

### **BUDGET COMMITTEE REQUEST:**

Regarding the chart on page 11 of the budget book, provide the breakdown for the \$22 spent on Infrastructure Renewal between renewal and growth. Could the percentage of what is not covered by DCs or province be reported as a percentage of the tax levy?

### **RECOMMENDATIONS:**

- That the information be received.

### **KEY FACTS:**

- The \$22 spent on Infrastructure Renewal includes transfers to various equipment reserves, the building maintenance reserve fund, capital reserve and the capital levy.
- Over the past five years, the town has funded \$16.04 million in DC exemptions from the capital reserve

### **COMMENTS/OPTIONS:**

The \$22 spent on Infrastructure Renewal is used to fund the town's capital program. This includes transfers to various equipment reserves, the building maintenance reserve fund, capital reserve and the capital levy. None of this amount is used towards items that are not covered by DCs or the province.

As the committee was asking about Development Charges exemptions, here is some additional background information on them. The *Development Charges Act, 1997* and town's DC by-law provide for statutory and discretionary exemptions from DCs. These include but are not limited to exemptions for municipal, provincial and federal lands, areas of worship, additional dwelling units, affordable residential units, discounts for rental housing, and industrial expansions less than 50 per cent of the size of existing industrial buildings. The town is required to fund the DCs that are otherwise payable from the types of development that are exempt from payment of DCs.

Over the past five years, the town has funded \$16.04 million in DC exemptions from the capital reserve. The funding of exemptions takes place as the building permits for the exempt types of development are issued and DCs would have otherwise been payable. These funds are transferred to the DC exemption reserves (as reported in the [Reserve and Reserve Funds Outlook - Appendix A](#) ), and used in place of DCs to finance growth-related capital projects. The amount of DC exemptions is reported to Council in the annual Development Charges statement ( [DC Annual Statement](#) ). There are also new exemptions (already in force) that the town has not yet experienced but could

increase the amount of exemptions on a go forward basis; these are exemptions for affordable residential units and discounts for rental housing developments.

There are other legislative changes in recent years have reduced DC collections, which have an impact on DC funds available for capital projects. The DC payment deferral options for certain types of development, DC rate freeze provisions, and new DC by-law phase in discounts (since repealed) for all development have lowered current DC collections. Lower revenue as a result of these changes creates a cash flow issue, and in the absence of funding support from other levels of government, could impact the timing of required infrastructure to support growth.