
Subject: Development Charge Reserve Fund Statement 2018

Report to: Corporate Services Committee

Report date: Wednesday, May 8, 2019

Recommendations

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

Key Facts

- This report provides Regional Council with a statement relating to the Development Charges (DC) reserve fund activities for 2018 in accordance with the Province's *Development Charges Act, 1997* as amended (DCA) and *Ontario Regulation 82/98*.
- Beginning in 2016, the DC reserve fund reporting requirements were updated to 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 2018, a total of approximately \$85.0 million in DC revenue is available for future eligible growth related capital projects after accounting for outstanding capital commitments.
- Outstanding DC capital commitments are approximately \$49.5 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 2019-2028 capital budget and forecast, which includes \$444 million in DC funded projects. At the end of 2018, the \$85.0 million in DC's available for funding included \$48.8 million collected and \$12.5 million expended from DC's in 2018.

It is important to note, that the \$48.8 million in DC's collected includes amounts totaling \$13.0 million in tax supported funding to repay the exemptions in the DC By-law. Additional details of the \$13.0 million in exemptions is discussed in CSD 9-2019.

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 shows the breakdown of the reserve fund activity from January 1, 2018 to December 31, 2018. During this period, the total DC reserve balances (before accounting for outstanding commitments) increased \$37.3 million, from \$97.2 million to \$134.5 million. After accounting for outstanding commitments to capital projects the net available balance equaled \$85.0 million at year end 2018. This total will be applied to eligible growth-related capital projects in 2019 and throughout the rest of the forecast period.

The \$85.0 million related to each of the DC service categories as follows:

DC Service Category	Ending Balance (\$)
General Government	\$ 1,248,893
Police Services	1,845,704
Services Related to a Highway	26,618,545
Wastewater	37,291,632
Water	12,266,115
EMS	185,926
Long Term Care	3,076,420
Provincial Offenses Act	180,783
Health	414,769
Social Housing	1,034,230
Waste Diversion	837,280
Total	\$ 85,000,743

Included within the DC reserve fund activity in Appendix 1 are transfers from the DC reserve totaling \$12.5 million to fund capital 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 prior to building permit issuance.

Appendix 2 identifies 111 active capital projects to which the \$12.5 million in DC funding was applied, along with a summary of the life-to-date expenditures and approved funding sources as of 2018 year end. A total of \$59.2 million of DCs have been allocated to projects that were active during 2018 from approved DC funding of \$108.7 million at year-end. On average DC funded projects have spent 54% of their respective budgets.

Appendix 3 identifies 146 active operating projects to which \$865,941 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 provides supplemental information required as outlined in O.Reg 82/98, including a description of the DC service categories, credit balances, and a summary of any borrowing from the DC reserve funds. Similar to previous Treasurer Statements on DC reserve funds, there are no credit balances or borrowing amounts to report. New to the report as of last year is the requirement for the Region 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. This initiative supports the strategic priorities of Investment, Innovation and Entrepreneurship and Positioning Niagara Globally.

Other Pertinent Reports

None.

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Appendices

Appendix 1	DC Reserve Fund Activity
Appendix 2	Capital Projects funded with DCs in 2018
Appendix 3	Operating Projects funded with DCs in 2018
Appendix 4	Description of Services