



**City of Kingston
Report to Council
Report Number 21-291**

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: November 23, 2021
Subject: 2022 Operating and Capital Budgets (excluding Municipally Owned Utilities)

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 2022 fiscal year. The capital budget includes capital expenditure estimates and related financing for the 2022 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 2022 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 2022 and 1.3% in 2023 plus an annual 1% for capital purposes. Council reaffirmed a tax rate increase target of 1.4% for 2022 plus 1% for capital purposes as part of its Strategic Priorities Refresh in September 2020.

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Operating Budget

The operating budget is being presented to Council in order to establish operating revenue and expenditure estimates for the fiscal year. The 2022 recommended operating budget reflects Council's direction to maintain an overall tax rate increase of no more than 1.4% plus 1% for capital infrastructure. The 2022 budget reflects a full or gradual return to pre-pandemic service levels for those services significantly impacted by the pandemic. It is projected that all services will return to pre-pandemic levels by 2024.

The 2022 gross operating expenditures budget of \$408.9M is offset by non-tax revenues of \$140.6M and payments in lieu of taxation from other levels of government (PILs) of \$16.9M requiring \$251.4M to be raised by taxation. Of that amount, approximately 73% (\$183M) of the net tax requirement is for provision of services managed by the City corporation (internal) and 27% (\$68M) is for services provided through external agencies and boards. The recommended operating budget also reflects taxation revenue from assessment growth of 2.3% or \$5.5M. Exhibit A, Parts 1 to 3 attached to this report reflects the summary operating budget information.

Forecasts for 2023, 2024 and 2025 operating budgets incorporate costs of expected operating plans, estimates for inflation and projected growth pressures, provincial funding changes and transitional plans for returning to pre-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. Targeted tax rate increases include a 0.16% incremental tax increase annually from 2023 to 2026 in order to fund the Green Standard Community Improvement Plan, as approved by Council on October 19, 2021.

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.

Capital Budget

A capital budget in the amount of \$70.9M for the City services is being presented to establish the 2022 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 federal and provincial grant funding programs.

Details of the capital budget are presented in Exhibit B. The 2022 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.

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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 from asset management and lifecycle requirements, as well as approved master plans and Council priorities including multi-year investments to support the active transportation implementation plan, the waterfront master plan, the parks and recreation master plan and the Development Charges Background Study.

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

Included in the 15-year forecasts are estimates to convert future transit fleet to fully electric buses at the time of replacement or acquisition. In accordance with Council’s strategic priorities, the incremental costs to electrify bus replacements for 2022 and 2023 have been funded. The incremental costs to electrify buses for 2024 onwards remain unfunded until an affordable financing strategy can be put in place.

Recommendation:

That the Committee of the Whole recommend as follows:

That Council approve the 2022 General Municipal (tax-supported) Operating Budget in the amount of \$408,872,633; and

That any variance between final assessment growth and the growth estimates included in the 2022 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 2022 Municipal Capital Budget, as follows:

Proposed capital expenditures	<u>\$70,877,320</u>
Financing:	
General Municipal Reserve Funds (PAYG)	\$59,534,320
Working Fund Reserve	175,000
Government grants	10,432,640
Contributions from others	<u>735,360</u>
Total financing	<u>\$70,877,320</u>

and

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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 September 30, 2021
- c) Municipal Reserve Fund Schedules of Continuity

and

That the City Treasurer be authorized to include the approved budget estimates for 2022 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 December 21, 2021 meeting of Council.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF FINANCIAL
OFFICER & CITY TREASURER

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

ORIGINAL SIGNED BY CHIEF
ADMINISTRATIVE OFFICER

**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

Craig Desjardins, Acting Commissioner, Corporate Services

Jim Keech, President & CEO, Utilities Kingston

Not required

Brad Joyce, Commissioner, Transportation & Public Works

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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.

Recommended budgets and projections reflect Council-endorsed and reaffirmed strategic priorities. These priorities provide a vision for the City and for the community which is essential to focusing the investment of financial resources.

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 utilizes 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 continues to be 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

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year to ensure user fee revenues are contributing proportionately to respective capital requirements.

Budget Summary

The recommended 2022 operating budget, as summarized in Exhibit A, reflects a total budget of \$408.9M offset by non-taxation revenues of \$140.6M and payments in lieu of taxation (PILs) of \$16.9M leaving a net property tax requirement of \$251.4M. Projected net assessment growth of 2.3% contributes \$5.5M, supplementary taxes contribute \$3.5M and the remaining \$242.4M represents a tax rate increase of 1.4% plus 1% for capital purposes over 2021 levels.

Assessment growth is estimated based on a detailed analysis of properties in various stages of development. Strong assessment growth results in new tax revenues that contribute to the cost of services and help alleviate tax increases. 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. The electronic information sharing process implemented in 2021 between the City and MPAC continues to be an effective tool for timely property assessments. Strong assessment growth projections for 2022 are illustrative of the efforts that have been made to create and foster economic development and assessment growth opportunities; healthy levels of supplementary taxes in 2022 are a reflection of the number of building permits issued and related construction activity the City has experienced in 2021.

Estimates for inflation are an important assumption in developing budget projections. The impact of the pandemic and ongoing market recovery continues to impact supply chain and other economic indicators. The Consumer Price Index (CPI) for Ontario was 4.4% at the end of September 2021, however, based on affordability and market uncertainty, inflation assumptions used in the budget estimates were closer to the range of 2.0% except in certain circumstances where market analysis of specific expenditure categories provided for a more detailed calculation. This will put pressure on budgets should CPI continue to rise.

Agencies and boards make up approximately 27% 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 or, where noted, are draft budget requests that, as of the date of finalization of the report, remain subject to respective Board approval.

In 2020, Council approved the removal of the services managed by the County of Frontenac from the municipal budget estimates. For 2021 and future years, the City's share of these services will be funded as a separate component on the City's property tax billing, based on the annual requisition received from the County. Therefore, these estimates are not included in the 2022 budget documentation.

The 2022 capital budget is summarized in Exhibit B and is being presented to establish the 2022 capital budget estimates and to confirm financing to support the expenditures. The total

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budget of \$70.9M reflects funding from municipal reserve funds of \$59.5M and funding from grants and other contributions of \$11.4M.

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 2022 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. 2020 actuals and 2021 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:

Comparative data by Group

- 2020 actual, 2021 projected actual, 2021 approved budget, 2022 recommended budget, variance (\$), 2023, 2024 and 2025 forecasts
 - By department
 - By account type (revenues and expenditures)
- Net taxation requirement by department

2022 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

- 2021 approved budget, 2022 recommended budget, variance (\$), 2023, 2024 and 2025 forecasts
 - By account type (revenues and expenditures)
 - By program
- Net taxation requirement by program

2022 Capital Summary

In addition, the following documents are included:

15-year (2022-2036) capital expenditure forecasts

Capital Works-In-Progress listing at September 30, 2021 (previously approved capital work)

Capital Reserve Fund schedules of continuity

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City departments, along with supported agencies and boards, will present their respective budgets during Council deliberations beginning on November 23, 2021.

2021 Budget Reclassifications

Select 2021 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, 2022. These adjustments allow the user to clearly identify and compare year over year variance information but do not affect the previously approved 2021 total municipal tax requirement (net operating budget).

The majority of the 2021 budget reclassifications relate to the restructuring of departmental activities and/or staff including:

- Transfer of the Driver Trainer division from Public Works to Asset Management & Fleet Services
- Realignment of Fire & Rescue from Corporate Services to Transportation & Public Works Services
- Building & Enforcement department divided into two separate departments: Building Services and Licensing & Enforcement Services
- The creation of the Heritage Services department with the transfer of applicable divisions from the Planning Services and Cultural Services Departments
- Continued consolidation of facility costs to support an allocated accommodation costing model as part of the centralized facilities maintenance structure

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Operating Budget - Analysis

The 2022 recommended general municipal operating budget is summarized by revenue and expenditure type in the table below:

2022 Operating Budget Summary (Revenue and Expenditure)	2021 Budget (\$M)	2022 Budget (\$M)	Variance (\$M)	Variance (%)
Taxation Revenue	240.6	251.4	10.8	4.5%
PIL Revenue	16.4	16.9	0.5	2.9%
Fees and Charges	45.9	52.7	6.8	14.9%
Provincial Grants and Subsidies	74.7	70.5	(4.2)	(5.6%)
Federal Grants and Subsidies	10.5	10.7	0.2	2.4%
Recoveries - Other Municipalities	2.9	2.9	0.0	0.2%
Transfers from Reserves and Reserve Funds	4.5	3.8	(0.7)	(15.8%)
Total Revenues	395.5	408.9	13.4	3.4%
Salaries, Wages and Benefits	129.4	138.2	8.7	6.7%
Materials, Supplies & Fees	36.9	39.4	2.4	6.6%
Contracted Services	19.0	21.6	2.6	13.6%
Grants and Transfers to Others	68.1	62.9	(5.2)	(7.7%)
Internal Allocations and Tax Adjustments	1.4	1.0	(0.4)	(31.4%)
Transfers to Reserve Funds	73.6	76.8	3.2	4.3%
Transfers to Agencies and Boards - operating	61.2	63.1	1.9	3.2%
Transfers to Agencies and Boards - reserves	5.8	5.9	0.2	3.0%
Total Expenditures	395.5	408.9	13.4	3.4%

2022 Budgeted Revenues

2022 budgeted revenues are increasing by a total of \$13.4M from \$395.5M to \$408.9M representing a 3.4% increase over the 2021 budget estimates. Highlights within revenue categories are provided below.

- Taxation revenues

The recommended 2022 operating budget reflects a net property tax requirement of \$251.4M, or a 4.5% increase over 2021 net taxation revenues. Projected assessment growth of 2.3% contributes \$5.5M, supplementary taxes contribute \$3.5M and the remaining \$242.4M represents a tax rate increase of 1.4% plus 1% for capital purposes.

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The table below illustrates the components of taxation revenue:

Taxation Revenues	2021 Budget (\$M)	2022 Budget (\$M)	Variance (\$M)	Variance (%)
Operating budget increase	\$236.7	\$242.4	\$3.4	1.4%
Capital Levy			2.3	1.0%
Assessment growth	-	5.5	5.5	2.3%
Supplementary taxation	3.9	3.5	(0.4)	(0.2%)
Total Taxation Revenues	\$240.6	\$251.4	\$10.8	4.5%

- Payments in lieu (PIL) revenues

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 (\$10.2M) relates to PILs for the federal properties in Kingston. PILs for post-secondary student population and hospital bed funding of \$2.4M is also included in this category at a rate of \$75 per head and bed, unchanged since 1987. PIL revenues are projected to increase by \$474K due primarily to the 2.4% tax rate increase applied to PILs on federal properties.

Federal PIL revenues continue to be impacted by the reduction in provincial business education tax (BET) rates in 2021 for PIL properties where the City is permitted to retain the education taxes. The province announced in their 2020 budget, that business education tax rates would be reduced for 2021 to 0.88% for all municipalities, to bring consistency to the wide range of BET rates across the Province, and to support businesses in their pandemic recovery efforts. Because the City is allowed to retain education taxes paid by PIL properties, the reduction in the BET rate meant a reduction in the education tax component of our PILT revenues of approximately \$1.2M (related primarily to CFB, RMC and the penitentiaries). This reduction was reflected in the 2021 budget estimates and continues to be budgeted at these reduced amounts for 2022.

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- Fees and charges revenue

Fees and charges, estimated at \$52.7M, represent approximately 13% of total revenues and are increasing 15% or \$6.8M over the 2021 budget. Typically, fees and charges represent 15% of the gross revenues collected; however, some fees and charges revenues continue to be impacted by the pandemic and are expected to transition back to pre-pandemic levels over time.

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 2022 fiscal year, an annual amendment to the Fees and Charges By-Law is scheduled to be presented to Council for approval at the November 16, 2021 meeting. The Council report provides detailed information on fee changes that are other than an annual inflationary adjustment. The 2022 revenue budgets incorporate the fees and charges as recommended.

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

- Transportation revenues include the implementation of the red-light camera program which is expected to generate approximately \$350K in revenue.
- Transit revenues have been budgeted at \$5.5M, an increase of \$700K over 2021 budget estimates. 2022 budgets represent approximately 62% of pre-pandemic levels. Budget projections have assumed a gradual return in ridership and related revenues by 2024.
- Sale of recycling materials and garbage bag tags are expected to increase by approximately \$700K over 2021 estimates reflecting current market conditions and ongoing increase in demand.
- Parking revenue budgets totalling approximately \$9.0M are down by \$700K over 2021 budget estimates. The pandemic continues to impact parking demand, particularly for short term on and off-street parking. 2022 budgets are approximately 90% of pre-pandemic levels; revenues are projected to increase back to pre-pandemic levels over the next two to three years.
- Building permit revenues of \$3.4M continue to remain at consistent levels reflecting an increase of \$150K over 2021 budget estimates.
- Arts & culture revenues of \$1.9M are increasing by \$1.7M over 2021 bringing revenue projections back to 80% of pre-pandemic levels. A return to theatre and other cultural activities is expected over the next one to three years.
- Recreation and Leisure revenues of \$8.4M are increasing \$3.1M or 58% over 2021 budget estimates bringing revenue projections back to approximately 95% of pre-pandemic levels. Included in the 2022 projections are new revenues of approximately \$180K related to the opening of the new East End Community Centre.

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- Airport revenues are increasing 18% or \$175K over 2021 budget. 2022 budgets are approximately 60% of pre-pandemic levels as reduced activity is anticipated to continue into 2022. New carriers are expected to transition in 2022 with a gradual return to a full cost recovery over the 4-year forecast period.
- Provincial Offences Act (POA) revenues, budgeted at \$1.2M for 2022, represents a reduction of \$400K over 2021 estimates reflecting the impact of reduced ticket activity and limited court operations during the pandemic. Budget projections also reflect a more realistic level of revenues based on a review of historical activity over the last few years.
- Investment & bank interest is expected to increase by \$200K or 20% over the 2021 expectations reflecting both cash flow requirements and current and anticipated market conditions.
- Provincial grants and subsidies

Provincial funding includes ongoing operational funding for Ontario Works, housing, childcare, and long term care as well as solid waste funding from Waste Diversion Ontario.

Provincial grants and subsidies are decreasing by \$4.2M over 2021 budgets with the following variances noted:

- Reduction of \$5.0M of pandemic-related funding - 2021 budget estimates included \$5.8M of funding from the Province as financial relief to help support municipal operating and transit budget pressures as well as social services relief funding. The 2022 operating budget estimates include \$800K of similar pandemic funding related to the Phase 3 Safe Restart – Transit Stream funds that, upon request, are eligible to be used until December 2022.
- Additional \$1.9M of provincial gas tax revenues, deferred from the 2020/2021 provincial gas tax allocation, to support transit operations and pandemic recovery transition.
- New long-term care subsidies of \$1.3M that support a provincial initiative to increase the average hours of direct care per resident from an average of 2.45 hours to three hours per resident per day in 2022. The initiative will see average hours of direct care reach four hours per resident per day by 2025.
- \$110K in wage subsidy funding extended to March 31, 2022 for personal support workers at Rideaucrest.
- Reduction of \$2.2M in Ontario Works (OW) funding for allowances & benefits to offset the budgeted reduction in caseloads.

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- Federal grants and subsidies

Federal government funding is projected to increase by \$246K compared to 2021 levels:

- Reductions in housing support of approximately \$580K as part of the previously announced step-down funding schedule. Staff continue to review strategies to manage this step-down funding over the longer term.
- Additional grant funding of \$690K from the Federal Economic Development Agency through the Southern Ontario Prosperity Program, Regional Air Transportation Initiative (RATI). The RATI funding supports businesses and communities in order to have reliable and affordable access to critical regional/local airport and air carrier operations and service.
- New Federal Economic Development grant funding of \$131K to support strategic initiatives.

- Recoveries - Other Municipalities

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. These recoveries remain consistent with 2021 budgets.

- Transfers from Reserves and Reserve Funds

A total of \$3.8M 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.

The current year reflects a reduced reliance on the Working Fund Reserve with approximately \$748K projected to be drawn from the reserve in 2022. The Working Fund Reserve is established to address unusual fluctuations in programs, one-time expenditures and contingent matters. 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 2022 of approximately \$7.0M.

Other reserve and reserve fund transfers to operations are projected in 2022 to fund operational costs specific to the respective reserves, as per policy:

- \$880K transferred from the Municipal Capital Reserve Fund to fund operating costs that are supporting capital related activities;
- \$536K to fund Housing and Social Services programs;
- \$600K from the Election Reserve to offset election costs;
- \$176K from the Environment Reserve Fund for Brownfield related costs;

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- \$350K to offset Fire WSIB and sick leave related costs;
- \$211K from Development Charges for library books and firefighter equipment.

2022 Budgeted Expenditures

Total expenditures proposed in the 2022 budget are increasing by \$13.4M from \$395.5M to \$409.0M representing a 3.4% increase over the 2021 budget estimates. Highlights within expenditure categories are provided below.

- Salaries, Wages and Benefits

Compensation costs, estimated at \$138.2M, reflect an increase of \$8.7M or 6.7% over the 2021 budget. Base salary rates have been incorporated into 2022 budget estimates in accordance with expected settlements of collective and compensation agreements as well as expected increases to the employer portion of benefits. Overall base compensation, including all benefit costs, is in the range of 2.0%. 2022 budgets also reflect the reinstatement of non-union performance-based increases after the 2020 pay-for-performance program was cancelled in order to offset some of the financial impacts of the pandemic.

2022 budget estimates include increased staffing costs required to return some services to pre-pandemic levels:

- Transit – an additional \$2.0M to bring staffing levels back to 2020 pre-pandemic levels with the return of part time staffing and to incorporate an increase of approximately \$190K related to the final phase of the Transit Business Plan, previously deferred, that provides for expansion of service to the west end commencing September 2022.
- Recreation – an additional \$1.2M to bring staffing levels back to 2020 pre-pandemic levels.
- Arts and Culture – an additional \$650K to fund the return of staff to support events at the Grand Theatre. 2023 projections incorporate an additional \$500K as the City continues to phase back into pre-pandemic service levels over the next three years.

The remaining \$1.9M represents net new hires to support Council priorities, service changes and other growth-related demands. New positions were offset where possible by savings from other wage related costs including position reductions as a result of the reallocation of work processes and other continuous improvement measures. Resources have been directed and/or redirected to the priority areas noted below.

- New Equity, Diversity and Inclusion positions created within the CAO Office, as approved by Council in February 2021.
- New Director and Manager roles to provide leadership to a new Heritage Services Department that oversees the preservation of Kingston's cultural heritage and a developing Indigenous initiatives portfolio.

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- Customer service and facility resources to support the new Kingston East End Community Centre.
- Additional nursing positions to support the legislated change to increase direct care per resident to 4 hours per day (funded from increased Provincial subsidies).
- Administrative Manager for long-term care to support current and anticipated changes to legislative reporting requirements.
- Additional support in Planning Services (temporary) and Building Services to assist with the high volume of development applications and building permits (Building Services portion funded from Building Stabilization Reserve Fund (BRRAG)).
- Project Manager to support Housing capital projects to increase housing units.
- Temporary support in Human Resources to support a backlog of recruitment efforts and support resources in Information Systems & Technology to address digital transformation initiatives.
- New Insurance Claims Analyst to support increased insurance and risk management activities.
- New Grant Administrator to manage expanding grant application and reporting requirements.
- New Airport Operations Supervisor to support post-pandemic recovery efforts (funded from federal grant).

An additional \$300K has also been incorporated in the 2022 projections to address ongoing cost pressures in retiree benefit and WSIB costs.

Where staff time is directly attributable to capital works, these costs are allocated from the operating budget to appropriate capital projects. Approximately \$11.4M of salary and benefit costs are projected to be allocated to capital in 2022, 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 \$39.4M, has increased by \$2.4M or 6.5% over 2021 budget estimates. This cost category includes costs such as utilities, gasoline and diesel fuel, fleet parts and tires, insurance premiums, 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. This has helped to offset direct costs that have increased as a result of services returning to pre-pandemic service levels.

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

- Utility costs are projected at \$6.8M for 2022, an increase of \$800K or 13% over 2021 budget estimates. In addition to utility rate increases, increases in utility costs are related to the reopening of city facilities with the easing of pandemic restrictions and corresponding service level increases. Offsetting savings are anticipated as a result of the energy retrofit works completed in 2021 at numerous facilities.
 - Gasoline and diesel fuels are projected at \$5.6M for 2022, an increase from 2021 budget estimates of \$240K. 2021 budget estimates anticipated Transit service levels to transition back to pre-pandemic levels at a faster pace than what was experienced. Therefore, budgeted 2022 volumes have remained consistent with 2021 projections except to incorporate a volume increase for a planned expansion of service in the fall of 2022. Fuel prices are projected at a rate higher than 2021 budget in order to incorporate inflationary adjustments as well as anticipated carbon tax increases; some budget flexibility has also been maintained to provide for variances in service levels and/or risk of volatility in prices in 2022.
 - Insurance premiums have increased by \$585K or 17% over 2021 budget estimates. There continues to be a limited number of insurance providers in the public sector market and municipalities in other regions are seeing increases as high as 50%.
 - Increased facility repairs and maintenance costs of \$360K to support new services at the Kingston East End Community Centre, the new Fire maintenance facility, the new fleet maintenance garage, the recently acquired housing facilities at 805 Ridley Drive and 113 Lower Union, and at 610 Montreal St. for use as an Indigenous-led programming centre.
 - Additional costs of \$185K incorporated into the 2022 budget estimate to implement the Red-Light Camera program.
- **Contracted Services**

This category includes service contracts for winter control, garbage disposal, recycling collection and processing, as well as service contracts for facility maintenance, technology support and contracts with Utilities Kingston to manage the City's street and traffic lights.

Contracted Services are projected at \$21.6M for 2022, an increase of \$2.6M or 13.6% over 2021 budget estimates. 2022 budget estimates include a reinstatement of previously reduced costs as services return to pre-pandemic levels as well as costs related to the opening of new facilities as follows:

Transitioning to pre-pandemic service levels:

- Contracted services to support recreational programming - program instructors and special events - \$280K
- Artist fees for cultural performances - \$493K
- Airport services for ground handling and security - \$340K (funded from federal grant)

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New facilities:

- Recreation programming - new East End Community Centre - \$145K
- Facility related costs - new Fleet Maintenance Garage, the Kingston East End Community Centre, the new Fire maintenance facility, the recently acquired housing facilities at 805 Ridley Drive and 113 Lower Union, and the building at at 610 Montreal St. for use as an Indigenous-led programming centre - \$270K
- New winter control services for all Recreation facilities that have been contracted in order to ensure an appropriate level of winter control response - \$150K

Other:

- Contractual increases of \$635K for recycling collection services in Kingston East and West and \$85K for management of the Solid Waste Compost Site.

- Grants and Transfers to Others

Grants and Transfers to Others are estimated at \$62.9M for 2022, a reduction of approximately \$5.2M over than 2021 budget estimates. This expenditure category includes transfers for Ontario Works, housing and childcare programs and is generally proportionate to grants received for these programs as discussed in the grant revenue section above.

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

- A decrease of \$2.2M in Ontario Works (OW) allowances to better reflect OW caseload trends; based on historical averages in prior years, the 2022 budget has been adjusted to reflect a more current projection of caseload levels. This adjustment is offset by a corresponding reduction in provincial funding.
- A reduction of approximately \$2.1M due to Social Services Relief funding budgeted in 2021 to support vulnerable populations during the pandemic. Similar funding has not been budgeted for 2022.
- An increase in projected revenues for annual housing provider surpluses of \$390K; due to the uncertainty of actuals, this surplus had not been budgeted in prior years however, beginning in 2021, the City began to budget for an annual surplus amount. Due to COVID uncertainties, the 2021 budget included a conservative revenue estimate of \$245K. In 2022, this estimate has been increased to \$635K to better reflect anticipated surpluses based on past years' averages. A portion of this surplus is transferred to the Social Housing Capital Reserve Fund, in accordance with policy.

- 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. Projected at \$76.8M,

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this category reflects a net increase of \$3.4M over 2021. The increase relates primarily to the annual investment required to support future capital funding requirements, including capital contributions from services subject to user fees as well as an additional \$3.1M capital investment related to the 1% incremental tax levy policy.

Also to note, the annual net contribution to the parking reserve fund was reduced by approximately \$800K to offset the projected reduction in parking revenues, as per policy, and as discussed above.

A reduction in the amount required to repay exemptions to the Development Charges Reserve Fund of \$300K and the removal of the \$200K contribution to the Election reserve not required in the year of the election, has been offset by the inclusion of the annual capital transfer to the Leon's Centre Reserve Fund of \$550K, previously removed from the 2021 budget to reflect pandemic impacts.

- Transfers to Agencies and Boards

Transfers to agencies and boards, including transfers to reserve funds for capital purposes, are projected at \$69.0M, a consolidated budget increase of \$2.1M or 3.0%. Budget estimates are based on a combination of actual budget requests received to date as well as projections for budgets not yet approved by the respective boards. 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 are 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:

- Kingston Economic Development Corporation (1.4% increase requested)
- Kingston Access Services (3.8% increase requested)
- Kingston Frontenac Public Library Board (2.0% increase requested)
- Tourism Kingston (2.0% increase requested)

The budget estimates also include draft budget requests that, as of the date of finalization of the report, remains subject to approval by the respective agency's board:

- Cataraqui Region Conservation Authority (4.6% increase requested)
- KFL&A Public Health (2.0% increase projected)
- Kingston Police Services Board (3.6% increase requested)
- Downtown Kingston! Business Improvement Area - separate levy (2.5% increase)

Included in transfers to agencies and boards are transfers of \$5.9M budgeted for contribution to capital reserve funds on behalf of specific agencies where the City maintains and manages

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capital reserve funds on their behalf - Kingston Police Services, Kingston Frontenac Public Library and Kingston Access Services.

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

The five-year commitment of \$1.3M per year to the University Hospitals Kingston Foundation capital campaign, as approved in Council Report 16-120, ended in 2021. Although the last payment was made in 2021, staff have continued to earmark annual funding of \$1.3M in the draft operating budgets based on information related to a potential future phase included in Council Report Number 16-120. Council Report Number 21-287 Health Care Initiatives is scheduled for the November 16, 2021 Council meeting agenda. The report will provide potential options for utilizing the annual \$1.3M for additional health care support. Recommended budgets will be amended to reflect any subsequent decisions of Council prior to the budget by-laws being presented to Council for approval.

Capital Plans

The 2022 capital budget and 15-year capital plans are being presented to Council at this time. A total recommended budget of just under \$70.9M requires funding from municipal reserve funds of \$59.5M and funding from grants and other contributions of \$11.4M.

Three-year capital plans were approved for infrastructure projects within Engineering and Transportation Services during the 2020 budget process and are included in the works-in-progress document.

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 2022 routine asset management budget requests.

The 2022 capital budget summary is provided 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 2022 recommended capital budget includes investment in a number of larger asset renewal and rehabilitation projects as well as strategic projects that support Council's priorities and direction:

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Transportation and Public Works:

- Transit farebox system replacements - \$1.5M, supported by ICIP funding
- Bus stops and shelter installations - \$1.7M, supported by ICIP funding
- Turtle fencing - \$725K
- Renovations at Chown Parking Garage - \$685K

Business, Environment, & Projects:

- Real Estate – Property acquisition and servicing - \$10.8M
- Cricket Field Refurbishment - \$750K
- Leon’s Centre – electric Zamboni - \$200K

Corporate Services – Facilities Management and Construction Services:

- Energy and asset management plans and retrofits - \$1.3M
- Renovations at 610 Montreal Street - \$1.5M, (80% grant - upon successful award of Federal Green Spaces funding)
- Design of new Creekford Road campus - \$350K – with construction costs projected for 2023
- Rideaucrest – continued renovation and infection control plans – common areas, resident washrooms, staff change rooms - \$1.2M
- City Hall – Memorial Hall restoration/repairs, exterior windows and doors, mechanical sprinkler/fire alarm systems, and exterior lighting - \$1.1M
- Frontenac County Court House restoration/repairs to central stairs, masonry repairs, and roof - \$2.5M
- Rodden Park Barn – New roof and masonry repairs - \$650K
- Cataraqui Community Centre renovations and repairs - \$1.4M
- Kingston Frontenac Public Library – Bishop House exterior restoration - \$635K
- Airport Hangar 4 repairs - \$810K

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Housing:

- Investment in affordable housing initiatives, supported by grant funding - \$1.9M
- 805 Ridley Drive west wing improvements - \$1.1M

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 will also influence future capital projects priorities.

- Expansion of Transit facility - 1181 John Counter Boulevard (2023)
- Transit – new bus purchases (2023) - in support of Transit Business Plan future phases
- 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)
- 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 (2023-2026)
- Memorial Centre and Centre 70 (2023-2025)
- Employment Lands Expansion - servicing of new business park lands (2023–2026, 2029)
- Future expansion of the Creekford Road municipal site (2023)
- Salt dome construction (2023)
- New fire stations rehabilitation/relocation #5 and #10 (2025, 2029)
- Library – Pittsburgh Branch Expansion (2028)

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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 four years. This increasing level of contribution continues to move the City closer to a sustainable level of annual capital investment and reduces 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. That timeline was extended by the province to July 1, 2022. All other assets are to be incorporated into the plan by July 1, 2024.

These efforts will provide updated data to more accurately determine the sustainable level of capital investment required to maintain and replace the City's capital assets and 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 priorities and in updating the 15-year capital plans detailed efforts were made to carefully review financial and resource capacity in prioritizing projects and to ensure adequate flexibility to incorporate Council's priorities and to respond to grant funding opportunities. Careful consideration was also given to existing works-in-progress balances and the capacity required to complete those projects.

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 are incorporated into capital plans over the next five years.

Included in the 15-year forecasts are estimates to convert existing transit fleet and any anticipated future additions to fully electric buses at the time of replacement or acquisition. In accordance with Council's strategic priorities, the incremental costs to electrify bus

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replacements for 2022 and 2023 have been funded. The incremental costs to electrify buses for 2024 onwards remain unfunded until an affordable financing strategy can be put in place.

Debt Models

The table below provides information on the total long-term debt issued and outstanding as well as the long-term debt approved by Council but not yet issued.

The table illustrates 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 Balances	Total debt outstanding	Total debt approved not yet issued	Total
Balance December 31, 2020	\$ 383.8M	\$ 136.2M	\$ 520.0M
2021 Principal repayments	(17.0M)		(17.0M)
Projected balance December 31, 2021	\$ 366.8M	\$ 136.2M	\$ 503.0M
Balance of debt approved not yet issued:			
Cataraqui Bay Wastewater Plan		\$ 78.0M	
Third Crossing		30.0M	
Highway 15		3.2M	
Fleet Maintenance Garage		9.5M	
Pathways & Trails		3.0M	
East End Community Centre		6.0M	
Roads & Related		5.3M	
Land Acquisition		1.2M	
		\$136.2M	

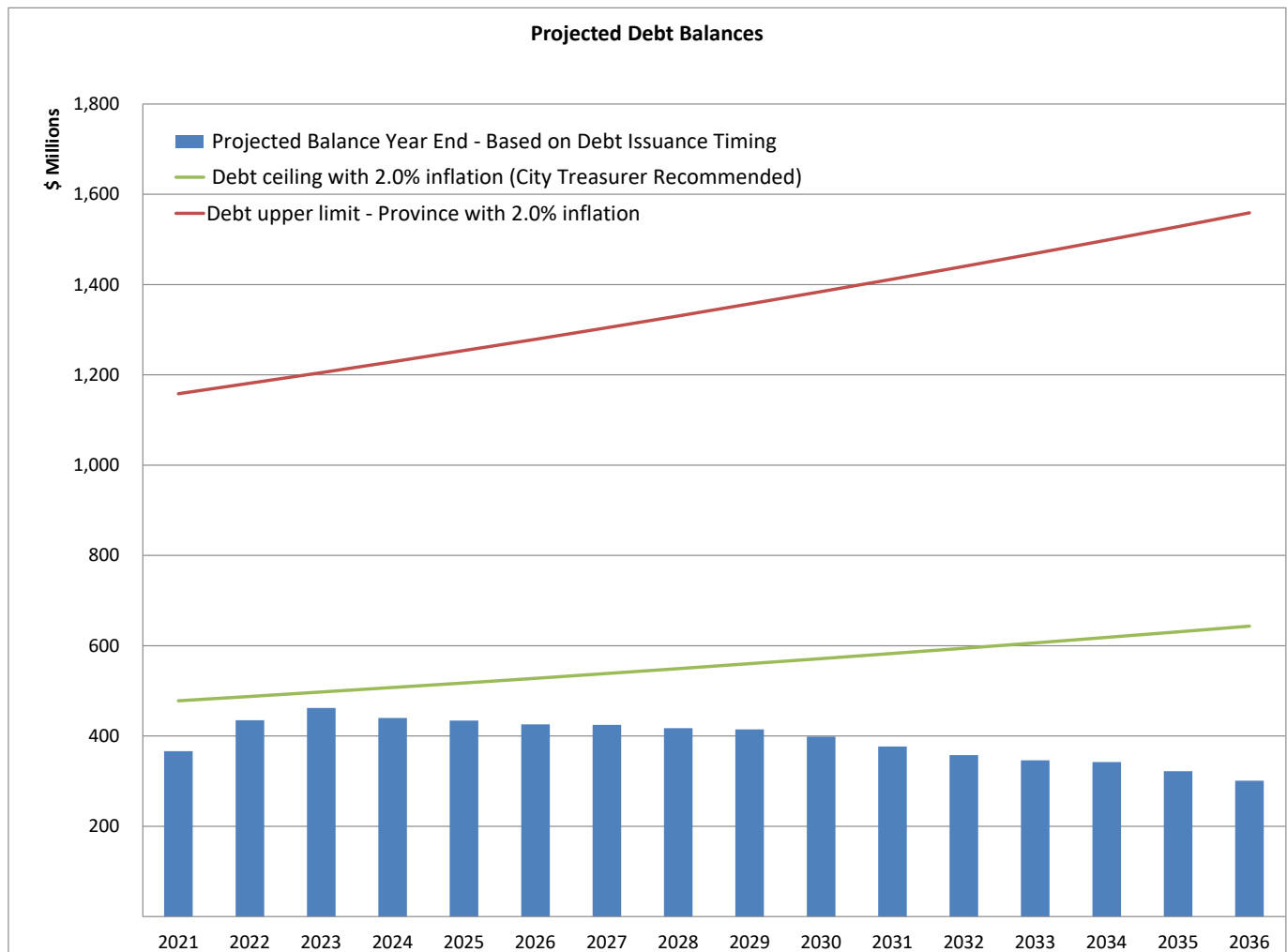
Debt models have been updated in the table below to reflect the recommended capital budget and 15-year capital plans and to reflect projected timing of approved debt issuance, as noted in the table above, and principal repayments. Council [Report Number 21-104](#) dated April 20, 2021 (2021 Municipal 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

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rates. 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 2022 of \$488M, escalated at 2% for future years in line with projected inflationary adjustments.



It is recommended that the 2022 capital budget of \$70.9M be funded primarily by capital reserve funds (pay-as-you-go) and government grants. The City’s draft 2022 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 \$19M are

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estimated to be paid in 2022 with annual repayments increasing thereafter as debentures are approved and issued.

The graph shows that the level of debt peaks in 2023 but continues to remain below the threshold. The level of debt is projected to remain below the self-imposed capacity level thereafter supporting the City's strategy for increased reliance on pay-as-you-go capital funding and 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 reaffirmed the City's AA rating noting prudent debt and liquidity policies and recognition of our capital funding strategies and self-imposed debt limit.

Included with the 15-year capital forecast is a projected financial plan (2023-2036) 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.

Capital Works in Process

A copy of the capital works in progress listing as of September 30, 2021 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 2022 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

The table below reflects a breakdown of the year over year change by departments and agencies and boards of the net taxation requirement to fund the 2022 recommended budget.

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Taxation Levy Requirement	2021 Budget (\$M)	2022 Budget (\$M)	Variance (\$M)	Variance (%)
Internal Services				
Transportation & Public Works	81.56	83.54	1.99	2.4%
Community Services	10.50	11.07	0.56	5.4%
Business, Environment & Projects	12.41	12.59	0.18	1.5%
Corporate Services	17.61	18.37	0.76	4.3%
Finance & Administration	21.93	22.73	0.80	3.6%
Total Internal Services	144.00	148.29	4.29	3.0%
Agencies and Boards				
Kingston Police Services Board*	41.16	42.66	1.50	3.6%
Kingston Frontenac Public Library	6.81	6.95	0.14	2.0%
Kingston Access Services	3.11	3.23	0.12	3.8%
Cataraqui Region Conservation Authority*	1.68	1.75	0.08	4.6%
KFL&A Public Health*	4.15	4.23	0.08	2.0%
Kingston Economic Development	1.46	1.48	0.02	1.4%
Tourism Kingston	1.44	1.47	0.03	2.0%
Health care support	1.05	1.30	0.25	23.8%
Total Agencies and Boards	60.86	63.08	2.21	3.6%
Other				
Transfer to Capital Reserve Funds - Agencies	5.45	5.62	0.17	3.0%
Transfer to Capital Reserve Fund	43.81	46.92	3.11	7.1%
Fiscal services and Tax adjustments	2.82	4.29	1.47	52.2%
Downtown Business Improvement Area*	1.66	1.70	0.05	2.8%
Total Other	53.74	58.53	4.79	8.9%
Total Taxation Levy	258.60	269.90	11.30	4.4%
Taxation Levy				
Payments in Lieu of Taxes	16.40	16.87	0.47	2.9%
Downtown Business Improvement Area	1.62	1.66	0.05	2.8%
Taxation growth - 2021	-	5.55	5.55	2.3%
Taxation - supplementary taxes	3.90	3.45	(0.45)	(0.2%)
Taxation - rate increase	236.60	242.37	5.68	2.4%
Total Taxation Levy	258.60	269.90	11.30	4.4%

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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 province has deferred the 2020 reassessment for the 2021, 2022 and 2023 fiscal years meaning that 2022 assessments will remain at the 2020 full phase-in value. Therefore, the average assessment for the City of Kingston for 2021 taxation purposes, was unchanged from 2020 at \$328,099 for a residential property. This equated to a tax levy of approximately \$4,300 including both municipal, County and education components. Taxes on properties with assessments above or below this average value would be adjusted proportionately.

The municipal tax component is based on Council’s adoption of the annual budget as presented herein. The county levy and education tax rates are set by the County of Frontenac and the Province of Ontario respectively and are billed and collected as separate levies by the municipality as part of the total property tax bill.

Based on an average assessed value of a residential property, the 2021 municipal tax component represented 84% (\$3,603) of the total property tax bill, the County of Frontenac component represented 4% (\$195) and the education tax component represented 12% (\$502) of the total 2021 property tax bill.

Similarly, for commercial/industrial properties, the municipal tax, County of Frontenac levy and education tax components on the average assessed value of a commercial property represents 68%, 4% and 28% respectively of the total tax bill, and for industrial properties, 73%, 4% and 23% respectively.

Because the property tax bill includes both the municipal, County and education components, the total tax rate increase to the taxpayer may ultimately be different than the municipal tax rate increase of 1.4%, plus 1% for capital purposes, should the County and/or education tax rates remain constant or increase by more or less than a 2.4% increase. In past years decreased education rates have provided municipalities with some “property tax room”, reducing the impact of municipal tax rate increases.

A breakdown of the average residential municipal tax component by municipal service is provided in the Corporate Overview section of the budget binder. The municipal portion of an estimated average tax bill of \$3,689 was used for this breakdown has been calculated by adding 2.4% to the above municipal tax component for 2021 of \$3,603. Based on an average market assessment value, the 2022 budget impact to a homeowner is \$86 over 2021. This average calculation will be adjusted to reflect the annual budget requisition received from the County of Frontenac for County-managed services, which is shown as a separate levy on the City’s property tax billing.

The table 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

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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.

Average Residential Tax Bill Changes 2012 – 2021

Year	Council Approved Overall Budget Increase	Average Municipal Tax Change Year over Year (include tax ratio shifts)	County of Frontenac Levy Increase (Note 1)	Average Education Tax Change Year over Year	Average Total Tax Bill Change with Education
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%
2021	2.4%	2.4%	0.6%	(0.4%)	2.6%

Note 1: County of Frontenac levy for 2012 to 2020 included within the average municipal tax change.

Operating forecasts for future years

Staff has prepared departmental operating forecasts through to 2025, incorporating the costs of expected operating plans as departments transition back to pre-pandemic service levels. 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 is projected that the majority of services most significantly impacted by the pandemic will 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%-1.5% range annually. Based on the increased construction activity the City is experiencing and an analysis of expected construction project completion, growth estimates are projected at \$3.5M for 2023 and \$2.5M for 2024 and 2025.

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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. A tax rate increase target of 1.3% plus 1% for capital purposes has also been assumed for 2024 and 2025 for projection purposes.

On October 19, 2021, Council approved an estimated \$3.75M to be included in the operating budget over four years (2023-2026) for the Green Standard Community Improvement Plan. The plan is to be funded with a 0.16% incremental annual tax increase over the same term which has also been included in the projections for 2023 through 2025. This plan is expected to reduce GHG emissions by greater than 73,000 tonnes from new buildings by the year 2040.

Budget projections for 2023 through 2025 are included as Exhibit A Part 4. The Exhibit incorporates projected 2023-2025 tax rates based on the Council recommended increases, resulting in a net expenditure gap each year. The projections currently forecast tax increases of 2.4%, 2.1% and 2.1% respectively, plus an annual 1% for capital purposes.

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. Phase 4, the last approved phase of the business plan, would introduce new transit service in the west end and expand service frequency on certain routes. The implementation of phase 4 was deferred and is now included in the operating budget to commence in September 2022.

The following pressures are also contributing to the budget gaps identified in 2023 through to 2025:

- The step down of Federal funding for housing, increases in market rental rates for housing programs and investment in the portable housing program will continue to put pressure on the budget in the forecasted years.
- The airport is expected to see a gradual return to pre-pandemic service levels through the forecasted period. Staff will continue to develop relationships with new airline/ carriers to ensure the travel demands of customers are met.

While the forecasts include expected provincial funding changes in social services, staff anticipate that there will be additional reductions to administrative funding allocations. Staff continue to implement mitigation strategies to address projected financial impacts and will continue to monitor provincial communications as they are provided.

The projected tax increases for 2023, 2024 and 2025 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. 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 and in advance of budget deliberations for those years.

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Municipal Utilities Operating and Capital Budgets

Council approved two-year operating budgets (2021-2022) as part of the 2021 budget deliberations and four-year capital budgets (2019-2022) for municipal utilities as part of the 2019 budget deliberations for water, sewer, gas and appliance rental services. Utilities Kingston is recommending an additional capital budget for 2022 for municipal utilities, under separate report, for Council approval.

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 2022 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\(1\)](#)

City of Kingston's [Public Notice Policy](#)

City of Kingston's [Accessibility Standards Policy](#)

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 2022 capital and operating budgets is also posted on the City website.

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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.

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: 2022 Municipal Operating Budget

Part 1: 2022 Municipal Gross Expenditure/Revenue Summary – As Recommended

Part 2: 2022 Municipal Operating Budget Summary – As Recommended

Part 3: 2022 Municipal Gross Expenditure/Revenue Summary by Group – As Recommended

Part 4: 2022 Municipal Net Tax Revenue Budget Summary – As Recommended

Exhibit B: 2022 Municipal Capital Budget Summary – As Recommended

City of Kingston
2022 Municipal Expenditure/Revenue Summary
- As Recommended

Exhibit A, Part 1 to Report Number 21-291

Revenues & Expenditures	2021 Approved Budget	2022 Recommended Budget	Variance (\$)	Variance (%)	2023 Forecast	2024 Forecast	2025 Forecast
Revenues							
Taxation Revenue	(240,589,356)	(251,370,879)	(10,781,523)	4.5%	(260,018,321)	(268,842,739)	(277,874,763)
PIL Revenue	(16,396,914)	(16,871,298)	(474,384)	2.9%	(16,970,684)	(17,071,744)	(17,174,510)
Fees, Charges & Other Revenue	(45,885,445)	(52,722,517)	(6,837,072)	14.9%	(57,720,541)	(59,778,504)	(61,043,663)
Provincial Subsidies	(74,666,165)	(70,452,700)	4,213,465	(5.6%)	(68,332,265)	(67,593,988)	(67,317,674)
Federal Subsidies	(10,471,583)	(10,718,033)	(246,450)	2.4%	(10,260,516)	(10,206,798)	(9,914,420)
Recoveries - Other Municipalities	(2,937,739)	(2,944,894)	(7,155)	0.2%	(3,059,759)	(3,113,897)	(3,195,267)
Transfer from Reserves and Reserve Funds	(4,505,760)	(3,792,312)	713,448	(15.8%)	(2,696,031)	(2,657,151)	(2,331,407)
Total Revenues	(395,452,962)	(408,872,633)	(13,419,671)	3.4%	(419,058,117)	(429,264,821)	(438,851,704)
Expenditures							
Salaries, Wages & Benefits	129,431,908	138,167,917	8,736,009	6.7%	141,451,083	144,168,576	147,215,766
Materials, Supplies & Fees	36,922,762	39,359,651	2,436,888	6.6%	41,320,774	42,134,151	43,182,194
Contracted Services	19,044,594	21,637,570	2,592,976	13.6%	21,497,953	21,858,867	22,320,311
Grants & Transfers to Others	62,393,367	56,987,230	(5,406,137)	(8.7%)	57,992,219	58,801,736	59,213,516
Agencies & Boards Transfers	61,153,552	63,118,659	1,965,107	3.2%	64,331,212	65,981,088	67,369,152
Equipment Charges & Internal Allocations	(2,993,114)	(3,188,306)	(195,192)	6.5%	(3,300,930)	(3,404,907)	(3,515,237)
Tax Adjustments & Allowances	3,633,039	3,383,469	(249,571)	(6.9%)	3,800,681	4,858,350	5,136,487
Debenture Principal & Interest	781,019	779,552	(1,467)	(0.2%)	778,438	777,363	802,694
Transfers to Reserves & Reserve Funds	79,330,079	82,699,470	3,369,391	4.2%	87,407,375	91,824,183	96,268,217
Transfers to Reserve Funds - Boards	5,755,756	5,927,421	171,665	3.0%	6,102,519	6,331,146	6,614,283
Total Expenditures	395,452,962	408,872,633	13,419,671	3.4%	421,381,324	433,330,553	444,607,383
Net	-	-	-		2,323,207	4,065,731	5,755,679

City of Kingston
2022 Municipal Operating Budget Summary
- As Recommended

Groups & Departments	2021 Approved Budget	2022 Recommended Budget	Variance (\$)	Variance (%)
Public Works	24,200,695	24,853,277	652,582	
Transportation Services	3,159,125	3,173,899	14,774	
Transit	17,583,666	18,002,608	418,942	
Asset Management & Fleet Services	-	-	-	
Engineering	778,478	794,076	15,598	
Solid Waste	9,811,337	10,159,238	347,901	
Fire & Rescue	26,023,752	26,561,449	537,697	
Transportation & Public Works	81,557,052	83,544,547	1,987,494	2.4%
Planning Services	1,190,068	1,147,842	(42,226)	
Parking	-	-	-	
Licensing & Enforcement Services	1,256,391	1,305,888	49,497	
Building Services	-	-	-	
Heritage Services	1,849,505	2,104,010	254,505	
Long Term Care	5,961,904	6,263,858	301,954	
Commissioners Office	245,589	245,451	(138)	
Community Services	10,503,457	11,067,049	563,592	5.4%
Major Projects	-	-	-	
Business, Real Estate & Environment	788,845	833,119	44,274	
Climate Leadership Division	339,800	344,921	5,121	
Arts & Culture Services	2,458,037	2,599,217	141,180	
Recreation & Leisure Services	8,501,536	8,480,533	(21,003)	
Commissioners Office	317,000	331,137	14,137	
Business, Environment & Projects	12,405,218	12,588,927	183,709	1.5%
Human Resources & Organization Dev	3,227,379	3,313,473	86,094	
Facilities Management & Construction	3,838,487	4,095,587	257,100	
Legal Services	1,473,530	1,492,177	18,647	
City Clerk	1,860,987	1,887,133	26,146	
Information Systems & Technology	4,211,422	4,349,647	138,225	
Communications & Customer Experience	2,724,127	2,956,057	231,930	
Commissioners Office	271,481	271,450	(31)	
Corporate Services	17,607,413	18,365,524	758,111	4.3%
Mayor & Council	1,221,844	1,276,836	54,992	
Chief Administrative Officer	748,383	845,817	97,434	
Airport	704,668	613,948	(90,720)	
Housing	12,010,170	12,601,964	591,794	
Social Services	5,317,378	5,474,953	157,575	
Chief Financial Officer & Financial Services	1,926,060	1,915,292	(10,768)	
Finance & Administration	21,928,503	22,728,810	800,307	3.6%
Operating budget before fiscal/capital levy and agencies & boards	144,001,644	148,294,857	4,293,213	3.0%
Add:				
Capital Levy, Fiscal Services & Tax Adjustments	46,626,197	51,208,136	4,581,939	
Municipal Services	190,627,841	199,502,993	8,875,152	4.7%
Agency and Board Transfers	66,358,429	68,739,184	2,380,755	
Agencies & Boards	66,358,429	68,739,184	2,380,755	3.6%
Total tax requirement	256,986,270	268,242,177	11,255,907	
Payments in lieu	(16,396,914)	(16,871,298)	(474,384)	
Property Taxation to be raised	240,589,356	251,370,879	10,781,523	4.5%
Taxation - rate increase	(236,691,666)	(242,370,879)	(5,679,213)	(2.4%)
Taxation - supplementary	(3,897,690)	(3,450,000)	447,690	0.2%
Taxation - growth		(5,550,000)	(5,550,000)	(2.3%)
Net	-	-	-	

City of Kingston
 2022 Municipal Gross Expenditure/Revenue
 Budget Summary By Group
 - As Recommended

Group	2021 Approved Budget	2022 Recommended Budget	Variance (\$)
Transportation & Public Works			
Expenditure	98,461,479	103,417,522	4,956,043
Revenue	(16,904,426)	(19,872,975)	(2,968,549)
Net	81,557,053	83,544,547	1,987,494
Community Services			
Expenditure	39,107,595	40,042,604	935,009
Revenue	(28,604,138)	(28,975,555)	(371,417)
Net	10,503,457	11,067,049	563,592
Business, Environment & Projects			
Expenditure	18,625,597	23,585,132	4,959,535
Revenue	(6,220,379)	(10,996,205)	(4,775,826)
Net	12,405,218	12,588,927	183,709
Corporate Services			
Expenditure	25,781,811	27,054,356	1,272,545
Revenue	(8,174,398)	(8,688,832)	(514,434)
Net	17,607,413	18,365,524	758,111
Finance & Administration			
Expenditure	86,400,442	83,212,741	(3,187,701)
Revenue	(64,471,937)	(60,483,931)	3,988,006
Net	21,928,503	22,728,810	800,307
Agencies & Boards			
Transfers	66,909,309	69,046,080	2,136,771
Revenue	(550,878)	(306,896)	243,983
Net	66,358,429	68,739,184	2,380,754
Capital Levy, Fiscal Services and Taxation			
Expenditure	60,166,729	62,514,198	2,347,469
Revenue	(270,526,806)	(279,548,239)	(9,021,433)
Net	(210,360,077)	(217,034,041)	(6,673,969)
Total			
Expenditure	395,452,962	408,872,633	13,419,671
Revenue	(395,452,962)	(408,872,633)	(13,419,671)
Net	-	-	-

Group & Department	2021 Approved Budget	2022 Recommended Budget	Variance (\$)	Variance (%)	2023 Forecast	Variance (\$)	Variance (%)	2024 Forecast	Variance (\$)	Variance (%)	2025 Forecast	Variance (\$)	Variance (%)
Public Works	24,200,695	24,853,277	652,582	2.7%	25,475,096	621,819	2.5%	25,963,784	488,688	1.9%	26,550,562	586,779	2.3%
Transportation Services	3,159,125	3,173,899	14,774	0.5%	3,182,608	8,709	0.3%	3,242,437	59,829	1.9%	3,287,968	45,532	1.4%
Transit	17,583,666	18,002,608	418,942	2.4%	18,464,408	461,800	2.6%	19,089,812	625,404	3.4%	20,562,540	1,472,729	7.7%
Asset Management & Fleet Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering	778,478	794,076	15,598	2.0%	836,568	42,492	5.4%	882,039	45,471	5.4%	902,844	20,806	2.4%
Solid Waste	9,811,337	10,159,238	347,901	3.5%	10,545,971	386,733	3.8%	10,950,394	404,423	3.8%	11,360,850	410,457	3.7%
Fire & Rescue	26,023,752	26,561,449	537,697	2.1%	26,990,651	429,202	1.6%	27,305,358	314,707	1.2%	27,828,337	522,980	1.9%
Transportation and Public Works	81,557,053	83,544,547	1,987,494	2.4%	85,495,302	1,950,755	2.3%	87,433,824	1,938,522	2.3%	90,493,101	3,059,283	3.5%
Planning Services	1,190,068	1,147,842	(42,226)	(3.5%)	1,118,053	(29,789)	(2.6%)	1,104,047	(14,006)	(1.3%)	1,116,421	12,374	1.1%
Licensing & Enforcement Services	1,256,391	1,305,888	49,497	3.9%	1,330,732	24,844	1.9%	1,364,021	33,289	2.5%	1,389,568	25,547	1.9%
Building Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Services	1,849,505	2,104,010	254,505	13.8%	2,244,424	140,414	6.7%	2,299,076	54,652	2.4%	2,349,104	50,028	2.2%
Long Term Care	5,961,904	6,263,858	301,954	5.1%	6,464,436	200,578	3.2%	6,685,275	220,839	3.4%	6,909,351	224,076	3.4%
Commissioners Office	245,589	245,451	(138)	(0.1%)	252,751	7,300	3.0%	260,272	7,521	3.0%	268,023	7,751	3.0%
Community Services	10,503,457	11,067,049	563,592	5.4%	11,410,395	343,348	3.1%	11,712,690	302,296	2.6%	12,032,466	319,776	2.7%
Major Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
Business, Real Estate & Environment	788,845	833,119	44,274	5.6%	897,228	64,108	7.7%	927,776	30,549	3.4%	978,862	51,085	5.5%
Climate Leadership Division	339,800	344,921	5,121	1.5%	747,263	402,342	116.6%	1,165,101	417,838	55.9%	1,598,102	433,001	37.2%
Arts & Culture Services	2,458,037	2,599,217	141,180	5.7%	2,924,432	325,216	12.5%	3,029,873	105,441	3.6%	3,100,480	70,607	2.3%
Recreation & Leisure Services	8,501,536	8,480,533	(21,003)	(0.2%)	8,645,027	164,494	1.9%	8,868,691	223,665	2.6%	9,102,945	234,254	2.6%
Commissioners Office	317,000	331,137	14,137	4.5%	349,514	18,377	5.5%	363,116	13,602	3.9%	376,944	13,828	3.8%
Business, Environment & Projects	12,405,218	12,588,927	183,709	1.5%	13,563,463	974,538	7.7%	14,354,557	791,095	5.8%	15,157,332	802,775	5.6%
Human Resources & Organization Dev	3,227,379	3,313,473	86,094	2.7%	3,486,904	173,431	5.2%	3,551,693	64,789	1.9%	3,616,923	65,230	1.8%
Facilities Management & Construction	3,838,487	4,095,587	257,100	6.7%	4,193,270	97,682	2.4%	4,052,021	(141,248)	(3.4%)	4,173,343	121,322	3.0%
Legal Services	1,473,530	1,492,177	18,647	1.3%	1,530,622	38,445	2.6%	1,566,263	35,641	2.3%	1,603,115	36,852	2.4%
City Clerk	1,860,987	1,887,133	26,146	1.4%	1,997,835	110,702	5.9%	2,033,327	35,493	1.8%	2,066,401	33,074	1.6%
Information Systems & Technology	4,211,422	4,349,647	138,225	3.3%	4,798,086	448,440	10.3%	4,952,565	154,478	3.2%	5,105,026	152,461	3.1%
Communications & Customer Experience	2,724,127	2,956,057	231,930	8.5%	3,135,340	179,283	6.1%	3,182,681	47,340	1.5%	3,283,168	100,488	3.2%
Commissioners Office	271,481	271,450	(31)	(0.0%)	325,277	53,827	19.8%	334,036	8,759	2.7%	343,147	9,111	2.7%
Corporate Services	17,607,413	18,365,524	758,111	4.3%	19,467,334	1,101,809	6.0%	19,672,586	205,252	1.1%	20,191,123	518,540	2.6%
Mayor & Council	1,221,844	1,276,836	54,992	4.5%	1,348,183	71,346	5.6%	1,385,888	37,705	2.8%	1,422,583	36,695	2.6%
Chief Administrative Officer	748,383	845,817	97,434	13.0%	997,898	152,080	18.0%	1,117,632	119,734	12.0%	1,152,292	34,660	3.1%
Airport	704,668	613,948	(90,720)	(12.9%)	410,662	(203,286)	(33.1%)	235,017	(175,645)	(42.8%)	112,699	(122,318)	(52.0%)
Housing	12,010,170	12,601,964	591,794	4.9%	13,449,894	847,930	6.7%	14,280,127	830,233	6.2%	14,831,166	551,039	3.9%
Social Services	5,317,378	5,474,953	157,575	3.0%	5,551,759	76,805	1.4%	5,641,034	89,276	1.6%	5,726,398	85,364	1.5%
Chief Financial Officer and Financial Services	1,926,060	1,915,292	(10,768)	(0.6%)	2,037,749	122,457	6.4%	2,140,687	102,938	5.1%	2,190,442	49,755	2.3%
Finance & Administration	21,928,503	22,728,810	800,307	3.6%	23,796,145	1,067,333	4.7%	24,800,385	1,004,241	4.2%	25,435,580	635,195	2.6%
Tax Requirement - Operating budget before Agencies & Boards, Capital Levy, Fiscal Services & Tax Adjustments	144,001,644	148,294,857	4,293,213	3.0%	153,732,639	5,437,782	3.7%	157,974,042	4,241,403	2.8%	163,309,602	5,335,560	3.4%
Capital Levy, Fiscal Services and Tax Adjustments	46,626,197	51,208,136	4,581,939	9.8%	55,458,876	4,250,739	8.3%	60,013,232	4,554,356	8.2%	63,837,595	3,824,362	6.4%
Total Tax Requirement - Municipal	190,627,841	199,502,993	8,875,152	4.7%	209,191,515	9,688,521	4.9%	217,987,274	8,795,759	4.2%	227,147,197	9,159,922	4.2%
Agency and Board Transfers	66,358,429	68,739,184	2,380,755	3.6%	70,120,698	1,381,515	2.0%	71,992,940	1,872,242	2.7%	73,657,755	1,664,815	2.3%
Total Tax Requirement	256,986,270	268,242,177	11,255,907	4.4%	279,312,214	11,070,036	4.1%	289,980,214	10,668,001	3.8%	300,804,952	10,824,737	3.7%
Less: Payments in Lieu of Taxes	(16,396,914)	(16,871,298)	(474,384)	2.9%	(16,970,685)	(99,386)	0.6%	(17,071,744)	(101,060)	0.6%	(17,174,510)	(102,766)	0.6%
Property Taxation to be raised	240,589,356	251,370,879	10,781,523	4.5%	262,341,529	10,970,650	4.4%	272,908,470	10,566,941	4.0%	283,630,442	10,721,972	3.9%
Taxation - rate increase - 2.4%	(236,691,666)	(242,370,879)	(5,679,213)	2.4%	(253,621,740)	(5,700,861)	2.3%	(263,034,220)	(5,912,480)	2.3%	(271,640,188)	(6,105,968)	2.3%
Taxation - supplementary	(3,897,690)	(3,450,000)	447,690	(0.2%)	(2,500,000)	950,000	(0.4%)	(2,500,000)	-	0.0%	(2,500,000)	-	0.0%
Taxation - growth	-	(5,550,000)	(5,550,000)	2.3%	(3,500,000)	(3,500,000)	1.4%	(2,500,000)	(2,500,000)	1.0%	(2,500,000)	(2,500,000)	0.9%
Taxation - Green CIP (2023-2026) .16%	-	-	-	-	(396,582)	(396,582)	0.16%	(808,519)	(411,937)	0.16%	(1,234,576)	(426,057)	0.16%
Net	-	-	-	-	2,323,207	2,323,207	-	4,065,731	1,742,524	-	5,755,679	1,689,947	-

Group and Department	Sources of Funding (2022)						Total
	Budget 2022	Reserve Funds PAYG	Municipal Capital PAYG	D.C. Reserve Fund	Other	Grants	
General Municipal							
Transportation & Infrastructure Services							
Public Works Services	2,420,000	252,500	2,167,500				2,420,000
Asset Management & Fleet	14,148,359	8,062,451	606,887	478,269		5,000,752	14,148,359
Transit	3,520,970	885,101		275,099		2,360,770	3,520,970
Solid Waste	180,000	180,000					180,000
Fire & Rescue	2,738,500	2,575,450	81,525		81,525		2,738,500
Community Services							
Planning Services	1,426,000	178,750	925,500	321,750			1,426,000
Parking	1,910,984	1,910,984					1,910,984
Heritage Services	600,000		516,250	33,750	50,000		600,000
Licensing & Enforcement	200,000	130,000	70,000				200,000
Long-Term Care	185,985	80,000			105,985		185,985
Business, Environment & Projects							
Real Estate & Environment Initiatives	11,295,000	8,895,000	2,375,000		25,000		11,295,000
Climate Leadership Division	275,000	150,000			125,000		275,000
Arts & Culture Services	358,947	99,349	259,598				358,947
Recreation & Leisure Services	1,510,000	290,000	1,220,000				1,510,000
Corporate Services							
Facilities Management & Construction Services	17,380,111	10,608,533	5,571,578			1,200,000	17,380,111
Information Systems & Technology	5,422,587	3,393,321	1,516,416		512,850		5,422,587
Finance & Administration							
Airport	850,000		850,000				850,000
Housing & Social Services	3,134,490		1,263,372			1,871,118	3,134,490
Subtotal	67,556,933	37,691,439	17,423,626	1,108,868	900,360	10,432,640	67,556,933
Library	390,000	380,000			10,000		390,000
Police	2,368,788	2,368,788					2,368,788
Kingston Access Services (KAS)	561,600	561,600					561,600
Total Police, Library & KAS	3,320,388	3,310,388	-	-	10,000	-	3,320,388
Grand Total	70,877,321	41,001,827	17,423,626	1,108,868	910,360	10,432,640	70,877,321

Funding Summary	Total
Reserve Funds	59,534,321
Grants	10,432,640
Working Fund Res	175,000
Other	735,360
	70,877,321

**City of Kingston
2022 Capital Budget Summary**

Exhibit B to Report Number 21-291

		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
Transportation & Public Works								
Public Works Services								
PBW - Turtle Fence	725,000			725,000				
PBW - Pavement Marking	810,000			810,000				
PBW - Forestry	550,000	212,500	Tree Replacement	337,500				
PBW - Low Volume Roads	100,000			100,000				
PBW - PW Building Maintenance Capital	40,000	40,000	Facility Repair					
PBW - Technology - Research & Implementation	50,000			50,000				
PBW - Parks & Sportsfields Repairs	145,000			145,000				
Public Works Services	2,420,000	252,500		2,167,500				
Asset Management and Fleet Services								
Fleet - Municipal								
FLT - Replacements - Public Works	3,301,014	3,301,014	Municipal Equipment					
FLT - Replacements - Solid Waste	505,938	505,938	Municipal Equipment					
FLT - Replacements - City Other	1,284,689	916,398	Municipal Equipment			314,583		
		53,708	BRRAG					
Fleet - Utilities								
FLT - Replacements - Underground	1,141,824	1,141,824	Utilities Equipment					
FLT - Replacements - Other	38,137	38,137	Utilities Equipment					
Fleet - Transit								
FLT - Replacements - Full Size Buses (including Electrical)	6,390,521	1,704,352	Transit			4,686,169		
FLT - Bus Refurbishments	401,080	401,080	Transit					

**City of Kingston
2022 Capital Budget Summary**

Exhibit B to Report Number 21-291

		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
Fleet - Municipal								
FLT - Additions - Public Works	535,000			56,731	478,269			
FLT - Additions - Facilities Maintenance	161,056			161,056				
Other Fleet								
FLT - Technology/Communications/Tooling	192,000			192,000				
FLT - Buildings/Grounds/Infrastructure	97,100			97,100				
FLT - Corporate Asset Management Project	100,000			100,000				
Asset Management and Fleet	14,148,359	8,062,451		606,887	478,269	5,000,752		
Transit								
TRN - Bus Stops/Shelters	1,719,378	183,459	Transit		275,099	1,260,820		
TRN - Buildings - Transit	100,000	100,000	Transit					
TRN - Park & Ride Facilities	150,000	150,000	Transit					
TRN - Equipment	1,551,592	451,642	Transit			1,099,950		
Transit	3,520,970	885,101			275,099	2,360,770		
Solid Waste Services								
SLW - 2 Recycling Depots for Public Areas	10,000	10,000	SW and Recycling					
SLW - Drop-off Recycling Depot at KARC	20,000	20,000	SW and Recycling					
SLW - Scale Software upgrade	120,000	120,000	SW and Recycling					
SLW-Signage	30,000	30,000	SW and Recycling					
Solid Waste Services	180,000	180,000						
Fire & Rescue								
FRE - Planning/Studies Envelope	50,000	50,000	Fire Capital					
FRE - Records Management System	25,000	25,000	Fire Capital					
FRE - Communications Centre	50,000	50,000	Fire Capital					

**City of Kingston
2022 Capital Budget Summary**

Exhibit B to Report Number 21-291

		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
FRE - Corporate Radio System	543,500	144,028	Fire Capital	81,525			81,525	Utilities Kingston
		198,378	Police Equipment					
		38,045	Transit					
FRE - 911 Telephone Service	500,000	500,000	Fire Capital					
FRE - Fire Technology Communications	120,000	120,000	Fire Capital					
FRE - Response Vehicles-Replace/ Refurbish	1,100,000	1,100,000	Fire Capital					
FRE - Other Equipment	350,000	350,000	Fire Capital					
Fire & Rescue	2,738,500	2,575,450		81,525			81,525	
Transportation & Public Works	23,007,829	11,955,502		2,855,912	753,368	7,361,522	81,525	
Community Services								
Planning Services								
PLD - Commercial Land Use Inventory	100,000			55,000	45,000			
PLD - Employment/Industrial Land Strategy	75,000	41,250	Industrial Land		33,750			
PLD - Population Model Update	140,000			77,000	63,000			
PLD - Policy Planning Studies	250,000			137,500	112,500			
PLD - Urban Growth Strategy	75,000			7,500	67,500			
PLD - Density by Design	100,000			100,000				
PLD - Zoning By-law Consolidation	25,000			25,000				
PLD - North King's Town	50,000			50,000				
PLD - Development Review/Land Management	25,000	12,500	BRRAG	12,500				
PLD - Project Costs/Long Term Plan	250,000	125,000	BRRAG	125,000				
PLD - Furnishings	10,000			10,000				
PLD - GIS Vendor Support	15,000			15,000				
PLD - 3D GIS Development Strategy	11,000			11,000				

**City of Kingston
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		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
PLD - Central Business District (Heritage work)	75,000			75,000				
PLD - Site Plan By-Law Update	75,000			75,000				
PLD - Community Benefits Charges Strategy	150,000			150,000				
Planning & Development	1,426,000	178,750		925,500	321,750			
Licensing & Enforcement								
BEN - Accela Licensing and Code Enforcement	100,000	50,000	BRAGG	50,000				
BEN - Enforcement Field Hardware	100,000	80,000	Parking Capital	20,000				
Licensing & Enforcement	200,000	130,000		70,000				
Parking								
PRK - Parking Technology/Communications	50,000	50,000	Parking Capital					
PRK - Buildings/Grounds/Infrastructure	1,157,184	1,157,184	Parking Capital					
PRK - Equipment	703,800	703,800	Parking Capital					
Parking	1,910,984	1,910,984						
Heritage Services								
HER - Civic Collection Management	150,000			150,000				
HER - PHSM Functional Capital	15,000			15,000				
HER - MWM Functional Capital	10,000			10,000				
HER - City Hall Exhibit Development	50,000			50,000				
HER - Engage for Change/ Indigenous Initiative	50,000						50,000	Working Fund Reserve
HER - Naming and Interpretive signage	150,000			150,000				
HER - Archaeology Master Plan Updates	75,000			41,250	33,750			

**City of Kingston
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		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
HER - Heritage Property Designation Updates	25,000			25,000				
HER - Expansion of Market Square HCD - Density by Design	75,000			75,000				
Heritage Services	600,000			516,250	33,750		50,000	
Long Term Care - Rideaucrest								
LTC - Equipment and Furnishings	185,985	80,000	Rideaucrest Capital				105,985	Provincial Funding
Long Term Care - Rideaucrest	185,985	80,000					105,985	
Community Services	4,322,969	2,299,734		1,511,750	355,500		155,985	
Business, Environment & Projects								
Real Estate & Environment Initiatives								
REE - Strategic Property Land Development	375,000			375,000				
REE - Strategic Property Acquisitions	2,000,000			2,000,000				
REE - Employment Land Acquisition	4,000,000	4,000,000	Industrial Land					
REE - Employment Land Servicing	4,500,000	4,500,000	Industrial Land					
REE - DT Coal Tar Groundwater Monitoring	30,000	30,000	Environment					
REE - Belle Park Landfill	100,000	100,000	Environment					
REE - GHG Inventory and Initiative Development	45,000	45,000	Environment					
REE - EMP Remediation and Monitoring	120,000	120,000	Environment					
REE - EV Strategy	50,000	50,000	Environment					
REE - TESS Facility Construction	75,000	50,000	Environment				25,000	Utilities Kingston
Real Estate & Environment Initiatives	11,295,000	8,895,000		2,375,000			25,000	

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		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
Climate Leadership Division								
CLD - Sustainable Kingston Plan Update	125,000							Working Fund Reserve
CLD - Climate Leadership Priorities Implementation	150,000	150,000	Environment					
Climate Leadership Division	275,000	150,000					125,000	
Cultural Services								
CUL - JK Tett Centre Envelope	15,000			15,000				
CUL - Cultural Arts Programs	87,325			87,325				
CUL - Grand Theatre - Functional Capital	99,349	99,349	Grand Theatre Bldg Improvement					
CUL - Programs & Policy - Culture	72,500			72,500				
CUL - Public Art Program (KCP)	84,773			84,773				
Cultural Services	358,947	99,349		259,598				
Recreation & Leisure Services								
REC - Portsmouth Community Centre	10,000			10,000				
REC - Leon's Centre - Facilities	15,000	15,000	Leon's Centre					
REC - Cricket Field Refurbishment	750,000			750,000				
REC - Departmental Priorities	315,000			315,000				
REC - Invista Centre 1350 Gardiners Road	125,000	125,000	Arena					
REC - Memorial Centre	80,000	80,000	Arena					
REC - Confederation Basin	70,000	70,000	Marina					
REC - Portsmouth Olympic Harbour	120,000			120,000				
REC - Crawford Wharf	25,000			25,000				
Recreation & Leisure Services	1,510,000	290,000		1,220,000				

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		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
Business, Environment & Projects	13,438,947	9,434,349		3,854,598			150,000	
Corporate Services								
Facilities Management & Construction Services								
FAC - Heritage Properties-Grand Theatre	100,000	100,000	Grand Theatre Facility					
FAC - Heritage Properties-City Hall	1,105,000	605,000	Facility Repair	500,000				
FAC - Heritage Properties-Frontenac County Court House	2,510,000	2,510,000	Facility Repair					
FAC - Heritage Properties-610 Montreal St.	1,510,000			310,000		1200000		
FAC - Heritage Properties-Facilities Envelope	1,431,517	341,455	Facility Repair	1,090,062				
FAC - Public Works Vehicle Storage Facility	170,000	170,000	Municipal Equipment					
FAC - New Creekford Road Site	350,000	350,000	Facility Repair					
FAC - Non-Heritage-Leon's Centre	325,000	325,000	Leon's Centre					
FAC - Non-Heritage-Fire & Rescue Facilities	700,000	700,000	Fire Capital					
FAC - Non-Heritage-Rideaucrest Home	1,345,000	1,345,000	Rideaucrest Capital					
FAC - Non-Heritage-Arena & Marina Facilities	2,105,000	2,070,000	Arena	25,000				
		10,000	Marina					
FAC - Non-Heritage-Kingston Frontenac Public Libraries	995,000	995,000	Library Capital					
FAC - Non-Heritage Properties-Facilities Envelope	3,278,594	601,578	Facility Repair	2,677,017				
FAC - Realty Asset Management	1,385,000	165,500	Facility Repair	969,500				
		250,000	Municipal Equipment					
FAC - Designated Substance Management	70,000	70,000	Environment					
Facilities Management & Construction Services	17,380,111	10,608,533		5,571,578		1,200,000		

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		Sources of Funding						
Project Description	2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Municipal Capital Reserve Fund PAYG	D.C. Reserve Fund	Grants	Other	Notes
Information Systems & Technology								
IST - ICT Infrastructure	862,543	862,543	Technology					
IST - Core Capability Sustainment	100,000	100,000	Technology					
IST - Digital Workspace	690,138	690,138	Technology					
IST - Business Applications Sustainment	812,365	456,866	Technology				355,499	Utilities Kingston
IST - Cyber Security	210,646	210,646	Technology					
IST - Digital Service Delivery	898,488	353,000	Technology	498,837			46,651	Utilities Kingston
IST - Core Capabilities	250,000			240,000			10,000	Utilities Kingston
IST - Geospatial Information Management	764,128	720,128	Technology				44,000	Utilities Kingston
IST - Continuous Improvement & Innovation	834,279			777,579			56,700	Utilities Kingston
Information Systems & Technology	5,422,587	3,393,321		1,516,416			512,850	
Corporate Services	22,802,698	14,001,854		7,087,994		1,200,000	512,850	
Finance & Administration								
Airport								
AIR - Grounds/Underground/Fencing	850,000			850,000				
Airport	850,000			850,000				

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Project Description		Sources of Funding				
2022 Budget	Reserve Funds PAYG	Reserve Funds Description	Development Charges Reserve Fund	Other	Notes	
Agencies and Boards						
Library						
LIB - Branch Revitalization & Renewal (Shared)	250,000	250,000	Library Capital			
LIB - Facility Repairs	30,000	30,000	Library Capital			
LIB - Materials for Sight Impaired	10,000			10,000	Steele Reserve	
LIB - Shared IS&T	100,000	100,000	Library Capital			
Total Library	390,000	380,000		-	10,000	
Police						
POL - Replacement Vehicles	585,000	585,000	Police Equipment			
POL - IT Projects	1,528,000	1,528,000	Police Equipment			
POL - Critical Incident Management Equipment	155,788	155,788	Police Equipment			
POL - Building	100,000	100,000	Facility Repair			
Total Police	2,368,788	2,368,788		-	-	
Kingston Access Services						
KAS - Replacement of KAS Vehicles	489,600	489,600	KAS Equipment			
KAS - Automatic E-mail System	60,000	60,000	KAS Equipment			
KAS - Computer Upgrade	12,000	12,000	KAS Equipment			
Total KAS	561,600	561,600		-	-	
Total Agencies and Boards	3,320,388	3,310,388		-	10,000	