



Development Charges Update (Soft Services)

General Committee

March 23, 2009

Agenda

- Overview
- Status Update
- Schedule for By-law Update
- Timelines
- Reserve Update

Town Wide Soft Services Overview

- The current Town Wide Soft Services by-law expires on August 31, 2009
- The (Town Wide Soft) by-laws need to be renewed to enable the collection of development charges
- The Town Wide Soft development charges are used to fund growth-related capital infrastructure for:
 - Indoor Recreation
 - Park Development and Facilities
 - Fire Services
 - Library Services
 - Public Works Yard and Fleet
 - General Government (i.e. Studies)

Town Wide Soft Services Status Update

- The inventory and capital forecast information has been compiled with the assistance of the relevant departments
- Hemson Consulting has reviewed the inventory and replacement cost information and conducted a comparison analysis with other municipalities
- Calculations of service levels and funding capacity will be complete by the end of March
- Soft Service Charges are based on the 10-year historic average service levels (replacement value of assets/population)

Town Wide Soft Services Status Update

- The growth forecast used in the 2008 Town Wide Hard (TWH) and Area Specific Development Charge (ASDC) Background Study is being used for this update
- Intensification will be addressed in the next update of the Development Charge By-laws, expected in about 2012
- The Town Wide Soft development charge is based on the 10-year historic average service level (per capita) and growth in the population will increase the charge collected over time

Town Wide Soft Services Schedule

- The review is being conducted with the expectation that the by-laws will be approved at the first Council meeting in June 2009
- Consistent with past practice, staff will convene a Developers' Breakout Group to discuss inventory data and the proposed new charges
- At the March Developers' Round Table, members of the development community were invited to join a Developers' Breakout group. Two meetings will be held with the Breakout Group in April

Town Wide Soft Services Schedule

- Interim updates will be provided to General Committee throughout the consultation process
- Staff recommends that the Development Charges Sub-Committee be reconvened to review inventory data, the proposed new charges and funding capacity for the various TWS components
- Meetings for the Development Charges Sub-Committee are expected to be held in the first and last week of April

Timelines

- Meetings with DC Sub-Committee – week of April 6th and 27th
- Week of April 6th and 20th – Developer Breakout Group Meetings
- General Committee Updates – April 20th and May 4th
- Finalize Background Study – May 12th
- Public Meeting – May 26th
- Council Approval – June 3rd

Town Wide Soft Services Reserve Update

- Town Wide Soft (TWS) development charge revenue is collected upon the issuance of building permits.
- An increase/decrease in the issuance of building permits will therefore directly affect the cash inflow of TWS development charge revenue
- TWS development charge revenue for 2008 fell by 62% to \$5.9M from the 5-year average revenue of \$16M
- Town Wide Hard development charge revenue for 2008 fell by 49% to \$4.6M from the 5-year average revenue of \$9M

Town Wide Soft Services Reserve Update

- The reduction in development charge revenue is directly related to the slow down in development activity in the Town
- Development charge commitments to capital projects on the other hand has increased, with new Parks and the East Markham Community Centre accounting for the majority of the funding requirements

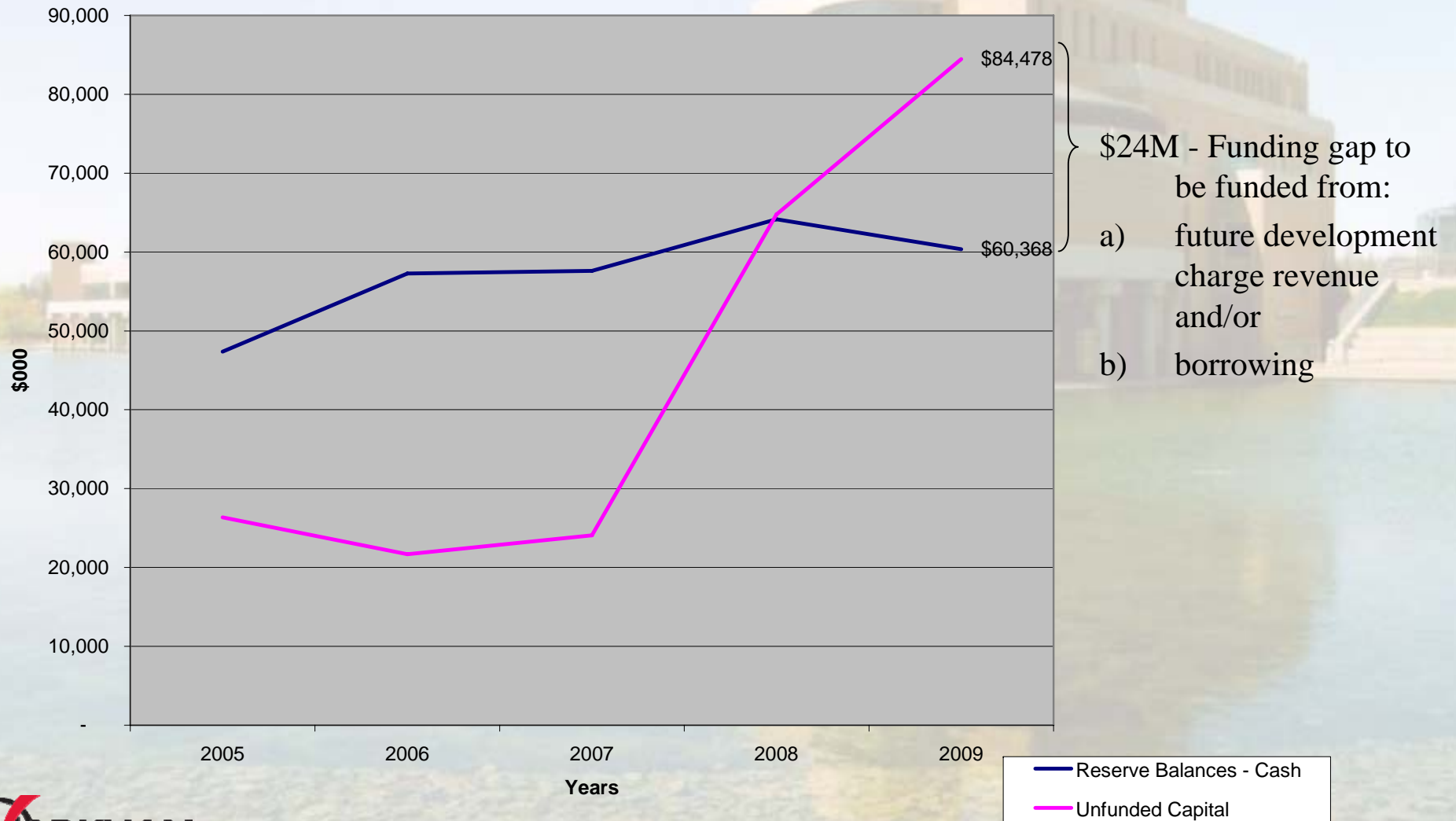
Town Wide Soft Services Reserve Update

- The cash balance available in the reserves is \$60M versus the unfunded capital commitments of \$84M

	2006	2007	2008	February 2009
Town Wide Soft Services				
Indoor Recreation	\$21,096,801	\$26,067,805	\$27,119,992	\$27,164,901
Park Development & Facilities	\$32,183,957	\$36,090,154	\$34,903,118	\$33,527,814
Fire Services	\$976,336	\$2,472,705	\$2,628,763	\$2,282,556
Library Services	\$2,754,212	\$2,025,065	\$3,115,048	\$3,074,055
Public Works Yard & Fleet	\$7,474,085	\$8,788,714	\$9,249,771	\$9,266,857
General Government (i.e. Studies)	(\$693,917)	(\$1,407,496)	(\$2,971,903)	(\$5,386,066)
Reserve Balances	\$63,791,474	\$74,036,946	\$74,044,789	\$69,930,117
Accounts Receivable	\$6,500,727	\$16,431,059	\$9,904,133	\$9,562,508
Reserve Balances - Cash	\$57,290,747	\$57,605,887	\$64,140,656	\$60,367,610
Unfunded Capital Commitments	\$21,685,118	\$24,091,021	\$64,765,196	\$84,478,054 *
Available Cash Reserve Balances	\$35,605,629	\$33,514,866	(\$624,540)	(\$24,110,444)

* To be spent over 2-3 years

Cash DC Reserve Balance Compared to Unfunded Capital Commitments



Town Wide Soft Services Reserve Update

- The cash balance available in the development charge reserves at present is therefore insufficient to cover the current capital funding commitments
- However the funding commitments for the facilities will be drawn on over a period of 2-3 years and therefore no immediate shortfall in cash available in development charges reserves is anticipated
- Staff will continue to monitor the development charge reserves as the reduction in revenue (due to slowing development) may result in the Town being required to borrow to fund growth-related facility requirements



QUESTIONS