

---

**Subject:** Regional Development Charges Treasurer's Statement 2023

**Report To:** Corporate Services Committee

**Report date:** Wednesday, May 8, 2024

---

## Recommendations

1. That this report **BE RECEIVED** for information.

## Key Facts

- The purpose of this report is to provide Regional Council with a statement relating to the Development Charges (DC) reserve fund activities for 2023 in accordance with the Province's Development Charges Act, 1997 as amended (DCA) and Ontario Regulation 82/98.
- The DC reserve fund reporting legislation requires municipalities to provide all sources of funding for anything funded from DC's, including a compliance statement regarding imposing additional levies or requiring the construction of a service not authorized under the DCA and require the statement to be made available to the public.
- At the end of 2023, \$129.0 million in DC revenue is available for future growth-related capital projects after accounting for outstanding capital commitments.
- Total DC contributions in 2023 was \$58.8 million, including 46% general tax levy funding for \$17.8 million of funded grants and incentives, and \$9.3 million of Bill 23 requirements. DCs are collected in accordance with the DC By-law subject to provisions in the DCA.
- Outstanding DC capital and operating commitments total \$144.0 million.

## Financial Considerations

Regional DC revenues collected in accordance with the DC By-law are deposited in the DC reserve funds and subsequently applied to eligible growth-related costs once those costs have been incurred. This report provides both summary level transaction information by reserve, and detailed funding information by project. DC reserves are necessary to move forward with the growth-related projects in the 2024-2033 capital budget and forecast, which includes \$867.2 million in DC funded projects and \$177.7 million of DC debt for the South Niagara Wastewater Treatment Solution.

## Analysis

In accordance with the DCA, this report must be prepared annually. The annual statements will be made available to the public through the Development Charges section of the Region's Website.

Appendix 1 to Report CSD 11-2024 shows the breakdown of reserve fund activity from January 1, 2023 to December 31, 2023. During this period, the total DC reserve balances (before accounting for outstanding commitments) increased \$18.9 million, from \$254.1 million to \$273.0 million. After accounting for outstanding capital commitments to capital projects, the net available balance is \$129.0 million at year-end 2023. This total will be applied to eligible growth-related capital projects in 2024 and throughout the rest of the forecast period.

Table 1 – Balance after commitments for each of the DC service categories (in thousands)

<b>Development Charge Category</b>	<b>Balance at December 31, 2023</b>	<b>Capital Commitments</b>	<b>Operating Commitments</b>	<b>Available Balance at December 31, 2023</b>
Growth Studies	\$2,435.7	-	\$(506.2)	\$1,929.5
Police Services**	\$1,263.9	\$(408.4)	-	\$855.5
Services Related to Highways	\$97,058.0	\$(66,982.6)	-	\$30,075.4
Wastewater**	\$101,931.8	\$(45,639.3)	-	\$56,292.5
Water	\$50,735.0	\$(17,119.6)	-	\$33,615.4
Ambulance Services	\$3,037.7	\$(941.4)	-	\$2,096.3
Long Term Care	\$1,679.7	\$(5,968.2)	-	\$(4,288.5)
Provincial Offenses Act	\$413.2	-	-	\$413.2
Public Health Services	\$2,331.1	-	-	\$2,331.1
Housing Services*	\$2,915.0	\$(2,138.8)	-	\$776.2
Waste Diversion	\$5,425.6	\$(1,952.7)	-	\$3,472.9
Transit Services	\$2,906.7	\$(529.1)	-	\$2,377.6

Public Works (Facilities & Fleet)	\$847.3	\$(1,831.0)	-	\$(983.7)
<b>Total</b>	<b>\$272,980.6</b>	<b>\$(143,511.1)</b>	<b>\$(506.2)</b>	<b>\$128,963.3</b>

\*Though the Region is unable to collect on Social Housing (Housing Services) under Bill 23, there remain active projects from before Bill 23 came into effect that the Region continues to fund from the RDC reserves until the completion of these projects.

\*\* Balance after commitments does not include funding allocation to debt servicing costs to be funded by the RDC Reserves.

The negative balances noted above represents year-end balances after capital commitments for individual reserves. Actual year-end balances are positive. It is important to note that there are timing differences based on the rate of collection of DCs and when the project expenditures are committed in the actual capital budget. DCs will continue to be collected over the life of the by-law to match project expenditures and reserve balances are project to be positive as identified below:

- As was the case at the end of 2022, long-term care reserves were positive at year-end before factoring in capital commitments. There are two projects that are expected to be complete by 2025 for the Fort Erie and St. Catharines. The reserve is projected to be positive by 2025 with projected annual collections of \$3.9 million.
- Public Works (Facilities & Fleet) reserves were positive at year end before forecasting capital commitments. The reserve is forecasted to be positive by 2024 with projected annual collections of \$1.0 million.

Of the \$129.0 million uncommitted year-end balance, \$58.8 million was collected in 2023. It is important to note that included in that amount is \$17.8 million in DC grants/incentives and \$9.3 million in Bill 23 impacts (\$9.0 million in mandatory by-law phase in; \$0.3 million in discount for purpose-built rental residential units), both of which are funded by the general tax levy. Additional details for the grants and Bill 23 impacts are discussed in greater detail in the 2023 Q4 Financial Update.

Bill 23 is encouraging municipalities to invest development charges collected on a timely basis. Beginning in 2023, municipalities are 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. Based on existing commitments (active capital projects)

and capital projects included in the nine-year capital forecast the Region will far exceed 60% allocation of the funds in each of the water, wastewater and services related to a highway categories.

Furthermore, included within the DC reserve fund activity in Appendix 1 to Report CSD 11-2024 are transfers from the DC reserve totaling \$51.4 million to fund capital (\$48.2 million) and operating (\$3.2 million) projects. DCs are transferred to and recorded as project revenues as eligible costs are spent, matching funding with expenditures. Funding reviews occur quarterly with consideration of the expenditures incurred to date and respective funding sources.

Appendix 2 to Report CSD 11-2024 identified 149 active capital projects with spend to which \$48.2 million in DC funding applied in year for a total of \$167.3 million of DCs have been allocated to projects that were active with spend during 2023 from approved DC funding of \$310.8 million at year-end. On average, DC funded projects have spent 55% of their respective budgets in 2023, compared to 62% in 2022.

Appendix 3 to Report CSD 11- 2024 identifies 165 active operating projects to which \$3.2 million in DCs were applied, along with a summary of life-to-date expenditures and any other approved funding sources providing partial funding to the project.

Appendix 4 to Report CSD 11-2024 provides supplemental information required as outlined in O.Reg 82/98, including a description of the DC service categories, outstanding prepayment agreements with developers, and a summary of any borrowing from the DC reserve funds (if applicable). Similar to previous Treasurer's Statements on DC reserve funds, there are no credits recognized under section 17 or borrowing amounts to report. The Region is also required to make a statement regarding its compliance with Sections 59.1(1) & (2) of the amended DCA respecting imposing additional levies or requiring the additional levies or construction of services not authorized under the DCA, none exist in the Region, therefore no statement is required.

### **Alternatives Reviewed**

Alternatives are not applicable as this report provides historic and legislatively required information. The Development Charges Act, 1997 as amended requires that this report be provided annually to Council and made available to the public.

### **Relationship to Council Strategic Priorities**

Regional Development Charges are a major source of funding for growth projects in the capital budget. As such, Regional Development Charges assist in achieving the strategic priority of Sustainable Region.

### **Other Pertinent Reports**

CSD 14-2023 Bill 23 Impacts on Regional Development Charges.

CSD 43-2023 2024 Capital Budget.

CSD 10-2024 2023 Year-End Results and Transfer Report.

---

**Prepared by:**

Alex Rotundo  
Senior Tax & Revenue Analyst  
Corporate Services

---

**Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Corporate Services

---

**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with Beth Brens, Associate Director, Budget Planning & Strategy, and reviewed by Helen Furtado, Director, Financial Management & Planning/Deputy Treasurer.

### **Appendices**

Appendix 1	DC Reserve Fund Activity
Appendix 2	Capital Projects funded with DCs in 2023
Appendix 3	Operating Projects funded with DCs in 2023
Appendix 4	Description of Services