

South Fergus Secondary Plan Fiscal Impact Study

Independent Real Estate Intelligence

March 11, 2024



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Prepared for:

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EXECUTIVE SUMMARY

Altus Group Economic Consulting was retained by South Fergus Landowners Group to examine the potential fiscal impacts of their proposed development in the Township of Centre Wellington (the “Township”) on the finances of the Township.

The report analyzes the impacts of the proposed development (the “Proposal”) which is located in the Township of Centre Wellington and is 153 hectares in size.

The proposed development consists of 953 low-density residential units, 871 medium-density residential units and 1,264 commercial-residential apartment units, for a total of 3,088 dwelling units. The proposed development would accommodate 7,066 persons and generate 137 jobs.

The proposed development would generate approximately \$75 million in development charge revenues for the Township (based on current DC rates).

In addition to the one-time expenditures and revenues for infrastructure, the development of the subject lands will generate annual on-going revenues and costs at build-out:

- Annual property tax revenues for the Township of \$3.8 million;
- Net non-tax revenues of approximately \$843,800 per year;
- Water/wastewater revenues of \$8.7 million per year;
- Annual net operating expenditures of nearly \$3.3 million (for all Township services excluding road, water, wastewater and stormwater);
- Annual lifecycle costs (direct and indirect) of approximately \$2.3 million for the both the works to be installed, but also the development’s share of estimated lifecycle costs for all Township-wide infrastructure needs of new growth for the next 10-20 years;
- Annual operating costs for installed roads, water and wastewater infrastructure of \$2.3 million;

In total, at build-out, it is estimated that the net annual fiscal surplus is estimated to be \$752 per capita, or approximately \$5.4 million per year.

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
1 INTRODUCTION	1
1.1 Background	1
1.2 Proposed Development	1
2 CAPITAL REVENUES & EXPENDITURES	3
2.1 Estimates of DC Revenues.....	3
2.2 Capital Infrastructure Requirements	5
3 ONGOING REVENUES AND COSTS	9
3.1 Revenues.....	9
3.2 Expenditures	11
4 CONCLUSIONS – FISCAL IMPACT	17

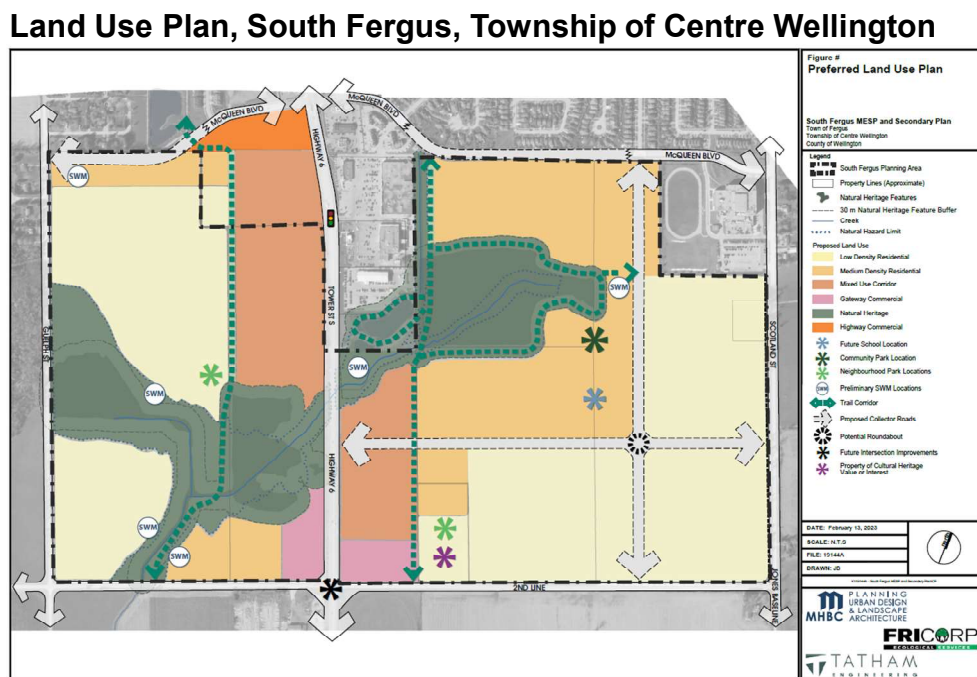
1 INTRODUCTION

Altus Group Economic Consulting was retained by South Fergus Landowners Group to examine the potential financial impacts of a proposed residential development on the finances of the the Township of Centre Wellington (the “Township”).

1.1 BACKGROUND

Figure 1 shows the location and land use plan for the subject site, which is in the Township of Centre Wellington, on the south end of the community of Fergus. The site is approximately 153 hectares in size.

Figure 1



Source: MHBC

1.2 PROPOSED DEVELOPMENT

The proposed development consists of 953 low-density residential units, 871 medium density residential units and 1,264 commercial-residential apartment units, for a total of 3,088 dwelling units.

Figure 2 provides a breakdown of the proposed development by unit type. It is estimated, based on persons per unit (PPU) factors from the Township’s 2020 Development Charges Background Study, that the proposed development would accommodate 7,066 persons and generate 137 jobs.

Figure 2

**Estimated Population and Job Generation, South Fergus
Secondary Planning Area**

Housing Type	Units	PPU	Population
Singles & Semi Detached	953	3.094	2,949
Multiples	871	2.411	2,100
Mixed-Use Residential (Apts)	1,106	1.596	1,765
Gateway Residential (Apts)	158	1.596	252
Total	3,088		7,066

Sector	Jobs
Institutional	20
Mixed-Use Commercial	57
Gateway Commercial	60
Total	137

Source: Altus Group Economic Consulting based on information from client

2 CAPITAL REVENUES & EXPENDITURES

This section outlines the capital expenditures required to service the proposed development, and the sources of funding for the works, and the associated impact on the Township’s budget.

2.1 ESTIMATES OF DC REVENUES

2.1.1 Municipal-Wide Services DC Revenues

The Township of Centre Wellington imposes municipal-wide development charge (“DC”) for all services excluding water and wastewater services. Figure 3 shows the DC revenues that would be generated by the proposed development for the Township.

Figure 3

Municipal-Wide Services, DC Revenue Estimates, Proposed Development, Township of Centre Wellington					
Units	953	871	632	632	
Township of Centre Wellington					
Residential	Singles and Semis	Multiples	1-Bedroom Apartments	2-Bedroom Apartments	
DC Rates by Service	<i>Dollars / Unit</i>				
Roads	10,943	8,528	5,037	5,925	
Public Works	2,015	1,570	927	1,091	
Fire Protection	866	675	399	468	
Indoor and Outdoor Recreation	5,582	4,351	2,570	3,023	
Administration	580	453	268	313	
Total	19,986	15,577	9,201	10,820	
					DC Revenues (Residential)
Revenues by Service	<i>Dollars</i>				
Services Related to a Highway	10,428,679	7,427,888	3,183,384	3,744,600	24,784,551
Fire Protection Services	1,920,295	1,367,470	585,864	689,512	4,563,141
Parks & Recreation Services	825,298	587,925	252,168	295,776	1,961,167
Library Services	5,319,646	3,789,721	1,624,240	1,910,536	12,644,143
Administration	552,740	394,563	169,376	197,816	1,314,495
Total	19,046,658	13,567,567	5,815,032	6,838,240	45,267,497
Non-Residential	Gross Floor Area <i>Square Feet</i>	DC Rates <i>\$/Sq. Ft</i>			DC Revenues (Non-Residential) <i>Dollars</i>
Commercial / Employment	72,100	6.09			439,089
Institutional	13,600	6.09			82,824
Subtotal	85,700				521,913
Total					45,789,410

Source: Altus Group Economic Consulting based on Township of Centre Wellington Development Charge Rates effective January 1, 2023

In total, under the Township’s current DC rates (as of January 2023), the proposed development would generate approximately \$45.8 million in DC revenues, including \$24.8 million for roads, \$12.6 million for library services, \$4.6 million for fire protection services and about \$2 million for parks and recreation services.

2.1.2 Water and Wastewater DC Revenues

The Township’s DC By-law (2021-11) distinguishes between properties located within the urban area and the rest of the municipality. Accordingly, the DC By-law provides for separate water and wastewater charges, with additional charges being applied to properties located in the Urban Area.

Figure 4

Water and Wastewater Services, DC Revenue Estimates, Proposed Development, Township of Centre Wellington					
	<u>Singles and Semis</u>	<u>Multiples</u>	<u>Apartment 1 Bedroom</u>	<u>Apartment 2 Bedroom</u>	<u>Total</u>
			<i>Units</i>		
Secondary Plan Area	953	871	632	632	3,088
Residential					
<u>DC Rates</u>					
			<i>Dollars / Unit</i>		
Water	6,479	5,048	3,507	2,981	
Wastewater	6,232	4,858	3,373	2,868	
Total	12,711	9,906	6,880	5,849	
					<u>WW DC Revenues (Residential)</u>
<u>DC Revenues</u>					
<u>Subject Site - Urban Services</u>					
			<i>Dollars</i>		
Water	6,174,487	4,396,808	2,216,424	1,883,992	14,671,711
Wastewater	5,939,096	4,231,318	2,131,736	1,812,576	14,114,726
Total	12,113,583	8,628,126	4,348,160	3,696,568	28,786,437
					<u>DC Revenues (Non-Residential)</u>
<u>Non-Residential</u>					
	<u>Gross Floor Area</u>	<u>DC Rates</u>			
	<i>Square Feet</i>	<i>\$/Sq. Ft</i>	<i>Dollars</i>		
Commercial	72,100	4.55	328,055		
Institutional	13,600	4.55	61,880		
Subtotal	85,700		389,935		
Total			29,176,372		

Source: Altus Group Economic Consulting based on Township of Centre Wellington Development Charge Rates effective January 1, 2023

Figure 4 provides a breakdown of water and wastewater DC revenues by unit type. In total the development would generate approximately \$29.2 million in additional DC revenues for water and wastewater services.

2.2 CAPITAL INFRASTRUCTURE REQUIREMENTS

2.2.1 Water

According to the plans provided by the client, the combined water servicing infrastructure for the development proposal would consist of 16.9 km of watermains associated with the road rights-of-way.

According to the Township's 2020 DC Study, the local service policies for water services are as follows:

11.1 Water treatment, storage facilities, pumping stations, transmission mains, booster stations, re-chlorination/sampling stations and Wells associated with municipal service areas to be included within the D.C.

11.2 Watermains external to subdivisions, which upgrade the size of the main or provides new watermains 300 mm nominal diameter or greater (over sizing), included in the D.C.

11.3 Over sizing costs of waterworks within the subdivision included in D.C. greater than 300mm nominal diameter.

11.4 Connection to trunk mains and pumping stations to service specific areas, to be direct developer responsibility.

The watermains, assuming they would be less than 300mm in diameter, would be the capital funding responsibility of the developer. The long-term operating, maintenance and lifecycle costs would be the responsibility of the Township. All watermains in the subject development would be sized at 300mm or less, indicating that all would be considered local works under the Township's local service policy.

2.2.2 Wastewater

According to the plans provided by the client, the combined sanitary servicing infrastructure for the development proposal would consist of 15.30 km of sanitary sewers associated with the road rights-of-way, including sanitary mains of the following sizes:

- 200mm: 9.9 km;
- 250mm: 1.1 km;
- 300mm: 1.0 km;
- 375mm: 1.2 km;
- 450mm: 0.7 km;

- 525mm: 0.1 km;
- Forcemain: 1.3 km;

According to the Township's 2020 DC Study, the local service policies for wastewater services are reproduced below:

12.1 Wastewater treatment plants, pumping stations and transmission mains associated with municipal service area shall be included in the D.C.

12.2 Sanitary sewers external to subdivisions, which upgrades the size of the existing main, or provides a new main 250 mm or greater nominal diameter, included in the D.C.

12.3 Connections to trunk sewers to service specific areas, to be direct developer responsibility.

12.4 Marginal costs of sanitary sewer works within the subdivision, which benefits upstream developers, included in D.C. above 250 mm nominal diameter or depth of 5 meters or greater.

The internal sanitary sewers less than 250mm in diameter, would be the capital funding responsibility of the developer as a local service. The long-term operating, maintenance and lifecycle costs would be the responsibility of the Township. Of the 15.3 km of sanitary sewers, 11.0 km are sized 250mm or less. The remaining 4.3 km of sanitary sewers would be DC eligible works, whether external to the subdivision (with 100% of these costs being DC eligible), or within the subdivision (with marginal costs for size above 250mm being DC eligible).

2.2.3 Stormwater Management

The proposed development would require six stormwater management facilities, ranging in size from 0.80 hectares to 1.33 hectares.

The local service policies for storm water management in the Township's 2020 DC Study, indicate that the capital costs for the internal sewers and the storm water management pond will be the responsibility of the developer, or where the works would benefit other nearby landowners, subject to potential cost sharing agreements among developers. The local service policy states:

9.1 Quality and Quantity Works, direct developer responsibility through local service provisions (s.59 of D.C.A.).

9.2 Over sizing of stormwater management works for development external to developments will be subject to negotiations and cost sharing agreements between affected landowners.

Once completed, the storm water management pond and storm sewer works will be turned over to the Town, who will be responsible for the long-term operating and maintenance costs.

2.2.4 Roads

According to plans provided by the client, the proposed development would require 24.5 lane-km of internal roads and 14.7 km of external roads. Included in the estimate of external roads is the following upgrades to the existing road network:

- Tower Street South (Hwy 6) Upgrades – upgrades to 4 lanes with turning lanes;
- Guelph Street, 2nd Line and Scotland Street reconstruction (7.2 km);

While most of the external road improvements are upgrades or improvements to existing roads that the Township would already be incurring annual lifecycle and maintenance costs for, the full operating, lifecycle and maintenance costs of these roads have been included in the assessment of fiscal impacts, without netting off the existing annual costs of the roads in place today.

Based on the Township's local service guidelines the internal roads would be direct developer responsibility and funded by the developer. The required external road improvements that meet the definition of DC eligible works would be funded by Township DC revenues. Both the local roads to be funded by the developer as a local service, and the external roads funded by DCs will be assumed by the Township who will have responsibility for future operating and maintenance costs.

Local and rural roads internal to development inclusive of all land and associated infrastructure – Direct developer responsibility...

Local and rural roads external to development – include in DC calculation to the extent permitted under s5(1) of the DCA. The length and location of road(s) that require reconstruction will be determined by the Township at the time of Draft Approval and will reflect those roads external to the development that, in the opinion of the municipality will be directly impacted by the development and require reconstruction to a higher service level.

Collector roads internal to development inclusive of all land and associated infrastructure – Direct developer responsibility under s.59 of the DCA (as a local service).

Collector roads external to development - Include in D.C. calculation to the extent permitted under s.5(1) of the D.C.A. The length and location of road(s) that require reconstruction will be determined by the Township at the time of Draft Approval and will reflect those roads external to the development that, in the opinion of the municipality will be directly impacted by the development and require reconstruction to a higher service level

New, widened, extended, or upgraded arterial roads, inclusive of all associated infrastructure: included as part of road costing funded through D.C.A., s.5(1);

Land acquisition for arterial roads on existing rights-of-way to achieve a complete street: dedication under the Planning Act provisions (s. 41, 51 and s.53) through development lands; in area with limited development: included in D.C.'s;

Traffic Control Systems, Signals and Intersection Improvements

3.1 On new arterial roads and arterial road improvements unrelated to a specific development: included as part of road costing funded through D.C.'s.

3.2 On non-arterial roads, or for any private site entrances or entrances to specific development; direct developer responsibility under s.59 of D.C.A. (as a local service).

3.3 On arterial or collector road intersections with County roads: include in County D.C.'s or in certain circumstances, may be a direct developer responsibility.

3.4 Intersection improvements, round-a-bouts, new or modified signalization, signal timing and optimization plans, area traffic studies for highways attributed to growth and unrelated to a specific development: included in D.C. calculation as permitted under s.5(1) of the D.C.A.

Once constructed, the internal roads would be assumed by the Township, who would be responsible for all ongoing operating, maintenance and replacement costs. The ongoing maintenance and lifecycle costs of the internal roads to be constructed is considered within the estimates of fiscal impact in this study.

3 ONGOING REVENUES AND COSTS

This section provides an overview of the methodology for determining the net annual fiscal impact of development.

3.1 REVENUES

3.1.1 Property Tax Revenues

The assessment values for single-detached units are based on adjusted prices for comparable properties in the Township, based on Altus Data Solutions data on actively marketed housing units in the Township.

Figure 5

Estimated Annual Property Tax Revenues, Township of Centre Wellington, South Fergus Secondary Plan				
	<u>Units</u>	<u>Assessment Value / Unit</u>	<u>Assessment Value</u>	
<u>Residential Unit by Type</u>		<u>\$ / Unit</u>	<u>Dollars</u>	
Single Detached	953	552,000	526,056,000	
Multiples	871	332,000	289,172,000	
Apartments	1,264	265,200	335,212,800	
Subtotal Residential	3,088		1,150,440,800	
	<u>Gross Floor Area</u>	<u>Assessment Value / SF</u>	<u>Assessment Value</u>	
<u>Non-Residential by Sector</u>	<u>Square Feet</u>	<u>\$ / SF</u>	<u>Dollars</u>	
Commercial / Institutional	72,100	200	14,420,000	
Subtotal Non-Residential	72,100		14,420,000	
	<u>Tax Rates and Revenue</u>			
	<u>Tow nship</u>	<u>County</u>	<u>Education</u>	<u>Total</u>
<u>Tax Rates</u>	<i>Percent</i>			
Residential (RT)	0.321969%	0.617506%	0.161000%	1.100475%
Commercial (CT)	0.480056%	0.920701%	0.962131%	2.362888%
Industrial (IT)	0.772726%	1.482014%	1.290000%	3.544740%
	<i>Dollars</i>			
<u>Tax Revenue</u>				
Residential	3,704,063	7,104,041	1,852,210	12,660,313
Commercial	69,224	132,765	138,739	340,728
Total	3,773,287	7,236,806	1,990,949	13,001,042
Source: Altus Group Economic Consulting based on Altus Data Solutions data, Tow nship of Centre Wellington 2019 property tax rates				

The sales prices were assumed to be a reasonable starting point for a proxy for determining the assessment value for the housing units, with a necessary adjustment to account for the typical difference between sales prices and assessment values.

For apartment units, given the relative lack of new apartment projects in the Township, comparable projects in the nearby City of Guelph were reviewed,

with a discount to the average apartment sales value based on the assumption that the value of apartment units in the Township would be lower than those in Guelph. An additional adjustment is made to reflect the typical differences between sales value and assessment value.

For non-residential buildings, we have used rough benchmark assumptions to roughly estimate the relatively minor amounts of property tax revenue that would be generated from this component of the development.

As Figure 5 shows, using the Township's 2019 tax rates (used so as to be consistent with the operating cost data from the Township's 2019 *Financial Information Return* used for the basis of this report)¹, the total amount of annual property tax revenue generated by the proposed development would be \$13.0 million, including approximately \$3.8 million annually for the Township.

3.1.2 Non-Tax Revenues

In addition to the property tax revenues generated annually by the proposed development, the units and residents will also generate a variety of annual non-tax revenues for the Township. These non-tax revenues include Township fees for items such as licenses, permits (excluding building permits), fines and donations, etc.

After making provisions for non-tax revenues that would increase along with residential growth, and the proportion to which residential development would contribute to an increase in those revenues, we have estimated that the proposed development would add approximately \$119 per capita and approximately \$27 per job to the Township's annual non-tax revenues. Based on estimated population and jobs expected to be accommodated by the proposed development, total non-tax revenues amount to approximately \$843,800, including \$840,100 for the residential component and approximately \$3,600 for the non-residential component.

The calculations of non-tax revenues are shown in Appendix A.

¹ The 2019 data was used instead of available 2020 and 2021 data as given public health-driven responses to the COVID-19 pandemic in those years, municipal operations, services and programs may have been affected, which would make relying on 2020 or 2021 operating cost benchmarks relatively unreliable.

3.1.3 Water/Wastewater Revenues

In estimating water and wastewater user rate revenues, the projected sanitary flows and water demands were taken from Table 2 and Table 3 of the South Fergus MESP, respectively.

Based on the Township's 2021 user rates for water (\$11.60 per month plus \$2.44 per cubic metre) and sewer (\$12.72 per month plus \$2.71 per cubic metre), the subject developments would generate \$3.2 million per year in water rate revenues, and \$5.5 million per year in wastewater rate revenues.

The calculations of water and wastewater rate revenues are shown in Appendix A.

3.2 EXPENDITURES

3.2.1 Net Operating Expenditures

The additional operating costs that will result from residential and non-residential uses for services such as recreation, cultural services, and fire protection are calculated using the following five steps:

1. Obtain the operating expenditures of the Township in 2019, from Schedule 40 of the Township's 2019 *Financial Information Return*;
2. Expenditures for each service relating to long-term debt interest, amortization, and any user fee and service charge revenues associated with each service are deducted to reach net operating expenditures;
3. Deductions are also made for grants that are provided by the federal government, provincial government and other municipalities to fund County administered services, such as social assistance, child care, and public housing.
4. To estimate the degree to which the net operating expenditures will increase in step with growth, a "growth-related factor" is applied to the net operating expenditures, to reach net growth-related operating expenditures. In most cases, the need for services will generate a nearly proportional increase in operating costs, with a small allowance made for efficiencies and economies of scale. Other services will grow at a much slower pace than population growth, such as government, and planning department costs.

5. A share of the net growth-related operating expenditures is allocated to residential growth, by applying residential/non-residential factors to each service based on typical usage and/or the prevailing residential/non-residential split in the Township. The result of this calculation is known as the net residential growth-related operating expenditures.

In total, we have estimated that the proposed development would represent an additional annual operating cost to the Township of approximately of \$466 *per capita* and \$251 *per job*. The detailed calculations are presented in Appendix A.

The average operating and lifecycle costs relating to roads, water, and wastewater are excluded from this part of the analysis. Instead, the impacts on the Township’s finances for these hard services will be calculated separately, based on actual incremental infrastructure to be constructed, and average operating, lifecycle and maintenance costs for those works.

3.2.2 Annual Operating Costs for Required Infrastructure Works to be Installed

The calculation of annual incremental operating costs for roads, water, and sanitary sewer is more appropriately done on a *per unit* basis (*per km, per megalitre, etc.*) than a *per capita* basis, as each development will have differing infrastructure needs.

Figure 6

Estimated Operating Costs for Infrastructure and Treatment, Township of Centre Wellington, South Fergus Secondary Plan										
	Total Operating Costs	Interest on Long-Term Debt	External Transfers	Amortization	Net Operating Expenditure	Inventory (km / megalitres)	Net Operating Expenditure per Unit	Units in Subject Development	Annual Operating Costs	
			Dollars				\$/ Unit	m3 / km	Dollars	
Water Treatment	1,341,865	46,637	-	327,367	967,862	1,829	529.21	1,057	559,200	
Water Distribution	2,810,891	97,692	-	685,757	2,027,441	111	18,265.24	16.90	308,683	
Wastewater Treatment	3,466,907	265,577	-	1,036,090	2,165,239	2,309	937.60	1,057	990,735	
Wastewater Collection	1,771,652	135,715	-	529,461	1,106,476	103	10,742.49	32.20	345,908	
Roads - Paved	4,302,193	18,536	-	3,379,925	903,731	505	1,789.57	39.20	70,151	
Total Tax-Supported									70,151	
								Residential Share	89.0%	62,434
								Non-Residential Share	11.0%	7,717
Total Rate-Supported									2,204,526	
								Residential Share - Pipes	89.0%	582,586
								Non-Residential Share - Pipes	11.0%	72,005
								Residential Share - Treatment	89.0%	1,379,442
								Non-Residential Share - Treatment	11.0%	170,493

Source: Altus Group Economic Consulting based on average costs from Township of Centre Wellington FIRs (2017-2019)

Based on established benchmark² costs for water treatment, water distribution, wastewater treatment, wastewater collection and roads, the proposed development is expected to generate a combined \$2.3 million in annual operating costs. Figure 6 shows the detailed calculation of estimated operating costs for infrastructure and treatment.

The costs for roads, wastewater collection, wastewater treatment, water distribution, and water treatment are fully allocated to the residential sector.

3.2.3 Lifecycle Costs

3.2.3.1 Annual Lifecycle Funding for Required Infrastructure Works to be Installed

In reviewing the costs associated with roads, water, sanitary sewer and storm water works, which will ultimately be the responsibility of the Township, not only do the additional operating and maintenance costs associated with the infrastructure need to be considered, but the “lifecycle” funding requirements should also be included in the analysis.

² Based on average annual costs from the Township’s 2017-2019 Financial Information Returns to smooth out fluctuations from year-to-year, which can be present in smaller municipalities.

Figure 7

Estimated Lifecycle Costs, Internal and External Infrastructure, Township of Centre Wellington

	Unit Measure	Unit Cost <i>Dollars</i>	Estimated Capital Cost <i>Dollars</i>	Asset Useful Life Years	Lifecycle Factor	Annual Contribution <i>Dollars</i>	
Transportation							
Local Roads (lane km)	24.50	283,068	6,935,163				
			Base	75	0.0059	130,896	
			Surface	25	0.0312	95,910	
Sidewalks	24.50	140,600	3,444,700	100	0.0032	79,926	
External Roads (km)							
	14.70	283,068	4,161,098				
			Base	75	0.0059	78,537	
			Surface	25	0.0312	57,546	
Total - Transportation Infrastructure						442,816	
					Residential Share	94.7%	419,133
					Non-Residential Share	5.3%	23,683
Water & Wastewater							
Watermains (km)	16.90	329,136	5,562,394	100	0.0032	129,063	
Wastewater Mains (km)	16.90	213,666	3,610,947	100	0.0032	83,784	
External Sewer	15.30	213,666	3,269,082	100	0.0032	75,852	
Pump Station	1.0	9,000,000	9,000,000	50	0.0118	286,409	
Total - Water & Wastewater						575,107	
					Residential Share	94.7%	544,349
					Non-Residential Share	5.3%	30,758

Source: Altus Group Economic Consulting based on average costs from Township of Centre Wellington FIRs (2017-2019)

Incorporating these lifecycle costs ensures that funding will be available to the Township to replace the works at the end of their useful life. These cost estimates are based on the actual internal and external works required for development.

Information on the amount of infrastructure required to service the proposed development was provided by Burnside. We have taken amount of lane kilometres of roads, water mains, wastewater mains, as well as required pumping stations, *etc.*, and applied average unit cost benchmarks from the Township's 2017 to 2019 *Financial Information Returns (FIR)* and taken a sinking fund approach to calculating annual lifecycle costs necessary to fund replacement of assets to be constructed for the development.

3.2.3.2 Indirect Lifecycle Costs

The Township's 2020 DC study included numerous proposed capital works that benefit growth areas across the Township, including the subject site once developed. Future growth such as that of the subject development is

contributing to the need for these works, and the associated annual lifecycle expenditures need to be factored into the estimation of net annual fiscal impact of development.

Based on the works included in the capital project lists in the Township's DC Study, after deducting elements such as Post Period Benefit costs³ and DC reserve fund balances (or adding DC reserve fund deficits onto net costs, deducting DC reserve fund surpluses from net costs), applying the appropriate useful life periods and associated sinking fund factors for each classification of capital work, and calculating the share of Township-wide development within the proposed development, the annual lifecycle costs for Township - wide growth-related capital attributable to the proposed development are as follows:

- For tax-supported works, an annual contribution required by the Township of \$2.4 million for works required by growth in tax-supported services (roads, public works, fire protection, parks and recreation and growth studies). These costs are allocated between Township-wide growth in the residential and non-residential sectors based on residential cost allocation from the Township's 2020 DC Study. The residential sector's share of these costs is estimated to be approximately \$2.0 million. Of this, based on the proportion of the Township-wide residential population growth within the proposed development, the subject development's share of these annual costs would be \$1.03 million including \$1.02 million from the residential component of the development and \$7,325 from the non-residential portion.
- For rate-supported works, an annual contribution of \$780,953 for works required by growth (for pipes and equipment). These costs are allocated between residential and non-residential sectors based on cost allocation from the Township's 2020 DC Study. The residential sector's share of these costs is estimated to be approximately \$570,000 - of this, based on the proportion of the Township-wide residential population growth within the proposed development, the subject

³ Post Period Benefit allocations are deducted as the later step in the calculation seeks to find the subject development's share of 10 or 20-year residential forecasts. As the amount of 'post-period' growth is not known, the same calculation would not be possible against an indeterminate denominator for 'total growth' in the Township.

development's share of costs would be \$260,200, including \$257,200 from the residential component of the development and \$3,000 from the non-residential component.

Figure 8

Estimated Indirect Lifecycle Costs, Township of Centre Wellington

	Annual Lifecycle Contribution	Forecast Period	Residential Share	Residential Share of ALC	Development Share of Township-wide Population Growth	Proportionate Share of Annual Lifecycle Costs for Subject Development	Development Share of Township-wide Job Growth	Proportionate Share of Annual Lifecycle Costs for Subject Development
	<i>Dollars</i>				<i>Percent</i>	<i>Dollars</i>		
Tax-Supported								
Roads & Related	1,694,530	22 years (2020-41)	79.0%	1,338,679	45.1%	604,016	1.4%	5,078
Public Works, Vehicles & Equip.	231,606	22 years (2020-41)	79.0%	182,969	45.1%	82,556	1.4%	694
Fire Protection Services	231,415	22 years (2020-41)	79.0%	182,818	73.3%	133,925	2.5%	1,198
Parks and Recreation Services	287,573	10 years (2020-30)	95.0%	273,195	73.3%	200,132	2.5%	355
Growth Studies	n.a.	10 years (2020-30)	66.0%	n.a.	73.3%	n.a.	2.5%	n.a.
Total Tax-Supported	2,445,124			1,977,660		1,020,629		7,325
Rate-Supported								
Water	392,984	22 years (2020-41)	73.0%	286,879	45.1%	129,440	1.4%	1,514
Wastewater	387,969	22 years (2020-41)	73.0%	283,217	45.1%	127,788	1.4%	1,495
Total Rate-Supported	780,953			570,096		257,229		3,009
		Population	Jobs					
Subject Development		7,066	137					
10-Year Growth		9,646	5,556					
Subject Development as % of 10-Year Growth		73.3%	2.5%					
20-Year Growth		15,661	9,601					
Subject Development as % of 20-Year Growth		45.1%	1%					

Source: Altus Group Economic Consulting based on Township of Centre Wellington 2020DC Study

In total, annual lifecycle costs (direct and indirect) total to \$2.3 million annually, which includes lifecycle costs for the works to be installed, but also the development's share of estimated lifecycle costs for all Township-wide infrastructure needs of new growth for the next 10-20 years as set out in the Township's most recent development charges background study.

4 CONCLUSIONS – FISCAL IMPACT

Figure 9 shows the calculation of the net annual fiscal impact of the proposed development.

The subject proposal is estimated to generate a significant positive fiscal impact for the Township at build-out of approximately \$5.4 million per year, which equates to approximately \$752 *per capita/job*, per year.

Figure 9

Estimate of Net Annual Fiscal Impact, Township of Centre Wellington

Units	3,088					
Persons	7,066					
Jobs	137					
	Residential		Non-Residential		Total	
	Dollars	Dollars per Capita	Dollars	Dollars per Capita	Dollars	Dollars per Capita
Revenues						
Property Taxes	3,704,063	524.22	69,224	505.29	3,773,287	523.86
Non-Tax Revenues	840,110	118.90	3,637	26.54	843,746	117.14
Water and Wastewater Revenues	<u>8,107,722</u>	<u>1,147.44</u>	<u>596,242</u>	<u>4,352.13</u>	<u>8,703,964</u>	<u>1,208.40</u>
Total Revenues	12,651,894	1,790.55	669,103	4,883.96	13,320,997	1,849.39
Expenditures						
Net Operating Expenditures	3,291,053	465.77	34,324	250.54	3,325,378	461.67
Lifecycle Costs - Transportation Infrastructure	434,394	61.48	8,422	61.47	442,816	61.48
Lifecycle Costs - Water & WW	564,169	79.84	10,938	79.84	575,107	79.84
Operating Expenditures - Tax Supported	62,434	8.84	7,717	56.33	70,151	9.74
Operating Expenditures - Rate Supported	1,962,028	277.68	242,498	1,770.06	2,204,526	306.06
Indirect Lifecycle Costs - Tax Supported	1,020,629	144.44	7,325	53.46	1,027,954	142.71
Indirect Lifecycle Costs - Rate Supported	<u>257,229</u>	<u>36.40</u>	<u>3,009</u>	<u>21.96</u>	<u>260,238</u>	<u>36.13</u>
Total Expenditures	7,591,936	1,074.45	314,232	2,293.67	7,906,168	1,098
Net Fiscal Surplus / (Deficit)	5,059,958	716.11	354,871	2,590.30	5,414,828	751.76

Source: Altus Group Economic Consulting

Appendix A
Detailed Tables

Figure A-1

Estimate of Net Operating Expenditures, Township of Centre Wellington, South Fergus Secondary Plan										
Expenditures	Less: Interest on Long Term Debt	Less: User Fees and Service Charges	Less: Amortization	Net Expenditures	Growth Related		Residential Share	Residential Growth Related Net Operating Expenditures	Non-Residential Growth Related Net Operating Expenditures	
					%	Net Operating Expenditures				
General Government										
Governance	242,693	-	-	-	242,693	75%	182,020	78%	142,039	39,980
Corporate Management	2,718,465	-	-	269,097	2,449,368	75%	1,837,026	78%	1,433,527	403,499
Program Support	-	-	-	-	-	75%	-	78%	-	-
Subtotal	2,961,158	-	158,438	269,097	2,692,061		2,019,046		1,575,567	443,479
Protection Services										
Fire	2,287,433	-	16,088	319,968	1,951,377	95%	1,853,808	78%	1,446,623	407,185
Conservation authority	291,250	-	-	-	291,250	100%	291,250	78%	227,278	63,972
Protective Inspection and Control	338,085	-	2,571	5,568	329,946	95%	313,449	78%	244,600	68,848
Building Permit and Inspection Service	1,014,653	-	6,876	18,977	988,800	95%	939,360	78%	733,032	206,328
Subtotal	3,931,421	-	25,535	344,513	3,561,373		3,397,867		2,651,533	746,334
Transportation Services										
Roads - Paved	4,243,165	15,895	-	3,520,789	706,481	0%	-	78%	-	-
Roads - Unpaved	2,417,437	-	-	364,564	2,052,873	0%	-	78%	-	-
Roads - Bridges and Culverts	1,049,532	-	-	736,230	313,302	95%	297,637	78%	232,262	65,375
Roads - Traffic Operations & Roadside	1,192,702	-	-	88,478	1,104,224	95%	1,049,013	78%	818,599	230,413
Winter Control - Except Sidewalks, Parking Lots	1,874,033	-	65,505	-	1,808,528	95%	1,718,102	78%	1,340,724	377,377
Winter Control - Sidewalks, Parking Lots Only	162,456	-	-	-	162,456	95%	154,333	78%	120,434	33,899
Transit - Disabled & special needs	16,539	-	-	-	16,539	95%	15,712	78%	12,261	3,451
Parking	281,049	-	-	-	281,049	95%	266,997	78%	208,351	58,645
Subtotal	11,236,913	15,895	65,505	4,710,061	6,445,452		3,501,793		2,732,632	769,161
Environmental Services										
Wastewater collection/conveyance	2,386,911	-	5,293,479	313,315	(3,219,883)	0%	-	78%	-	-
Wastewater treatment & disposal	3,458,941	386,405	-	1,280,479	1,792,057	0%	-	78%	-	-
Urban Storm Sewer System	74,837	-	-	38,406	36,431	95%	34,609	78%	27,008	7,602
Water treatment	2,249,314	48,118	-	374,417	1,826,779	0%	-	78%	-	-
Water distribution/transmission	1,959,112	78,509	4,756,281	661,107	(3,536,785)	0%	-	78%	-	-
Subtotal	10,129,115	513,032	10,049,760	2,667,724	(3,101,401)		34,609		27,008	7,602
Health Services										
Cemeteries	164,147	-	144,991	12,338	6,818	95%	6,477	100%	6,477	-
Physician Recruitment	34,649	-	-	-	34,649	95%	32,917	100%	32,917	-
Subtotal	198,796	-	144,991	12,338	41,467		39,394		39,394	-
Social and family services										
General assistance	209,486	-	-	-	209,486	95%	199,012	100%	199,012	-
Assistance to aged persons	620,195	-	233,018	46,674	340,503	95%	323,478	100%	323,478	-
Subtotal	829,681	-	233,018	46,674	549,989		522,490		522,490	-
Recreation and Cultural Services										
Parks	1,172,451	-	39,181	374,864	758,406	95%	720,486	100%	720,486	-
Recreation Programs	205,490	-	110,692	-	94,798	95%	90,058	100%	90,058	-
Recreation Facilities - All Other	5,157,098	150,952	734,522	449,289	3,822,335	95%	3,631,218	100%	3,631,218	-
Cultural services	978,653	-	50,610	25,349	902,494	95%	857,369	100%	857,369	-
Subtotal	7,513,692	150,952	935,205	849,502	5,578,033		5,299,131		5,299,131	-
Planning and Development										
Planning and Zoning	715,893	-	230,880	-	485,013	75%	363,760	78%	283,861	79,899
Commercial and Industrial	626,616	-	-	7,395	619,221	75%	464,416	0%	-	464,416
Tile drainage/shoreline assistance	2,098	2,098	2,098	-	(2,098)	75%	(1,574)	78%	(1,228)	(346)
Subtotal	1,342,509	2,098	232,978	7,395	1,102,136		826,602		282,633	543,969
Total	37,313,604	681,977	11,612,412	8,860,630	16,319,121		15,118,442		13,130,386	1,988,057
							Population Estimate		28,191	7,935
							\$/ Capita - Growth Related Net Operating Expenditures		465.77	250.54

Source: Altus Group Economic Consulting based on 2019 Financial Information Returns for Township of Centre Wellington

Figure A- 2 Estimate of Non-Tax Revenues, Township of Centre Wellington

	Non-Tax Revenues	Less: Building Permit Revenues	Net Non-Tax Revenues	Growth Related	Growth Related Non-Tax Revenues	Res. Share	Residential Growth Related Non-Tax Revenues	Non-Residential Growth Related Non-Tax Revenues
		<i>Dollars</i>		<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>	
Licenses, Permits, Rents, etc.								
Licenses and Permits	1,285,203	642,602 ¹	642,602	95%	610,471	78%	476,383	134,089
Rents, Concessions, etc.	1,319,619	-	1,319,619	0%	-	78%	-	-
Subtotal	2,604,822	642,602	1,962,221		610,471		476,383	134,089
Fines and Penalties								
Other Fines	3,095	-	3,095	95%	2,940	78%	2,294	646
Penalties and Interest on Taxes	347,809	-	347,809	95%	330,419	78%	257,843	72,576
Subtotal	350,904	-	350,904		333,359		260,137	73,222
Other Revenue								
Investment Income	1,650,147	-	1,650,147	0%	-	78%	-	-
Gaming and Casino Revenues	2,740,529	-	2,740,529	95%	2,603,503	100%	2,603,503	-
Donations	15,891	-	15,891	95%	15,096	78%	11,781	3,316
Subtotal	4,406,567	-	4,406,567		2,618,599		2,615,283	3,316
Total	7,362,293	642,602	6,719,692		3,562,429		3,351,803	210,626
							<i>Persons</i>	<i>Jobs</i>
							28,191	7,935
							<i>\$ / Capita</i>	<i>\$ / Job</i>
							118.90	26.54

¹ Assumed that 50% of Licenses and Permit fees are from building permits

Source: Altus Group Economic Consulting based on Township of Centre Wellington, 2019 Financial Information Returns

Figure A- 3 Estimate of Annual Revenues from Water and Wastewater Rates, Township of Centre Wellington, South Fergus Secondary Plan

		Annual Usage per Unit	Units	Annual Usage	Revenues
Water					
<i>Residential</i>	<i>\$ / Unit</i>	<i>m3 / Year / Unit</i>		<i>m3 per Year</i>	<i>Dollars</i>
Monthly Fixed Rate	11.60		3,088		429,850
	<i>\$ / m3</i>				
Consumption Rate	2.44	342		1,056,675	2,578,287
<i>Non-Residential</i>	<i>\$ / m3</i>				
Consumption Rate	2.44			81,395	198,604
Total Water					3,206,740
Wastewater					
<i>Residential</i>	<i>\$ / Unit</i>	<i>m3 / Year / Unit</i>		<i>m3 per Year</i>	<i>Dollars</i>
Monthly Fixed Rate	12.72		3,088		471,352
	<i>\$ / m3</i>				
Consumption Rate	2.71	553		1,707,835	4,628,233
<i>Non-Residential</i>					
Consumption Rate	2.71			146,730	397,638
Total Wastewater					5,497,223
Total					8,703,964

Source: Altus Group Economic Consulting based on 2021 Township User Rates