




## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 15, 2023
<b>SUBJECT/REPORT NO:</b>	Community Benefits Charges Reserve Status Report as of December 31, 2022 (FCS23054) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Alex Di Domenico (905) 546-2424 Ext. 1434
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

Not Applicable

### INFORMATION

As per the requirements of the *Planning Act, 1990*, as amended, an annual report of the Community Benefits Charges (CBC) Reserve activity must be provided to Council. The CBC 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.

The CBC Reserve receives revenues assessed under Section 37 of the *Planning Act, 1990*, as amended. These funds are “to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies.”

The City passed the CBC By-law 22-158 on June 16, 2022, with an effective date of September 18, 2022.

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In its first year, the 2022 CBC special account balance was \$15.6 M. The balance includes \$15.4 M of funds transferred from the Airport and Parking development charges (DC) reserves due to CBC legislation removing eligibility of these services from DC collection over to the newly created CBC regime. The balance also includes \$179,200 collected since the enactment of the CBC By-law on September 18, 2022 for two developments. Capital expenditures out of this reserve were nil.

The unaudited year-end CBC Reserve balance is \$15.6 M, as outlined in Table 1.

**Table 1  
Community Benefits Charges Reserve  
For the year ended December 31, 2022**

Beginning Balance	<b>\$0.00</b>
Revenues:	
Interest Income on Special Account	0.00
Community Benefits Charges Fee	179,200.00
Transfer from Airport/Parking DC Reserves	<u>15,423,201.11</u>
Total Revenues	<b>\$15,602,401.11</b>
Expenditures	\$0.00
<b>Ending Balance</b>	<b>\$15,602,401.11</b>

The CBC revenues were collected through Section 37 of the *Planning Act, 1990*, as amended, which are imposed “to pay for the capital costs of facilities, services and matters required because of development or redevelopment in the area to which the by-law applies.”

The City established Reserves Community Benefits Charge Reserve Fund (110500) and Development Charges – Community Benefits Charge Transition Reserve Fund (110501) through Report FCS22015(b) which together form the special account as required by the *Planning Act, 1990*, as amended. Council will approve spending from the CBC Reserve through individual Council reports, motions or the annual Tax Supported Capital Budget. \$873 K was approved through the City’s 2023 Tax Capital Budget process.

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

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The “Special account, report” for the CBC 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) facilities, services and matters acquired during the year with funds from the special account,
  - (ii) details of the amounts spent, and
  - (iii) for each facility, service or matter mentioned in subparagraph (i), the manner in which any capital cost not funded from the special account was or will be funded;
- (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.

Each calendar year, municipalities are required to spend or allocate a minimum of 60 percent of the funds in the account at the beginning of the year. By December 31, 2022, the CBC balance was \$15.6 M and there was \$873 K approved for 2023 capital projects through the City’s 2023 Tax Capital Budget process. The 60 percent allocation requirement will be addressed through the 2024 Tax Capital Budget process which is anticipated to be adopted prior to the end of 2023.

A review of the City’s 10 Year Tax Capital Forecast will be undertaken as part of the 2024 Tax Capital Budget process and based on eligibility criteria, capital projects that qualify for CBC funding will be identified to meet the 60% allocation requirement. The recommended financing option for approved and eligible capital projects will allocate the estimated CBC revenue the City expects to collect over the next 10-year period. CBC revenue can be utilized to replace revenue lost through changes in DC Legislation for Airport and Parking Services, Studies and Cultural projects, as well as, to fund services required to accommodate growth that are not eligible to be funded by DCs. Projects included in these service areas would previously have been funded through the Capital levy.

The *Planning Act, 1990*, as amended, requires details of funds borrowed from the CBC account / interest accrued be disclosed. No funds were borrowed from the CBC account in calendar year 2022.

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Report FCS23054 summarizes the changes in the CBC Reserve (the special account) for the year ended December 31, 2022. The CBC Reserve balance as of December 31, 2022 was \$15.6 M. In its first year, the balance in the CBC Reserve was from collections and the transfer of funding from the Airport and Parking DC reserves as reported in Table 1. Funds were transferred from the Airport and Parking DC reserves as per CBC legislation which removes eligibility of these services from DC collection over to the CBC regime. The Community Benefits Charges Reserve forecast balance for future years will be presented as part of the annual reserve forecast report. Report FCS23054 is presented to satisfy statutory requirements for reporting historical use of the reserve.

**APPENDICES AND SCHEDULES ATTACHED**

None