



Municipality of Port Hope
56 Queen Street
Port Hope, ON
L1A 3Z9

REPORT TO: Budget Committee
FROM: Amanda Aasen, Financial Planning Coordinator
SUBJECT: 2018 Development Charges
DATE: December 3, 2019

RECOMMENDATION:

That the Development Charges Financial Statements for the calendar year ending December 31, 2018 be received for information purposes and further;

That a copy be made available to the public on the Municipal website.

BACKGROUND:

Section 43(1) of the Development Charges Act, 1997, S.O. states that "The treasurer of a municipality shall each year on or before such date as the council of municipality may direct, give the council a financial statement relating to development charge by-laws and reserve funds established under Section 33."

In 2015, Ontario Regulation 82/98 and Bill 73, Smart Growth for Our Communities Act, 2015 provided specific guidance with respect to the information to be included in the Treasurer's annual statement, which has been incorporated into the Development Charges Act.

Attached is a copy of the Development Charges Financial Statement for the calendar year ending December 31, 2018 and the following provides a brief summary of key points:

- The payments made to AON Inc. (Mason Homes Development) are as per the Subdivision Agreement, Section 40.1 Development Charge Credits which states "The Owner agrees to front end and pay for all costs of the design and construction of all roads, water supply mains, sanitary mains, the sanitary pumping station (and associated force mains), required to service the Subject Lands" and Section 40.2 which states "The Municipality agrees to provide the Owner with a Development Charge Credit for the services to which the Development Charge By-law relates."

- Amounts transferred to Capital are for projects approved in the budget to be funded from the Development Charge Reserve Funds as outlined in the Development Charges Study.
- The debt repayment is a transfer to operating for the debenture repayments for the water and wastewater treatment plants. On an annual basis, only the actual amount collected in DCs is transferred to the operating budget. Since the DC revenue/growth has not been adequate to cover the growth related portion of the debenture payments, this has resulted in the utilities paying for the majority of the debt payments and the DCs owing significant amounts to the utilities. The current unfunded amount related to the debenture payments is \$2,500,722 for Water and \$3,021,269 Wastewater.

All the transfers are made in accordance with the Development Charges Act and the Municipality's Development Charges Study. Development Charges (DC) are collected in accordance with By-law 54-2014 as development activity occurs and it is recognized that the rate of development will vary over the period of the Background Study and By-law.

RESOURCE IMPLICATIONS:

The closing balance as of December 31, 2018 is the cash balance in the development charges account in the amount of \$1,503,587. This balance does not consider committed funds for capital projects that are currently in progress. Therefore, the actual development charge funds available for future projects is an over commitment of funds in the amount of \$296,358, as identified in Attachment 3. Please note that this does not include any projected DC revenue to be collected in 2019, which is anticipated to be approximately \$1,063,000.

To date, DC revenues have been significantly lower than the projected revenues in the 2014 DC Background Study. Staff will monitor this trend and manage growth related capital infrastructure appropriately. DC reserve funds are managed as a total fund from a cash flow perspective, meaning that funds with a negative balance have borrowed from and paid interest to other DC funds with positive balances. The Municipality has also managed the DC reserve fund cash flow levels through external debt. As highlighted earlier, revenue collection has not achieved targeted levels as identified in the Background Study even as growth related capital spending continues to occur. The "gap" between the need for infrastructure before the development growth occurs can be managed through external debt and/or delaying the capital projects until more growth has occurred.

CONCLUSION:

The annual statement of the Development Charge Reserve Funds presented to Committee satisfies requirements as specified in the Development Charges Act.

Respectfully submitted,

Amanda Aasen
Financial Planning Coordinator

**Municipality of Port Hope
Annual Treasurer's Statement of Reserve Funds for By-Law # 54/2014
for the year ended December 31, 2018**

Description	Services to which the Development Charge Relates							Total
	Non-Discounted Services				Discounted Services			
	Services Related to a Highway	Water	Wastewater	Protection ⁴	Admin	Parks and Recreation ⁵	Library	
Opening Balance, January 1, 2018	2,011,159	(1,906,106)	591,046	124,743	33,304	652,068	89,151	1,595,365
Plus:								
Development Charge Collections	101,781	40,976	106,281	18,504	1,708	72,864	5,572	347,686
Accrued Interest	20,822	(21,247)	7,718	1,043	338	5,949	886	15,509
Repayment of Monies Borrowed from Fund and Associated Interest ¹								-
Sub-Total	122,603	19,729	113,999	19,547	2,046	78,813	6,458	363,195
Less:								-
Amount Transferred to Capital (or Other) Funds ²	223,553	25,385	149,774			6,210	28,540	433,462
Amounts Refunded								-
Amounts Loaned to Other D.C. Service Category for Interim Financing								-
Credits ³			21,511					21,511
Sub-Total	223,553	25,385	171,285	-	-	6,210	28,540	454,973
Closing Balance, December 31, 2018	1,910,209	(1,911,762)	533,760	144,290	35,350	724,671	67,069	1,503,587

¹ Source of funds used to repay the D.C. reserve fund

² See Attachment 1 for details

³ See Attachment 2 for details

⁴ Service category includes: Police Services and Fire Services

⁵ Service category includes: Indoor Recreation Services and Parkland Development Services

The Municipality is compliant with s.s. 59.1 (1) of the *Development Charges Act*, whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the *Development Charges Act* or another Act.

Attachment 1
Municipality of Port Hope
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
for the year ended December 31, 2018

Capital Fund Transactions	Gross Capital Cost	DC Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. By-Law Period			Post D.C. By-Law Period		Other Reserve/ Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions					
<u>Transportation</u>											
Lakeshore Road	40,010	25,686	-	-	-	-	14,323	-	-	-	-
Joint Operations Centre - Unfunded Portion	137,392	137,392	-	-	-	-	-	-	-	-	-
Additional 1 Ton Truck	60,475	60,475	-	-	-	-	-	-	-	-	-
Sub-Total - Wastewater	237,877	223,553	-	-	-	-	14,323	-	-	-	-
<u>Water</u>											
WTP Debt Repayment	25,385	25,385	-	-	-	-	-	-	-	-	-
Sub-Total - Protection	25,385	25,385	-	-	-	-	-	-	-	-	-
<u>Wastewater</u>											
Sanitary Sewer Twinning Project	324,012	81,003	-	243,009	-	-	-	-	-	-	-
WWTP Debt Repayment	68,771	68,771	-	-	-	-	-	-	-	-	-
Sub-Total - Protection	392,783	149,774	-	243,009	-	-	-	-	-	-	-
<u>Parks and Recreation</u>											
Trail Upgrades and Signage	13,799	6,210	-	-	-	-	7,590	-	-	-	-
Sub-Total - Parks and Recreation	13,799	6,210	-	-	-	-	7,590	-	-	-	-
<u>Library</u>											
Library Collection	50,375	10,000	-	-	-	-	-	40,375	-	-	-
The HUB Renovation	82,926	18,540	-	-	-	-	64,386	-	-	-	-
Sub-Total - Library	133,301	28,540	-	-	-	-	64,386	40,375	-	-	-

Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions

Operating Fund Transactions	Annual Debt Repayment Amount	Draw		Post D.C. By-Law Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
<u>Water</u>									
Water Treatment Plant (2010)	803,575	23,101	2,285						
Sub-Total - Water	803,575	23,101	2,285						
<u>Wastewater</u>									
Sewage Treatment Plant (2011)	697,280	26,821	41,950						
Sub-Total - Wastewater	697,280	26,821	41,950						

Attachment 3
Municipality of Port Hope
Committed Amounts from Approved Budgets

Description	Services to which the Development Charge Relates							Total
	Non-Discounted Services				Discounted Services			
	Services Related to a Highway	Water	Wastewater	Protection ⁴	Admin	Parks and Recreation	Library	
Closing Balance, December 31, 2018	1,910,209	(1,911,762)	533,760	144,290	35,350	724,671	89,151	1,525,669
<u>Less Amounts Committed:</u>								
2012 Capital - Traffic Signalization for Croft St/Roseglen Rd	160,000							160,000
2018 Capital - Additional 1 Ton Truck	1,403							1,403
2018 Capital - Lakeshore Rd Reconstruction Design	36,314							36,314
2015 Capital - Sanitary Sewer Twinning			1,472,548					1,472,548
2019 Capital - Penryn Village Playground						36,000		36,000
2019 Capital - Fire Station 3				60,762				60,762
2019 Operating - Library Collection Addition							10,000	10,000
2019 Operating - Development Charges Study					45,000			45,000
Total Amounts Committed from current projects	197,717	-	1,472,548	60,762	45,000	36,000	10,000	1,822,027
Uncommitted Balance, excluding outstanding Debt Payments	1,712,492	(1,911,762)	(938,788)	83,528	(9,650)	688,671	79,151	(296,358)
<u>Less Unfunded Debenture Payments:</u>								
Water Treatment Plant (2007-2018)		2,500,722						2,500,722
Wastewater Treatment Plant (2011-2018)			3,021,269					3,021,269
Uncommitted Balance Available / (Unavailable)	1,712,492	(4,412,484)	(3,960,057)	83,528	(9,650)	688,671	79,151	(5,818,349)