



# Operating Budget November 24, 2025

# Overview by the CFO



# Budget Calendar

Date	Topic
Nov 24	Operating & Capital Budget Presentation, Public Input Night
Dec 1	Mayor Proposes Budget
Dec 8	Council Budget Amendments due to Clerks
Dec 11	Council Votes on Amendments/Mayor can Veto Amendments
Dec 26	Budget Adopted (automatic)



# Budget Overview



## Operating Budget

- \$635 million expenditures in total (i.e. tax supported + enterprises)
- \$310 million expenditures excluding enterprises (i.e. tax supported)
- Annual delivery of programs and services for the community



## Capital Budget

- \$201 million in first year
- \$1.8 billion over the ten-year forecast
- Projects with defined scope that help address our asset replacement needs



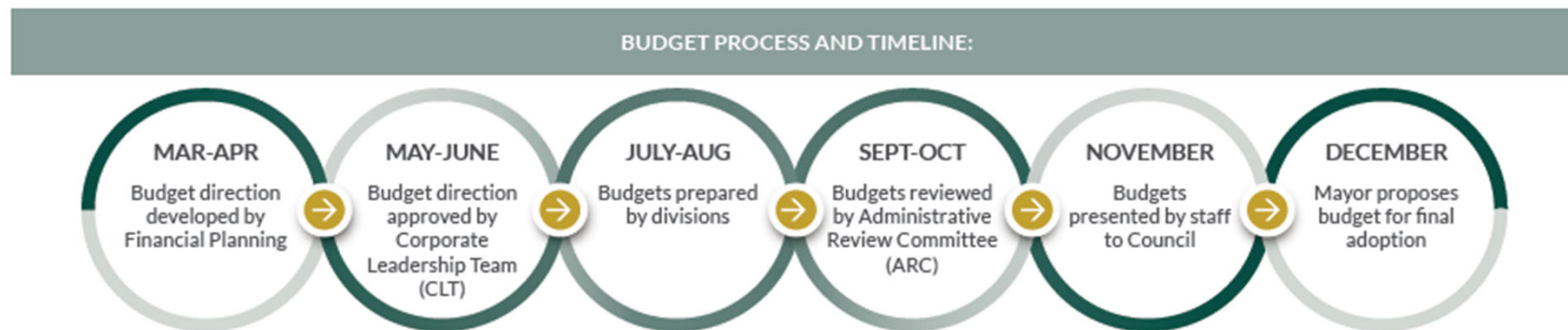
## Reserve and Reserve Funds

- \$128 million projected to be in Reserve Funds at end of 2025
- Rate Stabilization Reserves help mitigate risk and potential budget fluctuations
- Reserves are established for a specific purpose and use

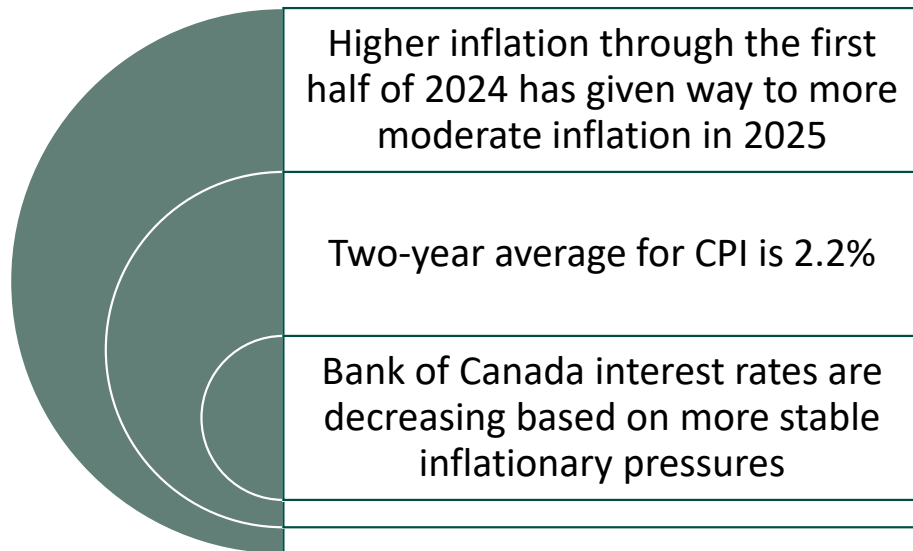


# Budget Planning and Process

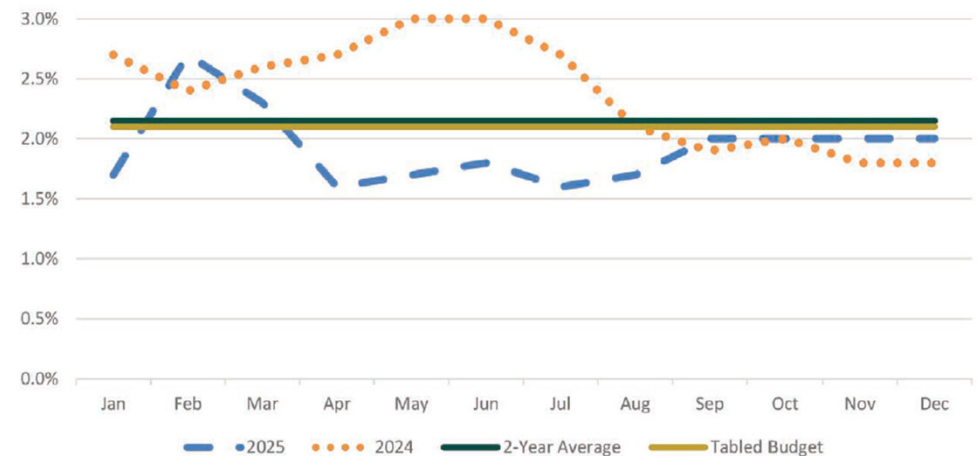
- Kitchener has a comprehensive internal budget review process that takes place prior to the annual budget coming forward to Council for consideration.
- Internal direction is provided to departments each year that includes targets that they are required to achieve.
- Direction this year included no new FTEs in an effort to keep property tax increase as low as possible, recognizing that affordability top of mind for residents.



# Inflationary Pressures



CONSUMER PRICE INDEX INFLATION:



# Economic Trends & Responses



CURRENT ECONOMIC TRENDS:				
<b>INFLATION</b>	<b>INTEREST RATES</b>	<b>FUEL</b>	<b>CAPITAL COST ESCALATION</b>	<b>HOUSING COSTS</b>
1.9%	2.25%	\$1.39/L <small>Average fuel price</small>	3.4%	\$788K <small>Average home price 2025</small>



# 2026 Budget Themes

*Affordable Today, Ready for Tomorrow*



Affordable City Services



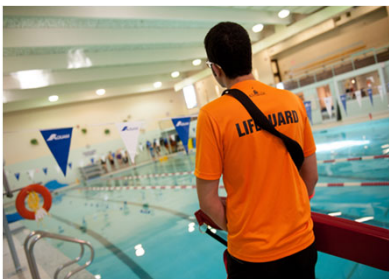
Smart Investments In Infrastructure



Focusing on the Future

# Affordable City Services

- City of Kitchener’s annual operating budget allows for the efficient delivery of around 50 program and services to residents



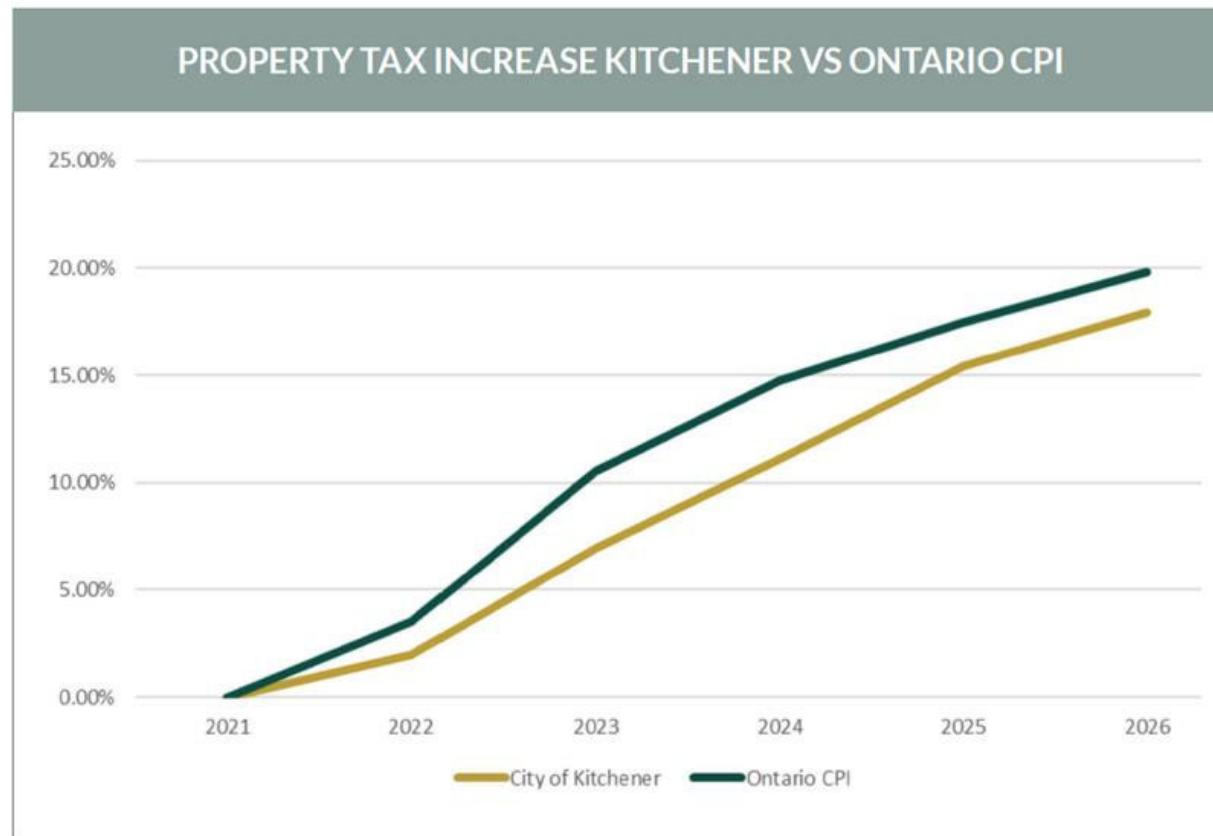
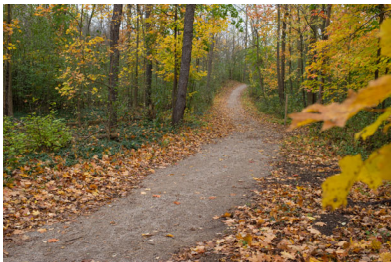
 <p><b>150</b> major facilities</p>	 <p><b>890 km</b> of sanitary sewers</p>	 <p><b>75,500+</b> street &amp; park trees</p>
 <p><b>40</b> winter rinks</p>	 <p><b>38</b> soccer fields</p>	 <p><b>64</b> baseball diamonds</p>
 <p><b>25,892</b> ice hours</p>	 <p><b>2,000 km</b> of maintained roads</p>	 <p><b>4,830</b> water hydrants</p>
 <p><b>2,800</b> sidewalk repairs</p>	 <p><b>810 km</b> of storm sewers</p>	 <p><b>3,625</b> parking spaces</p>





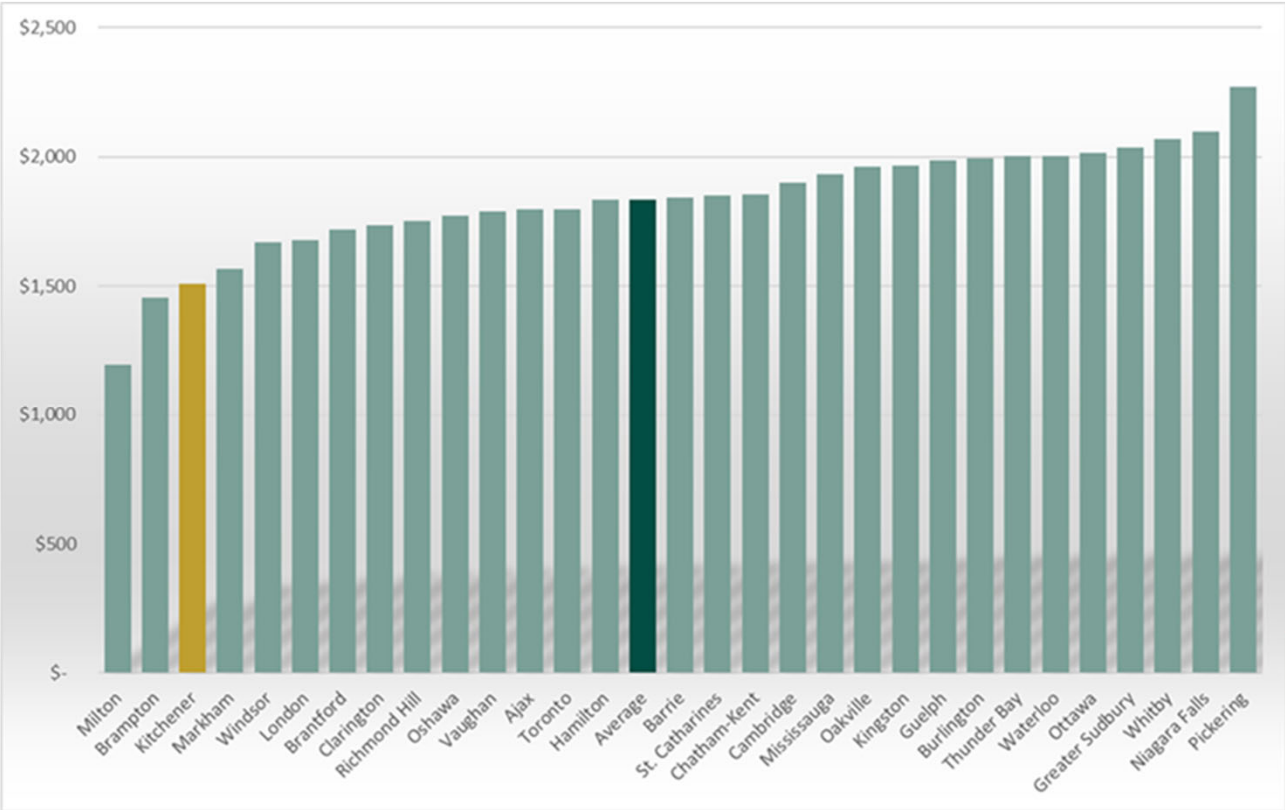
# Affordable City Services

- Kitchener has a proven track record of delivering property tax increases at or below the rate of inflation for the past 5 years



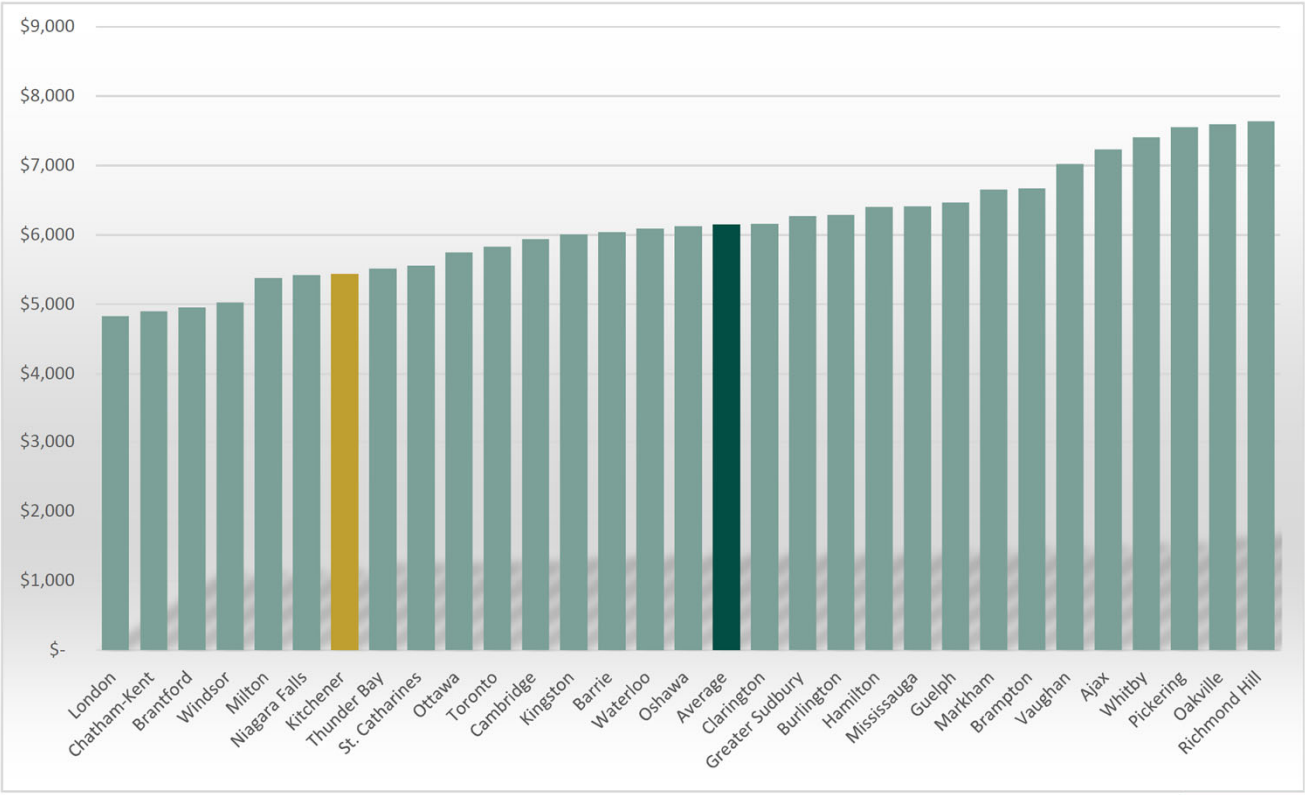
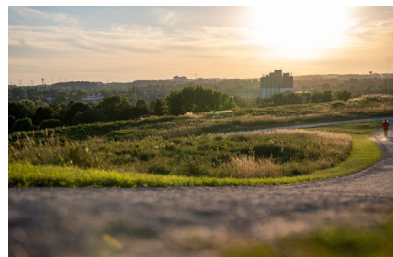
# Affordable City Services

- Kitchener has one of the lowest property **tax levy per capita** ratios compared to other large municipalities in Ontario



# Affordable City Services

- Kitchener has one of the lowest **total municipal burdens** (tax, water, wastewater) compared to other large municipalities in Ontario



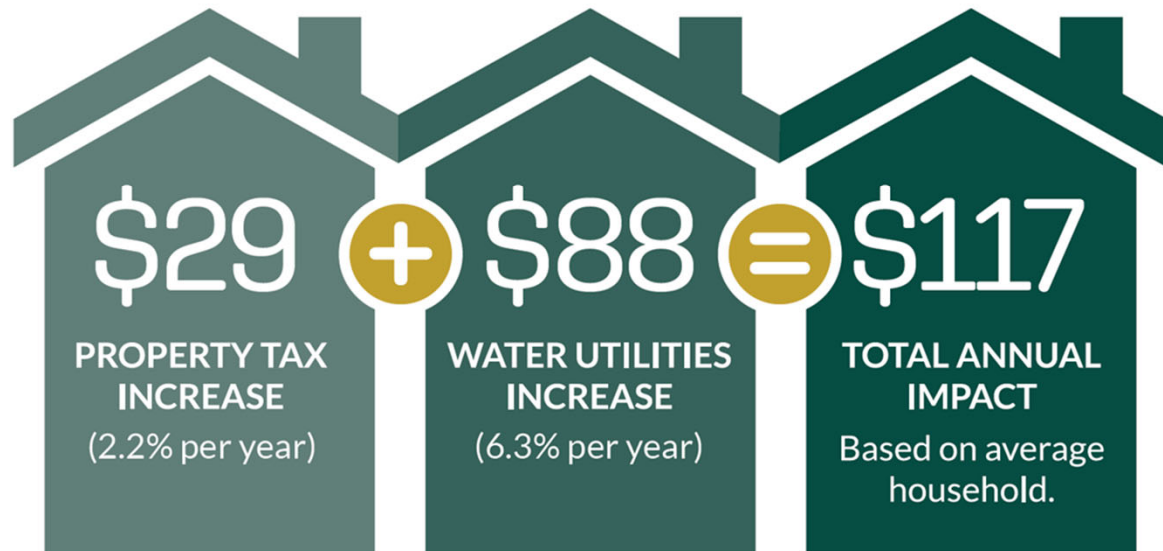


# Affordable City Services

- Kitchener's proposed property tax increase and water utilities increase combined represents an impact of less than \$10 per month for the average household.

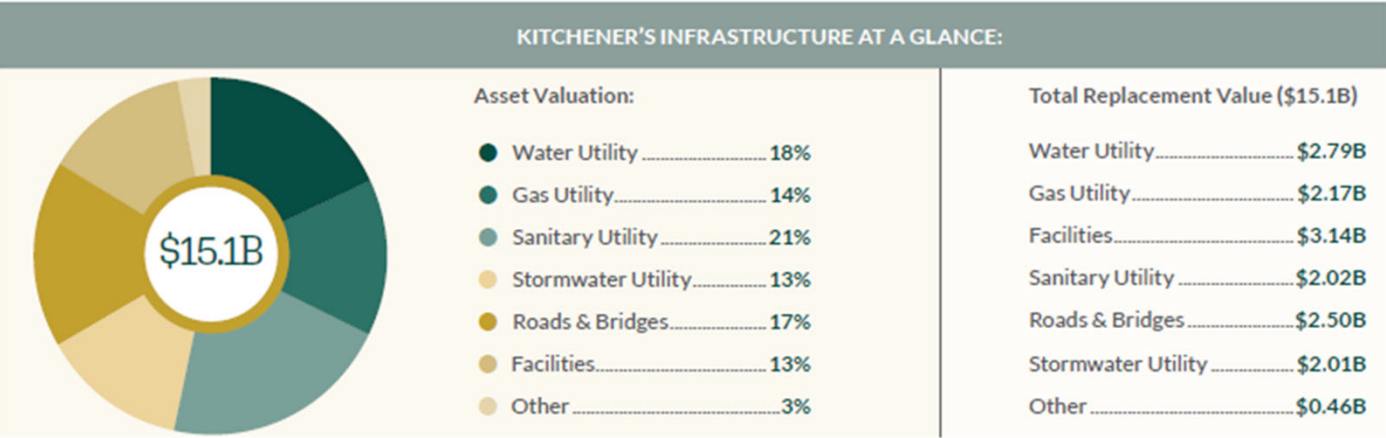


## AVERAGE HOUSEHOLD IMPACT:



# Smart Investments in Infrastructure

- \$555M invested as part of City’s Water Infrastructure Program (WIP), funding water, sanitary, stormwater, and full road replacements since 2004

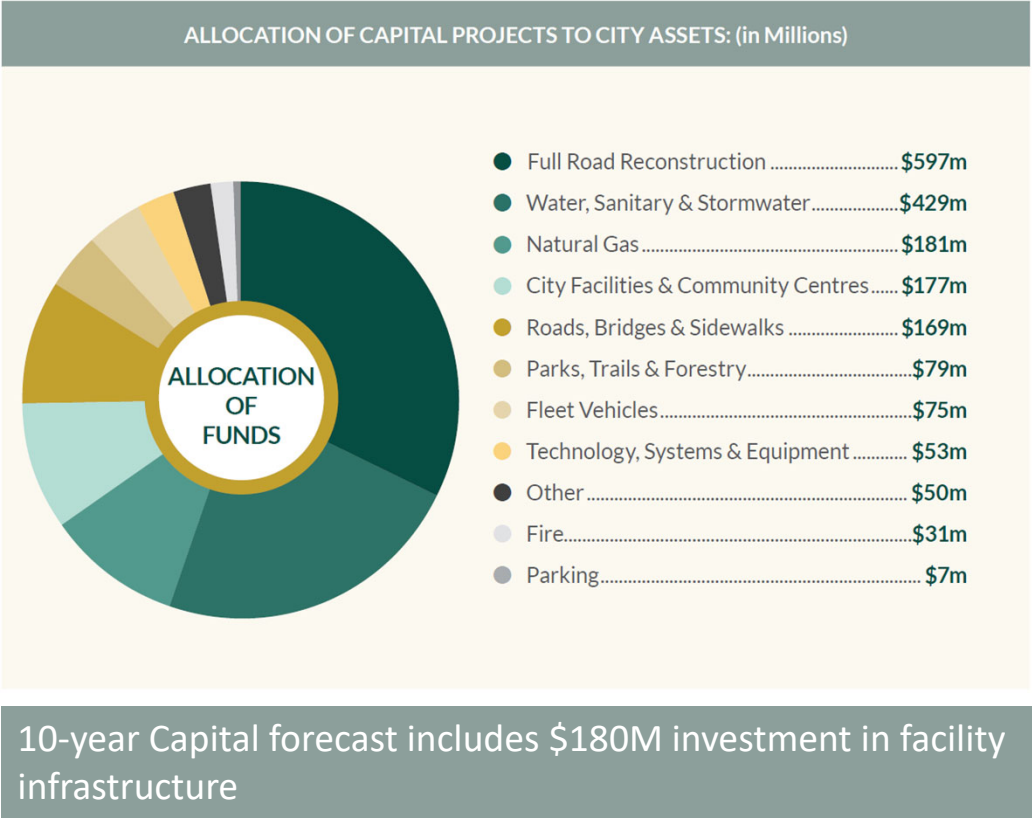


10-year Capital forecast includes over \$1B in planned spending to take care of critical underground infrastructure



# Smart Investments in Infrastructure

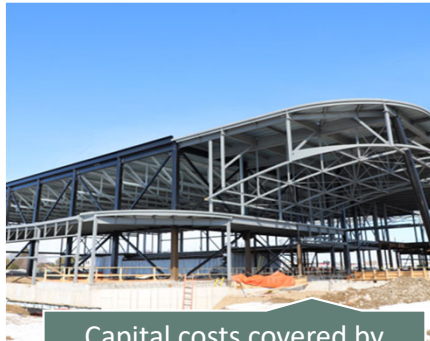
- Facilities Infrastructure Program (FIP) has increased by \$5M/year since its implementation in 2019 and continues to be a priority investment area for the City





# Smart Investments in Infrastructure

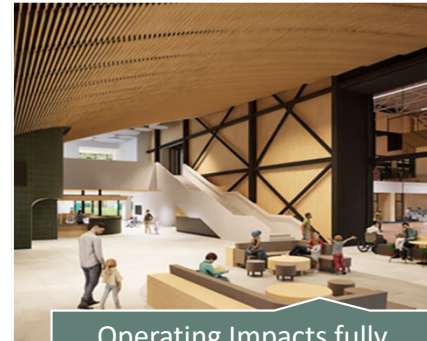
- Cowan Recreation Centre is currently under construction and set to open in 2026



Capital costs covered by development charges & grant funding



Operating costs covered by user fee revenue & assessment growth



Operating Impacts fully incorporated within 2026 Budget



FIFA size fieldhouse will allow for 500 new soccer participants for KMS



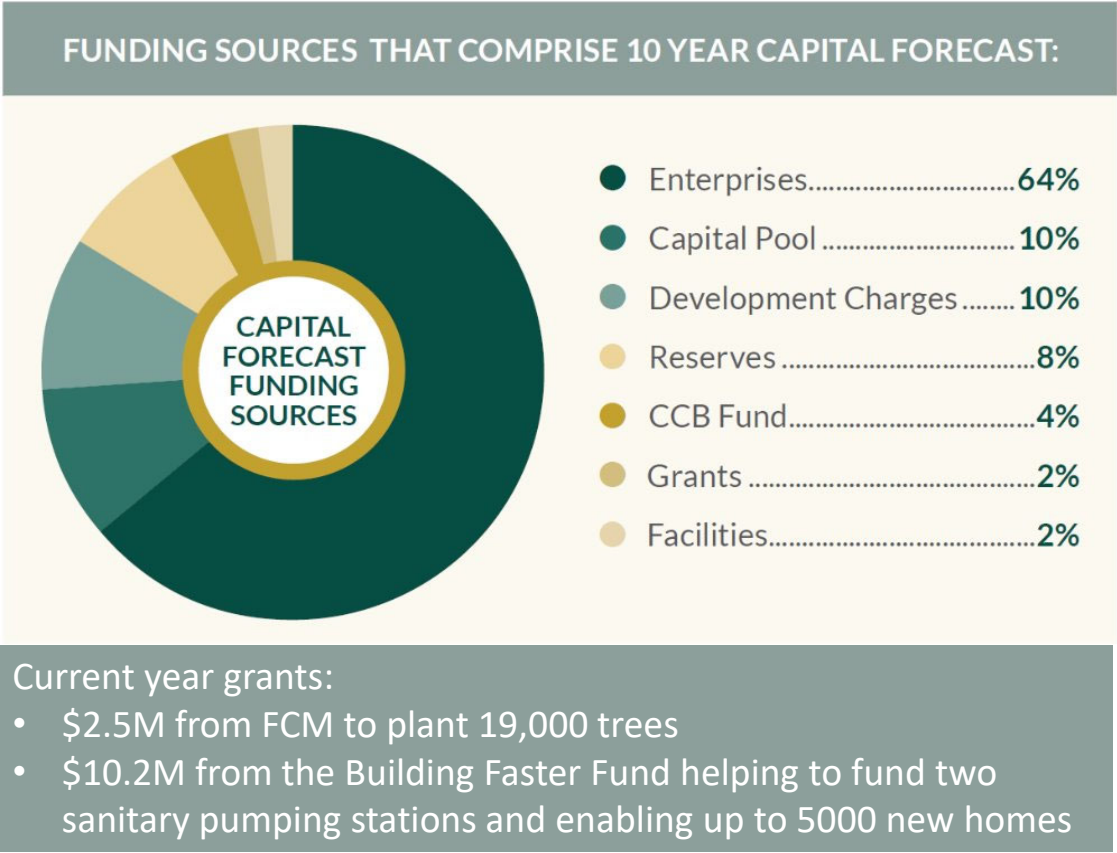
Aquatic Centre will allow for 2100 more Swim Lessons



Quad Gyms will add 7000 hours of bookable court time

# Smart Investments in Infrastructure

- Grant funding continues to be an important funding source to advance capital priorities, having secured \$200M in grant funding over the past 5 years



# Focusing on the Future

- Kitchener's 2023-2026 Strategic Plan included a 20-year vision: *"Building a city for everyone where, together, we take care of the world around us – and each other"*

## Building a Connected City Together

- **\$4.2M** of additional Federal Housing Accelerator Funding to continue addressing the housing crisis through the implementation of the City's Housing for All strategy
- **\$2.4M** for trail upgrades to help people move about without needing a vehicle

## Cultivating a Green City Together

- **\$1M** for energy efficiency investments in facilities supporting goals of the Corporate Climate Action Plan 2.0
- **\$3.3M** towards implementation of the City's tree canopy plan
- **\$1.5M** for new parks where neighbours can come together and play in their local community

## Creating an Economically Thriving City Together

- **\$5M** for local arts & culture facilities in the downtown to help build a diverse economy

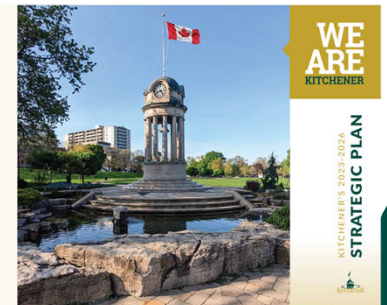
## Fostering a Caring City Together

- **\$150k** in continued funding of the RISE Grant which increases opportunities for Black, Indigenous and racialized communities in Kitchener

## Stewarding a Better City Together

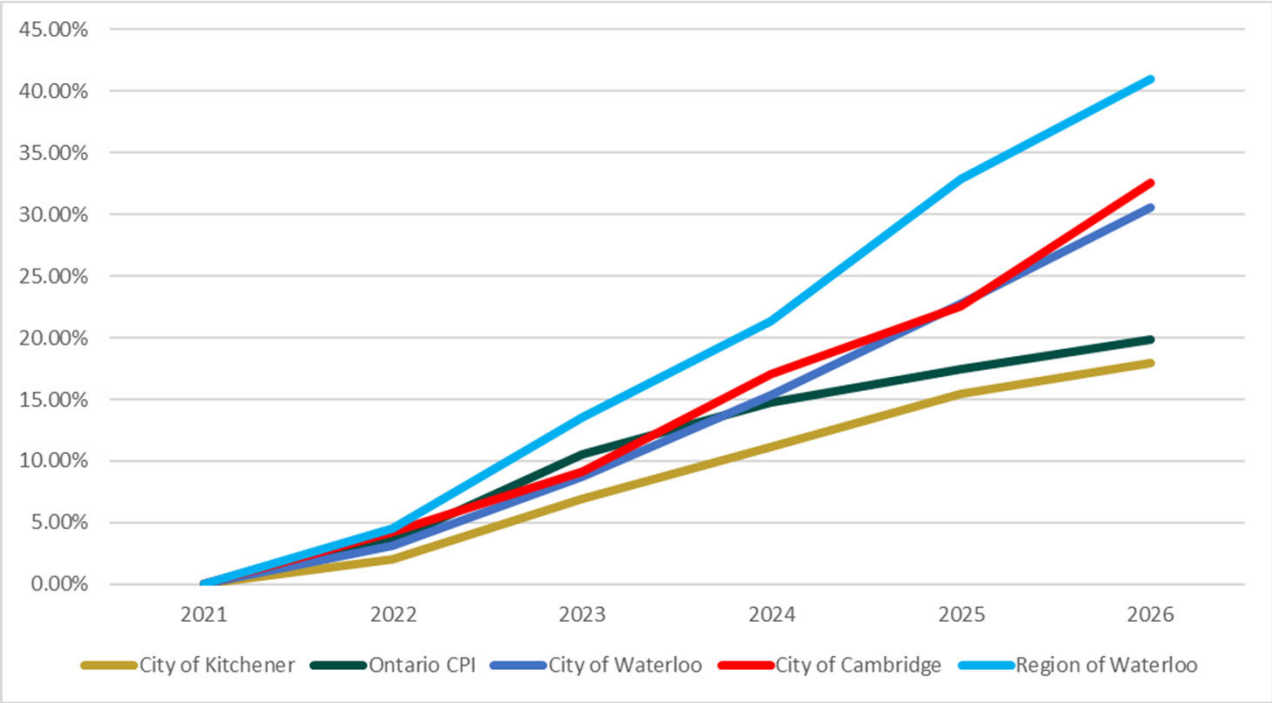
- **\$2.6M** towards the modernization of the City's core business and technology systems to support continued efficiency in City operations

- \$20M of investments included in the proposed budget to advance strategic priorities
- \$1M of one-time funding is available and unallocated which would enable further investments



# Regional Comparison

## Cumulative Tax Rate Local Cities & Region



5-Year Average Increase	
Region	7.13%
Cambridge	5.81%
Waterloo	5.49%
Ontario CPI	3.70%
Kitchener	3.37%





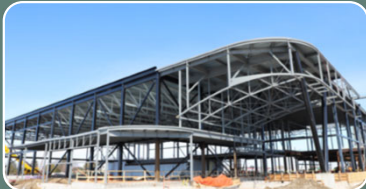
# Summary

## *Affordable Today, Ready for Tomorrow*



### Affordable City Services

- 2026 budget maintains existing programs and services for residents
- Proposed tax increase of 2.2% is in line with two-year CPI inflation benchmark
- City is doing its part and finding a way to keep services affordable



### Smart Investments in Infrastructure

- City infrastructure is aging and needs rehabilitation/replacement
- Budget includes increased funding for City facilities and underground infrastructure
- City is building new assets like Cowan Recreation Centre & pumping station upgrades



### Focusing on the Future

- \$20M 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



# Centre in the Square (CITS)

## 2025 Year Highlights:

- Number of shows increased since 2023
  - In 2025 had 140 + 38 camp days, In 2024 had 112
- Expanded diversity and variety of shows
- Successfully launched summer camps (8 weeks)
- Anticipating a surplus in 2025
- Excited about our upcoming 50th Anniversary in 2030
- Looking forward to finalizing our strategic plan
  - Announcing it in early 2026



# Centre in the Square (CITS)

- Operating grant increase from \$2.138M to \$2.191M
  - Increase of 2.5%
- Conservative approach to show revenue and expenses still results in a net increase
- Renewed focus on contributed revenues
- Increase in expenses align with investment in core business, building staff capacity and inflation & exchange rate.



# CITS Financial Summary

	Budget 2025	Projected 2025	Budget 2026
<b>REVENUE</b>			
Performance Revenues	\$ 8,144,514	\$ 6,854,477	\$ 7,959,445
Other Revenue (rent, parking, etc.)	706,837	1,195,110	865,883
Contributed Revenues (donations, sponsorship, etc)	317,217	275,314	494,190
City of Kitchener operating grant	2,138,203	2,138,203	2,191,658
Total Revenue	<b>\$11,306,771</b>	<b>\$10,463,104</b>	<b>\$ 11,511,176</b>
<b>EXPENSES</b>			
Performance Expenses	6,149,257	4,759,219	5,935,101
Other Expenses	231,850	401,713	327,819
Contributed Expenses	70,950	48,859	43,500
Admin & General	681,480	723,723	628,188
Marketing & Programming	152,100	230,843	152,100
Occupancy Costs	852,811	818,954	890,154
Personnel Costs	3,132,372	3,103,016	3,499,314
Community Development	35,951	33,809	35,000
Total Expenses	<b>\$11,306,771</b>	<b>\$10,120,136</b>	<b>\$ 11,511,176</b>
<b>Net Revenue / (Expense)</b>	<b>\$ -</b>	<b>\$ 342,968</b>	<b>\$ -</b>



# Kitchener Public Library (KPL)

## New Strategic Plan and Service Delivery Model

- New plan developed through engagement and collaboration:
  - Charts path to deliver more measurable impact for more people
  - Empowers staff to develop projects that action the plan
- Evolving service delivery model to support the plan, strengthen how we work, and respond to staff feedback:
  - Increases Focus – Reduces duplicate work and fragmented delivery through clear and dedicated teams, roles, and responsibilities; Improves use of professional librarian expertise
  - Strengthens Service Impact – More outcome-driven, coordinated, and responsive service delivery; Expands staffing level at Pioneer Park Community Library; Standardized staffing model; Enhances support for vulnerable library visitors
  - Enhances Capabilities and Innovation – Adds new capabilities in data, digital, and designing more inclusive services; Builds more shared knowledge and scalability to adapt to changes
- Done with existing funding, and no planned cuts to services or staff
- Builds on KPL's legacy of excellence, maximizes taxpayer value and service impact
- 2025 successes: Southwest Community Library, 2024 winner of Ontario Public Library Service Award, (dis)ability art showcase, initiatives to welcome new people to library, launched library locker service



# Kitchener Public Library (KPL)

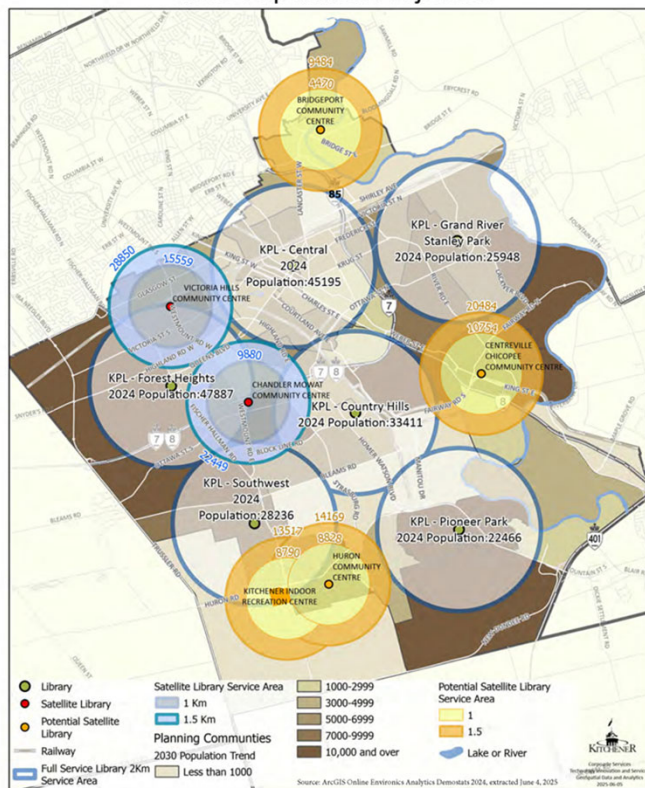
## Library Locker Pilot -- Progress:

- Almost 1 year into service pilot at Chandler Mowat and Victoria Hills Community Centres
- Learning value of lockers to community through usage and feedback
  - 94% say lockers improved access to library collections
  - Strong uptake of holds pick-ups and materials return
  - Low uptake on borrowing materials directly from lockers
  - Continue to test and learn, and look to maximize investment



# Kitchener Public Library (KPL)

Kitchener Public Libraries  
2030 Population Projection



- Prioritize library service needs across city, in context of population growth and equity factors
- Develop recommendations for future library locker service delivery as part of 2027 budget

# Kitchener Public Library (KPL)

## Budget highlights:

- Recognize challenging economic environment
- Bargained first Collective Agreement with CUPE 331
  - February 2025-2028
- New Financial Stabilization Reserve





# KPL Financial Summary

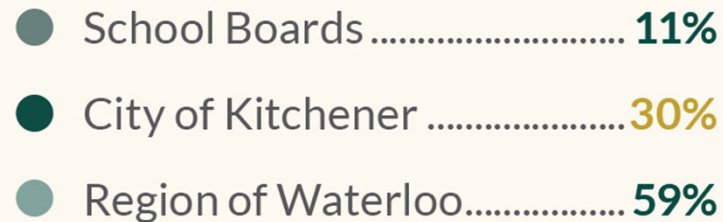
	Budget 2025	Projected 2025	Budget 2026
<b><u>REVENUE</u></b>			
City of Kitchener operating grant	\$ 14,199,881	\$ 14,199,881	\$ 14,554,878
Provincial Grant	306,980	306,980	306,980
Other Revenue (partnerships, rentals, etc.)	281,585	431,553	306,218
Total Revenue	<b>\$ 14,788,446</b>	<b>\$ 14,938,414</b>	<b>\$ 15,168,076</b>
<b><u>EXPENSES</u></b>			
Programs, Marketing & Resources	1,571,610	1,503,029	1,610,545
Personnel, Admin & General Costs	11,685,236	11,329,075	12,025,526
Equipment & Occupancy Costs	1,531,600	1,806,310	1,532,005
Transfer to Reserve		300,000	
Total Expenses	<b>\$ 14,788,446</b>	<b>\$ 14,938,414</b>	<b>\$ 15,168,076</b>
<b>Net Revenue / (Expense)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Tax Supported Operating

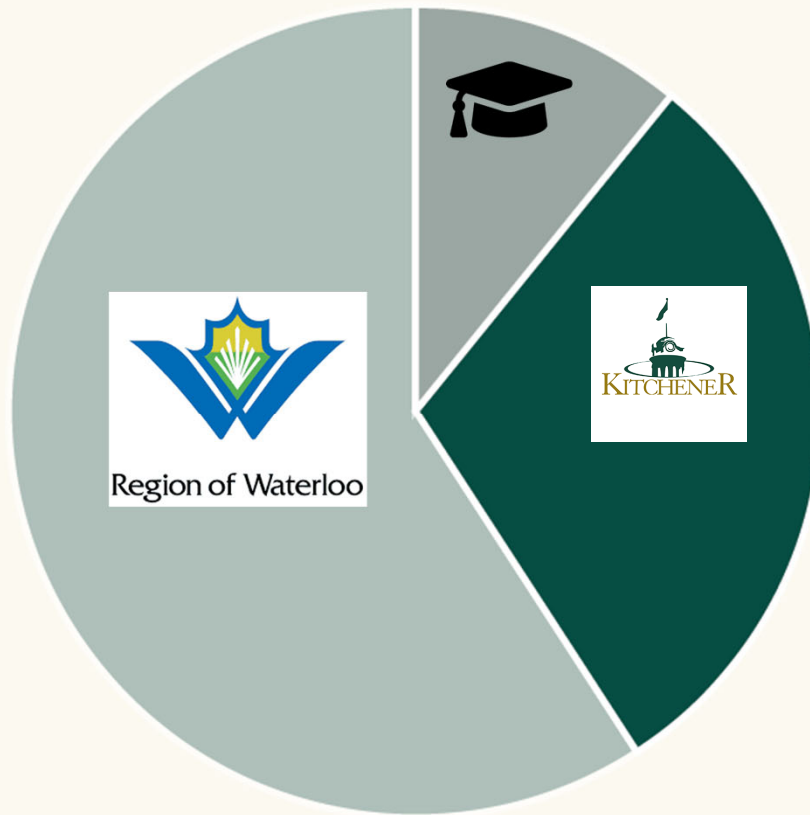


# Total Property Taxes

- 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 and is getting larger



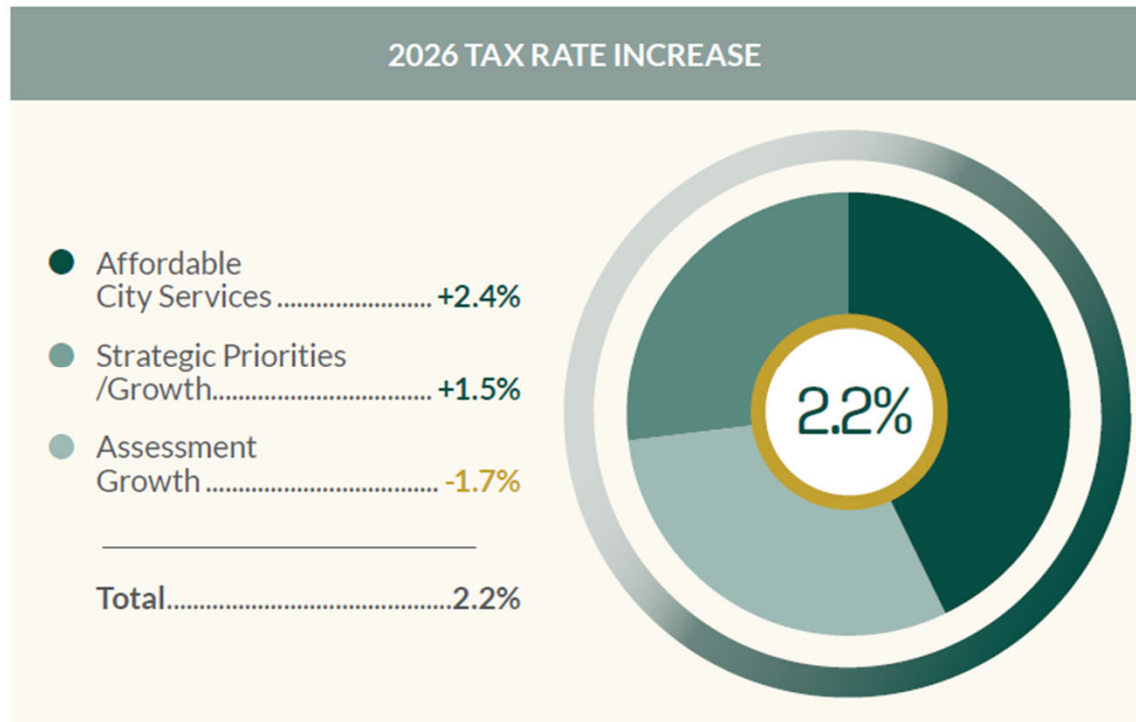
# Telling our Story: Value for Service



- School Boards ..... **11%**
- City of Kitchener ..... **30%**
- Region of Waterloo..... **59%**

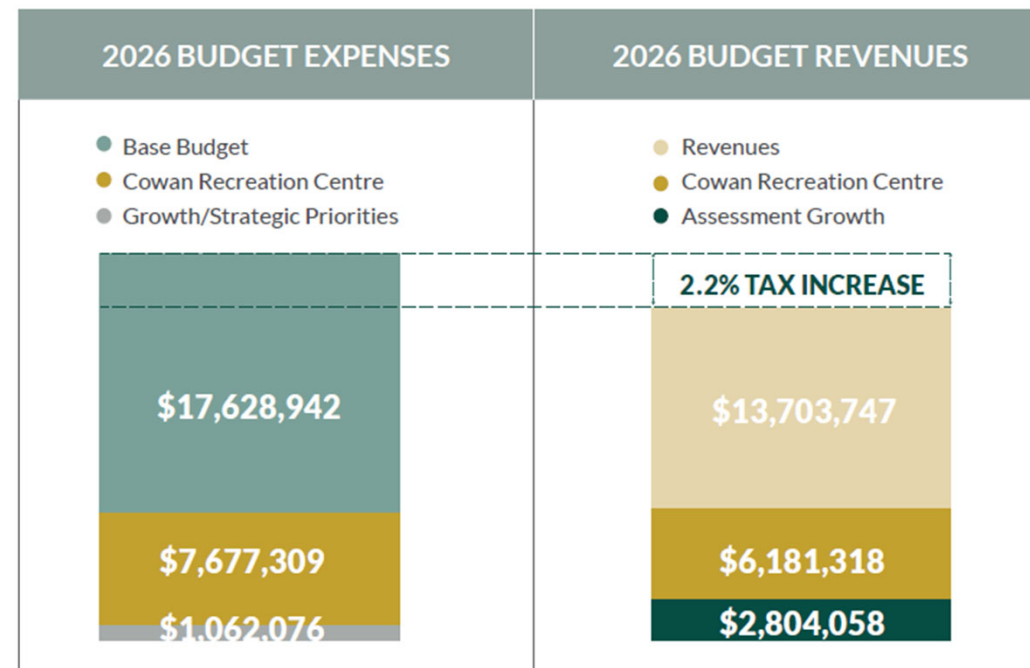
# Tax Increase Breakdown

- Budget by division are shown in Appendix B (p.2-3)



# Calculating the Tax Increase

- Tax increase ensures the City can continue to deliver existing programs & services to residents
  - City costs increase with inflation
- Revenue increases and additional assessment offset costs
- Difference between increased costs and revenues results in a tax rate increase



# User Fees

**User fees are a widely-used alternative to fully funding programs & services from property taxes**

- Normally used where customers have a choice

**For 2026, fees are increasing by 4%**

- Exceptions are noted in the user fee schedule in issue paper Op 01

**Detailed listing of user fees can be found in Appendix E**



# Enterprises





# What are Enterprises?

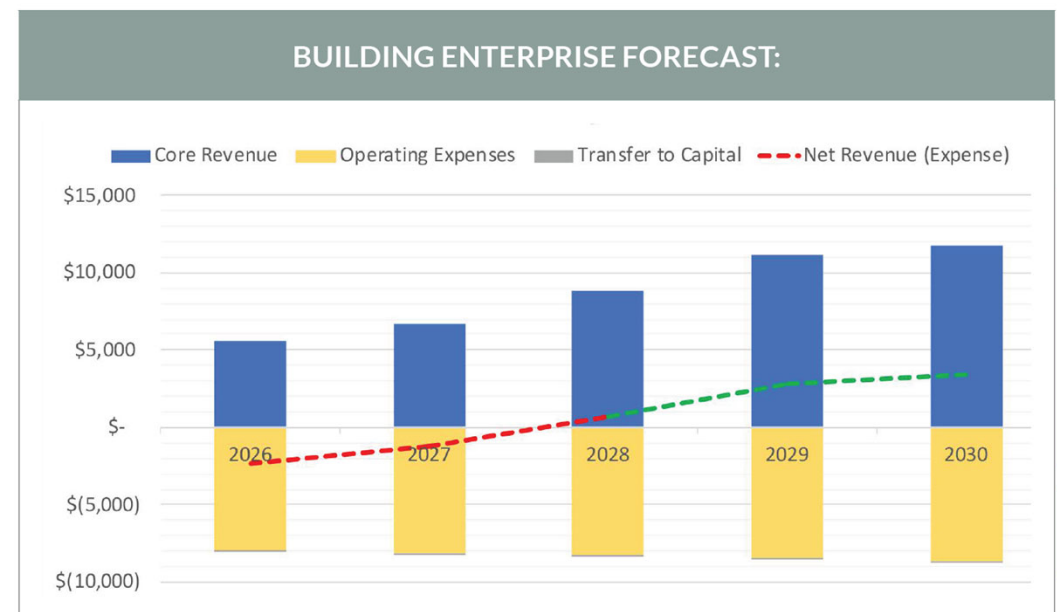
- Self-sufficient business lines that raise their own revenues through user rates instead of being funded through property taxes

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



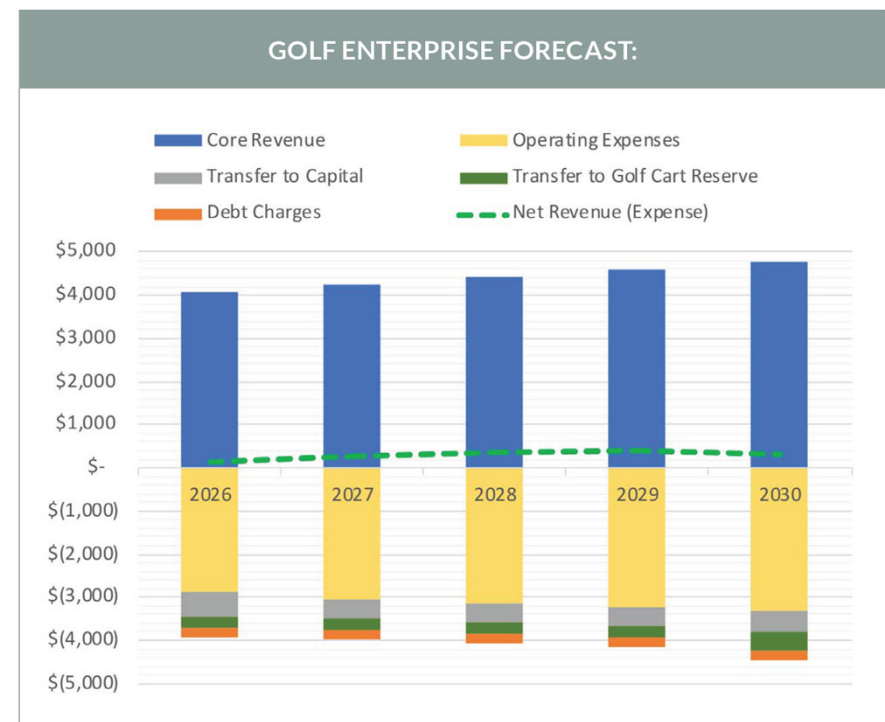
# Building

- Overview
  - Budget Summary p.35-36
- 5-Year Forecast
  - Appendix B (p.4)



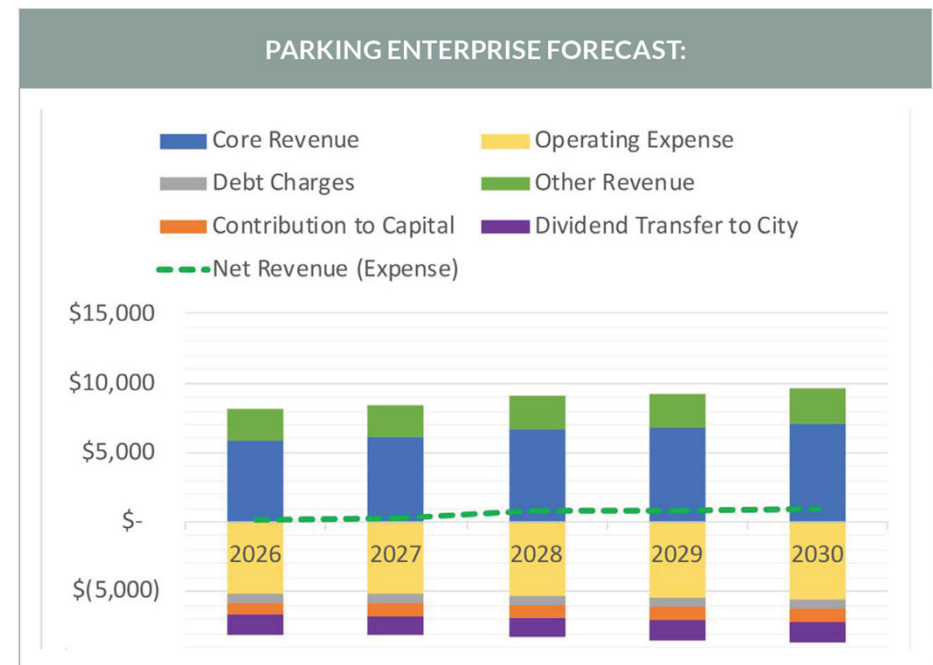
# Golf

- Overview
  - Budget Summary p.37-38
- 5-Year Forecast
  - Appendix B (p.5)



# Parking

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



# Water Infrastructure Program (WIP)

Combined annual WIP rate increase of 6.3% was endorsed by Council and is included in this year's budget

- Funding is required for ongoing operating activities and for critical capital replacements

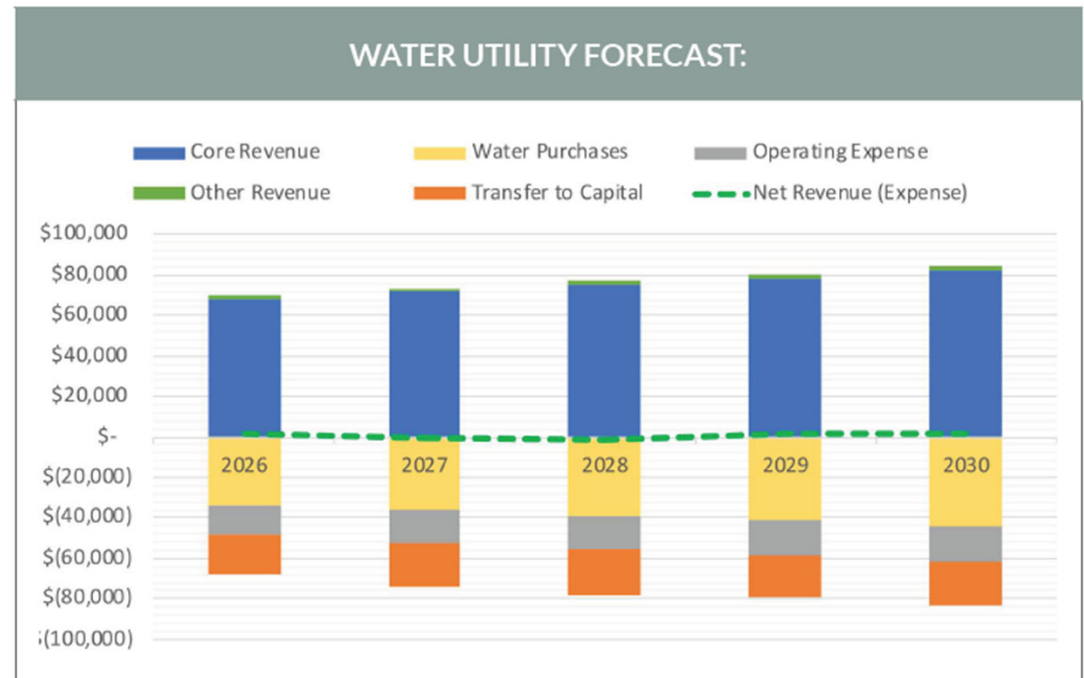
Regional rate increases for water supply and wastewater treatment are higher than forecast in 2025 & 2026

- These unexpected increases have been absorbed within original WIP rates passed on to customers



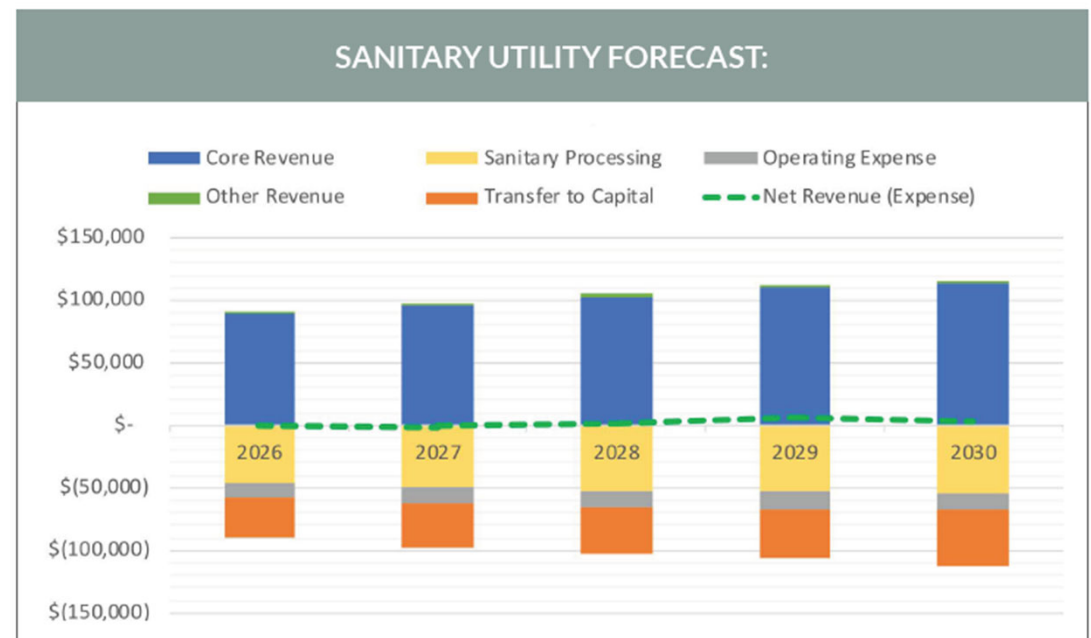
# Water

- Overview
  - Budget Summary p.43-44
- 5-Year Forecast
  - Appendix B (p.7)



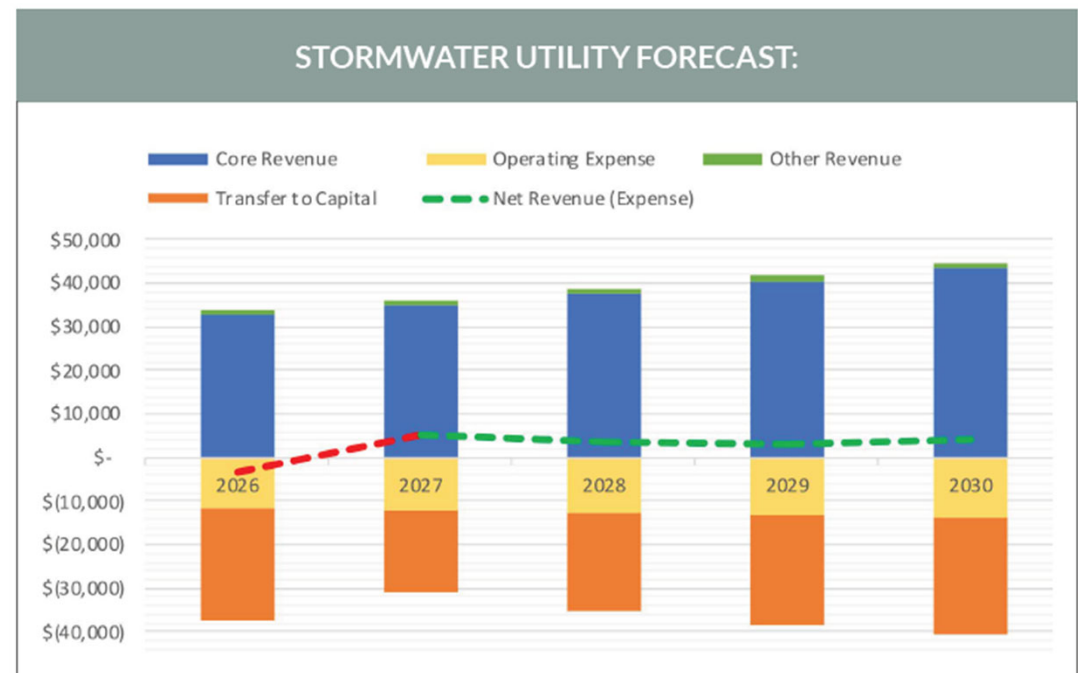
# Sanitary

- Overview
  - Budget Summary p.45-46
- 5-Year Forecast
  - Appendix B (p.8)



# Stormwater

- Overview
  - Budget Summary p.47-48
- 5-Year Forecast
  - Appendix B (p.9)





# Natural Gas

- Overview
  - Budget Summary p.49-52
- 5-Year Forecast
  - Appendix B (p.10-11)

