



**City of Kingston  
Report to Council  
Report Number 18-072**

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<b>To:</b>	<b>Mayor and Members of Council</b>
<b>From:</b>	<b>Desirée Kennedy, Chief Financial Officer and City Treasurer</b>
<b>Resource Staff:</b>	<b>Steve Dickey, Director of Financial Services</b>
<b>Date of Meeting:</b>	<b>May 1, 2018</b>
<b>Subject:</b>	<b>2018 Budget Update – Agency and Board Requests</b>

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**Executive Summary:**

The City's 2018 operating budget was approved on December 19, 2017. Final agency budget requests were not available for County of Frontenac services - Fairmount Home for the Aged and Land Ambulance and the budget submission for Cataraqui Region Conservation Authority had been received but remained subject to Board approval. City staff worked with these agencies and boards to review budget forecasts and obtain estimates that were used to incorporate anticipated requirements into the 2018 municipal operating budget.

The City has subsequently received final budget submissions from these agencies and boards, attached hereto as Exhibits A through C. This report is provided to update Council on the budget requests that have been received and to provide further detail as to how these requests fit within the budget envelopes that were previously approved by Council. The resulting recommendations will enable the approved requests to be funded without a further impact to the budgeted tax requirements for 2018.

**Recommendations:**

**That** the final 2018 budget requests for County of Frontenac – Fairmount Home for the Aged, County of Frontenac – Land Ambulance Services and Cataraqui Region Conservation Authority as reported herein, be received and approved;

**That** the budget shortfall of \$72,628 with respect to the County of Frontenac's final 2018 budget request be funded from the Working Fund Reserve.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER AND CITY TREASURER

**Desirée Kennedy, Chief Financial Officer and  
City Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Lanie Hurdle, Commissioner, Community Services	Not required
Jim Keech, President & CEO, Utilities Kingston	Not required
Denis Leger, Commissioner, Corporate & Emergency Services	Not required

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**Options/Discussion:**

The City's 2018 operating budget was approved by Council on December 19, 2017. The final budget request was not available at that time for County of Frontenac services - Fairmount Home for the Aged and Land Ambulance. The County of Frontenac provided draft budget submissions that were reviewed with City staff and incorporated into the 2018 municipal operating budget.

The City uses an envelope approach to provide for agency budgets and provides a summary to Council once final budgets are received on an annual basis. The envelope normally provides for operating requirements as well as a consistent level of capital spending. As a result of discussions with the County of Frontenac, 2018 budget increases were included in the City's approved 2018 operating budget as follows:

<b>Agency and Board Budget Requests</b>	<b>2017 Approved Budget</b>	<b>2018 Preliminary Budget Estimate</b>	<b>Percentage of Budget Increase (Decrease)</b>
County of Frontenac - Fairmount Home for the Aged – Annual contribution	\$1,757,927	\$2,097,194	19.3 %
County of Frontenac - Land Ambulance Services	\$6,793,184	\$7,029,695	3.5 %

The City has subsequently received the County of Frontenac's 2018 final budget submissions, attached hereto as Exhibits A and B, and summarized below.

**County of Frontenac - Fairmount Home for the Aged**

The following table summarizes the Fairmount Home for the Aged 2018 final budget request.

<b>Fairmount Home for the Aged</b>	<b>City Share of 2017 Approved Budget</b>	<b>2018 Preliminary Budget Estimate</b>	<b>City Share of 2018 Budget Request</b>	<b>Budget Shortfall</b>
City share - operating	\$1,658,246		\$2,007,207	
City share - capital	99,681		162,440	
<b>Total</b>	<b>\$1,757,927</b>	<b>\$2,097,194</b>	<b>\$2,169,647</b>	<b>\$72,453</b>

The County of Frontenac has approved a 2018 net operating budget for Fairmount Home for the Aged in the amount of \$2,951,775 which represents a 21% operating budget increase over the

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prior year. The City’s share of these costs, based on a previously negotiated allocation of 68%, is \$2,007,207.

In addition, the County of Frontenac has approved a 2018 capital budget for Fairmount Home for the Aged in the amount of \$238,882. The City’s share of the 2018 capital budget is \$162,440, based on an allocation of 68%.

**County of Frontenac - Land Ambulance Services**

The following table summarizes the Land Ambulance Services 2018 final budget request.

Land Ambulance Services	City Share of 2017 Approved Budget	2018 Preliminary Budget Estimate	City Share of 2018 Budget Request	Budget Shortfall
City share - operating	\$6,793,184		\$7,000,331	
City share - capital	-		29,539	
<b>Total</b>	<b>\$6,793,184</b>	<b>\$7,029,695</b>	<b>\$7,029,870</b>	<b>\$175</b>

The County of Frontenac has approved a 2018 net operating budget requirement for Land Ambulance Services in the amount of \$8,929,563, which represents a 2.8% operating budget increase over the prior year. The City’s share of Land Ambulance costs, based on a 2017 weighted assessment allocation of 78.39% is \$7,000,331.

In addition, the County of Frontenac has approved a 2018 capital budget for the Land Ambulance in the amount of \$37,680, with the City’s share being \$29,539.

**County of Frontenac - Summary**

The following table summarizes the budget information pertaining to the County of Frontenac services - Fairmount Home for the Aged and Land Ambulance.

County of Frontenac	2017 Approved Budget	2018 Preliminary Budget Estimate	City Share of 2018 Budget Request	2018 Budget Envelope Shortfall
Fairmount Home for the Aged	\$1,757,927	\$2,097,194	\$2,169,647	\$72,453
Land Ambulance Services	6,793,184	7,029,695	7,029,870	175
<b>Total</b>	<b>\$8,551,111</b>	<b>\$9,126,889</b>	<b>\$9,199,517</b>	<b>\$72,628</b>

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Council Report Number 17-172, 2017 Budget Update – Agency and Board Requests, finalized the 2017 agency budget submissions and confirmed a net balance of excess budget envelopes for agencies and boards of approximately \$285K. It was recommended that this excess amount be reported as part of the 2017 year end variance reporting and reserve/reserve fund recommendations with the expectation that any 2017 County budget surplus would flow to the Working Fund Reserve as part of the 2017 year end recommendations. This has been incorporated into the recommendations as part of the 2017 Fourth Quarter Operating Report. Therefore, it is recommended that the additional 2018 budget request from the County of Frontenac in the amount of \$72,628 be funded from the Working Fund Reserve.

**Cataraqui Region Conservation Area**

Preliminary budget submissions were received and included in the City’s 2018 approved budget estimates from the Cataraqui Region Conservation Authority (CRCA) in the amount of \$1,497,106; however, this submission remained subject to the CRCA Board’s approval. We have subsequently received confirmation from the CRCA on February 6, 2018 that their original budget submission was approved by their Board. The CRCA had no change to its original submission as included in the City’s 2018 approved budget estimates.

**Existing Policy/By Law:**

City of Kingston By-Law Number 2018-18, A By-Law to Approve the 2018 Operating Budget

**Notice Provisions:**

There are no notice requirements under the *Municipal Act, 2001* for this report.

**Accessibility Considerations:**

The exhibits to this report are available in an alternate format upon request.

**Financial Considerations:**

Financial information is included in the body of this report. No impact on tax rates will result from the recommendations in this report. 2018 budget estimates will be amended to reflect the base funding levels and related Working Fund Reserve funding approved for these services.

**Contacts:**

Desirée Kennedy, Chief Financial Officer and City Treasurer, Extension 2220

**Other City of Kingston Staff Consulted:**

N/A

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**Exhibits Attached:**

Exhibit A: County of Frontenac – Fairmount Home for the Aged – 2018 Budget

Exhibit B: County of Frontenac – Land Ambulance Services – 2018 Budget

Exhibit C: Cataraqui Region Conservation Area – 2018 Budget



Segmented 5 Year Budget

	2017	2018	2017-2018	2017-2018	2019	2020	2021	2022
	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected
	\$	\$	Variance \$	Variance (%)	Budget	Budget	Budget	Budget
<b>Operating Revenue</b>								
User Charges	3,073,674	3,120,586	46,912	(1.53%)	3,162,185	3,204,346	3,247,076	3,290,382
Federal and Provincial	5,977,967	6,012,360	34,393	(0.58%)	6,123,275	6,236,229	6,351,430	6,468,922
Other	100,597	198,838	98,241	(97.66%)	118,613	92,867	94,503	95,585
Transfers from Reserve	34,500	73,244	38,744	(112.30%)	25,000	25,000	25,000	25,000
<b>Total Operating Revenue</b>	<b>9,186,738</b>	<b>9,405,028</b>	<b>218,290</b>	<b>(2.38%)</b>	<b>9,429,073</b>	<b>9,558,442</b>	<b>9,718,009</b>	<b>9,879,889</b>
<b>Operating Expense</b>								
Salaries & Benefits	9,186,477	9,896,287	709,810	7.73%	10,210,537	10,483,519	10,749,284	11,092,149
Materials	1,013,009	1,064,399	51,390	5.07%	1,059,204	1,075,354	1,089,446	1,106,972
Contracted Services	1,378,816	1,349,084	-29,732	(2.16%)	1,318,364	1,364,306	1,391,526	1,424,564
Depreciation	520,766	545,199	24,433	4.69%	556,103	567,225	578,570	590,141
Reserve Transfers	47,033	47,033	0	0.00%	47,033	47,033	47,033	47,033
<b>Total Operating Expense</b>	<b>12,146,101</b>	<b>12,902,002</b>	<b>755,901</b>	<b>6.22%</b>	<b>13,191,241</b>	<b>13,537,437</b>	<b>13,855,859</b>	<b>14,260,859</b>
Net Municipal Contribution	2,959,363	3,496,974	537,611	18.17%	3,762,168	3,978,995	4,137,850	4,380,970
LESS: Depreciation	(520,766)	(545,199)	(24,433)	(4.69%)	(556,103)	(567,225)	(578,570)	(590,141)
Net Municipal Contribution LESS Depreciation	2,438,597	2,951,775	513,178	21.04%	3,206,065	3,411,770	3,559,280	3,790,829
<b>City of Kingston</b>	<b>-1,658,246</b>	<b>-2,007,207</b>	<b>-348,961</b>	<b>21.04%</b>	<b>-2,200,218</b>	<b>-2,340,098</b>	<b>-2,440,404</b>	<b>-2,597,858</b>
County Contribution - Operating	780,351	944,568	164,217	21.04%	1,005,847	1,071,672	1,118,876	1,192,971
<b>Capital Expense</b>								
Major Improvements	25,000	67,000	42,000	168.00%				
General Equipment	41,335	29,959	-11,376	(27.52%)				
Capital-Equipment Replacements	80,254	99,800	19,546	24.36%	324,785	388,600	206,447	275,846
Capital- IT New		7,123	7,123	#DIV/0!				
Capital-IT Replacement		35,000	35,000	#DIV/0!	15,300	15,606	15,918	16,236
Capital Prior Year				#DIV/0!				
Other Municipal Contribution				#DIV/0!				
<b>Total Capital Expense</b>	<b>146,589</b>	<b>238,882</b>	<b>92,293</b>	<b>62.96%</b>	<b>340,085</b>	<b>404,206</b>	<b>222,365</b>	<b>292,082</b>
Net Capital Expense	146,589	238,882	92,293	62.96%	340,085	404,206	222,365	292,082
<b>City of Kingston - Capital</b>	<b>-99,681</b>	<b>-162,440</b>	<b>-62,759</b>	<b>62.96%</b>	<b>-231,258</b>	<b>-274,860</b>	<b>-151,208</b>	<b>-198,616</b>
County Contribution - Capital	46,908	76,442	29,534	62.96%	108,827	129,346	71,157	93,466
<b>County Contribution - Debenture</b>								
County-Transfer to Long term Debt	1,102,828	1,172,313	69,485	6.30%	1,246,176	1,324,693	1,408,157	1,114,042
Debt Charges	428,522	359,037	-69,485	(16.22%)	285,174	206,657	123,193	34,470
<b>City Contribution to LT Debt FMT</b>	<b>-712,503</b>	<b>-712,503</b>			<b>-712,503</b>	<b>-712,503</b>	<b>-712,503</b>	<b>-452,173</b>
Provincial Contribution to Redevelopment	-483,552	-483,552			-483,552	-483,552	-483,552	-362,664
Transfer from FRO Reserve	-125,000	-125,000			-125,000	-125,000	-125,000	-93,750
<b>Total County Contribution - Debenture</b>	<b>210,295</b>	<b>210,295</b>			<b>210,295</b>	<b>210,295</b>	<b>210,295</b>	<b>239,925</b>
<b>Total City of Kingston Contribution</b>	<b>2,470,430</b>	<b>2,882,150</b>	<b>411,720</b>	<b>16.67%</b>	<b>3,143,979</b>	<b>3,327,461</b>	<b>3,304,115</b>	<b>3,248,647</b>



Segmented 5 Year Budget

	2017	2018	2017-2018	2017-2018	2019	2020	2021	2022
	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected
	\$	\$	Variance \$	Variance (%)	Budget	Budget	Budget	Budget
<b>Operating Revenue</b>								
User Charges								
Federal and Provincial	8,330,338	8,613,054	282,716	3.39%	8,895,654	9,246,754	9,503,354	9,758,554
Investment Income								
Other								
Transfers from Reserve								
<b>Total Operating Revenue</b>	<b>8,330,338</b>	<b>8,613,054</b>	<b>282,716</b>	<b>3.39%</b>	<b>8,895,654</b>	<b>9,246,754</b>	<b>9,503,354</b>	<b>9,758,554</b>
<b>Operating Expense</b>								
Salaries & Benefits	13,821,760	14,210,440	388,680	2.81%	14,969,746	15,436,435	15,894,297	16,426,287
Materials	847,404	900,565	53,161	6.27%	890,849	904,739	924,968	940,001
Contracted Services	1,329,619	1,351,261	21,642	1.63%	1,405,435	1,416,661	1,427,289	1,402,598
Rents & Financing	231,990	233,176	1,186	0.51%	236,859	240,616	244,448	244,448
Depreciation	640,529	611,163	-29,366	(4.58%)	623,386	635,854	648,571	661,542
Reserve Transfers	789,317	847,175	57,858	7.33%	882,370	895,461	888,752	902,245
Unapproved Projects				#DIV/0!				
<b>Total Operating Expense</b>	<b>17,660,619</b>	<b>18,153,780</b>	<b>493,161</b>	<b>2.79%</b>	<b>19,008,645</b>	<b>19,529,766</b>	<b>20,028,325</b>	<b>20,577,121</b>
Net Municipal Contribution	9,330,281	9,540,726	210,445	2.26%	10,112,991	10,283,012	10,524,971	10,818,567
LESS: Depreciation	(640,529)	(611,163)	29,366	4.58%	(623,386)	(635,854)	(648,571)	(661,542)
Net Municipal Contribution LESS Depreciation	8,689,752	8,929,563	239,811	2.76%	9,489,605	9,647,158	9,876,400	10,157,025
<b>Total City of Kingston</b>	<b>-6,793,184</b>	<b>-7,000,331</b>	<b>-207,147</b>	<b>3.05%</b>	<b>-7,423,150</b>	<b>-7,529,899</b>	<b>-7,691,942</b>	<b>-7,893,131</b>
County Contribution - Operating	1,896,568	1,929,232	32,664	1.72%	2,066,455	2,117,259	2,184,458	2,263,894
<b>Capital Revenue</b>								
Reserve Transfer	690,997	673,856	(17,141)	2.48%	1,582,302	584,511	590,978	508,159
<b>Total Capital Revenue</b>	<b>690,997</b>	<b>673,856</b>	<b>(17,141)</b>	<b>2.48%</b>	<b>1,582,302</b>	<b>584,511</b>	<b>590,978</b>	<b>508,159</b>
<b>Capital Expense</b>								
General Equipment		31,131	31,131	#DIV/0!	24,131	27,148		
Capital-Equipment Replacements		22,988	22,988	#DIV/0!	836,083		79,601	38,064
Capital- IT New		6,549	6,549	#DIV/0!				
Capital-IT Replacement	39,178	70,500	31,322	79.95%	63,701	166,180		
Capital Vehicle Replacement	651,819	580,368	-71,451	(10.96%)	682,518	418,331	511,377	470,095
Gain/Loss-Sale of fixed Asset				#DIV/0!				
Other Municipal Contribution				#DIV/0!				
<b>Total Capital Expense</b>	<b>690,997</b>	<b>711,536</b>	<b>20,539</b>	<b>2.97%</b>	<b>1,606,433</b>	<b>611,659</b>	<b>590,978</b>	<b>508,159</b>
Net Capital Expense		37,680	37,680	#DIV/0!	24,131	27,148		
<b>City of Kingston - Capital</b>		<b>-29,539</b>	<b>-29,539</b>	<b>#DIV/0!</b>	<b>-18,770</b>	<b>-21,046</b>		
County Contribution - Capital		8,141	8,141	#DIV/0!	5,361	6,102		
<b>Total City of Kingston Contribution</b>	<b>6,793,184</b>	<b>7,029,870</b>	<b>236,686</b>	<b>3.48%</b>	<b>7,441,920</b>	<b>7,550,945</b>	<b>7,691,942</b>	<b>7,893,131</b>





## CATARAQUI REGION CONSERVATION AUTHORITY

1641 Perth Road, P.O. Box 160 Glenburnie, Ontario K0H 1S0  
Phone: (613) 546-4228 Toll Free (613 area code): 1-877-956-CRCA  
Fax: (613) 547-6474 E-mail: [info@crca.ca](mailto:info@crca.ca)  
Websites: [www.crca.ca](http://www.crca.ca) & [www.cleanwatercataraqui.ca](http://www.cleanwatercataraqui.ca)



February 6, 2018

**File:** FIN 160  
AA-003-18

***Via E-mail and regular mail***

Mr. John Bolognone, Clerk  
**Corporation of the City of Kingston**  
216 Ontario Street  
Kingston, ON K7L 2Z3

Dear Mr. Bolognone

**RE: MUNICIPAL LEVIES - 2018**

The Cataraqui Region Conservation Authority has adopted its budget for the year 2018 and apportioned to all its participating municipalities, by resolution, costs for administration, maintenance, and capital projects, all in accordance with the Conservation Authorities Act of Ontario.

- As required by the Act, you are hereby notified that the portion of these costs chargeable to your municipality is \$1,497,106.29.
- Please forward the amount of \$1,497,106.29 in payment of the Conservation Authority's levy for 2018 by April 30, 2018. Accounts received after the due date will be subject to an interest charge.

Additional information on the Conservation Authority's 2018 budget is available on our website [www.crca.ca/budget](http://www.crca.ca/budget).

Should you require more information about this matter, please do not hesitate to contact me.

Yours truly

*(original signed by)*

*Geoff Rae, MBA, P.Eng.*  
General Manager

GR/dc

Cc: Mr. Gerard Hunt, CAO  
Ms. Desiree Kennedy, Treasurer  
Mr. Stephen Dickey, Deputy Treasurer  
CRCA Representatives