Steering Committee Meeting #7

Development Charge & Impost Fee Background Study

Summary Notes

Steering Committee Meeting #7 was held on June 19th, 2014 in the Loyalist Room, City Hall. The following briefly summarizes the discussions at this Meeting.

Attendees: Andrew Grunda (Watson & Associates), George Wallace (City), Desiree Kennedy (City), Steve Dickey (City), Jim Miller (UK), Randy Murphy (UK), Mark Van Buren (City), Terry Willing (City), Neal Ritchie (KHBA), Jordan Van Leuken (KHBA), James Selkirk (KHBA), Harry Sullivan (KCA), Christa Wallbridge (KEDCO), Cyril Cooper (KEDCO), David Trousdale (Homestead)

Regrets: Lana Foulds (City), Jim Keech (UK), Alf Hendry (Homestead), Doug Haight (KCA), Sheila Kidd (City), Jeff Garrah (KEDCO), Peter Simcisko (Watson & Associates), Lanie Hurdle (City)

Updated Preliminary Calculations, Cash Flow Analysis and Reserve Fund Balances

Revised Preliminary Calculations, Cash Flow Analysis and Reserve Fund Balances were distributed at the meeting. The revisions to the preliminary calculations were made as a result of further review by City staff and Watson & Associates. The Cash Flow Analysis and Reserve Fund balances were provided in response to requests from Steering Committee members. The Fee comparison tables presented revised DC/Impost charges and compared the revised charges to both the current charges and those presented at the Council Workshop.

Watson & Associates reviewed the updated calculations, Cash Flow Analysis and projected Reserve Fund Balances and explained how the revisions impacted the preliminary charges for the various services. Watson & Associates noted that the total charges for a single detached dwelling increased from $20,641 to $21,253, and the total charges for industrial increased from $9.06 per sq. ft. to $9.26 per sq. ft. and for non-industrial from $18.30 per sq. ft. to $18.75 per sq. ft.

The following specific items were noted:

- Watson & Associates noted that the DC Reserve Fund would be in a deficit position during the period 2019 through 2023 and that the deficit could be addressed through either interim financing from the Impost Reserve Fund or through debt financing;
- If debt financed, this would add about $80 to the charge for a single detached dwelling;
- KHBA commented that if the DC and Impost were combined, there would be no need for interim financing.

Consolidated Responses to Development Community

Watson & Associates reviewed the consolidated responses to the various submissions from the development community that had been distributed and were attached to the Agenda. The
following specific items were noted:

1. Altus Group Questions dated June 2, 2014:
   - KHBA advised that the City’s response had been forwarded to the Altus Group and that they would advise if there were any further questions;
   - As there were some similarities between the Altus Group questions and questions from Homestead Land Holdings regarding interim borrowing between reserve funds, Watson & Associates also reviewed the consolidated response to Homestead’s May 23, 2014 e-mail at this time;
   - Watson & Associates noted that it would be possible to interim finance DC projects from the Impost Reserve Fund however it was not possible to interim finance Impost projects from the DC Reserve Fund.

2. KHBA Letter dated May 26, 2014
   - **Item 2, Sewer** – with respect to the characteristics of the effluent being treated at the Cataraqui Bay WWTP, KHBA asked if there was a Study or listing of the industrial developments flowing to that facility - UK staff advised that there is no list of the developments and confirmed that the higher strength of the effluent originates with existing developments in the west end of the City and the nature of those existing operations constitutes the need to address the strength of the effluent - KHBA expressed the opinion that the City is still guessing at this point in terms of going forward - In response, UK staff indicated that they do not foresee the strength of the effluent changing in the future, therefore the facility needs to be built to accommodate that;
   - **Item 6, Water** – it was noted that further information is to be provided from UK Staff/Watson & Associates respecting the Post Period Benefit for the section of watermain from Trail Head Place to Sir John A. Macdonald Blvd.;
   - **Item 11, Public Works Projects** – Watson & Associates noted that if costs for public works projects were re-allocated as per the request from KHBA, the result would be higher charges based on the cap room for the other services;
   - **Item 16, Library** – with respect to Library Services, KHBA indicated that this was still a “contentious item” – KHBA noted that visits to the library are declining as a result of continued access to the internet, therefore they question the need for further expansion of library branches – in their view, library use is on a decline – In response, Watson & Associates noted that the Library Master Plan identified the need for expansion and the provision for such is included in the City’s Capital Plan – the proposed expansion is well within the historic level of service cap – KHBA indicated that it still objects to the inclusion of library expansion;
   - **Item 20, Airport** – KHBA indicated its appreciation of the removal of the Airport as a new service and requested the reason why it was removed – Watson & Associates and City Staff commented that the Airport was removed as a result of further discussions at the staff level;
   - **Roads and Related, Intersection Improvements** – it was noted that work is continuing on the Transportation Master Plan Update and a map showing the location of the intersection improvements will be provided when the list of intersections being improved has been finalized;
• **Item 10, Highway 15 Widening** – KHBA expressed the opinion that the need for the widening relates to the “bottleneck” that already exists and questioned how the widening will address that problem – City staff noted that there is a need to look at the proposed road network improvements as a whole and how the various projects are inter-related – KHBA commented that constructing the widening in the absence of the 3rd Crossing may lead to more bottlenecks – City staff noted that Council had requested a review of the traffic movements in the area of the LaSalle Causeway corridor and there is still the need for additional capacity – the City will continue to utilize signal timing and other improvements as interim measures, noting that pedestrian signals require a minimum amount of timing to safely cross the road which limits the ability to reduce the signal timing in some situations – it was also noted that further improvements are planned including extending the east-bound left turn lane at the Highway 15 and Highway 2 intersection and extending the west-bound right turn lane from the entrance to CFB Kingston through to Highway 15.

   There were no specific questions or items of discussion that had not already been addressed.

4. **Homestead E-Mail dated February 10th (Re: Methodology Policy Review)**
   There were no specific questions or items of discussion that had not already been addressed.

5. **KCA Letter dated February 7th (Re: Methodology Policy Review)**
   There were no specific questions or items of discussion that had not already been addressed.

**Next Steps**

Watson & Associates discussed the next steps in the process and noted the following:
- Statutory Public Meeting scheduled for July 15, 2014;
- DC/Impost Fee Background Study will be released to the public on June 30th, 2014;
- Further comments on the Background Study and calculations can be entertained following the release of the Background Study.

**Draft Background Study**

Watson & Associates reviewed the components of the draft Background Study and reviewed Section 8 (Development Charge and Impost Fee Policy Recommendations and By-law Rules) of the Study in detail. The following specific items were noted:

- **Section 8.4.3 (Interest Rates)** – KHBA questioned if the minimum interest rate is 1%, why is the City’s internal borrowing rate 3%? – In response, City staff noted that 1% is the minimum that can be charged and that any interest gained on internal borrowing remains in the reserve fund and is then considered in the calculations for the next DC/Impost Fee review;
• **Section 8.3.5 (Exemptions)** – KHBA questioned whether funds repaid for exemptions include interest – In response, City staff noted that there is no interest as total amount is repaid up front;

• **Section 8.3.7 (Timing of Collection)** – KHBA noted that existing development will pay impost if connecting to the water or wastewater systems – it was noted that they do not see much potential for such connections in the urban area – in response, UK staff noted that there are areas in Kingston East, West and North that are on partial services, including Sydenham Road south of Highway 401, Elmwood and the St. Lawrence Community.

**Summary Notes – Steering Committee Meeting #6**

The Summary Notes were attached to the Agenda as Appendix D. There were no comments or requested revisions respecting the Summary Notes for Steering Committee Meeting #6.

**Other Business**

There were no items identified.

**Next Steering Committee Meeting**

The next Steering Committee Meeting will be scheduled, as required, with the date, time and place to be determined.