

SPECIAL FINANCE & CORPORATE SERVICES COMMITTEE MINUTES

NOVEMBER 30, 2020

CITY OF KITCHENER

The Special Finance and Corporate Services Committee held an electronic meeting this date, commencing at 12:34 p.m.

Present: Councillor S. Davey - Chair
Mayor B. Vrbanovic and Councillors D. Chapman, K. Galloway-Sealock, J. Gazzola, B. Ioannidis, M. Johnston, S. Marsh, C. Michaud, D. Schnider and P. Singh.

Staff: D. Chapman, Chief Administrative Officer
M. May, Deputy CAO & General Manager, Community Services
V. Raab, General Manager, Corporate Services
J. Readman, General Manager, Development Services
J. Lautenbach, Chief Financial Officer, Financial Services
D. McGoldrick, General Manager, Infrastructure Services
R. Hagey, Director, Financial Planning
M. Seiling, Director, Building
K. Kugler, Director, Enterprise
G. St. Louis, Director, Utilities
B. Lam, Director, Sanitary & Stormwater Utilities
N. Lobley, Director, Parks and Cemeteries
B. Cronkite, Director, Transportation Services
P. McCormick, Manager, Parking Enterprise
J. Bunn, Manager, Council and Committee Services/Deputy City Clerk
D. Saunderson, Committee Administrator
S. Goldrup, Committee Administrator

1. **FIN-20-066 - 2021 OPERATING BUDGET**

The Committee considered Financial Services Department report FIN-20-066, dated November 16, 2020, concerning the City's 2021 Operating Budget proposing a tax levy increase of 1.1%, together with nine Operating Budget Issue Papers.

Councillor S. Davey advised the meeting held this date will be mostly for informational purposes, and the Capital Budget meeting will allow Council the opportunity to bring questions forward. He further noted the Final Budget meeting in January will provide the opportunity for Council to make decisions on the City budget.

GENERAL OVERVIEW

D. Chapman presented a general overview of the Operating Budget and advised the City is making balanced and intentional choices about the 2021 budget, stating staff have made a conscious decision not to cut valued community services when they are most needed. He provided an overview of the overall budget, including: respecting 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; maintaining highly valued community programs and services – a priority for Kitchener citizens based on consistent feedback; focusing 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; and, continuing to advance our strategic and community goals.

Councillor P. Singh entered the meeting at this time.

J. Lautenbach advised the 2021 Budget is made up of three components: Operating Budget; Capital Budget; and, reserve funds. He provided an overview of the financial impacts due to the global pandemic, which included: a review of previous years surpluses/deficits; the mitigation measures taken in 2020 to manage the City's financial position; as well as, the 2021 global pandemic pressures and impacts. J. Lautenbach provided an overview of the proposed budget increase, stating the household impact including taxes, water utilities and gas would have an average impact of \$34 per household.

In response to questions, R. Hagey agreed to provide additional information on the \$1.6M General Expense - Other and what was included within that line item noted on page O - 19 of the budget agenda.

1. FIN-20-066 - 2021 OPERATING BUDGET (CONT'D)**BOARDS****Kitchener Public Library (KPL)**

The Committee considered the KPL's 2021 budget, including Issue Paper OP-01 (Eliminating Overdue Material Fines) regarding eliminating overdue fines for borrowing.

M. Chevreau and A. Riddell, Kitchener Public Library (KPL), were in attendance in regard to the 2021 KPL's budget and responded to questions from the Committee. M. Chevreau requested for 2021 Council consider approving the removal of fines related to overdue borrowing, stating fines are an equity barrier for members of our community from people accessing library services. It was noted the overdue fines represents \$163,000. of the KPL's budget, that would have minimal impact as the Library is proposing to add a new special event rental fee that should in the future offset that revenue line. M. Chevreau further advised a number of libraries have already taken this approach since the global pandemic began, as a means of removing barriers for access for all members of the community, specifically those of low-income households that have overdue fines. To address the shortfall in the loss over overdue fines, the library was requesting an increase to the operating grant of \$100,000.; as well as, using the balance of the surplus from staffing due to the pandemic which resulted in the library being closed for approximately 5 weeks.

In response to questions, M. Chevreau agreed to provide a revised budget to reflect what the impacts of elimination of fines would have on their overall 2021 Budget.

Centre in the Square (CITS)

The Committee considered the CITS's 2021 budget, including Issue Paper OP-02 (Continuing Transitional Funding for Centre in the Square) regarding the transitional funding and possible options related to any 2021 surplus or deficits.

P. Salvini, R. Sonoda, D. Daub and E. Sproule, Centre in the Square (CITS), were in attendance and responded to questions from the Committee. P. Salvini provided an overview on the 2021 budget, stating the budget included in the agenda package includes an assumption that shows and events could commence in March 2021 at 40% capacity. It was noted as the second wave of the global pandemic continues to evolve, it is anticipated at this time that shows and events will not likely commence until September 2021 or even possibly January 2022.

In response to questions, P. Salvini agreed to provide a revised budget to reflect the impacts on the 2021 budget if the CITS does not commence operation until January 2022.

TAX SUPPORTED OPERATING BUDGET

Mr. Hagey advised staff considered the following when preparing the draft 2021 tax rate: municipal comparisons; inflationary factors, including those unique to municipalities; and, a balanced level of service provided with taxpayer's willingness and ability to pay. The presentation highlighted the 2020 Regional Average Household Comparison, which identifies Kitchener as being an affordable city in which to live. R. Hagey stated that a levy increase or decrease of 1% amounts to nearly \$1.3M in the City budget.

The Committee considered Issue Paper OP-03 (Growth in City Parks & Trails) which recommends approving 4 new full-time equivalent (FTE) staff to address the rapid growth in park land amenity spaces, trails and other outdoor infrastructure.

In response to questions, staff agreed to provide an Issue Paper for Final Budget day outlining the financial impacts of freezing increases for Council and non-union staff salaries for 2021.

Questions we raised regarding the Working Centre's community assisted snow clearing program and whether additional capacity could be identified for the 2020-2021 winter. N. Lobley agreed to provide an Issue Paper for Final Budget day outlining the overall impact of adding 25 additional spaces within that program.

1. FIN-20-066 - 2021 OPERATING BUDGET (CONT'D)

The Committee recessed at 3:40 p.m. and reconvened at 3:46 p.m. Chaired by Councillor S. Davey with all members present.

ENTERPRISE OPERATING BUDGETS

R. Hagey gave an overview of the financial positions of the City's enterprises, advising only two of the seven enterprises are projected to have a negative stabilization reserve at the end of the year, stating ideally it is preferred that all of the enterprises are in a positive position within the short term planning horizon, indicating that may be challenging due to the current financial challenges related to the global pandemic.

Building

R. Hagey provided an overview of the Building Enterprise budget for 2021. M. Seiling was in attendance and responded to questions from the Committee, noting the Building Enterprise is proposing lowering building permit fees by 10% for most fees in 2021.

Golf

R. Hagey provided an overview of the Golf Enterprise, noting the 2021 Golf budget includes Safe Restart Phase 1 funding to assist in reducing its projected 2020 deficit to \$260,000. K. Kugler was in attendance to respond to questions from the Committee.

Parking

R. Hagey provided an overview of the Parking Enterprise budget. In response to questions, R. Hagey advised if the City receives Safe Restart Phase 2 Funding, staff intend on allocating approximately 1.3M to the Parking Enterprise. In response to further questions, R. Hagey advised it is anticipated that staff will receive a response from the Province on the Phase 2 Funding prior to the end of 2020, noting if funding is approved, staff will provide updated budget information for Final Budget day to reflect the additional funding. B. Cronkite was in attendance to respond to questions from the Committee.

Gas Works Utility

R. Hagey provided an overview on the Gas Works Utility Enterprise budget. G. St. Louis was in attendance and responded to questions from the Committee.

Water, Sanitary and Stormwater Utilities

R. Hagey provided an overview of the Water, Sanitary and Stormwater Program, stating the program has been considered as one entity since the Water Infrastructure Program (WIP) review. G. St. Louis and B. Lam were in attendance to respond to questions from the Committee.

In response to questions, D. McGoldrick agreed to provide additional information on the City's progress towards its road reconstruction goals, specifically regarding the number of kilometres that have been completed versus what was planned.

Councillor K. Galloway-Sealock questioned whether there were additional options to possibly reduce the proposed stormwater rate increase from 0.9% to 0%. Staff agreed to provide additional information about how reductions in either Water or Sanitary could offset the proposed stormwater rate increase.

Councillor D. Chapman brought forward a request to direct staff to complete an Issue Paper on the possibility of reducing the tax levy from 1.1%, as proposed, to 0%, noting wage freezes, reducing the reliance on consultants and freezing new programs as a means of achieving that reduction.

In response to questions, J. Lautenbach advised the only way to achieve a 0% tax increase

1. **FIN-20-066 - 2021 OPERATING BUDGET (CONT'D)**

would involve a reduction in services, noting the staff would have to cut services in the amount of \$1.4M. It was noted the rate increase proposed by staff is intended to retain existing service levels.

Councillor S. Davey stated where a request for an Issue Paper has been identified by staff as being onerous or requiring a significant amount of staff time, he requested the Committee vote on the Issue Paper to confirm whether it was the will of Committee to proceed with the direction.

Councillor Chapman's request for an Issue Paper related to possibly reducing the tax levy from 1.1% to 0% was then voted on and was **LOST**.

Councillor B. Ioannidis requested an Issue Paper related to increasing Small Scale Traffic Calming budget by 15%, 25%, and 50%.

Councillor S. Marsh requested an Issue Paper outlining the financial impacts of freezing increases for Council and non-union staff salaries for 2021.

D. Chapman stated staff have no objections with Councillor Marsh's Issue Paper request, stating it is likely a matter that will also need to be considered in caucus as there also may be some labour relation and pay equity matters that would impact Council's decision.

CONCLUSION

It was noted the direction from the Special Finance and Corporate Services Committee meeting this date would be forwarded for consideration to a Special Council meeting later this date, to direct staff to report and/or take appropriate action on the following matters relative to the 2021 Operating budget, as outlined in the chart below:

Division/Area	Topic	Action
FINANCIAL PLANNING	General Expense	Provide additional information on the items included in \$1.6M budget for General Expense – Other on page O-16 of the agenda package.
	Kitchener Public Library	Provide a revised budget to reflect what the impacts of elimination of fines would have on their overall 2021 Budget.
	Centre in the Square (CITS)	Provide a revised budget to reflect the impacts on the 2021 Budget if the CITS does not commence operation until January 2022.
	Salary & Wages	Prepare an Issue paper outlining the financial impacts of freezing increases for Council and non-union staff salaries for 2021.
INFRASTRUCTURE SERVICES	Winter Maintenance – Sidewalk Snow Clearing	Prepare an Issue paper outlining the costs of adding 25 more spots for the Working Centre's community assisted snow clearing.

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1. FIN-20-066 - 2021 OPERATING BUDGET (CONT'D)

INFRASTRUCTURE SERVICES (CONT'D)	Water Infrastructure Program (WIP)	Provide additional information on the City's progress towards its road reconstruction goals, specifically regarding number of kilometres that have been completed versus what was planned.
		Provide information about how reductions in either Water or Sanitary could offset the planned increase in Stormwater.
TRANSPORTATION SERVICES	Traffic	Prepare an Issue paper outlining the impacts of increasing the Small-Scale Traffic Calming budget by 15%, 25%, and 50%.

2. ADJOURNMENT

On motion, this meeting adjourned at 5:45 p.m.

Dianna Saunderson
Committee Administrator