

2014

Operating Budget

The City of Kenora, Ontario, Canada

Lake of the Woods
KENORA



Table of Contents

Introductory Information

City Council	3
City Strategic Plan and Guiding Principles	4
City Brand and Brand Promise	4
Capital Plan Principles	5
Acronym Listing	5

Budget Highlights

Operating Budget Highlights	6
Net Program Costs & External Organizations	7

Budget Pressures

2014 Major Budget Impacts	8
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Detailed Budget Schedules

General Purpose Tax Levy	Index 1
2014 Preliminary Municipal Tax Rates	Index 2
Tax Rate Comparison	Index 3
Comparative Analysis of Assessment per Returned Roll	Index 4
Staffing Complement Analysis	Index 5
Program Net Cost Summary	Index 6
Program Information	Index 7
Expenditure Summaries	Index 8
Department Budgets	Index 9
Applications of Reserves & Reserve Funds	Index 10



Table of Contents



Mayor David Canfield



Councillor Ron Lunny
Chair of Business Administration



Councillor Charito Gallivan
Chair of Emergency Services



Councillor Rod McKay
Chair of Operations



Councillor Rory McMillan
Chair of Community Services



Councillor Louis Roussin
Chair of Property & Planning



Councillor Sharon Smith
Chair of Economic Development



Introductory

Information

City Council



City Strategic Plan and Guiding Principles

The City's corporate Strategic Plan lays the foundation for the City's future. During 2014, we will be revisiting our Strategic Plan to help guide and direct organizational decision-making over the next 5 years. The new Strategic Plan will update and replace the Kenora Vision 2015 document (completed in 2010). The working name for our new Strategic Plan is, Kenora: Our Vision is 2020.

Until the new plan is in place, we will continue to use the guiding principles from the Kenora Vision 2015 document. These principles have provided the City with guidelines for evaluating and determining its actions. To help ensure the City budget considerations are done in conjunction with the vision as presented within the strategic plan, the guiding principles are reviewed in conjunction with the budget deliberations, and have been set out below:

- 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 Brand and Brand Promise

In 2013, Council officially adopted the City's new Brand recognizing Kenora as "North America's Premier Boating Destination".

Council further adopted the resulting Brand Promise, which reads as follows:

Kenora is North America's Premier Boating Destination. We are the connection to Lake of the Woods and its 14,522 Islands.

Through our events and amenities we celebrate our history and build our future.

We love our lake; we are its stewards and we nurture its pristine environment.

Where possible, recognition of the new Brand and Promise was given consideration throughout the City's budget process.



Introductory Information

City Strategic Plan and Guiding Principles

City Brand and Brand Promise





*Introductory
Information*

Operating Budget Principles

In developing and reviewing the municipal operating budget for 2014, the City has adhered to certain operating budget principles that it has established to guide overall spending within the budget process. These principles are as follows:

- ❑ Kenora will adhere to and uphold the guiding principles laid out in the City's Strategic Plan, as well as recognize the City's Brand and Brand Promise.
- ❑ Kenora will ensure that the budget will maintain the long-term financial viability of the City.
- ❑ Kenora will maintain the integrity of its reserves, and will not fund regular operating expenses from those reserves.
- ❑ Kenora will carefully consider projects dependent on funding through the issuance of long term debt on a case by case basis to ensure that there is sufficient benefit to the taxpayer to justify approving those projects.

Operating Budget Principles

The City Water & Sewer and Solid Waste operations do not form part of the overall City budgets. Rather, a separate budget has been developed for each of these entities eliminating them from the general budget process. This is done to recognize that these operations are independent, self-supporting utilities, funded through user pay and not through City tax dollars.

Acronym Listing

Acronym Listing

Acronyms are used throughout the City's Department Budgets. The following is a list of commonly used acronyms, together with their meanings, that are used throughout the department budgets included in Index #9 of the City's operating budget:

- ❑ AP&B – Allocated Pay & Benefits
- ❑ CE&CS – Consulting / Engineering & Contracted Services
- ❑ DSL – Diesel
- ❑ M&S – Materials & Supplies
- ❑ REC – Recovery
- ❑ R&M – Repairs & Maintenance
- ❑ RNOE – Rental of Non-Owned Equipment
- ❑ ROE – Rental of Own Equipment

This list is intended to provide a quick reference guide for operating budget users for the various commonly used acronyms.





Budget Highlights

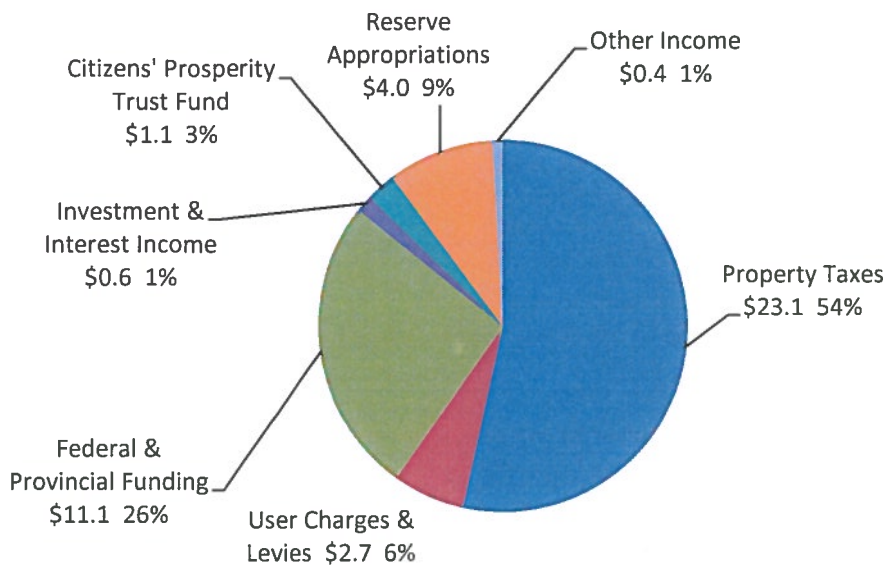
Operating Budget Highlights

The 2014 operating budget projects total operating expenditures of \$28.8 million, before capital expenditures and reserve appropriations. Combined operating, capital and reserve requirements total \$42.4 million.

In 2014, the City will raise \$22.9 million through general tax dollars. Tax dollars continue to be the City's most significant funding source, representing 54% of combined operating revenues. The next most significant funding sources for 2014 are projected to be federal and provincial funding of 26% and user charges and levies of 6% (excluding those for the utilities). In 2014, the City continues to rely heavily on investment and interest income, representing a combined 4% of the City's overall operating revenues between income from the Citizens' Prosperity Trust Fund and other interest and investment income. The pie chart at the bottom of this page provides an overview of the City's operating budget revenue.

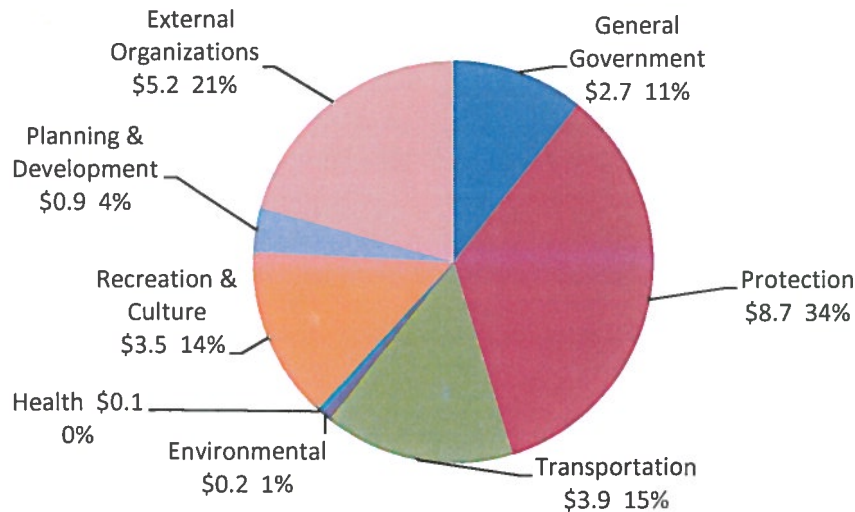
Operating Budget Highlights

This does not reflect any revenues for capital expenditures or other non-capital special projects / unusual spending.



Net Program Costs & External Organizations

The net costs of the combined operating programs, before capital expenditures and reserve appropriations are projected at \$25.0 million for 2014, including transfers to external organizations. The most significant portion relates to Protection, representing \$8.7 million, or 34% of combined net program expenditures. The next most significant net program cost relates to funds given to external organizations at \$5.2 million (21% of combined net program expenditures), followed by Transportation at \$3.9 million (15% of combined net program expenditures). The following chart provides more detailed information on net program expenditure by function:



Budget Highlights

Net Program Costs & External Organizations

The Province mandates 100% of the funds that are transferred to external organizations. These organizations include: the Northwestern Health Unit; the Kenora District Services Board (KDSB); and the District of Kenora Home for the Aged (Pinecrest).

Transfers to other external organizations that remain at the discretion of the City in determining budget allocation, specifically the Ontario Provincial Police, the Kenora Handi Transit, the Kenora Public Library, the Lake of the Woods Museum, the Lake of the Woods Development Commission, and the Kenora Assembly of Resources, are included within the respective functional areas, and are not included within the external organizations information.



2014 Major Budget Impacts

Major factors impacting the City's 2014 budget deliberations (in thousands of dollars) included:

Major Tax Rate Impacts

Wage Considerations	214	1.1%
Policing Cost	-113	-0.6%
External Organizations		
Mandated	123	0.6%
Handi Transit / Library / Museum / Dev Comm.	30	0.1%
Increased reserve allocation to capital	54	0.3%
Net Residual City Impact	-42	-0.2%
	266	1.3%

2014 Major Budget Impacts

Offsetting Incremental Revenues

O.M.P.F. Provincial Funding Decrease	354	1.8%
	354	1.8%

Combined Major Impacts	620	3.1%
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1% Tax Impact 202

In the above table, negative numbers represent a reduction in required tax levy, and positive numbers represent an increase to the tax levy requirement. It should also be noted that the above table shows major impacts only. It does not break out any amounts related to other items, such as increased utilities. These impacts have been included in the "Net Residual City Impact. The following is some discussion on the major impacts within the table:

Wage Considerations – This represents the impacts related to some City staffing changes as approved by Council, negotiated wage settlements in accordance with current collective agreements as applicable and any adjustment to non-union wages as per City policy.

Police Costs – There is a decrease to the policing costs for the City in 2014.

External Organizations - Mandated – In 2014, costs related to funding mandated to external organizations increased by \$123,000.



City of Kenora 2014 Operating Budget

Other External Organizations – Overall, the impact related to the other external organizations (more specifically the Kenora Public Library, the Lake of the Woods Museum and the Lake of the Woods Development commission) represents increased costs of \$30,000 for 2014.

Increased Reserve Allocation to Capital – In 2014, there is an additional ½ of percent of taxes or \$100,841, to be added to City roads reserves, with the intent of using these funds on a forward basis to increase the City's net tax levy allocation to capital spending, and more specifically the City's roads and bridges infrastructure deficit. This is offset by a reduction in reserve creation for city facilities where the reserves have grown to be sufficient for now.

Increased Reserve Allocation to Fleet – The City's roads equipment reserve is currently underfunded by approximately \$175,000 annually. While the City does have sufficient equipment reserves to sustain the related spending in the approved 2014 five year capital plan, there is a significant erosion of this reserve over that five year period, with only a minimal balance projected to remain in 2018. Historically, the City uses a consistent, yearly appropriation to the City's equipment reserves to ensure that ongoing equipment costs are "smoothed" for the purposes of setting the City's tax rate. The equipment replacement plan was reviewed in conjunction with the City's capital plan review. Council direction was given to perform a further review to seek additional opportunities for reducing the related demands on this reserve.

OMPF Provincial Funding Decrease – The City received notice that its entitlement under the Ontario Municipal Partnership Fund (OMPF) is being reduced by \$354,000 in 2014. The City is continuing to lobby the Provincial Government for increases to the City OMPF funding as there are still inequalities in certain components of the OMPF funding when Kenora is compared to similar cities.

