



Subject: 2016 Year End Development Charges Statement

Prepared by: Dan Elliott, Director of Financial Services - Treasurer

Department: Financial Services

Date: May 16, 2017

In accordance with the Procedure By-law, any Member of Council may request that this Information Report be placed on an upcoming General Committee or Council meeting agenda for discussion.

Executive Summary

This report provides a year end summary of development charge (DC) activity and reserve balances, as required under the *Development Charges Act, 1997, S.O. 1997, c.27* as amended (the "DC Act").

- Report only addresses Town Development Charges (DC) activities
- Notes continuity of the DC funds from opening balance to closing balances.
- Notes project details of investments of DC funds
- Notes outstanding amounts subject to agreement for future payment of DC funds to developers for eligible work they have committed to construct on behalf of the Town.

Background

Development charges are imposed by the Town of Aurora to recover growth-related capital costs from residential and non-residential developments as determined under the Act. Development Charges collected are held in separate reserve funds until spent.

The DC Act outlines specific reporting requirements for DC reserves funds. Sections 33 and 43 of the DC Act, require that:

- A municipality that has passed a DC bylaw shall establish a separate reserve fund for each service to which the DC relates and fund only eligible capital costs.
- The Treasurer of the municipality shall provide Council a financial statement relating to the DC bylaws and reserve funds established.

This financial statement must identify all assets where capital costs were funded in whole or in part under a DC bylaw and the manner for which any capital cost not funded under the bylaw was or will be funded.

Municipalities are also required to identify all other sources of funding applied to each project funded with DC's and provide a detailed summary of activities for each DC reserve fund for the year.

Analysis

Aurora held Development Charges Reserves totaling \$23 million net.

As of December 31, 2016, the Town's DC reserve fund balance was \$23.01 million as shown under Part 1 of detailed Development Charges Reserve Fund Statement in Attachment #1. This amount includes \$7million of DC funds committed to capital projects but which were unspent at year end. Part II of this noted statement details how DC reserve fund monies were spent for both operational and capital needs.

Aurora collected \$21.44 million of Development Charges during 2016.

The total Town DC's collected in 2016 amounted to \$21.44million. DC reserve funds which are reported as being in an overdrawn balance have technically been financed internally by borrowing against other DC reserve funds or other Town reserve fund balances. Interest is charged for the borrowing in accordance with the DC Act. For clarity, the individual internal borrowing accounts are not shown in Part I of the attachment.

Developers committed to construct \$11.92 million of DC credit eligible projects.

Part III of the statement outlines the continuity of outstanding DC credits. DC credits arise from agreements with developers to construct DC eligible infrastructure on behalf of the Town. Such projects may include upsizing a sewer inside their subdivision, installing a pumping station, building a park or trail or eligible works outside of their subdivision lands. The Town normally pays the DC credit upon completion of the specific works, and documented acceptance by Town officials of the works. Some credits are only paid to the extent of specific DC collections from within the subject subdivision agreement, with further payments made periodically thereafter until cleared. At the end of 2016, the Town had a total of \$11.92 million of outstanding DC credits. For the most part, these credits are expected to be fully paid within 2 years.

Advisory Committee Review

None – information report only

Financial Implications

As noted above, in an effort to maintain a consistent level of service to a growing community, the Town has proactively invested in growth infrastructure ahead of its Development Charge revenues. Consequently, it requires bridge funding which is subsequently paid back as development charge revenues catch up. Staff anticipate that all DC balances will reach a positive reserve amount within two years.

As of December 31, 2016 this statement is in compliance with *Development Charges Act*, 1997, S.O. 1997, c.27 as amended (the “DC Act”).

Communications Considerations

This report will be posted to the Town’s Budget and Financial Information web page on the website.

Link to Strategic Plan

Reporting on Development Charges Reserve Funds contribute to achieving the Strategic Plan guiding principle of “**Leadership in Corporate Management**” and improves transparency and accountability to the community.

Alternative(s) to the Recommendation

N/A – Informational report only.

Conclusions

The 2016 Development Charges Reserve Fund Statement presented in this report satisfies the Town’s reporting obligation pursuant the *Development Charges Act*, 1997, S.O. 1997, c.27 as amended.

Attachments

Attachment #1 – Development Charges Reserve Fund Statement. Parts I, II and III

Previous Reports

Last annual report: General Committee June 7, 2016, Report No. CFS16-018

Pre-submission Review

Agenda Management Team review on April 13, 2017

Departmental Approval



Dan Elliott, CPA, CA
Director of Financial Services
- Treasurer

Approved for Agenda



Doug Nadorozny
Chief Administrative Officer

PART I

Attachment #1

FS17-020

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2016**

	GENERAL GOVT	FIRE SERVICES	PKS DEV & FACILITIES	INDOOR REC	LIBRARY SERVICES	MUNICIPAL PARKING	ROADS & RELATED	WATER SYSTEM	SANITARY SEWER	TOTAL
Opening Balance January 1	(911,094.75)	1,426,719.63	(3,926,682.23)	(4,814,545.74)	2,269,935.35	304,217.70	7,764,764.59	794,395.47	3,036,474.94	5,944,184.96
Add: Development Charges Collected	747,727.53	784,163.45	5,306,603.59	8,785,883.45	1,830,210.73	20,115.30	3,027,379.37	468,516.85	471,295.32	21,441,895.59
Less: Transfers to Operating Budget in Year (see Part II)	(260,000.00)	-	(127,399.30)	(320,543.36)	(289,500.00)	-	-	(63,671.22)	-	(1,061,113.88)
Transfers to Capital Budget in Year (see Part II)	(270,000.00)	(1,712,657.03)	(3,282,838.32)	(31,500.00)	(55,022.48)	-	(3,302,370.36)	-	(1,485,000.00)	(10,139,388.19)
Less: DC credits paid in year (see Part III)			(315,725.00)				(33,350.00)		(217,170.99)	(566,245.99)
Add: Interest Earned (charged)	(18,096.88)	5,530.31	(30,786.34)	94,463.57	41,687.42	3,600.10	83,077.40	13,311.58	20,042.15	212,829.31
Closing DC Balance	(711,464.10)	503,756.36	(2,376,827.60)	3,713,757.92	3,797,311.02	327,933.10	7,539,501.00	1,212,552.68	1,825,641.42	15,832,161.80
Add: Unspent Committed Allocations to Capital	89,815.30	(10,000.00)	4,423,468.47	31,500.00	20,832.93		933,568.16	181,375.00	1,508,150.84	7,178,710.70
Revised Closing DC Balance	(621,648.80)	493,756.36	2,046,640.87	3,745,257.92	3,818,143.95	327,933.10	8,473,069.16	1,393,927.68	3,333,792.26	23,010,872.50

PART II**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2016**

	GENERAL GOVT	FIRE SERVICES	PKS DEV & FACILITIES	INDOOR REC	LIBRARY SERVICES	MUNICIPAL PARKING	ROADS & RELATED	WATER SYSTEM	SANITARY SEWER	TOTAL DC FUNDING
Expenditures from DC's										
<i>Funding Transferred to Operating Budget for Specific Purposes:</i>										
- SARC Debenture Payment				(320,543.36)						(320,543.36)
- Growth Related Activities for Planning Development Services	(260,000.00)									(260,000.00)
- Repayment of Internal APL Borrowing					(289,500.00)					(289,500.00)
- Landscape Architects (development related)			(127,399.30)							(127,399.30)
- IES Salaries & Wages (related to DC Capital projects)								(63,671.22)		(63,671.22)
Total Operating Budget Allocations	(260,000.00)	-	(127,399.30)	(320,543.36)	(289,500.00)	-	-	(63,671.22)	-	(1,061,113.88)
<i>Funding Transferred to Capital Projects:</i>										
34217 - Joint Operations Centre			(1,411,075.00)				(293,656.00)			(1,704,731.00)
12021 - Land Acquisition - Joint Operations Centre			(967,624.00)				(1,408,007.00)			(2,375,631.00)
21007 - Fire Station Acquisition		(1,712,657.03)								(1,712,657.03)
31112 - Recon - Industrial Pkwy S - Wellington St to Industry							(165,831.00)			(165,831.00)
34627 - Industrial Pkwy N - Sidewalk							(464,094.00)			(464,094.00)
34629 - Mary, Industrial Pkwy S & Wellington W Rehab							(45,000.00)			(45,000.00)
41006 - Leslie 2C Lands Sani Sewer Service									(1,485,000.00)	(1,485,000.00)
34238 - Streetsweeper							(270,000.00)			(270,000.00)
31154 - Speed Cushion Pilot Project							(142,000.00)			(142,000.00)
72250 - AFLC Roof Top Unit				(31,500.00)						(31,500.00)
73161 - Stewart Burnett Accessible Playground			(924,500.00)							(924,500.00)
73177 - Pedestrian Underpasses							(687,882.00)			(687,882.00)
73268 - North Dam Rehab Wildlife Park			(60,000.00)							(60,000.00)
73134 - Parks/Trails Signage Strategy			(175,950.00)							(175,950.00)
77001 - Collection Expansion					(60,000.00)					(60,000.00)
81001 - Growth Related Studies	(270,000.00)									(270,000.00)
Capital Close Reports - funds returned to source			256,310.68		4,977.52		174,099.64			435,387.84
Total Capital Project Allocations	(270,000.00)	(1,712,657.03)	(3,282,838.32)	(31,500.00)	(55,022.48)	-	(3,302,370.36)	-	(1,485,000.00)	(10,139,388.19)
Total DC Investments	(530,000.00)	(1,712,657.03)	(3,410,237.62)	(352,043.36)	(344,522.48)	-	(3,302,370.36)	(63,671.22)	(1,485,000.00)	(11,200,502.07)

PART IIIAttachment #1
FS17-020Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2016

Development Charge Credits Continuity

<u>Agreement</u>	<u>DC Credit Purpose</u>	<u>Balance Opening</u>	<u>New Credits Agreed</u>	<u>Credits Paid/Granted</u>	<u>Cr. Not Used</u>	<u>Ending Balance</u>
2004 Whitwell/Certas (statefarm)	Sani Pump Station	886,655				886,655
2008 Ballymore Brentwood 2008	Sani Pump Station	115,887		(115,887)		-
2014 Mattamy 2C Phase 1	Watermain External Works Part I	849,964				849,964
2014 Mattamy 2C Phase 1	Sanitary External Works Part I	550,083				550,083
2014 Mattamy 2C Phase 1	Park construction	216,610				216,610
2012 Knights Creek/Treasure Hill	Trails works	172,395		(197,845)		(25,450)
2014 TACC 2C Phase 1	Parks and Trails construction	70,600				70,600
2014 Mattamy 2C Phase 2	Watermain External Works Part II	789,056				789,056
2014 Mattamy 2C Phase 2	Sanitary External Works Part II	957,266				957,266
2014 Mattamy 2C Phase 2	Parks and Trails	1,515,929				1,515,929
2014 Brookfield 2C Phase 1	Sanitary External works	518,000				518,000
2014 Brookfield 2C Phase 1	Trail design/construction	109,200	8,680	(117,880)		-
2015 TACC 2C Phase 2	Sanitary Oversize	128,598		(101,284)	(27,314)	-
2015 TACC 2C Phase 2	Parks construction	1,668,109				1,668,109
2015 Mattamy 2C Phase 3	Park construction	344,023				344,023
2015 St. John's Development 2C	Sanitary Oversize	31,162				31,162
2015 St. John's Development 2C	Parks Trails	271,722				271,722
2015 St. John's Development 2C	Hartwell Way Valley Crossing Trail Comp.	200,000				200,000
2015 Brookfield 2C Phase 2	Parks design/construction	507,511				507,511
2015 Shimvest 2C	Watermain	136,103				136,103
2015 Shimvest 2C	Sewermain	245,467				245,467
2015 Shimvest 2C	trail system	209,217				209,217
2016 Shimvest 2C Phase 2	Trail system		89,800			89,800
2016 Mattamy Phase 4	Leslie Street Sanitary Sewer works		1,618,536			1,618,536
2016 Mattamy Phase 4	Parks and trails		266,258			266,258
2016 Skygrove Site Plan	sidewalks		33,350	(33,350)		-
		10,493,558	2,016,624	(566,246)	(27,314)	11,916,622