

January 11, 2024

Memorandum to: City Clerk
City of Guelph

From: Daryl Keleher, MCIP, RPP, Principal
Keleher Planning & Economic Consulting Inc.

Re: Guelph DC Review
Our File: P1040

Keleher Planning & Economic Consulting Inc. was retained and requested by 2575950 Ontario Ltd. as well as 2021 Gordon Street Inc. and 2023 Gordon Street Inc. to review materials related to the City of Guelph's update of its development charges by-law, including the 2023 Development Charges Background Study and subsequent Addendum Study dated January 4, 2024.

I had previously submitted a memorandum dated October 16, 2023, with the City providing written response in a memo dated December 21, 2023. Both of those documents are attached to this memo. The City's response and changes made to with respect to some of the questions raised is appreciated. This memorandum presents follow-up items and outstanding questions from the City's response.

Outstanding Questions and Comments

Parks & Recreation

- 1) The inclusion of the \$101.3 million "Urban Forest Management Plan" project, based on the details provided in the City's December 2023 letter (item #1 in October 2023 memo) , appears to be more of an operating / maintenance-oriented project rather than a capital work, as many of the activities under this program are for things such as "general increase of costs and resources (staff and equipment), 'monitoring of canopy cover', 'general increase of costs and resources required to maintain an increasing number of trees'".
- 2) The capital project list includes eight parks and one Community Park for the Clair-Maltby Secondary Plan – it is unclear the exact specifics of what these project costs include – can the City provide detailed project sheets for these parks to show how the costs were derived? (follow-up to item #5 from October 2023 memo).

Roads

- 3) Can the City provide details regarding the "Resiliency Network" items, specifically the segments of roads that obtaining ROW in corridors such as Arkell, Elmira, Maltby, etc. are being sought? (items #11 and 16 from October 2023 memo).
- 4) Can the City provide detailed project sheets that shows the various components included in the roads projects carried in the DC Study, including construction costs, design costs, soft costs, land costs, structures, sidewalks, contingencies, etc.?

Police

- 5) The City and Watson's approach in treating "Growth-Related Debt" for the "Headquarters Expansion and Renovation" principal repayment is inconsistent with the provision of the DC Act. The proposed approach to include the full cost of debentured works in LOS calculations and then recover the full cost of debentures through the setting of DC rates.

The OMB decision referred to in the City's memorandum (item #22) speaks to "debt-financed facilities that are oversized for future development", making reference to 'oversized' facilities generally, not limited to only those that exceed the service standard:

[98] The issue arises because the entire oversized portion of the debt-serviced facilities is included by Hemson in the historic inventory. As such it is part of the historic service level which is used to determine the maximum increase in the need of service that can be funded by development charges. In short, the inclusion is considered by BILD as an unjustifiable elevation of the 10 year historic service level value. It will have an effect of enlarging the maximum funding envelope which should have been lowered if it were excluded.

[99] The Board finds that there is little ambiguity in this controversy. If, on one hand, the debt-financed facilities are oversized for the future, it is "committed excess capacity" and therefore does not belong to the historic inventory. If it does not belong to the historic inventory, it has no place to be part of the 10-year-historic service and cannot play a role in influencing the development charges that arise from the increased need. On the other hand, if it is not committed excess capacity, but is part of the historic inventory, it must be a benefit to the existing residents and should be excluded for the calculation of development charges as required under s. 5(1)6.

[100] The Board would order the adjustments to reflect our findings. Adjustment is thereby ordered to be made in the calculation of the past level of service in Clarington to reflect the debenture payments for the oversize of library and recreation facilities. Alternatively, appropriate reductions should be made for the benefit of the oversizing to existing developments.

Water and Wastewater

- 6) The allocation of 80% BTE for "Wastewater Sewer Relining and Repair Program" appears low given the apparent nature of the works, in that the extended useful life of the sewers is benefitting existing development by mitigating risk of failure, and renewing assets. The City's response notes that "this type of work does expand the sewers capacity in an estimated range of 10-25%" – is this expanded capacity the restoration of previously installed capacity, or do the works add net new capacity? (item #23 from October 2023 memo).
- 7) Can the City provide detailed project sheets that shows the various components included in the water and wastewater projects carried in the DC Study, including construction costs, design costs, soft costs, contingencies, etc.?

Population and Housing Forecasts

- 8) A footnote to Schedule 1 of Appendix A notes that "population forecast excludes students which would not be captured within the permanent population base", with the City response noting that post-secondary students captured in the Census (i.e., those students living in Guelph) are included, while

those students not captured in the Census has a small impact, noting that 66% of student growth at the University is with local students already captured by the Census.

Can the City provide the underlying data behind the estimate of 66% of student growth being students already living in the City of Guelph?

Additional Questions – Addendum Study:

- 9) Can the source of the \$11.1 million in “other contributions” for project 102 (Silvercreek Parkway/CN Grade Separation”) introduced in the Addendum Study as an additional deduction be provided?
- 10) What is the nature of the newly added project (Hanlon – Highway 7/Woodlawn to Wellington) – is this a widening of the Hanlon Parkway within this segment?
- 11) Have the removed projects 91-93 from the Parks & Recreation DC capital project list been deferred but still deemed DC eligible, or have the projects deemed not growth related?

APPENDICES:

Appendix A: October 16, 2023 KPEC Memo to Kevn Yaraskavitch, Senior Corporate Analyst

Appendix B: December 21, 2023 Letter from Shanna O’Dwyer to KPEC

Appendix A

October 16, 2023

Memorandum to: Kevin Yaraskavitch, Senior Corporate Analyst,
Financial Strategy Long Term Planning, City of Guelph

From: Daryl Keleher, MCIP, RPP, Principal
Keleher Planning & Economic Consulting Inc.

Re: Guelph DC Review

Our File: P1040

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Proposed DC Rate Increase

As background to the questions and comments in the following section of this memo, the City's proposed residential DC rates would see an increase in the range of 44-59% depending on the unit type, with drivers of the increase seen in the Roads DC (+162% or \$12,640 per SDU), the Public Works DC (+128%), Water DC (+38%) and Police DC (+60%).

Current and Proposed DC Rates, City of Guelph

	Current	Proposed	Change	% Change
Roads	\$ 7,791	\$ 20,432	\$ 12,641	162%
Public Works	\$ 731	\$ 1,669	\$ 938	128%
Transit	\$ 3,759	\$ 4,021	\$ 262	7%
Fire	\$ 432	\$ 418	-\$ 14	-3%
Police	\$ 905	\$ 1,450	\$ 545	60%
Parks & Recreation	\$ 12,048	\$ 13,785	\$ 1,737	14%
Library	\$ 1,144	\$ 1,640	\$ 496	43%
Administration	\$ 1,065	\$ -	-\$ 1,065	-100%
Provincial Offences Act	\$ 10	\$ -	-\$ 10	-100%
Long-Term Care	\$ -	\$ 95	\$ 95	n.a.
Public Health	\$ 411	\$ 391	-\$ 20	-5%
Ambulance	\$ 152	\$ 407	\$ 255	168%
Waste Diversion	\$ 752	\$ 1,533	\$ 781	104%
Stormwater Drainage and Control	\$ 308	\$ 757	\$ 449	146%
Wastewater	\$ 8,908	\$ 9,773	\$ 865	10%
Water	\$ 9,423	\$ 12,929	\$ 3,506	37%
Total (\$ per SDU)	\$ 47,839	\$ 69,300	\$ 21,461	45%
Other Residential DC Rates				
Multiples	\$ 35,251	\$ 49,901	\$ 14,650	42%
Apartments (2BR+)	\$ 26,546	\$ 41,487	\$ 14,941	56%
Apartments (<2BR)	\$ 18,980	\$ 30,401	\$ 11,421	60%
Non-Residential (\$/sf)	\$ 16.24	\$ 27.25	\$ 11.01	68%

Source: City of Guelph, Draft 2023 DC Background Study, (July 6, 2023)

Questions and Comments

Parks & Recreation

- 1) What is the nature of the \$101.3 million “Urban Forest Management Plan” project, and to what extent is this project growth-related (\$18.8 million is included in the DC)?
- 2) What is the nature of the “Facility Conversion (Exhibition Arena)” and why is this allocated to Post-Period Benefit instead of Benefit to Existing if the facility is being replaced or renewed?
- 3) What is the difference between projects “Guelph Trails (2023-2051)” with a cost of \$27.4 million and “Guelph Trails (2024-2033)” with a cost of \$10.2 million?
- 4) What is the rationale for assigning only 50% BTE to the “Outdoor Pool (Lyon Pool)” Project – is the additional capacity being created for anticipated growth reflective of a 50% “benefit to growth”?
- 5) The capital project list includes eight parks and one Community Park for the Clair-Maltby Secondary Plan – what are these costs meant to cover, and is there any overlap with what the landowners would be required to provide as a base local service?

Transit

- 6) There appears to be an inconsistent allocation of PPB for the “New Fleet and Transit Facility”, with the growth-related amount for the project itself (project #1) split 13% to the DC and 87% to PPB, while the debt interest costs are allocated 64% to the DC and 36% to PPB. The costs for the Library facility and the debt interest match on a percentage basis, so it is unclear why they do not match for the Transit project. Can the background assumptions and calculations behind these calculations be provided?

Figure 1

Comparison of Allocation of Growth-Related Costs - Project and Debt Interest, City of Guelph Transit DC

	DC Recoverable Costs		Post Period Benefit Costs		Total Growth-Related Costs
	Amount	%	Amount	%	
New Fleet and Transit Facility - Transit Portion	\$ 12,394,500	13.3%	\$ 80,536,000	86.7%	\$ 92,930,500
New Fleet and Transit Facility - Growth-Related Debt Interest	\$ 18,215,074	64.3%	\$ 10,109,000	35.7%	\$ 28,324,074

Source: City of Guelph Draft 2023 DC Study

- 7) Of the costs for the Transit and Fleet Services facility, \$201 million in gross costs (and \$10.8 million in DC recoverable costs) are included in the Transit DC, but \$94 million in gross costs (and \$26.1 million in DC recoverable costs) are included in the Public Works DC. What is the basis for the allocation of costs between the two DC service categories?

Library

- 8) Does the \$64.2 million capital cost for the Downtown Library include costs related to the underground parking garage and public square? To the extent that the costs may include some proportion for a municipal parking garage (over and above the base requirements for the library operation), the DC Act no longer allows for recovery of capital costs for general municipal parking facilities.

Ambulance Services

- 9) The DC Recoverable costs include \$1.3 million for the Erin Station – why are the full costs of this facility not funded by “other contributions” like the other stations located outside of Guelph (Guelph-Eramosa, Drayton, Mount Forest, Harriston, Fergus)?

Waste Diversion

- 10) The “Admin Building Retrofit” project has a capital cost of \$7.5 million, but no BTE allocated:
- a) Can the nature of the project be provided and what type of administrative functions will occupy the building, and whether the project will add any capacity to accommodate needs of growth?
 - b) What is the basis for the 0% BTE allocation?
 - c) What are the \$2.5 million in “other deductions” representing?

Roads

- 11) To what extent do the capital costs for road reconstruction projects include presumed land acquisition costs? Is a breakdown of capital cost estimates (construction, land acquisition, contingencies, bridges/structures) available?
- 12) If the City were to receive lands via dedication for road projects where land acquisition costs were included in the DC, to avoid double-counting, would the City provide DC credits for land dedication that overlaps with DC recoveries?
- 13) What road capacity is being added through project #28 “York Rd Wastewater Trunk and Paisley Feedermain Capacity Upgrades – Phase 4...” to warrant \$19.9 million of the \$28.4 million in costs being allocated to growth?
- 14) For projects under the category heading “Road Expansion (Adding Active Transportation without Road Widening), the typical BTE allocations for these projects (projects 48-90) is 50% - what proportion of these project costs relate to road reconstruction and replacement of existing assets and what proportion relates to the added Active Transportation elements? It is noted that the “Active Transportation Network Construction” project (#97) appears to also have a 50% BTE without any mention of road reconstruction.
- 15) For projects #3-12 for “Downtown Full Corridor Reconstruction”, many projects are labelled with “W”, “WW”, “SW” and “RD” - what is the breakdown of capital costs by works related to road reconstruction, streetscaping, land acquisition, water, wastewater and stormwater works?
- 16) For projects #34 - #36 related to the protection for future widening of Elmira Road, what is meant by “protect” for future widening? Additionally, if the actual widenings being protected for through these

projects are not part of the project list included in the DC, why is there no post-period benefit allocation for two of the three projects providing protection for future widenings?

- 17) Does the City anticipate any 'grants or subsidies' for the "Possible Coordination with MTO/Railway" project that should be accounted for in the DC calculation? Currently no grants/subsidies have been assumed for these projects, which have a gross cost of \$40.4 million, and \$29.8 million of which are included in the DC rate calculations as DC recoverable costs.
- 18) While the costs for the "Resiliency Network" projects in the DC study are entirely dedicated to BTE and PPB, what is meant to be funded by the projects, also identified as "Potential Resiliency Widenings" in the Guelph TMP Schedule 6C?
- 19) The project costs for the reconstruction of Clair Road from 230m of Laird to Gordon (#111) and the bike lanes/sewer on Clair Road from Gordon to Beaver Meadows (#112) have the same gross costs (\$4,987,500) and the same BTE deduction (\$1,496,300), despite being different projects with different lengths.
 - a) Are these costs meant to be the same or are one of these amounts shown in error?
 - b) How do these projects relate to projects #71 and #72, which cover the same segments, but have different costs (\$1,901,000 and \$1,036,000, respectively)?
- 20) What is the nature of the two Stevenson Street projects (#84 and #85), and what is the rationale for the allocation of BTE for each segment?

Fire

- 21) What is the rationale for the inclusion of \$3.4 million for "Land for New Facility" if there is no new facility in the capital plans? Should this cost be allocated to PPB instead of 100% to the DC? Does the City have a rough location for the new facility that informed the cost estimate carried in the DC study?

Police

- 22) The DC capital project list includes recovery for \$12.5 million for "Growth-Related Debt" for the "Headquarters Expansion and Renovation" principal repayment. Has the proportionate amount of facility related to the remaining unfunded debt being recovered been deducted from the level of service inventory?

Water and Wastewater

- 23) What is the nature of the "Wastewater Sewer Relining and Repair Program", and what is the rationale for the 80% BTE allocation?
- 24) What is the nature of project #1 – "WW-I-11 Area Asset Capacity Enhancements"?
- 25) The Alma Street Reconstruction project, which includes a \$30 million gross cost for wastewater works does not appear in the capital project list from the City's June 2023 Water and Wastewater Servicing Master Plan. What study does the need for the project come from?

- 26) Similarly, numerous projects in the 2023 draft DC study do not appear in the Water and Wastewater Master Plan – where projects do not appear in the Master Plan, can the City provide the basis for need, and the associated document where that need was set out?
- 27) For projects in the DC Study that are found in the Master Plan, the growth shares in the Master Plan are often lower than the growth shares (DC Recoverable Cost%) in the DC study, including:
- a) Project 27 – Exhibition Park Area – 3% Growth Share in MP, 5% in DC study;
 - b) Projects 33/34 – Silvercreek Parkway – 5% Growth Share in MP, 10% in DC study;
 - c) Project 43 – Ptarmigan Siphon Twinning – 8% Growth Share in MP, 10% in DC study;
 - d) Project 44 – Speed River at Crane Park Siphon Twinning – 36% growth share in MP, 40% in DC study.

Population and Housing Forecasts

- 28) The 10-year housing forecast from 2023-2033 includes 12,556 net new households, equating to 1,256 net new units per year. This is significantly less than the City's 10-year housing target of 18,000 units by 2031. As the staff report from February 2023 notes, this "exceeds projections by 6,100 units and would require construction of over 2,000 units per year to 2031"
- a) Should the City's housing forecast, particularly the timing of the forecast incorporated into the DC rate calculations, be adjusted to reflect the Provincial direction and City-adopted target?
 - b) The City's February 2023 staff report notes that the City's master plans "address servicing for this level of growth", but that "the impacts of growing at a higher rate than planned are primarily on the City's ability to provide services, which is limited by the development industry's project timing and Provincial processes". Has the City considered how capital works could be advanced through DC pre-payment agreements, front-ending agreements, etc., as allowed for in the Development Charges Act to allow for the advancement of works or funds?
- 29) A footnote to Schedule 1 of Appendix A notes that "population forecast excludes students which would not be captured within the permanent population base":
- a) Why were students not included in the forecast (and therefore excluded from the 'denominator' of the DC calculation) if private student housing developments would be charged DCs?
 - b) Do the City's anticipated capital needs (the 'numerator' of the DC calculation) incorporate anticipated demand from post-secondary students?
 - c) What proportion of housing units in the City's 10-year housing forecast (12,556 units) are students expected to reside in?

Appendix B



December 21, 2023

Sent via email.

Daryl Keleher, MCIP, RPP
Principal
Keleher Planning & Economic Consulting Inc.
daryl@kpec.ca

Dear Mr. Keleher,

RE: Guelph DC Review, your file P1040

Thank you for your detailed review of Guelph's Development Charge Background Study, and the questions you submitted thereon. The City of Guelph, in collaboration with our development charge consultants, Watson & Associates Economists Ltd., have prepared the following response to the questions you submitted on October 16, 2023.

Parks & Recreation

1. What is the nature of the \$101.3 million "Urban Forest Management Plan" project, and to what extent is this project growth-related (\$18.8 million is included in the DC)?

Guelph's Urban Forest Management Plan (UFMP) ensures a sustainable urban forest that provides environmental, social, cultural, and economic benefits as our community continues to grow. The plan was developed in 2012 and provides strategic guidance for managing Guelph's urban forest until 2032.

The objectives of the plan provide for a number of activities:

- Trees are integrated into the City's Asset Management Program and provide tangible services, especially to meet and mitigate the demands of growth.
- Support climate change and mitigation – caused by loss of natural heritage resources as a result of development and growth.
- Tree planting to support loss of canopy to development and growth.
- Tree planting to maintain target levels of tree services as City grows.
- General increase of costs and resources required to maintain an increasing number of trees planted on City property through development and growth.
- General increase of costs and resources (e.g., staff and equipment) required to manage risks associated with trees

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- planted on private properties adjacent to the ROW (e.g., risk assessments, inspections, inventory)
- Monitoring of canopy cover – includes monitoring the impact of development on the City's overall canopy cover and the level of services such as cooling, carbon sequestration, etc.
- Cost for updates of the UFMP
- Implement improved engineered tree growing environment solutions (e.g., open planters, structural soils for capital projects related to growth)
- Tree preservation and new tree planting for capital projects related to growth.

2. What is the nature of the "Facility Conversion (Exhibition Arena)" and why is this allocated to Post-Period Benefit instead of Benefit to Existing if the facility is being replaced or renewed?

This project was put in as a placeholder (e.g., could have been a conversion to Pickleball or indoor soccer, but it was unknown if an ice pad would be taken offline). This was flagged as a project but will be subject to further discussion and therefore it is not in the D.C. calculation currently.

3. What is the difference between projects "Guelph Trails (2023-2051)" with a cost of \$27.4 million and "Guelph Trails (2024-2033)" with a cost of \$10.2 million?

The difference between the two line items is that one is fully growth funded (e.g., new trails required due to growth), the second line is 50% growth funded (e.g., existing trails that need improvement or formalization of ad-hoc trails to support growth of the trail network, but also benefit to existing).

4. What is the rationale for assigning only 50% BTE to the "Outdoor Pool (Lyon Pool)" Project – is the additional capacity being created for anticipated growth reflective of a 50% "benefit to growth"?

Through our latest capital budget process, this project is to be removed for the D.C. 10-year forecast.

5. The capital project list includes eight parks and one Community Park for the Clair-Maltby Secondary Plan – what are these costs meant to cover, and is there any overlap with what the landowners would be required to provide as a base local service?

The costs identified for the eight neighbourhood parks and one community park in Clair Maltby are for the construction of park amenities. This does not include land

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acquisition costs or the developer’s responsibility to provide “basic park development” as per the Local Service Policy.

Transit

6. There appears to be an inconsistent allocation of PPB for the “New Fleet and Transit Facility”, with the growth-related amount for the project itself (project #1) split 13% to the DC and 87% to PPB, while the debt interest costs are allocated 64% to the DC and 36% to PPB. The costs for the Library facility and the debt interest match on a percentage basis, so it is unclear why they do not match for the Transit project. Can the background assumptions and calculations behind these calculations be provided?

Figure 1

Comparison of Allocation of Growth-Related Costs - Project and Debt Interest, City of Guelph Transit DC

	DC Recoverable Costs		Post Period Benefit Costs		Total Growth-Related Costs
	Amount	%	Amount	%	
New Fleet and Transit Facility - Transit Portion	\$ 12,394,500	13.3%	\$ 80,536,000	86.7%	\$ 92,930,500
New Fleet and Transit Facility - Growth-Related Debt Interest	\$ 18,215,074	64.3%	\$ 10,109,000	35.7%	\$ 28,324,074

Source: City of Guelph Draft 2023 DC Study

The interest calculations have been updated in the addendum, based on the above.

7. Of the costs for the Transit and Fleet Services facility, \$201 million in gross costs (and \$10.8 million in DC recoverable costs) are included in the Transit DC, but \$94 million in gross costs (and \$26.1 million in DC recoverable costs) are included in the Public Works DC. What is the basis for the allocation of costs between the two DC service categories?

The cost allocation is based on the spatial requirements for each service category. Transit is expected to require 68% of the total square footage of the building for storage and maintenance, which includes the entire vehicle storage area and the portion of the maintenance area which will be used for these large vehicles as identified by the City. Therefore, of the total building of amount, 68% (\$201,000,000) of the cost of the building and site was allocated to transit and the remaining (\$94,000,000) was allocated to the remaining services (Public Works) which would use the other 32% of the building.

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Library

- 8. Does the \$64.2 million capital cost for the Downtown Library include costs related to the underground parking garage and public square? To the extent that the costs may include some proportion for a municipal parking garage (over and above the base requirements for the library operation), the DC Act no longer allows for recovery of capital costs for general municipal parking facilities.**

Based on the information from the City's budget, the costs included for the Main Library are only related to the construction of the facility and do not include the other noted items.

Ambulance Services

- 9. The DC Recoverable costs include \$1.3 million for the Erin Station – why are the full costs of this facility not funded by “other contributions” like the other stations located outside of Guelph (Guelph-Eramosa, Drayton, Mount Forest, Harriston, Fergus)?**

The Erin Station is funded by a contribution from Wellington County and a contribution by the City. The remaining stations that you've noted are expected to be funded in a similar fashion, however, the City's portion has been included in the post period benefit.

Waste Diversion

- 10. The “Admin Building Retrofit” project has a capital cost of \$7.5 million, but no BTE allocated:**
- a) Can the nature of the project be provided and what type of administrative functions will occupy the building, and whether the project will add any capacity to accommodate needs of growth?**
 - b) What is the basis for the 0% BTE allocation?**
 - c) What are the \$2.5 million in “other deductions” representing?**

The description of the capital project was based on the City's budget files. The project item reflects an expansion to the current facility to accommodate growth, as outlined in the DC background study with respect to waste related administration needs. DC eligibility is based on the historic service standard which at a macro level is 2/3 diversion related and 1/3 non-diversion related (landfill) ineligible costs. Therefore, the name of this project has been updated to “Admin Building

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Expansion". The \$2.5 million deduction reflects the portion of the expansion that is related to landfill, which is ineligible.

Roads

11. To what extent do the capital costs for road reconstruction projects include presumed land acquisition costs? Is a breakdown of capital cost estimates (construction, land acquisition, contingencies, bridges/structures) available?

The cost estimates pulled from the linear construction projects do not include land acquisition, because this is typically determined only at detailed design stage.

The exception is the Resiliency Network, which is uniquely about obtaining ROW. We estimated land values based on the Parkland Dedication By-law land value averages for residential, commercial and industrial land uses <https://guelph.ca/wp-content/uploads/parkland-dedication-bylaw.pdf>.

12. If the City were to receive lands via dedication for road projects where land acquisition costs were included in the DC, to avoid double-counting, would the City provide DC credits for land dedication that overlaps with DC recoveries?

Based on the above, a D.C. credit would only be provided where a D.C. project has included land costs (i.e., for the Resiliency Network only).

13. What road capacity is being added through project #28 "York Rd Wastewater Trunk and Paisley Feedermain Capacity Upgrades – Phase 4..." to warrant \$19.9 million of the \$28.4 million in costs being allocated to growth?

The initial project scope was to undertake a road widening that will add two additional lanes to this road segment.

Subsequent to the TMP and release of the D.C. Background Study, there has been a public meeting and a review of the budget process where this project has been scaled down. The scoped version does accommodate growth (by adding turning lanes, enhancement to AT, etc.). The gross cost of this project will be reduced to \$15.1 million to reflect these changes.

14. For projects under the category heading "Road Expansion (Adding Active Transportation without Road Widening), the typical BTE allocations for these projects (projects 48-90) is 50% - what proportion of these project costs relate to road reconstruction and replacement of existing assets and what proportion relates to the added Active

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Transportation elements? It is noted that the “Active Transportation Network Construction” project (#97) appears to also have a 50% BTE without any mention of road reconstruction.

Typically these projects (48-90) are replacing an on-street bike lane with either a protected on-street bike lane, or cycle track in the boulevard. The work could require some minor widening of the road with associated impacts to stormwater catchment and curb relocations, utility pole relocations. There are two distinct “network plans” that include active transportation components. One is the 2022 TMP, which includes the cycling spine network (www.guelph.ca/tmp) where we are developing a network of all-ages and abilities cycling corridors throughout the city. The second, Project 97, is the 2017 Active Transportation Network recommendations(<https://guelph.ca/wp-content/uploads/Map-of-Proposed-Active-Transportation-Network-July-2017-3.pdf>) which is a combination of recategorizing some off-road primary trails as part of the ATN with associated capital works requirements (widening trail, paving/hard surfacing, curb cuts), and connecting with high-quality on-road sections where required to cross the city east-west and north-south.

15. For projects #3-12 for “Downtown Full Corridor Reconstruction”, many projects are labelled with “W”, “WW”, “SW” and “RD” - what is the breakdown of capital costs by works related to road reconstruction, streetscaping, land acquisition, water, wastewater and stormwater works?

This is a project naming clean-up item. There are no costs for water and wastewater included in the Services Related to a Highway. These letters simply denote that there are other utility works associated with these projects and those are captured in the appropriate section of the DC Study. As per the DCA, road drainage modifications required to support a growth-related road project are eligible for inclusion in the development charges study. The full costs presented in the Services Related to a Highway include the road works, stormwater, and streetscaping.

16. For projects #34 - #36 related to the protection for future widening of Elmira Road, what is meant by “protect” for future widening? Additionally, if the actual widenings being protected for through these projects are not part of the project list included in the DC, why is there no post-period benefit allocation for two of the three projects providing protection for future widenings?

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Elmira Road is identified in the TMP as part of the resiliency network, where the City will acquire additional ROW over time to allow for flexible uses. As outlined in the 2022 TMP, the Resiliency Network protects lands within the ROW for as-yet-unknown demands (transit, active transportation, autonomous vehicles, other future transportation related needs within the ROW). Page 94 of [the 2022 TMP report](#) states: "Resilience Network The Resiliency Network identifies key arterial and collector streets that are designed to be flexible by protecting space in the right-of-way for future uses. This offers the transportation network flexibility so that the City can make changes to improve mobility along those streets in response to factors like changing travel patterns/needs, climate change impacts, societal disruptions like COVID-19, new mobility technologies, and more. Since the Resilience Network is focused on future needs, these streets will not require any immediate physical changes."

Furthermore, the future uses identified for this project are meant to be undertaken within the 2051 forecast.

17. Does the City anticipate any 'grants or subsidies' for the "Possible Coordination with MTO/Railway" project that should be accounted for in the DC calculation? Currently no grants/subsidies have been assumed for these projects, which have a gross cost of \$40.4 million, and \$29.8 million of which are included in the DC rate calculations as DC recoverable costs.

The City is not currently anticipating grants for this work, however, will always apply for future opportunities as appropriate. There are no known grant programs and subsidies at this time.

18. While the costs for the "Resiliency Network" projects in the DC study are entirely dedicated to BTE and PPB, what is meant to be funded by the projects, also identified as "Potential Resiliency Widenings" in the Guelph TMP Schedule 6C?

TMP, the Resiliency Network protects lands within the ROW for as-yet-unknown demands (transit, active transportation, autonomous vehicles, other future transportation related needs within the ROW). Page 94 of [the 2022 TMP report](#) states: "Resilience Network The Resiliency Network identifies key arterial and collector streets that are designed to be flexible by protecting space in the right-of-way for future uses. This offers the transportation network flexibility so that the City can make changes to improve mobility along those streets in response to factors like changing travel patterns/needs, climate change impacts, societal disruptions like COVID-19, new mobility technologies, and more. Since the Resilience Network is focused on future needs, these streets will not require any

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immediate physical changes.” These resiliency projects are anticipated to occur outside of the 2051 forecast period.

19. The project costs for the reconstruction of Clair Road from 230m of Laird to Gordon (#111) and the bike lanes/sewer on Clair Road from Gordon to Beaver Meadows (#112) have the same gross costs (\$4,987,500) and the same BTE deduction (\$1,496,300), despite being different projects with different lengths.

a) Are these costs meant to be the same or are one of these amounts shown in error?

These projects are both approximately 820m in length and have the same scope in the Services Related to a Highway Tab, which add road improvements to support growth in Clair Maltby. The cost for this entire segment was split evenly across the two corridor projects.

b) How do these projects relate to projects #71 and #72, which cover the same segments, but have different costs (\$1,901,000 and \$1,036,000, respectively)?

Subsequent to the release of the background study, these projects are to be removed through the review of the capital budget process.

20. What is the nature of the two Stevenson Street projects (#84 and #85), and what is the rationale for the allocation of BTE for each segment?

Project 84 is related to Speedvale cycling spine network implementation as per the TMP recommendations. It provides an east-west connection from Victoria Road to Stevenson Street as part of a connected network that facilitates access to schools, commercial plazas and employment areas via Stevenson Street. Project 85 is related to Stevenson cycling spine network, connecting Speedvale to Eramosa by all-ages and abilities cycling facilities. These are two different street corridors. Further, these project percentages were continued from the 2018 DC and 2022 TMP.

Fire

21. What is the rationale for the inclusion of \$3.4 million for “Land for New Facility” if there is no new facility in the capital plans? Should this cost be allocated to PPB instead of 100% to the DC? Does the City have a rough location for the new facility that informed the cost estimate carried in the DC study?

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Through our latest capital budget process, this project is to be removed for this D.C. study.

Police

22. The DC capital project list includes recovery for \$12.5 million for "Growth-Related Debt" for the "Headquarters Expansion and Renovation" principal repayment. Has the proportionate amount of facility related to the remaining unfunded debt being recovered been deducted from the level of service inventory?

No adjustment has been made. KPEC are referring to a 2015 OMB decision regarding the Municipality of Clarington. This decision discusses debt servicing for specific projects included in the Clarington DC study and suggests that these specific buildings, which have this debt, be removed from the service standard calculations. KPEC has interpreted this decision as saying that any assets that have debt associated with them be deducted from the service standard calculations. This is an incorrect interpretation of the decision. It should be noted that the DC consultant in this case was Hemson Consulting, and they deployed a new methodology which is different than Watson's methodology. In regard to recreation services, the Board only commented on one (1) of three (3) assets, which had debt associated with them, and only directed that one (1) of these items be removed from the service standard calculations because it exceeded the service standard and Hemson chose to include it, deeming it committed excess capacity. Without delving into all of the details of the decision, the Board member did not direct to remove all assets with debt from the service standard calculations, but only this one particular project. This exact situation was also observed for Library services (i.e., only one (1) of two (2) assets with debt charges was to be removed from the service standard calculations). To be clear, the decision was focused on a brand new methodology used by Hemson, and this methodology is much different than the Watson methodology and hence no adjustment has been made for the Police building service standard calculations.

Water and Wastewater

23. What is the nature of the "Wastewater Sewer Relining and Repair Program", and what is the rationale for the 80% BTE allocation?

It is acknowledged that this project deals with existing mains in the downtown core. However, this program does extend the useful life of the sewers by an additional 30 years. Additionally, this type of work does expand the sewer's capacity in an estimated range of 10%-25%, which accommodates new growth within the City's intensification areas.

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24. What is the nature of project #1 – “WW-I-11 Area Asset Capacity Enhancements”?

This project represents a provision / allowance for necessary future upsizing of pipes to allow for growth. The W/WW MP identified a series of projects to resolve capacity issues in pipes that were over capacity now and in the future using OPA 80 growth assumptions. With these upgrades in place, there is still a modelled portion of the linear wastewater network that is nearing full capacity. Should enough growth occur upstream of these locations that was not projected through OPA 80 (i.e., not in a strategic growth area, impacts of considering additional as-of-right units, zone changes through OMB), the City needs to have an allowance in place to support upsizing to ensure that it does not become a barrier to growth. This project is in alignment with a similar project in the last DC Study and follows the same growth/BTE split.

25. The Alma Street Reconstruction project, which includes a \$30 million gross cost for wastewater works does not appear in the capital project list from the City’s June 2023 Water and Wastewater Servicing Master Plan. What study does the need for the project come from?

This project includes an area of capacity constraint identified in the Water and Wastewater Servicing Master Plan not significant enough to be put forward as a standalone project (a surcharge condition at Alma and Paisley, see Figure 3.2 in TMP). The remainder of the project is related to asset replacement.

26. Similarly, numerous projects in the 2023 draft DC study do not appear in the Water and Wastewater Master Plan – where projects do not appear in the Master Plan, can the City provide the basis for need, and the associated document where that need was set out?

It’s difficult to answer this question directly without the “numerous” projects being identified. Generally, this could be a result of several factors:

- Renaming of the project or slightly different description of the project;
- A subcomponent of a broader project identified in the master plan; or
- A continuance of subsequent phases of a project (currently in progress).

27. For projects in the DC Study that are found in the Master Plan, the growth shares in the Master Plan are often lower than the growth shares (DC Recoverable Cost%) in the DC study, including:

- a) Project 27 – Exhibition Park Area – 3% Growth Share in MP, 5% in DC study;**

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- b) Projects 33/34 – Silvercreek Parkway – 5% Growth Share in MP, 10% in DC study;**
- c) Project 43 – Ptarmigan Siphon Twinning – 8% Growth Share in MP, 10% in DC study;**
- d) Project 44 – Speed River at Crane Park Siphon Twinning – 36% growth share in MP, 40% in DC study.**

When engineers undertake sewer sizing, they consider the volume of flows required. In most cases, the required flows calculate to a pipe size that is not exactly to the flow capacity of an industry standard pipe (for example, a calculated capacity need may be for a 413mm sewer. The industry manufactures 375mm or 450mm sewers, hence requiring the selection of the 450mm sewer to be installed in order to accommodate the required flows). With this approach, the larger pipe size may have an unused residual capacity that may not be needed and as such, is not part of the D.C. calculation.

For Project 27, the Master Plan specifies that the total volume of the pipe represents 76% existing needs. The difference of the existing needs + the growth share versus the total wastewater main capacity is the residual capacity. The residual capacity is the amount of extra capacity that will be created by upsizing to an industry standard size pipe (not a custom pipe to perfectly match the required size for the modelled flow). The growth percentage used for this project is the growth % divided by the growth + existing capacity (rounded).

For Projects 33/34, the responses are similar to project 27.

For Projects 43 and 44, the percentages have been updated to reflect the Master Plan figures.

Population and Housing Forecasts

28. The 10-year housing forecast from 2023-2033 includes 12,556 net new households, equating to 1,256 net new units per year. This is significantly less than the City's 10-year housing target of 18,000 units by 2031. As the staff report from February 2023 notes, this "exceeds projections by 6,100 units and would require construction of over 2,000 units per year to 2031"

- a) Should the City's housing forecast, particularly the timing of the forecast incorporated into the DC rate calculations, be adjusted to reflect the Provincial direction and City-adopted target?**

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As part of Bill-23, municipal housing targets have been identified for 29 of Ontario's largest and many of the fastest growing single/lower tier municipalities, including the City of Guelph.

The Province has identified that the pledge is not intended to be a land-use planning document. Housing targets are not intended to replace current municipal Official Plans and are not expected to impact adopted municipal population or employment projections. Rather, Bill 23 establishes housing targets which represent a desired state, expressed as a policy objective.

The City of Guelph Municipal Comprehensive Review (M.C.R.), also known as Shaping Guelph, represents forecasts as opposed to targets, which have been comprehensively assessed through a multi-year process. The growth forecast established through Shaping Guelph informed the City's updated Official Plan to conform to changes to Provincial legislation and policies as part of Official Plan Amendment 80, which was adopted by the Council of the City of Guelph on July 11, 2022, and approved by the Minister of Municipal Affairs and Housing on April 11, 2023. The City of Guelph 2023 D.C. growth forecast is consistent with the growth forecast in Shaping Guelph and the updated Official Plan.

b) The City's February 2023 staff report notes that the City's master plans "address servicing for this level of growth", but that "the impacts of growing at a higher rate than planned are primarily on the City's ability to provide services, which is limited by the development industry's project timing and Provincial processes". Has the City considered how capital works could be advanced through DC pre-payment agreements, front-ending agreements, etc., as allowed for in the Development Charges Act to allow for the advancement of works or funds?

The City is exploring alternative funding strategies as noted above.

29. A footnote to Schedule 1 of Appendix A notes that "population forecast excludes students which would not be captured within the permanent population base":

a) Why were students not included in the forecast (and therefore excluded from the 'denominator' of the DC calculation) if private student housing developments would be charged DCs?

Post-secondary students in the City of Guelph are captured in two categories:

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1. Students that reside in the City of Guelph during Census enumeration and are included in the Census population. These are captured as part of the 203,000 population in 2051.
2. Students that do not reside in the City of Guelph during Census enumeration and are not included in the Census population and 203,000 in 2051.

Students that are captured as part of the Census permanent population and housing forecast in the DC represent the majority of post-secondary student growth (66%) in the City of Guelph. Their needs are included in the DC growth forecast. The impact of post-secondary students not captured in the Census on the forecast is small. This approach is consistent with the City of Guelph prior DC study.

b) Do the City's anticipated capital needs (the 'numerator' of the DC calculation) incorporate anticipated demand from post-secondary students?


The capital program identifies the proposed works to service the population forecast presented in Appendix A to the D.C. background study. As noted above, students are identified in the growth figures, as such the capital reflects this population increase.

c) What proportion of housing units in the City's 10-year housing forecast (12,556 units) are students expected to reside in?

It is unclear what's being asked in this question. The DC growth forecast has a 2051 time horizon which includes the needs over a 10-year period. There are many forms of student housing (i.e., domestic on-campus and off-campus student housing, domestic students living in Guelph with parents and non-permanent residents (i.e., international students living both on and off campus.)). Can the question please be more specific?

Again, we appreciate your detailed review and feedback on Guelph' Development Charge Background Study.

Sincerely,

DocuSigned by:

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Shanna O'Dwyer, Manager, Financial Strategy and Long-Term Planning
City of Guelph

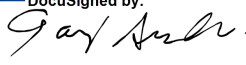
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