

**CITY OF KINGSTON**

**URBAN GROWTH STRATEGY  
FINANCIAL PLAN**

JULY 6, 2004

**P L A N N I N G   F O R   G R O W T H**



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# 1. INTRODUCTION

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# 1. INTRODUCTION

## 1.1 Background

The City of Kingston is currently developing an Urban Growth Strategy that is intended to determine where, when, and how the urban area of Kingston should develop to the year 2026. The Urban Growth Strategy will provide strategic direction to manage future growth and will result in the following deliverables:

- Three Official Plan amendments
- Water Servicing Concept Plan
- Sanitary Sewer Servicing Concept Plan
- Financial Plan

## 1.2 Purpose of the Report

The role of C.N. Watson and Associates Ltd. in the Urban Growth Strategy process is to prepare an accompanying financial plan that will propose a financial strategy to address the recommended infrastructure requirements. Chapter 2 of this report outlines various capital funding alternatives and discusses relevant changes pertaining to capital financing as a result of the coming into force of the *Municipal Act, 2001* effective January 1, 2003. Chapter 3 of the report includes an overview of the City's finances and present financial policies with the aim of providing a preliminary approximation of affordability within the framework of the City's current financial plan. Chapter 4 provides a high level financial projection to illustrate long term financing of the capital program proposed to service growth within the City to the year 2026, and discusses the impact the addition of the proposed works will have on the City's current financial plan. The Urban Growth Strategy has determined that the combination of the Committed Development Area together with Growth Alternative 2 represents the preferred growth alternative and has been selected for the purpose of preparing this financial projection.

The future capital works addressed in this Financial Plan focus on the major water, sewer and road infrastructure needs projected in the Water Servicing Concept Plan and Sanitary Servicing Concept Plan prepared by J.L. Richards & Associates Limited and in the Transportation Master

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Plan prepared by Dillon Consulting. No comparable analysis of soft services was possible. Usable data could not be obtained. The consideration of average per capita costs for any particular service was not helpful in comparing Growth Alternatives since the relative results would always be the same. Instead, Study Team members met with every service provider or agency separately, and later in groups, in order to obtain detailed input on the implications of growth in different locations on the particular service in question. This input was then incorporated into the Evaluation Criteria used to assess the Growth Alternatives.

### **1.3 Future Considerations**

During the review of the Urban Growth Strategy report, and in particular, the Financial Plan component of the study, staff of various City departments have expressed concerns about the operational impacts related to assuming an additional \$300 million in capital infrastructure (for roads, water and sewer works). Such operational impacts would typically include the estimated net costs/savings associated with expanding City services into new growth areas, including the long term allocation to reserves necessary to finance the ultimate replacement of the proposed new infrastructure.

To properly analyze the above information, it would be necessary to undertake a financial impact analysis. From our experience in undertaking such financial impact assessments, we have observed that diversified broad base developments (such as is being considered here) generally result in net surplus municipal revenue<sup>1</sup> being generated in the range of approximately 10% and 15% per year. This could result in net efficiencies being realized by the City of approximately \$200,000 per year. If building reserves for the purpose of infrastructure renewal is a high priority for the City of Kingston, then the City may, by policy, direct that that net efficiency savings be directed annually to reserves to be used for this purpose, rather than be used to offset tax increases or to finance service level enhancements. Additional analysis could be undertaken to provide more specific information by service area.

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<sup>1</sup> Additional revenue generated through taxes and user rates, net of additional expenditures necessary to extend services (on a comparable level of service basis) into new areas as they are developed. A financial impact study would assume that contributions to asset replacement reserves are roughly equivalent on a proportional basis to the asset replacement reserves being currently being set aside each year by the City.

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## **2. LEGISLATION AND FINANCING OPTIONS**

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## 2. LEGISLATION AND FINANCING OPTIONS

### 2.1 Summary of Capital Cost Financing Alternatives

Historically, the powers that municipalities have had to raise alternative revenues to taxation to fund capital services have been restrictive. Over the past few years, legislative reforms have been introduced. Some of these have expanded municipal powers (e.g. Bill 26 introduced in 1996 to provide for expanded powers for imposing fees and charges), while others appear to further restrict them (Bill 98 in 1997 providing amendments to the *Development Charges Act*).

The Province passed a new *Municipal Act* that came into force on of January 1, 2003. Part XII of the Act and O.Reg. 244/02, govern a municipality's ability to impose fees and charges. In contrast to the previous *Municipal Act*, s. 391 of the new act provides municipalities with broadly defined powers and does not differentiate between fees for operating and capital purposes. It is anticipated that the powers to recover capital costs under the previous *Municipal Act* will continue within the new Statutes and Regulations, as indicated by s. 9(2) and s. 452 of the new *Municipal Act*.

The broader scope attributed to municipal fees and charges under the new *Municipal Act* will also enable municipalities to explore new potential sources of revenue to help to offset the cost to provide various municipal services. For example, the capital cost to provide major municipal infrastructure works may be recovered, in part, through the use of a user fee levied per use of a municipally owned facility. Several examples of this type of fee are the use of a capital surcharge rate associated with the use of a recreational facility, and the imposition of a toll on the use of a major transportation link such as a bridge.

Construction and/or operation of a municipal facility may be contracted to the private sector under an arrangement referred to as a Public Private Partnership agreement. In order for an arrangement of this nature to be successful, a business case must be formulated that provides the municipality with infrastructure or services that it otherwise would not have, and also provides the private sector partner with a sufficient rate of return on its investment.

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Under s. 484 of *Municipal Act, 2001*, the *Local Improvement Act* was repealed with the “in force” date of the *Municipal Act* (January 1, 2003). The municipal powers granted under the *Local Improvement Act* now fall under the jurisdiction of the *Municipal Act*. To this end, on December 20, 2002, O.Reg. 390/02 was filed, which allows a transitional period, and for the *Local Improvement Act* to remain in force until April 1, 2003.

## **2.2 Development Charges Act, 1997**

In November, 1996, the Ontario Government introduced Bill 98, a new Development Charges Act. The Province’s stated intentions were to “create new construction jobs and make home ownership more affordable” by reducing the charges and to “make municipal Council decisions more accountable and more cost effective”. The basis for this Act is to allow municipalities to recover the growth-related capital cost of infrastructure necessary to accommodate new growth within the municipality. Generally, the new Act provided the following changes to the former Act.

- Replace those sections of the 1989 DCA that govern municipal development charges. (Education development charges were not significantly altered at that time.)
- Limit services which can be financed from development charges, specifically excluding parkland acquisition, administration buildings, and cultural, entertainment, tourism, solid waste management and hospital facilities.
- Ensure that the level of service used in the calculation of capital costs will not exceed the average level of service over the previous decade. Level of service is to be measured from both a quality and quantity perspective.
- Provide that uncommitted excess capacity available in existing municipal facilities and benefits to existing residents are removed from the calculation of the charge.
- Ensure that the development charge revenues collected by municipalities are spent only on those capital costs identified in the calculation of the development charge.

- Require municipalities to contribute funds (e.g. taxes, user charges or other non-development charge revenues) to the financing of certain projects primarily funded from development charges. The municipal contribution is 10 percent for services such as recreation, parkland development, libraries, etc.
- Permit (but apparently not require) municipalities to grant developers credits for the direct provision of services identified in the development charge calculation and, when credits are granted, require the municipality to reimburse the developer for the costs the municipality would have incurred if the project had been financed from the development charge reserve fund.
- Set out provisions for front-end financing capital projects (limited to essential services) required to service new development.
- Set out provisions for appeals and complaints, and transitional rules.

### **Development Charges and Development Densities**

On a related matter, the question has been asked whether or not development charges (or impost fees) should be differentiated according to development densities. The *Development Charges Act* directs that the anticipated amount, type and location of development must be identified, and that the increase in the need for service attributable to the anticipated development must be estimated for each municipal service. Therefore, in order to address this question, there is a need to determine whether or not there is a differentiation that can be identified in the need for services being generated from low versus high development densities.

A number of studies have been undertaken to examine this issue, with somewhat inconclusive results. In our experience, the need for municipal services can be much more strongly related to the number of persons per housing unit. The number of persons per housing unit tends, in turn, to be related more closely to the type of dwelling (such as single, multiple or apartment), than it is to the size of the lot that similar types of units are situated on. In certain circumstances, it can be shown that the cost to provide local roads, watermains and sanitary

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sewers is less for higher densities. Generally, the cost differential is small and is likely offset by a greater cost related to other municipal services such as higher order urban transit.

Also, in our experience, differentiation of development charges on the basis of density is a practice that has not been implemented yet in the Province of Ontario. We are aware that the City of Ottawa has implemented a schedule of development charges that differentiates rates between the urban centre and the City's more outlying areas, but this distinction has been implemented on a geographical basis, rather than on the basis of development density.

In addition, we have found that development charge incentives, in the form of reductions or exemptions, appear to be of limited value in attracting development or in changing the normal pattern of development unless they are implemented in conjunction with a broader planning policy or incentive program. For example, a number of Ontario municipalities, in an effort to revitalize their downtown areas, have implemented development charge exemptions in specially designated downtown areas. This incentive has been successful when it was combined with a package of other related incentives such as incremental tax funding, waiving of building permit fees, incentive programs for façade improvements, and the provision of funding for completion of area studies.

Notwithstanding the above, urban sprawl represents an inefficient use of the land asset of a community over the longer term, as land is a precious and finite resource. Long term operational costs to the municipality are increased in functional areas where distance travelled is a cost factor, and in a broader sense, costs to the community can be identified in various forms. However, it does not appear that differentiation of the development charge, if it could be implemented to comply with existing legislation, would be an effective means of providing a disincentive to the perpetuation of urban sprawl unless it was implemented in conjunction with a number of other incentives and supported by related planning processes.

### **2.3 Municipal Act, 2001**

Part XII of the *Municipal Act* provides municipalities with broad powers to impose fees and charges via passage of a by-law. These powers, as presented in s.391(1), include imposing fees or charges:

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- “for services or activities provided or done by or on behalf of it;
  - for costs payable by it for services or activities provided or done by or on behalf of any other municipality or local board; and
  - for the use of its property including property under its control.”

Restrictions are provided to ensure that the form of the charge is not akin to a poll tax. Any charges not paid under this authority may be added to the tax roll and collected in a like manner as taxes. The fees and charges imposed under this part are not open to appeal to the OMB.

Section 221 of the previous *Municipal Act*, permitted municipalities to impose charges, by by-law, on owners or occupants of land who would or might derive benefit from the construction of sewage (storm and sanitary) or water works being authorized (located within a Specific Benefiting Area), as well as those who will derive immediate benefit from such works. For a by-law imposed under this section of the previous Act:

- A variety of different means could be used to establish the rate, and recovery of the costs may be imposed by various methods at the discretion of Council (i.e. lot size, frontage, number of benefiting properties, etc.);
- Rates could be imposed in respect to costs of major capital works, even though an immediate benefit was not enjoyed;
- Non-abutting owners could be charged;
- Recovery was authorized against existing works, where a new water or sewer main was added to such works, "notwithstanding that the capital costs of existing works has in whole or in part been paid."
- Charges on individual parcels could be deferred;
- Exemptions could be established;
- Repayment was secured; and
- OMB approval was not required.

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While under the new *Municipal Act* no provisions are provided specific to the previous s. 221, the intent to allow capital cost recovery through fees and charges is embraced within s. 391. The new *Municipal Act* also maintains the ability of municipalities to impose capital charges for water and sewer services on landowners not receiving an immediate benefit from the works. Under s. 391(2) of the Act, “a fee or charge imposed under subsection (1) for capital costs related to sewage or water services or activities may be imposed on persons not receiving an immediate benefit from the services or activities but who will receive a benefit at some later point in time.” Also, capital charges imposed under s. 391 are not open to appeal to the OMB on the grounds that the charges are “unfair or unjust”.

The City of Kingston currently has in place an “impost fee” levied under the authority of s. 221 of the former *Municipal Act* (R.S.O 1990). The stated purpose of By-Law 2001-111 is to have all new connections contribute to the capital costs that were incurred for their benefit (i.e. new connections pay a fee to reimburse the city for their share of the cost of existing works). The works contemplated for recovery under this by-law include all future capital improvements to foster and enhance growth of the existing water and sewer works.

The new *Municipal Act* provides the authority necessary for the City to continue with its current impost fee policy. Section 222 of the previous *Municipal Act* permitted municipalities to pass a by-law requiring buildings to connect to the municipality's sewer and water systems, charging the owner for the cost of constructing services from the mains to the property line. Under the new *Municipal Act*, this power still exists under Part II, General Municipal Powers (s.9(3)b of the *Municipal Act*). Enforcement and penalties for this use of power are contained in s. 427(1) of the *Municipal Act*.

Under the previous *Local Improvement Act*:

- A variety of different types of works could be undertaken, such as watermain, storm and sanitary sewer projects, supply of electrical light or power, bridge construction, sidewalks, road widening and paving.
- Council could pass a by-law for undertaking such work on petition of a majority of benefiting taxpayers, on a 2/3 vote of Council and on sanitary grounds, based on the

recommendation of the Minister of Health. The by-law was required to go to the OMB, which might hold hearings and alter the by-law, particularly if there were objections.

- The entire cost of a work was assessed only upon the lots abutting directly on the work, according to the extent of their respective frontages, using an equal special rate per metre of frontage.
- As noted, this Act is repealed as of April 1, 2003.

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### **3. KINGSTON'S 10 YEAR CAPITAL PROGRAM**

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### **3. KINGSTON'S 10 YEAR CAPITAL PROGRAM**

The information presented in this chapter has been summarized from the City's 2004 Approved Capital Budget, and is intended to provide the financial basis underlying the financial projection prepared and presented in Chapter 4.

#### **3.1 Summary of 2004 Capital Program**

Table 3-1 provides an overall summary of the gross capital expenditures and sources of financing for the City of Kingston's complete capital program for 2004.

#### **3.2 Summary of 2004 Capital Program and Nine Year Forecast**

Table 3-1 and Chart 3-1 provide an overall summary of the gross capital expenditures for the City of Kingston's ten year tax funded capital program for 2004 to 2013.

Table 3-2 and Chart 3-2 provide an illustration of the sources of financing used to finance the ten year tax funded capital program. For this purpose, financing and expenditures have been presented net of non-reserve and reserve fund capital financing. Expenditures in excess of the total sources of financing (illustrated by the solid blue line) represent a net draw down on the City's capital reserves during the year. Expenditures less than total sources of financing represent net contributions to reserve balances.

Similar information is also provided for the City's Water and Sewer reserve funds.

Chart 3-5 illustrates the City's existing and projected annual debt repayment obligations in accordance with the debt financing outlined in the 2004 Approved Capital Budget. The average tax supported debt repayment is approximately 5.8% of net revenue fund revenues throughout the projection period.

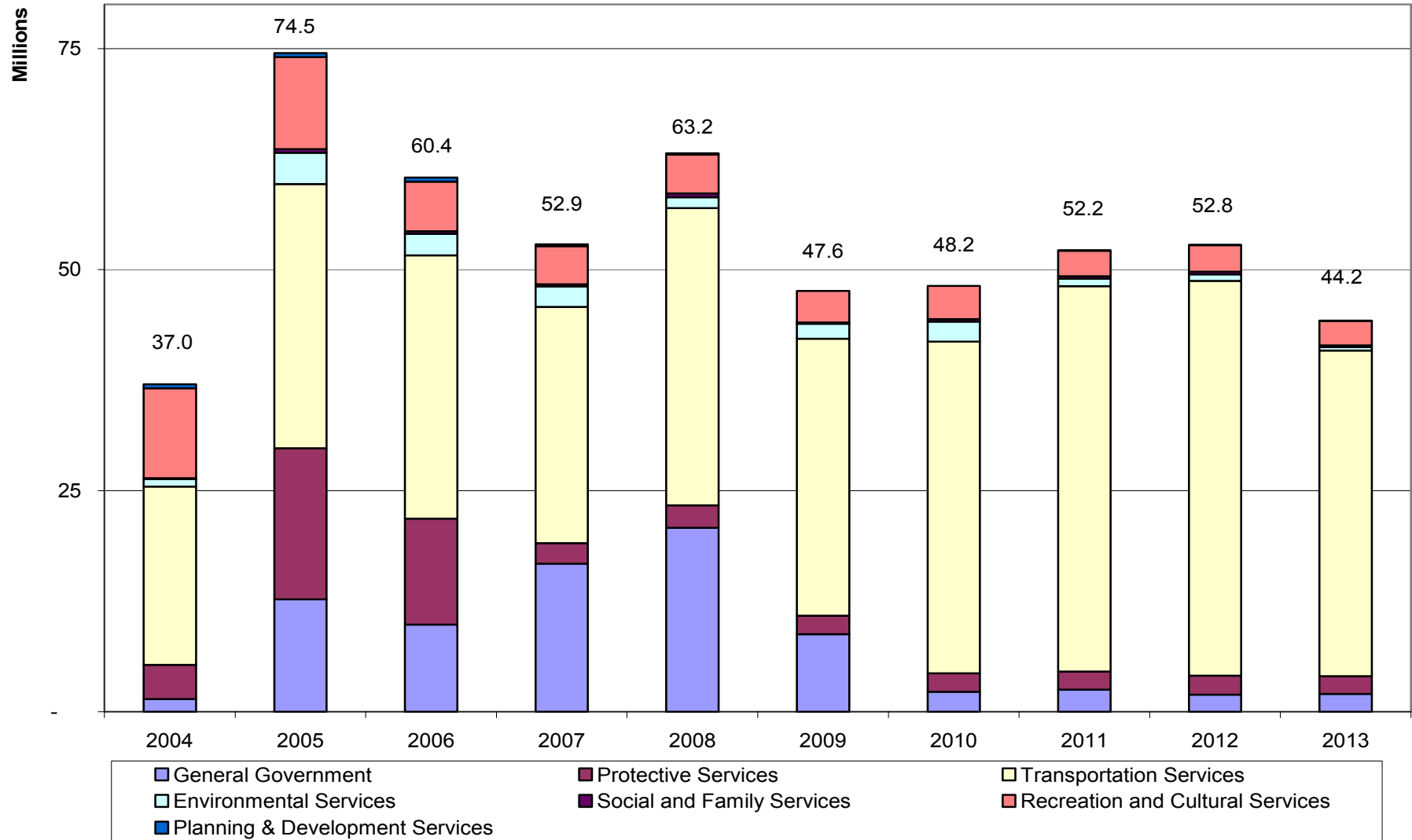
Table 3-1

City of Kingston - Municipal Services  
2004 10 Year Capital Plan

Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
<b>General Government</b>											
IS	650,000	1,655,000	1,450,000	1,470,000	1,460,000	1,503,000	1,470,000	1,550,000	1,580,000	1,720,000	14,508,000
Properties	400,000	8,325,000	7,560,000	14,563,000	19,100,000	7,160,000	685,000	900,000	240,000	-	58,933,000
Other	394,000	2,746,300	854,500	707,500	262,000	112,000	102,000	62,000	112,000	292,000	5,644,300
	-	-	-	-	-	-	-	-	-	-	-
<b>Protective Services</b>											
Fire	1,836,000	3,488,500	1,496,000	1,626,000	1,606,000	1,581,000	1,636,000	1,581,000	1,611,000	1,536,000	17,997,500
Police	1,897,000	13,495,500	10,378,500	588,000	780,100	450,000	425,000	400,000	455,000	425,000	29,294,100
Protective Inspection and Control	30,000	-	-	-	30,000	-	-	-	30,000	-	90,000
Other Protection	110,000	100,000	100,000	100,000	100,000	50,000	50,000	50,000	50,000	50,000	760,000
	-	-	-	-	-	-	-	-	-	-	-
<b>Transportation Services</b>											
Roadways	12,895,000	23,292,178	24,998,258	21,991,731	26,768,732	25,445,016	29,543,751	35,493,973	38,549,377	32,264,878	271,242,894
Fleet (less Transit, Waste)	1,042,143	276,039	661,382	974,331	2,465,556	1,728,896	1,632,681	2,534,673	2,562,684	1,489,428	15,367,813
Fleet - Utilities	765,748	354,081	200,935	291,765	525,275	606,620	762,270	1,137,256	1,354,954	719,274	6,718,178
Transit	2,208,234	3,236,659	1,617,375	1,611,662	2,266,783	3,062,736	5,066,979	3,912,522	1,687,902	1,858,618	26,529,470
Parking	685,000	500,000	500,000	870,000	500,000	500,000	500,000	500,000	500,000	500,000	5,555,000
Air Transportation	2,544,000	2,220,000	1,800,000	1,000,000	1,100,000	-	-	-	-	-	8,664,000
	-	-	-	-	-	-	-	-	-	-	-
<b>Environmental Services</b>											
Waste Collection and Disposal	64,000	563,254	164,952	1,269,547	420,431	870,988	1,508,757	608,086	487,629	238,099	6,195,743
Environmental Services	795,000	2,975,000	2,250,000	1,050,000	800,000	800,000	750,000	250,000	250,000	150,000	10,070,000
	-	-	-	-	-	-	-	-	-	-	-
<b>Health Services</b>											
Public Health Services	-	-	-	-	-	-	-	-	-	-	-
Ambulance Services	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
<b>Social and Family Services</b>											
General Assistance (including childcare)	-	25,000	-	-	270,000	-	-	20,000	-	-	315,000
Assistance to aged persons	100,000	366,250	315,750	240,000	175,000	160,000	260,000	255,000	295,000	200,000	2,367,000
	-	-	-	-	-	-	-	-	-	-	-
<b>Recreation and Cultural Services</b>											
Parks	560,000	4,120,000	3,235,000	2,880,000	2,615,000	2,950,000	2,975,000	2,430,000	2,506,000	2,195,000	26,466,000
Arenas	1,930,000	3,255,000	405,000	100,000	245,000	220,000	332,000	60,000	50,000	-	6,597,000
Recreation, Culture and Facilities	7,510,500	2,433,000	1,575,000	993,000	413,000	235,000	215,000	225,000	215,000	215,000	14,029,500
Libraries	170,000	610,000	400,000	335,000	1,110,000	145,000	235,000	160,000	220,000	360,000	3,745,000
	-	-	-	-	-	-	-	-	-	-	-
<b>Planning &amp; Development Services</b>											
Planning and Zoning	450,000	470,000	460,000	220,000	150,000	-	10,000	50,000	25,000	35,000	1,870,000
Commercial and Industrial	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	37,036,625	74,506,761	60,422,652	52,881,536	63,162,877	47,580,256	48,159,438	52,179,510	52,781,546	44,248,297	532,959,498

Source: City of Kingston 2004 10 Year Capital Budget

**Chart 3-1**  
**Tax Funded Gross Capital Expenditures**  
 (Excl. Sewer, Water, and Gas)



**Table 3-2****10 Year Capital Reserve Fund and Debenture Financing**

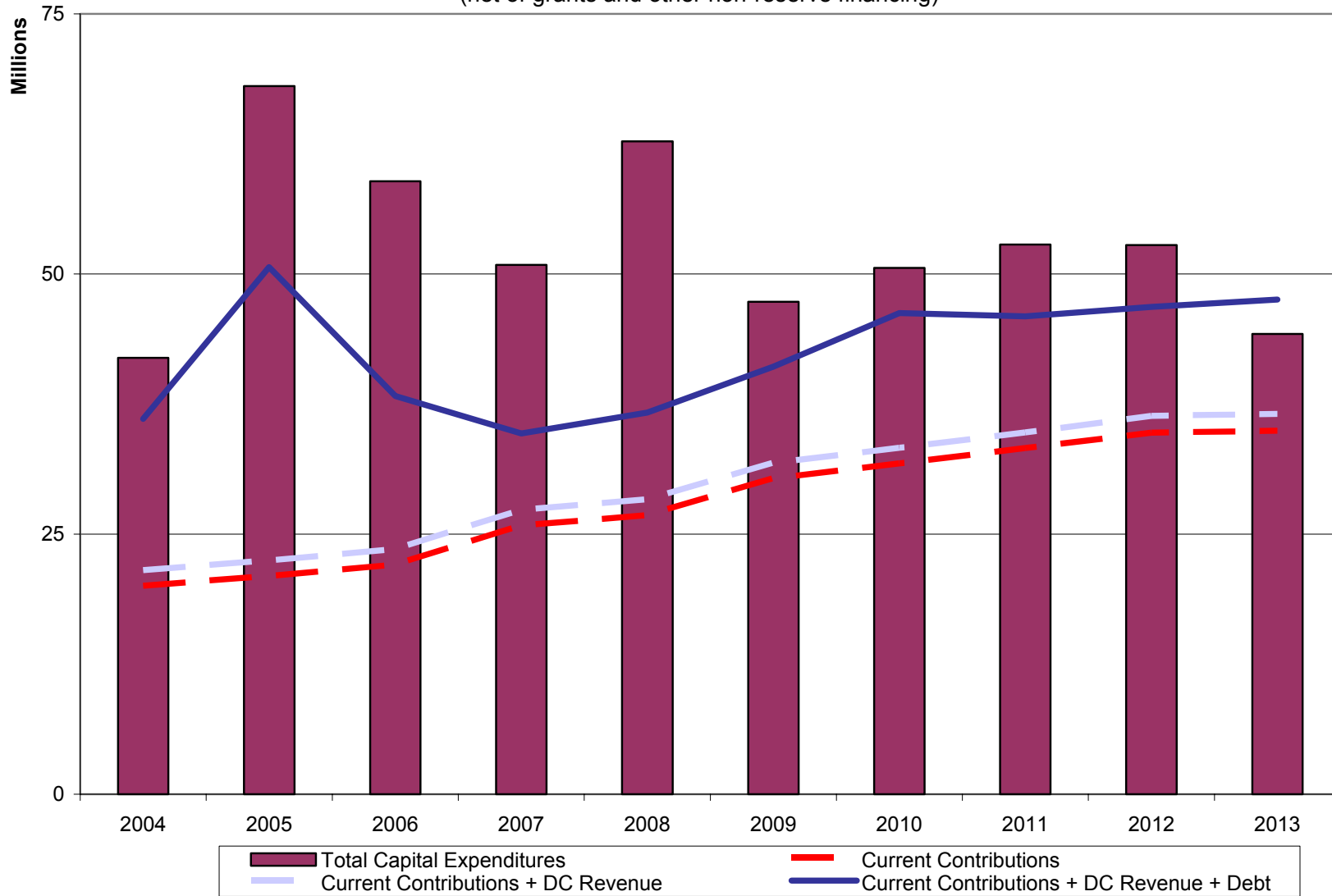
Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Current Contribution (Taxes)	8,187,339	10,269,299	11,578,129	12,922,360	14,303,052	15,721,298	17,178,223	18,674,985	20,203,443	20,342,215
Equipment Contribution from General Fund	2,597,589	2,649,540	2,702,531	2,756,582	2,811,713	2,867,948	2,925,306	2,983,813	2,989,908	3,043,489
Sale of Land and Assets	1,683,063	1,125,000	1,025,000	3,425,000	1,025,000	1,825,000	1,825,000	1,825,000	1,825,000	1,825,000
Non-consolidated Entity Dividends	2,200,000	2,420,000	2,500,000	2,530,000	4,313,000	5,599,000	5,599,000	5,600,000	5,600,000	5,600,000
Service Specific Revenue	2,960,110	3,074,908	3,084,802	3,091,035	3,097,391	3,103,875	3,110,489	3,117,234	3,117,234	3,124,115
Other Capital Revenue	1,036,500	150,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Interest Revenue	1,600,321	1,575,440	1,536,259	1,492,381	1,436,917	1,387,688	1,401,079	1,387,377	1,372,138	1,404,698
Sub-total Current Contributions	20,264,921	21,264,188	22,651,722	26,442,358	27,212,073	30,729,809	32,264,096	33,813,409	35,332,724	35,564,518
Development Charge Revenues	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,600,000	1,600,000
New Debenture Issues	14,300,000	13,625,000	18,750,000	17,100,000	8,100,000	9,000,000	12,675,000	10,900,000	10,250,000	10,750,000
Interim Financing	-	14,300,000	(4,300,000)	(10,000,000)	-	-	-	-	-	-
Transfer to Operating	(125,000)	(125,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)
Annual Debt Charge Requirements	(4,404,832)	(6,159,797)	(6,668,420)	(7,675,754)	(8,434,683)	(8,365,904)	(7,822,288)	(8,728,578)	(8,425,340)	(8,527,241)
Total Sources of Financing	31,535,089	44,404,391	31,803,302	27,236,604	28,247,391	32,733,905	38,486,808	37,354,831	38,627,384	39,257,277
Reserve Fund and Debt Funding Requirements	31,535,089	71,165,664	58,916,468	44,342,672	59,250,787	37,775,809	36,693,670	36,054,248	35,965,522	33,555,786
Total Expenditures	31,535,089	71,165,664	58,916,468	44,342,672	59,250,787	37,775,809	36,693,670	36,054,248	35,965,522	33,555,786
Excess (Shortfall)	0	(26,761,273)	(27,113,166)	(17,106,068)	(31,003,396)	(5,041,904)	1,793,138	1,300,583	2,661,862	5,701,491

Reserve Fund and Debt Funding Requirements	31,535,089	71,165,664	58,916,468	44,342,672	59,250,787	37,775,809	36,693,670	36,054,248	35,965,522	33,555,786
Capital Grants	2,861,786	3,268,297	1,463,934	8,458,064	3,867,790	9,790,147	11,445,618	16,110,962	16,773,674	10,660,011
Other Capital Financing	2,639,750	72,800	42,250	80,800	44,300	14,300	20,150	14,300	42,350	32,500
Total Capital Expenditure Requirements	37,036,625	74,506,761	60,422,652	52,881,536	63,162,877	47,580,256	48,159,438	52,179,510	52,781,546	44,248,297

Capital Reserve Funds Closing Balance	28,951,464	26,193,198	21,812,789	21,801,186	18,414,823	19,871,753	21,623,611	20,101,664	21,006,956	25,093,624
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Source: City of Kingston, Finance Department.

**Chart 3-2**  
**Tax Funded Capital Expenditures and Financing**  
 (net of grants and other non-reserve financing)

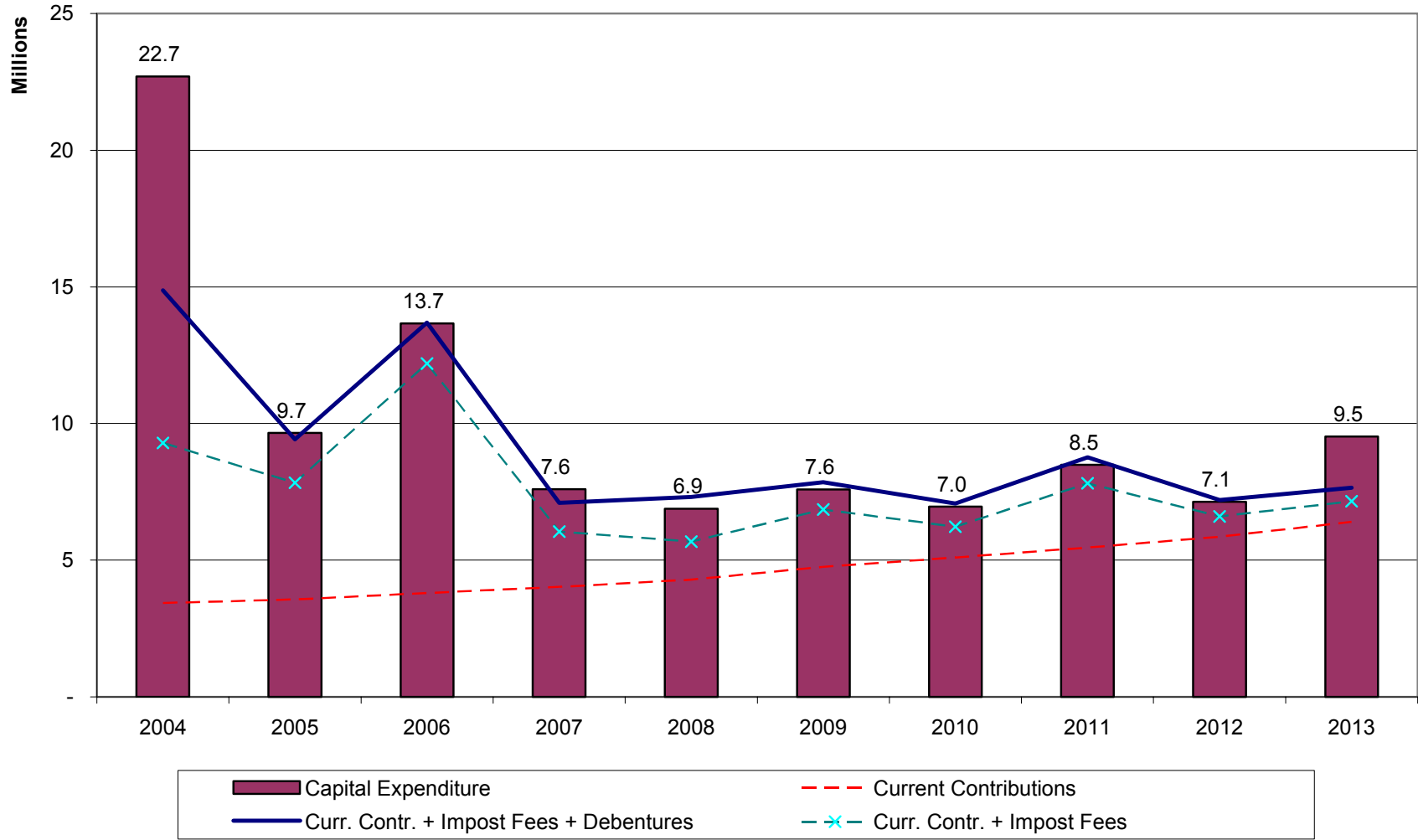


**Table 3-3****Water and Sewer Capital Reserve Funding and Expenditure Forecast**

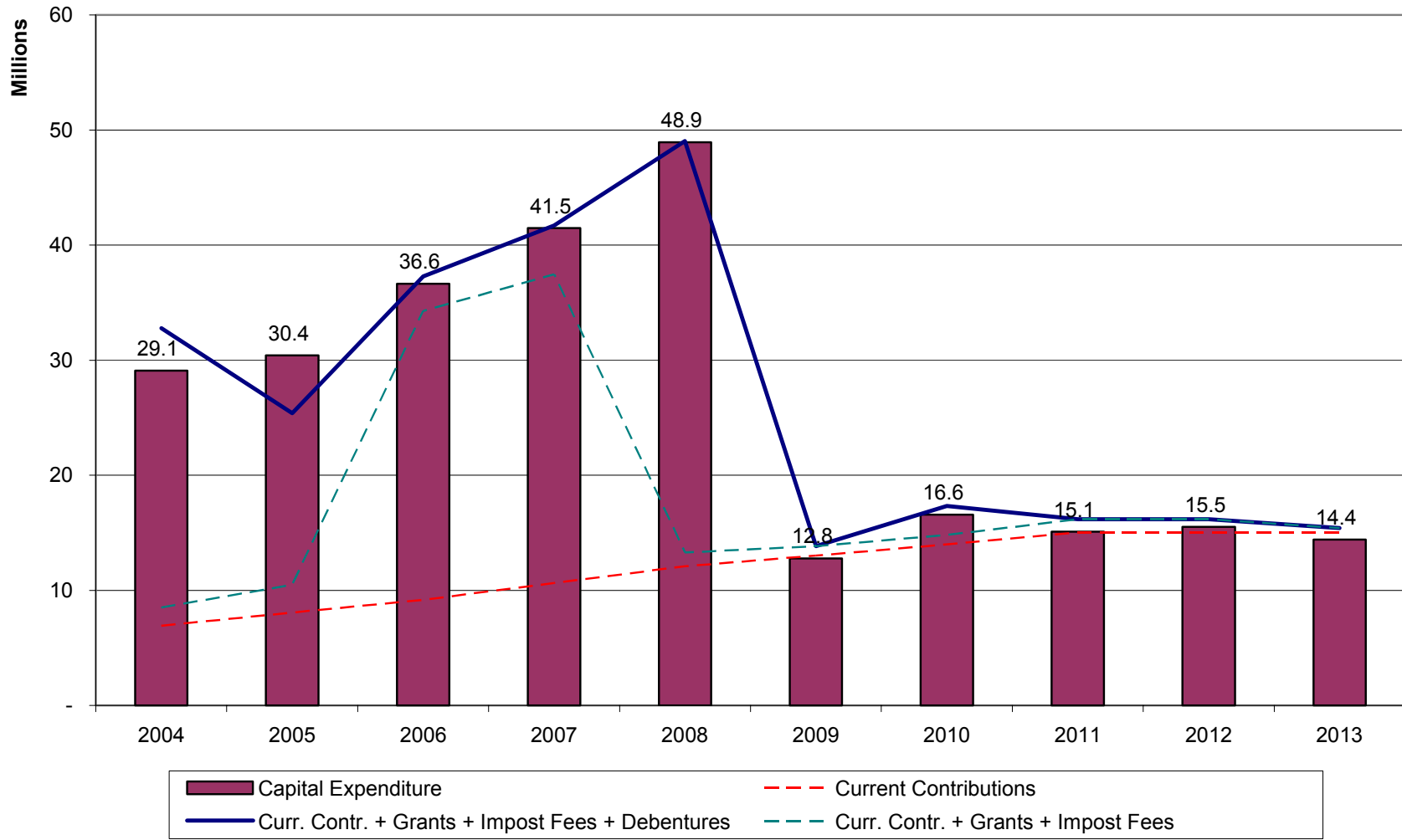
Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total (2004 to 2013)
<b>Water</b>											
Contribution From Current Rates	3,022,572	3,304,398	3,546,564	3,786,498	4,042,957	4,500,092	4,834,776	5,193,667	5,577,080	6,160,052	43,968,656
Interest Revenue	413,400	255,401	251,255	241,894	240,465	254,085	261,501	269,010	275,695	240,365	2,703,071
Sub-total Current Contributions	3,435,972	3,559,799	3,797,819	4,028,392	4,283,422	4,754,177	5,096,277	5,462,677	5,852,775	6,400,417	46,671,727
Contributions From Impost Fee RF	5,854,000	4,275,000	8,400,000	2,020,500	1,400,000	2,100,000	1,125,000	2,350,000	750,000	750,000	29,024,500
New Debentures	5,581,000	1,583,200	1,489,000	1,050,000	1,630,000	1,000,000	850,000	950,000	600,000	500,000	15,233,200
From/(To) Water Capital Reserve Fund	7,824,114	233,948	(22,548)	499,955	(427,071)	(267,544)	(110,686)	(272,263)	(68,638)	1,870,448	9,259,716
Total Sources of Financing	22,695,086	9,651,947	13,664,270	7,598,847	6,886,351	7,586,633	6,960,592	8,490,414	7,134,138	9,520,865	100,189,143
Capital Expenditure	20,808,640	9,453,605	13,022,721	6,816,189	6,112,543	6,680,203	5,936,170	7,371,599	5,935,089	8,255,742	90,392,500
Annual Debt Charges	106,907	198,342	641,550	782,659	773,808	906,430	1,024,421	1,118,814	1,199,048	1,265,123	8,017,103
Unfinanced from prior year	1,779,539										1,779,539
Total Expenditures	22,695,086	9,651,947	13,664,270	7,598,847	6,886,351	7,586,633	6,960,592	8,490,414	7,134,138	9,520,865	100,189,143
Water Capital Reserve Fund Closing Balance	6,629,671	6,395,723	6,418,271	5,918,315	6,345,387	6,612,931	6,723,616	6,995,879	7,064,517	5,194,069	
<b>Sewer</b>											
Contribution From Current Rates	6,581,651	7,737,014	8,947,755	10,386,265	11,842,673	12,729,545	13,674,593	14,681,482	14,649,136	14,612,555	115,842,669
Interest Revenue	344,727	318,880	232,977	249,845	256,456	279,231	314,583	350,323	384,435	416,939	3,148,396
Sub-total Current Contributions	6,926,378	8,055,894	9,180,732	10,636,110	12,099,129	13,008,776	13,989,176	15,031,805	15,033,571	15,029,494	118,991,065
Contributions From Impost Fee RF	1,587,875	2,428,922	1,096,145	816,049	1,186,137	818,916	826,889	1,135,061	1,143,437	370,023	11,409,453
Grants			24,000,000	26,000,000							50,000,000
New Debentures	24,265,000	14,900,000	3,000,000	4,250,000	35,750,000	-	2,500,000	-	-	-	84,665,000
From/(To) Sewer Capital Reserve Fund	(3,696,203)	5,014,421	(633,397)	(226,835)	(110,351)	(1,051,175)	(751,766)	(1,070,995)	(668,645)	(989,114)	(4,184,061)
Total Sources of Financing	29,083,050	30,399,237	36,643,480	41,475,323	48,924,915	12,776,517	16,564,299	15,095,870	15,508,363	14,410,403	260,881,457
Capital Expenditure	23,449,989	28,310,925	32,897,873	36,799,120	44,374,010	7,858,731	9,172,062	7,735,164	7,911,643	6,923,609	205,433,125
Annual Debt Charges	2,008,649	2,088,313	3,745,607	4,676,203	4,550,905	4,917,785	7,392,236	7,360,707	7,596,720	7,486,794	51,823,920
Unfinanced from prior year	3,624,412										3,624,412
Total Expenditures	29,083,050	30,399,237	36,643,480	41,475,323	48,924,915	12,776,517	16,564,299	15,095,870	15,508,363	14,410,403	260,881,457
Sewer Capital Reserve Fund Closing Balance	10,638,650	5,624,229	6,257,626	6,484,461	6,594,812	7,645,987	8,397,753	9,468,748	10,137,394	11,126,508	

Source: Utilities Kingston 2003 10-Year Capital Forecasts

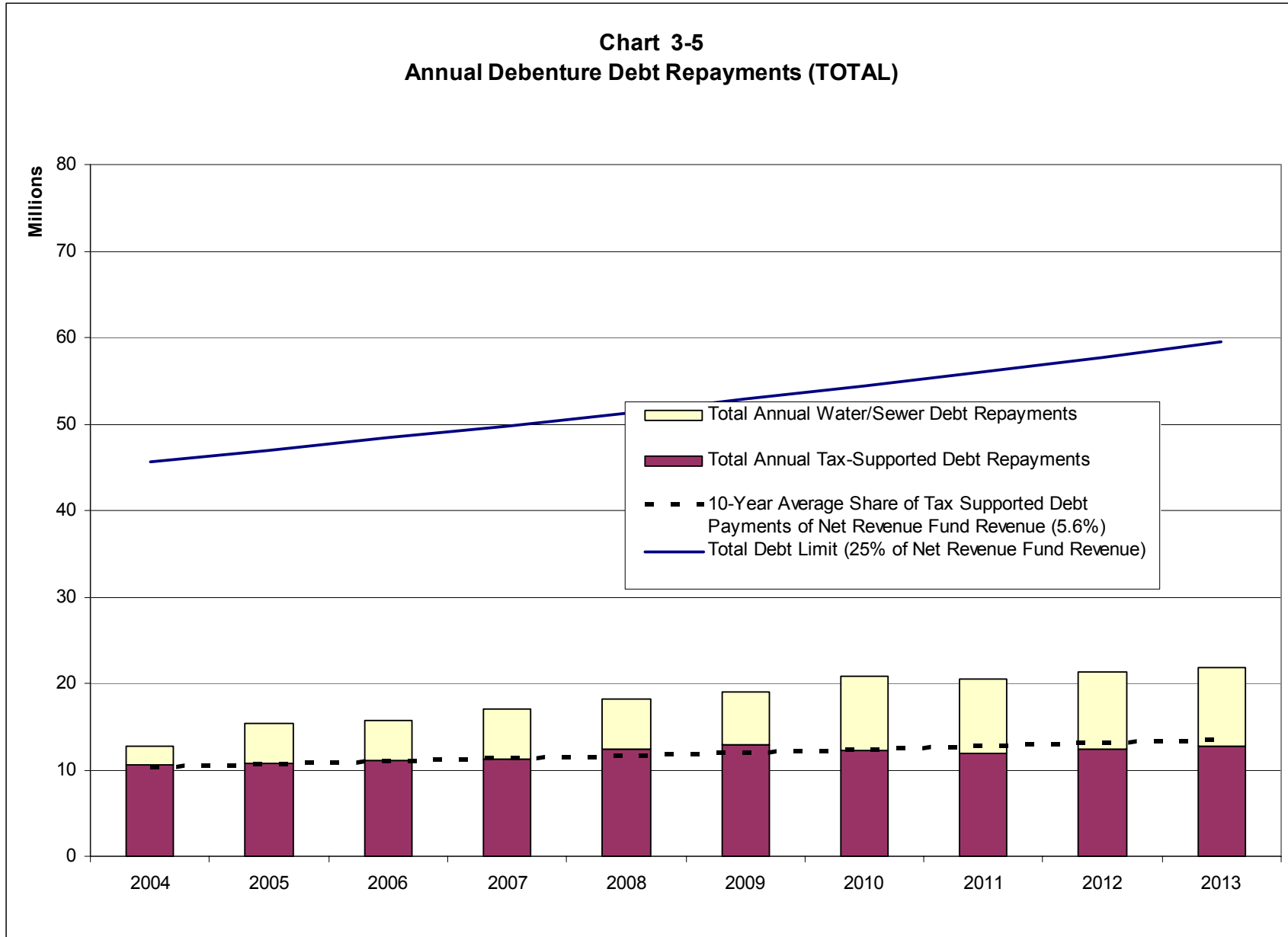
**Chart 3-3  
Water Capital Expenditures and Financing**



**Chart 3-4  
Sewer Capital Expenditures and Financing**



**Chart 3-5  
Annual Debenture Debt Repayments (TOTAL)**



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## **4. URBAN GROWTH STRATEGY (UGS) SERVICING REQUIREMENTS AND FINANCIAL PROJECTION**

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## 4. URBAN GROWTH STRATEGY (UGS) SERVICING REQUIREMENTS AND FINANCIAL PROJECTION

### 4.1 UGS Capital Works Requirements

Tables 4-1 and 4-2 below outline the servicing infrastructure for roads and structures, water and sanitary sewer services that will be required in order to service growth needs within the City of Kingston to the year 2026. The Urban Growth Strategy has identified and evaluated five alternative growth accommodation strategies. The Committed Development Area in combination with Growth Alternative 2 has been evaluated as the preferred alternative to accommodate the City of Kingston's future growth needs. This growth alternative has, therefore, been selected as the basis for the financial projection of the estimated impact on the City's capital budget. The tables include the estimated costs and timing of servicing requirements.

### 4.2 Financial Projection for Roads and Structures

In Table 4-3 that follows, a 25-year cashflow analysis of the anticipated new road requirements and associated financing responsibilities (separated by growth and non-growth shares) has been prepared. The key assumptions that have been used in the preparation of the cashflow and the main points to be noted are summarized briefly below:

- Debenture borrowing rates have been assumed to be 6.5%.
- All borrowings will be for a 20 year term.
- Short term reserve fund interest earnings have been assumed to be 3%.
- The roads capital expenditure requirements are projected to occur fairly evenly over years 1 through 17 of the financial projection period, after which the expenditures are significantly lower. Expenditure requirements are as identified in the City's Transportation Master Plan prepared by Dillon Consulting.
- Development charge financing has been applied in accordance with the updated population and employment projections, and estimated preliminary new development charge rates have been used. *[It must be noted that the City's Development Charge*

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*Study is not yet completed, and these rates may change prior to DC by-law adoption by Council.]*

- DC revenue collections have been projected to occur over a 25 to 30 year time horizon.
- DC revenue rates include the estimated cost of financing that is associated with a period of DC collection that extends greater than 10 years beyond the timing of expenditures being incurred.
- DC rate for a single family dwelling unit without financing costs included are currently estimated to be \$3,044/sdu. The DC rate including the costs of financing is currently estimated to be \$4,261/sdu.
- The City's share of the proposed capital works that are to be financed through taxes is assumed to total just over \$35 million, or approximately \$1.4 million per year. This includes approximately \$20 million in non-growth related works, \$5 million attributed to growth occurring beyond the planning period, and an amount associated with statutory exemptions which is yet to be determined. The portion of the program cost deferred beyond the current planning period represents a component of the cost that the City may be able to recover through future development charges to be implemented over a longer time horizon.
- Development charge rates are currently under review will undergo changes until a by-law is approved by Council.

In summary, if the City fully implements the residential and non-residential development charges as outlined above, then future capital expenditures associated with the City's future road needs can be managed over a 25 to 30 year time horizon without resulting in an additional increased burden to City taxpayers.

It will be necessary to issue approximately \$48.2 million in long term debentures, and the costs of financing have been attributed fully to requirements related to new growth. The impact of issuing additional debentures to finance the proposed roads program (first 10 years @ \$17.2 million) is illustrated in Chart 4-1. The City's annual average tax supported debt charges as a percentage of net revenue fund revenues increases only marginally to 5.8%. As an alternative to issuing debentures to finance construction of the proposed roads program in accordance with the timing outlined, it may be possible to consider deferral of some projects to later years. It should be recognized that a reduction in traffic flow service levels would be experienced. The

timing of future development approvals could also be impacted depending upon the particular projects that are affected.

### **4.3 Financial Projection for Water and Sanitary Sewer Services**

Table 4-4 presents a similar 25-year cashflow analysis prepared for water and sanitary sewer services. The key assumptions that have been used in the preparation of the cashflow and the main points to be noted are summarized briefly below:

- Debenture borrowing rates have been assumed to be 6.5%.
- All borrowings will be for a 25 year term.
- Short term reserve fund interest earnings have been assumed to be 3%.
- The capital expenditure requirements are heavily weighted in the first few years, primarily due to the immediate need to upgrade the Ravensview STP at a cost of \$100 million.
- A federal grant of \$24 million has been assumed to be available in 2006 to assist in financing the Ravensview STP project. Application has also been made to the Provincial government to obtain an additional matching \$24 million grant contribution from this source. Both Federal and Provincial grant funding would be used to reduce the rate financed portion of the project cost.
- Impost fee revenue has been applied in accordance with the updated population and employment projections, and estimated preliminary new impost fee rates have been used. *[It must be noted that the City's Impost Fee Study is not yet completed, and these rates may change prior to by-law adoption by Council.]*
- Impost revenue collections have been projected to occur over a 25 to 30 year time horizon.
- Impost rates include the estimated cost of financing that is primarily associated with the large initial expenditure related to the Ravensview STP. Preliminary analysis shows that the cost of financing has been attributed 59% to user rates and 41% to new growth to be financed through impost fees, on the basis of the respective requirements to issue debt.
- Impost rates are currently under review will undergo changes until a by-law is approved by Council.

- The City's share of the proposed capital works that is to be financed through user rates is assumed to total just over \$58 million (net of federal grant), or approximately \$2.3 million per year. This includes approximately \$51 million in non-growth related works, and a provision associated with statutory exemptions which is yet to be determined.
- After the associated costs of financing are included, the City's annual rate contribution requirement is increased from \$2.3 million to \$3.2 million per year.

In summary, if the City fully implements the residential and non-residential impost fees as outlined above, then future capital expenditures associated with the City's future water and sewer needs can be managed over a 25 to 30 year time horizon without resulting in an increase to current user fee rates beyond current levels. It will be necessary to issue approximately \$78.6 million in long term debentures, and the costs of financing have been attributed between rate and to new growth according to the respective requirements to issue debt.

**Table 4-1**  
**Roads Infrastructure Needs, Estimated Cost and Timing of Works**

**UGS- Committed Development Area with Growth Alternative 2**

\$ Millions

Description	2003 to 2007	2008 to 2012	2013 to 2017	2018 to 2022	2023 to 2025	TOTAL
	Yrs. 1 to 5	Yrs. 6 to 10	Yrs. 11 to 15	Yrs. 16 to 20	Yrs. 21 to 24	
<b><u>Transportation Infrastructure</u></b>						
Counter St. widening from 2 to 4 lanes - Princess St. to Division St.	5.90	13.42				19.32
Centennial Drive new construction of a 4 lane road - Gardiners Rd. to Princess St.	5.19	2.44	0.30	5.17		13.09
Centennial Drive widening from 2 to 4 lanes - Princess St. to Bath St. & CN Overpass	10.31	0.00	0.16	4.94		15.41
3rd Crossing new construction of a 2 lane bridge - Elliott Ave. and Gore Rd.	0.00	3.75	29.33			33.08
Wellington Street new construction as a 2 lane road - Bay St. to Montreal St.	0.87	4.35				5.22
Division St. widening from 4 to 6 lanes - Counter St. to Highway 401	0.83	5.25	2.25			8.33
Mid Block Arterial new construction of a 2 lane road - Montreal St. to Counter St.	0.83	0.18	3.02			4.03
Hwy 15 intersection/capacity improvements - Highway 2 to Highway 401	0.45	0.50	0.75			1.70
Gardiners Road road widening from 4 to 6 lanes - Centennial Dr. to North Ramp of High	0.00	0.00		4.42		4.42
City wide intersection/corridor improvements	0.75	1.25	0.70			2.70
Cataraqui Woods new construction of a 2 lane road Sydenham Rd to Princess St.	2.34	3.35	1.50	3.80		10.99
Leroy Grant new construction of a 2 lane road - Elliott Ave. to Concession St.	0.00	0.00		4.22		4.22
Days Road new construction to align Gardiners Rd. and Days Rd. (taper from 4 to 2 lane	0.00	2.23				2.23
Elliott Avenue new construction - Counter St. to 3rd Crossing (taper from 4 to 2 lanes)	3.04	0.00	0.86			3.90
Princess Street Traffic Operations	0.50	1.25	0.25			2.00
Bayridge Drive new construction of 2 lane road - Cataraqui Woods to Creekford Dr.	2.30	0.15	2.59			5.04
<b>Sub Total Transportation</b>	<b>33.32</b>	<b>38.11</b>	<b>41.70</b>	<b>22.55</b>	<b>0.00</b>	<b>135.68</b>

Table 4-2

### Water and Sanitary Sewer Infrastructure Needs, Estimated Cost and Timing of Works

**UGS- Committed Development Area with Growth Alternative 2**

\$ Millions

Description	2003 to 2007	2008 to 2012	2013 to 2017	2018 to 2022	2023 to 2025	TOTAL
	Yrs. 1 to 5	Yrs. 6 to 10	Yrs. 11 to 15	Yrs. 16 to 20	Yrs. 21 to 24	
<b>Water Infrastructure</b>						
<b>Trunk Water Mains</b>						
Creekford Road to Water Tower	0.40					0.40
Creekford Road Tower to Growth Area 1	0.00	0.39				0.39
King Street-Front Road	1.45					1.45
Bath Road	0.05					0.05
Counter Street	0.66					0.66
Princess Street	0.56					0.56
Gore-Elliott			1.50			1.50
Centennial Drive		1.05				1.05
<b>Water Booster Stations</b>						
Gardiners Road	0.70					0.70
O'Connor Drive		3.60				3.60
Gore-Elliott			1.63			1.63
<b>Water Storage</b>						
Creekford Drive	2.90	0.00				2.90
O'Connor Drive		6.30				6.30
Gore-Elliott			2.10			2.10
<b>Water Purification Plants</b>						
Kingston West			8.00			8.00
<b>Sub Total Water</b>	<b>6.72</b>	<b>11.34</b>	<b>13.23</b>	<b>0.00</b>	<b>0.00</b>	<b>31.29</b>
<b>Sanitary Sewer Infrastructure</b>						
<b>Trunk Sewers</b>						
Collins Bay Collector (WA) -3 sections				0.17		0.17
Lincoln Drive (WC) - 1 section				0.05		0.05
Pembridge Cr.(WD) - 8 sections			0.82			0.82
North-East Collector (WO) -1 section		0.12				0.12
Bath Road (WP) -5 sections		0.00	0.42			0.42
North End Outfall Sewer (CI) -4 sections		0.24				0.24
North Harbour Front Interceptor (CK) -3 sections		0.51				0.51
King Street (CP) -2 sections		0.00	0.08			0.08
Highway #15 Trunk (EA) -18 sections		0.00	1.62			1.62
Highway #15 Trunk (ED) -2 sections		0.19				0.19
Trunk Interconnections (WO/WP; WC/WZ/WD; WI/WJ)		0.02				0.02
<b>Forcemains</b>						
Butternut Creek		0.36				0.36
<b>Pumping Stations</b>						
North End	3.20					3.20
Westbrook		0.20				0.20
Butternut Creek		1.00				1.00
<b>Sewage Treatment Plants</b>						
Ravensview	100.50					100.50
Kingston West			14.50			14.50
<b>Sub Total Sanitary Sewer</b>	<b>103.70</b>	<b>2.64</b>	<b>17.44</b>	<b>0.22</b>	<b>0.00</b>	<b>124.00</b>
<b>Total Roads, Water and Sanitary Sewer Costs</b>	<b>143.74</b>	<b>52.08</b>	<b>72.37</b>	<b>22.77</b>	<b>0.00</b>	<b>290.96</b>

Table 4-3

ROADS DC Cashflow 2004 \$												
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	11 2014	12 2015
Revenue Projection:												
Residential DC	1,182,817	2,365,633	2,653,193	2,653,193	2,653,193	2,653,193	2,653,193	2,753,674	2,753,674	2,753,674	2,753,674	2,753,674
Non-Res. DC	664,585	1,329,171	1,329,171	1,329,171	1,329,171	1,329,171	1,329,171	1,329,171	1,329,171	1,329,171	1,813,510	1,813,510
Operating Budget Contribution	0	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000
L/T Debentures	0		100,000	500,000	4,200,000	3,100,000	1,700,000	2,400,000	2,400,000	2,800,000	5,100,000	5,300,000
Capital Expenditures:												
Growth-related Roads Program	0	8,677,790	5,930,000	5,846,831	9,631,667	7,995,000	6,500,000	7,065,000	6,916,666	7,040,000	9,618,000	9,456,667
Debenture Carrying Costs			0	8,368	50,208	401,661	661,067	803,322	1,004,152	1,204,982	1,439,284	1,866,049
Reserve Fund Analysis:												
Revenues minus Expenditures	1,847,402	-3,574,986	-439,637	35,164	-91,511	93,703	-70,703	22,523	-29,974	45,862	17,899	-47,532
Opening Balance	2,000,000	3,935,113	478,181	52,889	90,168	1,362	96,511	28,703	52,424	24,023	71,294	91,600
Sub-total	3,847,402	360,127	38,544	88,054	-1,343	95,064	25,807	51,225	22,450	69,885	89,193	44,068
Interest Earnings	87,711	118,053	14,345	2,114	2,705	1,446	2,895	1,199	1,573	1,409	2,407	2,748
Closing Balance	3,935,113	478,181	52,889	90,168	1,362	96,511	28,703	52,424	24,023	71,294	91,600	46,816

ROADS DC Cashflow 2004 \$														
	13 2016	14 2017	15 2018	16 2019	17 2020	18 2021	19 2022	20 2023	21 2024	22 2025	23 2026	24 2027	25 2028	
Revenue Projection:														
Residential DC	3,215,478	3,215,478	3,215,478	3,215,478	3,215,478	3,389,956	3,389,956	3,389,956	3,389,956	3,389,956	3,389,956	3,389,956	3,389,956	
Non-Res. DC	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	1,813,510	
Operating Budget Contribution	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	1,408,000	
L/T Debentures	4,200,000	3,500,000	2,700,000	5,000,000	5,200,000									
Capital Expenditures:														
Growth-related Roads Program	8,300,000	7,290,000	6,180,000	8,240,000	8,130,000	0	0	0	0	0	0	0	0	
Debenture Carrying Costs	2,309,550	2,661,003	2,953,880	3,179,815	3,598,211	4,033,344	4,033,344	4,033,344	4,033,344	4,033,344	4,033,344	4,024,976	3,983,136	
Reserve Fund Analysis:														
Revenues minus Expenditures	27,438	-14,015	3,107	17,173	-91,223	2,578,122	2,578,122	2,578,122	2,578,122	2,578,122	2,578,122	2,586,490	2,628,330	
Opening Balance	46,816	76,070	64,337	69,421	88,935	379	2,617,185	5,312,494	8,088,663	10,948,117	13,893,354	16,926,949	20,060,045	
Sub-total	74,254	62,055	67,445	86,595	-2,289	2,578,501	5,195,307	7,890,616	10,666,785	13,526,239	16,471,476	19,513,439	22,688,374	
Interest Earnings	1,816	2,282	1,977	2,340	2,668	38,683	117,187	198,047	281,332	367,115	455,472	546,606	641,226	
Closing Balance	76,070	64,337	69,421	88,935	379	2,617,185	5,312,494	8,088,663	10,948,117	13,893,354	16,926,949	20,060,045	23,329,600	

Note: Remaining debentures outstanding at the end of 25 years are \$26.3 Million.

Debenture carrying costs include both principal and interest.

Table 4-4

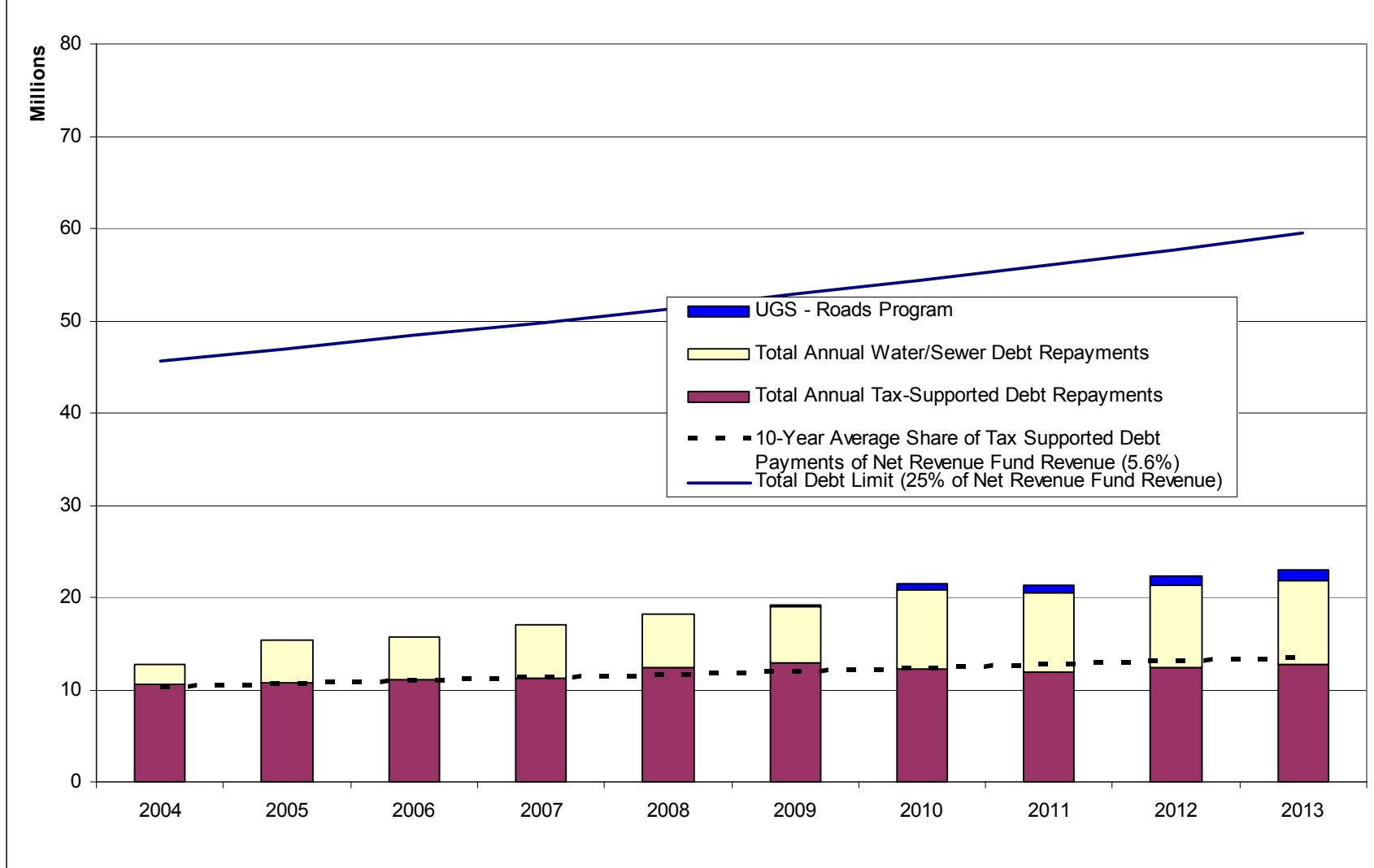
WATER & SEWER IMPOST FEE Cashflow 2004 \$												
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	11 2014	12 2015
Revenue Projection:												
Residential Impost Fee	1,471,427	1,471,427	1,650,289	1,650,289	1,650,289	1,650,289	1,650,289	1,712,788	1,712,788	1,712,788	1,712,788	1,712,788
N-Res. Impost Fee	1,932,797	1,932,797	1,932,797	1,932,797	1,932,797	1,932,797	1,932,797	1,932,797	1,932,797	1,932,797	2,639,579	2,639,579
Rate Budget Contribution	0	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326
Ravensview Federal Grant			24,000,000									
L/T Debentures	24,265,000	14,900,000		19,500,000	400,000	300,000	400,000	400,000	400,000	3,700,000	3,400,000	3,600,000
Capital Expenditures:												
Growth-related Water Capital Program	29,805,000	25,805,000	25,805,000	25,805,000	2,795,000	2,795,000	2,795,000	2,795,000	2,795,000	6,134,000	6,134,000	6,134,000
Debenture Carrying Costs		1,808,940	2,919,725	2,919,725	4,373,438	4,403,258	4,425,622	4,455,442	4,485,262	4,515,082	4,790,914	5,044,382
Reserve Fund Analysis:												
Revenues minus Expenditures	-2,135,776	-6,068,390	2,099,687	-2,400,313	55,974	-73,845	3,790	36,469	6,650	-62,170	68,779	15,311
Opening Balance	8,000,000	6,104,224	218,960	2,356,711	27,100	84,727	13,423	17,672	55,219	63,625	3,364	73,275
Sub-total	5,864,224	35,834	2,318,647	-43,602	83,074	10,881	17,213	54,142	61,869	1,455	72,142	88,586
Interest Earnings	240,000	183,127	38,064	70,701	1,653	2,542	460	1,077	1,756	1,909	1,133	2,428
Closing Balance	6,104,224	218,960	2,356,711	27,100	84,727	13,423	17,672	55,219	63,625	3,364	73,275	91,014

WATER & SEWER IMPOST FEE Cashflow 2004 \$													
	13 2016	14 2017	15 2018	16 2019	17 2020	18 2021	19 2022	20 2023	21 2024	22 2025	23 2026	24 2027	25 2028
Revenue Projection:													
Residential Impost Fee	2,000,030	2,000,030	2,000,030	2,000,030	2,000,030	2,108,556	2,108,556	2,108,556	2,108,556	2,108,556	2,108,556	2,108,556	2,108,556
N-Res. Impost Fee	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579	2,639,579
Rate Budget Contribution	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326	3,241,326
Ravensview Federal Grant													
L/T Debentures	3,500,000	3,800,000											
Capital Expenditures:													
Growth-related Water Capital Program	6,134,000	6,134,000	44,000	44,000	44,000	44,000	44,000	0	0	0	0	0	0
Debenture Carrying Costs	5,312,760	5,573,682	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970	5,856,970
Reserve Fund Analysis:													
Revenues minus Expenditures	-65,824	-26,747	1,979,965	1,979,965	1,979,965	2,088,491	2,088,491	2,132,491	2,132,491	2,132,491	2,132,491	2,132,491	2,132,491
Opening Balance	91,014	27,920	2,010	2,011,736	4,081,753	6,213,870	8,520,104	10,895,526	13,386,870	15,952,954	18,596,021	21,318,380	24,122,410
Sub-total	25,189	1,173	1,981,976	3,991,701	6,061,718	8,302,361	10,608,595	13,028,017	15,519,361	18,085,445	20,728,512	23,450,871	26,254,901
Interest Earnings	2,730	838	29,760	90,052	152,152	217,743	286,930	358,853	433,593	510,576	589,868	671,539	755,660
Closing Balance	27,920	2,010	2,011,736	4,081,753	6,213,870	8,520,104	10,895,526	13,386,870	15,952,954	18,596,021	21,318,380	24,122,410	27,010,561

Note: Remaining debentures outstanding at the end of 25 years are \$27 Million.

Debenture carrying costs include both principal and interest.

**Chart 4-1**  
**Annual Debenture Debt Repayments (TOTAL)**  
**Including UGS Proposed Capital Program (Roads Only)**



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#### **4.4 Tax and Rate Revenues**

In considering the City's total capital forecast for all services, and including both growth related and non-growth related capital projects, we have prepared a projection of capital fund revenues that could be expected to be generated as a result of the recent revision made to the City's anticipated growth projections. Table 4-5 below summarizes the operating budget revenues projected to be collected during the next ten year period that will be directed to capital financing purposes. The revenues projected assume continued implementation of the City's cumulative tax and rate increases as currently proposed. Tax revenues for capital purposes are projected to increase by 1% per year until at least 2013. Water and sewer rate revenue increases vary by service area (east, west and central), but range to as much as 10% in 2004 and gradually decline to as much as 2% for the balance of the ten year period.

The City's Capital Forecast as currently presented predicts a shortfall in financing of approximately \$96 million over ten years. The adjustment to tax revenues that will be generated as a result of the City's updated growth forecast (CNWA Revenue Projection; see Table 4-6) is nominal (\$1.5 million), and it can be seen that this will not address the identified shortfall. Council's present policy of adding 1% of the prior year's tax levy to the City's capital funding envelope is fundamental to providing sufficient required future financing.

**Table 4-5****Projection of Tax and Rate Revenues (10 Years)**

(\$ millions)

	<b>2004 10-YR CAPITAL FORECAST REQUIREMENT</b>	<b>CNWA REVENUE PROJECTION (w. new growth)</b>	<b>SURPLUS/ (SHORTFALL)</b>
Tax Rate	149.4	127.2	(22.2)
Plus: Unfinanced Shortfall	95.6		(95.6)
Water Rate	44.0	44.0	0
Sewer Rate	115.8	115.8	0
<b>TOTAL</b>	<b>404.8</b>	<b>287.0</b>	<b>(117.8)</b>

Table 4-6

## Operating Contributions to Municipal Capital Reserve Fund Forecast

Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Growth Rate</b>											
1 Annual Growth Rate <sup>1</sup>			0.85%	0.85%	0.83%	0.83%	0.83%	0.83%	0.83%	1.04%	1.04%
<b>Assessment Base</b>											
2 Assessment Base <sup>2</sup>	7,501,122,883	7,766,203,639	7,832,499,081	7,899,360,447	7,964,634,973	8,030,448,879	8,096,806,624	8,163,712,700	8,231,171,639	8,316,878,751	8,403,478,287
<b>Average Tax Rate - Base Year</b>											
3 Average Effective Tax Rate	1.55%										
<b>Tax Levy</b>											
4 Projected Tax Levy <sup>3</sup>	116,266,291	120,375,003	121,402,573	122,438,914	123,450,660	124,470,765	125,499,301	126,536,335	127,581,938	128,910,386	130,252,666
<b>Capital Levy Calculation</b>											
5 Capital Levy as a % of taxes	6.5%	7.5%	8.5%	9.5%	10.5%	11.5%	12.5%	13.5%	14.5%	15.5%	16.5%
6 Capital Contribution Base <sup>3</sup>	4,323,160	5,237,671	6,546,524	7,979,336	9,286,775	10,611,960	11,957,774	13,324,467	14,712,294	16,121,509	17,592,698
Add.:											
7 1% of prior year tax levy	914,511	1,162,663	1,203,750	1,214,026	1,224,389	1,234,507	1,244,708	1,254,993	1,265,363	1,275,819	1,289,104
8 Full capital levy (5) on new assessment		146,190	229,063	93,413	100,796	111,307	121,986	132,833	143,852	195,369	210,139
9 Total Capital Contribution	<b>5,237,671</b>	<b>6,546,524</b>	<b>7,979,336</b>	<b>9,286,775</b>	<b>10,611,960</b>	<b>11,957,774</b>	<b>13,324,467</b>	<b>14,712,294</b>	<b>16,121,509</b>	<b>17,592,698</b>	<b>19,091,941</b>

**Notes**

- 1 Based on the Steven's Associates City of Kingston Growth Forecast  
2 Source: City of Kingston, Finance Division - for base year (2003)  
3 Source: City of Kingston, Finance Division - base year (2003) taken from Municipal Capital Fund Financing Model.

TOTAL 2004 to 2013

127,225,278

## 4.5 Development Charge and Impost Fee Revenues

Table 4-7 below summarizes the development charge and impost fee revenue that is expected to be collected by the City during the next ten years. Projected collections have been calculated using an updated growth projection, but using current DC and impost fee rate schedules (refer to Tables 4-8 and 4-9). A shortfall in growth-related financing available for the capital program is predicted.

**Table 4-7**

### **Projection of DC and Impost Revenues (10 Years)**

(\$ millions)

	<b>2004 CAPITAL FORECAST REQUIREMENT</b>	<b>CNWA REVENUE PROJECTION (new growth)</b>	<b>SURPLUS/ (SHORTFALL)</b>
DC Revenue	21.9	18.6	(3.3)
Water Impost Fees	29.0	13.6	(15.4)
Sewer Impost Fees	11.4	20.4	9.0
<b>TOTAL</b>	<b>58.0</b>	<b>52.6</b>	<b>(9.7)</b>

It is anticipated that as the City proceeds with completion of its' new Development Charge/Impost Fee Background Study and passage of by-laws, that the future growth-related capital program requirements and revenue collections will become better aligned.

Table 4-8

## Forecast of DC Revenues Based on Residential and Employment Growth Forecast

Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
<b>Residential</b>											
<b>New Units - City-Wide</b>											
Detached	460	460	483	483	483	483	483	490	490	490	4,805
Multiples	48	48	100	100	100	100	100	100	100	100	896
Apartments	95	95	97	97	97	97	97	124	124	124	1,047
Total New Residential Units	603	603	680	680	680	680	680	714	714	714	6,748
Area Specific	172	172	194	194	194	194	194	204	204	204	1,928
<b>DC Rates (April/03)</b>											
Detached	2,420	2,420	2,420	2,420	2,420	2,420	2,420	2,420	2,420	2,420	
Multiples	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	2,114	
Apartments	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	
Central City Area Specific	772	772	772	772	772	772	772	772	772	772	
<b>Residential DC Revenues</b>											
Detached	1,113,404	1,113,404	1,169,074	1,169,074	1,169,074	1,169,074	1,169,074	1,186,017	1,186,017	1,186,017	
Multiples	101,475	101,475	211,407	211,407	211,407	211,407	211,407	211,407	211,407	211,407	
Apartments	122,707	122,707	125,290	125,290	125,290	125,290	125,290	160,165	160,165	160,165	
Sub-total - Uniform Residential	1,337,586	1,337,586	1,505,771	1,505,771	1,505,771	1,505,771	1,505,771	1,557,589	1,557,589	1,557,589	14,876,796
Area Specific	133,011	133,011	149,995	149,995	149,995	149,995	149,995	157,495	157,495	157,495	1,488,484
<b>Total Residential Revenue</b>	<b>1,470,597</b>	<b>1,470,597</b>	<b>1,655,767</b>	<b>1,655,767</b>	<b>1,655,767</b>	<b>1,655,767</b>	<b>1,655,767</b>	<b>1,715,084</b>	<b>1,715,084</b>	<b>1,715,084</b>	<b>16,365,281</b>
<b>Non-Residential</b>											
<b>Total New Commercial And Institutional Floor Space</b>											
City-Wide	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	171,391
Central Kingston	4,285	4,285	4,285	4,285	4,285	4,285	4,285	4,285	4,285	4,285	42,848
<b>DC Rates</b>											
Average Uniform DC Charge	11.19	11.19	11.19	11.19	11.19	11.19	11.19	11.19	11.19	11.19	
Area Specific	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	7.58	
<b>DC Revenues</b>											
City-Wide	191,870	191,870	191,870	191,870	191,870	191,870	191,870	191,870	191,870	191,870	1,918,696
Central Kingston	32,479	32,479	32,479	32,479	32,479	32,479	32,479	32,479	32,479	32,479	324,786
<b>Total Non-Res Revenue</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>224,348</b>	<b>2,243,482</b>
<b>Grand Total DC Revenue</b>	<b>1,694,945</b>	<b>1,694,945</b>	<b>1,880,115</b>	<b>1,880,115</b>	<b>1,880,115</b>	<b>1,880,115</b>	<b>1,880,115</b>	<b>1,939,432</b>	<b>1,939,432</b>	<b>1,939,432</b>	<b>18,608,763</b>

Table 4-9

## Forecast of Impost Fee Revenues Based on Residential and Employment Growth Forecast

Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
<b>Residential</b>											
<b>New Units - City-Wide</b>											
Single/Semi Detached	460	460	483	483	483	483	483	490	490	490	4,805
Multiples (incl. 2 bdrm apts)	48	48	100	100	100	100	100	100	100	100	896
Apartments (1 bdrm)	95	95	97	97	97	97	97	124	124	124	1,047
<b>Impost Fees (April/03)</b>											
Single/Semi Detached	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184	5,184
Multiples (incl. 2 bdrm apts)	3,888	3,888	3,888	3,888	3,888	3,888	3,888	3,888	3,888	3,888	3,888
Apartments (1 bdrm)	2,591	2,591	2,591	2,591	2,591	2,591	2,591	2,591	2,591	2,591	2,591
<b>Impost Fee Revenues</b>											
Single/Semi Detached	2,384,595	2,384,595	2,503,825	2,503,825	2,503,825	2,503,825	2,503,825	2,540,112	2,540,112	2,540,112	
Multiples (incl. 2 bdrm apts)	186,633	186,633	388,818	388,818	388,818	388,818	388,818	388,818	388,818	388,818	
Apartments (1 bdrm)	246,187	246,187	251,370	251,370	251,370	251,370	251,370	321,339	321,339	321,339	
<b>Total Residential Revenue</b>	<b>2,817,415</b>	<b>2,817,415</b>	<b>3,144,013</b>	<b>3,144,013</b>	<b>3,144,013</b>	<b>3,144,013</b>	<b>3,144,013</b>	<b>3,250,269</b>	<b>3,250,269</b>	<b>3,250,269</b>	<b>31,105,700</b>
<b>Non-Residential</b>											
<b>Total New Commercial And Institutional Floor Space</b>											
City-Wide	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	171,391
<b>Impost Fees</b>											
Non-Residential Impost Fee	15.27	15.27	15.27	15.27	15.27	15.27	15.27	15.27	15.27	15.27	15.27
<b>Impost Fee Revenues</b>											
<b>Total Non-Residential</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>261,675</b>	<b>2,878,430</b>
<b>Grand Total Impost Fees</b>	<b>3,079,090</b>	<b>3,079,090</b>	<b>3,405,688</b>	<b>3,405,688</b>	<b>3,405,688</b>	<b>3,405,688</b>	<b>3,405,688</b>	<b>3,511,944</b>	<b>3,511,944</b>	<b>3,511,944</b>	<b>33,984,129</b>

Note: Revenue is shared between water and wastewater services 40% and 60% respectively.

## 4.6 Debt Capacity

Kingston's ten year capital program projects the need for the following total new debenture requirements over the ten year period:

**Table 4-10**

**Projected Debt Requirement (10 Years)**

(\$ millions -- rounded)

Tax Rate Funded Debt	\$126
Water and Sewer Rate Funded	<u>86</u>
<b>TOTAL New Debentures</b>	<b>\$212</b>

Appendix A includes three tables that project the City's future annual debt repayment obligations associated with the ten year program. This information is then incorporated into a projection of the City's annual debt limit (as calculated by the Province of Ontario). This represents potential annual committed tax supported debt charge repayments, expressed as a percentage of net revenue fund revenues, of **5.6%** on average over the ten year forecast period, as illustrated in Chart 3-5. This lies within the Ministry of Municipal Affairs and Housing maximum debt charge guideline of 25% of net revenue fund revenues. Existing debt obligations are projected to be repaid, such that committed tax supported debt payments as a percentage of net revenue fund revenues are projected to increase to a peak of 6.1% in 2009 and reducing to 5.3% by the end of ten years (after the above debentures are taken into account).

In addition, if the roads capital program as outlined in the Urban Growth Strategy proceeds in accordance with the recommended timing for construction, then an additional **\$48.2 million** in debentures will be required, increasing the tax supported debt charge repayments to an average of **5.8%** of net revenue fund revenues over the ten year period, as illustrated in Chart 4-1. The majority of the debenture requirement associated with the rate supported (water and sewer) capital program arising from the Urban Growth Strategy relates to financing of the Ravensview STP, and has already been incorporated into the City's Ten Year Capital Budget.

The City of Kingston has existing committed annual tax supported debt charges in the amount of \$10.6 million per year<sup>1</sup>. According to Ministry guidelines, the City has an annual debt repayment limit of \$32.6 million (projected for 2003), which translates to a maximum additional debt capacity estimated at \$359 million<sup>2</sup> (see Appendix A). However, it is important to recognize that full utilization of available debt capacity erodes future financial flexibility for the period of the term of the outstanding debentures, potentially leaving the City unable to respond effectively to unforeseen future priorities. Table 4-11 below outlines potential debenture capacity available in 2003 at various levels of capacity utilization for information (using the same debt interest and term assumptions):

**Table 4-11**

<b>% of Net Revenue Fund Revenues</b>	<b>Estimated Additional Debenture Debt Room Available<sup>3</sup> (\$ millions)</b>
at 25% (maximum)	358.8
at 20%	287.0
at 18%	258.3
at 15%	215.3
at 12%	172.2
at 10%	143.5

#### **4.7 Future Capital Program Affordability**

Essentially, the affordability of any proposed new capital plan will be constrained by the potential impact on the tax levy of non-growth related municipal capital project costs. As discussed in section 4.5, development charges and impost fees will be reviewed and with the

<sup>1</sup> City of Kingston 2002 Financial Information Return (most recently available).

<sup>2</sup> Assumes debt issued at 6.5% for a twenty year term.

<sup>3</sup> If issued in 2003 using the same debt issuance assumptions as noted.

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support of Council can be increased to accommodate the growth component of the capital costs.

In regard to property tax financed capital works, section 4.4 highlights the fact that the City's 2004 capital budget contemplates a shortfall in the order of \$96 million. It must be recognized that the City's capital budget does not yet thoroughly reflect changes required by the Urban Growth Strategy, the Transportation Master Plan and the Downtown Action Plan, and does not yet incorporate full life cycle costing for the rejuvenation and long term replacement of existing City infrastructure. Incorporating these initiatives could increase the City's projected financing shortfall to approximately \$400 million<sup>4</sup>.

During future budget deliberations, it will be necessary for the City to consider a number of potential alternatives in addressing this identified budget shortfall. Council may wish to review the priority of various projects, together with new emerging needs as they become evident, with a view to deferring the lowest priority expenditures to a later date. If project priorities are such that certain works must proceed, then an additional increase in current tax and user rate contributions could be considered, or alternatively, the issuance of additional debentures could be used to smooth the impact over a number of years. Participation by senior levels of government, either through additional grants, or through revisions in the sharing of funding responsibilities with municipalities should be aggressively pursued by the City, if it is to be expected that levels of service, property taxation and user rates will be maintained within status quo parameters.

As long as newly calculated development charges and impost fees are implemented as discussed in this chapter, then it is anticipated that construction of the capital works identified in the Urban Growth Strategy Study to service the needs of future growth can be managed over the next 25 to 30 years without adversely impacting the City's existing financial situation. The City share of financing required to match the growth capital program that is outlined in Tables 4-1 and 4-2 can be accommodated within existing budget allocations that have been established by the City of Kingston for this purpose.

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<sup>4</sup> Finance staff report to Council dated March 23, 2004.

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**APPENDIX A**

**PROJECTED DEBT REPAYMENTS AND DEBT LIMIT**

DEBENTURE DEBT REPAYMENT PROJECTION  
Tax Base Capital Program

**MUNICIPAL PROGRAM**

DEBT ISSUED												TOTAL	(2004 to 2013)
Year	Amount	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Existing Debt Charges		10,657,168	8,769,897	7,839,320	6,704,646	6,213,258	5,032,500	3,644,045	2,483,363	1,819,764	1,207,028	43,713,821	
Debt to be Issued (Prior Approvals):	22,200,000	0	2,014,792	2,014,792	2,014,792	2,014,792	2,014,792	2,014,792	2,014,792	2,014,792	2,014,792	18,133,128	
2004	14,300,000		0	1,297,816	1,297,816	1,297,816	1,297,816	1,297,816	1,297,816	1,297,816	1,297,816	10,382,532	
2005	13,625,000			0	1,236,556	1,236,556	1,236,556	1,236,556	1,236,556	1,236,556	1,236,556	8,655,891	
2006	18,750,000				0	1,701,682	1,701,682	1,701,682	1,701,682	1,701,682	1,701,682	10,210,094	
2007	17,100,000					0	1,551,934	1,551,934	1,551,934	1,551,934	1,551,934	7,759,672	
2008	8,100,000						0	735,127	735,127	735,127	735,127	2,940,507	
2009	9,000,000							0	816,808	816,808	816,808	2,450,423	
2010	12,675,000								0	1,150,337	1,150,337	2,300,675	
2011	10,900,000									0	989,245	989,245	
2012	10,250,000										0	0	
2013	10,750,000											0	
TOTAL DEBT ISSUED (10 yr)	125,450,000												
<b>ANNUAL DEBT REPAYMENT</b>		10,657,168	10,784,689	11,151,928	11,253,810	12,464,105	12,835,281	12,181,953	11,838,078	12,324,817	12,701,325	107,535,987	

Debt charges expressed as a % of net revenue fund revenues:      5.8%      5.7%      5.8%      5.6%      6.1%      6.1%      5.6%      5.3%      5.3%      5.3%

Assumes debentures issued at 6.5% for a twenty year term.

DEBENTURE DEBT REPAYMENT PROJECTION  
Water and Sewer

DEBT ISSUED		WATER AND SEWER										TOTAL	(2004 to 2013)
Year	Amount	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Existing Debt Charges		2,115,556	1,898,143	1,877,732	1,591,684	1,075,810	1,041,521	155,425	109,895	109,926	109,926		7,970,062
Debt to be Issued (Prior Approvals):	28,800,000	0	2,613,784	2,613,784	2,613,784	2,613,784	2,613,784	2,613,784	2,613,784	2,613,784	2,613,784		23,524,058
<b>2004</b>	1,200,000		0	108,908	108,908	108,908	108,908	108,908	108,908	108,908	108,908		871,261
<b>2005</b>	16,483,200			0	1,495,956	1,495,956	1,495,956	1,495,956	1,495,956	1,495,956	1,495,956		10,471,691
<b>2006</b>	4,489,000				0	407,405	407,405	407,405	407,405	407,405	407,405		2,444,433
<b>2007</b>	5,300,000					0	481,009	481,009	481,009	481,009	481,009		2,405,044
<b>2008</b>	37,380,000						0	3,392,474	3,392,474	3,392,474	3,392,474		13,569,896
<b>2009</b>	1,000,000							0	90,756	90,756	90,756		272,269
<b>2010</b>	3,350,000								0	304,034	304,034		608,068
<b>2011</b>	950,000									0	86,219		86,219
<b>2012</b>	600,000										0		0
<b>2013</b>	500,000												0
TOTAL DEBT ISSUED (10 yr)	71,252,200												
<b>ANNUAL DEBT REPAYMENT</b>		2,115,556	4,511,927	4,600,424	5,810,332	5,701,863	6,148,583	8,654,961	8,700,187	9,004,252	9,090,471		62,223,001

Assumes debentures issued at 6.5% for a twenty year term.

DEBENTURE DEBT REPAYMENT PROJECTION  
TOTAL DEBT

DEBT ISSUED		TOTAL										TOTAL (2004 to 2013)
Year	Amount	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Existing Debt Charges		12,772,724	10,668,040	9,717,052	8,296,330	7,289,068	6,074,021	3,799,470	2,593,258	1,929,690	1,316,954	51,683,883
Debt to be Issued (Prior Approvals):		0	4,628,576	4,628,576	4,628,576	4,628,576	4,628,576	4,628,576	4,628,576	4,628,576	4,628,576	41,657,185
2004	15,500,000		0	1,406,724	1,406,724	1,406,724	1,406,724	1,406,724	1,406,724	1,406,724	1,406,724	11,253,793
2005	30,108,200			0	2,732,512	2,732,512	2,732,512	2,732,512	2,732,512	2,732,512	2,732,512	19,127,582
2006	23,239,000				0	2,109,088	2,109,088	2,109,088	2,109,088	2,109,088	2,109,088	12,654,527
2007	22,400,000					0	2,032,943	2,032,943	2,032,943	2,032,943	2,032,943	10,164,716
2008	45,480,000						0	4,127,601	4,127,601	4,127,601	4,127,601	16,510,403
2009	10,000,000							0	907,564	907,564	907,564	2,722,692
2010	16,025,000								0	1,454,371	1,454,371	2,908,742
2011	11,850,000									0	1,075,463	1,075,463
2012	10,850,000										0	0
2013	11,250,000											0
TOTAL DEBT ISSUED (10 yr)	196,702,200											
ANNUAL DEBT REPAYMENT		12,772,724	15,296,616	15,752,352	17,064,142	18,165,968	18,983,864	20,836,914	20,538,266	21,329,069	21,791,796	169,758,988
Debt charges expressed as a % of net revenue fund revenues:		7.0%	8.1%	8.1%	8.6%	8.9%	9.0%	9.6%	9.2%	9.2%	9.2%	

## Projected Debt Repayment Limit

			2002	2003	2004	2005	2006	2007
1.0	GROSS DEBT CHARGES							
1.1	Principal	SLC 74 3099 01						
1.2	Interest	SLC 74 3099 02						
1.3	<b>SUBTOTAL</b>	Add lines 1.1, 1.2	10,649,491	13,032,322	12,772,724	15,296,616	15,752,352	17,064,142
2.0	DEBT CHARGES ON O.C.W.A. PROVINCIAL PROJECT							
2.1	Water Projects - this municipality only	SLC 74 2810 03	0	0	0	0	0	0
2.2	Water Projects - share of integrated project(s)	SLC 74 2820 03	0	0	0	0	0	0
2.3	Sewer Projects - this municipality only	SLC 74 2830 03	0	0	0	0	0	0
2.4	Sewer Projects - share of integrated project(s)	SLC 74 2840 03	0	0	0	0	0	0
2.5	<b>SUBTOTAL</b>	Add lines 2.1 thru 2.4	0	0	0	0	0	0
3.0	PAYMENT IN RESPECT OF LONG TERM COMMITMENTS AND LIABILITIES							
		SLC 42 601001	0	0	0	0	0	0
<b>4.0</b>	<b>SUBTOTAL - DEBT CHARGES</b>	<b>Add lines 1.3, 2.5, 3.0</b>	<b>10,649,491</b>	<b>13,032,322</b>	<b>12,772,724</b>	<b>15,296,616</b>	<b>15,752,352</b>	<b>17,064,142</b>
5.0	DEBT CHARGES FOR MUNICIPAL UTILITIES							
5.1	Electricity	SLC 40 3099 02 + SLC 40 3099 08	0	0	0	0	0	0
5.2	Gas	SLC 40 3299 02 + SLC 40 3299 08	0	0	0	0	0	0
5.3	Telephone	SLC 40 3499 02 + SLC 40 3499 08	0	0	0	0	0	0
	Amounts Recovered from Unconsolidated Entities							
5.4	Hydro (Principal)	SLC 74 3030 01	0					
5.5	Hydro (Interest)	SLC 74 3030 02	0					
5.6	Gas and Telephone (Principal)	SLC 74 3040 01 + SLC 74 3050 02	0	0	0	0	0	0
5.7	Gas and Telephone (Interest)	SLC 74 3040 01 + SLC 74 3050 02	0	0	0	0	0	0
5.8	<b>SUBTOTAL</b>	Add lines 5.1 thru 5.7	0	0	0	0	0	0
6.0	PAYMENTS TO PROVINCE FOR DOWNTOWN REVITALIZATION PROGRAM LOANS							
		SLC 42 5410 01	0	0	0	0	0	0
7.0	DEBT CHARGES FOR TILE DRAINAGE AND SHORELINE ASSISTANCE							
		SLC 40 1850 02 + SLC 40 1850 08	0					
<b>8.0</b>	<b>SUBTOTAL - DEBT CHARGES TO BE EXCLUDED</b>	<b>Add lines 5.8, 6.0, 7.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>9.0</b>	<b>NET DEBT CHARGES</b>		<b>10,649,491</b>	<b>13,032,322</b>	<b>12,772,724</b>	<b>15,296,616</b>	<b>15,752,352</b>	<b>17,064,142</b>
10.0	TOTAL REVENUE FUND REVENUES	SLC 10 9930 01	177,061,635	182,373,484	187,844,689	193,480,029	199,284,430	205,262,963
11.0	FEES FOR REPAYING THE PROVINCE FOR DOWNTOWN REVITALIZATION	SLC 42 5410 01	0	0	0	0	0	0
12.0	FEES FOR TILE DRAINAGE AND SHORELINE ASSISTANCE	SLC 12 1850 04	0					
13.0	GRANTS FROM GOVERNMENT OF ONTARIO, GOVERNMENT OF CANADA AND OTHER MUNICIPALITIES							
13.1	Ontario Grants	SLC 10 0699 01 + SLC 10 0810 01						
13.2	Canada Grants	SLC 10 0820 01						
13.3	Other Municipalities	SLC 10 1099 01						
13.4	<b>SUBTOTAL</b>	Add lines 13.1 thru 13.3	0	0	0	0	0	0
14.0	CONTRIBUTIONS FROM CAPITAL FUND	SLC 10 3010 01	0	0	0	0	0	0
15.0	CONTRIBUTIONS FROM RESERVES AND RESERVE FUNDS	SLC 10 3020 01		0	0	0	0	0
16.0	FEES AND REVENUE FROM OTHER MUNICIPALITIES FOR JOINT LOCAL BOARDS		0	0	0	0	0	0
17.0	<b>NET REVENUE FUND REVENUES</b>	Line 10 less lines 11,12, 13.4, 14, 15, 16	<b>177,061,635</b>	<b>182,373,484</b>	<b>187,844,689</b>	<b>193,480,029</b>	<b>199,284,430</b>	<b>205,262,963</b>
18.0	<b>25% OF NET REVENUE FUND REVENUE</b>		<b>44,265,409</b>	<b>45,593,371</b>	<b>46,961,172</b>	<b>48,370,007</b>	<b>49,821,108</b>	<b>51,315,741</b>
<b>19.0</b>	<b>ANNUAL REPAYMENT LIMIT</b>		<b>33,615,918</b>	<b>32,561,049</b>	<b>34,188,448</b>	<b>33,073,391</b>	<b>34,068,755</b>	<b>34,251,599</b>
	<b>25% of Net Revenue Fund Revenues less Net Debt Charges</b>		<b>33,615,918</b>	<b>32,561,049</b>	<b>34,188,448</b>	<b>33,073,391</b>	<b>34,068,755</b>	<b>34,251,599</b>

Remaining Capacity would support additional debenture debt issued in the amount of: (\$ Millions)

358.8      376.7      364.4      375.4      377.4

Note: 2002 column contains amounts from the City of Kingston 2002 Financial Information Return

## Projected Debt Repayment Limit

			<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
GROSS DEBT CHARGES								
Principal	SLC 74 3099 01							
Interest	SLC 74 3099 02							
SUBTOTAL	Add lines 1.1, 1.2		18,165,968	18,983,864	20,836,914	20,538,266	21,329,069	21,791,796
DEBT CHARGES ON O.C.W.A. PROVINCIAL PROJECT								
Water Projects - this municipality only	SLC 74 2810 03		0	0	0	0	0	0
Water Projects - share of integrated project(s)	SLC 74 2820 03		0	0	0	0	0	0
Sewer Projects - this municipality only	SLC 74 2830 03		0	0	0	0	0	0
Sewer Projects - share of integrated project(s)	SLC 74 2840 03		0	0	0	0	0	0
SUBTOTAL	Add lines 2.1 thru 2.4		0	0	0	0	0	0
PAYMENT IN RESPECT OF LONG TERM COMMITMENTS AND LIABILITIES								
	SLC 42 601001		0	0	0	0	0	0
<b>SUBTOTAL - DEBT CHARGES</b>	<b>Add lines 1.3, 2.5, 3.0</b>		<b>18,165,968</b>	<b>18,983,864</b>	<b>20,836,914</b>	<b>20,538,266</b>	<b>21,329,069</b>	<b>21,791,796</b>
DEBT CHARGES FOR MUNICIPAL UTILITIES								
Electricity	SLC 40 3099 02 + SLC 40 3099 08		0	0	0	0	0	0
Gas	SLC 40 3299 02 + SLC 40 3299 08		0	0	0	0	0	0
Telephone	SLC 40 3499 02 + SLC 40 3499 08		0	0	0	0	0	0
Amounts Recovered from Unconsolidated Entities								
Hydro (Principal)	SLC 74 3030 01							
Hydro (Interest)	SLC 74 3030 02							
Gas and Telephone (Principal)	SLC 74 3040 01 + SLC 74 3050 02		0	0	0	0	0	0
Gas and Telephone (Interest)	SLC 74 3040 01 + SLC 74 3050 02		0	0	0	0	0	0
SUBTOTAL	Add lines 5.1 thru 5.7		0	0	0	0	0	0
PAYMENTS TO PROVINCE FOR DOWNTOWN REVITALIZATION PROGRAM LOANS								
	SLC 42 5410 01		0	0	0	0	0	0
DEBT CHARGES FOR TILE DRAINAGE AND SHORELINE ASSISTANCE								
	SLC 40 1850 02 + SLC 40 1850 08							
<b>SUBTOTAL - DEBT CHARGES TO BE EXCLUDED</b>	<b>Add lines 5.8, 6.0, 7.0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET DEBT CHARGES</b>			<b>18,165,968</b>	<b>18,983,864</b>	<b>20,836,914</b>	<b>20,538,266</b>	<b>21,329,069</b>	<b>21,791,796</b>
TOTAL REVENUE FUND REVENUES	SLC 10 9930 01		211,420,852	217,763,477	224,296,382	231,025,273	237,956,031	245,094,712
FEEES FOR REPAYING THE PROVINCE FOR DOWNTOWN REVITALIZATION	SLC 42 5410 01		0	0	0	0	0	0
FEEES FOR TILE DRAINAGE AND SHORELINE ASSISTANCE	SLC 12 1850 04							
GRANTS FROM GOVERNMENT OF ONTARIO, GOVERNMENT OF CANADA AND OTHER MUNICIPALITIES								
Ontario Grants	SLC 10 0699 01 + SLC 10 0810 01							
Canada Grants	SLC 10 0820 01							
Other Municipalities	SLC 10 1099 01							
SUBTOTAL	Add lines 13.1 thru 13.3		0	0	0	0	0	0
CONTRIBUTIONS FROM CAPITAL FUND	SLC 10 3010 01		0	0	0	0	0	0
CONTRIBUTIONS FROM RESERVES AND RESERVE FUNDS	SLC 10 3020 01		0	0	0	0	0	0
FEEES AND REVENUE FROM OTHER MUNICIPALITIES FOR JOINT LOCAL BOARDS			0	0	0	0	0	0
<b>NET REVENUE FUND REVENUES</b>	<b>Line 10 less lines 11,12 13.4, 14, 15, 16</b>		<b>211,420,852</b>	<b>217,763,477</b>	<b>224,296,382</b>	<b>231,025,273</b>	<b>237,956,031</b>	<b>245,094,712</b>
<b>25% OF NET REVENUE FUND REVENUE</b>			<b>52,855,213</b>	<b>54,440,869</b>	<b>56,074,095</b>	<b>57,756,318</b>	<b>59,489,008</b>	<b>61,273,678</b>
<b>ANNUAL REPAYMENT LIMIT</b>			<b>34,689,245</b>	<b>35,457,005</b>	<b>35,237,181</b>	<b>37,218,052</b>	<b>38,159,939</b>	<b>39,481,882</b>
<b>25% of Net Revenue Fund Revenues less Net Debt Charges</b>								
Remaining Capacity would support additional debenture debt issued in the amount of: (\$ Millions)			382.2	390.7	388.3	410.1	420.5	435.0

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**APPENDIX B**  
**RESIDENTIAL AND NON-RESIDENTIAL GROWTH**  
**PROJECTION**

**City of Kingston  
Residential Unit Forecast**

Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Existing Residential Units</b>												
Detached	22,810											
Attached	8,725											
Apartment	14,860											
Total	46,395											
<b>Annual Growth Rate By Unit Type</b>												
Detached		1.33%	1.33%	1.33%	1.33%	1.33%	1.31%	1.31%	1.31%	1.31%	1.31%	1.34%
Attached		1.19%	1.19%	1.19%	1.19%	1.19%	1.15%	1.15%	1.15%	1.15%	1.15%	1.39%
Apartment		1.55%	1.55%	1.55%	1.55%	1.55%	1.37%	1.37%	1.37%	1.37%	1.37%	1.59%
<b>Total Units</b>												
Detached	22,810	23,114	23,421	23,733	24,049	24,369	24,689	25,014	25,343	25,676	26,013	26,363
Attached	8,725	8,829	8,934	9,040	9,147	9,256	9,363	9,471	9,580	9,690	9,802	9,938
Apartment	14,860	15,090	15,324	15,561	15,803	16,047	16,267	16,490	16,715	16,944	17,176	17,449
Total	46,395	47,033	47,679	48,334	48,999	49,673	50,319	50,974	51,638	52,310	52,991	53,751
<b>New Units</b>												
Detached			460	460	460	483	483	483	483	483	490	490
Attached			48	48	48	100	100	100	100	100	100	100
Apartment			95	95	95	97	97	97	97	97	124	124
Total			603	603	603	680	680	680	680	680	714	714

### Non-Residential Floor Area Forecast

Total Employment (Steven's Associates)

	2001	2006	2011	2016	2021	2026	2031	2036	2041	
<b>Employed Labour Force</b>	69,300	72,300	75,300	78,300	81,300	84,300	81,300	83,300	85,300	
5-year Growth	3.66%	4.33%	4.15%	3.98%	3.83%	3.69%	-3.56%	2.46%	2.40%	
Annual Growth Rate	0.72%	0.85%	0.82%	0.78%	0.75%	0.73%	-0.72%	0.49%	0.48%	
Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	0.85%	0.85%	0.85%	0.85%	0.82%	0.82%	0.82%	0.82%	0.82%	0.78%
<b>Total Floor Space (m<sup>2</sup>)</b>										
Industrial	27,453	27,687	27,923	28,160	28,400	28,632	28,866	29,101	29,339	29,579
Commerical	35,391	35,692	35,996	36,302	36,611	36,910	37,212	37,515	37,822	38,130
Institutional	31,755	32,025	32,298	32,573	32,850	33,118	33,388	33,661	33,936	34,213
Total	94,599	95,404	96,216	97,035	97,861	98,660	99,466	100,278	101,097	101,922
Commercial Institutional	67,146	67,717	68,294	68,875	69,461	70,028	70,600	71,176	71,757	72,343
<b>Incremental Floor Space Growth (m<sup>2</sup>)</b>										
Industrial	16,939	16,939	16,939	16,939	16,939	16,939	16,939	16,939	16,939	16,939
Commerical	13,337	13,337	13,337	13,337	13,337	13,337	13,337	13,337	13,337	13,337
Institutional	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210
Total	45,486	45,486	45,486	45,486	45,486	45,486	45,486	45,486	45,486	45,486
Commercial Institutional	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139	17,139

Floor space projections by type of non-residential development are as derived by CNWA from 600 jobs/ year projection by Steven's Associates.

**City of Kingston  
Medium Growth Forecast and Associated Growth Rates**

Description	2001	2006	2011	2016	2021	2026
<b>Population Growth</b>						
<b>Total Population<sup>1</sup></b>	114,195	119,153	124,158	130,758	138,916	146,712
5 Year Growth Rate		4.34%	4.20%	5.32%	6.24%	5.61%
Annual Growth Rate		0.85%	0.83%	1.04%	1.22%	1.10%
<b>Residential Unit Growth</b>						
<b>Occupied Units</b>						
Detached	22,810	24,369	26,013	27,809	29,855	32,006
Attached	8,725	9,256	9,802	10,502	11,340	11,984
Apartment	14,860	16,047	17,176	18,588	19,995	21,261
Total	46,395	49,673	52,991	56,899	61,191	65,251
<b>5 Year Growth Rate</b>						
Detached		7%	7%	7%	7%	7%
Attached		6%	6%	7%	8%	6%
Apartment		8%	7%	8%	8%	6%
<b>Annual Growth Rate</b>						
Detached		1.33%	1.31%	1.34%	1.43%	1.40%
Attached		1.19%	1.15%	1.39%	1.55%	1.11%
Apartment		1.55%	1.37%	1.59%	1.47%	1.24%
<b>Employment Growth<sup>2</sup></b>						
<b>Employed Labour Force</b>	69,300	72,300	75,300	78,300	81,300	84,300
5 Year Growth Rate		4.33%	4.15%	3.98%	3.83%	3.69%
Annual Growth Rate		0.85%	0.82%	0.78%	0.75%	0.73%

<sup>1</sup> Source: Steven's Associates draft growth projections for the City of Kingston's Urban Growth Strategy, provided April, 2003. Excludes 215 moveable units.