



**City of Kingston  
Information Report to Council  
Report Number 23-133**

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<b>To:</b>	<b>Mayor and Members of Council</b>
<b>From:</b>	<b>Desirée Kennedy, Chief Financial Officer &amp; City Treasurer</b>
<b>Resource Staff:</b>	<b>Lana Foulds, Director, Financial Services</b>
<b>Date of Meeting:</b>	<b>August 8, 2023</b>
<b>Subject:</b>	<b>2022 Development Charges Reserve Fund Statement</b>

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**Council Strategic Plan Alignment:**

Theme: Regulatory & compliance

Goal: See above

**Executive Summary:**

The purpose of this report is to provide Council with a statement of the City's Development Charges Reserve Fund as at December 31, 2022.

Development charges are collected for the purposes of financing new infrastructure and infrastructure capacity expansion under the [Development Charges Act, 1997](#), as amended. The basis for these charges is provided in the [Development Charges Background Study, 2019](#) in support of [By-Law Number 2019-116](#), cited as the "City of Kingston Development Charge By-Law 2019".

**Recommendation:**

This report is for information only.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF

FINANCIAL OFFICER &amp; CITY TREASURER

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**Desiree Kennedy, Chief  
Financial Officer & City  
Treasurer**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

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**Lanie Hurdle, Chief  
Administrative Officer****Consultation with the following Members of the Corporate Management Team:**

Paige Agnew, Commissioner, Growth & Development Services	Not required
Jennifer Campbell, Acting Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	
Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required

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**Options/Discussion:**

In accordance with legislation, the treasurer of the municipality is required to provide Council with an annual financial statement reflecting the activity of the Development Charges Reserve Fund. The structure and detail of this information has been developed based on previous feedback from representatives of the development community and with a focus on underlying principles that support transparency, efficiency, and ease of use.

Council approved [By-Law Number 2019-116](#), cited as the “City of Kingston Development Charge By-Law 2019”, and related [Development Charges Background Study, 2019](#). These documents support the use of development charges for all services for which the City plans to incur capital costs related to new servicing capacity expansion for the five-year period, beginning September 29, 2019.

Development charge levies can only be used to fund costs related to new infrastructure and infrastructure capacity expansion, as determined through the development charge calculation process, and in accordance with the City of Kingston Development Charge By-Law 2019. The [Development Charges Act, 1997](#), as amended, requires that development charges collected be placed in a separate reserve fund and accumulate interest. The Development Charges Reserve Fund is not consolidated with other municipal reserve funds for investment purposes. A separate Impost Reserve Fund has been maintained to manage and report the collection and use of development charges related to water and wastewater services.

Exhibit A to this report provides a summary of financial activity of the Development Charges Reserve Fund for the year ending December 31, 2022. The statement provides details to reflect the 2019 background study in effect for the 2022 fiscal year. Inflows consist of contributions from developers, collected at the time of building permit issuance, plus investment income earned in the fiscal year. Outflows are in accordance with the Development Charges Background Study, 2019 in effect at the time of expenditure approval. Exhibit A also reflects inter-fund borrowing between service categories, as provided by the [Development Charges Act, 1997](#), to recognize timing differences between revenues collected and expenditures incurred. Interest on inter-fund borrowing is charged and recovered between the respective service categories.

Exhibits A1, A2 and A3 to this report summarize project costs funded in whole or in part from development charges in 2022, including information on project costs and related funding sources.

The City of Kingston Development Charge By-Law 2019 includes 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 the Development Charges Reserve Fund. Funds are approved by Council through the annual budget process or by specific approval. In addition, as previously approved by Council, the City Treasurer is given delegated authority to consider applying additional amounts to the repayment of development charges and impost fee exemptions based on any surplus resulting from

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assessment growth in a given year. Any additional transfers will accelerate the allocation of the tax incremental financing program and ultimately recognize revenues from assessment growth sooner. At the end of 2022, the total amount outstanding in respect of development charge exemptions is \$3,790,608.

**Existing Policy/By-Law:**

[Development Charges Act, 1997](#), as amended

City of Kingston [By-Law Number 2019-116](#), "A By-Law to Establish Development Charges for the City of Kingston, Cited as the City of Kingston Development Charge By-Law 2019"

[Development Charges Background Study, 2019](#)

**Notice Provisions:**

None

**Accessibility Considerations:**

The City's [Accessibility Standards Policy](#) indicates that the City of Kingston shall, upon request, and in consultation with the person making the request, provide or make arrangements to provide accessible formats and communication supports for persons with disabilities.

The exhibits to this report are system generated or derived from the extensive spreadsheets used to develop and maintain the City's budgets. The Exhibits to this report will be provided in an alternate format upon request.

**Financial Considerations:**

This report reflects the transactions of the City's Development Charges Reserve Fund and Impost Reserve Fund as recorded in 2022. Allocations to finance capital projects from development charges are approved by Council in the annual capital budget by-laws or by subsequent reports to Council and are in accordance with the Development Charges Background Study, 2019.

**Contacts:**

Lana Foulds, Director, Financial Services, 613-546-4291 extension 2209

**Other City of Kingston Staff Consulted:**

Randy Murphy, Chief Financial Officer and Treasurer, Utilities Kingston, 613-546-1181 extension 2317

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**Exhibits Attached:**

Exhibit A - Annual Treasurer's Statement of Development Charges and Impost Reserve Funds  
(By-Law Number 2019-116)

Exhibit A1 - Summary of Capital Financing - Development Charges and Impost Reserve Funds -  
2022

Exhibit A2 - Summary of Municipal Allocations - Development Charges Reserve Fund – 2022

Exhibit A3 – Summary of Utility Allocations - Development Charges Reserve Fund – 2022

Annual Treasurer's Statement of Development Charge and Impost Reserve Funds (By-Law Number 2019-116)

Description	Total	Water	Wastewater	Roads	Protection	Transit	Parks and Recreation	Affordable Housing	Studies	Library	Waste Diversion
Opening Balance, January 1, 2022	44,237,291	14,079,045	11,598,782	9,766,492	-	-	6,003,899	521,590	600,579	1,539,971	126,933
Opening Interfund Borrowings, January 1, 2022	-	-	-	655,632	(468,235)	(187,396)	-	-	-	-	-
Adjusted Opening Balance	\$ 44,237,291	\$ 14,079,045	\$ 11,598,782	\$ 10,422,124	\$ (468,235)	\$ (187,396)	\$ 6,003,899	\$ 521,590	\$ 600,579	\$ 1,539,971	\$ 126,933
Add: Collections (By-Law 2019-116)											
Residential, Multi-Residential	11,340,066	845,242	3,055,940	4,182,973	413,640	636,284	1,294,404	209,377	141,381	524,755	36,071
Industrial (including repayment of exemptions)	1,154,294	138,019	500,746	362,541	34,711	53,995	35,997	-	11,570	14,142	2,571
Non-Industrial	2,232,973	272,367	1,042,051	684,219	65,216	99,483	30,950	-	22,107	12,159	4,421
Sub-Total (By-Law 2019-116)	\$ 14,727,333	\$ 1,255,627	\$ 4,598,738	\$ 5,229,733	\$ 513,568	\$ 789,762	\$ 1,361,351	\$ 209,377	\$ 175,059	\$ 551,055	\$ 43,063
Investment income	1,343,571	243,099	143,428	494,973	-	20,037	296,268	32,507	33,334	72,349	7,577
Interest on interfund borrowings	-	-	-	5,821	(5,821)	-	-	-	-	-	-
Sub-Total	\$ 16,070,905	\$ 1,498,726	\$ 4,742,166	\$ 5,730,527	\$ 507,746	\$ 809,799	\$ 1,657,619	\$ 241,884	\$ 208,393	\$ 623,404	\$ 50,640
Less:											
Amount Transferred to Capital (Exhibit A1)	14,579,411	1,213,145	7,671,127	4,546,559	118,359	152,814	588,369	1,623	27,752	259,665	-
Other Allocations - Municipal (Exhibit A2)	458,923	-	-	-	121,021	-	129,767	-	-	208,135	-
Other Allocations - Utilities (Exhibit A3)	2,462,113	1,426,039	1,036,075	-	-	-	-	-	-	-	-
Sub-Total	\$ 17,500,447	\$ 2,639,184	\$ 8,707,201	\$ 4,546,559	\$ 239,380	\$ 152,814	\$ 718,136	\$ 1,623	\$ 27,752	\$ 467,800	\$ -
Closing Balance Before Interim Financing	\$ 42,807,748	\$ 12,938,587	\$ 7,633,746	\$ 11,606,093	\$ (199,869)	\$ 469,589	\$ 6,943,383	\$ 761,851	\$ 781,220	\$ 1,695,576	\$ 177,574
Interfund Borrowings (Interim Financing)	-	-	-	\$ (199,869)	\$ 199,869	\$ -	-	-	-	-	-
Closing Balance, December 31, 2022	\$ 42,807,748	\$ 12,938,587	\$ 7,633,746	\$ 11,406,224	\$ -	\$ 469,589	\$ 6,943,383	\$ 761,851	\$ 781,220	\$ 1,695,576	\$ 177,574
Deferred Exemption Revenue to be recovered	\$ 3,790,608										

The Municipality is compliant with s.s. 59.1 (1) of the *Development Charges Act* , whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the Development Charges Act or another Act.

Capital Projects	2019 Background Study				D.C./Impost Recoverable Cost Share				Non-D.C./Impost Recoverable Cost Share	
Services	Study Gross Cost	D.C./Impost Recoverable Cost	Non-D.C./Impost Recoverable Cost Share	Actual Gross Capital Cost to Date	D.C./Impost Reserve Fund Prior Study Carry Forward <sup>1</sup>	D.C./Impost Reserve Fund Current Year	D.C./Impost Reserve Fund Cumulative Total	D.C. Debt Financing	Municipal Funding Including Debt Financing and Post-Period Benefit	Grants, Subsidies Other Contributions
Roads Services										
City-wide intersection / Corridor Improvements	33,825,000	10,960,439	22,864,562	426,238	-	114,190	303,509	-	122,729	-
Centennial Drive - 2 lane road - Resource Rd. to 520m East of Gardiners Road <sup>1</sup>	-	-	-	4,691,191	144,077	-	2,324,381	-	2,366,810	-
John Counter Blvd. widening from 2 to 4 lanes + bridge over CN railway tracks (Sir John A. Macdonald to Princess Street)	40,351,000	15,059,526	25,291,474	38,972,560	-	83,350	14,570,780	-	18,437,040	5,964,741
Highway 15 widening from 2 to 4 lanes (Highway 2 to Gore Road) - Phase I - EA / Design / Land	13,801,000	10,378,547	2,115,873	4,617,957	-	(442,277)	1,894,163	1,578,606	1,145,188	-
3rd Crossing new construction of a 2 lane bridge - Elliott Avenue and Gore Road Phase 2 - Design / Construction	180,000,000	25,560,000	154,440,000	169,280,043	-	4,194,078	9,037,766	15,000,000	33,191,637	112,050,641
Transportation Master Plan + Transportation Model Update (update only) <sup>1</sup>	-	-	-	361,808	60,275	-	231,196	-	130,613	-
Transportation Master Plan, Transportation Model Update, and Household Survey	362,000	217,924	144,076	270,590	-	63,210	162,895	-	107,695	-
TRP - City-wide Routes ATMP Infrastructure	43,229,700	5,893,073	37,336,627	758,259	-	64,012	103,348	-	654,911	-
Active Transportation - Pathways and Trails	24,534,000	4,303,803	20,230,197	7,477	-	818	6,580	-	897	-

Capital Projects	2019 Background Study				D.C./Impost Recoverable Cost Share				Non-D.C./Impost Recoverable Cost Share	
Services	Study Gross Cost	D.C./Impost Recoverable Cost	Non-D.C./Impost Recoverable Cost Share	Actual Gross Capital Cost to Date	D.C./Impost Reserve Fund Prior Study Carry Forward <sup>1</sup>	D.C./Impost Reserve Fund Current Year	D.C./Impost Reserve Fund Cumulative Total	D.C. Debt Financing	Municipal Funding Including Debt Financing and Post-Period Benefit	Grants, Subsidies Other Contributions
TRP - Neighbourhood Routes ATMP Infrastructure	20,793,600	2,384,746	18,408,854	355,307	-	31,967	40,754	-	314,553	-
PBW - Equipment - Roads	2,545,000	2,298,420	246,580	505,248	-	7,910	456,295	-	48,952	-
PBW - Equipment - Sidewalks	1,080,000	975,361	104,639	218,855	-	26,725	197,651	-	21,204	-
PBW - Equipment - Parks & Sportsfields	540,000	443,621	96,379	298,049	-	101,891	244,889	-	53,160	-
Public Works Garage & Fleet Maintenance <sup>1</sup>	-	-	-	18,885,000	96,335	-	5,335,549	-	13,189,351	360,100
Sub-Total: Roads Services				239,648,584	300,686	4,245,873	34,909,756	16,578,606	69,784,740	118,375,482
Protection Services										
Replacement of Fire Maintenance Facility	4,000,000	956,934	3,043,066	4,297,178	-	76,177	1,028,029	-	3,269,149	-
Fire Training Centre Phase 3 <sup>1</sup>	-	-	-	644,855	42,182	-	177,712	-	467,143	-
Sub-Total: Protection Services				4,942,033	42,182	76,177	1,205,741	-	3,736,292	-
Transit Services										
Bus Stops / Shelters	2,000,000	254,702	1,745,298	533,905	-	14,851	38,073	-	50,791	445,041
Buses	10,501,632	921,142	9,580,490	2,086,876	-	137,963	183,082	-	373,488	1,530,306
Sub-Total: Transit Services				2,620,781	-	152,814	221,154	-	424,279	1,975,347
Parks and Recreation										
Midland Park Phase 4 (Greene Homes)	245,000	172,336	72,664	243,475	-	15,862	171,261	-	72,215	-
Lyndenwood Phase 5 (Caraco Homes - Cataraqui North)	265,000	226,575	38,425	625,723	-	273,987	534,993	-	90,730	-



Capital Projects	2019 Background Study				D.C./Impost Recoverable Cost Share				Non-D.C./Impost Recoverable Cost Share	
Services	Study Gross Cost	D.C./Impost Recoverable Cost	Non-D.C./Impost Recoverable Cost Share	Actual Gross Capital Cost to Date	D.C./Impost Reserve Fund Prior Study Carry Forward <sup>1</sup>	D.C./Impost Reserve Fund Current Year	D.C./Impost Reserve Fund Cumulative Total	D.C. Debt Financing	Municipal Funding Including Debt Financing and Post-Period Benefit	Grants, Subsidies Other Contributions
700 Gardiners Road (including WIP from prior study)	171,000	146,205	24,795	1,261,863	-	276,990	1,078,893	-	182,970	-
671 Brock Street	600,000	513,000	87,000	490,249	-	(74,655)	344,842	-	145,408	-
East End Community Centre <sup>1</sup>	-	-	-	13,450,761	96,184	-	1,815,853	-	11,352,713	282,195
Sub-Total: Parks and Recreation				16,072,072	96,184	492,185	3,945,841	-	11,844,035	282,195
Affordable Housing										
Affordable Housing - Capital Subsidy	4,000,000	321,087	3,678,913	4,698,452	-	1,623	244,052	-	2,388,882	2,065,518
Sub-Total: Affordable Housing				4,698,452	-	1,623	244,052	-	2,388,882	2,065,518
Studies										
Archeology Study	100,000	45,000	55,000	33,588		15,115	15,115	-	18,473	-
Industrial Land Use Strategy	150,000	75,000	75,000	3,462	-	1,558	1,558	-	1,904	-
Commercial Land Use Inventory	200,000	90,000	110,000	5,998	-	2,699	2,699	-	3,299	-
Secondary Planning Studies	336,600	151,470	185,130	418,124	-	8,380	188,156	-	229,968	-
Sub-Total: Studies				461,172	-	27,752	207,528	-	253,645	-
Library										
Pittsburgh Branch Expansion <sup>1</sup>	-	-	-	1,110,926	259,665	-	545,629	-	565,296	-
Sub-Total: Library				1,110,926	259,665	-	545,629	-	565,296	-
Water Services										
Watermain - King Street - Sand Bay Lane to Trail Head Place <sup>1</sup>	-	-	-	657,730	1,998	-	328,886	-	328,844	-

Capital Projects	2019 Background Study				D.C./Impost Recoverable Cost Share				Non-D.C./Impost Recoverable Cost Share	
Services	Study Gross Cost	D.C./Impost Recoverable Cost	Non-D.C./Impost Recoverable Cost Share	Actual Gross Capital Cost to Date	D.C./Impost Reserve Fund Prior Study Carry Forward <sup>1</sup>	D.C./Impost Reserve Fund Current Year	D.C./Impost Reserve Fund Cumulative Total	D.C. Debt Financing	Municipal Funding Including Debt Financing and Post-Period Benefit	Grants, Subsidies Other Contributions
Watermain - Catwoods Drive - Centennial Drive to Sydenham Road <sup>1</sup>	-	-	-	584,892	160	-	584,892	-	-	-
Highway 15 Trunk Watermain: Highway 2 to Gore Road	3,900,000	1,560,000	2,340,000	3,817,569	-	305,684	1,527,078	-	-	-
Front Road / King Street (Sand Bay Lane to Sir John A. Macdonald / Union Street)	19,940,000	3,988,000	15,952,000	5,405,228	-	893,757	2,703,929	-	2,701,300	-
Watermain - John Counter Boulevard. - Indian to Princess Street <sup>1</sup>	-	-	-	1,453,098	6,330	-	726,549	-	726,549	-
Sub-Total: Services Related to Water				\$ 11,918,516	\$ 8,488	\$ 1,199,442	\$ 5,871,333	\$ -	\$ 3,756,692	\$ -
Wastewater Services										
Cataraqui Bay Wastewater Treatment Plant (2014 study)	85,000,000	51,000,000	34,000,000	-	-	-	-	-	-	-
Cataraqui Bay Wastewater Treatment Plant Phase 1 - Future Costs (2019 study)	41,464,453	24,878,672	16,585,781	134,183,469	2,200,630	-	29,642,227	50,867,854	53,673,387	-
NETS Phase 1 (Parkway @ Princess Street to East of John Counter Boulevard.)	4,450,000	1,780,000	2,670,000	932,473	-	(181,879)	376,747	-	555,726	-
NETS Phase 2 (Queen Mary @ Greenview to Sherwood Crescent)	2,600,000	1,040,000	1,560,000	2,988,643	-	431,440	1,195,457	-	1,793,186	-
Westbrook PS - Flow Redirect	420,000	420,000	-	336,100	-	306,522	336,100	-	-	-
Pumping Station - Days Road	18,000,000	9,000,000	9,000,000	14,113,966	-	4,495,727	7,080,300	-	7,033,665	-
Pumping Station - Portsmouth <sup>1</sup>	-	-	-	1,289,589	410,828	-	1,318,848	-	(29,258)	-
Pumping Station - Riverview <sup>1</sup>	-	-	-	2,109,376	2,644	-	1,687,299	-	422,076	-

Capital Projects	2019 Background Study				D.C./Impost Recoverable Cost Share				Non-D.C./Impost Recoverable Cost Share	
Services	Study Gross Cost	D.C./Impost Recoverable Cost	Non-D.C./Impost Recoverable Cost Share	Actual Gross Capital Cost to Date	D.C./Impost Reserve Fund Prior Study Carry Forward <sup>1</sup>	D.C./Impost Reserve Fund Current Year	D.C./Impost Reserve Fund Cumulative Total	D.C. Debt Financing	Municipal Funding Including Debt Financing and Post-Period Benefit	Grants, Subsidies Other Contributions
Sub-Total: Services Related to Wastewater				\$ 155,953,614	\$ 2,614,102	\$ 5,051,810	\$ 41,636,978	\$ 50,867,854	\$ 63,448,782	\$ -
<u>Studies (Water and Wastewater)</u>										
Development Charge Study Updates <sup>1</sup>	-	-	-	\$ 217,232	10,430	\$ -	\$ 204,782	\$ -	12,450	\$ -
Sub-Total: Studies				\$ 217,232	\$ 10,430	\$ -	\$ 204,782	\$ -	\$ 12,450	\$ -
Total Amounts Transferred to Capital				\$ 437,643,383	\$ 3,331,737	\$ 11,247,674	\$ 88,992,797	\$ 67,446,460	\$ 156,215,094	\$ 122,698,542
<sup>1</sup> Remaining works in-progress from prior study period. DC Recoverable Cost Share held to fund these projects.						\$ 14,579,411				

## Summary of Municipal Allocations - Development Charges Reserve Funds - 2022

<b>Municipal Allocations</b>	<b>Study Gross Cost</b>	<b>D.C. Recoverable Cost</b>	<b>D.C. Reserve Fund Current Year</b>
Equipment for 2 additional firefighters	\$ 30,000	\$ 30,000	\$ 3,121
700 Division Street (Excess Capacity)	1,035,882	1,035,882	117,900
<b>Sub-Total Protection Services</b>	<b>\$ 1,445,682</b>	<b>\$ 1,445,682</b>	<b>\$ 121,021</b>
INVISTA Centre Ice Pad (Excess Capacity)	1,242,356	1,118,120	129,767
New library materials	2,222,806	2,000,526	208,135
<b>Total Municipal Allocations</b>	<b>\$ 4,910,844</b>	<b>\$ 4,564,328</b>	<b>\$ 458,923</b>

## Summary of Utility Allocations - Development Charges Reserve Funds - 2022

Utility Allocations - Water Services	Post Period Benefit	Debt Principal	Debt Interest	Total Debt Allocation
Debt repayment - \$2M issued 2015 for 25 years at 3.24%; \$26.5M issued 2017 for 30 years at 3.41%	\$ -	\$ 657,831	\$ 877,284	\$ 1,535,115
Post period benefit covered by rates - Water	(109,076)	-	-	(109,076)
<b>Sub-Total Water Services</b>	<b>\$ (109,076)</b>	<b>\$ 657,831</b>	<b>\$ 877,284</b>	<b>\$ 1,426,039</b>
Utility Allocations - Wastewater Services	Post Period Benefit	Debt Principal	Debt Interest	Total Debt Allocation
Ravensview excess capacity - debt repayment \$14M issued 2010 for 30 years at 5.05%	\$ -	\$ 366,686	544,375	\$ 911,061
Borrowing Costs - Temporary Construction Financing - Cataraqui Bay WWTP (\$46.9M)	-	-	570,151	570,151
Post period benefit covered by rates - Wastewater	(445,138)	-	-	(445,138)
<b>Sub-Total Wastewater Services</b>	<b>\$ (445,138)</b>	<b>\$ 366,686</b>	<b>\$ 1,114,526</b>	<b>\$ 1,036,075</b>
<b>Total Utility Allocations</b>				<b>\$ 2,462,113</b>