
HALDIMAND COUNTY

Report FIN-07-2024 Development Charges Reserve Funds Treasurer's Annual Statement for 2023

For Consideration by Council in Committee on May 21, 2024



OBJECTIVE:

To provide the Treasurer's Annual Statements of Development Charges Reserve Funds for 2023, as required by the Development Charges By-law and the Development Charges Act, as amended.

RECOMMENDATIONS:

1. THAT Report FIN-07-2024 Development Charges Reserve Funds Treasurer's Annual Statement for 2023 be received;
2. AND THAT the Treasurer's Annual Statement of Development Charges Reserve Funds for 2023 be made publicly available on the Haldimand County website.

Prepared by: Debra Blundell, Financial Analyst

Reviewed by: Heather Love, CPA, Supervisor, Budget and Financial Planning

Respectfully submitted: Mark Merritt, CPA, CA, General Manager of Financial & Data Services

Approved: Cathy Case, Chief Administrative Officer

EXECUTIVE SUMMARY:

In accordance with the Development Charges Act, 1997 (the Act), the Treasurer is required to present to Council an annual statement of the County's Development Charges Reserve Funds.

Attachment #1 is the unaudited Development Charges Reserve Fund Statement, which provides a summary of the 2023 financial transactions affecting all the Development Charges reserve funds which includes:

- ✓ Opening balances;
- ✓ transfers in (development charge receipts and interest);
- ✓ transfers out to fund capital projects;
- ✓ and the resulting closing balance for the year.

Attachment #2 provides the detail, by reserve fund, of each capital project that required growth related funding from development charges in 2023.

BACKGROUND:

The Development Charges Act, 1997 (the Act), as amended, provides the legislative framework for the collection and use of Development Charges. The Act provides that the Treasurer of a municipality, on or before such date as Council may direct, shall give Council an annual financial statement for each

Development Charges Reserve Fund established under the Act and the municipality's Development Charges By-law.

As outlined in the Development Charges By-law, the Treasurer shall provide an annual statement to Council, on or before May 31st of each year, containing information for the prior calendar year. The information to be included in this statement is set out in Section 43 of the Act and Section 12 of Ontario Regulation 82/98 (the Regulation).

The main reporting requirements under the Act are as follows:

- Statement of opening and closing balances of all development charges reserve funds and the transactions for the year relating to each of these funds;
- The transactions shall identify all the capital costs funded by the reserve fund and the amounts funded from other sources (other than development charges);
- Statement of compliance with S. 59.1 (1) of the Act (essentially that no charges to the reserve funds occurred that are not permitted under the Act);
- Council shall ensure that the statement is made available to the public.

ANALYSIS:

Attached to this report are the unaudited Treasurer's Statements for each Development Charges Reserve Fund, as established in By-law 2042/19, for the calendar year 2023. The following Table provides the historical amounts of Development Charges revenue collected for growth related capital works in the years 2019 to 2023.

Table 1: Development Charges Collected

Service	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$
Ambulance Services	34,744	72,007	149,512	109,968	122,680
Fire Services	138,815	211,162	438,138	322,258	332,073
General Government	35,379	68,056	141,898	104,255	109,791
Waste Diversion (established 2019)	18,561	48,675	92,800	68,483	83,468
Cemeteries	15,475	21,425	44,611	32,836	44,504
Leisure Services	1,073,340	2,119,076	3,958,470	2,917,770	3,487,693
Parking Services	15,561	27,983	58,157	42,712	53,779
Library Services	172,012	335,589	626,761	461,993	580,618
Public Works - Buildings and Fleet	40,627	72,868	151,058	111,017	102,241
Roads and Related	318,442	602,397	1,240,043	912,485	976,414
Wastewater	583,919	1,464,036	3,173,550	2,153,686	2,181,262
Stormwater	20,658	37,823	65,743	44,508	41,538
Water	232,915	519,736	1,051,748	717,964	813,656
	2,700,448	5,600,833	11,192,488	7,999,937	8,929,717
Allocation:					
Residential	2,678,857	5,484,052	10,119,961	7,467,891	8,257,766
Non-Residential	21,592	116,781	1,072,527	532,043	671,951
# of Building Permits Issued Requiring a Development Charge	178	303	530	368	377

In 2021, a significant amount of Development Charges (DCs) were collected due to an increase in building permits requiring them. The number of building permits issued decreased from 1,470 in 2019 to 1,281 in 2020, increased to 1,728 in 2021, and then increased again to 1,923 in 2022 and 2,121 in 2023. Not all building permits require DCs; it's based on the type of permit and development. In 2023, the increase in construction was mainly in Caledonia and Hagersville, with 377 permits requiring DCs compared to 368 in 2022. The County experienced a increase of approximately \$790,000 in DCs collected.

In 2019, a Development Charge Rate Study was finalized to update the 2014 study, resulting in a 64.79% increase in residential rates for urban single/semi-detached homes. The study projected average annual housing units of 226 between 2018-2020 and 276 in 2021 to 2023. Although actual housing units in 2018 and 2019 were slightly below projections, the number of units in 2020-2023 exceeded expectations, leading to additional DCs being collected.

The County's DC By-law 2042/19, enacted on May 13, 2019, was appealed. In March 2020, a mutual settlement agreement was reached, leading to a lower DC for multiple unit dwellings, retroactive to the day the by-law was initially passed.

The attached Treasurer's Statements (Attachments #1 and #2) provide information on each DC Reserve Fund and detail the 2023 financial transactions affecting all DC reserve funds. Attachment #1 shows the opening balances, transfers in (DC receipts and interest), transfers out (to fund capital projects), and the resulting closing balance for the year. Attachment #2 provides details for each capital project that required growth-related funding from DCs in 2023.

Three of the DC Reserve Funds (Public Works, Wastewater Services, and Stormwater) have deficit balances. These negative balances were anticipated during the 2019 Development Charges Background Study, as certain growth-related capital projects were initiated prior to collecting the related DCs. This allowed development to proceed in communities with servicing constraints.

As shown in the 2024 Capital Budget, there will be further planned negative DC balances due to the timing of developer payments in relation to expenditures on growth-related projects planned over the forecast period. These shortfalls were anticipated when setting the DC rates and will require future growth-related debt to be issued. These debt charges must be fully recovered from future DC receipts.

In addition, there are funding commitments related to past capital works, such as the Haldimand County Caledonia Centre, Cayuga Memorial Arena, Dunnville Memorial Arena, Hagersville Fire Station/EMS Base, Cayuga Fire Station/EMS Base, South Haldimand Fire Station, Dunnville Library, and water and wastewater projects. These commitments will require withdrawals from the applicable DC Reserve Funds in future years, specifically to repay existing growth-related debt charges.

The approved Tax and Rate Supported Capital Budgets included an update to the current Development Charges Background Study and the underlying rates. This project is currently underway with an expected completion of spring of 2025. This update will take into account inflationary increases in the underlying costs of growth related projects, new/pending legislative changes to the Development Charges Act and any new growth related projects not included in the last background study.

FINANCIAL/LEGAL IMPLICATIONS:

Development Charges are an important component of the County's long-term financial plan. As outlined in the Development Charges Act, the funds in the Development Charges Reserve Funds may only be used to finance growth related projects.

As identified in the applicable approved Capital Forecast (Tax Supported and Rate Supported), the Development Charges Reserve Funds are in line with the projections included in the Development

Charges Background Study, and will continue to be monitored annually. Preparations for a new Background Study are in progress.

County staff continue to monitor and evaluate the impacts of recent and pending legislative changes to the Development Charges Act and related regulations.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

REFERENCES:

1. [Development Charges By-law 2042/19](#)
2. [Development Charges Act, 1997](#)

ATTACHMENTS:

1. Development Charges Reserve Fund Statement Summary for the Year Ended 2023
2. Treasurer's Statements for Development Charges Reserve Funds for the year ended December 31, 2023:
 - a) Roads & Related
 - b) Public Works – Buildings & Fleet
 - c) Parking Services
 - d) Fire Protection Services
 - e) Leisure Services
 - f) Library Services
 - g) General Government
 - h) Cemeteries
 - i) Ambulance Services
 - j) Waste Diversion
 - k) Stormwater Drainage & Control Services
 - l) Wastewater Services
 - m) Water Services