



CITY OF KITCHENER

2025 BUDGET SUMMARY

KITCHENER.CA/BUDGET

2025

Operating Budget November 18, 2024

KITCHENER.CA/BUDGET



Overview by the CFO



Budget Calendar

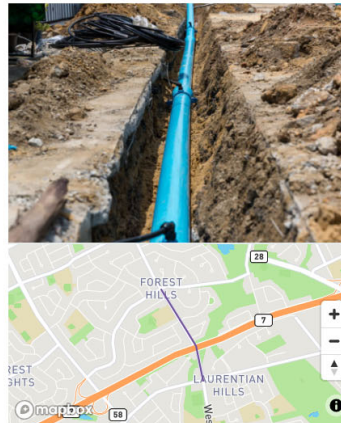
Date	Topic
Nov 18	Operating Budget Presentation by staff
Nov 25	Capital Budget Presentation by staff
Nov 25	Public Input Night
Dec 2	Mayor's Budget Proposal
Dec 9	Council Amendments due to Clerks
Dec 12	Council Votes on Amendments/Mayor Can Veto
Dec 27	Budget Adopted (Automatic)



New for 2025 – Open Book

- Open Book is online tool that provides information about capital projects
 - Description
 - Budget
 - Picture
 - Location
- Check it out at:
kitchener.questica.openbook.ca

WESTMOUNT RD OTTAWA TO GREENBRO



Budget to Complete

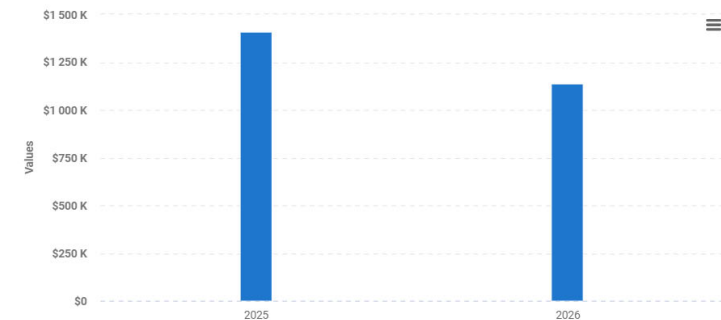
\$2.5M

Total Projected Cost

There are two cast iron watermain along the majority of this stretch of road that were installed in the 1950s. The condition of the watermain has been evaluated and are at the end of their useful life. In addition, the size and location of this watermain in proximity of the expressway makes the section important to replace. As well, the watermain break data supports this conclusion. A single, larger watermain is being proposed to reduce the cost and allow room for other utilities in the corridor.

Project Number: 900701058
Project Category: Infrastructure Renewal
Status: On Track
Strategic Plan Alignment: Core Service

Expenses



Budget Overview



Operating Budget

- \$559 million expenditures in total (i.e. tax supported + enterprises)
- \$276 million expenditures excluding enterprises (i.e. tax supported)
- Annual delivery of programs and services for the community



Capital Budget

- \$290 million in first year
- \$1.9 billion over the ten-year forecast
- Projects with defined scope that help address our asset replacement needs



Reserve and Reserve Funds

- \$140 million projected to be in Reserve Funds at end of 2024
- Rate Stabilization Reserves help mitigate risk and potential budget fluctuations
- Some Reserves are established for a specific purpose and use



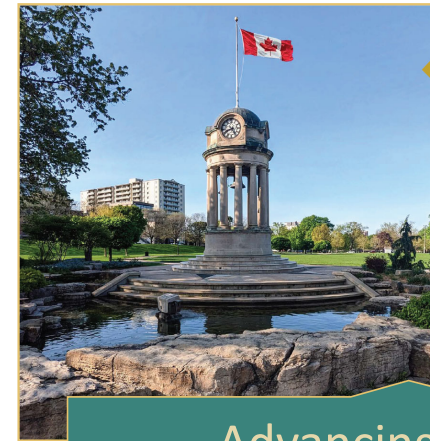
2025 Budget Priorities



Delivering City Services



Investing in Infrastructure



Advancing Strategic Priorities

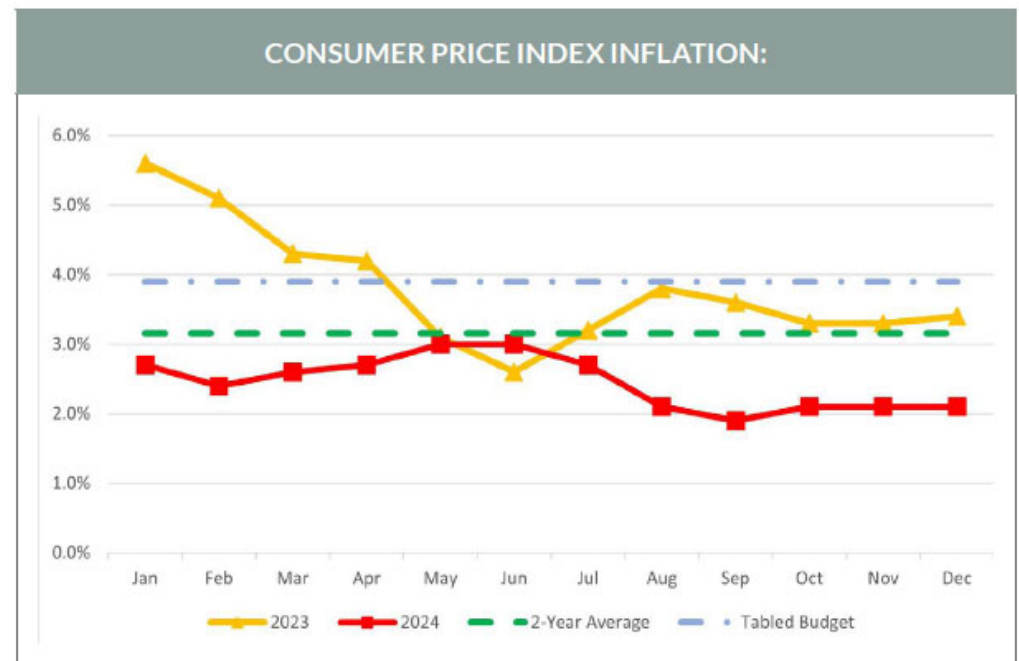
**WE
ARE
KITCHENER**

KITCHENER'S 2023-2026
STRATEGIC PLAN



Inflationary Pressures

- High inflation through much of 2023 has given way to more moderate inflation in 2024
- Two-year tax rate target is 3.2%
- Bank of Canada interest rates are decreasing based on more stable inflationary pressures

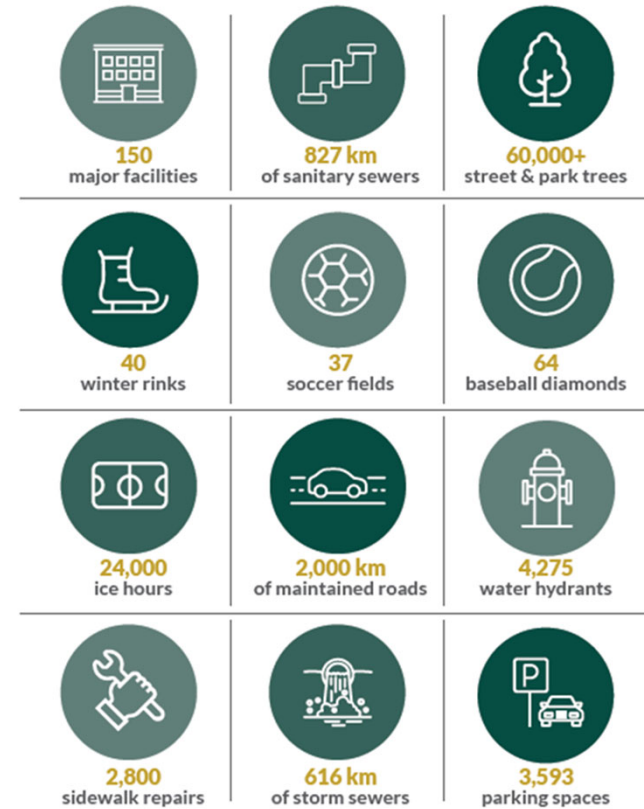
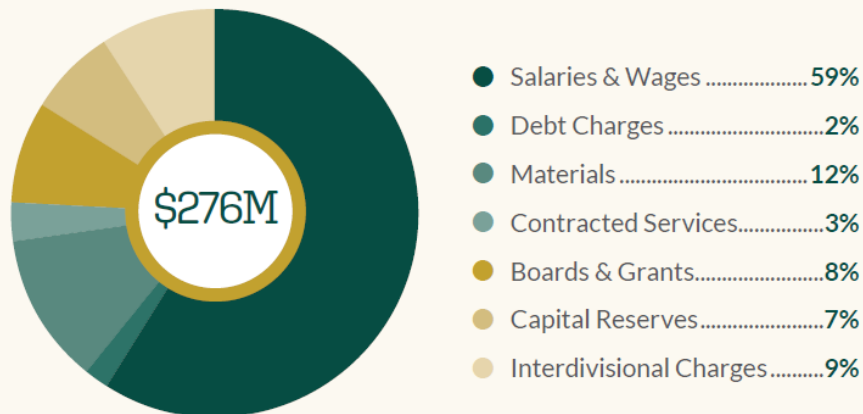


Delivering City Services

Delivering ~50 Core Services for Kitchener

- \$276M Operating Budget supports activities such as fire protection, park maintenance, winter maintenance, recreational programming, etc.

OPERATING BUDGET EXPENDITURES:

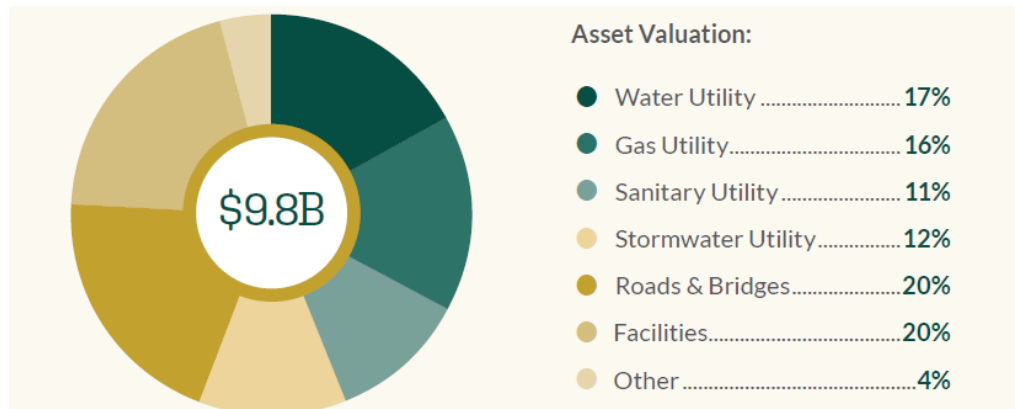




Investing in Infrastructure

Taking Care of What We Own

- City is responsible for \$9.8B of assets



- Ways Kitchener has been proactive in trying to address its infrastructure needs:
 - ✓ Water Infrastructure Program (WIP) to address water, sanitary, and stormwater systems
 - ✓ Facility Infrastructure Program (FIP) to address aging City facilities including:
 - \$6M in additional funding in 2025
 - \$1.4M from energy retrofit reserve to make smart energy improvements
 - ✓ Securing over \$200M over the past 5 years in grant funding (DMAF, ICIF, CCBF, HAF)



Investing in Infrastructure

New Infrastructure for a Growing Community

- A growing city requires additional infrastructure, amenities, and services to be provided for new residents and businesses
- Development Charges (DCs) help to pay for the upfront costs of new infrastructure related to growth
 - DC debt will be required to help fund growth related projects included the 10-year capital forecast
- Assessment growth helps to fund increased service demands of adding new residents while also helping to reduce the overall tax burden for citizens
 - For instance new library operating costs equate to a tax rate increase of 0.75%

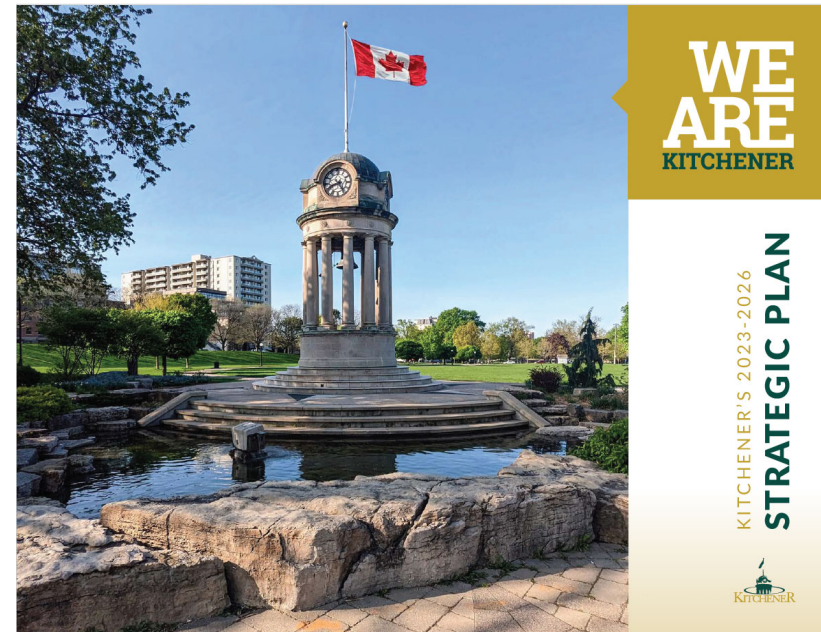




Advancing Strategic Priorities

Delivering on Community Priorities

- 2023-2026 Strategic Plan that includes a new 20-year vision
- The plan includes five goal areas:
 - Building a Connected City Together
 - Cultivating a Green City Together
 - Creating an Economically-Thriving City Together
 - Fostering a Caring City Together
 - Stewarding a Better City Together
- \$75M of investments already included in the proposed budget to advance strategic priorities
 - Issue paper with more details in Appendix F
- \$1M of one-time funding is available and unallocated which would enable further investments
 - Issue paper with more details in Appendix F





Advancing Strategic Priorities

\$75M in Strategic Investments Included in the Budget

Building a Connected City Together

- **\$42M** from the Federal Housing Accelerator Fund to support the continued implementation of Housing for All
- **\$14M** from the Provincial Building Faster Fund to support the continued implementation of Housing for All
- **\$750k** to support the official plan comprehensive update

Cultivating a Green City Together

- **\$8.6M** towards advancing actions in the parks masterplan, including network improvements, Upper Canada Park and McLennan Park
- **\$2.3M** for energy efficiency investments in facilities through HVAC replacements, supporting goals of the Corporate Climate Action Plan 2.0
- **\$1.3M** towards implementation of the City's tree canopy plan
- **\$800k** for green fleet improvements including the replacement of 3 ice resurfacers to electric

Creating an Economically Thriving City Together

- **\$780k** in operating and capital funding to support the activation of the Conrad Centre
- **\$200k** to support more community events

Fostering a Caring City Together

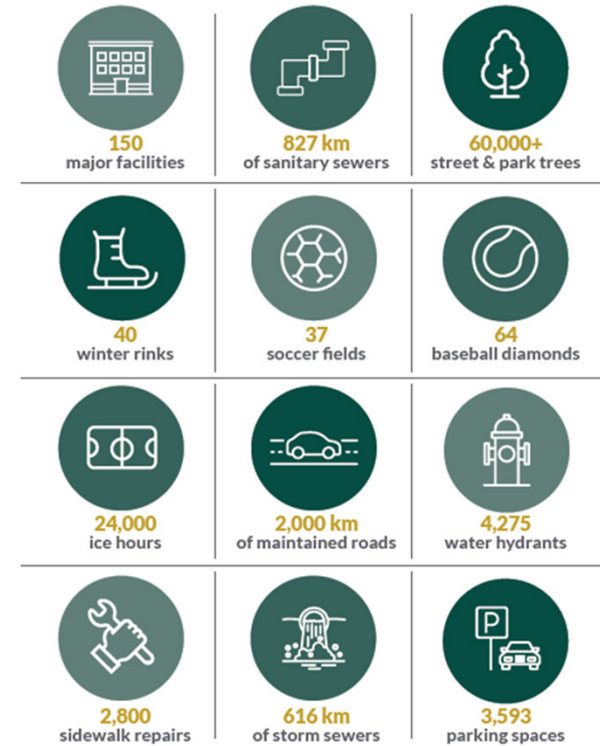
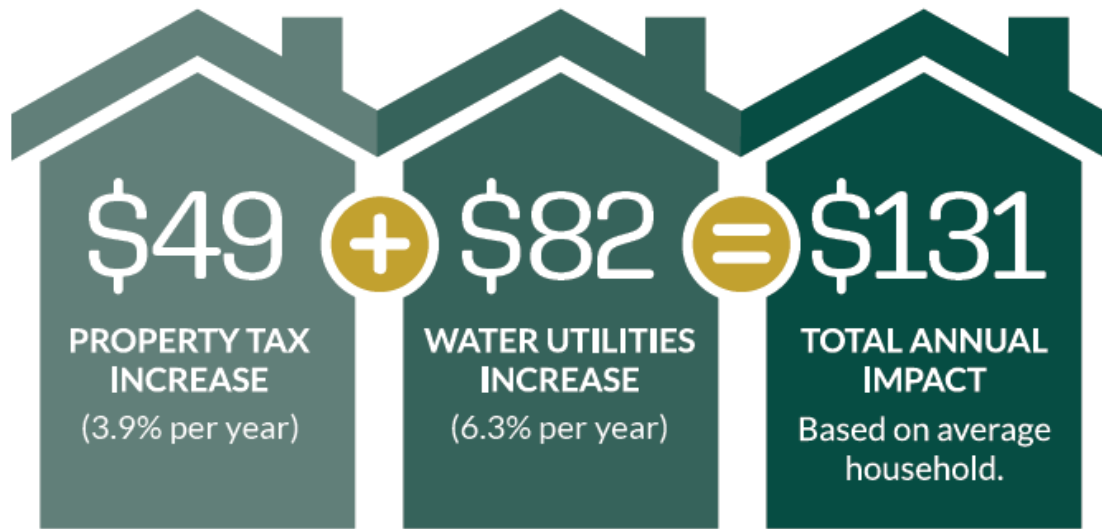
- **\$150k** for expanded hours at community centres (additional sites)
- **\$100k** to increase spots in summer camps for youth
- **\$150k** for the development of outdoor pool strategy

Stewarding a Better City Together

- **\$2.75M** towards the replacement and modernization of the City's HR and payroll system
- **\$500k** towards future proofing the City's digital services
- **\$275k** for the replacement of the City's customer relationship management software

Household Impact

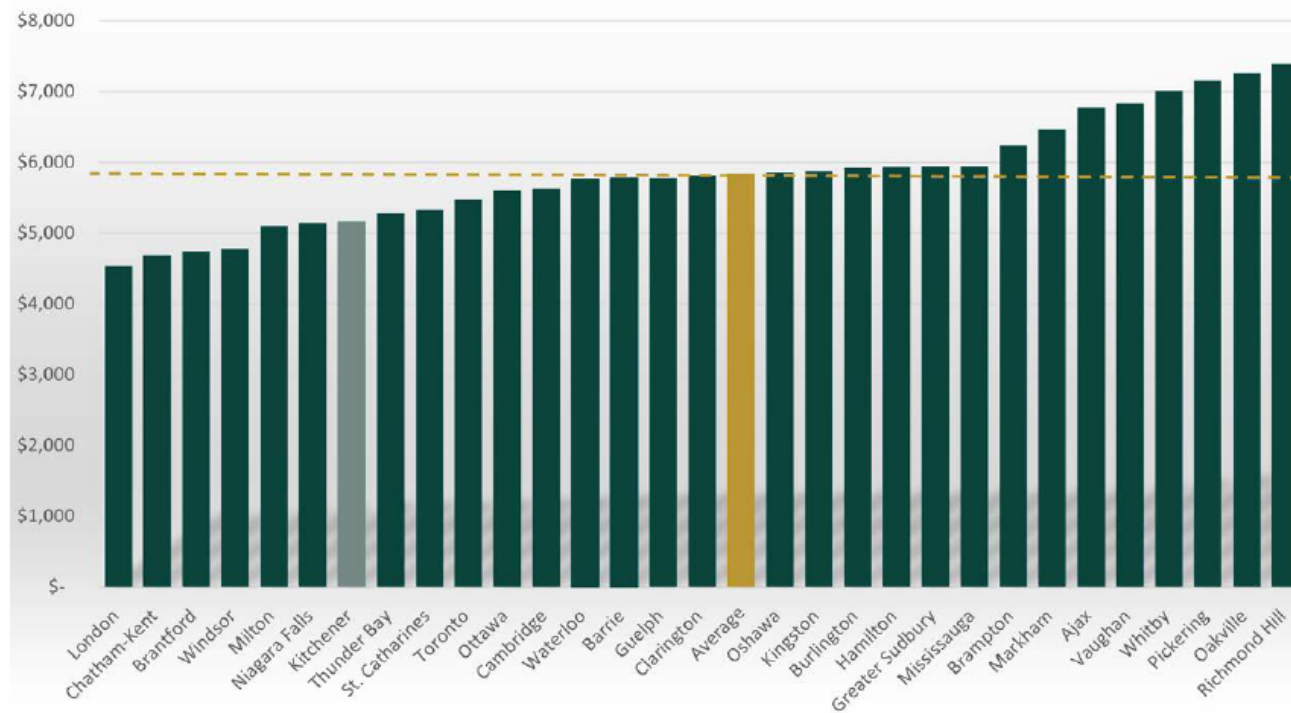
AVERAGE HOUSEHOLD IMPACT:





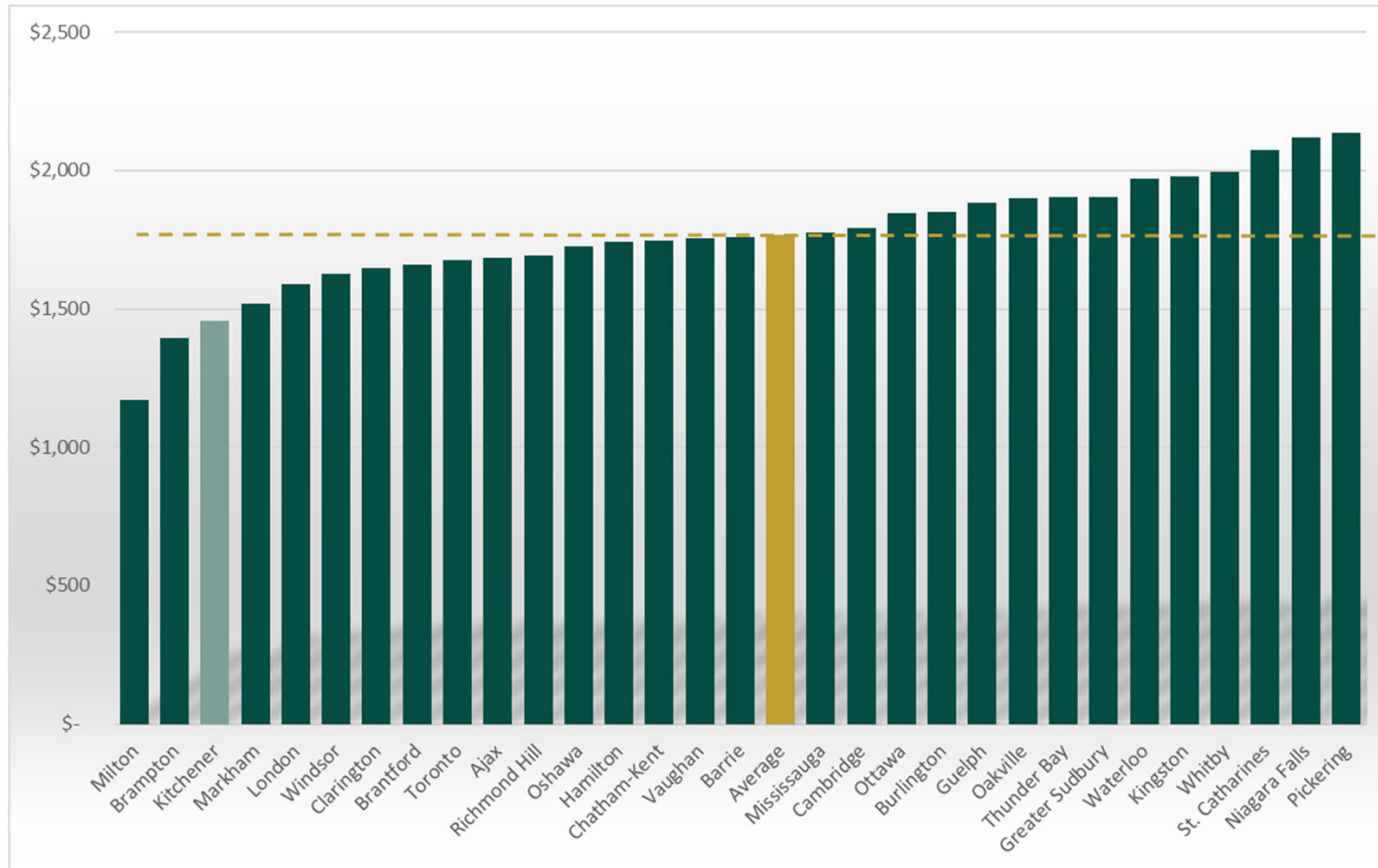
Comparison to Other Municipalities

2023 TOTAL MUNICIPAL BURDEN:



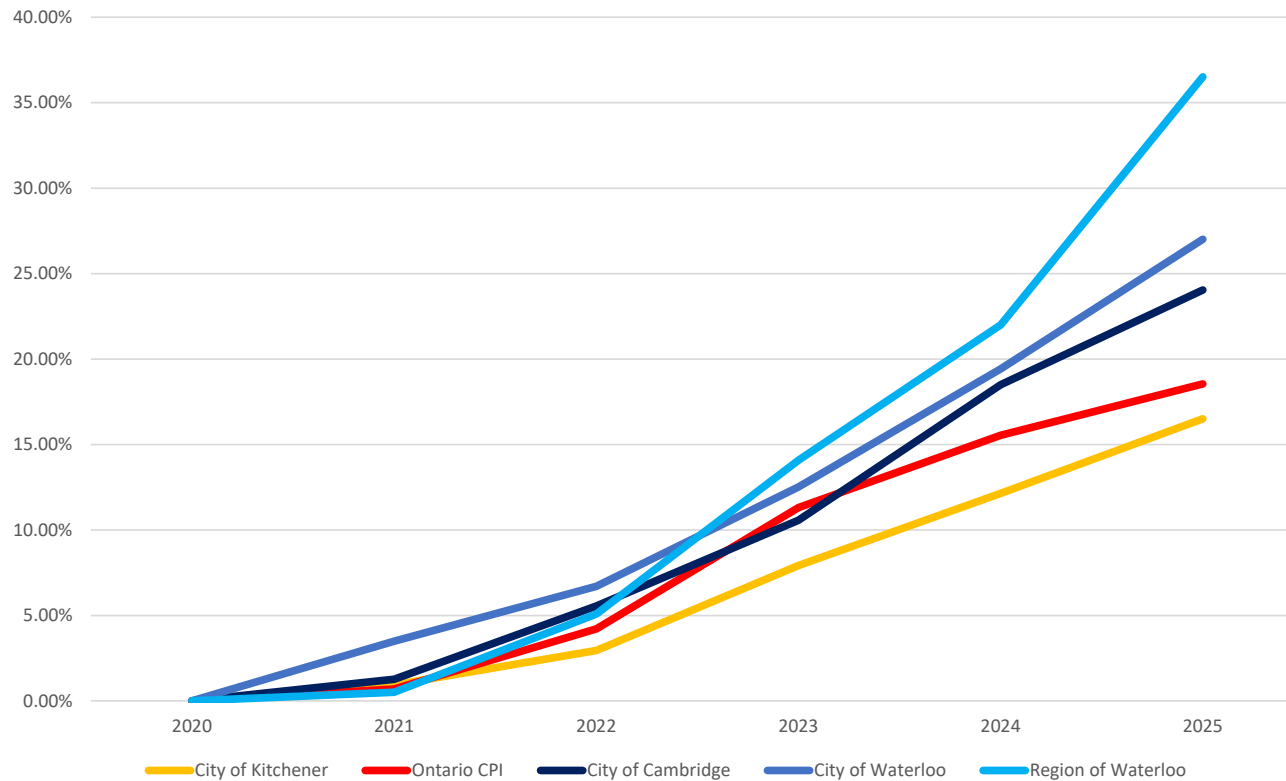


Tax Levy Per Capita





Cumulative Tax Rate Comparison: Local Cities & Region



5-Year Average Increase	
Region	6.49%
Waterloo	4.91%
Cambridge	4.42%
Ontario CPI	3.48%
Kitchener	3.11%

Summary



Delivering City Services

- 2025 budget maintains existing programs and services for residents
- Inflationary and growth pressures are impacting the City's operating budget
- Proposed tax increase of 3.9% is slightly above two-year CPI inflation benchmark



Investing in Infrastructure

- City infrastructure is aging and needs rehabilitation/replacement
- Capital cost escalation has stabilized after years of large increases
- Budget includes increased funding for City facilities and underground infrastructure



Advancing Strategic Priorities

- \$75M towards strategic investments already included in budget
- \$1M in unallocated funding is available to put towards strategic investments
- Council has opportunity to discuss investments prior to Mayor proposing budget



Boards



Kitchener Public Library (KPL)

- 2025 Operating Grant increased 2.6% to \$14.2M
- Includes \$1,181,000 for the new Southwest Library
- Other library generated revenues increased by \$23,000
- Union negotiations are currently in progress



Kitchener Public Library (KPL)

KITCHENER PUBLIC LIBRARY

REVENUE

City of Kitchener operating grant
Southwest community library
Provincial Grant
Other Revenue (partnerships, rentals, etc.)
Total Revenue

Budget 2024	Projected 2024	Budget 2025
\$ 12,569,633	\$ 12,569,633	\$ 13,018,881
119,335	119,335	1,181,000
306,980	306,980	306,980
260,169	373,579	281,585
\$ 13,256,117	\$ 13,369,527	\$ 14,788,446

EXPENSES

Programs, Marketing & Resources
Personnel, Admin & General Costs
Equipment & Occupancy Costs
Total Expenses

1,417,600	1,387,600	1,571,610
10,570,461	10,726,241	11,685,236
1,268,056	1,255,686	1,531,600
\$ 13,256,117	\$ 13,369,527	\$ 14,788,446

Net Revenue / (Expense)

\$ -	\$ -	\$ -
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Centre in the Square (CITS)

- Operating grant increased from \$2.084M to \$2.138M
 - Increase of 2.6% as per City guidelines
- New leadership in place in 2024
- 2025 new investment aligned with the 4 pillars of growth strategy:
 - Destination
 - Community Engagement
 - Capacity Building
 - Branding



Centre in the Square (CITS)

	Budget 2024	Projected 2024	Budget 2025
<u>REVENUE</u>			
Performance Revenues	\$ 6,467,470	\$ 5,468,129	\$ 8,144,514
Other Revenue (rent, parking, etc.)	663,471	443,732	706,837
Contributed Revenues (donations, sponsorship, etc)	162,885	258,268	317,217
City of Kitchener operating grant	2,084,019	2,084,019	2,138,203
Total Revenue	\$ 9,377,845	\$ 8,254,148	\$ 11,306,771
<u>EXPENSES</u>			
Performance Expenses	4,819,233	3,776,333	6,149,257
Other Expenses	231,850	82,828	231,850
Contributed Expenses	68,320	46,844	70,950
Admin & General	422,002	459,189	681,480
Marketing & Programming	105,000	102,801	152,100
Occupancy Costs	816,415	773,923	852,811
Personnel Costs	2,704,457	2,613,716	3,132,372
Community Development	56,901	46,349	35,951
Total Expenses	\$ 9,224,178	\$ 7,901,983	\$ 11,306,771
Net Revenue / (Expense)	\$ 153,667	\$ 352,165	\$ -



Strategic Addition Discussion



Strategic Addition Funding

- \$1M of one-time funding available in capital
- No specific options recommended by staff, but have identified priority areas for investment
 - City Facilities
 - Outdoor Recreation
 - Corporate Climate Action Plan
- Strategic Item issue papers included in Appendix G
 - Op 01 Strategic Additions
 - Op 02 Strategic Spending Included in 2025 Budget

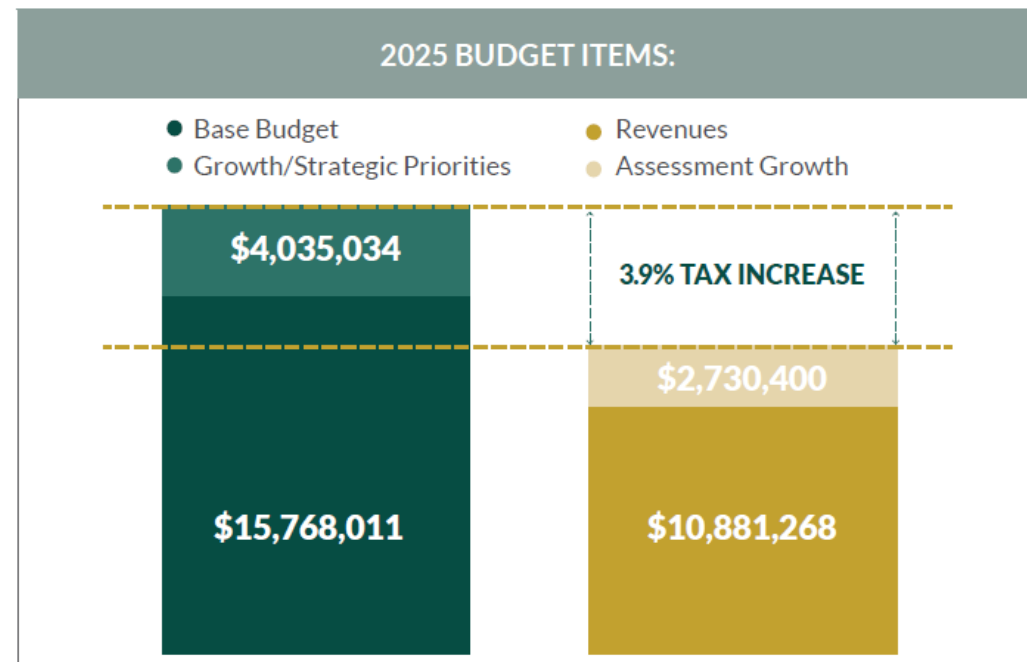


Tax Supported Operating



Calculating the Tax Increase

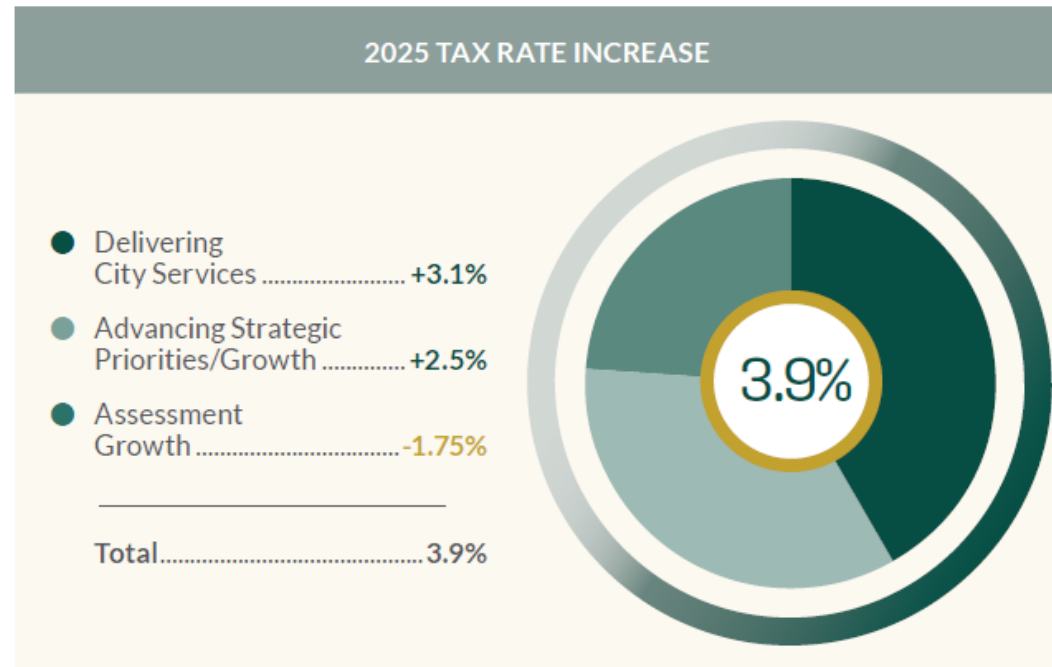
- Tax increase ensures the City can continue to deliver existing programs & services to residents
- Assessment growth of 1.75% does not fully cover impacts of growth and strategic priorities
- Inflation continues to impact the cost of delivering City services





Tax Increase Breakdown

- Budget by division are shown in Appendix B (p.1-2)





Total Property Taxes

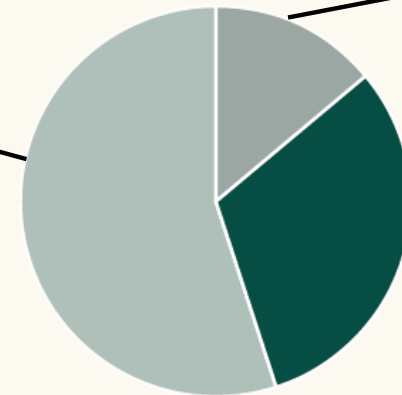
- City collects all of the property taxes for itself, the Region & school boards
- Region of Waterloo is the largest part of the local property tax bill



Region of Waterloo

BUDGET BREAKDOWN

The City's portion of the tax bill is **30%**, with the Region of Waterloo and local school board portions making up the remainder.



School Boards	12%
City of Kitchener	30%
Region of Waterloo.....	58%



User Fees – Appendix E

- User fees are a widely-used alternative to fully funding programs & services from property taxes
 - Normally used where customers have a choice
- For 2025, fees are generally increasing by 4%
 - Exceptions are noted in the user fee schedule and in issue paper Op 03
- Detailed listing of user fees can be found in Appendix E



Tax Issue Papers – Appendix G

IP #	IP Name	Comment
Op 04	Staff Additions for Tax Supported Services	New staff resources being added to continue providing core services to a growing city, and achieving strategic objectives.



Enterprises



What are Enterprises?

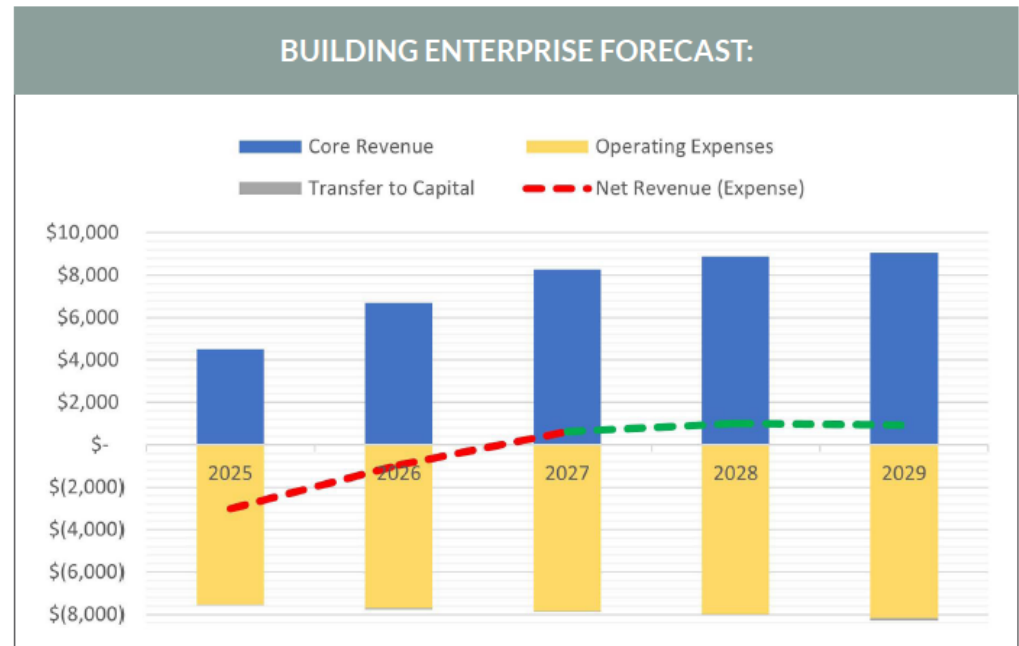
- Self-sufficient business lines that raise their own revenues through user rates instead of being funded through property taxes

City of Kitchener Enterprises	
Building	Water
Golf	Sanitary Sewer
Parking	Stormwater
	Natural Gas



Building

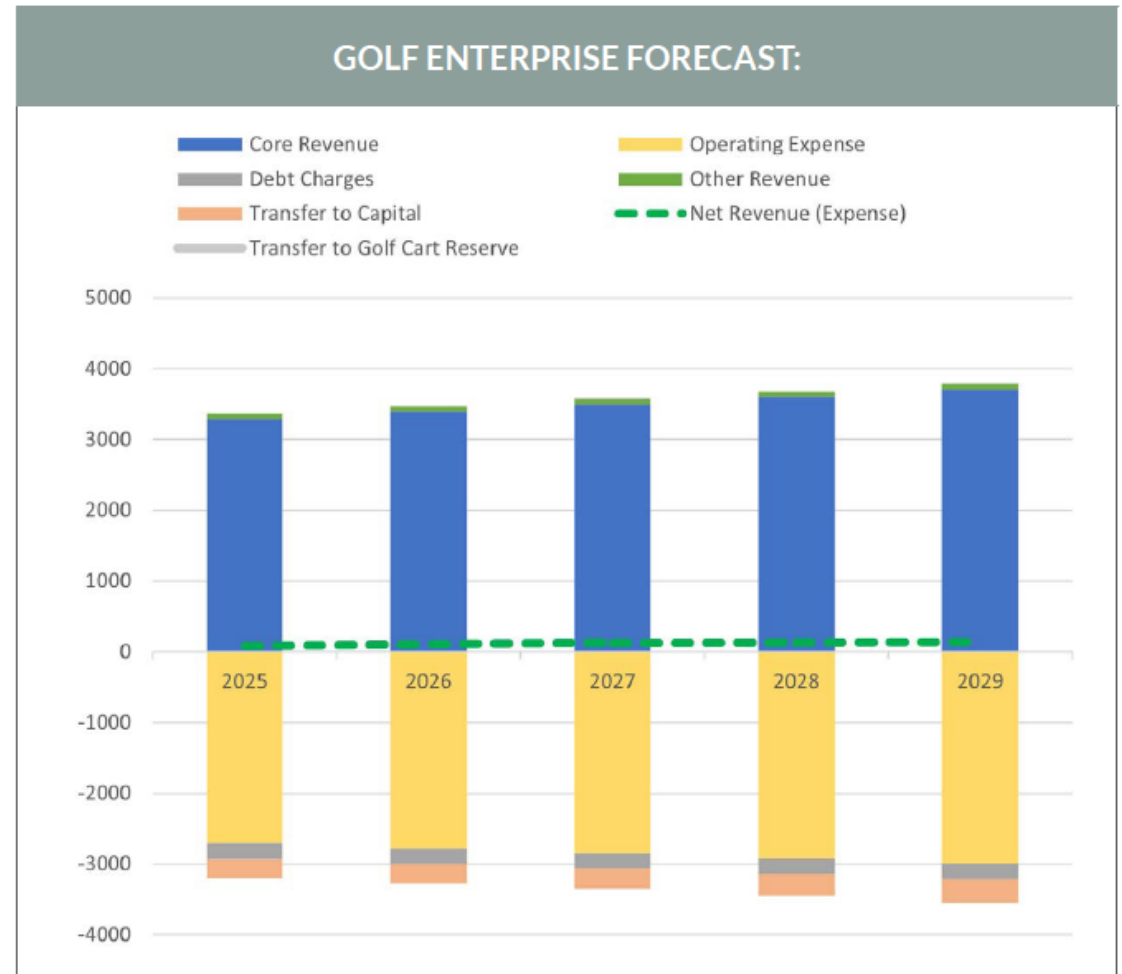
- Overview
 - Budget Summary p.31-32
- 5-Year Forecast
 - Appendix B (p.3)





Golf

- Overview
 - Budget Summary p.33-34
- 5-Year Forecast
 - Appendix B (p.4)

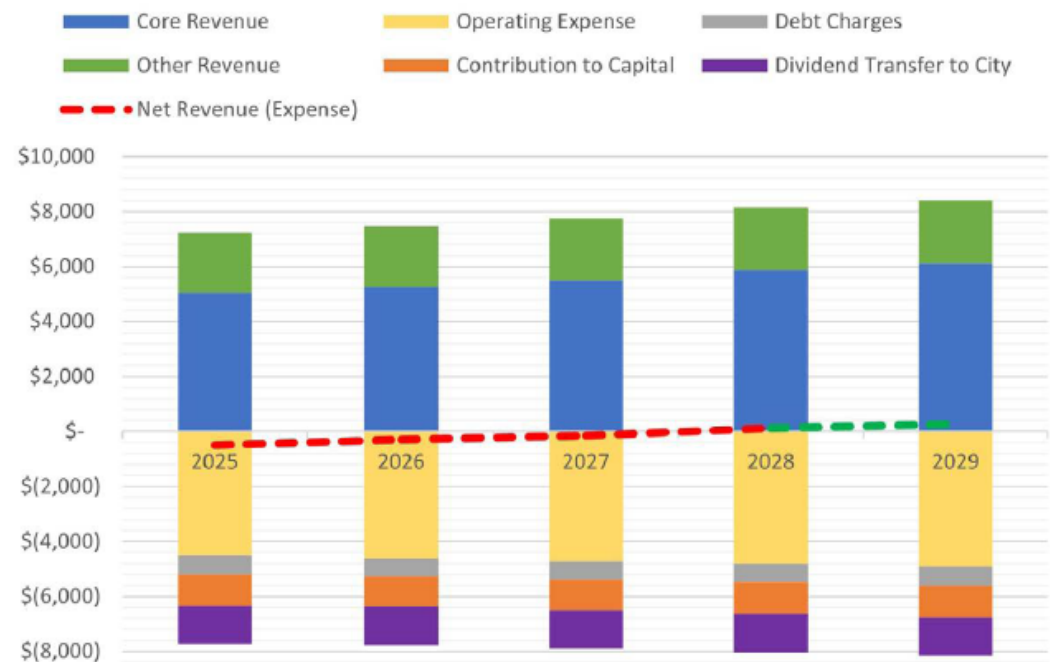




Parking

- Overview
 - Budget Summary p.35-36
- 5-Year Forecast
 - Appendix B (p.5)

PARKING ENTERPRISE FORECAST:





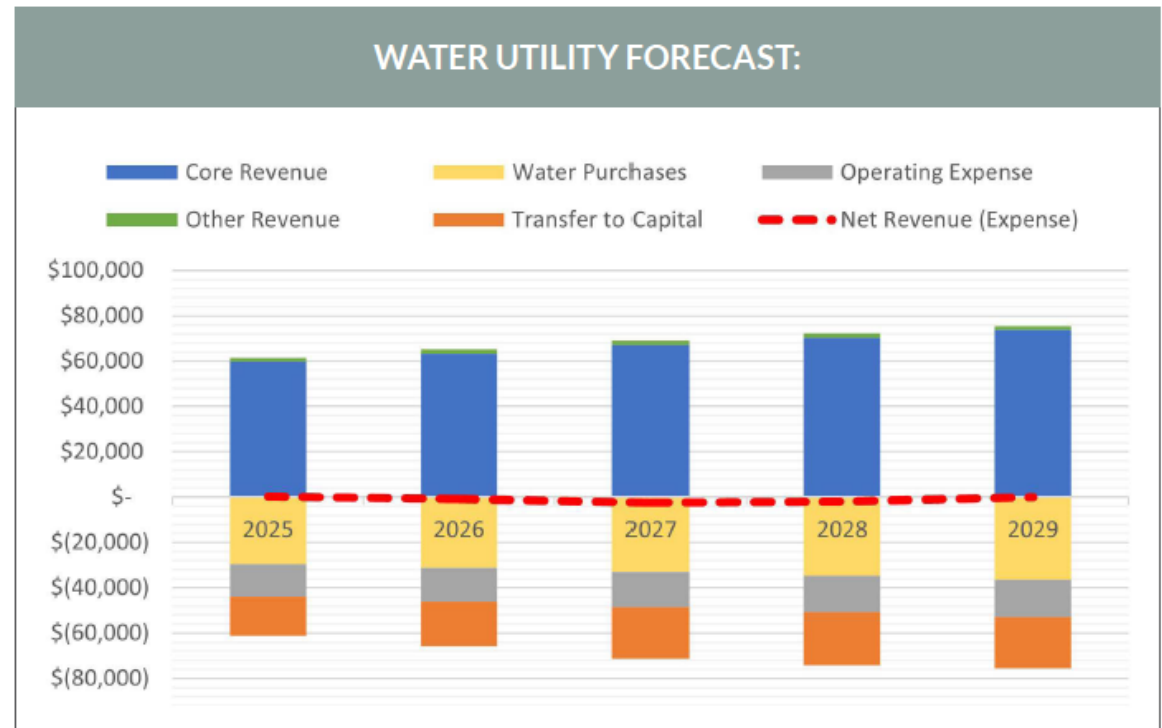
WIP Rates & Resources

- Combined annual WIP rate increase of 6.3% is required over next four years to fund planned workplan
- Also requires additional 11.5 FTEs (full time equivalents)
 - 1 FTE included in 2025 budget (Issue Paper Op 05)
- Regional rate increases for water supply and wastewater treatment have increased above what was used in the WIP review.
 - The City's WIP rate has not changed in 2025 however it is likely to increase going forward.



Water

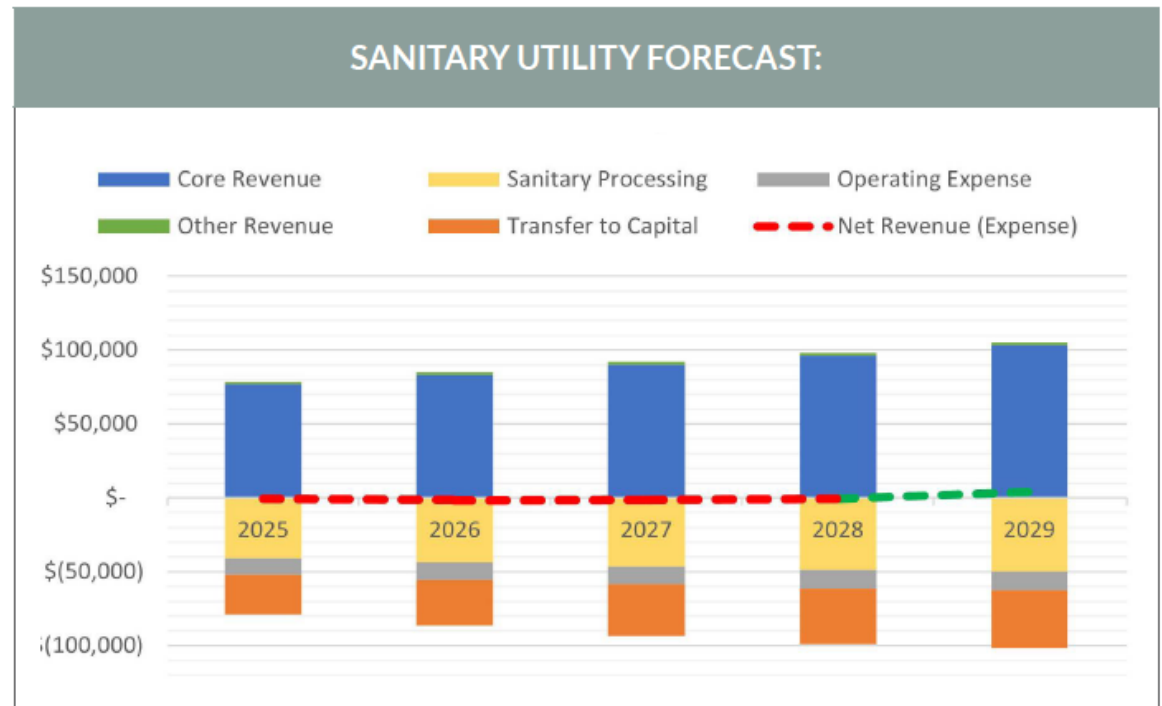
- Overview
 - Budget Summary p.39-40
- 5-Year Forecast
 - Appendix B (p.6)





Sanitary

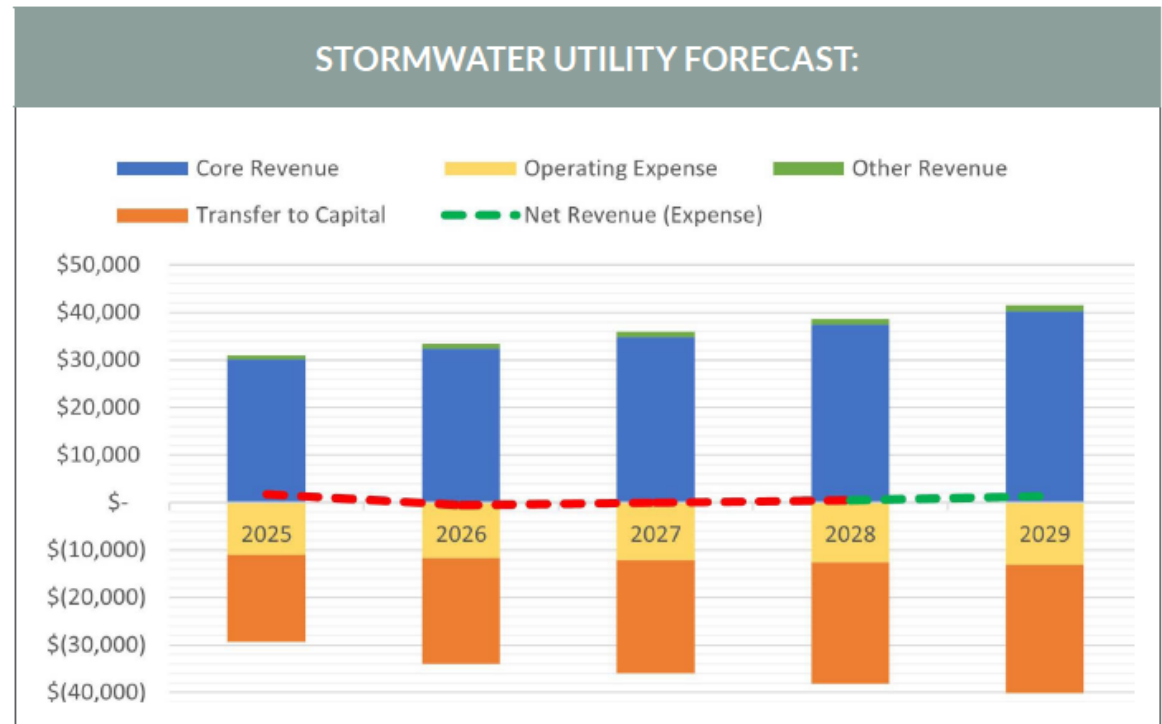
- Overview
 - Budget Summary p.41-42
- 5-Year Forecast
 - Appendix B (p.7)





Stormwater

- Overview
 - Budget Summary p.43-44
- 5-Year Forecast
 - Appendix B (p.8)

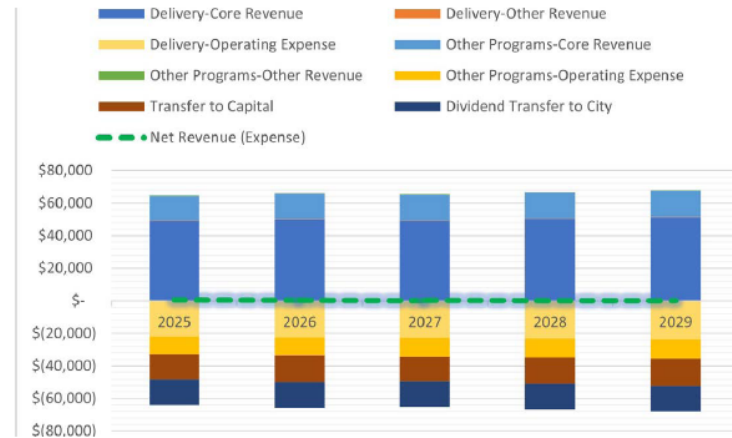




Natural Gas

- Overview
 - Budget Summary p.45-48
- 5-Year Forecast
 - Appendix B (p.9)

GAS DELIVERY FORECAST:



GAS SUPPLY FORECAST:

