

Clause 9 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 19, 2018.

9

2017 Development Charge Reserve Fund Statement

Committee of the Whole recommends adoption of the following recommendation contained in the report dated March 28, 2018 from the Commissioner of Finance:

1. The Regional Clerk circulate this report to the local municipalities and the Building Industry and Land Development Association, York Region Chapter.
-

Report dated March 28, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. The Regional Clerk circulate this report to the local municipalities and the Building Industry and Land Development Association, York Region Chapter.

2. Purpose

This report provides a year-end summary of development charge activity and reserve balances for 2017, as required under the *Development Charges Act, 1997, as amended*.

3. Background

Development charges are a key funding source for the Region's capital plan

Development charges are imposed by York Region to recover growth-related capital costs from residential and non-residential developments. The majority of

Development Charge Reserve Fund Statement Report

York Region's capital expenditures are due to growth, so development charges are a major source of funding for the Region's capital plan.

Development charge reserve reporting is required by the Development Charges Act

The *Development Charges Act, 1997, as amended*, outlines specific reporting requirements for development charge reserves. Sections 33 and 43 of the Act require that:

- A municipality that has passed a development charge bylaw shall establish a separate reserve fund for each service to which the development charge relates and fund only eligible capital costs from the reserve fund
- The Treasurer of the municipality shall provide Council a financial statement relating to development charge bylaws and reserve funds established.

The required financial statement must identify all assets where capital costs were funded under a development charge bylaw. Municipalities are also required to identify all other sources of funding applied to each project funded with development charges and provide details on activities for each development charge reserve for the year.

4. Analysis and Implications

As of December 31, 2017, the development charge reserve balance was \$372.3 million

The development charge reserve balance, as well as collections and capital project expenditures, by service category is shown in Table 1.

Table 1
York Region Development Charge Collections, Expenditures and Reserve Balance as at December 31, 2017 (in \$ millions)

Service	Collections ³	Expenditures	Reserve Balance ¹
Regional Roads	123.7	60.0	356.8
Water Supply	94.1	80.6	(16.6)
Wastewater Services	129.4	106.7	(103.3)
General Services ²	29.5	30.8	135.4
Total	376.7	278.1	372.3

Note 1: Reserve balance includes opening balance plus collections, expenditures and interest accrual.

Note 2: General Services includes transit, subway, waste diversion, police, paramedic services, public health, senior services, social housing, public works, growth studies, court services and GO Transit.

Note 3: Development charge collections are reported net of development charge credits.

Attached to this report are five schedules (see Attachment 1):

- Schedule 1 summarizes the development charge reserves established under the authority of the *Development Charges Act* and the Development Charge Bylaw:
 - Schedule 1 (A) provides a breakdown of the General Services column on Schedule 1.
 - Schedule 1 (B) provides details of the development charge credits shown on Schedule 1.
- Schedule 2 details 2017 capital project expenditures and development charge funding applied to each project.
- Schedule 3 details roads-related development charge expenditures for 2017.
- Schedule 4 details water supply-related development charge expenditures for 2017.
- Schedule 5 details wastewater servicing-related development charge expenditures for 2017.

The Treasurer's Reserve Fund Statement is in compliance with the Development Charges Act

As of December 31, 2017, this reserve fund statement is in compliance with the *Development Charges Act, 1997, as amended*. The Region has not imposed any voluntary payments or required construction of a service not authorized under the Act.

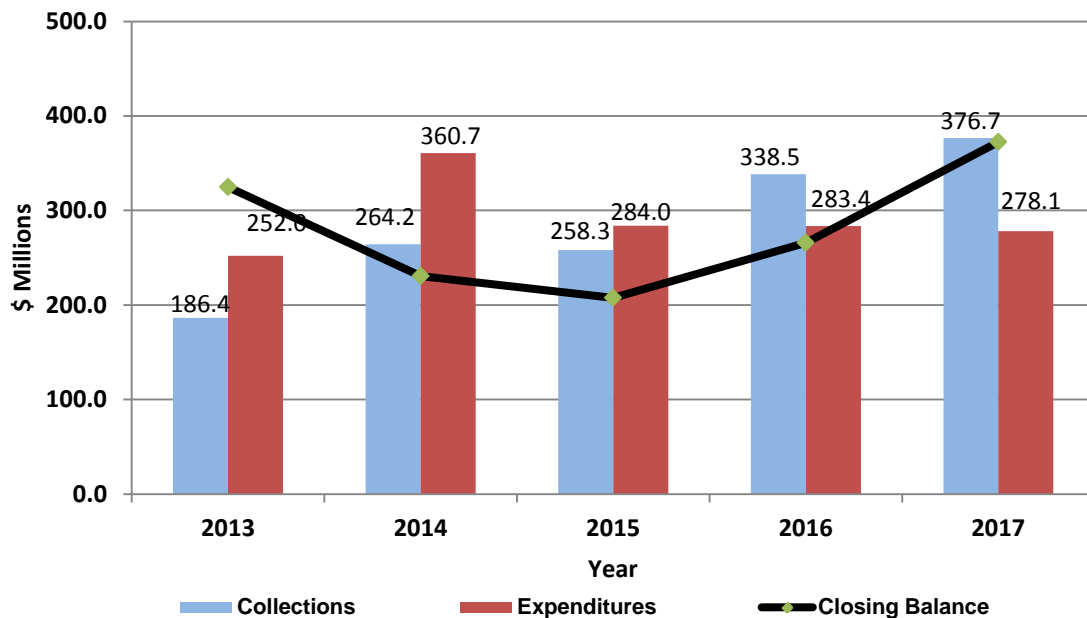
5. Financial Considerations

Development charge collections exceeded expenditures by \$98.6 million and trailed the forecast by \$20.5 million in 2017

Development charge collections in 2017 were \$376.7 million, which was \$98.6 million more than 2017 capital expenditures and \$20.5 million less than the 2017 forecast of \$397.2 million. Development charge-funded capital expenditures in 2017 totalled \$278.1 million, of which \$235.5 million (84.7 per cent) was used to fund debenture repayments.

Chart 1 compares development charge collections and expenditures during the past five years. For three of the five years, York Region drew more from the development charge reserves than it collected.

Chart 1
York Region 2013 - 2017 Development Charge
Collections and Expenditures Comparison (in \$M)



Development Charge Reserve Fund Statement Report

Development charge reserve fund balances must be carefully managed

The Region has a policy of maintaining a balance in the development charge reserves that is at least equal to the cost of annual debt servicing. Currently, development charge-related principal and interest payments are approximately \$238 million per year. After drawing for capital expenditure, the balances in the development charge reserves declined between 2013 and 2015. The balance recovered as a result of strong collections in 2016 and 2017. Any development charge reserve balances above the amounts needed for debt servicing can be allocated to growth projects, thereby reducing the need for development charge-funded debt.

6. Local Municipal Impact

Development charges are an important revenue source for funding growth-related infrastructure, which benefits all municipalities in York Region.

7. Conclusion

The 2017 Development Charge Reserve Fund Statement presented in this report satisfies the Region's reporting obligations pursuant to the *Development Charges Act, 1997, as amended*.

For more information on this report, please contact Joseph Silva, Director, Strategy and Transformation, at 1-877-464-9675 ext. 77201.

The Senior Management Group has reviewed this report.

March 28, 2018

Attachments (1)

eDocs #8294288

Accessible formats or communication supports are available upon request

**Regional Municipality of York
Development Charge Reserve Fund Statement
January 1, 2017 to December 31, 2017**

	Regional Roads	Water Supply	Wastewater Servicing	General Services ¹	2017 Total
Opening Balance at January 1, 2017	\$285,774,954	(\$29,706,006)	(\$123,828,452)	\$133,463,212	\$265,703,708
Development Charges Collected (Gross) ²	123,653,578	94,052,514	168,056,227	29,583,861	415,346,179
Development Charge Credits Issued ³			(38,609,539)		(38,609,539)
Development Charges Collected (Net)	\$123,653,578	\$94,052,514	\$129,446,688	\$29,583,861	\$376,736,640
Interest ⁴	7,402,732	(271,911)	(2,284,449)	3,082,697	7,929,069
Revenue Sub -Total	\$131,056,311	\$93,780,603	\$127,162,239	\$32,666,557	\$384,665,709
Expenditures	\$60,009,223	\$80,640,360	\$106,681,611	\$30,726,644	\$278,057,838
Closing Balance at December 31, 2017	\$356,822,041	(\$16,565,763)	(\$103,347,825)	\$135,403,126	\$372,311,579

NOTES :

1. See Schedule 1(A) for breakdown.
2. Adjusted to reflect gross DC collections before the deduction of DC credits.
3. See Schedule 1(B) for breakdown.
4. Interest earned or internal borrowing cost.

**Regional Municipality of York
General Services Details
Development Charge Reserve Fund Statement
January 1, 2017 to December 31, 2017**

	Opening Balance January 1, 2017	Development Charges Collected (Gross)	Development Charges Collected (Net)	Interest	Revenue Sub-Total	Expenditures	Closing Balance December 31, 2017
Growth Studies	\$10,087,740	\$112,889	\$112,889	\$227,404	\$340,293	\$721,262	\$9,706,771
Police	13,052,198	4,706,876	4,706,876	295,783	5,002,659	5,132,139	12,922,718
Paramedic Services	2,955,910	1,111,435	1,111,435	72,317	1,183,751	425,500	3,714,161
Public Health	8,204,165	520,273	520,273	188,766	709,038		8,913,203
Senior Services	18,698,649	73,770	73,770	419,778	493,547		19,192,196
Social Housing	6,524,772	1,863,694	1,863,694	166,517	2,030,211	316,101	8,238,882
Public Works	16,136,297	1,650,240	1,650,240	378,029	2,028,269	251,662	17,912,904
Subway	21,323,427	10,564,057	10,564,057	563,749	11,127,806	262,060	32,189,173
Transit Infrastructure	35,984,578	6,861,946	6,861,946	685,773	7,547,720	21,292,877	22,239,421
GO Transit	495,476	1,917,851	1,917,851	83,759	2,001,610	2,325,041	172,045
Court Services	0	94,882	94,882	385	95,267		95,267
Waste Diversion	0	105,949	105,949	437	106,385		106,385
2017 Total	\$133,463,212	\$29,583,861	\$29,583,861	\$3,082,697	\$32,666,557	\$30,726,644	\$135,403,126

NOTES :

**Regional Municipality of York
Development Charge Credits Issued
January 1, 2017 to December 31, 2017**

Municipality	Subdivision	Developer	Hard Services			
			Regional Roads	Water Supply	Wastewater Servicing	Total
Town of East Gwillimbury	19T-89112, 19T-90E15 & 19T-09E01 (Phase 1)	731011 Ontario Limited			\$3,676,683	\$3,676,683
Town of East Gwillimbury	19T-08E04 (Phase 2)	Sharonvit Estates Incorporated			792,166	792,166
City of Vaughan	19T-12V05	Block 33 West Properties Incorporated			493,752	493,752
Town of East Gwillimbury	19T-89112, 19T-90E15 & 19T-09E01 (Phase 2)	Kerbel Developments (North, South and Mid) Incorporated			5,037,142	5,037,142
Town of East Gwillimbury	19T-88055	Holland Green Developments Incorporated			4,468,849	4,468,849
Town of East Gwillimbury	19T-94036	LRT Technologies Incorporated			2,720,918	2,720,918
Town of East Gwillimbury	19T-03E01 (Phase 2)	Queensville Properties Development Corporation			10,137,389	10,137,389
Town of East Gwillimbury	19T-07E02 (Phase 2)	Sundial Homes (Sharon) Limited			1,825,426	1,825,426
Town of East Gwillimbury	19T-90019	Valley Brook Investments Incorporated			6,640,527	6,640,527
Town of East Gwillimbury	19T-95088 (Phase 2)	Winged Foot Development Incorporated			2,816,686	2,816,686
Total Development Charge Credits Issued ¹					\$38,609,539	\$38,609,539

NOTE :

1. To register for a plan of subdivision, developers are required to pay development charges for hard services (i.e., regional roads, water supply and wastewater servicing). Development charge credits issued are direct reductions against these applicable hard services. The remaining development charges are collected at the building permit stage. Net development charge collections consist of gross collections less credits.

**Regional Municipality of York Development Charge Reserve
Capital Program Expenditures
January 1, 2017 to December 31, 2017**

Service Category	Project Number	Project Description	Development Charge Reserve Funding	Other Project Funding			2017 Total Project Funding
				Tax Levy Funding	User Rate Funding	Other ¹	
Growth Studies	90000	Business Management	207,567	1,008,547		52,895	1,269,009
	35000	Development Tracking System	513,695	57,077			570,772
			721,262	1,065,624		52,895	1,839,781
Police	26160	Debenture Payments ²	4,236,831			14,228,645	18,465,476
	16540	Allocation of Financing Costs for 2017	4,189				4,189
	29017	Specialized Equipment	523,400				523,400
	29026	Squad Car Dashboard Video	131,000	11,205			142,205
	29010	Vehicles	236,720	3,842,917			4,079,637
		5,132,139	3,854,122		14,228,645	23,214,906	
Paramedic Services	54190	Debenture Payments ²	214,074			39,664,947	39,879,021
	16540	Allocation of Financing Costs for 2017	13,210				13,210
	54301	Fleet	198,215	22,024			220,239
		425,500	22,024		39,664,947	40,112,471	
Social Housing	67675	Richmond Hill Hub	316,101			1,051,264	1,367,365
Public Works	99900	Fleet	251,662	147,802			399,464
Subway	16540	Allocation of Financing Costs for 2017	262,060	0		0	262,060
Transit Infrastructure	90000/38001	Debenture Payments ²	15,997,865	12,637,643		48,928,111	77,563,619
	81582	Transit Garage North	262,074			1,609,884	1,871,958
	81583	Transit Garage South East	13,316	52,933			66,249
	82150	Bus Loops & Stops Expansion	408,534			4,287,275	4,695,809
	84599	Conventional Bus Expansion	356,306			5,210,974	5,567,280
	84799	VIVA Bus Expansion	3,459,749			586,741	4,046,490
	90992	Facilities and Terminals	795,034			15,631,055	16,426,089
		21,292,877	12,690,576		76,254,040	110,237,493	
GO Transit	15800	GO Transit (Metrolinx)	2,325,041				2,325,041
Regional Roads		See Schedule 3 for Details	60,009,223	7,164,562		2,527,443	69,701,228
Water Supply		See Schedule 4 for Details	80,640,360	44,868		2,100,666	82,785,894
Wastewater Servicing		See Schedule 5 for Details	106,681,611			125,016	106,806,627
Total Capital Programs			\$278,057,838	\$24,989,578		\$136,004,916	\$439,052,332

NOTES :

1. Other consists of proceeds from debenture issues, third party recoveries, other capital reserves, provincial/federal grants, fees and charges.
2. Debenture payments include both principal and interest.
3. The development charge reserve funding for Business Management was used to fund 2017 Development Charge Background Study-related work.

**Regional Municipality of York Development Charge Reserves
Regional Roads Capital Program Expenditures
January 1, 2017 to December 31, 2017**

Project Number	Project Description	Development Charge Reserve Funding	Tax Levy Funding	Other Project Funding ¹	2017 Total Project Funding
39950	Misc Capital Improvements ²	\$3,716,168	\$412,908		\$4,129,076
39970	Miscellaneous Development Charge Credit Payments to Developers ³	3,571,008			3,571,008
80430	Regional Streetscaping	2,219,423	554,856		2,774,279
39990	Miscellaneous Signal Electrical Improvements	1,634,526	181,614	136,801	1,952,941
99890	Intelligent Traffic System	1,259,965	139,996		1,399,961
39910	Miscellaneous Design & Survey for Future Projects	781,524	86,836		868,360
87320	Gibney Bridge Replacement at McCowan Road	710,515	1,657,868		2,368,383
81020	King Road and Highway 27	674,974	121,912		796,886
84044	Viva Next	640,891	71,210		712,101
86880	Pedestrian Cycling Municipal Partnership Program	581,172	64,575		645,747
85670	Major Mackenzie Road - Highway 400 To Jane Street	541,644	60,183		601,827
99550	McCowan Road - Steeles Avenue to 14th Avenue	481,457	53,495		534,952
81390	Bathurst Street - North of Highway 7 to Rutherford Road	463,528	66,928		530,456
99240	Kennedy Road - 14th Avenue to Denison Road	433,053	48,117		481,170
84940	Pedestrian Cycling Program	401,190	44,577		445,767
84160	Mid Block Crossing - Highway 404 North at Major Mackenzie Drive	360,349	40,039		400,388
98690	Bayview Avenue - Stouffville Road to Bloomington Road	325,684	36,187		361,871
84008	16th Avenue - McCowan Road to Ninth Line	321,670	35,741		357,411
81915	Leslie Street - Elgin Mills Road To 19th Avenue	288,453	432,680		721,133
39999	Viva Network 2017 Traffic Engineering and Intelligent Transportation Systems	281,072	31,230		312,302
81952	Dufferin Street - Langstaff Road to Major Mackenzie Drive	279,098	31,011		310,109
83910	Roads Asset Management ⁴	272,053	634,790		906,843
97000	Bayview Avenue - Highway 407 to 16th Avenue	264,071	29,341		293,412
99540	Langstaff Road - Dufferin Street to Keele Street	249,663	27,740		277,403
80104	Keele Street and Lloydtown Aurora Road	236,930	26,326		263,256
99816	Teston Road - Keele Street to Dufferin Street	228,547	25,394		253,941
85810	Arterial Corridor Transportation Studies	213,864	23,763		237,627
91000	Debenture Payments	34,644,815			34,644,815
16540	Allocation of Financing Costs for 2017	183,309			183,309
72600	Tree Funding	706,835	672,714		1,379,549
	Various Programs (83) ⁵	3,041,771	1,552,531	2,390,642	6,984,944
Total Regional Roads Capital Programs		\$60,009,223	\$7,164,562	\$2,527,443	\$69,701,228

NOTES :

1. Other project funding consists of proceeds from debenture issues, third party recoveries, other capital reserves, provincial/federal grants, fees and charges.
2. Miscellaneous Capital Improvements consists of funding for intersection improvement projects undertaken by the Region such as traffic signal installations, street lighting installations and minor geometric improvements.
3. Miscellaneous Development Charge Credit Payments to Developers consists of the payout of the development charge credit for work undertaken by developers such as intersection improvements.
4. Roads Asset Management uses technology and equipment to assess and improve the regional road network.
5. Consists of 83 minor road projects using development charge reserve funding.

**Regional Municipality of York Development Charge Reserves
Water Supply Capital Program Expenditures
January 1, 2017 to December 31, 2017**

Project Number	Project Description	Development Charge Reserve Funding	User Rate Funding	Other Project Funding ¹	2017 Total Project Funding
72390	Water for Tomorrow Program	\$1,447,399			\$1,447,399
72500	Georgina Water Service - Georgina Water Treatment Plant	813,000		\$255,181	1,068,181
75530	East Vaughan Water Servicing	577,127		(63,528)	513,599
78270	Ballantrae Water Servicing	527,845			527,845
75520	Stouffville Zone Elevated Tank Water Main	500,000		(264,254)	235,746
75690	South Maple Pumping Station Upgrade	434,907			434,907
75400	East Vaughan Pumping Station	406,000		795,663	1,201,663
75510	2nd Concession Water Main to Doane Road	365,000		322,029	687,029
70050	Wellington and Leslie Street Water Main	249,244		1,046,000	1,295,244
79670	Water System Capacity Assessment	123,181	44,868		168,049
75700	Water Servicing Richmond Hill - Langstaff Road	111,000		(75,067)	35,933
72450	Aurora Elevated Tank	56,823		87,742	144,565
73160	Nobleton - Additional Water Supply and Watermain	44,319			44,319
72520	Pressure District # 6 Nashville Road Watermain	26,594			26,594
75450	Glenway Reservoir Expansion	26,012			26,012
72490	East Gwillimbury Water Meter Chambers	18,595			18,595
70120	Orchard Heights Pumping Station Upgrade	17,294			17,294
73300	Water Master Plan Update	16,239			16,239
76300	North Richmond Hill Elevated Tank No. 2	14,388			14,388
71180	Queensville Elevated Tank Number 1	6,030			6,030
75860	South Maple Reservoir Upgrades	3,100		(3,100)	0
75600	Green Lane and Leslie Street Newmarket Central Water Main	1,097			1,097
75460	Yonge Green Lane Second Concession to Davis	246			246
73890	Source Water Protection	(306)	²		(306)
75430	Bathurst Water Main	(9,655)			(9,655)
78533	Wastewater Treatment	(16,225)	²		(16,225)
74260	Kennedy Watermain Milliken Pumping Station to Major Mackenzie Drive	(103,055)			(103,055)
46950	Debenture Payments	74,879,625			74,879,625
16540	Allocation of Financing Costs for 2017	104,536			104,536
Total Water Supply Capital Programs		\$80,640,360	\$44,868	\$2,100,666	\$82,785,894

NOTES :

1. Other project funding consists of proceeds from debenture issues, third party recoveries, other capital reserves, provincial/federal grants, fees and charges.
2. Negative amounts in Development Charge Funding represent adjustments from a prior period.

**Regional Municipality of York Development Charge Reserves
Wastewater Servicing Capital Program Expenditures
January 1, 2017 to December 31, 2017**

Project Number	Project Description	Development Charge Reserve Funding	User Rate Funding	Other Project Funding ¹	2017 Total Project Funding
75310	East Vaughan Wastewater Servicing	\$667,935		\$25,358	\$693,293
75640	Wastewater System Capacity Monitor Studies	572,036			572,036
75650	Wastewater Servicing Richmond Hill LangStaff	394,035			394,035
75330	Green Lane Sewer Diversion	318,647			318,647
75810	Humber Pumping Station Electrical Upgrade	78,355			78,355
79100	YDSS Wastewater Master Plan Update	21,923			21,923
75760	North Don Relief Sewer	8,635			8,635
72240	Keswick Water Pollution Control Plant Environmental Assessment Study	8,543			8,543
74030	16th Avenue - Stone Mason to Woodbine Avenue	4,699	2		4,699
72580	Inflow and Infiltration Reduction Implementation	(1,554)			(1,554)
75360	Newmarket Diversion Sewer	(23,066)			(23,066)
73060	Schomberg Water Pollution Control Plant Pumping Station Upgrade	(61,012)			(61,012)
73720	York Durham Sewer System - Duffin Creek Water Pollution Control Plant Expansion	(1,025,120)		99,658	(925,462)
44950	Debenture Payments	105,554,645			105,554,645
16540	Allocation of Financing Costs for 2017	162,910			162,910
Total Wastewater Servicing Capital Programs		\$106,681,611		\$125,016	\$106,806,627

NOTES :

1. Other project funding consists of proceeds from debenture issues, third party recoveries, other capital reserves, provincial/federal grants, fees and charges.
2. Negative amounts in Development Charge Funding represent adjustments from a prior period.