



Hamilton

CITY OF HAMILTON

**CORPORATE SERVICES DEPARTMENT
Financial Planning & Policy Division**

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: May 13, 2013	
SUBJECT/REPORT NO: Development Charges Reserves Status Report as of December 31, 2012 (FCS13035) (City Wide)	
SUBMITTED BY: Mike Zegarac Acting General Manager Finance & Corporate Services	PREPARED BY: Adam Smith 905-546-2424 ext .1434
SIGNATURE:	

RECOMMENDATION

- (a) That the “Development Charges Reserves Policy”, attached as Appendix “D” to Report FCS13035, be approved to replace the existing policies for Development Charges Reserves.
- (b) That Report FCS13035 “Development Charges Reserves Status Report as of December 31, 2012” be forwarded to the Ministry of Municipal Affairs and Housing;

EXECUTIVE SUMMARY

As per requirements of the Development Charges Act 1997, as amended, an annual report of Development Charges (DC) reserves activity must be provided to Council. A copy of the report must also be provided to the Minister of Municipal Affairs and Housing.

This Report summarizes the changes in the DC reserves for the year ended December 31, 2012. The consolidated DC reserves balance as of December 31, 2012 was \$52.75 million. This is an increase in the consolidated DC reserves balance of over 40% from December 31, 2011.

Collections totalled \$59.65 million for 2012, \$15.86 million more than 2011, reflecting an increase from 1,202 to 1,645 in new development building permits over the same period.

Residential DC collections increased from \$34.7 million in 2011, to \$47.8 million in 2012, while non-residential DC collections increased from \$7.1 million in 2011 to \$11.9 million in 2012, an increase of over 50%.

Table 1 of Report FCS13035 provides a summary of inflows and outflows to the DC reserves in 2012 resulting in a consolidated balance of \$52.75 million.

TABLE 1

Balance as of January 1, 2012		\$ 37.95
<i>Funding inflows:</i>		
Interest	\$ 1.23	
Collections	\$ 59.65	
DC Exemption for Water, Wastewater and Storm Water	\$ 8.26	
Sub total of inflows	<u>\$ 69.14</u>	
<i>Funding outflows:</i>		
External Debt Payment	\$ 11.36	
Other Transfers	\$ 0.87	
Capital Financing	\$ 42.12	
Sub total of outflows	<u>\$ 54.35</u>	
Balance as of December 31, 2012		<u>\$ 52.75</u>

While a typical municipal reserve fund sustainability strategy dictates healthy minimum balances, DC reserve balances need not follow a similar strategy. Whereas other reserves generally generate revenues and are followed by an outlay or expenditure, the reverse is true for DCs. Municipalities require most growth infrastructure prior to full development completion; therefore revenues lag expenditures. This may be mitigated by payment requirements at the plan of subdivision/site application agreement stage. Financing over longer terms also reduces the negative impact that large dollar growth

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capital requirements have on DC reserves. Also, municipalities may not have the financial capacity to fund DC revenues lost due to exemptions, thus contributing to negative balances.

Table 2 of Report FCS13035 provides a summary of DC activity in 2012 within each of the service-related DC reserves. Summaries of each individual DC reserve can be found in Appendix "A" to Report FCS13035.

TABLE 2

CONSOLIDATED SUMMARY DEVELOPMENT CHARGE RESERVE FUNDS PERIOD OF JAN 1, 2012 TO DEC 31, 2012							
Positive values indicate a cash balance, negative values indicate a deficit balance							
	Balance as of 1-Jan-12 \$	Interest \$	Collections \$	External Debt \$	Other Transfers* \$	Capital Financing \$	Balance as of 31-Dec-12 \$
Water, WW, Storm	62,355,521	1,715,479	36,464,212	(3,329,643)	7,887,468	(43,357,832)	61,735,205
Roads	(18,875,256)	(430,936)	14,575,276	(6,846,140)	-	2,828,020	(8,749,035)
Transportation	(555,311)	(15,590)	601,356	(61,178)	-	(541,673)	(572,397)
Emergency	(1,822,938)	(19,810)	1,047,338	(820,569)	161,656	1,576,550	122,226
Recreation	(3,295,566)	(47,094)	3,731,198	(281,493)	323,311	(1,166,555)	(736,199)
Admin	(2,609,273)	(73,387)	548,812	(16,013)	(24,000)	(1,446,873)	(3,620,734)
OPA 28 Fee	891,026	29,510	430,839	-	-	(2,289)	1,349,086
Burlington Roads SAC	1,498,895	40,155	(459,605)	-	-	(1,800)	1,077,645
Social	1,761,798	55,043	939,257	-	-	(4,714)	2,751,383
Sub-Total	39,348,896	1,253,369	57,878,682	(11,355,036)	8,348,435	(42,117,165)	53,357,180
GO Transit	-	4,574	371,316	-	(375,890)	-	-
Developer Recoveries	(1,394,941)	(24,440)	1,394,799	-	(584,975)	-	(609,557)
Consolidated Total	37,953,955	1,233,503	59,644,797	(11,355,036)	7,387,570	(42,117,165)	52,747,623

* Other Transfers consists of internal debt repayments, internal transfers and rate-supported exemption funding

Staff have taken several corrective measures regarding the service specific DC reserves which have a negative balance (e.g., Roads - Non Residential) to ensure long-term sustainability. These measures include:

- 1) Monitoring Annual Capital Budget submissions for financing total DC exemptions. Levy DC exemptions to date have not been funded; rate-related service DC exemptions have been funded.
- 2) Prioritizing and subsequent rationing of future capital funding requirements from the affected reserves to slow withdrawal amounts.
- 3) Leveraging senior levels of government subsidies to those capital projects which are funded from negative DC reserves (e.g., North Glanbrook Industrial Park).

- 4) Closing of open DC funded projects that have been delayed and returning funding to the relevant DC reserve.
- 5) Issuance of \$25 million dollars of DC-supported debt in 2012 to maintain reserve balances (e.g. Roads – non residential) and preserve cash flow.

Development Charges Reserves Policy

The most recent DC reserves policies were developed in 2005. The proposed updating of this policy will set clearer guidelines for the use of the DC reserves, including minimum balances, borrowings, debt funding, and capital financing.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:

The consolidated balance of the DC reserves as of December 31, 2012, was \$52.75 million. However, further analysis reveals the following fiscal issues with DC revenues and associated reserves (refer to Table 3 of Report FCS13035 for details):

- 1) Several of the individual DC reserves have negative balances exceeding two million dollars (Roads Non-Residential \$9.9M; Admin Studies Non-Residential \$3.2M; Outdoor Recreation Residential \$2.4M; Stormwater Non-Residential \$2.2M). These can be attributed to several factors which place pressure on DC reserve balances, including the general pace of development, unfunded exemptions for tax-supported infrastructure and the planned staging of development. Staff have taken several corrective measures regarding the service specific DC reserves which have a negative balance to ensure long-term sustainability (refer to page 3 of Report FCS13035).
- 2) There are 7 DC Reserves with positive balances exceeding two million dollars (Water Services Residential \$17.9M; Wastewater Residential \$13.2M; Water Services Non-Residential \$8.9M; Stormwater Residential \$7.0M; Wastewater Non-Residential \$6.5M; Linear Wastewater Non-Residential \$6.4M; Linear Wastewater Residential \$4.2M). These balances are held in preparation for significant capital funding requirements in the Rates capital program.

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TABLE 3

**Development Charge Service Specific Reserve Balances
as of December 31, 2012**

DC Service	Balance (in \$000's)		
	Res	Non-Res	Total
Water Services	17,876	8,907	26,782
Wastewater Services	13,229	6,450	19,679
LinearWastewater	4,161	6,373	10,534
Storm Water Drainage	6,969	(2,229)	4,740
Roads	835	(9,962)	(9,127)
Public Wks&Roll Stock	546	(168)	378
Transit Services	988	(734)	254
Fire Protection	2,334	(1,775)	559
Police Services	489	(561)	(72)
Outdoor Recreation	(2,380)	(728)	(3,109)
Indoor Recreation	2,624	(190)	2,434
Library Services	43	(105)	(61)
Admin Studies	(434)	(3,187)	(3,621)
Ambulance Services	(240)	(125)	(365)
Homes for Aged	(22)	-	(22)
Health	197	-	197
Social&Child	235	9	244
Housing	2,333	-	2,333
OPA 28 Fee	1,349	-	1,349
Burlington roads SAC	1,078	-	1,078
Airport	(276)	(551)	(826)
TOTAL	51,933	1,424	53,357

- 3) While 2012 development activity picked up relative to 2011, the average pace of growth over the past few years falls short of the “Places to Grow” forecast. Staff will continue to monitor the pace of growth relative to the “Places to Grow” forecast, as it is critical that staff align growth infrastructure construction with ability to pay based on the flow of DC revenues.

- 4) The forecast growth Capital Budget for the next 20 years is dominated by 2 developments: the wastewater plant expansion and associated linear infrastructure and the Airport Employment Growth District. The sheer size of the investment in both areas will require significant debt. DC growth revenue must remain stable relative to forecast in order for the financial plans of both developments to remain sustainable.

- 5) DC exemptions and their impact on foregone DC revenues. Refer to Appendix C to Report FCS13035 for a 5-year analysis (2008 – 2012) of DC exemptions. The foregone revenues of \$39.2 million in that period, as well as future exemptions, will

require that some growth development be deferred and/or funded from non-DC funding sources.

Staffing: None

Legal: None

HISTORICAL BACKGROUND (Chronology of events)

This Report details the 2012 activity in the DC reserves.

The DC revenues were collected through authorization of City-wide DC By-laws 09-143, as amended, and 11-175, as amended, which were passed by Council in 2009 and 2011, respectively. Collections under By-laws 09-143, as amended, and 11-175, as amended, are deposited into City-wide reserves.

GO Transit DC By-law 11-174, as amended, was also passed in 2011 to recover the growth-related share of the City's annual contribution to GO Transit's growth capital budget. Collections under the GO Transit DC By-law are deposited into a reserve separate from the City-wide DC reserves and are to be used solely to fund the City's contribution to GO Transit's growth-related capital budget.

Appendix A to Report FCS13035 summarizes 2012 activity for each DC reserve.

The existing DC reserve policies were developed in the mid 2000's, and are due to be updated in order to reflect best practices, and set guidelines to assist in ensuring the sustainability of the DC reserves.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

The Development Charges Reserves Status Report is required under the DC Act. The DC By-laws call for this Report to be provided to Council by June 30th of the year following the year being reported upon (Report for 2012 to be provided to Council by June 30th, 2013).

RELEVANT CONSULTATION

Not Applicable.

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ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The total consolidated balance of the City's DC reserves as of December 31, 2012, was \$52.75 million, which is summarized in Table 1 of Report FCS13035.

Revenues increased by 14%, or \$15.86 million, in 2012 over 2011. A portion of this can likely be attributed to a significant increase in 2012 permits issued. An additional \$1.23 million in interest revenue was earned.

Transfers totalling \$7.39 million were made into the reserves in 2012, primarily as a result of DC exemption funding from the rate budget and internal debt repayments. Partially offsetting the transfers into the DC reserves were transfers out of reserves for GO Transit and the Waterdown/Dundas Special Area Charge payments.

Capital financing of growth-related projects (Appendix "B" to Report FCS13035) totalling \$42.12 million were funded from the consolidated DC reserves balance in 2012; \$43.36 million of which funded rate-supported projects. Tax levy supported services saw \$1.24 million returned to reserves from project closings and debt issuance proceeds. An additional \$11.36 million was applied to debt financing.

Table 4 of Report FCS13035 illustrates the increase in building permit activity from 2011 to 2012.

**TABLE 4
New Development Building Permit Activity 2012 vs 2011**

Year	Residential	Commercial	Industrial	Total
# Permits				
2012	1,499	80	66	1,645
2011	1,058	65	79	1,202
Change in Permits	42%	23%	-16%	37%
Construction Value				
2012	\$ 592,848,930	\$ 97,844,665	\$ 147,206,171	\$ 837,899,766
2011	\$ 368,503,563	\$ 62,774,277	\$ 21,949,001	\$ 453,226,841
Change in Construction Value	61%	56%	571%	85%
Average Construction Value per Permit				
2012	\$ 395,496	\$ 1,223,058	\$ 2,230,397	\$ 509,362
2011	\$ 348,302	\$ 965,758	\$ 277,835	\$ 377,061
Change in Average Value	14%	27%	703%	35%

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not Applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.1 Continue to grow the non-residential tax base.
- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES / SCHEDULES

Appendix "A" – Development Charges Reserves Status Report as of December 31, 2012

Appendix "B" – Development Charges Funded Projects for the Year Ended December 31, 2012

Appendix "C" – 5-Year Development Charges Exemption Summary

Appendix "D" – Development Charges Reserves Policy

APPENDIX A to REPORT FCS13035

Development Charges Reserves Status Report as at December 31, 2012

DEVELOPMENT CHARGE RESERVE FUNDS
PERIOD OF JAN 1, 2012 TO DEC 31, 2012

Positive values indicate a cash balance, negative values indicate a deficit balance

DC Reserve #	Description	Balance as at 1-Jan-12 \$	Interest \$	Collections \$	External Debt \$	Other Transfers \$	Capital Financing \$	Balance as at 31-Dec-12 \$
110300	Water Services-Residential	16,584,340	457,854	5,624,825	(536,786)	183,547	(4,438,024)	17,875,756
110301	Water Services-Non Residential	6,888,912	148,128	539,743	(536,786)	3,352,210	(1,485,684)	8,906,524
110302	Wastewater Services-Res	17,535,052	523,382	7,594,352	(54,047)	256,234	(12,625,658)	13,229,316
110303	Wastewater Services-Non Res	7,591,153	130,120	3,027,835	(38,095)	1,735,746	(5,997,088)	6,449,671
110304	Storm Water Drainage-Res	8,378,446	285,542	8,804,127	(1,571,060)	(97,740)	(8,829,872)	6,969,444
110305	Storm Water Drainage-Non Res	(3,206,130)	(93,092)	694,112	(592,870)	553,438	415,192	(2,229,350)
110306	Roads-Residential	(576,718)	13,679	9,910,528	(4,925,804)	-	(3,586,568)	835,118
110307	Roads-Non Residential	(18,269,765)	(448,361)	4,261,096	(1,920,337)	-	-	(9,961,850)
110308	Public Wks&Roll Stock-Res	245,079	9,715	291,775	-	-	(930)	545,640
110309	Public Wks&Roll Stock-Non-Res	(273,851)	(5,969)	111,877	-	-	-	(167,943)
110310	Transit Services-Residential	872,685	23,437	373,456	-	-	(281,673)	987,905
110311	Transit Services-Non Res	(522,045)	(17,025)	65,124	-	-	(260,000)	(733,946)
110312	Fire Protection - Residential	1,055,715	45,069	483,344	(359,242)	161,656	947,381	2,333,923
110313	Fire Protection-Non Res	(2,367,111)	(51,341)	54,479	(41,005)	-	630,000	(1,774,979)
110314	Police Services - Residential	362,170	10,346	432,947	(315,241)	-	(831)	489,390
110315	Police Services-Non Res	(487,549)	(14,571)	46,043	(105,081)	-	-	(561,158)
110316	Outdoor Recreation-Residential	(2,886,720)	(62,360)	1,339,939	-	-	(771,000)	(2,380,142)
110317	Outdoor Recreation-Non Res	(683,468)	(17,690)	13,684	-	-	(41,000)	(728,474)
110320	Indoor Recreation-Residential	769,646	42,889	1,730,097	-	323,311	(241,977)	2,623,966
110321	Indoor Recreation-Non Res	(188,868)	(5,233)	16,536	-	-	(12,500)	(190,065)
110322	Library Services-Residential	(199,032)	(1,853)	625,477	(281,493)	-	(100,078)	43,021
110323	Library Services-Non Res	(107,124)	(2,847)	5,465	-	-	-	(104,506)
110324	Admin Studies-Res	(105,438)	(3,730)	472,682	(16,013)	(14,400)	(767,124)	(434,043)
110325	Admin Studies-Non Res	(2,503,835)	(69,657)	76,149	-	(9,600)	(679,749)	(3,186,691)
110326	Ambulance Services-Residential	(261,593)	(6,156)	27,766	-	-	-	(239,983)
110327	Ambulance Services-Non Res	(124,570)	(3,156)	2,759	-	-	-	(124,968)
110329	OPA 28 Fee	891,026	29,510	430,839	-	-	(2,289)	1,349,086
110330	Burlington Roads SAC	1,498,895	40,155	(459,605)	-	-	(1,800)	1,077,645
110332	Homes for Aged-Res	(28,177)	(617)	6,771	-	-	-	(22,023)
110334	Health - Res	127,236	3,931	65,821	-	-	(334)	196,653
110336	Social&Child - Res	151,217	4,687	79,377	-	-	(399)	234,882
110337	Social&Child - Non Res	6,405	102	2,789	-	-	(16)	9,280
110338	Housing - Res	1,505,117	46,939	784,499	-	-	(3,965)	2,332,591
110340	LinearWastewater - Res	3,859,025	182,305	7,283,252	-	236,761	(7,400,783)	4,160,560
110341	LinearWastewater - Non Res	4,724,723	81,239	2,895,966	-	1,667,272	(2,995,914)	6,373,285
110342	Airport - Res	(373,629)	(7,976)	137,674	(31,813)	-	-	(275,743)
110343	Airport - Non Res	(532,323)	(14,027)	25,102	(29,365)	-	-	(550,613)
Total Municipal DCs		39,348,896	1,253,369	57,878,682	(11,355,036)	8,348,435	(42,117,165)	53,357,180
GO TRANSIT								
110328	GO Transit	-	4,574	371,316	-	(375,890)	-	-
Total GO Transit		-	4,574	371,316	-	(375,890)	-	-
SPECIAL AREA CHARGES (DEVELOPER RECOVERIES)								
110210	DunWat WW Flw Diver Proj-Res	51,517	1,947	520,731	-	(540,894)	-	33,301
110211	DunWat WW Flw Diver Prj-NonRes	7,343	299	44,081	-	(44,081)	-	7,643
110216	Binbrook Agreement Recoveries	(1,453,801)	(26,687)	829,987	-	-	-	(650,501)
Total Developer Recoveries		(1,394,941)	(24,440)	1,394,799	-	(584,975)	-	(609,557)
GRAND TOTAL		37,953,955	1,233,503	59,644,797	(11,355,036)	7,387,570	(42,117,165)	52,747,623

Note 1 Borrowings from the DC Reserves for non-growth items

\$6 million in non-growth funds related to the Mohawk Sports Park 4-pad Arena were borrowed from DC reserves 110320 and 110312 in 2005 to be repaid over 20 years with interest at 5.245%.

The following illustrates what the year end reserve balances would be without the borrowings and repayments.

Reserve #	110320	110312
2012 year end balance	2,623,966	2,333,923
Less: Borrowings	(4,000,000)	(2,000,000)
Less: Repayments to date	2,828,972	1,414,492
2011 Year End balance adjusted for borrowings	<u>3,794,994</u>	<u>2,919,431</u>

APPENDIX B to REPORT FCS13035

Development Charges Funded Projects for the year ended December 31, 2012

Positive values indicate funding, negative values indicate return of funds to reserves											
PROJECT ID	DESCRIPTION	RES DEV. CHARGES*	NON- RES DEV. CHARGES*	DEBT RES DEV. CHARGES YTD	DEBT NON-RES DEV. CHARGES YTD	CURRENT BUDGET CONTRIBUTION	DEBENTURE FINANCING	RESERVE FINANCING	SUBSIDIES	OTHER REVENUES	TOTAL REVENUES
5140580582	PD16 N Wtrdwn Elevated Storage	2,176,365.00	2,176,365.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,352,730
5160329101	Outstanding Debenture-Rates DC	1,758,653.71	743,952.52	(1,508,212.47)	(994,393.76)	0.00	0.00	0.00	0.00	0.00	-
5160366302	Primary Treatment Capacity Exp	12,991,000.00	6,692,000.00	0.00	0.00	(6,600,000.00)	0.00	0.00	0.00	0.00	13,083,000
5160795757	Centennial Trnk Swr-WW14,WW33	4,140,000.00	1,860,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,000,000
5160795784	Twenty PS & Forcemain - HC018	2,070,000.00	930,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000,000
5180880863	SWMP South 2 QA-QC Pond	1,464,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,464,000
5180980980	SWMP Program	1,610,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,610,000
5180980981	Upper Sherman-Storm Sewer	20,148.30	10,379.43	0.00	0.00	38,000.00	0.00	0.00	0.00	0.00	68,528
5181080091	Rymal-SWMP H8 - Trinity Church	1,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000,000
5181080098	SWMP W20 - Silverwood	760,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	760,000
5181280295	SWMP SM4 - Penny Lane Estates	2,610,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,610,000
5311282001	Expansion Buses ATS	280,000.00	260,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	540,000
6500755703	Various Studies	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000
7101354104	Ancaster Senior Centre Expand	237,500.00	12,500.00	0.00	0.00	150,000.00	0.00	100,000.00	0.00	0.00	500,000
7400941910	ISF-1728-Training Facility	(951,351.04)	(630,000.00)	6,240,000.00	4,160,000.00	100,000.00	0.00	0.00	(0.60)	0.00	8,918,648
7501241200	Binbrook Library Branch Renos	100,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,000
8100055003	Zoning By-law Review	0.00	250,000.00	0.00	0.00	0.00	0.00	915,710.00	0.00	0.00	1,165,710
8101255201	Review Guidelines & Policies	40,000.00	40,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80,000
8120955900	Community Planning Studies	509,924.00	0.00	0.00	0.00	100,000.00	0.00	0.00	0.00	0.00	609,924
8121155101	User Fee Review	(10,000.00)	(10,000.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(20,000)
8141055100	Nodes & Corridors Plans	88,000.00	87,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	175,000
3380955900	2009 Development Charges Study	(1,331.21)	(887.48)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(2,219)
3620507106	Appraisals-Airport Area Prop	(15,066.83)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(15,067)
4030755740	Windows to the Lake	5,697.15	(75,154.81)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(69,458)
4030955912	U Wellington- Rymal to LINC-EA	(64,000.00)	(64,000.00)	0.00	0.00	0.00	0.00	(39,393.11)	0.00	0.00	(167,393)
4040914008	Annual New Full Traffic Signal	(94,000.00)	(94,000.00)	0.00	0.00	(12,000.00)	0.00	0.00	0.00	0.00	(200,000)
4140746100	City Share of Servicing Costs	(1,293,359.81)	(1,786,068.31)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(3,079,428)
4140846100	City Share of Servicing Costs	(309,133.85)	(1,509,300.55)	0.00	0.00	0.00	0.00	(160,748.00)	0.00	0.00	(1,979,182)
4400256104	AN Shaver Estates Pk Develop	(29,125.00)	(712.54)	0.00	0.00	0.00	0.00	(69,917.82)	0.00	0.00	(99,755)
4400849600	Heritage Green O&M Yard Depot	(32,000.00)	(18,000.00)	0.00	0.00	(5,000.00)	0.00	0.00	0.00	0.00	(55,000)
5160795753	Brow Lands Servicing Study	(270,000.00)	(180,000.00)	0.00	0.00	(35,607.61)	0.00	0.00	0.00	0.00	(485,608)
5160795755	West Ham IBP-WW Servicing Plan	(67,000.00)	(45,000.00)	0.00	0.00	(8,733.04)	0.00	0.00	0.00	0.00	(120,733)
5160795785	First St Wtrdwn PS DC014-WW17	(28,825.33)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(28,825)
5180655646	SWM Monitoring	6,653.53	(43,650.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(36,996)
8100055005	Neighbourhood Plan Review Prog	(39,924.00)	0.00	0.00	0.00	(100,000.00)	0.00	0.00	0.00	0.00	(139,924)
8121255615	Neighbourhood Plan Review	(250,000.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(250,000)
8300455100	Waterdown Wtshed & Scdary Pln	(31,741.14)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(31,741)
Sub-Total		38,105,924	4,011,241	4,731,788	17,765,606	(2,396,341)	-	2,164,308	9,335,411	73,604	73,791,542


* Includes Work-In-Progress project fund transfers


APPENDIX C to REPORT FCS13035
5 Year Development Charges Exemption Summary

	2008	2009	2010	2011	2012	Totals
By Area						
Hamilton	2,742,982	2,659,125	3,508,739	13,133,595	3,829,271	25,873,713
Stoney Creek	1,659,709	2,166,851	4,823,262	948,553	2,914,589	12,512,964
Flamborough	693,665	379,581	508,523	310,914	1,041,308	2,933,991
Ancaster	814,373	1,542,094	3,041,093	147,606	2,148,423	7,693,589
Glanbrook	327,578	4,620,911	7,797,275	448,493	8,467,842	21,662,099
Dundas	10,363	-	44,016	98,467	110,994	263,840
Total	6,248,670	11,368,562	19,722,908	15,087,628	18,512,427	70,940,195
By Development Type						
Industrial Exemptions	2,315,020	1,872,477	7,807,375	2,037,595	12,779,300	26,811,766
Non-Industrial Stepped Rates & Expansion	3,064,452	1,925,510	2,138,994	1,953,709	1,104,387	10,187,052
Downtown	503,008	-	14,459	1,425,509	585,963	2,528,939
Agricultural Use	20,388	-		108,220	-	128,608
Affordable Housing/Intensification	45,066	344,547		123,435	214,702	727,750
Hospitals		2,265,834	1,931,080	3,359,560	-	7,556,474
Heritage					753,942	753,942
Council Exempted					596,244	596,244
ERASE/Res-Phase In	300,735	4,960,194	7,831,000	4,396,743	988,749	18,477,421
Covered Sports Fields					1,387,488	1,387,488
Places of Worship/Schools		-		1,682,858	101,654	1,784,512
Total	6,248,670	11,368,562	19,722,908	15,087,628	18,512,427	70,940,195
Exemptions Funded from Rates	3,307,000	6,090,000	6,295,000	7,756,162	8,262,061	31,710,223
Net Total of Unfunded Exemptions	2,941,670	5,278,562	13,427,908	7,331,466	10,250,366	39,229,972

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<i>Development Charges Reserves Policy</i>	
POLICY STATEMENT	This Policy sets out the guidelines for the use of Development Charges (DC) reserves funds.
PURPOSE	The objective of the DC reserve funds is to provide for the financing of growth related capital costs as provided for in the DC Background Study and By-Laws.
SCOPE	This Policy applies to the individual DC reserves created as per the Development Charges Act, 1997, and the consolidated DC Reserves, as outlined in this Policy.
DEFINITIONS	The following terms referenced in this Policy are defined as:
“Capital Financing”	Funding transferred from DC reserves to a growth-related Capital project.
“Consolidated DC Reserves”	The consolidated balance of all Individual DC Reserves.
“DC Debt”	Debt issued to cover the DC funding of a project rather than funding by a DC reserve.
“Deferral Agreement”	An agreement entered into between the City and a developer allowing the payment to occur up to 5 years later (or longer under certain conditions).
“Development Charges (DCs)”	Amounts collected from developers prior to building permit issuance in order to cover the growth related capital costs as detailed in the DC Background Study.
“Individual DC Reserve”	Separate and distinct residential and non-residential DC reserves exist for specific DC services
RULES OF USAGE	DCs are used to fund hard and soft services detailed in the DC Background Study and By-Laws, and as approved in the capital budget and long-term forecast.
SOURCE OF FUNDING	Developer Contributions – this includes amounts paid at building permit issuance, as well as deferred contributions (deferral agreements and associated interest on outstanding balance). Interest Income – interest earned on the unused actual cash balance held in the DC reserves.

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	Rates Budget – funding for exemptions to Rates services.	
FUNDING TARGETS	No target set as balance is a function of development activity and capital financing	
MINIMUM BALANCE	<p>Individual DC Reserves: There shall be no minimum balance for individual DC reserves, however, when the reserve balance reaches a deficit position, the forecast revenues should exceed the forecast capital financing and debt costs over the 10-year forecast.</p> <p>Consolidated DC Reserves: The consolidated DC Reserves balance should exceed the balance of outstanding Deferral Agreements. Should the consolidated DC Reserve balance fall below the balance of the outstanding Deferral Agreements, no further funding for capital financing shall be transferred from any DC Reserve until the consolidated balance exceeds the deferral agreement balance.</p>	
PROJECT FUNDING	<p>Projects identified in the DC Background Study must be funded in accordance with the study, subject to indexing and changes to the scope of the projects.</p> <p>Growth related capital projects not identified in the DC Background Study must have a defensible rationale for the portion of funding to come from DCs, and be included in future DC Background Studies.</p>	
FUNDING FROM DC RESERVES	Projects to be funded by DC reserves should have the funding transferred once the project has been approved by Council, subject to the Minimum Balance requirements outlined in this Policy.	
FUNDING FROM DC DEBT	<p>Projects to be funded from DC Debt will be funded after the project has been completed and the submission for closing approved by Council. Projects to be funded by DC Debt should be identified that way on the Capital Detail Sheet when seeking Council approval for the project.</p> <p>DC Debt funding should not jeopardize the sustainability of the individual DC Reserve, in accordance with the Minimum Balance section for individual DC Reserves.</p>	

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CHANGING FUNDING FROM/TO DC DEBT TO/FROM DC RESERVES	With the approval of the General Manager of Finance & Corporate Services, funding for DC projects may be changed to DC Debt funding from DC Reserve funding, or from DC Reserve funding to DC Debt funding, as required, in order to maintain the sustainability of the individual DC reserves.		
APPROPRIATIONS OF FUNDING	Appropriations of DC funding from one growth related project to another shall only be allowed in situations where both projects are funded from the same individual DC reserves and DC funding of both projects remains in accordance with the DC Background Study. Any such appropriations are still subject to the Appropriations policy, and/or any other policy which may be applicable.		
BORROWING FROM DC RESERVES	The City may borrow from an individual DC reserve, for non-DC purposes, as long as the individual DC reserve does not go into a deficit position at the time the funds are borrowed. The City shall repay the amount borrowed, plus interest at a rate not less than the prescribed minimum interest rate.		