

To:	Warden Hicks and Members of Grey County Council
Committee Date:	April 22, 2021
Subject / Report No:	FR-CW-13-21
Title:	2020 Development Charges Reserve Fund Statement
Prepared by:	Kevin Wepler, Director of Corporate Services
Reviewed by:	
Lower Tier(s) Affected:	County-wide
Status:	Adopted as presented by Committee of the Whole through Resolution CW77-21; Endorsed by County Council CC40-21

Recommendation

1. That Report FR-CW-13-21 regarding the 2020 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-13-21 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 2020 Development Charges Reserve Fund and the transactions that occurred in 2020.

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 2016-2020

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 2016-2020, 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 2020 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 2020, development charges were paid by the developer at the time the building permit is issued. Development charges revenue of \$6,160,459 was received in 2020 as compared to revenue of \$4,373,440 received in 2019. Development charges collected on residential units in 2020 was predominately for builds of single and semi units with 662 units. Rows and other multiples equaled 143, and apartment units equaled 93, for a total of 898 residential units being collected. As compared to 2019 when there were 472 single and semi units, rows and other multiples of 86, and apartment units of 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 2020, this report and the applicable schedules will be posted on the County's website.

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 under the Roads and Related Program – Category 1: Major Roads Projects for work on County Road 19 and 21 in the Town of The Blue Mountains. These two projects are estimated to cost \$35,194,500, with \$23,911,500 being identified as development charge eligible costs. While these projects have been identified in the 2021- 2030 10 Year Capital Forecast, they have yet to be undertaken at this time. This has resulted in the Roads and Related Works Reserve fund having a 2020 year-end balance of approximately \$15 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 work has been

started with the Development Charges Steering Committee being established and the first meeting occurring on April 13th with the County's Development Charges Consultant Hemson Consulting Ltd.

Relevant Consultation

Internal – Finance staff

External -

Appendices and Attachments

[Attachment to FR-CW-13-21 Development Charges Reserve Fund Statement](#)

[Attachment to FR-CW-13-21 Development Charges Reserve Fund - Amounts Transferred](#)

[Attachment to FR-CW-13-21 Development Charges Revenue and Expenditures 2016-2020](#)

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

County of Grey
2020 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									
	Roads and Related Works	Land Ambulance	Social Housing	Children's Services	Public Works - Buildings & Fleet	Provincial Offences	Employment Resources	General Government	Trails	Health Unit	Reserve Total
Opening Balance, January 1, 2020	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
<u>Plus:</u>											
Development Charges Collections	5,577,580.09	129,781.03				18,025.16		148,407.00	7,210.05	127,377.67	6,008,381.00
Accrued Interest	137,971.28	224.76	141.62	116.43	4,750.58	(530.10)	961.63	3,516.61	123.88	(787.99)	146,488.70
Sub-Total	5,715,551.37	130,005.79	141.62	116.43	4,750.58	17,495.06	961.63	151,923.61	7,333.93	126,589.68	6,154,869.70
<u>Less:</u>											
Amount Transferred to Capital or Other Funds	(29,294.51)							(11,880.71)	(3,937.06)	(44,196.00)	(89,308.28)
Amounts Refunded											0.00
Sub-Total	(29,294.51)	0.00	0.00	0.00	0.00	0.00	0.00	(11,880.71)	(3,937.06)	(44,196.00)	(89,308.28)
Closing Balance, December 31, 2020	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

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, 2020
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 19 & 21 - TMP - Traffic Study	34,303	(29,295)				(5,008)	0
Sub-Total - Roads & Related Works	34,303	(29,295)	0	0	0	(5,008)	0
General Government							
Development Charges Update	3,180	(3,116)			(64)		0
Growth Management Strategy Update	27,246	(8,764)			(18,482)		0
Sub-Total - Trails	30,426	(11,880)	0	0	(18,546)	0	0
Trails							
Trail Improvements	29,163	(3,937)				(25,226)	0
Sub-Total - Trails	29,163	(3,937)	0	0	0	(25,226)	0
Health Unit							
Health Unit Build*	45,317	(44,196)				(1,121)	0
Sub-Total - Health Unit	45,317	(44,196)	0	0	0	(1,121)	0
Total	139,209	(89,308)	0	0	(18,546)	(31,355)	0

*Annual Estimated DC Eligible Health Unit Expansion Capital Cost 2017-
Development Charges Background Study provided a Net Municipal Cost of \$2,636,000, with \$453,173 in DC Eligible Costs 201

County of Grey
Development Charges Revenue (Receipts) 2016-2020

	2016	2017	2018	2019	2020	Total
Blue Mountains	854,209	1,663,264	1,303,456	1,811,095	2,678,684	8,310,708
Chatsworth	131,523	195,060	166,514	141,696	198,937	833,730
Georgian Bluffs	142,116	281,089	379,001	355,099	315,337	1,472,642
Grey Highlands	152,708	217,000	243,648	163,760	318,602	1,095,718
Hanover	175,659	146,475	282,657	152,197	392,838	1,149,826
Meaford	212,733	371,609	395,888	382,714	329,394	1,692,338
Owen Sound	70,617	340,652	353,352	90,527	163,609	1,018,757
Southgate	78,561	553,350	371,958	701,617	1,235,875	2,941,361
West Grey	171,527	212,019	357,168	379,092	375,105	1,494,911
Interest Income	34,831	63,866	148,995	195,643	152,078	595,413
	2,024,484	4,044,384	4,002,637	4,373,440	6,160,459	20,605,404

**County of Grey
Development Charges Funded Expenditures 2016-2020**

Year, Service & Project	DC Reserve Funds Allocated
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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	<u>2,559,508</u>
Trails	
CP Rail Trail	2,700
Sub- Total	<u>2,700</u>
Health Unit	
New Health Unit	44,196
Sub- Total	<u>44,196</u>
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	1,857,729
Sub-Total	<u>2,125,075</u>
Health Unit	
New Health Unit	44,196
Sub- Total	<u>44,196</u>
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	<u>29,295</u>
General Government	
Development Charges Update	3,116
Growth Management Strategy Update	8,764
Sub-Total	<u>11,880</u>
Trails	
CP Rail Trail	3,937
Sub- Total	<u>3,937</u>
Health Unit	
New Health Unit	44,196
Sub- Total	<u>44,196</u>
Total -2020	<u><u>89,308</u></u>

Development Charges Funded Expenditures	
2016-2020 Total	<u><u>8,110,428</u></u>