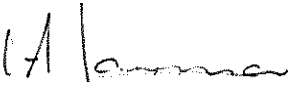




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

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| TO: | Chair and Members Planning Committee |
| COMMITTEE DATE: | October 1, 2024 |
| SUBJECT/REPORT NO: | Financial Policies for Development - Update to Rates for “Over-sizing of Infrastructure” and “New Roads Servicing Rate” (PED24174) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Tim Winterton (905) 546-2424 Ext. 5418 |
| SUBMITTED BY: | Ashraf Hanna Director, Growth Management Planning and Economic Development Department |
| SIGNATURE: |  |

RECOMMENDATION

- (a) That the updated rates for “Over-sizing of Infrastructure” and “New Roads Servicing Rate”, attached as Appendix “A” to Report PED24174 respectively, be approved;
- (b) That the updated rates for “Over-sizing of Infrastructure” and “New Roads Servicing Rate” be adjusted annually on June 1 using Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02);
- (c) That the updated rates for “Over-sizing of Infrastructure” and “New Roads Servicing Rate”, attached as Appendix “A” to Report PED24174 apply to all development applications where a Subdivision, External Works, or Consent Agreements will be executed after Council’s approval date of the new rates.

EXECUTIVE SUMMARY

A developer is responsible to pay the full cost of “local service” infrastructure for new developments. Where water, wastewater, stormwater, road and related infrastructure is larger than the “local size”, the over-sized component of the service is paid by the City

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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of Hamilton and funded from Development Charges on a fixed flat-rate basis. In addition, the City also pays from Development Charges for the full cost of above- and below-ground infrastructure (watermain, sewers, road) abutting lands dedicated for park and for residential stormwater management ponds, where the portion of street pond frontage is exceeding 8m in length.

This cost is referred to as the “City’s Share” and is separated into two distinct rate categories:

- Over-sizing of Infrastructure (water, and sewer infrastructure); and,
- New Road Servicing (urban road infrastructure).

The New Roads Servicing Rates is also used to calculate a developer’s share for road works abutting a property that will be constructed in the future by the City or another developer. The City collects the calculated fee as condition of development approval through a Subdivision, External Works, or Consent Agreement.

Historically, the rates for the City’s Share of infrastructure have been adjusted annually using the Canadata Construction Cost Index; however, base costs have not been updated since 2010 in accordance with report PED10148. Additionally, as of October 2021 the Canadata Construction Cost Index no longer provides annual construction cost indexing data leading to the City using the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02) for yearly indexing. Given the City’s recent completion of the 2024 Development Charges Background Study, Staff is recommending establishing updated rates derived from the costing and indexing assumptions used for the Study.

The proposed new rates attached as Appendix “A” to Report PED24174 reflect current construction costs and are recommended to be indexed annually in conjunction with Development Charge rates on June 1, using the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02) to reflect any fluctuation in construction costs.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The cost to the City of over-sized infrastructure including the cost of works adjacent to lands dedicated for parks and road frontage of stormwater management ponds is Development Charge eligible and accounted for in the Development Charges calculation. As such, there is no financial cost

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to the City. The value of this infrastructure is included in the annual Capital Budget process and approved by Council.

Staffing: There are no staffing implications with the implementation of these recommendations.

Legal: There are no legal implications with the implementation of these recommendations.

HISTORICAL BACKGROUND

City Council, at its meeting held on July 5, 2010, approved the Update on Sidewalk and Financial Policies for Development (PED10148) (City Wide) which introduced new payment rates for over-sized infrastructure, roads abutting lands dedicated for parks, and the portion of roads abutting residential storm water management ponds. Since that time rates have been indexed annually using the Canadata Construction Cost Index and Statics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02); however, base costs have not been updated since 2010.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Over-sizing of Infrastructure and New Road Servicing Rates form part of the Council approved Comprehensive Development Guidelines and Financial Policies Manual.

RELEVANT CONSULTATION

The process of updating fixed-rates for over-sizing of infrastructure by Growth Management staff included consultation with staff in Financial Planning, Administration and Policy, Hamilton Water, and Transportation Planning and their consultants responsible for development of the costing methodologies used for the 2024 Development Charges Background Study.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

A developer is responsible to pay the full cost of “local service” infrastructure for new developments. Where water, wastewater, stormwater, road and related infrastructure is larger than the “local size”, the over-sized component of the service is paid by the City of Hamilton and funded from Development Charges. Infrastructure greater than the following sizes are considered over-sized and qualify for Development Charges funding:

Sanitary Sewers - greater than 450mm diameter

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| Storm Sewers | - greater than 1200mm diameter |
| Watermains | - greater than 300mm diameter |
| Pavement Width | - wider than 8.0m (residential); 9.25m (non-residential) |
| Base Course Asphalt Depth | - depth greater than 80mm |
| Granular “A” Base Depth | - depth greater than 150mm |
| Granular “B” Base Depth | - depth greater than 300mm |

In addition, the City also pays from Development Charges for the full cost of above- and below-ground infrastructure (watermain, sewers, road) abutting lands dedicated for park and for residential stormwater management ponds, where the portion of street pond frontage is exceeding 8m in length, funded from Development Charges.

The City’s contribution to the cost of infrastructure referred to generally as the “City’s Share” is based on fixed-rates and is separated into two distinct rate categories:

- Oversizing of Infrastructure (water, and sewer infrastructure); and,
- New Road Servicing (urban road infrastructure).

The New Roads Servicing Rate is also used to calculate a developer’s share for road works abutting a property that will be constructed in the future by the City or another developer. The City collects the calculated fee as condition of development approval through a Subdivision, External Works, or Consent Agreement.

Historically, these fixed-rates are adjusted annually using the Canadata Construction Cost Index; however, base costs have not been re-established using actual local construction cost data since 2010. Moreover, the Canadata Construction Cost Index no longer calculates annual construction cost indexing.

Therefore, Staff is recommending establishing new rates for “Over-sizing of Infrastructure” based on the “Water, Wastewater, Stormwater Development Charges 2023 Costing Methodology Update” (GM BluePlan)”, dated September 26, 2023, prepared for the 2024 Development Charges Background Study. Similarly, staff is recommending that the “New Roads Servicing Rate” be updated utilizing the “Strategic Transportation Network Review (Arcadis) Appendix “C” Strategic Transportation Network Review Costing Tables”, dated December 15, 2023, also prepared for the 2024 Development Charges Background Study.

The proposed new rates included as Appendix “A” attached to Report PED24174 reflect current construction costs and staff recommend they be indexed annually in conjunction with the indexing of Development Charge rates on June 1, using the Statistics Canada Quarterly, Non-Residential Building Construction Price Index (Table 18-10-0276-02) to reflect any fluctuation in construction costs.

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ALTERNATIVES FOR CONSIDERATION

Not Applicable.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED24174 – Over-sizing of Infrastructure and New Roads Servicing Rate