



The City of Kingston



2004 BUDGET

*Prepared by the Finance Division
211 Counter Street
Kingston, Ontario*

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Glossary of Terms

Assessment

Market value of a property as established for various classes of property by the Municipal Property Assessment Corporation (MPAC).

Assets

Historical cost of defined resources of the municipality such as land, buildings, vehicles, cash etc. Under provincial accounting regulations, a municipality writes off the cost of assets in the year of acquisition.

Annual Operating Budget

The financial operating plan for the municipality that establishes annual revenue and expense estimates for a function, service or program. The *Municipal Act* requires that a municipality pass an operating budget on an annual basis. The operating budget establishes municipal priorities and goals for the current year.

Annual Capital Budget

A yearly program with expenditure estimates adopted by council covering longer term and one-time expenditures for fixed assets that are in excess of ten thousand dollars.

Capital Financing

The source of revenue to fund the capital expenditure plan including: pay-as-you-go, long term borrowing (debentures), reserve and reserve funds and grants.

10 Year Capital Plan

A multi-year capital expenditure and financing plan setting out the long term financial requirements of the municipality. This program enables council to determine long-term expenditure priorities. The capital program should be linked to multi-year service plans.

Capital Project

A capital project or item is an expenditure of funds that provides a value of service/equipment in excess of one year and should exceed a cost of \$10,000. This excludes the ongoing general maintenance of assets, and in the case of refurbishing, it should increase the life of an asset by a minimum of five years.

Community Reinvestment Fund

The Community Reinvestment Fund (CRF) is provincial funding given to municipalities whose local services realignment (LSR) costs exceed their residential education tax room.

Debt

Value of all outstanding debentures or other debt financing issued by the municipality.

Debentures

A long-term loan (debt) usually repayable on fixed dates, with a fixed rate of interest. Debentures are generally secured by municipal assets.

Debt Charges

The principal and interest payments necessary to retire outstanding debt arising from capital expenditures.

Fiscal Year

The period for which budgets are prepared and financial records maintained. The fiscal year for a municipality is the calendar year (January 1 to December 31).

Grant

A financial contribution from the provincial or federal government to support a particular function, service or program. Most grants are conditional in nature.

Gross Expenditure

Includes all expenditures incurred to provide a function, service or program.

Health & Safety Priority

A capital project is categorized as health and safety priority if there is an urgent requirement for repairs due to demonstrated concerns of a health and safety hazard.

Investment Income Earnings

Investment earnings arise from the investment of the city's positive cash flow. Cash is invested on a pooled basis and the earnings allocated to operations and reserve funds.

MMAH

Ministry of Municipal Affairs and Housing of the Province of Ontario.

Net Expenditures

Expenditure amounts remaining to be funded by the taxpayer after specific deductions have been made for revenues related to a function, service or program.

(Gross Expenditure – Revenue = Net Expenditure)

Other Revenue

Represents all revenues other than property taxation, provincial and federal grants, interdepartmental recoveries and fees and charges such as user fees, fines, interest earnings, and revenues from any other source.

Payments in Lieu of Taxes

Payments made to the municipality by federal and provincial government institutions that have properties situated within municipal boundaries. Since statutes exempt public buildings from the payment of property taxes, the payment in lieu of taxes is intended to compensate the city for the provision of municipal services.

Program

Activities of a department, division, agency, board or commission, which constitutes a service delivery unit and may encompass one or more related municipal services (e.g., the Solid Waste Management Program includes a number of services and is a division of the Operations Department) and displays the following: is aimed at one or more target groups (e.g., households); has program goals defined in social terms with outcomes of public good (e.g., public health); and is either mission-driven (e.g., recreation), or mandate-driven (e.g., law-enforcement).

Property Taxes

Property taxes are the main source of revenue for funding municipal services. Tax rates are expressed as a percentage and are calculated for each property class based on the net taxation requirement of the municipality and the assessment values of properties within its boundaries. The tax rate multiplied by the assessed value of a property results in the property tax owed to the municipality.

Reserve/Reserve Fund

Reserves and reserve funds have designated purposes and are created through the specific authorizations of council. All earnings from the investment of reserve funds must form part of the reserve fund, whereas the earnings from reserves flow to the operating budget. The assets of reserve funds are segregated and restricted to the purpose of the reserve funds and generally may be combined for investment purposes.

Revenue

Sources of income received by the municipality for the fiscal year.

Service

A series of activities that deliver a public good, respond to the needs of the public, or fulfill the requirements of other stakeholders. Service level refers to the level of services approved for delivery of the program.

Supplementary Assessment

Supplementary assessment results from new properties being brought on the assessment rolls during the year.

Surplus

An excess of revenues over expenditures

Tax Rate

A rate, set for each property class, used to determine the amount of property tax revenue owing to the municipality. Taxes on individual properties are calculated by multiplying a property's current value assessment (CVA) by the applicable tax rate.

User Fees

Fees charged by the municipality for the use of its services (examples: bus fares, ice rental fees and fees for various city permits).

City of Kingston: Locator Map

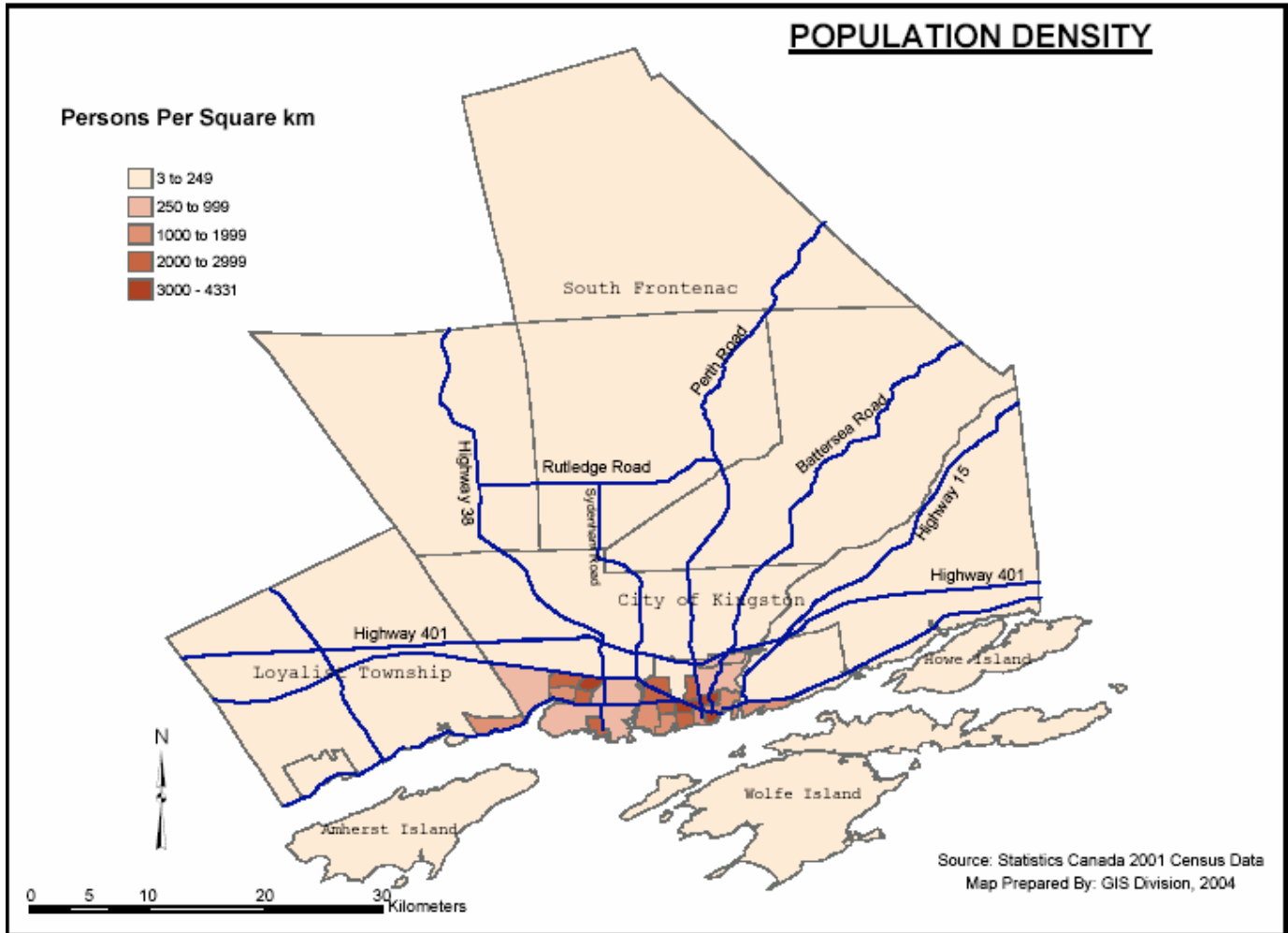


Toronto to Kingston	260 km
Ottawa to Kingston	175 km
Montreal to Kingston	290 km

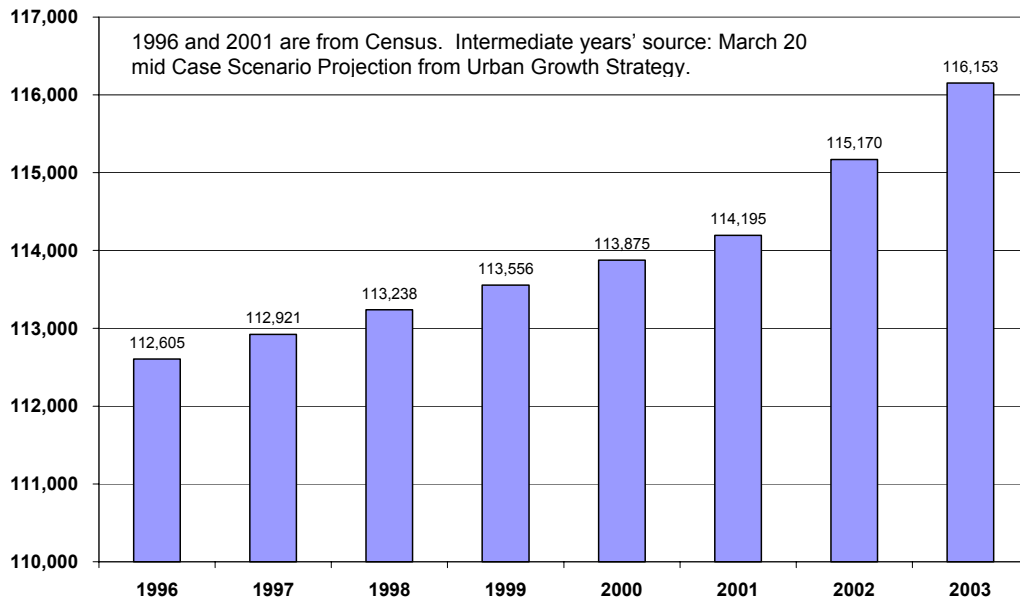


City of Kingston Population

Kingston Census Metropolitan Area



City of Kingston Population 1996-2003



City of Kingston Mayor and Council

2 0 0 4 - 2 0 0 7



[Photo: Paul Evoy]

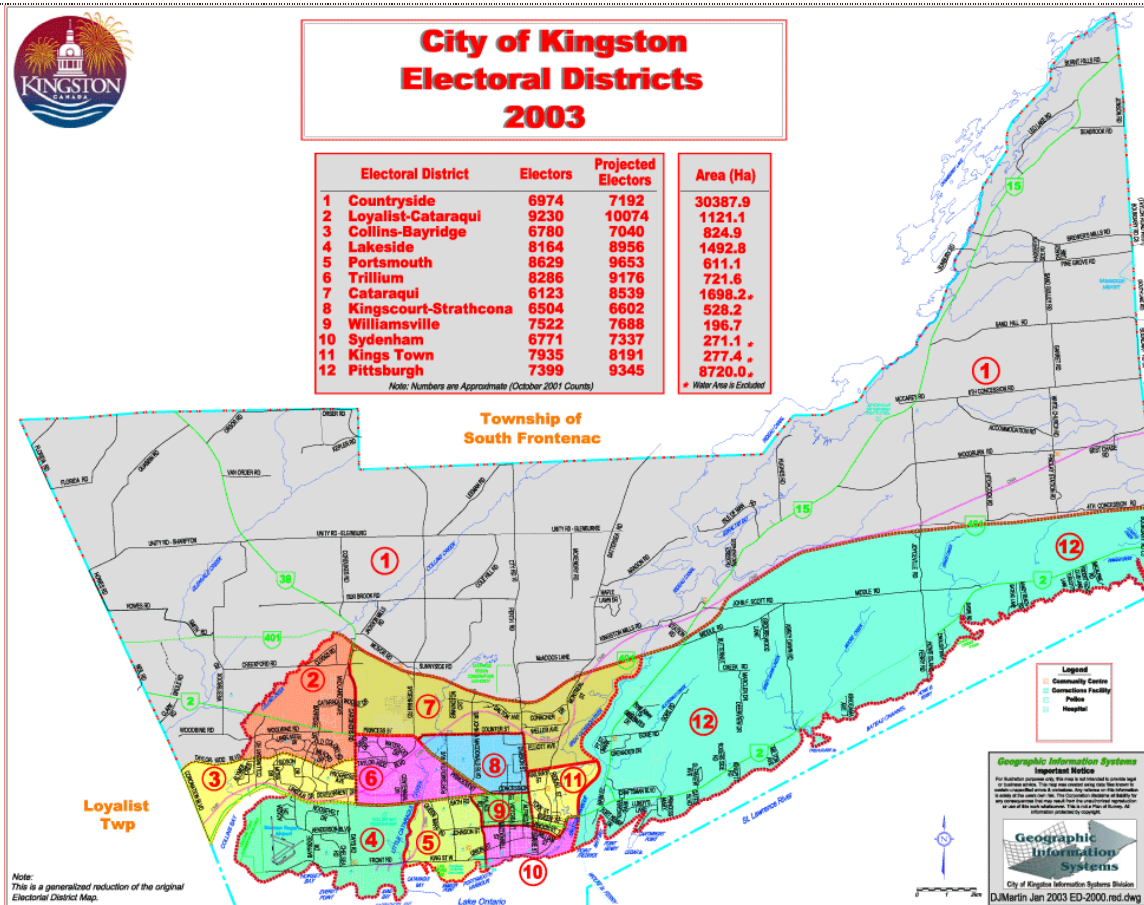
Back row (from left):

Councillor Kevin George, Loyalist-Cataraqi
 Councillor Floyd Patterson, Sydenham
 Councillor George Sutherland, Countryside
 Mayor Harvey Rosen
 Councillor Rick Downes, Kings Town
 Councillor Steve Garrison, Kingscourt-Strathcona
 Councillor Ed Smith, Williamsville

Front row (from left):

Councillor Leonore Foster, Pittsburgh
 Councillor George Stoparczyk, Trillium
 Councillor Sara Meers, Cataraqi
 Councillor Bittu George, Collins-Bayridge
 Councillor Beth Pater, Portsmouth
 Councillor George Beavis, Lakeside

It is the role of council to: represent the public and to consider the well being and interests of the municipality, develop and evaluate the policies and programs of the municipality, determine which services the municipality provides, ensure that administrative practices and procedures are in place to implement the decisions of council, maintain the financial integrity of the municipality and to carry out the duties of council under the Municipal Act and other provincial legislation.



Committees, Boards and Other Appointments

- Appeals Committee
- Cataraqui Region Conservation Authority (CRCA)
- CRCA - Lemoine Point Advisory Committee
- Committee Of Adjustment (Urban And Rural)
- Court Of Revision Committee
- Downtown Kingston Improvement Area (DBIA) Board Of Management
- Focus Kingston Steering Committee
- Kingston Access Bus (KAB)
- Kingston Community Memorial Centre Advisory Committee
- Kingston Economic Development Corporation (KEDCO)
- Kingston Environmental Advisory Forum (KEAF)
- Kingston, Frontenac, Lennox & Addington (KFL&A) Health Unit
- Kingston Frontenac Public Library Board
- Kingston & Frontenac Housing Corporation
- Kingston Non-Profit Housing Committee
- Kingston Police Services Board
- Local Architectural Conservation Advisory Committee (LACAC)
- Maclachlan Woodworking Museum Committee
- Milton Cemetery Board
- Pittsburgh Community Benefit Fund
- Planning Committee
- Plumbers & Electricians Licensing Examining Board
- Rural Affairs Advisory Committee (RAAC)
- Rural/Urban Liaison Committee (RULAC)
- Taxi Commission
- 911 Management Committee

For more information on Boards and Commissions visit our city website: www.cityofkingston.ca

A Message from Bert Meunier

CHIEF ADMINISTRATIVE OFFICER

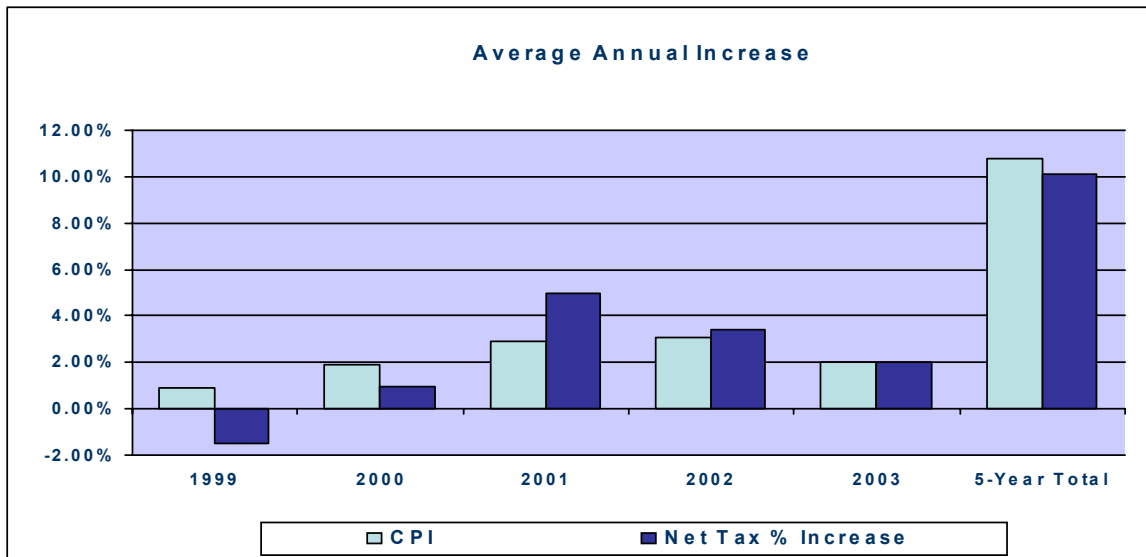


The City of Kingston's 2004 operating and capital budgets have been prepared in connection with the municipality's Strategic Plan and with the direction of City Council.

2004 Operating Budget

The concept of a multi-year operating budget was introduced in 2004 with an emphasis on finding long term sustainable and affordable solutions to achieve a balanced budget. The multi-year budget will help deal with annual budget challenges and find long term solutions to improve the fiscal position of the municipality by 2008. It also presents an opportunity to find more efficient and effective ways to deliver affordable and valued services to our citizens.

Since amalgamation the city has been diligent in its fiscal approach. The municipality has kept its overall cumulative tax bill increases from 1999 to 2003, at or near the rate of compounded inflation. This has been challenging while dealing with a number of recently downloaded responsibilities and newly imposed regulations from the province.



In order to minimize impacts on taxes and rates in 2004, the city has adopted two key strategies:

- No new initiatives or creation of any new additional full time positions
- Introduction and approval of multi-year budgeting strategy

As part of the 2004 budget process, council has given preliminary approvals to the 2005 and 2006 municipal and utility operating budgets. The multi-year budgeting strategy takes into account factors such as inflation, tax increases (which progressively decline over time), water and sewer rate increases, decreased reliance on reserves and net budget reductions for both city departments and external agencies.

For the 2005 budget year, the multi-year budget strategy only allows for an increase of 2.5%. In order to adhere to this budget limitation, departments and external agencies will be required to find approximately \$3.2M of savings. As part of a longer term strategy, council has approved a review of services project which, over the next few years, will identify any service or activity that the municipality may wish to discontinue or deliver differently. These strategies will ensure affordable property taxes and utility rates for our citizens.



Compared to the provincial municipal average the City of Kingston has a high burden of property taxes and utility rates as a percentage of median household income. For Kingston, the ratio ranged from 5.3% in 2003 to 5.5% in 2004. This is not generally due to the high level of taxation or rates, but is largely due to the fact that Kingston residents have a much lower than average ability to pay. This can be attributed to the fact that Kingston's median household income is below the provincial municipal average. The city will continue to monitor this key measure and incorporate it into its strategic direction.

2004 Capital Budget

The municipal capital budget focuses on developing long term financial plans to meet infrastructure replacement requirements and backlog. These types of challenges are not uncommon for most Canadian municipalities.

Council has maintained the strategy of increasing contribution to capital reserves by approving a 1% tax increase for capital purposes. Since its inception in 1999, this strategy provides a cumulative yearly contribution of 6%. As part of a long term strategy, the city plans to continue annual 1% increases for the next 10 years. The city's capital reserve balances have increased substantially since 1998 and have been a significant factor in our bond rating level being improved from A to A⁺.

The utility, capital and operating budgets emphasize a demand for the completion of some major infrastructure construction. Much of this construction has been planned and underway for a number of years. There is also a demand to continually meet increasing regulatory requirements. The increases for 2004 are generally targeted to match inflation. However, water rates in the east area and sewer rates in the central area will require rate increases in excess of 8% and 12%, respectively. Other significant rate increases over the next several years have been targeted to deal with major projects such as the Cataraqui River Crossing and the Ravensview Sewage Treatment Plant.

The city has had some moderate success in obtaining grants from upper tier levels of government. We will increase our efforts in this area to obtain more significant contributions in 2004 and in future years.

Our future strategic direction will focus on municipal priorities and the services we provide. We will work to find more efficient and effective ways of delivering municipal services. Also, there will be a priority to develop sustainable financial plans to meet our infrastructure requirements. This may be partly achieved by obtaining our fair share of the "new deal" for municipalities.

The Chief Administrative Officer assists council on fiscal management and organizational and service challenges and is responsible for the general guidance of the City of Kingston. He is accountable to council for departmental program delivery and the policy direction of the corporation.





Council received and adopted the following Corporate Mission, Vision and Values on June 17, 2003. They were created by a contingent of staff and members of council to achieve a common purpose and to define “what we are, what we believe and what we are striving to become in the future”.

Mission

To enhance the quality of life for present and future generations by providing progressive, professional services and leadership that reflects the needs of all those who work, live, visit or play in the City of Kingston.

Vision

We are a progressive, innovative corporation with satisfied citizens and employees. Our fiscal health enables us to update our infrastructure and grow our business community. We support a high quality of life for all of our citizens and they value the services we provide.

Values

Teamwork: We are equally responsible to work together to achieve our common goals.

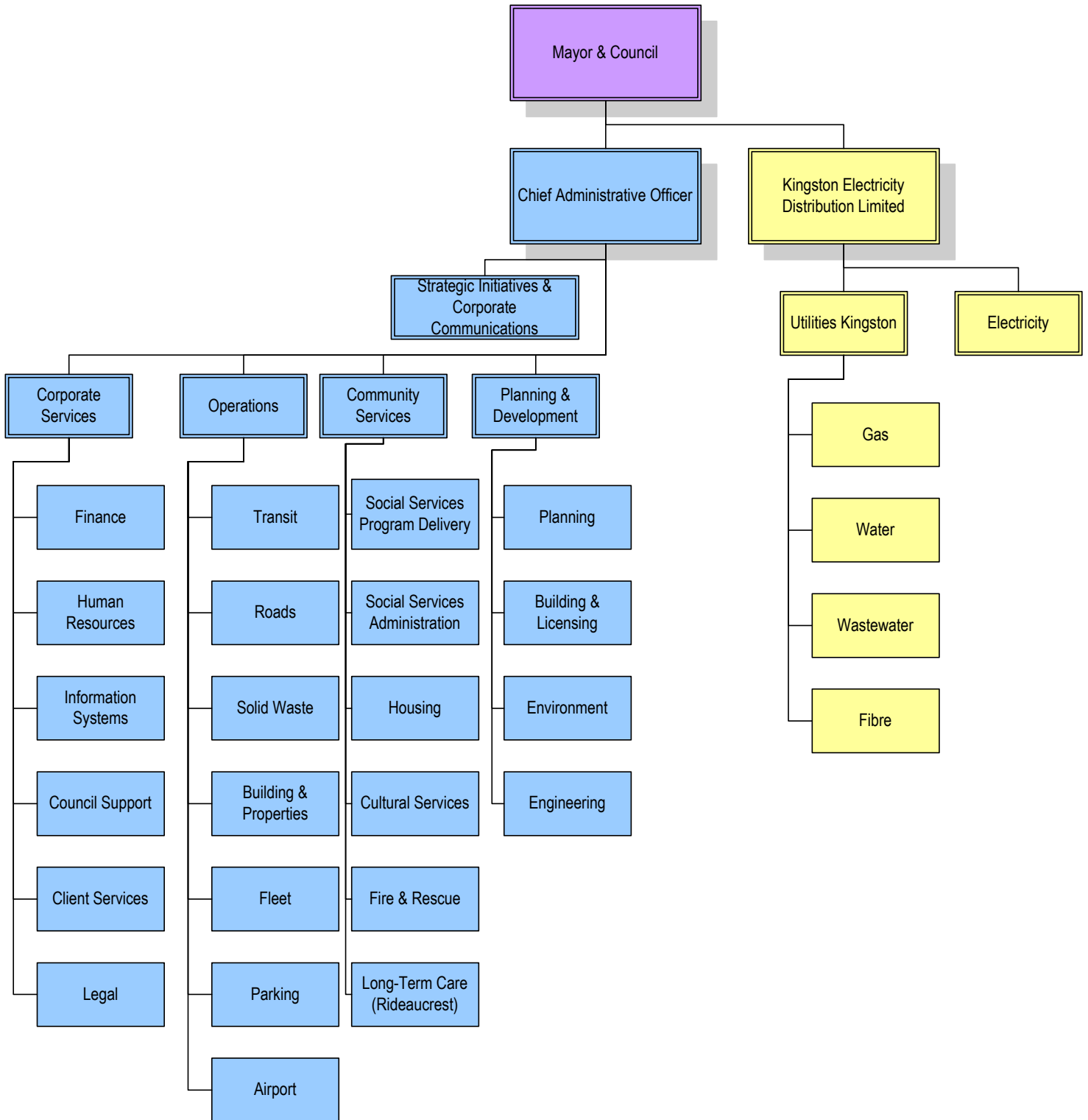
Respect: We treat others as we want to be treated.

Integrity: Through honesty and integrity we earn the trust of our peers and those we serve.

Pride: Our sense of accomplishment is achieved through our contribution to the community. We are recognized for the quality of our work.



City of Kingston Organizational Chart



It is the role of the officers and employees of the municipality to: implement council's decisions and establish administrative practices and procedures to carry out council's decisions, undertake research and provide advice to council on the policies and programs of the municipality and carry out other duties required under the Municipal Act or other provincial legislation assigned by the municipality.



2004 Budget Timetable

COUNCIL PRESENTATIONS, DELIBERATIONS AND ADOPTION

March 23	Budget overview provided by the CAO, Commissioner of Corporate Services and the Manager of Finance
March 24	Utilities Kingston Budget, Operations Services Budget, CAO, Mayor & Council, KFL&A Health Unit
March 25	Community Services, Departments of Planning & Development Services, Corporate Services
March 29	External Agencies: Police Services, Kingston Economic Development Corporation, Kingston Frontenac Public Library, Kingston Access Services, Frontenac County-(Land Ambulance, Fairmount Home), Cataraqui Region Conservation Authority, Downtown Kingston BIA
March 30	Public Delegations: 2004 budget and draft water and sewer rate by-law followed by Joint Council/Committee of the Whole Meeting
March 31	Committee of the Whole meeting to deliberate the 2004 budget
April 1	Committee of the Whole meeting to deliberate the 2004 budget and by-laws
April 6	Council meeting to pass the 2004 budget and by-laws
April 13	Council passed 2004 budget and gave first and second readings to the 2004 capital and operating budget by-laws. Budgets are not official until the by-laws are given third readings.
April 20	Council gave third reading and approved the 2004 capital and operating budget by-laws.

TOTAL OPERATING BUDGET

BY-LAW 2004-91

\$280,986,146

TOTAL CAPITAL BUDGET

BY-LAW 2004-92

\$53,294,384

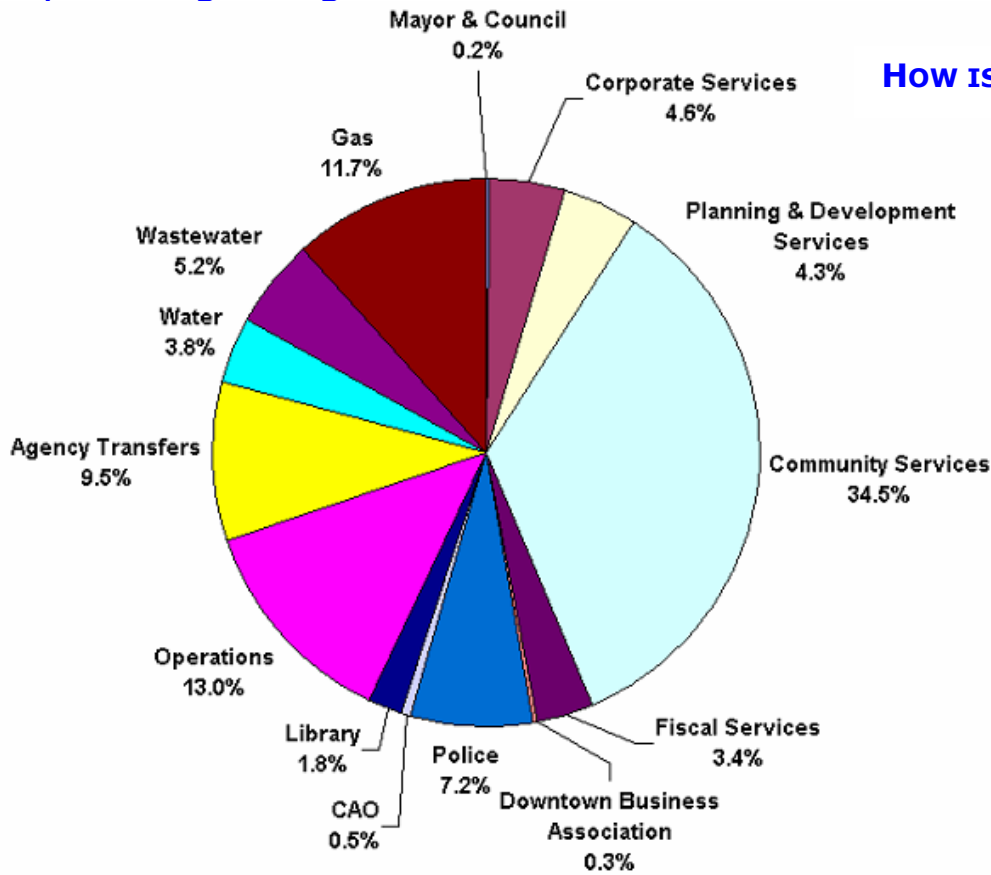


2004 OPERATING BUDGET



2004 Operating Budget

HOW IS THE MONEY SPENT?

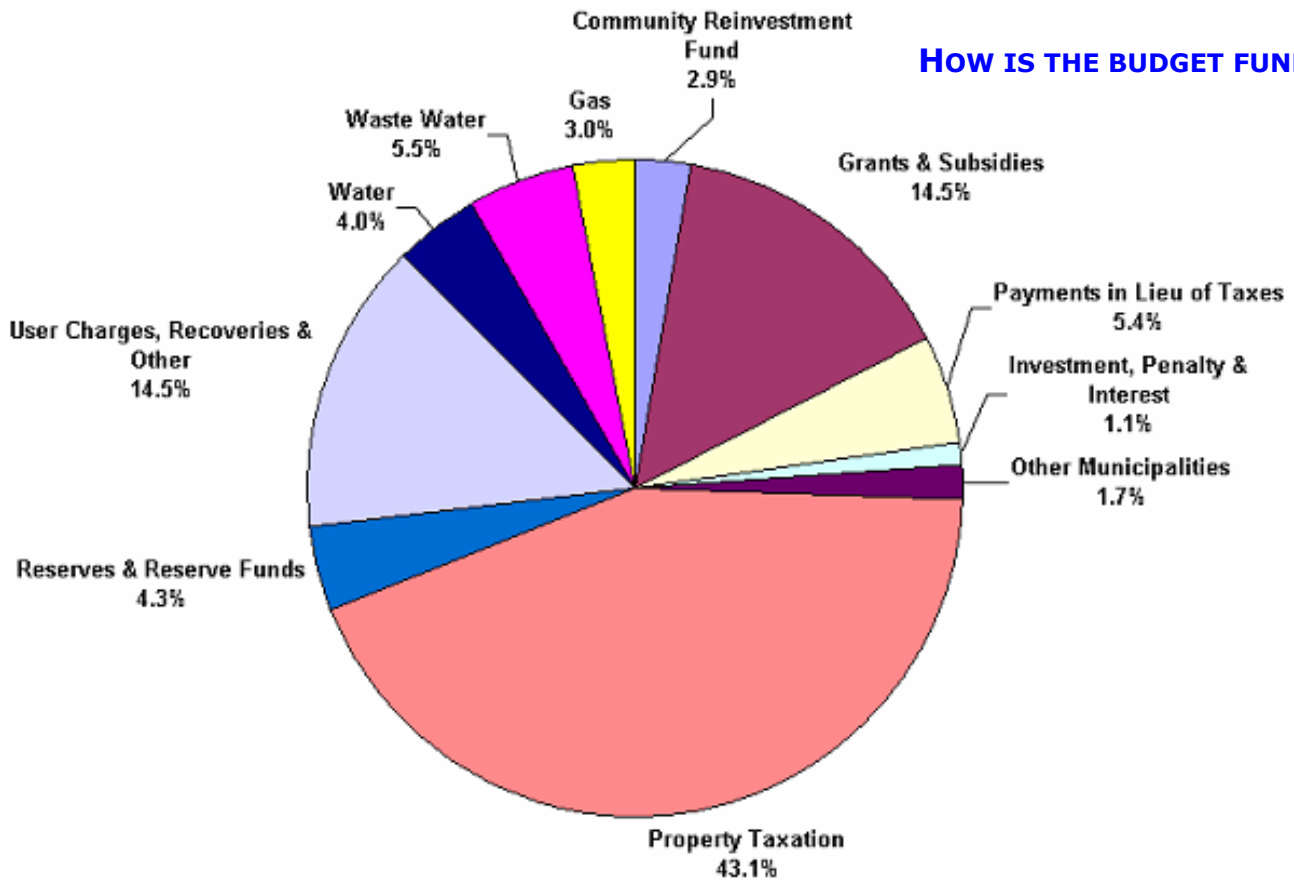


2004 GROSS EXPENDITURES

Mayor, Council	\$ 590,646
CAO	1,458,158
Corporate Services	13,023,614
Planning & Development	12,109,123
Operations	36,659,409
Community Services	97,337,555
Police	19,016,778
Library	3,935,939
Agency Transfers	26,760,336
Fiscal Services	10,844,247
Downtown Business Association	885,150
Gas	33,011,622
Water	10,662,514
Waste Water	14,691,055
Total	280,986,146

2004 Operating Budget

HOW IS THE BUDGET FUNDED?



2004 GROSS REVENUES

Community Reinvestment Fund	\$ 7,813,685
Grants & Subsidies	39,007,743
Payments in Lieu of Taxes	13,931,343
Investment, Penalty & Interest	2,850,000
Other Municipalities	4,454,404
Property Taxation	116,410,691
Reserves & Reserve Funds	5,914,499
User Charges, Recoveries & Other	39,112,641
Gas	33,011,622
Water	10,662,514
Wastewater	14,691,055
Total	280,986,146



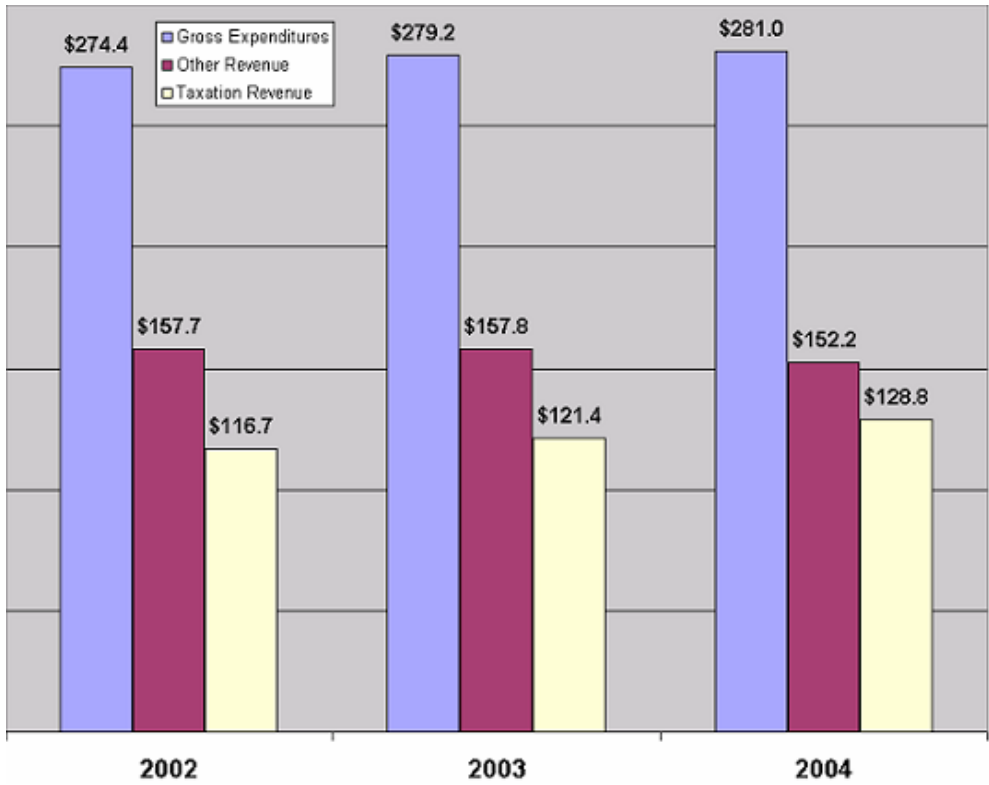
Municipal Operations by Department and Division

	Gross Expenditure	Gross Revenue	Net Expenditure
MAYOR AND COUNCIL	\$ 590,646	\$ (537)	\$ 590,109
CAO	1,458,158	(385,553)	1,072,605
CORPORATE SERVICES			
Commissioner's Office	284,501	(15,330)	269,171
Finance Services	1,837,061	(701,790)	1,135,271
Human Resources	1,972,774	(289,196)	1,683,578
Information Systems	4,226,628	(1,286,686)	2,939,942
Council Support	1,679,704	(257,770)	1,421,934
Client Services	1,632,376	(794,118)	838,258
Legal Services	1,390,570	(1,330,935)	59,635
TOTAL CORPORATE SERVICES	13,023,614	(4,675,825)	8,347,789
OPERATIONS SERVICES			
Commissioner's Office	782,209	(0)	782,209
Airport	923,412	(755,794)	167,618
Properties	2,791,752	(1,409,169)	1,382,583
Fleet (Gross Expenditure less Recoveries)*	0	(0)	0
Parking	4,632,483	(4,632,483)	0
Transit	8,891,856	(5,147,900)	3,743,956
Solid Waste	9,786,250	(2,177,450)	7,608,800
Roads	8,851,447	(427,047)	8,424,400
TOTAL OPERATIONS SERVICES	36,659,409	(14,549,843)	22,109,566
COMMUNITY SERVICES			
Commissioner's Office	1,256,908	(125,000)	1,131,908
Social Services Admin.	5,556,927	(2,876,916)	2,680,011
Housing	13,106,175	(5,694,500)	7,411,675
Cultural Services	13,939,847	6,651,144	7,288,703
Long Term Care	14,319,304	(7,859,167)	6,460,137
Social Services Program Delivery	34,002,051	(27,781,001)	6,221,050
Fire & Rescue	15,156,343	(104,339)	15,052,004
TOTAL COMMUNITY SERVICES	97,337,555	(51,092,067)	46,245,488
PLANNING & DEVELOPMENT			
Commissioner's Office	406,975	(0)	406,975
Planning	1,425,261	(395,650)	1,029,611
Building Permits & By-law	2,433,860	(2,836,223)	-402,363
Engineering	6,647,216	(304,044)	6,343,172
Environment	1,195,811	(198,220)	997,591
TOTAL PLANNING & DEVELOPMENT	12,109,123	(3,734,137)	8,374,986
AGENCY TRANSFERS	26,760,336	(3,107,951)	23,652,385
FISCAL SERVICES	10,844,247	(15,389,002)	(4,544,755)
DOWNTOWN BUSINESS ASSOCIATION	885,150	(860,150)	25,000
POLICE	19,016,778	(0)	19,016,778
LIBRARY	3,935,939	(0)	3,935,939
PROPERTY TAX SUPPORTED SERVICES	222,620,955	(93,795,065)	128,825,890
WATER	10,662,514	(10,662,514)	0
WASTEWATER	14,691,055	(14,691,055)	0
GAS	33,011,622	(33,011,622)	0
TOTAL GROSS EXPENDITURES	280,986,146		
TOTAL GROSS REVENUES		(152,160,256)	
TOTAL AMOUNTS TO BE RAISED BY TAXATION			128,825,890

* Fleet costs are fully allocated to divisions based on a charge out rate



Operating Budget Comparison (\$M)



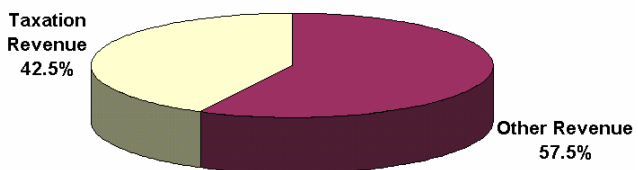
What is the city doing to keep property taxes affordable for its citizens?

- initiating a multi-year budget strategy
- identifying internal costs savings
- conducting a review of services to ensure municipal services are provided in the most efficient, effective manner to best meet the needs of the community
- actively seeking new sources of revenue through federal and provincial grant programs

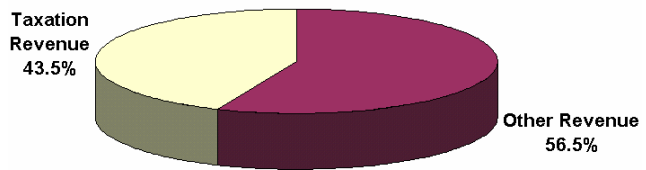
Why has there been a need to increase taxation revenue?

- the city is receiving less funding from senior levels of government while being asked to provide more services
- there are significant costs related to the repair and replacement of capital infrastructure without stable funding from senior levels of government
- there are costs related to ongoing changes in provincial standards and regulations for services such as water, wastewater, the environment and health

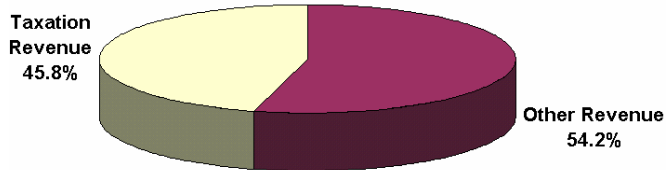
2002 BUDGET REVENUE



2003 BUDGET REVENUE



2004 BUDGET REVENUE



Above amounts relate to the presentation on page 54 of this publication



The Department of Community Services 2004 Highlights

L A N C E T H U R S T O N , C O M M I S S I O N E R

The Community Services Department manages an array of community related services including, Fire & Rescue, Housing, Social Services, Cultural Services and Long Term Care.

FIRE & RESCUE DIVISION

Harold Tulk, Chief

The Fire & Rescue Division will complete a reorganization of fire services. It is expected that the financial impact of the fire service review will be completed by mid-year, with the decision of council to take effect for 2005. Replacement of the radio system in conjunction with Police services will be a capital priority.

HOUSING DIVISION

Greg Grange, Manager

For 2004 the Housing Division will continue implementation of an affordable housing strategy and initiate a new affordable housing project. Provincial benchmarking of operations costs will be implemented for housing providers.

SOCIAL SERVICES DIVISION

Adele Lafrance, Manager, Administrative Services

Tanie Steacy, Manager, Program Delivery

The priorities will balance service delivery with accountability and efficiency. In Ontario Works, efforts will focus on providing necessary financial and effective employment supports to Ontario Works participants while optimizing access to provincial funding. In Children's Services, management of childcare funds to address pressures in childcare programs, particularly Special Needs Resourcing and Wage Subsidies will continue per the Local Childcare Service Plan.

CULTURAL SERVICES DIVISION

Ann Pappert, Manager

The former Divisions of Culture and Recreation and Parks and Arenas have now been consolidated into one division (known as Cultural Services). The transition process will continue throughout 2004. Budget information is presented under this structure in parts of this publication. Major initiatives for 2004 will include significant parks development, redevelopment plans for the Grand Theatre and initiating the proposed construction of an additional ice pad at the Centre 70 facility.

LONG TERM CARE DIVISION

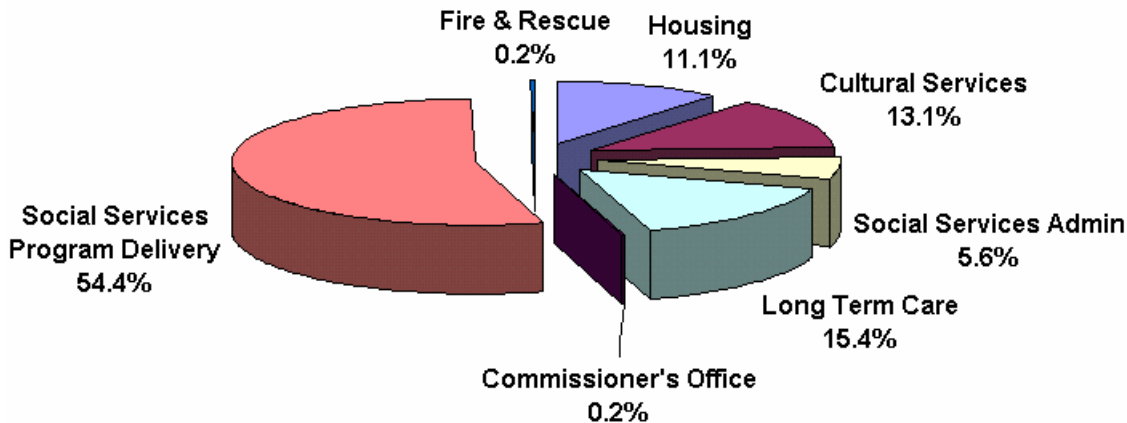
John Smith, Manager

For 2004 Rideaucrest is maintaining its current service model and has received full accreditation for 2004, 2005 and 2006. Staff is awaiting further information from the implications of Bill 8, Ministry of Health, and in particular implications on level of care. Administration continues in search of alternate financing methods. Provincial benchmarking continues to be a priority.



Community Services

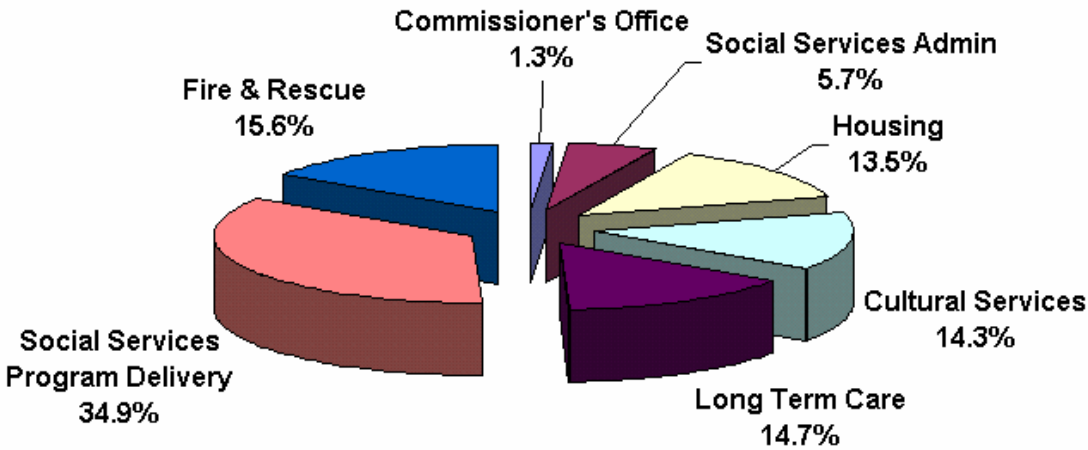
GROSS REVENUES



Commissioner's Office	\$ 125,000
Social Services Admin	2,876,916
Housing	5,694,500
Cultural Services	6,651,144
Long Term Care	7,859,167
Social Services Program Delivery	27,781,001
Fire & Rescue	104,339
Total	51,092,067

Community Services

GROSS EXPENDITURES



Commissioner's Office	\$ 1,256,908
Social Services Admin	5,556,927
Housing	13,106,175
Cultural Services	13,939,847
Long Term Care	14,319,304
Social Services Program Delivery	34,002,051
Fire & Rescue	15,156,343
Total	97,337,555



The Department of Corporate Services 2004 Highlights

D E N I S L E G E R , C O M M I S S I O N E R

The Corporate Services Department manages and provides the primary administrative support services for the City of Kingston. These services include: Client Services, Council Support, Legal Services, Finance, Human Resources, and Information Systems. In addition to providing these services to city departments, Corporate Services also provides administrative support to Utilities Kingston. The cost recovery is reflected in the revenues of each division.

CLIENT SERVICES DIVISION

Marielle Laplante-Wheeler, Manager

The Client Services Division offers the ratepayers and customers of the City of Kingston the first line of response for many services and utility and tax account enquiries. The relatively recent changes to regulations affecting electricity commodity and distribution billings continue to demand a higher response than normal. The introduction of electronic service delivery (ESD) for the payment of parking and provincial offences and parking permits was recently introduced and further developments will be planned in 2004.

COUNCIL SUPPORT DIVISION

Carolyn Downs, Manager

The Council Support Division includes the Office of the City Clerk, administration services to council and its various committees and records management services for the Corporation. The review of the city's governance structure and procedural by-law as well as the review of records retention and management will be a renewed focus in 2004.

LEGAL SERVICES DIVISION

Hal Linscott, Director

The Legal Services Division provides legal support for the Corporation and administers the provincial offences office for the Kingston area. The challenges for 2004 continue to focus on a multitude of issues including OMB hearings, interpretation of changing regulations, environmental issues and enhanced strategy of collection for long outstanding provincial offences fines.

FINANCE SERVICES DIVISION

Gerard Hunt, Manager

The Finance Division offers budgeting and financial planning, accounting and reporting, property taxation and revenue and purchasing services for the Corporation. In 2004, the Finance Division will continue to introduce financial strategies and policies intended to facilitate the achievement of long term capital and operational requirements.

HUMAN RESOURCES DIVISION

Bill Bishop, Director

The Human Resources Division offers recruitment, training, workplace health and safety, employee wellness, compensation and benefit management services. In 2004, the focus will centre on completing the internal equity salary/wage programs, the commencement of collective bargaining with a number of employee groups, the development of an attendance management program and increasing the functionality and rolling-out certain elements of the human resources/payroll system.

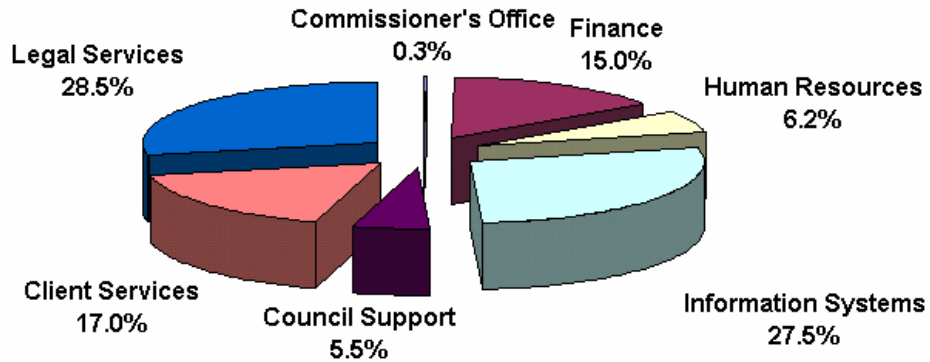
INFORMATION SYSTEMS DIVISION

Jim DeHoop, Manager

The Information Systems Division provides technology and systems support to all departments and divisions in the Corporation. A number of new applications are scheduled to be implemented or upgraded in 2004 as departments move to automate various aspects of their business. In conjunction and where possible, systems integration opportunities will be reviewed. There will be further development of the Geographic Information System (GIS) and support required in the proposed roll-out and increased functionality of the financial and human resources/payroll systems.

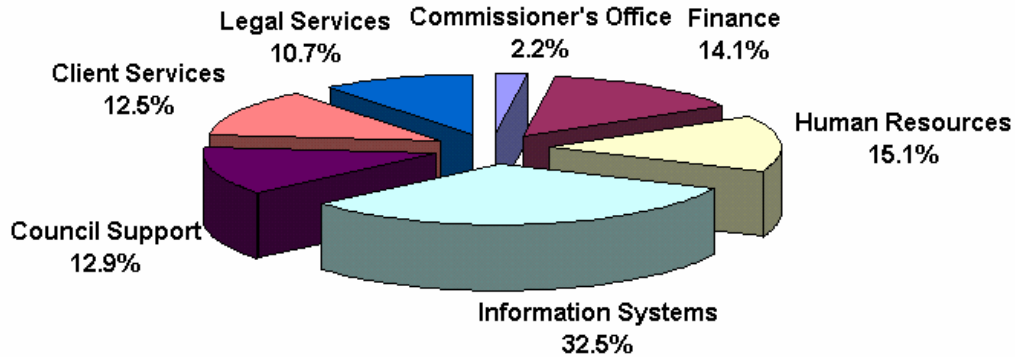


Corporate Services GROSS REVENUES



Commissioner's Office	\$ 15,330
Finance Services	701,790
Human Resources	289,196
Information Systems	1,286,686
Council Support	257,770
Client Services	794,118
Legal Services	1,330,935
Total	4,675,825

Corporate Services GROSS EXPENDITURES



Commissioner's Office	\$ 284,501
Finance	1,837,061
Human Resources	1,972,774
Information Systems	4,226,628
Council Support	1,679,704
Client Services	1,632,376
Legal Services	1,390,570
Total	13,023,614

The Department of Planning & Development 2004 Highlights

C Y N T H I A B E A C H , C O M M I S S I O N E R

The Planning & Development Services Department includes the following divisions: Engineering, Environment, Planning, Administration and Building Permits and Licensing. The Brownfield's Task Force is awaiting provincial regulations to introduce a long term plan to rehabilitate Brownfield properties (redevelopment of contaminated properties). The department will be extremely busy completing the Urban Growth Strategy and the Transportation Master Plan, while handling what is expected to be a significant level of development activity.

ENVIRONMENT DIVISION

Paul MacLatchy, Manager

Management of the former Belle Park Landfill continues to be a focus for this division. Reduction of greenhouse gases, energy efficiency, municipal property remediation, coal tar investigation in the downtown area and storm water quality are managed by the Environment Division.

BUILDING & LICENSING DIVISION

Terry Willing, Manager, is currently the Acting Commissioner for Planning & Development Department. Kim Leonard is the Acting Manager of this division.

A strong construction industry is projected for 2004. Proactive by-law enforcement activities will continue to improve property standards.

ENGINEERING DIVISION

Speros Kanellos, Manager

Harmonization of by-laws to extent of financial resources. Major road reconstruction and initiation of the Centennial Drive extension, Taylor Kidd to Kingsdale, including the CN overpass. The division will proceed with environmental assessments on Counter Street widening and Wellington/mid block extensions.

PLANNING DIVISION

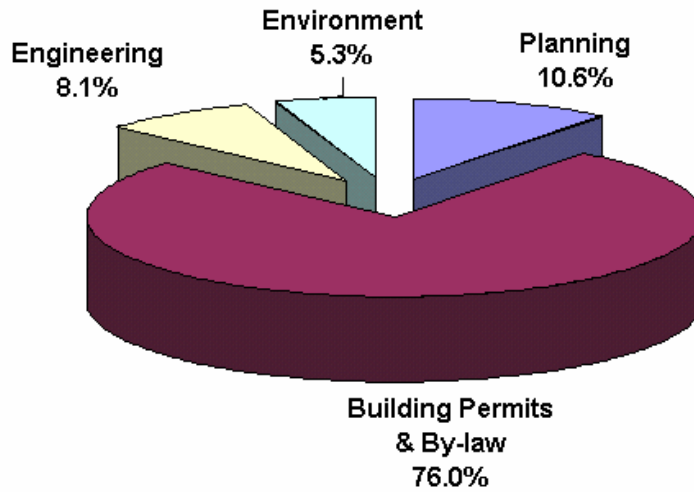
Bianca Bielski, Manager

The Transportation Master Plan, Urban Growth Strategy, North Block Central Business District Study and the Downtown Action Plan are major studies that will be completed in 2004. Development applications are expected to be high.



Planning & Development

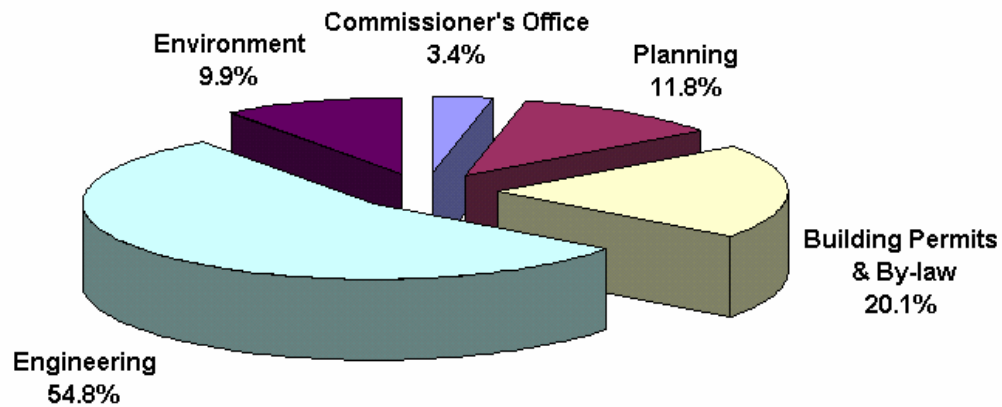
GROSS REVENUES



Commissioner's Office	\$ 0
Planning	395,650
Building Permits & By-law	2,836,223
Engineering	304,044
Environment	198,220
Total	3,734,137

Planning & Development

GROSS EXPENDITURES



Commissioner's Office	\$ 406,975
Planning	1,425,261
Building Permits & By-law	2,433,860
Engineering	6,647,216
Environment	1,195,811
Total	12,109,123

The Department of Operations 2004 Highlights

MARK SEGSWORTH, COMMISSIONER

Operations Services manages the following group of services: Solid Waste (Garbage and recycling), Road and Street maintenance, Transit, Municipal Airport operations, Municipal properties, Corporate Fleet maintenance and Municipal Parking facilities. The multi-purpose facility including the roads garage and police headquarters will continue to take priority. Plans are progressing to initiate the Market Square project in 2004.

SOLID WASTE DIVISION

John Giles, Manager

The Solid Waste Task Force continues to strive for solutions to achieve the provincial target on waste diversion. During 2004 staff will continue to explore alternatives.

ROADS DIVISION

Damon Wells, Manager

For 2004, the main focus will be on Winter Control, with an emphasis on maintaining the road and street snow clearing service levels currently provided. Winter Control of sidewalks along with bus stops and shelters are also an issue, and the intention is to try to improve the level of service in both these areas, without additional resources, where possible. The proposed Salt Management Plan will be brought forward, which while providing long term operating reductions, will require capital funding to initiate.

For Summer Maintenance a ditching program and a dedicated sidewalk inspection program will be developed for 2004. These programs should move toward a more planned maintenance standing, which will allow for better long range operating budget determination.

This will be the final year for management of a capital Surface Treatment program. The Engineering Division will manage this capital program for 2005 and onward, with consultation with Roads staff for determination of surface treatment requirements.

AIRPORT DIVISION

Brad Finch, Manager

The 2004 operations at Kingston Norman Rogers Airport will continue to focus on air transportation, security and necessary upgrades to the airport runways.

PROPERTIES DIVISION

Barclay Mayhew, Manager

The Properties Division will review city properties and recommend to council on continual ownership. A proposal for 60,000 square feet of downtown office space will be issued. The acquisition of land and initial work for the construction of the police station and maintenance facility will be completed.

FLEET DIVISION

Robert Steele, Manager

The Fleet Division will work on fleet replacement standards and work to maximize the use of fleet equipment throughout the various divisions it services. The implementation of a maintenance management system will be a priority.

PARKING DIVISION

Paula Nichols, Manager

The Parking Division continues to work on strategies adopted by council over the past few years. Capital expenditures will include repairs at various parking garages. Integration and enhanced use of Electronic Service Delivery (ESD) and the implementation of Pay 'n' Display for parking meters.

TRANSIT DIVISION

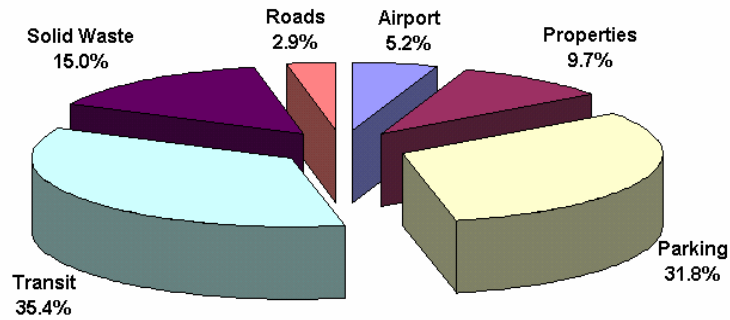
Malcolm Morris, Manager

In 2004 the Transit Division will seek subsidy financing for bus replacement and refurbishment, as the city's fleet of buses continue to be upgraded. Specific interest continues in the sharing methodology of gas tax revenues from upper tier governments.



Department of Operations

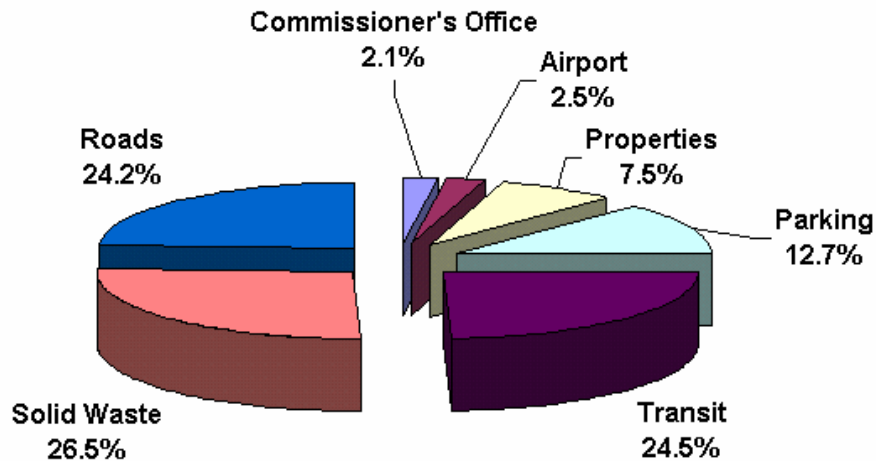
GROSS REVENUES



Commissioner's Office	\$	0
Airport		755,794
Properties		1,409,169
Fleet *		0
Parking		4,632,483
Transit		5,147,900
Solid Waste		2,177,450
Roads		427,047
Total		14,549,843

Department of Operations

GROSS EXPENDITURES



Commissioner's Office	\$	782,209
Airport		923,412
Properties		2,791,752
Fleet (Gross Expenditure Less Recovery)*		0
Parking		4,632,483
Transit		8,891,856
Solid Waste		9,786,250
Roads		8,851,447
Total		36,659,409

*Fleet costs are fully allocated to divisions based on a charge out rate

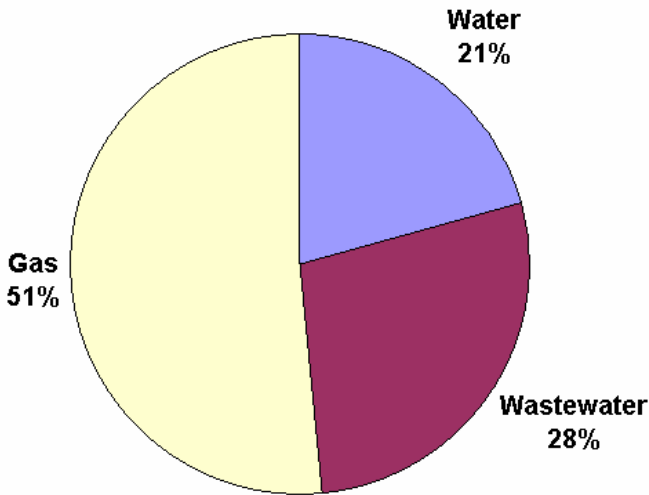


2004 Utility Budget Summary

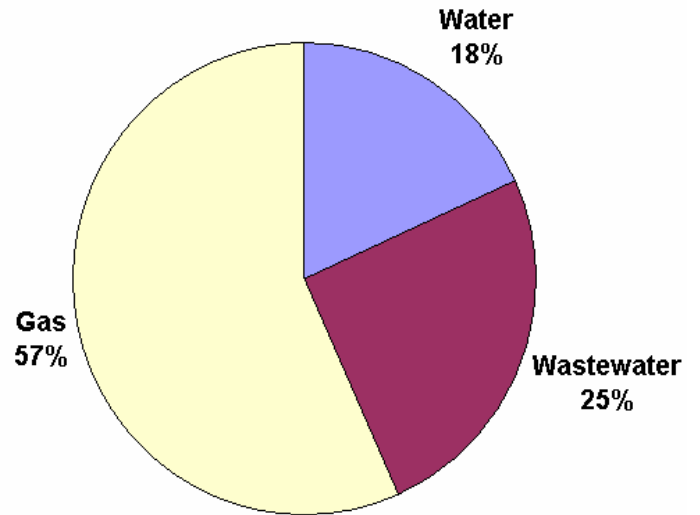
	Hot Water Tank Program (Gas)	Gas	Water	Wastewater	Total
OPERATIONS					
Commodity charges		25,000,000			25,000,000
Cost of commodity sold		25,000,000			25,000,000
		0			0
Operating Revenues					
Distribution revenues	727,000	7,193,522	10,437,000	14,000,000	32,357,522
Other revenues		91,100	225,514	691,055	1,007,669
subtotal	727,000	7,284,622	10,662,514	14,691,055	33,365,191
Operating expenses					
Administration		1,153,755	1,599,097	1,306,702	4,059,554
Billing, Collection and Customer Service	140,082	902,039	1,482,607	1,487,607	4,012,335
Distribution		1,064,653	2,212,982	1,580,901	4,858,536
Pumping & Treatment			2,253,303	3,734,194	5,987,497
subtotal	140,082	3,120,447	7,547,989	8,109,404	18,917,922
Surplus from operations	586,918	4,164,175	3,114,525	6,581,651	14,447,269
Principal and Interest		0	91,954	0	91,954
		0	106,907	2,008,649	2,115,556
	586,918	4,164,175	2,915,664	4,573,002	12,239,759
Less:					
Contributions to reserve funds	586,918	2,664,175	2,915,664	4,573,002	10,739,759
Transfers to Municipal Capital Reserve		1,500,000			1,500,000
	0	0	0	0	0
CAPITAL					
EXPENDITURE					
Current year's budget (net)	600,000	1,892,967	6,695,799	7,068,993	16,257,760
Carry-forward projects	0	607,958	14,112,841	23,380,996	38,101,794
	600,000	2,500,925	20,808,640	30,449,989	54,359,554
FINANCING					
Contribution from reserve funds	600,000	2,500,925	11,154,640	8,400,523	22,656,088
Impost Reserve Fund			5,854,000	2,690,875	8,544,875
Debt		0	3,800,000	19,358,591	23,158,591
	600,000	2,500,925	20,808,640	30,449,989	54,359,554

2004 Utility Budget Highlights

2003 Revenues from Utility Operations



2004 Revenues from Utility Operations



Wastewater Capital Budget Summary \$7,068,993 (2004)

- ✦ Contributions to annual renewal and replacement activity (road reconstruction) continue at a reduced level from past years as in the water budget.
- ✦ In 2004 the Environmental Assessment for secondary treatment options and the expansion of capacity at Ravensview Sewage Treatment Plant will be completed and the next phase of engineering design and pilot testing will commence.
- ✦ Initiate the design of the North End Pumping Station

Wastewater Operating Budget Summary

- ✦ The wastewater operating budget shows an increase of 5%. As with the other utilities much of this is attributed to general inflationary impacts. One item that is having an impact is the additional expenses for the operation of the rebuilt capacity at the Kingston West treatment plant and increased expenses for sludge disposal.

Water Capital Budget Summary \$6,695,799 (2004)

- ✦ Contributions to annual renewal and replacement activity (road reconstruction) will continue but at a much reduced rate from the past.
- ✦ Replacement of backup equipment to ensure ongoing system operations at the Central Water Treatment Plant in case of interruption to the supply of electricity.
- ✦ Start of the construction of a new elevated water tower at Creekford and Cloggs road to elevated pressure problems in this fast developing area of the city
- ✦ Increased security at treatment facilities
- ✦ New header design for the west treatment facility
- ✦ The water main component of the Utilities Crossing project is also part of the 2003 carry forward projects and no budget adjustment is required.



Water Operating Budget Summary

- ✦ The water operating budget summary shows an increase of 10%. A portion of this is a result of general inflationary impacts noted in the other utilities above. Costs of electricity, insurance, rent and taxes account for 7% of the 10% increase.

Gas Capital Budget Summary \$1,892,967 (2004)

- ✦ Planning and engineering for the installation of a second High Pressure feed from Trans Canada's system into the city will be undertaken. The current single supply will be examined for capacity and condition considering the age of this pipe. The anticipation of an exceptionally large customer requirement is accelerating this project.
- ✦ Steel gas mains will continue to be replaced where leak history indicate a requirement.
- ✦ Changes to our City Gate Station to allow the safe delivery of Mercaptane (Odorant)
- ✦ New gas services continue to be a major part of the 2004 capital program as it has in 2002 and 2003, which saw an increase in the number of new services installed.
- ✦ Upgrades and replacements at our regulator stations, including our main City Gate Station.

Gas Operating Budget Summary

- ✦ The Gas Operating budget is showing a 5% increase over 2002 for gas distribution purposes. This is attributed to areas of general inflationary increases as noted earlier in the report. Gas commodity charges are a significant portion of the total cost of the gas service and are driven by market prices.

Gas Hot Water Tank Capital Budget Summary \$600,000

- ✦ This is the projection for expenditures for the purchase and installation of new tanks.

Gas Hot Water Tank Operating Budget Summary

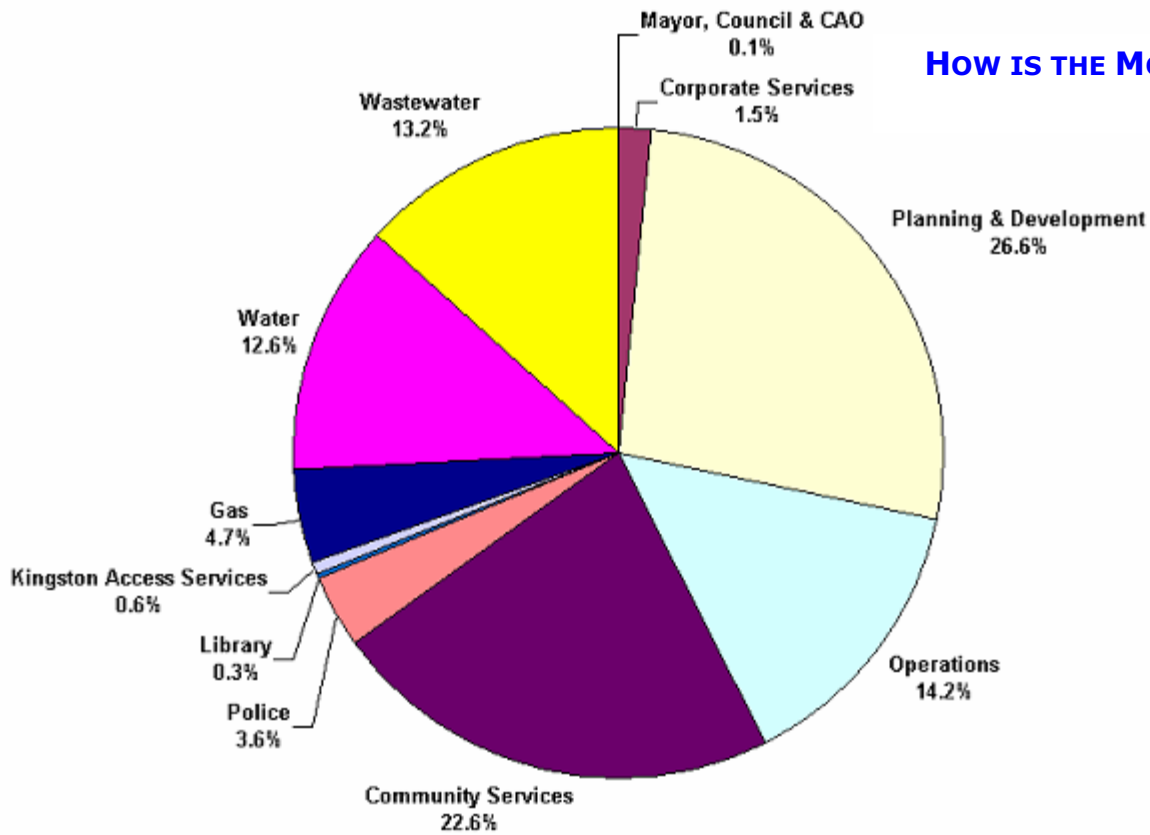
- ✦ Operating expenses are projected at \$140,082. Although these expenses were not distinctly tracked in the past this is a significant increase as we look to streamline and grow this business.

2004 CAPITAL BUDGET



2004 Capital Budget

HOW IS THE MONEY SPENT?

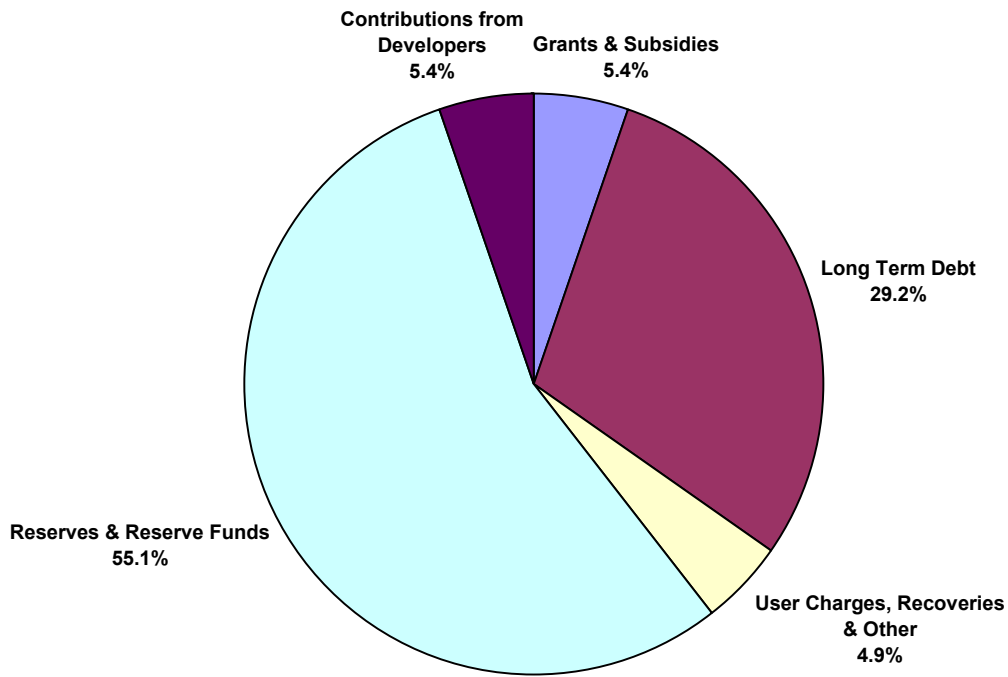


2004 GROSS EXPENDITURES

Mayor, Council & CAO	\$	69,000
Corporate Services		800,000
Planning & Development		14,170,000
Operations		7,572,125
Community Services		12,046,500
Police		1,897,000
Library		170,000
Kingston Access Services		312,000
Gas		2,492,967
Water		6,695,799
Waste Water		7,068,993
Total		53,294,384

2004 Capital Budget

HOW IS THE BUDGET FUNDED?



2004 GROSS REVENUES

Long Term Debt	\$ 15,540,000
Reserves & Reserve Funds (including taxes)	29,379,348
Contributions from Developers	2,873,500
Grants & Subsidies	2,851,786
User Charges, Recoveries & Others	2,649,750
Total	53,294,384

Municipal Capital Project Listing

Department/Division	Budget
<p>MAYOR, COUNCIL & CAO</p> <p style="text-align: right;">Projects Include: Community Planning – Social Housing*</p>	<p>\$</p> <p style="text-align: right;">69,000</p>
TOTAL MAYOR, COUNCIL & CAO	\$69,000
CORPORATE SERVICES	
<p>IS AND GIS</p> <p style="text-align: right;">Projects Include: Network Management and Equipment Office Automation Enterprise Software Geographic Information Systems</p>	<p style="text-align: right;">120,000 100,000 180,000 250,000 <u>650,000</u></p>
<p>COUNCIL SUPPORT</p> <p style="text-align: right;">Projects Include: Postage Meter</p>	<p style="text-align: right;">50,000 <u>50,000</u></p>
<p>CLIENT SERVICES & COMMUNICATIONS</p> <p style="text-align: right;">Projects Include: Electronic Services Delivery Corporate Phones – Upgrade</p>	<p style="text-align: right;">65,000 33,500 <u>100,000</u></p>
TOTAL CORPORATE SERVICES	\$800,000
*to be redistributed to social housing in 2004	



Municipal Capital Project Listing

Department/Division	Budget
PLANNING & DEVELOPMENT	\$
PLANNING	
Projects Include:	
Official Plan Consolidation	100,000
Agricultural Land Use Analysis	50,000
Waterfront Strategy	100,000
Natural Heritage	75,000
Cityview Implementation	25,000
Architectural Design Guidelines for Downtown	50,000
Industrial Land Review	50,000
	450,000
BUILDING & LICENSING	
Projects Include:	
Permit Software	30,000
	30,000
ENVIRONMENT	
Projects Include:	
Quality Control Projects	75,000
Multiple Site Clean-Ups	200,000
Official Plan Changes-Brownfields	25,000
Pilot Testing of Management Options	75,000
Pumping System Maintenance/Upgrades	50,000
Site Drainage/Cover Improvements	100,000
Solution Implementation	200,000
PCP-GHG Modeling Project	20,000
PCP Energy Management Strategy	35,000
PCP Green Bldg Incentives Feasibility Study	15,000
	795,000
ENGINEERING	
Projects Include:	
Reconstruction	2,600,000
Overlay	1,100,000
Storm Sewers	900,000
Sidewalks & Pararamps	300,000
New Sidewalks	200,000
Downtown Revitalization	400,000
Traffic Management General	500,000
Street Lighting	50,000
Bridges & Culverts	300,000
Storm Systems – Improvement – right-of-way	150,000
City/CN right-of-way Management	35,000
Industrial Land Development	1,330,000
Growth Capital in Development Charges bylaw	5,030,000
	12,895,000
TOTAL PLANNING & DEVELOPMENT	\$14,170,000



Municipal Capital Project Listing

Department/Division	Budget
OPERATIONS SERVICES	\$
COMMISSIONER'S OFFICE	
Projects Include:	
Capital Projects	150,000
211 Counter St. (server room air conditioner)	25,000
	175,000
TRANSIT	
Projects Include:	
Fare boxes	200,000
Shelters	240,000
Central Transit Station	100,000
Transit Vans	53,732
Transit replacement/refurbishing	1,302,502
	1,896,234
SOLID WASTE	
Projects Include:	
Multilevel Monitoring Well – Kgn East Landfill	14,000
Compost Site Expansion	50,000
	64,000
PROPERTIES	
Projects Include:	
New Maintenance & Storage Facility	400,000
	400,000
FLEET - MUNICIPAL	
Projects Include:	
Properties	24,836
Permits/By-law	48,956
Engineering	24,836
Fleet	24,836
Parking Services	26,866
Cultural Services	384,365
Streets	507,448
	1,042,143
FLEET - UTILITIES	
Projects Include:	
Electric	298,871
Treatment	224,046
Tri Service	62,601
Underground	180,230
	765,748



Municipal Capital Project Listing

Department/Division	Budget
OPERATIONS SERVICES CONTINUED	\$
PARKING	
Projects Include:	
Chown Parking Garage	150,000
Hanson Parking Garage	85,000
Pay & Display Parking Meters	260,000
Surface Lots	115,000
Signage	45,000
Radios – Courtesy Program	10,000
Bicycle Racks	10,000
Computer Upgrade – Attended Lots	10,000
	685,000
AIRPORT	
Projects Include:	
Runway 12-30 Taxiway "B"	1,704,000
ATB Additional Renovations	40,000
Airport Master Plan	100,000
ERS CARs 308	700,000
	2,544,000
TOTAL OPERATIONS SERVICES	\$7,572,125



Municipal Capital Project Listing

Department/Division	Budget
COMMUNITY SERVICES	\$
COMMISSIONER'S OFFICE	
Projects Include:	
Emergency Preparedness	110,000
	<u>110,000</u>
FIRE	
Projects Include:	
Radio Replacement	350,000
S.C.B.A. Equipment	75,000
Hose	46,000
Communications Centre CAD System	300,000
Headquarters – O'Connor Drive	40,000
Pumper Int'l U-8349-R	400,000
Unit 1 S/V	45,000
Ford Expedition S/V U-0354-R	25,000
Station 4 Brock St.	40,000
Station 7 Woodbine Road	50,000
Pumper Ford U-7706 - R	400,000
Station 1 – Joyceville Side Road	45,000
Station 2 – Brewers Mills	20,000
	<u>1,836,000</u>
LONG TERM CARE	
Projects Include:	
Electric Beds	15,000
Patient Lifts	30,000
Homewide Flooring/Upgrade	10,000
Refurbishing/Equipment Program	32,500
Tub and Shower Replacement	12,500
	<u>100,000</u>
CULTURAL SERVICES	
PROGRAMS, EVENTS AND AQUATICS	
Capital Management	177,500
Cultural Strategic Plan	160,000
Splash Pad – Pre engineering & Study	55,000
Signage Project	26,000
Health & Safety Overall Plan	30,000
GIS Survey/Statistics	10,000
Leo Lafluer Memorial Pool-Boiler	85,000
Artillery Park Renovations	140,000
Fitness Equip. Replacement/Retrofit	20,000
GRAND THEATRE	
Facility Infrastructure	6,500,000
MARINA OPERATIONS	
MO – Jib Hoist	12,000
MO – Upgrade Lighting	10,000
MO – Dock Development	90,000
MO – On Shore Facilities upgrade	15,000
(Portsmouth Olympic Harbour)	
POH – Energy Retrofit HVAC Upgrades	150,000
POH – Building Infrastructure	30,000

Municipal Capital Project Listing

Department/Division	Budget
COMMUNITY SERVICES CONTINUED	\$
PARKS	
Projects Include:	
Park Developments Funded by Development Charges	160,000
Playground Fund by Development Charges	30,000
Playground (Existing) – Retrofit Program	50,000
Playground Revitalization Program	125,000
Gardens Redevelopment (env.)	15,000
Parks Buildings (roof & general retrofits)	10,000
Lake Ontario Park – Pavilion	15,000
Green House Boiler – Rodden Park	25,000
Woodbine Park Development (new env.)	70,000
Cycling & Pathway Study Implement	30,000
Downtown Action Plan Implementation Transition Phase	30,000
ARENAS	
CAT – Waste septic generation study	20,000
CAT – Structural Steel Painting	35,000
CAT – Hall Restoration	25,000
CAT – Office Repair	10,000
CAT – Ventilation	50,000
CAT – Fire Sprinklers & Monitor	15,000
CAT – PA System	15,000
C70 – Roof Repair – Critical	30,000
C70 – Cleaning Equipment	18,000
C70 – Leed Site Work	1,400,000
Cooke’s Brothers – Garage Doors	10,000
Cooke’s Brothers – Fire Escape	15,000
Harold Harvey – Flat Roof Repairs	20,000
KMC – Caulking in Stands	15,000
KMC – Fencing	25,000
KMC – Netting (Health & Safety)	12,000
KMC – Barn Repairs	10,000
KMC – Header Pipe Replacement	95,000
KMC – Flat Roof Replacement	100,000
KMC – Hardware Replacement	10,000
	10,000,500
TOTAL COMMUNITY SERVICES	\$12,046,500



Municipal Capital Project Listing

Municipal Capital Project Listing		Budget
POLICE		\$
	Projects Include:	
	Refresh Servers/Desktops/Audio/Notebook	188,500
	Police Building – design & pre-construction	1,000,000
	Replacement Vehicles	352,000
	Radio Communication System	305,000
	Vehicle Lease Buy Back	11,500
	CPIC Renewal	40,000
TOTAL POLICE		\$1,897,000

LIBRARY		\$
	Projects Include:	
	Shelving Replacement	30,000
	Bishop’s House Renovation	65,000
	Library Automation Modules	25,000
	Virtual Community	30,000
	Computer Peripherals	20,000
TOTAL LIBRARY		\$170,000

KINGSTON ACCESS SERVICES		\$
	Projects Include:	
	Replacement of vehicles (4)	312,000
TOTAL KINGSTON ACCESS SERVICES		\$312,000



Gas Utility Capital Project Listing

Division	Budget \$
REGULATION Projects Include: Regulator Station Rebuild/Replacement Regulator Station Equipment	228,000
DISTRIBUTION Projects Include: Steel Main Replacement, New Main Extension	750,000
METERING (METER AND REGULATION) Projects Include: Meters	200,000
SERVICES Projects Include: New Services	425,000
HOT WATER RENTAL TANKS Projects Include: Hot Water Rental Tanks	600,000
CONSTRUCTION & OFFICE EQUIPMENT Projects Include: Construction Tools Property Improvements	49,801
VEHICLES Projects Include: Vehicles	104,166
UTILITIES BUSINESS SYSTEMS Projects Include: Business Systems SCADA Hardware	136,000
Total Gas Utility	\$2,492,967



Water Utility Capital Project Listing

Division		Budget \$
TREATMENT	Projects Include: Plant Upgrades	260,000
TRUNK MAINS	Projects Include: Design/Construction	365,000
MAIN & SERVICE RENEWAL	Projects Include: Various Road Reconstruction jobs Defective/Undersized Replacement Rehabilitation Lining etc.	2,146,772
METERS	Projects Include: Meters	100,000
STORAGE	Projects Include: Reservoir Refurbishment Construction	3,230,000
SYSTEM STUDIES	Projects Include: Planning & Modeling Development Activities	118,250
CONSTRUCTION & OFFICE EQUIPMENT	Projects Include: Tools and Office Equipment Property Improvements	52,810
VEHICLES	Projects Include: Vehicles	194,167
UTILITIES BUSINESS SYSTEMS	Projects Include: Business Systems SCADA Hardware	228,800
Total Water Utility		\$6,695,799



Wastewater Utility Capital Project Listing

Division		Budget \$
TREATMENT	Projects Include: Plant Upgrades New Construction	620,000
LIFT STATIONS	Projects Include: Upgrades and Major Rebuilds	1,000,000
TRUNK WASTE WATERS	Projects Include: Harbour Front Catarauqui River Crossing	3,806,875
METERS	Projects Include: Meters and Meter Equipment	100,000
MAIN & LATERAL RENEWAL	Projects Include: Various Road Reconstruction Jobs	947,875
SYSTEM STUDIES	Projects Include: Biosolids Study Development Activities	170,250
CONSTRUCTION & OFFICE EQUIPMENT	Projects Include: Tools and Office Equipment Property Improvements	81,818
VEHICLES	Projects Include: Vehicles	194,167
UTILITIES BUSINESS SYSTEMS	Projects Include: Business Systems SCADA Hardware	148,008
Total Wastewater Utility		\$7,068,993

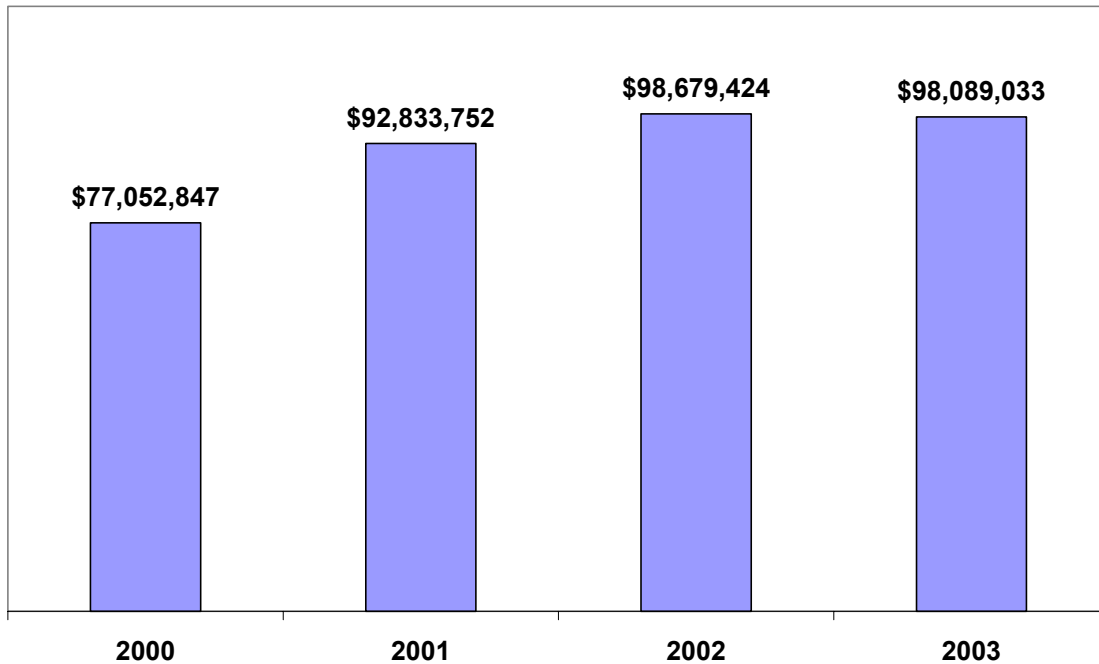
DEBT MANAGEMENT



Reserves and Reserve Funds

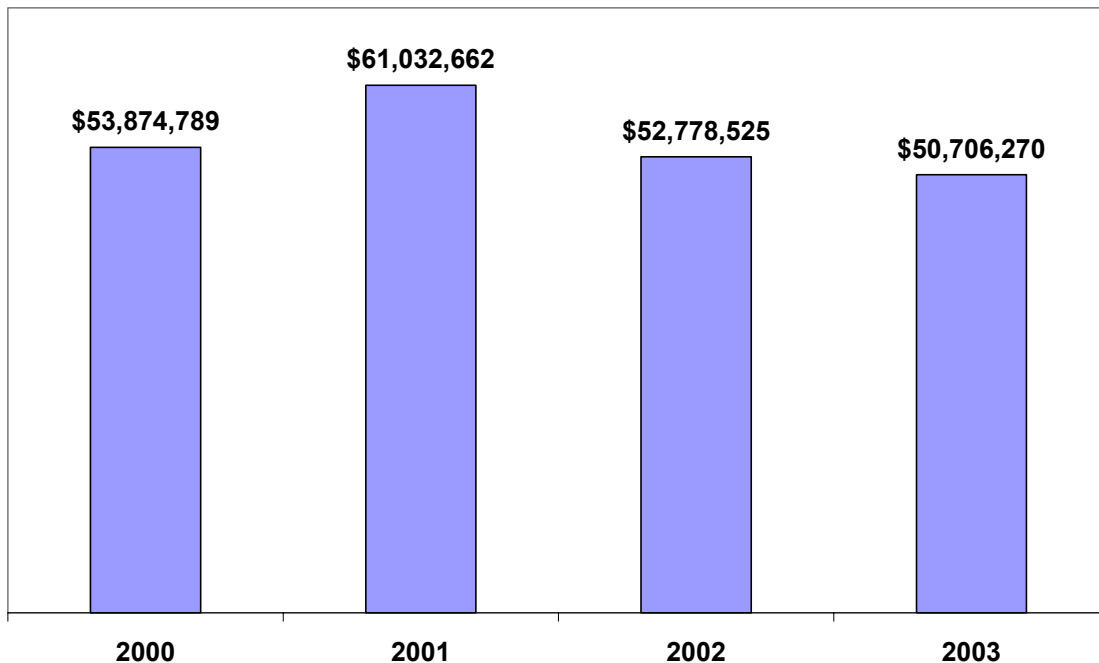
Reserves and Reserve Funds are established to fund future operating and capital expenditures, long-term liabilities, special projects, working capital requirements and to stabilize potential tax rates.

Annual Reserve and Reserve Fund Balances



Discretionary Reserve Funds represent earmarked funds, contained in a consolidated Reserve Fund bank account and established at the discretion of council for specified purposes.

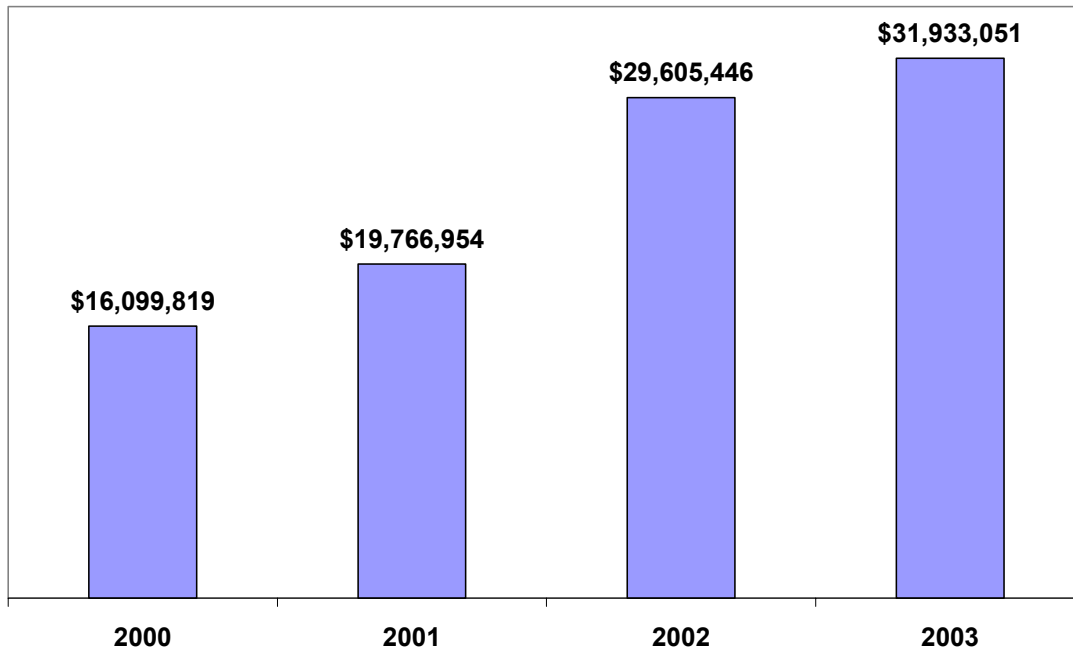
Annual Discretionary Reserve Fund Balances



Reserve and Reserve Funds

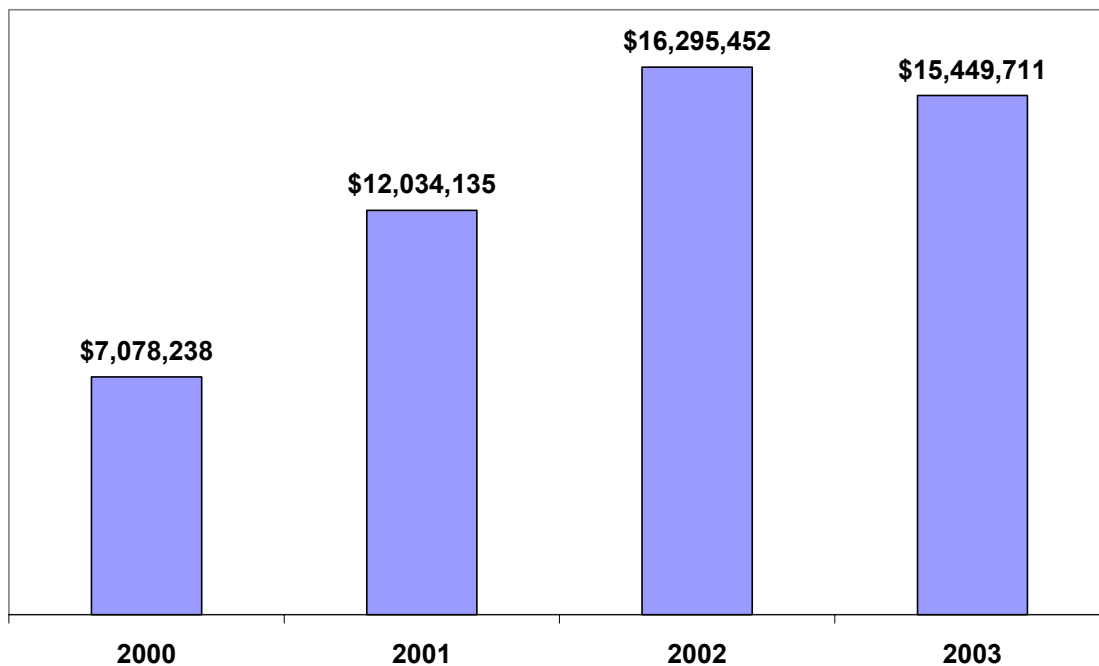
Obligatory Reserve Funds are established by law, contained in individual bank accounts, and are earmarked for the purposes set out in Ontario Legislation such as the *Development Charges Act*, the *Planning Act* and the *Municipal Act*.

Annual Obligatory Reserve Fund Balances



Reserves are not physically segregated in separate bank accounts like Reserve Funds but are accumulated net revenue, earmarked for specified purposes, in the general operating fund of the municipality.

Annual Reserve Balances



Municipal Debt Limit Calculation

Every year, the MMAH determines the Municipality's Annual Debt Repayment Limit under Ontario Regulation 799/94, based on the previous year's Financial Information Return (FIR).

For 2003, council approved Capital Budgets totaling \$84.4M, of which approximately \$36.1M (general municipal, fire and waste water) is to be financed by the issue of long-term debt. Revenues for municipal electrical utilities are not included in the calculation of the Annual Repayment Limit (ARL), in accordance with Public Sector Accounting Board (PSAB) guidelines.

During the 2003 Capital Budget deliberations, council was also advised that there remained on the municipality's books approximately \$32.44M of capital expenditures to be financed by long-term debt relating to 2002 and prior years, which had not as of December 31, 2002 been fully expended and/or debentured. The approved long-term debt yet to be issued is as follows:

Debentures (Approved Not Yet Issued)	\$M	\$M
1997 and Prior Year's Approved Debt Levels		\$ 3.00
1998 Approved Debt – Municipal		9.61
1999 Approved Debt Municipal Utilities	16.28 6.24	22.52
2000 Approved Debt Municipal Utilities	6.97 3.69	10.66
2001 Approved Debt Municipal (.7 CRF amendment) Utilities	8.24 2.54	10.78
2002 Approved Debt (including amendments) Municipal (10.55 + 1.9 amendments) Utilities (1.35 + 3.75 amendments)	12.45 5.10	17.55
2003 Approved Debt (including amendments) Municipal Utilities	12.35 23.75	36.10
Total Approved Debt		\$110.22
Less the 1999, 2000, 2001, 2002 and 2003 Debentures		(56.68)
Total Approved Debt – Not Yet Issued		\$53.54
Less Amount Not Required		(3.05)
Total Approved Debt – Not Yet Issued (Revised)		\$50.49

Municipal Debt Limit Calculation

The determination of the Annual Repayment Limit for the City of Kingston is for January 1, 2004, and is based on the 2002 Financial Information Return as prepared by the municipality. The Annual Repayment Limit is then adjusted by the municipal treasurer to reflect financial commitments and/or discharges that occurred in 2003, and which ultimately impact on the January 1, 2004 adjusted Annual Debt Repayment Limit.

It should be noted that the municipal treasurer's adjustments utilize an assumption that debenture issues will be at an effective rate of 6.00% for a period of 10 years.

- The stated rate of interest and term is utilized for illustration purposes only. The actual rate of interest will fluctuate depending on the markets, whereas the length of the debenture will be based on life expectancy of the asset.



The calculation for the City of Kingston's 2004 Adjusted Annual Debt Repayment Limit effective January 1, 2004 is as follows:

A) As Filed with the Ministry of Municipal Affairs & Housing (2002 FIR)	
2002 Net Revenue Fund Revenues	\$177,061,635
25% of Net Revenue Fund Revenues	44,265,409
Less 2002 Net Debt Charges	(10,649,491)
Unadjusted Annual Repayment Limit	\$33,615,918

B) Municipal Treasurer's Adjustments	
1. Approved in 2003 & prior years but not yet financed as of Jan 1, 2004	
a) \$31.67M Debt Issue @ 6.00% for 10 Years	(\$4,303,000)
b) Expected Annual Debt Payments from 2003 OMEIFA loan of \$18.82M (Approx. 4% \$13.15M for 30 years, \$5.76M for 20 years)	(1,178,000)
2. Annual Debt Payments maturing in 2003	155,835
3. Annual Debt Payments resulting from 2002 Debenture Issue of \$5.0M	(683,036)
4. Annual Lease Payments – Desktop Computers	(460,477)
5. Annual Debt Payments resulting from 2003 Debenture Issue of \$15.0M	(1,395,153)
Total Municipal Treasurer's Adjustments	(\$7,863,831)
Adjusted Annual Repayment Limit – January 1, 2004	\$25,752,087

It should be noted that the Adjusted Annual Repayment Limit equates to the following new borrowings based on the above-noted assumptions:

Annual Debt Charges	Interest Rate	Term	Debenture Amount
\$25,752,087	6.00%	15 Years	\$250M
\$25,752,087	6.00%	10 Years	\$189M

The above reflects the maximum amount of new debentures that may be issued according to provincial guidelines, but it does not reflect the municipality's ability or capacity to assume an additional \$25.7M of additional annual debt charges.

City of Kingston Credit Rating

The City of Kingston's most recent bond rating opinion, released on October 27, 2003 by Standard & Poor's, reflected an A+ rating. The following excerpt is from the Standard & Poor's publication dated October 27, 2003:

ISSUER CREDIT RATING

Kingston (City of)
Issuer Credit Rating A+/Stable/--

AFFIRMED RATING

Kingston (City of)
Sr unsec'd debt
Local currency A+

Issuer credit rating history:

October 27, 2003 A+
Jan 29, 2002 A+
Apr. 9, 2001 A

Rationale

The ratings on Kingston reflect the city's very low current debt burden, its high level of liquidity, an established record of good budgetary performance and an exceptionally stable economy. The city's significant near-, medium- and long-term capital expenditure plans, its relatively low financial flexibility, and its slightly below-average economic performance constrain the ratings.

Kingston's key credit strengths include its high level of liquidity and very low current debt burden. Total municipal debt to operating revenue (Standard & Poor's adjusted) was only 23% in 2002, while the city's cash and liquid investment holdings were sufficient to make Kingston a slight net creditor. The city's debt burden is set to increase, however, and its level of liquidity to decrease, as Kingston makes repairs and renovations to key municipal infrastructure, including substantial work on the city's water and sewer system, as well as the addition of a new sewage treatment plant. Although significant senior government funding is hoped for, and some already secured, these projects are nonetheless expected to use large portions of the city's resources in the coming years, resulting in a significant drag on its financial flexibility. This flexibility was already constrained by relatively low income levels and recent tax increases, as well as delayed repair of physical infrastructure. The projects are, however, expected to be within the city's means.

The city's economic performance is slightly below-average by peer comparison, although it is exceptionally stable due to a variety of significant and very well-established public sector employers, as well as reasonable diversification among private sector employers. Kingston's unemployment rate has generally been somewhat higher than the Ontario average, while employment has grown slightly in recent years. Population growth, at 0.3% annualized growth in the past five years, has been slow, though positive.



Outlook

The stable outlook reflects Standard & Poor's Ratings Services' expectation that Kingston will constrain both its liquidity and its debt burden to reasonable levels as it progresses through its current capital expenditure plans, and that the city's budgetary performance and economy will not change greatly during this time. Standard & Poor's will nevertheless watch for signs of strain on the city's finances due to unexpected difficulties with these plans, and will also monitor Kingston's progress in obtaining senior government funding assistance with them.

Budgetary Performance

Kingston has an established record of good budgetary performance. The city's 2002 operating margin of 14% of operating revenue (13% in 2001, Standard & Poor's adjusted) represents a continuation of this tradition. The city has achieved operating margins of 9% or more (net of debt and reserves transfers) of operating revenue in each of the past five years. These results compare favourably with Kingston's peers and have allowed the city to make solid contributions to reserves, limiting debt issuance requirements.

Operating revenue increased by 5% in 2002, although operating expenditure also grew by 5% in the same year (the former resulting primarily from increased tax revenues, the latter primarily from increased spending on transportation services).

Capital revenue represented 9% of capital expenditure in 2002 (net of debt and reserves transfers). Capital revenue has generally been decreasing in the past three years, both on an absolute basis and as a proportion of capital expenditure (19% in 2002). Capital expenditure increased in 2002, up 22% compared with the previous year. This was the result of increased spending in the environmental services category.

The city's capital expenditure planning process is well developed, with clear 10-year capital budgets submitted to City Council, complete with financing plans.

Upcoming capital expenditure to focus on infrastructure upgrades.

Kingston has significant near-, medium- and long-term capital expenditure plans. Much of currently planned capital expenditure has to do with the rehabilitation of the city's aging water and sewer infrastructure (some parts of the current system are more than 100 years old and the city has had combined sewer overflow in the past). Current plans include a new plant to upgrade sewage treatment from primary to secondary, as well as work on the water and sewer system. There are also plans to substantially renovate the downtown core, in terms of roadways, street lighting, and sidewalks. The city has applied for funding assistance from senior levels of government for some of these projects, and some has already been secured. The final size of projects is to be largely dependent on the levels of funding assistance ultimately obtained.

As well, work to bring the Fairmount Home for the Aged up to provincially mandated standards is expected to proceed in 2004, although this project is to be overseen and debenture-financed by Frontenac County, with the city's contribution to generally fit in the funding envelope Kingston currently pays the county for its share of this service. This work, as well as the major projects outlined above, is all over and above more regular recurrent capital expenditure planned for roads and social housing projects.

All in all, Standard & Poor's expects the city's current capital expenditure plans to be within its means, though these means are expected to be close to fully used by the plan. Standard & Poor's will watch for signs of strain on the city's finances as Kingston progresses through its current 10-year capital expenditure plan, particularly in the event of unexpected cost overruns or other potential difficulties. Standard & Poor's will also monitor the city's progress with obtaining funding assistance from senior governments (primarily expected in the form of grants).

2004 Taxation Revenue Summaries & Schedules



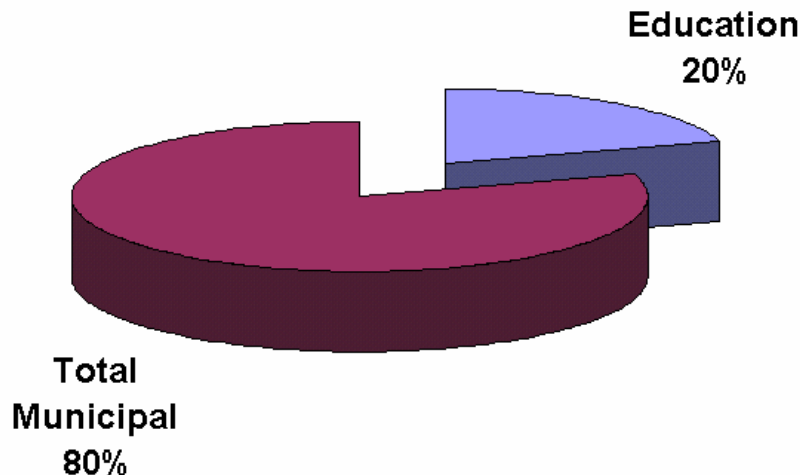
Average Residential Tax by Area

The following table is a comparison between 2003 and 2004 residential tax bills calculated at an average home assessed for \$158,000 in 2003 and \$181,226 for 2004. The 2004 value has been increased by 14.7%, which is the average reassessment increase for residential properties.

RESIDENTIAL BILL COMPARISON	2003			2004		
	ASSESSMENT = \$158,000			ASSESSMENT = \$181,226		
	CENTRAL	WEST	EAST	CENTRAL	WEST	EAST
TAXATION						
General	1,681.29	1,681.29	1,681.29	1,764.27	1,764.27	1,764.27
Fire	329.43	134.00	228.56	374.34	179.05	250.89
Garbage	86.51	\$ 105.00	86.51	78.67	\$ 98.00	78.67
MUNICIPAL TOTAL	2,097.23	1,920.29	1,996.36	2,217.28	2,041.32	2,093.83
Education	529.30	529.30	529.30	536.43	536.43	536.43
TAX TOTAL	2,626.53	2,449.59	2,525.66	2,753.71	2,577.75	2,630.26
				% increase		
				4.8%	5.2%	4.1%

What Makes Up the Property Tax Bill?

The Property Tax Bill is generally made up of two main components in the approximate proportions noted below:



Education Taxes – The tax rate is set by the Province of Ontario and is billed and collected by the municipality. These levies are remitted to your local school board.

Municipal Taxes – The tax rate for your municipal services is based on council’s adoption of the annual budget. The total expenditures relate to a variety of services provided by the city. Revenues from provincial grants, user fees and other sources have been deducted from the total expenditures, resulting in an amount to be raised through municipal taxation.

2004 Tax Rate Schedule

		Kingston Central	Kingston West	Kingston East	
1	Residential RT	Municipal	0.0097352	0.0097352	0.0097352
		Fire	0.0020656	0.0009880	0.0013844
		Garbage	0.0004341	\$ 98.00*	0.0004341
		Education ▲	0.0029600	0.0029600	0.0029600
		Total	0.0151949	0.0136832	0.0145137
2	New Multi Residential NT	Municipal	0.0097352	0.0097352	0.0097352
		Fire	0.0020656	0.0009880	0.0013844
		Garbage	0.0004341	\$ 98.00*	0.0004341
		Education ▲	0.0029600	0.0029600	0.0029600
		Total	0.0151949	0.0136832	0.0145137
3	Multi Residential MT	Municipal	0.0259219	0.0259219	0.0259219
		Fire	0.0055000	0.0026308	0.0036862
		Garbage	0.0011558	\$ 98.00*	0.0011558
		Education ▲	0.0029600	0.0029600	0.0029600
		Total	0.0355377	0.0315127	0.0337239
4. a)	Commercial Occupied (100%) CTN, DTN, GTN, STN, CH	Municipal	0.0181741	0.0181741	0.0181741
		Fire	0.0038561	0.0018445	0.0025844
		Garbage	0.0008104	-	0.0008104
		Education ▲	0.0212424	0.0212424	0.0212424
		Total	0.0440830	0.0412610	0.0428113
4. b)	Commercial Vacant (70%) CUN, CXN, DUN, SUN	Municipal	0.0127219	0.0127219	0.0127219
		Fire	0.0026993	0.0012911	0.0018091
		Garbage	0.0005673	-	0.0005673
		Education ▲	0.0148697	0.0148697	0.0148697
		Total	0.0308582	0.0288827	0.0299680
5. a)	Industrial Occupied (100%) ITN, LTN, IH	Municipal	0.0304135	0.0304135	0.0304135
		Fire	0.0066184	0.0031657	0.0044357
		Garbage	0.0013908	-	0.0013908
		Education ▲	0.0348094	0.0348094	0.0348094
		Total	0.0732321	0.0683886	0.0710494
5. b)	Industrial Vacant (65%) IUN, IXN, LUN, IK	Municipal	0.0197688	0.0197688	0.0197688
		Fire	0.0043019	0.0020577	0.0028832
		Garbage	0.0009040	-	0.0009040
		Education ▲	0.0226261	0.0226261	0.0226261
		Total	0.0476008	0.0444526	0.0461821
6	Farm/Industrial Farmland AD FT, I1	Municipal	0.0024338	0.0024338	0.0024338
		Fire	0.0005164	0.0002470	0.0003461
		Garbage	0.0001085	-	0.0001085
		Education ▲	0.0007400	0.0007400	0.0007400
		Total	0.0037987	0.0034208	0.0036284
7	Managed Forest TT	Municipal	0.0024338	0.0024338	0.0024338
		Fire	0.0005164	0.0002470	0.0003461
		Garbage	0.0001085	-	0.0001085
		Education ▲	0.0007400	0.0007400	0.0007400
		Total	0.0037987	0.0034208	0.0036284
8	Pipeline PTN	Municipal	0.0099028	0.0099028	0.0099028
		Fire	0.0021012	0.0010050	0.0014082
		Garbage	0.0004416	-	0.0004416
		Education ▲	0.0182014	0.0182014	0.0182014
		Total	0.0306470	0.0291092	0.0299540

* PER RESIDENTIAL UNIT

▲ Education rate has been set by Provincial Regulation # 0.Reg.115/04



2004 Taxation and PIL Revenue Summary

TAXATION

GENERAL

Residential/Farm	58,528,456
New Multi-Residential	113,308
Multi-Residential	13,156,222
Commercial	19,105,889
Industrial	2,989,634
Farmland	80,823
Industrial Farmland Awaiting Development	1,509
Managed Forest	2,221
Pipeline	326,842
	94,304,904

FIRE

Central	9,811,024
West	4,000,470
East	1,240,559
	15,052,054

GARBAGE

Central	2,061,826
West	1,800,000
East	388,997
	4,250,823

SUPPLEMENTARY TAXATION

All Purposes	1,862,001
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TOTAL TAXATION	115,469,782
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OTHER TAXATION RELATED ITEMS

Payments in Lieu of Taxes & Exempt Garbage	14,431,108
Special Charges	100,000
Write-Offs	(1,175,000)

TOTAL OTHER TAXATION	13,356,108
TOTAL GENERAL REVENUE	128,825,890

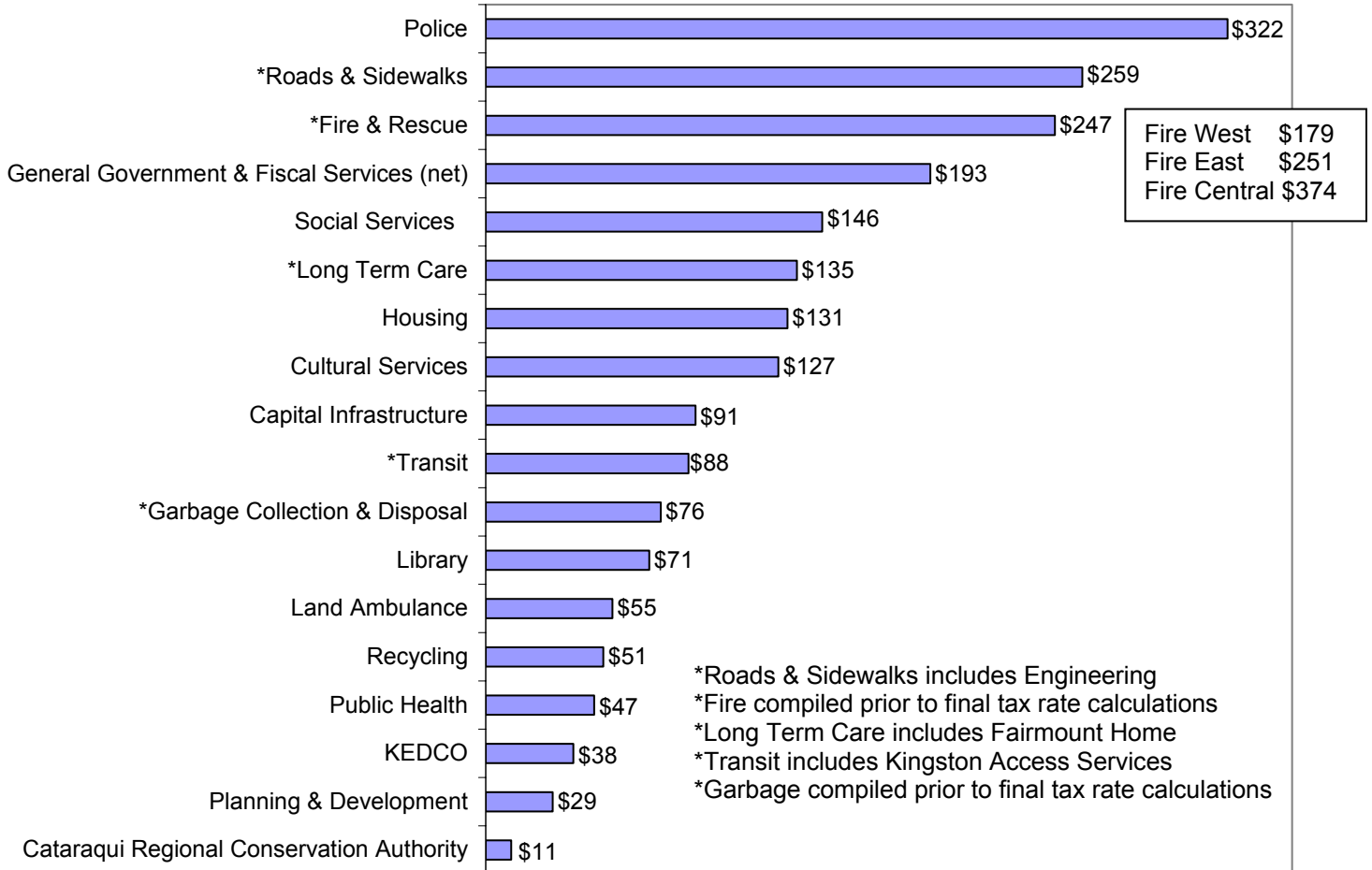


2004 Tax Classes, Tax Ratios and Vacancy Rebates

TAX RATIO	DESCRIPTION	VACANCY FACTOR
1.000000	Residential	100%
1.000000	New Multi Residential	100%
2.662704	Multi Residential	100%
1.866847	Commercial - (100%)	100%
1.866847	Commercial - Excess & Vacant Land(70%)	70%
3.204133	Industrial - (100%)	100%
3.204133	Industrial - Excess & Vacant Land (65%)	65%
0.250000	Farmland	100%
0.250000	Managed Forest	100%
0.250000	Farmland Awaiting Development	100%
1.017222	Pipeline	100%

How are my tax dollars used by the municipality?

The following example is based on a \$181,226 market value property using the total average taxes paid. It is important to remember that Fire and Garbage rates differ by area within the municipality. As a result, averages are used to provide a consistent base for explanation purposes.



Based on a home with an assessed value of \$181,226, the average taxpayer would pay \$2,653. Of this amount, 20% or \$536 represents Education taxes. The remaining 80% or \$2,117 is used for municipal services. The total of the services in the above graph equals \$2,117.

Description of Municipal Services

		2004	
<i>ATD = Average Tax Dollar</i>			
Service	Description	ATD	%
General Government & Fiscal Services (net)	CAO, Strategic Initiatives & Communications, Corporate Services, Client Services, Council Support, Finance, Human Resources, Information Systems, Legal and Municipal Buildings & Properties. Also includes unallocated net revenue, such as investment and bank interest, Community Reinvestment Fund, and contribution to/from reserve funds that may be allocated at a later date.	193	9
Transit	Provision of conventional transit services as well as the financial support to Kingston Access Bus for services to citizens who are mobility impaired	88	4
Garbage Collection & Disposal	Garbage collection and disposal services	76	4
Recycling	Recycling collection and processing, yard waste composting and household hazardous waste	51	2
Roads & Sidewalks	Maintenance and repairs (resurfacing, grading, general maintenance), street sweeping, winter control (snow and ice clearing and removal), and storm sewer maintenance, including Engineering Services	259	13
Housing	Affordable and subsidized housing	131	6
Social Services	Social assistance (Ontario Works and Family Benefits), childcare programs, day care centre, emergency hostels	146	7
Cultural Services	Ice pads, community centres, swimming pools, recreation programs, community events, marinas, golf course, theatre, museums, forestry, parks & open space, cemeteries, sports fields	127	6
Land Ambulance	Ambulance and paramedic services within the municipality	55	3
Long Term Care	Rideaucrest Home and the city's share of Fairmount Home costs	135	6
Fire & Rescue (average)	Fire suppression, public education, training & communications	247	12
Planning & Development	Management of growth and sustaining the physical form of the city through environment, planning, building inspection & licensing services	29	1
Capital Infrastructure	Contribution for capital infrastructure projects	91	4
Police	Kingston Police services	322	15
Library	Kingston Frontenac Library services	71	3
CRCA	Cataraqui Region Conservation Authority services	11	1
Public Health	Kingston, Frontenac, Lennox & Addington Health Unit services	47	2
KEDCO	Kingston Economic Development Corporation services	38	2
Total		2,117	100