



**2024 Proposed
Operating &
Capital Budgets**



Introduction to the Mayor's Proposed Budget



Mayoral Decision Number 2023-14

The Mayor directs the Chief Administrative Officer (CAO) and the Chief Financial Officer and City Treasurer to prepare a proposed balanced 2024 annual budget based on the following:

- Prepare an operating and capital budget based on a property tax increase that is among the lowest of other large cities in Ontario, and that is no higher than 3.5%;
- Incorporate additional investments in initiatives to expand housing options, provide new transit and recreation opportunities, facilitate the transition to electrification and enable creative health care solutions for residents;
- Incorporate sufficient investments for the initiatives outlined in the Council approved 2023-2026 Strategic Priorities and Implementation Plan;
- Pause the annual levy for the Green CIP program of 0.16% for the 2024 fiscal year;
- Continue public consultation for the 2024 annual budget and present a summary of feedback to Council for consideration with the draft 2024 annual budget; and
- Prepare a staff report and a draft 2024 annual budget to be presented by the Mayor to Council for consideration on or before January 15, 2024.

November 14, 2023

Corporate Overview

2024 Municipal Operating and Capital Budgets

2024 Budgets at a Glance



- The 2024 operating budget has been prepared in accordance with Mayoral direction with a tax rate increase of 3.5% including 1.0% incremental capital levy.
- Total increase of 3.5% represents an impact of \$133 to the average residential property for the municipal component of the property tax bill.
- The 2024 capital budget of \$131M is funded by municipal reserve funds and government grants; no proposed debt funding.
- Four-year operating budget projections and 15-year capital plans and funding models have been updated to reflect Council’s priorities and implementation plan as approved May 30, 2023.
- 2024 municipal utility operating and capital budgets are being proposed for re adoption, with no changes to the estimates as approved on March 1, 2023.
- The County of Frontenac annual requisition is billed as a separate component on the City’s property tax billing.

2024 Budgets at a Glance



Maintains front line service levels, considers growth related service demands, addresses inflationary challenges, and provides resources to Council priorities.

Includes additional support to:

- Enhanced school safety
- Firefighting services
- Community safety and wellbeing and IIDEA initiatives
- Summer maintenance of parks and sports fields
- Speed enforcement
- Development applications and housing targets
- Asset management planning and corporate technology solutions

Addressing the Gap



Projections based on 2.3% tax rate

HPP provincial subsidy

Investment income

One-time funds

Discretionary costs

Long term planning

2024 Operating Budget Summary



Total budget	\$ 477.1M
Less: Non-tax revenues	186.7M
Less: Payments in lieu of taxes	18.1M
<hr/>	
Total taxation requirement	\$ 272.3M

2024 Net Operating Budget Summary



Net taxation requirement	\$ 272.3M
--------------------------	-----------

Assessment growth (0.8%)	2.1M
--------------------------	------

Supplementary taxes	2.7M
---------------------	------

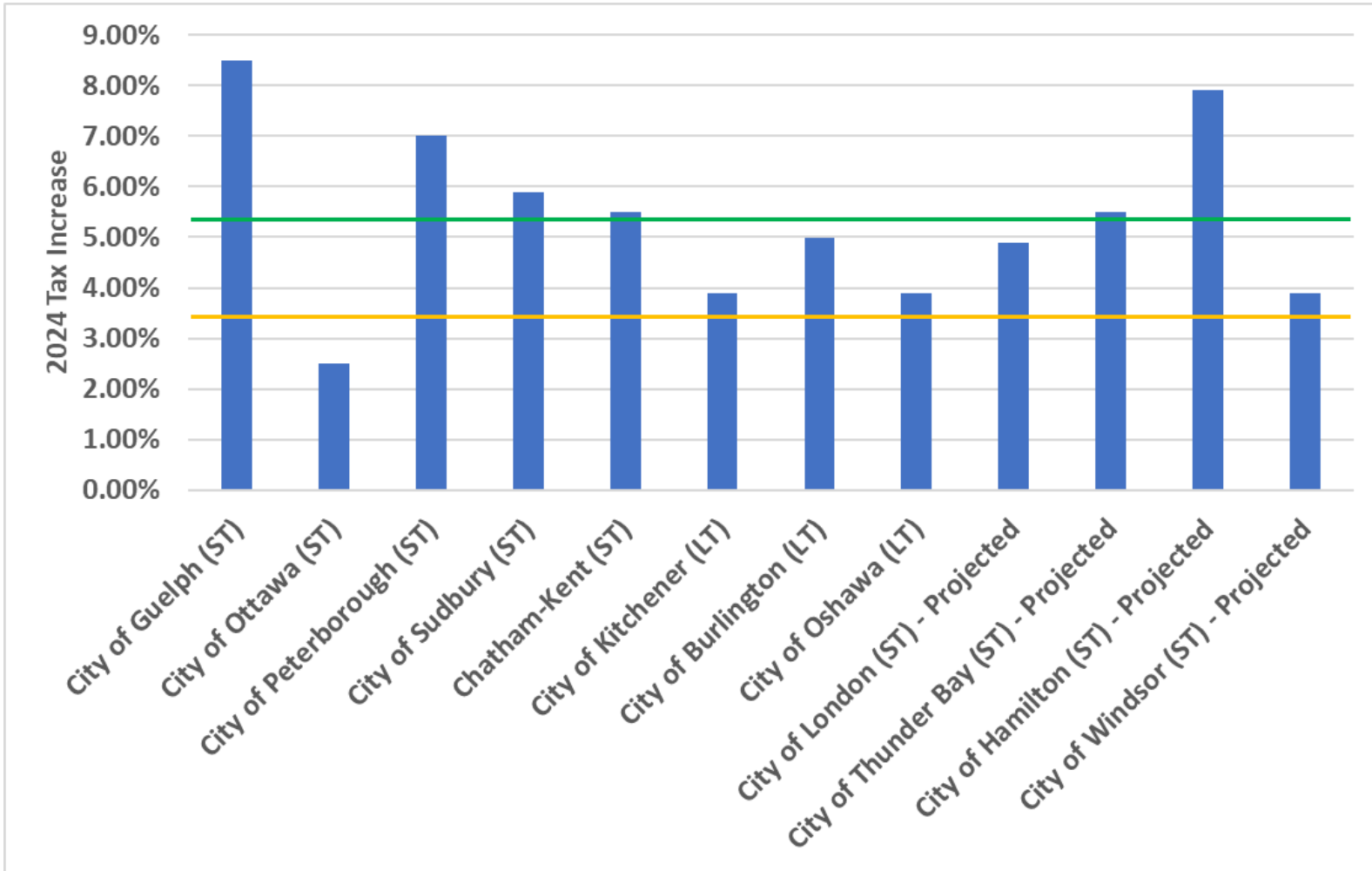
Net tax levy

Target tax increase (3.5%)	\$ 267.1M
----------------------------	-----------

Green Standard CIP	0.4M	267.5M
--------------------	------	--------

Net taxation requirement	\$ 272.3M
--------------------------	-----------

Tax Rate Increase Comparisons



Average 5.4%

(ST) Single Tier

(LT) Lower Tier

Economic & Market Considerations

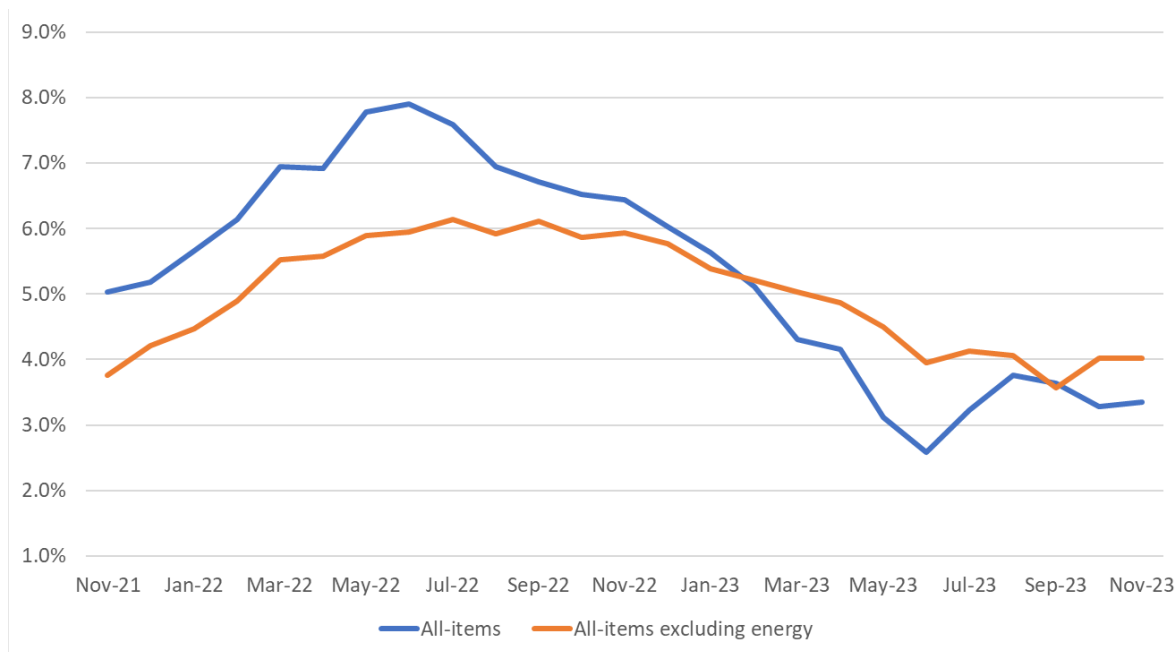
CPI Ontario

CPI	November 2023	October 2023	September 2023	August 2023	November 2022
CPI All Items	3.3%	3.3%	3.6%	3.8%	6.4%
CPI excluding energy	4.0%	4.0%	3.6%	4.1%	5.9%

The Bank of Canada aims to keep inflation at the 2% midpoint of an inflation-control target range of 1% to 3%.

Inflation is projected to fall to around 2.4% by the end of 2024 and reach the 2.0% target by the end of 2025.

(TD Bank Dec 2023)



Economic and Other Market Considerations



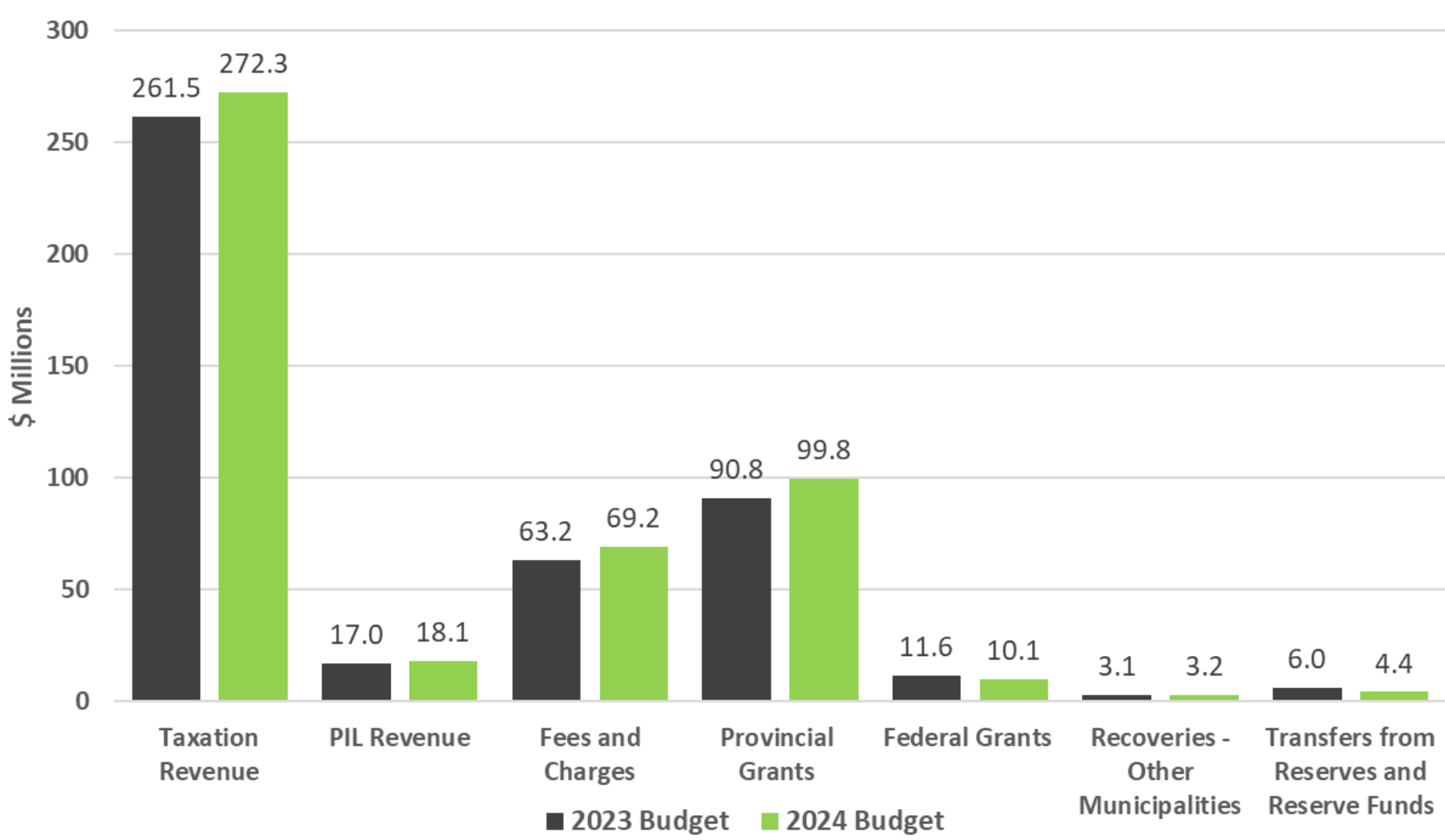
Interest rates

- Bank of Canada rate at 5.0% since July 2023
- Investment income up \$1.2M to \$3.0M
- Long-term investment rates - financial models at 3%
- Debenture rates – no unissued debt

Labour markets, supply chain challenges

2024 Municipal Operating Budget

2024 Operating Budget Revenues

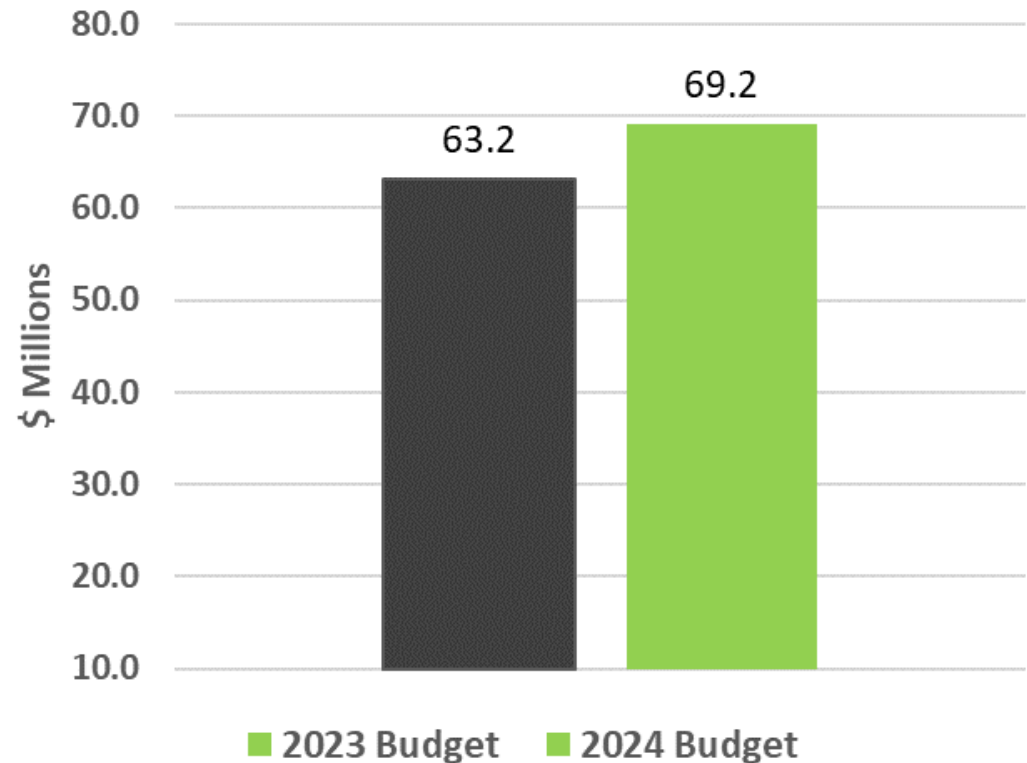


Fees and Charges Revenues



↑ 9.5%

- Fees and charges policy increase 3%
- Transit recoveries \$1.2M
- Leon's Centre \$1.9M
- Investment income \$1.2M
- Speed enforcement, fire fees
- Passenger and facility fees down \$440K

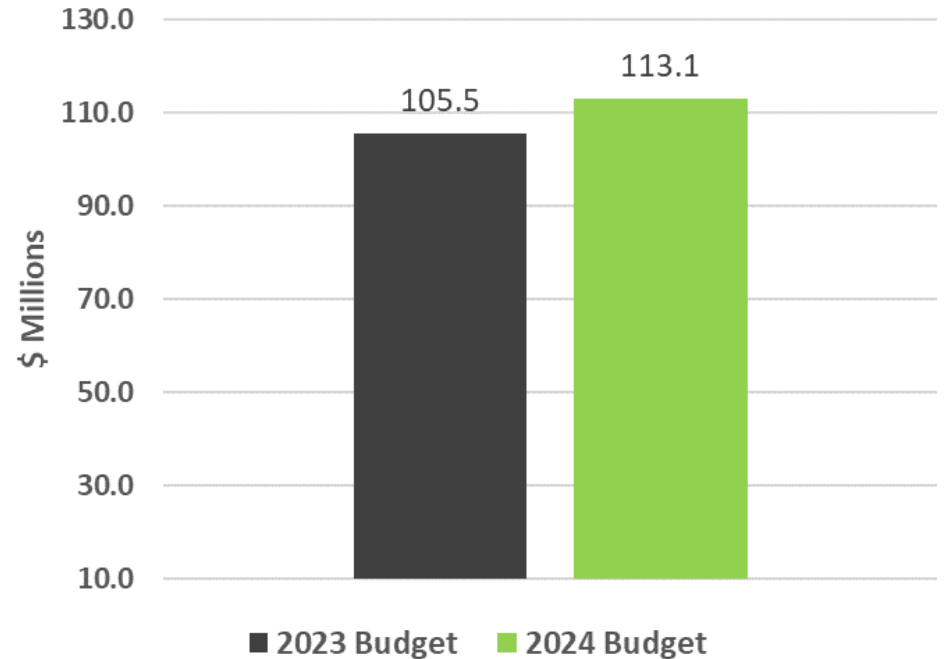


Federal, Provincial, Municipal Contributions

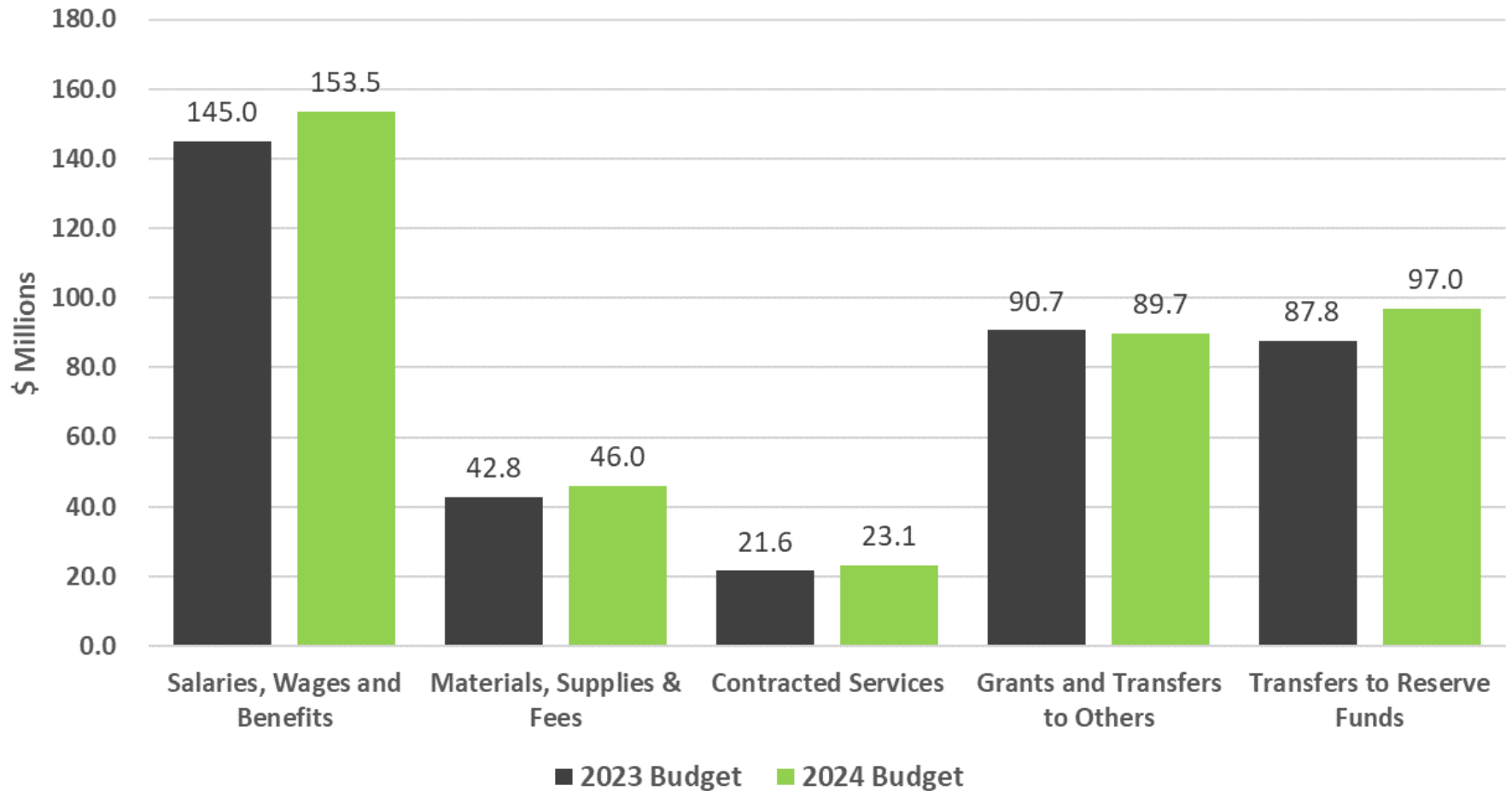


↑ 7.2%

- One-time PILT mitigation of reduced business education tax (BET) rates payment \$3.6M
- Building Faster Fund three-year funding program annual payment \$3.2M
- Additional long term care wage enhancements, direct hours of care support \$1.0M
- Additional waste diversion funding \$0.3M
- Homelessness Prevention Program (HPP) funding \$1.2M increase



2024 Operating Budget Expenditures

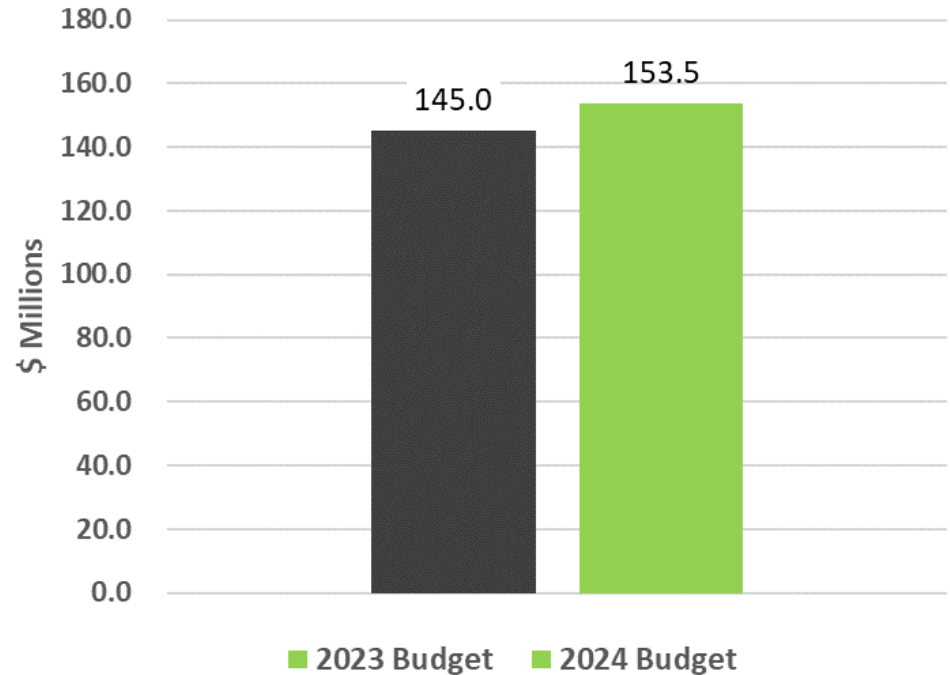


Wage and Benefit Costs

↑ 5.9%



- Incorporates collective agreement requirements
- Overall base compensation including benefit costs in the 3.0% range
- \$4.1M of net new hires to support legislative requirements, Council priorities, growth-related demands and continuous improvement initiatives



\$14.4M or 9% of total salaries and benefits are allocated to capital

Incremental staffing resources (pg 11)



- Enhanced school safety, including the annualization of 4 additional crossing guard locations approved as part of the 2023 operating budget.
- Additional support for summer maintenance for parks, sport fields.
- Additional firefighters (4), as well as annualization of 12 new firefighters approved as part of the 2023 operating budget.
- Support to the automated speed enforcement program and the increased workload from the red-light camera program, offset by related fees and charges.
- Support to facilitate building permit review and approval in support of municipal, provincial and federal housing targets, offset by funding from the Building Reserve Fund.
- Creation of the Community Development and Wellbeing Department with a preliminary focus on the implementation of the community safety and wellbeing and IIDEA work plans.
- Additional resources to meet the legislative target of 4 hours of direct resident care per resident per day, offset by provincial funding.
- Support to the new Leon's Centre (Slush Puppie Place) contract, offset by operating and contract revenues.
- Additional support for technology solutions and legislative asset management requirements.

Other Operating Budget Drivers

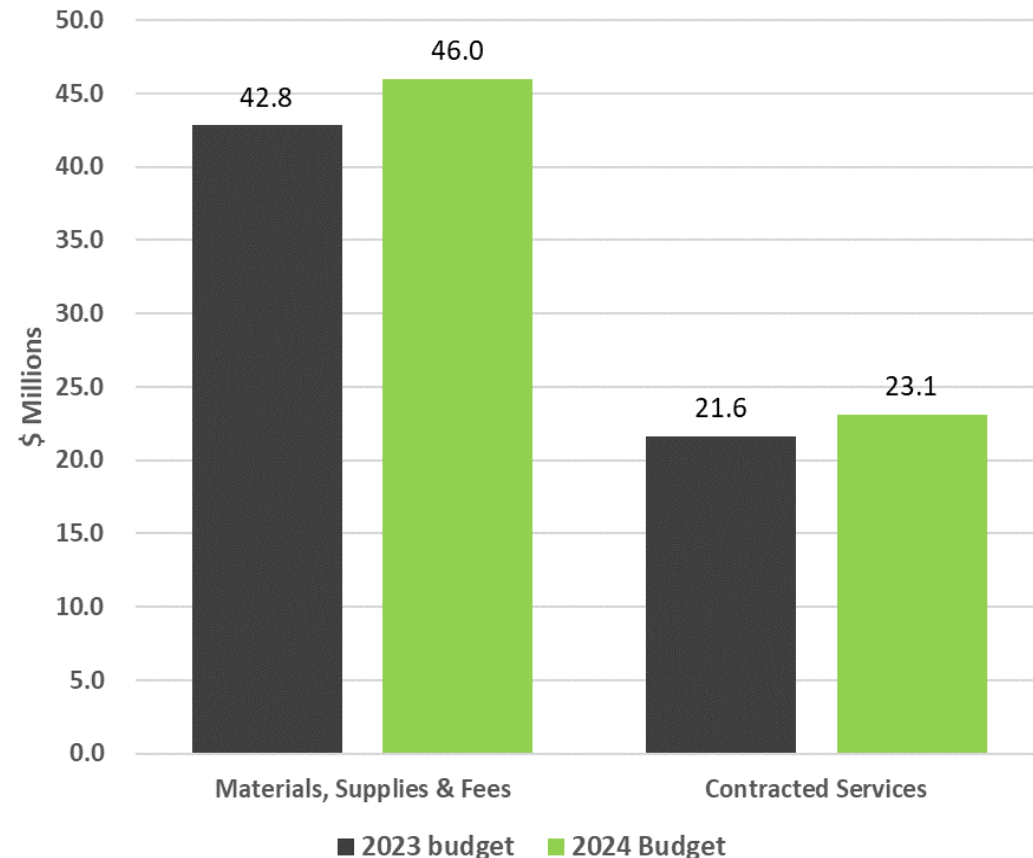


Materials and supplies 7.5%

- Utility cost increases including addition building support (1.2M)
- Insurance pressures (\$700K)
- Gas and diesel fuels inclusive of half year provincial gas tax remain consistent with 2023 budget
- Material costs reflect inflationary pressures inclusive of fleet parts and supplies and public works materials (\$520K)

Contracted Services 6.9%

- Facility maintenance costs(\$625K)
- Garbage and waste diversion contracts (\$550K)



Other Operating Budget Drivers

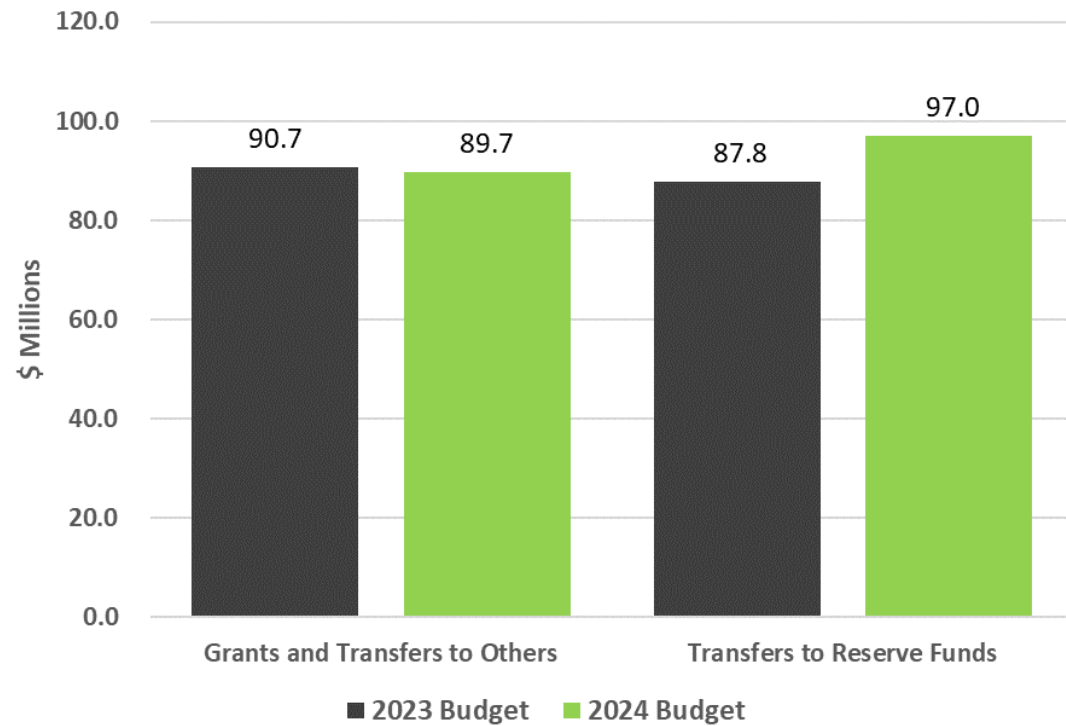


Grants and Transfers to Others

- Childcare provider transfers escalation (\$350K)
- Reduction for end of grant flow thru for business support of health/life science innovation companies (\$0.9M)

Transfers to Reserve Funds

- 1% capital levy - \$3.4M increase
- One-Time PILT Mitigation payment (\$2.1M)
- Building Faster Fund (\$3.2M)



Multi-Year Operating Forecasts

Budget Projections	2025	2026	2027
Total forecasted tax rate increase	6.6%	5.0%	4.1%
Estimated maximum tax rate increase target (inclusive of 1% for capital purposes)	(3.5%)	(3.5%)	(3.5%)
Percentage Gap	3.1%	1.5%	0.6%
Dollar gap	\$7.8M	\$3.8M	\$3.1M
Dollar gap (cumulative)	\$7.8M	\$11.6M	\$14.7

2024 Municipal Capital Budget

2024 Recommended Capital Budget & Funding



Proposed Capital Expenditures	\$131,574,683
--------------------------------------	----------------------

Financing:	
------------	--

Municipal Reserve Funds	\$93,672,182
-------------------------	--------------

Development Charges	3,926,011
---------------------	-----------

External - Other	4,138,807
------------------	-----------

Grant Funding	29,837,683
---------------	------------

Proposed Capital Funding	\$131,574,683
---------------------------------	----------------------

2024 Proposed Capital Expenditures



Asset management and life-cycle investment \$102M

- Roads, bridges, stormwater \$35.0M
- Transportation related assets \$6.0M
- Parks \$7.0M
- Fleet replacement \$24.0M
- Facilities \$12.5M
- Technology \$11.0M
- Equipment and studies \$7.0M

Strategic projects \$26M

- Confederation Basin Promenade \$9.5M
- Affordable and supportive housing \$7.5M
- Acquisition and servicing of employment land \$8.6M

Agencies \$3.0M

2024 Recommended Capital Budget



- Continued focus on works-in-progress utilization
- 15-year plans updated to reflect Council's strategic priorities and asset management requirements
- Use of unfunded balances - reflecting increased investment in asset management, ongoing project and grant funding prioritization
- Considers credit rating indicators for capital spending

Asset management investment



Engineering (roads, parks, stormwater):

- \$65M average for next 14 years
 - Unfunded \$25M average for the next 9 years
-

Facilities:

- \$20M average for next 14 years
 - Unfunded \$8M average for 5 years
-

Fleet:

- \$25M average for the next 14 years
 - Unfunded \$12M average for the next 14 years
-

Technology:

- \$12M average for next 14 years
- Unfunded \$4M average for the next 7 years

Capital Reserve Funds (page 49-53)

Capital Related Reserve Funds	2024	2025	2026	2027	2028	2029	2030	2031	2032
Municipal Capital	8,709,802	8,670,053	9,584,656	8,773,351	9,348,364	8,733,597	8,383,889	7,917,162	11,743,393
Fire Capital	555,339	2,691,399	3,801,527	4,242,011	4,167,161	5,835,587	5,184,110	4,523,063	2,820,370
Parking Capital	17,213,900	18,869,266	19,382,603	20,725,785	17,283,620	9,704,629	9,420,826	8,343,106	8,993,017
Environment	360,898	320,191	356,093	335,637	694,255	1,410,894	1,984,446	2,471,801	3,334,336
Facility Repair	6,908,177	3,674,534	3,519,114	4,162,406	5,163,297	6,741,249	2,654,254	1,543,249	2,392,990
Rideaucrest Capital	6,092	56,301	567,781	693,365	502,943	783,140	1,318,020	1,948,107	2,072,696
Arenas and Other Recreational Facilities	913,232	109,530	164,606	429,576	402,687	466,352	302,507	234,744	326,958
Marinas	883,994	787,076	1,105,684	1,446,817	1,806,765	2,176,115	2,565,473	2,975,619	3,407,358
Grand Theatre Facility	815,622	771,311	688,869	459,645	484,198	563,369	597,359	808,007	1,535,797
Library Capital	3,468,836	1,734,859	1,751,678	1,262,824	759,908	1,017,378	203,773	273,528	293,773
Technology Equipment	2,491,690	1,308,291	1,300,499	355,535	1,715,898	2,476,727	3,365,917	4,309,500	3,072,643
Police Equipment	909,159	184,158	263,864	109,176	116,842	159,294	225,858	289,192	280,581
Municipal Equipment	388,366	1,042,045	1,211,923	1,448,020	1,981,898	3,212,241	1,552,511	1,415,604	1,638,921
Utility Equipment	7,053,061	7,384,256	7,512,798	7,524,185	6,848,711	7,238,168	7,502,667	7,235,371	5,449,064
Transit Equipment and Facilities	19,832,896	17,925,708	16,803,116	11,697,265	8,056,235	3,969,916	1,376,201	377,667	1,242,995
KAS Equipment	55,435	3,066	70,389	96,210	91,557	52,556	26,187	78,560	207,229
Solid Waste & Recycling Equipment	3,763,664	5,428,141	4,940,556	5,512,416	5,754,690	5,302,521	5,251,776	5,107,233	5,120,054
Entertainment Centre	186,508	138,765	198,673	111,595	106,386	139,791	100,411	172,913	166,644
Cash in lieu of Parkland	18,736	120,798	225,922	334,200	445,726	560,598	678,915	800,783	926,306
Natural Land and Parkland Acquisition	418,254	452,206	665,838	829,350	997,766	1,171,235	1,349,908	1,533,941	1,723,496
Industrial Land	3,549,812	1,308,357	1,162,270	1,835,800	2,122,070	1,391,552	2,961,334	3,141,021	3,176,505
Building Stabilization RF (BRRAG)	6,579,360	6,766,590	6,969,588	7,135,031	7,349,082	7,435,599	7,614,007	7,513,310	7,738,710
Development Charges	4,773,205	3,524,562	4,079,405	2,230,138	837,994	394,029	1,221,227	1,510,424	5,881,637
Storm Sewers Special Area	421,838	438,712	456,260	474,511	493,491	513,231	533,760	555,110	577,315
Development Charges – Water, WW	162,456	199,025	268,949	3,728,819	4,124,524	5,439,525	3,343,944	1,060,338	749,137
Total Municipal Reserve Funds	90,440,331	83,909,201	87,052,662	85,953,666	81,656,066	76,889,292	69,719,281	66,139,354	74,871,928
Total Municipal Utility Reserve Funds	51,978,616	44,599,407	37,486,410	39,999,557	60,085,997	63,940,713	71,682,543	74,864,382	85,730,543
Total Capital Related Reserve Funds	142,418,947	128,508,608	124,539,072	125,953,223	141,742,063	140,830,005	141,401,823	141,003,736	160,602,471

Projected Debt



Long-Term Debt	Tax Supported (\$M)	User Charges (\$M)	Utility Rates (\$M)	Total (\$M)
Total debt issued - Dec 31, 2023	166.2	108.7	187.3	462.2
Debt approved but not yet issued	-	-	-	-
Total debt recommended 2024	-	-	-	-
Principal repayments 2024	(9.4)	(4.2)	(7.7)	(21.3)
Total debt issued - Dec 31, 2024	156.8	104.5	179.6	440.9
Percentage by source	36%	24%	40%	100%

15-Year Capital Funding Strategies

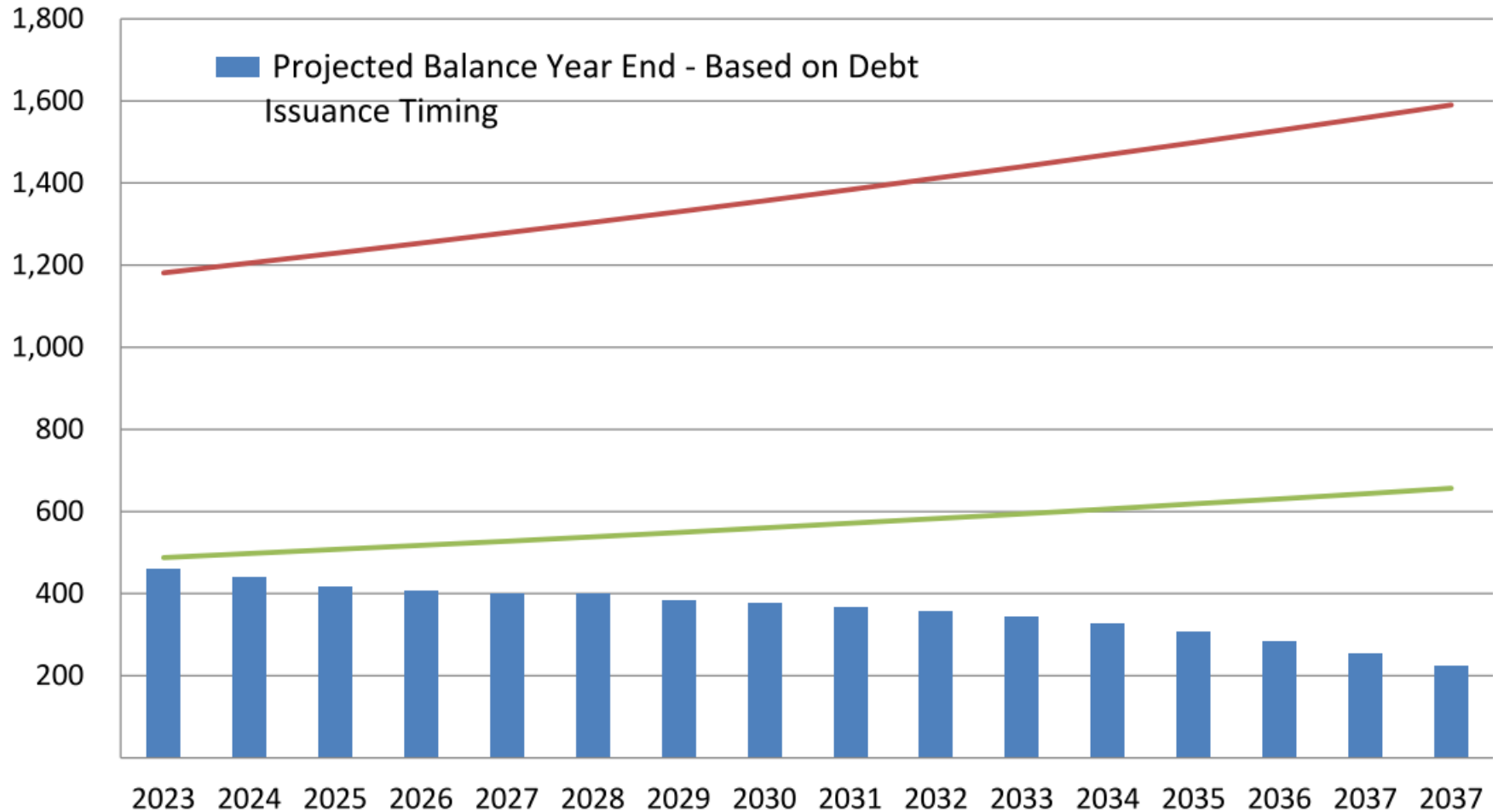


- 1% levy modelled for 15 years
- Debt issuance strategy
 - Total \$132.5M over 5 years / \$36.9M over next 10 years
 - Municipal \$72.0M over 5 years / \$24.0M over next 10 years
 - Utilities \$60.5M over 5 years / \$12.9M over next 10 years
- Asset management – January 1, 2025 - Financing strategy to fund the expenditures necessary to achieve desired levels of service for all assets

Debt Level Forecast



Projected Debt Balances



Standard & Poor's credit rating AA+

Agencies and Boards



Agency requests	\$ 68.3M
Net transfers to capital reserve funds	5.8M
Provincial subsidies	(0.1M)
Total Agency requirements	\$ 74.0M

Approximately 25% of City's total net tax requirement

	2024 Increase
Kingston Economic Development Corp.	2.5%
Tourism Kingston	4.0%
Cataraqui Region Conservation Authority	5.4%
KFL&A Public Health	2.5%
Kingston Access Services	5.8%
Kingston Frontenac Public Library Board	2.9%
Kingston Police Services Board	7.0%
DBIA (separate levy)	4.0%



Questions?