



Staff Report

Corporate & Financial Services

Report To: Special Committee of the Whole
Meeting Date: January 7, 2025
Report Number: CFS.25.001
Title: 2025 Proposed Budget
Prepared by: Monica Quinlan, Director of Corporate and Financial Services

A. Recommendations

THAT Council receive Staff Report CFS.25.001, entitled “2025 Proposed Budget”;

AND THAT Council receive the 2025 Proposed Budget as attached;

AND THAT Council receive the 2025 Proposed Fees and Charges as attached.

B. Overview

This report outlines the high-level changes to the 2025 Proposed Budget versus the 2024 Approved Budget. The details of which are included in the 2025 Proposed Budget book as attached.

C. Background

The 2025 budget is developed in the context of a shifting economic environment and increasing service demands, driven by significant population growth and high visitor volumes.

The Consumer Price Index (CPI) in Ontario has stabilized at 1.8%, the smallest annual increase since February 2021, largely due to declining gasoline prices. While this signals relief from recent inflationary pressures, construction costs remain a concern. The Building Construction Price Index (BCPI) for non-residential buildings in Ontario continues to rise, reporting a 3.9% annual increase in Q3, which places additional strain on the Town’s capital project budgets and funding reserves.

Despite these pressures, the Town has managed to keep the cumulative tax rate increase over the past five years at just 5%, significantly lower than the 17.5% increase in the Consumer Price Index (CPI) during the same period. This demonstrates the Town’s commitment to managing fiscal responsibility while balancing the impact of inflation on residents and municipal services.

	2020	2021	2022	2023	2024	Total
CPI (Canada) Change	0.95%	4.72%	6.80%	3.12%	1.89%	17.48%
Tax Rate Change	-4.20%	1.10%	2.68%	2.74%	2.68%	4.99%
Difference	-5.16%	-3.62%	-4.12%	-0.38%	0.79%	-12.48%

As part of the budget process Council passed the following key resolutions:

1. "THAT Council direct staff to clearly identify core and non-core services within the 2025 budget process and any additional staff proposed must focus and support core services."
2. "THAT with respect to Staff Report FAF.24.139 entitled "2025 Budget Timeline and Overview", Council establish a guideline percentage increase to cover mandatory/committed/uncontrollable items in preparing the initial draft of the 2025 Budget."

As noted in the first resolution, Council directed staff to distinguish between core and non-core services to prioritize resources effectively. Building on KPMG's corporate service delivery review, services have been categorized as follows:

Core Services: Include mandatory, essential, and traditional services. These are critical for ensuring legislative compliance, operational functionality, and alignment with municipal best practices/norms.

Non-Core Services: Represent discretionary or "nice-to-do" activities that are evaluated based on community needs and positive business cases.

This categorization ensures that any additional staff proposed in the 2025 budget will directly support core services, aligning with Council's directive to maintain focus on fundamental municipal responsibilities.

As detailed in the second resolution, to ensure fiscal prudence, Council established a guideline percentage increase to account for mandatory, committed, and uncontrollable costs. This approach provides a framework for preparing the initial draft of the 2025 budget, balancing operational requirements with financial sustainability.

D. Analysis

2025 Proposed Budget

The 2025 budget process has been designed to enhance transparency and provide a clear understanding of the Town's financial plan. To achieve this, the budget is divided into **two distinct components: the Base Budget and Budget Requests for Council Consideration** (Above the Base). This structure ensures clarity in addressing foundational costs while allowing for detailed evaluation of additional funding requirements.

2025 Proposed Base Budget

The base budget represents the foundational costs of maintaining the Town’s existing services and obligations, adjusted for known changes from the prior year. It serves as the starting point for identifying and explaining incremental changes that influence the municipal levy.

The 2025 Proposed Base Budget amounts to a total Municipal Levy of \$23,941,608 which equates to a tax rate increase of 10.06% over 2023, this includes growth of 4.53%. On a median assessed home of \$530,000 this will equate to an increase of \$213 per year or \$17.75 per month. The table below details the increase over a varying value of assessment.

Assessed Value	2024 Municipal Tax Rate %	2024 Municipal Tax Amount \$	2025 Municipal Tax Rate % (Base Proposed)	2025 Municipal Tax Amount \$ (Base Proposed)	Annual Difference \$ (2025 vs 2024)	Monthly Difference \$ (2025 vs 2024)
\$ 530,000	0.3995%	\$ 2,118	0.4397%	\$ 2,331	\$ 213.04	\$ 17.75
700,000	0.3995%	\$ 2,797	0.4397%	\$ 3,078	\$ 281.38	\$ 23.45
800,000	0.3995%	\$ 3,196	0.4397%	\$ 3,518	\$ 321.58	\$ 26.80
900,000	0.3995%	\$ 3,596	0.4397%	\$ 3,958	\$ 361.77	\$ 30.15
1,000,000	0.3995%	\$ 3,995	0.4397%	\$ 4,397	\$ 401.97	\$ 33.50

Municipal Levy Walk – 2025 Proposed Base Budget

A key feature of the 2025 budget presentation is the detailed Municipal Levy Walk, which traces the changes from the previous year’s municipal levy to the current year’s proposed levy. This step-by-step approach categorizes adjustments into Committed, Uncontrollable, and Controllable expenses, providing a transparent view of the factors driving the budget. By presenting the levy changes in this format, the Town demonstrates how existing commitments, external influences, and strategic decisions have shaped the financial requirements for 2025. In support of the guideline council requested the increases/decreases have been categorized as follows:

- **Committed Expenses:** Fixed costs already approved by Council, such as multi-year contracts, ongoing capital projects, and previously approved service enhancements.
- **Uncontrollable Expenses:** Costs influenced by external factors, such as inflation, legislative requirements, and market-driven increases. These are forecasted and integrated into the base to reflect mandatory adjustments.
- **Controllable Expenses:** Required expenditures where the Town has some flexibility in funding levels or sources. These are carefully reviewed to optimize resources and ensure alignment with strategic priorities.

Item	Amount	Notes	Tax Rate Impact	
2024 Municipal Levy	\$ 20,894,000			
Salaries & Benefits	1,979,697	1.	9.47%	Committed
2024 Support from Surplus	1,300,000	2.	6.22%	
Inflationary Items	592,778	3.	2.84%	Uncontrollable
Investment Income	200,000	4.	0.96%	
OPP Increase & PSB	111,688	5.	0.53%	
CLI-ECA Requirements	55,000	6.	0.26%	
Conservation Authority	37,148	7.	0.18%	
OMPF Grant	- 105,200	8.	-0.50%	
Debt - 2 Plow Trucks	254,405	9.	1.22%	Controllable
Grants & Donations	50,000	10.	0.24%	
Asset Management/Reserve Transfers - Net of R&M & Sale Of Assets	- 1,296,749	11.	-6.20%	
Community Services Increased Revenues	- 111,000	12.	-0.53%	
Training Budget	- 51,000	13.	-0.24%	
Other	30,841	14.	0.16%	
Growth			-4.53%	
2025 Proposed Base Municipal Levy	\$ 23,941,608		10.06%	

***Note (-) Indicates decrease in Municipal Levy**

1. Salaries & Benefits - \$1.98 Million (9.47% Increase): The increase to salaries and benefits is made up of many components:
 - a. Cost of Living Allowance / Union Contracts - \$667K – a 2.5% Cost of Living Allowance as per Town policy POL.COR.23.01 has been included along with the impact of recent union negotiations.
 - b. P60 Grid Update - \$641K – As part of the Market and Pay Equity Review for Non-Union Staff and Council conducted by Gallagher Benefit Services (Canada) Group Inc. the grid was updated to bring the salaries from the 50th to the 60th percentile. This was in effort to mitigate the Town’s difficulty in attracting and retaining staff. Competitive salaries are essential for fostering a cost-effective, customer-service-oriented organization. The ability to recruit and retain high-performing individuals is significantly influenced by offering competitive compensation packages.

- c. Approved Corporate Reorganization Positions - \$229K – the following positions are included:
 - i. Strategic Initiative Department inclusive of a Director/Administrator (shared position with Mayor) and CSR – offset by the Director of Legal Services;
 - ii. Records Coordinator offset by the Law Clerk;
 - iii. Manager of Bylaw; and
 - iv. HR Coordinator (Contract Position).
 - d. New Firefighters (2) - \$183K;
 - e. Sidewalk Snow Removal – Split of Facility Operators/Roads & Drainage - \$132K (offset by reduction in Snow Removal Contracts) – Increased Service; and
 - f. Cleaning Contracts change to FT staff – \$70K – Introduced due to the limited ability to receive bidding on external contracts – offset by cleaning contracts reduction of \$55K.
2. In support of the 2024 Budget a \$1.3 Million allocation of surplus was included in the municipal levy, noting that there was a significant increase to the allocation to Asset Management (AM) as well this amount is nearly completely offset by the reduction of the Asset Management transfers in 2025 – see item #11 for more details.
3. Inflationary items - \$593K – these amounts are primarily made up of the increased contract costs for Waste Management; Gravel; Insurance and Postage.
4. Investment Income - \$200K – a downward adjustment in projected investment income has been included due to changes in the interest rate environment in Canada. Over the past year, shifts in monetary policy and market conditions have resulted in lower yields on the Town’s investments. As interest rates stabilize or decline, the return on investments—particularly those in fixed-income instruments such as bonds and guaranteed investment certificates (GICs)—has diminished. To mitigate the effect of reduced investment returns, staff will continue to explore strategies for optimizing portfolio performance within the constraints of the current economic environment. This includes maintaining a diversified investment portfolio and leveraging opportunities to maximize returns while adhering to the Town’s investment policy and risk management framework. The adjustment ensures the budget remains realistic and aligns with current economic conditions, balancing revenue expectations with prudent financial planning.
5. Ontario Provincial Police (OPP) & Police Services Board - \$112K – the Province has reduced the initial impact expected of over \$500K noting that there is no plan set for the future yet.

6. Consolidated Linear Infrastructure Environmental Compliance Approvals (CLI-ECA) - \$55K – updated regulations have required the Town to be more active in storm water maintenance works, it is expected that these amounts will increase over the next coming years as the Town understands all of the requirements.
7. Conservation Authority (CA) - \$37K – increases to both CA levy amounts have been presented to Council.
8. Ontario Municipal Partnership Fund Grant (OMPF) – (\$105K) – our amounts for the OMPF grant were increased by \$105K, this is due largely to the Province’s commitment to increase this funding over the next 2 years. It is important to note that part of the calculation to determine the OMPF grant is based on the Northern and Rural Municipal Fiscal Circumstances Index (MFCI) which measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province and is measured on a scale from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. The indicator score has a range from -100% to 100% and reflects how a municipality's indicator value compares to the median for northern and rural municipalities. An indicator value that is above the median will have a positive indicator score, which corresponds to relatively positive fiscal circumstances. An indicator value that is below the median will have a negative indicator score, which corresponds to relatively challenging fiscal circumstances. The Town’s MFCI score is 1.6 (or low) noting that the Primary Indicators are Weighted Assessment per Household (TBMs score is 50.4%) and Median Household income (TBMs score is 32.2%), noting that both of these results mean a lower MFCI and thus decreased grant amounts.
9. Long Term Debt – (2 New Plow Trucks) - \$254K – financing for 2 new plow trucks that were approved in the 2023/2024 budgets will be required as debt was assigned as the funding source. (This financing may be either internal or external and will be decided based on cash flow requirements). This item has been marked as controllable given that Council have the ability to use Asset Management reserves to offset the principal and interest payments and slowly include this amount over time.
10. Grants & Donations - \$50K – as part of a Council resolution to match funding raised by the Grants & Donation Committee an estimated amount has been included in the budget.
11. Asset Management/Reserve Transfers – net of Repairs & Maintenance increase for Equipment/Fleet and Sale of Assets – (\$1.3 Million) - transfers to the Asset Management Reserve have been reduced compared to the prior year. This adjustment reflects a strategic decision to align reserve contributions with current financial realities while maintaining flexibility for future planning. It is noted that the increase to the Asset Management Reserve transfer in the 2024 budget was made possible by leveraging an

offsetting surplus, which has provided temporary relief to the funding requirements for the reserve.

Additionally, the Town is undertaking a comprehensive update to its Asset Management Plan to meet updated regulatory requirements. This detailed review will provide greater clarity on the funding levels needed to support the Town’s infrastructure sustainably. Once complete, the updated plan will guide future reserve contributions, ensuring they align with regulatory standards and long-term asset management strategies.

- 12. Community Services Increased Revenues - \$111K – this increase is due mainly to reduced subsidies (contract period ending) and updates to reflect actual activity.
- 13. Training & Education - \$51K – this change reflects the conclusion of several special training initiatives that took place in 2024, which temporarily increased costs in this category. While the allocation has been adjusted, the Town remains committed to maintaining an appropriate level of education and training for staff and Council. Ongoing professional development is vital to ensure that staff are equipped with the skills and knowledge necessary to deliver high-quality services to the community.
- 14. Other - \$31K

Budget Requests Above the Base – Items for Council Consideration

Beyond the base budget, Budget Requests represent additional funding requirements to address new or expanded initiatives, service enhancements, or emerging priorities. These requests are evaluated individually and include:

Item	Amount	Notes	Tax Rate Impact
Urban Forestry (Net of Trees & Vegetation for Tree Maintenance)	\$ 518,600	1.	2.48%
Excess Soil	254,000	2.	1.22%
Labourer and Technician (Landfill Restructuring)	125,399	3.	0.60%
3 Parks Labourers	121,820	4.	0.58%
3 Community Services labourers (split between CS, Tomahawk and BVCC)	121,820	5.	0.58%
Physician Recruitment	100,000	6.	0.48%
Admin position to support the 6 Councillors	94,751	7.	0.45%
New proposed transit agreement	75,000	8.	0.36%
Facility Coordinator as per Org Structure	56,243	9.	0.27%
Community Planning Permit System (yr1 = \$50k / yr 2 = \$250K)	50,000	10.	0.24%
2 Customer Service Reps (CSR) - Tomahawk	30,745	11.	0.15%
Special Events Coordinator	49,129	12.	0.24%
Idea Committee Training	21,714	13.	0.10%
FOI Legal services	15,250	14.	0.07%
Engineering Standards	10,000	15.	0.05%
Total	\$ 1,644,470		7.87%

1. Urban Forestry - \$518K – this request was brought forward during the 2024 budget process and per Council resolution was deferred to be included as an addition in the 2025 Draft Budget. This request would establish a new division responsible for proactively managing the Town’s inventory of trees and provide a higher level of service. This cost represents year 1 costs to establish the division with year 2 and year 3 costs estimated to be \$1.2M and \$1.7M respectively. **(Non-core service)**
2. Excess Soil Program - \$254K – this request represents the initial costs to manage existing excess soil within the Town’s Landfill site. As the program is developed it will provide an alternative for excess soil generated from Town infrastructure projects which may provide costs savings. **(Core service – legislatively required)**
3. Labourer and Technician (Landfill Restructuring) (full year) – \$125K – following a review of legislated and required activities at the Landfill site staff noted a shortfall in working hours to deliver services. Restructuring of existing staff positions and the addition of two new staff will better align with work hours required to deliver a higher level of service. This will be an ongoing cost to the Municipality.
 - a. The landfill is defined as a Mandatory Service under the KPMG review and thus considered a **Core Service** for the purposes of the 2025 Budget.
4. Three Seasonal Parks Labourers – \$122K – the purpose of this request is to increase the level of service of property maintenance provided at water, wastewater, cemetery and landfill properties and bring those services in house to increase flexibility. This will be an ongoing cost to the Municipality.
 - a. Parks is defined as a Traditional Service (outside of the support provided to development) under the KPMG review and thus considered a **Core Service** for the purposes of the 2025 Budget.
5. Three Seasonal Community Service Labourers – \$122K – this request will increase the level of service at the Town’s recreation facilities. These positions will allow full-time staff to take time off without impacting task completion by maintaining sufficient staffing levels at recreation facilities. Additionally, by increasing staff and hours for Town programs, revenue and cost recovery can improve, seasonal labourers can support special events and enhance facility maintenance. This will be an ongoing cost to the Municipality.
 - a. Community Services/Recreational Facilities/ is defined as a Traditional Service (noting that the Parking, Transit and the Municipal Golf Course programs are all identified as Discretionary) under the KPMG review.
 - i. 2 positions would be considered to be **Core Service** support for the purposes of the 2025 Budget; and
 - ii. 1 position would be considered to be **Non-Core Service Support** for the purposes of the 2025 Budget.

6. Physician Recruitment – \$100K – this budget item will assist the Town to attract and retain qualified medical professionals. This is a one time cost for the Municipality. **(Non-core service)**
7. Councillor Administrative Support – \$95K (full year) –As part of the Market and Pay Equity Review for Non-Union Staff and Council staff were directed to consider an additional administrative support staff to support six Councillors. This will be an ongoing cost to the Municipality. **(support for a Core service)**
8. Proposed Transit Agreement – \$75K – Transit services are currently provided by the Town of Collingwood. Collingwood is seeking to update the agreement and the costs associated with the service. This will be an ongoing cost to the Municipality. **(support for a Non-core service)**
9. Facility Coordinator – \$56K (Jul-2025 Start Date) – this is a new position proposed in the organizational structure review. This position will administer building condition assessments, as well as preventive and reactive maintenance activities. This will be an ongoing cost to the Municipality.
 - a. Facilities & Fleet is defined as an Essential Service (noting that the Energy Management Program is identified as Traditional) under the KPMG review and thus considered a **Core** Service for the purposes of the 2025 Budget.
10. Community Planning Permit System (CPPS) – \$50K – The 2025 investment for this request is \$50K with an additional \$250K in 2026. Switching to the CPPS offers streamlined regulatory processes, enabling more flexible and integrated land use decisions tailored to specific community needs. This system enhances efficiency by reducing the complexity of planning approvals, facilitating faster development timelines, and promoting sustainable community growth and innovation. Once complete staff do not anticipate direct additional costs related to this request. **(support for a Core Service)**
11. Two Customer Service Representatives – \$31K – Adding two customer service representatives at Tomahawk Golf Course aims to enhance service levels, boost response efficiency to customer inquiries, and increase revenue through concession sales and facility rentals. This request represents an ongoing cost to the Municipality.
 - a. Tomahawk Golf Course is defined as a Discretionary Service under the KPMG review and thus considered a **Non-core** Service for the purposes of the 2025 Budget.
12. Special Events Coordinator – \$49K (Jul-2025 Start Date) – This request aims to enhance the Town's programming and events services by adding a dedicated position to focus on these areas, thereby boosting community engagement and attracting more tourism. This request represents an ongoing cost to the Municipality.
 - a. Special Events is defined as a Traditional Service under the KPMG review and thus considered a **Core** Service for the purposes of the 2025 Budget.

13. IDEA Training – \$21K – A Diversity, Equity, and Inclusion Strategy, a Bold Action in The Blue Mountains Future Story, includes corporate training as a key step. This request proposed by the IDEA Committee recommends training across departments to ensure Town staff are making informed decisions as we pursue our goals. This training will foster an inclusive community and workplace by addressing systemic disparities and enhancing public service and community trust. This is a one-time cost for the municipality. **(support for a Core Service (Human Resources))**
14. Freedom of Information (FOI) Legal Services – \$15K – This budget request proposes outsourcing FOI services to enhance response efficiency and compliance with regulatory requirements. By leveraging external expertise, the Municipality can manage FOI requests more effectively, reduce internal workload and maintain timely and accurate information disclosure, thereby improving transparency and public trust. This request would represent an ongoing cost to the Municipality (support for a **Core Service**)
15. Site Specific Engineering Standards – \$10K – Through a notice of motion Council has directed Staff to prepare a staff report on revised and site context specific engineering standards that provide flexibility for reconstruction to adapt to the local context, minimize impacts to trees, and other existing features, and ensure that the existing character of the roads are maintained to the extent possible. The department is encouraged to seek community feedback and to review the Saugeen Shores example. Preparation of cost estimates for these actions are requested for the purposes of submitting 2025 budget material, as well as anticipated deadlines, on this item. This is a one-time cost for the municipality. (support for a **Core Service**)

Options for Council

There are options for Council should they wish to incorporate some or all of the proposed items, these include:

- Delay (or Phase) projects and/or programs – noting that however in some cases such as Asset Management projects this could mean increasing costs down the road, so it is important to take a practical and pragmatic approach.
- Increase other user fees such as application and licensing fees to assist in offsetting the increasing costs due to inflation.
- Review services to either reduce the level of service and/or eliminate the “nice to dos”.
- Use reserves and/or reserves funds to offset some of the uncontrollable impacts.
- Designate certain projects as dependent on securing grant funding.
- Include gapping funds where vacancies persist and/or to recognize a natural level of attrition.

2025 Proposed Fees and Charges

The Town's Fees and Charges are reviewed annually as part of the Operating Budget process to ensure they remain fair, transparent, and aligned with community priorities. For 2025, most fee increases are based on the Consumer Price Index (CPI) of 2.5%, reflecting the rising costs of delivering services.

In preparing the 2025 Fees and Charges, staff considered end-user affordability, user flexibility, the goal of maximizing facility use, comparisons with neighbouring municipalities, and the overall community benefit. This balanced approach ensures that fees align with actual costs while maintaining accessibility and supporting the Town's financial sustainability.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None.

G. Financial Impacts

The proposed 2025 tax rate increase amounts to 10.06% and on a median assessed home of \$530,000 the increase is expected to be \$213 per year for the Town's portion of the municipal taxes.

The proposed 2025 Water/Wastewater rates for the average home (using 180m³ of water) will mean an increase of \$17.69 for water per year and \$21.85 for wastewater per year.

H. In Consultation With

Senior Management Team

I. Public Engagement

The topic of this Staff Report will be the subject of a Public Meeting and/or a Public Information Centre in accordance with the following schedule:

- January 7th through to the 10th 2025 Committee of the Whole – Initial staff report (CFS.25.001 2025 Proposed Budget);
- January 27th, 2025 Council – recommendation from Committee of the Whole considered by Council with recommendation to proceed to public consultation;
- January 28th, 2025 Public Meeting Notice posted
- February 18th, 2025 Public Meeting
- February 24th, 2025 Committee of the Whole – Follow up report to the Public Meeting, attaching comments received in response to the Public Meeting;
- March 10th, 2025 Council – recommendation from Committee of the Whole considered by Council, and related By-law, if any

Any comments regarding this report should be submitted to Monica Quinlan, Director of Corporate and Financial Services mquinlan@thebluemountains.ca.

J. Attached

1. [2025 Proposed Budget](#)
2. [2025 Proposed Fees and Charges](#)

Respectfully submitted,

Monica Quinlan
Director of Corporate and Financial Services

For more information, please contact:
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Report Approval Details

Document Title:	CFS.25.001 2025 Proposed Budget.docx
Attachments:	
Final Approval Date:	Dec 23, 2024

This report and all of its attachments were approved and signed as outlined below:

Monica Quinlan - Dec 23, 2024 - 4:20 PM