



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: June 25, 2018
Report Number: FAF.18.89
Subject: Transit Development Charges
Prepared by: Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

A. Recommendations

THAT Council receive for information, Staff Report FAF.18.89 entitled “Transit Development Charges” confirming that The Blue Mountains cannot proceed with calculating a development charge for Transit for the 2019 Development Charges Background Study and By-law;

AND THAT Council direct staff to include a provision for a Transit Study in the 2019 Development Charges Background Study and earmark that study for 2020.

B. Overview

This report outlines the reasons why the Town cannot proceed with a Transit Development Charge (DC) and what steps the Town and Council will need to do in order to calculate a development charge for transit moving forward.

C. Background

On March 9, 2018, Town staff and Hemson Consulting Ltd. presented a kick-off report to Council seeking direction on various items to be considered during the Development Charges Background Study (DCBS) update. One item that was specified was the consideration of a Transit DC, and at the time Council approved the following recommendation:

AND THAT Council direct staff to consider a potential Development Charge for Transit for Council’s consideration for the 2019 Development Charges By-law.

After the meeting staff supplied Hemson Consulting Ltd. with the Town’s ridership numbers and Agreement with the Town of Collingwood. After reviewing what the Town has against what is required by the *Development Charges Act*, Hemson informed staff that there was insufficient information to proceed with a Transit DC calculation.

D. Analysis

Attachment 1 is a Memo from Hemson Consulting Ltd. outlining what the requirements are within the *Development Charges Act* that the Town must have in place to proceed with a Transit DC. In summary, the Town must have the following:

- A 10 year estimate of the increased need in service for development
- A 10 year capital plan
- A ridership forecast as well as the ridership capacity
- A forecast of the type and location of development within the Town

The next section of the memo outlines a number of questions that the Town needs to address before proceeding with a Transit DC, the most important of which being, what are the future needs of the Town? Currently, the Town does not have the required information to answer this question and therefore cannot meet the legislative requirements to proceed with a Transit DC.

Staff have include a recommendation on the suggestion from Hemson Consulting Ltd. that a provision being included in the 2019 Development Charges Background Study for a Transit Study that will look at gathering all of the required information so that the Town can consider a Transit DC in future Development Charge Background Study updates.

E. The Blue Mountains' Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

N/A

G. Financial Impact

At this point there is no direct financial impact from this report. However if Council does direct staff to include a Transit Study in the 2019 Development Charges Background Study, a portion of that study will require non-DC funding, which in this case would be taxation. Additional taxation will be required and requested through the annual budget in the year of the study.

H. In consultation with

Ruth Prince, Director of Finance and IT Services
Hemson Consulting Ltd

I. Attached

1. Hemson Memo RE: Assessment of Transit Services – 2019 DC Background Study

Respectfully Submitted,

Sam Dinsmore
Deputy Treasurer/Manager of Accounting and Budgets

Ruth Prince
Director of Finance and IT Services

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Sent Via E-mail

To: Sam Dinsmore, Deputy Treasurer/Manager of Budgets & Accounting, Town of The Blue Mountains
From: Craig Binning and Jackie Hall, Hemson Consulting
Date: June 4, 2018
Re: Assessment of Transit Services – 2019 DC Background Study

As part of the Town's 2019 Development Charges (DC) Background Study update, Council directed that staff consider a potential charge for Transit services. This memorandum provides an assessment of calculating a Transit DC for the Town and provides an overview of the requirements of the legislation for Transit services, a summary of the Town's current delivery standards and considerations for subsequent DC Study updates.

A. REQUIREMENTS FOR TRANSIT DEVELOPMENT CHARGES (DCS)

The *Development Charges Act, 1997 (DCA)* and its associated regulation (*Ontario Regulation 92/98*) provide requirements for collecting development charges for Transit services. A brief overview of the requirements are listed below.

1. Background Study (O.Reg. 82/98 section 8(2))

- For Transit services, the legislation requires an estimate of the increase in need for service arising from new development over the 10-year planning period immediately following the Background Study. Importantly, the estimate in the increase in need for service shall not exceed the "planned level of service" over the same period.

- For Transit services, the “planned” level of service is considered to be the 10-year capital program included in the DC Background Study as approved by Council. The projects included in the DC Background Study are typically based on projects identified in budget documents and/or master plans. By approving the projects in the DC capital program, Council therefore indicates that the increase in need for Transit services arising from new development will be met.
- The Background Study must also include a ridership forecast for all modes of transit proposed to be funded by development charges as well as an assessment of “ridership capacity” available to service new development at the end of the 10-year planning period.
- Similar to other DC eligible services, a forecast identifying the type and location of future development must also be included in the Background Study.

2. Asset Management Plan Requirements (DCA section 10(2) and O.Reg. 82/98 section 8(3))

- Section 10 of the *Development Charges Act* identifies what must be included in a Development Charges Background Study, namely:

- s.10 (2) The development charge background study shall include,
- (c) an examination, for each service to which the development charge by-law would relate, of the long term capital and operating costs for capital infrastructure required for the service;
 - (c.2) an asset management plan prepared in accordance with subsection (3);

Asset management plan

- (3) The asset management plan shall,
- (a) deal with all assets whose capital costs are proposed to be funded under the development charge by-law;
 - (b) demonstrate that all the assets mentioned in clause (a) are financially sustainable over their full life cycle;
 - (c) contain any other information that is prescribed; and
 - (d) be prepared in a prescribed manner.

- In addition to the requirements set out in section 10 of the *Development Charges Act* and section 8(3) of *O.Reg. 82/98* identifies additional direction on the contents of the asset management strategy for transit services, to be addressed in

a development charges background study. However, it is noted that the Regulations are silent with respect to the AMP requirements for the background study for transportation services, or any other services.

- The additional requirements identified in *O.Reg. 82/98* state that the asset management plan must include an analysis of: the **state of local infrastructure**, including the quality and condition of assets; the **proposed level of service**, such as performance measures, targets, and external issues; **an asset management strategy** that includes a comparison of life cycle costs, risks associated with potential benefits, direct and indirect costs, overview of risks that are associated with the strategy; **a financial strategy** that shows yearly expenditure forecasts proposed to achieve the level of service, yearly revenues, discussion of key assumptions and any funding shortfalls etc.

B. OVERVIEW OF THE TOWN'S CURRENT SERVICE DELIVERY STANDARDS

The Town of The Blue Mountains' Public Transit is provided in partnership with the Town of Collingwood, Blue Mountain Resort Limited, and the Blue Mountain Village Association. The current service is contracted through Collingwood and is paid for by property taxes. All buses used for the Collingwood transit system are contracted out to a third party called Sinton Landmark Transportation.

The system provides one bus servicing one route for the Town, known as the Collingwood/Blue Mountains Transit Link. The route services the following areas:

- Collingwood
- Georgian Meadows
- Blue Mountain Resort
- Craigleith

C. ASSESSMENT: CALCULATING DCS FOR TRANSIT SERVICES

When calculating development charges for new services, it is important to review the current service delivery standards, understand the future capital needs associated with the service and identify gaps or uncertainties within the data sets. Under the requirements of the legislation, if there is limited data, it may be challenging to calculate a reasonable and defensible development charge. These considerations in relation to the Town's current transit servicing standards are discussed further below.

1. Questions to Consider

In order to collect development charges, the DC Background Study must identify growth-related capital needs in addition to any subsidies, reserves, benefits to the existing community, and benefits occurring after the identified planning period.

When considering calculating DCs for a new service such as Transit, the following questions should be considered:

- Are Transit services required to meet the needs of new development?
- Will the Town incur any eligible development-related capital costs over the planning period?
- Is there an existing service level?
- How does the Town currently fund these services?
- Are there any proposed changes to service delivery standards in the future?

2. The Town's Future Transit Capital Program Needs are Uncertain

As it stands, the future needs for the Town's transit capital program are uncertain. Currently, there is nothing identified in the capital budget for Transit services other than the annual payment to Collingwood who operates the service. There is potential that Council may undertake a study in 2019 to determine the future service needs of Transit services, but nothing is certain.

We would suggest that the Town consider including a provision for a transit study in the 2019 DC Background Study under the General Government category. In doing so, DCs could be used to fund a portion of the work.

3. Due to Limited Data, Legislative Requirements May Not be Met

In order to comply with legislative requirements and support the implementation of a Transit DC rate, additional data on capital project needs, ridership analysis and asset management practices needs to be undertaken. It should be noted that even if a DC is not implemented as part of this update, it does not preclude the Town from including a Transit DC charge as part of subsequent updates.

D. CONSIDERATION FOR FUTURE DC UPDATES

Given the existing information gaps, it is not recommended that the Town implement a Transit DC as part of the 2019 DC By-law update. Should the Town wish to consider implementing a Transit charge as part of subsequent DC studies, analysis could be undertaken in advance of future updates to support its inclusion. Such analysis includes, but is not limited to:

- **Transportation Master Plan (TMP) or Transit Service Delivery Plan** – the Town should undertake a master plan or analysis that identifies future growth and related servicing needs for transit capital infrastructure. The plan should also include an analysis of future ridership in the form of either AM peak period boardings or service hours.
- **Asset Management Plan Analysis** – the Town should review the asset management plan requirements as identified by *O.Reg. 82/98* section 8(3) and identify how these items may be answered. While some of the information may be challenging to provide, the Town could begin to gather information on the state of infrastructure, proposed service level, asset management strategy and financial strategy.

As stated previously, we recommend that the Town consider including a provision to undertake a TMP or Transit Service Delivery Plan in the 2019 DC Background Study. This will allow for a share of the costs to be funded through DCs.

E. CONCLUSION

Based on future capital infrastructure uncertainties, lack of data, and the extensive requirements of the legislation, it would be difficult for the Town to calculate defensible Transit DCs as part of the 2019 DC Background Study. That being said, the Town should continue to identify the service delivery, capital program, and ridership needs arising from new development over the near and long-term future. In addition to identifying those needs, background analysis can be completed in advance of subsequent DC Study updates to help strengthen the analysis.