



**Meeting Date:** December 18, 2024

**Submitted by:** Tiffany Farrell, Director of Corporate Services

**Report No:** CPS-63-2024

**Subject:** Budget 2025

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**Recommendation:**

THAT Report CPS-63-2024, re: Budget 2025 be received for information; and

THAT Council approves By-law 2024-107 to adopt the current budgetary estimates for the year 2025; and

THAT Council approves Bylaw 2024-112 to establish a levy for the year 2025, to adopt tax rates for 2025 and to provide for penalty and interest in default of payment and the collection thereof.

**Purpose:**

To provide Council with the proposed 2025 operating and capital budget.

**Background:**

The budget prepared by staff brings together the aims of municipal guiding documents such as the strategic plan, master plans and the asset management plan, and insights gathered through the public budget survey, budget working group meetings and informal feedback. The budget is prepared taking into consideration input from the community and direction from Council.

Each year, Council approves an annual budget, made up of two parts:

- Operating Budget – Annual operations of municipal facilities and services, primarily funded through property taxes and user fees.
- Capital Budget – Capital program for all municipal projects, funded through taxes, water and sewer fees, development charges, debt, grants, or other reserve funds.

**Analysis:**

Middlesex Centre undertakes a budget development process to create a budget that supports the municipal operations and delivers the programs and services required to maintain the high quality of life our community enjoys.

On November 27, 2024, staff presented the 2025 Capital and Operating Budget to Council. Below is a list of all the changes that have occurred since the presentation, and which are included in the final draft budget.

- Updated the final property tax assessments values, which were published by MPAC at the end of November 2024.
- Incorporated the final budget amounts from the conservation authorities for their 2025 budgets.
- Adjusted OPP costs based on the Solicitor General letter received November 29, 2024. The municipality received notification from the Solicitor General that the OPP costs for Middlesex Centre would decrease from the proposed \$2,828,336 to \$2,421,045, resulting in a 4.8% increase instead of the initially proposed 22.4%.
- Received final insurance estimate which decreased the insurance costs in the budget from a 15% to a 9.1% increase.
- Reduced payroll related costs, mainly due to lower WSIB rates received for 2025.
- Reduced reserve funding requirements from \$186,400 to \$70,000 based on changes noted above.
- Updated capital carry forward amounts for work related to capital projects budgeted in 2024 and rescheduled to 2025.
- Updated the transition ratio for the VT property class when the province released the approved transition ratio on December 10, 2024

Attached to this report is the 2025 final draft budget booklet which includes both capital and operating budget information. The goal of the 2025 budget booklet is to present the budget to our residents in a way that is open and understandable.

The 2025 final draft budget is proposing a 4.27% tax rate increase over 2024. Within the recommended 4.27% tax rate increase, Middlesex Centre has the fundamental building blocks of a well-considered municipal budget. There are no service level cuts, and we are prioritizing good asset and reserve fund management. The 2025 budget addresses increasing costs of capital projects, maintains the current level of services and allows for needed infrastructure construction and repair. The 2025 budget is balanced, however, to accomplish this staff recommended using \$70,000 from operating reserve funds. Using reserve funds to balance the operating budget is not recommended nor is it a continuous solution to balance the budget.

The impact of using reserve funds to balance the budget is evident when comparing the 2024 and 2025 budgets.

In 2024, \$516,000 was drawn from the tax rate stabilization reserve to reduce the tax rate. This decision led to a 3.22% tax rate increase for 2024, which would have been 5.42% without the use of these funds. In contrast, although the 2025 budget reflects lower overall expenses compared to 2024, a higher tax rate increase will be required as only \$70,000 will be transferred from reserves.

Using reserve funds in this way is not recommended as a long-term strategy as it reduces the available reserves for future years, which could impact Middlesex Centre's financial flexibility in case of unforeseen emergencies or additional budget gaps.

There is still some information that is outstanding. These items are listed below. Estimates have been included in the 2025 final draft budget to account for these outstanding items.

- Federal and Provincial grant opportunities have been announced and staff continue to actively pursue viable grant opportunities to leverage wherever possible. No funding is confirmed and included in the 2025 budget unless it has been confirmed.
- The final BMA Municipal Study.

### **Financial Implications:**

As outlined in the attached documents for the 2025 budget.

### **Strategic Plan:**

This matter aligns with following strategic priorities:

The process of developing the budget and the budget itself directly responds to:

- Responsive Government - Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective service delivery
  - By sharing information and gathering input, continuing our timely and effective communication to the public.
  - By reviewing and enhancing our processes
- Sustainable Infrastructure and Services - Objective 4.3 – Continue with our asset management plan and apply a financial sustainability lens to all municipal assets and infrastructure
  - By progressively updating our asset management plan and building the reserve funds for the timely repair/replacement of our assets, and expanding our current practice of making annual reserve fund contributions toward the cost of projected asset management expenditures

- By communicating our approach to capital projects and communicating clearly with the public on capital spending priorities in terms of costs, benefits, funding sources and timing.
- Responsive Government - Objective 5.1 – Enhance Customer Service
  - By expanding opportunities for digital and on-line services.
- Responsive Government - Objective 5.2 – Foster a culture of mutual trust and respect within Council and between Council and staff
  - By reinforcing a common purpose among Council members and promoting teamwork between Council and staff.
- Sustainable Infrastructure and Services - Objective 4.1 – Improve safety for road users
  - By addressing road safety challenges and implementing existing traffic calming policies on Middlesex Centre roads.
  - Work collaboratively with Middlesex County to implement safety improvements in the Glendon Drive corridor.
- Sustainable Infrastructure and Services - Objective 4.2 – Expand existing services in accordance with the pace of new development, and apply a financial sustainability lens to all municipal services and programs
  - By analyzing and projecting the operating cost impacts of new residential development.

**Attachments:**

A1 Final Draft Budget Book 2025