



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	May 19, 2022
SUBJECT/REPORT NO:	Parkland Dedication Reserve Status Report as of December 31, 2021 (FCS22022) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ailish Brooke (905) 546-2424 Ext. 2132
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Report FCS22022 “Parkland Dedication Reserve Status Report as of December 31, 2021” be received and made available to the public;
- (b) That Report FCS22022 “Parkland Dedication Reserve Status Report as of December 31, 2021” be forwarded, if requested, to the Ministry of Municipal Affairs and Housing.

EXECUTIVE SUMMARY

As per the requirements of the *Planning Act, 1990*, as amended, an annual report of the Parkland Dedication Reserve activity must be provided to Council. The Parkland Dedication Reserve Status Report is the “Special account, report” as outlined in the *Planning Act, 1990*, as amended, which must be made available to the public and forwarded to the Ministry of Municipal Affairs and Housing, at their request.

The Parkland Dedication Reserve receives revenues assessed under Sections 42, 51.1 and 53 of the *Planning Act, 1990*. These funds are to be “spent only for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes”.

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The overall 2021 Parkland Dedication Reserve balance has increased by \$3.17 M since 2020 to a balance of \$70.10 M. This increase is due to collections exceeding direct capital expenditures. The stated balance excludes a potential liability for over-dedication of land by developers. The over-dedication is currently estimated at \$26.09 M dependent on future buildout density and the ability to develop the subject lands. After considering the potential liability, the available funds in the Parkland Dedication Reserve at December 31, 2021 are \$44.01 M.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The unaudited year-end Parkland Dedication Reserve balance is \$70.10 M, as outlined in Table 1.

**Table 1
Parkland Dedication Reserve
For the year ended December 31, 2021**

Beginning Balance	\$66,934,495.14
Revenues:	
Interest Income	1,496,979.85
Dedication Fee	9,720,334.60
Property Purchases Repayment (Notes 1,2)	<u>98,464.65</u>
Total Revenues	\$11,315,779.10
Land Expenditures:	
Stadium Precinct Park	4,500,000.00
Confidential Land Purchase	3,448,561.69
Cherry Beach Park	<u>200,000.00</u>
Total Expenditures	\$8,148,561.69
Ending Balance	<u>\$70,101,712.55</u>

Notes to Table 1:

- (1) The outstanding principal for Council authorized borrowings from this Reserve as at December 31, 2021 is \$521,424.71.
- (2) This repayment includes \$23,613.61 interest. Cumulative interest for funds borrowed from this account is \$1,476,910.66.

Table 2 shows that the stated year-end balance excludes a potential liability for over-dedication of land by developers for 28 subdivisions. The over-dedication is currently estimated at \$26.09 M dependent on future buildout density and the ability to develop the subject lands. After considering the potential liability, the available funds in the Parkland Dedication Reserve at December 31, 2021 is \$44.01 M.

**Table 2
Parkland Dedication Reserve – Available Balance
As at December 31, 2021**

Stated Balance:	\$70,101,712.55
Potential liability resulting from over-dedication of land (24 fully registered subdivisions)	(19,880,688.00)
Potential liability resulting from over-dedication of land (4 registered and ongoing subdivisions)*	<u>(6,211,322.00)</u>
Available Balance:	<u>\$44,009,703.55</u>

Note: * These agreements have been partly registered. The parkland dedication amount for the entire subdivision is not finalized until all phases have been registered. At this time, the City will pay any remaining over dedication.

As per the requirements of section 7(3)(iv) of Regulation 509/20 of the *Planning Act*, municipalities are required to show which projects have been funded from the Parkland Dedication Reserve, as well as, the manner in which any capital costs not funded from the special account have or will be funded. Table 3 shows the life to date funding for each project which received funding from the Parkland Dedication Reserve in 2021.

**Table 3
Life-to-Date and Future Funding Transferred to
Capital Projects Utilizing Parkland Dedication
Reserve Funds As at December 31, 2021**

Stadium Precinct Park		
Source of Funding	Life to Date Funding	Future Funding
Parkland Dedication Reserve	\$7,100,000	Not Applicable
Rental Fees & Sale of Land	\$596,149	Not Applicable
Development Charges	\$400,000	Not Applicable
Contribution from Future Fund	\$2,000,000	Not Applicable
Contribution from other Reserves	\$6,151,480	Not Applicable
Levy funding	\$1,266,995	Not Applicable
Total	\$17,514,624	

Note: Funding of other related Stadium Precinct capital projects is not included above.

Cherry Beach Park		
Source of Funding	Life to Date Funding	Future Funding
Parkland Dedication Reserve	\$200,000	
Development Charges		\$869,000
Total	\$200,000	\$869,000

Confidential Land Purchase		
Source of Funding	Life to Date Funding	Future Funding
Parkland Dedication Reserve	Net: \$3,448,562 (net of lease revenue returned to reserve)	Not Applicable
Contribution from other Reserves	\$75,000	Not Applicable
Total	Net: \$3,432,562 (net of lease revenue returned to reserve)	

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

The Parkland Dedication revenues were collected through Sections 42, 51.1 and 53 of the *Planning Act, 1990*, as amended, which provide the Council of a local municipality to require the conveyance of land to the municipality for park or other public recreational purposes as a condition of development or redevelopment or the subdivision of lands. The Parkland Dedication By-law 18-126 provides the City specific enactment of these sections.

Council approved spending from the Parkland Dedication Reserve through individual council reports, motions or the Capital Budget.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Parkland Dedication Reserve Status Report FCS22022 is the “Special account, report” as outlined in regulation 509/20 (7) of the *Planning Act, 1990*, which must be provided to the public each year in respect of the preceding year.

RELEVANT CONSULTATION

Staff from the Planning and Economic Development have provided information regarding the over-dedication of parkland.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

As per the regulations of the *Planning Act, 1990*, as amended, an annual report regarding the Parkland Dedication Reserve activity must be provided to Council and made available to the public.

The “Special account, report” for the Parkland Dedication Reserve should include the following information for the preceding year, as per the requirements of the *Planning Act, 1990*, regulation 509/20 (7).

- (a) Statements of the opening and closing balances of the special account and of the transactions relating to the account;
- (b) Statements identifying,
 - (i) land or machinery acquired during the year with funds from the special account,
 - (ii) buildings erected, improved or repaired during the year with funds from the special account,
 - (iii) details of the amounts spent, and
 - (iv) for each asset mentioned in subparagraphs i and ii, the manner in which any capital cost not funded from the special account was or will be funded; and

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- (c) The amount of money borrowed from the special account and the purpose for which it was borrowed;
- (d) The amount of interest accrued on any money borrowed from the special account.

The *Planning Act, 1990* was updated through the *Coronavirus (COVID-19) Support and Protection Act, 2020* which received Royal Assent on April 14, 2020. The resulting changes to the *Planning Act, 1990* came into effect for the year ended December 31, 2020.

This status Report FCS22022 reflects the changes to the requirements of the *Planning Act*. Notably, municipalities are required to show which projects have been funded from the Parkland Dedication Reserve, as well as, the manner in which any capital costs not funded from the special account was or will be funded. There is also the requirement that Council makes this statement available to the public. The Parkland Dedication Reserve Status Report FCS22022 will be made available to the public through either Committee minutes or on request.

Report FCS22022 summarizes the changes in the Parkland Dedication Reserve for the year ended December 31, 2021. The Parkland Dedication Reserve balance as of December 31, 2021 was \$70.10 M. The increase in the Parkland Dedication Reserve balance of \$3.17 M is due to collections exceeding direct capital funding of expenditures as reported in Table 1. The Parkland Dedication Reserve forecast balance for future years will be presented as part of the annual reserve forecast report. Report FCS22022 is presented to satisfy statutory requirements for reporting historical use of the reserve. This includes the repayments to this Reserve from Council authorized borrowings as illustrated in Table 1. The outstanding principal for Council authorized borrowings from this Reserve as at December 31, 2021 is \$521,424.71. Annual repayments to this Reserve continue until 2027.

Table 2 shows that the stated year-end balance includes the potential liability for over-dedication of land by developers. The over-dedication is currently estimated at \$26.09 M dependent on future buildout density and the ability to develop the subject lands. After considering the potential liability, the available funds in the Parkland Dedication Reserve at December 31, 2021 are \$44.01 M.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community

APPENDICES AND SCHEDULES ATTACHED

None.

AB/dt