

To:	Warden Hicks and Members of Grey County Council
Committee Date:	May 23, 2019
Subject / Report No:	FR-CW-14-19
Title:	2018 Development Charges Reserve Fund Statement
Prepared by:	Kevin Wepler, Director of Corporate Services
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	Recommendation adopted as presented by Committee of the Whole as per Resolution <i>CW125-19</i> ; Endorsed by County Council on June 13, 2019 as per Resolution <i>CC43-19</i> .

Recommendation

1. That Report FR-CW-14-19 regarding the 2018 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-14-19 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 a resolution of Council 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 2018 Development Charges Reserve Fund and the transactions that occurred in 2018.

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 assets 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*, 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 2014-2018

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 2014-2018, 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 2018 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 collected for 2018 of \$4,002,637 was similar to 2017 revenue of \$4,044,384. Development charges collected on residential units in 2018 was predominately for builds of single and semi units with 504 units of a total of 612 units collected.

To ensure that the public is aware of the transactions affecting the development charges reserve funds during 2018, this report and the applicable schedules will be posted on the County's website.

Relevant Consultation

Internal – Finance staff

External -

Appendices and Attachments

[Attachment to FR-CW-14-19 Development Charges Reserve Fund](#)

[Attachment to FR-CW-14-19 Development Charges Reserve Fund – Amounts Transferred](#)

[Attachment to FR-CW-14-19 Development Charges Revenue and Expenditures 2014-2018](#)

County of Grey
2018 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	Total
Opening Balance, January 1, 2018	6,198,192.77	(182,357.71)	12,966.07	10,660.98	434,951.59	(76,720.19)	88,042.44	89,911.15	2,729.68	(169,895.38)	6,408,481.40
<u>Plus:</u>											
Development Charges Collections	3,577,335.42	83,238.63	242.34	199.27	8,130.01	11,560.93	1,645.66	95,184.95	4,624.37	81,697.20	3,853,641.50
Accrued Interest	142,977.44	(2,655.11)				(1,329.39)		2,542.23	82.94	(2,839.75)	148,995.64
Sub-Total	3,720,312.86	80,583.52	242.34	199.27	8,130.01	10,231.54	1,645.66	97,727.18	4,707.31	78,857.45	4,002,637.14
<u>Less:</u>											
Amount Transferred to Capital (or Other) Funds	(2,559,508.00)								(2,700.00)	(44,196.00)	(2,606,404.00)
Amounts Refunded											0.00
Sub-Total	(2,051,427.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(2,700.00)	(44,196.00)	(2,098,323.00)
Closing Balance, December 31, 2018	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

County of Grey
For the Year Ending December 31, 2018
Amount Transferred to Capital (or Other) Funds

Revenue 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
Trails							
Trail Improvements	15,386	(2,700)				(12,686)	
Sub-Total - General Government	15,386	(2,700)	0	0	0	(12,686)	0
Capital Fund Transactions							
Roads & Related Works							
Master Drainage Study	50,000	(30,000)			(20,000)		
Grey Road 17	3,521,224	(1,593,801)		(812,809)	(131,782)	(982,832)	
Grey Road 32	2,055,898	(935,707)			(1,080,562)	(39,629)	
Sub-Total - Roads & Related Works	5,627,122	(2,559,508)	0	(812,809)	(1,232,344)	(1,022,461)	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	5,687,825	(2,606,404)	0	(812,809)	(1,232,344)	(1,036,268)	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) 2014-2018

	2014	2015	2016	2017	2018	Total
Blue Mountains	284,461	444,822	854,209	1,663,264	1,303,456	4,550,212
Chatsworth	64,056	78,039	131,523	195,060	166,514	635,192
Georgian Bluffs	150,318	92,780	142,116	281,089	379,001	1,045,304
Grey Highlands	133,268	167,927	152,708	217,000	243,648	914,551
Hanover	25,629	83,242	175,659	146,475	282,657	713,662
Meaford	72,614	145,673	212,733	371,609	395,888	1,198,517
Owen Sound	41,006	228,112	70,617	340,652	353,352	1,033,739
Southgate	30,754	84,109	78,561	553,350	371,958	1,118,732
West Grey	249,124	150,939	171,527	212,019	357,168	1,140,777
Interest Income	34,002	35,044	34,831	63,866	148,995	316,738
	1,085,232	1,510,687	2,024,484	4,044,384	4,002,637	12,667,424

County of Grey
Development Charges Funded Expenditures 2014-2018

Year, Service & Project	DC Reserve Funds Allocated
2014 Roads & Related Works	
Transportation Master Plan	4,656
Sub-Total	4,656
General Government	
Growth Management Study	33,080
Natural Heritage Study	5,265
Sub- Total	38,345
Trails	
CP Rail Trail	675
Sub- Total	675
Health Unit	
New Health Unit	79,706
Sub- Total	79,706
Total -2014	123,382
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

Year, Service & Project	DC Reserve Funds Allocated
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

Year, Service & Project	DC Reserve Funds Allocated
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>

Development Charges Funded Expenditures	
	<u>2014-2018</u>
	<u>Total</u>
	<u><u>7,196,671</u></u>