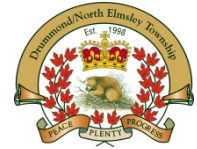


# Township of Drummond/North Elmsley Committee of the Whole



**Report By** Angela Millar, Treasurer  
**Date** February 14, 2023  
**Report Title** FIN-2-2023 – 2022 Development Charges

**1. Staff Recommendation:** Resolution  Direction  Information   
 For information purposes only.

**2. Purpose:**

To provide Council with an annual report showing the services for which development charges have been collected, how the funds have been spent, and how much interest was accrued.

**3. Background:**

The Township has been collecting Development Charges since 1999 to generate revenue towards the increased cost of services within the Township that occur as a result of growth and development. The intention is to allow the municipality to maintain the current level of service for residents of the municipality, while collecting funds from the new development to help offset the cost of additional services. Development charges that are collected by the municipality are put into a reserve until such time as a capital expenditure is made. Section 43 of the *Development Charges Act* requires the Treasurer to provide Council with a financial statement regarding the Development Charges activity each year.

A copy of this report must and will be provided to the Minister of Municipal Affairs within 60 days of providing this statement to Council.

**4. Discussion:**

Council passed the most recent Development Charges by-law which came into force and effect for a term not exceeding five years from September 1, 2019, unless it is repealed, at an earlier date, by a subsequent by-law. The by-law applies to all lands and associated buildings and structures within the geographic limits of the Township. Specifically, development charges are applied for the following dwellings: single-detached, semi-detached, duplex, triplex, converted, and accessory.

The following chart indicates the total fee by service area and dollar amount according to Schedule 1 of the Development Charges By-law No. 2019-041:

Service Area	Development Charge (\$)
Development Charges Study	162
Fire Protection	328
Public Works	3,510
Facilities	0
<b>TOTAL:</b>	<b>4,000</b>

Recently, Bill 23 has imposed changes regarding the administration of Development Charges. These changes will need to be incorporated into our next Development Charges fee composition and annual reporting requirements. These changes include:

- Requirement to allocate 60% of the funds in the Development Charge reserve annually for water, wastewater, services related to highway services, commencing in 2023;
- Development Charge by-law expiry has been extended to 10 years;
- Studies included in existing Development Charge by-laws can still be collected (and funded) until the existing by-law expires or is amended, after which it will be removed;
- Studies related to projects (design, EA, etc.) may remain as part of the Development Charges capital cost, but should be capitalized within the project and municipal capital budget where possible.

For Drummond/North Elmsley, these changes will impact our next Development Charges by-law. Our current by-law expires September 1<sup>st</sup>, 2024 and the cost of the Development Charges Study can be funded from this reserve as previously intended.

Going forward, this annual report will include the intended use of the reserve (of up to 60%). It has been clarified that the reporting does not require that a municipality spend up to 60% of the reserve each year but must record how the municipality intends to use 60% of the funds, even if it spans multiple years.

The reserve fund is divided into separate project / categories to record the Development Charge fees collected along with allocation of interest earned on the balances.

<b>2022 Development Charges</b>					
<b>By-law 2019-041</b>	<b>Total</b>	<b>DC Study</b>	<b>Fire</b>	<b>Public Works</b>	<b>Facilities</b>
<b>% value</b>	<b>100%</b>	<b>4%</b>	<b>8%</b>	<b>88%</b>	<b>0%</b>
<b>Category of Municipal Services</b>	<b>\$251,057.87</b>	<b>\$14,999.92</b>	<b>\$29,383.98</b>	<b>\$159,398.42</b>	<b>47,275.50</b>
Interest Jan - Dec	5,077.64	203.11	406.21	4,468.32	-
39 Dev. Charges @ \$4,000	156,000.00	6,240.00	12,480.00	137,280.00	0.00
<b>Less - for Salt Shed</b>	-47,275.50				-47,275.50
<b>Less - for bridges</b>	-94,679.80			-94,679.80	
<b>2022 Year End Totals</b>	<b>270,180.21</b>	<b>21,443.03</b>	<b>42,270.19</b>	<b>206,466.94</b>	<b>0.00</b>

**5. Options:**

Not applicable.

**6. Financial Implications:**

There were 39 Development Charges collected for a total value of \$156,000 in 2022. Interest earned for the year was \$5,077.64. The expenses for 2022 include \$47,275.50 for the Drummond Sand Shed and \$94,679.80 for loan payments for the bridge loan. The balance of the reserve at December 31, 2022 is \$270,181.21. The 2022 budget stated that \$49,500 of Development Charges would be transferred to the Fire Department for the purchase of a new truck. This transfer was not required in 2022 as the new truck will not be received until this year.

In accordance with the new reporting requirements, the municipality must identify how it intends to use 60% of the reserve fund for 2023. As per the chart below, the transfer of \$49,500 to the

Fire Department for their new truck and the bridge loan payments of \$113,616 will satisfy the 60% threshold.

<b>DRAFT 2023 Development Charges</b>					
<b>By-law 2019-041</b>	<b>Total</b>	<b>DC Study</b>	<b>Fire</b>	<b>Public Works</b>	<b>Facilities</b>
<b>% value</b>	<b>100%</b>	<b>4%</b>	<b>8%</b>	<b>88%</b>	<b>0%</b>
<b>Category of Municipal Services</b>	<b>\$270,180.21</b>	<b>\$21,443.03</b>	<b>\$42,270.19</b>	<b>\$206,466.94</b>	<b>-</b>
Interest Jan - Dec	100.00	4.00	8.00	88.00	-
34 Dev. Charges @ \$4,000	136,000.00	5,440.00	10,880.00	119,680.00	0.00
<b>Less - for Tanker Truck</b>	-49,500.00		-49,500.00		
<b>Less - for bridges loan repayment</b>	-113,616.00			-113,616.00	
<b>2023 Est. Year End Totals</b>	<b>243,164.21</b>	<b>26,887.03</b>	<b>3,658.19</b>	<b>212,618.94</b>	<b>0.00</b>

The draft table above only estimates receiving revenue from 34 Development Charges and includes a nominal amount of interest earned, to be conservative. The table also demonstrates that the Fire category will be overdrawn by the end of 2023. This is permitted as it is intended that future development charges will replenish this category.

**7. Link to Township Plans: (Strategic Plan, Asset Management, Council Priorities, etc.)**

Strategic Plan

Fiscal Responsibility – We recognize that we are stewards of the community’s fiscal resources; therefore, public finances are managed in a responsible and prudent manner that ensures the best value and efficient use.

**8. Summary**

The Development Charges Statement must be provided to Council each year. Development Charges are levied to offset the increased costs of services within the municipality as a result of growth and development.

**9. Attachments:**

None.

**Prepared By**  
Angela Millar, Treasurer

**Approved By**