# COUNCIL INFORMATION PACKAGE

**May 4, 2020**

## Table of Contents

<table>
<thead>
<tr>
<th>Item</th>
<th>From</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Town of Gravenhurst</td>
<td>Province of Ontario add Community Gardens, Garden Centres and Nurseries as essential services during the COVID-19 Pandemic</td>
<td>2-3</td>
</tr>
<tr>
<td>2</td>
<td>Region of Waterloo</td>
<td>Regional Chair Correspondence to PM Trudeau re: COVID-19 Preliminary Financial Impacts</td>
<td>4-28</td>
</tr>
<tr>
<td>3</td>
<td>City of Cambridge – Corporate Services</td>
<td>Honorariums and Expenditures of Council Members and Council Appointees for the Year Ended December 31, 2019</td>
<td>29-44</td>
</tr>
<tr>
<td>4</td>
<td>City of Cambridge – Corporate Services</td>
<td>Charitable Funding Flow-Through to Non-Charities</td>
<td>45-51</td>
</tr>
<tr>
<td>5</td>
<td>City of Cambridge – Corporate Services</td>
<td>Development Charges Statement for the Year Ended December 31, 2019</td>
<td>52-64</td>
</tr>
<tr>
<td>6</td>
<td>City of Cambridge – Corporate Services</td>
<td>ERO Number 019-1406 – Proposed regulatory matters pertaining to community benefits authority under the Planning Act, the Development Charges Act, and the Building Code Act</td>
<td>65-114</td>
</tr>
</tbody>
</table>
Transmitted via Email

April 22, 2020

RE: TOWN OF GRAVENHURST RESOLUTION – Province of Ontario add Community Gardens, Garden Centres and Nurseries as essential services during the COVID-19 Pandemic

At the Town of Gravenhurst Committee of the Whole meeting held on April 21, 2020, the following resolution was passed:

Moved by Councillor Cairns
Seconded by Councillor Morphy

WHEREAS the Town of Gravenhurst Council fully understands, upon the direction of the Provincial Government, that only businesses and services deemed to be essential are to remain open during the COVID-19 Pandemic;

AND WHEREAS our Not for Profit Community Partners rely on Community Gardens for the ability to grow vegetables that assist in meeting the food related needs as well as providing physical and mental health benefits for our most vulnerable citizens;

AND WHEREAS physical distancing measures would still be needed for those working in Community Gardens;

AND WHEREAS Garden Centres and Nurseries could be required to provide curb-side car drop off service to reduce the risk;

AND WHEREAS the Medical Officer of Health for the Simcoe Muskoka District Health Unit, supports the continuation of Community Gardens throughout the COVID-19 Pandemic;

NOW THEREFORE BE IT RESOLVED THAT the Town of Gravenhurst Council requests that the Province of Ontario add Community Gardens, Garden Centres and Nurseries as essential services;

AND FINALLY THAT this resolution be circulated to Scott Aitchison, MP for Parry Sound-Muskoka, Norm Miller, MPP for Parry Sound-Muskoka, Premier Ford and all Ontario Municipalities requesting their support.

CARRIED

We trust the above to be satisfactory.

Sincerely,

Melanie Hakl
Administrative Clerk 2, Legislative Services
The District Municipality of Muskoka

Moved By: S. Cairns
Seconded By: K. Terziano

WHEREAS Muskoka District Council fully understands, upon the direction of the Provincial Government, that only businesses and services deemed to be essential are to remain open during the COVID-19 Pandemic;

AND WHEREAS our Not for Profit Community Partners rely on Community Gardens for the ability to grow vegetables that assist in meeting the food related needs as well as providing physical and mental health benefits for our most vulnerable citizens;

AND WHEREAS physical distancing measures would still be needed for those working in Community Gardens;

AND WHEREAS Garden Centres and Nurseries could be required to provide curb-side car drop off service only to reduce the risk;

AND WHEREAS the Medical Officer of Health for the Simcoe Muskoka District Health Unit, supports the continuation of Community Gardens throughout the COVID-19 Pandemic;

NOW THEREFORE BE IT RESOLVED THAT Muskoka District Council requests that the Province of Ontario add Community Gardens, Garden Centres and Nurseries as essential services;

AND THAT this resolution be circulated to Scott Aitchison, MP for Parry Sound-Muskoka, Norm Miller, MPP for Parry Sound-Muskoka, and all Ontario Municipalities requesting their support.

Carried ✓
Defeated _____

District Clerk
April 29, 2020

(sent via email: justin.trudeau@parl.gc.ca)

Rt. Hon. Justin Trudeau
Prime Minister of Canada
80 Wellington Street
Ottawa ON K1A 0A2

Dear Prime Minister,

I am writing to you on behalf of the Region of Municipality of Waterloo to request that the Federal Government establish a municipal financial assistance program to offset the significant financial impact of the COVID-19 pandemic.

A number of funding announcements have been made by the Provincial and Federal governments to help provide financial support to municipalities in order to offset increased costs related to the COVID-19 pandemic. Regional Council appreciates the funding support from our senior levels of government. This support allows us to provide critical services for the Region’s most vulnerable residents. A total of $5.8 million has been received through a combination of federal and provincial funding to support housing and homelessness but this funding is allocated for additional costs related to COVID-19 and will not offset the loss of revenue described in the attached report.
The Region is facing a shortfall of approximately $4.8 million per month in user fee revenues, as noted in the table below:

<table>
<thead>
<tr>
<th>Table 1 – Estimated user fee revenue loss per month Revenue source</th>
<th>Estimated revenue impact ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public transit fare revenue</td>
<td>($3,500)</td>
</tr>
<tr>
<td>POA/Red Light Camera revenue</td>
<td>(560)</td>
</tr>
<tr>
<td>Waste Management revenues</td>
<td>(255)</td>
</tr>
<tr>
<td>Child care centre fees</td>
<td>(185)</td>
</tr>
<tr>
<td>Housing rent</td>
<td>(175)</td>
</tr>
<tr>
<td>Airport fees and charges</td>
<td>(119)</td>
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<tr>
<td>Museum admissions</td>
<td>(55)</td>
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<td>Planning application fees</td>
<td>(9)</td>
</tr>
<tr>
<td>Library Services</td>
<td>(2)</td>
</tr>
<tr>
<td>Interest &amp; penalties</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total estimated revenue loss per month</strong></td>
<td><strong>($4,861)</strong></td>
</tr>
</tbody>
</table>

The Federal Government has long recognized local municipalities as being the backbone of Canadian communities and of the national economy. While the Region of Waterloo continues to monitor cash flow and update operating strategies to ensure that critical services are maintained during this pandemic, the preliminary data provided in the recent report clearly demonstrates the urgent and immediate need for financial support from the Federal Government.

I urge you to consider, thoughtfully and with a forward-looking lens, the dire financial impacts this pandemic crisis has had on Canadian municipalities. I strongly encourage your Government to establish an expedient funding mechanism that will support our municipality. This will, in turn, protect the residents in our communities who need sustained access to critical services and programs - now more than ever. As proposed by the Federation of Canadian Municipalities, emergency federal operating funding of at least $10 billion is urgently required to offset this crisis of non-recoverable financial losses in municipalities. The funding should be direct and
flexible so that our municipality, and those across Canada, will be well placed to drive Canada’s economic recovery.

The eventual recovery of our national economy hinges upon the actions your Government takes to financially support Canadian municipalities. I look forward to working with you collaboratively and welcome the opportunity to respond to any questions.

Sincerely yours,

Karen Redman
Regional Chair

Attachment: Report COR-FSD-20-13, COVID-19 Preliminary Financial Impacts

cc: Hon. Steve Clark, Minister, Municipal Affairs and Housing
Bill Karsten, President, Federation of Canadian Municipalities (FCM)
Area Members of Parliament (MPs)
Waterloo Regional Police Services Board
Area Municipal Clerks (Waterloo Region)
Region of Waterloo

Corporate Services

Financial Services and Development Financing

To: Regional Chair Karen Redman and Members of Regional Council

Date: April 22, 2020  File Code: F11-30

Subject: COVID-19 Preliminary Financial Impacts

Recommendation:

That the Regional Municipality of Waterloo take the following action with respect to the preliminary financial impacts of the COVID-19 pandemic as set out in report COR-FSD-20-13 dated April 22, 2020:

   a) Defer the planned 2020 Grand River Transit 2% fare increase on July 1, 2020 until further notice;

   b) Defer the planned elimination of age-based transit service discounts on July 1, 2020 until further notice;

   c) Do not proceed with two planned conventional urban bus service expansions and one conventional rural bus service expansion in 2020; and

   d) Amend the 2020-2029 Transit Services capital program as set out in Table 4;

And that the Region of Municipality of Waterloo request that the Federal and Provincial Governments establish a municipal financial assistance program to offset the significant financial impact of the COVID-19 pandemic;

And that a copy of this report and recommendations be forwarded to the Honorable Steve Clark, Minister, Municipal Affairs and Housing, the Association of Municipalities of Ontario (AMO), the Federation of Canadian Municipalities (FCM), local members of the Provincial Legislature (MPPs) and Federal Members of Parliament (MPs), the Waterloo
Regional Police Services Board and all area municipalities within Waterloo Region.

Summary:

Through report COR-FSD-20-08, dated March 24, 2020, staff provided Council with an early indication of the potential financial impacts of the COVID-19 outbreak on the Region of Waterloo. Since that time, staff have undertaken a financial assessment to estimate the impact of the pandemic on the Region of Waterloo. The purpose of this report is to provide the results of the financial assessment and recommends actions to be taken in light of the ongoing pandemic. The key messages contained in this report include:

- The Region is facing a shortfall of approximately $4.8 million per month in user fee revenues, the impact of which is partially offset by expenditure savings estimated at $2.8 million per month, resulting in an estimated operating shortfall of $2.0 million per month;
- Staff recommend deferring the planned 2020 Grand River Transit fare increase and the planned elimination of age-based transit service discounts on July 1, 2020;
- Staff recommend not proceeding with planned conventional urban and rural bus service expansions in 2020 and amending the Transit Services capital program accordingly;
- Through various announcements, the Provincial and Federal governments are providing funding to the Region primarily for homelessness related initiatives;
- The Region is requesting that the Federal and Provincial governments provide additional financial assistance to municipalities to help offset the impact of COVID-19; and

Staff continue to review the impact of COVID-19 to the Region and will report back to Council early in May with regards to potential impacts on the Region’s 2020 capital program.

Report:

Staff initially reported on potential financial impacts of COVID-19 through report COR-FSD-20-08 dated March 24, 2020. Since that time, staff have undertaken a financial assessment to estimate the impact of COVID-19 on the Region, including a review of significant operating revenues and expenditures and all 2020 program/service expansions approved through budget issue papers. This report outlines the results of this assessment and provides recommended actions to be taken in light of the ongoing pandemic.
1. 2020 Operating Revenues

The Region’s operating revenues, totalling $1.2 billion for 2020, are comprised of property taxes, grants and subsidies, user fees and charges, user rates (water and wastewater), and contributions from reserves. The following chart provides a summary of the distribution of these operating revenues (in $ millions):

![Pie Chart](chart.png)

- **Tax Payments**: $588 M (51%)
- **Grants & Subsidies**: $282 M (24%)
- **User Fees**: $116 M (10%)
- **Contribution from Reserves**: $42 M (4%)
- **User Rates (Water Services)**: $134 M (11%)

1.1. User Fees & Charges

The COVID-19 pandemic is causing a significant disruption to certain user fee based programs, and as a result, a reduction in user fee revenue received. Significant sources of user fee revenues being impacted include:

- **Transit Fares** – Minimal transit fare revenue has been received since late March. As approved by Council, public transit service is free until at least May 31. For the duration of the period where free service is provided, a transit fare revenue loss of approximately $3.5 million per month is anticipated.

- **Housing Rent** – The Region owns and operates more than 2,700 housing units. As a result of the general loss of employment resulting from COVID-19, staff are expecting that rent revenue collected from housing tenants will be reduced by approximately $175,000 per month. As tenants report loss of income, housing staff will revise the rent-geared-to-income calculation to ensure that rent charged to tenants reflects their current earnings.
• **Child Care** – The Region’s five directly-owned child care centres were closed to the general public on March 16, 2020 resulting in a revenue loss of $185,000 per month. While two centres have since re-opened and are providing service for children of essential service workers, no child care fees are being collected from parents. As described later in this report, it is anticipated that there will be additional provincial funding to assist with offsetting any incremental costs incurred by the Region.

• **POA Revenues** – During the disruption period, staff estimate that monthly POA/Red Light Camera (RLC) revenues will fall short of budgeted amounts by approximately $560,000 per month. Recently there has been a material decline in the number of charges, with 3,261 charges filed in March of 2020, which is 1,311 fewer than in March of 2019. Based on preliminary data for the month of April, it is estimated that less than 2,000 charges will be filed. Internal collection efforts are still underway and cases are still being sent to external collections but active collection efforts have been suspended. Courts are currently closed until May 29th and the Office of the Chief Justice is considering an extension to this closure. Red light camera revenues are lower due to a reduction in charges and the closure of the Red Light camera processing centre in Toronto.

• **Waste Management** - Tipping fees for ICI tonnage were close to budget for the first two months of 2020, however, from March onward, staff anticipate a revenue shortfall of approximately 20% or $160,000 per month. Due to the deferral of fee increases originally planned for April 1 (approved through report COR-FSD-20-10 dated April 1, 2020), a further revenue shortfall of $20,000 is projected per month. Revenue generated from the sale of recyclables is lower than budgeted as market prices for all recyclable materials (paper, aluminum, steel and plastic) are trending lower year to date, and it is expected that market prices will continue to drop due to the slowdown in the economy related to COVID-19. A revenue shortfall related to recycling is estimated to be approximately $75,000 per month.

• **Airport** – Due to the economic disruption and reduced airport operations, revenues are anticipated to be lower than budget by approximately $119,000 per month.
• **Museum** – During the disruption period, Regional museums remain closed and therefore no admission and program revenue is being generated, resulting in a revenue shortfall of approximately $55,000 per month.

• **Library Services** - Due to the economic disruption and reduced Library operations, revenues are anticipated to be lower than budget by approximately $2,300 per month.

• **Planning Fees** – Revenues associated with planning application fees are projected to be 20% less than budgeted, resulting in a shortfall of approximately $9,000 per month.

• **Municipal Accommodation Tax (MAT)** – significantly reduced revenues are anticipated in 2020 through this tax which will impact the availability of funding for cultural organizations in future years. The 2020 operating budget includes $327,000 in MAT revenue, which is transferred to a reserve to fund initiatives in future years.

• **Interest & Penalties** – As a result of providing relief on payments, through waiving interest and penalties on retail accounts, revenues are estimated to be lower by approximately $1,000 per month.

• **User Rate Revenues (Water Services)** - Staff are anticipating reduced flows relating to Industrial Commercial & Institutional (ICI), although residential demand remains on budget for water. Overall the water flows may be reduced by 2% if this trend continues. Wastewater flows remain relatively unchanged and only a minimal reduction is anticipated.
A summary of significant user fee revenue impacts on the tax supported operating budget are outlined in the following table:

**Table 1 – Estimated user fee revenue loss per month**

<table>
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<th>Revenue source</th>
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</table>

### 1.2. User Fees – Recommended Adjustments

The Region’s current Fees and Charges by-law (#20-001) came into effect on January 22, 2020 and includes increases to several user fees on various dates throughout 2020. Through report COR-FSD-20-10 dated April 1, 2020 the Region deferred user fee increases planned for April 1, 2020 relating to Waste Management, Seniors’ Services and Paramedic Services.

Due to the extremely challenging economic conditions resulting from the COVID-19 pandemic, it is recommended that Transit related age-based discounts set to expire with the implementation of a new Affordable Transit Program (TES-TRS-19-20/CSD-EIS-19-11 dated September 10, 2019) and the planned 2% fare increase scheduled for July 1 be deferred until further notice. This would result in a net revenue loss of approximately $497,000 over the course of the year; $224,000 for the continuation of age-based discounts and $273,000 for the deferral of fare increases. A separate report is planned for the fall of this year with respect to the recommended fare structure and related discussion on the various Transit fare programs.
Through the 2020 Budget deliberations and discussions concerning the Affordable Transit Program, GRT received multiple requests for free or discounted transit from community members. Specifically, requests were received for: a free off-peak senior pass, veterans of any age free, and student groups free to attend cultural activities. Staff have evaluated additional free or discounted fares for the target groups noted above. A discussion and recommendations on any additional discounted fares would also be included in the report on the fare increase that would be presented later in the year, hence recommendation b) to this report.

1.3. Provincial / Federal Funding

A number of funding announcements have been made by the Provincial and Federal governments to help provide financial support to municipalities in order to offset increased costs related to the COVID-19 pandemic. A total of $5.8 million has been received through a combination of federal and provincial funding to support housing and homelessness. This funding is allocated for additional costs related to COVID-19 and will not offset the loss of revenue described in this report. A summary of funding announcements is provided in Appendix A.

In addition to the programs listed in Appendix A, additional funding for the health care system was announced through the Province’s Economic and Fiscal update on March 25, 2020. This includes $80 million for ambulance and paramedic services, although the specific funding allocations are not known at this time. Additionally, the Province has announced the extension of Public Health Transition Funding. The Region will receive an extension of the $1.5 million in 2020 Public Health transition funding (incorporated in the 2020 budget) through the 2021 fiscal year.

2. 2020 Operating Expenditures

Staff have identified a number of program areas where either additional expenditure or expenditure savings are being projected, including:

- **Income Support Program** – It is anticipated that an increase in the number of Ontario Works cases will be seen during the course of the COVID-19 pandemic. Staff also expect that provincial changes to the rules around eligibility and case suspensions will result in increases to caseload. The extent of these increases is difficult to project. Income support is funded 100% provincially and will not impact the Regional financial position. At this time, it is not expected that the cost of administration, which is cost shared 50/50, will be impacted.

- **Discretionary Benefits** – The provincial government has announced additional discretionary benefits funding for those currently in receipt of social
assistance. These funds can be provided on a one-time basis to those that have exceptional costs related to COVID-19. Overall it is not expected that other categories of discretionary benefits will increase at this time due to the closure of many businesses and overall reduced spending.

- **Housing** – Similar to Regionally owned housing units, it is anticipated the non-profit and co-op housing providers will see the rent collected from their tenants decrease as tenants experience a loss of employment. As rent collections decrease, the amount of Regional subsidy provided to housing providers will increase to offset the lower rents paid by tenants. It is anticipated that the increased cost to the Region will be approximately $230,000 per month. Regional staff are working closely with housing providers to manage cash flow and provide support during this time.

- **Homelessness** – Housing staff have responded quickly to the needs of the homeless population by providing funding for additional shelter space to support social distancing and isolation where required. In addition, funding has been allocated for the operation of day programs, increased staffing, enhanced cleaning and food distribution to assist the homeless and those experiencing job loss. Arrangements for these services have been made with a variety of agencies including the Kaufman YMCA, House of Friendship, Cambridge Shelter Corporation and the Food Bank of Waterloo Region. Costs are being monitored as the situation evolves regularly and staff will report back at a future date with information on the cost of operating the systems put in place. At this time it is projected that the measures being taken can be accommodated within the $5.8 million in federal/provincial funding as described in Appendix A of this report.

- **Transit Services** – Council has approved a 25% reduction in weekday bus service effective from April 20 to May 31 as a result of reduced staffing levels and low ridership. This will result in lower operating costs for Transit Services. The ongoing monthly savings relating to the 25% weekday service reduction is approximately $1,670,000 per month.

- **Fuel** – Through the first quarter of 2020, fuel prices have been declining and are currently well below budgeted levels, as illustrated in Appendix B. Year to date, the average price per litre of diesel is $0.93 compared to a budget of $1.01. The average price of gasoline in 2020 is $0.89/litre compared to a budgeted price of $1.04/litre. If prices remain at current levels, a monthly savings of approximately $241,000 is anticipated. Additionally, savings resulting from lower volumes are also anticipated due to reduced levels of
Transit service and are incorporated into the service reduction savings noted above.

- **Other operating costs** – A number of smaller expenditure impacts have been experienced, including:
  - **Additional expenses** – Additional IT resources and network capacity to accommodate staff working remotely, additional janitorial services for cleaning facilities and extra security costs.
  - **Reduced spending** – Savings resulting from the closure of certain Regional facilities (i.e. Child Care Centres, Museums, Libraries) and reduced expenses relating to travel, conferences and mileage.
  - **Unknown impact** – At this time there is insufficient data to anticipate the impact of COVID-19 on items such as tax write-offs, supplementary taxes and development charge exemptions. Staff will continue to monitor these items and report back to Council as more information becomes available.

3. **Cost Containment Actions**

A number of actions have been taken to help mitigate the financial impact of COVID-19 including:

- All discretionary staff training, conferences, professional development and travel has been suspended.
- Recruitment of all non-critical positions has been suspended, resulting in delayed hiring of approximately 70 full time positions.
- A reduction in weekday conventional bus service levels of approximately 25% effective April 20. As directed, staff are evaluating additional service reductions.
- Review of capital program to determine if any projects could be paused (pending the end of the pandemic) or deferred to 2021. This may provide some relief to cash flow and allows for the review of contributions to reserves in light of lower capital requirements and need/timing of capital in 2020. For debt financed projects, this may allow for the deferral of debt servicing costs to the 2022 operating budget. Staff will report back through a subsequent report on the outcomes of this review.
- Temporary layoff notices have been delivered to part-time casual staff, including staff at regional libraries, museum and cultural services sites, and clerical pool staff. In addition, a number of student contracts were terminated early, where such students were not able to perform productive work from home. A total of 179 individuals were impacted.
• The Region continues to monitor staffing and balance respect for taxpayers with respectful treatment of staff. A second wave of layoffs will take effect in late April and early May which includes approximately 120 staff, a number of which have redeployment opportunities.

• Due to reduced ridership and amended schedules, approximately 90 GRT staff will be laid off due to shortage of work and 11 will be redeployed, effective April 20, 2020.

• Critical services that have been impacted by COVID-19 including Paramedic Services, Sunnyside Home and staff serving the needs of those impacted by homelessness will see some staff from the above group redeployed to support the work being done by front line staff. These staff will not perform work of those providing direct service to the patients, residents and participants of the critical programs but will perform administrative and support services to enable those with the required skills and designations to focus on front line care. We are very grateful to our Union partners for their collaboration and commitment to serving the needs of our community.

Taking into account the expenditure variances outlined above, including cost containment measures relating to staffing, the monthly impact relating to significant operating expenditures is summarized in the following table:

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Monthly net levy impact ($000s) (savings) / cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public transit service reduction</td>
<td>($1,670)</td>
</tr>
<tr>
<td>Non-critical positions held vacant</td>
<td>(370)</td>
</tr>
<tr>
<td>Delayed/cancelled summer student positions (effective early May)</td>
<td>(320)</td>
</tr>
<tr>
<td>Staffing savings (effective early April)</td>
<td>(205)</td>
</tr>
<tr>
<td>Staffing savings (effective late April/early May)</td>
<td>(265)</td>
</tr>
<tr>
<td>Fuel savings</td>
<td>(240)</td>
</tr>
<tr>
<td>Housing subsidies</td>
<td>230</td>
</tr>
<tr>
<td>IT resources and network capacity</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total savings per month</strong></td>
<td><strong>($2,830)</strong></td>
</tr>
</tbody>
</table>
The above figures will be updated regularly to reflect additional actions and measures as they are undertaken.

4. Review of 2020 Budgeted Service Expansions

In light of the impacts of the COVID-19 pandemic, staff have also reviewed the service expansions approved as part of the 2020 operating budget, with recommendations set out in the following table:

Table 3 - 2020 Approved Service Expansions (Budget Issue Papers)

<table>
<thead>
<tr>
<th>Dept./Div.</th>
<th>Budget Issue Paper</th>
<th>2020 Budget Impact ($000)</th>
<th>Annualized Levy Impact ($000)</th>
<th>Recommended Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>TES/Transit Services</td>
<td>Route 77 - Wilmot Township Transit Service</td>
<td>$59</td>
<td>$177</td>
<td>Do not proceed in 2020</td>
</tr>
<tr>
<td>TES/Transit Services</td>
<td>Implementation of MobilityPLUS Five-Year Business Plan</td>
<td>$144</td>
<td>$204</td>
<td>Proceed, and implement to meet demand as required</td>
</tr>
<tr>
<td>TES/Transit Services</td>
<td>Implementation of GRT Business Plan</td>
<td>$1,957</td>
<td>$2,776</td>
<td>Do not proceed in 2020</td>
</tr>
<tr>
<td>TES/Transit Services</td>
<td>2019 GRT Business Plan Bundle 2 (approved to be implemented April 2020)</td>
<td>$558</td>
<td>$699</td>
<td>Do not proceed in 2020</td>
</tr>
<tr>
<td>CSD/Housing Services</td>
<td>Waterloo Region Housing Master Plan</td>
<td>$99</td>
<td>$198</td>
<td>Proceed as planned</td>
</tr>
<tr>
<td>CSD/Seniors' Services</td>
<td>Seniors’ Services Personal Support Workers</td>
<td>$146</td>
<td>$195</td>
<td>Proceed as planned</td>
</tr>
<tr>
<td>PHE/Infectious Diseases and Sexual Health</td>
<td>Substance Use and Harm Reduction</td>
<td>$122</td>
<td>$122</td>
<td>Proceed as planned</td>
</tr>
<tr>
<td>PHE/Paramedic Services</td>
<td>Paramedic Services Master Plan Implementation</td>
<td>$433</td>
<td>$792</td>
<td>Proceed as planned</td>
</tr>
</tbody>
</table>
Expansions in Community Services (CSD) and Public Health & Emergency Services (PHE) are proposed to continue as planned. Implementation efforts have been underway since budget approval in January. The need for staffing resources at Sunnyside, for additional ambulances and paramedics, and for substance use and harm reduction programs either continues unabated or has increased. The recently completed Waterloo Region Housing Master plan outlined a clear need for additional affordable housing units and work has started on implementation of the initial projects.

In addition, the MobilityPLUS Service expansion (one new vehicle and additional service hours) is recommended to proceed, and be implemented to meet demand as required. Although demand is currently quite low, it is anticipated that the service demand will increase, and the expansion was approved in order to meet previously unmet trip demand.

The three conventional transit service expansions are recommended to not proceed in 2020. Service expansion in 2020 will be difficult, given that staff will be challenged to restore regular service levels, particularly if a second round of service reductions is directed by Council. Restoration of service will require contact, communication, and possible refresher training with numerous bus operators who were impacted by the service reductions, some of whom may no longer be available for employment. In addition, recruitment and training of bus operators and maintenance staff will be required to replace normal, non COVID-19 related attrition. Bus operator recruitment and training is on hold due to the COVID-19 situation.

Not implementing 2020 GRT service expansions will result in a net savings of $2.6 million in 2020. In addition, 12 new conventional buses which have been ordered at a cost of $7.7 million will instead serve as replacement buses advanced from the 2021 GRT Capital Program. Due to Regional Development Charge eligibility, only expansion buses are to be funded from the Regional Development Charge reserve fund. As a result, a larger portion of replacement buses are to be funded from the GRT Bus Reserve. Accordingly, the 2020-2029 Transit Services capital program is recommended to be amended as outlined in the following table:
**Table 4 – Proposed Transit Services Capital Program Amendments ($000s)**

<table>
<thead>
<tr>
<th>Expenditure ($000’s)</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>66008 Vehicle Additions Conventional</td>
<td>7,680</td>
<td>3,200</td>
</tr>
<tr>
<td>66025 Vehicle Replacements Conventional</td>
<td>14,720</td>
<td>19,200</td>
</tr>
<tr>
<td><strong>Subtotal original budget</strong></td>
<td>22,400</td>
<td>22,400</td>
</tr>
<tr>
<td><strong>Proposed expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>66008 Vehicle Additions Conventional</td>
<td>0</td>
<td>7,680</td>
</tr>
<tr>
<td>66025 Vehicle Replacements Conventional</td>
<td>22,400</td>
<td>11,520</td>
</tr>
<tr>
<td><strong>Subtotal proposed expenditure</strong></td>
<td>22,400</td>
<td>19,200</td>
</tr>
<tr>
<td><strong>Proposed expenditure amendments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>66008 Vehicle Additions Conventional</td>
<td>(7,680)</td>
<td>4,480</td>
</tr>
<tr>
<td>66025 Vehicle Replacements Conventional</td>
<td>7,680</td>
<td>(7,680)</td>
</tr>
<tr>
<td><strong>Subtotal proposed expenditure amendments</strong></td>
<td>0</td>
<td>(3,200)</td>
</tr>
<tr>
<td><strong>Proposed amendments funded by:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Development Charges</td>
<td>(845)</td>
<td>493</td>
</tr>
<tr>
<td>ICIP subsidy</td>
<td>0</td>
<td>(2,336)</td>
</tr>
<tr>
<td>GRT Bus Reserve</td>
<td>845</td>
<td>(1,357)</td>
</tr>
<tr>
<td><strong>Subtotal funding amendments</strong></td>
<td>0</td>
<td>(3,200)</td>
</tr>
</tbody>
</table>

5. **Review of 2020 Capital Projects**

Staff are currently reviewing the status of all capital projects approved through the 2020 budget to determine which will proceed as planned, which might be put on hold pending the end of the pandemic disruption, and which could be deferred to 2021. The Province has recently updated their guidance on which construction activity is allowed to continue and staff are reviewing the impact of this announcement. Staff will report back with a more detailed analysis of the financial impact of any potential capital deferrals early in May.

6. **Cash Flow Implications**

As previously reported, Finance staff are assessing the impacts to regional cash flow. The 2020 regional property tax levy of $58 million represents 51% of annual regional operating revenues.

Through the recent Ontario Economic and Fiscal Update, the Province announced a
deferral of education property tax remittances made by single and lower tier municipalities. The June 30 and September 30 remittances (of almost $65 million each) are deferred by 90 days. The province indicated that this deferral would provide cash flow flexibility to those municipalities (the 7 lower tiers in the case of Waterloo). The 7 area municipal councils have all approved the waiving of penalties and interest on property tax payments for the months of April and May.

The scheduled May 1, 2020 property tax payment to the Region from the local municipalities will proceed as planned. The combined April and May property tax payments to the Region account for just under 22% of the Region’s levy requirement for 2020. The majority of these property tax payments were collected by area municipalities by the end of February, before the pandemic outbreak impacted operations.

The Region and area municipalities will assess the cash flow impact over the month of April and early May, as well as the benefit provided by deferred school board payments, and revisit the matter in mid-May in advance of June 1st scheduled levy payment.

If needed, the Region is able to borrow funds as required on a temporary basis to meet current and capital expenditures in 2020 to a maximum of $139 million for current expenditures and $44 million for capital expenditures (per report COR-TRY-19-134 dated December 3, 2019).

7. Waterloo Regional Police Services (WRPS)

A report outlining the financial impacts of COVID-19 on Police Services was presented to the Police Services Board on April 15, 2020. The financial position and the impacts from COVID-19 will continue to be monitored by the WRPS Finance Unit throughout 2020. A copy of the Police Services Board report (2020-076) is included in Appendix C.

Corporate Strategic Plan:

This report aligns with Focus Area 5.4 – to ensure regional programs are efficient, effective and provide value for money.

Financial Implications:

As outlined in this report, there are numerous financial implications facing the Region as a result of the ongoing COVID-19 pandemic. Based on the initial financial assessment undertaken by staff, the Region is facing a shortfall of approximately $4.8 million per month in user fee revenues, which is partially offset by expenditure savings of $2.8 million per month, resulting in an estimated shortfall of $2.0 million per month. At this time, staff are unable to quantify the financial impact of several items including tax write-offs, supplementary tax revenues, payments in lieu, and development charge revenues and exemptions. Staff will monitor the status of these items and report back to Council.
as more information becomes available.

Staff have identified a number of actions and recommendations to help offset the financial impact of COVID-19, including not proceeding with planned Transit expansions which would result in savings of $2.6 million in 2020. Staff will continue to report back to Council with updated projections as more information becomes available, including a report early in May regarding the status of capital projects and potential deferrals.

**Other Department Consultations/Concurrence:**

All departments have reviewed the financial information for the reporting period and provided input to this report.

**Attachments**

Appendix A – Provincial and Federal Funding

Appendix B – 2020 Year to Date (YTD) Fuel Prices

Appendix C – WRPS COVID-19 Financial Impacts

**Prepared By:** Christopher Wilson, Manager, Corporate Budgets

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
Appendix A – Provincial and Federal Funding

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding Amount</th>
<th>Description of eligible costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaching Home (Housing) – Federal Funding</td>
<td>$2,167,623 for 2020-21. This funding is in addition to the Region’s base 2020-21 allocation.</td>
<td>Support COVID-19 response capacity and to help prevent infection from spreading amongst those experiencing, or at risk of experiencing, homelessness.</td>
</tr>
<tr>
<td>Social Services Relief Funding</td>
<td>$3,350,700 in 2020-21 through the Community Homelessness Prevention Initiative (CHPI). This funding is in addition to the Region’s base 2020-21 CHPI allocation.</td>
<td>Support a diverse range of vulnerable people in need in the community, including people living in community housing, supportive housing, people with low incomes, social assistance recipients, or others who require social services support as well as those that are experiencing homelessness during the pandemic.</td>
</tr>
<tr>
<td>Ministry of Health – Local Health Integration Network</td>
<td>$300,000 for Housing &amp; $100,000 for Community Support Services</td>
<td>Funding provided for housing supports / addictions program and for Community Support Services (i.e. Alzheimer programs, supportive living).</td>
</tr>
<tr>
<td>Ministry of Health - Long Term Care</td>
<td>$75,000</td>
<td>Sunnyside Home - Emergency funding to provide resources for screening, staffing relief and personal protective equipment (PPE).</td>
</tr>
<tr>
<td>Ministry of Health - COVID-19 Pandemic Related Spending (Housing)</td>
<td>$30,200</td>
<td>On a one-time basis, unspent 2019-20 MOH funding can be used across the MOH-funded supportive housing portfolio to support expenditures related to COVID-19. Unspent 2019-20 funding can be used for expenditures incurred by the Ministry-funded supportive housing program. 2020-21 Ministry funding for COVID-19 related expenditures can be used to support business continuity and the safe delivery of services.</td>
</tr>
<tr>
<td>Free child care services for front line workers</td>
<td>TBD</td>
<td>The Region is currently coordinating the provision of emergency child care for front line workers including hospital and paramedic services. This includes the opening of two</td>
</tr>
<tr>
<td>Program</td>
<td>Funding Amount</td>
<td>Description of eligible costs</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regionally operated child care centres and home child care. Plans are currently being developed to expand the options to community operators. The Province has verbally committed to funding any costs related to the provision of these services that can not be accommodated within the existing child care budget.</td>
</tr>
<tr>
<td>Discretionary Benefits</td>
<td>$600,000</td>
<td>The provincial government has announced additional discretionary benefits funding for those currently in receipt of social assistance.</td>
</tr>
<tr>
<td>Electricity Rate Relief</td>
<td>Savings of approximately $30,000 - $40,000 over the 45-day period the reduced rates are in effect</td>
<td>The Province is providing relief for families, small businesses and farms paying time-of-use electricity rates, by lowering residential and small-business hydro prices to the off-peak rate for 45 days, effective March 25. This program applies to over 500 Regional electricity accounts, mostly for Paramedic Services stations, water well pumping stations, and housing units.</td>
</tr>
</tbody>
</table>
Appendix B – 2020 Year to Date (YTD) Fuel Prices

Diezel 2020 YTD

Gasoline 2020 YTD
Appendix C – WRPS COVID-19 Financial Impacts

From: Finance Unit
Finance and A: sets Branch
To: The Chair and Members of the Waterloo Regional Police Services Board
Date: April 15, 2020
Subject: COVID-19 – Financial Impacts

Recommendation:

For information only.

Summary:

This report provides the Board with information as to the potential financial impacts to the 2020 Budget, as well as the estimated financial impacts up to March 28, 2020, as a result of the Coronavirus (COVID-19) pandemic to the Waterloo Regional Police Service (WRPS).

Report:

The Finance Unit has been monitoring the potential impact to budget as a result of COVID-19 since its onset. The potential impacts on the 2020 Budget include both pressures as well as savings. The reporting of the cost to respond to COVID-19 will be broken into two components. First, direct costs that will have a direct impact on the Operating or Capital budget. Secondly, we are defining indirect costs as the cost associated with the loss of productivity to the organization, which can result in impacts to the budget. This could include members redeployed to COVID-19 activities and/or members not able to work but being paid. A review is currently underway on all capital projects to determine the impacts to 2020 as well potential mitigation opportunities to respond to the financial impacts of COVID-19. A list of some of the potential impacts to the 2020 Budget are listed below:

* **Staffing** – All non-critical recruitment has been paused as well as part-time shifts in some Units have been reduced due to lower workload volumes which would result in savings from staffing vacancies. There will be indirect costs as a result of staff being redeployed to form an Emergency Operations Centre (EOC) and complete Information Technology work to respond to COVID-19, which would have otherwise been deployed in other areas of the organization thereby impacting productivity. Lastly, there has been further indirect costs for staff that
self-isolated and were not able to work due to either returning from travel from outside Canada, special circumstances and on-duty or off-duty exposure precautions that have continued to be paid.

- **Overtime** – Some overtime has been incurred as a result of members responding to COVID 19 events. However, given calls for service have decreased and staffing on the new shift schedule has improved over 2019 levels, the overall impact to the overtime budget is being assessed. Overtime was also incurred as a result of the lack of notice given as per the collective agreement which requires 48 hours for the cancellation of paid duty shifts (members eligible for a minimum of three hours at time and a half).

- **COVID-19 Supplies** – Personal Protection Equipment (PPE), including hand sanitizer, masks, wipes, gloves and eye protection have needed to be purchased in greater quantities.

- **Facilities** – The majority of Capital projects and smaller renovation projects funded from the Operating budget have been put on hold. The duration of the COVID 19 situation will determine whether the projects can still be completed in 2020. A work from home strategy has been implemented so there is reduced presence in our buildings, which will decrease some building related expenses such as utilities. Given all facilities are now closed to the public, an intercom was installed at the Police Reporting Centre.

- **Information Technology** – Additional equipment and services have been procured to enable a work from home strategy.

- **Fleet** – The elimination of non-essential travel and activities will result in reduced fleet operating expenditures. The ability to get vehicles in from the manufacturer and outfitted will be delayed, which will result in Capital budget carry forward to 2021.

- **Travel and Training** – All training and travel have been cancelled with the full time period unknown, therefore, savings to the budget will be realized.

- **Revenues** – Due to the closure of our facilities, record checks are not available to be picked, with exceptions for essential workers which may result in reduced revenues. Reduce Impaired Driving Everywhere (RIDE) paid duties were cancelled after March 13, therefore $8K of the RIDE grant funding was not able to be utilized. Paid Duties have been cancelled, however, the associated cost to perform paid duties will also be reduced for a net impact of zero.

As of March 28, $443K has been incurred to date in the response to the COVID-19 pandemic. This includes $109K of direct cost which was not budgeted for in 2020 and $334K of indirect costs representing compensation for redeployed members and/or members being paid, but not able to work due to self-isolation requirements. Direct costs are broken into $46K from the Operating budget and $63K from the Capital budget. This includes costs such as Information Technology equipment, software licenses, overtime and PPE supplies. The chart below outlines the various costs that have been realized until March 28.
The Finance Unit will continue to monitor and report the costs associated with the COVID-19 Pandemic. There will be continued review on how this may impact the 2020 Budget position.

Strategic Priorities and/or Operations Plan:

This report supports the Strategic Business Plan goal to proactively plan for long-term organizational growth and its financial requirements, aligned with the objective of responsible spending and accountability.

Financial and/or Risk Implications:

The financial position and the impacts from COVID-19 will continue to be monitored by the Finance Unit throughout 2020.
Attachments:
Nil

Prepared By:  
Kirsten Hand, Director, Finance and Assets Branch
Susan Wilson, Manager, Finance Unit

Approved By:  
Mark Crowell, Deputy Chief Administration and Member Services
Bryan M. Larkin, Chief of Police
Recommendation(s)

THAT Report 20-050(CRS), re: Honorariums and Expenditures of Council Members and Council Appointees for the Year Ended December 31, 2019 be received.

Executive Summary

Purpose

- The purpose of this report is to provide the statement of remuneration and expenses for the preceding year paid to the members of Council and Council appointments to boards and other bodies, in respect of his or her services as a member of Council or any local boards. This is a requirement per The Municipal Act, Section 284(1).

Key Findings

- The Honorariums and Expenditures of Council Members and Council Appointees Report for the City of Cambridge disseminates information to the public on financial activities of the City of Cambridge’s Council Members and to each person appointed to local boards, for the year ended 2019.

Financial Implications

- The expenditures contained in this report are within the approved annual budget for 2019.
Background

The Municipal Act, Section 284(1) requires that the Treasurer submit a statement of remuneration and expenses paid to the members of Council and Council appointments to boards and other bodies, in respect of his or her services as a member of Council or any local boards. The statement must be presented on or before March 31st for remuneration and expenses paid in the previous year. A copy of the itemized statement for the year ended December 31, 2019 is attached.

Analysis

Strategic Alignment

PEOPLE To actively engage, inform and create opportunities for people to participate in community building – making Cambridge a better place to live, work, play and learn for all.

Goal #2 - Governance and Leadership

Objective 2.5  Focus on the responsible management of financial resources, ensuring transparency and accountability.

The Honorariums and Expenditures of Council Members and Council Appointees Report for the City of Cambridge applies to objective 2.5 as it disseminates information to the public on financial activities of the City of Cambridge’s Council Members and to each person appointed to local boards, for the year ended 2019.

Comments

The attached statements list the Honorariums and Expenditures of Council Members and Council Appointees for the Year Ended December 31, 2019.

Existing Policy/By-Law

Remuneration paid to Members of Council during 2019 was authorized by By-Law number 184-18, and By-Law 186-18 authorizes participation in the OMERS pension plan for members of Council. Policy CFO130.080 allows for members of Council to attend up to two conferences per year.

Financial Impact

As per Policy CFO130.080, Council may attend up to two conferences per year. Council is also given a yearly $2,200 expense allowance for which receipts must be submitted. The expenditures contained in this report are within the 2019 corporate annual budget. Council also appoints members to other committees. No remuneration or expenses have been identified for these appointed roles in 2019.
Public Input

Posted publicly as part of the report process.

Internal/External Consultation

Individual members of Council were given an opportunity to review their specific expenditures and report any errors and/or omissions to the Financial Services Division prior to inclusion in this report to Council.

Conclusion

The Statement of Honorariums and Expenditures of Council Members and Council Appointees for the year 2019 is presented, which meets the requirements of the Municipal Act, 2001, Section 284(1).

Signature

Division Approval

Reviewed by Legal Services

Name: Sheryl Ayres
Title: Chief Financial Officer

Departmental Approval

Name: Dave Bush
Title: Deputy City Manager, Corporate Services

City Manager Approval

Name: David Calder
Title: City Manager
Attachments

- Statement of Honorariums and Expenditures of Council Members and Council Appointees
INDEX

Honorariums & Expenditures of Council Members and Council Appointees 1
Expenditures of Library Board of Trustees and Hydro Board of Directors 2
Individual Councillor Honorariums & Expenditures

Mayor McGarry 3
Shannon Adshade 4
Mike Devine 5
Nicholas Ermeta 6
Jan Liggett 7
Mike Mann 8
Frank Monteiro 9
Donna Reid 10
Pam Wolf 11
The Corporation of the City of Cambridge

Honorariums and Expenditures of Council Members and Council Appointees

For the Period Ended December 31, 2019

<table>
<thead>
<tr>
<th>Members of Council</th>
<th>Honorarium</th>
<th>Conferences, Seminars</th>
<th>Miscellaneous &amp; Allowance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor Kathryn McGarry</td>
<td>$102,814</td>
<td>$8,481</td>
<td>$31,353</td>
<td>$142,648</td>
</tr>
<tr>
<td>Shannon Adshade</td>
<td>41,737</td>
<td>2,818</td>
<td>11,464</td>
<td>56,019</td>
</tr>
<tr>
<td>Mike Devine</td>
<td>41,737</td>
<td>5,191</td>
<td>14,898</td>
<td>61,826</td>
</tr>
<tr>
<td>Nicholas Ermeta</td>
<td>41,737</td>
<td>4,880</td>
<td>11,857</td>
<td>58,474</td>
</tr>
<tr>
<td>Jan Liggett</td>
<td>41,737</td>
<td>2,566</td>
<td>19,634</td>
<td>63,937</td>
</tr>
<tr>
<td>Mike Mann</td>
<td>41,737</td>
<td>-</td>
<td>7,246</td>
<td>48,983</td>
</tr>
<tr>
<td>Frank Monteiro</td>
<td>33,694</td>
<td>2,163</td>
<td>8,767</td>
<td>44,624</td>
</tr>
<tr>
<td>Donna Reid</td>
<td>41,737</td>
<td>4,634</td>
<td>3,005</td>
<td>49,376</td>
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<tr>
<td>Pam Wolf</td>
<td>41,737</td>
<td>4,665</td>
<td>12,511</td>
<td>58,913</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$428,667</strong></td>
<td><strong>$35,398</strong></td>
<td><strong>$120,735</strong></td>
<td><strong>$584,800</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Council Appointees</th>
<th>Honorarium</th>
<th>Conferences, Seminars</th>
<th>Miscellaneous &amp; Allowance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee of Adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catherine Thompson</td>
<td>$700</td>
<td>-</td>
<td>-</td>
<td>$700</td>
</tr>
<tr>
<td>Sandi Nicholls</td>
<td>800</td>
<td>-</td>
<td>-</td>
<td>800</td>
</tr>
<tr>
<td>Donald Drackley</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>600</td>
</tr>
<tr>
<td>Danette Dalton</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>600</td>
</tr>
<tr>
<td>Gerald Menezes</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>600</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$3,300</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>$3,300</strong></td>
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<table>
<thead>
<tr>
<th>Property Standards Appeal Committee</th>
<th>Honorarium</th>
<th>Conferences, Seminars</th>
<th>Miscellaneous &amp; Allowance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Burgher</td>
<td>$250</td>
<td>-</td>
<td>-</td>
<td>$250</td>
</tr>
<tr>
<td>Colene Allen</td>
<td>250</td>
<td>-</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Gary Price</td>
<td>400</td>
<td>-</td>
<td>-</td>
<td>400</td>
</tr>
<tr>
<td>Robert Metras</td>
<td>300</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$1,200</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>$1,200</strong></td>
</tr>
</tbody>
</table>

| **Total Expenditures** | **$433,167** | **$35,398** | **$120,735** | **$588,100** |
The Corporation of the City of Cambridge

Expenditures of Library Board of Trustees and Hydro Board of Directors

For the Period Ended December 31, 2019

<table>
<thead>
<tr>
<th>Members of Library Board of Trustees</th>
<th>Honorarium</th>
<th>Conferences, Conventions &amp; Seminars</th>
<th>Miscellaneous &amp; Allowance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Price</td>
<td>$ -</td>
<td>$ 346</td>
<td>$ -</td>
<td>$ 346</td>
</tr>
<tr>
<td>Thomas Sandor</td>
<td>-</td>
<td>75</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td>Gordon McSevney</td>
<td>-</td>
<td>27</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Karen Wedekind</td>
<td>-</td>
<td>25</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Robert Oswald</td>
<td>-</td>
<td>27</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Pam Wolf</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 500</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 500</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hydro Board of Directors</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kathryn McGarry</td>
<td>$ 15,300</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 15,300</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$ 15,300</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 15,300</strong></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$ 15,300</strong></td>
<td><strong>$ 500</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 15,800</strong></td>
</tr>
</tbody>
</table>
The Corporation of the City of Cambridge
Honorariums and Expenditures of Council Members and Council Appointees
For the Period Ended December 31, 2019

Mayor Kathryn McGarry

Honorarium $ 102,814

Conferences, Conventions & Seminars

<table>
<thead>
<tr>
<th>Event</th>
<th>Location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCM Annual Conference - May 30 - June 2, 2019</td>
<td>Quebec City, QC</td>
<td>$2,314</td>
</tr>
<tr>
<td>AMO Annual Conference - August 18 - 21, 2019</td>
<td>Ottawa, ON</td>
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Total Conferences, Conventions & Seminars $8,481

Councillor's Allowance

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Total Councillor's Allowance $3,274

Miscellaneous

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Total Miscellaneous $28,079

Total $142,648
### Councillor Shannon Adshade

<table>
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</thead>
</table>

#### Conferences, Conventions & Seminars

- **AMO Annual Conference - August 18 - 21, 2019**
  - Ottawa, ON
  - $ 2,818

**Total Conferences, Conventions & Seminars**
- $ 2,818

#### Councillor's Allowance

- **Office Equipment**
  - 
- **Promotion and Meals**
  - $ 386

**Total Councillor's Allowance**
- $ 386

#### Miscellaneous

- **OMERS Pension Plan**
  - $ 3,765
- **Canada Pension Plan**
  - 1,963
- **Benefits**
  - 3,905
- **Cell Phone/Data Usage**
  - 485
- **Home Internet Service**
  - 960

**Total Miscellaneous**
- $ 11,078

**Total**
- $ 56,019
The Corporation of the City of Cambridge  
Honorariums and Expenditures of Council Members and Council Appointees  
For the Period Ended December 31, 2019

Councillor Mike Devine

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<tr>
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<tr>
<td>Conferences, Conventions &amp; Seminars</td>
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The Corporation of the City of Cambridge  
Honorariums and Expenditures of Council Members and Council Appointees  
For the Period Ended December 31, 2019

### Councillor Nicholas Ermeta

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<tr>
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# Councillor Jan Liggett

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The Corporation of the City of Cambridge  
Honorariums and Expenditures of Council Members and Council Appointees  
For the Period Ended December 31, 2019

Councillor Mike Mann

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<td><strong>Total Conferences, Conventions &amp; Seminars</strong></td>
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<tr>
<td>Councillor's Allowance</td>
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Councillor Frank Monteiro

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Councillor Donna Reid

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The Corporation of the City of Cambridge  
Honorariums and Expenditures of Council Members and Council Appointees 
For the Period Ended December 31, 2019

Councillor Pam Wolf

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<tr>
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<tr>
<td><strong>Conferences, Conventions &amp; Seminars</strong></td>
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<td>Promotion and Meals</td>
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To: COUNCIL

Meeting Date: 05/07/20

Subject: Charitable Funding Flow-Through to Non-Charities

Submitted By: Sheryl Ayres, Chief Financial Officer

Prepared By: Katie Fischer, Deputy Treasurer

Report No.: 20-022(CRS)

File No.: C1101

Recommendation(s)

THAT report 20-022(CRS) re: Charitable Funding Flow-Through to Non-Charities be received for information.

Executive Summary

Purpose

- Staff recently undertook a review of funding flow-through arrangements to determine the legal requirements surrounding the practice and ensure compliance with legislation such as the Income Tax Act. This review included external legal advice from a lawyer specializing in charities law.

- This report presents these findings and necessary changes to Council, for information.

Key Findings

- The City has a long-standing practice of flowing charitable funds through to local non-charities:
  - Grant funding from Cambridge & North Dumfries Community Foundation to non-charities;
  - Donations to trust funds held by the City but controlled by third parties; and;
  - Art Attic proceeds (derived from the donation and sale of artworks) contributed to the Cambridge Arts Guild.
The funding flow-through arrangements were not uncommon for Canadian municipalities in the past.

In recent years the CRA clarified its position and followed with changes to the Income Tax Act. A municipality may accept charitable funding for a non-charity only if the non-charity operates under the municipality’s authority and the municipality retains direction and control over how the funds are to be spent.

Essentially, under the Income Tax Act and CRA guidance, charitable funding must always be used for charitable purposes and the City has an obligation to ensure this is the case when accepting charitable donations.

As such, the City must be very careful not to act as a conduit to funnel charitable money to a non-charitable organization and will cease immediately its funding flow-through arrangements.

Financial Implications

There is no financial impact to the City by ceasing to act as a conduit in flowing charitable funds through to non-charities. There will be minor time savings from the administration of the transfers.

Failure to comply with legislation could result in the revocation of the City’s qualified donee status (ability to accept charitable donations and issue charitable donation receipts), as well as potential fines and penalties for knowingly violating the law. Loss of this ability to issue donation receipts would likely result in less donations to the City’s operations in the future. Past donations have included cash contributions (i.e. donation of $56,000 towards Preston Cemetery Improvements) as well as in-kind donations (i.e. donation of a vehicle for the Fire division from Toyota).

Background

The City of Cambridge has a long-standing practice of flowing charitable funds through to local non-charities. Namely this has occurred in three areas as per below. Staff recently undertook a review of this funding flow-through to determine the legal requirements surrounding the practice and ensure compliance with legislation such as the Income Tax Act.

Cambridge & North Dumfries Community Foundation

The Cambridge & North Dumfries Community Foundation (“CNDCF”) is a registered charitable organization, which means it can only provide grant funding to other charitable organizations. Many local non-profit organizations not registered as charities (referred to as “non-charities”) wanted access to these charitable funds which the
CNDCF could not directly provide. As such, they sought an arrangement for the City to accept the charitable funding and then subsequently grant it to them. This was historically acceptable due to a loophole in the Income Tax Act that allowed municipalities to receive charitable funding but grant to any non-profit organization, whether they be registered as a charity or not.

**Trust Funds**

The City currently administers 30 trust funds, of which 7 are controlled by non-charitable third parties and state in their terms of reference that the City would issue charitable tax receipts for donations. Refer to Schedule A for a listing of the impacted trust funds. Under this process, the City would have issued donation receipts for funds deposited into these trust funds, and then the control of how those charitable funds are used would reside with a third party which is not a charitable organization.

**Art Attic**

The Art Attic Silent Auction is an annual fundraising event sponsored by the Arts Guild. Individuals and organizations who donate art to the event receive a charitable donation receipt from the City of Cambridge. Proceeds of the event are deposited initially through the City’s bank account. However, the proceeds are subsequently transferred to the Cambridge Arts Guild, either to their own third party bank account or to their trust fund controlled by them. As such, the City has no control over how the charitable proceeds are used.

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**Analysis**

**Strategic Alignment**

PEOPLE To actively engage, inform and create opportunities for people to participate in community building – making Cambridge a better place to live, work, play and learn for all.

Goal #2 - Governance and Leadership

Objective 2.5 Focus on the responsible management of financial resources, ensuring transparency and accountability.

Ensuring compliance with the Income Tax Act and CRA requirements is responsible financial management.
Comments

To ensure compliance with legislation, staff sought external legal advice from a lawyer specializing in charities law.

The funding flow-through arrangements as carried out by the City were not uncommon for Canadian municipalities in the past. However, in recent years the CRA has clarified its position, that a municipality could issue a charitable donation receipt for a donation directed to a non-profit organization (a non-charity) only if the municipality retained control over the gift. The municipality could not act merely as a conduit in transferring the funds.

To make this clearer, the Income Tax Act was updated so that a municipality may accept charitable funding for a non-charity only if the non-charity operates under the municipality’s authority and the municipality retains direction and control over how the funds are to be spent.

Essentially, under the Income Tax Act and CRA guidance, charitable funding must always be used for charitable purposes and the City has an obligation to ensure this is the case when accepting charitable donations.

As such, the City must be very careful not to act as a conduit to funnel charitable money to a non-charitable organization and will cease immediately its funding flow-through arrangements.

Failure to comply could result in the revocation of the City’s qualified donee status (ability to accept charitable donations and issue charitable donation receipts), as well as potential fines and penalties for knowingly violating the law. Loss of this ability to issue donation receipts would likely result in less donations to the City’s operations in the future. Past donations have included cash contributions (i.e. donation of $56,000 towards Preston Cemetery Improvements) as well as in-kind donations (i.e. donation of a vehicle for the Fire division from Toyota).

Existing Policy/By-Law

Trust funds held by the City are authorized by Council either through resolution or through by-law 199-95 as amended. There is no policy or by-law associated with the CNDCF funding flow-through or the Art Attic.

Financial Impact

There is no financial impact to the City by ceasing to act as a conduit in flowing charitable funds through to non-charities. There will be minor time savings from the administration of the transfers.
Failure to comply with legislation could result in the revocation of the City’s qualified donee status (ability to accept charitable donations and issue charitable donation receipts), as well as potential fines and penalties for knowingly violating the law. Loss of this ability to issue donation receipts would likely result in less donations to the City’s operations in the future. Past donations have included cash contributions (i.e. donation of $56,000 towards Preston Cemetery Improvements) as well as in-kind donations (i.e. donation of a vehicle for the Fire division from Toyota).

**Public Input**

N/A

**Internal/External Consultation**

The City’s internal legal team was consulted on the CRA rules surrounding funding flow-through. Additionally, to ensure compliance with legislation, external legal advice was obtained from a lawyer specializing in charities law.

Staff have reached out to each of the impacted organizations to explain the changing circumstances and work together to minimize any impact. Generally through these meetings and correspondence, the organizations have noted while the changes are not desired, they have understood the requirement for the changes. Staff continue to work with the Cambridge Arts Guild on refining the structure of the Art Attic fundraising event, to meet the CRA rules as well as provide continued support for the fundraising initiative.

Staff from Parks, Recreation and Culture were engaged throughout the review process, and played an important role through the liaison with the impacted organizations.

**Conclusion**

Following a review of the City’s charitable funding flow-through practice, including seeking legal advice from an external lawyer specializing in charities law, it has been determined that changes made to the Income Tax Act prevent the City from funneling charitable funds to non-charities. Failure to comply may result in the loss of the City’s qualified donee status (ability to accept charitable donations and issue charitable donation receipts) and potential fines and penalties for knowingly violating the law. As such, the City will cease immediately the practice of flowing charitable funds through to non-charities.
Name: Sheryl Ayres
Title: Chief Financial Officer

Name: Dave Bush
Title: Deputy City Manager, Corporate Services

Name: David Calder
Title: City Manager

Attachments

- Schedule A: Impacted Trust Funds Held by the City of Cambridge
### Schedule A: Impacted Trust Funds Held by the City of Cambridge

<table>
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<th>Trust Fund Name</th>
<th>Distribution of Trust Fund Controlled By</th>
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<tr>
<td>Allan Reuter Centre</td>
<td>Allan Reuter Operating Board</td>
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<tr>
<td>Cambridge Rowing Club</td>
<td>Board of Directors of the Cambridge Rowing Club</td>
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<tr>
<td>David Durward Centre</td>
<td>David Durward Operating Board</td>
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<tr>
<td>G.E. (Ted) Wake Lounge Seniors Fund</td>
<td>Ted Wake Lounge Operating Board</td>
</tr>
<tr>
<td>Arts Guild Improvement</td>
<td>Cambridge Arts Guild</td>
</tr>
<tr>
<td>Cambridge Arts Guild</td>
<td>Cambridge Arts Guild</td>
</tr>
</tbody>
</table>
Recommendation(s)

THAT report 20-052(CRS) Development Charges Statement for the Year Ended December 31, 2019, be received as information.

Executive Summary

Purpose

- In 2019, the City enacted an updated development charges by-law. Section 43 of the Development Charge Act, 1997, S.O. 1997, c. 27, as amended requires the Treasurer to provide Council a financial statement relating to development charge by-laws and reserve funds. Section 17.2 of the City’s development charges by-law 19-094 requires this statement to be provided to Council by April 30 of the following year.

Key Findings

- The Development Charge Statement provides detailed information related to opening and closing balances of the City’s development charge reserve funds and of the transactions related to the funds. Revenues include contributions received, funds returned from completed capital projects, as well as other revenue received and interest income earned. The expenditures include contributions to capital projects, contributions to operating, and other expenditures.
The statements also provide the required details on all assets whose capital costs were funded under a development charge by-law during the year. For these assets, information is included on other sources of financing and amounts spent on the project.

**Financial Implications**

- The City’s development charge reserve funds at the end of 2019 have an overall funded position of $15,424,800, an increase from the opening balance of $2,137,974.

**Background**

**The Development Charges Act**

The *Development Charges Act 1997, S.O. 1997, c. 27, as amended*, Section 43(1) requires the treasurer of the municipality to provide City Council with an annual financial statement relating to development charge reserve funds, as set out in By-law19-094.

The *Development Charges Act* also requires that the statement be made available to the public and the Treasurer is to give a copy of the statement to the Minister of Municipal Affairs and Housing on request.

**The Development Charges Statement**

The City’s financial system tracks the activity for each development charge reserve fund. Revenue and expenditure transactions are recorded by reserve fund, providing the details for the Development Charge Statement attached.

**Analysis**

**Strategic Alignment**

PEOPLE To actively engage, inform and create opportunities for people to participate in community building – making Cambridge a better place to live, work, play and learn for all.

Goal #2 - Governance and Leadership

Objective 2.5  Focus on the responsible management of financial resources, ensuring transparency and accountability.

The Development Charges Statement for the City of Cambridge applies to objective 2.5 as it disseminates information to the public on the financial activities of the City of Cambridge’s development charges reserve funds for the year 2019.
Analysis:

The following summarizes the activities of the development charges reserve funds for the year 2019:

**Revenues:** $23,219,393 in revenue was allocated to development charge reserve funds, which includes $11,976,275 collected in development charges and $11,205,812 unused funding returned from capital projects. The majority of this unused funding resulted from the revisions to the Recreation Complex projects as laid out in report 19-241(CRE) Recreation Complex – Site Preparation and Servicing, approved by Budget and Audit Committee on September 12, 2019. Additionally, there was net interest earned of $37,306.

Development charges are fees that are paid by new development to fund new infrastructure and services constructed throughout the City. In order to promote certain development, some properties are exempt from development charges, such as the exemption for core area development. During these instances the city funds these exemptions by transferring operational funds to the development charge reserve funds. In 2019 the waived development charges totalled $5,624,408 which represents 47% of the total revenue collected from development charges.

**Expenditures:** $9,933,567 in contributions from the development charge reserve funds, which includes $9,731,567 of contributions to fund capital projects during the year and an additional $202,000 was provided to offset related operating expenditures.

**Year End Balance:** The net balance of the development charge reserve funds at December 31, 2019 is $15,423,800, an increase from the opening balance of $2,137,974.

**Positive Reserve Fund Balances:**

The development charge reserve funds for stormwater, water, engineering studies, indoor recreation, outdoor recreation, library, public works facilities and fleet, general government, city engineering, and parking have positive fund balances. The following summarizes the major activities of these positive reserve fund balances:

- **Indoor Recreation:** the fund has increased by $11,953,357. This is due to contributions received from development charges of $2,784,313, the return of unused funding totalling $10,800,000 from the revisions to the Recreation Complex capital projects as laid out in report 19-241(CRE) Recreation Complex – Site Preparation and Servicing, approved by Budget and Audit Committee on September 12, 2019, and interest earned.
of $33,244, offset by contributions to capital and operating funds of $1,632,200 and $32,000 respectively.

- **Outdoor Recreation**: the fund has increased by $1,065,122. This is due to contributions to capital funds of $17,501 and contributions to operating funds of $10,000, offset by contributions received of $1,073,731 and interest earned of $18,892.

- **Stormwater**: the fund has increased by $685,085. This is due to contributions received from development charges of $919,384, interest earned of $12,541 offset by contributions to capital fund of $206,840 and contributions to revenue fund of $40,000.

- **City Engineering**: the City Engineering fund was intended, under the 2014 Development Charges By-law which was repealed in 2019, to support bikeways in the City. Through the Development Charges Background Study and updated Development Charges By-law 19-94 approved in 2019, this fund was consolidated into the Roadways fund. This allows Roadways to incorporate all aspects of transportation, including active transportation. As such, the balance remaining in the City Engineering fund following approval of the updated By-Law was transferred into the Roadways fund, in the amount of $666,261. This is reflected in the attached statements as “Other Transfers”.

**Negative Reserve Fund Balances**:  
The development charge reserve funds for wastewater, roadways, and fire services have negative fund balances. The following summarizes the major activities of these negative reserve fund balances:

- **Wastewater**: the fund has improved by $563,117. This is due to contributions received from development charges and interest earned totaling $2,148,927, offset in part by contributions to the capital fund totaling $1,545,810 and to the operating fund of $40,000. Of the amount contributed to the capital fund, $1,200,000 was contributed to A/00433-40 East Side Lands Stage 1 Interim Pumping Station.

- **Roadways**: the fund has decreased by $1,201,501. This is due to contributions to capital and operating funds of $4,315,571 offset by contributions received totalling $3,114,070. The main contributions to capital projects include $1,116,000 to A/00431-30 East Side EW and NS Collector Roads Design and $1,166,700 to A/00666-10 Land Acquisition.

- **Fire Services**: the fund has decreased by $127,199. This is due to contributions to capital fund totaling $210,285 offset by contributions received of $83,086. The main contributions to capital projects include $210,000 to A/00196-40 Station 6 Construction.
Development charge reserve funds can experience an overdrawn position due to the timing of the emplacement of infrastructure ahead of complete funding being available. This overdrawn position is recovered through future funds to be received from developers.

To ensure an overall positive balance and sufficient cash flow on the development charges reserve funds as a whole, in 2019 Council approved the debt financing of certain North Cambridge development projects. These projects are necessary to support the development of these employment growth lands, but required significant amounts of development charge funding not available in the associated development charge reserve funds (roads, water, and sanitary sewers). In total, $19,499,000 of growth-funded debt is to be issued, as per report 19-266(CRS) North Cambridge Development Projects Financing approved by Council on October 15, 2019. This debt financing is as follows:

- $2,692,000 for A/00431-40 East Side EW Collector Road (NS Collector to Municipal Boundary)
- $14,029,000 for A/00432-40 East Side NS Collector (Allendale Rd to EW Collector)
- $2,778,000 for A/00433-40 East Side Lands Stage 1 Interim Pumping Station

The principal and interest payments on this debt will be funded through development charge revenues collected in the future as the development planned for in the Development Charges Background Study takes place. Should growth and intensification not hit the targets identified in the Development Charges Background Study, this may have an impact to tax and water/sewer rates in order to fund the required debt payments as they become due.

As required by the Development Charges Act, the City of Cambridge has not imposed directly or indirectly, a charge related to a development or requirement to construct a service related to development, except as permitted by the Development Charges Act or another Act.

**Existing Policy/By-Law**

The City enacted by-law 19-94 for development charges in 2019 and is required by the Development Charges Act to report annually on the balances and transactions of the development charge reserve funds.

The annual activity disclosed in the Development Charge Statement, is in compliance with the existing development charge by-law.
Financial Impact

The Development Charge Statement provides detailed information related to opening and closing balances of the City’s development charge reserve funds and of the transactions related to the funds. The statements also provide the required details on all assets whose capital costs were funded under a development charge by-law during the year. For these assets, information is included on other sources of financing and amounts spent on the project.

The development charge reserve funds for stormwater, water, engineering studies, indoor recreation, outdoor recreation, library, public works facilities and fleet, general government, and parking have positive fund balances.

The development charge reserve funds for wastewater, roadways, and fire services have negative fund balances.

Public Input

Posted publicly as part of the report process.

Internal/External Consultation

City departments provided input on the establishment of the development charge by-law and external consultation was obtained from the development industry at the time of the development charge background study.

Conclusion

The Development Charge Statement for the year 2019 is presented, which meets the requirements of the Development Charges Act 1997, Section 43. The annual Development Charge report will be made available to the public.

Signature

Division Approval

Reviewed by Legal Services

Name: Sheryl Ayres
Title: Chief Financial Officer

Departmental Approval
Name: Dave Bush  
Title: Deputy City Manager, Corporate Services

City Manager Approval

Name: David Calder  
Title: City Manager

Attachments

Appendix A – Development Charges Statement
## Development Charges Statement

### For the Year Ended December 31, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance January 1 2019</th>
<th>Contributions Received Development Charges</th>
<th>Return Excess Funding from Capital Projects</th>
<th>Interest</th>
<th>Contributions to Capital Fund</th>
<th>Contributions to Revenue Fund</th>
<th>Other Transfers</th>
<th>Balance December 31 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater</td>
<td>($6,997,652)</td>
<td>$2,223,865</td>
<td>Schedule (A)</td>
<td>($74,938)</td>
<td>$1,545,810</td>
<td>$40,000</td>
<td>$0</td>
<td>($6,434,535)</td>
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<td>Stormwater</td>
<td>1,333,815</td>
<td>919,384</td>
<td>-</td>
<td>12,541</td>
<td>206,840</td>
<td>40,000</td>
<td>-</td>
<td>2,018,900</td>
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<td>Water</td>
<td>2,602,593</td>
<td>476,042</td>
<td>-</td>
<td>26,808</td>
<td>193,560</td>
<td>40,000</td>
<td>-</td>
<td>2,871,883</td>
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<tr>
<td>Roadways</td>
<td>302,138</td>
<td>2,071,700</td>
<td>394,171</td>
<td>(18,062)</td>
<td>4,275,571</td>
<td>40,000</td>
<td>666,261</td>
<td>(899,363)</td>
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<tr>
<td>Engineering Studies</td>
<td>1,265,845</td>
<td>240,913</td>
<td>11,384</td>
<td>11,886</td>
<td>564,400</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Sub-total</strong></td>
<td>(1,493,261)</td>
<td>5,931,904</td>
<td>405,555</td>
<td>(41,765)</td>
<td>6,786,181</td>
<td>160,000</td>
<td>666,261</td>
<td>(1,477,487)</td>
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<tr>
<td>Indoor Recreation</td>
<td>(650,488)</td>
<td>2,784,313</td>
<td>10,800,000</td>
<td>33,244</td>
<td>1,632,200</td>
<td>32,000</td>
<td>-</td>
<td>11,302,869</td>
</tr>
<tr>
<td>Outdoor Recreation</td>
<td>1,835,947</td>
<td>1,073,731</td>
<td>-</td>
<td>18,892</td>
<td>17,501</td>
<td>10,000</td>
<td>-</td>
<td>2,901,069</td>
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<tr>
<td>Fire Services</td>
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<td>88,933</td>
<td>257</td>
<td>(6,104)</td>
<td>210,285</td>
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<td>-</td>
<td>(604,007)</td>
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<tr>
<td>Library</td>
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<td>25,044</td>
<td>290,700</td>
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<td>923,869</td>
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<td>(4,721)</td>
<td>511,900</td>
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<td>Government Studies</td>
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<td>54,947</td>
<td>-</td>
<td>2,523</td>
<td>-</td>
<td>-</td>
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<td>293,653</td>
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<tr>
<td>City Engineering</td>
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<td>282,800</td>
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<tr>
<td>Parking</td>
<td>-</td>
<td>61,639</td>
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<td>353</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61,992</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,137,974</strong></td>
<td><strong>$ 11,976,275</strong></td>
<td><strong>$ 11,205,812</strong></td>
<td><strong>$ 37,306</strong></td>
<td><strong>$ 9,731,567</strong></td>
<td><strong>$ 202,000</strong></td>
<td><strong>-</strong></td>
<td><strong>$ 15,423,800</strong></td>
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</tbody>
</table>
### Schedule A

#### Excess Funds Returned to Development Charges Reserve Funds

<table>
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<tr>
<th>Project Code</th>
<th>Name of Capital Project</th>
<th>Total</th>
<th>Wastewater</th>
<th>Stormwater</th>
<th>Water</th>
<th>Roadways</th>
<th>Engineering Studies</th>
<th>Indoor Recreation</th>
<th>Outdoor Recreation</th>
<th>Fire Services</th>
<th>Library</th>
<th>Public Works</th>
<th>Facilities &amp; Fleet</th>
<th>Engineering Reserves</th>
<th>City Engineering</th>
<th>Total Funding from Reserves</th>
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<tbody>
<tr>
<td>A/00066-40</td>
<td>Regional Project-1618 Franklin Blvd</td>
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</tr>
<tr>
<td></td>
<td>Balance December 31, 2018</td>
<td>(1,040,612)</td>
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<td></td>
<td>(1,040,612)</td>
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<tr>
<td></td>
<td>Activities during current year</td>
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<td></td>
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<td></td>
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<td>646,441</td>
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<tr>
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<td>Balance December 31, 2019</td>
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<td>394,171</td>
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<td>646,441</td>
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<tr>
<td></td>
<td>Balance December 31, 2018</td>
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<td>(5,519,059)</td>
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<td>Activities during current year</td>
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<td>(4,269,471)</td>
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<tr>
<td>A/00156-30</td>
<td>Multiplex-Site Prep &amp; Design</td>
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<td>(6,999,160)</td>
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<td>A/00198-10</td>
<td>Station 6 Bunker Gear</td>
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<tr>
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<td>Balance December 31, 2018</td>
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<td>(257)</td>
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<tr>
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<td>Activities during current year</td>
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<tr>
<td></td>
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<td>11,384</td>
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<td>(10,069)</td>
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<td>257</td>
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<td>(10,069)</td>
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</table>

**Total funds returned to Development Charges**

<table>
<thead>
<tr>
<th></th>
<th>Wastewater</th>
<th>Stormwater</th>
<th>Water</th>
<th>Roadways</th>
<th>Engineering Studies</th>
<th>Indoor Recreation</th>
<th>Outdoor Recreation</th>
<th>Fire Services</th>
<th>Library</th>
<th>Public Works</th>
<th>Facilities &amp; Fleet</th>
<th>Engineering Reserves</th>
<th>City Engineering</th>
<th>Other Funding from Reserves</th>
<th>Balance December 31</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>394,171</td>
<td>11,384</td>
<td>10,800,000</td>
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<td>257</td>
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### Schedule B

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## Schedule B

### Contribution from Development Charges

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### Schedule B

#### Contribution from Development Charges

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A/00867-10  Library Materials

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Total Contributions from Development Charges

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April 20, 2020

Municipal Finance Policy Branch
Ministry of Municipal Affairs and Housing
Attn: John Ballantine, Manager
13th Floor, 777 Bay St.
Toronto, ON M5G 2E5

Re: ERO Number 019-1406 – Proposed regulatory matters pertaining to community benefits authority under the Planning Act, the Development Charges Act, and the Building Code Act

The City of Cambridge staff is providing this submission in response to the consultation document number 019-1406 posted for comment by the Ministry of Municipal Affairs and Housing. We are generally supportive of the comments provided by the Municipal Finance Officers' Association (MFOA), our consultants Watson & Associates, and our upper-tier municipality, the Region of Waterloo.

In particular, the City's main areas of feedback associated with the proposed regulations are as follows:

- Eligible D.C. services: The City wishes to acknowledge and commend the Province for heeding the feedback from the earlier solicitations regarding the inclusion of Parks Development, Recreation, and Public Libraries as D.C. eligible services and removing the previous mandatory 10% deduction on these services.

- Two frameworks: The creation of a new community benefits charge framework in addition to the development charges framework would lead to additional administrative costs for municipalities as well as the potential for increased confusion and less predictability for developers who would now have to monitor
and estimate their costs under two very different frameworks. This is counter to the Province’s objective of more predictability for developers. The City recommends incorporating the eligible services from the community benefits charge into the D.C. framework.

- Timing of transition: With the number of municipalities in the province requiring services from a limited number of consultants, as well as the desire to align the community benefits charge study with the development charges background study for effective growth planning, the proposed one-year transition period is not sufficient. The City is recommending a transition period of the later of 2 years or expiry of the development charges by-law. This also provides time for municipalities to prepare their administrative processes and address staffing needs required for a completely new framework.

- Two tier municipalities: There remain a number of questions associated with how the community benefits charge framework would be administered and the funding collected, particularly if one tier opts in and the other does not.

- Growth studies: Studies remain an eligible cost under the definition of capital in the D.C. Act, however with a limiting listing of eligible services that excludes studies it remains unclear if general growth studies (i.e. Official Plan) would continue to be D.C. eligible. If these types of studies must be attributed to each individual service as well as the community benefits charge, this may become confusing and administratively burdensome. If they are now excluded from any D.C. funding, this would shift further costs to the taxpayers should a municipality not opt into a community benefits charge (i.e. in order to preserve existing parkland dedication through section 42 of the Planning Act) or if the community benefits charge exceeded the proposed cap.

- Maximum rates: There is concern that the proposed maximum rates are not high enough for revenue neutrality for municipalities, particularly in brownfield and higher density developments. Additionally, should different rates be applied for residential and non-residential, the residential rate would most likely exceed the maximum allowable percentage. This is counter to the Province’s objective of revenue neutrality for municipalities. Further, questions remain outstanding regarding how the community benefits charge will be applied in cases of redevelopment.

- Parkland acquisition vs dedication: Under the current Planning Act, the majority of the City’s parkland is acquired through dedication. There is concern that with the change to the community benefits charge regime, this will lead to increased
costs for developers generally. Parkland acquisition in new developments will need to be negotiated on a case by case basis with each developer; if developers are not willing to provide sufficient parkland to meet the City’s master plan and growth needs, parkland may need expropriated facing even higher costs.

Thank you for the opportunity to comment.

Regards,

Sheryl Ayres
Chief Financial Officer

Attachments:
Appendix A – Submission by MFOA
Appendix B – Submission by Watson & Associates
Appendix C – Submission by the Region of Waterloo
ERO # 019-1406 Proposed regulatory matters pertaining to community benefits authority under the Planning Act, the Development Charges Act, and the Building Code Act

Submission to the Ministry of Municipal Affairs and Housing
March 30, 2020
Contents
1. Executive summary ............................................................................................................ 3
2. Summary of recommendations .......................................................................................... 3
3. Introduction ........................................................................................................................ 5
4. About MFOA ...................................................................................................................... 6
5. Guiding principles .............................................................................................................. 6
6. Proposed regulatory matters pertaining to community benefits authority under the Planning Act, the Development Charges Act, and the Building Code Act .......................................................... 7
   a. Required content of a community benefits strategy ...................................................... 7
   b. Services eligible to be funded through development charges ......................................... 8
   c. Percentage of land value for determining a maximum community benefits charge ........ 12
   d. Timeline to transition to the new community benefits charge regime ......................... 15
   e. Community benefits charge by-law notice ..................................................................... 15
   f. Minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed ........................................................................................................... 16
   g. Building code applicable law ........................................................................................ 16
1. Executive summary

MFOA agrees with the Housing Supply Action Plan’s declaration that “Ontario needs more housing, and we need it now."\(^1\) Housing affordability is a serious underlying challenge in the Province and our members commend the government for trying to address one of the most pressing as well as complicated issues facing Ontarians today.

Despite this urgency, the Association’s message since the introduction of the *More Homes, More Choice Act, 2019* (MHMCA) has been one of caution. The potential for unintended consequences, such as creating have and have-not communities and slowing down development, are too high to rush through changes to the legislative and regulatory system. It does appear that the Province has been listening.

Even with the proposed amendments in the latest ERO posting, however, there is still work to do to mitigate the potential negative consequences of the changes introduced by the MHMCA. Much of this work is the result of the diversity of the municipal sector. Issues are also created by the limitations of the existing cost recovery regimes for growth-related capital costs. The Province currently has an opportunity to make meaningful changes, but municipalities need time to test the proposed community benefits charge caps to ensure they are workable, fair, and allow for the recovery of growth-related infrastructure costs. Municipalities also need support to understand proposed changes to legislation and to adapt existing systems strategically.

2. Summary of recommendations

The following summarizes MFOA’s recommendations for the DCA, *Planning Act* (PA), and supporting regulations. These recommendations are guided by three main principles, that: (1) growth should pay for growth on a place-by-place basis; (2) complete, vibrant communities are good for everyone, and (3) provincial legislation related to municipal governance should be enabling and permissive.

**Recommendations for legislation:**

- **Repeal MHMCA amendments to ss 2(4) of the DCA, which have yet to come into force, such that all services are eligible for inclusion in the development charge calculation so long as they are not expressly excluded by regulation.**

- **If MHMCA amendments to ss 2(4) of the DCA, which have yet to come into force, are not repealed, MFOA supports identifying the following services in regulation under ss 2(4) of the DCA: public libraries, including library materials for circulation, reference or information purposes; long-term care; parks development, such as playgrounds, splash pads, equipment and other park amenities (but not the**

acquisition of land for parks); public health; and recreation, such as community recreation centres and arenas.

- MFOA believes that there should be no discounted services. MFOA supports the elimination of the 10% discount on all services in the DCA.

- Should MHMCA amendments to ss 2(4) of the DCA, which have yet to come into force, not be repealed, MFOA recommends expanding the list of eligible services to include: child care services, social/subsidized housing, airports, and municipal masterplans.

- MFOA recommends allowing development charges and the community benefits authority to be used together, such that unrecoverable DC growth-related costs (e.g. service level) can be recovered under the community benefits authority.

- Add a subsection under PA s 37 to provide for regular updating of the prescribed maximum amount of community benefits charge: “The Ministry of Municipal Affairs and Housing shall initiate a review of the prescribed maximum amount of community benefits charge before the end of 2024 and thereafter within five years of the end of the previous review.”

- Provide the Minister of Municipal Affairs and Housing with the authority to allow municipalities to exceed the prescribed maximum amount of community benefits charge in select circumstances.

- Add a subsection under PA s 37 to include conveyance such that: “As a condition of development or redevelopment of land, the council of a local municipality may, by by-law applicable to the whole municipality or to any defined area or areas thereof, require that land be conveyed to the municipality for park or other public recreational purposes.”

- Add a subsection authorizing local services in the Planning Act based on subsection 59 (2) of the DCA.

Recommendation for regulation:

- The specified transition date be either the later of 2 years after the date the proposed community benefits charge regulation comes into effect or the date the municipal DC by-law expires.
3. Introduction

“Homelessness and the lack of affordable housing are Ontario-wide problems, and not confined to Toronto.”

MFOA agrees with the Housing Supply Action Plan’s declaration that “Ontario needs more housing, and we need it now.” Housing affordability is a serious underlying challenge in the Province and our members commend the government for trying to address one of the most pressing as well as complicated issues facing Ontarians today.

Despite this urgency, the Association’s message since the introduction of the More Homes, More Choice Act, 2019 (MHMCA) has been one of caution. The potential for unintended consequences, such as creating have and have-not communities and slowing down development, are too high to rush through changes to the legislative and regulatory system. It does appear that the Province has been listening. MFOA members were heartened by the proposed changes to the Community Benefits Charge (CBC) regime introduced in ERO # 019-1406, as well as measures in the Fall Economic Statement that removed commercial and industrial development from being eligible for automatic phased DC payments and allowed municipalities to maintain revenues during the transition to the new regime. Other measures, such as making CBC by-laws appealable and the surprise announcement of changes to the DCA, were not as well received.

Even with the proposed amendments in the latest ERO posting, however, there is still work to do to mitigate the potential negative consequences of the changes introduced by the MHMCA. Much of this work is the result of the diversity of the municipal sector. Recent reports and commentary have showcased how the housing affordability crisis is playing out in different ways across the Province. Municipalities are unique, a concept clearly noted in the newly released Provincial Policy Statement, 2020 (p. 5). They need flexible legislation that allows them to tailor responses to address local circumstances if they are to effectively provide municipal services (protection, transportation, environmental, health, social and family, social housing, recreation and culture, planning and development, among others), as well as support the province’s objectives.

Issues are also created by the limitations of the existing cost recovery regimes for growth-related capital costs. Under the previous DC regime, growth was not fully paying for growth and this fact must be appropriately considered to ensure communities we build

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2 The problem is likely worse today than it was when Hulchanski reported on the issue in Where’s Home? A Picture of Housing Needs in Ontario in 1999.
4 Refer to Moffatt, Mike. (2020). Ontarians on the Move #0 — What Parts of Ontario Are Growing… and Why? And the TVO.org series looking at how Ontario’s affordable-housing crisis is playing out beyond the GTA.
5 RE/MAX. (2019). 2020 CANADIAN HOUSING MARKET OUTLOOK
today are able to thrive in the future. Growth must pay for 100% of growth on a place-by-place basis to support equitable development across Ontario.

The Province currently has an opportunity to make meaningful changes, but municipalities need time and support to understand the proposed changes and adapt existing systems strategically. MFOA thanks the Province for the opportunity to provide comments on the new regulation pertaining to the community benefits authority and accompanying regulatory amendments. We also commend the government on its commitment to meaningfully engage with stakeholders throughout the consultation process.

4. About MFOA

The Municipal Finance Officers’ Association (MFOA) was established in 1989 to represent the interests of municipal finance staff across Ontario. Our membership includes individuals from municipalities who are key advisors to councils on financial affairs and who are responsible for handling the financial activities of municipalities. The municipalities that are members of MFOA account for 99.6% of the population of the province.

MFOA has a keen interest in development charges (DCs) and has a history of advocating on this issue on behalf of the municipal sector. Most recently, MFOA submitted comments on proposed regulatory changes pertaining to the community benefits authority under the Planning Act and to O. Reg. 82/98 under the Development Charges Act, presented at the Standing Committee on Justice Policy about Bill 108, More Homes, More Choice Act, 2019, and submitted a technical response to the Province’s Housing Supply Action Plan, as well as a joint response with the Ontario Regional and Single Tier Treasurers. Each submission highlighted MFOA’s long-standing position that growth should pay for growth. MFOA’s submissions received strong endorsement from our members and from other municipal associations.

5. Guiding principles

The following principles have guided our comments in all of our submissions, including this one:

a) Growth should pay for growth on a place-by-place basis.

Provincial legislation should consistently allow all municipalities to recover the full cost of infrastructure related to growth (i.e. no excluded services, no discounts, and forward-looking service levels rather than 10-year average historic levels). Amendments to the DCA since 1989 have reduced municipalities’ overall ability to recover growth related costs. This means that existing taxpayers must pay the cost of infrastructure for new communities. The mechanisms to permit cost recovery should be efficient, as any accompanying administrative burden can result in slower provision of requisite infrastructure and services, thereby slowing housing development.
b) Complete, vibrant communities are good for everyone.

Complete communities support healthy and active living for residents. They require employment opportunities and a significant array of municipal infrastructure to service residents and businesses. The services needed to support complete communities extend beyond water, wastewater and roads. No community is complete without parks, recreation facilities, rinks and other services that enable residents and businesses to thrive. Revenue is needed to finance growth related costs for a full range of services. If the CBC raises less money than the existing DC regime it will be more difficult to build complete communities in a financially sustainable way, while remaining affordable for residents and business. Further, if existing taxpayers and ratepayers have to cover funds for infrastructure not recovered through DCs and CBCs, this could result in higher property taxes and utility rates for municipalities with new development. It could also create a disincentive for residents to support new housing.

c) Provincial legislation related to municipal governance should be enabling and permissive.

Provincial legislation can be overly prescriptive. Restrictive legislation removes decision making power from local authorities and chips away at local officials’ ability to respond to local concerns.

6. Proposed regulatory matters pertaining to community benefits authority under the Planning Act, the Development Charges Act, and the Building Code Act

The following section presents MFOA’s recommendations for ERO # 019-1406. Our recommendations aim to ensure that municipalities have the right tools to strategically provide infrastructure to support growth on a place-by-place basis. These tools support development and are necessary for the Province’s objective of increasing the housing supply.

   a. Required content of a community benefits strategy

The proposed CBC content outlined in the ERO posting is similar to the process set out in the DCA with a few notable exceptions.

These exceptions, such as the lack of prescription with respect to service levels and definitions of capital costs, provide municipalities with additional flexibility in the development of a CBC strategy. MFOA members appreciate this greater degree of flexibility as forward-looking service levels allow municipalities to recover costs reflective of actual needs rather than historical experience. Despite this opportunity, many municipalities remain concerned that the additional flexibility provided to municipalities will be mostly offset by the imposition of a cap on the CBC payable.
The proposed CBC strategy also takes elements from requirements under s.42 of the Planning Act for parkland acquisition. Previously, not all municipalities availed themselves of s.42 of the Planning Act and as such, may not have prepared parks plans or included parkland acquisition in their capital forecasts for planning purposes. On the other hand, not all municipalities that availed themselves of s.42 may have collected DCs. The result is that all municipalities moving to the new CBC regime will face additional work and the requirement to do a parks plan could delay the implementation of the CBC regime.

This is problematic. In addition to the general issues associated with red tape, MFOA is concerned that the additional administrative burden and quick transition timelines will imperil the ‘soft’ services remaining in the PA. Resource-constraint municipalities may be forced to forgo the CBC given the sheer volume of administrative work required to implement both a CBC strategy and the changes made to the DCA. And all municipalities will need more time to complete new background studies to support both new DC and CBC rates, develop new administration and collection systems, as well as implement processes to deal with appeals of land values. This is especially true now given the added financial pressures and greater uncertainty due to COVID-19.

MFOA continues to support a return to the previous frameworks for the recovery of growth-related capital costs, parkland acquisition, and growth and density bonusing under the DCA and PA, which existed prior to MHMCA receiving Royal Assent.

Should this return not occur, MFOA supports flexibility in the development of a CBC strategy.

b. Services eligible to be funded through development charges

Increasing the number of services eligible to be funded through development charges improves predictability for both municipalities and developers. It also facilitates the strategic emplacement of the range of growth-related infrastructure needed to create complete communities by improving the potential for municipalities to recover their capital costs.

The existing DC regime is one that meticulously identifies the costs that are driven by growth (people, employees) and recovers them (albeit at a reduced rate) over the relevant growth period from the various types of property. There is a link between costs and the anticipated revenues. Furthermore, the DC is updated every 5 years so the link between costs and revenues is reasonably current. Land value is not related to the cost of providing services and by imposing a cap based on land value this means that the CBC may not change over time to reflect project costs.

Given these concerns, MFOA members welcome the proposed amendment to increase services eligible to be funded through DCs and commend the government for listening to municipal concerns and to be willing to adjust course as needed. Our members were also pleased that the 10% discount on ‘soft’ services, required prior to the MHMCA, has been
MFOA supports the return of the proposed services to the DCA for the following reasons:

- **Public libraries:** Public libraries educate, connect, and empower residents, as well as provide a boost to the local economy.\(^7\) Returning public libraries to the DCA allows new residents to also benefit from these community-building services.

- **Long term care:** It is estimated that by 2041, one-quarter of Canada’s population will be over the age of 65.\(^8\) There are currently 49 municipalities in Ontario with seniors’ populations of 30% or more, and with this forecasted demographic shifts, these figures will likely increase.\(^9\) For many municipalities across Ontario, growth will be driven by this segment of the population. Municipalities will be better equipped to provide the services needed by this segment of the population by making long term care an eligible service under the DCA. MFOA members were concerned when ERO #019-0183 proposed exempting long-term care homes from the CBC regime. MFOA commends the government for recognizing the current and future pressure presented by long term care services.

- **Parks development, such as playgrounds, splash pads, equipment and other park amenities (but not the acquisition of land for parks):** Parks provide environmental, social, economic, and health benefits.\(^10\) Their attributes echo the 2020 Provincial Policy Statement’s vision of communities (p. 5): “Strong, liveable and healthy communities promote and enhance human health and social well-being, are economically and environmentally sound, and are resilient to climate change.” Including parks development as an eligible service is aligned with provincial objectives.

- **Public health:** As Benjamin Franklin stated and studies\(^11\) have found, “an ounce of prevention is worth a pound of cure.” In this case, the ‘pound of cure’ relates to the overall cost savings resulting from local investments in public health. Including public health as an eligible service enables municipalities to make strategic investments with positive spillover for the province’s long-term health spending

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\(^7\) “Public libraries deliver a big return on investment – more than $5 in direct, local economic benefits for every $1 invested. (…) But many public library budgets are stretched to the limit, even as more people depend on local public libraries than ever before.” Federation of Ontario Public Libraries, (2019).  
\(^8\) D. Peters, TVO, How Ontario Communities are making themselves more senior friendly January 2019  
\(^9\) Statistics Canada, 2016 Census  
\(^10\) Park People. (2019). The Canadian City Parks Report  
\(^11\) Masters, Rebecca, Anwar, Elspeth et al. (2016). "Return on investment of public health interventions: a systematic review"
projections. Further, the current COVID-19 situation demonstrates the importance of public health infrastructure to community health.

- **Recreation, such as community recreation centres and arenas**: Similar to public library services and parks development, recreation provides a myriad of community building, health, and economic benefits to residents. In addition, including both public library and recreation as eligible services better enables municipalities to pursue provincial initiatives, such as the development of community hubs. Questions remain, however, as to whether the definition of this service will allow for the recovery of costs related to walkways, trail ways, cycle paths, and other recreation services that may or may not be within parks.

Given the differences in service levels across the province, MFOA encourages the provision of enough flexibility when defining eligible services to allow municipalities to tailor their DC background studies to reflect local circumstances.

Further, while the return of additional services improves municipalities’ ability to recover the capital costs of growth-related infrastructure for a wider range of services, MFOA maintains that all services should be eligible. We continue to promote a return to the previous DC regime where the DCA listed exempt services, rather than prescribed a restricted list of eligible services. Should this return not be under consideration, we encourage the province to consider further expanding the list of eligible services. Widening the list would increase the probability that municipalities will have the revenues to emplace needed growth-related capital works. A few areas to consider include but are not limited to:

- **Childcare services**: The new refundable Ontario Childcare Access and Relief from Expenses (CARE) Personal Income Tax credit recognizes the challenges faced by many families in Ontario. Including childcare services in the DCA complements this initiative by returning one municipal revenue tool previously used to fund the growth-related capital costs of these services. This could be especially important in municipalities experiencing an influx of young families due to high costs in the GTA.

- **Social/subsidized housing**: The 2020 Provincial Policy Statement (p. 16) requires municipalities to “provide for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents.” There are numerous partners who, together, play an essential role in building healthy and vibrant communities in Ontario. The development industry is one such partner. However, according to Mitchell Cohen, president of The Daniels Corp., “Without the government engagement, the private sector is not going to create affordable housing.” Given its objectives, the

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12 Jones, Allison. (2019). Ontario doctors’ contract to increase health spending by $1.5B: watchdog
13 Moffatt, Mike. (2020). Ontarians on the Move #0 — What Parts of Ontario Are Growing… and Why?
province should consider making social/subsidized housing an eligible service under the DCA.

- **Airports**: Part 1.6.9 of the Provincial Policy Statement speaks to the importance of protecting the economic role of airports and other special transportation facilities. As such, the province should consider aligning the funding and planning supports available to these facilities.

- **Municipal masterplans**: Municipalities prepare overarching plans, both direct and indirect, to strategically guide their future. These plans, for example Official Plans, cover a wide range of services not all of which will be eligible for recovery through the DCA. Making the preparation of these documents eligible for recovery promotes integrated long-term planning.

CBCs and DCs together must pay for 100% of growth-related costs. MFOA supports allowing DCs and CBCs to be used together, such that unrecoverable DC growth-related costs (e.g. service levels)\(^\text{15}\) can be recovered using CBCs. Expanding the list of DC eligible services and removing the 10% discount on select ‘soft’ services is an improvement over the direction the DC regime appeared to be headed in the summer of 2019. It is not enough, however, to enable municipalities to fully recover the growth-related capital costs of the long list of services municipalities provide to support vibrant, complete communities. As previously commented, MFOA supports the 1977 Commission on the Reform of Property Taxation in Ontario conclusion that there are no distinctions between services to property and services to people; there are only services to people\(^\text{16}\). As such, MFOA believes that the capital costs of all services should be eligible to be recovered through the DCA.

**Recommendation for legislation:**

- **Repeal MHMCA amendments to ss 2(4) of the DCA, which have yet to come into force, such that all services are eligible for inclusion in the development charge calculation so long as they are not expressly excluded by regulation.**

- **If MHMCA amendments to ss 2(4) of the DCA, which have yet to come into force, are not repealed, MFOA supports identifying the following services in regulation under ss 2(4) of the DCA: public libraries, including library materials for circulation, reference or information purposes; long-term care; parks development, such as playgrounds, splash pads, equipment and other park amenities (but not the acquisition of land for parks); public health; and recreation, such as community recreation centres and arenas.**

- **MFOA believes that there should be no discounted services. MFOA supports the elimination of the 10% discount on all services in the DCA.**

- **Should MHMCA amendments to ss 2(4) of the DCA, which have yet to come into force, not be repealed, MFOA recommends expanding the list of eligible**

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\(^{15}\) This does not include non-growth related costs such as benefit to existing development.

services to include: child care services, social/subsidized housing, airports, and municipal masterplans.

- MFOA recommends allowing development charges and the community benefits authority to be used together, such that unrecoverable DC growth-related costs (e.g. service level) can be recovered under the community benefits authority.

c. Percentage of land value for determining a maximum community benefits charge

The MHMCA had an outsized impact on municipal planning and finance functions. The Act reconfigured how municipalities recover the growth-related capital costs of certain ‘soft services’, acquire parkland, and collect height and density bonusing. Three sections of legislation with different purposes were lumped together under a new cost recovery regime. While MFOA members appreciate that current proposed amendments return select ‘soft’ services back to the DCA, they remain concerned that much still remains at stake for municipalities in the post MHMCA world.

The issues with the community benefits charge regime are several and continue to warrant consideration. First, it is unlikely that the province’s objective of maintaining municipal revenues will be met given:

- the loss of the alternative parkland rate,
- the loss of height and density bonusing, and
- the imposition of a prescribed cap on the CBC.

While MFOA members appreciate the flexibility provided by the proposed CBC strategy, they are concerned that this flexibility will be substantially offset by the CBC regime’s restrictions that will impact their ability to raise revenue and cover growth-related capital costs.

Second, MFOA members continue to be concerned that the CBC charge is tied to land value rather than the actual costs of growth-related capital works. “While it makes sense to make land values pay for some amenities — most notably, the land costs for parks — other community services aren’t as affected by land values.”

Revenue may be capped, but there is no cap for the growth-related costs of ‘soft’ services. MFOA continues to argue that the prescribed cap must be anchored in the costs to service growth. Without this link, growth will not pay for growth and councils will be faced with decisions that could lead to neighbourhoods with different levels of service. A calculated maximum based on land values without a similar drop in infrastructure costs could result in a situation whereby a sudden drop in land values leaves a municipality without the ability to collect adequate funds to provide growth-related community benefits.

In addition, land values can differ widely between neighbouring municipalities, while the municipalities’ construction costs remain relatively similar. This could result in inequities between neighbours. For example, a municipality with high land values may be able to

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17 McGrath, John Michael. (2020). *Tories discover it’s hard to keep both cities and developers happy.*
build more recreation centres than its neighbour. Complete, vibrant communities are good for everyone. They should not be restricted based on a one-size-fits all cap that is not reflective of local circumstances. Anchoring the cap in costs recognizes the unique circumstances of each municipality and reflects the changing cost structures, demographic patterns, economic conditions, and other factors outside of municipal control.

Third, the ERO posting provides 'one-size fits all' caps based on tier. As noted in the 2020 Provincial Policy Statement (p. 5):

> Ontario is a vast province with diverse urban, rural and northern communities which may face different challenges related to diversity in population, economic activity, pace of growth and physical and natural conditions. Some areas face challenges related to maintaining population and diversifying their economy, while other areas face challenges related to accommodating and managing the development and population growth which is occurring, while protecting important resources and the quality of the natural environment.

In addition to the diversity noted above, regions and counties divide responsibilities in different ways. It is difficult to believe that the proposed one-size fits all caps capture the range of municipal experience.

The prescribed caps must be workable, fair, and allow for the recovery of growth-related infrastructure costs on a place-by-place basis. Evidence created by comprehensive and rigorous analysis is needed to determine whether the split between upper and lower tiers makes sense. It is also needed to determine whether 15% captures the range of services delivered by single tiers across the Province. The repercussions of getting the caps wrong are great. As such, municipalities need longer than 52 days to test whether the proposed caps work given local circumstances, especially when many of those days are in the midst of a pandemic. **MFOA recommends a more fulsome consultation on the prescribed maximum CBC payable** given the complexity of the task and the timing of the comments period.

Fourth, questions remain surrounding the implementation of the new CBC regime and potential consequences of the regime as currently laid out. Any one of these issues could have major revenue impacts. For example,

- What happens in two-tier structures when lower tier municipalities forego the CBC regime? How will this impact the collection of the upper tier’s CBC?
- Municipalities will need to calculate the risk of not receiving land vs. the impact of not recovering capital costs for certain soft services. Currently the CBC regime (PA s 37) does not require developers to provide land for parks, unlike PA s 42. Will municipalities need to expropriate land more frequently (a very expensive endeavour) if they choose to pass a CBC by-law?\(^{18}\)

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\(^{18}\) Municipalities need to be the sole determinator of conveyance of land or cash paid. Without this authority, municipalities may struggle to provide planned service levels to their residents. For example, a municipality...
What happens to existing debt related to ‘soft’ services, negative DC reserve fund balances, and DC credits for ‘soft’ services?

The PA does not currently provide municipalities with the authority to establish local services policies. Will this misalignment between the PA and the DCA create roadblocks in the integration of parkland acquisition (under the PA) and parkland development (under the DCA)?

As previously stated, it is MFOA’s belief that the CBC must be workable, fair, and allow for the recovery of growth-related infrastructure costs. This recovery must hold on a municipality by municipality basis, not just at the provincial level where winners and losers can be masked. Ultimately, municipalities need a prescribed cap that:

- Permits the capture of 100% of growth-related capital costs, land acquisition needs, as well as height and density bonusing requirements;
- Is predictable;
- Is reflective of local circumstances; and
- Remains relevant.

MFOA encourages the Province to include a mechanism for regular review of prescribed caps, as well as flexibility for the Minister to authorize municipalities to exceed prescribed caps where evidence demonstrates material need. A transparent criteria-based process would need to be created to ensure predictability for all parties. Together these measures would help municipalities continue to support the development of complete and vibrant communities.

Recommendations for legislation:

- Add a subsection under PA s 37 to provide for regular updating of the prescribed maximum amount of community benefits charge: “The Ministry of Municipal Affairs and Housing shall initiate a review of the prescribed maximum amount of community benefits charge before the end of 2024 and thereafter within five years of the end of the previous review.”
- Provide the Minister of Municipal Affairs and Housing with the authority to allow municipalities to exceed the prescribed maximum amount of community benefits charge in select circumstances.
- Add a subsection under PA s 37 to include conveyance such that: “As a condition of development or redevelopment of land, the council of a local municipality may, by by-law applicable to the whole municipality or to any defined area or areas thereof, require that land be conveyed to the municipality for park or other public recreational purposes.”
- Add a subsection authorizing local services in the Planning Act based on subsection 59 (2) of the Development Charges Act, 1997.

trying to piece together a large park to serve new residents in a new community built by four developers could be in trouble. What happens if there are three developers that provide adjacent lots to build the park and one that opts for cash? Would the municipality be forced to expropriate the fourth corner to complete the park or would they need to provide a lower service level than originally planned?
d. Timeline to transition to the new community benefits charge regime

MFOA members appreciate that the Province has listened to municipalities and has proposed to adjust course on certain aspects of the CBC regime. This course correction, while viewed as positive, still presents logistical issues for municipalities.19

Since the introduction of the MHMCA, municipalities have worked diligently to adjust policies and procedures to meet new legislative requirements under the DCA and PA. Many of these new requirements (proclaimed or awaiting proclamation) require new administrative processes and systems.

MFOA’s work in the area of long-term fiscal sustainability has taught us that changes to the status quo only have a chance of working as intended when municipalities are given the right tools and provided with enough lead time to effectively adapt existing systems. The new CBC regime and changes to the existing DC regime require municipalities to modify how they do business. To enable them to do this strategically, MFOA recommends that the Ministry extend the timeline to transition, create and communicate practice guides, interpretation bulletins, and webinars to educate stakeholders on the new regimes, and provide assistance in adapting municipal policies and procedures.

The current proposed transition period is one year after the date the proposed CBC regulation comes into effect. We believe that this timeline is insufficient when accounting for the time required to complete a CBC strategy with the appropriate level of stakeholder engagement, the preparation of necessary studies, and the need to develop a new administrative process for CBC collection. In addition, in an “all hands on deck” world devoted to COVID-19 and the disruption to working relationships and office attendance, it will be even more difficult to transition to a new regime.

Municipal governments are essential partners in achieving the Province’s policy objectives. By providing municipalities with the time and tools needed to implement changes, the sector will be better positioned to adapt their systems while continuing to deliver the services that enable Ontarians to live their best life.

Recommendation for regulation:

- The specified transition date be either the later of 2 years after the date the proposed community benefits charge regulation comes into effect or the date the municipal DC by-law expires.

e. Community benefits charge by-law notice

The Plan to Build Ontario Together Act, 2019 amended the PA to allow the community benefits charge by-law to be appealable to the Local Planning Appeal Tribunal (LPAT). While MFOA disagrees with this amendment due to the resulting revenue risks for

19 “To design is human, to implement, divine”
municipalities among other challenges\textsuperscript{20}, we understand that processes must be set out to implement the change.

The notice provisions proposed in the ERO posting mirror those set out in the DCA. As such, municipalities with DCs will be able to leverage existing processes while transitioning to the new CBC regime. MFOA sees no significant issue with the community benefits charge by-law notice provisions as written.

\begin{enumerate}
\setlength\itemsep{-0.5em}
\item Minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed
\end{enumerate}

Similar to the comments above, MFOA understands that by making the community benefits charge by-laws appealable, processes need to be established to allow for refunds of by-laws which have been successfully appealed. MFOA sees no significant issues with the proposed minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed.

\begin{enumerate}
\setlength\itemsep{-0.5em}
\item Building code applicable law
\end{enumerate}

MFOA supports the proposal to amend the Building Code to add the community benefits charge authority to the list of applicable law. This amendment is a housekeeping item that enables the mechanism for ensuring the payment of community benefits charges prior to the issuance of a building permit. MFOA supports the change as it ensures payments to municipalities are made promptly. Further, MFOA encourages the Province to consider additional changes that could facilitate collections of CBCs in two-tier systems.

\textsuperscript{20} As mentioned in MFOA’s submission on the \textit{Plan to Build Ontario Together Act, 2019}, MFOA recommends that the Province review the proposed appeal provisions so as to allow the LPAT to increase the amount of a community benefits charge when a by-law is appealed. In its current state, developers can never be made worse off from a LPAT appeal decision, which may be an incentive for developers to appeal municipal decisions and slowing down the development process overall. We believe that the appeal provisions in the \textit{Development Charges Act, 1997} should be revised as well since these same limitations are found in the DCA.
April 20, 2020

Mr. John Ballantine, Manager
Municipal Finance Policy Branch
Ministry of Municipal Affairs and Housing
13th Floor, 777 Bay Street
Toronto, Ontario
M5G 2E5

Dear Mr. Ballantine:

Re: Comments on Draft Regulation 019-1406 – Changes to the Development Charges Act

On behalf of our many municipal clients, we are providing our comments on the draft Ontario Regulation 019-1406 regarding the proposed changes to the Development Charges Act (D.C.A.) and the Planning Act, related to the community benefits charge (C.B.C.) framework.

At the outset, we would like to thank the Ministry for some of the changes made thus far (i.e. returning parks, recreation, libraries, long-term care and public health services to the development charge (D.C.) calculation and removing the mandatory 10% deduction within the C.B.C. calculation), which will enhance a municipality’s ability to recover the growth-related costs for these services.

1. Timing for Transition to the Community Benefits Charge

The specified date for municipalities to transition to community benefits will be one year after the C.B.C. authority is in effect.

- Given the amount of time to undertake this regulatory change, it is beneficial to extend the deadline from the original date of January 1, 2021.
- A 12-month transition period may appear sufficient; however, there are more than 200 municipalities in the Province with current D.C. by-laws. It will take some time for municipalities to consider the new C.B.C. methodology, evaluate the approach to these studies, collect background data (e.g. property value information), carry out the study, assess the implications relative to maintaining the current parkland acquisition practice, undertake a public process, and potentially pass a by-law. Based on our experience, the time-frame is limited and should be extended to at least 18 months. This suggested time period is consistent with the time-frame provided when major changes were made in 1997.
to the D.C.A.; however, it is shorter than the 24-month period provided by the 1989 D.C.A.

- It is therefore requested that a minimum 18-month period be provided for municipalities to transition to a C.B.C.

2. **Community Benefits Charge Formula**

*The C.B.C. will be limited to a maximum rate, set as a percentage of the market value of the land on the day before building permit issuance. The proposed maximum rates for the C.B.C. are as follows:*

- *Single-tier municipalities:* 15%
- *Lower-tier municipalities:* 10%
- *Upper-tier municipalities:* 5%.

- The maximum rates were not identified in prior draft regulations. It is unclear at this time whether the percentage amounts provided are adequate for all municipalities to recover the same amounts as allowed under prior legislation.
- The legislation should allow for a combined maximum rate of 15% within a two-tier municipal structure; i.e. if, for example, an upper-tier municipality does not charge the maximum rate, the upper-tier municipality should be allowed to transfer (by resolution) a portion of its allotted maximum rate to the lower-tier municipalities so as to maximize their recovery. This would require justification by the lower-tier municipality that it requires recovery beyond the 10% maximum rate. The same would be allowed if lower-tier municipalities do not fully impose the maximum rate allocation, then the upper-tier municipality could utilize the unused allocation.
- There should be different maximum rates applied to residential and non-residential development. From preliminary analysis we have undertaken, the non-residential maximum rate should be in the range of 3% to 5% based on benefits received, whereas the residential maximum rate should be set much higher. We would perceive that the proposed uniform maximum rates would shift the costs burden from residential development to non-residential development and may have a negative impact on commercial/industrial development.

3. **Community Benefits Charge Strategy**

*A C.B.C. strategy must be prepared to support the prescribed maximum rate restrictions (as discussed above). The draft regulation establishes the components of the strategy must include:*

- *The C.B.C. strategy will have to set out the amount, type and location of growth*
- *There will need to be a parks plan included. This plan will need to identify the amount of parkland needed for growth*
- The current level of service for parkland (i.e. parkland per person) must be calculated and indicated whether this will change in the future
- The strategy will need to identify the anticipated increase in need for the service, as well as the capital costs
- There will need to be deductions for excess capacity and benefit to existing
- Grants, subsidies & other contributions will need to be deducted
- C.B.C. appeal mechanism requires public notice of C.B.C. by-law passage
- Interest rate for C.B.C. refunds upon successful LPAT appeal will be the Bank of Canada rate on the date the by-law comes into force or quarterly

- Generally, most of the items noted above are consistent with the requirements of the D.C.A.; however, the requirement to prepare a parks plan is not. Currently, many municipalities do not have a parks plan. Given the time-frame for conformity to the C.B.C. legislation (one year after the C.B.C. authority is in effect), it does not appear that most municipalities would have enough time to complete this plan. Either this requirement needs to have transitional provision to allow municipalities to address interim policies, or the transition timing for C.B.C. compliance must be extended.
- Germain to calculating the C.B.C. is to clearly understand how the application of the charge will apply to redevelopment (i.e. where buildings are demolished and replaced with another building – this could include conversions from residential to non-residential, vice versa, intensification, etc.). This needs to be better understood by municipalities to inform the strategy and calculation of the charge.
- Is there a prescribed planning horizon for calculating the C.B.C. (e.g. 10 years) or is the municipality able to determine the planning horizon most suitable to its service planning?
- Will there be a requirement for municipalities to establish current levels of service, for services other than parkland, to inform the increase in need for service?
- What is included in the definition of capital costs? For example, can these costs include study and financing costs?
- Is there a statutory public process required for by-law adoption (e.g. notice of public meeting, public meeting, public release of the strategy, time periods for public consultation)?
- Will municipalities be required to impose the C.B.C. as a percentage of land value, or will the percentage simply be used to determine if the charge fits within the maximum rate relative to the value of land? For example, a municipality could impose C.B.C.s with a rate structure similar to a D.C. (e.g. charge per residential dwelling unit). When a developer applies for a building permit, a determination would need to be made by the applicant whether the charge payable, based on the type of dwelling being developed, exceeds the maximum permissible percentage of land value. The payment under protest provisions of the legislation provide for this. Allowing C.B.C.s to be imposed with structure similar to a D.C. provides for a tighter nexus between the charge and the
increase in need for service resulting from the development, in this example, by reflecting underlying differences in occupancy levels between different unit types. If the C.B.C. is expressed as a percentage of land value, then the C.B.C. would be more akin to a tax, since there would appear to be no clear relationship between land value and increase in need for service, particularly for the soft services within the jurisdiction of the C.B.C.

4. **Building Code Act Amendment**

*Building Code Act will be amended to include a section to ensure C.B.C. payment must take place prior to building permit issuance.*

- This is a positive change as it allows municipalities to withhold building permit issuance pending payment of the C.B.C.

5. **Other Comments Previously Provided by Watson & Associates Economists Ltd. on the Act Amendments and Draft Regulations**

5.1 **Eligible Capital Costs for Community Benefits Charges**

- What capital costs will be eligible as capital infrastructure for community services? The D.C.A. has an existing definition for capital costs which includes land, buildings, capital leases, furnishing and equipment, various types of studies and approvals, etc. Will these capital costs continue to be eligible as capital infrastructure under a C.B.C.?
- Will there be any limitation to capital costs for computer equipment or rolling stock with less than 7 years’ useful life (present restrictions within the D.C.A.)?
- Will the cost of land appraisals, including annual appraisal studies, required for the C.B.C. be an eligible cost to be recovered through the C.B.C.?
- Will the C.B.C. strategy be an eligible cost to be recovered through the C.B.C.?
- Will the cost of an appeal to LPAT to support the charge be eligible for funding from C.B.C. revenues?
- For parkland dedication, most municipalities have a local service policy that defines the minimum standard of development on which the land will be dedicated (e.g. graded, seeded, fenced, etc.). Will the local service policy be allowed to continue? If not, how will this matter be handled policy-wise or cost-wise?
- Will planning-related studies (i.e. official plans, secondary plans, zoning by-laws, etc.) and/or growth-related financial studies (i.e. fiscal impact assessment of growth) continue to be recovered as a D.C. or are they to be recovered as a C.B.C.?
• Will outstanding debentures and credits related to services being moved from the D.C. regime to the C.B.C. regime be an eligible expense to be recovered as a C.B.C.?

5.2 Reporting on Community Benefits Charges

“The Minister is proposing to prescribe reporting requirements that are similar to existing reporting requirements for development charges and parkland under section 42 of the Planning Act. Municipalities would be required annually to prepare a report for the preceding year that would provide information about the amounts in the community benefits charge special account, such as:

• Opening and closing balances of the special account
• A description of the services funded through the special account
• Details on amounts allocated during the year
• The amount of any money borrowed from the special account, and the purpose for which it was borrowed
• The amount of interest accrued on money borrowed.”

With regard to the above:

• Confirm that “special account” and reserve fund have the same meaning. If they don’t, please provide a definition for “special account.”
• In regard to “amounts allocated,” within the context of the legislation where 60% of funds must be spent or allocated annually, can amounts be allocated to a capital account for future spending (e.g. childcare facility in year 5 of a forecast period) or are they to be allocated for immediate spending only?
• Similar to D.C. reserve funds, can the funds in the special account only be used for growth-related capital costs (i.e. cannot be used as an interim financing source for other capital expenditures)?

5.3 Reporting on Parkland

“The amendments to the Planning Act in Schedule 12 of the More Homes, More Choice Act, 2019 provide that municipalities may continue using the current basic parkland provisions of the Planning Act if they are not collecting community benefits charges. Municipalities would be required annually to prepare a report for the preceding year that would provide information about the amounts in the special account, such as:

• Opening and closing balances of the special account
• A description of land and machinery acquired with funds from the special account
• Details on amounts allocated during the year
• The amount of any money borrowed from the special account, and the purpose for which it was borrowed.”

• Regarding the amount of interest accrued on money borrowed, confirm that “special account” and reserve fund have the same meaning.
• This section of the regulation is introduced to allow municipalities to continue using the current basic parkland provisions of the Planning Act. In contrast to the current reporting under s. 42 (15) of the Planning Act, however, which allows funds to be used “for park or other public recreation purposes,” the scope in this regulation is for “land and machinery.” Confirm whether the scope of services has been limited or continues to be the same.

5.4 Appraisals for Community Benefits Charges

It is proposed that,

• “If the owner of land is of the view that the amount of a community benefits charge exceeds the amount legislatively permitted and pays the charge under protest, the owner has 30 days to provide the municipality with an appraisal of the value of land.
• If the municipality disputes the value of the land in the appraisal provided by the owner, the municipality has 45 days to provide the owner with an appraisal of the value of the land.
• If the municipality’s appraisal differs by more than 5 percent from the appraisal provided by the owner of the land, the owner can select an appraiser from the municipal list of appraisers, that appraiser’s appraisal must be provided within 60 days.”

• Is the third appraisal binding? Can this appraisal be appealed to the LPAT?
• Do all municipalities across the Province have a sufficient inventory of land appraisers (i.e. at least three) to meet the demands and turnaround times specified within the regulations?

5.5 Other Matters

• How are mixed-use developments that include exempt development types to be handled? For example, exempt institutional uses are planned for the first floor of a high-rise commercial/residential building.
• Will ownership or use determine the ability to impose the C.B.C.?
• In situations where large industrial or commercial properties are purchased for long-term purposes and only small portions of the full site are initially developed, is the C.B.C. calculated for the entire property or only the portion being developed at that time (with lot coverage
provisions)? As the property continues to develop, is the percentage applied to the existing and undeveloped portion of the land?

- D.C. by-laws must be revisited at least every five years. Is there a similar time period to be established for the community benefits strategy underlying the C.B.C.?
- Can municipalities still mandate the dedication of parkland in situations where the location is desirable, or must they only take a cash contribution? The ability to take land should be clarified.
- How often will the Province be reviewing the percentage caps to assess if they are sufficient or should be revised?

6. **Potential COVID-19 Transitional Matters**

We all recognize that during these times many sectors will be needing assistance to maintain a level of financial security and viability. Obviously the residential and non-residential building construction sector will experience a slow down during this period, as will municipalities, as local economies slow.

We have dialogued with a number of municipalities who are developing interim policies with respect to property taxes, water/wastewater rates, various fees and charges including D.C.s and potentially C.B.C.s. In our discussions regarding D.C.s, we have suggested that municipalities consider the short- and medium-term needs of the community and the economy.

Looking back 10 to 12 years at the last major economic downturn, one stimulus initiative provided by senior levels of government was to encourage municipal infrastructure construction by way of grant programs such as the “Build Canada” program. We would expect coming out of this downturn that municipal infrastructure construction could play an important role in assisting the Ontario and local economies. Hence, municipalities will be reliant upon their financial resources to achieve similar results as in the past. Based on this, it may be more beneficial to all stakeholders if the municipalities seek to delay the D.C. payments rather than exempt developments from the payment of D.C.s. This would continue to provide municipalities with the much-needed funding to undertake the necessary infrastructure construction to support the development industry. Moreover, the continued infrastructure construction will generate the need to purchase construction supplies and create construction jobs.
Based on the foregoing, should the Province seek to direct municipalities to adopt interim D.C. policies, we would recommend that these policies be focused on delayed payments versus exemptions or reductions.

Yours very truly,

WATSON & ASSOCIATES ECONOMISTS LTD.

[Signatures]

Gary D. Scandlan, BA, PLE
Director

Andrew Grunda, MBA, CPA, CMA
Principal
Region of Waterloo

Corporate Services

Financial Services and Development Financing

To: Chair Sean Strickland and Members of the Administration and Finance Committee

Date: March 24, 2020  File Code: F27-50

Subject: Community Benefits Authority – Draft Regulation

Recommendation:

That the Regional Municipality of Waterloo endorse and submit to the Minister of Municipal Affairs and Housing the input and recommendations on the Proposed Regulatory Matters Pertaining to Community Benefits Authority Under the Planning Act, the Development Charges Act and the Building Code Act as set out in report COR-FSD-20-07 dated March 24, 2020.

Summary:

On February 28th, 2020 the Provincial government posted “Proposed Regulatory Matters Pertaining to Community Benefits Authority Under the Planning Act, The Development Charges Act, and the Building Code Act” for public comment. The proposal outlines several matters for public input to inform the further development of the Community Benefits Authority (CBA) under the Planning Act (PA). Comments are due by March 30, 2020.

Staff are encouraged to see that the draft regulation returns public libraries and parks and recreation to the DCA framework and removes the 10% mandatory discount for these services. Staff recommend that council express its thanks to the Province for reflecting the feedback from municipalities related to these services.

Beyond that, staff feel that several challenges remain with the proposed implementation of the CBA. It is clear, through review of the draft regulations pertaining to the CBA,
that the CBA essentially mirrors many of the policies and procedures already in place under the development charge framework. Implementation of the CBA will duplicate existing administrative processes and procedures in place to calculate development charges and accordingly staff recommend that the Province not implement a cumbersome and costly community benefits charge regime which will require additional studies, by-laws and administration. It would be preferable to add the relevant services to the existing DCA framework, rather than imposing a separate community benefits charge regime. Other recommendations include:

- Add municipal airports to the list of eligible services in the DCA;
- Extend the transition period to the date of expiry of a municipality’s current DC by-law (the Region’s by-law expires July 31, 2024) in order to align the timing of DC background study and community benefits charge strategy preparation; and
- Reconsider amendments to the PA that will, once proclaimed, establish a mechanism by which a community benefits charge by-law could be appealed to the LPAT.

This report summarizes the proposed content of the regulation and provides staff comments and recommendations (where applicable) with respect to the draft regulations pertaining to the CBA, DCA, and PA.

Report:

Background

Staff provided several updates over the past year regarding proposed changes to the Development Charges Act (DCA) and the Planning Act (PA) introduced through Bill 108, More Homes, More Choice Act 2019 and Bill 138 Plan to Build Ontario Together Act, 2019, including:

- COR-FSD-19-57: Bill 138, Plan to Build Ontario Together Act, 2019 dated December 3, 2019; and
The current status of the two bills and the related regulation is as follows:

- Bill 108 received Royal Assent on June 6, 2019;
- Bill 138 received Royal Assent on December 10, 2019;
- Certain sections of Bill 108 and 138 which amend the DCA were proclaimed and came into effect on January 1, 2020;
- O/Reg. 454/19 under the DCA was published on December 20, 2019; and
- Certain sections of Bill 108 relating to the proposed Community Benefits Charge (which amend both the DCA and the Planning Act) have yet to be proclaimed, pending regulations.

This report summarizes the proposed content of the regulation and provides staff comments and recommendations (where applicable) with respect to the draft regulations pertaining to the Community Benefits Authority (CBA), DCA, and PA.

**Community Benefits Authority Draft Regulation**

On February 28th, 2020 the Provincial government posted “Proposed Regulatory Matters Pertaining to Community Benefits Authority Under the Planning Act, The Development Charges Act, and the Building Code Act” for public comment. The proposal outlines several matters for public input to inform the further development of the Community Benefits Authority (CBA) under the Planning Act. Comments are due by March 30, 2020.

The proposed CBA would provide a mechanism for municipalities to fund a portion of growth related capital infrastructure costs of community services such as acquiring land for parks, affordable housing, child care facilities, parking, by-law enforcement and municipal airports.

To implement the new CBA, the province is seeking feedback on the following regulatory matters under the PA, DCA and Building Code Act:

1. Required content of a community benefits charge strategy
2. Services eligible to be funded through development charges
3. Percentage of land value for determining a maximum community benefits charge
4. Timeline to transition to the new CBA regime
5. Community benefits charge by-law notice
6. Minimum interest rate for community benefit charge refunds where a by-law has been successfully appealed
7. Building code applicable law

A summary of the proposed content of the regulation and staff comments and
recommendations (where applicable) follows.

1. **Required Content of a Community Benefits Charge Strategy**

   a. **Proposed Content**

      Before passing a community benefits charge by-law, a municipality must prepare a community benefits charge strategy. The strategy must include the following content:

      - Anticipated type, amount and location of development or redevelopment
      - Anticipated increase in the need for a specific community service resulting from new development
      - A parks plan examining the need for parkland in the community
      - Amount of parkland per person currently being provided
      - Capital costs associated with the increased need for a specific community service resulting from new development
      - Excess capacity that exists in those specific services
      - An estimate of the benefit to the existing population
      - Any grants, subsidies or contributions from other levels of government that are to be made in support of those services

   b. **Staff Analysis and Commentary**

      The process to develop a community benefits strategy as outlined in the draft regulation is to a great extend the same as prescribed by the DCA to calculate development charges with the possible exception of the parks plan. Implementation of the CBA will duplicate administrative processes, background studies and procedures that are already in place to calculate development charges. It would be more efficient and less costly to simply add the relevant services to the existing DCA framework.

   c. **Recommendation**

      That the Province not implement a cumbersome and costly community benefits charge regime which will require additional studies, by-laws and administration. It is not clear why moving to a community benefit charge by-law is deemed necessary when a framework is already in place in the DCA. It would be preferable to add the relevant services to the existing DCA framework, rather than imposing a separate community benefits charge regime.

2. **Services Eligible to be Funded Through Development Charges**
a. Proposed Content

The services that are eligible to be funded through development charges are listed under subsection 2(4) of the DCA. The list includes provisions for other services that may be prescribed in regulation. The following services are eligible for development charge recovery:

- Water supply services, including distribution and treatment services.
- Waste water services, including sewers and treatment services.
- Storm water drainage and control services.
- Services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001 or subsection 3 (1) of the City of Toronto Act, 2006, as the case may be.
- Electrical power services.
- Policing services.
- Ambulance services.
- Fire protection services.
- Toronto-York subway extension, as defined in subsection 5.1 (1).
- Transit services other than the Toronto-York subway extension.
- Waste diversion services.
- Other services as prescribed.

The draft regulation proposes that the following services will added to the list of eligible services under the DCA:

- Public libraries, including materials;
- Long-term care;
- Parks development, such as playgrounds, splash pads, equipment and other park amenities (but not land acquisition);
- Public health; and,
- Recreation, such as community recreation centres and arenas

b. Staff Analysis and Commentary
Staff are encouraged to see that the draft regulation returns public libraries and parks and recreation to the DCA framework and removes the previous 10% mandatory discount for these services. Staff recommend that council express its thanks to the Province for reflecting the feedback from municipalities related to these services.

Staff are concerned that municipal airports have been omitted from the list of eligible services under the DCA. Municipal airports have historically been a DC eligible service for which the Region currently assesses development charges. Municipal airports are important components of the overall transportation infrastructure and accordingly should be included in the DCA framework similar to Roads and Transit. The omission from the DCA framework would mean that the funding required to support growth related infrastructure at the airport will have to transition to the community benefits strategy and potentially the tax levy. It is unclear at this point if the level of growth related costs at the airport recovered under the CBA framework will be similar to that recovered under the DCA.

c. Recommendation

That the Regional Council thank the province for returning libraries and parks/recreation to the DCS as eligible services and: and that the Province add municipal airports to the list of eligible services in the DCA, and if not, request the Province to establish a long term, predictable and stable funding program for the development and expansion of municipal airports. Historically, the Province of Ontario has only participated in airport capital funding through joint, shared infrastructure programs with the federal and municipal governments. Other provinces such as British Columbia and Saskatchewan have airport specific funding programs that can be used for safety and infrastructure enhancements that help strengthen local, regional and provincial economies.

3. Percentage of Land Value for Determining a Maximum Community Benefits Charge

a. Proposed Content

The CBA includes a mechanism to determine the maximum community benefits charge payable for any particular development. The maximum charge levied by a municipality cannot exceed the amount determined by applying the applicable proposed percentage to the value of the land that is subject to development on the day before the building permit is issued. The
proposed percentages of land value that would be prescribed in the regulation would be structured as follows:

- Single-tier municipalities: 15%
- Lower-tier municipalities: 10%
- Upper-tier municipalities: 5%

The legislation also prescribes a process for situations where the owner of the land is of the view that the amount of a community benefits charge imposed by the municipality exceeds the amount legislatively permitted and pays the charge under protest. In these situations, the owner has 30 days to provide the municipality with an appraisal of the value of land. If the municipality disputes the value of the land in the appraisal provided by the owner, the municipality has 45 days to provide the owner with an appraisal of the value of the land. If the municipality’s appraisal differs by more than 5 percent from the appraisal provided by the owner of the land, the owner can select an appraiser from the municipal list of appraisers, that appraiser’s appraisal must be provided within 60 days.

b. Staff Analysis and Commentary

It is unclear how the relative percentages were defined aside from the fact that the lower-tier and upper-tier charges would be equal to the percentage for single-tier municipalities. Staff maintain that there are several potential issues with this methodology including, but not limited to, the following:

- The value of the land is not necessarily related to the cost impact to the municipality i.e. high density development can result in higher costs to the municipality and therefore potentially should have a higher maximum CBC rate
- It is not certain that using land values will produce a result that is more predictable than the current per unit development charge
- The methodology for valuing land will have to be very clear to avoid confusion and delays at the time of municipal building permit issuance.
- It is unclear how the value of the land is initially set and who is responsible for providing the value at the time that the CBC is calculated
- The land appraisal process will add both additional costs and administrative time to the development approval process
A single, defined percentage does not take into account the varying values of land for differences in types of developments, zoning, land use and geography.

It is unclear how phased developments will be treated i.e. will the municipality collect the CBC on the entire site or on portions of the site as they are developed.

It is unclear whether redevelopment credits will apply under the CBC regime as they do in the DCA.

Construction costs and land values vary significantly both across and within municipalities.

c. Recommendation

That the Province reconsider the need to establish a separate community benefits charge framework, and instead add the CBA-eligible services to the existing DCA framework.

4. Timeline to Transition to the New Community Benefits Charge Regime

a. Proposed Content

The date by which municipalities must transition to the new CBA regime would be prescribed in regulation to the DCA. The prescribed date would be the deadline for establishing a community benefits strategy and by-law that would set out the community benefits charge payable in any particular instance, any municipal exemptions, and other details. It is proposed that the specified date for municipalities to transition to the CBA be one year from the date the proposed regulation comes into effect.

b. Staff Analysis and Commentary

The proposed process to establish a community benefits strategy and by-law is very similar to the process to undertake a development charge background study and by-law review which typically take longer than a year to complete. Staff are concerned that establishing a one-year deadline will not provide sufficient time for municipalities across the Province to transition to the CBA with the appropriate level of planning, analysis and stakeholder engagement.
c. Recommendation

That the transition period for the CBA be extended to the date of expiry of a municipality’s current DC by-law (the Region’s DC by-law expires July 31, 2024) in order to align the timing of a DC background study and CBA strategy preparation.

5. Community Benefits Charge By-law Notice

a. Proposed Content

Similar to the DCA, amendments to the PA will, once proclaimed, establish a mechanism by which a municipality’s community benefits charge by-law could be appealed to the Local Planning Appeal Tribunal (LPAT). The draft regulation sets out the notice provisions for a community benefits charge by-law that the municipality must comply with. The draft provisions provide guidance relating to who the notice must be provided to and the form the notice should take.

b. Staff Analysis and Commentary

Overall, staff remain concerned that CBC by-laws would be appealable to the Local Planning Appeal Tribunal (LPAT). The ability to appeal CBC by-laws creates significant revenue risk for municipalities. The proposed amendment to the PA also represents an administrative burden for municipalities. It undermines revenue predictability and municipal autonomy, and ultimately could delay the emplacement of growth-related infrastructure.

The specific notice provisions as set out in the draft regulation are similar to those in the DCA for appeals and are not a cause for concern at this point.

c. Recommendation

That the Province reconsider amendments to the PA that will, once proclaimed, establish a mechanism by which a municipality’s community benefits charge by-law could be appealed to the LPAT.

6. Minimum Interest Rate for Community Benefits Charge Refunds Where a By-law Has Been Successfully Appealed

a. Proposed Content

The mechanism to appeal a community benefits charge by-law includes a requirement for municipalities to provide full or partial refunds in the event of a
successful appeal. The interest rate paid on amounts refunded must not be less than the prescribed minimum interest rate which the draft regulations prescribes at the Bank of Canada rate on the day the by-law comes into force (updated for the first business day every quarter if applicable). This proposal aligns with the prescribed minimum interest rate for refunds of development charges under the DCA.

b. Staff Analysis and Commentary

As stated above, staff remain concerned that proposed amendments to the PA will provide a mechanism for a municipality's community benefits charge by-law to be appealed to the LPAT. Staff have no immediate concerns with the interest rate set out in the draft regulation relating to refunds.

c. Recommendation

NIL.

7. Building Code Applicable Law

a. Proposed Content

The building code sets out minimum administrative and technical requirements for the construction, renovation, demolition and change of use of buildings. It also establishes a list of applicable law that must be satisfied in order to receive a building permit. The draft regulation proposes that the building code be amended to establish a mechanism for ensuring the payment of community benefits charges prior to the issuance of a building permit as is the case with development charges.

b. Staff Analysis and Commentary

Staff support the draft amendment to the building code to establish a mechanism for ensuring the payment of community benefits charges prior to the issuance of a building permit.

c. Recommendation

NIL.

Concluding Comments

It is clear, through review of the draft regulations pertaining to the Community Benefits Authority, that the CBA essentially mirrors many of the policies and procedures already
in place under the development charge framework. Implementation of the CBA will
duplicate existing administrative processes and procedures in place to calculate
development charges. It would be far more efficient to simply add the relevant services
to the existing DCA framework rather than implement a cumbersome and costly
community benefits charge regime which will require additional studies, by-laws and administration.

Of particular concern to Regional staff is the omission of municipal airports from the
eligible service list in the DCA. The Region’s most recent development charge background study includes approximately $20 million in potential DC recoverable costs for growth related infrastructure at the airport.

Staff recommend that Council endorse and submit to the Minister of Municipal Affairs and Housing the input and recommendations with respect to the impact of the “Proposed Regulatory Matters Pertaining to Community Benefits Authority Under the Planning Act, the Development Charges Act, and the Building Code Act” on municipal development charges and the proposed community benefits charge as set out in this report.

**Corporate Strategic Plan:**

This report supports strategic objectives found in the Corporate Strategic Plan, and particularly Focus Area 5.4 - Ensure the Region provides value for money and long term financial sustainability under Focus Area 5, Responsive and Engaging Public Service.

**Financial Implications:**

Although the Province has stated that one of the goals in transitioning to the CBA authority is to keep municipalities revenue neutral, it is still not clear how the proposed allocation between upper and lower tier municipalities achieves this objective.

The omission of municipal airports from the eligible service list in the DCA is concerning as the Region’s most recent development charge background study includes approximately $20 million in potential DC recoverable costs for growth related infrastructure at the airport. It is unclear at this point if the level of recovery of growth related costs at the airport under the CBA will be similar to that allowed under the DCA.

Staff will continue to assess the financial impacts related to Bill 108 and the associated regulations and report to Council as information becomes available.

**Other Department Consultations/Concurrence:**

Staff from Planning, Development and Legislative Services were consulted

**Attachments**

Appendix A: ERO – Proposed Regulatory Matters Pertaining to Community Benefits
Authority Under the Planning Act, the Development Charges Act and the Building Code Act

**Prepared By:** Shane Fedy, Manager, Infrastructure Financing

**Approved By:** Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer
Ontario Environmental Registry of Ontario

Proposed regulatory matters pertaining to community benefits authority under the Planning Act, the Development Charges Act, and the Building Code Act

E&O (Environmental Registry of Ontario) number: 019-1406

Notice type: Regulation
Act: Planning Act, R.S.O. 1990
Posted by: Ministry of Municipal Affairs and Housing
Notice stage: Proposal
Proposal posted: February 28, 2020
Comment period: February 28, 2020 - March 30, 2020 (31 days) Open
Last updated: February 28, 2020

This consultation closes at 11:59 p.m. on:
March 30, 2020

Proposal summary

Proposed Regulatory Matters Pertaining to Community Benefits Authority Under the Planning Act, the Development Charges Act, and the Building Code Act

Proposal details

Introduction
In May 2019, the Minister of Municipal Affairs and Housing released More Homes, More Choice: Ontario’s Housing Supply Action Plan. In support of the Action Plan, the Minister of Municipal Affairs and Housing introduced the More Homes, More Choice Act, 2019 (Bill 108) which received Royal Assent on June 6, 2019. Schedule 12 of the Act, once proclaimed, establishes a new authority under the Planning Act for municipalities to charge for community benefits.
with respect to land to be developed or redeveloped. Community benefits charges are intended to fund municipal infrastructure for community services, such as land for parks, affordable housing and child care facilities, that are needed to support new residents and businesses associated with new development.

On November 6, 2019, amendments to the community benefits charge provisions under the Planning Act were introduced through the Plan to Build Ontario Together Act, 2019. The Bill received Royal Assent on December 10, 2019. The amendments, set out under Schedule 31 of the Act, include new transition provisions for alternative parkland dedication and a mechanism to appeal a municipality’s community benefits charge by-law to the Local Planning Appeal Tribunal.

The community benefits charge authority has not been proclaimed and is not in effect at this time.

This is the second regulatory proposal that the government has posted for public feedback on the proposed components of a new community benefits charge authority. The initial regulatory proposal was posted on the Environmental Registry of Ontario on June 21, 2019 (“Proposed new regulation pertaining to the community benefits authority under the Planning Act”, ERO 019-0183).

This proposal outlines additional matters for public input to inform the further development of the community benefits charge authority and regulation under the Planning Act.

**Proposal for public comment**

This proposal outlines several matters related to the community benefits charge authority under the Planning Act.

The changes made by the More Homes, More Choice Act, 2019 will mean that municipalities will have two primary funding streams to pay for the increased need for services due to new development.

Development charges are a mechanism for municipalities to pay for the capital costs of infrastructure like roads and sewers associated with new development. The government is also seeking feedback in this proposal on changes to the types of services that could be funded through development charges. It is
proposed that development charges could also pay for the capital costs of certain community services such as public libraries, parks development (other than acquiring land for parks) and recreational facilities (see Section #2).

The new community benefits charge would complement development charges by giving municipalities the flexibility to fund growth-related capital infrastructure costs of other community services. For example, funds generated through community benefits charges could be used to support community priorities such as acquiring land for parks, supporting affordable housing or building child care facilities which will be needed due to growth.

A municipality could choose to collect development charges to fund the development of new park facilities or enhance existing parks such as playgrounds and splash pads. To acquire the land needed to build new parks, a municipality would have the option of using one of the following tools under the Planning Act:

1. A municipality could apply the basic parkland dedication rate in which a maximum of either 5% (for example, for a residential development) or 2% (for a commercial or industrial development) of a proposed development is dedicated as parkland or cash-in-lieu is provided (section 42 “Conveyance of land for park purposes” and section 51.1 “Parkland” under the Planning Act).

2. Alternatively, a municipality could establish a community benefits charge by-law to collect funds to acquire land for parks as well as other community services such as affordable housing and child care. If both a developer and municipality agree, a developer could provide land for parks (rather than a payment). The agreed-upon value attributed to the in-kind parkland contribution would be applied toward the community benefits charge payable.

If a municipality has a community benefits charge by-law in place it cannot apply the basic parkland dedication provisions of the Planning Act.

To implement the new community benefits charge authority, the province is seeking feedback on the following regulatory matters under the Planning Act, the Development Charges Act and the Building Code Act:

1. Required content of a community benefits charge strategy
2. Services eligible to be funded through development charges
3. Percentage of land value for determining a maximum community benefits charge
4. Timeline to transition to the new community benefits charge regime
5. Community benefits charge by-law notice
6. Minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed
7. Building code applicable law

1. Required content of a community benefits charge strategy

Before passing a community benefits charge by-law, a municipality must prepare a community benefits charge strategy. The strategy must identify the items that a municipality intends to fund through community benefits charges. It must also comply with any requirements that may be prescribed in regulation regarding the mandatory content that a strategy should address. In preparing a community benefits charge strategy, a municipality must consult, but has the flexibility to determine their consultation approach.

Proposal

To provide greater clarity about the components of a community benefits charge strategy, it is proposed that a municipality would need to include the following content in their strategy:

1. The anticipated type, amount and location of development or redevelopment that would be subject to a community benefits charge
2. The anticipated increase in the need for a specific community service (for example, the acquisition of land for parks, affordable housing, child care, etc.) resulting from new development or redevelopment
3. A parks plan that examines the need for parkland in the municipality
4. The amount of parkland per person currently being provided in the municipality, and if this is planned to increase, decrease or stay the same
5. The capital costs associated with the increased need for a specific community service resulting from new development or redevelopment
6. The excess capacity that exists in those specific services (for example, the extra capacity that exists in a service that is not currently being used)
7. Whether the increased provision of those specific services would also serve existing residents (for example, existing residents may also benefit from new child care facilities that are needed as a result of new development or redevelopment)
8. Any capital grants, subsidies, or contributions from other levels of government or other sources like donations that are anticipated to be made to support those specific services
2. Services eligible to be funded through development charges

The Development Charges Act provides authority for municipalities to impose development charges to pay for the increased capital costs of specific services that are needed as a result of new growth.

The services that are eligible to be funded through development charges are listed under subsection 2(4) of the Development Charges Act. The list includes a provision for other services that may be prescribed in regulation. The Planning Act stipulates that services funded by development charges may not be funded by community benefits charges.

When proclaimed, the More Homes, More Choices Act, 2019 will make waste diversion and ambulance services fully recoverable through development charges.

The government is proposing to prescribe additional services to be funded under the Development Charges Act, through regulation.

Proposal

It is proposed that the following services would be identified in regulation under subsection 2(4) of the Development Charges Act:

1. Public libraries, including library materials for circulation, reference or information purposes
2. Long-term care
3. Parks development, such as playgrounds, splash pads, equipment and other park amenities (but not the acquisition of land for parks)
4. Public health
5. Recreation, such as community recreation centres and arenas

Development charges may be imposed to fully recover the capital costs related to the provision of these proposed services due to new growth. These proposed services would be ineligible to be funded through community benefits charges.

3. Percentage of land value for determining a maximum community benefits charge
The community benefits charge authority established through the More Homes, More Choice Act, 2019, includes a mechanism to determine the maximum community benefits charge payable for any particular development. The community benefits charge payable cannot exceed the amount determined by applying a prescribed percentage to the value of the land under development.

The ministry is seeking feedback on the proposed prescribed percentages through this posting.

Proposal

The proposed percentages of land value that would be prescribed in regulation under the Planning Act would be structured as follows:

- single-tier municipalities: 15%
- lower-tier municipalities: 10%
- upper-tier municipalities: 5%

In any particular case, the community benefits charge levied by a municipality could not exceed the amount determined by applying the applicable proposed percentage to the value of the land that is subject to development. The land value would be calculated as of the valuation date, which is the day before the date the building permit is issued in respect of the development or redevelopment.

The community benefits charges levied by municipalities would support the growth-related capital costs of acquiring land for parks, and other community benefits required because of development, such as child care facilities, affordable housing, social services, parking and by-law enforcement. There would need to be a connection between the community benefits charge levied and the increased need for community services associated with new development.

Different percentages are being proposed for single, upper and lower-tier municipalities to reflect the varying service delivery requirements of each tier of municipality to service new growth with community amenities. This percentage structure ensures that the combined percentage for upper and lower-tier municipalities would be equal to the percentage for single tier municipalities.
4. Timeline to transition to the new community benefits charge regime

The date by which municipalities must transition to the community benefits charge authority, if they wish to collect funds for community benefits, would be prescribed in regulation under the Development Charges Act, 1997. The prescribed date would be the deadline for establishing a community benefits charge strategy and by-law in order to charge for the capital costs of services funded through community benefits charges.

The community benefits charge by-law would set out the charge payable in any particular instance, any municipal exemptions, and other details.

Proposal

It is proposed that the specified date for municipalities to transition to the community benefits charges regime would be one year after the date the proposed community benefits charge regulation comes into effect.

This transition period would allow municipalities to prepare community benefits charge strategies and pass by-laws if they choose to implement a community benefits charge regime.

5. Community benefits charge by-law notice

The Plan to Build Ontario Together Act, 2019 amended the Planning Act to establish a mechanism by which a municipality’s community benefits charge by-law could be appealed to the Local Planning Appeal Tribunal. A municipality would be required to provide notice to the public when it passes a community benefits charge by-law. To implement the by-law appeal mechanism, requirements associated with how to provide public notice would be prescribed in regulation.

Proposal

To implement the appeal mechanism, it is proposed that upon passage of a community benefits charge by-law, a municipality would be required to comply with the following notice provisions. These provisions are similar to the notice provisions under the Development Charges Act regarding the passage of a development charges by-law:

1. Notice would be required to be given through newspaper or to every land owner in the area covered by the by-law through personal service, fax, mail or email.
Appendix C

2. Notice would also be required to be provided by personal service, fax, mail or email to those individuals who specifically request notice, the clerk of the lower or upper-tier municipality (if and as applicable), and the secretary of every school board having jurisdiction in the area covered by the by-law.

3. In order to facilitate public awareness of the passage of a community benefits charge by-law, notice would include the following:
   - i. A statement that the council of the municipality has passed a community benefits charge by-law.
   - ii. A statement setting out when the by-law was passed.
   - iii. A statement that any person or public body may appeal the by-law to the Local Planning Appeal Tribunal by filing with the clerk of the municipality a notice of appeal setting out the objection to the by-law and the reasons supporting the objection.
   - iv. A statement setting out the last day for appealing the by-law.
   - v. An explanation of the charges imposed by the by-law.
   - vi. A description of the lands to which the by-law applies, a key map showing the lands to which the by-law applies, or an explanation why no description or key map is provided.
   - vii. An explanation of where and when persons may examine a copy of the by-law.

The date on which notice would be deemed to have been given would be:

- the newspaper publishing date if the notice is published by a newspaper
- the date the fax is sent, if the notice is faxed
- the date the email is sent, if the notice is emailed
- the date the notice is mailed, if the notice is sent by mail

6. Minimum interest rate for community benefits charge refunds where a by-law has been successfully appealed

The mechanism to appeal a community benefits charge by-law includes a requirement for municipalities to provide full or partial refunds in the event of a successful appeal. The interest rate paid on amounts refunded must not be less than the prescribed minimum interest rate.

Proposal

It is proposed that the minimum interest rate a municipality would be required to pay on amounts refunded after successful appeals would be the Bank of Canada rate on the date the by-law comes into force. Alternatively, if the
municipality's by-law so provides, the minimum interest rate would be the Bank of Canada rate updated on the first business day of every January, April, July and October.

This proposal aligns with the prescribed minimum interest rate for refunds of development charges after successful appeals under the Development Charges Act.

7. Building Code applicable law

The Building Code is a regulation under the Building Code Act, 1992. The Building Code sets out minimum administrative and technical requirements for the construction, renovation, demolition and change of use of buildings. It also establishes a list of applicable law that must be satisfied in order to receive a building permit. Municipalities enforce the Building Code and are responsible for issuing building permits for the construction, renovation, demolition or change of use of buildings.

Proposal

It is proposed that the Building Code be amended to add the community benefits charge authority to the list of items under Division A - Article 1.4.1.3 Definition of Applicable Law. This amendment would establish a mechanism for ensuring the payment of community benefits charges prior to the issuance of a building permit.

Public comment

Your feedback on the implementation of the community benefits charge authority will inform government decisions on the development of a new community benefits charge regulation under the Planning Act and amendments to regulations under the Development Charges Act and Building Code Act.

Submissions may be made online or provided via email to the contact below.
Development Charges Act, 1997
(https://www.ontario.ca/laws/statute/97d27)


Related ERO (Environmental Registry of Ontario) notices

Proposed new regulation pertaining to the community benefits authority under the Planning Act (/notice/019-0183)

View materials in person

Some supporting materials may not be available online. If this is the case, you can request to view the materials in person.

Get in touch with the office listed below to find out if materials are available.

Municipal Finance Policy Branch
College Park 13th flr, 777 Bay St
Toronto, ON
M7A 2J3
Canada

416-585-6111

Comment

Let us know what you think of our proposal.

Have questions? Get in touch with the contact person below. Please include the ERO (Environmental Registry of Ontario) number for this notice in your email or letter to the contact.

Read our commenting and privacy policies. (/page/commenting-privacy)

Submit by mail

John Ballantine
Municipal Finance Policy Branch
Connect with us

Contact
John Ballantine

416-585-6348
john.ballantine@ontario.ca