

	THE CORPORATION OF THE TOWN OF GRAVENHURST	
	To:	Committee of the Whole
	From:	Ross Jeffery, Director of Financial Services / Treasurer
	Date:	April 18, 2023
	Subject:	2022 Development Charges Reserve Fund Statutory Annual Report Report No. FIN 2023-09

RECOMMENDATIONS

The Director of Financial Services / Treasurer recommends:

THAT Report No. FIN 2023-09 re: 2022 Development Charges Reserve Fund Statutory Annual Report be received for information;

AND THAT Committee approve the recommendation that \$250,000 be allocated in 2023 for budget year 2025; being at least 60 percent of the beginning balance in the Development Charges Reserve Fund at January 1st, 2023, for services related to a highway under the authority of the Development Charges Act, 1997 S.O.;

PURPOSE

The purpose of the 2022 Development Charges Reserve Fund Statutory Annual Report is to satisfy the requirement of the *Section 43 of the Development Charges Act, 1997 (DCA)*. The Section 43 of the DCA requires the Treasurer to report annually on the opening and closing balances of the Development Charges Reserve Funds and the transactions related to the funds.

In addition, to order to comply with Section 35, Subsection (2) of the DCA, the Town is required to spend or allocate at least 60 percent of the monies that are in the reserve fund at the beginning of the year for services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001.

BACKGROUND

Development Charges are collected from new development to pay for growth-related infrastructure thereby reducing the financial impact of growth on current taxpayers. Development Charge By-law 2019-091 has been in effect since January 1st, 2020 and determines the amounts collected from growth-related development in our community.

ANALYSIS

The following table summarized the Town Development Charge (DC) collections since 2020.

Year	Development Charge Collected
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2022	\$514,320
2021	\$593,357
2020	\$267,185

In 2022, an amount of \$1,184,199.90 was withdrawn from the Development Charges Reserve Fund to fund the following projects (see Attachment A):

- Library - \$36,000 for the new Library book collection.
- Fire Protection - \$882,963.29 towards the new aerial fire truck
- Parks & Recreation External Debt - \$248,419.61 towards debenture interest payments for the Muskoka Wharf and the Aquatic Centre.
- Municipal Parking External Debt - \$5,466 towards debenture interest payments for wharf parking.
- Roads and Related - \$11,351 towards the improvements to Pinedale Rd.

The Development Charge Reserve Fund balance was \$1,249,299.13 at the end of 2022.

In accordance with the Act and accompanying Regulation, the Treasurer is also required to report on any money borrowed from the Development Charges Reserve Fund. No money was borrowed from the Development Charges Reserve Fund in 2022.

It is important to note the recent trend in construction activity in Gravenhurst can be seen across Muskoka and, in fact, across the province. Population projections reflect growth that is significantly higher than anticipated a few years ago. While new construction activity generates increased Development Charges, it also results in population growth and puts pressure on existing Town infrastructure and services. In addition, the Parks, Recreation and Trails Master Plan and the Rural Transportation Study coming to Council and potentially the Strategic Planning exercise to be undertaken in 2023 are expected to reflect increased service needs wanted in our community. Looking ahead, without significant tax increases for capital expenditures, alternative funding sources such as Development Charges can be a way to advance capital projects in the future.

Section 35, Subsection (2) of the Development Charges Act, 1997 S.O., requires municipalities to spend or allocate at least 60 per cent of the monies that are in the reserve fund at the beginning of the year for services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001. These must be projects identified within the Town of Gravenhurst Development Charges By-law 2019-091 and the 2019 Town of Gravenhurst Development Charges Background Study. The Study identifies \$250,000 in eligible expenditures for roads connectivity projects that may be funded from development charges. Administration recommends that these monies be allocated towards the Bay Street Connectivity capital project totaling \$900,000 over 2025 and 2026 and documented as Capital Project 330B230

Muskoka Rd. 169 Sidewalk Replacement/Selective Streetlights in the 2023 Capital Budget and Multi-Year Plan.

CONSULTATION

The following individuals / community groups were consulted:

- Director of Financial Services / Treasurer
- Director of Infrastructure
- Manager of Revenue / Deputy Treasurer

CORPORATE FINANCIAL IMPACT

N/A

COMMUNICATIONS

This Report is required by the *Development Charges Act, 1997, Section 43*. The Reserve Funds established under section 33 of the DCA are to be provided to the public and upon request, the Ministry of Municipal Affairs and Housing (MMAH).

FUTURE CONSULTATIONS

The Town is required to update its Development Charges By-Law in 2024 as the current By-law will expire January 1st, 2025. A new Development Charge Background study and consultation with Town Departments and the Public will be required as part of the consultation process.

CONCLUSIONS

Administration concludes that this Report meets the requirements of the *Development Charges Act, 1997, Sections 43 and 35, Subsection (2)*.

CLIMATE CHANGE IMPLICATIONS

This Report does not directly contribute to meeting the intentions of the Climate Change Declaration, though often the projects that Development Charges fund can have a positive climate-related impact.

RELATION TO STRATEGIC PLAN

This Report does not directly advance or support the Town of Gravenhurst Strategic Plan.

RELATION TO OTHER MUNICIPAL REPORTS, PLANS OR APPLICABLE LEGISLATION

This Report related to other municipal reports, plans or applicable legislation including:

1. Town of Gravenhurst Development Charges By-law 2019-091
2. 2019 Town of Gravenhurst Development Charges background study
3. *Development Charges Act, 1997 S.O. 1997, c27 & S35(2)*
4. *Ontario Regulation 82/98*

ATTACHMENTS

1. Attachment A – 2022 Development Charges Reserve Fund Statutory Annual Report

RESPECTFULLY SUBMITTED BY:

Author: Theresa Trott, Manager of Accounting / Deputy Treasurer

Approved by: Ross Jeffery, Director of Financial Services / Treasurer

Approved by: Scott Lucas, Chief Administrative Officer