

 <p><b>GRAVENHURST</b> GATEWAY TO MUSKOKA</p>	<b>THE CORPORATION OF THE TOWN OF GRAVENHURST</b>	
	<b>To:</b>	<b>Committee of the Whole</b>
	<b>From:</b>	<b>Val Sequeira, Director of Corporate Services and Chief Financial Officer</b>
	<b>Date:</b>	<b>April 12, 2022</b>
	<b>Subject:</b>	<b>2021 Development Charges Reserve Fund Statutory Annual Report Report No. COR 2022-04</b>

**RECOMMENDATIONS**

The Director of Corporate Services and Chief Financial Officer recommends:

**THAT** Report No. COR 2022-04 re: Development Charges Reserve Fund Statutory Annual Report be received for information.

**PURPOSE**

The purpose of this 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.

**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 1<sup>st</sup>, 2020 and determines the amounts collected from growth-related development in our community.

**ANALYSIS**

The following table summarizes the Town Development Charge (DC) collections since 2019.

<b>Year</b>	<b>Development Charges Collected</b>
2021	\$593,357
2020	\$267,185
2019	\$168,280

In 2021, an amount of \$286,618 was withdrawn from the Development Charges Reserve Fund to fund the following projects (see Attachment A):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 - \$67,037 towards the new Aerial Fire Truck
- Parks - \$82,910 towards Kinsmen Park playground equipment replacement
- Parks & Recreation External Debt - \$95,503 towards debenture interest payments for Wharf and Aquatic Centre
- Municipal Parking - \$5,168 towards debenture interest payments for wharf parking.

The Development Charge Reserve Fund balance at the end of 2021 was \$1,871,659.66.

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 2021.

Contributions to the Development Charges reserves and how the reserves are spent are not always in sync. While the 2021 year-end DC reserve balance may seem high (2020 year-end balance was 1,551,974.57) it should be noted, as an example, that the purchase of the Aerial approved by Council in the 2020 Capital Budget and Multi-Year Plan is to be partially funded from DC's. This will reduce the DC reserve balance in 2022.

Two important considerations with regard to DC's. One, the recent trend in construction activity in Gravenhurst can be seen across Muskoka and, in fact, across the country. Population projections reflect growth that is significantly higher than anticipated a few years ago. So while construction activity generates increased DC's, it also results in population growth and puts pressure on existing Town infrastructure and services. Two, the Parks and Trails Master Plan approved by Council in the 2022 Budget and Multi-Year Plan is expected to reflect increased service needs in our community. Looking ahead, absent significant tax increases for capital expenditures, funding from Development Charges can be a way to advance capital projects from this plan in the future.

Recent DC legislation has required that the Town enter into agreements with developers in some situations to freeze rates or defer payments. The administrative burden created by this legislation, particularly in the current fast-moving, growth phase, is significant. It has required the development of a whole new process that engages all departments in the development cycle as well as the developer. It remains to be seen if on-going tracking and enforcement of agreements will add to this burden.

## **CONSULTATION**

The following individuals / community groups were consulted:

- Treasurer
- Director of Corporate Services and Chief Financial Officer

## **CORPORATE FINANCIAL IMPACT**

None.

## **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 1<sup>st</sup>, 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, Section 43*.

## **CLIMATE CHANGE IMPLICATIONS**

This Report does not contribute to meeting the intentions of the Climate Change Declaration.

## **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:

- Town of Gravenhurst Development Charges By-law 2019-091
- 2019 Town of Gravenhurst Development Charges Background Study
- *Development Charges Act, 1997 S.O. 1997, c.27*
- *Ontario Regulation 82/98*

## **ATTACHMENTS**

1. Attachment A - 2021 Development Charges Reserve Fund Statutory Annual Report

## **RESPECTFULLY SUBMITTED BY:**

Author: Theresa Trott, Manager of Accounting & IT

Approved by: Ross Jeffery, Treasurer

Approved by: Val Sequeira, Director of Corporate Services and Chief Financial Officer

Approved by: Scott Lucas, Chief Administrative Officer