
TOWN OF SAUGEEN SHORES



DEVELOPMENT CHARGES BACKGROUND STUDY TO AMEND BY-LAW 56-2021 AND PROPOSED AMENDING BY-LAW

FINAL REPORT



DFA Infrastructure International Inc.

May 9, 2023



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May 9, 2023

Jay Pausner
Supervisor, Development Services
Town of Saugeen Shores
600 Tomlinson Drive
Port Elgin, Ontario
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Dear Jay,

**Re: Town of Saugeen Shores
Development Charges Background Study to Amend By-law 56-2021
and Proposed Amending By-law**

We are pleased to submit a revised draft Development Charges (DC) Background Study and proposed by-law that considers comments received at the April 11th Public meeting. The revised draft Development Charges (DC) Background Study and proposed by-law amends the Town's current DC By-law 56-2021 with the incorporation of changes to the Indoor Recreation Services development charge that reflect updated cost estimates and cost allocations for the proposed Aquatic and Wellness Centre.

Please do not hesitate to call if you have any questions.

Respectfully Submitted by,

DFA Infrastructure International Inc.

A handwritten signature in black ink, appearing to read 'Derek Ali'.

Derek Ali, MBA, P.Eng.
President

Executive Summary

ES-1 Purpose

This document is the Development Charges (DC) Background Study and its main purpose is to:

- Document the calculations of the updated Indoor Recreation DC rates;
- Present the proposed By-Law to amend the existing DC By-Law 56-2021; and
- Meet the requirements of the DCA and O.Reg.82/98.

ES-2 Services Included

The service identified in Table ES1 is covered in this DC background study based on the eligibility requirement of the Development Charges Act (DCA), the DC By-law 56-2021 and the proposed amendment thereto.

Table ES-1: Eligible Services

Service Included in DC Calculations
<ul style="list-style-type: none">• Indoor Recreation Services<ul style="list-style-type: none">- Facilities- Land- Furniture & Equipment

ES-3 Population Growth

As this background study only addresses an update to the Indoor Recreation Services DC rate calculation, only the residential population growth projections will be presented. As in the previous DC Background Study, it has been assumed that indoor recreation services benefit only the residential population.

Residential population growth is summarized in Table ES-2. These estimates were used to calculate the service level caps, allocating costs between existing residential population and new residential growth and calculating the Indoor Recreation Services DC rates.

The residential population growth over the 10-year period is projected to be 4,026 and 8,352 to build out. The growth in number of units is 1,723 over the next 10 years and 3,487 to build out. Residential population growth over the 10- year period in the new units is 3,624 and 7,297 to buildout.

Table ES-2: Population Growth & Dwelling Units

Dwelling Type	Persons Per Unit (PPU) ¹	10-Year Development Charges Study Period (2023-2032)		Beyond 10 Years (2033-2042)		Total to Build Out (2023-2042)	
		No. of Units	Population Growth	No. of Units	Population Growth	No. of Units	Population Growth
Single-Detached & Semi-Detached	2.76	598	1,650	604	1,666	1,202	3,317
Rows & Other Multiples	1.81	409	740	335	606	744	1,346
Apartments	1.50	615	923	725	1,087	1,340	2,010
Seasonal	3.10	100	310	101	313	201	623
Population Increase in New Units		1,723	3,624	1,764	3,673	3,487	7,297
Population to be housed in Existing Units			402		653		1,055
Census Population Increase			4,026		4,326		8,352

ES-4 Recoverable Growth Related Capital Needs

The capital cost eligible for recovery through the development charges after deductions and adjustments is summarized in Table ES-3. The \$6.4 million in costs to be recovered from development charges over the next 10-years reflect 2024-2032 debt servicing costs related to a \$13.9 million debenture proposed to be issued to finance the growth-related component of the Aquatic and Fitness Centre, adjusted down by \$1.5 million in costs to be carried forward to the next DC Study. This adjustment was necessary as the total 2024-2032 debt servicing costs of \$7.9 million exceeded the calculated \$6.4 million service level cap by \$1.5 million. A service level cap is required to be applied to net capital costs to ensure that the level of service provided to future growth does not exceed the average level of services provided to past residents over the previous 15-year period. Regarding the recovery of future growth-related cost of the Aquatic and Fitness Centre, future DC Studies will include the debt servicing of the growth-related debt over a 10-year period, plus any post period capacity carried forward from the previous DC Study. It is estimated that \$18.5 in debt servicing beyond 2032 will be included for cost recovery in future DC studies. Other eligible Indoor Recreation Services capital costs could also be considered in future DC Studies, such as the equipment and other capital costs reflected in the December 15, 2022 staff report titled Aquatic and Wellness Centre Detailed Design and Budget Approval, a copy of which is provided as Appendix C.

Table ES-3: Total DC Eligible Costs for Recovery

Service	Net Capital Cost	Service Level Cap	Costs to be Carried Forward	Total DC Eligible Cost for Recovery
Indoor Recreation Services	\$ 7,931,061	\$ 6,440,596	\$ 1,490,465	\$ 6,440,596

ES-4 Calculated Development Charges

The calculated residential development charges by type of dwelling unit are presented in Tables ES-4. The charges were based on:

- Occupancy rates (persons per unit - PPU) of 2.76, 1.81, 1.70, 1.18 and 0.36 are used for single & semi-detached, other multiples, apartments - 2 or more bedrooms, apartments - bachelor and 1 bedroom and trailer units respectively.
- The PPU for the average apartments is 1.50 as detailed in the Hemson Consulting Memo dated May 29, 2018. To remain consistent with the existing DC By-law the PPU for large and small apartments was not changed.
- PPU for trailer units was not changed from the existing DC By-law.
- Water and wastewater are charged to developments that are connected to those services.
- All charges will be subject to annual indexing in accordance with O.Reg.82/98 Section 7.

Table ES-4: Calculated Development Charges

Service	Residential Charge By Dwelling Type				
	Singles & Semis	Other Multiples	Apartments 2+ Bedrooms	Apartments Bachelor or 1 Bedroom	Trailer Units
Indoor Recreation	\$ 4,883	\$ 3,202	\$ 3,007	\$ 2,087	\$ 637

ES-5 Comparison with Existing Charges

The existing and calculated residential development charges are compared in Table ES-5. Table ES-5 shows increases in residential charges for all residential development types.

Table ES-5: Proposed vs. Existing Residential Development Charges

Charges	Residential Charge By Dwelling Type				
	Singles & Semis	Other Multiples	Apartments 2+	Apartments Bachelor or	Trailer Units
2023 Indoor Recreation	\$ 2,587	\$ 1,467	\$ 1,378	\$ 956	\$ 292
Recalculated Indoor Recreation	\$ 4,883	\$ 3,202	\$ 3,007	\$ 2,087	\$ 637
Change in Rates	\$ 2,296	\$ 1,735	\$ 1,629	\$ 1,131	\$ 345

ES-6 Recommendations

The following are the recommendations presented for consideration by the Town.

1. That the Draft Development Charges Background Study and Draft Amending By-Law be posted on the Town's website before March 27th for public review in accordance with the requirements of the Development Charges Act, 1997 Section 10 (4).
2. That following approval of the by-law, the required notices are issued to the public and stakeholders and a pamphlet is prepared, in accordance with O.Reg.82/98 Section and O.Reg. 82/98 Section 14 respectively.
3. That the growth-related capital projects forecast identified in this Development Charges Background Study be approved by Council as a statement of its intention to meet the increased need for service due to growth, as required under O.Reg.82/98 Section 3.
4. That any excess capacity created as a result of undertaking the growth-related capital projects identified in this background study would be paid for by development charges and therefore deemed to be "committed" in accordance with the requirements of O.Reg.82/98 Section (5).

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1 Introduction

1.1 Background

The Town of Saugeen Shores (Town) is a lower tier municipality within Bruce County with a population of approximately 16,700 residents. It provides a wide range of services to its residents and businesses for which development charges are currently collected through DC By-law 56-2021 that was approved July 19th, 2021, to come into force August 8, 2021. These services to which development charges are collected include:

- Library Services
- Fire Protection Services
- Police Services
- Indoor Recreation Services
- Outdoor Recreation Services
- Storm Drainage
- Public Works
- Waste Management Services
- Roads and Related
- Water Services
- Wastewater Services

Since the passing of the DC By-law 56-2021, changes have occurred in respect to the Indoor Recreation Services growth-related capital needs and cost allocation information.

At the October 11, 2022 Council meeting, Council approved the location of the new Aquatic and Wellness Centre on the Plex site, provided direction on the main elements affecting square footage of the building, and directed staff to return with the detailed design and budget estimate for construction. Staff Report titled Aquatic and Wellness Centre Detailed Design and Budget Approval was received by Council on December 15, 2022 which, among other things, presented the Capital Finance Plan and identified updated growth-related capital needs in relation to Indoor Recreation Services.

The Development Charges (DCs) Background Study and DC By-law 56-2021 included a new pool project with an estimated cost at \$29.0 million. This project is now estimated at \$49.9 million. As such, to ensure that the growth-related costs related to this project can be recovered from anticipated new growth, DC By-law 56-2021 will need to be amended to incorporate the new cost and cost allocation information into the DC by-law.

1.2 Purpose of this Document

This document is the DC Background Study and its main purpose is to:

- Document the calculations of the updated Indoor Recreation Services DC rates;
- Present the proposed By-Law to amend the existing DC By-Law 56-2021; and
- Meet the requirements of the DCA and O.Reg.82/98.

2 Study Methodology

2.1 Steps in Calculating Development Charges

The methodology for this study very closely follows the methodology prescribed by the DCA particularly Section 5(1) and O.Reg. 82/98. The steps are outlined in Table 2-1.

Table 2-1: Study Methodology

DC Background Study Steps
Step 1: Review Development Charges Act, 1997 (DCA) Requirements, including the recent amendments to the DCA resulting from the More Homes Build Faster Act, 2022 (See Section 3)
<ul style="list-style-type: none">• The DCA, O.Reg.82/98 and the More Homes Built Faster Act were reviewed to confirm requirements and their application to the Town's situation.
Step 2: Develop Policy Framework
<ul style="list-style-type: none">• The existing By-law No.56-2021 was reviewed to identify existing policies, rules and charges set by the Town.• It is expected no policies will be reviewed in this amendment to DC By-law 56-2021.
Step 3: Identify Services Eligible for DCs
<ul style="list-style-type: none">• Indoor Recreation Services was identified for consideration for inclusion as noted in this study. This service meets the eligibility requirements of O.Reg.82/98 Section 2.1.
Step 4: Determine Population Growth
<ul style="list-style-type: none">• The growth-related data and information were reviewed.• Residential population growth was determined for the 10-year period 2023 – 2032 and the build out period 2033 – 2042. This considered the decline in population as well such that the “net” growth was used.• Household growth was determined for the 10-year period 2023 – 2032 and the build out period 2033 – 2042.• The number of persons per household (PPU) was determined for each type of household.• The location of new growth was assumed to

DC Background Study Steps

be across the Town.

Step 5: Determine Historical Service Levels

- The historical service level is required to be calculated for Indoor Recreation Services.
- The historical population served by Indoor Recreation Services was determined.
- The quantity (floor area, number of equipment, etc.) and quality (cost per square metre, per unit, etc.) for Indoor Recreation Services for each year over the historical 15 years was determined.
- The average service level (cost per population) for the historical 15-year period 2008 – 2022 inclusive was determined.

Step 6: Determine the Net Capital Costs to be Recovered from Development Charges

Step 6.1: Identify Growth Related Capital Needs (Gross)

- Staff Report dated December 15, 2022 titled Aquatic and Wellness Centre Detailed Design and Budget Approval was reviewed to identify growth-related capital needs.
- The forecast period used for projecting capital costs was 10 years (2023-2032).
- Input from staff was also obtained on growth-related capital projects.
- The Indoor Recreation Services growth-related capital forecast was developed for the period 2023-2032 inclusive showing the gross capital cost of each project.

Step 6.2: Undertake Statutory & Other Deductions

- Any approved grants or third-party funding that are expected to be received to reduce the cost of each project were deducted from the gross cost.
- The portion of each project that will benefit the existing population was determined and deducted from the net cost after grants and third-party funding were deducted

Step 6.3: Further Adjustments after Deductions

- The DCA Section 5(1) does not define uncommitted excess capacity but requires that it be deducted from the increased need for services to accommodate the new growth.
- Any credits related to existing front-end agreements were identified and added to the capital projections in accordance with O.Reg. 82/98 Section 5.
- The deduction of uncommitted excess capacity was deemed to have been done during the planning stages when capacity was assessed to determine the need for capacity expansions hence the new projects.
- Any eligible debt or reserve deficits were identified and added to the capital forecasts.
- The remaining amounts were adjusted by any uncommitted reserve balances because these funds are available for use to offset the growth-related costs.

DC Background Study Steps

Step 6.4: Apply Service Level Caps

- The historical average service level (Cost per Population) was multiplied by the projected population growth for the forecast period to obtain the maximum amount (cap) that could be recovered through the DCs.
- The lower of the service level cap or the net capital cost for the forecast period was used as the amount to be recovered through DCs.

Step 7: Calculate the Residential and Non-Residential Development Charges

Step 7.1: Allocate the Net Capital Cost of each Service to Residential and Non-Residential

- The need for allocating costs between the residential and non-residential sectors was not required as Indoor Recreation Services benefit the residential sector only.

Step 7.2: Calculate the Residential Unadjusted Rates

- The cost allocated to the residential sector for each service was divided by the residential population growth over the applicable period to arrive at a cost per residential population (cost per capita). The result was the unadjusted residential development charge per capita.

Step 7.3: Undertake Cash Flow Analyses

- A cash flow analysis was completed with anticipated expenditures, anticipated revenues based on the calculated development charges, interest earned on positive annual balances and interest accrued on negative annual balances over the 10-year period. Expenditures, revenues and rates were inflated over the period.
- The residential development charge (cost per population for residential) for Indoor Recreation Services is adjusted to obtain a net zero balance for each reserve at the end of the 10th year. This becomes the "adjusted" development charge rate.

Step 7.4: Calculate Proposed Development Charges

- The adjusted rate per population was converted to a charge per unit for single detached dwelling units, multiple dwelling units and apartments and trailer units using the appropriate persons per unit (PPU).

Step 8: Proposed Development Charges Comparison

- The proposed Indoor Recreation development charges

DC Background Study Steps

were compared with the existing charges.

Step 9: Assess Long-term Capital & Operating Cost Impacts

- The long-term increase to operating costs of the new facility was based on the tax levy impact project contained in staff report titled Aquatic and Wellness Centre Detailed Design and Budget Approval dated December 15, 2022.
- The life expectancy for the new facility was estimated based on professional judgement.
- Annuities were calculated for the future replacement of the growth-related assets and funding.
- The long-term increases to capital costs as a result of implementing the growth-related infrastructure were estimated. This was based on the portion of capital costs not funded by the DCs but funded from taxes.
- The future replacement cost of each asset was determined.

Step 10: Prepare Draft Background Study & Draft By-Law

- The Draft Background Study (this document) was prepared in accordance with the requirements of the DCA Section (10) and O.Reg.82/98 Section (8)
- The Draft Amending By-Law (proposed) was prepared in accordance with the DCA Section (6)

Step 11: Undertake Stakeholder Consultation

- The Draft Background Study and Draft By-law was made available for public/ stakeholder review at least 60 days prior to approval of the by-law.
- Notice for the public meeting held April 11, 2023 to obtain public/ stakeholder comments on the Draft Background Study and Draft By-law was issued at least 20 days in advance of the meeting.
- The Draft Background Study and Draft By-law were made available to the public/ stakeholders at least 2 weeks prior to the public meeting.

Step 12: Approval & Implementation of Final Background Study and Final By-Law

- Comments received from stakeholders was considered and no substantive changes were made to the Draft Background Study and Draft By-law.
- The Final Background Study and Final By-law has been prepared.
- Notice of approval of DC By-law will be given within 20 days of final approval by Council.
- A pamphlet will be prepared (within 60 days of approval of the by-law) containing the items noted in O.Reg.82/98 Section 14(1) and make available to the public.

2.1 Data Sources

The primary sources of data used to prepare this Background Study are listed in Table 2-2. In addition, information was also developed from discussions with and input from the Town's staff, as required.

Table 2-2: Background Study Data Sources

Item	Data Source
Services to be Included	<ul style="list-style-type: none"> Input from staff
Historical Residential Population and Future Growth	<ul style="list-style-type: none"> Statistics Canada 2016 Census 2021 Development Charges Background Study 2018 Memo from Hemson Consulting on Growth Information from the Town on new development
Historical Employment Population and Future Growth	<ul style="list-style-type: none"> Statistics Canada 2016 Census 2021 Development Charges Background Study 2018 Memo from Hemson Consulting on Growth Information from the Town on new development
Household Projections	<ul style="list-style-type: none"> CMHC Statistics Canada 2016 Census 2021 Development Charges Background Study 2018 Memo from Hemson Consulting on Growth Information from the Town on new development
Historical Service Level Information	<ul style="list-style-type: none"> The Town's PSAB 3150 Data Information supplied by the Town 2021 Development Charges Background Study
Growth Related Capital Costs	<ul style="list-style-type: none"> December 15th, 2022 Staff Report titled Aquatic and Wellness Centre Detailed Design and Budget Approval Staff Input
Operating Costs	<ul style="list-style-type: none"> December 15th, 2022 Staff Report titled Aquatic and Wellness Centre Detailed Design and Budget Approval
Policies & Rules	<ul style="list-style-type: none"> By-Law No. 56-2021 Input from staff

3 Step1: Development Charges Act 1997 (DCA) Requirements

3.1 General Requirements

In Ontario the governing legislation for development charges is the Development Charges Act (1997), O.Reg. 82/98 and O.Reg.192/07. The latter regulation applies only to the Toronto-York Subway Station and is not relevant to this background study. As previously noted in this report, the DCA was recently amended with the passing of the More Homes Built Fast Act 2022. These amendments have been considered in the preparation of this study.

The DCA Section 2 (1) allows municipalities to establish by-laws to impose development charges “against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the by-law applies”. In accordance with the DCA Section 2(2),

“A development charge may be imposed only for development that requires,

- (a) *the passing of a zoning by-law or of an amendment to a zoning by-law under section 34 of the Planning Act;*
- (b) *the approval of a minor variance under section 45 of the Planning Act;*
- (c) *a conveyance of land to which a by-law passed under subsection 50 (7) of the Planning Act applies;*
- (d) *the approval of a plan of subdivision under section 51 of the Planning Act;*
- (e) *a consent under section 53 of the Planning Act;*
- (f) *the approval of a description under section 9 of the Condominium Act, 1998; or*
- (g) *the issuing of a permit under the Building Code Act, 1992 in relation to a building or structure. ”*

The DCA and O.Reg. 82/98 are very prescriptive in the services and costs that can be included in the DC calculations and how the calculations are to be undertaken. They also prescribe the stakeholder consultation and other requirements for implementation of development charges.

In general, the DCA and O.Reg.82/98 identify the following:

- The information must be presented in the background study
- The services for which DCs may be recovered
- The need to calculate the 15-year historical service levels to determine the maximum cost (cap) that may be included in the DC calculations.
- The requirement to determine “excess capacity” within the current services and whether or not such excess capacity is committed or available to facilitate new growth
- The period for forecasting costs. This is 10 years for Indoor Recreation Services
- The eligible and ineligible capital costs for inclusion in the DC calculations

- Required reductions to gross capital costs of DC related projects
- Creation and maintenance of dedicated reserve funds for each service
- Stakeholder consultation and notices and their timing
- The contents and effective period of the by-law (5 years)
- Protocol for appealing the proposed development charges
- Rules for collection of development charges including mandatory exemptions

Further details on the requirements of the DCA and O.Reg.82/98 are available by referencing these documents at www.ontario.ca/laws/statute/97d27 .

3.2 Prescribed Calculation Methodology

The methodology for calculating development charges is defined by the specific requirements of the DCA and O.Reg. 82/98 and is very consistent across Ontario.

The DCA Section 5(1) states that: *"The following is the method that must be used, in developing a development charge by-law, to determine the development charges that may be imposed:*

1. *The anticipated amount, type and location of development, for which development charges can be imposed, must be estimated.*
2. *The increase in the need for service attributable to the anticipated development must be estimated for each service to which the development charge by-law would relate.*
3. *The estimate under paragraph 2 may include an increase in need only if the council of the Town has indicated that it intends to ensure that such an increase in need will be met. The determination as to whether a council has indicated such an intention may be governed by the regulations.*
4. *The estimate under paragraph 2 must not include an increase that would result in the level of service exceeding the average level of that service provided in the Town over the 10-year period immediately preceding the preparation of the background study required under section 10. How the level of service and average level of service is determined may be governed by the regulations. The estimate also must not include an increase in the need for service that relates to a time after the 10-year period immediately following the preparation of the background study unless the service is set out in subsection (5).*

5. *The increase in the need for service attributable to the anticipated development must be reduced by the part of that increase that can be met using the Town's excess capacity, other than excess capacity that the council of the Town has indicated an intention would be paid for by new development. How excess capacity is determined and how to determine whether a council has indicated an intention that excess capacity would be paid for by new development may be governed by the regulations.*
6. *The increase in the need for service must be reduced by the extent to which an increase in service to meet the increased need would benefit existing development. The extent to which an increase in service would benefit existing development may be governed by the regulations.*
7. *The capital costs necessary to provide the increased services must be estimated. The capital costs must be reduced by the reductions set out in subsection (2). What is included as a capital cost is set out in subsection (3). How the capital costs are estimated may be governed by the regulations.*
8. *Rules must be developed to determine if a development charge is payable in any particular case and to determine the amount of the charge, subject to the limitations set out in subsection (6).*
9. *The rules may provide for full or partial exemptions for types of development and for the phasing in of development charges. The rules may also provide for the indexing of development charges based on the prescribed index".*

4 Step 2: Policy Framework

4.1 Existing Development Charges By-Law No. 56-2021

The existing DC By-Law No. 56-2021 was approved by the Town's Council on July 19, 2021 to come into force August 8th, 2021. The by-law will remain effective until expiry on August 7, 2026. Some of the main features of the existing by-law include:

- Identifying the following services for which the DCs are currently collected:
 - Library Services;
 - Fire Protection Services;
 - Police Services;
 - Indoor Recreation Services;
 - Outdoor Recreation Services;
 - Public Works;
 - Waste Management Services

- Roads and Related;
- Storm Drainage;
- Water; and
- Wastewater.
- Establishing rules for exemptions, industrial buildings expansions and redevelopment of existing properties.
- Establishing DC reserve funds for each service;
- Collecting residential DCs on per “dwelling unit” the basis times the number of dwelling units;
- Setting residential DCs for the following types of dwelling units:
 - Single and Semi Detached Dwelling;
 - Other Multiples
 - Apartments - 2 or more Bedrooms;
 - Apartments – Bachelor and 1 Bedroom; and
 - Trailer Units.
- Collecting non-residential DCs on the basis of GFA which is consistent with industry practise;
- Setting non-residential DCs for the following types development:
 - Commercial

4.2 Policy Direction

The policies used in preparing this draft were guided by the existing DC By-law 56-2021 as described in Section 4.1. It is expected no policy items will be reviewed in this amendment to By-law 56-2021.

5 Step 3: Services Eligible for Development Charges

Eligibility criteria for a service to be included for cost recovery in a development charges by-law is noted in the Development Charges Act Section 2(4). Parks and Recreation Services (but not the acquisition of land for parks) is noted. As such, Indoor Recreation Services, including the Aquatic and Wellness Centre, is eligible for inclusion in this study.

6 Step 4: Population and Employment Growth

The DCA Section 5(1) requires that *“the anticipated amount, type and location of development, for which development charges can be imposed, must be estimated”*. Therefore estimated future growth in new households over the study period and the location of such growth is required for the calculations. Determination of net historical growth over the last 15 years is also required to determine the historical service levels. The lower of the projected net and gross residential and employment population growth are used to determine the service level caps. Population growth in new households and employment growth are used to allocate costs between residential and non-residential growth and calculate the development charges on a per capita and per square metre basis for residential and non-residential respectively. As noted previously, it is assumed that Indoor Recreation Services only benefit the residential population.

In Bruce County, provincial and regional planning direction for accommodating population and employment growth and related development is provided by the Provincial Policy Statement (PPS), the Growth Plan for the Greater Golden Horseshoe (Growth Plan) and Bruce County's Official Plan. In spring 2018 the Province released its population update for the period 2017 to 2041 build out. In May 2018, the Town also updated its residential and employment population forecasts to reflect the 2016 Statistics Canada Census information and latest development activity. These information sources, the 2016 Statistics Canada 2016 Census data, Canada Housing & Mortgage Corporation (CMHC) and current subdivision plan applications form the basis of the growth forecasts for the study.

Appendix A provides the residential projections for:

- The 15-year historical period 2008 to 2022;
- The 10-year study period 2023 to 2032; and
- The build out period 2033 to 2042

To ensure a minimum of 20 year of growth was presented in this study, build out was extended to 2042 where the residential growth reflected in 2041 was assumed to also occur in 2042. The annual growth is assumed to be linear between the milestone years.

6.1 Residential Growth

Table 6-1 summarizes the growth in residential population and dwelling units over the next 10 years (2023 - 2032) and to build out (2023 -2042). The growth in population for the 10-year period is 4,026 and 8,352 to 2042.

Table 6-1: Residential Population and Dwelling Unit Growth (2023-2042)

Town Wide	10-Year Development Charges Study Period (2023-2032)	Beyond 10 Years (2033-2042)	Total to Build Out (2023-2042)
Population	4,026	4,326	8,352
Dwelling Units	1,723	1,764	3,487

The number of new dwelling units is projected to be 1,723 over 10 years and 3,487 to 2042. Recent development applications indicate a good mix of dwelling types can be anticipated over the study period as shown in Table 6-2. Single and semi-detached is expected to account for approximately 35% of the new dwellings, rows and other multiples 21%, apartments 38% and seasonal units 6%.

Table 6-2: Dwelling Unit Mix (2023-2042)

Dwelling Type	10-Year Development Charges Study Period (2023-2032)	Beyond 10 Years (2033-2042)	Total to Build Out (2023-2042)	% of Total ¹
Single-Detached & Semi- Detached	598	604	1,202	34.46%
Rows & Other Multiples	409	335	744	21.33%
Apartments	615	725	1,340	38.44%
Seasonal	100	101	201	5.76%
Total Increase in Dwelling Units	1,723	1,764	3,487	100%

1. Housing Mix Percentages based on types of units projected over the forecast period

The residential growth to be accommodated in these new units is projected to be 3,624 by 2032 and 7,297 to build out as shown in Table 6-3. The population to be accommodated in new units is less than the total population growth suggesting that some of the population growth would be accommodated in existing units.

Table 6-3: Population in New Dwelling Units (2023-2042)

Dwelling Type	Persons Per Unit (PPU) ¹	10-Year Development Charges Study Period (2023-2032)		Beyond 10 Years (2033-2042)		Total to Build Out (2023-2042)	
		No. of Units	Population Growth	No. of Units	Population Growth	No. of Units	Population Growth
Single-Detached & Semi-Detached	2.76	598	1,650	604	1,666	1,202	3,317
Rows & Other Multiples	1.81	409	740	335	606	744	1,346
Apartments	1.50	615	923	725	1,087	1,340	2,010
Seasonal	3.10	100	310	101	313	201	623
Population Increase in New Units		1,723	3,624	1,764	3,673	3,487	7,297
Population to be housed in Existing Units			402		653		1,055
Census Population Increase			4,026		4,326		8,352

1. Table 7, Hemson Consulting Ltd. Memorandum dated May 29 2018 - Updated Development Residential and Non-Residential Forecasts

7 Step 5: Historical Service Levels

The DCA Section 5(1)4 limits the level of service to be provided to new customers to the same as the average level of service over the 15-year period immediately preceding the year of the new DC Background Study. This requirement ensures that improvements to existing service levels are not funded by the new development charges. Accordingly, the capital cost to be recovered through the development charges must not exceed an amount (referred to as the service level “cap”) using the 15-year historical service level as the basis. This requirement applies to Indoor Recreation Services.

The amount of the cap is calculated by first determining the average historical cost per population. The inventory of historical services (e.g., facilities gross floor areas, number of units of equipment, etc.), current replacement costs and the historical populations are used to calculate the average historical service level. These satisfy the requirements of O.Reg. Section 4(1) which state that the quantity (number of units of equipment, etc.) and quality (e.g., cost per unit) of the services must be taken into account. The cap is calculated by multiplying the average service level (cost per population) by the projected population over the next 10 years. The inventory and replacement costs were provided by the Town. The historical average service level cap for Indoor Recreation Services was calculated at \$6.4 million. The service level cap was used to adjust the capital costs in calculating the net amount to be recovered through the development charges. This is further described in Section 8.5. The detailed tables showing the historical service level calculations for Indoor Recreation Services is included in Appendix B.

8 Step 6: Net Growth-Related Capital Cost

Since the passing of the DC By-law 56-2021, changes have occurred in respect to the Indoor Recreation Services estimated capital needs and cost allocation information. Staff Report titled Aquatic and Wellness Centre Detailed Design and Budget Approval was received by Council on December 15, 2022, which, among other things, presented the Capital Finance Plan and identified updated capital costs in relation to the Aquatic and Wellness Centre. The Development Charges (DCs) Background Study and DC By-law 56-2021 included this project with an estimated cost of \$29.0 million. As noted in the staff report the proposed Aquatic and Wellness Centre is now estimated at \$49.9 million.

This Section presents the capital cost related to the proposed Aquatic and Fitness Centre and all required deductions and allowable adjustments made in accordance with the DCA and O.Reg.82/98 to arrive at this project's growth-related capital costs used in calculating the DC charge. The service level cap as noted in Section 7 is then applied to this amount to identify the net costs to be recovered from development charges. Staff Report titled Aquatic and Wellness Centre Detailed Design and Budget Approval dated December 15, 2022, is attached as Appendix C.

8.1 Step 6.1: Growth Related Capital Needs

Table 8-1 presents the gross cost for the proposed Aquatic Centre and Wellness Centre before the required deductions and allowable adjustments were made. The \$49.9 million consists of costs related to both the Aquatic and Wellness Centre estimated at \$41.5 million and the Workplace 2.0 Renovation and Construction estimated at \$5.5 million. The estimated Contingency and Escalation costs of \$1.4 million and \$1.6 million respectively were allocated proportionally between the two project components. As such, of the total project cost of \$49.9 million, approximately \$44.2 million can be assigned to the Aquatic and Wellness Centre, with \$5.8 million assigned to the Workplace 2.0 renovation.

Table 8-1: Gross Cost of Aquatic and Wellness Centre

Breakdown of Costs	Aquatic and Wellness Centre	Workplace 2.0 Renovation	Total
Aquatic and Wellness Centre	\$ 41,500,000		\$ 41,500,000
Workplace 2.0 Renovation		\$ 5,400,000	\$ 5,400,000
Sub-Total	\$ 41,500,000	\$ 5,400,000	\$ 46,900,000
Allocation of Other Costs			
Contingency	\$ 1,245,000	\$ 162,000	\$ 1,407,000
Escalation	\$ 1,452,500	\$ 189,000	\$ 1,641,500
Total Gross Costs	\$ 44,197,500	\$ 5,751,000	\$ 49,948,500

Source: Staff Report - Aquatic and Wellness Centre Detailed Design and budget Approval

8.2 Step 6.2: Deductions

Deductions that reduce the amounts recoverable from development charges are required to be made in accordance with the provisions of the DCA and O.Reg.82/98. The only deduction that would apply in respect to the Aquatic and Wellness Centre (after allocating the contingency and escalation amounts and removing the adjusted cost of the Workplace 2.0 Renovations) is the estimated amount of the gross capital costs that would be deemed to benefit the existing residential population (BTE).

The calculated BTE amount would be removed from the gross costs of the Aquatic and Wellness Centre noted in Table 8-1 in calculating eligible growth-related capital costs. The calculation of the percentage of costs related BTE is presented in Table 8-2. This calculated percentage is based on the allocation of the square footage of the proposed new facility between BTE and new growth.

The total square footage of the new facility is estimated at 62,200 square feet. The area assigned to the Workplace 2.0 Renovation is not eligible for cost recovery as it's an area to be used for corporate administration (which is an ineligible service). This area which is estimated at 9,000 square feet is removed in the BTE allocation calculation. The remaining estimated area of 53,200 square feet is that of the Aquatic and Wellness Centre. Of the 53,200 square feet, 15,404 square feet has been assigned to the new pool and 37,796 square feet being assigned to the new fitness facility. These areas have been separated in calculating the BTE because the new pool replaces an existing pool, whereas the fitness centre is new to the Town, thereby different allocation methodologies will be applied to obtain their respective BTEs.

As the pool area, which is an 8-lane pool, is replacing an existing 5-lane pool, the allocation to BTE is 9,628 square feet (5-lanes), with the balance of 5,777 square feet (3-lanes) being allocated to new growth.

The remaining 37,796 square feet of the Aquatic and Wellness Centre represents the new fitness facility area and is therefore allocated proportionally between the existing residential population (16,293) and new residential growth to buildout (8,352). This translates into 24,987 square feet of the fitness facility area benefiting the existing residential population, and 12,809 square feet of the fitness facility area benefiting the new residential growth. When combined, the blended areas of the Aquatic and Wellness Centre that benefits existing population is 34,615 square feet, or 65% of the total area, and 18,585 square feet, or 35% of the total area, that would benefit new growth.

Table 8-2: Calculation of Percent Allocation Between BTE and New Growth

Pool BTE Allocation	Number of Lanes	Percent Allocation	Square Feet BTE	Square Feet Growth	Total Square Feet
Replacement Lanes	5	63%	9,628		9,628
New Lanes	3	38%		5,777	5,777
Total Lanes/Square Feet	8	100%	9,628	5,777	15,404
Fitness Centre BTE Allocation	Population	Percent Allocation	Square Feet BTE	Square Feet Growth	Total Square Feet
Current Population (2022)	16293	66%	24,987		24,987
New Population (2023-2042)	8352	34%		12,809	12,809
Total Population/Square Feet	24645	100%	24,987	12,809	37,796
Total BTE Allocation		Percent Allocation	Square Feet BTE	Square Feet Growth	Total Square Feet
Allocation of Areas to BTE		65%	34,615		34,615
Allocation of Areas to Growth		35%		18,585	18,585
Total Percent Allocation/Square Feet		100%	34,615	18,585	53,200

Table 8-3 calculates the allocation of the net growth-related capital costs of the Aquatic and Wellness Centre between BTE and new growth based on the percentages noted in Table 8-2 and the cost breakdown noted in Table 8-1. The Recoverable Growth-Related Capital Costs after deducting the non-eligible costs related to the Workplace 2.0 and the BTE is approximately \$15.4 million.

Table 8-3: Growth-Related Capital Cost of Aquatic and Wellness Centre after Deductions

Indoor Recreation Services	Gross Costs Aquatic and Wellness Centre	Less: Workplace 2.0 Renovations (Adjusted)	Net: Aquatic and Wellness Centre	Less: Benefit to Existing (at 65%)	Recoverable Growth-Related Capital Costs Net of Deduction
Aquatic and Wellness Centre	\$ 49,948,500	\$ (5,751,000)	\$ 44,197,500	\$ (28,757,330)	\$ 15,440,170

8.3 Step 6.3: Adjustments

Adjustments to the projected recoverable growth-related capital costs were required to be considered. In this situation the only adjustment was to reduce the recoverable growth-related capital cost of the Aquatic and Wellness Centre by the amount of the existing positive reserve balance related to Indoor Recreation Services. The Indoor Recreation Services reserve fund balance is available cash that is applied to the recoverable growth-related capital cost, thereby reducing the amount required from the new development charges. The total adjustment made was approximately \$1.5 million. Table 8-4 summarizes the recoverable net growth-related capital for the Aquatic and Wellness Centre after making the required deductions and adjustments but before the service level cap is applied.

The net recoverable amount after deductions and adjustments is approximately \$13.9 million for Indoor Recreation Services.

Table 8-4: Net Recoverable Capital Costs after Deductions and Adjustments

Indoor Recreation Services	Recoverable Growth-Related Capital Costs Net of Deduction	Less: Indoor Recreation Reserve Balance Adjustment	Total DC Eligible Costs for Recovery
Aquatic and Wellness Centre	\$ 15,440,170	\$ (1,498,759)	\$ 13,941,411

8.4 Step 6.3: Debt Financing of DC Eligible Costs for Recovery

Contained within the staff report regarding the Aquatic and Wellness Centre Detailed Design and Budget Approval is the planning of the financing of the capital costs related to the new facility. In Report's Finance Plan is the expectation that the DC eligible costs would be debt financed over a 30-year period. While the report considered an interest rate of 4.3% in their original calculations of debt servicing, recent discussions with Infrastructure Ontario, the agency which would be providing the long-term financing, has indicated that the interest rate on a 30-year loan would now be approximately 4.75%. Table 8-5 presents the projected debt repayment schedule on servicing the required \$13.9 million to fund the DC eligible costs related to the Aquatic and Wellness Centre.

Table 8-4: Debt Repayment on Growth Related Debt

Year	Opening Debt Balance	Annual Debt Servicing	Interest Payment	Principal Repayment	Closing Debt Balance	Year	Opening Debt Balance	Annual Debt Servicing	Interest Payment	Principal Repayment	Closing Debt Balance
2024	13,941,411	881,229	662,217	219,012	13,722,399	2039	9,303,404	881,229	441,912	439,317	8,864,087
2025	13,722,399	881,229	651,814	229,415	13,492,984	2040	8,864,087	881,229	421,044	460,185	8,403,902
2026	13,492,984	881,229	640,917	240,312	13,252,672	2041	8,403,902	881,229	399,185	482,044	7,921,858
2027	13,252,672	881,229	629,502	251,727	13,000,945	2042	7,921,858	881,229	376,288	504,941	7,416,918
2028	13,000,945	881,229	617,545	263,684	12,737,261	2043	7,416,918	881,229	352,304	528,925	6,887,992
2029	12,737,261	881,229	605,020	276,209	12,461,052	2044	6,887,992	881,229	327,180	554,049	6,333,943
2030	12,461,052	881,229	591,900	289,329	12,171,723	2045	6,333,943	881,229	300,862	580,367	5,753,576
2031	12,171,723	881,229	578,157	303,072	11,868,651	2046	5,753,576	881,229	273,295	607,934	5,145,642
2032	11,868,651	881,229	563,761	317,468	11,551,182	2047	5,145,642	881,229	244,418	636,811	4,508,831
2033	11,551,182	881,229	548,681	332,548	11,218,635	2048	4,508,831	881,229	214,169	667,060	3,841,771
2034	11,218,635	881,229	532,885	348,344	10,870,291	2049	3,841,771	881,229	182,484	698,745	3,143,027
2035	10,870,291	881,229	516,339	364,890	10,505,401	2050	3,143,027	881,229	149,294	731,935	2,411,091
2036	10,505,401	881,229	499,007	382,222	10,123,178	2051	2,411,091	881,229	114,527	766,702	1,644,389
2037	10,123,178	881,229	480,851	400,378	9,722,800	2052	1,644,389	881,229	78,108	803,121	841,269
2038	9,722,800	881,229	461,833	419,396	9,303,404	2053	841,269	881,229	39,960	841,269	0

Table 8.5 presents the updated Financing Plan over the 2023-2032 period, which pursuant to the provisions of the Development Charges Act is the period considered for DC cost recovery

related to Indoor Recreation Services. The total eligible costs over the 10-year period amounts to approximately \$6.9 million.

Table 8-5: Capital Costs Included in Development Charge Calculations

Capital Costs Included in Development Charges Calculation 2023-2032	Year	Total Development Recoverable Costs	Less: Indoor Recreation Services Reserve Funds Balance	Total Development Cost Recoverable Net of Reserve Balance
		\$ -	\$ -	\$ -
Down Payment on Construction (funded by the existing reserve balance)	2023	\$ 1,498,759	\$ (1,498,759)	\$ -
2024 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2024	\$ 881,229	\$ -	\$ 881,229
2025 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2025	\$ 881,229	\$ -	\$ 881,229
2026 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2026	\$ 881,229	\$ -	\$ 881,229
2027 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2027	\$ 881,229	\$ -	\$ 881,229
2028 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2028	\$ 881,229	\$ -	\$ 881,229
2029 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2029	\$ 881,229	\$ -	\$ 881,229
2030 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2030	\$ 881,229	\$ -	\$ 881,229
2031 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2031	\$ 881,229	\$ -	\$ 881,229
2032 P&I Debt Servicing on Net Growth Portion of New Indoor Pool	2032	\$ 881,229	\$ -	\$ 881,229
		\$ -	\$ -	\$ -
Total Estimated Net Capital Costs		\$ 9,429,820	\$ (1,498,759)	\$ 7,931,061

8.5 Step 6.4: Service Level Cap and Post Period Benefits

The service level cap is calculated based on the historical service levels and is required to be applied to net capital costs to ensure that the level of service provided to future growth does not exceed the average level of services provided to past residents over the previous 15-year period. It limits the amount of funding recoverable from the development charges regardless of the net amounts after deductions and adjustments. The lower of the recoverable amounts net of deductions and adjustments or the service level cap were used to determine the development charges. Amounts that exceed the service level cap were deemed to be post period capacity which can be carried forward to the next study for consideration at that time. Other post period provisions occur when the growth-related capital is deemed to benefit growth beyond the forecast period. These amounts will also be carried forward to the next study for consideration at that time.

As noted in Section 5, the calculated historical service level cap for Indoor Recreation Services is estimated at \$6.4 million, which when compared to the Total Development Cost Recoverable Net of Reserve Balance is \$7.9 million noted in Table 8.5, means approximately \$1.5 million of the eligible costs will be carried forward for recovery in the next DC Background Study.

Regarding the recovery of future growth-related cost of the Aquatic and Fitness Centre, future DC Studies will include the debt servicing of the growth-related debt over a 10-year period, plus any post period capacity carried forward from the previous DC Study. It is estimated that \$18.5 in debt servicing beyond 2032 will be included for cost recovery in future DC studies. Other eligible Indoor Recreation Services capital costs could also be considered in future DC Studies, such as the equipment and other capital costs reflected in the December 15, 2022 staff report

titled Aquatic and Wellness Centre Detailed Design and Budget Approval, a copy of which is provided as Appendix C.

Table 8-6 presents the service level cap, recoverable amounts through the development charges and any post period capacity to be carried forward to the next study. The net capital needs below the cap will be carried forward into the next DC study for consideration.

The detailed calculations of the historical service levels and service level cap for Indoor Recreation Services is presented in Appendix B.

Table 8-6: Application of Service Level Cap

Service	Net Capital Cost	Service Level Cap	Costs to be Carried Forward	Total DC Eligible Cost for Recovery
Indoor Recreation Services	\$ 7,931,061	\$ 6,440,596	\$ 1,490,465	\$ 6,440,596

8.6 Council Approval of Capital Investments

O.Reg.82/98 Section 3 requires that municipal councils demonstrate their intention to meet the increase in need for capital expenditures related to growth. Otherwise, such capital costs cannot be included in the calculations. Therefore, it is recommended that Council approve the capital forecasts noted in this Study to confirm its intention to meet the growth requirements.

9 Step 7: Calculation of Development Charges

This section presents the calculation of the revised Indoor Recreation Services residential development charge based on the total DC eligible net recoverable growth-related capital costs as presented in Table 8.6.

9.1 Step 7.1: Allocation of Costs to Residential & Non-Residential Growth

As noted previously, Indoor Recreation Services is assumed to only benefit the residential sector. As such, 100% of the eligible net recoverable growth-related capital cost of the Aquatic and Wellness Centre is allocation to the residential sector, with no allocation required to be made to non-residential growth.

9.2 Step 7.2: Unadjusted Development Charge Rates

Development charge rates were calculated on a per capita (population) basis for the residential sector by dividing the costs allocated to the residential sector by the net residential population growth over the 10-year period 2023 to 2032. This calculation results in the preliminary unadjusted residential rates prior to undertaking the cash flow analyses. These rates were

subsequently adjusted as described in Section 9.3. Table 9-1 shows the unadjusted residential rate for Indoor Recreation Services.

Table 9-1: Unadjusted Residential Rate for Indoor Recreation Services

Service	Residential Share	Growth in Population	Rate (Cost/Capita)
Indoor Recreation Services	\$ 6,440,596	3,624	\$ 1,777.21

9.3 Step 7.3: Cash Flow Analyses

Cash flow analyses were undertaken over the 10-year period 2023 to 2032. This analysis considers the transfers in and out of the reserve fund and their timing. Cash outflows were according to the projected capital expenditures. Cash inflows were calculated by multiplying the projected annual residential population growth by the unadjusted rate per capita and adding the product of the non-residential growth in floor area and the unadjusted rate per square metre. The rates were increased by inflation assumed at 2% per year. The objective of undertaking the cash flow analysis is to ensure that the rates are sufficient to result in a zero net cash flow at the end of the 10-year period. The rates were adjusted to achieve this objective. Appendix D provides a cash flow table for Indoor Recreation Services.

The adjusted rate is presented in Table 9-2. The total adjusted residential rate for Indoor Recreation Services was calculated to be \$1,769.04 per capita.

Table 9-2: Adjusted Residential Rates (After Cash Flow Analyses)

Service	Residential Rate (Cost/Capita)
Indoor Recreation Services	\$ 1,769.04

9.4 Step 7.4: Proposed Development Charges (DRAFT)

The residential development charges by type of dwelling unit were calculated using the adjusted rate per capita and the respective household size estimates noted in Table 9-3 for each type of dwelling unit. The household sizes are based on the Hemson Consulting Ltd. Memorandum dated May 29, 2018 - Updated Development Residential and Non-Residential Forecasts, adjusted to be consistent with the current DC By-law. These calculations were undertaken for each service and type of dwelling and are consistent with the requirements of O.Reg. 82/98 Section (2).

Table 9-3: Occupancy by Type of Dwelling Unit

Type of Dwelling Unit	Occupancy - Persons per Unit (PPU)
Singles & Semi- Detached	2.76
Other Multiples	1.81
Apartments – 2 or More Bedrooms	1.70
Apartments – Bachelor & 1 Bedroom	1.18
Trailer Units	0.36

The proposed development charges for residential uses by unit type for residential uses are listed in Table 9-4 for each service and are based on the policies and rules noted in Section 4.1. All charges will be subject to annual indexing in accordance with O.Reg.82/98 Section 7.

Table 9-4: Proposed Development Charges

Service	Residential Charge By Dwelling Type				
	Singles & Semis	Other Multiples	Apartments 2+ Bedrooms	Apartments Bachelor or 1 Bedroom	Trailer Units
Indoor Recreation	\$ 4,883	\$ 3,202	\$ 3,007	\$ 2,087	\$ 637

10 Step 8: Comparison of Development Charges

10.1 Comparison with Existing Development Charges

The existing and calculated Indoor Recreation residential charges are compared in Table 10-1. Table 10-1 shows an increase in all residential charges.

Table 10-1: Proposed vs. Existing Development Charges

Charges	Residential Charge By Dwelling Type				
	Singles & Semis	Other Multiples	Apartments 2+	Apartments Bachelor or	Trailer Units
2023 Indoor Recreation	\$ 2,587	\$ 1,467	\$ 1,378	\$ 956	\$ 292
Recalculated Indoor Recreation	\$ 4,883	\$ 3,202	\$ 3,007	\$ 2,087	\$ 637
Change in Rates	\$ 2,296	\$ 1,735	\$ 1,629	\$ 1,131	\$ 345

11 Step 9: Long-Term Capital and Operating Costs Implications

This section presents the long-term cost implications of the investments to accommodate future growth. These assessments considered the implications to future operating and capital costs as well as the costs related to future asset renewal.

11.1 Long-Term Operating Costs

The long-term operating cost impacts were based on Town's staff report titled Aquatic and Wellness Centre Detailed Design and Budget Approval which was received by Council December 15, 2022. In this report, among other things, it presented the operating cost impact of the new Aquatic and Wellness Centre.

An excerpt from this report is presented below:

Operating Forecast of Complete Aquatic and Wellness Centre

The anticipated operating budget forecast and implication on the Municipal Tax Levy is outlined in the chart below:

Year	Estimated Net Operating Cost	Existing Deficit Factor (\$346,000)
2023	\$346,000	-
2024	\$977,000	\$631,000
2025	\$600,000	\$254,000
2026	\$400,000	\$54,000
2027	\$100,000	+ \$246,000

By 2030, the incremental start-up costs incurred from 2024-2026 will be fully recovered through the net operating cost improvements of \$246,000/year that are projected for 2027 and beyond. Beginning 2031, the \$246,000/year improvement will result in a 1.29% positive impact on the tax levy.

Assuming years 2031 and 2032 will have the same annual tax levy impact as that noted for 2030, the 10-year accumulated operating cost impact as a result of the new Aquatic and Wellness Centre would be a net saving of \$537,000.

11.2 Long-term Capital Costs

The long-term capital cost impacts were determined to be the portion of growth-related costs not funded by development charges due to deductions. This amount includes the "benefit to existing" amount shown in Table 8.3 and would be funded through taxes. These costs would not include the \$5.8 million adjusted cost related to the Workplace 2.0 Renovations. The increase in capital costs (not funded through development charges) due to the new Aquatic and Wellness Centre over the 2023-2032 period amounts to \$28.7 million.

11.3 Asset Management Plan

The DCA Section 10(2) requires that an asset management plan be included in the Development Charges Background Study to capture the costs required to sustain the new growth-related assets over the long-term. This plan reflects the annual investments required to renew and replace the assets as they age. The inflated capital cost estimate of the Aquatic and Wellness Centre was annualized over its estimated life expectancy based on future cost projected in the year of replacement. The estimated life expectancy used for new Aquatic and Wellness Centre is 40 years. As such, the 10-year asset management requirement for asset replacement is estimated to be \$16.2 million.

12 Step 10: Background Study & By-Law

This background study report was prepared to provide the detail required in accordance with the DCA Section (10) and O.Reg.82/98 Section (8). The draft amending by-law is included in the study as Appendix E. The amending by-law identifies the revised Indoor Recreation Services residential development charges and provides an amended Schedule "A", that shall replace Schedule "A" to DC By-law 56-2021 as has been updated through the annual indexation of rates pursuant to Section 16 of the by-law. The background study and amending by-law will be revised if needed based on the stakeholder consultation described in Section 13 prior to being finalized for approval by Council.

13 Step 11: Stakeholder Consultation

The DCA Section 10(4) requires that the Draft Development Charges Study and the Draft By-Law be made available to the public for review at least 60 days in advance of the by-law taking effect. This step in the process provides the opportunity for interested parties to make representations on the Draft Development Charges Study and proposed by-law prior to finalization and implementation.

The legislation prescribes that Council conduct at least one public meeting with at least 20 days' notice of the meeting. In accordance with O. Reg. 82/98, Section 9 (1) notice may be by publication in a local newspaper, which in the Clerk's opinion, has with sufficient general circulation across the Town or by personal service, mail or fax to every landowner.

A statutory public meeting was held on April 11th. Several comments were received from the public, with the common message that more notice should be given when development charges are being changed. An analysis was done to estimate lost DC revenues should implementation of the amendment to the Indoor Recreation charges be deferred, in essence giving more notice for the changes in the Indoor Recreation development charge rates. It is estimated that for every month the amendment is deferred the Town will lose approximately

\$27.0 thousand in Indoor Recreation development charge revenues. As such it is not recommended that the amendment be deferred.

Comments were also received from members of Council. A request was made by Council for a comparison of Saugeen Shores DC rates to be made with surrounding municipalities. Table 13-2 was prepared to provide a comparison of Single-Family DC rates for a list of surrounding municipalities. It should be noted that caution should be used when comparing development charges among municipalities as many factors affect the ultimate development charge imposed. Factors such as the size of a municipalities' capital program, historical service levels, and population and employment growth can have a significant effect on the magnitude of the ultimate charges imposed.

Table 13-1: Comparison of Single-Family DC Rates

Single Detached Dwelling Unit			
Municipality	Other Services	W&WW	Total
Saugeen Shores (Current)	\$14,096	\$16,019	\$30,115
Saugeen Shores (Proposed)	\$16,392	\$16,019	\$32,411
Kincardine	\$10,012	\$13,309	\$23,321
Owen Sound	\$5,830	\$2,170	\$8,000
South Bruce Peninsula	\$1,963	\$5,921	\$7,884
Collingwood	\$24,656	\$16,251	\$40,907
Wellington North	\$4,641	\$14,785	\$19,426
Huron-Kinloss (Finlay St. Area)	\$27,591	\$30,657	\$58,248

It was also requested by Council that consideration be given to looking at allocating a portion of the Indoor Recreation Services' growth-related capital costs to employment growth. Currently, 100% of the net Indoor Recreation Services' growth-related capital costs are allocated to residential growth as it has been assumed that indoor recreation services are provided entirely to the residential population. It could be argued however that to a small degree, recreation services benefit the employment population. As such an analysis of charges was undertaken based on the assumption that 5% of Indoor Recreation Services benefit employment growth. The impact of this assumption was to reduce the residential charges by 5%, with an overall reduction of the total residential development charges by 0.76%. This would however increase the non-residential charge by \$4.24 per square metre, with an overall increase in the non-residential rate by 3.0%. Another consideration in respect to allocating a portion of growth-related capital costs to employment growth is the increase in forgone development charges due to exemptions of certain non-residential development, such as farm-use, industrial expansions and other types of public and non-profit use development. For these reasons it is not recommended to allocate Indoor Recreation Services growth-related net capital costs to employment growth when calculating development charge rates.

14 Step 12: By-Law Adoption & Implementation

The final background study and by-law has been prepared following consultation with stakeholders (as described in Section 13) and presented to Council for approval to take effect at Council's direction. In accordance with the DCA Section 13, written notice of the passing of the DC by-law will be given no later than 20 days after the day the by-law is passed (i.e. as of the day of newspaper publication or the mailing of the notice). The O.Reg.82/98 Section 10(4) lists the items that must be covered in the notice.

An updated pamphlet will also be prepared in accordance with O.Reg.82/98 Section 14 within 60 days of the passing of the by-law and include the following:

- a description of the general purpose of the DCs;
- the "rules" for determining if a charge is payable in a particular case and for determining the amount of the charge;
- the services to which the DCs relate; and
- a general description of the general purpose of the Treasurer's statement and where it may be obtained by the public.

15 Recommendations

The following are the recommendations presented for consideration by the Town.

1. That the Draft Development Charges Background Study and Draft Amending By-Law be posted on the Town's website before March 27th for public review in accordance with the requirements of the Development Charges Act, 1997 Section 10 (4).
2. That following approval of the by-law, the required notices are issued to the public and stakeholders and a pamphlet is prepared, in accordance with O.Reg.82/98 Section and O.Reg. 82/98 Section 14 respectively.
3. That the growth-related capital projects forecast identified in this Development Charges Background Study be approved by Council as a statement of its intention to meet the increased need for service due to growth, as required under O.Reg.82/98 Section 3.
4. That any excess capacity created as a result of undertaking the growth-related capital projects identified in this background study would be paid for by development charges and therefore deemed to be "committed" in accordance with the requirements of O.Reg.82/98 Section (5).

APPENDICES

Appendix A

Growth Projections

APPENDIX A: GROWTH PROJECTIONS

Growth Item	15-Year Historical														
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Census Population (Excluding undercount) ¹	12,396	12,285	12,473	12,651	12,872	13,093	13,293	13,504	13,715	14,176	14,775	15,150	15,535	15,908	16,233
Annual Increase ²	188	188	188	188	211	211	211	211	211	461	599	375	386	373	385
% Increase	1.6%	1.6%	1.5%	1.5%	1.7%	1.6%	1.6%	1.6%	1.6%	3.4%	4.2%	2.5%	2.4%	2.4%	2.4%
Total Population (including undercount) ³	12,459	12,653	12,847	13,041	13,258	13,475	13,692	13,909	14,126	14,601	15,218	15,604	16,001	16,385	16,782
Annual Increase	194	194	194	194	217	217	217	217	217	475	617	386	397	384	397
% Increase	1.6%	1.6%	1.5%	1.5%	1.7%	1.6%	1.6%	1.6%	1.6%	3.4%	4.2%	2.5%	2.4%	2.4%	2.4%
Population Growth (EXCLUDING Undercount)															
Population Growth (INCLUDING Undercount)															

1. Statistics Canada Census Population for 2006, 2011 & 2016. Interpolation in between years. For 2017 to 2041 based on occupied units and occupancy rate

2. Annual Increase for 2017 and beyond based on new units to be added and declining PPU

3. Includes 3% undercount

Projected Population & Annual Growth (10 Years)

Growth Item	10-Year Development Charges Study Period									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Census Population (Excluding undercount) ¹	16,688	17,083	17,478	17,873	18,268	18,663	19,059	19,454	19,886	20,319
Annual Increase ²	395	395	395	395	395	395	395	395	395	433
% Increase	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.2%
Total Population (Including undercount) ³	17,189	17,596	18,003	18,410	18,816	19,223	19,630	20,037	20,483	20,928
Annual Increase	407	407	407	407	407	407	407	407	446	446
% Increase	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.2%	2.2%
Population Growth (EXCLUDING Undercount)										
Population Growth (INCLUDING Undercount)										

1. Statistics Canada Census Population for 2006, 2011 & 2016. Interpolation in between years. For 2017 to 2041 based on occupied units and occupancy rate

2. Annual Increase for 2017 and beyond based on new units to be added and declining PPU

3. Includes 3% undercount

Projected Population Growth & Annual Growth (Beyond 10 Years to Build Out)

Growth Item	Projections to Build Out						
	2033	2034	2035	2036	2037	2038	2039
Census Population (Excluding undercount) ¹	20,751	21,184	21,617	22,049	22,482	22,914	23,347
Annual Increase ²	433	433	433	433	433	433	433
% Increase	2.1%	2.1%	2.0%	2.0%	1.9%	1.9%	1.8%
Total Population (Including undercount) ³	21,374	21,820	22,265	22,711	23,156	23,602	24,047
Annual Increase	446	446	446	446	446	446	446
% Increase	2.1%	2.1%	2.0%	2.0%	1.9%	1.9%	1.8%
Population Growth (EXCLUDING Undercount)							
Population Growth (INCLUDING Undercount)							

1. Statistics Canada Census Population for 2006, 2011 & 2016. Interpolation in between years. For 2017 to 2041 based on occupied units and occupancy rate

2. Annual Increase for 2017 and beyond based on new units to be added and declining PPU

3. Includes 3% undercount

Projected Number of Households & Annual Increase (10 Years)

1. 2016 from Statistics Canada 2016 Census

2. Units shown 2016, 2017, 2018 & 2019 based on Town's records

3.11 Units shown from 2020 onward based on draft subdivisions provided by Town. Annual increases are the averages for the respective periods in which they apply.

Projected Number of Households & Annual Increase (Beyond 10 Years to Build Out)

1. 2016 from Statistics Canada 2016 Census

3.11 Units shown from 2020 onward based on draft subdivisions provided by Town. Annual increases are the averages for the respective periods in which they apply.

APPENDIX A: GROWTH PROJECTIONS

Projected Dwelling Units by Type (10 Years)

Dwelling Units by Type	10-Year Development Charges Study Period 5									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Singles & Semis	61	61	58	58	58	58	58	60	60	60
Rows & Other Multiples	60	60	60	32	32	32	32	33	33	33
Apartments	39	39	39	70	70	70	70	72	72	72
Sub-Total New Units	161	161	161	161	161	161	161	166	166	166
Seasonal ¹	10	10	10	10	10	10	10	10	10	10
Total New units	171	171	171	171	171	171	171	176	176	176
Singles & Semis ²	42%	42%	42%	40%	40%	40%	40%	40%	40%	40%
Rows & Other Multiples	35%	35%	35%	19%	19%	19%	19%	19%	19%	19%
Apartments	23%	23%	23%	41%	41%	41%	41%	41%	41%	41%
Sub-Total New Units (excluding seasonal)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

1. Table 6, Hemson Consulting Ltd. Memorandum dated May 29 2018 - Updated Development Residential and Non-Residential Forecasts

2. Unit type percentage based on types of units projected over the forecast period

Projected Dwelling Units by Type (to Build Out 2042)

Dwelling Units by Type	Projections to Build Out									
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Singles & Semis	60	60	60	60	60	60	60	60	60	60
Rows & Other Multiples	33	33	33	33	33	33	33	33	33	33
Apartments	72	72	72	72	72	72	72	72	72	72
Sub-Total New Units	166	166	166	166	166	166	166	166	166	166
Seasonal ¹	10	10	10	10	10	10	10	10	10	10
Total New units	176	176	176	176	176	176	176	176	176	177
Singles & Semis ²	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Rows & Other Multiples	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
Apartments	41%	41%	41%	41%	41%	41%	41%	41%	41%	41%
Sub-Total New Units (excluding seasonal)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

1. Table 6, Hemson Consulting Ltd. Memorandum dated May 29 2018 - Updated Development Residential and Non-Residential Forecasts

2. Unit type percentage based on types of units projected over the forecast period

APPENDIX A: GROWTH PROJECTIONS

Projected Population in New Dwelling Units (10 Years)

PPU ¹	Dwelling Unit Type	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		169	169	169	161	161	161	161	167	167	167
2.76	Singles & Semis	108	108	108	58	58	58	58	61	61	61
	Rows & Other Multiples	59	59	59	105	105	105	105	109	109	109
1.81	Apartments	31	31	31	31	31	31	31	31	31	31
	Seasonal	367	367	367	355	355	355	355	367	367	367
<i>Annual Population in New Units</i>		367	367	367	355	355	355	355	367	367	367

1. Table 7, Hemson Consulting Ltd. Memorandum dated May 29 2018 - *Updated Development Residential and Non-Residential Forecasts*

Projected Population in New Dwelling Units (to Build Out 2042)

PPU ¹	Dwelling Unit Type	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
		167	167	167	167	167	167	167	167	167	167
2.76	Singles & Semis	61	61	61	61	61	61	61	61	61	61
	Rows & Other Multiples	109	109	109	109	109	109	109	109	109	109
1.81	Apartments	31	31	31	31	31	31	31	31	31	31
	Seasonal	367	367	367	367	367	367	367	367	367	367
<i>Annual Population in New Units</i>		367	367	367	367	367	367	367	367	367	367

1. Table 7, Hemson Consulting Ltd. Memorandum dated May 29 2018 - *Updated Development Residential and Non-Residential Forecasts*

Appendix B

Historic Service Level Calculations

Appendix B – Historic Service Level Calculations

Table 1
Town of Saugan Shores
Calculation of Service Standards
Indoor Recreation (Land)

Unit Measure: Value of Land Per Capita									
Description	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Complex/ Arena - 600 Tomlinson Drive	2.97	2.97	2.97	2.97	2.97	2.97	2.97	2.97	2.97
Community Centre - Coliseum - 26 Albert Street	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Indoor Pool - 640 Mill Creek Road	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Town Hall Community Centre - 201 High Street	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Charity Seniors Centre - Grey Street	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Nuclear Innovation Institute									
Total	3.96								
Total Value \$	\$ 2,932,913								
Population	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	12,096	12,285	12,473	12,661	12,847	13,038	13,233	13,504	13,715
Value Per Capita	\$ 242,46	\$ 236,75	\$ 235,14	\$ 231,65	\$ 227,86	\$ 224,18	\$ 220,63	\$ 213,85	\$ 206,90
Service Level Cap	10-Year	3,624	\$ 217,13	\$ 786,885					
Forecast Population Growth (2023 to 2033)									
Average Service level (\$ per Capita)									
Service Level Cap									

Appendix B

Table 2
Town of Saugan Shores
Calculation of Service Standards
Indoor Recreation (Buildings)

Unit Measure: Value of Facilities Per Capita									
Description	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Complex/ Arena - 600 Tomlinson Drive	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Community Centre - Coliseum - 26 Albert Street	40,800	40,800	40,800	40,800	40,800	40,800	40,800	40,800	40,800
Indoor Pool - 640 Mill Creek Road	6,960	6,960	6,960	6,960	6,960	6,960	6,960	6,960	6,960
Town Hall Community Centre - 201 High Street	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Charity Seniors Centre - Grey Street	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968	2,968
Nuclear Innovation Institute									
Total	95,728								
Total Value \$	\$ 20,839,185								
Population	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	12,096	12,285	12,473	12,661	12,847	13,038	13,233	13,504	13,715
Value Per Capita	\$ 1,696,37	\$ 1,670,77	\$ 1,645,94	\$ 1,618,98	\$ 1,592,89	\$ 1,567,63	\$ 1,542,16	\$ 1,519,44	\$ 1,470,03

Unit Measure: Value of Services Per Capita									
Description	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Complex/ Arena - 600 Tomlinson Drive	2.97	2.97	2.97	2.97	2.97	2.97	2.97	2.97	2.97
Community Centre - Coliseum - 26 Albert Street	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Indoor Pool - 640 Mill Creek Road	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Town Hall Community Centre - 201 High Street	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Charity Seniors Centre - Grey Street	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Nuclear Innovation Institute									
Total	3.96								
Total Value \$	\$ 2,932,913								
Population	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	12,096	12,285	12,473	12,661	12,847	13,038	13,233	13,504	13,715
Value Per Capita	\$ 1,727,76	\$ 1,696,37	\$ 1,670,77	\$ 1,645,94	\$ 1,618,98	\$ 1,592,89	\$ 1,567,63	\$ 1,542,16	\$ 1,519,44

Unit Measure: Value of Services Per Capita									
Description	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Complex/ Arena - 600 Tomlinson Drive	2.97	2.97	2.97	2.97	2.97	2.97	2.97	2.97	2.97
Community Centre - Coliseum - 26 Albert Street	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Indoor Pool - 640 Mill Creek Road	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Town Hall Community Centre - 201 High Street	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Charity Seniors Centre - Grey Street	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Nuclear Innovation Institute									
Total	3.96								
Total Value \$	\$ 2,932,913								
Population	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population	12,096	12,285	12,473	12,661	12,847	13,038	13,233	13,504	13,715
Value Per Capita	\$ 1,727,76	\$ 1,696,37	\$ 1,670,77	\$ 1,645,94	\$ 1,618,98	\$ 1,592,89	\$ 1,567,63	\$ 1,542,16	\$ 1,519,44

Service Level Cap
10-Year

Forecast Population Growth (2023 to 2032)

Average Service level (\$ per Capita)

Service Level Cap

Appendix C

**Staff Report - Aquatic and Wellness Centre
Detailed Design and Budget Approval dated
December 15, 2022**

Staff Report

Report From: Kristan Shrider, Director of Community Services & Operations

Meeting Date: December 15, 2022

Subject: Aquatic and Wellness Centre Detailed Design and Budget Approval

Attachments: Salter Pilon and Lett Presentation

Recommendation

That Council approve the construction of the Aquatic and Wellness Centre and the Workplace 2.0 as presented; and

That Council approve the financing plan in the amount of \$49,948,500.

Report Summary

At the October 11, 2022, Council meeting, Council approved the location of the new Aquatic and Wellness Centre on the Plex site, provided direction on the main elements affecting square footage of the building, and directed staff to return on December 12, 2022, with the detailed design and budget estimate for construction. Included in the discussions at the meeting, was the Workplace 2.0 review of the Town's Administrative Office space and opportunities for incorporating the recommendations into the Aquatic and Wellness Centre design.

The conclusion of the presented Capital Finance Plan is that the Aquatic and Wellness Centre, budgeted at \$49,948,500 can be financed by the Town with no additional impact to the tax levy. This has been accomplished through the foresight of Council in establishing the Legacy Fund Reserve. This Reserve has funded Lamont Sport Park and will support the Aquatic Centre as well as renovations to the Municipal Office.

The review of the operational considerations in this report indicates that the most favourable option for Council consideration is to build the complete Aquatics and Wellness Centre. By 2030, the incremental start-up costs incurred from 2024-2026 will be fully recovered through the net operating cost improvements of \$246,000/year that are projected for 2027 and beyond. Beginning 2031, the \$246,000/year improvement will result in a 1.29% positive impact on the tax levy.

Taking into consideration the anticipated operating budget and the finance plan outlined in this report, it is recommended that Council approve the recommended elements and associated costs for the Aquatic and Wellness Centre and the Workplace 2.0 construction.

Background/Analysis

In May 2022, work got underway with the Prime Consultant (Salter Pilon and Lett) to develop a design for the new Aquatic and Wellness Centre in Saugeen Shores. The conceptual design presented at the October 11, 2022, was driven by community consultation, previous Council recommendations and direction, staff engagement, previous studies and consultation reports, existing site constraints and the anticipated future needs of the Community Complex site.

At that meeting, Council approved the location of the new Aquatic and Wellness Centre on the Plex site, provided direction on the main elements affecting square footage of the building, and directed staff to return on December 12, 2022, with the detailed design and budget estimate for construction.

The approved location of the new Aquatic and Wellness Centre is east of the existing Municipal Hall and Plex Arena, accommodating the potential need for a second ice pad in the future. The main elements affecting square footage of the building that direction was provided included:

- Aquatic Facility (8 lanes, 25 metre pool, leisure / therapeutic pool, pool viewing area)
- Building Gross Up (Mechanical / filtration / storage, changerooms / washrooms / hallways / common space, offices / customer service area)
- Walking Trach (4 lanes, 125m track)
- Wellness Centre (conditioning centre with weights and fitness equipment, gymnasium and storage, fitness studio, multi purpose rooms)

Included in the discussions at the October 11, 2022, Council meeting, was the review of the Town's Administrative Office space and opportunities for Workplace 2.0. A consultant (thinkform Architecture + Interiors) was retained to review the Town's existing and future needs. It was indicated that a recommendation from the Workplace 2.0 audit would be incorporated and brought forward at the December 12, 2022, meeting for Council consideration. The intent is that the Workplace 2.0 Design of the Administration Office will be integrated into the overall design of the Aquatic and Wellness Centre.

Workplace 2.0 Background

The Town of Saugeen Shores was successful in obtaining a grant through the 2021 Modernization Funding Program (Intake 3) to retain a consultant who specializes in interior design, facility management, and Workplace 2.0 specifications. The funding amount received was \$100,000. The Government of Canada developed Workplace 2.0 Fit-Up Standards several years ago and they have now become common practice in both the public and private sector for developing modern workplaces.

The goal is to create a modern workplace that puts employee experience and quality of service at its core, and it retools the work environment to encourage collaboration, using technology in smarter ways to foster a culture of health and well-being while increasing personal productivity. Workplace 2.0 involves creating new, innovative, and sustainable workspace design and furniture solutions, incorporating ever-changing technology through continued collaboration with the information technology sector. Using this approach to the office revitalization will ensure it meets the Administration's needs for the next twenty plus years.

When reviewing the opportunities to modernize the Administrative Offices it was recommended that considering these needed improvements at the same time as contemplating the Aquatics and Wellness Centre build, will address economies of scale, appropriate usage of the site, and integration of the existing build into the new project (project logistics).

The Plex and Administration Office was constructed in 1999. The current Administration Office consists of two floors, with an area of 9,161ft² on level one and 3,721ft² on level two (used for storage). Since construction in 1999, the interior allocation of space has changed, and addition of new open space cubicles has occurred. Over the last several years, staff have also had to be relocated to the Concession 6 Shop and in 2023, the Bobby Orr Room of the Plex will be converted to office space.

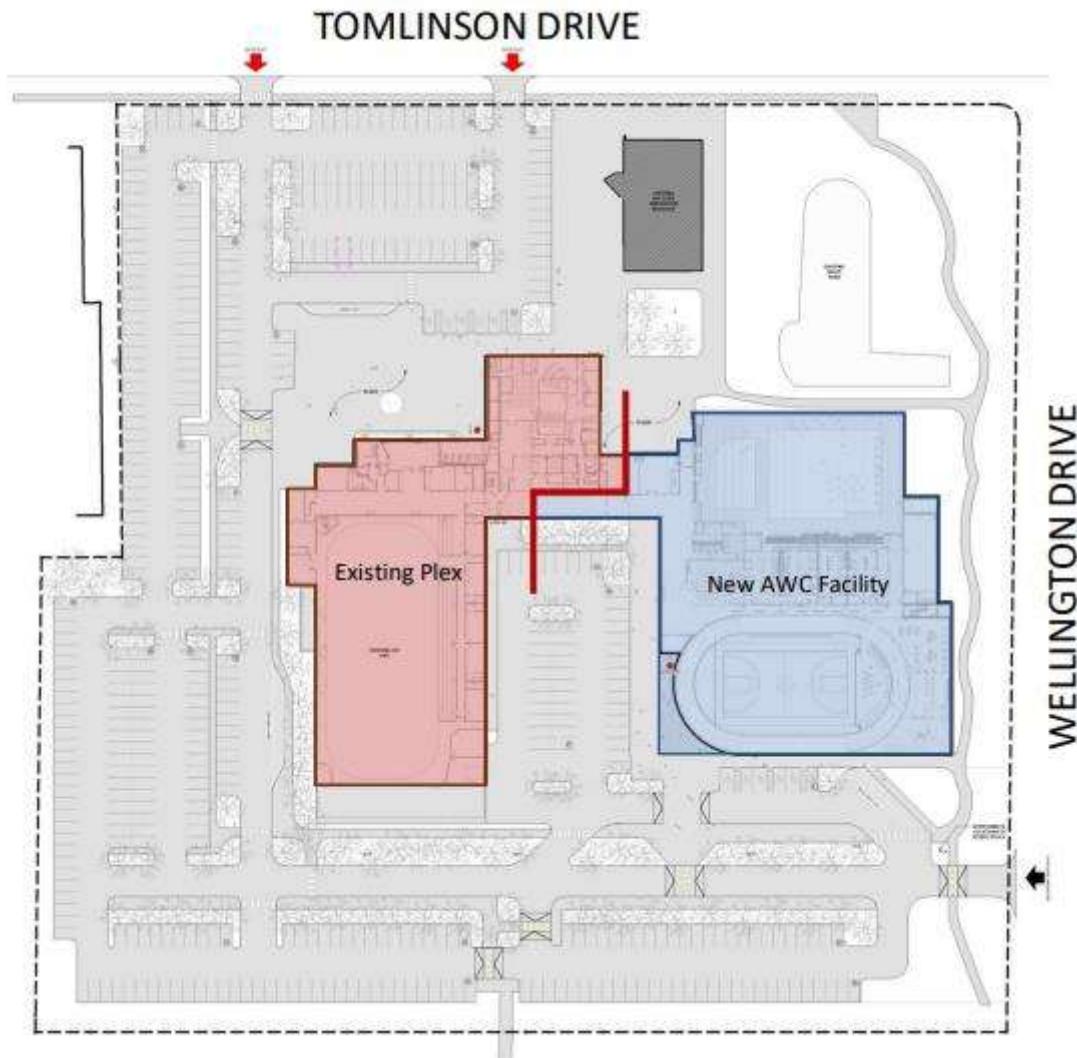
Through the analysis of existing conditions and projected growth, it was determined that our existing Administration Office and Council Chambers are not adequate to support the services, function and needs now and in the future. In order to achieve the values of the Workplace 2.0 standards and rectify the current insufficient situation, an addition and renovation of the existing space is required.

Aquatic and Wellness Centre Overview

The detailed design presented for Council consideration includes the following elements:

- 8 Lane, 25m Pool
- Leisure Pool
- Pool Viewing Area
- Gymnasium
- Multi-Purpose Room
- Fitness Studio
- Conditioning Centre
- 4 Lane, 125m Walking Track
- Offices
- Change Rooms
- Washrooms
- Building Services
- Customer Service Reception
- Lobby and Connecting Corridors
- Mechanical, Electrical, Storage

The graphic below shows the Community Complex Site Plan, integrating the new Aquatic and Wellness Centre:



Representatives from Salter Pilon and Lett will provide a presentation (attached) outlining the recommended elements of the Aquatic and Wellness Centre and Administration Office construction project.

Construction (Capital) Costs

Estimated construction costs of the recommended project components include:

Project Components	Estimated Cost
Aquatic and Wellness Centre Construction	\$41,500,000
Workplace 2.0 Renovation and Construction	\$5,400,000
Contingency	\$1,407,000
Escalation	\$1,641,500
Total Construction Costs	\$49,948,500

Future Capital Considerations

Establishing a master plan for the Community Complex site is important when looking at a project of this size. Acknowledging that not all elements can be included at this time, it is essential to identify cost saving opportunities and potential considerations for future phases. The chart below outlines potential future capital considerations:

Description	Cost Estimate	Forecasted Year
Fitness / Pool Equipment *	\$300,000	2024
Furniture **	\$400,000	2024
Civic Square	\$750,000	2025
Public Art	50,000	2026
Solar Panels	\$470,000	2027
Trees	\$20,000	2027
Green Roof	\$79,000	2028
Additional Parking, Amenities and Sidewalks	\$1,750,000	2029
Play Feature & Landscaping	\$350,000	2029

* Fitness / Pool Equipment: An assessment of existing equipment and new equipment requirements will occur in 2023. Staff will be exploring procurement options for fitness equipment. The options will include purchasing outright or entering a lease Agreement with a provider. A report with the findings and recommendation will be brought forward to Council for consideration through the 2024 budget deliberation process.

** Furniture: An inventory and assessment of existing furniture will occur in 2023. Through that process, a necessity list will be generated, and associated costs estimates. A report with the findings and recommendation will be brought forward to Council for consideration through the 2024 budget deliberation process.

Operating Considerations

Existing Centennial Pool Deficit

The chart below outlines the operating deficit of the Centennial Pool over the past five years:

Year	Operating Deficit
2017 Actual	\$323,532
2018 Actual	\$394,373
2019 Actual	\$294,540
2020 Actual	\$347,804
2021 Actual	\$372,102
2022 Budgeted	\$388,176

Standalone Pool Build / Phasing

Due to the significant capital cost of developing the Aquatic and Wellness Centre, the notion of phasing the project has been raised as an alternative approach to delivering the new facility to the community. The first phase contemplates the development of an eight-lane pool to replace the aging Centennial Pool. The pool only facility could be expanded at some point in the future with the development of the wellness portion of the Centre. While there may be merits to this approach in terms of containing the initial capital cost to construct the facility, there would clearly be negative financial implications associated with this project delivery methodology.

If construction was phased, it is estimated that the eight-lane standalone pool would generate approximately \$320,000 in revenue and cost approximately \$1,000,000 to operate, resulting in an estimated \$680,000 annual deficit. In addition, the Town can only expect the cost to escalate in a phased approach.

The chart below outlines the estimated impact on the tax levy the operating expenses will have for 2023 to 2027 if the decision is to build the pool facility alone:

Year	Estimated Operating Expense	Existing Deficit Factor (\$346,000)	Impact on the Tax Levy
2023	\$346,000	-	-
2024	\$346,000	-	-
2025	\$680,000	\$420,000	2.2%
2026	\$680,000	\$420,000	2.2%
2027	\$680,000	\$420,000	2.2%

It is projected that the operation of a standalone pool will have an additional 2.2% impact on the tax levy.

Pre-Opening Requirements

The operating budget impact for the new Aquatic and Wellness Centre begins in advance of the facility doors being open to the public. Pre-opening requirements include but are not limited to promotions, programming, recruitment, orientation, and training.

To accomplish the pre-opening requirements, a phased on-boarding of staff will occur prior to the opening of the Aquatic and Wellness Centre. Based on the projected construction schedule, the phased on-boarding plan is outlined in the chart below. The anticipated total of pre-opening costs is \$631,000.

Projected Start Date	Positions	Estimated Associated Cost
March 2024	Wellness & Program Supervisor	\$250,000
	Aquatic Supervisor	
	Maintenance Supervisor	
July 2024	Fitness Coordinator	\$169,000
	Program Coordinator	
	Customer Service Coordinator	
	Aquatic Program Coordinator	
November 2024	Remainder of Staff	\$187,000
2024	Promotions / Start Up Funds	\$25,000

Operating Forecast of Complete Aquatic and Wellness Centre

The anticipated operating budget forecast and implication on the Municipal Tax Levy is outlined in the chart below:

Year	Estimated Net Operating Cost	Existing Deficit Factor (\$346,000)
2023	\$346,000	-
2024	\$977,000	\$631,000
2025	\$600,000	\$254,000
2026	\$400,000	\$54,000
2027	\$100,000	+ \$246,000

By 2030, the incremental start-up costs incurred from 2024-2026 will be fully recovered through the net operating cost improvements of \$246,000/year that are projected for 2027 and beyond. Beginning 2031, the \$246,000/year improvement will result in a 1.29% positive impact on the tax levy.

Capital Finance Plan

Development Charges

The Development Charges (DCs) Background Study and DC By-law approved in 2021 included a new pool project, then estimated at \$29M of internal costs with a “Benefit to Existing” of 50%. This project is therefore eligible to be funded up to 50% from DCs.

To ensure funds remain available for all other DC Reserve Fund categories and their upcoming projects, it is recommended that \$1.5M from the DC Reserve Fund be utilized for up front payment, and that the remainder be taken as debt with the payments being funded by ongoing DC collections. The Finance Plan illustrated for Council consideration outlines debt financing of \$13M of DC eligible costs.

Currently, on a single family detached home, \$2,240 of the \$26,056 (8.6%) in DCs go toward the Indoor Recreation category. The only project identified for funding within that category is the indoor pool project.

Recent legislative changes around Development Charges have not changed the eligibility of Indoor Recreation projects. The changes may restrict the types of development that the Town is able to charge full DC rates on and may therefore change the forecasted revenue from DCs. Additionally, new rules around required phasing-in of increases to DC rates means there will be delays in collecting the required amounts, which may pressure Town cash flows but will not impact the amount that the Town is eligible to collect for the project over time.

Legacy Reserve Fund

The Legacy Reserve Fund was created in 2019 to support the funding of large, significant projects which could include recreational sports and cultural centres, or any other projects as determined by Council. At the time, Council had already executed the Memorandum of Understanding with the Owen Sound YMCA and the creation of the Legacy Fund was done in order to prepare the municipality, financially for this future project.

The Legacy Reserve Fund in 2023 will have over \$6M available for immediate contribution to the Aquatic and Wellness Centre project. In addition, the current contribution rate of \$2.4M annually is sufficient to fund ongoing debt payments for Lamont Sports Park (LSP) Phase 1, the lump sum payment of LSP Phase 2 and the Aquatic and Wellness Centre debt payments including the Workplace 2.0 improvement to the Municipal Office, as shown in the charts below (both a 25-year and 30-year option are presented):

Legacy Reserve Fund Growth Chart						
	2021	2022	2023	2024	2025	2030
CONTRIBUTION	2,416,597	2,416,597	2,416,597	2,416,597	2,416,597	2,416,597
LSP Phase 1 Debt Payments		-360,811	-360,811	-360,811	-360,811	-360,811
LSP Phase 1 Final Capital Payment		-300,000				
LSP Phase 2 Prime Consultant		-191,309				
LSP Phase 2 Capital Contribution			-2,179,968			
A&W Centre Prime Consultant		-1,472,340				
Workplace 2.0 Consultant		-100,000				
A&W Centre Startup Operating Costs				-631,000	-254,000	246,000
A&W Centre Capital Costs				-6,000,000		

Impact of 25-Year A&W Debt Option						
	2021	2022	2023	2024	2025	2030
A&W Centre Debt Payments (*Estimated \$29M w/ 25 year loan @ 4.3%)				-1,945,300	-1,945,300	-1,945,300
TOTAL (ENDING BALANCE)	\$6,314,865	\$6,307,002	\$6,182,821	-\$337,692	-\$481,206	\$1,985,228

Impact of 30-Year A&W Debt Option						
	2021	2022	2023	2024	2025	2030
A&W Centre Debt Payments (*Estimated \$29M w/ 30 year loan @ 4.3%)				-1,765,582	-1,765,582	-1,765,582
TOTAL (ENDING BALANCE)	\$6,314,865	\$6,307,002	\$6,182,821	-\$157,975	-\$121,771	\$3,243,250

The Town's current Annual Repayment Limit and restrictions based on the Town's Debt Management Policy is shown below:

Total 2022 Annual Repayment Limit (25% of Own Source Revenues)		\$9,032,020	
Self-Imposed Categories in Debt Management Policy	Tax Funded	Rate Funded Services (Water and Sewer)	Contingency Fund for Emergency Situations
	45%	30%	25%
Total Annual Repayment Limit by Category	\$4,064,409	\$2,709,606	\$2,258,005
Less Current 2022 Debt Payments	(\$909,168)	(\$1,279,989)	-
Remaining Annual Repayment Limit by Category	\$3,155,241	\$1,429,617	\$2,258,005
Current Debt Capacity (10 years, 4.0%)	\$ 25,591,831	\$ 11,595,474	\$ 18,314,443
Current Debt Capacity (20 years, 4.1%)	\$ 42,503,539	\$ 19,258,048	\$ 30,417,075
Current Debt Capacity (25 years, 4.3%)	\$ 47,764,938	\$ 21,641,950	\$ 34,182,324
Current Debt Capacity (30 years, 4.5%)	\$ 51,395,369	\$ 23,286,872	\$ 36,780,392
Current Debt Capacity (30 years, 3.5%)	\$ 58,031,336	\$ 26,293,581	\$ 41,529,330
Current Debt Capacity (30 years, 5.5%)	\$ 45,857,469	\$ 20,777,689	\$ 32,817,269

The \$42 million in debt for this project will utilize approximately 80% of the estimated debt capacity in the 30-year, 4.5% scenario, leaving roughly \$10M in remaining debt capacity in the "Tax Funded" classification. This debt capacity will regenerate over time as existing debt matures, and as revenues increase through growth and inflation.

The interest rate used in this report is 4.30% for both the 25- and 30-year loan scenarios, which is the current rate available through Infrastructure Ontario. Due to the length of time between project approval and the costs being incurred, significant fluctuation in interest rates is possible, which could have a beneficial or detrimental impact on both the Legacy Reserve Fund contribution's ability to service the debt, and the impact on the Town's Annual repayment limit. A 1% change in interest rates (from 4.3% to 3.3%, or from 4.3% to 5.3%), would increase debt payments by roughly \$300,000/year.

Preliminary discussions have started with Infrastructure Ontario on the likelihood of a loan of this magnitude being approved. Due to the strength of the Town's financial indicators, it is expected that Infrastructure Ontario would approve the project loan. The approval of the recommendations in this report will initiate the application to Infrastructure Ontario and the details of the approved funding will be brought back to Council for information.

Grant Opportunities and Fundraising

The Finance Plan outlined above considers the Town's ability to fund the entirety of the project. Council approved on October 11, 2022, a two-year Project Coordinator contract position within Community Services and Operations. The main area of focus of this position is seek grant opportunities, fundraising and sponsorships for the new Aquatic and Wellness Centre.

Currently the following Grant opportunities are available, and applications will be made:

- The Green and Inclusive Community Buildings Program (GICB)
- The Federation of Canadian Municipalities (FCM) / Green Municipal Fund
- Association of Municipalities Ontario (AMO) / Canadian Community-Building Fund
- Ontario Trillium Foundation (OTF) / Capital Grant Program
- Investing in Canada Infrastructure Program (ICIP)

Further, the Mayor and staff have requested a delegation at the Rural Ontario Municipal Association (ROMA) conference in January to start funding discussions with other levels of government.

Financial Summary

The conclusion of the presented Capital Finance Plan is that the Aquatic and Wellness Centre, budgeted at \$49,948,500 can be financed by the Town with no additional impact to the tax levy.

The review of the operational considerations in this report indicates that the most favourable option for Council consideration is to build the complete Aquatics and Wellness Centre. By 2030, the incremental start-up costs incurred from 2024-2026 will be fully recovered through the net operating cost improvements of \$246,000/year that are projected for 2027 and beyond. Beginning 2031, the \$246,000/year improvement will result in a 1.29% positive impact on the tax levy.

Recommendation

Taking into consideration the finance plan and operating impacts outlined in this report, it is recommended that Council approve construction and financing of the Aquatic and Wellness Centre and the Workplace 2.0 as presented.

The rationale to support the recommendation of the construction of for the Aquatic and Wellness Centre and the Workplace 2.0 include but are not limited to:

- Achieving the defined project values of Community Focused, Operational Savings, and Sustainability
- Creates a community hub for indoor recreation in Saugeen Shores
- Replace the existing Aquatic facility reaching end of life
- Address insufficient Administration Office and Council Chambers requirements
- Conditioning and Fitness Centre operations will create revenue opportunities to offset the operating deficit of a standalone pool
- Alleviate the current strain for programming that requires Gymnasium space
- Satisfy the increasing community demand for this type of recreation facility
- Ability to provide membership and drop-in options to residents and visitors of Saugeen Shores
- Integrating circulation and connection for all amenities and services within the Plex site
- Ability to integrate operational efficiencies with resources and staff

Next Steps

A Request for Proposal for Construction Management Services was issued on October 27 and closed December 6, 2022. Submissions are currently being reviewed with interviews for the top two - three highest ranked proponents scheduled on December 19, 2022. A staff report is expected to be presented to Council on January 9, 2023, recommending award of the Construction Management contract to a successful bidder.

Once secured, the Construction Manager will work with town staff and our Prime Consultant on the final design aspect of the Aquatic & Wellness Centre. This is extremely beneficial as the Construction Manager will bring construction knowledge and expertise early in the design phase in relation to ease of construction and material availability.

Once the final design has been developed, the Construction Manager will issue individual tender packages to sub-trades for various elements of construction. Tender packages will be issued at a number of stages throughout construction. Working with town staff, the Construction Manager will select sub-trades to complete all required works.

It is anticipated that construction will begin during the summer of 2023 with complete facility construction slated for early 2025.

Linkages

- Corporate Strategic Plan Priority #4: Maintain Facilities and Infrastructure

Financial Impacts/Source of Funding

	Expenditure	Contribution
Aquatic and Wellness Centre Construction	\$41,500,000	
Workplace 2.0 Renovation and Construction	\$5,400,000	
Contingency	\$1,407,000	
Escalation	\$1,641,500	
Legacy Reserve Fund		\$6,000,000
Development Charges Fund		\$1,500,000
Debt (Funded by Legacy Reserve Fund Transfers)		\$29,448,500
Debt (Funded by Development Charges Collections)		\$13,000,000
Total	\$49,948,500	\$49,948,500
Less any Grants / Fundraising		

Prepared By: Kristan Shrider, Director, Community Services and Operations

Reviewed By: Daniel Waechter, Chief Financial Officer / Treasurer

Approved By: Kara Van Myall, Chief Administrative Officer

Appendix D

Indoor Recreation Services Cash Flow Analysis

Appendix D
Town of Saugeen Shores
Indoor Recreation Services
Cash Flow Analysis and Adjusted Charges

Appendix E

Draft By-law to Amend Development Charges By-law 56-2021

THE CORPORATION OF THE TOWN OF SAUGEEN SHORES

BY-LAW NUMBER XX - 2023

Being a By-law to Amend Development Charges By-law 56-2021

WHEREAS subsection 2(1) of the *Development Charges Act, 1997* c. 27 (hereinafter called "the Act") provides that the council of a municipality may pass by-laws for the imposition of development charges against land for increased capital costs required because of the need for services arising from development in the area to which the by-law applies;

AND WHEREAS on July 9, 2021 the Council of The Corporation of the Town of Saugeen passed By-law 56-2021, being a by-law to establish development charges for the Corporation of the Town of Saugeen Shores;

AND WHEREAS staff report entitled Aquatic and Wellness Centre Detailed Design and Budget Approval was received by the Council of The Corporation of the Town of Saugeen Shores on December 15, 2022 which, among other things, presented the Capital Finance Plan and identified updated growth-related capital needs in relation to Indoor Recreation Services;

AND WHEREAS subsection 19(1) of the *Development Charges Act, 1997* c. 27 provides that the council of a municipality may amend by-laws passed for the imposition of development charges;

AND WHEREAS the Council of The Corporation of the Town of Saugeen Shores has given notice in accordance with Section 12 of the *Development Charges Act, 1997*, of its intention to pass an a by-law to amend By-law 56-2021 under Section 2 of the said Act;

AND WHEREAS the Council of the Town of Saugeen Shores has heard all persons who applied to be heard no matter whether in objection to, or in support of, the development charge proposal at a public meeting held on April 11, 2023;

AND WHEREAS the Council of the Town of Saugeen Shores had before it a report entitled Development Charges Background Study to Amend By-law 56-2021 and Proposed Amending By-law dated XXXX XX, 2023 (the "Study") prepared by DFA Infrastructure International Inc., wherein it is indicated that the development of any land within the Town of Saugeen Shores will increase the need for services as defined herein;

AND WHEREAS the Council of the Town of Saugeen Shores on XXXX XX, 2023 approved the applicable Development Charges Background Study, dated , XXXX,XX 2023, in which certain recommendations were made relating to the establishment of a development charge policy for the Town of Saugeen Shores pursuant to the *Development Charges Act, 1997*;

AND WHEREAS Council has given consideration to and deems that the increase in the need for services attributable to the anticipated development as contemplated in the Development Charges Background Study dated XXXX XX, 2023, as amended including any capital costs, will be met by updating the capital budget and forecast for the Town, where appropriate;

AND WHEREAS the Council of the Town of Saugeen Shores on XXXX XX, 2023 determined that no additional public meeting was required.

AND WHEREAS Council has given consideration to and deems that the future excess capacity identified in the Development Charges Background Study dated XXXX XX, 2023, shall be paid for by the development charges contemplated in the said development Charges Background Study, or other similar charges;

AND WHEREAS the Council of the Town of Saugeen Shores has given consideration of the use of more than one development charge by-law to reflect different needs for services in different areas, also known as area rating or area-specific DCs, and has determined that for the services, and associated infrastructure proposed to be funded by

DCs under this by-law, that it is fair and reasonable that the charges be calculated on a municipal-wide uniform basis;

AND WHEREAS the Development Charges Background Study dated XXXX XX, 2023 includes an Asset Management Plan that deals with all assets whose capital costs are intended to be funded under the development charge by-law and that such assets are considered to be financially sustainable over their full life-cycle.

AND WHEREAS the Council of the Town of Saugeen Shores will give consideration to incorporate the asset management plan outlined in the Development Charges Background Study within the Town's ongoing practices and corporate asset management strategy.

NOW THEREFORE the Council of the Corporation of the Town of Saugeen Shores enacts as follows:

1. SCHEDULES TO THE BY-LAW

The following Schedule to this by-law shall replace Schedule "A" to By-law 56-2021:

Schedule "A" - Development Charges effective the date the by-law comes into force to the expiration of the by-law

2. DATE BY-LAW EFFECTIVE

This By-law shall come into force and effect on XXXXX XX, 2023.

3. SHORT TITLE

This by-law may be cited as the "By-law to Amend Development Charges By-law, 56-2021."

READ A FIRST AND SECOND TIME THIS **XXX** DAY OF **XXXXXX**, 2023.

READ A THIRD TIME AND FINALLY PASSED AND SEALED THIS **XXX** DAY OF **XXXXXX**, 2023.

XXXXXXX, Mayor

XXXXXXX, Clerk

SCHEDULE "A"
TO BY-LAW 56-2021

**SCHEDULE OF DEVELOPMENT CHARGES EFFECTIVE THE DATE OF THE BY-LAW
 COMES INTO FORCE UNTIL BY-LAW EXPIRY**

SCHEDULE "A"
 TO BY-LAW XX-2021 OF THE TOWN OF SAUGEEN SHORES
 TOWN OF SAUGEEN SHORES DEVELOPMENT CHARGES

Service	Residential Charge By Dwelling Type					Non-Residential Charge **
	Singles & Semis	Other Multiples	Apartments 2+ Bedrooms	Apartments Bachelor or 1 Bedroom	Trailer Units	
Indoor Recreation	\$ 4,883	\$ 3,202	\$ 3,007	\$ 2,087	\$ 637	\$ -
Outdoor Recreation	\$ 337	\$ 220	\$ 206	\$ 143	\$ 43	\$ -
Library Services	\$ 471	\$ 308	\$ 290	\$ 201	\$ 61	\$ -
Police Services	\$ 495	\$ 324	\$ 305	\$ 211	\$ 64	\$ 2.67
Fire Protection Services	\$ 1,139	\$ 747	\$ 701	\$ 486	\$ 147	\$ 6.12
Storm Drainage	\$ 713	\$ 468	\$ 438	\$ 304	\$ 92	\$ 4.08
Public Works	\$ 2,692	\$ 1,764	\$ 1,657	\$ 1,150	\$ 350	\$ 14.43
Roads and Related	\$ 5,467	\$ 3,585	\$ 3,367	\$ 2,337	\$ 713	\$ 29.36
Waste Management Services	\$ 195	\$ 128	\$ 120	\$ 83	\$ 25	\$ 1.00
SUBTOTAL	\$ 16,392	\$ 10,746	\$ 10,091	\$ 7,002	\$ 2,132	\$ 57.66
Water and Wastewater Services						
Water Services *	\$ 6,509	\$ 4,267	\$ 4,009	\$ 2,782	\$ 848	\$ 34.94
Wastewater Services *	\$ 9,510	\$ 6,235	\$ 5,856	\$ 4,064	\$ 1,239	\$ 51.04
SUBTOTAL	\$ 16,019	\$ 10,502	\$ 9,865	\$ 6,846	\$ 2,087	\$ 85.98
TOTAL	\$ 32,411	\$ 21,248	\$ 19,956	\$ 13,848	\$ 4,219	\$ 143.64

* Rates are only charged to developments that are connecting to these services

** Except as provided in the Development Charges By-law