



Report to: General Committee Finance & Administrative Date of Meeting: December 11, 2006

SUBJECT: Development Charges Indexing January 1, 2007
PREPARED BY: Jennifer Nelson, extension 2640

RECOMMENDATION:

THAT the report titled "Development Charges Indexing January 1, 2007" be received;

AND THAT Council approve an increase in development charges of 4.02%, effective January 1, 2007.

PURPOSE:

The purpose of this report is to recommend the indexing of development charges, effective January 1, 2007, in accordance with the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto.

BACKGROUND:

Section 15 of the Town's Development Charge by-laws, enacted August 31, 2004, states that "the development charges referred to in Schedule "B" shall be adjusted semi-annually without amendment to this by-law, commencing on the first day of January and the first day of July, of each year commencing January 1, 2005, in accordance with the most recent change in the Statistics Canada Quarterly, Construction Price Statistics (Catalogue No. 62-007)".

In accordance with the by-law it is recommended that the development charge be indexed 4.02%. This represents the increase in the Statistics Canada Quarterly, Construction Price Statistic for non-residential buildings in Toronto for the second and third quarter of 2006. Below is a history of the indexes approved by Council since the by-laws were enacted.

Effective Date	Percentage Increase	Increase Based on Index Change Between
January 1, 2005	6.90%	Q1 to Q3, 2004
July 1, 2005	1.42%	Q4, 2004 to Q1, 2005
January 1, 2006	3.31%	Q2 to Q3, 2005
July 1, 2006	2.78%	Q4, 2005 to Q1, 2006
January 1, 2007	4.02%	Q2 to Q3, 2006
Total Compound Increase	<u>19.81%</u>	

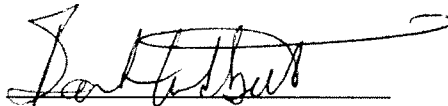
The Town continues to experience higher than expected costs for hard services. An updated Development Charge Background Study is currently being prepared to reflect these increased costs and to include new growth related projects not previously included in the development charge. A preliminary review of the hard services currently included in the Background Study (not including new growth related projects) indicated cost increases of approximately 30-35%, while the semi-annual indexing has only allowed the charge to be increased by approximately 20%. Staff will be reporting the draft results of the Background Study to Council in the first quarter of 2007.

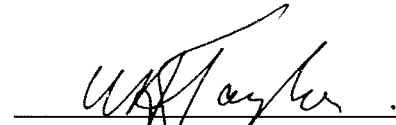
FINANCIAL CONSIDERATIONS

The Construction Price Index includes costs associated with the construction of industrial, commercial and institutional buildings which more closely aligns with the costs incurred by the Town of Markham for these services. Indexing the Town's Development Charges on a semi-annual basis will partially mitigate the impact of inflationary increases on future growth-related costs.

RECOMMENDED

BY:


Barb Cribbett, Treasurer


Andy Taylor, Commissioner
Corporate Services

ATTACHMENTS:

Exhibit A – Town of Markham Recommended Development Charges for January 1, 2007.