



STAFF REPORT #T2017-06

8/9/2017

8/21/2017

Amendments: None

Submitted to: Strategic Initiatives Standing Committee | Council
Submitted by: Marjory Leonard, Treasurer
Subject: 2016 Statement of Development Charge and Cash-in-Lieu of Parkland Reserve Funds

PURPOSE

This report provides a year end summary of development charge activity and reserve balances, as required under the *Development Charges Act, 1997* and a summary of Cash-in-Lieu of Parkland activity and reserve balance as required under the *Planning Act*.

RECOMMENDATION

THAT Staff Report T2017-06 be received for information.

AMENDMENTS

None

1. BACKGROUND

This report is being submitted as a requirement of the *Development Charges Act, 1997 (DCA)* and the *Planning Act (PA)* as amended through Bill 73, *The Smart Growth for Our Communities Act, 2015*. Section 43 of the DCA requires the Treasurer of a municipality to provide a financial statement to Council relating to development charge by-laws and reserve funds established under section 33 of the DCA. Similarly, section 37 and section 42 of the PA requires the Treasurer to provide a financial statement relating to the special accounts for density bonus and cash-in-lieu of parkland monies. These statements must be made available to the public and on request, to the Minister of Municipal Affairs and Housing.

Pursuant to the DCA, the Town has adopted the following development charge by-laws that govern the current development charge collections in the Town:

- By-law 2014-066 being a by-law to establish development charges for the Corporation of the Town of Collingwood effective September 1, 2014; and,
- By-law 2012-114 being a by-law to establish area-specific development charges for Black Ash Creek (BAC) Watershed Works in the Corporation of the Town of Collingwood effective November 5, 2012.

The Town has adopted By-law 04-63 in regard to cash-in-lieu of parkland and, as yet, has not established density bonus by-law.

Development Charge by-laws have a 5 year life span and, if not updated prior to the fifth anniversary of enactment, will expire. The BAC by-law will be updated prior to expiration this year.

2. INPUT FROM OTHER SOURCES

This report was reviewed by Department Heads on May 2nd and recommended to proceed to committee.

3. APPLICABLE POLICY OR LEGISLATION

Development Charges Act, 1997
Planning Act
Smart Growth for Our Communities Act, 2015
O. Reg. 82/98

4. ANALYSIS

The Province enacted Bill 73, the *Smart Growth for Our Communities Act, 2015* on December 3, 2015 which, among other matters, made amendments to the reporting requirements outlined in the DCA and PA. The reporting changes for the DCA were effective January 1, 2016 and the PA requirements were effective July 1, 2016. Council received two staff reports in August 2016 that provided comment on the Bill 73 changes.

The requirement for an Annual Treasurer's Statement is not new. Bill 73 requires the following additional information to be included in the Annual Treasurer's Statement provided to Council:

- Detailed reporting on bonus density contributions (*PA Section 37*) received from development and how the funds are spent by the municipality (effective July 1, 2016);
- Detailed reporting of cash-in-lieu of parkland funds (*PA Section 42(6)*) received from development and how the funds are spent (effective July 1, 2016); and

- A “Statement of Compliance” signed by the Treasurer confirming that monies collected from development are only those allowed under the DCA or another Act that became effective on January 1, 2016.

Development charge (DC) revenues collected in accordance with the Town’s DC By-laws are deposited in the DC reserve funds and subsequently applied to eligible growth-related costs once those costs have been incurred. Cash-in-lieu of parkland revenues are collected in accordance with the PA and are deposited into a special “Parkland Levy” reserve fund until such time as they are used for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes. This report provides both summary level transaction information by reserve and detailed funding information by project as required under the DCA and PA.

At December 31st, 2016 the development charge reserve fund balance was \$14,693,587.

The following table summarizes current year activity and provides 2015 figures for comparison:

Development Charge Reserve Funds	2016	2015
Balance, beginning of year	\$11,930,129	\$10,526,088
Add:		
Development charges collected	7,248,716	2,045,575
Interest income	158,885	142,586
	<u>\$19,337,730</u>	<u>\$12,714,249</u>
Deduct:		
Net transfer to Operating Funds	(261,818)	(143,332)
Net transfer to Capital Funds	(4,382,325)	(637,665)
Credits Purchased or Used		(3,123)
	<u>\$14,693,587</u>	<u>\$11,930,129</u>

The 2017 budget committed \$7.5 million of this balance.

At December 31st, 2016 the Cash-in-lieu of Parkland (Parkland Levy) reserve fund balance was \$86,592.

The following table summarizes current year activity and provides 2015 figures for comparison:

Parkland Levy Reserve Fund	2016	2015
Balance, beginning of year	\$ 31,666	\$309,847
Add:		
Cash-in-lieu of parkland collected	54,279	74,824
Interest income	647	1,941
	<u>\$ 86,592</u>	<u>\$386,612</u>
Deduct:		
Net transfer to Capital Funds	-0-	(354,946)
Balance, end of year	<u>\$ 86,592</u>	<u>\$ 31,666</u>

For information purposes, the 2015 funds were used on the Eddie Bush Memorial Arena.

Appendix A is a description of each of the DC reserve funds established by the Town.

Appendix B provides the breakdown of the reserve fund activity for Development Charges and Cash-in-lieu of Parkland from January 1, 2016 to December 31, 2016.

Appendix C identifies the capital projects to which the \$4.3 million of DC funds were transferred as well as any transfers to capital from the Parkland Levy reserve if applicable. DC's are transferred to capital projects at the time of substantial completion. The schedule also discloses the non-DC funding associated with these capital projects, as required under the DCA and PA. Appendix B also illustrates the operating costs to which \$261,818 of funding was transferred. The operating costs largely represent repayment of principal and interest on debt issued to fund capital projects or for Growth-related studies.

Appendix D provides details on the activity and balance of credits issued to developers.

5. EFFECT ON TOWN FINANCES

The Annual Treasurer's Statement is required by the Development Charges Act, 1997 and the Planning Act. This report and its accompanying appendices have been prepared for Council's information and to fulfill the legislative and regulatory reporting requirements of the Annual Treasurer's Statement. This statement will be made available to the public on the Town's website following Council's approval of the recommendation. There is no financial impact to this report.

6. APPENDICES & OTHER RESOURCES

<i>Appendix A</i>	<i>DC Reserve Funds Description</i>
<i>Appendix B</i>	<i>Annual Treasurer's Statement of Development Charges and Cash-in-Lieu of Parkland Reserve Funds</i>
<i>Appendix C</i>	<i>Capital and Operating Transactions</i>
<i>Appendix D</i>	<i>DC Credit Continuity Schedule</i>

SIGNATURES

Prepared by:		
<i>Marjory Leonard, Treasurer</i>		
Town of Collingwood		

Appendix A

Development Charge Reserve Funds

Pursuant to the Development Charges Act, 1997 S.O. 1997 c.27, as amended, monies collected under the act shall be placed into a separate reserve account for the purpose of funding growth-related net capital costs for which the development charge was imposed under the Development Charges By-laws 2014-066 and 2014-114.

Reserve funds were established for the following purpose:

Roads & Related	Funds are collected for construction of the transportation infrastructure as it relate to growth as well as capital costs related to building and fleet components of Public Works.
Water	Funds are collected for the construction of water distribution and treatment infrastructure as it relates to growth.
Wastewater	Funds are collected for the construction of water distribution and treatment infrastructure as it relates to growth.
Storm Water Management (BAC)	Funds collected for this service are area specific and relate to Black Ash Creek channelization debt reduction.
Fire Protection	This fund is used for growth-related projects supporting the fire service including fire facilities, vehicles and equipment.
Police Protection	This fund is used for growth-related projects supporting the police service including fire facilities, vehicles and equipment.
Growth-related Studies	Funds collected are used for growth-related studies such as DC Background Studies, PRC Master Plans etc.
Airport	This fund was established to finance the cost of growth-related airport facility needs.
Transit	Funds collected for this service are used to finance the cost of growth-related transit services including facilities, vehicles and bus stops.
Municipal Parking	Funds collected for this service are to be used for the design and construction of additional parking spaces.
Indoor Recreation	The fund is used to finance the cost of growth-related investment in recreation facility infrastructure.
Outdoor Recreation	Funds collected for this service are to be used for growth-related investment in parkland and park development projects.
Library	Funds collected for this service are to be used for growth-related investment in Library facilities and collection materials.

Municipality of The Town of Collingwood
Annual Treasurer's Statement of Reserve Funds for By-Law 2014-066 and By-Law 2012-114⁴ for the Year Ended December 31, 2016

Description	Services to which the Development Charge Relates													Total
	Non-Discounted Services					Discounted Services								
	Roads and Related	Water	Wastewater	Storm Water	Fire Protection	Police Protection	Growth Related Studies	Airport	Transit	Municipal Parking	Indoor Recreation Services	Outdoor Recreation Services	Library	
Opening Balance, January 1, 2016	3,808,679	531,852	6,777,418	0	(1,276,591)	1,197	110,955	78,658	(52,178)	184,332	330,024	1,435,599	184	11,930,129
Plus:														
Development Charge Collections	2,110,904	1,076,357	2,025,618	56,341	218,181	46,534	42,397	24,304	32,238	53,788	222,881	1,155,433	183,742	7,248,716
Accrued Interest	32,098	11,770	85,726			118	860	999		2,323	4,685	20,232	73	158,885
Repayment of Monies Borrowed from Fund and Associated Interest			6,043											6,043
Credits Allowed	157,440	162,360	136,860											456,660
Sub-Total	2,300,442	1,250,487	2,254,246	56,341	218,181	46,652	43,257	25,303	32,238	56,112	227,565	1,175,665	183,815	7,870,303
Less:														
Amount Transferred to Capital (or Other) Funds ²	(3,892,238)			(56,341)		(27,446)	(107,958)		(10,102)		(31,194)	(348,079)	(170,784)	(4,644,141)
Amounts Refunded														0
Interest on inter-fund borrowing					(5,838)				(206)					(6,043)
Amounts Loaned to Other D.C. Service Category for Interim Financing														0
Credits ³	(157,440)	(162,360)	(136,860)											(456,660)
Sub-Total	(4,049,678)	(162,360)	(136,860)	(56,341)	(5,838)	(27,446)	(107,958)	0	(10,307)	0	(31,194)	(348,079)	(170,784)	(5,106,845)
Closing Balance, December 31, 2016	2,059,443	1,619,979	8,894,804	0	(1,064,248)	20,403	46,254	103,961	(30,247)	240,443	526,395	2,263,185	13,215	14,693,587

¹ By-Law 2014-066 relates to the Town-wide development charges and By-Law 2012-114 is the Black Ash Creek Watershed and Special Policy Area (BAC). The relevant amounts for the BAC Reserve Fund are shown under Storm Water Management.

² See Attachment 1 for details

³ See Attachment 2 for details

⁴ Service category includes: Indoor Recreation Services and Parkland Development Services

The Municipality is compliant with s.s. 59.1 (1) of the *Development Charges Act* , whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the *Development Charges*

Attachment 1
Municipality of The Town of Collingwood
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
For the Period January 1, 2016 to December 31, 2016

	Gross Capital Cost	DC Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. By-Law Period			Post D.C. By-Law Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies, Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies, Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies, Other Contributions					
Capital Fund Transactions											
Roads & Related											
R-29 High Street/Third Street Intersection	59,183	5,918				53,265					
R-58 Huron Street sidewalk Niagara to Napier	17,314	11,543				5,771					
R-3 Hume Street Reconstruction	10,412,320	3,874,777				4,537,543					2,000,000
Sub-Total - Roads & Related Services	10,488,817	3,892,238	0	0	0	4,596,579	0	0	0	0	2,000,000
Police Protection											
P-2 Upgrade cells and remove fuel tanks	66,349	27,446				15,139					23,764
Sub-Total - Services Related to Police Protection	66,349	27,446	0	0	0	15,139	0	0	0	0	23,764
Growth Related Studies											
A-2 Parks Master Plan - Waterfront Plan	145,082	104,459				40,623					
Sub-Total - Growth Related Studies Capitalized	145,082	104,459	0	0	0	40,623	0	0	0	0	0
Transit											
T-3 Bus Shelters	11,224	10,102				1,122					
Sub-Total - Transit	11,224	10,102	0	0	0	1,122	0	0	0	0	0
Outdoor Recreation Services											
PLD-1 Sunset Point phased	19,920	894				19,025					
PLD-3 New Park south of Admiral School	955	860				96					
PLD-5 New Park - Mountain Croft subdivision	13,608	12,247				1,361					
PLD-7 New Park - Riverside Park	9,142	8,228				914					
PLD-12 Fisher Field	3,809	2,572				1,236					
PLD-14 Heritage Park phase 2	281,442	253,298				3,144					25,000
PLD-18 Playground Upgrades - Old Village	2,698	364				2,334					
PLD-29 Docking - Finger Docks	6,675	6,008				668					
PLD-31 Community Trails	40,753	36,678				4,075					
PRVE-9 Mower (1 annually)	10,943	1,663				9,279					
PRVE-10 Truck for Facilities Division	30,135	25,267				2,807					2,060
Sub-Total - Outdoor Recreation Services	420,079	348,079	0	0	0	44,939	0	0	0	0	27,060
Total Capital Fund Transactions	11,131,551	4,382,325	0	0	0	4,698,402	0	0	0	0	2,050,823

Municipality of The Town of Collingwood
Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions
For the Period January 1, 2016 to December 31, 2016

	Gross Capital Cost	DC Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. By-Law Period			Post D.C. By-Law Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies, Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies, Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies, Other Contributions					
Operating Fund											
Growth Related Studies											
A-5 Official Plan - Landfill Studies	5,183	3,499					1,685				
Sub-Total - Growth Related Studies	5,183	3,499	0	0	0	0	1,685	0	0	0	0
Library											
LM-1 Provision for Materials	96,123	83,185					12,938				
Sub-Total - Library	96,123	83,185	0	0	0	0	12,938	0	0	0	0
Total Operating Fund Transactions	101,306	86,684	0	0	0	0	14,622	0	0	0	0

Attachment 1
Municipality of The Town of Collingwood
Amount Transferred to Capital (or Other) Funds - Operating Debt Related Fund Transactions
For the Period January 1, 2016 to December 31, 2016

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. By-Law Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
Storm Water (BAC)									
Debenture By-Law 2004-103	561,973	34,880	21,460				296,271	209,361	Tax Supported
Sub-Total - Services Related to Storm Water	561,973	34,880	21,460	0	0	0	296,271	209,361	
Library									
L-1 New Facility - Debt Principal	267,159	47,214					219,945		Tax Supported
L-2 New Facility - Debt Interest	169,910		40,385					129,526	Tax Supported
Sub-Total - Library	437,070	47,214	40,385	0	0	0	219,945	129,526	
Indoor Recreation Services									
IR-7 Principal repayment - shop/garage	40,001	15,796					24,205		Tax Supported
IR-8 Interest repayment - shop/garage	25,440		15,397					10,043	Tax Supported
Sub-Total - Indoor Recreation Services	65,441	15,796	15,397	0	0	0	24,205	10,043	
Total Debt related Transactions	1,064,484	97,891	77,242	0	0	0	540,421	348,929	

Note:
 In the instances of debt repayment from DC's for Storm Water the reserve fund did not contain sufficient funds to cover the full portion that should have been recovered.

Attachment 2
Municipality of The Town of Collingwood
Statement of Credit Holder Transactions
As at December 31, 2016

Credit Holder	Applicable D.C. Reserve Fund	Credit Balance Outstanding Beginning of Year 2016	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year 2016
1355046 Ontario Inc.	Water	301,995			301,995
Lotco II Limited	Roads	542,118		(157,440)	384,678
Lotco II Limited	Sewer	471,255		(136,860)	334,395
Lotco II Limited	Water	559,060		(162,360)	396,700
Credit Holder F		1,874,428		(456,660)	1,417,768