

<p>8. TREASURER'S REPORT ON GROWTH-RELATED REVENUES</p> <p>RAPPORT DE LA TRÉSORIÈRE SUR LES REVENUS LIÉS À LA CROISSANCE</p>
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COMMITTEE RECOMMENDATION

That Council receive this report for information.

RECOMMANDATION DU COMITÉ

Que le Conseil prenne connaissance du présent rapport.

DOCUMENTATION /DOCUMENTATION

1. General Manager and City Treasurer's report, Corporate Services, dated August 13, 2018 (ACS2018-CSD-FIN-0018)

Rapport de la Directrice générale, Services organisationnels et Trésorière municipale, daté le 13 août 2018 (ACS2018-CSD-FIN-0018)

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme
28 August 2018 / 28 août 2018**

**and Council
et au Conseil
12 September 2018 / 12 septembre 2018**

**Submitted on August 13, 2018
Soumis le 13 août 2018**

**Submitted by
Soumis par:**

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Directrice générale, Services organisationnels et Trésorière municipale**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2018-CSD-FIN-0018

SUBJECT: TREASURER'S REPORT ON GROWTH-RELATED REVENUES

**OBJET: RAPPORT DE LA TRÉSORIÈRE SUR LES REVENUS LIÉS À LA
CROISSANCE**

REPORT RECOMMENDATIONS

That the Planning Committee and Council receive this report for information.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme et le Conseil prennent connaissance du présent rapport.

BACKGROUND

Section 43 of the *Development Charges Act* (DCA) requires the City Treasurer to provide to Council a year-end summary of development charge activity and reserve fund balances. The attached Summary Statement of Development Charges Reserve Funds Document 1 lists the transactions relating to the various accounts including, opening and closing balances, interest earnings, descriptions of the category of services and a summary of the financial transactions for the year. In compliance with the legislative requirements, this report also includes information concerning Cash-in-Lieu of Parkland and DCA Section 37 allocations.

In the past, the City was required to file a copy of the Treasurer's Statement with the Ministry of Municipal Affairs and Housing; however, that requirement has been removed and replaced by a new measure that Council ensure that the statement is available to the public on the City's website.

DISCUSSION

The City imposes development charges to recover the capital costs associated with the increase in needs for services arising from growth, thereby enabling growth to pay for growth and to proceed in a timely and efficient manner. The residential charge is broken down into three area charges based on recognized geographic areas of the City: Inside the Greenbelt, Outside the Greenbelt, and Rural, which reasonably reflects servicing benefits received in these broad areas of the City. The Rural category is further divided into serviced and un-serviced development. Non-residential charges, for Industrial and Non-Industrial uses, are calculated and applied on a uniform City-wide basis for all non-residential development.

The fees are normally calculated and payable upon issuance of a building permit with respect to a building or structure to which the development charge applies. The following service categories are included for recovery: Roads and Related Services, Sanitary Sewers, Water, Storm Water Drainage and Management, Protection, Public

Transit, Parks Development, Recreation Facilities, Library, Paramedic Services, Affordable Housing and Corporate Studies. In 2014, the City combined various services to provide greater funding flexibility for allocating revenue and to utilize available service level capacity. During the 2019 update, the City will consider including additional services not previously allowed to be included.

In 2017, the estimated full recovery growth-related revenue was \$194.1 million based on the assumptions listed within the Development Charges Background Study versus actual collections of \$130.9 million (excluding \$7.1 million for Stormwater Management and interest earnings), for an overall shortfall of \$63.2 million. The City approves the majority of the growth-related spending authority during the budget process with only those capital projects included in the Background Study being eligible for funding. The annual capital budget review is used to align the timing of infrastructure needed to accommodate growth with actual collections. Reserve fund accounts are monitored to ensure balances are in compliance with the policies adopted by Council. The attached Summary Statement of Development Charges Reserve Funds (Document 1) provides a summary of financial activity within the various growth-related reserve funds, by service component, for the year ending December 31, 2017.

The 2017 revenue total consists of collections, exemption recoveries and interest earned during the year that amounted to \$142.5 million. Net transfers to capital projects of \$219.4 million were made in accordance with standard accounting practice that stipulates development charges may only be applied to eligible capital projects when expenditures are incurred. Overall, the 2017 closing balance was \$336 million. Further adjustments were made to take into account outstanding unapplied funding requirements (commitments), which were \$409.5 million and future debt requirements of \$167.3 million. This resulted in a year-end deficit of \$240.8 million.

With the passage of recent legislation, changes to the reporting requirements were adopted to enhance transparency and accountability. The City is required to identify other funding sources allocated against growth-related capital projects and to provide a detailed summary of each service category as attached in the Details of 2017 Development Charge Capital Project Funding (Document 2). At the end of 2017, approximately \$2.9 billion from various funding sources were identified that offset the statutory reductions to growth and the non-growth related capital costs. In addition, Council will also receive the capital funding details concerning all Cash-in-Lieu transactions made for parkland dedication purposes from City-wide and Ward accounts as attached in the Details of 2017 City-wide and Ward Cash-in-Lieu of Parkland

Funding (Document 3) and during the development process via Section 37 of the *Planning Act* in the attached Deferred Revenue Accounts (Document 4).

The City also grants various non-statutory exemptions; the resulting revenue shortfall may not be recovered through higher fees imposed on other development. To offset the foregone revenues, the City reimburses growth-related reserve funds from general revenues on an annual basis. Council authorizes this contingency amount during the yearly budget process. In 2017, \$2.3 million was transferred to offset this shortfall (Document 5 - Summary List of 2017 Development Charges Exemptions). This approach also allows the City to identify the costs associated with providing various exemptions.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Preparation of the attached documents is a legislative requirement; no public consultation is required.

COMMENTS BY THE WARD COUNCILLOR(S)

This section is not applicable.

ADVISORY COMMITTEE(S) COMMENTS

This section is not applicable.

LEGAL IMPLICATIONS

There are no legal impediments to receiving this report for information. This report is before Council pursuant to the legislative requirement to submit financial statements regarding development charge fund activity under Section 43 of the *Development Charges Act*.

RISK MANAGEMENT IMPLICATIONS

There is no risk management implications.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this information report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

TERM OF COUNCIL PRIORITIES

There are no impacts.

SUPPORTING DOCUMENTATION (*distributed separately*)

Document 1: Summary Statement of Development Charges Reserve Funds

Document 2: Details of 2017 Development Charge Capital Project Funding

Document 3: Details of 2017 City-wide and Ward Cash-in-Lieu of Parkland Funding

Document 4: Section 37 Deferred Revenue Accounts

Document 5: Summary List of 2017 Development Charges Exemptions

DISPOSITION

In accordance with the *Development Charges Act*, a copy of the Treasurer's Statement is available to the public on the City's website or upon request.