



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	June 23, 2022
Subject / Report No:	FR-CW-12-22
Title:	2021 Development Charges Reserve Fund Statement
Prepared by:	Sue Murray, Manager Budgets and Accounting Mary Lou Spicer, Director of Finance
Reviewed by:	Mary Lou Spicer, Director of Finance
Lower Tier(s) Affected:	County-wide
Status:	

Recommendation

1. That Report FR-CW-12-22 regarding the 2021 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-12-22 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. It is recommended 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 2021 Development Charges Reserve Fund and the transactions that occurred during the year.

At year end, the balance held in reserve totaled \$23,284,798, an increase of \$7,210,353 as compared with the prior year. Development charges revenue of \$7,773,267 was received in

2021 as compared to revenue of \$6,160,459 in 2020. The 2022 budget utilizes \$2,380,600 from the reserve to assist with the completion of projects.

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(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 2017-2021

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 2017-2021, 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 2021 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.

In 2021, development charges were paid by the developer at the time the building permit is issued. Development charges revenue of \$7,773,267 was received in 2021 as compared to revenue of \$6,160,459 received in 2020. Development charges collected on residential units in 2021 was predominately for builds of single and semi units with 876 units. Rows and other multiples equaled 192, and apartment units equaled 9, for a total of 1,077 residential units being collected. As compared to 2020 when there were 662 single and semi units, rows and other multiples of 143, and apartment units of 93, for a total of 898 residential units being collected.

To ensure that the public is aware of the transactions affecting the development charges reserve funds during 2021, this report and the applicable schedules will be posted on the County's website.

The 2021 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 20-year planning horizon, from 2022 to 2041. These road projects were identified and presented to County Council for their review as part of the Development Charges Background Study update.

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 December 9, 2021 and came into force on January 1, 2022, and therefore are to expire on December 31, 2026.

Relevant Consultation

Internal – Finance staff

External -

Appendices and Attachments

[Attachment to FR-CW-12-22 Development Charges Reserve Fund Statement](#)

[Attachment to FR-CW-12-22 Development Charges Reserve Fund - Amounts Transferred](#)

[Attachment to FR-CW-12-22 Development Charges Revenue and Expenditures 2017-2021](#)

[Hemson - Grey County Development Charges Background Study Consolidation Report October 2021](#)

County of Grey

2021 Annual Treasurers Statement of Reserve Funds for By-Law 5127-22 and 5128-22

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, 2021	14,981,618.99	117,113.42	13,643.56	11,218.01	457,678.86	(37,812.35)	92,642.90	436,075.45	13,302.65	(11,036.42)	16,074,445.07
Plus:											
Development Charges Collections	7,059,286.84	164,257.89				22,813.61		187,831.94	9,125.44	161,216.08	7,604,531.80
Accrued Interest	160,472.32	1,204.35	87.60	72.04	2,939.01	(179.98)	594.91	3,186.80	110.54	247.72	168,735.31
Sub-Total	7,219,759.16	165,462.24	87.60	72.04	2,939.01	22,633.63	594.91	191,018.74	9,235.98	161,463.80	7,773,267.11
Less:											
Amount Transferred to Capital or Other Funds	(463,357.49)							(55,360.48)		(44,196.00)	(562,913.97)
Sub-Total	(463,357.49)	0.00	0.00	0.00	0.00	0.00	0.00	(55,360.48)	0.00	(44,196.00)	(562,913.97)
Closing Balance, December 31, 2021	21,738,020.66	282,575.66	13,731.16	11,290.05	460,617.87	(15,178.72)	93,237.81	571,733.71	22,538.63	106,231.38	23,284,798.21

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, 2021
Amount Transferred to Capital (or Other) Funds

Capital & Other 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 119 Stormwater Diversion Project	155,722	(132,986)		(22,735)		-	
Grey Road 17B Pulverive and Pave Project	689,433	(108,463)				(580,970)	
Grey Road 19 and 21 Intersection Project	371,994	(143,939)		(203,447)		(24,608)	
Studies and Reports	91,299	(77,969)				(13,330)	
Sub-Total - Roads & Related Works	1,308,448	(463,357)	0	(226,182)	0	(618,908)	0
General Government							
Development Charges Update	3,977	(3,897)			(80)		0
Development Charges Study	52,514	(51,463)			(1,050)		0
Sub-Total - Trails	56,490	(55,360)	0	0	(1,130)	0	0
Trails							
Trail Improvements							0
Sub-Total - Trails	0	0	0	0	0	0	0
Health Unit							
Health Unit Build*	44,196	(44,196)					0
Sub-Total - Health Unit	44,196	(44,196)	0	0	0	0	0
Total	1,409,134	(562,914)	0	(226,182)	(1,130)	(618,908)	0

*Annual Estimated DC Eligible Health Unit Expansion Capital Cost 2017-2026
FR-CW-12-22

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) 2017-2021

	2017	2018	2019	2020	2021	Total
Blue Mountains	1,663,264	1,303,456	1,811,095	2,678,684	2,728,762	10,185,261
Chatsworth	195,060	166,514	141,696	198,937	252,753	954,960
Georgian Bluffs	281,089	379,001	355,099	315,337	581,077	1,911,603
Grey Highlands	217,000	243,648	163,760	318,602	732,296	1,675,306
Hanover	146,475	282,657	152,197	392,838	351,866	1,326,033
Meaford	371,609	395,888	382,714	329,394	507,453	1,987,058
Owen Sound	340,652	353,352	90,527	163,609	204,771	1,152,911
Southgate	553,350	371,958	701,617	1,235,875	1,331,752	4,194,552
West Grey	212,019	357,168	379,092	375,105	913,802	2,237,186
Interest Income	63,866	148,995	195,643	152,078	168,735	729,317
	4,044,384	4,002,637	4,373,440	6,160,459	7,773,267	26,354,187

County of Grey Development Charges Funded Expenditures 2017-2021

Year, Service & Project	DC Reserve Funds Allocated
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
	<hr/> 2,051,427
Trails	
CP Rail Trail	2,700
	<hr/> 44,196
Health Unit	
New Health Unit	2,098,323
Total -2017	<hr/> <hr/>
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
	<hr/> 2,559,508
Trails	
CP Rail Trail	2,700
	<hr/>

Health Unit	44,196
New Health Unit	
Total -2018	2,606,404

Year, Service & Project	DC Reserve Funds Allocated
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
	2,125,075
Health Unit	
New Health Unit	44,196
Total -2019	2,169,271
2020	
Roads & Related Works	
	29,295
Transportation Master Plan Update - Traffic Study	29,295
Grey Road 19 & 21 - Blue Mountains	
General Government	
Development Charges Update	3,116
Growth Management Strategy Update	8,764
	11,880

Trails	
CP Rail Trail	3,937
Health Unit	44,196
New Health Unit	89,308
Total -2020	89,308

Year, Service & Project	DC Reserve Funds Allocated
2021	
Roads & Related Works	
Grey Road 119 Stormwater Diversion Project	132,986
Grey Road 17B Pulverize and Pave Project	108,463
Grey Road 19 and 21 Intersection Project	143,939
	77,969
	463,357
General Government	
Development Charges Update	3,897
Development Charges Study Sub-	51,463
	55,360
Health Unit	
New Health Unit	44,196
Total -2021	562,914

Development Charges Funded Expenditures 2017-2021 Total	7,526,220