



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: May 3, 2021

Report No: CORS-024-21

Subject: 2020 Treasurer's Statement of Development Charge and Cash-in-Lieu of Parkland Reserve Funds

Recommendation: THAT staff report CORS-024-21 be received for information.

EXECUTIVE SUMMARY

- 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 to Council 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 to Council relating to the special account for cash-in-lieu of parkland monies.
- These statements must be made available to the public and, on request, to the Minister of Municipal Affairs and Housing.

REPORT

Background

The Province enacted Bill 73, the *Smart Growth for our Communities Act, 2015* on December 3, 2015 which, among other matters, made amendments to the reporting requirements outlined in the DCA and the Planning Act. The amended legislation came into effect on January 1, 2016. Bill 73 requires the contents of the financial statements to include opening and closing balances, transactions relating to the funds and such other information as is prescribed in the regulations. The Bill also requires the statement to provide all sources of funding for anything funded from Development Charges or Cash-in-Lieu of Parkland monies as well as a statement to the municipality's compliance in not imposing, directly or indirectly, a charge related to a development or a requirement to construct services related to development, except as permitted by the DCA.



Discussion

Development charge (DC) revenues collected in accordance with the Town's DC By-laws 053-2016 and 100-2016 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 to be used for park 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, 2020 to December 31, 2020. During this period, the total DC reserve balances, before accounting for outstanding commitments, decreased from \$32.1 million to \$14.7 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 \$44.8 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 2020, no draws against the \$67 million of cash flow assistance letters of credit have been processed as the overall development charge reserve funds remain in a positive position. 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 2021. 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 \$9.2 million to \$10.4 million. The current capital forecast anticipates investment in parkland funded from the reserve fund in 2022.

Appendix 2 identifies the capital projects to which the \$30.7 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.



Discussion

Appendix 3 illustrates the operating costs to which \$1.4 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 capital projects.

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 \$1.8 million funded by the Town during 2020. 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.

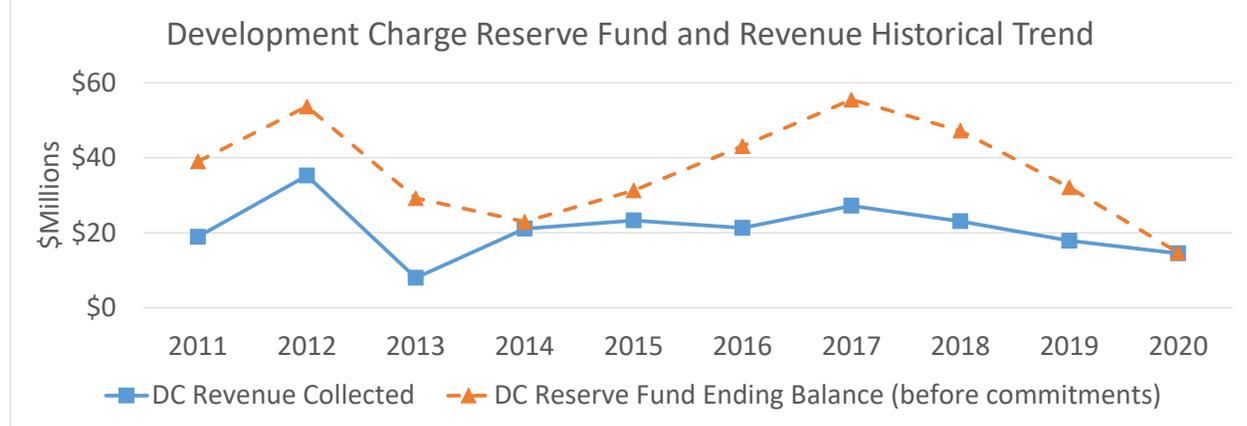
Financial Impact

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 49.3% of the 2022-2030 capital forecast is related to growth.

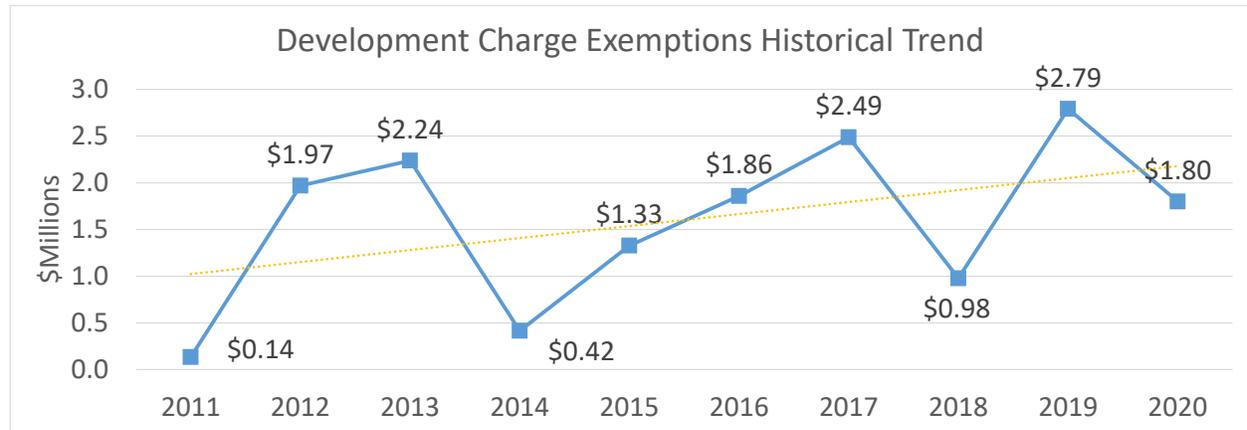
The table below presents a ten-year historical continuity of DC revenue collections and reserve fund balances in order to add some additional context to the 2020 DC activity. The balance in the DC reserve funds will fluctuate with, amongst other factors, the timing of the growth related projects that DCs are collected to fund. Although the Town's DC revenues have been declining since 2017, DC collections have averaged \$21 million annually since 2014 and are anticipated to increase in future years in line with projected growth. The reserve fund balances experienced a decline in 2020 due in part to the construction of Fire Station No. 5 as well as continued investment in new or expanded road infrastructure including Louis St Laurent Blvd, Main Street from James Snow Parkway to 5th Line, Bronte Street and 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. 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.



In addition to DC Exemptions, Council approved a new DC Rebate Program during 2020 to provide relief from development charges for applicable agri-tourism and museum developments. A total of \$0.043 million in DC Rebates for agri-tourism and museum developments was provided in 2020.

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, 2020 to December 31, 2020

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	10,096,011	6,088,232	44,274	(22,944,989)	-	(6,716,472)	1,261,154	(41,607,440)	(47,062,758)
Fire Protection	(6,032,333)	432,946	(55,577)	(4,771,210)	(419,096)	(10,845,270)	0	(1,502,307)	(12,347,577)
Public Works Operations	299,158	762,120	3,434	(305,461)	-	759,251	182,373	(323,833)	617,791
Stormwater Derry Green	2,162	60,911	38	(72,749)	-	(9,638)	-	(82,344)	(91,982)
Stormwater Boyne	(106,616)	43,130	(666)	(60,976)	-	(125,127)	-	(159,531)	(284,658)
Stormwater Sherwood	(253,060)	16,814	(1,532)	(1,739)	-	(239,517)	36,819	(105,388)	(308,086)
Library	5,666,319	454,409	36,775	(105,025)	-	6,052,478	175,335	(2,926,151)	3,301,663
Transit	(52,549)	344,672	(20)	(167,914)	-	124,189	53,197	(7,909,528)	(7,732,142)
Administration	(3,631,399)	375,881	(22,783)	(583,198)	-	(3,861,499)	-	(2,192,917)	(6,054,416)
Parks Development	24,361,710	2,679,521	159,333	(1,352,293)	-	25,848,272	966,531	(1,224,355)	25,590,448
Recreation	(1,668,023)	2,997,867	(6,984)	(312,550)	(1,025,948)	(15,638)	403,921	(4,955,801)	(4,567,518)
Parking	3,429,052	253,827	22,290	-	-	3,705,170	405,431	-	4,110,601
Total Development Charge Reserve Funds	32,110,431	14,510,332	178,583	(30,678,103)	(1,445,044)	14,676,198	3,484,762	(62,989,595)	(44,828,635)
Cash-in-Lieu of Parkland	9,178,354	1,079,099	183,934	-	-	10,441,388	-	(5,772)	10,435,616

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, 2020 to December 31, 2020

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					
Services Related to a Highway												
C330108 Bronte Street (Main Street to Steeles Avenue)	4,720,244	(3,681,149)	-	-	-	-	-	(315,902)	-	-	-	(19,885)
C330146 Nipissing Road Reconstruction	43,843	13,016	-	-	-	-	-	66,382	-	-	-	(58,306)
C330148 Bronte Street (Heslop to S. of Main)	1,779,401	(136,826)	-	-	-	-	-	(159,963)	-	-	-	(8,400)
C339000/01 Asphalt Overlay Program	7,780,032	(760,798)	-	-	-	-	-	(819,855)	-	-	-	(4,296,576)
C340002 Bronte Street (Britannia Rd to Louis St. Laurent Ave)	196	(177)	-	-	-	-	-	-	-	-	-	(20)
C340012 Main Street (Scott Blvd to Bronte St)	2,704,318	(3,421,138)	-	-	-	-	-	(173,742)	-	-	-	(20,322)
C340021 Thompson Road (Britannia Rd To Louis St. Laurent Ave)	1,011,755	(895,239)	-	-	-	-	-	15,380	-	-	-	(17,046)
C340030 Louis St Laurent Avenue (Tremaine Rd to Bronte St)	77	(77)	-	-	-	-	-	-	-	-	-	-
C340033 Louis St Laurent Avenue (Yates Dr to Thompson Rd)	124,054	(124,054)	-	-	-	-	-	-	-	-	-	-
C340036 Louis St Laurent Avenue (Thompson Rd to 4th Ln)	4,273,157	(4,112,765)	-	(160,392)	-	-	-	-	-	-	-	-
C340037 Louis St Laurent Avenue (4th Ln to James Snow Pkwy)	1,379,796	(1,379,796)	-	-	-	-	-	-	-	-	-	-
C340039 Louis St Laurent Avenue (RR25 to Yates Dr)	17,476	(17,476)	-	-	-	-	-	-	-	-	-	-
C340046 5th Line (Hwy 401 to Derry Rd)	1,775,454	(1,597,988)	-	-	-	-	-	(158,645)	-	-	-	(165,013)
C340050 Main Street (James Snow Pkwy to 5th Ln)	6,102,713	(6,090,572)	-	-	-	-	-	-	-	-	-	-
C350005 Appleby Line	37,224	(3,722)	-	-	-	-	-	(91,316)	-	-	-	-
C380108 Boyne Pedestrian Railway Crossing	54,423	(54,423)	-	-	-	-	-	-	-	-	-	-
C400113 New Traffic Signals	144,026	(129,623)	-	-	-	-	-	-	-	-	-	-
C400114 Preemption Traffic Control System	32,089	(70,719)	-	-	-	-	-	1,318	(3,948)	-	-	-
C400115 Signal Interconnect Program	160,832	(144,748)	-	-	-	-	-	602	(17,280)	-	-	-
C340038 Louis St Laurent (James Snow Parkway to 5th Line)	16,962	-	-	-	-	(16,962)	-	-	-	-	-	-
C390104 Main Street Grade Separation	374,124	(336,712)	-	-	-	-	-	(39,140)	-	-	-	-
Subtotal Services Related to a Highway	32,532,195	(22,944,989)	-	(160,392)	-	(16,962)	-	(1,674,880)	(21,228)	-	-	(4,585,567)

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		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					
Library												
C598000 Library - New Branch Buildings	57,731	(51,958)	-	-	-	-	-	-	-	-	-	-
C800103 Collection - New	14,437	(12,993)	-	-	-	-	-	-	-	-	-	-
C800104 Shelving - New	43,629	(39,266)	-	-	-	-	-	-	-	-	-	-
C800123 New Branch Equipment	1,114	(808)	-	-	-	-	-	-	-	-	-	-
Subtotal Library	116,911	(105,025)	-	-	-	-	-	-	-	-	-	-
Transit												
C595001 Transit Operations Centre	382,019	(167,122)	-	(67,323)	-	-	-	(5,039,107)	-	-	-	-
C550104 Transit Bus Pads	792	(792)	-	-	-	-	-	-	-	-	-	-
Subtotal Transit	382,811	(167,914)	-	(67,323)	-	-	-	(5,039,107)	-	-	-	-
Administration												
C100128 Strategic Plan Implementation	32,289	(14,934)	-	-	-	-	-	(3,878)	(79,503)	-	-	-
C200100 Development Charges Study	100,025	(90,023)	-	-	-	-	-	-	-	-	-	-
C240028 Milton Air Photo Mapping	916	(412)	-	-	-	-	-	(779)	(16,515)	-	-	-
C500105 Parks Master Plan Update	-	1	-	-	-	-	-	-	-	-	-	-
C510139 Urban Forestry Management	1,860	(1,256)	-	-	-	-	-	(2,395)	(18,359)	-	-	-
C520101 Jannock Property Master Plan	194	(176)	-	-	-	-	-	-	-	-	-	-
C540004 Trails Master Plan Update	4,664	(4,198)	-	-	-	-	-	-	-	-	-	-
C800111 Library Services Master Plan	10,983	(7,414)	-	-	-	-	-	(15,365)	-	-	-	-
C900110 Official Plan Review	242,606	(31,772)	-	-	-	-	-	(15,298)	-	-	-	-
C900111 Official Plan Amendment - North Porta Employment Lands	6,155	-	-	-	-	(6,155)	-	-	-	-	-	-
C900144 Urban Design Guidelines	1,370	(475)	-	-	-	-	-	-	-	-	-	-
C900150 UR SP PH4 - Water & Wastewater Servicing	8,712	(8,712)	-	-	-	-	-	-	-	-	-	-
C900151 UR SP PH4 - FSEMS (SWM & Enviro Mgmt Strategy)	56,373	(10,914)	-	(45,459)	-	-	-	-	-	-	-	-
C900152 URSP PH4 - Transportation Plan	11,579	(11,579)	-	-	-	-	-	-	-	-	-	-
C900154 UR SP PH4 - Secondary Plan	172,466	(152,437)	-	-	-	-	-	-	-	-	-	-
C900156 UR SP PH4 - Parks/Recreation/Trails Master Plan	4,130	(3,717)	-	-	-	-	-	-	-	-	-	-
C900157 URSP PH4 - Urban Design Guidelines	16,861	(15,175)	-	-	-	-	-	-	-	-	-	-
C900170 MEV Secondary Planning/Site Specific Zoning	229,557	(207,745)	-	-	-	-	-	(3,534)	-	-	-	-
C900175 Sustainable Halton Subwatershed Study	122,536	-	-	-	-	(123,177)	-	-	-	-	-	-
C900190 Britannia E/W - Water & Wastewater Servicing	15,376	-	-	-	-	(15,376)	-	-	-	-	-	-
C900192 Britannia E/W - Transportation Plan	25,062	-	-	-	-	(25,062)	-	-	-	-	-	-
C900194 Britannia E/W - Secondary Plan	210,428	(22,260)	-	-	-	(188,923)	-	7,727	-	-	-	-
C900195 Britannia E/W - Parks & Open Space Study	12,509	-	-	-	-	(12,509)	-	-	-	-	-	-

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		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					
C900196 Britannia E/W - Urban Design Guidelines	3,229	-	-	-	-	-	-	-	-	-	-	-
C900197 Britannia E/W - MESP	64,766	-	-	-	-	(64,766)	-	-	-	-	-	-
Subtotal Administration	1,354,645	(583,198)	-	(45,459)	-	(435,967)	-	(33,522)	(114,377)	-	-	-
Parks Development												
C521114 Community Park Detailed Development	54,146	(48,171)	-	-	-	-	-	-	-	-	-	-
C521122 Community Park South Sherwood-Willmott	-	1	-	-	-	-	-	-	-	-	-	-
C521139 Community Park - External to Boyne	40,873	93,256	-	-	-	-	-	-	-	-	-	-
C522132 Sherwood District Park	629,778	(566,800)	-	-	-	-	-	7,140	-	-	-	-
C522133 District Park West - Boyne	6,760	(6,084)	-	-	-	-	-	(6,695)	(6,695)	-	-	-
C524002 Ford Neighbourhood Park	140,621	(126,558)	-	-	-	-	-	11,948	-	-	-	-
C525085 Ford Village Square #1	282,868	(257,316)	-	-	-	-	-	(311)	-	-	-	-
C525086 Bronson Park Village Square	402,510	(362,258)	-	-	-	-	-	(41,525)	-	-	-	-
C525087 Boyne Village Square #3	27,154	(24,439)	-	-	-	-	-	(4,311)	-	-	-	-
C540107 Harrison Pipeline Easement	-	23	-	-	-	-	-	1,256	-	-	-	-
C540122 Boyne Framgard Trail	59,903	(53,913)	-	-	-	-	-	-	-	-	-	-
C592212 Indoor Soccer - Air Supported	38	(34)	-	-	-	-	-	-	-	-	-	-
Subtotal Parks Development	1,644,652	(1,352,293)	-	-	-	-	-	(32,497)	(6,695)	-	-	-
Recreation												
C592208 Sherwood Community Centre	648,648	(312,550)	-	(9,502)	-	-	-	-	-	-	-	(290,765)
Subtotal Recreation	648,648	(312,550)	-	(9,502)	-	-	-	-	-	-	-	(290,765)
Subtotal Cash-in-Lieu of Parkland	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	43,165,514	(30,678,103)	-	(346,404)	-	(452,929)	-	(6,779,371)	(142,300)	-	-	(6,013,129)

APPENDIX 3
Municipality of the Town of Milton
Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions
For the period January 1, 2020 to December 31, 2020

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	\$ 344,176	\$ 321,835	\$ 22,341								
Fire Station # 4	\$ 50,340	\$ 49,268	\$ 1,072								
Tanker Truck	\$ 9,374	\$ 9,174	\$ 200								
Pumper/Rescue	\$ 15,206	\$ 14,882	\$ 324								
Total - Fire Protection	\$ 419,096	\$ 395,159	\$ 23,937	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
<u>Recreation</u>											
Milton Sports Centre Expansion	\$ 1,025,948	\$ 990,130	\$ 35,818								
Total - Recreation	\$ 1,025,948	\$ 990,130	\$ 35,818	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	

Appendix 4: CORS-024-21
 Development Charge Reserve Fund
 Treasurer's Statement
 January 1, 2020 to December 31, 2020

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.
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.
Administration	The fund is to finance the cost of growth-related studies.
Parks Development	The fund is used for growth-related parkland development projects.
Recreation	The fund is to finance the cost of growth-related investment in 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, 2020 to December 31, 2020

Authority for Exemption	Type of Exemption	Category of Exemption	Total Exempted
DCA	Non-Residential	Public Entity Projects	1,470
DCA	Non-Residential	50% Industrial Expansion	1,479
DC By-law	Non-Residential	Agricultural	225,506
DCA and DC By-law	Residential	Additional Dwelling Unit	1,572,095
TOTAL			1,800,549