

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT *Financial Planning & Policy Division*

TO: Chair and Members Audit, Finance & Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: October 19, 2011	
SUBJECT/REPORT NO: Development Charge Exemption – Lodging Residence Addition (25 additional bedrooms) for Ronald McDonald House Hamilton, 1510 Main St. West, Hamilton (FCS11078) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager, Finance & Corporate Services	PREPARED BY: Joseph Spiler 905-546-2424 Ext. 4519
SIGNATURE: 	

RECOMMENDATION

- (a) That the Municipal Development Charge (DC) Liability of \$194,750 for a Lodging Residence Addition (25 additional bedrooms) for Ronald McDonald House, 1510 Main Street West, Hamilton, be exempted;
- (b) That the Parkland Dedication Fees in the amount of \$16,558 be exempted;
- (c) That Development Charge deferral agreement #128 between the City of Hamilton and Kids Care Oncology Central West Ontario (Ronald McDonald House Hamilton) be amended as per recommendation (a).

EXECUTIVE SUMMARY

Ronald McDonald House Hamilton is a charitable organization which provides a “home away from home” for families of seriously ill children who are receiving treatment at our local children’s hospital. They are currently developing a \$13.5 million addition (increase from 15 to 40 bedrooms) to their Lodging Residence located at 1510 Main Street West. The Federal and Provincial Governments are funding partners for this project (refer to Table 1 and Appendix B of report FCS11078) through the Joint Infrastructure Stimulus Fund.

Table 1	
Project Budget	
Revenues	
Infrastructure Funding (Provincial)	\$ 4,333,333.00
Infrastructure Funding (Federal)	\$ 4,333,333.00
RMHC Canada	\$ 2,860,000.00
RMHC Global	\$ 99,900.00
Budgeted Fundraising	\$ 1,676,124.00
Total Revenues	\$ 13,302,690.00
Costs	
Construction Costs	\$ 10,064,313.00
Building Fees	\$ 91,925.00
Consultation And design	\$ 1,022,000.00
Other Costs	\$ 2,124,452.00
Total Costs	\$ 13,302,690.00

The Municipal Development Charge liability is \$194,750 (refer to Table 2 of report FCS11078). The Parkland Dedication Fee is \$16,558. Should Council decide to waive these fees, the City’s total contribution would be \$234,511, including the Planning and Road Closure fees waived in December 2008. There would also be an education DC liability of \$15,637. The City acts as a collection agent for these fees and only the Catholic School Board can exempt them. The City has notified the Catholic School Board of this liability.

A letter from Chantell Tunney, Executive Director of Ronald McDonald House Hamilton to the City Clerk dated February 14, 2011 (refer to Appendix A of report FCS11078) states the project funding is very tight and that a significant amount of the project funding relies on community donations.

With respect to the original Ronald McDonald House, staff have verified that City Council exempted that development (and organization) from Development Charges and Parkland Dedication in 1992.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

The applicable fees for this project total \$310,878.00. The DC fees are calculated based on the number of Bedrooms being created times the development charge rate for the DC classification of the building (refer to Table 2 of report FCS11078).

Table 2 Development Fees				
	Qty	Measure	Rate	Amount
City Development Charges		25 Bedrooms	\$ 7,723.00	\$ 193,075
Go Transit DC's		25 Bedrooms	\$ 67.00	\$ 1,675
Subtotal (Municipal Development Charge Liability)				\$ 194,750
Education DC's		25 Bedrooms	\$ 610.00	\$ 15,250
Non-Residential Space		2150 square feet	\$ 0.18	\$ 387
2% Park Land dedication				\$ 16,558
Road Closure Fees				\$ 3,686
Planning Fees				\$ 19,517
Building Permit Fees				\$ 60,730
Total				\$ 310,878

The Road Closure Fees and Planning Fees, totalling \$23,202.51 were waived in 2008. Waiving the City DC, GO Transit DC and Parkland Dedication fee will increase the City's contribution by \$211,308.00, to a total of \$234,510.51 for this development.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

On December 10, 2008, Council approved the initiation of a Road Closure application for a portion of the Cootes Drive road allowance with the application fee and other related fees and charges to be waived to a maximum of \$20,000. Total actual costs waived for this are \$3,685.51. Upon closing the road allowance, the lands were to be considered surplus and title transferred to Kids Care Oncology Central West Ontario for a \$1.00 nominal sale price. Further, Council approved that any municipal Zoning/Official Plan amendment, modification, variance and other associated planning fees or costs, relating to the subject lands, be waived, to a maximum cost of \$20,000. Costs for the Official Plan Amendment, Zoning By-law Amendment, Site Plan Application and other fees relating to the Site Plan Application totalled \$19,517.

In November 2010, staff were initially approached by Ronald McDonald House to explain the Development Charges calculation and process for requesting the fees be waived. At this time, staff advised that signing a Deferral Agreement would allow Ronald McDonald House to proceed with acquiring its permits before they filed their formal request for the Development Charges to be waived.

On February 14, 2011, officials from Ronald Macdonald House sent the City of Hamilton a letter requesting (refer to Appendix A of report FCS11078) that development fees for the expansion of the Ronald Macdonald House at 1510 Main Street West be waived.

For Development Charge purposes, this project falls under DC By-laws 09-143 and 09-144 passed on June 24, 2009. These, as well as our current DC By-laws, exempt places of worship and affordable housing. Ronald McDonald House does not fall under these two definitions although temporary housing is being provided for those to be close to family members being treated at McMaster Children's Hospital.

POLICY IMPLICATIONS

None – Precedent for waiving fees on such developments already exists.

RELEVANT CONSULTATION

Planning and Economic Development Department – Agreed with waiving of fees and advised of Habitat for Humanity project for which planning fees, including parkland dedication, were waived.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The following criteria were used to form the basis of the recommendation:

1. Charitable Organization which was already facing a significant community fundraising target to fund only Construction Costs. Additional Municipal Fees would increase this target significantly.
2. Municipal Exemption Precedent. The City had exempted the original development from the same charitable organization in 1992.
3. Section 11 EXEMPTIONS of the Park Land By-Law, subsection (6) authorizes council to exempt "... other charitable, non-profit uses as may be deemed by Council." In this regard, Council recently approved the waiving of Planning Fees, including Parkland, for a Habitat for Humanity development project on the basis of being a "non-profit" use.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Alternative: 100% DC Exemption for residential facilities. This would be a change to the existing by-law and would require at least one public meeting according to the Development Charges Act, 1997, S.O. 1997, c. 27. 20 days public notice would be required for this meeting and all documents would have to be made public at least two weeks prior to the meeting. A 40 Day appeal period would also exist.

Pros: Would promote development of high-density residential facilities.

Cons: There would be a significant loss of DC revenue which would be somewhat mitigated by increased property tax revenues.

Staffing Implications: None

Legal Implications: None

Policy Implications: Any changes to current DC policies will require amendments to be made to the DC Bylaw. The amendment process is outlined above.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)
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Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ♦ More innovation, greater teamwork, better client focus
- ♦ Council and SMT are recognized for their leadership and integrity

Financial Sustainability

- ♦ Financially Sustainable City by 2020
- ♦ Effective and sustainable Growth Management
- ♦ Generate assessment growth/non-tax revenues

Social Development

- ♦ Everyone has a home they can afford that is well maintained and safe

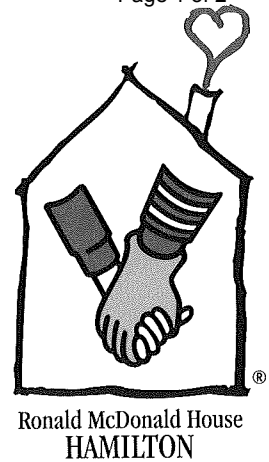
Healthy Community

- ♦ Plan and manage the built environment
 - ♦ Adequate access to food, water, shelter and income, safety, work, recreation and support for all (Human Services)

APPENDICES / SCHEDULES

Appendix “A” – Letter dated February 14, 2011 From Ronald Macdonald House Hamilton

Appendix “B” – Letter (File # 11127) from the Federal Government (Infrastructure Canada) confirming Federal and Provincial funding



February 14, 2011

Ms. Rose Caterini
City Clerk
City of Hamilton
71 Main St. W., 1st Floor
Hamilton, ON
L8P 4Y5

**Re: Development Fees Owing to Building Permit Application No. 10-197515-00R3
Property: 1510 Main St W. Hamilton (Lodging Residence – Addition R. McDonald House)**

Dear Ms. Caterini:

As you may know, Ronald McDonald House Hamilton is in the process of a \$13.5 million capital expansion project funded in-part through the Joint Infrastructure Stimulus Fund. We are located across the street from McMaster Children's Hospital and currently provide affordable accommodations and support programs to families whose children are critically ill and receiving treatment at the hospital. Since our House opened in 1993, we have been managing lengthy waitlists which is why we have embarked on this expansion to build an additional 25 bedrooms plus common space.

Earlier in November we were successful in receiving the necessary building permit to begin construction and to date the project is on time and scheduled for completion in late September 2011. Although we have received generous contributions from both the federal and provincial governments, funding for the balance of the project remains tight. We are relying on the generosity of our supporting communities to help us close the gap and ensure that the new House can be fully operational as of October 1, 2011.

During the permit process and subsequent to consultation with Adam Smith, Development Financial Officer of the Financial Planning and Policy Branch for the City of Hamilton, we filed a Development Charges deferral application. As a follow up to our application, I am writing to you to request an opportunity to appear before council to request that the City Development Charges on the project be waived/exempted. It has been estimated that our charges would amount to \$193,075 of which our organization would find it very difficult to absorb as this would come directly out of fundraising dollars (important to note that the stimulus funding does not cover such fees). We are also seeking exemption to the 2% Land Dedication for Municipal Park fees valued at \$16,558, the Educational Development Charges valued at \$15,637 and the Go Transit Development Charge of \$1,675.

Ronald McDonald House Hamilton

1510 Main St., W. Hamilton ON L8S 1E3 Ph: 905-521-9983 Fax: 905-521-9515 www.rmhhhamilton.ca

Charitable Registration #13277 9836 RR0001

As a condition to building occupancy, we look forward to resolving this matter over the next month. Please feel free to contact me if you have further questions and I look forward to hearing your response shortly.

Regards,



Chantell Tunney
Executive Director
Ronald McDonald House Hamilton
(905) 521-9983
ctunney@rmhhamilton.ca

Cc: Brian McHattie, City of Hamilton Councillor, Ward 1
Joe Spiler, Manger of Capital Budgets & Development
Mike McDonald, President, RMHH Board of Directors
Bob Dunn, Project Manager, McMaster University



Joint Secretariat
1 Stone Road West, 4NW
Guelph ON N1G 4Y2

Website: www.bcfontario.ca
Email: bcf.cc@ontario.ca
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1, chemin Stone Ouest, 4N.-O.
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Courriel: bcf.cc@ontario.ca
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Télécopieur: 519 826-4336

Pearl Wolfe, Executive Director
Kids' Care Oncology Central West Ontario
1510 Main Street W
Hamilton, ON L8S1E3

File # 11127

Dear Pearl Wolfe:

Through the recent federal and provincial budgets, our governments have recognized that improving Ontario's infrastructure will also help to boost the economy and improve the daily quality of life in communities across the province.

You should have already received a letter from Minister Baird and Minister Phillips informing you that the following project, Ronald McDonald House, was selected and approved for funding under the Infrastructure Stimulus Fund.

Project Title	Federal Contribution	Provincial Contribution	Total Eligible Costs
Ronald McDonald House	\$4,333,333	\$4,333,333	\$13,000,000

Projects funded under the Infrastructure Stimulus Fund are posted publicly on the following web site (www.bcfontario.ca) and project proponents are encouraged to do their part and get projects underway as soon as possible. Effective Wednesday, December 23, 2009 the costs associated with this project are now eligible and reimbursable.

The Canada-Ontario Infrastructure Secretariat will be contacting you to develop a Contribution Agreement that ensures that these funds can be reimbursed without delay. Once again, please note that although costs are eligible as of December 23, 2009, you may not receive any funds from Canada or Ontario until the Contribution Agreement has been signed by all parties.

In addition, attached to this letter is an appendix that outlines the costs that are considered eligible and those that are not eligible for reimbursement under this program. Please be sure that you understand these eligible and ineligible costs before you begin work on your project.

Also please note, Canada and Ontario will reimburse you only for eligible costs incurred in the construction of your project. In addition, any costs incurred after March 31, 2011 will not be eligible for federal or provincial funding. Further, recipients are responsible to

complete their projects at their own expense should they not be completed by the end of the program on March 31, 2011. This will be stipulated in your Contribution Agreement.

If you have any questions about this approval or the next steps in the process, you may contact the Canada-Ontario Infrastructure Secretariat at 1-866-306-7827.

We look forward to continuing to work with you on the implementation of these important projects.

John Forster
Associate Deputy Minister
Infrastructure Canada

Bill Hughes
Assistant Deputy Minister
Ministry of Energy and Infrastructure

APPENDIX

Eligible costs are costs that are direct costs necessary for the successful implementation of Projects, but excluding those explicitly identified as Ineligible Costs below.

The following are Ineligible Costs:

- a) costs incurred prior to the date of approval of a Project, as indicated in writing to the Ultimate Recipient by the Ministers;
- b) costs incurred for Projects that are intended to be substantially completed after March 31, 2011;
- c) land acquisition, leasing land, buildings, equipment and other facilities, real estate fees and related costs (including those related to easements (e.g., surveys));
- d) financing charges, legal fees, and loan interest payments;
- e) the value of any goods and services which are received through donations or in kind;
- f) employee wages and benefits, overhead costs as well as other direct or indirect operating, maintenance and administrative costs incurred by the Ultimate Recipient for the Projects, and more specifically costs relating to services delivered directly by permanent employees of the Ultimate Recipient, or of a Crown corporation or corporation owned and controlled by the Ultimate Recipient (with the exception of any funding provided under clause 6.10 of the Agreement); and
- g) Provincial sales tax and Goods and Services Tax, for which the Ultimate Recipient is eligible for a rebate, and any other costs eligible for rebates.

Additionally, this program requires a competitive process for procurement, as follows:

The Recipient shall acquire and manage its equipment, services and supplies, including any construction component, required for the Project through a transparent, competitive process that ensures the best value for the Financial Assistance expended. The Recipient shall ensure that for equipment, services and supplies, the estimated cost of which exceeds \$25,000.00, the Recipient shall obtain at least three written quotes unless the Canada-Ontario Infrastructure Secretariat gives prior written approval. The requirement for a competitive process, may be waived with prior written approval by the Canada-Ontario Infrastructure Secretariat if:

- a) the equipment, services and supplies the Recipient is purchasing is specialized and is not readily available; or
- b) the Recipient has recently researched the market for a similar purchase and knows prevailing market costs for the equipment, services or supplies purchased.



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Kids' Care Oncology Central West Ontario
1510 Main Street W
Hamilton, ON L8S1E3

File # 11127

Monsieur, Madame,

Les budgets fédéral et provincial récents témoignent que nos gouvernements reconnaissent que l'amélioration de l'infrastructure de l'Ontario aidera à renforcer l'économie et à améliorer la qualité de vie quotidienne dans les collectivités à l'échelle de la province.

Vous avez déjà probablement reçu une lettre du ministre Baird et du ministre Phillips vous informant que le projet ci-après, Maison Ronald McDonald, a été sélectionné et approuvé aux termes du Fonds de stimulation de l'infrastructure.

Titre du projet	Contribution fédérale	Contribution provinciale	Total des coûts admissibles
Maison Ronald McDonald	\$\$4,333,333	\$\$4,333,333	\$\$13,000,000

Les projets financés aux termes du Fonds de stimulation de l'infrastructure sont affichés publiquement sur le site Web suivant (www.bcfontario.ca), et on encourage les promoteurs des projets à jouer leur rôle et à mettre les projets en chantier dès que possible. À partir du 23 décembre 2009, les coûts du projet sont admissibles et remboursables.

Le Secrétariat d'infrastructure Canada-Ontario communiquera avec vous afin d'établir une entente de contribution qui assurera que les fonds peuvent être remboursés sans délai. Je signale encore une fois qu'il se peut que vous ne receviez aucuns fonds du Canada ou de l'Ontario avant que l'entente de contribution n'ait été signée par toutes les parties, même si les coûts sont éligibles au 23 décembre 2009.

Vous trouverez également ci-joint une annexe qui décrit les coûts considérés comme admissibles et ceux qui ne sont pas admissibles aux remboursements selon le programme. Il est important de vous assurer que vous comprenez quels sont les coûts admissibles et non admissibles avant d'entamer les travaux liés à votre projet.

Il convient aussi de noter que le Canada et l'Ontario ne rembourseront que les coûts admissibles engagés dans la réalisation de votre projet. De plus, tout coût engagé après le 31 mars 2011 ne sera pas admissible aux fins de remboursement par le gouvernement fédéral ou provincial. Les bénéficiaires doivent également terminer leurs projets à leurs propres frais, si ceux-ci ne sont pas achevés d'ici la fin du programme le 31 mars 2011, élément qui d'ailleurs sera mentionné dans votre entente de contribution.

Si vous avez des questions au sujet de la présente approbation ou des étapes suivantes du processus, veuillez communiquer avec le Secrétariat d'infrastructure Canada-Ontario au 1-866-306-7827.

Nous nous réjouissons à la perspective de travailler avec vous à la mise en œuvre de ces importants projets.

Nous vous prions d'agréer, Monsieur, Madame, l'expression de nos sentiments les meilleurs.

John Forster
Sous-ministre adjoint
Infrastructure Canada

Bill Hughes
Sous-ministre adjoint
Ministère de l'Énergie et de l'Infrastructure

ANNEXE

Les coûts admissibles sont les coûts directs nécessaires pour la mise en œuvre avec succès des projets, sauf ceux désignés explicitement ci-dessous comme inadmissibles :

Les coûts suivants sont inadmissibles :

- a) les coûts engagés avant la date d'approbation du projet, comme le ministre fédéral et le ministre provincial l'ont indiqué par écrit au requérant;
- b) les coûts engagés pour les projets qu'on a l'intention d'avoir achevés en grande partie après le 31 mars 2011;
- c) les frais et les coûts connexes relatifs à l'acquisition ou à la location d'un terrain, à des immeubles, à de l'équipement et à d'autres installations, et les honoraires immobiliers (p. ex. arpentage);
- d) le coût de financement, les frais juridiques et les versements d'intérêts sur les prêts;
- e) tous les coûts liés à des biens et à des services reçus en nature ou sous forme de dons;
- f) le salaire et les avantages sociaux des employés, les coûts indirects et d'autres frais directs ou indirects liés au fonctionnement, à l'entretien et à l'administration engagés par le bénéficiaire final pour des projets admissibles et, plus particulièrement, les coûts liés à la prestation de services assurés directement par des employés permanents du bénéficiaire final ou une société d'État ou une société contrôlée par le bénéficiaire final et lui appartenant (sauf tout financement accordé selon l'article 6.10 de l'entente);
- g) la taxe de vente provinciale et la taxe sur les produits et services, pour lesquelles le bénéficiaire final est admissible à un remboursement, et d'autres coûts admissibles à un remboursement.

De plus, le programme exige de se conformer à un processus d'approvisionnement concurrentiel, comme suit :

Le bénéficiaire devra se procurer et gérer son équipement, ses services et ses fournitures, y compris toute composante relative à la construction, requis pour le projet au moyen d'un processus transparent et concurrentiel assurant le meilleur rapport qualité-prix pour l'aide financière accordée. Le bénéficiaire devra s'assurer, pour l'équipement, les services et les fournitures dont le coût estimatif dépasse les 25 000 dollars, d'obtenir trois cotations écrites, à moins que le Secrétariat d'infrastructure Canada-Ontario n'accorde une autorisation écrite. La nécessité du processus concurrentiel peut être levée avec une autorisation préalable écrite du Secrétariat d'infrastructure Canada-Ontario si :

- a) l'équipement, les services et les fournitures que le bénéficiaire achète sont spécialisés et ne sont pas rapidement et facilement disponibles;
- b) ou le bénéficiaire a effectué récemment des recherches sur le marché pour un achat similaire et connaît les coûts courants au marché de l'équipement, des services ou des fournitures à acheter.