

Memorandum

To:	Adam Found	Fax	<input type="checkbox"/>
From:	Andrew Grunda and Sean-Michael Stephen	Courier	<input type="checkbox"/>
Date:	March 27, 2018	Mail	<input type="checkbox"/>
Re:	Colborne Street W. Capital Charge By-laws	e-mail	<input checked="" type="checkbox"/>

On November 14, 2017, Watson provided the City with a memo summarizing our review of the capital charge By-laws related to the Colborne St. W. Reconstruction and a suggested course of action. Our review concluded that the 1997 and 1999 Capital Charge By-laws (Town of Lindsay By-laws 97-56 and 99-11 respectively) should be repealed as the underlying works have been funded through the City's 2009 D.C. By-law.

At the request of the City, we have been asked to review further information regarding the funding of the aforementioned project and to make recommendations on the status of the City's funding obligation. Our review has confirmed that prior to 2009 no payments were received by the City with regard to By-laws 97-56 and 99-11. In 2009, the City included the projects from By-law 99-11 in the 2009 D.C. Background Study. The capital cost estimates for the projects in the 2009 D.C. Background Study were based on the by-law amounts indexed to 2009 values (i.e. \$785,566.23 x 1.838 indexing). Subsequent to the preparation of the 2009 D.C. Background Study, and passage of D.C. By-law 2009-183, the City withdrew \$379,057 from the D.C. reserve fund towards this project, as shown in the operating fund transfers of the 2012 D.C. Treasurer's statement. This draw removed the outstanding receivable for By-laws 97-56 and 99-11

During the preparation of the 2014 and 2015 D.C. Background Studies, the unfunded cost share of the Colborne St. W. Reconstruction project was not accounted for as committed excess capacity in the D.C. reserve fund reconciliation. As such, the unfunded costs of the project were not included in the calculation of the charge.

Based on the foregoing and discussion with City staff, the following approach is suggested with regard the unfunded cost of the Colborne St. W. Reconstruction project:

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| ▪ Demographics, Pupil Forecasting, Industrial/Commercial Forecasts | ▪ Development/Education Development Charge Policy | ▪ Financial Analysis of Municipal Restructuring Options | ▪ Fiscal Impact of Development |
| ▪ Land Needs and Market Studies | ▪ Long Range Financial Planning for Municipalities | ▪ Municipal Management Improvement | ▪ O.M.B. Hearings – Financial, Market, Demographic |
| ▪ School Board Planning and Financing | ▪ Servicing Cost Sharing | ▪ Tax Policy Analysis | ▪ Waste Management Rate Setting, Valuation and Planning |

1. As permitted by the Development Charges Act and consistent with the D.C. practice, it is recommended that the actual costs of this project, including interest, should be recovered from D.C.s.
2. To fully fund this project, the costs included in the 2009 D.C. Background Study (i.e. \$1,443,871) should be indexed to 2012\$ values. This amount should then be reduced by the 2012 reserve fund draw of \$379,057, with the remainder being included for funding from the D.C. reserve fund in 2018. Based on these calculations, the unfunded amount that remains to be drawn from the D.C. reserve fund in 2018\$ values is \$1,229,585.
3. Capital Charge By-laws 97-56 and 99-11 should be repealed as the underlying works will have been funded through the City's D.C. reserve funds.

We trust this memorandum sufficiently addresses the City's request. Should you require anything further in this regard, please contact us at your convenience.