

DATE: June 20, 2022
REPORT NO: T-14-2022
SUBJECT: **Development Charges 2021 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 2021

RECOMMENDATION:

1. That, Information Report T-14-2022, regarding “Development Charges 2021 Treasurer’s Annual Statement”, dated June 20, 2022 be received for information; and,
2. That, staff post report T-14-2022 and Schedule A on the Township’s website.

ALIGNMENT TO STRATEGIC PLAN:

Theme # 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 complies 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 complies 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.

The statement (Schedule A) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2021. Transfer into the reserve 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, 2021 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 to the Local Planning Appeal Tribunal (LPAT). A representative from LPAT conducted a mediation session on Thursday, November 26, 2020 between the Township and the Appellant. These proceedings resulted in the reduction of the development charges on roads, storm-water, and wastewater and water services. These proceedings required the Township to issue refunds in 2021 totaling \$303,604 as follows:

- Road Services- \$81,863
- Storm Sewer Services - \$62,202
- Water Services - \$111,573
- Wastewater Services - \$47,966

The amounts refunded came from the applicable reserves and did not have any impact on the Township's operating results.

In 2021, Development Charges were collected on 51 applications as follows:

- 35 for Multiple Dwellings
- 12 for Single Family and Semi-Detached
- 3 for Non-residential
- 1 for Apartment (2nd dwelling)

Forty of the builds were within the Urban Boundary, which includes a charge for Water, Wastewater and Storm services, applications in the rural area of the municipality do not pay Development Charges for those services.

FINANCIAL IMPLICATIONS:

Development Charges (DCs) assist in financing a portion of growth related capital requirements and are legislated through the *Development Charges Act*. The DC By-law sets the fees for collection at the building permit stage. Fees are deposited into separate DC Reserve Funds in accordance with legislative requirements. Interest accrues on these funds and draws take place to fund eligible capital expenditures. Development Charges are revenue once funds are transferred to finance an approved Capital project. There is no financial impact to receiving this report.

INTER-DEPARTMENTAL COMMENTS:

The CAO has reviewed this report.

CONCLUSION:

It is recommended that the Development Charge Reserve Fund Activity Report for the year ended December 31, 2021 (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, 2021											
	Administration	Roads	Fire	Recreation Outdoor	Recreation Indoor	Library	Storm Sewer	Sanitary Sewer	Water	Total	
Balance, beginning of the year	252,941	2,099,386	258,823	35,373	158,573	36,859	103,965	724,278	639,345	4,309,543	-
Transfer in:											-
Development Charges	15,504	258,376	17,710	33,204	96,788	23,718	5,486	17,594	41,658	510,038	-
Interest Income	2,435	20,382	2,150	373	1,512	251	718	6,736	5,742	40,299	-
Total Revenues	17,939	278,758	19,860	33,577	98,300	23,969	6,204	24,330	47,400	550,337	-
Transfers out:											-
Transfer to Capital/Revenue Fund	8,668	84,305	82,726	25,489	95,550	44,491	-	-	-	341,229	-
Reimbursement of Fees as a result of By-Law Appeal	-	81,863	-	-	-	-	62,202	47,966	111,573	303,604	-
Total Expenses	8,668	166,168	82,726	25,489	95,550	44,491	62,202	47,966	111,573	644,833	-
Balance, end of year	262,212	2,211,976	195,957	43,461	161,323	16,337	47,967	700,642	575,172	4,215,047	-

Township of West Lincoln											
Statement of Development Charges Reserve Funds											
As at December 31, 2021											
2021 Projects Funded with Development Charges											
Project Name and Type	Total Project Cost	Operating Fund	Development Charges	Reserve Capital	Reserve Library	Reserve Planning	Reserve Community Fund	Reserve In Lieu of Parkland	Reserve Bridge	Debenture	Grants
	-	-	-	-	-	-	-	-	-	-	-
URBAN BOUNDARY EXPANSION	9,631	-	8,668	-	-	963	-	-	-	-	-
REPLACEMENT OF FIRE STATION 2	63,051	-	23,707	-	-	-	39,344	-	-	-	-
FIRE EXTRACTION EQUIPMENT	56,294	-	56,294	-	-	-	-	-	-	-	-
EQUIPMENT FOR ADDITIONAL FIREFIGHTERS	2,725	-	2,725	-	-	-	-	-	-	-	-
GENERAL ROAD IMPROVEMENTS	1,536,390	-	64,107	9,382	-	-	-	-	-	891,875	571,027
BRIDGE REHABILITATION AND REPLACEMENT	15,018	-	1,502	-	-	-	-	-	1,218	-	12,298
SIDEWALK-BROCK STREET	53,981	-	16,734	37,247	-	-	-	-	-	-	-
SIDEWALK-INDUSTRIAL PARK RD	6,330	-	1,962	-	-	4,367	-	-	-	-	-
MULTI USE RECREATION FACILITY DEBT REPAYMENT	1,221,663	1,106,542	\$115,121.00	-	-	-	-	-	-	-	-
NEW PLAYGROUND EQUIPMENT CAISTORVILLE	71,668	-	20,246	-	-	-	-	51,422	-	-	-
WELLANDPORT LIBRARY ADDITION	SEE NOTE BELOW	-	2,867	-	-	-	-	-	-	-	-
SMITHVILLE LIBRARY ADDITION TO COLLECTION	14,241	-	12,900	-	1,341	-	-	-	-	-	-
WELLANDPORT LIBRARY ADDITION TO COLLECTION	7,596	-	7,596	-	-	-	-	-	-	-	-
CAISTORVILLE LIBRARY ADDITION TO COLLECTION	7,541	-	6,800	-	741	-	-	-	-	-	-
Total	3,066,129	1,106,542	341,229	46,629	2,082	5,330	39,344	51,422	1,218	891,875	583,324
NOTE:											
The Wellandport Library Addition was constructed between 2017 and 2018 with a total cost of \$1,252,304. As per the 2019 Background Study, 9% of the project is funded through Development Charges.											
Prior to 2021, \$88,800 or 7% has been transferred from the Library Development Charges Account. Each year a portion of the Development Charges collected will be used to payback the Library Reserve until the 9% or \$112,707 is reached.											