



City of Cornwall

Brookdale Avenue North Corridor Wastewater Services

Cost Recovery Update

June 22, 2020

Introduction

Background



- The City of Cornwall (City) is extending wastewater services to the Brookdale Avenue North Corridor.
- The City's 2017 Development Charge (D.C.) Background Study substantiated the share of servicing costs that would be recovered through the imposition of D.C.s under the authority of the Development Charges Act (D.C.A.) and a capital charge under the *Municipal Act*.
- The City subsequently passed D.C. By-law 2018-037 for the imposition of Area-Specific D.C.s in the Brookdale Avenue North Corridor.

Cost Recovery Update

Capital Costs



- Updates to D.C. and *Municipal Act* Capital Charge calculations required due to:
 - Awarded tender for construction costs in 2020:
 - Reflecting greater than inflationary cost increases; and
 - Increases in costs due to geotechnical conditions encountered.
 - Changes to benefitting service areas; and
 - Revisions to growth potential of benefitting areas.

Study Process

To Date



- Council update on project and cost estimates (November 25, 2019)
- Award of Tender 19-T71 Brookdale Avenue North Sanitary Sewer Extension (February 10, 2020)
- Draft *Municipal Act* and D.C. recommendations to Council (May 25, 2020)
- Presentation of draft D.C. update to benefitting property owners (June 17, 2020)
- **Presentation of final recommendations to Council (June 22, 2020)**

Introduction

Development Charges Act



- Provides for the recovery of growth-related capital costs related to development
- Includes limitations on services that can be included and prescribes a detailed calculation methodology that must be followed
- D.C.s are generally payable at the time of building permit issuance
 - Does not allow for the recovery of costs of providing service to existing privately serviced developments



Introduction

Municipal Act – Capital Charges

- Imposed under Part 12 of the Municipal Act
- Capital charges are imposed by municipalities to recover infrastructure costs related to:
 - Extension of municipal services to private service users; and
 - Recovery of capital improvement costs from existing developments.
- Act permits the imposition of capital charges on persons who receive an immediate benefit or a benefit at some later point (i.e. deferred benefit).

Benefitting Service Area



- Wastewater services have been designed to include servicing capacity for:
 - Brookdale Ave North Corridor;
 - Properties with existing development; and
 - Vacant properties anticipated to develop at a greater density than in 2017 D.C. Study (gross floor area equal to 18.5% lot coverage vs. 15% in 2017 D.C. Study).
 - Lands along Tollgate Road West (outside of Urban Settlement Boundary); and
 - Additional lands beyond Urban Settlement Boundary.

Capital Costs & Funding Mechanisms



- \$10.7 million total costs (incl. net HST, professional fees, and \$0.9 million for the provision of increased capacity for the future servicing of lands along Tollgate Road West)
- Costs of servicing Brookdale Avenue North Corridor apportioned to properties based on peak sanitary design flows and cost recovery mechanism (Area-Specific D.C. vs. *Municipal Act* Capital Charge)

Description	Cost	Cost Recovery Mechanism
Brookdale Ave North Corridor		
Properties with Existing Development	\$3.0 million	Municipal Act Capital Charge
Vacant Properties	\$4.7 million	Development Charges
Subtotal	\$7.7 million	
Outside Urban Settlement Boundary		
Tollgate Road West Lands	\$0.9 million	City Financing / Future Development Charges
Additional Lands Beyond Urban Settlement Boundary	\$2.1 million	
Subtotal	\$3.0 million	
Total Costs	\$10.7 million	

D.C. Calculations



- D.C. recoverable costs of \$6.0 million to be recovered from future development on vacant properties

D.C. Recoverable Costs	Cost
Brookdale Avenue North Sanitary Sewer Extension	\$4.7 million
Net Present Value of D.C. Financing	\$1.6 million
Less: Deferred D.C. Revenue	\$0.3 million
Total	\$6.0 million

- Anticipated development potential of vacant properties (101.6 acres) is 722,856 sq.ft. gross floor area
- Calculated area-specific D.C. is \$7.27 per sq.ft. of non-residential gross floor area

Service	NON-RESIDENTIAL (per sq.ft. of Gross Floor Area)	
	Current	Calculated
Brookdale Avenue North Corridor		
Wastewater Services	\$6.80	\$7.27

Municipal Act Capital Charge



- Draft *Municipal Act* Capital Charges by property

Property Name	Brookdale Avenue North Sanitary Sewer Extension
Cornwall Mazda	\$373,998
Irving Oil	\$1,048,064
Seaway Travel Centre Ltd	\$126,116
Super 8	\$540,110
Cornwall GM	\$243,534
Cornwall Camping Centre	\$195,697
Villarboit Brookdale Square	\$474,021
Total	\$3,001,538



Implementation Policies



D.C. By-Law Policies

D.C. Calculation and Timing of Collection

- D.C.s to be imposed through the imposition of an Area-Specific D.C. By-law
- D.C.s are calculated and payable on the date the first building permit is issued
- The City may enter into agreements for the D.C. to be paid before or after it would otherwise be payable
- D.C. By-law provides for mandatory annual indexing on January 1st of each year



D.C. By-Law Policies

D.C. Calculation and Timing of Collection

- Institutional developments would pay D.C.s in 6 equal annual payments, commencing from the date of occupancy.
- D.C. for developments proceeding through Site Plan or Zoning By-law Amendment will be determined based on the charges in effect on the day the application is made.
 - Charges to be frozen for a maximum period of 2 years after planning application approval
- The D.C.A. allows municipalities to charge interest on installment charges, and on charges determined at Site Plan or Zoning Bylaw Amendment application.
- Draft D.C. By-law provides that interest will be calculated based on a rate of prime plus 3%.

D.C. By-Law Policies

Statutory D.C. Exemptions



- The D.C.A. provides statutory non-residential exemptions for:
 - Industrial additions of up to and including 50% of the existing GFA of the building - for industrial additions which exceed 50% of the existing GFA, only the portion of the addition in excess of 50% is subject to D.C.s; and
 - Land used for Municipal or Board of Education purposes.



D.C. By-Law Policies

Proposed Non-Statutory D.C. Exemptions

- Bona fide farm uses
- Places of Worship;
- Hospitals governed by the *Public Hospitals Act*;
- College or university buildings;
- Manufacturing uses; and
- Properties having paid a charge imposed under the *Municipal Act* for the extension of wastewater services to the Brookdale Avenue North Corridor

Municipal Act Capital Charge Policies



- *Municipal Act* allows flexibility for how the charge is calculated and imposed
- Capital Charge to be calculated based on actual costs and imposed at time wastewater services are available
- Proposed Payment Options:
 - Installment Charge – Annual charge payable including interest (repayment period typically mirrors debt repayment term); and
 - Commuted charge – Landowner applies to pay total capital charge within specified period of time.
- Area-specific D.C.s paid to be credited against capital charge owing



Next Steps

Schedule



UPDATE TO THE AREA-SPECIFIC DEVELOPMENT CHARGES (DCs) BY-LAW Tentative Schedule of Key DCs Process Dates (proposed starting June 17, 2020)

1	In-Camera Meeting of Council (RE: project and cost update and forth coming tender)		Nov 25, 2019
2	Award of Tender 19-T71 Brookdale Avenue North Sanitary Sewer Extension		Feb 10, 2020
3	Preparation of an update to the DC Background Study and By-law		Mar - May 2020
4	In-Camera Meeting – report RE: draft MA and DC recommendations to Council		May 25, 2020
5	Presentation of draft DC Update to the Development Industry (benefiting property owners)	Meeting by Invitation EVB to attend	Jun 17, 2020
6	Presentation of final recommendations to Council	Regular Council Meeting Watson to attend	Jun 22, 2020
7	DC Background Study update and revised DC By-law available to public (website)	60 days prior to by-law passage	Jun 23, 2020

**WE ARE
HERE**

Council Meetings

Schedule



8	Statutory notice of Public Meeting advertisement placed in newspaper(s) (City Hall Bulletin)	- NOTICE - 20 clear days prior to public meeting	Jun 27, 2020 and July 18, 2020
9	Public Meeting of Council Special Council Meeting	At least 2 weeks after DC background study and proposed DC by-law made available to public	Jul 27, 2020
10	Council considers adoption of DC Background Study update and passage of the revised Brookdale Ave North Corridor DC By-law	60 days after DC background study and proposed DC by-law made available to public	Sep 14, 2020
11	Newspaper notice given of By-law passage	By 20 days after passage	Sep 19, 2020
12	Last day for By-law appeal	40 days after passage	Oct 24, 2020
13	City makes available updated DC pamphlet	By 60 days after in force date	Oct 30, 2020

Council Meetings