FORMAL REPORT

To:	Mayor Strathdee and Members of Council
Prepared by:	André Morin, Director of Corporate Services / Treasurer
Date of Meeting:	26 March 2024
Subject:	**COR 17-2024 Annual Development Charge Report - 2023**

PURPOSE

To provide Council with the statutory report on the Town's development charges reserve fund (2023).

RECOMMENDATION

THAT COR 17-2024 Annual Development Charge Report - 2023 be received for information.

BACKGROUND

The Town of St .Marys passed a new Development Charges by-law on December 13, 2022 and which took effect January 1, 2023. *Section 43* of the *Development Charges Act* states: "The treasurer of a municipality shall each year on or before such date as the council of the municipality may direct, give the council a financial statement relating to development charge by-laws and reserve funds established under section 33."

Development charges are fees imposed by the Municipality onto new buildings within the Town to assist with paying for the cost associated with new development. The concept being that "development pays for development." For example, as new subdivisions connect to the Town's sewer infrastructure, the Town will be required to upgrade its sewage treatment plant to keep pace with required sewage capacity. Development charges will assist in paying for the growth-related portion of upgrading the plant.

REPORT

The Annual Treasurer's Statement of Development Charges ("DC") Reserve Funds for the year ending December 31, 2023 is attached.

In summary, in 2023 the Town received $278,444 (2022: $364,974) in DC fees, earned $137,674 (2022: $9,215) in investment earnings, and transferred $333,066 (2022: $125,690) for use in operating and capital growth-related projects.

As part of the regulations, the DC reserve funds can be used to internally fund those in a negative balance – the DC Statement reflects this. However, to better provide Council a summary of where each of the DC reserve funds are at for the year ending on December 31, 2023, the below summary has been provided:

Services Related to Highway	$1,130,978.36
Water Services	-$475,635.73
Wastewater Services	$1,516,367.54
Police Services	-$22,699.65
Fire Protection Services	$5,375.60
Recreation Services	$231,497.02
Library Services	$307,641.11
Administration	$0
Child Care	-$18,440.60
Waste Diversion	$2,707.78
Total	**$2,677,791.43**

Of note, three DC reserve funds are in a negative position. These negative balances are being funded internally from the Services Related to Highway DC Reserve Fund. These negative balances were considered as part of the new DC study and, over time, DC collections should bring these back to a positive position.

FINANCIAL IMPLICATIONS

The development charges held in reserve funds and collected in the future will be used to fund future capital projects that were identified in the Town's latest development charge background study.

In 2024, the Town is estimating to require $5,015,000 from development charges to fund the following projects:

- $15,000 - Sidewalks
- $5,000,000 Water Pollution Control Plan Upgrades

The Water Pollution Control Plant upgrades have been discussed in previous reports and the DC portion will be funded by a long-term debt as previously approved.

SUMMARY

The Town of St. Marys has a balance of $2,677,791.43 held in Development Charges Reserve Funds. The Treasurer has provided Council with the annual 2023 report relating to development charge transactions for the year end 2023.

STRATEGIC PLAN

☒ This initiative is supported by the following priorities, outcomes, and tactics in the Plan.

- Pillar #1 Asset Management:
    - Outcome: Developing a financial plan to understand pending capital expenditures and how they will be funded

OTHERS CONSULTED

Report Approval Details

Document Title:	COR 17-2024 Annual Development Charge Report - 2023.docx
Attachments:	- Annual Treasurer's Statement Worksheets - 2023.pdf
Final Approval Date:	Mar 18, 2024

This report and all of its attachments were approved and signed as outlined below:

Brent Kittmer

Town of St. Marys
Annual Treasurer's Statement of Development Charge Reserve Funds
December 31, 2023

Description	Services to which the Development Charge Relates										Total
	Non-Discounted Services					Discounted Services					
	Services Related to a Highway	Water Services	Wastewater Services	Police Services	Fire Protection Services	Recreation Services	Library Services	Administration	Child Care	Waste Diversion	
Opening Balance, January 1, 2023	**1,079,343.47**	**-474,378.90**	**1,340,047.48**	**-24,192.01**	**35,112.72**	**265,156.97**	**267,156.50**	**123,532.52**	**-19,102.71**	**2,063.76**	**2,594,739.80**
Plus:											
Development Charge Collections	42,852.57	25,171.32	112,992.70	2,840.12	10,163.27	51,567.87	30,601.04	0.00	1,726.34	529.05	278,444.28
Accrued Interest	60,131.37	-26,428.15	74,655.47	-1,347.76	1,956.17	14,772.18	14,883.57	0.00	-1,064.23	114.97	137,673.59
Repayment of Monies Borrowed from Fund and Associated Interest[1]											0.00
Sub-Total	**102,983.94**	**-1,256.83**	**187,648.17**	**1,492.36**	**12,119.44**	**66,340.05**	**45,484.61**	**0.00**	**662.11**	**644.02**	**416,117.87**
Less:											
Amount Transferred to Capital (or Other) Funds[2]	51,349.05		11,328.11		41,856.56	100,000.00	5,000.00	123,532.52			333,066.24
Amounts Refunded											0.00
Amounts Loaned to Other D.C. Service Category for Interim Financing	516,775.98	-475,635.73		-22,699.65					-18,440.60		0.00
Credits											0.00
Sub-Total	**568,125.03**	**-475,635.73**	**11,328.11**	**-22,699.65**	**41,856.56**	**100,000.00**	**5,000.00**	**123,532.52**	**-18,440.60**	**0.00**	**333,066.24**
Closing Balance, December 31, 2023	**614,202.38**	**0.00**	**1,516,367.54**	**0.00**	**5,375.60**	**231,497.02**	**307,641.11**	**0.00**	**0.00**	**2,707.78**	**2,677,791.43**

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

[2] 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.

Town of St. Marys
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
December 31, 2023

		D.C. Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. Forecast Period			Post D.C. Forecast Period						
Capital Fund Transactions	Gross Capital Cost	D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions	Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
Services Related to a Highway											
01-9348 Pedestrian Crossing - new	$51,349	$51,349									
Sub-Total - Water	**$51,349**	**$51,349**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Wastewater Services											
01-9333 WWTP Upgrades	$11,328	$11,328									
Sub-Total - Wastewater Services	**$11,328**	**$11,328**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Fire Services											
01-2100 Fire Hall Debt	$180,985		$41,857					$139,128			
Sub-Total - Fire	**$180,985**	**$0**	**$41,857**	**$0**	**$0**	**$0**	**$0**	**$139,128**	**$0**	**$0**	**$0**
Recreation Services											
01-9711 Skate Park	$321,007	$100,000						$23,021			$197,986
Sub-Total - Recreation	**$321,007**	**$100,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$23,021**	**$0**	**$0**	**$197,986**
Library Services											
01-7410 Collection	$54,056	$5,000						$49,056			
Sub-Total - Wastewater	**$54,056**	**$5,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$49,056**	**$0**	**$0**	**$0**

Amount Transferred to Operating (or Other) Funds - Operating Fund Transactions									
	Repayment Amount	D.C. Reserve Fund Draw		Post D.C. Forecast Period			Non-D.C. Recoverable Cost Share		
Operating Fund Transactions		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
Administration									
Admin Studies not eligible - trsfer to reserves	$123,533	$123,533		$0					
Sub-Total - Services Related to Administration	**$123,533**	**$123,533**	**$0**	**$0**	**$0**		**$0**	**$0**	
		$291,210	**$41,857**						