

**DATE:** May 22, 2018  
**REPORT NO:** RFD-T-11-18  
**SUBJECT:** Development Charge Reserve Funds – Treasurer’s Annual Statement for 2017  
**CONTACT:** Donna DeFilippis, Treasurer and Director of Finance

**OVERVIEW:**

- Schedule A summarizes the activity within the Township’s Development Fund Reserves for 2017.

**RECOMMENDATION:**

- (1) That, report RFD-T-11-18, regarding “Development Charge Reserve Funds – Treasurer’s Annual Statement for 2017”, dated May 22, 2018 be received; and
- (2) That, Council accepts the Treasurer’s declaration that the Township is in compliance with section 59.1(1) of the Development Charges Act, 1997; and
- (3) That, report RFD-T-11-18 and related attachments be posted on the Township website.

**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 balance
- Closing balance
- 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.

On December 3, 2015, following consultations on Bill 73, the province passed the Smart Growth for our Communities Act, 2015. This Act reformed both the *Development Charges Act* 1997 (DCA) and the *Planning Act*. The changes to the *Development Charges Act* became effective January 1, 2016. One of the amendments made to the DCA is the inclusion of a new provision (Section 59.1) that 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.

The Township's current Development Charge By-law 2014-61, which was passed on July 16, 2014, is effective for a five year period, expiring on July 19, 2019. Staff is currently working with BMA Consultants on updating the current background study with a goal of passing a new By-law in 2018, prior to the 2019 expiry date. The background study which includes current service levels and growth related projects is being updated to ensure that projects related to the new urban expansion have been captured.

The statement (Schedule A) provides a summary of the financial activity of the various Development Charge Reserve Funds for the year ending December 31, 2017. 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 2014 Background Study in support of the Development Charge By-law 2014-61. The closing balance as at December 31, 2017 represents the cash balance in the Development Charge Reserve Account.

**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-

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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, 2017 (Schedule A) be received and posted on the Township's website.

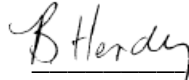
**Prepared by:**

**Approved by:**



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**Donna DeFilippis**  
Treasurer/Director of Finance



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**Bev Hendry**  
CAO

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Township of West Lincoln											
Statement of Development Charges Reserve Funds											
As at December 31, 2017											
	Administration	Roads	Fire	Recreation	Library	Storm Sewer	Sanitary Sewer	Water	Total		
Balance, beginning of the year	120,635	1,066,798	315,516	1,999,014	274,742	21,137	479,154	252,179	4,529,175		
Revenues:											
Development Charges	76,871	362,692	50,874	119,355	30,914	7,396	77,086	89,425	814,613		
Interest Income	1,487	12,301	3,327	10,295	1,831	245	4,934	2,932	37,351		
Total Revenues	78,358	374,993	54,201	129,649	32,745	7,641	82,019	92,357	851,964		
Expenses											
Transfer to Capital/Revenue Fund	16,998	4,980	8,136	2,032,410	209,596	-	36,142	-	2,308,262		
Total Expenses	16,998	4,980	8,136	2,032,410	209,596	-	36,142	-	2,308,262		
Balance, end of year	181,995	1,436,811	361,581	96,253	97,891	28,778	525,032	344,536	3,072,877		
<b>2017 Projects Funded with Development Charges</b>											
Project Name and Type	Total Project Cost	Operating Fund	Development Charges	Reserve Contingency	Reserve Capital	Reserve Arena Building	Reserve Sewer	Reserve Fire	Grants	Debenture	Reserve Library
Multi-Use Recreational Facility and Library- Recreation & Library	4,617,485		2,189,600	76,279	54,579	139,984				2,157,043	
West St. Sewer Upgrade - Sanitary Sewer	80,315		36,142				44,173				
NW Smithville Secondary Plan, Study - Admin	25,738	-	9,038	-	-	-			16,700		
Zoning By-Law - Admin	7,960	-	7,960	-	-	-					
Campden Road Surface Treatment-Roads	49,770	-	4,370	-	-	-			45,400		
Stoney Creek Townline Road Surface Treatment-Roads	14,589	-	610	-	-	-			13,979		
Wellandport Library Addition - Library	560,637	-	39,806	-	-	-			168,741		352,090
Fire Master Plan-Fire	12,053	-	8,136	-	-	-		3,917			
Collections-Library- Books/DVDs	37,011	24,411	12,600	-	-	-					
<b>Total</b>	<b>5,405,558</b>	<b>24,411</b>	<b>2,308,262</b>	<b>76,279</b>	<b>54,579</b>	<b>139,984</b>	<b>44,173</b>	<b>3,917</b>	<b>244,820</b>	<b>2,157,043</b>	<b>352,090</b>