



Office of the City Clerk
Kitchener City Hall
200 King St.W. - 2nd Floor
Kitchener ON N2G 4G7

Finance & Corporate Services Committee Special Meeting Agenda

2021 Final Budget Day

Monday, January 18, 2021
12:30 p.m. - 4:00 p.m.
Electronic Meeting

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Chair - Councillor S. Davey

Vice-Chair - Councillor K. Galloway-Sealock

Due to COVID-19 and recommendations by Waterloo Region Public Health to exercise physical distancing, City Hall is open for select services. Members of the public are invited to participate in this meeting electronically by accessing the meeting live-stream video at kitchener.ca/watchnow.

While in-person delegation requests are not feasible at this time, members of the public are invited to submit written comments to Legislated Services at delegations@kitchener.ca. Submissions must be received no later than 11:30 a.m., which will be circulated prior to the meeting and will form part of the public record.

Discussion Items

1. FIN-21-001 - 2021 Final Budget

(3.5 hrs)

- Overview
- Boards
 - Kitchener Public Library
 - Centre in the Square
- Enterprise Operating Budgets
 - Building
 - Golf
 - Parking
 - Gas
 - Water
 - Sanitary Utility
 - Stormwater Utility
- Capital Budget
- Tax Supported Operating Budget
- Resolutions

NOTE: *Members are encouraged to bring previously circulated budget materials for use as reference for this meeting.*

Any recommendations from the Committee regarding the above matters will be considered at a special Council meeting to be held immediately following this meeting.

Jeff Bunn
Manager, Council & Committee Services/Deputy City Clerk

REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: January 18, 2021

SUBMITTED BY: Ryan Hagey, Director of Financial Planning, 519-741-2200 ext. 7353

PREPARED BY: Ryan Hagey, Director of Financial Planning, 519-741-2200 ext. 7353

WARD(S) INVOLVED: All

DATE OF REPORT: December 7, 2020

REPORT NO.: FIN-21-001

SUBJECT: 2021 Final Budget

RECOMMENDATION:
For discussion.

REPORT HIGHLIGHTS:

- The 2021 budget impact to the average homeowner is \$34, which is the lowest proposed increase in the past decade
- Detailed reports/presentations related to the Operating and Capital budgets have already been reviewed by Council in dedicated meetings
- All utility rates (gas, water, sewer and storm) as well as user fees have already been approved by Council for 2021
- Final budget package provides supplemental information and will ultimately result in an approved 2021 budget and property tax levy for all City services

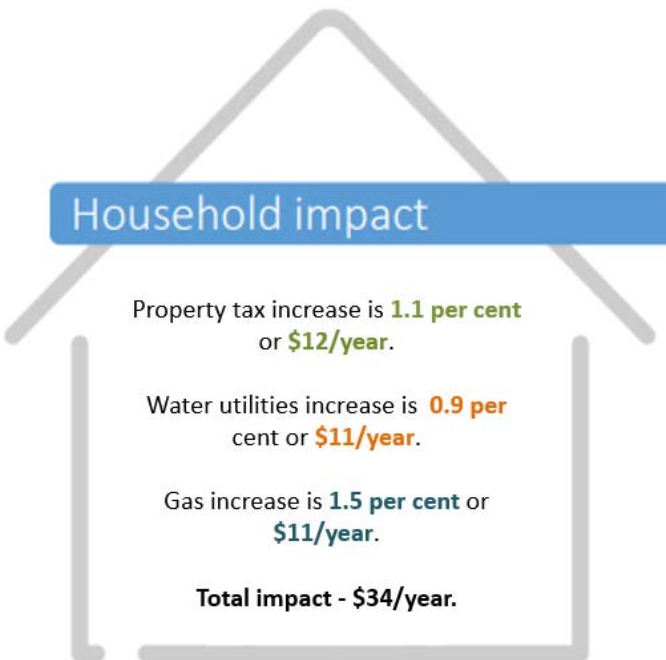
BACKGROUND:

The budget is the City of Kitchener's annual financial plan, and is the primary basis of financial decision making. The budget process includes stand alone meetings to discuss the operating and capital budgets, as well as opportunities for public input. All of this culminates in budgets being struck as part of the final budget discussion and approval. This process allows Council to prioritize the programs and services delivered by the City and sets direction for the work to be completed this year as well as future years referenced in the budget forecast.

The 2021 budget includes the lowest proposed impact to the average homeowner (\$34) in more than a decade and is summarized in the graphic to the right.

This final budget day report and supporting information is purposely short. Detailed reports and presentations on the Operating and Capital budgets were already considered and discussed by Committee in November/December. All utility rates (gas, water, sewer and storm) as well as user fees have already been approved by Council for 2021.

This final budget day package is meant to supplement those more thorough budget documents and is primarily meant to provide updates on the Tax-Supported Operating Budget (including information about the funding provided to the City by the Federal/Provincial governments through the Safe Restart funding program), the Capital Budget as well as specific information required by the Municipal Act.



REPORT:

Operating Budget Summary

The operating budget was presented to Committee on November 30th. The proposed tax rate increase is 1.1%, which equates to an additional \$12 per year for the average Kitchener home. The final tax rate increase will be decided as part of the Final Budget Day deliberations and could be adjusted based on amendments made throughout the meeting.

Staff recommend passing the budget as proposed, with the exception of the funding included for the Huron Brigadoon Community Centre (HBCC). The HBCC was originally planned to open in the fall of 2021, but construction has been delayed by virtue of the school board's timing for the school construction so the opening will not happen until 2022. **The \$255,000 included in 2021 for the HBCC could be deferred to 2022 instead, resulting in a tax rate increase of 0.91%, or \$10 per year for the average Kitchener home.**

In addition to the operating budget package, follow up information on the following subjects is included as part of the Final Budget package:

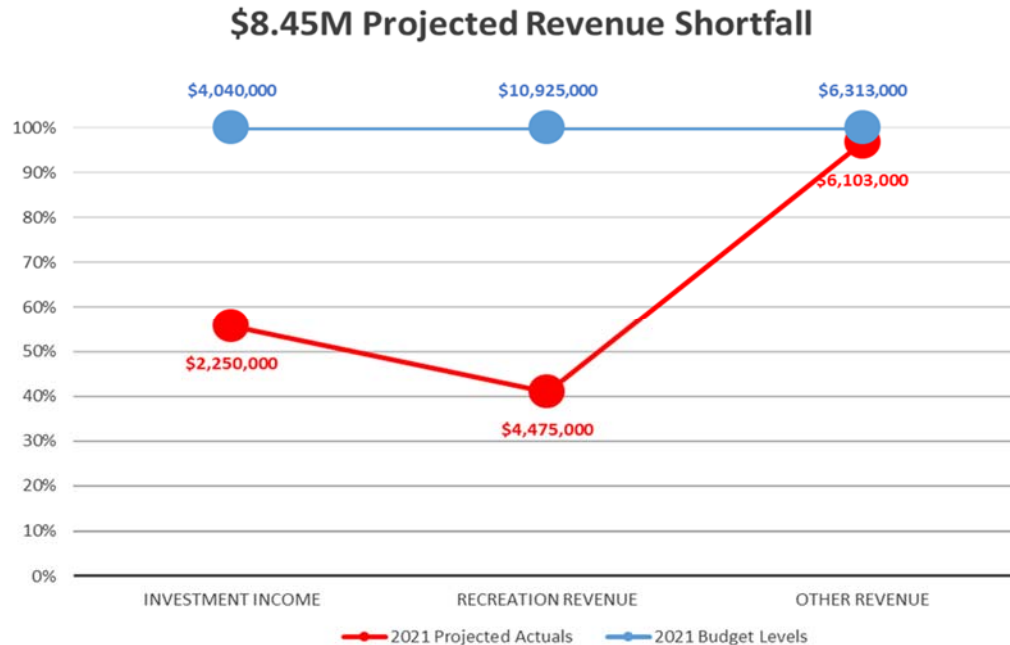
- Huron Brigadoon Community Centre Delayed Opening
- Increasing Capacity of the Assisted Services Winter Program
- Freezing Council and Non-Union Management Salaries for 2021
- Public Input

The rates for all of the City's enterprises (Building, Golf, Parking, Gas, Water, Sanitary, and Stormwater) have already been approved by Council in separate reports.

Safe Restart Funding

The City received a total of \$13M of funding to offset its 2020 projected deficits related to COVID-19. This funding was received in two phases, with \$5.9M coming through a formula based province-wide distribution conducted in Phase 1, and \$7.1M coming through an application based distribution in Phase 2. Phase 2 funds have been allocated based on the City's application.

The City also received \$2.5M to help offset projected deficits in 2021. While this funding is gratefully accepted by the City, the graph below shows the most significant revenue shortfalls in the 2021 tax supported budget are projected to be \$8.45M. When adding in other City operations like Golf and Parking which will also be hit with revenue losses due to COVID-19, the total projected shortfall in 2021 is over \$10M.



So while Safe Restart funding has gone a long way to deal with 2020 deficits caused by COVID-19, there are still some large financial issues expected in 2021 that can only be managed through using reserves. The City's budget strategy includes maintaining strong reserve levels to help manage the unexpected in 2021.

Capital Budget Summary

The capital budget was presented to Committee on December 14th. The proposed Capital Budget includes more than 400 projects with a total cost over the 10 years of roughly \$1.4B, with \$121M of it coming in the first year. In addition to the capital budget package, follow up information on the following subjects is included as part of the Final Budget package:

- Increased Gas Meter Replacement
- Increased Funding for Small Scale Traffic Calming
- Additional Funding for Community Trails
- Using Reserves to Fund the Capital Pool
- Impact of Reducing Fleet Replacement Funding

Information Required by the Municipal Act

Regulation 284/09 of the Municipal Act requires that before Council adopts the annual budget, it must first receive a report about “excluded expenses” and adopt that report by resolution. This resolution is included as part of the Final Budget Day resolution. Public Sector Accounting Board (PSAB) changes effective in 2009 require the annual Consolidated Financial Statements to be prepared using full accrual accounting. As a result, certain expenses are included in the financial statements that are not included in the budget. For the City of Kitchener these include amortization expense on tangible capital assets and post-employment benefit expense.

Amortization expense on tangible capital assets of \$49.5M was recorded in the 2019 consolidated financial statements. This expense is meant to represent the rate at which the City is using up its assets (based on historical cost). It can therefore be used as a rough indication of what should be budgeted for replacement of these assets.

Post-employment benefit expense, which includes sick leave, workplace safety and insurance benefits, and post-employment benefits in the consolidated financial statements, was \$2.4M (\$51.5M - \$49.1M).

If these expenses were excluded in the financial statements, the 2019 accumulated surplus would increase by \$51.9M (the combined amount of amortization expense and post-employment benefit expense). There is no impact on future tangible capital asset funding requirements based on the exclusion of these expenses.

STRATEGIC PLAN ALIGNMENT:

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

The financial impacts on the average homeowner of services provided to citizens by the City of Kitchener are shown in the table below. All utility rates have been previously approved by Council.

Impact on Homeowner					
	2020	2021	\$ Change	% Change	
Taxes	\$ 1,126	\$ 1,138	\$ 12	1.1%	
Storm Water	\$ 186	\$ 197	\$ 11	6.0%	
Water	\$ 451	\$ 451	\$ -	0.0%	
Sanitary	\$ 568	\$ 568	\$ -	0.0%	
Subtotal (pre Gas)	\$ 2,331	\$ 2,354	\$ 23	1.0%	
Gas	\$ 702	\$ 713	\$ 11	1.5%	
Total	\$ 3,033	\$ 3,067	\$ 34	1.1%	

Assumptions:

City Taxes: Current Assessed Value (CVA) of \$326,000

Storm Water: property classified as Residential Single Detached Medium

Water & Sanitary: water consumption of 175m³ annually

Natural Gas: gas consumption of 2,100m³ annually

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

CONSULT – Citizens have an opportunity to provide input about priority areas of the budget through a number of processes. Their input comes through public consultation efforts for comprehensive master plans (e.g. Leisure Facilities Master Plan), strategies (e.g. Urban Forestry Strategy, Customer Service Strategy), or specific issues (e.g. City Hall Outdoor Spaces). As part of those processes, staff considers the feedback received from the public as they make their recommendations and share it with Council when those recommendations are presented for approval. The budget is the process whereby Council affirms approved priorities and allocates funds to bring these concepts into reality.

For the 2021 budget process, staff continued to employ a suite of traditional and electronic engagement methods in an effort to effectively inform and consult citizens. Staff proactively provided information about the budget process via media outreach and the City’s website. Citizens were also encouraged to provide their input by:

- Writing, emailing or phoning City Hall
- Attending one of the virtual public input sessions planned for December 7 & 14
- Responding to the City’s Facebook/Twitter posts about the budget
- Utilizing Engage Kitchener online budget survey
 - Feedback received from the survey has been included later in this budget package
- Contacting their ward councillor

PREVIOUS REPORTS/AUTHORITIES:

The 2021 budget has been discussed in detail by Council during previous meetings set aside exclusively to consider the budget. The reports and meeting dates are:

- FIN-20-066, 2021 Operating Budget (November 30, 2020)
- FIN-20-068, 2021 Capital Budget and 10-Year Forecast (December 14, 2020)

As well, the City hosted two stand-alone public input meetings on December 7 & 14 regarding the budget.

APPROVED BY: Jonathan Lautenbach, Chief Financial Officer, Financial Services

Definitions, Abbreviations & Acronyms

Definitions

Assessment growth refers to property taxes from new and/or expanded homes and/or businesses to pay for the services they receive.

Base Budget funds programs and services already offered to the public and includes the costs (e.g. staffing, materials, supplies) and revenues (e.g. user fees, recoveries) to deliver the program/service.

Boards are separate organizations established by the City to provide programs and services as allowed under the Municipal Act. For Kitchener, the Boards include Centre in the Square (CITS) and Kitchener Public Library (KPL).

Brownfield properties are formerly developed sites that are no longer being used for those purposes. In the City context, they are often former industrial or commercial sites with known or suspected pollution.

Capital Budget funds investments in municipal infrastructure (or assets) that provide a long-term benefit to the community. Examples of capital costs include building or replacing roads, water mains, vehicles, community centres and parks.

Capital out of Current is a funding transfer from the operating budget to the capital pool.

Capital Pool is used to fund tax supported capital projects. The capital pool is funded by a) capital out of current, b) debt, c) gas utility investment reserve, and d) hydro utility investment reserve.

Corporate Allocations are general expenses like debt charges and contributions to the capital budget.

Debt is funding the City has borrowed to complete capital projects.

Debt to Reserve Ratio is the amount of the City's debt divided by the amount the City has in reserves. The target debt to reserve ratio is 1:1; meaning the City would have one dollar saved in reserves for every dollar of debt it has issued.

Development Charges are fees imposed on development to fund growth related capital costs.

Enterprises are self-funding business lines operated by the City and are fully funded by their own user rates, not property taxes. The City's enterprises are Golf, Building, Parking, Natural Gas, Water, Sanitary Sewer, and Stormwater.

Existing Capital Balances are capital funding that have already been approved by Council, but have not been spent. Some capital projects take multiple years to complete (e.g. road reconstruction, building a new community centre), so the funding may accumulate for future spending.

Definitions, Abbreviations & Acronyms

Federal Gas Tax is annual funding provided to the City by the federal government for capital improvements.

Impacts Due to Growth are additional operating costs required to support the expansion of service areas as the city continues to grow.

Interdivision/Internal Charges are costs charged by one City division to another City division for work completed on their behalf. For instance, the Building enterprise pays other City divisions for financial, technological, and legal support.

Issue Papers are brief documents (typically 1-2 pages in length) that provide information about budget issues, usually relating to new items included in the proposed budget.

Net Tax Levy is the amount of funding required from property taxes. It equals all of the tax supported gross expenditures minus all other revenues.

Operating Budget funds the day-to-day costs of the municipality to provide its programs and services. Examples of operating costs include salaries and wages for city employees; utility costs, such as water and electricity; and operating supplies, such as road salt.

Reserve/Reserve Funds are used to set aside funding now to be used for a specific purpose in the future. The city maintains reserves for both operating purposes (e.g. rate stabilization reserve funds), capital purposes (e.g. fleet and equipment reserve fund) and as required by legislation (e.g. federal gas tax reserve fund).

Strategic Plan articulates a vision “together we will build an innovative, caring, and vibrant Kitchener” and mission “proudly providing valued services for our community”, for the City. Following each municipal election, this document is updated with Council’s new strategic goals and key activities for the upcoming term.

Strategic Initiatives are program/service enhancements that help achieve the goals of the City’s Strategic Plan.

Tax Supported programs/services are funded in part or completely by property taxes. Examples include road & sidewalk maintenance, fire protection, and community centre programming.

User Fees are charges for programs and services provided by the City, which reduces dependence on property taxes as a funding source. Typically they are charged for programs/services where customers have a choice on whether or not to use them. Examples of user fees include swimming lessons and marriage licenses.

Definitions, Abbreviations & Acronyms

Acronyms & Abbreviations

AIRP – Accelerated Infrastructure Replacement Program

AMP – Asset Management Plan

CAO – Chief Administrative Officer’s Department

CC – Capital out of Current

CITS – Centre in the Square

COR – Corporate Services Department

CPI – Consumer Price Index

CRM – Customer Relationship Management

CSD – Community Services Department

CVA – Current Value Assessment

DC – Development Charges

DSD – Development Services Department

DT – Downtown

EDIF – Economic Development Investment Fund

FIN – Financial Services Department

FTE – Full Time Equivalent

GHG – Green House Gas

GIS – Geographic Information System

INS – Infrastructure Services Department

KMAC – Kitchener Memorial Auditorium Complex

KOF – Kitchener Operations Facility

KPL – Kitchener Public Library

KU – Kitchener Utilities

LTFP – Long Term Financial Plan

MGMT - Management

MOE – Ministry of the Environment

MPAC – Municipal Property Assessment Corporation

MPI – Municipal Price Index

MTCE – Maintenance

MTO – Ministry of Transportation

PIL – Payment in Lieu of Taxes

PSAB – Public Sector Accounting Board

ROW – Region of Waterloo

SOGR – State of Good Repair

SWM – Stormwater Management

TCA – Tangible Capital Asset

TIG – Tax Increment Grant

TSRF – Tax Stabilization Reserve Fund

VPP – Victoria Park Pavilion

WIP – Water Infrastructure Program

YTD – Year to Date

Comparative Budget by Division
Budget 2021

CHIEF ADMINISTRATOR'S OFFICE
CAO OFFICE-GENERAL
CHIEF ADMINISTRATOR'S OFFICE TOTAL

COMMUNITY SERVICES DEPARTMENT
COMMUNITY SERVICES ADMINISTRATION
EQUITY, ANTI-RACISM & INDIGENOUS INITIATIVES

BY-LAW ENFORCEMENT

CORPORATE CUSTOMER SERVICE

FIRE
NEIGHBOURHOOD PROGRAMS & SERVICES
SPORT DIVISION

COMMUNITY SERVICES DEPT TOTAL

FINANCIAL SERVICES DEPARTMENT

FINANCIAL SERVICES ADMINISTRATION
ACCOUNTING
ASSET MANAGEMENT
FINANCIAL PLANNING

REVENUE

SUPPLY SERVICES

FINANCIAL SERVICES DEPT TOTAL

CORPORATE SERVICES DEPARTMENT

CORPORATE SERVICES ADMINISTRATION
MAYOR & COUNCIL
CORPORATE COMMUNICATIONS
HUMAN RESOURCES
INFORMATION TECHNOLOGY
LEGAL

LEGISLATED SERVICES

CORPORATE SERVICES DEPT TOTAL

DEVELOPMENT SERVICES DEPARTMENT

DEVELOPMENT SERVICES ADMINISTRATION
ECONOMIC DEVELOPMENT
ENGINEERING ADMINISTRATION
PLANNING
TRANSPORTATION SERVICES

DEVELOPMENT SERVICES DEPT TOTAL

	2020 Annual Budget	2020 Year-End Projection	2020 Restatements	2020 Restated Budget	2021 Annual Budget	\$ Change vs. Restated Budget	% Change vs. Restated Total Budget	Commentary	
								Budget 2021 compared to Budget 2020	(comments provided for changes over \$100,000)
	1,121,090	1,099,090	-	1,121,090	1,151,707	30,617	2.73%		
	1,121,090	1,099,090	-	1,121,090	1,151,707	30,617	2.73%		
	686,981	674,981	-	686,981	693,481	6,500	0.95%		Budget increase due to newly created Council approved Division for Equity, Anti-Racism and Indigenous Initiatives
	-	-	-	-	353,609	353,609			Budget increase due to proactive inspection for winter sidewalk program being made permanent.
	2,104,821	2,766,821	-	2,104,821	2,319,326	214,505	10.19%		
	558,076	479,076	-	558,076	584,312	26,236	4.70%		
	36,350,192	35,990,192	-	36,350,192	36,832,759	482,567	1.33%		Budget increase due to compensation costs.
	7,720,827	8,354,827	-	7,720,827	8,102,134	381,307	4.94%		Budget increase due to compensation costs.
	1,819,749	8,831,749	37,000	1,856,749	1,989,874	133,125	7.17%		Budget increase due to compensation costs.
	49,240,646	57,097,646	37,000	49,277,646	50,875,495	1,597,849	3.24%		
	311,132	304,132	-	311,132	321,342	10,210	3.28%		
	1,343,800	1,319,800	-	1,343,800	1,365,340	21,540	1.60%		
	815,140	808,140	-	815,140	822,344	7,204	0.88%		
	663,014	661,014	-	663,014	675,425	12,411	1.87%		
	891,332	877,332	-	891,332	678,193	(213,139)	-23.91%		Budget increase in fees related to 1) Recovery of assessment related costs and 2) Transfer of utility arrears to property taxes.
	483,022	456,022	-	483,022	489,041	6,019	1.25%		
	4,507,440	4,426,440	-	4,507,440	4,351,685	(155,755)	-3.46%		
	481,271	469,271	-	481,271	496,898	15,627	3.25%		
	1,448,767	1,402,267	1,200	1,449,967	1,466,014	16,047	1.11%		
	1,439,573	1,485,573	-	1,439,573	1,483,997	44,424	3.09%		
	2,264,847	2,276,347	-	2,264,847	2,329,214	64,367	2.84%		
	5,697,996	5,550,996	-	5,697,996	5,790,583	92,587	1.62%		
	1,130,875	1,122,875	-	1,130,875	1,147,051	16,176	1.43%		
	1,288,402	1,402,402	(1,200)	1,287,202	1,321,090	33,888	2.63%		
	13,751,731	13,709,731	-	13,751,731	14,034,847	283,116	2.06%		
	618,059	607,059	-	618,059	642,468	24,409	3.95%		
	6,028,730	6,290,730	(173,980)	5,854,750	5,913,341	58,591	1.00%		
	117,065	192,065	-	117,065	137,087	20,022	17.10%		
	1,506,962	1,566,962	-	1,506,962	1,564,442	57,480	3.81%		
	4,477,461	4,372,461	-	4,477,461	4,518,359	40,898	0.91%		
	12,748,277	13,029,277	(173,980)	12,574,297	12,775,697	201,400	1.60%		

Comparative Budget by Division
Budget 2021

INFRASTRUCTURE SERVICES DEPARTMENT

INFRASTRUCTURE SERVICES ADMINISTRATION

FACILITIES MANAGEMENT

PARKS & CEMETERIES

OPERATIONS - ROADS & TRAFFIC

INFRASTRUCTURE SERVICES DEPARTMENT TOTAL

NET DEPARTMENTAL EXPENDITURES

GENERAL EXPENSES

GRANTS & BOARDS
GAPPING

CAPITAL AND RESERVE FINANCING

CONTRACT SERVICES
TAX WRITEOFFS & REBATES
PROVISIONS - BAD DEBT ALLOWANCE
OTHER

GENERAL EXPENSES TOTAL

TOTAL NET EXPENSES

GENERAL REVENUES

TAXES

GENERAL LEVY
SUPPLEMENTARY TAXES/WRITE-OFFS
LOCAL IMPROVEMENTS
PAYMENTS IN LIEU

OTHER REVENUE

INVESTMENT INCOME

PENALTIES AND INTEREST

CONTRIBUTIONS FROM RESERVES AND ENTERPRISES

SUNDRY INCOME
SOLAR ROOF

GENERAL REVENUES TOTAL

GRAND TOTAL

	2020 Annual Budget	2020 Year-End Projection	2020 Restatements	2020 Restated Budget	2021 Annual Budget	\$ Change vs. Restated Budget	% Change vs. Restated Total Budget	Commentary Budget 2021 compared to Budget 2020 (comments provided for changes over \$100,000)
	625,048	605,048	-	625,048	640,417	15,369	2.46%	
	14,940,169	13,620,169	-	14,940,169	15,443,942	503,773	3.37%	Budget increase due to compensation costs and additional utility funding for new facilities.
	15,765,884	15,751,884	136,980	15,902,864	16,914,931	1,012,067	6.36%	Budget increase due to growth dollars related to various parks and trails with the largest being RBJ Schlegel. Also includes additional funding for the assisted services related to the sidewalk snow clearing program.
	11,368,364	11,335,364	-	11,368,364	11,668,003	299,639	2.64%	Budget increase due to compensation costs and additional winter funding for snow loading bike lanes.
	42,699,465	41,312,465	136,980	42,836,445	44,667,293	1,830,848	4.27%	
	124,068,649	130,674,649	-	124,068,649	127,856,724	3,788,075	3.05%	
	15,372,607	15,327,607	-	15,372,607	15,597,853	225,246	1.47%	Budget increase due to increased transfers to Boards & grants.
	(2,100,000)	(5,750,000)	-	(2,100,000)	(2,100,000)	-	0.00%	
	13,879,150	13,879,150	-	13,879,150	13,579,069	(300,081)	-2.16%	Budget decrease due to maturing debt related to the Economic Development Investment Fund (EDIF), which is partially offset by increased capital transfers.
	753,026	803,026	-	753,026	766,094	13,068	1.74%	
	83,150	83,150	-	83,150	83,202	52	0.06%	
	650,000	650,000	-	650,000	650,000	-	0.00%	
	1,608,050	3,078,050	-	1,608,050	1,647,537	39,487	2.46%	
	30,245,983	28,070,983	-	30,245,983	30,223,755	(22,228)	-0.07%	
	154,314,632	158,745,632	-	154,314,632	158,080,479	3,765,847	2.44%	
	(128,858,320)	(128,858,320)	-	(128,858,320)	(130,816,966)	(1,958,646)	1.52%	Budget increase due to increased assessment growth revenue.
	(1,120,252)	(407,252)	-	(1,120,252)	(1,120,252)	-	0.00%	
	(40,965)	(40,965)	-	(40,965)	(40,965)	-	0.00%	
	(4,323,044)	(4,395,044)	-	(4,323,044)	(4,323,044)	-	0.00%	
	(134,342,581)	(133,701,581)	-	(134,342,581)	(136,301,227)	(1,958,646)	1.46%	
	(3,900,000)	(2,900,000)	-	(3,900,000)	(4,040,000)	(140,000)	3.59%	Budget increase due to increased revenue based on forecasted rates and balances.
	(3,296,520)	(2,196,520)	-	(3,296,520)	(3,296,520)	-	0.00%	
	(12,337,581)	(12,337,581)	-	(12,337,581)	(12,515,821)	(178,240)	1.44%	Budget increased due to inflationary increases in Contribution from Enterprises
	(137,950)	(137,950)	-	(137,950)	(137,924)	26	-0.02%	
	(300,000)	(300,000)	-	(300,000)	(350,000)	(50,000)	16.67%	
	(19,972,051)	(17,872,051)	-	(19,972,051)	(20,340,265)	(368,214)	1.84%	
	(154,314,632)	(151,573,632)	-	(154,314,632)	(156,641,492)	(2,326,860)	1.51%	
	-	7,172,000	-	-	1,438,987	1,438,987		

**CITY OF KITCHENER
BUILDING ENTERPRISE
5 YEAR OPERATING BUDGET PROJECTION**

(000's)	Budget 2020	Projected 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
REVENUE							
Building Permit Revenue	5,007	8,585	4,236	4,477	4,611	4,986	6,095
Interest Income	(12)	116	21	25	24	30	48
Total Revenue	4,995	8,701	4,257	4,502	4,635	5,016	6,143

EXPENSES							
Direct	4,377	3,857	4,679	4,660	4,828	4,848	4,945
Indirect	1,086	1,086	1,087	1,109	1,131	1,154	1,177
Total Expenses	5,463	4,943	5,766	5,769	5,959	6,002	6,122

Net Revenue (Expense)	(468)	3,758	(1,509)	(1,267)	(1,324)	(986)	21
* Transfer (to)/from Stabilization Reserve	468	(3,758)	1,509	1,267	1,324	986	(21)
Overall Enterprise Result	-	-	-	-	-	-	-

STABILIZATION RESERVE FUND

Opening Balance	12,377	12,377	16,312	15,103	14,114	13,050	12,304
Transfer from (to) Capital	-	(51)	-	-	-	-	-
* Add: Transfer (to)/from Enterprise	(468)	3,758	(1,509)	(1,267)	(1,324)	(986)	21
Add: Interest revenue/(expense)	307	228	300	278	260	240	226
Closing Balance	12,217	16,312	15,103	14,114	13,050	12,304	12,552

Minimum Benchmark (100% of expenses)
Maximum Benchmark (150% of expenses)
Revenue Rate Assumption

	5,463	4,943	5,766	5,769	5,959	6,002	6,122
	8,195	7,415	8,649	8,653	8,938	9,003	9,183
	0%	0%	-10%	0%	0%	0%	0%

**CITY OF KITCHENER
GOLF ENTERPRISE
5 YEAR OPERATING BUDGET PROJECTION**

(000's)

OPERATIONS

	Budget 2020	Projection 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
Revenue	2,953	1,648	2,395	2,953	3,012	3,072	3,134
Expenses	2,461	1,776	2,272	2,461	2,510	2,560	2,612
	492	(128)	123	492	502	512	522

OTHER EXPENSES

Transfer - Golf Cart Repl. Reserve	69	69	88	90	91	93	95
Debt Charges	264	264	217	217	217	217	217
Transfer to Capital	69	69	266	249	241	97	108
	402	402	571	556	549	407	420

Net Profit (Loss) before Dividend

	90	(530)	(448)	(64)	(48)	105	102
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Dividend Transfer to City

	75	75	75	75	75	75	75
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Net Revenue (Expense)	15	(605)	(523)	(138)	(122)	30	27
Safe Restart Phase 1 funding		345					
Safe Restart Phase 2 funding		274	146				
* Transfer (to)/from Stabilization Reserve	(15)	(14)	377	138	122	(30)	(27)
Overall Enterprise Result	0	-	-	-	-	-	-

STABILIZATION RESERVE FUND

Opening Balance	(1,040)	(1,040)	(1,046)	(1,455)	(1,632)	(1,799)	(1,816)
* Add: Transfer (to)/from Enterprise	15	14	(377)	(138)	(122)	30	27
Less: Interest Expense	(20)	(20)	(32)	(39)	(44)	(47)	(48)
Closing Balance	(1,045)	(1,046)	(1,455)	(1,632)	(1,799)	(1,816)	(1,837)

Minimum Benchmark (10% of total revenue)

	295	165	239	295	301	307	313
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Maximum Benchmark (15% of total revenue)

	443	247	359	443	452	461	470
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**CITY OF KITCHENER
PARKING ENTERPRISE**

5 YEAR OPERATING BUDGET PROJECTION

0.5% Growth (Monthly Parkers)
0.0% Rate increase monthly
0.0% Rate increase Surface

(000's)	Budget 2020	Projected 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
REVENUE							
Hourly	1,011	291	808	1,011	1,057	1,073	1,089
Monthly	4,037	2,760	3,047	4,037	3,953	4,033	4,115
Metered	1,477	542	1,188	1,477	1,519	1,542	1,565
Other	730	543	644	699	735	747	757
Economic Development Subsidies	1,263	1,263	1,263	1,282	1,301	1,320	1,340
Total Revenue	8,517	5,398	6,950	8,506	8,565	8,715	8,866

EXPENSES							
General	4,682	4,415	4,607	4,745	4,635	4,732	4,832
Debt Charges	665	665	674	674	674	674	738
Transfers to Capital fund	1,270	1,270	1,363	1,228	1,243	1,270	1,433
Total Expenses	6,617	6,350	6,644	6,647	6,551	6,676	7,003

Net Profit before Dividend	1,900	(952)	306	1,859	2,014	2,039	1,863
Dividend Transfer to City	2,000	2,000	2,000	2,000	2,000	2,000	2,000

Net Revenue (Expense)	(100)	(2,952)	(1,694)	(141)	14	39	(137)
Safe Restart Phase 1 funding		1,592					
Safe Restart Phase 2 funding		1,260	673				
* Transfer (to)/from Stabilization Reserve	100	100	1,021	141	(14)	(39)	137
Overall Enterprise Result	(0)	-	-	-	-	-	-

STABILIZATION RESERVE FUND							
Opening Balance	1,271	1,271	1,195	196	59	74	114
* Add: Transfer (to)/from Enterprise	(100)	(100)	(1,021)	(141)	14	39	(137)
Add: Interest Revenue (Expense)	33	23	22	4	1	1	2
Deduct: Transfer to Capital Reserve Fund			-	-	-	-	-
Closing Balance	1,204	1,195	196	59	74	114	(20)

Minimum Benchmark (10% of total revenue)	852	540	695	851	856	872	887
Maximum Benchmark (15% of total revenue)	1,278	810	1,043	1,276	1,285	1,307	1,330

**CITY OF KITCHENER
GASWORKS UTILITY
5 YEAR OPERATING BUDGET PROJECTION**

(000's)	Budget 2020	Projected 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
Gas Delivery							
Revenues	38,184	37,827	39,430	41,531	43,655	45,836	47,416
Expenses	17,425	17,714	17,511	17,894	18,266	18,631	18,997
Gross Profit	20,759	20,113	21,919	23,637	25,389	27,205	28,419
Gross Profit %	54.37%	53.17%	55.59%	56.91%	58.16%	59.35%	59.94%
Other Programs							
Revenues	11,465	11,549	11,691	12,241	12,473	12,709	12,950
Expenses	7,758	7,830	7,849	7,992	8,139	8,288	8,441
Gross Profit	3,707	3,719	3,842	4,249	4,334	4,421	4,509
Gross Profit %	32.33%	32.20%	32.86%	34.71%	34.75%	34.79%	34.82%
Transfer to Gas Capital	11,186	11,186	10,799	12,719	12,853	13,326	13,188
Net Profit (Loss) before City Dividend	13,280	12,646	14,962	15,167	16,870	18,300	19,740
Dividend Transfer to City	14,933	14,933	15,232	15,536	15,847	16,164	16,487
Net Revenue (Expense)	(1,653)	(2,287)	(269)	(369)	1,023	2,136	3,252
Safe Restart Phase 2 funding		581					
* Transfer (to)/from Stabilization Reserve	1,653	1,706	269	369	(1,023)	(2,136)	(3,252)
Overall Enterprise Result	0	0	0	0	0	0	0
Stabilization Reserve Fund							
Opening Balance	5,734	5,734	4,134	3,941	3,644	4,734	6,957
*Add: Transfer (to)/from Enterprise	(1,653)	(1,706)	(269)	(369)	1,023	2,136	3,252
Add: Interest revenue (expense)	150	106	76	73	67	87	128
Add: Transfer (to)/from Capital Reserve Fund		0	0	0	0	0	(2,590)
Closing Balance	4,231	4,134	3,941	3,644	4,734	6,957	7,748
10% Minimum Benchmark (10% delivery revenue)	3,818	3,783	3,943	4,153	4,366	4,584	4,742
15% Maximum Benchmark (15% delivery revenue)	5,728	5,674	5,915	6,230	6,548	6,875	7,112
Capital Reserve Fund							
Balance beginning of year	3,259	3,259	3,285	645	254	259	264
Transfer from Stabilization Reserve Fund	0	0	0	0	0	0	2,590
Add: Capital Close Outs	0	0	0	0	0	0	0
Add: Interest revenue (expense)	41	66	40	9	5	5	32
Less: Transfer to Capital	(40)	(40)	(2,680)	(400)	0	0	0
Closing Balance	3,260	3,285	645	254	259	264	2,886
Minimum Benchmark (50% avg balance in 10 yr forecast)	4,000	4,000	6,800	6,800	6,800	6,800	6,800
Maximum Benchmark (150% avg balance in 10 yr forecast)	12,000	12,000	20,300	20,300	20,300	20,300	20,300

**CITY OF KITCHENER
GASWORKS UTILITY
5 YEAR OPERATING BUDGET PROJECTION**

(000's)

Gas Supply

	Budget 2020	Projected 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
Revenues	28,690	27,985	29,350	30,427	31,504	32,582	33,390
Expenses	29,077	27,290	30,700	31,314	31,941	32,579	33,231
Net Revenue (Expense)	(387)	695	(1,350)	(887)	(436)	2	159
*Transfer (to)/from Stabilization Reserve			1,350	887	436	(2)	(159)
Overall Enterprise Result			0	0	0	0	0

Gas Utility (Supply) Stabilization

Opening Balance	3,419	3,419	4,177	2,904	2,071	1,673	1,706
*Add: Transfer (to)/from Enterprise	(387)	695	(1,350)	(887)	(436)	2	159
Other		0					
Add: Interest revenue (expense)	88	63	77	53	38	31	31
Closing Balance	3,120	4,177	2,904	2,070	1,673	1,706	1,896

Minimum Benchmark (10% of total revenue)

Maximum Benchmark (15% of total revenue)

	2,869	2,799	2,935	3,043	3,150	3,258	3,339
	4,303	4,198	4,403	4,564	4,726	4,887	5,008

Gas Rate (January - October)

Gas Rate (November - December)

	13.50	13.50	13.50	14.00	14.50	15.00	15.50
	13.51	13.50	14.00	14.50	15.00	15.50	15.50

**CITY OF KITCHENER
WATER UTILITY
5 YEAR OPERATING BUDGET PROJECTION**

(000's)

	Budget 2020	Projected 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
REVENUE AND EXPENSES							
Sale of Water	47,586	49,958	47,586	49,489	52,171	55,264	57,366
Water Supply	23,516	24,602	23,516	23,963	24,658	25,700	26,679
Gross Profit	24,070	25,356	24,070	25,526	27,513	29,564	30,687
GROSS PROFIT %	50.6%	50.8%	50.6%	51.6%	52.7%	53.5%	53.5%
MISCELLANEOUS REVENUE							
Other Revenue	468	366	514	524	534	545	556
EXPENSES							
Operating	10,512	9,515	10,596	11,491	12,163	12,597	13,046
Transfer to capital (Road Reconstruction)	10,386	10,386	10,386	11,020	11,692	12,406	13,162
Transfer to capital (Other)	3,594	3,594	3,807	3,485	4,169	4,874	4,596
	24,492	23,496	24,790	25,996	28,024	29,877	30,805
Net Revenue (Expense)	46	2,226	(206)	54	23	232	438
Safe Restart Phase 2 funding		197					
*Transfer (to)/from Stabilization Reserve	(46)	(2,423)	206	(54)	(23)	(232)	(438)
Overall Enterprise Result	-	-	-	-	-	-	-
STABILIZATION RESERVE FUND							
Opening Balance	4,990	4,990	7,506	7,138	7,323	7,481	7,851
* Add: Transfer (to)/from Enterprise	46	2,423	(206)	54	23	232	438
Add: Interest revenue(expense)	130	93	138	131	135	138	144
Transfer from capital reserve	-	-	(300)	-	-	-	-
Closing Balance	5,166	7,506	7,138	7,323	7,481	7,851	8,434
Minimum Benchmark (10% of total revenue)	4,759	4,996	4,759	4,949	5,217	5,526	5,737
Maximum Benchmark (15% of total revenue)	7,138	7,494	7,138	7,423	7,826	8,290	8,605
CAPITAL RESERVE FUND							
Opening Balance	3,825	2,556	3,758	4,166	4,247	4,329	4,413
Add: Capital Close Outs	-	1,349	-	-	-	-	-
Add: Interest revenue(expense)	62	51	79	81	82	84	86
Less: Transfer to Capital	(130)	(130)	30	-	-	-	-
Closing Balance	3,758	3,825	4,166	4,247	4,329	4,413	4,498
Minimum Benchmark (50% avg balance in 10 yr forecast)	8,100	8,100	8,100	8,100	8,100	8,100	8,100
Maximum Benchmark (150% avg balance in 10 yr forecast)	24,300	24,300	24,300	24,300	24,300	24,300	24,300
% Increase in Water Retail Rate	2.90%		0.00%	4.00%	5.00%	5.00%	2.90%
% Increase in Region Wholesale Rate	1.90%		0.00%	1.90%	2.90%	2.90%	2.90%
% Increase in Consumption	0.00%		0.00%	0.00%	0.40%	0.89%	0.88%

**CITY OF KITCHENER
SANITARY UTILITY
5 YEAR OPERATING BUDGET PROJECTION**

(000's)

REVENUE AND EXPENSES

Sewer Surcharge	59,338	61,537	59,338	62,010	65,058	68,062	71,409
Cost of Sewage Processing	32,873	32,505	32,933	33,889	35,356	37,064	38,852
Gross Profit	26,465	29,032	26,405	28,121	29,702	30,998	32,557
GROSS PROFIT %	45%	47%	44%	45%	46%	46%	46%

MISCELLANEOUS REVENUE

Other Revenue	1,013	1,491	1,282	1,295	1,352	1,411	1,463
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EXPENSES

Administration	2,499	2,710	2,524	2,568	2,612	2,664	2,720
Maintenance	5,097	4,486	5,035	5,238	5,450	5,670	5,899
Sewage Rebates	824	824	851	851	889	929	963
Transfer to capital (Road Reconstruction)	15,412	15,412	15,412	16,352	17,350	18,408	19,531
Transfer to capital (Other)	3,574	3,574	3,163	3,082	2,660	2,710	3,094
	27,406	27,006	26,985	28,091	28,961	30,381	32,207

Net Revenue (Expense)	72	3,517	702	1,325	2,093	2,028	1,813
Safe Restart Phase 2 funding		256					
* Transfer (to)/from Stabilization Reserve	(72)	(3,773)	(702)	(1,325)	(2,093)	(2,028)	(1,813)
Overall Enterprise Result	-	-	-	-	-	-	-

STABILIZATION RESERVE FUND

Opening Balance	7,171	7,171	9,231	8,901	9,301	9,759	10,209
* Add: Transfer (to)/from Enterprise	72	3,773	702	1,325	2,093	2,028	1,813
Add: Interest revenue(expense)	184	132	170	164	171	180	188
Less: Transfer to capital reserve	-	(1,845)	(1,202)	(1,089)	(1,806)	(1,758)	(1,499)
Closing Balance	7,427	9,231	8,901	9,301	9,759	10,209	10,711

Minimum Benchmark (10% of total revenue)
Maximum Benchmark (15% of total revenue)

CAPITAL RESERVE FUND

Opening Balance	1,995	1,995	3,006	1,402	1,953	3,799	5,635
Add: Excess from stabilization reserve	-	1,845	1,202	1,089	1,806	1,758	1,499
Less: Transfer to capital	(810)	(857)	(2,810)	(555)	-	-	-
Add: Interest revenue(expense)	15	23	4	17	40	78	116
Closing Balance	1,200	3,006	1,402	1,953	3,799	5,635	7,250

Minimum Benchmark (50% avg balance in 10 yr forecast)
Maximum Benchmark (150% avg balance in 10 yr forecast)

% Increase in Retail Sewer Rate	3.30%		0.00%	4.50%	4.50%	3.70%	4.00%
% Increase in Region Wholesale Rate	3.90%		0.00%	2.90%	3.90%	3.90%	3.90%
% Increase in Consumption	2.32%		0.00%	0.00%	0.40%	0.88%	0.88%

CITY OF KITCHENER
STORMWATER UTILITY
5 YEAR OPERATING BUDGET PROJECTION

(000's)

REVENUE

	Budget 2020	Projected 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025
Stormwater Charge	20,471	20,446	21,806	23,160	24,599	25,885	27,235
Other Revenue	715	656	749	787	829	865	903
	21,186	21,102	22,555	23,947	25,428	26,750	28,138

EXPENSES

Administration	2,255	2,426	2,298	2,339	2,389	2,431	2,483
Maintenance	4,164	3,768	4,215	4,807	5,426	5,673	5,931
Storm Water Credit Program	518	509	555	588	624	655	688
Grants to Charities/Places of Worship	520	498	551	584	619	650	682
Transfer to capital (Road Reconstruction)	7,193	7,193	2,289	5,638	5,377	5,504	5,616
Transfer to capital (Other)	6,435	6,435	12,598	9,482	10,753	10,959	12,308
	21,085	20,829	22,506	23,438	25,188	25,872	27,708

Net Revenue (Expense)

Safe Restart Phase 2 funding	101	273	49	509	240	878	431
* Transfer (to)/from Stabilization Reserve	(101)	86	(49)	(509)	(240)	(878)	(431)
	(101)	(359)					

Overall Enterprise Result

	-	-	-	-	-	-	-
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STABILIZATION RESERVE FUND

Opening Balance	260	260	624	684	1,206	1,468	2,373
* Add: Transfer (to)/from Enterprise	101	359	49	509	240	878	431
Add: Interest revenue(expense)	12	5	11	13	22	27	44
Closing Balance	373	624	684	1,206	1,468	2,373	2,848

Minimum Benchmark (10% of total revenue)

	2,047	2,045	2,181	2,316	2,460	2,589	2,724
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Maximum Benchmark (15% of total revenue)

	3,071	3,067	3,271	3,474	3,690	3,883	4,085
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CAPITAL RESERVE FUND

Opening Balance	1,475	1,475	210	-	-	-	-
Add: Capital closeouts	-	(95)	-	-	-	-	-
Less: Transfer to capital	(1,175)	(1,175)	(210)	-	-	-	-
Add: Interest revenue(expense)	-	5	-	-	-	-	-
Closing Balance	300	210	-	-	-	-	-

Minimum Benchmark (50% avg balance in 10 yr forecast)

	8,675	8,675	8,607	8,607	8,607	8,607	8,607
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Maximum Benchmark (150% avg balance in 10 yr forecast)

	26,024	26,024	25,821	25,821	25,821	25,821	25,821
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% Increase in Retail Stormwater Rate

	5.00%		6.00%	6.00%	6.00%	5.00%	5.00%
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% Growth - Residential

	0.50%		0.25%	0.25%	0.25%	0.25%	0.25%
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% Growth - Non Residential

	0.25%		0.25%	0.25%	0.25%	0.25%	0.25%
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Final Budget Day

Finance and Corporate Services
Committee

January 18, 2021

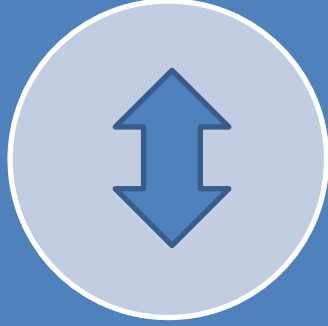
Opening Remarks from the CFO

Budget Calendar

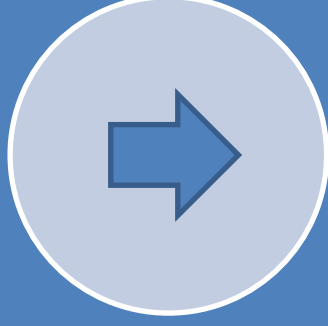


Date	Topic
November 2, 2020	User Fees
November 30, 2020	Operating Budget
December 7, 2020	Public Input (daytime)
December 14, 2020	Capital Budget
December 14, 2020	Water Utilities Rates
December 14, 2020	Public Input (evening)
January 18, 2021	Budget Approval

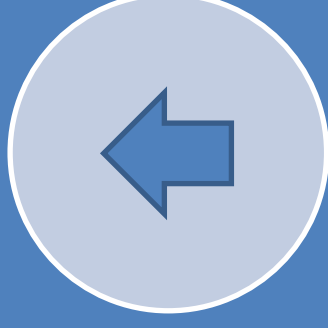
2021 Budget Strategy



Maintain Existing
Service Levels



Reduce 2021
Capital Spending to
Address Operating
Pressures



Increase
Stabilization
Reserves to Cover
Expected Shortfalls



Hold the line – Maintain 2020 Budget Levels

Impact of Safe Restart Funding



\$15.5M in Safe Restart Operating Funding

- \$5.9M phase 1 - 2020 allocation-based funding
- \$7.1M phase 2 - 2020 application-based funding
- \$2.5M phase 2 - 2021 allocation-based funding



Capital Funding Reduction Target (2021)

- Less funding likely needed to be transferred from capital to operating
- Still need to exercise caution as we move into 2021
- Authorization to transfer up to \$5M still being requested



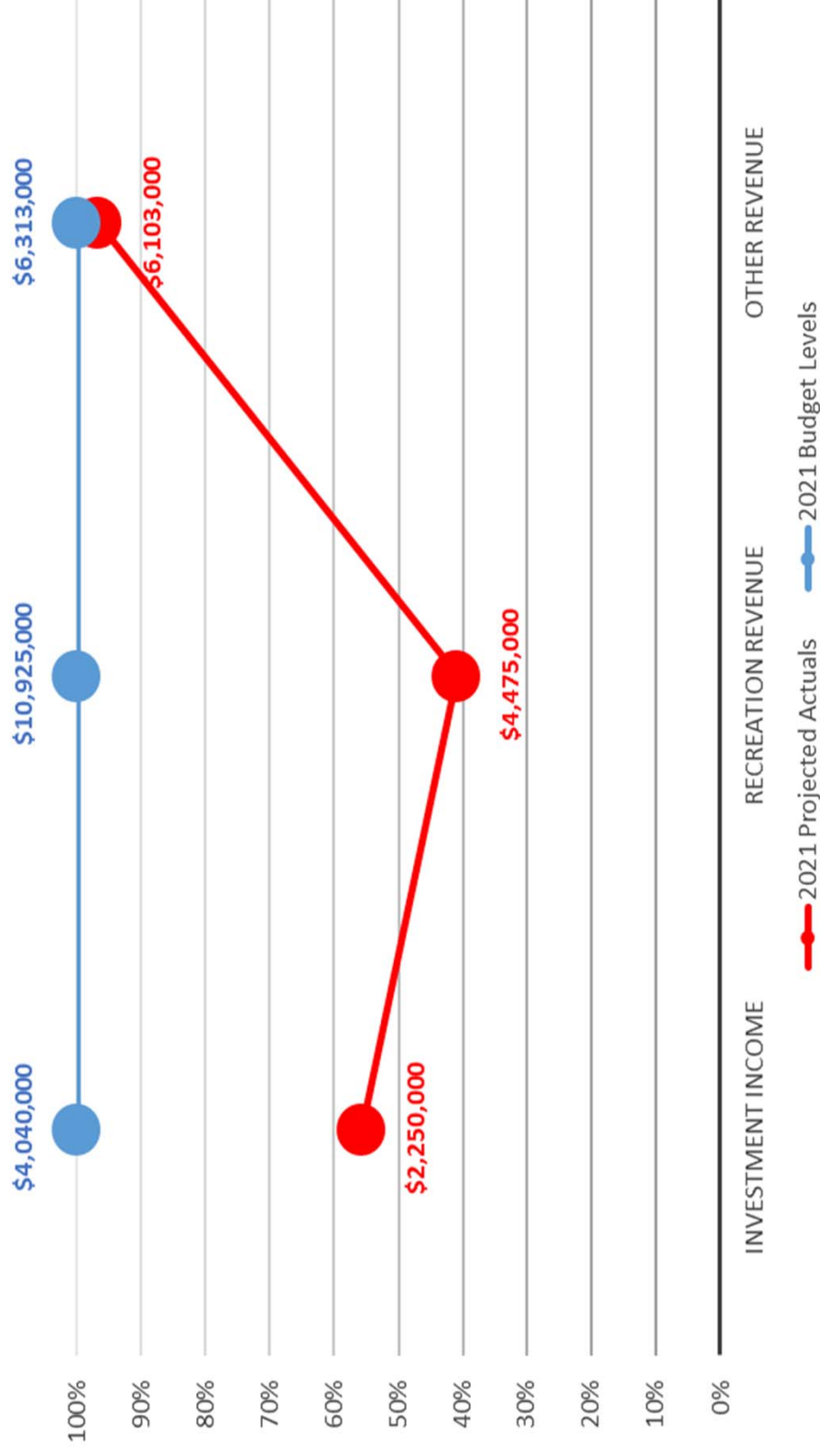
Tax Stabilization Reserves

- Reserve balances at end of 2021 will be below pre-pandemic levels (\$1.5M vs \$7.4M)
- Actual 2020 operating result will determine if Safe Restart funding carried over to 2021
- Mitigation measures in 2021 can reduce the overall need to utilize stabilization reserves

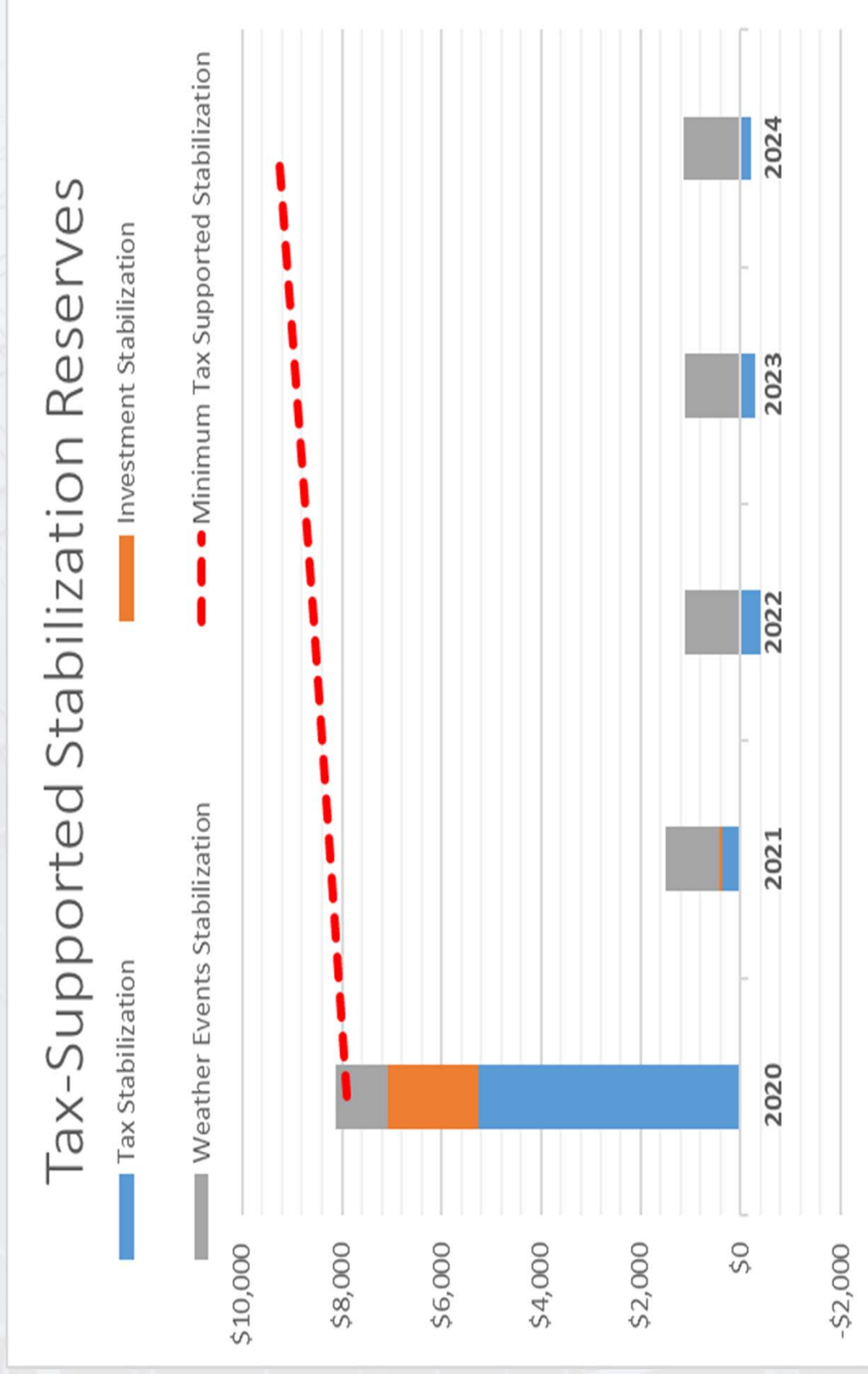
2021 Projected Revenue Shortfall



\$8.45M Projected Revenue Shortfall

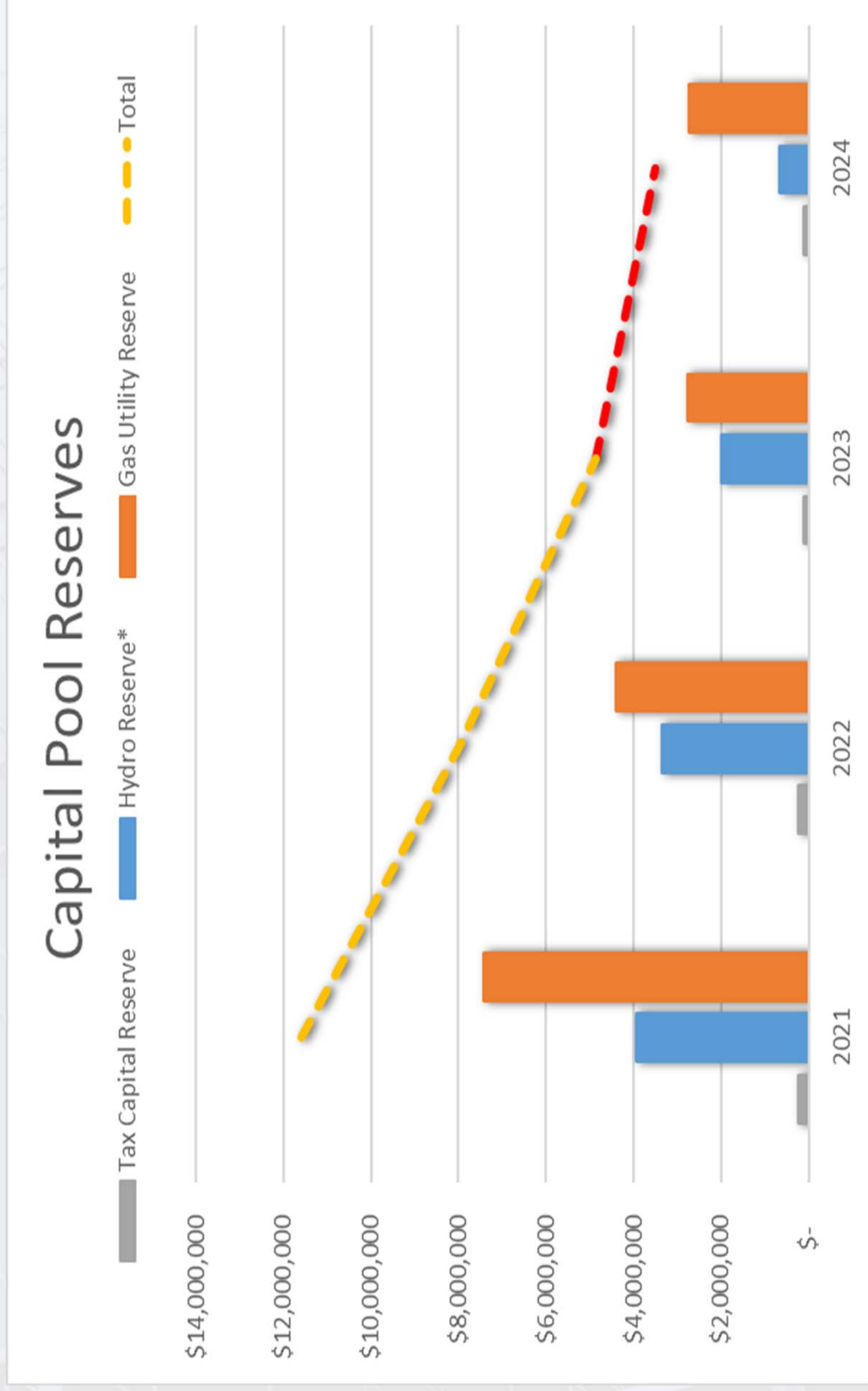


Projected Reserve Balances



*Reflects full allocation of safe restart funding but without \$5M capital transfer in 2021

Projected Reserve Balances



* Assumes \$5M capital transfer needed to address operating pressures

Proposed Budget Increase



Household impact

Property tax increase is **1.1 per cent** or **\$12/year**.

Water utilities increase is **0.9 per cent** or **\$11/year**.

Gas increase is **1.5 per cent** or **\$11/year**.

Total impact - \$34/year.

Final Thoughts



The City's 2021 budget is one of fiscal restraint

- Focused on maintaining valued programs and services for the community
- Recognizes financial pressures being faced by individuals and businesses, proposing lowest increase in over a decade
- Reflects a responsible approach to responding to the financial realities of COVID-19

Safe Restart funding

- Funding is extremely helpful and will address all of the City's 2020 operating impacts
- 2021 funding allocation could be all that the City will receive this year in operating related financial support from other levels of government
- Still requires the City to continue with mitigation efforts in 2021, and to be cautious with overall spending

Looking Beyond 2021

- Economic fallout from the pandemic still not fully known, will need to continue monitoring trends in 2021 to see what long-term impacts look like for Kitchener
- Revenue shortfalls are still expected in 2022, highlighting the importance of having sufficient reserve balances to address future impacts
- Economic recovery will be important, City is well positioned to take advantage of capital stimulus opportunities that may become available down the road
- EDIF 2.0 will help support local short-term and long-term economic recovery

Overview

Connect to the Budget



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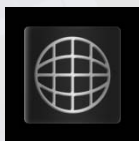
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Final Budget Day Process



- Minimal staff presentation
 - Highlights of proposed budgets
- Follow up items for information and decision
 - Issue papers
- Outcome is an approved budget
 - Draft resolutions provided to Council
 - Will be updated based on decisions made today
 - Forwarded on to Council for final approval

Boards

Kitchener Public Library (KPL)



	Budget 2020	Projected 2020	Original 2021 Budget	Revised 2021 Budget
Revenue				
City of Kitchener operating grant	\$11,297,620	\$11,297,620	\$ 11,410,596	\$ 11,410,596
Provincial grant	286,755	286,755	286,755	286,755
Other Revenues (fines, rentals, etc.)	399,649	147,011	374,000	241,000
Total Revenue	11,984,024	11,731,386	12,071,351	11,938,351
Expenses				
Programs, Marketing & Resources	1,395,400	1,530,440	1,389,400	1,389,400
Personnel, Admin & General Costs	9,416,474	8,241,486	9,497,274	9,497,274
Equipment & Occupancy Costs	1,172,150	1,704,830	1,184,677	1,184,677
Total Expenses	11,984,024	11,476,756	12,071,351	12,071,351
NET REVENUE/(EXPENSE)	\$0	\$254,630	\$0	(\$133,000)

Budget resolution includes:

- KPL 2020 surplus be used to offset 2021 overdue fine shortfall
- Council commit to provide additional \$100k as soon as 2022

Centre In The Square (CITS)



	Budget 2020	Projected 2020	Original Budget 2021	Revised Budget 2021	Revised Budget 2021
			Open in Jan 40% capacity	Open in Sept 40% capacity	Open in 2022
<u>REVENUE</u>					
Net Performances	\$ 1,310,000	\$ 838,747	\$ 824,580	\$ 1,106,164	\$ 248,231
Other Revenue (rent, sponsorships, par	516,870	316,687	352,626	345,933	305,689
City of Kitchener operating grant	1,888,689	1,888,689	1,907,576	1,907,576	1,907,576
City of Kitchener transition costs	111,311	111,311	92,424	92,424	92,424
Total Revenue	3,826,870	3,155,434	3,177,206	3,452,097	2,553,920
<u>EXPENSES</u>					
Admin & General	430,000	318,442	430,000	357,294	336,211
Marketing & Programming	105,000	47,198	105,000	90,430	89,555
Occupancy Costs	790,000	597,029	790,000	738,745	639,888
Personnel Costs	2,306,012	1,942,236	2,370,476	1,996,262	1,515,291
Community Development	194,400	29,174	90,700	41,960	5,500
Total Expenses	3,825,412	2,934,079	3,786,176	3,224,691	2,586,445
Net Revenue (Expenses)	\$ 1,458	\$ 221,355	\$ (608,970)	\$ 227,406	\$ (32,525)
Personnel Assumptions			Min. staff changes No Wage Subsidy	Min. staff changes 50% Wage Subsidy	Staff Reductions 50% Wage Subsidy

Budget resolution includes:

- Transitional funding from Tax Stabilization reserve of \$92k
- CITS keeps operating surplus, but splits deficits 50/50 with City

Enterprise Operating Budgets

Enterprise Budget Review



- Minimal changes to budget information reviewed by Committee during Operating Budget Day
 - Funding from Safe Restart Phase 2 now reflected in relevant Enterprise forecasts
- Updated forecasts included as appendix to Final Budget Day staff report

All Enterprise Rates Are Set



Enterprise	When fees are set
Building	User fees report (already set)
Golf	User fees report (already set)
Parking	User fees report (already set)
Gas	Gas Rates report (already set)
Water	WIP Rates report (already set)
Sanitary Sewer	WIP Rates report (already set)
Stormwater	WIP Rates report (already set)

Enterprise Budget Issue Papers



- Final budget package includes one issue paper related to:
 - Increased funding for Gas Meter Replacement

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD01 – Increased Gas Meter Replacement
FUND: Capital
DEPARTMENT: Infrastructure Services – Utilities Gas & Water
PREPARER: Greg St. Louis, Director Utilities, Gas & Water
BUDGET IMPACT: \$1,000,000 from Gas Capital Reserve

BACKGROUND:

A gas utilities' use and management of an inventory of gas meters; small and large is administered and enforced by Measurement Canada through the statutes that regulate trade measurement, specifically the *Electricity and Gas Inspection Act and Regulations*. The utility could be subject to fines of \$1.00/day for each meter not in compliance.

The readings taken at the meters are used to bill customers. The accuracy of natural gas meters must be verified in accordance with the time periods and stipulations set out in the Regulations. As gas meters age they naturally slow down. The error is always in the favour of the customer, so it is in the best interest of utility to replace meter assets in a timely fashion.

A small residential meter, when first installed is typically valid for 10 years before the utility can apply to extend its life, as Measurement Canada has stipulated the "seal" period for small meters. Once a meter has been sealed or re-sealed, it has a predetermined period of time to be in service before it must be tested, re-furbished or retired from service, as circumstances dictate. In order to get a meter's seal life extended, a representative sample of meters must be removed from the population and sent to an independent lab for testing. If the sample's accuracy is within tolerance, then the meters within that group can be extended. The advantages of testing meters is that the City can increase the life of a meter from 10 years to 20 years, reducing interruptions to homeowners and saving on replacement costs. The disadvantage of this process is the outcome of the testing process is not known resulting in significant fluctuation of replacement spend annually.

RATIONALE / ANALYSIS:

The City of Kitchener has approximately 74,500 meters in Kitchener's distribution system that are administered under the Act mentioned above. Residential small meters represent the largest proportion of the distribution system at 93%. The number of small meters that require replacement fluctuates each year based on their age and type/size of gas meter. In 2019-2020 there was a large quantity of small meters (approximately 15,000) in the distribution system that were due for testing. These meters were identified by the independent lab as requiring replacement because the accuracy did not meet the standards as set out in the *Electricity and Gas Inspection Act and Regulations* and are in the process of being replaced, but more funding is required to complete the work.

FINANCIAL IMPLICATIONS:

The annual Gas Meter budget is based on the projection that the majority of small meters samples will pass and therefore, have their life extended. The table below shows the variability in small meter spending over the past five years.

	2016	2017	2018	2019	2020
Small Meter Spend	\$2,716,337	\$2,635,615	\$1,287,980	\$1,449,379	\$2,794,332

**CITY OF KITCHENER
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Large meter replacements are based on a fixed dollar amount per year. This approach minimizes collecting funds for replacing all small meters and not using the funds if the sample passes. However, this process requires funding from the Capital Reserve if a large sample of small meters do not get their seal life extended. Based upon the number of gas meter replacements, the 2021 capital budget funding needs to be increased by \$1,000,000.

RECOMMENDATION:

That \$1,000,000 be transferred from the Gas Capital Reserve to the Gas Meter Installation capital budget in 2021.

Capital Budget

Capital Budget Review



- Some changes to budget information reviewed by Committee during Capital Budget Day (highlighted on next slide)
- Capital Budget Report FIN-20-068 from December 14, 2020 included:
 - Staff Report (pages C-1)
 - Definitions, Abbreviations & Acronyms (page C-10)
 - Boards (page C-22)
 - Capital Budget Topical Overviews (page C-28)
 - Capital Forecast & Issue Papers (page C-82)

Capital Budget Updates



- Changes to the Capital Budget since it was presented:
 - Added \$1M from Federal Gas Tax approved for Downtown Grid
 - Report DSD-20-203, December 7, 2020
 - Added \$1.55M in Resiliency Grant funding approved for Trails & Bridges
 - Report FIN-20-070, December 7, 2020

Capital Budget Issue Papers



- Final budget package includes a small number of follow up issue papers related to:
 - Small Scale Traffic Calming
 - Community Trails
 - Capital Pool
 - Fleet Replacements
- Staff do not recommend adjusting any of these areas since:
 - Reserves have fallen below minimum targets
 - Don't have staffing resources to complete work in 2021
 - Other considerations as outlined in issue papers

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD02 - Increased Funding for Small Scale Traffic Calming
FUND: Capital
DEPARTMENT: Development Services Department – Transportation Services &
Infrastructure Services Department – Roads and Traffic Operations
PREPARER: Barry Cronkite, Director of Transportation Services
BUDGET ASK: None

BACKGROUND:

During the 2021 Operating Budget review session, staff was directed to investigate the impacts of increasing the Small Scale Traffic Calming budget by 15%, 25%, and 50% respectively.

RATIONALE / ANALYSIS:

In 2017, Transportation Services launched a seasonal traffic calming program that included the installation of approximately 40 flexible delineators and 5 speed advisory signs. These have been met with wide acceptance from the community and has resulted in many requests. In 2018, an increase in the capital budget for seasonal traffic calming facilitated the purchase of an additional 40 flexible delineators, inclusive of installation and removal. In total, the seasonal traffic calming program currently consists of 8 flexible delineators per ward that can then be used to address 4-8 roadways and 5 speed advisory signs that are deployed throughout the City on a rotational basis, covering an approximate 50 locations per year.

Based on Council's direction as part of the 2020 budget process, Transportation Services had intended to increase the number of flexible delineators to 112 (10 per ward and an additional 12 locations that would be determined as necessary by staff) in 2020. The pandemic required that staff install historical locations due to material and staffing challenges. In 2021 there will be a total increase in flexible delineators of 40% over what was installed in 2020 based on Council's prior direction

Staff does not recommend the installation of more than the proposed flexible delineators at this time. Their current effectiveness may be diminished if too many delineators are installed and the public simply views these delineators as "sign pollution". In addition, there will already be a 40% increase over what was installed in the community in 2019 and 2020.

FINANCIAL IMPLICATIONS:

Any option that increases funding to small scale traffic calming would need to be funded from the Capital Pool. This would require a reduction to another project in order to keep the Capital Pool funding the same, or an additional reserve transfer to increase the funding to the Capital Pool.

OPTION 1: No change to existing funding proposed – No change to the existing funding for seasonal traffic calming will result in an increase to 112 flexible delineators; a 40% overall increase in the number of flexible delineators that were installed in 2020.

The purchase and installation/removal of each additional flexible delineator beyond the current proposed program is approximately \$600; \$250 per delineator and \$350 for install/removals. Additionally, each additional flexible delineator has an ongoing operational cost of \$350 beyond 2021.

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OPTION 2: Increase the existing seasonal traffic calming budget in 2021 by 15% (\$9,000)

Increasing the existing budget would allow for approximately 15 additional flexible delineators to be purchased and installed over and above the proposed workplan. It would also result in operating costs of approximately \$5,250 annually thereafter.

OPTION 3: Increase the existing seasonal traffic calming budget in 2021 by 25% (\$15,000)

Increasing the existing budget would allow for approximately 25 additional flexible delineators to be purchased and installed over and above the proposed workplan. It would also result in operating costs of approximately \$8,750 annually thereafter.

OPTION 4: Increase the existing seasonal traffic calming budget in 2021 by 50% (\$30,000)

Increasing the existing budget would allow for approximately 50 additional flexible delineators to be purchased and installed over and above the proposed workplan. It would also result in operating costs of approximately \$17,500 annually thereafter.

RECOMMENDATION:

Staff recommend no change to the funding as initially proposed, as it represents a 40% increase over and above the flexible delineators that were installed in 2020.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD03 – Additional Funding for Community Trails
FUND: Capital
DEPARTMENT: Infrastructure Services – Parks and Cemeteries
PREPARER: Niall Lobley, Director of Parks and Cemeteries
BUDGET IMPACT: \$440K – \$2.2M over the 10-year Capital forecast

BACKGROUND:

During the Capital Budget session staff were directed to develop an issue paper that proposed additional investment levels for Council to consider adding to the Community Trails General Provision.

RATIONALE / ANALYSIS:

The Community Trails General provision supports the development of trails within the City of Kitchener. Three principal project types are funded by the Community Trails General Provision:

1. Repair and replacement of pedestrian bridges

The City owns and maintains 65 pedestrian bridges serving our trails network. Investment, repair and replacement is largely reactionary and driven by the findings of the OSIM (Ontario Structure Inspection Manual) Bridge Inspections undertaken on a biannual basis.

2. Development of new trails

New trails are informed by the Cycling and Trails Master Plan and largely focuses on developing alternative routes or infilling gaps within the trails network.

3. Upgrade of existing walkways and trails

The focus of this work is on upgrading existing granular trails and walkways to asphalt trails and is directed by the Cycling and Trails Master Plan

Funding for trails is also supported by individual Capital Budget requests (such as for the recent upgrades to the Iron Horse Trail) and by grant funding (\$2M of improvements to the Walter Bean Trail are supported by DMAF, \$650,000 of Federal Gas Tax money has recently been allocated toward bridge replacements, and Council endorsed an application for \$1.55M of COVID Resilience funding to support trail and bridge projects).

A project list stemming from priorities within the Cycling and Trails Master Plan has been developed, and funding allocated from the Community Trails General provision toward completing this work. Between 2022 and 2030, approximately 9.2km of trail upgrades are planned and approximately 2.5km of new trail is planned. Four bridges are currently being replaced (in Vanier Park, in Victoria Park, at Rothsay Avenue, and Lynn Valley) and an additional five are tentatively scheduled for replacement between 2022 and 2030.

The Cycling and Trails Master Plan provides a construction estimate of \$450 per meter for trails. The nature of construction, landscape and works required alongside trail construction (such as grading, drainage etc.) all have an impact on trail costs, so in some cases this will be a generous allowance, in others, it may be under-reflective of true costs, but broadly speaking, this provides a reasonable number on which budget estimates can be proposed.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Three options for consideration are outlined below under financial implications and include the approximate percentage increase in trail delivery, the additional meters of trail delivered and the impact over the years of the capital forecast.

In all scenarios, staff will rely on direction provided within the Cycling and Trails Master Plan to inform projects. Option 1 will allow staff to complete all identified short-term trail work in the Cycling and Trails Master Plan by 2030. Option 2 will deliver all short-term trail work by approximately 2028 and Option 3 by approximately 2025.

Trails development work relies on a single, contract staff person. Through the 2021 budget process, it is proposed that this position be approved on a permanent basis to support this work requested (see Issue Paper OP 03 in the Operating budget package). Without this position, trail work will cease.

Due to a significant body of bridge replacement work, deferred capital work from 2020, 2021 approved capital projects and the recent support for trails work funded through the stimulus funding, there is no capacity to undertake additional work in 2021.

FINANCIAL IMPLICATIONS:

The additional increase to the Community Trails General provision for each option is outlined below. It should be noted that any option that increases funding to trail upgrades would need to be funded from the Capital Pool. This would require a reduction to another project in order to keep the Capital Pool funding the same, or an additional reserve transfer to increase the funding to the Capital Pool. Additional transfers to the Capital Pool could increase the likelihood of higher tax rate increases in future years.

CAPITAL												
Option	% inc	Additional Meters	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Option 1	10%	100	45,000	45,900	46,818	47,754	48,709	49,684	50,677	51,691	52,725	\$ 438,958.28
Option 2	25%	250	112,500	114,750	117,045	119,386	121,774	124,209	126,693	129,227	131,812	\$ 1,097,395.70
Option 3	50%	500	225,000	229,500	234,090	238,772	243,547	248,418	253,387	258,454	263,623	\$ 2,194,791.40
ADDITIONAL OPERATING IMPACT (based on \$9,000 per KM in 2020, assuming 2% inflation)												
Option	% inc	Additional Meters	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Option 1	10%	100	940	959	978	998	1,017	1,038	1,059	1,080	1,101	
Option 2	25%	250	2,350	2,397	2,445	2,494	2,544	2,595	2,646	2,699	2,753	
Option 3	50%	500	4,700	4,794	4,890	4,988	5,087	5,189	5,293	5,399	5,507	

RECOMMENDATION:

For information

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD04 – Using Reserves to Fund the Capital Pool
FUND: Capital
DEPARTMENT: Financial Services – Financial Planning
PREPARER: Ryan Hagey, Director of Financial Planning
BUDGET IMPACT: None

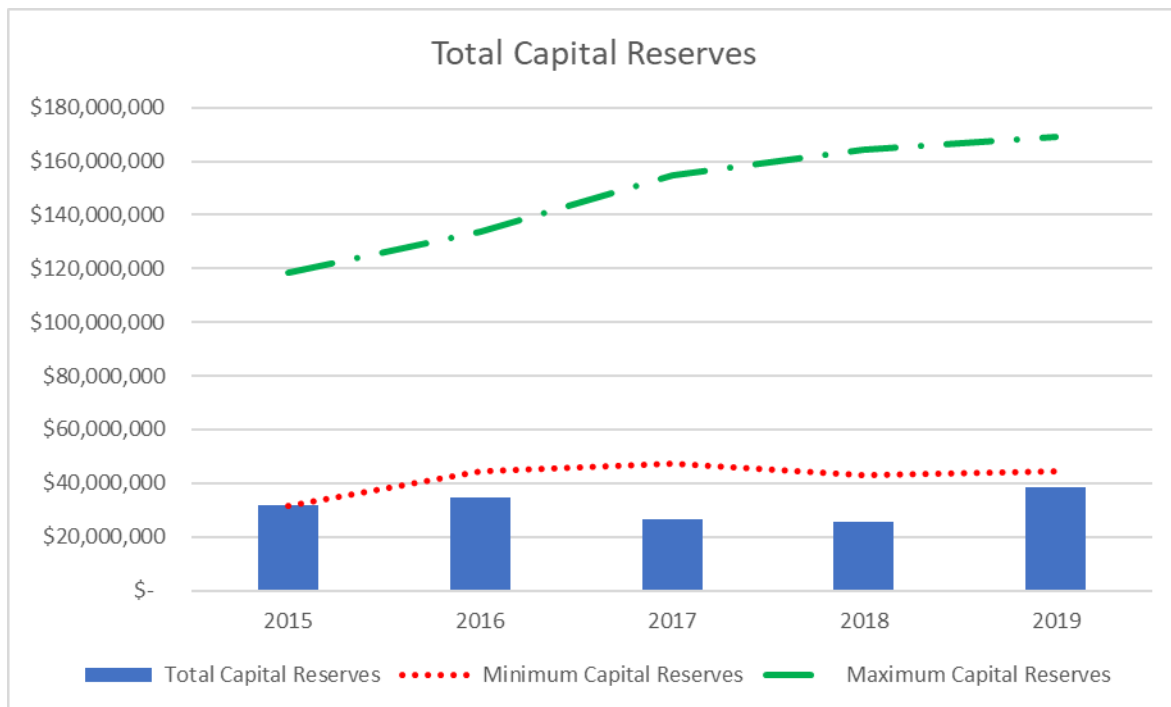
BACKGROUND:

During the 2021 Capital Budget review session, staff was directed to provide information about historic reserve balances and the possibility of transferring additional funding from reserves to reduce the tax rate increase.

RATIONALE / ANALYSIS:

Historic Reserve Levels

The graph below shows the overall ending capital reserve balances for the past five years, ending with a balance of just under \$40M in 2019. The graph also shows actual reserve levels are consistently below the minimum target levels, meaning the City's capital reserves are on whole underfunded. As was noted during the Capital budget presentation, strong reserve balances in some areas can mask deficiencies in other areas, and due to legislative restrictions, balances in regulated areas like Building and Water cannot be used to benefit other areas like the tax base.



**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Increasing Reserve Transfers to Reduce the Tax Rate Increase

The specific request from the Capital Budget review session was to increase reserve transfers to fund capital by \$100,000 per year, which would result in a \$100,000 reduction to the tax rate increase, making this kind of adjustment not feasible.

First, each year the City maximizes its draw on the relevant reserves, while still maintaining some funding for contingencies and the unexpected (e.g. increased tender prices, emergency capital projects, matching funds for grant applications). Further reductions would add risk to the City's ongoing capital program.

Second, the City of Kitchener (and municipalities in general) have been saying for many years they have an infrastructure deficit. To reverse course and use reserves to reduce taxes is disingenuous to the position put forward by the City in several consultations with other levels of government.

Third, Kitchener's 2021 budget strategy is one of fiscal restraint that already includes deferrals for some capital projects (where feasible on a short-term basis), and relying on reserves to backstop deficits that are quite likely due to the continuing impacts of COVID-19. Taking money from reserves on a continuing basis will erode the City's ability to complete capital projects in the future and put the City in jeopardy of needing even higher tax rate increases in the future.

Instead, the City would be better situated by keeping the funding in reserves to help offset deficits in 2021 and beyond or to leverage stimulus funding provided by the Federal and/or Provincial governments.

FINANCIAL IMPLICATIONS:

Increasing reserve transfers to the capital program by \$100,000 (plus inflation) each year is not advised and would result in a tax rate reduction of less than 0.1%, or less than \$1 annually to the average homeowner.

RECOMMENDATION:

For information.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD05 – Impact of Reducing Fleet Replacement Funding
FUND: Capital
DEPARTMENT: Infrastructure Services - Fleet
PREPARER: Don Miller, Director of Fleet
BUDGET IMPACT: None

BACKGROUND:

During the 2021 Capital Budget review session staff was directed to prepare an issue paper regarding the impact of reducing Fleet replacement by \$1M across the 10-year capital budget.

RATIONALE / ANALYSIS:

Changes to the equipment reserve forecast would lead to either higher maintenance costs or reduced service levels. The City has a robust, annual process to review the equipment replacement needs of the corporation that takes into account the performance of each specific piece of equipment, and the needs of divisions to continue delivering service to the community.

Before making a decision to replace a piece of equipment, the Equipment Review Committee analyses Fleet data including age, life cycle, utilization, service type, reliability, current physical assessed condition, historical repair and maintenance costs, and in class fuel efficiency. A key indicator in the review is a measure of restoration/repair costs to continue operation exceeding annual depreciation charges. Input is also received from Fleet users for each unit recommended/requested for replacement/deferral with respect to condition and suitability to operations as well as replacement needs to meet operational requirements.

As an example of the results of the existing process, the 2021 Annual Equipment Review Meeting held on October 16, 2020 resulted in the following:

- 111 units were eligible for review for replacement at an estimated cost of \$10,328,000
- 63 units were deferred at estimated cost of \$4,345,000
- 48 units were approved for replacement at an estimated cost of \$5,983,000

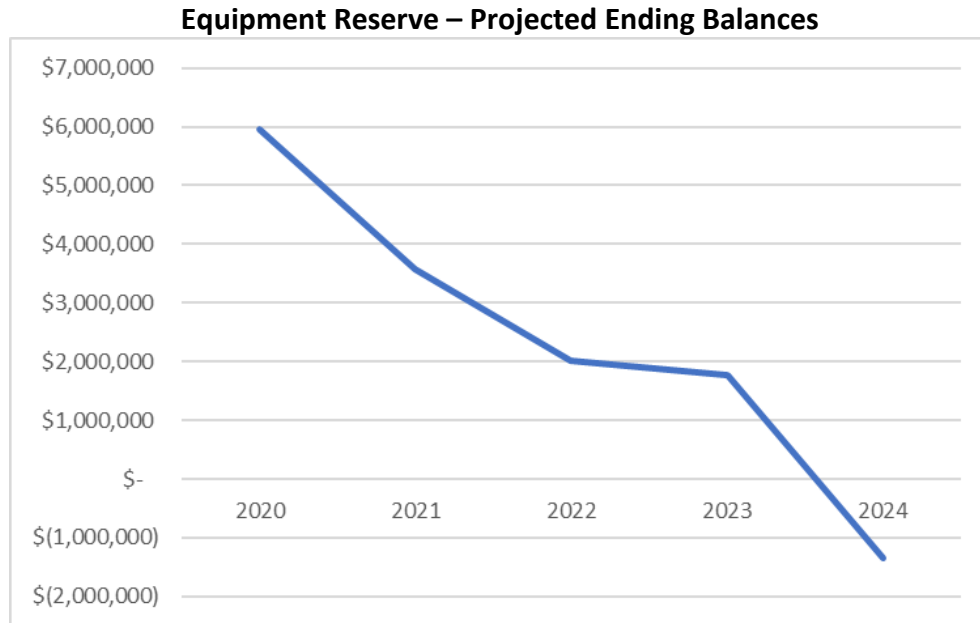
The Equipment Review process inherently manages the reduction of capital Fleet purchases on an annual basis and ensures that minimum operational needs of Fleet users are met.

FINANCIAL IMPLICATIONS:

Reducing the funding for equipment replacement by \$1M across the 10-year capital forecast would actually cost the City more money than replacing equipment at the end of its useful life. The reduction in capital replacement funding would result in increased operating costs due to elevated repair and maintenance costs that exceed the costs of depreciation.

As well, the equipment reserve is already forecasted to be in a deficit position by 2024 as show in the graph below, so a further reduction would only increase the likelihood equipment replacements would need to be delayed at increased cost.

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Finally, additional deferrals would threaten the City's ability to reduce fuel consumption through purchasing new vehicles/equipment and would negatively impact the City's ability to achieve its corporate sustainability goals.

RECOMMENDATION:

For information.

Tax Supported Operating Budget

Operating Budget Review



- No changes to budget information reviewed by Committee during Operating Budget Day
- Operating Budget Report FIN-20-066 from November 30, 2020 included:
 - Staff Report (page O-1)
 - Definitions, Abbreviations & Acronyms (page O-15)
 - Tax Comparative Budget (page O-18)
 - Boards Budgets (page O-45)
 - Tax Supported Budget (page O-54)
 - Enterprise Budgets (page O-70)

Operating Budget Issue Papers



- Final budget package includes a small number of follow up issue papers related to:
 - Huron Brigadoon Community Centre
 - Community Assisted Sidewalk Snow Clearing
 - Freezing Council and Non-union salaries
 - Public Input
- Staff believe it is feasible to delay operating funding for Huron Brigadoon, but not adjusting any other areas

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD06 – Huron Brigadoon Community Centre Delayed Opening
FUND: Operating
DEPARTMENT: Community Services – Neighbourhood Programs and Services
PREPARER: Mark Hildebrand, Director Neighbourhood Programs and Services
BUDGET IMPACT: Potential Reduction of \$255,000

BACKGROUND:

During the 2021 Capital Budget review session staff was directed to prepare an issue paper regarding the timing of the opening for the Huron Brigadoon Community Centre, which has been planned and budgeted for in late 2021.

RATIONALE / ANALYSIS:

The City of Kitchener is working in partnership with the Waterloo Region District School Board (WRDSB) to build a joint school and community centre in the Huron Brigadoon area. In anticipation of a planned opening of the facility in late 2021, staff included a budget of \$255,000 in the City's proposed 2021 operating budget, for operations of a partial year. The remainder of the budget is planned for the 2022 operating budget, to reflect the full annual cost of operating this facility. City staff were recently informed that construction of the school and community centre (which is being led by WRDSB) has been delayed.

Detailed designs for the joint school and community centre have been completed and the necessary building permits have been approved. As required, the school board has made an application to the Province, who must review and approve the proposed design and budget of the facility, prior to construction commencing. This application is currently moving forward with the Province, but final approval has not yet been given to the school board. As a result, it will not be possible for the school board to complete the construction and open this facility in 2021 as originally planned.

FINANCIAL IMPLICATIONS:

Given the Huron Brigadoon Community Centre will not be open in 2021, the budget for this facility, that is included in the proposed 2021 operating budget, can be delayed by one year. Any funding delayed would reduce the tax rate increase in 2021, but shift the increase to 2022.

RECOMMENDATION:

Delay \$255,000 in operating funding for the new Huron Brigadoon Community Centre until 2022.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD07 – Increasing Capacity of the Assisted Services Winter Program
FUND: Operating
DEPARTMENT: Infrastructure Services – Parks & Cemeteries Division
PREPARER: Niall Lobley, Director Parks & Cemeteries
BUDGET IMPACT: None

BACKGROUND:

In September 2020 Council provided direction to staff to implement an Assisted Service program to support residents who are unable to meet the City's sidewalk bylaw in respect to winter for reasons of age or ability. Residents must meet eligibility criteria to participate in the program. Staff had proposed 150 places; Council provided direction that this be increased to 175. During budget discussions, Council has asked that the capacity be further increased to 200 places.

RATIONALE / ANALYSIS:

The Assisted Services program has been piloted successfully through two winter seasons as the City explored different options to respond to winter clearing of sidewalks, to maintain these clear of snow and ice. The City winter sidewalk bylaw places the onus of snow clearing of sidewalks to the private property owner adjacent to the sidewalk. It is recognized that seniors and individuals with disability can encounter challenges in meeting the bylaw. The Assisted Services program provides support for these residents.

The program has been delivered successfully via a grant provided to the Working Centre. Staff have worked with the Working Centre and had agreed on support for up to 150 residents in winter 2020/21. Council asked that this be increased to 175 residents in September.

During budget deliberations, as a result of the program having already reached capacity in 2020/21, Council asked that this be further increased to 200 residents. Staff have discussed this with the Working Centre who have confirmed that they do not have capacity to increase services to 200 residents this coming winter. This is due to vehicle access and staff availability.

Staff and the Working Centre are keen to deliver a program that is reliable and meets the high level of satisfaction seen through the pilots and appreciate that the program has been increased by 75% for winter 2020/21 already, and additional places cannot be supported at this time.

While other means for delivering services may be available, such as via private contractor, there is no capacity to set this up for winter 2020/21.

FINANCIAL IMPLICATIONS:

As there is no capacity to increase provision in 2020/21, there is no additional financial impact as a result of this Issue Paper.

RECOMMENDATION:

No changes are recommended to the Assisted Services program for winter 2020/21. Staff will proceed to add 75 places to the program for winter 2021/22 as per prior Council direction.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD08 – Freezing Council and Non-Union Management Salaries for 2021
FUND: Operating
DEPARTMENT: Corporate Services – Human Resources &
Financial Services – Financial Planning
PREPARER: Paula Dunn, Director of Human Resources &
Ryan Hagey, Director of Financial Planning
BUDGET IMPACT: None

BACKGROUND:

During the 2021 Operating Budget review session, staff was directed to provide information regarding freezing the salary budgets for Council and non-union staff.

RATIONALE / ANALYSIS:

There are four groups that will be potentially impacted by freezing non-union and Council salaries in 2021. These groups include:

1. Non-union, grades 12 and up
2. Non-union, grades 11 and below
3. 9000 series employees
4. Council

Non-Union Staff Grades 12 and Up

Non-unionized staff in pay grades 12 and up are only management staff, and are typically managers, directors, and members of the Corporate Leadership Team. They have been separated from grades 11 and below as there are no unionized positions within these grades.

Non-Union Staff Grades 11 and Below

Non-unionized staff in staff in pay grades 11 and below are a mix of management and professional/technical staff who deal with sensitive information that precludes them from belonging to labour groups (e.g. Legal, Human Resources, Technology & Information Services). This group also includes part-time non-union positions such as bylaw enforcement officers, clerical staff at community centres and pools, inclusion support staff, and senior day programming aides.

9000 Series Staff

The 9000 Series is the pay group including casual, summer and part-time positions such as cleaners, parking attendants, ushers, crossing guards, student labourers, lifeguards, summer camp staff and building attendants.

Council

This includes Council members only. The Council compensation policy includes language that Council's COLA increase will mirror non-union staff.

Traditionally all non-union staff and Council increases have mirrored those awarded to the City's indoor workers' union (CUPE 791).

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2021 BUDGET ISSUE PAPER**

FINANCIAL IMPLICATIONS:

The chart below shows the potential costs savings (including fringe benefits) if salaries for the different non-union positions as well as Council are not increased from their 2020 levels. It should be noted that some of the savings would occur in the City's enterprises and would not have any impact on the tax supported budget. The table below shows impacts to enterprises, the tax base, and in total.

Potential Cost Savings of Salary Freeze in 2021

	Total	Enterprise	Tax	Levy Impact
Grade 12 and Up	\$ 113,188	\$ 29,784	\$ 83,405	0.06%
Grade 11 and Below	\$ 197,487	\$ 24,506	\$ 172,981	0.13%
9000 Series	\$ 33,821	\$ -	\$ 33,821	0.03%
Council	\$ 6,316	\$ -	\$ 6,316	0.00%
Total	\$ 350,812	\$ 54,290	\$ 296,523	0.23%

Note: totals may differ due to rounding

Before making any adjustments to salary increases for the groups noted above, Council should be advised of the related impacts.

RECOMMENDATION:

For information.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

ISSUE: BD09 – Public Input
FUND: Operating & Capital
DEPARTMENT: Financial Services – Financial Planning
PREPARER: Ryan Hagey, Director of Financial Planning
BUDGET IMPACT: None

BACKGROUND:

As part of the annual budget process, the City encourages public input on the proposed budget. This includes a number of formats, with the most popular being Public Input sessions where residents can provide their opinions on the budget directly to Council, and an online budget survey.

RATIONALE / ANALYSIS:

For the 2021 budget, the City held two virtual Public Input sessions with a total of four delegates providing their input to Council. The delegates included;

- Mary Jane Patterson on behalf of REEP Green Solutions
- Tova Davidson on behalf of Sustainable Waterloo Region
- Iain Klugman on behalf of Communitech
- Tony LaMantia on behalf of Waterloo Economic Development Corporation

Regarding the online budget survey, this year the City received 17 responses, which is considerably less than in recent years. The past three budgets have seen 171, 255, and 474 respondents. The budget survey page was viewed by 91 people, but it appears that there was less interest in filling out the survey than in previous years. The trend of lower levels of engagement has occurred on some other surveys conducted recently by the City, and could be compounded by there being minimal changes proposed through the 2021 budget.

Responses to the online survey are provided in an appendix to this issue paper. It includes the survey content, the question asked, the votes provided, and the verbatim responses provided (grouped into themes). The majority of respondents voted that the approach used for the proposed tax rate and water utilities rate increases was reasonable.

FINANCIAL IMPLICATIONS:

None.

RECOMMENDATION:

For information.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Topic #1 - Proposed property tax rates for 2021

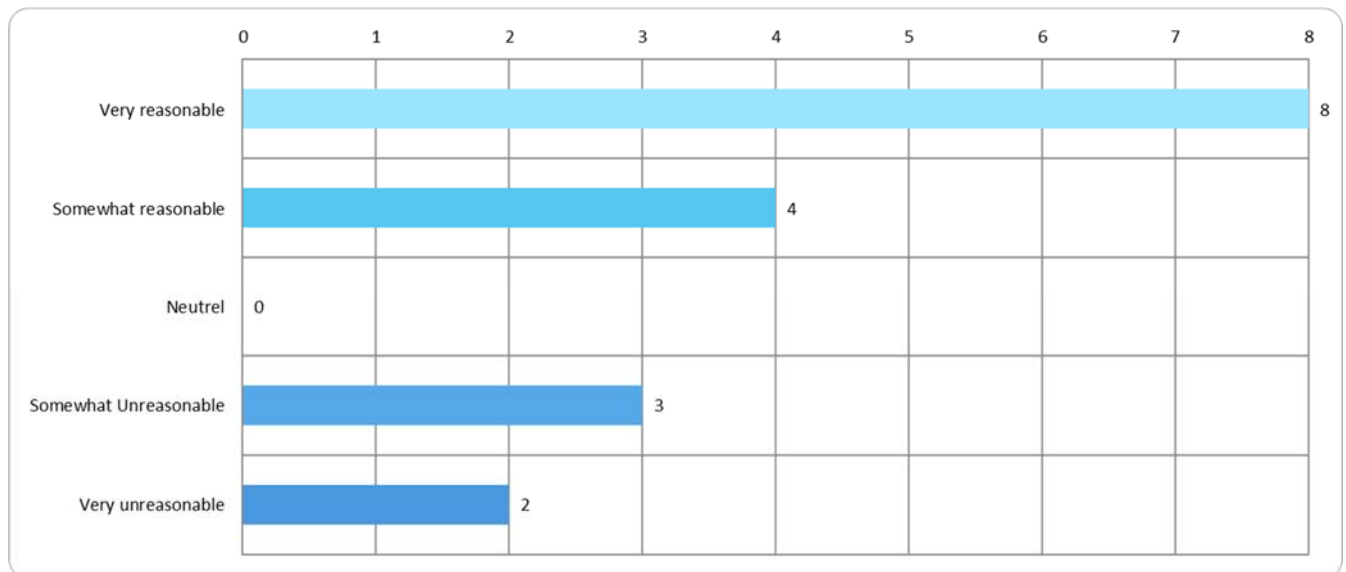
Years of passing balanced budgets, paying down debt, and building up reserve funds have allowed the City to focus on affordability for rate payers without making cuts to the important programs and services residents value. This year's proposed tax rate increase of 1.1 per cent, or \$12 to the average household, is below the budget's target level of inflation.

This slight rate increase is possible by drawing on reserves, funds the City has set aside previously for a specific purpose or an unanticipated event. Reserves are similar to a personal savings account or a registered retirement savings plan (RRSP). Drawing down reserves is a reasonable short-term approach for the City to take to weather the impacts of COVID-19 instead of increasing tax rates significantly at a time when some in the community have been hit hard.

This budget allows us to:

- Respect our taxpayers by having the lowest proposed annual impact to the homeowner (\$34 inclusive of tax, water, sewer, storm and natural gas rate changes) in the past decade
- Maintain highly valued community programs and services – a priority for Kitchener citizens based on consistent feedback
- Focus targeted financial support on our most vulnerable citizens by investing in resources to support business recovery, promote equity, diversity and inclusion, and prioritize affordable housing
- Continue to advance our strategic and community goals

Does this approach strike a reasonable balance?



**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Topic #1 - Proposed property tax rates for 2021 – Written Comments

Higher Rate Increase

- I am concerned that you are drawing on Reserve funds. I would prefer to see a larger tax increase so reserves can be kept available.
- Having rates below inflation is unreasonable. Especially considering the unexpected budget shortfall this year resulting from the Covid measures.
- Too much emphasis was on keeping the increase low.
- I recognize that we are under strain due to the pandemic but we should not have a tax rate increase below inflation. I think a tax rate at inflation is reasonable
- 2022 will be an even harder budget to put together. This budget is perhaps too modest considering the future. If we decrease the tax burden too much now, future increases will have to be even bigger which will cause more hardship then a bit more now.

Lower Rate Increase

- Too high, should rolled back.
- with these troubled timesthat everyone is going threough perhaps someone could sharpen their pencil and get to a "0" increase!
- Why an increase? Did you not cut your part time staff? This is not the time to be looking for more money. Where did you find the money for that useless piece of art for Queen St park? What a colossal waste of taxpayer money

Other

- I appreciate the efforts to keep the increase low. I wish the overall operating budgets were less to lighten the overall bills. Firvresidents earning less than \$29/hr, a million dollars is a lot money, yet pilot projects chew up millions. Thanks.
- glad that our local government are acting responsibly. Thank you
- Seems to be very reasonable.

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

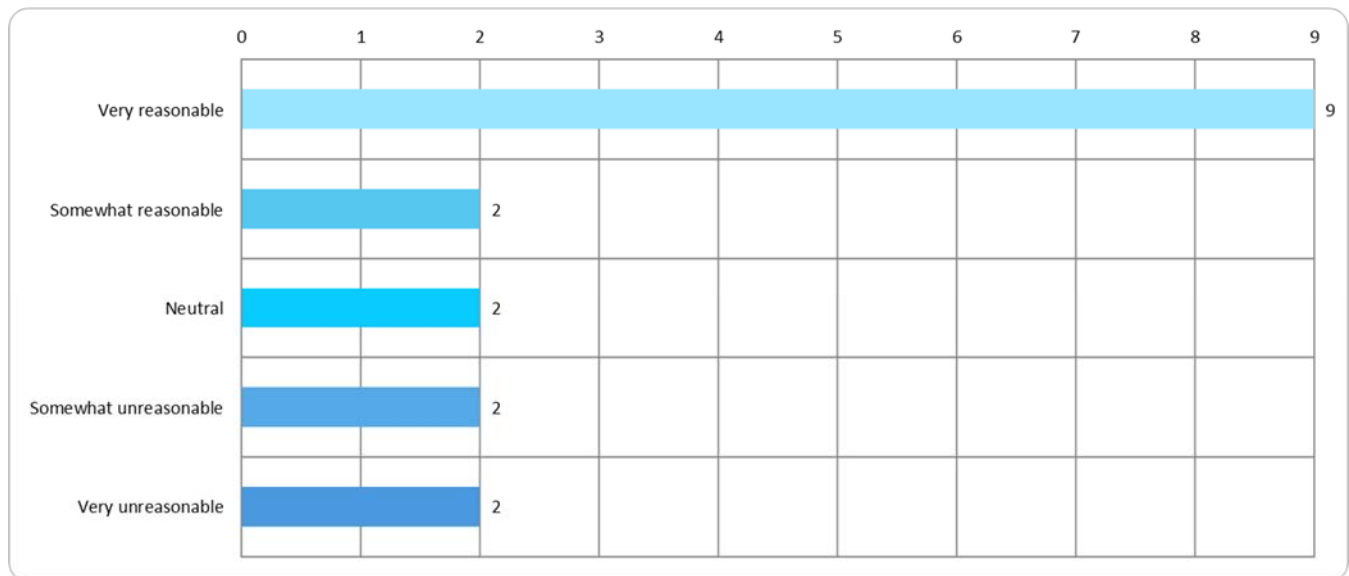
Topic #2 - Proposed water utilities rate increase

We are committed to invest in our water, sanitary and stormwater systems over the long term. Due to the economic conditions created by COVID-19, we're pausing planned increase to water and sanitary sewer rates to try and help out citizens struggling financially due to the pandemic. This will delay some of our projected infrastructure replacements, but is being proposed to keep rate increases to a minimum.

The proposed water utilities increase is 0.9 per cent, or \$11 per year to the average household. This minimal increase is required to fund the City's committed share of stormwater projects being significantly funded (\$50M in total) by other levels of government through the Disaster Mitigation and Adaptation Fund (DMAF). These projects are located all across the city, protecting properties against flooding and helping our stormwater infrastructure expand to meet the demands of a growing city.

This is a rare opportunity that will significantly benefit Kitchener for decades to come, and we feel it would be a mistake to forfeit in exchange for an increase that translates to \$11 for the average household.

Does this approach strike a reasonable balance?



**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Topic #2 - Proposed water utilities rate increase – Written Comments

Higher Rate Increase/Maintaining Infrastructure

- A minimal increase is too little.
- Delaying infrastructure that is needed will make Kitchener a less attractive place to live.
- Getting too far behind now will cause future increases to be bigger and will seem totally unreasonable and harder to defend in a budget report.
- Need to maintain infrastructure

Lower Rate Increase

- 0% is preferred.
- how about shooting for a "0" to take the strain off our already overtaxed "revenue tools"!

**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Our strategic goals

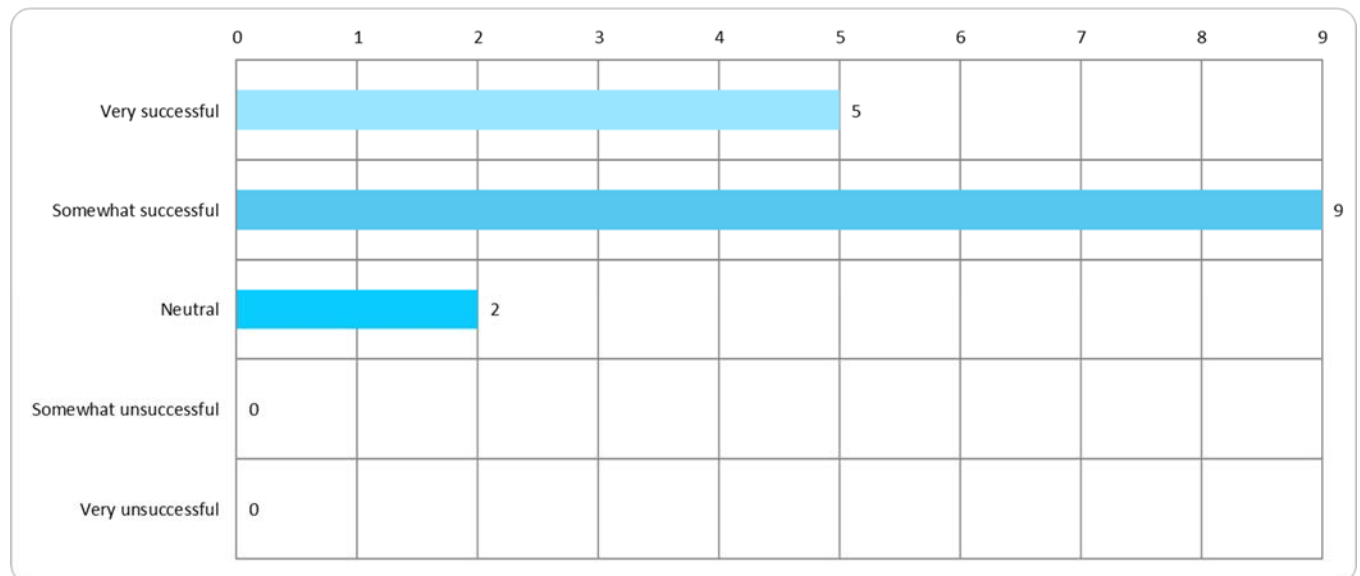
Our 2019-2022 Strategic Plan is a shared vision for our community, built in dialogue with the people of Kitchener. We've also taken the five priorities into all matters of decision-making, guiding our response to the COVID-19 pandemic.

We organized support calls to seniors who are feeling isolated during the pandemic because we are a Caring Community. We transferred dozens of City services online to safely serve our customers, and we're hearing that many people want to continue having that option. We've continued to invest in energy-efficiency retrofits for our buildings and vehicles not just because we want to show Environmental Leadership and reach our emissions targets, but because these investments are consistently paying for themselves faster than we've expected, saving money over the long term.

This year, we delivered:

- The Cycling and Trails Master plan was approved, laying out a ten-year plan for connecting Kitchener's bikeways and trails.
- We presented our draft Housing Strategy, which will support availability and affordability across the housing spectrum.
- We approved our new Make It Kitchener 2.0 economic development strategy, a 10-year vision to guide economic development and community initiatives and presents an innovative funding model through a new Economic Development Investment Fund (EDIF) that would enable council to invest up to an additional \$110 million over 10 years, without relying on a tax rate increase.

How successful has the City of Kitchener been in meeting our community's strategic goals?



**CITY OF KITCHENER
2021 BUDGET ISSUE PAPER**

Topic #3 - Our strategic goals – Written Comments

Fire

- Fire department deployment needs to change. There are other deployment methods/options that are better suited to the reality of today. If Kitchener wants to save tax payers money, they will explore this idea. The Current model is outdated and not required
- I don't see any funds directed towards increasing our fire department staffing to keep up with the increased population due to highrise development in our core. Maintaining public safety for our growing city should be part of our City's strategic goals

Bike Lanes

- Many of the bike lanes are used only by a few and it has added much slower moving traffic in busy times. We have them on Belmont Ave. from the village to Highland. With the Iron Horse Trail across the street used by many bikers does not make sense .
- We don't need cycling trails. A waste of taxpayer money. Why is there no "unseccessful" dot...patting your backs I see

Other

- I support a single tier gov't which would be more effective for long term planning.
- Housing is becoming less affordable in the city.
- Internal efficiencies should be pursued.
- Lets keep the tax payer in mind when the powers that be think up these grand plans. Its time to reduce spending.

Resolutions

Resolutions



- All resolutions need to be approved before forwarding them on to Council
 - Figures included in the draft resolutions have been changed based on decisions made today