

2023 Budget Overview

Proposed 2023 City Budgets

December 13, 2022

Agenda

- Financial Overview
- Proposed 2023 Budgets
 - Capital
 - Operating
 - Special Projects
 - Water-Wastewater (Operating and Capital)
- Next Steps

Financial Overview

... have grown by ... in 200...

... over the ... other



Financial Overview

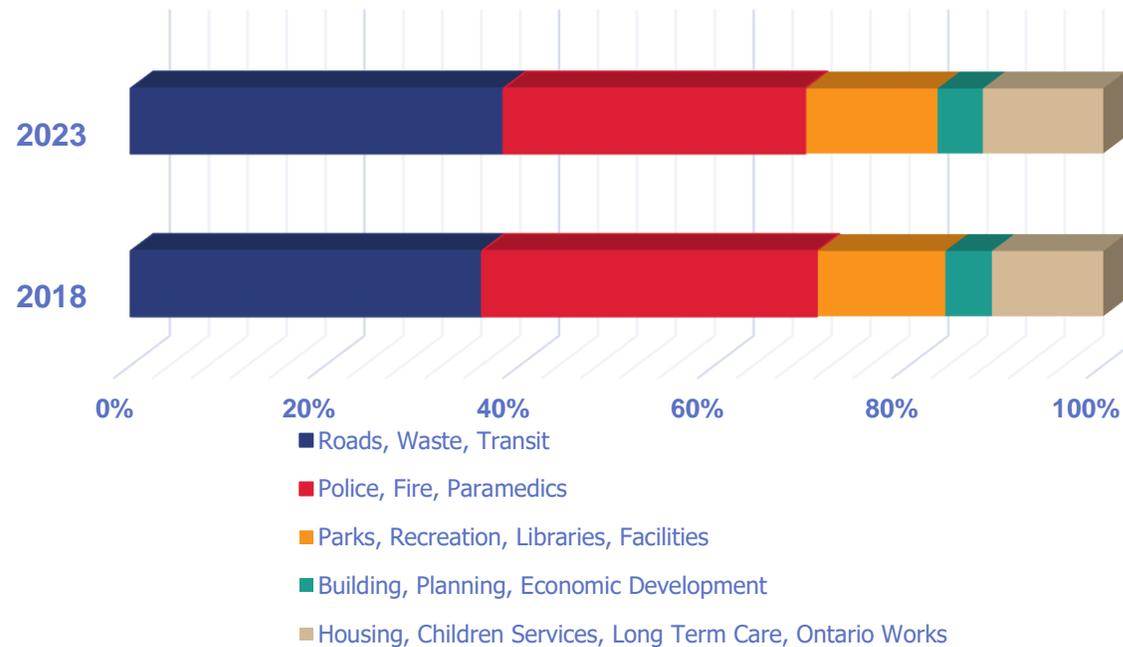
Financial Overview

- The 2023 budget is the first budget for this term of Council
- Highlight some of the key financial initiatives that Council has undertaken
- Respond to frequent comments about the City's finances:
 - Taxes are too high
 - Not enough investment in roads
 - Too many staff
 - Too much debt
 - Use the surplus to lower taxes

Financial Overview

Operating Budget: 2018-2023

The City has provided a consistent level of 200+ services throughout recent history in an effective manner.



Financial Overview

Operating Budget: 2018-2023

- Operating Budget highlights:
 - Introduced the Special Projects budget to provide transparency on non-capital related one-time expenditures
 - Introduced various rate stabilization reserves to manage volatility and stabilize tax levy increases
 - Partnered with Peterborough County on shared services
 - 2023 Tax increase of 3% follows the long range financial plan developed in 2022 despite significant inflationary pressures
 - Introduced the Empower Program to streamline and enhance our services post-pandemic

Financial Overview

Capital Budget: 2018-2022

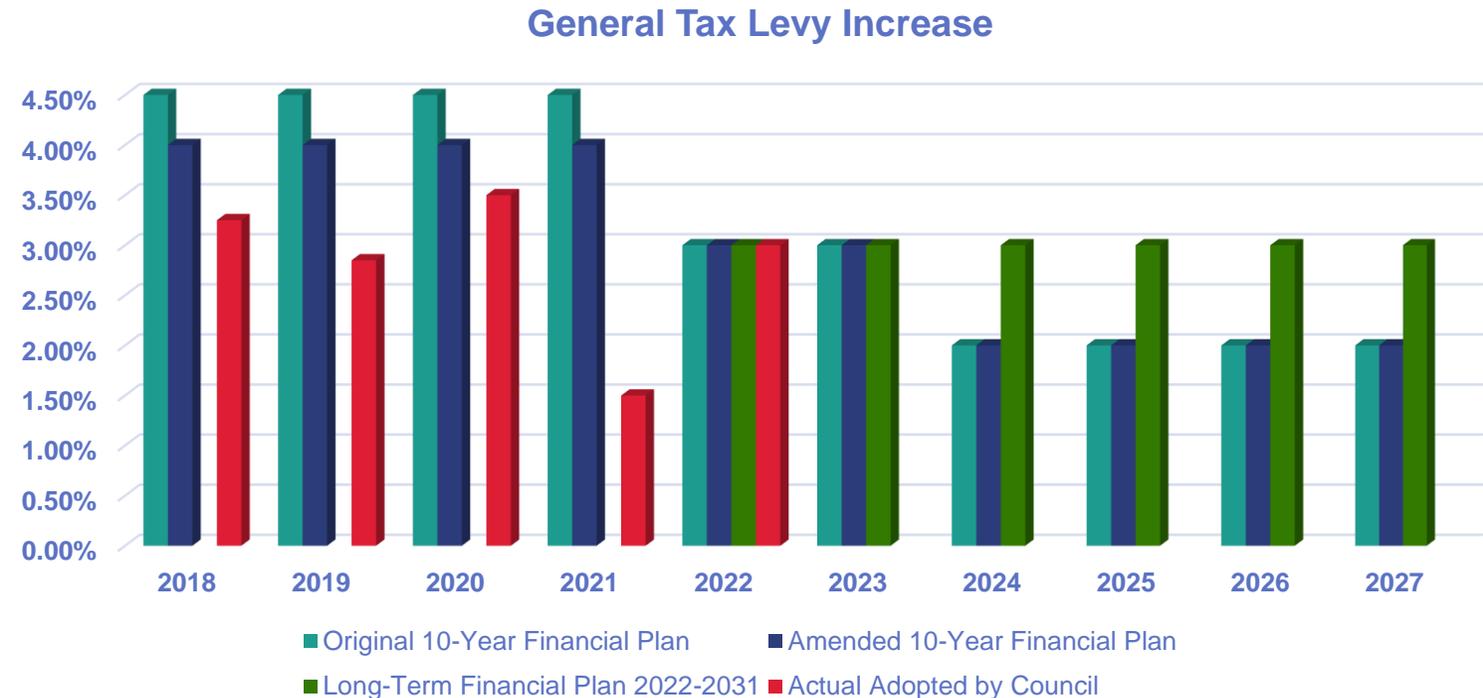
- Council invested more than \$160 million in the rehabilitation, replacement, construction and acquisition of municipal assets.
- Highlights include:
 - Revitalization of three downtown areas: Lindsay, Fenelon Falls and Omemee
 - Construction of the Mariposa Fire Station
 - Construction of Logie Park and expansion of Bobcaygeon Beach Park
 - Reconstruction, rehabilitation or resurfacing of nearly 680 km of roads

Financial Overview

Property Tax: 2018-2027

The cumulative general tax increase over 2018-2022 has been 14.90%, or an average of 2.82% per annum.

This and the graph exclude the special tax increases of 1.5% per annum over 2022-2031 for the newly adopted dedicated capital levy.



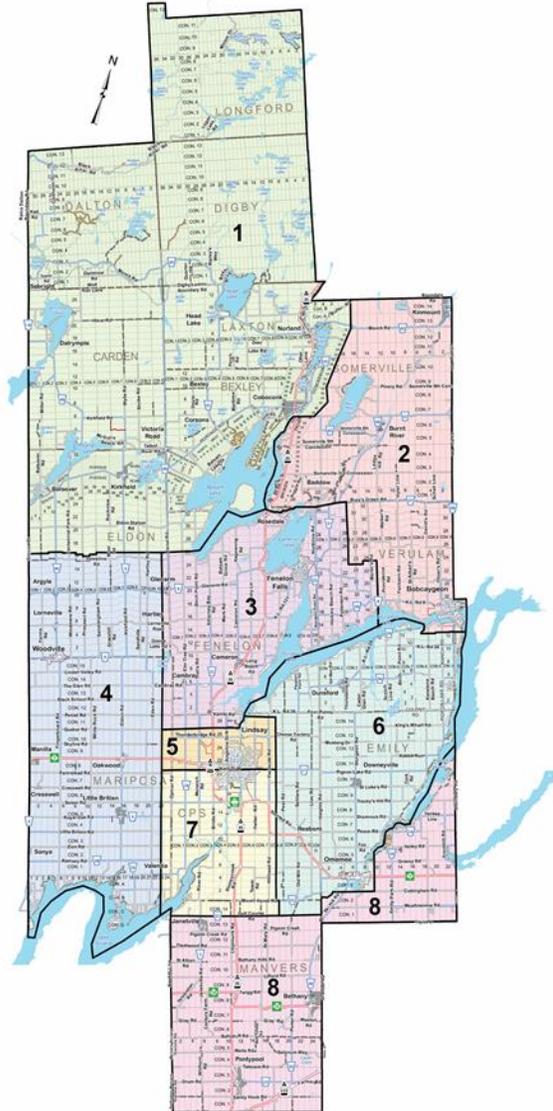
Financial Overview

Property Tax

There are many factors that determine how much taxes a residential property pays:

- the assessed value of the property;
- the mix of residential and non-residential properties in the municipality;
- the municipal services provided; and
- the size, location and population of the municipality

Financial Overview Property Tax



**City of Kawartha Lakes
road network is
more than 5,300 km**



Financial Overview

Property Tax



City of Toronto

- Population ~ 2,794,356
- Population Density ~ 4,428 / Km²
- Road Intensity ~ 80 households per lane Km



City of Peterborough

- Population ~ 83,651
- Population Density ~ 1,292 / Km²
- Road Intensity ~ 37 households per lane Km



City of Kawartha Lakes

- Population ~ 79,247
- Population Density ~ 26 / Km²
- Road Intensity ~ 7 households per lane Km

Financial Overview

Staffing

Staffing as a Percentage of Total Operating Expense

1	Orillia	35.69%
2	Kawartha Lakes	37.48%
3	Kingston	40.21%
4	Peterborough City	40.60%
5	London	41.04%
6	Chatham Kent	43.64%
7	Hamilton	44.84%

8	Sudbury	45.66%
9	Sault Ste Marie	45.69%
10	North Bay	46.71%
11	Barrie	47.12%
12	Thunder Bay	47.40%
13	Ottawa	48.03%
14	Toronto	48.46%
15	Guelph	53.21%

Financial Overview

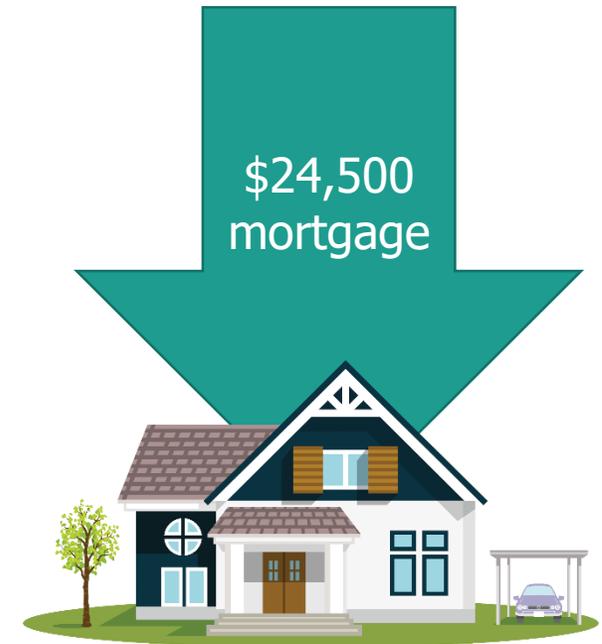
Year End Surplus

- The City's annual surplus has been approximately \$3 million, on average
 - 2021, Council allocated to Asset Management Reserve, Fleet Reserve, Empower project, Fleet Maintenance Reserve, Manor reserve
 - 2018 and 2020, Council allocated the surplus to the Asset Management Reserve
 - 2019, Council allocated the surplus to support community related pandemic initiatives
- A \$3 million surplus is equal to +/- 3% of the City's total tax supported budgets

Financial Overview

Debt

- Province prescribes the maximum amount of debt payments the City can incur
- The City currently has +/- \$140 million in debt to support its roughly \$4 billion in assets
- In the context of a household, this would be the equivalent of a home valued at \$700,000 having a mortgage of about \$24,500



Financial Overview

Long-Term Financial Plan

- The Long-Term Financial Plan (LTFP) is a strategic document designed to guide budgets.
 - Translates legislated requirements, master plans and other Council direction into forecasted expenditures and financing.
 - Provides context for decision-making with regard for long-term impacts.
 - Taking service levels as given, sets out a path for financial sustainability with regard for ratepayer affordability.



Financial Overview

Long-Term Financial Plan

- LTFP should be regularly updated to account for adopted budgets and changing circumstances.
 - Originally developed in 2017 for 2018-2027 horizon.
 - Substantively revised in 2022 for 2022-2031 horizon.
 - Targeted for revision in Q2, 2023 to account for adopted 2023 budgets and other changes to circumstances.





2023 Proposed Budget and Business Plan

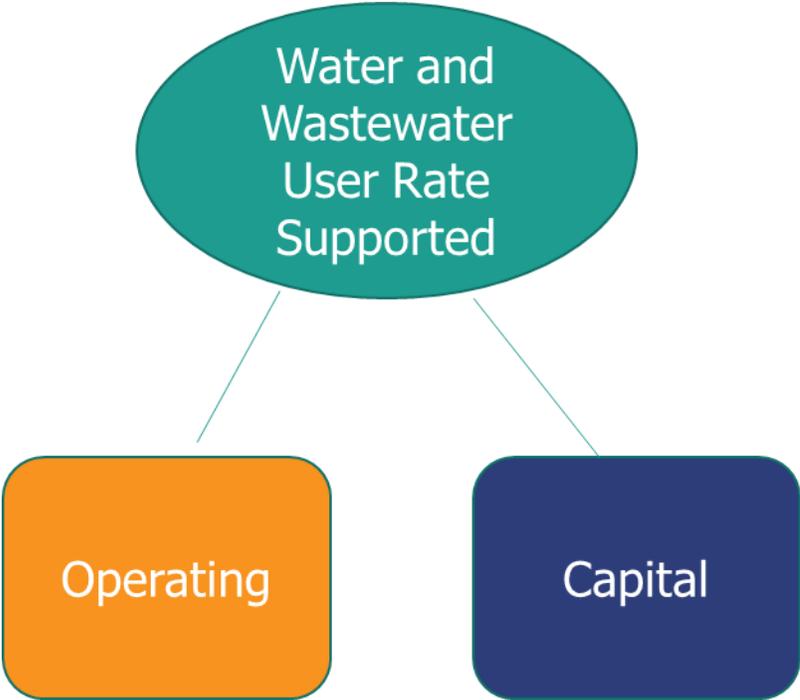
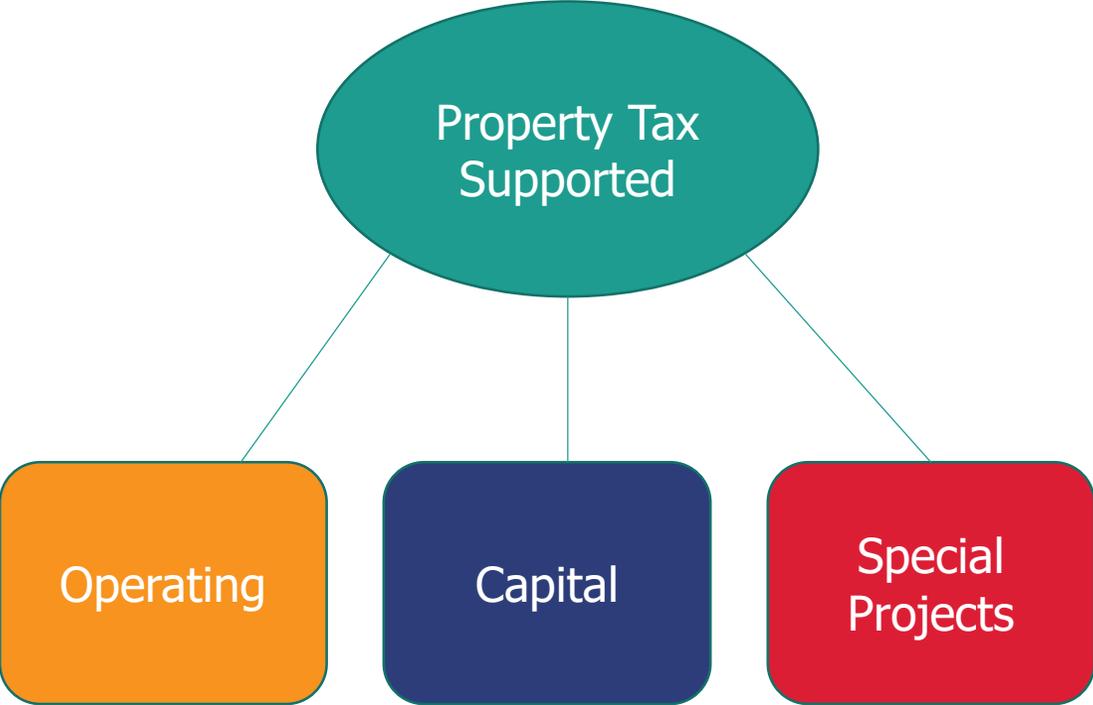
Kawartha Lakes
Jump In



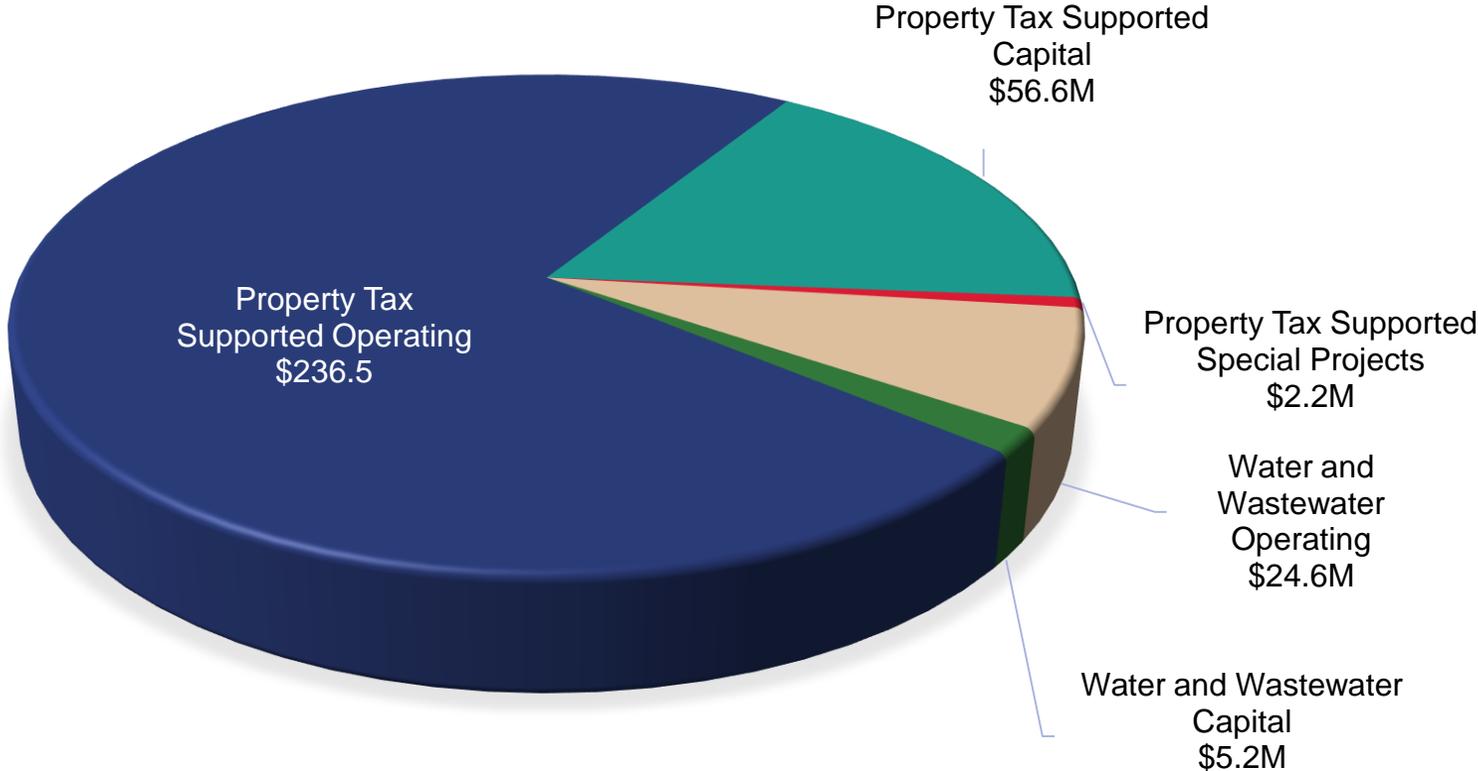
2023 Budget

Operating	Capital	Special Projects
<ul style="list-style-type: none">• Ongoing delivery of 200+ day to day services	<ul style="list-style-type: none">• One time in nature• Results in the creation of or improvement to an asset	<ul style="list-style-type: none">• One time in nature• Does not result in the creation of or improvement to an asset

2023 Budget



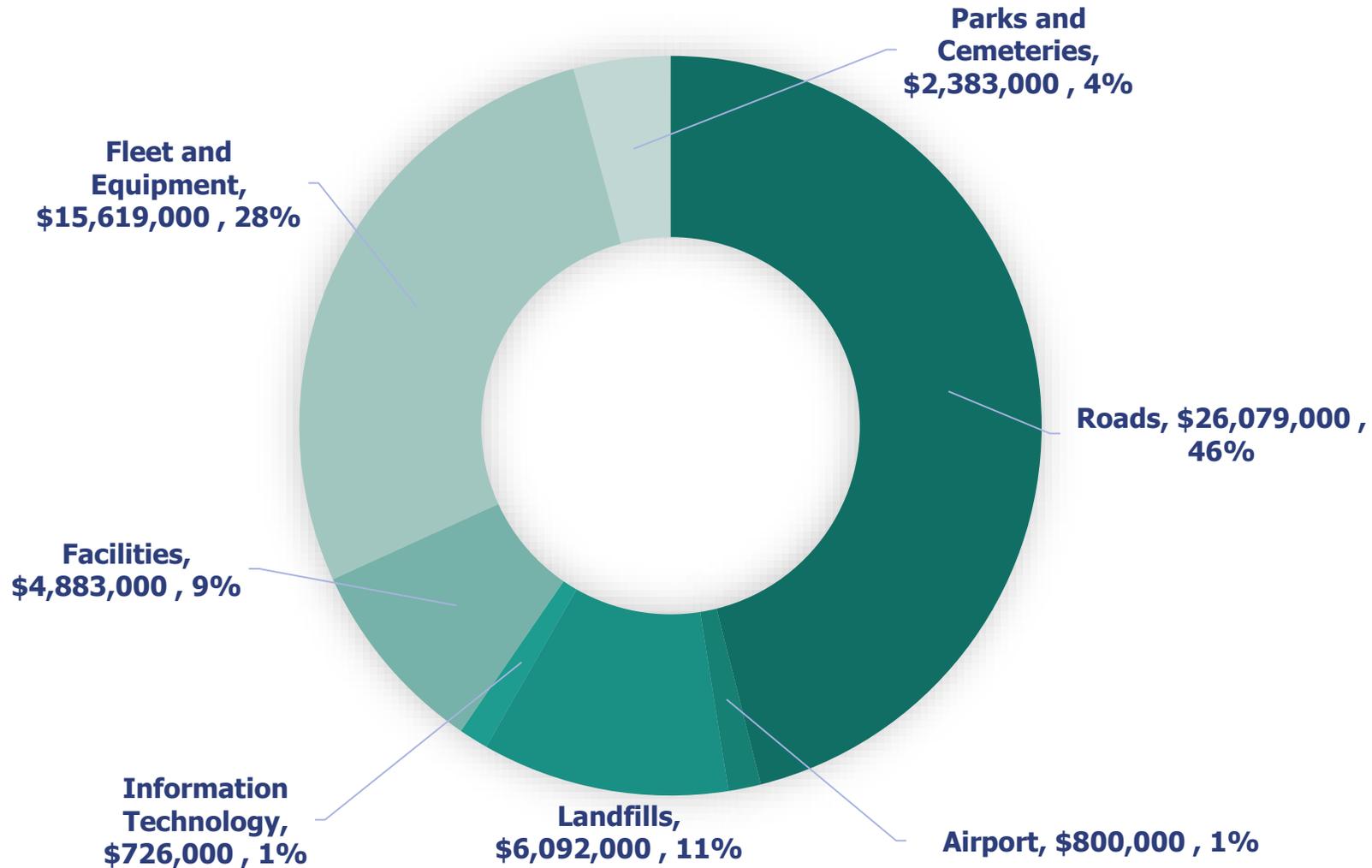
Proposed 2023 Budgets: \$325M



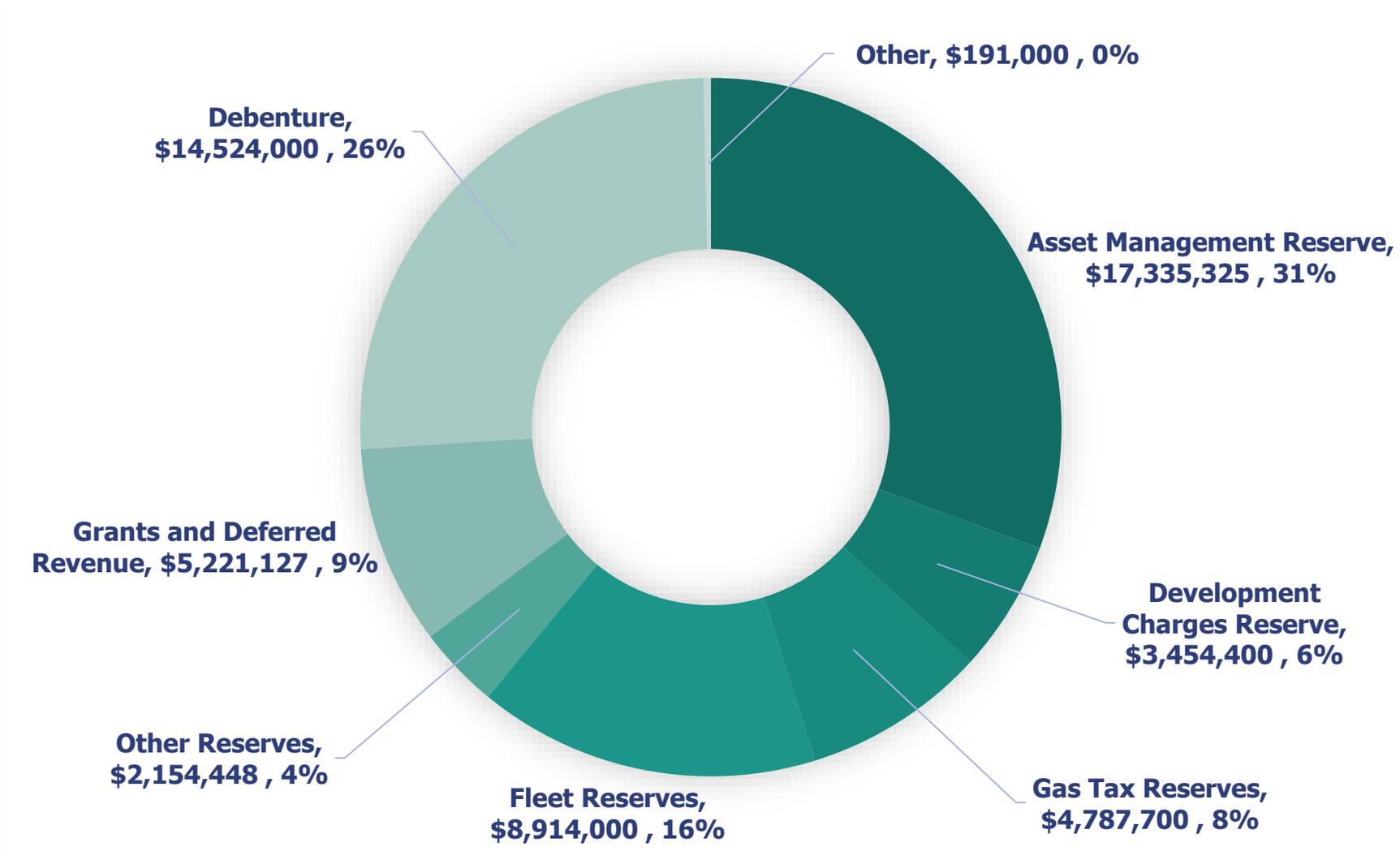


Capital Budget

Proposed 2023 Tax-Supported Capital Budget: \$56.6M in Expenditure



Proposed 2023 Tax-Supported Capital Budget: \$56.6M in Financing



Proposed 2023 Tax-Supported Capital Budget: Highlights

- Alignment with the Long-Term Financial Plan and with a continued focus on priority investments in roads.
- Significant step toward reducing the Fire fleet capital backlog.
- Grant-financed fleet acquisitions to support the Community Paramedic Program.
- Design of a new bridge over Ops #1 Drain (west Jennings Creek) to facilitate development in northwest Lindsay.
- Construction of a new cell at the Lindsay-Ops Landfill to ensure adequate landfilling capacity.
- Substantial one-time investment to address the Public Works fleet capital backlog.



Proposed 2023 Tax-Supported Capital Budget: Deferrals

- The City continues to carry a tax-supported capital backlog due to a lack of capital investment over many years.
- Based on recent budget cycles, staff has identified a minimum of \$87.5M in known deferred capital needs as of 2022.
 - About \$58.9M relates to asset renewal as opposed to expansion, which is of material but not serious concern when compared to an average annual tax-supported capital renewal need of \$44.5M (in 2023 dollars).
 - While the tax-supported capital backlog has increased by \$5.2M (in 2023 dollars) over 2017-2022, its growth rate has been reduced dramatically from 14.4%/year to 1.6%/year over the same period.
 - With over 92% of the deferrals relating to roads, capital investment in roads is expected to remain an urgent priority for several years.

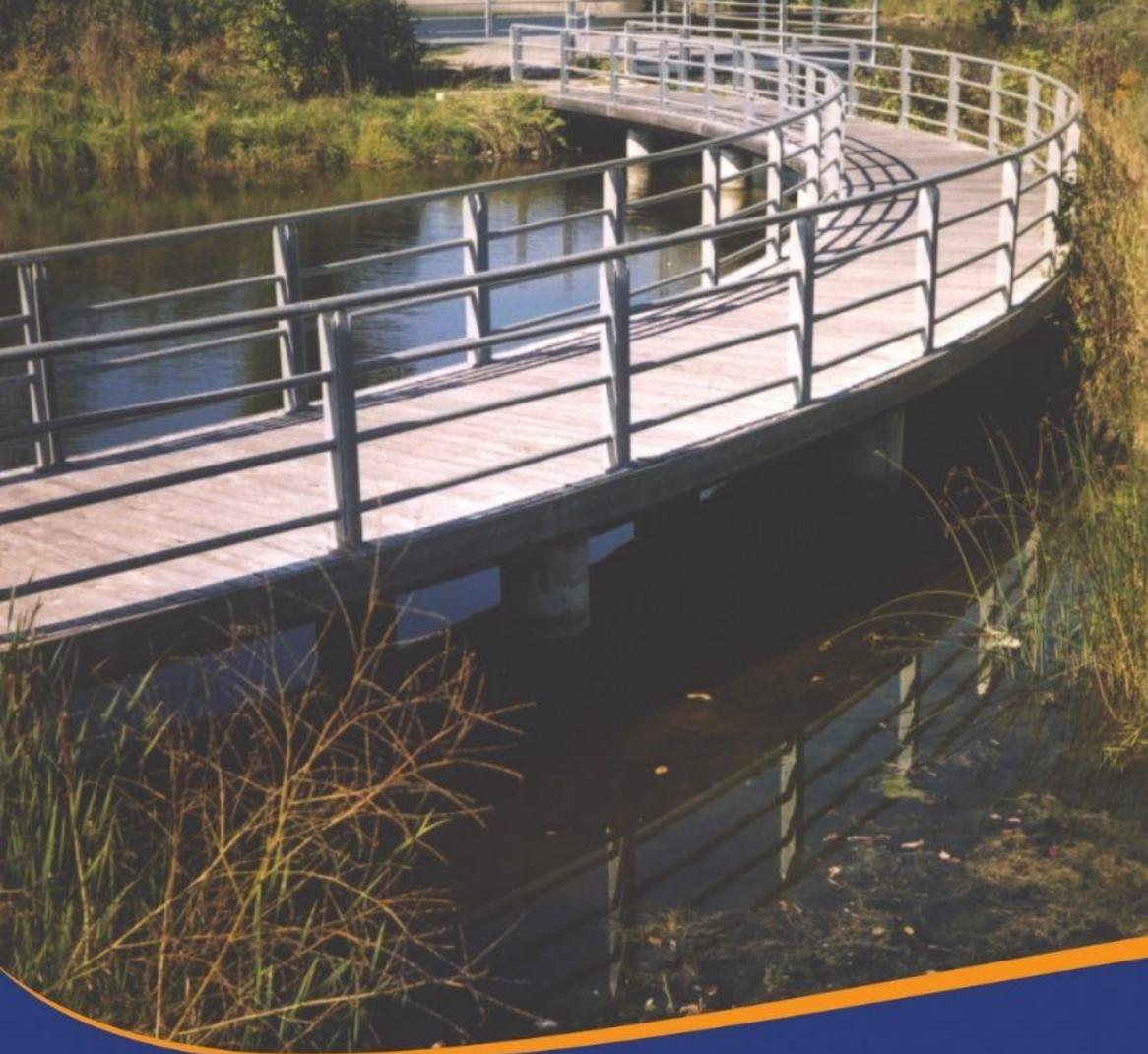
Proposed 2023 Tax-Supported Capital Budget: Decision Units

- Prior Council forwarded several decision units to be considered during deliberation of the Proposed 2023 Tax-Supported Capital Budget.
 - These amount to \$469K, of which \$174K is already included in the proposed capital budget.
- In accordance with Council direction, staff will be forwarding an additional decision unit regarding the paving of Kagawong Road.
 - Kagawong Road is a gravel road which does not meet the City's warrant for paving.
 - At the request of local residents, Council approved the project conditional on local residents raising 50% of the cost of paving.
 - Residents' cost share has been raised and paid to the City.

Proposed 2023 Tax-Supported Capital Budget: Dedicated Capital Levy

- As part of the 2022 Budget, Council adopted a dedicated tax levy to support the Asset Management Reserve and thus capital sustainability.
- As per the Long-Term Financial Plan, the dedicated capital levy is financed by cumulative tax increases of 1.5% per annum over 2022-2031.
- The planned 1.5% increase for 2023 equates to approximately **\$37** for the average household.



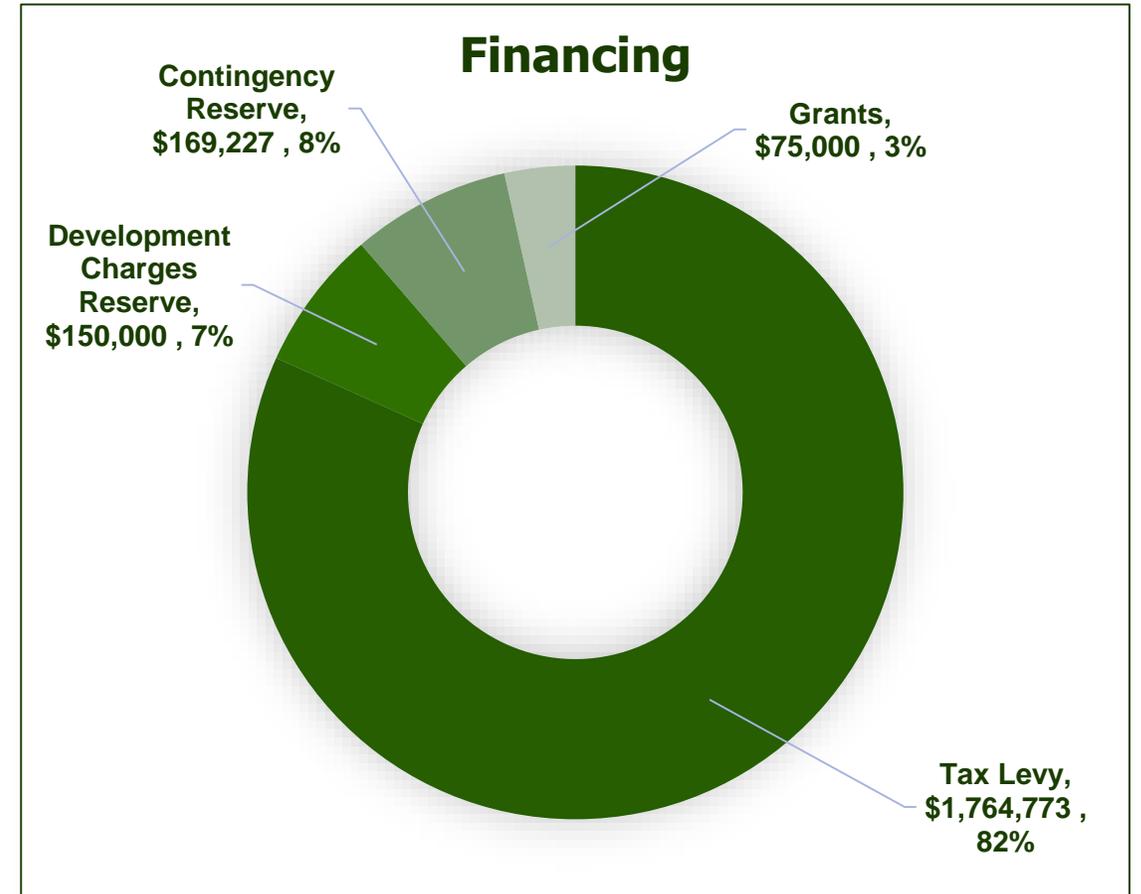
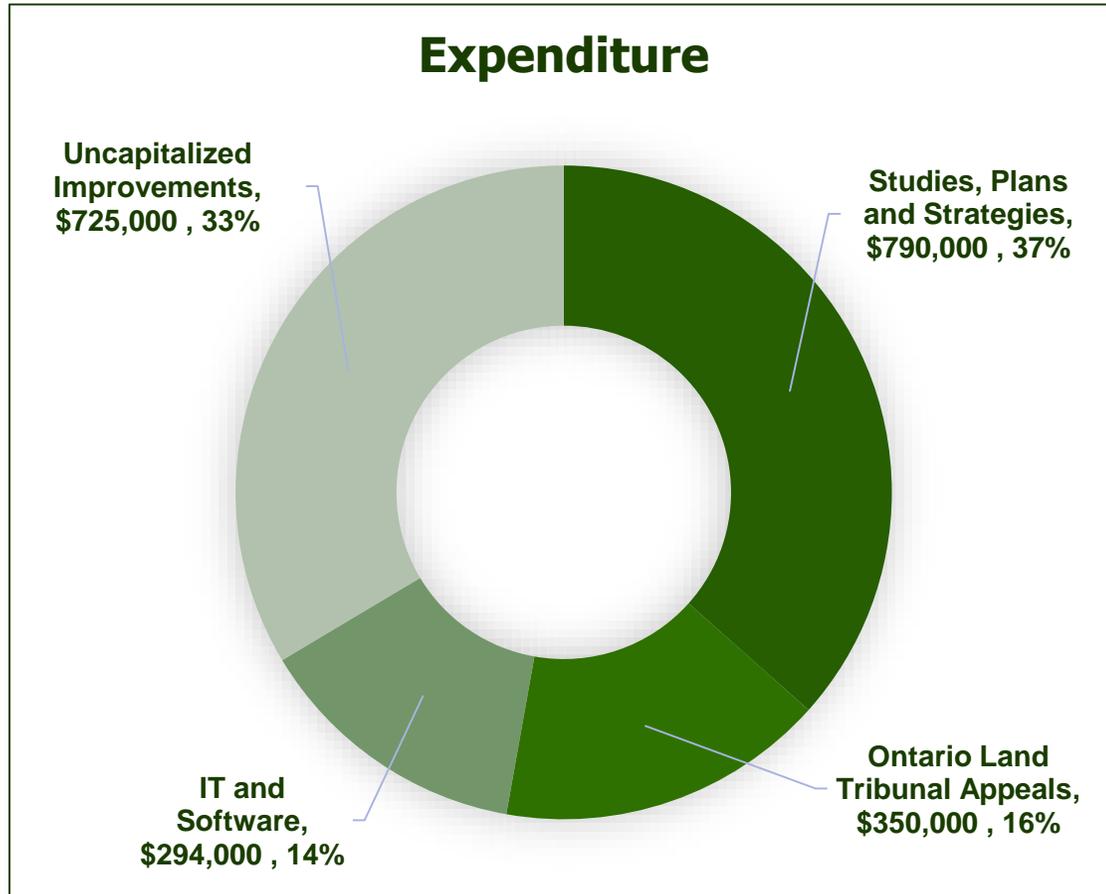


Special Projects Budget

Proposed 2023 Special Projects Budget

- The special projects budget was started in 2020 to house operating projects which should be budgeted and managed like capital projects.
- The special projects budget typically encompasses:
 - Studies, plans and strategies.
 - Ontario Land Tribunal appeals.
 - Other significant operating initiatives (e.g. software) which are one-time in nature but do not result in the acquisition or improvement of capital assets.

Proposed 2023 Special Projects Budget: \$2.16M in Expenditure and Financing



Proposed 2023 Special Projects Budget: Highlights

- Implementation of the Next Generation 911 System
- Secondary Plan and Rural Zoning By-Law Appeals at the Ontario Land Tribunal
- Performance management software and by-law officer body cameras
- Parks and Recreation Strategic Plan





Water and Wastewater Budget

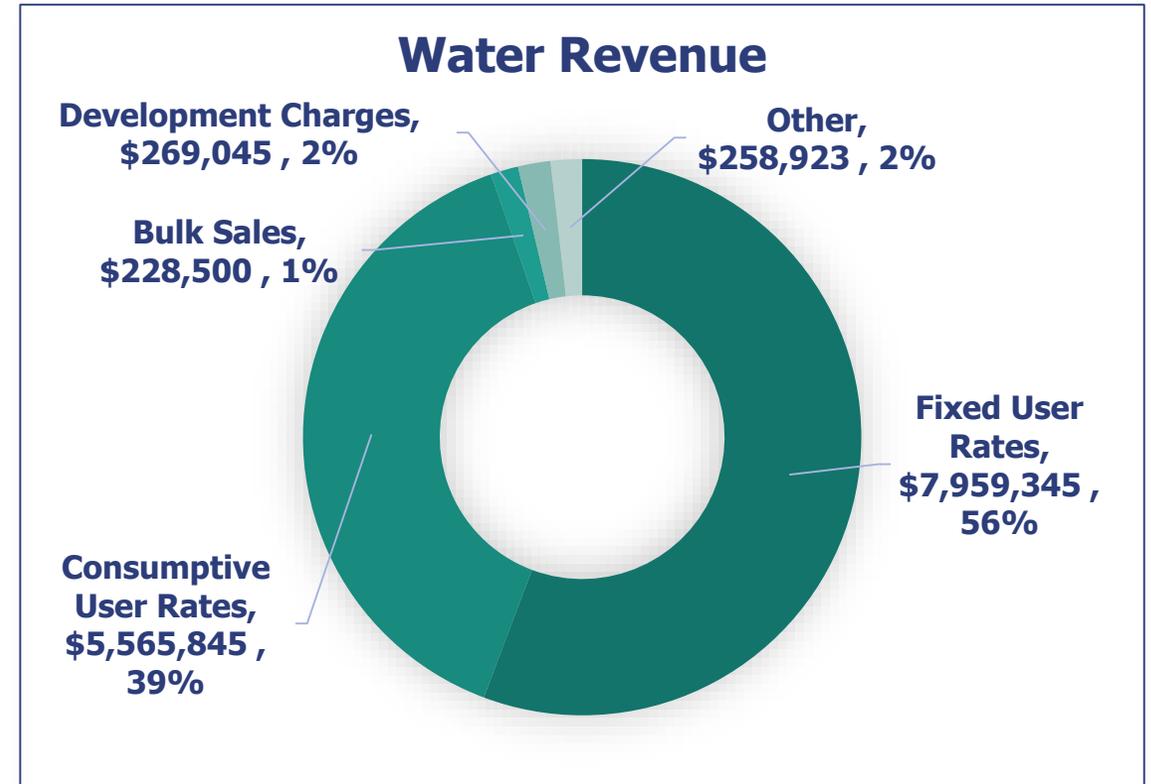
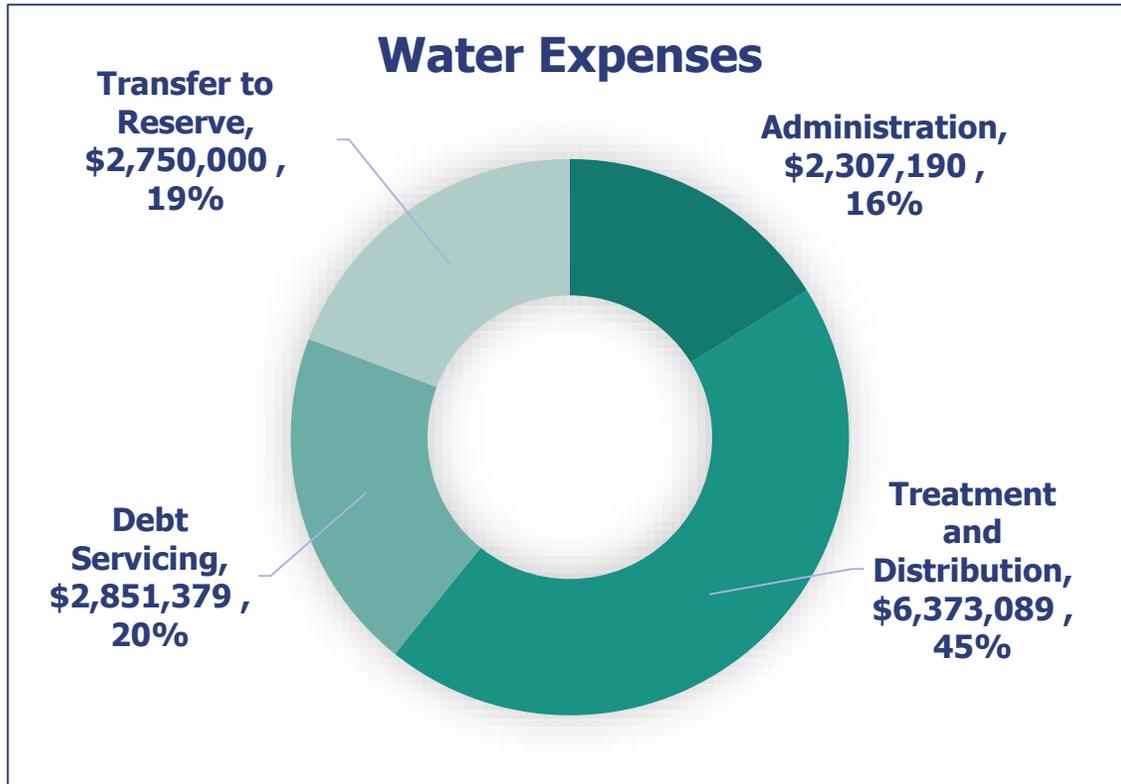
Kawartha Lakes
Jump In



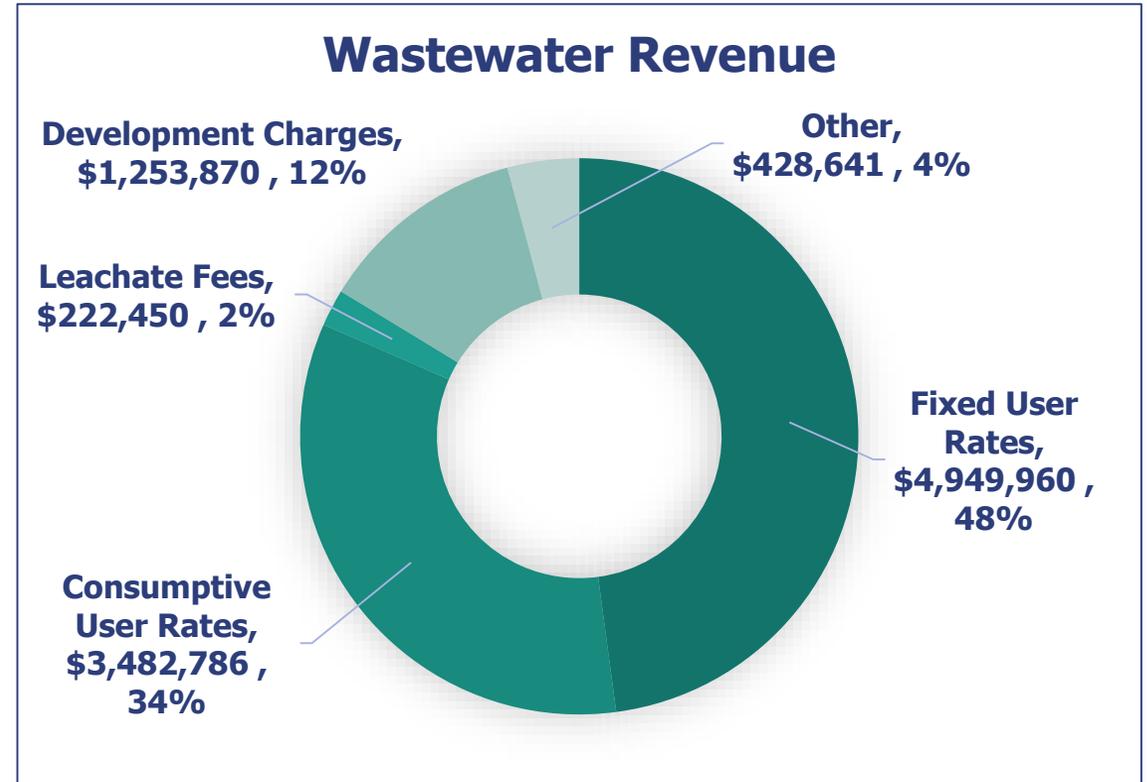
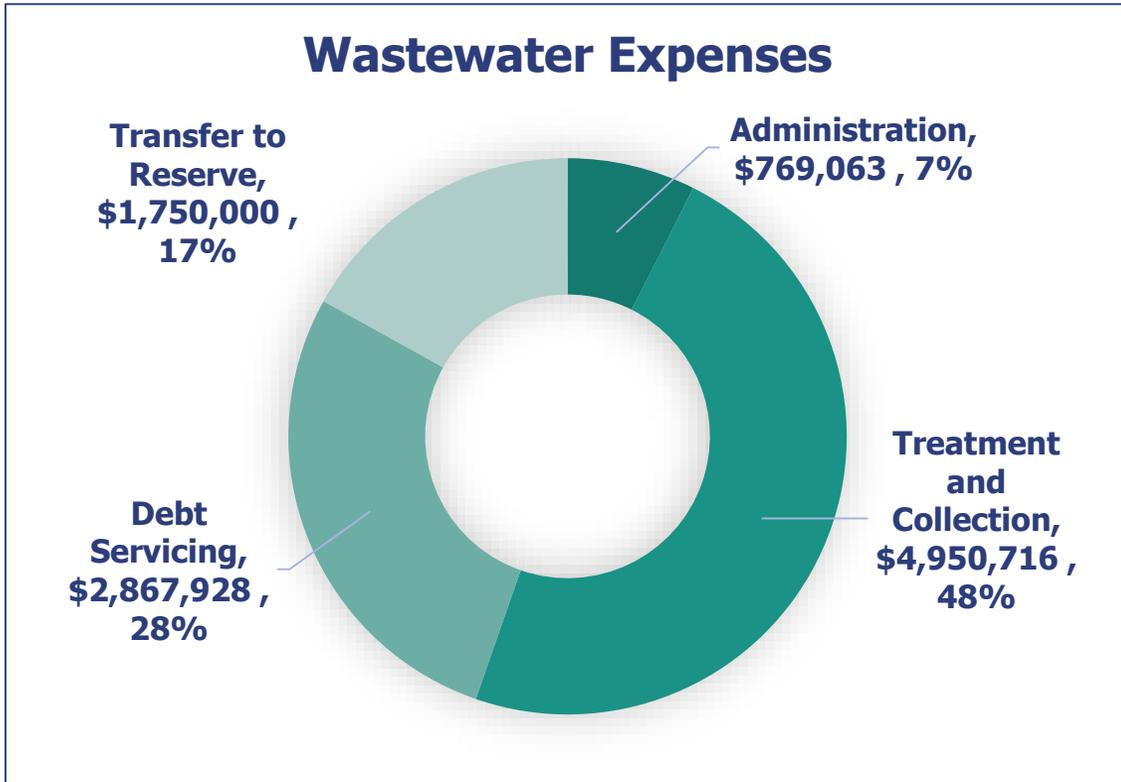
Water-Wastewater Service Summary

- The City is responsible for 21 water systems and 6 wastewater systems.
- Essential to both water and wastewater systems are assets such as treatment plants, pumping stations, reservoirs, watermains and sewer mains:
- Water-wastewater operations are provided through a mix of internal (City staff) and external (Ontario Clean Water Agency) resources.
- Water-wastewater services are funded by uniform user fees City-wide.
 - Due to considerable variation in costs between systems, uniformity in user fees results in large systems (mainly Lindsay) subsidizing small systems.

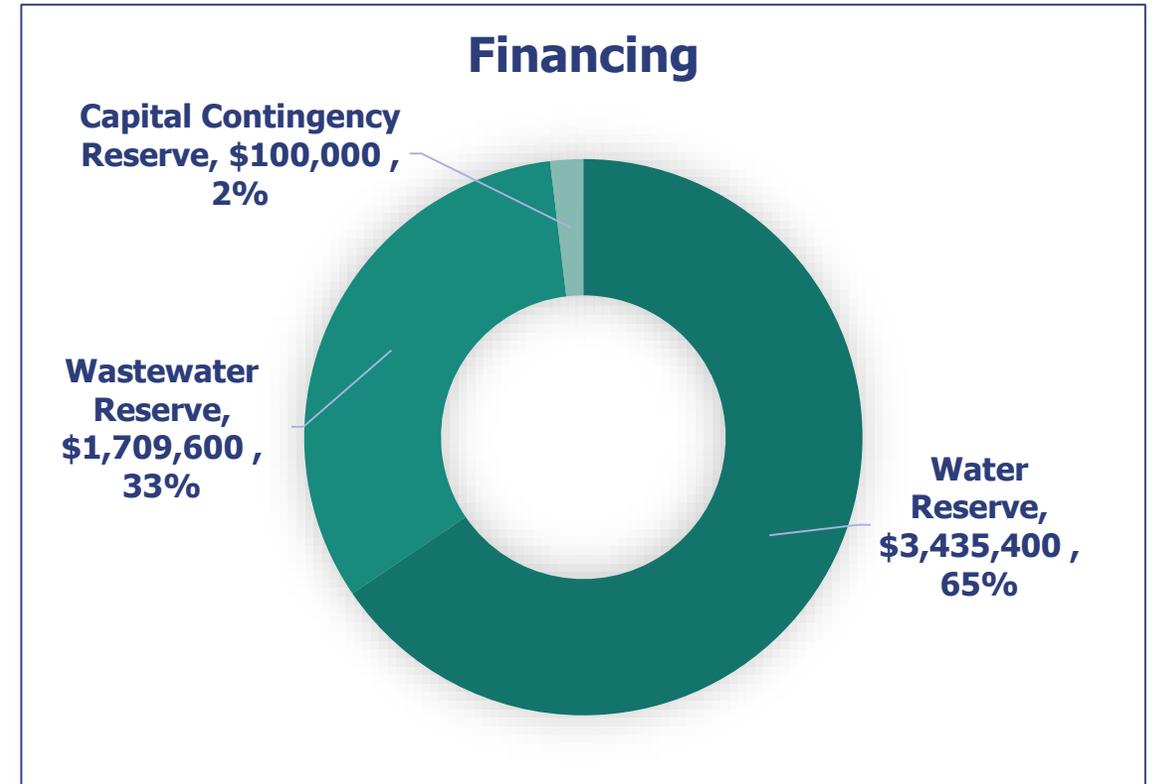
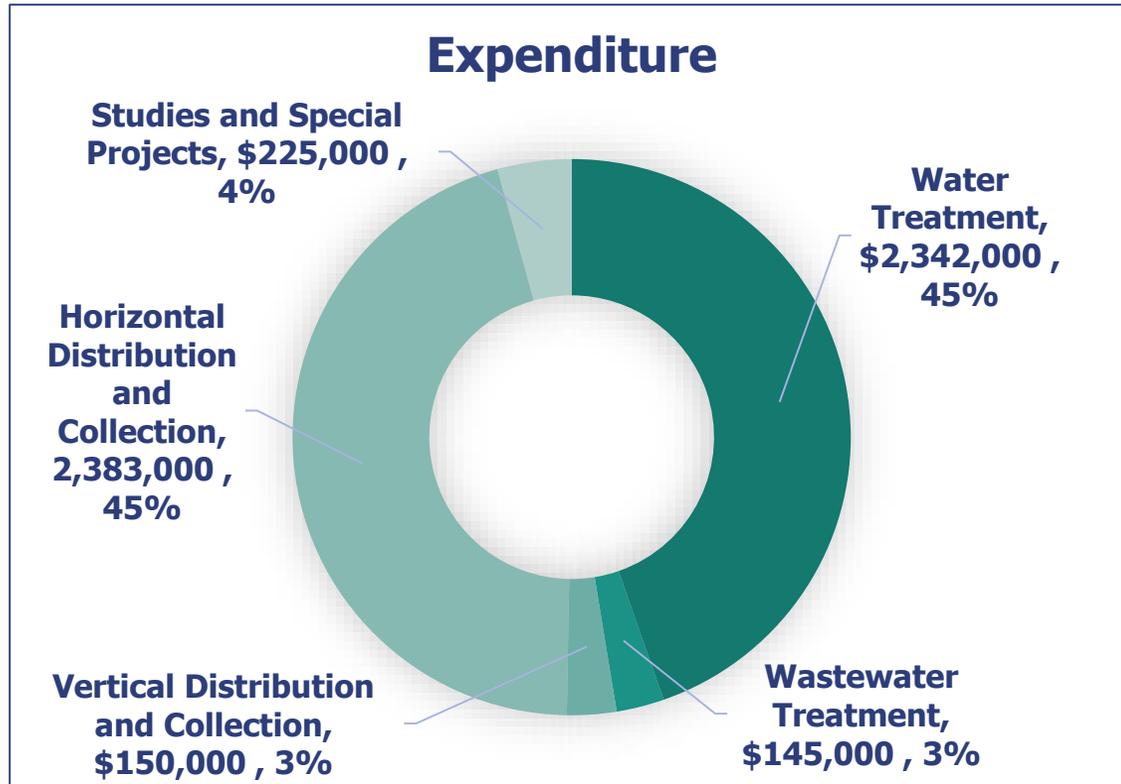
Proposed 2023 Water Operating Budget: \$14.3M



Proposed 2023 Wastewater Operating Budget: \$10.3M



Proposed 2023 Water-Wastewater Capital Budget: \$5.2M



Proposed 2023 Water-Wastewater Budget

- Capital programming for 2023 has been scaled back as a one-time measure to enable Engineering staff to catch up on existing water-wastewater capital projects.
 - Results in a water-wastewater debt holiday for 2023.
- Otherwise, the budget is aligned with the following:
 - Water-Wastewater Rate Study
 - Long-Term Financial Plan
- Accordingly, the general user rate increase has been set to 3%.



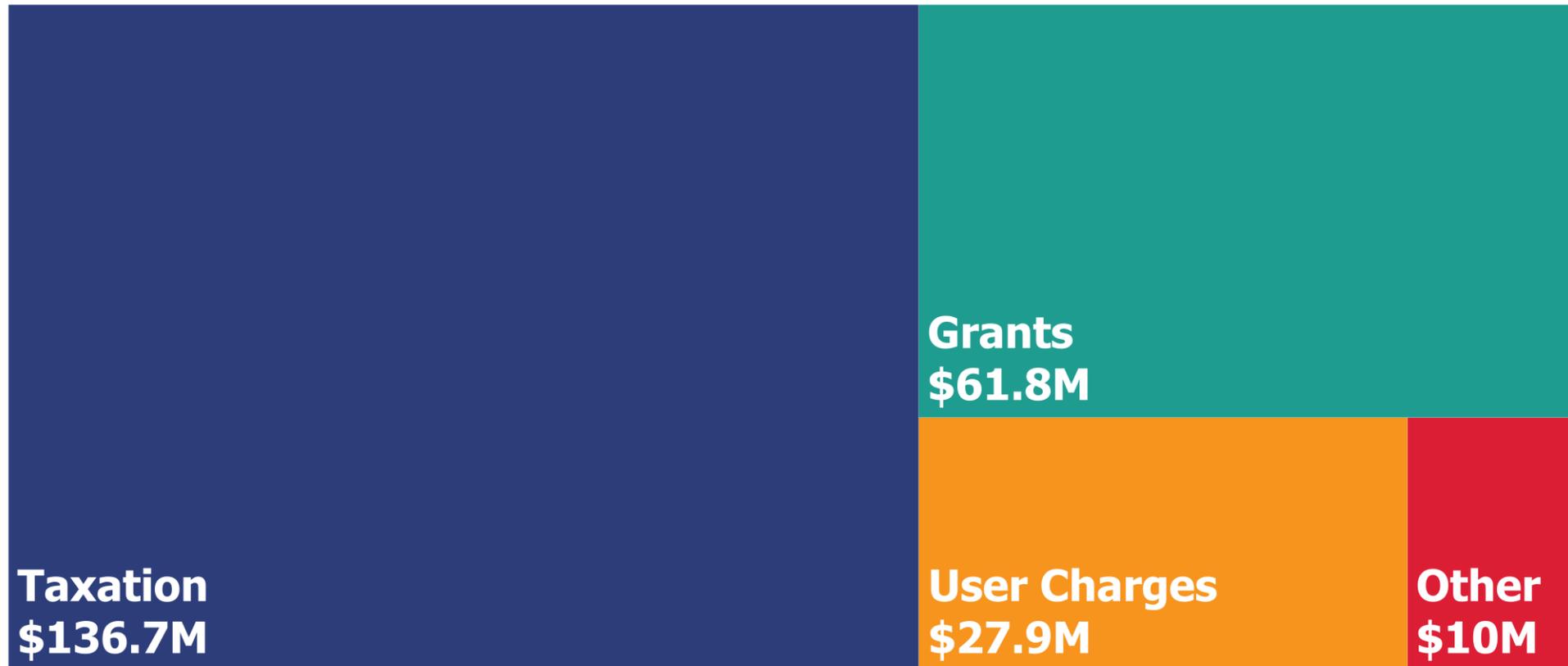
Operating Budget

2023 Proposed Operating Budget: \$236.5M Expenses

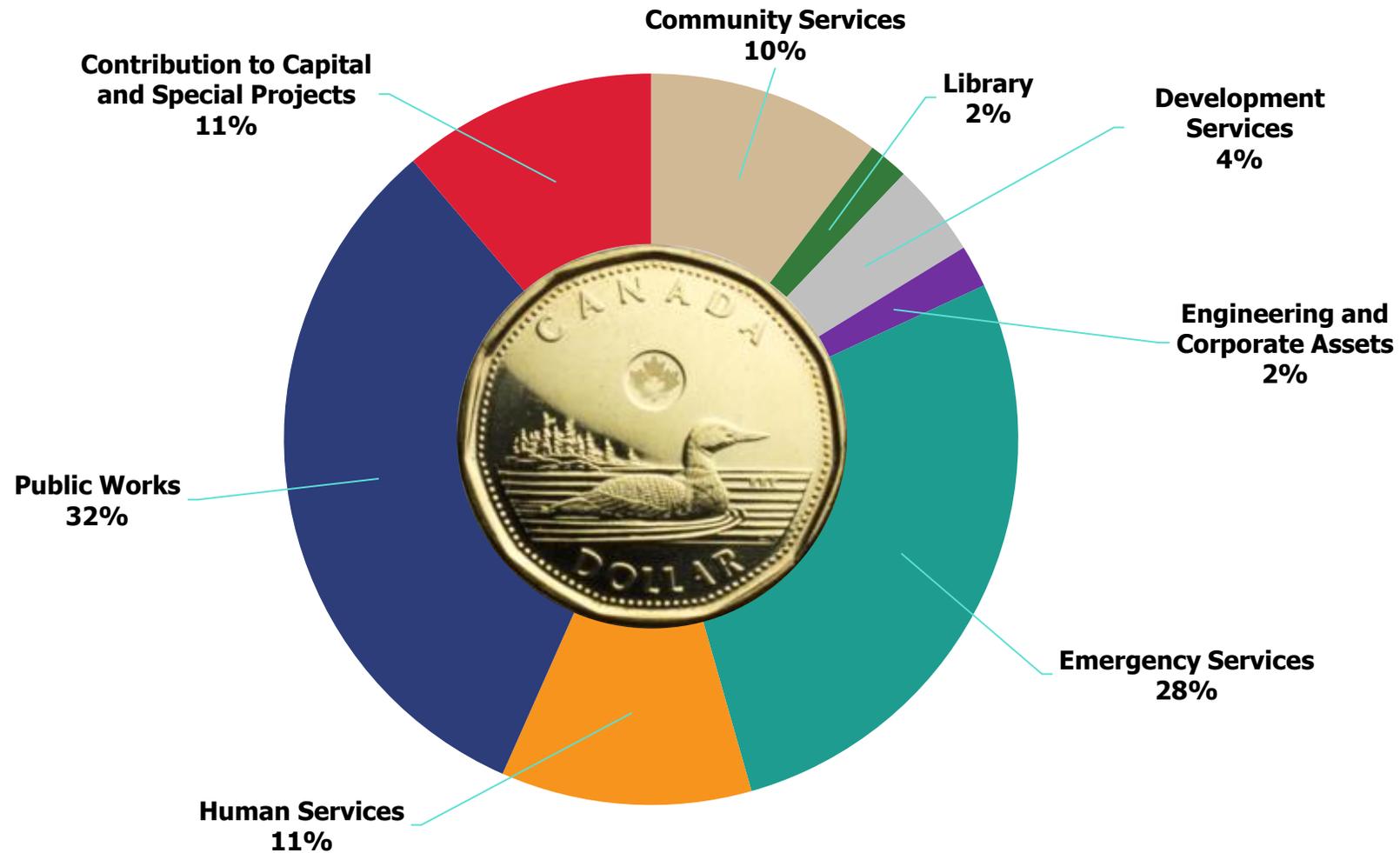


2023 Proposed Operating Budget: \$236.5M

Revenues

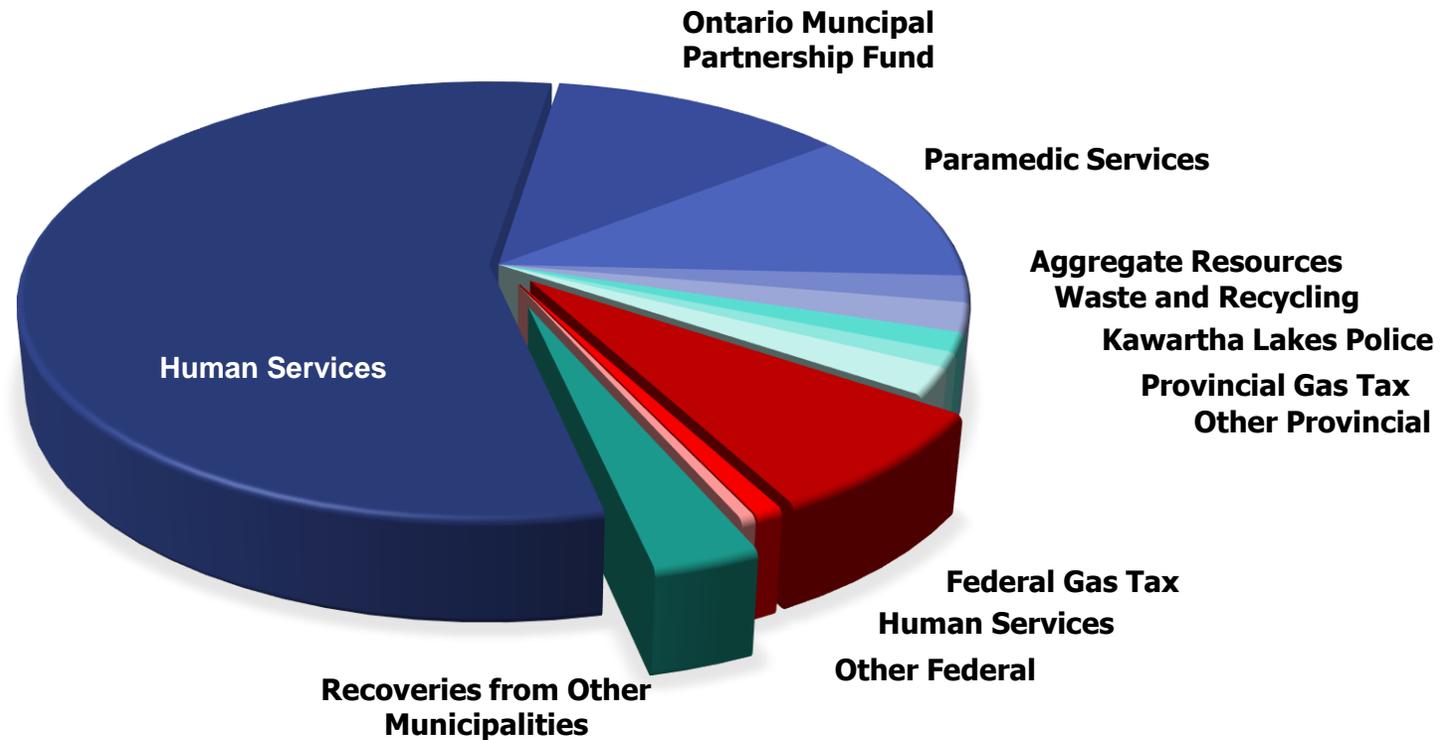


Where Does \$136.7M in Tax Dollars Go?



Grant Funding: \$61.8M

Provincial Grants	88%
Federal Grants	9%
Other Municipalities	3%



2023 Proposed Operating Budget

Key drivers impacting the budget

Salaries and Benefits

New positions

Housing Agencies

Fuel Costs

Inflationary Pressures



2023 Proposed Operating Budget

- The total budgeted general tax levy increase is 3.0%
- This represents the increase in the taxation budget to support the 2023 operating budget
- This is not the increase residents will experience on their tax bill

2023 Budgets Themes

- Aligned with the City's Long Term Financial Plan (LTFP)
- Managing ongoing & significant inflationary pressures
- Building, maintaining & investing in reserves
- Lessening reliance on one-time relief funding, and forecasting limited increased revenues and grants

Next Steps

January 17 & 26 Special Council Meetings

Budget Presentations

- City Departments
- Agencies, Boards & Commissions

February 2 Special Council Meeting

Public Meeting, 7 p.m.

- Present overview of the 2023 Budget

Next Steps

February 14 Special Council Meeting

Budget deliberation and approval

- Capital Budget

February 28 Special Council Meeting

Budget deliberation and approval

- Operating Budget
- Special Projects
- Water and Wastewater Operating and Capital

Follow along with the Budget Process



kawarthalakes.ca/budget

Inventory of meetings, documents and upcoming dates

kawarthalakes.ca/subscribe

Subscribe to email alerts of meetings and budget news