

To:	Warden McQueen and Members of Grey County Council
Committee Date:	May 14, 2020
Subject / Report No:	FR-CW-14-20
Title:	2019 Development Charges Reserve Fund Statement
Prepared by:	Kevin Wepler, Director of Corporate Services
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	County-wide
Status:	Recommendation adopted by Committee as presented per Resolution CW90-20; Endorsed by County Council May 28, 2020 per Resolution CC54-20;

Recommendation

1. That Report FR-CW-14-20 regarding the 2019 Development Charges Reserve Fund Statement be received; and
2. That Council accepts the Treasurer's declaration that the County is in compliance with the reporting requirements of the *Development Charges Act, 1997* and any additional reporting requirements identified by the Smart Growth for our Communities Act, 2015 (Bill 73); and
3. That Report FR-CW-14-20 and related attachments be made available on the County's website or upon request.

Executive Summary

Annually, the Treasurer of the municipality is required, as per the *Development Charges Act, 1997*, to provide Council with a financial statement related to the Development Charges by-law(s) and reserve funds. This statement must be made available to the public and may be requested to be forwarded to the Minister of Municipal Affairs and Housing. The *Development Charges Act* does not prescribe how the statement is to be made available to the public. Staff is recommending that staff continue to make the statement available on the County's website <https://www.grey.ca/development-charges>. This report also provides information to Council and ratepayers regarding the County's 2019 Development Charges Reserve Fund and the transactions that occurred in 2019.

Background and Discussion

The *Development Charges Act*, 1997 requires development charge collections (and associated interest) to be placed in separate reserve funds. Sections 33 through 36 of the Act provide the following regarding reserve fund establishment and use:

- a municipality shall establish a reserve fund for each service to which the Development Charge by-law relates; s.7(1), however, allows services to be grouped into categories or services for reserve fund (and credit) purposes, although only 100% eligible and 90% eligible services may be combined (minimum of two reserve funds);
- the municipality shall pay each development charge it collects into a reserve fund or funds to which the charge relates;
- the money in a reserve fund shall be spent only for the “capital costs” determined through the legislated calculation process (as per s.5(1) 2-8);
- money may be borrowed from the fund but must be paid back with interest (O. Reg. 82/98, s.11(1) defines this as Bank of Canada rate either on the day the by-law comes into force or, if specified in the by-law, the first business day of each quarter);
- development charge reserve funds may not be consolidated with other municipal reserve funds for investment purposes and may only be as an interim financing source for capital undertakings for which development charges may be spent (s.37).

Subsection 43(2) and O. Reg. 82/98 prescribes the information that must be included in the Treasurer’s statement, as follows:

- opening balance;
- closing balance;
- description of each service and/or service category for which the reserve fund was established (including a list of services within a service category);
- transactions for the year (e.g. collections, draws) including each asset’s capital costs to be funded from the Development Charges reserve fund and the manner for funding the capital costs not funded under the Development Charges by-law (i.e. non-development charge recoverable cost share and post-period development charge recoverable cost share);
- for projects financed by development charges, the amount spent on the project from the Development Charge reserve fund and the amount and source of any other monies spent on the project;
- for credits granted under s.14 of the old *Development Charges Act* (as it read immediately before March 1, 1998), a schedule identifying the value of credits recognized by the municipality, the service to which it applies, and the source of funding used to finance the credit; and
- a statement as to compliance with s.59(1) of the *Development Charges Act*, whereby the municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the *Development Charges Act* or another Act.

Development Charges Revenue and Expenditures 2015-2019

Staff has also provided information on development charges revenue and expenditures for the past five years.

The attached worksheet titled Development Charges Revenue and Expenditures 2015-2019, summarizes the development charges revenue (receipts) collected by each of the local municipalities over the previous five years and provides a summary of the development charges funded expenditures, by year, service and project.

Legal and Legislated Requirements

The *Development Charges Act, 1997* and O. Reg. 89/98 are legislated requirements of the Treasurer to provide Council with an annual report on the status of the County's Development Charges Reserve Fund.

Financial and Resource Implications

The 2019 Development Charges Reserve Fund Statement presented in this report satisfies the County's reporting requirements under the *Development Charges Act, 1997* and O. Reg. 89/98.

Development charges are paid by the developer at the time the building permit is issued. Development charges revenue for 2019 of \$4,373,440 was similar to 2018 revenue of \$4,002,637. Development charges collected on residential units in 2019 was predominately for builds of single and semi units with 472 units. Rows and other multiples equaled 86, and apartment units equaled 96, for a total of 654 residential units being collected.

To ensure that the public is aware of the transactions affecting the development charges reserve funds during 2019, this report and the applicable schedules will be posted on the County's website.

In a presentation made by the Blue Mountains Ratepayers Association to County Council on February 7, 2020, concern was noted on the inequity of the amount of development charges collected from new growth in the Town of The Blue Mountains, and the investment that has been made to-date in the Town.

The 2016 Development Charges Background Study included a number of road and related infrastructure projects required to service the demand of new development in the County over a 25-year planning horizon, from 2017 to 2041. These road projects were identified and presented to County Council for their review as part of the Development Charges Background Study update.

Significant work is identified in the Background Study for roads and related work in the Town of The Blue Mountains. While some of these projects have been undertaken, a number of these projects which have been forecasted in the ten-year capital forecast, have yet to be undertaken at this time. This has resulted in the Roads and Related Works Reserve fund having a 2019 year-end balance of approximately \$9.3 million in funding to assist in the funding of these projects when they move forward in the future.

Under the Development Charges Act, the County's Development Charges by-law(s) is to expire

five years after the day it comes into force, unless it expires or is repealed. The County's current Development Charges by-law(s) were passed by Grey County Council on October 4, 2016 and came into force on January 1, 2017, and therefore are to expire on December 31, 2021. In order for the County to continue levying development charges, beginning on January 1, 2022, as per the Development Charges Act and O. Reg. 82/98, the County will be required to undertake a development charges background study and process, and this will be scheduled to occur in 2021.

Relevant Consultation

Internal – Finance staff

External -

Appendices and Attachments

[Attachment to FR-CW-14-20 Development Charges Reserve Fund Statement](#)

[Attachment to FR-CW-14-20 Development Charges Reserve Fund - Amounts Transferred](#)

[Attachment to FR-CW-14-20 Development Charges Revenue and Expenditures 2015-2019](#)

[Hemson - Grey County Development Charges Background Study Consolidation Report November 2016](#)

County of Grey
2019 Annual Treasurers Statement of Reserve Funds for By-Law 4949-16 and 4950-16

Description	Services to which the Development Charge Relates										
	Non-Discounted Services	Discounted Services									Reserve Total
	Roads and Related Works	Land Ambulance	Social Housing	Children's Services	Public Works - Buildings & Fleet	Provincial Offences	Employment Resources	General Government	Trails	Health Unit	
Opening Balance, January 1, 2019	7,358,997.63	(101,774.19)	13,208.41	10,860.25	443,081.60	(66,488.65)	89,688.10	187,638.33	4,736.99	(135,233.93)	7,804,714.54
<u>Plus:</u>											
Development Charges Collections	3,878,248.96	90,240.43				12,533.40		103,191.59	5,013.34	88,569.28	4,177,797.00
Accrued Interest	183,190.54	(1,358.61)	293.53	241.33	9,846.68	(1,352.16)	1,993.17	5,202.63	155.45	(2,569.45)	195,643.11
Sub-Total	4,061,439.50	88,881.82	293.53	241.33	9,846.68	11,181.24	1,993.17	108,394.22	5,168.79	85,999.83	4,373,440.11
<u>Less:</u>											
Amount Transferred to Capital or Other Funds	(2,125,075.00)									(44,196.00)	(2,169,271.00)
Amounts Refunded											0.00
Sub-Total	(2,125,075.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(44,196.00)	(2,169,271.00)
Closing Balance, December 31, 2019	9,295,362.13	(12,892.37)	13,501.94	11,101.58	452,928.28	(55,307.41)	91,681.27	296,032.55	9,905.78	(93,430.10)	10,008,883.65

Note: Development Charges are imposed on development to account for the capital costs associated with growth.

As per the Development Charges Act, the development-related net capital cost must be reduced by 10 per cent for all services except the County's Roads and Related Works.

The costs for the County's general services are reduced by the legislated 10 per cent. The 10 per cent mandatory reduction must be funded from non-development charge sources.

County of Grey
For the Year Ending December 31, 2019
Amount Transferred to Capital (or Other) Funds

Capital Fund Transactions	Gross Cost	DC Reserve Fund Transfers	DC Debt Financing	Grants, Subsidies & Other Contributions	Other Reserve/Reserve Fund Transfers	Tax Supported Fund Contributions	Post-Period Benefit/Capacity interim Financing
Roads & Related Works							
Grey Road 4 - Intersection Improvement	361,779	(208,548)				(153,231)	
Grey Road 9 - Intersection Improvement	102,000	(58,798)				(43,202)	
Grey Road 40 - Pulverize and Pave	4,433,323	(1,857,729)		(1,249,562)	(242,448)	(1,083,584)	
Sub-Total - Roads & Related Works	4,897,102	(2,125,075)	0	(1,249,562)	(242,448)	(1,280,017)	0
Health Unit							
Health Unit Build*	45,317	(44,196)				(1,121)	
Sub-Total - Health Unit	45,317	(44,196)	0	0	0	(1,121)	0
Total	4,942,419	(2,169,271)	0	(1,249,562)	(242,448)	(1,281,138)	0

*Annual Estimated DC Eligible Health Unit Expansion Capital Cost 2017-2026

Development Charges Background Study provided a Net Municipal Cost of \$2,636,000, with \$453,173 in DC Eligible Costs 2017-2026.

County of Grey
Development Charges Revenue (Receipts) 2015-2019

	2015	2016	2017	2018	2019	Total
Blue Mountains	444,822	854,209	1,663,264	1,303,456	1,811,095	6,076,846
Chatsworth	78,039	131,523	195,060	166,514	141,696	712,832
Georgian Bluffs	92,780	142,116	281,089	379,001	355,099	1,250,085
Grey Highlands	167,927	152,708	217,000	243,648	163,760	945,043
Hanover	83,242	175,659	146,475	282,657	152,197	840,230
Meaford	145,673	212,733	371,609	395,888	382,714	1,508,617
Owen Sound	228,112	70,617	340,652	353,352	90,527	1,083,260
Southgate	84,109	78,561	553,350	371,958	701,617	1,789,595
West Grey	150,939	171,527	212,019	357,168	379,092	1,270,745
Interest Income	35,044	34,831	63,866	148,995	195,643	478,379
	1,510,687	2,024,484	4,044,384	4,002,637	4,373,440	15,955,632

County of Grey
Development Charges Funded Expenditures 2015-2019

Year, Service & Project	DC Reserve Funds Allocated
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2015	
Roads & Related Works	
Grey Road 29 - Meaford	222,051
Grey Road 15 - Owen Sound	846,026
Transportation Master Plan	329
Sub-Total	1,068,406
General Government	
Natural Heritage Study	54,679
Housing Study	8,067
Growth Management Study	10,582
Sub- Total	73,328
Trails	
CP Rail Trail	-
Sub- Total	-
Health Unit	
New Health Unit	79,706
Sub- Total	79,706
Total -2015	1,221,440

2016	
Roads & Related Works	
Grey Road 8 - Southgate	441,818
Grey Road 170 - Georgian Bluffs	55,287
Grey Road 12 - Grey Highlands	339,655
Grey Road 40 - EA - Blue Mountains	52,639
Sub-Total	889,399
General Government	
Development Charges Background Study	37,342
Sub- Total	37,342
Trails	
CP Rail Trail	675
Sub- Total	675
Provincial Offences	
Expansion/Renovation of Admin. Bldg.	140,000
Sub- Total	140,000
Health Unit	
New Health Unit	79,706
Sub- Total	79,706
Total -2016	1,147,122

2017	
Roads & Related Works	
Grey Road 18 - Georgian Bluffs	475,948
Grey Road 25 - Chatsworth/West Grey	685,784
Grey Road 119 - Blue Mountains	889,695
Sub-Total	2,051,427
Trails	
CP Rail Trail	2,700
Sub- Total	2,700
Health Unit	
New Health Unit	44,196
Sub- Total	44,196
Total -2017	2,098,323

2018	
Roads & Related Works	
Master Drainage Study - Owen Sound/Town of Blue Mountains/Meaford/Georgian Bluffs	30,000
Grey Road 17 - Georgian Bluffs	1,593,801
Grey Road 32 - Grey Highlands	935,707
Sub-Total	2,559,508
Trails	
CP Rail Trail	2,700
Sub- Total	2,700
Health Unit	
New Health Unit	44,196
Sub- Total	44,196
Total -2018	2,606,404

2019	
Roads & Related Works	
Grey Road 4 - Intersection Improvement – Hanover	208,548
Grey Road 9 - Southgate	58,798
Grey Road 40 – Chatsworth/Grey Highlands	1,857,729
Sub-Total	2,125,075
Health Unit	
New Health Unit	44,196
Sub- Total	44,196
Total -2019	2,169,271

Development Charges Funded Expenditures	
2015-2019	
Total	9,242,560