

Town of Ajax Report



Report To: General Government Committee

Prepared By: Julie Mephram, CPA, CA
Senior Financial Analyst

Report #: FIN-2021-04

Subject: 2020 Development Charge Reserve Funds - Treasurer's Annual Statement

Ward(s): All

Date of Meeting: June 14, 2021

Reference: 2018 Development Charge Background Study and Bylaw 50-2018

Recommendation:

That the report "2020 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, 2020 for all DCs collected and earned (deferred) in 2020,
- the cash balance as of December 31, 2020 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 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 2020, DC exemptions totaling \$9,730 were provided for buildings related to agriculture and were funded from Town Funds previously applied to a DC eligible vehicle.

Financial Implications:

The recent changes to the DCA that became effective January 1, 2020 aimed 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 Mepham, CPA, CA – Senior Financial Analyst

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, 2020

	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, 2020		6,071,245	224,663	(882,447)	3,937,832	3,017,880	(226,683)
Plus:							
Development Charge Collections		14,168,183	266,897	327,654	12,071,066	1,252,291	250,275
Development Charge Collections (Deferred)		2,574,583	48,952	60,142	2,222,381	202,735	40,373
Town Contribution for DC Exemptions	(1)	9,730	197	242	9,094	166	30
Interest earned		96,283	3,576	(12,185)	59,179	48,301	(2,587)
Subtotal		16,848,779	319,621	375,853	14,361,720	1,503,494	288,091
Less:							
Amount Transferred to Capital (or Other) Funds (Attachment 2)		12,348,795	171,491	-	11,156,751	900,208	120,345
DC eligible projects or debt funded by non-DC sources	(1)	9,730	-	9,730	-	-	-
Monies Borrowed from Fund for Other Municipal Purposes		-	-	-	-	-	-
Subtotal		12,358,525	171,491	9,730	11,156,751	900,208	120,345
December 31, 2020 Closing Balance		10,561,499	372,793	(516,324)	7,142,801	3,621,166	(58,937)
Deferred DC and Interest		2,579,612	49,030	60,238	2,225,720	203,995	40,629
December 31, 2020 Closing Balance net of Deferred DCs Collectible (Cash Balance)		7,981,887	323,763	(576,563)	4,917,081	3,417,171	(99,566)
Commitments for Capital projects approved as of December 31, 2020 (Attachment 3)		3,843,093	356,259	-	2,419,340	909,601	157,893
December 31, 2020 Balance net of Deferred DCs Collectible and Capital Commitments		4,138,794	(32,496)	(576,563)	2,497,741	2,507,570	(257,459)

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, 2020

Development Related Capital Growth Reserve Fund Transfers				
Capital Project	DC Recoverable Cost Share	Non-DC Recoverable Cost Share		Total
	DC Reserve Fund Draw	Town Reserve Draw	Grants, Subsidies, Other Contributions	
Development Related Growth Studies				
0960011 Comp. Zoning By-Law Update	3,097	3,418	-	6,515
0972311 Com Policy Rev/Empl Rpt Update	24,299	7,673	-	31,972
1009911 Recreation Master Plan	38,247	15,736	-	53,983
1010011 CAIST Study	101,269	48,781	-	150,050
1017111 Community Benefits Strategy Study	4,579	509	-	5,088
Sub-Total Development Related Growth Studies	171,491	76,117	-	247,608
Transportation (incl Roads and related)				
0964011 Rossland Rd Recon - Phase 2	20,542	1,311	(23,253)	(1,400)
0976011 Riverside Dr Reconstruction	60,389	14,293	-	74,682
0976611 ChurchStBrDES-Ross./Hydro Corr	13,108	1,456	-	14,564
0996011 Rossland Widen- Church Westney	70,062	14,350	-	84,412
0996511 Storm Sewer Salem Rd - Const	5,000	-	-	5,000
0997111 Range Road Reconstruction	371,755	291,963	663,710	1,327,428
1000711 Hwy2 BRT Street Lighting	45,653	2,403	-	48,056
1004411 Traf Signl Rossl/Riverside-Des	1,842	97	-	1,939
1005311 Church-Rossland to Hydro Corr.	9,254,798	1,028,268	971,646	11,254,712
1005411 Rossland Asph-W Limits-Church	692,957	36,471	-	729,428
1005511 Rossland EA Westney-Lakeridge	222,871	63,627	-	286,498
1012911 Westney Rd Streetlighting	76,938	4,042	-	80,980
1013211 Traffic Signals Rossland & Riverside	285,000	15,000	-	300,000
1016511 Fleet - Add'l Building Maintenance	35,836	3,707	-	39,543
Sub-Total Transportation (incl Roads and related)	11,156,751	1,476,988	1,612,103	14,245,842
Major Indoor Recreation Facilities and Related				
0967911 ARC - Future Phases Design	773	862	-	1,635
0988511 Audley Recreation Ctr - Ph. 2	616,805	537,928	-	1,154,733
0997011 Duffins Village Central Park	(699)	(77)	-	(776)
1005911 Mulberry Meadows Parkettes	256,935	51,696	-	308,631
1016511 Fleet - Add'l Building Mainte	26,394	2,730	-	29,124
Sub-Total Major Indoor Recreation Facilities and Related	900,208	593,139	-	1,493,347
Libraries and Related (incl Materials)				
0967911 ARC - Future Phases Design	57	64	-	121
0988511 Audley Recreation Ctr - Ph. 2	120,288	104,906	-	225,194
Sub-Total Libraries and Related (incl Materials)	120,345	104,970	-	225,315
Totals	12,348,795	2,251,214	1,612,103	16,212,112

Attachment 3
Commitments from Prior Years' Budgets and and Council Approvals
For the Town of Ajax - Town Services
For the Year Ended December 31, 2020

Project Number	Project Name	Commitment
Studies		
960011	Comp. Zoning By-Law Update	(21,399)
982211	Green Dev & Env Des Guidelines	(43,548)
1009911	Recreation Master Plan	(73,688)
1010011	Downtown Ajax Secondary Plan	(78,204)
1017111	Community Benefits Strategy Study	(139,420)
Total Studies		(356,259)
Transportation		
976611	ChurchStBrDES-Ross./Hydro Corr	(30,373)
996011	Rossland Widen- Church Westney	(224,513)
997111	Range Road Reconstruction	(325,696)
1004411	Traf Signl Rossl/Riverside-Des	(24,657)
1005311	Church-Rossland to Hydro Corr.	(348,829)
1005411	Rossland Asph-W Limits-Church	(7,043)
1005511	Rossland EA Westney-Lakeridge	(403,267)
1005611	Sidewalk Infill - Salem Road N	(95,000)
1006611	Bicycle Facilities -Town Roads	(31,500)
1012811	Kingston Rd Streetlighting	(142,500)
1012911	Westney Rd Streetlighting	(469,362)
1013011	Westney Rd Multi-Use Trail	(316,600)
Total Transportation		(2,419,340)
Parks and Recreation		
967911	ARC - Future Phases Design	(33,157)
988511	Audley Recreation Ctr - Ph. 2	(797,187)
997011	Duffins Village Central Park	(10,847)
1005911	Mulberry Meadows Parkettes	(68,410)
Total Parkland		(909,601)
Library		
967911	ARC - Future Phases Design	(2,426)
988511	Audley Recreation Ctr - Ph. 2	(155,467)
Total Library		(157,893)
Total Commitments from DC Reserve Funds		(3,843,093)