



CITY OF KITCHENER

2023 Operating Budget

January 16, 2023

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2023



Overview by the CFO



Budget Calendar

Date	Topic
Dec 12, 2022	Overview, User Fees, WIP & Gas Rates
Jan 9, 2023	Public Input Night
Jan 16, 2023	Operating Budget Day
Jan 23, 2023	Capital Budget Day
Feb 2, 2023	Final Budget Approval

Budget Overview



Operating Budget

- \$512 million expenditures in total (i.e. tax supported + enterprises)
- \$231 million expenditures excluding enterprises (i.e. tax supported)
- Annual delivery of programs and services for the community



Capital Budget

- \$164 million in first year
- \$1.6 billion over the ten-year forecast
- Projects with defined scope that help address our asset replacement needs



Reserve and Reserve Funds

- \$162 million in total Reserve Funds at end of 2022
- Rate Stabilization Reserves help mitigate risk and potential budget fluctuations
- Some Reserves are established for a specific purpose and use



Budget Engagement

New This Year

- Staff have produced a budget summary document with the goal of making budget information more understandable for the general public
- Refreshed budget videos can be found at kitchener.ca/budget
- Budget survey is live until tomorrow and allows for community feedback related to the proposed 2023 budget





2023 Budget Priorities



Supporting Core Services



Responding To Growth

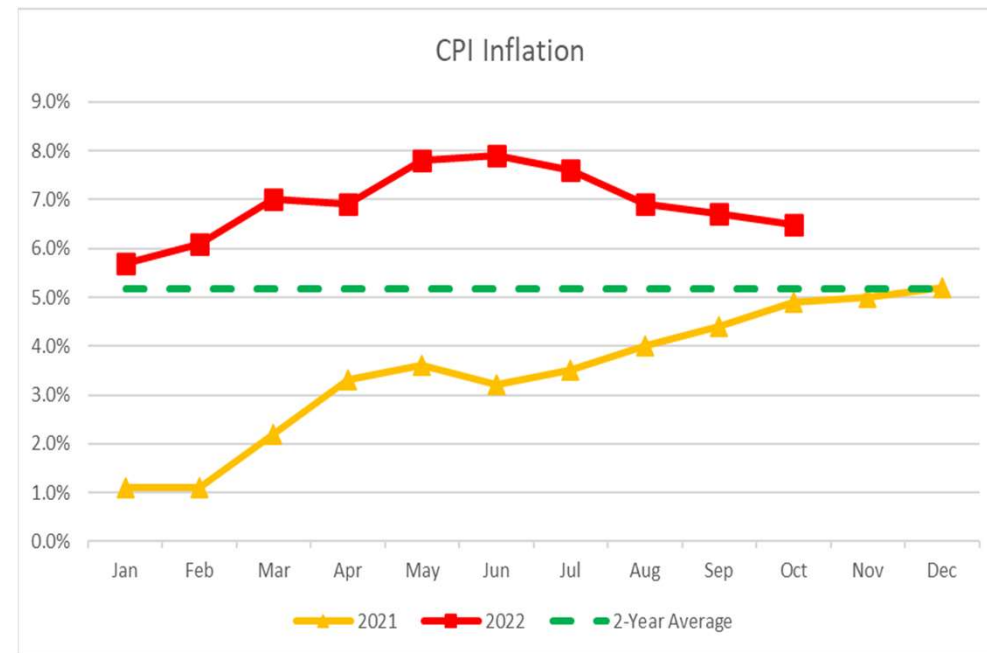


Investments For Our Community



Inflationary Pressures

- Significant inflationary pressures in 2022 with current annual inflation around 7%
- Tax Rate Target would be 5.2% based on on 2-year CPI Avg (3.5% & 7.0%)
- With an increase in Bank of Canada interest rates inflationary pressures expected to start to decrease in 2023

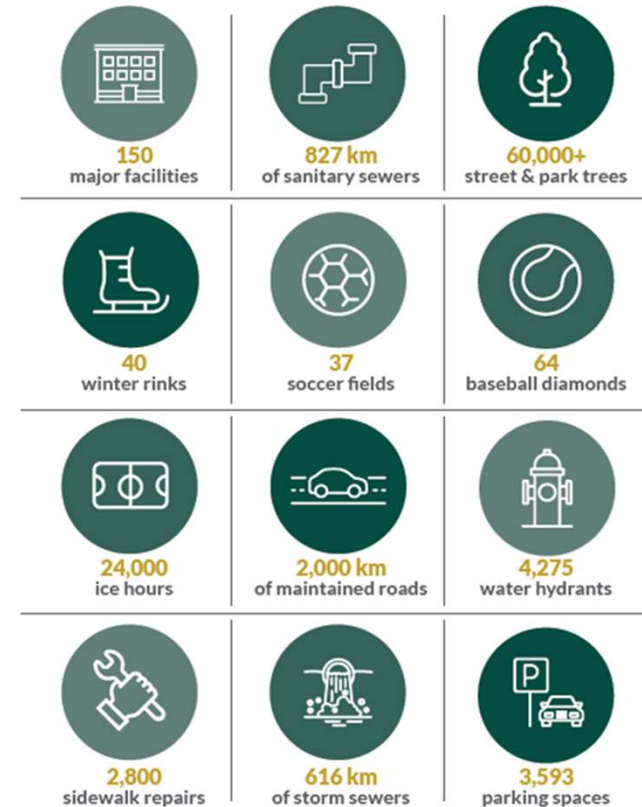
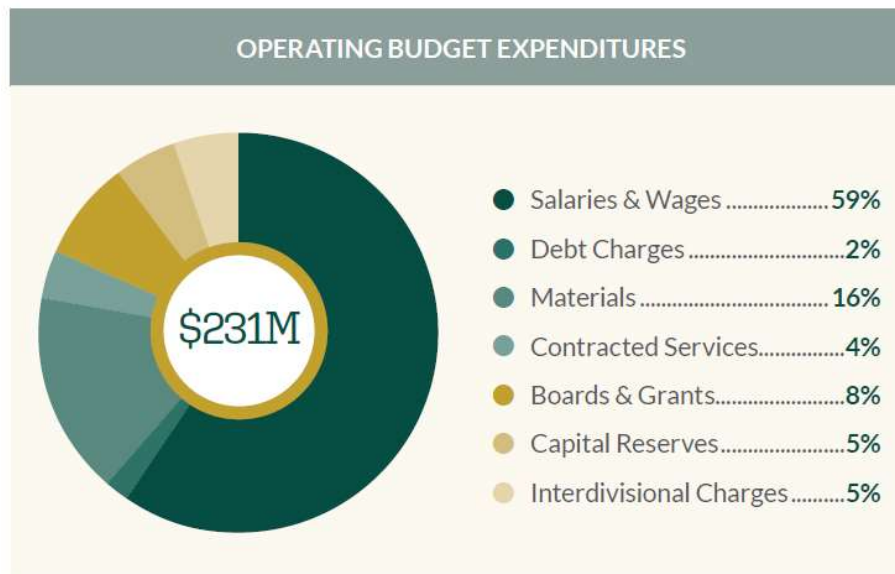




Supporting Core Services

Delivering ~50 Core Services for Kitchener

- \$231M Operating Budget supports activities such as fire protection, park maintenance, winter maintenance, recreational programming, etc.





Responding to Growth

Kitchener Continues to Add New Residents

- A growing city requires additional infrastructure, amenities, and services to be provided for new residents and businesses
- Development Charges help to pay for the upfront costs of new infrastructure related to growth
- Assessment Growth helps to fund increased service demands of adding new residents while also helping to reduce the overall tax burden for citizens



POPULATION GROWTH - HISTORICAL AND PROJECTED





Investments For Our Community



OPTION	ACTION	BASE
A	Funding for Housing for All Strategy	\$100,000



OPTION	ACTION	BASE
B	Advancing the Greening of City's Fleet	\$200,000
C	Annual Paving of Trails (Capital and Operating)	\$300,000

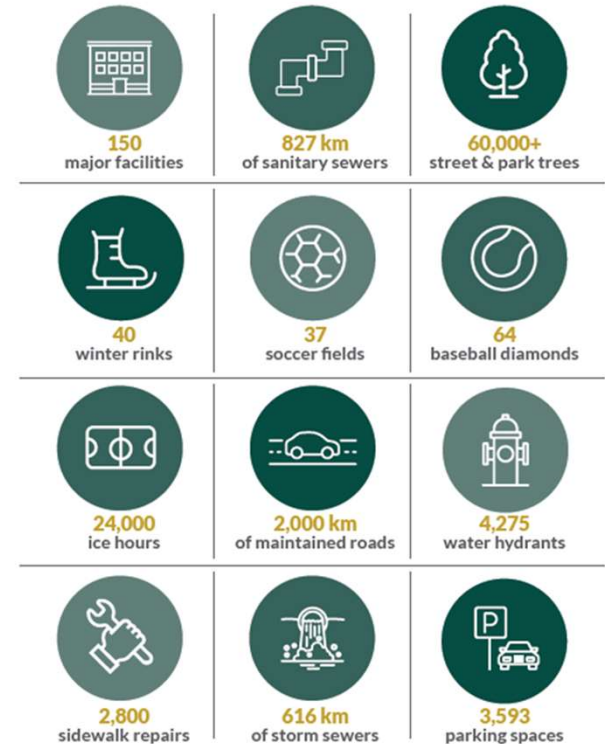
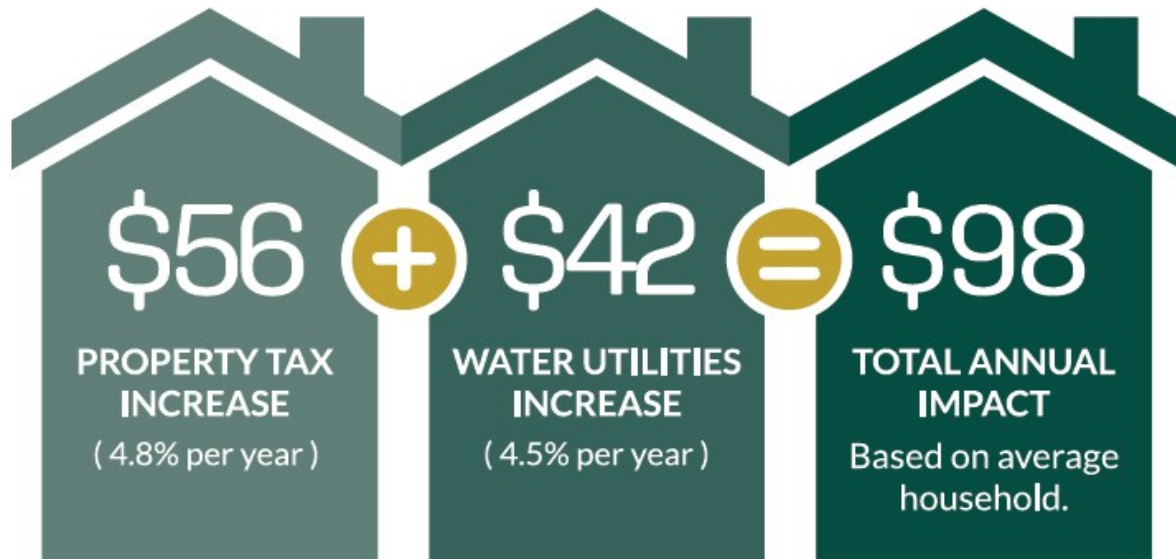


OPTION	ACTION	BASE
D	Free Recreational Programming & Leisure Access	\$300,000
E	Arts & Culture	\$100,000
F	Traffic Calming	\$100,000
G	Parks and Playgrounds	\$200,000



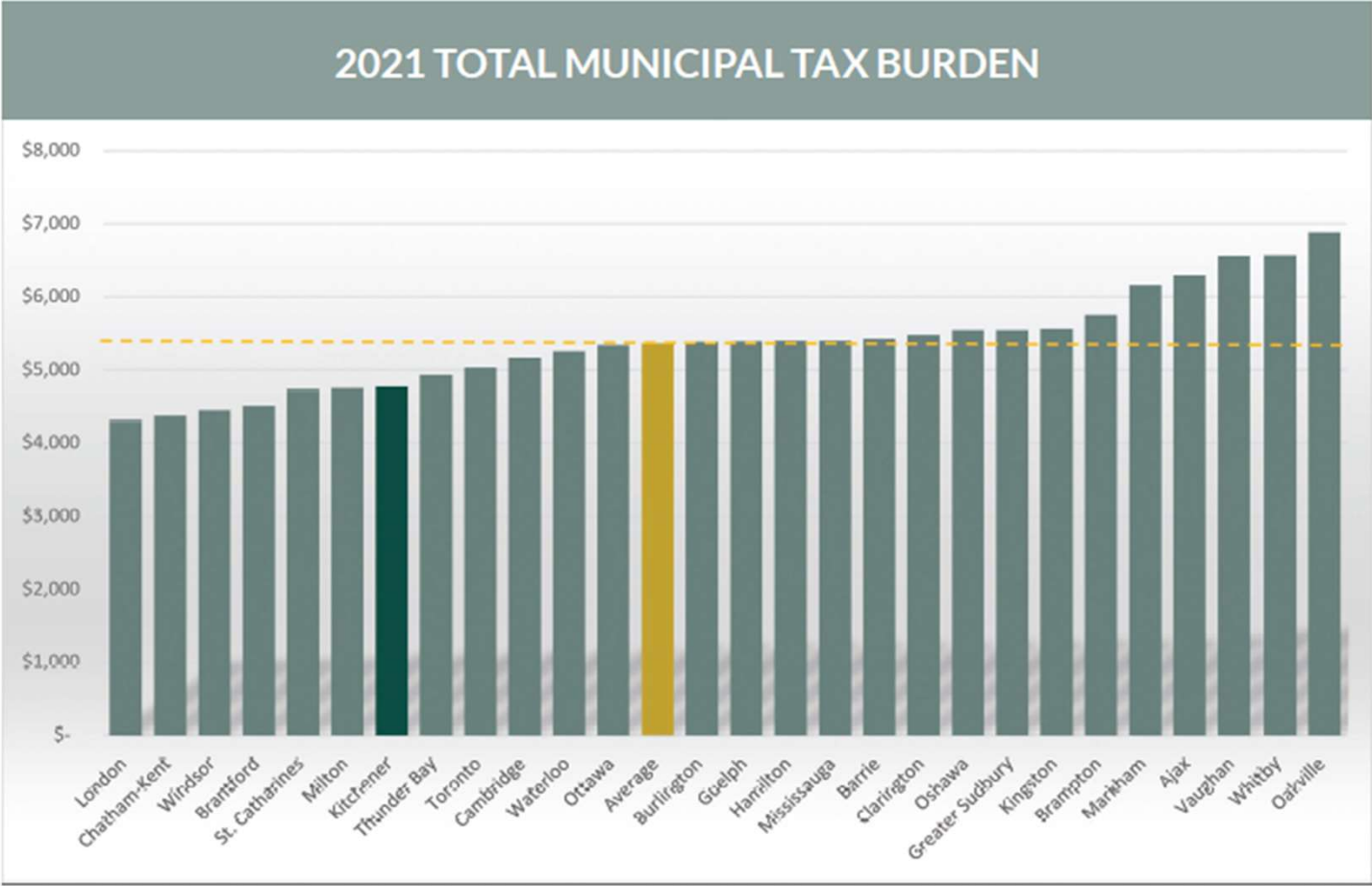
Household Impact

AVERAGE HOUSEHOLD IMPACT



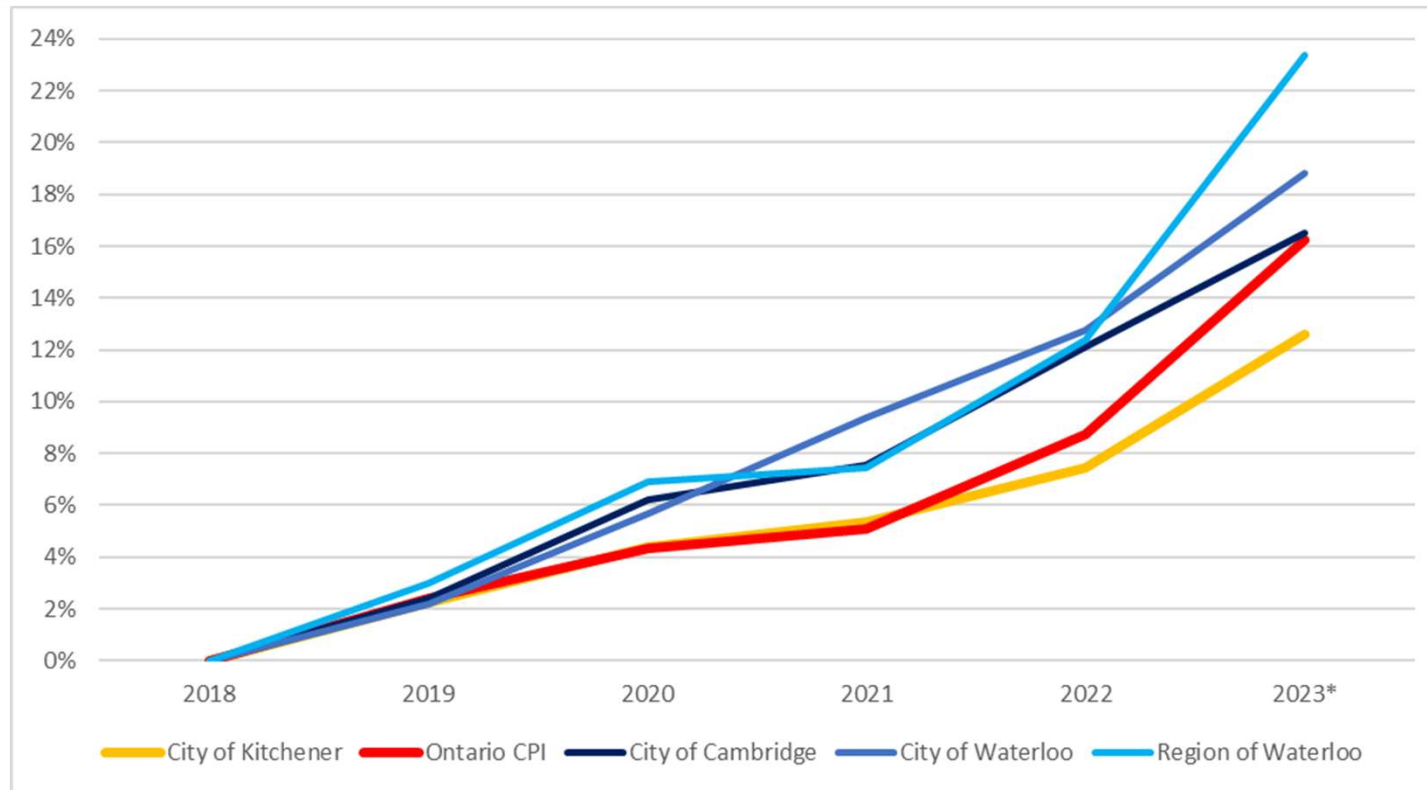


Comparison to Other Municipalities





Cumulative Tax Rate Comparison Local Cities & Region



*2023 values are projected

5-Year Average Increase	
Kitchener	2.41%
Ontario CPI	3.08%
Cambridge	3.11%
Waterloo	3.51%
Region	4.34%



Summary



Supporting Core Services

- 2023 Budget maintains existing programs and services for residents
- Inflationary pressures are impacting the City's operating and capital costs
- Proposed tax increase of 4.8% is well below current rate of inflation (7%)



Responding To Growth

- As the City continues to grow additional resources are needed to maintain service levels for new and existing residents
- Assessment growth has been used to cover growth related impacts and reduce the overall tax burden for citizens



Investments For Our Community

- \$1.5M in unallocated funding is available to put towards strategic investments (Housing For All, Creating a Green City, Wellbeing & Belonging)
- Several possible investment options have been identified for Council's consideration



Boards



Kitchener Public Library (KPL)

- 2023 budget assumes full operations at typical levels
- Operating grant increased to \$12.1M in 2023
 - Base increase of 4.1% as per City guidelines + \$100,000 for going fines free
- COLA increase of 2.2% for salaries with other expenditures adjusted for inflation where applicable



Kitchener Public Library (KPL)

REVENUE

	Budget 2022	Projected 2022	Budget 2023
City of Kitchener operating grant	\$11,558,934	\$11,558,934	\$12,132,850
Provincial Grant	306,980	306,980	306,980
Other Revenue (partnerships, rentals, etc.)	273,000	238,000	251,500
Total Revenue	\$12,138,914	\$12,103,914	\$12,691,330

EXPENSES

Programs, Marketing & Resources	1,374,400	1,381,900	1,432,600
Personnel, Admin & General Costs	9,699,097	9,598,786	10,027,023
Equipment & Occupancy Costs	1,165,417	1,223,733	1,231,707
Total Expenses	\$12,238,914	\$12,204,419	\$12,691,330

Net Revenue / (Expense)

\$ (100,000)	\$ (100,505)	\$ -
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Centre in the Square (CITS)

- Operating grant increased from \$1.932M in 2022 to \$2.012M in 2023
 - Increase of 4.1% as per City guidelines
- Mandate approved March 2015
 - Management changes in October 2015 and November 2022
 - CITS & City responsibilities better defined in 2016
- CITS anticipates needing no additional funding from the City in 2023 to fund transitional costs as base operating grant from the City now exceeds \$2M
 - Issue Paper Op 01 (Appendix C, p.C19) provides more information



Centre in the Square (CITS)

REVENUE

	Budget 2022	Projected 2022	Budget 2023
Net Performances	\$ 1,405,000	\$ 1,193,441	\$ 1,498,000
Other Revenue (rent, sponsorships, parking, etc.)	443,861	451,695	527,489
City of Kitchener operating grant	1,932,374	1,932,374	2,011,602
City of Kitchener transition costs	67,626	67,626	-
Total Revenue	\$ 3,848,861	\$ 3,645,136	\$ 4,037,091

EXPENSES

Admin & General	405,000	369,360	425,000
Marketing & Programming	105,000	64,363	103,000
Occupancy Costs	765,000	717,482	815,500
Personnel Costs	2,411,866	2,411,865	2,564,667
Community Development	161,700	125,147	128,450
Total Expenses	\$ 3,848,566	\$ 3,688,217	\$ 4,036,617

Net Revenue / (Expense)

\$ 295	\$ (43,081)	\$ 474
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2022 Budget vs. Projected

does not include costs for cancellations due to COVID/washroom	includes costs to cancel shows due to washroom renovation of \$271K
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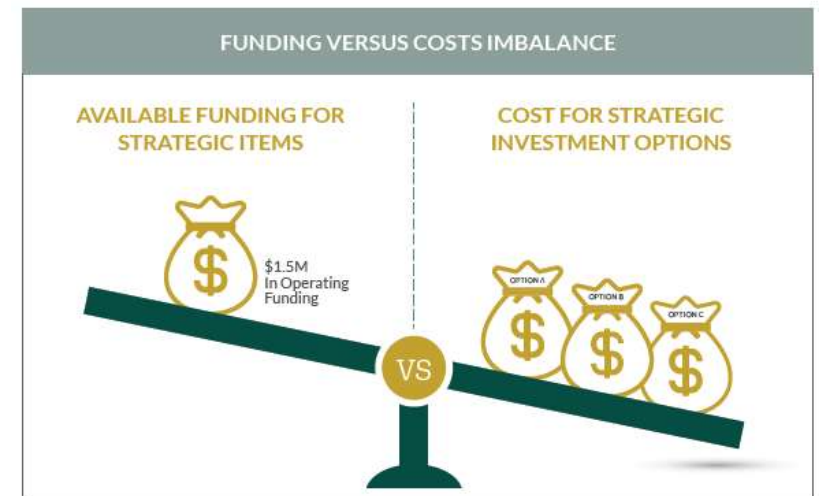


Strategic Investment Options



Investment Options Summary

- \$1.5M in unallocated operating funding
- Three priority areas have been identified with different options included under each area
 - Housing for All
 - Creating a Green City
 - Wellbeing & Belonging
- Proposed investment options align with initial feedback received through engagement regarding the City's 2023-2026 Strategic Plan





Investment Options Details

- Issue papers for each option in Appendix C (p.C1-C18)

OPTION	ACTION	BASE	ENHANCED
A	Housing for All	\$100,000	N/A
Additional funding will help support the ongoing implementation of Housing For All, including housing studies and updating the Housing Needs Assessment as additional information becomes available. Base funding will allow the City to move forward with the lodging house review.			
B	Advancing the Greening of City's Fleet	\$200,000	\$400,000
Additional funding will enable the City to work towards successful implementation of TransformVR strategy action items whereby the strategy outlines that by 2050, remaining personal and commercial vehicles are zero emission vehicles. Base funding would be used to purchase a solar powered electric charging trailer and to outfit it with electric charging small equipment. Enhanced funding would be allocated to facility charging infrastructure at priority locations.			
C	Annual Paving of Trails	\$300,000	\$600,000
Additional funding will help the City accelerate the development and enhancements to the trail network and support changing and growing use. Base funding would add approximately 500m (0.5km) of additional trail upgrades, advancing priorities of the Cycling and Trails Master Plan. Enhanced funding would add approximately 1000m (1km) of additional trail upgrades and/or development.			
D	Free Recreational Programming & Leisure Access	\$300,000	\$400,000
Additional funding will help remove barriers (financial and others) to resident's participation in recreation programming. Base funding would increase funding for the City's fee subsidy program (Leisure Access), reduce the costs of recreational swims, make specialized youth programming free for all users, and expand programming options for older adults. Enhanced funding would also provide Leisure Access users with two weeks of day-camp for the price of one, and remove the annual membership Fee for the Kitchener Group Card.			

OPTION	ACTION	BASE	ENHANCED
E	Arts & Culture	\$100,000	N/A
Additional funding will improve equitable access to resources across the arts sector. Base funding would be used to connect practitioners to resources to support career development, enhance affordable & inclusive spaces, and create artistic placemaking opportunities.			
F	Traffic Calming	\$100,000	N/A
Additional funding will help implement more Vision Zero roadway changes to make streets safer and reduce traffic speeds in the community. Base funding would be used to install measures such as speed humps/cushions, pedestrian crossings, or seasonal flex stakes.			
G	Neighbourhood Park Improvements	\$200,000	\$400,000
Additional funding will accelerate how quickly strategic priorities are addressed and implemented in neighborhood parks. Base funding would allow for improvements to some amenities like pickleball/basketball courts or community gardens. Enhanced funding would allow for a full park rehabilitation.			

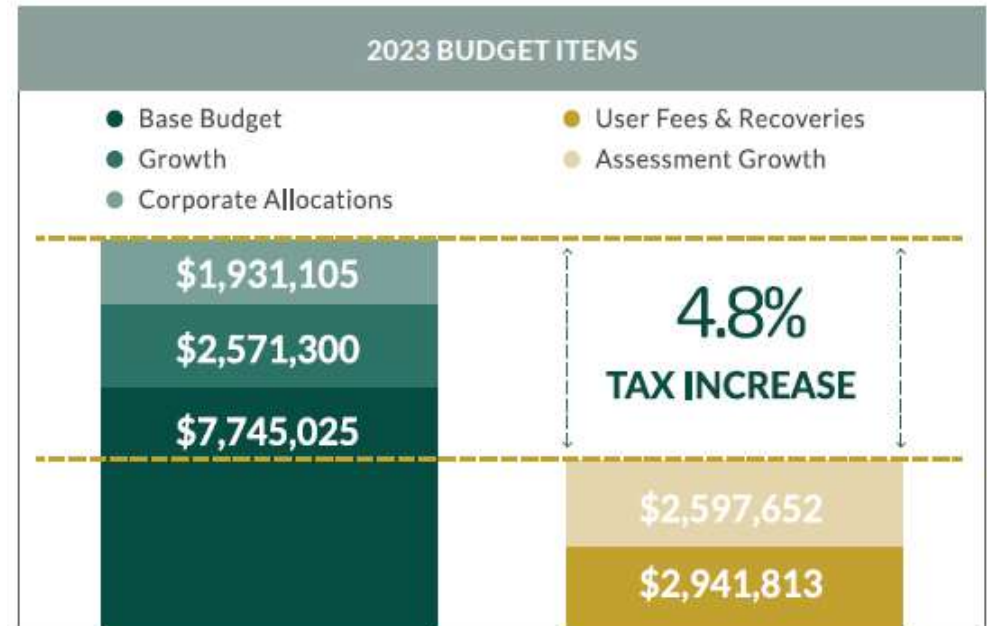


Tax Supported Operating



Calculating the Tax Rate Increase

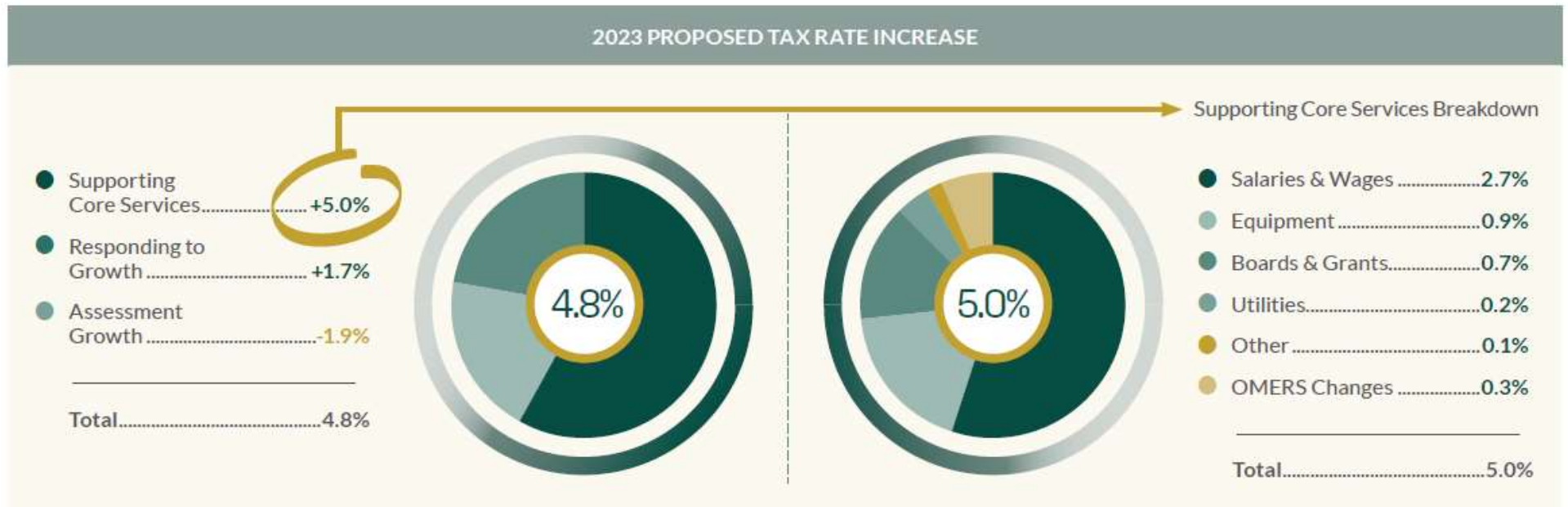
- Proposed 2023 tax increase ensures the City can continue to deliver programs & services that Kitchener residents rely on
- Assessment growth of 1.89% has been used to cover growth related operating impacts and to reduce the overall tax burden for citizens
- Inflation is a major driver of the proposed increase, but increase is much lower than current rate of inflation (7%)





Proposed Tax Rate Increase Breakdown

- Budget by division shown in Appendix A – p.A1-2





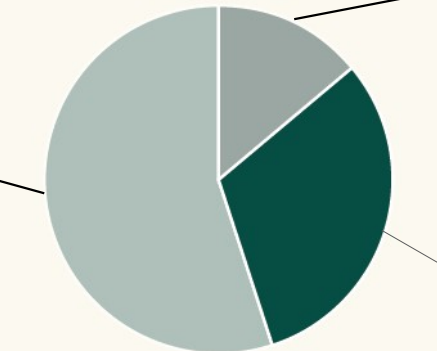
Total Property Taxes

- City collects all of the property taxes for itself, the Region & school boards
 - Region of Waterloo is the largest part of the local property tax bill



BUDGET BREAKDOWN

The City's portion of the tax bill is **31%**, with the Region of Waterloo and local school board portions making up the remainder.





Tax Issue Papers – Appendix C

IP #	IP Name	Page	Comment
Op 02	New Employer Contribution Funding (OMERS) and OMERS Pension and Benefits Specialist	C21	New costs related for the City related to its pension provider (OMERS) changing eligibility for non-full-time employees and an additional staff resource to manage increased administration.
Op 03	Additional Tax Supported Budget Staffing Resources to Support City Services	C22	New staff resources needed to: <ul style="list-style-type: none">• Meet the expanding service needs of a growing city• Increase the use of technology• Maintain & enhance service levels



Enterprises



What are Enterprises?

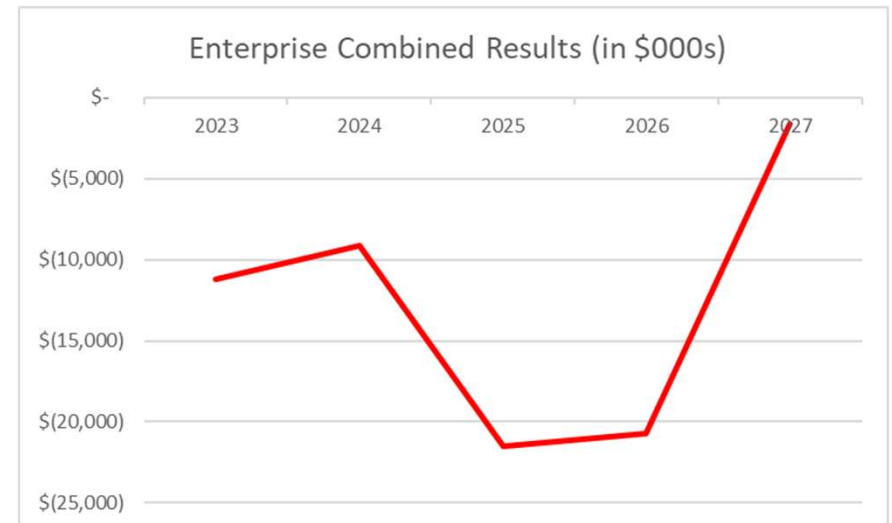
- Self-sufficient business lines that raise their own revenues through user rates instead of being funded through property taxes
 - All 2023 enterprise rates have already been approved

City of Kitchener Enterprises	
Building	Water
Golf	Sanitary Sewer
Parking	Stormwater
	Natural Gas



Enterprise Summary

- COVID Impacts
 - Safe Restart funding used in to offset deficits in all enterprises except Building
 - Parking & Golf hardest hit
- Significant deficits in most Enterprises over next 5 years
 - WIP utilities review in 2023
 - Dividend review planned in 2023 for Golf, Parking & Gas





Building

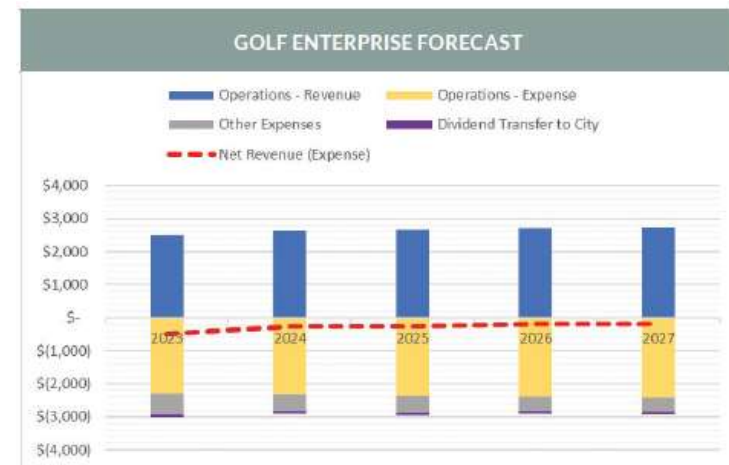
- Overview
 - Budget Summary p.27-28
- 5-Year Forecast
 - Appendix A (p.A3)
- Issue Papers
 - Op 02 (Appendix C, p.C29)
 - Op 03 (Appendix C, p.C31)





Golf

- Overview
 - Budget Summary p.29-30
- 5-Year Forecast
 - Appendix A (p.A4)
- Issue Papers
 - None





Parking

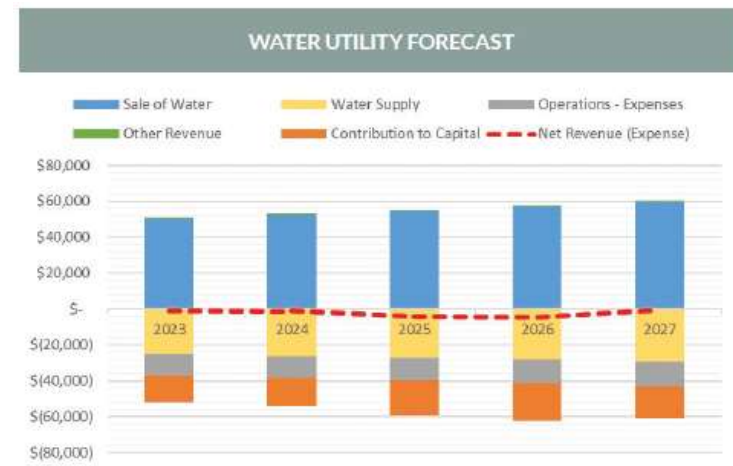
- Overview
 - Budget Summary p.31-32
- 5-Year Forecast
 - Appendix A (p.A5)
- Issue Papers
 - None





Water

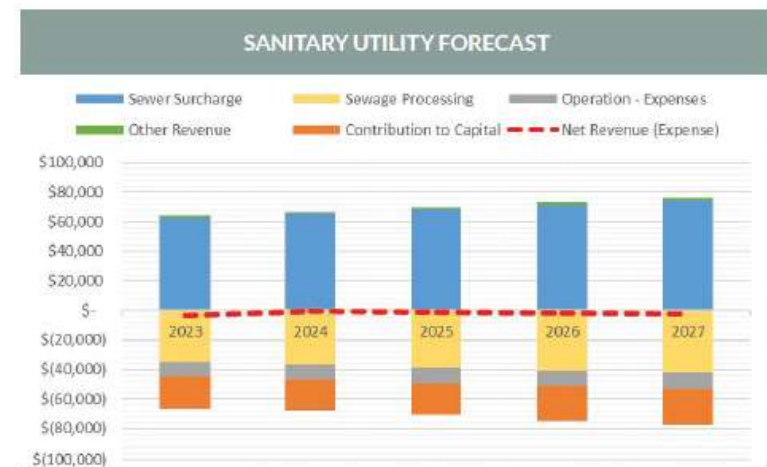
- Overview
 - Budget Summary p.35-36
- 5-Year Forecast
 - Appendix A (p.A6)
- Issue Papers
 - Op 06 (Appendix C, p.C33)





Sanitary

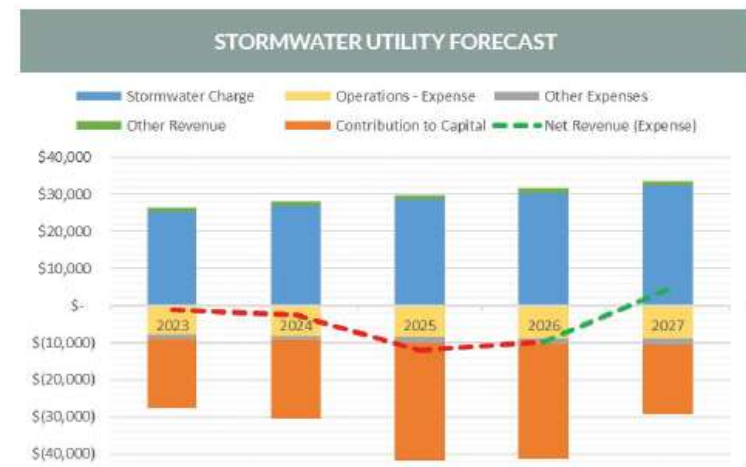
- Overview
 - Budget Summary p.37-38
- 5-Year Forecast
 - Appendix A (p.A7)
- Issue Papers
 - None





Stormwater

- Overview
 - Budget Summary p.39-40
- 5-Year Forecast
 - Appendix A (p.A8)
- Issue Papers
 - Op 07 (Appendix C, p.C35)





Natural Gas

- Overview
 - Budget Summary p.41-44
- 5-Year Forecast
 - Appendix A (p.A9-10)
- Issue Papers
 - None





Resolutions



Resolutions

- Committee to approve resolutions for follow up information