

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 23, 2015

Item 4, Report No. 10, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 23, 2015.

4 2014 DEVELOPMENT CHARGES RESERVE FUND STATEMENT

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance & City Treasurer and the Director of Development Finance and Investments, dated June 15, 2015:

Recommendation

The Commissioner of Finance & City Treasurer and the Director of Development Finance and Investments, in consultation with the Director of Financial Planning and Analytics, recommend:

1. That the 2014 Development Charges Reserve Fund Statement prepared pursuant to the Development Charges Act, RSO 1997, be received for information purposes; and
2. That the 2014 Development Charges Reserve Fund Statement be forwarded to the Minister of Municipal Affairs and Housing.

Contribution to Sustainability

Not applicable.

Economic Impact

Not applicable.

Communications Plan

The 2014 Development Charges Reserve Fund Statement will be forwarded to the Minister of Municipal Affairs and Housing.

Purpose

To provide Council with the 2014 Development Charges Reserve Fund Statement pursuant to Section 43 of the Development Charges Act RSO 1997.

Background - Analysis and Options

Development Charges are a key funding source for the City's capital plan

Development charges are imposed by the City of Vaughan to recover growth-related capital costs from residential and non-residential developments that create the need for capital works. A majority of the City's capital expenditures are due to growth, so development charges are a major source of funding for the City's capital plan.

Development charge reserve reporting is required by the Development Charges Act, 1997

The Development Charges Act RSO 1997 (DC Act, 1997) outlines specific reporting requirements for development charge reserves. In accordance with Sections 33 and 43 of the Development Charges Act, 1997, the following is required:

- A municipality that has passed a Development Charge by-law shall establish a separate reserve fund for each service to which the development charge relates; and shall be used only to meet growth related capital costs for which the development charge was imposed.

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- The Treasurer of a municipality shall give to Council a financial statement relating to development charge by-laws and reserve funds that were established.

Reporting requirements include identifying all other types of funding applied to each project funded with development charges and providing a detailed summary of the activity for each development charge reserve for the year.

The statement is prepared on an accrual basis for goods and services received however it does not reflect other commitments of funds.

The statement shall contain the following information in respect of each service for which the development charge is being imposed:

- 1) A description of the service for which the fund is established.
- 2) The balance as of the first day of January.
- 3) The distribution of the development charge proceeds received during the year.
- 4) The amount transferred to the capital fund.
- 5) Any credits provided in relation to service or services category.
- 6) The development charge amounts refunded or allocated to other sources.
- 7) The apportionment of accrued interest.
- 8) The closing balance as of the 31st day of December.
- 9) An addendum indicating each project, the intended application of the amount and source of any other money that is spent on the project.

Attachment 2 contains the definitions for the reserves.

As of December 31, 2014, the development charge reserve balance was \$183.0 million

The table below summarizes the Development Charges Reserve Fund activities for the period January 1, 2014 to December 31, 2014:

Table 1: 2014 Development Charge Reserve Balance as of December 31, 2014

	CityWide Development Charges	Special Area Development Charges	Total
Opening Balance	\$174.6	\$6.4	\$181.1
Revenues	\$24.5	\$0.5	\$25.0
Expenses	-\$20.8	-\$2.2	-\$23.0
Closing Balance	\$178.3	\$4.7	\$183.0

Attachment 1 provides for the statutory requirement under the development charges legislation for 2014. The development charges revenue is provided as a summary for each reserve, whereas, the capital expenditures are detailed by capital project.

Development charge collections exceed expenditures by \$2 million

Development charge expenditures in 2014 totaled \$23.0 million. Development charge collections in 2014 were \$25.0 million, which amounted to \$2.0 million greater than expenditures. These revenues amounted to \$35.1 million less than the 2013 DC Background Study forecast. Staff continues to monitor reserve levels and associated expenditures during the annual budget process to mitigate the risk related to the decreased collection trend.

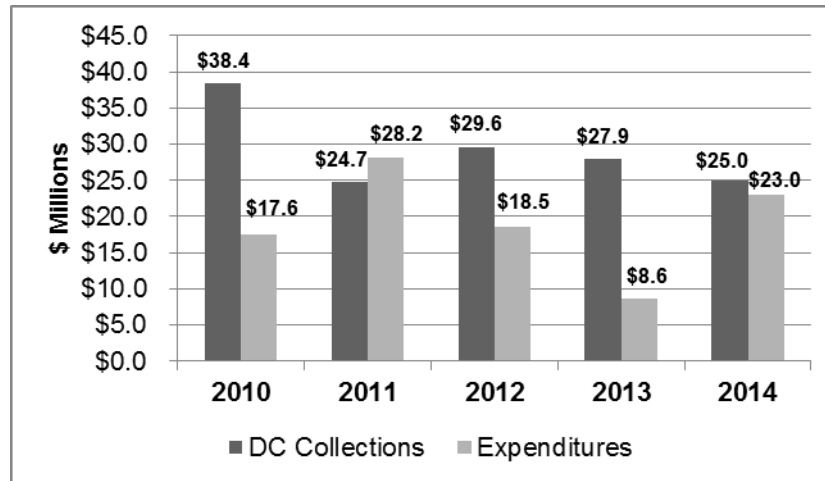
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Chart 1 on the next page illustrates the management of this downward collection trend. For four out of the five years, development charge collections exceeded the draws from the development charge reserves, leaving a balance of \$183.0 million in the reserves as December 31, 2014.

Chart 1: 2010-2014 Development Charge Collections and Expenditures Comparison (\$M)



Relationship to Vaughan Vision 2020

Not applicable.

Regional Implications

Not applicable.

Conclusion

The 2014 Development Charges Reserve Fund Statement provided pursuant to the reporting requirements of the Development Charges Act, RSO 1997, is recommended to be received.

Attachments

1. 2014 Development Charge Reserve Fund Statement
2. Description of Development Charge Reserves & Special Area Charges

Report Prepared By:

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)