
Memorandum

To:	Cari Pupo - Treasurer/Director of Corporate Services	Fax	<input type="checkbox"/>
From:	Gary Scandlan	Courier	<input type="checkbox"/>
Date:	March 16, 2016	Mail	<input type="checkbox"/>
Re:	Pelham Community Centre - Potential Development Charge Recovery	e-mail	<input checked="" type="checkbox"/>

In follow-up to our recent phone conversation, we have been asked to analyze the amount of Development Charges (DC) the Town of Pelham can collect for Indoor Recreation Services with regard to the proposed Community Centre. By way of this memo, we are responding to that request.

Based on our discussions, you have indicated that the Community Centre (identified in the 2013 Development Charges Background Study) has increased in cost from \$32 million to \$36.5 million and is slated to be operational in 2018. Using this information, we have undertaken a forward forecast of the service standard to measure the potential amount which can be recovered from development charges over the 2015 – 2039 period. Note that the service standard calculations are required to determine a “ceiling”, which refers to the maximum amount of potential DC recovery.

The calculations undertaken are summarized below:

- Update service standard for each 5-year by-law period;
- Multiply “per capita” standard by expected population forecast for 5-year life of each by-law to determine maximum DC recoverable for that period; and
- Sum each of the calculated amounts and subtract the mandatory 10% deduction.

Note that the 2013 DC study population forecast goes out to approximately 2035. We have extended that forecast to 2039 as we think it is reasonable given that the Province has updated the Places to Grow forecast to 2041.

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 Planning for growth

Services

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| ▪ Demographics, Pupil Forecasting, Industrial/Commercial Forecasts | ▪ Development/Education Development Charge Policy | ▪ Financial Analysis of Municipal Restructuring Options | ▪ Fiscal Impact of Development |
| ▪ Land Needs and Market Studies | ▪ Long Range Financial Planning for Municipalities | ▪ Municipal Management Improvement | ▪ O.M.B. Hearings – Financial, Market, Demographic |
| ▪ School Board Planning and Financing | ▪ Servicing Cost Sharing | ▪ Tax Policy Analysis | ▪ Waste Management Rate Setting, Valuation and Planning |

The calculations noted above are summarized in the following table:

By-law Year	Service Standard Ceiling - Indoor Recreation Facilities	10% Deduction	Net Recoverable
2014 - 2019	\$765,895	\$76,589	\$689,305
2019 - 2024	\$1,095,765	\$109,577	\$986,189
2024 - 2029	\$3,159,852	\$315,985	\$2,843,866
2029 - 2034	\$4,430,955	\$443,096	\$3,987,860
2034 - 2039	\$4,034,858	\$403,486	\$3,631,372
Totals	\$13,487,325	\$1,348,732	\$12,138,592

Based on the preceding table, the estimated net development charge recovery for the community centre is \$12.14 million spread over the next five DC By-laws. This recovery is based on the assumptions that the Town will continue to provide the same level of service (with the addition of the community centre in 2018) for the forecast period and that the recoverable DC amounts are used solely for the community centre. As discussed on the phone, if the financing of the growth component of this facility is provided in a 20-year debenture, the DC recoveries will be available to make the debt payments. Interest costs would be in addition to the amounts noted above.

We trust that the foregoing is satisfactory and would be please to discuss further at your convenience.