

# Town of Ajax Report



**Report To:** General Government Committee

**Prepared By:** Heidi Tokle, Financial Analyst, Development

**Report #:** FIN-2024-08

**Subject:** 2023 Development Charge Reserve Funds - Treasurer's Annual Statement

**Ward(s):** All

**Date of Meeting:** May 13, 2024

**Reference:** 2018 Development Charges Background Study and Bylaw 50-2018 2020 Amended Development Charges Background Study and Bylaw 55-2020

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## **Recommendation:**

That the report "2023 Development Charge Reserve Funds – Treasurer's Annual Statement" be received for information.

## **Background:**

The Development Charges Act (DCA), Section 43 (1) states that "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 the development charge by-laws and reserve funds established under section 33."

This statement must include:

- the opening and closing balances of the reserve funds including the transactions relating to the funds;
- a listing of all assets whose capital costs were funded under a development charge by-law during the year, and for each asset, the costs not funded under the by-law and the source of other funding;
- a statement indicating compliance with not imposing directly or indirectly a charge related to a development or a requirement to construct a service related to development except as permitted by the DCA or another Act.

## **Discussion:**

In 2015 Ontario Regulation 82/98 and Bill 73, Smart Growth for Our Communities Act, 2015, provided specific guidance with respect to the information to be included in the Treasurer's annual statement. The recent changes to the DCA enacted by Bills 23, 108 & 197 had no impact on the pre-established annual reporting requirements, however, the ability to defer the payment of development charges for specific development types as allowed by section 26.1 of the DCA has had some impact on the tracking and

reporting of these balances since its inception with Bill 108.

The Development Charge Reserve Funds Annual Statement in Attachment 1 provides the consolidated opening and closing balances of each service category maintained by the Town of Ajax, interest earned on funds held, and reports transfers to/from service categories as applicable.

Attachment 2 provides information, by capital project and service category, of the development charge transfers made to capital accounts or to operating funds during the fiscal year, as well as other sources of financing provided to each project.

The annual statement shows

- the closing balance as of December 31, 2023 for all DCs collected and earned (deferred) in 2023,
- the cash balance as of December 31, 2023 net of the DCs and interest that remain to be collected, and
- the balance net of future DC collections and funding commitments for capital projects approved by Council in 2023.

Deferred DCs including interest charges are funds that are recorded upon issuance of a first building permit for specific types of developments as allowed under section 26.1 of the DCA, or as detailed in a Section 27 agreement executed between the developer and the Town. Unless stated otherwise in an early/late payment agreement with the Town, the deferred development charges will typically be collected in 6 installments over 5 years, with the first instalment being received upon occupancy of the first building.

Capital project funding commitments are monies set aside to fund capital projects that have not yet been completed. A list of capital project commitments related to each service category can be found in Attachment 3.

The Town of Ajax affirms that it is compliant with s.s. 35 (2) of the Development Charges Act, whereby a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund for the services related to a highway at the beginning of the year. This was achieved through the most recent 2024 budget process.

Lastly, the Town of Ajax affirms that it is compliant with s.s. 59.1 (1) of the Development Charges Act, whereby it has not imposed directly or indirectly a charge related to development or a requirement to construct a service related to development, except as permitted by the DCA or another Act.

### **Development Charge Exemptions**

The value of development charge exemptions granted by a municipality, such as those eligible through Community Improvement Plans (CIP) or non-statutory DC implementation policies, must be contributed from Town funds to the Town's DC reserve funds. This is a legislative requirement to ensure the financial burden created by municipal policy decisions is not transferred to future developments.

The 2023 operating budget included an allocation of tax-based funding to a DC Exemptions reserve funded through the growth related debt payment related to the Audley Recreation Centre. While this allocation is meant to primarily cover forthcoming DC exemptions included in approved CIP agreements, it is also being used to fund other non-statutory exemptions included in the Towns' DC bylaw. The Town contributed \$1,118,801 in 2023 to the DC Exemption reserve.

From the DC Exemption reserve, a total of \$71,660 was drawn to fund DC exemptions; \$38,278 for the expansion of a place of worship and \$33,382 to settle a 2022 DC exemption funding shortfall carried over to 2023.

### **Financial Implications:**

While there are no direct financial implications related to this report, the Town is continuing to track the impacts of both non-statutory and statutory DC exemptions to determine the effects on the funding trajectory of DC reserve funds.

Future growth-related development needs will continue to be balanced with current and anticipated Development Charge collections. Some capital projects currently listed in the long range capital forecast may have to be delayed while other projects deemed essential will require consideration of alternate funding arrangements to match future DC collection timelines.

### **Communication Issues:**

As per O. Reg. 82/98, the Town is required to ensure that the Treasurer's Annual Statement is available to the public, as such, a copy of this report and the attachments will be posted on the Town website.

In addition, under the above noted regulation, a description of the service for which the fund was established and the services in the category must be disclosed. A pamphlet explaining the services for which the fund was established can be found on the Town's website.

It is also a requirement that the annual statement must be provided to the Minister of Municipal Affairs and Housing (MMAH) upon request.

### **Relationship to the Strategic Plan:**

This report aligns with the following section of the 2022-2026 Strategic Plan –

Action26: Pillar: Growing our Community  
Priority: 1. Embrace dynamic and sustainable growth  
1.6 Continue to monitor and respond to legislative changes  
Supporting Action: Provincial Legislation (Bill 23 and Bill 109)

### **Conclusion:**

The completion of the Development Charge Reserve Funds Treasurer's Annual Statement fulfills the reporting requirements of the Development Charges Act.

### **Attachments:**

ATT-1: Development Charge Reserve Annual Statement

ATT-2: Development Related Capital Growth Reserve Funds Transfers

ATT-3: Development Charge Reserve Fund Commitments

Prepared by:

Heidi Tokle – Financial Analyst, Development

Submitted by:

Dianne Valentim, CPA, CGA – Director of Finance/Treasurer

Approved by:

Shane Baker – Chief Administrative Officer

**Attachment 1**  
**Development Charge Reserve Funds Annual Statement**  
**For the Town of Ajax - Town Services**  
**For the Year Ended December 31, 2023**

	Notes	Total	Development Related Capital Growth Studies	Fire Stations, Vehicles and Equipment	Transportatio n (incl Roads and related)	Parks and Recreation (incl Vehicles and Equipment)	Libraries and Related (incl Materials)
<b>Balance as of January 1, 2023</b>		34,710,271	640,305	6,145	29,471,561	3,926,559	665,701
<b>Plus:</b>							
<b>Development Charge Collections</b>		21,499,583	398,748	514,686	19,394,921	988,858	202,370
<b>Development Charge Collections (Deferred)</b>		-	-	-	-	-	-
<b>Town Contribution for DC Exemptions</b>	(1)	38,278	658	934	35,752	769	165
<b>Interest earned</b>		2,484,564	44,718	5,174	2,197,864	197,228	39,580
<b>Repayment of Monies Borrowed from Fund and Associated Interest</b>		-					
<b>Subtotal</b>		24,022,425	444,124	520,794	21,628,537	1,186,855	242,115
<b>Less:</b>							
<b>Amount Transferred to Capital (or Other) Funds (Attachment 2)</b>		11,095,547	151,997	901,012	6,598,013	3,109,551	334,974
<b>Funding of 2022 DC exemption shortfall over funded by Parks and Recreation DCs</b>	(1)	(33,382)	-	-	-	(33,382)	-
<b>Subtotal</b>		11,062,165	151,997	901,012	6,598,013	3,076,169	334,974
<b>December 31, 2023 Closing Reserve Balance</b>		<b>47,670,531</b>	<b>932,432</b>	<b>(374,073)</b>	<b>44,502,085</b>	<b>2,037,245</b>	<b>572,842</b>
<b>Deferred DCs and Interest Collectible</b>		425,104	7,530	8,420	301,304	89,342	18,508
<b>December 31, 2023 Closing Balance net of Deferred DCs Collectible (Cash Balance)</b>		<b>47,245,427</b>	<b>924,902</b>	<b>(382,493)</b>	<b>44,200,781</b>	<b>1,947,903</b>	<b>554,334</b>
<b>Commitments for Capital projects approved as of December 31, 2023 (Attachment 3)</b>		7,566,257	63,101	574,760	5,259,001	1,518,424	150,971
<b>December 31, 2023 Balance net of Deferred DCs Collectible and Capital Commitments</b>		<b>39,679,170</b>	<b>861,801</b>	<b>(957,253)</b>	<b>38,941,780</b>	<b>429,479</b>	<b>403,363</b>

**Notes**

<sup>1</sup> Total DC exemptions funded by non-DC sources \$71,660

**Attachment 2**  
**Development Charge Reserve Funds Annual Statement**  
**For the Town of Ajax - Town Services**  
**For the Year Ended December 31, 2023**

<b>Development Related Capital Growth Reserve Fund Transfers</b>				
	<b>DC Recoverable Cost Share</b>	<b>Non-DC Recoverable Cost Share</b>		
<b>Capital Project</b>	<b>DC Reserve Fund Draw</b>	<b>Town Reserve Draw</b>	<b>Grants, Subsidies, Other Contributions</b>	<b>Total</b>
<b>Development Related Growth Studies</b>				
1028311 2023 DC Background Study	41,276	-	-	41,276
0982211 Green Dev&Env. Des. Guidelines	17,542	923	-	18,465
1022311 Transp Demand Mgmt Study Updt	4,919	1,230	-	6,149
1028411 2023-28 Library Master Plan	88,260	22,065	-	110,325
<b>Sub-Total Development Related Growth Studies</b>	<b>151,997</b>	<b>24,218</b>	<b>-</b>	<b>176,215</b>
<b>Fire</b>				
23090201 Fire-2500 Crew Cab Pickup	49,256	2,653	-	51,909
23090202 Fire Station 2 Reno (FMP) Operating - New Recruit / Bunker Gear	758,109	403,208	-	1,161,317
	93,647	4,929	-	98,576
<b>Sub-Total Fire</b>	<b>901,012</b>	<b>410,790</b>	<b>-</b>	<b>1,311,802</b>
<b>Transportation (incl Roads and related)</b>				
1006611 Bicycle Facilities -Town Roads	972	768	-	1,740
1012911 Westney Rd Streetlighting - R	115,562	6,074	-	121,636
1013011 Westney Rd Multi-Use Trail	282,300	31,387	-	313,687
1018611 Ross.Wide Church/Westn Constr	5,639,110	1,144,209	34,122	6,817,441
1018811 Harwood AvEA-Taunton-Woodcock	40,596	2,137	-	42,733
1022111 Bicycle Facs on Town Rds 2021	6,427	1,744	-	8,171
1028611 Rossland Wide. Westney-Salem	7,075	2,018	-	9,093
1028811 MUT Ravenscft-Beverton/Paulyn	97,925	10,890	-	108,815
1029011 Rossland Wide Salem/LakeRidge	67,946	19,386	-	87,332
1029311 Hunt St Ext - EA Addendum	55,100	2,900	-	58,000
1029411 Street Sweeper	285,000	15,000	-	300,000
<b>Sub-Total Transportation (incl Roads and related)</b>	<b>6,598,013</b>	<b>1,236,513</b>	<b>34,122</b>	<b>7,868,648</b>
<b>Major Indoor Recreation Facilities and Related</b>				
0988511 Audley Recreation Ctr - Ph. 2	5,323	4,867	-	10,190
1029611 Mulberry Mead. NeighPark Const	1,488,367	120,715	-	1,609,082
1029711 Meadows North Neigh Park	251,393	20,378	-	271,771
Audley Recreation Center Debt (2019-2023)	1,364,468	-	-	1,364,468
<b>Sub-Total Major Indoor Recreation Facilities and Related</b>	<b>3,109,551</b>	<b>145,960</b>	<b>-</b>	<b>3,255,511</b>
<b>Libraries and Related (incl Materials)</b>				
0988511 Audley Recreation Ctr - Ph. 2	1,038	949	-	1,987
23090501 Library Collection-Growth-2023	75,000	4,000	-	79,000
Audley Recreation Center Library Debt (2019-2023)	258,936	-	-	258,936
<b>Sub-Total Libraries and Related (incl Materials)</b>	<b>334,974</b>	<b>4,949</b>	<b>-</b>	<b>339,923</b>
<b>Totals</b>	<b>11,095,547</b>	<b>1,822,430</b>	<b>34,122</b>	<b>12,952,099</b>

**Attachment 3**  
**Commitments from Prior Years' Budgets and and Council Approvals**  
**For the Town of Ajax - Town Services**  
**For the Year Ended December 31, 2023**

Project Number	Project Name	Commitment
<b>Studies</b>		
960011	Comp. Zoning By-Law Update	(21,399)
1028311	2023 DC Background Study	(30,235)
1028411	2023-28 Library Master Plan	(11,467)
<b>Total Studies</b>		<b>(63,101)</b>
<b>Fire</b>		
1028511	Fire Station 2 Design - FMP	(29,290)
23090201	Fire-2500 Crew Cab Pickup-pend new staff appr	(36,144)
23090202	Fire Station 2 Renovations (FMP)	(509,326)
<b>Total Fire</b>		<b>(574,760)</b>
<b>Transportation</b>		
996011	Rossland Widen- Church Westney	(16,878)
1001411	Bayly MUP/Harwood-Salem	(112,067)
1005311	Church-Rossland to Hydro Corr.	(178,995)
1005511	Rossland EA Westney-Lakeridge	(146,610)
1006611	Bicycle Facilities -Town Roads	(27,169)
1012911	Westney Rd Streetlighting - R	(45,184)
1018611	Rossland Wide Church/Westn Constr	(763,912)
1018811	Harwood AvEA-Taunton-Woodcock	(29,125)
1022111	Bicycle Facs on Town Rds 2021	(34,505)
1026511	Salem MUP - Salem to Blowers (north leg)	(85,148)
1028611	Rossland Wide. Westney-Salem	(592,725)
1028711	Harwood Wid.Taunton-Woodcock	(395,000)
1028911	ChrchtTop Asphalt Rossl-Hydro C	(34,729)
1029011	Rossland Wide Salem/LakeRidge	(546,454)
1029111	Kingston MUT-Salem/LakeRidge	(141,200)
23090302	Salem Rd MUT - Kerrison Dr to Rossland Rd	(868,700)
23090307	Westney Rd MUT - Clements to Harwood	(98,500)
23090310	Westney Rd MUT - Bayly St to Clements Rd	(51,600)
23090313	Harwood (E Side) MUT - Bayly to Falby	(46,100)
23090315	Salem Rd MUT - Chambers to Kingston	(25,300)
23090321	Kingston SL Wicks/Galea	(71,200)
23090308	Hunt St Cycle Track - Harwood to Monarch	(81,700)
23090314	Lloydminster,Formosa,Turnerbury Bike Lns	(43,900)
23090318	Stannardville Bike Lane - Rossland to Hurst	(16,900)
23090319	Hurst Bike Lane - Stannardville to Church	(11,700)
23090320	Harwood (W Side) Bike Lane-Bayly to Falby	(400)
23090305	Articulated/Sidewalk Tractor w/Brine/Plow	(175,800)
23090322	Brine Truck w/Plow	(617,500)
<b>Total Transportation</b>		<b>(5,259,001)</b>
<b>Parks and Recreation</b>		
967911	ARC - Future Phases Design	(24,401)
988511	Audley Recreation Ctr - Ph. 2	(764,980)
1029711	Meadows North Neigh Park	(729,043)
<b>Total Parks and Recreation</b>		<b>(1,518,424)</b>
<b>Library</b>		
967911	ARC - Future Phases Design	(1,786)
988511	Audley Recreation Ctr - Ph. 2	(149,186)
<b>Total Library</b>		<b>(150,971)</b>
<b>Total commitments for Capital projects approved</b>		<b>(7,566,257)</b>