



The Corporation of the Town of Tecumseh

Financial Services

To: Mayor and Members of Council

From: Tom Kitsos, Director Financial Services & Chief Financial Officer

Date to Council: November 10, 2020

Report Number: FS-2020-17

Subject: 2019 Development Charge Reserve Fund Statement

Recommendations

It is recommended:

That the 2019 Development Charge Reserve Fund Statement, prepared in accordance with the *Development Charges Act, 1997*, S.O. 1997, c. 27, s. 43, **be received**,

And that the 2019 Development Charge Reserve Fund Statement **be made available** to the public on the Town's website in accordance with the *Development Charges Act, 1997*, S.O. 1997, c. 27, s. 43 (2.1); 2015, c. 26, s. 7 (1),

And further that the report **be forwarded** upon request to the Ministry of Municipal Affairs and Housing as per the *Development Charges Act, 1997*, S.O. 1997, c. 27, s. 43 (3); 2015, c. 26, s. 7 (2).

Background

Section 43 of the *Development Charges Act* states, "the Treasurer of a municipality shall each year on or before such date as the council of the municipality may direct, give the council a financial statement relating to development charge by-laws and reserve funds established under section 33".

Council did by motion RCM 779/03 direct that the Development Charge (DC) financial statement be provided by June 30 of the year following.

The statement must include opening and closing balances, transactions and such information as is prescribed in the regulations.

In prior years, the statement was forwarded to the Ministry of Municipal Affairs and Housing (MMAH) on an annual basis; however, Section 43 (3) was amended in 2015 to require provision of the statement to the MMAH only if requested.

Another amendment to Section 43 is the requirement that the statement be made available to the public.

Comments

The development charge reserve fund balance as of December 31, 2019 is \$883,599 (2018 balance was \$800,797). This represents the amount of funds in specific DC reserve fund categories that have been collected through development charges and are available to fund growth related projects. (Attachment 1)

A number of growth-related projects have been undertaken in the last several years. The DC reserve funds for many of the DC reserve fund categories have been inadequate to fully fund these projects so it has been necessary to temporarily fund these works from other sources until DC fund revenue is collected.

The amounts remaining unfunded as of December 31, 2019 are presented below. Details are provided in Attachment 4 (Schedule "C").

DC Category	2019	2018	2017	2016
Roads	\$967,428	\$1,105,613	\$1,203,884	\$1,183,853
Wastewater	\$12,109,917	\$11,780,052	\$11,259,466	\$9,670,780
Watermain	\$901,304	\$968,283	\$1,038,985	\$393,091
Recreation	\$1,224,667	\$898,391	\$771,431	\$841,018
Studies	\$966,297	\$861,876	\$832,369	\$753,993
Total Unfunded	\$16,169,613	\$15,614,214	\$15,106,134	\$12,842,735

As additional development charge revenue is received, the Town has the opportunity to draw the above amounts from those particular reserve funds to repay the borrowed amounts.

Interim financing for the Roads, Recreation and Studies unfinanced components have been provided from reserves and taxation while Wastewater and Watermain unfinanced amounts have been provided from wastewater and water rates.

As amounts become available to repay the unfunded balances, these funds are used to repay the original source of funding or allocated to the Capital Infrastructure Reserve where the amount was funded by taxation. (RCM-287/09; FS Report 13/09).

Based on the current rate of development and projects being completed it is anticipated it will be a number of years before there are sufficient funds available in the DC reserve fund to repay unfunded balances.

Consultations

None

Financial Implications

The Town continues to experience shortfalls in DC revenues as compared to eligible expenditures. The Town funds the shortfall internally with the intention of repaying the funds as DC revenues are received.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable ☐

Website ☒ Social Media ☐ News Release ☐ Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Marilu Zanet, CPA, CMA
Financial Analyst

Reviewed by:

Zora Visekruna, MBA
Deputy Treasurer & Tax Collector

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	Development Charge Reserve Fund Statement
2	Schedule "A" – Development Charge Related Capital Projects
3	Schedule "B" – Development Charge Related Studies
4	Schedule "C" – Unfunded Development Charge Amounts