Appendix C | Issue Papers
ISSUE: Strategic Investment Options Funding Sources – LED Streetlight Savings & Investment Income
FUND: Operating
DIVISION: Financial Services - Financial Planning & Reporting
PREPARE: Ryan Hagey, Director of Financial Planning & Reporting
BUDGET IMPACT: For Council’s direction

BACKGROUND:
In 2016 Kitchener Council approved the recommendation of report INS-16-024 to replace the City’s streetlight network with more energy efficient LED streetlights. The conversion to LEDs would result in electricity savings of approximately $1M and was anticipated to pay back the capital investment over 8 years. Because the capital installation cost was lower than anticipated (approximately $6.7M) and savings in some years were higher than projected, the project was able to achieve a payback period of 5 years and was completely paid off in 2022.

Through report INS-16-024 staff were directed to establish a reserve fund where 50% of LED streetlight savings (after the debt was paid) would be directed to fund the future replacement of LED streetlights. Since that time, the City of Kitchener has instead created an Energy Retrofit reserve fund whereby financial benefits from energy saving projects with short payback periods (less than 10 years) are directed. The LED streetlight project is an example of a project that would qualify for the Energy Retrofit reserve fund.

RATIONALE / ANALYSIS:
The proposed 2023 budget includes $1.5M of funding for Council’s direction into strategic investment options. This funding comes from ongoing energy savings due to the conversion of streetlights to LEDs, and additional investment income due to increasing interest rates. Through the 2023 budget process, Council will discuss, debate, and allocate this funding. The options proposed through the 2023 budget are summarized in the table below (in no particular order).

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<thead>
<tr>
<th>Option</th>
<th>Option Name</th>
<th>Base $</th>
<th>Enhanced $</th>
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<tbody>
<tr>
<td>A</td>
<td>Implementing the Housing for All Strategy</td>
<td>$100,000</td>
<td>N/A</td>
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<td>B</td>
<td>Advancing the Greening of the City’s Fleet</td>
<td>$200,000</td>
<td>$400,000</td>
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<td>C</td>
<td>Paving of Trails</td>
<td>$300,000</td>
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<td>D</td>
<td>Free Recreational Programming &amp; Leisure Access</td>
<td>$300,000</td>
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<td>E</td>
<td>Arts &amp; Culture</td>
<td>$100,000</td>
<td>N/A</td>
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<td>F</td>
<td>Traffic Calming</td>
<td>$100,000</td>
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<td>G</td>
<td>Neighbourhood Park Improvements</td>
<td>$200,000</td>
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The proposed 2023 budget already includes an ongoing allocation of $600,000 to the Energy Retrofit reserve which satisfies Council’s original direction to allocate 50% of the streetlight conversion electricity savings to a reserve for future LED streetlight replacement. As well, for 2022, the full amount of LED streetlight electricity savings (estimated at $1.2M) will be allocated to the Energy Retrofit reserve.

In the short term, this infusion of funding into the reserve will be used to fund other energy related projects that have payback periods of less than 10 years. This will allow other high-priority energy saving projects to move forward and be fully paid back before funds are needed to replace the LED streetlight network in 10-15 years. Funds will also be used to perform technical studies to support corporate climate action plan implementation grant applications. This will enable staff to leverage additional funding from other levels of government when pursuing sustainability initiatives and allow staff to focus on preparing the more technical and administrative aspects of the grant’s application process within the short lead time since the funds to support the work have been identified and are available.

**FINANCIAL IMPLICATIONS:**
Funding of $1.5M is available for Council direction towards the strategic investment options noted earlier in this issue paper. Any funds not allocated could instead be used to reduce the proposed 2023 tax rate increase.

**RECOMMENDATION:**
For Council’s direction.
CITY OF KITCHENER
2023 BUDGET ISSUE PAPER

ISSUE: Option A – Implementing the Housing for All Strategy
FUND: Operating
DIVISION: Development Services - Planning
PREPARER: Garett Stevenson, Interim Director, Planning
BUDGET IMPACT: Base = $100,000, Enhanced = N/A

BACKGROUND:
In response to growing housing unaffordability, the City approved its first housing strategy - Housing for All in 2020. It contains over 40 actions for the City to help create more affordable housing opportunities in our community and support the Region’s goals of ending homelessness. Housing for All identified the need for approximately 500 supportive housing units, over 5,000 community housing units, and a need for over 9,000 affordable rental housing units in our city.

RATIONALE / ANALYSIS:
Dedicated funding is needed to support the ongoing implementation of Housing For All, including housing studies and updating the Housing Needs Assessment as additional information becomes available.

A review of the City’s existing lodging house license process and applicable policies and regulations is planned for 2023. Reviewing and updating the City’s lodging house framework implements one of the actions from Housing for All. This review would also implement recommendation 14 of the Lower Doon Land Use Study, prepared by the Planning Partnership, dated January 29, 2021, to revise the City’s licensing by-law for lodging houses. The review will study what on-site considerations are needed to support this housing typology, what regulations and policies shall apply to a lodging house use, and what licensing requirements are required. It is anticipated that this work could commence in 2023 and staff would report back to Council outlining the feasibility and implications for changes to the City’s lodging house processes and permissions. This study will also look at short-term rentals within the principle building as well as rear yards (e.g. pool and tiny houses) and make recommendations on how to track and potentially regulate their use.

In future years, this funding would be used to support housing studies to implement Housing for All. This includes:
- Track and monitor renovictions, and develop a renoviction strategy to address tenants who are displaced from their homes to allow major renovations or redevelopment to proceed,
- Support the Region and Service Providers to improve and enhance the quality of people centered information and Coordinated Access System to gain further insight into the diverse types of supportive housing needed,
- Explore the feasibility and implications of a Tenant Assistance Policy and implementing Bylaw to mitigate impacts from redevelopment of rental apartments on current tenants, including consideration of developers providing advanced notice and assistance to residents including relocation plans,
- Assess feasibility of including affordable housing in the development of new or redeveloped City facilities,
- Undertake additional work to assess housing needs for Indigenous people, LBGTQ+ community, people earning the minimum wage, people who are homeless – especially for people with mental health and addiction challenges, people with disabilities with low to moderate incomes, recent immigrants, seniors - especially those in rental housing or requiring care, single parents, and students and youth.

**FINANCIAL IMPLICATIONS:**
Base funding of $100,000 is proposed for housing studies, specifically undertaking a lodging house review in 2023.

**RECOMMENDATION:**
For Council’s direction.
The City of Kitchener’s award-winning, ISO 14001 certified fleet is comprised of non-stationary assets, both vehicles and equipment, that perform operational functions across the city and includes heavy and light duty vehicles, mowers and hand-held equipment, golf carts, off-road and sidewalk and sweeper vehicles. Vehicles and equipment use electricity, regular gas, natural gas, propane, diesel, and biodiesel and account for approximately 35% of the City’s greenhouse gas (GHG) emissions.

The City of Kitchener has been a leader in Green Fleet investment since developing the first Green Fleet Plan in 2011 and more recently through the Corporate Climate Action Plan (CORCAP). Various green fleet initiatives have been implemented that focus on GHG emission reductions through decarbonizing fleet assets and minimizing driver behaviour that contributes to higher emissions. These initiatives include:

- Anti-idling policies, global positioning system (GPS) telemetry and technologies to reduce idling of City vehicles
- Optimizing fleet vehicles and equipment through rightsizing, downsizing, vehicle sharing/scheduling
- Use of biodiesel fuel blends and propane fuel which have lower GHG emissions than conventional gasoline and diesel fuel
- Electrification of the City fleet where feasible – currently 40% of light vehicles are electric with more approved to be procured through the 2022 Equipment Review
- Charging infrastructure to support electric vehicles

RATIONALITY / ANALYSIS:
TransformWR is Waterloo Region’s community-wide response to the global climate crisis. The TransformWR strategy outlines a goal that by 2050 all personal and commercial vehicles are zero emission vehicles. Within Transformative Change #2, the City of Kitchener is listed as lead stakeholder (along with other regional municipalities) on Action 2.1.2:

- Plan and begin to implement a transition to zero emission vehicles for municipal fleets, working towards a goal of at least half of municipal vehicles being zero emissions by 2030.

The annual green fleet funding of $70,000 is typically used to fund the premium cost difference for electric vehicle purchases and corporate sustainability initiatives programming. However, the funding is not sufficient to address systemic barriers to greening the fleet - primarily electrical charging infrastructure. Investments to charging infrastructure, would enable the City of Kitchener to work towards successful implementation of TransformWR strategy action items.
Base Investment: Small Equipment Charging Infrastructure
The City has approximately 85 small equipment units (e.g. mowers, trimmers, chainsaws, etc.) however the lack of charging infrastructure, particularly once this equipment is deployed during operating hours in the field, would create inefficiencies and significant downtime to ensure the equipment remains operational. As such, conversion of small equipment from gas powered to electric power has had minimal uptake. Funding is proposed to outfit trailers, used to carry small equipment, with solar panels for charging during the day and allow plug in at the end of the day for full charge operation the following day. In addition, the funding would be used to purchase electric small equipment to replace conventional gas-powered small equipment.

Enhanced Investment: Facility Charging Infrastructure
Through the annual equipment review process, Fleet vehicles and equipment at end of life are evaluated to determine the best replacement option to meet operational needs and reduce greenhouse gas emissions. Staff are pursuing the procurement of more electric vehicles annually however a constraint is the lack of available EV charging stations located at various work facilities across the City. Facilities are prioritized based on the opportunities associated with replacing conventional vehicles with electric vehicles.

The City has been successful at leveraging external funding to cost-share these EV charging installations through the Zero Emission Vehicle Infrastructure Program (ZEVIP), a 5-year $280 million program funded by National Resources Canada (NRCan) and its objective is to address the lack of electric vehicle charging stations in Canada. In 2022 the following charging units were installed for City fleet, leveraging ZEVIP funding, as an initial step to support electrification.

- 11 charge points for fleet charging @ back of Kitchener Operations Facility (KOF) (10 Level 2 and 1 Fast Charger)
- 4 charge points for public/staff @ front of KOF
- 4 charge points for public/staff @ Victoria Park
- 2 charge points for public/staff @ Fire Headquarters
- 2 charge points for fleet charging @ back of Fire Headquarters

Through ongoing, dedicated budget contributions, these funding opportunities can be pursued more aggressively to support EV charger installations at other facilities.

FINANCIAL IMPLICATIONS:
Base Investment: Small Equipment Charging Infrastructure - The estimated cost to purchase a solar powered electric charging trailer and to outfit the trailer with the electric charging small equipment is $200,000.
Enhanced Investment: Facility Charging Infrastructure – Capital costs vary based on the type of EV charging station and the amount of site work required to install the chargers and will be specific to each site installation. The near-term priority locations are at the Duke Street Parking garage and Activa Sportsplex based on opportunities to replace gas vehicles at end of life to electric vehicles, identified through the annual equipment review. It is recommended that a minimum of $200,000 be allocated to facility charging infrastructure to provide a meaningful investment to facility charging infrastructure.

The base level of funding suggested is $200,000 and an enhanced level of funding is an additional $200,000 (total of $400,000) to support green fleet investments.

RECOMMENDATION:
For Council’s direction.
BACKGROUND:
Kitchener has an extensive network of trails supporting active transportation, recreation, and community connections. The management and development of these trails is guided and informed by the Cycling and Trails Master Plan, adopted in 2020. This plan provides strategic direction for the investment and re-investment in the City’s trails network with a focus on building and enhancing connections across the City.

RATIONALE / ANALYSIS:
Kitchener’s evolving trail network is made up of a range of facilities and trail types that have been developed over past decades of growth. These trails:

- Connect communities - walkway blocks which are short connecting sections of trail and accesses through parks between neighbourhoods serve as vital connections between and within communities.
- Support accessible recreation – trails serve as a backbone of a freely available recreation activity that provides for dog walking, running, rolling and other trail-based activities that support health and active lifestyles.
- Enable active transportation – as guided by the Cycling and Trails Master Plan, we know that more people are able to choose non-vehicular forms of transportation when they have safe, accessible, and off-road trail options to select.

Trails are an area of continued investment and high priority for the City and it is important to be responsive to an increasing range and type of trail use. In 2022, supported by provincial legislative changes, trails in Kitchener and across the Region were opened to use by ebikes and scooters, and the use of this form of transportation is increasing and expected to grow over coming years. Continuing to develop and enhance the trail network to support changing and growing use is key.

Trail investment required to support year-round accessibility include:

- Upgrading trails through a program of paving existing stonedust trails, renewing end of life paved trails and/or building new connections to support an accessible network.
- Developing a proactive program of inspection of trails across the City to inform management activities, reinvestment, and maintenance priorities. This will help ensure that trails remain safe, accessible, and maintained for use. There is no current resource dedicated to trail inspection activities.
- As new trails are added or as they are improved, to the connected year-round network, these trails would be added into the winter maintenance program for snow and ice removal.
### FINANCIAL IMPLICATIONS:
Investment options include:

#### Base Investment: $300,000
- Approximately 500m (0.5 km) of additional trail upgrade and/or development will be added, advancing priorities of the Cycling and Trails Master Plan
- An allocation of $85,000 will be required to support the development and implementation of an inspection program on trails
- An allocation of $7,500 per year would be made to support year-round maintenance activities including annual snow and ice removal

#### Enhanced Investment: $600,000
- Approximately 1000m (1 km) of additional trail upgrade and/or development will be added, advancing priorities of the Cycling and Trails Master Plan
- An allocation of $85,000 will be required to support the development and implementation of an inspection program on trails
- An allocation of $15,000 per year would be made to support year-round maintenance activities including annual snow and ice removal

### RECOMMENDATION:
For Council’s direction.
ISSUE: Option D – Free Recreational Programming & Leisure Access
FUND: Operating
DIVISION: Community Services – Neighbourhood Programs & Services, Sport Division
PREPARER: LoriAnn Palubeski, Manager Program & Resource Services
Patrick King, Manager of Aquatics
BUDGET IMPACT: Base = $300,000, Enhanced = $400,000

BACKGROUND:
As part of the public engagement process to create the City’s 2023-2026 Strategic Plan, the City partnered with Environics Research to conduct a representative survey of Kitchener residents on a wide variety of municipal issues, including recreation programming. The results of that statistically valid survey demonstrated that Kitchener residents prioritize recreation and leisure programs that support: (1) mental health and wellbeing, (2) services for vulnerable populations, and (3) physical health and fitness.

Through further dialogue with residents as part of the community engagement process to build the City’s next strategic plan, staff have heard recurring feedback about the need to remove barriers (financial and others) to resident’s participation in recreation programming. In response to this initial resident feedback, staff have developed several options to make some targeted City programs more affordable. Staff will be considering a number of additional proposals to reduce targeted recreation fees and will bring them to Council in the future.

RATIONALE / ANALYSIS:

Base Investments: $300,000

1) **Add $100 to the maximum Leisure Access allocation for children, youth, older adults – $100,000**

   ‘Leisure Access’ is the City’s fee subsidy program which aims to reduce the financial barriers that prevent some residents from participating in the City’s recreation and leisure programs. Children, youth and older adults represent the majority of Leisure Access recipients. Residents who qualify for Leisure Access currently receive up to $300 a year to apply to the cost of City delivered recreation and leisure programs. Examples of eligible programs include; older adult fitness, summer camps, Kitchener Market programs and swimming lessons. The annual maximum allocation for Leisure Access users has not been increased for over 15 years and has not kept up with the annual increases to program fees – making recreation and leisure programs less and less affordable over time.

2) **Reduce the cost of recreational swims to a Toonie – $90,000**

   The City currently provides a range of fee-based recreational swimming opportunities ranging in cost from approximately $4 – $6. These opportunities include public swims, family swims, Be U swims, and women only swims. In order to encourage broader
participation in safe recreational swimming staff believe all of the City’s recreational swims could be offered at a nominal fee of a toonie ($2), regardless of the participant’s age. NOTE: Kiwanis Park is not considered as part of this proposal given its different staffing model, increased operational costs that would be required, and the fact that 43% of those who used the pool in 2022 were non-residents.

3) Make Specialized Youth Programming free for all users – $60,000
The City’s current youth programming is grouped into two categories:
   1) Youth Drop In (YDI) programs are free and operate across the city during the summer months, and at selected community centres during the school year. YDI requires no registration.
   2) Specialized Youth programs focus on skill development (e.g. leadership, cooking, heart for art) and are provided at a cost to the user. Removing fees associated with specialized youth programming would cost approx. $65,000. If this option was implemented, all non-aquatic youth programming provided by the City would be free for youth to participate.

4) Expand Older Adult Wellness, Active Living & Learning programs to neighbourhoods – $50,000
The majority of the City’s older adult programming is currently offered at the Rockway, Downtown and Breithaupt Centres. In order to remove the need for older adults to travel to these downtown locations, and to support the goal of aging in place, the City could expand this programming to several community centres across the City where demographics would support the need and space is available. Examples of expanded programming would include, technology training, adaptive fitness and memory classes, lifelong learning workshops and social groups.

Enhanced Investments: Additional $100,000
5) Provide Leisure Access users with 2 weeks of day-camp for the price of 1 – $75,000
In previous summers, staff piloted providing an extra week of camp at one of our community centres, free of charge, for those campers who qualify for Leisure access. This pilot was very successful, and staff believe it would be helpful to expand this option to all campers across the city who access day camps through Leisure Access.

6) Remove Annual Membership Fee for ‘Kitchener Group Card’ – $25,000
The Kitchener Group Card is an annual membership that allows older adults to participate in unlimited group programming at the Rockway, Downtown and Breithaupt Centres. Currently, older adults pay an annual fee of $16.39 for a membership which allows them to attend recreation and leisure based groups that focus on active living and wellness. Examples of groups that Kitchener Group Card holders have access to are; walking, shuffleboard, cards, book clubs.
FINANCIAL IMPLICATIONS:
As outlined above, the base investment option for consideration totals $300,000 and is made up of the following:
   1) Increase maximum Leisure Access allocation for children, youth, older adults – $100,000
   2) Reduce the cost of recreational swims to a Toonie – $90,000
   3) Make Specialized Youth Programming free for all users – $60,000
   4) Expand Older Adult programs to neighbourhoods – $50,000

An enhanced option is also for consideration and includes all of the base items as well as two more items totaling an additional $100,000:
   5) Provide Leisure Access users with 2 weeks of day-camp for the price of 1 – $75,000
   6) Remove Annual Membership Fee for ‘Kitchener Group Card’ – $25,000

The financial impact to the operating budget of implementing all of these changes would be $400,000.

RECOMMENDATION:
For Council’s direction.
Make it Kitchener 2.0 identifies both the growth of the creative industries and a vibrant and culturally active city as strategic priorities. This aspiration is further supported by the work staff and stakeholders undertook as part of the Harvard Bloomberg City Leadership Initiative. This work focused on tackling inequitable access to cultural facilities, grant funding, and networks which make it difficult for many artists and arts organizations to thrive. Several new or modified initiatives were developed to address the challenge of equitable cultural development in Kitchener.

Rationale / Analysis:
Understanding that arts and culture is integral to a healthy economy, connection, belonging and wellbeing, several programming initiatives have been identified to improve equitable access to resources across the arts sector. These programming initiatives were first identified through the Harvard Bloomberg City Leadership Initiative and have been further developed in consultation with sector stakeholders.

Program #1: Connecting Practitioners to Resources to Support Career Development

Arts Directory
A key challenge for emerging artists or artists who are new to the community is finding local resources and opportunities. Stakeholders have identified the need for a central access point for local artists and organizations to communicate, confer freely, and share both practice-related knowledge and sector opportunities. The strength of the creative industries is dependent on practitioners knowing each other, finding opportunities to collaborate on projects, developing mentoring relationships, and accessing paid work. The program will develop an online directory of artists and relevant resources (grants, exhibitions, groups, calls, events etc.). While this type of project has been undertaken unsuccessfully in the past, the team has used lessons learned and the recommended approach prioritizes compensating an administrator to ensure information is comprehensive and current.

Film & Music Mentor Café
The next generation of Kitchener’s music and film creators are high school students and like most high school students they need guidance, support, and awareness of the opportunities and roadblocks ahead of them. The Film and Music Mentor Cafe (FMMC) will be a database of dozens of local industry professionals, vetted and ready to help young musicians and filmmakers navigate their entry into and through the
ever-changing creative industries. This program includes the recruitment and compensation of industry professionals serving as mentors, ongoing needs assessment to direct services, marketing of the service to youth, acquiring music production equipment, and both the technical and physical infrastructure to support the program.

**Program #2: Enhancing Affordable and Inclusive Spaces**

*Performing Arts Facility Grant Program*

Affordable, accessible, and inclusive creative production and exhibition space has been a perennial challenge in the arts and culture community. From studio space and rehearsal space to administrative offices and performance space, there is both a demand for space and usable space sitting empty. With the acquisition of the Conrad Centre for the Performing Arts in 2021 the City endeavored to increase the dates booked at the hall from 55 annually to 85. A grant program that subsidizes the rental costs by up to 50% for users was introduced at the beginning of the year, and at the end of 2022 the facility has been booked for 123 dates, with grants being issued to 12 individuals and organizations renting the facility. The full funding earmarked for this grant ($80,000) has been allocated. In addition to the Conrad Centre for the Performing Arts, the presenters have requested similar rental fee assistance to present in the Studio at Centre in the Square, at Kitchener Waterloo Musical Productions, and outdoor venues such as the Kitchener Market. Ongoing operating funding would support the continuation and expansion of this grant program.

**Program #3: Artistic Placemaking Interventions**

While the Arts & Creative Industries team administers a series of direct art programs, such as the Rotunda and Berlin Tower gallery programs, Artist-in-Residence, and public art that are well-suited for two-dimensional visual art, there is growing demand for digital-based artworks and installation-based artworks that deliver immersive experiences. Additional operating funding for direct programs would support the development of a digital exhibition program and a temporary artistic placemaking program aiming to temporarily exhibit installations in partnership with other festivals, events, and programs.

**FINANCIAL IMPLICATIONS:**

Base funding of $100,000 is proposed to further support local arts & culture initiatives outlined above.

**RECOMMENDATION:**

For Council’s direction.
BACKGROUND:
Speeding and traffic continue to be a significant concern for Kitchener residents. In December 2021 Council approved the City of Kitchener’s first Vision Zero Report. To accelerate Vision Zero roadway changes staff have investigated impacts and options of increasing Hotspot Improvement programs and/or Seasonal Traffic Calming.

RATIONALE / ANALYSIS:
HOTSPOT IMPROVEMENT PROGRAM
Staff will bring forward a Vision Zero Information Report in spring 2023 as an annual update to Council on the program's progress. The report will outline upcoming Hotspot Improvement program locations, which will target localized traffic safety improvements in areas identified as most in need. These locations will be determined using a data driven approach, in partnership with the University of Waterloo, by analyzing Kitchener’s entire street network to identify the highest risk locations for severe collisions. The data included in this analysis includes past collisions, speed, volume, infrastructure characteristics and other factors.

Through report DSD-2021-210 – City of Kitchener Vision Zero Strategy, Council approved the reallocation of two thirds of the formal traffic calming budget to install countermeasures each year to hotspot locations. Through an increase in annual hotspot improvement funding Council will see additional measures installed throughout the City. These measures can include but are not limited to:

- Vertical measures (raised pedestrian crossings, speed humps, speed cushions)
- Geometric design changes (narrowings, curb realignments)
- Pedestrian crossovers and additional traffic controls and seasonal measures where warranted.

The specific locations and the type of measure will be selected based on predictive modelling and empirical data.

SEASONAL FLEX STAKES
In 2018, Transportation Services launched a seasonal traffic calming program that included installing about 40 flexible delineators and 5-speed advisory signs throughout the City of Kitchener. The program has been met with general acceptance from the community and has resulted in many more requests. As a result, there has been annual increases of the seasonal traffic calming program and flexible
delineators in 2019 and 2021. In total, the seasonal traffic calming program consists of 13 flexible delineators signs per ward (10 centreline locations and one seasonal narrowing location), and five speed advisory signs rotated throughout the city monthly.

Staff does not recommend installing more than the current number seasonal measures contained in the program. Their current effectiveness may be diminished if too many delineators are installed, and the public begins to view these measures as “sign pollution”. Further, with an increase in measures, some of the streets being targeted for implementation may not warrant such implementation.

**FINANCIAL IMPLICATIONS:**
Base funding of $100,000 is proposed for additional hotspot improvements to address the highest risk locations. These measures will typically be more permanent and have a longer-lasting impact in addressing traffic safety concerns.

Should Council wish to add 10 more flex stakes per ward, the initial purchase cost would be $25,000 with an additional $35,000 annually in operating costs. In this scenario, the remaining $40,000 in 2023 could be used for additional hotspot improvements.

**RECOMMENDATION:**
For Council’s direction.
CITY OF KITCHENER
2023 BUDGET ISSUE PAPER

ISSUE: Option G - Neighbourhood Park Improvements
FUND: Capital
DIVISION: Infrastructure Services - Parks & Cemeteries
PREPARER: Ashley Visneski, Manager Parks, Open Space Design & Development
Trisha Bradshaw, Interim Director, Parks and Cemeteries

BUDGET IMPACT: Base = $200,000, Enhanced = $400,000

BACKGROUND:
Parks play a vital role in the social, economic, and physical well-being of a city and their residents. This was especially evident during the pandemic where many members of the community relied on parks for exercise, fresh air and relaxation to reduce stress and increase overall happiness. Parks are a place for neighbourhood residents to enjoy the outdoors while connecting with each other and creating community.

The Park’s Strategic Plan has historically determined park location, improvements, and programming. Park upgrades typically occur in three to five parks per year and is based on life cycle needs. The Park’s Plan is currently under review and is being replaced by a new strategic document called “Places and Spaces”. “Places and Spaces” will be brought forward in 2023 for Council approval and will apply an equity lens in determining park locations, improvements, and programing moving forward.

Through extensive public engagement it has become increasingly evident that parks are not a “one size fits all”, each neighbourhood has their own unique set of needs. Neighbourhoods want their parks to reflect their needs as well as supporting the broader community. “Places and Spaces” will identify the priorities and provide a framework for next steps in enhancing and rehabilitating parks throughout the City.

RATIONALE / ANALYSIS:
In 2023, seven different neighborhood parks will be upgraded through the proposed capital budget. Idlewood, Kinzie and Oaten parks will be revitalized with programming that reflects their neighborhood’s needs. Alpine, Traynor, Wilson and Vanier Parks will also be upgraded to address aging infrastructure and park improvements that align with their community’s’ needs. These projects are funded through the capital budget on an annual basis and is forecasted for 10 years.

Through the development of the parks strategic plan “Places and Spaces”, various community priorities have been identified, including inclusive community gathering spaces, increased accessibility within park circulation and playgrounds, park amenities, naturalization, and the importance of the Grand River as an environmental, cultural and recreational amenity. It is clear that at the historical capital funding level, the average condition of parks will deteriorate and important amenities, such as playgrounds, will exceed their estimated useful life.

To support the renewal of park amenities, and kickstart the implementation of recommendations from Places and Spaces, staff are proposing an additional capital budget allocation for neighbourhood parks. This funding would accelerate how quickly priorities are addressed and
implemented, especially in neighborhood parks that would not have seen redevelopment in the immediate future. This funding would also allow for accessibility improvements outside of the standard capital park upgrade process to be addressed in a more timely manner. The specific needs will ultimately be informed and prioritized by Places and Spaces.

FINANCIAL IMPLICATIONS:

Base Investment: $200,000
- An base investment of $200,000 would allow for the improvement of some park amenities each year. For context, $200,000 is the estimated cost of a playground replacement incorporating accessibility features. Examples of other amenities that could be provided based on community feedback include pickleball or basketball courts, outdoor exercise equipment, community gardens and community skating rinks.

Enhanced Investment: additional $200,000 ($400,000 total)
- An enhanced investment of $400,000 would allow for a full park rehabilitation including accessible play structures, accessible pathways to park features/amenities, site grading, circulation and access, landscaping and tree planting, various amenities to respond to community desired programming expressed through engagement feedback

RECOMMENDATION:
For Council’s direction.
**ISSUE:** Op 01 – Funding for Centre In The Square (CITS)  
**FUND:** Operating  
**DIVISION:** Boards - Centre In The Square  
**PREPARER:** Deborah Daub, Director of Finance, CITS  
**BUDGET IMPACT:** None

**BACKGROUND:**
In 2016, Centre In The Square (CITS) was allotted $250,000 for transition funding due to the change to Mandate B that became a new policy from the City of Kitchener for CITS to follow. This transition funding increased the total funding for CITS to $2M when it was added to the $1.75M operating grant approved for 2016. Since that time the City’s total grant to CITS has remained at $2,000,000. The operating grant has increased annually by an inflationary amount and the transition funding has decreased correspondingly as shown in the graph below.

**RATIONALE / ANALYSIS:**
Starting in 2023, the operating grant for CITS will surpass $2M so CITS is not asking for the continuation of any transition funding. The ongoing financial support provided by the City through the operating grant helps support the current operating model for the Centre including touring shows, community programming, and performances by the Kitchener Waterloo Symphony.
As has been the case the past number of years, CITS is requesting the ability to retain any yearend operating surpluses so they can be assigned to its capital replacement fund. Retaining operating surpluses will help fund upcoming capital projects such as the replacement of the original stage jack lift mechanisms and the replacement of the seating to allow for more accessible seating. Funding for these projects was supposed to have been built up over the past few years, but was not able to be earned due to closures caused by the pandemic.

CITS is also requesting that any operating deficits be split 50/50 between CITS and the City. This is consistent with the current arrangement between CITS and the City.

**FINANCIAL IMPLICATIONS:**

No additional financial costs to the City. The proposed handling of operating surpluses/deficits is consistent with the arrangement currently used by the City and CITS.

**RECOMMENDATION:**

That for this term of Council, any CITS yearend operating surplus be retained by CITS to help fund its capital program, and any yearend operating deficit be split 50/50 between CITS and the City.
ISSUE: Op 02 – New Employer Contribution Funding (OMERS) and OMERS Pension and Benefits Specialist
FUND: Operating
DIVISION: Corporate Services – Human Resources
PREPARER: Rebecca Upfold, Supervisor Benefits & Employee Services
BUDGET IMPACT: None (included in proposed budget)

BACKGROUND:
The current eligibility requirement for other than continuous full-time (OTCFT) or non-full-time (NFT) employees to join the OMERS pension plan is working at least 700 hours or earning at least 35% of the CPP earning limit during each of the two immediately preceding calendar years. Effective January 1, 2023, the OMERS Sponsor Corporation approved a change in which this requirement will be removed, providing immediate eligibility to all current and future NFT employees to join the plan. This includes anyone deemed an employee of the City of Kitchener: students, co-ops, part-time, temporary, IATSE and 9000 series staff, etc. As a result of this change, the employer contribution (‘matching’) costs of OMERS will increase, as will the workload required to effectively administer the program internally.

RATIONALE / ANALYSIS:
Currently less than 10% of the City’s total OMERS membership is NFT members, however, these part-time/temporary/casual employees have historically required nearly 35% of the Benefits staff time in terms of pension administration. Staff estimate that with the new OMERS enrolment opportunity starting in January 2023, there will be significant uptake in enrolment among these staff, with up to 40% of eligible NFT employee enrolment. It is estimated this level of enrolment will have a $315,000 impact in terms of the City’s employer-share (‘matching’) contribution for employees.

Additionally this change is projected to double the workload for pension administration on a permanent basis, as continuous effort will be required for seasonal hires, rehires, etc. It is estimated the initial enrollment will be ~1,600 employees over a one-year period. Simultaneously, the workload associated with complying with OMERS requirements continues to increase as the City is seeing a change in workforce trends, including increases in hirings, resignations, leaves and retirements across the organization. A dedicated Pension/Benefits Specialist is required to support timely and effective customer service, and in order for the organization to comply with OMERS requirements, collective agreements and non-union terms and conditions of employment.

FINANCIAL IMPLICATIONS:
The cost related to the Employer’s contribution to OMERS ($315,000) and one Pension & Benefits Specialist ($92,000) have been built into the proposed 2023 budget.

RECOMMENDATION:
That one Pension & Benefits Specialist be approved.
ISSUE: Op 03 – Additional Tax Supported Budget Staffing Resources to Support City Services
FUND: Operating and Capital
DIVISION: Various
PREPARER: Ryan Hagey
BUDGET IMPACT: None (seeking approval of FTEs only)

BACKGROUND:
The long-standing practice at the City has been for Council to approve any net additional staff resources (known as full time equivalents or FTEs) to Council for approval. Additional staff resources are required for a number of reasons including:

- Meeting the expanding service needs of a growing city,
- Increasing use of technology,
- Maintaining & enhancing service levels

In preparing the 2023 budget, staff have identified high priority staffing resources that require Council approval. All of the positions requested are fully funded in the proposed 2023 budget so have no additional impact on proposed rates. All that is being requested is the FTE approval. The positions being requested are noted below with the number of FTEs shown in brackets.

RATIONALE / ANALYSIS:

1. *Meeting the Expanding Service Needs of a Growing City*

**Improved Response to Property Standards Enforcement Complaints (1 FTE)**

The City’s Property Standards Officers are responsible for investigating and enforcing a wide variety of municipal bylaws, including: property standards, zoning, lot maintenance, snow/ice on sidewalks, fences, sight obstructions, vacant buildings, animals (e.g. rabbits, cats, chickens), lack of heat and pool permits. In 2017, the City’s Internal Auditor completed a comprehensive LEAN review of the property standards function and concluded at that time that the demand for service exceeded available staffing capacity by approximately 3.75 FTEs. Since that time property standards complaints have continued to grow. From 2016 to 2021 property standards complaints received from residents increased by 28% and the number of violations found increased by 79%. This increase in call volume and workload means that Property Standards Officers are no longer able to investigate complaints within their target of 24 – 48 hours.

One new FTEs is being requested to help meet the increased demand for property standards enforcement.
Responding to Increasing Level of Citizen Calls to the Corporate Contact Centre (2 FTEs)
Customer service representatives in the Corporate Contact Centre (CCC) answer more than 100,000 calls annually, respond to thousands of citizen email inquiries, monitor and respond to social media inquiries 24-7, monitor the City’s building and Kitchener Utilities alarms, and dispatch staff from other service areas to respond to citizen requests and emergencies.

The impacts of providing 24-7 service, substantially increased call and email volumes, the pandemic, and ensuring that staff have appropriate and needed breaks between rotating shifts have created a critical need for more flexibility in staffing resources in the centre. In recent months, the CCC’s operations have been in danger of shutting down several times due to a lack of available staff resources due to sickness and staff burnout.

Two new FTEs (four part-time positions) are being requested to alleviate the pressure on the CCC staffing pool. The additional staff will not increase the number of staff on any specific shift, the number of hours worked, or the cost to the City to operate the CCC. The additional staff will only increase the number of staff who are available within the pool to be scheduled for shifts.

Resourcing Additional Community Centre Space (2 FTEs)
The Doon Pioneer Park Community Centre recently underwent an expansion and the Mill Courtland Community Centre will undergo an expansion in 2023. In order to properly staff that expanded space there is a need to increase the hours of the Office and Program Assistants at these two facilities from part-time to full-time. These centres have traditionally been very vibrant, supporting active neighbourhood associations, animating the indoor and outdoor facility spaces with such things as registered and numerous drop-in programs, and special events (e.g. Halloween, Christmas, movie nights, etc.). This increased staffing will help accommodate the increased programming and other customer/community service needs at both centres. This would also match the staffing models at other similar sized centres throughout the City.

In addition to these expansions, a new facility (Huron Community Centre) was recently opened. This community centre is directly connected to the Oak Creek Public School and an EarlyON centre. The original plan was for the schoolboard to provide custodial services throughout the entire complex with a charge back to the City and EarlyON. It was later determined that a better solution would be for the schoolboard to provide custodial services in their building space, while the City will provide custodial services in the community centre building space and in the EarlyON centre as there are synergies and similarities in service level requirements and in consideration of shared program area space (the EarlyON centre will fund their portion of the costs).
Two new FTEs (conversion of two part-time positions to full-time and one additional full-time position) are being requested to adequately support the capital investments made into the City’s expanded community centre programming.

Reducing Wait Times for Tax & Utility Bill Questions (2 FTEs)
The City of Kitchener’s population has grown tremendously since 2016. Related to this growth, the City has experienced an increase in the number of customer accounts (utility/property tax) and customer interactions. As new residents continue to move into the City, it has also led to an increase in the number and types of inquiries resulting in longer wait times for customers. For example;

- Over the last 5 years, e-mail inquiries have increased by approximately 367% (6,635 e-mail inquiries to 30,961)
- There has been an increase in our call length over the last 5 years (earliest we have recorded this statistic) by 17%

Overall, there has been a significant increase in the number of customers who would like staff to review their bill details. Customers want to understand their bills and are looking for assistance from Customer Service Representatives to walk them through the utility or property bill details including calculations and comparisons to previous months and years.

Two new FTEs are being requested to address the increase in the number of inquiries and to provide excellent customer service.

Leveraging the Investments Made to Carl Zehr Square (2 FTEs)
Carl Zehr Square (CZS) required significant remedial work due to the deterioration of surface and underground components over its 25+ years. As part of the replacement project, the opportunity was also taken to redesign the space to enhance public value through enhanced water feature interaction, better use as a year-round gathering space for smaller community celebrations as well as major regional events such as Oktoberfest and Blues Fest and install added security features to provide a safe place for gathering.

The amenities at CZS have been significantly enhanced through the renovation work, and these enhancements bring with them operating impacts. Additional staff are required to operate and maintain the enhanced water feature, the public washroom which is now available 24-hours/day, and the different tasks related to seasonal activities in the Square (e.g. summer outdoor furniture setup & takedown, winter snow removal, bollard removal for event setup).

One new FTE and one temporary staff conversion to permanent FTE are being requested to leverage the capital investments made to Carl Zehr Square. These roles are required to support 7 day staffing coverage for both summer and winter maintenance of the City Hall Outdoor Spaces including water testing, cleaning of washroom, litter pick-up, daily outdoor furniture set-up and removal, events support and snow removal and loading activities.
Better Planning & Maintaining of the City’s Growing Park Portfolio (2 FTEs)
The addition of new neighbourhood parks being developed throughout the city, the addition of significant new infrastructure at RBJ Schlegel Park (e.g. courts for tennis, pickleball and basketball, as well as a new shade structure) and the addition of trails being developed in the city is straining existing parks maintenance resources. These staff are responsible for the inspection, repair, maintenance, and management of benches, play areas, trails, multi-use sports courts, and other park and open space infrastructure.

As well, the development of new neighbourhood parks is straining existing staff resources who work with developers in developing plans, proposals and budgets for new parks, and work with developers during implementation. Over the next 3 – 5 years more than 20 new neighbourhood parks are slated for development. These staff also are responsible for the renewal and replacement of existing parks and open spaces, and as more parks are added, more parks need to be renewed annually in order to properly maintain these assets. To support the growing development and redevelopment of City parks an additional staff resource is required.

Two new FTEs are being requested to address growing needs within the City’s park portfolio.

Supporting Frontline Service Delivery through Administrative Support (0.5 FTE)
Support Services representatives provide critical administrative support like payroll entry, work order management, underground utility locate administration, records management and tracking of training requirements for many frontline staff delivering core services at the Kitchener Operations Facility (KOF). In order to provide adequate support to growth in core services there is a need to add an additional part-time resource.

One-half of an FTE is being requested to support frontline service delivery in Infrastructure Services.

2. Increasing Use of Technology

Enhanced Videography Capabilities for Council Meetings and Public Communications (1 FTE)
In April, 2022, Council approved a report to continue hybrid (online and in-person) Committee and Council meetings. To ensure the efficient, effective administration of Council and Committee meetings, and to support a positive user experience for both Council members and members of the public either watching or participating in a hybrid meeting, a technical resource is required. The technical resource is responsible for managing cameras and microphones that broadcast the livestream event to viewers, and for supporting any other audio-visual requirements (troubleshooting ZOOM) for Committee and Council meetings.
Simultaneously, a new communications demand that has emerged from the pandemic is the need for internally produced corporate videography. The skills and abilities needed for a videographer are the same as those a digital producer would possess, and by adding this accountability to the job requirements, the organization can leverage the hours of the digital meeting producer to add value in an area that is currently lacking.

One new FTE is being requested to provide technical support in managing hybrid Council meetings and support emerging corporate videography needs.

**Supporting More Flexible Online Payments from Customers (1 FTE)**
The City is offering more online payment options to its various customers. This includes online credit and debit card (Paymentus), as well as EFT (electronic funds transfer) which were piloted in the Building division through the pandemic when customers were not allowed into City Hall. Implementing more flexible payment options has been a positive great customer service improvement, whether online or in-person, and is expected to continue to grow going forward.

With plans to expand the use of online payments across different business areas of the City, an additional staff resource is required. These types of payments often require investigation and follow up to ensure accurate postings to the City’s financial systems. The reconciliation required is a critical as an internal control to prevent fraud and theft.

One new FTE is being requested to administer online payments.

### 3. **Maintaining & Enhancing Service Levels**

**Communications and Constituent Engagement Support for the Mayor and Council (1 FTE)**
Kitchener’s Office of Mayor and Council staffing core complement has remained static for many years, with two Constituency Assistants, a Chief of Staff, and an Executive Assistant to the Mayor. Over the past two terms of Council, there has been an expressed desire for additional strategic communications support to enable the Mayor and councillors to communicate the business decisions of the City, to advocate to other levels of government for support of Kitchener’s programs & services, and to support increasingly resource-intensive communications tactics such as public events and engagement.

One new FTE is being requested to meet the communications and engagement needs of the Office of Mayor & Council.
Recruiting and Retaining a Workforce to Deliver City Services (2 FTEs)

Competition for talent in a post-pandemic world has become a major focus for organizations across all sectors. The ability to attract and retain skilled workers is a significant risk and municipalities, including the City of Kitchener, are not immune to this risk. Emerging research shows that, among personal motivations, people are rejecting jobs based on the quality of the recruitment process because of lack of/delayed communication, transparency in selection criteria, and time taken for interviews. Job seekers want quick, decisive hiring.

Compared to pre-pandemic data, it is the City’s experience that vacancies are staying unfilled longer than normal, and the number of applicants for many positions has decreased significantly. For the first time, the City is also seeing candidates withdraw during the interview process, and candidates offered roles ‘dropping off’ at the end of the process by either not signing back a job offer, or not showing up on their first day of work. To address this, additional staff resources are required to ensure recruitment and retention core services support efficient and effective recruitment and retention practices and programs.

Increased Programming for Kitchener Residents (2 FTEs)

A recent statistically valid survey of Kitchener residents, which was conducted by Environics, demonstrated Kitchener residents prioritize recreation programming that supports: (1) mental health and wellbeing and (2) services for vulnerable populations. Currently, only 4% of the City’s programming (not including aquatics programs) targets these priorities. In addition to this significant gap in existing programming, the City’s recent Project EMPTHY (EMPowered, Thriving and Happy Youth) identified the need to substantially increase programs and services targeted at supporting the mental health and wellbeing of Kitchener youth.

While the City has significant space capacity at some of its facilities to allow for increased programming in these priority areas, it does not have staff with specific expertise and experience in these areas that are dedicated to developing/coordinating the provision of these programs.

Two FTEs are being requested to increase programming available to residents that is focused on key community priorities – including (1) mental health and wellbeing and (2) services for vulnerable populations. These FTEs would work in collaboration with a wide variety of residents and community partners to identify specific programming needs and opportunities, and ensure this collaboration is inclusive of a broad array of individuals and organizations that reflect the full diversity of Kitchener residents. Given the nature of the programs that would be offered, efforts would be made by the programmers to prioritize no and low-cost programs to residents.
Continuing Expanded Senior’s Day Programming (0.5 FTE)
The City’s Senior Day program continues to thrive and has expanded programing in recent years. During the pandemic several new programs were successfully piloted and are now included as part of the core base of programs and services. Examples include social support calls, technology lending library, technology training, activity kits and the expansion of neighbourhood-based programming. In order to continue to provide that expanded programing there is a need to convert an existing part-time position to a permanent full-time position, fully funded by Ontario Health.

One-half of an FTE is being requested to continue the Senior’s Day programming gains piloted through the pandemic.

Implementing the City’s Urban Forestry Strategy (2 FTEs)
In January, 2022, Council approved an ambitious urban canopy target for the City of 30% canopy cover in each ward, by 2050 and a city-wide average canopy of 33% by 2070. Meeting these targets includes increased spending in key areas like inspection, engagement, maintenance & removal, and planting. Funding has been added to the capital budget in each of these areas, but also requires staff resources to see the program through.

Two new FTEs are being requested to help implement the City’s urban canopy targets.

Maintaining the City’s Growing Active Transportation Network (1 FTE)
The City’s strategic goal of supporting people-friendly transportation has resulted in the construction of active transportation infrastructure throughout the city (e.g. separated bike lanes). This new infrastructure requires new levels of service related to the frequency and manner in which City forces complete maintenance (e.g. winter maintenance of bike lanes).

One new FTE is being requested to maintain the City’s expanding network of active transportation infrastructure.

FINANCIAL IMPLICATIONS:
No new funding is required for these FTEs as all have been accommodated within the proposed budget.

RECOMMENDATION:
That the FTEs as outlined above in the issue paper be approved.
ISSUE: Op 04 – Managing Provincial Changes in the Building Division
FUND: Operating
DIVISION: Development Services - Building
PREPARER: Mike Seiling, Director & Chief Building Official
BUDGET IMPACT: None (included in the proposed budget)

BACKGROUND:
As a result of a Provincial change (Bill 108 & Bill 23) to the Development Charges Act, the administration of City of Kitchener development charges has increased substantially including rate freeze and deferred payments over multiple years. As a result, the Building Enterprise requires an additional staff resource to meet prescribed requirements and City/industry expectations.

RATIONALE / ANALYSIS:
The Building Division operates as a self-funding enterprise and is regulated by the Building Code Act. Council members receive monthly permit statistics that continues to show high activity levels with respect to building permits. Building permits that create additional residential units, demolition, and new non-residential floor area are subject to development charge (DC) fees.

For 30+ years, Building Division staff has administered the setting and collection of City DCs. Building staff are very familiar with the project details and they determine if City DCs apply, set the City DC rate, converse with the three other DC agencies (the Region of Waterloo, Waterloo Region District and Waterloo Catholic District School Boards), invoice the customer for all four agencies, and collect the payment as part of the building permit issuance.

The Province of Ontario, under Bills 108 & 23, revised the DC payment process and added in complexity to the tracking and calculation of DC rates/payments. Examples include freezing the DC rate during the development process, and allowing DCs to be deferred over a 5 or 20 year period in some instances. Interest charges are now applicable from the date of Planning application to permit issuance. Prior to this Provincial change, the DC rate was the current rate at time of building permit issuance and all DCs were paid prior to building permit issuance. The process was very smooth and straightforward for Municipal Building Officials to administer.

The process complexity and risk for error has substantially increased with the Provincial change. Building staff issued 3,201 building permits and of those permits 1,451 included new residential units including demolitions and/or new non-residential floor area. Almost half of the building permits issued in 2021 required DC administration.
The additional resource being requested will support the administrative work required to ensure DC costs are accurately calculated, charged, and collected. The Waterloo Region Home Builder’s Association, Kitchener Development Liaison Committee are aware of the issues, and did not object to this FTE request at the October 21, 2022 meeting. This request will support maintaining and enhancing great customer service as part of the permit process.

**FINANCIAL IMPLICATIONS:**
The cost for the DC financial administration FTE is $73,200 and has been built into the proposed 2023 budget.

**RECOMMENDATION:**
That one DC financial administration role be approved.
ISSUE: Op 05 – Minimizing Exposure to Risk and Liability in the Building Division
FUND: Operating
DIVISION: Development Services - Building Division
PREPARER: Mike Seiling, Director & Chief Building Official
BUDGET IMPACT: None (included in the proposed budget)

BACKGROUND:
The type and complexity of construction projects within the City of Kitchener has changed significantly over the last decade, coupled with a significant influx of experienced construction personal retiring, recruitment difficulties, and pressure from customers to approve building plans quickly. In addition, there have been a number of significant Building Code changes in the past few years with more to come with the Federal Government’s plans to update the Code to net-zero carbon standards and harmonization with the Ontario Building Code. Therefore, the Building Enterprise requires an additional staff resource to support/train technical staff for their review and validation of drawings/construction to further minimize corporate risk and exposure to liability.

RATIONALE / ANALYSIS:
The Building Division operates as a self-funded enterprise and is regulated by the Building Code Act. Council members are likely aware of the changes in construction project types such as the proliferation of basement duplex conversions and the substantial increase in the number of new high-rise (19+ storeys) residential buildings.

As part of the housing boom in Kitchener, most notably the past few years, developers are looking to increase the density of residential buildings with substantially taller buildings. The complexity of these buildings has increased substantially as well. Some of these buildings have more than one tower on top of multiple levels of underground parking and mixed-use commercial space on the lower floors. The amount of detail required at plan review and the inspection stage is greater and the City needs to ensure the right balance between the two processes. The inspector also receives developer pressure to allow work to proceed including granting occupancy.

On the opposite end of the spectrum, the Building Division receives a number of do-it yourself (DIY) applications for projects like basement duplex conversions. These applicants typically have little to no previous construction experience. A DIY project often requires a significant amount of staff resource time compared to an experienced contractor, and a DIY has high expectations of City staff to provide help (how-to) beyond the scope of typical approval inspection. In many cases, the DIY expects the City inspector to serve as the project manager. There is a fine line between customer service and project manager.
Using these two different scenarios, along with the challenge of hiring well experienced and fully qualified Municipal Building Officials, the City needs to take proactive steps to protect itself, customers and building occupants. The proposed new staff resource will review and validate City processes, identify gaps, develop training and education for staff and/or customers to ensure customer service is maximized, the requirements of the Building Code are met, and the corporation can defend the steps and actions taken.

The Waterloo Region Home Builder’s Association, Kitchener Development Liaison Committee are aware of this new resource and did not object to this FTE request at the October 21, 2022 meeting. This request will support measures to protect corporate risk and liability, customer service and consistency as part of the permit/inspection approval processes.

**FINANCIAL IMPLICATIONS:**
The cost for the training and compliance FTE is $124,000 and has been built into the proposed 2023 budget.

**RECOMMENDATION:**
That one training and compliance role be approved.
In February 2018, a Kitchener Utilities Risk Assessment was completed and identified that staffing has not kept pace with growth in population and customer base with respect to water infrastructure and engineering review. The assessment identified a risk that service could not be performed in a timely manner, decreasing customer satisfaction and no redundancy in key positions.

In early 2022 the Province of Ontario announced a new $45 million Streamline Development Approval Fund (SDAF) to help unlock and build housing supply. Funding has been received to streamline development processes which has created an increased volume of subdivisions and site plans to be reviewed/processed/commissioned.

There is currently only one water engineer supporting the operations of Kitchener Utilities, and the City has reached the point where an additional water engineer position is required to support reconstruction, new development, regulatory requirements, metering, customer complaints, and operational support as related to the water distribution system. These work functions are key to help support expected growth in both new development and reconstruction in Kitchener.

The volume of engineering work has increased significantly over the years in the form of capital, operating, maintenance, and regulatory requirements. Other City departments have split their construction and design groups, the water engineer position is required to support both design and construction activities at the same time. There is a need to provide an additional full-time engineer to support the existing capital, regulatory and operating requirements of the water utility as well as to support the future increases anticipated by more development and water-only capital projects. An additional role will provide redundancy and succession planning as it requires specialized training, education and experience.

This position will review a number of documents related to reconstruction/new development construction including drawings, water distribution reports, fire flow analysis, commissioning plans, sample results, backflow prevention reports, swab reports, chlorination reports, leaking reports and conductivity reports. In addition, this position will provide time sensitive support to other departments.

**FINANCIAL IMPLICATIONS:**
The cost for the Utilities Water Engineer FTE is $152,000 and has been built into the proposed 2023 budget.

**RECOMMENDATION:**
That one Utilities Water Engineer position be approved.
ISSUE: Op 07 – Maintaining Stormwater Infrastructure  
FUND: Operating  
DIVISION: Infrastructure Services - Sanitary and Stormwater Utilities  
PREPARER: Bu Lam, Director, Sanitary and Stormwater Utilities  
BUDGET IMPACT: None (included in the proposed budget)

BACKGROUND:
Council endorsed the Water Infrastructure Program (WIP) and five-year rate forecast at a strategic session on September 25, 2017. As a component of WIP, a maintenance program review was conducted for the water, stormwater, and sanitary utilities. The maintenance program review considered regulatory requirements, industry best practices, asset management principles and associated master plans (e.g. Integrated Stormwater Master Plan).

WIP identified that the stormwater utility had a maintenance gap of $2.0M. Council endorsed the phase-in of the maintenance gap over a 5-year timeframe to allow time for programs to be developed and resourced and to align with the 5-year rate forecast. The phase-in for the stormwater program is $400,000 annually from 2018 to 2022.

The pandemic in 2020 produced financial challenges for residents and businesses that are still being felt today. As part of the 2021 budget, Council endorsed reduced WIP utility rate increase, which eliminated the $400K increase to the maintenance budget for the stormwater utility. Similar financial challenges continued for the 2022 budget and the maintenance increase of $400K was also deferred. This has left the stormwater utility approximately $800K short from the initial $2.0M increase for maintenance works.

RATIONALE / ANALYSIS:
The shortfall in the maintenance budget has limited the stormwater utility’s ability to deliver some critical maintenance programs. With recent changes to O. Reg. 406/19 - On-Site and Excess Soil Management and the new Consolidated Linear Infrastructure Environmental Compliance Approval (CLI-ECA) regulatory changes, funding is needed to support maintenance programs to remain compliant with new legislation and deliver critical services.

The City is not currently meeting regulatory requirements (CLI-ECA) related to water quality and flood management for low impact development (LID) and oil grit separator (OGS) asset categories. Additionally, changes to O.Reg. 406/19 require the City to make changes to its ongoing sediment management program to ensure compliance.
The additional $400K increase included in the proposed 2023 stormwater utility maintenance budget will be allocated to cover alterations to the established sediment management program and develop and implement maintenance programs for OGS and LID assets. The improvements to these programs will lead to better water quality and flood performance of the stormwater management network, regulatory compliance, reduced litigation risk and improved customer service.

**FINANCIAL IMPLICATIONS:**
The maintenance budget line for the Stormwater utility includes an increase of $400,000 in the proposed 2023 budget. This accounts for only one of the two years that was skipped during the pandemic and represents an increase of 1.7% to the 2023 storm rate and 0.4% of the combined WIP increase. Funding cannot be redirected from other areas of the stormwater utility maintenance budget as all funds are currently being utilized to meet our current critical levels of legislated service.

**RECOMMENDATION:**
For information.
ISSUE: Cap 01 – Water Infrastructure Program (WIP) Update
FUND: Capital
DIVISION: Infrastructure Services - Sanitary and Stormwater Utilities
PREPARER: Bu Lam, Director, Sanitary and Stormwater Utilities
BUDGET IMPACT: None

BACKGROUND:
As part of the Water Infrastructure Program (WIP), an annual envelope of capital funding is allocated to undertake triple-funded utility replacement projects as part of full road reconstructions. Due to rising inflation and other macroeconomic factors (e.g., fuel costs, supply chain, pandemic), the per meter cost of full utility replacements has risen significantly in 2022 and will impact the achievable length of replacements annually going forward. This will reduce the ability of the water, sanitary and stormwater utilities to close the infrastructure replacement gap projected and adopted by Council as part of the 2018 WIP program.

RATIONALE / ANALYSIS:
Figure 1 shows triple-funded utility replacements (full road reconstructions) from the WIP program over the last 5 years – 2018 to 2022.

- “WIP model” represents annual utility replacements as modeled in the 2018 WIP report.
- “Planned” represents annual utility replacements identified in the 10-year Capital Budget forecast. Note: these lengths are planned based on the annual funding cap for full utility replacements.
- “Actual” represents the total length of utility replacements completed each year.

Figure 1: WIP progress over the last 5 years (2018-2022). 2022 “Actual” is the estimated total by year end.
Figure 1 shows that the rate of full utility replacements in the first 3 years (2018-2020) of WIP were slightly higher than the modeled WIP projection. However, given recent economic pressures, including large cost increases due to inflation (e.g., >35% in 2022), a noticeable decline in the constructed length of full utility replacements has been seen in the last 2 years.

With rising per meter costs for utility replacements, the City is projecting a significant reduction over the next 10 years in the length of reconstruction that can be planned/completed. See Figure 2 below for details.

Figure 2: Full WIP projection from 2018-2044. 2022 Actual is estimated total by year end.
Figure 3 shows that while over the first 5 years of WIP the City was able to meet targeted lengths of utility replacements as per the WIP model, the planned reductions over the next 10 years due to rising per meter costs of replacements will mean that by 2033, the City will be approximately 15,530 meters short of WIP targets.

Replacing utility infrastructure at a rate slower than the modeled rate will introduce more risk and potential service disruptions or failures to the systems, largely due to the reliance on aging infrastructure to provide services for longer periods of time.

Figure 3: Cumulative lengths of utility replacements since 2018 compared with WIP modeled/planned lengths to 2044.
FINANCIAL IMPLICATIONS:
There are three options to manage the increasing per meter cost of utility replacements:

- Proceed with WIP modeled lengths and hope prices go down;
- Continue with WIP modeled lengths despite increased prices. This will require an increase to the annual capital envelope for triple-funded replacements, which in turn will require an increase in utility rates for customers.
- Keep the annual funding cap the same for triple-funded utility replacements and reduce the length of planned utility replacements to fit within the annual cap. This will result in less lengths of replacements planned/completed annually and will increase the risk of service disruption and/or infrastructure failure.

RECOMMENDATION:
For information.
BACKGROUND:
Kitchener’s urban forest is a product of decisions and operations over the past 35 years. As understanding of urban forests has evolved, so too has our understanding of impact of past decisions. Trees which make up today’s canopy are from a narrow range of species and are similar in their class of age; this makes them susceptible to large scale pressures, like experienced through the impacts of Emerald Ash Borer. Current practice seeks to establish, grow, and maintain toward ensuring the canopy of 35 years time is more sustainable than the canopy today. This requires a strategic approach to urban forest management, as laid out in Kitchener’s Sustainable Urban Forest Strategy (SUFS).

RATIONALE / ANALYSIS:
In January, 2022, Council approved an ambitious urban canopy target for the City of 30% canopy cover in each ward, by 2050 and a city-wide average canopy of 33% by 2070. This budget request reflects work toward meeting the urban forest canopy target. It is themed across four of the five branches of actions identified in the SUFS; Plan, Engage, Maintain and Plant.

In 2022, Council directed staff to comprehensively review tree protection, the fifth area of action in the SUFS, in Kitchener. This work is ongoing and a report is anticipated to Council in early 2023, which will present options and analysis for Council direction on in future years; a subsequent budget request based on these recommendations is likely.

Tree Planting is required to help meet the equity targets of the canopy cover target. Tree planting is also essential to balance the losses in canopy that are experienced through the loss of trees which is inevitable as trees age and are required to be removed for community safety and infrastructure reasons. Staff have developed a forecast for tree planting that ensures timely replacement of removed trees and also capitalizes on opportunities for new tree locations.

- The budget request will support a sustained tree planting program of at least 650 trees annually, with the early years of the program seeing up to 1,000 trees planted annually.
- Tree planting work will be targeted against the urban canopy target seeking to focus early years on areas where there are existing low levels of canopy and future canopy gains can be most significant.

Maintain: Maintenance is the most critical element to advance the urban canopy work. The growth of existing trees provides the biggest opportunities for canopy growth. In addition, lack of tree maintenance leading to low limbs, failing branches and obstructed sidewalks and
driveways, is the single biggest source of customer complaints and concerns. Proactive maintenance is instrumental in building a canopy that is resilient to impacts from events such as wind and ice storms; over time, lowering emergency response costs.

- Proactive, cyclical program of tree maintenance (approx. 3,000 – 4,000 trees annually) that is based on tree location, age, species and health that seeks to address issues that typically lead to tree failure and public complaint
- Early year pruning to the many thousands of new trees planted annually by development and the City, to ensure that these trees are cared for in a way that minimizes later life defects that become challenging to manage as trees mature.

**Planning, Risk and Inspection:** Understanding the nature and changes within the urban tree canopy is key towards ensuring targeted actions are implemented and progress is made towards the target in 2050 and beyond. The budget request supports ongoing analysis of the canopy to aid in early detection of pressures and ensure regular updates on progress toward the Canopy Target.

**Engage:** While engagement and customer outreach is a relatively minor element of the overall budget ask, it is a critical part of the management of the urban canopy. Engagement activities allow for regular updates to the community on canopy related work, and supports the stewardship and education of the urban canopy.

**FINANCIAL IMPLICATIONS:**

The table below outlines the budget lines for each of the areas noted earlier in the issue paper. A total of $5.7M has been added to the 2023-2032 capital budget to fund this program. In 2024, additional staff will also likely be needed at a cost of $190,000.

<table>
<thead>
<tr>
<th>Project Name</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLAN, RISK, INSPECTION</td>
<td>$5,000</td>
<td>$50,000</td>
<td>$25,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$55,000</td>
<td>$28,000</td>
<td>-</td>
<td>-</td>
<td>$163,000</td>
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<td></td>
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<tr>
<td>ENGAGEMENT</td>
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<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$35,000</td>
</tr>
<tr>
<td>NEW OPERATING IMPACT</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>NEW OPERATING IMPACT</td>
<td>$30,000</td>
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<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>TREE PLANTING</td>
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<td>$830,500</td>
<td>$755,300</td>
<td>$802,906</td>
<td>$759,764</td>
<td>$564,642</td>
<td>$600,235</td>
<td>$515,909</td>
<td>$453,664</td>
<td>$489,037</td>
<td>$6,206,956</td>
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<td>NEW OPERATING IMPACT</td>
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<tr>
<td>TOTAL CAPITAL</td>
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<td>$1,418,445</td>
<td>$1,327,335</td>
<td>$1,307,375</td>
<td>$1,225,641</td>
<td>$1,042,156</td>
<td>$1,144,618</td>
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<td>TOTAL NEW OP IMPACT</td>
<td>$190,092</td>
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<td>EXISTING CAPITAL BUDGET</td>
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<td>$550,588</td>
<td>$591,419</td>
<td>$487,409</td>
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<td>$689,989</td>
<td>$514,289</td>
<td>$633,775</td>
<td>$646,452</td>
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<td>$735,916</td>
<td>$819,966</td>
<td>$622,883</td>
<td>$543,343</td>
<td>$454,629</td>
<td>$531,108</td>
<td>$333,726</td>
<td>$369,017</td>
<td>$5,717,606</td>
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</table>

**RECOMMENDATION:**

For information.
ISSUE: Cap 03 – DMAF Budget Impacts from Inflationary and Project Adjustments
FUND: Capital
DIVISION: Infrastructure Services - Sanitary and Stormwater Utilities
PREPARER: Bu Lam – Director, Sanitary and Stormwater Utilities
BUDGET IMPACT: $26.9M increase over the next 10 years (included in budget)

BACKGROUND:
The current inflationary environment along with existing commitments to complete the Disaster Mitigation and Adaptation Fund (DMAF) program within its required timeline, has resulted in significant cost increases to the Stormwater Utility capital program, as reflected in the capital budget projection over the next 10 years.

RATIONALE / ANALYSIS:
An analysis of recent stormwater facility infrastructure tenders showed inflationary increases of between 20%-40% above budgeted amounts. Therefore, a median value of 30% inflation has been applied to all standalone stormwater capital project budgets starting in 2023, with an additional 3.7% annual inflationary increase applied thereafter.

This results in a significant deficit in the stabilization reserve over the next several years. The Stormwater Utility has already implemented several measures to offset this budgetary pressure, including capital closeouts totaling approximately $4.2M and deferring other non-DMAF-related projects (approximately $11.4M).

To address the remaining deficit, various strategies are proposed as follows (in sequence of preference):
1. Requesting additional time from Infrastructure Canada to complete the DMAF projects. This will provide additional years of stormwater funding (annual capital allocations) that can be used to offset shortfalls in the reserve.
2. Where appropriate, requesting cost-share from other City divisions who benefit from additional scope related to DMAF projects (i.e., scope that is over and above what is needed to address stormwater management).
3. Applying DC funds by identifying additional growth-related drivers to account for some DMAF projects as part of the next DC Background Study. There is already a DC project for Schneider Creek listed in the DC background study for 2022; however, this has not captured the full impact from growth due to DMAF. The DC contribution should be revisited in the future.
4. Issuance of debentures (debt financing) to offset any residual reserve deficits, as needed.
## FINANCIAL IMPLICATIONS:

The impact of the inflationary and DMAF project adjustments are outlined in the table below, along with existing capital closeouts and project deferrals to help offset budget increases:

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMAF Adjustments</td>
<td>$29.2M</td>
</tr>
<tr>
<td>Inflationary Adjustments</td>
<td>$13.3M</td>
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<tr>
<td>Capital Closeouts</td>
<td>($4.2M)</td>
</tr>
<tr>
<td>Project Deferrals</td>
<td>($11.4M)</td>
</tr>
<tr>
<td><strong>Total Shortfall</strong></td>
<td><strong>$26.9M</strong></td>
</tr>
</tbody>
</table>

With the above adjustments, the utility is facing a $26.9M shortfall in the capital budget over the 10-year projection, largely due to the DMAF program. The utility continues to explore strategies to further lower the projected deficits, including rate considerations as part of the next Water Infrastructure Program starting in 2024.

## RECOMMENDATION:

For information.
ISSUE: Cap 04 – Construction Inflation – Water Only Project Impacts
FUND: Capital
DIVISION: Infrastructure Services - Gas and Water Utilities
PREPARER: Angela Mick, Manager – Quality Management and Water Programs
BUDGET IMPACT: $6.1M over 10 years (included in budget)

BACKGROUND:
At the onset of the 2022 construction season, the local industry identified large construction related increases. The increase applied is consistent with 2023 budget increases for all full road reconstruction projects.

RATIONALE / ANALYSIS:
The local construction industry has outlined inflationary increases for construction materials, fuel costs and labour relating to materials production and transportation constraints. From a June memo from the Conestoga Heavy Construction Associated references the Industrial Product Price Index (IPPI) produced by Statistics Canada (costs from January 2021 to January 2022):
- Cost of diesel increased by 47.6%
- Metal building and construction materials 45.7%

FINANCIAL IMPLICATIONS:
An inflationary rate increase of 35% is recommended for 2023 and an additional 3.7% inflationary rate per year for the next nine years to the capital water only projects. Increases included in the 2023-2032 capital budget are as follows:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Funding</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>KING STREET - BACKFEED ON RIVER RD E</td>
<td>ENT-WAT</td>
<td>-</td>
<td>86</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>86</td>
</tr>
<tr>
<td>VICTORIA ST - FREDRICK TO BRUCE</td>
<td>ENT-WAT</td>
<td>-</td>
<td>-</td>
<td>338</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>338</td>
</tr>
<tr>
<td>DEERIDGE/SPORTSWORLD BACKFEED</td>
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<td>357</td>
<td>-</td>
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<tr>
<td>FAIRWAY RD N - BRIARMEADOW - KING</td>
<td>ENT-WAT</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>218</td>
<td>572</td>
<td>229</td>
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<td>-</td>
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<td>92</td>
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<td>WESTMOUND RD OTTAWA TO GREENBRO</td>
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<tr>
<td>TRENCHLESS EASMENTS</td>
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<td>197</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>STIRLING AVE-COURTLAND TO KING</td>
<td>ENT-WAT</td>
<td>-</td>
<td>-</td>
<td>103</td>
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<td>1,634</td>
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<td>EAST AVE-CAMERON N TO EUGENE GEORGE VENT-WAT</td>
<td>ENT-WAT</td>
<td>-</td>
<td>-</td>
<td>331</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>331</td>
</tr>
<tr>
<td>EAST AVE-CAMERON N TO EUGENE GEORGE VES-WAT</td>
<td>ENT-WAT</td>
<td>184</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>757</td>
</tr>
<tr>
<td>KENT AVE WATERMAIN REPLACEMENT</td>
<td>ENT-WAT</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62</td>
</tr>
</tbody>
</table>

| Total                                            |    431 | 798   | 1,842 | 1,622 | 423   | 218   | 572   | 229   | -     | -     | -     | 6,135 |

RECOMMENDATION:
For information.