

6 July 2012

Martin P. Hayward, BA, CGA  
City Treasurer, Chief Financial Officer  
City of London  
300 Dufferin Ave  
PO Box 5035  
London, Ontario  
N6A 4L9

Dear Mr Hayward;

**Re: Letter of Engagement Regarding Watson & Associates Economists Ltd. Advisory on the 2014 City of London Development Charge Study**

Further to your request, we are pleased to provide you with a Letter of Engagement concerning the above-referenced project.

The City of London staff will be conducting the master plan studies, growth forecasts and Development Charge (DC) study compilation process to arrive at a new DC by-law to be effective no later than August, 2014. The City is seeking the assistance and advice of Watson & Associates Economists Ltd.

In preparing this proposal, we recognize that the overall objective of a Development Charge study is to provide funds that will allow the City to finance capital works required for development and to permit the City to grow on a financially sound basis. Based on our discussions we understand that Watson and Associates Economists will provide assistance on advice in the following areas:

- 1) Review and comment on population, employment, household and floor space forecasts - Altus forecasts to be tabled Jun 19, 2012;
  - (a) Review method of population allocation to greenfield areas;
  - (b) Discuss and provide alternatives related to distribution of growth in intensification areas; and
  - (c) ensure calculation of net and gross populations and average occupancy for various types of units are consistent with Statistics Canada data (specific to the City) for use in the DCA calculation.
  
- 2) Review and comment on elements of DC rate calculation (based on methodology and approach as outlined in Appendix B), including:
  - (a) Capital program for hard services, cost estimates and timing of works- Engineering Consultant(s) for Master Plans and Environmental Services;
  - (b) Capital program for soft services, cost estimates and timing of works- various civic Departments, Boards and Commissions and related consultants;

- (c) Explore business case for services previously exempted from City of London including survey of other municipality practices and charges related to the following service areas:
    - i. Water Supply,
    - ii. Social Housing,
    - iii. Long Term Care Facilities,
    - iv. Public Works Maintenance Equipment (must be expected to last  $\geq 7$  years to be eligible), and
    - v. Emergency Medical Services;
  - (d) Growth/Non-growth splits for hard and soft services- Watson & Associates Economists Ltd.to provide advice with final say by Engineering Consultant(s) for Master Plans for hard services and civic administration for soft services;
  - (e) Allocation of growth costs to Future(Post Period) benefit – Engineering Consultant(s) for Master Plans and City Engineering for hard services; civic administration in consultation with Watson & Associates Economists Ltd. for soft services;
  - (f) Residential/Non Residential splits for transportation- Watson & Associates Economists Ltd.in consultation with Engineering Consultant(s);
  - (g) Residential/Non Residential splits other hard services- in consultation with Engineering Consultant(s) for Master Plans and City Engineering;
  - (h) Residential/Non Residential splits for soft services- civic administration in consultation with staff and ourselves;
  - (i) Review of basis for ICI splits for all services;
  - (j) Review of Projected cash flows and calculation of financing costs;
  - (k) DC rate calculation – review of DC rate calculation model and outcomes; and
  - (l) Provide input on the content, format and editing of the draft DC Background Report prepared by City staff.
- 3) Provide knowledge, and information on comparable policies in comparable municipalities with respect to various DC policy choices, including:
- (a) Area Rating/incentives for Intensification;
  - (b) Local servicing policy – definition;
  - (c) UWRF framework for the future – various considerations including future of the fund, alternatives to operation of this fund;
  - (d) Accelerated payment of DC's – implications and alternatives;
  - (e) Industrial DC Exemptions – definition of industrial;
  - (f) Financing of DC exemptions – approach to when the funding for the exemption from non-DC sources is recognized;
  - (g) Small business exemption/discount;
  - (h) Strategies related to DC funded debt levels, including:
    - i. Maximum DC funded debt levels, and
    - ii. Development of alternatives related to DC funded debt crunch, should economic conditions deteriorate;
  - (i) Funding of Urban Design features from DC's;
  - (j) Alternative non-residential rate structures;
  - (k) Potential for recovery of staff time dedicated solely to growth projects; and

- (l) Assistance in implementing Council directive to calculate rates for all services exempted by City policy (Water Supply, Social Housing, Long Term Care Facilities, Public Works Maintenance).
- 4) Based on knowledge of other municipal DC by-laws and based on experience with OMB, review and advise with respect to contents of City of London proposed DC by-law.
- 5) Municipal Servicing and Financing Policy – provide assistance with implementing adopted policy including :
  - (a) Further developing complete, written policy;
  - (b) Assist in securing standard Legal agreements to be executed; and
  - (c) Documenting and assisting with establishing internal processes and actions needed to initiate, administer, monitor and discharge municipal servicing and financing agreements.
- 6) Be available for critical presentations and discussions on DC policy matters with DC Steering Committee (a committee of stakeholders which we anticipate will be meeting monthly throughout the process).
- 7) Prepare and present elements of the final DC background study and by-law to Council at conclusion of DC process.

Our firm has extensive knowledge of the City of London and its surrounding area as we have conducted Development Charge Review Reports in 1994, 1995, the Development Charge Report in 1999, as well as Development Charge Appeal related work in 2001. Also, Watson and Associates has prepared other studies, such as the Municipal Service and Financing Policy in 2011, the Economic Analysis of McCormick Area Study Lands in 2011, as well as some other ad hoc studies.

Beyond the fundamental requirement of producing a Background Study and by-law, in a timely fashion, which is in accordance with the DCA, 1997 the assignment must have proper regard for several key inputs into the study process, including the City's latest growth projections, the City's latest building activity projections, the City's latest development inventory, as well as the City's Official Plan, Servicing System Master Plan(s), Transportation studies, and the previous Development Charge Background Study.

In Watson's experience, the assignment ultimately comes down to the following key matters:

- communicating to City staff, in an accurate and understandable fashion, what the City's DC recoverable, development-related costs are for the planning period;
- ensuring, insofar as it is possible, that the development community and any other interested parties accept the legitimacy of the growth forecast and charge calculations, in order to minimize the possibility of appeals;
- working with City staff and committees to craft policy in terms of credits, exemptions, reductions, and phasing in, which serve to minimize undesirable development impacts of the charge, while encouraging sought-after development where possible;

- working with City staff to ensure that the capital construction schedule in the DC document can be accommodated by the City, in terms of City contributions, and will enable the necessary servicing to be put in place;
- ensuring that implementation issues have been considered, in order to minimize the likelihood of appeals, complaints, reserve fund draw disputes and other problems associated with the By-law and/or Background Study.

## **WATSON & ASSOCIATES ECONOMISTS LTD.**

Watson & Associates Economists Ltd. (Watson & Associates), a leading economics consulting firm, has extensive experience in the preparation of municipal development charge and related studies. The firm was first incorporated in 1982 and now includes a full-time staff of twenty-two persons.

Our firm has undertaken over one-half of the consulting work done in Ontario in the DC field during the past decade. Appendix A provides a summary of our experience in the field of development charges. In addition to conducting policy studies and co-ordinating by-law preparation and adoption processes, we have carried out numerous special issue studies, provided continuing advice to municipalities on development charges in specific situations and have presented papers on the DCA at numerous municipal conferences. We have also participated in numerous OMB hearings and related processes. A summary of our services and areas of specialization is presented in Appendix A.

The firm has made a long term commitment to the interpretation of development charge legislation, development of implementation methodologies, and ongoing surveying to maintain data banks of information useful in DC matters. The knowledge gained from this investment, along with the wide-ranging experience of completing DC work in more than 100 municipalities, would provide the City with a firm basis for the preparation of their new DC by-law(s), and the development of DC policies and practices.

Due to the large number of development charge studies completed by our firm, Watson & Associates Economists Ltd. has the significant advantage of being able to assemble a solid information base, which, when coupled with our sound working relationships with municipal staff and others, enables us to facilitate the development of consensus around controversial issues. Public participation, particularly from the key stakeholders, is very important. Our approach is designed to ensure that material is presented in an understandable format, in order to encourage public input in the development of recommendations and future directions as part of a study process.

**Gary Scandlan, PLE, Associate Director**, would represent the firm and be responsible for all facets of the study process and will present the findings of the study at all staff, Council and the Public Meetings. Mr. Scandlan has been with the firm of Watson & Associates Economists Ltd. since 1989, before which he worked for two Regional municipalities. In regard to the latter, he held senior managerial positions and was directly responsible for long range financial planning, long term rate and tax impact planning as well as all facets of capital financing. He is presently a member of the firm's senior management group, which develops interpretations of legislative requirements, as well as methodologies and formats and

determines alternative policy strategies for all facets of the corporate assignments. Mr. Scandlan has undertaken in excess of 100 DC studies since 1989, including studies for York and Halton Regions and District of Muskoka, former Toronto municipalities of York and Etobicoke, separated cities of Hamilton, London, Guelph, St. Thomas and Orillia and various Counties and local municipalities. Mr. Scandlan has completed the formerly noted assignments on behalf of London.

**Jamie Cook, Manager, Associate Director**, will be responsible for working with the Altus growth forecast and ensuring that this information is prepared in a format for use in the residential and non-residential development charge growth forecast for the City's DC. Mr Cook has approximately twelve years' experience in municipal demographics and growth forecasting. He has been with Watson & Associates for nine years, and has carried out numerous development charge growth forecasts throughout Ontario over this time period. He has also completed comprehensive growth management assignments and land needs studies for several municipalities.

**Mary Bailey, Senior Consultant**, will assist in data collection, policy review; capital forecast cash flow analysis, compilation and report preparation. Ms. Bailey's background includes 20 years in a government setting (14 years in municipal budgeting and development) and 3 years in the health care industry prior to joining Watson. Mary joined our firm in 2004 and has participated in numerous DC assignments, including London, District of Muskoka, Wellington North, Wellington County, Chatham-Kent, Collingwood, Thames Centre and others.

**Nancy Neale, Senior Consultant**, will assist in developing implementation policies and establishing internal processes and actions needed to initiate, administer, monitor and discharge municipal servicing and financing agreements. Ms. Neale has participated in development charge studies for Halton, Milton and Oakville where she was the staff person responsible for development charges, financial agreements with developers, capital budgeting and many other related tasks. She joined our firm in 2003 and has participated in over 80 DC assignments.

Curriculum vitae for each of the above individuals are provided in Appendix A to this document.

## **CITY STAFF AND OTHER CONSULTING REQUIREMENTS**

We have not made provision to engage other sub-consultants for this project. It is assumed that the consultant will rely on staff of the City to facilitate the gathering and production of City information that is required during the DC Background Study preparation process. As this assignment in many areas is to prepare policy, review and align materials for consistency and accurate use, etc., we would be dependant upon City staff for directing our activities as required.

## **BUDGET AND TIMELINE**

Based on the work program identified above, our (net) upset budget estimate to complete the Development Charge Background Study for the City of London is \$99,900, exclusive of applicable taxes.

Our proposal does not include costs for legal or engineering input as we presume that the City is providing for these services directly as required.

A breakdown of the budget estimate by study step and by individual consultant is presented below. Disbursements are invoiced at cost. Billings will be prepared on a monthly basis with payment anticipated within thirty days.

The budget estimate for the City includes digital copies of the various reports and documentation, attendance at approximately 10 meetings at the City, one statutory public meeting with Council (present at final report stage and/or at the public meeting with by-law adoption) and 8 stakeholder meetings, for a total of 19 meetings (note that additional meetings can be provided at \$1,500 per meeting). A draft of the DC by-law and the DC public information pamphlet prepared by the City to comply with the legislation will be reviewed.

**Development Charge Background Study  
Detailed Estimate For Each Major Study Component**

Watson & Associates Economists Ltd.	Gary Scandlan Associate Director	Jamie Cook Associate Director	Nancy Neale Senior Consultant	Mary Bailey Senior Consultant	Derek Abbotts Consultant	Support Staff	Total Resource
1 Review of Growth forecasts	10	20			40		70
2 DC Rate Calculation	40			50		2	92
3 Policy Framework	100			40		5	145
4 Review of Proposed By-law	10			5			15
5 Municipal Servicing & Financing Policy	30		42			2	74
6 DC Steering Committee (8 meetings)	40		4	12		2	58
7 Report Preparation and Presentation	8		1	5			14
Total Number of Hours	238	20	47	112	40	11	468
<b>Sub-total (excluding disbursements and taxes)</b>	\$59,500	\$5,000	\$7,990	\$17,360	\$5,000	\$1,045	\$95,895
Disbursements (travel, telephone, courier)							\$4,000
<b>Total (excluding taxes)</b>							\$99,895
						<b>Rounded</b>	<b>\$99,900</b>

The above-referenced budget relates to report policy work and documentation preparation only (including input into the by-law formation), and does not cover time should an appeal occur, or liability for the results thereof. Similarly, advertising and legal costs have not been incorporated herein.

We believe, based on our experience, that the budget accurately reflects the time required to undertake all the steps necessary for the completion of a defensible development charge calculation that will provide the necessary funds for a City to finance the services needed to accommodate new development. However, we are prepared to review our budgetary requirement with the City should a different level of effort be envisaged. In addition, we believe that the investment in having the work done by a specialist firm such as Watson & Associates Economists Ltd. can potentially provide significant financial and long term economic benefit to the City. The Development Charge Background Study is a DC eligible cost and is predominantly fundable from the City’s development charge reserve fund.

Our proposed project timeline is outlined in the table below. Should this timeline not reflect the requirements of the City, we would be pleased to review and revise as necessary.

**DEVELOPMENT CHARGE BACKGROUND STUDY  
DETAILED TIMELINE FOR EACH MAJOR STUDY COMPONENT**

Study Component	2012												2013												2014					
	Q3			Q4			Q1			Q2			Q3			Q3			Q1			Q2								
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J						
1 Review of Growth Forecast			X																											
2 DC Rate Calculation	X				X																									
3 Policy Framework							X				X								X											
4 Review of Proposed By-law																				X										
5 Municipal Servicing & Financing Policy															X															
6 DC Steering Committee																														
7 Report Preparation & Presentation																								X						

"X" Indicates Staff Meeting

8 Steering Committee Meetings to be scheduled with the City in conjunction with the overall study process

We note that these timelines are dependent on staff meeting their timelines as we will require their input prior to being able to undertake all aspects of the financial analysis.

Out-of-pocket disbursements for travel, courier, copying and related costs would be invoiced at cost. Additional meetings and tasks can be arranged at the City's request.

**CONFLICT OF INTEREST**

We have reviewed our current projects and confirm that none of the project team members has a conflict of interest.



## **TERMS AND CONDITIONS**

### **1. Timely and Accurate Information**

You agree to use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete. You agree to notify us if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon.

### **2. Changes to Service**

Either party may request changes to the Services. We shall work with you to consider and, if appropriate, to vary any aspect of the Engagement, subject to payment of reasonable additional fees and a reasonable additional period to provide any additional Services. Any variation to the Contract, including any variation to fees, services or time for performance of the Services, shall be set forth in separate correspondence which shall form part of the Contract and to which these Terms and Conditions shall apply.

### **3. Reliance on Drafts**

You acknowledge draft reports or advice, whether oral or written, issued by us may be subject to further work, revisions and other factors which may mean that such drafts are substantially different from any final report or advice issued.

### **4. Payment of Fees**

We reserve the right to charge interest at the rate of 1% per month for payment of any invoices not received within 45 days of billing.

### **5. Limitation of Liability**

Watson & Associates Economists Ltd.'s entire liability to the client under this engagement for damages from any cause whatsoever shall not exceed the aggregate of the amounts paid by you pursuant to this Contract Letter.

### **6. Resolving Disputes**

If any dispute arises between us, we will attempt to resolve the dispute in good faith by senior level negotiations. Where both of us agree that it may be beneficial, we will seek to resolve the dispute through alternative dispute resolution.



**7. Confirmation of Terms of Engagement**

Having read the above Letter of Contract from Watson & Associates Economists Ltd., dated June 28, 2012 we agree to acceptance of this proposal and to engage Watson & Associates Economists Ltd. upon the terms set out therein.

WATSON & ASSOCIATES ECONOMISTS LTD.

Gary D. Scandlan, BA, PLE  
Associate Director

Signed:

\_\_\_\_\_

Accepted on behalf of:

\_\_\_\_\_

City of London

Date:

\_\_\_\_\_



**APPENDIX A**  
**WATSON & ASSOCIATES ECONOMISTS LTD.**



## OUR PHILOSOPHY

At Watson & Associates, we firmly believe that professional expertise, wide experience with local issues and the provincial legislative environment, and an understanding of client expectations are the basic fundamentals for analyzing issues and securing the desired results. With every assignment, we strive to identify the strategies that are best suited to meeting the challenges facing our clients. Since 1982, our integrated team of financial and economic specialists has provided quality research and analytical expertise to clients. In that time, we have built long-term relationships with a broad range of municipal, provincial and school board clients, who value our judgment and advice. Also, the firm has numerous working relationships with major law firms, planning and engineering companies, with whom we also work on multi-disciplinary assignments.

**“We strive to identify the strategies that are best suited to meeting the challenges facing our clients.”**

## CORPORATE PROFILE

Watson & Associates is one of Canada's leading economic consulting firms. Established in 1982, we offer a comprehensive range of fiscal planning and policy services to clients in government and the private sector throughout Ontario and beyond.

Our unique and dynamic team of specialists has assisted clients from over 250 municipalities, utilities and school boards, as well as private industry, and senior levels of government, to frame their financial and economic strategies.

Watson & Associates is widely recognized as a leading authority on the fiscal aspects of the municipal government sector. The firm has earned its reputation for quality of analysis, as well as pragmatic and insightful interpretation of the issues we manage. We are well known for achieving results that translate into successful outcomes for our clients.

**“We are well known for achieving results that translate into successful outcomes for our clients.”**

## OUR SERVICES

We offer our clients a broad range of economic forecasting and financial planning services to help them plan for their future.

Our main areas of specialization include:

### MUNICIPAL, SCHOOL BOARD AND UTILITY FINANCIAL POLICY STUDIES

- Financial and economic impact assessment for major projects and new development areas
- Municipal capital and operating budget policy
- User rate studies (i.e. water, wastewater, storm water and solid waste, rates and development processing fees and building permit fees)
- Long range planning for school accommodation
- Asset management and PSAB

### DEVELOPMENT CHARGE POLICY

- Municipal, utility and education development charges, including research and calculation of the charge, by-law adoption process, expert witness testimony, front-end financing, subdivision agreement links and implementation matters

### DEVELOPMENT MARKET AND DEMOGRAPHIC FORECASTING STUDIES

- Forecasts, feasibility studies and land needs assessment for a variety of land uses
- Population, household, non-residential space and employment forecasts
- Growth management studies

### SERVICE MASTERPLANNING AND ECONOMIC ASSESSMENT

- Assessment of long-term service needs
- Present value costing and financial affordability evaluation for major undertakings
- Property value impact and compensation policy
- Business, employment and other economic impacts

### LOCAL GOVERNMENT RESTRUCTURING

- Assessment of options and strategies
- Service evaluation and financial impact analysis
- Benchmarking and performance measurement
- Asset and liability distribution

Our goal is to do the very best for our clients. We are determined to produce outstanding results by taking advantage of the most appropriate computer modelling, analytical techniques and up-to-date databases and research available. At Watson & Associates, our vision is to continue to strive for excellence. We endeavour to go beyond our clients' expectations of service and establish ourselves as the leading provider of top-quality economic consulting services in our selected markets.



# Development Charge Client List Re the Establishment of Charges Under the DCA, 1997 (2003-2012)

## REGIONS

Durham  
Halton  
Niagara  
Peel  
Waterloo  
York

## COUNTIES

Brant  
Dufferin  
Lanark  
Northumberland  
Prince Edward  
Renfrew  
Wellington

## CITIES

Barrie  
Belleville  
Brantford  
Burlington  
Cumberland  
Guelph  
Hamilton  
Kanata  
Kawartha Lakes  
Kingston  
London  
Niagara Falls  
North Bay  
Orillia  
Oshawa  
Ottawa  
Pickering  
Port Colborne  
Quinte West  
St. Thomas  
Sarnia  
Stratford  
Thorold  
Timmins  
Toronto  
Waterloo  
Welland

## DISTRICTS

Muskoka

## MUNICIPALITIES

Centre Elgin  
Chatham-Kent  
Grey Highlands  
Lambton Shores  
Leamington  
Middlesex Centre  
North Grenville  
North Middlesex  
North Perth  
Port Hope  
South Bruce  
Thames Centre  
West Elgin

## TOWNS

Ajax  
Arnprior  
Aurora  
Bradford West Gwillimbury  
Caledon  
Cobourg  
Collingwood  
East Gwillimbury  
Erin  
Essex  
Fort Erie  
Georgina  
Gravenhurst  
Grimsby  
Halton Hills  
Huntsville  
Kingsville  
Lakeshore  
LaSalle  
Lincoln  
Milton  
Minto  
Mississippi Mills  
Mono  
Niagara-on-the-Lake  
Pelham  
Port Hope

## TOWNS (Cont'd)

Renfrew  
Richmond Hill  
St. Marys  
Saugeen Shores  
Shelburne  
Tecumseh  
Tillsonburg  
Wasaga Beach  
Whitby  
Whitchurch-Stouffville

## TOWNSHIPS

Adjala-Tosorontio  
Cavan Monaghan  
Centre Wellington  
Clearview  
East Luther Grand Valley  
Guelph/Eramosa  
King  
Madawaska Valley  
Malahide  
Mapleton  
Melancthon  
Oro-Medonte  
Puslinch  
Severn  
Smith-Ennismore-Lakefield  
Southgate  
Tay  
Uxbridge  
Wainfleet  
Wellington North  
West Lincoln  
Wilmot  
Woolwich

## VILLAGES

Point Edward  
Dundalk

## OTHER

GO Transit – GTA/Hamilton  
Bradford West Gwillimbury PUC  
Chatham-Kent PUC

## Gary Scandlan

### Associate Director

Gary Scandlan is an Associate Director and a managing partner with Watson & Associates. His career spans more than 33 years, working in a management capacity for two Ontario Regional municipalities and, more recently, with Watson & Associates.

Gary's primary area of focus is the municipal financial sector. His previous employment with the Region of Hamilton-Wentworth and the Region of Halton, enabled Gary to gain extensive expertise in the highly-specialized field of financial policy analysis. Today this expertise has proven to be invaluable to the firm's municipal clients in addressing today's challenging financial environment.

Since joining the firm, Gary has worked with over 125 municipalities assisting them in long range capital planning, development charges, developer agreement negotiations, water and wastewater rate studies, growth management strategies and economic/financial feasibility studies.

In 2001, he participated in two Expert Panel sessions for the Walkerton Inquiry on behalf of the Ontario Water Works Association (OWWA), the Ontario Municipal Water Association (OMWA), and the Canadian Environmental Law Association (CELA), providing recommendations concerning water system financial management and privatization. Since that time, Gary has been working with over 60 municipalities to establish water and wastewater rate structures (including lifecycle costing, as well as infrastructure upgrades) that would ensure financial sustainability.

Gary has made numerous presentations and authored several articles on the *Development Charges Act*, revenue alternatives to taxation, privatization of municipal services, municipal financial planning and full cost pricing of water and wastewater services. He has appeared before the Ontario Municipal Board and other tribunals on behalf of municipalities on many occasions.

Gary holds a degree in Economics from McMaster University, and is a Professional Land Economist. He is a member of Municipal Finance Officers of Ontario, Toronto Area Business Economists, Ontario Water Works Association and Ontario Public Works Association.



# Staff Resources

**GARY D. SCANDLAN, B.A., PLE**  
**ASSOCIATE DIRECTOR**

## EDUCATION

- 1978 Received Bachelor of Arts degree in Economics from McMaster University.
- 1985 Completed nine courses towards the attainment of a Certified Management Accountant designation.
- 1993 Professional Land Economist

## EMPLOYMENT HISTORY

- 1989- Senior Consultant and latterly Associate Director, Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.). Involved in studies related to Development Charge Studies, Local Government Finance and Restructuring, Financial Operations and Policy, Asset Management and Lifecycle Costing, and Industrial Market and Economic Forecasts.
- 1984-89 Manager of Economic Analysis and Policy Development, Regional Municipality of Halton. Responsible for Capital Budgets, Debt Management, Cash Management, Banking Relations, Reserve Management, Credit Rating, Financial and Economic Studies and Financial and Security Requirements on new development.
- 1983-84 Capital Budget and Debt Management Analyst, Regional Municipality of Halton. Responsible for Debt Management, Credit Rating, Work in Progress Accounting Control, Year End Financial Statement Preparation, Debenture Issues and Provincial Capital Grant Application and Audit.
- 1978-83 Held several finance positions including, Supervisor of Grants and Cash Management and Supervisor of Capital Programs, within the Regional Municipality of Hamilton-Wentworth. Experience gained in the areas of Cash Management, Accounts Receivable, Reserves Management, Provincial Grants, Banking Relations, Capital Budget, Work in Progress Accounting Control, Local Improvements, Credit Rating, Debt Management, Debenture Issues and Payroll.

Prior to joining Watson & Associates, Mr. Scandlan had eleven years' experience in a municipal finance environment, progressing to the senior management level. He has had direct responsibility and exposure to virtually all aspects of a Municipal Finance Department. During his tenure at the Region of Halton, Mr. Scandlan managed the Policy and Special Studies Section of the Finance Department, which provides internal financial, economic and administrative studies for the Corporation. Regional studies participated in included Residential Development Charge, Commercial/Industrial Development Charge, Development Processing Fees, Energy From Waste Financial Feasibility, Landfill Affordability and Impact Analysis, Recycling Program and Facility, Waterfront Parks and Municipal Marinas, Transit for the Disabled, Childcare, Liability Insurance, Administrative Space Needs, Museum Feasibility, and an Urban Structural Review.

Gary Scandlan has more than 23 years' experience as a consultant in economic, local government and planning matters. He has completed assignments in more than 125 municipalities, as well as for a number of private sector clients. His experience includes work in the Northwest Territories and throughout Ontario.

With respect to development charge studies, Mr. Scandlan has been study director for more than 150 policy studies, ranging from the large urban municipalities (eg. Cities of Hamilton, London, Guelph, Orillia, St. Thomas and Orangeville) to smaller urban centres (eg. Renfrew, Arnprior, Milton, Halton Hills, Leamington, Tecumseh,

# Staff Resources

Centre Wellington, East Gwillimbury), and Townships and Villages (eg. Townships of Guelph-Eramosa, Centre Wellington, Wilmot, Central Elgin). In addition to undertaking development charge calculations and completing public processes, Mr. Scandlan is a member of the firm's senior management group, which interprets development charge legislative requirements, and develops innovative approaches to meet client needs within the legislative framework. Further, Mr. Scandlan provides continuing advice on development charge issues to his client base, and has been involved in a number of special studies and negotiation of front ending agreements and special development related contributions.

Mr. Scandlan has had considerable involvement in the changes being made to the Water and Wastewater industry in Ontario, participating in the Walkerton Inquiry on behalf of the Ontario Municipal Water Association and the Ontario Municipal Water Association and assisting in presenting a discussion paper to the province with regard to Bill 175 (Sustainable Water and Sewage Systems Act). He has prepared articles on the new Act and has undertaken numerous seminars and workshops on behalf of OWWA, OMWA, AMO, MFOA, ACMTO, OPWA and Trent University. He has assisted over 60 municipalities in developing water and wastewater rates which incorporate Sustainable Asset Management principles.

Mr. Scandlan is a member of the Municipal Finance Officers of Ontario, Canadian Water Works Association, Ontario Public Works Association and Toronto Area Business Economists. In addition, he is a Professional Land Economist.

## Jamie Cook

### Associate Director

Jamie is an Associate Director with Watson & Associates. His extensive experience in demographics, urban planning, and municipal finance enables him to assist clients with a variety of assignments related to growth management, long term land needs forecasting, and fiscal/economic analysis.

Jamie has been with Watson & Associates since 2001. During this time he has undertaken numerous forecasting-based assignments carried out by the firm, largely for municipal and school board clients. In this capacity, Jamie has been a key player in developing the firm's expertise in several core areas, including demographics and growth management, employment lands needs, and economic impact analysis. In addition to his detailed technical knowledge related to demographic, economic and fiscal analysis, Jamie has a comprehensive background in the policy and legislative framework surrounding municipal finance and planning matters.

Jamie also served as a Policy Advisor with the Ministry of Municipal Affairs & Housing from 1999 to 2001. In this capacity, Jamie advised the Office for the Greater Toronto Area (OGTA) and the Minister's office on a number of issues related to land use planning, municipal infrastructure, telecommunications and regional economic competitiveness. Jamie was responsible for the completion of research studies, briefing notes, Minister's responses, and cabinet submissions related to GTA-wide issues.

Jamie is an active member of the Canadian Institute of Planners (CIP) and the Ontario Professional Planners Institute (OPPI). He is also a Professional Land Economist (PLE) and a member of the Economic Developers Council of Ontario (EDCO).

Jamie holds a Master of Urban and Regional Planning from Queen's University, and an Honours Bachelor's degree in Environmental Science from the University of Guelph.



# Staff Resources

**JAMIE COOK, MCIP, RPP, PLE**  
**ASSOCIATE DIRECTOR**

## EDUCATION

- 1999 Queen's University  
M.PL. (Master's of Urban and Regional Planning) Concentration: Land Use and Real Estate, Environmental Planning & Management
- 1997 British Columbia Institute of Technology  
Selected Courses in Geographical Information Systems (GIS) and AutoCAD
- 1996 University of Guelph  
B.Sc. Honours (Environmental Science) Concentration: Natural Resource Management, Resource and Environmental Economics

## EMPLOYMENT HISTORY

- 2001- Joined Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.) as a Senior Consultant, progressing to Manager, Demographics and Land Needs Studies and to his current responsibilities as an Associate Director. Mr. Cook is involved in the preparation of a variety of municipal, utility and school board development charge studies, as well as, industrial/commercial market forecasting studies, municipal financial impact analysis, including research, report writing and computer modelling.
- 1999-00 Policy Advisor with the Ministry of Municipal Affairs & Housing. Analyzed and advised the Office for the Greater Toronto Area (OGTA) and the Minister's office on a number of issues related to land use planning, municipal infrastructure, telecommunications and regional economic competitiveness. Responsible for the completion of research studies, briefing notes, Minister's responses, and cabinet submissions related to GTA-wide issues.
- 1998 Planning Assistant/GIS Specialist for Natural Resources Canada, Strategic Planning Division. Involved in the development of an intranet based facilities management GIS for Natural Resources Canada's nation wide real property.
- 1997 Planning/GIS Technician: Regional Municipality of Halton Region, Planning & Public Works Department. Assisted municipal planners, engineers and other staff members with mapping services regarding various land use planning, environmental services, and transportation projects within the Halton Region.

Jamie Cook has over ten years' experience as an economic consultant and policy advisor/planner. Over this time period, he has worked for both the private and public sector in a variety of positions with increasing roles of responsibility.

Mr. Cook is an active member of the Canadian Institute of Planners (CIP) and the Ontario Professional Planners Institute (OPPI). He is also a Professional Land Economist (PLE) and a member of the Economic Developers Council of Ontario (EDCO).



## Nancy Neale

### Senior Consultant

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Nancy Neale is a Senior Consultant with Watson & Associates. Since joining the company in 2003, she has worked on numerous water and wastewater rate studies, development charge studies and fiscal impact studies.

Prior to joining Watson & Associates, Nancy worked for the Region of Halton and the Towns of Milton and Oakville. In those capacities, Nancy was responsible for the capital budget process, development charge studies, municipal debt, growth-related analysis, the coordination and implementation of special financial agreements, as well as lifecycle modeling.

Nancy has a Diploma in Accounting, with a major in Accounting and Finance from Mohawk College. She also completed the Municipal Administration Program through AMCTO and the third year in the C.G.A. program.





# Staff Resources

**NANCY A. NEALE**  
**SENIOR CONSULTANT**

## EDUCATION

- 1987 Accounting program, with a major in Accounting and Finance, Mohawk College of Applied Arts and Technology
- 1997 Completed nine courses towards the attainment of a Certified General Accountant Designation
- 2003 Municipal Administration Program, AMCTO

## EMPLOYMENT HISTORY

- 2003- Joined Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.) as a Senior Consultant. Participating in Development Charge Studies and Water and Wastewater Rate Studies.
- 1999-03 Capital Development Analyst, Town of Milton. Responsible for the capital budget processes, municipal debt, development charge studies, reserves, growth-related analysis, coordination and implementation of special financial agreements, life cycle models and financial requirements of Building Permit system.
- 1992-99 Capital Analyst, Town of Oakville. Responsibilities included compiling the capital budget and nine year forecast, review of grant applications, variance analysis, debt and capital leases, review and coordination of operating budget for Arts Council and Humane Society.
- 1990-92 Development Charges Analyst, Town of Oakville. Responsibilities included administration and implementation of development charge by-law, commitments on development agreements, securities and assisted with analysis and preparation of development related studies.
- 1987-90 Development Clerk, The Regional Municipality of Halton. Responsible for implementation of Water and Wastewater Master Servicing and Financing Scheme servicing two local municipalities, securities, lot levy audit model, collection and allocation of lot levies on land severance and condominium applications and amounts collected by area municipalities.

Nancy Neale brings 16 years of experience in municipal budgeting and development with her. She has been involved with numerous life cycle replacement plans, development charge background studies, capital budgeting and numerous other growth-related studies and analysis.

## Mary Bailey

### Senior Consultant

Mary Bailey is a Senior Consultant with Watson & Associates. Since joining the firm in 2004, she has undertaken data analysis and research for numerous development application approval process (DAAP) user fee studies, as well as development charge studies, water and wastewater rate studies and fiscal impact studies.

Prior to joining Watson & Associates, Mary was engaged as a Financial/Budget Analyst, for 14 years with the Region of Halton, and three years at the William Osler Health Centre. In those capacities, she managed large portfolios, including planning, analysis and reporting functions, and she proved her strength in streamlining various processes within her customer profile.

Mary has a Bachelor's degree in Sociology from McMaster University. She also has a Diploma in Business Administration with a major in Accounting and Finance from Sheridan College, and has also completed the third year in the Certified General Accountant program.



# Staff Resources

**MARY L. BAILEY, B.A.**  
**SENIOR CONSULTANT**

## EDUCATION

- 1986 Business Administration program with a major in Accounting and Finance - Sheridan College Institute of Technology and Advanced Learning
- 2000 Completed ten courses towards the attainment of a Certified General Accountant Designation
- 2003 Bachelor of Arts, Sociology, McMaster University

## EMPLOYMENT HISTORY

- 2004- Joined Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.) as a Senior Consultant. Participating in Development Charge Studies, Water and Wastewater Rate Studies and User Fee Studies.
- 2001-04 Financial Analyst, William Osler Health Centre, Brampton. Responsibility was to provide timely, accurate financial and statistical information, business and administrative advice, and education to a defined group of departments/programs in support of business decisions. These business decisions resulted in the effective and efficient management of the operations of the organization. Also included areas of responsibility were the preparation of budget, operating plan, custom reports and other Ministry of Health reporting. Performed analyses for the Post-Construction Operating Budget of the new hospital facility, collaboratively with the external consulting team.
- 1995-01 Financial Analyst, The Regional Municipality of Halton. Responsible for the provision of timely, accurate financial and statistical information for the Health and Community and Social Services Departments. Responsibility included the provision of budget preparation, operating plans, Ministry of Health and Ministry of Community and Social Services reporting. Range of responsibility included providing technical education and instruction to program Managers and staff to enable them to plan appropriately. Was the key technical resource for two years on the Activity Based Costing implementation team.
- 1987-95 Development Officer, The Regional Municipality of Halton. Responsible for implementation of Water and Wastewater Master Servicing and Financing Scheme servicing two local municipalities, securities, lot levy audit model, collection and allocation of lot levies on land severance and condominium applications and amounts collected by area municipalities. Responsibilities also included administration and implementation of development charge by-law, commitments on development agreements, securities and assisted with analysis and preparation of development related studies. This role also included the supervision of clerical staff in the Development section.

Mary Bailey brings 21 years of experience in municipal budgeting and development with her, as well as 3 years of experience in health care budgeting and financial analysis.

## Derek Abbotts

### Consultant

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Derek is a Consultant with Watson & Associates Economists Ltd. in the areas of demographic and land needs forecasts.

Derek joined the firm in 2007 and comes from a background in urban planning. His career experience includes a Junior Planner position with Cuesta Planning Consultants Inc. in Owen Sound, Ontario and an internship position with the City of Owen Sound's planning department. Derek's background provides a solid foundation in understanding the objectives of policies and development plans.

Derek holds a Bachelor of Urban and Regional Planning from Ryerson University in Toronto, Ontario and a two-year Diploma in Urban and Regional Planning, with background in Geographical Information Systems (G.I.S.) from Mohawk College in Hamilton, Ontario. Derek is a Provisional Member of the Canadian Institute of Planners and the Ontario Professional Planner's Institute. He is also a Professional Land Economist.



# Staff Resources

## **DEREK B. ABBOTTS, BURPL, PLE CONSULTANT**

### **EDUCATION**

- |      |   |
|------|---|
| 2007 | Ryerson University<br>Bachelor's Degree in Urban and Regional Planning    |
| 2005 | Mohawk College<br>Diploma in Urban and Regional Planning – GIS Technician |

### **EMPLOYMENT HISTORY**

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|------|--|
| 2007 | Joined Watson & Associates Economists Ltd. (formerly C.N. Watson and Associates Ltd.) as a Research Consultant, progressing to his current responsibilities as Consultant, dealing primarily with demographics and land needs forecasting. |
| 2006 | Junior Planner, Cuesta Planning Consultants Inc., Owen Sound, Ontario, responsible for the creation and preparation of planning justification reports for severance applications.  |

Derek is a Consultant with Watson & Associates Economists Ltd. specializing in the area of demographic and land needs studies. Derek joined the firm in 2007 and comes from a background in urban planning.

Since joining Watson & Associates, Derek has been involved in a number of growth and land needs studies including:

- Niagara Region Growth Management Strategy
- Growing Durham. Recommended Growth Scenario and Policy Directions
- District of Muskoka Growth Management Strategy
- Hurontario High Order Transit Study
- Town of Ajax Employment Report

Derek has also prepared a number of population and employment forecasts for development charge background studies throughout the Province under the supervision of various project managers within Watson & Associates.

Derek holds a Bachelor of Urban and Regional Planning from Ryerson University and an Urban and Regional Planning Technician-GIS Diploma from Mohawk College. Derek is a Provisional Member of the Canadian Institute of Planners and the Ontario Professional Planners Institute. In addition, he is a Professional Land Economist.



## **APPENDIX B**

# **METHODOLOGY AND APPROACH**



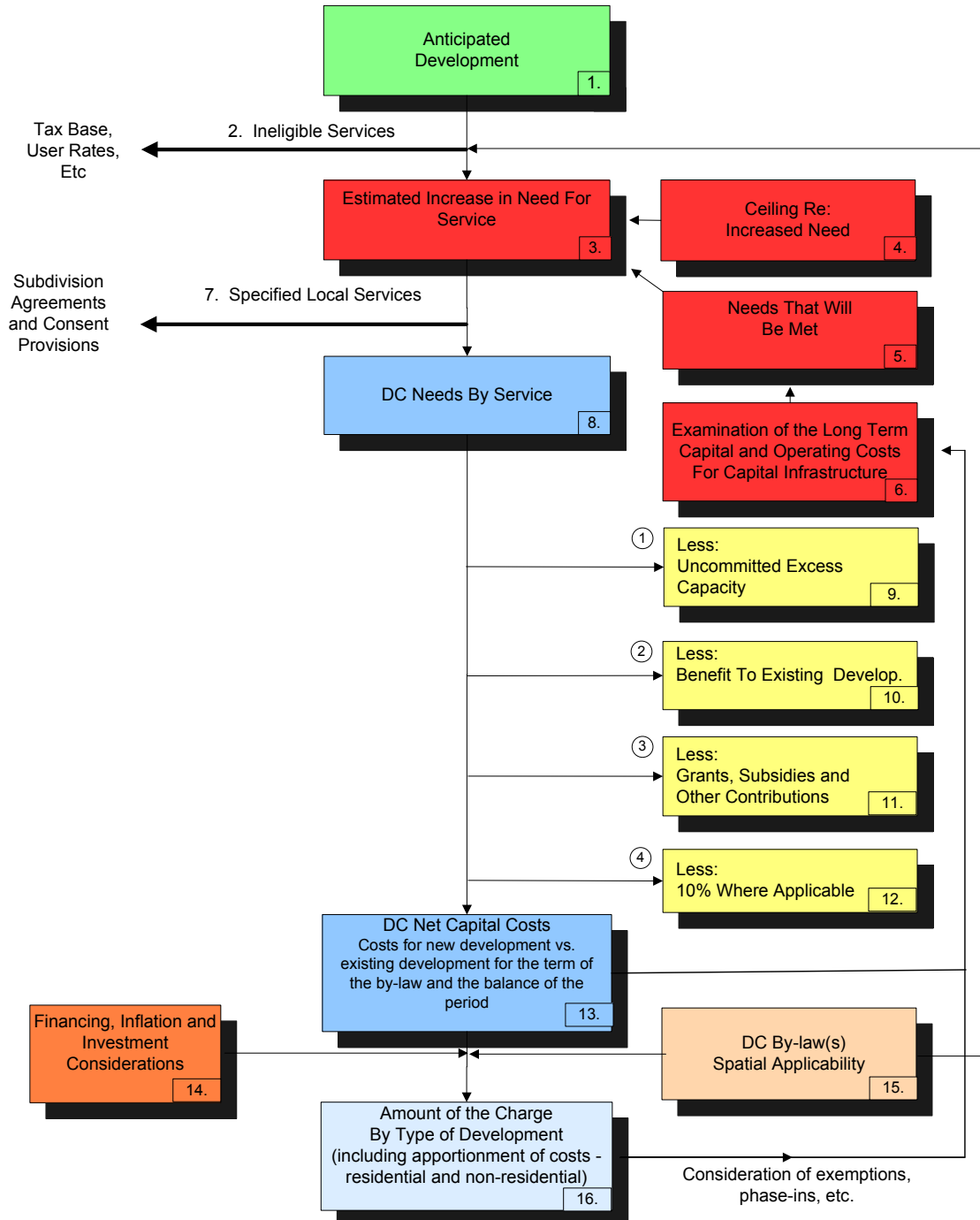


## APPENDIX B: METHODOLOGY AND APPROACH

The *Development Charges Act, 1997* provides a specified number of steps, which must be undertaken in the calculation of a development charge. Figure B-1 diagrammatically illustrates our firm’s understanding of the methodology required.

**Figure B-1**

### The Process of Calculating a Development Charge under the Act that must be followed



A brief discussion is provided below:

**Step 1** involves estimating the anticipated amount, type and location of development for which development charges can be imposed. This estimate is needed for the first two five year periods and then to the end of the planning period. Annual estimates do not appear to be mandatory.

**Step 2** involves the exclusion of all ineligible services from the calculation, as any expenditures in this area must be made from the tax base, user rates, etc.

**Step 3** requires that “the increase in the need for service attributable to the anticipated development...be estimated for each service” that is involved. This replaces the “growth-related net capital cost” reference in the old Act. This estimate does not appear to require project-specific consideration at this stage as it refers to “need” and not to “project solutions” or the means by which such needs are to be met. It may therefore be appropriate to address it in terms of “service units.” These are the same factors that can be used to measure past and future levels of service in a subsequent step.

**Step 4** is to ensure that the increase in need included in Step 3 does “... not include an increase that would result in the level of service (for the anticipated development increment) exceeding the average level of that service provided in the City over the 10-year period immediately preceding the preparation of the background study. O.Reg. 82/98 (s.4) goes on to indicate that “... both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service.”

**Step 5** requires that for an increase in need to be included in Step 3, Council must indicate that it intends to ensure that such an increase in need will be met, presumably in accordance with the timing periods established in Step 1. Once again, this would appear to be a broad, need-related approval and not necessarily a long range capital budget approval.

**Step 6** calls for an examination of the long term capital and operating costs for capital infrastructure to be included in the development charge background study and considered by Council before passing a DC by-law. Ideally, this information would be available to Council when it takes Step 5, but this does not appear to be a requirement and is dependent on the timing of the steps in the process. Steps 3 and 5 are early steps and Step 6 could occur later.

**Step 7** involves removing from the DC calculation those kinds of local services for which the City can impose directly or indirectly a charge related to a development or a requirement to construct a service related to a development, by way of a condition or agreement under Section 51 or 53 of the *Planning Act*. It also involves ensuring that appropriate policies are established such that those services are, in fact, addressed subsequently in that fashion and are neither double-counted nor omitted.

**Step 8** involves detailing the resultant increase in needs. The calculation of the net costs which can be recovered via DC's (Step 13) involves making four separate and additional deductions from the gross costs, as detailed in Steps 9-12.

**Step 9** represents a deduction from the increase in the need for service attributable to the anticipated development that can be met using the City's excess capacity, other than excess capacity which is "committed," i.e. where Council has indicated a clear intention that it would be paid for by DC's or other similar charges, before or at the time it was created.

**Step 10** involves a further reduction to the need, by the extent to which such an increase in service would benefit existing development. The level of service restriction in Step 4 is related, but not the same as this test. This is a potentially difficult adjustment to make, in that it could be argued that almost any new facility would have some impact on, and provide some benefit to, existing development (possibly other than some sanitary, storm, and water works, neighbourhood parks and other works which are highly localized to growth areas).

**Step 11** involves reducing the capital costs necessary to provide the increased services (which is the first mention of such costs) by capital grants, subsidies and other contributions made or anticipated by Council and in accordance with various rules as to attribution between the share related to new vs. existing development.

**Step 12** requires that a flat 10% reduction in capital costs (pre-deduction for grants and subsidies) be made for services such as parkland development, recreation facilities, libraries, administration facilities not falling into the headquarters for general administration category, as well as the cost of studies, borrowings, rolling stock, furniture and equipment, associated therewith.

**Step 13** involves tabulating the total capital costs considered above by service in terms of those that would benefit new development vs. those that would benefit existing development, and in each case, for those that will be incurred during the term of the proposed by-law vs. those which will not. The estimated and actual value of credits being carried forward is to be noted as well.

**Step 14** involves increasing the costs set out in Step 13 where debenture debt is required and a cash flow analysis reveals a net financing cost requirement.

**Step 15** involves determining whether all of the subject costs are to be recovered on a uniform City-wide basis or whether some or all are to be recovered on an area-specific basis.

**Step 16** involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.