



# PORT LANDS ACCELERATION INITIATIVE

Appendix 7  
Preliminary Estimate of Development Charge Revenue



Rendering of Lake Ontario Park by Field Operations courtesy of Waterfront Toronto



**WATERFRONT TORONTO**

**PRELIMINARY ESTIMATE  
OF DEVELOPMENT CHARGE  
REVENUE THAT COULD BE  
GENERATED BY THE CITY OF  
TORONTO TO DEFRAY  
SERVICING INFRASTRUCTURE  
COSTS REQUIRED BY  
PORT LANDS DEVELOPMENT**

**INTERIM REPORT**

MAY 2, 2012



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 **Planning for growth**

August 22, 2012

Mr. David Kusturin  
Chief Operating Officer  
Waterfront Toronto  
20 Bay Street, Suite 1310  
Toronto, ON M5J 2N8

Dear Sir:

We enclose a copy of the interim report that we produced on May 2, 2012, based on the Port Lands development information available to use to that point.

As you are aware, we have not had any subsequent involvement with the project and our report represents the opinion we formed to that point.

We trust that this is satisfactory to you and appreciate the opportunity to be of service on the project.

Yours very truly,

WATSON & ASSOCIATES ECONMISTS LTD.



C.N. Watson, M.B.A., PLE

c.c. Julian Colman

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## **DEVELOPMENT CHARGE FUNDING POTENTIAL FOR THE PORT LANDS**

### **1. Development Charges Overview**

1.1 Development charges can be imposed by the City of Toronto to defray capital costs that it has incurred or includes in a Council-approved capital forecast. Such capital costs must be required because of increased needs for service arising from development of the area to which the City's DC by-law relates. The City's existing by-law covers the entirety of the City. Waterfront Toronto does not have the ability to establish development charges itself.

1.2 At the present time, Toronto imposes development charges on a uniform, City-wide basis and has not established area-specific development charges (although it could decide to do so). The City has just initiated an update to its development charge Background Study and By-law, for completion by March, 2013. As a result, consideration of potential development charges for the Port Lands is timely.

1.3 Development charges can be based on capital costs if they are incurred or proposed to be incurred by the City or one of its local boards directly, or by others on behalf of, and as authorized by the City or local board.

1.4 Development charges cover eligible capital costs for any City service, other than the provision of cultural or entertainment facilities, tourism facilities, hospitals, waste management, the City's general administration headquarters and parkland acquisition. The most favourable development charge treatment in the DCA is given to water supply, wastewater, storm water drainage and road services.

1.5 A development charge by-law may not impose development charges with respect to local services related to a plan of subdivision (or severance) or within the area to which the plan relates, which are to be installed or paid for by the owner as a condition of approval. The City's definition of "local services" as of 2009, is included as Appendix A to this report. This capital cost distinction (between costs absorbed directly by developers and costs covered by DCs) must be adhered to in order to provide a consistent cost recovery regime in Toronto. This is to avoid the circumstance where some developers are required to directly fund their own local services while also funding, through development charges, the local service costs of others.

1.6 In calculating a development charge, it is necessary to:

- a) start with the anticipated amount, type and location of development;
- b) establish for each service (roads, transit, water, etc.) the increase in the need for service attributable to that anticipated development;
- c) restrict the costs to be recovered from development charges, to those which have been approved by City Council as a capital forecast or similar expression of Council's intention



(or in the case of costs already incurred, those which Council has clearly indicated when they were completed, that they are to be DC funded);

- d) downsize those capital costs, as may be necessary, in order to address five factors:
- 1) Avoidance of an increase in the City's 10-year historical level of service for each service involved (measured in terms of quantity and quality);
  - 2) Reduction of the needs to be met by any excess capacity that can be used to meet that need, except where Council clearly indicated that such excess capacity was to be paid for by development charges;
  - 3) Reduction of the needs to be met by the extent to which the increase in service would benefit existing development;
  - 4) Reduction of the capital costs by the capital grants, subsidies or other contributions in respect of the capital costs, made to the municipality or anticipated by Council;
  - 5) A 10% reduction in the DC recoverable costs for services other than sewer, water, roads and storm.

## **2. Port Lands Overview**

2.1 The preliminary capital cost estimates for the Port Lands are summarized in Table 1. The broad categorization of these costs for development charge purposes is indicated in Table 1 and is as follows:

	4A	4B
	<u>Millions \$ 2012</u>	
A - Local Services	136	136
B - Sitework and Related	200	188
C - Potential DC Costs – Hard Services	365	248
D - Potential DC Costs – Parkland/Trails	127	108
Other	45	-
Total	873	680

2.2 Local services include local roads, sidewalks, streetlights, water and sanitary service and storm water management requirements and site strip/clearance. As indicated in paragraph 1.5, "Local Services" cannot form part of a development charge calculation, given that s.s.2(5) of the DCA states that:

"A development charge by-law may not impose development charges with respect to local services described in clauses 59(2)(a) and (b)."

Section 59 prevents a municipality, as a condition of a subdivision or consent agreement, from imposing, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except for local services related to a plan of subdivision or

within the area to which the plan relates, to be installed or paid for by the owner as a condition of subdivision approval (or consent approval).

2.3 Sitework and related costs include dockwall upgrades, spillway, sediment management area, realigned rail, road and hydro crossing of Don River and land reclamation. These costs would not normally be classified as being development-related costs to be funded by the City, as part of providing transportation or other City infrastructure services to new development. As a result, they are excluded from the development charge calculation.

The dockwall upgrades partially relate to the construction of the Promenade Trail; however, because of the restrictions placed on the City relative to additional Parks and Trails by the historical service level cap within the *Development Charges Act*, it is anticipated that this component of the work program will not be development charge fundable.

2.4 Potential DC costs – hard services includes road works and structures on:

- Queens Quay;
- Cherry Street;
- Lakeshore Blvd.;
- Don Roadway;
- Commissioners Street;
- Carlaw Avenue; and
- Bouchette Street.

It also includes transit infrastructure, trunk watermains, trunk sewer mains and related works, transmission line undergrounding, rail corridor realignment, land reclamation required for these projects, as well as related armoring and lakefill.

The total program ranges from \$248 million (4b) to \$365 million (4a). There are two potential areas of development charge non-recovery:

- a) Some of this work may be considered to provide benefit to existing development in terms of traffic flow and the mitigation of existing problems regarding transmission lines and rail corridors. A DC deduction allowance of 25% has been made for this purpose.
- b) With respect to the level of service cap, the City's 2009 DC Background Study established that the number of vehicle km per lane km that are included on the City's transportation modelling network, was expected to increase from 472.4 in 2011, to 506.3 in 2021, indicating a declining level of service from a "quality" measure perspective. While the number of lane km to be added via the Port Lands projects is unknown in terms of the added vehicle kms of usage, it is not expected to cause the City to exceed this service level cap. As a result, no further deduction should be required.

2.5 The potential DC costs – parkland/trails include the water's edge Promenade, major parkland, a pedestrian bridge and naturalization within the spillway. The total program ranges from \$108 million (4b) to \$127 million (4a).

The *Development Charges Act* imposes a real constraint on the City's ability to impose development charges for parkland and trail purposes (via the 10-year historical level of service cap). As a result, in 2009, Waterfront Toronto's entire \$123 million parks program was excluded from the development charge calculation, in order that the City's Parks Department program of \$83 million could be covered. It is not known what approach the City will take to establishing Parks priorities in 2012/13 in this regard, but it is likely that the majority of Waterfront Toronto's program will not be included in the DC calculation, as a result of the DCA cap and the circumstances referred to. It is also noted that the Parks program that can be included in a DC calculation is only for a 10-year period for each by-law, rather than full buildout. This, in itself will, at minimum, delay the recovery. In addition, a small deduction for benefit to existing development may be involved for a project such as the Promenade.

As a result, the DC inclusion for parks and trails is estimated at 0-\$30 million (approx. 25% of the City's service level cap, assuming a significant increase from 2009).

2.6 A better estimate could be provided of the DC recoverable cost shares for the various projects, if additional information were provided to more clearly identify the location of each project, together with its nature, purpose and primary beneficiaries, both internal and external to the Port Lands. Also, what external projects are (partially) required as a result of Port Lands development? For example, is it appropriate that the development charge cover any Spillway costs?

2.7 The amount and type of development anticipated for the Port Lands is summarized on Table 2, based on a Buildout scenario. This development is expected to involve a total of 16,528 apartment units, plus 18,716,153 sq.ft. of commercial (office, retail and hotel) space. (The preferred method of allocating DC costs is over a Buildout base which properly reflects the sizing of the infrastructure relative to the total amount of growth to be accommodated. The use of the period to 2031 is an alternative which is frequently used. Doing so would involve a possible "post period development deduction" but would significantly increase the DC involved.)

TABLE 1  
PORT LANDS INFRASTRUCTURE BY DEVELOPMENT CHARGE CATEGORY

				Scenario (millions)		Category
				4a	4b	
Keating Channel West Precinct	Phase I: Years 0-10	Local Infrastructure	Provide Infrastructure to 40% of Development Area	\$ 12.2	\$ 12.2	A
Keating Channel West Precinct	Phase II: Years 10-15	Local Infrastructure	Provide Infrastructure to Remainder of Development Area	\$ 18.5	\$ 18.5	A
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Strip/Clear/Stockpile/Preload (entire Cousins Quay site)	\$ 2.8	\$ 2.8	A
River Precinct   Cousins Quay	Phase II: Years 10-15	Local Infrastructure	Provide Infrastructure to Development Area (PS4a)	\$ 18.9	\$ -	A
River Precinct   Cousins Quay	Phase II: Years 10-15	Local Infrastructure	Provide Infrastructure to Development Area (PS4b)	\$ -	\$ 18.9	A
River Precinct   Polson Quay	Phase II: Years 10-15	Local Infrastructure	Strip/Clear/Stockpile/Preload (entire Polson Quay site)	\$ 4.0	\$ 4.0	A
River Precinct   Polson Quay	Phase II: Years 10-15	Local Infrastructure	Provide Infrastructure to initial Development Area (PS4a/PS4b)	\$ 11.3	\$ 11.3	A
River Precinct   Polson Quay	Phase III: Years 15-20	Local Infrastructure	Provide Infrastructure to add'l. Development Area (PS4b)	\$ 31.5	\$ 31.5	A
River Precinct   Polson Quay	Phase IV: Years 20+	Local Infrastructure	Provide Infrastructure to remaining Development Area (PS4b)	\$ 12.6	\$ 12.6	A
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Strip/Clear/Stockpile/Preload (west end of precinct)	\$ 8.7	\$ 8.7	A
Film Studio Precinct	Phase III: Years 15-20	Local Infrastructure (Scenarios 4a & 4b)	Provide Infrastructure to initial Development Area	\$ 15.1	\$ 15.1	A
				\$ 135.6	\$ 135.6	
River Precinct   Cousins Quay	Phase I: Years 0-10	Flood Protection Infrastructure	Spillway (200m wide temporary configuration)	\$ 46.2	\$ 46.2	B
River Precinct   Cousins Quay	Phase I: Years 0-10	Flood Protection Infrastructure	Dockwall modification/reinforcement associated with spillway	\$ 5.0	\$ 5.0	B
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	Re-align Cherry St.: Railway Corridor to Keating Channel	\$ 14.0	\$ 14.0	B
Film Studio Precinct	Phase II: Years 10-15	Flood Protection Infrastructure	Sediment Management Area	\$ 42.7	\$ 42.7	B
Film Studio Precinct	Phase II: Years 10-15	Flood Protection Infrastructure	Lengthen Rail crossing of Don River	\$ 27.7	\$ 27.7	B
Film Studio Precinct	Phase II: Years 10-15	Flood Protection Infrastructure	Remove and replace Hydro Crossing of Don River	\$ 16.8	\$ 16.8	B
				\$ 152.5	\$ 152.5	
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	Dockwall Upgrades: Parl. Slip East Side	\$ 2.5	\$ 2.5	B/D
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	Dockwall Upgrades: KC North Side Parl. Slip to re-aligned Cherry	\$ 9.2	\$ 9.2	B/D
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Dockwall Upgrades: Cousins Quay West Side	\$ 5.7	\$ 5.7	B/D
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Dockwall Upgrades: Polson Quay West Side	\$ 7.7	\$ 7.7	B/D
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Dockwall Upgrades: Polson Quay South Side	\$ 10.5	\$ 10.5	B/D
Film Studio Precinct	Phase III: Years 15-20	Major Infrastructure Internal to Site	Dockwall Upgrades: Don Roadway to Bouchette	\$ 12.2	\$ -	B/D
				\$ 47.8	\$ 35.6	
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure External to Site	Queens Quay: Small St. to Parliament Slip West Side	\$ 6.6	\$ 6.6	C
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure External to Site	Transit Infrastructure (BRT allowance in addition to A.I.2.1.1)	\$ 2.8	\$ 2.8	C
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure External to Site	400 mm Trunk Watermain Connection from Cherry/Mill	\$ 0.3	\$ 0.3	C
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	Queens Quay: Parl. Slip West Side to re-aligned Cherry St.	\$ 31.2	\$ 31.2	C
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	clearing & stripping site for above	\$ 0.8	\$ 0.8	C
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	400mm Trunk Watermain along Cherry	\$ 0.3	\$ 0.3	C
River Precinct   Cousins Quay	Phase I: Years 0-10	Flood Protection Infrastructure	Commissioners Street at-grade crossing of spillway (temporary)	\$ 7.0	\$ 7.0	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Re-aligned Cherry St. Keating Channel to Commissioners	\$ 12.8	\$ 12.8	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Cherry St. Bridge Over Keating Channel	\$ 26.3	\$ 26.3	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Cherry St. Transit Bridge Over Keating Channel	\$ 20.2	\$ -	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Transit Infrastructure (BRT allowance in addition to E.I.1.2.2.1)	\$ 2.8	\$ 2.8	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	400mm Trunk Watermain along Cherry	\$ 0.3	\$ 0.3	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Allowance for W/M crossing below Keating Channel	\$ 2.8	\$ 2.8	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Temporary Sewage Pumping Station	\$ 1.3	\$ 1.3	C
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Allowance for repairs/upgrades to permit use of existing infrastructure	\$ 2.8	\$ 2.8	C
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Re-aligned Cherry St. Commissioners to SC	\$ 16.1	\$ 16.1	C
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	400mm Trunk Watermain extension south along Cherry	\$ 0.3	\$ 0.3	C
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Trunk Sewermain extension south along Cherry	\$ 2.8	\$ 2.8	C
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Add'l. Temporary Sewage Pumping Station	\$ 1.3	\$ 1.3	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure External to Site	Carlaw Ave. Gravity Sewer North of Lakeshore Blvd.	\$ 2.8	\$ 2.8	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure External to Site	Shift Lakeshore Blvd. northward	\$ 14.3	\$ 14.3	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Don Roadway: Lakeshore to Commissioners St. (assoc. w/ FP)	\$ 14.6	\$ 14.6	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Don Roadway: Commissioners St. to Ship Channel (assoc. w/ FP)	\$ 7.7	\$ 7.7	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Commissioners St.: Don Roadway to Bouchette St.	\$ 20.7	\$ -	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Commissioners St.: Bouchette St. to Carlaw Ave.	\$ 18.6	\$ -	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Carlaw Ave.: Lakeshore Blvd. to Commissioners St.	\$ 8.3	\$ 8.3	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Commissioners St. SS: Don Roadway to Bouchette St.	\$ 3.0	\$ -	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Commissioners St. SS: Bouchette St. to Carlaw Ave.	\$ 2.7	\$ -	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Carlaw Ave. SS: Lakeshore Blvd. to Commissioners St.	\$ 2.2	\$ 2.2	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Don Roadway Transmission Line Undergrounding (assoc. w/ FP)	\$ 14.0	\$ 14.0	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Commissioners St. Transmission Line Undergrounding	\$ 28.0	\$ -	C
Film Studio Precinct	Phase II: Years 10-15	Major Infrastructure Internal to Site	Bouchette St.: Lakeshore Blvd. to Commissioners St.	\$ 7.9	\$ -	C
Film Studio Precinct	Phase II: Years 10-15	Flood Protection Infrastructure	Lengthen Lakeshore Blvd. crossing of Don River	\$ 27.0	\$ 27.0	C
Film Studio Precinct	Phase III: Years 15-20	Major Infrastructure Internal to Site	Bouchette St.: Commissioners St. to Ship Channel	\$ 8.8	\$ -	C
Film Studio Precinct	Phase III: Years 15-20	Major Infrastructure Internal to Site	Carlaw Ave.: Commissioners St. to Ship Channel	\$ 6.4	\$ -	C
				\$ 325.8	\$ 209.3	
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure External to Site	Parliament Slip Land Reclamation (req'd. for above)	\$ 17.8	\$ 17.8	C/B
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Armouring and Lakefill around Essroc Quay	\$ 21.0	\$ 21.0	C/D
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	Water's Edge Promenade: Parl. Slip East Side	\$ 3.8	\$ 3.8	D
Keating Channel West Precinct	Phase I: Years 0-10	Major Infrastructure Internal to Site	WE Promenade: KC North Side Parl. Slip to re-aligned Cherry (40%)	\$ 5.5	\$ 5.5	D
Keating Channel West Precinct	Phase II: Years 10-15	Local Infrastructure	WE Promenade: KC North Side Parl. Slip to re-aligned Cherry (60%)	\$ 8.3	\$ 8.3	D
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	WE Promenade: Cousins Quay West Side	\$ 8.6	\$ 8.6	D
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Don Valley Trail Pedestrian Bridge over Keating Channel	\$ 2.0	\$ 2.0	D
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Major Parkland at Lakefill/West End of Cousins Quay	\$ 33.3	\$ 33.3	D
River Precinct   Cousins Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Wetlands and naturalization within spillway	\$ 7.0	\$ 7.0	D
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	WE Promenade: Polson Quay West Side	\$ 11.6	\$ 11.6	D
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	WE Promenade: Polson Quay South Side	\$ 15.8	\$ 15.8	D
River Precinct   Polson Quay	Phase II: Years 10-15	Major Infrastructure Internal to Site	Major Parkland on Polson Quay	\$ 12.7	\$ 12.7	D
Film Studio Precinct	Phase III: Years 15-20	Major Infrastructure Internal to Site	WE Promenade: SC from Don Roadway to Bouchette	\$ 18.3	\$ -	D
				\$ 126.7	\$ 108.4	
				\$ 827.2	\$ 680.3	Total
Lakeshore South				\$ 45.0	\$ -	
				\$ 872.2	\$ 680.3	



**TABLE 2**  
**PLANNING ALLIANCE PORT LANDS BUILDOUT GROWTH FORECAST**  
**(BEYOND 20 YEARS)**

**Option 4A-Preferred**

Precinct	Apartment Units	Office sq.ft.	Retail sq.ft.	Hotel sq.ft.	Total Commercial sq.ft.
A	3,140	1,027,969	388,184	112,500	1,528,653
E1 E3	5,880	980,000	980,000	0	1,960,000
F	3,795	7,590,000	0	112,500	7,702,500
G	3,713	6,525,000	1,000,000	0	7,525,000
Total	16,528	16,122,969	2,368,184	225,000	18,716,153

**Option 4B**

Precinct	Apartment Units	Office sq.ft.	Retail sq.ft.	Hotel sq.ft.	Total Commercial sq.ft.
A	3,140	1,027,969	388,184	112,500	1,528,653
E1 E3	5,880	980,000	980,000	0	1,960,000
F	3,795	7,590,000	0	112,500	7,702,500
G	3,713	6,525,000	1,000,000	0	7,525,000
Total	16,528	16,122,969	2,368,184	225,000	18,716,153

Source: Planning Alliance "Port Lands Acceleration Program," May 2, 2012.

H:\Toronto\Waterfront Toronto\Land-Use Options V10 (2).xlsx\Summary 4a 4b

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**APPENDIX A**

**CITY OF TORONTO GUIDELINES RE LANDOWNER  
EMPLACEMENT OF LOCAL SERVICES UNDER  
DEVELOPMENT AGREEMENTS**

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## **APPENDIX D - GUIDELINES RE LANDOWNER EMPLACEMENT OF LOCAL SERVICES UNDER DEVELOPMENT AGREEMENTS**

The following guidelines set out, in general terms, the size and nature of engineered infrastructure that is included in the study as a development charge project, versus infrastructure that is considered as a local service, to be emplaced separately by landowners, pursuant to a development agreement.

The following policy guidelines are general principles by which staff will be guided in considering development applications. However, each application will be considered, in the context of these policy guidelines and subsection 59(2) of the *Development Charges Act, 1997*, on its own merits having regard to, among other factors, the nature, type and location of the development and any existing and proposed development in the surrounding area, as well as the location and type of services required and their relationship to the proposed development and to existing and proposed development in the area.

### **WATER**

#### **1. Watermains**

- i. Watermains that are required for a development, either internal or external, are considered to be the developer's responsibility, unless the City requests the sewers to be oversized, in which case the project will be considered a development charge project.
- ii. Watermains of any size required to connect a pumping station or reservoir to the supply network are considered to be development charge projects.

#### **2. Booster Stations and Reservoirs**

Upgrading or construction of new water booster pumping stations and reservoir projects are considered to be development charge projects.

The detailed engineering requirements of the above items are governed by the approved detailed engineering standards for the City.

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## **WASTEWATER**

### **1. Sanitary Sewers**

- i. Sanitary Sewers that are required for a development, either internal or external, are considered to be the developer's responsibility, unless the City requests the sewers to be oversized, in which case the project will be considered a development charge project.
- ii. Sanitary Sewers of any size required to connect a pumping station or treatment plant to the collection network are considered to be development charge projects.

### **2. Pumping Stations**

New or expanded pumping stations internal or external to a development, that are fed by sanitary sewers which qualify as a development charge project are also considered to be development charge projects. New or expanded pumping stations fed by sanitary sewers that do not qualify as a development charge project are the responsibility of the developer.

## **LAND ACQUISITION FOR WATER AND WASTEWATER WORKS**

### **1. Booster Stations and Reservoirs**

- i. Where required, land acquisition for Booster Stations and Reservoirs servicing an area greater than the development site, to the size required by the design of the facility, is to be provided by the developer as part of the development approval process. The market value of the land is considered to be part of the capital cost of the related development charge project.

### **2. Pumping Stations**

- i. Where required, land acquisition for Pumping Stations servicing an area greater than the development site, to the size required by the design of the facility, is to be provided by the developer as part of the development approval process. The market value of the land is considered to be part of the capital cost of the related development charge project.

The detailed engineering requirements of the above items are governed by the approved detailed engineering standards for the City.

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## **ROAD-RELATED**

### **1. Expressways, Arterial and Collector Roads (including Structures)**

- i. New Collector Roads internal to a development are direct developer responsibility.
- ii. New, widened, extended or upgraded, Expressway, Arterial and Collector Roads (except in the case of (iii)) external to a development are considered to be development charge projects.
- iii. New Collector Roads external to a development, but primarily acting as a connection serving a development, are a direct developer responsibility.
- iv. All other roads are considered to be the developer's responsibility.

### **2. Traffic Signals and Intersection Improvements**

- i. When on Arterial or Collector Roads external to a development are considered to be development charge projects.
- ii. When on Collector Roads, Local Roads, private site entrances or entrances to specific developments are a direct developer responsibility.
- iii. Intersection improvements and/or Traffic Signals on other roads due to general development growth resulting in increasing traffic are considered to be development charge projects.

### **3. Streetlights**

- i. Streetlights on Expressways and Arterial Roads are considered to be development charge projects.
- ii. Streetlights on all other roads are considered to be a direct developer responsibility.

### **4. Sidewalks**

- i. Sidewalks on all internal roads are considered to be a direct developer responsibility.
- ii. Sidewalks external to a development which are necessary to connect the development to public spaces are considered to be a direct developer responsibility.

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- 5. Strategic Transportation Initiatives (e.g. congestion management initiatives, signal modifications, bike lanes, HOV, bus lanes, RESCU, ATSC)**
- i. On Expressways, Arterial or Collector Roads external to a development are considered to be development charge projects.
  - ii. Internal to a development are a direct developer responsibility.

## **LAND ACQUISITION FOR ROADS**

### **1. Road Allowances**

- i. Land acquisition for Expressways, Arterial or Collector Roads, to the widths required according to the approved engineering standards, is primarily provided by dedications under the *Planning Act*. In areas where limited or no development is anticipated, and direct dedication is unlikely, the land acquisition is considered to be part of the capital cost of the related development charge project

### **2. Grade Separations**

- i. Land acquisition for Grade Separations (beyond normal dedication requirements) is considered to be part of the capital cost of the related development charge project.

The detailed engineering requirements of the above items are governed by the approved detailed engineering standards for the City.

## **STORMWATER MANAGEMENT**

### **1. Storm Sewers**

Storm sewers that are required for a development, either internal or external, are considered to be the developer's responsibility, unless the City requests oversizing, in which case the project will be considered a development charge project.

### **2. Stormwater Management Facilities**

- i. Stormwater quality and quantity works not outlined in the Wet Weather Flow Management Master Plan are a direct developer responsibility.
- ii. Stormwater quality and quantity works outlined in the Wet Weather Flow Management Master Plan are development charge projects.



- iii. Localized stormwater quality and quantity works not outlined in the Wet Weather Flow Management Master Plan but required by a development to achieve a level of treatment and/or attenuation sufficient for the site discharge to be included into Wet Weather Flow Management Master Plan works, are a direct developer responsibility.
- iv. In some circumstances both quality and quantity works may be considered to be development charge projects where they benefit a broader area of development growth. In some of these cases the quality and quantity works are on a particular development site, with the works commonly oversized for other benefiting lands. In such a case, the developer on whose lands the works are located will be responsible for his proportionate share of the work, while the remainder of the work will be considered a development charge project.

### **3. Erosion Control Measures**

- i. Erosion works not included in the Wet Weather Flow Management Master Plan required to mitigate the impact of a development are a direct developer responsibility.

## **LAND ACQUISITION FOR STORMWATER MANAGEMENT**

### **1. Stormwater Management Facilities**

- i. Land acquisition for centralized Stormwater Management Facilities, to the size required according to the approved engineering standards, is primarily provided by dedications under the *Planning Act*. In areas where limited or no development is anticipated, and direct dedication is unlikely, the land acquisition may be considered to be part of the capital cost of the related development charge project.

The detailed engineering requirements of the above items are governed by the approved detailed engineering standards for the City.

## **PARKLAND DEVELOPMENT**

Developers dedicating parkland as a condition of development are required to undertake at their sole expense, the base construction and installation of the parkland improvements (the "Base Park Improvements") on lands to be conveyed to the City for park purposes including:

- (a) grading inclusive of topsoil supply and placement, minimum of 150 mm depth;
- (b) sodding #1 nursery grade;

- (c) fencing, where deemed necessary to the satisfaction of Parks, Forestry and Recreation;
- (d) drainage systems, including connections to the municipal services as required;
- (e) electrical and water connections minimum 50 mm and backflow, shut off valve and water meter to the street line; and
- (f) street trees along all public road allowances abutting City owned parkland.

### 3. Development Charge Estimates

3.1 Based on the foregoing, a broad estimate of the DC-recoverable cost of Port Lands projects is as follows:

	<u>Millions \$</u>	
	<u>4A</u>	<u>4B</u>
• Hard Services (Category C)	$\$365 \times 0.75 = \$274$	$\$248 \times 0.75 = \$186$
• Parks & Trails (Category D)	0-\$30	0-\$25
	<hr/> \$274-304	<hr/> \$186-211

3.2 In order to estimate a "Port Lands" area-specific development charge, it is necessary to split this total DC recovery between residential and ICI (Industrial/Commercial/Institutional) benefit. This is typically done based on the increment in population and employment (except for the parkland portion, which is split 95:5 (Res.:ICI). The population increment is estimated as:

Residential:	2.04 ppu X 16,528 units =	<u>33,717 persons</u>
Office:	16,122,969 sq.ft. ÷ one employee/300 sq.ft. =	53,743 employees
Retail:	2,368,184 sq.ft. ÷ one employee/400 sq.ft. =	5,920 employees
Hotel:	225,000 sq.ft. ÷ one employee/1,300 sq.ft. =	<u>173 employees</u>
	Total Employees	59,836 employees
Total Population & Employees	$33,717 + 59,836 =$	93,553
Residential Share =	$33,717 \div 93,553 =$	36%
ICI Share =	$59,836 \div 93,553 =$	64%

3.3 The resultant development charges are summarized in Table 3 (which are somewhat understated, as financing costs which recognize the need to front-end finance infrastructure, while awaiting DC collections over the long term, have not yet been included).

3.4 The future stream of development charges in 2012 \$ has been estimated separately by Cushman & Wakefield. The actual amounts recovered would inflate in accordance with the statutory non-residential DC index which measures construction cost inflation.

3.5 Commercial development in the Port Lands could be required to pay development charges on a full gross floor area basis, rather than on the basis adopted in the City's current DC by-law (#275-2009), which only applies the charge against the area of the ground floor of commercial development. If that policy was also applied in the Port Lands, it would reduce commercial DC collections by approx. 87.5% (assuming the commercial buildings average eight storeys in height, which would exempt 7/8 of the area. This analysis further assumes that no development charge credits are applicable with respect to the demolition and redevelopment of

existing buildings in the Port Lands. This is consistent with respect to the City's existing policy concerning industrial demolitions, but has been a controversial issue in the past.

**TABLE 3**  
**BROAD ESTIMATE OF PORT LANDS AREA-SPECIFIC DEVELOPMENT CHARGE**  
**BASED ON FULL BUILDOUT DEVELOPMENT**

	4A		4B	
Hard Services (Cat. C)	\$ 273,750,000		\$ 186,000,000	
Residential Share (36%)	98,550,000		66,960,000	
ICI Share (64%)	175,200,000		119,040,000	
Parks & Trails (Cat. D)	0 - \$ 30,000,000		0 - \$ 25,000,000	
Residential Share (95%)	0 - 28,500,000		0 - 23,750,000	
ICI Share (5%)	0 - 1,500,000		0 - 1,250,000	
	Low End	High End	Low End	High End
Total Residential Share	\$ 98,550,000	\$127,050,000	\$ 66,960,000	\$ 90,710,000
Apartment Units	16,528	16,528	16,528	16,528
DC/Apartment Unit	5,963	7,687	4,051	5,488
Total ICI Share	175,200,000	176,700,000	119,040,000	120,290,000
ICI Sq.ft.	18,716,153	18,716,153	18,716,153	18,716,153
DC/Commercial Sq.ft.	\$ 9.36	\$ 9.44	\$ 6.36	\$ 6.43

H:\Toronto\Waterfront Toronto\port lands cost estimates.xlsx]Sheet3

## **4. Conclusions**

The broad development charge estimates made in Section 3 are subject to the following considerations:

4.1 Under the development charge regime that the City has used since its inception, there is one uniform set of City-wide development charges by type of development. These are paid by all non-exempt development in Toronto at building permit issuance. The DC collections for each individual service (i.e. roads, water, fire, etc.) go into a separate DC reserve fund for each of those services, for City-wide usage. Draws from each reserve fund are for DC projects as they are committed, in accordance with the City's annual capital budget. The amount allocated to each such project is the net DC recoverable cost, after allowing for statutory deduction and exemption-related funding gaps.

DC reserve funds are essentially allocated on a first-come, first-served basis, in the full amount of each net DC recoverable project cost. As a result, at the present time, there is no direct and simple link between the collection of DCs from Waterfront development and the allocation of DC reserve funds to the infrastructure required by such development. Each DC reserve fund is expected to fund projects for that particular service across the City, as they are proceeded with. Some projects must precede the development to which they relate (e.g. water and wastewater),

while other projects follow later (e.g. parks). The priority that those projects receive for DC reserve fund draws is determined by Council's budget decisions and administrative policy. As a result, DCs collected from development in the Waterfront can be used to fund infrastructure in North York and vice versa.

4.2 One obvious way to create a direct link between DCs collected from Waterfront development and their allocation to Waterfront infrastructure projects would be for the City to establish an area-specific DC by-law for the Port Lands or for the broader Waterfront development area. This is something that the City has sole discretion to do or not to do.

4.3 If an area-specific DC were to be established, it may be more workable to do so for the broader Waterfront area, rather than only for the Port Lands portion thereof. This is because East/West projects such as Queens Quay, the Promenade, Lakeshore Blvd., public transit, etc., are continuous, integrated links and do not readily lend themselves to bifurcation and segmentation for development charge funding purposes, based simply on each individual land area that they traverse. Each linear project segment benefits surrounding development outside of the precincts in which it is located and, as a result, it is difficult to determine applicable cost shares for various development locations. A broader area approach may also serve to generate DC cash flow at an earlier point in time, to the benefit of funding requirements throughout the area involved.

4.4 The "securitization" of the anticipated DC revenue that relates to Port Lands projects fundamentally involves the selection of an appropriate discount rate to apply to the associated development charge revenue stream; however, we would note that the magnitude of this annual revenue stream itself can only be estimated subject to the following uncertainties and questions:

- a) Will the DC which is estimated herein be adopted by the City without modification re the DC deductions or phase-in and survive closer scrutiny by the City and any landowner appeals to the OMB, to which it may be subject? (This question is likely to require one to two years to definitively answer.)
- b) Will the City adopt an area-specific DC for the Port Lands or the broader Waterfront area and what DC funding priority will it give to Port Lands projects such as the Promenade?
- c) Will the estimates of the amount, type, timing and rate of buildout development in the Port Lands occur generally as forecast?
- d) Are the infrastructure project cost estimates valid and if an area-specific charge is imposed and the costs subsequently prove to be underestimated, will the City be able to fully recoup any deficit from the remaining Port Lands development?
- e) Are all of the costs which underpin the Port Lands DC calculation, the sole funding responsibility of the City (rather than other levels of government or the private sector outside of development charges)? Funding from sources other than the City itself, would serve to remove associated project costs from development charge funding commensurately.