

Development Charges – Treasurer’s Annual Statement as of December 31, 2022

| | |
|-----------------|--|
| Presented To: | Finance and Administration Committee |
| Meeting Date: | May 16, 2023 |
| Type: | Correspondence for Information Only |
| Prepared by: | Apryl Lukezic Financial Support & Budgeting |
| Recommended by: | General Manager of Corporate Services |

Report Summary

This report provides information regarding Development Charges including a financial statement for development charges collected during 2022 along with reserve fund transactions and balances.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

Financial Implications

There are no financial implications associated with this report.

Background

This report provides a financial statement relating to development charges collected during 2022 including reserve fund transactions and balances.

What are Development Charges

In accordance with the Development Charges Act (DCA), the City of Greater Sudbury collects a development charge (DC) at the building permit stage to recover for growth related capital needs. Development charges are charges imposed by municipalities on developers/landowners of new development, re-development and expansions for residential and non-residential buildings, to pay for increased capital costs related to growth. Development charges provide municipalities with a tool to help fund the infrastructure needed to serve new growth. They help finance the growth-related capital costs of providing important services like roads, water and wastewater services, police, fire and transit.

Overview - How Development Charges Are Recorded

Development charges collected are included in an obligatory reserve fund by each service area as outlined in
Page 103 of 109

the 2019 DC background studies. At the end of each year, staff reviews the spending on growth related projects as identified in the background study and transfers the DC's collected that can be earned during the year. The funds are transferred to fund the respective growth related projects, which creates a project surplus and is transferred to the respective Capital Financing Reserve Fund. These reserve funds can then be used towards future capital projects.

Currently, DC's are not shown as a funding source in the annual Capital Budget as the funding amount is unknown until collected at the building stage which is based on the development activity that varies year to year. As well, there are DC instalments where DC's will be collected over 5 or 20 years when certain types of buildings are first occupied, as well as exemptions from the DC Act and DC By-Law 2019-100.

1. Treasurer's Annual Statement

The Development Charges Act, 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 development charge by-laws and reserve funds established under section 33." In addition, Paragraphs 12 and 13 of Ontario Regulation 82/98 indicate the information to be included in the report.

Schedule "A" provides a summary of the development charges collected during 2022 as per this By-Law including reserve fund transactions and balances. Schedule "B" provides a list of growth related capital projects that have received contributions from the development charges reserve funds in 2022. The City prefunds the growth related portion of capital projects until development charges are collected in future years.

A summary of the Development Charges activities and obligatory reserve funds relating to by-law 2019-100 is detailed below:

| | |
|-------------------------------------|---------------------|
| January 1, 2022 – opening balance | \$ 2,346,045 |
| Development Charges received | 4,251,374 |
| Interest earned | 111,042 |
| Transfers to capital projects | (4,085,015) |
| December 31, 2022 – closing balance | <u>\$ 2,623,446</u> |

The balance in the obligatory reserve funds is made up of the following major categories:

| | |
|--|---------------------|
| General services | \$ 2,623,446 |
| Engineered services | 0 |
| Total Development Charge reserve funds | <u>\$ 2,623,446</u> |

Funds remaining in the Development Charges Reserve Funds are considered to be committed for projects as identified in the 2019 Development Charges Background Study. In addition, these funds have been reflected in the 2019 Development Charges Background Study under the column of "Available DC Reserves" which decreases DC eligible costs to be collected in the future as this amount has already been collected for projects not yet started (ie. new buildings for Fire Services, Paramedic Services and Police Services). The funds will be transferred to the capital projects when growth related costs are incurred.

No amounts have been borrowed from the funds during the year or in any previous years. Therefore, no amounts have been repaid for any previous borrowings as there have been no previous borrowings.

Furthermore, the City is in compliance with respect to the following "A municipality shall not impose, directly or indirectly, a charge related to a development or a requirement to construct to service related to development, except as permitted by this Act or another Act." This statement prohibits municipalities from requesting "voluntary, but mandatory" payments for the 10% discount, ineligible services and post period shares as it relates to the calculation of the DC rates within the DC background study. The City is working on the 2024 Development Charges Background Study and By-law with expected approval before July 1, 2024 in

order to continue to collect development charges.

Conclusion

Pursuant to Section 43 of the Development Charges Act, the Treasurer shall furnish to Council a financial statement (Schedule A, B and C) relating to the Development Charges By-Law and reserve funds.

Appendices

Appendix A – Development Charges Obligatory Reserve Funds

Appendix B – Annual Development Charges Transfers by Project

Appendix C – Development Charges – Credits Outstanding

Appendix A
Development Charges Obligatory Reserve Funds
Annual Continuity Statement by Service Category
For the Year Ended December 31, 2022

| | Balance at January 1, 2022 | Development Charges Collected | Interest | Less: Transfers to Capital | Less: Transfers to Operating | Balance at December 31, 2022 | |
|--|----------------------------------|----------------------------------|-------------------|-------------------------------|---------------------------------|------------------------------------|---------------|
| General Services | | | | | | | |
| General Government | \$ 0 | \$ 55,320 | \$ 784 | \$ - | | \$ 56,104 | Note 1 |
| Library (Buildings) | 0 | 104,573 | 1,533 | 106,106 | | 0 | |
| Fire (Buildings and Equipment) | 1,338,208 | 12,125 | 30,664 | 475 | | 1,380,522 | |
| Police (Buildings and Equipment) | 459,432 | 85,606 | 11,680 | - | | 556,719 | |
| Public Safety | 0 | 29,113 | 412 | 29,525 | | 0 | |
| Parks and Recreation (Facilities & Parkland Development) | 0 | 380,339 | 3,927 | 384,266 | | 0 | |
| Public Works (Equipment) | (1) | - | (0) | - | - | (1) | |
| Ambulance (Buildings) | 371,279 | 29,113 | 8,871 | - | | 409,263 | |
| Transit (Buildings) | 177,126 | 145,702 | 4,677 | 6,666 | 100,000 | 220,839 | |
| Emergency Preparedness (Buildings and Equipment) | 0 | 93,846 | 1,332 | 95,178 | | 0 | |
| Total General Services | \$ 2,346,045 | \$ 935,737 | \$ 63,879 | \$ 622,215 | \$ 100,000 | \$ 2,623,446 | |
| Engineered Services | | | | | | | |
| Roads and related | \$ 0 | \$ 1,990,091 | \$ 28,131 | \$ 2,018,222 | \$ - | \$ 0 | |
| Water | 0 | 202,633 | 2,921 | 205,553 | - | 0 | |
| Waste Water | (0) | 898,729 | 12,929 | 911,657 | - | 0 | |
| Drains | 0 | 224,185 | 3,182 | 227,367 | - | 0 | |
| Total Engineered Services | \$ 0 | \$ 3,315,637 | \$ 47,163 | \$ 3,362,800 | \$ - | \$ 0 | |
| Total - January 1, 2022 to December 31, 2022 | \$ 2,346,045 | \$ 4,251,374 | \$ 111,042 | \$ 3,985,015 | \$ 100,000 | \$ 2,623,446 | |
| Comparative Balances - January 1, 2021 to December 31, 2021 | \$ 2,205,468 | \$ 4,171,312 | \$ 57,049 | \$ 3,987,784 | \$ 100,000 | \$ 2,346,045 | |

Note 1 This amount should have been earned as of December 31, 2022 based on growth related costs. Amount has been earned in 2023 and will be reflected in 2023 Treasurer's Report on Development Charges.

| Appendix B | | | | | | | |
|---|---------------------------|--|--|---|----------------------------|--|------------------------------------|
| Annual Development Charges Transfers by Project for Growth Related Projects Identified in 2019 Development Charges Background Study | | | | | | | |
| For the Year Ended December 31, 2022 | | | | | | | |
| Project Description | Cost to December 31, 2022 | Net Growth Related Share (Development Charges) | | | | | Total Funding to December 31, 2022 |
| | | Amount Funded by Development Charges Collected During 2022 | Amount Funded by Development Charges Collected up to December 2021 | Municipal Contribution to be Repaid by Development Charges Collected in the Future (Note 1) | Grants / Subsidies / Other | Municipal Contribution (Benefit to Existing / 10% Statutory Deduction) | |
| General Services | | | | | | | |
| General Government | | | | | | | |
| Official Plan Update | 302,286 | | 134,288 | 1,741 | | 166,258 | 302,286 |
| Development Charges Study | 93,066 | | 83,760 | (0) | | 9,307 | 93,066 |
| Population Project Forecast | 55,183 | | 12,553 | 37,112 | | 5,518 | 55,183 |
| Land and Planning Software | 935,021 | | | 18,513 | | 916,507 | 935,021 |
| Subtotal | 1,385,556 | - | 230,600 | 57,366 | - | 1,097,590 | 1,385,556 |
| Library (Buildings) | | | | | | | |
| South Branch Library Expansion | 5,713,696 | 106,106 | 1,147,874 | 2,007,283 | 138,888 | 2,313,545 | 5,713,696 |
| Mackenzie Library Study | 50,625 | | | 20,048 | | 30,577 | 50,625 |
| Main Library-Business Plan/Study/Consultant | 264,446 | | | 104,721 | | 159,725 | 264,446 |
| Circulation Materials | 5,790,905 | | | 93,813 | | 5,697,092 | 5,790,905 |
| Electronic Materials | 515,509 | | | 8,351 | | 507,158 | 515,509 |
| Subtotal | 12,335,181 | 106,106 | 1,147,874 | 2,234,216 | 138,888 | 8,708,097 | 12,335,181 |
| Fire (Buildings and Equipment) | | | | | | | |
| Training Vehicles | 57,472 | | 57,472 | 0 | | (0) | 57,472 |
| Two Generators | 155,194 | | 3,414 | 0 | | 151,779 | 155,194 |
| Records Management System | 166,655 | | 3,667 | (0) | | 162,989 | 166,655 |
| Prevention Inspection Scheduling System | 43,897 | | 966 | - | | 42,931 | 43,897 |
| Mobile for Public Safety | 146,582 | 211 | 3,014 | 0 | | 143,357 | 146,582 |
| Mobile Responder (Cellular Dispatch) | 20,588 | 264 | 189 | - | | 20,136 | 20,588 |
| Subtotal | 590,387 | 475 | 68,721 | 0 | - | 521,191 | 590,387 |
| Police (Buildings and Equipment) | | | | | | | |
| Equipment for 4 new officers | 19,210 | - | 19,210 | 0 | | - | 19,210 |
| Equipment for 2 new officers | 40,024 | | 40,024 | - | | - | 40,024 |
| | 59,234 | - | 59,234 | 0 | - | - | 59,234 |
| Public Safety | | | | | | | |
| Communications Infrastructure | 12,582,035 | 29,525 | 591,282 | 484,216 | 304,000 | 11,173,012 | 12,582,035 |
| Next Generation 911 | 109,026 | | 1,199 | 1,199 | | 106,627 | 109,026 |
| | 12,691,061 | 29,525 | 592,481 | 485,415 | 304,000 | 11,279,639 | 12,691,061 |
| Parks and Recreation (Facilities & Parkland Development) | | | | | | | |
| Gerry McCrory Countryside Sports Complex - 2nd Ice Pad | 10,375,315 | 384,266 | 3,349,279 | 5,594,159 | 11,200 | 1,036,411 | 10,375,315 |
| James Jerome Sports Complex Renewal Program | 3,584,492 | | 291,302 | - | 2,505,598 | 787,592 | 3,584,492 |
| Subtotal | 13,959,807 | 384,266 | 3,640,581 | 5,594,159 | 2,516,798 | 1,824,003 | 13,959,807 |
| Transit | | | | | | | |
| Transit Garage | 18,098,787 | 100,000 | 1,441,607 | 2,521,810 | 8,648,980 | 5,386,390 | 18,098,787 |
| PTIF Phase 2 Growth Projects | 10,443,033 | 6,666 | | 5,696 | 10,128,644 | 302,026 | 10,443,033 |
| | 28,541,820 | 106,666 | 1,441,607 | 2,527,507 | 18,777,624 | 5,688,416 | 28,541,820 |
| EMS | | | | | | | |
| Equipment for two FTE's-ACP and PCP | 4,766 | - | 4,290 | (0) | | 477 | 4,766 |
| | 4,766 | - | 4,290 | (0) | - | 477 | 4,766 |
| Public Works | | | | | | | |
| Snowplow | 299,065 | - | 51,680 | - | | 247,384 | 299,065 |
| | 299,065 | - | 51,680 | - | - | 247,384 | 299,065 |
| Emergency Preparedness (Buildings and Equipment) | | | | | | | |
| CLELC Phase II | 2,284,795 | 95,178 | 644,577 | 416,561 | 1,000,000 | 128,479 | 2,284,795 |
| Garage for Mobile Command Unit | 354,042 | | | 318,638 | | 35,404 | 354,042 |
| Subtotal | 2,638,837 | 95,178 | 644,577 | 735,199 | 1,000,000 | 163,883 | 2,638,837 |
| Total General Services | 72,505,714 | 722,215 | 7,881,646 | 11,633,861 | 22,737,311 | 29,530,681 | 72,505,714 |

| Project Description | Cost to December 31, 2022 | Amount Funded by Development Charges Collected During 2022 | Amount Funded by Development Charges Collected up to December 2021 | Municipal Contribution to be Repaid by Development Charges Collected in the Future (Note 1) | Grants / Subsidies / Other | Municipal Contribution (Benefit to Existing / 10% Statutory Deduction) | Total Funding to December 31, 2022 |
|--|---------------------------|--|--|---|----------------------------|--|------------------------------------|
| Engineered Services | | | | | | | |
| Roads and related | | | | | | | |
| Property Acquisition (2014 and after) | 2,209,047 | | 1,104,523 | 0 | | 1,104,523 | 2,209,047 |
| Lasalle Notre Dame Intersection Improvements | 8,051,462 | | 1,342,151 | 661,057 | 38,630 | 6,009,624 | 8,051,462 |
| Lasalle Notre Dame Intersection - Engineering / Property Acquisition / Utilities | 2,273,907 | 750,389 | 1,523,518 | - | | - | 2,273,907 |
| MR80 - Valleyview to Donaldson | 10,745,020 | | 5,176,233 | (0) | 3,350,401 | 2,218,386 | 10,745,020 |
| Maley Drive | 83,715,696 | | 815,547 | 15,127,779 | 51,829,045 | 15,943,326 | 83,715,696 |
| MR 15 MR80 Intersection Improvements | 2,859,068 | | 223,741 | 474,974 | 64,210 | 2,096,144 | 2,859,068 |
| Barry Downe Road from Westmount Road to Kingsway | 5,079,753 | | | 295,462 | | 4,784,290 | 5,079,753 |
| MR35 from Notre Dame West to Hwy 144 | 29,946,093 | | | 1,607,579 | 2,307,746 | 26,030,769 | 29,946,093 |
| MR4 from Highway 17 to C. Johnson Road | 19,636,493 | - | 557,802 | (0) | 16,847,483 | 2,231,208 | 19,636,493 |
| Four Laning MR 80 - Frost to Glenn | 6,965,587 | 1,024,580 | 1,553,281 | 709,988 | 1,485,838 | 2,191,900 | 6,965,587 |
| Second Avenue (Sudbury) Donna Drive to Kenwood Drive | 6,206,581 | | | 4,237,517 | 152,986 | 1,816,078 | 6,206,581 |
| Crean Hill Road from MR4 to Victoria Mine | 11,048,757 | - | 578,832 | - | 8,154,597 | 2,315,328 | 11,048,757 |
| Moonlight Ave from Kingsway to Bancroft Drive | 2,956,304 | | 171,952 | - | | 2,784,351 | 2,956,304 |
| Kingsway Realignment | 3,845,085 | 243,252 | - | (1) | | 3,601,834 | 3,845,085 |
| Silver Hills Drive | 914,274 | | 914,274 | (0) | | - | 914,274 |
| Montrose Avenue | 1,211,553 | | 602,000 | 5,339 | 301,000 | 303,214 | 1,211,553 |
| Elgin Greenway from Nelson St to Cedar Street | 165,520 | | | 9,627 | | 155,893 | 165,520 |
| Active Transportation | 4,717,325 | | | 204,457 | 1,202,196 | 3,310,673 | 4,717,325 |
| Subtotal | 202,547,524 | 2,018,222 | 14,563,855 | 23,333,777 | 85,734,132 | 76,897,539 | 202,547,524 |
| Water | | | | | | | |
| New Valley Wells | 7,195,923 | 189,507 | 686,425 | 2,722,030 | | 3,597,962 | 7,195,923 |
| Wanapitei Alternate Trunk - Preliminary Design Geotechnical Study | 324,721 | 12,785 | 3,980 | - | | 307,956 | 324,721 |
| Regent Street - Bouchard to Walford and Bouchard - Regent to Southview | 2,234,533 | | 115,365 | (0) | | 2,119,168 | 2,234,533 |
| MR 35 | 1,160,747 | 3,262 | 55,478 | - | | 1,102,007 | 1,160,747 |
| Second Avenue Sudbury | 721,757 | | 37,263 | - | | 684,494 | 721,757 |
| Lorne Street | 2,473,439 | | 127,699 | - | | 2,345,740 | 2,473,439 |
| Maley Drive (Barrydowne to Railway Tracks) | 2,756,785 | | 56,305 | 86,023 | | 2,614,458 | 2,756,785 |
| Lorne Street (Kelly Lake Rd to Elm) | 460,622 | | 6,343 | 17,438 | | 436,841 | 460,622 |
| Subtotal | 17,328,527 | 205,553 | 1,088,857 | 2,825,491 | - | 13,208,626 | 17,328,527 |
| Waste Water | | | | | | | |
| BioSolids Management Facility | 70,049,434 | | | 8,200,330 | 11,475,646 | 50,373,458 | 70,049,434 |
| Walden WWTP Expansion - Design/Admin/Construction | 1,750,862 | 409,000 | 256,328 | (0) | | 1,085,534 | 1,750,862 |
| WWTP Upgrades for Azilda | 3,090,117 | 8,396 | 60,073 | (0) | | 3,021,648 | 3,090,117 |
| Sudbury WWTP Phase I | 10,184,732 | 377,218 | 3,798,523 | (0) | | 6,008,992 | 10,184,732 |
| Sudbury WWTP Phase II | 16,643,201 | | 122,731 | 6,700,981 | | 9,819,488 | 16,643,201 |
| Jacob St Sewer (Lively Phase 1) | 3,639,462 | 36,966 | | 1,346,029 | | 2,256,466 | 3,639,462 |
| Gatchell Outfall Sewer | 2,779,224 | 143,486 | | - | | 2,635,738 | 2,779,224 |
| Algonquin Forcemain | 1,287,781 | (66,476) | 231,756 | - | 957,220 | 165,280 | 1,287,781 |
| Laurier Lift Station | 1,676,184 | 3,066 | 34,073 | - | | 1,639,045 | 1,676,184 |
| Subtotal | 111,100,996 | 911,657 | 4,503,484 | 16,247,339 | 12,432,866 | 77,005,649 | 111,100,996 |
| Drains | | | | | | | |
| Minnow Lake Stormwater Treatment Station | 3,666,102 | 92,032 | | 139,898 | | 3,434,171 | 3,666,102 |
| Green Ave Stormwater Pond and Channel | 61,310 | 21,211 | 9,444 | - | | 30,655 | 61,310 |
| Countryside Stormwater Pond and Channel | 3,934,468 | | | 2,661,996 | 385,142 | 887,331 | 3,934,468 |
| Lavalee Drain F | 26,069 | 13,035 | | - | | 13,035 | 26,069 |
| Rockwood Storm Sewer | 805,408 | 101,089 | 502,967 | 0 | | 201,351 | 805,408 |
| Subtotal | 8,493,357 | 227,367 | 512,411 | 2,801,894 | 385,142 | 4,566,543 | 8,493,357 |
| Total Engineered Services | 339,470,405 | 3,362,799 | 20,668,607 | 45,208,501 | 98,552,140 | 171,678,357 | 339,470,405 |
| Total | 411,976,119 | 4,085,015 | 28,550,253 | 56,842,363 | 121,289,450 | 201,209,038 | 411,976,119 |
| Note - The projects identified above are for projects with development charges collected and transferred during 2022 and/or earlier years. | | | | | | | |
| Note 1 - The amount to be repaid by development charges collected in the future may vary based upon limitations under DC Act, actual growth forecast, exemptions, final costs, growth related portion of these projects and timelines. | | | | | | | |

Appendix C - Development Charges - Credits Outstanding
For the Year Ended December 31, 2022

The credits outstanding are in accordance with Section 38 of the Development Charges Act, 1997. The project noted below is a growth related project within the 2019 Development Charges Background Study that was constructed by the DC Credit Holder below. This growth related project is partially funded by development charges as noted on Schedule B and DC Credits (DC Credit at time of building permit issuance or cash payments based on negotiated agreement) is provided to the DC Credit Holder as form of payment for the constructed project.

| DC Credit Holders | Service Area - Project | Opening Balance, January 1, 2022 | Credits Granted | Credits Used / Transferred | Closing Balance, December 31, 2022 |
|----------------------|----------------------------|-------------------------------------|--------------------|-------------------------------|---------------------------------------|
| 1721169 Ontario Inc. | Roads - Silver Hills Drive | 772,703 | - | - | 772,703 |
| | | 772,703 | - | - | 772,703 |