Growing Where We Invest Region of Peel Growth Management Workshop



Financial Considerations of Future Growth Breakout Session

Dave Bingham Treasurer and Director Corporate Finance May 30, 2013

Breakout Discussion - Finance

- 1. How might the additional population and employment impact growth positively or negatively impact finances?
- 2. How does Peel best prepare for the financial challenges identified?
- 3. How can we allocate additional growth population in a way that optimizes the use of existing planned infrastructure?
- 4. In your opinion, should Council support using incentives to encourage development in specific areas and to fund such incentives from tax/reserves?

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Capital Plan Management



Estimated DC Debt



State of Good Repair (SOGR) Investment



DC Act/Framework Considerations

- Not all growth costs eligible for DC recovery
 - Waste Management, 10-year historical service average, 10% discount (transit, paramedics, human services, etc.)
- Cost of exemptions/incentives to one type of development not to be transferred to other development
- Replacement of useful life of existing assets to be deducted from DC rate calculation
 - Impacts recovery of growth costs in urbanized areas

Location of Additional Growth – Financial Considerations

- Expansion of capacity in highly urbanized areas likely to involve replacement of useful assets resulting in DC deduction for 'benefits to existing development'
 - Infrastructure planned for upgrades and/or replacement could be an opportunity for coordination
- Generally, infrastructure construction (over short-term) in highly urbanized areas may be more costly vs. green field locations
- Benefits to be gained in lower operating costs (over longterm) for some services in highly urbanized areas vs. green field locations (same level of infrastructure vs. more infrastructure)
- Growth and State of Good Repair (SOGR) costs need to be looked at in an integrated way

Typical Timing of Municipal Capital Expenditures

		Development Timing															
		OPA/ Secondary Plan		an	Draft Approval			Subdivision Approval			Building Permit			Post Occupancy			
Service	Capital Item														4		
Water:	Treatment																
	Distribution																
	Local																
Wastewater	Treatment																
	Collection												1				
	Local																
Stormwater Management	Facilities																
Roads and Related	Roads														<u>IIII</u>		
	Rolling Stock																
Library	Facilities																
	Collection Materials																
Transit	Facilities																
	Vehicles																
Parking	Parking Spaces																
Police	Facilities																
	Vehicles																
	Police Communication Equipmen	t															
	Police Officer Equipment																
Health Unit	Facilities																
Ambulance	Facilities																
	Vehicles																
Child Care	Facilities																
Provincial Offences Act	Facilities																
Parks	Parkland Development																
Recreation	Facilities																
Fire	Facilities																
	Vehicles																
	Firefighter Equipment																
Administrative	Growth Studies										Do	rior	<u>ل</u> م	Dool			
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Working for you

Comparison of DC Collection Timing

DC Collection Timing Region	Pre- subdivision Agreement (Draft Plan)	Subdivision Agreement	Between Subdivision Agreement and Building Permit	Building Permit
Peel	-	-	-	All development
Halton	Low/medium residential makes payment to secure allocation	Balance of low/medium residential development	High density at site plan approval to secure allocation	Non-residential development and high density residential
York	-	Residential development (low density)	-	Non-residential Development
Durham	-	-	50% of residential DCs payable within 1 year of subdivision agreement; balance within 2 years or building permit if sooner	Residential high-density and non-residential
legion of Peel			Region of	Peel

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Comparative GTA DC Rates

Development Charges for a Single-Family Dwelling Unit in the GTA



Note: Values represent Regional, Area, Education and GO Transit Development Charges - As of April 2013



Financial Cost of Incenting Growth

- DC Act requires that taxpayers are to fund DC incentives or discounts
- Regional DC debt growing over next several years

