

## REPORT

**REPORT TO:** The Chair and Members of the Community and Corporate Affairs Committee

**REPORT FROM:** Amy Prueter, Senior Financial Analyst

**DATE:** May 9, 2018

**REPORT NO.:** CORPSERV-2018-0017

**RE:** 2017 Development Charges – Treasurer’s Annual Statement

### RECOMMENDATION:

THAT report no. CORPSERV-2018-0017 dated May 9, 2018 regarding the 2017 Development Charges Treasurer’s Annual Statement be received;

AND FURTHER THAT Council approve an interim loan of \$100,000 from the Transportation DC Reserve to the Library Services DC Reserve.

### BACKGROUND:

This report is presented to provide information to the Committee on the 2017 Development Charges Reserve Fund Statement as at December 31, 2017.

Section 2(1) of the *Development Charges Act, 1997* (DCA) provides that the council of a municipality may pass by-laws for the imposition of Development Charges (DC) against land for increased capital costs required because of increased needs for services arising from development of the area to which the by-law applies.

The purpose of DCs is to pay for growth-related capital costs such as the provision of new and/or expanded fire services, libraries, roads, recreation facilities and parks, and other eligible expenses. The Town’s current Development Charges By-Law No. 2017-0049 as amended by By-Law No. 2017-0073 was approved by Council in 2017. This by-law is valid for five years and will expire on August 31, 2022. The Town indexes the DCs as of April 1 of each year. The index value is based on the Construction Price Index as reported by Statistics Canada for the previous year.

The Town is required by the DCA to provide a copy of this statement to Council, members of the public and the Minister of Municipal Affairs and Housing. The information contained in the statement is set out in Section 43 of the DCA and Section 12 and 13 of Ontario Regulation 82/98 (O. Reg. 82/98). On December 3, 2015 the

Province enacted Bill 73 the *Smart Growth for Our Communities Act, 2015* making amendments to the financial reporting requirements of the DCA to ensure reporting requirements that reflect best practices and provide detail to the community around how money from development charges is spent.

## **COMMENTS:**

The 2017 Development Charges Treasurer's Annual Statement contains three schedules:

**1. Schedule A** provides a summary of the DCs including the opening and closing balances as well as a summary of financial transactions that occur within the reserve fund during the year. The Town collected \$5.1 million in DCs in 2017 and earned interest of \$193K on the combined balance of DC funds. DCs were used to fund the addition of \$3.4 million in assets, supported \$452K of capital expenditures that did not meet the asset capitalization threshold and financed \$3 million of debenture principal and interest for previously acquired assets.

The Town has currently borrowed \$10.2 million from reserves to interim finance growth-related capital projects where cash inflows have not yet been received into the DC reserve funds. This information was previously presented to Council and approved as part of Halton Hills Reserves, Reserve Funds, Deferred Revenue and Trust Fund Report, CORPSERV-2018-0016. In order to interim finance debenture-related repayments from DCs, a series of loans over a ten year period between the Special Infrastructure Levy Reserve and the Recreation and Parks DC Reserve Fund were approved through Council Report FIN-2016-0023.

The 'un-booked commitments' column summarizes the DC funds that have already been committed through previous budgets, and will be recognized once the expenditures have been incurred.

**2. Schedule B** provides a list of current growth-related capital projects that have received contributions from DCs. In total, the Town expended \$3.8 million on eligible growth-related projects in 2017 with a further \$4.7 million of DCs committed through approved capital budgets to fund future expenditure on projects.

**3. Schedule C** provides detailed information on the Town's 2017 debt repayments. Total principal and interest repayments for 2017 were \$4.6 million. \$3 million of this was funded by DCs and \$1.6 million was funded through other reserves, recoveries and operating budget funds.

**RELATIONSHIP TO STRATEGIC PLAN:**

The recommendations within this report support Council's strategic priority regarding financial sustainability:

Establish sustainable financing, asset management and master plans to acquire, operate, maintain, renew and replace infrastructure.

**FINANCIAL IMPACT:**

The current inter-fund loans of \$10.2 million from the Town's Reserve Funds to interim finance growth-related capital projects will have a financial impact on cash flows. The current Development Charges Background Study has taken these loans into account along with associated cash inflow in the DC forecast.

**CONSULTATION:**

Financial data used to complete the 2017 Annual Financial Statements and Financial Information Return was referred to in the compilation of this report.

**PUBLIC ENGAGEMENT:**

There has been no public engagement by the Town with respect to this report.

**SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

**COMMUNICATIONS:**

A copy of this report will be forwarded to the Minister of Municipal Affairs and Housing in accordance with the requirements of the DCA. The report will also be made available to the public for information on the Town's website.

**CONCLUSION:**

As required by the Development Charges Act, 1997, The Treasurer's Annual Statement regarding the 2017 activity related to the Development Charges Reserve Funds is provided to Council for Information.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Manager of Accounting and Town Treasurer

A handwritten signature in black ink, appearing to read "Jane Diamanti".

Jane Diamanti, Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "Brent Marshall".

Brent Marshall, CAO