



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer/Treasurer

Date: April 15, 2019

Report No: CORS-018-19

Subject: 2018 Treasurer's Statement of Development Charge and Cash-in-Lieu of Parkland Reserve Funds

Recommendation: THAT staff report CORS-018-19 be received for information.

EXECUTIVE SUMMARY

This report is being submitted as requirements of the *Development Charges Act, 1997* (the "DCA") and the *Planning Act*, as amended through Bill 73, *The Smart Growth for our Communities Act, 2015*. Section 43 of the DCA requires the Treasurer of a municipality to provide a financial statement to Council relating to development charge by-laws and reserve funds established under section 33 of the DCA. Similarly, section 42 of the Planning Act requires the Treasurer to provide a financial statement to Council relating to the special account for cash-in-lieu of parkland monies. These statements must be made available to the public and, on request, to the Minister of Municipal Affairs and Housing.

REPORT

Background

The Province enacted Bill 73, the *Smart Growth for our Communities Act, 2015* on December 3, 2015 which, among other matters, made amendments to the reporting requirements outlined in the DCA and the Planning Act. The amended legislation came into effect on January 1, 2016. Bill 73 requires the contents of the financial statements to include opening and closing balances, transactions relating to the funds and such other information as is prescribed in the regulations. The Bill also requires the statement to provide all sources of funding for anything funded from Development Charges or Cash-in-Lieu of Parkland monies as well as a statement to the municipality's compliance in not imposing, directly or indirectly, a charge related to a development or



a requirement to construct services related to development, except as permitted by the DCA.

Discussion

Development charge (DC) revenues collected in accordance with the Town's DC By-laws 053-2016 and 100-2016 are deposited in the DC reserve funds and subsequently applied to eligible growth-related costs once those costs have been incurred. Cash-in-lieu of parkland revenues are collected pursuant to the Planning Act and are deposited into a special cash-in-lieu of parkland reserve fund as required under the Act until such time as they are used for the acquisition of land to be used for park or other public recreational purposes. This report provides both summary level transaction information by reserve and detailed funding information by project as required under the DCA and Planning Act.

Appendix 1 illustrates the breakdown of the reserve fund activity for Development Charges and Cash-in-Lieu of Parkland from January 1, 2018 to December 31, 2018. During this period, the total DC reserve balances, before accounting for outstanding commitments, decreased from \$55.5 million to \$47.2 million. When the Town's contributions to DC revenues through the funding of DC Exemptions as well as outstanding commitments to capital projects are considered, the net balance at year end is a deficit of \$36.6 million. This projected deficit is largely driven by the services related to a highway development charge for which the Town has secured interim financing through various financial agreements. This interim financing, known as cashflow assistance, is held through letters of credit that will be drawn upon as necessary to maintain a positive balance in the development charge reserve funds. Cash flow assistance, along with future eligible growth-related capital projects will be funded from future development charge collections. The balance in the Cash-in-Lieu of Parkland reserve fund remained relatively stable at \$7.0 million. The current capital forecast anticipates investment in parkland funded from the reserve fund in 2020.

Appendix 2 identifies the capital projects to which the \$30.5 million of DC funds was transferred as well as any transfers to capital from the Cash-in-Lieu of Parkland reserve fund. DCs are transferred to capital projects as expenses are incurred, effectively matching funding with expenditures. The schedule also identifies the non-DC funding associated with these capital projects, as required under the DCA and Planning Act.

Appendix 3 illustrates the operating costs to which \$1.7 million of funding was transferred. The operating costs are solely for the repayment of principal and interest on debt that was previously issued to fund capital projects.

Appendix 4 provides a list of required disclosures as outlined in O.Reg 82/98.

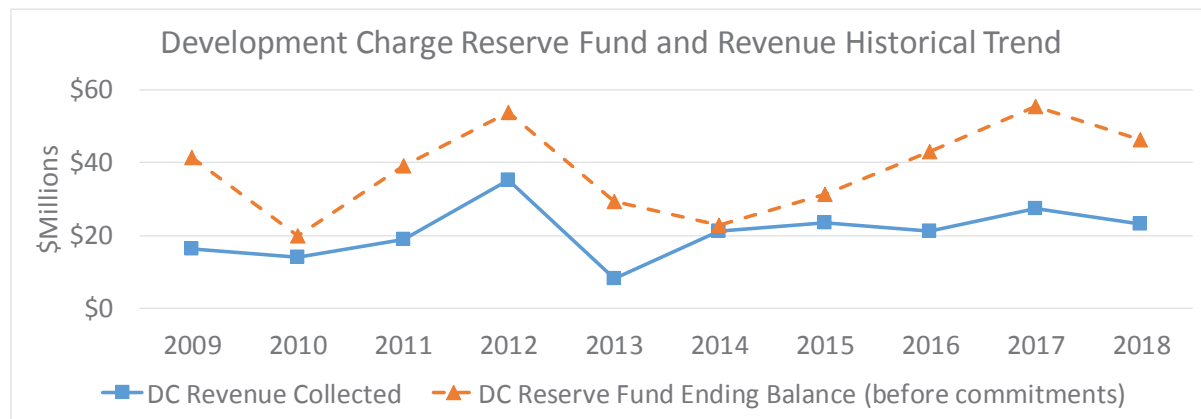


Appendix 5 provides a summary of the development charge exemptions of \$1.0 million funded by the Town during 2018. Under the DCA, the Town is required to ensure that a higher development charge rate is not utilized to fund the share of growth costs that are related to the development of land that is exempt in the DC By-law. This includes growth costs resulting from either mandatory or discretionary exemptions.

Financial Impact

This report provides legislated reporting on the Town’s DC and Cash-in-Lieu of Parkland reserve funds as required under the DCA and Planning Act. The funds collected through DCs and Cash-in-Lieu form an important part of the Town’s capital financing, as 63.3% of the capital forecast projected in the 2019 Budget process is related to growth.

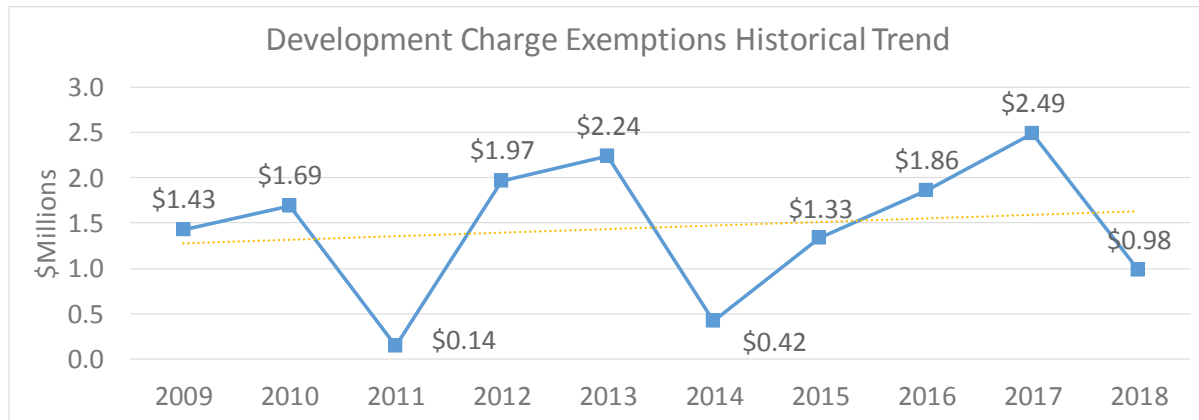
The table below presents a ten-year historical continuity of DC revenue collections and reserve fund balances in order to add some additional context to the 2018 DC activity. The balance in the DC reserve funds will fluctuate based with, amongst other factors, the timing of the growth related projects that DCs are collected to fund. The Town’s DC collections were relatively stable since 2014 averaging \$23 million annually. The reserve fund balance experienced a decline in 2018 due in part to the construction of the Sherwood Community Centre & Library.



Similarly, the following graph depicts the historical DC exemption values that the Town is required to fund in accordance with the DC Act. The annual values vary as a result of the activity levels related to exempt development (such as public entities and industrial expansions up to 50% of gross floor area).



The Corporation of the Town of Milton



Respectfully submitted,

Troy McHarg
Interim Commissioner, Corporate Services

For questions, please
contact:

Melanie Wallhouse, 905-878-7252 ext. 2314
CPA, CMA

Attachments

- Appendix 1: Annual Treasurer's Statement of Development Charges and Cash-in-Lieu of Parkland Reserve Funds
- Appendix 2: Capital Fund Transactions
- Appendix 3: Operating Fund Transactions
- Appendix 4: Treasurer's Statement
- Appendix 5: Summary of Development Charge Exemptions

CAO Approval
William Mann, MCIP, RPP, OALA, CSLA, MCIF, RPF
Chief Administrative Officer

Appendix 1
Municipality of the Town of Milton
Annual Treasurer's Statement of Development Charge and Cash-in-Lieu of Parkland Reserve Funds
For the period January 1, 2018 to December 31, 2018

Description	Opening Balance	Collections	Accrued Interest	Amount Transferred to Capital (or Other) Funds ¹	Debtenture Payments ²	Ending Balance	Balance in DC Exemptions Funded by Town ³	Outstanding Commitments Against Reserve Funds	Adjusted Closing Balance
Development Charge Reserve Funds									
Services Related to a Highway	8,118,885	9,671,491	121,608	(6,641,341)	-	11,270,643	438,274	(48,505,792)	(36,796,875)
Fire Protection	(1,571,823)	653,427	(28,639)	(1,825,052)	(422,085)	(3,194,171)	-	(5,010,391)	(8,204,562)
Public Works Operations	(904,866)	1,198,591	(7,374)	(507,377)	-	(221,026)	45,787	(209,011)	(384,250)
Stormwater Derry Green	(18,970)	81,812	(172)	(16,055)	-	46,616	232	-	46,848
Stormwater Boyne	(4,624)	65,115	(352)	(132,714)	-	(72,575)	-	(60,211)	(132,786)
Stormwater Sherwood	(268,704)	18,246	(3,244)	-	-	(253,702)	27,501	-	(226,201)
Library	9,066,222	731,108	115,074	(2,244,213)	-	7,668,192	131,533	(5,823,685)	1,976,040
Transit	(1,600)	532,119	154	(1,034,173)	-	(503,499)	-	(29,114)	(532,613)
Administration	(1,705,429)	579,899	(24,573)	(1,607,097)	-	(2,757,199)	-	(3,649,064)	(6,406,263)
Parks Development	19,466,887	4,309,745	261,868	(1,782,315)	-	22,256,184	321,696	(1,685,819)	20,892,061
Recreation	20,678,232	4,823,612	204,004	(14,751,247)	(1,033,355)	9,921,246	343,682	(20,479,049)	(10,214,121)
Parking	2,602,943	391,958	34,562	-	-	3,029,463	312,283	-	3,341,745
Total Development Charge Reserve Funds	55,457,155	23,057,122	672,917	(30,541,583)	(1,455,440)	47,190,171	1,620,988	(85,452,136)	(36,640,978)
Cash-in-Lieu of Parkland	7,000,128	185,085	140,709	(33,227)	(245,611)	7,047,084			

¹ See Appendix 2 for details

² See Appendix 3 for details

³ DC Exemptions funded by the Town of Milton are carried in a separate reserve

The Town of Milton has not imposed, directly or indirectly, a charge related to a development or a requirement to construct a service related to development, except as permitted by the *Development Charges Act, 1997*.

APPENDIX 2
Municipality of the Town of Milton
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
For the period January 1, 2018 to December 31, 2018

Capital Fund Transactions	Current Year Net Capital Expenditure	DC Recoverable Cost Share						Non-DC Recoverable Cost Share				
		DC Forecast Period				Post DC Forecast Period		Other Reserve/ Reserve Fund Draws	Tax Supported Operating Fund Contributions	Cash-in-Lieu of Parkland Reserve Fund Draws	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Reserve for DC Exemptions	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions					
C300110 Development Engineering and Parks Standards Manual	-	-	-	-	-	-	-	-	-	-	-	-
C420109 Downtown Parking Study	19,950	(8,977)	-	-	-	-	-	-	-	-	-	-
C500105 Parks Master Plan Update	61,357	(55,222)	-	-	-	-	(3,963)	(3,963)	-	-	-	-
C500115 Service Strategy - Youth	10,986	(4,255)	-	-	-	-	-	-	-	-	-	(12,887)
C520101 Jannock Property Master Plan	2,913	(2,621)	-	-	-	-	-	-	-	-	-	-
C540004 Trails Master Plan Update	2,036	(1,832)	-	-	-	-	-	-	-	-	-	-
C550100 Transit Study	3,500	(3,150)	-	-	-	-	(10,526)	(10,175)	-	-	-	-
C900107 CBD Character Study	533	(63)	-	-	-	-	854	-	-	-	-	-
C900110 Official Plan Review	417,888	(154,770)	-	-	-	-	-	-	-	-	-	(326,248)
C900144 Urban Design Guidelines	4,594	(1,594)	-	-	-	-	-	-	-	-	-	-
C900150 UR SP PH4 - Water & Wastewater Servicing	81,167	(81,167)	-	-	-	-	-	-	-	-	-	-
C900151 UR SP PH4 - FSEMS (SWM & Enviro Mgmt Strategy)	289,123	(289,123)	-	-	-	-	-	-	-	-	-	-
C900152 URSP PH4 - Transportation Plan	84,687	(84,687)	-	-	-	-	-	-	-	-	-	-
C900153 UR SP PH4 - Fisheries Compensation Plan	-	-	-	-	-	-	9,299	(9,299)	-	-	-	-
C900154 UR SP PH4 - Secondary Plan	635,711	(541,443)	-	(30,697)	-	-	(69,445)	(43,147)	-	-	-	-
C900156 UR SP PH4 - Parks/Recreation/Trails Master Plan	36,359	(32,723)	-	-	-	-	5,048	(15,219)	-	-	-	-
C900157 URSP PH4 - Urban Design Guidelines	33,817	(30,436)	-	-	-	-	1,303	(10,908)	-	-	-	-
C900170 MEV Secondary Planning/Site Specific Zoning	243,157	(220,244)	-	-	-	-	-	-	-	-	-	-
C900172 OPA 31 Finalization	15,797	(7,899)	-	-	-	-	169	-	-	-	-	-
SubTotal Administration	2,087,189	(1,607,097)	-	(30,697)	-	-	(98,180)	(110,123)	-	-	-	(339,135)
Parks Development												
C520103 Playground Growth	3,247	(1,637)	-	-	-	-	-	-	-	-	-	-
C520123 Jannock Park Development	-	-	-	-	-	-	-	-	-	-	-	-
C521114 Community Park Detailed Development	128,091	(105,444)	-	-	-	-	-	-	-	-	-	-
C521122 Community Park South Sherwood-Willmott	340,228	(307,839)	-	-	-	-	-	-	-	-	-	-
C52113913 Community Park - External to Boyne	27,497	(121,879)	-	-	-	-	(5,366)	-	-	-	-	-
C522132 Sherwood District Park	62,777	(56,499)	-	-	-	-	(5,061)	(5,060)	-	-	-	-
C524002 Ford Neighbourhood Park	63,415	(57,073)	-	-	-	-	(4,814)	(9,010)	-	-	-	-
C525071 Harrison 2B South West	356,104	(320,494)	-	-	-	-	(1,732)	-	-	-	-	-
C525085 Ford Village Square #1	9,647	(8,682)	-	-	-	-	(34,930)	-	-	-	-	-
C540002 New Trail Development	265,703	(239,131)	-	-	-	-	(23,640)	-	-	-	-	-
C540102 Linear Park Multiuse Trail - Coates 4B	191,183	(172,065)	-	-	-	-	(19,118)	-	-	-	-	-
C540107 Harrison Pipeline Easement	1,408	(1,265)	-	-	-	-	-	-	-	-	-	-
C540109 Willmott Pipeline Easement	434,417	(390,309)	-	(667)	-	-	(35,338)	-	-	-	-	-
SubTotal Parks Development	1,883,716	(1,782,315)	-	(667)	-	-	(129,999)	(14,070)	-	-	-	-
Recreation												
C592208 Sherwood Community Centre	16,523,690	(14,751,247)	-	(117,737)	-	-	(819,537)	-	-	-	-	(341)

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Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions
For the period January 1, 2018 to December 31, 2018

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		DC Forecast Period				Post DC Forecast Period		Other Reserve/ Reserve Fund Draws	Tax Supported Operating Fund Contributions	Cash-in-Lieu of Parkland Reserve Fund Draws	Debt Financing	Grants, Subsidies Other Contributions
		DC Reserve Fund Draw	DC Debt Financing	Reserve for DC Exemptions	Grants, Subsidies Other Contributions	Post-Period Benefit/ Capacity Interim Financing	Grants, Subsidies Other Contributions					
C592212 Indoor Soccer - Air Supported	-	-	-	-	-	-	-	-	-	-	-	-
SubTotal Recreation	16,523,690	(14,751,247)	-	(117,737)	-	-	(819,537)	-	-	-	-	(341)
Proposed Area Specific DC for MP4 Studies												
C900104 Sustainable Halton Land Base Analysis	22,767	-	-	-	-	(22,767)	-	-	-	-	-	-
C900175 Sustainable Halton Subwatershed Study	433,809	-	-	-	-	(433,809)	-	-	-	-	-	-
SubTotal Proposed Area Specific DC for MP4 Studies	456,576	-	-	-	-	(456,576)	-	-	-	-	-	-
Cash-in-Lieu of Parkland												
C520102 Parkland Dedication Benchmark Update	33,227	-	-	-	-	-	-	-	-	(33,227)	-	-
SubTotal Cash-in-Lieu of Parkland	33,227	-	-	-	-	-	-	-	-	(33,227)	-	-
Total	39,976,103	(30,541,583)	-	(1,006,349)	-	(456,576)	-	(2,911,721)	(135,743)	(33,227)	-	(3,627,222)

APPENDIX 3
Municipality of the Town of Milton
Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions
For the period January 1, 2018 to December 31, 2018

Operating Fund Transactions	Annual Debt Repayment Amount	DC Reserve Fund Draw		Post DC Forecast Period			Cash-in-Lieu of Parkland Reserve Fund Draw		Non-DC Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Principal	Interest	Source
Fire Protection											
Headquarters/Fire Station # 3	\$ 346,880	\$ 303,365	\$ 43,516								
Fire Station # 4	\$ 50,531	\$ 45,363	\$ 5,168								
Tanker Truck	\$ 9,409	\$ 8,447	\$ 962								
Pumper/Rescue	\$ 15,264	\$ 13,703	\$ 1,561								
Sub-Total - Fire Protection	\$ 422,085	\$ 370,877	\$ 51,208	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
Recreation											
Milton Sports Centre Expansion	\$ 1,033,355	\$ 916,986	\$ 116,370								
Sub-Total - Recreation	\$ 1,033,355	\$ 916,986	\$ 116,370	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
Cash-in-Lieu of Parkland											
Parkland Acquisition	\$ 245,611						\$ 240,446	\$ 5,165			
Sub-Total - Cash-in-Lieu of Parkland	\$ 245,611	\$ -	\$ -	\$ -	\$ -		\$ 240,446	\$ 5,165	\$ -	\$ -	

Appendix 4: CORS-018-19
 Development Charge Reserve Fund
 Treasurer's Statement
 January 1, 2018 to December 31, 2018

1. Description of the Service for which each development charge reserve fund was established:

Service Area	Description
Services Related to a Highway	The fund is used for growth-related projects for roads, bridges, structures, active transportation, streetlights and other related road services.
Fire Protection	The fund is used for growth-related projects supporting the fire service including fire facilities, vehicles and equipment.
Public Works Operations	The fund is used for growth-related projects including operations facilities, vehicles and equipment.
Stormwater Derry Green	The fund is used for stormwater management monitoring in the Derry Green Corporate Business Park and is funded by an area specific development charge.
Stormwater Boyne	The fund is used for stormwater management monitoring in the Boyne Survey Secondary Plan development area and is funded by an area specific development charge.
Stormwater Sherwood	The fund is used for stormwater management monitoring in the Sherwood Survey Secondary Plan development area and is funded by an area specific development charge.
Library	The fund is used for growth-related projects including library facilities, shelving and collection materials.
Transit	The fund is to finance the cost of growth-related transit services including facilities, vehicles, bus pads and equipment.
Administration	The fund is to finance the cost of growth-related studies.
Parks Development	The fund is used for growth-related parkland development projects.
Recreation	The fund is to finance the cost of growth-related investment in recreation facility infrastructure.
Parking	The fund is used for growth-related parking facilities and spaces.

2. For Credits (ex. Pre-payments, front-ended projects) in relation to the service or service category for which the fund was established:

No credits have been received, used or are outstanding for the previous year.

3. The amount of any money borrowed from the DC reserve fund during the previous year and the purpose for which it was borrowed:

No money was borrowed.

4. The amount of interest accrued during the previous year on money borrowed from the fund by the municipality:

No interest was accrued as no money was borrowed.

5. The amount and source of any money used by the municipality to repay, in the previous year, money borrowed from the fund, or interest on such money:

No source of money to repay as no money was borrowed.

6. A schedule that identifies credits recognized under section 17 and for each credit organized, sets out the value of the credit, the service against which the credit is applied and the source of the funds used to finance the credit:

No schedule has been prepared as there are no credits to recognize per section 17.

7. Statement respecting additional levies under Section 59.1(1) and (2) of the Development Charges Act, 1977, as amended.

In accordance with Section 59.1(1) and (2), the Town of Milton has not imposed any additional payments nor required the construction of a service not authorized, except as permitted by the Development Charges Act, 1997, as amended.

Appendix 5
Summary of Development Charge Exemptions
For the period January 1, 2018 to December 31, 2018

Authority for Exemption	Type of Exemption	Category of Exemption	Total Exempted
DCA	Non-Residential	Public Entity Projects	345,097
DCA	Non-Residential	50% Industrial Expansion	(12,551)
Settlement Agreement	Non-Residential	401 Credit Lands	245
DC By-law	Non-Residential	Agriculture	85,735
DC By-law	Non-Residential	Place of Worship	102,846
DCA and DC By-law	Residential	Additional Dwelling Unit	457,071
TOTAL			978,443