



2019 Draft Operating
& Capital Budgets

2019 Operating and Capital Budget Overview



2019 Operating Budget at a Glance



- Municipal tax increase of 2.5%
- \$87 impact to homeowner with average residential market assessment of \$319,073
- Maintains front line service levels with assumption for inflation
- 1.0% incremental capital levy
- Annualized investment for transit, technology and growth pressures
- Increases beyond target for certain external agencies
- Offset by just under 1% from assessment growth

2019 OPERATING BUDGET SUMMARY

*REFER TO MUNICIPAL NET TAX REVENUE
BUDGET SUMMARY*

(BUDGET BINDER PAGE 7)

	2018 Approved Budget	2019 Recommended Budget	Variance (%)	2020 Forecast	Variance (%)	2021 Forecast	Variance (%)	2022 Forecast	Variance (%)
Public Works	21,869,951	22,682,211	3.71%	23,241,426	2.47%	23,823,297	2.50%	24,376,452	2.32%
Transportation Services	1,368,821	1,387,070	1.33%	1,411,521	1.76%	1,425,578	1.00%	1,454,732	2.05%
Transit and Fleet Services	16,174,720	17,146,360	6.01%	17,805,803	3.85%	18,574,331	4.32%	18,944,914	2.00%
Engineering	2,310,864	2,174,699	-5.89%	2,257,217	3.79%	2,353,341	4.26%	2,400,575	2.01%
Solid Waste	7,565,678	8,225,552	8.72%	8,845,686	7.54%	9,307,635	5.22%	9,536,802	2.46%
Transportation and Infrastructure Services	49,290,034	51,615,892	4.72%	53,561,653	3.77%	55,484,182	3.59%	56,713,475	2.22%
Real Estate & Environmental Initiatives	1,054,754	1,034,972	-1.88%	1,052,763	1.72%	1,066,503	1.31%	1,080,971	1.36%
Planning, Building & Licensing	2,559,960	2,572,890	0.51%	2,600,065	1.06%	2,612,514	0.48%	2,651,840	1.51%
Cultural Services	4,373,876	4,471,759	2.24%	4,641,330	3.79%	4,792,008	3.25%	4,939,510	3.08%
Housing & Social Services	17,087,184	17,114,710	0.16%	17,635,326	3.04%	18,339,734	3.99%	19,032,571	3.78%
Recreation & Leisure Services	7,669,194	8,095,048	5.55%	8,321,058	2.79%	8,734,584	4.97%	8,889,401	1.77%
Long Term Care	5,662,898	5,787,399	2.20%	6,048,596	4.51%	6,320,647	4.50%	6,598,557	4.40%
Communications & Customer Experience	1,601,910	1,667,347	4.08%	1,763,030	5.74%	1,855,732	5.26%	1,891,560	1.93%
Commissioners Office	445,812	455,377	2.15%	462,447	1.55%	470,904	1.83%	479,349	1.79%
Community Services	40,455,588	41,199,502	1.84%	42,524,615	3.22%	44,192,626	3.92%	45,563,759	3.10%
Human Resources & Organization Dev	3,072,312	3,165,120	3.02%	3,343,996	5.65%	3,402,183	1.74%	3,462,442	1.77%
Facilities Management & Construction	3,028,241	3,085,279	1.88%	3,233,611	4.81%	3,365,953	4.09%	3,457,002	2.71%
Legal Services	1,287,801	1,343,493	4.32%	1,390,041	3.46%	1,410,194	1.45%	1,426,870	1.18%
City Clerk	1,769,571	1,836,483	3.78%	1,935,168	5.37%	1,983,756	2.51%	2,015,765	1.61%
Fire & Rescue	24,676,997	24,935,983	1.05%	25,297,741	1.45%	25,711,768	1.64%	26,179,508	1.82%
Commissioners Office	313,281	315,401	0.68%	323,508	2.57%	332,360	2.74%	341,464	2.74%
Corporate & Emergency Services	34,148,202	34,681,759	1.56%	35,524,065	2.43%	36,206,214	1.92%	36,883,051	1.87%
Mayor & Council	1,069,559	1,209,799	13.11%	1,233,148	1.93%	1,256,988	1.93%	1,281,338	1.94%
Chief Administrative Officer	739,065	734,471	-0.62%	725,953	-1.16%	710,130	-2.18%	691,800	-2.58%
Information Systems & Technology	3,643,959	3,847,985	5.60%	3,973,591	3.26%	4,159,094	4.67%	4,225,302	1.59%
Financial Services	1,612,966	1,650,939	2.35%	1,686,825	2.17%	1,752,485	3.89%	1,788,497	2.05%
Chief Financial Officer	255,791	263,276	2.93%	271,113	2.98%	280,091	3.31%	289,559	3.38%
Finance, Technology & Administration	7,321,340	7,706,470	5.26%	7,890,630	2.39%	8,158,788	3.40%	8,276,496	1.44%
Tax Requirement - Operating budget before Agencies & Boards, Capital Levy, Fiscal Services & Tax Adjustments	131,215,165	135,203,623	3.04%	139,500,963	3.18%	144,041,810	3.26%	147,436,781	2.36%
Capital Levy, Fiscal Services and Tax Adjustments	38,838,780	40,951,537	5.44%	44,738,458	9.25%	48,422,355	8.23%	52,331,941	8.07%
Total Tax Requirement - Municipal	170,053,945	176,155,160	3.59%	184,239,421	4.59%	192,464,165	4.46%	199,768,722	3.80%
Agency and Board Transfers	70,402,229	72,628,370	3.16%	74,486,451	2.56%	76,355,402	2.51%	78,356,951	2.62%
Total Tax Requirement	240,456,173	248,783,530	3.46%	258,725,872	4.00%	268,819,567	3.90%	278,125,673	3.46%
Less: Payments in Lieu of Taxes	(16,292,454)	(16,292,454)	0.00%	(16,166,170)	-0.78%	(16,258,982)	0.57%	(16,353,893)	0.58%
Property Taxation to be raised	224,163,720	232,491,076	3.71%	242,559,702	4.33%	252,560,585	4.12%	261,771,780	3.65%
Taxation - rate increase - 2.5%	(222,431,718)	(227,991,076)	2.50%	(235,739,418)	2.50%	(243,681,469)	2.50%	(251,822,071)	2.50%
Taxation - supplementary	(1,732,002)	(2,500,000)	0.34%	(2,500,000)	0.00%	(2,500,000)	0.00%	(2,500,000)	0.00%
Taxation - growth		(2,000,000)	0.89%	(2,000,000)	0.87%	(2,000,000)	0.84%	(2,000,000)	0.81%
Net	-	-		2,320,284		4,379,116		5,449,709	

2019 Operating Budget



Total budget	<u>\$ 388.6M</u>
Less:	
Non-tax revenues	139.8M
Payments in lieu	16.3M
Assessment growth	2.0M
Supplementary taxes	<u>2.5M</u>
	<u>160.6M</u>
Net taxation	<u><u>\$ 228.0M</u></u>

Multi-Year Forecasts

Year	Forecasted Growth	Forecast Tax Rate Increase	Targeted Tax Rate Increase (2.5%)	% Gap	Net Expenditure Gap
2020	\$2,000,000	3.5%	2.5%	1.0%	\$2.3M
2021	\$2,000,000	3.4%	2.5%	0.9%	\$4.4M cumulative
2022	\$2,000,000	2.9%	2.5%	0.4%	\$5.4M cumulative

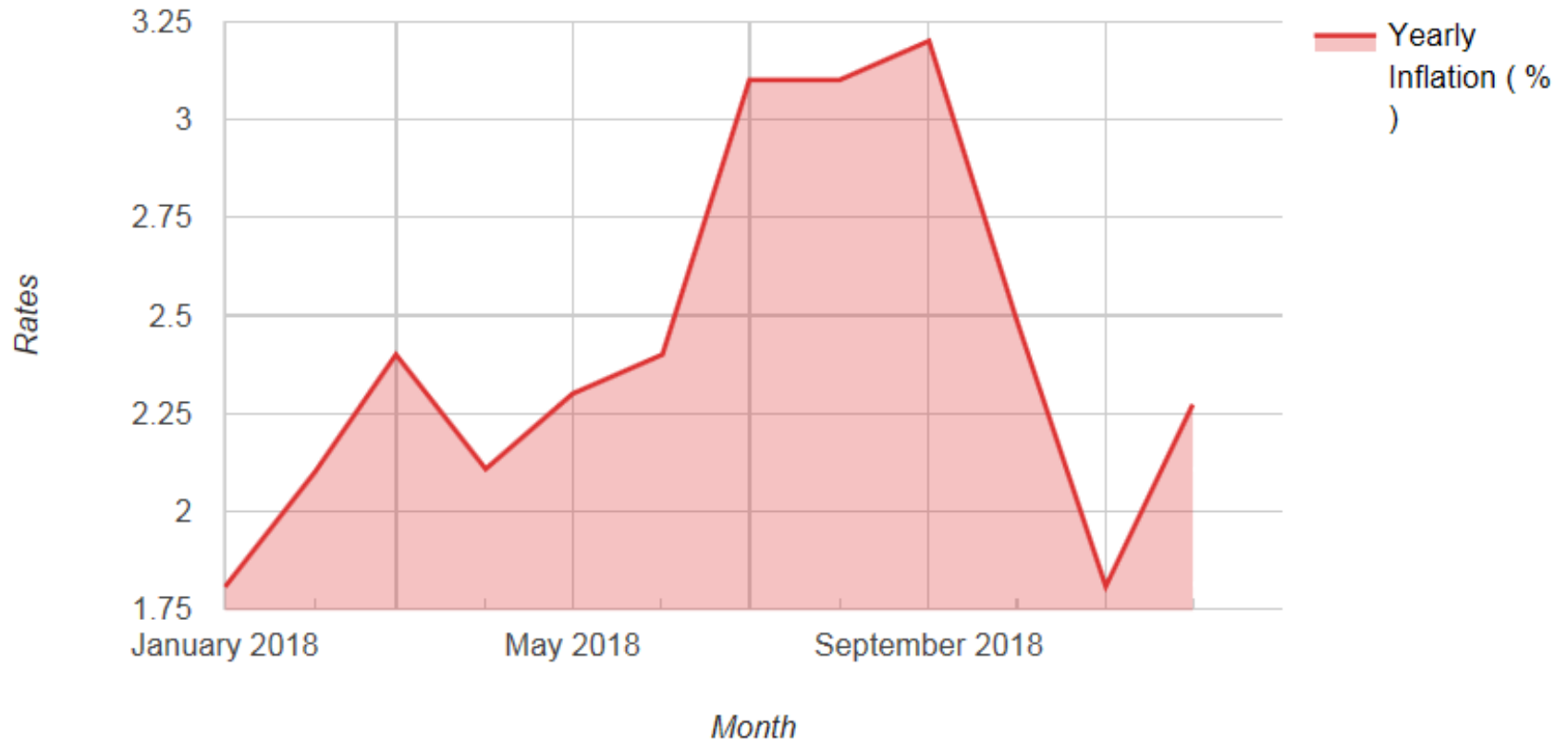
Note: 1% = approximately \$2.3M

ECONOMIC & MARKET CONSIDERATIONS

2018 Ontario CPI



2018 Yearly Inflation Rate Chart for Ontario



CPI Ontario



	Oct 2017	Oct 2018	Nov 2018	Dec 2018
CPI All Items	1.3%	2.5%	1.8%	2.3%
CPI excluding energy	1.6%	2.4%	2.3%	2.9%
Energy	(2.0%)	3.9%	(4.8%)	(7.5%)

Bank of Canada target 2%

TD Economics' Outlook for Ontario CPI 1.9% in 2019
and 2.4% in 2020

Economic and Market Considerations (TD Economics)



- Bank of Canada overnight rate projected to rise twice to 2.25% by end of 2019 (currently 1.75%)
- US exchange rate expected to stay at \$1.30+ level throughout 2019 with potential to increase slightly in 2019
- Lower commodity prices to continue through 2019
- Canadian Economy – Real GDP growth projected 2.0% in 2019

Budget Considerations



- Interest rates
 - Operating revenues reflect short term rates reflect recent increases through 2019
 - Long-term rates
 - Investment models remain at 3%
 - Borrowing strategies continue to be monitored
- Cdn\$
 - US\$ Exchange - \$1.32 Canadian – expected to remain in that range through 2019
 - Still relatively high in historic terms and causing pressures in operating and capital spending

MUNICIPAL OPERATING AND CAPITAL BUDGETS

COUNCIL REPORT 19-209

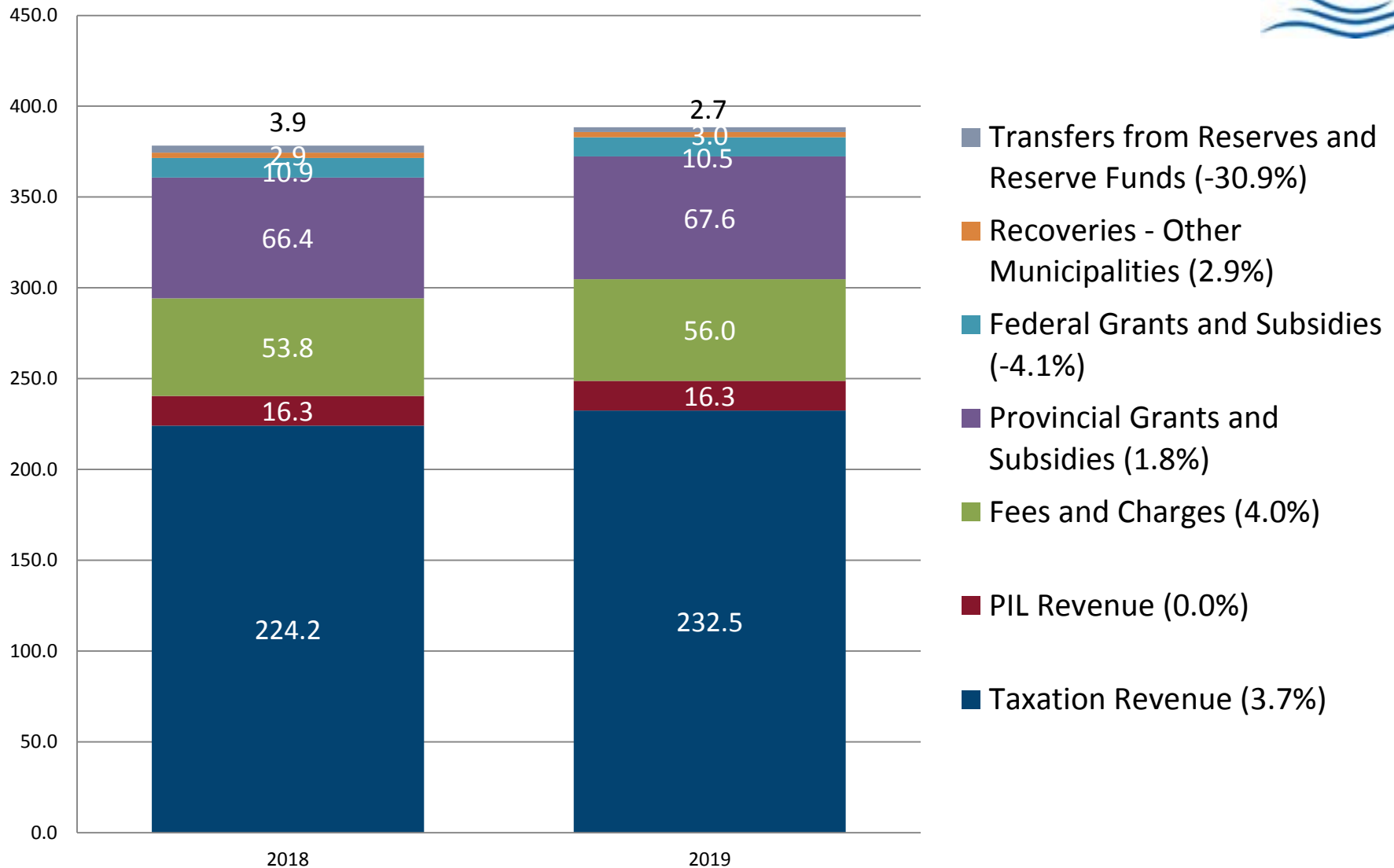
Total Taxation Revenues and Assessment Growth



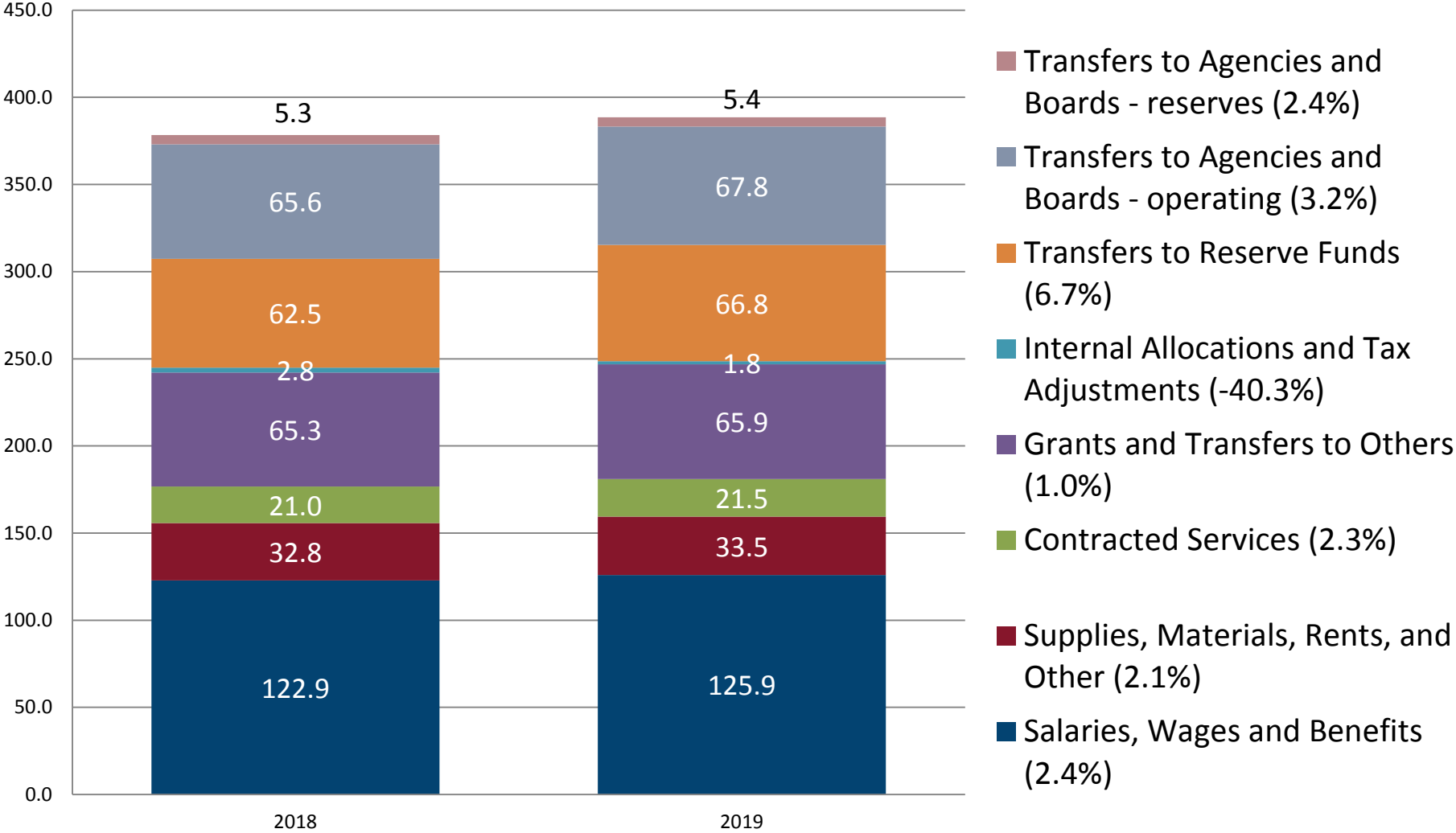
2019	\$M	% increase
Taxation Revenue	228.0	2.5
Assessment Growth	2.0	0.9
Supplementary Taxation	2.5	0.3
	232.5	3.7

- The recommended 2019 budget reflects a net tax requirement of \$232.5M, or a 3.7% increase over 2018 net taxation revenues
- Projected assessment growth contributes \$2.0M, supplementary taxation contributes \$2.5M; the remaining \$228.0M represents an average tax rate increase of 2.5% over 2018 levels
- Final tax bill increase will vary depending on property assessment shifts, impacts of tax ratios established as well as changes in education tax

2019 Operating Budget Revenues



2019 Operating Budget Expenditures



Fuel Budgets



- 2019 fuel budgets include:
 - Price increase
 - Increased volume for transit service enhancements (Phase 2 annualized started May 2018)
 - Contingency for price variance, phase-in effects of federal government carbon pricing; and to manage volatility in future years

- Future price estimates budgeted in the 3% range

	2019 Budget / litre	2018 Average / litre
Regular gas	1.24	1.14
Diesel	1.19	1.13
Bio diesel	1.20	1.13

Agencies and Boards



	Operating Budget Request
KEDCO	1.5%
Tourism Kingston	0%
Cataraqui Region Conservation Authority (draft only)	5.8%
KFL&A Public Health	1.8 %
Kingston Access Services	12.6%
Kingston Frontenac Public Library Board	2.3%
Kingston Police Services Board	2.5%
Downtown Business Improvement Area (separate levy)	4.8%
County of Frontenac - Land Ambulance (draft only)	5.0%
County of Frontenac - Fairmount Home for the Aged (draft only)	5.0%

2019 Recommended Capital Budget & Financing



Proposed Capital Expenditures **\$ 51.6M**

Financing:

Municipal Reserve Funds \$ 47.2M

Government Grants 2.3M

Contributions from Others 2.1M

Issuance of Long-term Debt -

Proposed Capital Funding **\$ 51.6M**

2019 Capital Budget



Primarily asset management requirements to maintain existing assets

	\$M
Roads and Transportation	13.0
Facilities	8.0
Parks	3.5
Technology	5.0
Equipment and Fleet	8.5
Other	4.0
Agencies	3.0
	45.0

2019 Capital Budget



2019 Plan includes dollars to support current master plans and maintain previous financial commitments until Council sets new strategic priorities

- Active Transportation Master Plan \$1M
- Waterfront Master Plan \$591K
- Development and design costs of a new parking structure at Byron lot \$2.5M fully funded from parking rates
- Investment in housing - \$2M and child care - \$1M

No issuance of long term debt – continue to remain within self-imposed debt ceiling until 2022

2018 Standard & Poor's Credit Rating



Affirmed 'AA' Rating with stable outlook

- Budgets demonstrate good detail and realistic assumptions
- Acknowledgment of prudent debt and related policies that keep debt accumulation manageable and capital spending controlled
- Experienced senior management team that maintains good relationship with Council

“The City adheres to formal debt policy, including a self-imposed debt limit” *Standard & Poor's 2018*

Approved Debt By Source

Projected Debt



	Tax Supported (\$M)	Utility Rates (\$M)	User Charges (\$M)	Total (\$M)
Debt issued to date	132.0	137.4	90.9	360.3
Debt approved but not yet issued to date	91.5	79.0	23.2	193.7
Total approved debt at December 31, 2018	223.5	216.4	114.1	554.0
Percentage by source	40%	39%	21%	100%

Debt Level Forecast



Projected Debt Balances

