



Report to County Council

From: Jennifer Ford, Director of Finance/Treasurer

Date: July 23, 2024

Subject: County of Elgin – Growth Reserve Policy

Recommendation(s):

THAT the report titled “County of Elgin – Growth Reserve Policy” from the Director of Finance/Treasurer dated July 23, 2024 be received and filed, and;

THAT the Finance Policy 05-05 presented as Growth Reserve Policy in Appendix A of the report be approved to guide the strategic use of the Growth Reserve

Introduction:

County Council requested staff to provide recommended best practices for use of the reserve created called the Growth Reserve. This report serves to introduce those recommendations and seek Council approval on the Policy created.

Background and Discussion:

County Council has approved two Development Charge studies (2015 and 2021) to determine if there was ability at the County level to collect upfront Development Charges from developers. If collected, these funds would have been set aside and used to fund the capital and operating costs of Growth Infrastructure (GI) required to support new development within the jurisdiction of the County’s core assets.

During final review of the proposed development charges study, County Council determined that they did not wish to discourage new investment by potential developers by levying Development Charges at that time. In lieu of Development Charges, a fund was established to set aside annually realized growth assessment at the County level. This fund would be used to help the County manage new and expanding capital infrastructure needs due to actual experienced growth. This fund is henceforth known as the Growth Reserve. It was not expected that this reserve could be sufficiently funded to support the additional operational needs that may be the result of Growth like the implementation of Development charges might have been able to

accomplish so the focus for this reserve is restricted to County owned Growth of Capital Infrastructure. Notwithstanding the deferral of Development Charges, should the County of Elgin determine that Development Charges will be implemented at any time in the future, it is intended that the Growth Reserve would be maintained to support Growth Infrastructure development when Development Charges run lien.

Financial Implications:

Growth Reserve Policy Review:

Clarity for the Public, Council and Administration is required to ensure that the intentions relative to the Growth Reserve are defined as we move into a period of substantial growth. The use of the Growth Reserve will be restricted to the financial support of County owned capital infrastructure as outlined by areas identified in the County's most recent Development Charges Study which included:

- Library Capital
- Land Ambulance Capital
- Long Term Care Capital
- Provincial Offences Capital
- Roads Infrastructure Capital

The Growth Reserve Policy is provided in Appendix A in detail with a brief summary below:

Policy Section	Overview of Section	Further Information
1.0 Eligible Areas	Acceptable areas where Development charges are applicable	As per 2021 Hemson Study
1.1 Growth Reserve used for Capital Growth Infrastructure	Applicable to areas of 1.0 for new Capital GI or Expansion of existing	As a by-product of growth the reserve shall follow rules of Development Charges for Capital
1.2 Growth Reserve not used for Operational Growth	Will not be used to support operational expansion due to Growth	Not sufficiently funded to follow Development Charges rules for Operational Growth
1.3 Use of Debt – Transitional Timelines	Use of Debt may be used to fund GI during Transitional timelines rather than Reserve	Transitional timelines can be accommodated using Reserve and/or Debt see Section 1.6
1.4 Alignment with GI Investment	In addition to adopted plans development may require adjustment for other reasons	Increase or decrease in: Phasing of Investment or Administrative Resources or Developer interest

1.5 Proceeding with Major GI project	Outlines indicators of when a major County GI project may be triggered	Supported by Developer commitment
1.6 Funding of Debt	Growth Reserve may support debt payments on Major GI projects	Increase/decrease timelines
1.7 Review of Growth Reserve Policy (and Dev. Charges if applicable)	To align with any future Development Charges Consultation Process	Ensure health of reserve, use of reserve, risk to County financial position is secured.
2.0 Responsibilities – Use of Growth Reserve	Relative to management and use of Reserve	
2.1 Staff responsibilities to maintain reporting and identify needs	Will be used for municipal infrastructure Growth as outlined in a forecasted plan prepared by Staff	Prepare a separate 10-year growth infrastructure
2.2 Finance responsibilities for stewardship of reserve and debt if required	Assist with 2.1 to ensure alignment with need	Prepare a forecasted needs cashflow in conjunction with 2.1 forecasts
2.3 Council responsibilities	Required awareness and need for plans to guide growth process as needed	Administrative oversight
3.0 Definitions	Relevant to the Policy	

Alignment with Strategic Priorities:

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input checked="" type="checkbox"/> Engaging with our community and other stakeholders.	<input checked="" type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input checked="" type="checkbox"/> Fostering a healthy environment. <input checked="" type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Local Municipal Partner Impact

Any growth that is identified as necessary related to County owned assets is expected to be jointly identified and beneficial to our Local Municipal Partners, as County assets lie within the borders of each of our Local Municipal Partners such as Roads and Facilities. A co-ordinated effort to carry out projects in tandem with development in these areas will be confirmed by commitments by all parties before the County proceeds with significant changes to infrastructure.

Communication Requirements:

None

Conclusion:

The Growth Reserve was created to provide a base for the development of New and Expansion of existing County owned infrastructure using the philosophy of Development charges whereby "Growth pays for Growth". This reserve was, and will continue to be, developed by setting aside realized growth to support this Council strategy. At the request of Council, this Policy was developed to clarify and formalize the intent and use of the Growth Reserve for the Public, Council, and Administration.

All of which is Respectfully Submitted

Approved for Submission

Jennifer Ford
Director of Finance/Treasurer

Blaine Parkin
Chief Administrative Officer/Clerk