



The Corporation of the Town of Milton

Report To:	Council
From:	Glen Cowan, Chief Financial Officer / Treasurer
Date:	May 9, 2022
Report No:	CORS-030-22
Subject:	2021 Treasurer's Statement of Development Charge and Cash-in-Lieu of Parkland Reserve Funds
Recommendation:	THAT staff report CORS-030-22 be received for information.

EXECUTIVE SUMMARY

- The Town collected \$24.2 million in development charges (DCs) in 2021, along with \$2.5 million in cash-in-lieu of parkland.
- \$22.9 million of those funds were utilized in 2021, leaving balances of \$16.0 million and \$13.1 million in the DC and parkland reserve funds, respectively.
- The Town is experiencing an upward trend in the cost of DC exemptions, with 2021 amount exceeding \$3.2 million for the first time. This trend is related to secondary dwelling units and is expected to continue with the changes introduced through Bill 108.
- At 2021 year end Milton held \$204.0 million in financial securities that are intended to protect the Town's financial interests with development related approval processes or agreements.

REPORT

Background

This report is being submitted in compliance with the requirements of the Development Charges Act, 1997 (the "DCA") and the Planning Act, as amended through Bill 73, The Smart Growth for our Communities Act, 2015.

Section 43 of the DCA requires the Treasurer of a municipality to provide a financial statement relating to development charge by-laws and reserve funds established under section 33 of the DCA. Similarly, section 42 of the Planning Act requires the Treasurer to provide a financial statement relating to the special account for cash-in-lieu of parkland monies.

This report also includes a summary of the financial securities held by the Town in accordance with Financial Policy No. 117 Financial Management - Development Finance, as well as some activity level indicators for the Development Finance area for 2021.



Discussion

Development charge (DC) revenues collected in accordance with the Town's DC By-laws 044-2021 and 045-2021 are deposited in the DC reserve funds and subsequently applied to eligible growth-related costs once those costs have been incurred. Cash-in-lieu of parkland revenues are collected pursuant to the Planning Act and are deposited into a special cash-in-lieu of parkland reserve fund as required under the Act until such time as they are used for the acquisition of land for park or other recreation purposes. This report provides both summary level transaction information by reserve fund and detailed funding information by project as required under the DCA and Planning Act.

Appendix 1 illustrates the breakdown of the reserve fund activity for Development Charges and Cash-in-Lieu of Parkland from January 1, 2021 to December 31, 2021. During this period, the total DC reserve balances, before accounting for outstanding commitments, increased from \$14.7 million to \$16.0 million. When the Town's contributions to DC revenues through the funding of DC Exemptions as well as outstanding commitments to capital projects are considered, the net balance at year end is a deficit of \$35.2 million.

This projected deficit is largely driven by the services related to a highway development charge for which the Town has secured interim financing through various financial agreements. This interim financing, known as cash flow assistance, is held through letters of credit that will be drawn upon as necessary to maintain a positive balance in the development charge reserve funds. Although the services related to a highway development charge reserve fund is in a deficit at the end of 2021, no draws against the \$67.8 million of cash flow assistance letters of credit have been processed at this time. As approved through CORS-064-20, staff continue efforts to execute amending agreements to reduce the value of the letters of credit the Town is currently holding by 50% to align with projected needs and hope to have these agreements executed in advance of anticipated draws on the cash flow assistance letters of credit during 2022. Cash flow assistance, along with future eligible growth-related capital projects will be funded from future development charge collections.

The balance in the Cash-in-Lieu of Parkland reserve fund increased from \$10.4 million to \$13.1 million. The current capital forecast anticipates investment in parkland funded from the reserve fund in 2023.

Appendix 2 identifies the capital projects to which the \$22.1 million of DC funds was transferred as well as any transfers to capital from the Cash-in-Lieu of Parkland reserve fund. DCs are transferred to capital projects as expenses are incurred, effectively matching funding with expenditures. The schedule also identifies the non-DC funding associated with these capital projects, as required under the DCA and Planning Act.

Appendix 3 illustrates the operating costs to which \$0.8 million of funding was transferred. The operating costs are solely for the repayment of principal and interest on debt that was previously issued to fund DC eligible capital projects.



Discussion

Appendix 4 provides a list of required disclosures as outlined in O.Reg 82/98.

Appendix 5 provides a summary of the development charge exemptions of \$3.3 million funded by the Town during 2021. Under the DCA, the Town is required to ensure that a higher development charge rate is not utilized to fund the share of growth costs that are related to the development of land that is exempt in the DC By-law. This includes growth costs resulting from either mandatory or discretionary exemptions.

Financial Securities:

Through Financial Policy No. 117 Financial Management - Development Finance, the Town requires the submission of financial securities to ensure compliance with the Town’s standards and/or to protect the Town’s financial interests with development related approval processes or agreements. The following table summarizes the financial securities held by the Town as of December 31, 2021.

Approval Process/Agreement Type	Letters of Credit	Cash	Total Financial Securities Held
Subdivision/Servicing Agreement	\$ 70,558,881	\$ -	\$ 70,558,881
Cash Flow Assistance	67,851,439	-	67,851,439
Site Plan Agreement/Undertaking	37,542,988	2,822,414	40,365,402
Development Agreement	9,389,187	1,578,416	10,967,603
Engineering Permit	5,357,956	1,106,227	6,464,182
Local Environmental Monitoring Program	4,849,169	-	4,849,169
Other	2,395,004	517,333	2,912,337
Total	\$ 197,944,624	\$ 6,024,389	\$ 203,969,014

Annual Activity Summary:

The Development Finance area supports the financial management of development within the Town through the provision of numerous services including:

- the administration and/or calculation of development charges and financial securities;
- coordinating the growth forecast and guiding budget staff in forecasting financial impacts of growth;
- liaising with the development community and the Development Services department to prepare and administer development and financial agreements, including subdivision agreements;



Discussion

- providing financial support and review of various growth-related financial agreements and corporate studies, including secondary plans, tertiary plans and master plans; and
- leading the development of fiscal impact analyses and financial policies that guide the financial management of growth.

The following table highlights activity levels for Development Finance in 2021:

Metric	Measurement
No. of Building Permits - Residential	1,052
No. of Building Permits - Non-Residential	142
No. of Active Subdivisions	58
Financial Securities Held:	
- Quantity	458
- \$ Value	\$203,969,014

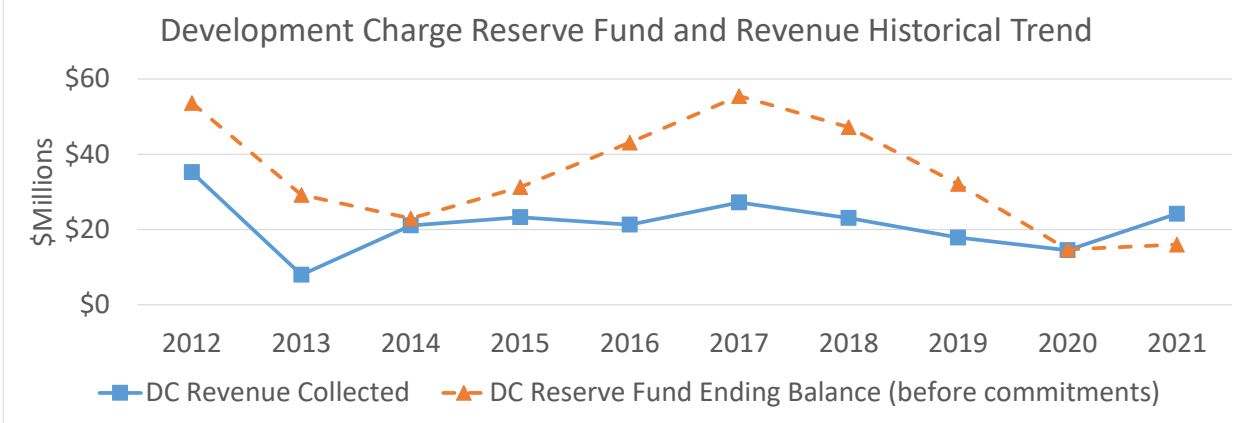
Financial Impact

This report provides legislated reporting on the Town's DC and Cash-in-Lieu of Parkland reserve funds as required under the DCA and Planning Act. The funds collected through DCs and Cash-in-Lieu form an important part of the Town's capital financing, as 63.7% of the 2023-2031 capital forecast is related to growth.

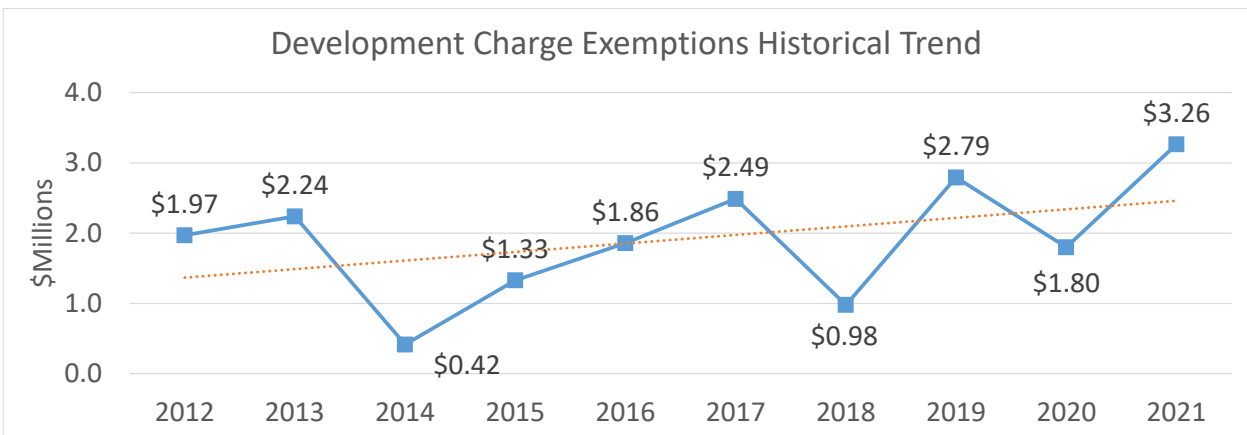
The table below presents a ten-year historical continuity of DC revenue collections and reserve fund balances in order to add some additional context to the 2021 DC activity. The balance in the DC reserve funds will fluctuate with, amongst other factors, the timing of the growth related projects that DCs are collected to fund. The Town's DC revenues in 2021 showed some growth over the last several years. This upward movement is anticipated to continue in future years in line with projected growth. The reserve fund balances increased marginally over 2020. Expenditures in 2021 were largely focused on investment in roads infrastructure including the widening of Thompson Road South, Main Street East, 5th Line and Bronte Street as well as the pedestrian tunnels on Main Street West.



Financial Impact



The following graph further depicts the historical DC exemption values that the Town is required to fund in accordance with the DCA. Although the annual values vary as a result of the activity levels related to exempt development (such as public entities and industrial expansions up to 50% of gross floor area), the Town is experiencing a general upward trend in DC exemptions, with 2021 exemptions topping \$3.2 million for the first time. In recent years, the Town has experienced significant growth in exemptions for additional dwelling units and this trend is expected to continue with the introduction of new exemptions for secondary units introduced through Bill 108: *More Homes, More Choice Act*, 2019, which are intended to increase the rental housing supply.



Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer



The Corporation of the Town of Milton

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For questions, please contact: Melanie Wallhouse
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Finance & Financial Consulting

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Ext. 2314

Attachments

Appendix 1: Annual Treasurer's Statement of Development Charges and Cash-in-Lieu of Parkland Reserve Funds

Appendix 2: Capital Fund Transactions

Appendix 3: Operating Fund Transactions

Appendix 4: Treasurer's Statement

Appendix 5: Summary of Development Charge Exemptions

CAO Approval
Andrew M. Siltala
Chief Administrative Officer

Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.

Appendix 1
Municipality of the Town of Milton
Annual Treasurer's Statement of Development Charge and Cash-in-Lieu of Parkland Reserve Funds
For the period January 1, 2021 to December 31, 2021

Description	Opening Balance	Collections	Accrued Interest	Amount Transferred to Capital (or Other) Funds ¹	Debtenture Payments ²	Ending Balance	Balance in DC Exemptions Funded by Town ³	Outstanding Commitments Against Reserve Funds	Adjusted Closing Balance
Development Charge Reserve Funds									
Services Related to a Highway	(6,716,472)	10,616,990	(19,455)	(17,708,365)	-	(13,827,302)	2,085,978	(38,406,151)	(50,147,475)
Fire Protection	(10,845,270)	806,103	(28,862)	(1,160,795)	(341,871)	(11,570,695)	(0)	(104,958)	(11,675,653)
Public Works Operations	759,251	1,165,315	3,517	(4,075)	-	1,924,007	329,520	(135,288)	2,118,239
Stormwater Derry Green	(9,638)	131,452	(21)	(96,642)	-	25,150	-	(102,893)	(77,743)
Stormwater Boyne	(125,127)	60,395	(275)	(73,312)	-	(138,319)	-	(203,030)	(341,349)
Stormwater Sherwood	(239,517)	-	(605)	(1,697)	-	(241,819)	42,871	(209,696)	(408,643)
Stormwater Agerton/Trafalgar	-	-	(5)	(3,552)	-	(3,557)	-	(118,411)	(121,968)
Library	6,052,478	784,596	15,956	(212,097)	-	6,640,934	302,240	(2,714,056)	4,229,118
Transit	124,189	751,552	650	(431,759)	-	444,632	145,660	(7,936,324)	(7,346,032)
Growth Studies	(3,861,499)	647,955	(9,558)	(586,744)	-	(3,809,846)	(0)	(2,295,994)	(6,105,840)
Parks and Recreation	25,832,633	8,760,874	73,809	(1,812,724)	(469,746)	32,384,846	2,627,658	(4,940,756)	30,071,748
Parking	3,705,170	450,874	9,820	-	-	4,165,863	466,608	-	4,632,472
Total Development Charge Reserve Funds	14,676,198	24,176,104	44,970	(22,091,761)	(811,617)	15,993,895	6,000,535	(57,167,557)	(35,173,127)
Cash-in-Lieu of Parkland	10,441,388	2,525,576	171,469	-	-	13,138,432	-	-	13,138,432

¹ See Appendix 2 for details

² See Appendix 3 for details

³ DC Exemptions funded by the Town of Milton are carried in a separate reserve

The Town of Milton has not imposed, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the *Development Charges Act, 1997*.

APPENDIX 2
Municipality of the Town of Milton
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
For the period January 1, 2021 to December 31, 2021

Capital Fund Transactions	Current Year Net Capital Expenditure	DC Recoverable Cost Share						Non-DC Recoverable Cost Share				
		DC Forecast Period				Post DC Forecast Period		Other Reserve/ Reserve Fund Draws	Tax Supported Operating Fund Contributions	Cash-in-Lieu of Parkland Reserve Fund Draws	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Reserve for DC Exemptions	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions					
C460104 Tractors, Loaders & Back Hoes - Growth	4,822	(4,075)	-	(778)		-	5,586	-	-	-	-	
Subtotal Public Works Operations	4,822	(4,075)	-	(778)		-	5,586	-	-	-	-	
Stormwater Derry Green												
C440107 Stormwater Monitoring - Derry Green	96,642	(96,642)	-	-		-	-	-	-	-	-	
Subtotal Stormwater Derry Green	96,642	(96,642)	-	-		-	-	-	-	-	-	
Stormwater Boyne												
C440106 Stormwater Monitoring - Boyne	85,664	(73,312)	-	(12,352)		-	-	-	-	-	-	
Subtotal Stormwater Boyne	85,664	(73,312)	-	(12,352)		-	-	-	-	-	-	
Stormwater Sherwood												
C440105 Stormwater Monitoring - Sherwood	4,242	(1,697)	-	(2,545)		-	-	-	-	-	-	
Subtotal Stormwater Sherwood	4,242	(1,697)	-	(2,545)		-	-	-	-	-	-	
Stormwater - Trafalgar/Agerton												
C440111 Stormwater Monitoring - Agerton/Trafalgar	3,552	(3,552)	-	-		-	-	-	-	-	-	
Subtotal Stormwater - Trafalgar/Agerton	3,552	(3,552)	-	-		-	-	-	-	-	-	
Library												
C598000 Library - New Branch Buildings	171,014	(153,914)	-	-		-	-	-	-	-	-	
C800103 Collection - New	59,494	(53,545)	-	-		-	-	-	-	-	-	
C800104 Shelving - New	-	1	-	-		-	-	-	-	-	-	
C800123 New Branch Equipment	6,399	(4,639)	-	-		-	-	-	-	-	-	
Subtotal Library	236,908	(212,097)	-	-		-	-	-	-	-	-	
Transit												
C550104 Transit Bus Pads	804	(5,815)	-	-		-	5,011	-	-	-	-	
C550112 Onboard Vehicle Surveillance System	222,717	(121,866)	-	(26,686)		-	(74,165)	-	-	-	-	
C570101 Transit Bus	-	(304,078)	-	-		-	304,078	-	-	-	(1)	
C595001 Transit Operations Centre	-	0	-	-		-	-	-	-	-	-	
Subtotal Transit	223,521	(431,759)	-	(26,686)		-	234,924	-	-	-	(1)	
Growth Studies												
C200100 Development Charges Study	71,818	(64,636)	-	-		-	-	-	-	-	-	
C200123 Special Financial Studies	140,673	(126,606)	-	-		-	-	-	-	-	-	
C240028 Milton Air Photo Mapping	13,893	(6,252)	-	-		-	-	-	-	-	-	
C420109 Downtown Parking Study	338	(152)	-	-		-	-	-	-	-	-	
C500105 Parks Master Plan Update	43	(39)	-	-		-	-	-	-	-	-	
C520101 Jannock Property Master Plan	496	(446)	-	-		-	-	-	-	-	-	
C800111 Library Services Master Plan	14,779	(9,976)	-	-		-	6,992	-	-	-	-	
C900110 Official Plan Review	353,222	(155,963)	-	(82,462)		-	(227,139)	-	-	-	-	
C900111 Official Plan Amendment - North Porta Employment Lands	41,090	-	-	-		(41,090)	-	-	-	-	-	

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For the period January 1, 2021 to December 31, 2021

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		DC Forecast Period				Post DC Forecast Period		Other Reserve/ Reserve Fund Draws	Tax Supported Operating Fund Contributions	Cash-in-Lieu of Parkland Reserve Fund Draws	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Reserve for DC Exemptions	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions					
C900144 Urban Design Guidelines	339	(118)	-	-	-	-	-	-	-	-	-	-
C900150 UR SP PH4 - Water & Wastewater Servicing	11,417	(11,418)	-	-	-	-	-	-	-	-	-	-
C900151 UR SP PH4 - FSEMS (SWM & Enviro Mgmt Strategy)	45,047	(45,047)	-	-	-	-	-	-	-	-	-	-
C900152 URSP PH4 - Transportation Plan	4,687	(4,688)	-	-	-	-	-	-	-	-	-	-
C900154 UR SP PH4 - Secondary Plan	66,601	(62,723)	-	-	-	-	(26,294)	-	-	-	-	-
C900156 UR SP PH4 - Parks/Recreation/Trails Master Plan	-	0	-	-	-	-	3,444	-	-	-	-	-
C900157 URSP PH4 - Urban Design Guidelines	2,916	(2,625)	-	-	-	-	1,484	-	-	-	-	-
C900170 MEV Secondary Planning/Site Specific Zoning	106,754	(96,057)	-	-	-	-	(12,530)	-	-	-	-	-
C900175 Sustainable Halton Subwatershed Study	64,297	-	-	-	-	(63,178)	-	-	-	-	-	(1,119)
C900190 Britannia E/W - Water & Wastewater Servicing	85,514	-	-	-	-	(85,514)	-	-	-	-	-	-
C900192 Britannia E/W - Transportation Plan	94,548	-	-	-	-	(94,548)	-	-	-	-	-	-
C900194 Britannia E/W - Secondary Plan	320,001	-	-	-	-	(320,000)	-	-	-	-	-	-
C900195 Britannia E/W - Parks & Open Space Study	46,010	-	-	-	-	(46,010)	-	-	-	-	-	-
C900197 Britannia E/W - MESP	129,187	-	-	-	-	(129,187)	-	-	-	-	-	-
Subtotal Growth Studies	1,613,669	(586,744)	-	(82,462)	-	(779,528)	(254,043)	-	-	-	-	(1,119)
Parks and Recreation												
C520103 Playground Growth	-	(2,976)	-	-	-	-	3,214	-	-	-	-	-
C521114 Community Park Detailed Development	18,066	(27,254)	-	-	-	-	11,450	-	-	-	-	-
C521122 Community Park South Sherwood-Willmott	-	(0)	-	-	-	-	291	-	-	-	-	-
C521139 Community Park - External to Boyne	13,930	(12,537)	-	-	-	-	(14,022)	-	-	-	-	-
C522132 Sherwood District Park	84,647	(76,182)	-	-	-	-	-	-	-	-	-	-
C522133 District Park West - Boyne	0	-	-	-	-	-	-	-	-	-	-	-
C524003 Cobban Neighbourhood Park - Cobban	136,785	(116,951)	-	(6,155)	-	-	(17,486)	-	-	-	-	-
C525085 Ford Village Square #1	17,903	(16,112)	-	-	-	-	4,273	-	-	-	-	-
C525086 Bronson Park Village Square	493	(443)	-	-	-	-	-	-	-	-	-	-
C525087 Boyne Village Square #3	357,030	(306,340)	-	(14,987)	-	-	(39,958)	-	-	-	-	-
C540002 New Trail Development	-	-	-	-	-	-	639	-	-	-	-	-
C381004 Boyne Multi-use (Asphalt Trails in Greenlands System - Lit)	1,950	(1,755)	-	-	-	-	(6,283)	-	-	-	-	-
C540117 Boyne Limestone Trails (W Tremaine Rd to 16 Mile Creek)	201,316	(172,639)	-	(8,545)	-	-	-	-	-	-	-	-
C540122 Boyne Framgard Trail	361	(324)	-	-	-	-	-	-	-	-	-	-
C592208 Sherwood Community Centre	1,236,899	(1,079,209)	-	(33,877)	-	-	-	-	-	-	-	-
Subtotal Parks and Recreation	2,069,380	(1,812,724)	-	(63,565)	-	-	(57,882)	-	-	-	-	-
TOTAL	42,279,127	(22,091,761)	-	(747,595)	-	(1,005,846)	(4,462,360)	-	-	(3,725,000)	(9,115,753)	

APPENDIX 3
Municipality of the Town of Milton
Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions
For the period January 1, 2021 to December 31, 2021

Operating Fund Transactions	Annual Debt Repayment Amount	DC Reserve Fund Draw		Post DC Forecast Period			Cash-in-Lieu of Parkland Reserve Fund Draw		Non-DC Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Principal	Interest	Source
<u>Fire Protection</u>											
Headquarters/Fire Station # 3	\$ 341,871	\$ 331,486	\$ 10,385								
Fire Station # 4	\$ -	\$ -	\$ -								
Tanker Truck	\$ -	\$ -	\$ -								
Pumper/Rescue	\$ -	\$ -	\$ -								
Total - Fire Protection	\$ 341,871	\$ 331,486	\$ 10,385	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
<u>Recreation</u>											
Milton Sports Centre Expansion	\$ 469,746	\$ 465,673	\$ 4,073								
Total - Recreation	\$ 469,746	\$ 465,673	\$ 4,073	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	

Appendix 4
Development Charge Reserve Fund
Treasurer's Statement
January 1, 2021 to December 31, 2021

1. Description of the Service for which each development charge reserve fund was established:

Service Area	Description
Services Related to a Highway	The fund is used for growth-related projects for roads, bridges, structures, active transportation, streetlights and other related road services.
Fire Protection	The fund is used for growth-related projects supporting the fire service including fire facilities, vehicles and equipment.
Public Works Operations	The fund is used for growth-related projects including operations facilities, vehicles and equipment.
Stormwater Derry Green	The fund is used for stormwater management monitoring in the Derry Green Corporate Business Park and is funded by an area specific development charge.
Stormwater Boyne	The fund is used for stormwater management monitoring in the Boyne Survey Secondary Plan development area and is funded by an area specific development charge.
Stormwater Sherwood	The fund is used for stormwater management monitoring in the Sherwood Survey Secondary Plan development area and is funded by an area specific development charge.
Stormwater Agerton/Trafalgar	The fund is used for stormwater management monitoring in the Trafalgar/Agerton Survey Secondary Plan development area and is funded by an area specific development charge.
Library	The fund is used for growth-related projects including library facilities, shelving and collection materials.
Transit	The fund is to finance the cost of growth-related transit services including facilities, vehicles, bus pads and equipment.
Growth Studies	The fund is to finance the cost of growth-related studies.
Parks and Recreation	The fund is used for growth-related parkland and recreation facility infrastructure.
Parking	The fund is used for growth-related parking facilities and spaces.

2. For Credits (ex. Pre-payments, front-ended projects) in relation to the service or service category for which the fund was established:

No credits have been received, used or are outstanding for the previous year.

3. The amount of any money borrowed from the DC reserve fund during the previous year and the purpose for which it was borrowed:

No money was borrowed.

4. The amount of interest accrued during the previous year on money borrowed from the fund by the municipality:

No interest was accrued as no money was borrowed.

5. The amount and source of any money used by the municipality to repay, in the previous year, money borrowed from the fund, or interest on such money:

No source of money to repay as no money was borrowed.

6. A schedule that identifies credits recognized under section 17 and for each credit organized, sets out the value of the credit, the service against which the credit is applied and the source of the funds used to finance the credit:

No schedule has been prepared as there are no credits to recognize per section 17.

7. Statement respecting additional levies under Section 59.1(1) and (2) of the Development Charges Act, 1977, as amended.

In accordance with Section 59.1(1) and (2), the Town of Milton has not imposed any additional payments nor required the construction of a service not authorized, except as permitted by the Development Charges Act, 1997, as amended.

Appendix 5
Summary of Development Charge Exemptions
For the period January 1, 2021 to December 31, 2021

Authority for Exemption	Type of Exemption	Category of Exemption	Total Exempted
DCA	Non-Residential	Public Entity Projects	587,928
DCA	Non-Residential	50% Industrial Expansion	44,045
DC By-law	Non-Residential	Agricultural	44,784
DCA and DC By-law	Residential	Additional Dwelling Unit	2,586,612
TOTAL			3,263,369