



CORPORATE REPORT
The Corporation of the Town of Wasaga Beach
Meeting Date: 10/17/2024

DATE: 10/9/2024
SUBJECT: 2025 Budget – Draft 1
CONTACT: Jocelyn Lee, Chief Financial Officer and Treasurer
REPORT NUMBER: 2024/10/17-12

RECOMMENDATION:

1. **THAT** the report titled: 2025 Budget – Draft 1, to the Special Council meeting of October 17, 2024, be received.

EXECUTIVE SUMMARY: Draft 1 2025 Budget

2025 Budget – Draft 1 - Tax Rate percentage increase over 2024 is estimated at 3.97% (blended rate)

The Total Operating Budget is \$61.9M

The Total Capital Budget is \$36.6M

Tax Supported Revenue for the 2025 budget is \$38.7M

Other Revenues supporting the Budget are \$38.8

DC Revenues Drawn are \$10.1M

Reserves drawn are \$10.9M

BACKGROUND:

On July 11, 2024, Council approved the 2025 budget assumptions to be used to build the 2025 draft Operating and Capital budgets. In general, most of the assumptions have been applied to this Draft 1 budget, with some exceptions where indexing rates were modified to reflect best available information.

The budget assumptions used in the development of the Draft 1 budget included the following:

1. Cost-of-living adjustment (COLA) - use percentage increase that represents the average of the Town's comparator municipalities COLA, and apply the COLA increase to the 2024 recently approved salary grid. The percentage used in Draft 1 is 2.5%.
2. The CAO limited new staffing positions in the 2025 budget to only those absolutely necessary.
3. The Municipal Price Indexes and other Budget Assumptions that were listed in Appendix A of the previous report were generally used.
4. The approved phasing in of the salary grid adjustments in the amount of \$149,000 be drawn from the general reserves. The actual draw for this purpose was \$150,000.
5. That 2% of any future 2025 budget increase is related to the freeze of the phase-in portion of the assessment which is out of the control of the municipality.

DISCUSSION:

For Draft 1 of the 2025 budget, the Operating Budget total is \$61.9M as compared to the 2024 Operating Budget of \$58.9M. The total Capital Budget for 2025 is \$36.6M as compared to 2024 amount of \$37.2M. The total of both budgets for 2025 is \$98.5M.

The tax supported amount of the 2025 budget is \$38.7M consisting of \$34.9M for Operations and \$3.8M for Capital Budget.

The projected blended tax rate percentage increase is estimated at 3.97% for 2025. The blended tax rate percentage increase combines the three levels of government that affect the taxes owing on each property. The tax rates are estimated at this time for Simcoe County and Education.

There are several factors that impact the change in the budget year over year, some are within the control of the municipal council, and other, external factors are not. The summary shown below "Schedule of Tax Rates" helps to explain the various factors and how they are impacting the tax rates and ultimately the dollar increase of taxes in 2025 over 2024. For purposes of illustration, the average CVA value is kept the same in both years, which reflects most properties with the assessment being frozen by the province. The estimated average household taxes would increase by \$151.97, which currently assumes an increase in the County rate of 3.5% and no increase for the Education rate. The municipal dollar increases (excluding OPP) are \$110.51 of the total \$151.97 increase.

<u>Schedule of Tax Rates</u>				
	2024	2025	% Change	Ave \$ Change
Average CVA	\$ 333,000	\$ 333,000		
RATES:				
Town Operating	0.00521430	0.00550960	5.66%	
Town Capital	0.00067299	0.00070954	5.43%	
OPP	0.00107405	0.00109386	1.84%	
County	0.00299499	0.00309970	3.50%	
Education	0.00153000	0.00153000	0.00%	
TOTAL TAX RATE	0.01148633	0.01194270	3.97%	
TAXES:				
Town Operating	1,736.36	1,834.70	5.66%	98.34
Town Capital	224.10	236.28	5.43%	12.17
OPP	357.66	364.26	1.84%	6.60
County	997.33	1,032.20	3.50%	34.87
Education	509.49	509.49	0.00%	0.00
TOTAL TAX LEVY	3,824.95	3,976.92	3.97%	151.97

Budget Process

Budget presentations for each of the divisions within the departments will be covered during the October 17th Special Council Meeting. The core business segments are: Department of Office of the CAO; Department of Strategic Initiatives; Department of Corporate Services; Department of Community Services; Department of Infrastructure Services; and Department of Legislative & Development Services.

An opportunity for public questions and comments for consideration will take place on Thursday, October 24th in the Remax room at the new Arena/Library building (544 River Rd East). Additionally, an online survey will be launched shortly after the Oct 17th meeting, which provides an additional method of engaging in the budget process.

Operational Highlights

As the service levels provided by the Municipality are delivered by staff, wages and benefits represent a significant portion of the operational budget at \$25.8M or 41.4% of the total operating budget. Cost of Living increase (COLA) is included for non-union employees at 2.5%, which is in line with the average increases expected in the comparator municipalities. Step increases were applied where staff were eligible to receive the increase. There is one new full-time staffing position, three conversions of part-time staff to permanent full-time, and the part-time staff required for Parking enforcement during the September/October time period has been added permanently to the base complement.

The staffing cost increase over 2024 includes the compensation adjustments. The new approach to implementing COLA adjustments that is similar to comparator municipalities should help to remove the large compensation adjustment every few years. In keeping with the phasing in of the compensation adjustment impact, \$150,000 from the tax rate stabilization reserve has been used for 2025 to help offset the increases.

The operational departments were re-aligned in Q3 of 2024, the 2025 budget reflects the re-allocating of costs between departments to represent the budget under the new group headings.

Police services cost increased \$271,970 or 4.9% in Draft 1, which is an estimate of the anticipated increase. Final adjustment to actual 2025 contract services will be adjusted in Draft 2.

The Beachfront Development project in future will provide new revenue streams for the Town and serve as a catalyst to increasing the important economic engine of the Town, which is Tourism. The first step in this development project is the work to be completed on Beach Drive, which is scheduled to begin in 2025. There are several impacts to the budget as the project begins. The beachfront rental property revenues have been removed, as have many of the operating costs. The Beachfront Manager position will continue, to help address the demolition of buildings and organize the minimal rental tenants (Food Trucks, etc.). As well, the organizing of public washrooms will be managed. An expenditure line to capture anticipated costs associated with the beachfront development changes is included in the Beachfront budget.

The Events budget has increased to reflect 50% of the Director's position that oversees the department, along with 10% of the new WBSE Administrator role that will assist the Community Events department with processing of contracts and other related matters. New revenues for

sponsorships and Food Trucks participating at Events have been added to help offset costs of community events and add to the enjoyment of the events.

Corporate Financing is a new budget beginning this year. The budget amounts consist of previous transactions that were scattered across several budgets. Corporate and financial related items such as Provincial and Federal Grants, interest earned on investments, Casino Revenues, and payments received from Government Business Enterprise (WDI) are captured within this new budget.

A new Facilities Budget has been established for the management of buildings. As such, some of the expenditures previously located in individual budgets are now listed on the Facilities budget with an offsetting transfer back to the department utilizing the building. This will help staff to identify efficiencies in procurement and services and allow for better oversight of these material assets.

The Fire Department provides significant protection of the Town's people and property. The budget invests in the training requirements, and ensures the Fire Fighter Teams are adequately staffed to maintain protection at all times. The overtime budget for the Fire Department has been increased to recognize the reality of overtime necessary to attend training sessions and staff platoons.

Public Works maintenance costs have been increased to reflect higher cost of materials.

To build a sustainable future the Town continually replenishes reserves through federal and provincial grants received and through sound fiscal planning of reserve contributions through the budget process. Within the 2025 Budget \$5.1M is replenishing the reserves. The general reserves utilized in the 2025 Operating Budget are \$1.8M, with the main draws from; the casino reserve; carryover amounts from 2024; water/sewer draws on user fee reserves; and tax rate stabilization reserve.

Capital Highlights

The Town continues to invest taxpayer's dollars in programs, services and infrastructure to build a thriving community for a healthy lifestyle and affordable day-to-day living. The infrastructure works include the following:

Infrastructure work for the widening and urbanization of River Road West – Veterans-Blueberry has moved along quickly in 2024, and the Town is investing \$8 million in this project of which \$4.3M will be completed in 2025.

The Beach Drive Phase 1 works will begin in 2025 with a budget amount of \$8.3M. This is a multi-year project totalling approximately \$20M when completed.

Work on the West End channelization and drainage project is scheduled for 2025, with an estimated budget amount of \$2.8M. Other Public Works projects relate to asset management upgrades and retrofits to water/sewer infrastructure with approximately \$5.8M of commitment. Included in this amount is \$475k related to water meters and the bulk water station.

Several playground structures, both replacements and new equipment are included in the 2025 budget with an investment of just over \$3M in Parks related playground equipment and pickle ball courts.

Under the Fleet initiatives, there are vehicle replacements and new vehicles for both transit buses and town light duty and heavy duty vehicles. The budget includes \$1.7M towards maintaining the fleet requirements. Carryover amounts related to prior year purchases are also included at \$1.2M.

The Town will be selling surplus lands and using the funding towards the Beach Drive Phase 1 project, and Parks related works. The Town is applying for grant funding from the Province to support this project.

For capital works that are development charge (DC) eligible, the town has used \$10.1M of DC deferred revenues. These revenues are received from developers to help pay for growth related infrastructure works.

Matters Still Being Considered for Budget Draft #2 :

It is important to highlight that there are other matters that are still being considered, some with costs to be determined. Recommendations pertaining to the items listed next will form part of the second draft.

- 1) Some adjustments to staffing costs – a few positions still being evaluated
- 2) Capital cost adjustments as new cost estimates are received
- 3) Adjustment to capital project carryover estimates continuing in 2025
- 4) Adjustment for elimination entries (internal transfers between departments)
- 5) Adjustments to indexing (benefits, inflation, etc.) as new information becomes available
- 6) Adjustments to County Tax rate if more current information is received
- 7) Adjustments to Education Tax rate if more current information is received
- 8) Adjustments to assessment base calculations at the close of the Roll
- 9) Minor additions/deletions as budgets are reviewed one more time
- 10) Adjustment to external costs such as Policing Services Contract

CORPORATE IMPLICATIONS:

There is no financial impact at this time as the budget is still in draft format.

However, the projected financial implication based on the draft budget is to increase taxation revenues by \$3M of which about \$325k is for outside agencies (OPP and Conservation Authority).

The impact on the residential average household assessment of \$333,000 is estimated to increase taxes by 3.97%. On the average home the increase equates to approximately \$152 annually, of which \$111 is driven by the Municipality's budget (excluding Policing).

The overall tax rate percentage increase of 3.97% is the estimated rate that reflects the change in the residential taxes paid in 2024 as compared to 2025.

Term of Council Priorities:

This report is aligned with TOCP's under Financial Sustainability for the Well-Run Strategic Pillar.

CONCLUSION:

It is important to note that the first draft has been prepared with information known at this time. As we proceed through the budget process new information may come to light at which time we will advise Council and make adjustments as required.

The second draft of the proposed 2025 Operating and Capital Budget will be presented to Council on November 28th.

Other dates worth highlighting include:

October 24th from 7-9pm – Budget Consultation Public Meeting – New Arena/Library building – Remax Room

November 14th @ 9 am – Public Meeting – to review proposed 2025 Rates and Fees including the water/wastewater update

December 12th @ 10 am - Regular Council Meeting– approval of the 2025 budget through the passing of a By-Law.

Authored by:

Jocelyn Lee,
Chief Financial Officer and Treasurer

Appendices:

Appendix A: 2025 Budget – Draft 1