



## Report to Council

Department: Corporate Services

Division: Finance and Business Services

Date: March 15, 2021

Prepared by: Jeffrey R. Morrison, CPA, CGA  
Director, Corporate Services / Treasurer

Report Number: Finance and Business Services-2021-01

Subject: 2020 Funding of Financial Commitments

Number of Pages: 6

### Recommendation(s)

**That** Finance and Business Services-2021-01 entitled 2020 Funding of Financial Commitments prepared by Jeffrey R. Morrison, Director, Corporate Services dated March 15, 2021 be received, and

**That** Council approve the funding of the balance of the Town's commitment to the John R. Park Homestead Education Centre for a designated Tourist Information Centre named for the Town of Essex that falls outside of the Colchester Community Improvement Plan (CIP) through the utilization of GG-20-0002 Council Contingency in the amount of \$34,793, with the balance remaining funded from the Town's Land Acquisition Reserve, and

**That** Council approve the temporary borrowing from the Landfill Reserve, for the deficit portion of waived development charges for hard and soft services in the amount of \$397,216.26 to be funded and repaid in the 2022 Budget.

## Purpose

Council approval is required to approve funding allocations outside of the annual budget.

## Background and Discussion

### 2020 Commitment to John R. Park Homestead Welcome Centre

At the April 6, 2020 Regular Meeting of Council the following motion from Councillor Bjorkman was presented and carried unanimously through recorded vote.

#### 15.1.4 Councillor Bjorkman

RE: Essex Region Conservation Authority Donation

Moved By Councillor Bjorkman

Seconded By Councillor Verbeek

**(R20-04-112)** That the Council of the Town of Essex discuss ways to appropriate funds through, but not limited to the sale of existing properties including part of the Colchester School House property and other developable properties in Colchester; and

**Whereas** the Town of Essex wishes to have a Tourist Information Centre in the south end of the Town, preferably on County Road 50; and

**Whereas** the businesses, wineries, restaurants, artists, gift shops, outfitters, golf courses, B&B's, breweries, On Farm retailers, flower shops, orchards, buke rentals, tour operations, etc. will benefit from the added exposure; and

**Whereas** the preferred location being the Old School House in Colchester Village is years and hundreds of thousands of dollars away from the use as a Tourist Information Centre; and

**Whereas** this Council understands that residential and commercial development in the south end of the Town is accelerating;

**Therefore** the Council of the Town of Essex resolves to donate \$100,000.00 to the John R. Park Homestead Education Centre in return for a designated Tourist Information Centre named for the Town of Essex.

Development Services has identified that the upset limit for funding under the Community Improvement Plan (CIP) for the John R. Park Homestead Education Centre is approximately \$35,000. It is recommended that the remaining balance of \$65,000 be funded through capital project GG-20-0002 Council Contingency in the amount of \$34,793, with the remaining \$30,207 to be funded through the Town's Land Acquisition Reserve. As of December 31, 2020 the unaudited balance of the Town's Land Acquisition Reserve prior to the funding identified in this report is \$155,524.

#### 2020 Waived Development Charge Deficit

As presented by Administration at the February 1, 2021 Regular Meeting of Council, slide 9 (included below) identifies the Total amount of Waived DC's for 2020 as \$820,615.

# Development Charges

## Purpose of DCs

To recover the capital costs associated with residential and non-residential growth within a municipality, in addition to what would normally be constructed as part of a subdivision

- Current DC By-law 1850 expires Aug 2024
- Commercial, Industrial, Institutional DCs waived until Aug 2024
- Residential in Harrow Settlement Area waived by 100% until Dec 31 2020, waived by 75% Jan-Dec 2022, waived by 50% Jan-Dec 2023, and waived by 25% Jan-Aug 2024
- Waived for the developer does not mean waived for the municipality

2020 Development Charges Summary		
	Charged	Waived
Residential	\$1,119,536	\$369,539
Com/ <u>Ind</u> /Inst		\$451,076
<b>Total</b>	<b>\$1,119,536</b>	<b>\$820,615</b>

Total DCs Waived	Hard & Soft Services	Area-Specific Wastewater
<b>\$820,615</b>	\$664,715	\$155,900



Upon further review and analysis, discrepancies were identified in the numbers presented above and have since been rectified. The revised amount of waived development charges for 2020 is **\$716,555.78**; \$104,059.22 less than what was presented to Council previously.

To provide a more complete picture, the waived development charges can be further broken down by construction type, and funding pool.

2020 Development Charges Summary - Waived			
	Total	Hard/Soft Services (property tax)	Wastewater (user rates)
Residential	\$295,029.00	\$225,747.00	\$69,282.00
Commercial	\$421,526.78	\$369,423.26	\$52,103.52
Industrial	\$0.00	\$0.00	\$0.00
Institutional	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$716,555.78</b>	<b>\$595,170.26</b>	<b>\$121,385.52</b>

To determine the unfunded amount, the 2020 actuals for waived development charges are compared to the 2020 approved budgeted amounts.

	Actual	2020 Budget	Variance
Property Tax Funded	\$595,170.26	\$197,954	(\$397,216.26)
User Rate Funded	\$121,385.52	\$129,479.00	\$8,093.48

User rate funded development charges for wastewater had a sufficient budgeted amount, however property tax funded development charges for hard and soft services were under budgeted, leaving a deficit of just over \$397,000. This is an unfunded amount owing to the development charge reserve.

## Financial Impact

### 2020 Commitment to John R. Park Homestead Welcome Centre

The financial impact associated with Council's donation to the Welcome Centre at the John R. Park Homestead is \$100,000. The donation will be funded through the 2020 and 2021 Colchester CIP with an upset of \$35,000, capital project GG-20-0002 Council's Contingency in the amount of \$34,793, and the Town's Land Acquisition Reserve in the amount of \$30,207.

### 2020 Waived Development Charge Deficit

The financial impact associated with the deficit as a result of waived development charges will have no impact to the 2021 budget. The deficit portion of waived development charges for hard and soft services in the amount of \$397,216.26 will be setup as temporary borrowing from the Landfill Reserve, to be funded and repaid in the 2022 Budget. This amount will be included under Council's operating budget in 2022, with funding to be determined during the development of the 2022 budget.

## Consultations

Kate Giurissevich, Manager, Finance and Business Services

Lori Chadwick, Director, Development Services

Doug Sweet, Director, Community Services, Deputy CAO

## **Link to Strategic Priorities**

- ☒ Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- ☐ Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- ☒ Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- ☐ Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- ☐ Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.
- ☐ Improve the Town's capacity to meet the ongoing and future service needs of its citizens while ensuring the corporation is resilient in the face of unanticipated changes or disruptions.

### Report Approval Details

Document Title:	2020 Funding of Financial Commitments - Other - Finance and Business Services-2021-01.docx
Attachments:	
Final Approval Date:	Mar 9, 2021

This report and all of its attachments were approved and signed as outlined below:

A handwritten signature in black ink, appearing to read "Chris Nepszy". The signature is fluid and cursive, with a period at the end.

**Chris Nepszy, Chief Administrative Officer - Mar 9, 2021 - 5:53 PM**