



Staff Report for Budget Committee of the Whole Meeting

Date of Meeting: June 26, 2019

Report Number: SRCFS.19.032

Department: Corporate and Financial Services

Division: Financial Services

Subject: SRCFS.19.032 - 2018 Development Charges, Cash in Lieu of Parkland and Section 37 Community Benefits Reserve Funds Statement

Purpose:

To present the City of Richmond Hill's 2018 Development Charges, Cash in Lieu of Parkland and Section 37 Community Benefits Reserve Funds Statement, in accordance with the legislative requirements provided in the Development Charges Act, 1997 and the Planning Act.

Recommendation(s):

- a) That Council receive staff report SRCFS.19.032 for information purposes; and
- b) That the 2018 Development Charges, Cash in Lieu of Parkland and Section 37 Community Benefits Reserve Funds Statement be made available to the public on the City of Richmond Hill website as outlined in the report.

Contact Person:

David Dexter, Director, Financial Services & Treasurer, Corporate & Financial Services, Extension 2484

Ilan Treiger, Financial Management Advisor, Long Range Financial Planning & Policy, Extension 2415

Report Approval:

Submitted by: Mary-Anne Dempster, Commissioner of Corporate and Financial Services

Approved by: Neil Garbe, City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner and City Manager. Details of the reports approval are attached.

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Background:

In March 1998, the provincial government enacted the Development Charges Act, 1997, (DCA) which revised existing development charges legislation. Section 43 of the DCA, 1997 and O. Reg. 82.98 outline specific reporting requirements for Development Charges Reserve Funds.

On December 3, 2015 the Province enacted Bill 73, “Smart Growth for Our Communities Act, 2015” which, among other matters, made amendments to the reporting requirements previously outlined in Section 43 of the DCA, and Section 42 of the Planning Act. The amended legislation came into effect for the Development Charges Act on January 1, 2016 and on July 1, 2016 for the Planning Act.

Following each year, the Treasurer of the municipality is required to provide Council with a financial statement relating to established development charge By-laws and reserve funds. As a result of *Bill 73, the amended legislation* requires that the contents of the financial reporting be expanded to include additional details on:

- the use and sources of the funds and a statement as to the municipality’s compliance in not imposing, directly or indirectly, a charge related to development, except as permitted by the *DCA*
- detailed reporting of Cash in Lieu of Parkland (Planning Act S.42(6)) received from development and how the funds are spent
- detailed reporting on bonus density contributions (Planning Act S.37) received from development and how these funds are spent

This report compiled the 2018 Development Charges, Cash in Lieu of Parkland and S.37 Community Benefits Reserve Funds Statement information. Development Charges, Cash in Lieu of Parkland and S.37 Community Benefits Reserve Fund balances are not discretionary reserve funds of the City. These funds may be spent only for capital costs determined within the regulations of the *Development Charges Act, 1997 and Planning Act* as amended.

Financial/Staffing/Other Implications:

Attachment 2A identifies the capital projects funded from Development Charges and Cash in Lieu of Parkland Reserve Funds, other funding sources associated with these projects as well as the amounts returned to these reserve funds as a result of capital projects closed or budget reductions.

Development Charges Reserve Funds

The Development Charges Reserve Fund balances have decreased by \$0.89 million, from an opening balance of \$44.18 million to a closing balance of \$43.29 million. During 2018, the City funded \$21.21 million capital projects from Development Charges

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Reserve Funds and collected \$19.10 million. Attachment 2A contains the details of the various projects funded by the Development Charges Reserve Funds, as well as, projects that were funded by Development Charges in previous years but were closed during 2018 with the surplus funds being returned to the Development Charges Reserve Funds.

Summary Table A - Development Charge Reserve Fund Activity for 2017 and 2018

City of Richmond Hill			
Development Charge Reserve Fund Activity	2018 \$(millions)	2017 \$(millions)	Difference
Beginning Balance	\$44.18	\$51.61	(\$7.43)
Add:			
DC Revenues	\$19.10	\$10.15	\$8.95
Interest Income	\$1.22	\$0.83	\$0.59
Total Revenues	\$20.32	\$10.98	\$9.34
Less:			
DC Funds Allocated to Capital Projects	\$21.21	\$20.32	\$0.89
DC Funds Returned from Capital Projects	\$0.00	(\$1.92)	\$1.92
Total Expenditures	\$21.21	\$18.41	\$2.81
Ending Balance	\$43.29	\$44.18	(\$0.89)

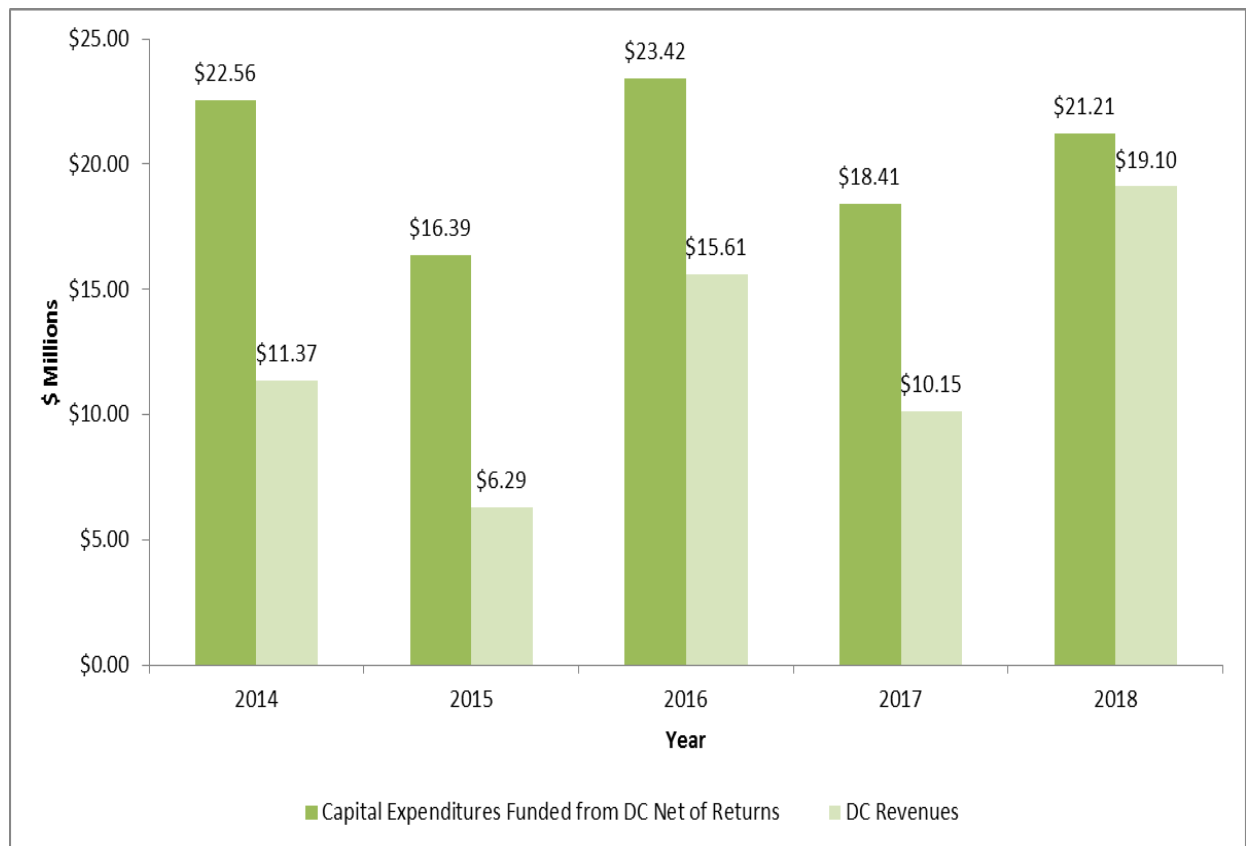
As shown in the graph below, the collections of Development Charges from 2014 to 2018 total \$62.57 million. The expenditures towards Capital projects over the 5 year period amounted to \$101.99 million. Over the last 4 years there has been a trend of funding projects through the reserves from the previous years where collections were greater than expenditures. The timing difference between when development charges are collected and spent will always exist but over extended timeline, it should be net neutral gain. The substantial expenditures over the past few years are related to funding of significant ongoing facility and park projects: David Dunlop Park, Ed Sackfield Arena, Operations Centre Expansion Design, Duke of Richmond North Trail and Park, Richmond Green Sports Field, Lake Wilcox Park, and land acquisitions. Staff will continue to monitor reserve levels and associated expenditures during the annual budget process to ensure the long term financial sustainability of these reserves.

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Attachment 2B shows the Development Charge credits which were outstanding at the beginning of the year, granted during the year, utilized during the year and the balance remaining at the end of 2018.

A full description of all the Development Charges Reserve Funds is provided in Table 1.

2014-2018 Development Charges Revenues and Expenditures Comparison



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Cash in Lieu of Parkland Reserve Fund

The 2018 ending balance in the Cash-in-Lieu reserve fund is \$30.73 million and reflects a decrease of \$19.04 million from 2017. The City collected \$3.63 million of Cash-in-Lieu of parkland payments and funded \$23.52 million of capital expenditure in 2018. Nearly 70% of the Cash-in-Lieu collected were due to the high density development in Ward 6. \$14.89 million was used to fund land acquisition and \$8.06 million funded projects such as David Dunlop Observatory Park and Bradstock Park Revitalization. Attachment 2A contains the details of the various projects funded by the Cash-in-Lieu of Parkland Reserve Funds.

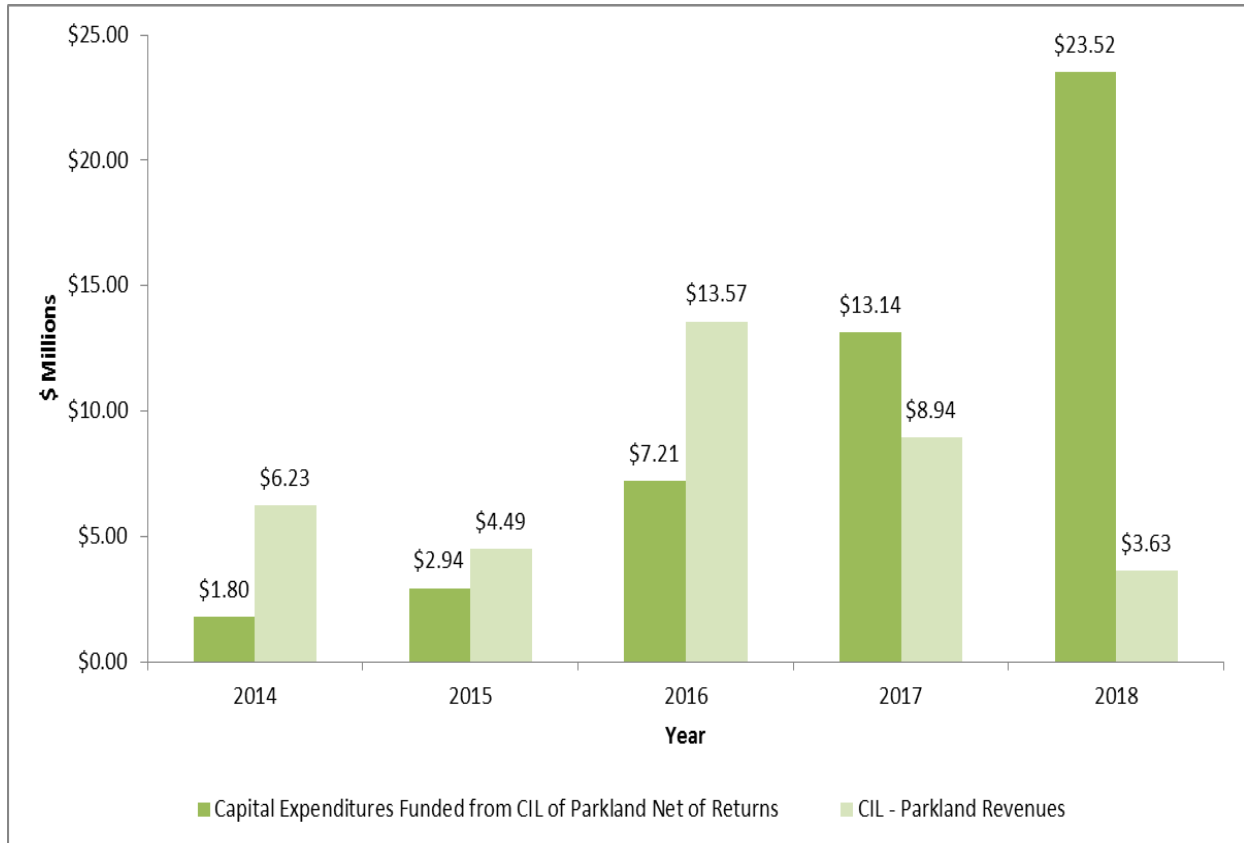
Summary Table B – CIL of Parkland Reserve Fund Activity for 2017 and 2018

City of Richmond Hill			
CIL - Parkland Reserve Fund Activity	2018 \$(millions)	2017 \$(millions)	Difference
Beginning Balance	\$49.77	\$53.22	(\$3.45)
Add:			
CIL - Parkland Revenues	\$3.63	\$8.94	(\$5.31)
Interest Income	\$0.85	\$0.74	\$0.11
Total Revenues	\$4.48	\$9.68	(\$5.2)
Less:			
CIL - Parkland Funds Allocated to Capital Projects and Acquisitions	\$23.52	\$13.50	\$10.02
CIL - Parkland Funds Returned from Capital Projects	\$0.00	(\$0.36)	\$0.36
Total Expenditures	\$23.52	\$13.14	\$10.38
Ending Balance	\$30.73	\$49.77	(\$19.04)

As shown in the graph below, the revenues collected for Cash-in-lieu of Parkland from 2014 to 2018 totaled \$36.86 million. The expenditures towards Capital projects over the 5 year period amounted to \$48.61 million.

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2014-2018 CIL of Parkland Revenues and Expenditures Comparison



S.37 Community Benefits Reserve Fund

The Section 37 Community Benefits Reserve Fund was reported in accordance with section 37 of the Planning Act. These funds enable the City to provide community benefits including facilities and services, when increases in development height and density are approved by Council. There are no cash contributions into the reserve fund to date, however there are outstanding commitments from developers to contribute community benefits towards City capital projects.

Relationship to the Strategic Plan:

Presentation of the Development Charges, Cash in Lieu of Parkland and S.37 Community Benefits Reserves Fund Statement demonstrates wise management of resources in Richmond Hill.

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Conclusion:

The attached tables comprise the Treasurer's Statement on the Development Charges, Cash in Lieu of Parkland and S.37 Community Benefits Reserve Funds for 2018. The Treasurer's Statement is provided pursuant to the reporting requirements of the *Development Charges Act, 1997*, the City's Development Charges By-laws and Planning Act as amended.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. If you require an alternative format, please call contact person listed in this document.

- Table 1 - Development Charges, Cash in Lieu of Parkland and Section 37 Community Benefits Reserve Funds
- Table 2 - Annual Treasurer's Statement of Development Charges, Cash in Lieu of Parkland and S.37 Community Benefits Reserve Funds as at December 31, 2018
- Attachment 2A - Amounts Transferred to Capital (Other) Funds
- Attachment 2B - Statement of ASDC Credit Carry Forward

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Report Approval Details

Document Title:	SRCFS.19.032 2018 Treasurer's Statement Development Charges Cash in Lieu of Parkland and S 37 Community Benefits.docx
Attachments:	<ul style="list-style-type: none">- SRCFS.19.032 Table 1.pdf- SRCFS.19.032 Table 2.pdf- SRCFS.19.032 Table 2a.pdf- SRCFS.19.032 Table 2b.pdf
Final Approval Date:	Jun 12, 2019

This report and all of its attachments were approved and signed as outlined below:

David Dexter - Jun 12, 2019 - 1:30 PM

MaryAnne Dempster - Jun 12, 2019 - 3:38 PM

Neil Garbe - Jun 12, 2019 - 4:05 PM