



CITY OF KINGSTON  
**INFORMATION REPORT TO COUNCIL**

Report No.: 11-128

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**TO:** Mayor and Council

**FROM:** Desirée Kennedy, City Treasurer

**RESOURCE STAFF:** Stephen Dickey, Deputy Treasurer  
Lana Foulds, Coordinator of Financial Planning

**DATE OF MEETING:** 2011-05-17

**SUBJECT:** 2010 Development Charges Reserve Fund Statement  
2010 Impost Reserve Fund Statement

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**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, 2010.

Development Charges are collected for the purposes of financing new infrastructure and infrastructure capacity expansion, excluding new water and sewer infrastructure, under the Development Charges Act. The basis for these charges is provided in the 2009 background study in support of By-law 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 2009 background study and By-law 2009-138.

**RECOMMENDATION:**

This report is for information purposes only.

May 17, 2011

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**AUTHORIZING SIGNATURES:**

ORIGINAL SIGNED BY CITY TREASURER _____ Desirée Kennedy, City Treasurer
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER _____ Gerard Hunt, Chief Administrative Officer

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Cynthia Beach, <i>Sustainability &amp; Growth</i>	N/R
Lanie Hurdle, <i>Community Services</i>	N/R
Denis Leger, <i>Transportation, Properties &amp; Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	√

*(N/R indicates consultation not required)*

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**OPTIONS/DISCUSSION:**

During 2009, Council approved the by-laws and related background studies that support the collection of Development Charges (DC) and Impost Fees for the next five years.

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

Schedule A provides a summary of financial activity of the DC Reserve Funds for the year ending December 31, 2010. Inflows consist of contributions from developers, collected at the time of 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. Schedule A-1 provides a summary of capital financing for the year 2010 for projects funded, in whole or in part, from DC Reserve Funds.

In accordance with Impost By-law 2009-138, a statement is also 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 2009-138. The impost fees are collected and placed in a separate reserve fund and accumulate interest. The impost fee establishes a mechanism for funding water and waste water system capacity required 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.

Schedule B provides information relating to the impost fees collected during 2010 and related expenditures for works approved as part of the City's capital expenditure program budget. Schedule B-1 provides a summary of capital financing for the year 2010 for projects funded, in whole or in part, from Impost Reserve Funds.

**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

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**FINANCIAL CONSIDERATIONS:**

This report reflects the transactions of the City's Development Charges (DC) Reserve Funds and Impost Reserve Funds as recorded in 2010. 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 2010, total amounts outstanding to be compensated in respect of DC and Impost fee exemptions are \$2,880,760 and \$2,368,198 respectively.

**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 – Statement of Continuity  
Schedule A-1: Consolidated Development Charges Reserve Fund – Summary of Capital Financing  
Schedule B: Impost Reserve Fund – Statement of Continuity  
Schedule B-1: Impost Reserve Fund – Summary of Capital Financing

City of Kingston  
Consolidated Development Charge Reserve Fund  
Statement of Continuity  
(by stream of expenditure)  
January 1 to December 31, 2010  
DC By-Law 2004-256 and 2009-136

	<u>RESERVE FUND TOTAL</u>	<u>PROTECTION</u>	<u>ROADS and RELATED</u>	<u>TRANSIT</u>	<u>PARKS and RECREATION</u>	<u>LIBRARIES</u>	<u>SOCIAL HOUSING</u>	<u>STUDIES</u>
<i>ALLOCATION-%</i>								
Residential	100.00	5.51	61.96	2.37	23.52	4.62	1.10	0.92
Commercial/Industrial/Institutional	100.00	6.91	85.16	3.46	2.64	0.61	0.20	1.02
BALANCE - January 1, 2010 (2004-256)	13,629,667	595,483	8,685,393	1,026,332	2,878,477	426,337	17,646	0
- January 1, 2010 (2009-136)	2,273,559	139,487	1,639,654	64,650	339,259	67,512	16,597	6,402
Total Beginning Balance	15,903,226	734,970	10,325,047	1,090,982	3,217,737	493,849	34,242	6,402
<u>Inflows</u>								
Developer contributions								
- Residential, Multi-Residential	4,646,350	256,063	2,878,877	110,161	1,093,288	214,447	50,919	42,596
- Industrial, Commercial and Institutional	2,210,238	152,740	1,882,296	76,370	58,401	13,477	4,492	22,462
SUBTOTAL	6,856,589	408,803	4,761,173	186,531	1,151,689	227,924	55,411	65,058
<u>Outflows</u>								
Transfers (returned funds) to capital fund								
Fire Training Centre	18,000	18,000						
New Firefighter's Outfitting	50,000	50,000						
New Police Officer Outfitting	72,466	72,466						
Police Headquarters	110,000	110,000						
City wide intersection/corridor improvements	10,220		10,220					
Hwy 15 intersection/capacity improvements (return)	(13,400)		(13,400)					
Cataraqui West -Bayridge to Princess	18,000		18,000					
Centennial Drive-2 lane ext Cat Woods to Fortune Cres	202,300		202,300					
Counter St.-design, preloading and land acquisition	182,400		182,400					
Centennial Drive-2 lane Crossfield to Cataraqui Woods	1,819,805		1,819,805					
3rd Crossing-feasibility studies	401,250		401,250					
Transit Shelters	4,975			4,975				
New Transit Buses	276,288			276,288				
New Parks Development:	146,700				146,700			
New Parks Development-Taylor Taggart Park (return)	(56,091)				(56,091)			
New Parks Development-Augusta Commons Park	880				880			
New Parks Development-Molly McGlynn Park	8,121				8,121			
New Parks Development-Briceland Park	1,640				1,640			
New Parks Development-Battery Park	161,125				161,125			
INVISTA Centre	140,000				140,000			
Official Plan Consolidation	449							449
New Library Materials	247,500					247,500		
Calvin Park Growth Materials	117,942					117,942		
SUBTOTAL	3,920,569	250,466	2,620,575	281,263	402,374	365,442	0	449
Net transactions	2,936,020	158,337	2,140,598	(94,732)	749,315	(137,518)	55,411	64,609
Interest earnings	195,730	8,907	127,913	11,007	42,864	3,413	863	763
<b>BALANCE - December 31, 2010</b>	<b>19,034,976</b>	<b>902,213</b>	<b>12,593,558</b>	<b>1,007,257</b>	<b>4,009,915</b>	<b>359,743</b>	<b>90,517</b>	<b>71,775</b>

City of Kingston  
Consolidated Development Charge Reserve Fund  
Summary of Capital Financing  
For the Year Ended December 31, 2010

Project	Total Budget	Budget	Actuals	Budget Other	Other Funding Sources	Comments
		DC	DC			
Fire Training Centre	2,607,500	93,750	<b>18,000</b>	2,100,000	Debentures 413,750 Fire Capital Reserve Fund	
City wide intersection/corridor improvements	104,153	79,156	<b>10,220</b>	24,997	Municipal Capital Reserve Fund	
Cataraqui West -Bayridge to Princess	1,425,000	1,425,000	<b>18,000</b>			
Centennial Drive-2 lane ext Cat Woods to Fortune Cres	4,225,680	1,550,000	<b>202,300</b>	2,408,112	Federal Grants 267,568 Industrial Land Reserve Fund	Community Adjustment Fund (CAF)
Counter St.-design, preloading and land acquisition	8,310,627	3,831,557	<b>182,400</b>	66,095	Municipal Capital Reserve Fund 4,412,975 Debentures	
Centennial Drive-2 lane Crossfield to Cataraqui Woods	3,071,460	2,109,265	<b>1,819,805</b>	376,820	Impost Reserve Fund 399,825 Industrial Land Reserve Fund 185,550 Municipal Capital Reserve Fund	
3rd Crossing-feasibility studies	1,700,000	850,000	<b>401,250</b>	850,000	Municipal Capital Reserve Fund	
New Transit Buses	2,050,238	505,278	<b>276,288</b>	1,544,960	Transit Capital Reserve Fund	
New Parks Development:	193,500	174,150	<b>146,700</b>	19,350	Municipal Capital Reserve Fund	
New Parks Development-Augusta Commons Park	200,000	180,000	<b>880</b>	20,000	Municipal Capital Reserve Fund	
New Parks Development-Molly McGlynn Park	10,000	9,000	<b>8,121</b>	1,000	Municipal Capital Reserve Fund	
New Parks Development-Briceland Park	110,000	90,000	<b>1,640</b>	20,000	Municipal Capital Reserve Fund	
New Parks Development-Battery Park	355,000	162,000	<b>161,125</b>	42,500	Provincial Funding 150,500 Municipal Capital Reserve Fund	Investment in Ontario Act (IOA)
Library Books - Calvin Park - Growth Materials	200,000	180,000	<b>117,942</b>	20,000	Library Capital Reserve Fund	
Official Plan Consolidation	125,000	11,250	<b>449</b>	113,750	Municipal Capital Reserve Fund	
Police Headquarters-allocation	110,000	110,000	<b>110,000</b>			
INVISTA Centre - allocation	140,000	140,000	<b>140,000</b>			
New Firefighter's Outfitting - allocation	50,000	50,000	<b>50,000</b>			
New Police Officer Outfitting - allocation	72,466	72,466	<b>72,466</b>			
Transit Shelters - allocation	4,975	4,975	<b>4,975</b>			
New Library Materials - allocation	247,500	247,500	<b>247,500</b>			
<u>Return of Funds:</u>						
Hwy 15 intersection/capacity improvements	300,000	150,000	<b>(13,400)</b>	150,000	Federal Grants	Community Adjustment Fund (CAF)
New Parks Development-Taylor Taggart Park	325,000	292,500	<b>(56,091)</b>	32,500	Municipal Capital Reserve Fund	
	<b>\$ 25,938,099</b>	<b>\$ 12,317,847</b>	<b>\$ 3,920,569</b>	<b>\$ 13,620,252</b>		

City of Kingston  
Impost Reserve Fund  
Statement of Continuity  
January 1, 2010 to December 31, 2010

	<u>Total</u>
<b>Opening balance - January 1, 2010</b>	<b>\$ 27,381,394</b>
<b><u>Revenues</u></b>	
Fees collected	
- Residential	\$ 2,346,848
- Multi-Residential	89,096
- Commercial	1,058,818
- Industrial	2,095,741
- Institutional	4,094
Total Impost Fee Revenue	<u>\$ 5,594,597</u>
Interest Earnings	827,565
	<u>\$ 6,422,162</u>
<b><u>Expenditures</u></b>	
Capital Project Financing:	
Point Pleasant Water Treatment Plant	484,906
O'Connor Dr Storage and Booster Station	1,699,747
Princess Street Trunk Watermains	50,230
New Watermain and Oversizing	80,767
Front St - Sunny Acres to Bayridge	1,140,821
Creekford- Water Tower/Cloggs to Bayridge	379,202
Bayridge - Cat Woods to Old Colony	728,379
Bayridge - Acadia to Taylor Kidd	130,362
Water Storage Planning	11,898
Trunk Sewer Construction	170,391
Lift Station Upgrades	26,418
Ravensview Wastewater Treatment-final payments	701,370
Ravensview - debt servicing costs	455,531
<b>Total Expenditures</b>	<b><u>\$ 6,060,022</u></b>
<b>Closing Balance - December 31, 2010</b>	<b><u>\$ 27,743,534</u></b>

City of Kingston  
Impost Reserve Fund  
Summary of Capital Financing  
For the Year Ending December 31, 2010

Project	Total Budget	Financing or (funds returned)		Budget Other	Other Funding Sources
		Budget Impost	Actuals Impost		
<b>Projects Financed</b>					
Point Pleasant Water Treatment Plant	34,171,281	8,271,158	484,906	25,085,973 814,150	Debenture Water Reserve Fund
O'Connor Dr Storage and Booster Station	10,700,494	2,535,018	1,699,747	6,642,954 1,522,522	Grant Financing Water Reserve Fund
Princess Street Trunk Watermains	722,580	72,322	50,230	165,125 485,133	Debenture Water Reserve Fund
New Watermain and Oversizing	411,461	411,461	80,767		
Front St - Sunny Acres to Bayridge	9,832,307	1,333,404	1,140,821	6,543,964 999,015 955,924	Grant Financing Debenture Water Reserve Fund
Creekford- Water Tower/Cloggs to Bayridge	1,909,180	839,817	379,202	1,069,363	Grant Financing
Bayridge - Cat Woods to Old Colony	5,270,386	1,193,798	728,379	360,801 475,513 3,240,274	Debenture Water Reserve Fund Grant Financing
Bayridge - Acadia to Taylor Kidd	1,141,757	163,763	130,362	137,316 108,328 732,350	Debenture Water Reserve Fund Grant Financing
Water Storage Planning	9,345,000	5,607,000	11,898	3,738,000	Water Reserve Fund
Trunk Sewer Construction	500,000	500,000	170,391		
Lift Station Upgrades	3,260,707	992,279	26,418	1,168,557 1,099,871	Debenture Sewer Reserve Fund
Ravensview Wastewater Treatment	2,514,388	1,122,816	701,370	838,728 552,844	Debenture Sewer Reserve Fund
Ravensview - Debt servicing costs (\$14M debt issuance)			455,531		
	45,608,260	14,771,678	6,060,022	30,836,582	