



**City of Kingston
Report to Council
Report Number 15-219**

To:	Mayor and Members of Council
From:	Desirée Kennedy, Chief Financial Officer and City Treasurer
Resource Staff:	Steve Dickey, Director of Financial Services
Date of Meeting:	April 21, 2015
Subject:	2015 Budget Update – Agency and Board Requests

Executive Summary:

This report provides details of the final budget submissions for agencies that had not been received or finalized in time for the 2015 City of Kingston budget deliberations. The final budget request for County of Frontenac services (Fairmount Home for the Aged and Land Ambulance) was not available prior to Council's approval of the City's 2015 operating budget on February 3, 2015. In addition, a preliminary budget submission had been received from the Cataraqui Region Conservation Authority, but remained subject to their Board's final approval.

City staff worked with these agencies to review budget forecasts and obtain estimates that were used to incorporate anticipated requirements into the 2015 municipal operating budget.

The City has now received final budget submissions from these agencies, attached hereto as Exhibits A through C. This report is provided to update Council on the budget requests that have been received and to provide further detail as to how these requests will fit within the budget envelope that has already been approved by Council with recommendations that will enable the approved request to be funded without a further impact to the tax requirement for 2015.

Recommendations:

That the final 2015 budget requests for County of Frontenac – Fairmount Home for the Aged, County of Frontenac – Land Ambulance Services and Cataraqui Region Conservation Authority, as reported herein, be received and approved; and

That the projected 2014 surplus associated with services provided by the County of Frontenac be allocated to the 2015 operating budget to close the budget gap of \$30,509.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF FINANCIAL OFFICER AND CITY TREASURER

**Desirée Kennedy, Chief Financial Officer and
City Treasurer**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Commissioners:

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Lanie Hurdle, Community Services	Not required
Denis Leger, Transportation, Facilities & Emergency Services	Not required
Jim Keech, President and CEO, Utilities Kingston	Not required

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Options/Discussion:

The City's 2015 operating budget was approved by Council on February 3, 2015. While the final budget request was not available at that time for County of Frontenac services - Fairmount Home for the Aged and Land Ambulance - City staff worked with the County of Frontenac to review their budget forecasts and were provided with estimates that were used to incorporate anticipated requirements into the 2015 municipal operating budget.

The City uses an envelope approach to provide for agency budgets and provides a summary to Council once final budgets are received on an annual basis. The envelope normally provides for operating requirements as well as a consistent level of capital spending. As a result of discussions with the County of Frontenac, 2015 budget increases were included in the City's approved 2015 operating budget as follows:

Agency and Board Budget Requests	2014 Approved Budget	2015 Preliminary Budget Estimate	Percentage of Budget Increase
County of Frontenac - Fairmount Home for the Aged – Annual contribution	\$1,757,957	\$1,801,906	2.50%
County of Frontenac - Fairmount Home for the Aged – Auditorium project (capital)	386,629	-	-
County of Frontenac - Land Ambulance Services (*)	\$6,173,884	\$6,328,231	2.50%

(*) The final 2014 approved budget for Land Ambulance Services was \$6,110,445. Because the City uses an envelope approach that provides for both operating requirements as well as fluctuating capital requirements, it was recommended that the original budget projection remain in order to preserve existing budget envelopes in a year when capital requirements were reduced.

The City has now received the County of Frontenac's final budget submission, attached hereto as Exhibits A and B, and summarized below.

County of Frontenac - Fairmount Home for the Aged

The following table summarizes the Fairmount Home for the Aged budget request.

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Fairmount Home for the Aged	City Share of 2014 Approved Budget	2015 Preliminary Budget Estimate	City Share of 2015 Budget Request	Budget Envelope Shortfall
City share - operating	\$1,568,859		\$1,722,648	
City share - capital	189,098		146,734	
Total	\$1,757,957	\$1,801,906	\$1,869,382	\$67,476

The County of Frontenac has approved a 2015 net operating budget for Fairmount Home for the Aged in the amount of \$2,533,308, which represents a 9.8% operating budget increase over the prior year. The City's share for joint costs, based on a previously negotiated allocation of 68%, is \$1,722,648.

In addition, the County of Frontenac has approved a 2015 capital budget for Fairmount Home for the Aged in the amount of \$290,412. The City's share of the 2015 capital budget is \$197,480, based on an allocation of 68%; the capital request is reduced to \$146,734 as previous year's funds in the amount of \$50,746 continue to be held by the County for capital projects not yet complete.

County of Frontenac - Land Ambulance Services

The following table summarizes the Land Ambulance Services budget request.

Land Ambulance Services	City Share of 2014 Approved Budget	2015 Preliminary Budget Estimate	City Share of 2015 Budget Request	Excess Budget Envelope
City share - operating	\$6,173,884		\$6,203,589	
City share - capital	-		87,675	
Total	\$6,173,884	\$6,328,231	\$6,291,264	(\$36,967)

The County of Frontenac has approved a 2015 net operating budget requirement for Land Ambulance Services in the amount of \$7,877,573, which represents a 2.03% operating budget increase over the prior year. The City's share of joint Land Ambulance costs, based on a 2014 weighted assessment allocation of 78.75% is \$6,203,589.

In addition, the County of Frontenac has approved a net 2015 capital budget for Land Ambulance Services in the amount of \$111,333. The City's share of the 2015 capital budget is \$87,675, also based on a 2014 weighted assessment allocation of 78.75%.

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The 2015 capital budget request of \$111,333 is made up of \$50,000 for safety helmets as well as \$61,333 related to a special capital project approved by County Council to purchase \$736,000 of power lift stretchers over two years. The County will be testing two different stretcher products over the summer before finalizing budget and funding requirements and purchasing the first order later in the fall of 2015.

In order to stabilize budget requests within the City’s funding envelopes, the County has agreed to recover the City’s share of the power lift stretchers over an average useful life of the stretchers, which is currently estimated to be six years. The following table summarizes the estimated effect of this cash-flow strategy on future budget requisitions. Future year projections will be adjusted to reflect any changes as a result of final product decisions.

Capital project - Power lift stretchers (Total capital project cost \$736K)

Budget year	2015 budget	2016 projected	2017 projected	2018 projected	2019 projected	2020 projected	2021 projected
Capital project cost (\$736,000)	\$61,333	\$122,666	\$122,666	\$122,666	\$122,666	\$122,666	\$61,333
City share (\$579,600)	\$48,300	\$96,600	\$96,600	\$96,600	\$96,600	\$96,600	\$48,300

County of Frontenac - Summary

The following table summarizes the budget information pertaining to the County of Frontenac services - Fairmount Home for the Aged and Land Ambulance.

	2015 Preliminary Budget Estimate	City Share of 2015 Budget Request	Budget Envelope Shortfall (Excess)
Fairmount Home for the Aged	\$1,801,906	\$1,869,382	\$67,476
Land Ambulance Services	6,328,231	6,291,264	(36,967)
Total Budget Shortfall	\$8,130,137	\$8,160,646	\$30,509

The County has also provided us with preliminary estimates of the 2014 year end reconciliation which provides for a recovery of net surplus funds. It is expected that this recovery will be sufficient to offset the total budget shortfall noted above in the amount of \$30,509. Therefore, it is recommended that amounts recovered as part of the 2014 year end reconciliation for County services be allocated to the 2015 operating budget to close the total agency budget gap. This will enable the approved requests from the County of Frontenac to be funded without a further increase to the tax requirement for 2015.

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Cataraqui Region Conservation Authority (CRCA)

Preliminary budget submissions were received and included in the City's 2015 approved budget estimates from the Cataraqui Region Conservation Authority in the amount of \$1,355,500; however, this submission remained subject to the CRCA Board's approval. We have subsequently received confirmation from the CRCA on March 5, 2015 that their original budget submission was approved by their Board. The CRCA had no change to its original submission that was included in the City's 2015 approved budget estimates.

Existing Policy/By Law:

City of Kingston By-Law Number 2015-31, A By-Law to Adopt the 2015 Operating Budget

Notice Provisions:

There are no notice requirements under the *Municipal Act, 2001* for this report.

Accessibility Considerations:

This report is available in an alternate format upon request by contacting Customer Service at contactus@cityofkingston.ca or 613-546-0000.

Financial Considerations:

Financial information is included in the body of this report. No impact on tax rates will result from the recommendations in this report. 2015 budget estimates will be amended to reflect the base funding levels approved for these services.

Contacts:

Desirée Kennedy, Chief Financial Officer and City Treasurer, Extension 2220

Other City of Kingston Staff Consulted:

Gerard Hunt, Chief Administrative Officer

Exhibits Attached:

Exhibit A: County of Frontenac – Fairmount Home for the Aged – 2015 Budget

Exhibit B: County of Frontenac – Land Ambulance Services – 2015 Budget

Exhibit C: Cataraqui Region Conservation Authority – 2015 Budget

**County of Frontenac
Fairmount Summary
2015 Budget**

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Exhibit A

	2015 DRAFT BUDGET \$	2014 BUDGET \$	2014 - 2015 BUDGET VARIANCE \$	2014-2015 BUDGET VARIANCE %	2016 PROJECTED BUDGET \$	2017 PROJECTED BUDGET \$	2018 PROJECTED BUDGET \$
Operating Revenue							
Taxation and User charges							
User charges	2,940,333	2,908,324	32,009	1.10%	2,999,140	3,059,123	3,120,305
Grants							
Federal and Provincial	5,344,080	5,307,569	36,511	0.69%	5,391,925	5,440,249	5,489,056
Other							
Financing							
Other	86,468	99,768	-13,300	-13.33%	88,197	89,961	91,761
Total	8,370,881	8,315,661	55,220	0.66%	8,479,262	8,589,333	8,701,122
Transfer from reserves	92,434	108,837	-16,403	-15.07%	0	0	0
Total Operating Revenue and Reserve Transfer	8,463,315	8,424,498	38,817	0.46%	8,479,262	8,589,333	8,701,122
Operating Expense							
Salaries & benefits	8,815,689	8,497,345	318,344	3.75%	8,987,122	9,208,935	9,436,881
Materials	939,383	982,133	-42,750	-4.35%	969,789	1,001,179	1,033,586
Contracted Service	1,202,551	1,213,166	-10,615	-0.87%	1,195,988	1,238,971	1,283,563
Depreciation	520,766	509,152	11,614	2.28%	520,766	520,766	520,766
Operating reserve transfer	39,000	39,000	0	0.00%	39,000	39,000	39,000
Total Operating Expense	11,517,389	11,240,796	276,593	2.46%	11,712,665	12,008,851	12,313,796
NET MUNICIPAL CONTRIBUTION	3,054,074	2,816,298	237,776	8.44%	3,233,403	3,419,518	3,612,674
less depreciation (non-cash)	520,766	509,152	11,614	2.28%	520,766	520,766	520,766
<u>NET MUNICIPAL CONTRIBUTION less depreciation</u>	<u>2,533,308</u>	<u>2,307,146</u>	<u>226,162</u>	<u>9.80%</u>	<u>2,712,637</u>	<u>2,898,752</u>	<u>3,091,908</u>
City of Kingston (68%)	1,722,649	1,568,859	153,790	9.80%	1,844,593	1,971,151	2,102,497
Capital							
City of Kingston contribution - current	146,734	189,098	-42,364	-22.40%	146,734	146,734	146,734
City of Kingston contribution - retained from prior year	50,746	50,746	0	0.00%			
Total City of Kingston	1,920,129	1,808,703	111,426	6.16%	1,991,327	2,117,885	2,249,231

County of Frontenac
Frontenac Paramedic Service Summary
2015 Budget

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 Exhibit B

	2015 DRAFT BUDGET \$	2014 BUDGET \$	2014 - 2015 BUDGET VARIANCE \$	2014-2015 BUDGET VARIANCE %	2016 PROJECTED BUDGET \$	2017 PROJECTED BUDGET \$	2018 PROJECTED BUDGET \$
Operating Revenue							
Taxation and User charges							
Grants							
Federal and Provincial	8,158,005	7,750,633	407,372	5.26%	7,939,590	8,131,490	8,328,743
Other							
Financing							
Total	8,158,005	7,750,633	407,372	5.26%	7,939,590	8,131,490	8,328,743
Total Operating Revenue and Reserve Transfer	8,158,005	7,750,633	407,372	5.26%	7,939,590	8,131,490	8,328,743
Operating Expense							
Salaries & benefits	12,822,823	12,438,762	384,061	3.09%	13,109,681	13,435,122	13,769,622
Materials	922,974	909,734	13,240	1.46%	947,283	972,233	997,840
Contracted Service	1,423,655	1,275,745	147,910	11.59%	1,094,258	1,126,378	1,159,491
Rent and Financing	224,884	218,430	6,454	2.95%	230,888	237,053	243,382
Depreciation	640,529	679,229	-38,700	-5.70%	640,529	640,529	640,529
Total Operating Expense	16,034,865	15,521,900	512,965	3.30%	16,022,639	16,411,315	16,810,864
Reserve Transfers	641,242	628,668	12,574	2.00%	781,567	781,567	781,567
Total Operating Expense with Reserve transfers	16,676,107	16,150,568	525,539	3.25%	16,804,206	17,192,882	17,592,431
NET MUNICIPAL CONTRIBUTION	8,518,102	8,399,935	118,167	1.41%	8,864,616	9,061,392	9,263,688
less depreciation (non-cash)	640,529	679,229	-38,700	-5.70%	640,529	640,529	640,529
<u>NET MUNICIPAL CONTRIBUTION less depreciation</u>	<u>7,877,573</u>	<u>7,720,706</u>	<u>156,867</u>	<u>2.03%</u>	<u>8,224,087</u>	<u>8,420,863</u>	<u>8,623,159</u>
City of Kingston (2015 -78.75%)	6,203,589	6,110,445	93,144	1.52%	6,361,733	6,511,755	6,665,549
Capital							
City of Kingston (78.75%)	87,675	0	87,675	100.00%	96,379	96,158	95,938
Total City of Kingston	6,291,264	6,110,445	180,819	2.96%	6,458,112	6,607,913	6,761,487

Cataraqui Region Conservation Authority (CRCA)
2015 Municipal Levy - City of Kingston

Operating Expenses		Amount
Program Administration		
General Levy		
Watershed Planning & Monitoring, Conservation Education & Stewardship, Flood Control, Planning & Permitting, Corporate Services		\$733,196.61
Program Maintenance		
General Levy		
Conservation Area Operations and Programming & Planning * (including Little Cataraqui Creek Conservation Area, Cataraqui Marshlands, other conservation areas, forest tracts, boat launches and natural heritage areas); CRCA maintenance centre and all vehicles and equipment		\$251,538.46
Special Levy		
Operation and Maintenance of Dams (100% of Little Cataraqui Creek Dam)		\$1,909.00
Lemoine Point Conservation Area		\$167,400.00
Operating Total		\$1,154,044.07

Conservation Projects		Amount
General Levy		
Projects 1, 4, 6, 7, 9, 11, 14 & 17 - Water Monitoring, Great Lakes Shoreline/Climate Change Plan/Stormwater Management, Watershed Beaver Management Program, Floodplain Mapping Fund, GIS & Mapping, Aerial Photog & Grd Elev. Data Fund, Hydrometric Network Upgrades, Landscape Assessment		\$71,787.31
Projects 19, 20, 21, 26, 27 & 28 - Property Signage, Master Plan Preparation Fund, Property Plan Implementation, LCCCA Rink Weed Cut Fund, Risk Management, & Trails Crew		\$35,194.03
Projects 32, 35, 36, 38 & 39 - Document Management, Admin Office Maintenance Fund, Major Computer Fund, Compliance - AODA, SDWS, French Lang, & Special Employment Projects		\$15,178.76
4 - I Capital Asset Management		\$50,585.72
Special Levy		
Project 8 - Dam Major Maintenance Fund		\$3,709.67
Project 24 - Lemoine Point Development		\$25,000.00
Project Total		\$201,455.48

Municipal Levy		Amount
Total		\$1,355,499.55

*Lemoine Point Conservation Area operations, maintenance and capital costs are assigned 100 per cent to the City of Kingston. Parrott's Bay/Owl Woods operations, maintenance and capital costs are assigned 100 per cent to Loyalist Township.