



MEMORANDUM

Memo No. 23-032

TO: Trustees
Student Trustees

FROM: Michèle Giroux, Director of Education and Secretary of the Board
Randall Gerrior, Associate Director, Business Operations

DATE: 19 May 2023

RE: **Education Development Charges By-Law
2024 By-Law Renewal Update**

Education Development Charges (EDC) are fees payable for both residential and commercial industrial growth-related building permits (for new units) directed into funds held by eligible school boards. These funds, set by by-law and supported by background studies, can be used to pay for the acquisition of new school sites and some site works associated with the building of new schools. The fund cannot be used to support school construction or renovation. Approximately 30 of the 72 school boards in the Province of Ontario are eligible and currently have an Education Development Charge By-Law in place. The bylaw establishing EDCs must be renewed every 5 years.

On 26 March 2019, the Ottawa-Carleton District School Board (OCDSB) adopted EDC By-law 01-2019. This by-law served to implement the collection of Education Development Charges (EDC) across the District on 1 April 2019.

On 29 March 2019, the OCDSB received a memorandum from the Ministry of Education regarding amendments made to Ontario Regulation 20/98, Educational Development Charges, which governs the implementation of EDCs within the province. Essentially, regardless of background studies or intended charges, the Ministry of Education capped the increases boards could charge with the implementation of new by-laws

Board, at its meeting of 24 June 2019 amended Education Development Charges By-law 01-2019. The Board's by-law was amended pursuant to O.Reg.55/19 enacted by the Province of Ontario on 29 March 2019 and allowed for annual increases in EDC rates for qualified school boards.

The EDC by-law is currently in force, but is scheduled to expire on 31 March 2024.

Under the Ministry's education funding formula, the collection of EDCs is the main source of funding for growth-related net education land costs. These are costs incurred by a Board to acquire and prepare land as a result of the need to build accommodation to house students in areas of new development.

The EDC charge in the current Board by-law is set at \$787.00 per new residential unit and \$0.58 per new square foot of non-residential development. The calculation of the charge was based upon a forecasted need for 23 new elementary school sites and six new secondary school sites over a year planning period between 2019 and 2033.

Since April 2019 the Board has collected \$35.97 million in EDCs (based on receipts through the end of March 2023). During that period of time the Board has purchased six school sites with EDC revenues, and funded the preparation of land for a number of new schools. The current balance in the EDC reserve fund is approximately \$12.2 million. The balance of the fund upon its expiry, including remaining proceeds and incurred site costs, will be factored into the calculation of the new EDC rate.

Although the calculation of the EDC is based on a 15 year planning horizon, the maximum term an adopted by-law can be in force is five years. As noted earlier, the Board's current by-law is scheduled to expire on 31 March 2024. Unless amended through a separate consultative process, once an EDC rate is set by Board it cannot be changed during the term of the by-law.

In order to continue to collect EDCs to fund growth-related net education land costs after 31 March 2024, the Board is required to initiate a review process to adopt and implement a new by-law. This process includes the preparation of a new EDC background study and a related consultative review. Staff is planning to complete the study and review in early 2024. Trustees will have a number of opportunities for input throughout the process. Final approval of a proposed by-law by the Board would likely take place in late February or March 2024.

Please be advised that a request for proposal (RFP) process has been initiated which will result in the retention of a firm to assist staff in the completion of work required to implement a new EDC by-law on behalf of the Board. The RFP is a joint venture which includes the three other local school boards: the Ottawa Catholic School Board; Conseil des écoles catholiques du Centre-Est; and Conseil des écoles publiques de l'Est de l'Ontario.

A joint RFP process was undertaken in order to ensure consistency across school boards in the calculation of pupil yields and projected enrolments, and to share costs. It is expected that a firm will be retained by June 2023. The renewal process will commence soon after and trustees will be updated throughout process.

It should be noted that expenses incurred through the completion of the by-law renewal process are eligible to be funded through the collection of EDCs, and do not impact upon the District's operating budget.

Should you have any questions, please contact Karyn Ostafichuk at karyn.ostafichuk@ocdsb.ca or at ext. 8786.

cc. Senior Staff
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