

**Town of Erin and  
Wellington County  
Fiscal Impact Assessment**

Independent Real Estate Intelligence

October 2, 2012



# **Town of Erin and Wellington County Fiscal Impact Assessment**

Prepared for:

**Solmar Holdings Corp.**

Prepared by:

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## EXECUTIVE SUMMARY

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Altus Group Economic Consulting was retained by Solmar Holdings Corp. to examine the potential fiscal impacts of their development in the Town of Erin on the finances of Erin and Wellington County.

The subject site is located in the Town of Erin, near the intersection of County Road 124 and Erin Park Drive. The development will contain 1,240 residential units, including 1,042 single and semi-detached units, 98 townhouse units, and 100 seniors housing units.

The development also includes nearly 15 hectares of employment lands, and 4.6 hectares of commercial lands fronting onto County Road 124. It is estimated that these lands could generate approximately 645,000 square feet of commercial development, and 124,100 square feet of employment land development, which would combine to generate approximately 900 permanent jobs.

The plans also include approximately 10.5 acres of parks, a 2.8-acre Central Square, a school site, over 47 acres of natural heritage lands, and a site for a place of worship.

Currently, the Town of Erin and Erin Village are serviced via private, on-site wastewater treatment systems. The developers will be financing a sewage system and a sewage treatment plant designed to service the proposed development. While the plant will only have an initial capacity to serve the proposed development, the plant will be expandable to be able to service the entire Erin Village.

The proposed development will generate a variety of one-time revenues for the Town and County, including:

- \$19.2 million in DC revenues for the Town of Erin;
- \$4.5 million in DC revenues for Wellington County; and
- \$3.5 million in building permit revenues for the Town.

In addition to the one-time expenditures and revenues for infrastructure, the development will generate on-going revenues and costs for the Town:

- \$1.2 million in annual property tax revenues;
- \$220,100 in non-tax revenues;
- \$2.4 million in water and wastewater rates;
- \$1.2 million in net operating expenditures; and
- \$1.2 million in annual operating and lifecycle expenditures for roads, water and wastewater.

Combined, the annual revenues and costs the development would generate for the Town amounts to a positive annual fiscal benefit of approximately \$1,495,500.

The proposed development will see the following estimated annual revenues and costs for the County:

- \$3.3 million in annual property tax revenues;
- \$1,300 in non-tax revenues;
- \$2.2 million in net operating expenditures; and
- \$108,400 in annual operating and lifecycle expenditure for County roads identified in the County's DC Study.

Combined, the annual revenues and costs the development would generate for the County amounts to a positive annual fiscal benefit of approximately \$986,400.

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# 1 INTRODUCTION

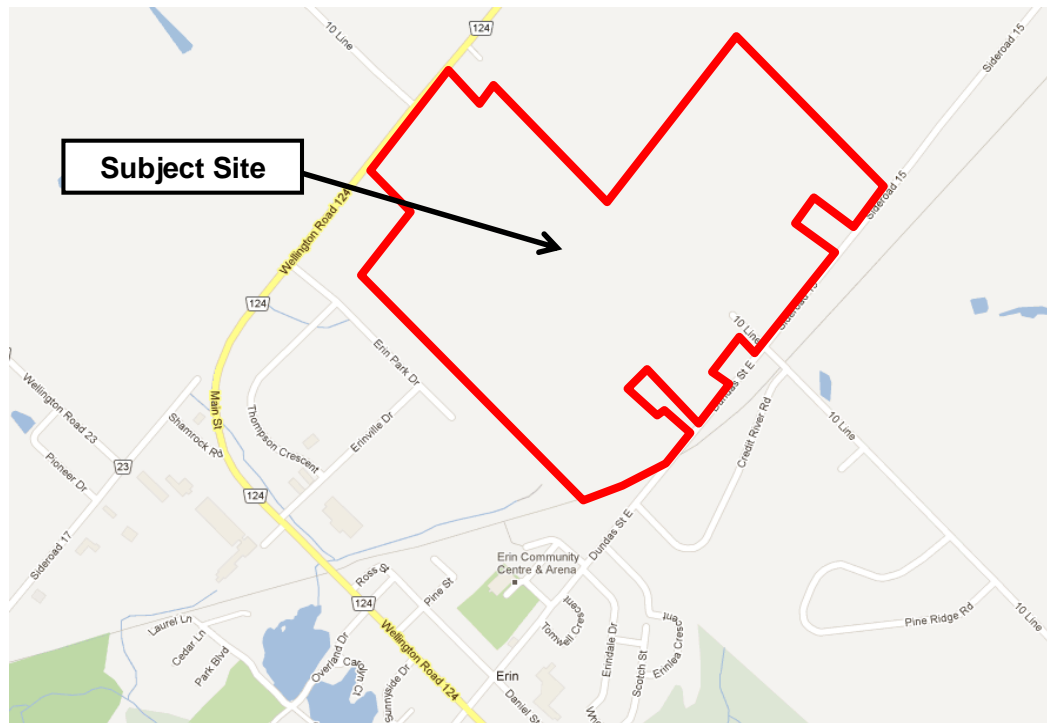
Altus Group Economic Consulting was retained by Solmar Holdings Corp. to examine the potential fiscal impacts of development of their development on the finances of the Town of Erin and Wellington County.

## 1.1 Background

Figure 1 shows the location of the subject site, which is located in the Town of Erin, south of County Road 124.

Figure 1

### Location of Subject Site



Source: Altus Group Economic Consulting based on Google Maps

Figure 2 shows the units by type in the proposed development. In total, the development will contain 1,240 residential units, including 1,042 single and semi-detached units, 98 townhouse units, and 100 seniors housing units.

Figure 2

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**Development Statistics, Solmar Development, Town of Erin**


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	Phase 1	Future Phases	Total
<b>Residential</b>			
	<i>Units</i>		
55' Single-Detached	-	11	11
50' Single-Detached	-	39	39
45' Single-Detached	-	39	39
40' Single-Detached	122	100	222
36' Single-Detached	231	28	259
55' Semi-Detached	104	58	162
50' Semi-Detached	150	160	310
Medium Density	98	-	98
Senior Housing	100	-	100
Total Residential Units	805	435	1,240
<b>Non-Residential</b>			
	<i>Square Metres</i>	<i>Square Feet</i>	
Employment	59,940	645,189	
Commercial	11,528	124,081	

Source: Altus Group Economic Consulting based on plans provided by Solmar, dated September 24, 2012

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In addition to the residential units proposed, the plan would also include:

- 10.5 acres of parks;
- A 2.8-acre Central Square;
- A place of worship;
- A 12.7-acre school site;
- Commercial lands, with approximately 645,000 square feet of development<sup>1</sup>; and
- Approximately 124,100 square feet of employment land development.<sup>2</sup>

Based on PPU factors from the Town's DC Study, singles and semi-detached units would generate approximately 3.09 persons per unit, and townhomes would generate 2.47 persons per unit. Seniors housing units would generate approximately 1.1 persons per unit. In total, the 1,240 units would generate 3,570 persons.

<sup>1</sup> Based on an assumed 25% coverage for commercial uses.

<sup>2</sup> Based on an assumed 40% coverage for employment land uses.

It is also estimated that the employment and commercial lands would generate approximately 897 jobs at full build-out. The calculation of jobs is based on the square foot per employee assumptions from the Town's 2009 DC Study of 400 square feet per commercial job and 1,100 square feet per industrial job.

This report will analyze the net annual fiscal impact of development on the Town's and County's finances.

## 2 POLICY CONTEXT

### 2.1 Growth Plan for the Greater Golden Horseshoe

Section 3 of the *Growth Plan for the Greater Golden Horseshoe* deals with infrastructure planning. The preamble in section 3.1 of the *Growth Plan* says that:

Investments in water and wastewater systems by all levels of government have also lagged behind GGH growth and many municipalities are now faced with significant renewal and capacity expansion issues. There is a need to co-ordinate investment in water and wastewater infrastructure to support future growth in ways that are linked to the determination of how these systems are paid for and administered.

Policy 1 of section 3.2 deals with the co-ordination of infrastructure and land use planning:

1. Infrastructure planning, land use planning, and infrastructure investment will be co-ordinated to implement this Plan. Infrastructure includes but is not limited to transit, transportation corridors, water and wastewater systems, waste management systems, and community infrastructure.

Section 3.2.5 of the *Growth Plan for the Greater Golden Horseshoe* deals specifically with water and wastewater systems. Policy 1 states that municipalities should generate sufficient revenue to recover the full cost of supplying a municipal water and wastewater systems.

1. Municipalities should generate sufficient revenue to recover the full cost of providing municipal water and wastewater systems.



Where “full cost” is defined as:

The full cost of providing water and wastewater services includes the source protection costs, operating costs, financing costs, renewal and replacement costs and improvement costs associated with extracting, treating or distributing water to the public, and collecting, treating or discharging wastewater.

Policy 4 in section 3.2.5 states that expansion of an existing municipal water and wastewater system should only be considered where it will serve growth that supports achievement of the *Growth Plan's* density targets.

4. Construction of new, or expansion of existing municipal or private communal water and wastewater systems should only be considered where the following conditions are met:

- b) Plans for expansion or for new services are to serve growth in a manner that supports achievement of the intensification target and density targets; ...

## 2.2 Town of Erin Official Plan

Policy 5.16.5 of the *Town of Erin Official Plan* states that:

The Town may require a fiscal impact assessment where a development proposal or proposals is so substantial that it may: ...

- b) impose severe or unusual financial burdens on the Town's fiscal well-being.

Policy 3.6.5 c) of the *Town of Erin Official Plan* states that:

- c) That the Town should consider entering into appropriate agreements with the developer or owner for the maintenance and operation of the proposed system.

Section 3.15.2 of the *Town of Erin Official Plan* deals with Economic Development objectives:

- a) To encourage industrial, commercial and other assessable non-residential growth in the Town, in particular, through economic development in areas of competitive advantage. ....

Policy 3.15.3 d) states that:

- d) New commercial and industrial development may be required to complete a fiscal impact analysis in accordance with Section 5.15.5 of this Plan to ensure that the proposal will not have an adverse financial impact on the municipality.

## 2.3 Wellington County Official Plan

Section 4.6.6 of the *Wellington County Official Plan* sets out the requirements for Fiscal Impact Assessments:

A Council may require a fiscal impact assessment where a development proposal or proposals is so substantial that it may:

- a) create negative impacts on existing commercial facilities to the extent that it threatens the existing commercial life of a traditional downtown or the planned function of other commercial areas;
- b) impose severe or unusual financial burdens on the municipality's fiscal well-being.

It is not the intent of the County to regulate competition, but the County wishes to retain healthy communities and traditional downtowns and protect public investment in Wellington's communities.

## 3 CAPITAL EXPENDITURES

### 3.1 Development Charge Revenues

Figure 3 shows the estimate of the development charges that the proposed development would generate at full build-out for the Town of Erin. In total, the proposed development would generate approximately \$19.2 million in DC revenues for the Town, including:

- \$7.3 million for water supply services;
- \$6.0 million for roads and other transportation services;
- \$3.5 million for indoor and outdoor recreation services;
- \$1.5 million for fire protection services; and
- \$870,000 for administration.

Figure 3

<b>Town of Erin, Development Charge Revenue Estimates</b>				
Units / Gross Floor Area	1,042	198	769,270	
	Town of Erin			
	Singles and Semis	Multiple Dwellings	Non- Residential	Town
Town of Erin Services	<i>Dollars / Unit</i>		<i>\$/ Square Ft.</i>	
Services Related to a Highway	3,127	2,499	1.93	
Other Transportation Services	481	385	0.29	
Fire Protection Services	963	770	0.42	
Outdoor Recreation Services	718	573	0.04	
Indoor Recreation Services	2,099	1,678	0.14	
Administration	520	416	0.32	
Water Supply Services	4,891	3,909	1.85	
<b>Total</b>	<b>12,799</b>	<b>10,230</b>	<b>4.99</b>	
<b>Town of Erin Services</b>			<i>Dollars</i>	
Services Related to a Highway	3,256,771	494,802	1,484,691	5,236,263
Other Transportation Services	500,962	76,230	223,088	800,280
Fire Protection Services	1,002,965	152,460	323,093	1,478,518
Outdoor Recreation Services	747,797	113,454	30,771	892,022
Indoor Recreation Services	2,186,109	332,244	107,698	2,626,050
Administration	541,580	82,368	246,166	870,114
Water Supply Services	5,093,977	773,982	1,423,149	7,291,108
<b>Total</b>	<b>13,330,159</b>	<b>2,025,540</b>	<b>3,838,656</b>	<b>19,194,355</b>

Source: Altus Group Economic Consulting based on Town of Erin Development Charge Rates

Figure 4 shows the amount of development charge revenue that the development would generate for Wellington County. In total, the development would generate approximately \$4.5 million in development charge revenues for the County, including:

- \$3.1 million for roads and related projects;
- \$777,000 for library;
- \$329,000 for police;
- \$91,000 for social services;
- \$75,000 for court services (provincial offences act);
- \$73,000 for administration;
- \$41,000 for ambulance; and
- \$29,000 for child care.

Figure 4

<b>Wellington County, Development Charge Revenue Estimates</b>				
Units / Gross Floor Area	1,042	198	769,270	
	Wellington County			
	Singles and Semis	Multiple Dwellings	Non- Residential	Total
<u>Wellington County Services</u>	<i>Dollars / Unit</i>		<i>\$/ Square Ft.</i>	
Library	624	449	0.05	
Administration	28	21	0.01	
Ambulance	18	13	0.01	
Police	232	171	0.07	
Roads and Related	1,600	1,177	1.55	
Child Care	22	16	-	
Provincial Offences Act	50	37	0.02	
Health Unit	55	40	0.01	
Social Services	77	57	-	
<b>Total</b>	<b>2,706</b>	<b>1,981</b>	<b>1.72</b>	
<u>Wellington County Services</u>				
Library	649,896	88,902	38,463	777,261
Administration	29,162	4,158	7,693	41,013
Ambulance	18,747	2,574	7,693	29,014
Police	241,628	33,858	53,849	329,335
Roads and Related	1,666,400	233,046	1,192,368	3,091,814
Child Care	22,913	3,168	-	26,081
Provincial Offences Act	52,075	7,326	15,385	74,786
Health Unit	57,283	7,920	7,693	72,895
Social Services	80,196	11,286	-	91,482
<b>Total</b>	<b>2,818,299</b>	<b>392,238</b>	<b>1,323,144</b>	<b>4,533,681</b>

Source: Altus Group Economic Consulting based on Town of Erin Development Charge Rates

These development charge revenues can help fund growth-related capital projects for the Town and County.

## 3.2 Capital Infrastructure Requirements

### 3.2.1 Water

It is estimated that the proposed developments would require approximately 9.36 km of internal water mains, all of which will be less than 250mm in diameter as per the DC study's local service guidelines. The marginal cost of any water mains greater than 250 mm in size would be eligible for inclusion in the Town's development charge by-law.

In addition to the internal water mains, there are expected to be 500 metres of external water mains along Dundas Street East, and 50 metres along Erinville

Drive to connect the development to the Town's water system. These would be eligible for inclusion in the Town's development charge by-law.

The Town's 2009 DC study identified that a new well was required for the Village of Erin scheduled for 2013, at a gross capital cost of \$2.75 million, of which 25% was deemed as being a benefit to existing development. The remaining \$2.06 million is allocated as growth-related to residential and non-residential growth.

At full build-out, the development will generate between \$6.6 in DC revenues for water projects, which can help fund the development charge eligible projects required by the development, and other growth-related projects identified in the Town's 2009 DC Study.

### **3.2.2 Wastewater**

Currently, wastewater in the Town of Erin and Erin Village is exclusively provided via private, on-site wastewater treatment systems.

The proposed development will be serviced by a sewer system and a sewage treatment plant, which will be provided by the developers. While the plant will only have an initial capacity to serve the entire proposed development, the plant will be expandable to be able to service the entire village. The development also requires a pumping station on site, which would be financed by the developers.

It is estimated that the proposed developments would require approximately 9.36 km of internal sewers. While sewer is not a DC service in the Town's DC by-law, and there are no local service guidelines to define what size of sewers should be internal services or external services, most of the sewers provided in the development can be considered as internal services to be funded by the developers. However, the future operation and maintenance of sewers will be the responsibility of the Town/County.

As sewer will be a new service in the Town, there are no Erin-specific benchmarks for operating and/or lifecycle costs to determine what the impact of construction of a new sewer system to service the development might be for the Town. To model what these costs might be, we have used the average annual operating and lifecycle cost for wastewater collection and treatment

from the Township of Guelph-Eramosa's 2010 *Financial Information Return* as a proxy. The detailed calculation of annual operating and lifecycle costs of wastewater collection and treatment is described in more detail later in this report.

### 3.2.3 Storm Water Management

The storm water management pond identified in the plan will be funded by the developer, and is sized to service the proposed development. The developer will also finance the required upgrades to storm water pipes along the Elora-Cataract Trail (approximately 600-700 metres in length).

### 3.2.4 Roads

It is estimated by Lea Consulting that the developments would require 9.36 km of internal roads. While the construction of these roads is a local service and will be financed by the developer, the roads will eventually be assumed by the Town who will be responsible for future operation and maintenance.

The Town's 2009 DC Study did not appear to identify any road infrastructure improvements directly related to development in Erin Village.

The County's 2012 Development Charges Background Study included several County road projects within the Town of Erin, including:

- Wellington Road 124, from County Road 52 to County Road 23, which would be widened to include passing lanes – a project cost of \$6 million, of which \$2.9 million is deemed as post period benefit, \$650,150 as benefit to existing, \$660,000 as background traffic, and the remaining \$1.7 million as growth-related DC recoverable costs.
- A widening of Wellington Road 124 from Guelph to Erin (via provision of passing lanes), scheduled for 2015, at a cost of \$3,080,000, of which \$1,514,300 is post-period benefit, \$333,744 is benefit to existing development, \$338,900 is background traffic, and \$893,156 is growth-related.

Based on discussions between Lea Consulting and the County, no additional changes to the road network were expected to be implemented in advance of the build-out horizon of the proposed developments.

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At full build-out, the developments will generate \$4.8 million in development charge revenues for roads for the Town and \$2.9 million for the County.

### 3.3 DC Credits

The County 2012 DC Study's local service policies say that:

1) All works on or affecting a roadway under the jurisdiction of the County of Wellington (including but not limited to the following: road building, rebuilding or rehabilitation, traffic signalization, intersection improvements, noise abatement, land acquisition, establishment of easements, and quality and quantity storm water management) internal to, adjacent to, or within 500 metres of a development – Direct development responsibility under s.59 of the DCA (as a local service).

2) All works on or affecting a roadway under the jurisdiction of the County of Wellington (including but not limited to the following: road building, rebuilding or rehabilitation, traffic signalization, intersection improvements, noise abatement, land acquisition, establishment of easements, and quality and quantity storm water management) NOT internal to, adjacent to, or within 500 metres of a development – Include in DC calculation to the extent permitted under s.5(1) of the DCA (dependent on local circumstances).

The Town's 2009 DC Study also includes local service guidelines for roads, water, and storm water management. For water and wastewater projects that do not meet the definition of local works in the Town's local service guidelines, they can be included in future development charge background studies and by-laws. For any works eligible for inclusion in a future DC study that are front-ended by the developer, the developer could be reimbursed through DC credits from future DC revenues in the Town.

### 3.4 Other Fees and Charges

Based on the Town's fees for permits related to new residential and non-residential construction, it is estimated that development would generate \$3,500,000 for the Town.

## 4 FISCAL IMPACT

### 4.1 On-Going Revenues

#### 4.1.1 Assessment and Property Tax Revenues

In estimating the amount of residential assessment and annual property tax revenue that the residential components of the proposed development would generate, we have purchased MPAC data for comparable recently developed single-detached and townhouse units in the surrounding communities of Acton and Fergus, and sorted the comparable units based on frontage to model the various frontages included in the proposed development.

Figure 5

Estimated Annual Property Tax Revenues, Town of Erin and Wellington County										
	Units	Assessment Value / Unit	Total Assessment Value	2011 Tax Rates			Total Annual Tax Revenue			
				Town	County	Education	Town	County	Education	Total
<b>Residential</b>		\$ / Unit	Dollars	Percent			Dollars			
45-55' Singles	89	355,000	31,595,000	0.2549%	0.6861%	0.2310%	80,550	216,769	72,984	370,303
35-40' Singles	481	282,000	135,501,000	0.2549%	0.6861%	0.2310%	345,452	929,655	313,007	1,588,114
50-55' Semis	472	355,000	167,560,000	0.2549%	0.6861%	0.2310%	427,184	1,149,607	387,064	1,963,855
Row s	98	238,000	23,324,000	0.2549%	0.6861%	0.2310%	59,463	160,023	53,878	273,365
Seniors Housing	100	124,000	12,400,000	0.2549%	0.6861%	0.2310%	31,613	85,075	28,644	145,332
<b>Total Residential</b>	<b>1,240</b>		<b>370,380,000</b>				<b>944,262</b>	<b>2,541,129</b>	<b>855,578</b>	<b>4,340,968</b>
<b>Non-Residential</b>	Sq. Feet	\$ / Sq. Ft.								
Commercial	124,081	110	13,648,908	0.3496%	0.9407%	1.1229%	47,712	128,399	153,258	329,369
Employment	645,189	60	38,711,330	0.6231%	1.6768%	1.7580%	241,204	649,110	680,528	1,570,842
<b>Total Non-Residential</b>	<b>769,270</b>		<b>52,360,238</b>				<b>288,916</b>	<b>777,509</b>	<b>833,786</b>	<b>1,900,211</b>
<b>Total</b>			<b>422,740,238</b>				<b>1,233,177</b>	<b>3,318,638</b>	<b>1,689,364</b>	<b>6,241,179</b>

Source: Altus Group Economic Consulting based on MPAC data, Town of Erin 2011 Tax Rates

We estimated the assessment value for the seniors housing by looking at comparable retirement homes in the surrounding communities of Guelph and Orangeville. The average per unit value of the comparable retirement homes was \$124,000.

We have estimated the commercial and employment assessment the non-residential components of the development would generate by looking at comparable properties in the surrounding area.

- For commercial, we have looked at assessment per square foot for similar sized commercial properties in Guelph, Halton Hills and Centre Wellington. The average assessment for these comparable properties averages out to roughly \$110 per square foot;



- For the employment lands in the proposed development, we have looked at the available assessment data for properties in the Southgate Business Park in Guelph, which has seen a significant amount of recent development. The variety of businesses in the Southgate Business Park and the assessment value they have generated provides a good comparison of the types of businesses that may be attracted to the employment lands provided in the proposed development. The average assessment for the properties in the Southgate business park is approximately \$60 per square foot.

Details regarding the residential assessment estimates are provided in Appendix A to this report, Figure A-1, with the house numbers of each unit omitted for privacy reasons.

#### **4.1.2 Non-Tax Revenues**

In addition to the property tax revenues generated annually by the proposed development, there will also be increases to the annual non-tax revenues the Town and County would receive. These include revenues for items such as licenses, permits (building permits will be handled separately in this analysis), rents, fines and donations, etc.

After making assumptions for non-tax revenues that would increase in step with residential growth, and the proportion to which residential development would contribute to these increase revenues, we have estimated that the proposed residential developments would add \$42.76 per person and \$75.20 per employee to the Town's revenues and \$0.29 per person and \$0.25 per employee to the County's revenues (see Figure A-2 in the Appendix for the detailed calculation of Non-Tax Revenues).

#### **4.1.3 Water and Wastewater Revenues**

We have modelled the annual revenues from water user rates, based on the Town's 2011 water rates, and estimates of the average monthly water demand, based on input from Schaeffers, on residential and non-residential water usage.

For residential, the estimate of revenues is based on water demand of 335 m<sup>3</sup> per household per year. For non-residential, the estimate of annual water

demand amounts to 1.3 million litres per day at full build-out. That amount of daily usage works out to annual usage of approximately 474,500 m<sup>3</sup>.

Figure 6

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**Estimate of Annual Revenues from Water and Wastewater Rates, Town of Erin**


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		Annual Usage per Unit	Units	Annual Usage	Revenues
<b>Water</b>					
<i>Residential</i>	<i>\$/ Unit</i>	<i>m3 / Year / Unit</i>		<i>m3 per Year</i>	<i>Dollars</i>
Monthly Fixed Rate	10.14		1,240		12,569
Consumption Rate	2.36	294	1,240	365,000	861,400
Total Residential					873,969
<i>Non-Residential</i>	<i>\$/ m3</i>		<i>Square Feet</i>		
Total Non-Residential	2.36		769,270	474,500	1,119,820
Total Water					1,993,789
<b>Wastewater</b>					
Residential					205,337
Non-Residential					266,938
Total Wastewater					472,274 <sup>1</sup>

<sup>1</sup> As Town does not currently levy sewer rates, wastewater revenues assumed to be same as annual operating and lifecycle costs.

Source: Altus Group Economic Consulting based on 2011 Town User Rates and input from Schaeffers

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The Town does not currently have a municipal sewer system and therefore does not levy sewer rates. However, we assumed that the annual operating and lifecycle wastewater costs estimated later in this report will be fully recovered by the annual sewer rate revenues generated by development.

In total, it is estimated that the development will generate \$874,000 from water rates from residential development, plus an additional \$472,300 per year from non-residential development.

## 4.2 On-Going Expenditures

### 4.2.1 Operating Expenditures

We have estimated the additional operating costs that will result from residential and non-residential development for services such as recreation and cultural services, fire protection, etc. We do this calculation in four steps:

1. We take the operating expenditures of the Town and County in 2011, as taken from Schedule 40 of the Town's and County's 2011 *Financial Information Return*.
2. Expenditures for each service relating to long-term debt interest, and any user fee and service charge revenues associated with each service are deducted to reach net operating expenditures.
3. We have also made deductions for grants that are provided by the federal government, provincial government and other municipalities to fund County administered services, such as social assistance, child care, public housing, etc.;
4. We estimate the degree to which the net operating expenditures will relate to growth by applying a "growth-related" factor to the net operating expenditures, to reach net growth-related operating expenditures. In most cases, the need for services will generate a nearly proportional increase in operating costs, with a small allowance made for efficiencies and economies of scale. Other service will grow at a much slower pace than population growth, such as government, planning department costs, etc.
5. We then attribute a share of the net growth-related operating expenditures to residential growth, by applying residential/non-residential factors to each service based on typical usage and/or the residential/non-residential split used in the Town and County's Development Charge Background studies. This equals the net residential growth-related operating expenditures.

In total, we have estimated that development would represent an additional annual operating cost to the Town of approximately of \$203.45 per capita and \$151.03 per employee. For the County, development would generate an additional operating cost of \$857.69 per capita and \$498.70 per employee. Figures A-3 (Wellington County) and A-4 (Town of Erin) in Appendix A shows the detailed calculation of net growth related operating expenditures.

We have removed the roads, water and wastewater line items from the calculation of net operating expenditures. Instead, the impacts on the Town's and County's finances for roads, water and wastewater will be calculated separately to account for all costs associated with operation, maintenance and eventual replacement of the required infrastructure.

## 4.2.2 Lifecycle Funding

In reviewing the costs associated with roads, water and wastewater infrastructure, not only do the additional operating costs associated with the infrastructure need to be considered, but also the “lifecycle funding” requirements should be included in the analysis to ensure that funding is available for the eventual replacement of the infrastructure at the end of each component’s useful life.

Information on the amount of infrastructure required to service the developments was provided by Schaeffers. We have taken the average operating and amortization costs for water collection, water treatment and roads from the Town and County’s 2011 *Financial Information Returns*, and applied those cost factors to the estimated amount of infrastructure required for the proposed development. As the Town does not currently have a sewage system, we have taken the average cost for sewage treatment and collection from the Township of Guelph-Eramosa’s 2011 *Financial Information Return*.

Figure 7

Estimated Annual Lifecycle Costs, Roads, Water and Wastewater, Erin Village Development for Town of Erin and Wellington County								
	Town of Erin Operating and Lifecycle Costs per Unit		Town of Erin			Wellington County		
	Units	Units	Res	Non-Res	Total	Res	Non-Res	Total
	\$ / Lane KM	Lane KM		Dollars				
<b>Paved Roads</b>	8,323	18.73	124,570	31,288	155,858	65,025	43,350	108,375 <sup>2</sup>
<b>Water</b>	\$ / Megalitre	Megalitres						
Water Treatment	1,263	365	200,417	260,542	460,959	n.a.	n.a.	n.a.
Water Distribution	\$ / KM	KM						
	15,566	9.36	63,368	82,378	145,746	n.a.	n.a.	n.a.
			263,785	342,920	606,705	n.a.	n.a.	n.a.
<b>Wastewater</b>	\$ / Megalitre	Megalitre						
Sew age Treatment	948 <sup>1</sup>	365	150,510	195,663	346,173	n.a.	n.a.	n.a.
Sew age Collection	\$ / KM	KM						
	13,468 <sup>1</sup>	9.36	54,827	71,275	126,101	n.a.	n.a.	n.a.
			205,337	266,938	472,274	n.a.	n.a.	n.a.

<sup>1</sup> As sewer has not been a service provided by the Town, we have used the benchmark costs from the Township of Guelph-Eramosa’s 2011 Financial Information Return

<sup>2</sup> Based on ratio of lifecycle costs to net growth-related costs from County 2012 DC Study, applied to projects identified for Erin

Figure 7 shows the estimates of infrastructure requirements, and the estimated amount of both water and sewage treatment generated by development. The average operating and amortization costs (per km or per

m<sup>3</sup>) from the Town and County's 2011 *Financial Information Returns* are applied to the amount of infrastructure required. In summary:

- Average annual operating and lifecycle costs for Town roads in the Secondary Plan amount to \$155,900, of which \$124,600 is attributable to residential and \$31,300 is attributable to non-residential;<sup>3</sup>
- The two roads identified for Erin in the County DC Study would have an annual operating and lifecycle cost of \$108,400, of which \$65,025 is attributable to residential (based on a 60% share from the County DC Study), and \$43,350 is attributable to non-residential;
- For water, average annual operating and lifecycle costs are \$606,700, of which \$263,800 is attributed to residential, and \$342,900 is attributed to non-residential; and<sup>4</sup>
- For wastewater, average annual operating and lifecycle costs are \$472,300, of which \$205,300 is attributed to residential, and \$266,900 is attributed to non-residential.

The average annual operation and lifecycle costs will be included in the final calculation of the net annual fiscal impact.

## 5 CONCLUSIONS

Figure 8 shows the calculation of the net annual fiscal impact of the proposed developments.

The combined annual fiscal benefit to the Town and County amounts to , of which is attributed to residential development (or per capita), and the other is attributed to non-residential development (or per employee):

- The Town of Erin has a combined positive annual fiscal impact of \$1,495,500, of which \$726,367 comes from residential development (or \$203.45 per capita), and another \$769,119 comes from non-residential development (or \$857.69 per employee); and

<sup>3</sup> Split between residential and non-residential in the roads operating and lifecycle costs are based on the split of population and employment forecast for the proposed development.

<sup>4</sup> Split between residential and non-residential in the water and wastewater operating and lifecycle costs are based on the split in average annual m<sup>3</sup> demand/usage for each sector (43.5% residential and 56.5% non-residential).

- The County has a combined annual fiscal benefit of \$986,400, of which \$539,206 comes from residential development (or \$151.03 per capita), and another \$447,200 comes from non-residential development (or \$498.70 per employee).

Figure 8

Net Annual Fiscal Impact, Erin Solmar Development, Town of Erin and Wellington County										
Persons	3,570									
Employees	897									
	Revenues				Expenditures				Net Fiscal Impact	
	Property Tax Revenues	Non-Tax Revenues	Water / WW User Rates	Total Revenues	Operating Expenditures	Operating and Lifecycle		Total Expenditures		
						Roads	Water	WW		
<b>Town of Erin</b>										
Residential	944,262	152,682	1,079,305	2,176,248	856,190	124,570	263,785	205,337	1,449,882	726,367
Non-Residential	288,916	67,439	1,386,758	1,743,112	332,848	31,288	342,920	266,938	973,994	769,119
Total	1,233,177	220,120	2,466,063	3,919,361	1,189,038	155,858	606,705	472,274	2,423,876	1,495,485
<i>Dollars per Capita / Employee</i>										
Per Capita	264.48	42.76	302.30	609.54	239.81	34.89	73.88	57.51	406.10	203.45
Per Employee	322.19	75.20	1,546.45	1,943.84	371.18	34.89	382.41	297.68	1,086.15	857.69
<b>Wellington County</b>										
Residential	2,541,129	1,037	-	2,542,167	1,937,936	65,025	-	-	2,002,961	539,206
Non-Residential	777,509	220	-	777,730	287,180	43,350	-	-	330,530	447,200
Total	3,318,638	1,258	-	3,319,896	2,225,116	108,375	-	-	2,333,491	986,405
<i>Dollars per Capita / Employee</i>										
Per Capita	711.74	0.29	-	712.03	542.79	18.21	-	-	561.01	151.03
Per Employee	867.04	0.25	-	867.29	320.25	48.34	-	-	368.59	498.70
<b>Total</b>										
Residential	3,485,391	153,719	1,079,305	4,718,415	2,794,126	189,595	263,785	205,337	3,452,843	1,265,572
Non-Residential	1,066,425	67,659	1,386,758	2,520,842	620,028	74,638	342,920	266,938	1,304,523	1,216,318
Total	4,551,816	221,378	2,466,063	7,239,257	3,414,154	264,233	606,705	472,274	4,757,366	2,481,890
<i>Dollars per Capita / Employee</i>										
Per Capita	976.22	43.06	302.30	1,321.58	782.60	53.10	73.88	57.51	967.10	354.47
Per Employee	1,189.23	75.45	1,546.45	2,811.12	691.43	83.23	382.41	297.68	1,454.74	1,356.38

Source: Altus Group Economic Consulting

**Appendix A**  
**Detailed Tables**

Figure A- 1

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**Residential Assessment Comparables**

	Community	Assessment Value 2012	Frontage
		<i>Dollars</i>	<i>Feet</i>
<u>45-55 Ft Singles</u>			
Saint David Street South	Fergus	296,000	52.49
Hurst Street	Acton	361,000	49.64
Scotland Street	Fergus	338,000	49.22
Davison Place	Fergus	341,000	47.11
Bonnette Street	Acton	365,000	46.92
Bonnette Street	Acton	360,000	44.95
Hurst Street	Acton	359,000	44.95
Brown's Crescent	Acton	410,000	44.95
Brown's Crescent	Acton	363,000	44.03
Average		354,778	47
<u>35-40 Ft Singles</u>			
McTavish Street	Fergus	337,000	42.65
McTavish Street	Fergus	256,000	42.65
Robertson Street	Fergus	237,000	40.45
Millburn Boulevard	Fergus	301,000	39.44
Millburn Boulevard	Fergus	251,000	39.39
McTavish Street	Fergus	250,000	39.37
Somerville Road	Acton	327,000	37.52
Somerville Road	Acton	341,000	36.09
Millburn Boulevard	Fergus	234,000	34.78
Average		281,556	39
<u>Medium Density - Towns</u>			
Beirnes Court	Fergus	286,000	45.46
Beirnes Court	Fergus	268,000	34.28
742 Darroch Way	Fergus	213,000	30.67
Scott Street	Fergus	241,000	29.50
Robertson Street	Fergus	218,000	25.00
Tait Crescent	Fergus	219,000	24.41
Tait Crescent	Fergus	222,000	24.41
Average		238,143	31

Source: Altus Group Economic Consulting based on MPAC data

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Figure A- 2

**Estimate of Non-Tax Revenues, Wellington County**

	Non-Tax Revenues	Less: Building Permit Revenues	Net Non-Tax Revenues	Grow th Related Percent	Grow th Related Non- Tax Revenues	Res. Share Percent	Residential Grow th Related Non- Tax Revenues	Non Residential Grow th Related Non- Tax Revenues	
		<i>Dollars</i>		<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>		
<b>Licenses, Permits, Rents, etc.</b>									
Licenses and Permits	7,919	-	7,919	95%	7,523	72%	5,417	2,106	
Rents, Concessions, etc.	6,644,673	-	6,644,673	0%	-	72%	-	-	
Subtotal	6,652,592	-	6,652,592		7,523		5,417	2,106	
<b>Fines and Penalties</b>									
Other Fines	-	-	-	95%	-	72%	-	-	
Penalties and Interest on Taxes	-	-	-	95%	-	72%	-	-	
Subtotal	-	-	-		-		-	-	
<b>Other Revenue</b>									
Investment Income	2,240,008	-	2,240,008	0%	-	72%	-	-	
Donations	31,863	-	31,863	95%	30,270	72%	21,794	8,476	
Gaming and Casino Revenues	466,392	-	466,392	0% <sup>2</sup>	-	95%	-	-	
Subtotal	2,738,263	-	2,738,263		30,270		21,794	8,476	
<b>Total</b>	<b>9,390,855</b>	<b>-</b>	<b>9,390,855</b>		<b>37,793</b>		<b>27,211</b>	<b>10,582</b>	
							<i>Persons</i>	<i>Jobs</i>	
							2011 Population / Employment	93,641	43,104
							<i>\$/ Capita</i>	<i>\$/ Job</i>	
							<b>\$/ Capita or Employee - Growth Related Non Tax Revenues</b>	0.29	0.25

**Estimate of Non-Tax Revenues, Town of Erin**

	Non-Tax Revenues	Less: Building Permit Revenues	Net Non-Tax Revenues	Grow th Related Percent	Grow th Related Non- Tax Revenues	Res. Share Percent	Residential Grow th Related Non- Tax Revenues	Non Residential Grow th Related Non- Tax Revenues	
		<i>Dollars</i>		<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>		
<b>Licenses, Permits, Rents, etc.</b>									
Licenses and Permits	426,686	88,000 <sup>1</sup>	338,686	95%	321,752	68%	218,791	102,961	
Rents, Concessions, etc.	17,692	-	17,692	0%	-	68%	-	-	
Subtotal	444,378	88,000	356,378		321,752		218,791	102,961	
<b>Fines and Penalties</b>									
Other Fines	390	-	390	95%	371	68%	252	119	
Penalties and Interest on Taxes	311,509	-	311,509	95%	295,934	68%	201,235	94,699	
Subtotal	311,899	-	311,899		296,304		201,487	94,817	
<b>Other Revenue</b>									
Investment Income	66,382	-	66,382	0%	-	68%	-	-	
Donations	9,682	-	9,682	95%	9,198	68%	6,255	2,943	
Subtotal	76,064	-	76,064		9,198		6,255	2,943	
<b>Total</b>	<b>832,341</b>	<b>88,000</b>	<b>744,341</b>		<b>627,254</b>		<b>426,532</b>	<b>200,721</b>	
							<i>Persons</i>	<i>Jobs</i>	
							2011 Population / Employment	9,974	2,669
							<i>\$/ Capita</i>	<i>\$/ Job</i>	
							<b>\$/ Capita or Employee - Growth Related Non Tax Revenues</b>	42.76	75.20

<sup>1</sup> Actual building permit revenues for new residential construction in the Town of Erin deducted from amount of licence and permit revenue the proposed development would generate for the Town of Erin. In 2011, the Town of Erin issues 40 permits for new residential units

<sup>2</sup> It is assumed that the additional development would not generate a significant number of additional visitors to the slot facility in Elora to generate additional revenues for the Town of Erin

Source: Altus Group Economic Consulting based on Town of Erin and Wellington County, 2011 Financial Information Returns

Figure A-3

	Wellington County				Growth Related			Residential Growth Related Net Operating Expenditures	Non Residential Growth Related Net Operating Expenditures
	Expenditures	Interest on Long Term Debt	User Fees and Service Charges	Grants & Revenue from Other Municipalities	Net Expenditures	%	Net Operating Expenditures		
<b>General Government</b>									
Governance	919,211	-	-	-	919,211	75%	689,408	70%	482,586
Corporate Management	4,359,265	162,805	-	-	4,196,460	75%	3,147,345	70%	2,203,142
Program Support	-	-	-	-	-	75%	-	70%	-
Subtotal	5,278,476	162,805	352,825	35,828	4,727,018		3,836,753		2,685,727
<b>Protection Services</b>									
Fire	-	-	-	-	-	95%	-	75%	-
Police	15,740,319	101,789	155,220	266,171	15,211,339	95%	14,456,282	72%	10,408,523
Conservation Authority	-	-	-	-	-	100%	-	72%	-
Protective Inspection and Control	-	-	-	-	-	95%	-	72%	-
Building Permit and Inspection Service	-	-	-	-	-	95%	-	72%	-
Emergency Measures	622,306	-	9,300	189,221	423,785	95%	402,596	72%	289,869
Provincial Offences Act	407,559	78,073	-	729,849	(400,363)	95%	(380,345)	72%	(273,848)
Subtotal	16,770,184	179,862	164,520	1,185,241	15,240,561		14,478,533		10,424,544
<b>Transportation Services</b>									
Roads - Bridges and Culverts	3,365,123	-	7,652	176	3,357,295	95%	3,189,430	60%	1,913,658
Roads - Traffic Operations & Roadside	2,236,358	-	24,672	23,078	2,188,608	95%	2,079,178	60%	1,247,507
Winter Control - Except Sidewalks, Parking Lots	6,262,573	-	107,265	611,893	5,543,415	95%	5,266,244	60%	3,159,747
Winter Control - Sidewalks, Parking Lots Only	-	-	-	-	-	95%	-	60%	-
Parking	-	-	-	-	-	95%	-	60%	-
Subtotal	11,864,054	-	139,589	635,147	11,089,318		10,534,852		6,320,911
<b>Environmental Services</b>									
Urban Storm Sewer System	-	-	-	-	-	95%	-	72%	-
Solid Waste Collection	2,730,956	-	307,278	-	2,423,678	95%	2,302,494	72%	1,657,796
Solid Waste Disposal	4,746,344	-	1,101,641	11,997	3,632,706	95%	3,451,071	72%	2,484,771
Waste Diversion	2,579,036	-	2,350,784	74,570	153,682	95%	145,998	72%	105,118
Subtotal	10,056,336	-	3,759,703	86,567	6,210,066		5,899,563		4,247,685
<b>Health Services</b>									
Public Health Services	1,839,155	-	-	-	1,839,155	95%	1,747,197	72%	1,257,982
Ambulance Services	3,017,188	-	-	-	3,017,188	95%	2,866,329	72%	2,063,757
Cemeteries	-	-	-	-	-	95%	-	100%	-
Subtotal	4,856,343	-	-	-	4,856,343		4,613,526		3,321,739
<b>Social and Family Services</b>									
General Assistance	24,624,600	-	242,165	22,064,600	2,317,835	95%	2,201,943	95%	2,091,846
Assistance to Aged Persons	18,201,173	1,065,980	4,279,963	8,319,071	4,536,159	95%	4,309,351	95%	4,093,883
Child Care	12,823,841	-	299,763	11,561,576	962,502	95%	914,377	100%	914,377
Subtotal	55,649,614	1,065,980	4,821,891	41,945,247	7,816,496		7,425,671		7,100,106
<b>Social Housing</b>									
Public Housing	15,595,921	139,577	102,012	4,967,045	10,387,287	95%	9,867,923	95%	9,374,527
Non-Profit / Cooperative Housing	12,116,031	-	-	11,019,473	1,096,558	95%	1,041,730	95%	989,644
Rent Supplement Program	1,847,685	-	-	1,807,144	40,541	95%	38,514	95%	36,588
Subtotal	29,559,637	139,577	102,012	17,793,662	11,524,386		10,948,167		10,400,758
<b>Recreation and Cultural Services</b>									
Recreation Facilities - All Other	-	-	-	-	-	95%	-	95%	-
Libraries	5,081,914	118,348	186,221	200,202	4,577,143	95%	4,348,286	95%	4,130,872
Museums	1,765,601	-	117,134	52,264	1,596,203	95%	1,516,393	95%	1,440,573
Subtotal	6,847,515	118,348	303,355	252,466	6,173,346		5,864,679		5,571,445
<b>Planning and Development</b>									
Planning and Zoning	1,648,697	-	227,118	23,627	1,397,952	75%	1,048,464	72%	754,894
Commercial and Industrial	-	-	24,480	-	(24,480)	75%	(18,360)	0%	(18,360)
Agriculture and Reorestation	497,195	-	9,989	-	487,206	0%	-	95%	-
Other - Rental Facility Operations	-	-	-	-	-	95%	-	95%	-
Other - BIA Grant / Fees	-	-	-	-	-	0%	-	95%	-
Subtotal	2,145,892	-	261,587	23,627	1,860,678		1,030,104		754,894
<b>Total</b>	<b>143,028,051</b>	<b>1,666,572</b>	<b>9,905,482</b>	<b>61,957,785</b>	<b>69,498,212</b>		<b>64,631,847</b>		<b>50,827,810</b>
									<b>13,804,038</b>
									<b>93,641</b>
									<b>43,104</b>
									<b>542.79</b>
									<b>320.25</b>

Source: Altus Group Economic Consulting based on 2011 Financial Information Returns for Wellington County

Figure A- 4

	Town of Erin				Growth Related		Residential Share	Residential Growth Related Net Operating Expenditures	Non Residential Growth Related Net Operating
	Expenditures	Interest on Long Term Debt	User Fees and Service Charges	Net Expenditures	%	Net Operating Expenditures			
<b>General Government</b>									
Governance	226,531	-	-	226,531	75%	169,898	68%	115,531	54,367
Corporate Management	561,227	-	-	561,227	75%	420,920	68%	286,226	134,694
Program Support	16,343	-	-	16,343	75%	12,257	68%	8,335	3,922
Subtotal	804,101	-	48,568	755,533		603,076		410,092	192,984
<b>Protection Services</b>									
Fire	805,604	-	76,913	728,691	95%	692,256	75%	519,192	173,064
Police	-	-	-	-	95%	-	68%	-	-
Conservation Authority	131,151	-	-	131,151	100%	131,151	68%	89,183	41,968
Protective Inspection and Control	100,761	-	5,325	95,436	95%	90,664	68%	61,652	29,013
Building Permit and Inspection Service	338,128	-	-	338,128	95%	321,222	68%	-	321,222
Emergency Measures	-	-	-	-	95%	-	68%	-	-
Provincial Offences Act	-	-	-	-	95%	-	68%	-	-
Subtotal	1,375,644	-	82,238	1,293,406		1,235,293		670,027	565,267
<b>Transportation Services</b>									
Roads - Bridges and Culverts	114,537	-	-	114,537	95%	108,810	68%	73,991	34,819
Roads - Traffic Operations & Roadside	-	-	-	-	95%	-	68%	-	-
Winter Control - Except Sidewalks, Parking Lots	215,226	-	-	215,226	95%	204,465	68%	139,036	65,429
Winter Control - Sidewalks, Parking Lots Only	18,589	-	-	18,589	95%	17,660	68%	12,008	5,651
Parking	92,463	-	-	92,463	95%	87,840	68%	59,731	28,109
Subtotal	440,815	-	-	440,815		418,774		284,766	134,008
<b>Environmental Services</b>									
Urban Storm Sewer System	100,203	-	-	-	95%	-	68%	-	-
Solid Waste Collection	-	-	-	-	95%	-	68%	-	-
Solid Waste Disposal	-	-	-	-	95%	-	68%	-	-
Waste Diversion	-	-	-	-	95%	-	68%	-	-
Subtotal	100,203	-	-	-		-		-	-
<b>Health Services</b>									
Public Health Services	-	-	-	-	95%	-	68%	-	-
Ambulance Services	-	-	-	-	95%	-	68%	-	-
Cemeteries	28,559	-	-	28,559	95%	27,131	100%	27,131	-
Subtotal	28,559	-	-	28,559		27,131		27,131	-
<b>Social and Family Services</b>									
General Assistance	-	-	-	-	95%	-	95%	-	-
Assistance to Aged Persons	-	-	-	-	95%	-	95%	-	-
Child Care	-	-	-	-	95%	-	95%	-	-
Subtotal	-	-	-	-		-		-	-
<b>Social Housing</b>									
Public Housing	-	-	-	-	25%	-	95%	-	-
Non-Profit / Cooperative Housing	-	-	-	-	25%	-	95%	-	-
Rent Supplement Program	-	-	-	-	25%	-	95%	-	-
Subtotal	-	-	-	-		-		-	-
<b>Recreation and Cultural Services</b>									
Recreation Facilities - All Other	1,731,639	30,383	723,790	977,466	95%	928,593	95%	882,163	46,430
Libraries	-	-	-	-	95%	-	95%	-	-
Museums	-	-	-	-	95%	-	95%	-	-
Subtotal	1,731,639	30,383	723,790	977,466		928,593		882,163	46,430
<b>Planning and Development</b>									
Planning and Zoning	275,918	-	61,111	214,807	75%	161,105	68%	109,552	51,554
Commercial and Industrial	-	-	-	-	75%	-	0%	-	-
Agriculture and Reforestation	-	-	-	-	0%	-	95%	-	-
Other - Rental Facility Operations	9,006	-	-	9,006	95%	8,556	95%	8,128	428
Other - BIA Grant / Fees	-	-	13,809	(13,809)	0%	-	95%	-	-
Subtotal	284,924	-	74,920	210,004		169,661		117,679	51,981
<b>Total</b>	<b>4,765,885</b>	<b>30,383</b>	<b>929,516</b>	<b>3,805,986</b>		<b>3,382,528</b>		<b>2,391,858</b>	<b>990,670</b>
								9,974	2,669
								240	371

Source: Altus Group Economic Consulting based on 2011 Financial Information Returns for Town of Erin