

To:	Warden Halliday and Members of Grey County Council
Committee Date:	May 24, 2018
Subject / Report No:	FR-CW-12-18
Title:	2017 Development Charges Reserve Fund Statement
Prepared by:	Kevin Wepler, Director of Corporate Services
Reviewed by:	Kim Wingrove
Lower Tier(s) Affected:	
Status:	Resolution adopted by Committee as amended per Resolution CW135-18 on May 24, 2018; Endorsed by County Council on June 14, 2018 per Resolution CC57-18.

Recommendation

1. That Report FR-CW-12-18 regarding the 2017 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-12-18 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 in regards to the County's 2017 Development Charges Reserve Fund and the transactions that occurred in 2017.

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 2013-2017

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 2013-2017, 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 2017 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 for 2017 was a significant increase over the previous four years, with 2017 revenue showing a 100% increase over 2016, or an increase of \$2,019,899 in development charges revenue being received.

To ensure that the public is aware of the transactions affecting the development charges reserve funds during 2017, this report and the applicable schedules will be posted on the County's website.

Relevant Consultation

- Internal – Finance staff
- External - Hemson Consulting – County's Development Charges Consultant

Appendices and Attachments

[Attachment to FR-CW-12-18 Development Charges Reserve Fund](#)

[Attachment to FR-CW-12-18 Development Charges Reserve Fund - Amounts Transferred](#)

[Attachment to FR-CW-12-18 Development Charges Revenue and Expenditures 2013-2017](#)

County of Grey
2017 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, 2017	4,551,592.70	(283,876.66)	12,817.18	10,538.57	429,957.23	(90,471.57)	87,031.49	(29,366.48)	(564.70)	(225,237.39)	4,462,420.37
<u>Plus:</u>											
Development Charges Collections	3,634,610.54	104,289.57				14,727.91		119,017.47	5,970.78	101,901.25	3,980,517.52
Accrued Interest	63,415.53	(2,770.62)	148.89	122.41	4,994.36	(976.63)	1,010.95	260.16	23.60	(2,363.24)	63,865.41
Sub-Total	3,698,026.07	101,518.95	148.89	122.41	4,994.36	13,751.28	1,010.95	119,277.63	5,994.38	99,538.01	4,044,382.93
<u>Less:</u>											
Amount Transferred to Capital (or Other) Funds	(2,051,427.00)								(2,700.00)	(44,196.00)	(2,098,323.00)
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, 2017	6,198,191.77	(182,357.71)	12,966.07	10,660.98	434,951.59	(76,720.29)	88,042.44	89,911.15	2,729.68	(169,895.38)	6,408,480.30

County of Grey

For the Year Ending December 31, 2017 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	Total
Trails								
Trail Improvements	42,738	(2,700)				(40,038)		0
Sub-Total - General Government	42,738	(2,700)	0	0	0	(40,038)	0	0
Capital Fund Transactions								
Roads & Related Works								
Grey Road 18	2,787,610	(475,948)				(2,311,662)		0
Grey Road 25	1,590,341	(685,784)			(300,000)	(604,557)		0
Grey Road 119	4,265,519	(889,695)			(1,759,094)	(1,616,730)		0
Sub-Total - Roads & Related Works	8,643,470	(2,051,427)	0	0	(2,059,094)	(4,532,949)	0	0
Health Unit								0
Health Unit Build*	45,317	(44,196)				(1,121)		0
Sub-Total - Health Unit	45,317	(44,196)	0	0	0	(1,121)	0	0
Total	8,731,525	(2,098,323)	0	0	(2,059,094)	(4,574,108)	0	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) 2013-2017

	2013	2014	2015	2016	2017	Total
Blue Mountains	228,456	284,461	444,822	854,209	1,663,264	3,475,212
Chatsworth	70,693	64,056	78,039	131,523	195,060	539,371
Georgian Bluffs	129,463	150,318	92,780	142,116	281,089	795,766
Grey Highlands	85,749	133,268	167,927	152,708	217,000	756,652
Hanover	74,952	25,629	83,242	175,659	146,475	505,957
Meaford	75,312	72,614	145,673	212,733	371,609	877,941
Owen Sound	205,267	41,006	228,112	70,617	340,652	885,654
Southgate	89,330	30,754	84,109	78,561	553,350	836,104
West Grey	88,580	249,124	150,939	171,527	212,019	872,189
Interest Income	27,685	34,002	35,044	34,831	63,866	195,428
	1,075,487	1,085,232	1,510,687	2,024,484	4,044,383	9,740,273

**County of Grey
Development Charges Funded Expenditures 2013-
2017**

Year, Service & Project	DC Reserve Funds Allocated
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2013	
Roads & Related Works	
Grey Road 1 - Owen Sound	172,834
Grey Road 4 - Grey Highlands	86,012
Grey Road 2 - Blue Mountains	142,462
Grey Road 3 - Chatsworth	333,870
Bridge Rationalization Study	6,189
Transportation Master Plan	<u>77,845</u>
Sub-Total	819,212
General Government	
Natural Heritage Study	<u>746</u>
Sub- Total	746
Trails	
CP Rail Trail	<u>675</u>
Sub- Total	675
Health Unit	
New Health Unit	<u>79,706</u>
Sub- Total	79,706
Total -2013	<u><u>900,339</u></u>

2014	
Roads & Related Works	
Transportation Master Plan	<u>4,656</u>
Sub-Total	4,656
General Government	
Growth Management Study	33,080
Natural Heritage Study	<u>5,265</u>
Sub- Total	38,345
Trails	
CP Rail Trail	<u>675</u>
Sub- Total	675
Health Unit	
New Health Unit	<u>79,706</u>
Sub- Total	79,706
Total -2014	<u><u>123,382</u></u>

2015	
Roads & Related Works	
Grey Road 29 - Meaford	222,051
Grey Road 15 - Owen Sound	846,026
Transportation Master Plan	329
Sub-Total	<u>1,068,406</u>
General Government	
Natural Heritage Study	54,679
Housing Study	8,067
Growth Management Study	10,582
Sub- Total	<u>73,328</u>
Trails	
CP Rail Trail	-
Sub- Total	-
Health Unit	
New Health Unit	79,706
Sub- Total	<u>79,706</u>
Total -2015	<u><u>1,221,440</u></u>

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	<u>889,399</u>
General Government	
Development Charges Background Study	37,342
Sub- Total	<u>37,342</u>
Trails	
CP Rail Trail	675
Sub- Total	<u>675</u>
Provincial Offences	
Expansion/Renovation of Admin. Bldg.	140,000
Sub- Total	<u>140,000</u>
Health Unit	
New Health Unit	79,706
Sub- Total	<u>79,706</u>
Total -2016	<u><u>1,147,122</u></u>

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	<u>2,051,427</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 -2016	<u><u>2,098,323</u></u>

Development Charges Funded Expenditures	
2013-2017 Total	<u><u>5,490,606</u></u>