

**TOWN OF GEORGINA – CORPORATE SERVICES
POLICY No. 1**

Subject: DC Credit Policy	Authority, Ref. & Sec.			
Policy Classification: Corporate Services	Pages: 1 of 7	Year 2020	Month 05	Day 06
Recommended/Approved by: Treasurer/Council	Contact Position for Inf. Director of Corporate Services / Treasurer			

1. PURPOSE

The Town of Georgina requires a consistent framework for evaluating DC credit requests. The Development Charges Credit Policy (“Policy”) establishes cohesive guidelines for the administration, application and issuance of development charge (DC) credits. This Policy allows for the construction of key infrastructure while protecting the Town from the financial risk associated with infrastructure construction, particularly when the infrastructure is being constructed ahead of the Town’s budgeted timelines.

2. BACKGROUND

Projects eligible for credits are those that are included in the Town’s Development Charges Background Study, such as parks, roads, intersections, signals, water and wastewater infrastructure, and stormwater infrastructure, while excluding those works defined as “local services”.

In order to accommodate their developments, some developers require certain infrastructure to be built ahead of the Town’s timing in the Development Charges Background Study (as subject to annual budgeting review). The Town may agree to allow Developers to pay for these costs in advance of the Town’s timing by

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either allowing the Developer to construct the works themselves, or allowing the Developer to fund the early construction works, and the Town delivers the project on the Developer’s Schedule. The Town and Developer may also enter into agreements for the Developer to construct works that are internal to a proposed development and that will benefit a larger landowner group, such as the construction of a park in a subdivision. In each of these scenarios, the Developer may be eligible to receive Development Charge (DC) Credits for the work that is completed.

3. SCOPE

This Policy is applicable to developers who wish to accelerate the construction of development-related Town infrastructure in order to accommodate their developments, or developers who agree to construct works on behalf of the Town.

4. GENERAL PROVISIONS

4.1 A developer seeking DC credits must submit a request to the Town and receive approval prior to constructing the works.

4.1.1 The Town recognizes that there are some current developer agreements that include references to DC credits, where the work may have started or could commence soon, and affirms that the associated works should be grandfathered under this policy. The following projects are considered grandfathered:

4.1.1.1 Ainslie Hill – 19T-15G03 – Park/Trail

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4.1.1.2 Starlish / Treasure Hill – 19T-95070 / 19T-15G02 – Park/Trail

4.1.1.3 Ballymore Glenwoods - 19T-13G01- Dovedale Drive Road Extension

4.1.1.4 Hedge Road Landing – 19CDM-06G01 - Black River Road Sidewalk

4.1.1.5 Ainslee Hill – 19T-15G03 – Sutton High Street Sewer

4.2 If a developer begins construction prior to receiving DC credit approval, the works will be constructed at their own expense and risk.

4.3 The Town is under no obligation to provide retroactive DC credits for works previously undertaken by a developer without Council or Treasurer approval.

4.4 A DC Credit Agreement will be required for all credit issuances.

4.5 After execution of the credit agreement, and subject to the completion of the capital works to the satisfaction of the Town, the eligible development charge credits will be processed as follows:

4.5.1 The component of the development charge credit will be applied against future development charges otherwise payable to the Town; and

4.5.2 In the event the costs are not fully recovered through the above clause, then the Town will reimburse as per section 7.1.

ELIGIBILITY REQUIREMENTS

The Town will consider granting DC credits for the construction of public works according to the following criteria:

5.1 A developer must enter into a DC Credit Agreement with the Town that

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details the terms and conditions of the work being carried out and the value of the credits being earned. This agreement may be attached as a schedule to a site plan or subdivision agreement where a single developer is undertaking the work.

5.2 Where more than one developer or a developer group is undertaking the work:

5.2.1 A trustee representing the interests of the developers will be required; and

5.2.2 A separate DC Credit Agreement (not attached to a site plan or subdivision agreement) will be required.

5.3 A developer must submit a request to the Town prior to the commencement of the detailed design and construction of the works.

5.4 The public works to be advanced must be included in the Town's most recent Development Charges Background Study that supports the Town's current Development Charges By-Law.

5.5 The DC credit is limited to the applicable service component of the Town's development charges by-law (i.e. credits for a road project will be limited to the amount of the roads component DC). The amount of the credit is limited to the lesser of:

5.5.1 The stated cost of the project in the Town's most recent DC Background Study, indexed to present dollars (using the index the Town uses to index DC rates); or

5.5.2 The actual tender cost of the project, plus a provision for soft costs not to exceed 15% of the actual tender cost, subject to the Town's review and approval.

5.5.2.1 If a change order is received after the issuance of the tender, the Town will consider the eligibility of the increased cost for DC

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credits. This consideration is subject to clauses 5.5.1 and 5.6.

5.6 At the Town’s discretion, if the actual project cost is greater than the cost stated in the last DC Background Study (after consideration for indexing), the Town may reflect the higher cost in the next DC Background Study. This would thereby provide for a higher developer recovery against outstanding benefitting lands.

5.7 DC credits shall not be issued if credit issuance will result in as negative balance in either the applicable service-specific DC reserve fund or the consolidated DC reserve funds.

5.8 Advancement of the project cannot result in a negative impact to the Town’s forecast internal Annual Repayment Limit.

APPROVAL

6.1 DC credit requests must be made for the total value of the works being advanced, which includes related capital works that are being simultaneously advanced (e.g. if a sewer project must be constructed at the same time as a roads project, the credit request shall include the total cost of both projects).

6.2 DC credit requests for public works less than \$100,000 may be approved by the Town Treasurer.

6.3 DC credit requests for public works of \$100,000 or more shall require Council approval.

REIMBURSEMENT

7.1 Where the credit value exceeds the developer’s DCs payable, reimbursement will be paid in accordance with the DC Credit Agreement. Developers will be reimbursed in one of the following methods, as determined by Town staff:

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7.1.1 For projects with Town-wide benefits, developers will be reimbursed on an annual basis according to the proportionate share of Town-wide DC receipts for the applicable service component.

7.1.2 For works with clear benefitting areas, developers will be reimbursed on an annual basis according to the proportionate share of DC receipts from within a delineated benefitting area for the applicable service component.

7.2 Reimbursement is subject to the availability of funds in the service-specific and consolidated DC reserve funds.

7.3 In order to avoid undue pressure on Town taxpayers and ratepayers, developers will fund 100% of the cost of the capital works. Non-growth capital costs, which are non-DC funded cost components such as the benefit-to-existing and replacement shares of a project, are normally funded through tax and user rates. Under a DC Credit Agreement, non-growth costs will be reimbursed based on the project's timing in the Town's approved Capital Plan. The amount reimbursed shall be the lesser of:

7.3.1 The stated non-growth capital cost of the project in the Town's most recent DC Background Study; or

7.3.2 A percentage of the project's actual capital cost, based on the project's non-growth cost share as stated in the DC Background Study.

SECURITY

8.1 Developers shall provide a letter of credit equal to 100% of the estimated total cost of the capital works, as approved by the Treasurer, prior to the commencement of the works. The letter of credit will be held until the capital works have been completed to the satisfaction of the Town in the following manner:

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8.1.1 Where the developer is funding the works and the Town is undertaking the construction of the capital works, the letter of credit shall be drawn upon throughout the construction of the works, at the Town's discretion.

8.1.2 Where the developer is undertaking the construction of the capital works, 80% of the letter of credit will be released once the Town has verified and inspected the completed capital works. A 20% holdback will be retained for a 2-year maintenance/warranty period.

TERMINATION OR AMENDMENT

Non-compliance with this Policy will result in the Town not entering into a DC Credit Agreement or not disbursing any DC Credits. The Town Treasurer will have the authority to approve the termination or amendment of a DC Credit Agreement where:

- 9.1 The Development Charges by-law on which the credits are based has been repealed;
- 9.2 The developer agrees to forego further credits; and/or
- 9.3 The terms on which the credits are to be disbursed has changed.

ADMINISTRATION AND LEGAL FEES

- 10.1 All Town incurred legal fees associated with the processing of a DC Credit agreement including, but not necessarily limited to, the review and/or preparation of any related documents, agreements, etc. shall be paid in full by the developer, plus an additional 15% administrative fee.
- 10.2 Where the Town reviews engineering plans in the course of processing or approving a DC Credit Agreement, engineering review fees shall be equal to the Engineering Submission Review fee in the Town's Planning

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Applications and Services Fee By-law.

10.3 An agreement administration fee shall be levied in the case of a standalone DC Credit Agreement, which shall be equal to 1.0% of the value of the works.