



Corporate Report

REPORT NUMBER 001-2025-Corporate Services-Finance	
DATE PREPARED January 7, 2025	FILE
MEETING DATE January 30, 2025	
SUBJECT Proposed 2025 Operating Budget	

RECOMMENDATION

WITH RESPECT to Report 1-2025-Corporate Services-Finance, we recommend that the proposed 2025 Operating Budget for tax- and rate-supported operations be approved as outlined in this Report;

AND THAT the 2025 Tax-Supported Operating Budget of \$385,052,500 be approved as outlined in this Report;

AND THAT the 2025 Municipal Taxes raised to support the Tax-Supported Operating Budget, including Assessment Growth, be approved at \$219,063,800 as outlined in this Report;

AND THAT with respect to the Tax-Supported Operating Budget, contributions to reserves and reserve funds from operations totalling up to \$10,127,900 and transfers from reserves and reserve funds totalling up to \$1,204,100 be approved as outlined in this Report;

AND THAT the Waterfront District Business Improvement Area levy of \$117,300 be approved;

AND THAT the Victoria Avenue Business Improvement Area levy of \$60,000 be approved;

AND THAT the 2025 Solid Waste (Landfill) Operating Budget be approved at \$5,076,300 gross expenditure and \$921,500 net income, with a contribution to the Solid Waste – Landfill Reserve Fund to result in \$0 net income;

AND THAT the 2025 Waterworks Operating Budget be approved at \$29,077,600 gross expenditure and \$8,154,000 net income, with a contribution to the Waterworks Reserve Fund to result in \$0 net income;

AND THAT the 2025 Wastewater (Sewer) Operating Budget be approved at \$24,162,400 gross expenditure and \$4,925,700 net income, with a contribution to the Wastewater Reserve Fund to result in \$0 net income;

AND THAT the 2025 Prince Arthur's Landing – Boater Services Operating Budget be approved at \$499,700 gross expenditure and \$152,600 net income, with a contribution to the Boater Services Capital Reserve Fund to result in \$0 net income;

AND THAT the 2025 Parking Operating Budget be approved at \$2,891,700 gross expenditure and \$562,200 net income, with a contribution to the Parking Reserve Fund to result in \$0 net income;

AND THAT User Fee By-law 028-2007, as amended, be repealed and replaced with draft By-law 024-2025, as appended to this report as Attachment B;

AND THAT reconciliation adjustments for the Budget presentation in accordance with Ontario Regulation 284/09 and Public Sector Accounting Board Standards be approved as outlined in this Report;

AND THAT any necessary by-laws be presented to City Council for ratification.

LINK TO STRATEGIC PLAN

The Proposed 2025 Operating Budget supports the City of Thunder Bay's strategic direction to plan and deliver cost-effective services, with a focus towards ensuring accountability of the City's financial resources. The annual Budget is the primary mechanism through which City Council allocates its resources to achieve its strategic goals and objectives.

The Budget also directly supports the growth and sustainability pillars of the 2023-2027 Strategic Plan by funding strategic service enhancements and making targeted investments in initiatives that drive growth and long-term sustainability.

EXECUTIVE SUMMARY

The purpose of this Report is to present the City of Thunder Bay proposed 2025 Operating Budget (Tax- and Rate-Supported) to City Council for consideration and approval. City Council will deliberate the Budget in accordance with the amended Budget Calendar with anticipated ratification at the February 10, 2025 City Council meeting.

Under the Council-approved 2025 budget mandate, Administration worked diligently to develop a fiscally responsible budget, targeting a municipal tax levy increase of no more than 3.8% while limiting personnel services costs, excluding Workplace Safety and Insurance Board (WSIB) expenses, to a 1% increase.

Overall, the proposed 2025 Tax and Rate-Supported Operating Budget includes total gross spending of \$448,839,600 (2024: \$431,033,900) an increase of \$17,805,700 or 4.1% over the previous year.

The Municipal Tax Levy required to support the operating budget is \$217,370,400, an increase of \$7,769,500 or **3.7%** over the previous year; below the Council-approved mandate.

Other Key highlights include:

- The 2024 growth in the assessment base from new construction and expansions, after accounting for demolitions and successful assessment appeals, is expected to contribute \$1,693,400 in additional tax revenue in 2025. This Assessment Growth will be allocated into a new Assessment Growth Reserve Fund, which will be invested in future growth-related activities.
- Personnel services costs, excluding Workplace Safety and Insurance Board costs, were limited to a 1% increase.
- Most Agencies, Boards, and Commission (ABC) budget submissions exceeded 3.8%. However, an increase in the Ontario Municipal Partnership Fund (OMPF) allocation was used to offset this impact.
- Rate-supported Operating Budgets were developed consistent with the respective Financial Plans. Any net income generated is directed to the respective reserve funds to support future requirements.

This budget fully achieves City Council's 2025 budget mandate. The Proposed 2025 Tax- and Rate-Supported Operating Budget is provided in **Attachment A: Proposed 2025 Operating Budget**.

DISCUSSION

What's New

The 2025 Budget presentation has been transformed to prioritize readability, comprehension, and meaningful communication of budget priorities and financial impacts. The primary sections include:

- Proposed 2025 Budget Overview – a high-level summary of the financial impacts of the budget
- The City at a Glance – a community profile and a summary of how the budget supports the City's strategic plan
- Budget Framework – a summary of the budget process and the 2025 budget mandate approved by Council
- Understanding How Our City is Funded – additional detail on the various municipal funding sources

- Proposed 2025 Operating Budget – a summary of the staffing changes and financial impacts of the budget
- Department/Division Summaries – detailed budgets for each City Division as well as Agencies, Boards, and Commissions. Each Division includes a summary of the programs and services, 2025 priorities, a staffing summary, and a budget summary. **After each budget summary, a “Summary of Changes 2025 vs 2024” is provided to assist Council with its budget deliberations.** This summary explains the year-over-year changes within the following categories:
 - Inflationary – Increases to expenses (or revenues) due to the rising cost of materials or services
 - Line-by-Line Review Adjustments – Each line is reviewed to determine appropriateness based on recent experience or expectations
 - Program Funding Adjustments – Changes to programs mandated by other levels of government
 - Service Enhancements – Increases or additions to services provided by the City.
 - Affordability Measures – Actions taken by the City to ensure the budget remains fiscally responsible; including cost-saving initiatives, revenue generation strategies, and measures to minimize financial impacts
 - One-Time – Budgeted expenses and revenues that are temporary in nature (e.g. pilot program, one time grant).
- Glossary – Key terms and definitions
- Appendix 1-Debentures and Internal Loans – a detailed summary of all the City’s debentures and internal loans
- Appendix 2-Reserves and Reserve Funds Usage – a detailed summary of the contributions to and transfers from reserves and reserve funds in the budget
- Appendix 3-Estimated Uncommitted Reserves and Reserve Funds – a detailed summary of the estimated 2025 ending uncommitted balance of reserves and reserve funds including proposed 2025 budget usage
- Appendix 4-2025 User Fee Schedules – 2025 user fee schedules for each Division are provided.

In addition, certain budget lines have been reclassified to be more consistent and some expenses that were previously considered “corporate” have now been moved to specific division(s) or business units to more accurately reflect the full cost of the services. In these cases, the prior year budget comparators have also been restated.

These enhancements support a comprehensive yet approachable format for Council, the public, and other stakeholders.

Strong Mayor Powers

Amendments have been made to the *Municipal Act, 2001* (Part VI.1) (“strong mayor powers”) that grant new powers and duties to mayors of designated municipalities, in addition to their role as head of council (section 225) and chief executive officer (section

226.1). On October 31, 2023, the City of Thunder Bay was added to the list of designated municipalities in Ontario Regulation 530/22.

With respect to the annual budget, as a strong mayor municipality, the Mayor has the duty to present the proposed City Budget no later than February 1st to City Council. If the Mayor does not present a proposed budget, the duty would revert to City Council. With respect to this responsibility, the Mayor issued a Mayoral Decision on July 15, 2024, of his intention not to exercise this power with respect to the 2025 Budget.

The proposed 2025 Operating Budget presented in this Report corresponds with the Mayoral Decision issued by the Mayor.

Budget Process

Budget Policy 05-02-01 supports the effective allocation of human, technological, and financial resources to achieve the City's goals and objectives. The City of Thunder Bay has established service levels in accordance with legislation, Council direction, or best practices. Where there has not been explicit direction, service levels reflect Administration's understanding of what residents have come to expect from the municipality.

Administration is responsible for ensuring the preparation and effective management of the municipal budget. City Council reviews and approves the annual operating and capital budget estimates for all municipal Departments as well as the Agencies, Boards, and Commissions (ABCs) under its jurisdiction.

Historically, the Operating and Capital Budgets are presented at the same time. On October 28, 2024, pursuant to a recommendation from Administration, City Council passed a notice of motion amending the 2025 Budget Calendar, enabling the Capital Budget to be presented separate from the Operating Budget. The 2025 Capital Budget was deliberated and approved by Committee of the Whole on November 25, 2024 and was ratified on December 9, 2024.

In accordance with the amended 2025 Budget Calendar, Committee of the Whole will deliberate the proposed 2025 Operating Budget at Special Committee meetings on the following dates:

- January 30, 2025
- February 3, 2025
- February 5, 2025.

Ratification of the 2025 Operating Budget is scheduled to occur on February 10, 2025.

2025 Budget Mandate

In August 2024, Administration presented Report 287-2024 (Corporate Services-Office of the City Treasurer) which recommended a budget mandate including the following components:

- Municipal levy increase for both operating and capital budgets to be no more than 3.8% before growth, for those programs and services within the City’s direct control
- Personnel services increases in 2025, with exception of Workplace Safety and Insurance Board (WSIB) costs, to be limited to 1%
- Amount of spending on “new” capital be capped at 20% of the total Capital Budget
- Assessment Growth be allocated to a new Assessment Growth Reserve Fund to be invested in growth-related activities.

Council approved the 2025 budget mandate as recommended by Administration. At Council’s direction, the ABCs were asked to align their 2025 budget requests with the 3.8% target.

The mandate was ambitious considering significant inflationary pressures, council directed/approved initiatives, and proposed expansions for programs and services. Across the province Municipalities are facing tax levy increases that exceed inflation. The table below shows some comparative municipalities and their 2025 approved or targeted tax levy.

Municipality	Tax Levy Increase	Status
Chatham-Kent	4.99%	Approved
Hamilton	6.9%	Target
Kingston	8.9%	Approved
Niagara Region	9.6%	Approved
Ottawa	3.9%	Approved
Sault Ste Marie	3.68%	Approved
Sudbury	4.8%	Approved
Timmins	3.79%	Target

Through effective collaboration and accountability, Administration has successfully achieved the 2025 budget mandate:

- The 2025 Capital Budget was presented to Committee of the Whole in November 2024 in line with the mandate and ratified by City Council on December 9, 2024.
- The proposed 2025 Operating Budget, as presented would require a Municipal Levy Increase of **3.7%**.

- Assessment growth from prior year construction activity (expansions and new buildings) less lost assessment from demolitions and successful assessment appeals, is projected to generate \$1,693,400 in new tax revenue for 2025. Through the proposed 2025 Operating Budget, this additional tax revenue will be transferred into the Assessment Growth Reserve Fund.

Staffing Complement

The staffing resources needed to deliver the services outlined in the proposed 2025 Operating Budget, excluding ABCs, total 1,844.6 full-time equivalent (FTE) positions, reflecting a net increase of 24.7 FTEs compared to 2024. The budget reflects the 2024 corporate reorganization which established the Growth Department. Other proposed staff expansions in 2025 are, for the most part, fully funded by grants, additional revenue generation, reserves and reserve funds, or offset by other FTE reductions.

Department	2024 FTEs	2025 FTEs	Increase/ (Decrease)
Mayor’s Office	2.0	2.0	-
City Manager’s Department	63.4	65.5	2.1
Corporate Services Department – Tax	131.1	130.2	(0.9)
Corporate Services Department – Rate	8.5	8.5	-
Community Services Department	876.7	887.2	10.5
Growth Department	57.5	64.5	7.0
Infrastructure & Operations Department – Tax	533.8	536.7	2.9
Infrastructure & Operations Department – Rate	146.9	150.0	3.1
Total	1,819.9	1,844.6	24.7

Further detail on each proposed FTE expansion/reduction/redeployment is provided in the Department/Divisional Summaries in **Attachment A: Proposed 2025 Operating Budget**.

Proposed 2025 Tax-Supported Operating Budget

The proposed 2025 Tax-Supported Operating Budget includes total gross spending of \$385,052,500 (2024: \$369,598,000) an increase of \$15,454,500 or 4.2% over the previous year.

Attachment A: Proposed 2025 Operating Budget provides detailed budget summaries for each City Department/Division, along with the Agencies, Boards, and Commissions (ABCs). Revenues directly associated with specific programs are included within the corresponding division’s budget summary, ensuring that program-specific costs and funding sources are clearly aligned.

A summary of the resulting “net cost” –calculated as the difference between total expenditures and program-specific revenues– is presented in the figure below. The

figure also includes Corporate Expenditures and Revenues, which cannot be reasonably allocated to a specific program.

Department Net Cost (\$000s)	2024 Budget \$	2025 Budget \$	Change \$	Change %
Corporate Expenditures	19,002.0	19,617.8	615.8	3.2%
City Council	1,247.7	1,295.6	47.9	3.8%
City Departments				
City Manager Department	9,488.6	10,227.5	738.9	7.8%
Corporate Services	12,239.0	12,761.2	522.2	4.1%
Community Services	53,710.9	54,121.5	410.6	0.8%
Growth	5,142.3	6,934.1	1,791.8	34.8%
Infrastructure and Operations	78,888.8	80,771.3	1,882.5	2.4%
Subtotal City Departments	159,469.6	164,815.6	5,346.0	3.4%
Agencies, Boards, and Commissions	89,960.7	94,380.2	4,419.5	4.9%
Total Net Cost	269,680.0	280,109.2	10,429.2	3.9%
Corporate Revenues	60,079.1	62,738.8	2,659.7	4.4%
Municipal Tax Levy – Operating	209,600.9	217,370.4	7,769.5	3.7%
Assessment Growth		1,693.4		
Total Municipal Taxes to be Raised		219,063.8		

The Municipal Tax Levy required to support the Operating Budget is \$217,370,400 which is \$7,769,500 or **3.7%** more than the previous year.

The growth in the assessment base during 2024 from new construction and expansions, less lost assessment from demolitions and successful assessment appeals, is expected to generate \$1,693,400 in tax revenue in 2025. The proposed 2025 Operating Budget allocates Assessment Growth into a new Assessment Growth Reserve Fund to be invested in future growth-related activities. Therefore, the total municipal taxes to be raised in 2025 for the tax-supported operating budget, including Assessment Growth, is \$219,063,800.

Personnel Services costs account for two-thirds of the City’s tax-supported operating expenditure budget so capping the personnel services increase at 1% was the key to achieving the mandate. As explained in the 2025 Budget Highlights section of **Attachment A**, the 1% personnel services target was achieved by increasing vacancy savings allowance to reflect vacancy levels the City has experienced since the pandemic. The proposed budget also more accurately reflects the impact that WSIB costs have had on City Budgets.

At Council's direction, the Agencies, Board, and Commissions (ABCs) were asked to align their 2025 budgets with the 3.8% target; however most budget submissions exceeded this level. In total, ABC submissions were \$1.0 million higher than the 3.8%.

In late October, the Province announced an increase to the 2025 Ontario Municipal Partnership Fund (OMPF) to assist municipalities in providing critical municipal services to people across the province. The City's 2025 allocation increased by \$3.3 million (15.6%) from \$21.1 million to \$24.4 million. The proposed budget allocates this increase as follows:

- **\$800,000** – Represents a 3.8% increase to prior year OMPF, consistent with the 3.8% tax levy mandate, to support existing City services.
- **\$1,001,000** – Most ABCs were unable to achieve the 3.8% target, so \$1.0 million of the OMPF increase is allocated to offset the ABC impact on the tax levy and bring it in-line with the to 3.8% target

Budget Enhancements:

- **\$400,000** – Increased contribution to the Superior North EMS Reserve Fund which will be used to replace Ambulances that are at end of life.
- **\$90,000** – To fund a 4th leaf and yard waste pick-up day to support the City's waste diversion program.
- **\$1,009,000** – The balance of the OMPF increase is directed towards a new Solid Waste & Recycling Reserve Fund. Future tax-supported operating budgets will bear a significant cost increase due to the Provincially mandated Organics Program. This reserve fund will help smooth the impact on the tax levy in future years.

The 2025 Capital Budget was ratified on December 9, 2024, and included \$22,642,600 financed from the tax levy. Therefore, the total Municipal Taxes to be Raised in 2025 (Operating and Capital) would be \$240,013,000.

2025 Rate-Supported Operating Budget Highlights

Rate-supported operations include Solid Waste (Landfill), Waterworks, Wastewater (Sewer), Prince Arthur's Landing – Boater Services, and Municipal Parking Services. These operations are supported by user fees rather than municipal taxation revenues. Any net income generated in these programs is transferred into their respective reserve fund to finance future requirements.

Department/Division (\$000s)		2024 Budget	2025 Budget	Change \$	Change %
Solid Waste (Landfill)	Revenues	5,199.0	5,997.8	798.8	15.4%
	Expenditures	4,867.5	5,076.3	208.8	4.3%
	Net Income	331.5	921.5	590.0	178.0%
Waterworks	Revenues	36,158.3	37,231.6	1,073.3	3.0%
	Expenditures	28,087.3	29,077.6	990.3	3.5%
	Net Income	8,071.0	8,154.0	83.0	1.0%
Wastewater (Sewer)	Revenues	28,246.6	29,088.1	841.5	3.0%
	Expenditures	23,672.7	24,162.4	489.7	2.1%
	Net Income	4,573.9	4,925.7	351.8	7.7%
Boater Services	Revenues	633.1	652.3	19.2	3.0%
	Expenditures	481.2	499.7	18.5	3.8%
	Net Income	151.9	152.6	0.7	0.5%
Municipal Parking Services	Revenues	3,257.6	3,453.9	196.3	6.0%
	Expenditures	2,738.8	2,891.7	152.9	5.6%
	Net Income	518.8	562.2	43.4	8.4%
Total Net Income		13,647.1	14,716.0	1,068.9	7.8%

Highlights for the 2025 proposed Rate-Supported Operating Budgets are presented below.

Solid Waste (Landfill)

The Proposed 2025 Solid Waste (Landfill) Budget has been prepared, consistent with the Solid Waste Financial Plan.

The Proposed 2025 Operating Budget for Solid Waste (Landfill) is \$5,076,300 (2024: \$4,867,500). The minimum charge for a trip to the landfill remains at \$10 applicable on loads up to 120kg. Consistent with the Solid Waste (Landfill) Financial Plan, tonnage charges for loads over 120kg will increase 3.0% to \$91.89/tonne up \$2.70/tonne from 2024. The effective date for the proposed fee increases is April 1, 2025. Projected net income of \$921,500 (2024: \$331,500) would be transferred to the Solid Waste – Landfill Reserve Fund.

Waterworks

The Proposed 2025 Waterworks Budget has been prepared, consistent with the approved Water Authority Financial Plan. In accordance with Ontario Regulation 453/07, this plan funds necessary work, both operating and capital, and maintains affordable water rates over the long term.

The Proposed 2025 Operating Budget for Waterworks is \$29,077,600 (2024: \$28,087,300). Effective April 1, 2025, all water fixed and volumetric charges are recommended to increase by 3.0% to meet future financial requirements as per the Water Authority Financial Plan. Other program charges will also increase by 3.0%

consistent with water rate changes. Projected net income of \$8,154,000 (2024: \$8,071,000) would be transferred to the Waterworks Reserve Fund.

Wastewater (Sewer)

The Proposed 2025 Wastewater (Sewer) Budget has been prepared, consistent with the approved Wastewater System Financial Plan.

The Proposed 2025 Operating Budget for Wastewater is \$24,162,400 (2024: \$23,672,700). The Wastewater surcharge is proposed to remain at 90% of the total water fixed and volumetric charge, consistent with the Wastewater System Financial Plan. Projected net income of \$4,925,700 (2024: \$4,573,900) would be transferred to the Wastewater Reserve Fund.

Prince Arthur's Landing – Boater Services

A Boater Services Financial Plan will be developed in 2025.

The Proposed 2025 Operating Budget for Boater Services is \$499,700 (2024: \$481,200). Projected net income of \$152,600 (2024: \$151,900) would be transferred to the Boater Services Capital Reserve Fund.

Municipal Parking Services

The Proposed 2025 Municipal Parking Services Budget has been prepared, consistent with the approved Parking Financial Plan as amended.

The Proposed 2025 Operating Budget for Parking is \$2,891,700 (2024: \$2,738,800). Budgeted revenue has been reduced to reflect the reduced hours of paid parking as approved by Council in December 2024. Projected net income of \$562,200 (2024: \$518,800) would be transferred to the Parking Reserve Fund.

Reserve and Reserve Funds

Reserve and Reserve Fund Policy No. 05-01-08 supports long-term financial stability and flexibility for the Corporation. The proposed 2025 Operating Budget includes contributions to reserves and reserve funds totalling \$24,809,100 and transfers to operations totalling \$1,204,100.

Appendix 2 in **Attachment A** presents the proposed 2025 Budget reserve and reserve fund contributions and transfers. Significant proposed transactions are highlighted as follows:

- Assessment Growth Reserve Fund – New proposed reserve fund is included in the 2025 Operating Budget in order to support growth-related initiatives and includes a contribution of \$1,693,400.

- Municipal Accommodation Tax Reserve Fund – Includes contribution of \$1,981,900 representing 50% of the expected net Municipal Accommodation Tax (MAT) revenues. This is an increase of \$481,900 compared to the prior year.
- Renew Thunder Bay Reserve Fund – Includes the reinstatement of an annual reserve fund contribution of \$150,000.
- Superior North EMS Capital Reserve Fund – Includes a contribution of \$1,630,500 including an increase of \$400,000 to fund ambulance replacements considering significant cost escalation.
- Solid Waste and Recycling Reserve Fund – New proposed reserve fund in 2025, includes a one-time contribution of \$1,056,000 to prepare for the implementation of the Organics (Green Bin) Program.
- Stabilization Reserve – Includes a contribution of \$500,000, based on the fixed annual dividend amount as outlined within the Council-approved Tbaytel Dividend Policy.

A full listing of estimated reserve and reserve fund balances is presented in Appendix 3 of **Attachment A**. The estimated balances as at December 31, 2024 are unaudited and subject to change through the 2024 year-end process. The total estimated uncommitted reserves and reserve funds, considering proposed contributions and withdrawals for Operating and the approved Capital Budget in 2025, is \$112.3 million.

Through the Budget, Administration is recommending the establishment of two new discretionary reserve funds: the Solid Waste & Recycling and Assessment Growth Reserve Funds. In accordance with the Reserve and Reserve Fund Policy, following budget approval, the respective By-law and Reserve Fund Schedules will be presented to City Council to formally establish these new reserve funds.

Financial Disclosure Requirements

Section 290 of the *Municipal Act* requires municipalities to prepare balanced budgets which include estimates of all sums required during the year for the purposes of the municipality.

Ontario Regulation 284/09 permits municipalities to exclude the following expenses from their municipal budgets:

- Post-employment benefits expenses – Employee future benefits include benefits which are earned by the employee in the current period but are not paid for by taxes or rates until a future period. These benefits include sick leave, vacation pay, health and dental care, life insurance and Workplace Safety and Insurance Board (WSIB) payments. The impact (change) of employee future benefits

expense is a decrease to the accumulated surplus and is estimated to be \$3,064,200 in 2025.

- Solid waste landfill closure and post-closure expenses – Under the *Ontario Environmental Protection Act*, the City is required to provide for the closure and post-closure care of its solid waste landfill site. The costs related to these obligations are provided over the estimated remaining life of the landfill based on usage (currently estimated at 20 years). The impact (change) of landfill closure and post-closure costs is an increase to the accumulated surplus and is estimated to be \$797,400 in 2025.
- Acquisition and amortization of tangible capital assets (net) – Annual financial statements include amortization expenses on tangible capital assets as required by Public Sector Accounting Board (PSAB) standards. Although the City's Proposed 2025 Operating Budget does not include amortization expense on tangible capital assets, provisions are made for contributions to capital and transfers to/from capital reserves to fund capital expenses. The estimated 2025 impact on tangible capital assets is a net increase of \$63,669,200 to the accumulated surplus.

Accordingly, these expenses are excluded in the City's Proposed 2025 Operating Budget. The City of Thunder Bay, like most municipalities, continues to prepare budgets on the traditional fund basis where revenue and expenditures for Operating Budgets are balanced. On a fund basis, there is no projected impact to the City's accumulated surplus.

The estimated impact on the City of Thunder Bay's 2025 accumulated surplus, due to the excluded expenses and change in reporting, is a net increase of \$61,402,400, summarized as follows:

• Post-employment benefit expenses	(\$ 3,064,200)
• Solid waste landfill closure and post-closure expenses	\$ 797,400
• Acquisition/Amortization of tangible capital assets (net)	<u>\$63,669,200</u>
	\$61,402,400

The changes to accounting and reporting requirements under the PSAB are a financial accounting treatment only and do not affect operating surpluses.

User Fee By-law

The current User Fee By-law 028-2007, as amended, sets fees for various Municipal Services. The by-law is amended annually, sometimes more frequently, to update the user fee schedules. New user fee schedules have been provided in Appendix 4 of **Attachment A** to reflect the new organizational structure of the City of Thunder Bay.

To assist in the administration of municipal by-laws, it is best practice to review by-laws frequently to ensure they are appropriate and up to date. Administration recommends repealing By-law 028-2007, as amended, and replacing it with an updated by-law, including Schedules A to U presented in the Proposed 2025 Operating Budget.

CONSULTATION

In accordance with the approved 2025 Budget Calendar, Administration will conduct a Budget Survey between January 17 and February 4, 2025, with survey results shared directly with members of Council throughout budget deliberations, as well as a final summary report, to be presented at the February 10, 2025, Committee of the Whole meeting, prior to budget ratification.

Administration is also holding informal Question and Answer sessions between Council and Administration and between the Public and Administration on January 22, 2025, prior to budget deliberations. These informal sessions will be in-person and provide an opportunity to inform members of City Council and the public on budget related items and gather feedback. The goal of this session is to connect Corporate Department leaders with City Council and residents to have effective communication regarding the budget, levels of service and department specific operations.

FINANCIAL IMPLICATION

The proposed 2025 Tax-Supported Operating Budget, as presented, would result in a total Operating Budget of \$385,052,500. The proposed budget would require a Municipal Tax Levy of \$217,370,400 which represents an increase of \$7,769,500 or 3.7% over the prior year.

Operating Expenditures	2024 Budget \$	2025 Budget \$	Change	
			\$	%
Tax-Supported Expenditures	369,598,000	385,052,500	15,454,500	4.2%
Non-Tax Levy Revenue	159,997,100	167,682,100	7,685,000	4.8%
Municipal Tax Levy - Operating	209,600,900	217,370,400	7,769,500	3.7%
Assessment Growth		1,693,400		
Municipal Tax Levy – Capital (approved)		22,642,600		
Total Municipal Taxes to be Raised		241,706,400		

Including Assessment Growth (\$1,693,400) and the Municipal Tax Levy – Capital (\$22,642,600) that was previously approved, the Total Municipal Taxes to be Raised in 2025 would be \$241,706,400.

The estimated increase to the 2025 property tax bill for a residential single-family detached home would be approximately \$66 for every \$100,000 of assessment.

In May 2025, Council will make 2025 tax policy decisions based on the approved budget. At that time, policy options and an impact analysis will be provided. The analysis will include the tax implications for properties within each property class.

The proposed 2025 Rate-Supported Budget, as presented, would result in a total Operating Budget of \$63,787,100 including \$14,716,000 to be transferred into reserve funds. The proposed 2025 Rate-Supported Budget is consistent with the approved financial plans for Solid Waste (Landfill), Waterworks, Wastewater (Sewer), and Parking.

CONCLUSION

The Proposed 2025 Tax-Supported Operating Budget, totalling \$385,052,500, requires a Municipal Tax Levy increase of **3.7%** which is within City Council's budget direction. Therefore, it is concluded that City Council should approve the 2025 Tax-Supported Operating Budget as presented.

It is further concluded that the Proposed 2025 Rate-Supported Operating Budget, totalling \$63,787,100, is consistent with the approved financial plans for Solid Waste Landfill Operations, Wastewater, Waterworks, and Parking, and should be approved as presented.

It is also concluded that Administration should implement the recommendations presented in this Report.

BACKGROUND

At the June 24, 2024 Committee of the Whole meeting, the 2025 Budget Calendar Report 227-2024-Corporate Services – Office of the City Treasurer was presented.

At the August 26, 2024 Committee of the Whole meeting, the 2025 Budget Direction Report 287-2024-Corporate Services-Office of the City Treasurer was presented. City Council approved a resolution establishing the 2025 budget mandate including a target Municipal Tax Levy increase of no more than 3.8% before growth for those programs and services within the City's direct control.

REFERENCE MATERIAL ATTACHED

Attachment A: Proposed 2025 Operating Budget
Attachment B: By-law 024-2025 (DRAFT)

REPORT PREPARED BY

Andrea Morrison, CA, CPA, Director Finance

REPORT SIGNED AND VERIFIED BY

Keri Greaves, CPA, Commissioner – Corporate Services & City Treasurer

01/08/2025 (MM/DD/YEAR)