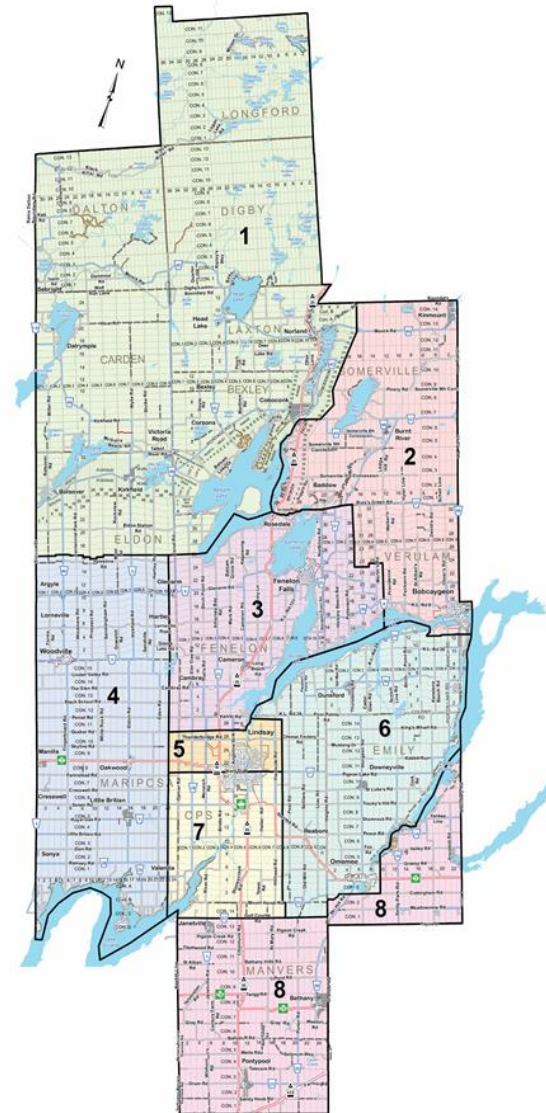


2024 Long-Term Financial Plan update and 2024 Budget Launch

Special Council meeting
October 17, 2023
Ron Taylor
Sara Beukeboom

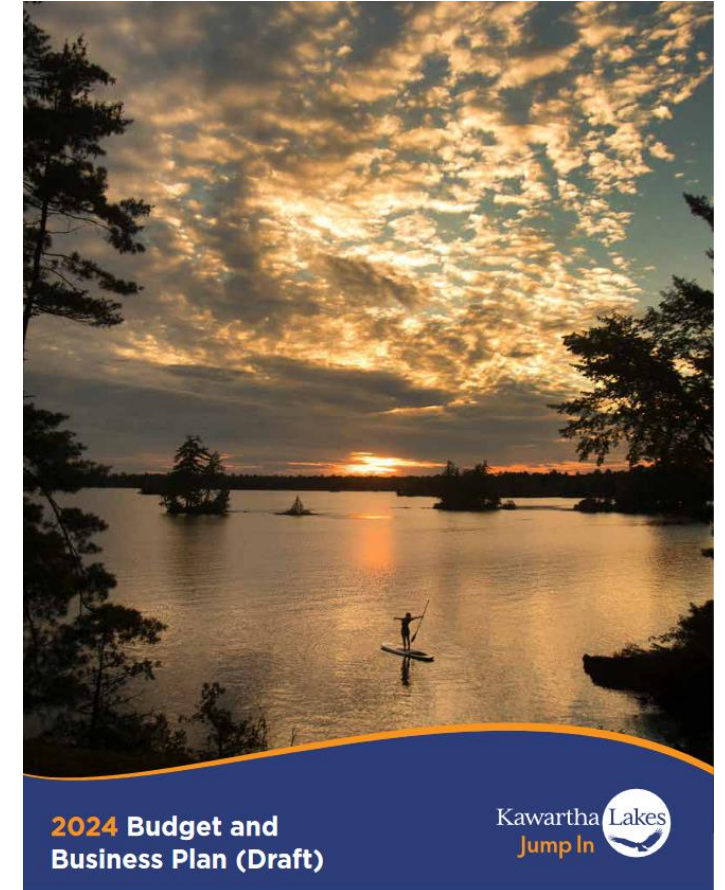
Agenda

1. Budget Book Layout overview
2. Update on Long-Term Financial Plan (LTFP)
3. CKL Financial Overview
4. Proposed 2024 Budgets
 - Capital
 - Operating
 - Special Projects
 - Water-Wastewater (Operating and Capital)
5. Next Steps



1. Budget/Budget Book Overview

- Graphics and visuals to aid in “Telling the Story”
- Automated Table of Contents
- Background CKL Info and Demographics
- Descriptions on Budget process
- Significant Capital projects highlighted and GIS-mapped
- Capital Budgeting methodology Change – Cash flow of significant projects (eg Paramedic Headquarters). Multi-year details collected
- Operating Tables include preliminary July 2023 Actuals for information purposes only





Update on Long-Term Financial Plan



Background on Long-Term Financial Plan

2017

Council adopted the first Capital LTFP (2018 to 2027)
• Purpose was to implement 2017 Asset Management Plan

2022

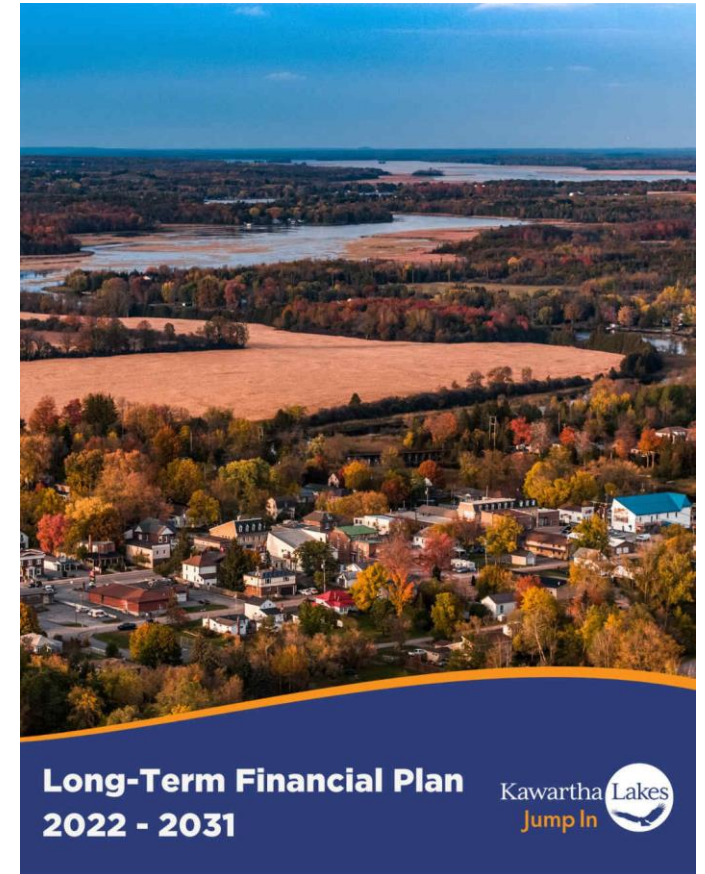
Council adopted more robust LTFP that augmented Capital forecast with Operating forecast

2022 Included

Special projects, new staff complement modelling, revenue projections, debt repayment obligations and reserves – both contribution to, and foundation to streamline as predictable funding source

Long-Term Financial Plan

- Long-Term Financial Plan (LTFP) is a strategic document designed to guide budget development
 - 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
 - Assumes consistent service levels, sets methodology for financial sustainability with regard for ratepayer affordability



CKL Goals of Long-Term Financial Plan

City advancing toward several LTFP goals:

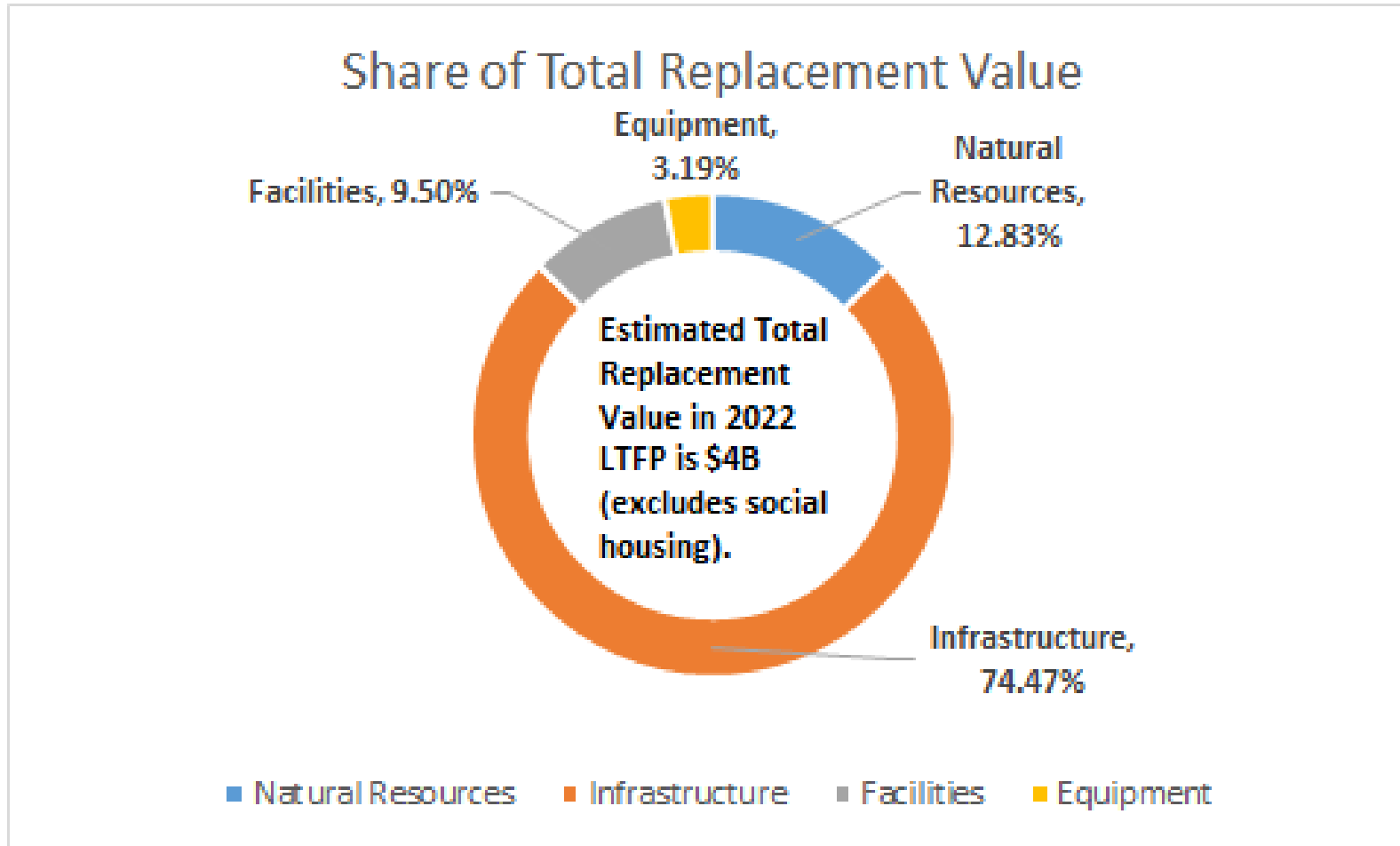
- Build up Asset Management Reserve contribution to support \$4 Billion asset portfolio – 2022 goal to escalate contribution to \$35 Million/annum by 2031. Inflation requires update
- Addressing backlog of deferred capital needs
- Address Asset Management-Planned objective for capital renewal at 1.37% (capital renewal/asset portfolio value)
- Minimize reliance on debt for SGR tax-supported capital by 2031
- Consistent contributions to critical reserves
- Prepare for Growth – master plans, official plan etc.
- Continual Review of Service Level Definition

Summary of the City's Assets

Core Assets	Non-Core Assets (coming June 2024)
Roads	Fleet
Bridges and Culverts	Equipment
Water Treatment and Distribution	Information Technology
Wastewater Treatment and Collection	Facilities
Stormwater Infrastructure	Long-Term Care Home
	Public Housing

*Core assets as defined in Ontario Regulation 588/17, Asset Management Planning for Municipalities

Summary of City's Assets – Core/Non-Core



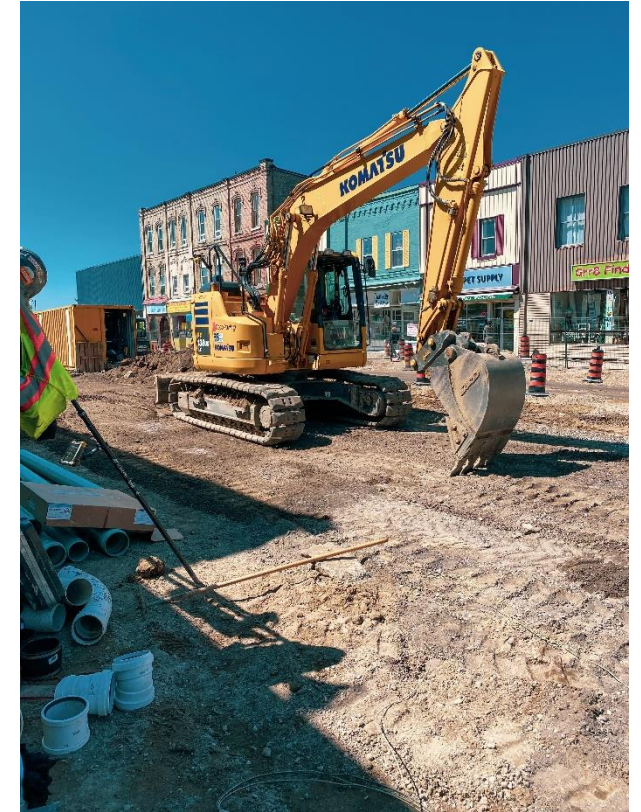
2023 Capital Investments



Bobcaygeon Beach Park



Downtown Construction projects



Update on Capital and Special Projects Forecast in LTFP

Type of Capital (Excluding Public Housing)	2022 LTFP (2022 to 2031) \$M	2023 Current LTFP (2022 to 2031) \$M
Tax-Supported SOGR	492.1	559.9
Water-Wastewater SOGR	125.7	137.1
Expansionary Tax-Supported	173.4	252.4
Expansionary Water-Wastewater	20.4	183.1
Total	811.6	1,132.5

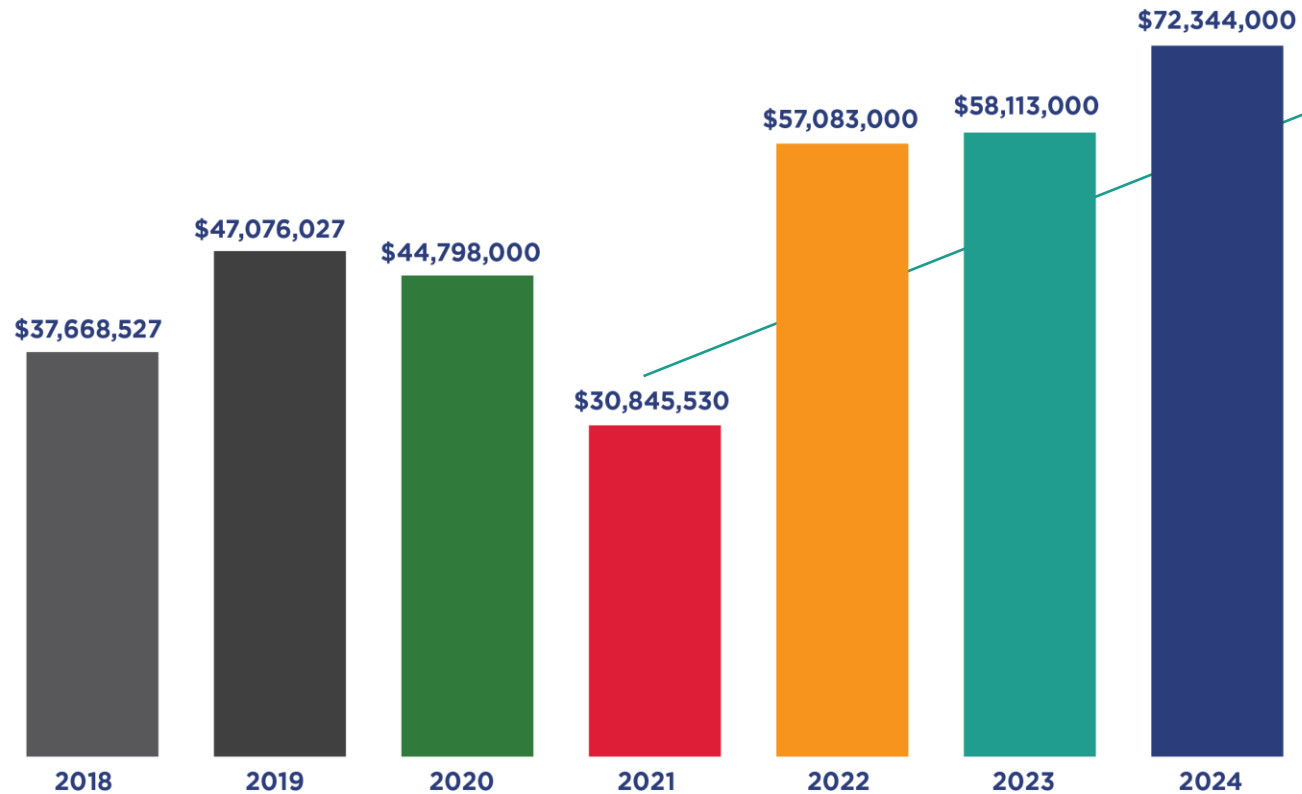
Key Factors Driving Capital Expenditure Increases:

1. Enhanced understanding of capital needs through AMP preparation, condition assessments etc.
2. Legislated and Council-directed increases in service levels and requirements
3. Increased and accelerated expansionary capital needs due to significant increase in forecasted growth
4. Significant capital cost inflation over 2022-2023

Tax Supported Capital Budget Trend

Capital Budget Trend

Tax-Supported Capital Budget Totals for 2018-2024



Self-imposed
pause during
pandemic

2024 Forecasted plan to address 2023 Deferred Tax-Supported Capital Needs

Planned Year	Expenditure (2023 \$)	Share of Total (%)
2024	26,066,000	29.8
2025	36,910,000	42.2
2026	10,120,000	11.57
2027	13,996,000	16.00
No longer required in 3-Year Capital plan	376,000	0.43
Total	87,468,000	100.0

LTFP – Next Steps

Capital

- Q4 2023 Update LTFP resulting from 2023 & 2024 Capital budget
- Update for 2025 and 2026 detailed info provided by Asset Managers
- Q2 2024 Legislated Update Asset Management plan (non-core assets)
- Q2 2025 Legislated Update AMP to define service levels
- Update master servicing plans
- Build in consistent condition rating for assets
- Cross departmental collaboration to inform asset knowledge/expertise
- Finalize Reserve Strategy
- Finalize Debenture Strategy

Operating

- Continue refining 3-year forecast
- Continue building on staff complement modelling
- Monitor revenue projections/expenditures based upon growth in CKL
- Continue refining debt repayment modelling based upon Long Term Capital Plan
- Continue building upon capacity to build reserve transfers into base budget

Financial Overview

... have grown by
... in 200

over the
other



Financial Overview

3. Financial Overview

Property Tax

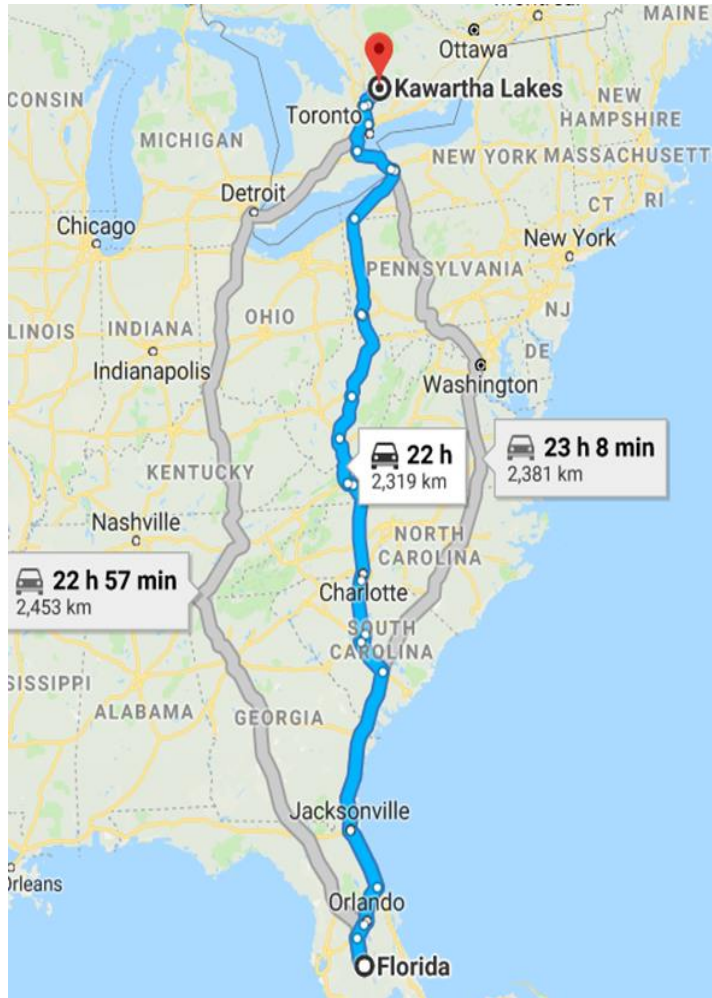
Many factors that determine how much taxes a residential property pays:

- Assessed value of the property;
- Mix of residential and non-residential properties in the municipality;
- Municipal services provided; and
- Size, location and population of the municipality

Financial Overview

Geographic Disparity

**CKL road network >
5,300 Lane km**

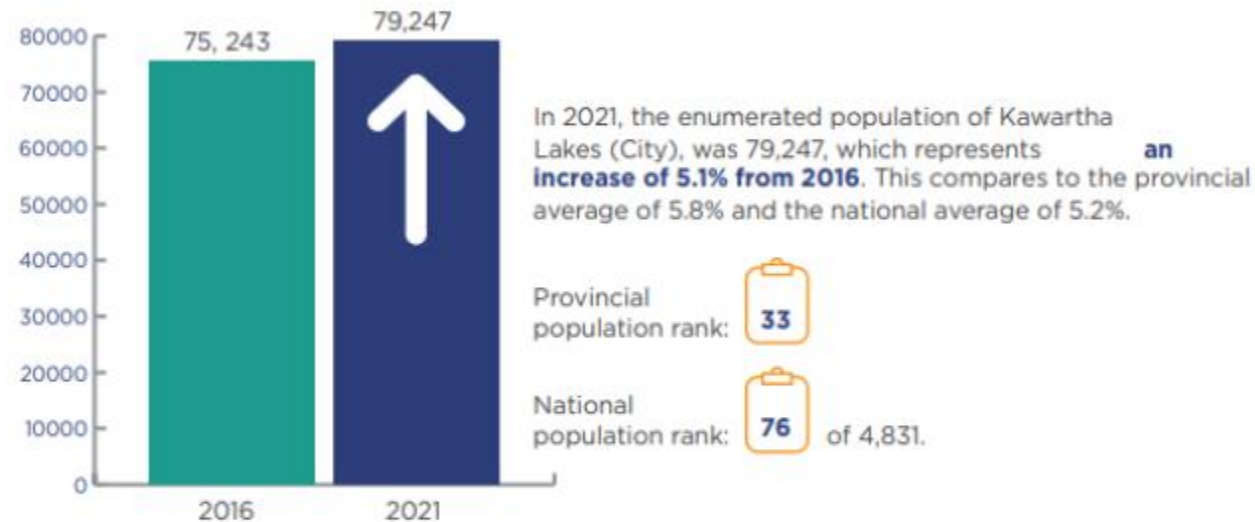


Location (City of)	Population	Population Density	Road Intensity (houses/lane km)
Toronto	2.8 Million	4,428/km ²	80
Peterborough	83,651	1,292/km ²	37
CKL	79,247	26/km ²	7

Financial Overview Planning for CKL Growth

Kawartha Lakes Population

(as per Statistics Canada Population 2021 and 2016 censuses and chart)



2031 Provincial growth targets:
6500 housing units
100,000 populace

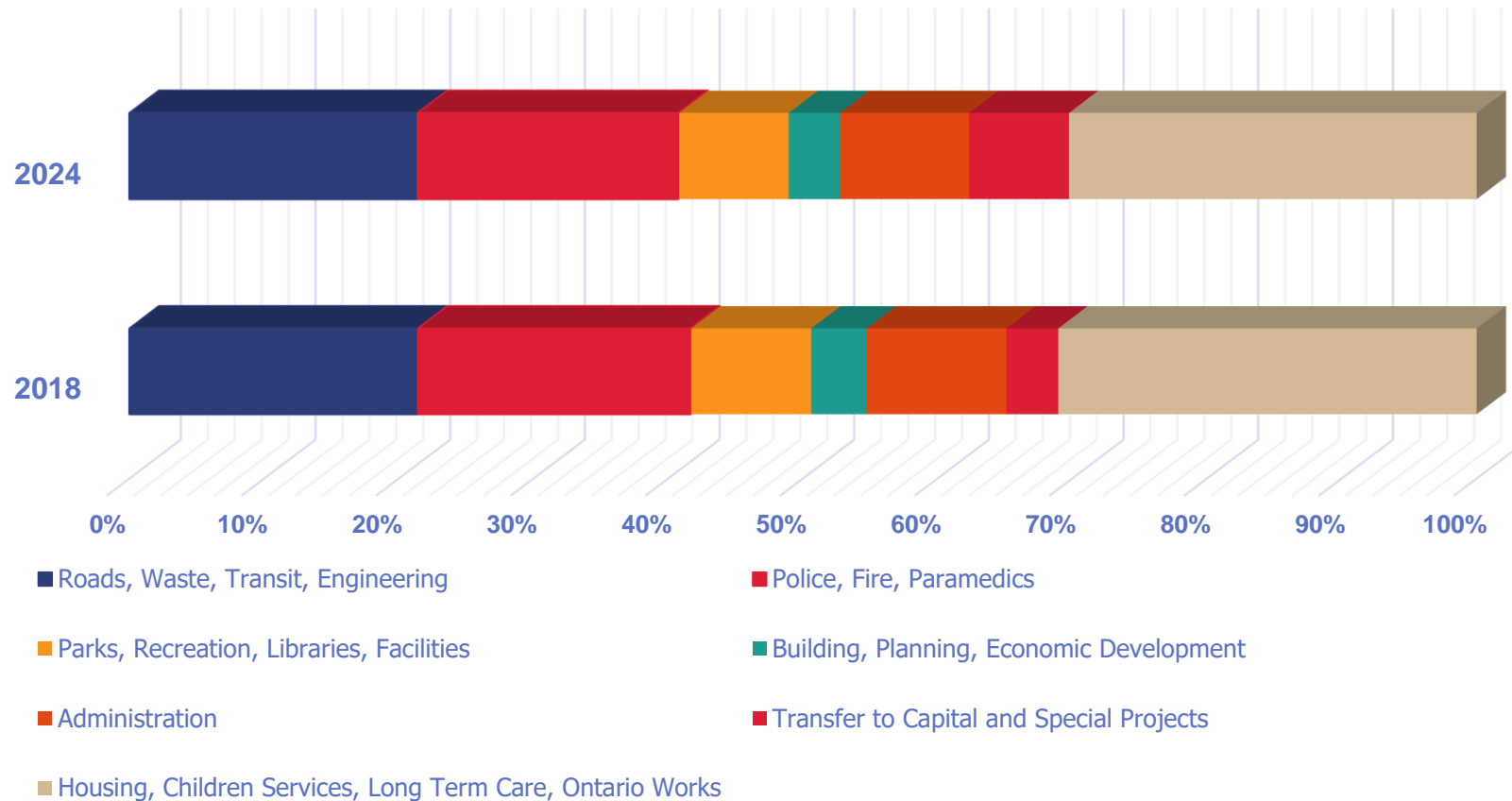
 The land area of Kawartha Lakes (City) is **3,033.66 square kilometres** and the population density was **26.1 people per square kilometre**.

 In 2021, there were **32,708 private dwellings** occupied in Kawartha Lakes (City), which represent an **increase of 5.2%** from 2016.

Financial Overview

Operating Budget: 2018-2024

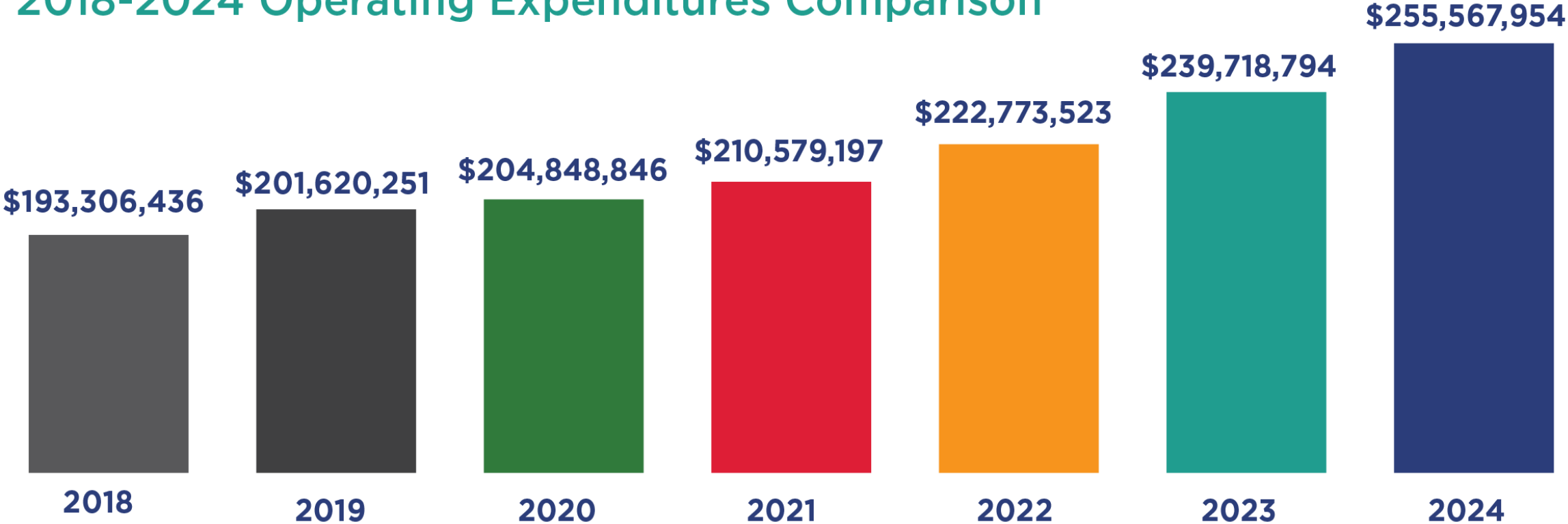
City provided consistent 200+ services in recent history in effective manner



Trend of Operating Expenditures



2018-2024 Operating Expenditures Comparison



Financial Overview

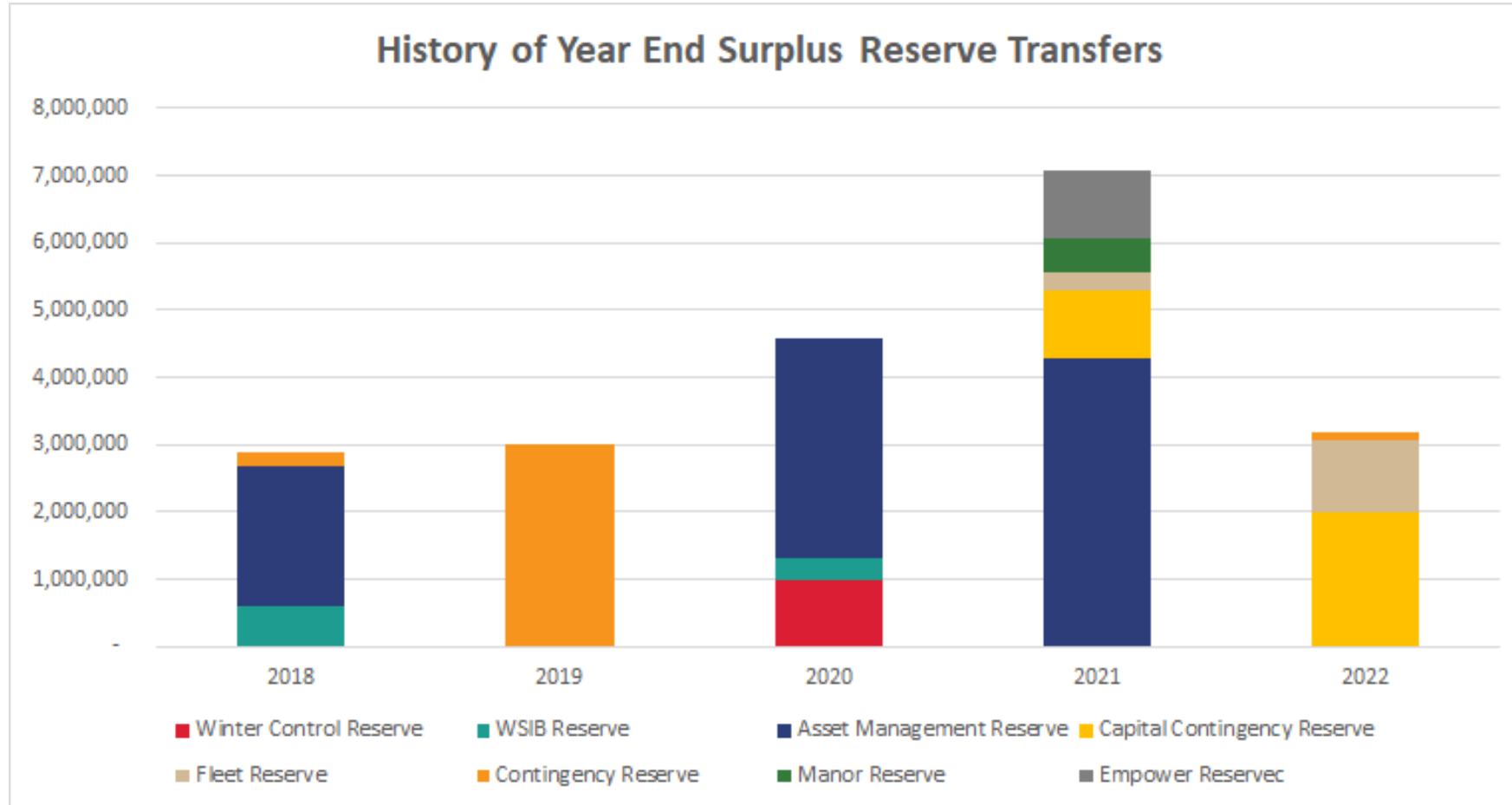
Property Tax: 2018-2027

Cumulative general tax increase 2018-2023 has been 17.1%, or average of 2.44%/ annum

17.1% and graph exclude 1.5% special tax increases/ annum 2022-2031 for adopted dedicated capital levy



Financial Overview - Year End Surplus History of Reserve Transfers



Financial Overview

Debt

- Q4 2023 Debt Strategy presented to Council, policy adoption thereafter
- Province prescribes City maximum amount of debt payments to incur – currently well within limit (ARL)
- City currently has +/- \$111 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 \$19,500





2024 Proposed Budget and Business Plan



4. 2024 Budget

Operating

- Ongoing delivery of 200+ day to day services

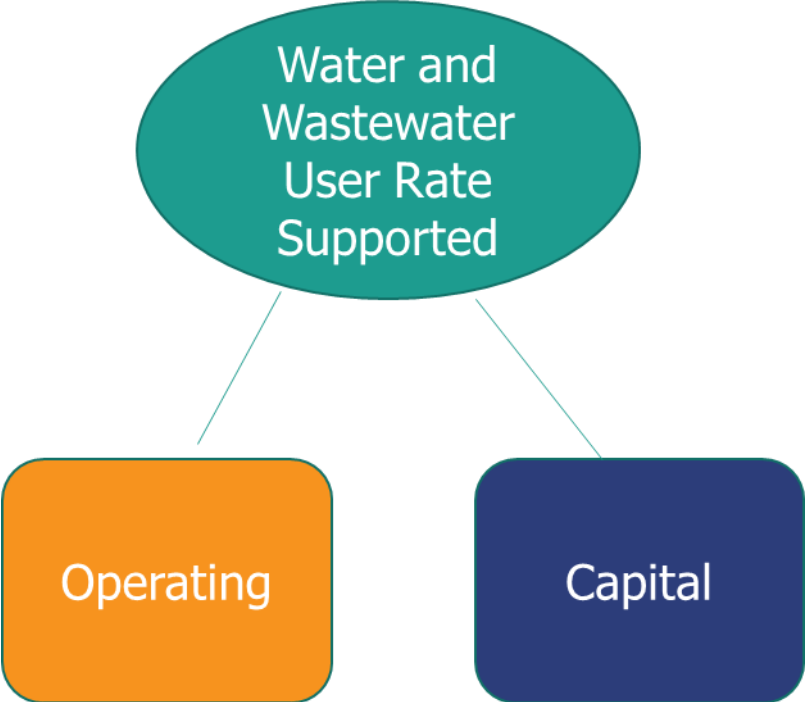
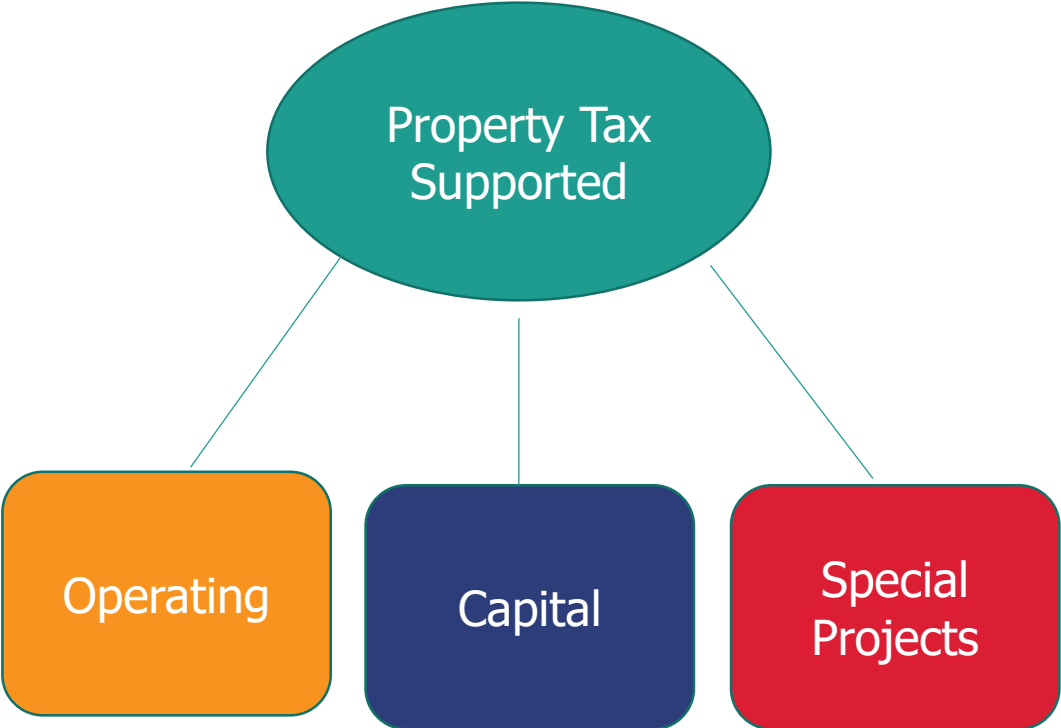
Capital

- One time in nature
- Results in the creation of or improvement to an asset

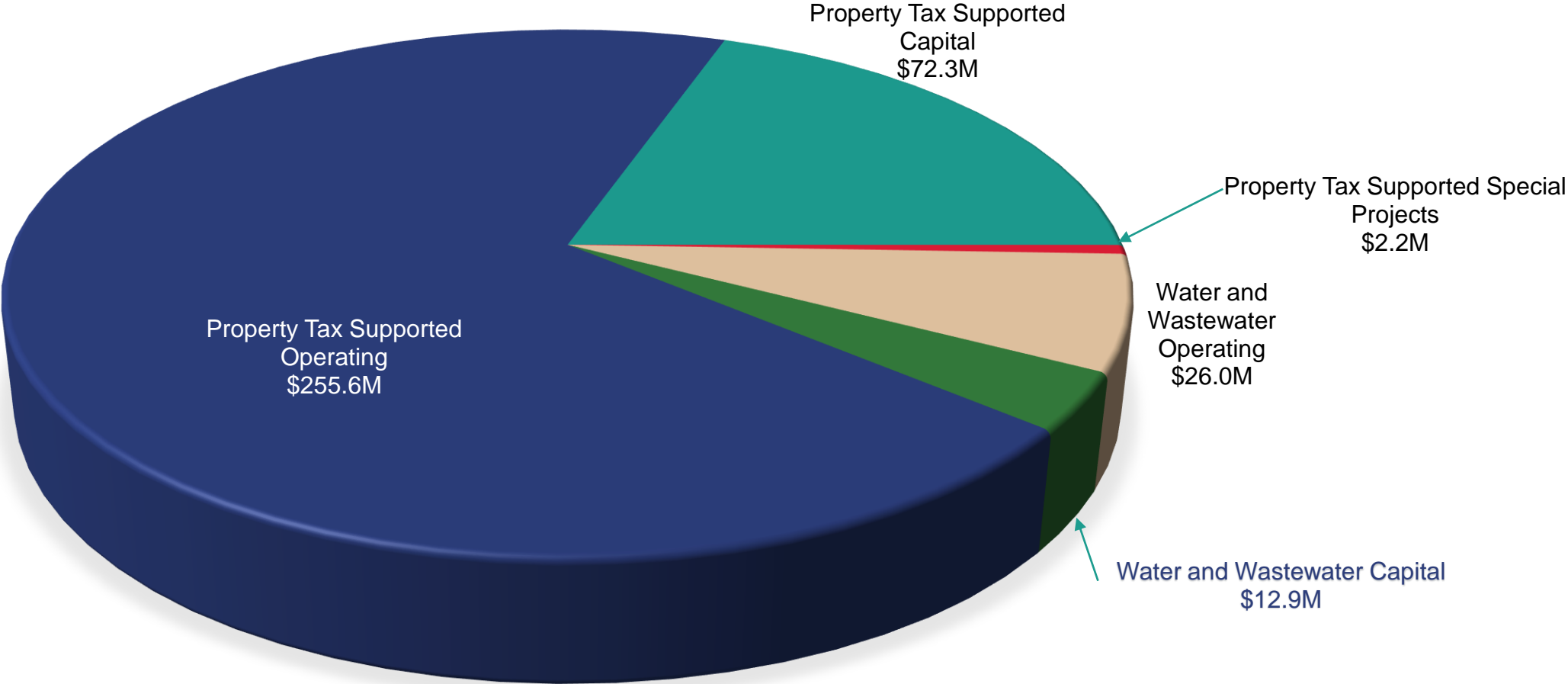
Special Projects

- One time in nature
- Does not result in the creation of or improvement to an asset

2024 Budget



Proposed 2024 Budgets – \$\$ Budget Totals

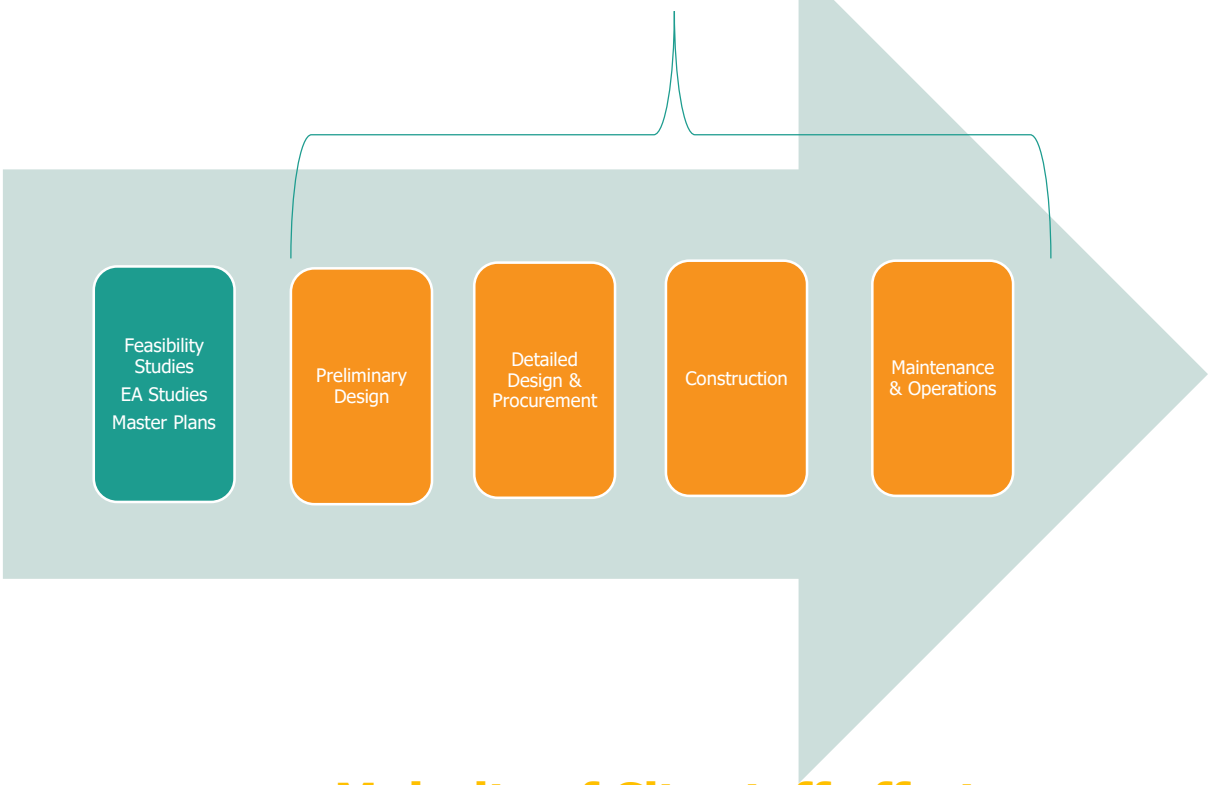




Capital Budget

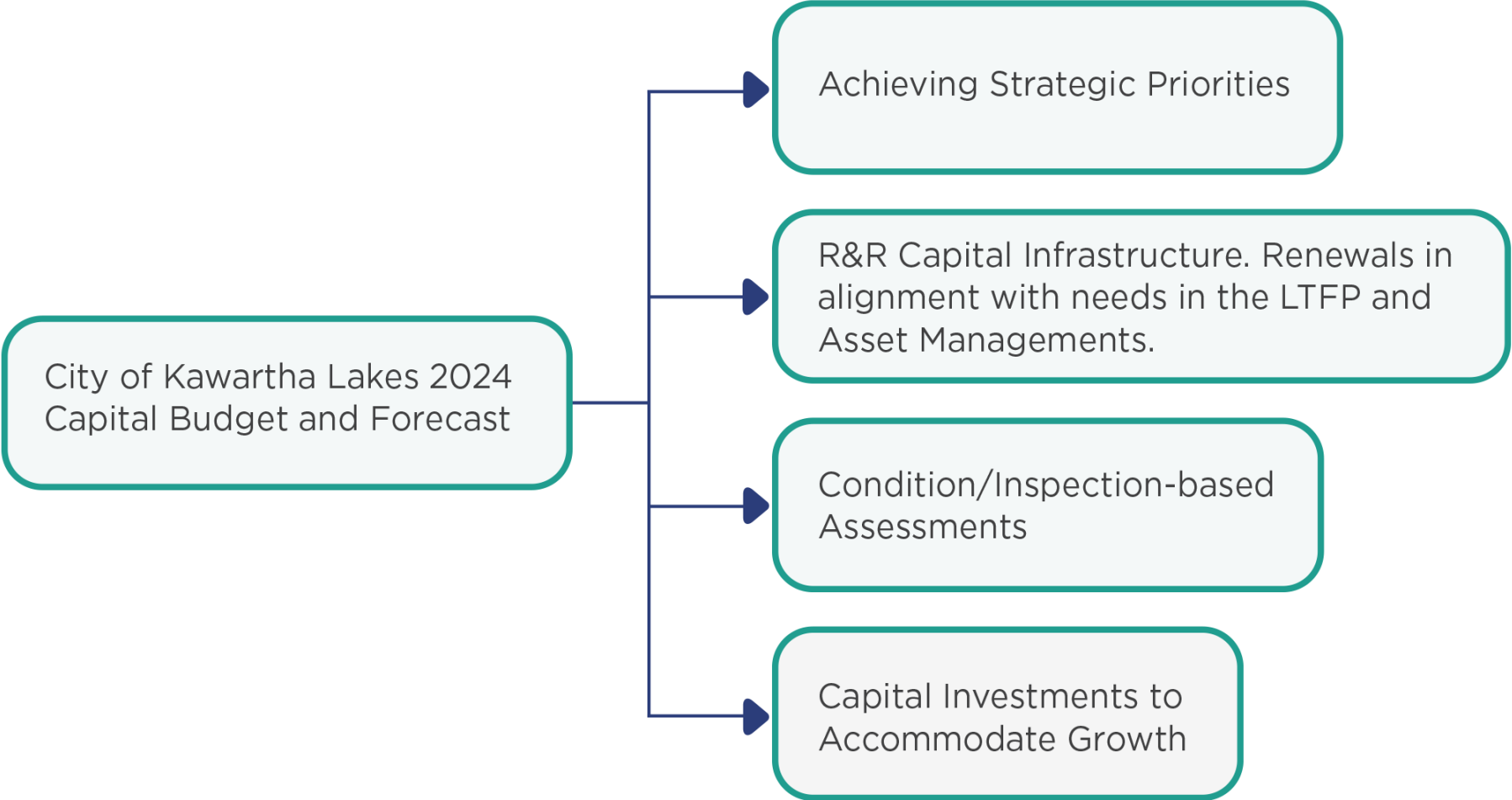
Capital Investment Process

Median Project
lifespan is 2 to 5 years



**Majority of City staff effort
and Resources**

2024 Capital Budget Methodology



Growth Vs State of Good Repair

State of Good Repair

Investment in existing capital assets to maintain current functionality, condition, life span and/or use.

Expansionary/Growth

Investment in new or expansion of existing capital assets due to program expansion or increase in population

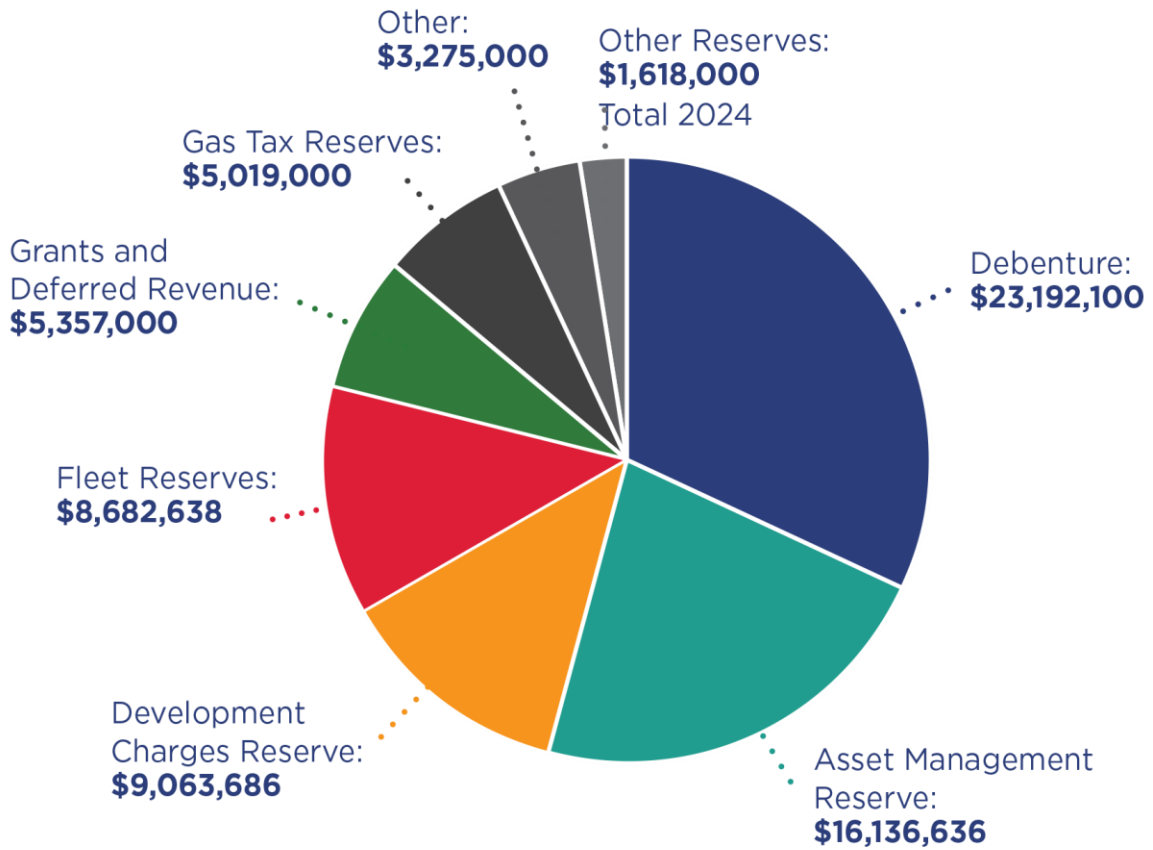
Proposed 2024 Tax-Supported Capital Budget: \$72.3M

2024 Tax-Supported Capital Expenditure



Proposed 2024 Tax-Supported Capital Budget: \$72.3M in Financing

2024 Tax-Supported Capital Financing



Capital Financing: **\$72,344,060**

Proposed 2024 Tax-Supported Capital Budget: Significant Projects >\$1M

State of Good Repair

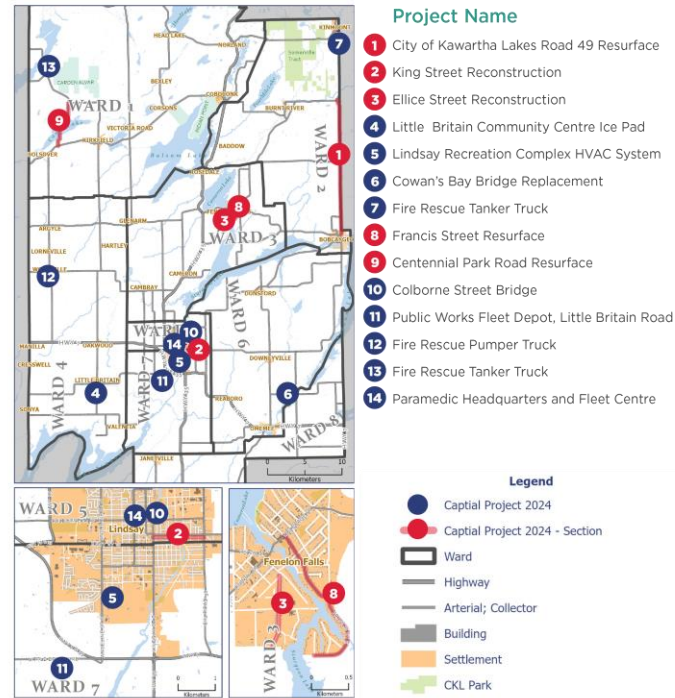
- | | |
|---|--|
| 1. CKL Road 49 Resurface \$6.4M | 6. Cowan's Bay Bridge Replacement \$1.4M |
| 2. King St Reconstruct \$2.7M | 7. Fire Rescue Tanker Truck \$1.2M |
| 3. Ellice St Reconstruct \$2.7M | 8. Francis St E Resurface \$1.1M |
| 4. Little Britain Community Centre Ice Pad \$1.8M | 9. Centennial Park Road Resurface \$1.1M |
| 5. Lindsay Rec Complex HVAC \$1.7M | |

Expansionary/Growth

- | | |
|--|-------------------------------------|
| 10. Colborne St Bridge \$2.2M | 11. Public Works Fleet Depot \$1.2M |
| 12. Fire Rescue Pumper Truck \$1.1M | 13. Fire Rescue Tanker Truck \$1.2M |
| 14. Paramedic Headquarters and Fleet Centre \$7.0M | |

Proposed 2024 Tax-Supported Capital Budget: Significant Projects >\$1M

2024 Significant Project Map

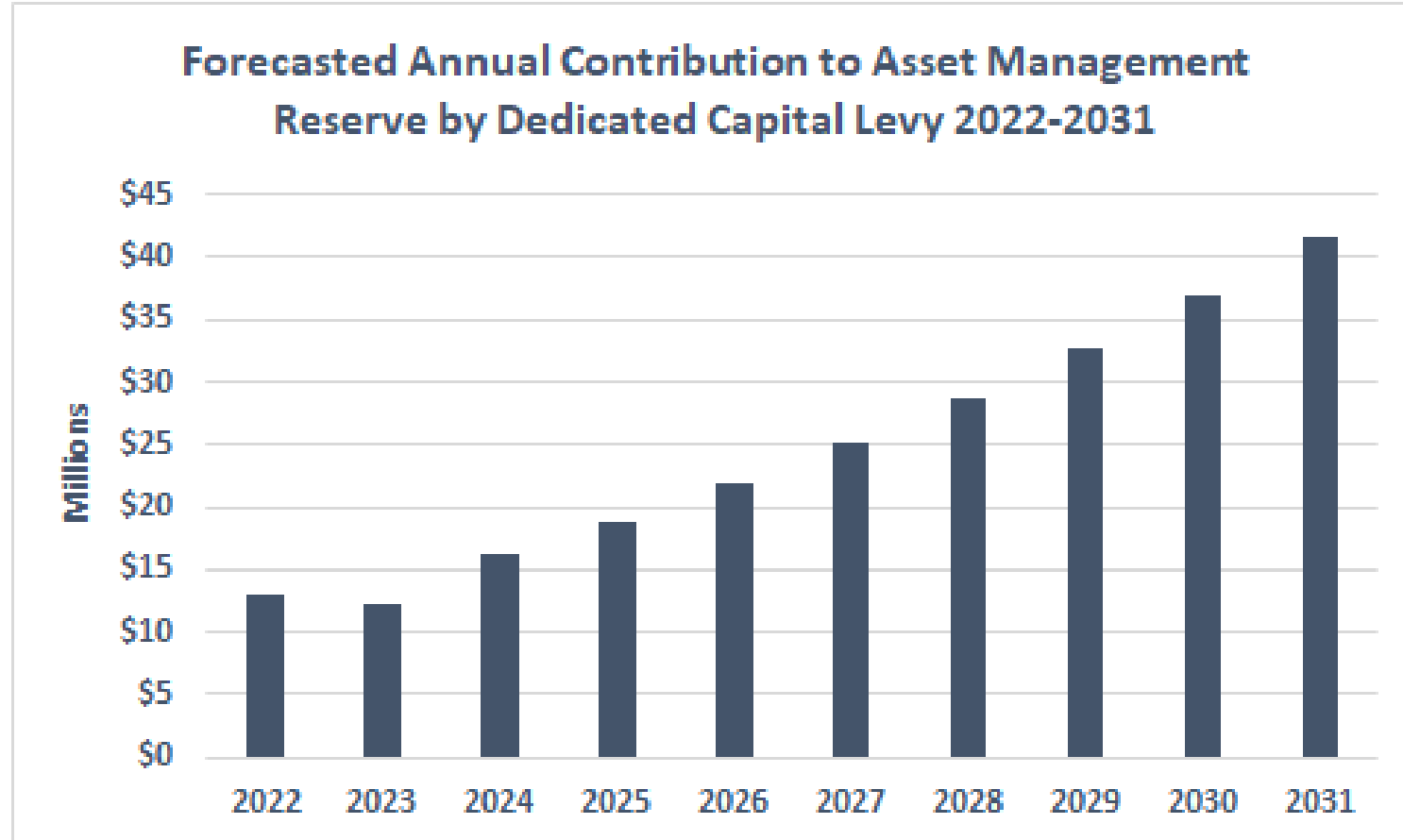


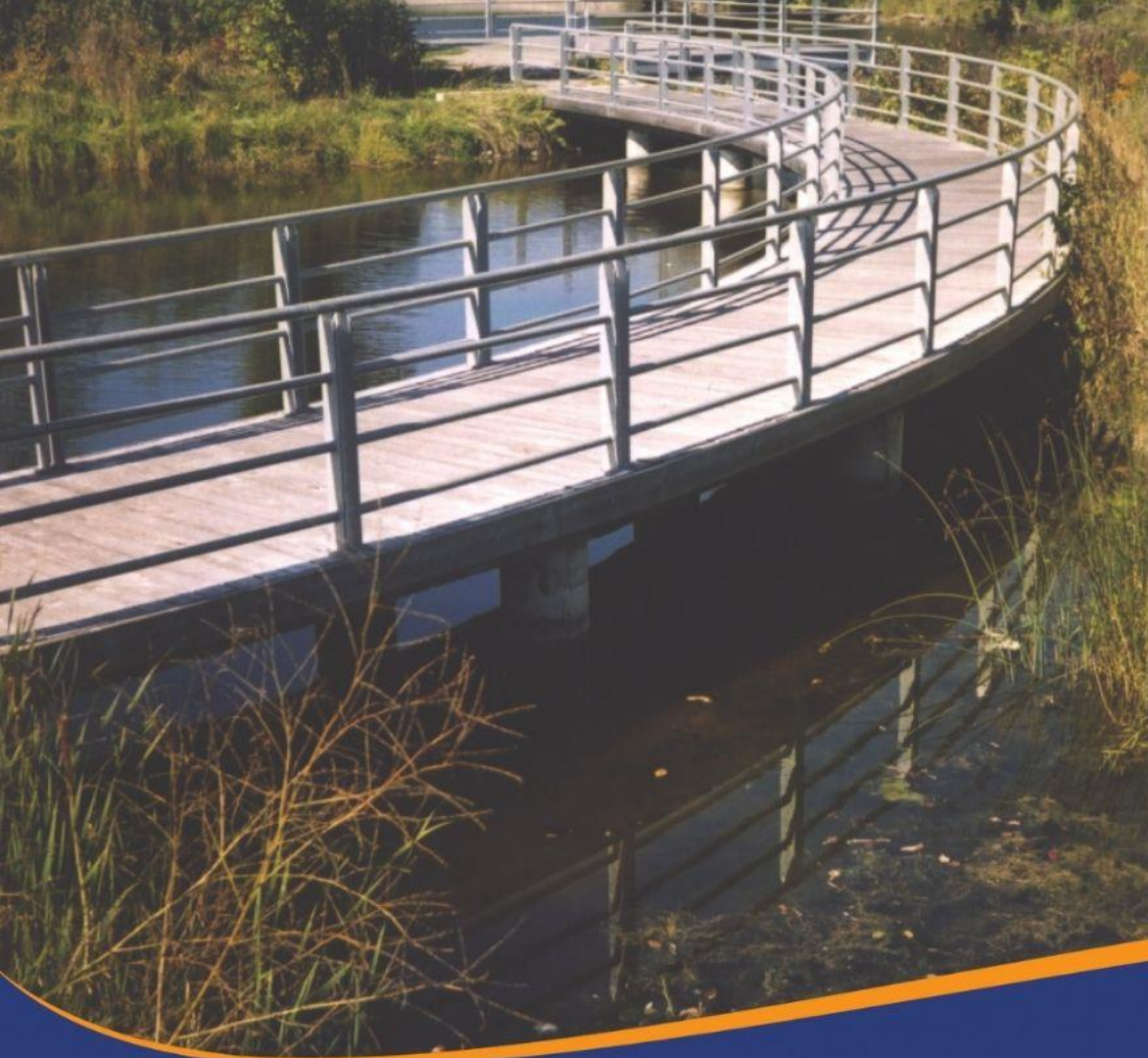
MSM: SRQ-7784

Map produced by GIS Group on: 9/29/2023 9:03 AM. Data obtained under license. Reproduction without permission is prohibited. This map is illustrative only. Do not rely on it as being a precise indicator of privately or publicly owned land, routes, locations or features, nor as a guide to navigation.



Proposed 2024 Tax-Supported Capital Budget: Dedicated Capital Levy



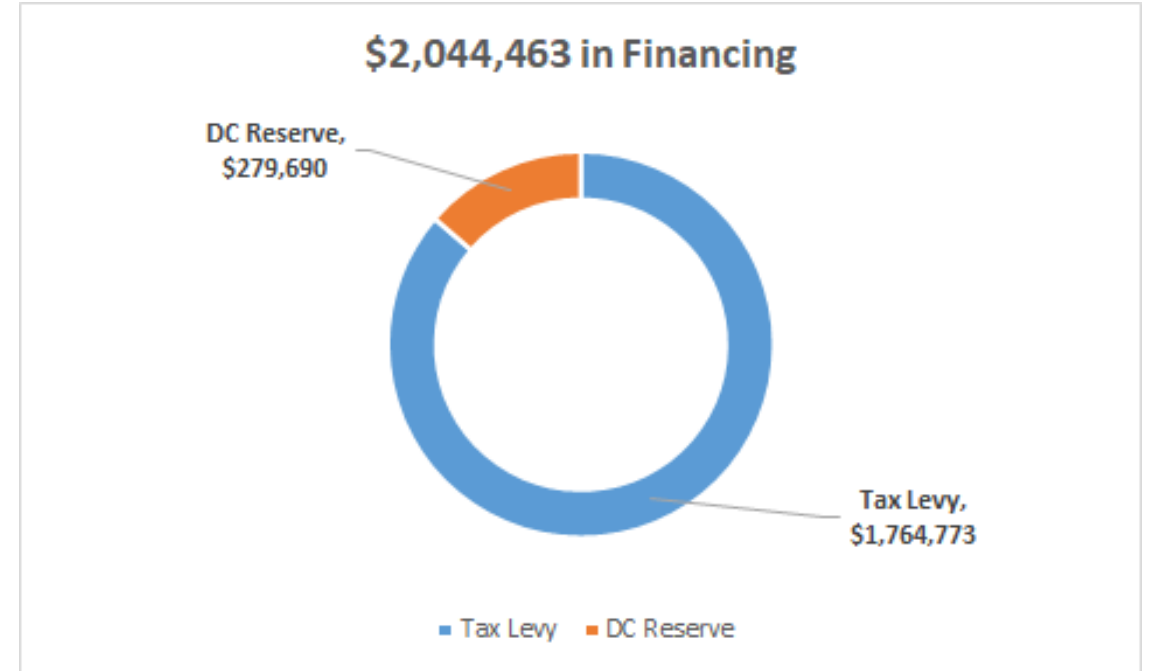
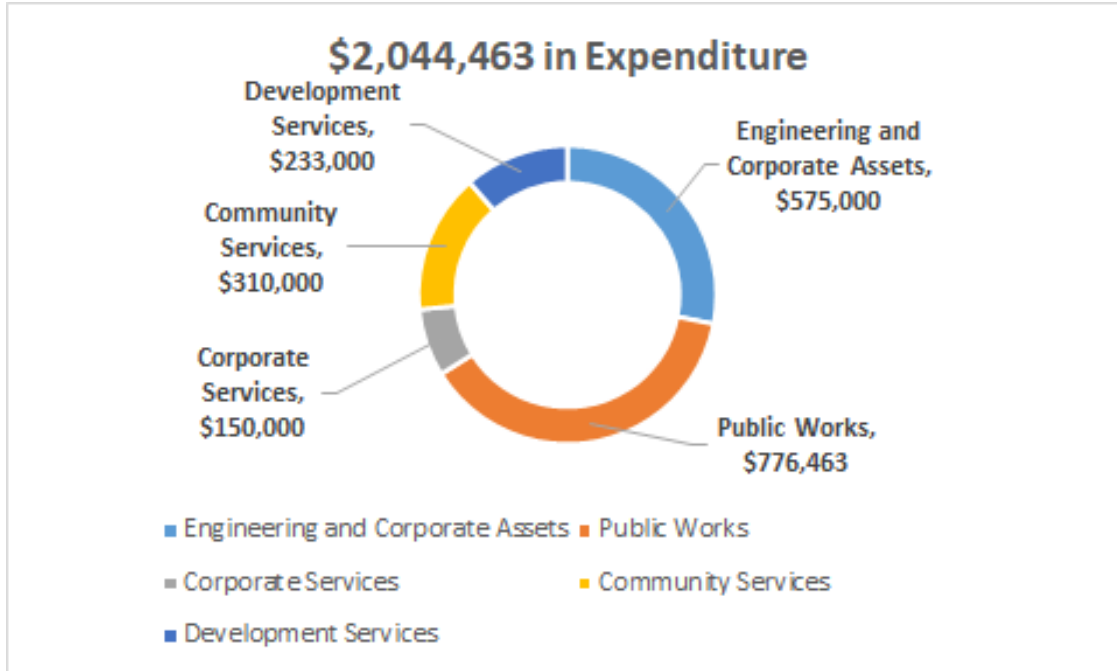


Special Projects Budget

Proposed 2024 Special Projects Budget

- Special projects budget commenced in 2020 to accommodate operating projects that are budgeted and managed like capital projects
- 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 acquisition or improvement of capital assets

Proposed 2024 Special Projects Budget: \$2M in Expenditure and Financing



Proposed 2024 Special Projects Budget: Highlights

- Development Charges By-Laws Appeals
- Bridge and Culvert Structures Study
- Source-Separated Organics Reserve
- Transit and Library Master Plans
- Healthy Environment Plan Update





Water and Wastewater Budget

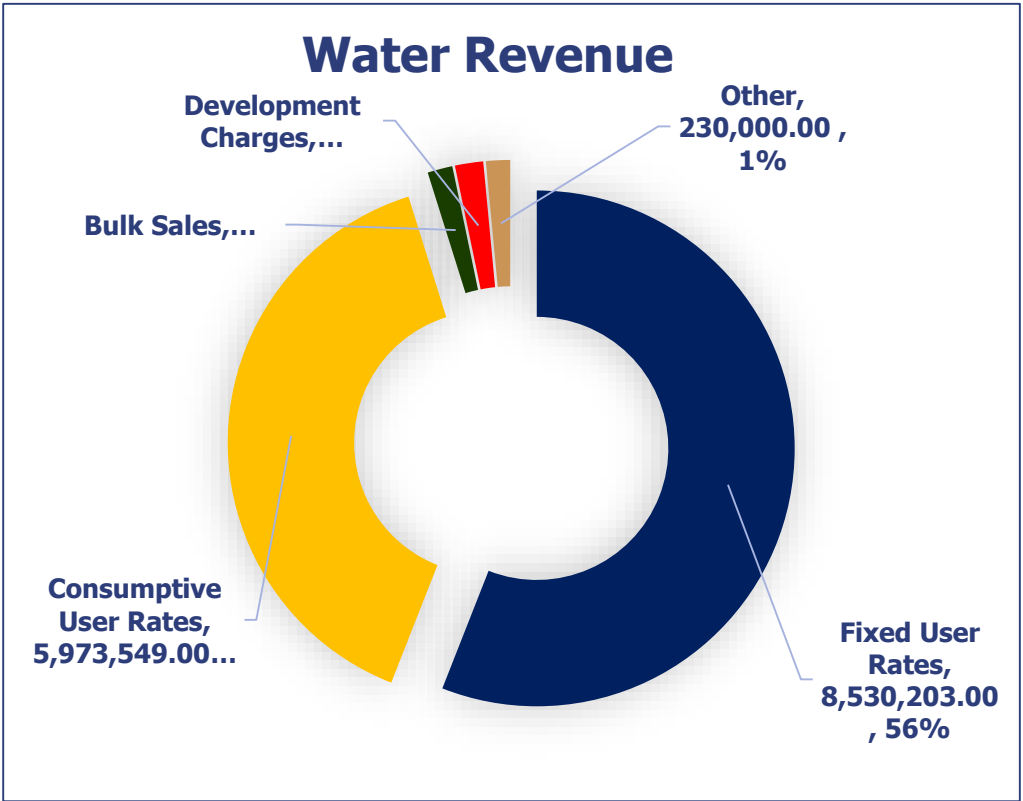
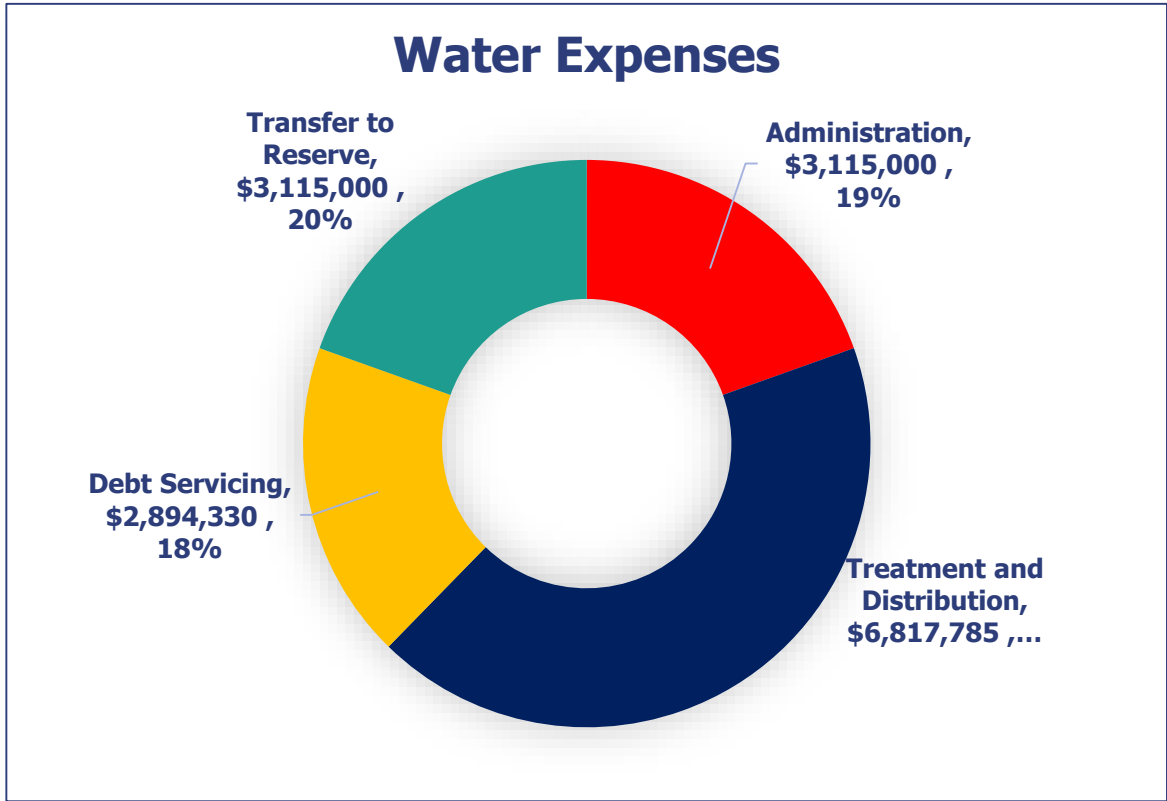
Kawartha Lakes
Jump In



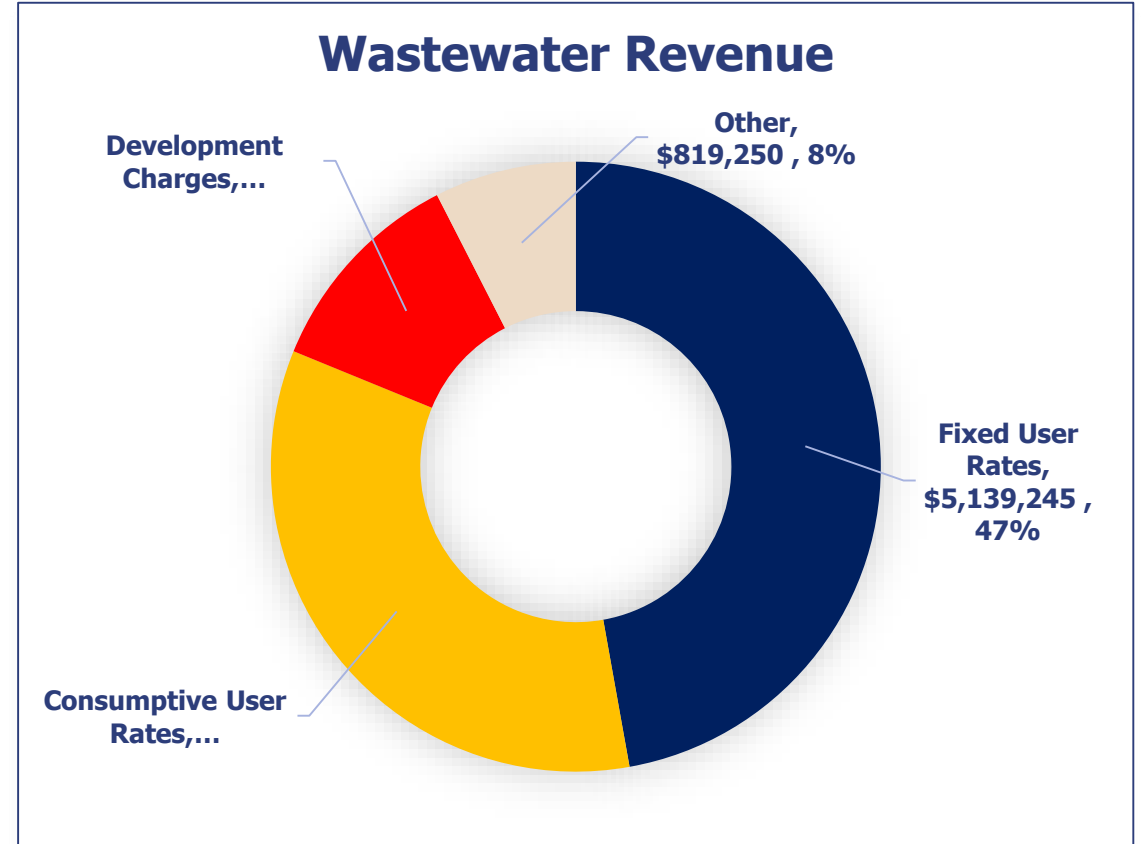
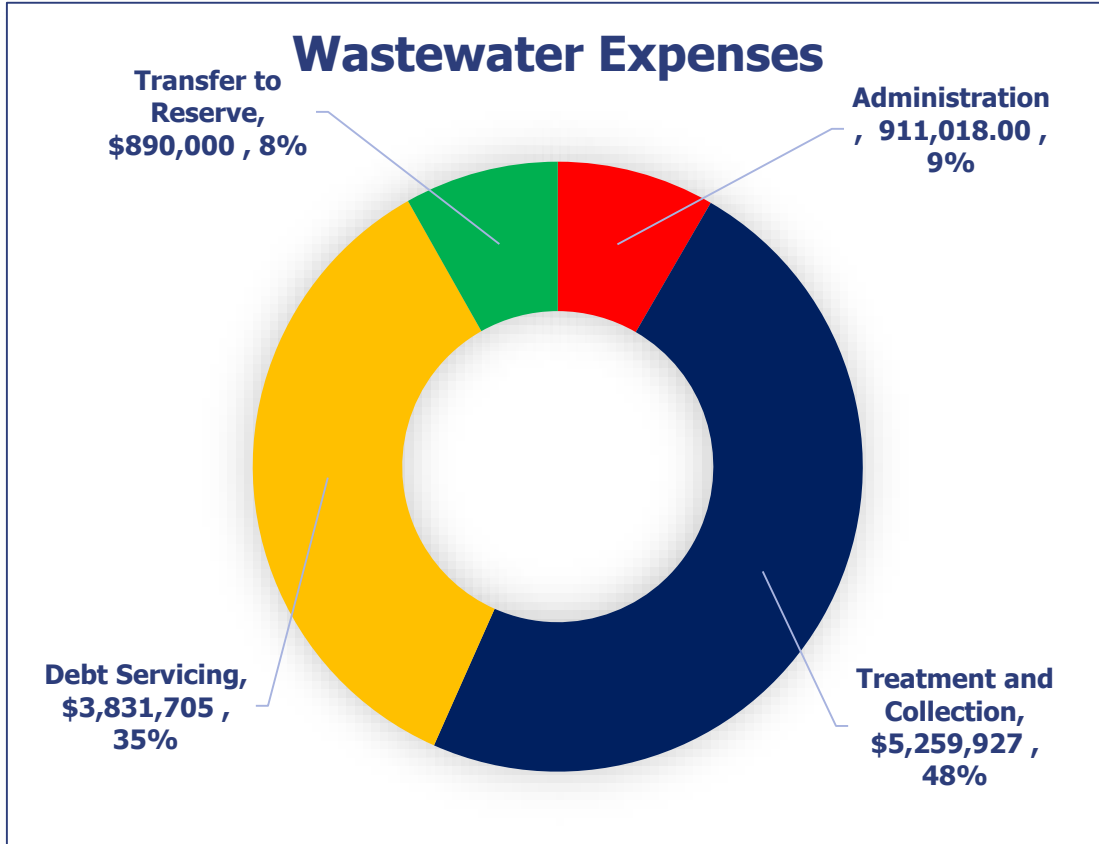
Water-Wastewater Service Summary

- 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 services 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

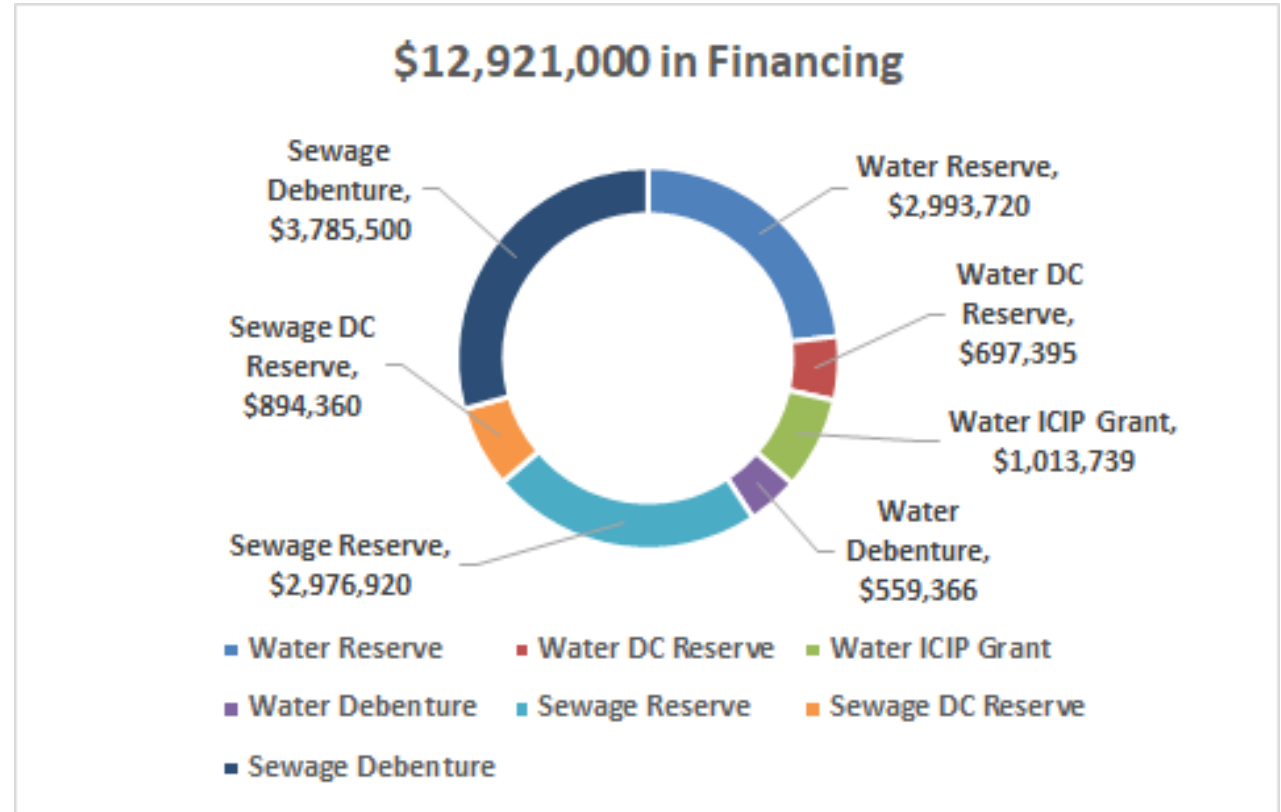
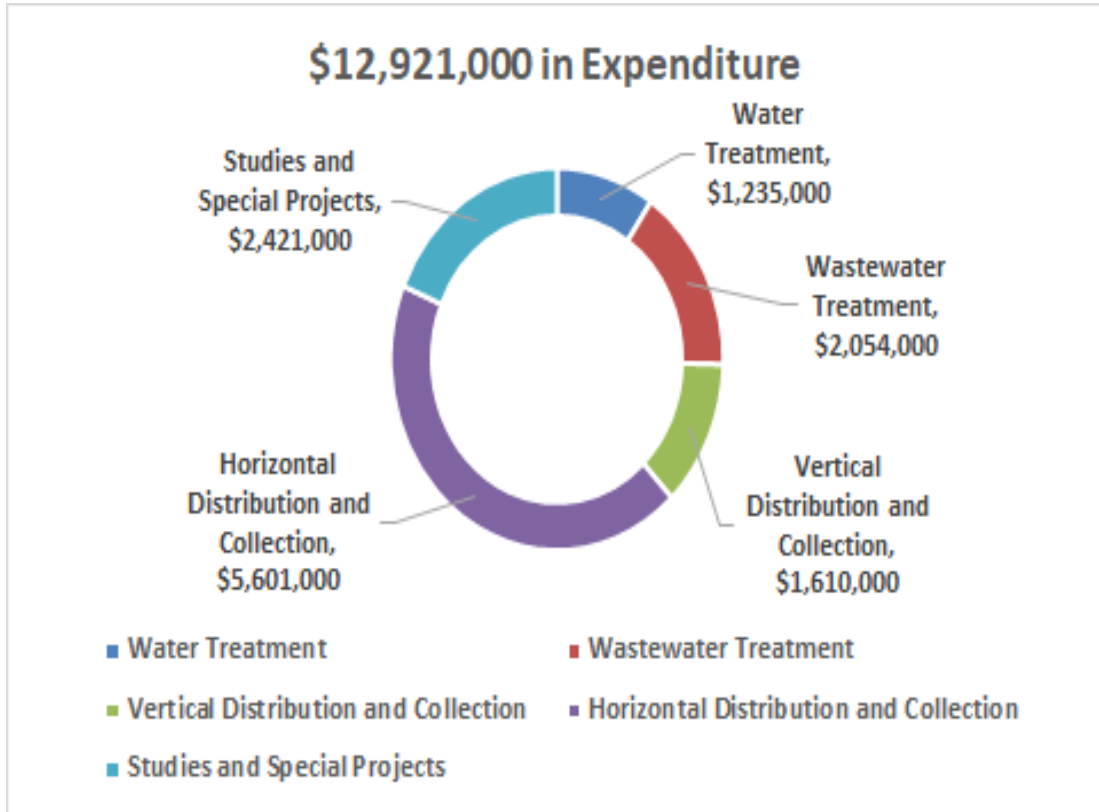
Proposed 2024 Water Operating Budget: \$15.2M



Proposed 2024 Wastewater Operating Budget: \$10.9M



Proposed 2024 Water-Wastewater Capital Budget



Proposed 2024 Water-Wastewater Budget

- Significant Projects >\$1M
 - Lindsay Wastewater Treatment Lagoon - \$1.1
 - Ridout Street Sewage Pumping Station - \$1
 - Kind St Mains – Lindsay to Logie St - \$2.2
 - Ellice St Mains – Clifton to Wychwood Cres - \$1.0
 - SCADA Systems – Phase 3 of 8 - \$1.7
- Budget is aligned with the following:
 - Water-Wastewater Rate Study (2021 to 2030)
 - Long-Term Financial Plan
- General user rate increase has been set to 3%



Operating Budget

2024 Proposed Operating Budget

- Total budgeted general tax levy increase is 4.56%
- 2024 Budget in Alignment with LTFP and Includes:
 - Significant Inflation
 - Pending Growth – projected revenue and expenditures
 - New Legislation
 - Rising borrowing costs
 - Investment in Staff retention and attraction
 - Uncertain global economy
 - Covid recovery
 - Building and continuing investment in Reserves
 - Limited Increased revenues and grants

Status of 2024 Operating Budget

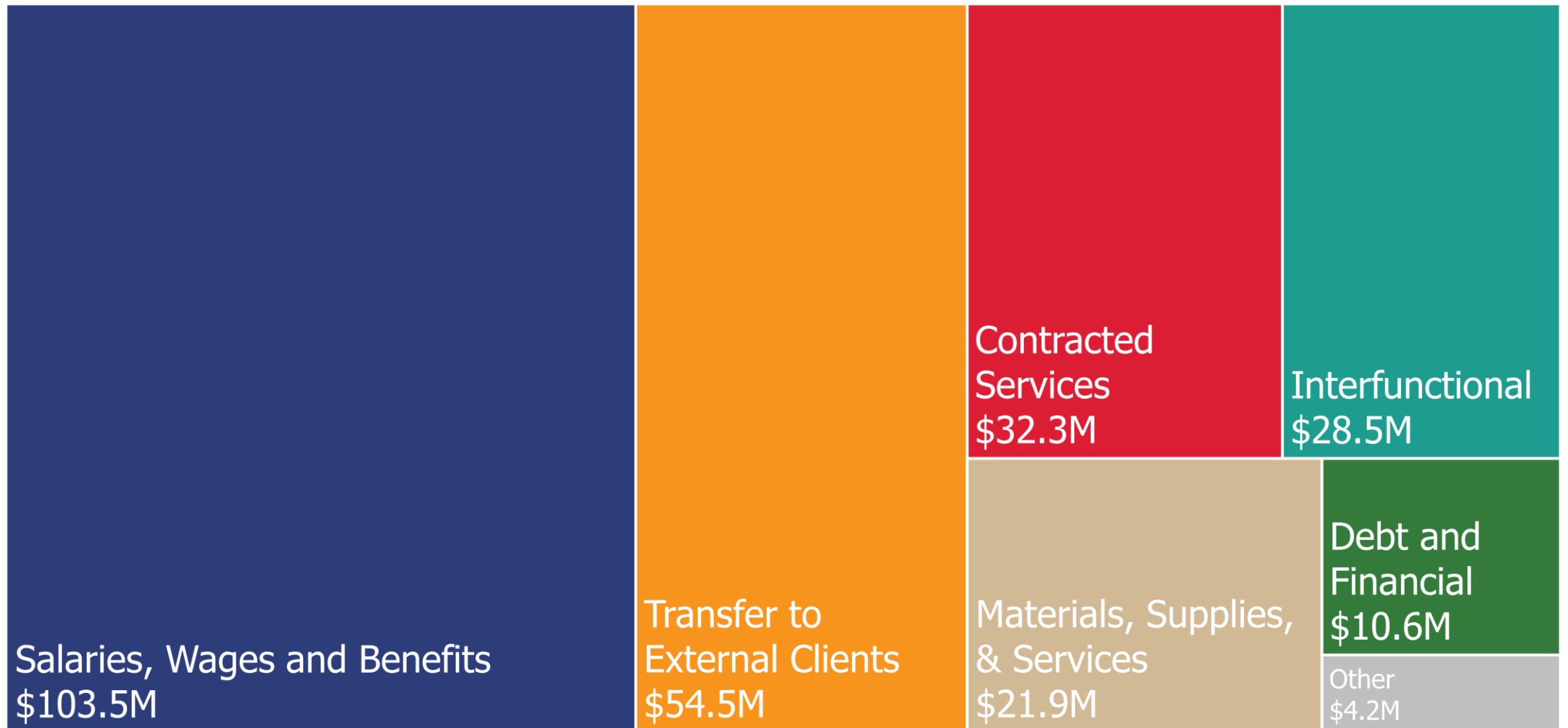


2024 CITY OF KAWARTHA LAKES OPERATING BUDGET

City Departments	Budget 2024	Budget 2023	2024 TARGET GOAL FOR 3%	Variance from 3% Target
Mayor	664,284	657,726	677,458	(13,174)
CAO	7,770,588	7,544,260	7,770,588	-
Corporate Services	10,969,772	10,723,566	11,045,273	(75,501)
Fire Services	11,346,263	9,439,270	9,722,448	1,623,815
Paramedic Services	6,777,052	5,902,314	6,079,383	697,669
Community Services	12,844,638	12,288,335	12,656,985	187,653
Human Services	8,373,673	7,835,879	8,070,955	302,718
Development Services	3,532,476	3,429,588	3,532,476	-
Engineering	2,220,537	2,221,810	2,288,464	(67,927)
Public Works	39,384,345	38,237,228	39,384,345	-
	103,883,628	98,279,976	101,228,375	2,655,253
External Agencies				
Kawartha Lakes Police Services	10,261,233	9,348,179	9,628,624	632,609
Ontario Provincial Police	8,198,525	8,028,543	8,269,399	(70,874)
Conversation Authorities	1,584,508	1,489,306	1,533,985	50,523
Health Agencies (VON, HKPR, DI)	2,639,871	2,550,176	2,626,681	13,190
Library	2,340,456	2,116,653	2,180,153	160,303
Kawartha Lakes Haliburton Housing	3,222,589	2,748,955	2,831,424	391,165
Lindsay Downtown BIA	240,492	192,000	197,760	42,732
	28,487,674	26,473,812	27,268,026	1,219,648
Total Expenses	132,371,302	124,753,788	128,496,401	3,874,901
Corporate Items	(130,184,625)	(124,753,788)	(128,496,401)	(1,688,224)
	(130,184,625)	(124,753,788)	-	2,186,677

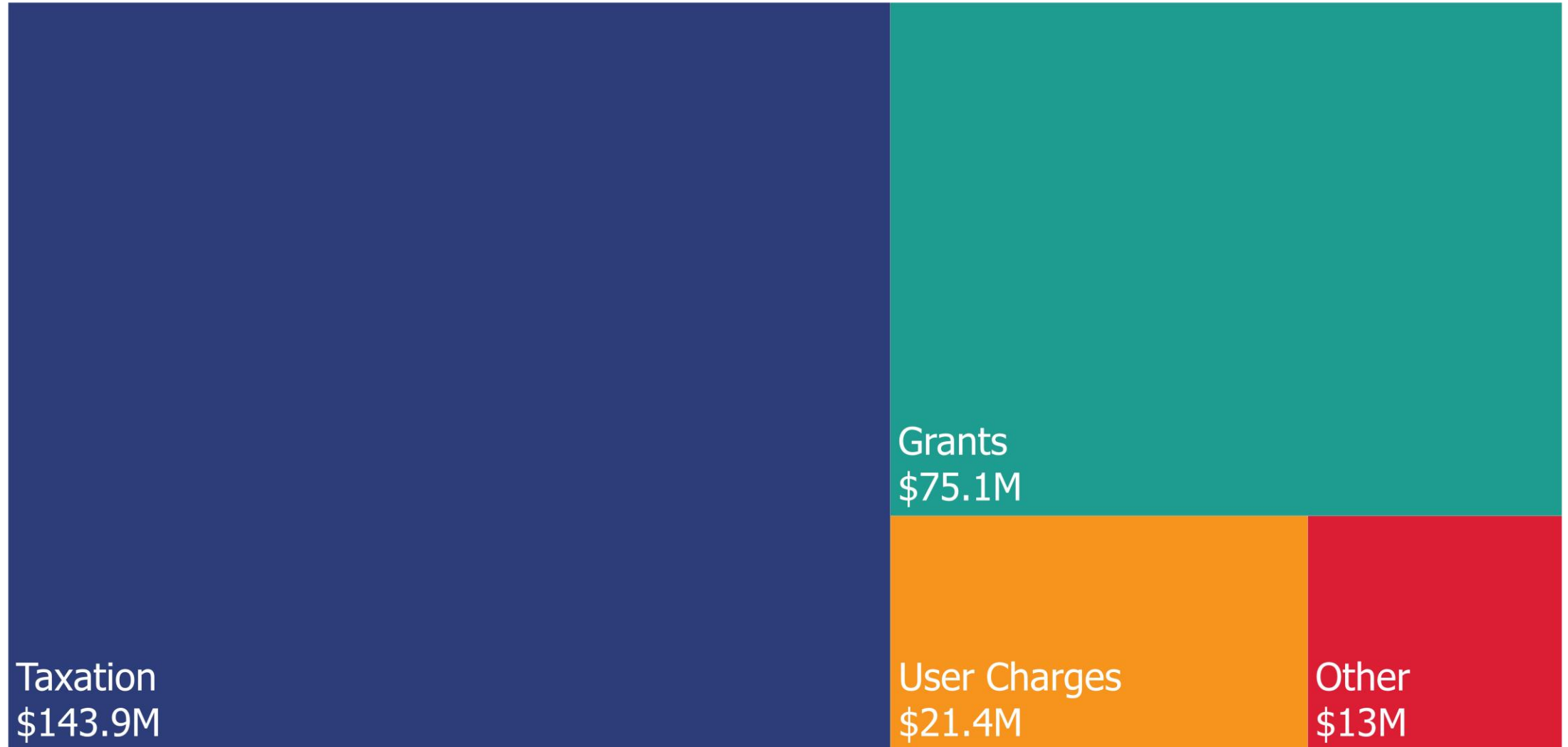
Currently at
4.56%
Operating
Increase +
1.5%
Capital Levy

2024 Proposed Operating Budget: \$255.6M Expenses



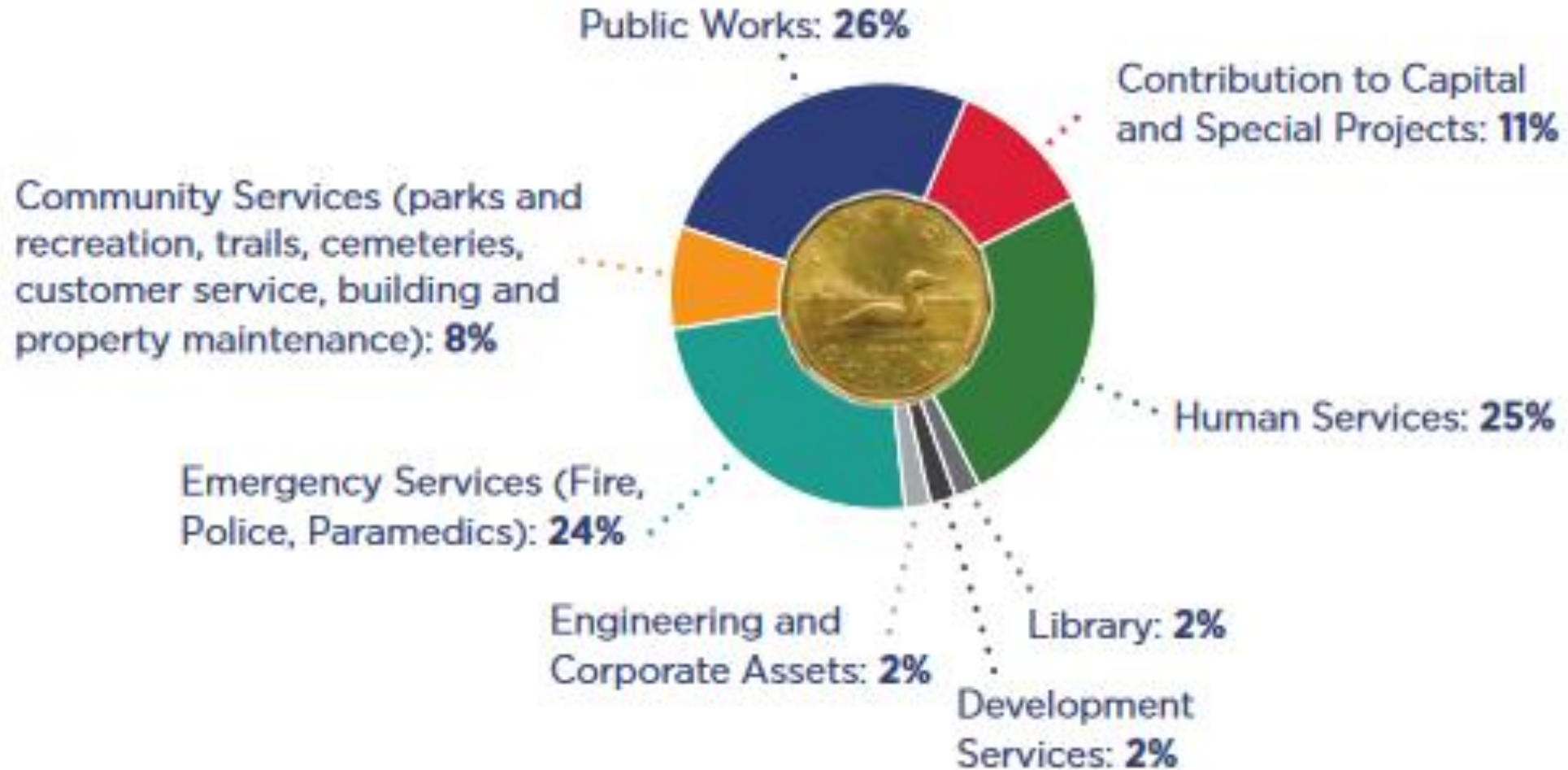
2024 Proposed Operating Budget: \$253.4M

Revenues

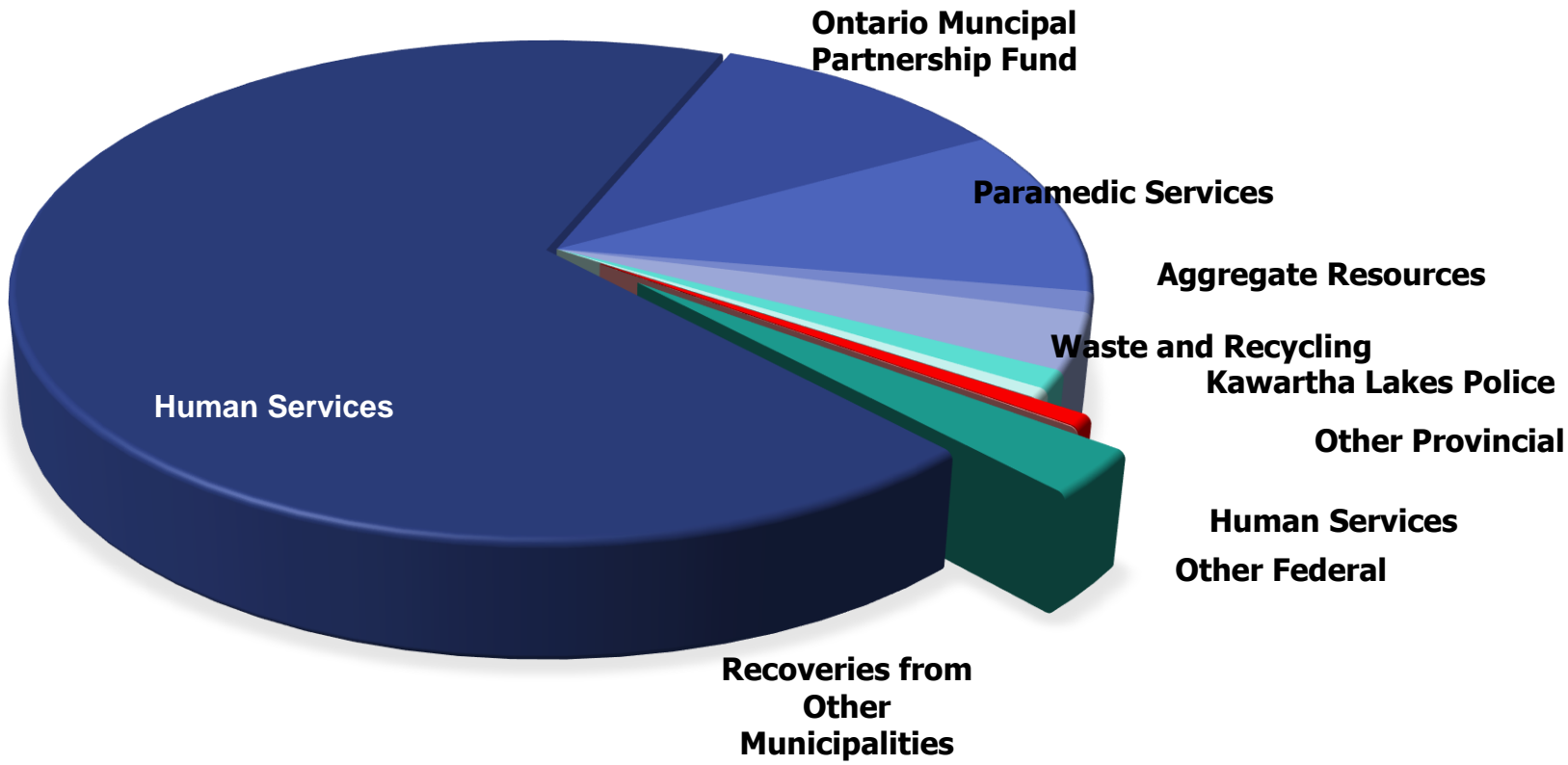


Where Does \$143.8 in Tax Dollars Go?

Where Tax Dollars Go



Grant Funding: 2024 = \$75.1M



Provincial Grants 96% Federal Grants 1% Other Municipalities 3%

5. Next Steps

October 17 Special Council	October 31 Special Council	November 2 Special Council	November 8 Special Council	November 28	December 5
Budget Presentations <ul style="list-style-type: none"> ▪ City Departments 	Budget Presentations <ul style="list-style-type: none"> ▪ City Departments 	Budget Presentations <ul style="list-style-type: none"> ▪ Conservation Authorities ▪ Outside Agencies, Boards and Committees 	Public Meeting, 7 pm <ul style="list-style-type: none"> ▪ Present overview of 2024 Budget 	Budget deliberation & approval <ul style="list-style-type: none"> ▪ Capital Budget 	Budget deliberation & approval <ul style="list-style-type: none"> ▪ Operating Budget ▪ Special Projects ▪ Water & Wastewater Operating & Capital

Follow along with the Budget Process



kawarthalakes.ca/budget

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