




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	April 5, 2023
SUBJECT/REPORT NO:	Corporate Strategic Growth Initiatives (CSGI) – Master Plan Updates and Development Charge By-law Approach (PED23084) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Heather Travis (905) 546-2424 Ext. 2978
SUBMITTED BY:	Tony Sergi Director and Senior Advisor of Strategic Growth Initiatives Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the following recommendations be referred to the Development Charges Stakeholders Sub-Committee for consideration:
 - (i) That the City’s new 2024 Development Charges (DC) By-law be prepared based on the 2031 growth forecast.
 - (ii) That, notwithstanding (i) above, the City’s new 2024 Development Charges (DC) By-law may include growth allocations to facilitate DC considerations to 2041 / 2051 based on timing of completed Master Plan updates.
- (b) Pursuant to Procurement Policy #11 - Non-competitive Procurements, that Council approve the extension to Contract C11-05-17, for the provision of professional engineering consultant services required to complete the Water, Wastewater and Stormwater Master Plan, including an additional Development Charges (DC) By-law Update, for the upset limit of \$550,000, to be funded equally from capital project IDs #5141555264 (City Wide Water Master Plan), #5161555264 (City Wide Wastewater Master Plan) and #5181555422 (GRIDS 2 - Stormwater Master Plan), all which were approved to complete the proposed objective and with sufficient budget

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available to accommodate this purchase order increase, and that the General Manager, Public Works Department be authorized to negotiate, enter into and execute the extension and any ancillary documents required to give effect thereto with GM BluePlan Engineering Limited (GMBP), in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

The Corporate Strategic Growth Initiatives (CSGI) Project was established in 2016 to ensure that all strategic growth-related projects are coordinated and completed in a timely and fiscally responsible manner. As per Council direction provided in 2016 through Report CM16013, updates related to CSGI and the component projects are to be provided annually to the General Issues Committee. This Report fulfils the annual reporting requirement.

This Report provides an update on the growth-related Master Plans that are included within the CSGI project, including the current status and underlying growth scenario used to inform the work completed to date. Given the provincial approval of Official Plan Amendment (OPA) 167 which has expanded the City's urban boundary by approximately 1,600 net ha, modifications to the growth scenario and allocations underlying the Master Plans may be required. It is anticipated that growth in the urban expansion areas may occur in the post-2041 time period. Updated growth scenario allocations for the post-2041 time period will be provided by Planning staff following additional analysis related to phasing and density of development, secondary planning and servicing strategies.

The growth-related Master Plans provide critical inputs into the City's DC Background Study and By-law. The current DC By-law will expire in June 2024, and work has commenced on the preparation of a new DC Bylaw to be adopted prior to the June 2024 expiration date. The critical deadlines required to be met to ensure legislated requirements are satisfied prior to adoption of the new By-law are outlined in this Report.

Given the tight deadlines that must be satisfied prior to the adoption of the new DC By-law, combined with unknowns related to the allocation of the City's growth to the year 2051, staff are recommending an approach to the City's new DC By-law which would see a new DC By-law passed in 2024 based on the City's existing 2031 growth forecast. This interim approach has the benefit of being feasible from a timing perspective to meet the critical deadlines and will ensure that the City is not in a position of being unable to collect DC's due to an expired DC By-law.

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Further, following confirmation of growth allocations by Planning staff to the year 2041, it may be feasible for certain Master Plan teams to provide inputs to the DC Background Study based on the 2041 timeframe in advance of the critical deadlines. For these service categories, a new DC Bylaw based on the 2041 timeframe may be feasible. Finally, for the city-wide service of the water treatment plant, a 2051 timeframe may be appropriate given the plant upgrades are not dependent on the geographic distribution of growth.

Following the completion of updated Master Plans based on the ultimate 2051 growth allocations, the City can proceed to pass a new DC By-law based on an extended planning horizon for all areas.

This report is also requesting Council approval of a Purchase Order (PO) increase for the in-process Water, Wastewater and Stormwater Master Plan to address additional items out of scope of the original project terms of reference, and to ensure the Master Plan consultants can continue to provide services on this project including DC inputs.

Alternatives for Consideration – See Page 12

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Report PED23084 is recommending that an additional \$550,000 be added to the existing Water, Wastewater and Stormwater Master Plan PO #86304 to cover the additional project scope and tasks beyond what was allotted in the original scope of work. The additional \$550,000 will be funded equally from capital project IDs #5141555264 (City Wide Water Master Plan), #5161555264 (City Wide Wastewater Master Plan) and #5181555422 (GRIDS 2 - Stormwater Master Plan), which were all approved to complete the proposed objective. There is a sufficient budget available in each of the capital project IDs to accommodate this PO increase. Council Approval is required as the total value of the Policy 11 - Non-competitive Procurements as a Single Source recommendation is greater than \$250,000. The City's Water, Wastewater and Stormwater Master Plan consultant is GM BluePlan Engineering Limited.

GM BluePlan Engineering Limited (GMBP) PO #86304 Summary:

Original GMBP PO (excluding contingency, not shown to the vendor)	\$1,327,758
General Manager Approved Policy #11 Expansion	\$247,360
Engineering Change Order Expansion from Contingency	\$78,219

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Report PED23084 Recommended Expansion	<u>\$ 550,000</u>
TOTAL (excluding contingency, not shown to the vendor)	\$2,203,33

Staffing: N/A

Legal: The approach being recommending through Report PED23084 is being proposed in order to ensure that the City is not in a position of being unable to collect DCs due to an expired By-law.

HISTORICAL BACKGROUND

Corporate Strategic Growth Initiatives (CSGI)

The Corporate Strategic Growth Initiatives (CSGI) Project was established in 2016 to ensure that all strategic growth-related projects are coordinated and completed in a timely and fiscally responsible manner. There are a number of strategic growth-related Master Plans in various stages of completion that need to be finalized and provide input into the DC Background Study (see DC By-law Implications below). The growth-related projects included in CSGI are noted below and identified on Appendix “A” to Report PED23084 – Governance Structure.

It is important to note that the individual Departments and Divisions are responsible for the completion and delivery of the various growth-related Master Plan projects. The project teams maintain full ownership over their Master Plan exercise.

The role of the CSGI Project Team is to be responsible for tracking the progress of the CSGI projects, identifying risks and constraints to their completion, and reporting their status to the Growth and Economic Development SLT Working Group on a regular basis. In addition, and as per Council direction provided in 2016 through Report CM16013, updates related to CSGI and the component projects are to be provided annually to the General Issues Committee

DC By-law Implications

The City’s current DC By-law (By-law # 19-142) will expire on June 13, 2024.

The growth-related Master Plans will identify the required infrastructure investments and cost sharing policies which need to be included in the DC Background Study and the DC By-Law for adoption by June 2024, in coordination with Finance staff leading the DC By-law Update.

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To meet the timelines and legislated requirements to ensure the new DC By-law is enacted prior to the June 13, 2024 expiration date, there are certain key milestones that must be achieved, attached as Appendix “B” to Report PED23084 (timeline). These milestones include:

- Sept 1, 2023: Provision of DC ‘inputs’ (projects and costing)
- Q1 2024: release of DC Background Study
- Q2 2024: public meeting held
- Q2 2024: adoption of new By-law
- June 12, 2024: latest effective date for new DC By-law

Approval of Official Plan Amendments (OPAs) 167 & 34 and impact on Master Plan work completed to date

In May 2022 Urban Hamilton Official Plan (UHOPA) No. 167 and Rural Hamilton Official Plan (RHOPA) No. 34 were adopted by City Council. These OPAs implemented the Council-approved No Urban Boundary Expansion growth scenario by planning to accommodate the City’s forecasted population and employment growth to the year 2051 within the existing urban boundary. The Council-adopted amendments were provided to the Province for review and approval in June 2022.

The growth-related Master Plans teams have been proceeding with analysis based on growth allocations provided by Planning. The chart below summarizes the current status, planning horizon and growth scenario (data) being utilized in the Master Plan processes. As is indicated in the chart, the Master Plan work completed to date has been based on a combination of the No Urban Expansion growth forecast and the Ambitious Density forecast, using population and employment data provided by Planning.

Master Plan	Status	Time Horizon	Growth Scenario
Water / Wastewater/ Stormwater	In process	30 years	Ambitious Density (1,300 net ha expansion) & No Urban Expansion
Transportation	In process	30 years	Ambitious Density (1,300 net ha expansion)
Parks	In process	30 years	No Urban Expansion
Recreation	Complete	30 years	No Urban Expansion
Paramedic Services	Complete	10 years	N/A

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Master Plan	Status	Time Horizon	Growth Scenario
Fire	Complete (but updated annually)	10 years	N/A

In November 2022, the Province provided the City with its decision with respect to UHOPA No. 167 and RHOPA No. 34. The decision, amongst other policy and designation changes, included direction to amend mapping in both Official Plans to identify 2,200 gross hectares of land as “Urban Expansion Area – Neighbourhoods” and “Urban Expansion Area – Employment”. It is estimated that this adds approximately 1,600 net developable hectares to the urban area which had not been contemplated through OPA 167.

The Provincial modifications to OPA 167 has impacted the ongoing work on the growth-related Master Plans. With the Provincial modification to OPA 167, the Master Plan work completed to date may need to be updated to reflect the Provincially-approved growth scenario. The required updates to the Master Plans will have both financial and timing impacts. Further discussion of these impacts and on how and when the updates will occur is provided in the Analysis / Rationale for Recommendation section below.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Policy Direction

The requirement to complete infrastructure Master Plans is identified at the Provincial level through the Places to Grow Plan and within the City’s Urban and Rural Hamilton Official Plans.

Master Plan Legislated Requirements

The Infrastructure Master Plan process follows the Municipal Engineers Association (MEA) Class Environmental Assessment (EA) Master Plan Process consisting of a review of growth projections, servicing policies, design criteria and completion of public consultation and servicing strategy development and evaluation.

Development Charges Act, 1997

The *Development Charges Act, 1997 (DC Act)* provides Council with the authority to pass a By-law to impose DCs. This Act requires that a DC Background Study be completed. The Background study takes into account:

- A forecast of the amount, type and location of development and population

- The historical level of capital service levels
- A review of future capital projects to provide for the expected development.

The *DC Act* also legislates matters related to the timing of the completion of the DC Background Study and public meeting, notice requirements, appeal rights and other matters. The critical dates noted in the section above are implementing the requirements of the *DC Act*.

RELEVANT CONSULTATION

Staff from Planning, Finance and Hamilton Water were consulted in the preparation of this report. Staff representatives from the CSGI Master Plan teams provided input into the report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

1. Growth Scenario Updates

The Master Plan teams rely on growth allocations provided by Planning staff which is in the form of projected population, dwelling units and jobs at the Traffic Zone level, provided by decade to the year 2051. The allocations are based on the forecasts for population, household and jobs in the UHOP approved through OPA 167, as shown in the following table.

Year	Population	Households	Employment (Jobs)
2021	584,000	222,500	238,000
2031	652,000	258,100	271,000
2041	733,000	295,200	310,000
2051	820,000	332,800	357,000
Change 2021 to 2051	236,000	110,300	119,000

As noted, Master Plan teams had previously been provided with two sets of growth allocations which reflected the No Urban Boundary Expansion growth scenario and the Ambitious Density growth scenario. These data sets have been used to form the basis of the Master Plan work completed to date, as previously noted.

Given the Provincial modifications through OPA 167, consideration as to how and when growth will be allocated to the urban expansion areas will be undertaken by Planning staff. As identified in Report PED21067(d) (March 2023), staff are considering that

growth in the urban expansion areas may need to be allocated to the post 2041 timeframe, based on various reasons including the time required to complete secondary planning, the timing of servicing improvements, and the time required for development approvals. It will take some time before the lands become 'shovel ready' and units are constructed and become occupied. Further, there are significant development opportunities in the former urban area (existing greenfields and intensification potential) which can be explored first. Focusing growth within the former urban boundary to the year 2041 aligns with the City's Housing Pledge which notes that the City can accommodate growth within the pre-OPA 167 urban area by focusing on re-urbanization and intensification.

Further analysis is required to confirm the phasing and allocation of growth in the urban expansion areas during the post-2041 period, including consideration of appropriate planned density (to be confirmed through a future Official Plan Amendment), secondary planning and servicing strategies. As such, additional time is required to consider updated growth allocations at the Traffic Zone level for the post-2041 time period.

For the period between 2021 and 2041, the existing Traffic Zone growth allocations which formed the basis of the No Urban Boundary Expansion scenario are anticipated to remain applicable as all growth is identified within the former (pre-OPA 167) urban boundary, though this will be confirmed by Planning staff. These Traffic Zone allocations are consistent with the growth forecasts approved in the Urban Hamilton Official Plan through the Provincial approval of OPA 167.

2. Master Plan Updates

As noted, the growth-related Master Plans that form the CSGI project team have been progressing to varying stages of completion using available data (being the No Urban Expansion and / or the Ambitious Density growth scenarios). The Master Plan teams use the data to identify future infrastructure and programming requirements to meet required service standards and ultimately inform the DC Background Study and future capital budget submissions. Master Plans identify key City-wide growth-related infrastructure and form the basis of the growth-related capital program

For the time period between 2021 and 2041, the Master Plan teams that had been progressing based on the previous No Urban Boundary Expansion scenario may not be required to complete any changes to the analysis already undertaken, as the anticipated growth allocations for this period may not change from the previous No Urban Expansion allocations. These assumptions will be confirmed by Planning staff.

For the post-2041 time period, Planning staff will be providing further reporting on anticipated timing and phasing of growth in the expansion areas through future reports

to Planning Committee. These reports will provide an indication of when revised growth data at the Traffic Zone level will be available for Master Plan teams to model and update their Master Planning work for the post-2041 timeframe. It is known that the amount of time required to update Master Planning work and provide DC inputs following receipt of updated data varies by Plan, and is summarized in the following table:

Master Plan	Additional Time Required to Provide DC Inputs Following Receipt of New Growth Data
Water / Wastewater / Stormwater	+ 8 to 10 months
Transportation	+ 6 to 8 months
Parks	+ 4 months
Recreation	+ 2 months
Paramedic Services	+ 1 to 2 months
Fire	+ 4 to 6 months

3. Development Charges By-law – Recommended Approach

As noted, the deadline for the provision of inputs into the DC Background Study is September 1, 2023. The September 1 deadline would facilitate the release of the DC Background Study in Q1 2024, the public meeting in Q1 / Q2 2024, and adoption of the new DC By-law by June 13, 2024.

Given the unknown timing of when updated growth allocations may be available for modelling and analysis, combined with the additional completion time required for each Master Plan identified in the above table, it becomes apparent that the required inputs into the DC Background Study based on Master Plans completed to the 2051 planning horizon are doubtful to be provided by the required deadline. With two exceptions, most of the Master Plan teams have identified a need for a minimum of 4 months to model and analyse a revised data set. To meet the September 1, 2023 DC deadline, the revised data set would be required by May 1, 2023 at the latest. Further, the Master Plan teams would be required to complete their modelling and analysis over the summer months, when staffing is stretched due to vacations and public meetings are generally not held, which may further extend the amount of time required to complete the modelling and analysis.

Staff are therefore recommending the following approach to the new DC By-law which would allow the City to pass a new DC By-law in advance of the existing DC By-law expiration date and meet the legislated requirements (note that the following is based on the anticipated intention of the City to pass multiple DC By-laws based on individual service categories):

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- The City's new 2024 Development Charges (DC) By-law be prepared based on the 2031 growth forecast. This approach was previously utilized in the adoption of the 2019 DC By-law. Master Plan teams would provide an update to the projects that are already identified in the existing DC Background Study by updating the project lists and the anticipated costing of the remaining projects. The 2031 update can be completed in a timely manner and is not dependent on the completion of new growth allocations or completed Master Plans.
- That, notwithstanding the above, the City's new 2024 DC By-law may include growth allocations to facilitate DC considerations to 2041 for certain service categories, based on timing of completed Master Plan updates. As noted above, upon confirmation from Planning of the growth allocations to 2041, some Master Plan teams may be in a position to provide DC inputs to the year 2041. For these service categories, a DC Bylaw with a growth forecast to 2041 may be utilized.
- For certain service categories, namely the water treatment plant, a 2051 planning horizon could be considered for the passage of the new DC Bylaw as any required treatment plant upgrades are not dependent on the geographic distribution of growth, but rather the overall growth quantum.

All service areas will be required to update to the 2051 planning horizon as data is available. Once available, the City may pass a new DC by-law for that service area. There is no requirement to pass updated DC By-laws for all service areas at the same time so the City can update the DC By-laws as the Master Plans are completed. As noted above, in order to accommodate this strategy, the City's 2024 DC By-law will not be a single By-law but will be several individual DC By-laws; one for each service.

Staff note that while this approach has the benefit of ensuring the City passes a new DC By-law prior to expiration of the existing By-law and therefore will continue to collect DCs, there is a financial risk that should be identified. As a result of the *More Homes Built Faster Act, 2022* (Bill 23) changes to the *DC Act*, there is a phase-in of rates each time a new DC By-law is passed. This rate phase in means the City does not collect full DCs until the fifth year of a new DC By-law being passed. The recommended approach could see a new DC By-law being passed shortly after the 2024 DC By-law which will result in the rate phase in being applied again. Finance will review the financial risk with subsequent DC By-laws and make a recommendation to Council regarding when to adopt. In the absence of known growth allocations to the year 2051, the recommended approach ensures that the City will be able to continue to collect DCs.

4. Request to Increase PO #86304 – Water, Wastewater & Stormwater Master Plan

The Water, Wastewater and Stormwater Master Plan (Master Plan) is a growth-related Master Plan that is included within the CSGI initiative. The Master Plan project was commenced in June 2017 and awarded to GM BluePlan Engineering Limited partnered with Amec Foster Wheeler, DHI, and Watson and Associates through a competitive Request for Proposal (RFP) C11-05-17.

The Master Plan project, through normal procurement policy, has previously increased budgets to react to changes for supporting the Development Charges By-law review update in 2019. The project has also managed delays due to population planning horizon changes that affected the delivery of 2041 and 2051 population and employment growth data that the project depends on as the basis for infrastructure planning. More recently, in 2022, variability in City growth scenarios surrounding the urban boundary presented unexpected impacts that prevented work from moving forward.

These multiple changes and modifications have resulted in significant impacts on the City's ongoing Master Plan project, which have expanded the scope and schedule for this work. These changes were unanticipated in the project's original proposal. In addition to the potential for changing Master Plan components, it is noted that DC By-law update inputs are required in 2023 to meet the deadline to adopt a new DC By-law in 2024. In order to efficiently respond to these pending corporate decisions, additional financing is requested to increase the project PO #86304 by up to \$550,000. Once City Council approves this expansion, staff will negotiate, enter into, and execute the increase required to effect it with the consultant by following the City's Procurement Policy. This additional financing will provide resources necessary to respond to the above noted situations as well as accommodate the potential for new 2051 Master Plan infrastructure inputs into the DC By-law Update when corporate decisions are made later in 2023.

To-date, the consulting team and City staff have completed approximately 70% of the Master Plan project work, including the 2019 background study, existing infrastructure baseline conditions and constraints analysis, policy documents, and other tasks based on the previously developed growth scenarios. Any additional Master Planning related work beyond the original scope is recommended to be completed by the same Consulting Team and integrated with the current project results to achieve project completion and support the 2024 DC By-law. It should be noted that an expanded purchase order is not adequate for, or intended to, finalize Water, Wastewater and Stormwater Master Plans for more than one City Wide growth scenario.

Additional background information on the Water, Wastewater and Stormwater Master Plan, including the work completed to date, can be found in Appendix “C” to Report PED23084.

ALTERNATIVES FOR CONSIDERATION

1. Do not endorse the recommended approach to pass a new DC By-law based on 2031 growth forecast – this alternative is not recommended as it runs the risk of the City being unable to collect DCs if a new DC By-law is not adopted prior to the existing DC By-law expiring. It is anticipated that not all service categories would be able to provide DC inputs to an extended 2041 or 2051 forecast in advance of the DC critical deadlines.
2. Do not approve the increase to PO #86304 and instead issue a new competitive procurement or a Roster assignment that includes the additional scope. This alternative carries a high risk of delay, increased costs, loss of technical continuity, and increased error potential. Given the amount of Master Plan work completed to-date and the previous 2031 Servicing Technical Review Task completion, switching the knowledge base and service delivery model from one consultant to another significantly challenges the project and, at a minimum, has the potential to delay the project. Switching subject matter experts at this point will also result in a loss of technical and process continuity, this could result in poor and/or conflicting decision-making as well as increased costs. Therefore, staff do not recommend this alternative.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED23084 – Updated Governance Structure

Appendix “B” to Report PED23084 – DC timeline, critical dates

Appendix “C” to Report PED23084 – Water, Wastewater and Stormwater Master Plan background information