



Corporate Services Department

Memorandum

TO: Krista Power, Director – Legislative Services & City Clerk **FILE:**

FROM: Keri Greaves, Commissioner – Corporate Services & City Treasurer

DATE: 08/18/2025 (mm/dd/yyyy)

SUBJECT: Pre-Budget Consultations – Budget 2025

MEETING & DATE: Committee of the Whole - 08/25/2025 (mm/dd/yyyy)

As part of the Federal Government's engagement efforts, the Honourable Patty Hajdu, Member of Parliament for Thunder Bay–Superior North, has invited the City of Thunder Bay to participate in pre-budget consultations for Budget 2025 by providing a written submission. The deadline for submissions is August 28, 2025.

While this would typically go through the Inter-Governmental Affairs Committee, due to the short timelines, Administration is recommending that City Council approve the submission of the following recommendations.

Recommendation #1 – Commit to Development of a Municipal Growth Framework to Address Funding and Infrastructure Challenges Faced by Municipalities

Rationale: Canada's municipalities are facing unprecedented pressure as historic population growth drives up demand for services while revenue tools remain largely unchanged since the 19th century. Municipalities receive just 9 cents of every tax dollar collected yet are responsible for an expanding scope of services. At the same time, the cost of delivering essential services is rising well above inflation, further straining local budgets.

In Thunder Bay's case, the issue is not rapid growth; but the need to grow. Between 2016 and 2021, Thunder Bay's population grew by just 1.3%, compared to 5.8% provincially and 5.2% nationally. Meanwhile, over the past decade, the Consumer Price Index (CPI) increased by 31.8%, while property tax revenues rose by only 7.8%. This

gap limits the City's purchasing power and constrains our ability to maintain services, invest in infrastructure, and support long-term affordability.

Thunder Bay is actively working to reverse these trends through a Smart Growth Action Plan that prioritizes investment readiness, attraction and talent. A Municipal Growth Framework is essential to support this direction, modernizing revenue tools, rebalancing intergovernmental responsibilities, and ensuring municipalities have the capacity to grow sustainably and competitively.

The City of Thunder Bay is poised to embrace new residents and businesses, but doing so successfully requires a framework that supports sustainable growth and investment readiness. With limited ability to generate new revenue or take on debt, municipalities are increasingly reliant on property taxes, contributing to higher costs of living when affordability is already a challenge. This growing imbalance highlights the need for a Municipal Growth Framework that redefines how governments work together, identifies new revenue tools that better link municipal resources with national economic and population growth, and ensures municipalities have the capacity to sustainably deliver the local services Canadians rely on.

Recommendation #2 – Commit to Additional and Enhanced Municipal Infrastructure Funding

Rationale: Through the Housing Accelerator Fund, the federal government has provided important support to help municipalities increase housing supply. The City of Thunder Bay is committed to achieving its assigned housing targets, but new housing and population growth inevitably place added pressure on local infrastructure such as roads, water, and transit systems. Federal investment is critical to create readiness for community growth. Without increased investment, municipalities will face challenges in maintaining and expanding this critical infrastructure to meet the needs of current and future residents.

Recommendation #3 – Commit to Additional and Enhanced Federal Support for Cultural, Recreational, and Other Upstream Services

Population growth drives demand for social, cultural, and recreational services that make communities livable and sustainable. To fully realize the benefits of federal housing initiatives and encourage smart growth, the City requires corresponding federal investment in upstream services that support Thunder Bay's ability to attract and retain the talent needed to sustain the delivery of services expected by Canadians, including, but not limited to, housing, health care, child care, public transit, policing, and the successful integration of new Canadians.

Recommendation #4 – Commit to Additional and Enhanced Federal Support for Social Issues Impacting Communities

Rationale: Social issues such as mental health, addiction and homelessness are increasing, placing growing pressures on municipalities. Although these areas have not historically been part of municipal portfolios, cities are increasingly bearing associated costs, including increased policing, security, and the maintenance of public spaces. Federal investment is critical to help municipalities manage these pressures, support vulnerable populations, and maintain safe, livable communities.

Recommendation #5 – Commit to Additional and Enhanced Funding Streams to Support Municipal Efforts to Reduce Greenhouse Gas Emissions

Rationale: The City of Thunder Bay has formally declared a climate emergency and is committed to achieving net-zero greenhouse gas emissions by 2050. This ambitious goal reflects the City's dedication to environmental stewardship, public health, and sustainable economic growth. Achieving net-zero will require substantial investments in energy-efficient infrastructure, renewable energy systems, low-emission transit, and building retrofits, among other initiatives.

While the commitment is clear, reaching net-zero comes with significant financial implications. Upgrading infrastructure, implementing new technologies, and supporting community-wide emissions reductions all require dedicated funding. Federal support is critical to ensure that municipalities like Thunder Bay can advance climate action effectively, without placing unsustainable financial burdens on local taxpayers.

The following recommendation is presented for Council's consideration,

WITH RESPECT to the Memorandum from Keri Greaves, Commissioner – Corporate Services & City Treasurer, Pre-Budget Consultations – Budget 2025 dated August 18, 2025, we recommend that the five recommendations contained in this memorandum be endorsed and submitted to the Federal Government's Department of Finance;

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