




INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2024
SUBJECT/REPORT NO:	Parkland Dedication Reserve Status Report as of December 31, 2023 (FCS24006) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ailish Brooke (905) 546-2424 Ext. 6875
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

Executive Summary

Report FCS24006 summarizes the changes in the Parkland Dedication Reserve for the year ended December 31, 2023 and serves as the “Special account, report” as required by the *Planning Act, 1990*, as amended (“the Act”). The Special Account report of the Parkland Dedication special account activity is required to be provided to Council and made available to the public.

As of December 31, 2023, the balance of the Parkland Dedication special account was \$105.7 M, which represents an increase of \$17.5 M through 2023 from the beginning balance of \$88.2 M 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 estimated at \$15.3 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 special account on December 31, 2023 was \$90.3 M.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

Analysis

Legislated Requirements

The Parkland Dedication Cash-in-Lieu Reserve (104090) is the special account required by the Act. Parkland Dedication fees are collected and held in reserve under Sections 42, 51.1 and 53 of the Act and are to be “spent 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.” The City’s current Parkland Dedication By-Law (By-Law 22-218) took effect on August 12, 2022.

The requirements of Regulation 509/20 to the Act dictate that the “Special account, report” include the following information for the preceding year:

- (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
- (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.

Special Account Report

The unaudited Parkland Dedication special account balance was \$105.7 M at December 31, 2023, as outlined in Table 1 with comparison to special account activity in 2022.

**Table 1
Parkland Dedication Reserve
For the year ended December 31, 2023
With Prior Year Comparison**

	2023	2022
Beginning Balance	\$88,238,681	\$70,101,713
Revenues:		
Interest Earned	3,316,510	1,783,021
Dedication Fee (Note 1)	18,703,713	21,336,462
Confidential Proceeds from Land Sale	621,890	17,000
Confidential Land Purchase Recovery	38,438	38,438
Property Purchases Repayment (Notes 2,3)	<u>98,465</u>	<u>98,465</u>
Total Revenues	\$22,779,015	\$23,273,386
Land Expenditures:		
Confidential Land Purchase	800,000	4,236,417
Cherry Beach Park	-	900,000
Fruitland/Winona Community Park	3,800,000	-
North Wentworth Park	200,000	-
Brightside Park	<u>500,000</u>	<u>-</u>
Total Expenditures	5,300,000	5,136,417
Ending Balance	<u>\$105,717,696</u>	<u>\$88,238,681</u>

Notes to Table 1:

- (1) On November 28, 2022, the Province passed the More Homes Built Faster Act, 2022 which has reduced collections and land dedications under Section 42, 51.1 and 53 of the Act.
- (2) The outstanding principal for Council authorized borrowings from this reserve as at December 31, 2023 is \$361,971.
- (3) This repayment includes \$17,066.43 interest. Cumulative interest for funds borrowed from this account is \$1,514,385.73.

Table 2 shows that the stated year-end balance excludes a potential liability for over-dedication of land by developers for 27 subdivisions. The over-dedication is currently estimated at \$15.3 M dependent on future buildout density and the ability to develop the subject lands. After considering the potential liability and the committed expenditures, the available funds in the Parkland Dedication Reserve at December 31, 2023 at \$90.4 M.

**Table 2
Parkland Dedication Reserve – Available Balance
As at December 31, 2023
With Prior Year Comparison**

	Dec. 31, 2023	Dec. 31, 2022
Stated Balance	\$105,717,696	\$88,238,681
Less: Over-Dedication		
Potential liability resulting from over-dedication of land (23 fully registered subdivisions)	12,116,791	11,653,165
Potential Liability resulting from over-dedication of land (four registered and ongoing subdivisions)*	3,168,572	4,973,558
Available Balance	<u>\$90,432,333</u>	<u>\$71,611,958</u>

Note to Table 2: * 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 refund any remaining over-dedication.

Over time, as the actual buildout density of the subdivisions becomes clearer and subject lands are developed, the potential liability associated with over-dedication is gradually adjusted and may be mitigated or refunded. Recognition of the potential over-dedication liability ensures that the Parkland Dedication special account balance is accurately reflected, aligning with the evolving land use and development patterns.

As per the requirements of Section 7(3)(iv) of Regulation 509/20 of the Act, municipalities are required to show which projects have been funded from the Parkland Dedication special account, 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 special account in 2023.

**Table 3
Life-to-Date and Future Funding Transferred to Capital Projects Utilizing
Parkland Dedication Reserve Funds
As at December 31, 2023**

Confidential Land Purchase		
	Life to Date Funding	Future Funding
Parkland Dedication Reserve	\$800,000	-
Total	\$800,000	-
Fruitland/ Winona Community Park 4402356501		
	Life to Date Funding	Future Funding
Parkland Dedication Reserve	\$3,800,000	-
Total	\$3,800,000	-
North Wentworth Park 4402356102		
	Life to Date Funding	Future Funding
Parkland Dedication Reserve	\$200,000	-
Total	\$200,000	-
Brightside Park (Previously known as Stadium Precinct Park) 4401456401		
	Life to Date Funding	Future Funding
Parkland Dedication Reserve	\$7,600,000	-
Rental Fees and Proceeds from Sale of Land	596,149	-
Contribution from Hamilton Future Fund	2,000,000	-
Contribution from Other Reserves	6,151,480	-
Contribution from Tax Levy	1,266,995	-
Development Charges	400,000	-
Total	\$18,014,624	-

Council has the discretion to approve expenditures from the Parkland Dedication special account through Council reports, motions and the annual Tax Supported Capital Budget. The 2024 Tax Supported Capital Budget, approved on February 15, 2024, forecasted \$302 M from 2025-2033 to support the funding of Parkland acquisition.

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Each calendar year, municipalities are required to spend or allocate a minimum of 60 percent of the funds in the Parkland Dedication special account at the beginning of the year. The balance of the special account on January 01, 2024 was \$105.7 M; \$317.3 M has been spent and / or allocated in the 10-year capital forecast, which exceeds the 60 percent allocation requirement. Table 4 details the expenditures that have been committed to from the Parkland Dedication special account.

**Table 4
Parkland Dedication Commitments
2024**

Beginning Balance		\$105,717,696
Commitments		
Potential Liability for Over-Dedication of Land	15,285,363	
Parkland Acquisition (2025-2033)		
4402456105	<u>302,023,934</u>	
Total Commitments		317,309,297
Available Balance		<u>(\$211,591,691)</u>
Percentage of Beginning Balance Allocated		300%

The Parkland Dedication Reserve forecast balance for future years will be presented as part of the Annual Reserve Report to the Audit, Finance and Administration Committee in 2024 via Report FCS24005. Report FCS24006 is presented to satisfy statutory requirements for reporting historical use of the Parkland Dedication special account.

APPENDICES AND SCHEDULES ATTACHED

None