

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES & POLICY COMMITTEE MAY 11, 2015
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	GROWTH MANAGEMENT IMPLEMENTATION STRATEGY (GMIS): 2016 ANNUAL REVIEW & UPDATE

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer with regard to the implementation of the Official Plan growth management policies applicable to the financing of growth-related infrastructure works, the following actions be taken:

- a. the project deferral criteria outlined in Appendix 'C' **BE ENDORSED** to inform the timing of Growth Management Implementation Strategy projects for the 2016 Growth Management Implementation Strategy Update and subsequent Updates, it being noted that two year deferrals for projects benefitting lands without development interest will be implemented in the 2017 GMIS Update and beyond;
- b. the Growth Management Implementation Strategy Update **BE APPROVED** as attached in Appendix 'B', it being noted that:
 - i. an Environmental Assessment that considers the stormwater servicing of the lands tributary to North Lambeth SWM P7 and North Lambeth SWM P8 will commence in 2015;
 - ii. in accordance with the Council approved Design and Construction of Stormwater Management Facilities Process, project design work for the Parker SWM facility and Pincombe Drain SWM 3 will commence in 2015;
 - iii. project design work for trunk sanitary sewer SS12B will commence in 2015;
 - iv. the Growth Management Implementation Strategy will be used to adjust the 10 year capital program for growth infrastructure, to be reflected in the 2016 capital budget; and,
 - v. DC reserve funds for hard services will continue to be monitored due to uncertain DC revenue levels, and project deferrals may be warranted in future years.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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April 13, 2015	Presentation to Strategic Priorities and Policy Committee – “Introduction to Development Charges (DCs)”
June 23, 2014	Report to Strategic Priorities and Policy Committee – “Approval of 2014 Development Charges By-law and DC Background Study”
June 23, 2014	Report to Strategic Priorities and Policy Committee – “Growth Management Implementation Strategy (GMIS): 2015 Annual Review & Update”
February 20, 2014	Report to Strategic Priorities and Policy Committee – “Growth Management Implementation Strategy (GMIS): 2014 Annual Review & Update”
July 29, 2013	Report to Strategic Priorities and Policy Committee – “Development Charges Policy Review: Major Policies Covering Report”

December 4, 2012	Report to Strategic Priorities and Policy Committee – “Growth Management Implementation Strategy (GMIS): 2013 Annual Review & Update
October 17, 2011	Report to Built and Natural Environment Committee – “Growth Management Implementation Strategy (GMIS): 2012 Annual Review & Update”
June 21, 2010	Report to Planning Committee – “Growth Management Implementation Strategy (GMIS): 2011 Annual Review
November 16, 2009	Report to Planning Committee – “Growth Management Implementation Strategy (GMIS): 2010 Annual Review
June 16, 2008	Report to Planning Committee – “Growth Management Implementation Strategy”

EXECUTIVE SUMMARY

The Growth Management Implementation Strategy (GMIS) is an important tool for Council to coordinate growth infrastructure with development approvals and guide the pace of growth across the city while maintaining an acceptable financial position. This GMIS report builds upon the financial analysis provided in the previous GMIS reports and seeks to ensure the affordability of growth servicing in the City of London. The scope of the 2016 GMIS’s analysis focuses on all projects that will directly impact specific subdivision or site plan applications (i.e., projects that would be ultimately included in Draft Plan conditions). The attached tables and figures outline the timing of key growth related infrastructure projects required to facilitate development throughout the City.

Although there have been recent indications that London’s economy is improving, single family residential construction has been consistently below the City’s adopted growth projections for several years. Given that single family unit construction accounts for almost 50% of DC revenues, Staff are concerned that a continued trend in modest housing construction will result in an inability of the City to maintain its present plan for investment in growth infrastructure projects.

This report discusses some of the financial considerations (DC reserve fund and debt) which arise from lower than anticipated DC revenues. Following from these observations, several project deferrals are being recommended by staff. These deferrals provide the necessary relief for DC reserve funds to respond to a scenario of continued modest building activity levels which in turn produce less than anticipated DC revenues. Provision to continue with studies that precede infrastructure construction has also been made, should building activity levels accelerate to a point where increased investment in servicing of greenfield lands is warranted. Project deferral criteria have also been developed and are being recommended to be used as a “first cut” evaluation of project deferral candidates.

The GMIS is an important growth management tool to make adjustments to capital budget timing and to facilitate growth in the City of London. Extensive developer and community stakeholder participation is a vital part of the annual GMIS process.

BACKGROUND

The initial Growth Management Implementation Strategy (GMIS) document, dated June 4, 2008, provided a schedule for growth infrastructure with estimated costs over the 20-year growth period. This schedule was incorporated into the finalized Development Charges (DC) Background Study which came into effect with the passing of the DC By-law in August, 2009. Since then, the GMIS has been updated annually, reflecting adjustments to timing for DC-funded projects.

The purpose of the GMIS is to provide Council with a tool to coordinate growth infrastructure with development approvals and to guide the pace of growth across the city in a financially practical manner. The GMIS is reviewed and updated annually to allow for adjustment of the schedule of works between DC background studies so that it continues to align with growth needs and DC revenues. The GMIS considers the pace of development; the status of DC reserve funds; the provincial policy statement housing supply requirements; and, the desires of developers to progress development applications in areas approved for growth. It offers flexibility for the City and the development industry to respond to changes in market conditions or to make adjustments that reflect the financial status of the DC reserve funds. Flexibility is built into the GMIS by

scheduling growth infrastructure to generate opportunities for a sufficient inventory of lots, and annually adjusting the schedule of works in response to financial and market conditions.

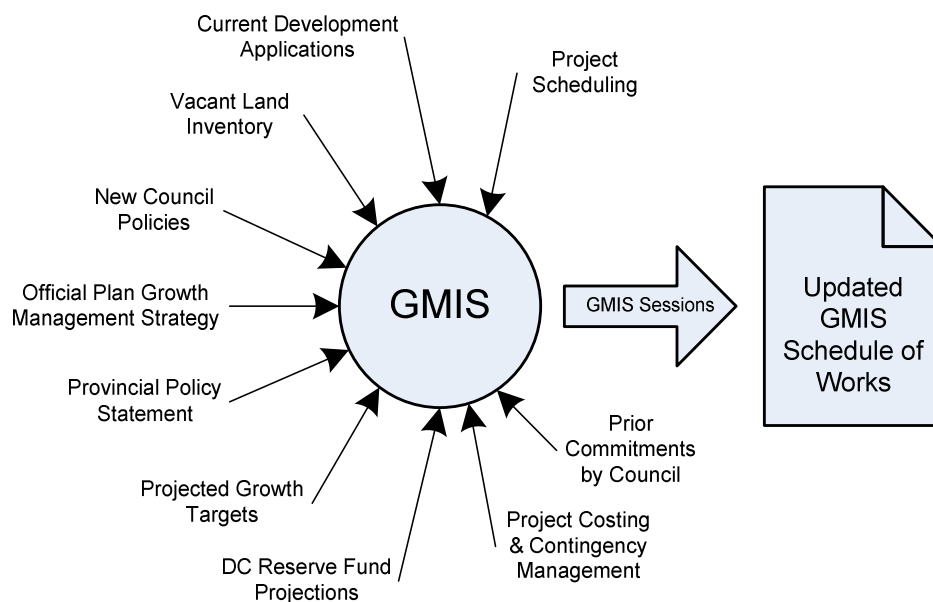
The GMIS serves as a guideline for setting and planning the coming year's capital program for growth infrastructure triggered directly by new locations for development. However, it is the approval of the annual Capital Budget that ultimately authorizes the timing and funding for project implementation.

The Growth Management Implementation Strategy Update for 2016 represents this year's update to the City's plan for growth, translated into a schedule of works for growth projects. Subject to Council approval, the updated GMIS schedule of works will be used to adjust the 10-year Capital Program for growth infrastructure.

GMIS Inputs and Principles

The GMIS update involves the integration and assessment of multiple inputs (Figure 1). Typically, each GMIS update assesses the collected information against the eight Council approved principles of GMIS to make appropriate adjustments to the schedule of works.

FIGURE 1: GMIS INPUTS



As part of drafting the first GMIS in 2008, staff and development industry representatives participating in the DC Implementation Team helped develop core principles for the implementation of the City's growth management policies. These core principles guided the considerations and analysis for the original GMIS as well as future annual updates. The eight core principles set out by Council in 2008 include:

1. Provide direction for timely and cost efficient extension of municipal services both from an efficiency and municipal affordability perspective.
2. Support growth costs that are affordable within our financial capacity, having regard for both the capital and operating costs of services to support growth.
3. Allocate growth in a manner that optimizes the utilization of existing services and facilities.
4. Support the development of sufficient land to meet the City's growth needs and economic development objectives.
5. Support the implementation of Official Plan growth management policies.
6. Support the completion of existing development approvals.
7. Maintain lot and land supply that is consistent with provincial policies and conducive to a healthy housing market.
8. Co-ordinate the phasing of development approvals and the scheduling/funding of works through the capital budget.

GMIS Enhancements in 2013

The GMIS was significantly overhauled in 2013. As a result of stakeholder consultation during the 2014 Development Charges Background Study process, staff obtained Council approval to make the following modifications to the GMIS process:

- annual fixed dates for key GMIS Update milestones, which align to the various City capital budget cycles;
- defined opportunities for stakeholder participation, including opportunities for review and comment of draft GMIS recommendations;
- analysis of DC reserve fund cash flow and debt position;
- analysis of growth and development trends; and,
- updates on the supply of vacant residential lands.

The above enhancements to the GMIS process have resulted in increased stakeholder participation, consistency and transparency in recommended project timing, and a more rigorous review of the affordability of growth infrastructure investments. The 2016 GMIS Update represents the third GMIS process since the GMIS enhancements were made.

2016 GMIS Stakeholder Consultation

As mentioned above, increased stakeholder consultation opportunities was one of the main enhancements to the GMIS process in 2013. City staff value the dialogue that occurs throughout the GMIS process as it provides mutual learning opportunities, information on future development plans and servicing requirements, and a forum to discuss observations regarding future growth and DC reserve fund capacity.

The GMIS Stakeholder group is open to anyone with information on how to join provided on the City website. Appendix 'A' outlines all of the members of the group. Group members receive correspondence on the GMIS process as well as invitations to GMIS stakeholder meetings.

The 2016 GMIS process involved 15 separate one-on-one meetings between stakeholders and City staff. Participants included individual developers, the London Development Institute and the Urban League of London. Additionally, two general stakeholder meetings were held: Milestone #1 to kick-off the GMIS and discuss issues being examined through the GMIS process, and Milestone #5 to present the draft GMIS recommendations. The results of these consultation sessions shaped the project timing adjustments discussed below.

DISCUSSION

2016 GMIS Update – Introduction

The 2016 GMIS report builds upon information provided in the previous GMIS reports and seeks to ensure the affordability of growth servicing in the City of London. The scope of the 2016 GMIS analysis includes all projects that directly impact specific subdivision or site plan applications (i.e. projects that would be ultimately included in Draft Plan conditions or development agreements) with the goal of creating the most efficient process possible. The attached tables and figures (Appendix 'B': 2016 GMIS Project Tables and Figures) outline the timing of key growth related infrastructure projects required to facilitate development throughout the City.

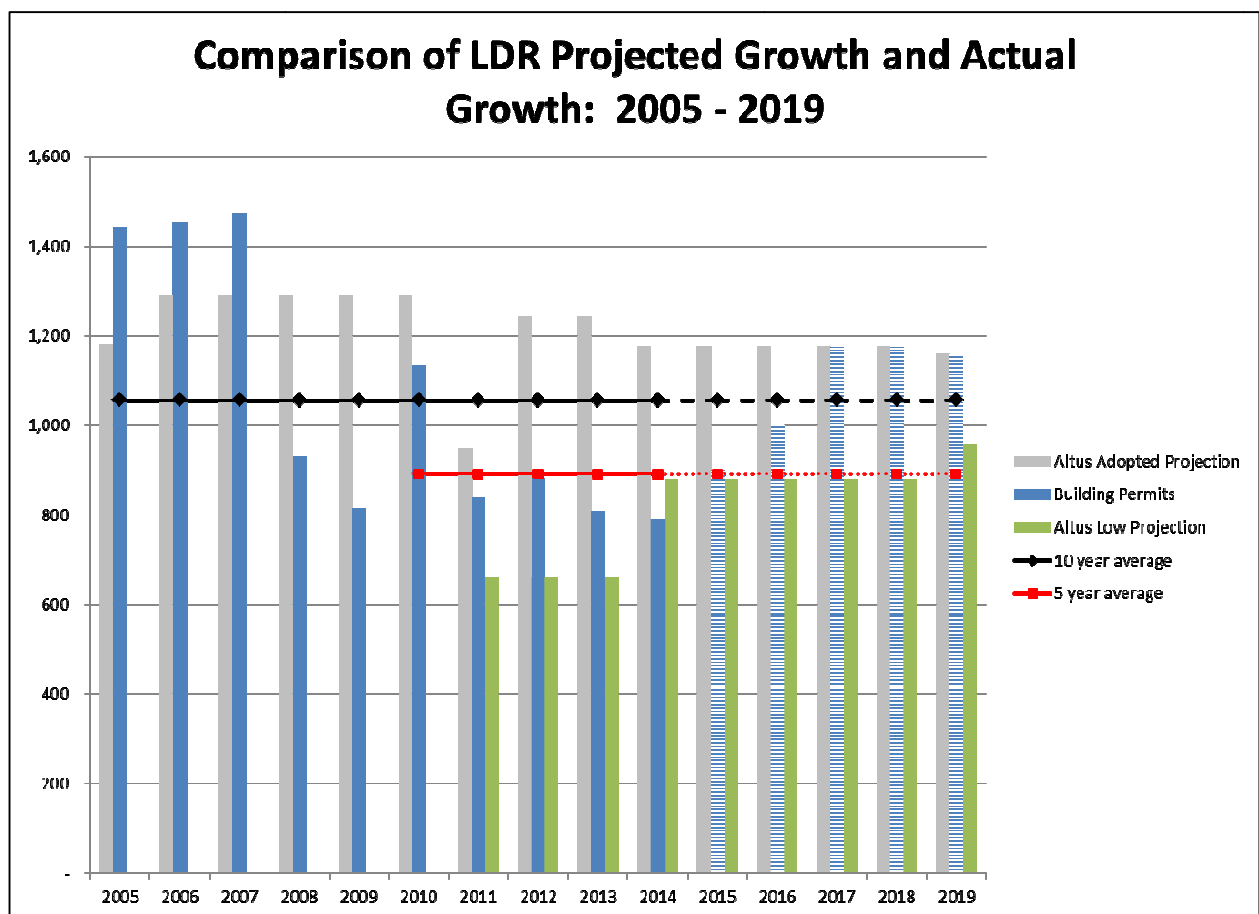
The 2014 Development Charges Background Study contained a large number of stormwater and sanitary growth projects in the first five years of the recovery period. Given the largely “front-loaded” capital program for these service areas, it is important for the City to monitor the DC reserve funds and manage the timing of investments in relation to the pace of growth.

2016 GMIS Context – Growth and Development Observations and Trends

An important relationship exists between the projected amount of residential and non-residential growth and the City’s future investments in infrastructure projects. Development Charges rate calculations are based on growth projections that determine servicing needs, which in turn establish DC rates. If actual growth in the form of development and building construction does not consistently meet the growth projections contained in the DC Background Study, then sufficient revenues are not being generated to maintain the original schedule of investments in infrastructure either. The two key elements – growth activity and investment in infrastructure – should move in tandem.

For the 2016 GMIS Update, staff reviewed historic growth levels for all forms of residential and non-residential development. Figure 2 provides a graph of historic and forecasted growth for low density residential development (which is particularly important for DC purposes since single family homes represent almost 50% of calculated DC revenues and are the primary driver for the construction of new infrastructure to support greenfield subdivisions).

FIGURE 2: LOW DENSITY RESIDENTIAL GROWTH: 2005-2019



Staff notes the following growth observations and trends that have impacted the 2016 GMIS recommendations:

- The 5 year (2010-2014) average for single family homes is 890 units per year, well below the 1100+ units per year projected in the 2014 DC study. It is anticipated that near-term single family construction will be approximately 280 units lower each year than the DC Study growth projection.
- Although medium density residential growth has been below projections for several years, it is anticipated that rowhousing construction will be at or slightly above growth projections for the coming years due to increasing demand for this housing form from young adults and retirees.
- Apartment construction continues to be strong in London, but has a “peaks and troughs” building cycle. There is strong development interest at present for new apartment buildings due to low vacancy rates; however, construction levels are likely to be at or below the growth projection by the end of the decade.

- Several large commercial developments are anticipated to be built in the coming years. As a result, higher than projected commercial growth is expected to occur in the near-term.
- A large amount of institutional space was constructed between 2009 and 2011, exceeding the institutional growth projection. Future institutional construction is difficult to predict in light of spending restraints by upper levels of government. As a result, future institutional growth is anticipated to be at or slightly below projected levels.
- The industrial sector in the London area has been challenged with the impact of the 2008 recession and the continued restructuring of manufacturing globally. The City continues to attract new businesses to London, however, we have been achieving less than half of our projected amount of industrial floor space for the last three years. Future industrial construction is likely to be challenged by a reduced amount of industrial construction province-wide. The limited amount of large serviced and available industrial sites in desired locations of the City may be a further constraining factor.

In recent months, several publications by Statistics Canada, the Conference Board of Canada and the Canada Mortgage and Housing Corporation have indicated that London's economy is gradually recovering. Staff is cautiously optimistic about a continued economic recovery that produces increased employment opportunities, stronger population growth and corresponding market demand for higher levels of construction of residential units and non-residential floor space. However, given continued uncertainty and recent construction experience, Staff feels it is prudent to be conservative with the 2016 GMIS growth outlook.

2016 GMIS Context – DC Reserve Fund Analysis

As part of the 2014 Development Charges Background Study, Staff reviewed the cash flow projections for each service component funded by DCs. The cash flow projections for each service component revealed a need to closely monitor reserve fund revenues and drawdown activity, especially for the following high cost service components:

- Stormwater Management Facilities (SWMFs),
- Sanitary Sewerage,
- Roads Services, and
- Water Distribution.

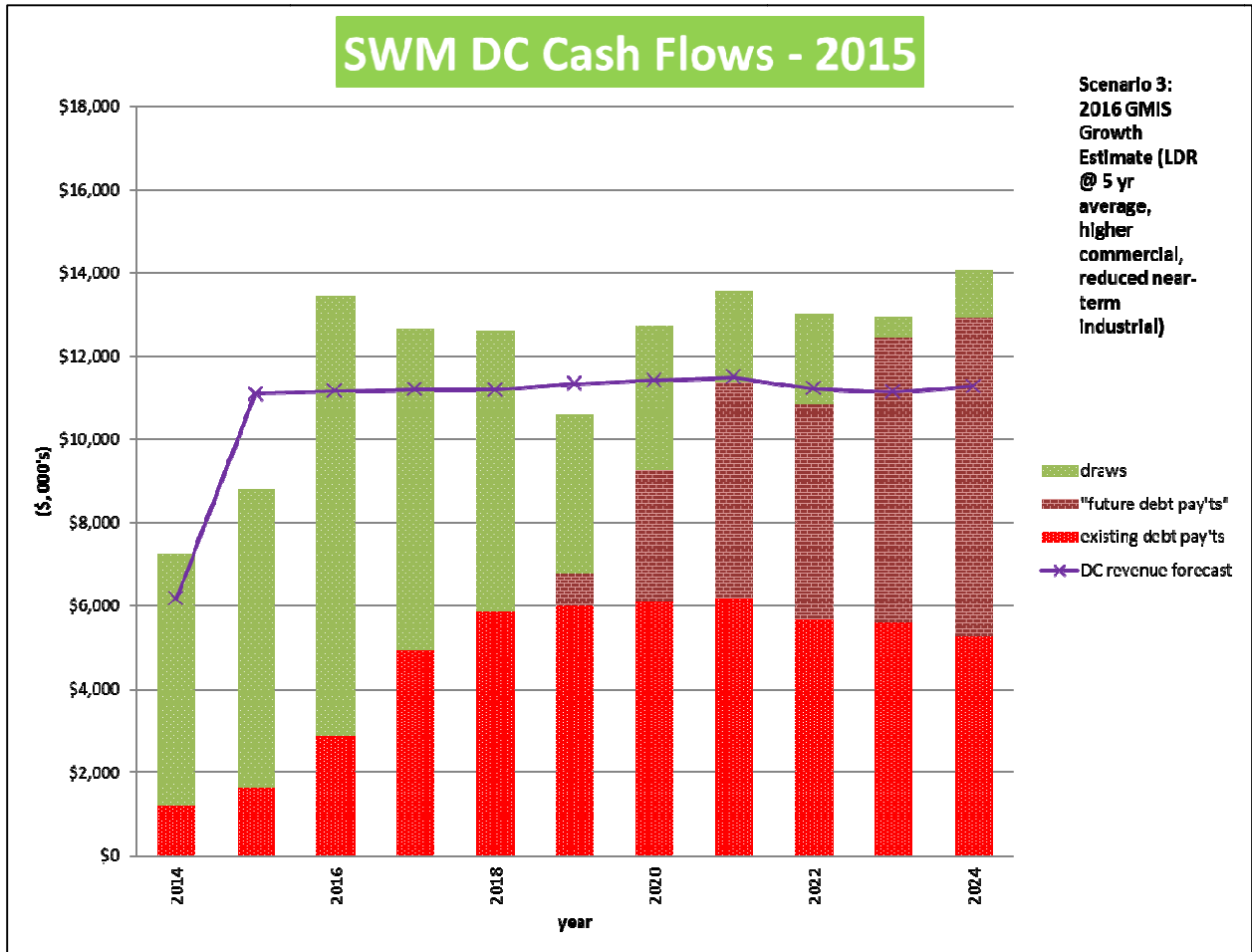
These service components rely heavily on debt to facilitate the timing of these works, given that:

- major expenditures precede and facilitate growth (in that they occur prior to growth being possible in a new area – e.g., SWMFs and sanitary sewers); and,
- significant amounts of project costs have been identified for future recovery (i.e. post period benefits) in the 2014 DC rate calculations. Therefore, the DC reserve funds that finance these services rely on debt to finance the portion of the project costs identified for recovery beyond the 20 year time horizon of the DC study.

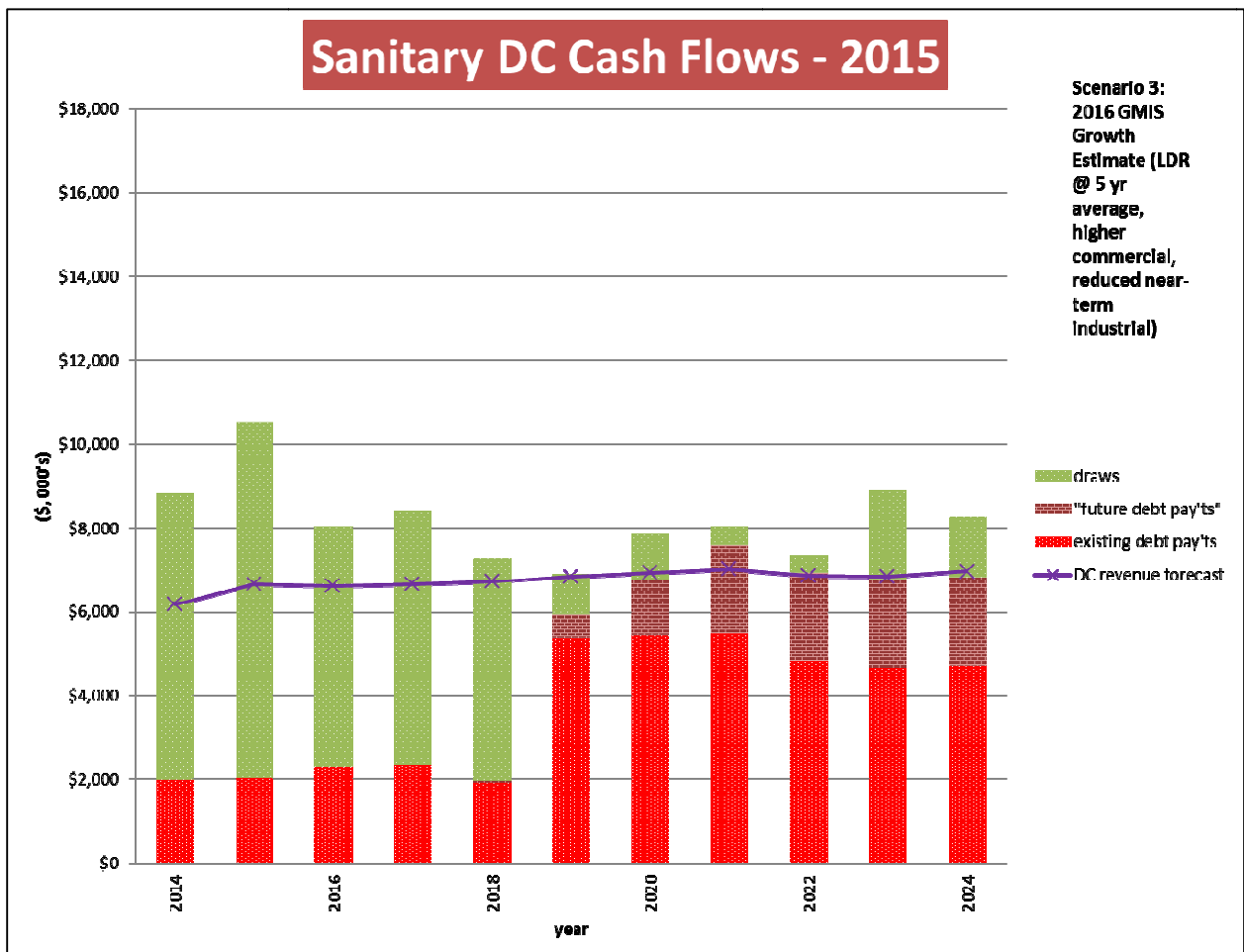
As noted in the growth information discussed above, levels of single family residential construction and industrial building construction have been below amounts indicated in the DC Study growth projections. It appears unlikely that these trends will reverse in the coming years, producing continued construction actuals that are below projected levels. As a result, Staff are concerned that the DC revenues used for cash flow purposes in the 2015 Capital Budget may be overly optimistic, resulting in an inability to afford the present capital program by the later years of this decade.

Staff has conducted a detailed cash flow analysis of all DC reserve funds to determine the implications of scenarios reflecting lower than anticipated levels of DC revenues. Two reserve funds were flagged as experiencing an inability to fund the current DC capital program in the near term future: the Stormwater DC Reserve Fund and the Sanitary DC Reserve Fund.

**FIGURE 3: STORMWATER DC RESERVE FUND CASH FLOW FORECAST
(GMIS GROWTH & REVENUES ESTIMATE)**



**FIGURE 4: SANITARY DC RESERVE FUND CASH FLOW FORECAST
(GMIS GROWTH & REVENUES ESTIMATE)**



Figures 3 and 4 provide a graphical representation of the analysis undertaken by Staff for the Stormwater DC Reserve Fund and the Sanitary DC Reserve Fund. Both graphs reflect the modified future DC revenue projections discussed above (purple lines) and are lower than those contained in the 2015 Capital Budget. Labelled the “DC revenue forecast,” the revenue levels reflect the following revised (from 2015 Budget) assumptions:

- single family residential unit construction from 2015 and beyond will be at the average amount for the past 5 years (approximately 900 units/year);
- commercial space will be higher than originally projected (revised from 17,200 sqm/year to approximately 30,000 sqm/year);
- industrial building construction will be approximately 50% of the original projection for 2015, with reduced declines in subsequent years until the original projection is reached at the end of the decade; and,
- no changes to the growth forecast for medium density residential, apartments or institutional floor space were made.

According to the Staff analysis, at current DC rates, **this forecast of DC revenues would produce an inability for the Stormwater DC Reserve Fund to fund new capital projects by 2021 as all revenues collected would be required to pay for debt associated with prior investments in stormwater management facilities and storm sewers.** Without adjustments to stormwater project timing in 2016, 2017 and 2018, the reserve fund would be unsustainable and a loan would be required to pay for debt obligations for 2022 and beyond. This circumstance greatly concerns Staff as it would be analogous to **“paying your mortgage payment with your credit card.”**

The GMIS Growth Estimate cash flow analysis for the Sanitary DC Reserve Fund demonstrates a similar situation to that discussed above for stormwater. **Should DC revenues continue to not meet levels contained in the 2015 Capital Budget and no adjustments were made to the sanitary capital program, the reserve fund would potentially require alternate funding to meet the commitments of the fund by 2020.** Collected DC revenues would be devoted solely to paying debt associated with past projects and no new sanitary infrastructure to support growth could be constructed without a loan to the Sanitary DC Reserve Fund.

As a result, Staff is of the opinion that timing adjustments are needed to works presently scheduled for 2016, 2017 and/or 2018 to avoid this problematic situation.

In order to address the concerns arising from the preceding DC reserve fund cash flow analysis, Staff believes that project deferrals outlined in this report are required for the 2016 GMIS Update. Even with the identified deferrals, **there is still potential for funding challenges for both the Stormwater and Sanitary DC Reserve Funds in the coming years.**

The deferrals proposed in this report are a result of both the adverse variance from projected building activity levels used to set the rates, and a concentration of greenfield investments in SWM in the first five years of the 20 year plan.

Proposed Project Deferral Criteria

Staff is recommending Council endorsement of project deferral criteria as a new tool for the 2016 GMIS Update and subsequent GMIS processes. A detailed description of the proposed project deferral criteria is contained in Appendix ‘C’.

Deferral criteria are a means of adjusting the timing of GMIS projects based on the progression of a development proposal through the required planning processes. For example, a subdivision nearing registration will need to have DC-funded infrastructure constructed in 2016 (i.e., no deferral is recommended), whereas infrastructure with a 2016 construction timing providing servicing for a subdivision only now commencing the process towards registration should have its timing deferred. By using defined project deferral criteria, the City is better able to align its investment in infrastructure with recovery through DC revenues generated through the construction of new homes and businesses.

It should be noted that the project deferral criteria are intended to serve as the “first cut” analysis for all GMIS projects. Staff may recommend deferrals beyond the deferral criteria due to reserve fund cash flow projections, existing land supply, or other growth management purposes.

Even in this year of introducing the deferral criteria, it is necessary to identify further deferrals based on the status of the DC reserve funds.

It is the opinion of Staff that the project deferral criteria will have the following benefits to the GMIS process:

- **Predictability:** Development proponents are better able to anticipate the minimum GMIS recommendations for infrastructure project deferrals, based on their progression through the development process.
- **Transparency:** A stronger link is made between the status of development lands and recommended project timing.
- **Consistency:** All projects and development lands will be subject, at a minimum, to the deferral criteria.
- **Preventative:** Recommended deferrals will avoid idle capital and non-revenue generating investments.
- **Proactive:** Small adjustments to project timing through the application of the deferral criteria will reduce the need for major changes to be made to the growth capital program.

The proposed project deferral criteria were discussed with GMIS stakeholders through one-on-one interviews. Overall, positive feedback was received to the proposed tool and its use. Several stakeholders requested that deferrals be limited to one year only, and to address this request, Staff is recommending only 1 year deferrals based on deferral criteria as a transitional measure for the 2016 GMIS Update.

2016 GMIS – Recommended Project Timing Adjustments

In general, the timing for the proposed projects aligns with the needs of the development community stakeholders and will provide significant new growth opportunities throughout all areas of the City.

Table 1 below identifies various projects being recommended for deferral, based on both the deferral criteria and the impetus for deferrals outlined in the DC reserve fund analysis discussed above. It should be noted that no changes are being recommended to the existing timing for Roads and Water GMIS projects. Additionally, no project adjustments for any service areas are recommended for the following areas of the City: Northwest, Northeast, West and Built Area.

It should be noted that the final project timing outlined for the 2016 GMIS is subject to the approval of the 2016 capital budgets.

A more complete discussion of the projects being recommended for deferral in Table 1 is provided in Appendix 'D'.

TABLE 1: 2016 GMIS PROJECT TIMING ADJUSTMENTS

Service	Project Description	2015 GMIS Year	Rationale for Timing Change	2016 GMIS Year	Total Cost
Stormwater	White Oaks SWM 4 (Southwest)	2016	Deferral Criteria	2017	\$4.7M
Stormwater	North Lambeth SWM P7 (Southwest)	2017	Deferral Criteria	2018	\$3.6M
Stormwater	Sunningdale SWM 6A (North)	2017	Deferral Criteria	2018	\$1.7M
Stormwater	Sunningdale SWM E1 (North)	2017	Deferral Criteria	2018	\$2.0M
Stormwater	White Oaks SWM 3 (Southwest)	2016	Developer Consultation	2017	\$2.8M
Stormwater	Stoney Creek SWM 7.1 (North)	2017	Developer Consultation	2018	\$1.7M
Stormwater	Pincombe Drain SWM 4 (Southwest)	2017	Developer Consultation	2018	\$5.1M
Stormwater	Parker SWM (Southeast) ***	2016	Large Existing Lot Supply	2017	\$4.4M
Stormwater	Pincombe Drain SWM 3 (Southwest)***	2016	Stormwater Reserve Fund Forecast	2017	\$2.4M
Sanitary	Sanitary Sewer SS12B (Southwest) ***	2016	Sanitary Reserve Fund Forecast	2017	\$5.4M
Total					\$33.8M

*** denotes project where engineering design work is recommended to be commenced in 2015.

As a follow-up to the GMIS Stakeholder interviews, correspondence has been received from stakeholders regarding the recommended 2016 GMIS Update. This correspondence has been included as Appendix 'E': "Stakeholder Correspondence".

2016 GMIS – Other Recommendations

As noted in Table 1 above, Staff believe that it is beneficial to retain the existing 2015 timing for engineering design work associated with the Parker SWM facility, Pincombe Drain SWM 3 and sanitary sewer SS12B. This work will ensure that future construction of these projects will be able to proceed expeditiously in the future.

During the GMIS stakeholder interviews, requests were made by several development proponents for the City to undertake an Environmental Assessment (EA) for the stormwater servicing of the lands tributary to the stormwater management facilities North Lambeth SWM P7 and North Lambeth SWM P8 in the Southwest Area of the City. Development Charges funding is available for this EA and Staff are recommending the commencement of this project in 2015. The EA will determine the siting for these facilities, their size and drainage area, as well as provide revised cost estimates. Findings arising on these matters will be incorporated into a future GMIS and capital budget estimates will be revised as warranted.

2016 GMIS – Developer Requests Not Recommended

Through the GMIS stakeholder interviews, Staff received proposals for project accelerations from existing GMIS timing. The requests made by GMIS stakeholders are outlined in Table 2.

TABLE 2: PROJECT TIMING REQUESTS NOT RECOMMENDED BY STAFF

Service	Project Description	Owner Request	2015 GMIS Year	Requested Timing	Total Cost
Roads	Oxford St. W. Road Widening (Commissioners to Westdel Bourne)	Sifton	2032	< 2025	\$4.7M
Stormwater	Kilally SWM S/E Basin	Sifton	2024	2017	\$3.7M
Total					\$8.4M

Staff are unable to support the above project acceleration requests for the following reasons:

- **Oxford St. W. Road Widening (Commissioners to Westdel Bourne):** Sifton Properties has made the requested acceleration on the basis of creating a gateway to the City from the west due to the pending development of their River Bend Village and River Bend South subdivisions. It should be noted that the current staging of city-wide road widenings has been set out as part of the City’s 2030 Transportation Master Plan. This plan had regard for road needs city-wide including consideration of the relative safety of roadways and traffic congestion capacity problems as determined through a comprehensive road network modeling analysis. The current timing for the Oxford Street West widening improvements has been established with regard to needs city-wide and therefore Staff do not recommend a change in timing. Over the coming year, Staff will continue to have discussions with Sifton regarding potential enhancements to this road project and its cost implications. Further, Staff will continue to monitor growth in the area serviced by the road project and potential impacts on project timing as a result. It should be noted that the widening of Oxford Street does not impact the ability to develop the Sifton Properties lands.
- **Kilally SWM S/E Basin:** Sifton Properties has a development interest for lands located southeast of the intersection of Kilally Road and Clarke Road. These lands are contained within the catchment area for the Kilally SWM S/E Basin stormwater management facility, presently timed for construction in 2024. Staff do not recommend the requested rescheduling of this facility to 2017 due to the present concerns regarding the Stormwater Management DC Reserve Fund and given that the existing construction timing is more than 5 years away. According to GMIS timing, these lands are anticipated to develop in the longer-term, rather to provide near-term opportunities for single family residential unit construction and it would be premature to consider an acceleration under the current conditions.

“GMIS Booklet”

Last year, Development Finance staff prepared the “GMIS Booklet” – a comprehensive reference document that contains mapping for new development areas, Vacant Land Inventory information (i.e., residential construction opportunities), infrastructure servicing areas, and up-to-date GMIS project timing. Additionally, the digital version of the GMIS Booklet provides interactive capabilities to turn on and off various layers, making it customizable for the needs of the user. This resource has proven to be a positive “value add” to GMIS stakeholders and City staff.

A draft version of the 2016 GMIS Booklet has been prepared to reflect the recommendations contained in this report and hard copies will be provided to the Committee at the May 11th meeting. Following Council adoption of the GMIS (with revisions where applicable), a final version of the 2016 GMIS Booklet will be prepared. The document will be broadly circulated to GMIS stakeholders and City staff as well as being made available on the City’s website.

Looking Ahead: 2017 GMIS Update

In the coming months, Staff will begin preparations for the 2017 GMIS Update. The following items are anticipated to influence next year’s GMIS based on Staff identification of improvements and feedback received by GMIS Stakeholders:

- **Growth Forecasting/Modelling Enhancements:** Future levels of residential and non-residential growth have major impacts on the GMIS due to corresponding amounts of DC revenues produced. Additionally, the need for investments in DC-funded infrastructure is driven by market demand and existing supply of developable lands. Staff intend to further refine the ability to forecast future growth based on observed trends since the completion of the DC Study growth projections. Should actual growth continue to vary from the projection used to calculate development charge rates, a review of the growth allocations that underpinned the timing of infrastructure projects contained in the DC Study will be required. As a result, the 2017 GMIS Update is anticipated to involve a significant conversation amongst GMIS stakeholders and Staff about the future build-out of the city.
- **Project Acceleration Criteria:** Based on feedback received from GMIS stakeholders, project acceleration criteria will be drafted for use in future GMIS Updates. The acceleration criteria will lay out information required from development proponents to permit staff to undertake a review of the request, as well as the criteria that will be used to assess the request.
- **Impact of Stormwater Management Facility Land Repayment:** Due to Council approved policies related to the repayment of land costs for stormwater management facilities, the Stormwater DC Reserve Fund will experience some positive benefits from not needing to pay for land prior to or at the time of facility construction. Staff intend to review the ability to quantify this benefit and to incorporate it into future analyses of the reserve fund cash flow forecast.
- **DC Rate Monitoring:** Commencing in the fall of 2015 and annually thereafter, Staff will provide a report to the Strategic Priorities and Policy Committee regarding observed DC revenues as well as an analysis of completed DC-funded project construction costs in relation to the estimates that were used to calculate DC rates. This report will serve as an important feed-in to the subsequent GMIS Update as its recommendations are anticipated to influence the future growth capital plan.

The preliminary schedule for the 2017 GMIS Update is attached as Appendix 'F.'

Next Steps

Following the adoption of the 2016 Growth Management Implementation Strategy, Staff will:

- Finalize the 2016 Water, Wastewater and Tax supported Growth Capital Budgets; and,
- Monitor DC reserve funds with a view to identifying project timing changes that may be required to avoid excessive debt financing for capital growth works.

CONCLUSION

The GMIS is an important tool for Council to coordinate growth infrastructure with development approvals and guide the pace of growth across the city. As the GMIS process strives for continuous improvement, the 2016 GMIS provides changes to the timing outlined in the recently approved 2014 Development Charges Background Study.

The heavy concentration of growth related investment in sanitary and storm water that was slated to occur in the first 5 years of the capital program (as reflected in the 2014 DC study) must be managed prudently. This is especially necessary when coupled with adverse variations currently being anticipated for DC revenues.

Staff will continue to work with and consult with the development and community stakeholders over the coming year to ensure efficient and timely servicing that will provide for a logical and sustainable progression of growth well into the future.

Acknowledgements

The annual GMIS Update is a major corporation-wide activity that involves numerous staff from the following service areas: Environmental and Engineering Services, Development and Compliance Services, Planning Services and Finance and Corporate Services. The participation of these staff members is greatly appreciated and their input helped shape the recommendations contained in this report.

PREPARED BY:	REVIEWED AND SUBMITTED BY:
PAUL YEOMAN, MCIP, RPP MANAGER, DEVELOPMENT FINANCE	PETER CHRISTIAANS, CA, CPA DIRECTOR, DEVELOPMENT FINANCE
RECOMMENDED BY:	CONCURRED IN:
MARTIN HAYWARD, CGA, CPA MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER

May 4, 2015

cc. John Fleming, Managing Director, Planning & City Planner
George Kotsifas, Managing Director, Development and Compliance Services & Chief Building Official
Edward Soldo, Director - Roads and Transportation
John Lucas, Director - Water and Wastewater
Jennie Ramsay, Manager, Development Services & Engineering Liaison
Terry Grawey, Manager, Development Services & Planning Liaison
Tom Copeland, Division Manager, Wastewater and Drainage Engineering
Scott Mathers, Division Manager, Stormwater
Roland Welker, Division Manager, Water Engineering
Doug MacRae, Division Manager, Transportation Planning and Design
Alan Dunbar, Manager Financial Planning and Policy
Matt Feldberg, Manager, Development Finance
Gregg Barrett, Manager, Long Range Policy and Research
Kate Graham, Director, Community and Economic Innovation

Attach/

Appendix 'A': GMIS Stakeholder List

Appendix 'B': 2016 GMIS Project Tables and Figures:

- Table A1 - GMIS Annual Update 2016: Detailed List of Works and Costs by Service 5 Year Projects
- Figure A1 - GMIS Annual Update 2016: Works 0-5 Years (2016 - 2020) Year of Construction
- Table A2 - GMIS Annual Update 2016: Detailed List of Works and Costs by Service 5+ Year Projects
- Figure A2 - GMIS Annual Update 2016: Works 5+ Years (2021 - 2033) Year of Construction

Appendix 'C': Project Deferral Criteria

Appendix 'D': Rationale for 2016 GMIS Project Timing Adjustments

Appendix 'E': Stakeholder Correspondence

Appendix 'F': Preliminary 2017 GMIS Schedule

