



**CITY OF KINGSTON**  
**INFORMATION REPORT TO COUNCIL**

**Report No.: 12-144**

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**TO:** Mayor and Members of Council

**FROM:** Stephen Dickey, Deputy Treasurer

**RESOURCE STAFF:** Lana Foulds, Manager of Financial Planning

**DATE OF MEETING:** May 1, 2012

**SUBJECT:** 2011 Development Charges Reserve Fund Statement  
2011 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, 2011.

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.

**AUTHORIZING SIGNATURES:**

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

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Cynthia Beach, <i>Sustainability &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)***

**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.

Exhibit A provides a summary of financial activity of the DC Reserve Funds for the year ending December 31, 2011. 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. Exhibit A-1 provides a summary of capital financing for the year 2011 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.

Exhibit B provides information relating to the impost fees collected during 2011 and related expenditures for works approved as part of the City's capital expenditure program budget. Exhibit B-1 provides a summary of capital financing for the year 2011 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".

May 1, 2012

- Page 4 -

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**NOTICE PROVISIONS:**

There are no notice requirements under the *Municipal Act, 2001* for this report.

**ACCESSIBILITY CONSIDERATIONS:**

There are no accessibility considerations for this report.

**FINANCIAL CONSIDERATIONS:**

This report reflects the transactions of the City's Development Charges (DC) Reserve Funds and Impost Reserve Funds as recorded in 2011. 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 2011, total amounts outstanding to be compensated in respect of DC and Impost fee exemptions are \$3,115,961 and \$1,861,692 respectively.

**CONTACTS:**

Lana Foulds, Manager of Financial Planning, Financial Services

Ext. 2209

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Gerard Hunt, Chief Administrative Officer

**EXHIBITS ATTACHED:**

Exhibit A: Consolidated Development Charges Reserve Fund – Statement of Continuity

Exhibit A-1: Consolidated Development Charges Reserve Fund – Summary of Capital Financing

Exhibit B: Impost Reserve Fund – Statement of Continuity

Exhibit 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, 2011  
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>
<u>ALLOCATION-%</u>								
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, 2011 (2004-256)	9,709,098	345,017	6,064,818	745,069	2,476,103	60,895	17,646	
- January 1, 2011 (2009-136)	9,325,878	557,196	6,528,740	262,188	1,533,812	298,849	72,871	71,775
Total Beginning Balance	19,034,976	902,213	12,593,558	1,007,257	4,009,915	359,743	90,517	71,775
<u>Inflows</u>								
Developer contributions								
- Residential, Multi-Residential	5,117,384	282,023	3,170,728	121,329	1,204,122	236,187	56,081	46,914
- Industrial, Commercial and Institutional	2,465,032	170,348	2,099,285	85,174	65,133	15,031	5,010	25,051
SUBTOTAL	7,582,416	452,371	5,270,013	206,503	1,269,255	251,218	61,091	71,965
<u>Outflows</u>								
Transfers (returned funds) to capital fund								
Fire Training Centre	270,505	270,505						
New Firefighter's Outfitting	51,000	51,000						
New Police Officer Outfitting	73,915	73,915						
Police Headquarters	112,200	112,200						
City wide intersection/corridor improvements	125,371		125,371					
Princess St Traffic Operations	30,397		30,397					
Cataraqui West -Bayridge to Princess	120,276		120,276					
Hwy 15 intersection/capacity improvements (return)	20,488		20,488					
Centennial Drive-2 lane ext Cat Woods to Fortune Cres	1,347,700		1,347,700					
Counter St.-design, preloading and land acquisition	721,172		721,172					
3rd Crossing-feasibility studies	427,588		427,588					
Transit Shelters	5,075			5,075				
Transit Facilities	80,858			80,858				
New Transit Buses	60,031			60,031				
New Parks Development:	28,890				28,890			
New Parks Development-Augusta Commons Park	65				65			
New Parks Development-Briceland Park	86,001				86,001			
INVISTA Centre	140,000				140,000			
New Library Materials	252,450					252,450		
SUBTOTAL	3,953,982	507,620	2,792,992	145,964	254,956	252,450	0	0
Net transactions	3,628,434	(55,249)	2,477,021	60,539	1,014,299	(1,232)	61,091	71,965
Interest earnings	554,972	20,740	369,042	26,148	123,031	8,779	3,713	3,520
<b>BALANCE - December 31, 2011</b>	<b>23,218,382</b>	<b>867,704</b>	<b>15,439,622</b>	<b>1,093,943</b>	<b>5,147,245</b>	<b>367,290</b>	<b>155,320</b>	<b>147,260</b>

City of Kingston  
Consolidated Development Charge Reserve Fund  
Summary of Capital Financing  
For the Year Ended December 31, 2011

Project	Total Budget	Budget	Actuals	Budget Other	Other Funding Sources	Comments
		DC	DC			
Fire Training Centre	6,807,500	1,608,750	<b>270,505</b>	4,300,000	Debentures 898,750 Fire Capital Reserve Fund	
City wide intersection/corridor improvements	135,000	128,250	<b>125,371</b>	6,750	Municipal Capital Reserve Fund	
Cataraqui West -Bayridge to Princess	1,425,000	1,425,000	<b>120,276</b>			
Centennial Drive-2 lane ext Cat Woods to Fortune Cres	4,360,680	1,550,000	<b>1,347,700</b>	2,408,112	Federal Grants 402,568 Industrial Land Reserve Fund	Community Adjustment Fund (CAF)
Counter St.-design, preloading and land acquisition	8,310,627	3,831,557	<b>721,172</b>	66,095	Municipal Capital Reserve Fund 4,412,975 Debentures	
3rd Crossing-feasibility studies	1,900,000	950,000	<b>427,588</b>	950,000	Municipal Capital Reserve Fund	
Hwy 15 intersection/capacity improvements	854,000	167,000	<b>20,488</b>	427,000	Federal Grants 260,000 Industrial Land Reserve Fund	Community Adjustment Fund (CAF)
Princess St Traffic Operations	250,000	237,500	<b>30,397</b>	12,500	Municipal Capital Reserve Fund	
New Transit Buses	469,000	89,000	<b>60,031</b>	304,790	KAS Reserve Fund 75,210 Provincial Gas Tax	
Transit Facilities	10,100,000	1,000,000	<b>80,858</b>	600,000	Transit Reserve Fund 8,500,000 Debentures	
New Parks Development:	612,000	376,650	<b>28,890</b>	235,350	Municipal Capital Reserve Fund	
New Parks Development-Augusta Commons Park	200,000	180,000	<b>65</b>	20,000	Municipal Capital Reserve Fund	
New Parks Development-Briceland Park	110,000	90,000	<b>86,001</b>	20,000	Municipal Capital Reserve Fund	
Police Headquarters - allocation	112,200	112,200	<b>112,200</b>			
INVISTA Centre - allocation	140,000	140,000	<b>140,000</b>			
New Firefighter's Outfitting - allocation	51,000	51,000	<b>51,000</b>			
New Police Officer Outfitting - allocation	73,915	73,915	<b>73,915</b>			
Transit Shelters - allocation	5,075	5,075	<b>5,075</b>			
New Library Materials - allocation	252,450	252,450	<b>252,450</b>			
	<b>\$ 36,168,447</b>	<b>\$ 12,268,347</b>	<b>\$ 3,953,982</b>	<b>\$ 23,900,100</b>		

City of Kingston  
Impost Reserve Fund  
Statement of Continuity  
January 1, 2011 to December 31, 2011

	<u>Total</u>
<b>Opening balance - January 1, 2011</b>	<u>\$ 27,743,534</u>
<b><u>Revenues</u></b>	
Fees collected	
- Residential	\$ 1,370,314
- Multi-Residential	725,983
- Commercial	1,944,688
- Industrial	56,000
- Institutional	734,370
Total Impost Fee Revenue	<u>\$ 4,831,355</u>
Interest Earnings	634,506
	<u>\$ 5,465,861</u>
<b><u>Expenditures</u></b>	
Capital Project Financing:	
Point Pleasant Water Treatment Plant	563,023
O'Connor Dr Storage and Booster Station	106,647
Princess Street Trunk Watermains	21,977
Gore Rd Storage	239,903
Centennial Drive - Crossfield Dr to Centennial Dr.	282,019
Cat Mills Subdivision - to Princess & Taylor	380,229
Front St - Sunny Acres to Bayridge	27,332
Front St. - Sunny Acres to Trail Head	2,871
Creekford- Water Tower/Cloggs to Bayridge	47
Bayridge - Cat Woods to Woodbine	151,753
Bayridge - Acadia to Taylor Kidd	2,923
Water Storage Planning	18,985
Trunk Sewer Construction	1,703
Lift Station Upgrades	26,180
Ravensview Wastewater Treatment-final payments	159,970
Ravensview - debt servicing costs	911,061
<b>Total Expenditures</b>	<u>2,896,623</u>
<b>Closing Balance - December 31, 2011</b>	<u><u>\$ 30,312,772</u></u>

City of Kingston  
Impost Reserve Fund  
Summary of Capital Financing  
For the Year Ending December 31, 2011

Project	Total Budget	Financing or (funds returned)		Budget Other	Other Funding Sources
		Budget Impost	Actuals Impost		
<b><u>Projects Financed</u></b>					
Point Pleasant Water Treatment Plant	71,423,264	37,966,461	563,023	15,901,256 17,555,547	Debenture Water Reserve Fund
O'Connor Dr Storage and Booster Station	6,412,852	2,082,307	106,647	2,299,817 1,605,004 425,724	Grant Financing Debenture Water Reserve Fund
Princess Street Trunk Watermains	220,631	22,002	21,977	50,439 148,190	Debenture Water Reserve Fund
Gore Rd Storage	9,077,309	5,446,385	239,903	3,630,924	Water Reserve Fund
Centennial Drive - Crossfield Dr to Centennial Dr.	282,019	282,019	282,019		
Cat Mills Subdivision - to Princess & Taylor	1,940,281	1,125,586	380,229	814,695	Debenture
Front St - Sunny Acres to Bayridge	1,819,160	185,139	27,332	1,210,755 315,924 107,342	Grant Financing Debenture Water Reserve Fund
Front St. - Sunny Acres to Trail Head	40,607	7,445	2,871	27,026 6,136	Grant Financing Water Reserve Fund
Creekford- Water Tower/Cloggs to Bayridge	1,047,129	460,615	47	586,514	Grant Financing
Bayridge - Cat Woods to Woodbine	977,054	465,419	151,753	140,663 185,386 185,586	Debenture Water Reserve Fund Grant Financing
Bayridge - Acadia to Taylor Kidd	232,876	33,401	2,923	28,008 22,095 149,372	Debenture Water Reserve Fund Grant Financing
Water Storage Planning	247,860	148,716	18,985	99,144	Water Reserve Fund
Trunk Sewer Construction	3,406	1,703	1,703	1,703	Water Reserve Fund
Lift Station Upgrades	1,088,150	40,280	26,180	1,047,870	Sewer Reserve Fund
Ravensview Wastewater Treatment	416,130	159,971	159,970	256,159	Sewer Reserve Fund
Ravensview - Debt servicing costs			911,061		
	<u>95,228,728</u>	<u>48,427,449</u>	<u>2,896,623</u>	<u>46,801,279</u>	