

## SPECIAL FINANCE & CORPORATE SERVICES COMMITTEE MINUTES

**DECEMBER 14, 2020**

**CITY OF KITCHENER**

The Special Finance and Corporate Services Committee held an electronic meeting this date, commencing at 12:30 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  
C. Bluhm, Executive Director, Economic Development  
R. Hagey, Director, Financial Planning  
G. St. Louis, Director, Utilities  
N. Lobley, Director, Parks and Cemeteries  
B. Cronkite, Director, Transportation Services  
B. Lam, Director, Sanitary & Stormwater Utility  
A. Qureshi, Director, Facilities Management  
P. Grivicic, Chief of Staff, Office of the Mayor and Council  
B. Powell, Project Manager, Facility Asset Management  
J. Bunn, Manager, Council & Committee Services/Deputy City Clerk  
S. Goldrup, Committee Administrator

### 1. **FIN-20-068 - 2021 CAPITAL BUDGET AND 10-YEAR FORECAST**

The Committee considered Financial Services Department report FIN-20-068, dated November 23, 2020, concerning the City's 2021 Capital Budget and ten-year forecast.

#### OVERVIEW BY CHIEF FINANCIAL OFFICER

J. Lautenbach provided opening remarks and advised residents of the process to comment on the proposed 2021 Budget. J. Lautenbach noted today's discussion would be on the Capital Budget, as well as the reserve and reserve funds. J. Lautenbach spoke about the 2021 Budget Strategy and how it has informed the 2021 Capital Budget. J. Lautenbach reviewed the 2021 Capital Projects, the progress made on strategic priorities. J. Lautenbach acknowledged the ten-year capital investments and funding sources. J. Lautenbach highlighted the measures taken by the City to mitigate the impact of COVID-19, including: the temporary deferral and reduction of spending on capital projects to address expected operating shortfalls; the need to address infrastructure projects over a longer time horizon; and, the leveraging of grant funding where possible to advance strategic initiatives.

In response to questions from the Committee, J. Lautenbach confirmed that the fleet is amortized over ten years and is provided for by reserve funding. D. McGoldrick further described the process of evaluating assets and extending the useful life of assets where possible.

#### BOARDS

##### Centre in the Square (CITS)

R. Sonoda, General Manager, and J. Henning, Director of Operations, and D. Daub, Director of Finance, Centre in the Square, were in attendance and responded to questions from the Committee regarding the funding for the washroom renovation.

##### Kitchener Public Library (KPL)

A. Riddell, Director of Business Services and Infrastructure, and M. Chevreau, Chief Executive Officer, Kitchener Public Library, were in attendance and responded to questions from the Committee with regards to the funds available for resources, furniture, and equipment as well as the library management system and support technology. R. Hagey confirmed that the funds are held by the City and dispersed on behalf of the library.

**1. FIN-20-068 - 2021 CAPITAL BUDGET AND 10-YEAR FORECAST (CONT'D)**CAPITAL FUNDING SOURCES

R. Hagey provided an overview of the funding sources for the 2021 Capital Forecast, the differences between the 2020 and 2021 forecast, the tax-supported capital pool, and addressed the possible ramifications associated with adjusting the Capital Budget.

In response to questions from the Committee, R. Hagey explained that the use of reserve funds would have a similar impact resulting in future tax increases.

DEBT

R. Hagey outlined the current outstanding debt, which includes funding the City has borrowed to complete capital projects, the City's debt repayment strategy, and the 2021 Capital Pool Debt that was done as a temporary measure to mitigate the impacts of COVID-19.

In response to questions from the Committee, R. Hagey confirmed that the City's current debt load has improved since 2013 as a result of the repayment strategy and increases to the City's reserves.

RESERVE FUNDS

R. Hagey reviewed the existing reserve funds and reserve fund policy. R. Hagey further explained the target levels for each reserve balance and forecasted developments. R. Hagey highlighted the overall positive reserve balance and noted the key role reserves would play in helping the City manage the impacts of COVID-19.

In response to questions from the Committee, R. Hagey spoke to reserve actuals and capital reserve fund balances.

DEVELOPMENT CHARGES (DC)

R. Hagey presented an overview of the Development Charges (DC), updated DC projections, recent changes to the *Development Charges Act*, and the future DC study update.

CAPITAL BUDGET FORECAST INFORMATION

R. Hagey introduced the Capital Budget Forecast Information and budget pages.

CAPITAL FORECAST AND ISSUE PAPERSGENERAL CITY

The Committee considered the General Expenses Capital Forecast contained on pages C-100 to C-103 of the 2021 Capital Budget package. R. Hagey responded to questions from the Committee. Staff agreed to provide a listing of the \$21M of capital projects deferred from 2020 to 2021 as part of the COVID-19 pandemic. Staff further agreed to provide reserve continuity for 2020 actuals and an issue paper providing a 5year history of reserve balances and the impact of transferring an additional \$100k per year from reserve and reducing the capital from the current transfer.

OFFICE OF THE CHIEF ADMINISTRATOR

The Committee considered the Office of the Chief Administrator Capital Forecast contained in the 2021 Capital Budget package.

FINANCIAL SERVICES

The Committee considered the Financial Services Department Capital Forecast contained in the 2021 Capital Budget package.



1. FIN-20-068 - 2021 CAPITAL BUDGET AND 10-YEAR FORECAST (CONT'D)CORPORATE SERVICES

The Committee considered the Corporate Services Department Capital Forecast contained in the 2021 Capital Budget package.

COMMUNITY SERVICES

The Committee considered the Community Services Department Capital Forecast contained in the 2021 Capital Budget package.

In response to questions from the Committee, staff spoke to the Community Benefit Study, community resource centres, the Leisure Facilities Master Plan, and funding for Kitchener in Bloom. Staff confirmed that all the Love My Hood funds had been allocated to neighbourhood groups to support their projects.

Staff agreed to provide an issue paper regarding the need for all the growth-related operating funding for the Huron Brigadoon Community Centre, planned to open in 2021.

DEVELOPMENT SERVICES

The Committee considered the Development Services Department Capital Forecast contained in the 2021 Capital Budget package.

In response to questions from the Committee, staff reviewed the street lighting conversion, flexi-signs, parking infrastructure improvements, the ongoing refresh plan for the Kitchener Market, and the funds allocated for future studies.

Staff agreed to provide a continuity schedule for the paydown of the original LED Streetlight conversion.

INFRASTRUCTURE SERVICES

The Committee considered the Infrastructure Services Department Capital Forecast contained in the 2021 Capital Budget package.

In response to questions from the Committee, staff reported on initiatives such as tree planting, funding for the paving of pedestrian bridges, and infrastructure improvements to City facilities. Staff further reviewed the replacement of gas infrastructure and capacity investment to meet future needs, as well as new neighbourhood parks, the Canoe Launch Project, equipment and fleet replacement, future park improvements, and the future Sanitation Master Plan. Staff confirmed flexibility to take advantage of future grants or other funding opportunities,

In response to requests from the Committee, staff agreed to the following:

- Provide information about the budget increase for gas pipelines in 2020.
- Provide information about gas volumes for the past 3-years and for 2021.
- Issue paper regarding the impact of reducing Fleet replacement by \$1M across the 10-year capital budget.
- Issue paper regarding the Trails General Provision account and what additional annual funding could do to augment the program (potentially 3 funding options).
- Provide information about whether any of the tree programming can be funded by Parkland Dedication reserve or Development Charges.

RESOLUTION

On motion by Councillor P. Singh -  
**it was resolved:**

“That staff be directed to report and/or take appropriate action on the following matters arising from the December 14, 2020 Special Finance and Corporate Services Committee meeting relative to the 2021 Capital Budget, as outlined in the chart below:

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**CITY OF KITCHENER**

**1. FIN-20-068 - 2021 CAPITAL BUDGET AND 10-YEAR FORECAST (CONT'D)**

| Division/Area                  | Topic                            | Action  |
|--------------------------------|----------------------------------|---|
| <b>FINANCIAL PLANNING</b>      | Reserves                         | Issue paper providing 5year history of reserve balances, and the impact of transferring an additional \$100k per year from reserve and reduce the capital from current transfer |
|                                | Reserves                         | Provide reserve continuity for 2020 actuals   |
|                                | Existing Capital Balances        | Provide listing of the \$21M of capital projects that was deferred from 2020 to 2021 as part of the COVID-19 pandemic   |
| <b>COMMUNITY CENTRES</b>       | Huron Brigadoon Community Centre | Issue paper regarding the need for all the growth-related operating funding for the Huron Brigadoon Community Centre, planned to open in 2021                                   |
| <b>TRANSPORTATION SERVICES</b> | LED Street Lights                | Provide continuity schedule for the paydown of the original LED Streetlight conversion  |
| <b>GAS</b>                     | 2020 Budget                      | Provide information about the budget increase for gas pipelines in 2020   |
|                                | Gas Volumes                      | Provide information about gas volumes for the past 3-years and for 2021   |
| <b>FLEET</b>                   | Fleet Replacement                | Issue paper regarding the impact of reducing Fleet replacement by \$1M across the 10-year capital budget  |
| <b>PARKS AND CEMETERIES</b>    | Trails                           | Issue paper regarding the Trails General Provision account and what additional annual funding could do to augment the program (potentially 3 funding options)                   |
|                                | Trees                            | Provide information about whether any of the tree programming can be funded by Parkland Dedication reserve or Development Charges"  |

**2. ADJOURNMENT**

On motion, this meeting adjourned at 3:00 p.m.

S. Goldrup  
Committee Administrator