

DATE: September 21, 2020
REPORT NO: T-18-2020
SUBJECT: **Development Charges 2019 Treasurer’s Annual Statement**
CONTACT: Donna DeFilippis, Director of Finance and Treasurer

OVERVIEW:

- Schedule A summarizes the activity within the Township’s Development Fund Reserves for 2019.

RECOMMENDATION:

- (1) That, report T-18-20, regarding “Development Charges 2019 Treasurer’s Annual Statement” be received for information; and,
- (2) That, report T-18-20 and related attachments be posted on the Township website.

ALIGNMENT TO STRATEGIC PLAN:

Themes #1, 3, 5 and 6

- **Theme #1: Strong Transportation Connections-** Development Charges provide funding for projects that have a growth component
- **Theme #3: Strategic, Responsible Growth –** Development Charges act as a key funding component available to meet the infrastructure requirements brought on by growth
- **Theme #5: Community Health and Safety-** Development Charges provide funding for projects that have a growth component
- **Theme #6: Efficient, Fiscally Responsible Operations-**preparation and presentation of this report will ensure that the Township is in compliance with legislated reporting obligations.

BACKGROUND:

Section 43(2) of the *Development Charges Act* (DCA) prescribes the information that must be included in the Treasurer’s annual statement. The requirements are as follows:

- Opening and closing balances of the Reserve Funds
- All transactions in the fund
- Identify all assets funded by Development Charges (DCs) and how the portions not funded by DCs were funded

- A statement from the Treasurer that the Township is in compliance with section 59.1(1) of the *Development Charges Act* (DCA)
- This statement must be available to the public.

Section 59.1 of the Development Charges Act specifically prohibits municipalities from imposing additional payments on developers or requiring construction of a service unless specifically authorized under the DCA or another Act. This provision does not affect a municipality's right to include conditions for installation or payment for local services but is intended to close the door on other "voluntary" payments that may have been sought by municipalities outside the legislative framework. The importance that the province places on this new section is reinforced by (a) requiring that the Treasurer's report must now include a statement confirming that the municipality is in compliance with Section 59.1(1); and, (b) granting extensive investigative powers to the Minister of Municipal Affairs and Housing to investigate whether a municipality is in compliance. The Township of West Lincoln is in compliance with section 59.1(1) of the *Development Charges Act*.

CURRENT SITUATION:

Development charges are one-time fees collected on new residential and non-residential properties to finance a portion of the capital infrastructure requirements associated with growth. Amounts collected are held in the designated Development Charge Reserve Fund account and accumulate interest. The growth-related spending authority is approved annually as part of the Township's budget process with capital projects included in the current background study being eligible for development charge funding.

Bill 108, More Homes, More Choice Act, 2019 received Royal Assent on June 6, 2019. Schedule 3 of the Act makes amendments to the *Development Charges Act*, however, none of those amendments impact the above sections of the Act, and thus there have been no changes made to the reporting requirement.

The statement (Schedule A) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2019. Revenues consist of contributions collected at the time of building permit issuance, plus interest earned in the fiscal year. Transfers for funding are made in accordance with the Township's 2019 Background Study in support of the Development Charge By-law 2019-51. The closing balance as at December 31, 2019 represents the cash balance in the Development Charge Reserve Account.

The Township received notice in August 2019 that Development Charge By-Law 2019-51 was appealed. This is an on-going matter that is being managed by Senior Management and the Townships' legal firm. The appeal process could result in a change to both the projects included in the background study and the amounts eligible for growth. If this were to be the case, staff would be obligated to return any overpayments related to amounts collected. In addition, funding for projects may change, resulting in alternative financing options to be used.

FINANCIAL IMPLICATIONS:

Development Charges (DCs) are fees collected which assist in financing a portion of capital requirements as they relate to growth. The Development Charge By-law sets the fees for collection at the building permit stage. These DC fees are collected and deposited into the separate Development Charge Reserve Funds in accordance with legislative requirements. Interest accrues on these funds and draws are made for eligible capital expenditures. DC's are a form of financing for capital as it relates to growth and such fees are governed under the *Development Charges Act*. There is no financial impact to receiving this report.

INTER-DEPARTMENTAL COMMENTS:

The CAO, Directors, Fire Chief and Library CEO are involved in the work related to the Background Study. The senior department leaders provide detailed information on growth-related capital for the ten year period that the Background Study covers. As part of the annual budget process each year, the budgeted capital project submissions are reviewed with Department Heads to indicate which projects may be eligible for funding from the specific DC Reserves.

CONCLUSION:

It is recommended that the Development Charge Reserve Fund Activity Report for the year ended December 31, 2019 (Schedule A) be received and posted on the Township's website.

Prepared & Submitted by:



Donna DeFilippis, Director of Finance

Approved by:



Bev Hendry, CAO

Township of West Lincoln									
Statement of Development Charges Reserve Funds									
As at December 31, 2019									
2019 Projects Funded with Development Charges									
Project Name and Type	Total Project Cost	Operating Fund	Development Charges	Reserve Capital	Reserve Community Fund	Reserve Road Settlement Funds	Reserve Bridge	Grants	Reserve Library
WESTLINCOLN COMMUNITY CENTER AND LIBRARY:	1,016,299	888,500	-	-	22,717				
Skate park			3,987						
Splash pad			1,987						
Playground			908						
Multi-Use Recreation Facility			81,329						
Smithville Library			16,871						
DEVELOPMENT CHARGES STUDY	16,282	5,382	10,900						
CORPORATE STRATEGIC PLAN	30,039		8,489	16,550				5,000	
EXTRACATION EQUIPMENT	26,437		16,437					10,000	
BRIDGE 34 (PROVISION FOR BRIDGE REHABILITATION AND REPLACEMENT)	448,695		4,795			188,900	255,000		
NEW SIDEWALK COLVER ST. (NORTH SIDE) FROM WADE RD. TO CANBOROUGH ST.	80,269		25,205	55,064					
SMITHVILLE SQUARE PARKETTE	387,347		61,851	177,507				147,989	
ADDITIONS TO COLLECTIONS_SMITHVILLE BRANCH	15,571		12,000						3,571
ADDITIONS TO COLLECTIONS_CAISTORVILLE BRANCH	9,527		6,800						2,727
ADDITIONS TO COLLECTIONS_WELLANDPORT BRANCH	13,758		9,200						4,558
Total	2,044,224	893,882	260,759	249,121	22,717	188,900	255,000	162,989	10,856

Township of West Lincoln											
Statement of Development Charges Reserve Funds											
As at December 31, 2019											
	Administration	Roads	Fire	Recreation Outdoor	Recreation Indoor	Library	Storm Sewer	Sanitary Sewer	Water	Industrial Park Water	Total
Balance, beginning of the year	223,034	1,656,436	420,155	21,951	150,042	65,713	35,332	596,091	421,999	39,260	3,630,013
											-
Revenues:											-
Development Charges	27,871	213,604	31,203	43,593	82,385	27,929	12,779	37,820	61,069	-	538,253
Interest Income	4,669	35,912	8,782	193	3,093	1,176	857	12,633	9,699	-	77,014
Total Revenues	32,540	249,516	39,985	43,786	85,478	29,105	13,636	50,453	70,768	-	615,267
											-
Transfers:											-
Transfer from Industrial Park Water to Water									39,260	- 39,260	-
Total Transfers											-
											-
Expenses											-
Transfer to Capital/Revenue Fund	19,389	30,000	16,437	68,733	81,329	44,871	-	-	-	-	260,759
Total Expenses	19,389	30,000	16,437	68,733	81,329	44,871	-	-	-	-	260,759
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Balance, end of year	236,185	1,875,952	443,703	- 2,996	154,191	49,947	48,968	646,544	532,027	-	3,984,521