

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE May 13, 2013
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	DEVELOPMENT CHARGE POLICY DC AREA SPECIFIC CHARGES

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer with the concurrence of the Managing Director of Planning and City Planner and Managing Director, Development & Compliance Services & Chief Building Official, the following actions **BE TAKEN** with respect to amending the City's policy with respect to DC area specific rating:

- a) the Civic Administration **BE DIRECTED** to complete the 2014 DC rate calculations and draft the 2014 DC by-law amendments necessary to implement differential DC rate calculations for SWM facilities in the Central Thames Watershed (CTW) area identified in Appendix B; and
- b) the Administration **BE DIRECTED** to develop the implementation rules (including any transitional arrangements and further refinement of the boundary) related to establishing the Central Thames Watershed SWM DC Area Specific Rate for inclusion in the 2014 DC by-law.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Board of Control, May 13, 2009-12-09 - 2009 Development Charges Adoption of DC Policy, Background Study & Rate By-Law

Council resolution with respect to Municipal Servicing and Financing agreements, November 2011

POLICY REVIEW

History

The Development Charges (DC) Act requires that the DC by-law identify the areas to which a DC rate applies. The discussion on applying different DC rates to different areas of the City has traditionally been referred to as "DC Area Rate" discussion.

The City has for some time distinguished the areas that do not receive municipal services of sanitary treatment, storm and water (ie. the City collects DC rural rates for development in these areas), from those areas that do receive these services. We previously termed this as collecting on a "city wide basis". More accurately, these charges were collected only from within the Urban Growth Area Boundary. From this point forward, we will refer to the two (2) existing types of rates as "urban area specific DC rate" and "rural area specific DC rate".

In 2004, there was a review of DC Area Specific Rate policy which resulted in no changes to the existing policy (ie. only distinction was between urban and rural area).

In the 2009 DC policy review, there was a further brief review of the City's approach to area rates, and the status quo was determined to still be appropriate for the allocation of charges to various locations.

Today, growth infrastructure continues to be charged on an urban/rural basis, generally as follows:

- a. The lack of certain urban services in rural areas accounts for the exemption of development in “rural areas” (ie. outside the Urban Growth boundary of the City of London) from charges for urban services. The charges exempted in the rural area are:
 - i. Sanitary sewer – collection and treatment
 - ii. Water – distribution (entire City is exempt from Water Supply charges)
 - iii. Storm Sewer – sewers and Storm Water Management Facilities (SWMF’s)
 - iv. Urban works – generally for oversizing of sanitary storm and minor roadwork of benefit to more local development
- b. Aside from this “urban/rural approach”, there are various DC exemption programs, namely:
 - i. Exemption for residential development in the downtown and Old East Village areas;
 - ii. Exemption of Industrial development from payment of DC charges;
 - iii. Exemption of Institutional exemption from 50% of City Services Reserve Fund (CSRF) charges.

All three of the above programs are the subject of separate reports to be tabled in the coming months.
- c. Miscellaneous exemptions - A list of specific exemptions by Council policy, including enlargements of existing dwellings, parking structures, farm buildings, seasonal use projects, commercial truck service establishments, temporary garden suites, air supported structures for recreational/sport activities operated by non-profit organizations.

The impetus for DC Area Specific Policy Review

The City of London Official Plan provides direction to Council and Staff regarding DC area specific rates. According to policy 2.6.3vii), “The City will consider, as part of a development charges study, the use of a differential development charge rates to encourage intensification and infilling.” This policy was added to the Official Plan in 2009 as part of the City’s previous 5 year Official Plan review.

In addition to the above OP policy, in November, 2011, as a result of deliberations on the Municipal Servicing and Financial Agreements (MSFA) policy, Council directed :

“(g) “The Civic Administration **BE INSTRUCTED** to explore the following other considerations as part of the next Development Charges Background Study:

(A) Development Charges **BE REVIEWED** with a view to establishing a fee structure that encourages intensification and discourages “leap frog” development;”

This report addresses these requests with respect to the subject of DC Area Specific Rates.

DISCUSSION

i. Rationale for DC Area Specific Rates

There are three primary arguments in favour of applying different DC charges to different areas of the City. In undertaking this review, the following were the dominant considerations in favour of area rates:

- a) Cost efficiency - The professional and academic literature represent “DC area specific rating” as a means of achieving “cost efficient” growth patterns. DC Area Rates encourage development to occur in areas that can be most economically serviced. Intensified land uses are also expected to reduce certain operating costs (eg. snow plowing, pipe maintenance, etc.);
- b) Fairness - DC Area Specific Rates are perceived to apportion costs “more fairly”, based on a more refined allocation of the cost of actual servicing requirements to different areas.
- c) Urban Vision and Sustainable Growth – there are many that assert that municipal concerns around sustainable growth lead to the conclusion that we must make greater use of existing resources to provide for growth. DC Area Specific Rates have the potential of providing financial incentives to assist with achieving this vision.

ii. Rationale for Uniform Municipal-wide Charges

As mentioned above, except for the “Rural use” exemptions, the City of London currently employs a uniform charge approach to development charges in developing urban areas of the City. The current approach has the following advantages:

- a) Growth Cost averaging - Provides an averaging of growth servicing costs which vary from one site to another. The averaging of costs eliminates this consideration from land purchase decisions in greenfield areas. When growth costs are averaged through DC rate calculations, the considerations on site selection are reduced to all development.
- b) Administrative simplicity – Uniform charges avoid increased complexity in the administration of the charge. Complexity results from :
 - i. tracking collections and use of DC funds on an area-by-area basis, which complicates the administration of the DC funds;
 - ii. the calculation of area specific DC rates.
- c) Financial flexibility - Maintains financial flexibility associated with pooling of all DC revenues for a single DC funding pool. The more the funding pool is divided, the less flexibility there is for funding growth from each separate pool of funds.

iii. Provincial Policy

Many cities in Ontario, and around the world, have recognized that traditional patterns of urban development are not sustainable in terms of their municipal operating costs, personal movement expenses, agricultural land consumption, energy usage and climate change implications. Growth cost recovery systems that are aligned with encouraging cost efficient growth patterns will assist in achieving more sustainable growth patterns.

iv. City of London Official Plan

The current City of London Official Plan contains numerous policies that support an overall goal of maximizing the utilization of land within the existing urban area of the City through redevelopment, infill and intensification. The reuse of urbanized land to support future residential, institutional, commercial or industrial growth provides opportunities to benefit from surplus capacity in the existing infrastructure. Area rating has the potential to attract development in urbanized areas of the city since a reduced development charge fee can improve the financial feasibility of redevelopment and infill projects. Council, through its Official Plan, has previously determined that future development charge studies should consider the use of differential development charges in the form of area rates.

It is noteworthy that Section 24 of the Planning Act indicates that “Despite any other general or special Act, where an official plan is in effect, no public work shall be undertaken and...no by-law shall be passed for any purpose that does not conform therewith”. Ultimately, the Development Charges By-law should support the intensification objectives in the Official Plan.

It is also important to recognize that the City is currently undertaking an Official Plan (OP) review, which will include a new growth planning policy framework. As a result of the Transportation Master Plan completed in 2012, Municipal Council has previously directed that a

40% intensification target be incorporated into the new OP.

Provincial Policy, the City's Official Plan, and the Council direction on TMP supports policies for intensification. The financial DC rate policy should attempt to align with these planning goals.

v. Discussions with DC External Stakeholders

The matter of DC area specific rates has been discussed with the DC External Stakeholder Committee that was struck at the outset of the DC policy review process.

The preliminary discussions with the Committee were largely conceptual in nature, with discussions on the goals of DC area specific rating, where it could be employed, the opportunities and challenges, and some of the hurdles to overcome in order to implement DC area specific rates.

The firm of C N Watson and Associates was engaged to assist in the assessment of DC Area Rates. As part of this engagement, they shared with the External Stakeholder Committee, a few examples (Ottawa, Richmond Hill, Markham) of where DC area specific rates were being employed.

The next phase of the discussions on DC area rate policy direction were through sharing of early drafts of the area rate concepts and challenges which are discussed below.

vi. Considerations in assessing DC Area Specific Rating policy

There are valid considerations on both sides of the DC Area Rate case. The following table briefly summarizes opportunities and challenges of DC area specific rates.

DC Area Specific Rate – Summary Analysis	
Opportunities	Challenges
<ul style="list-style-type: none"> improves perception of “fairness” of DC charge by apportioning costs based on actual servicing requirements of the area 	<ul style="list-style-type: none"> Fairness cannot be objectively measured. For example, areas where much has been invested in past may result in lower DC Area Rate for that area, but is that necessarily, more fair?
<ul style="list-style-type: none"> A DC By-law that applies area rates would support the Official Plan's policies that indicate a differential charge will be explored to encourage infill and intensification. 	<ul style="list-style-type: none"> difficulty in defining exact boundaries of areas receiving differential benefit for most services
<ul style="list-style-type: none"> Encourages development in already serviced areas, reducing new capital costs of growth. Supports capital cost-effective, intensified growth patterns. 	<ul style="list-style-type: none"> Complexity - DC rate calculations and administration is more complex with DC Area Rating of growth cost. For complex combinations (ie. multiple areas, multiple DC Area Rates), may involve significant systems and process changes for tracking collection on an area-by-area basis; more RF's to administer; less financing flexibility than pooled, urban area-wide fund
<ul style="list-style-type: none"> Intensified growth patterns are also believed to reduce per capita operating cost. 	<ul style="list-style-type: none"> difficult to define and justify exact boundaries of areas receiving differential benefit for most services
<ul style="list-style-type: none"> Useful in supporting front ending arrangements for servicing specific areas 	<ul style="list-style-type: none"> difficult to measure how much differential DC rates affect market choices as to location and housing type.
	<ul style="list-style-type: none"> difficult to predict rate outcomes for various services until all DC rate calculations are completed

vii. Preliminary conclusions reached

Considering all factors, Administration has drawn the following conclusions:

- a) The City of London should embark on some form of DC area rating to support its policy on infill and intensification;
- b) we should look closely at how the various DC component charges are distributed for the sake of fairness;
- c) The current system of “urban area wide” averaging of costs (ie. not including DC rural areas) also has merit. A cautious approach to introduction of further DC rate differentiation on the basis of area will ensure we do not lose all the benefits of a “urban wide” approach through massive changes to the current policy.

Based on these conclusions, further review to determine what services and areas to distinguish was undertaken, and is described below.

RECOMMENDED APPROACH

At the outset, it should be noted that the City of London is growing in a 360° pattern. The task of defining areas of benefit in this scenario is more complex, and financially riskier, than for municipalities that are growing on one or two fronts.

DC Area specific rating requires the drawing of boundaries that define where benefits of growth expenditures are markedly different from other areas. The staff review of the potential for DC area specific rates proved difficult to determine where definitive boundaries should be drawn. The drawing of boundaries can create “winners and losers” in the rates in one area vs. another. We have attempted to be cautious in recommending DC service components and boundaries that seem to be good candidates for DC area specific rating. What may be considered a good boundary to one person, may not be considered fair to a neighbouring landowner on the other side of a boundary line.

All the various growth services were considered (ie. Transportation, Water, Wastewater, etc.) to assess their suitability for differential area rates. The review was conducted using the following criteria to identify what we believe are suitable candidate services for DC area specific rating:

- i. the service provides obviously different benefits in one area, versus another;
- ii. there is a clear delineation that can be made between areas that enjoy substantially different benefits;
- iii. Arguably, the benefits that a differential rate produces outweigh the cost of establishing a differential rate.

The review using these criteria is provided in detail in **Appendix A**.

The results of the service by service review outlined in **Appendix A** suggest that the City should employ a special DC area specific rate for a single DC component – the SWM component of the charge. The area proposed for differential rating is the Central Thames Watershed area. That area is mapped out in **Appendix B**. It is important to recognize that development within the Central Thames Watershed Area does not require the use of stormwater management ponds. Despite the legislated authority to recover fees on a municipal wide basis, it is intuitively appropriate to discontinue assessing a development charge to such a large area to pay for such ponds where there is no obligation to construct such ponds.

Of all the services in the City’s current DC by-law quantum, Administration believes only the SWM component of the charge meets the three criteria discussed above. By introducing a single service – SWM facilities – to rate on an area specific basis, we also avoid the complexity of implementing numerous overlapping DC area specific rates. Implementing a DC area rate for even a single service will involve multiple corporate divisions.

Implications

As a result of reducing the area from which SWM charges will be collected, the charges in the urban area benefiting from SWMF's will increase, and the charges in the Central Thames Watershed will likely approach \$0.

Staff have attempted to estimate the effects of the proposed changes on the DC charges for the affected areas, by estimating the new elements of the DC rate calculations – capital costs and growth - that would have been associated with splitting the urban area into two separate areas. The estimate was prepared using 2009 indexed DC rates, and the figures listed below indicate what the approximate rates would have been if the differential rates had been in place today:

- i. Outside the Central Thames Watershed (but inside the “urban area”), the area still subject to the SWM portion charge would likely have increased to approximately \$5000 (currently \$4171) per single family unit. Within the Central Thames Watershed, the development charge would have been \$0.
- ii. The resulting approximate total DC rates – outside the Central Thames Watershed (CTW), for single family unit :\$24,500. Inside the CTW, for single family unit :\$19,500.
- iii. Storm Water quality costs for private permanent on-site facilities will continue to be the responsibility of the individual site developer.

The impacts of the 2014 DC rate calculations and SWM debt profile may affect these comparisons, which are provided to give the reader an ‘order of magnitude’ impact using 2009 figures.

Stakeholder Input

The concept of DC area rates, its opportunities and challenges, and the above recommended policy change have been discussed with the DC External Stakeholder Committee.

The London Development Institute (LDI), as a member of the DC External Stakeholder Committee, has expressed opposition to the recommendation. The full text of their submissions and the supportive submission of the Urban League are contained in **Appendix C**.

ACKNOWLEDGEMENTS

This report has been completed with the assistance of Internal Stakeholder committee consisting of management staff from Planning, Development and Compliance Services, Finance and Engineering.

SUBMITTED BY:	CONCURRED IN:
PETER CHRISTIAANS Director, Development Finance	GEORGE KOTSIFAS Managing Director, Development & Compliance Services & Chief Building Official
RECOMMENDED BY:	RECOMMENDED BY:
JOHN FLEMING Managing Director, Planning and City Planner	MARTIN HAYWARD, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

May 6, 2013

Attach.

- Appendix "A" – DC Services considered for Area Specific Rating
Appendix "B" – DC Area Specific Rating Recommended Option – Central Thames Watershed
Exempt area
Appendix "C" – External Stakeholder comments on DC Area Specific Rate Proposal
- cc. Jennie Ramsay, Manager, Development Services & Engineering Liaison
Terry Grawey, Manager, Development Services & Planning Liaison

APPENDIX A

DC Services considered for Area Specific Rating

The primary considerations staff employed in choosing service(s) to introduce differential DC rates were:

- i. the service provides obviously different benefits in one area, versus another;
- ii. there is a clear delineation that can be made between areas that enjoy substantially different benefits;
- iii. arguably, the benefits a differential rate produces outweigh the cost of establishing a DC area rate.

These considerations were applied to each DC rate component. The results of those considerations are listed below.

a) Transportation – Arterial Road expansion

Consider first the appropriateness of establishing boundaries for differential Transportation rates.

The transportation network is completely interconnected. There are an infinite number of possibilities as to where one might consider the benefit of one arterial road improvement to begin and where it ends. For example, the benefit of improvements to the VMP does benefit the City's Industrial area. However, the road also serves as a gateway for residents who commute from the suburbs, and for the movement of goods and services to and from commercial and institutional establishments in various parts of the City.

The proposed Bus Rapid Transportation system is designed to move people throughout the City. Intensified development should occur along its routes (nodes and corridors). Given that this system is designed to provide maximum flexibility for people movement all over the City, it is impractical to draw lines that indicate which growth areas benefit and which growth would not benefit from these network improvements. We have concluded that all growth areas would benefit from the improved capacity of the road and transit system.

Cars and buses move people and goods across and around the entire City. Consequently, the growth benefit has historically been borne by growth and taxpayers, on a City wide basis. Administration submits that the costs of improving the Transportation network cannot be reasonably allocated on an area by area basis and should continue to be recovered on a city wide basis.

b) Water Supply and Wastewater Treatment Capacity

Expansions to these services are triggered as a result of growth demands on the existing capacity. Once systems reach a certain level, extra capacity is needed.

The ability of the City to redirect sewage flows from one plant to another provides flexibility and helps optimize the capacity, before expansions are constructed. A wastewater plant addition to Adelaide, will free up capacity at Greenway, through valves that redirect the flows. So the area of benefit of these two plants is essentially a single area that serves the catchment area of both plants.

Also, the level of expenditure does not vary based on where the development occurs. Bringing the Southeast reservoir on line will benefit development in the north, as well as the south. There is no strong argument in favour of establishing different charges for different areas for these service expansions.

c) Water distribution

Like roads, the water distribution system forms part of an interconnected network of pipes. As such, it is extremely difficult to determine the benefit area of improvements to any one link in the system. System improvements in one location may improve service in areas quite remote from the actual location of the improvement.

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For these reasons, Administration is recommending that growth related improvements to the Water Distribution system should continue to be rated on a city wide basis.

d) Sanitary and Storm water Pipes

Like roads and water distribution, the systems above form parts of larger networks of pipes.

However, sanitary and storm pipes are not completely interconnected. Rather, they can be described as “tree networks”, where numerous, dispersed areas eventually flow through larger, less numerous pipes, to still larger pipes, to their eventual destination (a receiving pond or stream or wastewater treatment facility).

For large trunk sewers, the area of benefit can be quite large, serving perhaps entire secondary plan areas. Throughout the City, there are currently several “tree networks” for both sanitary and storm sewers which are in various stages of “maturity”.

It may take many years before the full area benefiting from a trunk sewer is built out. From a financial point of view (where there are several “tree networks” around the City) if we were to divide each sewer “branch” into a separate collection area, we would be collecting for many, many years. This reduces financing flexibility of a “pooled approach” to sewer financing.

It is much more desirable that the burden of individual sewers be spread across all growth that benefits from new sewer trunks, rather than recovering individual project costs from each “branch” of growth. This approach provides:

- i. for pooling of revenues, and
- ii. maintains maximum flexibility for a growing City in the use of its DC reserve funds and in addressing the debt needs associated with initiating large pipe projects.

So where there is high probability of new sewers being needed to serve new growth areas, or where the sewer is not near its capacity, pooling the revenues from these areas makes more sense than dividing the areas up into numerous sub areas (with each area being charged a portion of the cost, for recovery over an extended time period). It is appealing from a financial, administrative, and comparative cost perspective. Administration recommends the continued pooling of revenues to finance sanitary and storm pipes in growth areas of the City.

e) Storm Water Management Facilities

Administration believes that this service is a good candidate for area rating.

In a central area of the City (defined as the Central Thames Watershed), there is no requirement for storm water quantity control. This is clearly an area that receives a clearly different benefit. The area can also be clearly drawn on a map. Administration believes this provides good rationale for exemption of building within this area from Storm Water Management charges.

The SWM charges in the 2013 DC rates in comparison to the total DC charge is reflected below:

	<i>2013 DC Rate – Single family residential</i>	<i>2013 DC Rate – Commercial Rate – per sq. m.</i>
CSRF – SWM component ⁽¹⁾	\$ 3,441	\$ 33.10
UWRF – SWM component ⁽¹⁾	\$ 730	\$ 7.74
Total – SWM component in DC charge	\$ 4,171	\$ 40.84

APPENDIX A

Total DC charge for all components ⁽²⁾	\$23,623	\$173.75
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NOTES :

- (1) The table above isolate the approximate amount of the SWM component of the charge, and removes the estimated portion of the charge that relates to Storm Sewer Pipes.
- (2) Total DC charge provided for comparison purposes only

The Central Thames Watershed is recommended as the area for exemption from charges for SWM ponds. This area is identified on the map in **Appendix B**. If Council agrees, the boundary should be perfected as discussed in the Implementation section below.

SWM DC Area Rate Implementation

The process of implementing this area rate charge will require additional administrative effort and potentially, some system changes. It would generally be as follows:

1. Calculate separate DC area charge's for the Central Thames Watershed, the Non-Central Thames, and Rural areas of the City;
2. DC Area charges for this component are projected to be:
 - a. Likely or near zero, for both the Central Thames Watershed and the Rural areas;
 - b. In the remaining non-Central Thames Watershed urban area, charges will be increased over what they otherwise would have been (increase in the neighbourhood of 20% over the current urban area DC rate to approximately \$5000/single family unit)
3. Refine the boundary for the area of exemption, looking at locations where the Central Thames Watershed boundary splits individual properties.
4. Design internal process changes needed to adjust to new collection areas, recording of the revenues.
5. Determine any transitional arrangements necessary.
6. Write revisions to the 2014 DC by-law to implement a DC area rate

f) Soft Services

When discussing this portion of the DC charge, it is worth noting that the "hard service charges" discussed above constitute over 90% of the total charge. The remaining charges for growth related costs (ie. the "Soft Services") for Fire, Police, Growth Studies, Library, Parks and Recreation, and Transit constitute less than 10% of the total DC charge. Therefore, any of the items in the "Soft Services" category that are candidates for area rating would have only a minor differential impact on the charge in one area versus another.

A brief analysis and administrative conclusions on the potential for area rating each of the "soft service" DC charges is set out below:

- Fire
 - Current charge of \$37.10 per single family unit includes facilities, equipment and Firefighter outfitting
 - potential for area rating new fire halls & outfitting in new areas, however, may be difficult to identify exact boundaries of growth benefit
 - some equipment used on region wide basis, therefore more difficult to rationalize area rates for equipment portion of the charge
 - significant new administrative effort in implementing area charges for each new fire station; Immaterial effect on charge in relation to additional effort to implement.
 - Conclusion : continue with City wide charge
- Police
 - Current charge of \$136.04 per single family unit includes facilities, equipment and Police outfitting;
 - Facilities serve large areas of the City – little potential for area rating.

APPENDIX A

- some equipment used on city wide basis, therefore difficult to rationalize area rates
- Conclusion : not a good candidate for area rating; continue with City wide charge
- Growth Studies
 - Current charge of \$260.74
 - Little potential for area rating as growth studies either serve large areas of the City, or more commonly, entire City
 - Conclusion : not a good candidate for area rating; continue with City wide charge
- Library
 - Current charge of \$35.04 per single family unit includes facilities, and collections
 - potential for area rating new libraries and collections in new areas, however, difficult to identify exact boundaries of service areas
 - significant new administrative effort in implementing area charges;
 - Immaterial effect on charge in relation to additional effort to implement.
 - Conclusion : continue with City wide charge
- Transit
 - Current charge of \$242.19 per single family unit includes facilities and vehicles
 - Facilities represent largest portion of charge – facilities generally serve a city wide basis
 - As with roads, buses serve a broad transportation network need, and difficult to identify boundaries of growth benefit
 - significant new administrative effort in implementing area charges; Immaterial effect on charge in relation to additional effort to implement.
 - Conclusion : not a good candidate for area rating; continue with City wide charge

The conclusions above are consistent in that none of the soft service charges are recommended as good candidates for area rate benefit.

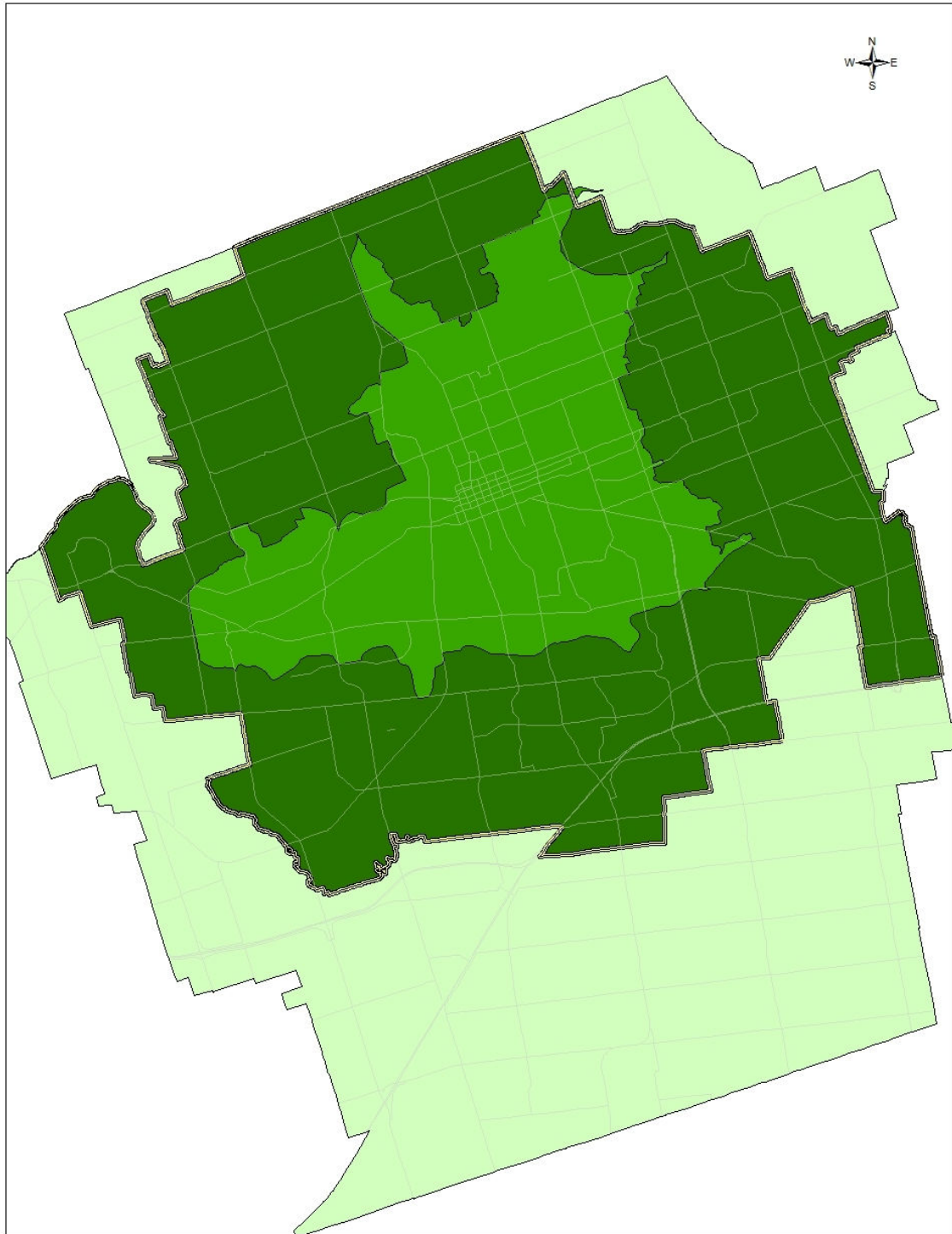
Conclusion

Of all the services in the City's current DC by-law quantum, Administration believes only the SWM component of the charge meets the three criteria discussed at the outset.





This represents a good candidate for venturing into the realm of DC Area Rates as it is material in amount, defensible as to boundary lines, and significant enough to warrant the additional administrative effort in tracking the collection of the charge from the designated area.

This concludes the analysis on suitability of various services as candidates for area rating.

DC Area Specific Rating Proposed Option: SWM Rate Areas



Legend

-  Central Thames Subwatershed Area
-  Non-Central Thames Subwatershed Area - Urban
-  Non-Central Thames Subwatershed Area - Rural
-  Urban Growth Boundary

0 0.75 1.5 3 4.5 6 Kilometers

April 29, 2013

External Stakeholder Comments on DC Area Specific Rate Policy

1. London Development Institute comments on DC Area Specific Rate Proposal - April 3, 2013

Legend for LDI comments:

City summary policy direction (bold)

Comments Received from the London Development Institute (italics)

Different DC Fees – Stormwater Development Charge Areas:

- o Central Thames subwatershed area;
- o Non- Central Thames subwatershed area – Urban; and
- o Non- Central Thames subwatershed area – Rural.

Due to the nature of the stormwater criteria within the Central Thames subwatershed area, it is anticipated that all SWM works in the area will be deemed as local services to be funded entirely by the Developer.

- *This policy may discourage Infill and Intensification (I & I) projects by placing the total cost of SWM works onto the developer with no claim for reimbursement from the DC funds.*

2. Subsequent LDI Comments on DC Area Specific Rate Proposal – May 3, 2013

Area Rating

- The current City wide SWM rate averages stormwater management costs across the City to the benefit of the whole of the City and the water quality of the Thames River
- The City of London uses the “system approach” for stormwater and its cost is shared on a City wide basis
- The proposed three rate system will cause the SWM DC charges outside of the Central Thames Area (CTA) to rise
- The proposed change sets two “level of standards” for stormwater quality in the City
- Storm ponds outside the CTA hold back stormwater and allow queuing time for the water in the CTA to get to the river and the CTA should pay a storm charge for this benefit
- The storm water charge for the CTA could fund SWM quality ponds in the core area to be used as a means to cleanup existing storm flows of sand and grit to the same level of quality as the new development areas
- Stormwater quality ponds or new storm septors on existing storm systems in the CTA will help the City meet the intent of the Thames River Clean Water Revival program that has been initiated for the Thames River being recognized as a heritage River
- Core area quality control ponds could be used as amenity areas in new developments like the South Street Hospital Lands redevelopment or the London Hydro lands redevelopment
- New development outside of the CTA are required to pay a SWM DC charge and pay for onsite storm water manage works as Part of the PPS policy in the city

External Stakeholder Comments on DC Area Specific Rate Policy

3. Urban League Comments on DC Area Specific Rate Proposal

The Urban League has the following comments on the policy recommendations presented at the March 8th meeting.

.....the longer term benefits for taxpayers are best protected through a city wide DC (*referred to in this report as the “urban area” charge*) and through making stormwater works in the built up areas (Central Thames subwatershed) local works. We recommend the following clarifications:

- In setting the proposed SWM Rate Areas, it be made clear how Non Central Thames – Urban and Non Central Thames – Rural are distinct geographic areas and that the costs of any works that benefit future development in the “Rural” area, be captured in the appropriate DC by law