



REGION OF WATERLOO

FINANCE DEPARTMENT
Financial Services and Development Financing

TO: Chair Tom Galloway and Members of the Administration and Finance Committee

DATE: April 9, 2013 **FILE CODE:** F27-50

SUBJECT: **2012 DEVELOPMENT CHARGE TRANSACTION REPORT**

RECOMMENDATION:

For Information

SUMMARY:

Nil

REPORT:

Background

The *Development Charges Act, 1997* enables the Council of a municipality to, by by-law, impose development charges against land to pay for increased capital costs required because of increased needs for services arising from development of the area to which the by-law applies. The collection of development charges in the Region of Waterloo is governed by the Region's Development Charge By-law 09-024. Development Charges are collected by the area municipalities on behalf of the Region at the time of issuance of a building permit. The funds are remitted to the Region on a monthly basis and allocated to development charge reserve funds. These reserve funds are used to finance approved capital expansion projects in the following areas: Transportation, Airport, Water & Wastewater, Police, General Government (including Administration, Grand River Conservation Authority, and Regional Growth Management Strategy), Operations, Library, Transit, and Emergency Medical Services (EMS). There is a statutory requirement in the *Development Charges Act, 1997* for the Treasurer to submit to Council an annual statement of development charge transactions.

Development Charge Reserve Fund Balances

The Regional Development Charge Reserve Fund (RDC Fund) started the year with a balance of \$68.4 million. At the end of 2012, the RDC Fund had a balance of \$21.7 million as a result of the transactions detailed in Appendix A. Contributions to the RDC Fund were approximately \$46.7 million lower than appropriations in 2012.

2012 Development Charge Collections

Development charge collections in 2012 totaled \$28.9 million, a decrease of approximately 25% over 2011 collections of \$38.7 million. Of the total collections, \$19.3 million was attributable to residential developments and \$9.6 million was for non-residential developments (see Appendix B).

2012 Development Charge Capital Appropriations

In 2012, appropriations to finance growth-related capital projects and debt charges totaled \$78.9 million. Table 1 provides a breakdown of 2012 appropriations by service groups (see Appendix C for details by project).

Table 1: 2012 Appropriations to Capital Projects

	2012 Appropriations
Transportation Capital Projects	\$35,888,891
Airport Capital Projects	114,337
Water & Wastewater Capital Projects	34,767,941
EMS Capital Projects	399,215
Police Capital Projects	3,055,072
General Government Capital Projects	580,221
Library Capital Projects	88,200
Transit Capital Projects	3,733,461
Debt Charges – Administration Projects	276,328
Total	\$78,903,666

Exemptions

Two of the major exemptions provided in the RDC By-law are the downtown core exemption (Kitchener & Cambridge) and the exemption for Contaminated Sites (Brownfield Site Development). Exemptions are also provided for farming, community housing and public hospitals, among others. The DC Act specifies that any shortfall in development charge revenue resulting from exemptions must be made up from sources other than higher charges on other development. The total cost of development charge exemptions is financed from user rate reserve funds and property tax levies. Table 2 provides a summary of exemptions applied in 2012.

Table 2: 2012 Exemptions

	<u>Downtown Core</u>	<u>Brownfield</u>	<u>Total Exemptions</u>
Residential	\$224,604	\$574,200	\$798,804
Non-Residential	<u>27,439</u>	<u>4,496</u>	<u>31,935</u>
Total	<u>\$252,043</u>	<u>\$578,696</u>	<u>\$830,739</u>

The current year exemptions include \$578,696 related to brownfield site developments, and \$252,043 related to downtown core developments. A total of \$571,795 of the exemption costs were funded from property tax (mostly Roads Capital Levy), and \$258,944 from User Rate Reserve Funds.

CORPORATE STRATEGIC PLAN:

This report supports Focus Area 2, Growth Management and Prosperity, of the Corporate Strategic Plan and specifically strategic objective 2.2 to develop, optimize and maintain infrastructure to meet current and projected needs as development charges provide an important source of funding for infrastructure needed to accommodate planned growth.

FINANCIAL IMPLICATIONS:

Development charges are used to fund growth-related capital infrastructure. Existing balances along with future RDC revenues will be utilized to fund approved capital programs in the near to mid-term future and any remaining balances will be factored into the review of the RDC By-law in 2013.

OTHER DEPARTMENT CONSULTATIONS/CONCURRENCE:

A copy of this report will be distributed to the development industry organizations that have been involved with the Region in the development charge consultation process and in accordance with the DC Act to the Minister of Municipal Affairs and Housing.

ATTACHMENTS:

Appendix A – Reserve Fund Transactions by Service Category

Appendix B – Summary of Reserve Fund Transactions

Appendix C – Development Charge Appropriations

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APPROVED BY: *Craig Dyer*, Chief Financial Officer

APPENDIX A

**The Regional Municipality of Waterloo
Regional Development Charges**

Reserve Fund Transactions by Service Category

Fiscal Year 2012	Transportation	Airport	Water & Wastewater	Police	General Government	Operations	Library	Transit	EMS	Total Fund
Opening Balance 01-Jan-12	58,851,606	(2,827,475)	6,148,384	942,036	424,571	1,213,802	133,292	3,413,836	95,828	68,395,880
Contributions										
Collections	16,542,433	504,348	9,543,175	803,452	114,464	275,117	58,003	958,500	137,735	28,937,227
Community Housing Grants	29,950	702	15,678	1,462	208	498		2,056	246	50,800
Exemptions	487,312	11,834	258,944	23,704	3,377	8,127		33,510	3,931	830,739
Interest Earned	2,063,745	(97,858)	163,933	48,649	12,353	50,074	5,130	102,073	3,015	2,351,114
	19,123,440	419,026	9,981,730	877,267	130,402	333,816	63,133	1,096,139	144,927	32,169,880
Appropriations										
Debt Service					276,328					276,328
Capital Projects	35,888,891	114,337	34,767,941	3,055,072	580,221		88,200	3,733,461	399,215	78,627,338
	35,888,891	114,337	34,767,941	3,055,072	856,549	0	88,200	3,733,461	399,215	78,903,666
Closing Balance 31-Dec-12	42,086,155	(2,522,786)	(18,637,827)	(1,235,769)	(301,576)	1,547,618	108,225	776,514	(158,460)	21,662,094

APPENDIX C

**Regional Municipality of Waterloo
2012 Development Charge Appropriations**

Transportation Capital Projects

	DESCRIPTION	Expenditures 2012	Total RDC	Other Sources & Roads Capital Levy Reserve Fund
05274	RR53(Fairway) Zeller to Fountain	15,044,052.00	14,994,052	50,000
07101	RR8(Weber)Victoria to Guelph St	15,625,416	13,293,773	2,331,642
05350	RR70(Ira Needles) Hwy 7 8 to Victoria	2,497,954	2,308,552	189,402
05334	RR24 Hespeler Rd at RR N of Dundas	11,127,184	946,099	10,181,086
05549	RR36(Franklin) Bishop to Hwy 401	829,855	829,855	0
07087	Road 56 River Road Extension King to Wilson	340,066	340,066	0
07257	RR22(Northfield Dr),Davenport to University	300,551	300,551	0
07121	RR58(FischerHallman)Bleams to Activa	259,502	259,502	0
07294	RR4(Ottawa St)Homer Watson to Alpine	225,628	225,628	0
05337	RR8(King) Eagle Fountain Shantz Hill	244,196	207,567	36,629
05340	RR69 Manitou Dr Bleams to Fairway	218,944	186,103	32,842
07180	Pre and Post Construction-Expansion	175,675	175,675	0
05204	RR33(Townline) Avenue to Canamera Pkwy	881,453	163,577	717,876
07282	RR 70 (Ira Needles) Highview to Erb	137,317	137,317	0
07066	Transportation Master Plan	122,128	122,128	0
07074	Growth Related Transportation Study	118,908	118,908	0
07127	Active Transportation Master Plan	217,908	108,954	108,954
05787	RR1(Waterloo St/Snyders Rd)Nafziger to Baden Water Tower	746,104	107,717	638,387
07299	East Boundary Corridor Protection Study	210,195	105,098	105,098
09643	RR#24 Hespeler Rd at Guelph Ave	101,529	101,529	0
07186	RR86(Church) at Barnswallow to E. of Raising Mill Gate	171,615	85,807	85,807
07272	RR #4 & #70, Ottawa at Trussler	84,209	84,209	0
07253	Growth Related Land Dedication Surveys	67,609	67,609	0
07097	Development Related Turn Lanes (Design & Project Supervision)	54,904	54,904	0
05110	Victoria Street Edna to Bruce	53,338	53,338	0
07185	RR24(Hespeler)at Queen/Beaverdale	49,000	49,000	0
07098	Road 4 Ottawa King St to Mill St	56,317	47,869	8,448
07192	S.Boundary Rd, Water to Franklin	46,786	46,786	0
07141	RR8 Dundas at Fitzgerald	40,600	40,600	0
07178	Roundabout Education Program	39,415	39,415	0
07090	RR 50and09 Westmount at Erb	48,198	29,893	18,305
07129	S.Boundary Rd,Franklin to Dundas	29,616	29,616	0
07132	RR36(Franklin)Myers to Camb SE Boundary	27,167	27,167	0
05907	RR43(Myers) W.of Branchton to Clover Ave	172,235	26,696	145,538
07171	RR53(Courtland)at Blockline	25,390	25,390	0
09641	RR8 King St at Lobsinger (RR15)	25,384	25,384	0
05389	RR9(Erb) Caroline to Menno	29,070	24,709	4,360
07111	RR28(homer Watson) Doon to Conestoga College Blvd	20,390	20,390	0
09025	Growth Related Traffic Signal	20,130	20,130	0
07130	RR4(Ottawa Ext)Keewatin to Forwell	16,190	16,190	0
09024	Traffic Signal Installation	13,692	13,692	0
07186	RR86(Church) at Barnswallow to E. of Raising Mill Gate	25,820	12,910	12,910
	Misc projects with RDC funding under \$10,000	48,190	14,536	33,654
	2012 TRANSPORTATION PROJECTS	50,589,830	35,888,891	14,700,939

APPENDIX C

**Regional Municipality of Waterloo
2012 Development Charge Appropriations**

Water Capital Projects

	DESCRIPTION	Expenditures 2012	Total RDC	Other Sources incl. Water Reserve Fund
04940	Kitchener/Waterloo Zone 6 Reservoir	4,154,803	4,154,803	0
04018	Middleton System Upgrades	4,092,263	1,162,203	2,930,060
04052	Dundas St (Myers Rd to Champlain Blvd)	591,752	591,752	0
04083	New Watermains	535,086	535,086	0
04893	Facilities Upgrades (Major Process & Equipment)	1,084,740	315,659	769,081
04126	Source Protection Monitoring	886,068	257,846	628,223
04112	Building Upgrades	865,635	251,900	613,735
04017	Greenbrook System Upgrades	805,037	228,630	576,406
04135	Well Optimization & Upgrades	753,661	219,315	534,346
04007	Long Term Water Supply Strategy-5yr. Review	167,517	167,517	0
04070	Glasgow & Belmont (Wells K11/K13 Gage)	566,869	160,991	405,878
04134	Maple Grove Area Water Supply System	116,151	116,151	0
04969	SCADA (Supervisory Control & Data Acquisition System)	395,169	114,994	280,175
04086	Baden New Hamburg Loops	109,913	109,913	0
04159	Asset Management	351,730	102,353	249,376
04161	Kitchener Zone 4 Feeder Upgrades	100,645	100,645	0
04125	Source Protection Technical Assessment	314,470	91,511	222,959
04157	Water Supply Operations Master Plan	247,183	70,200	176,983
04864	Water Efficiency - ICI Programs	139,460	69,730	69,730
04943	Water Efficiency-Outdoor Water Use	138,508	69,019	69,489
04014	Integrated Urban System Groundwater Supply	66,369	66,369	0
04006	Source Water Implementation	209,186	60,873	148,313
04156	Kitchener Zone(s) 2/4 Distribution Upgrades	58,231	58,231	0
04904	LTWS Aquifer Storage Recovery Stages 1 + 2	56,462	56,462	0
04129	Toilet Replacement Program	104,487	52,243	52,243
04711	Townline Rd (Saginaw-Pinebush)	50,471	50,471	0
04151	Mannheim Chemical Storage Building	169,652	48,181	121,471
04947	Mannheim Chlorination Rehab	148,227	42,096	106,130
04930	Assessment West Montrose System	143,910	41,878	102,033
04015	Waterloo North Water Supply System	41,803	41,803	0
04099	Greenbrook Dioxane Monitoring Program	119,975	34,913	85,062
04870	Cambridge East Source Upgrade	119,181	33,847	85,333
04106	Wells W6/W8 Class EA	108,212	30,732	77,480
04911	Regulatory Requirements Upgrades	104,786	30,493	74,294
04039	MCC (Motorized Control Centre) Upgrades	100,075	29,122	70,953
04124	Source Protection Planning	97,219	28,291	68,928
04024	Mannheim WTP RMP Supernatant	98,944	28,100	70,844
04167	Turnbull PS Upgrades	76,860	21,828	55,031
04027	Mannheim WTP Filter & PreTreatment Upgrade	68,685	19,507	49,179
04005	Ministry Of Environment Source Water Assessment	53,150	15,467	37,683
04102	Treatment Studies	46,000	13,064	32,936
04863	CMMS - Maintenance Scheduling System	40,658	11,831	28,826
04090	W&E Research & Development Project	40,242	10,676	29,566
	Misc Projects with RDC funding under \$10,000	123,231	983	122,247
	2012 Water Projects	18,662,674	9,717,680	8,944,995

APPENDIX C

**Regional Municipality of Waterloo
2012 Development Charge Appropriations**

Wastewater Capital Projects

DESCRIPTION		Expenditures 2012	Total RDC	Other Sources & Wastewater Reserve Fund
08809	Waterloo Process Upgrade	39,382,705	13,468,885	25,913,820
08797	Kitchener Process Upgrades	22,073,662	6,666,246	15,407,416
08309	Rural Infrastructure Upgrades	4,251,251	2,049,103	2,202,148
08314	Hespeler Pumping Station Replacement	422,154	360,930	61,224
08001	Elmira & St. Jacobs Equalization Tanks	350,899	350,899	0
08307	Kitchener & Waterloo Infrastructure Upgrades	917,831	252,404	665,428
08308	Cambridge Infrastructure Upgrades	936,268	247,175	689,093
08303	Kitchener Biosolids Upgrade	758,820	229,164	529,656
08318	Assimilative Capacity Studies	705,696	203,946	501,750
08312	SCADA Upgrade - Preston and Galt	56,666	179,858	<123,192>
08306	Infiltration/Inflow Projects	136,694	136,694	0
08281	River Sampling Program	386,517	111,703	274,813
08750	Rural Water Quality Program	300,000	86,700	213,300
08305	Wastewater Treatment Upgrades	264,226	76,361	187,864
08255	Preston Biosolids Upgrades	305,927	72,811	233,116
08242	Hespeler Process Upgrades & Expansion	168,358	71,216	97,143
08310	Sewage PSs Infrastructure Upgrades	245,191	70,860	174,331
08294	Woolwich Wastewater Master Plan	70,153	70,153	0
08320	Biosolids Class EA	238,638	68,967	169,672
08279	SCADA System	124,661	36,027	88,634
08313	Galt Digester Upgrade	13,672	21,105	<7,433>
08288	Other Studies	55,655	16,084	39,571
04864	Water Efficiency - ICI Programs	139,460	69,730	69,730
04943	Water Efficiency-Outdoor Water Use	138,508	69,019	69,489
04129	Toilet Replacement Program	104,487	52,243	52,243
04090	W&E Research & Development Project	40,242	10,676	29,566
	Misc Projects with RDC funding under \$10,000	1,303	1,303	0
2012 WASTEWATER PROJECTS		72,589,645	25,050,261	47,539,383

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**The Regional Municipality of Waterloo
2012 Development Charge Appropriations**

General Government Capital Projects				
Project #	Description	Expenditures 2012	Total RDC	Other Financing
22007	Regional Smart Growth Initiative	553,583	488,397	65,186
22020	Valleylands Growth Studies	25,545	22,990	2,555
22021	Watershed Growth Studies	83,957	68,835	15,122
	Debt Service - Administration Building	276,327	276,327	0
		939,412	856,549	82,863

Airport Capital Projects				
Project #	Description	Expenditures 2012	1,828,282 Total RDC	Other Financing
03552	Glycol System	10,343	9,309	1,034
03562	Leased Land Development - Phase 4	88,387	88,387	0
03579	Parking Lot Expansion	18,355	16,519	1,836
	Misc Projects with RDC funding under \$5,000	273	123	150
		117,357	114,337	3,020

Police Capital Projects				
Project #	Description	Expenditures 2012	Total RDC	Other Financing
	Police growth vehicles	300,000	278,640	21,360
50022	Replacement of North Division	7,157,461	2,659,183	4,498,278
50036	Central Division Renovations (2012)	113,385	47,391	65,994
50036	Central Division Renovations (2011 & prior)	167,137	69,858	97,279
		7,737,983	3,055,072	4,682,911

EMS Capital Projects				
Project #	Description	Expenditures 2012	Total RDC	Other Financing
82011	Conestoga College - Station	52,966	<116,849>	169,815
82024	New Ambulance	135,877	82,918	52,959
82025	Central HQ Expansion	600,826	433,146	167,680
		789,669	399,215	390,453

Library Capital Projects				
Project #	Description	Expenditures 2012	Total RDC	Other Financing
20002	Library Holdings	98,000	88,200	9,800
		98,000	88,200	9,800

Transit Capital Projects				
Project #	Description	Expenditures 2012	Total RDC	Other Financing
66029	Transit Station Development	151,492	30,374	121,118
66062	Strasburg Rd. Garage Expansion	17,822,566	3,573,424	14,249,142
66071	Transit Technology	646,701	129,663	517,038
		18,620,759	3,733,461	14,887,298