



Meeting Date:	July 17, 2019
Contact:	Robert Tremblay, CAO
613-646-2282	rtremblay@whitewaterregion.ca

Water & Wastewater Rate Study and Development Charges Study

Recommendation:

That Development & Planning Committee recommend Council of the Township of Whitewater Region award the preparation of the Water & Wastewater Rate Study (including water financial plan) and Development Charges Study to Watson & Associates Economists Ltd at a cost of \$51,000 excluding HST.

Background:

The Township operates three drinking water systems:

- Beachburg (large municipal residential with 481 units – ground water source)
- Cobden (large municipal residential with 518 units – surface water source)
- Haley Town Site (small municipal residential with 33 units – ground water source).

The Township also operates a wastewater system for the village of Cobden, with the plant currently being upgraded to introduce tertiary treatment.

Watson & Associates previously undertook the Township's initial rate study which was subsequently reviewed by staff. The new study will include capital related costs collected by the Ontario Clean Water Agency. The rate study will meet all statutory requirements.

The Township has never undertaken a Development Charges Study. The review will be undertaken concurrently with the Water and Wastewater Rate Study.

Analysis:

Staff recommend single-sourcing these two projects to Watson & Associates given their previous work with the Township and their expertise in both rate and development charge studies. Some cost savings will occur by jointly awarding the studies. Both projects include public consultation. The Development Charges Study will be reflective of recent legislative changes.

Financial Implications:

Costs are within budget. Funding was set aside from provincial efficiency funding for these two projects as follows:

- Water & Wastewater Rate Study \$25,000
- Development Charges Study \$30,000.

Next Steps:

Once awarded, the Township will notify the consultant with work to commence in July.

Attachments:

Attachment #1: Proposal – Watson & Associates Economists Ltd.

Prepared by: Robert Tremblay, Chief Administrative Officer
--



Proposal

The Township of Whitewater Region

Water and Wastewater Rate Study and Development Charges Study

SUBMITTED:

July 3, 2019

Watson & Associates Economists Ltd.

Gary Scandlan

905-272-3600 ext. 226

scandlan@watsonecon.ca

July 3, 2019

Ivan Burton
Planner/Economic Development Officer
Township of Whitewater Region
44 Main Street
Cobden, ON
K0J 1K0

Dear Mr. Burton:

Re: Proposal for Water and Wastewater Rate Study and Development Charges Study

Further to your request for proposal, Watson & Associates Economists Ltd. (Watson) is pleased to submit our proposal for the above-referenced assignment(s).

Our extensive experience assisting Ontario municipalities with development charges, water and wastewater rate studies and financial plans over the past 36 years, makes us well suited to this assignment. Watson's experience in the development charges and water & wastewater fields will allow us to provide the Township with the knowledge and information necessary to continue to practice sound, defensible policies.

The undersigned has undertaken Development Charge studies, Water/Wastewater Financial Plans and Rate studies for a number of municipalities of varying size throughout Ontario as well as similar studies outside Ontario. In regard to D.C. studies, Mr. Scandlan has completed in excess of 350 studies. In regard to water/wastewater rate studies Watson has undertaken these studies on behalf of one-third of Ontario municipalities providing these services, of which Mr. Scandlan has undertaken more than half of these.

Mr. Scandlan has had considerable involvement in the changes made to the water and wastewater industry in Ontario. Of particular note:

- represented the Ontario Water Works Association (O.W.W.A.), Ontario Municipal Water Association (O.M.W.A.) and Canada Environmental Association (C.E.L.A.) during the Walkerton Inquiry. He prepared several submissions, participated in two expert panels and made presentations to Judge O'Connor on two occasions;
- assisted in the preparation of a formal submission to the Province on behalf of O.W.W.A./O.M.W.A. upon first reading of the Sustainable Water and Sewage Systems Act (S.W.S.S.A.);
- was retained by O.W.W.A./O.M.W.A. to represent the Associations during stakeholder discussions on the Regulations for both S.W.S.S.A. and Safe Drinking Water Act (S.D.W.A.);



- has undertaken numerous lectures on S.W.W.S.A., S.D.W.A. and the Water Opportunities Act, as well as other aspects of the water industry in Ontario on behalf of A.M.O., A.M.C.T.O., A.P.W.A., O.G.R.A./R.O.M.A., O.M.W.A., O.W.W.A./C.W.W.A. and Trent University;
- worked with the Province of Ontario to refine Municipal Act legislation and regulations as it applies to water and wastewater services.

Based on Watson's previous work with the Township in preparing the previous water and wastewater rate study we believe that we are well suited to provide a study process that is efficient and minimizes the chance of appeals.

We trust the proposal includes the information you require. We would be pleased to discuss this proposal further if you have any questions.

We look forward to the opportunity of working with you on this important assignment.

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

Gary Scandlan, B.A., P.L.E.
Director



Table of Contents

	Page
1. Introduction.....	1
2. Water and Wastewater Rate Analysis and Financial Plan.....	1
2.1 Study Requirements	1
2.2 Our Perspective on the Water and Wastewater Rate Analysis and Financial Plan	1
2.2.1 Study Start-up – Task #1	2
2.2.2 Data Collection – Task #2	2
2.2.3 Assessment of Volumes/Flow and Customers by Type – Task #3	2
2.2.4 Capital Needs and Financing – Task #4	3
2.2.5 Operating Costs and Lifecycle Planning – Task #5.....	4
2.2.6 Rate Structure Options Review and Calculations – Task #6.....	4
2.2.7 Review Calculations and Preliminary Rates with Staff – Task #75	4
2.2.8 Preparation of the Water and Wastewater Financial Plan – Task #8 (Optional – if required).....	5
2.2.9 Report Preparation – Task #9	6
2.2.10 Presentation of Financial Plan, Water and Wastewater Rates, and Final Report to Council – Task #10.....	6
3. Development Charge Background Study	6
3.1 Study Requirements	8
3.2 Value Added from our Consulting Team	15



Table of Contents (Cont'd)

	Page
3.2.1 Local Service Policy	15
3.2.2 Asset Management Plan	15
3.2.3 Policies to be Considered	15
4. Potential Efficiencies and Cost Savings	16
5. Watson & Associates Economists Ltd.....	16
5.1 Company Profile	16
5.2 Project Team Members.....	17
6. Township Staff Resources and Responsibilities.....	19
7. Accessibility	19
8. References	20
9. Project Schedule.....	21
10. Budget	23
11. Project Management.....	25
12. Conflict of Interest.....	25
Appendix A D.C. Methodology	A-1
Appendix B Watson & Associates Economists Ltd.....	B-1
Appendix C Compliance Reporting for Ontario Regulation 453/07	C-1



1. Introduction

The Township of Whitewater Region has requested a proposal to undertake a water and wastewater rate study to update the Township's current rates. In addition, the Township requested a proposal for the preparation of a development charges (D.C.) background study and by-law. The D.C. background study would result in the emplacement of the Township's first D.C. by-law, meeting the requirements of the Development Charges Act, 1997 (D.C.A.), as amended by Bill 73 and Bill 108. As an optional item, a water financial plan to meet the requirements of O.Reg. 453/07 has also been included in this proposal.

2. Water and Wastewater Rate Analysis and Financial Plan

2.1 Study Requirements

In relation to the water/wastewater rate analysis and financial plan, in preparing this proposal, we recognize that the overall objective of this study is to update the current rates to include the most recent information related to capital and operating expenditures, number of customers and their corresponding volumes, lifecycle costing and the corresponding rates which will be imposed on ratepayers.

2.2 Our Perspective on the Water and Wastewater Rate Analysis and Financial Plan

Based upon the requirements for the water and wastewater rate analysis and financial plan, a 10-task work plan has been developed for this study as follows:

- Task #1 Study Start-up;
- Task #2 Data Collection;
- Task #3 Assessment of Volumes/Flows and Customers by Type;
- Task #4 Capital Needs and Financing;
- Task #5 Operating Costs and Lifecycle Planning;
- Task #6 Rate Structure Options Review and Calculations;
- Task #7 Review Calculations and Preliminary Rates with Staff;



- Task #8 Preparation of the Water and Wastewater Financial Plan (Optional – if required);
- Task #9 Report Preparation; and
- Task #10 Presentation of Financial Plan, Water and Wastewater Rates, and Final Report to Council

2.2.1 Study Start-up – Task #1

- Meet/communicate with Township staff to initiate the project and obtain insights into significant changes that have taken place since the previous rate study and financial plan were completed, to confirm all information required for the project purpose and the timelines required to meet the needs of the Township.

2.2.2 Data Collection – Task #2

- Obtain and review historical records on treated water volumes and sewage flows (where available) by system, customer data by type and growth data.
- Obtain and review most current capital and operating budget/forecast information for water and wastewater systems.
- Obtain and review most current information on water and wastewater reserves/reserve funds.
- Obtain and review most current information on existing and anticipated debenture financing related to the water and wastewater systems.
- Obtain and review most current water and wastewater asset inventory including details on asset I.D., location, material type, replacement costs, estimated useful life and asset condition assessments for the water distribution and wastewater treatment/collection infrastructure.
- Obtain and review current water and wastewater rates.
- Confirm any other information required to undertake the study.

2.2.3 Assessment of Volumes/Flow and Customers by Type – Task #3

- Review historical records on treated water consumption and sewage flows by system (where available). The historical volumes/flows records will be classified by class of user to assess volume patterns. These classes may be defined as residential (single vs. multi-residential), commercial, industrial, institutional, etc. (based on current rate structure). Any proposed special classes of customers will



be appropriately justified, and further refinements can be made based on discussions with staff. Review of customers by rate structure will also be undertaken.

- Based on the average volume/flow patterns and customers for above, a water consumption and sewage flow forecast may be developed using the Township's residential and non-residential forecasts from approved documents (Official Plan, master plans, etc.).
- This forecast will also assist in the review of capital needs, possible changes in operating expenditures and provide a basis for future forecasted rates.

2.2.4 Capital Needs and Financing – Task #4

Review with staff and update the capital needs based upon the following:

- Review information required for project purposes and aggregate all existing and future growth capital and renewal/replacement/maintenance/operation items. Prioritize based on discussions with staff.
- Summarize into capital and operating components for existing system replacement needs on a lifecycle cost basis.
- Review the future plans for water and wastewater services and review with staff before proceeding with rate and rate structure determination tasks.
- Review current debt service and capital improvement projects and propose financing action plans for current and future needs.
- Consider alternatives to debt and/or transfers from operating budgets. Evaluation would include other statutory authorities such as development charges, Part XII charges under the Municipal Act, development agreements under the Planning Act, local improvements, regulations, etc.
- Provide for a steady and predictable stream of revenues such that the Township is capable of meeting its financial requirements and recovery of actual costs is ensured.
- In addition, evolving changes which may arise regarding the provincial review of water and sewer systems in Ontario will also be monitored and considered. The recommended rate structure shall take into account requirements of provincial legislation, Drinking Water Quality Management Standard guidelines and any other applicable guidelines or legislation.



2.2.5 Operating Costs and Lifecycle Planning – Task #5

- Review all available operating related information required for project purposes.
- Identify all operating costs and related annual cost components such as maintenance costs, testing, water purchases, engineering/administration, billing/collecting, etc. Review and make recommendations regarding any potential cross subsidy or costs from the tax supported operations to revenue streams supporting the water and wastewater operations.
- Summarize into capital and operating components for existing system replacement/optimization needs and long-term replacement needs on a lifecycle cost basis (existing and/or currently being prepared). Municipal asset inventory information and the current asset management plan will be used for this purpose.
- From the future forecasts identified, assess potential cost implications.
- Ensure that sustainable levels of revenue are available to provide sufficient resources for future rehabilitation and replacement needs.

2.2.6 Rate Structure Options Review and Calculations – Task #6

- Review and assess the current rate structure in place within the Township for both water and wastewater services.
- Assess potential short and long-term risks associated with revenues. In addition, identify new and proposed expenses to water and wastewater and ensure the proposed rates will allow for recovery of costs.
- Based upon the customer forecasts calculated in previous tasks, along with the capital and operating budget forecasts, rate calculations will be undertaken based on the current rate structure (unless the current structure does not provide the Township with sufficient funding).
- In the event a new rate structure is proposed, the benefits of moving from the current structure to this new structure shall be articulated in the final report and recommendations will be made to Staff and Council.
- Ensure that the recommended rate structure provides a balance between equity and fairness for customers, while maintaining a sufficient revenue stream to meet the short and long-term revenue requirements of the Township. Also ensure that the recommended rate structure is easy to administer, understand and communicate to the end users.



- Assess the consistency and align the proposed rate structure and costs with industry practice in Ontario as well as with other neighbouring municipalities.
- Recommendations for future rates that will allow for recovery of actual costs associated with services provided will be submitted to staff.
- The recommended rate structure shall consider the appropriate type and amount of reserves required for the Township's water and wastewater operations.
- Where applicable, justification will be documented including the financial impacts for any new special classes of customers being recommended.
- If the D.C. study process is also awarded and being prepared concurrently with the water and wastewater rate study, the rate calculations may be provided in two scenarios; the rates with D.C. revenues and without D.C. revenues.

2.2.7 Review Calculations and Preliminary Rates with Staff – Task #7

- Review the calculations and preliminary rates with Township Staff prior to preparation of the report.
- Finalize the long-term plans prepared as part of previous tasks for capital (existing system/future) and operating needs from a value engineering and/or long-term life cycle perspective.
- Confirm the calculations and rates to be presented to Council.

2.2.8 Preparation of the Water and Wastewater Financial Plan – Task #8 (Optional – if required)

The rate analysis will form the basis of the water and wastewater financial plan. As part of the compliance reporting for Ontario Regulation 453/07, municipalities are required to prepare “financial plans” along with details of the proposed financial position and operations for water for a minimum of six years. See Appendix C for the items required to complete the financial plan.

The rate analysis is prepared on a "modified" cash accounting basis and provides detailed forecasts of the capital, operating, reserve fund positions and capital asset inventories. In order to prepare the financial plan as prescribed by the Regulation, the information will need to be converted to a full accrual basis as per the following process:

- Step 1 - Calculate Tangible Capital Asset Balance (utilizing the Township's updated PSAB 3150 information)



- Step 2 - Convert Forecasted Operating Statement to Full Accrual Statement of Operations
- Step 3 - Enter Balances for Remaining Items on Statement of Financial Position.
- Step 4 - Use Operating Statement and Statement of Financial Position to Complete Statement of Net debt and Cash Flow
- Step 5 - Verification and Note Preparation

2.2.9 Report Preparation – Task #9

- Prepare the water and wastewater study report in support of the proposed rates as well as the financial plan.
- Provide the documents to staff for review.
- Incorporate feedback gained from staff and finalize the report to submit to the Township.

2.2.10 Presentation of Financial Plan, Water and Wastewater Rates, and Final Report to Council – Task #10

- Prepare a presentation to Council to gain approval of the proposed rates and final report. The presentation will include the most recent information on the legislation surrounding the water and wastewater industry and final rate calculations as well as the financial plan.
- Conduct a survey of current and proposed water and wastewater rates with surrounding and present to Council.
- Ensure the Financial Plan is submitted in accordance with the required deadline with respect to O.Reg 453/07.

3. Development Charge Background Study

We would note that as this D.C. study would be the first in the Township, engagement with Council and relevant stakeholders will be important. Over the past few years, there have been a number of changes to the Development Charges Act which have impacted the study process. These changes have been provided through Bill 73 (2015) and Bill 108 (2019). Watson has been actively involved with a number of municipalities and the Municipal Finance Officers Association in interpreting and analysing the changes to the



legislation. The changes will be incorporated into the Township's study and include the following:

Bill 73:

- Two recent L.P.A.T. (Local Planning Appeal Tribunal – Formerly Ontario Municipal Board) hearings which resulted in decisions regarding the calculation methodology. The methodology must utilize the net growth increment for the service standard analysis and the gross growth increment for the rate calculation. Our approach to the calculation of the charge has always followed the methodology directed by the L.P.A.T./O.M.B.
- With the passage of Bill 73 there are several items that must be addressed throughout the study process. These include mandatory consideration of area-rating, an extended public process, the potential inclusion of new services, inclusion of an asset management plan, extensive requirements regarding the inclusion of transit service, and creating a well-defined local service policy.

Bill 108:

- Changes to eligible services
 - Soft Services will be removed from the DCA and will be considered as part of a new Community Benefit Charge imposed under the *Planning Act* (i.e. parking, outdoor recreation, indoor recreation, library services, etc.)
- Payment in Installments:
 - For rental housing, as well as non-residential developments - will pay their DC in 6 equal annual installments
 - For non-profit housing - will pay their DC in 21 equal annual installments
- When DC Amount is Determined
 - Currently DCs are calculated at the building permit stage. The proposed change would have DCs calculated on the date of the application for Site Plan or zoning amendment
- Community Benefit Charge
 - Municipality may, by by-law, impose community benefits charges against land to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies
 - These services may not include services authorized by the DCA



- The amount of a community benefits charge payable shall not exceed an amount equal to the prescribed percentage of the value of the land as of the valuation date
- The valuation date is the day before building permit issuance
- All money received by the municipality under a community benefits charge by-law shall be paid into a special account
- Transitional provisions are set out regarding the DC reserve funds and DC credits

We would note that as of writing this proposal the sections of Bill 108 that relate to the Community Benefit Charge has not been proclaimed. It is anticipated that the Province will be releasing draft regulations in the next few weeks and will be receiving input from municipalities. The proposed budget provided herein would include a Community Benefit Charge by-law, should the legislation be proclaimed prior to the completion of this D.C. study process.

3.1 Study Requirements

In preparing this proposal, we recognize that the overall objective of this study is to provide funds that will allow the Township to finance the capital works required for development and to permit the Township to grow on a financially sound basis while complying with the new legislated requirements as set out in Bill 73 and Bill 108, mentioned above, and the associated regulations. Thus, the work plan will:

- Review the Township's current policies regarding recovery of capital expenditures from new development and recommend an appropriate D.C. strategy. Strategies regarding recovering costs associated with excess capacity designed to service growth beyond the buildout period will also be examined;
- Review policies with staff, addressing issues such as exemptions, discounting and credits, phase-in strategies and indexing options, as well as credits for various classes of development including but not limited to residential, institutional, commercial, and industrial developments;
- Comply with the requirements of the D.C.A., as amended, and its associated regulation O.Reg. 82/98, as amended. This includes preparing a D.C. background study comprising a forecast of anticipated development, determining eligible services, estimating increased needs for each service, measuring 10-



year historical level of service, developing an asset management plan for projects included in the study and rules for imposing the calculated charges. (Note that under the new changes to the D.C.A., the background study must be released at least 60 days prior to Council consideration of the D.C. by-law);

- Assist the Township in developing a strategy for the Community Benefit Charge rules under the *Planning Act* and in preparing the necessary calculations and by-law, should the new legislation take effect prior to completion of the D.C. study;
- Undertake the statutory public process requirements, including the need to hold at least one public meeting under the provisions of the legislation; and
- Ensure that financing is in place to pay for the services required to accommodate future development in the Township.

With respect to specific requirements for this assignment, we would provide the following:

1. A review of current policies on cost recovery of capital expenditures;
2. Provide policy advice and analysis with respect to:
 - i. The planning period time-horizon for non-discounted services;
 - ii. The local service policy;
 - iii. Special area rates, phasing, and discretionary exemptions;
 - iv. Payment agreements, credits, front-ending agreements and subdivision agreements; and
 - v. D.C. recovery policies and strategies;
3. Work with staff to develop the Township's Local Service Policy, under section 59(2) of the D.C.A. This policy sets out the responsibility of the developer versus what capital works will be included in the D.C. study.;
4. Evaluate various service area options and area rates (area-specific charges) based on geographic areas, development type, duration of the forecast, potential exemption area(s), and potential area-specific charges. Gain Council direction on re-rating as required by the amended D.C.A.;
5. Hold the following six (6) meetings with Township staff and/or Council:
 - i. Start-up meeting to provide staff with information about the project, legislative requirements, and to discuss the study process (in conjunction with the start-up meeting for the water and wastewater study, if applicable);



- ii. Provide a Council Workshop to present an overview of the D.C. legislation, methodology, and policy considerations (to be on the same day as the kickoff meeting);
 - iii. Meet with staff from each department to review historical service standard information, anticipated capital needs and to discuss D.C. policy and other matters;
 - iv. Present preliminary finding to stakeholders to gain feedback on the findings;
 - v. Present the report and proposed rates at a statutory Public Meeting (including a survey of D.C. rates in other municipalities); and
 - vi. Attend a meeting for passage of the final D.C. by-law.
6. Prepare the D.C. background study document for staff input, presenting an analysis of the data collected, a D.C. schedule based on defined calculation methodology, with a sound legal basis, and policy recommendations. Prepare a draft by-law for staff and Council's consideration; and
 7. Be available for the Township as an expert witness at the L.P.A.T. in the event of an appeal (based on a separate budget) and provide post-adoption implementation support.

Further, we would give appropriate consideration to all the matters addressed by the D.C.A., 1997, as amended, including:

- The preparation of growth projections (anticipated development) over 10-year and longer-term forecast periods, based on the Township's Official Plan and any other necessary plans or documents. The growth forecast will address residential, commercial, industrial and institutional development by time period, type, size and general location. Other categories such as occupancy and vacancy may be discussed at project initiation;
- The capital servicing requirements of the anticipated growth. We will meet with individual departments for an in-depth review of capital needs, understanding that changes to the growth forecast will require a change in the level of capital needs;
- The 10-year level of service cap and deductions for benefit to existing development (i.e. property tax or non-D.C. funding), post planning period capacity, excess capacity, grants and other contributions, statutory 10% deduction for particular services, etc.;



- Credits, full or partial exemptions, etc.;
- Collection policies and related administrative matters;
- The long-range capital and operating cost examination, as well as the asset management plan required by the D.C.A., as amended;
- The rules regarding D.C. implementation (e.g. phasing-in, indexing, municipal-wide versus area-specific charges, allocation between class of developments including mixed uses and changes in use);
- Ensure the new D.C.s are easy to understand and administer;
- As per the amended Act, area-rating of charges must and will be considered; and
- Preparation of a D.C. survey of peer municipalities.

Our detailed workplan is provided in Figure 3-1 and our detailed methodology for calculating a D.C. is provided in Appendix A.

Should this proposed work schedule not reflect the work plan anticipated by staff, Watson would be pleased to review and amend as necessary.

**Figure 3-1
Township of Whitewater Region
Proposed D.C. Background Study Workplan**

STUDY STEPS	KEY ELEMENTS
PROJECT MANAGEMENT & GENERAL PROJECT COORDINATION	Upon award, Watson will establish communication between Watson staff and Township staff. We will prepare an internal project management plan that outlines the following: <ol style="list-style-type: none"> 1. Description of detailed work tasks. 2. Detailed schedule with beginning and end dates associated with each task. 3. Deliverables with scheduled delivery dates for draft and final documents associated with each detailed task. 4. Preparation of meeting agendas and minutes for distribution to staff.
1. STUDY START-UP/ TRANSITIONAL ISSUES	1.1 Work program approval. 1.2 Identification of policies and other special issues to be addressed during the study process.



	<p>1.3 A “D.C. Checklist” package sent by Watson to staff which overviews the D.C. process and includes sample Public Meeting notices and Notices of Passage.</p> <p>1.4 Discussion and confirmation of services to be included in the D.C. recovery.</p> <p>1.5 A meeting with staff to review items 1.1 to 1.4 and to provide information on the overall D.C. process. (study start-up meeting).</p> <p>1.6 Present an overview of the legislation, methodology, and policy considerations to Council as part of a Council Workshop.</p>
2. DATA COLLECTION & SERVICE STANDARDS	<p>2.1 Information gathering regarding historical (past 10 yr.) asset inventories, capital budget projections and future capital requirements.</p> <p>2.2 Review long-term debt and identification of existing facility oversizing.</p> <p>2.3 Determination of historical service standard information from each applicable department. The methodology for calculating levels of service and the maximum amount of D.C. funding available will be discussed with staff.</p> <p>2.4 Review of existing and uncommitted reserve fund balances to determine appropriate use/allocations.</p> <p>2.5 Meet with Township Staff to review and update service standard information, capital forecasts, and to discuss issues related to D.C. policy and other pertinent matters.</p>
3. REVIEW OF BACKGROUND MATERIAL	<p>3.1 Review the Official Plan, any necessary master plans, and any other relevant background documents for input into the D.C. study.</p>
4. GROWTH PROJECTION DEVELOPMENT	<p>4.1 Review and incorporate various types of data into the growth forecast including: population and employment trends, building permit data, etc.</p> <p>4.2 Review the current long-term population and employment forecasts prepared for Renfrew County to incorporate into the growth forecast. This will include analyzing factors such as occupancy, vacancy and classes of development.</p>



	<p>4.3 Draft Growth forecast (residential, commercial, industrial and institutional) for timing and location of development.</p>
<p>5. DEVELOPMENT CHARGE CALCULATION AND RULES</p>	<p>5.1 Finalization of the growth forecast based on recommendations through discussions with staff.</p> <p>5.2 Estimation of the costs to meet the increase in the need for service attributable to development, the required works, existing facility oversizing, consistent with not exceeding the ten-year service standard.</p> <p>5.3 Meeting with staff to review capital expenditure information based on information from the Township’s budget and provided by staff.</p> <p>5.4 Analysis of the adjustments required to account for funding discounts, exemptions and waived D.C.s</p> <p>5.5 Calculation of the D.C., based on need for service identified in 5.2, reduced by:</p> <p>5.5.1 Any existing capacity created for which Council did not indicate D.C.’s would be used (at the time the capacity was created).</p> <p>5.5.2 The extent to which existing development would benefit from the increase in service.</p> <p>5.5.3 Anticipated capital grants, subsidies or other contributions in respect of the capital costs.</p> <p>5.5.4 The percentages and capital cost exclusions as designated by the Act.</p> <p>5.6 Development of draft D.C. rules for exemptions, phase-ins, indexing, charges for redevelopment, etc. Discussions will be held with Staff to determine the impacts of potential discounts, exemptions, credits, etc.</p> <p>5.7 Assist the Township in developing a strategy for the Community Benefit Charge rules under the Planning Act and in preparing the necessary calculations and by-law, should the new legislation take effect prior to completion of the D.C. study;</p>
<p>6. LOCAL SERVICE POLICY DEVELOPMENT</p>	<p>6.1 Assist staff in creating the local service policy, as required by the “No Additional Levies” clause in the amendments to the D.C.A.</p>



7. EXAMINATION OF LONG-TERM CAPITAL/ OPERATING COSTS	7.1 Examine the long-term capital and incremental operating costs for capital infrastructure improvements.
8. ASSET MANAGEMENT PLAN	8.1 Prepare an asset management plan to deal with all assets whose capital costs are proposed to be funded under the D.C. by-law and demonstrate that all the assets mentioned in the asset management plan are financially sustainable over their full lifecycle.
9. STAKEHOLDER ENGAGEMENT	9.1 Provide a meeting with relevant stakeholders to solicit feedback on the preliminary calculations and policy considerations.
10. DRAFT D.C. BACKGROUND STUDY	10.1 Determination of preliminary recommendations on categories of services (for reserve fund and credit purposes), by-law commencement date, expiry date, collection timing, etc. 10.2 Preparation of the draft D.C. background study and by-law for Staff review.
11. FINAL DC BACKGROUND STUDY	11.1 Finalize the D.C. background study and by-law to release to the Public as per the requirements of the D.C.A., as amended (60 days prior to by-law passage).
12. PUBLIC MEETING PROCESS	12.1 Advertisement and holding of public meeting. 12.2 Release of D.C. background study and draft by-law. 12.3 Attend and present the study and its findings at the public meeting. 12.4 Receipt and consideration of public submissions.
13. ADOPTION PROCESS	13.1 Provide Staff with by-law(s) and any applicable documents for consideration of Council.
14. IMPLEMENTATION PROCESS	14.1 Collection Policies/Process. 14.2 By-law indexation. 14.3 Reserve fund reporting requirements.

Note: The following provides the process under the DCA and will be modified accordingly for the new Community Benefit Charge legislation.



3.2 Value Added from our Consulting Team

3.2.1 Local Service Policy

As part of Watson's methodology and approach to completing a D.C. study, our firm includes a local service policy in all of our background studies. This states the Township's typical policies regarding the financial responsibility of developers as required through development agreements (i.e. subdivision, site plan, etc.) versus what portion is included in the D.C. The inclusion of a local service policy has become more important as a result of the changes brought forth by Bill 73. A new provision prohibits municipalities from imposing additional payments or requiring construction of a service not authorized under the D.C.A. except as permitted by this Act (e.g. Section 59, "Local Services") or another Act (e.g. Local Improvements under the Municipal Act). Subsection (2) does allow for exceptions if a class of service or development, or an Act is prescribed, however, no provision is made in the Regulations at this time. Watson will work with staff to create the local service policy to reflect the needs of the Township and address potential issues that the Township may face.

3.2.2 Asset Management Plan

To conform to the amendments to the D.C.A. brought about through Bill 73, our firm has developed an approach to asset management that has been accepted in many municipalities. Our firm has assisted in the preparation of numerous D.C. by-laws, which have included the new requirements for asset management. Our firm's senior management team has worked together to develop the methodology to ensure it conforms to the legislation.

3.2.3 Policies to be Considered

The study team will work with the Township to develop policies related to any situations which may arise through implementation of the D.C. by-law. Watson will also provide the Township with current policies other municipalities are embracing in their by-laws related to new types of residential and non-residential development forms arising from increased density targets and develop similar policies for the Township, where necessary. It is noted that Watson retains a database of over 200 municipalities with D.C. by-laws which will demonstrate how various regions across Ontario have dealt with



policies and exemptions. Watson also ensures that legislation and L.P.A.T. decisions are thoroughly reviewed on a regular basis to allow for D.C. background studies to meet all requirements of the Act and other associated guidelines.

4. Potential Efficiencies and Cost Savings

This proposal considers the water and wastewater rate study separate from the D.C. study process. However, if these studies were to be provided concurrently, there will be opportunity for cost savings through combined meetings and meetings on the same day to limit disbursements and the number of separate meetings required. The potential cost savings are provided in the budget information in Section 10.

5. Watson & Associates Economists Ltd.

5.1 Company Profile

Watson & Associates Economists Ltd. is a firm of municipal economists, planners and accountants which has been in operation since 1982. With a municipal client base of more than 250 Ontario municipalities and utility commissions, many of which are long-term repeat clients, the firm is recognized as a leader in the municipal finance/local government field. The firm has a committed twenty-two-person staff that has worked together for many years. The firm's principals have participated extensively as expert witnesses on municipal finance matters at the Local Planning Appeal Tribunal (L.P.A.T.; Formerly the O.M.B.) for over 34 years.

Our firm has undertaken over one-half of the consulting work completed in Ontario in the development charges field during the past decade. In addition to conducting policy studies and co-ordinating by-law preparation and adoption processes, we have carried out numerous special issue studies, provided continuing advice to municipalities on development charges in specific situations and have presented papers on the Development Charges Act at numerous municipal conferences. We have also participated in numerous L.P.A.T./O.M.B. hearings and processes thereon.

In relation to water and wastewater studies we would note that the firm was also retained to participate in the Walkerton Water Inquiry in regard to Issue Papers 14 and 15 (dealing with financial, budgetary and administrative processes of municipal water operations). Several papers were prepared and submitted to the Inquiry along with



participation at two Expert Panel Meetings and presentation to Judge O'Connor on two separate occasions. Since the Walkerton Inquiry, numerous pieces of legislation have been provided by the province and Watson has ensured that all water and wastewater rate studies and financial plans undertaken by the firm are in compliance with the most recent legislative requirements. The firm has worked on numerous rate studies and financial plans for municipalities and public utility commissions across Ontario, including the Township of Whitewater Region.

5.2 Project Team Members

The following staff members are available and are committed to assisting the Township in its preparation of the D.C. background study and water and wastewater rate analysis and financial plan:

Gary Scandlan, BA, PLE, Director, would be the project manager and main contact for all facets of the study process. Mr. Scandlan has been with the firm of Watson & Associates Economists Ltd. since 1989, before which he worked for two Regional municipalities. In regard to the latter, he held senior managerial positions and was directly responsible for long range financial planning, long term rate and tax impact planning as well as all facets of capital financing. He is presently a member of the firm's senior management group, which develops interpretations of legislative requirements, as well as methodologies and formats and determines alternative policy strategies for all facets of the corporate assignments. Mr. Scandlan has undertaken in excess of 350 D.C. studies and 60 water and wastewater rate studies since 1989. Mr. Scandlan has had considerable involvement in the changes being made to the water and wastewater industry in Ontario. Of particular note:

- represented the Ontario Water Works Association (O.W.W.A.), Ontario Municipal Water Association (O.M.W.A.) and Canada Environmental Association (C.E.L.A.) during the Walkerton Inquiry. He prepared several submissions, participated in two expert panels and made presentations to Judge O'Connor on two occasions;
- assisted in the preparation of a formal submission to the Province on behalf of O.W.W.A./O.M.W.A. upon first reading of the Sustainable Water and Sewage Systems Act (S.W.S.S.A.);



- was retained by O.W.W.A./O.M.W.A. to represent the Associations during stakeholder discussions on the Regulations for both S.W.S.S.A. and Safe Drinking Water Act (S.D.W.A.);
- has undertaken numerous lectures on S.W.W.S.A., S.D.W.A. and the Water Opportunities Act, as well as other aspects of the water industry in Ontario on behalf of A.M.O., A.M.C.T.O., A.P.W.A., O.G.R.A./R.O.M.A., O.M.W.A., O.W.W.A./C.W.W.A. and Trent University;
- worked with the Province of Ontario to refine Municipal Act legislation and regulations as it applies to water and wastewater services.

Jamie Cook, MCIP, RPP, PLE, Director, will be responsible for overseeing the preparation of the growth forecast portion of the D.C. Study. Mr. Cook has approximately 18 years' experience in developing economic/fiscal impact studies and economic models across Canada. He is currently a member of the firm's senior management group which oversees all facets of corporate assignments and decision making. Mr. Cook has also defended his work at the L.P.A.T. on several occasions. He is a registered professional planner (R.P.P.), a professional land economist (P.L.E.) and a member of the Economic Developers Council of Ontario (E.D.C.O.).

Nancy Neale, PLE, Manager, would assume responsibility for preparation and completion of the O.Reg 453/07: Water and Wastewater Financial Plan as well as being available for staff meetings. Nancy formerly worked for Halton Region, Milton and Oakville where she was the staff person responsible for D.C.s, financial agreements with developers, capital budgeting and many other related tasks. She joined the firm in 2003 and has and has participated in over 150 D.C. assignments, over 80 water & wastewater rate studies and various financial plans, financial impact assessments and long-term financial plans.

Daryl Abbs, MBE, Senior Consultant, will be responsible for the capital needs review, policy review, staff meetings, calculations, and the compilation and preparation of reports and presentations. Since joining the firm in 2015, Daryl has assisted in gathering and compiling background information for development charge studies, water and wastewater rates & asset management studies and fiscal impact assessments. To date, Daryl has worked on over 50 Development Charge studies and over 10 Water and Wastewater Rate studies. Daryl holds a B.A. (Honours) degree in Economics from McMaster University and a Master of Business Economics from Brock University.



Vladislav Petrov, BA, MA, Analyst, would be responsible for the preparation of the long-term growth forecasts as well as assisting with report writing. He joined the firm in 2017 and primarily works in the areas of demographics and land needs forecasting. Vlad has assisted with data input and analysis in the areas of growth forecasting for D.C. Background Studies and Land Needs Studies. He brings a strong economic background in utilizing analytical and data modelling techniques to prepare research, and experience from both municipal and regional levels of government.

Curriculum vitae and contact information for each of the above individuals are included in Appendix B and can also be found on the company's website www.watson-econ.ca.

6. Township Staff Resources and Responsibilities

The Consultant Team will rely on Township staff to facilitate the gathering and production of Township information that is required during the D.C. Background study and the water and wastewater rate analysis and financial plan preparation process. This will include, at a minimum, historical data to support the 10-year average level of service and information regarding Council-approved future capital requirements (as may be available in the Township's capital budget forecast, staff reports, etc.). For the rate analysis and financial plan, information will be required from Township staff related to current and historical volumes and customers, capital and operating budget/forecast, reserve/reserve fund activity and balances, existing debt, water asset inventory, and other relevant information.

Staff will also be responsible for attending working meetings with the consultant to discuss the rate analysis, financial plan and the D.C. study to provide input and clarification regarding all aspects of the studies, and for advertising, co-ordinating and attending Council meetings and the legislated public meeting for D.C.s, as applicable.

7. Accessibility

Watson is committed to producing accessible documents that comply with Township and A.O.D.A. (Accessibility for Ontarians with Disabilities Act, 2005) guidelines, including adherence to C.N.I.B. (Canadian National Institute for the Blind) Clear Print guidelines. Watson can provide reports as PDF files that pass the Adobe Version 10 Accessibility Checker. However, in cases where complex data tables are being provided as part of our reports, we will discuss any special circumstances with the Township.



Often these complex data tables would be included as a separate appendix in order that they can be separated from the main document when being published in the public domain (e.g. Township website) where accessibility is required.

8. References

Watson has worked extensively over the years on many development charge and water/wastewater rate study assignments. For a complete list of our municipal clients, see Appendix B. We have included the following list of references to highlight our experience in the area:

Town of Arnprior	
Address:	105 Elgin Street West, Arnprior, Ontario
Projects:	2017 Development Charge Background Study and By-law and Water/Wastewater Rate Study
Contact:	Jennifer Morawiec General Manager, Client Services/Treasurer (613) 623-4231 x1820, jmorawiec@arnprior.ca

Town of Renfrew	
Address:	127 Raglan Street South, Renfrew, Ontario
Projects:	2016 Development Charge Background Study and By-law
Contact:	Michel Asselin Director of Development and Works (613) 432-8166 x303, masselin@renfrew.ca

Township of South Frontenac	
Address:	4432 George Street, Sydenham, Ontario
Projects:	2019 Development Charge Background Study and By-law (ongoing)
Contact:	Claire Dodds Director of Development Services (613) 376-3027 x2235, cdodds@southfrontenac.net



9. Project Schedule

We have prepared a detailed work plan for undertaking the D.C. background study and the water and wastewater rate analysis and financial plan. Based on the work plans outlined above, a detailed schedule for the studies is provided in Figure 9-1 below.

Assuming project initiation with the first meeting in the last week of July 2019, the D.C. study process has been designed to provide the Township with a D.C. background study and draft D.C. by-law by December 2019. Final adoption of a D.C. by-law by the Township would be targeted for February 2019. The study is considered to be “complete” for purposes of the legislation at the time of Council approval prior to by-law passage. The study process will also provide the Township with a water and wastewater rate analysis and financial plan by December 2019. The proposed timeline is provided on the basis that all information is provided in a prompt fashion



**Figure 8-1
Township of Whitewater Region
Detailed Timeline by Study Step**

DEVELOPMENT CHARGES BACKGROUND STUDY STEPS	2019							2020	
	July	August	September	October	November	December	January	February	
1 Study Start-up/ Council Workshop (2)*	ST		CW						
2 Data Collection									
3 Review of Background Material									
4 Growth Projection Development									
5 Staff Interviews (1)*			SI						
6 Development Charge Calculation and Rules									
7 D.C. Policy Development									
8 Examination of Long Term Capital/Operating									
9 Asset Management Plan									
10 Stakeholder Meeting (1)*					SK				
11 Prepare Draft Background Study and By-law for staff review						DR			
12 Finalize DC Background Study						FR			
13 Public Meeting (1)*							PM		
14 By-law Passage (1)*								BL	
15 Implementation Process									
16 Project Management									
WATER AND WASTEWATER RATE ANALYSIS & FINANCIAL PLAN STUDY STEPS	2019							2020	
	July	August	September	October	November	December	January	February	
1 Study Start-up (1)*	ST								
2 Data Collection									
3 Assessment of Volumes/Flows/Customers									
4 Capital Needs and Financing									
5 Operating Costs and Lifecycle Planning									
6 Rate Calculations									
7 Review Preliminary Rates with Staff (1)*			SM						
8 Water Financial Plan (O.Reg 453/07)									
9 Report Preparation					FR				
10 Presentation of Rate Study and Financial Plan Reports to Council (1)*						C			
11 Submission of Financial Plan to Province									

(*) Indicates meeting

- BL - By-law Passage
- C - Council Presentations
- CW - Council Workshop

- DR - Draft Report Released to Staff
- FR - Final Report Release Date
- PM - Public Meeting

- SI - Staff Interviews
- SK - Stakeholder Meeting
- SM - Staff Meeting

- ST - Startup Meeting



10. Budget

Based on the work programs identified above, we have provided the budgets for the D.C. study and the water and wastewater rate study processes separately. Our budget estimate to complete the D.C. background study including the public process and report is \$29,900 (exclusive of applicable taxes). Our budget for the water and wastewater rate study process (optional O.Reg. financial plan provided separately) is \$18,000 (exclusive of applicable taxes). However, if these projects were to be awarded and undertaken concurrently, the total estimated budget would be \$45,000 for the D.C. study and water and wastewater rate study. A breakdown of the budget estimate by study step and by individual consultant is presented below.



**Figure 9-1
Township of Whitewater Region
Detailed Budget by Study Step**

Development Charges Background Study and Water and Wastewater Rate Study and Financial Plan Detailed Estimate for Each Major Study Component	Watson & Associates Economists Ltd.					Total Resources
	Gary Scandlan Director	Nancy Neale Manager	Jamie Cook Director	Daryl Abbs Senior Consultant	Vlad Petrov Analyst	
Hourly Rates	\$295	\$210	\$270	\$170	\$130	
Development Charges Background Study & By-law Update						
1 Study Start-up/ Council Workshop (2)*	9	-	-	2	-	11
2 Data Collection	2	-	1	4	1	8
3 Review of Background Material	2	-	-	4	-	6
4 Growth Projection Development	-	-	4	-	10	14
5 Staff Interviews (1)*	9	-	-	5	-	14
6 Development Charge Calculation and Rules	3	-	-	12	-	15
7 D.C. Policy Development	3	-	-	4	-	7
8 Examination of Long Term Capital/Operating	-	-	-	1	-	1
9 Asset Management Plan	-	-	-	1	-	1
10 Stakeholder Meeting (1)*	5	-	-	2	-	7
11 Prepare Draft Background Study and By-law for staff review	2	-	2	8	4	16
12 Finalize DC Background Study	1	-	1	2	2	6
13 Public Meeting (1)*	5	-	-	3	-	8
14 By-law Passage (1)*	5	-	-	3	-	8
15 Implementation Process	-	-	-	4	-	4
Subtotal Number of Hours	46	-	8	55	17	126
Subtotal Fees	\$13,570	\$0	\$2,160	\$9,350	\$2,210	\$27,290
Disbursements (travel, telephone, courier, documents)						2,600
Total Development Charges Fees (excl. applicable taxes)						\$29,900
Water and Wastewater Rate Analysis & Financial Plan						
1 Study Start-up (1)*	6	-	-	2	-	8
2 Data Collection	1	-	-	2	-	3
3 Assessment of Volumes/Flows/Customers	2	-	-	3	-	5
4 Capital Needs and Financing	2	-	-	4	-	6
5 Operating Costs and Lifecycle Planning	2	-	-	5	-	7
6 Rate Calculations	4	-	-	8	-	12
7 Review Preliminary Rates with Staff (1)*	6	-	-	2	-	8
9 Report Preparation	2	-	-	8	-	10
10 Presentation of Rate Study and Financial Plan Reports to Council (1)*	6	-	-	3	-	9
Subtotal Number of Hours	31	-	-	37	-	68
Subtotal Fees	\$9,145	\$0	\$0	\$6,290	\$0	\$15,435
Disbursements (travel, telephone, courier, documents)						2,600
Total Water and Wastewater Fees (excl. applicable taxes)						\$ 18,000
Total Fees for Studies (excl. applicable taxes)						\$ 47,900
*Hours for Meetings include Preparation and travel time Note: Start-up meetings and Council Workshop are to be undertaken on the same days.						
Optional Item: O.Reg. 453/07 Financial Plan						
8 Water Financial Plan (O.Reg 453/07)	-	29	-	-	-	29
Total Hours	-	29	-	-	-	29
Total Fees	\$0	\$6,000	\$0	\$0	\$0	\$6,000

- i. The budget relates to the calculations, report preparation and policy adoption for the D.C. study and the water and wastewater rate analysis (and optional water financial plan). The budget does not cover time should a D.C. appeal occur, or liability for the results thereof. Similarly, advertising and legal costs as required under the D.C.A. have not been incorporated herein. Adjustments have been made for inflation and, in the case of the D.C. study, additional steps under Bill 73.
- ii. If both studies are awarded to Watson, the two studies will involve a joint start-up meeting. The budget also provides for staff interviews, a public meeting and by-law



passage for the D.C. study. Staff meetings are to be held on the same day for the studies where possible. For the water and wastewater studies a meeting to review the draft rates and report has been included. If Township staff wish to have Watson attend additional meetings, we would be available to prepare for and attend at an upset budget of \$2,000 per meeting.

- iii. Out-of-pocket disbursements for travel, long distance, copying and related expenses, are invoiced at cost. Budget does not include applicable taxes.
- iv. Our billings are submitted on a monthly basis for time worked on the project during the previous month. Billings are on a net 30-day basis.
- v. Our estimated budget provides a contingency for unforeseen issues that may arise during the process due to the new requirements of the D.C. legislation.
- vi. The quotation provides for a digital copy of the draft and final reports along with a draft of the D.C. by-law in a form ready for final review by the Township.

11. Project Management

Watson understands how important it is to meet timelines and budget and that the key to success is to develop a thorough schedule and internal project management plan. Given that there is always the potential for unforeseen circumstances during any project, the project team recognizes the importance of a well-crafted project management plan to ensure that unforeseen circumstances can be dealt with quickly and the project remains on time and on budget. In order for Watson to manage its resources effectively for this study, Gary Scandlan, as the project manager, will be responsible for developing and overseeing compliance with the project work plan and ensuring that the Township is informed of all project activities. Mr. Scandlan will be actively involved in all steps of the implementation and execution, will coordinate assignments and will be accessible and responsive to Township staff. On-going project management and client consultation will allow for Watson to effectively manage resources to ensure the project stays on schedule and within budget.

12. Conflict of Interest

Watson confirms that we have no non-municipal clients within the Township and have no conflict of interest with undertaking this study.



We look forward to the opportunity of working with you on this important assignment. Should the above proposal meet your approval, please indicate by signing below and returning a copy for our records.

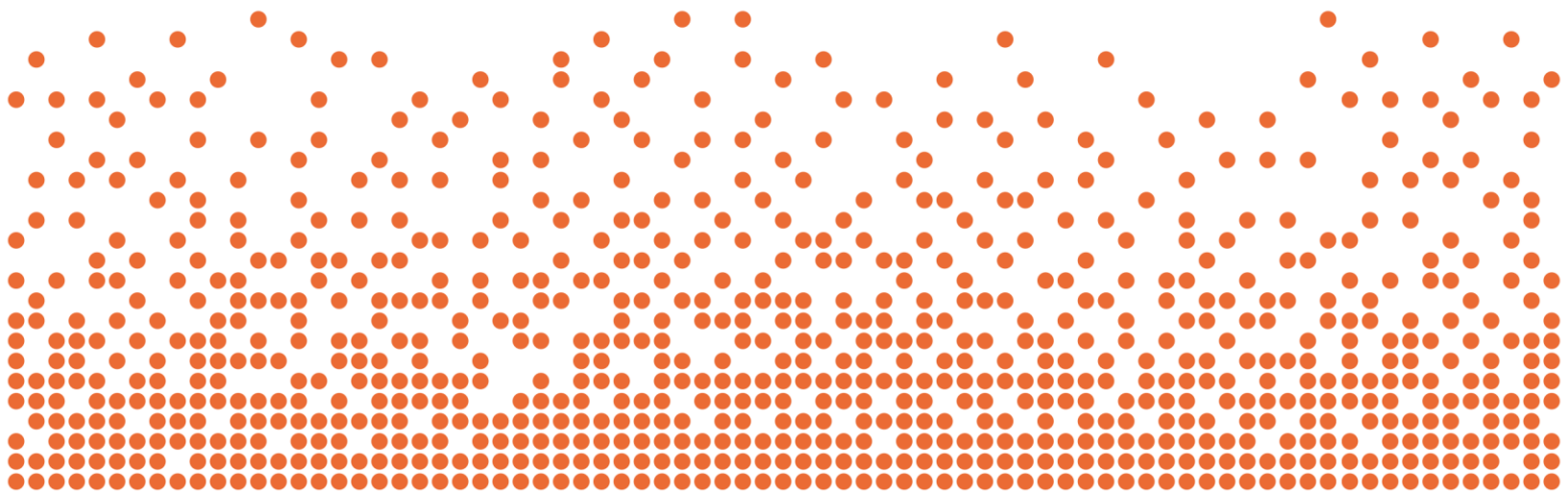
Having read the above proposal from Watson & Associates Economists Ltd., dated July 3, 2019, the Township of Whitewater Region agrees to acceptance of this proposal and to engage Watson & Associates Economists Ltd. Upon the terms set out therein.

Signed: _____

Accepted on behalf of: _____

The Township of Whitewater Region

Date: _____



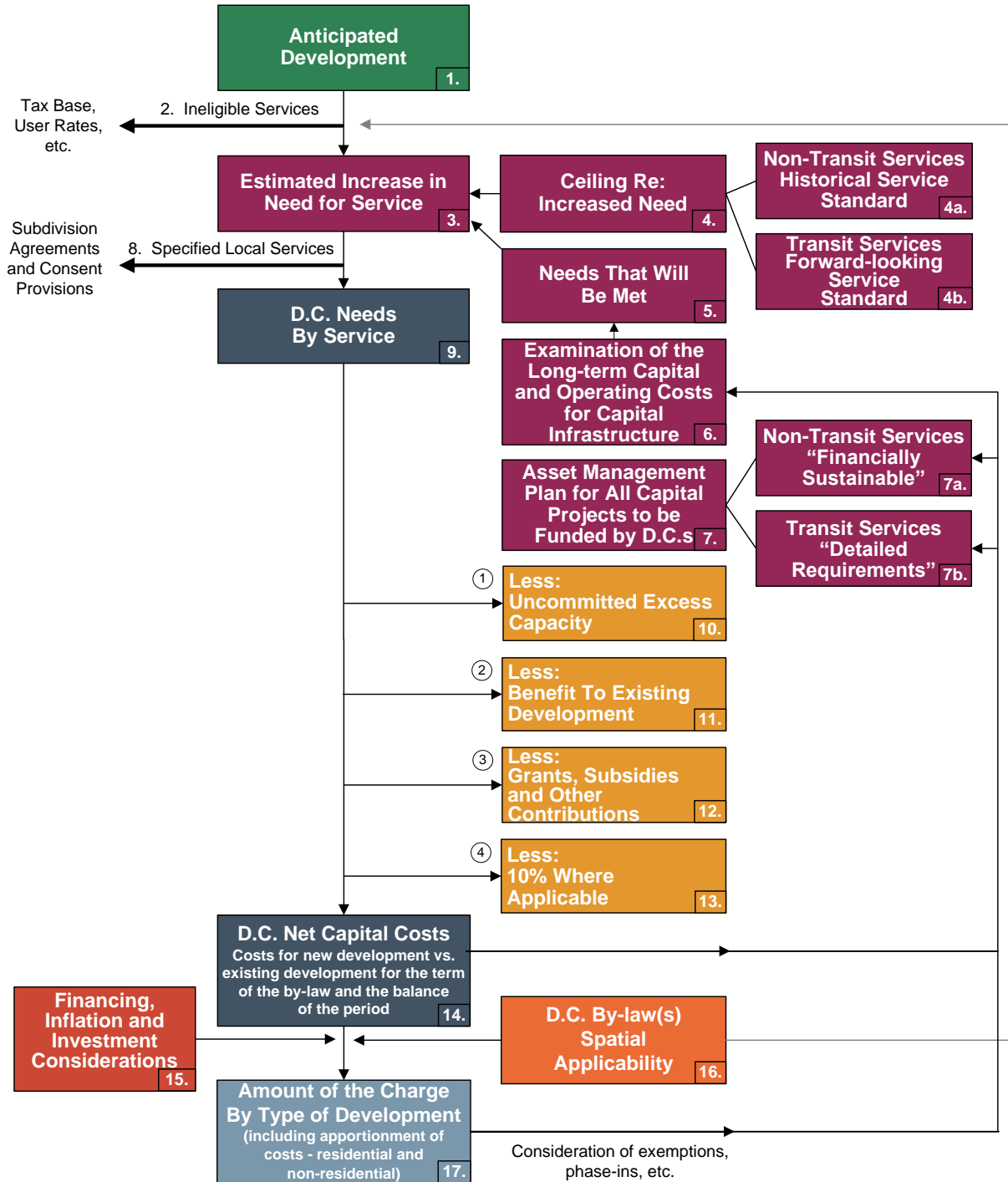
Appendix A

D.C. Methodology



Figure A-1 D.C. Calculation Methodology

The Process of Calculating a Development Charge under the Act that must be followed





The D.C.A. and its regulations, as amended by Bill 73, provides a specified number of steps, which must be undertaken in the calculation of development charge. Figure A-1 illustrates diagrammatically our firm's understanding of the methodology required. A brief discussion is provided below:

Step 1 involves estimating the anticipated amount, type and location of development for which development charges can be imposed. This estimate is needed for the first two five-year periods and then to the end of the planning period. Annual estimates do not appear to be mandatory.

Step 2 involves the exclusion of all ineligible services from the calculation, as any expenditure in this area must be made from the tax base, user rates, etc. The list of ineligible services has been amended and moved from the Act to the regulations. For example, waste diversion services are now an eligible service.

Step 3 requires that “the increase in the need for service attributable to the anticipated development...be estimated for each service” that is involved. This replaces the “growth-related net capital cost” reference in the old Act. This estimate does not appear to require project-specific consideration at this stage as it refers to “need” and not to “project solutions” or the means by which such needs are to be met. It may therefore be appropriate to address it in terms of “service units.” These are the same factors that can be used to measure past and future levels of service in a subsequent step.

Step 4a is to ensure that, for non-transit services (i.e. non-prescribed services), the increase in need included in Step 3 does “... not include an increase that would result in the level of service (for the anticipated development increment) exceeding the average level of that service provided in the municipality over the 10-year period immediately preceding the preparation of the background study. O.Reg. 82/98 (s.4) goes on to indicate that “... both the quantity and quality of a service shall be taken into account in determining the level of service and the average level of service.”

Step 4b relates to transit services, requires a review process which differs from other services. The review process includes following the method and criteria to estimate the planned level of service which includes calculating the level of service based on a forward looking forecast. O.Reg. 82/98 states that all transit services are considered a prescribed service and therefore a detailed review is necessary.



Step 5 requires that for an increase in need to be included in Step 3, Council must indicate that it intends to ensure that such an increase in need will be met, presumably in accordance with the timing periods established in Step 1. Once again, this would appear to be a broad, need-related approval and not necessarily a long-range capital budget approval.

Step 6 calls for an examination of the long-term capital and operating costs for capital infrastructure to be included in the development charge background study and considered by Council before passing a D.C. by-law. Ideally, this information would be available to Council when it takes Step 5, but this does not appear to be a requirement and is dependent on the timing of the steps in the process. Steps 3 and 5 are early steps and Step 6 could occur later.

Step 7a requires an asset management plan for non-transit services (i.e. non-prescribed services) which would include all assets whose capital costs are proposed to be funded under the development charges by-law(s). It must demonstrate those assets are financially sustainable over their full life cycle. The asset management plan must also contain any other information as prescribed in the regulations.

Step 7b requires an asset management plan for transit services that shall include the following:

- A section that sets out the state of local infrastructure;
- A section that sets out the proposed level of service;
- An asset management strategy; and
- A financial strategy.

Step 8 involves removing from the D.C. calculation those kinds of local services for which the municipality can impose directly or indirectly a charge related to a development or a requirement to construct a service related to a development, by way of a condition or agreement under Section 51 or 53 of the Planning Act. It also involves ensuring that appropriate policies are established such that those services are, in fact, addressed subsequently in that fashion and are neither double-counted nor omitted. Under section 59.1 of the amended D.C.A., no additional levies may be charged with regards to new developments except as permitted under the Development Charges Act, as amended.



Step 9 involves detailing the resultant increase in needs. The calculation of the net costs which can be recovered via D.C.'s (Step 13) involves making four separate and additional deductions from the gross costs, as detailed in Steps 9-12.

Step 10 represents a deduction from the increase in the need for service attributable to the anticipated development that can be met using the municipality's excess capacity, other than excess capacity which is "committed," i.e. where Council has indicated a clear intention that it would be paid for by D.C.'s or other similar charges, before or at the time it was created.

Step 11 involves a further reduction to the need, by the extent to which such an increase in service would benefit existing development. The level of service restriction in Step 4 is related, but not the same as this test. This is a potentially difficult adjustment to make, in that it could be argued that almost any new facility would have some impact on, and provide some benefit to, existing development (possibly other than some sanitary, storm, and water works, neighbourhood parks and other works which are highly localized to growth areas).

Step 12 involves reducing the capital costs necessary to provide the increased services (which is the first mention of such costs) by capital grants, subsidies and other contributions made or anticipated by Council and in accordance with various rules as to attribution between the share related to new versus existing development.

Step 13 requires that a flat 10% reduction in capital costs be made for services such as parks, recreation, parking, library, administration facilities not falling into the headquarters for general administration category, as well as the cost of studies, borrowings, rolling stock, furniture and equipment, associated therewith. Note: as per Bill 73, this reduction is no longer required for transit.

Step 14 involves tabulating the total capital costs considered above by service in terms of those that would benefit new development vs. those that would benefit existing development, and in each case, for those that will be incurred during the term of the proposed by-law vs. those which will not. The estimated and actual value of credits being carried forward is to be noted as well.

Step 15 involves increasing the costs set out in Step 13 where debenture debt is required, and a cash flow analysis reveals a net financing cost requirement.



Step 16 involves determining whether all of the subject costs are to be recovered on a uniform municipal-wide basis or whether some or all are to be recovered on an area-specific basis. Under the amended D.C.A., it is now mandatory to “consider” area-rating of services (providing charges for specific areas and services), however, it is not mandatory to implement area-rating.

Step 17 involves relating the costs involved to anticipated development for each period under consideration and using allocations between residential and non-residential development and between one type of development and another, to arrive at a schedule of charges.



Appendix B

Watson & Associates
Economists Ltd.

CORPORATE PROFILE

Watson & Associates Economists Ltd. (Watson) is one of Canada's leading economic consulting firms. Established in 1982, we offer a comprehensive range of fiscal planning and policy services to clients in government and the private sector throughout Ontario and beyond.

Our unique and dynamic team of specialists has assisted clients from over 250 municipalities, utilities and school boards, as well as private industry, and senior levels of government, to frame their financial and economic strategies.

Watson is widely recognized as a leading authority on the fiscal aspects of the municipal government sector. The firm has earned its reputation for quality of analysis, as well as pragmatic and insightful interpretation of the issues we manage. We are well known for achieving results that translate into successful outcomes for our clients.

“We are well known for achieving results that translate into successful outcomes for our clients.”

OUR PHILOSOPHY

At Watson, we firmly believe that professional expertise, wide experience with local issues and the provincial legislative environment, and an understanding of client expectations are the basic fundamentals for analyzing issues and securing the desired results.

With every assignment, we strive to identify the strategies that are best suited to meeting the challenges facing our clients. Since 1982, our integrated team of financial and economic specialists has provided quality research and analytical expertise to clients. In that time, we have built long-term relationships with a broad range of municipal, provincial and school board clients, who value our judgment and advice.

Also, Watson has numerous working relationships with major law firms, planning and engineering companies, with whom we also work on multi-disciplinary assignments.

“We strive to identify the strategies that are best suited to meeting the challenges facing our clients.”



OUR SERVICES

We offer our clients a broad range of economic forecasting and financial planning services to help them plan for their future. Our main areas of specialization include:

MUNICIPAL, SCHOOL BOARD AND UTILITY FINANCIAL POLICY STUDIES

- Financial and economic impact assessment for major projects and new development areas
- Municipal capital and operating budget policy
- User rate studies (i.e. water, wastewater, stormwater, solid waste, development processing and building permits)
- Long range planning for school accommodation
- Asset management and PSAB
- Water and wastewater financial plans (O.Reg.453/07)

DEVELOPMENT CHARGE POLICY

- Municipal, utility and education development charges, including research and calculation of the charge, by-law adoption process, expert witness testimony, front-end financing, subdivision agreement links and implementation matters

DEVELOPMENT MARKET AND DEMOGRAPHIC FORECASTING STUDIES

- Forecasts, feasibility studies and land needs assessment for a variety of land uses
- Population, household, non-residential space and employment forecasts
- Growth management studies

SERVICE MASTERPLANNING AND ECONOMIC ASSESSMENT

- Assessment of long-term service needs
- Present value costing and financial affordability evaluation for major undertakings
- Property value impact and compensation policy
- Business, employment and other economic impacts

LOCAL GOVERNMENT RESTRUCTURING AND GOVERNANCE

- Assessment of options and strategies
- Service evaluation and financial impact analysis
- Benchmarking and performance measurement
- Asset and liability distribution
- Ward boundary reviews

Our goal is to do the very best for our clients. We are determined to produce outstanding results by taking advantage of the most appropriate computer modelling, analytical techniques and up-to-date databases and research available. At Watson, our vision is to continue to strive for excellence. We endeavour to go beyond our clients' expectations of service and establish ourselves as the leading provider of top-quality economic consulting services in our selected markets.

Gary Scandlan, BA, PLE

Managing Partner and Director, Municipal Finance



Gary supports about 150 municipalities across Canada in economic, local government and planning matters.

In 2001, Gary had considerable involvement in the Walkerton Inquiry, and has since been working with 70 municipalities to establish water and wastewater rate structures that will ensure financial sustainability.

Gary often authors articles and presents on matters relating to the Development Charges Act, revenue alternatives to taxation, privatization of municipal services, municipal financial planning, and full cost pricing of water and wastewater services.

He frequently appears before the Ontario Municipal Board and other tribunals on behalf of municipalities.

EDUCATION

1985

Completed 9 courses towards attaining a Certified Management Accountant designation.

1978, McMaster University

Bachelor of Arts, Economics

EMPLOYMENT HISTORY

Current

Managing Partner and Director, Watson & Associates Economists Ltd.

- Carries co-responsibility for the firm's municipal sector practice.
- Managing studies related to development charges, local government finance and restructuring, financial operations and policy, asset management and lifecycle costing, and industrial market and economic forecasts.

1984-1989

Manager of Economic Analysis and Policy Development, Halton Region

- Handled capital budgets, debt, cash and reserve management, banking relations, credit rating, financial and economic studies, and financial and security requirements on new development.

Plaza Three
101-2000 Argentia Rd.
Mississauga, Ontario
L5N 1V9

Office: 905-272-3600
Fax: 905-272-3602
www.watsonecon.ca




Watson
& Associates
ECONOMISTS LTD.



EMPLOYMENT HISTORY cont'd

1983-1984

Capital Budget and Debt Management Analyst, Halton Region

- Led the areas of debt management, credit rating, work in progress accounting control, year-end financial statement preparation, debenture issues, and provincial capital grant application and audit.

1978-1983

Supervisor of Grants and Cash Management and Supervisor of Capital Programs, Regional Municipality of Hamilton-Wentworth

- Supported the areas of debt, cash and reserves management, payroll, accounts receivable, provincial grants, banking relations, capital budget, work in progress accounting control, local improvements, credit rating and debenture issues.

PROFESSIONAL CERTIFICATIONS

- Professional Land Economist (PLE)

PROFESSIONAL AFFILIATIONS

- Member, Municipal Finance Officers' Association of Ontario
- Member, Ontario Public Works Association
- Member, Ontario Water Works Association
- Member, Toronto Association for Business and Economics

EXPERTISE

- Asset management/PSAB
- Demographics and land needs studies
- Developer/cost sharing
- Development charge hearings/post development charge by-law
- Development charge studies
- Feasibility and business case studies
- Financial and economic impact
- Municipal financial planning and policy
- Municipal restructuring/annexations
- Municipal service master planning and environmental assessments
- Ward boundary reviews
- Waste management
- Water and sewer rate studies

Jamie Cook, MCIP, RPP, PLE

Managing Partner and Director, Land Economics



Jamie is a land economics and land use planning consultant. During his career, he has worked for both the private and public sectors in a variety of positions with increasing responsibility.

Over the past two decades with Watson, Jamie has been a key player in developing the firm's expertise in several core areas, including demographics, growth management, employment lands needs, economic impact analysis, real estate market analysis and municipal finance.

In addition to his technical expertise, Jamie has an extensive background in the policy and legislative framework surrounding municipal finance and planning matters.

Throughout his career, he has developed wide-spread experience working with numerous public sector clients in both urban and rural locations across Canada in the above-mentioned core areas.

In 2018, Jamie and Jack Ammendolia, Director of Education at Watson, developed the Research, Data Collection & Analysis course for Seneca's Sustainable Planning & Development program. The course is foundational for students interested in starting or advancing a career in sustainable land-use planning and community development.

EDUCATION

1999, Queen's University

Master of Urban and Regional Planning, Land Use and Real Estate, Environmental Planning and Management

1997, British Columbia Institute of Technology

Select Courses in Geographical Information Systems (GIS) and AutoCAD

1996, University of Guelph

Bachelor of Environmental Science (Honours), Natural Resource Management, Resource and Environmental Economics

Plaza Three
101-2000 Argentia Rd.
Mississauga, Ontario
L5N 1V9

Office: 905-272-3600
Fax: 905-272-3602
www.watsonecon.ca




Watson
& Associates
ECONOMISTS LTD.



EMPLOYMENT HISTORY

Current

Managing Partner and Director, Watson & Associates Economists Ltd.

- Carries responsibility for the firm's land economics practice.
- Involved in the preparation of municipal, utility and school board development charge studies.
- Participates in industrial and commercial market forecasting studies and municipal financial impact analysis, including research, report writing and computer modelling.

Part-Time Faculty, Seneca College, York University Campus

- Research, Data Collection & Analysis course for the Sustainable Planning & Development program.

1999-2000

Policy Advisor, Ministry of Municipal Affairs & Housing

- Analyzed and advised the Office for the Greater Toronto Area and the Minister's office on issues related to land-use planning, municipal infrastructure, telecommunications and regional economic competitiveness.
- Completed research studies, briefing notes, Minister's responses and cabinet submissions related to GTA-wide issues.

1998

Planning Assistant/GIS Specialist, Natural Resources Canada, Strategic Planning Division

- Assisted in the development of an intranet-based facilities management GIS for Natural Resources Canada's nation-wide real property.

1997

Planning/GIS Technician, Regional Municipality of Halton Region, Planning & Public Works Department

- Assisted municipal planners and engineers with mapping services regarding regional land-use planning, environmental services and transportation projects.

PROFESSIONAL CERTIFICATIONS

- Canadian Institute of Planners (CIP)
- Professional Land Economist (PLE)
- Registered Professional Planner (RPP)



PROFESSIONAL AFFILIATIONS

- Member, Canadian Institute of Planners
- Member, Economic Developers Council of Ontario
- Member, Lambda Alpha International Society of Land Economists
- Member, Ontario Professional Planners Institute

EXPERTISE

- Development charges
- Economic impact of development
- EDC growth forecasts
- Employment lands strategies
- Enrolment projections and demographic studies
- Growth management/MCR/OP, secondary plan growth forecasts
- Intensification studies
- Municipal competitiveness
- Municipal financial planning and policy
- Office market studies
- Retail market studies
- Ward boundary reviews

Daryl Abbs, BA (Hons), MBE

Senior Consultant



Daryl advanced quickly from Analyst to Senior Consultant after joining Watson in 2015. He currently supports his team and clients in the areas of municipal finance, development charges, water and wastewater rate studies, and fiscal impact assessments.

Daryl's experience and education have equipped him with a strong acumen in municipal finance, statistical analysis and forecasting techniques.

EDUCATION

2014, Brock University
Master of Business Economics

2011, McMaster University
Bachelor of Arts (Honours), Economics

EMPLOYMENT HISTORY

Current

Senior Consultant, Watson & Associates Economists Ltd.

- Focused on municipal finance, development charges, water and wastewater rate studies and fiscal impact assessments.

2014

Junior Analyst, Labour Market and Socioeconomic Information Directorate, Service Canada

- Analyzed economic trends in the Ontario labour market and reported on potential occupational outcomes.
- Updated the economic "environmental" scan for Ontario, analyzing various federal, provincial and local economic trends.



EMPLOYMENT HISTORY cont'd

2013

Co-op Student, Recreation and Community Services, City of St. Catharines

- Facilitated and monitored the “New Trees” planting program.
- Managed the administration requirements for the Urban Forestry Advisory Committee meetings.

2012-2013

Teaching Assistant, Economics Department, Brock University

- Conducted tutorials and review sessions for introductory, intermediate, advanced and MBA programs; graded exams and assignments.

EXPERTISE

- Asset Management/PSAB
- Development charges
- Feasibility/business case studies
- Financial and economic impact of development
- Municipal financial planning and policy
- Water and sewer rate studies

Nancy Neale, PLE

Manager



Since joining Watson in 2003, Nancy has worked on numerous water and wastewater rate studies, development charge studies and fiscal impact studies.

Nancy has extensive experience in municipal budgeting and development. In her previous roles, she was responsible for the capital budget process, development charge studies, municipal debt, growth-related analysis, coordination and implementation of special financial agreements, and lifecycle modelling.

EDUCATION

2003, AMCTO

Municipal Administration Program

1997

Completed nine courses towards attaining a Certified General Accountant Designation

1987, Mohawk College of Applied Arts and Technology

Accounting program, with a major in Accounting and Finance

EMPLOYMENT HISTORY

Current

Manager, Watson & Associates Economists Ltd.

- Focuses on development charge studies, and water and wastewater rate studies.

1999-2003

Capital Development Analyst, Town of Milton

- Managed the capital budget processes, municipal debt, development charge studies, reserves, growth-related analysis, coordination and implementation of special financial agreements, lifecycle models and financial requirements of the Building Permit system.



EMPLOYMENT HISTORY cont'd

1992-1999

Capital Analyst, Town of Oakville

- Compiled the capital budget and nine-year forecast, prepared capital variance analysis and reports, and coordinated capital debt requirements.
- Reviewed grant applications.

1990-1992

Development Charges Analyst, Town of Oakville

- Focused on the administration and implementation of the development charges by-law; oversaw financial commitments on development agreements, securities and insurance.
- Assisted with analysis and preparation of development-related studies.

1987-1990

Development Clerk, The Regional Municipality of Halton

- Implemented the Water and Wastewater Master Servicing and Financing Scheme, which serviced two local municipalities.
- Managed securities, lot levy audit model, collection and allocation of lot levies on land severance and condominium applications.

PROFESSIONAL CERTIFICATIONS

- Professional Land Economist (PLE)

PROFESSIONAL AFFILIATIONS

- Member, Association of Ontario Land Economists

EXPERTISE

- Asset management/PSAB
- Developer/cost sharing
- Development charge studies
- Feasibility and business case studies
- Financial and economic impact
- Municipal financial planning and policy
- Municipal service master planning and environmental assessments
- O.Reg. 453/07 Financial Plans
- Water and sewer rate studies

Vladislav Petrov, BA, MA

Analyst



Vlad joined Watson in 2017 with a strong economic background and familiarity with both the municipal and regional levels of government. His experience has allowed him to use analytical and data modelling techniques to research, develop and implement various projects.

Vlad's capabilities make him an asset to Watson and our clients, in the areas of demographics and land needs forecasting.

EDUCATION

2016, Ryerson University

Master of Arts, International Finance and Economics

2015, Ryerson University

Bachelor of Arts, International Economics and Finance

EMPLOYMENT HISTORY

Current

Analyst, Watson & Associates Economists Ltd.

- Supports the areas of demographics and land needs forecasting.

2017

Economic Development Intern, Halton Region

- Managed data initiatives including economic database updates, key sector and industry cluster studies, trend analysis, data enquiry response and quarterly economic reports.

Business Consultant, FreshInsights Consulting

- Led three successful projects including a go-to market strategy, tactical growth plan and product development recommendation.



EMPLOYMENT HISTORY cont'd

2016-2017

Economic Analyst, Burlington Economic Development Corporation

- Managed the economic and market analysis to support the successful development and implementation of BEDC's Strategic Plan.

2015-2016

Graduate Assistant, Ryerson University

- Conducted tutorials and held office hours in the areas of Microeconomics and Engineering Economics; invigilated and graded exams.

2014-2015

Assistant Business Analyst, Cancer Care Ontario

- Collaborated with multiple stakeholder groups and departments to gather and document project requirements and analyze data for the delivery of Business Requirements Documents.

EXPERTISE

- Development charges
- Employment lands strategies
- Growth management studies
- Intensification studies
- Municipal competitiveness
- Municipal comprehensive reviews
- Office market studies
- Official plan reviews
- Retail market studies
- Secondary plan growth forecasts
- Ward boundary reviews

Development Charge Client List Re the Establishment of Charges Under the D.C.A., 1997, 2003-2019

REGIONS

Durham
Halton
Niagara
Peel
Waterloo
York

COUNTIES

Brant
Dufferin
Haldimand
Lanark
Norfolk
Northumberland
Oxford
Prince Edward
Renfrew
Wellington

CITIES

Barrie
Belleville
Brantford
Brockville
Burlington
Cambridge
Cornwall
Cumberland
Guelph
Hamilton
Kanata
Kawartha Lakes
Kingston
London
Niagara Falls
North Bay
Orillia
Oshawa
Ottawa
Owen Sound
Pickering
Port Colborne
Quinte West
Richmond Hill

CITIES (Cont'd)

St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Thorold
Timmins
Toronto
Waterloo
Welland
Woodstock

DISTRICTS

Muskoka

MUNICIPALITIES

Bluewater
Brighton
Central Elgin
Chatham-Kent
Grey Highlands
Lambton Shores
Leamington
Middlesex Centre
North Grenville
North Middlesex
North Perth
Port Hope
South Bruce Peninsula
South Huron
Thames Centre
Trent Hills
Trent Lakes
West Elgin

TOWNS

Ajax
Amherstburg
Arnprior
Aurora
Aylmer
Bradford West Gwillimbury
Caledon
Cobourg

TOWNS (Cont'd)

Collingwood
East Gwillimbury
Erin
Essex
Fort Erie
Georgina
Grand Valley
Gravenhurst
Grimsby
Halton Hills
Huntsville
Ingersoll
Kingsville
Lakeshore
LaSalle
Lincoln
Milton
Minto
Mississippi Mills
Mono
Niagara-on-the-Lake
North Perth
Oakville
Orangeville
Pelham
Petawawa
Petrolia
Renfrew
St. Marys
Saugeen Shores
Shelburne
South Bruce Peninsula
Tecumseh
Tillsonburg
Wasaga Beach
Whitby
Whitchurch-Stouffville

TOWNSHIPS

Adjala-Tosorontio
Blandford-Blenheim
Cavan Monaghan
Centre Wellington
Clearview

TOWNSHIPS (Cont'd)

East Luther Grand Valley
East Zorra-Tavistock
Frontenac Islands
Guelph/Eramosa
Hamilton
King
Madawaska Valley
Malahide
Mapleton
Melancthon
North Dumfries
Norwich
Oro-Medonte
Puslinch
Russell
Severn
Smith-Ennismore-Lakefield
South Frontenac
Southgate
South-West Oxford
Southwold
Springwater
Tay
Tiny
Uxbridge
Wainfleet
Wellesley
Wellington North
West Lincoln
Wilmot
Woolwich
Zorra

VILLAGES

Casselman
Dundalk
Point Edward

OTHER

Bradford West Gwillimbury PUC
Chatham-Kent PUC
Essex Union Water Board
GO Transit - GTA/Hamilton



Client List

Municipalities

Adjala (Adjala-Tosorontio)	Dover	Harwich	New Tecumseth
Ailsa Craig	Drayton	Hastings	Newbury
Ajax	Dufferin County	Hawkesbury	Niagara Region
Algonquin Highlands	Dundalk	Hornepayne	Niagara Falls
Alliston	Dundas	Huntsville	Niagara-on-the-Lake
Amaranth	Durham Region	Huron County	Niverville (Manitoba)
Amherstburg	East Garafraxa	Huron Elgin	Norfolk County
Ancaster	East Gwillimbury	Ingersoll	North Bay
Arkona	East Luther (East Luther Grand Valley)	Innisfil	North Dorchester
Arnprior	East Williams	Iroquois Falls	North Dumfries
Arthur	East York	Kanata	North Glengarry
Aurora	East Zorra-Tavistock	Kawartha Lakes	North Grenville
Aylmer	Edmonton (Alberta)	Kearney	North Lambton
Bagot and Blythfield	Eldon	Kent County	North Middlesex
Bancroft	Elgin County	Kincardine	North Perth
Barrie	Elmvale	King	North Plantagenet
Bath	Elora	King-Nobleton	North York
Bayham	Emily	Kings County (Nova Scotia)	Northumberland County
Belleville	Ennismore	Kingston (City)	Norwich
Black River-Matheson	Eramosa	Kingston (Township)	Oakville
Blandford-Blenheim	Erin	Kingsville	Onondaga
Bluewater	Ernestown	Kitchener	Ops
Bosanquet	Essa	Lakeshore	Orangeville
Boyd Island	Essex (Town)	Lambton Shores	Orillia (City)
Bracebridge	Essex County	Lanark County	Orillia (Township)
Bradford	Etobicoke	LaSalle	Oro-Medonte
Bradford West Gwillimbury	Fenelon	Laxton, Digby & Longford	Osgoode
Brampton	Fenelon Falls	Leamington	Oshawa
Brandon (Manitoba)	Fergus	Leduc County (Alberta)	Otonabee
Brant County	Flamborough	Leeds and Grenville	Ottawa
Brantford	Forest	Leeds and the Thousand Islands	Ottawa-Carleton
Brighton	Fort Erie	Limerick	Owen Sound
Brock	Fort Frances	Lincoln	Oxford County
Brockville	Fort Saskatchewan (Alberta)	Lindsay	Parkhill
Brooke-Alvinston	Frontenac Islands	London (City)	Parkland County (Alberta)
Burford	Frontenac County	London (Township)	Parry Sound
Burleigh & Anstruther	Galway and Cavendish	Loyalist	Peel Region
Burlington	Gananoque	Lucan	Pelee Island
Caledon	Georgian Bay	Machin	Pelham
Calgary (Alberta)	Georgina	Madawaska Valley	Pembroke
Cambridge	Glanbrook	Malahide	Penetanguishene
Carling	Gloucester	Mapleton	Perth
Casselman	Goulbourn	Mariposa	Petawawa
Cavan Monaghan	Grand Bend	Markham	Petrolia
Central Elgin	Grande Prairie (Alberta)	McDougall	Pickering
Central Huron	Grand Valley	McGillivray	Pittsburgh
Centre Hastings	Gravenhurst	McNab	Plympton-Wyoming
Centre Wellington	Greater Napanee	Meaford	Point Edward
Champlain	Grey County	Melancthon	Port Colborne
Chandos	Grey Highlands	Metropolitan Toronto	Port Hope
Chatham	Grimsby	Middlesex Centre	Port Severn
Chatham-Kent	Guelph (City)	Midland	Prescott & Russell
Chatham (Township)	Guelph/Eramosa	Milton	Prince Albert (Saskatchewan)
Clarence-Rockland	Guelph (Township)	Minto	Prince Edward County
Claresholm (Alberta)	Haldimand County	Mississauga	Prince George (British Columbia)
Clarington (Newcastle)	Haldimand-Norfolk	Mississauga Library Board	Puslinch
Clearview	Halifax (Nova Scotia)	Mississippi Mills	Quinte West
Cobourg	Halton Region	Mono	Ramara
Cochrane	Halton Hills	Montague	Red Rock
Colborne	Hamilton (City)	Moosonee Dev. Area Board	Regina (Saskatchewan)
Collingwood	Hamilton (Township)	Morris	Renfrew (County)
Cookstown	Hamilton Region C.A.	Muskoka District	Renfrew (Town)
Cornwall	Hamilton-Wentworth	Muskoka Lakes	Richmond Hill
Cumberland	Hanover (Manitoba)	Nepean	Rideau Lakes
Deep River	Harvey	Newmarket	Ritchot (Manitoba)



Municipalities (Cont'd)

De Salaberry (Manitoba)	Sioux Lookout	The Blue Mountains	Welland
Deseronto	Smiths Falls	Thedford	Wellesley
Rockland	Smith-Ennismore-Lakefield	Thorold	Wellington County
Rockcliffe Park	Southampton	Thunder Bay	Wellington North
Rocky View County (Alberta)	South Bruce Peninsula	Thurlow	West Carleton
Romney	South Frontenac	Tilbury North	West Elgin
Russell	Southgate	Tillsonburg	West Garafraxa
St. Albert (Alberta)	South Huron	Timmins	West Lincoln
St. Catharines	South Stormont	Tiny	Westminster
St. Clair	Southwest Middlesex	Toronto	West Nissouri
St. Marys	South-West Oxford	Toronto Transit Commission	Westport
St. Thomas	Southwold	Tottenham	West Williams
St. Vincent	Springwater	Trent Hills	Whitby
Ste. Anne (Town) (Manitoba)	Stoney Creek	Trent Lakes	Whitchurch-Stouffville
Ste. Anne (Rural Municipality) (Manitoba)	Storrington	Trenton	Whitewater Region
Sarnia	St-Pierre-Jolys (Manitoba)	Uxbridge	Wilmot
Saugeen Shores	Stratford	Vanier	Windsor
Sault Ste. Marie	Strathcona County (Alberta)	Vaughan	Winnipeg
Scarborough	Strathroy-Caradoc	Verulam	Wood Buffalo (Region) (Alberta)
Scugog	Sudbury Region	Vespra	Woodland Beach
Seguin	Sudbury (City)	Victoria County	Woodstock
Selwyn	Taché (Manitoba)	Wainfleet	Woolwich
Severn	Tay	Warwick	Yellowknife (NWT)
Shelburne	Tecumseh	Wasaga Beach	York Region
Sidney	Temiskaming Shores	Waterdown	York (City)
Simcoe County	Thames Centre	Waterloo (City)	Zorra
	The Archipelago	Waterloo Region	

Water Boards and Utilities

Aylmer Secondary Water Supply System
Bradford West Gwillimbury P.U.C.
Chatham-Kent P.U.C.
Collingwood Utilities Services
Elgin Area Primary Water Supply System
Essex Union Water Board
Lakefront Utilities Services Inc.

Lake Huron Primary Water Supply System
Lambton Area Water Supply System
Peterborough Utilities
Port Burwell Secondary Water Supply System
St. Thomas Area Secondary Water Supply System
Union Water Supply System
Windsor Utilities Commission

School Boards

Algoma District School Board
Algonquin and Lakeshore Catholic District School Board
Avon Maitland District School Board
Bluewater District School Board
Brant Haldimand-Norfolk Catholic District Board
Bruce Grey Catholic District School Board
Catholic District School Board of Eastern Ontario (52)
Conseil de district du Centre Sud-Ouest (58)
Conseil scolaire de district catholique de l'Est Ontarien (65)
Conseil scolaire de district catholique Franco-Nord (60.2)
Conseil des écoles publiques de l'Est de l'Ontario (59)
Conseil scolaire de district des écoles catholiques de Sud-Ouest (63)
Conseil scolaire de district catholique Centre-sud (64)
Conseil scolaire de district catholique du Centre-Est de l'Ontario (66)
Dufferin-Peel Catholic District School Board
Durham Catholic District School Board
Durham District School Board
English Language School Board of Prince Edward Island
Grand Conseil de la Nation Waban-Aki and Aboriginal Affairs and Northern Development Canada
Grand Erie District School Board
Greater Essex County District School Board
Halton Catholic District School Board
Halton District School Board
Hamilton-Wentworth District School Board
Hamilton-Wentworth Catholic District School Board
Hastings Prince Edward District School Board
Kawartha Pine Ridge District School Board
Kenora Catholic District School Board
Lakehead District School Board
Limestone District School Board
London District Catholic School Board
Near North District School Board
Niagara Catholic District School Board
District School Board of Niagara
Nipissing Parry Sound Catholic District School Board
Ontario Association of School Business Officials
Ottawa-Carleton Catholic District School Board
Ottawa-Carleton District School Board
Peel District School Board
Peterborough Victoria, Northumberland and Clarington Catholic District School Board
Renfrew District School Board
Simcoe County District School Board
Simcoe-Muskoka Catholic District School Board
Sudbury Catholic District School Board
Sudbury District School Board
Thames Valley District School Board
Thunder Bay Catholic District School Board
Toronto Catholic District School Board
Toronto District School Board
Upper Grand District School Board
Waterloo District School Board
Wellington Catholic District School Board
Windsor Essex Catholic District School Board
York Catholic District School Board
York Region District School Board



Federal and Provincial Agencies

Aboriginal Affairs and Northern Development Canada
(Department of Indian and Northern Affairs)
Agriculture and Food
Canadian Forestry Service
Consumer and Corporate Affairs Canada
Economic Development and Tourism
Environment and Energy - Fiscal Planning and Information
Management Branch
Essex Region Conservation Authority
Finance
GO Transit
Government Finance Officers' Association (British Columbia)
Greater Toronto Area Co-ordinating Committee
GTA Task Force
Interim Waste Authority
Metropolitan Toronto Conservation Authority

Ministry of Correctional Services, Nova Scotia
Ministry of Transportation
Municipal Affairs - Planning & Research
- Municipal Finance
- Community Planning
- Local Govt. Organization
Natural Resources Canada - Siting Task Force Secretariat
Northern Affairs
Northwest Territories, Dept. of Local Government
Nova Scotia Solicitor General's Dept.
Ontario Hydro
Ontario Land Corporation
Ontario Power Generation Corp.
Ontario Realty Corporation
Waterloo Region Review Commission

Associations and Corporations

Ace Aviation
Algoma Central Properties Inc.
AMCTO
APPEAL
Araz Developments Inc.
Armbro Enterprises Inc.
Bank of Montreal
BILD
Canadian Environmental Law Association
CNR Real Estate Division
Canadian Parking Association
Canadian Salt Company
Campeau Corporation
Commemorative Services of Ontario
Consumers' Gas
Coral Inn
ESRI
Fletcher's Meadow Landowners' Group
George Wimpey Canada Limited
Georgian Homes
The Goldman Group
Golf Glen Terraces Ltd.
Grand Oak Group
H.H. Angus
Halton U.D.I. Chapter
Hamilton-Wentworth Homebuilders
Highland Hamlet Inc.
Inducon
Kanata West Landowners Group
Kitchener-Waterloo Homebuilders
Lexlaw Investments Ltd.
Mattamy Homes
J.K. McLennan Developments Ltd.
Manitoba Hydro
Metrus Properties

Milac Holdings Limited
Multi-Area Developments Inc.
Municipal Electric Association
Municipal Finance Officers Association
100 Main Street
Niagara Home Builders Association
Ontario Environmental Law Association
Ontario Forest Industries Association
Ontario Ground Water Association
Ontario Homebuilders' Association
Ontario Hospital Association
Ontario Lumber Manufacturing Association
Ontario Municipal Water Association
Ontario Restaurant Hotel and Motel Association
Ontario Water Works Association
Orlando Corporation
Oshawa Transit
Parking Authority of Toronto
Philip Environmental Inc.
Queensville Properties
The Sorbara Group
Stinnes Enerco Inc.
Swallow Glen Ltd.
Tim Donuts Ltd.
Torchin Group
Toronto Homebuilders Assoc.
Unireco Industries Inc.
Urban Development Institute
Vesta Management
Waste Diversion Ontario
Wat-Cha Farms
Wescast Industries
Western Excavators
Wycliffe Homes
737156 Ontario Ltd.



Planning and Engineering Firms

Acres
AECOM
Ainley & Associates
R.V. Anderson
Andrew, Thompson & Assoc. Ltd.
Aquafor Beech Ltd.
BluePlan Engineering Consultants Limited
Burnside Engineering
CH2M Hill Engineering
Cosburn Patterson Wardman Limited
CRA
Cushman & Wakefield Ltd.
Delcan
Deloitte, Haskins & Sells
Dillon Consulting Limited
Earth Tech (Proctor & Redfern)
Ecological Services for Planning Ltd.
EDA Collaborative
Fenco MacLaren Inc.
Fotenn
Gamsby and Mannerow Engineers
Gartner Lee Ltd.
Giffels Associates Limited
Gore & Storrie Limited
IBI
IMC Consulting Group Inc.

iTrans
Jagger Hims Limited
Jean Monteith and Associates Limited
John Bousfield Associates Limited
The Jones Consulting Group Ltd.
Keir Consultants
KMK Consulting
Landmark Planning Associates Inc.
Macauley Shiomi Howson
MacViro
Malone, Givens, Parson
Meridian Planning Consultants
Miller, O'Dell Planning Associates Inc.
Moore/George Associates Inc.
Page & Steele, Architects, Planners
Philips Engineering Ltd.
Resource Integration Systems Ltd.
Senes Consultants Limited
SPR Associates Inc.
The Butler Group
Stantec
Totten Sims Hubicki
Triton Engineering Ltd.
Young & Wright Architects
Walker, Nott, Dragicevic Limited

Law Firms

Aird & Berlis
Bell, Baker
Blake, Cassels & Graydon
Borden & Elliot
Brooks, Harrison, Mann & Associates
Burgar, Rowe
Canadian Environmental Law Association
Cunningham, Swan, Carty, Little & Bonham
Davies and Company
Davies Howe Partners
Gloria J. Epstein & Associates
Fasken Campbell Godfrey
Feehely, Gastaldi & Hayes
Gardner, Roberts
Goodman & Goodman
Graham, Wilson & Greene
Grant & Acheson
Hinnegan & Babcock
Howell, Fleming
Hughes, Amys
Lampard, Ellis
Lang, Michener, Lash & Johnston

McCarthy Tétraut
McMillan, Binch
Miller Thomson
Morris, Rose, Ledgett
O'Connor MacLeod
Osler, Hoskin & Harcourt
Overland LLP
Pearson, Flynn, Sturdy & Lennox
Pensa and Associates
Perry & Outerbridge
Reble, Ritchie
Ross & McBride
Russell, Christie, Miller & Koughan
Siskind, Cromart, Ivey & Dowler
Stiver, Vale
Sullivan Mahoney
Templeman, Menninga
Thompson Rogers
Wardlaw, Mullin, Carter & Thwaites
Waterhouse, Holden, Amey, Hitchon
Weir & Foulds
Willms & Shier

Non-profits and Community Organizations

Bruce Grey Child & Family Services
Burlington Economic Development Corporation
Community Foundation Grey Bruce
Conservation Halton
Credit Valley Conservation



Development Charges (DC)

Background

Development charges (DC) and related policies concerning cost-sharing, special area charges, and subdivider emplacements are all ways of enabling municipalities to grow in a functional and financially sound manner.

The physical growth of municipalities requires significant investment in infrastructure. Much of that investment comes in the form of DCs collected from the developers of new urban subdivisions, as well as infill development.

Development charges must be potentially justified to, and approved by, the Local Planning Appeal Tribunal (LPAT, formerly known as OMB), if appealed. Watson & Associates provides a proven approach to municipalities to enable them to qualify to collect these charges.

Expertise

With recent LPAT (OMB) decisions requiring a level of detailed demographic analysis and given the mandatory asset management reporting requirement now associated with the Act, Watson brings the combined expertise which most other consultants cannot bring to these types of studies.

We have assisted more than 100 municipalities, most on multiple occasions, in moving successfully through the calculation and consultation process, as part of putting a by-law and funding scheme in place



Expertise cont'd

In recent years, our role has also been directed toward:

- establishing workable capital financing approaches, which integrate DC revenue with the necessary general fund contributions;
- devising sound exemption policies as part of an economic development strategy, downtown renewal scheme or the promotion of intensification; and
- updating and amending by-laws, to stay current with increased municipal cost responsibility as a result of environmental and other increased requirements.

As part of the implementation process, Watson also provides ongoing advice and assistance to municipalities with respect to policy interpretations, amendments, and reserve fund questions.

Team

Our DC policy specialists include:

- Gary Scandlan, Managing Partner & Director
- Andrew Grunda, Managing Partner & Principal
- Jamie Cook, Managing Partner & Director
- Barb O'Connor, Manager, Studies
- Erik Karvinen, Manager
- Nancy Neale, Manager
- Peter Simcisko, Manager
- Sean-Michael Stephen, Senior Project Coordinator
- Byron Tan, Senior Consultant
- Brad Post, Senior Consultant
- Daryl Abbs, Senior Consultant
- Elizabeth Bang, Senior Consultant
- Matt Bouroukis, Consultant
- Stephen Monrad, Consultant
- Tina Chitsinde, Analyst
- Lynn Duong, Analyst
- Vlad Petrov, Analyst
- Adam Fischer, Analyst
- Ray Hariharan, Analyst



Water and Wastewater Financial Plans

Background

Financial Plan Reporting Under Safe Drinking Water Act

On August 16, 2007, the Ministry of the Environment passed O.Reg. 453/07 under the Safe Drinking Water Act, which requires the preparation of financial plans for water (and wastewater) systems. Generally, the financial plan:

- is to be completed and submitted by the later of July 1, 2010 or six months after approval of a water licence;
- will be for 6 years or longer; and
- is mandatory for water, and “encouraged” for wastewater.

Reporting to the Province will be on an accrual basis consistent with PSAB reporting requirements.

The following steps must be taken in preparing the financial plan:

- Analyze the immediate capital needs for infrastructure replacements.
- Analyze growth-related needs and how to finance them.
- Develop lifecycle replacement costs for longer term (up to 80 years) infrastructure needs, including how much money should be reserved.
- Assess the costs of the water and sewer systems, including operating, inflation, growth, capital and debt carrying charges.



Background cont'd

Subsequently, Ontario introduced the Water Opportunities Act, which will replace the present regulation and expand its requirements to include wastewater and storm water services. The provision of this Act will require:

- an asset management plan for the physical infrastructure;
- a financial plan;
- a conservation plan;
- an assessment of risks that may affect delivery of the service; and
- strategies for maintaining and improving the municipal service.

Implementation of the Water Opportunities Act is expected in conjunction with the asset management assessments being undertaken for the Infrastructure for Jobs and Prosperity Act.

Expertise

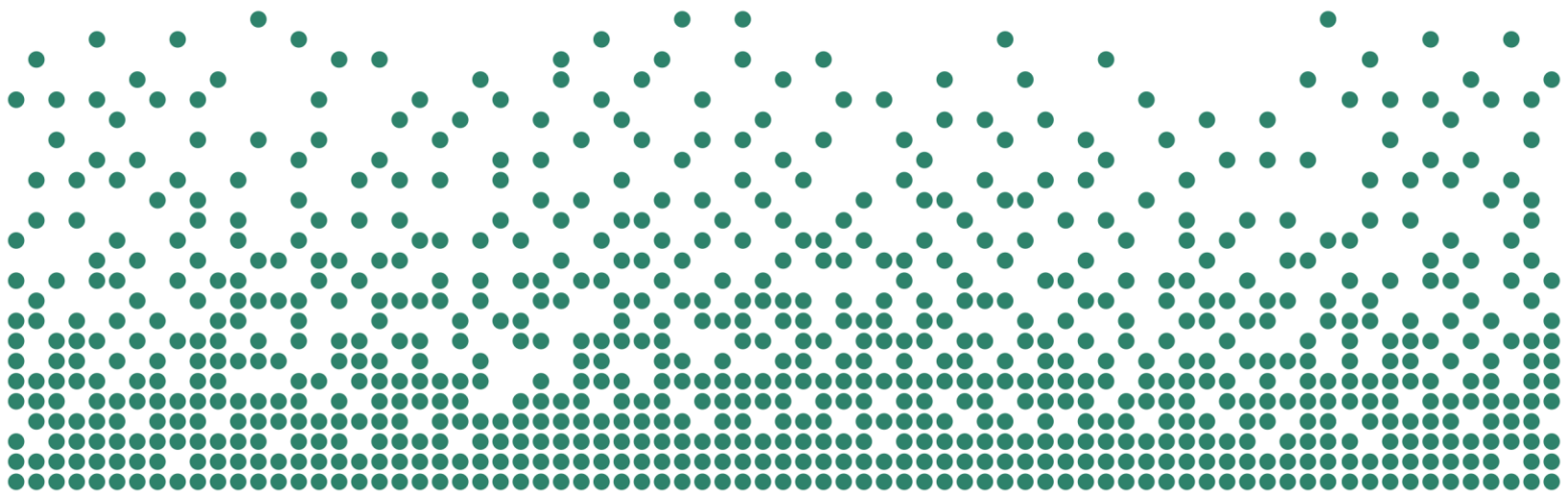
Protecting our drinking water supplies and safety is critical to the health of our municipalities and communities.

Having executed related assignments for almost 100 municipalities, we have the demonstrated knowledge to develop a financial plan that will meet or exceed the Province's requirements. Watson is committed to monitoring developments in this field.

Team

Our water and wastewater financial plans specialists include:

- Gary Scandlan, Managing Partner & Director
- Andrew Grunda, Managing Partner & Principal
- Nancy Neale, Manager
- Peter Simcisko, Manager
- Sean-Michael Stephen, Senior Project Coordinator
- Byron Tan, Senior Consultant
- Daryl Abbs, Senior Consultant
- Matt Bouroukis, Consultant
- Stephen Monrad, Consultant
- Tina Chitsinde, Analyst
- Navreet Bains, Analyst
- Ray Hariharan, Analyst



Appendix C

Compliance Reporting for
Ontario Regulation 453/07



Appendix C – Compliance Reporting for Ontario Regulation 453/07

1. Legislative Background

- 1.1. On August 16, 2007, the Province of Ontario approved Ontario Regulation 453/07 which requires all Ontario municipalities who provide water services to prepare financial plans as “a key step in the long-term stability for municipal residential drinking water systems”.

The financial plan is part of the required documents to be filed as part of the Township obtaining its license to operate water systems. While the plans are mandatory for water systems, similar plans are encouraged for wastewater systems. The financial plan is to be completed by the later of July 1, 2010 and the date that is six months after the first license is issued.

- 1.2. As per ss.3.1.4 of the Regulation, the financial plan for existing water systems must include information on:

1.2.1. Proposed/Projected Financial Position

- Total financial assets
- Total liabilities
- Net debt
- Non-financial assets (tangible capital assets, supplies, prepaid expenses)

1.2.2. Proposed/Projected Financial Operations

- Total revenues, including water rates, user charges and other revenues
- Total expenses, including amortization expenses, interest expenses and other expenses
- Annual surplus or deficit
- Accumulated surplus or deficit

1.2.3. Proposed/Projected Cash Flow

- Cash used/generated in operating transactions
- Cash used/generated in capital transactions
- Cash used/generated in investing transactions
- Cash used/generated in financing transactions



The financial plan for new water systems must include information from only 1.2.1 above.

- 1.3. The financial plan shall be for a period of at least six years but longer planning horizons are encouraged. The financial plan will be submitted to the Minister of Municipal affairs and will need to be undertaken every five years.

2. Approach

The required reporting categories described in section 1 above are consistent with the presentation of financial statements as per section 1200 of the Canadian Institute of Chartered Accountants Public Sector Accounting Board Handbook. This requires the reporting of Tangible Capital Assets (PSAB 3150) and full accrual accounting.

Watson's Water and wastewater rate analysis for the Township will form the basis of the financial plan. The study is prepared on a "modified" cash accounting basis and provides detailed forecasts of the capital, operating, reserve fund positions, capital asset inventories, future consumption volumes and rate calculations. In order to prepare the financial plan as prescribed by the Regulation, the information contained in the study will need to be converted to a full accrual basis as per the following process:

2.1. Calculate T.C.A. balance

- Use historical cost and accumulated amortization provided by Township, if available, to determine current year N.B.V.
 - If not available, use inventory records and Watson Deflator Study to calculate historical cost and accumulated amortization up to the year prior to the first forecast year
- Calculate amortization expense on existing inventory for each year of the forecast period
- Calculate disposals for each year of forecast period
- Using the capital needs forecast, calculate annual amortization expense for assets to be acquired
- Calculate total annual amortization for each year of forecast period
- Combine the historical cost, accumulated amortization, amortization expenses calculated above and record N.B.V. of T.C.A. on Statement of Financial Position



2.2. Convert forecasted operating statement to full accrual Statement of Operations

- Transfer all revenue and expense accounts to prescribed Statement of Operations
- Bring in non-T.C.A. expenses previously included in capital budget (i.e. expenses related to various studies)
- Add accrued revenues (i.e. development charges)
- Eliminate all capital expenditures
- Eliminate principal payments on debt (interest expense remains)
- Eliminate all transfers to/from reserves
- Deduct amortization expense
- Add gains/losses from disposal of assets (if applicable)
- Deduct write-offs (if applicable)

2.3. Enter balances for remaining items on Statement of Financial position

- A/R, Inventory, o/s debt (principal only)
- Cash may be a calculated value (from cash flow statement)
- Forecasted numbers are generated from current Water/Wastewater Study (capital, new debt, debt repayment, D.C. reserve balances) and previous steps

2.4. Use operating statement and statement of financial position to complete statement of net debt and cash flow

- Statements of Cash Flow and Net Debt will be derived based on Statements of Operations and Financial Position
- Cash will be a calculated value over the forecast period but opening balance will be based on actual/ending balance for year before first forecast period
 - “Actual” balance will either be provided by Township or approximated based on ending reserve balances
- Opening net debt position will be a calculated figure
- Endeavour to get additional information on:
 - Gains/Losses on Disposals
 - Write-downs
 - Acquisition/consumption of supplies inventory
 - Acquisition/use of prepaid expenses

2.5. Verification and Note Preparation

- Verify that statements are in balance by ensuring that:
 - Accumulated Surplus/Deficit on Statement of Financial Position should equal Accumulated Surplus/Deficit on Statement of Operations



- Net Financial Assets/Debt on Statement of Financial Position should equal Net Financial Assets/Debt on Statement of Operations
- Ending cash position from Statement of Cash Flow should equal ending (Total) reserve balances from continuity statements
- Document assumptions used in reporting conversion process and provide notes where necessary.