



100 John West Way
Aurora, Ontario
L4G 6J1
(905) 727-3123
aurora.ca

Town of Aurora
Information Report
No. FIN24-024

Subject: 2023 Year End Development Charges Statement

Prepared by: Laura Sheardown, Financial Management Advisor

Department: Finance

Date: June 4, 2024

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

Executive Summary

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

- Development charges are imposed by the Town of Aurora to recover growth-related capital costs as determined under the Development Charges Act
- Bill 23 introduced a new requirement that commencing in 2023 all municipalities must allocate 60 percent or more of select opening development charge service balances each year
- The Town of Aurora's development charges reserves total a net balance of \$21.19 million as of December 31, 2023
- The Town of Aurora collected a total of \$6.57 million in development charges during 2023
- Developers have committed to construct \$4.60 million of development charge eligible projects on the town's behalf as of December 31, 2023
- The Town has fully spent or allocated its opening road, water and wastewater opening reserve balances in 2023

Background

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

Development charges (DCs) are imposed by the Town of Aurora to recover growth-related capital costs from both residential and non-residential developments as determined under the Development Charges (DC) 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 DCs. As required under the DC Act, all collected DCs are held in separate reserve fund until spent.

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

- A municipality that passed a DC By-law 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 By-law and reserve funds established

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

Bill 23 introduced a new requirement that commencing in 2023 all municipalities must allocate 60 percent or more of select opening development charge service balances each year

As per the amended DC Act, beginning in 2023, municipalities are required to spend or allocate at least 60 percent of their collected but unused DC reserve funds at the beginning of each year for its services related to a highway (roads), water, sanitary, and any other prescribed services (presently, no other prescribed services at this time).

Analysis

The Town of Aurora's development charges reserves total a net balance of \$21.19 million as of December 31, 2023

As of December 31, 2023, Aurora's overall consolidated DC reserve fund balance was \$21.19 million as shown under Part I of the detailed Development Charges Reserve

Fund Statement presented under Attachment #1. Of note, the Fire Services DC reserve fund is currently in an overdrawn position. If a reserve is in an overdrawn position, it is 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 on Part I. These overdrawn funds will be recovered through future DC collections.

Part II of the Development Charge 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.

The Town of Aurora collected a total of \$6.57 million in development charges during 2023

As detailed under Attachment #1, the Town collected a total of \$6.57 million in new development charge revenues in 2023. As per its 2019 DC study, Aurora was projected to collect an average of \$15.10 million year. On March 26, 2024, Council approved a new DC Study and By-law which identified \$168.62 million in development charge eligible requirements over the next ten years. Due to numerous legislative changes to the DC Act and economic factors, it is difficult to predict how much of the Town's identified development charge requirement will be collected over this time period. Early projections anticipate revenue losses of \$16.4 to 33.4 million over the next ten years.

Developers have committed to construct \$4.60 million of development charge eligible projects on the town's behalf as of December 31, 2023

Part III of Aurora's Development Charge 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. Developers are required to pay the full applicable development charges payable relating to their development. The Town will only reimburse a developer for the provision of agreed upon works 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. In some instances, a developer's eligible reimbursement may be funded from an alternative funding source(s) as per the provided new infrastructure's eligibility for DC cost recovery.

The Town has fully spent or allocated its opening road, water and wastewater opening reserve balances in 2023

Part IV of the Town of Aurora's Development Charge Statement provides a summary of the Town's allocations of the opening balances for its water, sanitary and roads development charge reserves. This schedule can be found under Attachment #4. In the absence of further legislative direction, the town like most other Ontario municipalities has included all of its planned eligible capital requirements for the next 10 years as part of its spent or allocated amount. As presented in this schedule, the Town has spent or allocated the full beginning balance for all applicable development charge reserves, exceeding the prescribed 60 percent target.

Any listed allocations that do not include a project number represent planned projects that either have not had a project number assigned to them, or they are being provided by a developer on the Town's behalf.

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 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 charge 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 inform residents about the information contained within this report by posting it to the Town's website.

Climate Change Considerations

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

Link to Strategic Plan

Reporting on Development Charge 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 2023 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

Attachment #4 – Development Charges Reserve Fund Statement – Part IV

Previous Reports

None.

Pre-submission Review

Agenda Management Team review on May 16, 2024

Approvals

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

Approved by Doug Nadorozny, Chief Administrative Officer

PART I - Development Charges Balance

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2023**

	General Services					Engineering Services			Total
	144	159	147	148	149	150	151	152	
	Fire Services	Parks & Recreation	Library Services	Municipal Parking Services	General Government	Roads and Related	Sanitary Sewers	Water Supply and Distribution	
Opening Balance January 1	(2,433,401.38)	4,170,597.12	1,611,972.78	413,754.27	241,367.24	14,764,584.55	1,479,866.38	1,210,802.06	21,459,543.02
Add: Development Charges Collected	391,707.44	3,387,793.38	339,538.89	1,997.81	341,208.20	1,787,459.80	211,993.56	111,933.29	6,573,632.37
Less: DC Credits paid in year		-							-
DC Refunds Cancelled	-	-	-	-	-	-	-	-	-
Add: Interest Earned (charged)	(118,859.00)	112,287.00	22,634.00	15,213.00	5,998.00	512,145.00	58,421.00	42,033.00	649,872.00
Less: Expenditures in Year (Part II)	(42,736.48)	(4,601,236.90)	-	-	(145,703.43)	(2,707,028.87)	-	-	(7,496,705.68)
Closing DC Balance	(2,203,289.42)	3,069,440.60	1,974,145.67	430,965.08	442,870.01	14,357,160.48	1,750,280.94	1,364,768.35	21,186,341.71

PART II - Expenditures from Development Charges

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2023**

	General Services					Engineering Services			Total DC Funding	Other Non-DC Funding	Total Funding
	144	159	147	148	149	150	151	152			
	Fire Services	Parks & 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>											
Fire Services Invoice	(17,330.00)								(17,330.00)	N/A	(17,330.00)
SARC Debenture Funding		(320,500.00)							(320,500.00)	N/A	(320,500.00)
SARC Gym CLOC Interest		(18,441.11)							(18,441.11)	N/A	(18,441.11)
Town Square CLOC Interest		(221,906.21)							(221,906.21)	N/A	(221,906.21)
Hallmark Debenture Funding		(218,500.00)				(2,986.49)			(221,486.49)	N/A	(221,486.49)
JOC Debenture Funding		(1,318,166.03)				(1,977,249.59)			(3,295,415.62)	N/A	(3,295,415.62)
Landscape Architects (development related)		(115,600.00)							(115,600.00)	N/A	(115,600.00)
Total Operating Budget Allocations	(17,330.00)	(2,213,113.35)	-	-	-	(1,980,236.08)	-	-	(4,210,679.43)	-	(4,095,079.43)
Funding Transferred to Capital Projects:											
<i>As per 2021 Capital Continuity</i>											
SO0027 Active Transportation Master Plan					(38,180.85)				(38,180.85)	-	(38,180.85)
SO0044 Growth Related Studies					(35,038.25)				(35,038.25)	(16,862.83)	(51,901.08)
SO0059 DC Background Study					(68,370.71)				(68,370.71)	-	(68,370.71)
SO0061 Salt Management Plan Update					(4,113.62)				(4,113.62)	(6,694.05)	(10,807.67)
GN0020 Fire Master Plan	(25,406.48)								(25,406.48)	-	(25,406.48)
GN0046 Traffic Calming as per 2019 DC Study						(34,703.44)			(34,703.44)	(2,473.23)	(37,176.67)
GN0071 JOC - Additional Work		(19,477.07)				(75,205.98)			(94,683.05)	-	(94,683.05)
GN0074 SARC Gymnasium		(1,840,437.76)							(1,840,437.76)	(547,582.50)	(2,388,020.26)
GN0075 AFLC - Pylon Sign		(17,690.45)							(17,690.45)	(1,875.59)	(19,566.04)
GN0081 Willow Farm Trail Connection		(697.11)							(697.11)	(14.18)	(711.29)
GN0085 Wildlife Park Phase 1-4		(47,781.28)							(47,781.28)	5,602.90	(42,178.38)
GN0089 Trail Connection - Coutts/Pandolfo Development		(22,577.28)							(22,577.28)	2,508.64	(20,068.64)
GN0094 Tree Inventory for 2C		(15,511.24)							(15,511.24)	1,787.99	(13,723.25)
GN0096 BG Group Trail Connection		(60,197.62)							(60,197.62)	17,408.27	(42,789.35)
GN0097 Non - Programmed Park in 2C		(303,451.49)							(303,451.49)	268,405.01	(35,046.48)
GN0124 Sidewalk - Edward to 100m E of Yonge						(45,791.32)			(45,791.32)	585.35	(45,205.97)
GN0129 Mattamy Phase 4/5 Trail		(30,293.80)							(30,293.80)	5,581.54	(24,712.26)
GN0130 Degraff Cres Trail		(16,270.82)							(16,270.82)	1,807.87	(14,462.95)
GN0134 New 6 Tonne Diesel Dump Truck						(317,769.62)			(317,769.62)	35,096.65	(282,672.97)
GN0135 Bylaw SUV x 2 (new)						(59,978.05)			(59,978.05)	16,394.00	(43,584.05)
GN0136 Conveyor Material Stacker						(193,344.38)			(193,344.38)	-	(193,344.38)
GN0140 Tree Inventory		(13,737.63)							(13,737.63)	1,526.40	(12,211.23)
									-		-
Total Capital Project Allocations	(25,406.48)	(2,388,123.55)	-	-	(145,703.43)	(726,792.79)	-	-	(3,286,026.25)	(218,797.76)	(3,504,824.01)
Total DC Investments	(42,736.48)	(4,601,236.90)	-	-	(145,703.43)	(2,707,028.87)	-	-	(7,496,705.68)	(218,797.76)	(7,599,903.44)

PART III - Development Charge Credits Continuity

Attachment #3

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2023**

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)	Oct. 31, 2018		-
2014	Brookfield 2C Phase 1	Waste Water	Sanitary External works	69,706				(69,706)	-
2015	Aurora (HGD) Inc. - Highland Gate - Phase 1	Parks Development	Trail system	133,960				(34,060)	99,900
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)	Oct. 30, 2018		-
2016	Shimvest 2C Phase 2	Parks Development	Trail system	89,800		(89,800)	Jan. 16, 2020		-
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
2021	Aurora (HGD) Inc. - Highland Gate - Phase 2A	Parks Development	Parks, Trails, Landscape Works	-	1,596,030				1,596,030
2021	Aurora (HGD) Inc. - Highland Gate - Phase 2B	Parks Development	Parks, Trails, Landscape Works	-	464,767				464,767
2023	Aurora (HGD) Inc. - Highland Gate - Phase 3	Parks Development	Parks, Trails, Landscape Works	-	424,129				424,129
2023	Aurora (HGD) Inc. - Highland Gate - Phase 4	Parks Development	Parks, Trails, Landscape Works	-	655,436				655,436
2020	SmartCentres	Road & Related	Road oversizing	-	493,788				493,788
2020	SmartCentres	Water Supply and Distribution	Watermain oversizing	-	124,000				124,000
2020	SmartCentres	Road & Related	Sidewalks, pathways, illumination	-	318,755				318,755
									-
Total				1,887,158.10	4,076,905.00	(369,617.00)	-	(990,421.10)	4,604,025.00

Waste Water	245,467
Water Supply and Distribution	578,858
Parks Development	3,285,912
Roads and Related	493,788
Total Outstanding	4,604,025

PART IV - DC Reserve Balance Allocations

**Town of Aurora
Development Charges Reserve Fund Statement
Year Ended December 31, 2023**

Water DC	
Balance in Reserve at Beginning of Year	1,210,802.06
60% of Balance to be Allocated (min)	726,481.24

Projects to Which Funding Will Be Allocated:

Project Number	Project Name	Future Funding	Current Year Funding	Allocated to Date
n/a	Watermain (Shimvest 2C)	136,103.00		136,103.00
n/a	Watermain oversizing (Smart Centres)	124,000.00		124,000.00
n/a	Hallgrove/Smart Centre - North/South Collector	350,000.00		350,000.00
n/a	Watermains	4,875,000.00		4,875,000.00
n/a	Old Bloomington Watermain	1,267,500.00		1,267,500.00
				-
Total		6,752,603.00	-	6,752,603.00

Sanitary Sewer DC	
Balance in Reserve at Beginning of Year	1,479,866.38
60% of Balance to be Allocated (min)	887,919.83

Projects to Which Funding Will Be Allocated:

Project Number	Project Name	Future Funding	Current Year Funding	Allocated to Date
n/a	Sanitary Sewer External Work (Brookfield 2C)	69,706.00		69,706.00
n/a	Sanitary Sewer Sewermain (Shimvest 2C)	245,647.00		245,647.00
n/a	Yonge St Sanitary Sewer Rehabilitation	64,800.00		64,800.00
n/a	Inflow/Infiltration Reduction Program	1,750,000.00		1,750,000.00
n/a	Wastwater meters	4,800,000.00		4,800,000.00
n/a	Old Bloomington Sanitary Sewer	672,000.00		672,000.00
				-
Total		7,602,153.00	-	7,602,153.00

Roads and Related DC	
Balance in Reserve at Beginning of Year	14,764,584.55
60% of Balance to be Allocated (min)	8,858,750.73

Projects to Which Funding Will Be Allocated:

Project Number	Project Name	Future Funding	Current Year Funding	Allocated to Date
Operating	Hallmark Debenture Funding		2,986.49	2,986.49
Operating	JOC Debenture Funding	7,000,000.00	1,977,249.59	8,977,249.59
GN0046	Traffic Calming as per 2019 DC Study		34,703.44	34,703.44
GN0071	JOC Additional Work		75,205.98	75,205.98
GN0124	Sidewalk - Edward to 100m East of Yonge		45,791.32	45,791.32
GN0134	New 6 Tonne Diesel Dump Truck		317,769.62	317,769.62
GN0135	Bylaw SUV x 2 (new)		59,978.05	59,978.05
GN0136	Conveyor Material Stacker		193,344.38	193,344.38
n/a	Winter Road Monitoring System	9,100.00		9,100.00
n/a	Road Connection - Ferbrook and Ambria	187,000.00		187,000.00
n/a	Construction of a Layby Lane on Tecumseh	158,355.00		158,355.00
n/a	Construction of a Median at Yonge St & Ridge Rd	150,000.00		150,000.00
n/a	Road Recon - Promenade (Wellington to Church)	5,782,234.00		5,782,234.00
n/a	Yonge St & Church St Signalization	206,200.00		206,200.00
n/a	Wellington West Entrance Sidewalk	238,500.00		238,500.00
n/a	Bayview Ave - Bloomington to Wellington	1,395,000.00		1,395,000.00
				-
Total		15,126,389.00	2,707,028.87	17,833,417.87