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**Subject:** 2019 Development Charges Report  
**Prepared by:** Laura Sheardown, Financial Management Advisor  
**Department:** Finance  
**Date:** May 19, 2020

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**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

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

- The Town of Aurora Development Charge Reserves total a net balance of \$12.8 million
- Aurora collected a total of \$4.53 million in Development Charges during 2019
- Developers have committed to construct \$1.88 million of DC eligible projects on the Town’s behalf as of December 31, 2019

## 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 Development Charges Act. Development Charges collected are held in separate reserve funds until spent.

The DC Act outlines specific reporting requirements for DC reserve funds. Section 33 and 43 of the DC Act require that:

- A municipality that 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 with 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 costs 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 DCs and to provide a detailed summary of activities for each DC reserve fund for the year.

## **Analysis**

### **The Town of Aurora's Development Charge Reserves total a net balance of \$12.8 million**

As of December 31, 2019, the Town's DC reserve fund balance was \$12.8 million as shown under Part I of detailed Development Charges Reserve Fund Statement in Attachment #1. This amount includes \$13.7 million of DC funds that were 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 a total of \$4.53 million in Development Charges during 2019**

The total Town DCs collected in 2019 amounted to \$4.53 million. DC reserve funds which are being reported as being in an overdrawn position have technically been financed internally through borrowing against other positive DC reserve funds or other Town reserve fund balances. Interest is charged for any internal borrowing of this nature in accordance with the DC Act. For simplicity, the individual internal borrowing accounts are not shown in Part I of the Attachments.

### **Developers have committed to construct \$1.88 million of DC credit eligible projects on the Town's behalf as of December 31, 2019**

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 other eligible work outside of the subdivision lands. The Town will only pay DC credits upon receipt of written confirmation of the acceptable completion of previously agreed upon specific works from Engineering Services. 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 2019, the Town had a total of \$1.88

million of outstanding DC credits. For the most part, these credits are expected to be fully paid within two years.

### **Advisory Committee Review**

Not applicable.

### **Legal Considerations**

This report fulfills the statutory reporting requirements of the Development Charges Act.

### **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 financing which is subsequently paid back as development charge revenues catch up. Staff anticipate that all DC balances will reach a positive reserve amount within five years through the collection of ongoing development charges.

### **Communications Considerations**

The Town of Aurora will use 'Inform' as the level of engagement for this report. There are five different levels of community engagement to consider, with each level providing the community more involvement in the decision making process. These levels are: Inform, Consult, Involve, Collaborate and Empower. Examples of each can be found in the Community Engagement Policy. These options are based on the International Association of Public Participation (IAP2) Spectrum and assist in establishing guidelines for clearly communicating with our public and managing community engagement. In order to inform, the report, summary of investments and definitions will be posted to the Town's web page for openness and accountability.

### **Link to Strategic Plan**

Reporting on Development Charges Reserve Funds contributes 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**

Not applicable.

**Conclusions**

The 2019 Development Charges Reserve Fund Statement presented in this report satisfies the Town’s reporting obligation pursuant to the Development Charges Act.

**Attachments**

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

**Previous Reports**

None.

**Pre-submission Review**

Agenda Management Team review on April 30, 2020

**Departmental Approval**



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**Rachel Wainwright-van Kessel, CPA, CMA**  
**Director, Finance/Treasurer**

**Approved for Agenda**



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**Doug Nadorozny**  
**Chief Administrative Officer**