

**SPECIAL COUNCIL**  
**FINANCE DIVISION**

**REPORT FIN-2023-29**  
**December 12, 2023**

**SUBJECT: FIN-2023-29 D/C AND CASH-IN-LIEU REQUIREMENTS TO ALLOCATE OR SPEND UP TO 60% OF OPENING CURRENT YEARS RESERVE FUND BALANCE**

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**RECOMMENDATION:**

THAT THE COUNCIL OF THE CITY OF WELLAND approves the allocation of funds from the D/C - Roadways and D/C - Water reserve funds to the various projects as identified in the Financial Consideration section of this report.

**RELATIONSHIP TO STRATEGIC PLAN**

N/A – Legislative Requirement.

**BACKGROUND:**

Bill 23 introduced requirements for municipalities, starting in 2023, to allocate or spend for certain specified Reserve Funds up to 60% of the opening balance in the current calendar year. This Bill was tabled after the 2023 budget process commenced, and as such, could not be incorporated into the process. To ensure the City complies for 2023, staff are bringing this report forward.

**DISCUSSION:**

The requirement to allocate or spend for certain specified Reserve Funds up to 60% of the opening balance in the current calendar year can be found in two specific Provincial Acts: Development Charges Act 1997, and the Planning Act.

**DEVELOPMENT CHARGES ACT, 1997 (DCA)**

The DCA requirements to spend or allocate monies in a reserve fund relate only to: Water Supply services, Wastewater services, and services related to

Highways (Roads); and can be found in section 35(2) of the DCA. A copy of the section is noted below:

- 35(2) Beginning in 2023 and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund for the following services at the beginning of the year:
1. Water supply services, including distribution and treatment services.
  2. Wastewater services, including sewers and treatment services.
  3. Services related to a highway as defined in subsection 1 (1) of the Municipal Act, 2001 or subsection 3 (1) of the City of Toronto Act, 2006, as the case may be. 2022, c. 21, Sched. 3, s. 10.

Same

- 35(2) If a service is prescribed for the purposes of this subsection, beginning in the first calendar year that commences after the service is prescribed and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in a reserve fund for the prescribed service at the beginning of the year. 2022, c. 21, Sched. 3, s. 10.

#### PLANNING ACT, R.S.O. 1990 (PA)

The PA requirements to spend or allocate monies in a reserve fund relate only to: Cash-in-lieu of Parkland and can be found in section 42(6) of the PA. A copy of the applicable sections are noted below:

##### *Conveyance of land for park purposes*

Payment in lieu

- 42(6) If a rate authorized by subsection (1) applies, the council may require a payment in lieu to the value of the land otherwise required to be conveyed. 2015, c. 26, s. 28 (4).

Same

- 42(6.0.1) If a rate authorized by subsection (3) applies, the council may require a payment in lieu, calculated by using a rate of one hectare for each 1,000 net residential units proposed or such lesser rate as may be specified in the by-law. 2015, c. 26, s. 28 (4); 2022, c. 21, Sched. 9, s. 12 (16).

Park purposes

- 42(6.0.1) The council of a municipality may include in its estimates an amount to be used for the acquisition of land to be used for park or other public recreational purposes and may pay into the fund provided for in subsection (15) that amount, and any person may pay any sum into the same fund. 1994, c. 23, s. 25.

Special account

42(15) All money received by the municipality under subsections (6), (6.0.1) and (14) and all money received on the sale of land under subsection (5), less any amount spent by the municipality out of its general funds in respect of the land, shall be paid into a special account and 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. 1994, c. 23, s. 25; 2009, c. 33, Sched. 21, s. 10 (10); 2015, c. 26, s. 28 (10).

Requirement to spend or allocate monies in special account.

42(16.1) Beginning in 2023 and in each calendar year thereafter, a municipality shall spend or allocate at least 60 per cent of the monies that are in the special account at the beginning of the year. 2022, c. 21, Sched. 9, s. 12 (18).

Staff are recommending that Council allocate funding as set out in the Financial Consideration section of the report to ensure the city is compliant with legislative requirements as identified above.

**FINANCIAL:**

Staff, based on the DCA and PA, have determined the Reserve Fund accounts impacted by the legislation. The table below sets out the impacted reserve funds and the required additional funds to be allocated by Council.

<b>D/C - Description</b>	<b>Uncommitted Balance 2023-01-01</b>	<b>Required Spend / Allocation per Legislation (60%)</b>	<b>Allocated in 2023 Budget &amp; 2023 Council Reports</b>	<b>Balance Required to be Allocated in 2023</b>
D/C - Roadways	\$6,880,997	\$4,128,598	\$90,113	\$4,038,485
D/C - Wastewater	(\$191,314)	\$0	\$1,488,714	\$0
D/C - Water	\$1,655,421	\$993,252	\$130,000	\$863,252
Planning Act - Cash-in-lieu	\$4,330,017	\$2,598,010	\$4,038,697	\$0

To ensure compliance with the new legislation, Staff are recommending the following capital projects and funding allocations based on a review of Appendix D of the Development Charge Background Study.

<b>Description</b>	<b>Project Description</b>	<b>Total Development</b>
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		<b>Charge Recoverable</b>
D/C - Roadways	Sauer Avenue Urbanization (Iva St to Bradley Ave)	\$850,000
	Canal Bank St (St. Clare to Forks Road)	\$175,000
	Canal Bank Road (Dain City Watermain Loop)	\$300,000
	Ontario Road Rehabilitation from SPS to King Street	\$2,052,000
	Clare Avenue and Fitch Street Signalization	\$500,000
	Environmental Assessments for Various Road Widenings	\$161,485
	<b>TOTAL</b>	<b>\$4,038,485</b>
D/C - Water	Canal Bank Road (Dain City Watermain Loop)	\$350,000
	Sauer Rd Watermain Replacement & Upsizing	\$100,000
	Upsize Kingsway Watermain (Forks Rd to Talbot Ave)	\$82,500
	Water Model Updates	\$330,752
	<b>TOTAL</b>	<b>\$863,252</b>

**OTHER DEPARTMENT IMPLICATIONS:**

Staff from the Finance and Infrastructure Services departments met to determine which projects will be presented to Council for the allocation of the remaining funds.

**CONCLUSION:**

THAT THE COUNCIL OF THE CITY OF WELLAND approves the allocation of funds from the D/C -Roadways and D/C – Water reserve funds to the various projects as identified in the Financial Consideration section of this report.

**ATTACHMENT:**

None.