

Information Report



Service Area	Corporate Services
Date	Friday, May 15, 2020
Subject	2019 Development Charge Statement

Executive Summary

Purpose of Report

To report on the 2019 Development Charge (DC) reserve funds as required by Ontario Regulation 82/98 of the Development Charges Act (DCA), 1997.

Key Findings

DC collections increased \$10 million from the \$21.3 million collected in 2018. Population and non-residential facility growth, as measured by DC collections achieved in 2019 was in line with the growth targets identified in the 2018 DC Background Study for both residential and non-residential development.

The City issued \$11.5 million in DC debt in 2019 for both the Wilson Street Parkade and the remaining balance required for Guelph Police Services Headquarters.

Legislated and Council directed exemptions totaled \$5.1 million in 2019, primarily driven by the addition of 200 accessory apartments added to existing residences.

Financial Implications

The condition of the DC reserve funds has improved over 2018 due to an exceptionally strong year for DC collections for both residential and non-residential development. The improved position of the DC reserve funds will positively impact the City's ability to fund the projects identified in the capital forecast and achieve the growth targets prescribed by the Official Plan and the Province. It will also serve to assist the City through the difficult economic outlook for 2020 and the expected longer-term recovery period.

Report

Details

The DCA requires the treasurer of a municipality to publicly provide an annual financial statement of all DC activity. The statement must include an opening and closing balance for all DC reserve funds and a summary of all transactions to and from the reserve funds throughout the year. In addition, Ontario Regulation 82/98 requires a funding schedule for all capital projects that received DC funding. Please refer to Attachment-1 2019 Development Charge Reserve Funds Statement and Attachment-2 2019 Development Charge Project Financing Statement for the detailed legislated reporting.

In addition to meeting the legislated requirements, this report also provides the opportunity to highlight information relating to the City’s DC collection and expenditure activity throughout the year. As DCs play an important role in the achievement of the capital strategy, it is critical that the activity in and out of the DC reserve funds is monitored and reported on a regular basis.

Year-end Balance

The accumulated closing balance of all 16 reserve funds is \$23.4 million after all prior year unspent commitments have been applied. The balance is \$21.6 million more than the year-end balance at the end of 2018. The increase is attributable to a 47 per cent increase in collections and an 11 per cent decrease in prior year unspent commitments.

Revenue

The City experienced a significant increase in both residential and non-residential development in 2019, particularly in the month before the new DC By-law came into force which increased the rates 17.35 per cent for residential and 23.95 per cent for non-residential. The City collected DCs for 1,027 new residential dwelling units in 2019, of which, 81 per cent were apartments and stacked townhouses. An additional 200 accessory apartments were added to existing residences, bringing the total number of new units up to 1,227 and the allocation of new residential development to 84 per cent high density, 3 per cent medium density and 13 per cent low density. Table 1 shows the comparison between the DC Background Study planned mix versus actual results in 2019. The planned mix is for the entire planning horizon, not each individual year. A continued significant deviation similar to 2019 may lead to overall funding issues. Not matching the mix of residential units identified in the DC Background Study and the City’s planning documents will result in collections being different than planned, which may lead to funding challenges of the growth-related capital budget.

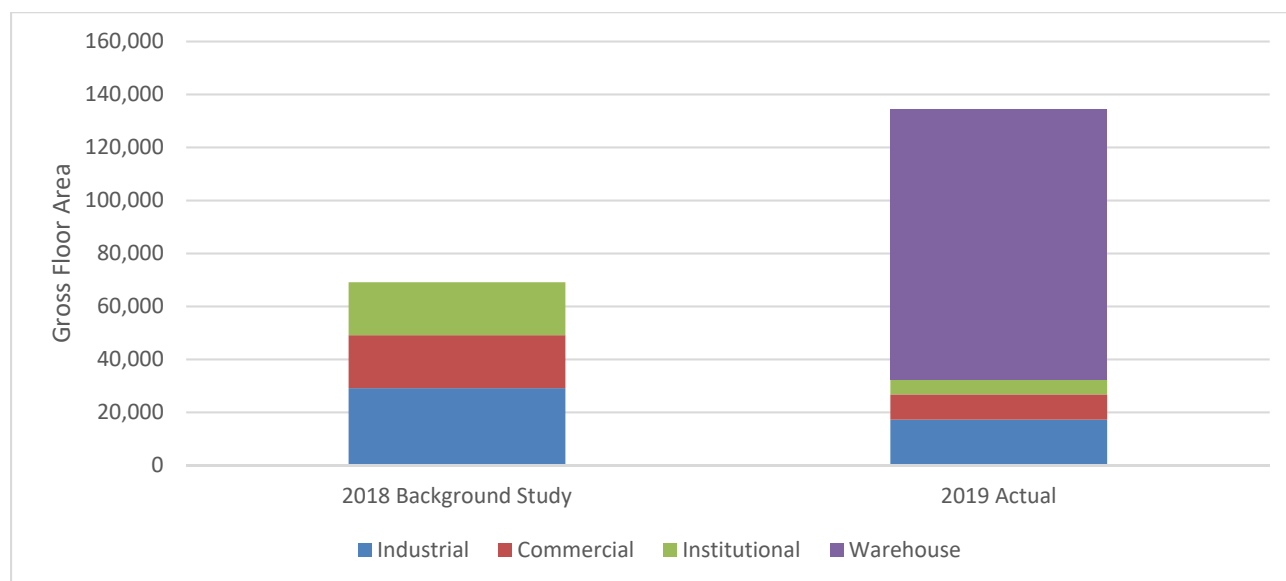
Table 1: Residential Growth Allocation

Residential Density	Background Study Mix	2019 Mix (including accessory apartments)
Low	18%	13%
Medium	41%	3%
High	41%	84%

The 2018 DC Background Study anticipated 69 thousand square meters of industrial, commercial and institutional space would added each year and result in 1,047 new jobs per year, over the next 10 years in order to meet the provincially mandated growth targets. In 2019, 135 thousand square meters of non-residential space was added, however 76 per cent of the added non-residential space related to warehousing and storage space. Table 2 shows the comparison between the DC Background Study planned mix versus actual results in 2019. The consequence of this result is that the level of employment generated from warehousing is not as high as the employment generated from industrial, commercial or institutional

developments, and therefore, the City may struggle to meet the employment targets in the future.

Table 2: Non-residential Gross Floor Area



Expenditures

In 2019, the City invested \$21.3 million in infrastructure required to accommodate growth. The most significant spending was on the following projects:

Table 3: 2019 DC Spending

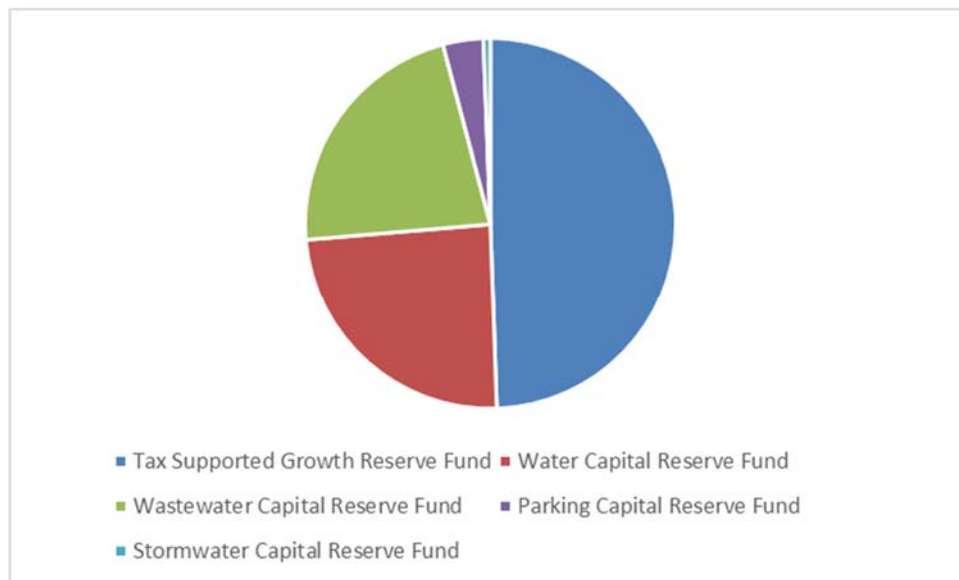
Project	Total spending 2019	Funding from DCs 2019
Wilson Street Parkade (PG0078)	\$16,217,378	\$5,371,772
Police Headquarters (PS0033)	\$9,523,175	\$2,348,841
Niska Bridge (PN0046)	\$2,494,189	\$1,497,743
Paisley Feedermain (PN0268)	\$5,762,760	\$4,259,730
York Trunk (PN0257)	\$2,784,028	\$1,447,380

Exemptions

The Development Charge Exemption Policy By-law (2013-19537) requires the City to contribute an amount equal to the loss of DC revenues attributable to DC exemptions back to the DC Reserve Funds each year. This lost DC revenue is funded from tax and non-tax supported sources. In 2019, the City experienced \$5.1 million in DC exemptions relating to; the addition of accessory apartments to existing residential units, 50 per cent industrial expansion, university purposes,

places of worship, and other levels of government. Table 4 DC Exemption Funding, illustrates how the cost of exemptions were funded.

Table 4: DC Exemption Funding



Debt

The DCA permits the use of external debt to manage the cash flow of the DC reserve funds. Often, growth-related infrastructure is required prior to the construction of a development, thereby resulting in a gap between when DCs are needed and when DCs are collected. As illustrated in Table 5, the City issued \$11.5 million of debt in 2019 to offset the funding of these expenditures prior to collection of the relevant DC revenues. Interest costs of this debt will be funded from the relevant DC reserve fund and has been incorporated into the DC rates established through the DC Study. The debt was required for the second installment of Police Headquarters and the growth portion of the Wilson Street Parkade.

Table 5: 2019 DC Debt Issued

Year Approved	Project	Approved Debt Funding	2016 Debt Issued	2019 Debt Issued
2012 and 2014	Police Headquarters (PS0033)	\$14,800,200	\$7,800,000	\$7,000,200
2016	Wilson Street Parkade (PG0078)	\$4,500,000		\$4,500,000
		\$19,300,200	\$7,800,000	\$11,500,200

The total DC debt outstanding as at December 31, 2019 is \$36.3 million and the total cost of servicing that debt in 2019 was \$552 thousand. A summary of the outstanding debt and related year of debenture maturity is included in Table 6.

Table 6: DC Debt Outstanding

Project	December 31, 2019 Outstanding Balance	Debt Maturity
Public Health Facilities	\$2,607,752	2026
Hanlon Expressway Interchange	\$15,135,475	2029
Police Headquarters	\$14,078,783	2029 and 2039
Wilson Street Parkade	\$4,500,000	2039
Total	\$36,322,010	

Financial Implications

The condition of the DC reserve funds has improved over 2018 due to an exceptionally strong year for DC collections for both residential and non-residential development. The improved position of the DC reserve funds will positively impact the City's ability to fund the projects identified in the capital forecast and achieve the growth targets prescribed by the Official Plan and the Province. It will also serve to assist the City through the difficult economic outlook for 2020 and the expected longer-term recovery period.

Consultations

Todd Salter, General Manager Planning and Building Services

Strategic Plan Alignment

Reporting annually on the status and activity of the City's DC reserve funds supports the Strategic Plan's Working Together for our Future pillar through maintaining a fiscally responsible local government.

Attachments

Attachment-1: 2019 Development Charge Reserve Fund Statement

Attachment-2: 2019 Development Charge Project Financing Statement

Departmental Approval

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Attachment 1
City of Guelph
Development Charge Reserve Fund Statement for 2019

Description	Non-Discounted Services							Discounted Services									Total
	Water	Wastewater	Stormwater	Services Related to a Highway	Fire	Police	Library	Transit	Administration	Indoor Recreation	Outdoor Recreation	Parking	Ambulance	Courts	Health	Waste Diversion	
Opening Balance, January 1, 2019	30,731,665	24,918,465	(1,378,051)	(13,360,092)	(1,200,725)	(13,634,528)	3,620,267	1,254,009	(95,542)	15,706,673	4,592,221	2,341,213	(1,383,980)	(68,144)	(5,671,334)	0	46,372,117
Plus:																	
Development Charge Collections	8,860,841	7,100,682	175,231	4,928,965	366,177	623,758	531,739	1,796,194	635,940	2,465,904	2,313,986	1,123,209	73,277	4,738	121,381	212,841	31,334,863
Exemption Allocation	1,266,039	1,112,793	33,605	944,454	53,613	101,841	90,445	378,536	114,275	415,060	339,397	183,541	15,082	673	23,332	50,493	5,123,179
Interest Allocated re Late Payments	2,123	1,769	56	868	62	66	39	190	47	162	204	175	5	5	-	-	5,771
Accrued Interest	803,415	700,369	31,277	96,097	23,169	90,188	94,208	56,834	1,874	419,790	124,213	62,184	32,869	86,781	76,920	2,064	2,189,658
Subtotal	10,932,418	8,915,613	177,615	5,970,384	396,683	635,477	716,431	2,231,754	748,388	3,300,916	2,777,800	1,369,109	55,495	92,197	67,793	265,398	38,653,471
Less:																	
Amount Transferred to Capital (or other) Funds	6,703,043	1,518,477	5,995	2,621,981	13,644	2,410,852	172,326	43,465	712,183	25,878	1,698,195	5,413,113	3,565	-	-	94,845	21,437,562
Debt Charges - Interest	33,540	30,826	-	326,660	5,008	158,486									31,485		586,005
Subtotal	6,736,583	1,549,303	5,995	2,948,641	18,652	2,569,338	172,326	43,465	712,183	25,878	1,698,195	5,413,113	3,565	-	31,485	94,845	22,023,567
Closing Balance, December 31, 2019	34,927,500	32,284,775	(1,206,431)	(10,338,349)	(822,694)	(15,568,389)	4,164,372	3,442,298	(59,337)	18,981,711	5,671,826	(1,702,791)	(1,332,050)	24,053	(5,635,026)	170,553	63,002,021
Less: Commitment not yet spent	16,254,004	8,511,712	746,919	3,914,983	10,768	728,073	252,027	2,004,255	2,071,070	2,131,539	1,899,786	147,377	40,635	-	-	933,555	39,646,703
Closing balance not yet committed	18,673,496	23,773,063	(1,953,350)	(14,253,332)	(833,462)	(16,296,462)	3,912,345	1,438,043	(2,130,407)	16,850,172	3,772,040	(1,850,168)	(1,372,685)	24,053	(5,635,026)	(763,002)	23,355,318

**Attachment 2
City of Guelph
2019 Development Charge Project Financing Statement**

Capital Fund Transactions	Gross Capital Cost	DC Recoverable Cost Share					Non-DC Recoverable Cost Share				
		DC By-Law Period			Post DC By-Law Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
WATER											
SPDVL TRANS/TRK-PH1-SPDVL:WLCH PNO097	(39,236)	(19,618)						(19,618)			
YRK TRK&PSLY FDRMN-PH3-YRK:VIC PNO110	50,072	25,036						25,036			
HMLN:WLNGTN ST/CLR ST (W-I-3) PNO244	4,472	3,354						1,118			
YORK TRUNK-PH 2B - TO VICTORIA PNO257	2,784,028	1,447,380						1,336,648			
PAISLEY FEEDERMAIN-SILVER-RES PNO268	5,762,760	4,259,730					198,217	782,838		521,975	
WELLGTN:EDINBG S SIPHON REHAB PNO692	604,996	302,498						302,498			
ERAMOSA-METCALFE GLENHILL PNO748	1,448,249	99,848					144,789	1,203,612			
WATER AND WASTEWATER SERVICING PLAN PNO872	2,779	2,779									
PERFORMANCE/BENCHMARKING WD0029	31,229	31,229									
NEW SUPPLY WT0002	354,115	354,115									
WF-4 ROBERTSON BOOSTER UPGRADE WT0015	62,538	31,269						31,269			
WATER SERVICING STUDIES WT0023	37,536	37,536									
ZONE 2E ELEVATED TANK WT0026	24,704	24,704									
WATER QUALITY UPGRADES WT0032	14,740	9,581						5,159			
VIC ARKELL: CARTER BURK WEL WW0010	-	(46,458)									46458
CONSERVATION & EFFICIENCY WW0106	139,883	139,883									
DEVELOPMENT OVERSIZING WW0139	178	178									
Subtotal - WATER	11,283,043	6,703,044	-	-	-	-	-	343,006	3,668,560	-	568,433
WASTEWATER											
ARTH TRK-PH2-HWTT:WYND/NEEVE PNO066	11,729	(16,414)						68,766	(39,321)		(1,302)
CLAIR MALTBY SECONDARY PLAN PLO022	266,498	239,899							26,599		
ARTH TRK-PH4-CROSS ST/MCDNL PNO069	1,897,906	1,688,622						104,886	985,591		618,807
SPDVL TRANS/TRK-PH1-SPDVL:WLCH PNO097	317,587	34,939							282,648		
STEVENSON:GRAN-BENN PNO099	194	20						20	154		
STEVENSON TRUNK SEWER PH 2 PNO100	58,279	4,223						7,954	46,102		
GORDON STREET LOWES ROAD TO EDINBURGH PNO142	69,443	69,443									
DOWNTOWN SERVICING STUDIES PNO167	27,885	8,007							19,878		
SEWER INVESTIGATIONS PNO199	120,889	63,913							56,976		
INFLOW AND INFILTRATION REDUCTION PNO204	115,700	57,850							57,850		
SEWER RELINE AND REPAIR PROGRAM PNO210	227,889	31,523							196,366		
YORK TRUNK-PH 2B TO VICTORIA PNO257	668,268	62,276						94,018	511,974		
CCTV ADMIN AND SITE INSPECTION PNO750	125,726	(8,922)							134,648		
WATER AND WASTEWATER SERVICING MAS PNO872	8,337	8,337									
WW15 NEW GRAVITY SEWERS SC0020	1,079	971							108		
WW16 NEW FORCEMAINS SC0021	958	862							96		
WWF1 DECOMMISSION GORDON SPS SC0023	344,309	173,954							170,355		
SERVICING STUDIES SC0029	2,068	1,195							873		
WW10/WW54 FLOW MONITORING SC0035	101,706	50,853							50,853		
PLANT GENERATORS ST0001	2,291	1,381							910		
WWTP UPGRADE STUDIES ST0002	200,714	59,162							141,552		
BIOSOLIDS FACILITY UPGRADE ST0003	36,178	(18,731)							54,909		
TREATMENT PLANT PHASE 2 GROWTH ST0004	215,757	215,757									
WWTP PROCESS UPGRADES ST0005	206,240	193,724							12,516		
SCADA UPGRADES ST0006	404,394	64,289							340,105		
TREATMENT MASTER PLAN UPDATE ST0008	21,817	21,817									
PLANT ENERGY EFFICIENCY MANAGEMENT ST0009	24,393	9,526							9,867		5,000
Subtotal - Waste Water	5,478,234	1,518,476	-	-	-	-	-	275,644	3,061,609	-	622,505
STORMWATER											
DOWNTOWN SERVICING STUDIES PNO167	4,980	3,725							1,255		
DRAINAGE OVERSIZING SW0066	-	(9,536)							9,536		
SERVICING STUDIES SW0068	15,741	11,806						6,965	10,900		
Subtotal - Wastewater	20,721	5,995	-	-	-	-	-	6,965	21,691	-	-
SERVICES RELATED TO A HIGHWAY											
NISKA RD:CITY BNDARY/DOWNEY RD PNO046	2,494,189	1,497,743							253,780		742,666
SPDVL TRANS/TRK-PH1-SPDVL:WLCH PNO097	573,511	252,382						(6,183)	278,469		48,843
YRK TRK&PSLY FDRMN-PH3-YRK:VIC PNO110	516,617	275,776						118,267	122,574		
GORDON STREET-LOWES RD TO EDINBURGH PNO142	81,886	23,776						58,110			
STONE:PHASE 2 PNO146	28,116	16,121						6,906	5,089		
WATSON RD N FROM YORK TD TO WATSON PNO149	2,744	1,026							1,718		
TRANSPORTATION STRATEGY & TDM PNO174	90,456	45,228						45,228			
SIGNALS/INTERSECTION IMPROVEMENTS PNO869	242,829	191,546						21,283			30,000
VICTORIA - STONE-ARKELL RD0078	-	537						(537)			
ACTIVE TRANSPORTATION RD0321	417,330	(24,038)						429,004			12,364
ACTIVE TRANSPORTATION STUDY RD0322	31,811	31,811									
PTIF TRANS MASTER PL GUE-00 RD0337	294,067	80,557						80,558			132,952
HOIST FOR MAINTENANCE FACILITY RD0351	67,403	67,403									
WATER TRAILER RD0352	10,806	10,806									
TRAFFIC MGMT INITIATIVES TF0008	65,973	32,987						(5,689)			38,675
NEW SIGNAL INSTALLATION TF0014	131,468	118,321						13,147			
Subtotal - services Related to a Highway	5,049,206	2,621,982	-	-	-	-	-	760,094	661,630	-	1,005,500
FIRE SERVICES											
FIRE VEHICLE NEW PUMPER 2016 FS0056	30,506	13,644						16,862			
Subtotal - Fire	30,506	13,644	-	-	-	-	-	16,862	-	-	-
POLICE SERVICES											
POLICE HQ RENOVATIONS PS0033	9,523,175	2,348,841						(949,666)		8,124,000	
Subtotal - Police	9,523,175	2,348,841	-	-	-	-	-	949,666	-	8,124,000	-
LIBRARY											
MAIN BRANCH LIBRARY LB0028	290,000	172,326						117,674			
Subtotal - Library	290,000	172,326	-	-	-	-	-	117,674	-	-	-

Capital Fund Transactions	Gross Capital Cost	DC Recoverable Cost Share					Non-DC Recoverable Cost Share				
		DC By-Law Period			Post DC By-Law Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
TRANSIT											
CAD/AVL REPLACEMENT TC0026	56,290	12,665					43,625				
MOBILITY VAN - EXPANSION TM0005	9,438	27,063					9,196				(26,821)
COMMUNITY BUS 2018 TM0006	113,478	3,737					105,178				4,563
Subtotal - Transit	179,206	43,465	-	-	-	-	157,999	-	-	-	22,258
ADMINISTRATION											
2019 DC STUDY GG0238	26,512	23,861					2,651				
LEASH FREE REVIEW 2018 PK0062	183,904	124,135					59,769				
PARKS & REC MASTER PLAN 2018 PK0073	83,465	44,823					38,642				
Trail Masterplan Update PK0079	48,972	33,301					15,671				
PARKLAND DEDICATION BYLAW PK0089	37,987	27,351					10,636				
ENVIRONMENTAL INITIATIVES PLO020	725	244					481				
ZONING BY-LAW REVIEW PLO021	177,481	75,484					101,997				
CLAIR/MALTBY SECONDARY PLAN PLO022	245,200	223,136					22,064				
HERITAGE INITIATIVES PLO024	32,640	(3,428)					36,068				
BROWNFIELDS INVENTORY PLO048	20,133	15,079					5,054				
HOUSING INIT MKTING & COMM PLO049	827	385					442				
OFFICIAL PLAN REVIEW PLO054	51,517	34,773					16,744				
URBAN DESIGN GUIDELINES PLO056	150,690	60,415					90,275				
PTIF TRANS MASTER PL GUE-00 RD0337	52,622	52,622									
Subtotal - Administration	1,112,675	712,181	-	-	-	-	400,494	-	-	-	-
INDOOR RECREATION											
SOUTH END COMMUNITY CENTRE RP0290	(246,365)	25,878					(272,243)				
Subtotal - Indoor Rec	(246,365)	25,878	-	-	-	-	272,243	-	-	-	-
OUTDOOR RECREATION											
GUELPH TRAILS GROWTH PK0002	229,551	66,144					7,376				156,031
VICTORIA RD NORTHVIEW PK0007	17,528	15,775					1,753				
EASTVIEW COMMUNITY PARK PK0014	410,107	369,087					41,020				
CEDERVALE PARK PK0030	418,417	376,585					41,832				
RIVERWALK PK0060	32,218	28,996					3,222				
PARKS & REC MASTER PLAN 2018 PK0073	35,421	35,421									
PEDESTRIAN RAILWAY BRIDGE PK0075	41,831	18,830					23,001				
DALLAN NEW PARK PK0076	20,247	18,222					2,025				
BICYCLE SKILLS FACILITY PK0091	25,991	20,793					5,198				
STARWOOD PARK PK0104	556,901	501,211					55,690				
PARKS EQUIPMENT GROWTH P00014	271,882	244,694					27,188				
WATER TRAILER RD0352	2,682	2,438					244				
Subtotal - Outdoor Recreation	2,062,776	1,698,196	-	-	-	-	208,549	-	-	-	156,031
MUNICIPAL PARKING SPACES											
WILSON ST PARKADE PG0078	16,217,378	5,371,772						245,606	10,600,000		
Subtotal - Parking	16,217,378	5,371,772	-	-	-	-	-	245,606	10,600,000	-	-
WASTE DIVERSION											
BINS WC0029	51,155	13,345					37,810				
PUBLIC DROP OFF SCALES AND SOFTWARE WP0006	21,636	49,297					-	27,661			
MASTER PLAN WP0008	61,346	32,203					-	29,143			
Subtotal - Parking	134,137	94,845	-	-	-	-	39,292	-	-	-	-
PARAMEDIC SERVICES											
EQUIPMENT GROWTH PM0003	6,291	3,565					392				2,334
Subtotal - Police	6,291	3,565	-	-	-	-	392	-	-	-	2,334
TOTAL	51,140,983	21,334,210	-	-	-	-	1,091,132	7,659,096	18,724,000	2,332,545	

Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions

Operating Fund Transactions	Annual Debt Repayment	DC Reserve Fund Draw		Post DC By-Law Period			Non-DC Recoverable Cost Share		
		Principle	Interest	Principle	Interest	Source	Principle	Interest	Source
WATER	729,139		33,540						
Capital Cost J									
Subtotal - Services Related to Highways									
WASTEWATER	670,136		30,826						
Capital Cost M									
Subtotal - Water									
SERVICES RELATED TO A HIGHWAY	1,368,203		326,660						
Capital Cost P									
Subtotal - Wastewater									
POLICE SERVICES	592,881		158,486						
Capital Cost P									
Subtotal - Wastewater									
FIRE SERVICES	108,866		5,008						
Capital Cost P									
Subtotal - Wastewater									
Health	629,998		31,485						
Capital Cost P									
Subtotal - Wastewater									