

## Supplementary Budget – Briefing Note

## 2021 Budget

## Phase In of Growth Financing Plan

**Briefing Note required for:**

- items +/- \$50,000 or more
- changes in FTE
- Council Priority requests

| Dept | Division | Business Unit | Item                                            | Base Supp | Amount  | FTE Impact |
|------|----------|---------------|-------------------------------------------------|-----------|---------|------------|
| Non  | Corp     | Capital       | Phase-in of Growth Plan Financing (Year 1 of 3) | B         | 100,000 | 0          |

**Background:**

At the February 10, 2020 Council meeting, Council approved a Growth Strategy that included targets to be set as goals for Chatham-Kent:

- a. Population to increase at an annual rate of 1%
- b. Jobs to increase at an annual rate of 0.5% (half percent), and
- c. Tax Assessment to increase at an annual rate of 1.5%.

There are two major expense points in building Chatham-Kent for growth, residential developments and industrial park developments. With residential development needs, Council approved the Development Charge (DC) Study at the October 19, 2020 Council meeting which will be completed by Spring 2021. It will be recommended that Growth fund the majority of the Growth cost for single and small multi unit residential developments. This will be mainly focused on expenses of upgrades or construction of arterial roads, storm water systems, and other amenities to service the residential developments. Debentures will be required to front the construction to be paid back over time with DC's.

However, for industrial development the municipality would not likely want to pass the charges to the new industry as an incentive to locate in CK. Therefore the general tax base will need to fund the costs of constructing industrial parks. New industries will then pay property taxes and provide jobs which will reflect in more demand for housing and increased growth. It is recommended that base budget funding be put in place to perpetually have resources to continue to build and expand industrial park wherever demand is demonstrated and have a reserve to fund industrial growth.

For a cost reference, the Bloomfield Industrial Park was built in 2004 at a cost of \$15M. It is recommended that a base budget of up to 1% (TBD) be established for Growth Plan Financing and a reserve be set up to accumulate funds until needed and that we phase in the budget over three years. The reserve would be used to fund the planning, engineering and construction of Growth for both non-DC (Development Charge) residential growth costs and industrial growth cost.

**Comment:**

- provide any further details if required, impact to user fees, etc (eg. Gross expenses, any revenues, subsidies, etc.)

