



CORPORATE SERVICES

Staff Report

REPORT NO: COR-2024-16

TO: Council

SUBMITTED BY: Dan Elliott, Interim Treasurer and Chief Financial Officer

PREPARED BY: Dan Elliott, Interim Treasurer and Chief Financial Officer

REVIEWED BY: Sharon Chambers, Chief Administrative Officer

DATE: March 25, 2024

SUBJECT: Notice of Award of Contract – Development Charges Background Study and Bylaw Preparation

RECOMMENDATION:

THAT Report COR-2024-10 Notice of Award of Contract – Development Charges Background Study and Bylaw Preparation be received for information; and

THAT the budget for Capital Project number 2024-50 be increased by \$5,616 funded by Development Charges reserve fund; and

THAT the contract for the coordination and preparation of a Development Charges background study and new bylaw be awarded to Watson & Associates Economists Ltd in the amount of \$35,000 plus taxes.

SUMMARY:

A Development Charge Background Study and a new Development Charges (“DC”) bylaw must be prepared in accordance with legislation each five years or less. Our current development charges bylaw expires August 31, 2024, and cannot be extended. Only a full background study and development industry consultation can support a new DC bylaw and new rates. Without a replacement bylaw, development charges will no longer be collectible following the expiry of the existing bylaw.

BACKGROUND:

The use of consultants for the coordination and preparation of a DC Background Study and updated bylaw is widespread in Ontario, particularly for smaller lower-tier municipalities such as Wilmot Township. While there are many smaller consulting firms, there are primarily two major players in this space, with Watson being one of the two.

Frequently, these contracts are single sourced to the same consultant who prepared the prior study due to the complexities of the legislation, and the local knowledge gained in the last study, and data sets and models already built by the consultant.

A DC Background study includes review and update of residential and non-residential growth in the recent past and into the future forecasts and bringing that information together with recent and future infrastructure and other costs required to facilitate and support that growth.

Ultimately, a new bylaw with updated DC rates will be prepared, to maximize the allowable cost recovery from developers for the costs of growth. Unfortunately, due to legislative changes, the phrase “growth should pay for growth” no longer rings as true as it once did due to recent amendments to the DC Act and regulations. Existing Wilmot taxpayers will be required to fund a larger share of growth through funding of DC exemptions, and cost allocations which “benefit existing taxpayers”.

Staff have authority to award this contract on a single-sourced basis within the procurement bylaw in the circumstances, however, there is currently insufficient budget available to meet the quotation.

REPORT:

For 2024, given the time constraints, Finance staff requested a quotation for the work from our existing DC consultants, Watson & Associates Economists Ltd. They have completed several past background studies for the municipality, as well as assisting with ongoing DC matters and development applications as required.

Given the complexities of recent changes to the DC legislation, regulations, and requirements, it is beneficial to the Township to bring back the existing consultants for the 2024 update process.

Their last fee quotation was \$30,000 for work in 2020/21, and with the legislative changes and the growth challenges ahead for Wilmot, it makes sense to award the contract sole source to Watson at their quoted price of \$35,000.

The project must complete by August 31, 2024, and already timing is going to be a challenge to get this project completed by that time. Council final approval will be required before August

31, and public consultation must happen prior to that date, with a draft background study publicly released for review 60 days prior to the Council meeting. Council will be updated in late June prior to the 60-day consultation period.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

Updating the DC bylaw, and not allowing the existing DC bylaw to expire without replacement demonstrates responsible governance and municipal management, in line with the Strategic Plan.

FINANCIAL CONSIDERATIONS:

The 2024 Capital Budget contains a provision for \$30,000 for this background study. Accordingly, to award this contract, a budget amendment needs to be approved to bring the budget in line with the quotation. The quotation is for \$35,000 plus HST, and is higher than expected by staff, due to the complexities of recent legislation changes. When including the non-refundable portion of HST, the budget needs to be amended to \$35,616, an increase of \$5,616 to be sourced from DC reserve fund.

Without the additional funding, the project cannot commence, and a DC background study delivered on time will be unlikely from another consultant with a lower cost estimate.

ATTACHMENTS:

None