



Town of Arnprior Staff Report

Subject: Annual Statement of Development Charges - 2023

Report Number: 24-06-10-03

Report Author and Position Title: Jennifer Morawiec, General Manager,
Client Services / Treasurer

Department: Client Services

Meeting Date: June 10, 2024

Recommendations:

That Council receive report number 24-06-10-03 as information; and

That this Annual Statement of Development Charges be made available to the public on the Town of Arnprior website or upon request; and

Further That Council authorize the transfer of development charge funds of \$270,000 for the Library Expansion Project to the Capital Expenditure Reserve Fund to cover the allocated growth portion of the capital project.

Background:

Development Charges (DCs) are fees collected from new development at the time a building permit is issued. Municipalities use these charges to help pay for the cost of infrastructure required as a result of new development, such as roads, parks, recreation, and fire, as well as water and wastewater. Most municipalities in Ontario use development charges to ensure that the cost of providing infrastructure to service new development is not borne by existing residents and businesses in the form of higher property taxes.

The development charge by-laws and associated development charge rates in place for the January to December 31, 2023 timeframe was established through the 2023 Development Charge Background Study update with a new Development Charge By-Law adopted by Council on March 13, 2023.

Section 43 of the Development Charges Act, S.O. 1997, requires the Treasurer of a municipality to each year provide council a financial statement relating to development charge by-laws and reserve funds established under Section 33. This statement must

be made available to the public and may be requested to be forwarded to the Minister of Municipal Affairs and Housing.

O. Reg. 82/98 prescribes the detailed information that must be included in the annual Treasurer’s statement, including but not limited to: opening and closing balances; a description of each service and/or service category for which the reserve fund was established (Appendix A); interest earned and transactions for the year (collections, draws) including each assets capital costs to be funded from the D.C. reserve fund and the manner for funding the capital costs not funded under the D.C. by-law (Appendix B).

Amendments to O. Reg 82/98 under Bill 109 in 2022 now require the following additional information must be provided for each D.C. service being collected for during the year: a) whether, as of the end of the year, the municipality expects to incur the amount of capital costs that were estimated, in the relevant development charge background study, to be incurred during the term of the applicable development charge by-law; b) if the answer to a) is no, the amount the municipality now expects to incur and a statement as to why this amount is expected; and c) if no money was spent from the reserve fund during the year, a statement as to why there was no spending during the year.

Discussion:

Annual Financial Summary:

The following table highlights a summary of the development charge reserve fund for the period January 1 to December 31, 2023 and includes DC funds collected, DC receivables, interest earned and disbursements. The DC receivable amount is reflective of DC amounts owing to the municipality from instalment payments for eligible developments under the DCA. A further breakdown of development charges by service category is included in Appendix A: Annual Statement of Development Charges Reserve Fund.

2023 Development Charges Summary	
Opening Balance, January 1, 2023	\$ 5,322,672
Development Charges Collected	2,318,530
Development Charges Receivable	-
Investment and Interest Income	359,736
Total	8,000,938
Disbursements	(1,543,963)
Year End Return to Source	253,433
Closing Balance, December 31, 2023	<u>\$ 6,710,408</u>

Development Charge Financed Projects:

Disbursements for development charge funded projects included but not limited to: \$770,169 for water/wastewater plant expansion financing, \$75,656 for Quint financing, \$264,000 for Daniel/Edey/Galvin intersection realignment, \$101,000 for sidewalk construction/design, \$152,000 for waterfront pathways and \$94,000 for park development. A detailed listing of all development charge disbursements by project is included in Appendix B: Development Charge Project Activity Report.

Gross Capital Cost Expectations:

As per O. Reg 82/98, as of the end of the year, a municipality has to indicate if they expect to incur the amount of capital costs that were estimated, in the relevant development charge background study, during the term of the applicable development charge by-law. The current development charges by-law was adopted in 2023 along with an updated background study, includes new estimated capital costs for a ten-year period with \$47.4M in planned expenditures and \$26.95M recoverable from development charges (Appendix C).

The Town still expects to incur these capital costs and they are included in the Town's Long Range Capital Forecast for planning purposes.

Library Expansion Project:

The Library expansion project covered 2022 and 2023 timeframes, each which were covered by a different development charge by-law and background study. While a portion of the project's growth costs were covered in 2022, the new 2023 by-law includes a development charge recoverable amount of \$270,000 to account for the increased cost of the project that was not covered in 2022. As the Town originally funded the additional costs of the project from the Capital Expenditure Reserve Fund, a transfer from the DC reserve fund will be required to repay the growth related projects costs.

Options:

N/A

Policy Considerations:

Development Charges Act: A significant number of amendments have been made by the Province to the Development Charges Act including changes under Bill 108, 138, 197, 213 and 109. A summary of these changes are included in the [2023 Development Charges Background Study](#) and have been included in the new 2023 Development Charges By-law which came into effect on March 13, 2023.

Interest Rates: While in 2021, Council passed a resolution #108-21 authorizing interest to be charged on development charges which are payable in accordance with section

26.1 and 26.2 of the Development Charges Act, 1997, at the Statistics Canada Quarterly, non-residential Construction Price Statistics for the most recent year over year period; this rate has now been replaced. As per Bill 23, the maximum interest rate is set at the average prime rate plus 1%. This maximum interest rate provision would apply to all instalment payments and eligible site plan and zoning bylaw amendment applications occurring after November 28, 2022.

Financial Considerations:

Requirement to Allocate Funds: Annually, beginning in 2023, municipalities will be 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. Other services may be prescribed by the regulation. As growth related projects are included in the Town's Long Range Capital Forecast, over 88% of the monies in the reserve funds are allocated to specific projects with a small portion 12% for provisional items not yet assigned.

Compliance Statement: The Town of Arnprior is compliant with Section 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.

Meeting Dates:

N/A

Consultation:

N/A

Documents:

Appendix A: 2023 Annual Statement of Development Charges Reserve Fund

Appendix B: 2023 Development Charge Project Activity Report

Appendix C: Estimated Gross Capital Costs (2023-2032)

Signatures

Reviewed by Department Head: Jennifer Morawiec

Reviewed by General Manager, Client Services/Treasurer: Jennifer Morawiec

CAO Concurrence: Robin Paquette

Workflow Certified by Town Clerk: Kaila Zamojski

Town of Arnprior
Appendix A: Treasurer's Statement - Development Charge Reserve Funds
For the period January 1, 2023 to December 31, 2023

	Services to which the Development Charge Relates								
	Services Related to a Highway	Public Works	Water	Wastewater	Fire	Parks and Recreation	Library Facility / Materials	General Government ²	Total
Opening Balance, January 1, 2023	\$ (650,243)	\$ 103,691	\$ 1,711,172	\$ 4,406,862	\$ (13,817)	\$ (37,494)	\$ 58,184	\$ (255,682)	\$ 5,322,672
Revenues									
Development Charge Collections	432,634	75,701	1,021,338	606,754	23,412	139,019	19,672	-	2,318,530
Development Charge Receivable	-	-	-	-	-	-	-	-	-
Accrued Interest	67,126	11,746	158,468	94,142	3,632	21,570	3,052	-	359,736
Sub-Total	\$ 499,760	\$ 87,447	\$ 1,179,806	\$ 700,896	\$ 27,044	\$ 160,589	\$ 22,724	\$ -	\$ 2,678,266
Expenditures									
Amount Transferred to Capital (or Other) Funds ¹	375,973	-	374,139	396,030	75,656	322,165	-	-	1,543,963
Prior Commitments (Return to Source)	136	-	-	-	-	2,113	-	(255,682)	(253,433)
Sub-Total	\$ 376,109	\$ -	\$ 374,139	\$ 396,030	\$ 75,656	\$ 324,278	\$ -	\$ (255,682)	\$ 1,290,530
Closing Balance, December 31, 2023	\$ (526,592)	\$ 191,138	\$ 2,516,839	\$ 4,711,728	\$ (62,429)	\$ (201,183)	\$ 80,908	\$ -	\$ 6,710,408
Allocated to Activity / Project	76%	100%	92%	87%	73%	98%	68%	-	88%
Unallocated / Provisional	24%	0%	8%	13%	27%	2%	32%	-	12%

¹ See Appendix B for details

² Carry-forward deficit due to changes under the Act to no longer fund administrative studies.

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 Arnprior
Appendix B: 2023 Development Charge Project Activity Report
Amount Transferred to Capital (or Other) Funds
For the period January 1 to December 31, 2023

Service Category	Project Description	D.C. Reserve Fund Draw	Other Reserve / Reserve Fund Draws	Grants / Other Contributions	Total
Services Related to a Highway	Daniel / Edey / Galvin Signalized Intersection	\$ 264,000	\$ 860,188	\$ 1,037,464	\$ 2,161,652
Services Related to a Highway	Sidewalks - McNab Street	28,800	3,200	-	32,000
Services Related to a Highway	Sidewalks - Madawaska	43,200	4,800	-	48,000
Services Related to a Highway	Sidewalks - Winners Circle	29,250	3,250	-	32,500
Services Related to a Highway	MacDonald St Design	10,995	126,505	12,500	150,000
Water Services	Past Plant Expansion - Loan	374,139	225,592	-	599,731
Wastewater Services	Past Plant Expansion - Loan	396,030	181,971	-	578,001
Fire	Quint Apparatus Loan	75,656	75,656	-	151,312
Parks and Recreation	Caruso Park Upgrades	14,833	84,052	59,486	158,371
Parks and Recreation	Legion Park Upgrades	77,485	180,799	129,797	388,081
Parks and Recreation	Waterfront Trail - Pathways	152,147	862,169	-	1,014,316
Parks and Recreation	Waterfront Revitalization - RSP	71,700	406,300	-	478,000
Parks and Recreation	CN Trail	6,000	14,000	-	20,000
TOTAL		\$ 1,544,235	\$ 3,028,482	\$ 1,239,247	\$ 5,811,964

Appendix C: Estimated Gross Capital Costs
For the period covered by the By-Law 2023-2032

Services to which the Development Charge Relates							
For the period 2023-2022	Services Related to a Highway	Water	Wastewater	Protection	Parks and Recreation	Library	Total
<u>Background Study (Table 6-5)</u>							
Funding Source - DC Recoverable	6,207,537	10,804,734	7,067,196	354,300	2,148,400	367,500	26,949,667
Tax Base or Other Non-DC Source	4,681,448	6,285,318	483,801	651,700	8,023,000	322,500	20,447,767
Gross Capital Cost Estimates (2023-2032)	\$ 10,888,985	\$ 17,090,052	\$ 7,550,997	\$ 1,006,000	\$ 10,171,400	\$ 690,000	\$ 47,397,434
<u>Incurred Capital</u>							
Funding Source - DC Recoverable	376,245	374,139	396,030	75,656	322,165	0	1,544,235
Tax Base or Other Non-DC Source	2,047,907	225,592	181,971	75,656	1,736,603	0	4,267,729
	\$ 2,424,152	\$ 599,731	\$ 578,001	\$ 151,312	\$ 2,058,768	\$ -	\$ 5,811,964