

Date: 2021-05-12

Subject: Annual Treasurer's Statement Report: Summary of Activity in 2020

Contact: Mark Medeiros, Acting Treasurer
mark.medeiros@brampton.ca / 905-874-2520

Report Number: Corporate Support Services-2021-614

Recommendations:

That the report titled ***Annual Treasurer's Statement Report: Summary of Activity in 2020***, to the Committee of Council Meeting of May 26, 2021, be received.

Overview:

- **Development Charges (DC) are collected under authority of the *Development Charges Act, 1997* (the "DCA") for the purpose of funding necessary growth related services.**
- **Section 43 of the DCA and Section 12 of Ontario Regulation 82/98 require that the Treasurer of the municipality provide to Council, annually, a financial statement relating to development charge by-laws and reserve funds established under section 33 of the DCA.**
- **Schedule A summarizes the DC reserve financial transactions for the year ended December 31, 2020. Closing balance of the DC Reserve Fund balances as of December 31, 2020 is \$235 million.**
- **Section 42 under the *Planning Act* requires the Treasurer of the municipality to provide Council with a statement relating to the status of the cash-in-lieu of parkland (CIL) reserve. This requirement is a result of the passage of Bill 73, *Smart Growth for Our Communities Act*.**

- **DC statements for 2020 are presented to Council for receipt, and these statements must be made available to the public. A copy will be forwarded to the Ministry of Municipal Affairs and Housing.**

Background:

Development Charges (DC) are collected by the City for the sole purpose of funding necessary infrastructure to new residents and businesses. All DC funds collected can be used only for this purpose in accordance with the *Development Charges Act (DCA)*. These funds are collected so that existing property owners are not unduly burdened by the cost of growth-related infrastructure.

The attached DC Statements have been provided to the Committee of Council for information in accordance with requirements of the *DCA*. The purpose of the report and associated statements is to ensure that all transactions related to development charges have been correctly accounted for and reported, as stipulated under the Act.

The current DC rates came into effect on August 1st, 2019 with the approval of the City's 2019 DC By-laws. The 2019 DC By-laws retained existing reserve fund classifications as it accurately reflected how individual program areas have managed the DC revenue received. These reserve funds represent monies currently collected for and spent on the following program areas: General Government (Growth Studies), Library Services, Fire Services, Recreation Services, Transit Services, Public Works, Roads Services, Parking, and the Bramwest / North and South Transportation Corridor.

The City of Brampton does not impose, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the *DCA* or another Act, in compliance with subsection 59.1 (1) of the *DCA*.

Amendments were made to the *Planning Act* in 2017 with the passage into law of Bill 73 – the *Smart Growth for Our Communities Act*. The legislation requires that funds that have been collected under both Section 37 of the *Planning Act* - related to increased density allocations, and Sections 42 and 51 – related to the collection and expenditure of cash-in-lieu of parkland (CIL), must now be reported annually to Council by the Treasurer. For Council's reference, CIL is collected by way of the City's Parkland Dedication By-law under the authority of the *Planning Act*. A municipality may require, as a condition of development, that land be conveyed to the municipality for park, or other recreational, purposes. Alternatively, the Council may require a payment in lieu of land otherwise required to be conveyed – commonly referred to as CIL.

The City of Brampton has not implemented density bonusing and as such, there is no reporting of items under Section 37 at this time.

Current Situation:

Statement of Development Charge Reserve Funds Activity – 2020

The table below presents a summary of information reported in Schedule A of the report which outlines the 2019 DC reserve fund balances:

	<u>\$ Million</u>
Beginning Balance as at January 1, 2020	206.01
Add: Development Charge Proceeds	66.35
Add: Interest Income	3.24
Less: Transfer to Capital Projects/Current Fund	<u>40.33</u>
Balance before Outstanding Section 38 Credits	235.27
Outstanding Section 38 Credits	<u>(0.03)</u>
Closing Balance as at December 31, 2020	<u>235.24*</u>

** Represents uncommitted fund balances. Commitments as of December 31, 2020, are \$172.4 million for Development Charges and \$9.0 million for Cash-In-Lieu of Parkland*

Schedule A summarizes information for each reserve fund in respect of each service program for which development charges have been imposed by the City of Brampton. The schedule shows:

- The opening balance as of January 1st, 2020;
- The distribution of the development charge proceeds received during the year;
- The apportionment of accrued interest; and
- The closing balance as at December 31st, 2020.

The closing balance of the DC Reserve Fund as of December 31, 2020 is \$235 million, which represents an increase of \$29 million (2019 - \$206 million). Increase in fund balances was due to development charges proceeds (\$66 million) exceeding transfers to capital projects and current fund (\$40 million).

In addition, City Council approved the Central Area Community Improvement Plan. One of the components of this plan is the Development Charges Incentive Program which, since inception, has granted \$30 million in DC waivers. Of the \$30 million, \$9 million has been recovered through the general tax as of December 31, 2020. The reimbursement of these funds is repaid over a 25-year horizon and is currently built into the base tax levy.

Statement of CIL-Parkland Reserve Fund Activity – 2020

The table below presents a summary of CIL-Parkland Reserve Fund Activity:

	<u>\$ Million</u>
Beginning Balance as at January 1, 2020	118.31
Add: CIL-Parkland Revenues	10.51

Add: Interest Income	3.25
Less: Transfer to Capital Projects	3.86***
Closing Balance as at December 31, 2020	<u>128.21</u>

*** Detail of transfers to Capital Projects:

Project	Description	Details	Amount (\$ Million)
181771	Property Acquisition	Block 407 – East-end Community Centre	\$2.08
191775	Property Acquisition	Peel Village Golf Course	\$1.78
			<u>\$3.86</u>

Schedule B details the approved financing transfers for each reserve fund, outlining the Development Charge financing (DC) and Non-Development Charge Financing (Non-DC) for each project. This schedule provides additional detail to the “Transfer to Capital Project /Current Fund” column in Schedule A by capital project in each program area. When capital projects are closed or excess financing has been identified, the financing is returned back to the original Reserve Fund. The figures in brackets indicate returned financing.

Schedule C lists the remaining Section 14 credits by Plan and Block Number as at December 31st, 2020.

Schedule D details the status of DC credits accorded or committed to developers for undertaking works on behalf of the City as at December 31, 2020.

Treatment of Credits related to old DC by-laws and previous DC Acts

- **Outstanding Section 38 Credits**

Section 38 of the *DCA* stipulates that a municipality shall give a person credit toward the DCs payable if it agrees to allow the person to perform work that relates to a service to which a DC by-law relates. The amount of the credit is the reasonable cost of doing the work as agreed. The current Section 38 credits included in Schedule A are minor in nature and are fully related to parkland improvements performed in old subdivisions. Since there has been no activity on these subdivisions in many years there has been no opportunity to provide the credit for work performed in the past. This does not preclude the possibility of the credits being applied in a redevelopment or new development project in those areas in the future.

- **Section 14 Credits (see Schedule C)**

In 1989 the Province enacted the *Development Charges Act, 1989* (“Old *DCA*”) which replaced the lot levy regime with DCs. Municipalities were empowered to

impose DCs pursuant to DC by-laws enacted under the Old DCA. The Old DCA did not exempt from the payment of DCs those lands that were subject to pre-existing lot levy agreements or lands for which lot levies had been paid. Instead, these prior payments were treated as credits against DCs otherwise payable, pursuant to Section 14 of the Old DCA, by October 31st, 1999.

The Old DCA was replaced by the 1997 DCA and. O. Reg 82/.98 in 1998 which sets out a mechanism for recognizing credits for lot levies paid under old agreements. The owners and former owners were required to apply for credits by October 31st, 1999. The City is obligated to fund the total credit claims applied for within the prescribed period.

Corporate Implications:

Financial Implications:

There are no financial implications associated with this report.

Other Implications:

There are no other implications resulting from this report.

Term of Council Priorities:

This report fulfils the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

In accordance with the *Development Charges Act, 1997*, this report provides Council with a statement of the DC reserve funds for the year ending December 31st, 2020.

Authored by:

Reviewed by:

Maja Kuzmanov, Manager of Accounting /
Janet Lee, Manager, Capital and
Development, Finance

Mark Medeiros, Acting Treasurer

Approved by:

Submitted by:

Michael Davidson, Commissioner,
Corporate Support Services

David Barrick, Chief Administrative Officer

Attachments:

Schedule A: Statement of Development Charge Reserve Funds

Schedule B: Details of Project Funding

Schedule C: Section 14 Credits

Schedule D: Development Charges Credits