

Section 391 Charges as of December 31, 2023

Presented To:	Finance and Administration Committee
Meeting Date:	June 18, 2024
Type:	Correspondence for Information Only
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Report Summary

This report provides information regarding an update on Section 391 charges collected up to December 31, 2023 to the Finance and Administration Committee.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report refers to operational matters and has no direct connection to the Community Energy & Emissions Plan.

Financial Implications

There are no financial implications associated with this report.

Background

The purpose of this report is to provide Finance and Administration Committee with an update on Section 391 charges collected up to December 31, 2023. This report provides the total funds received and funds to be received in the future as development occurs and building permits are issued.

Summary of Capital Projects funded with Section 391 Charges

The City is authorized to charge Section 391 recovery charges in accordance with By-Law 2018-45. These charges were put in place before the City updated the Development Charges By-law and were established to recover from the benefitting landowners growth related capital costs paid by the City. The three projects are:

1. South End Rock Tunnel,
2. Watermain on Ste.Agnes/Montee Principale, and
3. Water and Sewer capital costs on Kingsway East.

These recovery charges will continue to be collected at the building permit stage, as new development

occurs until total financing including interest is collected.

Below is a continuity schedule illustrating the Section 391 charges collected up to December 31, 2023, and remaining balances that will be collected when development occurs and building permits are issued.

1. South End Rock Tunnel:

On October 25th, 2006 City Council authorized By-Law 2006-300 approving the collection of Section 391 Charges to recover \$4 million of growth related costs from benefitting landowners, over a 40 year period, plus interest.

Amount to be recovered from Benefitting Landowners in the South End	\$4,000,000
Add: Accumulated Interest to December 31, 2023	\$3,005,244
Less: Section 391 Charges Collected up to December 31, 2023	(\$1,449,866)
Balance to be recovered from Benefitting Landowners at the Building Permit Stage (2024 to 2046)	\$5,555,378

Council funded the \$4.0 million from the Capital Financing Reserve Fund – Wastewater, so annual contributions are contributed back to this reserve fund. During 2023, the City collected \$47,786 (\$88,076 in 2022).

In accordance with By-Law 2018-45, the rates are \$2,442 for a single residential home, \$1,465 for a multiple dwelling per unit and \$8.96 per square metre for commercial or industrial properties. These rates will increase every five years to account for the time value of money and the accumulated interest. These charges are in addition to the City's Development Charges since this project was not included in the Development Charges Background Study and related by-law.

2. Lionel E. Lalonde Centre/St-Agnes/Montee Principale

On March 29th, 2006 City Council authorized By-Law 2006-27 and approved the collection of Section 391 Charges to recover \$105,000 of growth related watermain cost from benefitting landowners, over a 20 year period, plus interest.

Amount to be recovered from Benefitting Landowners on Ste.Agnes / Montee Principale	\$105,000
Add: Accumulated Interest to December 31, 2023	\$95,757
Less: Section 391 Charges Collected up to December 31, 2023	(\$2,475)
Balance to be recovered from Benefitting Landowners at the Building Permit Stage	\$198,282

Council funded the \$105,000 from the Capital Financing Reserve Fund – Water, so annual contributions are contributed back to this reserve fund. During 2023, the City collected \$1,980 (\$0 in 2022).

In accordance with By-Law 2018-45 the rate is \$495 for a single residential home. This charge is in addition to the City's Development Charges since this project was not included in the Development Charges Background Study and related by-law.

3. Kingsway Industrial Park - Sewer and Water Enhancements:

On February 28th, 2007 City Council authorized a Section 391 recovery charge and approved by-law #2007-54F on March 7th, 2007, to recover \$3.8 million of growth related costs from benefitting landowners, over a 20 year period, plus interest.

Amount to be recovered from Benefitting Landowners on Kingsway (as of Dec 31, 2023)	\$2,493,276
Add: Accumulated Interest to December 31, 2023	\$1,761,398
Less: Section 391 Charges Collected up to December 31, 2023	(\$57,373)
Balance to be recovered from Benefitting Landowners at the Building Permit Stage (2024 to 2027)	\$4,197,300

It was estimated that \$3.8 million of growth related capital costs will be incurred from 2007 to 2019 and remain in progress until completion. As of December 31, 2023, the City spent \$3,725,794 of which \$2,493,276 is to be recovered from Section 391 charges.

Council approved internal borrowing from the Capital fund, so annual contributions are contributed to reduce this debit balance. There were no Section 391 Charges collected from 2013 to 2023, except for \$50,747 in 2021.

In accordance with By-Law 2018-45 rates for these enhancements are \$6,272 for a single residential home, \$3,377 for a multiple dwelling per unit and \$22.06 per square metre for commercial or industrial properties. These charges are in addition to the City's Development Charges since this project was not included in the Development Charges Background Study and related by-law.

Conclusion

In accordance with By-law 2018-45 (2018 Water and Wastewater Rates and Charges By-Law which is amended annually), staff will continue to recover these costs from the benefitting landowners and keep Council apprised of annual revenues received.