

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Administration

To: Mayor and Members of Council

From: Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
GM, Finance, Budget, Information Technology & Transformation

Date: November 22, 2020

Subject: Growth Plan Financing

Recommendation

1. The former Employment Community Improvement Plan reserve (17265) with a current balance of \$250,000 be renamed the "Growth Plan" reserve,
2. \$150,000 be transferred from the Community Improvement Plan reserve (17161) to the Growth Plan reserve (17265),
3. Base tax funding of \$100,000 to the Growth Plan reserve (17265) be referred to the 2021 Budget, with further recommendations to future budgets,
4. Funding of up to \$800,000 for projected 2021 Growth Plan Servicing Studies financing be accomplished by:
 - a. The Public Utilities Commission funding 25% of the cost to be recovered through PUC Development Charges once approved at a future PUC meeting,
 - b. 25% of the costs be recovered through future municipal Development Charges if implemented by Council in 2021,
 - c. The remaining 50% be funding from the Growth Plan Reserve,
5. Funding of up to \$200,000 for projected 2021 Official Plan update studies financing be accomplished by:
 - a. 50% of the cost funded from the Growth Plan reserve (17265),
 - b. 50% of the costs to be recovered through municipal Development Charges if implemented by Council in 2021.

Background

On February 10th, 2020, Council approved the CK Growth Plan to support enhanced quality of life in Chatham-Kent through increases in population, jobs, and new tax assessment. On September 28, 2020, Council hosted a strategy session with a focus on growth and recovery from the Covid-19 pandemic. In this session, planning for growth and financing growth was discussed. On October 19, 2020 Council approved undertaking the Development Charges Background Study that has since commenced and will be delivered back to Council in the spring of 2021 with recommendations to enact having growth pay for a portion of growth, rather than relying fully on existing taxpayers to fund growth infrastructure as has occurred in the past.

This report furthers the planning for growth and includes the 2021 funding required to achieve the growth goals put forth by Council.

Comments

Council has expressed a strong commitment to growth as a priority, while also wishing to keep future tax increases to reasonable levels. Administration supports moving forward to implementing Development Charges to pay for a portion of growth moving forward and is working with the consultant on the Development Charges Background Study. Concurrently, Planning and Engineering are beginning to work on the Background Servicing Study and preparing for updates to the Official Plan to keep ahead of strong growth currently being experienced.

There are three areas in Chatham-Kent that have been identified to need extensive work in the short term:

1. Southwest quadrant of Chatham and northern area of South Kent north of the 401
2. South Wheatley designated growth area

Item 1 is proposed to need a detailed servicing study to determine the future infrastructure needs in the area between the 401 and southwest Chatham, where a high amount of growth is currently occurring with services needing to be extended in short order.

Southwest Chatham Servicing Study

- Water distribution network analysis, existing pressure and flow testing
- Storm water collection analysis, existing flow monitoring of existing pump stations and trunk sewers, including Municipal Drains
- Sanitary sewage collection analysis, existing flow monitoring of existing pump stations and trunk sewers
- Model and analyze the existing system, identify shortfalls
- Provide short, intermediate and long term solutions for serving SW Chatham, in collaboration with the Transportation Master Plan

Item 2 in Wheatley requires a servicing study in short order due to current demands on new services. The South Wheatley designated growth area is predominantly 200 acres of vacant lands that have been set aside for future development. Numerous inquiries

have been made over the past couple of years about development opportunities. However, adequate infrastructure to support growth in this area is currently lacking and needs to be reviewed in detail to inform future land use decisions.

South Wheatley Designated Growth Area Servicing Study

- Servicing report to identify the limitations of the existing infrastructure by real-time analysis of collection and distribution networks
- Provide short, intermediate and long term solutions for serving the lands north and south of 1st Concession Line in collaboration with the Transportation Master Plan
- Project potential growth of the Water treatment Plant and Wastewater Treatment Plant and the land they will require in the future

Both these studies will include and will be partially funded by the PUC for water and wastewater future requirements.

In addition, there will need to be additional Planning work done to prepare the Official Plan updates required for these areas which is tax funded.

Official Plan Review and Update

- Official Plan Policy Audit
- Growth and Development Options Analysis
- Policy Directions
- Official Plan Policy Recommendations and Amendments

These studies are expected to cost up to \$1M in 2021.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

 Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The General Managers for Community Development, the PUC and Infrastructure and Engineering Services, as well as the Director, Engineering Services were consulted for this report.

Financial Implications

In the short term, over the next five years, it is anticipated that approximately \$50M of funding will be required, the details and timing to be determined by the studies. Approval of implementing Development Charges in the spring of 2021 will substantially fund future residential growth servicing requirements. However a portion of growth and the need for expansion of serviced industrial areas in Chatham-Kent will require some tax funding. The goal of providing some level of tax funding now is to incentivize high growth which increases the tax base and will benefit current taxpayers over time.

It is expected that the expenditures required in the planning phase in 2021 will cost approximately \$1M. The recommendations will provide enough funding for the 2021 planning stage with the assumption that for now, 50% should be funded from existing taxpayers and reserves, 25% by the Chatham-Kent Public Utilities Commission Development Charges and 25% be recovered by the eventual implementation of municipal Development Charges for the servicing studies. The official plan studies are municipal funded. It is anticipated that some growth-related infrastructure construction will move forward in 2021, such as the extension of Keil Drive South, which is currently funded in the Capital Budget. However, the majority of growth-related infrastructure construction would be in 2022 and beyond with the project being debentured and paid over 20 years from future development charges (both municipal and PUC) and tax budget recommendations.

Initially, Administration is recommending phasing-in any tax based requirements over a three year period. \$100,000 of tax funding is recommended in the 2021 Budget for consideration.

If development charges are not implemented by Council in 2021, or the 2021 Budget request is not approved, the shortfall of up to \$200,000 for the servicing studies and up to \$200,000 for the official plan studies will need to be drawn from the Strategic Reserve (17266).

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Attachments: none

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