



Cornwall City Council

DEPARTMENT: Department of Financial Services
REPORT NUMBER: 2019-22-FI
PREPARED BY: Tracey Bailey, General Manager, Financial Services
REPORT DATE: April 16, 2019
MEETING DATE: Apr 23, 2019 07:00 PM
SUBJECT: 2018 Annual Report on Development Charges Reserve Fund

PURPOSE

The purpose of this report is to present the required 2018 Statement of Development Charges report to Council and provide information on financial transactions which occurred during the year in relation to the Development Charges Reserve Fund.

RECOMMENDATION

That Council receives Report No. 2019-22-FI prepared in accordance with Section 12 of O.Reg.82/98 of the *Development Charges Act, 1997* (Act).

FINANCIAL IMPLICATIONS

A statement of the Development Charge Reserve Fund balance and transactions for 2018, by service area, is listed in Schedule A. Schedule B provides a description of the service for which the fund was established.

In 2018, the City began imposing development charges (DCs) to residential and non-residential development. The residential charge is being phased-in annually under the provisions of the by-law (2018 was the first year of a 5-year phase-in). The implication of providing rules within the DCs by-law to allow for DCs payable to be lower than the fully calculated rate, is that the City is foregoing potential DC revenue. This is important to note as these policy recommendations in effect, are a loss of revenue to the City which will have to be funded from non-DC sources (e.g. taxes, user fees, reserves or other financial resources). In 2018, the City funded this loss of revenue (\$209,376) to the Development Charges Reserve

Fund from Working Reserves.

The minimum interest rate that a municipality shall pay under subsections 18 (3) and 25 (2) of the Act and section 36 of the Act, in relation to a DC by-law, is what the Bank of Canada rate is on the day the bylaw comes into force updated on the first business day of every January, April, July and October. In 2018, the reserve earned \$664.

The City did not use funds from this reserve in 2018, but has committed \$2.2M of this fund through the 2019 budget. Funds remaining in the Development Charges Reserve Fund are considered to be committed for projects as identified in the 2017 Development Charges Background Study. The funds will be transferred to the capital projects when growth related costs are incurred.

No amounts have been borrowed from the fund during the year.

STRATEGIC PRIORITY IMPLICATIONS

There is no relationship to the strategic plan as this is a compliance report under the *Development Charges Act* .

BACKGROUND / DISCUSSION

In 2018, following the completion and adoption of the 2017 Development Charges Background Study, DCs were imposed pursuant to By-law 2018-038 City-Wide Development Charges and By-law 2018-037 Area-Specific Development Charges within the Brookdale Avenue North Corridor.

A summary of the permit activity and associated development charges is provided as follows:

<u>By-Law 2018-38</u>	<u># of Permits</u>	<u>Sq Ft</u>	<u>Development Charges</u>
Residential			
- Single/Semi-Detached Dwelling	48		50,832.00
- Apartments (2+ bedrooms)	1		1,512.00
Non-Residential	4	52,002.11	<u>141,965.76</u>
			194,309.76
City Portion of Residential (YR 1 - phase in)			209,376.00
Interest Earned			664.00
<hr/>			
By-Law 2018-38 City-Wide Development Charges			404,349.76

<u>By-Law 2018-37</u>	<u># of Permits</u>	<u>Sq Ft</u>	<u>Development Charges</u>
Non-Residential	2	46,015.71	286,677.87
Interest Earned			-
<hr/>			
By-Law 2018-37 Area-Specific Development Charges within the Brookdale North Corridor			286,677.87

Purpose of Development Charges

The general purpose for which the City imposes development charges is to assist in providing the infrastructure required by future development in the municipality through the establishment of available capital funding source to meet the City's financial requirements.

Development charge funds may only be used for the purpose for which they are collected.

Development charges are based on the methodology that existing taxpayers should not be liable for capital costs of new growth. At the same time, new taxpayers should not have to contribute more than the net capital cost attributable to growth in order to maintain current levels of municipal services.

Approval of the By-laws

By-laws 2018-037 and 2018-038 were passed on April 9, 2018 by Cornwall City Council and came into effect April 10, 2018.

Development Charge Collection

Development charges are payable in full on the date that the building permit is issued.

Development Charge Rates and Indexing

Development charges imposed pursuant to these by-laws are adjusted annually without amendment to the by-laws on January 1 of each year, in accordance with the prescribed index in the Act.

Statement of Treasurer

In accordance with Section 12 of O.Reg.82/98, of the *Development Charges Act, 1997* , the Treasurer will issue a statement for the preceding year including:

- a) statements of the opening and closing balances of the reserve fund and of the transactions relating to the fund;
- b) statements identifying,
 - i. all assets whose capital costs were funded under a development charge by-law during the year,
 - ii. for each asset mentioned in sub-clause (i), the manner in which any capital cost not funded under the by-law was or will be funded;
- c) a statement as to compliance with subsection 59.1 (1).

The statement provided by the Treasurer is required to be made available to the public and to the Minister of Municipal Affairs and Housing on request. The City will post this report and its attachments to the Development Charges' page of the City's website.

The Treasurer has reviewed this report and confirms that the City is in compliance with subsection 59.1(1) of the *Development Charges Act, 1997* , as amended which states:

A municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by this Act or another Act. 2015, c.26, s.8.

ATTACHMENTS



Schedule A.pdf



Schedule B.pdf

Motion to receive Report No. 2019-22-FI prepared in accordance with Section 12 of O.Reg.82/98 of the *Development Charges Act, 1997* (Act).

Motion to approve the recommendations contained in the Consent portion of the Agenda of Tuesday, April 23, 2019.

Moved By: Justin Towndale, Councillor
Seconded By: Todd Bennett, Councillor

Motion Carried

Approval

April 16, 2019 05:03 PM

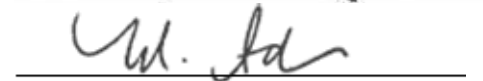
Tracey Bailey
General Manager, Financial Services



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April 16, 2019 07:28 PM

Maureen Adams
Chief Administrative Officer



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Schedule A
Development Charges Obligatory Reserve Fund
Annual Continuity Schedule
For the Year Ended December 31, 2018

	Balance at January 1, 2018	Development Charges Residential	Development Charges Non Residential	Development Charges City Portion	Interest	Subtotal	Transfer to Capital	Balance at December 31, 2018
City Wide Development Charges								
Fire Services	0	2,076	6,760	8,304	30	17,170	0	17,170
Transportation Services	0	35,440	117,525	141,759	523	295,246	0	295,246
Wastewater Services	0	890	1,560	3,559	8	6,017	0	6,017
Water Services	0	2,521	4,680	10,083	25	17,309	0	17,309
Library Services	0	741	-	2,966	3	3,710	0	3,710
Parks & Recreation Serv	0	7,513	1,040	30,052	29	38,634	0	38,634
Development Studies	0	3,163	10,400	12,654	46	26,263	0	26,263
Waste Diversion	0	-	-	-	-	-	0	-
Subtotal	-	52,344	141,966	209,376	664	404,350	-	404,350
Area Specific Development Charges								
Wastewater	0	-	286,678	-	-	286,678	-	286,678
Subtotal	0	-	286,678	-	0	286,678	-	286,678
Total	0	52,344	428,644	209,376	664	691,028	0	691,028

Schedule B

Description of the Service for which each of the funds was established:

a) Fire Services

This fund is used to finance growth-related projects for a new fire station, training centre, and training equipment.

b) Transportation Services

This fund is used to finance growth-related projects for bicycle, sidewalk, roads and bridge infrastructure as well as Municipal Works yard redevelopment.

c) Wastewater Services

This fund is used to finance growth-related projects for combined sewer separation.

d) Water Services

This fund is used to finance growth-related projects for new watermains on Power Dam and the Business Park.

e) Library Services

This fund is used to finance growth-related projects for library collection materials.

f) Parks & Recreation Services

This fund is used to finance growth-related projects for parks and bicycle path improvements, off-leash dog park, splash pad, and soccer fields.

g) Development Studies

This fund is used to finance growth-related projects for feasibility studies, master plans, long-term financial plan, assets management plan, needs studies and Development Charges background study.

e) Waste Diversion

This fund is used to finance growth-related projects for solid waste / recycling implementation.

f) Area Specific Development Charges

This fund is used to finance growth-related project for Brookdale North Corridor sanitary sewer extension.