



Town of Whitby Staff Report

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**Report Title: Annual Statement of Development Charge and
Parkland Reserve Funds as at December 31, 2018**

Report to: Committee of the Whole

Date of meeting: June 17, 2019

Report Number: CS 34-19

Department(s) Responsible:
Corporate Services Department

Submitted by:
Ken Nix, Commissioner of Corporate
Services / Treasurer x 2700

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

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1. Recommendation:

- 1. That the annual statement of Development Charge and Parkland Reserve Funds as at December 31, 2018 be received as information.**
- 2. That 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 except as permitted under the DCA or another Act.
- In 2018, the Town of Whitby incurred \$1.65 million of non-statutory development charge exemption.

- The total development charge collection for 2017-2018 is \$6.67 million below the Development Charge Background Study projection.
- For 2017-2018 (DC By-Law life to date) the non-statutory development charges total \$1.72 million.

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

This report addresses required reporting for Development Charges collected and spent in 2018.

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 of 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 2018.

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.

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 2018.

Non-Statutory Exemptions (Full and Partial)	Applicable Area	Foregone Revenue 2018	DC By-Law Life to Date
High Density Residential and Residential Mixed Use	CIP Area (1)	\$0	\$0
Retail Commercial and Office Expansion	CIP Areas – Whitby & Brooklin (1)	\$1,762	\$1,762
New Office Development	CIP Area	\$0	\$0
Hospital	Townwide	\$0	\$0
New Industrial > 25,000 sq. ft.	Townwide	\$527,771	\$527,771
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	\$1,077,888	\$1,077,888
Non-Residential Bona Fide Farm Building	Townwide	\$39,133	\$121,237
Parking Structure	Townwide	\$0	\$0
Place of Worship	Townwide	\$0	\$0
Public Post-Secondary Institution (owned and operated buildings)	Townwide	\$0	\$0
Total		\$1,646,554	\$1,728,658

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. The amount incurred in 2018 reflects a property in the Brooklin CIP area.

For the 2018 fiscal year end, \$1,646,554 was transferred from the One-Time Reserve Fund (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 Fund (LTFR) for non-statutory exemptions was approved by Council in report CS 34-18.

For the 2019 fiscal year, the uncommitted reserve fund projection (CS 27-19) assumes an additional \$1.15M 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.

Legislated Exemption	Foregone Revenue 2018	DC By-Law Life to Date
Municipality or a Local Board	\$137,419	\$188,877
Expansion of existing Industrial up to 50% of the gross floor area	\$204,445	\$204,703
Creation of additional dwelling units (i.e. basement apartments etc.) in an existing dwelling unit.	\$378,945	\$697,809
Public Post-Secondary Institution (owned and operated buildings) exempt under the school charter.	\$427,218	\$427,218
Total	\$1,148,027	\$1,518,607

Update on Development Charge Collections (2017-2018)

The table below summarizes the total development charge collections in 2018 (including non-statutory exemptions), compared to the Development Charge Background Study growth forecast.

Description	2018 Actuals	DC Study Growth Forecast for 2018	2018 Surplus or (Shortfall)
Units – Single or Semi-Detached Houses	431	357	74
Units – Row Townhomes with 3 or more bedrooms & Other Dwelling Types	121	220	(99)
Units – Apartments with 2 or more bedrooms, Row Townhomes with 2 or less bedrooms & Mobile Homes	27	87	(60)
Units – Apartments with 1 or less bedrooms, Garden Suites, Special Care / Special Needs Dwelling Units	326	224	102
# Sq Metres – Retail Commercial	10,285	5,347	4,938
# Sq Metres – Other Non-Residential	20,311	47,147	(26,836)
Total Development Charges Collected (\$)	\$16,761,562	\$17,691,018	(\$929,456)

The total actual development charges collected in 2018 of \$16,761,562 differs from the \$17,472,673 reported in Attachment 1 due to three accounting related adjustments. The internal loan to DC Fire Reserve Fund in the amount of \$650,110 and two external recoveries for past/current projects that were deposited into the DC Reserve Funds totaling \$111,701.

The current collection shortfall of \$929,456 is a combination of the amount and type of residential development occurring, and the shortfall in non-residential development. The cumulative shortfall for 2017-2018 is also shown below.

Variance Description	2018 Amount	2017 Amount (CS 34-18)	Cumulative 2017-2018 Amount (DC By-Law Term to Date)
Residential Development	(\$33,831)	(\$3,844,676)	(\$3,878,507)
Non-Residential Development	(\$895,624)	(\$1,897,687)	(\$2,793,311)
Total Variance	(\$929,455)	(\$5,742,363)	(\$6,671,818)

As part of the capital budget process, Financial Planning will continue to monitor the development charge collections versus projection and work with staff from across the organization to realign the growth related capital projects brought forward in the 2020 budget and nine year forecast to match available funding and mitigate the financial risk to the Town.

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 \$1,646,554 from the One Time Reserve Fund (LTFR) to the applicable Development Charge Reserve Fund(s) was made in 2018 to account for the 2018 Non-Statutory Development Charge exemptions included in the Town’s DC By-Law(s).

The shortage of development charge collections will impact the Town’s ability to fund growth related projects. Projects will be prioritized during the 2020 Capital budget process and where necessary deferred until financing is available to mitigate financial risk to the Town.

The 2018 year end balances have been incorporated into the most recent uncommitted reserve and reserve fund projection (CS 27-19). The forecasted 2019 Development Charge collections will continue to be monitored and incorporated into the updated Long Range Financial Plan included in the Business Plan expected in the fall of 2019 and the subsequent development of the 2020 Capital Budget and nine-year forecast.

6. Communication and Public Engagement:

Not Applicable

7. Input from Departments/Sources:

Not Applicable

8. Strategic Priorities:

a. Council Goals

This legislated report continues Whitby's tradition of responsible financial management and respect for the taxpayers.

b. Corporate Strategic Plan and Strategic Priorities

This report aligns with the Corporate Strategic Plan goal under Organization to develop and utilize comprehensive business and financial planning processes.

9. Attachments:

[Attachment 1 – Statement of Development Charge and Parkland Reserve Funds,
December 31, 2018](#)

[Attachment 2 – Expenditures from Development Charges and Other Sources
December 31, 2018](#)

Attachment 1
CS 34-19

The Town of Whitby
Statement of Development Charge Reserve Funds
December 31, 2018

	General Government	Fire	Roads & Related	Stormwater Management	Library	Parks and Recreation	Total DCA	Parkland Planning Act
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2018	101,211.45	24,073.90	41,068,633.20	444,873.09	-777.03	32,139,391.75	73,777,406.36	5,841,574.96
REVENUES								
Developer Contributions	938,303.90	1,395,746.61	9,867,181.34	312,272.31	702,805.69	4,256,363.00	17,472,672.85	2,454,746.65
Investment Income	8,983.23	572.29	923,803.10	10,150.19	6,731.34	693,837.24	1,644,077.39	135,650.34
Transferred from Revenue Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Interfund Transfers	0.00	0.00	0.00	0	0.00	0.00	0.00	0
Total Revenue	947,287.13	1,396,318.90	10,790,984.44	322,422.50	709,537.03	4,950,200.24	19,116,750.24	2,590,396.99
EXPENDITURES								
Expenditures	184,592.67	1,420,392.80	2,248,636.56	359,904.86	708,760.00	669,954.98	5,592,241.87	0
Total Expenditures	184,592.67	1,420,392.80	2,248,636.56	359,904.86	708,760.00	669,954.98	5,592,241.87	0.00
Balance at December 31, 2018	863,905.91	0.00	49,610,981.08	407,390.73	0.00	36,419,637.01	87,301,914.73	8,431,971.95

The Town of Whitby
Expenditures Financed from Development Charges and Other
December 31, 2018

Attachment 2
CS 34-19

	DC Reserve Funds	Reserve Funds	Subdivider & Other	Total
	\$	\$	\$	\$
Development Charge Expenditures				
4145 DC - Fire				
20130901 Fire Prevention Captain / Training Officer Vehicle	3,148.66			3,148.66
20163501 FH5 - C1010 Interior Reno Additional Crew Accommodation	3,121.65			3,121.65
20171401 Fire Utility Vehicle with a Skid Mount Pump/Tank (additional)	44,297.90			44,297.90
20178501 Special Project - Fire Mobile Data Terminals / Turn Out Technology	1,473.89			1,473.89
20180901 Aerial / Pumper Truck (West Whitby / Hwy 412)	1,325,051.51			1,325,051.51
20190901 Fire Vehicle (additional)	37,563.28			37,563.28
30182201 FIRE - Utility Vehicle Trailer (additional)	5,735.91			5,735.91
Total 4145 DC - Fire	1,420,392.80	0.00	0.00	1,420,392.80
4152 DC - General Gov RF				
13177501 Corporate Public Engagement Strategy and Tools	4,969.39	29,734.89		34,704.28
13177502 Future Prov / Fed Mandated Asset Management Analysis, Expansion, Updates	1,967.04	11,770.56		13,737.60
13197001 Long Range Financial Plan Annual Update	9,102.95	1,011.99		10,114.94
40132301 Parking Lot Master Plan - Downtowns RFP-71-2017	73,476.51	8,164.17		81,640.68
40132304 Transportation & Pedestrian Safety Action Plan	37,983.55	38,803.35		76,786.90
51167501 Records Management Program - Expansion	8,281.59	49,555.82		57,837.41
70132302 Cullen Master Plan	7,428.77	2,888.91		10,317.68
81112301 Port Whitby Secondary Plan Review	6,227.71	2,421.89		8,649.60
81142301 Brooklin Land Use Study	19,320.05	5,470.04		24,790.09
90187501 Library Strategic Plan	15,835.11	6,158.10		21,993.21
Total 4152 DC - General Gov RF	184,592.67	155,979.72	0.00	340,572.39

	DC Reserve Funds	Reserve Funds	Subdivider & Other	Total
Development Charge Expenditures				
4155 DC - Parks & Rec RF				
70071608 Promenade Park Construction (formerly Minthollow)	4,172.18	463.68		4,635.86
70071614 HEPC NS Trail Crawford St to Manning R	11,183.16	2,615.29		13,798.45
70091601 Upperview Park - Design and Construction	139,184.95	15,465.11	26,745.71	181,395.77
70131504 Jeffery Park Splash Pad (RFP 30-2017)	1,596.64	177.41		1,774.05
70132608 Rest Stop/Bench/Litter	5,605.86	1,314.96		6,920.82
70141501 Cullen Park Redevelopment	229,700.79	25,523.09		255,223.88
70141602 HEPC Trail - Rossland to William Stevenson	1,067.93	250.51		1,318.44
70161601 HEPC Trail (Dundas to Nichol)	109,194.24	25,613.46		134,807.70
70165402 IPSC Ball Diamonds Shade Structures	368.00	1,708.00		2,076.00
70175303 Jeffery Park Playground Redevelopment	19,816.24	53,504.35		73,320.59
70175312 Jeffery Park Playground Equipment	470.73	1,516.86		1,987.59
70175313 Upperview Park Playground Equipment	36,391.48	4,043.17		40,434.65
70178304 HEPC Trail - Cullen Central Park to Ashburn	9,112.77	2,137.91	162,500.00	173,750.68
70188303 Lynde Creek Trail (Burns St W to Michael Blvd Opening)	2,431.56	570.36		3,001.92
71142503 CRC - C1010 Family Changeroom (S)	96,189.10	10,687.68		106,876.78
71173402 CRC - E20 Public Lobby Space Furniture (Additional)	3,469.35	385.48		3,854.83
Library Debt Payment	708,760.00			708,760.00
Total 4155 DC - Parks & Rec RF	1,378,714.98	145,977.32	189,245.71	1,713,938.01
4146 DC - Operations				
30163301 OPC - E20 New Employee Furniture / Equipment	1,296.05			1,296.05
30170403 Aquacide Sprayer	4,661.62			4,661.62
Total 4146 DC - Operations	5,957.67	0.00	0.00	5,957.67
4153 DC - Non Admin Ops Fac RF				
10132404 Special Project - eServices Modules	22,931.86	131,523.58		154,455.44
10152401 Special Project - Growth Related IT Infrastructure Prep	6,790.30	1,397.79		8,188.09
Total 4153 DC - Non Admin Ops Fac RF	29,722.16	132,921.37	0.00	162,643.53

Development Charge Expenditures

4158 DC - Roads & Related RF

	DC Reserve Funds	Reserve Funds	Subdivider & Other	Total
40091729 Trent W - Brock to Henry	61,065.00	10,695.06		71,760.06
40091730 Water Street 1. EA	2,755.87	486.39	10,506.72	13,748.98
40111761 Future Design	93,225.68	16,452.94		109,678.62
40112302 Municipal Engineering Growth Studies/Design Reviews	136,414.32			136,414.32
40120205 Columbus Culvert (CU_A07_05)	5,180.03	914.12		6,094.15
40122304 Traffic & Transportation Study	81,040.14			81,040.14
40130201 Des Newman/CP Rail Grade Separation	88,888.33			88,888.33
40132105 Anderson - Taunton to Winchester	65,870.84	108,585.73		174,456.57
40140502 Ferguson Avenue Environmental Assessment	1,560.72	275.39		1,836.11
40142301 Northwest Brooklin EA Study	41,740.71	34,629.46		76,370.17
40150204 Pringle Creek Bridge (BR_D07_03)	14,750.02	58,998.07		73,748.09
40150701 Garden - Dundas to Mary	4,758.38	528.70		5,287.08
40151737 Country Lane - Taunton to 900m north	-9,673.71	-1,707.13		-11,380.84
40151817 RR 22 Victoria - Seaboard to Brock	340,883.00	37,875.00	262,250.98	641,008.98
40152107 Conlin - Anderson to Oshawa	40,476.94	48,169.93		88,646.87
40155801 Traffic Signal - Montgomery/Carnwith	1,501.01	1,551.79		3,052.80
40155803 Watford/Nathan - Intersection	4,992.54	4,992.55		9,985.09
40157701 Active Transportation Plan	36,656.69	9,164.30		45,820.99
40160501 Dryden Boulevard - Deverell to Thickson (RFP-118-2016)	128,361.33			128,361.33
40162104 RR 26 Thickson - Taunton to Winchester	75,421.87	10,283.83	89,834.57	175,540.27
40162301 Pringle Creek Study Update	4,101.77	1,023.94		5,125.71
40165902 Price Street - Vipond to Way	99,251.46	17,514.16	137,807.71	254,573.33
40165903 Way Street - Price to Baldwin	42,711.63	7,537.95	138,346.35	188,595.93
40166602 Hwy 12 Baldwin - Garden to Roybrook (ES)	2,762.52			2,762.52
40175803 Watford/Cassels - Intersection	132,463.78	132,463.78		264,927.56
40176201 Sunray - Consumers to End	79,605.73			79,605.73
40186203 RR4 Taunton - Baldwin to Garrard	124,699.73	13,855.53		138,555.26
40186205 Baldwin - Canary to North Transformer	410,236.11	45,582.79		455,818.90
40206004 Rossland Rd - Cochran to 760m west	68,078.73	612,701.96		680,780.69
40211801 RR 12 Brock - Victoria to Consumers	32,554.93	3,617.22		36,172.15
40230301 Brawley Road Culvert (CU_A07_02)	620.63	2,482.54		3,103.17
Total 4158 DC - Roads & Related RF	2,212,956.73	1,178,676.00	638,746.33	4,030,379.06

Development Charge Expenditures

4159 Stormwater Mgmt RF

	DC Reserve Funds	Reserve Funds	Subdivider & Other	Total
30202301 Stormwater Management Facility Needs Study	16,800.00	4,200.09	3,517.39	24,517.48
40122004 Lynde and Pringle Creek Stabilization	38,107.23	54,111.07		92,218.30
40142003 Snow Stockpile Pond	103,498.77	155,994.17		259,492.94
40157301 Lynde Creek Culvert Review at GO/CN	10,635.08	16,026.84		26,661.92
40162302 Lynde Creek Study Update	141,177.03	35,294.26		176,471.29
40167202 Halls Rd Culvert @ Lynde Creek	2,958.90	2,287.54		5,246.44
40167702 Storm Sewer Capacity Improvements Study	11,845.11	2,961.24		14,806.35
40177302 SWM Facility Rehabilitation Analysis	4,200.47	6,330.72		10,531.19
40177305 Slope Stabilization - Way St	2,682.27	4,045.54		6,727.81
40187701 SWM Quality and Erosion Control Enhancement Study	28,000.00	7,000.00	4,446.79	39,446.79
Total 4159 Stormwater Mgmt RF	359,904.86	288,251.47	7,964.18	656,120.51

Total

5,592,241.87	1,901,805.88	835,956.22	8,330,003.97
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