



DCPP-PL-001
PARKLAND DEDICATION CASH-IN-LIEU RESERVE FUND POLICY

Approval: Pending

Audit Finance & Administration Committee Staff Report FCS24042

RESERVE DETAILS	
Reserve Name	Parkland Dedication Cash-In-Lieu Reserve Fund ("PL Reserve Fund")
Reserve Number	104090
RESERVE POLICY	
Policy Statement	<p>The objective of the PL Reserve Fund Policy is to establish guidelines for use and ensure adequate financial oversight for the obligatory PL Reserve Fund.</p> <p>This Policy is prepared in accordance with the requirements of the <i>Planning Act, 1990</i> ("Planning Act").</p>
Scope	<p>This Policy applies to the obligatory PL Reserve Fund (104090).</p> <p>This Policy is applicable to all members of Council and Staff responsible for the allocation of funds to and from the PL Reserve Fund.</p> <p>This Policy replaces any existing PL Reserve Fund Policy.</p>
Purpose	<p>The purpose of the PL Reserve Fund is to hold and distribute funds collected in accordance with the Parkland Dedication By-Law. These funds are to be distributed exclusively for financing eligible parkland acquisitions and capital expenditures as approved by Council.</p>
Transparency	<p>The PL Reserve Fund Policy is to be made available to the public.</p> <p>Reserve expenditures and revenues are expected to be disclosed, except in the case of details for confidential transactions. The disclosure will be facilitated through:</p> <ul style="list-style-type: none"> • Annual Special Account Report as required by the Planning Act. • Annual Reserve Report.
Related Legislation and Principles	<p>PL and the PL Reserve Fund are subject to the following legislation and principles:</p>



Hamilton

	<p>Planning Act</p> <ul style="list-style-type: none"> • Enables a municipality to establish a By-Law for PL and to collect fees in accordance with the By-Law and the Act. • Establishes an upper limit for the calculation of PL and various exemptions. • Requires that PL collected must be held in a special account that bears interest. The PL Reserve Fund has been designated as this special account. • Requires that at least 60 percent of the funds held in the special account at the beginning of the year be spent or allocated. • Requires that a special account report be prepared annually on the activities of the special account. <p>Canadian Public Sector Accounting Standards</p> <ul style="list-style-type: none"> • Developed by the Public Sector Accounting Board to establish standards for public sector accounting. <p>Municipal Act Establishes authority and responsibilities related to budgeting, reserve funds and debentures.</p> <p>City of Hamilton PL By-Law</p> <ul style="list-style-type: none"> • Outlines the specific regulations and procedures for the collection and use of PL Dedication fees for the City of Hamilton. <p>Requirements under the Planning Act and Canadian Public Sector Accounting Standards take precedence over the City of Hamilton’s PL By-Law should a conflict arise.</p> <p>Related City of Hamilton Policies</p> <ul style="list-style-type: none"> • Appropriation and Work-In-Progress Transfer Policy • Debt Management Policy
Definitions	<p>“PL” refers to Parkland Dedication.</p> <p>“PL Reserve Fund” refers to the Parkland Dedication Cash-In-Lieu Reserve Fund (104090).</p>
Usage and Limitations	<p>Compliance</p> <ul style="list-style-type: none"> • The City of Hamilton must comply with all requirements under the Planning Act, Canadian Public Sector Accounting Standards and any other applicable legislation.



Hamilton

	<p>Project Funding</p> <ul style="list-style-type: none"> • Funds held in the PL Reserve Fund are to be used exclusively for the purposes of parks or other public recreational purposes in accordance with the Parks Master Plan or other Council approval. • Funds are to be transferred from the PL Reserve Fund to capital projects as expenses are incurred on a proportional basis. i.e., eligible growth share % * total expenses to date. • Appropriations of funding must conform to the City of Hamilton's Capital Projects' Budget Appropriation and Work-in Progress Transfer Policy. • All budgeted financing from the PL Reserve Fund must be approved by Council. <p>Internal Borrowing</p> <ul style="list-style-type: none"> • Internal borrowing from the PL Reserve Fund is prohibited. <p>External Borrowing</p> <ul style="list-style-type: none"> • External borrowing related to the PL Reserve Fund is prohibited. <p>Deficits</p> <ul style="list-style-type: none"> • The PL Reserve Fund is not permitted to enter a deficit position. <p>Reserve Period</p> <ul style="list-style-type: none"> • The PL Reserve Fund is expected to remain open indefinitely.
<p>Source of Funding</p>	<p>The sources of funding for the PL Reserve Fund are:</p> <ul style="list-style-type: none"> • PL Cash-In-Lieu charges: fee collected in-lieu of land dedication. PL is calculated in accordance with Sections 42, 51.1, 53 and Ontario Regulation 509/20 and Ontario Regulation 509/20 of the Planning Act and the City of Hamilton PL By-Law. • Proceeds from Sale of Land: if the City is conveyed land to satisfy the park land requirements of the Planning Act, then later sells that land, the proceeds shall be allocated to the PL Reserve Fund in accordance with subsection 42 (15) of the Planning Act. • Interest: accrued on the balance in the reserve fund as legislatively permitted and distributed annually.



Hamilton

	There are no alternative funding sources available, and no other funds are permitted to be held in the PL Reserve Fund.
Target Balance	<p>PL Reserve Fund balances are primarily driven by development activity and planned capital expenditures. The long-term target balance is nil as all funds shall be allocated to eligible growth projects. The target minimum balance for the PL Reserve Fund in a given year is equivalent to the forecasted expenditures for the following year; after considering approved, but not yet transferred funds.</p> <p>There is no maximum balance for the PL Reserve Fund. Deficits are not permitted as outlined in the Usage and Limitations Section of this Policy.</p>
Policy Owner	Director, Financial Planning, Administration and Policy, Corporate Services Department
Administration	<p>Responsible Department</p> <ul style="list-style-type: none"> Development Charges, Programs and Policies, Financial Planning, Administration and Policy, Corporate Services Department is responsible for the administration of the PL Reserve Fund Policy. <p>Policy Updates</p> <ul style="list-style-type: none"> The PL Reserve Fund Policy may be updated when legislated changes to the Planning Act or Council adopted changes to the PL By-Law affect any component of the policy; or when municipal best practices are identified as conflicting with the policy. <p>Policy Review Frequency</p> <ul style="list-style-type: none"> If no legislative or Council adopted changes occur, the Policy is to be reviewed annually, at a minimum, during the completion of each PL By-Law review. <p>Policy Update Process</p> <ul style="list-style-type: none"> Amendments to the PL Reserve Fund Policy must be presented to Council for approval.