

Report to/Rapport au:

**OTTAWA PUBLIC LIBRARY BOARD  
CONSEIL D'ADMINISTRATION DE LA BIBLIOTHÈQUE PUBLIQUE D'OTTAWA**

**February 10, 2014  
Le 10 février 2014**

**Submitted by/Soumis par : Matthew Pritz  
Manager, Business Services / Chef de Service, Services aux entreprises**

*Contact Person / Personne ressource: Matthew Pritz  
(613) 580-2424 x12727, [Matthew.Pritz@BiblioOttawaLibrary.ca](mailto:Matthew.Pritz@BiblioOttawaLibrary.ca)*

Ref N°: OPLB-2014-0014

**SUBJECT: Development Charges Strategic Framework – Ad-Hoc Working Group  
Update**

**OBJET : Le cadre stratégique sur les redevances d'aménagement – Mise à  
jour du group ad-hoc**

**REPORT RECOMMENDATION**

**That the Ottawa Public Library (OPL) Board approve the Development Charges (DC) funding framework for the period 2015 – 2024 to a maximum allowable service level cap of \$33 million under the Development Charges Act (DCA).**

**RECOMMANDATION DU RAPPORT**

**Que le C.A. de la Bibliothèque publique d'Ottawa approuve le cadre stratégique relatif aux redevances d'aménagement pour la période 2015-2024 au maximum autorisé de 33 millions de dollars du plafond de niveau de service, aux termes de la Loi sur les redevances d'aménagement.**

## BACKGROUND

Development charges are one-time fees levied by municipalities on new residential and non-residential properties. These charges provide funding for the growth portion of associated capital project costs as identified in the City of Ottawa's Development Charges (DC) By-law and Background Study. Libraries are considered to be an "eligible service" under the City's current by-law, and as such, development charges are collected at building permit issuance on the Library's behalf. Once collected, these growth-related funds are deposited into the Library Services DC Reserve Fund in order to pay for future growth-related capital costs. The DC By-law in place was approved by City Council on June 24, 2009 and is scheduled to be updated in June of 2014.

At its meeting in January, 2014 the Board established an ad-hoc working group to review future development charge capital funding priorities. The working group will bring forward final funding recommendations at the March Board meeting. The working group has already met on two separate occasions to discuss the preparation of the OPL submission as part of the next City Development Charges By-Law.

## DISCUSSION

Traditionally, development charges provide funds for new library buildings and expansions to current facilities based on a quantity and quality standards calculated using ten-year a historical average level of service. Development charges also provide funding that is used to purchase library collections for new and expanded facilities. These new collection materials include various formats (print, audio, digital, electronic).

As mentioned earlier, the Development Charges Act requires municipalities to determine the ten-year historic average level of service cap in order to establish their growth-related cost recoveries.

There are, however, three challenges that development charge calculations present:

- 1) The maximum "quantity" at which the development charge fee schedule is based on the past 10 year historic average level of service provision.
- 2) The maximum "quality" at which the development charge fee schedule is based on is the unit value of the inventory, averaged over the past ten years.

- 3) A 10% statutory deduction must be applied against the growth-related costs that are included in the development charge calculation.

The updated building space and collection holdings level of service sheets have calculated an estimated overall service level cap of approximately \$33M, which is available to fund capital projects from 2015 to 2024. The building space component is approximately \$19M and collection material portion is \$14M. The overall level of service total, in 2009, was \$28.7M.

According to Section 5.3 of the DCA, the following costs related to the construction of facilities and the purchase of circulating materials are considered to be capital expenditures:

- Costs to acquire land or an interest in land, including a leasehold interest.
- Costs to improve land.
- Costs to acquire, lease, construct or improve buildings and structures.
- Costs to acquire, lease, construct or improve facilities including,
  - -rolling stock with an estimated useful life of seven years or more,
  - -furniture and equipment, other than computer equipment, and
  - -materials acquired for circulation, reference or information purposes by a library board as defined in the *Public Libraries Act*.
- Costs to undertake studies in connection with any of the matters referred to in paragraphs 1 to 4.
- Costs of the development charge background study required under section 10.
- Interest on money borrowed to pay for costs described in paragraphs 1 to 4. 1997, c.27, s. 5 (3).

Capitalizing on development charge funding is dependent on future residential and non-residential growth in the City as well as the OPL's provision of a minimum of ten percent of the total funding requested for each capital project. This equates to a \$3.3M in capital funding contributions from the OPL. Development charges must also be allocated to fund capital projects specifically listed in the DC By-law. Therefore, the next phase of the working group's activities will be to determine the future capital project listing, respecting the funding framework service level cap, and bring this back to the Board for final approval.

To make this determination, various elements must be taken into consideration such as the location of future growth, new alternative service delivery methods, and a review of existing services provided by the library, in order to achieve an equitable level of service across the entire City.

For example, [Board Report – 08 Library Facilities Investment and Growth Planning Study / Danix OPL Facilities Investment and Growth Planning Report, December 2011](#) provides the following key findings:

- growth will be concentrated in the south and west in suburban areas;
- rural growth will be largely concentrated in villages where existing OPL branches are located;
- development charges are designed to fund future growth-related requirements and not the entire estimated capital building program.

The Library Board must also contend with technological changes, which have impacted how residents currently receive and in the future would like to obtain services. For example, the library currently offers alternative service delivery (e.g. kiosks, bookmobile, virtual services, etc.) through existing funding sources. While development charge funding has been applied to the traditional categories of facilities and collections, the ability to transition to alternative service delivery models in growth areas requires changing past allocation funding practices.

## CONSULTATION

There were no public consultations undertaken for the purposes of this report. Key internal consultations were undertaken with staff from the City's Finance Department as well as the Planning and Growth Management Department.

## LEGAL IMPLICATIONS

There are no legal implications associated with this report.

## RISK MANAGEMENT IMPLICATIONS

There are no immediate risk implications related to this report. Long term risks include insufficient level of service ratios to support continued growth requirements in suburban and rural geographies.

## ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

## TECHNOLOGY IMPACTS

There are no technological impacts resulting from this report.

## FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from this report. However, approval of the DC by-law will provide OPL with a portion of funding required for future growth related projects.

## BOARD PRIORITIES

The report responds to the following Board strategic priorities:

- B. PLACES and SPACES that are Vital, Welcoming Community Hubs
- E. EXCELLENCE in Governance, Accountability and Financial Sustainability

## SUPPORTING DOCUMENTATION

### Reference Documents

- Board Report – 02 Adoption of OPL 2014 Draft Budget, November 2013
- City of Ottawa Planning Committee – Development Charges By-Law Review – Sponsors Group, February 12, 2013
- Board Report – 08 Library Facilities Investment and Growth Planning Study / Danix OPL Facilities Investment and Growth Planning Report, December 2011
- Ottawa Public Library Board – Development Charges Board Backgrounder, June 2007
- City of Ottawa - Development Charges By-law No. 2009 – 216
- Ontario Development Charge Act 1997

## DISPOSITION

The Ad-Hoc working group will continue to work with the Planning and Growth Management Department in completing the OPL's portion of the revised 2014 City of Ottawa Development Charges By-Law.