons, from 8,640 in 2020 to 11,240 in 2030.

TABLE 1

TOWN OF SHELBURNE
SUMMARY OF RESIDENTIAL AND NON-RESIDENTIAL
DEVELOPMENT FORECAST

Town-wide Development Forecast	2020 Estimate	All Services Planning Period 2021 - 2030	
		Growth	Total at 2030
Residential			
Total Occupied Dwellings	2,971	920	3,891
Total Population			
Census	8,639	2,598	11,237
<i>Population In New Dwellings</i>		<i>2,649</i>	
Non-Residential			
Employment	2,531	772	3,303
Non-Residential Building Space (sq.m.)		53,760	

B. NON-RESIDENTIAL DEVELOPMENT FORECAST

The employment numbers referenced in the Study reflect how many employees work in Shelburne. This should not be confused with place of residence employment data, which would be based on where residents of Shelburne work.

The non-residential portion of the forecast estimates the amount of building space to be developed in the Town over the ten year planning periods. The forecast is based on the projected increase in employment levels and the anticipated amount of new building space required to accommodate them.

The ten-year forecast projects an increase of 772 employees which can be accommodated in approximately 53,760 square metres of new non-residential floor space.

4. SUMMARY OF HISTORICAL CAPITAL SERVICES LEVELS

The DCA and *Ontario Regulation 82/98* (O. Reg. 82/98) require that the development charges be set at a level no higher than the average service level provided in the Town over the 10-year period immediately preceding the preparation of the background study, on a service by service basis.

For non-engineered services of Library, Parks and Recreation Services, the legislative requirement is met by documenting historical service levels for the preceding 10 years, in this case, for the period 2011–2020. Service levels are measured as a ratio of inputs per population plus employment.

O. Reg. 82/98 requires that when determining historical service levels both quantity and quality of service be taken into consideration. In most cases, the service levels are initially established in quantitative terms. For example, service levels for buildings are presented in terms of square feet per capita. The qualitative aspect is introduced by the consideration of the monetary value of the facility or service. In the case of buildings, for example, the cost would be shown in terms of dollars per square foot to replace or construct a facility of the same quality. This approach helps to ensure that the development-related capital facilities that are to be charged to new development reflect not only the quantity (number and size), but also the quality (value or replacement cost) of service provided historically by the Town. Both the quantitative and qualitative aspects of service levels used in the present analysis are based on information provided by Town staff and boards, and is based on historical records and their experience with costs to acquire or construct similar facilities, equipment and infrastructure as of 2020.

Table 2 summarizes service levels for all applicable services included in the development charge calculation. Appendix B provides detailed historical inventory data upon which the calculation of service levels is based.

TABLE 2

TOWN OF SHELBURNE
 SUMMARY OF AVERAGE HISTORIC SERVICE LEVELS 2011 - 2020

Service	2011 - 2020 Service Level Indicator
<p>1.0 LIBRARY SERVICES</p> <ul style="list-style-type: none"> Buildings Land Materials Furniture And Equipment 	<p>\$290.74 per capita</p> <ul style="list-style-type: none"> \$163.67 per capita \$10.95 per capita \$105.21 per capita \$10.91 per capita
<p>2.0 PARKS AND RECREATION</p> <ul style="list-style-type: none"> Indoor Recreation Parkland Development Park Facilities Outdoor Park Buildings 	<p>\$2,310.36 per capita</p> <ul style="list-style-type: none"> \$1,018.00 per capita \$694.33 per capita \$473.85 per capita \$124.18 per capita

5. THE DEVELOPMENT-RELATED CAPITAL PROGRAM

A. THE CAPITAL PROGRAM IS PROVIDED FOR COUNCIL'S APPROVAL

The DCA requires the Council of a Municipality to express its intent to provide future capital facilities at the level incorporated in the development charges calculation. As noted above, Ontario Regulation 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.

Based on the development forecasts detailed in Appendix A, Town staff, in collaboration with their consultants developed a development-related capital program setting out those projects that are required to service anticipated development. For all services including Library Services and Parks and Recreation, the capital plan covers the ten-year period from 2021–2030.

One of the recommendations contained in this background study is for Council to adopt the development-related capital forecast developed for the purposes of the development charges calculation. It is assumed that future capital budgets and forecasts will continue to bring forward the development-related projects contained herein, that are consistent with the growth occurring in the Town. It is acknowledged that changes to the forecast presented here may occur through the Town's normal capital budget process.

B. THE CAPITAL PROGRAM FOR GENERAL SERVICES

A summary of the development-related capital program for Town-Wide services related to the years 2021-2030 is shown on Table 3. Further details on the capital plans for each individual service category are available in Appendix B.

TABLE 3

TOWN OF SHELBURNE
SUMMARY OF DEVELOPMENT-RELATED CAPITAL PROGRAM
FOR GENERAL SERVICES 2021 - 2030
(in \$000)

Service	Gross Cost	Contributions Subsidies	Municipal Cost	Total Net Capital Program									
				2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1.0 LIBRARY SERVICES	\$600.0	\$0.0	\$600.0	\$92.0	\$42.0	\$142.0	\$72.0	\$42.0	\$42.0	\$42.0	\$42.0	\$42.0	\$42.0
1.1 Buildings, Land and Furnishings	\$150.0	\$0.0	\$150.0	\$50.0	\$0.0	\$100.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1.2 Collection Materials & Other	\$450.0	\$0.0	\$450.0	\$42.0	\$42.0	\$42.0	\$72.0	\$42.0	\$42.0	\$42.0	\$42.0	\$42.0	\$42.0
2.0 PARKS AND RECREATION	\$9,849.8	\$328.8	\$9,521.0	\$1,691.0	\$1,615.0	\$710.0	\$915.0	\$1,685.0	\$605.0	\$575.0	\$575.0	\$575.0	\$575.0
2.1 Recreation Facilities	\$4,000.0	\$0.0	\$4,000.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0
2.2 Equipment	\$213.0	\$0.0	\$213.0	\$103.0	\$0.0	\$0.0	\$110.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2.3 Parks Facilities	\$1,786.8	\$328.8	\$1,458.0	\$868.0	\$360.0	\$0.0	\$230.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2.4 Park Development	\$2,230.0	\$0.0	\$2,230.0	\$50.0	\$730.0	\$50.0	\$50.0	\$1,100.0	\$50.0	\$50.0	\$50.0	\$50.0	\$50.0
2.5 Trails and Related Facilities	\$1,445.0	\$0.0	\$1,445.0	\$125.0	\$125.0	\$260.0	\$125.0	\$185.0	\$125.0	\$125.0	\$125.0	\$125.0	\$125.0
2.6 Studies	\$175.0	\$0.0	\$175.0	\$145.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.0	\$0.0	\$0.0	\$0.0	\$0.0
TOTAL - GENERAL SERVICES	\$10,449.8	\$328.8	\$10,121.0	\$1,783.0	\$1,657.0	\$852.0	\$987.0	\$1,727.0	\$647.0	\$617.0	\$617.0	\$617.0	\$617.0

The development-related capital program for general Town-wide ten-year services is estimated at a total gross cost of \$10.45 million. Grants or other subsidies amount to \$382,800 and have been netted off the gross cost resulting in the \$10.12 million being the net capital program.

This capital forecast incorporates those projects identified to be related to development anticipated in the next ten-years. It is not implied that all of these costs are to be recovered from new development by way of development charges (see the following section for the method and determination of net capital costs attributable to growth). Portions of this capital forecast may relate to providing servicing for development which has occurred prior to 2021 (for which development charge reserve fund balances exist), for replacement of existing capital facilities or for growth anticipated to occur beyond the 2021-2030 planning period.

6. CALCULATED DEVELOPMENT CHARGES

This section summarizes the calculation of development charges for each service category and the resulting total development charge by type of development. For Town-wide services, the calculation of the “unadjusted” per capita (residential) and per square metre (non-residential) charges is reviewed. Both services included in this 2021 DC Background Study relate solely to residential development and therefore the non-residential rates have not been calculated. Adjustments to these amounts resulting from a cash flow analysis that takes interest earnings and borrowing costs into account are also discussed.

For residential development, the adjusted total per capita amount is then converted to a variable charge by housing unit type using various unit occupancy factors.

It is noted that the calculation of the Town-wide development charges does not include any provision for exemptions required under the DCA, such as the exemption for enlargements of up to 50 per cent on existing industrial buildings. Such legislated exemptions, or other exemptions that Council may choose to provide, will result in loss of development charge revenue for the affected types of development. However, any such revenue loss may not be made up by offsetting increases in other portions of the calculated charge.

A. DEVELOPMENT CHARGE CALCULATION

A summary of the “unadjusted” residential and non-residential development charges for Town-wide services is presented in Table 4.

i. Town-Wide Services

The capital forecast for Town-wide services incorporates those projects identified to be related to development anticipated in the next ten years. Table 4 shows that the net Town cost of the capital program totals \$10.12 million. There are no capital costs that will be recovered from non-development charge revenue sources as the costs are related to new development.

An additional share of \$3.00 million has been identified as available development charges reserves and represents the revenue collected from previous development charges. This portion has been netted out of the chargeable capital costs. A portion of \$800,100 is related to development beyond 2030 for Parks and Recreation Services.

TABLE 4

TOWN OF SHELBURNE
 SUMMARY OF UNADJUSTED RESIDENTIAL AND NON-RESIDENTIAL DEVELOPMENT CHARGES
 10-YEAR CAPITAL PROGRAM (2021-2030)

10 Year Growth in Population in New Units	2,649
10 Year Growth in Square Metres	53,760

Service	Development-Related Capital Program (2021 - 2030)					Residential Share		Non-Residential Share	
	Net Municipal Cost	Replacement & Benefit to Existing	Available DC Reserves	Post-2030 Benefit	Total DC Eligible Costs for Recovery	%	(\$000)	%	(\$000)
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)				
1.0 LIBRARY SERVICES	\$600.0	\$0.0	\$280.9	\$0.0	\$319.1	100%	\$319.1	0%	\$0.00
Unadjusted Development Charge Per Capita							\$120.47		
Unadjusted Development Charge Per Sq.M									\$0.00
2.0 PARKS AND RECREATION	\$9,521.0	\$0.0	\$2,718.5	\$800.1	\$6,002.3	100%	\$6,002.3	0%	\$0.00
Unadjusted Development Charge Per Capita							\$2,265.66		
Unadjusted Development Charge Per Sq.M									\$0.00
TOTAL 10-YEAR SERVICES	\$10,121.0	\$0.0	\$2,999.4	\$800.1	\$6,321.5		\$6,321.5		\$0.0
Unadjusted Development Charge Per Capita							\$2,386.13		
Unadjusted Development Charge Per Sq.M									\$0.00

The total costs eligible for recovery through development charges for general Town-wide services is \$6.32 million. This amount is allocated entirely to the residential sector as it is deemed to benefit residential development only. When the amount is divided by the ten-year growth in population in new units (2,649), an unadjusted charge of \$2,386.13 per capita is the result.

ii. **Adjusted Town-Wide Rates**

Final adjustments to the “unadjusted” development charge rates summarized above are made through a cash flow analysis. The analysis, details of which are included in the Appendices, considers the borrowing cost and interest earnings associated with the timing of expenditures and development charge receipts for all services. Table 5 summarizes the results of the adjustments.

As shown on Table 5, the Town-wide adjusted per capita rate increases from \$2,386.13 to \$2,372.96 after the cash flow analysis. Also shown in Table 5, the calculated residential charge ranges from \$3,203 per unit for apartments with one bedroom or less, \$4,674 per unit for apartments with two or more bedrooms, \$6,603 per unit for multiples (i.e. row houses/townhouses) to \$8,249 per unit for single and semi-detached units.

TABLE 5

TOWN OF SHELBURNE
TOWN-WIDE DEVELOPMENT CHARGES
RESIDENTIAL DEVELOPMENT CHARGES

Service	Unadjusted Charge Per Capita	Adjusted Charge After Cashflow Per Capita	Charge By Unit Type (1)			
			Single & Semi-Detached	Other Multiples	Apartments 2 + Bedrooms	Apartments 1 or < 1 Bedroom
Library Services	\$120.47	\$119.44	\$415	\$332	\$235	\$161
Parks And Recreation	\$2,265.66	\$2,253.52	\$7,834	\$6,271	\$4,439	\$3,042
TOTAL TOWN-WIDE CHARGE	\$2,386.13	\$2,372.96	\$8,249	\$6,603	\$4,674	\$3,203
(1) Based on Persons Per Unit Of:			3.48	2.78	1.97	1.35

7. COMPARISON OF CALCULATED AND CURRENT DEVELOPMENT CHARGES

Table 6 present a comparison of the newly calculated Town-wide residential development charges with the Town’s current charges. As seen in Table 6 the Town-wide residential charges are increasing by 38% or \$2,285 from the current charge of, \$5,946, to \$8,249 per single detached unit for the services included in this DC Background Study.

TABLE 6
TOWN OF SHELBURNE
COMPARISON OF CURRENT AND CALCULATED
RESIDENTIAL DEVELOPMENT CHARGES

Service	Current Residential Charge / SDU	Calculated Residential Charge / SDU	Difference in Charge	
			Amount	Percentage
Library Services	\$293	\$415	\$122	42%
Parks and Recreation	\$5,671	\$7,834	\$2,163	38%
TOTAL TOWN-WIDE CHARGE	\$5,964	\$8,249	\$2,285	38%

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8. 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 DC By-law. This examination is required as one of the provisions of the DCA. Additional details on the cost of growth analysis, including asset management analysis is included in Appendix D.

A. ASSET MANAGEMENT PLAN

Table 7 provides the calculated annual asset management contribution for the gross capital expenditures and the share related to the 2021-2030 DC recoverable portion. The year 2031 has been included to calculate the annual contribution for the 2021-2030 period as the expenditures in 2030 will not trigger asset management contributions until 2031. As shown in Table 7, by 2031, the Town should fund an additional \$22,400 per annum in to fund the full life cycle costs of the new assets related to the Town-wide Services supported under the development charges by-law.

Table 7 – Summary of Asset Management Contributions

Service	2021-2030 Capital Program (DC Recoverable)	2021-2030 Capital Program (Non-DC Funded)	Calculated AMP Annual Provision by 2031 (DC Related)	Calculated AMP Annual Provision by 2031 (Non-DC Related)
Library Services	\$1,200,000	\$0	\$0	\$48,200
Parks and Recreation	\$17,441,700	\$2,257,900	\$22,400	\$248,900
Total	\$18,641,700	\$2,257,900	\$22,400	\$297,100

Note: Figures have been rounded.

B. LONG-TERM CAPITAL AND OPERATING COSTS

Appendix D summarizes the estimated increase in net operating costs that the Town will experience for additions associated with the planned capital forecast. Table 8 summarizes the estimated increase in net operating costs that the Town will experience for additions associated with the planned capital program.

Table 8 – Cost of Growth Analysis – Estimated Net Operating Cost of the Proposed 2021-2030 Development-Related Capital Program (in constant 2021 dollars)

Service	Cost Driver (\$)	Cost Driver (unit measure)	Cost Driver (Quantity)	Additional Operating Costs at 2031
Library Services	\$0.20	Per \$1.00 of new infrastructure or materials	\$550,000	\$110,000
Parks and Recreation	\$0.10	Per \$1.00 of new infrastructure	\$8,016,800	\$801,700
Total				\$911,700

By 2030, the Town’s net operating costs are estimated to increase by \$911,700.

Appendix D also summarizes the components of the development related capital program that will require funding from non development charge sources. Of the \$10.45 million in the 2021-2030 gross capital program, about \$328,800 million will need to be financed from non-development charge sources over the next ten years. This is entirely related to shares of projects related to grants or subsidies of projects that provide benefit to the existing community.

Council is made aware of these factors so that they understand the financial implications of the quantum and timing of the projects included in the development related capital forecast in this study.

C. THE PROGRAM IS DEEMED TO BE FINANCIALLY SUSTAINABLE

In summary, the asset management plan and long-term capital and operating analysis contained in Appendix D demonstrates that the Town can afford to invest and operate the identified general and engineered services infrastructure over the ten-year and long-term planning period.

Importantly, the Town’s annual budget review allows staff to continue to monitor and implement mitigating measures should the program become less sustainable.

9. DEVELOPMENT CHARGES ADMINISTRATION

A. BY-LAW ADMINISTRATION

No significant changes are recommended to the Town's current policies and practices regarding development charge administration. 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 Town 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 Town continue to report policies consistent with the requirements of the DCA; and
- It is recommended that Council adopt the development-related capital forecast included in this background study, subject to annual review through the Town's normal capital budget process.

The proposed draft by-law will be made available, under separate cover, a minimum of two weeks in advance of the statutory public meeting.

B. CONSIDERATION FOR AREA RATING

In accordance with the DCA, Council must give consideration to the use of area rating, also known as area-specific development charges, as part of the DC Background Study. The services identified in this 2021 DC Background Study are not being levied on an area-specific basis. Area-specific rates have been included in previous 2020 DC Background Studies. Details on the area-specific rates is available on the Town's website.