

For Information Only

Section 391 Charges - Update of Existing Projects

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Resolution

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Background

The purpose of this report is to provide City Council with an update on Section 391 charges collected up to December 31, 2015. 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 2015-5. These charges were put in place before the City updated the Development Charges By-law in 2009, and were established to recover from the benefiting landowners the growth related capital costs paid by the City. The three projects are: South End Rock Tunnel, Watermain on Ste. Agnes/Montee Principale, and 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, 2015, and remaining balances that will be collected when development occurs and building permits are issued.

South End Rock Tunnel:

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

Signed By

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Amount to be recovered from Benefiting Landowners in the South End	\$4,000,000
Add: Accumulated Interest to December 31, 2015	\$1,658,660
Less: Section 391 Charges Collected up to December 31, 2015	(\$970,194)
Balance to be recovered from Benefiting Landowners at the Building Permit Stage (2016 to 2046)	\$4,688,466

Council funded the \$4.0 million from the Capital Financing Reserve Fund – Wastewater, so annual contributions are contributed back to this reserve fund. During 2015, the City collected \$85,184 (2014 - \$57,018) in Section 391 Charges.

January 1, 2012 to December 31, 2016 rates in accordance with By-Law 2015-5 are \$1,499 for a single residential home, \$899 for a multiple dwelling per unit and \$5.50 per sq. meter for commercial or industrial. These rates will increase every five year period 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.

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 benefiting landowners, over a 20 year period, plus interest.

Amount to be recovered from Benefiting Landowners on Ste.Agnes/Montee Principale	\$105,000
Add: Accumulated Interest to December 31, 2015	\$48,748
Less: Section 391 Charges Collected up to December 31, 2015	(\$0)
Balance to be recovered from Benefiting Landowners at the Building Permit Stage	\$153,748

Council funded the \$105,000 from the Capital Financing Reserve Fund – Water, so annual contributions are contributed back to this reserve fund.

In accordance with By-Law 2015-5 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.

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 benefiting landowners, over a 20 year period, plus interest.

Amount to be recovered from Benefiting Landowners on Kingsway (as of Dec 31, 2014)	\$2,155,348
Add: Accumulated Interest to December 31, 2015	\$818,213
Less: Section 391 Charges Collected up to December 31, 2015	(\$6,626)
Balance to be recovered from Benefiting Landowners at the Building Permit Stage (2016 to 2027)	\$2,966,935

It was estimated that \$3.8M of growth related capital costs will be incurred from 2007 to 2019. As of December 31, 2015, the City spent \$3,105,380 in which \$2,155,348 is to be recovered from Section 391 Charges. There were no Section 391 Charges collected during 2015 or 2014.

Council approved internal borrowing from the Capital fund, so annual contributions are contributed to reduce this debit balance.

2015 rates in accordance with By-Law 2015-5 are \$2,617 for a single residential home, \$1,409 for a multiple dwelling per unit and \$9.21 per sq. meter for commercial or industrial. 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 2016-7 staff will continue to recover these costs from the benefiting landowners and keep Council apprised of annual revenues received.