



TO: GENERAL COMMITTEE

SUBJECT: 2021 YEAR END DEVELOPMENT CHARGE REPORTS AND
TREASURER'S STATEMENT

WARD: ALL

PREPARED BY AND KEY CONTACT: M. VILLENEUVE, SUPERVISOR OF DEVELOPMENT CHARGES, EXT. 4503

SUBMITTED BY: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER, EXT.5130

GENERAL MANAGER APPROVAL: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the following 2021 Annual Development Charge Statements be received:
 - a) Annual Treasurer's Development Charge Reserve Fund Statement attached as Appendix "A" to Staff Report FIN001-22;
 - b) Municipal Development Charge Reserve Fund Statement with Project Activity attached as Appendix "B" to Staff Report FIN001-22;
 - c) Listing of Section 13 Credits attached as Appendix "C" to Staff Report FIN001-22 owing where a front ending agreement existed prior to the first City by-law under the *Development Charges Act, 1997*; and
 - d) Listing of Section 38 Credits attached as Appendix "D" of Staff Report FIN001-22 owing where a front ending agreement exists subsequent to the first City by-law under the *Development Charges Act, 1997*.

PURPOSE & BACKGROUND

2. The purpose of this Staff Report is to provide a statement of the Development Charge (DC) Reserve funds and all related activity for the year ending December 31, 2021, as required by the *Development Charges Act, 1997* (DC Act).
3. Pursuant to Subsection 43 of the DC Act, the Treasurer for the City is required to present a financial statement to Council, regarding the Development Charge Reserve Funds. The Treasurer's Statement for the preceding year, must include:
 - a) Statements of the opening and closing balances of the Reserve Funds, and of the transactions relating to the Funds;

- b) Statements identifying:
 - (i) All assets whose capital costs were funded under a development charge by-law during the year; and
 - (ii) For each asset mentioned in subclause (i), the manner in which any capital cost not funded under the by-law, was or will be funded.
- c) A statement as to compliance with Subsection 59.1 (1), confirming that charges are not directly or indirectly imposed on development, except as permitted by the DC Act.
- d) Any other information that is prescribed. 2015, c. 26, s. 7 (1).

ANALYSIS

2021 Annual Development Charge Statements

4. Development Charges (DC's) are fees imposed on new residential and non-residential development in the City. The intent of imposing these fees is to have growth pay for growth within the City, to the greatest extent possible.
5. In accordance with the DC Act, the City had Development Charges By-law 2019-055 (as amended by By-law 2021-059), encompassing all of the former City municipal boundary, the Salem & Hewitt's Secondary Plan and Whiskey Creek Areas, in place during 2021.
6. The annual statements, attached in the appendices of this Report, describe the 2021 activity related to the receipt and use of DC's collected under the DC Act.
7. In some instances, the project costs reported for the current year may not be fully funded or appear to be over funded. This is a result of the cumulative nature of the project extending over multiple years, and the timing of funding sources received or approved. Overall, the total cumulative costs of the project will be matched by the appropriate offsetting revenue source.
8. It is noted that some reserve funds have a deficit balance resulting from more funds being drawn than collected to date for that purpose. Interest is charged to the affected reserve funds for any "overdraft" that occurs utilizing the cash flow available from other reserve funds, while applying the appropriate interest credit to those balances. It is expected that these deficits will diminish over time, as anticipated growth occurs within the City, and the associated DC revenues are received.
9. In conformance with the DC Act, the attached statements will be made available to the public on the City's website and will be provided to the Ministry of Municipal Affairs and Housing upon request.

2021 Development Charges Activity Analysis

10. The total construction value of building permits issued in 2021 was \$743 Million.



11. A summary of 2021 activity is as follows:

	<u>2020</u> <u>Actuals</u>	<u>2021</u> <u>Actuals</u>	<u>2021</u> <u>Budget</u>	<u>Budget</u> <u>Variance</u>
Opening Balance	\$ (12,626,344)	\$ (35,913,359)		
Plus: Revenues*	\$ 24,859,510	\$ 106,267,593	\$ 50,020,000	\$ 56,247,593
Less: Expenditures	\$ (48,146,525)	\$ (49,550,181)	\$ (42,474,424)	\$ (7,075,757)
Net Change	\$ (23,287,015)	\$ 56,717,412	\$ 7,545,576	\$ 49,171,836
Ending Balance	<u>\$ (35,913,359)</u>	<u>\$ 20,804,053</u>		

* Development charge revenues were significantly higher than anticipated as a result of greater development activities within the secondary plan areas than was expected. Revenues include \$7M of deferred development charges that have not yet been collected.

Notwithstanding the above, the City has committed an additional \$117 Million to be funded by Development Charge reserves. These commitments are expected to be carried out over the next five years.

12. The total discounts in 2021 amounted to \$2,921,754, which are primarily funded from the 2021 operating surplus.
13. The total contribution to DC Reserves in 2021 was \$106 Million, with draws from the DC Reserves totalling \$50 Million. The December 31, 2021 year-end balance in DC Reserves is \$21 Million, compared to a deficit balance of \$36 million at December 31, 2020.
14. As described in the City of Barrie's 2022 Business Plan and Budget, the forecast of DC Reserves over the next five years includes:
 - a) Five-year average annual draws from DC Reserves of \$121 Million;
 - b) Five-year average annual DC revenues of \$112 Million; and
 - c) Five-year ending forecasted DC Reserve deficit of \$64 Million.
15. The City's Financial Policy Framework includes targets related to DC Reserves as follows:
 - a) On a consolidated basis, the DC Reserve Funds must maintain a positive balance; and
 - b) DC supported debt outstanding not to exceed 25% of the DC eligible costs for the forecast period of the latest DC Background Study.
16. The targets set out in 15 are met as at December 31, 2021.
17. A Memorandum of Understanding (MOU) relating to phase 1 of the Secondary Plan areas, was signed on June 17, 2014, between the City of Barrie and landowners within the Secondary Plan area (Salem and Hewitt's), which predates Bill 73 of the current Development Charges Act that came into effect January 1, 2016. These contributions were determined by the Fiscal Impact Analysis performed in 2015 to be necessary in order to advance the capital works required for the development of these areas. The City collected \$3,402,378 of voluntary contributions in 2021 as agreed through the MOU.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

18. There are no environmental and/or climate change impact matters related to the recommendation.

ALTERNATIVES

19. The annual DC statements and the DC Background Study and By-law Updates are completed in order to remain compliant with provincial legislation, and to continue to collect DC's on all growth-related development. As such, no alternatives are presented.

FINANCIAL

20. The annual DC statements are statutory under the DC Act and are for information purposes only. As such, there is no financial impact as a result of these reports.

LINKAGE TO 2018-2022 STRATEGIC PLAN

21. The recommendation included in this Staff Report is not specifically related to the goals identified in the 2018-2022 Strategic Plan.