

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. DCAO-2024-0016

FOR THE CONSIDERATION OF COUNCIL

November 6, 2024

SUBJECT: RELEASE OF THE 2025 PROPOSED BUDGET

1. RECOMMENDATION:

- 1. That Council receive Report No. DCAO-2024-0016 prepared by the Financial Strategy and Planning Division, Office of the Deputy Chief Administrative Officer Department, dated November 6, 2024 respecting the Release of the 2025 Proposed Budget.**

2. PURPOSE:

The purpose of this report is to release the Mayor's 2025 Proposed Budget (Budget). This information is being released to provide Council and the public with an opportunity to review the material prior to budget deliberation on December 3rd and December 4th (if required).

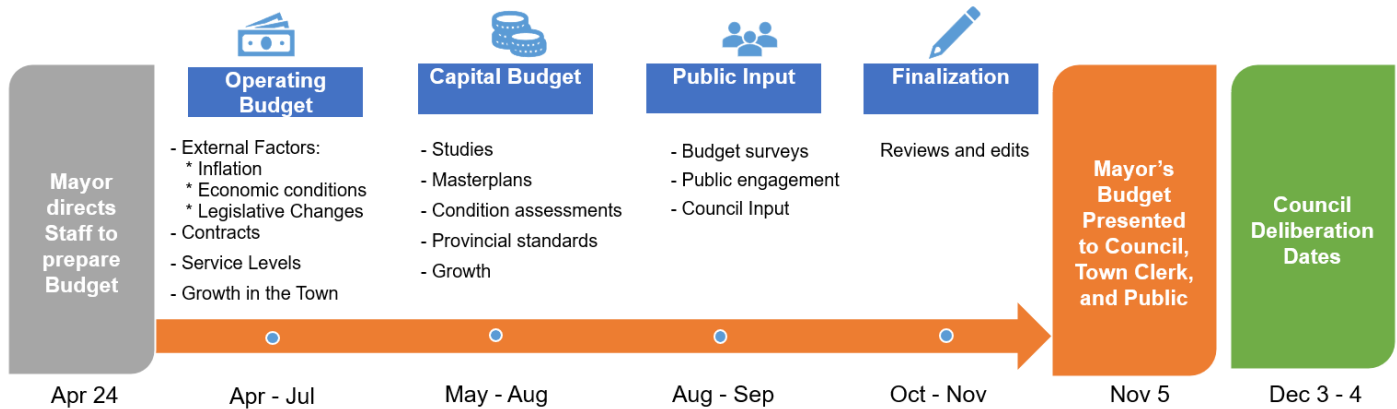
3. BACKGROUND:

On October 31, 2023, the strong mayor powers under Bill 3, Strong Mayors, Building Homes Act, 2022, were extended to the Town of Georgina. The bill extends the Mayor special powers and duties including, among others, the power to propose the municipality's annual budget, subject to Council amendments, a mayoral veto, and a Council override process as defined under O. Reg. 530/22. These specific powers cannot be delegated; however, mayoral direction may be provided to prepare a budget.

On April 24, 2024, Margaret Quirk, the Mayor of the Town of Georgina, provided the following Mayoral Direction to municipal employees:

1. To prepare a proposed 2025 Operating Budget, Capital Budget and Ten-Year Capital Plan and Estimated Reserve Fund Summary that aligns with the 2023-2027 Corporate Strategic Plan, asset management plans, and with consultation with the public and members of Council; and
2. That a report on the 2025 proposed budget be released by addendum on November 5, 2024 for the November 6, 2024 Council meeting; and
3. That the 2025 proposed budget be available on the Town's website and printed copies be made available at Georgina Public Library branches on November 5, 2024.

Since receiving the Direction on April 24, 2024, town employees were engaged in the 2025 budget process as summarized in the diagram below:



Town staff ensured that the budget was prepared in accordance with Mayoral Direction and that it is made available electronically on November 5th on the Town's website and in hard copies at all Georgina Public Library branches.

Town management have provided input over the past several months in developing the Budget as presented at this time. The process has also involved reviews by the Manager, Financial Strategy and Planning / Deputy Treasurer, Deputy Chief Administrative Officer / Treasurer, Chief Administrative Officer, and the Senior Leadership Team. A summary of public comments and requests is listed under section 7 and attachment 1.

To allow sufficient time to review and provide feedback on the Budget and to align with the budget approval process prescribed in O. Reg 530/22, the deliberation of the budget was scheduled on December 3, 2024 (9:00 a.m.) and December 4, 2024 (9:00 a.m.) if applicable.

Budget Approval Process under Bill 3, Strong Mayors, Building Homes Act, 2022

Bill 3, Strong Mayors, Building Homes Act, 2022, received Royal Assent on September 8, 2022, and was added to the Municipal Act as Part VI.1 - Special Powers and Duties of the Head of Council. On August 21, 2023, the Ontario government announced to extend the strong mayor powers to 21 municipalities, including the Town of Georgina, that have projected to have populations of 50,000 or larger by 2031, and that have committed to meeting the assigned provincial housing targets. On October 31, 2023, strong mayor powers were extended to the Town of Georgina.

The bill extends the mayors of the designated municipalities special powers and duties including, among others, the power to propose the municipality's annual budget, subject to Council amendments, a mayoral veto, and a Council override process as defined under O. Reg. 530/22. These powers cannot be delegated.

The budget approval process is described below:

- Mayor may present a proposed Town Budget no later than February 1 by providing it to Council and the Clerk.
 - If the Mayor does not present a budget to Council by February 1, Council must do so.
- Council has 30 days to pass any resolutions to amend the proposed budget, and if no amendments are presented, the Mayor’s proposed budget is deemed to be adopted.
 - Council may pass a resolution to shorten the 30-day period.
- Mayor may veto Council amendments within 10 days after the time period for Council to pass amendments, with a notice of a written veto document and the reasons for the veto provided to Council and the Clerk.
 - The Mayor may shorten the 10-day time period.
- If the Mayor does not exercise the veto power, the amended budget is deemed adopted.
- Council may override the Mayor’s veto (requires two-thirds majority) within 15 days after the time period for the Mayor to veto an amendment, in which case the amended budget is considered adopted.
 - Council may pass a resolution to shorten the 15-day period.
- If Council does not override the Mayor’s veto, the proposed budget is considered adopted.



4. ANALYSIS:

Overview

The total budget for operating and capital, which includes tax levy, water and wastewater rate, and stormwater rate supported budgets, is \$142.7 million. This includes an operating budget of \$106.4 million and a capital budget of \$36.3 million.

The Budget proposes a 2.99 per cent operating tax levy increase to ensure service levels can be maintained as the Town continues to have pressures as a result of inflation, municipal contract escalations and contractual salary pressures. The Budget includes a 2.00 per cent infrastructure levy to ensure the Town can continue to invest in the capital infrastructure that residents rely upon. This infrastructure is included in the ten-year capital plan.

The primary funding source for the operating budget is a \$58.9 million tax levy which includes the 2025 Budget proposed tax levy increase of 4.99 per cent.

These changes would translate to an average annual increase of approximately \$80.90 for the operating levy, \$54.10 for an infrastructure levy, for a total of \$135.00 (Town portion only) for a house with an assessed value of \$452,000 (average single-family detached dwelling, end phase-in assessment amount for 2024).

The water and wastewater rate supported operating budget currently includes total expenses of \$21.8 million, which includes contributions to reserves of \$1.1 million. The primary funding source for the operating budget is water and wastewater rates of \$19.8 million.

The stormwater operating budget includes total expenses of \$3.3 million, which includes contributions to reserve of about \$2.0 million. This operating budget is funded solely by stormwater rates. Through the 2025 Budget, \$1.2 million in expenditures were removed from the tax levy and transferred to stormwater. These expenditures are now fully funded by stormwater rates.

The Budget is proposing nine new permanent full-time positions, four seasonal part-time contract positions, and one request to modify an existing position from permanent part-time to permanent full-time. Only 1.5 of the proposed permanent positions have a tax levy impact while the rest are funded by rates (water/wastewater/stormwater/user fees) and assessment growth.

The Budget is proposing seven new initiatives totalling \$302 thousand of which \$82 thousand is funded by tax levies, \$50 thousand is funded by water/wastewater rates, and \$170 thousand is funded by discretionary reserves. A detailed breakdown of staffing and new initiatives is available in tab 1 of the budget book.

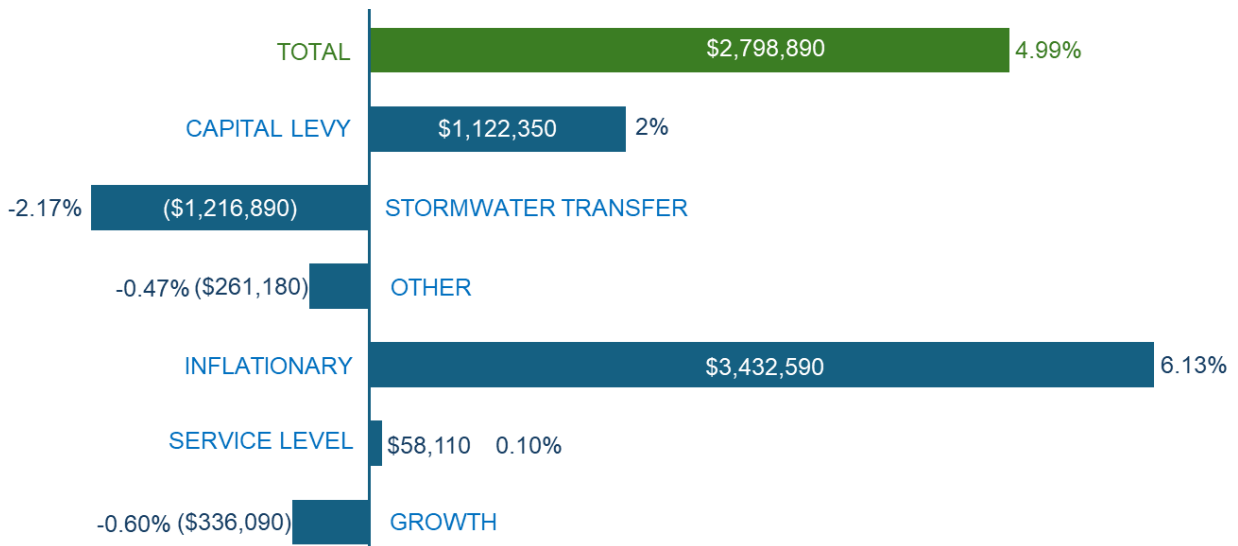
The Budget reflects impacts of growth-related pressures from new developments. These operational costs are funded by new assessment and are automatically added to the municipal tax roll. The Town also continues to set aside assessment growth for growth related operating expenditures relating to future capital facilities identified in the DC Background Study, such as the South Keswick Firehall. In fiscal year 2024, which provides the tax assessment base for 2025 taxation, the Town of Georgina's assessment growth recorded an increase of approximately 1.5 per cent, which is subject to any year-end adjustments from the Municipal Property Assessment Corporation (MPAC). Any year-end adjustments will be identified and addressed in the 2025 Property Tax Rates report normally issued in Q2 of each year.

There are two growth related capital projects that will be commenced in 2025 by developers. These include the Queensway North Urbanization and Terry Fox Park. Staff will bring forward separate staff reports in 2024 and 2025 for budget and DC credit approvals. The Town also applied for a grant for portions of the Queensway North Urbanization project under the Housing Enabling Water Systems Fund on November 1, 2024. Staff will report back in 2025 on the status of the grant application.

Staff have gone through, line-by-line, of every operating budget within their departments. The starting budget for 2025 is equal to the final budget from 2024. The reason why it is more prudent to start with last year’s base budget, rather than last year’s actuals, is that historical performance does not necessarily provide a good guideline for future performance and needs. Starting the budget based on actuals can also create a spend it or lose it culture, which has no benefit to the Town. Therefore, rather than using a year-to-date for comparison, staff have completed trend analysis by looking at the prior five years of actuals as well as existing service levels and what is required in 2025, giving consideration to economic impacts and growth, to maintain those service levels.

Tax Levy Operating Budget

The operating impacts in 2025 from growth, service level increases, and inflationary pressures are listed below.



The 2025 Budget removed about 2.17 per cent from tax levies into a separate, dedicated stormwater operating budget which will be discussed later in this report.

As noted in the graph above, the most significant pressure in the Budget was related to inflationary/contractual drivers. Over the past four years (2021 to 2024) CPI Ontario has increased nearly 17%, while the Town’s operating tax levy increases for the same period have only been 10%. Although the rate at which inflation is increasing is expected to decrease in 2025 to 2%, there are still inflationary pressures from previous years impacting the Town as multi-year collective agreements and operational contracts begin to renew. Anticipated increases for collective agreement renewals, IT subscription licence renewals, benefit usage increases post pandemic, insurance premium increases, utility increases, and contracted services increases are driving the 6% inflationary pressures in 2025.

To minimize the impact of the inflationary and contractual pressures on tax levies while maintaining consistent service levels, staff utilized various strategies including but not limited to:

- Utilizing various new revenue sources to mitigate tax levy pressures, such as:
 - New REC pass
 - Automated Speed Enforcement program
 - Partnership with EG for fleet services
 - User fee updates to keep up with inflation and industry norms
- Fund growth related expenditures with revenues generated from new growth at the Town
- Realign operating expenditures line-by-line to ensure that the budget requested captures the minimum required balances to maintain service levels
- Fund project managers' expenditures through the funding sources used for the projects they are working on. By using this funding model, the Town will be able to recover development charges for internal project management services, when they relate to growth related capital projects.

The Town continues to apply for various competitive grant programs. Grants relating to operating expenditures can be used to temporarily offset pressures, however, the ongoing impact will need to be incorporated in a future year.

Water and Wastewater Rates

Council approved business case 24-CI-DCAO-03 which allowed Town staff to retain a consultant to conduct a Water and Wastewater Rates study in 2024.

The Town has initiated an update to the study prior to the five year mark due to increasing costs, a new asset management plan and a more robust non-growth related capital plan to maintain system operations. In addition, the Town's current Municipal Drinking Water Licence is set to expire in 2026 and is required to be renewed.

Hemson Consulting Ltd. (Hemson) was retained to undertake a long-term water financial plan and a water and wastewater rate study for the Town. The Study recommended increases to utility rates to fund operating costs, the non-growth capital program and also makes provisions to reserves for future asset repair and replacement.

On September 11, 2024, Council approved the Rate study as presented, subject to annual budget deliberations and bylaw approvals.

In alignment with the recently completed Water and Wastewater study, the 2025 Budget proposes the water and wastewater consumption (\$/m³) rates for the Town to be \$3.49 and \$3.54, respectively. This represents a proposed 12.5 per cent increase for the water variable rate and a proposed 4.5 per cent increase for the wastewater variable rate. The proposed water and wastewater fixed charge (\$/month) rates for the Town are \$5.77 and \$5.60, respectively. This represents a proposed 17.0 per cent increase for

the water fixed rate and a proposed 15.0 per cent increase for the wastewater fixed rate. These rates are summarized in the table below:

Water and Wastewater Rates

| | Rate | Increase (%)* |
|---|------|---------------|
| Water | | |
| Consumption Rate (\$/m3) | 3.49 | 12.5% |
| Fixed Charge (\$/month) | 5.77 | 17.0% |
| Wastewater | | |
| Consumption Rate (\$/m3) | 3.54 | 4.5% |
| Fixed Charge (\$/month) | 5.60 | 15.0% |
| Water and Wastewater Rate Increase | | 9.1% |

on a typical bill of 165 m³/annum *

The above rates encompass York Region’s water and wastewater rates. Note that about 56 per cent of the Town’s water and wastewater budget relates to payments made to York Region.

Stormwater Rates

Council approved business case 23-CI-DCAO-03 which allowed Town staff to retain a consultant to conduct a stormwater study focused on exploring options to assist in closing the funding gap for stormwater assets, which included the creation of a stormwater management rate, consistent with the practices taken by a number of municipalities.

A stormwater rate charge is a reliable and sustainable approach to ensuring the Town’s infrastructure is in a good state of repair, both presently and for the future. Stormwater management provides benefit to all who use roads, parks, own property, and enjoy the community. In order to close the funding gap, Town staff along with Civica analyzed available revenue approaches that are currently being used by various municipalities in York Region and across Canada.

On April 24, 2024 the stormwater study was released and Council approved the general revenue approach as the funding option for stormwater. The general revenue approach is a calculation of MPAC property assessment multiplied by the approved stormwater rate for each class.

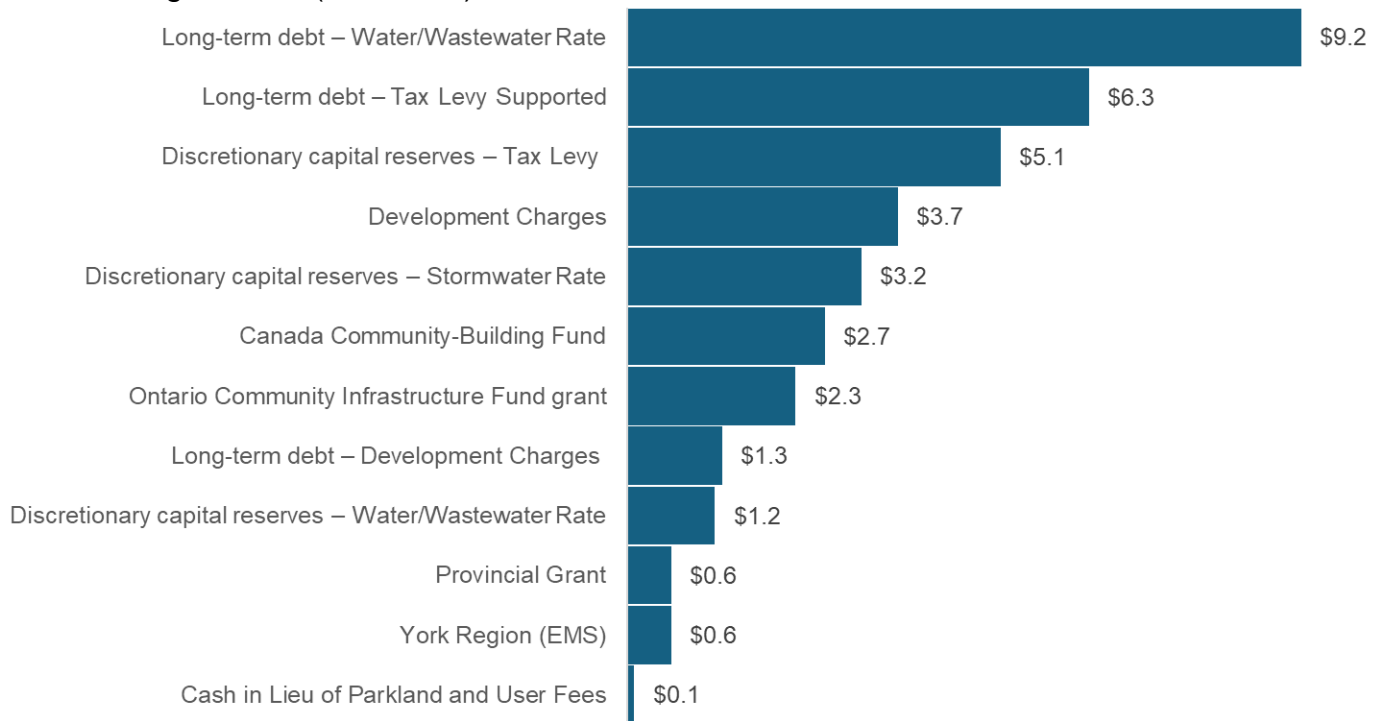
The effective start of the stormwater rate was the final tax bill for 2024. Therefore only 50 per cent of the rates were billed 2024. Starting 2025, a new dedicated Budget was created for stormwater which is fully funded by the newly created rates. To form the budget, about 2.17 per cent was removed from the tax levy supported budget which translates to about 1.2 million. As shared in the Stormwater Study, this amount was sufficient to fund only about 40 per cent of the stormwater management needs.

The 2025 Budget includes a stormwater rate increase of two per cent over the 2024 annualized rate which coincides with the recommendations of the Study. The full required amount to fund the program of \$3.3 million is being recovered through the designated stormwater rates.

Farmland (FT), Managed Forest (TT), Exempt (E) and Full payment in Lieu (CF, CG, CW, RF, RG, RP) property classes will remain excluded from the stormwater rate.

Capital Budget

The 2025 capital budget is \$36.3 million. This capital program is funded through the following sources (in millions):



The updated gross ten-year capital forecast is now set at approximately \$280 million. It should be noted that the ten-year capital forecast is a fluid document that will change each year to reflect updated priorities, economic conditions, health and safety issues, and efficiencies.

The town used to have a Capital Carry Forward Policy (CS-2018-0004) which stipulated the following:

All capital projects had an automatic approval for carry forward to a maximum of two years; Any projects older than two years needed Council's approval to carry the funds forward, unless they have already been committed as part of a contract or a Council approved multi-year project.

The Capital Carry Forward Policy became obsolete when Bill 3 Strong Mayors was extended to the Town in August 2023.

Staff made significant progress in reducing the amount of carry forward projects compared to prior years and the 2025 budget proposes to carry forward all projects that have not been completed.

Georgina Public Library

The Library Board has requested a grant from the Town for \$3.5 million, which represents an increase of \$190.8 thousand (5.7 per cent) in operating expenditures for 2025.

This increase is mainly due to staffing salary pressures that occurred during 2024 as part of collective agreement negotiations and non-union adjustments.

The Library Board submitted one capital request as part of the 2025 Budget to purchase Laptops for GPL Programming in the estimated amount of \$17.2 thousand. This acquisition will be funded by the Library Capital reserve.

User Fees

The Budget incorporates various revenue estimates associated with user fees. These fees have been approved in various bylaws and updated throughout the past few years and include such items as the Fire department fees, the development charges fees, recreational fees, and building department fees.

The operating budget has been automatically adjusted to reflect any user fee increases that have been approved previously. In addition, fees included in attachment 2 of this report have been included in the Budget. Staff will bring forward the user fee bylaw for Council approval in Q1 and Q2 of 2025.

5. RELATIONSHIP TO STRATEGIC PLAN:

The Town of Georgina's 2023-2027 Corporate Strategic Plan was approved by Council on June 14, 2023. The plan outlines the priorities for the organization, ensuring a common direction and purpose for Council and staff. The new strategic plan contains five strategic areas that are key to the success of the Town's mission and specific goals. The five strategic areas are:

- Delivering services excellence
- Ensuring balanced growth
- Diversifying our local economy
- Creating a vibrant, healthy and safe community for all
- Advancing environmental sustainability

To support implementation of the strategic plan, Senior Leadership met collaboratively over several months to ensure that the Budget reflects the 2023-2027 Corporate Strategic Plan.

6. FINANCIAL AND BUDGETARY IMPACT:

The Budget is currently proposing a 2.99 per cent increase for operating and a 2.0 per cent increase for an infrastructure levy. This would bring the total increase to 4.99 per cent for 2025. This translates into a Town increase of approximately \$135.00 per household for an average single-family detached dwelling with a CVA of \$452,000.

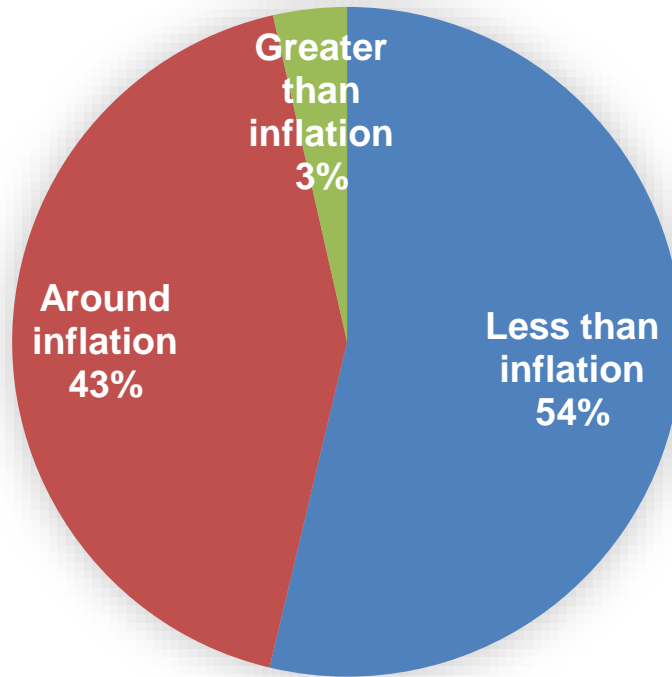
The Town's taxation is one of three types of property taxes paid by property owners. In addition to the local municipality, the taxes also consist of Regional and Education tax levies. The Regional and Education tax levies for 2025 are not currently known at this time. For more information on how assessment works, please visit [AboutMyProperty.ca](https://www.aboutmyproperty.ca).

7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:

Various opportunities were provided to promote public engagement and input into the budget process:

- Social media campaign and newspaper advertisements
- Budget surveys were made available online and hard copy version at the Civic Centre, MURC, LINK and all libraries; A total of 564 responses were received online and 132 in hard copy for a total of 696 responses (352 were received for the 2024 budget)
- An email address was made available for public input Budget@Georgina.ca
- Staff attended the Georgina Farmers Market, Pefferlaw movie night and MURC in the month of September to engage with residents
- Staff had a public open house on September 12th at the Council chambers

The chart below represents a summary of what respondents feel an acceptable property tax increase would be for 2025:

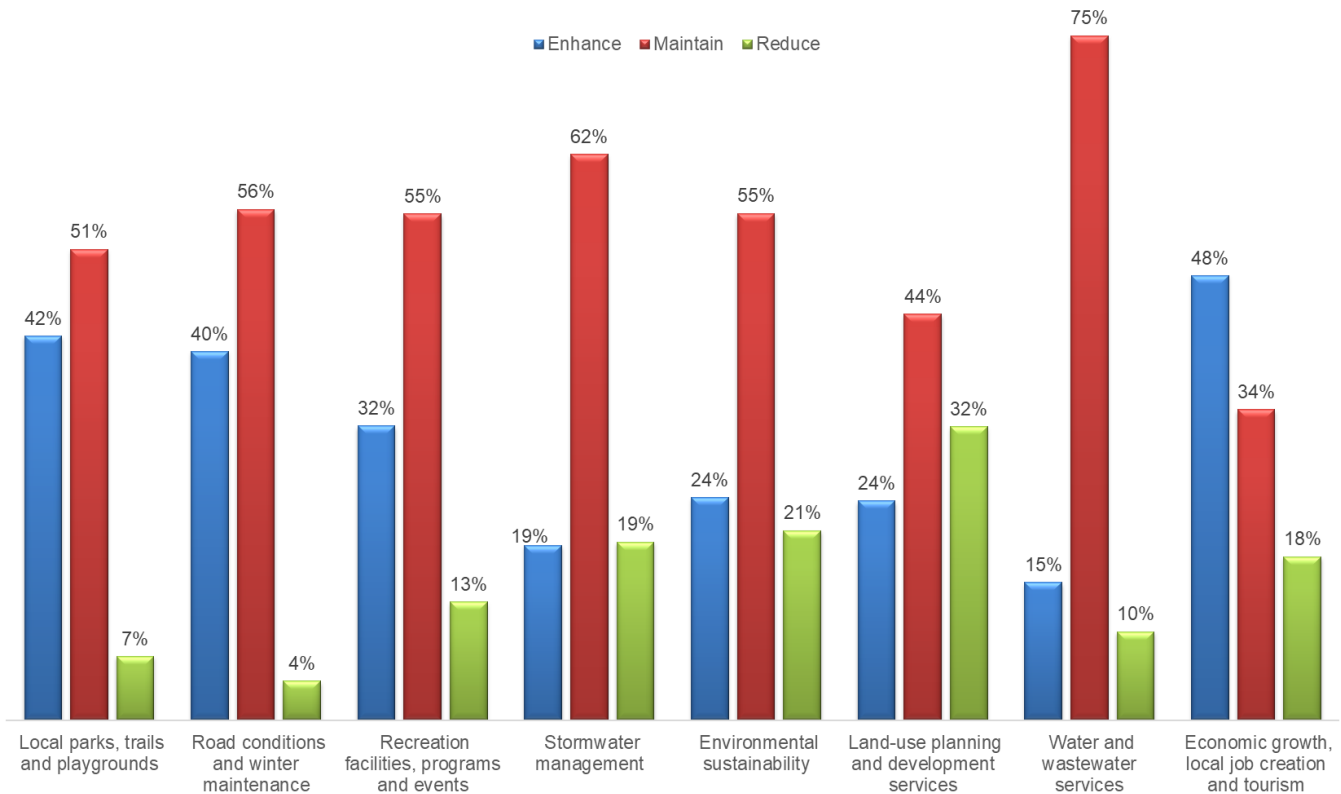


The below chart provides an overview of historical tax levy increases and Ontario CPI:

| | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Georgina's operating tax levy increase | 0.95% | 0.00% | 4.99% | 3.50% | 2.99% | 2.49% |
| CPI – Ontario* | 3.50% | 6.80% | 3.80% | 2.50% | 2.10% | 3.74% |
| Georgina's Infrastructure tax levy increase to close funding gap | 0.50% | 1.00% | 2.00% | 2.00% | 2.00% | 1.50% |

* Source(s): York Region, Fiscal Planning Unit's monthly Inflation Monitor report (August 2024)

Residents were also asked to help Council determine which services should be considered a priority in the 2025 budget by indicating if they feel the service levels should be enhanced, maintained or reduced. Below is a chart that summarizes the responses that were collected.



The results of the survey revealed that residents, for the most part, are content with the services provided by the Town. The top three areas that residents asked council to prioritize for the 2025 budget were:

1. Economic growth, local job creation and tourism
 - To enhance economic growth, local job creation and tourism, the Town continues to implement the Economic Development and Tourism Strategy and Tourism Wayfinding strategy. Staff focus on investment attraction efforts by enhancing external marketing and working with The Regional Municipality of York and their team to ensure we have a presence at trade shows/conferences that attract investors in Ontario and beyond. The completion of the 1st Building in the Keswick Business Park has been a catalyst for additional investment attraction. Town staff are continuing to enhance supports to investors and are currently working with 3 tenants within the this first building to obtain permits and complete their leasehold improvements. Staff are also working closely with two landowners in the south end of the Keswick Business Park to expedite their approvals they required to get shovels in the ground.

2. Local parks, trails and playgrounds
 - To address the need to enhance local parks, trails and playgrounds, the Budget includes a business case for \$1.2 million for the Parks Repair and Remediation Program which includes the following enhancements: cenotaph

upgrades, playground replacements, picnic tables replacement, pathway repairs, dock repairs, and more. The Budget also includes the funds to redesign Willow Beach.

3. Road conditions and winter maintenance
 - o To address the need to enhance road construction and maintenance, the budget includes an investment of \$7.4 million for roads projects in 2025. The Town also continues to invest in its Roads program with projections to increase those investments annually to maintain a high standard of roads (as presented in the ten-year capital plan)

Staff also met and consulted with each member of Council regarding their priorities for the 2025 Budget.

8. CONCLUSION:

The 2025 Proposed Budget emphasizes the Town's investment in public services while ensuring taxpayers receive good value for their money. The Budget outlines key objectives and reaffirms the organization's commitment to sound financial management and its commitment to working together to increase housing supply. This report recommends that Council receive the 2025 Proposed Budget. Budget deliberations are scheduled for December 3rd and December 4th. Staff will bring forward the necessary bylaws for approval in Q1 and Q2 of 2025; Being, Water/Wastewater Bylaw, Stormwater Rate Bylaw, User Fee Bylaws, Tax Rates Bylaw.

APPROVALS

Prepared By: Dina Havkin, CPA, CMA
Manager, Financial Strategy and Planning / Deputy
Treasurer

Recommended By: Rob Wheeler, CPA, CA
Deputy Chief Administrative Officer/ Treasurer

Approved By: Ryan Cronsberry
Chief Administrative Officer

Attachments:

Attachment 1: Public Comments for Council Review

Attachment 2: User Fee Changes Included in the Budget

Attachment 3: 2025 Town of Georgina Proposed Budget Book (Available at Georgina.ca/Budget and at Georgina public libraries)