



**LONDON**



**Strategic Priorities and  
Policy Committee**



*Major Development Charges  
Policy Changes*



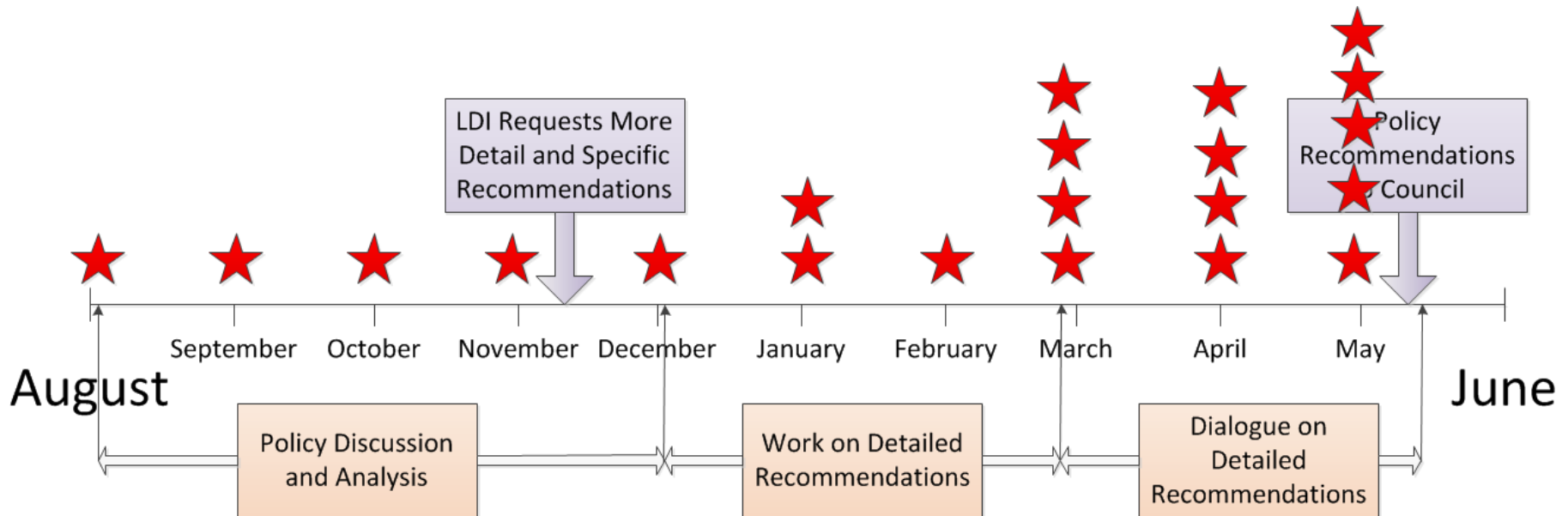
*May 13, 2013*

# Previous Council Direction

- Blue Ribbon Panel Recommendations.
- Council Resolution on the Municipal Servicing and Financing Agreements.
- PWC Audit Recommendations.
- 2013 GMIS – Annual Review and SWM Pond Debt Analysis.
- DC Initiation Report 12 key policy areas.

# Consultation Process

- Monthly DC Stakeholder Committee.
- Offline meetings as needed.



★ ← Meetings with Senior Staff

UWRF Framework for the Future

Timing of DC Payment

Area Rating

Local Servicing Policy

# Proposed Major Policy Changes

The proposed changes related to the initial DC policy matters are addressed in three reports to committee:

- UWRF Framework & Timing Of DC Payment – SWM Component
- DC Area Specific Charges
- Local Service Policy

# UWRF Reform: These changes are important!

- Aligns with Blue Ribbon Panel and Development Charges Legislation.
- Better Control on long term operating and maintenance costs which affects tax/utility rates.
- Ensures that the City controls its own debt levels.

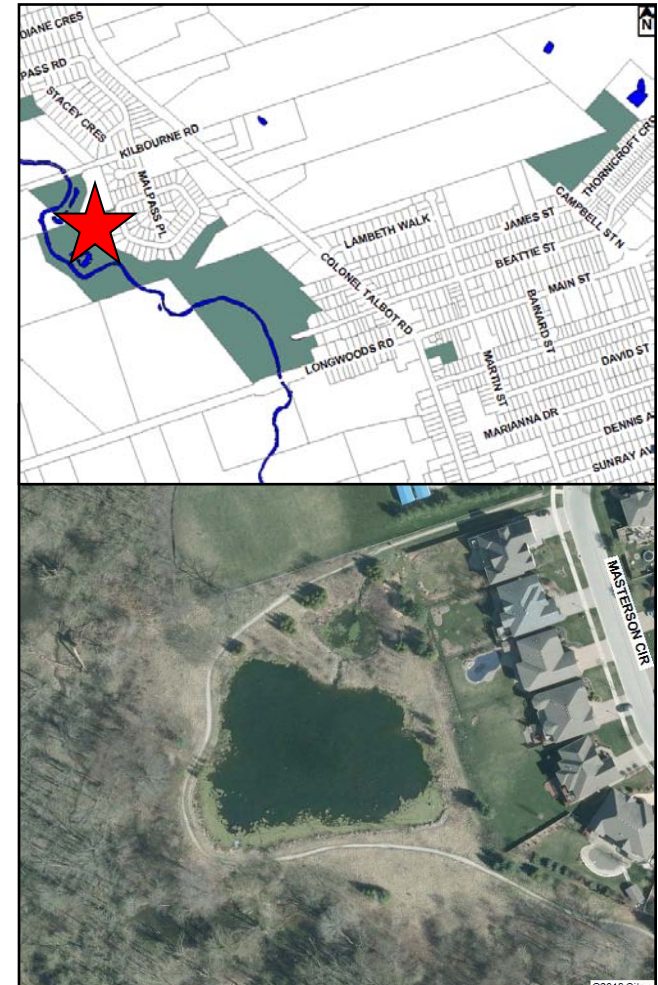
## UWRF: Current Position

- Urban Works Reserve Fund currently tracking \$55.6M in anticipated claims.
- Fund position much improved from its position in early 2010 (\$85M).
- Improvement largely as a result of the doubling of the UWRF rate in response to the OMB appeal in 2009.

# UWRF Framework: What's the problem?

## Example 1:

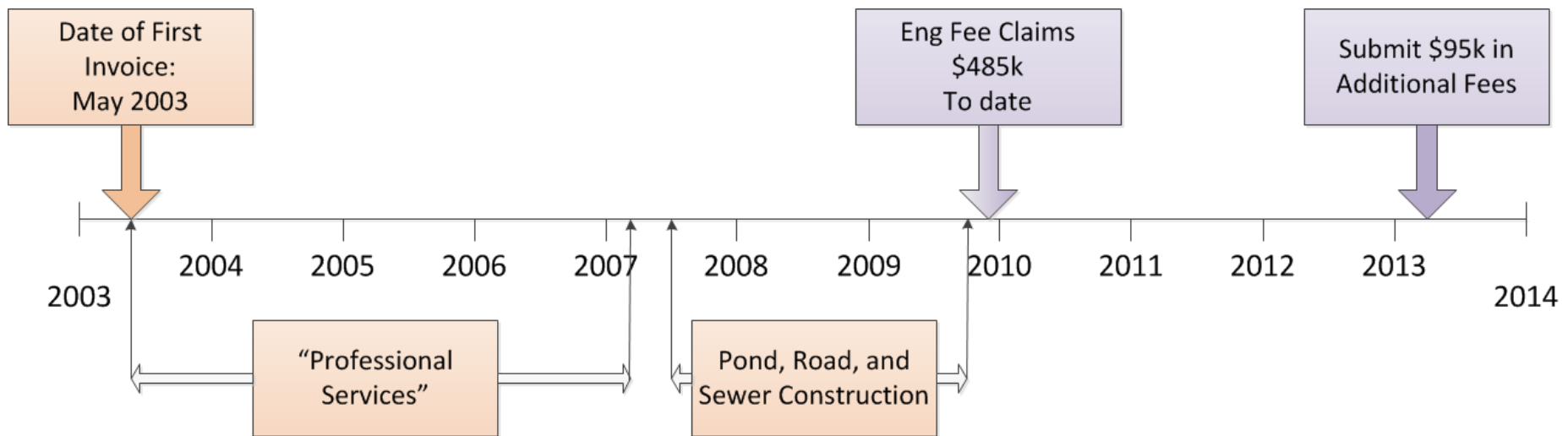
- Applegate SWMF (Assumed 2008)
  - Construction Cost (1999): \$165K
  - Rehab Budget (2013): \$280K
- More than 40 other facilities not assumed.



# UWRF Framework: What's the problem?

## Example 2:

- 70 invoices submitted.
- Description provided for the first 3 years of invoices: “Professional Services”.



- The rules of the UWRF allow these claims.

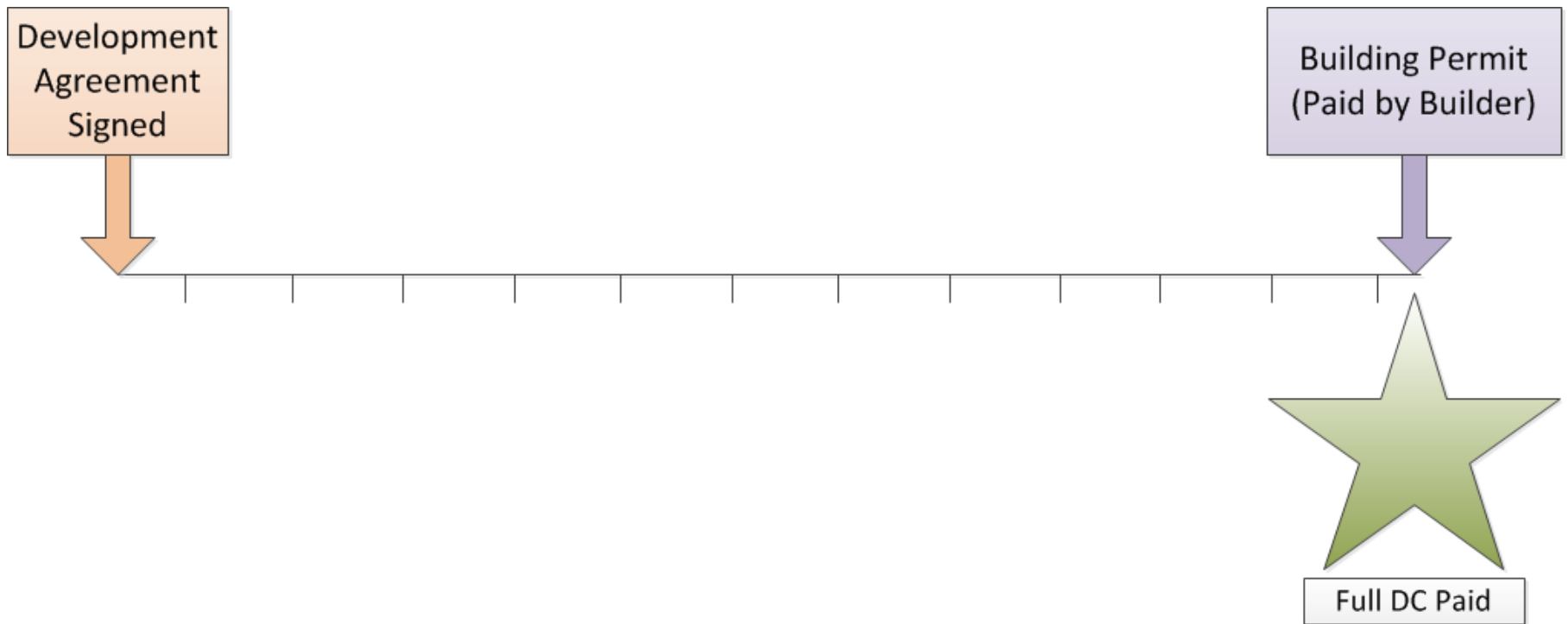


# City Should Lead SWM Servicing Expenditures

- Engineering Perspective
  - Better understanding of the direction of regulators.
  - Represent the priorities of Council and ratepayers by reducing long term costs.
- Finance Perspective
  - SWM Debt consolidated under capital budget process in one fund.
  - Enhances transparency and accountability.

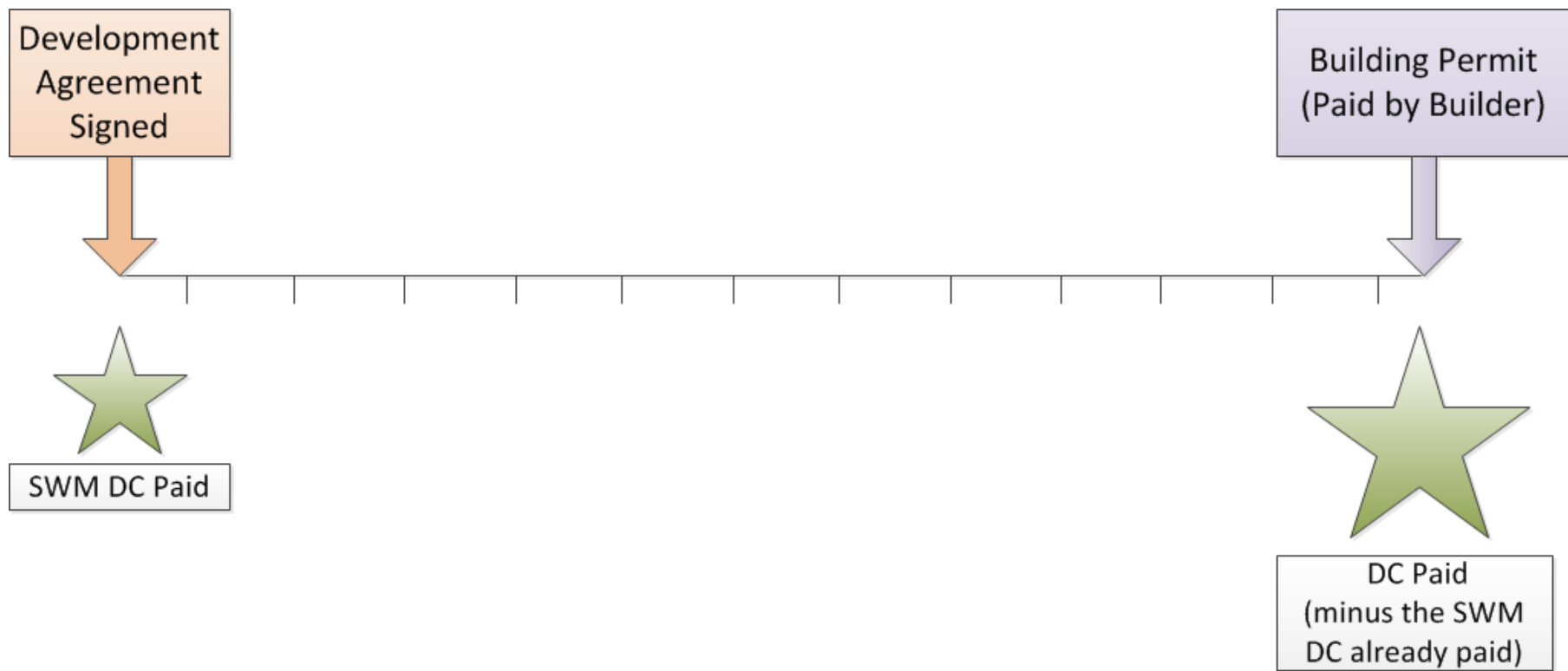
# Timing of DC Payment

- Now



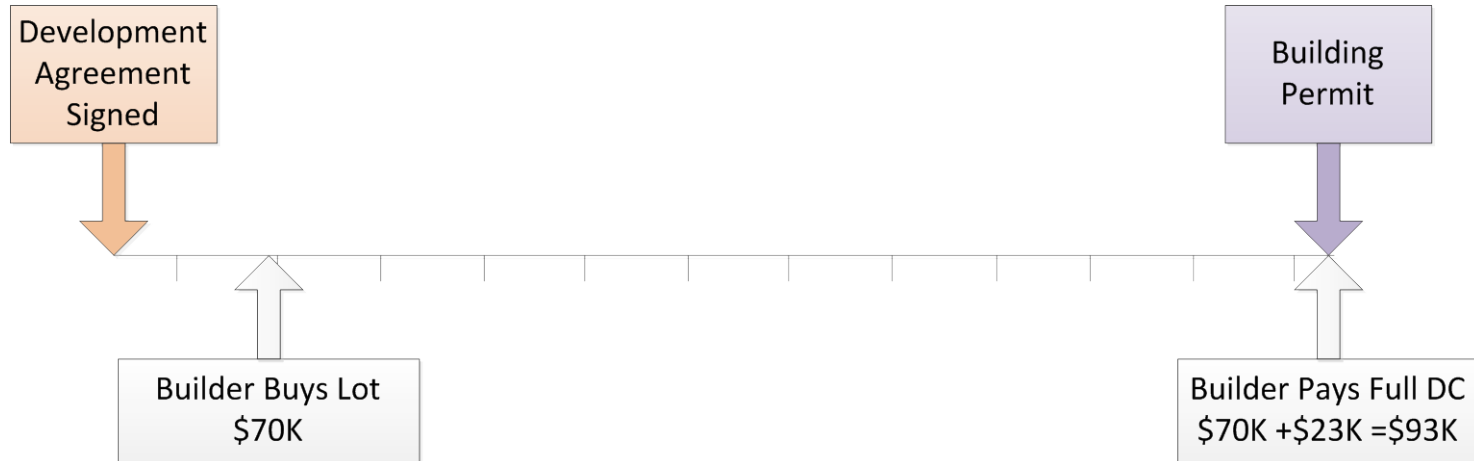
# Timing of DC Payment

- Proposed

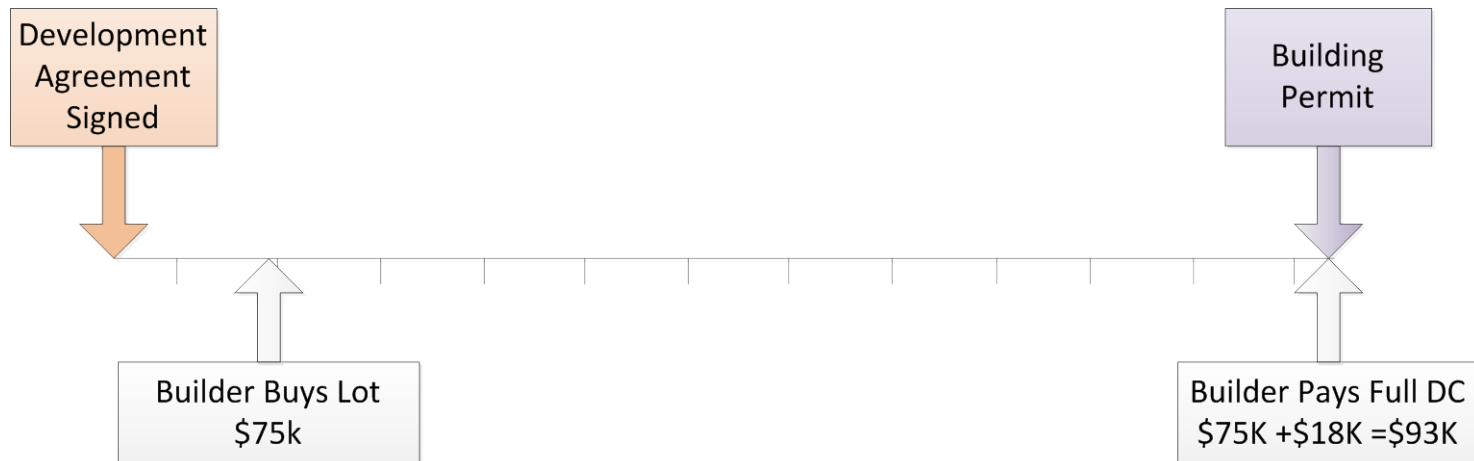


# Impact on Small Builders: Example

- Now

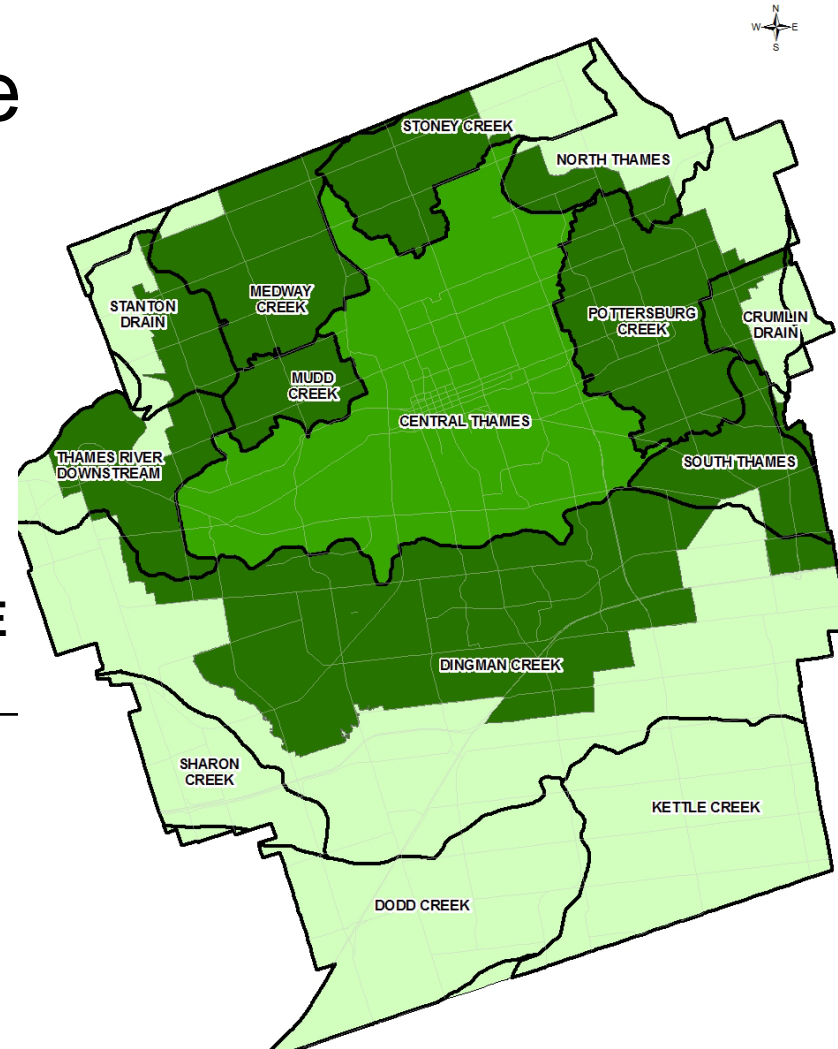


- Proposed



# DC Area Specific Charges

- Different stormwater fee for Central Thames subwatershed area. (approx. \$0)



## Developers INSIDE Central Thames

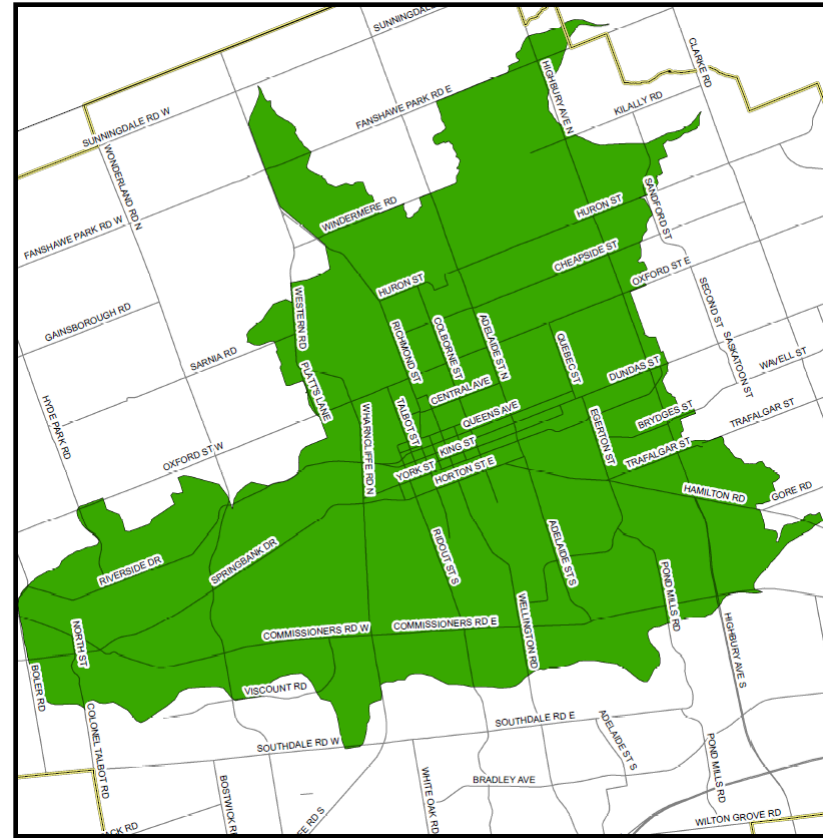
Pay for stormwater management out of pocket.

## Developers OUTSIDE Central Thames

Pay for stormwater management through development charges.

# DC Area Specific Charges: Promotes Intensification

- Reduces the reliance on the tax supported Downtown DC exemption.
- Fairly distributes costs to benefiting developments.
- Support Official Plan Policy.



# Concerns of Urban League

- Stormwater servicing costs should be distributed to urban, urban greenfield, and rural area in a fair manner.
- There is a cash flow problem in the Stormwater Reserve Fund that needs to be addressed.
- The Urban Works Reserve Fund claim process needs to be improved.

# Concerns of Urban League: Response

- The recommended policy allocates costs on a location basis and is supported by a strong technical rationale.
- The recommended policy requires payment of the SWM component of the DC at the time of subdivision agreement.
- The reports before Committee provides a comprehensive overhaul of the Urban Works Reserve Fund claim process.



# Major Concerns of LDI

- City Council may unduly delay Stormwater Pond construction approvals.
- Redistribution of costs to greenfield development.
- Increased debt carrying costs on small builders.

# Major Concerns of LDI: Response

- Pond timing is managed through the GMIS process which includes both Council and Developer input.
- The differential area charge provides a fair & level playing field for intensification.
- Debt carrying cost is either included in the development charge or paid by the builder. The net difference in cost is minimal.

## Major Concerns of LDI ... Continued

- Concern that the City can't meet the construction timelines of the development industry.
- More detail is required regarding the transition away from UWRF SWM funding.
- The sewer oversizing provisions don't fairly consider the costs incurred by developers.

# Major Concerns of LDI: Response

- The City has developed a draft Stormwater Management Facility “Just in Time” Design and Construction Process.
- Recommendation includes further dialogue related to the transitional issues and the implementation of the new UWRF policies.
- Staff have committed to reconsider the basis for payment of sanitary sewer oversizing.

# Benefits to Development Industry

- Developer is not responsible for dealing with provincial/federal agencies.
- Developer doesn't have to wait for SWM monitoring and assumption.
- Developer not forced to enter into private agreements with other Developers to provide SWM servicing.

# Our Individual Responsibilities To Council

City Treasurer → Manage debt

City Engineer → Manage assets, environment and long term costs

City Planner → Promote Intensification

Chief Building Official → Ensure timely approvals and assumptions

**These policies achieve all of Council's goals.**