

# City Of Kenora

2008 Operating Budget

2008 Five Year Capital Plan

Public Meeting: 15 April 2008

# City of Kenora

## 2008 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
- Looking to the Future
- Q & A's
- Public Input
  - ◆ 2009 & Beyond

# City of Kenora

## 2008 City Budgets

### City Budgets vs. Utility Budgets

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

# City of Kenora

## 2008 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

## 2008 City Budgets

### Council Direction

- Maintain existing service levels
- Increased focus on roads capital programs
  - ◆ Feedback from municipal services survey
- Maintain focus on economic development
- Ensure sale of KMTS entities does not adversely affect property taxes
  - ◆ Pursue offsetting cost reductions in administration / general government

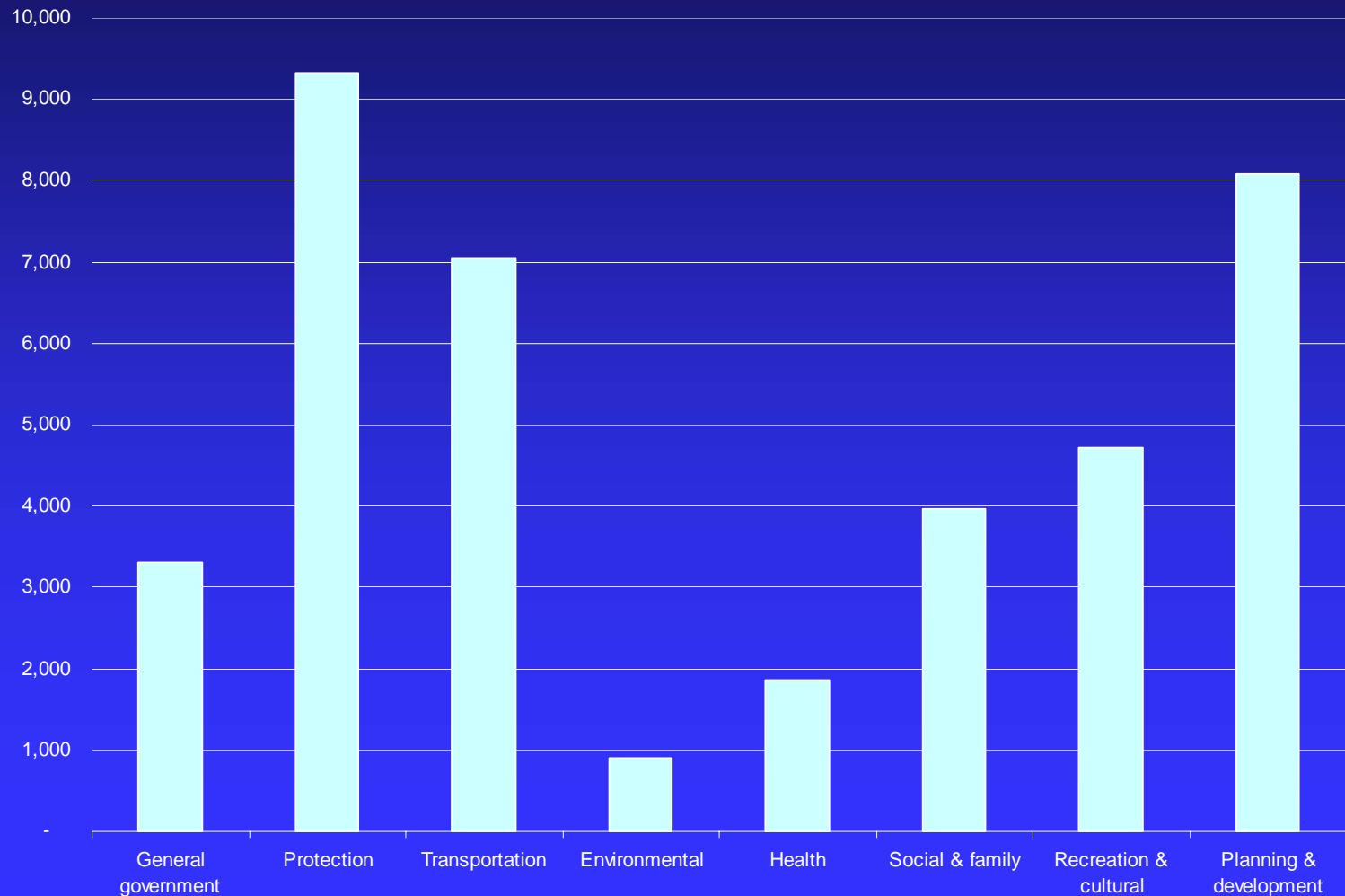
# City of Kenora

## 2008 City Budgets

### Overall Highlights

- Combined Operating, Capital and Reserve Expenditures - \$39.2 million, represented by:
  - ◆ Operating expenditures - \$25.9 million
  - ◆ Reserve appropriations - \$1.6 million
  - ◆ Capital expenditures - \$11.7 million
    - ◆ \$1.3 million relates to 2007 projects carried forward
    - ◆ \$7.2 million for Downtown Revitalization
    - ◆ \$3.2 million relates to other 2008 projects
- Tax Levy - \$18.0 million
  - ◆ Tax revenues are City's primary source of funding

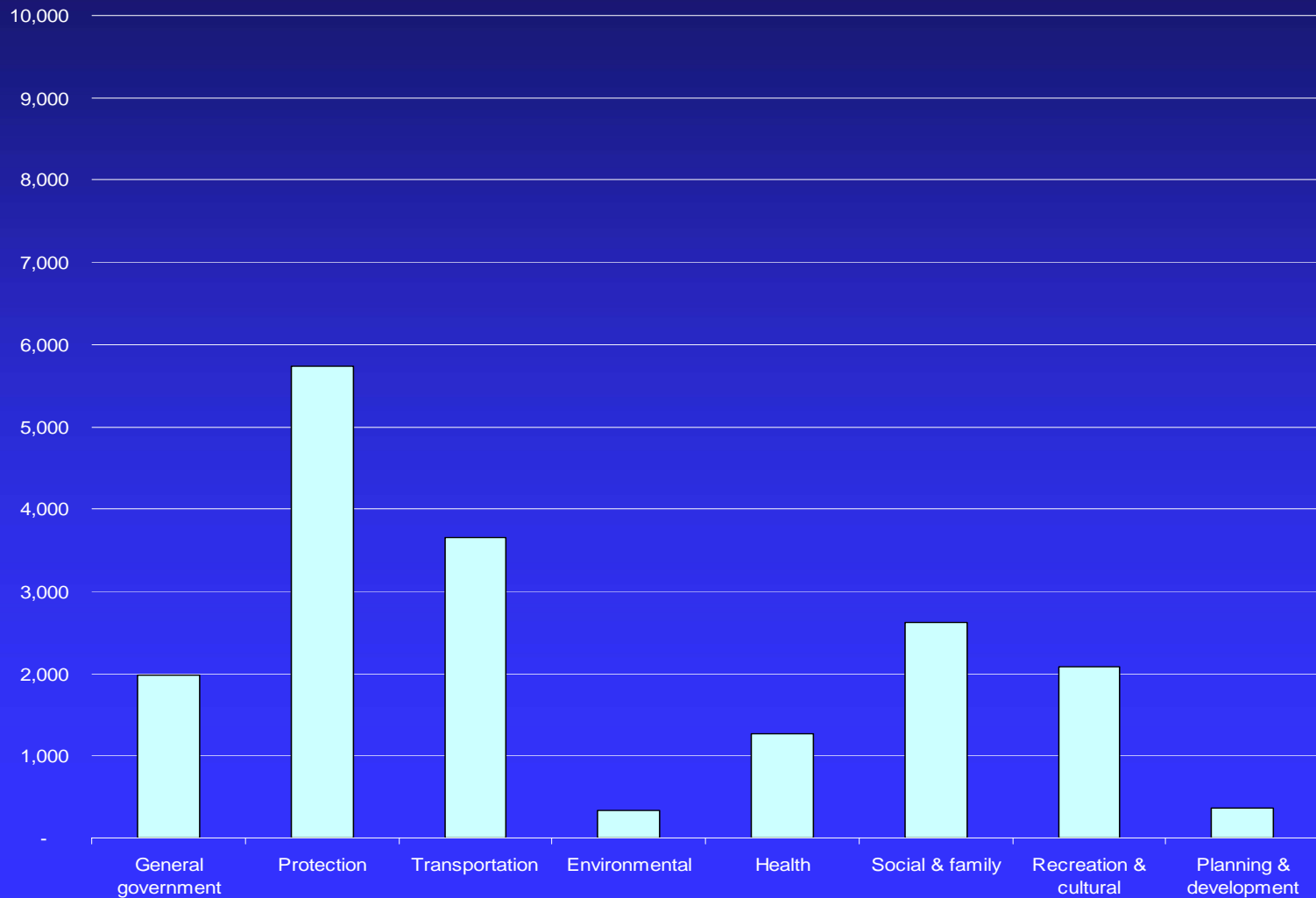
# City of Kenora 2008 Overall City Budget Highlights – Gross Expenditures



# City of Kenora

## 2008 Overall City Budget

### Highlights – Net Tax Levy Allocation





# City of Kenora

## 2008 Five Year Capital Plan

### Highlights

- Draft plan projects gross expenditures of:
  - ◆ \$11.7 million in 2008 – represented by:
    - ◆ \$1.3 million relates to 2007 projects carried forward
    - ◆ \$7.2 million for Downtown Revitalization
    - ◆ \$3.2 million relates to other 2008 projects
  - ◆ \$2.9 million in 2009
  - ◆ \$3.3 million in 2010
  - ◆ \$2.8 million in 2011
  - ◆ \$2.7 million in 2012

# City of Kenora

## 2008 Five Year Capital Plan

### Highlights

- Projected net tax levy allocation of \$2.1 million
- Increased allocation to capital works
  - ◆ 2007 net allocation was \$1.9 million
  - ◆ Operations Equipment Review in 2007
    - ◆ Shift from equipment replacement reserves to capital spending
- In spite of fiscal challenges, the City has maintained its combined allocation
  - ◆ capital spending
  - ◆ historical reserve appropriations

# City of Kenora

## 2008 Five Year Capital Plan

### Highlights – Downtown Revitalization

- Downtown Revitalization Project - \$7.2 million in 2008
- Most significant capital project for 2008
- Economic Development priority for the City
- Project funded through:
  - ◆ Grants from Senior Levels of Government - \$5.0 million
  - ◆ Reserve appropriations - \$2.0 million
  - ◆ Recoveries - \$.2 million
- No allocation of property tax dollars to the Downtown Revitalization Project
- No impact on property taxes resulting from this project

# City of Kenora

## 2008 Five Year Capital Plan

### Highlights - A New Emphasis on Roads

- Municipal Services Survey
  - ◆ Second only to protection services, roads maintenance represented next highest priority service
  - ◆ 47.8% of respondents said to spend more on roads
- Increased focus on roads capital works in the 2008 five year capital plan
- Shift to roads from:
  - ◆ Rebalancing equipment replacement reserve
    - ◆ 2007 Operations Equipment Review
  - ◆ Elimination of Police capital projects due to decision on policing

# City of Kenora

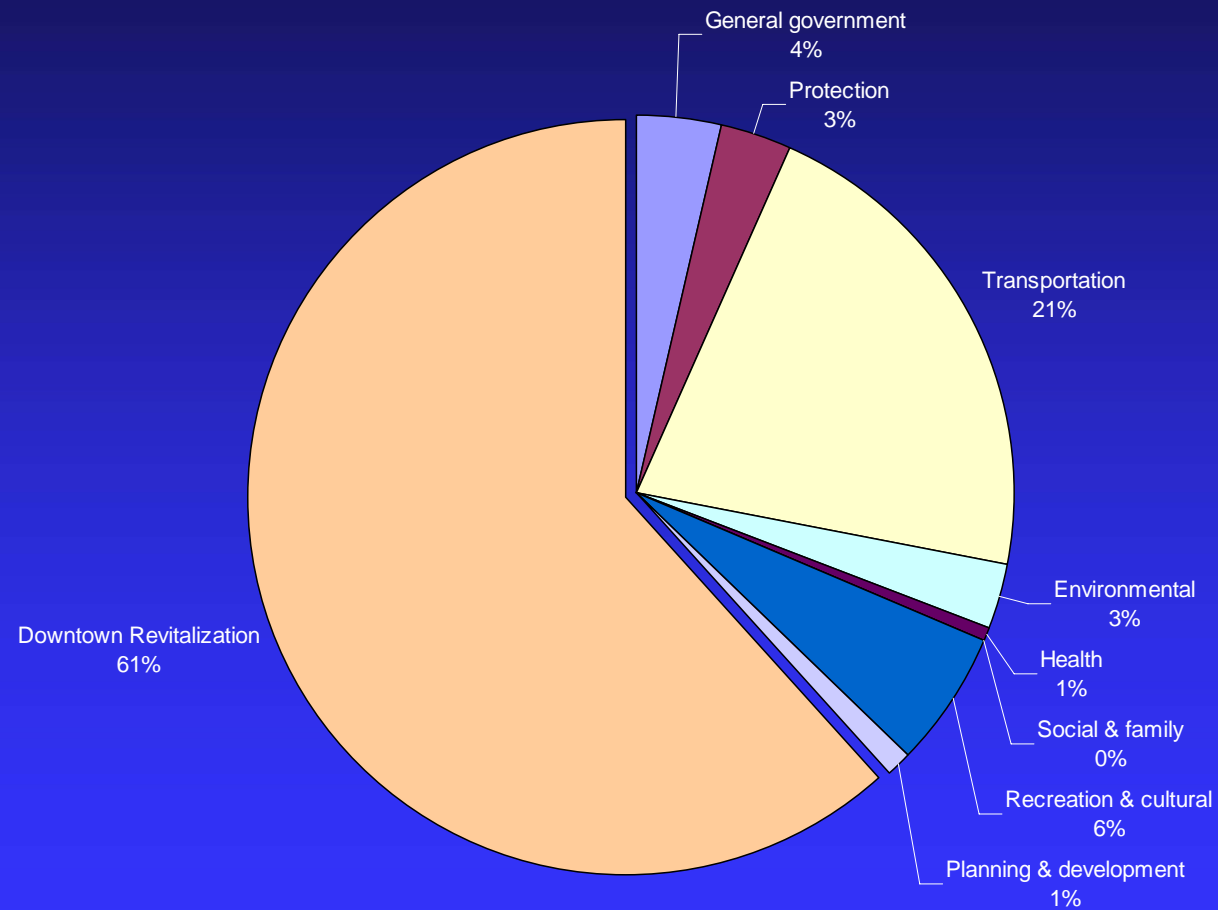
## 2008 Five Year Capital Plan

### Highlights - A New Emphasis on Roads

<u>Year</u>	<u>2007 Capital Plan</u>	<u>2008 Capital Plan</u>
2007	\$ 980,000	--
2008	\$ 1,187,000	\$ 1,602,000
2009	\$ 1,210,000	\$ 1,631,000
2010	\$ 1,322,000	\$ 1,787,000
2011	\$ 1,305,000	\$ 1,849,900
2012	--	\$ 1,864,000

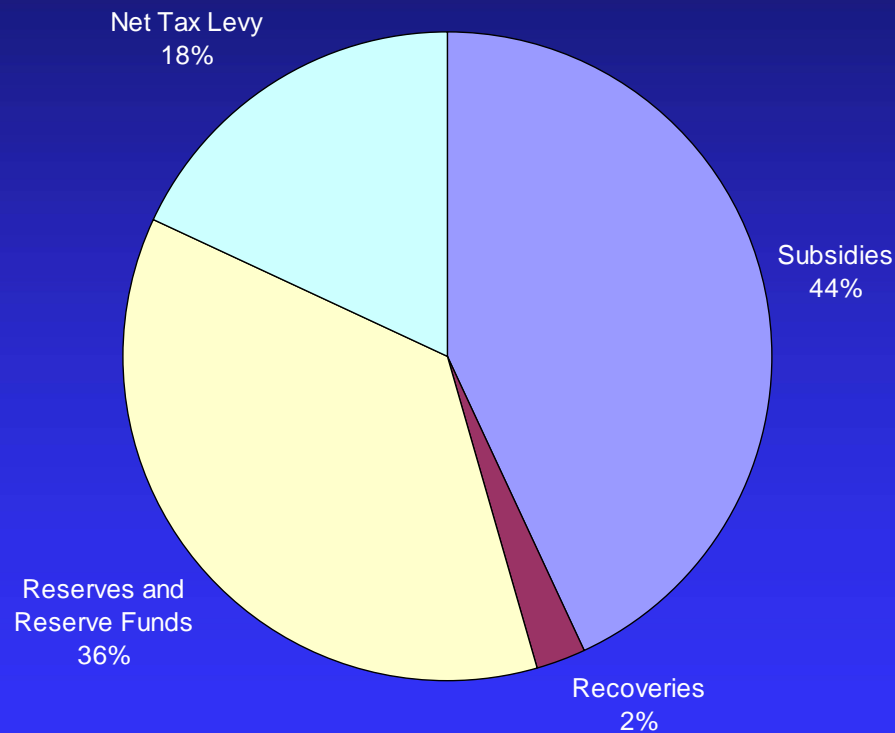
# 2008 Total Capital Expenditures

TOTAL: \$11.7 (in millions of dollars)



# 2008 Sources of Capital Funding

TOTAL: \$11.7 (in millions of dollars, including tax levy)



The City's most significant proposed funding source for the 2008 draft capital plan is subsidies from senior government (\$5.1 million).

The next most significant funding source proposed is funding from reserves (\$4.3 million)

This is followed by net tax levy allocation (\$2.1 million).

# City of Kenora

## 2008 Five Year Capital Plan

### Highlights - Reserves

- City reserves do not include reserves from various utilities
- Reserves are funds earmarked for certain purposes
- Reserves are established to stabilize certain annual capital expenditures
- \$1.6 million into City reserves in the 2008 budget



# City of Kenora

## 2008 Five Year Capital Plan

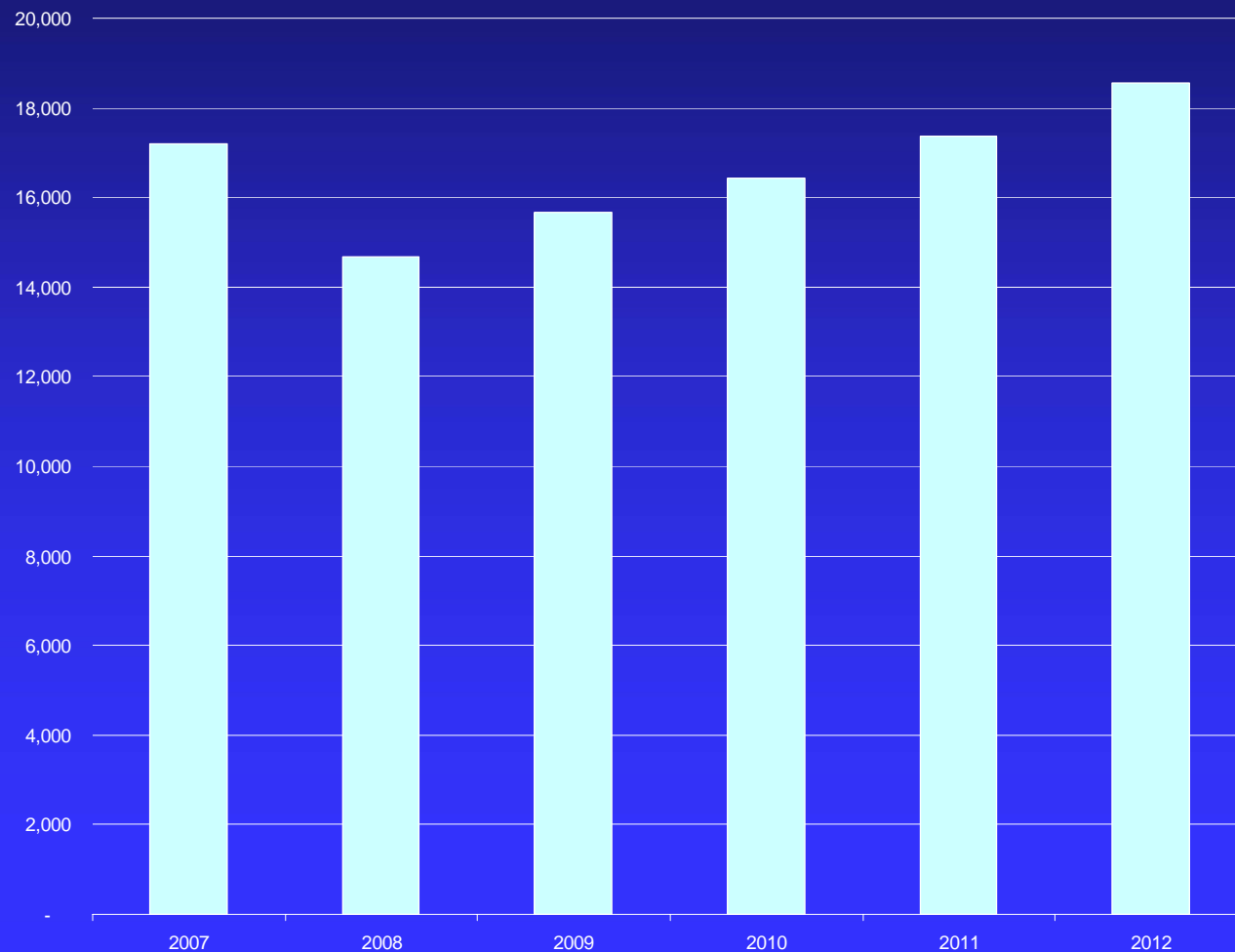
### Highlights – Reserves

- Draft plan estimates annual reserve appropriations at:
  - ◆ 2008 - \$4.3 million, represented by:
    - ◆ \$1.3 million for projects carried forward from 2007
    - ◆ \$2.0 million for Downtown Revitalization
    - ◆ \$1.0 million for other 2008 projects
  - ◆ 2009 - \$ .7 million
  - ◆ 2010 - \$ .9 million
  - ◆ 2011 - \$ .7 million
  - ◆ 2012 - \$ .4 million

# City of Kenora

## 2008 Five Year Capital Plan

### Highlights – Projected Reserves



# Potential Higher Value 2008 Capital Projects

(in thousands of dollars)

	Total Cost	Net Tax Levy
<b>Protection</b>		
Fire - Pumper Replacement	\$ 300	\$ 300
<b>Transportation</b>		
Municipal Paving Program	625	583
Sidewalks	283	100
Salted Sand Storage Building	400	-
New Grader	190	-
<b>Environmental</b>		
Ninth St. / Rupert Rd. Storm Sewer	212	212
Kenora Rec. Centre Storm Sewer	125	-

## Potential Higher Value 2008 Capital Projects (in thousands of dollars) – Cont.

	Total Cost	Net Tax Levy
<b>Recreation &amp; Cultural</b>		
Thistle Arena - New Seating	197	-
KRC Phase 1 Site Planning	156	-
<b>Planning &amp; Development</b>		
Downtown Revitalization	7,235	-
Hwy 17 E Completion	110	-
<b>Total Significant Projects</b>	<b>9,833</b>	<b>1,195</b>
Projects less than \$100K	1,904	<b>934</b>
<b>Total Planned 2007 Capital</b>	<b>\$ 11,737</b>	<b>\$ 2,129</b>

# City of Kenora

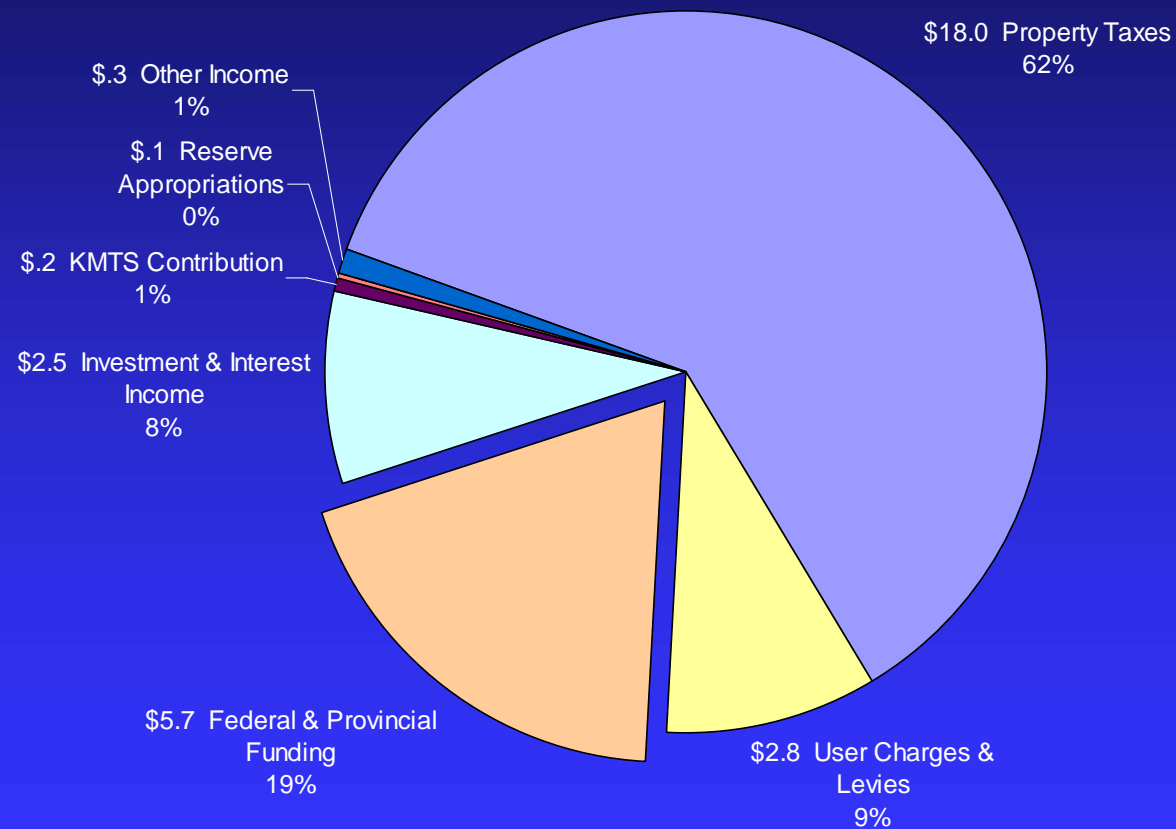
## 2008 Operating Budget

### Highlights

- Draft budget projects operating expenditures of \$25.9 million, not including net tax allocations to capital and reserves of:
  - ◆ \$1.6 million in reserve appropriations
  - ◆ \$2.1 million in net capital allocations
- Combined operating revenues total \$29.6 million

# 2008 Municipal Operating Revenues

TOTAL: \$29.6 (in millions of dollars)



# City of Kenora

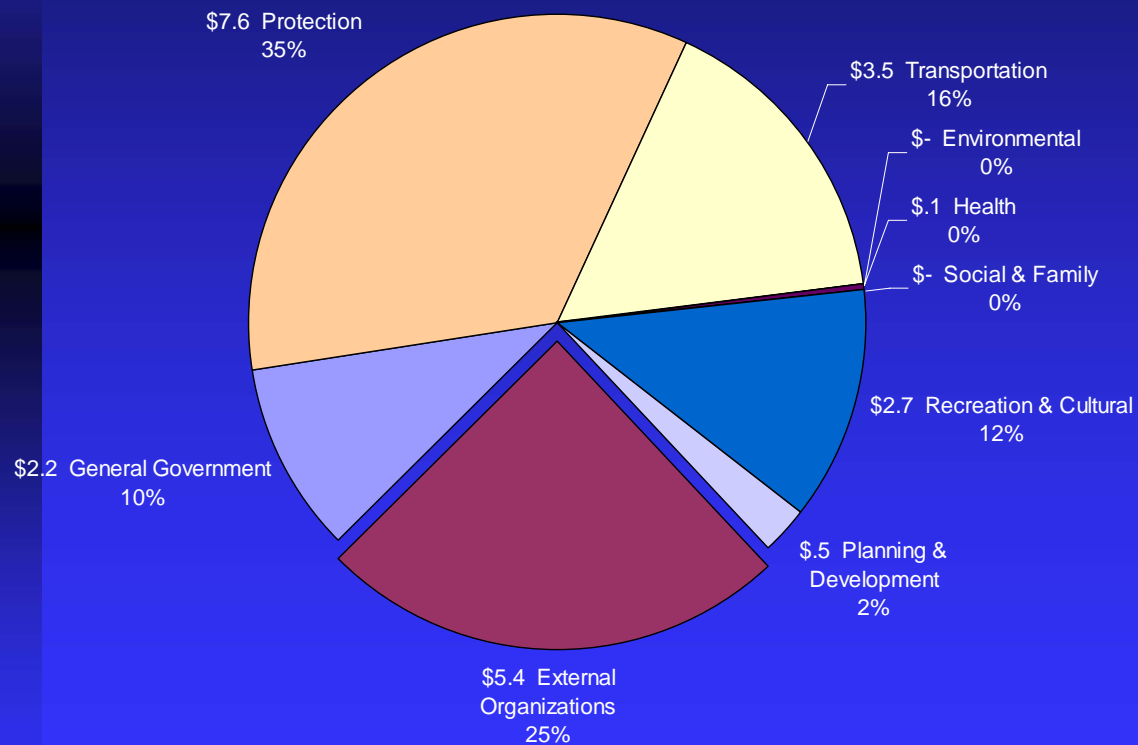
## 2008 Operating Budget

### 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 - \$7.6 million (35%)
  - ◆ External Organizations - \$5.4 million (25%)
  - ◆ Transportation - \$3.5 million (16%)

# 2008 Net Program Costs

TOTAL: \$22.0 (in millions of dollars)



## External Organizations

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



# Shifting City Net Program Costs

## General Government

2006 vs. 2008 Budget (in thousands of dollars)

	2006 Budget	2007 Budget	2008 Budget
General Government Net Program Costs	\$ 1,401	\$ 1,912	\$ 2,238
Cumulative Reduction in Allocated Costs		(708)	(1,324)
Offsetting Expense Reduction for Service Transfer		174	394
<b>Residual General Government Net Program Costs</b>	<b>\$ 1,401</b>	<b>\$ 1,378</b>	<b>\$ 1,308</b>

# Shifting City Net Program Costs

## General Government

2006 vs. 2008 Budget (in thousands of dollars)

	% Change 06 vs. '07	% Change 07 vs. '08	% Change 06 vs. '08
General Government Net Program Costs	37%	17%	60%
Cumulative Reduction in Allocated Costs Offsetting Expense Reduction for Service Transfer			
<b>Residual General Government Net Program Costs</b>	<b>-2%</b>	<b>-5%</b>	<b>-7%</b>

# City of Kenora

## 2008 City Budgets

### Major Budget Impacts

- Increased costs
  - ◆ Policing
  - ◆ External Organizations
    - ◆ Support for local Boards in services survey
  - ◆ Wage Impacts
- Continued Forestry Sector property tax losses
- Special Circumstances Funding received of \$584,895 in 2007 not available for 2008
  - ◆ \$270K reduction in tax write off reserves
- Continued assessment freeze
  - ◆ New assessment coming on line due to development
- KMTS net impacts

# City of Kenora

## 2008 Major Budget Impacts

(in thousands of dollars)

	Budget Impact	% Impact on Tax Rate
<b>Major Tax Rate Impacts</b>		
Policing	\$ (179)	1.2%
External Organizations		
Mandated	(184)	1.2%
Handi Transit / Library / Museum	(60)	0.4%
Wage Impacts	(437)	2.8%
Anticipated Forestry Sector Property Tax Losses	(328)	2.1%
One Time Special Assistance Funding in 2007	(585)	3.8%
	\$ (1,773)	11.4%
<b>Offsetting Incremental Revenues / Cost Reductions</b>		
Incremental tax room due to new assessment	\$ 241	-1.6%
Reduction in reserve transfers	270	-1.7%
Net KMTS Impacts	250	-1.6%
	\$ 761	-4.9%
<b>Combined Major Impacts</b>	\$ (1,012)	6.5%

# City of Kenora

## 2008 Budget Reductions

### Staff Remuneration

- No budgeted increase for all City staff without active agreements for 2008
  - ◆ Fire
  - ◆ Police
- \$437K in wage impacts on 2008 budget, majority related to the avoidance of a labour disruption in early 2008
  - ◆ Represents a 2.8% tax rate impact

# City of Kenora

## 2008 Budget Reductions

### City Staffing Impacts

- City reduced 9 full time positions in the 2006 operating budget cuts
- City reduced a further 3 administration staff positions in the 2007 budget
  - ◆ Workload shifted back to City Utilities
- Incremental administration staff reductions in 2008 budget
  - ◆ IT Analyst
  - ◆ Directory Specialist
  - ◆ Cashier

# City of Kenora

## Municipal Tax Rates & Residential Taxes

### Where Does Kenora Stand?

- Final rate impact for 2008 – 5.9% increase
- Survey of other Northwestern Ontario Municipalities
- Based on 2007 tax rates, out of the eleven municipalities
  - ◆ Kenora is 2<sup>nd</sup> lowest residential tax rate
    - ◆ Kenora's 2008 tax rate also 2<sup>nd</sup> lowest when compared to 2007 tax rates in the survey
  - ◆ Kenora is 3<sup>rd</sup> lowest commercial tax rate
  - ◆ Kenora is 4<sup>th</sup> lowest industrial tax rate
  - ◆ Kenora is 2<sup>nd</sup> lowest of the 5 that have a large industrial tax rate
- Comparison is based on municipal tax rates only, and is independent of assessment related information
- 2008 rates not yet available for most municipalities

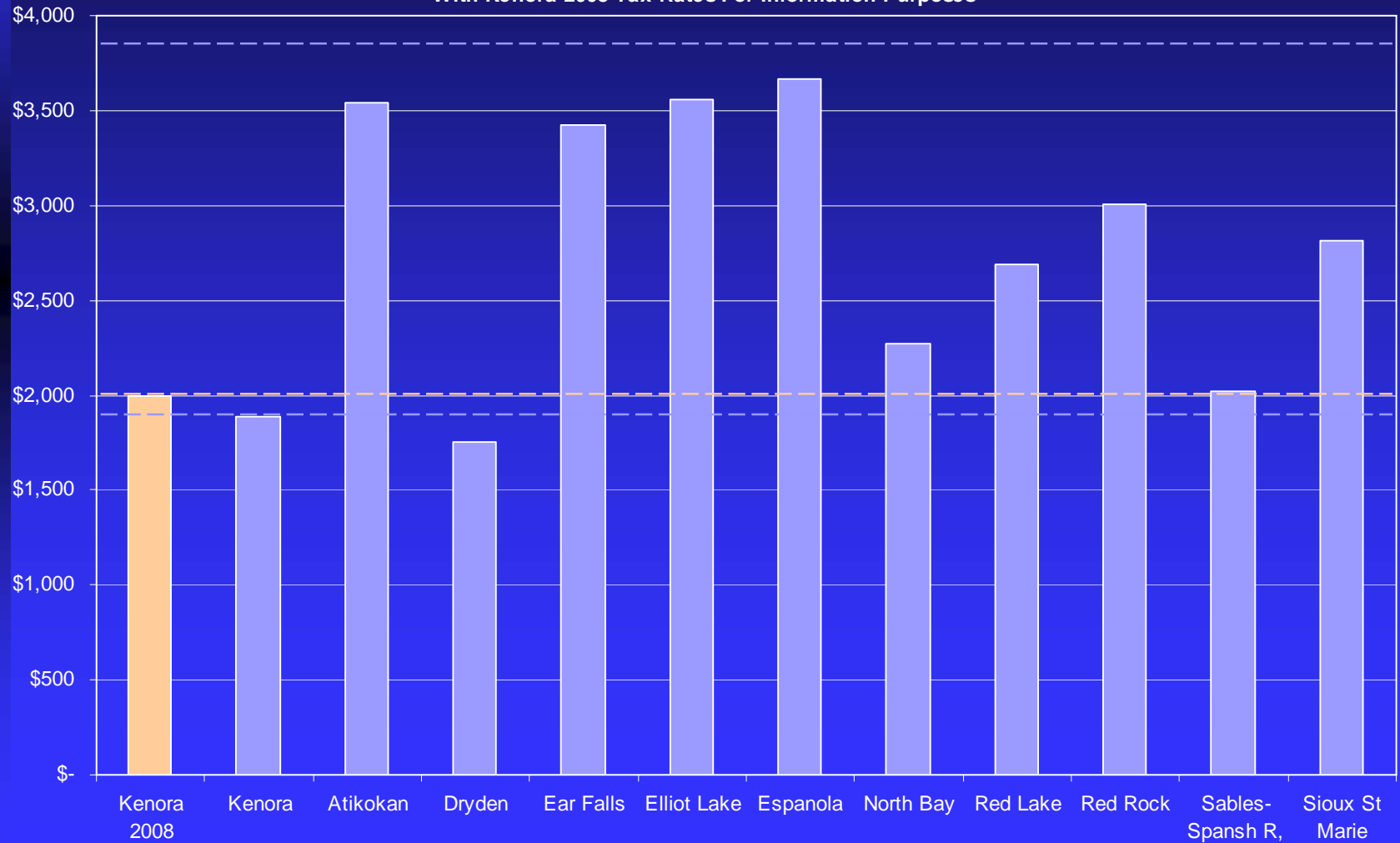
# Municipal Tax Rate Comparisons

## 2007 Residential Tax Rates

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

Based on 2007 Tax Rates

With Kenora 2008 Tax Rates For Information Purposes





# City of Kenora

## Looking to the Future

- Projected reductions in Provincial Funding through the Ontario Municipal Partnership Fund (OMPF)
- Infrastructure Deficit
- Anticipated Policing Savings in 2009
  - ◆ Need to plan for use of projected savings
- Re-assessment Year for 2009 budget season
  - ◆ 4 year phase in of any assessment increases
  - ◆ Decreases given at time new roll brought in
  - ◆ Difficult to project impacts for 2009

# City of Kenora

## Looking to the Future

### OMPF Funding

- Current estimated program deficit related to this funding is about \$1.2 million for 2008
- Stable funding guarantee for 2008
- March 2008 funding announcements provide some relief
- Funding includes \$.7 million “additional assistance” funding
- Current funding level does not include
  - ◆ \$.39 million in CRF reconciliation received in 2004
  - ◆ \$1.2 million anticipated downloaded services shortfall
- An elimination of the reconciliation of downloaded costs

# City of Kenora

## Looking to the Future

### 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 may 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

## Looking to the Future

### 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 4 year periods on a forward basis, and any increases must be phased in over 4 years
- Changes related to the KDSB service delivery review
  
- 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

## Looking to the Future

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

- Update City Strategic Plan
- Continued Service Delivery Reviews
- Continued opportunities for public input in the municipal budget process

# City of Kenora

## 2008 City Budgets

### Public Meeting

- Q & A's
- Public Input Session
  - ◆ Looking Ahead to 2009 & Beyond