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December 8, 2020
REGION OF PEEL
OFFICE OF THE REGIONAL CLERK

December 8, 2020

Chair Iannicca and Members of Council
Region of Peel
10 Peel Centre Drive
Brampton, ON
L6T 4B9

REFERRAL TO ______
RECOMMENDED
DIRECTION REQUIRED ______
RECEIPT RECOMMENDED ✓

Dear Chair Iannicca and Members of Council,

RE: Peel Region Development Charges Review – December 10th Council Meeting

In Peel region, the building and renovation industry provides over 4.9 billion in investment value and employs over 39,000 people[1]. As a simple rule of thumb one crane in the sky is equal to 500 jobs. BILD is the voice of the home building, land development and professional renovation industry in the Greater Toronto Area and Simcoe County. Residential Construction is a key economic driver to every community in Canada.

On behalf of the members of our Peel Chapter, the Building Industry and Land Development Association ('BILD') would like to take this opportunity to thank your staff and consultant team; Watson and Associates, GM BluePlan, and IBI Group for meeting with the Development Industry Working Group (DIWG) over the last few months to review the proposed policy and rate changes to the Region's Development Charges (DC) by-law. As directly affected stakeholders and your community-building partners, we very much value and appreciate the engagement through these uncertain times. There remain to be many unknowns and so we hope to continue this open and transparent dialogue with the Region into the New Year.

Through several virtual meetings and subsequent submissions, we were able to have discussions regarding some of the issues BILD continues to have that are contained within the 2020 Development Charges Background Study (supplementary materials). We have appreciated Staff's recent recommendation of deferring indexing and implementation of the by-law, and continue to recognize that there remain a number of unresolved matters we would request be addressed through future discussion.

As expressed in previous submissions to and discussions with staff, BILD members are committed to pay for their fair share of growth-related costs. As city-builders, our members recognize and accept their responsibility for supporting the Region's infrastructure. At the same time, we hold the position that the direction the Region is taking with the proposed increases to the development charges as well as government imposed fees and charges are of significant enough concern to BILD and its members that they must be considered in the context of their compounded impact on housing affordability and costs to the building industry. As it stands, it is becoming increasingly difficult for our members to supply the types of communities that the Region actually encourages; large apartments suitable for housing families is one good example.

BILD has also appreciated the opportunity to engage and discuss issues of concern regarding the Region's water and wastewater Capital Plan. One area of concern is the applicability of additional factors on top of base construction costs. BILD accepts that variability exists at the master planning level in Capital Plan estimates for water and wastewater projects. To this end, BILD has previously acknowledged and accepted additional percentages applied to base construction costs for urban uplift, additional construction costs and contingency allowances. While the Region has explained its position in regard to further additional allowances for trenchless crossings and provisional items, BILD remains concerned that <u>these two allowances alone add up to close to $600M</u> of the overall capital program.

[1] *Based on 2018 Canadian Mortgage and Housing Corporation and Statistics Canada data*

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The second area of concern relates to the expansion plans for the G.E. Booth and Clarkson Water Pollution Control Plants. The concern does not relate to the overall strategy taken, but to the apportionment of costs associated with the expansion. Historically, hydraulic (flow) capacity has been the basis upon which the determination of cost allocation, such as Out of By-law and Benefit to Existing has been made. The Region appears to have added pollutant loading to their considerations to determine the applicability of Out of By-law and Benefit to Existing components, and pollutant loading now seems to be the driving factor in determining such cost allocations. If such is the case, it is not clear to BILD how the allocation of costs is reflective of the needs of growth. The Region has acknowledged the proposed hydraulic capacity of the plants is well in excess of that required to service growth needs to 2041, and BILD remains concerned that the Out of By-law component of costing is not reflective of this excess capacity.

For the benefit of Council, attached are our submissions made throughout this process. As noted from the beginning of this review, we express our significant concern with the viability of development projects in the Region as they are now having to deal with the compounding effects of these proposed increases to the Region's Development Charges, as well as the increases to the Region's Development Services fees – within the same year.

These two significant increases come at a time when business planning has become increasingly challenging as the full impact of COVID-19 has yet to be determined. The evolving uncertainty around the situation has seeped into the businesses of our members and broadly, there is concern on changing market conditions and the viability of projects across all product types. Each increase to a development charge program obviously impacts the development proforma, which has a trickle-down effect on housing prices; such dramatic increases compounded by other increasing fees serve to amplify this issue and make affordability more challenging year-over-year. We understand there have been some discussions amongst our members exploring their options to appeal - this underscores the significance of the issues raised in this letter.

The Region has a hand to play in supporting affordable building programs that can successfully provide the type of housing it wants to see created. Again, full consideration of the building industry's input is required and appreciated.

As your community building partners, we look forward to our continued positive and transparent working relationship, and we request your attention during these very unprecedented times.

Stay safe and healthy,

J. Jaruczek

Jennifer Jaruczek
Planner, Policy and Advocacy BILD

CC: Gavin Bailey, BILD Peel Chapter Co-Chair
Katy Schofield, BILD Peel Chapter Co-Chair
BILD Development Industry Working Group
Adrian Smith, Peel Region
Stephanie Nagel, Peel Region

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Building Industry and Land Development Association

November 9, 2020

Stephanie Nagel
Director Corporate Finance & Treasurer
Region of Peel
10 Peel Centre Drive
Brampton, ON
L6T 4B9

Dear Ms. Stephanie Nagel,

RE: Peel Region Development Charges Review

In Peel region, the building and renovation industry provides over 4.9 billion in investment value and employs over 39,000 people[1]. As a simple rule of thumb one crane in the sky is equal to 500 jobs. With approximately 1,500 member companies, BILD is the voice of the home building, land development and professional renovation industry in the Greater Toronto Area and Simcoe County. Residential Construction is a key economic driver to every community in Canada.

On behalf of the members of our Peel Chapter, the Building Industry and Land Development Association ('BILD') would like to take this opportunity to thank you, your staff and your consultant team, Watson & Associates and GM BluePlan, for meeting with the Development Industry Working (DIW) group over the last few months to review the proposed policy and rate changes to the Region's Development Charges (DC) by-law. As directly affected stakeholders and your community-building partners, we very much value and appreciate the engagement. Our Association and the Region of Peel have maintained a strong working relationship and we recognize the work involved to undertake this review.

We are writing you today to express our significant concern with the viability of development projects in the Region as they are now having to deal with the compounding effects of these proposed increases to the Region's Development Charges, as well as the impending increases to the Region's Development Services fees – within the same year.

These two significant increases come at a time when business planning has become increasingly challenging as the full impact of COVID-19 has yet to be determined. The evolving uncertainty around the situation has seeped into the businesses of our members and broadly, there is concern on changing market conditions and the viability of projects across all product types.

As our membership begins to contemplate the effects of these increase, we would like to provide you with the following comments ahead of the implementation and approval of the proposed by-law.

1. Transition Policies

Given the substantial increase for some of the rate categories, BILD strongly recommends that the Region provides transition policies in this DC review. Peel Chapter members kindly request that the Region incorporate a phasing-in period to consider those who are well advanced in approvals and permitting process. Further, we encourage staff to engage in discussions with affected members of its development

[1] *Based on 2018 Canadian Mortgage and Housing Corporation and Statistics Canada data*

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community to discuss what an appropriate phasing in period would be. In doing so, would also mitigate the potential risks the significant increase may pose to the feasibility of projects and housing affordability

2. Treatment of Large Apartments

The request above is underscored by looking at the proposed increase to the current 'Large Apartment' rate from $32,752.38 to $43,831.98 - a 34% increase. We recognize 'Large Apartments' as being a more affordable choice for middle-income households, first-time homebuyers and seniors.

As such, BILD and its members continuously encourage our regional partners to enable the timely delivery of these types of units. Most importantly, we ask regions to ensure that the charges associated with these units reflect their share of growth-related services and are categorized in a fair and equitable way that supports the Region's affordable housing objectives.

3. Passage of the Proposed Rates

At this time the by-law is scheduled to expire on Sunday January 24, 2021, with an implementation date of January 1, 2021. We are requesting that staff revise the proposed in-effect date to be Friday January 22, 2021. This additional time during the beginning of the first quarter of 2021 has a great impact on our member's ability to complete upcoming submission with more certainty. It is for this reason we ask that the in-effect date be moved closer to the date in which the by-law is to expire.

4. Bi-Annual Indexing

Since the beginning of the pandemic back in March, BILD has instigated conversations with a number of our municipal and regional partners on ways we can support each other during this difficult period. Since indexing is typically a financial measure that is used to reflect the local economy, BILD believes the Region should withhold from the scheduled February 1st indexing. This sentiment is furthered emphasized with the proximity to the implementation date in January being so close to the February 1st indexing date.

As your community building partners, we look forward to a continued positive and transparent working relationship in the years to come, but we do need your assistance during these very unprecedented times.

Stay safe and healthy,

JJ

Jennifer Jaruczek
Planner, Policy and Advocacy BILD

CC: Gavin Bailey, Peel Co-Chair
Katy Schofeild, Peel Co-Chair
Adrian Smith, Peel Region

BILD

October 8, 2020

Chair Iannicca and Members of Council
Region of Peel
10 Peel Centre Drive
Brampton, ON
L6T 4B9

Dear Chair Iannicca and Members of Council,

Re: Region of Peel Development Charges Review – Public Meeting

On behalf of the members of our Peel Chapter, the Building Industry and Land Development Association ('BILD') would like to take this opportunity to thank your staff and your consultant team, Watson and Associates, GM BluePlan and IBI Group, for meeting with the Development Industry Working Group (DIWG) over the last few months to review the proposed policy and rate changes to the Regions's Development Charges (DC) by-law. As directly affected stakeholders and your community-building partners, we very much value and appreciate the engagement.

We are currently completing our assessment of the *2020 Development Charges Background Study* released on September 18th and additional capital program materials released on October 1st, alongside the DIWG and our consultants from Altus Group, RJ Burnside and Associates, and BA Group.

The DC Background Study proposes an average estimated increase of 16% for residential rates, and 6% to non-residential rates. Of the new proposed changes to the DC rates, the current large apartment charge of $32,752.38 shows a significant 34% increase (or additional $11,079). At this time, we would like note that we do not support the proposed DC increases and believe changes of this magnitude undermine government efforts, at all levels, to deliver additional housing choice.

We recognize that we have reached a significant milestone in this review as the materials are now being presented at this Public Meeting. Nevertheless, we underscore our concern with the substantial 34% increase to the large apartment housing category. It is our understanding that the average percentage change for the data underpinning the large apartments is inconsistent with the 34% increase. Large apartments are recognized as forms of housing that provide a more affordable choice for middle-income households, first-time homebuyers and seniors. As such, BILD and its members continuously encourage our regional partners to enable the timely delivery of these types of units. Most importantly, we ask regions to ensure that the charges associated with these units reflect their share of growth-related services and are categorized in a fair and equitable way that supports the region's affordable housing objectives. We look forward to better understanding this item as we look to continue our discussions with your staff and consultants.

Further to our comments above, there are also a number of assumptions in the DC background calculations that we are in a disagreement with and believe warrant further discussions with the Region.

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Outlined below are a few of the concerns we have previously shared with staff, and hope to continue to work through:

- Property is identified as a single $234.3 million line item in the program, with no benefit to the existing community. Our understanding is that this reflects all of the property acquisition required for the entire roads program - our position remains that the property acquisition costs should be ascribed a BTE reduction.
- Concerns regarding the application of various contingencies and fees in the cost estimating framework - base unit rates for construction may be elevated anywhere from 45.5% to 102%.
- In 2017, the Region presented a wastewater treatment strategy to BILD regarding the expansion of the Booth and Clarkson plants. Based on our review it seems that the cost of the projects has increased since that time, and the calculated OBL and BTE have been reduced in the 2020 Capital Plan.
- Seeking clarification as to why most wastewater main projects are seeing their costs increase from the 2015 DC study by 100-300%.
- Costs for ROPA appeals (with a gross cost of $4.8 million) are currently being included in the DC study. BILD believes that this item should be removed from the DC Study.

Lastly, in light of COIVD-19 we urge Council to also consider the negative ramifications of an increase to the viability of development projects in a state of a recession, and its impact on the local economy. Business plans and operations have been disrupted by this pandemic, along with how individuals and households make future decisions on housing. The development and building industry is no exception. Many of our members have expressed challenges with planning future projects and securing the necessary labour and construction material - both of which have been significantly constrained during this period and are expected to continue to be in the foreseeable future. It is important that this review take into account the effects of the pandemic based on what is known today and request Council to give consideration for this.

We look forward to our continued, open dialogue on this subject. If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

J. Jaruczek

Jennifer Jaruczek
Planner, Policy and Advocacy BILD

CC: Gavin Bailey, BILD Peel Chapter Co-Chair
Katy Schofield, BILD Peel Chapter Co-Chair
Paula Tenuta, BILD SVP Policy & Advocacy
Peel Chapter Members

September 4, 2020

Maggie Wang
Region of Peel
10 Peel Centre Drive
Brampton, ON
L6T 4B9

Dear Ms Maggie Wang,

Re: Region of Peel Development Charges Review – Hard and Soft Service DC Calculations

On behalf of the members of our Peel Chapter, the Building Industry and Land Development Association ('BILD') would like to take this opportunity to thank you, your staff and your consultant team, Watson & Associates and GM BluePlan, for meeting with the Development Industry Working (DIW) group over the last few months to review the proposed policy and rate changes to the Region's Development Charges (DC) by-law. As directly affected stakeholders and your community-building partners, we very much value and appreciate the engagement.

We have assessed the hard and soft service DC calculation materials alongside our retained consultants, Daryl Keleher of Altus Group, Ian Drever of Burnside and Associates, and Paul Sarjeant of BA Group. Please find attached our comments via the respective consultant's memo. We would like to note that within the water and wastewater comments attached, we have made reference to the Region's current efforts in providing additional materials to complete our review - we anticipate further questions/clarifications upon receipt and review of that material.

We recognize that we have reached a significant milestone in this review as we have received the draft rates in the Region's recent memo dated August 26th. Nevertheless, we note there is a substantial increase in these proposed rates - we hope to continue to work with Regional Staff to minimize the increases in light of providing affordable housing. In recognizing this, we would also like to underscore the importance of our review of the Region's upcoming Background Study once it becomes available. We look forward to submitting additional thoughts upon that review.

We look forward to our continued, open dialogue on this subject. If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

J. Jaruczek

Jennifer Jaruczek
Planner, Policy and Government Relations BILD

CC: Gavin Bailey, BILD Peel Chapter Co-Chair
Katy Schofield, BILD Peel Chapter Co-Chair
Peel Development Industry Working Group

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BA Group

Memorandum

TO:
Jennifer Jaruczek
Planner, Policy & Advocacy
BILD

FROM:
Paul M. Sarjeant

PROJECT:
7162-13
2020 Peel DC - Transportation

DATE:
August 28, 2020

SUBJECT: COMMENTS ON DC ROADS CAPITAL PROGRAM

We have reviewed the material provided by Peel staff with respect to the 2020 DC Capital Roads Program, and offer the following comments:

1. **Railway Grade Separations:** The program includes 2 grade separation projects with a gross cost of about $46.3 million, and a DC cost of about $40.7 million. The remainder of the cost is identified as about $2.3 million in benefit to existing (BTE) and $3.3 million in grants or subsidies. The DC growth share for these projects is thus about 88%.

   The rationale provided earlier this year for the high growth share is that the projects are required due to growth, and the benefit to the existing population is therefore quite small. We do not contest the fact that growth contributes to the need for the projects. However, our position is that these projects provide a particular benefit to all future users in the form of reduced delays and increased safety, and that the benefit to existing should be substantially higher, on the order of 30% to 40%. It is our further opinion that there should be an allowance for a post period benefit for these projects as they will provided similar benefits to the growth cohort beyond 2041.

2. **Sustainable Transportation:** This is identified as a single line item with a gross cost of about $184.8 million and a DC cost of about $149.6 million. Only $26.4 million, or about 14%, has been identified as a benefit to the existing community.

   The rationale provided is that it is growth attributable because without this program and the anticipated decrease in the automobile modal share the region would have to include an even more extensive program of road improvements. We appreciate that growth is in part driving the need for this program. However, our position is that this program will create an entirely new service in the form of a complete and connected active transportation network in the region, which will benefit all future users with respect to health and wellbeing, and increased safety for all active transportation users. On this basis, the benefit to the existing population should be substantially higher than 14%, better reflecting the magnitude of the existing population and employment cohort within the 2041 cohort.

3. **Property:** This is identified as a single $234.3 million line item in the program, with no benefit to the existing community. Our understanding is that this reflects all of the property acquisition required for the entire roads program. We would appreciate confirmation that this understanding is correct. We would also like to understand the mechanism and assumptions used to assess this total property value.

   The rationale provided to us indicates that property costs are a component of the project costs that do not provide a BTE. Our position remains that the property acquisition costs are a necessary component to undertaking roads projects, which definitely do provide a BTE. As with all other road project component costs, therefore, property costs should be ascribed a BTE reduction.

4. **Individual Projects:**
   a. North-South Arterial Road: We note that about $91 million has been included for this project. What elements of the project does this include? For example, does it include:
      i. Property costs? If so how much?
      ii. Grade separated interchange costs?
      iii. Crossing of the Credit River?
   b. GTA West Freeway: Have the costs of providing connections to this facility been included, or is the region awaiting further details from the province in this regard?
   c. Bramwest Parkway: Similarly, what costs are included for this project?
   d. Coleraine Drive realignment from Castlemore to Mayfield: Similarly for this project, what costs are included?
   e. Snow Storage and Treatment Facility: What is the rationale for including $10 million for this facility?
   f. Commuter Parking Lot: This item has been included in a number of past DC programs. What is the status of this project? Are there specific plans to construct this facility?

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Technical Memorandum

Date: September 2, 2020 **Project No.:** 300039851.000

Project Name: Region of Peel 2020 Development Charges Review - Preliminary Comments

Client Name: BILD Peel Chapter

Submitted To: Ms. Jennifer Jaruczek

Submitted By: Ian Drever, P.Eng.

This memorandum presents our initial comments regarding the Water and Wastewater Capital Projects list presented by the Region of Peel. In reviewing this material, we have also reviewed supporting documentation derived from the Region's 2020 Water and Wastewater Master Plan for the Lake Based Systems, June 2020 (2020 Master Plan). We note that the Region is undertaking to provide additional materials to complete our review, and we anticipate further questions/clarifications upon receipt and review of that material.

We understand from the most recent discussions with the Region (August 18, 2020), the Water and Wastewater Capital Projects list included in the Development Charges Background Study (2020 DCBS) is largely consistent with that found in the 2020 Master Plan. Where there are differences, they would be related to non-capital project components (studies, debt issuance etc.). Where a design component is shown in the Development Charges Capital Plan, the total of the design and construction will be consistent with the total project value included in the 2020 Master Plan Capital Plan. The Capital Plan in the 2020 Master Plan is based on the cost estimating framework included as Appendix 4B to the Capital Plan. Our comments therefore include commentary on the cost estimating framework as it impacts the 2020 DCBS.

Our comments and questions build on the previous list of questions submitted by Altus Group on August 19, 2020, as follows:

1. Could the Region please provide the cross section and sample unit rate breakdown for the various components of the trunk sanitary sewer that was used to calculate the overall sanitary sewer unit rate for review. We note that for 10 m deep construction that unit rates have increased by 30-75% for the smaller diameter sewers over that shown in the 2015 DCBS.

2. We have concerns regarding the application of various contingencies and fees in the cost estimating framework. We are not debating that allowances at the capital forecasting stage are required, but depending on the project type and location, base unit rates for construction may be elevated anywhere from 45.5% to 102%. This includes:

   a) Construction Uplift allowance ranging from 0-20%

   b) Additional Costs allowance ranging from 10-20%

   c) Provisional Allowance 10%

   d) Property Allowance 1-2%

   e) Internal Staff Engineering Allowance 4-8%

   f) External Consulting Engineering Allowances 12-15.5%

   g) Contingency Allowance 10-25%

   It will be important to receive the additional information requested from the Region of Peel to assess how these various factors are applied to the base unit rate to derive the overall project cost. Altus has raised questions in regard to many linear projects within both the water and wastewater capital plans. We will not repeat those questions here but will review the projects in question for their cost construct on receipt of the data and identify any further concerns. We would also request the Region cross-reference the 2020 Master Plan project identifier with the 2020 DCBS Capital Plan project identifier for ease of reference.

   In our experience, the base unit rate has sufficiently covered the cost of construction for greenfield projects, and the Region has not traditionally refunded for many of the additional allowances, save and except 15% for design. Could the Region provide some recent completed project data for non-greenfield projects which would support the approach taken in the cost estimating framework?

1. It is noted in the cost estimating framework that the allowance for trenchless crossings is considered a premium over and above the base cost of constructing the sewer. On major crossings for example, we would have 150 m for which sewers/watermains/forcemains would essentially be double counted. Has this approach been used in the DC Capital Plan costing, as it could inflate the cost of a project significantly on larger installations when the various contingency and design factors are also applied?

2. What does the internal engineering allowance cover? Is it applied across the board to the 2020 Master Plan Capital Plan? We note that the Region collects an administration fee for greenfield construction through all development agreements.

3. In 2017, the Region presented a wastewater treatment strategy to BILD regarding the expansion of the Booth and Clarkson plants. Based on our review it seems that the cost of the projects has increased since that time, and the calculated OBL and BTE have been reduced in the 2020 Capital Plan. If the Region could the please review and provide a rationale for the differences. We will continue our review of the proposed BTE and OBL of the various components from that presentation, however the proposed OBL appears low given the combined hydraulic capacity of the plants post-expansion will be 1100 ML/d, while 2041 projected flows to the plant combined will be 898 ML/d.

R.J. Burnside & Associates Limited

Ian Drever, P.Eng.
President
ID:lam

In the preparation of the various instruments of service contained herein, R.J. Burnside & Associates Limited was required to use and rely upon various sources of information (including but not limited to: reports, data, drawings, observations) produced by parties other than R.J. Burnside & Associates Limited. For its part R.J. Burnside & Associates Limited has proceeded based on the belief that the third party/parties in question produced this documentation using accepted industry standards and best practices and that all information was therefore accurate, correct and free of errors at the time of consultation. As such, the comments, recommendations and materials presented in this instrument of service reflect our best judgment in light of the information available at the time of preparation. R.J. Burnside & Associates Limited, its employees, affiliates and subcontractors accept no liability for inaccuracies or errors in the instruments of service provided to the client, arising from deficiencies in the aforementioned third-party materials and documents.

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9/2/2020 8:23 AM

September 3, 2020

Memorandum to: Jennifer Jaruczek
BILD

From: Daryl Keleher, Senior Director
Altus Group Economic Consulting

Subject: Additional & Follow-Up Questions – Peel 2020 DC Materials
Our File: P-5417

Altus Group Economic Consulting was retained by BILD to review materials related to Region of Peel's review of its DC by-law.

Further to the meeting of the Development Industry Workgroup (DIW) earlier this week, this memorandum presents our preliminary set of questions and comments on the capital project lists and other materials circulated by Peel Region. We are expecting to have another set of questions from our continued review of these materials.

OUTSTANDING QUESTIONS

The below questions were first posed in the August 18, 2020 memorandum, but which have not yet been responded to. They are reproduced here to ensure that this memorandum is a complete record of outstanding, new and follow-up questions regarding the Peel DC review.

Water

1) There does not appear to be any BTE applied to Regional Water projects – are none of the listed projects replacement or upgrades of existing pipes?
2) The gross capital costs for the Meadowvale North Transmission Main increased from $116 million in 2015 to $253 million in 2020 – reasons?
3) The gross capital costs for the Queensway Sub-Transmission Main Extension (component# 33348, water main) project has from $10.2 million in 2015 to $55.6 million in 2020. Similarly, (comp# 33347, design) for same project increased from $1.53 million to $9.201 million. Can the significant cost increases be explained?
4) There are numerous projects for which the design costs are increasing at a significantly faster pace than the actual project costs themselves. Below are three such examples, though the issue appears to persist across numerous other projects.

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Project - Component #	Construction Cost Increase	Design Cost Increase
251199 - 20734 & 20735	+12.5% ($1,247,215 in 2015 DC, $1,402,800 in 2020 DC)	+60.5% ($186,660 in 2015 DC, $299,600 in 2020 DC)
251199 – 20752 & 20753	+4.6% ($2,213,869 in 2015 DC, $2,314,800 in 2020 DC)	+48.7% ($332,520 in 2015 DC, $494,400 in 2020 DC)
231174 – 21121 & 20918	+6.8% ($2,491,656 in 2015 DC, $2,661,700 in 2020 DC)	+55.3% ($366,000 in 2015 DC, $568,400 in 2020 DC)

Wastewater

5) The project description for component # 52843, project #212120 is: "Note the Financing Amount Here in Each Sheet – to be Updated by Staff" – with a value of $35 million, BTE 20%. Can you please clarify what is meant to be shown here?
6) The capital project list includes a gross capital cost of $3.3 million for "Flow Monitoring for New Subdivisions" – is this project more appropriately categorized as an operating cost?
7) There are two project entries for the GE Booth WWTP Expansion with a gross capital cost of $200 million, one for the WWTP scheduled for 2027 (component #51945), and one for design scheduled for 2028 (component #52838). There is an additional design phase for project 252999, component #51944) scheduled for 2025 at a cost of $40 million. What is the intention for the $200 million in design during 2028 if the plant work is to be underway by 2027?
8) Most wastewater main projects are seeing their costs increase from the 2015 DC study by 100-300%, such as the following:
    a. Component #3768: +146% (from $1.25 million to $3.07 million)
    b. Component #3772: +103% (from $1.52 million to $3.08 million)
    c. Component #3770: +216% (from $2.39 million to $7.43 million)
    d. Component #3827: +218% (from $1.26 million to $4.02 million)
    e. Component #3856: +240% (from $1.27 million to $4.27 million), etc.
9) The gross capital costs for the Lower West Sanitary Trunk Sewer Twinning have increased by 94% since the 2015 DC Study, from $31.2 million to $71.1 million – can you please provide a rationale for this cost increase?
10) The gross capital costs for the Northwest Brampton Sanitary Trunk Sewer (phase 1) have increased by 90% since the 2015 DC Study, from $5.4 million to $11.5 million – can you please provide a rationale for this cost increase?

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11) There are numerous sanitary trunk sewer twinning projects, some of which have a 50% BTE applied, while others have no BTE applied. Can you please provide the basis for the BTE allocations for each of the following:
    a. Fletcher's Creek STS Twinning – 0% BTE on $75.8 million
    b. Lower West STS Twinning - 0% BTE on $71.1 million
    c. Etobicoke Creek STS Twinning – 50% BTE on $49.1 million
    d. McVean Force Main Twinning – 50% BTE on $4.9 million

NEW / FOLLOW-UP QUESTIONS

Based on our additional review of the Peel DC materials, the following questions are new questions, or in some cases, are new questions that follow the responses received to the first set of questions issued. Where the questions are follow-up questions to the responses received to our first memorandum, the question number being followed-up on is indicated as "Follow-up to Former Question #..."

Roads

1) Follow-up to Former Question #12 - based on the detailed breakdown of costs for the Sustainable Transportation Strategy Implementation, how was the BTE of $26,395,500 determined?
2) Additional Follow-up to Former Question #12 – can details or documentation regarding the Ontario Municipal Commuter Cycling Funding Program be provided?
3) Follow-up to Former Question #13 - based on the list of property costs expected to be incurred over the 2020-2041 period (as attached to the Watson response memorandum), it is noted that there is approximately $73 million in acquisition costs associated with the ne North/South Road from Future BramWest Parkway to Future Sandalwood Parkway (components #23118 & #23119). Is this cost estimate based on any assumed land dedication from landowners, or does the cost estimate assume no such dedications?
4) Additional follow-up to Former Question #13 – what assumptions or comparables underlie the assumed land values listed in the Watson response memo (i.e., $3.5 million to $5.0 million per hectare in Brampton, $1.1 million to $3.4 million per hectare in Caledon, $6.6 million per hectare in Mississauga)?
5) The capital project list includes nearly $59 million in various studies (see below list), which equates to an average of nearly $2.7 million per year. How does this annual average cost compare to recent years in terms of the cost of studies done internally or contracted to be done by external parties?
    a. #30395 – Transportation Planning Studies - $7,700,000;
    b. #6282 - Traffic Data Collection and Analysis - $5,340,000;
    c. #26247 – Transportation Data Collection Program - $6,585,000;
    d. #21172 – Road Program Planning and Studies - $9,000,000;
    e. #6167 – Traffic Engineering Studies - $30,360,000;
6) The capital project list for Roads includes $1.2 million for "Development Charges Update" for the years 2024-2039, however the capital project list for Administration Studies also includes $1.2 million

for "Developments Charges Update" between 2020-2029. Is the line item in the Administration service double counting?

7) The capital project list includes a provision for "Monitoring for Permit Requirements / Complicance with Endangered Species Act, Environmental Protection Act…". Wouldn't these costs already be incorporated into project costs for individual projects?
8) The capital project list includes an item for a "Snow Storage Facility" (component #52786), at a gross cost of $10,000,000. Why was this project not included under the Public Works service?

Housing Services

9) Follow-up to Former Question #21 – can a cost breakdown of the $135 million project be provided? Are there land acquisition costs assumed to accommodate the expansion?
10) Follow-Up to Former Question #23/24 - How was the $385,000 per unit value of the Region's existing social housing units determined?
    a. The 360 City Centre Drive project, located in Mississauga, is shown as having a gross project cost of approximately $65 million, which is what the $385,000 per unit value for existing social housing units is based on. Do these costs include land costs?
    b. Is the cost assumption of $385,000, based on a high-rise building in Mississauga City Centre being used as a high-level cost assumption for other affordable housing developments in Caledon (Mayfield West Phase 1, Emil Kolb Pkwy/King St W) and Brampton (Chamney Court, Parkholme Place)? If not, what are the per unit cost assumptions being used for the developments in the list of projects comprising the $574 million funding?
    c. Does the Region have any other recent examples of social housing development projects that could be used to create a more robust sample of typical project costs throughout Peel?
11) Follow-Up to Former Question #25 – can documentation for the $49 million federal government pledge be provided?
12) Further to our specific questions related to the LOS inventory and capital project list for this DC service, it is unclear how new housing development in the Region forecasted over the next 10 years creates a need for additional social housing. The residents of the housing that will be developed over the next 10 years will not be using those social housing units. The *Development Charges Act* provides that a DC may be imposed to pay for increased needs for services that arise as a result of development within 10-year period following preparation of the background study. Additionally, as the Region exempts DCs for affordable housing units, and also seeks DC exemptions for these developments from lower-tier municipalities, meaning that if the full cost of constructing affordable housing projects are included in the DC, it equates to costs of DC exemptions/discounts being added onto the DC rates of other non-exempt landowners. Section 5(6)3 of the DC Act states that:

    3. If the development charge by-law will exempt a type of development, phase-in a development charge, or otherwise provide for a type of development to have a lower development charge than is allowed, the rules for determining development charges may

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not provide for any resulting shortfall to be made up through higher development charges for other development.

Waste Diversion

13) What is the Anaerobic Digestion Facility (gross cost of $108.7 million), and how is this project considered growth-related?
14) Follow-Up to Former Question #26 - Why did the value of blue boxes increase from $9 per unit to $97 per blue cart – was there a 1:1 replacement of blue boxes with blue carts – the LOS inventory shows 333,250 blue boxes in 2014, and then 336,800 blue carts in 2015?
    a. *The response received does not address the base element of this question, which asks whether the blue boxes were replaced 1:1 with blue carts, which are meant to have a significantly larger capacity, eliminating the need for multiple blue boxes for a single residence*

Public Works

15) What types of vehicles are included in the line item for "Outsourced Vehicles to Service Growth"? Are these vehicles the Region is planning to purchase? How is this different than the usual "New Vehicle Provision" line item?
16) Follow-Up to Former Questions #17 - According to the Region's Bids/Tenders website, the design-build contract for the redevelopment of the existing salt management facility was awarded with a value of $12,970,000. However, the capital cost shown in the capital project list is $15,800,000. Why are the costs shown in the DC calculation almost $2,900,000 higher than the contract awarded in late-2019?
17) Follow-Up to Former Question #18 – does the expanded salt management facility alleviate any existing concerns about salt storage capacity? How does the capacity (in terms of tonnage) from the existing facility relate to the new facility (13,000 tonnes)?

Police

18) Follow-Up to Former Questions #15/16 - can the "Comprehensive Needs Assessment and Space Feasibility Study" done by/for the Peel Regional Police be provided – efforts to find this report have not been fruitful.
19) The LOS inventory for Peel Regional Police only shows the total facility space. Similarly, there is a lack of detail in the inventory for police land as well – can a detailed breakdown of existing police facility space, police land be provided?

RESOLVED QUESTIONS

- Former Question #14 - The capital project list includes $96.7 million for Utilities. Are the costs for Utilities not already included in the road project costs throughout the project list?
    - *Response: Noted*

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Paramedics

- Former Question #20 - What are the $5,038,000 in "Other Deductions" to be sourced from? Are these provisions expected to be provided in future years?
    - *Response: this question/issue can be considered resolved.*

Housing Services

- Former Question #22 - What is the basis for the inclusion of 'hotel rooms' in the LOS inventory? Is the Region leasing 20,700 hotel rooms, or are these hotel room 'days/nights'?
    - *Response: Noted, though additional follow-up questions may follow later pending further review*

Waste Diversion

- Former Question #27 - At the value of $97 per unit, the capital program would see only 29,700 new blue carts and 42,100 green carts. Over a 10-year period (2020-2030), the total housing unit growth in the Region is 80,240 units, of which approximately 48,000 are in ground-related units – is the unit cost for newly acquired blue and green carts some amount less than $97 per unit?
    - *Response: this question/issue can be considered resolved.*

General Questions

- Former Question #28 - The capital programs for hard services include several large DC reserve fund adjustments – Roads ($198 million), Regional Water ($298 million), South Peel Water ($645 million), Regional WW ($73 million), and South Peel WW ($234 million, totalling approximately $1.44 billion.
    - *Response – the requested information has been received;*
- Former Question #29 - We would like to request copies of the Region's recent DC Reserve Fund Statements, for the fiscal years 2016, 2017, 2018 and 2019;
    - *Response – the requested information has been received;*
- Former Question #30 - There are numerous line items for new debt issuances, with discounted debt interest included in capital costs. Can the calculations and terms behind the following amounts be provided:
    - *Response – the requested information has been received;*

UNRESOLVED QUESTIONS (WITHOUT FOLLOW-UP)

Administration Studies

- Former Question #19 - Why are costs for ROPA appeals (with a gross cost of $4.8 million) being included in the DC study? This item should be removed from the DC Study;
    - *Response – we continue to disagree with the inclusion of these costs in the DC capital project list.*

August 19, 2020

Memorandum to: Jennifer Jaruczek
BILD

From: Daryl Keleher, Senior Director
Altus Group Economic Consulting

Subject: Preliminary Questions – Peel 2020 DC Materials
Our File: P-5417

Altus Group Economic Consulting was retained by BILD to review materials related to Region of Peel's review of its DC by-law.

Further to the meeting of the Development Industry Workgroup (DIW) earlier this week, this memorandum presents our preliminary set of questions and comments on the capital project lists and other materials circulated by Peel Region. We are expecting to have another set of questions from our continued review of these materials.

HARD SERVICES

Water

1) There does not appear to be any BTE applied to Regional Water projects – are none of the listed projects replacement or upgrades of existing pipes?
2) The gross capital costs for the Meadowvale North Transmission Main increased from $116 million in 2015 to $253 million in 2020 – reasons?
3) The gross capital costs for the Queensway Sub-Transmission Main Extension (component# 33348, water main) project has from $10.2 million in 2015 to $55.6 million in 2020. Similarly, (comp# 33347, design) for same project increased from $1.53 million to $9.201 million. Can the significant cost increases be explained?
4) There are numerous projects for which the design costs are increasing at a significantly faster pace than the actual project costs themselves. Below are three such examples, though the issue appears to persist across numerous other projects.

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Project - Component #	Construction Cost Increase	Design Cost Increase
251199 - 20734 & 20735	+12.5% ($1,247,215 in 2015 DC, $1,402,800 in 2020 DC)	+60.5% ($186,660 in 2015 DC, $299,600 in 2020 DC)
251199 – 20752 & 20753	+4.6% ($2,213,869 in 2015 DC, $2,314,800 in 2020 DC)	+48.7% ($332,520 in 2015 DC, $494,400 in 2020 DC)
231174 – 21121 & 20918	+6.8% ($2,491,656 in 2015 DC, $2,661,700 in 2020 DC)	+55.3% ($366,000 in 2015 DC, $568,400 in 2020 DC)

Wastewater

5) The project description for component # 52843, project #212120 is: "Note the Financing Amount Here in Each Sheet – to be Updated by Staff" – with a value of $35 million, BTE 20%. Can you please clarify what is meant to be shown here?
6) The capital project list includes a gross capital cost of $3.3 million for "Flow Monitoring for New Subdivisions" – is this project more appropriately categorized as an operating cost?
7) There are two project entries for the GE Booth WWTP Expansion with a gross capital cost of $200 million, one for the WWTP scheduled for 2027 (component #51945), and one for design scheduled for 2028 (component #52838). There is an additional design phase for project 252999, component #51944) scheduled for 2025 at a cost of $40 million. What is the intention for the $200 million in design during 2028 if the plant work is to be underway by 2027?
8) Most wastewater main projects are seeing their costs increase from the 2015 DC study by 100-300%, such as the following:
    a. Component #3768: +146% (from $1.25 million to $3.07 million)
    b. Component #3772: +103% (from $1.52 million to $3.08 million)
    c. Component #3770: +216% (from $2.39 million to $7.43 million)
    d. Component #3827: +218% (from $1.26 million to $4.02 million)
    e. Component #3856: +240% (from $1.27 million to $4.27 million), etc.
9) The gross capital costs for the Lower West Sanitary Trunk Sewer Twinning have increased by 94% since the 2015 DC Study, from $31.2 million to $71.1 million – can you please provide a rationale for this cost increase?

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10) The gross capital costs for the Northwest Brampton Sanitary Trunk Sewer (phase 1) have increased by 90% since the 2015 DC Study, from $5.4 million to $11.5 million – can you please provide a rationale for this cost increase?
11) There are numerous sanitary trunk sewer twinning projects, some of which have a 50% BTE applied, while others have no BTE applied. Can you please provide the basis for the BTE allocations for each of the following:
    a. Fletcher's Creek STS Twinning – 0% BTE on $75.8 million
    b. Lower West STS Twinning - 0% BTE on $71.1 million
    c. Etobicoke Creek STS Twinning – 50% BTE on $49.1 million
    d. McVean Force Main Twinning – 50% BTE on $4.9 million

Roads

12) Can details for the $184.8 million "Implementation of Sustainable Transportation Strategy through various projects in Peel" be broken out to show what exactly is being planned for?
13) The capital project list includes $234 million for Property Acquisition. The 2015 DC Study included $111.7 million for property acquisition within the detailed project list, plus another $15.7 million in a "Property Acquisition Envelope".
    a. Do the capital costs for road projects incorporate property acquisition within the specified costs, or are all property costs separated out in the $234-million line item?
    b. What assumptions were made regarding land area and land value to arrive at the $234 million?
    c. What road projects are assumed to require property acquisition?
14) The capital project list includes $96.7 million for Utilities. Are the costs for Utilities not already included in the road project costs throughout the project list?

SOFT SERVICES

Police

15) Can details for the $126 million Divisional/Operating Facility in 2021 be provided – what size are the building(s) and land? Where is this facility to be located?
16) Similarly, can details for the $57 million Divisional/Operating facility scheduled for 2028 be provided?

Public Works

17) What is the nature of the Salt Management Facility, with a gross capital cost of $15.8 million, and how do the land/building costs break down?
18) What was the basis for the BTE for the Salt Management Facility?

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Administration Studies

19) Why are costs for ROPA appeals being included in the DC study – is this a capital cost eligible under the DC Act?

Paramedics

20) What are the $5,038,000 in "Other Deductions" to be sourced from? Are these provisions expected to be provided in future years?

Long-Term Care

21) What are the plans for the Peel Manor, with a gross capital cost of $135.6 million? Does this represent a new facility or upgrades/replacement of the existing facility?

Housing Services

22) What is the basis for the inclusion of 'hotel rooms' in the LOS inventory? Is the Region leasing 20,700 hotel rooms, or are these hotel room 'days/nights'?
23) Can a rationale for the $385,000 value of social housing units be provided?
24) What are the plans for the $574 million in Affordable Housing Initiatives? Are these new affordable housing units that the Region will construct? Or is this a funding program for prospective affordable housing proponents?
25) What is the source for the $49 million in grants/contributions shown in the capital cost breakdown?

Waste Diversion

26) Why did the value of blue boxes increase from $9 per unit to $97 per blue cart – was there a 1:1 replacement of blue boxes with blue carts – the LOS inventory shows 333,250 blue boxes in 2014, and then 336,800 blue carts in 2015?
27) At the value of $97 per unit, the capital program would see only 29,700 new blue carts and 42,100 green carts. Over a 10-year period (2020-2030), the total housing unit growth in the Region is 80,240 units, of which approximately 48,000 are in ground-related units – is the unit cost for newly acquired blue and green carts some amount less than $97 per unit?

GENERAL QUESTIONS

28) The capital programs for hard services include several large DC reserve fund adjustments – Roads ($198 million), Regional Water ($298 million), South Peel Water ($645 million), Regional WW ($73 million), and South Peel WW ($234 million, totalling approximately $1.44 billion.
    a. Do these amounts include encumbrances?
    b. If so, can detail on these encumbrances be provided, showing a project-by-project breakdown, as was provided to us for the 2015 DC review?
29) We would like to request copies of the Region's recent DC Reserve Fund Statements, for the fiscal years 2016, 2017, 2018 and 2019.

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30) There are numerous line items for new debt issuances, with discounted debt interest included in capital costs. Can the calculations and terms behind the following amounts be provided:

   a. South Peel Water – New Debt Issuance of $815 million - $418.8 million in discounted debt interest for 2021-2034 term
   b. South Peel WW – New debt issuance with $360 million in discounted debt interest – can the principal amount be provided, as well as the terms for the 2020-2050 debenture period?
   c. Regional Water – New debt issuance of $30 million - $8.9 million in discounted debt costs

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