

# Town of Whitby Staff Report

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**Report Title: Annual Statement of Development Charge and Parkland Reserve Funds as at December 31, 2019**

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**Report to: Committee of the Whole**

**Date of meeting:** June 15, 2020

**Report Number: CS 30-20**

**Department(s) Responsible:**

Corporate Services Department

**Submitted by:**

Ken Nix, Commissioner of Corporate Services / Treasurer

**Acknowledged by M. Gaskell, Chief Administrative Officer**

**For additional information, contact:**

Jennifer Hess, Senior Financial Analyst, x2810

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**1. Recommendation:**

- 1. The annual statement of Development Charge and Parkland Reserve Funds as of December 31, 2019 be received as information.**
- 2. The annual update on the Non-Statutory and Statutory Development Charge exemptions and the total Development Charge collections be received as information.**

**2. Highlights:**

- Pursuant to sections 59.1(1) and (2) of the Development Charges Act, S.O. 1997, (DCA), it is affirmed that the Town of Whitby has not imposed directly or indirectly a charge related to a development or a requirement to construct a service related to a development exempt as permitted under the DCA or another Act.
- In 2019 the Town of Whitby incurred \$0.3 million of non-statutory development charge exemptions. For 2017-2019 (DC By-Law life to date) the non-statutory development charges exemptions total \$2 million.

- In 2019 the Town of Whitby collected \$30 million from development charges, however the cumulative total development charge collections for 2017-2019 (DC By-Law life to date) remains \$1 million below the Development Charge Background Study projection for that same time period.

**3. Background:**

- Section 43(1) of the DCA states that “The treasurer of a municipality shall each year on or before such date as the Council of the municipality may direct, give the Council a financial statement relating to development charge by-laws and reserve funds established under section 33.”
- Section 42 of the Planning Act requires the Treasurer to provide a financial statement to Council relating to the special account for cash-in-lieu of parkland monies.

**4. Discussion:**

**Annual Statement of Development Charge Reserve Funds and Parkland Reserve Fund**

This report addresses the required reporting for development charges and the parks cash-in-lieu collected and spent in 2019.

On March 20, 2017, Council replaced the Development Charge By-Law 6652-12 with By-Law 7255-17. By-Law 7255-17 was further amended on September 18, 2017 with By-Law 7319-17. This reflects the timing and volume of development anticipated over the 10 to 20 year planning horizon; the expected cost and timing for capital expenditures which are forecasted to be required to support the planned level of development.

**Attachment 1** shows the opening and closing balances of the Development Charge reserve funds, and also provides information on the revenues received and expenditures made from the development charges reserve funds during 2019.

**Attachment 2** provides information pursuant to section 43 of the DCA that requires in addition to capital costs funded by development charges, any other sources of funding for the project should also be identified.

**Attachment 3** shows the opening and closing balances of the Parkland reserve fund, and also provides information on the revenues received and expenditures made from reserve fund during 2019

**Update on the Non-Statutory Reductions / Exemptions Included in the DC By-Law.**

Under the DCA the Town is permitted to offer development charge reductions / exemptions in its by-law beyond the statutory exemptions in the Act. The DCA also

requires that if a by-law provides for a discretionary exemption that any resulting revenue shortfall cannot be recovered by way of higher rates applied to other development. The Town must reimburse, from the tax base on an annual basis for the loss in revenue that would have been collected but was waived under the application of voluntary exemptions listed in the by-law. The table below summarizes the costs incurred in 2019.

<b>Non-Statutory Exemptions (Full and Partial)</b>	<b>Applicable Area</b>	<b>Foregone Revenue 2019</b>	<b>DC By-Law Life to Date</b>
High Density Residential and Residential Mixed Use	CIP Area (1)	\$0	\$0
Retail Commercial and Office Expansion	CIP Areas – Whitby & Brooklin (1)	\$3,228	\$4,990
New Office Development	CIP Area	\$0	\$0
Hospital	Townwide	\$31,873	\$31,873
New Industrial > 25,000 sq. ft,	Townwide	\$234,671	\$762,442
New Office > 25,000 sq. ft.	Townwide	\$0	\$0
New Office > 969 sq. ft.	Commercial Zones C3-DT or C1-VB	\$0	\$0
Non-Profit Special Care / Special Needs Dwelling Unit	Townwide	\$0	\$1,077,888
Non-Residential Bone Fide Farm Building	Townwide	\$7,415	\$128,652
Parking Structure	Townwide	\$0	\$0
Place of Worship	Townwide	\$0	\$0

<b>Non-Statutory Exemptions (Full and Partial)</b>	<b>Applicable Area</b>	<b>Foregone Revenue 2019</b>	<b>DC By-Law Life to Date</b>
Public Post-Secondary Institution (owned and operated buildings)	Townwide	\$0	\$0
<b>Total</b>		<b>\$277,187</b>	<b>\$2,005,845</b>

Note - (1) This does not reflect the application approval / pre-commitment of the available incentives under the Downtown Whitby Community Improvement Program. Costs will be included once the building permit is issued.

For the 2019 fiscal year end, \$277,187 was transferred from the One-Time Reserve (LTFR) into the various Development Charge Reserve Funds for the revenue shortfall realized from the application of non-statutory development charge exemptions. The use of the One-Time Reserve (LTFR) for non-statutory exemptions was approved by Council in report CS 34-18.

For the 2020 fiscal year, the uncommitted reserve ([CS 25-20](#)) assumes an additional \$1.25 million will be required this year for non-statutory exemptions. That amount has been pre-committed, although any amount above that value will impact the next reserve projection. Likewise, at the end of the year, if the amount is not needed, the commitment will be released.

**Update on Legislated Exemptions**

In addition, municipalities have no option when it comes to providing statutory exemptions included in the legislation, which creates a structural capital funding gap in the recovery of eligible growth-related costs. Any statutory exemptions do not need to be paid by the Town on behalf of the developers.

<b>Legislated Exemption</b>	<b>Foregone Revenue 2019</b>	<b>DC By-Law Life to Date (2017-2019)</b>
Municipal or a Local Board	\$589,474	\$778,351
Expansion of existing industrial up to 50% of the gross floor area.	\$251,755	\$456,458
Creation of additional dwelling units (i.e. basement apartments etc.) in an existing dwelling unit.	\$606,811	\$1,304,620

<b>Legislated Exemption</b>	<b>Foregone Revenue 2019</b>	<b>DC By-Law Life to Date (2017-2019)</b>
Public Post-Secondary Institution (owned and operated buildings) exempt under the school charter.	\$281,775	\$708,993
<b>Total</b>	<b>\$1,729,885</b>	<b>\$3,248,492</b>

**Update on Development Charge Collections (2017-2019)**

The table below summarizes the total development charge collections in 2019 (including non-statutory exemptions), compared to the Development Charge Background Study growth forecast.

<b>Description</b>	<b>2019 Actuals</b>	<b>DC Study Growth Forecast for 2019</b>	<b>2019 Surplus or (Shortfall)</b>
Units – single or semi-detached houses	710	592	118
Units – townhomes with 3 or more bedrooms & other dwelling types	533	277	256
Units – apartments with 1 2 or more bedrooms, townhomes with 2 or less bedrooms & mobile homes.	72	64	8
Units – apartments with 1 or less bedrooms, garden suites & special care / special needs dwelling units.	0	167	(167)
# sq. metres – retail commercial	21,405	6,835	14,570

<b>Description</b>	<b>2019 Actuals</b>	<b>DC Study Growth Forecast for 2019</b>	<b>2019 Surplus or (Shortfall)</b>
# sq. metres – other non-residential	13,788	47,931	(34,143)
<b>Total development charges collected (\$)</b>	<b>\$30,087,686</b>	<b>\$24,474,363</b>	<b>\$5,613,323</b>

The total actual development charges collected in 2019 of \$30,087,686 differs from the \$26,210,977.73 reported in Attachment 1 due to repayment of \$3,876,709.00 towards the West Whitby Front Funding Agreement development charge credits.

The current collection surplus of \$5,613,323 is a combination of the volume and type of residential development occurring, and the shortfall in non-residential development. The cumulative shortfall for 2017-2019 is also shown below.

<b>Development Type</b>	<b>2019 Surplus / (Shortfall)</b>	<b>2017-2018 Surplus / (Shortfall), report CS 34-19</b>	<b>Cumulative 2017-2019 Total (DC By-Law Term to Date)</b>
Residential Development	\$6,075,478	(\$3,878,507)	\$2,196,971
Non-Residential Development	(\$462,154)	(\$2,793,311)	(\$3,255,465)
<b>Total Surplus (Shortfall) Variance</b>	<b>\$5,613,323</b>	<b>(\$6,671,878)</b>	<b>(\$1,058,494)</b>

**5. Financial Considerations:**

Due to legislation, development charges pay for a portion, not the full cost of growth related capital costs. The remaining capital costs, costs of services to address the growing population and the cost of maintaining the new capital infrastructure are primarily tax based. In addition, any voluntary exemptions must be reimbursed from the tax base. The cost of growth study accompanying the 2017 DC Study estimated the annual tax impact to be 1.5%.

A transfer of \$277,189 from the One Time Reserve (LTFR) to the applicable Development Charge Reserve Fund(s) was made in 2019 to account for the 2019 non -statutory development charge exemptions included in the Town's DC by-law(s).

The 2019 year end balances have been incorporated into the most recent uncommitted reserve and reserve fund projection ([CS 25-20](#)).

The long range capital program incorporates the anticipated capital requirements to provide infrastructure required to accommodate expected growth in the municipality. The impacts of the pandemic and efforts to contain the spread of the Covid-19 virus are unknown at this time. In the event building activity is impacted by the pandemic, development charge collections may be impacted in the short term however projected development activity is still expected to occur over the long term. Any changes to legislation, increases in the capital program, or short term exemptions to encourage development will directly impact the cost to the taxpayer.

The forecasted 2020 development charge collections will continue to be monitored and incorporated into the annual update of the Long Range Financial Plan and the subsequent development of the 2021 Capital Budget and nine-year forecast.

**6. Communication and Public Engagement:**

N/A

**7. Input from Departments/Sources:**

N/A

**8. Strategic Priorities:**

This legislated report continues Whitby's tradition of responsible financial management and respect for taxpayers. It also aligns with the Corporate Strategic Plan by developing and utilizing comprehensive financial planning processes.

**9. Attachments:**

[Attachment 1 – Statement of Development Charge Reserve Funds, December 31, 2019](#)

[Attachment 2 – Expenditures from Development Charges and Other Sources December 31, 2019](#)

[Attachment 3 – Statement of Parkland Reserve Fund, December 31, 2019](#)

The Town of Whitby  
Statement of Development Charge Reserve Funds  
December 31, 2019

	Waste Road & Related Management	Alternate Route	General Government	Administrative Operational Facilities	Operations	Parks and Recreation	Libraries	Parking and By-Law	Related - Town wide Infrastructure	Storm water Management	Fire	Total DCA
Balance at January 1, 2019	\$116,137.90	\$ 2,223,115.99	\$ 747,768.01	\$ 312,631.54	\$ 897,282.06	\$36,419,637.01	\$ -	\$ 358,939.55	\$45,819,011.94	\$ 407,390.73	\$ -	\$ 87,301,914.73
REVENUES												
Developer Contributions	\$198,363.00	\$ 3,496,172.03	\$1,473,167.26	\$ 238,013.31	\$ 949,835.84	\$ 7,879,839.00	\$1,397,139.00	\$ 251,647.70	\$ 8,409,615.60	\$ 552,360.94	\$1,364,824.05	\$ 26,210,977.73
Investment Income	\$ 7,637.21	\$ 140,834.28	\$ 52,366.93	\$ 12,267.66	\$ 46,053.31	\$ 1,133,088.21	\$ 22,187.94	\$ 14,779.82	\$ 1,349,996.08	\$ 4,002.35	\$ 17,129.80	\$ 2,800,345.59
Non-Statutory DC Exemptions Paid	\$ -	\$ 47,131.73	\$ 19,391.02	\$ 3,131.14	\$ 12,524.51	\$ -	\$ -	\$ 3,350.86	\$ 166,224.49	\$ 7,415.84	\$ 18,017.72	\$ 277,187.31
Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,806.94)	\$ -	\$ 281,203.67	\$ 465,901.63	\$ (665,387.49)	\$ 59,910.87
Total Revenue	\$206,000.21	\$ 3,684,138.04	\$ 1,544,927.21	\$ 253,412.11	\$1,008,413.66	\$ 9,012,927.21	\$1,417,520.00	\$ 269,778.38	\$ 10,187,039.84	\$1,029,680.76	\$ 734,584.08	\$ 29,348,421.50
EXPENDITURES												
Transfer to Capital Fund	\$ -	\$ -	\$ 100,477.61	\$ 68,760.17	\$ -	\$ 876,693.89	\$ -	\$ 27,502.90	\$ 3,544,219.96	\$1,437,071.52	\$ 141,188.84	\$ 6,195,914.89
Transfer to Revenue Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,417,520.00	\$ -	\$ -	\$ -	\$ -	\$ 1,417,520.00
Total Expenditures (Attachment 2)	\$ -	\$ -	\$ 100,477.61	\$ 68,760.17	\$ -	\$ 876,693.89	\$1,417,520.00	\$ 27,502.90	\$ 3,544,219.96	\$1,437,071.52	\$ 141,188.84	\$ 7,613,434.89
Balance at December 31, 2019	\$322,138.11	\$ 5,907,254.03	\$ 2,192,217.61	\$ 497,283.48	\$ 1,905,695.72	\$ 44,555,870.33	\$ -	\$ 601,215.03	\$ 52,461,831.82	\$ (0.03)	\$ 593,395.24	\$ 109,036,901.34

West Whitby Landowners Front Funding Agreement

	Front Funding Credit Account
Balance as of January 1, 2019	\$ -
Front End Recovery Development Charge Collection (DC Roads)	\$ 3,876,709.00
Development Charge Credit Reimbursement to Developers *	\$ (3,782,355.00)
Balance as of December 31, 2019	\$ 94,353.00

Note: This statement does not reflect the development charge credit commitment with respect to the repayment of the DC Roads & Related Town wide Infrastructure amount to developers under the West Whitby Landowners Front Funding Agreement for the construction of the agreed upon roads projects

\* Repayment of the Front Funding Agreement commenced in 2019



Attachment 2

The Town of Whitby  
Expenditure Financed from Development Charges and Other  
December 31, 2019

	Development Charge Reserve Funds	Reserves & Reserve Funds	Contributions, Grants & Other	Subdivider	Total	Notes
<b>DC - Fire</b>						
10195301 Special Project-Fire Mobile Data Terminals/Turn Out Tech(TCA	\$ 1,051.52	\$ 5,520.45	\$ -	\$ -	\$ 6,571.97	
11080601 WMB - F10 Expansion Renovation	\$ 121,529.00	\$ 310,500.83	\$ -	\$ -	\$ 432,029.83	1
20178501 Special Project - Fire Mobile Data Terminals / Turn Out Technology	\$ 4,709.47	\$ 27,103.33	\$ -	\$ -	\$ 31,812.80	
20193501 FH2 - Expansion and Rehabilitation	\$ 13,898.85	\$ 85,378.67	\$ -	\$ -	\$ 99,277.52	
Total DC - Fire	\$ 141,188.84	\$ 428,503.28	\$ -	\$ -	\$ 569,692.12	
<b>DC - General Government</b>						
13177501 Corporate Public Engagement Strategy and Tools	\$ 3,505.26	\$ 20,973.49	\$ -	\$ -	\$ 24,478.75	
13177502 Future Prov / Fed Mandated Asset Management Analysis, Expansion, Updates	\$ 718.33	\$ 4,298.44	\$ -	\$ -	\$ 5,016.77	
13197001 Long Range Financial Plan Annual Update	\$ 10,056.23	\$ 1,117.02	\$ -	\$ -	\$ 11,173.25	
13197002 Bill 108 Revenue Neutrality Model (CBC Rate)	\$ 4,195.96	\$ 466.22	\$ -	\$ -	\$ 4,662.18	
13207501 Growth Plan - DC Study, CBC Strategy, Long Range Financial Plan	\$ 11,170.83	\$ 1,406.71	\$ -	\$ -	\$ 12,577.54	
13207502 DC Study Prep - Facility Replacement Cost Analysis	\$ 32,054.40	\$ 3,561.60	\$ -	\$ -	\$ 35,616.00	
40132301 Parking Lot Master Plan - Downtowns RFP-71-2017	\$ 13,462.14	\$ 1,495.86	\$ -	\$ -	\$ 14,958.00	
40132304 Transportation & Pedestrian Safety Action Plan	\$ 7,793.00	\$ 7,962.00	\$ -	\$ -	\$ 15,755.00	
50197501 Whitby Strategic Plan & Goals Update	\$ 6,665.50	\$ 54,486.24	\$ -	\$ -	\$ 61,151.74	
51167501 Records Management Program - Expansion	\$ 742.84	\$ 4,411.87	\$ -	\$ -	\$ 5,154.71	
80060308 Comprehensive Zoning By-Law	\$ 586.14	\$ 227.94	\$ -	\$ -	\$ 814.08	
81167801 Downtown Whitby Secondary Plan Update	\$ 732.67	\$ 81.41	\$ -	\$ -	\$ 814.08	
90197501 DC Study Prep - Library Archives Replacement Cost Analysis	\$ 879.31	\$ 977.15	\$ -	\$ -	\$ 9,771.46	
Total DC - General Government	\$ 100,477.61	\$ 101,465.95	\$ -	\$ -	\$ 201,943.56	
<b>DC - Non Administration Operational Facilities</b>						
10132404 Special Project - eServices Modules	\$ 175.12	\$ 1,013.80	\$ -	\$ -	\$ 1,188.92	
10140502 Special Project - Financial System / ERP	\$ 22,955.00	\$ 70,562.44	\$ -	\$ -	\$ 93,517.44	
10152401 Special Project - Growth Related IT Infrastructure Prep	\$ 44,088.31	\$ 11,022.08	\$ -	\$ -	\$ 55,110.39	
11120701 Whitby Civic Centre	\$ 1,541.74	\$ 42,160.83	\$ -	\$ -	\$ 43,702.57	
Total DC - Non Administration Operational Facilities	\$ 68,760.17	\$ 124,759.15	\$ -	\$ -	\$ 193,519.32	
<b>DC - Parks &amp; Recreation</b>						
30160906 PKSM - Utility Truck	\$ 69,937.77	\$ 7,770.97	\$ -	\$ -	\$ 77,708.74	
70071614 HEPC NS Trail Crawford St to Manning R	\$ 112,807.99	\$ 26,403.22	\$ -	\$ -	\$ 139,211.21	
70121502 Thicksom/Water Street Park - Parking Lot	\$ 174,262.54	\$ 19,362.07	\$ -	\$ -	\$ 193,624.61	
70131504 Jeffery Park Splash Pad (RFP 30-2017)	\$ 77,368.22	\$ 8,597.14	\$ -	\$ -	\$ 85,965.36	
70132608 Rest Stop/Bench/Litter	\$ 56,059.91	\$ 13,149.93	\$ -	\$ -	\$ 69,209.84	
70141602 HEPC Trail - Rossland to William Stevenson	\$ 37,026.18	\$ 8,684.96	\$ -	\$ -	\$ 45,711.14	
70175303 Jeffery Park Playground Redevelopment	\$ 309,665.87	\$ 835,883.91	\$ -	\$ -	\$ 1,145,549.78	
70175312 Jeffery Park Playground Equipment	\$ 15,989.91	\$ 51,525.49	\$ -	\$ -	\$ 67,515.40	
70190310 Trail Rest Stops and Benches	\$ 850.50	\$ 199.50	\$ -	\$ -	\$ 1,050.00	
74191109 PWW - Boat Storage Expansion	\$ 22,725.00	\$ 2,525.00	\$ -	\$ -	\$ 25,250.00	
Total DC - Parks & Recreation	\$ 876,693.89	\$ 974,102.19	\$ -	\$ -	\$ 1,850,796.08	
<b>DC - Libraries</b>						
Repayment of Central Public Library Loan (2019 & 2017)	\$ 1,417,520.00	\$ 157,502.22	\$ -	\$ -	\$ 1,575,022.22	

The Town of Whitby  
Expenditure Financed from Development Charges and Other  
December 31, 2019

Attachment 2

Development Charge Reserve Funds	Reserves & Reserve Funds	Contributions, Grants & Other	Subdivider	Total	Notes
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Attachment 2

The Town of Whitby  
Expenditure Financed from Development Charges and Other  
December 31, 2019

	Development Charge Reserve Funds	Reserves & Reserve Funds	Contributions, Grants & Other	Subdivider	Total	Notes
<b>DC - Storm water Management</b>						
40092001 Turk SWQ Pond	\$ 472,727.04	\$ 710,876.14	\$ 759,459.77	\$ 1,943,062.95		
40122004 Lynde and Pringle Creek Stabilization	\$ 38,566.37	\$ 58,122.80	\$ -	\$ 96,689.17		
40142003 Garden St Snow Storage Facility (Phase 1)	\$ 723,872.42	\$ 1,091,026.20	\$ -	\$ 1,814,898.62		
40157301 Lynde Creek Culvert Review at GO/CN	\$ 43,070.55	\$ 64,906.29	\$ -	\$ 107,976.84		
40162302 Lynde Creek Study Update	\$ 41,017.25	\$ 10,254.47	\$ -	\$ 51,271.72		
40167702 Storm Sewer Capacity Improvements Study	\$ 58,822.30	\$ 14,705.58	\$ -	\$ 73,527.88		
40177301 SWM Facility Improvement Design	\$ 7,569.30	\$ 11,410.70	\$ -	\$ 18,980.00		
40177302 SWM Facility Rehabilitation Analysis	\$ 12,771.49	\$ 19,248.04	\$ -	\$ 32,019.53		
40182001 Rowe Channel Upgrades	\$ 6,654.80	\$ 10,030.81	\$ -	\$ 16,685.61		
40197102 Corbett Creek Master Drainage Plan and Flood Mapping	\$ 32,000.00	\$ 8,000.00	\$ 18,849.69	\$ 58,849.69		
Total DC - Storm water Management	\$ 1,437,071.52	\$ 1,988,581.03	\$ 778,309.46	\$ 4,213,962.01		
<b>Total</b>	<b>7,613,434.89</b>	<b>4,417,241.49</b>	<b>852,631.34</b>	<b>11,308,285.50</b>	<b>0.00</b>	

Notes

(1) Accounting correction made in 2020 to correct reserve fund

**The Town of Whitby  
Statement of the Parkland Reserve Fund  
December 31, 2019**

**Attachment 3**

	<b>Parkland Reserve Fund</b>
Balance at January 1, 2019	\$ 8,431,971.95
<b>REVENUES</b>	
Developer Contributions	\$ 353,967.74
Investment Income	\$ 232,757.07
Total Revenue	<u>\$ 586,724.81</u>
<b>EXPENDITURES</b>	
Transfer to Capital Fund	\$ 19,816.98
Total Expenditures	<u>\$ 19,816.98</u>
<b>Balance at December 31, 2019</b>	<b><u><u>\$ 8,998,879.78</u></u></b>