

Appendix-F | Issue Papers:

Issue Paper Summary



Issue Paper	Op 01 - Strategic Spending Included in 2024 Budget
Department	GENERAL EXPENSE
Division	GENERAL EXPENSE
Preparer	Ryan Hagey, Director of Financial Planning & Asset Management

Background

The City's strategic plan is the community's shared vision for the future of Kitchener. After significant public consultation, in August 2023, Council approved the 2023-2026 Strategic Plan, that included 5 goal areas, and actions that we will be taken during the first two years of the plan to move towards achieving a 20-year vision for Kitchener.

Rationale/ Analysis

Approximately \$5.5M of funding has already allocated to advance strategic priorities as part of the 2024 budget. A brief description of these investments is provided below under the five strategic plan goal areas.

BUILDING A CONNECTED CITY TOGETHER

Housing for All (\$1.2M)

This funding will be used in collaboration with funding from the federal Housing Accelerator Fund (HAF) to advance new housing programs and incentives to enable affordable and supportive housing projects starting in 2024. The City is receiving \$42M as part of its HAF application and \$1.2M in funding from the City's Affordable Housing Reserve will be used to help incentivize 450 supportive housing units as identified through our Housing for All strategy.

Walter Bean Trail (\$300,000)

The Walter Bean Trail (WBT) is a much used and much-loved city-wide trail located predominately in flood plains along the Grand River. The WBT is located on city lands, private lands, Crown lands (MTO) and lands owned by the Grand River Conservation Authority (GRCA). Several sections of the trail remain closed at this time predominantly due to flooding impacts and safety concerns. Funding will be used for a comprehensive study to understand the existing physical, planning, land ownership and environmental context in which the WBT was constructed and establish recommendations to address the trail safety, condition and associated maintenance challenges being experienced.

Downtown Cycling Grid (\$700,000)

The City of Kitchener will construct all ages and abilities (AAA) cycling facilities on the municipally owned portions of Duke Street. This project will complete a multi-year effort that has seen a connected network of AAA cycling facilities constructed throughout the downtown; linking the downtown to adjacent neighbourhoods through active transportation. These AAA cycling facilities also enable more micro-mobility trips of all kinds beyond cycling; including e-bikes and e-scooters. The AAA cycling facilities on Duke Street will encourage transit-oriented development and support climate action goals



by providing cycling connections to light rail transit (LRT) stations.

CULTIVATING A GREEN CITY TOGETHER

Greening the City's Fleet (\$300,000)

Recognizing that not all classes of vehicles have a zero-emission option, the City of Kitchener continues to advance the approach to electrify where and when the option is available. As of 2023, 50% of the passenger car fleet has been electrified resulting in a notable 75% reduction in maintenance and fuel costs compared to internal combustion engine (ICE) vehicles. With this funding, the City will continue to strategically upgrade 2024 Replacement Vehicles as well as additional vehicles (net new to the Fleet) from dedicated internal combustion engines to Battery Electric, Hybrid Electric and Plug-In Hybrid Electric. This investment in green upgrades will have a projected annual reduction of 38 metric tons of GHG output compared to the equivalent standard ICE vehicle. In addition to the greening of standard vehicle replacements, the City is also replacing two traditional ice resurfacers with electric in 2024.

Tree Canopy (\$190,000)

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 through Kitchener's Sustainable Urban Forest Strategy (SUFS). This funding will support the Forestry team in advancing these ambitious targets. More specifically, this funding would support staff additions within the forestry team to advance work identified under four key action areas in the SUFS; Plan, Engage, Maintain and Plant.

GHG Reduction Pathway for City Facilities (\$670,000)

City facilities contribute the largest portion of corporate greenhouse gas (GHG) emissions. A strategic approach which leverages policy, process, and planning, is required to develop the pathways to GHG reductions within the City's portfolio of facilities. The Facilities Energy Management Program will include development of GHG reduction pathways to optimize energy performance and reduce GHG emissions through the facilities capital renewal program; development of a Green Building Standard to ensure future growth and expansion projects align with GHG reduction goals; solar strategy development; and energy modelling consulting to support decision making on energy and GHG reduction investments in our facilities. By completing this work, it's expected that the City will be able to access more grant funding opportunities to support the City's clean energy transition.

CREATING AN ECONOMICALLY-THRIVING CITY TOGETHER

Additional Special Events (\$240,000)

The City of Kitchener currently facilitates an extensive portfolio of festivals and events. Additional opportunity exists to grow and diversify the portfolio of events to reflect the increasing diversity of our community; and to attract additional tourism activity. New funding will be used to 1) launch one additional major concert/festival in September showcasing emerging artists and art forms that are not currently represented (e.g. R&B, Hip Hop, Afrobeats, Reggaeton, Soca, Indi-pop, contemporary Indigenous, Electronic, Experimental, Indie) 2) support new event development including new community-led multi-venue festivals and smaller events, and 3) support the growth of the Oktoberfest opening weekend

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Creative Hub (\$117,000)

During the 2019-2023 pilot period, 44 Gaukel was transformed from an underused City facility into an active, dynamic, cultivator of the local arts scene. The Creative Hub serves both emerging and established arts workers, with current tenants ranging in age from 20 to 70 and representing a variety of demographics. Tenants work in many disciplines, including music production and instruction, visual arts and language education, theatrical and dance presentation, arts-based therapy, and many individual practices such as painting, sculpture, printmaking, design, filmmaking and photography. The primary goal of the pilot was to revive a downtown facility and explore its potential as an affordable workspace for arts professionals. In fall 2022, 44 Gaukel reached 100 per cent occupancy, and currently has a waitlist of about 15 individuals or organizations. The multi-year pilot has proven the need for this type of venue, so permanent, ongoing funding is included in the budget to continue to operate this facility as a creative hub.

Centralized Service Provider (\$150,000)

A recent review recommended a transformational shift to centralize key functions across all city-owned performing arts venues through a Centralized Service Provider (CSP) model. A CSP can provide strong leadership in galvanizing all venues to collectively become a heartbeat of vibrancy, art and entertainment for the community. The CSP will drive economic and social vitality in the community and benefit the public at large by attracting large-scale events, creating an exceptional customer experience, increasing the number of shows across venues, adding higher-value programming opportunities, developing a strong reputation and leading brand in the arts, culture and entertainment industries, better promoting shows/events, facilitating programming alignment, and offering best-in-class service.

FOSTERING A CARING CITY TOGETHER

Reduce Financial Barriers for Recreational Programming (\$172,000)

In response to the 2023-2026 Strategic Plan and Kitchener residents' priorities for mental health, services for vulnerable populations, and physical fitness, City Council approved changes during the 2023 budget discussions to make targeted City programs more affordable and asked staff to return to 2024 budget deliberations with additional recommendations to eliminate financial barriers that hindered residents participation in City Run programs. The 2024 budget includes investments in the following areas:

- 1) Youth Employment Support Grant - initially launched as a pilot program to facilitate equitable access to summer jobs for low-income youth in various City roles, staff recommend expanding this program to include 50 youth grants in 2024.
- 2) Increasing the income threshold requirements for eligibility to the Leisure Access fee subsidy – increase the income threshold for LAC by 30% to ensure more families, currently above existing thresholds but still struggling financially, qualify for financial assistance.
- 3) Introducing a Youth aquatic training program for marginalized youth – implement a program that provides opportunities for youth aged 14-18 of low-income families to obtain lifeguard and swim instructor certifications.
- 4) Launching a Physical Literacy Program for Older Adults – This program is suggested to run during Fall, Winter, and Spring sessions at aquatic centres and Budd Park indoor facility and will focus on improving gross motor skills, strength, balance, flexibility, and endurance to enhance lifelong participation in sports and recreation.

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Expanded Community Centre Hours (\$173,000)

Staff report (CSD-2023-125) presented in June 2023 addresses disparities in operational hours across the City's 14 community centres. The report proposed extending hours, including early mornings, evenings, and weekends, to improve programming and support services, particularly for youth, mental health, well-being, and vulnerable populations. For 2024, weekend hours will be expanded at six community centres: Country Hills, Victoria Hills, Forest Heights, Kingsdale, Centreville Chicopee, Stanley Park, and Huron Community Centre, all which have capacity and are deemed ready for this change. The expansion of hours at other community centres will be brought back to future budgets for Councils consideration and approval.

Permanent Indigenous Space at Huron Natural Area (\$200,000)

Kitchener has been actively engaging with urban Indigenous communities on the need for gathering and ceremony space since 2021. Approved funding in 2022 enabled engagement and relationship building through which we began to understand what these spaces could look like. Understandably the needs are as broad and diverse in size and location as the community itself. These engagements also indicated a need for a larger space that could offer more privacy – Huron Natural Area was identified as an ideal location. Funding included in the 2024 budget will allow staff to advance design and implementation of a permanent Indigenous Space at the Huron Natural Area.

Library Collections at Community Centres (\$136,000)

In 2023, Council directed staff to explore expanding library services into community centres to enhance accessibility and community space vibrancy. Kitchener Public Library (KPL) has a long-standing collaboration with community centres, delivering programs and maintaining book collections at eight locations, but these collections have faced challenges over time. As a solution, staff are proposing the deployment of self-contained book kiosks in lobbies, with a 2-year pilot program planned for Victoria Hills and Chandler Mowat community centres, which are situated 2.5 to 3 km from the nearest library.

STEWARDED A BETTER CITY TOGETHER

Pitch Kitchener (\$100,000)

This initiative will create innovative procurement opportunities to better engage with start-ups and provide more opportunities for companies to propose creative ways to improve city service delivery by:

- Making it easy for vendors of all sizes to submit pitches to the City
- Emphasizing opportunities aligned to strategic priorities and desired outcomes
- Allocating budget and resources to enable city divisions to pilot promising new ideas and approaches
- Ensuring that the city is meeting all requirements and obligations under its procurement bylaw and applicable trade agreements
- Balancing risk management with innovation to responsibly adopt new approaches and technologies

Providing a Sustainable Wage (\$900M)

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A review of wages for City employees revealed that the City's lowest-paid positions were lagging behind the rates paid by neighbouring municipalities. Funding has been included in the 2024 budget to provide a more sustainable wage for the City's 9000 series employees (lifeguards, crossing guards, cleaning staff, etc.) in order to remain a competitive employer in the municipal landscape, and to avoid negative impacts to service delivery. Making this adjustment supports the value that Kitchener places on the people that deliver frontline service for the community each and every day.

Financial Implications

The total cost of all the items noted above is approximately \$5.5M and includes funding from operating budgets, capital budgets, and reserves. All items are fully funded in the 2024 draft budget.

Recommendation

For information.

Issue Paper Summary



Issue Paper	Op 02 - Strategic Plan Spending Options
Department	GENERAL EXPENSE
Division	GENERAL EXPENSE
Preparer	Ryan Hagey, Director of Financial Planning & Asset Management

Background

The City's strategic plan is the community's shared vision for the future of Kitchener. After significant public consultation, in August 2023, Council approved the 2023-2026 strategic goals, goal statements, and actions that we will be taken in the first two years of this strategic plan.

Rationale/ Analysis

Significant funding has already been allocated to strategic plan items, but as part of the 2024 draft budget additional options have been developed under each of the strategic goals included the 2023-2026 Strategic Plan. One-time funding of \$1M is available to be allocated to any of these priorities and further advance work towards achieving the goals of the City's 2023-2026 Strategic Plan. Council will have an opportunity to discuss the options prior to the Mayor proposing the budget in early December. Options which are not advanced as part of the 2024 budget will have an opportunity to be approved in a future budget year.

BUILDING A CONNECTED CITY TOGETHER

1) Housing for All Strategy (\$200,000)

This additional money would enable City staff to continue with the implementation of various Housing for All initiatives to further supplement those identified as part of the City's Housing Accelerator Fund (HAF) application. The City is already contributing the full \$1.2M balance from the City's Housing Reserves which is addition to the \$42M being provided by the Federal Government under HAF.

2) Active Transportation (\$300,000)

Implement targeted, strategic infrastructure changes to make improvements in the safety and connectivity of the active transportation network. This work will be data driven and community-guided through priorities identified in the Cycling and Trails Master Plan and Vision Zero. These "spot fixes" will include trail accesses (curb cuts), pavement marking & sign upgrades, bike parking, and improved pedestrian/trail crossings.

CULTIVATING A GREEN CITY TOGETHER

3) Arena Energy Strategy (\$200,000)

A greenhouse gas (GHG) emissions review and plan completed in 2022 offers key insights into the strategic paths forward to corporate GHG reduction. Arenas are the most energy intense, and contribute the highest GHG emissions, of all facility types. The level of reduction in GHG emissions is dependent on investment and occurs over the asset life. A Mayors' Megawatt Challenge pilot study with nine municipal arenas resulted in planned reductions of GHG emissions from 26%-99% with an average of 85%. FCM's Community Buildings Retrofit (CBR) initiative helps to optimize the energy performance and reduce greenhouse gas (GHG) emissions of community buildings owned by municipalities. Proposed funding, paired with CBR grant

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funding, will support the development of GHG reduction pathway feasibility studies to ensure energy and GHG reductions are integrated into longer-term plans for managing arenas.

4) Playground Replacements (\$300,000)

Kitchener maintains an inventory of 154 playgrounds, 45% of which are nearing or have exceeded their useful life spans. The expected lifecycle of a playground varies based on location, level of use, ability to repair defects and the availability of replacement parts; however, the industry standard is 20 years. There is a significant operating and maintenance cost associated with keeping these playgrounds in a good state of repair to avoid having to remove a playground before it can be replaced. Approximately four playgrounds are replaced annually through the park rehabilitation program and two playgrounds are added to the inventory through new park development annually. This funding request would enable to the replacement of two 2 additional playgrounds with community engagement and design in 2024 and installation in 2025.

CREATING AN ECONOMICALLY-THRIVING CITY TOGETHER

5) Accelerated Commercial Business Approvals (\$100,000)

City staff are undertaking a review of all services and approvals required to open a commercial business. This review is following a similar process to the development services review, which is aimed at simplifying and streamlining commercial approvals. The review is expected to conclude in early 2024 and will require implementation funding. Early findings indicate that there are quick wins that can be implemented, which will require new funding. As an example, several stakeholders have requested the creation of a visual step by step guide to help navigate the program.

6) Arts & Culture Masterplan (\$100,000)

City staff will be developing a new Arts & Culture Master Plan in consultation with community stakeholders. The Arts & Culture Master Plan will be a comprehensive plan to support a variety of exciting, engaging and meaningful experiences for residents and visitors to enjoy as well as the resources needed for artists, creators, and organizations to deliver these experiences. There is currently no implementation funding allocated to this plan.

FOSTERING A CARING CITY TOGETHER

7) Municipal Newcomers Strategy (\$200,000)

This funding will be used to develop a Municipal Newcomer Strategy that will define the specific role the municipality can play in welcoming newcomers into the community and supporting them where needed through municipal facilities, programs, services and initiatives. A significant element of developing this strategy will be targeted community engagement with a variety of newcomers to the city.

8) Cameron Heights Pool (\$300,000)

Traditionally, the City's access to the Cameron Heights pool has been limited to evenings and weekends outside of school hours because the entrance to the pool is within the school. This limited access has restricted the City's ability to provide aquatics programming (e.g. swim lessons, lanes swims) at this pool. This additional funding would be used to create a permanent, dedicated entrance for the pool that would allow the City to provide aquatics programming for residents during the day.

STEWARDED A BETTER CITY TOGETHER

9) Digital Kitchener Strategy (\$100,000)

Review and refresh the City's Digital Kitchener strategy to continue to improve the lives of people through better use of data and connectivity. This will include citizen engagement to understand how Kitchener can be more inclusive in its digital services; how to better use data to enhance citizen services and engagement, and how emerging technologies like artificial intelligence (AI) can be leveraged to predict and respond to the needs of citizens.

10) Data Strategy (\$200,000)

Implement a city-wide data strategy to build organization-wide data practices to deliver better services for residents. This will include expanding on foundational data governance practices organization-wide; engaging with staff to develop skills in using data and routines to leverage data to enhance service delivery, support decision-making and improve visibility of city data to residents.

Financial Implications

Funding of \$1M is available from the Capital Pool to be allocated to Strategic Plan priorities.

Recommendation

For discussion.

Issue Paper Summary



Issue Paper	Op 03 - User Fees
Department	FINANCIAL SERVICES
Division	FINANCIAL PLANNING & ASSET MANAGEMENT
Preparer	Brad Palmer, Corporate Financial Advisor

Background

Fees and charges are used by municipalities as an alternative to fully funding various programs and services through property taxes. Fees and charges are often used for programs and services where customers have a choice whether to use them and, for this reason, the use of fees and charges tends to be favoured over property taxes alone.

Approval of the user fee schedule as detailed in Appendix E will coincide with the adoption of the 2024 budget. This also includes direction to Legal Services to prepare the necessary by-laws to amend The City of Kitchener Municipal Code Chapters for fees and charges pertaining to licensing, planning applications, building permits and Committee of Adjustment applications.

Rationale/ Analysis

When setting individual rates, departments consider a range of factors including cost recovery, legislation, rates of other municipalities and market conditions. For 2024, departments were provided with a guideline to increase fees and charges by 4%, which is below the rate of inflation.

The 2024 user fees will make up approximately 10% of all tax supported revenues which is consistent with the previous year. Failure to adjust user fees would shift program costs to the property tax base and necessitate property tax increases above the rate of inflation.

In general, fees are increasing by the guideline amount, or something close to it. Some fee increases differ from the guideline in order to come to a rounded amount (e.g. nearest \$0.25, \$1, or \$5).

Fee changes that differ from the inflationary guideline are highlighted below.

Economic Development Fees (Fees 2 – 94 on the detailed fee schedule)

- VPP Wedding Package (Fee 90): This fee was held flat for 2024.
- Water Distribution (Fee 91): This new fee is for use of a portable water fountain/filling station.
- Street & Lot & Stage Electrical – Gaukel Block (Fee 93-94): This new fee is to cover the costs related to power set-up.

Planning Fees (Fees 234 – 370 on the detailed fee schedule)

- Demolition Control Application (Fees 235-237): Adjusted from Activity-Based Costing estimates after real time modelling. Overpayments collected in 2023 to be refunded following approval of 2024 fees.

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- Photocopies/Printing (Fees 264-265): These fees are held flat.
- Routine Disclosure Requests (Fee 276): This fee is held flat.

Transportation Fees (Fees 321-326 on the detailed fee schedule). The following new fees were added:

- Bike Fob Fee (Fee 325): Currently a refundable deposit is charged. However, when people stop using bike parking they have not been returning the Fob. This nominal one time fee will eliminate the need to hold funds in perpetuity.
- Sidewalk closure and/or Partial closure (per day) (Fee 326): New fee to occupy sidewalk related to construction/utility activity.

Parking (Fees 371 – 403 on the detailed fee schedule). There are several fees that differ from the 4% as stated below.

- Remote Parking Lot Rate - Bramm (Fee 375): Rate increased greater than the 4% standard in order to decrease the rate variance between the remote lot and surface lots.
- Hourly Rates (meter/pay & display) (Fee 376): Rate increased greater than the 4% to be more aligned with other nearby municipalities.
- Garage Rates (Fee 378 – 380 & 382): Rate increased to be more aligned with other nearby municipalities.
- Theatre Rate (383 – 384): Rate held flat as this rate changes every 3-4 years and the last increase was September 2023.
- Meter Bagging / day (Fee 385): Rate increased greater than the 4% to move toward a more equitable rate.
- Surface Lots (Fee 386 – 387): Rate increased greater than the 4% to be more aligned with other nearby municipalities.
- Permits (Fee 388, 390): Rate increased greater than the 4% to be more aligned with other nearby municipalities.
- Electric Charging Station Rate per hour (Fee 392, 400-401): Rate increased greater than the 4% to align with market rates.
- Special Event Rate (After 5 pm and/or Saturdays) (Fee 393): Rate hasn't increased in 3 years. Move toward more equitable rate.
- Garage - Night Time Rate (4 pm to 9 am Monday - Friday) + Saturdays and Sundays - Charles & Benton Garage (Fee 394): Rate increased greater than the 4% to be more aligned with other nearby municipalities.
- Saturday Flat Rate for Market Customers & Vendors (Fee 395 – 396): No increase to support Kitchener Market performance.
- City Hall Garage Rate - 5 pm to midnight (Monday to Saturday) (Fee 397): To replace lost surface parking spaces within the surrounding areas.
- Part-time 3 Day A Week Permit Package (Fee 402): New fee for garage facilities only.
- Monthly Motorcycle Parking (Spring to Fall) (Fee 403): New fee for the new LPR access system which can accommodate motorcycle.

Building (Fees 404 – 505 on detailed fee schedule)

The Building Enterprise is proposing no change to the 2024 permit fees. Favourable results over the last few years have allowed the Building Stabilization reserve fund to reach its target level.

Fire (Fees 507 – 590 on the detailed fee schedule)

- Fire Alarm Monitoring Residential Fees (Fee 556 - 557): No fee increase in order to stay affordable for those that require this service.
- Fire Alarm Monitoring -Cellular Alarm Fees (Fee 558): New fee introduced for those customers requiring cellular monitoring due to the increasing number of residents not having home phone lines.

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- Response to Provincial Highways/Truck (Fee 550 – 572): These hourly rates are set by the province and have been updated to match their legislated fee.

Kitchener Memorial Auditorium Complex (KMAC) (Fees 852 – 890 on the detailed schedule)

- Affiliated Sports fees (fee 861, 862, 868, 869): These fees are only increasing by 3%-3.5% to stay within range of the affiliated rate for neighbouring municipalities.

Sport Development (Fees 891 – 925 on the detailed fee schedule)

- Affiliated Rates (Fees 895, 902, 904, 907, 909, 912, 914, 916, 918): These fees are only increasing by 2% to maintain affordability and keep in line with other municipalities.

- Cricket Fees (Fee 922-925): No increased proposed for these fees due to condition of the fields.

Aquatic Programs (Fee 926 – 1039 on the detailed fee schedule)

- Summer Splash Pass (Fee 948-950): Two new fees being introduced to allow access to public swims while the outdoor pools are open in the summer. These new fees are created to make pools more accessible to all residents.

- Schoolboard Instructional Programs (Fee 1011): The fee for an extra guard per hour has been increased by 10.69% to align the fee with actual wage recovery.

- Rental Group entry for public swim (Fee 1013): This is a new fee for smaller groups of 1-10. Adding in this option for group public swims creates affordable options for smaller groups.

- Rental Group entry for public swim (Fees 1014-1015): The fees for groups 0-30 and 31-125 entries have been reduced significantly to encourage more use and to promote affordable options for larger groups.

- Kiwanis Rental Group Admissions per hour (Fees 1034-1039): New fees for groups at Kiwanis have been created to facilitate easier permits and provide various options and affordable fees which have been barriers in the past.

Golf Fees (Fee 1040 – 1084 on the detailed fee schedule)

A full review of fees has been completed and many of the fees have a larger proposed rate increase in order to align our fees to similar neighbouring courses.

Cemetery Fees (Fee 1113 – 1318 on the detailed fee schedule)

- Several fees in cemetery are legislated and will change at a rate different than the City's guideline amount. Other changes include:

Gas Utility (Fees 1319 – 1420 on the detailed schedule)

- Gas Meter Set - residential (Fees 1320-1321): The increase to these fees is due to increased gas meter costs. The increased meter cost will be phased in over a 5-year period (2024 is the second year of the phase in).

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- Gas Meter Set – Commercial/Industrial (Fee 1322): The fee increase is based on the minimum time required to build a large meter set. The cost of the meter will be phased in over a 5 year period (2024 is the first year of the phase in).
- 5 PSI Meter Set (Fee 1325): The increase to this fee is based on increased equipment (instruments, regulators and rotary meters) costs. The fee will be increased gradually over a five-year period, to approximate the full cost of replacement (2024 is the second year of the phase in).
- Gas Service – Built Up (Fee 1341): This new fee is the charge for new gas services in built up areas.
- Frost Charges for Winter Excavation per Meter (Fee 1344): This fee decrease is based on the 2024 estimated rates per the pipeline contract.
- Rental Gas Water Heater Rates – Yearly (Fees 1353-1395): The increase in water heater rental rates is due to increased costs in new tanks and installation.

Water Utility (Fees 1421 – 1457 on the detailed schedule)

- New Water Meter Fee – 5/8" (Fee 1438): This fee increase is due to the increased cost of new water meters.
- Water Meter Flange Set 1 ½"-2" (Fees 1452-1453): This is a new fee that is meant to cover the additional flange cost when new meters are installed.
- Cast Iron Flange Sets (Fees 1454-1455): This is a new fee that is meant to cover the additional flange cost when new meters are installed.
- Unauthorized Water Usage/Theft/Connection – minimum fee (Fee 1456): New minimum fee to cover the cost of water sampling, water loss, emergency flushing, sample review, or any other time association with emergency response for unauthorized hydrant or service connection.
- Greater than 6m Connection Fee – daily rate (Fee 1457): New fee to cover the cost of the Kitchener Utilities staff staying on site to witness the installation and swabbing of the main, and returning to the site to turn on/off water.

Legislated Services Fees (Fees 1528 – 1668 on the detailed schedule)

- Commissioning of Non-City Related Documents (Fee 1540): Holding the fee from 2023 to align with neighbouring municipalities.
- Commissioning of Domestic & Foreign Pension Documents (Fee 1541): Holding the fee from 2023 and rounding to the nearest dollar to improve customer service.
- Information Access Request (Fee 1542-1545,1548): Legislated fee that cannot be changed.
- Death Registration (Fee 1549): Increasing the fee to \$30 to be inline with the City of Waterloo
- Municipal Information Forms (Fee 1550): Holding flat to align with neighbouring municipalities.
- Property Standards Appeals (Fee 1551): Increasing to reflect cost of running the committee, and to align with what most municipalities are charging.

Revenue Fee (Fees 1670 – 1690 on the detailed schedule)

- Tax Certificate & Utility Certificate (Fee 1671 & Fee 1672): Increase of 6.25% to align our fee with other municipalities.
- Mortgage Company Information Request (Fee 1677): No fee increase is proposed as Kitchener's fee is already highest among comparable municipalities.
- Transfer or refund of payment made in error (Fee 1689): A new fee is proposed for refund payments made in error. The first transfer or refund will be at no charge, this fee would apply only if more than one request is made.

Financial Implications

Issue Paper Summary



User fees make up approximately 10% of the revenues used to fund the tax supported operating budget. The proposed 2024 tax supported budget includes increases to fees and charges by 4% in most instances, which is well below the current rate of inflation.

Recommendation

For information.

Issue Paper Summary



Issue Paper	Op 04 – Economic Development Grants – Arts & Culture
Department	DEVELOPMENT SERVICES
Division	ECONOMIC DEVELOPMENT
Preparer	Cory Bluhm, Executive Director of Economic Development

Background

The Economic Development Division provides operating support to key cultural institutions through annual operating grants. The Kitchener Waterloo Symphony was a long-standing funding recipient which abruptly ceased operations in September 2023 and subsequently filed for bankruptcy. The KW Symphony was the sole tenant and primary user of the Conrad Centre for the Performing Arts, although it also booked the facility for use by other groups when not required for its own use. The discontinuation of the KW Symphony's operations resulted in a programming gap at the Conrad Centre.

Rationale/ Analysis

The Conrad Centre is a vibrant and dynamic cultural space in the heart of downtown Kitchener. Until recently, the 24,000 square foot performing arts facility was used primarily by the KW Symphony. Over the coming months, the City will be developing a long-term operating model for the Conrad Centre. In early 2024, the City will be engaging with local arts and culture organizations to help inform this new model, with recommendations expected to be presented to City Council in mid-2024. Based on the characteristics of the facility, the experience of other theatres, and the needs of local arts groups, it is not expected that the facility could operate on a cost-recovery basis. It will therefore require tax-based funding to support the operations which was understood at the time the facility was donated to the City.

The City assumed the operations of the Conrad Centre after the lease with KW Symphony ended due to the Symphony's declaration of bankruptcy. Green Light Arts had previously provided facility booking services through an arrangement with the KW Symphony at the Conrad Centre. Council has approved a contract with Green Light Arts to provide interim operational support for the Conrad Centre on behalf of the City, including facility bookings, until June of 2024. The costs associated with this support will be offset by the savings associated with not advancing a grant to the KW Symphony in 2024.

The annual grant which would have been earmarked for the KW Symphony in 2024 was \$386,000. Maintaining this amount of funding in the budget will support the ongoing operations of the Conrad Centre and enable investment in local arts and culture groups in 2024 and future years in keeping with Council's priority around culture and entertainment.

Financial Implications

None at this time.

Recommendation

For information.

Issue Paper Summary



Issue Paper	Op 05 - Additional Tax Supported Budget Staffing Resources to Support City Services
Department	GENERAL EXPENSE
Division	GENERAL EXPENSE
Preparer	Ryan Hagey, Director of Financial Planning & Asset Management

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

Rationale/ Analysis

Effective Use of Fleet Resources (1 FTE)

Kitchener continues to experience rapid growth with service demands in its new neighbourhoods. Expanding services can also mean additional equipment including licensed vehicles, as well as both heavy and light equipment. Equipment added over the past five years accounts for more than 3,000 hours of additional annual service time. This amount of growth has had a significant impact on the amount of planning work required by Fleet staff to coordinate preventive maintenance schedules, annual safety inspections, and ongoing defect & body repairs. One new FTE is included in the budget to better manage service coordination to support scheduling of fleet equipment and ensure resources are being used effectively.

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 increasing service levels 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 do the work. Two new FTEs are included in the budget to continue the implementation of the City's urban canopy targets.

Maintaining Growing Horticulture & Trail Portfolios (3 FTEs)

Horticulture crews maintain a diverse collection of horticultural beds throughout the city's inventory of parks, trails, roads & associated streetscape elements, and intensifying Downtown urban core. Trails crews maintain various trails and active transportation facilities throughout the city. Growth (e.g. additional parks/trails) and new service levels (e.g. additional winter maintenance for bike lanes and paved trails) in these portfolios require additional staff resources to maintain service levels. Three new FTEs are included in the budget to maintain the growing horticulture and trails portfolios.

Maintaining Growing Roads Inventory in Southwest Kitchener (1 FTE)

Significant development has been occurring in the southwest portion of the city for several years and has reached the point where additional staff are required to safely maintain the expanding road network. In the winter months a 19th salt route will be implemented to meet provincially legislated

Issue Paper Summary



Minimum Maintenance Standards (MMS). In non-winter months significant work is required to keep up with the inspection/refreshing of pavement markings (e.g. sharrows, speed humps, trail crossing, turning arrows, etc.), linear pavement markings (e.g. bike lane, edge line, line dividers, etc.) and traffic signs. The traffic team has not been able to keep up with the existing level of service with the current staffing complement. One new FTE is included in the budget to maintain the growing roads inventory in southwest Kitchener.

Increasing Support for Local Sports (1 FTE)

The trends around sports usage are changing and becoming more complex as Kitchener grows in population and becomes more diverse. Current staff are occupied delivering existing programming, but there is a need to improve existing processes and identify new trends which appeal to diverse groups of individuals. This includes creating a centralized sport facility scheduling office so users can book multiple locations through a single contact point instead of dealing with each individual facility. It also includes researching and identifying emerging sports, fostering partnerships with local organizations that are currently not affiliated with the City, and delivering direct programs where gaps are identified in the community. One new FTE is included in the budget to increase support for local sports.

Meeting the City's Climate Action Plan Goals (1 FTE)

The City has set aggressive energy reduction goals through its Corporate Climate Action Plan 2.0 (CorCAP 2.0). In order to achieve these goals significant work will be required including; investigating opportunities for efficiencies including education and alternate operating procedures, carrying out feasibility studies, developing business cases and strategic corporate collaborations for energy and sustainability capital projects, and working with implementation project managers to ensure successful completion. In addition to planning and delivering projects that reduce the City's energy consumption, work is also required to monitor and report on energy and water usage in City buildings, to identify energy reduction incentives and grant funding opportunities, and to lead/support the development of grant applications. One new FTE is included in the budget to help meet the City's Climate Action Plan goals.

Financial Implications

None. All staff costs are included in the draft 2024 budget.

Recommendation

For information.

Issue Paper Summary



Issue Paper	Op 06 - Water Infrastructure Program (WIP) Update
Department	INFRASTRUCTURE SERVICES
Division	SANITARY SEWER UTILITY
Preparer	Bu Lam, Director of Sanitary and Stormwater Utilities

Background

For several years, Council has reviewed and discussed the water, sanitary, and stormwater utilities together under a program named WIP (Water Infrastructure Program). These utilities are intertwined as much of their infrastructure is co-located within the road right of way, and the outputs of one system can be the inputs to one of the other systems.

In October 2023, Council endorsed the WIP update which assessed the service levels of the water, sanitary and stormwater utilities to ensure the services provided met customer expectations and legislative requirements. The WIP review ensured that the utilities were operated sustainably, risks were minimized, and critical services were reliably delivered and protective of the environment and public health and safety.

Rationale/ Analysis

Report INS-2023-437, 2024 Water Infrastructure Program Summary and Rate Options included comprehensive information about the City's WIP utilities. The report looked back at what had happened since the previous WIP report in 2017 and what was needed going forward for these utilities. The key findings of the 2023 WIP review were that additional investments were needed in some key areas. These include:

- Infrastructure investments to avoid significant failures in the areas of trunk sewers and pumping stations
- High priority infrastructure renewals not captured under previous WIP programs (e.g single utility projects like watermain)
- Closing the gaps on inspections to make better informed maintenance and replacement decisions
- Meeting legislative requirements for maintenance (e.g., oil/grit separators for stormwater quality).

Three options were provided as part of the WIP update report with Council ultimately endorsing staff's recommended option (option #3) of a 6.3% combined annual WIP rate increase for 2024-2027. This option includes investments to the critical areas noted above as well as the additional staffing required to complete the increased workload. A total of 11.5 FTEs (full time equivalents) will be added over the next four years, with eight of them included in the 2024 budget.

Financial Implications

The total combined WIP rate increase of 6.3% endorsed by Council has been incorporated into the 2024 budget and multiyear forecast. This amounts to \$77 to the average household in 2024. Specific rates which will be effective January 1, 2024 are shown in the table below.

Recommendation

For information.

Attachment A - 2024 Water Utilities Rates

	2023 Rate	2024 Rate	\$ Change	% Change
Sanitary (per cubic metre)	\$ 3.2692	\$ 3.5013	\$ 0.2321	7.10%
Water (per cubic metre)	\$ 2.6209	\$ 2.7493	\$ 0.1284	4.90%
Stormwater (monthly charge)				
Residential Single Detached Small	\$ 11.24	\$ 12.07	\$ 0.83	7.40%
Residential Single Detached Medium	\$ 18.76	\$ 20.15	\$ 1.39	7.40%
Residential Single Detached Large	\$ 24.66	\$ 26.48	\$ 1.82	7.40%
Residential Townhouse/Semi-Detached	\$ 13.39	\$ 14.38	\$ 0.99	7.40%
Residential Condominium	\$ 7.46	\$ 8.01	\$ 0.55	7.40%
Multi-Residential duplex	\$ 15.01	\$ 16.12	\$ 1.11	7.40%
Multi-Residential triplex	\$ 22.56	\$ 24.23	\$ 1.67	7.40%
Multi-Residential four-plex	\$ 29.99	\$ 32.21	\$ 2.22	7.40%
Multi-Residential five-plex	\$ 37.54	\$ 40.32	\$ 2.78	7.40%
Multi-Residential (>5 units)	\$ 3.77	\$ 4.05	\$ 0.28	7.40%
Non-Residential Smallest	\$ 35.88	\$ 38.54	\$ 2.66	7.40%
Non-Residential Small	\$ 95.95	\$ 103.05	\$ 7.10	7.40%
Non-Residential Medium-Low	\$ 251.40	\$ 270.00	\$ 18.60	7.40%
Non-Residential Medium-High	\$ 733.86	\$ 788.17	\$ 54.31	7.40%
Non-Residential Large	\$ 1,778.61	\$ 1,910.23	\$ 131.62	7.40%
Non-Residential Largest	\$ 3,818.29	\$ 4,100.84	\$ 282.55	7.40%

The minimum charge for water and sanitary sewer is calculated as 1/10 m3 per day

The flat rate sewer charge for properties not connected to the municipal water system is based on the average annual residential consumption of 170 m3 at the current approved sanitary sewer rate and is billed monthly

Issue Paper Summary



Issue Paper	Cap 01 - Road Reconstruction Timing Changes
Department	FINANCIAL SERVICES
Division	FINANCIAL PLANNING & ASSET MANAGEMENT
Preparer	Ryan Hagey, Director of Financial Planning & Asset Management

Background

The City reconstructs roads when the aboveground and underground infrastructure (watermains and sewers) approach the end of its useful life. Each year staff updates its reconstruction replacement listing based on new information which can cause a change in timing of specific projects. It is common for projects to move forward or backward based on different factors such as impacts from other projects (both City projects and from other municipalities), changes in project pricing, and updated condition information. Because of the uncertainty in timing around this type of work, specific projects are only identified for the first five years of the capital forecast (i.e. only 2024-2028).

It should also be noted that there can be significant cost difference between specific projects (e.g. one project may cost over \$10M, while a much smaller project could cost closer to \$1M). Staff attempt to maximize the funding each year to complete the maximum number of projects possible within the funding constraints.

Rationale/ Analysis

In the 2024, the following changes have been made to the construction timing of the full reconstruction program:

- 1) Herbert: moved from 2025 to 2028 based on City of Waterloo project deferral
- 2) Victoria: moved from 2027 to 2024 based on Region of Waterloo project advancement
- 3) Charles/Sheldon: moved from 2028 to 2027 based on risk rankings related to Vision Zero and ongoing Water Utility maintenance issues in the area.
- 4) Spadina: moved from 2026 to 2027 based on funding availability
- 5) Blueridge: moved from 2027 to 2028 based on funding availability
- 6) Dunbar/Balmoral/Katherine/Brandon: moved from 2027 to 2028 based on funding availability
- 7) Claremont: moved from 2028 to a later year based on funding availability
- 8) Union/Golfview: moved from 2028 to a later year based on funding availability
- 9) Ramblewood: moved from a later year to 2028 based on funding availability

Financial Implications

None. All projects are funded through the full reconstruction budget within Engineering.

Recommendation

For information.

Issue Paper Summary



Issue Paper	Cap 02 - Facilities Management Additional Funding
Department	INFRASTRUCTURE SERVICES
Division	FACILITIES MANAGEMENT
Preparer	Beatrice Powell, Manager of Facilities Asset & Energy Management

Background

The Facilities Management (FM) division maintains all of the buildings within the City. The portfolio of buildings is diverse in its composition and includes public facing facilities like community centres, arenas, pools, park washrooms, arts and culture facilities and City Hall, as well as non-public facing facilities like fire stations and the Kitchener Operations Facility (KOF).

Many City facilities are aging and require investments to improve functionality and extend the life of the building. Lifecycle planning of facilities is challenging due to the complexity and interdependency of building components, the condition of some aging infrastructure, and stakeholders with competing priorities and service delivery needs. Funding is limited, prioritization is challenging, and deferred maintenance is growing.

As condition assessments, audits, studies, and stakeholder engagement increases, the City is beginning to more fully understand the scope of work required in the short term, to ensure facilities can continue supporting service delivery. There is strong competition for facility funding to meet competing goals such as completing deferred maintenance needs, reducing greenhouse gas emissions, complying with accessibility standards and meeting the programming pressures of user groups.

Rationale/ Analysis

As part of the draft 2024 budget staff have included an additional \$5M of debt to address short term facility needs based on updated information. This funding is required in addition to the normal State of Good Repair (SOGR) funding amount which for 2024 is roughly \$5M. Urgent projects that would benefit from the additional debt funding include:

- 1) Mill Courtland Community Centre (MCCC) - alongside the expansion of the MCCC which is funded by development charges, significant rehabilitation work is being planned. This will include deferred maintenance items, accessibility improvements, and energy efficiency upgrades. Completing the expansion and rehabilitation work together will minimize disruptions to facility users.
- 2) City Hall Humidifier - City Hall currently has two humidifiers, both of which are at the end of their useful lives. One humidifier has failed and cannot be repaired, and the other is leaking and is also at the end of its serviceable life. Humidity is a key component of air quality, with correct levels supporting a healthy environment.
- 3) Roofing - Replacements required due to deteriorating roof conditions and/or active leaks.

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4) Boiler - Replacement of a boiler at the Auditorium which is at the end of its useful life.

Financial Implications

Additional debt of \$5M will be issued in 2024 to fund the required investments being made in City facilities.

Recommendation

For information