



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Financial Services
Division: Finance
Report Number: 2025-44-Financial Services
Meeting Date: September 22, 2025
Subject: 2023 Annual Report on Development Charges Reserve Fund

Purpose

The purpose of this report is to present the required 2023 Statement of Development Charges to Council and provide information on financial transactions which occurred during the year in relation to the Development Charges Reserve Fund.

Recommendation

That Council receive report 2025-44-Financial Services.

Financial Implications

Section 43 of the Development Charges Act, 1997 requires the Treasurer of a municipality each year to give Council a financial statement relating to the Development Charges By-Law and reserve funds established under section 33, being separate reserve funds for each service to which the development charges (DCs) relate.

A statement of the Development Charges Reserve Fund balance and transactions for 2023, by service area, is listed in Schedule A. Schedule B provides a description of the service for which the fund was established.

As described in Schedule A, the total balance of the Development Charges Reserve Fund on December 31, 2023, was \$2,100,600.

Effective April 2023, development charges were collectable at 80% with a 5-year phase-in period planned. The phase-in approach was eliminated effective January 2025 due to legislative changes.

The 2023 cost of providing exemptions was \$1,180,969 (\$1,180,969 discretionary, \$0 mandatory). The City was not able to contribute \$1,180,969 to the Development Charges Reserve Fund for discretionary and mandatory exemptions provided at the 2023 year end; the amount is payable in future years. At the end of 2024, an amount of \$74,938 was contributed towards the cost of these exemptions.

Exemptions within the Development Charges By-Law allow for collection of less than the fully calculated DCs rate; the City is foregoing potential DC revenue. This is important to note as the loss of revenue to the City from these policy recommendations will have to be funded from non-DC sources (e.g., taxes, user fees, reserves, or other financial resources).

Subsections 18 (3) and 25 (2) and section 36 of the Act, describe the minimum interest rate that a municipality shall use to pay interest to the Development Charges Reserve Fund. The municipality calculates interest earned from the Bank of Canada rate on the day the By-Law comes into force, updated on the first business day of every January, April, July, and October. In 2023, the reserve earned \$101,346 of interest.

In 2023, the City used funds in the amount of \$2,283,064 from the Development Charges Reserve Fund for various capital projects that qualified for DC funding.

Through the 2024 budget, additional DC revenue in the amount of \$2,574,400 has been committed. Funds remaining in the Development Charges Reserve Fund are considered to be committed for projects as identified in the 2023 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

This report is aligned with the Strategic Plan goal of responsible governance through the strategies of fiscal responsibility and infrastructure investments.

Background / Discussion

Since 2018, Development Charges have been imposed and used in accordance with Development Charges Background Studies. See “Approval of the By-Laws” for specifics.

A summary of 2023 permit activity and associated development charges is provided as follows:

Development Charges By-Law Summary Year-End Report

By-Laws 2018-038 and 2023-027	# of Permits	Sq Ft	Development Charges
- Single/Semi-Detached Dwelling	63		
- Apartments (2+ bedrooms)	3		
- Special Care / Special Dwelling	0		
Residential	66		707,680.75
- Industrial	8		
- Commercial	2		
Non-Residential	10		499,557.23
			<u>1,207,237.98</u>
City Portion of Residential (YR 4 phase-in)			74,938.35
City By-Law Exemptions			-
Mandary By-Law Exemptions			-
Interest Earned			101,346.00
City-Wide Development Charges			1,383,522.33
By-Law 2020-112	# of Permits	Sq Ft	Development Charges
Non-Residential	0	-	-
Interest Earned			-
Area-Specific Development Charges (Brookdale North Corridor)			-

Purpose of Development Charges

The City imposes development charges so that these can be used as a source of capital funding for infrastructure required in future development in the municipality. Development charges may only be used for the purpose for which they are collected.



Collection of development charges ensures that existing taxpayers are not responsible for the capital costs of new growth. At the same time, new taxpayers do not 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. By-Law 2018-037 was repealed and replaced with By-Law 2020-112 which came into effect on September 15, 2020. By-Law 2018-038 was repealed and replaced with By-Law 2023-027 and came into effect on April 10th, 2023. By-Law 2023-027 was amended with By-Law 2024-107 and came into effect on January 1st, 2025.

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 most recent change in the Statistics Canada Quarterly, Construction Price Statistics. Indexing the City's DCs helps to partially mitigate the impact of inflationary increases on future growth-related costs.

Updating the Development Charges By-Law

Development Charges background studies must be completed every five years with a DC By-Law being passed within one year of its completion.

The City's current background study was completed in 2023, and By-Law 2023-027 City-Wide Development Charges was passed on Mar 27, 2023. That by-law, as amended with By-Law 2024-107, is in place until April 10th, 2032.

Administration worked with Watson and Associates Economists Ltd. to complete an update to the Development Charges Background Study. This project followed the same process/requirements as the Development Charges Background Study completed in 2018.

Statement of Treasurer

In accordance with Section 12 of O.Reg. 82/98 and Section 43 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.

Document Title:	2023 Annual Report on Development Charges Reserve Fund - 2025-44-Financial Services.docx
Attachments:	- Schedule A - 2023 Development Charges Collected and Required Funding.pdf - Schedule B - 2023 Development Charges Services.pdf
Final Approval Date:	Sep 16, 2025

This report and all of its attachments were approved and signed as outlined below:

Tracey Bailey - Sep 16, 2025 - 1:14 PM

Tim Mills - Sep 16, 2025 - 1:28 PM

Schedule A
Development Charges Obligatory Reserve Fund
Annual Continuity Schedule
For the Year Ended December 31, 2023

	Balance at January 1, 2023	Development Charges			Interest	Transfer to Capital ¹	Balance at December 31, 2023
		Residential	Non Residential	City Portion *			
City Wide Development Charges							
Fire Services	47,922	29,118	24,633	3,209	2,406	1,092,471	(985,182)
Ambulance Services	-	3,581		716	85	-	4,382
Transportation Services	1,984,468	436,265	417,308	42,182	67,166	1,037,583	1,909,806
Transit Services	-	1,588		318	38	1,057	886
Wastewater Services	83,059	13,065	4,261	1,482	2,376	58,211	46,031
Water Services	(49,813)	68,628	12,783	10,504	748	23,502	19,347
Library Services	37,558	15,315	-	2,108	1,251	47,606	8,627
Parks & Recreation Services	605,288	116,453	4,347	13,723	17,184	-	756,994
Development Studies	365,669	20,049	36,226	-	9,986	22,634	409,295
Waste Diversion	929	3,619	-	696	108	-	5,352
Subtotal	3,075,080	707,681	499,557	74,938	101,346	2,283,064	2,175,538
Area Specific Development Charges							
Wastewater	(2,463,174)	-	-	-	-	1,306,476	(3,769,650)
Subtotal	(2,463,174)	-	-	-	-	1,306,476	(3,769,650)
Total	611,906	707,681	499,557	74,938	101,346	3,589,540	(1,594,111)

¹ Transferred to Capital	Development Charges	Balance to be funded by
Transit Garage	1,057	Grant
DC Background Study	22,634	N/A
New Watermain	23,502	Reserves
Sidewalk	35,015	Grant
Library Strategic Plan	47,606	Taxation, Reserves
Combined Sewer Separation	58,211	Rates, Reserves
MW Yard - Admin Building Design	214,108	Financing, Grant
Marleau Widening	387,331	Financing, Reserves
Asphalt Resurfacing	401,129	Grant, Reserves
Fire Station and Training Centre	1,092,471	Financing
	<u>2,283,064</u>	

* City Portion contributed to Development Charges Reserve in 2024

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 watermain 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.

h) Waste Diversion

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

i) Area Specific Development Charges

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