



CITY OF KINGSTON
INFORMATION REPORT TO COUNCIL

Report No.: 10-121

TO: Mayor and Council

FROM: Stephen Dickey, Deputy Treasurer

RESOURCE STAFF: Lana Foulds, Financial Analyst

DATE OF MEETING: May 4, 2010

SUBJECT: 2009 Development Charges Reserve Fund Statement
2009 Impost Reserve Fund Statement

EXECUTIVE SUMMARY:

The purpose of this report is to provide council with a status report of the City's Development Charges (DC) Reserve Funds and Impost Reserve Funds as at December 31, 2009.

Development Charges are collected for the purposes of financing new infrastructure and infrastructure capacity expansion, excluding water and sewer infrastructure under the Development Charges Act. The basis for these charges are provided in the 2004 and 2009 background studies in support of By-laws 2004-256 and 2009-136.

Impost Fees are collected for the purposes of financing new water and sewer infrastructure and the related capacity expansion. Impost Fees are established under the Municipal Act and are supported by the background studies in 2004 and 2009. By-law 2004-257 supports the period of January 1-September 29, 2009 and by-law 2009-138 for September 30-December 31, 2009.

RECOMMENDATION:

This report is for information purposes only.

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY DIRECTOR OF FINANCIAL SERVICES _____ Stephen Dickey, Deputy Treasurer
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER _____ Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	N/R
Terry Willing, <i>Community Development Services</i>	N/R
Denis Leger, <i>Corporate Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	√

(N/R indicates consultation not required)

OPTIONS/DISCUSSION:

The Development Charges Act requires that development charges collected and associated interest be placed in a separate reserve fund. Development Charges (DC) levies shall be spent only for the estimate of costs as determined through the DC calculation process, in accordance with the City's DC By-law (2004-256 and 2009-136). Amounts collected are held in the appropriate reserve fund and accumulate interest. DC Reserve Funds are not consolidated with other municipal reserve funds for investment purposes. In accordance with legislation, the treasurer of the municipality is required to provide Council with an annual financial statement reflecting the activity of the funds. Once complete, the statement is to be forwarded to the Minister of Municipal Affairs and Housing within 60 days of being presented to council.

During 2009 staff completed the background studies and the by-laws that were established by Council effective September 29, 2009.

Appendix A provides a summary of financial activity of the DC Reserve Funds for the year ending December 31, 2009. Inflows consist of contributions from developers, collected at building permit issuance, plus interest earned in the fiscal year. Outflows are in accordance with the City's DC By-law and approved budget amounts. Appendix A-1 provides a summary of capital financing for the year 2009 for projects funded, in whole or in part, from DC Reserve Funds.

In accordance with the intent of the Impost By-law (2004-257 and 2009-138, as amended), a statement is filed annually with council indicating the Impost Reserve Fund balance and activity of the calendar year. Impost Fees are collected in accordance with the Municipal Act and the City's Impost By-law (2004-257 and 2009-138, as amended). The impost fee establishes a mechanism for funding water and waste water system capacity for new growth. The fee, collected as an impost fee at the building permit stage, is utilized to fund the costs of future capacity in the water and waste water systems, including such costs as treatment plant expansions, over-sizing of trunk mains, pumping or booster stations and reservoirs. These funds are not utilized for ongoing operations or maintenance, or replacement of existing facilities unless system capacity is increased at the same time.

Appendix B provides information relating to the impost fees collected during 2009 and related expenditures for works approved as part of the City's capital expenditure program budget.

EXISTING POLICY/BY LAW:

Ontario regulation 82/98, amended to 206/04, prescribes the information that must be included in the treasurer's statement of the Development Charges Reserve Fund.

By-law 2009-136 – "A By-Law To Establish Development Charges For The City Of Kingston, referred to as "City Of Kingston Development Charge By-Law 2009"

By-law 2009-138 – "A By-Law To Impose Water Rates And Sewer Rates To Recover The Capital Cost Of Installing Water And Sanitary Sewer Services Necessary To Benefit Users Of The System".

NOTICE PROVISIONS:

Not applicable

ACCESSIBILITY CONSIDERATIONS:

Not applicable

FINANCIAL CONSIDERATIONS:

This report reflects the transactions of the City's Development Charges (DC) Reserve Funds and Impost Reserve Funds as recorded in 2009. Allocations to finance capital projects are approved by Council in the annual capital budget by-laws or subsequently by reports to Council. The City's DC and Impost By-laws include certain exemptions for the purposes of encouraging employment and assessment growth. Exemptions are recorded when building permits are issued and are compensated from a tax incremental financing approach by withholding taxation revenue from the related assessment increases to compensate DC and Impost Reserve Funds. In addition, Council, through the annual budget process or by specific approval, may allocate budget funds to assist with this compensation. At the end of 2009, funds balance to be compensated is \$7,621,314.

CONTACTS:

Lana Foulds, Financial Planning Coordinator, Financial Services Ext. 2209

OTHER CITY OF KINGSTON STAFF CONSULTED:

Gerard Hunt, Chief Administrative Officer Ext. 2205

EXHIBITS ATTACHED:

- Schedule A – Consolidated Development Charges Reserve Fund
- Schedule A-1 – Summary of Capital Financing – DC Reserve Funds
- Schedule B – Impost Fees Schedule of Continuity December 31, 2009

City of Kingston
Consolidated Development Charge Reserve Fund
Statement of Continuity
(by stream of expenditure)
January 1 to December 31, 2009
DC By-Law 2004-256

	RESERVE FUND TOTAL	PROTECTION	ROADS and RELATED	TRANSIT	PARKS and RECREATION	LIBRARIES	SOCIAL HOUSING	STUDIES
ALLOCATION-%								
Residential	100.00	6.40	52.25	4.42	29.10	6.31	0.11	1.41
Comm/Ind/Inst	100.00	6.37	82.00	6.10	3.32	0.55	-	1.66
BALANCE - January 1, 2009	10,235,949	526,490	6,212,903	938,570	2,133,018	409,634	14,483	851
Inflows								
Developer contributions (January - September 2009)								
- Residential, Multi-Residential	2,775,507	177,632	1,450,202	122,677	807,673	175,134	3,053	39,135
- Industrial, Commercial and Institutional	1,411,956	89,942	1,157,804	86,129	46,877	7,766	0	23,438
SUBTOTAL	4,187,463	267,574	2,608,007	208,807	854,550	182,900	3,053	62,573
Outflows								
Transfers (returned funds) to capital fund								
Fire Training Centre	59,680	59,680						
New Firefighter's Outfitting	12,000	12,000						
Police Headquarters	118,606	118,606						
New Police Officer Outfitting	12,000	12,000						
Hwy 15 intersection/capacity improvements								
- Right turn land Hwy 15 and Gore	66,054		66,054					
St Lawrence Business Park								
- Innovation Drive Extension	106,500		106,500					
- 2nd Entrance	17,000		17,000					
New Transit Buses	127,430			127,430				
Calvin Park Library	68,850					68,850		
New Library Materials	100,000					100,000		
Official Plan Consolidation	11,582							11,582
Development Charges/Impost Study	51,842							51,842
INVISTA Centre	140,000				140,000			
Projects closed funds returned								
Midland Park Phase 2	(13,000)				(13,000)			
SUBTOTAL	878,544	202,286	189,554	127,430	127,000	168,850	0	63,424
Net transactions	3,308,919	65,288	2,418,452	81,377	727,550	14,050	3,053	(851)
Interest earnings	84,799	3,705	54,037	6,385	17,909	2,653	110	(0)
BALANCE - December 31, 2009	13,629,667	595,483	8,685,393	1,026,332	2,878,477	426,337	17,646	(0)

City of Kingston
Consolidated Development Charge Reserve Fund
Statement of Continuity
(by stream of expenditure)
September 30 to December 31, 2009
DC By-Law 2009-136

	RESERVE FUND TOTAL	PROTECTION	ROADS and RELATED	TRANSIT	PARKS and RECREATION	LIBRARIES	SOCIAL HOUSING	STUDIES
ALLOCATION-%								
Residential	100.00	5.51	61.96	2.37	23.52	4.62	1.10	0.92
Comm/Ind/Inst	100.00	6.91	85.16	3.46	2.64	0.61	0.20	1.02
BALANCE - January 1, 2009	0	0	0	0	0	0	0	0
Inflows								
Developer contributions								
- Residential, Multi-Residential	1,318,762	72,664	817,105	31,255	310,173	60,927	14,506	12,133
- Industrial, Commercial and Institutional	941,949	65,089	802,163	32,591	24,867	5,746	1,884	9,608
SUBTOTAL	2,260,711	137,752	1,619,268	63,846	335,040	66,673	16,390	21,740
Outflows								
Official Plan Consolidation	15,418							15,418
SUBTOTAL	15,418	0	0	0	0	0	0	15,418
Net transactions	2,245,293	137,752	1,619,268	63,846	335,040	66,673	16,390	6,322
Interest earnings	28,267	1,734	20,385	804	4,218	839	206	80
BALANCE - December 31, 2009	2,273,559	139,487	1,639,654	64,650	339,259	67,512	16,597	6,402
CONSOLIDATED BY-LAW BALANCE-December 31, 2009	15,903,226	734,970	10,325,047	1,090,982	3,217,737	493,849	34,242	6,402

City of Kingston
Consolidated Development Charge Reserve Fund
Summary of Capital Financing
For the Year Ended December 31, 2009

Project	Total Budget	Budget	Actuals	Budget Other	Other Funding Sources	Comments
		DC	DC			
Official Plan Consolidation	120,000	27,000	27,000	93,000	Municipal Capital Reserve Fund	
Development Charges/Impost 2009	135,000	99,795	51,842	10,205	Municipal Capital Reserve Fund 25,000 Impost Reserve Fund	
Buses for Growth	2,050,238	505,278	127,430	1,544,960	Transit Capital Reserve Fund	68,238 funded in prior years
Right turn lane Hwy 15 and Gore	110,000	66,500	66,054	3,500	Municipal Capital Reserve Fund 40,000 Debentures	
St Lwrnce BP-Innovation/Hwy 2	300,000	150,000	106,500	150,000	Federal Grants (CAF)	
2nd Entrance St Lwrnce BP/Hwy 2	554,000	17,000	17,000	260,000	Industrial Land Reserve Fund 277,000 Federal Grants (CAF)	
Calvin Park Expansion Materials	200,000	180,000	68,850	20,000	Library Capital Reserve Fund	
Fire Training Centre-allocation	59,680	59,680	59,680			
New Firefighter's Outfitting-allocation	12,000	12,000	12,000			
Police Headquarters-allocation	118,606	118,606	118,606			
Police Officer Outfitting-allocation	12,000	12,000	12,000			
Additional Library Materials	100,000	100,000	100,000			
INVISTA Centre-allocation	140,000	140,000	140,000			
Projects closed (funds returned)						
Midland Park	446,000	100,000	(13,000)	154,000	Municipal Capital Reserve Fund 100,000 Debentures	
	<u>\$ 4,357,524</u>	<u>\$ 1,587,859</u>	<u>\$ 893,962</u>	<u>\$ 2,677,665</u>		

City of Kingston
Statement of Continuity
Impost Reserve Fund
As at December 31, 2009

	<u>Total</u>
Opening balance - January 1, 2009	\$ 17,261,066
<u>Revenues</u>	
Fees collected	
- Residential	\$ 1,365,544
- Multi-Residential	874,483
- Commercial	1,127,630
- Industrial	351,874
- Institutional	1,370,369
Total Impost Fee Revenue	\$ 5,089,900
Interest Earnings	466,243
	<u>\$ 5,556,143</u>
<u>Expenditures</u>	
Capital Project Financing:	
Pt. Pleasant Water Treatment Plant	723,008
O'Connor Dr Reservoir & Booster Station	283,158
O'Connor Dr Reservoir - 500mm trunkmain	179,465
Princess St Interconnection	38,997
New water main and oversizing	23,009
Front Rd - Sunny Acres Area	32,440
Creekford - Wtr Tower to Bayridge	7,770
Bayridge Area	2,539
Catarqui River Crossing-soil management	22,515
DC/Impost Review Background Study 2009	25,000
Centennial Dr to Cat Woods (return)	(31,586)
Ravensview, final project and cash flow (return)	(5,870,500)
Total Expenditures	\$ (4,564,185)
Closing Balance - December 31, 2009	<u>\$ 27,381,394</u>