

# **The Corporation of the City of Kawartha Lakes**

## **Additional Agenda**

### **Special Council Meeting**

**CC2019-16**

**Tuesday, June 11, 2019**

**Open Session Commencing at 9:00 a.m.**

**Council Chambers**

**City Hall**

**26 Francis Street, Lindsay, Ontario K9V 5R8**

#### **Members:**

**Mayor Andy Letham**

**Deputy Mayor Doug Elmslie**

**Councillor Ron Ashmore**

**Councillor Pat Dunn**

**Councillor Patrick O'Reilly**

**Councillor Tracy Richardson**

**Councillor Kathleen Seymour-Fagan**

**Councillor Andrew Veale**

**Councillor Emmett Yeo**

Accessible formats and communication supports are available upon request.

		Pages
<b>6.</b>	<b><i>Financial Overview</i></b>	
<b>6.1</b>	<b><i>CC2019-16.6.1</i></b>	<b><i>5 - 20</i></b>
	<b>Financial Overview Presentation</b> Ron Taylor, Chief Administrative Officer Jennifer Stover, Director of Corporate Services  <b>That</b> the presentation by Ron Taylor and Jennifer Stover, regarding the <b>Financial Overview</b> , be received.	
<b>7.</b>	<b><i>2018 Year End Position</i></b>	
<b>7.1</b>	<b><i>CC2019-16.7.1</i></b>	<b><i>21 - 39</i></b>
	<b>2018 Year End Position Presentation</b> Carolyn Daynes, Treasurer  <b>That</b> the presentation by Carolyn Daynes, regarding <b>2018 Year End Position</b> , be received.	
<b>7.3</b>	<b><i>CC2019-16.7.3</i></b>	<b><i>40 - 40</i></b>
	<b>Memorandum - 2019 Lifecycle Extension Budget</b> Andy Letham, Mayor  <b>That</b> the Memorandum from Mayor Letham, regarding <b>2019 Lifecycle Extension Budget</b> , be received  <b>That</b> the Lifecycle Extension Budget for 2019 be increased, to an additional maximum of \$800,000.00, to be funded from the Asset Management Plan Reserve, and to accommodate additional priority roads that need immediate attention; and  <b>That</b> Staff report back to council with the list of roads included in the 2019 Lifecycle Extension program after the tender has been awarded.	
<b>8.</b>	<b><i>Long Term Financial Plan Update</i></b>	
<b>8.1</b>	<b><i>CC2019-16.8.1</i></b>	<b><i>41 - 68</i></b>
	<b>Capital Related Outlook for 2019</b> <b>Long Term Financial Plan Update Presentation</b> Jennifer Stover, Director of Corporate Services Adam Found, Manager of Corporate Assets	

**That** the presentation by Jennifer Stover and Adam Found, regarding the **Capital Related Outlook for 2019 Long Term Financial Plan Update**, be received; and

**That** the Chief Administrative Officer be authorized to commit up to \$75,000.00 from the Contingency Reserve for initiatives that support the modernization of service delivery or result in reduced costs.

8.2

*CC2019-16.8.2*

69 - 69

**Memorandum - Federal Gas Tax**

Andy Letham, Mayor

**That** the Memorandum from Mayor Letham, regarding **Federal Gas Tax**, be received;

**That** up to \$2,000,000.00 of the additional Federal Gas Tax funds be committed to enhance the Roads Capital Program in 2020; and

**That** staff include up to an additional \$2,000,000.00 of roads projects in the proposed 2020 capital budget to accelerate our roads program for Council consideration.

10.

**2020 Budget Process**

10.1

*CORP2019-016*

70 - 86

**2020 Budget Process and Requests**

Jennifer Stover, Director of Corporate Services

**That** Report CORP2019-016, **2020 Budget Process and Requests**, be received.

10.2

*CC2019-16.10.2*

87 - 87

**Memorandum - 2020 Budget Direction**

Andy Letham, Mayor

**That** the Memorandum from Mayor Letham, regarding **2020 Budget Direction**, be received;

**That** all external City Agencies and Boards, funded in whole or in part by the tax levy, be advised and notified that the City's funding level for 2020 will not exceed the 2019 contribution level; and

**That** staff be directed to bring forward 2 proposed budgets for 2020.

1. As per the long term financial plan approved by council.
2. 0% tax support operating budget increase over 2019 from each department.

# Financial Overview

Special Council Meeting  
June 11, 2019

# Financial Position

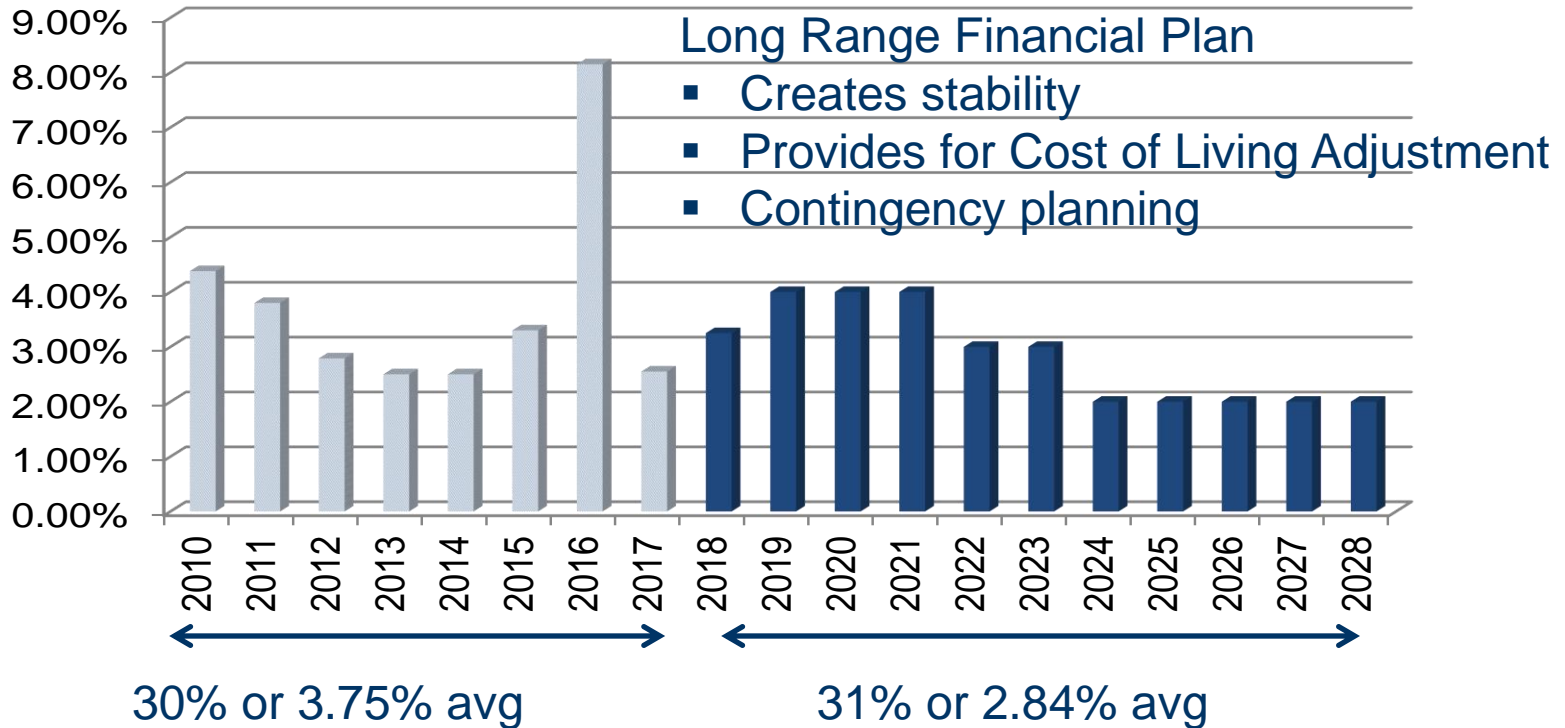
- 2016 the City undertook a Core Service Review
- 49 of the City's 200+ services were reviewed
- Savings of \$8 Million were achieved
- By the end of 2019, 170 staff will be trained in the Lean Six Sigma methodology

# Financial Position

- In 2017 the City adopted the 10-Year Financial Plan
- Framework for sustainable tax levy increases while building reserves and maintaining capital infrastructure
- Enables longer term decision making

# Financial Position

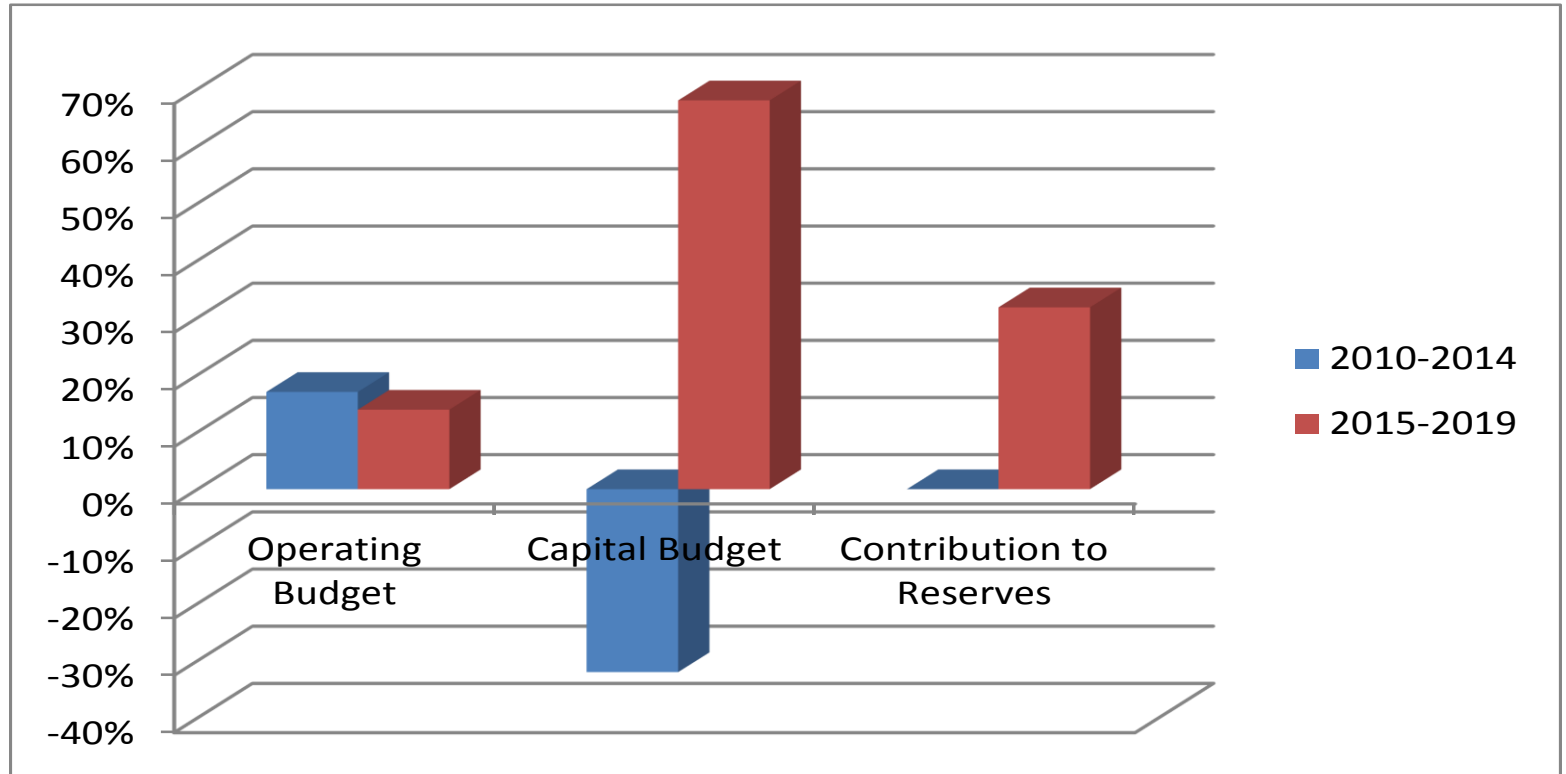
## Tax Levy Increases





# Financial Position

## Investment Focus



# Local Landscape

Unknowns that will impact 2020 and future budgets:

- 7 Collective Agreements expired/expiring
- Impact of increasing weather related events
- Waste contract renewal

# Local Landscape

Unknowns that will impact 2020 and future budgets:

- Water/wastewater contract expiring
- Recycling now a cost rather than a revenue
- Increasing fuel prices

# Provincial Landscape

## Ontario Municipal Partnership Fund (OMPF)

- The City received \$7.4 million in 2019
- Equivalent to ~ 7% tax levy increase
- Reduction in funding expected for 2020
- New funding levels are unknown

# Provincial Landscape

## Paramedic Services

- Province currently funds 50% of budgeted expenditures
- Province will be holding Paramedic funding to 2018 levels
- 2020 anticipated impact ~ \$400,000 shortfall

# Provincial Landscape

## Child Care

- 2020 Funding Reduction:
  - Operations –Reduction in base funding by \$256,000
  - Administration threshold from 10% to 5% and cost shared 50/50
  - Expansion from 100% to 80%
- 2020 anticipated impact ~ \$850,000 shortfall shared by the City and County of Haliburton

# Provincial Landscape

## Long Term Care

- Province has historically funded ~\$150,000 in Structural Compliance Funding to support capital initiatives
- Funding eliminated effective August 2019

# Provincial Landscape

## Ontario Works

- Changes to administration allocations and performance targets
- 2020 anticipated impact ~ \$340,000 shortfall shared by the City and County of Haliburton



# Provincial Landscape

## Library Services

- Reduced support for interlibrary loans
- 2020 anticipated impact ~ \$10,000 shortfall

# Provincial Landscape

## Health Unit

- Province current funds 75%
- Funding is decreasing to 70% in 2020
- 2020 anticipated impact ~ \$310,000 shortfall

# Provincial Landscape

## Total Impact of Reduced Provincial Funding

	Estimated Budget Impact
OMPF	TBD
Paramedic Services	\$400,000
Child Care Services	\$850,000
Long Term Care	\$150,000
Ontario Works	\$340,000
Library Services	\$10,000
Health Unit Services	<u>\$310,000</u>
<b>Minimum Budget Impact</b>	<b>\$2,060,000</b>
<b>Minimum Equivalent Tax Levy</b>	<b>1.9%</b>

# Summary

- The Core Service Review and Long Range Financial Plan position the City to better manage the unknowns however, Council will need to spend strategically until some of the uncertainties become known

# City of Kawartha Lakes

## 2018 Audited Financial Statements

June 11, 2019



# Agenda

- Results of the Audit
- Review of Financial Statements
  - Overall Surplus
  - High Level Variance
  - Financial Indicator Review
  - Balance Sheet Items
  - Note Disclosure

# Results of the Audit

- Audit Report date June 11, 2019
- Overall Annual Surplus is \$5,289,471, prior to reserve transfers
- Reserve Transfers done prior to finalization of statements:

Area Rate	\$ 836,026
Water and Sewer	<u>\$1,272,064</u>
	<u>\$2,108,090</u>

# 2018 Overall Surplus

	2018 (SURPLUS)/DEFICIT	2017 (SURPLUS)/DEFICIT
General Tax Rate	\$(2,879,995)	\$ 439,129
Area Tax Rate	247,729	77,131
Water and Sewer	-	-
KLH HC	(549,115)	(427,360)
<b>Overall Operating Surplus</b>	<b>\$ (3,181,381)</b>	<b>\$ 88,900</b>



# 2018 General Tax Rate Surplus

Overall Surplus of \$2,879,995

Reasons:

- 1) Employee Benefits
- 2) Winter Control
- 3) Revenue Over budget
- 4) Basic Income Pilot

# 2018 Area Rate Surplus

	2018 (SURPLUS)/DEFICIT	2017 (SURPLUS)/DEFICIT
Transit	\$ 26,615	\$ 54,282
Fire Area A	(138,791)	(166,639)
Fire Area C	181,602	(94,217)
Lindsay Parks	39,513	22,849
OPP	(121,124)	(291,872)
Kaw Lakes Police	(288,675)	(82,413)
Streetlight	(287,436)	(242,986)
<b>Area Rate (Surplus) Deficit</b>	<b>\$ (588,297)</b>	<b>\$ 340,905</b>

# 2018 Area Rate Surplus

- Total Surplus of \$588,297
- All Surplus Areas were transferred to Rate Stabilization Reserves
- Transit, Fire Area C and Lindsay Parks deficit was raised in 2019 through an overall increase in area rate tax levy of \$247,730

# Financial Indicator Review

- Annual Financial Indicator Review
  - Total Taxes Receivables as a % of Total Taxes Levied
  - Total Reserves as a % of Operating Expenses
  - Total Cash as a % of Current Liabilities
  - Debt to Reserve Ratio
  - Debt Servicing Cost

# Taxes Receivable as % of Taxes Levied

2018 Taxes Outstanding - \$4,893,273

2018 Taxes Levied - \$134,212,092

**RATIO – LOW RISK -<10%**

2018-3.64%

2017-3.54%

Average for Single Tier – 6.4%

# Reserves as % of Operating Expenses

2018 Reserves- \$41,167,355

2018 Operating Expenses - \$209,054,619

**Ratio** – Moderate Risk – 10-20%

2018-19.69%

2017-23.33 %

Average for Single Tier – 39.6%

# Total Cash as a % of Current Liabilities

2018 Cash- \$9,320,701

2018 Current Liabilities- \$31,313,420

**Ratio – Low Risk - >5%**

2018-29.76%

2017-61.4 %

Average for Single Tier – 178.1%

# Debt To Reserve Ratio

2018 General Reserve-\$32,410,182

2018 General Levy Debt- \$45,639,603

## Ratio

2018 -.71 to 1

2017-1.1 to 1

Average for Single Tier – 1.4 to 1



# Debt Servicing Cost

2018 Total Debt Payments-\$14,517,243

2018 Total Revenue- \$233,432,279

## Ratio

2018- 6.21%

2017- 6.10%

Average for Single Tier – 4.7%

# Balance Sheet Items

- North West Trunk Receivable-\$18.6 Million
- Long Term Debt – Note 7 – Page 14
- Development Charge Reserve – Note 4-  
Page 10
- Accumulated Surplus – Note 8 – Page 16

# Long Term Debt

Description	2018	2017
General Tax Rate Debt	\$ 21,003,361	\$ 20,875,379
Water and Sewer User Debt	45,063,894	41,651,236
DC Debit Debt	9,119,646	9,626,293
North West Trunk Debt	11,337,385	12,004,485
Housing Debt	8,296,185	6,962,138
Municipal Drainage	192,282	239,963
10 Year Plan Debt	21,876,330	24,095,576
<b><i>Total Debt</i></b>	<b>\$ 116,889,083</b>	<b>\$ 115,455,070</b>

# Debt Analysis

- Annual Repayment Limit
- Debt Servicing Costs as a % of Total Operating Revenue

# Annual Repayment Limit

## ➤ Annual Repayment Limit (ARL)

Relates to Principle and Interest Payments

Repayment Limit - \$37.3 Million

Total P and I – 2018- \$14.5 Million

ARL Left - \$22.8 Million

Equates to room of \$175-\$240 Million Debt

# Deferred Revenue –DC Reserve

- 2018 DC Reserve finished in a Debit balance of \$2,421,713
- Predicting that 2019 DC Reserve will be in an approximately \$10 Million Deficit
- History of DC revenue not keeping pace with growth projects
- Working with Engineering Staff to better forecast revenues and expenditures

# ACCUMULATED SURPLUS

Description	2018	2017
Operating Fund Surplus	\$ 3,181,380	\$ (88,899)
Capital Fund Surplus	226,883	644,860
Employee Future Benefits	(31,467,294)	(23,387,836)
Post Closure Landfill Costs	(10,127,570)	(10,074,352)
Accrued Interest on LTD	(367,199)	(369,282)
Long Term Debt (LTD)	(105,551,697)	(103,450,585)
Reserves	41,167,355	46,970,075
Tangible Capital Assets	509,648,303	473,835,530
<b>ACCUMULATED SURPLUS</b>	<b>\$ 406,710,161</b>	<b>\$ 384,079,511</b>



## Council Memorandum

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Date: June 11<sup>th</sup>, 2019

To: Council

From: Mayor Letham

Re: 2019 Lifecycle Extension Budget

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### **Recommendation;**

**That** the Memorandum from Mayor Letham, regarding **2019 Lifecycle Extension Budget**, be received;

**That** the Lifecycle Extension Budget for 2019 be increased, to an additional maximum of \$800,000.00, to be funded from the Asset Management Plan Reserve, and to accommodate additional priority roads that need immediate attention; and

**That** Staff report back to council with the list of roads included in the 2019 Lifecycle Extension program after the tender has been awarded.

### **Rationale ;**

This past winter along with an extremely wet spring has resulted in many of our roads being in a state of disrepair and unable to wait for the normally scheduled reconstruction and/or resurfacing. It is important we try to maintain our 5 year roads plan to rebuild our roads on a city wide basis. The lifecycle extension program is a tool staff has to extend the life of a road where possible to meet that 5 year schedule. It is impossible to move all roads up in the schedule as budgets and work plans don't allow it. We have finished 2018 with a surplus in our budget and it makes sense to utilize some of that surplus to repair some of our worst roads. This amount will fit within the work plan for 2019 (weather permitting) and allow engineering to repair most of the roads that public works have identified as needing more than pothole repair at this time. This will help to extend the life of these roads until proper resurfacing can be done according to the 5 year plan.



# Capital-Related Outlook for 2019 Long-Term Financial Plan Update

Adam Found, PhD PLE

Manager of Corporate Assets

June 11, 2019



# Presentation Themes

- Long-Term Financial Plan (2018-2027)
- Successes and Challenges Under the Long-Term Financial Plan
- Implications of Bill 108 (More Homes, More Choice Act)
- Update on Major Capital Grants

# Long-Term Financial Plan

- The Long-Term Financial Plan (LTFP) was adopted by Council on July 11, 2017 for a 10-year planning horizon.
- The LTFP is based on and informed by:
  - 2017 Asset Management Plan
  - 2015 Development Charges Study
  - Service Master Plans
  - Other Council Direction
  - General Operating Needs Forecast
- Aligned with the Corporate Strategic Plan, the LTFP is to guide the development of capital and operating budgets.

# Long-Term Financial Plan

- The LTFP is designed to:
  - Guide the City toward long-term financial independence and sustainability.
  - Phase in financial capacity expansion to meet established municipal service levels in a prudent and affordable manner.
  - Strategically allocate financial capacity across various capital and operating needs over the long term.
  - Serve as the financial strategy of the Asset Management Plan.
  - Eliminate the infrastructure deficit (i.e. chronic capital underfunding).

# Successes and Challenges Under the Long-Term Financial Plan

- Successes thus far include:
  - Management of major 2018-2019 operating pressures amounting to about \$10.8M/year by 2019.
  - Unprecedented levels of capital investment, especially in roads.
  - Better-than-forecasted assessment-related tax levy growth.
  - Better-than-forecasted water-wastewater revenue and user rate increases due to conservative forecasting.

# Successes and Challenges Under the Long-Term Financial Plan

- As with any such plan, deviations from the LTFP are expected:
  - LTFP provides a guiding framework, not an inflexible prescription.
  - Intent with LTFP is progress, not perfection.
- Progress, however, has faced some challenges thus far:
  - Under-estimation of 2019 operating pressures by about \$4.2M/year.
  - Unplanned capital projects (e.g. Bobcaygeon Beach Park, Ops Arena Renewal, Electronic Document and Records Management System etc.).
  - Sensitivity to the 4% tax increases planned for 2018-2021.

# Successes and Challenges Under the Long-Term Financial Plan

- These challenges have resulted in lower-than-planned contributions from the tax levy to the Capital Reserve:
  - A deficiency of about \$3.6M in the 2019 contribution.
  - A deficiency of about \$5.3M in the 2019 balance.
- The 2019 update to the LTFP, targeted for September, 2019, is expected to account for the foregoing through:
  - Enhancement to the operating needs forecast.
  - Delayed building of required capital reserve and capital financing capacity.
  - Levelling of planned tax increases to around the 3% mark.

# Implications of Bill 108

- Bill 108 (More Homes, More Choice Act) became law on June 6, 2019.
- Bill 108 amends the Planning Act and Development Charges (DC) Act, among other acts.
- Most relevant to municipal long-term financial planning, Bill 108:
  - Removes soft municipal services (e.g. parks, etc.) from the DC Act and places recovery of their growth-related capital costs under a new Community Benefits Charge (CBC) regime under the Planning Act.
  - Introduces measures restricting applicability of DC rates and delaying and compromising collection of DCs.



# Implications of Bill 108

- According to Watson & Associates, Bill 108 removes 20% of DC recoveries for the average single-tier municipality.
- Structure, adequacy and effectiveness of the new CBC is unclear:
  - New cost recovery regime is to be defined by future regulations under the Planning Act after consultations with municipalities.
- Rules for transitioning from soft service DCs to CBCs are expected in summer, 2019:
  - Further consultation with Watson & Associates required to determine precise impact on the City's 2019 DC by-law update and strategy.

# Implications of Bill 108

- Concern over Bill 108 from the municipal sector has been vocal:
  - *“Bill 108 will have a devastating impact on municipal finances and local land use planning control...growth will pay even less of the cost of growth, leaving taxpayers to make up the difference.”*

Marianne Meed Ward  
Mayor of Burlington

- “Cities will be forced to consider increasing taxes or fees, cutting services, raiding reserves, or deferring infrastructure and capital projects,”.

Cam Guthrie  
Chair of Large Urban Mayor’s Caucus of Ontario  
Mayor of Guelph

# Update on Major Capital Grants

- Ontario Community Infrastructure Fund (OCIF):
  - An allocation-based annual capital grant introduced in 2016, with funding increases phased in over 2017-2020.
  - City's 2019 allocation is \$1,804,566.
  - City's 2020 and beyond allocation was to be \$2,002,027, but will now be frozen at the 2019 level until further notice by Province.
  - City typically allocates the grant entirely to the Rural Resurfacing capital program.

# Update on Major Capital Grants

- Provincial Gas Tax Fund:
  - A transit-dedicated annual grant allocated based on transit ridership and population; eligible for operating and capital.
  - City's 2019 allocation is \$574,021.
  - City's allocation was expected to double over 2019-2022; current provincial government has announced this will not occur.
  - City typically allocates \$200-\$250K of the grant annually to capital (e.g. bus replacement, transit stop upgrades etc.).

# Update on Major Capital Grants

- Federal Gas Tax Fund:
  - An annual capital grant allocated based on population.
  - City's 2019 allocation is \$4,576,100; will increase to \$4,784,104 in 2021 and then \$4,992,109 in 2023.
  - Canada has doubled the 2019 allocation on a one-time basis; City has placed the unexpected \$4.6M in its Federal Gas Tax Reserve for future capital needs.
  - City typically allocates the grant entirely to the Urban/Rural Reconstruction capital program.

# Update on Major Capital Grants

- Investing in Canada Infrastructure Program – Rural Stream:
  - A one-time, competitive, application-based capital grant for northern and rural Ontario municipalities; released in early 2019.
  - Targeted toward transportation infrastructure, primarily roads and bridges.
  - Canada and Ontario will fund up to 83.33% of eligible capital project cost subject to a \$5M cap.
  - City has submitted the Colborne St. Bridge and Colborne St. W. Reconstruction (2020-2024) project for its 2019 application intake.

# Update on Major Capital Grants

- Investing in Canada Infrastructure Program – Transit Stream:
  - A one-time, allocative, application-based capital grant for Ontario municipalities receiving Provincial Gas Tax Funding; released in early 2019.
  - Targeted toward transit and active transportation infrastructure, facilities and equipment.
  - Canada and Ontario will fund up to 73.33% of eligible capital project cost subject to the City's maximum allocation of \$1,735,725.
  - City has submitted the Transit Improvement and Expansion (2020-2025) project for its 2019 application intake.

# Update on Major Capital Grants

- Ontario Connecting Links Program:
  - A one-time, competitive, application-based capital grant for Ontario municipalities with a connecting link between provincial highways.
  - Targeted toward improvements to municipal road sections defined as connecting links by the Province (relevant to 77 municipalities).
  - Ontario will fund up to 90% of eligible capital project cost subject to a \$3M cap.
  - City has submitted the King Street Resurfacing and Downtown Omemee Reconstruction (2019-2021) project (the only connection link the City has) for its 2019 application intake.



# Update on Major Capital Grants

- Investing in Canada Infrastructure Program – Forthcoming Streams:
  - Community, Culture and Recreation Stream.
  - Green Infrastructure Stream.
  - Release of both streams expected in Q3-Q4, 2019.
  - City plans to apply to both streams to the extent it is eligible.

# Federal and Provincial Funding

In 2019 the Federal and Provincial government made several announcements that provided additional one-time funding to the City totaling more than \$5.6 million.

# Federal Gas Tax

- The Federal Government provided all municipalities with a one-time infusion of Federal Gas Tax funding
- The City's allocation is anticipated to be \$4.66 million

# Federal Gas Tax

Gas Tax funding is restricted and can only be used for: local roads and bridges; regional and local airports; broadband connectivity; public transit; drinking water; wastewater; solid waste; brownfield redevelopment; sport; recreation; culture; tourism

# Federal Gas Tax

On April 23, 2019 Council approved

***That*** the one-time funding of approx. \$4.66 million, be transferred to the Federal Gas Tax reserve; and

***That*** staff report back to Council upon completion of the update to the Long Range Financial Plan as to the best use of these funds

CR2019-274

# Provincial Small and Rural Municipalities

- The Provincial Government provided all small and rural municipalities with a one-time infusion of funding to become more efficient and reduce expenditure growth in the longer term
- The City's allocation is \$725,000

# Provincial Small and Rural Municipalities

The funding is unconditional, but it is intended to help modernize service delivery and reduce costs through investment in projects such as:

- Service delivery reviews
- Development of shared services agreements
- Capital investments

# Provincial Small and Rural Municipalities

On April 23, 2019 Council approved

***That*** the one-time Provincial funding of \$725,000 be transferred to the Contingency reserve; and

***That*** staff report back to Council upon completion of the update to the Long Range Financial Plan as to the best use of these funds

CR2019-274



# Provincial Small and Rural Municipalities

Staff have identified several opportunities for these funds including, but not limited to:

- EOWC review of Paramedic Services
- Paramedic master plan
- Review of the financial impacts of Bill 108
- Audit of financial business processes

# Provincial Small and Rural Municipalities

The following recommendation is proposed to Council:

*That the Chief Administrative Officer be authorized to commit up to \$75,000 from the Contingency reserve for initiatives that support the modernization of service delivery or result in reduced costs*

# Provincial Cannabis

- The Provincial Government provided municipalities who opted to allow the sale of cannabis with funding to support: policing, by-law enforcement, public health, and paramedics
- The City's allocation is \$225,061

# Provincial Cannabis

On April 23, 2019 Council approved

***That the Provincial cannabis funding be retained as a deferred revenue; and***  
***That staff report back to Council upon completion of the update to the Long Range Financial Plan as to the best use of these funds***

CR2019-274



## Council Memorandum

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Date: June 11<sup>th</sup>, 2019

To: Council

From: Mayor Letham

Re: Federal Gas Tax

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### Recommendation;

**That** the Memorandum from Mayor Letham, regarding **Federal Gas Tax**, be received;

**That** up to \$2,000,000.00 of the additional Federal Gas Tax funds be committed to enhance the Roads Capital Program in 2020; and

**That** staff include up to an additional \$2,000,000.00 of roads projects in the proposed 2020 capital budget to accelerate our roads program for Council consideration.

### Rationale;

The City has received an additional \$4.6 million in a one-time Federal Gas Tax payment. It is important to balance infrastructure needs against the possibility of Provincial downloads and funding reductions for next year. Until these amounts are finalized and budget pressures known, utilizing \$2 million for roads infrastructure acceleration and leaving the balance in the Capital Reserve is a wise business decision. This is a one-time funding allocation, and should be carefully utilized for maximum multi-year effect. Leaving the balance in the capital reserve leaves the city with ongoing future options.

# **The Corporation of the City of Kawartha Lakes**

## **Council Report**

**Report Number CORP2019-016**

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**Date:** June 11, 2019  
**Time:** 9:00 a.m.  
**Place:** Council Chambers

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**Ward Community Identifier:** all

**Title:** 2020 Budget Process and Requests

**Description:**

**Author and Title:** Jennifer Stover, Director Corporate Services

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### **Recommendation(s):**

**That** Report CORP2019-016, **2020 Budget Process and Requests**, be received;

**Department Head:**\_\_\_\_\_

**Financial/Legal/HR/Other:**\_\_\_\_\_

**Chief Administrative Officer:**\_\_\_\_\_

## **Background:**

During the 2019 budget deliberations there were improvements recommended for the 2020 budget. These included:

- enhanced level of detail on the capital project requests;
- explanation of how interfunctional adjustments work;
- the creation of a Special Projects budget for project specific expenditures currently included in the tax supported operating budget.

Additionally, a debrief of the 2018 budget process identified Council's desire to have input into the budget prior to the preparation of the draft budget. This process was introduced as part of the 2019 budget.

This report addresses the above items.

## **Rationale:**

The 2020 budget process has already commenced at the Staff level. The 2020 budget will include more detailed descriptions for each capital project. A special project budget is also being prepared separate and distinct from the tax supported operating budget.

The approved 2019 budget book is in final production. It includes a detailed explanation of how interfunctional adjustments work. Staff will include a similar explanation in the draft 2020 budget book.

Similar to the 2019 budget process, an email was sent to Council on May 21<sup>st</sup> requesting a list of any projects/initiatives that they wished to have considered in the 2020 draft budget. Appendix A is a list of the projects and program considerations submitted by Council members, along with staff comments, for Council to consider as decision units in the draft 2020 budget.

Also attached to this report, as Appendix B, is the proposed budget schedule. As in previous years, a budget presentation and department overviews are scheduled to occur in September. Boards and Agencies will present their budget in late October, followed by the distribution of the draft budget at the start of November.

## **Other Alternatives Considered:**

Should Council wish to approve a project or program addition for inclusion as a decision unit in the 2020 budget, then the following resolution(s) should be passed:

That project item (insert identification # and description) identified in Appendix A to Report CORP2019-016 be included as a decision unit in the draft 2020 budget for consideration.

### **Financial/Operation Impacts:**

Staff will review the projects that are approved for inclusion in the draft 2020 budget to establish a budget amount and identify an appropriate funding source.

### **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

The 2020 budget process and requests supports the strategic goal of responsible fiscal resource management.

### **Consultations:**

Council  
Senior Management

### **Attachments:**

Appendix A – 2020 Council Budget Requests



Appendix B – 2020 Budget Schedule



**Department Head E-Mail:** [jstover@kawarthlakes.ca](mailto:jstover@kawarthlakes.ca)

**Department Head:** Jennifer Stover



## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
<b>Included in or for consideration in the 2019 Budget</b>			
1	Councillor Richardson	Porter and Lifford Roads	Referred from June 4, 2019 Committee of the Whole
2	Councillor Dunn	St James Street	Referred from June 4, 2019 Committee of the Whole
3	Councillor Richardson	Parts of McGill Road – Janetville – Resurfacing	This road is not included in the 5 year plan. It has been indentified as a candidate for the 2019 Lifecycle extension program (localized asphalt paving). Staff are currently finalizing the tender.
4	Councillor Richardson	Slalom Drive, Bethany – Resurfacing	This road is not included in the 5 year plan however, staff are currently working in the area under the 2019 Rural resurfacing program. There is a small length of road (approx 15m length) that can be funded under the 2019 Lifecycle extension program (localized asphalt paving)
5	Councillor O'Reilly	Tower Hill Road - Resurfacing	On 2019 gravel rehabilitation list. Short section is hard topped on hill
6	Deputy Mayor Elmslie	Patterson Road - Reconstruction	2019 capital budget is scheduled for hardtop resurfacing from CKL 30 to south end.
7	Deputy Mayor Elmslie	Fenelon Falls Prince's St. - Reconstruction (This was in 2018 budget)	It was in 2018 additions to Capital budget added in Life cycle program with caveat that Enbridge gas installation had to happen first. The scope for a resurfacing with asphalt . It has been carried over into 2019 through capital close process

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
8	Deputy Mayor Elmslie	Grey Road Sturgeon Point - Reconstruction	Decision unit in 2019 budget. As per Council direction (CR2019-054) it will be included in the 2019 Lifecycle extension program (localized asphalt paving).
9	Councillor Ashmore	Traceys Hill road reconstruction and resurface from Settlers Road to Centreline	In 5 year plan over two years (2021 to 2022). Section east of Heights Road was 2021 but has severely fail over winter and spring. A portion will be included in the 2019 Lifecycle extension program (localized asphalt paving).
10	Deputy Mayor Elmslie	Fenelon Falls bridge Rehabilitation	Design for bridge rehabilitation is currently in the 2019 Bridge capital program, tender for consultant to be issued in August 2019.
11	Deputy Mayor Elmslie	Jubb's Shore / Sackett Road remake with ditches and culverts	This section is a gravel road section. Public Works had a 2018 operational project for replacing culverts carried over into 2019. There is a capital project for gravel resurfacing in this section for 2019 but need to coordinate with Public Works
12	Deputy Mayor Elmslie	Fenelon Falls Colborne Street - Remake	Detail design in currently underway and scheduled to be completed in 2019.
13	Deputy Mayor Elmslie	Bass/Oriole/Redwing - Remake	Receiving capital gravel
14	Councillor Richardson	Slow Down and Pedestrian Signage for Local Calming Down Areas	This does not need to a special budget request. It can be reviewed by PW / Engineering Staff and if warranted, be implemented within the operating budget.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
15	Councillor Ashmore	Walmac shores road from Pigeon Lake road to McGregor Road	This project is not part of the 5 year plan, but it has been identified as a candidate for the 2019 Lifecycle extension program (localized asphalt paving). Staff are currently finalizing the tender.
16	Councillor Ashmore	McGregor Drive from Walmac Shores Road to North end cul de sac	This project is not part of the 5 year plan, but it has been identified as a candidate for the 2019 Lifecycle extension program (localized asphalt paving). Staff are currently finalizing the tender.
17	Councillor Yeo	Lake Dalrymple Rd North end	South end of road is approved in the 2019 Capital Program. The remaining north end will be proposed in the 2020 Capital Program.
18	Councillor Richardson	Outdoor Furniture - 2 trash cans in the downtown area of Bethany by the General Store and City Municipality Building.	Staff from various departments are reviewing the Street Furniture concept and process. There is already a bench and picnic table on the Bethany Municipal Building property. Bench is due for replacement in 2019/20. Questions remain on operational maintenance.
19	Councillor Richardson	Bench and Trash Can Near the Janetville Community Center.	Staff from various departments are reviewing the Street Furniture concept and process. Reviewing options for a garbage receptacle as operational questions remain on maintenance. Community Services will be providing a bench in either 2019/20.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
20	Councillor Ashmore	Thurstonia Park drainage repairs from ruptured culvert	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.
21	Councillor Ashmore	Victoria Place drainage cleanout of Old Surrey Lane	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.
22	Councillor Ashmore	Bluewater Avenue Snug Harbour - Drainage cleanout of ditches,	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.
23	Councillor Ashmore	Kenhill Beach Road - Possible replacement of culverts and cleanout of ditches on southside	Drainage repairs for culverts under 1.2m in diameter or that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
24	Councillor Ashmore	Alma Street in Omemee - Ditching between the east side of Alma St and Lady Eaton Elementary School.	Drainage improvements that do not coincide with Capital roads works fall within the operational budget. Projects are prioritized based on available resources and funding. Stall will review this project and prioritize with consideration with other operational needs.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
<b>Proposed or for Consideration in the 2020 Budget</b>			
25	Councillor Richardson	Replacement Counters for the Serving areas in the upstairs bar area at the Manvers Arena.	To be completed by the summer of 2020. Currently in workplan.
26	Councillor Richardson	Waite Road West, Pontypool – Resurfacing □	This road is not included in the 5 year plan and it is not included in the 2019 Lifecycle extension program. The road has been evaluated and may be considered for 2020 Lifecycle extension program (local surface treatment) depending on priorities
27	Councillor Seymour-Fagan	Baseline road from Vivian to Sticky lane -Resurfacing	Proposed in 5 year plan in 2022, but will reevaluate for 2020
28	Deputy Mayor Elmslie	Hickory Beach Road - Reconstruction	This road was resurfaced in 2012. It will be a candidate for the 2020 Lifecycle extension program (local surface treatment)
29	Councillor Ashmore	Shamrock Road reconstruction and rural resurface from Centreline to Sturgeon	From CKL 10 to CKL 7 is scheduled in 2022. This road has failed severely. Staff recommends going back to gravel and moving up in priority to 2020.
30	Councillor Seymour-Fagan	Duke Street Reconstruction from Main Street to West Street	In 5 year plan for design for reconstruction for 2021. Staff has already discussed moving it up to 2020 for design , would be part of a larger drainage shed design for this area. Could look at hot mix overlay at locations of severe failure until section can be reconstructed.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
31	Deputy Mayor Elmslie	3 new Hot Boxes for use during the off season for road patching	Staff support this request and will be making a capital request for additional hot boxes in 2020.
32	Councillor Yeo	Baseline Rd in Coboconk	Staff Proposed in 5 year plan in 2022, but will re-evaluate it for 2020
33	Councillor Yeo	Portage Rd (Hwy 48)	Staff Proposed in 5 year plan in 2022, but will re-evaluate it for 2020
34	Councillor Yeo	Shadow Lake Rd 3	Proposed in the 5 year plan for 2020, from Hwy 35 to east end
35	Councillor Yeo	Balsam Lake Drive	Proposed in the 5 year plan for 2020, from CKL 48 to Parkside Drive

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
<b>Other</b>			
36	Councillor Yeo	Coboconk wharf	Staff will be replacing numerous boards prior to the Water Summit event in 2019. A thorough review of the wharf is being conducted in 2019, if a Capital project is required it will be part of the 2021 Capital Budget.
37	Councillor Richardson	Meadowview & Mount Nebo – Gravel Rehab, Crown Needed	These sections being referred to are gravel road sections that received gravel in 2016, review this in spring and found flat crown grade.
38	Deputy Mayor Elmslie	Kelly's Bay Road - Reconstruction	On 5 year plan for 2022 but will reevaluate.
39	Councillor Seymour-Fagan	Budget for street furnishing ie benches, flower hooks, garbage cans etc. Recommending \$75k budget	Staff are working towards preparing standards for street furniture (benches, waste receptacles, bike racks). There is a budget of \$12,000 added by Council within the 2019 budget.



## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
40	Councillor Yeo	Coboconk ball field infield and snack bar	Staff maintenance now is a drag of the facility as meets with the booked use. Currently no league of bookings for this facility. Therefore with no rentals and no rental income no such investment is warranted. If a league or regular bookings were to initiate cost would be \$25,000 for diamond re-surfacing and \$75,000 for snack bar needs. Only diamonds within the City that are regularly booked have received diamond re-surfacing.
41	Councillor Yeo	Norland ballpark infield	Staff maintenance now is a drag of the facility as meets with the booked use. Currently no league of bookings for this facility. Therefore with no rentals and no rental income no such investment is warranted. If a league or regular bookings were to initiate cost would be \$25,000 for diamond re-surfacing. Only diamonds within the City that are regularly booked have received diamond re-surfacing.
42	Councillor Ashmore	Bluewater Avenue Snug Harbour - Reconstruction	Public Works has been doing drainage works in this area
43	Councilor Yeo	Culvert at west bay road to city owned access to water	Consideration of a new culvert to facilitate drainage in the area. PW / Engineering Staff will need to review the area and where required, design and install an appropriately sized culvert.
44	Councillor Yeo	Side streets in Coboconk	More information is required to evaluate this request.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
45	Councillor Yeo	Turn around at Bolsover swing bridge	Bolsover Road (City owned) and the Swing Bridge (TSW owned) are both weight restricted, with appropriate signage. Additional signage to inform drivers of weight restrictions could be considered. Alternatively, there is a parcel of land owned by Environment Canada (just prior to the bridge) that has an existing entrance that is chained off. If chain was removed, this existing entrance could be used as a turn around.

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
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### Currently Not Included in the 5 Year Plan, Require Staff Evaluation

46	Councillor Richardson	Corbett Drive, Pontypool North Subdivision – Resurfacing	
47	Councillor Richardson	Drum Road East, Pontypool – Resurfacing	
48	Councillor Richardson	Yelverton Road – Resurfacing	
49	Councillor Richardson	Wilson Drive & George Drive, Bethany – Resurfacing	
50	Councillor Seymour-Fagan	Park street from Sherwood to Mansfield - Resurfacing	
51	Councillor Seymour-Fagan	Northline from 35 to 3rd of Somerville - Resurfacing	
52	Councillor Seymour-Fagan	Crego St in Kinmount - Reconstruction and Resurfacing	
53	Councillor Seymour-Fagan	County Rd 30 from Hickory Beach to Cry Rd 8 - Resurfacing	
54	Councillor Ashmore	Grassy Road from Emily Park Road to Hawke Drive (joint Ward 6 & 8 road) - Resurfacing	
55	Councillor Ashmore	Hazel st from Pitts Cove to Thurstonia Road along lakeshore - Resurfacing	

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
56	Deputy Mayor Elmslie	Pott's Shore - Reconstruction	
57	Deputy Mayor Elmslie	Balsam Grove - Reconstruction	
58	Councillor Richardson	Marilyn & Cardinal Crescent – Emily – Road Edging	
59	Councillor Ashmore	Clearview Drive from Kenver street to Charlore Park drive	
60	Councillor Yeo	Pine Ridge Rd from Shadow Lake Rd 3 to Government Dock Rd	
61	Councillor Yeo	McCrackin Rd	
62	Councillor Yeo	Hillside Drive	
63	Councillor Yeo	Schoolhouse Rd	
64	Councillor Yeo	Mcnabb Rd	
65	Councillor Yeo	Laxton Digby Line	

## City of Kawartha Lakes Council 2020 Budget Requests

Identifier	Requestor	Project Description	Staff Comments
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### Council Requests for Future Year Budgets

Councillor Ashmore	2021 - Wispi Shore road from Pigeon Lake to Raven St to far end of cul de sac.	Will evaluate during the 2021 budget process
Councillor Ashmore	2021-2022 - Beaver road resurface from Sturgeon to east end	Will evaluate during the 2021 budget process
Councillor Ashmore	2021-2022 - Beaver Road gravelling from Sturgeon to Esker road	Will evaluate during the 2021 budget process
Councillor Ashmore	2021-2022 - Scotch Line road from Highway 36 to County Road 24	Will evaluate during the 2021 budget process

**2020 Proposed Operating and Capital Budgets**

<b>Date</b>	<b>Action</b>
June 11	○ Presentation to Council on Financial matters (2018 surplus, long range plan, Provincial cuts etc)
June 21	○ Deadline to submit staffing requests
June 28	○ Deadline to communicate 2020 needs: ○ Capital ○ IT ○ Machinery, equipment and vehicles
August 2	○ Payroll changes to be complete in JDE
August 2	○ Capital, Operating and Special Project budgets due to Finance
September 17 (date to be confirmed)	○ Budget presentation and Department Overviews to Council
September 27	○ Deadline to receive Agency and Board budgets
October 29 (date to be confirmed)	○ Agency and Board presentations to Council
November 1	○ Budget and business plan provided to Council
November 12/20/26 (date to be confirmed)	○ Budget deliberations



## Council Memorandum

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Date: June 11<sup>th</sup>, 2019

To: Council

From: Mayor Letham

Re: 2020 Budget Direction

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### **Recommendation;**

**That** the Memorandum from Mayor Letham, regarding **2020 Budget Direction**, be received.

**That** all external City Agencies and Boards, funded in whole or in part by the tax levy, be advised and notified that the City's funding level for 2020 will not exceed the 2019 contribution level; and

**That** staff be directed to bring forward 2 proposed budgets for 2020.

- 1) As per the long term financial plan approved by council.
- 2) 0% tax support operating budget increase over 2019 from each department.

### **Rationale ;**

There are a lot of changes coming from the Province regarding the delivery of services and the funding models. Many of these are unknown at this time. It would be irresponsible to assume that next year's budget will be "business as usual". By giving this direction to our agencies and boards and our staff now, we are getting ahead of this and will have information and options available when budgets are discussed in the fall and more information is forthcoming. Change in how we do business, and how our services are delivered, is coming. Having as many options available as possible will enable council to make more informed decisions for 2020. This early notice will also give ample opportunity for everyone to plan and find efficiencies moving forward.