

Northwest Paris Landowners Group

NORTHWEST PARIS - CAPITAL FINANCIAL IMPACT STUDY

REPORT

AUGUST 14, 2012



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1. INTRODUCTION

This report examines the capital costs associated with the development of North West Paris and focuses on the hard servicing infrastructure requirements. The findings are based on an analysis of a variety of reports including:

- *North West Paris Area Study*, May 2012 prepared by GSP Group et al for the North West Paris Landowners Group (referred to in this report as the *NWPAS*)
- *Northwest Paris, County of Brant, Master Servicing Study*, March 2012, prepared for the Northwest Paris Landowners Group by SCS Consulting Group Ltd.
- *Northwest Paris Secondary Plan, Traffic Impact Study*, February 2012, prepared for GSP Group Inc by Paradigm Transportation Solutions Ltd.
- *County of Brant 2010 Area – Specific Development Charge Background Studies for Sanitary Sewer, Water and Roads Service, Including Selected Stormwater Management Works Applicable to: (a) Southwest Paris, and separately to (b) The Rest of the Paris Urban Settlement Area*, Updated July 12, 2010, prepared for the County of Brant by Watson and Associates Economists Ltd. (referred to in this report as the *ASDC*)
- *Brant County Official Plan Review Growth Analysis Study, 2006 to 2031*, June 2008, prepared for County of Brant by Watson and Associates Economists.

The North West Paris Landowners Group is planning for the development of the North West Paris Area. Based on other work IBI Group has carried out in Brant County, this analysis includes a review of the required infrastructure to bring development on stream, evaluate whether some/or all of the projects are in the current Area Specific Development Charge and if so, estimate the impact of adding such projects. Further, as appropriate, IBI Group has identified if/when DC eligible credits are appropriate. Infrastructure costs that are not DC eligible are developer responsibilities.

1.1 North West Paris Study Area Development Potential

The *NWPAS* indicates that build out of the area will result in:

- a) 898 residential units capable of accommodating a population of some 2,244 residents. Of the total units 528 are anticipated to be single/semi detached units and the residual 370 units are multiples.
- b) 405 jobs in 21,110+/- sm of non-residential GFA space.

The *ASDC* for 'rest of Paris Urban Settlement Area' includes NW Paris. The *ASDC* has a planning timeframe from 2010 to 2019 (i.e., a 10 year time horizon) and forecasts:

- a) 600 housing units (SDE or single detached equivalent) for some 1,920 residents, and
- b) 250 jobs to be accommodated in 250,000 sf (23,225 sm) GFA of non-residential space.

A comparison of the two reports indicates that they generally reflect the same order of magnitude growth over the next 10 years but the *ASDC* considers a broader geographic area which includes Paris excluding southwest Paris.

Important to note is that the *ASDC* is limited to a 10 year timeframe, consistent with the approach taken in the 2009 by-law. The *ASDC* indicates the 10 year timeframe is used as there is less

certainty (as compared to SW Paris) with respect to the long term amount, type, rate and location of development in the area.

If the housing growth rates used in the 2010 to 2019 timeframe are extended to 2031, overall growth would be about 1,500 SDEs.

For analysis purposes, the development assumptions reflected in the *NWPAS* are used for calculations.

2. CAPITAL COST ANALYSIS

2.1 Overview

Capital costs associated with development are generally either developer cost items (i.e., usually internal to a subdivision) or development charge items. In the case of the former, the responsibilities are 100% developer funded. In the case of development charges, the capital can be broken down into components as follows:

1. **Growth related** incurred during the DC horizon period – included in the DC – no impact to the municipality;
2. **Growth related but beyond the horizon period** – to be collected from future DCs – post period benefit – ability to finance full project may present challenge; may have short to medium term impact on municipality but ultimately no impact to the municipality;
3. **Benefit to existing** portion of DC projects – to be funded from the tax base or in the case of water/wastewater through user rates; and
4. The **10% mandatory municipal contribution** as identified in the *Development Charges Act, 1997*, which must be funded through the tax base. In the case of the subject analysis, all projects are hard infrastructure and are not subject to the 10% municipal contribution.

2.2 Capital Costs Associated with NWP

Based on input from SCS Consulting Group, a range of capital requirements were identified to bring the NW Paris lands on stream in order to be development ready. The capital requirements focus entirely on hard infrastructure costs associated with wastewater, roads and stormwater management.

IBI Group has reviewed the Area Specific DC for Paris Settlement Area (Excluding Southwest Paris) to provide the necessary background to evaluate the requirements for the capital analysis for the subject lands. IBI Group, in consultation with SCS Consulting Group, has determined that it would be suitable for a number of the projects to be included in the capital projects in the calculation of the ASDC for Paris Settlement Area (Excluding Southwest Paris) i.e., 'rest of Paris'.

Having reviewed the projects included in the current ASDC, it is apparent that most of the proposed infrastructure projects required to service the NWPSA are currently not included in the current ASDC which contemplates development to 2019. Exhibit 1 below summarizes the various categories of cost examined. It is worthwhile noting that a few of the projects were identified by the County as being required to 2031 but the 'in force' ASDC for 'rest of Paris' does not include these projects.

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Exhibit 1: Capital Costs for NWPAS
 North West Paris Landowners

Service Category / Project	DC Status Eligibility			DC Status - Numeric							Developer Responsibility
	In ASDC to 2019 (p. 4-7 of ASDC)	Identified in ASDC but beyond 2019	To Be Added to ASDC	Total Cost	To Be Added to ASDC						
					Benefit to Existing (BTE)	NW Paris Growth Related to 2019	Post Period Benefit (post 2019)				
Storm					%	\$	%	\$	%	\$	
1 New & upgrades to storm sewers on Grand River Street North, Paris	yes										
Sanitary											
2 Grand River Street North Sewer Replacement	no	no	No. NWPAS to pump flows; developer cost	\$ -							TBD
3 William Street Sewer Replacement	no	no	Yes. Replacement sewer; BTE, In period Growth and PPB	\$ 495,000	50%	\$ 247,500	15%	\$ 74,250	35%	\$ 173,250	
4 Grand River Street North Pumping Station Upgrade	no	yes	not required by NWPAS								
5 Willow Street Upgrades	no	no	Yes. Replacement sewer; BTE, In period Growth and PPB	\$ 1,676,000	50%	\$ 838,000	15%	\$ 251,400	35%	\$ 586,600	
6 Willow Street Sewage Pumping Station Upgrades, Paris	no	yes	add NWPAS share in	\$ 500,000				\$ 500,000			
7 NE Pumping Station	no	no	add in similar to new Nith Peninsula Sanitary PS in ASDC	\$ 874,000	50%	\$ 437,000	25%	\$ 218,500	25%	\$ 218,500	
8 Creeden Street Replacements	no	no	Yes. Replacement sewer; BTE, In period Growth and PPB	\$ 242,000	50%	\$ 121,000	15%	\$ 36,300	35%	\$ 84,700	
9 Race Street Replacements	no	no	Yes. Replacement sewer; BTE, In period Growth and PPB	\$ 942,000	50%	\$ 471,000	15%	\$ 141,300	35%	\$ 329,700	
Sub-total Wastewater				\$ 4,729,000		\$ 2,114,500		\$ 1,221,750		\$ 1,392,750	TBD
Roads											
1 County Road 24A NB left - 45 m of storage at subdivision entrance	no	no	yes	\$ 200,000	50%	\$ 100,000	50%	\$ 100,000	0%	\$ -	
2 County Road 24A / Street A intersection - provision for future signals	no	no	No. Developer responsibility	\$ 25,000	0%	\$ -	0%	\$ -	0%	\$ -	\$ 25,000
3 County Road 24A NB left - 30 m of storage at Watts Pond Rd	no	no	No. Developer responsibility	\$ 150,000	0%	\$ -	0%	\$ -	0%	\$ -	\$ 150,000
4 Eastbound and Westbound left turn at Silver and Oak Street (15 m of storage)	no	no	yes	\$ 155,000	50%	\$ 77,500	50%	\$ 77,500	0%	\$ -	
5 Reduce speed limit on Watts Pond Road from 80 km/h to 50 km/h	no	no	No. Developer responsibility	\$ 5,000	0%	\$ -	0%	\$ -	0%	\$ -	\$ 5,000
Sub-total Roads				\$ 535,000		\$ 177,500		\$ 177,500		\$ -	\$ 180,000
Totals by Category				\$ 5,264,000		\$ 2,292,000		\$ 1,399,250		\$ 1,392,750	\$ 180,000

BTE	Costs to be Added to ASDC to 2019	PPB	100% Developer Responsibility
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2.2.1 REVIEW OF RESULTS

The analysis estimates that a total of some \$5.26 million in additional capital works are required to bring the NWP area on stream. These capital works break down as follows:

- Approximately \$2.3 million of the capital required are estimated to benefit existing development. A number of projects required are replacement capital and County representatives have indicated that the capital is nearing the end of its lifespan and is in need of replacement. In these cases, the analysis has assumed a 50% BTE.
- \$1.4 million is attributed to development in NW Paris.
- \$1.4 million is attributed to post period benefit for the 'rest of Paris' area.
- Based on current estimates \$180,000 in road works are a developer responsibility.
- Discussions with County engineering staff are required to review alternative servicing solutions for the Grand River Street North Sewer Replacement. SCS Consulting has a solution that would be a developer responsibility; however, alternative options may have broader benefit and thus be DC eligible.

2.2.2 ADDITIONAL ASDC ESTIMATE

Exhibit 2 below provides a possible attribution of costs for 'rest of Paris' based on capacity estimates for NW Paris, as reflected in the Area Study. *(Note: Additional refinement may be necessary to the estimates below as it is unclear from the existing ASDC for 'rest of Paris' what development (location) was assumed and the relevant capital works.)*

Exhibit 2: Attribution of Additional DC Eligible Capital Costs
North West Paris Landowners

<u>Res / Non Res Split</u>				<u>Per Capita</u>	<u>Per SM GFA</u>
Population	2,244	84.7%	\$ 1,185,322	\$ 528.22	
Jobs	<u>405</u>	<u>15.3%</u>	<u>\$ 213,928</u>		\$ 10.13
Pop + Jobs	2,649	100.0%	\$ 1,399,250		
Non Res GFA in sm	21,110				
Residential - Additional ASDC for NWPAS	PPU	Additional ASDC			
Single/Semi	2.89	\$ 1,526.55			
Multiples	1.94	\$ 1,024.74			

The additional incremental cost for the DC eligible portion is shown in Exhibit 2. Using the *NWPAS* forecasts, the additional cost would be:

- \$1,526.55 per single/semi detached housing unit
- \$1,024.74 per multiple housing unit
- \$10.13 per sm GFA for non-residential

2.2.3 DEVELOPER RESPONSIBILITY

As noted, some \$180,000 (yet to be finalized) is a developer responsibility. These costs can be distributed either based on the net developable area of NW Paris or using a similar approach to calculate the additional ASDC.

- The net developable area of NW Paris is 62.31 ha according to the Area Study. Therefore, a per ha charge of \$2,889 would result.
- Alternatively, the charge could be implemented as follows:
 - \$196.40 per single/semi detached housing unit
 - \$131.80 per multiple housing unit
 - \$1.30 per sm of non-residential GFA

2.2.4 IMPLEMENTATION

With respect to the delivery of the capital works which are DC eligible, the landowners group can proceed in one of two ways:

- 1) Await the update of the ASDC and the ability of the municipality to construct the necessary infrastructure; under this approach, DCs would be payable at building permit as is currently the practice of the County under the current ASDC bylaw; or
- 2) Enter into discussions with the County and receive assurance that the necessary works will be included in an update of the ASDC for 'rest of Paris', install the necessary capital works and receive DC credits.