

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING OF AUGUST 29, 2016</b>
<b>FROM:</b>	<b>MARTIN HAYWARD, MANAGING DIRECTOR, CORPORATE SERVICES &amp; CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>2019 DEVELOPMENT CHARGE STUDY - POLICY REVIEW SCOPING REPORT</b>

<b>RECOMMENDATION</b>
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That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following policy issues **BE ENDORSED** for review as part of the 2019 Development Charges (DC) Background Study:

- a) Area rating (examining differing DC rates for specific service categories based on geographic locations within the city);
- b) Local service definitions for DC-recoverable services;
- c) Additional services for potential DC recovery:
  - a. Operations centres and,
  - b. Waste diversion;
- d) Timing of DC payment and calculation of DCs payable;
- e) Interim Financing Costs - Recovery of cost of working capital used as temporary financing on debt financed growth projects.

noting that the policy items above will be subject to consultation with external DC stakeholders prior to recommendations being advanced to Council.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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|-------------------|--|
| February 29, 2016 | “Changes to Development Charges Act – Bill 73 and Regulations,” Strategic Priorities and Policy Committee                      |
| April 12, 2015    | “Introduction to Development Charges (DCs)” (Staff presentation), Strategic Priorities and Policy Committee                    |
| June 23, 2014     | “Approval of 2014 Development Charges By-law and DC Background Study,” Strategic Priorities and Policy Committee               |
| February 20, 2014 | “Development Charges Review 2014: Draft Rate Calculations,” Strategic Priorities and Policy Committee                          |
| July 29, 2013     | “Development Charges Policy Review: Major Policies Covering Report,” Strategic Priorities and Policy Committee                 |
| May 13, 2013      | “Development Charges Policy Review: DC Area Specific Charges,” Strategic Priorities and Policy Committee                       |
| May 13, 2013      | “Development Charges Policy Review: Local Services Policy,” Strategic Priorities and Policy Committee                          |
| April 30, 2012    | “Initiation Report: 2014 Development Charges Background Study and DC By-law Update,” Strategic Priorities and Policy Committee |

## BACKGROUND

Development charges (DCs) are a critical source of revenue used to finance growth infrastructure and are the main instrument used to ensure that “growth pays for growth”. The 2014 DC Study included approximately \$2.0B in gross capital costs expected to service growth over the twenty (20) year time horizon of the study. Annual development charge revenues collected by the City exceed \$60M to pay for investments needed to serve growth, such as road widening, trunk sewers, neighbourhood parks, stormwater management facilities and fire stations.

The Provincial government regulates the setting of development charge rates through the *Development Charges Act, 1997 (DCA)*. Legislated changes enacted in December, 2015 will have a significant effect on the conduct of the 2019 DC Study.

The DC legislation in Ontario requires that municipal Development Charge By-laws be reviewed at least every five (5) years. Compilation of a detailed background study reviewing forecasted growth and infrastructure requirements to service new residential and non-residential development needs to occur prior to completion of a new DC by-law coming into force. The DC by-law would then be prepared/amended to reflect any new policies and new DC rates to the limit of the rates calculated in the background study.

## PURPOSE

Through this report, Administration is seeking both :

1. Council’s endorsement of topics that staff currently believe are priorities for DC Policy reviews over the coming year and
2. To receive any further direction on other DC policy matters to be addressed, prior to undertaking the detailed DC background study.

This report provides an opportunity for Council to impact Administration’s plan for DC policy reviews to be conducted over the coming months.

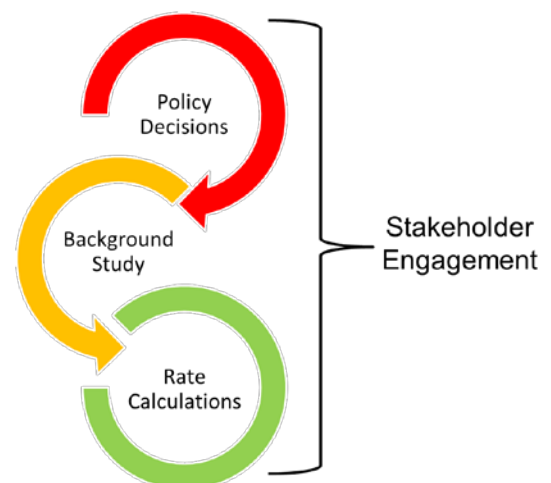
## DISCUSSION

### A. DC Process – Overview

The key stages of the City’s DC Rate setting process are reflected in the diagram at right:

The process commences with a policy review. Decisions arising from the policy review inform both the collection of information for the background study and the rate calculations.

Throughout each of these stages, stakeholders are consulted.



### B. What services are paid for by growth at present?

The City’s current development charge covers a range of services that are affected by growth of the City. These services are listed in **Appendix A** of this report. This listing is provided for those interested in understanding what growth costs are currently financed by development charge revenues.

### C. DC Policy Issues for Review

The City’s DC Policy choices can have significant impacts on the total cost and allocation of costs of growth. For example, DC policy choices can affect:

- i. what services growth costs are recovered for;
- ii. whether growth costs are recovered based on benefiting geographic area, or averaged across the whole City;
- iii. what growth costs a developer is directly responsible for as compared to those that will be financed by all development (and funded through DCs).

Decisions on DC policy issues can also impact the conduct of the DC background study, the information gathered to complete the rate calculations, and the drafting of the ultimate DC by-law.

Therefore, in advance of commencing the 2019 DC Study, it is considered useful to confirm the policy matters Council wishes staff to analyze and report on, prior to commencing the collection of information for the 2019 DC Background Study. Policy matters not identified early in the process can be difficult to implement towards the end of the process. As a result, this report is seeking an endorsement of Administration’s policy review plan and input is invited on any other Council DC policy priorities.

Table 1 below lists the DC Policy issues that Administration is currently intending to incorporate in the “Policy Review” phase of the project. The table includes a brief description/comment on what is contemplated for the 2019 DC policy review. It would be useful for Council to review the summary and comment on the scope of what is planned, as well as identify any issues that they would like to hear more about:

Table 1 – Summary of DC Policy issues for 2019 DC Study review :	
Brief summary of DC Policy for Review	Description/Comments on Scope
<p>a) Area Specific Rating – involves differentiating DC rates for selected services in specified areas of the municipality (ie. growth cost recovered on an “area specific” basis as opposed to growth costs being averaged over the Urban Growth Area of the City)</p> <p>- For further discussion on the City’s Area Rating policy, see 2013 report entitled “Development Charges Policy Review: DC Area Specific Charges,” Strategic Priorities and Policy Committee - May, 2013.</p>	<ul style="list-style-type: none"> <li>• Some academic pundits have said that area specific rating is a key to achieving intensification of development, while others are less convinced;</li> <li>• Under Bill 73 amendments to the DC Act, municipalities are now required “to consider” the use of Area Rating;</li> <li>• Objective of policy review : Revisit whether area DC rates are warranted for certain services and meet the new requirements of Bill 73 “to consider”;</li> <li>• Comments:               <ul style="list-style-type: none"> <li>○ Transition must also be considered; Challenging transition ahead if policy change is desired.</li> <li>○ Our review would begin with the work undertaken for 2014 DC Study; include a review specific area policies in other municipalities;</li> </ul> </li> </ul>
<p>b) Local Servicing Policy - This policy determines the scope of costs a developer is directly responsible for as opposed to the infrastructure that is funded through DC’s. See <b>Appendix B</b> for complete text of City’s current Local Service Policy.</p>	<ul style="list-style-type: none"> <li>• Objective of policy review: This policy review will revisit aspects of the current Local Servicing Policy. The delineation between DC funded service costs vs. those that are the direct responsibility of the developer to bear will be reviewed.</li> <li>• Review will also consider whether :               <ul style="list-style-type: none"> <li>○ differing definitions are required for the built area and green field areas;</li> <li>○ definitions are comprehensive to cover all development situations.</li> </ul> </li> </ul>

**Table 1 – Summary of DC Policy issues for 2019 DC Study review :**

Brief Summary of DC Policy for Review	Description/Comments on Scope
<p>c) Additional Service Components for inclusion in DC rates (ie. growth related services not currently funded from DC's)                      – for 2019 DC Study :</p> <ul style="list-style-type: none"> <li>• Operations Centres</li> <li>• Waste Diversion</li> </ul>	<ul style="list-style-type: none"> <li>• Objectives: To consider the addition of certain services currently not funded by growth. To clearly outline the portion of the investments eligible for DC funding. To consider practice in other municipalities for the services under review. To consider any other implications of implementing a DC rate for the new services.</li> <li>• Review will explore costs triggered by growth that are presently not being funded by DC contributions.</li> <li>• Scope considered affordability of too many new services added to DC quantum at once.</li> </ul>
<p>d) Timing of DC payment – determines at what point in the development process, DC rates are collected.</p>	<ul style="list-style-type: none"> <li>• Objective: Evaluate the merits of basing the calculation of DCs collected from rates at time of building permit application to rates at time of building permit issuance.</li> <li>• Incorporate Bill 73 change related to “multiple permits and DC rate at time of first permit”</li> </ul>
<p>e) Financing on Construction in Progress - As the number of DC projects requiring debt financing increases, so does the use of the City's working capital in financing growth works. DC debt financing applies mainly to the financing of Trunk Storm and Sanitary Sewers, Treatment Plant expansions, Storm Water Management Facilities, Road and Water Distribution network expansion.</p>	<ul style="list-style-type: none"> <li>• In many cases, these projects will ultimately be financed from debt issue that is subsequently repaid from DC revenues. However until the project is ultimately completed, the projects use the City's working capital to finance both the taxpayer share of the project and the growth share (the latter often being the larger share). This interim financing can be referred to as 'financing the Construction in Progress'. The review would look at the cost of financing the growth share, and the extent of interim financing on growth projects until DC funded debt is actually issued. A policy on this would result in a recognition of the use of taxpayer funded working capital, and would provide a new revenue source for tax funded General Budget.</li> </ul>

**D. Impacts of Bill 73 Changes to the DC Act and Regulations**

There are a number of other elements of the DC study process that will be more complex than the 2014 process as a result of Bill 73 changes passed in December, 2015:

- i) Asset Management Plans - The next DC Study will need to incorporate new requirements related to Asset Management plan (for all assets to be funded by Development Charges, demonstrating financial sustainability of the assets);
- ii) Transit - Implementation of new regulations related to DC funding (removal of 10% statutory deduction and introduced forward looking service standard requirements; new, complex regulations related to Transit DC rate calculations);
- iii) DC By-law clarification - In consultation with the Building Division, review issues related to DC by-law implementation and application (eg. collections, by-law definitions, etc.);

The implementation of Bill 73 will have impacts on the DC Background Study which will complicate the completion of the 2019 study.

**E. Stakeholder Consultation**

As in the past, Administration will consult with the Development community (as represented by the London Development Institute and the London Home Builder’s Association) as well as taxpayers (as represented by the Urban League) in developing new DC policy directions. The consultation will discuss all the policy reviews identified above, as well as any others arising from Council’s review of this report.

Further, any new policy direction will be vetted with an Internal Steering Committee comprised of the City Treasurer, City Planner, Manager-Long Range Planning and Research, City Engineer, Director of Transportation, Director of Wastewater and Drainage, and Managing Director, Development and Compliance Services and Chief Building Official.

**F. Next Steps**

Based on Council direction from this report, Staff will commence background research and collection of comparative information from other municipalities, drafting of recommended policy directions and consultation with stakeholders. At the conclusion of each review, Staff will present recommendations to Council for consideration. The expected timeline for the completion of policy reviews is approximately twelve (12) months.

Administration is open to receiving any additional or alternative direction that Council may wish to provide on the recommendations contained in this report.

<b>Prepared &amp; submitted by:</b>	<b>Recommended By:</b>
<b>Peter Christiaans Director, Development Finance</b>	<b>Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer</b>

- c. Jim Kennedy, London Development Institute,
- Lois Langdon, London Home Builders Association
- Sandy Levin, Urban League of London
- John Fleming, Managing Director, Planning & City Planner
- John Braam, Managing Director, Environmental & Engineering Services & City Engineer

George Kotsifas, Managing Director, Development and Compliance Services and Chief Building Official  
Edward Soldo, Director - Roads and Transportation  
John Lucas, Director - Water and Wastewater  
Gregg Barrett, Manager, Long Range Policy and Research

**What services are paid for by growth at present?**

Development costs are generally categorized under two broad headings:

- a) "Local Servicing Costs" are expenditures for services that benefit developing lands within the vicinity (e.g. local sewers, local roads adjacent or internal to development). These costs are borne by the proponent of the development;
- b) "DC eligible costs" are costs that increase with growth of the city, that provide capacity for additional population and employment (ie. residential and non-residential property development e.g. arterial road expansion, rapid transit systems, new fire stations, recreational facilities and parkland development).

a) DC eligible costs

The increased needs for services arising from growth (ie. costs eligible for recovery through DC rates) are summarized in **Table 2** below. A distinction is made between services that are prompted by development applications (column 2), and those that are needed to serve growth in general (column 3). The Table also identifies municipal services that are not included in London's DC rates – either by legislation or by City policy choice – and discounted under the legislation (column 4):

<i>Table 2 – Growth costs – both recovered through DC's and Exempted/Discounted Services</i>			
<b>Service (1)</b>	<b>Growth Costs Recovered through current DC rates:</b>		<b>Exempted/Discounted Services :</b>
	<i>Growth works prompted by individual developments (2)</i>	<i>Growth works not directly attributable to individual developments (3)</i>	<i>(L)-legislative ineligible/ discounted service or (E)- exempted by City policy (4)</i>
<b>Fire</b>		stations, equipment, outfitting costs	<b>(L)</b> – 10% discount for "Soft Service"
<b>Police</b>		facilities, equipment, outfitting costs	<b>(L)</b> – 10% discount for "Soft Service"
<b>Corporate Growth Studies</b>		growth studies which ultimately lead to provision of capital works to serve growth; DC rate studies	<b>(L)</b> – 10% discount for "Soft Services" studies
<b>Library</b>		facilities, collections	<b>(L)</b> – 10% discount for "Soft Service"
<b>Parks &amp; Recreation</b>		facilities, park development – neighborhood, district, sports fields, major open space, ESA's, parkway extension,	<b>(L)</b> – 10% discount for "Soft Services" <b>(L)</b> Cultural or Entertainment Facilities, tourism facilities, acquisition of Land for Parks,
<b>Transit</b>		Bus garages, transit equipment, buses,	(previous 10% discount for "Soft Services" no longer applicable - legislated out in December, 2015); New regulations will affect rate calculation in next DC study.

*Table 2 – Growth costs – both recovered through DC’s and Exempted/Discounted Services*

<b>Service (1)</b>	<b>Growth Costs Recovered through current DC rates:</b>		<b>Exempted/Discounted Services :</b>
	<i>Growth works prompted by individual developments (2)</i>	<i>Growth works not directly attributable to individual developments (3)</i>	<i>(L)-legislative ineligible/ discounted service or (E)- exempted by City policy (4)</i>
<b>Waste Management</b>			Waste Diversion (e.g. recycling) facilities – previously ineligible, legislated into eligibility in December 2015; <b>(L)</b> – landfills and incineration remain ineligible
<b>Roads</b>	Minor Roadworks – traffic signals, road channelization,	Arterial Rds & Rural Rds - increased capacity, road upgrades (includes traffic signals, sidewalks, street lights, channelization, bike lanes), road upgrade to urban standard;	
<b>Water</b>	conveyance pipes ≥300mm in diameter eligible for oversizing subsidy	Water Distribution capacity only – trunk water mains and oversized water distribution pipe	<b>(E)</b> –exempted by policy choice: Water Supply service (e.g. Capacity increases to Lake Huron and Lake Erie water supply systems); water user rates have borne the costs of water supply
<b>Sanitary Sewers</b>	conveyance pipes ≥300mm in diameter eligible for oversizing subsidy	trunk conveyance pipes (generally larger than 450mm in diameter) and treatment capacity	
<b>Storm Water</b>	conveyance pipes ≥1050mm in diameter eligible for oversizing subsidy	<ul style="list-style-type: none"> <li>- storm pipes considered to satisfy a regional benefit and defined as “trunk” pipes in the DC study</li> <li>- storm water management ponds generally serving ≥50ha or ponds part of drainage system or environmentally sensitive areas</li> </ul>	
<b>Affordable Housing</b>			<b>(E) exempted</b> by policy choice
<b>Long Term Care Facilities</b>			<b>(E) exempted</b> by policy choice
<b>Public Works Operations Center</b>			<b>(E) exempted</b> by policy choice



<i>Table 2 – Growth costs – both recovered through DC’s and Exempted/Discounted Services</i>			
<b>Service (1)</b>	<b>Growth Costs Recovered through current DC rates:</b>		<b>Exempted/Discounted Services :</b>
	<i>Growth works prompted by individual developments (2)</i>	<i>Growth works not directly attributable to individual developments (3)</i>	<i>(L)-legislative ineligible/ discounted service or (E)- exempted by City policy (4)</i>
<b>Emergency Medical Services(EMS)</b>			<b>(E) exempted</b> by policy choice
<b>Child Care Services</b>			<b>(E) exempted</b> by policy choice
<b>Miscellaneous:</b> provision of cultural or entertainment facilities, including museums, theatres and art galleries but not including public libraries; provision of tourism facilities, including convention centres; acquisition of land for parks; provision of a hospital as defined in the Public Hospitals Act; provision of landfill sites and services; provision of facilities and services for the incineration of waste; provision of headquarters for the general administration of municipalities and local boards			<b>(L) exempted</b> by provincial legislation

The City also provides **incentives** for certain types of development. These incentives are generally delivered through Community Improvement Plan (CIP) grant programs and offset development charges otherwise payable on:

- (1) Downtown Residential development (defined area)
- (2) Qualifying Industrial development
- (3) Qualifying Institutional development (50% discount)

## CITY OF LONDON 2014 LOCAL SERVICE POLICIES

### GENERAL

#### G-1. Claimability

Any item listed as claimable, subsidizable, or eligible for funding from a development charge reserve fund must also be provided for in the approved DC rates. To the extent that specific cost sharable works and projects cannot be identified as to location or timing, there should be a contingency provided for in the estimates that is incorporated into the rates.

It is important that the City continue to monitor between DC Background Studies, the accuracy of the estimates and assumptions used to establish the rates. To the extent that substantial variations are identified, Council should be advised and will need to consider whether to increase or decrease the rates in accordance with the monitoring observations.

#### G-2. DC Fund reimbursements for Exempted Development

The City currently exempts Industrial development, and certain specified forms of Institutional development from the payment of development charges. These exemptions support economic development and not-for-profit development initiatives.

With respect to any non-statutory exemptions the City approves in its DC policy, the City will pay for these exemptions through non-DC supported contributions to the respective DC reserve funds. This meets the legislative requirement that exemptions or reductions to charges otherwise payable not be recovered from other, non-exempt forms of development (DCA s.5(6)3.)

#### G-3. Non-Growth Works that Benefit the Existing Population

Where minor works funded in part from the CSRF are subject to this policy and also include a nongrowth component in the DC Background Study, funding of that portion of the works must wait until the City has approved sufficient funds in its Council approved capital budgets, or Council makes provision for a Reserve Fund designated for use in funding the non-growth share of DC funded works, to pay for that non-growth portion of the works. The non-growth portion of the funding shall be identified in the City's Capital Works Budget and approved by Council.

#### G-4. Use of Contingencies

Works listed as eligible in the Development Charges Background Study, or with the approval of the City Engineer, in consultation with the Director, Development Finance, drawn from a contingency and/or an alternative to a work listed in the Background Study may be funded from the CSRF. The claimability of such a work would be subject to inclusion in the development agreement (for works less than \$50,000 subject to approved funding in the Capital Budget) or subject to execution of a Municipal Servicing and Financing agreement prior to commencement of the work. The works funded from the CSRF under this paragraph would be subject to rules similar to those described for minor CSRF eligible works contained in this section with respect to eligibility, tender and claim completeness and submission.

#### G-5. Exceptions

The Development Charge By-law allows for exceptions to projects listed in the DC Background Study for works listed as eligible in the Development Charges Background Study, or with the approval of the City Engineer, in consultation with the Director, Development Finance, drawn from a contingency and/or substituted for a work listed in the Background Study may be claimable.

## WATER DISTRIBUTION

#### W-1. Major Watermains (CSRF-Water Distribution)

All watermains required to service future development greater than or equal to 400mm in diameter are considered to satisfy a network wide benefit to growth and are to be identified separately as projects in the Development Charges Background Study and are eligible for a claim from the CSRF Water Distribution.

#### W-2. Watermain Oversizing (CSRF-Water Distribution)

Watermains with the all of the following attributes are eligible for a subsidy from the CSRF-Water Distribution:

- The watermain services external developable areas, and

- The watermain is greater than 250mm in diameter and less than 400mm in diameter.

The oversized portion (>250mm) is eligible for a subsidy payable based on an average oversizing cost and is stated in terms of a \$/m of pipe constructed. The oversizing subsidy amounts will be identified in a schedule provided in the approved Development Charges By-law from the City Services Reserve Fund. Payment of claims from the City Services Reserve fund is subject to budget approval.

### **W-3. Water Facilities (CSRF-Water Distribution)**

Where the upgrading or construction of new public water booster pumping stations and reservoir projects are designed to increase capacity or improve service to acceptable standards and as a result of growth, these works are eligible for a claim from the CSRF-Water Distribution. These projects must also be identified in the Development Charges Background Study.

### **W-4. Temporary Facilities (Developer Cost)**

Where a temporary facility precedes the construction of a permanent facility, the developer that requires the temporary facility will be required to also assist in making provision for the permanent facility (e.g. secure land for permanent facility) as a condition of approval for the temporary facility. Approval of temporary works is at the discretion of the City Engineer. In order for a temporary work to proceed there must first be provisions for the permanent work within the current Development Charge Background Study.

### **W-5. Local Service Costs (Developer Cost)**

Any watermain or portion of a larger watermain that is less than or equal to 250mm in diameter is referred to as "local works", and undertaken at the Developer's expense.

## **WASTEWATER**

### **SS-1. Regional Trunk Sewers (CSRF- Sanitary Sewerage)**

All sewers required to service future development with a diameter greater than 450mm are considered to satisfy a regional benefit to growth and are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF- Sanitary Sewerage.

All sewers of any diameter required to service future development and that are identified as a strategic need by the City Engineer are considered to satisfy a regional benefit to growth and are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF- Sanitary Sewerage.

In order to be eligible for a claim as a Regional Trunk Sewer, the sewer must have no Private Drain Connections to individual residential units otherwise the "Sewer Oversizing" policy applies.

### **SS-2. Sewer Oversizing (CSRF - Minor Sanitary Sewers)**

Sanitary Sewers, which are not Regional Trunk Sewers, with all of the following attributes are eligible for a subsidy from the CSRF - Minor Sanitary Sewers:

- The sewer services external developable areas, and
- The sewer is greater than 250mm in diameter.

The oversized portion (>250mm) is eligible for a subsidy payable based on an average oversizing cost and is stated in terms of a \$/m of pipe constructed. The oversizing subsidy amounts are to be reflected in an appendix of the DC Bylaw. The oversizing subsidy amounts cover the cost per metre of all associated eligible costs including engineering, manholes, restoration, etc.

### **SS-3. Pumping Stations (CSRF- Sanitary Sewerage)**

The upgrading or construction of new regional pumping stations are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF- Sanitary Sewerage. These projects must also be identified in the Development Charges Background Study.

A figure showing the location of all of these pumping stations is provided in the Sanitary Master Servicing Study.

### **SS-4. Temporary Pumping Stations (Developer Cost)**

The cost of any temporary pumping stations or forcemains is borne by the developer. Approval of temporary works is at the discretion of the City Engineer. Where a temporary facility precedes the construction of a permanent facility, the developer that requires the temporary facility will be required to also assist in making provision for the permanent facility (e.g. provide land for permanent facility) as a condition of approval for the temporary facility. In order for a temporary work to proceed there must first be provisions for the permanent work within the current Development Charge Background Study.

### **SS-5. Wastewater Treatment Upgrades (CSRF- Sanitary Sewerage)**

All wastewater treatment upgrades considered to satisfy a regional benefit to growth and are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF-Sanitary Sewerage.

#### **SS-6. Temporary Sanitary Sewerage Systems (Developer Cost)**

Costs of all sanitary sewage systems that are temporary or are not defined in the DC Background Charge Study shall be borne by the Developer. Approval of temporary works is at the discretion of the City Engineer. Where a temporary facility precedes the construction of a permanent facility, the developer that requires the temporary facility will be required to also assist in making provision for the permanent facility (e.g. secure land for permanent facility) as a condition of approval for the temporary facility. In order for a temporary work to proceed there must first be provisions for the permanent work within the current Development Charge Background Study.

#### **SS-7. Local Service Costs (Developer Cost)**

Any pipe or portion of a larger pipe that is less than or equal to 250mm in diameter are referred to as local works, and undertaken at the Developer's expense.

## **STORMWATER**

#### **SWM-1. Regional Trunk Sewers (CSRF- Major SWM Works)**

All sewers to be constructed within existing City owned lands that service multiple new development areas are considered to satisfy a regional benefit to growth and are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF- Major SWM Works.

#### **SWM-2. Regional Open Channels (CSRF- Major SWM Works)**

Any open channel works identified through the Environmental Assessment process that are considered to satisfy a regional benefit to growth are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF- Major SWM Works.

#### **SWM-3. Storm Sewer Oversizing (CSRF- Minor Storm Works)**

Storm Sewers with all of the following attributes are eligible for a subsidy from the CSRF - Minor Storm Works:

- The sewer services external developable areas, and
- The sewer is greater than 1050mm in diameter.

The oversized portion (>1050mm) is eligible for a subsidy payable based on an average oversizing cost and is stated in terms of a \$/m of pipe constructed. The oversizing subsidy amounts are to be reflected in an appendix of the DC Bylaw. The oversizing subsidy amounts cover the cost per metre of all associated eligible costs including engineering, manholes, restoration, etc.

#### **SWM-4. Open Channel Oversizing (CSRF- Minor Storm Works)**

Open Channels with all of the following attributes are eligible for a subsidy from the CSRF - Minor Storm Works:

- An open channel design is required for the reason of inherent site drainage constraints and the design has been accepted by the City Engineer,
- The open channel services external developable areas, and
- The open channel has a 2-year storm design flow cross-sectional area greater than a 1050mm sewer using the City's minimum design standards.

The oversized portion represents the cross-sectional area required in excess of a 1050mm sewer for a 2-year storm design. The oversizing subsidy will be calculated based on the additional cost of oversizing beyond an area equivalent to a 1050mm pipe size using the City's minimum design standards for a 2-year storm design flow. The oversizing subsidy is payable based on an average oversizing cost in the form of a \$/m of channel constructed as calculated by the Owners consulting engineer and as accepted by the City Engineer (or designate). An allowance of 15% will be added to the calculated oversizing amount to cover applicable engineering costs.

#### **SWM-5. Stormwater Management Works (CSRF- Major SWM Works)**

*Environmental Assessment Complete*

Any municipally owned or operated stormwater management works designed to provide capacity to facilitate growth that are identified through the Environmental Assessment process and are considered to satisfy a regional benefit to growth are to be identified as separate projects in the DC Background Study and are eligible for a claim from the CSRF Major SWM Works.

*Environmental Assessment Not Complete*

Stormwater Management Works for which an Environmental Assessment has not been completed that are anticipated to satisfy a regional benefit to growth are to be identified as separate area specific

contingencies in the DC Background Study and are eligible for a claim from the CSRF- Major SWM Works.

Upon completion of the applicable Environmental Assessment (i.e. no outstanding Part 2 orders), a review of the related area specific contingency and the development charge rate will be undertaken and, if required, a revision to the development charge by-law will be made.

#### **SWM-6. Stormwater Management Facility Land Costs (CSRF- Major SWM Works)**

Land will be reimbursed at a specific rate, with different land values assigned to different categories as outlined in the Development Charges By-law.

#### **SWM-7. Major SWM Facility Inlet and Outlet Sewers within the SWM Block (CSRF- Major SWM Works)**

Any storm sewers within a Major SWM Facility block that are either upstream or downstream of a facility are considered to satisfy a regional benefit to growth and are eligible for a claim from the CSRF- Major SWM Works.

#### **SWM-8. Major SWM Facility Outlet Sewers outside the SWM Block (CSRF- Major SWM Works or CSRF- Minor Storm Works)**

Any major SWM facility outlet sewer that extends outside the SWM block facility is considered to satisfy a regional benefit to growth and is eligible for a claim from the CSRF- Major SWM Works if the outlet sewer is not also used to provide drainage to a development adjacent to the outlet sewer.

In the event that all or a portion of the outlet sewer outside the SWM block is used to provide drainage to a development adjacent to the outlet sewer then the portion of the outlet sewer downstream from the adjacent development is eligible for "Storm Sewer Oversizing" as described in the DC By-law.

#### **SWM-9. Local Service Costs (Developer Cost)**

Any pipe or portion of a larger pipe that is less than or equal to 1050 mm in diameter are referred to as local works, and undertaken at the Developer's expense.

#### **SWM-10. Temporary Storm Sewers (Developer Cost)**

Costs of all storm sewer systems that are temporary or not defined in the DC Background Charge Study shall be borne by the Developer. In order for a temporary work to proceed there must first be provisions for the permanent work within the current Development Charge Background Study.

#### **SWM-11. Temporary Stormwater Management Works (Developer Cost)**

Any temporary works or works not included in the approved Development Charges Background Study are at the sole expense of the Developer including operation, maintenance and decommissioning. Approval of temporary works is at the discretion of the City Engineer. Where a temporary facility precedes the construction of a permanent facility, the developer that requires the temporary facility will be required to also assist in making provision for the permanent facility (e.g. secure land for permanent facility) as a condition of approval for the temporary facility. In order for a temporary work to proceed there must first be provisions for the permanent work within the current Development Charge Background Study.

Best management practices or private drainage systems are not claimable unless identified through the Environmental Assessment process as being required to meet a regional benefit to growth.

The construction of road side ditches, swales, and overland flow routes are not eligible for claim from the City Services Reserve Fund - Stormwater Management.

## **ROADS**

#### **R-1. Major Roadworks (CSRF - Roads Services)**

Major Transportation road works typically consist of large-scale arterial road widening projects or two lane road upgrades triggered by increased traffic volumes associated with growth across the City. All Major Transportation Roadworks are constructed by the City and the growth related cost is eligible for a claim from the CSRF - Roads Services.

The costs of the following items are incorporated into road projects and are required as a result of growth:

- Structures to be widened or replaced
- Noise barrier wall where required
- Land acquisition (raw land cost, appraisals, surveying, legal, etc.) but only where lands cannot be acquired through dedications under the Planning Act on a timely basis.

## **R-2. Minor Roadworks (CSRF - Roads Services)**

Minor Road Works that would be constructed as part of the major road project are eligible to be claimed from the CSRF - Roads Services. These works include: new traffic signals, channelization, sidewalks, and streetlights. In some cases, these works are done in advance of the road capacity expansion project as a means of addressing a network wide benefit to growth, without completing the entire road expansion.

## **R-3. Arterial Road Extensions (CSRF - Roads Services)**

When a development precedes the construction of a new arterial road that is either adjacent to or runs through the developable lands, the Developer is responsible for the construction of a primary collector road along the ultimate road right-of-way. A partial claim for this work may be made as per the primary road oversizing provisions for Minor Works - CSRF.

## **R-4. Minor Road Works - Road Oversizing (CSRF – Minor Roadworks)**

Where a new arterial or primary collector road is to be constructed in whole or in part through or adjacent to a development, the Developer is responsible for the cost of constructing a secondary collector road as defined in the City of London's Design Specifications & Requirements Manual. If the required road is wider or at a higher standard, the Developer is responsible for the cost of a standard road, including sidewalks, street lights, etc., and is eligible for a claim to the CSRF – Minor Roadworks for the difference in cost between a standard road and the road actually constructed. The construction responsibilities shall be defined by the conditions of an agreement between the City and the Developer. If the Developer wishes to construct the road at an enhanced standard beyond that acceptable to the City Engineer, then the Developer shall pay for the additional costs of enhancement with no eligibility for a claim from any fund.

## **R-5. Channelization (CSRF – Minor Roadworks)**

Channelization on a primary or arterial road into a new public street is eligible for a claim from the CSRF – Minor Roadworks. The following subsections list the various additional components of the channelization which are considered claimable:

### **R-5.1. Tree Plantings**

When replacement trees are planted as part of external roadworks to compensate for removed trees, other than those removed to facilitate an access, the cost of the removal and replacement is claimable. All other tree plantings are not claimable.

### **R-5.2. Ditching**

When ditching and/or the installation of catchbasins is required to facilitate claimable external road work the drainage works may be incorporated in the minor roadworks claim to the CSRF.

### **R-5.3. Utility Relocations**

Utility relocations necessitated by the claimable roadworks can be claimed upon providing a copy of the invoices from the utility and proof of payment in full. The City shall issue a letter to the utility company stating that this work is required by the City under the Highway Act and will pay for 50% of cost of labor and trucking. This 50% share is claimable from the CSRF; the other 50% is the utility's share and is not claimable. Should the utility refuse to pay these costs, the 50% "utility share" shall be the responsibility of the proponent developer. Engineering fees associated with these relocations are not claimable.

## **R-6. Local Service Costs (Developer Cost)**

The following subsections list the various road components which are considered a local service cost:

### **R-6.1. Connections**

Connections of all public and private new streets, roads, ramps or entrances (including features and design details such as: roundabouts, culverts, signage, gateway treatments, noise wall alterations, sidewalks, bike lanes, bike pathways, paths, directional traffic islands, decorative features) to the existing road infrastructure;

### **R-6.2. Placing Fill**

Re-grading, cutting and placing fill on lands beyond the road allowance along their frontage in accordance with City of London standards. In addition, all grading and restoration of road allowance along the development frontage if no claimable roadworks are required;

### **R-6.3. Topsoil and Sod**

Topsoil and sod to the edge of any existing sidewalk fronting the development;

### **R-6.4. Tree Planting**

Planting of new trees fronting the development, except as provided in the Minor Road Works - Road Oversizing or Channelization policies.

**R-6.5. Sidewalk Reinforcement**

Any upgrade or reinforcement from a standard 100mm thickness sidewalk across the development's new access;

**R-6.6. Retaining Walls**

Retaining walls along the development frontage, where acceptable to the City Engineer;

**R-6.7. Temporary Works**

100% of the cost of temporary asphalt sidewalks, roads, paths, swales along the frontage abutting arterial or primary collectors where installation in ultimate location is deemed premature;

**R-6.8. Traffic Signals at Private Streets**

Traffic signal installations at all private entrances and at public entrances which do not meet MTO warrants;

**R-6.9. Other Works**

Any other services, removals, relocations, etc., required including but not limited to, utility relocation, sidewalk alterations, and curb cuts;

**R-6.10. Restoration and Damage**

Restoration of any utility cuts, and or damage created by construction activities and /or construction traffic in and out of the development. including but not limited to daily removal of mud tracking, daily dust suppression, milling and paving of deteriorated asphalt caused by construction traffic, grading of gravel shoulders to remove rutting caused by construction traffic;

**R-6.11. Noise Attenuation Measures**

All noise berms, window streets, fences and privately maintained noise walls;

**R-6.12. Grading and BMPs**

Grading elements such as: swales, ditches, best management practices, (BMPs) and any other feature to address over land flow routes needs created by the development's grading;

**R-6.13. Paths and Walkways**

Pedestrian paths, walkways, bridges, tunnels, including the related lighting and signage (Note: Parkways are constructed by the City and are specifically provided in the Development Charges Background Study);

**R-6.14. Utility Upgrades**

The costs related to the upgrading of any utility plant, or the relocation of the same, unless necessitated by the roadwork;

**R-6.15. Relocation and Replacement Costs**

The relocation and/or replacement costs of any encroachment on the City's road allowance or easement including but not limited to hedges, sprinklers systems and fences;

**R-6.16. Street Lighting**

Street lighting at intersections with existing roads where required by the development agreement.