

STAFF REPORT: Finance & IT Services



REPORT TO: Finance & Administration
MEETING DATE: August 23, 2011
REPORT NO.: FIT.11.37
SUBJECT: 2011 Development Charges Revenue Update
PREPARED BY: Darcy Chapman, Capital Accountant

A. Recommendations

THAT Council receive Staff Report FIT.11.37 “2011 Development Charges Revenue Update”, for information purposes.

B. Background

Staff Report FIT.11.36 “Semi-Annual Financial Report” was presented during the July 26, 2011 Finance & Administration Committee meeting. During committee discussions, concerns were raised about the lack of Development Charge (DC) revenues collected through June compared to the budgeted revenue expectations. The flash report contained within FIT.11.36 relating to DC revenues illustrated that the 2011 Budget anticipated \$2,375,000, with total collections to June 30 of only \$275,000. As well, staff have lowered the expectation of DC revenues to \$2,042,500 at year-end.

Committee members were concerned about the year to date total with staff expecting that in the final six months an additional \$1,767,500 could be collected, being that the second half could somehow collect six times the revenue as the first half of 2011.

Below are charts illustrating the 2011 Budget, Year to Date ending July actual and revised expected revenues for the various Town DC funds. As well, a synopsis of the remaining units to be collected is provided.

Town Wide Soft Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund						
General Government	\$ 55,414.80	75	\$ 15,750.82	28	\$ 39,398.82	60
Police	\$ 13,305.60	75	\$ 3,679.16	28	\$ 9,343.16	60
Fire & Rescue	\$ 90,266.40	75	\$ 25,185.84	28	\$ 63,713.84	60
Public Works	\$ 40,899.60	75	\$ 11,286.56	28	\$ 28,726.56	60
Parks & Recreation	\$232,923.60	75	\$ 58,361.00	28	\$157,753.00	60
Library	\$ 59,119.20	75	\$ 15,638.00	28	\$ 40,854.00	60

Building department staff have revised the year-end outlook to reflect anticipated new dwelling units to be in the range of 60 versus the original budgeted projection of 75.

With the downgrade in new dwellings, the remaining 32 units have been calculated to provide year-end projections.

Town Wide Roads Related Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund Roads & Related Area	\$ 586,127.81	76	\$ 133,765.81	24	\$ 480,805.81	69

Planning Staff have indicated that a potential 45 new development units are close to registration. This includes the Hillside Development (9 units), Willow Creek (9 units), Georgian Woodlands Phase 1A (5 units) and The Neighbourhoods at Delphi (22 units).

Craigleith Sewer Related Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund Craigleith Sewer Capacity	\$ 73,755.36	30	\$ 19,137.76	9	\$ 75,694.76	32
Craigleith Sewer	\$ 72,061.92	30	\$ 20,218.96	9	\$ 75,464.96	32

Again, Planning Staff have indicated that a potential 23 new development units are close to registration. This includes the Hillside Development (9 units), Willow Creek (9 units), Georgian woodlands Phase 1A (5 units) which are all located in the Craigleith Service Area.

Craigleith Water Related Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund Craigleith Water Supply	\$ 120,609.22	156	\$ 2,872.40	9	\$ 70,896.40	97
Craigleith Water	\$ 220,147.20	156	\$ 13,461.16	9	\$ 137,629.16	97

Along with the potential 23 new development units as mentioned above, there will also be revenues received from 65 units within the Highway 26 local service billing expected to be completed before the end of 2011.

Thornbury Sewer Related Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund Thornbury Sewer Capacity	\$ 605,083.25	121	\$ -	0	\$ 490,098.00	98
Thornbury West Sewer	\$ 60,939.65	12	\$ 80.35	1	\$ 15,314.35	4

Planning Staff have indicated the potential of 22 new development units contributing to the Thornbury Sewer Capacity along with 37 units from the Lake Drive and 39 units from the Georgian View Estates local servicing projects that are expected to be completed before the end of 2011. As well, Planning has indicated the possibility of 3 new units within the Thornbury West service area.

Thornbury Water Related Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund						
Thornbury Water Supply	\$ 64,170.29	83	\$ -	0	\$ 45,607.00	59
Thornbury West Water	\$ 77,293.44	12	\$ 390.28	1	\$ 19,713.28	4

Relating to the Thornbury Water Capacity, Planning Staff have indicated the potential of 22 new development units contributing along with 37 units from the Lake Drive local servicing project which is expected to be completed before the end of 2011. As well, Planning has indicated the possibility of 3 new units within the Thornbury West service area.

Lora Bay Area Specific Related Charges

	2011 Budget		Actual YTD Ending July		Projected Year-ending	
	Revenues	Unit Yields	Revenues	Unit Yields	Revenues	Unit Yields
DC Reserve Fund						
Lora Bay Area Specific Water	\$ -	0	\$ -	0	\$ 42,846.00	37
Lora Bay Area Specific Sewer	\$ -	0	\$ -	0	\$ 110,852.00	37

37 units from the Lake Drive local servicing project which is expected to be completed before the end of 2011 will each contribute to the Lora Bay specific DC.

Based on the above in-depth analysis, staff are now expecting somewhere in the magnitude of \$1.75M in Development Charge revenues. This reduction of \$300,000 in revenue is substantially due to forecasted negative changes in new dwelling permits and various new development units in Lora Bay, Camperdown and Craighleith not expected to be registered before the end of 2011.

As at the end of July, the Town has collected \$319,828. The balance of \$1.43M remaining to be collected is in large part due to the local servicing projects.

Project	Water DC's	Sewer DC's
Lake Drive	\$ 71,447	\$ 295,889
Georgian View Estates	\$ -	\$ 195,039
Highway 26	\$ 141,960	\$ -
TOTAL	\$ 213,407	\$ 490,928

Should the By-laws for the local servicing projects be delayed into 2012, the Town can expect a shortfall in projected revenues of more than \$700,000. The remaining \$725,000 is a combination of an expected 32 new dwelling building permits between August and December and various developments being registered totalling 48 units.

Expected Year-end Development Charge Balances

The 2011 Budget contains many projects or expenses that were to be funded from various Development Charge funds. The list below highlights those expenses as budgeted and the expected year-end balances required to be funded.

2011 Project	2011 Budget - DC Eligible Expense	Expected Year-end Transfer
Police Station Debt Repayment	\$ 30,000	\$ 12,275
Official Plan Review	\$ 54,000	\$ 54,000
Site Plan Design Guidelines	\$ 47,500	\$ -
Fire Station Addition	\$ 483,000	\$ -
Fire Tanker (Growth)	\$ 85,000	\$ -
Fire Protective Equipment (Growth)	\$ 14,245	\$ 14,000
Fire Department Management Software	\$ 21,000	\$ 15,500
Streetscape & Engineering Standards	\$ 18,000	\$ 1,000
Clark St/GR2/Hwy26 EA	\$ 33,000	\$ 8,500
Mill Street Road Construction	\$ 85,500	\$ 85,500
Ravenna Roads Depot Expansion	\$ 903,750	\$ 5,000
Liquid Anti-icing tank - Roads	\$ 13,500	\$ 13,500
Water Modeling & Distribution Analysis	\$ 67,500	\$ 45,000
Thornbury Reservoir Debt Repayment	\$ 164,845	\$ 164,845
Lake Drive Watermain Extension Unfinanced	\$ -	\$ 332,320
Lake Drive Wastewater main Extension Unfinanced	\$ -	\$ 493,380
Thornbury WWTP Debt Repayment	\$ 83,600	\$ 83,600
Craigleith WWTP Debt Repayment	\$ 532,250	\$ 532,250
Georgian Trail Capital Contribution	\$ 12,150	\$ -
Town Hall Open Space	\$ 126,000	\$ -
Delphi Point Park & Trail Development	\$ 81,000	\$ 76,500
Nipissing Ridge Washrooms & Playground Equipment	\$ 40,500	\$ 38,500
Moreau Park Washroom Construction	\$ 121,500	\$ -
Parks & Trails Equipment (Growth)	\$ 29,250	\$ 18,000
Tomahawk Top Dresser	\$ 10,800	\$ -
Tomahawk Utility vehicle	\$ 18,000	\$ 15,900
Tomahawk Pick-up Truck	\$ 15,300	\$ 12,250
TOTAL	\$ 3,091,190	\$ 2,021,820

The 2010 audited balance of the total Development Charges fund has a balance of \$793,493. Combined with the expected 2011 revenues of \$1.75M, the total funds available are expected to be in excess of \$2.54M. Based on the actual anticipated expenditures requiring DC funding as shown above, it is expected that the Town will still have a positive DC fund balance of \$522,700.

C. The Blue Mountains' Strategic Plan

Ensuring long-term financial sustainability and providing a strong, well managed municipal government.

D. Environmental Impacts

N/A

E. Financial Impact

Proper management of the Development Charges fund is critical in ensuring that the Town does not slip into an overall negative position within the total accumulated funds.

A sensitivity analysis to the DC revenues would conclude that should the Town find itself unable to pass the Local Improvement By-laws and also see no further building permits issued or new lot creations but still realize all anticipated expenditures, the overall DC fund could be in a negative position as much as \$908,500.

It is expected that with the DC Revenues from the Local Improvement By-laws and expected development to occur over the remainder of 2011, the overall fund should end up in a positive balance at year-end.

F. Attached

None

Respectfully submitted,

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