
From: Van Dusen, Regina on behalf of Regional Clerk
Sent: Monday, May 4, 2020 2:26 PM
Subject: Regional Council Decision - 2019 Development Charge Reserve Fund Statement2019
Attachments: Development Charge Reserve Fund Statement.pdf

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On April 30, 2020 Regional Council made the following decision:

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

The original staff report is attached for your information.

Please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644 if you have any questions with respect to this matter.

Regards,

Christopher Raynor | Regional Clerk, Office of the Regional Clerk, Corporate Services

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Our Mission: **Working together to serve our thriving communities – today and tomorrow**

The Regional Municipality of York

Committee of the Whole
Finance and Administration
April 16, 2020

Report of the Commissioner of Finance

2019 Development Charge Reserve Fund Statement

1. Recommendations

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

2. Summary

This report provides a year-end summary of development charge activity and reserve balances for 2019, as required under the *Development Charges Act, 1997, as amended* (the Act).

Key Points:

- As of December 31, 2019, development charge reserve balances total \$270.0 million
- Reserve balances declined by \$67.9 million from 2018 due to draws exceeding collections by \$78.6 million, partially offset by \$10.7 million of interest earned during the year
- The Treasurer's Reserve Fund Statement is in compliance with the *Development Charges Act, 1997, as amended*

3. Background

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

Development charges are imposed to recover growth-related capital costs from residential and non-residential developments. Since the majority of York Region's capital expenditures are due to growth, development charges are a key source of funding for its capital plan.

Development charge reserves are governed by the Act

The Act specifies how development charge reserves are established and reported upon.

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 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

As of December 31, 2019, the development charge reserves had a balance of \$270.0 million

As at December 31, 2019, the development charge reserves had a balance of \$270.0 million, a decline of \$67.9 million from 2018. The activity for the year is shown on Table 1.

Table 1

Development Charge Activity in 2019 (in \$ millions)

Service	Opening Balance	Collections³	Draws	Interest	Closing Balance¹
Regional Roads	341.8	82.7	75.4	12.7	361.8
Water Supply ⁴	(31.4)	34.7	78.4	(2.0)	(77.1)
Wastewater Servicing ⁴	(77.4)	69.9	98.1	(3.8)	(109.4)
General Services ²	<u>104.9</u>	<u>29.4</u>	<u>43.4</u>	<u>3.8</u>	<u>94.7</u>
Total	337.9	216.7	295.3	10.7	270.0

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.

Note 4: Water Supply and Wastewater Servicing components of this reserve have deficits as a result of the need to build capacity in this infrastructure in advance of planned growth. These deficits will be reduced as the growth occurs in the future and the related development charges are received.

The Treasurer's Reserve Fund Statement is comprised of five schedules

Attached to this report are five schedules (see Attachment 1) which make up the financial statement required by the Act:

- Schedule 1 summarizes the development charge reserves established under the authority of *the Act, 1997*, and the Development Charge Bylaw:
- Schedule 1 (A) provides a further 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 shows the 2019 general services capital project expenditure details.
- Schedule 3 shows the 2019 roads-related development charge expenditure details.
- Schedule 4 shows the 2019 water supply-related development charge expenditure details.
- Schedule 5 shows the 2019 wastewater servicing-related development charge expenditure details.

The Treasurer's Reserve Fund Statement is in compliance with the *Development Charges Act, 1997, as amended*

As of December 31, 2019, this reserve fund statement is in compliance with the *Development Charges Act, 1997, as amended*. The Region has not imposed, directly or indirectly, any additional levies or required construction of a service, except as may be permitted under the Act or another act.

5. Financial

Development charge collections were below the 2019 forecast

Development charge collections in 2019 were \$216.7 million (based on units of 4,965 and 192,230 sq. m.), which represented an amount \$123.4 million less than the forecast of \$340.1 million. This forecast was based on a unit forecast of 6,889 and a gross floor area forecast of 277,294 sq. m.

Development charges fund debt payments as well as growth infrastructure

Development charges fund infrastructure in one of two ways; it pays for growth infrastructure directly, or it pays down debt that was issued in order to build growth infrastructure. In 2019, \$302.2 million was taken out of the Development Charge reserves; \$234.1 million was for debt servicing for Development Charge funded projects, while a further \$68.2 million was used to fund capital projects directly.

As at December 31, 2019, the Region had \$2.43 billion of debt outstanding that will be funded through future development charge collections out of a total debt of \$2.65 billion.

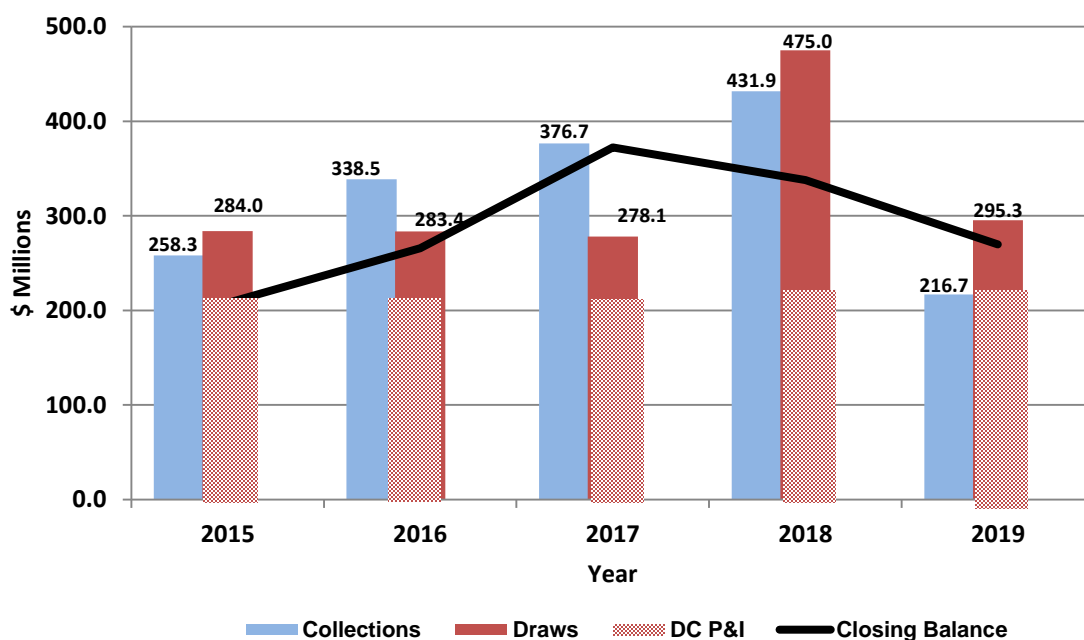
As per the Capital Financing and Debt Policy, it is the Region's practice to maintain a cash balance in the Development Charge Reserves equal to a range of 75 to 100 per cent of the projected annual principal and interest payments during the fiscal year for growth-related debt. In this way the Region manages the total balance in the Development Charge Reserves against uncertainties in the development charge collections and fluctuations in the level of outstanding debt from year-to-year.

Chart 1 compares development charge collections and draws during the past five years. This chart demonstrates that for four of the past five years, the closing balance of the reserves have always been above the principal and interest that has to be repaid

Chart 1

York Region 2015 - 2019 Development Charge

Collections and Draws Comparison (in \$M)



6. Local Impact

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

7. Conclusion

The 2019 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 Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

Recommended by: **Laura Mirabella, FCPA, FCA**
Commissioner of Finance and Regional Treasurer

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

March 6, 2020
Attachments (1)
eDocs #10462725

Attachment 1

**Regional Municipality of York
Development Charge Reserve Fund Statement
January 1, 2019 to December 31, 2019**

	General Services ¹	Regional Roads	Water Supply	Wastewater Servicing	2019 Total
Opening Balance at January 1, 2019	\$104,959,326	\$341,812,696	(\$31,410,736)	(\$77,416,812)	\$337,944,473
Development Charges Collected (Gross) ²	29,274,967	82,707,795	34,702,289	70,485,443	217,170,494
Development Charge Credits Issued ³				(501,187)	(501,187)
Development Charges Collected (Net)	\$29,274,967	\$82,707,795	\$34,702,289	\$69,984,256	\$216,669,307
Interest ⁴	3,806,173	12,660,592	(2,015,460)	(3,814,580)	10,636,726
Revenue Sub -Total	\$33,081,140	\$95,368,387	\$32,686,829	\$66,169,676	\$227,306,032
Expenditures	\$43,249,388 ⁵	\$75,445,908 ⁶	\$78,423,709 ⁷	\$98,174,380 ⁸	\$295,293,386
Closing Balance at December 31, 2019	\$94,791,078	\$361,735,175	(\$77,147,616)	(\$109,421,516)	\$269,957,120

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.
5. See Schedule 2 for breakdown.
6. See Schedule 3 for breakdown.
7. See Schedule 4 for breakdown.
8. See Schedule 5 for breakdown.

Regional Municipality of York
General Services Details
Development Charge Reserve Fund Statement
January 1, 2019 to December 31, 2019

	Opening Balance January 1, 2019	Development Charges Collected (Gross)	Development Charges Collected (Net)	Interest	Revenue Sub-Total	Expenditures	Closing Balance December 31, 2019
Growth Studies	\$8,502,257	\$9	\$9	\$293,614	\$293,623	\$2,055,189	\$6,740,691
Police	9,024,483	4,462,756	4,462,756	316,213	4,778,970	4,751,455	9,051,998
Paramedic Services	(2,678,268)	1,632,020	1,632,020	(78,853)	1,553,167	3,370,093	(4,495,195)
Public Health	9,784,670	458,412	458,412	364,363	822,775	22,675	10,584,769
Senior Services	19,626,892	(341)	(341)	719,704	719,363	0	20,346,255
Social Housing	5,994,835	787,030	787,030	224,983	1,012,013	408,999	6,597,849
Public Works	19,634,764	1,012,107	1,012,107	735,134	1,747,241	(49,907)	21,431,911
Subway	24,064,202	12,558,806	12,558,806	1,098,849	13,657,655	(60,540)	37,782,397
Transit Infrastructure	14,883,769	6,698,334	6,698,334	288,902	6,987,236	31,574,462	(9,703,457)
GO Transit	421,036	1,254,351	1,254,351	9,820	1,264,171	1,178,599	506,608
Court Services	(4,717,586)	195,741	195,741	(184,665)	11,076	(1,060)	(4,705,449)
Waste Diversion	418,272	215,742	215,742	18,109	233,851	(576)	652,699
2019 Total	\$104,959,326	\$29,274,967	\$29,274,967	\$3,806,173	\$33,081,140	\$43,249,388	\$94,791,078

NOTES :

**Regional Municipality of York
Development Charge Credits Issued
January 1, 2019 to December 31, 2019**

Municipality	Subdivision	Developer	Hard Services		
			Regional Roads	Water Supply	Wastewater Servicing
					Total
Town of East Gwillimbury	19T-09E02 Phase 1B	Minto Communities Inc.			\$501,187
Total Development Charge Credits Issued ¹					\$501,187

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, 2019 to December 31, 2019**

Service Category	Project Number	Project Description	Development Charge Reserve Funding	Other Project Funding			2019 Total Project Funding
				Tax Levy Funding	User Rate Funding	Other ¹	
Growth Studies	90000	Business Management	387,820	5,121		41,555	434,496
	95000	Long Range Strategic Planning	1,044,603			123,357	1,167,959
	35000	Development Tracking System	622,767	12,710			635,476
			2,055,189	17,831		164,912	2,237,932
Police	26160	Debenture Payments ²	4,431,832			6,390,446	10,822,278
	16540	Allocation of Financing Costs for 2019	(4,952)				(4,952)
	29010	Vehicles	436	3,162,583		913,000	4,076,019
	29042	Radio System	50,628	175,288		79,000	304,915
	29043	District 4 Renovation	43,840	28,427		212,000	284,267
	29020	Special Equipment Training	2,220	503,142		1,097,000	1,602,362
	29046	Substation Outlook	42,159	4,684			46,844
	29051	Community Safety Village Expansion	13,870	125,541		1,116,000	1,255,411
	29035	Closed Circuit System	62,780	217,364			280,144
	29014	Specialized Equipment	35,070	202,628			237,698
	29011	Business Intelligence	30,580	105,877			136,457
	29047	Forensic Lab Equipment	42,244	146,260			188,503
		MICAH Grant	(12,352)				(12,352)
		Sinking Fund Surplus	(107,871)				(107,871)
	29045	Land Bank Acquisition	2,448	272			2,720
	29037	Marine Patrol Boat	24,836	86,068			110,905
	29026	Squad Car Dashboard Video	3,450	(3,451)			(1)
	29023	Technical Investigations	90,238	312,429			402,667
			4,751,455	5,067,112		9,807,446	19,626,012
Paramedic Services	16540	Allocation of Financing Costs for 2019	(1,182)				(1,182)
	54665	Paramedic Services Station 22 - Gormley	66,279	7,364			73,644
	54640	Paramedic Services Station 16 - Newmarket Northwest	97,711	227,992			325,703
	54675	Paramedic Services Station 29 - Thornhill Markham	68,826	33,139			101,965
	54420	Paramedic Services Station 13 - Holland Landing	18,751	9,028			27,780
	54601	Paramedic Services Station 27 - Markham Northwest	104,195	11,577			115,772
		MICAH Grant	(5,408)				(5,408)
	54638	Paramedic Services Station Land Acquisition Growth	2,378,715	590,967			2,969,682
	54650	Paramedic Services Station 25 - Markham Southeast	499,579	55,509			555,087
	54301	Paramedic Services Station New Vehicles	142,628	15,848			158,475
			3,370,093	951,423		0	4,321,517
Public Health	H52002	Georgina Link Hub	24,275	7,222			31,497
		MICAH Grant	(1,600)				(1,600)
			22,675	7,222	0	0	29,897
Social Housing	67675	Richmond Hill Hub	405,215	660,352		5,320,574	6,386,141
	67510	Social Housing Predevelopment	6,632	37,581			44,213
		MICAH Grant	(2,848)				(2,848)
			408,999	697,933	0	5,320,574	6,427,506
Public Works		MICAH Grant	(2,784)				(2,784)
	99900	Fleet	(47,123)			14,000	(33,123)
			(49,907)				(49,907)
Subway	16540	Allocation of Financing Costs for 2019	(25,916)				(25,916)
		MICAH Grant	(34,624)				(34,624)
			(60,540)	0	0	0	(60,540)
Waste Diversion		MICAH Grant	(576)				(576)
Court Services		MICAH Grant	(544)				(544)
	16540	Allocation of Financing Costs for 2019	(516)				(516)
			(1,060)				(1,060)
Transit Infrastructure	90000/38001	Debenture Payments ²	21,470,512	12,354,121		54,218,149	88,042,782
	81582	Transit Garage North	998,141	6,131,440			7,129,581
	81585	Rapid Transit Bus Garage	9,556	248,709			258,264
	82150	Bus Loops & Stops Expansion	407,686	991,855			1,399,542
	82155	Major Mackenzie West Terminal	484,187	99,171			583,358
	84399	Mobility Plus Bus Expansion	114,491				114,491
		Sinking Fund Surplus	(45,479)				(45,479)
		MICAH Grant	(17,888)				(17,888)
	84799	VIVA Bus Expansion	2,607,544	534,075			3,141,619
	90992	Facilities and Terminals	5,195,873	3,047,226		5,188,078	13,431,176
	90999	Bus Rapid Transit and Light Rail Transit Studies	349,838	(51,368)			298,470
			31,574,462	23,355,228		59,406,227	114,381,396
GO Transit	15800	GO Transit (Metrolinx)	1,178,599				1,178,599
Regional Roads		See Schedule 3 for Details	75,445,908	8,957,870		45,221,036	129,624,814
Water Supply		See Schedule 4 for Details	78,423,709	(39,107)		13,876	78,398,479
Wastewater Servicing		See Schedule 5 for Details	98,174,380	0		1,134,444	99,308,824
Total Capital Programs			\$295,293,386	\$39,015,512	\$0	\$121,068,515	\$455,422,893

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 Development Charge Background Study-related work.

Regional Municipality of York Development Charge Reserves
Regional Roads Capital Program Expenditures
January 1, 2019 to December 31, 2019

Project Number	Project Description	Development Charge Reserve Funding	Tax Levy Funding	Other Project Funding ¹	2019 Total Project Funding
85580	Rutherford Road - Dufferin Street to Bathurst Street	\$13,832,727	\$1,520,487		\$15,353,214
85650	Major Mackenzie Drive - Canadian Pacific Railway to Highway 27	4,395,445	2,236,802	6,740,000	13,372,247
39970	Miscellaneous Development Charge Credit Payments to Developers ²	3,188,222	354,247		3,542,469
88192	Markham Road and Whistling Cessation	1,241,525	55,000	2,670,000	3,966,525
85560	Rutherford Road - Keele Street to Dufferin Street	1,232,528			1,232,528
82680	Mid Block Crossing - Highway 404 North of Highway 7	1,160,054		7,448,843	8,608,898
83450	Major Mackenzie Drive - Highway 27 To Highway 50	1,099,946	122,437		1,222,383
81010	King Road at Weston Road	966,053	366,994	2,286,000	3,619,048
85660	Major Mackenzie Drive - Pine Valley Drive to Weston Road	790,571	87,841	(16,216)	862,196
81968	Mid Block Crossing - Highway 404 North of 16th Avenue	610,977		4,189,229	4,800,207
81030	Leslie Street at 19th Avenue	582,714	277,312	1,920,000	2,780,026
99550	McCowan Road - Steeles Avenue to 14th Avenue	544,506	58,865		603,371
86880	Pedestrian Cycling Municipal Partnership Program	496,476	55,362		551,839
81932	Quality Standards 2017 Purple	471,674	802,195	6,750,650	8,024,519
81915	Leslie Street - Elgin Mills Road to 19th Avenue	376,242	121,471	717,000	1,214,713
82685	Highway 404 Northbound offramp Extension at Highway 7	352,243		(233,018)	119,225
99240	Kennedy Road - Steeles Avenue to 14th Avenue	339,402	351,371		690,773
84200	Doane Road - Highway 404 to Yonge Street	326,416	36,639		363,054
85620	2nd Concession - Green Lane to Doane Road	326,102	35,775		361,877
80230	Portable Snow Melting Facilities	321,098			321,098
84045	Lake to Lake Cycling - Markham	310,936	37,016	(154,035)	193,917
39910	Miscellaneous Design Surveys Future Projects	301,117	90,346	542,000	933,464
83920	Traffic Safety Program Improvements	295,640			295,640
85710	Yonge Street - Davis Drive to Green Lane	276,377	95,716	856,456	1,228,549
80121	Development Transportation Demand Mangement	270,880	29,890	60,000	360,771
81969	Elgin Mills Road - Yonge Street to Bathurst Street	242,781	26,976		269,757
83830	ODA Traffic Signals Improvement	241,587	26,516		268,103
91000	Debenture Payments	40,244,785			40,244,785
16540	Allocation of Financing Costs for 2019	(38,527)			(38,527)
	MICAH Grant	(194,304)			(194,304)
	Sinking Fund Surplus	(60,064)			(60,064)
72600	Tree Funding	927,148	534,519	208,853	1,670,521
	Various Programs (78) ³	(27,370)	1,634,091	11,235,274	12,841,995
Total Regional Roads Capital Programs		\$75,445,908	\$8,957,870	\$45,221,036	\$129,624,814

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 Development Charge Credit Payments to Developers consists of the payout of the development charge credit for work undertaken by developers such as intersection improvements.
3. Consists of 78 minor road projects using development charge reserve funding.

**Regional Municipality of York Development Charge Reserves
Water Supply Capital Program Expenditures
January 1, 2019 to December 31, 2019**

Project Number	Project Description	Development Charge Reserve Funding	User Rate Funding	Other Project Funding ¹	2019 Total Project Funding
72390	Water for Tomorrow Program	\$878,459			\$878,459
75690	South Maple Pumping Station Upgrade	605,435			605,435
79670	Water System Capacity Assessment	470,761			470,761
73170	King City - Additional Water Supply Watermain	436,848			436,848
75420	Pump District 7 Maple Pumping Station Upgrade Flowmeter	289,646	(39,107) ²		250,539
72440	Aurora Newmarket Water Study	189,054			189,054
73140	Nobleton Elevated Tank Water Main to Town	164,696			164,696
71200	Mount Albert Well 3	89,466			89,466
75480	Newmarket East Yonge Elevated Tank Yonge Water Main	84,160			84,160
72200	Georgina Water Station - Sutton Parallel Water Main	76,015		(185,422) ²	(109,406)
74260	Kennedy Watermain Milliken Pumping Station to Major Mackenzie Drive	64,246			64,246
78270	Ballantrae Water Servicing	57,591			57,591
70050	Wellington Leslie Water Main	44,610			44,610
72500	Georgina Water Station - Georgina Water Treatment Plant	41,558			41,558
78310	Nobleton Water Wastewater Servicing	29,218		199,298	228,516
70120	Orchard Heights Pumping Station Upgrade	21,995			21,995
75700	Water Servicing Richmond Hill - Langstaff Road	12,447			12,447
75460	Yonge Green Lane - 2nd Concession to Davis	7,807			7,807
73300	Master Plan Water	3,504			3,504
78120	Stouffville Zone 2 Pumping Station - Markham Reservoir Water Main	866			866
78140	Stouffville Zone 2 Elevated Tank	(19,598) ²			(19,598)
71150	Mount Albert Watermain	(183,256) ²			(183,256)
46950	Debt Payments	75,574,426			75,574,426
	Sinking Fund Surplus	(369,300)			(369,300)
	MICAH Grant	(125,440)			(125,440)
16540	Allocation of Financing Costs for 2019	(21,504)			(21,504)
Total Water Supply Capital Programs		\$78,423,709	(\$39,107)	\$13,876	\$78,398,479

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 represent adjustments from a prior period.

**Regional Municipality of York Development Charge Reserves
Wastewater Servicing Capital Program Expenditures
January 1, 2019 to December 31, 2019**

Project Number	Project Description	Development Charge Reserve Funding	User Rate Funding	Other Project Funding ¹	2019 Total Project Funding
74040	York Durham Sewer System Southeast Collector	\$1,215,506		\$648,071	\$1,863,577
77470	Kleinburg Water Pollution Control Plant Expansion	875,503			875,503
75640	Waste Water System Capacity Monitor Studies	615,371			615,371
75760	North Don Relief Sewer	598,937			598,937
73050	Nobleton Sewage Study Environmental Assessment	483,288			483,288
79100	York Durham Sewer System Wastewater Master Plan Update	161,260			161,260
75810	Humber Pumping Station Electrical Upgrade	145,682			145,682
72240	Keswick Water Pollution Control Plant Environmental Assessment Study	103,341			103,341
72230	Joe Dales Forcemain	55,589			55,589
73670	Peel Diversion Buy In Costs	1,739			1,739
77290	Black Creek Pumping Station	227			227
78310	Nobleton Water Wastewater Servicing	(27,247) ²		247,986	220,739
75330	Green Lane Sewer Diversion	(89,124) ²			(89,124)
72360	Duffin Creek Water Pollution Control Plant Outfall	(267,000) ²		238,387	(28,613)
70250	Wellington Water Main - Leslie to Bayview	(1,303,066) ²			(1,303,066)
44950	Debtenture Payments	94,928,904			94,928,904
	Payment to City of Toronto re Tri-Party Agreement	2,517,847			2,517,847
	Sinking Fund Surplus	(1,543,269)			(1,543,269)
	MICAH Grant	(257,856)			(257,856)
16540	Allocation of Financing Costs for 2019	(41,252)			(41,252)
Total Wastewater Servicing Capital Programs		\$98,174,380		\$1,134,444	\$99,308,824

NOTES :

1. Other project funding consists of proceeds from debtenture 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.

