

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON July 16, 2012
FROM:	MARTIN HAYWARD, CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	APPOINTMENT OF 2014 DEVELOPMENT CHARGES STUDY ADVISOR

RECOMMENDATION

That, on the recommendation of the City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to the appointment of an advisor for the 2014 Development Charges Background Study:

- a) The proposal submitted by Watson & Associates Economists Ltd. for advisory services related to the 2014 Development Charges Study and Municipal Services and Financing Agreement related services at the proposed price of \$117,024, including contingency, and applicable taxes, **BE ACCEPTED**, it being noted that this engagement is a single source purchase consistent with sections 14.4(d) and (e) of the Procurement of Goods and Services Policy;
- b) The financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix A;
- c) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having a purchase order, or contract record relating to the subject matter of this approval substantially in accordance with the proposal letter attached as Appendix B;
- d) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Committee of the Whole, March 22, 2011 - DELEGATION - Gary Scandlan, Watson & Associates Economist Ltd. Re: Introduction to Development Charges.

Strategic Priorities and Policy Committee, April 30, 2012 - Initiation Report 2014 Development Charges Background Study and DC By-Law Update

BACKGROUND

Municipalities in Ontario use legislation that allows them to recover growth related costs through development charges (DC's). The DC legislation in Ontario requires that municipal development charge by-laws be reviewed every five years at a minimum. The City must also address possible changes to its growth financing policy, to ensure our policies on sharing of growth costs are prudent. A report was submitted earlier this year to the Strategic Priorities and Policy Committee which discussed the various elements of the proposed work and provided a preliminary work plan. As part of the resources necessary to complete the work, City Staff are seeking the assistance and advice of Watson & Associates Economists Ltd with ongoing 2014 Development Charges Background Study and DC By-Law Update project.

Watson & Associates Economists Ltd. is a leading economics consulting firm and has extensive experience in the preparation of municipal development charge and related studies. This firm has undertaken over one-half of the consulting work done in Ontario in the DC field during the

past decade. The knowledge gained from completing DC work in more than 100 municipalities, would provide the City with a firm basis for the preparation of the new DC by-law and the development of DC policies and practices.

CN Watson is one of two firms with extensive experience in municipal development charge studies in medium and large urban centres in the province of Ontario.

In 2011, CN Watson was instrumental in assisting the City in developing a framework for a policy on Municipal Servicing and Financing Agreements (MSFA). The current engagement contemplates the completion of that work in the form of written policy, procedures and templates for agreements that might be used in the future. Their previous knowledge and experience in the development of a framework for the MSFA policy will be critical in completing the development of these policies. The completion of these policies is timely given the potential for their use in the future, and their connection with declining scope of work in the Urban Works Reserve Fund (UWRF).

In addition, CN Watson has been involved with City of London studies on growth financing in the past. They have extensive knowledge of the City of London and its surrounding area as a result of their contributions to 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 the Economic Analysis of McCormick Area Study Lands in 2011, as well as some other ad hoc studies. Their extensive background and expertise in the area of development charge studies generally will assist the City in dealing with the policy items contemplated for review in the workplan for the 2014 study.

Finally, the study is under time constraints that make it important to commence the work without delay.

Summary

CN Watson and Associates has specialized expertise and experience in London that will bring compatibility and consistency to the completion of the 2014 DC Study and MSFA policy, on a timely basis.

City staff are currently completing the terms of reference for the related servicing study master plan updates and anticipates that the Engineer consultant appointments for these studies will be brought to the Strategic Priorities and Policy Committee in August.

Acknowledgement

This report was completed with the assistance of Scott Mathers, Mgr of Development Finance, and in consultation with John Freeman, Mgr Purchasing and Supply.

PREPARED & SUBMITTED BY:	RECOMMENDED BY:
PETER CHRISTIAANS, C.A. DIRECTOR OF DEVELOPMENT FINANCE, DEVELOPMENT SERVICES	MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER

- c. J Freeman, Manager Purchasing and Supply
- Scott Mathers, Manager of Development Finance

Attachments : Appendix A & B