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Town of Aurora
Information Report
No. FIN23-025

Subject: 2022 Yearend Development Charges Statement

Prepared by: Laura Sheardown, Financial Management Advisor

Department: Finance

Date: June 13, 2023

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's Development Charges Reserves total a net balance of \$21.46 million as of December 31, 2022
- Aurora collected a total of \$7.77 million in Development Charges during 2022
- Developers have committed to construct \$1.89 million of DC eligible projects on the town's behalf as of December 31, 2022
- Bill 23 has introduced a new requirement that commencing in 2023 all municipalities must ensure 60 percent or more of select opening development charge balances are allocated each year

Background

Development charges are imposed to recover growth-related capital costs as determined under the Development Charges Act

Development charges are imposed by the Town of Aurora to recover its growth-related capital costs from both residential and non-residential developments as determined under the Development Charges Act. More specifically, these growth-related costs

relate to investments that are necessary for the town to maintain its existing levels of service to a growing community. Any investments resulting in a level of service increase are ineligible for recovery through development charges. All collected development charges 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 bylaw and reserve funds established

This DC financial statement must identify all other sources of funding applied to each project that is funded by DCs and to provide a detailed summary of the activities relating to each DC reserve fund for the year.

Analysis

The Town of Aurora's Development Charges Reserves total a net balance of \$21.46 million as of December 31, 2022

As of December 31, 2022, Aurora's overall consolidated DC reserve fund balance was \$21.46 million as shown under Part I of the detailed Development Charges Reserve Fund Statement presented under Attachment #1. Of note, one DC reserve fund being Fire Services are currently in an overdrawn position. This means that these reserves are borrowing from other DC reserves. Interest is charged for any internal borrowing in accordance with the DC Act. For simplicity, the individual internal borrowing accounts are not shown in Part I. These overdrawn funds will be recovered through future development charge collections.

The most recent changes to the DC Act has combined Parks Development and Indoor Recreation DC reserve funds into one – this is reflected on Attachment #1 through Opening Balance Adjustments.

It should also be noted that a correction has been made to the opening balance of the General Government Reserve Fund. This correction relates to the miscoding of fund usage to another reserve rather than the intended General Government DC reserve. This oversight was corrected in early 2022.

Part II of the Development Charge Statement can be found under Attachment #2 which details how the Town's DC reserve fund monies were spent for both operational and capital needs.

Aurora collected a total of \$7.77 million in Development Charges during 2022

As detailed under Attachment #1, the Town collected a total of \$7.77 million in new development charge revenues in 2022. According to the most recent DC study completed, Aurora was projected to collect on average \$15.10 million in each year of the current DC study which took effect in 2019. Table 1 shows that in the first three years of the study that the town is behind on collections which could result from a combination of the following changes to the Development Charge Act for freezing rates, the timing of York Region implementing a new DC study and the pandemic.

Table 1
Comparison of DC Study Projected Revenues to Actuals

\$ in M	DC Study Projected Revenues	Actual Revenue Collections	Difference
2019	15.10	5.84	(9.26)
2020	15.10	3.94	(11.16)
2021	15.10	10.87	(4.23)
2022	15.10	7.77	(7.33)
Total	60.40	28.42	(31.98)

Developers have committed to construct \$1.89 million of DC eligible projects on the town's behalf as of December 31, 2022

Part III of Aurora's Development Charge Statement can be found under Attachment #3. Part III presents a schedule of continuity for all outstanding DC credit agreements. 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 the previously agreed upon specified works from Engineering, Parks or Operational Services depending upon the nature of the work. Some credits are only paid to the extent of the specified DC collections from within the subject subdivision agreement, with further payments made periodically thereafter until cleared.

Bill 23 has introduced a new requirement that commencing in 2023 all municipalities must ensure 60 percent or more of select opening development charge balances are allocated each year

As per the Development Charges Act (“DCA”), beginning in 2023, municipalities are required to spend or allocate at least 60 percent of the monies within their DC reserve funds at the beginning of the year for water, wastewater, roads, and any prescribed services (no additional services have been prescribed at this time). It is up to each municipality to demonstrate how it has satisfied this statutory requirement. Staff anticipate further direction/clarity in this regard with the approval of the accompanying provincial regulations to Bill 23 which are expected this year.

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 some instances 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 cost recovering Development Charges revenues. Consequently, it requires bridge financing that will be repaid through this work’s intended development charge revenue funding source. Bridge financing may take the form of internal or external debt. Staff will assess the most advantageous form of debt to be used in each instance where bridge financing is required. Staff anticipate that all DC balances will reach a positive reserve balance within five to seven years through the collection of ongoing development charges provided the Town stays true to its identified DC Study requirements.

Communications Considerations

The Town of Aurora will inform residents about the information contained in this report by posting it to the Town’s website.

Climate Change Considerations

The information contained within this report does not impact greenhouse gas emissions or impact climate change adaption.

Link to Strategic Plan

Reporting on Development Charge 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 2022 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 - Part I

Attachment #2 – Development Charges Reserve Fund Statement - Part II

Attachment #3 – Development Charges Reserve Fund Statement - Part III

Previous Reports

None

Pre-submission Review

Agenda Management Team review on April 28, 2022

Approvals

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

Approved by Doug Nadorozny, Chief Administrative Officer

PART I - Development Charges Balance

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2022**

	General Services						Engineering Services			Total	
	95020	95021	95022	95029	95023	95024	95025	95026	95027		95028
	Fire Services	Parks Development	Indoor Recreation	Parks & Recreation	Library Services	Municipal Parking Services	General Government	Roads and Related	Sanitary Sewers	Water Supply and Distribution	
Opening Balance January 1	(2,205,815.25)	(8,107,168.55)	10,081,134.23		1,192,846.55	396,232.22	571,365.18	12,850,347.49	1,118,846.12	1,010,397.67	16,908,185.66
Less: Opening Balance Adjustment		8,107,168.55	(10,081,134.23)	1,973,965.68			(416,279.00)				(416,279.00)
Add: Development Charges Collected	340,534.34			3,602,162.58	372,631.23	5,588.05	296,285.47	2,673,725.18	318,336.26	165,480.39	7,774,743.50
Less: DC Credits paid in year				(301,833.90)							(301,833.90)
DC Refunds Cancelled	-	-	-	-	-	-	-	-	-	-	-
Add: Interest Earned (charged)	(104,119.00)			120,294.00	46,495.00	11,934.00	10,384.00	338,897.00	42,684.00	34,924.00	501,493.00
Less: Expenditures in Year (Part II)	(464,001.47)	-	-	(1,223,991.25)	-	-	(220,388.41)	(1,098,385.12)	-	-	(3,006,766.25)
Closing DC Balance	(2,433,401.38)	-	-	4,170,597.11	1,611,972.78	413,754.27	241,367.24	14,764,584.55	1,479,866.38	1,210,802.06	21,459,543.01

* The Closing DC balances do not indicate how much of the DC reserve funds are committed to approved capital projects with capital budget authority not yet spent, but reflect the amount of deferred revenue to be recognized in future years.

PART II - Expenditures from Development Charges

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2022**

	General Services						Engineering Services			Total DC Funding	Other Non-DC Funding	Total Funding	
	95020	95021	95022	95029	95023	95024	95025	95026	95027				95028
	Fire Services	Parks Development	Indoor Recreation	Parks & Recreation	Library Services	Municipal Parking Services	General Government	Roads and Related	Sanitary Sewers	Water Supply and Distribution			
Funding Transferred to Operating Budget for Specific Purposes:													
<i>List each operational budget allocation</i>													
SARC Debenture Payment				(320,500.00)							(320,500.00)	N/A	(320,500.00)
Hallmark Debenture Funding				(218,500.00)							(218,500.00)	N/A	(218,500.00)
JOC Debenture Funding				(260,700.00)				(375,300.00)			(636,000.00)	N/A	(636,000.00)
Return of excess funding for Library Debt													
Landscape Architects (development related)				(115,600.00)							(115,600.00)	N/A	
Total Operating Budget Allocations	-	-	-	(915,300.00)	-	-	-	(375,300.00)	-	-	(1,290,600.00)	-	(1,175,000.00)
Funding Transferred to Capital Projects:													
<i>As per 2022 Capital Continuity</i>													
14077 Community Benefit Charge Study and DC update							(38,832.56)				(38,832.56)	-	(38,832.56)
21106 Pumper for Fire Hall 4-5				(407,329.61)							(407,329.61)	-	(407,329.61)
21107 Fire Hall 4-5 Turn Out Gear				(39,815.61)							(39,815.61)		(39,815.61)
21114 Fire Master Plan - 2019				(16,856.25)							(16,856.25)		(16,856.25)
31229 Construction of a Layby Lane on Tecumseh Drive at Aurora Heights P.S.								(7,780.07)		(864.00)	(7,780.07)	(864.00)	(8,644.07)
34006 Pave Snow Storage Facility - Lambert Willson Park								(592,240.43)		(253,000.00)	(592,240.43)	(253,000.00)	(845,240.43)
34562 Active Transportation Master Plan							(62,448.38)				(62,448.38)		(62,448.38)
34617 Sidewalk- Edward/ 100m E of Yonge-Dunning								(5,634.48)		(626.00)	(5,634.48)	(626.00)	(6,260.48)
34713 Street Light Pole Identification								(5,675.58)			(5,675.58)		(5,675.58)
72285 JOC - Additional Work				(27,443.20)				(111,754.56)			(139,197.76)		(139,197.76)
72443 AFLC - Pylon Sign				(35,044.58)							(35,044.58)	(3,715.00)	(38,759.58)
73169 David Tomlinson Nature Reserve (Phase 1-5)				(19,747.44)							(19,747.44)		(19,747.44)
73287 Hallmark Lands - Baseball Diamonds				(133,797.63)							(133,797.63)	(10,813.00)	(144,610.63)
73296 Trails - Joseph Hartman Trail Connection (DG Group)				(85,985.84)							(85,985.84)	(10,272.00)	(96,257.84)
73299 Non - Programmed Park in 2C				(5,386.66)							(5,386.66)		(5,386.66)
74019 Active Net Scan System				(1,285.90)							(1,285.90)	(143.00)	(1,428.90)
81001 Official Plan Review/Conformity to Places to Grow							(119,107.47)				(119,107.47)		(119,107.47)
Total Capital Project Allocations	(464,001.47)	-	-	(308,691.25)	-	-	(220,388.41)	(723,085.12)	-	-	(1,716,166.25)	(279,433.00)	(1,995,599.25)
Total DC Investments	(464,001.47)	-	-	(1,223,991.25)	-	-	(220,388.41)	(1,098,385.12)	-	-	(3,006,766.25)	(279,433.00)	(3,170,599.25)

PART III - Development Charge Credits Continuity

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2022**

Year	Project	Type	DC Credit Purpose	Balance Opening	New Credits Agreed	Amount Paid	Date Paid	Cr. Not Used	Ending Balance
2004	Whitwell/Certas (statefarm)	Waste Water	Sani Pump Station	886,655					886,655
2014	TACC 2C Phase 1	Parks Development	Parks and Trails construction	70,600					70,600
2014	Brookfield 2C Phase 1	Waste Water	Sanitary External works	69,706					69,706
2015	Aurora (HGD) Inc. - Highland Gate	Parks Development	Trail system	435,794		(301,834)			133,960
2015	Shimvest 2C	Water Supply and Distribution	Watermain	136,103					136,103
		Waste Water	Sewermain	245,467					245,467
		Parks Development	Trail system	209,217					209,217
2016	Shimvest 2C Phase 2	Parks Development	Trail system	89,800					89,800
2017	Mattamy (Aurora) Limited Phase 5	Parks Development	Trail System	23,450					23,450
2017	BG Properties res condo Yonge St.	Parks Development	Trail system	22,200					22,200
Total				2,188,992.00	-	(301,833.90)		-	1,887,158.10

Waste Water	1,201,828
Water Supply and Distribution	136,103
Parks Development	549,227
Roads and Related	-
Total Outstanding	1,887,158