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Town of Aurora
Information Report
No. FIN22-016

Subject: 2021 Year-end Development Charges Statement

Prepared by: Laura Sheardown, Financial Management Advisor

Department: Finance

Date: May 17, 2022

In accordance with the Procedure By-law, any Member of Council may request that this Information Report be placed on an upcoming General Committee or Council meeting agenda for discussion.

Executive Summary

As required under the *Development Charges Act, 1997*, S.O. 1997, c. 27 as amended (the 'DC Act'), this report provides a year-end summary of development charges (DC) activity and reserve balances.

- The Town of Aurora's Development Charges Reserves total a net balance of \$16.91 million as of December 31, 2021
- Aurora collected a total of \$10.87 million in Development Charges during 2021
- Developers have committed to construct \$2.19 million of DC eligible projects on the town's behalf as of December 31, 2021

Background

Development charges are imposed to recover growth-related capital costs as determined under the *Development Charges Act*

Development charges are imposed by the Town of Aurora to recover its growth-related capital costs from both residential and non-residential developments as determined under the *Development Charges Act*. More specifically, these growth-related costs relate to investments that are necessary for the town to maintain its existing levels of service to a growing community. Any investments resulting in a level of service increase are

ineligible for recovery through development charges. All collected development charges are held in separate reserve funds until spent.

The DC Act outlines specific reporting requirements for DC reserve funds. Section 33 and 43 of the DC Act require that:

- A municipality that passed a DC bylaw shall establish a separate reserve fund for each service to which the DC relates and fund only eligible capital costs
- The Treasurer of the municipality shall provide Council with a financial statement relating to the DC bylaw and reserve funds established

This DC financial statement must identify all other sources of funding applied to each project that is funded by DCs and to provide a detailed summary of the activities relating to each DC reserve fund for the year.

Analysis

The Town of Aurora's Development Charges Reserves total a net balance of \$16.91 million as of December 31, 2021

As of December 31, 2021, Aurora's overall consolidated DC reserve fund balance was \$16.91 million as shown under Part I of the detailed Development Charges Reserve Fund Statement presented under Attachment #1. Of note, two DC reserve funds being Parks Development and Fire Services are currently in an overdrawn position. This means that these reserves are borrowing from other DC reserves. Interest is charged for any internal borrowing in accordance with the DC Act. For simplicity, the individual internal borrowing accounts are not shown in Part I. These overdrawn funds will be recovered through future development charges collections.

It should be noted that a correction has been made to the opening balance of the Parks Development Reserve Fund. This correction relates to the miscoding of fund usage to the Cash in Lieu of Parkland reserve rather than the intended Parks Development DC reserve. This oversight was corrected in early 2021.

Part II of the Development Charges Statement can be found under Attachment #2 which details how the Town's DC reserve fund monies were spent for both operational and capital needs.

Aurora collected a total of \$10.87 million in Development Charges during 2021

As detailed under Attachment #1, the Town collected a total of \$10.87 million in new development charges revenues in 2021. According to the most recent DC study completed, Aurora was projected to collect on average \$15.10 million in each year of the current DC study which took effect in 2019. Table 1 shows that in the first three years of the study that the town is behind on collections which could result from a combination of the following changes to the *Development Charges Act* for freezing rates, the timing of York Region implementing a new DC study and the pandemic.

Table 1
Comparison of DC Study Projected Revenues to Actuals

\$ in M	DC Study Projected Revenues	Actual Revenue Collections	Difference
2019	15.10	5.84	(9.26)
2020	15.10	3.94	(11.16)
2021	15.10	10.87	(4.23)
Total	45.3	20.65	(24.65)

Developers have committed to construct \$2.19 million of DC eligible projects on the town's behalf as of December 31, 2021

Part III of Aurora's Development Charges Statement can be found under Attachment #3. Part III presents a schedule of continuity for all outstanding DC credit agreements. DC credits arise from agreements with developers to construct DC eligible infrastructure on behalf of the town. Such projects may include upsizing a sewer inside their subdivision, installing a pumping station, building a park or trail, or other eligible work outside of the subdivision lands. The town will only pay DC credits upon receipt of written confirmation of the acceptable completion of the previously agreed upon specified works from Engineering, Parks or Operational Services depending upon the nature of the work. Some credits are only paid to the extent of the specified DC collections from within the subject subdivision agreement, with further payments made periodically thereafter until cleared.

As outlined under Attachment #3, Aurora has a total of \$2.19 million in outstanding DC credits owing as of December 31, 2021.

Advisory Committee Review

Not applicable.

Legal Considerations

This report fulfills the statutory reporting requirements of the *Development Charges Act*.

Financial Implications

As noted above, in some instances in an effort to maintain a consistent level of service to a growing community, the town has proactively invested in growth infrastructure ahead of its cost recovering Development Charges revenues. Consequently, it requires bridge financing that will be repaid through this work's intended development charges revenue funding source. Bridge financing may take the form of internal or external debt. Staff will assess the most advantageous form of debt to be used in each instance where bridge financing is required. Staff anticipate that all DC balances will reach a positive reserve balance within five to seven years through the collection of ongoing development charges provided the Town stays true to its identified DC Study requirements.

Communications Considerations

The Town of Aurora will use 'inform' as the level of engagement for this report. In order to inform, this report will be posted to the town's website.

Climate Change Considerations

The information contained within this report does not impact greenhouse gas emissions or impact climate change adaption.

Link to Strategic Plan

Reporting on Development Charges Reserve Funds contributes to achieving the Strategic Plan guiding principle of "Leadership in Corporate Management" and improves transparency and accountability to the community.

Alternative(s) to the Recommendation

Not applicable.

Conclusions

The 2021 Development Charges Reserve Fund Statement presented in this report satisfies the town's reporting obligation pursuant to the *Development Charges Act*.

Attachments

Attachment #1 – Development Charges Reserve Fund Statement, Part I

Attachment #2 – Development Charges Reserve Fund Statement, Part II

Attachment #3 – Development Charges Reserve Fund Statement, Part III

Previous Reports

None

Pre-submission Review

Agenda Management Team review on April 28, 2022

Approvals

Approved by Rachel Wainwright-van Kessel, CPA, CMA, Director, Finance/Treasurer

Approved by Doug Nadorozny, Chief Administrative Officer

PART I - Development Charges Balance

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2021**

	General Services					Engineering Services			Total	
	95020	95021	95022	95023	95024	95025	95026	95027		95028
	Fire Services	Parks Development	Indoor Recreation	Library Services	Municipal Parking Services	General Government	Roads and Related	Sanitary Sewers	Water Supply and Distribution	
Opening Balance January 1	(1,961,348.26)	(3,004,590.53)	8,402,691.26	3,382,725.10	375,099.89	(202,819.56)	9,835,316.61	622,788.74	738,981.82	18,188,845.07
Less: Opening Balance Adjustment		(6,471,512.00)								(6,471,512.00)
Add: Development Charges Collected	615,677.01	2,838,083.60	1,761,979.11	454,638.41	11,016.33	534,540.04	3,940,527.05	467,492.38	245,618.85	10,869,572.78
Less: DC Credits paid in year		(180,310.00)								(180,310.00)
DC Refunds Cancelled	-	-	-	-	-	-	-	-	-	-
Add: Interest Earned (charged)	(56,317.00)	(188,499.00)	246,754.00	28,371.00	10,116.00	15,178.00	362,883.00	28,565.00	25,797.00	472,848.00
Less: Expenditures in Year (Part II)	(803,827.00)	(1,100,340.62)	(330,290.14)	(2,672,887.96)	-	224,466.70	(1,288,379.17)	-	-	(5,971,258.18)
Closing DC Balance*	(2,205,815.25)	(8,107,168.55)	10,081,134.23	1,192,846.55	396,232.22	571,365.18	12,850,347.49	1,118,846.12	1,010,397.67	16,908,185.67

* The Closing DC Balances does not indicate how much of the DC reserve funds are committed to approved capital projects with capital budget authority not yet spent, but reflect the amount of deferred revenue to be recognized in future years.

PART II - Expenditures from Development Charges

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2021**

	General Services					Engineering Services			Total DC Funding	Other Non-DC Funding	Total Funding	
	95020	95021	95022	95023	95024	95025	95026	95027				95028
	Fire Services	Parks Development	Indoor Recreation	Library Services	Municipal Parking Services	General Government	Roads and Related	Sanitary Sewers				Water Supply and Distribution
Funding Transferred to Operating Budget for Specific Purposes:												
<i>List each operational budget allocation</i>												
SARC Debenture Payment			(320,500.00)							(320,500.00)	N/A	(320,500.00)
JOC Debenture Draw		(260,700.00)								(260,700.00)	N/A	(260,700.00)
JOC Debenture Funding							(375,300.00)			(375,300.00)	N/A	(375,300.00)
Return of excess funding for Library Debt				81,612.04								
Landscape Architects (development related)		(115,600.00)								(115,600.00)	N/A	
Total Operating Budget Allocations	-	(376,300.00)	(320,500.00)	81,612.04	-	-	(375,300.00)	-	-	(1,072,100.00)	-	(956,500.00)
Funding Transferred to Capital Projects:												
<i>As per 2021 Capital Continuity</i>												
14077 Community Benefit Charge Study and DC update						(18,374.82)				(18,374.82)	-	(18,374.82)
21006 Fire HQ, Hall and Training Construction (803,827.00)										(803,827.00)	(5,181,952.47)	(5,985,779.47)
31056 Bloomington Sdrd - Bathurst to Yonge - Sidewalk/ Bikeway/ Illumination							0.36			0.36		0.36
34006 Pave Snow Storage Facility - Lambert Willson Park							(574,181.02)			(574,181.02)	(253,830.87)	(828,011.89)
34187 Roads -4 ton Truck							(121,899.49)			(121,899.49)	(8,374.77)	(130,274.26)
34422 Additional Vehicle - By Law Services							(64,306.87)			(64,306.87)	-	(64,306.87)
34519 Traffic Calming as per 2019 DC Study (Conditionally Approved)							(36,145.14)			(36,145.14)	-	(36,145.14)
34562 Active Transportation Master Plan						(4,743.20)				(4,743.20)	-	(4,743.20)
34610 S/W, Multi-use Trail and Illumination - Leslie St - Wellington St. to Don Hillock Dr							(87,798.31)			(87,798.31)	(4,178.91)	(91,977.22)
34620 S/W, Multi-use Trail and Illumination - Leslie St. - Wellington St. E to State Farm							(262,496.57)			(262,496.57)	(29,166.29)	(291,662.86)
34635 S/W, Multi-use Trail and Illumination - St. John Sdrd - Bayview to Leslie							(31,300.93)			(31,300.93)	-	(31,300.93)
34713 Street Light Pole Identification							(1,568.05)			(1,568.05)	-	(1,568.05)
72113 New Recreation Facility-Aquatic center			0.09							0.09	-	0.09
72285 JOC - Additional Work		(7,312.71)					(29,778.83)			(37,091.54)	-	(37,091.54)
72443 AFLC - Pylon Sign			(4,830.33)							(4,830.33)	(512.07)	(5,342.40)
73107 Former Kwik Kopy Trail Connection		(441,805.03)								(441,805.03)	-	(441,805.03)
73134 Parks/ Trails Signage Strategy Study & Implementation		(25,311.36)								(25,311.36)	(6,579.81)	(31,891.17)
73147 Trail Construction as per Trail Master Plan		(17,956.07)								(17,956.07)	-	(17,956.07)
73169 David Tomlinson Nature Reserve (Phase 1-5)		(51,886.65)								(51,886.65)	-	(51,886.65)
73177 Regionally Approved Pedestrian Underpasses							(38,940.11)			(38,940.11)	-	(38,940.11)
73247 Trail Construction (Pandolfo/Glen Ridge development area)		(31,520.17)								(31,520.17)	(3,502.24)	(35,022.41)
73290 Tree Inventory		(2,615.15)								(2,615.15)	10.09	(2,605.06)
73296 Trails - Joseph Hartman Trail Connection (DG Group)		(120,703.12)								(120,703.12)	(14,418.93)	(135,122.05)
73299 Non - Programmed Park in 2C		(24,930.36)								(24,930.36)	(2,555.03)	(27,485.39)
74019 Active Net Scan System			(4,959.90)							(4,959.90)	(551.10)	(5,511.00)
81019 Aurora Town Square				(2,754,500.00)						(2,754,500.00)	(15,245,343.23)	(17,999,843.23)
										-		-
Funds Returned to Source:												
34518 Pedestrian Crossings as per 2019 DC Study (Conditionally Approved)							5,405.82			5,405.82	-	5,405.82
34637 S/W - Leslie St - 600 m north of Wellington to N Town Limit							119,855.31			119,855.31	-	119,855.31
34707 Lighting Upgrade - Wellington, Berczy to West of Mary							210,074.65			210,074.65	-	210,074.65
81001 Official Plan Review/Conformity to Places to Grow						247,584.72					-	247,584.72
										-		-
Total Capital Project Allocations	(803,827.00)	(724,040.62)	(9,790.14)	(2,754,500.00)	-	224,466.70	(913,079.17)	-	-	(5,563,690.72)	(20,750,955.63)	(26,314,646.35)
Total DC Investments	(803,827.00)	(1,100,340.62)	(330,290.14)	(2,672,887.96)	-	224,466.70	(1,288,379.17)	-	-	(6,635,790.72)	(20,750,955.63)	(27,271,146.35)

PART III - Development Charge Credits Continuity

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2021**

Year	Project	Type	DC Credit Purpose	Balance Opening	New Credits Agreed	Amount Paid	Date Paid	Cr. Not Used	Ending Balance
2004	Whitwell/Certas (statefarm)	Waste Water	Sani Pump Station	886,655					886,655
2014	TACC 2C Phase 1	Parks Development	Parks and Trails construction	70,600					70,600
2014	Brookfield 2C Phase 1	Waste Water	Sanitary External works	69,706					69,706
2015	TACC 2C Phase 2	Waste Water	Sanitary Oversize	257,196				(257,196)	-
2015	St. John's Development 2C	Waste Water	Sanitary Oversize	3,909				(3,909)	(0)
		Parks Trails		(55,770)				55,770	(0)
		Parks Development	Hartwell Way Valley Crossing Trail Com	131,390				(131,390)	-
2015	Aurora (HGD) Inc. - Highland Gate	Parks Development	Trail system		435,794				435,794
2015	Shimvest 2C	Water Supply and Distribution	Watermain	136,103					136,103
		Waste Water	Sewermain	245,467					245,467
		Parks Development	Trail system	209,217					209,217
2016	Shimvest 2C Phase 2	Parks Development	Trail system	89,800					89,800
2017	Mattamy (Aurora) Limited Phase 5	Parks Development	Trail System	23,450					23,450
2017	BG Properties res condo Yonge St.	Parks Development	Trail system	22,200					22,200
2017	BG PROPERTIES	Parks Development	Trail system		180,310	(180,310)	Paid in April 2021		-
									-
Total				2,089,922.46	616,104.00	(180,310.00)		(336,725.00)	2,188,991.46

Waste Water	1,201,828
Water Supply and Distribution	136,103
Parks Development	851,061
Roads and Related	-
Total Outstanding	2,188,992