

Town of Ajax Report



Report To: General Government Committee

Prepared By: Julie Mephram, CPA, CA
Interim Manager of Budgets and Accounting

Report #: FIN-2022-03

Subject: 2021 Development Charge Reserve Funds - Treasurer's Annual Statement

Ward(s): All

Date of Meeting: May 09, 2022

Reference: 2018 Development Charges Background Study and Bylaw 50-2018
2020 Amended Development Charges Background Study and Bylaw 55-2020

Recommendation:

That the report "2021 Development Charge Reserve Funds – Treasurer's Annual Statement" be received for information.

Background:

The Development Charges Act (DCA), Section 43 (1) states that "The treasurer of a municipality shall each year on or before such date as the council of the municipality may direct, give the council a financial statement relating to the development charge by-laws and reserve funds established under section 33."

This statement must include:

- the opening and closing balances of the reserve funds including the transactions relating to the funds;
- a listing of all assets whose capital costs were funded under a development charge by-law during the year, and for each asset, the costs not funded under the by-law and the source of other funding;
- a statement indicating compliance with not imposing directly or indirectly a charge related to a development or a requirement to construct a service related to development except as permitted by the DCA or another Act.

Discussion:

In 2015 Ontario Regulation 82/98 and Bill 73, Smart Growth for Our Communities Act, 2015, provided specific guidance with respect to the information to be included in the Treasurer's annual statement. The recent changes to the DCA enacted by Bills 108 & 197 had no impact on the pre-established annual reporting requirements, however, the ability to defer the payment of

development charges for specific development types as allowed by section 26.1 of the DCA has had some impact on the tracking and reporting of these balances.

The Development Charge Reserve Funds Annual Statement in Attachment 1 provides the consolidated opening and closing balances of each service category maintained by the Town of Ajax and reports transfers to/from service categories as applicable.

Attachment 2 provides information, by capital project and service category, of the development charge transfers made to capital accounts or to operating funds during the fiscal year, as well as other sources of financing provided to each project.

The annual statement shows

- the closing balance as of December 31, 2021 for all DCs collected and earned (deferred) in 2021,
- the cash balance as of December 31, 2021 net of the DCs and interest that remain to be collected, and
- the balance net of future DC collections and funding commitments for capital projects approved by Council.

Deferred DCs including interest charges are funds that are recorded upon issuance of a first building permit for specific types of developments as allowed under section 26.1 of the DCA, or as detailed in a Section 27 agreement executed between the developer and the Town. Unless stated otherwise in an early/late payment agreement with the Town, the deferred development charges will typically be collected over 6 or 21 years, with the first instalment being received upon occupancy of the first building.

Capital project funding commitments are monies set aside to fund capital projects that have not yet been completed. A list of capital project commitments related to each service category can be found in Attachment 3.

Lastly, the Town of Ajax affirms that it is compliant with s.s. 59.1 (1) of the Development Charges Act, whereby it has not imposed directly or indirectly a charge related to development or a requirement to construct a service related to development, except as permitted by the DCA or another Act.

Development Charge Exemptions

The value of development charge exemptions granted by a municipality, such as those eligible through Community Improvement Plans (CIP) or non-statutory DC implementation policies, must be contributed from Town funds to the Town's DC reserve funds. This is a legislative requirement to ensure the financial burden created by municipal policy decisions is not transferred to future developments. In 2021, DC exemptions totaling \$348,853 were provided primarily for a development in the Pickering Village CIP area for which the DC exemptions had been authorized by Council based on pre-suspension criteria of the related CIP (see September 13, 2021 GGC report for further details.) These exemptions were funded from Town Funds previously applied to DC eligible debentures and capital projects.

Financial Implications:

The changes to the DCA that became effective January 1, 2020 aim to increase the supply of affordable housing in Ontario and facilitate the creation of much needed spaces for an aging population and the terminally ill. DC deferrals of 6 to 21 years are now required to be provided

for rental housing developments and institutional developments including, but not limited to, retirement homes, long-term care homes, and hospices. The magnitude of such development approvals in the Town of Ajax could significantly impact the available cash to fund capital projects in the year subsequent to the issuance of these respective building permits.

Future growth related development needs will continue to be balanced with current and anticipated Development Charge collections. Some capital projects currently listed in the long range capital forecast may have to be delayed while other projects deemed essential will require consideration of alternate funding arrangements to match future DC collection timelines.

Communication Issues:

As per O. Reg. 82/98, the Town is required to ensure that the Treasurer's Annual Statement is available to the public, as such, a copy of this report and the attachments will be posted on the Town website.

In addition, under the above noted regulation, a description of the service for which the fund was established and the services in the category must be disclosed. A pamphlet explaining the services for which the fund was established can be found on the Town's website.

It is also a requirement that the annual statement must be provided to the Minister of Municipal Affairs and Housing (MMAH) upon request.

Relationship to the Strategic Plan:

N/A

Conclusion:

The completion of the Development Charge Reserve Funds Annual Statement fulfills the reporting requirements of the Development Charges Act.

Attachments:

ATT-1: Development Charge Reserve Annual Statement

ATT-2: Development Related Capital Growth Reserve Funds Transfers

ATT-3: Development Charge Reserve Fund Commitments

Prepared by:

Julie Mephram, CPA, CA – Interim Manager of Budgets and Accounting

Submitted by:

Dianne Valentim, CPA, CGA – Director of Finance/Treasurer

Approved by:

Shane Baker – Chief Administrative Officer

Attachment 1
Development Charge Reserve Funds Annual Statement
For the Town of Ajax - Town Services
For the Year Ended December 31, 2021

	Notes	Total	Development Related Capital Growth Studies	Fire Stations, Vehicles and Equipment	Transportation (incl Roads and related)	Parks and Recreation (incl Vehicles and Equipment)	Libraries and Related (incl Materials)
Balance as of January 1, 2021		10,561,499	372,793	(516,324)	7,142,801	3,621,166	(58,937)
Plus:							
Development Charge Collections		17,933,787	318,567	387,307	14,203,090	2,507,821	517,002
Development Charge Collections (Deferred)		362,637	6,331	6,983	248,126	83,818	17,379
Town Contribution for DC Exemptions	(1)	348,853	6,320	6,684	235,302	83,317	17,230
Interest earned		150,097	3,481	(1,959)	112,189	34,674	1,712
Repayment of Monies Borrowed from Fund and Associated Interest		-					
Subtotal		18,795,374	334,699	399,015	14,798,707	2,709,630	553,323
Less:							
Amount Transferred to Capital (or Other) Funds (Attachment 2)		2,828,534	146,298	-	2,660,909	20,188	1,139
DC eligible projects or debt funded by non-DC sources	(1)	348,853	175,692	31,120	-	142,041	-
Subtotal		3,177,387	321,990	31,120	2,660,909	162,229	1,139
December 31, 2021 Closing Reserve Balance		26,179,486	385,502	(148,429)	19,280,599	6,168,567	493,247
Deferred DCs and Interest Collectible		1,088,360	17,790	20,978	735,836	260,593	53,163
December 31, 2021 Closing Balance net of Deferred DCs Collectible (Cash Balance)		25,091,126	367,712	(169,407)	18,544,763	5,907,974	440,084
Commitments for Capital projects approved as of December 31, 2021 (Attachment 3)		9,340,406	126,541	-	8,238,078	819,033	156,754
December 31, 2021 Balance net of Deferred DCs Collectible and Capital Commitments		15,750,720	241,171	(169,407)	10,306,685	5,088,941	283,330

Notes

¹ Total DC exemptions funded by non-DC sources

Attachment 2
Development Charge Reserve Funds Annual Statement
For the Town of Ajax - Town Services
For the Year Ended December 31, 2021

Development Related Capital Growth Reserve Fund Transfers				
	DC Recoverable Cost Share	Non-DC Recoverable Cost Share		
Capital Project	DC Reserve Fund Draw	Town Reserve Draw	Grants, Subsidies, Other Contributions	Total
Development Related Growth Studies				
0982211 Green Dev&Env. Des. Guidelines	43,548	2,292	-	45,840
1009911 Recreation Master Plan	59,148	24,336	-	83,484
1010011 CAIST Study	43,602	21,003	-	64,605
Sub-Total Development Related Growth Studies	146,298	47,631	-	193,929
Transportation (incl Roads and related)				
0996011 Rossland Widen- Church Westney	207,635	42,528	-	250,163
0997111 Range Road Reconstruction	101,092	79,430	180,522	361,044
1004411 Traf Signl Ross/Riverside-Des	26,595	1,400	-	27,995
1005311 Church-Rossland to Hydro Corr.	95,837	10,647	(28,778)	77,706
1005411 Rossland Asph-W Limits-Church	2,061	108	-	2,169
1005511 Rossland EA Westney-Lakeridge	199,872	57,061	-	256,933
1012911 Westney Rd Streetlighting	11,631	613	-	12,244
1013211 Traffic Signals Rossland Rd	(8,800)	(463)	-	(9,263)
1018611 Ross.Wide Church/Westn Constr	11,063	2,249	60,000	73,312
1018811 Harwood AvEA-Taunton-Woodcock	162,211	8,537	-	170,748
1026411 Rossland Rd Exp	1,750,948	500,207	-	2,251,155
1026511 Salem MUP-Rossland to Blowers	100,764	11,196	-	111,960
Sub-Total Transportation (incl Roads and related)	2,660,909	713,513	211,744	3,586,166
Major Indoor Recreation Facilities and Related				
0967911 ARC - Future Phases Design	8,755	9,760	-	18,515
0988511 Audley Recreation Ctr - Ph. 2	2,555	2,336	-	4,891
0997011 Duffins Village Central Park	8,200	907	-	9,107
1005911 Mulberry Meadows Parkettes	678	136	-	814
Sub-Total Major Indoor Recreation Facilities and Related	20,188	13,139	-	33,327
Libraries and Related (incl Materials)				
0967911 ARC - Future Phases Design	641	715	-	1,356
0988511 Audley Recreation Ctr - Ph. 2	498	455	-	953
Sub-Total Libraries and Related (incl Materials)	1,139	1,170	-	2,309
Totals	2,828,534	775,453	211,744	3,815,731

Attachment 3
Commitments from Prior Years' Budgets and and Council Approvals
For the Town of Ajax - Town Services
For the Year Ended December 31, 2021

Project Number	Project Name	Commitment
Studies		
960011	Comp. Zoning By-Law Update	(21,399)
1009911	Recreation Master Plan	(14,539)
1010011	Downtown Ajax Secondary Plan	(34,603)
1022311	Transp Demand Mgmt Study Updt	(56,000)
Total Studies		(126,541)
Transportation		
996011	Rossland Widen- Church Westney	(16,878)
1001411	Bayly MUP/Harwood-Salem	(112,067)
1005311	Church-Rossland to Hydro Corr.	(252,992)
1005511	Rossland EA Westney-Lakeridge	(203,396)
1006611	Bicycle Facilities -Town Roads	(31,500)
1012811	Kingston Rd Streetlighting	(142,500)
1012911	Westney Rd Streetlighting	(601,285)
1013011	Westney Rd Multi-Use Trail	(316,600)
1018611	Ross.Wide Church/Westn Constr	(6,252,723)
1018811	Harwood AvEA-Taunton-Woodcock	(170,289)
1022111	Bicycle Facs on Town Rds 2021	(52,700)
1026511	Salem MUP - Salem to Blowers (north leg)	(85,148)
Total Transportation		(8,238,078)
Parks and Recreation		
967911	ARC - Future Phases Design	(24,401)
988511	Audley Recreation Ctr - Ph. 2	(794,632)
Total Parkland		(819,033)
Library		
967911	ARC - Future Phases Design	(1,786)
988511	Audley Recreation Ctr - Ph. 2	(154,968)
Total Library		(156,754)
Total Commitments from DC Reserve Funds		(9,340,406)