

# City Of Kenora

2007 Operating Budget

2007 Five Year Capital Plan

Public Meeting: 12 April 2007

# City of Kenora

## 2007 City Budgets

### Public Meeting Agenda

- City Budgets vs. Utility Budgets
- Guiding Principles
- Council Direction
- Budget Highlights
- Major Budget Impacts
- Budget Reductions
- Municipal Tax Rates & Residential Taxes
- Future Budget Pressures
- Q & A's
- Public Input
  - ◆ 2007
  - ◆ 2008 & Beyond

# City of Kenora

## 2007 City Budgets

### City Budgets vs. Utility Budgets

- City Budgets do not include costs for City Utilities:
  - ◆ Water & Sewer
  - ◆ Solid Waste (excluding recycling)
  - ◆ KMTS
  - ◆ Kenora Hydro
- The utilities are fully funded through user pay, with incremental revenues from senior levels of government as available

# City of Kenora

## 2007 City Budgets

### Guiding Principles for the Corporation

- Kenora will provide fairness in taxation
- Kenora will provide value for service to the ratepayer
- Kenora will ensure sound fiscal management
- Kenora will provide quality of life amenities and services for citizens and visitors
- Kenora will explore and pursue new opportunities
- Kenora will value and be responsible to its employees
- Kenora will understand and respect its citizens
- Kenora will inform and engage its citizens
- Kenora will be a steward of the environment

# City of Kenora

## 2007 City Budgets

### Council Direction

- 0% change on municipal share of residential tax rate
  - ◆ Tax rates must be passed by April 30<sup>th</sup>
- Increased focus on Economic Development in 2007 budget, including an incremental budget allocation of \$80,000 to be used towards business attraction costs
- Elimination of all administrative type charges to the City utilities

# City of Kenora

## 2007 City Budgets

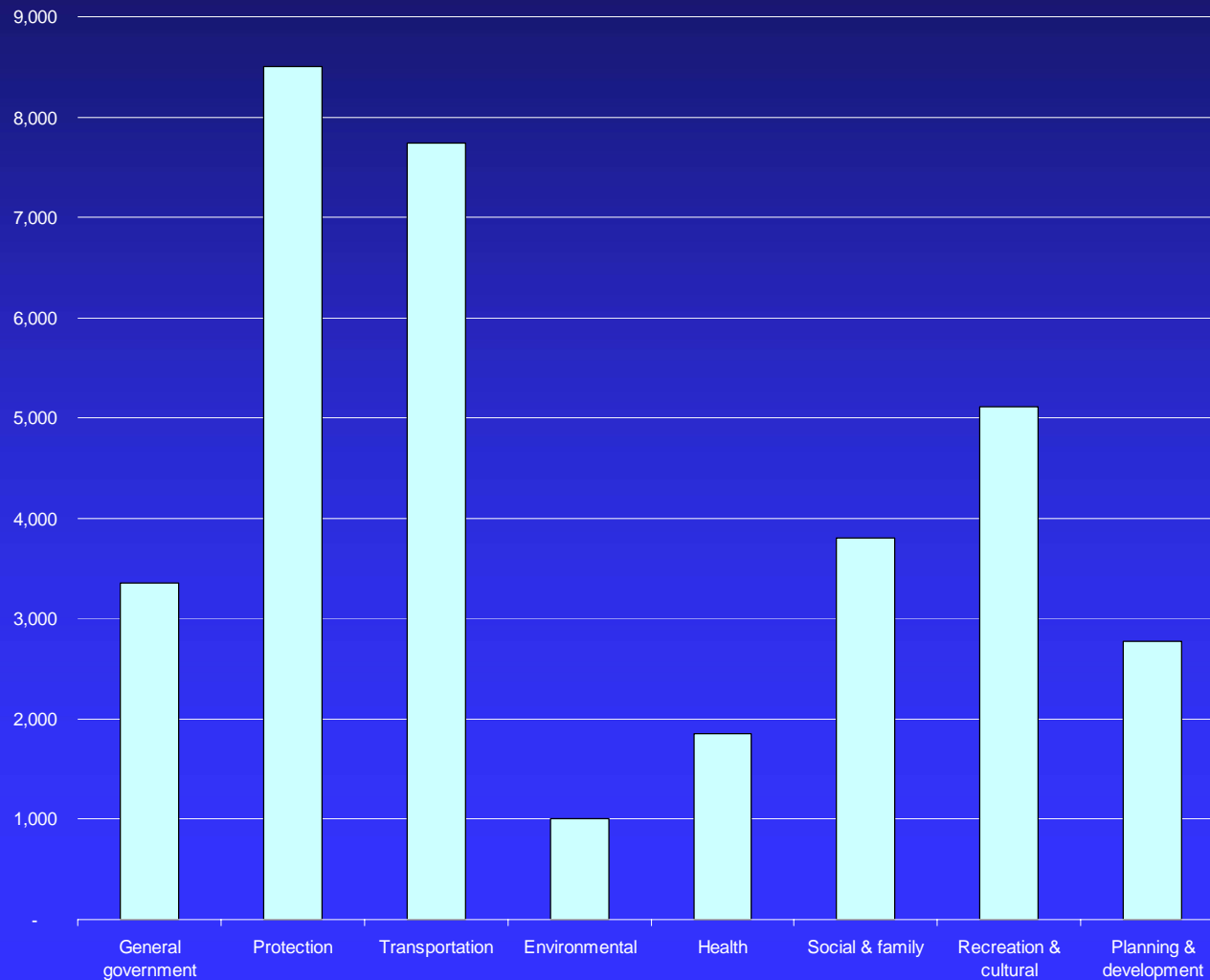
### Overall Highlights

- City budgets are all still in draft format
- Combined Operating, Capital and Reserve Expenditures - \$34.1 million, represented by:
  - ◆ Operating expenditures - \$25.3 million
  - ◆ Reserve appropriations - \$2.1 million
  - ◆ Capital expenditures - \$6.8 million
    - ◆ \$3.8 million relates to 2006 projects carried forward
    - ◆ \$3.0 million relates to 2007 projects
- Tax Levy - \$17.2 million
  - ◆ Tax revenues are City's primary source of funding

# City of Kenora

## 2007 Overall City Budget

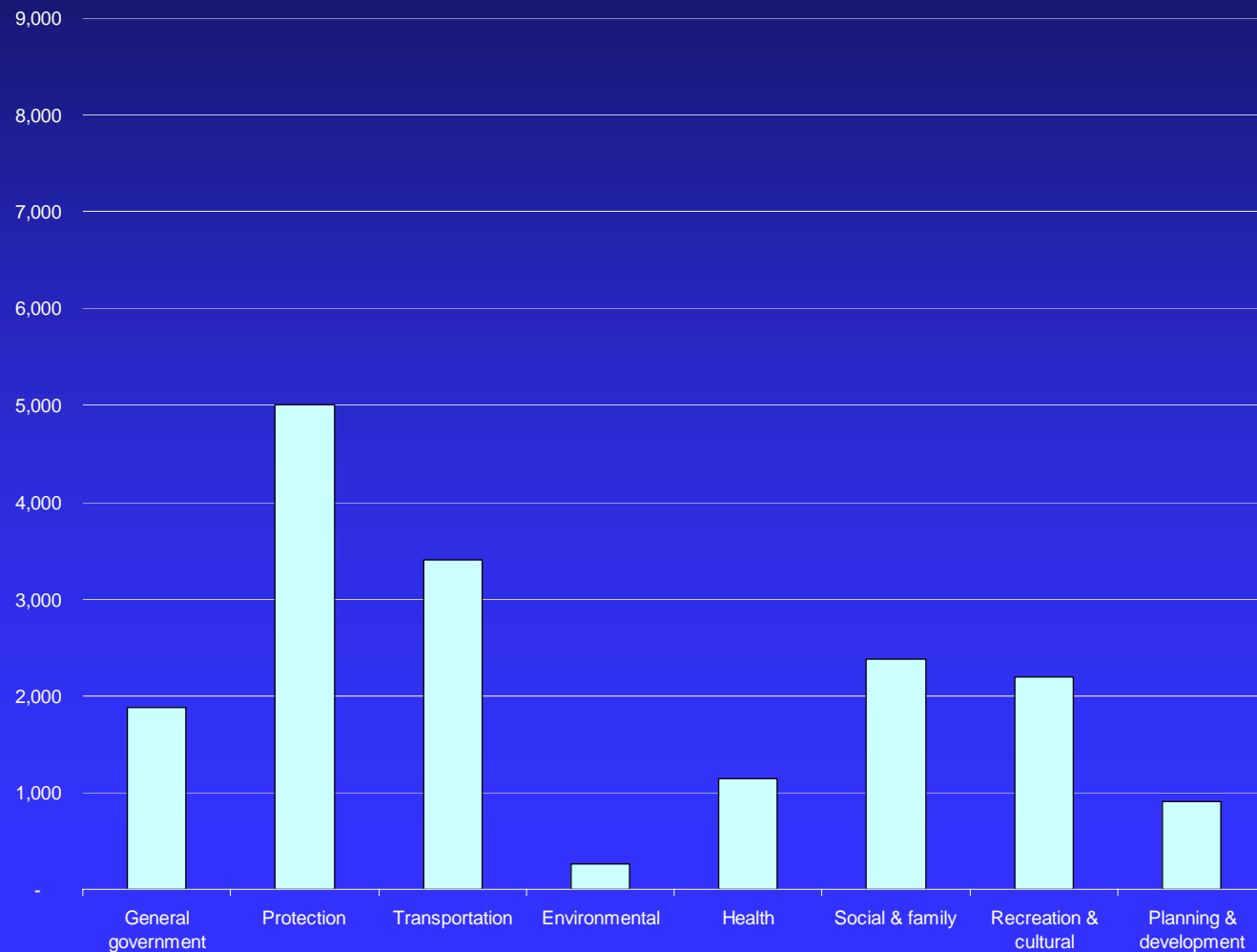
### Highlights – Gross Expenditures



# City of Kenora

## 2007 Overall City Budget

### Highlights – Net Tax Levy Allocation





# City of Kenora

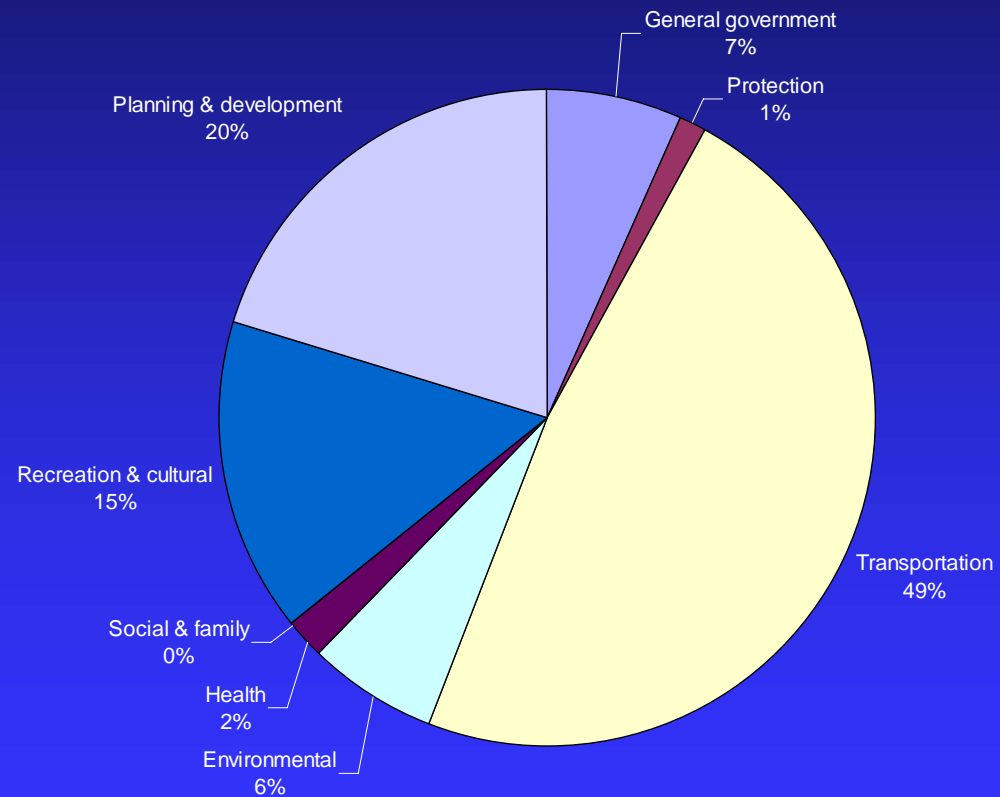
## 2007 Five Year Capital Plan

### Highlights

- Draft plan projects gross expenditures of:
  - ◆ \$6.8 million in 2007 – represented by:
    - ◆ \$3.8 million for projects carried forward from 2006
    - ◆ \$3.0 million for 2007 projects
  - ◆ \$2.8 million in 2008
  - ◆ \$2.7 million in 2009
  - ◆ \$3.1 million in 2010
  - ◆ \$2.7 million in 2011
- Projected net tax levy allocation of \$1.9 million, virtually consistent with that budgeted for in 2006
- The City has maintained its allocation to capital spending in spite of the additional fiscal challenges it currently faces

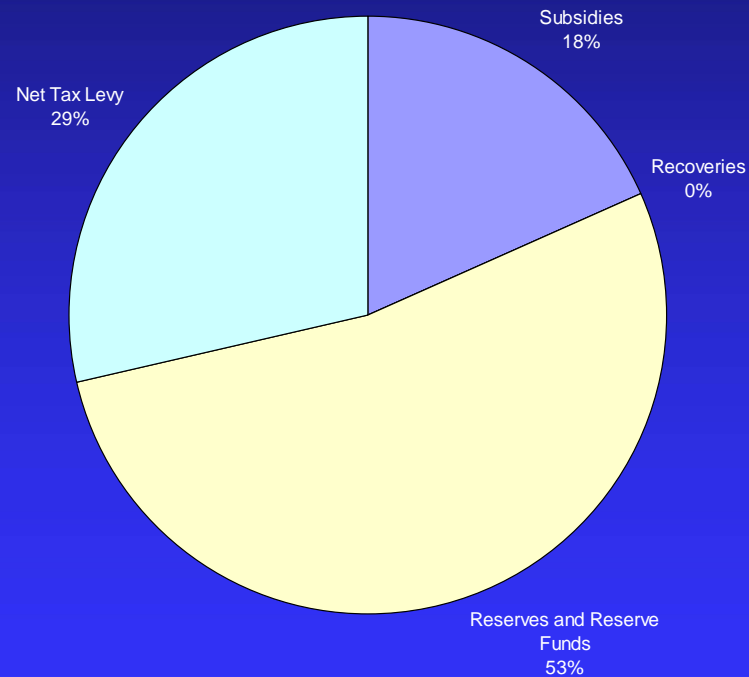
# 2007 Total Capital Expenditures

TOTAL: \$6.8 (in millions of dollars)



# 2007 Sources of Capital Funding

TOTAL: \$6.8 (in millions of dollars, including tax levy)



The City's most significant proposed funding source for the 2007 draft capital plan is appropriations from reserve funds (\$3.0 million for 2006 projects and \$.6 million for 2007 projects).

The next most significant funding source proposed is the allocation of net tax levy (\$1.9 million), followed by subsidies from senior levels of government (\$1.2 million).

# City of Kenora

## 2007 Five Year Capital Plan

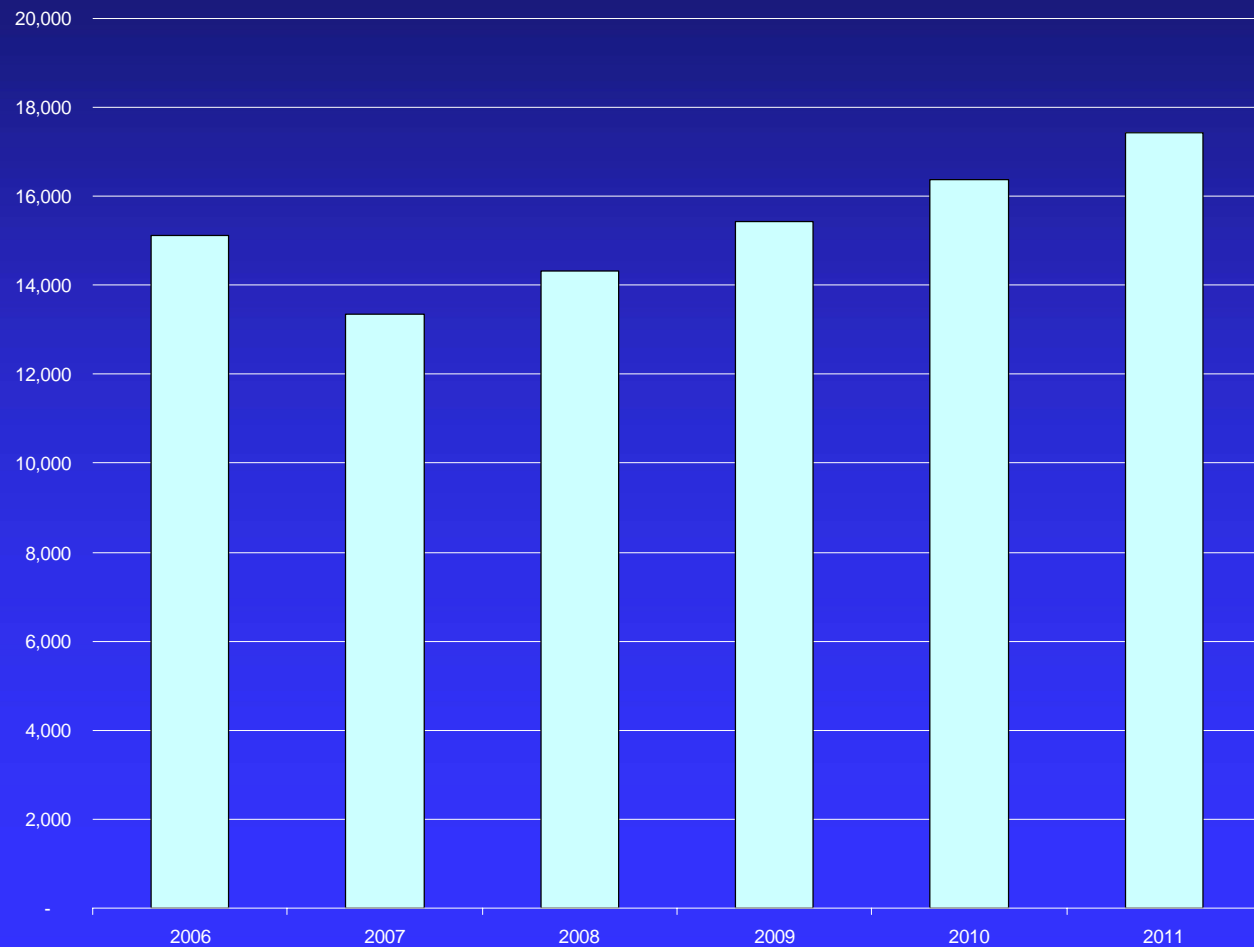
### Highlights - Reserves

- City reserves do not include reserves from various utilities
- Reserves are funds earmarked for certain purposes
- Reserves established to help stabilize certain annual capital expenditures
- \$2.1 million into City reserves in the 2007 budget
- Draft plan estimates annual reserve appropriations at:
  - ◆ 2007 - \$3.6 million, represented by:
    - ◆ \$3.0 million for projects carried forward from 2006
    - ◆ \$ .6 million for 2007 projects
  - ◆ 2008 - \$ .8 million
  - ◆ 2009 - \$ .6 million
  - ◆ 2010 - \$ .9 million
  - ◆ 2011 - \$ .7 million

# City of Kenora

## 2007 Five Year Capital Plan

### Highlights – Projected Reserves



# Potential Higher Value 2007 Capital Projects

(in thousands of dollars)

	Total Cost	Net Tax Levy
<b>General Government</b>		
City Hall Building & Stair Rehabilitation	100	-
Capital Asset Implementation	100	<b>100</b>
<b>Transportation</b>		
Municipal Paving Program	552	<b>320</b>
Sidewalks	183	<b>100</b>
Gould Road	170	<b>170</b>
Keewatin Channel Bridge Paving	500	-
Matheson Street Wharf	535	-
Salted Sand Storage Building	150	-
Bridge Inventory / Audit	150	-
<b>Environmental</b>		
Kenora Rec. Centre Storm Sewer	125	-
16th Ave. N. Storm Sewer	290	-

# Potential Higher Value 2007 Capital Projects (in thousands of dollars) – Cont.

	Total Cost	Net Tax Levy
<b>Recreation &amp; Cultural</b>		
KRC Phase 1 Site Planning	156	156
Museum Annex Restoration	202	-
<b>Planning &amp; Development</b>		
Hwy 17 E Completion	615	-
Downtown Revitalization Study / Design	520	-
<b>Total Significant Projects</b>	<b>4,348</b>	<b>846</b>
Projects less than \$100K	2,426	1,091
Total Planned 2007 Capital	\$ 6,774	\$ 1,937

# City of Kenora

## 2007 Operating Budget

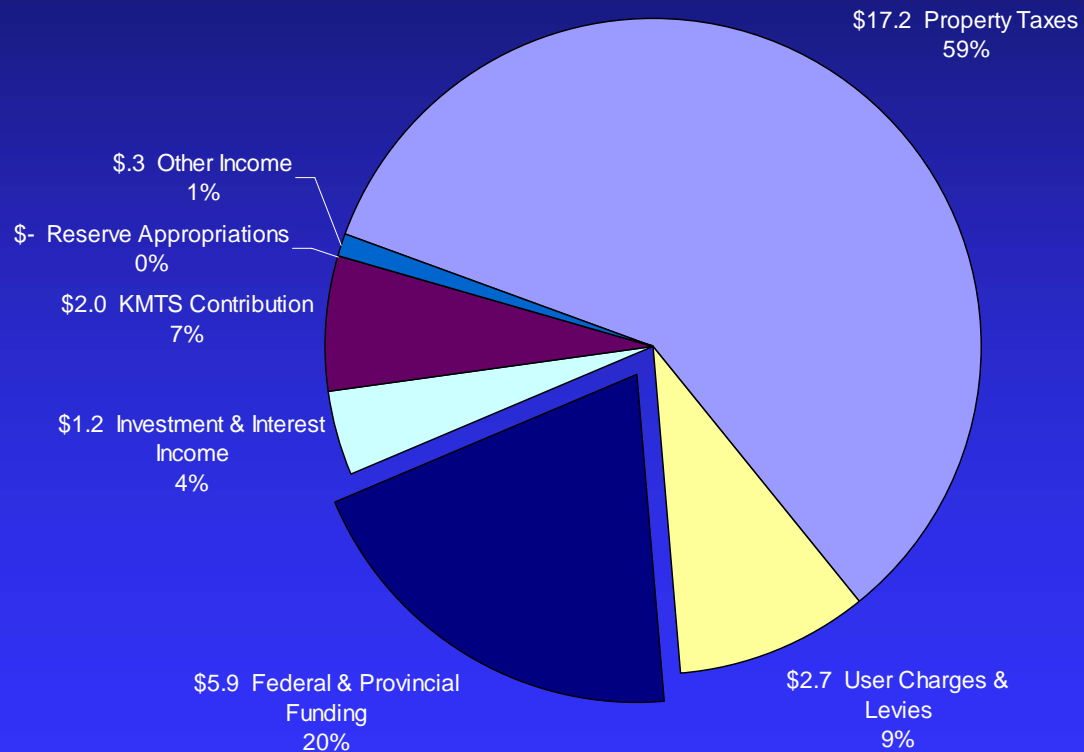
### Highlights

- Draft budget projects operating expenditures of \$25.3 million, not including net tax allocations to capital and reserves of:
  - ◆ \$2.1 million in reserve appropriations
  - ◆ \$1.9 million in net capital allocations
- Combined operating revenues total \$29.3 million



# 2007 Municipal Operating Revenues

TOTAL: \$29.3 (in millions of dollars)



# City of Kenora

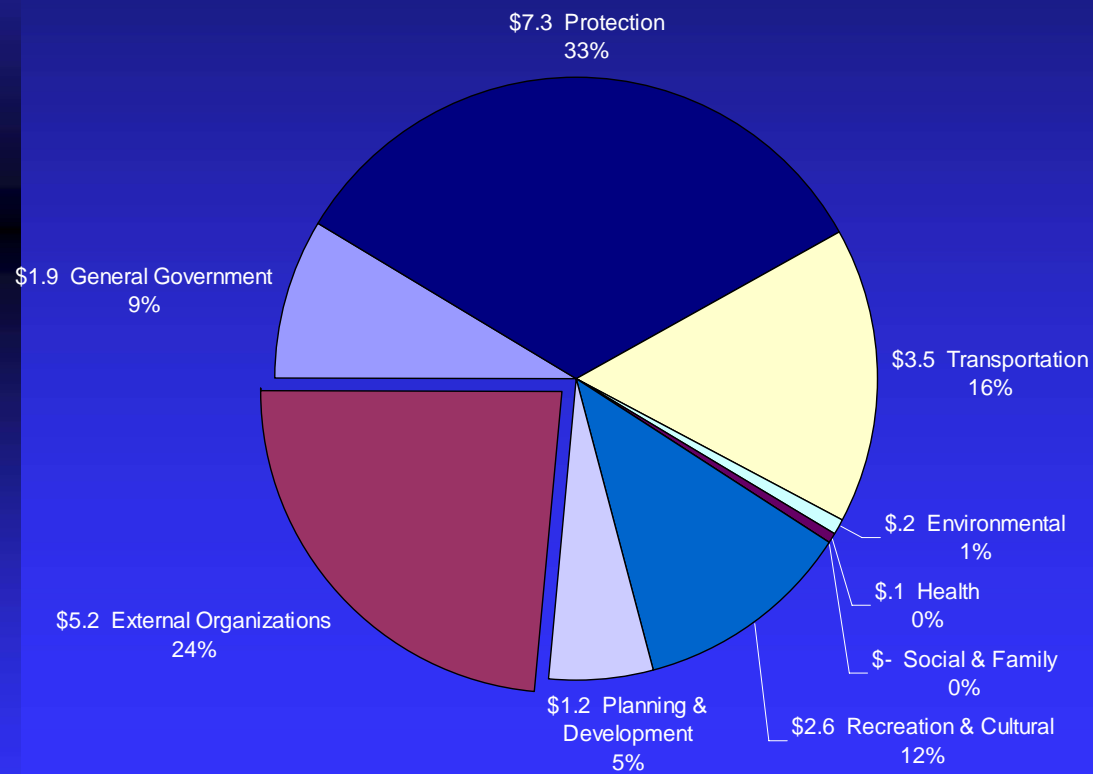
## 2007 Operating Budget

### Highlights – Net Program Costs

- Net Program Costs = Net Operating Expenditures
- Do not include capital expenditures or reserve appropriations
- Planned Net Program Costs - \$22.0 million
  - ◆ Protection - \$7.3 million (33%)
  - ◆ External Organizations - \$5.2 million (24%)
  - ◆ Transportation - \$3.5 million (16%)

# 2007 Net Program Costs

TOTAL: \$22.0 (in millions of dollars)

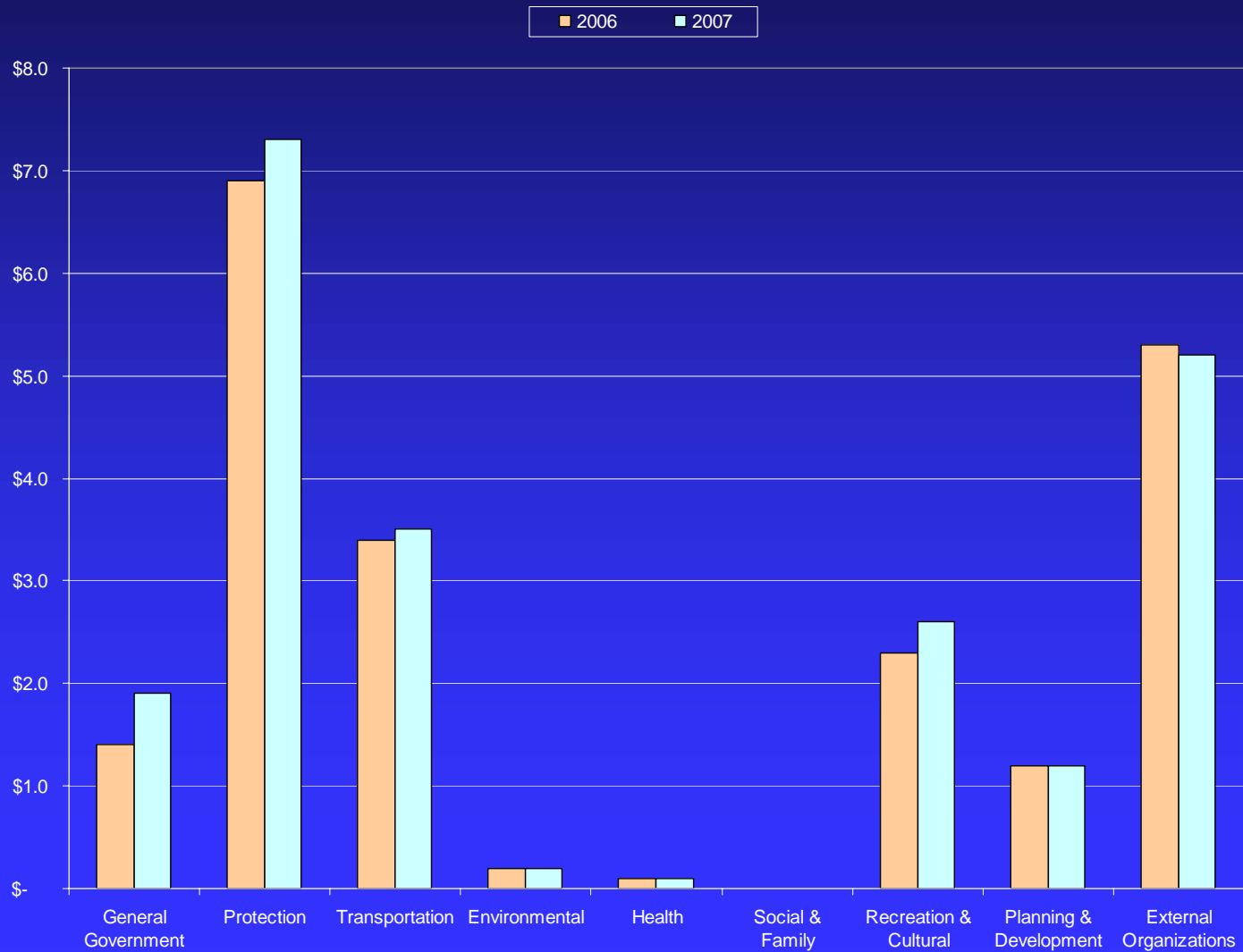


## External Organizations

- NWHU
- KDSB
  - ◆ Land Amb.
  - ◆ OW
  - ◆ Child Care
  - ◆ Social Housing
- Pincrest

# Shifting City Net Program Costs

2006 vs. 2007 Budget  
(in millions of dollars)



# Shifting City Net Program Costs

## General Government

### 2006 vs. 2007 Budget (in thousands of dollars)

	2006 Budget	2007 Budget	% Change
General Government Net Program Costs	\$ 1,401	\$ 1,911	36%
Allocated Cost Reduction in Administration *		(708)	
Offsetting Expense Reduction for Service Transfer **		175	
<b>Residual General Government Net Program Costs</b>	<b>\$ 1,401</b>	<b>\$ 1,378</b>	<b>-2%</b>

\* Council mandate to reduce allocated administration costs to City utilities in 2007 resulted in a significant shift in net program costs related to general government expenditures.

\*\* As a result of the transfer of certain services previously provided by the City to both KMTS and Kenora Hydro, the City was able to reduce administration related costs by \$174,664 in the 2007 budget.

# City of Kenora

## 2007 City Budgets

### Major Budget Impacts

- Continued Abitibi mill closure impacts
- Loss in tax revenues resulting from assessment freeze
- Increased costs
  - ◆ Benefits
  - ◆ Policing
  - ◆ Kenora Recreation Centre
- Major impacts of approximately \$.9 million to taxes, net of external organization reductions
- Council direction for 0% tax levy change for 2007
- Special Circumstances Funding received of \$584,895

# City of Kenora

## 2007 Major Budget Impacts

(in thousands of dollars)

	Budget Increase	% Increase From Prior	% Impact on Tax Rate
Benefits Impacts	\$ 209	8.3%	1.4%
Kenora Police Services	218	5.2%	1.4%
Ontario Provincial Police (OPP)	211	17.6%	1.4%
Kenora Recreation Centre	292	37.3%	1.9%
Combined External Organization Impacts	(143)		-0.9%
Combined Incremental Tax Losses	141		0.9%
<b>Combined Major Impacts</b>	<b>\$ 929</b>		<b>6.1%</b>
Special Circumstances Funding	585		3.8%
Remaining Net Impacts	\$ 344		2.3%

# City of Kenora

## 2007 Budget Reductions

### Staff Remuneration

- Continued wage freeze for all City staff without active agreements for 2007
- Kenora Police Services Board budget request does include a wage increase, however this has not yet been approved by Council
- Continued freeze on grid movement for non-union staff for 2007



# City of Kenora

## 2007 Budget Reductions

### City Staffing Impacts

- City reduced 9 full time positions in the 2006 operating budget cuts
- Incremental administration staffing changes in 2007 budget from 2006 budgeted levels include:
  - ◆ Administrative Assistant / Deputy Clerk – position reduced from full time to half time
  - ◆ Additional positions that were eliminated and workload transferred back to City utilities include:
    - ◆ Utilities Accountant
    - ◆ Regulatory Analyst
    - ◆ Customer Service Representative

# City of Kenora

## 2007 Budget Reductions

### Cuts to External City Departments

- Cuts to various City departments, including:
  - ◆ Kenora Handi Transit - \$10,000
  - ◆ Kenora Public Library - \$58,379
    - ◆ \$36,821 is reduction to bring Library Board approved budget request back to the 2006 budget level
    - ◆ \$21,558 is reduction from 2006 budget level
    - ◆ City building housing the Keewatin Library Branch to be declared surplus effective 1 September 2007
  - ◆ Lake of the Woods Museum - \$17,000

# City of Kenora

## Municipal Tax Rates & Residential Taxes

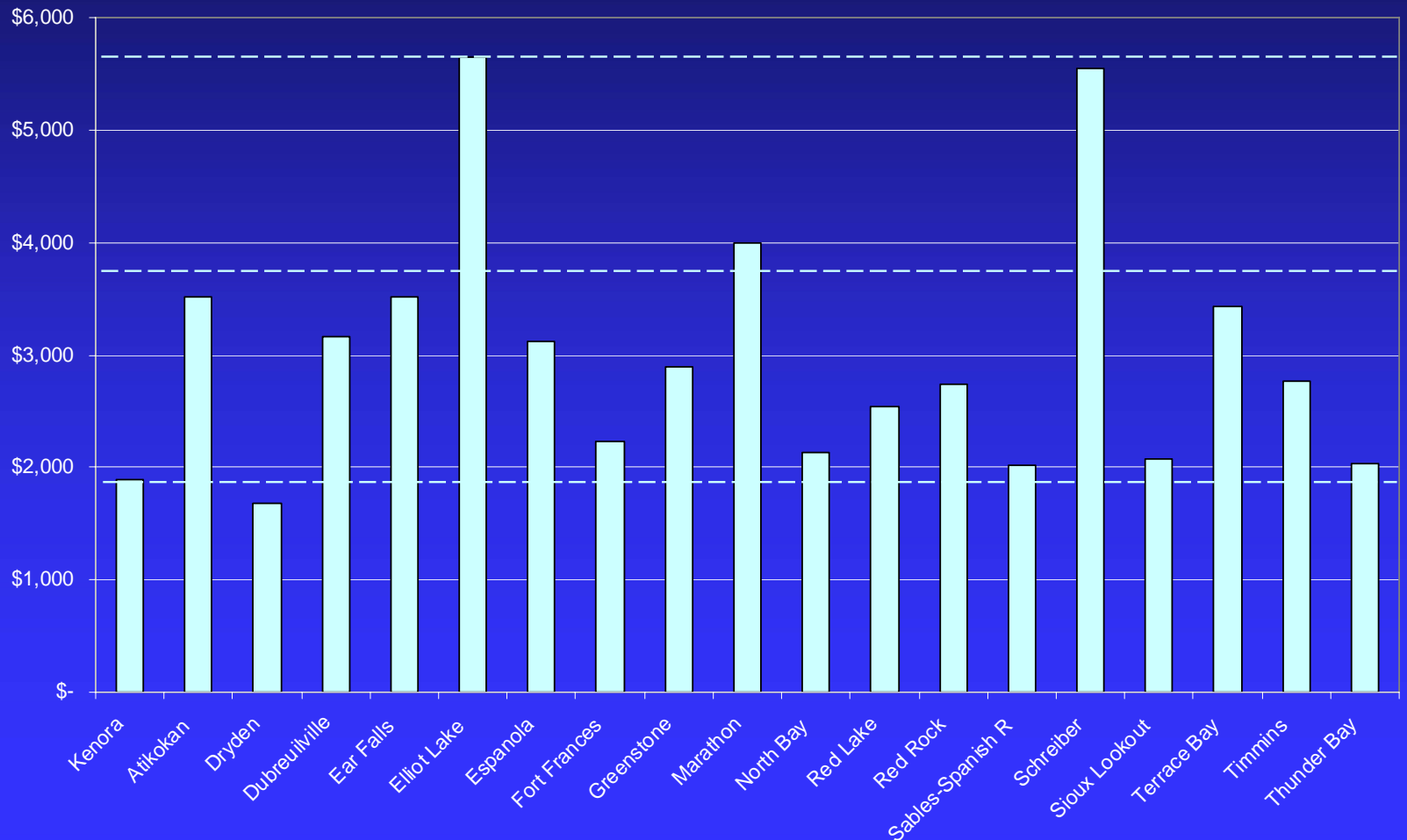
### Where Does Kenora Stand?

- Survey of other Northwestern Ontario Municipalities
- Based on 2006 tax rates, out of the nineteen municipalities
  - ◆ Kenora is 2<sup>nd</sup> lowest residential tax rate
  - ◆ Kenora is 4<sup>th</sup> lowest commercial tax rate
  - ◆ Kenora is 5<sup>th</sup> lowest industrial tax rate
  - ◆ Kenora is 4<sup>th</sup> lowest of the 12 that have a large industrial tax rate
- Comparison is based on municipal tax rates only, and is independent of assessment related information
- 2007 rates not yet available for most municipalities

# Municipal Tax Rate Comparisons

## 2006 Residential Tax Rates

2006 Residential Property Taxes - Municipal Portion Only - \$150K Home



# City of Kenora

## Future Budget Pressures

- Kenora is expecting significant reductions in revenues related to:
  - ◆ The Abitibi Closure
  - ◆ Projected reductions in Provincial Funding through the Ontario Municipal Partnership Fund (OMPF)

# City of Kenora

## Future Budget Pressures

### Abitibi Mill Closure

- Annualized lost property tax revenues is \$.9 million in the 2007 budget as compared to the 2005 budgeted levels
  - ◆ Incremental loss is \$.1 million in 2007 budget
- Anticipated annualized lost property taxes will be as high as \$1.1 million, as early as 2008
  - ◆ Incremental loss will be \$.2 million in 2008 budget
- \$584,895 of one time special assistance funding received from the Minister of Municipal Affairs and Housing to offset property tax losses related to the Abitibi closure
- This loss is an ongoing, annualized loss in property tax revenues – the City requires a longer term and sustainable solution to address this

# City of Kenora

## Future Budget Pressures

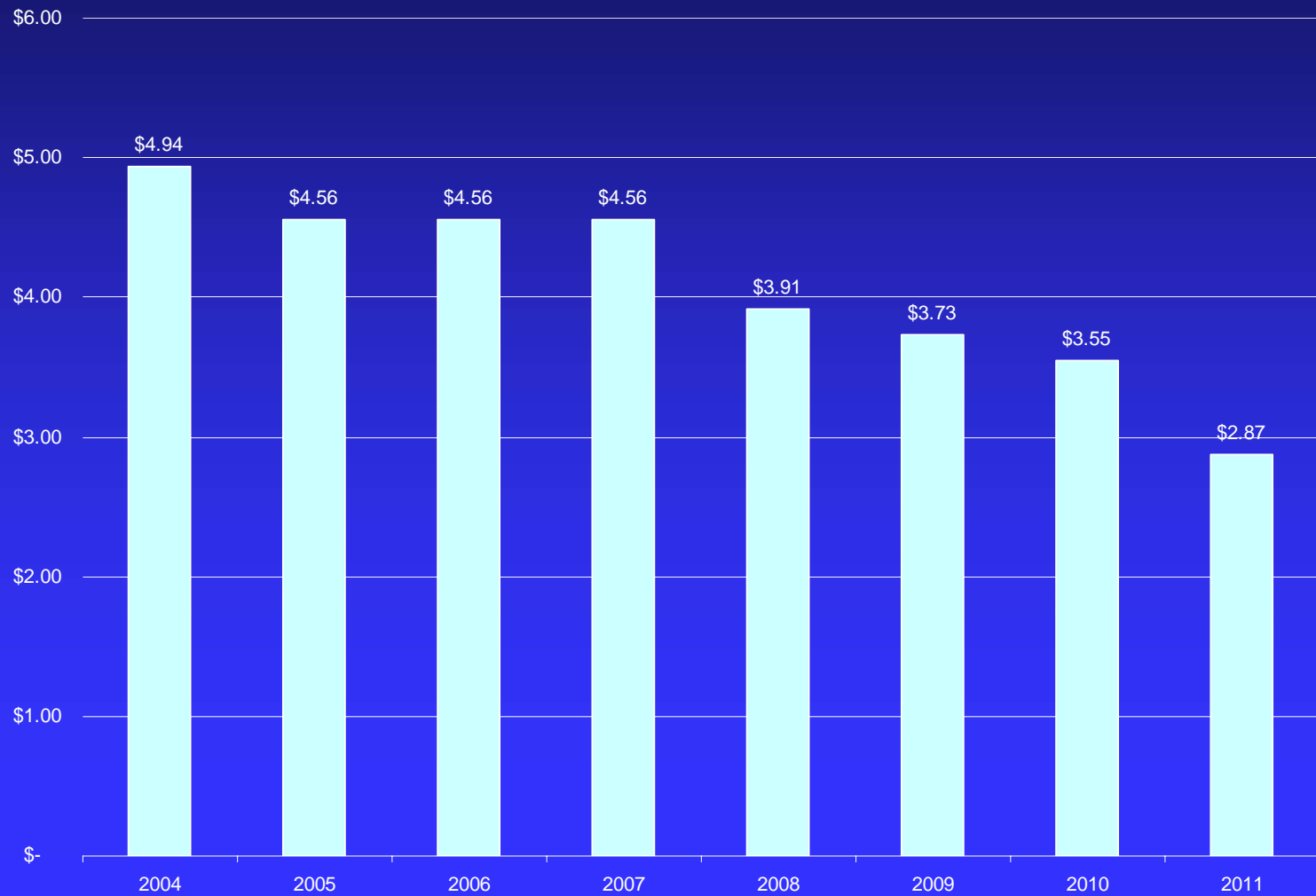
### OMPF Funding

- Current estimated program deficit related to this funding is about \$1.1 million for 2007
- Anticipated loss of \$1.7 million annually by 2011 from the approved 2007 level – not including
  - ◆ \$.39 million in CRF reconciliation received in 2004
  - ◆ \$1.1 million anticipated downloaded services shortfall
- An elimination of the reconciliation of downloaded costs
- Additional \$.9 million of “stabilization” funding included in allocation up to 2011, the long term viability of which is not known

# Future Budget Pressures

## OMPF Funding

(in millions of dollars)





# City of Kenora

## Future Budget Pressures

### The Infrastructure Deficit

- Entire outstanding obligation not known
- Most significant non-utility deficit is Roads & Bridges
  - ◆ \$5.0 million estimated average annual deficit
  - ◆ Even with a projected 2/3's funding, this deficit will continue to grow
- Plan to work towards quantifying this deficit over next few years
- This deficit will likely become a fiscal issue for the City in 2009 when the City is required to account for its tangible capital assets on its financial statements, including recording amortization of those assets

# City of Kenora

## Future Budget Pressures

### Other Potential Impacts

- Little to no relief from the continued impacts relating to the demands from external organizations
- Potential pressure from ratepayer associations
- Continued reductions in industrial tax rates
- Assessment freeze in effect for 3 additional years
  
- City will continue to struggle to offset fairness in taxation to our taxpayers, balancing increasing /uncontrollable budget demands with significant revenue reductions

# City of Kenora

## Future Budget Pressures

### Next Steps – Where do we Go From Here?

- Continued Departmental Reviews
  - ◆ Continued reviews of City staffing structures
- Continued Service Delivery Reviews
  - ◆ eg., Policing, Solid Waste
- Proposed KDSB review of Ontario Works delivery
- Increased opportunities for public input starting with the 2008 budget process

# City of Kenora

## 2007 City Budgets

### Public Meeting

- Q & A's
- Public Input Session
  - ◆ 2007
  - ◆ Looking Ahead to 2008 & Beyond