

Staff Report

Presented By: Jim Bundschuh, Director, Corporate Services

Meeting Date: December 9, 2024

Subject: Final Budget Report 2025

Attachment(s): 2025 Town of Saugeen Shores Business Plan
Schedule I – Financial Summaries
Schedule II – 2025 Business Plan – Operating
Schedule III – 2025 Business Plan – Operating
Schedule IV – 2025 Business Plan - Capital
Schedule V – 2025 Business Plan – Reserves
Schedule VI – Property Tax Rates by Assessment Class
SSTC and Pumpkinfest Committee Joint Request (Dec 2 2024)

Recommendation

That Council approve the 2025 Town of Saugeen Shores Business Plan to include:

1. 2025 Operating Budget with net operating income of \$11,717,240;
2. 2025 Capital Expenses of \$10,317,910 (net of revenue, debt proceeds and the increased Special Levy);
3. 2025 proceeds from debt of \$44,047,727; and,
4. 2025 debt-driven increase to Reserves of \$1,399,330; and further,

That Council increase the Town of Saugeen Shores Tax Levy for 2025 to be set at \$1,650,332 to a total of \$24,494,116;

That Council increase the rate-based dedicated Future Infrastructure Special Levy by \$512,558 to a total of \$988,291;

That Council approve the BIA levies for 2025, set at \$66,000 for the Port Elgin BIA and \$58,700 for the Southampton BIA;

That Council direct staff to include \$30,000 toward SSTC / Pumpkinfest as one-time funding from the Tax Stabilization Reserve;

That Council pass the Fees and Charges By-Law establishing the 2025 Fees and Charges at the December 9, 2024 Regular Council Meeting; and,

That Council pass the Tax Levy By-law establishing the 2025 Tax Rates at the January 6, 2025 Council meeting.

Report Summary

This report provides details on the Municipal 2025 Business Plan and Budget, based on the outlined assumptions as deliberated with Council on November 20 and 27, 2024. A Town of Saugeen Shores 2025 Tax Levy set at \$24,494,116 will result in an estimated combined blended tax rate increase of 4.1%. This represents a \$183 increase to the average household assessed at \$314,000.

Background/Analysis

Our growing community places increasing demands on municipal services, making it essential that the Town allocate proper resources to meet these evolving needs. By taking a balanced approach to growth, Saugeen Shores can achieve remarkable milestones like the Aquatic & Wellness Centre while preserving the unique qualities that make our community both an attractive place to live and a welcoming environment for business. The Business Plan, which includes the first ever ten-year operating plan, supports a balanced vision through proactive planning initiatives, exemplified by our work on Innovation Park and our commitment to improving the Town plans that facilitate affordable and accessible housing. In 2025, Saugeen Shores' annual investment in the Municipal Housing Allowance Subsidy increases from \$150,000 to \$225,000. Council has included funding in the budget for a grant to the Southampton Tennis Club of \$50,000 for two years, for court resurfacing, contingent of the club providing a level of public access.

The Town is faced with significant increases from Police and the Saugeen Valley Conservation Authority (SVCA) in 2025. Despite this, Council's focus on controlling cost increases in the rest of the Town's operations has ensured that the levy increase remains reasonable. This proactive stance ensures that the Town is not just responding to challenges but thoughtfully shaping the development of Town to benefit our entire community.

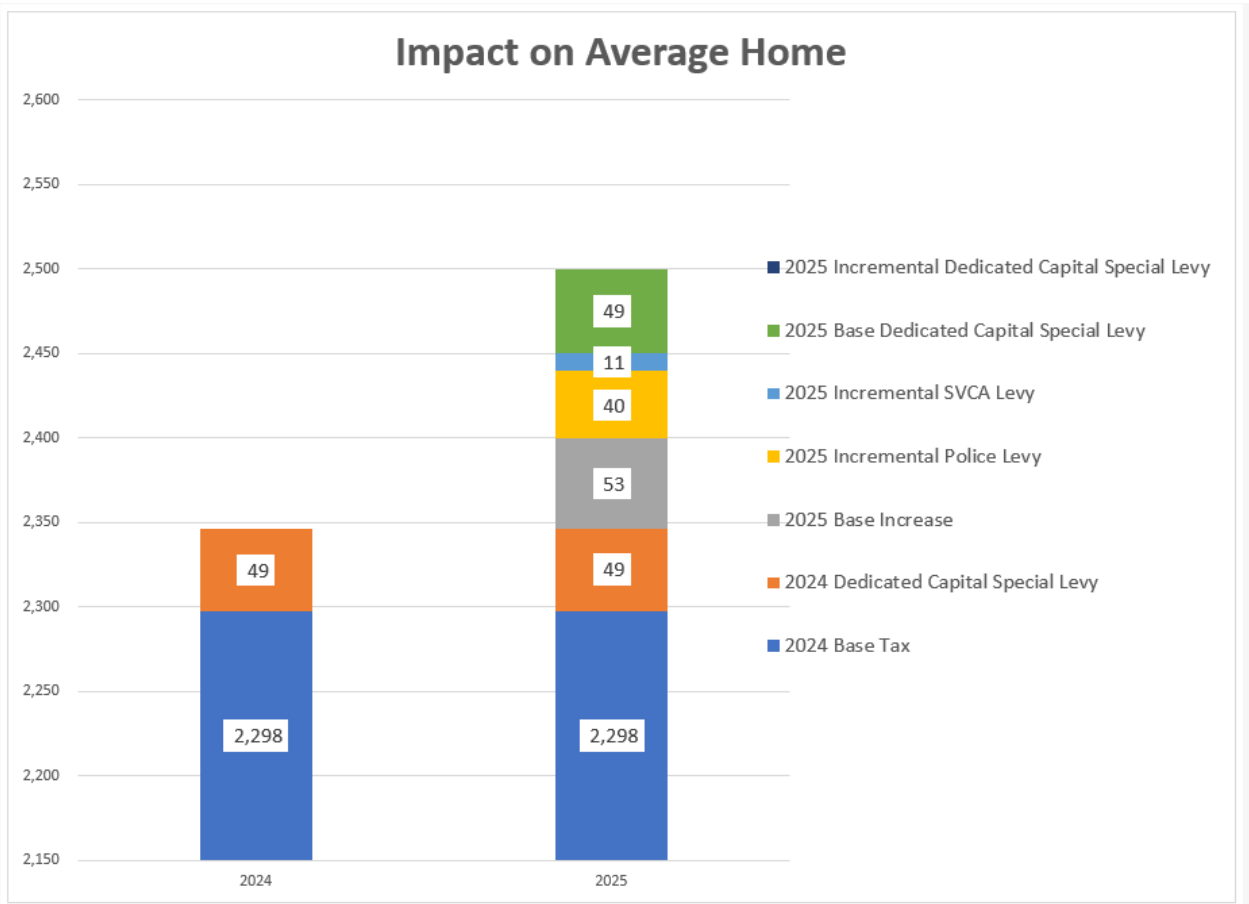
Deliberations during November 20 and 27, 2024 resulted in the following significant changes:

- Funding of the Art Society was not funded but referred to staff to negotiate in 2025
- Funding of \$50,000 for the Tennis Club was budgeted for two years
- Grant funding for the Community Planning Permit System of \$150,000 is being budgeted
- Capital spending reductions of \$13M to offset losses in OCIF, thereby avoiding a substantial increase to the Future Infrastructure Special Levy.
- Increases in Fees and Charges to 4.3% to match the percentage increase to the levy
- Increase in Harbour and Tourist Camp fees (\$53,000) toward increased service level
- Bruce C Engagement Officer added funded by Bruce Power
- A Heritage Committee Student added for one summer funded from reserve
- Spruce the Bruce grant (\$15,000) eliminated in recognition of County funding
- Ontario Municipal Partnership Fund (OMPF) increased by \$60,000
- Police and the Police Service Board presented budget increases of \$686,000
- SVCA submitted estimated budget increases for Saugeen Shores of \$106,000
- WSIB Worker's Compensation costs reduced to reflect revised estimates
- Final Assessment numbers are an improvement over the estimated values by \$63,000

On December 2, 2024, the Town received a request from the Sparks Training Centre and Pumpkinfest Committee for \$30,000 (attached). It is recommended that Council direct staff to use the tax-stabilization reserve / one time funding to support this request and that the Sparks Centre and Pumpkinfest be directed to work with staff to negotiate an agreement to be brought forward to Council for consideration in Q2 2025, similar to the direction on the Southampton Arts Society.

The changes incorporated into the final Business Plan result in a budget that delivers on the service needs of our community while ensuring that tax rates remain affordable. The estimated blended tax rate increase of 4.1% equates to an increase to the average household assessed at \$314,000 of \$183. This is based on the Education rate remaining flat and an estimated County increase of 5% or \$79. The lower-tier municipal portion of the increase is \$104, comprised of a base increase of \$53 and an incremental increase for Police and Saugeen Shores Conservation Authority of \$40 and \$11 respectively (see below):

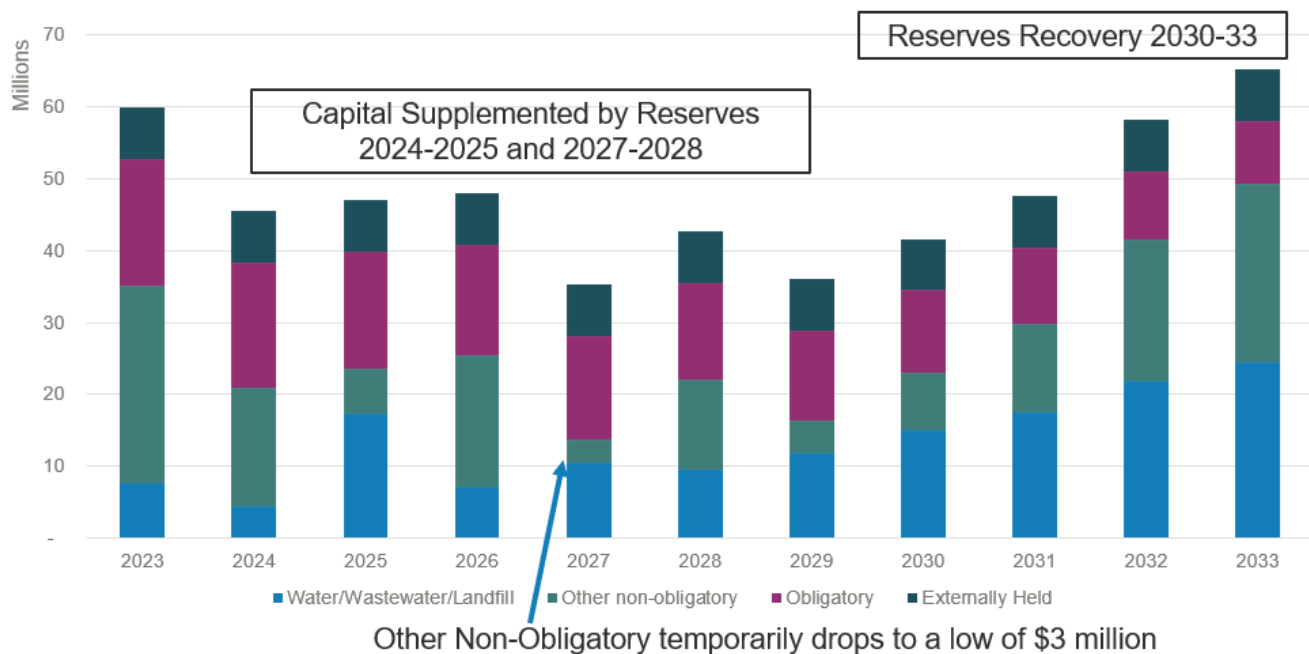
Town Taxes on Average Home
With an MPAC assessment of \$314,000



Additionally, an average home will see a \$49 increase to the rate-based Future Infrastructure Special Levy. The Special Levy 2025 increase is consistent with the increase that was planned in the 2024-2032 Business Plan. This was achieved despite the annual loss of Ontario Community Infrastructure Funding (OCIF) anticipated to grow to \$1.3M by 2028. This was achieved by selectively reducing capital spending in areas that will least impact residents. Improved estimates on the Port Elgin Fire Station, deferral of renovations to the Southampton Medical Clinic, Centralized Operations Depot and the Lamont Sports Park Canteen resulted in close to cumulative \$13 million of spending reductions to mitigate the OCIF loss.

The use of reserves (see Schedule V – Reserves 2024-2033) and debt allows the measured dedicated Future Infrastructure Special Levy to grow to the required funding level by 2032. Non-Obligatory Reserves will fall to a low of \$3 million before returning to \$25 million by 2033 (see below):

Reserves



Debt is summarized as follows:

- A further \$18 million of debt in 2025 for the AWC (for a total of \$42 million);
- Water and wastewater of \$25 million in 2024, \$26 million of debt in 2025 and a further \$40 million in 2027-2029 which would need to be funded by rate increases (may change pending results of studies);
- Large facilities projects (Fire Hall, Town Hall / Southampton Library) require \$16 million of debt in 2026-2028;
- Other debt of \$18 million in 2026-2028 to support the nine years of measured increases in the Special Levy; and
- \$9 million of debt in 2033 for Fire Truck, Centralized Depot and other projects;
- Annual loan payments will hit a high of over \$10 million based on 5% interest rate to support total debt equal to 67% of our Annual Repayment Limit of \$16 million; and

- Debt plan needs to be evaluated project by project on an annual basis to make sure debt is scaling appropriately with revenues.

Linkages

- Strategic Plan Alignment: Pillar 1: Meeting the Needs of a Growing Community
- Business Plan Alignment: Corporate Services Division Highlight

Financial Impacts/Source of Funding

2025 Tax Levy of \$24,494,116 and a rate-based dedicated Future Infrastructure Special Levy of \$988,291.

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Approved By: Kara Van Myall, Chief Administrative Officer