

**MONTAGUE TOWNSHIP
DEVELOPMENT CHARGE BACKGROUND STUDY
REPORT**

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	BACKGROUND.....	2
3.0	METHODOLOGY	3
4.0	GROWTH FORECASTS AND AVERAGE LEVEL OF SERVICE.....	4
4.1	Introduction	4
4.2	Review of Past Population and Development Trends.....	4
4.3	Average Level of Service over the Past Ten Years	5
4.4	Demographic and Growth Projections	7
4.5	Assessment Analysis.....	10
5.0	TEN-YEAR CAPITAL EXPENDITURE FORECAST.....	11
6.0	GROWTH-RELATED CAPITAL COSTS	13
6.1	General Eligible Services.....	13
6.2	Fire Protection	13
6.3	Transportation.....	13
6.4	Recreation	14
6.5	Excess Capacity	14
7.0	FUND ADMINISTRATION	17
8.0	IMPLEMENTATION.....	20
8.1	Application of Development Charge	20
8.2	Adjustments for Inflation	20
8.3	Development Charge Implementation and Collection.....	20
8.4	Pamphlet.....	20
8.5	Conditions to be imposed on Subdivision Approvals	21
9.0	DEVELOPMENT CHARGES.....	22
9.1	Summary of New Development Charges.....	22
9.2	Development Charges in Surrounding Municipalities	23
9.3	Credits for Lot Levies Previously Collected.....	23
10.0	LONG TERM CAPITAL AND OPERATING COSTS	26
10.1	Net operating costs over the forecast period	26
10.2	Long-term capital financing from non-development charge sources.....	26
11.0	ASSET MANAGEMENT	27
11.1	Annual Capital Provisions	28
12.0	REFERENCES	29

TABLE OF CONTENTS (CONTINUED)

APPENDIX “A”	Inventory of Existing Municipal Facilities and Level of Service (2012-2021)
APPENDIX “B”	Average Level of Service Applied to Population Growth (2022-2031)

List of Tables

Table A - Permanent and Seasonal Population 2012-2021	5
Table B - Population & Household Projections 2022-2031	9
Table C - Assessment Analysis - 2021.....	10
Table D - Ten-Year Capital Expenditure Forecast (2022-2031).....	12
Table E - Allocation of Development Charges between Service Categories.....	17
Table F – Maximum Development Charges – General Charge	22
Table G – Development Charges in Area Municipalities.....	23
Table 1A – 10 Year Average Level of Service	6
Table 2A - Future Municipal Expenditures That Qualify as Growth-Related	15
Table 2B - Future Municipal Expenditures: Allocation of Growth-Related Costs to Land Use....	16
Table 3A - Schedule of Future Acquisitions by Year That Qualify as Growth-Related - General Residential	19
Table 4A - Development Charges Calculation - General Residential.....	25
Table 4B - Development Charges Calculation - General Commercial/Industrial	26
Table 5A – Summary of Long-Term Capital Impact.....	28
Table 5B – Summary of Calculated Annual Provisions.....	28

**MONTAGUE TOWNSHIP
DEVELOPMENT CHARGE BACKGROUND STUDY – 18-11-2021 Ver 2.0
DRAFT REPORT FOR STAFF REVIEW**

1.0 INTRODUCTION

Montague Township retained Jp2g Consultants Inc. to undertake a new development charges study and to prepare a new development charges by-law for the municipality, in order to recover the growth-related net capital costs of certain services provided in the Township over the next five years. Development Charges By-law No. 3567-2016 of the Corporation of Montague Township will expire on December 20, 2021. The following report has been prepared in accordance with the requirements of the Development Charges Act, 1997, S.O. 1997.C.27 and its Regulations, and presents information and background data collected to provide a basis in support of the proposed new Development Charges By-law for Montague Township.

2.0 BACKGROUND

The Province of Ontario adopted the current Development Charges Act on December 8, 1997. The Act, together with subsequent Regulations to the Act, came into force and effect on March 1, 1998. Amendments to the Act (Bill 73) and Regulations came into effect on December 3, 2015. A development charge, under the Development Charges Act 1997, is a fee charged to pay for increased capital costs required because of increased need for services arising from development. Development charges can be collected for each new dwelling unit, new commercial building/structure or addition, or new industrial building/structure or industrial addition greater than 50% of the existing gross floor area (GFA).

The study is aimed at determining a development charge rate structure which will not require existing taxpayers to contribute to the capital cost of new growth. Similarly, new taxpayers should not have to contribute more than their fair share of the net capital cost of providing the current level of municipal services for new growth. This approach is guided by provisions in the Development Charges Act, 1997, and its regulations.

The Development Charges Act includes a requirement for municipalities to undertake a supporting Background Study if they wish to pass a by-law to collect development charges. The Act also stipulates that a Development Charges By-law expires five years from the date it comes into force. Therefore, in order for a municipality to continue collecting development charges, a Study and new By-law must be passed every five years. Bill 108, *More Homes, More Choice Act, 2019* and Bill 197, *COVID-19 Economic Recovery Act, 2020*, both made several amendments to the Development Charges Act. This Development Charges Study has been prepared in accordance with the Act that is in effect as of the date of the preparation of this Study.

The purpose of the Study is to identify: the services to which the development charges relate; the increase in the need for a service that is due to growth; the net growth-related capital costs of services for which a development charge will be collected; and the capital costs of the service that will be incurred during the five-year term of implementing the Development Charges By-law. The following Study will determine the development charges that are to be collected in order to recover the growth-related net capital costs of certain eligible services over a ten (10) year planning period.

The recommendations put forth in this Study are in accordance with the requirements of the Development Charges Act, 1997 and Ontario Regulation 82/98, as amended by Ontario Regulation 428/15.

3.0 METHODOLOGY

The process followed to calculate an eligible development charge for Montague Township can be summarized as follows. The first step in the study is to review demographic and development trends in the Township to determine population counts and household counts over the past ten years. An inventory of services provided over the past ten years within specified eligible service categories is then undertaken and combined with the results of the population and household counts, to calculate the average level of service provided over the past ten years. This exercise provides an indication of which municipal facilities and equipment will not have sufficient capacity over the next ten years to accommodate, at historical service levels, the needs of future growth.

Any services with excess capacity are identified, as the excess capacity must be used up prior to an additional unit of the service being purchased or constructed. One of the changes from the previous Development Charges Act is that municipalities can no longer collect a Development Charge for the excess capacity in existing capital facilities or equipment. Essentially, the new approach to excess capacity says that what is paid for is paid for, unless Council specifically identified that the excess capacity would be paid for through development charges. In the case of Montague Township, most of the services which have been included in the development charges calculations were assumed to be operating at capacity at the time of the study. For capital items with excess capacity from the previous development charges study and by-law, this excess capacity is being carried forward in this study in order to recover the remaining portion of the capital costs related to growth.

This information is then used as the basis for preparing a capital expenditure forecast and population projections for the ten-year period of the study. The ten-year Capital Expenditure Forecast is prepared on the basis of generally continuing to provide the average level of service from the past ten years over the next ten-year period, for certain specified services. The forecast ensures that the average level of service is not exceeded, and that new development only pays its fair share of the costs.

The ten-year Capital Expenditure Forecast and the population projections are then used as the basis to calculate the eligible development charges that can be collected by the Township.

4.0 GROWTH FORECASTS AND AVERAGE LEVEL OF SERVICE

4.1 Introduction

The analysis of population trends is an essential element in determining the Municipality's future services, policies, and programs. The demand for services in a municipality is considered to be directly related to growth.

The general principle for establishing a development charge rate is that the existing population should not have to pay for the capital costs of growth-related development through general taxation. The capital cost of growth-related development should be reduced by contributions from those creating a requirement for additional municipal services. New taxpayers however, should only have to pay their fair share of the net capital cost of providing the current level of municipal services for new growth.

A review of population trends and growth projections is very important in establishing an appropriate growth rate so that:

1. The timing and sizing of construction for new municipal services and facilities can be scheduled.
2. The amount of residential and commercial/industrial development sharing the cost of new facilities and services can be estimated.
3. The average level of service provided in the Township over the 10-year period immediately preceding the preparation of this Study can be established.

4.2 Review of Past Population and Development Trends

In order to calculate population and development projections for Montague Township, it is necessary to establish what the past demographic, population, and development trends have been. In this regard, a review of Census data from 2006, 2011, and 2016 was undertaken, in addition to a meeting with the Township staff in order to establish what the annual population in the municipality was over the preceding ten-year period. The resulting estimate of the total population for Montague Township from 2011 to 2021 is shown in Table A as follows:

Table A Montague Township Permanent and Seasonal Population 2011-2021	
Year	Montague Township Population
2011	3483
2012	3537
2013	3592
2014	3648
2015	3703
2016	3761
2017	3815
2018	3851
2019	3908
2020	3955
2021	4040

* Sources: Census Canada data, Township planning staff, and Jp2g Consultants Inc.

4.3 Average Level of Service over the Past Ten Years

The above population table was applied to the inventory of the capital assets held by the Township, in order to determine the average level of service provided over the past ten (10) years for each proposed service category. The inventory of equipment and facilities from 2012-2021 was prepared based on discussions with Township staff. The inventory is shown in Appendix A. The results of these calculations are presented in Table 1A, which shows the average level of service for capital facilities and equipment in eligible service categories. The average level of service for Fire Protection and Transportation service categories is calculated on the basis of total replacement value per person of the capital items being considered for development charges.

Table 1A: MONTAGUE TOWNSHIP 10 YEAR AVERAGE LEVEL OF SERVICES (2012 – 2021)

FIRE PROTECTION	Ave. Level of Service Per Capita (\$000's)
Fire Department Housing (5 Bays)	\$0.25
Rolling Stock (1 Pumper)	\$0.04
Rolling Stock (1 Tanker Truck)	\$0.07
Rolling Stock (1 Equipment Van)	\$0.04
Rolling Stock (1 Creek Truck)	\$0.04
Rolling Stock (1 Pick-up Truck)	\$0.00
Equipment (15 CBAs)	\$0.01
Equipment (35 Bunker Suits)	\$0.02
Equipment (12 Portable Radios)	\$0.00
ATV & Tracks/Trailer	\$0.01
Sheds	\$0.01
Survival Suite (4)	\$0.00
Total	\$0.48

TRANSPORTATION	Ave. Level of Service Per Capita (\$000's)
HCB Roads	\$2.20
LCB Roads	\$0.47
Gravel Roads	\$1.26
Sand Shed - Coverall	\$0.06
Municipal Garage (4 Bays)	\$0.17
Shed (1 Sheds)	\$0.02
Tandem Trucks (2)	\$0.12
Tandem Trucks (3)	\$0.04
Graders (2)	\$0.09
Graders (1)	\$0.02
Excavators (1)	\$0.04
Holding Tank	\$0.01
Chipper	\$0.01
Tractor	\$0.01
Pick-up Trucks - Half & One- tons (2)	\$0.02
Pick-up Dodge (1)	\$0.00
Total	\$4.54

RECREATION	Ave. Level of Service Per Capita (\$000's)
Rosedale Hall	\$0.35
Rosedale Hall - 2	\$0.01
Outdoor Arena - Rosedale	\$0.01
Soccer Field	\$0.05
Total	\$0.42

4.4 Demographic and Growth Projections

A growth forecast was prepared for residential and commercial/industrial growth over a 10-year period: under the Act, charges may relate to an increase in the need for service in regard to the 10 year period immediately following the preparation of this study, for particular services specified in the Act.

The growth forecast has several purposes:

1. It establishes the level of growth for which the municipality will be required to provide services over the forecast period.
2. It provides a basis for identifying the level of growth that will be sharing the cost of new capital facilities over the planning period of the Study.
3. It provides a basis for determining municipal service standards and ensuring that the level of service that the Development Charge is collected for does not exceed the average level of service provided in the municipality over the ten-year period immediately preceding the Study.
4. It forms a basis of information from which the actual development charges are determined: per person, per residential unit, and per square metre of non-residential building area.

Based on the analysis of demographic, development, and growth trends, population and household projections by dwelling type were prepared for Montague Township. Table B shows population and household projections by dwelling type for the Township for the time period between 2021 and 2031. The following population and household projections are presented:

Ten Year Projection

*	2021 Population (base year)	4,040	
			10 year growth = 312 = +7.7%
*	2031 Population	4,352	

	<u>New Housing Mix</u>	<u>Total No. of Units By 2031</u>
	<u>Percent</u>	<u>No. of Units</u>
Single Detached Dwelling Units	97.47%	1,732
Attached Dwelling Units	2.25%	40
Apartment Dwelling Units	0%	0
<u>Mobile Homes</u>	<u>0.28%</u>	<u>5</u>
Total	100.0%	1,777

Residential growth rates for the Township are based on a review of development proposals, historical building permit activity, and an estimate of average household size. Based on this review, the projections appear to be reasonable for the planning period of the study.

Non-Residential Growth (2022 – 2031)

* Commercial/Industrial 636 m² per year

Commercial/Industrial building growth rates are based on an extrapolation of the historical average growth rate for commercial and industrial building activity. There were four (4) building permits issued for new commercial or industrial uses over the five-year period between 2016 and 2021. The average rate of commercial and industrial building activity for the previous five years is 636m² per year. Therefore, a modest growth rate of 636m² per year is proposed for the 10-year time period between 2022 and 2031.

A review of building permit activity indicates an average of approximately 19 dwellings per year over the last five years. This rate of growth is anticipated to continue over the next 10 years. It is anticipated that growth over the period of the Study will be distributed geographically throughout the Township, for the majority of services, and will not be isolated to a specific area.

Given these factors, it is reasonable to expect that the Township will experience annual growth of approximately 19 dwelling units per year over the 2022 to 2031 study period. Table B illustrates the projected residential development activity in the Township over this period.

Table B: General Charge Population & Household Projections 2022-2031 (July 2021)

	Base Year 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Single Detached	1,542	1,561	1,580	1,599	1,618	1,637	1,656	1,675	1,694	1,713	1,732
- annual change		19	19	19	19	19	19	19	19	19	19
- Average Household Size	2.56	2.55	2.54	2.53	2.52	2.51	2.50	2.49	2.48	2.47	2.46
- annual change	-0.081	-0.0100	-0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100	0.0100
Calculated Population	3,943	3,976	4,008	4,041	4,073	4,104	4,135	4,166	4,196	4,226	4,256
Attached	40	40	40	40	40	40	40	40	40	40	40
- annual change		0	0	0	0	0	0	0	0	0	0
- Average Household Size	2.20	2.20	2.20	2.19	2.19	2.19	2.19	2.19	2.18	2.18	2.18
- annual change	-0.016	-0.0020	-0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
Calculated Population	88	88	88	88	88	88	88	87	87	87	87
Apartment	0	0	0	0	0	0	0	0	0	0	0
- annual change		0	0	0	0	0	0	0	0	0	0
- Average Household Size	2.00	2.00	2.00	1.99	1.99	1.99	1.99	1.99	1.98	1.98	1.98
- annual change	-0.016	-0.0020	-0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
Calculated Population	0	0	0	0	0	0	0	0	0	0	0
Mobile Homes	5	5	5	5	5	5	5	5	5	5	5
- annual change		0	0	0	0	0	0	0	0	0	0
- Average Household Size	1.90	1.90	1.90	1.89	1.89	1.89	1.89	1.89	1.88	1.88	1.88
- annual change	-0.016	-0.0020	-0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
Calculated Population	10	9	9	9	9	9	9	9	9	9	9
Total Non-Single (Population)	98	97	97	97	97	97	97	97	97	97	97
Total Single (population)	3,943	3,976	4,008	4,041	4,073	4,104	4,135	4,166	4,196	4,226	4,256
Total No. Households	1,587	1,606	1,625	1,644	1,663	1,682	1,701	1,720	1,739	1,758	1,777
TOTAL Population	4,040	4,073	4,106	4,138	4,170	4,201	4,232	4,263	4,293	4,323	4,352
Cumulative increase		33	65	98	129	161	192	222	252	282	312
Weighted Age. Household Size	2.55	2.54	2.53	2.52	2.51	2.50	2.49	2.48	2.47	2.46	2.45

4.5 Assessment Analysis

The following table calculates how the eligible development charge is allocated between residential and commercial/industrial land uses.

Table C
Montague Township
Assessment Analysis – 2021
(Excludes Business Assessment)

	<u>Realty Assessment</u>	<u>Ratio</u>
Residential	\$ 398,883,346	0.9931
Commercial/ Industrial	\$ 2,766,400	0.0069
TOTAL	<u>\$401,649,746</u>	<u>1.0000</u>

Source: Assessment Roll Summary for the Township of Montague, 2021.

The assessment base is used to allocate the capital costs between residential and commercial/industrial development. In this regard, it is recommended that 99.0% of the capital costs associated with the General Eligible Services service category, the Fire Protection service category, and the Transportation service category, be allocated to residential growth and 1.0% of the capital costs be allocated to commercial/industrial growth. However, in the case of the Recreation service category, the residential sector is the user of the service and, therefore, 100% of the capital costs of these categories are allocated to the residential sector.

5.0 TEN-YEAR CAPITAL EXPENDITURE FORECAST

The ten-year capital expenditure forecast is based on a program which will result in the average level of service provided for the particular item or service category, not exceeding the level of service for the past ten years. Appendix B illustrates the maximum potential development charge for each service category by applying the average level of service per capita over the previous 10 years to the projected population growth over the next 10-year period.

The following Table D illustrates the individual items within the service categories for which a development charge will be collected, and which are expected to be purchased or constructed over the next ten years, in order to meet an increase in the need for the service as a result of growth. Table D also provides an estimate of the cost (in 2021 \$) to acquire or build the particular item and the anticipated expenditure year.

With regard to the road projects listed under the Transportation service category in the Ten-Year Capital Expenditure Forecast, should it be necessary for Council to substitute a similar road project for one that is listed in this Study, Council may do so without amendment to the Development Charges By-law, subject to certain conditions being met. These conditions are as follows: Council must pass a resolution to adopt an amended Ten-Year Capital Expenditure Forecast related to Development Charges; the portion of road to be funded through development charges is of equal length; the nature of the works is the same; and the same portion of costs are attributable to growth.

**Table D
Montague Township Ten-Year Capital Expenditure Forecast (2021-2031)
For Project/Purchases to be Funded Through Development Charges**

SERVICE CATEGORY	No. of Items or m2 of km	Estimated Year of Expenditure	Total Estimated Gross Cost (2021\$)	Growth-Related Share (Eligible Charge) (2021\$)
GENERAL ELIGIBLE				
Development Charge Study	1	2026	\$20,000	\$20,000
Asset Management - Annual Update	1	2017-2026	\$25,000	\$2,500
Asset Management - 5 Year Review	1	2026	\$25,000	\$2,500
Official Plan Review	1	2026	\$50,000	\$5,000
Zoning By-law Update	1	2023	\$30,000	\$3,000
General Eligible Total			\$150,000	\$33,000
FIRE PROTECTION				
Fire Hall Replacement	1	2022	\$925,000	\$92,000
New Tanker (addition to fleet)	1	2022	\$250,000	\$57,500
Fire Protection Total			\$1,175,000	\$150,000
TRANSPORTATION				
Grader Replacement	1	2025	\$400,000	\$400,000
Plow truck	1	2024	\$282,000	\$282,000
Chipper replacement	1	2023	\$30,000	\$30,000
Rideau River Road Surface Treatment	1	2025	\$122,400	\$122,400
Rideau River Road Surface Treatment	1	2024	\$132,000	\$132,000
McCrea Road Asphalt Overlay	1	2023	\$102,000	\$102,000
Transportation Total			\$1,068,400	\$1,068,400
RECREATION				
Community Park	1	2025	\$571,000	\$128,500
Recreation Total			\$571,000	\$128,500
10-YEAR CAPITAL EXPENDITURE TOTAL			\$2,964,400	\$1,379,900

6.0 GROWTH-RELATED CAPITAL COSTS

The ten-year capital expenditure forecast was used as a basis for calculating the eligible development charge. The costs of planned capital expenditures in 2021 dollars are listed in Table 2A. Table 2A shows the gross cost per unit or project, and the net cost per unit or project. Gross costs for capital items must be reduced by any known grants or subsidies.

Also shown in Table 2A are the share of the cost of capital items attributable to population growth over the ten-year projection period, the eligible development charge, and the maximum potential development charge per service category. For items understood to be of equal benefit to both existing and future residents, the percentage growth in population (312 persons, or 7.7% to 2031) was applied to the net capital cost to determine the growth-related share of the cost.

Table 2B shows how the eligible development charge for each service category is divided between residential and commercial/industrial development. The following subsections provide a discussion on how the eligible capital costs were determined.

6.1 General Eligible Services

The growth-related capital costs associated with the General Eligible Services category were determined to include the capital costs for the following:

- 100% of the net cost of a Development Charges Study, in 2026.
- 10% of the net costs of annual Asset Management Plan Updates.
- 10% of the net cost of 5-year reviews of Asset Management Plans.
- 10% of the net cost for the Township's Official Plan Review in 2026.
- 10% of the net cost for the Township's Comprehensive Zoning By-law Update.

No grants or subsidies were assumed to be available to undertake the works.

6.2 Fire Protection

As shown in Table 2A, the growth-related capital costs associated with the Fire Services category over the ten-year period of the Study were determined to include the capital costs for the following:

- 10% of the net cost to reconstruct the fire hall in 2026.
- 23% of the net cost to purchase a new tanker truck.

6.3 Transportation

Table D includes capital expenditures related to transportation. These include rolling stock and the road network. The capital costs for existing inventory and planned expenditures were drawn from the Township's Asset Management Plan and Road

Needs Study. The growth-related share of planned capital expenditures was determined in collaboration with Township staff. No grants or subsidies are assumed to be available for any items. Thus, net costs are equal to gross costs for the Transportation service category.

As shown in Table 2A, the growth-related capital costs associated with the Transportation service category were determined to include the following:

- 100% of the net capital cost of grader replacement
- 100% of the net capital cost of new plow
- 100% of the net capital cost of chipper replacement
- 100% of the net capital cost of Rideau River Road Surface Treatment Phase 1
- 100% of the net capital cost of Rideau River Road Surface Treatment Phase 2
- 100% of the net capital cost of the McCrea Road Asphalt Overlay

6.4 Recreation

Table D includes capital expenditures related to recreation services. The capital costs for these items were derived from Township staff estimates. The growth-related share of each expenditure was determined based on the increase in need for each existing facility as a result of population growth to 2031. This increase in need is calculated in Appendix B. No recreation development charges are applied to future commercial/industrial development.

As shown in Table 2A, the growth-related capital costs associated with the Recreation service category were determined to include the following:

- 22.5% of the cost of the net capital cost of community park upgrades.

6.5 Excess Capacity

Except as indicated otherwise, no excess capacity was existing in any of the services for which a development charge may be collected. Council intends to recover, through future development charges, the costs of any excess capacity in items that will be purchased or facilities that will be built during the ten-year period of the capital forecast. This applies to all service categories and is relevant in the event that either the eligible development charge exceeds current average service levels, or Council implements a development charge that is less than the maximum eligible charge.

TABLE 2A
FUTURE MUNICIPAL EXPENDITURES
That Qualify as Growth-Related Under the Development
Charges Act
(2021 \$000's)

	Expend.	GROSS	NET	Growth Related Share (% or #)	Eligible Dev. Charge	Maximum Dev. Charge
GENERAL ELIGIBLE	Year	Cost	Cost			
Development Charge Study	2026	\$20.0	\$20.0	100%	\$20.0	
Asset Management - Annual Update	2017-2026	\$25.0	\$25.0	10%	\$2.5	
Asset Management - 5 Year Review	2026	\$25.0	\$25.0	10%	\$2.5	
Official Plan Review	2026	\$50.0	\$50.0	10%	\$5.0	
Zoning By-law Update	2023	\$30.0	\$30.0	10%	\$3.0	
Subtotal		\$150.0	\$150.0		\$33.0	N/A

	Expend.	GROSS	NET	Growth Related Share (% or #)	Eligible Dev. Charge	Maximum Dev. Charge
FIRE PROTECTION	Year	Cost	Cost			
Fire Hall Replacement	2022	\$925.0	\$925.0	10%	\$92.5	
New Tanker (addition to fleet)	2022	\$250.0	\$250.0	23%	\$57.5	
Subtotal		\$1,175.0	\$1,175.0		\$150.0	\$151.2

	Expend.	Gross	NET	Growth Related Share (% or #)	Eligible Dev. Charge	Maximum Dev. Charge
TRANSPORTATION	Year	Cost	Cost			
Grader Replacement	2025	\$400.0	\$400.0	100%	\$400.0	
Plow truck	2024	\$282.0	\$282.0	100%	\$282.0	
Chipper replacement	2023	\$30.0	\$30.0	100%	\$30.0	
Rideau River Road Surface Treatment	2025	\$122.4	\$122.4	100%	\$122.4	
Rideau River Road Surface Treatment	2024	\$132.0	\$132.0	100%	\$132.0	
McCrea Road Asphalt Overlay	2023	\$102.0	\$102.0	100%	\$102.0	
Subtotal		\$1,068.4	\$1,068.4		\$1,068.4	\$1,415.9

	Expend.	GROSS	NET	Growth Related Share (% or #)	Eligible Dev. Charge	Maximum Dev. Charge
RECREATION	Year	Cost	Cost			
Community park	2025	\$571.0	\$571.0	22.50%	\$128.5	
Subtotal		\$571.0	\$571.0		\$128.5	\$130.0

Montague Township

TABLE 2B
FUTURE MUNICIPAL EXPENDITURES:
Allocation of Growth-Related Cost to Land Use Type
(2021 \$000's)

	Eligible Develop. Charge	Expend. Year	Residential Share	Com/Ind Share
GENERAL ELIGIBLE			99.0%	1.0%
Development Charge Study	\$20.0	2026	\$19.8	\$0.2
Asset Management - Annual Update	\$2.5	2017-2026	\$2.5	\$0.0
Asset Management - 5 Year Review	\$2.5	2026	\$2.5	\$0.0
Official Plan Review	\$5.0	2026	\$5.0	\$0.1
Zoning By-law Update	\$3.0	2023	\$3.0	\$0.0
Subtotal	\$33.0		\$32.7	\$0.3

	Eligible Develop. Charge	Expend. Year	Residential Share	Com/Ind Share
FIRE PROTECTION			99.0%	1.0%
Fire Hall replacement	\$92.5	2022	\$91.6	\$0.9
New Tanker (addition to fleet)	\$57.5	2022	\$56.9	\$0.6
Subtotal	\$150.0		\$91.6	\$0.9

	Eligible Develop. Charge	Expend. Year	Residential Share	Com/Ind Share
TRANSPORTATION			99.0%	1.0%
Grader Replacement	\$400.0	2025	\$396.0	\$4.0
Plow truck	\$282.0	2024	\$279.2	\$2.8
Chipper replacement	\$30.0	2023	\$29.7	\$0.3
Rideau River Road Surface Treatment	\$122.4	2025	\$121.2	\$1.2
Rideau River Road Surface Treatment	\$132.0	2024	\$130.7	\$1.3
McCrea Road Asphalt Overlay	\$102.0	2023	\$101.0	\$1.0
Subtotal	\$1,068.4		\$1,057.7	\$10.7

	Eligible Develop. Charge	Expend. Year	Residential Share	Com/Ind Share
RECREATION			100%	0%
Community park	\$128.5	2025	\$128.5	\$0.0
Subtotal	\$128.5		\$128.5	\$0.0

7.0 **FUND ADMINISTRATION**

A separate development charge reserve fund should be created into which all development charge revenues are deposited. Interest earned on the fund balance accrues to the fund and is an integral part of the development charge structure. Withdrawals from the fund are made only to pay for the growth-related net capital cost of service types listed in this report or to refund overpayment to owners, with interest, if appropriate.

A sub-account for each of the following service types should be maintained and the indicated proportionate share of development charge revenues and interest accumulated, and appropriate expenditures deducted (Tables 3A). The following Table E summarizes how the development charges that are collected are to be allocated between reserve fund sub-accounts.

Table E
Montague Township
Allocation of Development Charges between Service Categories

<u>Service Category</u>	<u>Proportional Share</u>	
	<u>Residential</u>	<u>Commercial/ Industrial</u>
General Eligible Services	2.19 %	1.70 %
Fire Protection	11.78 %	9.25 %
Transportation	74.42 %	89.05 %
Recreation	11.61 %	0.0 %
Total	100.0 %	100.0 %

Responsibility for the reserve fund and sub-account operations should be with the Treasurer, who is ultimately responsible for the fiscal viability of the reserve fund and its future commitments.

An annual report relating to the development charges by-law and reserve funds must be prepared by the Treasurer and submitted to Council, in accordance with the requirements of the Development Charges Act. The annual report from the Treasurer must also include the following information:

For each reserve fund:

- A description of the service for which the fund was established (list of services in the service category).
- For any credits in relation to the service or service category for which the fund

was established, the amount outstanding at the beginning of the previous year, the amount given in the year, the amount used in the year, and the amount outstanding at the end of the year. These amounts must then be broken down further by individual credit holder.

- The amount of any money borrowed from the fund by the Township during the previous year and the purpose for which it was borrowed.
- The amount of interest accrued during the previous year on the money borrowed from the fund by the Township.
- The amount and source of any money used by the municipality in the previous year to repay money borrowed from the fund or interest on such money.
- A schedule that identifies credits recognized under section 17 and, for each credit recognized, the service against which the credit is applied and the source of funds used to finance the credit.

For each project that is financed in whole or in part through development charges:

- The amount of money from each reserve fund that is spent on the project.
- The amount and source of any other money that is spent on the project.

Table 3A
SCHEDULE OF FUTURE ACQUISITIONS BY YEAR:
General Charge
That Qualify as Growth-Related
(2021 \$000's)

RESIDENTIAL													
Service Category	Ratio	NPV¹	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
General Eligible	2.15%	16.425	20.0	0.2	0.2	0.2	7.7	0.2	3.2	0.2	0.2	0.2	32.7
Fire Protection	11.74%	89.477	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	148.5	148.5
Transportation	74.47%	567.650	0.0	130.7	4.1	517.2	0.0	0.0	0.0	0.0	0.0	0.0	652.0
Recreation	11.63%	88.67	128.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	128.5
TOTAL	100%	762.217	148.50	130.9	4.4	517.4	7.7	0.2	3.2	0.2	0.2	148.7	961.6

COMMERCIAL / INDUSTRIAL													
Service Category	Ratio	NPV¹	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
General Eligible	1.71%	0.167	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.3
Fire Protection	9.25%	0.906	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
Transportation	89.05%	8.726	0.0	3.9	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
TOTAL	100%	9.799	0.2	3.9	5.7	0.0	0.1	0.0	0.0	0.0	0.0	1.5	11.4

8.0 IMPLEMENTATION

8.1 Application of Development Charge

A uniform development charge rate is recommended across the entire Township for the following reasons:

- a) Capital expenditures in the Township are designed to service the entire population, and therefore a Township-wide approach is an equitable approach for allocating these costs.
- b) The construction or acquisition program must be based on priority of need rather than attempting to balance construction by the financial returns of differing areas. It is not practical to draw definitive geographic boundaries within the Township to identify different levels of service.
- c) All services listed in this Study are available to all residents. The fund is simpler to administer on this basis.

The Development Charges By-law expires five years after the day it comes into force unless Council identifies an earlier expiry date or repeals it sooner.

8.2 Adjustments for Inflation

The development charge in the Township is based on a combination of projects to be built in the future, costed in 2021 dollars. It is therefore recommended that an annual inflation factor be applied to the development charge fee, to adjust for inflationary pressures. The Regulation to the Development Charges Act (Ontario Regulation 82/98, as amended) identifies the Statistics Canada *Non-Residential Building Construction Price Index* as the prescribed index.

8.3 Development Charge Implementation and Collection

The development charges by-law should be implemented in full on the date of passage of the By-law, and should apply to all new building permit applications. The Development Charges Act identifies the building permit stage as the time when development charges are payable. As services are required at or near the date that a building is occupied, it is appropriate to collect the development charge at the building permit stage.

8.4 Pamphlet

The Development Charges Act requires that a pamphlet be prepared which describes the general purpose of the development charges that are being imposed, the rules for determining if a development charge is payable and the amount, a list of the services

to which the development charges relate, and a description of the general purpose of the Treasurer's annual report (statement of the Treasurer) and where it may be reviewed by the public. One copy of the pamphlet is to be distributed free of charge to anyone requesting it.

8.5 Conditions to be imposed on Subdivision Approvals

The Development Charges Act requires that draft plan of subdivision approvals include a condition that, upon final approval of the subdivision, all initial purchasers of the subdivided land be informed at the time of transfer of ownership of all development charges related to the development of the land.

9.0 DEVELOPMENT CHARGES

9.1 Summary of New Development Charges

The following Table F provides a summary of the maximum new development charges for Montague Township, which could be considered based on the Capital Expenditure Forecast. The new charges are based on calculations shown in Tables 4A and 4B. Table F shows the general development charge that would be applicable to new development on all lands in Montague Township. It should be noted that values shown on Tables 4A and 4B are maximum amounts that can be collected. Township Council may decide not to collect the maximum eligible development charge from a certain category of use, as long as the difference is not made up by another category of use.

The maximum new charges that could be collected based on the eligible portion of capital items in the Township’s Ten-year Capital Expenditure Forecast (Table D) are as follows:

**Table F: Montague Township
Maximum Development Charges – General Charge**

Montague Township - General Development Charge		
Use	Category	New Charge
Residential (per dwelling unit)	Single Detached Dwelling	\$4,726
	Attached Dwelling	\$4,182
	Apartment	\$3,798
	Mobile Home	\$3,607
Commercial/ Industrial/ (per m ² of G.F.A.)	Applies to all categories except expansions of existing Industrial buildings of less than 50% of the G.F.A.	\$ 1.90per m ²
Institutional	Charge determined as per nature of the use, i.e., Residential components charged according to the class of use and other components charged as per Commercial/Industrial rate.	

9.2 Development Charges in Surrounding Municipalities

The following Table G provides a summary of the current development charges in surrounding municipalities. This information is provided to assist Council in determining a development charge that achieves the Township's capital investment goals, while being aware of development charges in surrounding municipalities with similar development contexts.

**Table G: Montague Township
Development Charges in Area Municipalities**

Municipality	Residential Development Charges (Single-Detached dwelling)	Commercial/Industrial Development Charges	By-law Implementation/ Expiry Date
Drummond/North Elmsley	\$4,000	N/A	September 1, 2019/ September 1, 2024
Carleton Place	Rural Area: \$6,367 Urban Area: \$12,050	Rural Area: \$22.82/ m ² Urban Area: \$62.13/ m ²	March 9, 2021/ March 9, 2026
Rideau Lakes	\$3,958 (2019) \$4,072 (2021 update)	\$20.99/ m ² (2019) \$21.53/ m ² (2021 update)	October 7, 2019/ October 6, 2024
Beckwith	Phased-in from \$6,000 (2019) to \$7,000 (2023)	N/A	June, 2019/ June, 2024
Tay Valley	\$3,603	\$17.33/m ² (non-residential)	December 2, 2019/ December 2, 2024
Mississippi Mills	(*2021 update*) Rural Area: \$7,349 Urban Area: \$15,074	(*2021 update*) Rural Area: \$30.03/ m ² Urban Area: \$54.03/ m ²	January 1, 2019/ January 1, 2024
Perth	\$6,452.80 to \$7,924.86 depending on the area (Nov.19, 2019-Dec.31, 2019) \$7,994.90 to \$10,134.87 depending on the area (Jan. 1, 2020-July 1, 2020) \$9,537 to \$13,247 depending on the area (July 1, 2020 onwards)	Non-Residential from \$34.12 to \$39.50 depending on the area (Nov.19, 2019-Dec.31, 2019) Non-Residential from \$57.16 to \$68.99 depending on the area (Jan. 1, 2020-July 1, 2020) Non-Residential from \$80.19 to \$98.38 depending on the area (July 1, 2020 onwards)	November 19, 2019/ November 19, 2024
Lanark County	Phased-in from \$700 (2017) to \$1,258 (2021)	Phased in from \$4.41/ m ² (2017) to \$7.97/ m ²	January 1, 2017/ January 1, 2022

9.3 Credits for Lot Levies Previously Collected

If the Township previously charged a lot levy for the creation of new lots, the Township must continue the practice of deducting the amount of the lot levy already paid for a vacant lot from the development charge that would be payable under the new development charges by-law, at the time a building permit is obtained for the lot.

TABLE 4A
DEVELOPMENT CHARGES CALCULATION: General Charge
Net Growth-Related Capital Cost
(2021 \$000's)

RESIDENTIAL

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Population Forecast by Year	npv	4,073	4,106	4,138	4,170	4,201	4,232	4,263	4,293	4,323	4,352
Per year growth	312 267	33	33	32	32	31	31	31	30	30	29
Persons per Household		2.536	2.527	2.517	2.507	2.498	2.488	2.478	2.469	2.459	2.449
Decrease in Persons per Household	0.083	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Household Forecast by Year		1,606	1,625	1,644	1,663	1,682	1,701	1,720	1,739	1,758	1,777
Annual Increase	190 162	19	19	19	19	19	19	19	19	19	19

Net Present Value	3%
Net Capital Cost	762.2
Adjusted Population Growth	398
Net Capital Cost Per Capita	\$1,917

	PERSONS PER UNIT			PV of
	Current	Decrease Factor	Adjusted	Cost / Capita
Average Household	2.536	0.083	2.454	\$1,917
Single Detached	2.547	0.081	2.466	\$1,917
Attached	2.198	0.016	2.182	\$1,917
Apartment	1.998	0.016	1.982	\$1,917
Mobile Home	1.898	0.016	1.882	\$1,197

DEVELOPMENT CHARGE			
TABLE			
	Gross	Tax Credit	Net
Average Household	\$4,703	\$0.00	\$4,703
Single Detached	\$4,726	\$0.00	\$4,726
Attached	\$4,182	\$0.00	\$4,182
Apartment	\$3,798	\$0.00	\$3,798
Mobile Home	\$3,607	\$0.00	\$3,607

TABLE 4B
DEVELOPMENT CHARGES CALCULATION: General Charge
Net Growth-Related Capital Cost
(2021 \$000's)

COMMERCIAL / INDUSTRIAL										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Commercial Square Metres (sq. meters of building space)										
Annual Growth	636	636	636	636	636	636	636	636	636	636

Net Present Value	4%
Net Capital Cost	9.8
Net Growth In Space	5159
Cost Per sq. m.	1.90
Tax Credit	0
Development Charge Per Sq. M. of Building Space	\$1.90

10.0 LONG TERM CAPITAL AND OPERATING COSTS

This section provides a brief examination of the long-term capital and operating costs for the capital facilities and infrastructure to be included in the Development Charges Study. This examination is required as one of the features of the Development Charges Act, 1997.

10.1 Net operating costs over the forecast period

The Municipality's net operating costs are not expected to increase by any significant amount as a result of the capital infrastructure program included in this Development Charge Study.

10.2. Long-term capital financing from non-development charge sources

Table 5A summarizes the components of the development-related capital program that will require funding from non-development charge sources. In total \$1,583,300 will need to be financed from non-development charge sources over the next ten years.

Table 5A											July 2021
SUMMARY OF LONG TERM CAPITAL IMPACT											
(2021 \$000's)											
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Gross Cost	993.5	2.5	2.5	2.5	77.5	2.5	32.5	2.5	2.5	1177.5	2964.4
Eligible Development Charge	548.7	0.3	0.3	0.3	7.8	0.3	3.3	0.3	0.3	150.3	1381.1
TOTAL	444.8	2.3	2.3	2.3	69.8	2.3	29.3	2.3	2.3	1027.3	1583.3

Table 5B											July 2021
SUMMARY OF CALCULATED ANNUAL PROVISIONS											
for Capital Acquisitions Funded by Development Charge											
(2021 \$000's)											
Service Category	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
General Eligible	2.4	2.4	2.4	2.4	2.4	12.1	12.1	14.9	14.9	14.9	80.9
Fire Protection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transportation	38.2	38.2	38.2	38.2	38.2	38.2	38.2	38.2	38.2	38.2	382.3
Recreation	54.6	54.6	54.6	54.6	54.6	54.6	54.6	54.6	54.6	54.6	545.8
TOTAL	95.2	95.2	95.2	95.2	95.2	104.9	104.9	107.7	107.7	107.7	1009.0

11.0 ASSET MANAGEMENT

The Development Charges Act was amended in late 2015 and, effective January 1st 2016, municipalities are required to complete an Asset Management Plan before the passing of a development charges by-law. A key function of the Asset Management Plan is to demonstrate that all assets proposed to be funded under the development charges by-law are financially sustainable over their full life cycle.

11.1 Annual Capital Provisions

The annual capital provisions required to replace the capital infrastructure proposed to be funded under the development charges by-law is based on useful life assumptions and the capital cost of acquiring each asset.

As shown in Table 5B, by 2031 the Municipality will need to fund an additional \$1,009,000 over 10 years in order to properly fund the full life-cycle costs of the new assets supported under this Development Charges By-Law.

The calculated annual funding provision should be considered within the context of the Municipality's projected growth over the next ten years. This growth will have the effect of increasing the overall assessment base to offset the capital asset provisions required to replace the infrastructure proposed to be funded under the development charges bylaw.

The calculated annual provisions identified are considered to be financially sustainable as it is expected that the increased capital asset management requirements can be absorbed by the tax base over the long-term.

12.0 REFERENCES

Montague Township *Road Needs Study*, prepared by McIntosh Perry Consulting Engineers, March 2020

Montague Township *Asset Management Plan*, prepared by McIntosh Perry Consulting Engineers, December 2016
and
Census Canada 2006, 2011 and 2016 Statistics, Population and Dwelling Count data.

Bill 98 - The *Development Charges Act, 1997* and Ontario Regulation 82/98, as amended by Regulation 428/15.

By-law No. 3567-2016 of the Corporation of Montague Township (Development Charges By-law).

Report for Development Charges Study, Montague Township, prepared by Jp2g Consultants Inc, November 2016

Ontario Ministry of Finance/MPAC, 2020 Assessment Roll Summary, Total Assessment Value, Montague Township.

Montague Township reserve fund report, 2020.

Building Condition Assessment & Capital Expenditure Forecast, Township of Montague, prepared by MacIntosh & Perry, February 2020.

Township of Montague Building Permit Summary 2016 – 2020.

APPENDIX “A”

Inventory of Existing Municipal Facilities and Level of Service (2012-2021)

APPENDIX “B”

Average Level of Service Applied to Population Growth (2022-2031)