



**City of Kingston  
Report to Council  
Report Number 21-049**

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**To:** Mayor and Members of Council  
**From:** Desiree Kennedy, Chief Financial Officer & City Treasurer  
**Resource Staff:** Lana Foulds, Director, Financial Services & Deputy Treasurer  
**Date of Meeting:** January 26, 2021  
**Subject:** 2021 Operating and Capital Budgets (excluding Municipally Owned Utilities)

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**Council Strategic Plan Alignment:**

Theme: Financial measures/budget

Goal: See above

**Executive Summary:**

Approval by Council of annual municipal operating and capital budgets and passing of associated by-laws is required under the *Municipal Act (2001)*. The operating budget is being presented to Council to establish operating revenue and expenditure estimates for the 2021 fiscal year. The capital budget includes capital expenditure estimates and related financing for the 2021 year. Once the budgets are established and the assessment roll, delivered by the Municipal Property Assessment Corporation (MPAC), is finalized and reviewed by staff, the final taxation levy calculations will be prepared, and a by-law will be presented to Council for approval.

As part of the strategic planning process, Council approved tax rate increase targets of 1.4% in 2021, 1.4% in 2022 and 1.3% in 2023 plus an annual 1% for capital purposes. Council reaffirmed a tax rate increase target of 1.4% for 2021 plus 1% for capital purposes as part of its Strategic Priorities Refresh in September 2020.

**Operating Budget**

The operating budget is being presented to Council in order to establish operating revenue and expenditure estimates for the fiscal year. The 2021 recommended operating budget reflects Council's direction to maintain an overall tax rate increase of no more than 1.4% plus 1% for

January 26, 2021

Page 2 of 41

capital infrastructure. The 2021 budgets have been developed to reflect consistent service levels that were in place late 2020 in accordance with the public health measures required under the Province's Green-Prevent COVID response zone. Staff recognize that early 2021 has been and will be in a Grey – Lockdown response but anticipates that there will be some relief as vaccines continue to be administered in communities. Future year projections reflect assumptions that we will be back to typical service levels by 2024. Pandemic-related Safe Restart and Social Services Relief Funding has been incorporated into the budget estimates based on approved 2021 allocations.

The 2021 gross operating expenditures budget of \$393.8M (excluding municipally owned utilities) is offset by non-tax revenues of \$136.8M and payments in lieu of taxation from other levels of government (PILs) of \$16.4M requiring \$240.6M to be raised by taxation. Of that amount, approximately 72% (\$174M) of the net tax requirement is for provision of services managed by the City corporation (internal) and 28% (\$66M) is for services provided through external agencies and boards. The recommended operating budget also reflects taxation revenue from assessment growth of 1.1% or \$2.5M. Exhibit A, Parts 1 to 3 attached to this report reflects the summary operating budget information.

Forecasts for 2022, 2023 and 2024 operating budgets incorporate costs of expected operating plans, estimates for inflation and projected growth pressures, provincial funding changes and transitional plans for returning to post-pandemic service levels.

Exhibit A Part 4 reflects forecast information, sets the tax rate increase at the approved tax rate increase targets set by Council and projects the resulting net expenditure gap. The projected tax increases are cumulative such that savings and other solutions identified in one year will need to be sustainable in order to reduce subsequent years' gaps. The 2022 forecast projects assessment growth of \$4.8M, based on the increased construction activity the City experienced in 2020 and an analysis of expected construction project completion. Growth estimates are projected at \$2.5M for 2023 and 2024.

Staff will continue to update assumptions and related projections as we transition into a post-pandemic environment and will continue to refine department plans, prioritize initiatives and identify operational efficiencies in order to address budget gaps. While the forecasts include anticipated provincial funding changes in social services and long-term care, staff anticipate that there will be additional funding reductions and will monitor provincial communications as they are provided.

### Capital Budget

A capital budget in the amount of \$62.2M for the City services is being presented to establish the 2021 capital budget estimates and to confirm financing to support the expenditures.

Capital projects include routine asset management/life cycle investments that are necessary for the ongoing maintenance, rehabilitation and/or replacement of existing assets as well as capital investments that support Council's strategic capital priorities including a number of projects that are eligible for funding under recent federal and provincial grant funding programs.

January 26, 2021

Page 3 of 41

Details of the capital budget are presented in Exhibit B. The 2021 recommended capital budget is being funded by capital reserve funds (pay-as-you-go) and government grants and will not require the issuance of any debt.

A 15 year capital plan and related funding models are also included as part of the supporting information to assist Council with the longer term vision of capital work. The 15 year capital plans incorporate projects identified as part of approved master plans and Council priorities including multi-year investments to support the transit business plan, the active transportation implementation plan and the waterfront master plan.

Multi-year capital plans also reflect projects with approved funding under the Disaster Mitigation Adaptation Fund (DMAF), projects with funding approvals pending under the Investing in Canada Infrastructure Program (ICIP), projects with funding approvals pending under the ICIP COVID-19 Resilience Infrastructure funding and projects that are anticipated to be funded by future applications under City’s approved ICIP allocation.

**Recommendation:**

**That** the Committee of the Whole recommends as follows:

**That** Council approve the 2021 General Municipal (tax-supported) Operating Budget in the amount of \$393,787,962; and

**That** any variance between final assessment growth and the growth estimates included in the 2021 general municipal operating budget be transferred to/funded from the Working Fund Reserve, to offset unanticipated variances in assessment growth in future years as a stabilization measure; and

**That** Council approve the 2021 Municipal Capital Budget, as follows:

Proposed capital expenditures	<u>\$62,170,555</u>
Financing:	
General Municipal Reserve Funds (PAYG)	\$37,652,104
Working Fund Reserve	300,000
Government grants	20,868,692
Contributions from others	<u>3,349,759</u>
Total financing	<u>\$62,170,555</u>

and

**That** Council receive the following provided as part of the budget documentation:

- a) 15 year capital expenditure forecast
- b) Capital Works in Progress listing as at November 30, 2020
- c) Municipal Reserve Fund Schedules of Continuity; and

January 26, 2021

Page 4 of 41

**That** the City Treasurer be authorized to include the approved budget estimates for 2021 in accordance with Public Sector Accounting Board (PSAB) reporting requirements as an attachment to the by-law; and

**That** the necessary by-laws be established to formally adopt these estimates; and be given all three readings at the February 16, 2021 meeting of Council.

January 26, 2021

Page 5 of 41

**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF FINANCIAL  
OFFICER & CITY TREASURER

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**Desiree Kennedy, Chief  
Financial Officer & City  
Treasurer**

ORIGINAL SIGNED BY CHIEF  
ADMINISTRATIVE OFFICER

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**Lanie Hurdle, Chief  
Administrative Officer**

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

Paige Agnew, Commissioner, Community Services

Peter Huigenbos, Commissioner, Business, Environment & Projects

Brad Joyce, Commissioner, Corporate Services

Jim Keech, President & CEO, Utilities Kingston

Not required

Sheila Kidd, Commissioner, Transportation & Public Works

January 26, 2021

Page 6 of 41

**Options/Discussion:****Budget Requirements:**

The adoption of an annual budget is a requirement under the *Municipal Act, 2001* and forms the basis for financial control and activity for the current fiscal year.

Operating budgets reflect fiscal year estimates for revenues and expenditures associated with the operations of City services. The operating budget provides approval for spending for the current fiscal year. Capital budgets reflect project estimates for capital expenditures and, once approved, the budget remains the source of approval for spending until completion of the project, sometimes over a number of years.

For the purposes of financial planning the City also prepares multi-year plans including four-year operating budget projections as well as 15-year capital expenditure plans and funding models. The use of multi-year operating budget forecasts and capital plans provide working documents that are an effective starting point for the development of subsequent year budgets. Multi-year estimates are referenced, reviewed and updated throughout the year to reflect Council direction, changes in assumptions and other factors including economic conditions, service changes, weather predictions and historical revenue and expenditure analysis. Multi-year estimates can provide early indication and sufficient reaction time in managing the effects of these changes.

The operating budget accounts for funds that flow into the City from various revenue sources to be used to pay for operating costs related to the delivery of services as well as the required capital investment. The City's capital reserve funds are then used to finance capital expenditures (investments in capital assets), either by a pay-as-you-go method whereby funds are taken from the reserve funds to pay for the capital costs or through the issuance of debt whereby funds are borrowed to pay for the capital costs and the capital reserve funds are utilized to pay future debt principal and interest charges.

The City has an annual capital levy which is raised through revenues in the operating budget. This annual levy is transferred into the capital reserve funds each year. The capital levy is subject to a capital policy which increases the annual capital investment by a 1% increase in the rate of taxation. The continuation of the 1% annual increase for capital infrastructure purposes is reflective of longer term strategies for responsible asset management practices, ensuring the longer-term sustainability of the municipality's capital infrastructure, reducing current infrastructure deficits and reducing reliance on long term debt. This policy has been extremely effective to enable the rehabilitation and construction of capital assets.

In addition to the capital levy, where operations are funded by user fees and charges, a department's operating budget includes an amount to be transferred into the reserve funds each year to ensure user fee revenues are contributing proportionately to respective capital requirements.

January 26, 2021

Page 7 of 41

## Budget Process

The development of the budget is a comprehensive process involving staff across all departments and agencies and boards. Each year, the process involves the progression of operating and capital budget submissions through a sequence of review and analysis procedures that result in estimates that are assessed for both reasonableness and accuracy. In developing the 2021 budget it has been assumed that services can be delivered according to the green level Provincial restrictions. An understanding of the aspects of the budget development process can be a useful tool in evaluating the budget from an oversight level.

Updated budget estimates are developed by all departments and submitted to the Corporate Management Team for review. Commissioners and financial analysts work with the departments to review and assess detailed budget submissions for accuracy and consistency with the business environment and operational factors. This analysis incorporates a variety of procedures, including, but not limited to:

- a detailed review of salaries and benefits built up by staff complement and wage rates;
- a review of materials, supplies and services in comparison to actual usage and expected inflationary impacts;
- a review of reserve and reserve fund transfers in conjunction with capital funding requirements;
- a review of revenues from fees and charges, including rates charged and the level of rates required to recover costs; and
- a review of capital plans that support operations and provide for a required level of asset management investment.

The 2021 operating and capital budgets are being presented to Council for approval as part of this budget process.

## Budget Documentation

The exhibits to this report provide further detail on the municipal operating budget by revenue and expenditure type, the net tax requirements by department, total expenditures, revenues and net tax requirements by group as well as detail on the 2021 capital budget requests. These exhibits provide the support for the recommendations as laid out in this report.

The budget data is summarized in a variety of ways, enabling Council members to review and assess the submissions comparatively. The document is sorted by group and is presented in accordance with the City's organizational structure, reflecting responsibilities by department and program. 2019 actuals and 2020 forecasted actuals have been included in the comparative data by group section to provide additional trend analysis. Within each group tab, the budget submission detail is summarized as follows:

January 26, 2021

Page 8 of 41

Comparative data by Group

- 2019 actual, 2020 projected actual, 2020 approved budget, 2021 recommended budget, variance (\$), 2022, 2023 and 2024 forecasts
  - By department
  - By account type (revenues and expenditures)
- Net taxation requirement by department

2021 Operating and Capital Budget Overview to provide further context to the budget estimates with information on departmental priorities and work plans

Comparative data by Department

- 2020 approved budget, 2021 recommended budget, variance (\$), 2022, 2023 and 2024 forecasts
  - By account type (revenues and expenditures)
  - By program
- Net taxation requirement by program

## 2021 Capital Summary

In addition, the following documents are included:

15 year (2021-2035) capital expenditure forecasts

Capital Works-In-Progress listing at November 30, 2020 (previously approved capital work)

Capital Reserve Fund schedules of continuity

City departments, along with supported agencies and boards, will present their respective budgets during Council deliberations beginning on January 26, 2021.

2020 Budget Reclassifications

Select 2020 approved budget numbers have been reclassified to conform to the current year presentation. Changes have been made for comparability purposes and reflect in-year budget amendments as well as operational and organizational changes that have been implemented during the past year or are effective for January 1, 2021. These adjustments allow the user to clearly identify and compare year over year variance information but do not affect the 2020 total municipal tax requirement (net operating budget).

The majority of the 2020 budget reclassifications relate to the restructuring of departmental activities and/or staff including:



January 26, 2021

Page 9 of 41

- The creation of the Business, Environment & Projects group which includes:
  - Major Projects Office
  - Business, Real Estate & Environment
  - Climate Leadership Division
  - Recreation & Leisure Services; and
  - Cultural Services
- Planning, Building and Licensing department divided into two separate departments: Planning Services and Building & Enforcement Services
- Housing and Social Services and the Airport supported by the Chief Administrative Officer
- Cultural marketing staff transferred from Cultural Services to Communications and Customer Experience to support broader corporate marketing opportunities
- Development and Corridor Services operations transferred from Engineering Services to Transportation Services
- Changes to support an allocated accommodation costing model as part of the new centralized facilities maintenance structure

### Budget Engagement

On July 7, 2020, Council endorsed the budget engagement plans as outlined in [Council Report Number 20-098](#). The plan outlined a multi-year phased approach to budget engagement. In alignment with the City's Public Engagement Framework and [Council Report Number 20-135](#) (Public Engagement for Projects, Policies and Initiatives during COVID-19), the first phase as outlined in this report, focused on information and outreach with some consultative elements.

The objective of the engagement was to provide residents with balanced and informed information to deepen their knowledge of the budgeting process and to obtain feedback on specific priorities and defined aspects of the City budget. Consultation elements were also designed to generate ideas to further improve services and performance.

A vital part of the engagement process is to provide a forum for reporting back on the feedback received. This report provides a summary of the feedback received through the various consultation tools and provides commentary on how input has been used to inform the budget development process. Exhibit C provides further detail on the results of the engagement process as well as a summary of the survey results and complete list of responses received to the survey's open-ended questions.

As expected, there was a broad scope of feedback on a variety of budget-related subjects and staff will continue to review and summarize into more manageable components as we start to

January 26, 2021

Page 10 of 41

plan the next phase of the budget engagement process. However, a number of key messages and themes clearly arose from the various engagement activities:

- There was a significant number of comments with respect to defunding Police and to a lesser extent, KEDCO and Tourism Kingston;
- There was a common theme with respect to reallocating funding to support housing, mental health and income support and to focus on services that would support low income and precariously employed people during the next two years;
- There were a number of comments related to managing spending, spending only on only on necessities, reducing discretionary expenditures and postponing lesser-priority projects until the economy starts to rebound;
- Service level comments included themes that suggested getting out of non-core services, considering what is essential vs what is “nice to have” and reducing services to reflect demand - but not losing sight of the vital nature of some services for the well-being of Kingston's more vulnerable citizens;
- There were pandemic-specific comments suggesting that operational modifications made in response to the pandemic should be evaluated for their effectiveness of implementation post-pandemic i.e. remote work, reduction in hours for customer service, continuing move to online services where possible; and
- There was some support to user fee increases but recurring concerns about raising fees for services that impact lower income residents.

#### Get Involved Kingston Project Page

With a focus on providing useful resources to support the engagement process, a 2021 budget project page was set up on the Get Involved Kingston platform and several communication tools were posted:

- An animated video explaining the City's budget in reference to household expenses
- An activity timeline to encourage continued participation
- 3 weekly poll questions to spark interest and gather simple yes/no opinions
- Subject matter contact information
- Quick links to:
  - Budgets and Financials webpage
  - Council's strategic priorities
  - Kingston's Strategic plan
  - COVID-19 response and recovery Council report
  - 2020 operating and capital budgets

January 26, 2021

Page 11 of 41

- FAQ's
- TV interview - City finances during COVID-19
- 2021 budget survey
- Two virtual open houses / presentation

### Respondent statistics

To ensure broad access, community members were invited to engage through a variety of channels, both on and offline (phone, email, in writing). While overall participation in the public engagement process was lower than desired, the feedback derived was insightful and informative.

- 2,365 visits to the Get Involved Kingston (GIK) project page
  - 219 new GIK registrants
  - 4,715 project page views from September 23rd to November 19th
- 186 poll takers
- 379 survey submissions
- 8 emails received
- 63 virtual open house attendees

### Poll Questions

To build awareness and a foundation for later questions we would pose to the community, the budget engagement launched with three poll questions. The questions provided the opportunity to gauge the public's understanding and overall interest in the budget process and related aspects.

The majority of respondents felt they were somewhat familiar with the City's operating and capital budgets and were most interested in learning more about the costs involved in running City services and programs. The more surprising response was the majority of respondents felt that they were not getting good value from their property taxes. While there were only 27 respondents in total to this question, the response does support a future engagement strategy that better illustrates the components of a property tax bill and the linkages to the services and programs that are provided.

Exhibit C provides further information on the poll questions and responses.

### Budget Engagement Survey

There were 379 survey participants to the survey which was made up of eight questions focusing on levels of service, service and program priorities, the balance of taxation and user

January 26, 2021

Page 12 of 41

fees and operational efficiencies. The survey included both closed and open-ended questions. Demographic information was collected to better understand relationships between the participants and their responses. The general feedback received from the survey is summarized below. Exhibit C provides a summary of the survey questions and responses including a complete list of responses received to the open-ended questions.

Most of the respondents reside in the central part of the city. The demographic information showed the age grouping and personal situation as illustrated in the table below.

Age Group	Homeowner	Tenant	Business Owner	Homeowner /Business Owner	Property Owner	Other (includes prefer not to say)	Total
18 or under	1	3				9	13
19-30	15	93	4	3		18	133
31-50	75	21	3	9	4	2	114
51-70	69	7		6	2	1	85
70 or older	19	5		2	1		27
Prefer not to say	2				1	4	7
<b>Total</b>	<b>181</b>	<b>129</b>	<b>7</b>	<b>20</b>	<b>8</b>	<b>34</b>	<b>379</b>

Survey Questions

**1. Do you feel informed about how municipal budgets are prepared and applied?**

This question was included to build on the poll questions and to gather further information on the level of understanding of the audience. Of the total respondents only 15% felt they were very or extremely informed about the preparation and application of the budgets. This information was used to develop and present material at the virtual open houses and provides a benchmark from which we can begin to provide more information to the public on budgets, taxation and other financial aspects.

**2. Which option should the City consider when developing the budget?**

This question illustrated the correlation between service levels and tax increases; 40% of respondents recommended keeping tax increases at an inflationary level which aligns with Council’s direction to increase property taxes by an inflationary level of 1.4% for 2021. 30% of respondents recommended increasing taxes to expand and enhance services. This provides useful information in planning for next year’s budget engagement and the opportunity to consult in more detail on areas where the community feels we should expand and enhance service levels.

**3. Thinking about the importance of the following services and programs to you and to the community, select three areas where you would like to see more tax dollars spent to increase the level of service.**

January 26, 2021

Page 13 of 41

Respondents overwhelmingly chose climate change, housing and income supports as the top three service areas where more tax dollars should be spent.

As Council priorities, both climate change and affordable housing initiatives have been incorporated into the 2021 operating and capital budgets and future year forecasts. The pandemic has also increased the focus on our vulnerable populations. In response, the following are included in the recommended 2021 budgets and future year projections:

- A recently developed Climate division has been created to focus on policy and program recommendations.
- Implementation of Home Energy Retrofit Program and other Climate Action recommendations are included in the 15-year capital plan.
- The 2020 capital plan included \$18.0M of investment over the term of Council to increase the number of affordable housing units.
- The recent dedicated Social Services Relief Funding is being used to invest in the immediate needs of our vulnerable populations, including housing initiatives.
- Income support is administered through the Ontario Works program and is funded primarily by the Province; process efficiency reviews resulted in reduced administration costs within the 2021 operating budget; the 2021 operating budget includes an increase of \$500K in Ontario Works allowances to cover potential increases in the number of social assistance recipients and/or increases in rates as per Provincial direction.
- Continued investment in energy retrofit initiatives is included in the 15-year capital plan for City facilities.

**4. Thinking about the importance of the following services and programs to you and to the community, select three areas where you would like to see fewer tax dollars spent and decrease the level of service.**

Based on recent events, it was not surprising that police services was the most selected service area for reducing the level of tax support. In addition to policing, tourism was also identified well above other service areas where fewer tax dollars should be spent and/or levels of service should be decreased. The third most selected service was economic development well below police and tourism and very close in range to cultural facilities and events in terms of number of selections.

While the timing of the 2021 budget engagement did not allow for longer term changes to service levels, the information will provide a starting point for future budget engagement exercises to identify how and to what extent service levels should be reduced in order to reduce the level of tax dollar investment.

In developing the 2021 budget estimates, the impacts of the pandemic have played a significant role in determining the level of investment for each of the top selected service areas. In addition,

January 26, 2021

Page 14 of 41

Council has invited the Kingston Chief of Police to provide a briefing on January 19, 2021, prior to City budget deliberations, to provide further information on how the police budget is constructed to deal with the concerns raised by BIPOC and Black Lives Matter and how those elements are related to other priorities included in the 2021 police budget. The 2021 police budget submission reflects a 3.6% increase.

**5. Which of the following strategies should the City focus on, as it continues to address the financial gap caused by COVID-19? Rank in order of priority, with 1 being most important.**

An average ranking was calculated based on all respondents’ selections. A low ranking indicates a more favoured strategy for addressing the financial gap caused by COVID-19.

<u>Options</u>	<u>Average Rank</u>
Use of municipal reserves (savings)	2.00
Defer projects and priorities	2.08
Temporarily reduce service levels	2.83
Increased user fees where applicable	3.09

All of these strategies were considered in development the 2021 operating and capital budgets.

**6. The following services are supported by user fees. Please identify whether you would support an increase in user fees if this meant a reduction in property taxes.**

Respondents had three options to select for four different service areas. These options included: undecided, support an increase, do not support an increase.

In order of greatest support for an increase in user fees, cultural programming fees has the most votes with 57% of the respondents supporting an increase; this was followed by recreation facility rentals and recreating programming fees with fewer votes for increased user fees; transit fares received the least support for an increase with only 21% of respondents supporting an increase in transit fares.

These results were considered in developing the 2021 fees and charges by-law schedule, particularly in relation to service level changes required as a result of the pandemic. COVID-related pricing was introduced for museums and the Grand Theatre; a number of recreation fees were held constant or reduced in 2021 and free access was provided to gym memberships, open pool swims and open public skating for those qualifying for the Municipal Fee Assistance Program. Transit fares are typically increased every three years. The last increase was in 2020 so there is no fare increase planned for 2021 and 2022.

**7. Do you have any suggestions on how the City of Kingston could reduce operational spending or find operational efficiencies?**

January 26, 2021

Page 15 of 41

Exhibit C provides a complete list of responses to this open-ended question. There were some general themes noted from the responses which have been summarized below with staff commentary on how the feedback has or will inform current or future budget estimates.

Theme: Staffing levels, skill sets, scheduling and compensation

Staff commentary: Feedback included comments with respect to staff compensation, levels of staff and staff development. The draft 2021 operating and capital budgets reflect a number of these suggestions:

- Non-union position pay increases were frozen at 2020 rates, with the cancellation of 2020 performance-based increases
- Temporary reductions in staffing levels required in response to the pandemic - hiring deferrals and reductions to part-time and overtime in transit, recreation and cultural services resulted in decreased compensation costs
- A number of position reductions and reallocation of work processes in order to prioritize efforts and to implement continuous improvement measures
- Continued budgeting for shared services with agencies including technology support, accounting, call centre and facilities management services
- Implementation of a work from home policy

Theme: Program and Service Changes:

Staff commentary: Feedback included comments with respect to service levels, funding priorities and efficiencies in service delivery. The pandemic has changed how the City delivers services and the 2021 budget has been prepared assuming that current capacity restrictions and reduced service level demands will remain in place throughout 2021. The draft 2021 operating budgets reflect a number of the suggestions received:

- Temporary closure of facilities
- Increased community supports to vulnerable populations
- Increased cleaning, personal protective equipment and screening
- Reduction in service levels (cultural and recreational programming, transit)

Theme: Spending Reductions

Staff commentary: Feedback included comments with respect to limiting discretionary spending, deferring projects, asset rationalization and community partnerships. The 2021 operating budget has been unique in addressing the ongoing impacts of the pandemic and the significant loss in user fee revenues. Staff have diligently reviewed discretionary spending, particularly in light of the continuing pandemic restrictions. Expenditures such as travel, education and training, meetings, printing, supplies and utilities were reviewed, and expenditures reduced accordingly. As a result, all three primary cost categories in the 2021 operating budget (salaries and benefits, materials, supplies and fees and contracted services) show reduced budgets over the prior year.

January 26, 2021

Page 16 of 41

Theme: New Revenue Opportunities

Staff commentary: Feedback included ideas for potential new revenues. While the 2021 operating budget reflected significant reductions in existing user fee revenues as a result of capacity restrictions and service demands, the budget also includes new revenues for administrative monetary penalties and road closures.

Theme: Budget Planning and Policy Review

Staff commentary: Feedback included comments with respect to stakeholder engagement, internal communication, revenue and funding policies. These comments will inform both the scope of future budget engagement processes and the focus for a more targeted consultation and review of these items.

**8. Please share any additional comments you might have about the 2021 and future operating or capital budgets, including any further comment on service and program levels.**

Exhibit C provides a complete list of responses received to this open-ended question. While there was some duplication to the responses in question #7, there was additional feedback including comments on how to support the local economy and its recovery, ideas for enhancing the budget development and engagement process and comments on fiscal planning and strategy which will help determine the scope and focus of future budget engagement.

Virtual Open Houses

Virtual open houses were held on November 10<sup>th</sup> and November 12<sup>th</sup> with a total of 63 attendees for both sessions combined. The primary objective of the open houses was to inform citizens and increase awareness of about the City's operating and capital budget processes and the linkages to fiscal policies and property taxation. A presentation was made by the Chief Financial Officer & City Treasurer and the Deputy Treasurer that covered the following topics:



January 26, 2021

Page 17 of 41

**Open Budget Process**

Phased approach; Current engagement plan

**Guiding principles and constraints**

Council strategic priorities and corporate strategic plan

Council fiscal direction

Tax rate increases, infrastructure investment, debt limits

Master plans and service levels

Fiscal legislative requirements

Asset management planning

**Budget Process**

Operating budgets - multi-year framework

Operating revenues and expenditures

Total tax requirement

Capital plans – multi-year framework

Capital funding models, reserve funds, long term debt

**Covid-19 impacts****Next Steps**

The presentation was followed with a question and answer period.

**Next steps – phased in approach**

Future budget engagement processes will be developed based on feedback received from this engagement process. Many comments require further consultation and review and will have an impact on future budgets. Feedback will also help to inform the scope of future budget engagement exercises with a continued focus on the following elements:

- Strategic priorities and investment - understanding the level of support for Council's priorities and the level of desired investment in moving those priorities forward;
- Service levels - closely aligning services to citizens' preferences - adjusting existing service levels and adding new services in the context of limited resources and effective service delivery;
- Performance – generating ideas to further improve services and performance – creative ideas and solutions for revenue generation, cost savings and efficiencies.

January 26, 2021

Page 18 of 41

- Project specific – understanding the linkage between preferences and investment and how to allocate fixed resources.

The next phase of budget engagement, in preparation for the 2022 budget process, will commence shortly after the approval of the 2021 budget. Finding new and creative ways to reach the diverse cross section of residents will be a focus of the second phase. Future phases will also expand on the level of engagement allowing for increased and more targeted consultation and feedback.

### **Budget Summary**

The recommended 2021 operating budget, as summarized in Exhibit A, reflects a total budget of \$393.8M offset by non-taxation revenues of \$136.8M and payments in lieu of taxation (PILs) of \$16.4M leaving a net property tax requirement of \$240.6M. Projected net assessment growth of 1.1% contributes \$2.5M, supplementary taxes contribute \$3.9M and the remaining \$234.2M represents a tax rate increase of 1.4% plus 1% for capital levy over 2020 levels.

Assessment growth is estimated based on a detailed analysis of properties in various stages of development. Estimated growth and supplementary tax projections are supported using specific property information originating from building permit information. Staff works closely with MPAC to maximize the assessment being added to the final assessment roll for taxation purposes. In 2020, staff from Financial Services and Building and Enforcement worked with MPAC to implement an electronic sharing of building information in order to ensure that properties continued to be assessed on a timely basis during the pandemic. Kingston was a front-runner in implementing this electronic process which will continue to be an effective tool post-pandemic. Strong growth projections in 2021 are illustrative of the efforts that have been made to create and foster economic development and assessment growth opportunities; the increased level of supplementary taxes in 2021 are a reflection of the increased number of building permits issued and related construction activity the City experienced in 2020.

Agencies and boards make up approximately 28% of the overall municipal operating budget net tax requirement. Agency budget requests have been included in the budget document. The recommended budget for each external agency represents budget estimates that have been approved by the respective Board.

On August 11, 2020, Council approved a motion directing the City Treasurer, beginning with the 2021 budget, to remove annual budget requests relating to services managed by the County of Frontenac from the municipal budget estimates. The 2020 budget comparatives for taxation revenues and transfers to agencies and boards have both been restated to remove a total budget of \$11.1M related to Land Ambulance Services and Fairmount Home for the Aged. Beginning in 2021, the City's share of these services will be funded as a separate component on the City's property tax billing, based on an annual requisition received from the County.

A capital budget in the amount of \$62.2M for the City services (excluding those managed by Utilities Kingston) is also being presented to establish the 2021 capital budget estimates and to confirm financing to support the expenditures.

January 26, 2021

Page 19 of 41

The 2021 capital budget is summarized in Exhibit B. The total budget of \$62.2M reflects funding from municipal reserve funds of \$37.7M and funding from grants and other contributions of \$24.5M.

### Operating Budget - Analysis

The 2021 recommended general municipal operating budget is summarized by revenue and expenditure type in Table 1 below:

**Table 1 - 2021 Operating Budget (Revenue and Expenditure) Summary**

	2020 Budget \$M	2021 Budget \$M	Variance \$M	Variance %
<b>Revenues</b>				
Taxation Revenue	231.0	240.6	9.6	4.2%
PIL Revenue	17.1	16.4	(0.7)	(4.0%)
Fees and Charges	57.5	45.9	(11.5)	(20.0%)
Provincial Grants and Subsidies	66.9	74.3	7.5	11.2%
Federal Grants and Subsidies	10.5	10.5	(0.1)	(1.3%)
Recoveries - Other Municipalities	3.1	2.9	(0.3)	(9.5%)
Transfers from Reserves and Reserve Funds	4.4	3.2	(1.2)	(27.6%)
<b>Total</b>	<b>390.4</b>	<b>393.8</b>	<b>3.3</b>	<b>0.8%</b>
<b>Expenditures</b>				
Salaries, Wages and Benefits	130.1	129.1	(0.9)	(0.7%)
Materials, Supplies & Fees	36.6	35.6	(1.0)	(2.6%)
Contracted Services	20.3	20.0	(0.3)	(1.6%)
Grants and Transfers to Others	65.4	67.1	1.8	2.7%
Internal Allocations and Tax Adjustments	1.5	1.4	(0.2)	(12.9%)
Transfers to Reserve Funds	70.9	73.6	2.7	3.8%
Transfers to Agencies and Boards - operating	60.1	61.2	1.2	1.9%
Transfers to Agencies and Boards - reserves	5.6	5.8	0.2	3.0%
<b>Total</b>	<b>390.4</b>	<b>393.8</b>	<b>3.3</b>	<b>0.8%</b>

January 26, 2021

Page 20 of 41

2021 Budgeted Revenues

2021 budgeted revenues are increasing by a total of \$3.3M from \$390.4M to \$393.8M representing a 0.8% increase over the 2020 budget estimates. Highlights within revenue categories are provided below.

- Taxation revenues

Tax revenues are increasing by a total of \$9.6M, representing \$2.5M in new assessment growth, an increase in supplementary taxes of \$1.7M and additional tax revenues of \$5.4M, representing a targeted tax rate increase of 1.4%, plus 1% for capital purposes.

The comparative amount shown below for 2020 budgeted taxation revenues has been adjusted by \$11.1M to remove the 2020 County of Frontenac budget request for Land Ambulance and Fairmount Home for the Aged. This adjustment reflects a motion passed by Council on August 11, 2020 directing the City Treasurer, beginning with the 2021 budget, to no longer include annual budget requests for the shared services provided by the County in the City’s annual budget and related property tax requirement for the City of Kingston. Beginning in 2021, the City’s share of these services will be funded as a separate component on the City’s property tax billing, based on an annual requisition received from the County.

2020 Taxation Revenue (before adjustment)	\$	239.9M
Remove County levy		<u>(11.1M)</u>
2020 Adjusted Taxation Revenue	\$	228.8M

The table below illustrates the components of taxation revenue:

	2020 Budget	2021 Budget	Variance	Increase
	<u>(\$M)</u>	<u>(\$M)</u>	<u>(\$M)</u>	<u>%</u>
Adjusted Taxation Revenue				
- Operating increase	\$ 228.8	\$ 234.2	\$ 3.1	1.4%
- Capital Levy			2.3	1.0%
Assessment Growth	-	2.5	2.5	1.1%
Supplementary Taxation	<u>2.2</u>	<u>3.9</u>	<u>1.7</u>	<u>0.7%</u>
	\$ 231.0	\$ 240.6	\$ 9.6	4.2%

Details on non-tax revenue impacts in the budget are as follows:

- Payments in lieu (PIL) revenue

January 26, 2021

Page 21 of 41

A separate component of taxation revenues comes from properties owned by other levels of government in the form of payments in lieu of taxation (PIL), a large proportion of which (\$9.8M) relates to PILs for the federal properties in Kingston. Post-secondary student population and hospital bed funding is also included in this category at a rate of \$75 per head and bed, unchanged since 1987.

Total PIL revenues are projected to decrease by \$679K. Federal PIL revenues in this category have decreased by approximately \$1.0M due primarily to reductions in the provincial business education tax (BET) rates. The BET rate has been reduced to a consistent rate across the province in efforts to support business recovery post-pandemic and to increase business competitiveness. To ensure municipalities were not negatively impacted by the BET reductions, the Province confirmed that they would maintain BET rates at the 2020 BET rate for properties where the municipality was permitted to retain the education taxes. However, concerns remain that the Province does not have legislative jurisdiction over the federal *Payments in Lieu of Taxes Act* and based on subsequent discussions with federal representatives, staff have determined that there remains significant risk that the federal PIL revenues will be affected by the BET rate reduction. As a result, an adjustment has been made to the 2021 budget to reduce federal PIL revenues by \$1.2M. This adjustment has also been reflected in the forecasted years. Offsetting increases in total PIL revenues include approximately \$300K related to the added assessment for the new construction of the Cataraqui Bay wastewater treatment facility.

- Fees and charges revenue

Fees and charges, estimated at \$45.9M, represent approximately 12% of total revenues and are decreasing 20% or a reduction of \$11.5M over the 2020 budget. Typically, fees and charges represent 15% of the gross revenues collected; however, fees and charges revenues have been significantly impacted by the pandemic.

As per the Fees and Charges By-Law, user fees are adjusted annually by inflation plus 1% for capital purposes; however, where feasible, specific fees may be adjusted by a different amount to reflect changes required to maintain appropriate levels of cost recovery or to encourage other service changes. In order to set the fees and charges for the 2021 fiscal year, an annual amendment to the Fees and Charges By-Law was presented to Council for approval at the December 15, 2020 meeting. The council report provided detail and explanation on fee changes that were other than an annual inflation adjustment including pandemic related adjustments to culture and recreation fees and expanding the use of free access for those qualifying for the Municipal Fee Assistance Program. The recommended budgets incorporate these updated amounts.

Specific revenues are detailed below providing further information on year-to-year budget changes to this category.

- Transit rates have remained the same in accordance with the Kingston Transit Business Plan as outlined in [Council Report Number 16-304](#), however, transit revenues have been budgeted at 45% of normal levels, a reduction of \$4.0M over 2020 budget estimates. This decrease is reflective of the current reduction in

January 26, 2021

Page 22 of 41

ridership and projected post-pandemic service levels. A transition back to 2020 ridership levels is projected over the following three years.

- Recreation and cultural revenues have been budgeted at 51% of normal levels, a reduction of \$5.7M over the 2020 budgeted amounts. Pandemic-related restrictions and reduced service levels has resulted in a decline in budgeted revenues for arena ice rentals (\$1.5M), recreational programming and memberships (\$1.0M), Leon's Centre programming (\$550K) and Grand Theatre programming and rentals (\$2.0M).
  - Parking revenue budgets are down by \$383K over 2020 budgeted amounts. Most rates remained flat which is consistent with the recommendations approved in [EITP Report Number 16-017](#) which recommended a pricing framework that incorporates future rate increases every five years, starting in 2024. Lower revenue projections reflect the reduced demand for parking permits as a result of employees working from home and limited shopping and event capacity.
  - Airport revenues are decreasing 48% or \$873K over 2020 budget estimates. Travel restrictions and reduced activity is anticipated to continue throughout 2021. New carriers are expected to transition in 2021 with a full cost recovery position budgeted by 2022.
  - The new administrative monetary penalties are expecting to generate \$240K in revenues for 2021. This offsets raffle and bingo and other licensing revenues which are expected to be down by \$198K over 2020 budgeted amounts.
  - Investment revenues are expected to be down by 35% or \$550K over 2020 budgeted amounts based on recent market activity.
- Federal, provincial, municipal grants and subsidies

Total 2021 budgets for government grants and subsidies are estimated at \$87.7M, an increase of \$7M over 2020 budget estimates, due primarily to temporary increases in federal-provincial pandemic related funding.

Provincial funding is increasing by \$7.5M or 11.2% over 2020 budgets, including approximately \$7.0M of pandemic-related funding.

- Safe Restart Funding - Municipal Operating Stream  
The City previously received \$7.2M, representing Phase 1, and \$5.4M, representing Phase 2 of the Safe Restart Funding - Municipal Operating Stream, to address pandemic-related municipal operating pressures for the 2020 fiscal year in order ensure municipalities entered into 2021 without a 2020 operating deficit. While the majority of the Municipal Operating Stream had to be used to address pandemic-related municipal operating pressures in the 2020 fiscal year, the Province provided additional financial relief to help support 2021 municipal operating budgets. The City received an additional allocation of \$1.45M for 2021 which has been included in the

January 26, 2021

Page 23 of 41

provincial funding category and used to help offset reduced revenues anticipated as a result of the pandemic.

- Safe Restart Funding - Transit Stream and Provincial Gas Tax Funding  
The City previously received \$5.3M, representing Phase 1 of the Safe Restart Funding – Transit Stream, to address pandemic-related municipal transit operating pressures between April 1 and September 30, 2020. In November 2020, the City made a submission related to a potential Phase 2 funding envelope and received notice that we have received an allocation of up to \$10.6M to support additional transit pressures between October 1, 2020 to March 31, 2021. Staff have reviewed current funding parameters and eligibility requirements in order to maximize the use of these funds between the 2020 and 2021 fiscal year operations. As a result, the 2021 budget estimates include \$1.8M of Safe Restart Funding and an additional \$1.8M of Provincial Gas Tax Funding. Annual Provincial Gas Tax Funding allocations have also been reduced by \$600K in 2021, to reflect the impacts of reduced ridership, transitioning back to normal budgeted levels by 2024.
- Social Services Relief Funding  
In 2020, the City received confirmation of three phases of Social Services Relief Funding totaling \$4.6M. The 2021 budget estimates include unspent funds of \$2.1M that will be used to maintain critical services, protect people in shelters, expand housing options, and support outbreak management planning.
- Long Term Care COVID related subsidies  
The 2021 budget includes provincial subsidies of \$425K to support pandemic-related costs such as screening and enhanced cleaning processes.

The provincial funding component also includes regular operating funding for Ontario Works, housing and childcare as well as funding for long term care and solid waste funding from Waste Diversion Ontario funding. The 2021 budget projections include an increase of \$500K in Ontario Works allowances funding to cover potential increases in the number of social assistance recipients and/or increases in rates as per Provincial direction.

Federal government funding is projected to decrease by \$35K compared to 2020 levels. Federal funding with respect to housing services continues to decrease each year as part of the previously announced step-down funding schedule. 2021 budgets include reductions of approximately \$398K. Staff continues to review strategies to manage this step-down funding over the longer term. The loss in this funding is offset by an additional \$341K in Federal Gas Tax funding as per the municipal funding agreement.

Recoveries from other municipalities reflect costs recovered for solid waste, transit and social services programs that are provided to neighbouring municipalities on a cost recovery basis. Budgeted revenues reflect a reduction of \$149K in Ontario Works administration recoveries due to a reduction in service delivery costs and \$72K in local housing corporation and non-profit housing provider recoveries from the County of Frontenac.

January 26, 2021

Page 24 of 41

- Transfers from Reserves and Reserve Funds

A total of \$3.2M has been budgeted to be transferred to operations from reserves and reserve funds. The establishment and maintenance of reserves is key to sound financial planning and helps to manage revenue and expenditure fluctuations in the operating budget.

Approximately \$847K is projected to be drawn from the Working Fund Reserve in 2021, an operating reserve that is established to address contingent matters, unusual fluctuations in programs and one-time expenditures. By policy, operating surpluses are transferred to the Working Fund Reserve. Annual deficits, should they arise, would be funded from this source. There is a projected balance remaining in the Working Fund Reserve at the end of 2021 of \$7.3M.

Other transfers to operations are projected in 2021 to fund specific operational costs, including \$800K transferred from the Municipal Capital Reserve Fund to fund capital related salaries and costs, \$300K for Housing and Social Services programs, \$116K for Brownfield related costs, \$350K to offset Fire WSIB and sick leave related costs and \$207K from Development Charges for library books and firefighter equipment.

#### 2021 Budgeted Expenditures

Total expenditures proposed in the 2021 budget are increasing by \$3.3M from \$390.4M to \$393.8M representing a .8% increase over the 2020 budget estimates. Highlights within expenditure categories are provided below.

- Salaries, Wages and Benefits

Compensation costs, estimated at \$129.1M, have decreased by \$944K or 0.9% less than the 2020 budget. Base salary rates have been incorporated into 2021 budget estimates in accordance with expected settlements of collective and compensation agreements as well as expected increases to the employer portion of benefits. 2021 budgets also reflect the freezing of all non-union salaries with the cancellation of 2020 performance-based increases and the freezing of 2021 Council remuneration, in order to address the financial impacts of the pandemic.

To accommodate pandemic-related service level reductions, the 2021 budget includes staffing reductions primarily for transit, recreation and cultural services. Hiring deferrals and reductions to part-time and overtime resulted in decreased compensation costs. This was offset by additional costs required to address other pandemic-related requirements.

- Reduced services levels for Transit from 2020 budget and deferral of phase 4 of the transit business plan, offset by additional resource requirements to enhance bus cleaning processes resulted in net compensation savings of approximately \$1.1M;
- Reduced recreation programming and events resulted in compensation savings of approximately \$1.1M;



January 26, 2021

Page 25 of 41

- Reduced cultural services programming and events resulted in compensation savings of approximately \$950K;
- Increased screening and enhanced cleaning processes at Rideaucrest of \$246K offset by additional pandemic-related grant funding;
- Increased temporary enforcement resources of \$500K offset by a working fund reserve contribution.
  
- Reduced staffing levels in Housing and Social Services resulted in savings of \$750K as a result of the administrative efficiency changes implemented in 2019; these changes are necessary to support ongoing reductions in provincial funding for administration.
  
- Increases of \$400K have been incorporated in the 2021 projections to address retiree benefits and WSIB administrative costs that have been growing over time.

Approximately \$131K represents net reductions in the staffing complement that is supported in the operating budget. Where possible, new positions have been offset by other position reductions or reallocation of work processes and other continuous improvement measures. Resources have been directed and/or redirected to the priority areas noted below.

- Resources required to manage increased capital projects as a result of recent grant funding allocations including monies from the Investing in Canada Infrastructure Program and the Disaster Mitigation and Adaptation Fund (funded from capital);
- New garbage and recycling route to address growth requirements;
- Increased support to active transportation Council priority initiatives
- New urban forest coordinator to address increased work activities;
- Increased support to planning and development activities including increased volume of applications and permits as reported in the Mayor's Task Force on Housing implementation plan;

Where staff time is directly attributable to capital works, these costs are allocated from the operating budget to appropriate capital projects. Approximately \$10.6M of salary and benefit costs are projected to be allocated to capital in 2021, representing approximately 8% of total salaries and benefits, which is considered reasonable based on the proportionate level of staff effort spent on capital versus operating activities. These amounts are charged to capital projects primarily within capital intensive areas such as Transportation, Engineering, Facilities, Recreation (Facilities and Parks), Information Systems and Technology and the Major Projects Office.

- **Materials, Supplies & Fees**

This expense category, estimated at \$35.6M, has decreased by \$956K or 2.6% less than 2020 budget estimates. The cost category includes utilities, gasoline and diesel fuel, fleet parts and

January 26, 2021

Page 26 of 41

tires, salt, insurance premiums and claims, assessment fees, audit fees, telecommunications and municipal taxes. While inflationary increases are relevant for some expenditures in this category, efforts have been made to manage expenditures in this cost category and to absorb inflation where possible. Other discretionary spending has been reduced, including pandemic related cost savings such as travel, however these savings have been offset by additional costs for cleaning supplies and personal protective equipment.

Specific costs are detailed below providing further information on year-to-year budget changes in this expenditure category.

- Utility costs are projected at \$6.0M for 2021, a reduction of \$358K or 5.6% over 2020 budget estimates. Projected utility rate increases have been incorporated into the 2021 budgets; however, utility budgets have been right sized as part of the implementation of a new centralized facilities maintenance model. Savings of \$102K are projected for the temporary closure of the Centre 70 and Memorial Centre. Other electricity savings are also being realized as a result of the energy retrofit works completed in 2020 at numerous facilities.
- Gasoline and diesel fuels are projected at \$5.4M for 2021, a reduction from 2020 budget estimates by \$268K. In 2020, fuel cost savings are expected to be approximately \$2.0M as a result of both reduced service levels in Transit and lower than budgeted fuel prices. While transit service levels were significantly reduced early in 2020 in response to the pandemic, 2021 fuel volumes have been budgeted in line with Fall 2020 service levels which reflected volumes that were transitioning back to more average levels. Fuel prices are budgeted lower than 2020 budget, however, some budget flexibility has been maintained to provide for changes in service levels and risk of volatility in prices in 2021.
- Increase in insurance premiums and claim costs by 11% or \$413K based on an overall increase to cost of insurance in the public sector.
- Decrease in direct service costs of approximately \$650K as a result of reduced service and transaction levels in recreation and culture, including lease and rental costs, fees and permits, service charges and advertising.

- Contracted Services

This category includes service contracts for winter control, garbage disposal, recycling collection and processing, as well as service contracts for facility maintenance and technology support and contracts with Utilities Kingston to manage the City's street and traffic lights. These costs are projected at \$20.0M for 2021, a decrease of \$332K or 1.6% less than 2020 budget estimates. The majority of the decrease can be explained by the following changes:

- Reduced recreational programming and events resulted in a reduction to supporting contracted services for program instructors and special events of \$525K;
- Artist fees for cultural performances decreased by \$540K as a result of reduced events;

January 26, 2021

Page 27 of 41

- Contracted services with respect to facilities maintenance have been right sized as part of the implementation of a new centralized maintenance model and are projected to increase by \$200K over 2020; transition to the new model included a detailed review of facility maintenance and service standard requirements to address building and related systems issues;
  - Contractual increases of \$580K for the collection of recycling for Kingston East and West, as approved by Council in January 2020.
- Grants and Transfers to Others

Grants and Transfers to Others are estimated at \$67.1M for 2021, an increase of approximately \$1.8M or 2.7% more than 2020 budget estimates. This expenditure category represents primarily transfers for Ontario Works, housing and childcare programs and are proportionate to grants received for these programs as discussed in the grant revenue section above. The category includes a one-time expenditure of \$2.1M to expend the remaining Social Services Relief funding received to support vulnerable populations during the pandemic. Increases in Ontario Works allowances of \$500K reflect a 2% increase to cover potential increases in the number of social assistance recipients and/or increases in rates as per Provincial direction.

There is a reduction in the budgeted transfers to housing providers of approximately \$500K due to expiring mortgages, changes in benchmark indices per the Housing Services Act and other pandemic related assumptions such as 0% rent increases and RGI tenants receiving Canada Emergency Response Benefits. There is also a reduction in rent supplement payments of approximately \$360K due to projected lower than average rent supplement costs, expiring rent supplements being transitioned to the Canada Ontario Housing Benefits and a provincially mandated freeze on residential rent increases in 2021.

As Housing Service Manager, the City is mandated to budget operating funding for social housing providers based on a benchmark formula established by the Housing Services Act. In the past, the operating funding has been higher than the actuals resulting in an annual surplus, a portion of which is returned to the City the following year. Due to the uncertainty of actuals, this surplus has not been budgeted in prior years however, beginning in 2021, the operating budget includes a projected amount for the return of annual housing provider surpluses, as an offset to the budgeted transfers to providers, based on past averages. Due to COVID uncertainties, the 2021 budget includes a more conservative revenue estimate of \$245K which increases to \$545K in the future year projections. A portion of this surplus is transferred to the Social Housing Capital Reserve Fund.

- Transfers to Reserve Funds

Annual transfers to reserve funds are an important tool in addressing long term funding strategies for asset management and equipment replacement purposes. Estimated at \$73.6M, this category reflects a net increase over 2020 of \$2.7M.

January 26, 2021

Page 28 of 41

The majority of the increase in transfers relates to annual investments required to support future capital funding requirements, totalling \$3.5M, which includes a \$3.1M capital investment related to the 1% incremental tax levy policy. An additional \$341K in Federal Gas Tax funding for 2021, as per the municipal funding agreement, was redirected to the reserve funds for capital purposes and approximately \$250K less was contributed to the development charges reserve fund as a result of the timing of development exemption repayments.

The 2021 budget does not include the annual transfer to the Leon's Centre reserve fund of \$550K which is normally funded from the contribution from operating revenue. Due to the ongoing closure of the facility during the pandemic, a transfer from the Municipal Capital Reserve Fund will be made in 2021 to replace the operating contribution, which is used to fund a portion of the annual debt charges related to the facility.

In 2020, \$400K was transferred to the Working Fund Reserve to address the uncertainty of future year provincial funding reductions. These funds were raised as part of the 2019 tax rate strategies to utilize a portion of the education tax room. A similar amount was raised as part of the 2020 tax rate strategies. While a cumulative transfer was considered for inclusion in the 2021 transfers to reserve funds, these monies have been redirected to help offset the loss in PIL revenues resulting from the reduction in the provincial business education tax rates as discussed above.

- Transfers to Agencies and Boards

Transfers to agencies and boards, including transfers to reserve funds for capital purposes, are projected at \$66.9M, a consolidated budget increase of 1.9%. Budget estimates are based on actual budget requests received as approved by the respective boards. As discussed above, budget requirements for the County of Frontenac Land Ambulance and Fairmount Home services will be levied separately on the City's property tax billing and will no longer be included as a transfer in the City's municipal operating budget.

The budget material includes final budget submissions as approved by respective boards for the following agencies:

- Cataraqui Region Conservation Authority (3.2% increase requested)
- KFL&A Public Health (2.0% increase requested)
- Kingston Access Services (0.5% increase requested)
- Kingston Frontenac Public Library Board (2.7% increase requested)
- Kingston Police Services Board (3.6% increase requested)
- Tourism Kingston (3.7% increase requested)
- Downtown Kingston! Business Improvement Area - separate levy (0% increase)
- Kingston Economic Development Corporation (0% increase requested)

January 26, 2021

Page 29 of 41

Future year projections for agencies have been included based on submissions received or in the range of inflation, based on consultation with the entities.

2021 is the final year of the five-year commitment to the University Hospitals Kingston Foundation and an annual amount of \$1.05M has been included in this cost category. In 2016 Council approved a \$1.3M annual commitment to be flowed to the University Hospital's campaign beginning in 2017 for 5 years. However, the total obligation with respect to the development related charges rebate component of the previous campaign commitment was less than originally anticipated leaving a balance of approximately \$1.2M of funding remaining that will be used to fund the new commitment over the next 5 years. As a result, the total commitment of \$6.5M over 5 years has been achieved with a reduced annual levy of \$1.05M.

In addition to the reserve fund transfers described above, additional transfers of \$5.8M are budgeted for contribution to capital reserve funds on behalf of specific agencies and boards where the City maintains and manages capital reserve funds on their behalf: Kingston Police Services, Kingston Frontenac Public Library and Kingston Access Services.

### **Capital Plans**

The 2021 capital budget and 15-year capital plans are being presented to Council at this time. A total recommended budget of \$62.2M reflects funding from municipal reserve funds of \$37.7M and funding from grants and other contributions of \$24.5M.

Capital plans include project estimates for a variety of capital work spanning the scope of municipal operations. They reflect routine asset management costs incurred annually to maintain and rehabilitate existing assets, growth related capital costs as determined by the Development Charges Background Study and strategic capital priorities as set by Council.

Capital plans and 15-year funding models have been updated as part of the annual budget review. Project timing has been reviewed and adjusted where necessary in order to manage within financial parameters that have been approved as part of the City's long-range planning as well as resource capacity considerations. Consideration has been given to projects and envelope funding currently in works-in-progress, ultimately reducing the 2021 routine asset management budget requests. During the 2020 budget process three-year capital plans were approved for infrastructure projects within Engineering and Transportation Services and are included in the works-in-progress document. Utilities Kingston also received approval for four-year municipal utility capital budgets in 2019, however is recommending some additional capital investment as part of their 2021 municipal utility budget recommendations.

The 2021 capital budget summary is provided separately as Exhibit B. It is intended to give Council a complete summary of the capital expenditure detail and related financing being recommended to Council for approval.

In addition to the annual asset management/life cycle funding envelopes, the 2021 recommended capital budget includes investment in a number of other specific projects, many directly supporting Council's Strategic Priorities:

January 26, 2021

Page 30 of 41

- Transit farebox system replacements - \$1.3M and bus stops and shelter installations - \$1.4M, supported by ICIP funding
- Transit driver protection funded by Transit Safe Restart funding - \$750K
- Turtle fencing - \$525K
- Kingston Home Energy Retrofit Program funding - \$18.3M of grant and loan programs with 80% FCM funding support
- Design of new Creekford Road campus - \$500K
- New roof at the Seniors Centre - \$600K
- Energy and asset management plans and retrofits - \$1.0M
- Solar installation at Kingston East Community Centre - \$600K
- Additional renovations at 113 Lower Union upon successful award of grant - \$1.0M
- Rideaucrest common area infection control renovations - \$2.0M
- Rideaucrest new elevators (2) - \$600K – funded by ICIP COVID-19 Resilience Infrastructure funding
- Restoration and repairs to City Hall steps, market street bridge, mechanical and fire systems - \$2.9M
- Investment in affordable housing initiatives supported by grant funding - \$1.5M
- Expand existing and implement new Information System Technology capabilities - \$2M

The 15-year capital horizon incorporates a number of strategic projects detailed below. These projects represent placeholders and have been identified as part of previous capital and strategic planning exercises, approved master plans and long-term asset management plans. Federal and provincial grant opportunities also influence future capital projects priorities.

- Transit – new bus purchases (2023) in support of Transit Business Plan expansion future phases
- Expansion of Transit facility - 1181 John Counter Boulevard (2022)
- New parking supply - need will continue to be assessed in light of increased active transportation and demand changes due to remote work. (2027, 2032)
- New parks development (as recommended in the 2019 Development Charges Study)

January 26, 2021

Page 31 of 41

- Shoreline remediation projects with Disaster Mitigation Funding (over a 7-year horizon)
- Waterfront Master Plan (recommended over a 30-year horizon) - including major park and shoreline remediation projects – Portsmouth Olympic Harbour, Douglas R. Fluhrer Park, Macdonald Memorial Park, Belle Park phase 2 and 3, and Confederation Park
- Active Transportation Implementation Plan (recommended over a 20+ year horizon)
- Energy and asset management plans and retrofits (2021-2026)
- Memorial Centre and Centre 70 (2022-2024)
- Employment Lands Expansion – servicing of new business park lands (2022 – 2026, 2029)
- Future expansion of the Creekford Road municipal site (2023)
- Salt dome construction (2023)
- New fire stations rehabilitation/relocation #5 and #10 (2024, 2027)
- Library – Pittsburgh Branch Expansion (2024) and Isabel Turner Renovations (2023)

### Capital Funding

Capital expenditures are financed primarily through the City's capital reserve funds, using a pay-as-you-go method whereby funds are withdrawn from the reserve funds to pay for the capital costs or through the issuance of debt whereby funds are borrowed to pay for the capital costs and the capital reserve funds are utilized to pay related debt servicing costs. The continuation of the 1% annual increase for capital infrastructure purposes, as endorsed by Council as part of the strategic planning process, is currently incorporated in the capital funding models for the next five years. This increasing level of contribution continues to move the City closer to a sustainable level of annual capital investment that is necessary to properly maintain and replace the City's capital assets and to reduce the City's reliance on debt.

Staff are in the process of developing and implementing asset planning strategies and aligning asset management plans with provincial legislation. The first requirement was the development of an asset management policy, which was finalized and approved by Council in 2019. The next requirement is to develop a plan for core infrastructure assets by July 1, 2021. All other assets will be incorporated into the plan by July 1, 2023. These efforts will provide better data to inform the sustainable level of capital investment required and will assist in identifying opportunities for reducing or eliminating the incremental component of the annual capital levy in the future.

The City's financial capacity and financing models reflect the capital and financing requirements for capital asset replacement and reinvestment strategies as well as new capital asset investments as provided for in the 15-year capital plans. These plans are impacted by changing

January 26, 2021

Page 32 of 41

priorities, which can require staff to reprioritize projects and scheduling in order to address related financial and resource capacity. Careful consideration was also given to existing works-in-progress balances and the capacity required to complete those projects.

In updating the 15-year capital plans, detailed efforts were made to carefully review financial and resource capacity and prioritize projects accordingly and to ensure adequate flexibility to incorporate Council's priorities and to respond to grant funding opportunities.

The City continues to monitor and apply for grant opportunities as they arise. In March 2019, through the Investing in Canada Infrastructure Program (ICIP) the City was allocated \$43M in federal funding and \$35M in provincial funding to invest in the replacement and expansion of public transit and associated active transportation infrastructure. The City also received funding in the amount of \$20.2M from the Disaster Mitigation and Adaptation Fund (\$9.8M for shoreline protection and \$10.4M for combined sewer separation and storm water management infrastructure). Projects eligible for funding under these programs have been incorporated into capital plans over the next six years. The City was recently allocated \$2.3M under the COVID-19 Resilience Infrastructure Stream and has submitted eligible projects for approval. These projects are included in current works-in-progress or have been incorporated into the 2021 capital plans.

#### Debt Models

The table below provides further information on the total long-term debt issued and outstanding (\$383M) as well as the total long-term debt approved by Council but not yet issued (\$137M).

	Total debt outstanding	Total debt approved not yet issued	Total
Balance December 31, 2019	\$ 345M	\$ 190M	\$ 535M
Debt issued ( <a href="#">Council Report 20-211</a> )	53M	(53M)	-
2020 Principal repayments	(15M)		(15M)
Projected balance December 31, 2020	\$ 383M	\$ 137M	\$ 520M
Balance of debt approved not yet issued:			
New debt application		\$ 57M	
Cataraqui Bay Wastewater Plan		78M	
Other debt adjustments		2M	
		\$ 137M	



January 26, 2021

Page 33 of 41

Council approved a debt application with Ontario Infrastructure and Lands Corporation in the amount of \$57M in October 2020. This application along with \$78M of funding advances related to an existing application for the Cataraqui Bay Wastewater Plant capital project provides for the debt required to address all the remaining capital projects that have debt funding previously approved by Council, the majority of which are major capital projects.

This highlights the success of the City's capital funding strategies to date in that the City has reached a point where we are relying on the use of pay-as-you-go funding for the majority of asset replacement and renewal investments and limiting debt funding to significant projects and growth-related investments.

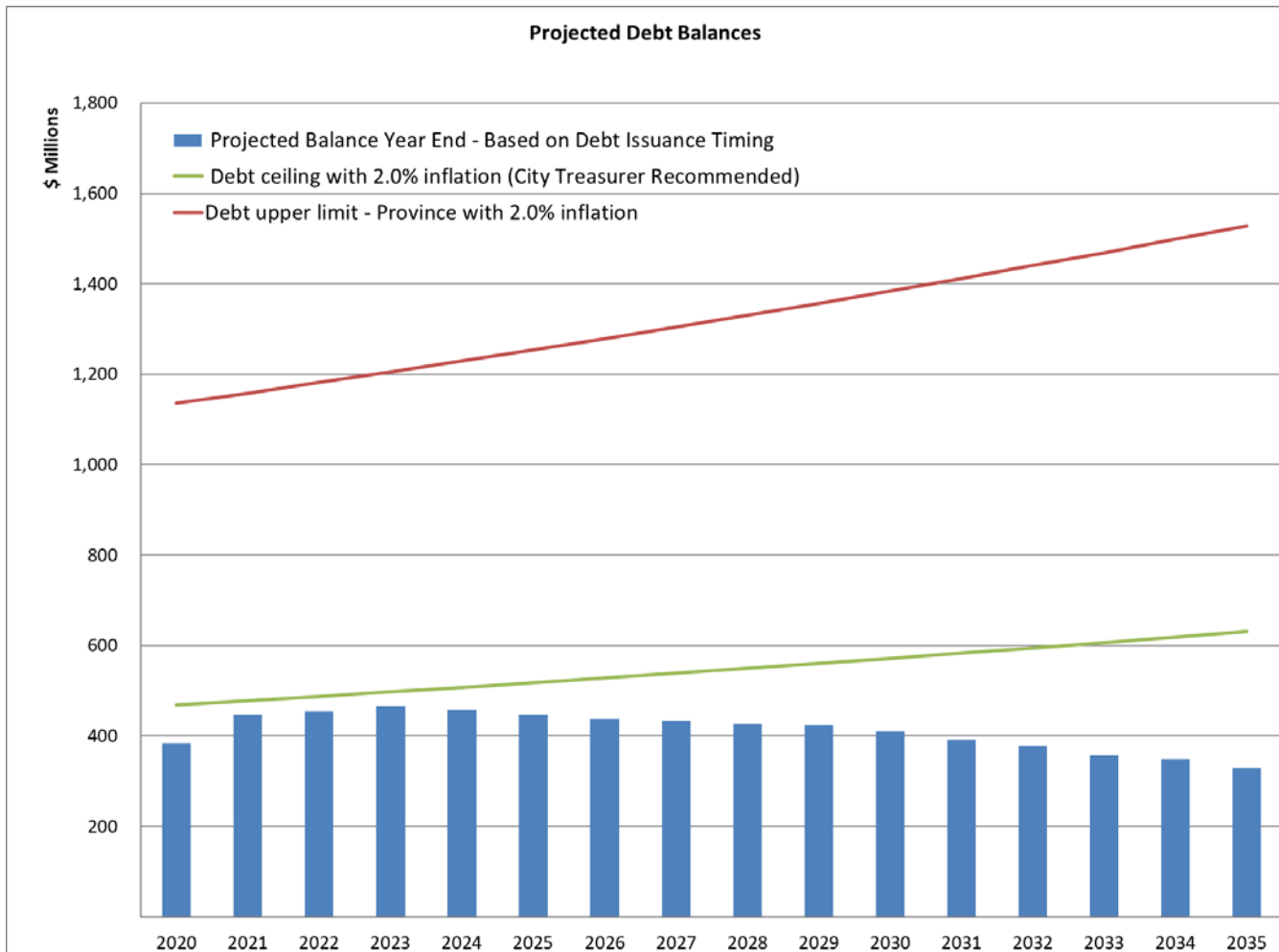
Debt models have been updated in the table below to reflect the recommended capital budget and 15-year capital plans and to reflect projected timing of approved debt issuance, as noted in the table above, and principal repayments. [Council Report Number 20-099](#) dated April 21, 2020 (2020 Municipal Debt Limits) reflected an upset range for total debt issuance at \$1.2B to \$1.4B as provided by the Province, based on given assumptions for amortization periods and interest rates. Reserve fund and debt models continue to incorporate the 1% annual incremental tax levy and user rate allocation for utilities and other user related services. The City's self-imposed maximum debt ceilings have been updated to reflect current inflationary trends.

The vertical bars in the following table depict the level of debt over time based on the cash flow analysis of the approved and future planned debt financing for the capital expenditure requirements over the 15 year projection period. The graph includes a line that reflects the provincial ceiling indexed at the rate of 2% to which the City could borrow and be within its debt capacity level. However, Council has endorsed the City Treasurer's recommendation to remain substantially below the provincial ceiling using a self-imposed maximum capacity level in 2021 of \$478M, escalated at 2% for future years in line with projected inflationary adjustments.

January 26, 2021

Page 34 of 41

**Table 2 - Projected Debt Balances**



It is recommended that the 2021 capital budget of \$62.2M be funded primarily by capital reserve funds (pay-as-you-go) and government grants. The City’s draft 2021 capital budget recommendations do not recommend the issuance of debt nor do funding models contemplate adding any new debt over the remaining term of Council. Principal repayments of more than \$16M will be made annually.

The graph shows that the level of debt peaks near the desired levels in 2023 but remains below the threshold. It is projected to remain below the parameter ceiling thereafter confirming the City’s increased reliance on pay-as-you-go capital funding and a reduced reliance on debt. Conservative assumptions have been used in projecting future debt and it is likely that the actual timing of projects will provide further opportunity to defer the timing of debt issuance in order to remain well below accepted levels.

Standard & Poor’s reviews the City’s budget documents, including capital funding and debt models, as part of their annual credit rating process. They recently confirmed the City’s AA

January 26, 2021

Page **35** of **41**

rating noting that our capital funding strategies supported an increased reliance on pay-as-you-go funding from internally generated sources, keeping debt levels relatively stable.

Included with the 15-year capital forecast is a projected financial plan (2022-2035) reflecting financing that corresponds to the expenditure levels. Also included in the plan documents are schedules of continuity for reserve funds that reflect the source of capital pay-as-you-go or debt financing.

A copy of the capital works in progress listing as of November 30, 2020 is included in the budget documentation for reference purposes. These works in progress include all previously approved projects that are not yet complete and closed. The 2021 capital budget requests reflect the availability of these funds for future requirements and departments confirm that the work in progress and the work planned in this capital budget are within the resource capacity of the organization, though it may span multiple years.

### **Taxation Levy Requirement and Tax Impact**

Table 3 on the [next page](#) reflects a breakdown of the year over year change by departments and agencies and boards of the net taxation requirement to fund the recommended budget.

January 26, 2021

Page 36 of 41

Table 3 - Taxation Levy Requirement

	<u>2020</u>		<u>2021</u>		<u>Increase</u>	<u>Increase</u>
	(\$M)		(\$M)		(Decrease)	(Decrease)
					(\$M)	%
<b>Internal Services</b>						
Transportation & Public Works	53.34		55.48		2.14	4.0%
Community Services	8.36		8.97		0.60	7.2%
Business, Environment & Projects	13.14		14.10		0.96	7.3%
Corporate Services	42.85		43.56		0.71	1.7%
Finance & Administration	21.49		21.89		0.39	1.7%
	<b>139.20</b>	55.8%	<b>144.00</b>	55.7%	<b>4.80</b>	<b>3.4%</b>
<b>Agencies and Boards</b>						
Kingston Police Services Board	39.73		41.16		1.43	3.6%
KFP Library Board	6.63		6.81		0.18	2.8%
Kingston Access Services - operating	3.10		3.11		0.01	0.3%
Cataraqui Region Conservation Authority	1.62		1.68		0.06	3.9%
KFL&A Public Health	4.07		4.15		0.08	2.0%
Kingston Economic Development	1.46		1.46		-	(0.1%)
Tourism Kingston	1.39		1.44		0.05	3.7%
Hospital Foundation	1.05		1.05		-	0.0%
	<b>59.05</b>	23.7%	<b>60.87</b>	23.5%	<b>1.81</b>	<b>3.1%</b>
<b>Subtotal</b>	<b>198.25</b>	79.4%	<b>204.87</b>	79.2%	<b>6.61</b>	<b>3.3%</b>
<b>Other</b>						
Transfer to/from Capital Reserve Funds - Boards	5.29		5.45		0.16	3.1%
Transfer to Capital Reserve Fund	40.72		43.81		3.09	7.6%
Taxation adj. assistance, exemptions & fiscal services	3.76		2.82		(0.96)	(25.4%)
Downtown Business Improvement Area (separate levy)	1.64		1.65		0.01	0.7%
	<b>51.41</b>	20.6%	<b>53.73</b>	20.8%	<b>2.32</b>	<b>4.5%</b>
<b>Total levy requirement</b>	<b>249.66</b>	100.0%	<b>258.60</b>	100.0%	<b>8.94</b>	<b>3.6%</b>
<b>Taxation Levy</b>						
Payments in Lieu of Taxes	17.08		16.40		(0.68)	(4.0%)
Downtown Business Improvement Area (separate levy)	1.60		1.61		0.01	0.6%
Taxation Growth - 2021	-		2.45		2.45	1.1%
Taxation - supplementary taxes	2.23		3.90		1.67	0.7%
Taxation - rate increase	228.75		234.24		5.49	2.4%
<b>Total levy</b>	<b>249.66</b>		<b>258.60</b>		<b>8.94</b>	<b>3.6%</b>

The residential property tax bill is made up of two main components: municipal taxes and education taxes. The total property tax levy is calculated by applying the municipal tax rate and the education tax rate to the phase-in assessment value of the property. The average assessment for the City of Kingston, for 2020 taxation purposes, was approximately \$328,099 for a residential property which equated to a tax levy of approximately \$4,192 including both municipal and education components. Taxes on properties with assessments above or below this average value would be adjusted proportionately.

January 26, 2021

Page 37 of 41

The municipal tax component is based on Council's adoption of the annual budget as presented herein. The education tax rate is set by the Province of Ontario and is billed and collected by the municipality as part of the total property tax bill. Based on an average assessed value of a residential property, the 2020 municipal tax component represents 88% (\$3,690) of the total tax bill and the education tax component represents 12% (\$502) of the total tax bill.

Similarly, for commercial/industrial properties, the municipal tax and education tax components on the average assessed value of a commercial property represents 64% and 36% respectively of the total tax bill, and for industrial properties, 70% and 30% respectively. Therefore, a proportional adjustment on the overall property tax bill for a commercial/industrial property will result depending on the education tax rate set by the Province of Ontario.

Because the property tax bill includes both the municipal and education components, the total tax rate increase to the taxpayer may ultimately be lower than the municipal tax rate increase of 1.4%, plus 1% for capital purposes, should the education tax rate remain constant or increase by less than a 2.4% increase. In past years decreased education rates due to the increase in assessment have provided municipalities with some "property tax room", reducing the impact of municipal tax rate increases. The province has deferred the 2020 reassessment meaning that 2021 assessments will remain at the 2020 full phase in value; however, the province has indicated that business education tax "BET" rates for 2021 will be lowered for properties in business property classes.

A breakdown of the average residential municipal tax component by municipal service is provided in the Corporate Overview section of the budget binder. The estimated average tax bill of \$3,778 used for this breakdown has been calculated by adding 2.4% to the above municipal tax component for 2020. Based on an average market assessment value, the 2021 budget impact to a homeowner is \$88 over 2020. This average calculation will be adjusted based on the annual requisition to be received from the County, and will reflect Council's direction to show the City's share of Land Ambulance and Fairmount Home for the Aged services as a separate component on the City's 2021 property tax billing.

Table 4 below outlines changes to the average residential tax bill for the past ten years reflecting increases before and after the effects of changes to the education tax rate. The first column reflects approved tax rate increases from budget. The average municipal tax change reflected in the second column incorporates the effects of assessment shifts between property classes as well as tax policy set by Council whereby tax ratios are established each year which shift relative tax burden between the property classes. The average tax increase will vary from property to property based on property specific reassessment changes.

January 26, 2021

Page 38 of 41

**Table 4 - Average Residential Tax Bill Changes  
2011 – 2020**

Year	Council Approved Overall Budget Increase	Average Municipal Tax Change Year over Year (include tax ratio shifts)	Average Education Tax Change Year over Year	Average Total Tax Bill Change with Education
2011	3.2%	3.1%	-0.5%	2.6%
2012	3.5%	3.3%	-0.6%	2.7%
2013	2.5%	2.8%	-0.5%	2.3%
2014	2.1%	2.2%	-0.5%	1.7%
2015	2.5%	2.5%	-0.4%	2.1%
2016	2.5%	2.6%	-0.4%	2.2%
2017	2.5%	3.2%	-0.8%	2.5%
2018	2.5%	2.2%	-0.6%	1.6%
2019	2.5%	2.5%	-0.7%	1.8%
2020	2.5%	2.5%	-0.6%	1.9%

### Operating forecasts for future years

Staff has prepared departmental operating forecasts through to 2024, incorporating the costs of expected operating plans as departments transition back to post-pandemic service levels starting in 2022. Also included are estimates for inflation and projected growth pressures as well as placeholders for enhanced services as identified in long-term business plans and any other Council direction to date. It has been projected that the majority of services most significantly impacted by the pandemic response will gradually return to 2020 budgeted levels by 2024.

The projections include assumptions for inflation at 2%, an incremental capital levy at 1% and growth from new assessment projected in the 1% range annually except for 2022 where assessment growth is forecasted to be \$4.8M based on the increased construction activity the City experienced in 2020 and an analysis of expected construction project completion. Growth estimates are projected at \$2.5M for 2023 and 2024.

As part of the strategic planning process, Council approved tax rate increases of 1.4% in 2022 and 1.3% in 2023, plus an annual 1% for capital purposes, with the assumption that provincial changes will not be significant, that growth will be projected at no less than \$2.0M and that service levels generally remain stable. The projections for 2022 through 2024 are included as Exhibit A Part 4 and currently forecast tax increases of 2.1%, 2.2% and 1.9% respectively, plus

January 26, 2021

Page 39 of 41

an annual 1% for capital purposes. The table in Exhibit A Part 4 illustrates the 2022-2024 tax rates at the Council recommended increases and the resulting net expenditure gap.

The Kingston Transit Business Plan (2017-2021), presented to Council on September 27, 2016, identified a number of enhanced service level and fare strategy recommendations. The second half of the Phase 3(3B) of the plan was to address ongoing scheduling issues on local service routes and was initially projected to be implemented late in 2020. Phase 4 of the business plan would introduce new transit service in the west end and expand service frequency on certain routes. The implementation of phase 3B was deferred and operating budget projections currently do not include funding for phase 3B or phase 4 of the business plan. These phases will be reviewed in the future once ridership returns to more typical levels.

The following non-pandemic pressures are contributing to the budget gaps identified in 2022 through to 2024:

- Provincial Funding Changes to Long Term Care, Childcare, and Ontario Works
- Operating costs for the East End Community Centre and the Fleet Maintenance Garage projected to begin in 2021 with annualized costs in 2022
- Step down of Federal funding for housing programs

The projected tax increases for 2022, 2023 and 2024 are cumulative such that sustainable savings and other solutions identified in one year will reduce subsequent years' gaps where the solutions are "permanent". Based on current projections, strategies will be required in the next three years to close the gap and to maintain the future targeted tax increases.

Budget projections have assumed that we will be back to typical service levels by 2024. Staff will continue to update assumptions and related projections as we transition into a post-pandemic environment. It is expected that we will experience more permanent change in the demand for services as well as changes in the way we work, and we will need reflect these in future budgets accordingly. Staff will continue to refine departmental plans, prioritize initiatives, identify operational efficiencies and new revenue sources and consider opportunities for service integration, in order to find ways to further reduce these projected increases for 2022 through 2024 and in advance of budget deliberations for those years.

### **Municipal Utilities Operating and Capital Budgets**

The municipal utilities operating budgets for 2021 and 2022 for water, sewer, gas and appliance rental services have been distributed separately and will be presented by Utilities Kingston for approval at the Committee of the Whole meeting on January 26, 2021. A capital budget amendment is also being requested from Utilities Kingston for municipal utility budgets. Council previously approved two-year operating budgets (2019-2020) and four-year capital budgets (2019-2022) for municipal utilities as part of the 2019 budget deliberations.

January 26, 2021

Page 40 of 41

**Public Sector Accounting Board (PSAB) Reporting Requirements**

The adoption of the full accrual basis of accounting by municipalities in 2009 required a change from the reporting of expenditures to the reporting of expenses. Expenditures represent outlays of assets, such as cash, to purchase goods and services; however, under the full accrual basis of accounting, expenses are charged as the goods and services are actually utilized or consumed. As a result, since that time, amounts reported for expenses include, for example, amortization of tangible capital assets.

Section 290 of the *Municipal Act, 2001* continues to require municipalities to prepare balanced budgets which include all of the expenditures and revenues for the taxation year. *Ontario Regulation 284/09, Budget Matters – Expenses*, allows municipalities to exclude from their budgets estimated amounts for non-cash expenses. The reporting changes resulted in a difference in the way expenses are budgeted and how they are reported in annual financial statements. Therefore, this report includes a recommendation for Council to authorize the City Treasurer to include the approved budget estimates for 2019 in accordance with Public Sector Accounting Board (PSAB) reporting requirements as an attachment to the by-law.

**Existing Policy/By-Law:**

*Municipal Act, 2001, s. 290(1)*

The estimate of revenues and expenditures contained in the City's budgets are approved by by-law.

**Notice Provisions:**

Pursuant to the City of Kingston's Public Notice Policy, an advertisement was placed in the Kingston Whig Standard newspaper. Information pertaining to the 2021 capital and operating budgets is also posted on the City website.

**Accessibility Considerations:**

The City's [Accessibility Standards Policy](#) indicates that the City of Kingston shall, upon request, and in consultation with the person making the request, provide or make arrangements to provide accessible formats and communication supports for persons with disabilities.

The Exhibits to this report are system generated or derived from the extensive spreadsheets used to develop and maintain the City's budgets. The Exhibits to this report will be provided in an alternate format upon request.

**Financial Considerations:**

Financial considerations are included in the body of this report.



January 26, 2021

Page 41 of 41

**Contacts:**

Desirée Kennedy, Chief Financial Officer and City Treasurer 613-546-4291 extension 2220

**Other City of Kingston Staff Consulted:**

Corporate Management Team

Municipal Departments

Agencies and Boards

**Exhibits Attached:**

**Exhibit A:** 2021 Municipal Operating Budget

**Part 1:** 2021 Municipal Gross Expenditure/Revenue Summary – As Recommended

**Part 2:** 2021 Municipal Operating Budget Summary – As Recommended

**Part 3:** 2021 Municipal Gross Expenditure/Revenue Summary by Group – As Recommended

**Part 4:** 2021 Municipal Net Tax Revenue Budget Summary – As Recommended

**Exhibit B:** 2021 Municipal Capital Budget Summary – As Recommended

**Exhibit C:** Budget Engagement Survey Results

**City of Kingston  
2021 Municipal Expenditure/Revenue Summary  
- As Recommended**

**Report Number 21-049  
Exhibit A, Part 1**

	<b>2020 Approved Budget</b>	<b>2021 Recommended Budget</b>	<b>Variance (\$)</b>	<b>2022 Forecast</b>	<b>2023 Forecast</b>	<b>2024 Forecast</b>	<b>Variance (%)</b>
<b>Revenues</b>							
Taxation Revenue	(230,981,848)	(240,589,356)	(9,607,508)	(249,668,524)	(257,852,081)	(266,223,858)	4.2%
PIL Revenue	(17,076,389)	(16,396,914)	679,475	(16,448,806)	(16,547,788)	(16,648,438)	(4.0%)
Fees, Charges & Other Revenue	(57,469,566)	(45,885,446)	11,584,120	(55,110,579)	(56,978,516)	(59,007,887)	(20.2%)
Provincial Subsidies	(66,868,033)	(74,326,165)	(7,458,132)	(67,938,354)	(68,027,698)	(68,298,535)	11.2%
Federal Subsidies	(10,506,700)	(10,471,583)	35,117	(9,753,419)	(10,025,386)	(9,696,758)	(0.3%)
Recoveries - Other Municipalities	(3,136,050)	(2,937,738)	198,312	(3,004,184)	(3,093,227)	(3,205,358)	(6.3%)
Transfer from Reserves and Reserve Funds	(4,390,627)	(3,180,760)	1,209,867	(2,961,970)	(2,356,348)	(2,326,432)	(27.6%)
<b>Total Revenues</b>	<b>(390,429,213)</b>	<b>(393,787,962)</b>	<b>(3,358,749)</b>	<b>(404,885,837)</b>	<b>(414,881,044)</b>	<b>(425,407,269)</b>	<b>0.9%</b>
<b>Expenditures</b>							
Salaries, Wages & Benefits	130,084,488	129,140,407	(944,081)	133,586,313	136,768,115	139,479,382	(0.7%)
Materials, Supplies & Fees	36,576,328	35,620,208	(956,120)	37,744,451	39,046,214	40,267,179	(2.6%)
Contracted Services	20,305,299	19,973,648	(331,651)	22,096,311	22,445,699	23,036,108	(1.6%)
Grants & Transfers to Others	66,693,719	67,700,002	1,006,283	65,334,942	66,238,066	67,080,967	1.5%
Agencies & Boards Expenditures	58,788,966	60,602,673	1,813,707	62,074,981	63,654,554	65,021,562	3.1%
Equipment Charges & Internal Allocations	(2,951,204)	(2,993,115)	(41,911)	(3,089,929)	(3,174,931)	(3,251,524)	1.4%
Tax Adjustments & Allowances	3,686,428	3,633,039	(53,389)	3,650,493	3,868,410	4,886,801	(1.4%)
Debenture Principal & Interest	781,996	781,019	(977)	779,936	778,937	778,936	(0.1%)
Transfers to Reserves & Reserve Funds	70,875,736	73,574,325	2,698,589	78,286,715	82,698,696	86,826,452	3.8%
Transfers to Reserve Funds - Boards	5,587,457	5,755,756	168,299	5,977,421	6,203,519	6,434,146	3.0%
<b>Total Expenditures</b>	<b>390,429,213</b>	<b>393,787,962</b>	<b>3,358,749</b>	<b>406,441,634</b>	<b>418,527,280</b>	<b>430,560,011</b>	<b>0.9%</b>
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,555,797</b>	<b>3,646,237</b>	<b>5,152,742</b>	

City of Kingston  
 2021 Municipal Operating Budget Summary  
 - As Recommended

	2020 Approved Budget	2021 Recommended Budget	Variance (\$)	Variance (%)
Public Works	23,405,113	24,251,363	846,250	
Transportation Services	2,766,039	3,099,739	333,700	
Transit	17,542,850	17,583,666	40,816	
Asset Management & Fleet	-	-	-	
Engineering	789,666	778,478	(11,188)	
Solid Waste	8,839,356	9,766,298	926,942	
<b>Transportation &amp; Public Works</b>	<b>53,343,024</b>	<b>55,479,544</b>	<b>2,136,520</b>	<b>4.01%</b>
Planning & Development	1,255,183	1,395,774	140,591	
Building & Enforcement Services	1,132,474	1,315,778	183,304	
Long Term Care	5,795,262	6,011,301	216,039	
Commissioners Office	180,577	245,589	65,012	
<b>Community Services</b>	<b>8,363,496</b>	<b>8,968,442</b>	<b>604,946</b>	<b>7.23%</b>
Major Projects	-	-	-	
Business, Real Estate & Environment	928,710	860,117	(68,593)	
Climate Change Division	337,800	339,800	2,000	
Cultural Services	4,139,039	4,084,794	(54,245)	
Recreation & Leisure Services	7,418,119	8,501,536	1,083,417	
Commissioners Office	317,000	317,000	-	
<b>Business, Environment &amp; Projects</b>	<b>13,140,668</b>	<b>14,103,247</b>	<b>962,579</b>	<b>7.33%</b>
Human Resources & Organization Development	3,258,150	3,177,982	(80,168)	
Facilities Management & Construction	3,637,392	3,838,487	201,095	
Legal Services	1,468,635	1,473,530	4,895	
City Clerk	1,879,556	1,860,987	(18,569)	
Information Systems & Technology	4,126,957	4,211,422	84,465	
Fire & Rescue	25,533,268	26,023,752	490,484	
Communications & Customer Experience	2,641,709	2,706,269	64,560	
Commissioners Office	308,870	271,481	(37,389)	
<b>Corporate Services</b>	<b>42,854,537</b>	<b>43,563,910</b>	<b>709,373</b>	<b>1.66%</b>

City of Kingston  
 2021 Municipal Operating Budget Summary  
 - As Recommended

Report Number 21-049  
 Exhibit A, Part 2  
 Page 2 of 2

	2020 Approved Budget	2021 Recommended Budget	Variance (\$)	Variance (%)
Mayor & Council	1,245,480	1,221,844	(23,636)	
Chief Administrative Officer	719,307	712,011	(7,296)	
Airport	42,795	699,038	656,243	
Housing	11,894,182	12,010,170	115,988	
Social Services	5,550,982	5,317,378	(233,604)	
Financial Services	1,768,596	1,654,750	(113,846)	
Chief Financial Officer	272,538	271,310	(1,228)	
<b>Finance &amp; Administration</b>	<b>21,493,880</b>	<b>21,886,501</b>	<b>392,621</b>	<b>1.83%</b>
<b>Operating budget before fiscal/capital levy and agencies &amp; boards</b>	<b>139,195,605</b>	<b>144,001,644</b>	<b>4,806,039</b>	<b>3.45%</b>
<b>Add:</b>				
Capital Levy, Fiscal Services & Tax Adjustments	44,486,209	46,626,197	2,139,988	
<b>Municipal Services</b>	<b>183,681,814</b>	<b>190,627,841</b>	<b>6,946,027</b>	<b>3.78%</b>
Agency and Board Transfers	64,376,423	66,358,429	1,982,006	
<b>Agencies &amp; Boards</b>	<b>64,376,423</b>	<b>66,358,429</b>	<b>1,982,006</b>	<b>3.08%</b>
Total tax requirement	248,058,237	256,986,270	8,928,033	
Payments in lieu	(17,076,389)	(16,396,914)	679,475	
<b>Property Taxation to be raised</b>	<b>230,981,848</b>	<b>240,589,356</b>	<b>9,607,508</b>	<b>4.16%</b>
Taxation - rate increase	(228,750,717)	(234,239,356)	(5,488,639)	(2.4%)
Taxation - supplementary	(2,231,131)	(3,900,000)	(1,668,869)	(0.7%)
Taxation - growth		(2,450,000)	(2,450,000)	(1.1%)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	

City of Kingston  
 2021 Municipal Gross Expenditure/Revenue  
 Budget Summary By Group  
 - As Recommended

		2020 Approved Budget	2021 Recommended Budget	Variance (\$)
<b>Transportation &amp; Public Works</b>	Expenditure	80,574,765	81,358,935	784,170
	Revenue	(27,231,741)	(25,879,391)	1,352,350
	<b>Net</b>	<b>53,343,024</b>	<b>55,479,544</b>	<b>2,136,520</b>
<b>Community Services</b>	Expenditure	26,277,160	27,800,462	1,523,302
	Revenue	(17,913,664)	(18,832,020)	(918,356)
	<b>Net</b>	<b>8,363,496</b>	<b>8,968,442</b>	<b>604,946</b>
<b>Business, Environment &amp; Projects</b>	Expenditure	25,502,189	20,530,912	(4,971,277)
	Revenue	(12,361,521)	(6,427,665)	5,933,856
	<b>Net</b>	<b>13,140,668</b>	<b>14,103,247</b>	<b>962,579</b>
<b>Corporate Services</b>	Expenditure	51,558,217	52,239,574	681,357
	Revenue	(8,703,680)	(8,675,664)	28,016
	<b>Net</b>	<b>42,854,537</b>	<b>43,563,910</b>	<b>709,373</b>
<b>Finance &amp; Administration</b>	Expenditure	84,883,181	85,782,040	898,859
	Revenue	(63,389,301)	(63,895,539)	(506,238)
	<b>Net</b>	<b>21,493,880</b>	<b>21,886,501</b>	<b>392,621</b>
<b>Agencies &amp; Boards</b>	Expenditure	65,671,402	66,909,307	1,237,905
	Revenue	(1,294,979)	(550,878)	744,101
	<b>Net</b>	<b>64,376,423</b>	<b>66,358,429</b>	<b>1,982,006</b>
<b>Capital Levy, Fiscal Services and Taxation</b>	Expenditure	55,962,299	59,166,732	3,204,433
	Revenue	(259,534,327)	(269,526,805)	(9,992,478)
	<b>Net</b>	<b>(203,572,028)</b>	<b>(210,360,073)</b>	<b>(6,788,045)</b>
<b>Total</b>	Expenditure	390,429,213	393,787,962	3,358,749
	Revenue	(390,429,213)	(393,787,962)	(3,358,749)
	<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>

**City of Kingston  
2021 Municipal Net Tax Revenue Budget Summary  
- As Recommended**

	<b>2020 Approved Budget</b>	<b>2021 Recommended Budget</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>	<b>2022 Forecast</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>	<b>2023 Forecast</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>	<b>2024 Forecast</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
<b>Public Works</b>	23,405,113	24,251,363	846,250	3.62%	25,045,940	794,577	3.28%	25,789,912	743,972	2.97%	26,550,134	760,223	2.95%
<b>Transportation Services</b>	2,766,039	3,099,739	333,700	12.06%	3,191,695	91,956	2.97%	3,243,255	51,560	1.62%	3,291,217	47,962	1.48%
<b>Transit</b>	17,542,850	17,583,666	40,816	0.23%	18,860,901	1,277,235	7.26%	19,345,862	484,961	2.57%	19,293,345	(52,518)	(0.27%)
<b>Asset Management &amp; Fleet Services</b>	-	-	-		-	-		-	-		-	-	
<b>Engineering</b>	789,666	778,478	(11,188)	(1.42%)	790,150	11,673	1.50%	806,642	16,492	2.09%	824,799	18,157	2.25%
<b>Solid Waste</b>	8,839,356	9,766,298	926,942	10.49%	10,803,050	1,036,752	10.62%	11,083,020	279,970	2.59%	11,431,569	348,549	3.14%
<b>Commissioners Office</b>	-	-	-		-	-		-	-		-	-	
<b>Transportation and Public Works</b>	<b>53,343,024</b>	<b>55,479,544</b>	<b>2,136,520</b>	<b>4.01%</b>	<b>58,691,736</b>	<b>3,212,193</b>	<b>5.79%</b>	<b>60,268,691</b>	<b>1,576,955</b>	<b>2.69%</b>	<b>61,391,064</b>	<b>1,122,373</b>	<b>1.86%</b>
<b>Planning &amp; Development</b>	1,255,183	1,395,774	140,591	11.20%	1,472,459	76,685	5.49%	1,525,081	52,622	3.57%	1,577,700	52,620	3.45%
<b>Building &amp; Enforcement Services</b>	1,132,474	1,315,778	183,304	16.19%	1,179,836	(135,942)	(10.33%)	1,212,154	32,318	2.74%	1,225,753	13,599	1.12%
<b>Long Term Care</b>	5,795,262	6,011,301	216,039	3.73%	6,274,454	263,154	4.38%	6,545,196	270,743	4.31%	6,820,436	275,239	4.21%
<b>Commissioners Office</b>	180,577	245,589	65,012	36.00%	250,677	5,088	2.07%	257,981	7,304	2.91%	265,507	7,527	2.92%
<b>Community Services</b>	<b>8,363,496</b>	<b>8,968,442</b>	<b>604,946</b>	<b>7.23%</b>	<b>9,177,426</b>	<b>208,985</b>	<b>2.33%</b>	<b>9,540,412</b>	<b>362,987</b>	<b>3.96%</b>	<b>9,889,396</b>	<b>348,985</b>	<b>3.66%</b>
<b>Major Projects</b>	-	-	-		-	-		-	-		-	-	
<b>Business, Real Estate &amp; Environment</b>	928,710	860,117	(68,593)	(7.39%)	891,230	31,112	3.62%	845,031	(46,198)	(5.18%)	814,184	(30,848)	(3.65%)
<b>Climate Change Division</b>	337,800	339,800	2,000	0.59%	347,646	7,846	2.31%	353,421	5,775	1.66%	359,350	5,929	1.68%
<b>Cultural Services</b>	4,139,039	4,084,794	(54,245)	(1.31%)	4,364,063	279,270	6.84%	4,549,919	185,856	4.26%	4,683,062	133,143	2.93%
<b>Recreation &amp; Leisure Services</b>	7,418,119	8,501,536	1,083,417	14.61%	7,679,049	(822,486)	(9.67%)	8,047,015	367,967	4.79%	8,173,470	126,454	1.57%
<b>Commissioners Office</b>	317,000	317,000	-	0.00%	330,000	13,000	4.10%	338,000	8,000	2.42%	346,000	8,000	2.37%
<b>Business, Environment &amp; Projects</b>	<b>13,140,668</b>	<b>14,103,247</b>	<b>962,579</b>	<b>7.33%</b>	<b>13,611,988</b>	<b>(491,258)</b>	<b>(3.48%)</b>	<b>14,133,386</b>	<b>521,400</b>	<b>3.83%</b>	<b>14,376,066</b>	<b>242,678</b>	<b>1.72%</b>
<b>Human Resources &amp; Organization</b>													
<b>Development</b>	3,258,150	3,177,982	(80,168)	(2.46%)	3,235,622	57,640	1.81%	3,297,061	61,439	1.90%	3,358,574	61,513	1.87%
<b>Facilities Management &amp; Construction</b>	3,637,392	3,838,487	201,095	5.53%	3,950,138	111,650	2.91%	4,145,966	195,829	4.96%	4,278,008	132,042	3.18%
<b>Legal Services</b>	1,468,635	1,473,530	4,895	0.33%	1,495,073	21,543	1.46%	1,540,248	45,175	3.02%	1,587,497	47,249	3.07%
<b>City Clerk</b>	1,879,556	1,860,987	(18,570)	(0.99%)	1,888,419	27,432	1.47%	1,972,901	84,483	4.47%	2,008,236	35,335	1.79%
<b>Information Systems &amp; Technology</b>	4,126,957	4,211,422	84,465	2.05%	4,472,356	260,935	6.20%	4,675,777	203,420	4.55%	4,879,438	203,662	4.36%
<b>Fire &amp; Rescue</b>	25,533,268	26,023,752	490,483	1.92%	26,285,314	261,563	1.01%	26,740,303	454,990	1.73%	27,074,399	334,096	1.25%
<b>Communications &amp; Customer Experience</b>	2,641,709	2,706,269	64,561	2.44%	2,954,616	248,347	9.18%	3,150,311	195,694	6.62%	3,224,513	74,204	2.36%
<b>Commissioners Office</b>	308,870	271,481	(37,389)	(12.11%)	319,303	47,822	17.62%	327,822	8,519	2.67%	336,584	8,762	2.67%
<b>Corporate Services</b>	<b>42,854,537</b>	<b>43,563,910</b>	<b>709,373</b>	<b>1.66%</b>	<b>44,600,841</b>	<b>1,036,932</b>	<b>2.38%</b>	<b>45,850,389</b>	<b>1,249,549</b>	<b>2.80%</b>	<b>46,747,249</b>	<b>896,863</b>	<b>1.96%</b>

City of Kingston  
 2021 Municipal Net Tax Revenue Budget Summary  
 - As Recommended

	2020 Approved Budget	2021 Recommended Budget	Variance (\$)	Variance (%)	2022 Forecast	Variance (\$)	Variance (%)	2023 Forecast	Variance (\$)	Variance (%)	2024 Forecast	Variance (\$)	Variance (%)
<b>Mayor &amp; Council</b>	1,245,480	1,221,844	(23,636)	(1.90%)	1,313,051	91,206	7.46%	1,345,627	32,576	2.48%	1,378,033	32,406	2.41%
<b>Chief Administrative Officer</b>	719,307	712,011	(7,296)	(1.01%)	712,556	544	0.08%	730,586	18,030	2.53%	752,250	21,664	2.97%
<b>Airport</b>	42,795	699,038	656,243	1533.47%	-	(699,038)	(100.00%)	-	-		-	-	
<b>Housing</b>	11,894,182	12,010,170	115,988	0.98%	12,071,857	61,687	0.51%	12,824,770	752,913	6.24%	13,808,296	983,527	7.67%
<b>Social Services</b>	5,550,982	5,317,378	(233,604)	(4.21%)	5,417,230	99,851	1.88%	5,611,798	194,569	3.59%	5,809,483	197,684	3.52%
<b>Financial Services</b>	1,768,596	1,654,750	(113,846)	(6.44%)	1,757,940	103,190	6.24%	1,828,345	70,405	4.00%	1,895,305	66,960	3.66%
<b>Chief Financial Officer</b>	272,538	271,310	(1,229)	(0.45%)	276,805	5,496	2.03%	282,250	5,445	1.97%	287,740	5,490	1.94%
<b>Finance &amp; Administration</b>	<b>21,493,880</b>	<b>21,886,501</b>	<b>392,621</b>	<b>1.83%</b>	<b>21,549,439</b>	<b>(337,064)</b>	<b>(1.54%)</b>	<b>22,623,376</b>	<b>1,073,938</b>	<b>4.98%</b>	<b>23,931,107</b>	<b>1,307,731</b>	<b>5.78%</b>
<b>Tax Requirement - Operating budget before Agencies &amp; Boards, Capital Levy, Fiscal Services &amp; Tax Adjustments</b>	139,195,605	144,001,644	4,806,039	3.45%	147,631,430	3,629,786	2.52%	152,416,255	4,784,825	3.24%	156,334,881	3,918,626	2.57%
<b>Capital Levy, Fiscal Services and Tax Adjustments</b>	44,486,209	46,626,197	2,139,988	4.81%	51,989,295	5,363,097	11.50%	55,771,777	3,782,482	7.28%	60,234,449	4,462,671	8.00%
<b>Total Tax Requirement - Municipal</b>	183,681,814	190,627,841	6,946,027	3.78%	199,620,725	8,992,883	4.72%	208,188,032	8,567,307	4.29%	216,569,330	8,381,297	4.03%
<b>Agency and Board Transfers</b>	64,376,423	66,358,429	1,982,006	3.08%	68,052,402	1,693,973	2.55%	69,858,074	1,805,672	2.65%	71,455,709	1,597,635	2.29%
<b>Total Tax Requirement</b>	248,058,237	256,986,270	8,928,033	3.60%	267,673,127	10,686,856	4.16%	278,046,106	10,372,979	3.88%	288,025,039	9,978,933	3.59%
<b>Less: Payments in Lieu of Taxes</b>	(17,076,389)	(16,396,914)	679,475	(3.98%)	(16,448,806)	(51,891)	0.32%	(16,547,788)	(98,982)	0.60%	(16,648,438)	(100,650)	0.61%
<b>Property Taxation to be raised</b>	<b>230,981,848</b>	<b>240,589,356</b>	<b>9,607,508</b>	<b>4.16%</b>	<b>251,224,321</b>	<b>10,634,965</b>	<b>4.42%</b>	<b>261,498,318</b>	<b>10,273,997</b>	<b>4.09%</b>	<b>271,376,601</b>	<b>9,878,283</b>	<b>3.78%</b>
<b>Taxation - rate increase - 2.5%</b>	(228,750,717)	(234,239,356)	(5,488,639)	2.40%	(242,368,524)	(5,679,168)	2.40%	(252,852,081)	(5,683,556)	2.30%	(261,223,858)	(5,871,778)	2.29%
<b>Taxation - supplementary</b>	(2,231,131)	(3,900,000)	(1,668,869)	0.72%	(2,500,000)	1,400,000	(0.59%)	(2,500,000)	-	0.00%	(2,500,000)	-	0.00%
<b>Taxation - growth</b>		(2,450,000)	(2,450,000)	1.05%	(4,800,000)	(4,800,000)	2.03%	(2,500,000)	(2,500,000)	1.01%	(2,500,000)	(2,500,000)	0.98%
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>1,555,797</b>	<b>1,555,797</b>		<b>3,646,237</b>	<b>2,090,441</b>		<b>5,152,743</b>	<b>1,506,505</b>	

General Municipal	Funding (2021)						
	Budget 2021	Reserve Funds PAYG	Municipal Capital Reserve Fund PAYG	Development Charges Reserve Fund	Other	Grants	Total
<b>Transportation &amp; Infrastructure Services</b>							
Public Works Services	2,912,000	142,500	2,439,500		250,000	80,000	2,912,000
Solid Waste	140,000	140,000					140,000
Asset Management & Fleet	6,671,586	5,466,986	479,504	573,096		152,000	6,671,586
Transit	3,544,674	667,822		173,653		2,703,199	3,544,674
<b>Community Services</b>							
Planning & Development	606,000	87,500	361,000	157,500			606,000
Building & Enforcement	210,000	110,000	100,000				210,000
Long-Term Care	343,242	80,000			263,242	-	343,242
<b>Business, Environment &amp; Projects</b>							
Real Estate & Environment Initiatives	150,000	150,000					150,000
Climate Leadership Division	18,425,000	150,000	975,000		2,500,000	14,800,000	18,425,000
Cultural Services	706,539	99,270	557,269		50,000		706,539
Recreation & Leisure Services	1,488,490	890,098	598,392				1,488,490
<b>Corporate Services</b>							
Facilities Management & Construction Services	14,575,223	10,264,567	3,710,656			600,000	14,575,223
Fire & Rescue	2,410,000	2,285,500	62,250		62,250		2,410,000
Information Systems & Technology	5,131,840	3,040,251	1,586,822		504,767		5,131,840



	Funding (2021)						
	Budget 2021	Reserve Funds PAYG	Municipal Capital Reserve Fund PAYG	Development Charges Reserve Fund	Other	Grants	Total
<b>Finance &amp; Administration</b>							
Housing & Social Services	2,857,276		323,783			2,533,493	2,857,276
<b>Subtotal</b>	60,173,891	23,574,494	11,194,176	904,249	3,630,259	20,868,692	60,171,870
<b>Library</b>	711,385	691,885			19,500		711,385
<b>Police</b>	910,000	910,000					910,000
<b>Kingston Access Services (KAS)</b>	377,300	377,300		-			377,300
<b>Total Police, Library &amp; KAS</b>	1,998,685	1,979,185	-	-	19,500	-	1,998,685
<b>Grand Total</b>	62,172,576	25,553,679	11,194,176	904,249	3,649,759	20,868,692	62,170,555

<u>Funding Summary:</u>	Total
Reserve Funds	37,652,104
Grants	20,868,692
Working Fund Reserve	300,000
Other	3,349,759
	<b>62,170,555</b>

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
<b>2021 Projects</b>								
<b><u>Transportation &amp; Public Works</u></b>								
<b>Public Works Services</b>								
PBW - Right-of-way Inspections/Repairs	150,000			150,000				
PBW - Turtle Fence	525,000			445,000		80,000		
PBW - ROW - Downtown Patio Program and Design	250,000						250,000	WFR
PBW - Pavement Marking	797,000			797,000				
PBW - Forestry	795,000	112,500	Tree Replacement	682,500				
PBW - Low Volume Roads	250,000			250,000				
PBW - PW Building Maintenance Capital	30,000	30,000	Facility Repair					
PBW - Technology - Research & Implementation	30,000			30,000				
PBW - Parks & Sportsfields Repairs	85,000			85,000				
<b>Public Works Services</b>	<b>2,912,000</b>	<b>142,500</b>		<b>2,439,500</b>		<b>80,000</b>	<b>250,000</b>	
<b>Solid Waste Services</b>								
SLW - Groundwork Repair at Yard Waste Depot at KARC	100,000	100,000	SW and Recycling					
SLW - NEW KARC Site Improvements	40,000	40,000	SW and Recycling					
<b>Solid Waste Services</b>	<b>140,000</b>	<b>140,000</b>						

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
<b>Asset Management and Fleet Services</b>								
<i><b>Fleet - Municipal</b></i>								
FLT - Replacements - Public Works	3,803,555	3,803,555	Municipal Equipment					
FLT - Replacements - Solid Waste	35,000	35,000	Municipal Equipment					
FLT - Replacements - City Other	654,848	502,848	Municipal Equipment			152,000		
<i><b>Fleet - Utilities</b></i>								
FLT - Replacements - Treatment	16,000	16,000	Utilities Equipment					
FLT - Replacements - Underground	695,852	695,852	Utilities Equipment					
FLT - Replacements - Gas	83,731	83,731	Utilities Equipment					
<i><b>Fleet - Transit</b></i>								
FLT - Bus Refurbishments	330,000	330,000	Transit					
<i><b>Fleet - Municipal</b></i>								
FLT - Additions - Public Works	640,000			66,904	573,096			
<b>Other Fleet</b>								
FLT - Technology/Communications/Tooling	257,600			257,600				
FLT - Buildings/Grounds/Infrastructure	155,000			155,000				
<b>Asset Management and Fleet</b>	<b>6,671,586</b>	<b>5,466,986</b>		<b>479,504</b>	<b>573,096</b>	<b>152,000</b>		

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital	D.C.	Grants	Other	Notes
				Reserve Fund PAYG	Reserve Fund			
<b>Transit</b>								
TRN - Bus Stops/Shelters	1,363,574	190,012	Transit		173,653	999,909		
TRN - Buildings-Transit	100,000	100,000	Transit					
TRN - Equipment	2,081,100	377,810	Transit			1,703,290		
Transit	3,544,674	667,822			173,653	2,703,199		
<b>Transportation &amp; Public Works</b>	<b>13,268,260</b>	<b>6,417,308</b>		<b>2,919,004</b>	<b>746,749</b>	<b>2,935,199</b>	<b>250,000</b>	
<b><u>Community Services</u></b>								
<b>Planning &amp; Development</b>								
PLD - Policy Planning Studies	350,000			192,500	157,500			
PLD - Zoning By-law Consolidation	25,000			25,000				
PLD - Heritage Property Designation Updates	30,000			30,000				
PLD - Development Review/Land Management	25,000	12,500	BRRAG	12,500				
PLD - Project Costs/Long Term Plan	150,000	75,000	BRRAG	75,000				
PLD - FME Project (GIS)	15,000			15,000				
PLD - ArcGISUrban	11,000			11,000				
Planning & Development	606,000	87,500		361,000	157,500			

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
<b>Building &amp; Enforcement</b>								
BEN - Accela Licensing and Code Enforcement	200,000	100,000	BRRAG	100,000				
BEN - Furnishings	10,000	10,000	BRRAG					
Building & Enforcement	210,000	110,000		100,000				
<b>Long Term Care - Rideaucrest</b>								
LTC - Equipment and Furnishings	231,242	80,000	Rideaucrest Capital				151,242	Provincial Funding
LTC - Donations, Capital Expenditures	112,000						112,000	Donations
Long Term Care - Rideaucrest	343,242	80,000					263,242	
<b>Community Services</b>	<b>1,159,242</b>	<b>277,500</b>		<b>461,000</b>	<b>157,500</b>		<b>263,242</b>	
<b><u>Business, Environment &amp; Projects</u></b>								
<b>Real Estate &amp; Environment Initiatives</b>								
REE - DT Coal Tar Groundwater Monitoring	40,000	40,000	Environment					
REE - Kingston East Landfill Closure	35,000	35,000	Environment					
REE - Municipal Property Environmental Remediation	75,000	75,000	Environment					
Real Estate & Environment Initiatives	150,000	150,000						

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
<b>Climate Leadership</b>								
CLD - Climate Leadership Priorities Implementation	150,000	150,000	Environment					
CLD - Kingston Home Energy Retrofit Program	18,275,000			975,000		14,800,000	2,500,000	
Climate Leadership	18,425,000	150,000		975,000		14,800,000	2,500,000	
<b>Cultural Services</b>								
CUL - JK Tett Centre Envelope	44,565			44,565				
CUL - Cultural Heritage	149,822			149,822				
CUL - Cultural Arts Programs	16,665			16,665				
CUL - Grand Theatre - Functional Capital	99,270	99,270	Grand Theatre Bldg Improvement					
CUL - Programs & Policy - Culture	50,191			50,191				
CUL - Public Art Program (KCP)	146,026			146,026				
CUL - City Hall Exhibit Development	150,000			150,000				
CUL - Engage for Change	50,000						50,000	WFR
Cultural Services	706,539	99,270		557,269			50,000	

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds	Reserve Funds Description	Municipal Capital	D.C.	Grants	Other	Notes
		PAYG		Reserve Fund	Reserve Fund			
<b>Recreation &amp; Leisure Services</b>								
REC - Rideau Heights Community Centre	28,850			28,850				
REC - Portsmouth Community Centre	10,000			10,000				
REC - East Kingston Community Centre, 15 Grenadier Drive	160,000			160,000				
REC - Leon's Centre - Facilities	20,000	20,000	Leon's Centre					
REC - Artillery Park	86,173	86,173	Arena					
REC - Invista Centre 1350 Gardiners Road	177,744	177,744	Arena					
REC - Cataraqui Community Centre	313,496	313,496	Arena					
REC - Memorial Centre	156,993	156,993	Arena					
REC - Centre 70	76,993	76,993	Arena					
REC - Market Square	61,549			61,549				
REC - Confederation Basin	58,699	58,699	Marina					
REC - Portsmouth Olympic Harbour	337,993			337,993				
Recreation & Leisure Services	1,488,490	890,098		598,392				
<b>Business, Environment &amp; Projects</b>	<b>20,770,029</b>	<b>1,289,368</b>		<b>2,130,661</b>		<b>14,800,000</b>	<b>2,550,000</b>	

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
<b><u>Corporate Services</u></b>								
<b>Facilities Management &amp; Construction Services</b>								
FAC - Heritage Properties-Grand Theatre	550,000	550,000	Grand Theatre Bldg Improvement					
FAC - Heritage Properties-Facilities	4,035,000	3,845,000	Facility Repair	190,000				
FAC - Non-Heritage Properties-Facilities	1,780,000	745,000	Facility Repair	1,035,000				
FAC - Public Works Vehicle Storage Facility	20,000	20,000	Municipal Equipment					
FAC - New Creekford Road Building	525,000	500,000	Solid Waste	25,000				
FAC - Non-Heritage-Leon's Centre	400,000	400,000	Leon's Centre					
FAC - Non-Heritage-Fire & Rescue Facilities	600,000	600,000	Fire Capital					
FAC - Non-Heritage-Rideaucrest Home	2,700,000	2,100,000	Rideaucrest Capital			600,000		
FAC - Non-Heritage-Arena & Marina Facilities	380,000	375,000	Arena					
		5,000	Marina					
FAC - Realty Asset Management	3,515,223	1,054,567	Facility Repair	2,460,656				
FAC - Designated Substance Management	70,000	70,000	Environment					
<b>Facilities Management &amp; Construction Services</b>	<b>14,575,223</b>	<b>10,264,567</b>		<b>3,710,656</b>		<b>600,000</b>		



Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital	D.C.	Grants	Other	Notes
				Reserve Fund PAYG	Reserve Fund			
<b>Fire &amp; Rescue</b>								
FRE-Corporate Radio System	415,000	109,975	Fire Capital	62,250			62,250	UK
		151,475	Police Equipment					
		29,050	Transit					
FRE - Communications Centre	100,000	100,000	Fire Capital					
FRE - Fire Technology Communications	120,000	120,000	Fire Capital					
FRE - Support Vehicles	75,000	75,000	Fire Capital					
FRE - Response Vehicles-Replace/Refurbish	1,400,000	1,400,000	Fire Capital					
FRE - Other Equipment	300,000	300,000	Fire Capital					
<b>Fire &amp; Rescue</b>	<b>2,410,000</b>	<b>2,285,500</b>		<b>62,250</b>			<b>62,250</b>	
<b>Information Systems &amp; Technology</b>								
IST - ICT Infrastructure	901,968	901,968	Technology					
IST - Core Capability Sustainment	384,923	384,923	Technology					
IST - Digital Workspace	220,000	220,000	Technology					
IST - Business Applications	1,229,402	873,903	Technology				355,499	UK RF
IST - Cyber Security	359,457	359,457	Technology					
IST - Digital Service Delivery	1,415,090	300,000	Technology	1,000,022			115,068	UK RF
IST - Core Capabilities	246,000			211,800			34,200	UK RF
IST - Continuous Improvement & Innovation	375,000			375,000				
<b>Information Systems &amp; Technology</b>	<b>5,131,840</b>	<b>3,040,251</b>		<b>1,586,822</b>			<b>504,767</b>	
<b>Corporate Services</b>	<b>22,117,063</b>	<b>15,590,318</b>		<b>5,359,728</b>		<b>600,000</b>	<b>567,017</b>	

Capital Projects		Sources of Funding						
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
<b><u>Finance &amp; Administration</u></b>								
<b>Housing &amp; Social Services</b>								
SOC - Furnishings - 362 Montreal Street	10,000			10,000				
HSG - Affordable Housing Viability	38,176			38,176				
HSG - 113 Lower Union	82,332			82,332				
HSG - 805 Ridley	143,275			143,275				
HSG - 113 Lower Union Renovations	1,000,000					1,000,000		
HSG - Housing & Homeless System Consulting	50,000			50,000				
HSG - Canada-Ontario Community Housing Initiative (COCHI)	679,468					679,468		Provincial Funding
HSG - Ontario Priorities Housing Initiative (OPHI)	854,025					854,025		Provincial Funding
Housing & Social Services	2,857,276			323,783		2,533,493		
<b>Finance &amp; Administration</b>	<b>2,857,276</b>	-		<b>323,783</b>	-	<b>2,533,493</b>	-	
<b>Total - Municipal</b>	<b>60,171,870</b>	<b>23,574,494</b>		<b>11,194,176</b>	<b>904,249</b>	<b>20,868,692</b>	<b>3,630,259</b>	

Projects		Sources of Funding				
Description	2021 Budget	Reserve Funds PAYG	Reserve Funds Description	Development Charges Reserve Fund	Other	Notes
<b><u>Agencies and Boards</u></b>						
<b>Library</b>						
LIB - Branch Revitalization & Renewal (Shared)	100,000	87,000	Library Capital		13,000	Frontenac County
LIB - Facility Repairs	275,000	275,000	Library Capital			
LIB - Shared IT	50,000	43,500	Library Capital		6,500	Frontenac County
LIB - KFPL Branch Donations	36,385	36,385	Library Capital			
LIB - Bishop's House	250,000	250,000	Library Capital			
<b>Total Library</b>	<b>711,385</b>	<b>691,885</b>		<b>-</b>	<b>19,500</b>	
<b>Police</b>						
POL - Replacement Vehicles	470,000	470,000	Police Equipment			
POL - IT Projects	170,000	170,000	Police Equipment			
POL - Critical Incident Management Equipment	170,000	170,000	Police Equipment			
POL - Building	100,000	100,000	Facility Repair			
<b>Total Police</b>	<b>910,000</b>	<b>910,000</b>		<b>-</b>	<b>-</b>	
<b>Kingston Access Services</b>						
KAS - Replacement of KAS Vehicles	316,300	316,300	KAS Equipment			
KAS - Automatic E-mail System	61,000	61,000	KAS Equipment			
<b>Total KAS</b>	<b>377,300</b>	<b>377,300</b>		<b>-</b>	<b>-</b>	
<b>Total Agencies and Boards</b>	<b>1,998,685</b>	<b>1,979,185</b>		<b>-</b>	<b>19,500</b>	