



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: December 9, 2024

Subject: SRFUN.24.22 2025 Budget Draft 3

Report from: David Munro, Interim Treasurer

Appendices: Appendix A – Reserves Draft 3

Appendix B – 2025 Capital Budget Draft 3

Appendix C – 2025 Operating Budget Draft 3

Appendix D – 2025 Budget tax examples

Recommendation

Be It Resolved that Council hereby,

1. Approves the Final 2025 Budget Draft 3;
2. Directs staff to bring back a by-law at the next available Council meeting to bring force and effect to this budget.

Report Summary

The Municipality received several responses to our request for proposal for the site preparation portion of the Fire Hall & Public Works Building. This allowed an update to the recommendation regarding funding.

The Ontario government has pledged to reduce the 2025 Ontario Provincial Police bill. It is recommended that if this is realized in 2025, the resulting overall surplus be used to build back working capital reserve.

There has been one change to the 2025 Capital plan as there was a new (higher) estimate on one of Transportation Services projects.

There have been several small changes to the Operating Plan resulting in a decrease in the tax rate increase to 5.0%.

It is recommended the 2025 Budget Draft 3 be marked final, and approved by Council.

Background

November 4, 2024 Draft 1 presented to Council
November 12, 2024 Public Presentation
November 25, 2024 Draft 2 presented to Council

Analysis

Reserves

Appendix A – Reserves Draft 3 is attached. It incorporates the changes to the reserves from the 2025 Budget Draft 3 (both Operating and Capital) as well as the funding of the Fire Hall & Public Works Building.

Capital

Fire Hall & Public Works Building

The Municipality received responses from the Request for Proposal (RFP) for site preparation and a recommendation to select the lowest bid. The expenses and funding have been updated, as indicated in the table below. This includes the 2025 budgeted land sales. The Municipality will need to fund \$1,811,291.

EXPENSES	
Domm Construction	\$2,740,000
non-recoverable HST	\$48,224
Site Prep (including \$50K contingency and non-recoverable HST)	\$913,342
Landscaping	\$10,000
Standby Generator	\$100,000
Compressor	\$75,000
Radio Tower	\$10,000
Furnishings (including gym and audio-visual equipment)	\$50,000
Project Manager	\$60,000
Contingency	\$737,060
Total Expenses	\$4,743,626

FUNDING	
Paisley Fire Reserve	\$355,117
Paisley Bell Mobility Reserve	\$103,040
Common Fire Reserve	\$90,133
Fundraising	\$200,000
Canada Community Building Fund (formerly Gas Tax) reserve	\$1,194,406
Surplus land proceeds reserve ("Planning & Development")	\$989,639
sub-total	\$2,932,335
Funding Requirement	\$1,811,291

1) If the Municipality borrows from Infrastructure Ontario for **five** years, fixed term (no repayments), fixed rate (at date of occupancy expected late 2025), the loan can be paid back from the following sources in 2026 – 2030:

- Canada Community Building Fund (CCBF) \$225,000 per year 2026 – 2030
- Capital transfers from Brockton and Kincardine \$66,407 per year 2026 – 2030
- Total sources of repayment per year \$291,407

At today's rate of 3.52%, this funds \$1,338,143.00

This leaves \$473,147 to be used from the Working Capital reserve which will be built back within five years from future land sales (e.g. old Fire Hall land, and old Public Works yard land).

2) Alternatively, if the Municipality borrows more, then less if removed from reserves. If the Municipality borrows from Infrastructure Ontario for **ten** years, fixed term (no repayments), fixed rate (at date of occupancy expected late 2025), the Municipality can pay the loan back from the following sources in 2026 – 2035:

- Canada Community Building Fund (CCBF) \$225,000 per year 2026 – 2035
- Capital transfers from Brockton and Kincardine \$66,407 per year 2026 – 2035
- Total sources of repayment per year \$291,407

At today's rate of 3.87%, this funds \$2,421,008.

Staff recommends Option 1 to Council.

Remainder of the 2025 Capital projects

The Municipality received a new estimate of \$605,000 plus HST for capital project 23-TRAN-0029 BRIDGE/CULVERT-(E) - Con 6 Elderslie, east of Lockerby Bridge. This \$407,276 was funded from Ontario Community Infrastructure Fund (OCIF) and \$208,372 from the Working Capital reserve.

Please refer to Appendix B – 2025 Capital Budget Draft 3 for a detailed list of the 2025 Capital projects. Note, capital project 25-RECC-4153 - Paisley Ball Diamond Enhancements, is fully funded by donations and will only proceed if the donations are achieved.

Operating

Appendix C – 2025 Operating Budget Draft 3 is a detailed budget by department. Staff have made several small changes since Draft 2.

As per the November 25, 2024, Council meeting, staff increased the Community Grants and Donations budget by 3.5% (\$1,245) to \$36,843 (account 01-7410-4633).

Saugeen Valley Conservation Authority (SVCA) 2025 draft budget increased their levy to Arran-Elderslie from \$57,817 to \$69,251 – a levy increase of 20% plus an additional \$2,762 for cost apportioning (account 01-2031-4671). The 2024 budget did not include the 2024 levy increase.

Staff have financed the Project Manager in the Transportation Department (01-2510) from the Fire Hall & Public Works Building project. This reduced total expenses by \$60,000.

Staff made a few small changes to the Fire Department Operating Budget and the transfer from Chatsworth increased slightly in 2025 from \$84,288 to \$85,652.

Staff added \$1,000 to the Recreation budget for a 2024 approved item that will be done in 2025 (relating to the Silver Spur Saddle Club new sand project in Tara).

Staff reduced the natural gas budget for the Municipal office (account 01-1020-4371) by \$1,879 based on 2022 – 2024 actuals.

The training budget was increased by \$8,000.

The miscellaneous revenue budget decreased by \$10,000 and increased the investment income budget by \$19,000.

The sum of these Operating Budget changes allowed staff to reduce the Municipal tax rate increase to 5.0%.

The Municipal 2025 Operating Budget is balanced.

The Ontario government has pledged to reduce the 2025 Ontario Provincial Police bill. Staff recommends that if this is realized in 2025, the resulting overall surplus be used to build back working capital reserve.

Appendix D gives some examples to show the dollar increase associated with a municipal 5.0% tax rate increase. At the moment, the County tax rate increase is estimated, and is not yet final, and therefore, subject to change.

Link to Strategic/Master Plan

6.4 Leading Financial Management

Financial Impacts/Source of Funding/Link to Procurement Policy

A 5.0% increase in the municipal tax rate covers all of the Municipal Operating Budget increases including inflation, new positions, and one-time studies.

Municipal reserves and prior year grants that have been saved, allows the Municipality to finance more than half of the new Fire Hall & Public Works Building. A 5-year loan is planned from Infrastructure Ontario. The funding to make the loan payments has been identified.

Approved by: Emily Dance, Chief Administrative Officer