

Pinn, Trevor

From: Stacey Hawkins <s.hawkins@drhba.com>
Sent: November 12, 2020 5:19 PM
To: Pinn, Trevor
Cc: 'Johnathan Schickedanz'; 'Tiago Do Couto'
Subject: DC Update
Attachments: DRHBASubmissionNov122020.pdf

EXTERNAL

Hi Trevor,

Please find attached correspondence from the Durham Region Home Builders' Association in regards to the 2020 DC Background Study.

Please feel free to call or email me if you have any questions.

Thank you,

Stacey Hawkins
Executive Officer
Durham Region Home Builders' Association (DRHBA)
905-579-8080 ext. 2





Durham Region Home Builders' Association

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November 12, 2020

Trevor Pinn
Municipality of Clarington
40 Temperance Street
Bowmanville, Ontario L1C 3A6

Re: Clarington DC By-Law Update 2020

The Durham Region Home Builders' Association (DRHBA) proudly represents over 170 member companies and is the voice of the residential construction industry in Durham Region.

DRHBA would like to thank Municipality of Clarington staff and Watson & Associates for releasing the background study on the Clarington DC update.

The Association is working with a group of stakeholders that own land in the Municipality of Clarington to review the information provided in the background study. To that end, DRHBA has retained Altus Group to do a review of study. Please see the attached memorandum from Altus Group with questions and comments.

We look forward to hearing your response and working with you going forward.

Respectfully,

A handwritten signature in black ink, appearing to read "Stacey Hawkins".

Stacey Hawkins
Executive Officer
Durham Region Home Builders' Association

cc:
Johnathan Schickedanz, president, DRHBA
Tiago Do Couto, chair, GR Committee, DRHBA
Clarington DC Stakeholder Group

November 12, 2020

Memorandum to: Stacey Hawkins, Executive Officer
Durham Region Home Builders' Association

From: Daryl Keleher, Senior Director
Alex Beheshti, Senior Analyst
Altus Group Economic Consulting

Subject: Clarington DC Review
Our File: P-6520

Altus Group Economic Consulting was retained by the Durham Region Home Builders' Association ("DRHBA") to review the Municipality of Clarington's 2020 Draft Development Charges Background Study ("2020 DC Study"). This memorandum presents our question and comments on the 2020 DC Study and proposed DC by-law.

GENERAL QUESTIONS

Residential / Non-Residential Splits - Roads

- 1) According to the data in study, population is expected to grow by 37,080 and employment is expected to grow by 9,693 jobs including no fixed place of work ("NFPOW") or 8,107 jobs excluding them. Accordingly, the residential/non-residential split is 79% and 21% respectively including NFPOW and 82% and 18% excluding NFPOW – it is this latter ratio that the study uses. The study applies non-residential share to the roads charge at 18%, which excludes NFPOW.

Presumably NFPOW workers would be especially using roads at the same rate as residents and workers with a usual place of work, if not more so - why were NFPOW workers excluded from the non-residential share for roads?

Presumably, these workers would still be required to attend some kind non-residential land uses in order to fulfil their work requirements, (e.g. have a central dispatch depot, parts pickup, etc.).

Relationship of Calculated Maximum Allowable to DC Recoverable Costs

- 2) There appears to be some minor discrepancies between the DC recoverable costs included in the calculations and the maximum allowable funding envelopes, with the DC recoverable amounts exceeding the calculated level of service cap.

For example, the calculated level of service cap for parks and recreation is \$74,611,353, while there are \$77,619,427 in costs recovered in the DC (after accounting for the \$994,111 reserve fund surplus).

Even after removing the \$1,217,064 in interest costs (which are allowed to be recovered for over and above the LOS cap), there are \$76,402,363 in costs included in the DC, or \$1,791,010 over the calculated LOS cap.

A similar problem appears to be present for both the Fire Services and Library Services calculations.

SERVICE-SPECIFIC QUESTIONS

Fire

3) The average building cost per square feet of buildable area in the 2020 DC Study is \$385, while the value including land and site improvements ranges between \$469 and \$556 per sf. This implies a value for land between \$84-\$171 per square foot of building. Taking the example of the Bowmanville Station:

- It has an implied building value of \$4,620,000 (\$385 x 12,000 square feet), and
- A building value including land and site works of \$6,072,000 (\$506 x 12,000 square feet).
- This equates to a value of land including site works of \$1,452,000 (\$6,072,000-\$4,620,000) or \$121 per square foot, or \$1,452,000/12,000 square feet.

The 2015 DC Study cites the Bowmanville Station as having a site area of 1.08 hectares, meaning the underlying land value for the site is now \$1,344,444. The 2015 DC Study also provides a land value of 556,000 per hectare for this site. Why have the land value increased by 140% since the 2015 DC Study?

4) What accounts for the vehicle discrepancy numbers between the 2015 and 2020 DC studies in the historical service level analysis?

For example, the 2015 DC Study had 30 vehicles in 2010 while the 2020 study reports 36 vehicles for that year, and for the year 2014 there are 31 vehicles reported in the 2015 study but 40 vehicles in the 2020 study.

5) We have several questions relating to cost increases for fire station projects:

- a. Why has “Expansion of Headquarters #1” increased in cost by 37.5% since the 2015 DC Study? (the costs have increased from \$1,260,000 in the 2015 DC Study to \$1,732,500 in the 2020 DC Study)
- b. Why has “New Station #6 in Bowmanville” increased in cost by 22.5% since the 2015 DC Study? (the costs have increased from \$4,916,000 in the 2015 DC Study to \$6,018,000 in the 2020 DC Study)

Roads

6) The project list on pages 5-15 and 5-16 jumps from project number 38 at the bottom of page 5-15, to project number 46 at the top of page 5-16. Are there projects numbered 39-45 missing from the project list?

7) The costs per km for roads has increased between 27% and 44% since the 2015 DC Study. What accounts for the large increases in value per kilometre for roads?

Figure 1 Changes in Value of Existing Roads Inventory, Municipality of Clarington

Road Type	Lanes	2015 DC Study	2020 DC Study	Difference	Change
		<i>Dollars Per Kilometre (km)</i>			<i>Percent</i>
Rural Collector	2	1,192,000	1,720,100	528,100	44
Sem-Urban Collector	2	1,749,000	2,396,500	647,500	37
Urban Collector	2	2,919,000	3,716,100	797,100	27
Urban Collector	3	3,033,000	4,054,800	1,021,800	34
Urban Collector	4	3,339,000	4,529,900	1,190,900	36
Semi-Urban Arterial	2	2,072,000	2,771,900	699,900	34
Urban Arterial	3	3,200,000	4,298,000	1,098,000	34
Urban Arterial	4	3,628,000	4,926,400	1,298,400	36
Urban Arterial	5	3,936,000	5,399,500	1,463,500	37

Source: Altus Economic Consulting based on Municipality of Clarington 2015 DC Study and 2020 DC Study

- 8) The existing Hampton and Orono Operations Centres have had cost increases in the LOS inventory of 46% since the 2015 DC Study, while all other facilities were subject to increases ranging from 15-17%. What is the basis for the additional unit cost increase for the two operations centres?

Figure 2 Changes in Value of Existing Depots and Domes, Municipality of Clarington

Building	2015 Study	2020 Study	Difference	Change
	<i>Dollars per Square Foot</i>			<i>Percent</i>
Hampton Operations Centre	250	365	115	46
Hampton Storage Building (Sign Shed)	40	47	7	18
Hampton Quonset Hut	20	23	3	15
Hampton Salt Shed	70	82	12	17
Hampton Storage Trailers	20	23	3	15
Orono Operations Centre	250	365	115	46
Orono Storage Building	40	47	7	18
Orono Salt Shed	70	82	12	17
Orono Sand Dome	30	35	5	17

Source: Altus Economic Consulting based on Municipality of Clarington 2015 DC Study and 2020 DC Study

- 9) There are some inconsistencies with the BTE allocation for road projects – one example is Lambs road improvements, which have differing BTEs depending on the segment and type of work being done to this road:
- Project #5 – Lambs Rd. Grade Separation – 0% BTE – gross cost \$15,006,547
 - Project #8 – Lambs Rd. Box Culvert – 0% BTE – gross cost \$286,059
 - Project #55 – Lambs Rd. Hwy 2 – Concession – 3.5% BTE – gross cost \$4,629,770
 - Project #86 – Lambs Rd. Concession – CPR Tracks – 13.7% BTE – gross cost \$3,806,699

It is unclear how two adjacent sections of road (55 & 86) are assigned differing BTE, and the grade separation (5) adjoining the road improvement (86) is assigned no BTE, but the road improvement is.

- 10) There is a 73.6% BTE allocation for all streetscape works (projects 181-194) but the BTE for sidewalk and cycling facilities is 0% for nearly all such projects (except 108, 124, 158, 159)?
- 11) Similarly, why have the various streetlight projects been assigned no BTE – would these projects not have a BTE similar to what the streetscape works were assigned?
- 12) There are numerous projects that have seen capital costs increase significantly since the 2015 DC Study:
 - a. The gross capital costs for the Grady Dr. Structure increased by 129% since the 2015 DC Study (from \$1,306,997 to \$2,987,454);
 - b. The gross capital costs for the Longworth Avenue (Road Oversizing) project increased by 328% since the 2015 DC Study (from \$591,000 to \$2,527,100); and
 - c. The gross capital costs for the Trulls Rd. – Bloor to Baseline project increased by 643% since the 2015 DC Study (from \$591,000 to \$2,527,100).
- 13) There are numerous projects where the allocation to existing development (or “benefit to existing”) have decreased significantly as a percentage of gross capital costs. We would like to understand the reasoning and basis for the following decreases:
 - a. The BTE for the Longworth Avenue (Road Oversizing) project decreased from 36% in the 2015 DC Study to 0% in the 2020 DC Study;
 - b. The BTE for the Trulls Rd – Bloor to Baseline project decreased from 76% in the 2015 DC Study to 29% in the 2020 DC Study;
 - c. The BTE for the Holt Rd – Baseline to Bloor decreased from 22% in the 2015 DC Study to 2% in the 2020 DC Study;
 - d. The BTE for the Holt Rd – Bloor to Hwy 2 decreased from 20% in the 2015 DC Study to 6% in the 2020 DC Study;
 - e. The BTE for Green Road – Future Longworth to 670m north of Longworth decreased from 33% in the 2015 DC Study to 2% in the 2020 DC Study;
 - f. The BTE for Green Road Widening – Baseline to Hwy 2 decreased from 59% in the 2015 DC Study to 0% in the 2020 DC Study.

Parks and Recreation Services

- 14) What is the difference between the costs for the Diane Hamre Recreation Complex that are debenture financed (and recovered for in the capital project list), and those set out for the “Phase 1 Exp” of this same facility? Are there two parts to the Phase 1 project?
- 15) What is the nature of the “future principal payments” and “future interest payments” for “additional facility space” related to parks operations – is this provision meant to recover costs associated with a specific project? If so, which project? Has Council indicated its intent to proceed with this project and debenture finance that project?
- 16) Based on the Municipality’s 2018 DC RFS, the annual costs for the new recreation centre in Newcastle (Diane Hamre) was \$1,583,719 per year, with another 10% (\$175,969) funded from non-DC sources. Do the costs for this debenture repayment in the 2020 DC Study reflect this allocation of costs between DC and non-DC sources?

- 17) The Municipality's 2018 DC reserve fund statement shows that 10% of the debenture costs for the Bowmanville Indoor Soccer facility were funded from non-DC sources. Is this share reflected in the NPV calculations for principal and interest shown in the 2020 DC Study?
- 18) There are several discrepancies in the historical service level count for park facilities between the 2015 and 2020 DC studies. This is particularly pronounced in terms of the total number of playgrounds. Can an explanation for the differences be provided?

Figure 3 Historic Parks Facility Inventory, Municipality of Clarington

	2010	2011	2012	2013	2014
<u>2015 DC Study</u>					
	<i>Number of Items</i>				
Skateboard Parks	3	3	4	4	4
Tennis Courts	16	16	16	16	16
Playgrounds	33	33	34	36	36
<u>2020 DC Study</u>					
Skateboard Parks	4	4	4	4	4
Tennis Courts	16	16	16	18	18
Playgrounds	39	39	41	43	43
<u>Difference</u>					
Skateboard Parks	1	1	0	0	0
Tennis Courts	0	0	0	2	2
Playgrounds	6	6	7	7	7

Source: Altus Economic Consulting based on 2015 Clarington DC Study and 2020 Clarington DC Study

- 19) Why has the "Courtice Waterfront Park Phase 1" increased 50% in cost from \$1,000,000 to \$1,500,000?
- 20) There is a significant number of new recreation facilities included in the capital project list - what is included in the capital costs for the following new indoor recreation facilities being planned for (broken out by square footage of the facility, land, F&E costs, etc.)?
- Diane Hamre Recreation Complex – Phase 1 Expansion (\$9,629,100)
 - Courtice Community Complex - Aquatic Expansion (\$8,293,400);
 - Diane Hamre Recreation Complex – Phase 2 Expansion (\$33,222,900);
 - South Courtice Arena – Expansion (\$6,599,500);
 - South Bowmanville Facility – (\$18,453,050);
- 21) For the South Bowmanville Facility (project #55), unlike the other recreation facility projects 49-54, there is no BTE allocation. Why are none of the costs of this facility allocated to BTE, and how is this project different than the other projects (including Phase 1 of the same facility – projects 49, 50)
- 22) There are numerous trail projects (projects #2, 3, 7, 9, 12, 17, 22, 25, 37 and 38) with a combined gross capital cost of \$5,805,000, but no allocation to BTE. What is the basis for the assumption that the existing community will receive no benefit from the various trail projects being planned for?
- 23) Similarly, there are numerous waterfront park development projects (projects #21, 24, 27, 34 and 35) with a combined gross capital cost of \$4,100,000, but no allocation to BTE. If the existing community

received a benefit from improved amenities in the Municipality's waterfront, the degree to which these improvements will benefit the existing residents should be acknowledged.

Library

24) The 2020 DC Study provides a unit cost of \$467 per square foot for libraries and a range between \$567-\$624 per square foot including land. This implies a land cost of between \$100-\$157 per square foot for land alone. Taking the example from the Bowmanville Branch, which is 24,000 square feet in both studies:

- In the 2015 DC Study shows that the library is located on a 0.10-hectare site with a value of \$556,000 per hectare, or a total land value of \$55,600.
- In the 2020 DC Study, based on the value of land and site works of \$100 per square foot, based on the building size of 24,000 square feet, this equates to a total land value of \$2,400,000, or using the 0.10-hectare site size from the 2015 DC Study, a value of \$24.0 million per hectare, or an increase of 4216% since the 2015 DC Study (notwithstanding the value of site works that may be included in the 2020 value than may not have been in the 2015 value). What is the basis for the land value assumed in the 2020 DC Study?

25) What is the difference between the "NPV Principal" for the Courtice Branch Debenture and the "Provision for Courtice Street Library Space"? Is the debenture amount included in the capital project list the repayments for the existing Courtice Library project (as shown in the Municipality's recent DC reserve fund statement), or is this for the new library space?

Growth Studies

26) Projects 1A to 1D of the capital project list includes gross costs of \$93,400 for the Municipality's DC Study with timing of 2019-2020. These provisions appear to be duplicated by projects 26A to 26D, which also include gross costs of the Municipality's DC Study with timing of 2019-2020.