



June 13, 2023

Regional Chair John Henry and Members of Council
Regional Municipality of Durham
605 Rossland Road East
Whitby, Ontario
L1N 6A3

Sent via email to Regional Clerks at Clerks@durham.ca

RE: Regional Municipality of Durham

Special Meeting of Regional Council Agenda

**REPORT #2023-F-13 – FINAL RECOMMENDATIONS REGARDING THE NEW
REGIONAL DEVELOPMENT CHARGE BY-LAW**

2023-06-14

The Building Industry and Land Development Association (BILD) is in receipt of the June 14th Special Meeting of Regional Council agenda where the final recommendations regarding the new Regional Development Charge by-law are to be brought forward for adoption.

To start, BILD would like to extend our appreciation to Regional staff for meeting with our members and consultants throughout this review. We would also like to acknowledge the attached correspondences shared with Regional staff that allude to the concerns of BILD and the Durham Region Homebuilders Association (DRHBA) as it relates to the proposed development charges background study and by-law.

Unfortunately, a large majority of the concerns outlined in our shared correspondences remain unaddressed by the Region. **As such, BILD remains concerned with the lack of justification to support the proposed increases to the Region's DC By-law.**

As your community building partners, we appreciate the opportunity to submit this correspondence. Should there be any questions please contact the undersigned.

Kind regards,

Victoria Mortelliti, MCIP RPP
Senior Manager, Policy & Advocacy
BILD

CC: BILD & DRHBA Review Team
Stacey Hawkins, DRHBAA
Mary Simpson, Durham Region
Paula Tenuta, BILD
Members of BILD & DRHBAA



The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. Its 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.



May 5, 2023

Mary E. Simpson

Director of Risk Management, Economic Studies & Procurement Division
Regional Finance Department
Regional Municipality of Durham
605 Rossland Road East
Whitby, Ontario, L1N 6A3

RE: *2023 Durham Region Development Charges Review*

BILD Comments

The Building Industry and Land Development Association (BILD) submits this correspondence as part of the Region of Durham's 2023 Development Charges Review update.

Throughout this review, BILD has been working in partnership with the Durham Region Homebuilders Association (DRHBA). We thank staff for meeting with our respective members at a joint BILD and DRHBA meeting on April 6th where Regional staff provided a high-level overview of the proposed changes. Following this meeting, BILD and DRHBA submitted a series of memorandums to the Region by our jointly-retained consultants from Altus Group and SCS Consulting. For ease of reference, those correspondences are attached hereto.

We acknowledge that the Region continues to have follow-up meetings with our consultants as we are still working to understand the justification for these alarming increases.A

As your community building partners, we look forward to our continued consultations as we review this work in its entirety.

Kind regards,

Victoria Mortelliti, MCIP, RPP
Senior Manager of Policy and Advocacy

CC: BILD's Review Team
 Stacey Hawkins, DRHBA
 Paula Tenuta, MCIP, RPP – BILD
 Members of the BILD Durham Chapter

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated

with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.

April 24, 2023

Memorandum to: Victoria Mortelliti, BILD
Stacey Hawkins, DRHBA

From: Daryl Keleher, Senior Director
Altus Group Economic Consulting

Subject: Durham Region DC
Our File: P-7014

Altus Group Economic Consulting was retained by BILD and Durham Region Home Builders' Association (DRHBA) to review the Region of Durham's 2023 Development Charge Background Study. This memorandum presents the questions and comments stemming from our initial review.

CHANGES TO PROPOSED DC RATES

The Region's residential DC rates (per single-detached unit or per "SDU") are proposed to increase by 108% or \$41,065 per SDU. The non-residential DC rates are proposed to increase by 49% for industrial, and 70-71% for commercial and institutional. The rates shown in Figure 1 below do not include GO Transit or Regional Transit DC rates.

In year one of the Region's forthcoming DC by-law, the DC rates will be 80% of the calculated DC rate, which would equate to \$63,226 per SDU.

Current and Full Proposed DC Rates, Durham Region

Service	Current	Full Proposed	Change	% Change
<i>Dollars per Single-Detached Unit</i>				
Water	12,342	26,117	13,775	112%
Sewer	12,013	23,858	11,845	99%
Regional Roads	12,119	26,998	14,879	123%
Regional Police	936	977	41	4%
Long Term Care	312	548	236	76%
Paramedic	246	441	195	79%
Waste Diversion	-	94	94	n.a.
Total	37,968	79,033	41,065	108%
Non-Residential DC Rates				
Commercial	24.25	41.48	17.23	71%
Industrial	13.10	19.51	6.41	49%
Institutional	12.66	21.56	8.90	70%

Source: Altus Group Economic Consulting based on Durham Region 2023 DC Background Study

QUESTIONS AND COMMENTS

Household, Population and Employment Forecasts

- 1) Each of the Region's 2018 and 2023 DC studies use a 10-year forecast. Compared to the 10-year forecasts in the 2018 DC Study, the forecasts in the 2023 DC Study are 30% lower as expressed on a Gross Population basis, 26% lower on a SDE basis, but only 12% different on a Net Population basis, suggesting that more than half of the decrease is due to significant changes in the forecast change in existing unit population.

Given the above observations (and table below), we have the following questions:

- a. What is the basis for the Existing Unit Population Change over a 10-year period falling from a decline of 68,454 persons in the 2018 DC Study to a decline of just 15,577 persons?
- b. That the Region saw less housing built than forecast causing existing PPUs to decline more slowly is only an indication of pent-up demand for new housing, not indicative of a reduced demand for housing going forward, and people remaining in their existing homes for longer than forecast (young adults, etc.). Have the calculated BTEs been estimated to account for the increased usage of Regional infrastructure from existing homes compared to what was forecast in the 2018 DC Study?
- c. Given that the forecast population growth over the 10-year period is 26-30% lower than in the 2018 DC Study, how has the Region adjusted the scope and funding allocations made in the DC Study between in-period growth and post-period growth? What projects have been delayed or have seen increased funding allocation to post-period benefit?

Figure 1

10-Year Forecast Element	2018 DC Study	2023 DC Study	% Change
Single-Detached Equivalent Units	With Seaton: 72,667 SDE (Table A-11)	With Seaton: 54,016 SDE (Schedule 2c)	With Seaton: -26%
	Without Seaton: 57,884 SDE (Table A-11)	Without Seaton: 43,396 SDE (Schedule 2c)	Without Seaton: -25%
Net Population Growth	With Seaton: 182,955 persons (Table A-4)	With Seaton: 161,913 persons (Schedule 2)	With Seaton: -12%
	Without Seaton: 132,600 persons (Table A-4)	Without Seaton: not shown	

Gross Population in New Units	With Seaton: 251,409 persons (calculated) Without Seaton: 200,275 persons (calculated)	With Seaton: 175,874 persons (Schedule 2) Without Seaton: not shown	With Seaton: -30%
Existing Unit Population Change	With Seaton: -68,454 persons Without Seaton: -67,675 persons (difference between Gross and Net populations shown above)	-15,577 persons (Schedule 2)	

- 2) The PPU assumption of 3.29 persons per unit for singles/semis, which is based on the 20-year historic average does not appear to correspond with the data shows on Schedule 9 of Appendix A, where the respective averages across the four five-year periods are 3.50, 3.53, 3.41 and 3.26, which if they were uniformly distributed would equate to an average PPU of 3.43. The Schedule 8B shows the average based on 20 years, but Schedule 7 shows the 3.286 average calculated based on a 25-year average. Can the Region's consultant clarify what the intended horizon was for calculating PPUs?

Maintenance Facilities

- 3) The 2018 DC Study included \$55.7 million for various maintenance facilities and vehicles, as distributed across the Roads, Water and Sewerage DCs. The 2023 DC Study increases this provision to \$157.7 million (not including costs attributed to Seaton).
- Can the detail behind these capital works be provided, and why the provision for these facilities has increased significantly?

Roads

- 4) Item O.2 shows a stand-alone line item of \$1.8 million for Property Acquisitions, appearing to indicate that each individual road project would have land acquisition costs embedded within the gross costs of each line item.
- Can the Region provide a breakdown of how much assumed property acquisition costs have been included in the gross capital costs, on a project-by-project basis?
 - What land values have been assumed?
 - If the Region receives land via dedication for a DC eligible project for which land acquisition costs have been assumed, will the Region provide a DC credit for the dedication?
- 5) Can the Region provide a breakdown of contingency costs and other adjustments made to base capital cost assumptions?

- 6) Can the rationale for the 0% BTE for several realignment projects be provided?:
- a. project Item 17.1 – Realignment of Regional Road 17 (North of CPR to Concession Rd. 3) including the Widening from 2 to 3 Lanes;
 - b. project 22.8 – Bloor Street - Construct new alignment to 4 lanes, with new CPR grade separation and bridge crossing of Farewell Creek.
 - c. Project 28.4 – Peter Matthews Drive – Construct new alignment to 2 lanes

Water Supply

- 7) There are several projects that involve the demolition of an existing facility and replacement with a new facility for which no BTE is allocated:
- a. Project #301 for a New Liberty St. Zone 1 Reservoir and Demolish Existing Elevated Tank has a capital cost of \$18.7 million, however no costs are allocated to BTE;
 - b. Project #311 for a New Zone 1 Reservoir including Demolition of Existing Reservoir has a capital cost of \$22.5 million with no BTE allocation;
 - c. Can the rationale for the lack of BTE be provided?

By comparison the expansion of the Newcastle WSP (project #310) which includes the demolition of the existing plant has a BTE of 34.5%.

- 8) Why would project #600 (new well for Cannington) have no BTE, but additional water storage for Cannington (project #605) has a BTE of 25%?
- 9) What is the nature of project #700 – “Allowance for Private Well Interference”?
- 10) In total, the gross costs of \$1,679,732,000 are reduced for Post Period Benefit by only \$103,955,000, or 6.2%. Is the expectation that the capacity being constructed to 2033 will utilize 93.8% of the built capacity included in the DC capital program?

Sanitary Sewerage

- 11) For project #500 – Uxbridge WPCP – Optimization Study and Upgrades, can the rationale for assigning none of \$10.6 million in costs to existing development be provided?
- 12) What are the nature of the modifications being done for project #201 (“Modifications at Corbett Creek WPCP), and should those costs be assigned a consistent amount of Post-Period Benefit (57%) as the expansion of the Corbett Creek WPCP (project #200)?
- 13) There are numerous ‘twinning’ projects which are presumably being planned in-part to provide redundancy to existing sewers, but for which no BTE has been assigned:
- a. Project 103 – YDSS – Primary Trunk Sanitary Sewer Twinning – Pickering (Region Share) - \$50.61 million – 0% BTE
 - b. Project 205 – Expansion of Harmony SSPS and Forcemain Twinning – Oshawa - \$59 million – 0% BTE
 - c. Project 237 – Twinning of Sanitary Sewer from Central Park Blvd. & Hillcroft Street to Beatrice Street, Oshawa - \$4.0 million – 0% BTE

- d. Project 302 – Twinning of Sanitary Sewer on Spry Avenue from Highway 401 to N/L Spry Ave - \$1.7 million – 0% BTE;

Regional Police

- 14) Can documentation be provided that supports the 120% increase in the cost of police facilities from \$588 per square foot (inclusive of the 75 acres of land valued at \$530,000 per acre) included in the Region's 2018 DC Study to \$1,296 per square foot (including land value)?

Figure 2 **Change in Value of Facilities and Land - Regional Police Services, Durham 2018 and 2023 DC Studies**

2018 DC Study - Value of Existing Inventory (2017)	Value	Asset Value	Calculated Value
Land	75 acres	530,000 \$/acre	\$ 39,750,000
Total GFA	448,261 sf		
GFA valued at \$271/sf	875 sf	271 \$ / sf	\$ 237,125
GFA valued at \$500/sf	447,386 sf	500 \$ / sf	\$ 223,693,000
Total Value (incl. land)		588 \$ / sf	\$ 263,680,125
2023 DC Study - Value of Existing Inventory (2017 values)			
Total GFA	442,817 sf		
GFA valued at \$746/sf (incl. land)	875 sf	746 \$ / sf	\$ 652,750
GFA valued at \$1296/sf (incl. land)	441,942 sf	1,296 \$ / sf	\$ 572,756,832
Total Value		1,295 \$ / sf	\$ 573,409,582
% Increase			120%

Source: Altus Group Economic Consulting based on Durham Region 2023 DC Study

- 15) The footnotes on page H-6 indicate that \$3.1 million of the costs for the North Division Expansion is to “bring serviced water to site”, but that “costs are 100% growth related”. Wouldn't there be existing benefit for the servicing of an existing building even if it is subject to an expansion?
- 16) The 2018 DC Study shows \$14.5 million in debt expected to be issued for the Regional Support Centre (\$10.0 million for 2020-2021) and the Durham North West Seaton facility (\$4.5 million for 2023-2024), while the 2023 DC Study makes no reference to any such debt – does the Region no longer anticipate needing debt to fund those or other facilities?
- 17) While I appreciate that the Region has calculated the Residential DC for police services as if there was 74%/26% res/non-res split, rather than apply 100% of costs to the residential sector, can the Region provide the rationale for why no non-residential DC for police services is being imposed?

18) The 'design' costs for the various new police facilities appear to be inconsistent. For the North Division Expansion the costs for design are \$610,200 (combined) and are \$472,000 for the Central East facility. However, for the Durham North West Seaton facility, the 'design' costs are \$3.86 million, while they are \$3.7 million for the Operations Training Centre. Can the Region provide a breakdown of what is included in the design costs for the Seaton facility and the Training Centre?

Paramedic Services

19) Can documentation be provided that supports the 94% increase in the cost of paramedic facilities from \$631 per square foot (inclusive of the 16 acres of land valued at \$530,000 per acre) included in the Region's 2018 DC Study to \$1,228 per square foot (including land value) in the 2023 DC Study?

Figure 3 **Change in Value of Facilities and Land - Paramedic Services, Durham 2018 and 2023 DC Studies**

2018 DC Study - Value of Existing Inventory (2017)	Value	Asset Value	Calculated Value
Land	16 acres	530,000 \$/acre	\$ 8,480,000
Total GFA	73,373 sf		
GFA valued at \$204/sf	9,100 sf	204 \$ / sf	\$ 1,856,400
GFA valued at \$560/sf	64,273 sf	560 \$ / sf	\$ 35,992,880
Total Value		631 \$ / sf	\$ 46,329,280
2023 DC Study - Value of Existing Inventory (2017 values)			
Total GFA	73,411 sf		
GFA valued at \$577/sf (incl. land)	9,100 sf	746 \$ / sf	\$ 6,788,600
GFA valued at \$1404/sf (incl. land)	64,311 sf	1,296 \$ / sf	\$ 83,347,056
Total Value		1,228 \$ / sf	\$ 90,135,656
% Increase			94%

Source: Altus Group Economic Consulting based on Durham Region 2023 DC Study

20) Can the rationale for assigning no benefit to existing allocation to the South Whitby and Northeast Oshawa paramedic stations be provided?

21) The 2018 DC Study shows \$3.8 million in debt (residential share) expected to be issued for the Additional Paramedic Stations in Clarington, Uxbridge and Northwest Whitby, while the 2023 DC Study makes no reference to any such debt – does the Region no longer anticipate needing debt to fund those or other facilities?

- 22) The Additional Paramedic Station in Uxbridge is shown in the footnotes to be 'replacing an existing facility', but the costs for the facility include \$1.9 million for 'land and design' – is there a planned land acquisition necessary for the expansion?
- 23) While the Region is not imposing a non-residential DC for Paramedic Services, it has calculated the res/non-res splits for purposes of calculating the residential charge. However, this calculation is done by weighting the population side of the calculation by 3x, which is stated in the DC Study to "reflect increased per capita needs related to age and time spent in residence". Without this 3x factor, the residential share would be 73.5%, instead of the 89%.
- Does this approach reflect true 'risk' in needing paramedic services given that time spent at work (particularly in certain sectors) or travelling for work (particularly on highways) is much riskier than time spent at home?
 - Has the Region collected data on the location and source of paramedic calls and what proportion of them were in-home versus 'at-large' calls?

Long-Term Care

- 24) Can documentation be provided that supports the 175% increase in the cost of long-term care facilities from \$274 per square foot (inclusive of the 33 acres of land valued at \$530,000 per acre) included in the Region's 2018 DC Study to \$755 per square foot (including land value) in the 2023 DC Study?

Figure 4

Change in Value of Facilities and Land - Long-Term Care, Durham 2018 and 2023 DC Studies

2018 DC Study - Value of Existing Inventory (2017)	Value	Asset Value	Calculated Value
Land	33 acres	530,000 \$/acre	\$ 17,490,000
Gross Floor Area	723,980 sf	250 \$ / sf	\$ 180,995,000
Total Value		274 \$ / sf	\$ 198,485,000
2023 DC Study - Value of Existing Inventory (2017 values)			
Gross Floor Area (incl. land)	720,911 sf	755 \$ / sf	\$ 544,287,805
% Increase		755 \$ / sf	175%

Source: Altus Group Economic Consulting based on Durham Region 2023 DC Study

- 25) Footnote number 2 on page H-16 indicates that the Province approved a 200 long-term care beds in a March 18, 2021 letter to the Region. Can a copy of that letter be provided?

- 26) The \$35.6 million in grants are based on the calculations summarized on page H-14, where the construction subsidy of \$23.78 per bed per day over a 25-year span was converted to a total subsidy of \$12.2 million, similar to the Construction Subsidy Supplement of \$35 per bed per day over 25-years was converted to a total subsidy of \$18.0 million.
- a. Can the rationale for discounting these grants by 5% per annum over a 25-year period be provided? Are these grants paid out over time, up-front or both? An article in the Globe and Mail indicates that \$15 of the \$35 per day construction subsidy supplement would be payable when construction starts, which if this is the case, the up-front portion of the funds should not be discounted in the manner the remainder of the grants are.¹
 - b. The calculations of \$35.6 million in grants are based on 100 LTC beds being growth-related, but the DC capital program shows a 200-bed LTC home, while the \$35.6 million grants are applied. Should the grant calculations be based on a 200-bed count?

Waste Diversion

- 27) What land value assumption has been made for the various Waste Diversion facilities as incorporated into the \$1,089 per sf blended average of building and land value?
- 28) What costs are included in the \$9.75 million gross capital cost for the Additional Waste Management Facility?

¹ <https://www.theglobeandmail.com/canada/article-ontario-government-more-than-doubles-construction-funding-for-nursing/>

May 2, 2023

Memorandum to: Mary Simpson
Region of Durham

From: Daryl Keleher, Senior Director
Altus Group Economic Consulting

Subject: Changes in Occupancy and Implications for DCs
Our File: P-7014

Introduction

Further to our meeting on April 26, 2023 regarding the Region's 2023 DC Study and in particular questions and comments with respect the population and household forecasts upon which the 2023 DC Study relies, this memorandum provides a written summary of comments regarding whether additional BTE should be allocated to DC eligible works to reflect the increased usage of existing dwellings relative to prior, but recent forecasts (as included in the Region's 2018 DC Study).

Overview of Potential Issue

The issue identified in our memorandum and raised in the April 26 meeting is similar to an issue we have raised elsewhere in Ontario in cases where municipalities with large proportions of seasonal dwellings have seen the proportion of dwelling units used for seasonal/recreational purposes converted to permanent occupancy. As one example, the Town of Wasaga Beach, in 2011, 65% of dwelling units in the Town were occupied permanently. As of the 2021 Census, that proportion has increased to 79.5%.

The result is that as units are being converted to permanent residency, the need to provide year-round services for those now permanently occupied units increases. These units, once permanently occupied, use all of the community facilities on a day-to-day basis, including roads, water supply, wastewater treatment, recreation centres, etc., that the occupants of the housing unit would likely have used differently when used as a seasonal residence.

This trend that sees the increased usage of municipal services and infrastructure through increased occupancy of existing housing units compared to how these infrastructure works were planned, regardless of the source or reason for the increased occupancy, creates issues with the funding of growth-related infrastructure in that the need is greater, but units converted to permanent occupancy, or used more than anticipated in capital planning by other means (such as appears to be the case in Durham) are not subject to DCs, even though the population is growing and generating needs for services.

The steady conversion of seasonal dwellings to permanent occupancy and other factors increasing occupancy of existing units, without an offsetting accounting for that increased usage from existing units, would serve to reduce the amount of net units generating population growth in the 'denominator' of the

DC calculation and therefore serves to increase DC rates as the capital needs are the same to service the same ultimate population.

In the case of Durham Region, the differences between gross population in new units and net population growth reveals a significant change in the expected occupancy of existing units, necessitating less growth in new units to achieve the ultimate growth planned for in each document:

	2018 DC Study	2023 DC Study	Scenario: 2023 DC Study net population growth with amount of decline in existing units from 2018 DC Study
Gross Population in New Units	251,409 persons	175,874 persons	230,367 persons
Change in Population in Existing Units	(68,454 persons)	(15,577 persons)	(68,454 persons)
Net Population Growth	182,955 persons	161,913 persons.	161,913 persons
SDE	72,667 SDE	54,016 SDE (where 1 SDE = 3.286 PPU)	Additional 54,493 gross population in new units divided by 3.286 PPU = 16,583 additional SDE Total = 70,599 SDE

Without accounting for the increased need for service attributed to these existing units through BTE, it would appear that these increased needs are being funded through higher DCs imposed on new housing units, despite the source of that growth not coming from new units (rather, from the relative lack of new units relative to demand).

The capital programs of both the 2018 and 2023 DC Study appear to be based on the 2017 Transportation Master Plan, which presumably would have been based on a breakdown of anticipated growth similar to what was presented in the 2018 DC Study. That distribution of growth, based on the forecasts from the 2023 DC Study forecasts, appears to have changed. However, without compensating changes to how the capital costs are funded, the funding responsibility has shifted even greater to new development.

To the extent that increased occupancy of existing housing units may in part be a function of constrained housing supply relative to demand, if the resulting increased occupancy of existing homes serves to then push some of the anticipated growth-related costs of servicing that population growth onto the remaining net new housing units, this may further exacerbate issues with delivering that housing supply to meet demand, including the unfulfilled demand that may be leading to higher occupancies.

A similar issue would appear to arise in municipalities that have seen forecasted average household size be higher than forecast, whether that be due to older children staying living at home longer than

expected, an increase in multi-family households, or various other reasons. Similar to the above scenario where seasonal residences are increasingly used for year-round use and generate additional servicing needs not generated by new housing development, the increased use of existing homes also generates additional servicing needs relative to what may have been anticipated for those units in master plans used to determine future servicing needs across the Region.

Similarly, while the population in these existing units may be higher than anticipated in master planning for Regional infrastructure, like in the case of seasonal conversions, where the population in existing units increases, the Region would not receive DCs to respond to this source of population growth. The only way to fund the increased servicing needs from existing homes, without passing those costs of population growth onto new homes, is through property taxes or user rates, which in the calculation of DCs is represented through the deduction for benefit to existing (BTE).

Comparison to Halton Region

In 2022 Halton Region updated its DC study, and made changes to the forecast of population decline in existing homes, which was largely unchanged from what was estimated in their 2017 DC Study, even with a shorter planning horizon from the 2017 DC Study (15 years) to the 2022 DC Study (10 years).

- Can the reasons for the change to the Durham Region estimates be provided?
- Can the reasons why Durham Region's change appears substantially different from the equivalent forecast in Halton Region be provided?

Timing of DC Study	Durham Region	Halton Region
2017/2018 DC Studies	Decline of 68,454 persons from 233,866 units (10 years) = Decline of 0.292 per unit	Decline of 28,153 persons from 205,293 units (2017-2031) = Decline of 0.137 per unit
2022/2023 DC Studies	Decline of 15,577 persons from 255,757 units (10 years) = Decline of 0.061 per unit.	Decline of 27,752 persons from 234,455 units (2022-2031) = Decline of 0.118 per unit

Conclusions / Questions

Further to above commentary, can the methodology used to calculate the reduced decline in existing unit occupancy be provided?

Based on the above, I look forward to your response to the potential issues raised and discussing this matter further if necessary.

Ms. Mary Simpson

Director of Risk Management, Economic Studies & Procurement
Regional Finance Department
Regional Municipality of Durham
605 Rossland Road East
Whitby, Ontario, L1N 6A3

Dear Ms. Simpson:

**Re: 2023 Regional Development Charge Background Study
Regional Roads, Water Supply, Sanitary Sewerage Infrastructure Review
Regional Municipality of Durham**

On behalf of BILD and the Durham Region Home Builders Association we are pleased to provide you with our comments regarding the infrastructure costs within the March 28, 2023 Regional Development Charge Background Study, prepared by Watson & Associates Economists Ltd.

Our comments are focused specifically on the Regional Roads, Regional Water Supply and Regional Sanitary Sewerage Infrastructure Projects, as follows.

Regional Roads

1. There are a variety of projects, summarized in **Table 1** below, that widen roads from 4 to 6 and 5 to 7 lanes that are planned to be completed between 2030 and 2032 that have a 0% post period benefit. Please review and provide the justification, as it would seem reasonable that these roads would be designed to accommodate growth beyond the 2032 planning horizon.

TABLE #1								
DEVELOPMENT RELATED RESIDENTIAL SHARE SERVICE: REGIONAL ROADS				GROSS COST (2023)	POST PERIOD BENEFIT	2030	2031	2032
				\$ 000's	%			
1.3	Brock Rd. (Reg. Rd. 1)	Finch Ave. to Taunton Rd.	Widen road from 5 to 7 lanes to add HOV lanes, including structure widening	68,495	0%	1,072	42,871	0
4.1	Taunton Rd. (Reg. Rd. 4)	Toronto / Pickering Townline Rd. to W. of Twelvetees Bridge	Widen from 4 to 6 lanes to add HOV lanes	27,810	0%	5,267	0	0
4.2	Taunton Rd. (Reg. Rd. 4)	W. of Twelvetees Bridge to Peter Matthews Dr.	Widen from 4 to 6 lanes to add HOV lanes, including structure widening	56,650	0%	0	0	0
4.25	Taunton Rd. (Reg. Rd. 4)	Peter Matthews Dr. to Brock Rd.	Widen from 4 to 6 lanes to add HOV lanes, including structure widening	51,706	0%	543	0	25,359
4.32	Taunton Rd. (Reg. Rd. 4)	Lake Ridge Rd. to Brock St.	Widen from 5 to 7 lanes to add HOV lanes	57,268	0%	17,647	0	0
22.1	Bayly St. (Reg. Rd. 22)	Brock Rd. to Westney Rd.	Widen from 5 to 7 lanes to add HOV lanes, including structure widening	36,565	0%	411	12,321	0
22.25	Bayly St. (Reg. Rd. 22)	Harwood Ave. to Salem Rd.	Widen from 4 to 6 lanes to add HOV lanes	19,570	0%	0	11,597	0
22.3	Bayly St. (Reg. Rd. 22)	Salem Rd. to Lake Ridge Rd.	Widen from 4 to 6 lanes to add HOV lanes	32,239	0%	2,160	0	18,216

2. Please review Project #4.2 Taunton Rd. (Reg. Rd. 4), Table E.1, as it appears that the costs for the project have not been allocated to a yearly forecast but have a residential share allocation of \$33.506 Million.
3. It appears that a significant amount of work has gone into evaluating the allocation of costs between benefit to existing and post period for road widenings, new connections and corridor projects, however, the corresponding intersections have a consistent allocation of 10% benefit to existing and 0% post period. Please review and consider updating the benefit to existing and post period allocations so that they align with the corresponding roads project.

Regional Water Supply

4. Please provide additional information with respect to the cost estimates for the Water Storage & Pumping Station projects, summarized in **Table 2** below. There has been a significant increase in the project costs in the range of 150% to 350%

TABLE #2 - REGIONAL WATER COMPARISON							
Table F.1 - Regional Water Supply: Capital Cost Summary: Residential (Year 2023 - 2032)			Table F.1 - Regional Water Supply: Capital Cost Summary: Residential (Year 2018 - 2027)			Gross Project Cost Increase	
Growth - Related Residential Share Service: Water Supply 2023 D.C. Study		Gross Cost (2023)	Growth - Related Residential Share Service: Water Supply 2018 D.C. Study		Gross Cost (2018)		
Item #	Description	\$ 000's	Item #	Description	\$ 000's	\$	%
	Pickering / Ajax			Pickering / Ajax			
	Whitby/Oshawa/Clarington (Courtice)			Whitby/Oshawa/Clarington (Courtice)			
	Storage Facility			Storage Facility			
201	Expansion of Garrard Rd. Zone 1 Reservoir from 31 ML to 50 ML - Whitby	40,000	202	Expansion of Garrard Rd. Zone 1 Reservoir from 31 ML to 50 ML - Whitby	16,700	23,300	140%
202	Expansion of Taunton Rd. Zone 2 Reservoir from 13 ML to 27 ML - Oshawa	43,400	203	Expansion of Taunton Rd. Zone 2 Reservoir from 13 ML to 27 ML - Oshawa	12,500	30,900	247%
203	New Myrtle Rd. Zone 4 Reservoir 13 ML - Whitby	37,500	205	New Zone 4 storage facility 11 MLD - Whitby	12,000	25,500	213%
204	New Winchester Rd. Zone 4 Reservoir 16 ML - Oshawa	53,500	206	New Zone 4 storage facility 11 MLD - Oshawa	12,000	41,500	346%
	Pumping Stations (PS)			Pumping Stations (PS)			
206	Expansion of Garrard Rd. Zone 3 PS - Whitby	5,100	207	Upgrades at Garrard Rd. Zone 3 PS - Whitby	1,400	3,700	264%
211	Expansion of Taunton Rd. Zone 3 PS - Oshawa	5,000	211	Expansion of Taunton Rd. Zone 3 PS from 27 to 75 MLD - Oshawa	1,150	3,850	335%
	Clarington (Bowmanville)			Clarington (Bowmanville)			
	Storage Facility			Storage Facility			
302	Expansion of Zone 2 Reservoir from 9 to 18 ML	22,500	302	Expansion of Zone 2 Reservoir from 9 to 18 ML	7,850	14,650	187%
	Storage Facility			Storage Facility			
312	New Zone 2 Reservoir - Newcastle	22,500	314	New Zone 2 Reservoir - Newcastle	6,100	16,400	269%
	Uxbridge			Uxbridge			
	Storage Facility			Storage Facility			
501	Expansion of Quaker Hill Reservoir from 2.8 to 5.2 ML - Uxbridge	11,500	501	Expansion of Quaker Hill Reservoir from 2.8 to 5.2 ML - Uxbridge	3,820	7,680	201%
	Brock			Brock			
	Storage Facility			Storage Facility			
605	Additional Water Storage from 1.4 to 3 ML - Cannington	10,200	606	Additional Water Storage from 1.4 to 3 ML - Cannington	3,600	6,600	183%
606	New Elevated Tank for Water Storage including Removal of Existing Standpipe - Sunderland	9,000	607	Additional Water Storage from 1.4 to 3 ML - Sunderland	3,600	5,400	150%



5. Please provide the justification for the elimination of the post period allocation on Project #216 - Zone 1 West Whitby feedermain from Brock St./Victoria St. to Rossland Road – Whitby, between the 2018 and 2023 studies, as the timing for the completion of these works is schedule at the end of the planning period in 2032.
6. Please review and consider applying a post period allocation to new Project #230 - Zone 5 feedermain on Brawley Road from Ashburn Rd. to Simcoe St. N. - Whitby/Oshawa as these works are scheduled for 2032 at the end of the planning period and would appear to benefit growth beyond the planning horizon.

Continued on next page...



Regional Sanitary Sewerage

7. Please provide additional information with respect to the cost estimates for the following sanitary project, summarized in **Table 3** below, as there has been a significant increase in the project cost in the ranges of 100% to 500%.

TABLE #3 - REGIONAL SANITARY COMPARISON							
Table G.1 - Regional Sanitary Sewerage: Capital Cost			Table G.1 - Regional Sanitary Sewerage: Capital Cost			Gross Project Cost Increase	
Growth - Related Residential Share Service: Sanitary Sewerage 2023 D.C. Study		Gross Cost (2023)	Growth - Related Residential Share Service: Sanitary Sewerage 2018 D.C. Study		Gross Cost (2018)		
Item #	Description	\$ 000's	Item #	Description	\$ 000's	\$	%
	Pickering / Ajax			Pickering / Ajax			
	Water Pollution Control Plants (WPCP)			Water Pollution Control Plants (WPCP)			
	Pumping Stations (SSPS)			Pumping Stations (SSPS)			
100	Proposed Pickering Parkway Sanitary Sewage Pumping Station and forcemain, Pickering	32,100	102	SSPS and forcemain allowance - Pickering	11,825	20,275	171%
	Whitby/Oshawa/Clarington(Courtice)			Whitby/Oshawa/Clarington(Courtice)			
	Water Pollution Control Plants (WPCP)			Water Pollution Control Plants (WPCP)			
202	Expansion of Courtice WPCP from 68 to 136 MLD - Courtice	214,200	202	Expansion of Courtice WPCP from 68 to 136 MLD - Courtice	83,900	130,300	155%
	Pumping Stations (SSPS)			Pumping Stations (SSPS)			
204	Harbour Road SSPS and forcemain - Oshawa	15,000	205	New Harbour Road SSPS and forcemain allowance - Oshawa	2,770	12,230	442%
	Trunk Sanitary Sewers (TSS)			Trunk Sanitary Sewers (TSS)			
211	Sanitary sewer on Dundas St. from Des Newman Blvd. to Halls Rd. - Whitby	12,400	222	West Whitby sub-trunk sanitary sewer on Dundas St. from Coronation Rd. to Halls Rd. - Whitby (Region's Share)	3,350	9,050	270%
240	Courtice trunk sanitary sewer on Adelaide Ave. extension from Trulls Rd. to Townline Rd. - Courtice	62,200	212	Courtice TSS Phase 5 - Adelaide Ave. extension from Trulls Rd. to Townline Rd. - Oshawa/Courtice	14,740	47,460	322%
241	Courtice trunk sanitary sewer on Townline Rd. from Adelaide Ave. to Beatrice St. - Courtice	54,100	213	Courtice TSS Phase 6 - Stage 2 - Townline Rd. from Adelaide Ave. to Beatrice St. - Oshawa/Courtice	14,460	39,640	274%
	Clarington (Bowmanville)			Clarington (Bowmanville)			
	Pumping Stations (SSPS)			Pumping Stations (SSPS)			
300	Northeast SSPS, forcemain allowance - Conc. Rd. 3 and Mearns Ave.	7,900	300	Northeast SSPS, forcemain allowance - Conc. Rd. 3 and Mearns Ave.	3,675	4,225	115%
	Trunk Sanitary Sewers (TSS)			Trunk Sanitary Sewers (TSS)			
302	Twinning of sanitary sewer on Spry Ave. from Highway 401 to N/L Spry Ave.	1,700	301	Twinning of Spry Ave. TSS from Baseline Rd. to N/L Spry Ave.	750	950	127%
303	Trunk sanitary sewer on Baseline Rd. Simpson Ave. to Bennett Rd. (Region Share)	30,900	302	Baseline Rd. TSS from Simpson Ave. to Bennett Rd. (Region's Share)	7,000	23,900	341%
306	Trunk sanitary sewer on Port Darlington Rd. from Baseline Rd. to existing easement	24,300	305	Port Darlington Rd. TSS from Baseline Rd. to existing easement	8,800	15,500	176%
307	Sanitary sewer on Bowmanville Ave. (RR57) from Stevens Rd. to Nash Rd. (Region Share)	2,900	307	Northwest TSS on RR57 from Stevens Rd. to Nash Rd. (Region's Share)	1,295	1,605	124%
	Clarington (Newcastle)			Clarington (Newcastle)			
	Trunk Sanitary Sewers (TSS)			Trunk Sanitary Sewers (TSS)			
311	Sanitary sewer on Sunset Blvd. and Lakeview Rd. from Church St. to Rudell Rd. for flow diversion	11,000	311	Foster Creek TSS on Sunset Blvd./Lakeview Rd. from Church St. to Rudell Rd.	3,325	7,675	231%
	Uxbridge			Uxbridge			
	Water Pollution Control Plants (WPCP)			Water Pollution Control Plants (WPCP)			
500	Uxbridge WPCP - Optimization Study and upgrades	10,600	500	Uxbridge WPCP - Optimization Study and upgrades	2,500	8,100	324%
	Brock			Brock			
	Pumping Stations (SSPS)			Pumping Stations (SSPS)			
603	Beaverton Employment Lands SSPS and forcemain allowance	10,800	603	Beaverton Employment Lands SSPS and forcemain allowance	4,000	6,800	170%
604	River Street SSPS expansion and forcemain allowance - Sunderland	6,600	604	River Street SSPS expansion - Sunderland	2,500	4,100	164%
605	Laidlaw Street SSPS expansion and forcemain allowance - Cannington	8,800	605	Laidlaw Street SSPS expansion - Cannington	2,500	6,300	252%
606	Harbour Street SSPS expansion and forcemain allowance - Beaverton	15,000	606	Harbour Street SSPS expansion - Beaverton	2,500	12,500	500%



8. Please provide justification of the removal of the benefit to existing allocation on Project #211
Sanitary sewer on Dundas St. from Des Newman Blvd. to Halls Rd. – Whitby of 10% from 2018.

We look forward to your response on the items noted above and to discussing this matter with you further if required.

Please contact the undersigned if you have any questions or require any additional information.

Sincerely,

SCS Consulting Group Ltd.



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- c. Ms. Victoria Mortelliti - BILD
Ms. Stacy Hawkins - Durham Region Home Builder Association

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