

## Report FR-CS-16-16

**To:** Chair Eccles and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** May 24, 2016  
**Subject:** **2015 Development Charges Reserve Fund Statement**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS46-16; Endorsed by County Council June 7, 2016 per Resolution CC70-16;

### Recommendation(s)

**THAT Report FR-CS-16-16 regarding the 2015 Development Charges Reserve Fund Statement be received;**

**AND THAT the 2015 Development Charges Reserve Fund Statement, prepared in accordance with the provisions of the Development Charges Act, 1997, be received for information purposes;**

**AND THAT Council accepts the Director of Finance'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 FURTHER THAT Report FR-CS-16-16 and the related attachments be made available on the County's website or upon request.**

### Background

The Development Charges Act, 1997 (DCA) requires development charge collections (and associated interest) to be placed in separate reserve funds. Section 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 DC 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);
- DC 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).

Annually, the Treasurer of the municipality is required to provide Council with a financial statement related to the DC 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 DCA does not prescribe how the statement is to be made available to the public. Staff is recommending that a resolution of Council make the statement available on the County’s website.

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 assets capital costs to be funded from the DC reserve fund and the manner for funding the capital costs not funded under the DC by-law (i.e. non-DC recoverable cost share and post-period DC recoverable cost share);
- for projects financed by development charges, the amount spent on the project from the DC reserve fund and the amount and source of any other monies spent of the project;
- for credits granted under s.14 of the old DCA, 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.s. 59(1) of the DCA, 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 DC or another Act.

There has been three significant changes to the Act that were specifically added through Bill 73 to ensure that the reports are more informative and more readily available to the public:

- The Act now consolidates all of the requirements that were previously split between the DCA and O.Reg 89/98 to ensure that sufficient detail is provided. Based on discussions with Hemson Consulting, the firm that prepared the County's last two development charges studies, staff believe that the report format and content that have been included in this report meet the revised legislation.
- The Bill 73 amendments to the DCA include a new provision (Section 59.1) that specifically prohibits municipalities from imposing additional payments on developers or requiring construction of a service unless specifically authorized under the DCA or another Act. The provision does not affect a municipality's right to include conditions for installation or payment for local services but is intended to stop other "voluntary" payments that may have been sought by municipalities outside the legislative framework. The importance that the province places on this new section is reinforced by (a) requiring the Treasurer's report to include a statement confirming that the municipality is in compliance with Section 59.1(1) and (b) granting extensive investigative powers to the Minister of Municipal Affairs and Housing to investigate whether a municipality is in compliance. The County of Grey does not require any "voluntary" payments from developers and this Treasurer's statement confirms that the County is in compliance with Section 59.1(1) of the *Development Charges Act, 1997*.
- Previously a municipality was required to file the Treasurer's statement with the Minister within 60 days of the presentation of the report to Council. That requirement has been removed under Bill 73 and replaced by a requirement that Council shall ensure that the statement is available to the public.

## Development Charges Revenue and Expenditures 2011-2015

Staff was also requested, at a previous Corporate Services Committee meeting to provide information on development charges revenue and expenditures for the past five years.

The attached worksheet titled Development Charges Revenue and Expenditures 2011 – 2015, is a worksheet summarizing the development charges revenue (receipts) that has been collected by each of the local municipalities over the previous five years.

Also included on this worksheet is a summary of the development charges funded expenditures, which have been summarized by year, service and project.

## Financial/Staffing/Legal/Information Technology Considerations

The 2015 Development Charges Reserve Fund Statement presented in this report satisfies the County's new reporting requirements under the *Development Charges Act, 1997* and O.Reg 89/98.

To ensure that the public is aware of the transactions affecting the development charges reserve funds during 2015, this report and the applicable schedules will be posted on the County's website.

There are no financial, staffing, legal, or information technology considerations related to the recommendation in this report.

## Link to Strategic Goals / Priorities

A legislated requirement of the Treasurer is to provide Council with an annual report on the status of the County's Development Charges Reserve Fund.

Communication is a key value to the County's Strategic Plan. This report provides information to Council and ratepayers in regards to the County's 2015 Development Charges Reserve Fund and the stewardship of these funds.

## Attachments

Attachment to FR-CS-16-16 2015 Development Charges Reserve Fund Statement

Attachment to FR-CS-16-16 2015 Development Charges Reserve Fund - Amounts Transferred

Attachment to FR-CS-16-16 Development Charges Revenue and Expenditures 2011-2015

Respectfully submitted by,

Kevin Wepler  
Director of Finance