



# Capital Budget November 24, 2025

# Capital Budget Overview



# Capital Budget Summary

Majority of Capital Budget is focused on infrastructure renewal

Capital costs are increasing slightly more than CPI inflation

**400+** projects with **\$1.85B** in spending over next 10 years

Capital funding requirements/shortfalls will need to be addressed over time through future budgets

More Provincial/Federal funding is needed to fully address municipal infrastructure funding needs

ALLOCATION OF CAPITAL PROJECTS TO CITY ASSETS: (in Millions)



# Capital Priority Setting

## PRIORITY SETTING TO PROVIDE INPUT TO THE CAPITAL BUDGET:



### ASSET REPLACEMENT & REHABILITATION NEEDS:

Developed based on asset management plans & condition assessments.  
Progress being made through the Water and Infrastructure Program, (WIP).  
Addressing the facility infrastructure gap continues to be a priority.  
Preventative maintenance activities are also important.



### GROWTH RELATED NEEDS:

2022 Development Charge Study reflected in forecast.  
Investments in new infrastructure to support new residents.  
Maintaining the concept of 'Growth pays for growth'.



### STRATEGIC ITEMS:

Implementation of items included in the Strategic Plan.  
Priorities reflecting corporate and community needs.

# 2026 Budget Themes

*Affordable Today, Ready for Tomorrow*



Affordable City Services



Smart Investments In  
Infrastructure



Focusing on the Future

# Strategic Addition



# Strategic Addition Funding

\$1M of one-time funding available in capital

- From Tax Capital reserve fund

Staff have identified potential areas for investment

- Improvements to Park Amenities – Seating & Shade in Parks and/or Cricket Improvements
- Strategy Implementation – Special Events Strategy
- Economic Development – Business Retention & Expansion
- Continuing Pitch Kitchener – Supporting Local Partnership & Innovation

Strategic Item issue paper included in Appendix G

- Cap 01 Strategic Additions



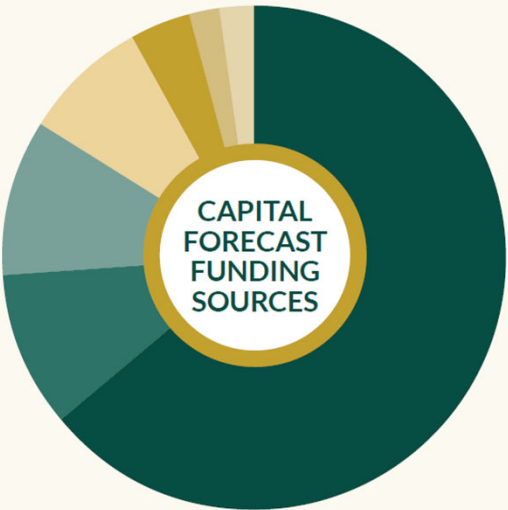
# Capital Funding Sources





# 10 Year Capital Funding Sources

## FUNDING SOURCES THAT COMPRISE 10 YEAR CAPITAL FORECAST:



Enterprises.....	64%
Capital Pool .....	10%
Development Charges .....	10%
Reserves .....	8%
CCB Fund.....	4%
Grants .....	2%
Facilities.....	2%

**Enterprises:** Funding transferred from the City’s seven Enterprises

**Tax Supported Capital Pool:** Funding from the operating budget, debt, and the gas & hydro utility investment reserves to support the tax supported capital program

**Development Charges:** Funding collected from development for growth related infrastructure

**Reserves:** Funding saved up ahead of time by the City

**Canada Community Building (CCB) Fund:** Formerly known as Federal Gas Tax funding

**Grants:** Funding from other levels of government and other agencies

**Facilities Infrastructure:** Funding from the facilities infrastructure reserve for City building repairs



# 10-Year Capital Budget & Forecast Funding Comparison to Prior Year

	(000's)		
<b>Funding Source</b>	<b>2025</b>	<b>2026</b>	<b>Change</b>
Capital Pool	204,464	187,763	(16,701)
Development Charges	290,680	191,450	(99,230)
Enterprises	1,082,172	1,173,619	91,447
Reserves	125,397	138,845	13,448
CCB Fund	75,460	80,105	4,645
Facilities Infrastructure	42,030	44,362	2,332
Grants	46,425	29,289	(17,136)
Other	-	2,553	2,553
<b>Total</b>	<b>1,866,628</b>	<b>1,847,986</b>	<b>(18,642)</b>



# Tax Supported Capital Pool

## Capital Pool (aka C/C) is:

- Main funding source for City's tax supported service areas
- Fully balanced in all 10 years

## Includes:

- Capital out of Current
  - Direct transfer from Operating budget
- Tax Supported Debt
  - Borrow today and pay back in the future
- Gas Utility & Hydro Utility Investment Reserves
  - Returns from City's investment in local utilities

Details shown on Appendix C, page C2



# Debt



# Municipal Debt



Debt is funding the City has borrowed for capital projects

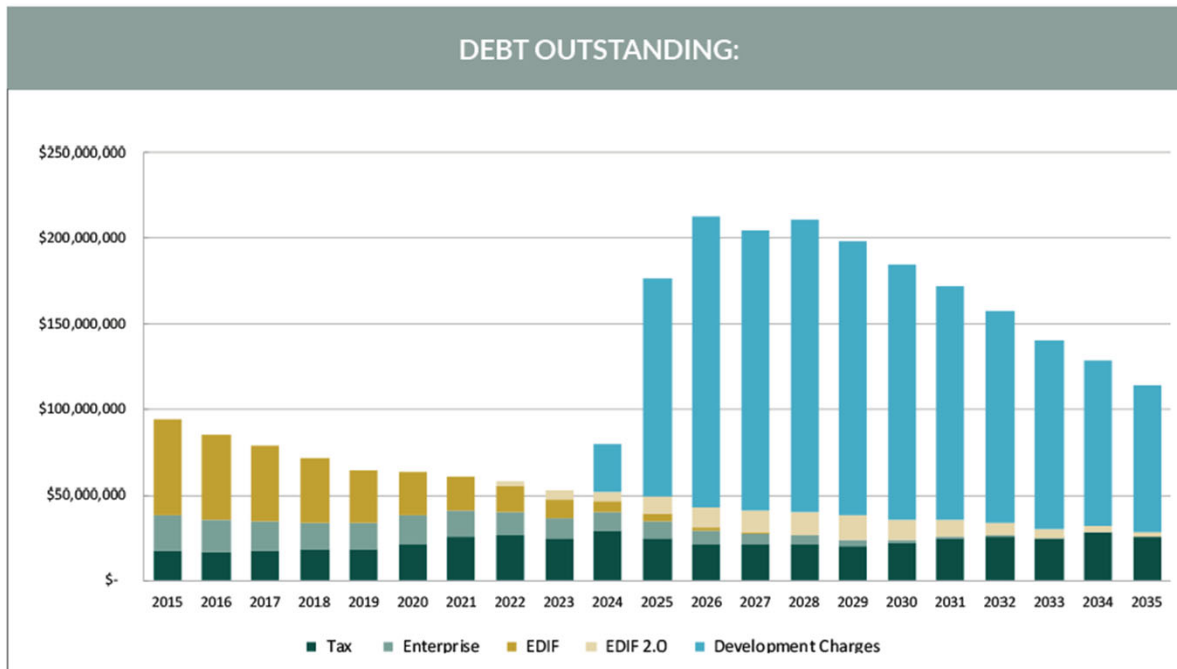
- Similar to getting a mortgage to buy a house



Interest rates and terms are fixed when debt is issued with no option to open and renegotiate

- Like a closed, fixed rate mortgage

# Kitchener's Debt Forecast



- Tax supported debt is issued to help fund the Capital Pool.  
- No Capital Pool debt is being issued in 2026
- Enterprise debt is repaid from non-tax sources. These include the Golf enterprise, Parking enterprise, the Kitchener Rangers, and cemetery debt.
- EDIF (Economic Development Investment Fund) debt was issued to fund EDIF projects and will be fully paid off in 2027.
- EDIF 2.0 debt will be issued between 2022-2029 to mobilize the Make It Kitchener 2.0 Strategy and will be fully paid off by 2039.
- DC debt is issued for growth related projects funded by development charges (DCs). This debt has no impact of tax/utility rates.

# Reserve Funds

## Appendix D



# Reserve Funds



Reserve funds have been collected by the City for a specific purpose or an unanticipated event

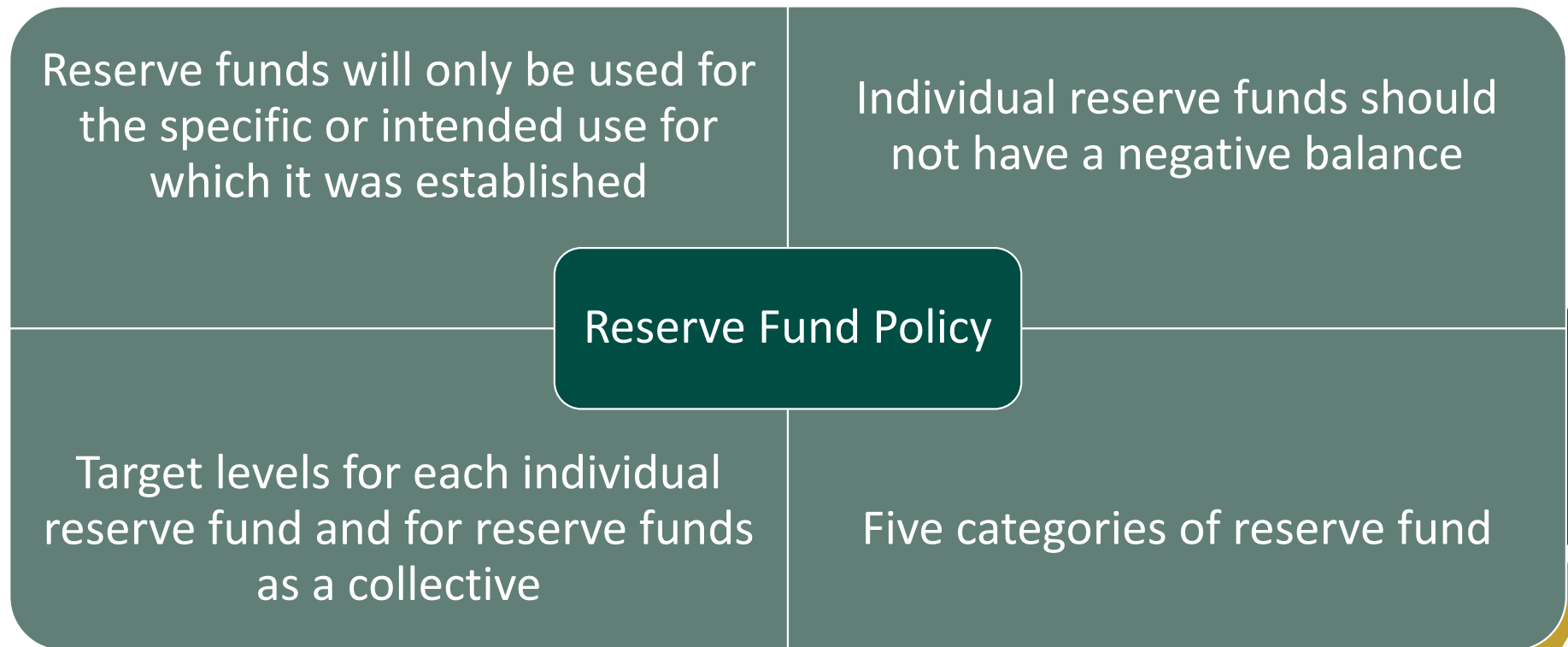
- Similar to a personal savings account or RRSP



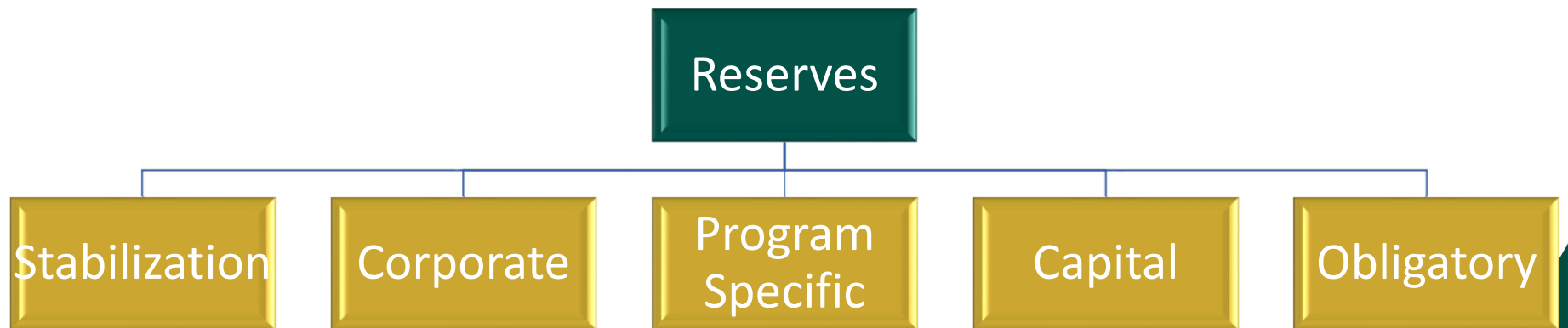
Reserve balances have generally been positive, but many are below the minimum funding targets



# Reserve Fund Policy Highlights



# Reserve Fund Categories



# Stabilization

## Appendix D, p.1 & 6-7

- Used for operating surpluses & deficits
  - E.g. Tax Stabilization, Investment Stabilization, Water Stabilization



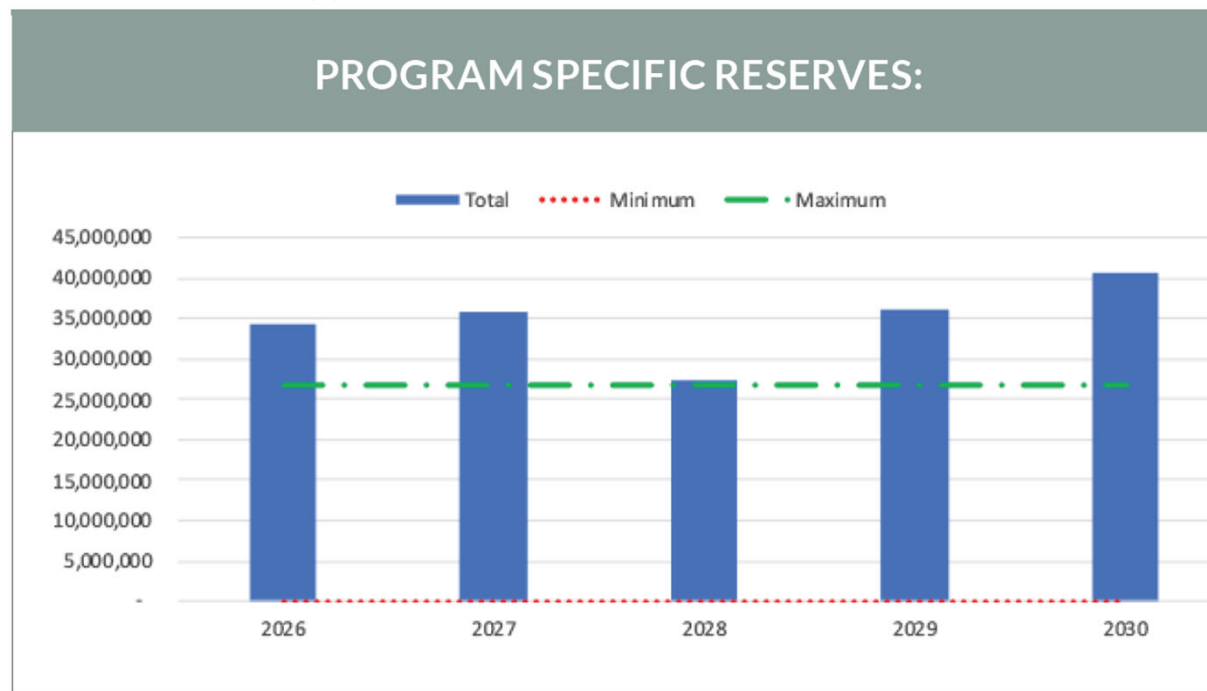
# Corporate Appendix D, p.2 & 7

- Used for corporate-wide programs
  - E.g. Learning & Development, Sick Leave, Insurance



# Program Specific Appendix D, p.3 & 8

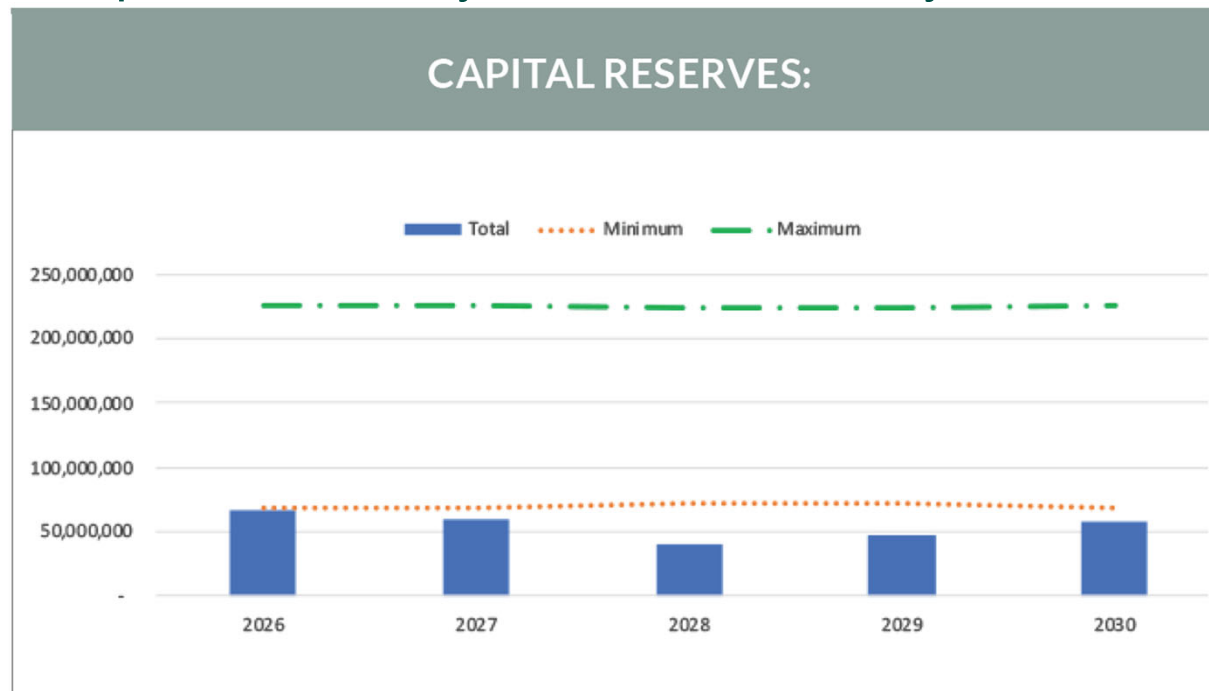
- Used for specific programs/purposes within the City
  - E.g. EDIF 2.0, Energy Retrofit, Election



# Capital

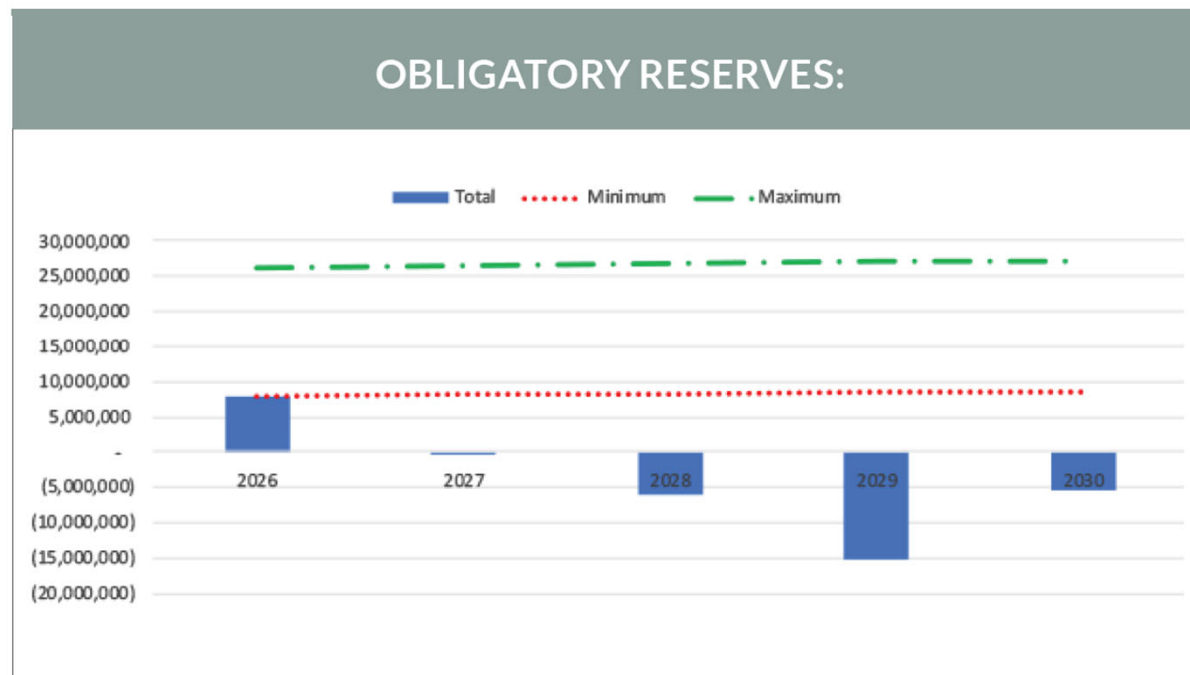
## Appendix D, p.4-5 & 9-10

- Used for funding capital projects
  - E.g. Tax Capital, Gas Utility Investment, Facility Infrastructure



# Obligatory Appendix D, p.5 & 10

- Used for purposes detailed in specific legislation
  - E.g. Development Charges, Canada Community Building Fund (CCBF)



# Development Charges





# Development Charges (DCs)

Fees imposed on development to fund “growth-related” capital

- Housing-enabling infrastructure (e.g. roads, sewers)
- Community-enabling infrastructure (e.g. parks, arenas)

Principle is that “growth pays for growth”

- This means the financial burden is not borne by existing taxpayers

A LOT of changes recently to DC legislation

- Timing of payments
- Reduced DCs for certain types of development
- Exemptions for affordable housing



# DC Reserve Forecast

- DC revenues impacted by the rate of growth and legislative changes
- DC debt being used to help with DC cashflows
  - Debt costs will be fully funded by future DCs
- Timing of projects adjusted in forecast to help with DC cash flow



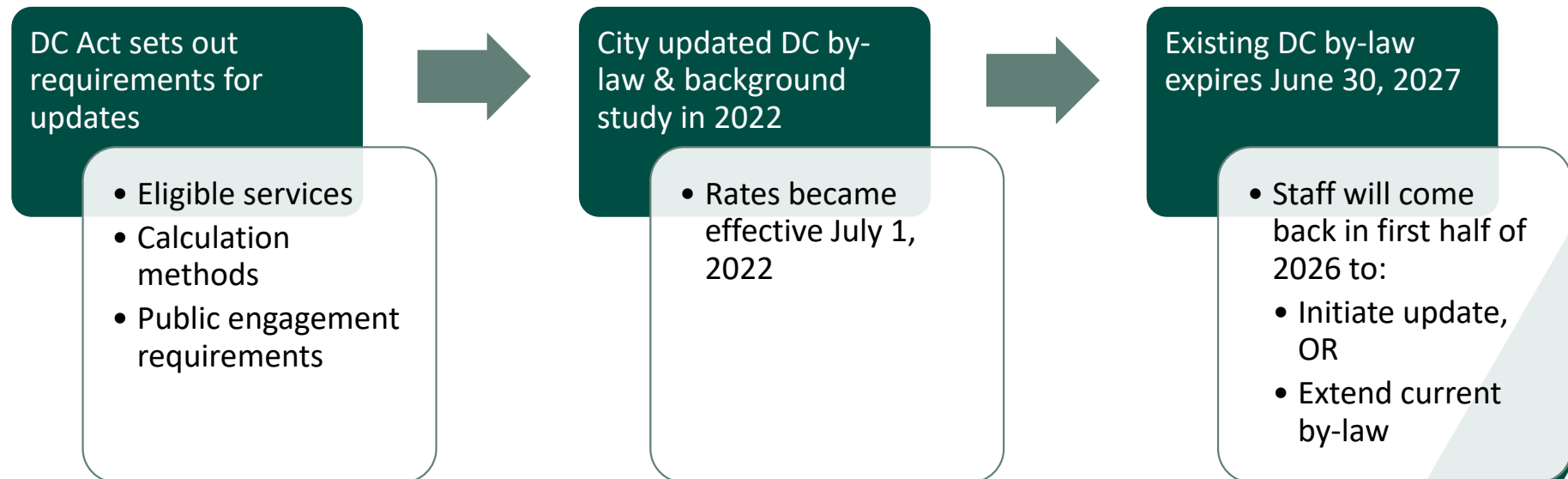
# DC Project Adjustments



- Staff reviewed timing of DC-funded projects in the forecast
  - Deferred some projects to better reflect the timing of when the work will be completed
    - Amand Drive, Huron Road, Neighbourhood Parks
  - Removed funding for some projects based on updated workplans and DC funds available
    - Various studies, Highway 7 Watermain Extension, Schlegel Park
- These changes help with DC cash flow issues as a result of changes to DC legislation



# City's DC By-law



# Capital Budget Content





# Two Changes to Capital

## Operating items removed from Capital

- Staff moved many smaller capital projects over to operating
  - E.g. Civic Square Rink Maintenance, Communities in Bloom
- These items are operating expenses and are treated that way on City's audited financial statements
  - This change will reduce work to prepare City's statements

## 1<sup>st</sup> Year of General Provision accounts broken out as own project

- Current year funding will be put in a stand-alone project
  - Makes it simpler to manage projects rather than adding funds to a project that has been around for more than a decade



# Capital Budget Pages

- Pages are ordered by department, then division
- New projects identified by a ☒
- Type Column
  - “A, B or C” for large dollar projects based on the quality estimate
    - A = fairly precise, B = preliminary costing, C = order of magnitude
  - “T” = Triple funded Road Reconstruction projects
    - Funded by Stormwater, Water & Sanitary
  - “TS” = Triple funded projects with sidewalk infill



# Capital Forecast (Appendix C) & Issue Papers (Appendix G)





# Highlighted Budget Changes > \$250,000 Community Services (p.4-13)

Division	Project	Page	Comment
Fire	Additional Fleet Vehicle	C 6	Deferred \$1.9M from 2028 to 2030 to align with anticipated acquisition of Fire Vehicle.
Golf	Doon - General Maintenance & Course Improvements	C 7	Added \$2.2M over 10-year forecast to fund increasing need for capital repairs at Doon Club House and course maintenance.
Golf	Rockway - General Maintenance & Course Improvements	C 8	Added \$2.2M over 10-year forecast to fund increasing need for capital repairs at Rockway Club House and course maintenance.



# Highlighted Budget Changes > \$250,000 Development Services (p.19-35)

Division	Project	Page	Comment
Engineering	<p>Road Reconstruction Projects</p> <p>NOTE: These are projects with type “T” or “TS”</p>	C 23-27	<p>Adjustments made based on priority of projects and funding constraints. Significant components of the infrastructure that comprises these projects have been identified as being at the end of its life cycle and requires replacement.</p> <p>Information about specific project changes can be found in issue paper Cap 02.</p>



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Facilities Management	FM - Cowan Recreation Centre General Provision	C 41	Added \$1M over 10-year forecast to create a general provision account for the Cowan Recreation Centre.
Facilities Management	Maintenance to Downtown Arts & Culture Buildings	C 41	Added \$5.0M to 2026 based on facility needs. Projects include 2 King Street West, THEMUSEUM and Conrad Centre of the Performing Arts.
Facilities Management	Cowan Recreation Centre	C 42	Added \$30M to 2026 for the Council-approved addition of gymnasium.



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Gas	Demand Side Management	C 45	Added \$12.0M over the 10-year forecast to help fund the Home Renovation Sharing Program (HRSP) for Ontario residents.
Gas	Gas Pipelines	C 45	Added \$26.9M in 2026-2030 to begin to address the significant infrastructure gap as noted in the Gas Asset Management Plan, presented in report FIN-2025-255.



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Parks & Cemeteries	Tree Planting - 2026	C 49	Added \$2.5M of grant funding in 2026 from The Federation of Canadian Municipalities' (FCM) Growing Canada's Community Canopies (GCCC) initiative.



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Sanitary	Forcemain Condition Assessment	C 51	New project with funding of \$2.5M into this project to allow for condition assessments of sanitary forcemains throughout the city.
Sanitary	<ul style="list-style-type: none"> <li>Sewer Main Rehab</li> <li>Trunk Sewer Inspections</li> <li>Schneider Trunk Protection at Pioneer</li> </ul>	C 51	Funding for Sewer Main Rehab was reduced by \$8.7M and reallocated to Trunk Sewer Inspections and the Schneider Trunk Protection at Pioneer projects.



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Sanitary	Weather Station Equipment Maintenance	C 51-52	New project with funding of \$500k to support the maintenance of weather stations.
Sanitary	<ul style="list-style-type: none"><li>Carson SPS Rehab</li><li>Moore SPS Rehab</li><li>Oxford SPS Rehab</li><li>Manchester SPS Rehab</li></ul>	C 52	Funding of \$14.2M has been allocated to the rehabilitation of these pumping stations from the sanitary capital reserve.



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Stormwater	Various Projects	C 53-55	The cost and timing of several projects have been adjusted. As more projects have progressed through detailed design, this has provided a better understanding of the required work and required budget. Every reasonable effort is being made to meet the timelines in the \$50M DMAF grant agreement.



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Stormwater	<ul style="list-style-type: none"><li>• SWM Facility Retrofits Program</li><li>• SWMF 79 Retrofit (Hydro)</li></ul>	C 54	Funding of \$547k reallocated from the SWM Facility Retrofits Program to SWMF 79 Retrofit (Hydro)
Stormwater	SWM Monitoring Program	C 54	Added \$876k to the SWM Monitoring Program



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Stormwater	<ul style="list-style-type: none"> <li>Sediment Management Program</li> <li>Victoria Park Lake Sediment Management</li> <li>Hydraulic Modelling</li> </ul>	C 53-55	\$3.2M has been removed from the Sediment Management Program, and reallocated to the Victoria Park Lake Sediment Management and the Hydraulic Modelling projects.
Stormwater	Various surveys, studies and guidelines	C 53-55	Added \$3.2M for various surveys, studies and guidelines, including updating the SWM Master Plan (\$1.45M)



# Highlighted Budget Changes > \$250,000 Infrastructure Services (p.41-57)

Division	Project	Page	Comment
Water	Lancaster: Bridgeport to Bridge Westmount – Glasgow to Victoria St S	C 56	Added \$7.1M in 2028 to replace watermain on these two streets. Both replacements are on Regional roads, and will be done at the same time a Regional roadwork in order to be cost effective and minimize disruption to citizens.
Water	Highway 7 Extension – Secondary Watermain	C 56-57	This growth-related project has been removed from the forecast, as it is no longer considered necessary.

