



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: June 25, 2019

Report Number: FS-2019-06

Subject: 2018 Development Charge Reserve Fund Statement

Recommendations

It is recommended:

That the 2018 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 2018 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 (MMA) 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 (MMA) on an annual basis, however Section 43 (3) was amended in 2015 to require provision of the statement to the MMA only if requested.

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

The Greater Windsor Home Builders Association Inc. has requested copies of the DC statements.

Comments

The development charge reserve fund balance as of December 31, 2018 was **\$800,797** (2017 balance was \$688,931).

A number of growth-related projects have been undertaken in the last few years. The DC reserve funds 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, 2018 are presented below. Details are provided in Attachment 4 (Schedule "C").

Category	2018	2017	2016	2015
Fire	\$0	\$0	\$0	\$6,183
Roads	\$1,105,613	\$1,203,884	\$1,183,853	\$1,315,459
Wastewater	\$11,780,052	\$11,259,466	\$9,670,780	\$8,194,179
Watermain	\$968,283	\$1,038,985	\$393,091	\$454,723
Recreation - Outdoor	\$898,391	\$771,431	\$841,018	\$554,904
Studies	\$861,876	\$832,369	\$753,993	\$620,864
Total Unfunded	\$15,614,214	\$15,106,134	\$12,842,735	\$11,146,312

As additional development charge revenue is received, the Town has the opportunity to draw the above amounts from the reserve fund.

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.

It is recommended:

1. That the 2018 Development Charge Reserve Fund Statement prepared in accordance with the Development Charges Act, 1997, S.O. 1997, c. 27, s. 43, be received.
2. And that the 2018 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).
3. And further that the report be forwarded upon request to the Ministry of Municipal Affairs (MMA) as per the Development Charges Act, 1997, S.O. 1997, c. 27, s. 43 (3); 2015, c. 26, s. 7 (2).

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. Administration is investigating issuing long term debt to assist in financing the wastewater deficit and will report to Council accordingly.

Link to Strategic Priorities

Applicable	2017-18 Strategic Priorities
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- Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
- Ensure that the Town of Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
- Integrate the principles of health and wellness into all of the Town of Tecumseh's plans and priorities.
- Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
- 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:

Zora Visekruna, MBA
Financial Analyst

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