



Town of Arnprior Staff Report

Subject: Annual Statement of Development Charges - 2022

Report Number: 23-06-12-03

Report Author and Position Title: J. Morawiec, GM Client Services / Treasurer

Department: Client Services

Meeting Date: June 12, 2023

Recommendations:

That Council receive report number 23-06-13-03 as information; and

That this Annual Statement of Development Charges be made available to the public on the Town of Arnprior website or upon request.

Background:

Development Charges (DCs) are fees collected from new development at the time a building permit is issued. Municipalities use these charges to help pay for the cost of infrastructure required as a result of new development, such as roads, parks, recreation, fire as well as water and wastewater. Most municipalities in Ontario use development charges to ensure that the cost of providing infrastructure to service new development is not borne by existing residents and businesses in the form of higher property taxes.

The development charge by-laws and associated development charge rates in place for the January to December 31, 2022 timeframe was established through the 2017 Development Charge Background Study update with a new Development Charge By-Law adopted by Council on March 12, 2018. The Development Charge By-Law was further updated in 2019 to include an additional exemption relating to not-for-profit long-term care homes.

Section 43 of the Development Charges Act, S.O. 1997, requires the Treasurer of a municipality to each year provide council a financial statement relating to development charge by-laws and reserve funds established under Section 33. This statement must be made available to the public and may be requested to be forwarded to the Minister of Municipal Affairs and Housing.

O. Reg. 82/98 prescribes the detailed information that must be included in the annual Treasurer's statement, including but not limited to: opening and closing balances; a description of each service and/or service category for which the reserve fund was established (Appendix A); interest earned and transactions for the year (collections, draws) including each assets capital costs to be funded from the D.C. reserve fund and the manner for funding the capital costs not funded under the D.C. by-law (Appendix B).

Amendments to O. Reg 82/98 under Bill 109 in 2022 now require the following additional information must be provided for each D.C. service being collected for during the year: a) whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated, in the relevant development charge background study, to be incurred during the term of the applicable development charge by-law; b) if the answer to a) is no, the amount the municipality now expects to incur and a statement as to why this amount is expected; and c) if no money was spent from the reserve fund during the year, a statement as to why there was no spending during the year.

Discussion:

Annual Financial Summary:

The following table highlights a summary of the development charge reserve fund for the period January 1 to December 31, 2022 and includes DC funds collected, DC receivables, interest earned and disbursements. The DC receivable amount is reflective of DC amounts owing to the municipality from instalment payments for eligible developments under the DCA. A further breakdown of development charges by service category is included in Appendix A: Annual Statement of Development Charges Reserve Fund.

2022 Development Charges Summary	
Opening Balance, January 1, 2022	\$ 5,232,909
Development Charges Collected	1,046,611
Development Charges Receivable	431,050
Investment and Interest Income	154,067
Total	6,864,637
Disbursements	(1,533,955)
Year End Return to Source	(8,010)
Closing Balance, December 31, 2022	\$ 5,322,672

Development Charge Financed Projects:

Disbursements for development charge funded projects included but not limited to: \$770,169 for water/wastewater plant expansion financing, \$75,656 for Quint financing, \$270,000 for snow plow (loader), \$50,000 for park designs, \$49,200 for waterfront redevelopment design and \$146,430 towards the Library building expansion. A detailed listing of all development charge disbursements by project is included in Appendix B: Development Charge Project Activity Report.

Gross Capital Cost Expectations:

As per O. Reg 82/98, as of the end of the year, a municipality has to indicate if they expect to incur the amount of capital costs that were estimated, in the relevant development charge background study, during the term of the applicable development charge by-law. As 2022 is the last year of the applicable term (2018-2022), Appendix C demonstrates that the municipality met and surpassed the estimated amount of capital costs over the term.

For future years, a new development charges by-law has been adopted in 2023 along with an updated background study that includes new estimated capital costs for a ten-year period with \$47.4M in planned expenditures and \$26.95M recoverable from development charges.

Options:

N/A

Policy Considerations:

Development Charges Act: A significant number of amendments have been made by the Province to the Development Charges Act including changes under Bill 108, 138, 197, 213 and 109. A summary of these changes are included in the [2023 Development Charges Background Study](#) and have been included in the new 2023 Development Charges By-law which came into effect on March 13, 2023.

Interest Rates: While in 2021, Council passed a resolution #108-21 authorizing interest to be charged on development charges which are payable in accordance with section 26.1 and 26.2 of the Development Charges Act, 1997, at the Statistics Canada Quarterly, non-residential Construction Price Statistics for the most recent year over year period; this rate has now been replaced. As per Bill 23, the maximum interest rate is set at the average prime rate plus 1%. This maximum interest rate provision would apply to all instalment payments and eligible site plan and zoning bylaw amendment applications occurring after November 28, 2022.

Requirement to Allocate Funds: Annually, beginning in 2023, municipalities will be required to spend or allocate at least 60% of the monies in a reserve fund at the beginning of the year for water, wastewater, and services related to a highway. Other services may be prescribed by the regulation.

Financial Considerations:

Compliance Statement: The Town of Arnprior is compliant with Section 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.

Meeting Dates:

N/A

Consultation:

N/A

Documents:

Appendix A: 2022 Annual Statement of Development Charges Reserve Fund

Appendix B: 2022 Development Charge Project Activity Report

Appendix C: Estimated Gross Capital Costs (2018-2022)

Signatures

Reviewed by Department Head: Jennifer Morawiec

Reviewed by General Manager, Client Services/Treasurer: Jennifer Morawiec

CAO Concurrence: Robin Paquette

Workflow Certified by Town Clerk: Maureen Spratt

Town of Arnprior
Appendix A: Treasurer's Statement - Development Charge Reserve Funds
For the period January 1, 2022 to December 31, 2022

	Services to which the Development Charge Relates							
	Services Related to a Highway	Water	Wastewater	Protection	General Government	Parks and Recreation ²	Library	Total
Opening Balance, January 1, 2022	\$ (518,018)	\$ 1,561,769	\$ 4,144,747	\$ 37,414	\$ (239,233)	\$ 45,350	\$ 200,881	\$ 5,232,910
Revenues								
Development Charge Collections	224,292	335,806	422,143	15,666	36,813	9,496	2,394	1,046,610
Development Charge Receivable	92,376	138,303	173,861	6,452	15,161	3,911	986	431,050
Accrued Interest	33,017	49,433	62,142	2,306	5,419	1,398	352	154,067
Sub-Total	\$ 349,685	\$ 523,542	\$ 658,146	\$ 24,424	\$ 57,393	\$ 14,805	\$ 3,732	\$ 1,631,727
Expenditures								
Amount Transferred to Capital (or Other) Funds ¹	351,250	374,139	396,030	75,656	91,250	99,200	146,430	1,533,955
Prior Commitments (Return to Source)	26,969				-17,408	-1,551		8,010
Sub-Total	\$ 378,219	\$ 374,139	\$ 396,030	\$ 75,656	\$ 73,842	\$ 97,649	\$ 146,430	\$ 1,541,965
Closing Balance, December 31, 2022	\$ (546,552)	\$ 1,711,172	\$ 4,406,863	\$ (13,818)	\$ (255,682)	\$ (37,494)	\$ 58,183	\$ 5,322,672

¹ See Appendix B for details

² Service category includes: Indoor Recreation Services and Parkland Development Services

Town of Arnprior
Appendix B: 2022 Development Charge Project Activity Report
Amount Transferred to Capital (or Other) Funds
For the period January 1, 2022 to December 31, 2022

Service Category	Project Description	D.C. Reserve Fund Draw	Other Reserve / Reserve Fund Draws	Grants / Other Contributions	Total
Services Related to a Highway	Transportation Master Plan	\$ 56,250	\$ 18,750	\$ -	\$ 75,000
Services Related to a Highway	Rolling Rehab Program	25,000	225,000	-	250,000
Services Related to a Highway	Snow Plow	270,000	-	-	270,000
Water Services	Past Plant Expansion - Loan	374,139	225,592	-	599,731
Wastewater Services	Past Plant Expansion - Loan	396,030	181,971	-	578,001
Protection	Quint Apparatus Loan	75,656	75,656	-	151,312
General Government	Development Charges Background Study	35,000	-	-	35,000
General Government	Recreation Master Plan	56,250	18,750	-	75,000
Parks and Recreation	Fairview Park Design	20,000	-	-	20,000
Parks and Recreation	Marshall Bay Meadows Park Design	30,000	-	-	30,000
Parks and Recreation	Waterfront Redevelopment	49,200	114,800	-	164,000
Library	Library Expansion	146,430	430,123	540,712	1,117,265
TOTAL		\$ 1,533,955	\$ 1,290,642	\$ 540,712	\$ 3,365,309

Town of Arnprior
Appendix C: Estimated Gross Capital Costs
For the period covered by the By-Law 2018-2022

For the period 2018-2022	Services to which the Development Charge Relates							
	Services Related to a Highway	Water	Wastewater	Protection	General Government	Parks and Recreation ²	Library	Total
<u>Background Study</u>								
Funding Source - DC Recoverable	793,709	2,167,747	2,099,714	5,000	344,250	161,100	136,216	5,707,736
Tax Base or Other Non-DC Source	2,831,986	1,006,450	543,237	45,000	80,750	248,900	32,634	4,788,957
Gross Capital Cost Estimates (2018-2022)	\$ 3,625,695	\$ 3,174,197	\$ 2,642,951	\$ 50,000	\$ 425,000	\$ 410,000	\$ 168,850	\$ 10,496,693
<u>Incurred Capital</u>								
Funding Source - DC Recoverable	2,213,299	1,338,278	1,188,090	303,298	396,170	277,100	174,430	5,890,665
Tax Base or Other Non-DC Source	4,758,413	923,377	363,942	303,298	126,808	178,400	970,835	7,625,073
Gross Capital Costs (2018-2022)	\$ 6,971,712	\$ 2,261,655	\$ 1,552,032	\$ 606,596	\$ 522,978	\$ 455,500	\$ 1,145,265	\$ 13,515,738