
Subject: Regional Development Charges Treasurer's Statement 2020

Report to: Corporate Services Committee

Report date: Wednesday, April 14, 2021

Recommendations

1. That this report **BE RECEIVED** for information.

Key Facts

- The report provides Regional Council with a statement relating to the Development Charges (DC) reserve fund activities for 2020 in accordance with the Province's Development Charges Act, 1997 as amended (DCA) and Ontario Regulation 82/98.
- The DC reserve fund reporting requirements require municipalities to provide all sources of funding for anything funded from DC's, a compliance statement regarding imposing additional levies or requiring the construction of a service not authorized under the DCA and require that the statement be made available to the public.
- At the end of 2020, \$53.2 million in DC revenue is available for future eligible growth related capital projects after accounting for outstanding capital commitments.
- Outstanding DC capital commitments amounts to \$123.1 million.

Financial Considerations

Regional DC revenues collected in accordance with the DC By-law are deposited in the DC reserve funds and subsequently applied to eligible growth-related costs once those costs have been incurred. This report provides both summary level transaction information by reserve, and detailed funding information by project. DC reserves are necessary to move forward with the growth related projects in the 2021-2030 capital budget and forecast, which includes \$641.7 million in DC funded projects.

Analysis

In accordance with the amended DCA, this report must be prepared annually. The annual statements will be made available to the public through the Development Charges section on the Region's website.

Appendix 1 to Report CSD 21-2021 shows the breakdown of the reserve fund activity from January 1, 2020 to December 31, 2020. During this period, the total DC reserve balances (before accounting for outstanding commitments) increased \$13.2 million, from \$163.1 million to \$176.3 million. After accounting for outstanding commitments to capital projects the net available balance equaled \$53.2 million at year-end 2020. This total will be applied to eligible growth-related capital projects in 2021 and throughout the rest of the forecast period.

The \$53.2 million after commitments related to each of the DC service categories as follows:

DC Service Category	Balance at December 31, 2020	Capital Commitments	Available Balance at December 31, 2020
General Government	\$1,617,048	\$0	\$1,617,048
Police Services	3,964,146	(21,829)	3,942,317
Services Related to a Highway	62,892,873	(51,593,641)	11,299,232
Wastewater	59,724,028	(18,740,026)	40,984,002
Water	32,171,699	(16,731,016)	15,440,683
EMS	1,812,895	(982,150)	830,745
Long Term Care	7,795,607	(23,469,060)	(15,673,453)
Provincial Offenses Act	(9,655)	0	(9,655)
Health	1,147,698	0	1,147,698
Social Housing	2,376,584	(11,287,044)	(8,910,460)
Waste Diversion	2,803,638	(262,613)	2,541,025
Total	\$176,296,561	\$(123,087,379)	\$53,209,182

The negative balances noted above represents year-end balances after capital commitments for individual reserves. Actual year-end balances are positive with exception of the provincial offenses act reserve. It is important to note that there are timing differences based on the rate of collection of DCs and when the project expenditures are committed in the annual capital budget. DCs will continue to be collected over the life of the by-law to match project expenditures and reserve balances are projected to be positive as identified below:

- The Courts Facility in Welland (Provincial Offenses Act category) is now complete and 2021 DC collections for this reserve are projected to be \$0.14 million by year-end.

- Social housing reserves were positive at year-end before capital commitments. There are three capital projects. The NRH New Development project will be complete in 2021. The Multi-Residential Intensification project and Supportive Housing project in Niagara Falls are expected to be completed by 2022. The reserve is projected to be positive by 2023 based on projected annual collections of \$3.0 million.
- Long-term care reserves were positive at year-end before capital commitments. There are two projects and they are expected to be complete by 2023 for the Fort Erie long-term care home project and by 2024 for the St. Catharines long-term care home project. The reserve is projected to be positive by 2025 based on projected annual collections of \$3.4 million.

Of the \$53.2 million uncommitted year-end balance, \$42.1 million was collected in 2020 and it is important to note, that included in that amount is \$1.9 million in tax supported funding to pay for the exemptions in the DC By-law. Additional details of the \$1.9 million in grants is discussed in greater detail in the 2020 Q4 Financial Update.

Furthermore, included within the DC reserve fund activity in Appendix 1 to Report CSD 21-2021 are transfers from the DC reserve totaling \$33.4 million to fund capital and operating projects. DCs are transferred to and recorded as project revenues as eligible costs are spent, matching funding with expenditures. Funding reviews occur quarterly with consideration of the expenditures incurred to date and respective funding sources. Regional DC's are collected by area municipalities at time of building permit issuance.

Appendix 2 to Report CSD 21-2021 identifies 152 active capital projects to which the \$31.0 million in DC funding was applied, along with a summary of the life-to-date expenditures and approved funding sources as of 2020 year-end. A total of \$97.8 million of DCs have been allocated to projects that were active during 2020 from approved DC funding of \$222.6 million at year-end. On average DC funded projects have spent 44% of their respective budgets.

Appendix 3 to Report CSD 21-2021 identifies 160 active operating projects to which \$2.4 million in DCs were applied, along with a summary of life-to-date expenditures and any other approved funding sources providing partial funding to the projects.

Appendix 4 to Report CSD 21-2021 provides supplemental information required as outlined in O.Reg 82/98, including a description of the DC service categories, outstanding prepayment agreements with developers, and a summary of any borrowing from the DC reserve funds. Similar to previous Treasurer Statements on DC reserve

funds, there are no credits recognized under section 17 or borrowing amounts to report. The Region is also required to make a statement regarding its compliance with Sections 59.1(1) & (2) of the amended DCA respecting imposing additional levies or requiring the construction of a service not authorized under the DCA. The Region does not impose additional levies or require construction of services not authorized under the DCA, therefore it is compliant with Sections 59.1(1) & (2).

Alternatives Reviewed

Alternatives are not applicable as this report provides historic and legislatively required information. The Development Charges Act, 1997 as amended requires that this report be provided annually to Council and made available to the public

Relationship to Council Strategic Priorities

Regional Development Charges are a major source of funding for growth projects in the capital budget. As such, Regional Development Charges assist in achieving the strategic priorities of a fiscally sustainable government.

Other Pertinent Reports

None.

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Appendices

Appendix 1	DC Reserve Fund Activity
Appendix 2	Capital Projects funded with DCs in 2020
Appendix 3	Operating Projects funded with DCs in 2020
Appendix 4	Description of Services