



Finance and Corporate Services

Committee Minutes

November 25, 2024, 12:30 p.m.

Council Chambers - Hybrid

City of Kitchener

200 King Street W, Kitchener, ON N2G 4G7

Present:

Mayor B. Vrbanovic
Councillor S. Davey
Councillor D. Schnider
Councillor J. Deneault
Councillor C. Michaud
Councillor A. Owodunni
Councillor P. Singh
Councillor B. Ioannidis
Councillor M. Johnston
Councillor D. Chapman
Councillor S. Stretch

Staff:

D. Chapman, Chief Administrative Officer
M. May, General Manager, Community Services and Deputy
Chief Administrator
V. Raab, General Manager, Corporate Services
J. Readman, General Manager, Development Services
J. Lautenbach, Chief Financial Officer, Financial Services
D. McGoldrick, General Manager, Infrastructure Services
R. Hagey, Director, Financial Planning
B. Rowland, Director, Corporate Communications and Marketing
D. Andrade, Manager, Budgets
D. Saunderson, Deputy Clerk
M. Mills, Committee Coordinator

1. Commencement

The Special Finance and Corporate Services Committee held a meeting this date commencing at 12:35 p.m.

2. Disclosure of Pecuniary Interest and the General Nature Thereof

None.

3. Discussion Items

3.1 2025 Capital Budget and 10-Year Forecast, FIN-2024-513

3.1.a Overview by Chief Financial Officer

J. Lautenbach, Chief Financial Officer, provided opening remarks and an overview of the budget process. J. Lautenbach indicated the capital budget supports long-term City infrastructure investments, which includes three key priorities: delivering city services, investing in infrastructure; and advancing strategic priorities.

Councillor C. Michaud entered the meeting at this time. Councillor M. Johnston left the meeting at this time.

J. Lautenbach presented an overview of the capital priority setting process and high-level capital budget summary, noting there are shortfalls within the capital budget where there will be need for funding from the Provincial and Federal government to help to fully address municipal funding needs.

Councillor M. Johnston returned to the meeting at this time.

J. Lautenbach responded to questions from Committee related to Development Charges and how rates are established. In response to further questions, the next Development Charge By-law review is proposed to occur in 2027. J. Lautenbach advised if Council wished to undertake a review of the By-law prior to 2027, a full review of the By-law would be required.

3.1.b Budget Communication Follow-up Discussion

Councillor P. Singh entered the meeting at this time.

B. Rowland, Director, Communications, provided a follow-up from the Finance and Corporate Services Committee meeting, where questions were raised on how to educate the public about the budget, specifically related to taxes and how the funding is allocated to the City, Region of Waterloo and School Boards. B. Rowland provided an overview on the various methods that the City does to help educate the public on the budget, including but not limited to: social media, videos, mailings, flyers, radio ads, etc. B. Rowland provided a sample of a communication message from 2022. B. Rowland further advised, based on the

feedback received from Council, staff are proposing for 2025 to complete a radio campaign and a further digital advertising campaign to try to reach those hard to reach audiences. B. Rowland then responded to questions from Committee.

Members of Committee offered the following suggestions for additional communication opportunities including: community centre signage and, bolding content within bill inserts.

3.1.c Strategic Addition Discussion

R. Hagey, Director, Financial Planning, addressed Committee related to strategic addition funding, noting through the 2025 budget Council has the opportunity to provide input on \$1M of one-time funding available from the capital budget to a preferred priority area of Council, stating city facilities, outdoor recreation and corporate climate action plan were identified as potential options. R. Hagey further advised the Strategic Item Issue Papers are included in the budget materials under Appendix G - Op 01 (Strategic Additions), for consideration. D. McGoldrick, General Manager, Infrastructure Services, responded to questions from Committee.

3.1.d Capital Funding Sources

R. Hagey reported the funding sources for the ten-year forecast of the Capital budget. R. Hagey noted that more half of the capital budget funding comes from the City's self-funded operations or enterprises (Building, Golf, Parking, Water, Sanitary, Storm & Gas); Development charges (DCs) at 16%, the Capital Pool at 11%, and all other sources are less than 10% each. R. Hagey further advised there are very few changes from last years capital budget; indicating the only large-scale change is predominantly within the Sanitary and Stormwater utilities. R. Hagey provided clarity related to any proposed adjustments to the capital budget, cautioning a change in one project would require a change in another project, or an adjustment to one of the funding sources.

R. Hagey, J. Readman, General Manager, Development Services, and D. McGoldrick, General Manager, Infrastructure Services, then responded to questions related to road reconstruction timelines, parkland acquisitions and road repair programs.

3.1.e Debt

R. Hagey reviewed the City's outstanding debt and noted the City's debt levels have been decreasing for the past decade, but there has been in increase in Development Charges debt which is noted in 2024. R. Hagey stated the City needs to issue DC debt to fund some large dollar growth related projects in 2024

& 2025 (KIRC, Roads & Sewer infrastructure), noting that the borrowing costs of this DC debt will be fully paid off by future DC collections and will not have an impact on taxes or utility rates. R. Hagey and J. Lautenbach then responded to questions from the Committee. In response to further questions, D. McGoldrick advised it is anticipated that staff will be bringing forward a report no later than Q2 2025 to related to the City's current asset management position.

3.1.f Development Charges

R. Hagey noted the City's Development Charges (DC) bylaw was passed by Council in 2022 that complied with the Development Charges Act and the new rates came into effect July 1, 2022, indicating the current bylaw will expire June 30, 2027. R. Hagey noted the graph in the presentation has been revised from what was initially included in the budget materials. The DC reserve balance is projected to fluctuate between being positive and negative balances for the next few years, even with issuing the DC debt as discussed previously. R. Hagey indicated the DC reserve is projected to be positive in future years.

R. Hagey responded to questions from Committee related to deferred DC, assessment growth and associated municipal services to address growth. J. Lautenbach then responded to questions related to the legislated requirements and funding impacts related to deferred DC's.

Questions were raised regarding Community Benefit Fees, R. Hagey advised that staff anticipate bringing forward a report on that matter in early 2025 with options for consideration.

3.1.g Reserve Funds

R. Hagey spoke to Reserve Fund balances, and the ratings and projections for each fund category. R. Hagey noted the reserve levels are positive, indicating the City has a long-standing reserve fund policy, and the key principles of the policy include: only using reserve funds for their intended purpose; maintaining positive balances in all reserve funds; and, setting minimum targets for reserves. R. Hagey noted reserve funds are grouped into 5 Council approved categories, including: Stabilization, Corporate, Program Specific, Capital and Obligatory, and provided an overview of each of the categories. R. Hagey then responded to questions from the Committee. In response to questions, R. Hagey noted staff could follow up with Council on the amount of interest the City would acquire from the reserve funds annually.

In response to further questions, D. McGoldrick advised that staff would be reporting back to Council on park land acquisition opportunities as they present themselves. In response to further questions, D. McGoldrick advised that staff

have identified specific areas within the City with parkland deficiencies and will continue to target those locations for acquisitions as opportunities present themselves.

3.1.h Capital Budget Format

R. Hagey introduced the Capital Budget portion of the budget materials, noting the balance of the package includes the capital forecast and investment options, issue papers and the quality of fund estimates. R. Hagey provided an overview on the terms and definitions to help clarify how the definition terms within the capital budget.

3.1.i Recess and Reconvene

The Finance and Corporate Services Committee meeting then recessed at 1:57 p.m. and reconvened at 2:06 p.m., chaired the Councillor S. Davey, with all members present.

3.1.j Capital Forecast and Issue Papers

The Committee reviewed the Capital Forecast outlined in Appendix C and the Issue Papers in Appendix G.

M. May, General Manager, Community Services Department, responded to questions related to the Forest Heights Community Centre Addition and the use of outdoor rinks listed within Neighbourhood Programs & Services capital budget.

V. Raab, General Manager, Corporate Services Department, responded to questions related to the development of an Equity Diversity and Inclusion (EDI) Strategic Plan Review, noting the work was anticipated to begin in 2025. In response to further questions, the biggest successes to date related to Equity Diversity and Inclusion Division included establishing and implementing of the Racialized and Indigenous Supports for Equity (RISE) Fund. In response to further questions, Council approved a one-time increase to the RISE fund in 2024, acknowledging that the program was a pilot project and staff anticipate reporting back on the program in 2025.

M. May, responded to the questions related to the arena strategy, noting that work is anticipated to be completed in 2025. M. May further advised staff anticipated bringing forward a report in 2025 related to the Auditorium and the future of that space.

Questions were raised regarding the City's website and whether Artificial Intelligence (AI) has been taken into consideration for the website refresh, V.

Raab acknowledged the suggestion and noted it would be taken into consideration when that project is due to commence.

J. Readman responded to questions related to road resurfacing program and the proposed funding.

In response to further questions, J. Readman responded to the Downtown Facade program and noted staff could provide additional information to Council related to the success of the program.

Questions were raised regarding small scale traffic calming, and whether members of Council could install additional flexi poles within the wards. J. Readman indicated that program typically has a deficit at the end of the year in the amount of \$10,000. J. Readman noted there was a \$100,000. funding increase in 2024 and shared how that funding was allocated. Councillor C. Michaud requested whether there was an opportunity to increase funding into the small scale traffic calming program for 2025.

Councillor D. Chapman requested clarification on the Heritage Property Grant Program, which J. Readman then responded to questions from Committee related to the change in the program since 2002. J. Readman further advised, the Heritage Grant Program is following subscribed annually.

Councillor B. Ioannidis requested additional information on the Brownfield remediation program and how funding is allocated. D. Chapman noted staff could provide additional information on that budget line, noting the allocation aligns to approved applications that will be fully reimbursed.

D. McGoldrick responded to questions on the Invasive Species Management Plan, the Neighbourhood Park Rehabilitation Program, New Neighbourhood Parks Program, the Rockway Gardens Annual repairs, the Kitchener Utilities Business Strategy in Kitchener Utilities Rental Programs outlined in Infrastructure Services Budget. In response to further questions, D. McGoldrick advised staff can follow up on the tree planting program, specifically in relation to the impact of the Emerald Ash Borer and provide confirmation on the status of that work.

Questions were raised regarding park rehabilitations related to Country Hills Park, Countryside (DMAF) park, Doon Old Mill Ruins and Upper Canada Park projects proposed in the Capital budget, D. McGoldrick responded to questions from the Committee.

Councillor D. Chapman requested clarification on the Victoria Park Master Plan Implementation. D. McGoldrick advised the Master Plan is due to be completed in 2025, the funding within the Capital Budget is for implementation.

D. McGoldrick responded to questions related to the Disaster Mitigation Adaptation Fund (DMAF) related to the Walter Bean Trail. D. McGoldrick advised funding has not yet been allocated to the land acquisition component for the Trail to date, that will need to be updated further once the final study recommendation has been completed.

Councillor D. Chapman raised questions about winter sanitation cans, D. McGoldrick advised that Council allocated funding to this program in 2023.

On motion by Councillor A. Owodunni

"That the 2025 Capital Budget and 10-Year Forecast, as outlined in Financial Services Department report FIN-2024-513, be received for information."

Carried

4. Adjournment

On motion, this meeting adjourned at 3:11 p.m.

Dianna Saunderson
Manager of Council/Committee Services & Deputy Clerk