

Shelburne Council to roll out revamped development charge policy for new builds

Written By PETER RICHARDSON

Shelburne developers may soon be paying more for the right to build in town.

Council heard a report from Hemson Consulting Monday night, outlining the findings of their report on development charges in town. Recent changes in provincial legislations, have altered the method by which development charges may be collected and utilized, and this report outlined the new regulations and the changes, for Council.

The legislation originally removed several classifications from the DC legislation and would have rolled them under a new category, labelled Community Benefits Charges. Some of those changes have recently been reversed and will once again be clarified as development charges applicable.

Some of the changes include the removal of the 10 percent discount program, which now means that the full amount of a project may be covered by development charges, thus lessening the need to fund that 10 percent by taxes, reserves or borrowing.

The changes to the Planning Act, to establish the CBC established a 10 percent levy on the land value involved, after all approvals have been granted, for the Town and an additional 5 percent levy for the County. This will pertain to parkland acquisition, parking and bylaw enforcement, social/ subsidized housing and shelters, childcare and other community amenities previously funded under development charges.

What this all comes down to, is a proposed 21 percent increase in residential development charges and a 22 percent increase in non-residential development charges.

On a chart of surrounding and similarly sized municipalities, Shelburne falls in the median range, in both residential and non-residential categories. These changes will not affect existing projects that have already been approved, but will apply to any new developments in town. The new rates will take effect on May 11.

Mayor Wade Mills, and the rest of Council, expressed some concern over the new rates hindering or cooling off development in town, something that would please some residents, but were reassured that this should not be the case, especially since they still placed Shelburne in the affordable charges category when compared to other municipalities.

As part of this process, Treasurer Carey Holmes also presented a report, concerning the application of a new development charges interest rate policy. This report relates to the fact that under the legislation, certain types of developments, namely, rental housing, institutional development and non profit housing, would be allowed to pay their development charges in equal annual instalments.

Non-profits would have 20 years and the others 5 years to pay the charges. In essences, this means that the Town would be paying their charges up front and waiting for their payments. To offset this, the Town is allowed to charge these developments an annual interest rate to help compensate the long wait time. Shelburne will be the first municipality in the County, to initiate such an interest policy.

As Shelburne will have to either borrow or use reserves to account for the shortfall from deferred DC's, this becomes a potentially grave concern for Council, especially since there are no regulations with respect to requiring securities for what is in essence, a loan to the developer by the Town.

The treasurer has determined that the current Bank of Canada prime rate, plus 5 percent will be the rate which Shelburne will apply to these frozen development charges. With the current prime being 3.45 percent, that rate becomes 8.45 percent annually. Since the Town is the first to the plate, the validity of this rate is purely conjectural. Obviously, the Town does not want the rate to be less than

what a developer could borrow the development charges for, but not so high as to be deemed excessive by the Province. Consequently, it remains to be seen if this rate will be acceptable or will need revision in the future.

A second presentation to Council came from Fire Chief Brad LeMaich and Chris Carrier, of the company Fire Marque. Fire Marque is a Canadian company which recovers money from insurance companies for Fire Department Service Charges from structural fires. There are many things used in fighting a fire which are not reusable by the department. Things such as oil spill absorbents, foam, and even wear and tear on equipment. Most insurance company policies have money set aside in the policy to pay for Department Service Charges, however they are not often relinquished. They can range from \$1,000 to \$25,000 or perhaps more, depending upon your policy. As an indicator, under provincial legislation, Fire Departments are able to recoup these fees for vehicular incidents and Chief LeMaich stated that currently they collect between \$40,000 and 60,000 annually. Fire Marque, collects these funds, from the insurance company and returns them to the fire department on a 30/70 split, with the department receiving the lions share. Chris indicated that the potential return for the fire department, could be in the millions of dollars over time. This obviously, would help reduce the cost of funding the department for the Town.

How the process works, is quite simple. The Fire Department submits a standard Incident Report to Fire Marque. Fire Marque then reviews it, contacts the insurance company involved and tries to recover the funds. If no funds exist, or if they are unable to recover money, the file is returned to the department and no bill is presented for the 30%. If money is recovered, 70% of it is returned to the Fire Department which can then allocate those funds accordingly. The funds may be used for Public Education, Firefighter Training or Capital Purchases. Since these funds are a natural part of the insurance policies, accessing them will not increase the insurance premiums and there are no deductible charges for this coverage.

As far as Fire Marque knows, they are the only company in Canada supplying this service and they have the experienced personnel and the experience to handle the job. There is a famous quote from oil well firefighter Red Adair, which pretty much sums up this fact. It goes, ? If you think hiring a professional is expensive, try hiring an amateur! ? Insurance companies are not easy to deal with and most municipalities do not have the time, the staff or the expertise to do this job themselves. FireMarque currently service over 140 municipalities, with no complaints.

In other business, the CAO gave her report on the OPP costing, stating that of the 11 steps outlined ninth OPP Guide to costing, Shelburne is currently at step four and expect to see a new costing presentation in May of this year. Barring some unforeseen circumstance, there will not be any consultants hired to review this costing. There will be a public consultation associated with this costing and the online engagement process will commence on March 23rd. It is expected that the public meeting will fall within two weeks of the presentation of the OPP costing. Although Council has up to six months to respond to the costing, it is expected that they will not take that much time with this second costing process, as there is really no other alternative considering recent events.

Shelburne has recently received a Gold award for it's new website, from the Association of Marketing and Communication Professionals. The Town also received a letter of commendation from the Chief of Emergency Management in Ontario, for their total compliance with the guidelines of the Ministry of the Solicitor General. Finally, the EDC has asked Council to approve the appointment of Tammy Austen, Dories Bouma, Lorna Hashem and Dan Sample to the Shelburne EDC, which they have done.