



The Regional Municipality of Durham

Committee of the Whole Agenda

Regional Council Chambers
Regional Headquarters Building, 605 Rossland Road East, Whitby

Wednesday, June 6, 2018

9:00 AM

COMMITTEE OF THE WHOLE ADDENDUM

3. Delegations

- 3.1 Johan van't Hof, Greater Toronto Airports Authority (GTAA) Board of Directors, and Lorrie McKee, Director of Public Affairs and Stakeholder Relations, GTAA, re: Updates on the activities at Toronto Pearson International Airport

- 3.8 Linda Gasser, Whitby Resident, re: Report #2018-COW-146: Request for Information #RFI-1158-2017 for Mixed Waste Transfer and Pre-sorting, Organics Processing, and Beneficial Use of By-Products/End Products [Item 6.2 C)]

7. Finance & Administration

Finance

- 7.1 Communications
 - A) Correspondence dated June 5, 2018 from the Building Industry and Land Development Association (BILD) regarding Report #2018-COW-108: Final Recommendations Regarding Regional Residential, Commercial, Institutional and Industrial Development Charges and submitting additional comments as outstanding items to be addressed

318A-318B

Recommendation: Refer to consideration of Report #2018-COW-108 of the Acting Commissioner of Finance

10. Confidential Matters

10.1 Reports

- B) Confidential Memorandum from J. Hunt, Director of Legal Services, re: Oshawa Transit – Legal Fees Under Separate Cover

Recommendation: Motion for Direction



BUILDING A GREATER GTA
Building Industry and Land
Development Association

June 5, 2018

Regional Chair O'Connor and Committee of the Whole Members
Region of Durham
605 Rossland Road East
Whitby, ON
L1N 6A3

Dear Regional Chair O'Connor and Committee of the Whole Members,

Re: Final Recommendations Regarding the Regional Residential, Commercial, Institutional and Industrial Development Charges (Staff Report #2018-COW-108)

With more than 1,500 member-companies, the Building Industry and Land Development Association is the voice of the land development, home building and professional renovation industry in the Greater Toronto Area. Our industry is essential to the Region's long-term economic strength and prosperity. In 2017 alone, the residential construction industry in Durham Region generated over 32,000 on-site and off-site jobs in new home building, renovation and repair – one of the Region's largest employers. These jobs paid \$1.9 billion in wages and contributed \$4.0 billion in investment value to the local economy.

It is the understanding of BILD and its Durham Chapter members, that on June 6th the Region of Durham's Committee of the Whole will consider for endorsement the final recommended Region-Wide Residential, Commercial, Institutional and Industrial Development Charges (DCs) per staff recommendation report #2018-COW-108. The new rates, if approved, will increase regional residential charges by an average 9.8% and non-residential charges by an average 4.8%.

BILD Durham Chapter members were aware of the increases proposed and were consulted following the release of the Background Study on March 27, 2018. We would like to take this opportunity to thank Regional staff and their consultants for the opportunities created to engage in this process and provide feedback.

In addition to staff attending the April 6th Durham Chapter Meeting to present the findings of their Development Charges Review, comments on the Background Study were submitted by BILD on April 19th. We then received a response to this letter from the Region on May 9th.

While we appreciate the dialogue that has taken place and the transparency in information sharing to date, the time to conduct an in-depth review of the material has been limited. BILD, with our consultant Daryl Keleher of Altus Group, has reviewed the Region's most recent response and we submit the following comments as outstanding items to be addressed:

- a) Regional Response #7 – It is still unclear as to why a disproportionate amount of funds are being used to 'upfront finance' the commercial portion of the proposed debentures. It is claimed by the Region that the residential DC reserve fund is going to be in a relatively worse position than the commercial DC reserve fund, giving rise to the need to debenture a greater proportion of the respective cost shares of the project.

However, in the year the debenture is proposed to be taken out (2020), according to the cash flow projection tables in the DC Study, the residential DC reserve fund balance is projected to be at a surplus of +\$134.5 million (compare that to \$42 million debenture being taken out and incorporated into the reserve fund cash flow), while the commercial DC reserve fund balance is at a surplus of +\$6.1 million (compared to a \$8 million debenture being taken out and incorporated into the reserve fund cash flow).

It appears the Region does not need to include these debentures in the cash flow – the money is projected to be present to afford the capital works without the need to borrow. The effect of the Region’s approach is the inclusion of additional costs related to interest, which inflates the charge. Given this information, we believe the proposed charges should be reduced accordingly.

- b) Regional Response #8 – this is largely the same issue as #8. The balance in the reserve fund in 2026/27 (the year the project will commence) is estimated to be at surplus of +\$78.0 million, which is well above the \$24.0 million cost of the Bowmanville WSP. Again, adjustments to the charge to be made accordingly to reflect this.
- c) Regional Response #15 – Housing Services – While we acknowledge the DC is within historic service levels if the calculation was limited to Durham Region LHC units, we continue to believe this approach is problematic. The Region can only claim services in its level of service calculation that involve capital costs assets owned by the municipality or a local board, and not those of non-profits or agencies that happen to be located in the municipality. Similarly, the Region cannot spend DC funds on capital works if not incurred by the municipality.

BILD does not agree with the approach the Region has taken on this subject and believes it warrants further investigation. We will continue to question this matter further in future reviews and will be requesting detailed accounting information in this regard.

Thank you again for the opportunity to participate in this process. We trust you will find our comments above helpful as you consider adoption of the new rates. For any decisions made related to this matter, we kindly request that notice be provided to us.

Should you have any further questions, please contact the undersigned.

Sincerely,



Carmina Tupe, B.URPI
Planner, Policy and Government Relations BILD

*Cc: Frank Filippo, BILD Durham Chapter Chair
BILD Durham Chapter Members*