

To:	Warden Milne and Members of Grey County Council
Committee Date:	June 8, 2023
Subject / Report No:	FR-CW-12-23
Title:	2022 Development Charges Reserve Fund Statement
Prepared by:	Calvin Robinson, Manager of Revenue Sue Murray, Deputy Treasurer Mary Lou Spicer, Director of Finance
Reviewed by:	Mary Lou Spicer, Director of Finance Kim Wingrove, CAO
Lower Tier(s) Affected:	County-wide
Status:	Recommendation adopted by Committee as presented per Resolution CW83-23; Endorsed by County Council July 22, 2023, per Resolution CC42-23.

Recommendation

1. That report FR-CW-12-23 regarding the 2022 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-12-23 and related attachments be made available on the County's website or upon request.

Executive Summary

Annually, the municipality's Treasurer 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](#). This report also informs Council and ratepayers about the County's 2022 Development Charges Reserve Fund and the transactions that occurred during the year.

At year-end, the balance held in reserve totalled \$28,141,204, an increase of \$4,856,406 compared with the prior year. Development charges revenue of \$7,354,933 was received in 2022 as compared to revenue of \$7,773,267 in 2021. A total of \$2,498,528 was withdrawn from the Development Charges Reserves to fund eligible projects in 2022. The 2023 budget utilizes \$14,741,230 from the reserve to assist with the completion of projects.

On November 28, 2022, the province passed Bill 23, More Homes Built Faster Act, 2022, which made various amendments to the *Development Charges Act, 1997*. As the County's DC By-laws were passed on December 9, 2021, the impact on development charges was the removal of Social Housing as an eligible service.

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 the 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 used 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 2018-2022

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 2018-2022 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 2022 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 2022, development charges were paid by the developer at the time the building permit is issued. Development charges revenue plus interest earned for a combined total of \$7,354,933 was received in 2022 as compared to revenue of \$7,773,267 received in 2021. Development charges collected on residential units in 2022 were predominately for single and semi-unit builds with 589 units. Rows and other multiples equalled 223, and apartment units equalled 18, for a total of 829 residential units being collected. As compared to 2021 when there were 876 single and semi units, rows, and other multiples of 192, and apartment units of 9, for a total of 1,077 residential units being collected.

This report and the applicable schedules will be posted on the County's website to ensure that the public is aware of the transactions affecting the development charges reserve funds during 2022.

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 was 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-12-23 Development Charges Reserve Fund Statement](#)

[Attachment to FR-CW-12-23 Development Charges Reserve Fund - Amounts Transferred](#)

[Attachment to FR-CW-12-23 Development Charges Revenue and Expenditures 2018-2022](#)

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

County of Grey
2022 Annual Treasurers Statement of Reserve Funds for By-Law 5127-22 and 5128-22

Description	Services to which the Development Charge Relates											
	Roads and Related Works	Land Ambulance	Social Housing	Children's Services	Public Works - Buildings & Fleet	Provincial Offences	Employment Resources	General Government	Trails	Health Unit	Long Term Care	Reserve Total
Opening Balance, January 1, 2022	\$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	\$0.00	\$23,284,798.21
Plus:												
Development Charges Collections	\$4,767,736.70	\$177,056.60	\$727,763.01	\$6,058.97	\$0.00	\$4,039.31	\$0.00	\$2,019.67	\$28,275.22	\$0.00	\$978,187.17	\$6,691,136.65
Accrued Interest	\$601,079.64	\$9,135.87	\$11,506.90	\$352.16	\$10,830.16	(\$296.18)	\$2,192.22	\$13,399.30	(\$597.13)	\$1,845.25	\$14,348.92	\$663,797.11
Sub-Total	\$5,368,816.34	\$186,192.47	\$739,269.91	\$6,411.13	\$10,830.16	\$3,743.13	\$2,192.22	\$15,418.97	\$27,678.09	\$1,845.25	\$992,536.09	\$7,354,933.76
Less:												
Amount Transferred to Capital or Other Funds	(\$2,368,858.52)								(\$85,473.24)	(\$44,196.00)		(\$2,498,527.76)
Amounts Refunded												\$0.00
Sub-Total	(\$2,368,858.52)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$85,473.24)	(\$44,196.00)	\$0.00	(\$2,498,527.76)
Closing Balance, December 31, 2022	\$24,737,978.48	\$468,768.13	\$753,001.07	\$17,701.18	\$471,448.03	(\$11,435.59)	\$95,430.03	\$587,152.68	(\$35,256.52)	\$63,880.63	\$992,536.09	\$28,141,204.21

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

County of Grey
For the Year Ending December 31, 2022
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 15 - Rehabilitation	\$2,119,194	(\$1,610,587)		(\$145,462)	(\$200,000)	(\$163,145)	\$0
Grey Road 27 - Reconstruction	\$943,701	(\$717,213)			(\$226,488)	\$0	\$0
Studies and Reports	\$48,302	(\$41,058)				(\$7,244)	\$0
Sub-Total - Roads & Related Works	\$3,111,197	(\$2,368,859)	\$0	(\$145,462)	(\$426,488)	(\$170,389)	\$0
Trails:							
Kolapore County Forest - Parking Area and Trail Improvements	\$56,696	(\$14,173)			(\$42,523)		\$0
CP Rail Trail - Stone Dusting	\$502,893	(\$71,300)		(\$219,183)	(\$167,410)	(\$45,000)	\$0
Sub-Total - Trails	\$559,589	(\$85,473)	\$0	(\$219,183)	(\$209,933)	(\$45,000)	\$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	\$3,714,982	(\$2,498,528)	\$0	(\$364,645)	(\$636,421)	(\$215,389)	\$0

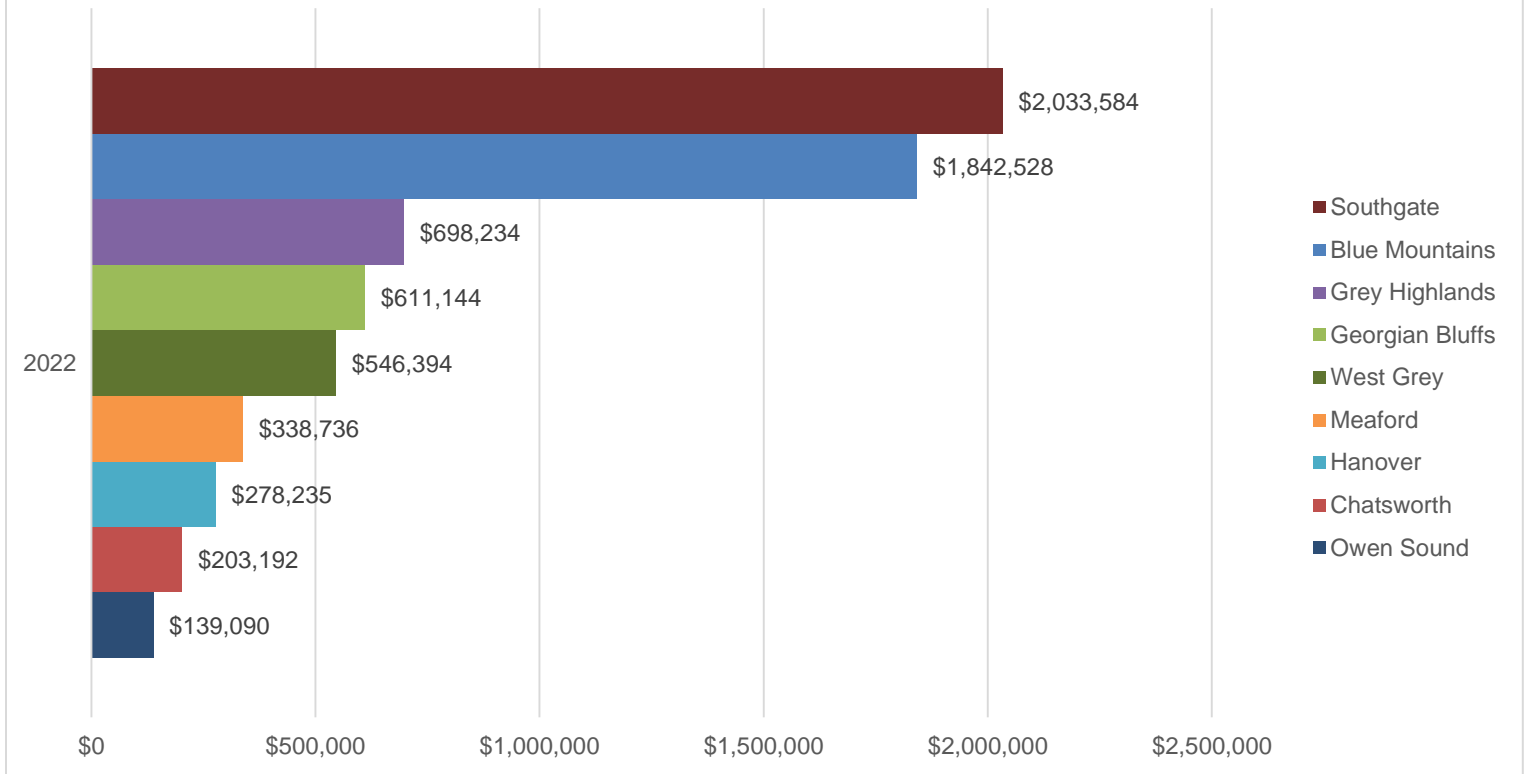
*Annual Estimated DC Eligible Health Unit Expansion Capital Cost 2017-2026

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

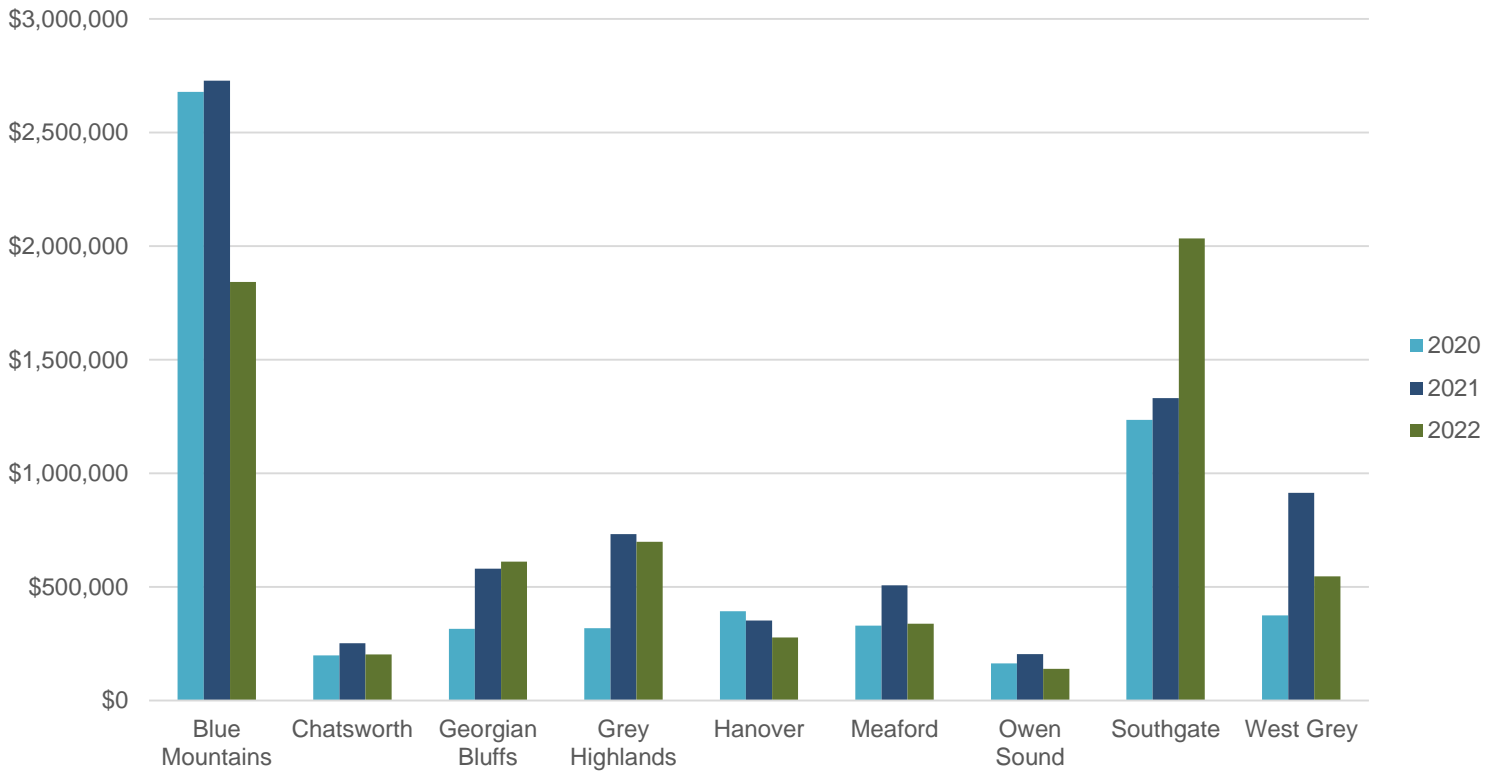
**County of Grey
Development Charges Revenue (Receipts) 2018-2022**

	2018	2019	2020	2021	2022	Total
Blue Mountains	\$1,303,456	\$1,811,095	\$2,678,684	\$2,728,762	\$1,842,528	\$10,364,525
Chatsworth	\$166,514	\$141,696	\$198,937	\$252,753	\$203,192	\$963,092
Georgian Bluffs	\$379,001	\$355,099	\$315,337	\$581,077	\$611,144	\$2,241,658
Grey Highlands	\$243,648	\$163,760	\$318,602	\$732,296	\$698,234	\$2,156,540
Hanover	\$282,657	\$152,197	\$392,838	\$351,866	\$278,235	\$1,457,793
Meaford	\$395,888	\$382,714	\$329,394	\$507,453	\$338,736	\$1,954,185
Owen Sound	\$353,352	\$90,527	\$163,609	\$204,771	\$139,090	\$951,349
Southgate	\$371,958	\$701,617	\$1,235,875	\$1,331,752	\$2,033,584	\$5,674,786
West Grey	\$357,168	\$379,092	\$375,105	\$913,802	\$546,394	\$2,571,561
Interest Income	\$148,995	\$195,643	\$152,078	\$168,735	\$663,797	\$1,329,249
	\$4,002,637	\$4,373,440	\$6,160,459	\$7,773,267	\$7,354,934	\$29,664,737

Comparison of Development Charges Revenue (Receipts) for 2022



Development Charges Revenue (Receipts) 2020 to 2022



County of Grey
Development Charges Funded Expenditures 2018-2022

Year, Service & Project	DC Reserve Funds Allocated
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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	<u>\$935,707</u>
Sub-Total	\$2,559,508
 Trails	
CP Rail Trail	<u>\$2,700</u>
Sub- Total	\$2,700
 Health Unit	
New Health Unit	<u>\$44,196</u>
Sub- Total	\$44,196
Total - 2018	<u><u>\$2,606,404</u></u>

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

2020

Roads & Related Works	
Transportation Master Plan Update - Traffic Study	
Grey Road 19 & 21 - Blue Mountains	\$29,295
Sub-Total	\$29,295
General Government	
Development Charges Update	\$3,116
Growth Management Strategy Update	\$8,764
Sub-Total	\$11,880
Trails	
CP Rail Trail	\$3,937
Sub- Total	\$3,937
Health Unit	
New Health Unit	\$44,196
Sub- Total	\$44,196
Total - 2020	\$89,308

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
Studies and Reports	\$77,969
Sub-Total	\$463,357
General Government	
Development Charges Update	\$3,897
Development Charges Study	\$51,463
Sub-Total	\$55,360
Health Unit	
New Health Unit	\$44,196
Sub- Total	\$44,196
Total - 2021	\$562,914

2022

Roads & Related Works	
Grey Road 15 - Rehabilitation	\$1,610,587
Grey Road 27 - Reconstruction	\$717,213
Studies and Reports	\$41,058
Sub-Total	\$2,368,859
Trails	
Kolapore County Forest - Parking Area and Trail Improvements	\$14,173
CP Rail Trail - Stone Dusting Project	\$71,300
Sub- Total	\$85,473
Health Unit	
New Health Unit	\$44,196
Sub- Total	\$44,196
Total - 2022	\$2,498,528

Development Charges Funded Expenditures	
Total 2018-2022	\$7,926,425