



STAFF REPORT

Meeting Date: December 9, 2024

Title: 2025 Draft Budget – December 9 2024

Prepared By: Steven Lansdell-Roll

Department: Finance

Report Number: Finance-2024-042

Recommendation:

THAT Council receives as information a second Draft 2025 Operating Budget Summary and Draft Capital Plan for discussion and review purposes; and

THAT Council provide direction on a property tax levy increase for 2025.

Background:

Staff presented an initial 2025 draft budget to Council on November 25, 2024.

At the November 25, 2024 Council meeting, it was recommended and approved by Council to delay the 2025 budget approval until the province communicates the 2025 policing grant details.

Although not formally announced, the city has received communication that the province would be providing a \$1.28M policing grant.

Discussion:

2025 Draft Operating Budget

The Draft Operating budget includes the following:

- No Service Level Changes
- 4% labour (salary & benefits) inflation/increase – Union

- Estimated labour (salary & benefits) inflation/increase – Non-Union
- 9% estimated increased insurance premiums
- 4% estimated increase in Social Services Levies for KDSB and Home for the Aged
- 1% increase in NWHU Social Services Levy
- ~\$1.15M in city funded Capital out of Taxation
- ~\$1.46M in allocations to Reserves/Reserve Funds from Operations
 - ~\$184K allocated to various Reserve Funds based on anticipated Reserve Fund Interest
 - ~\$375K allocated to the General Operating Reserve – source is Domtar Value Add \$s
 - ~\$267K allocated to the Waterfront Development Reserve Fund - source is MAT Revenue
 - ~\$33K allocated to the Dryden Fire Services (DFS) Apparatus/Equipment Reserve Fund - source is Fire Marque Revenue
 - ~\$219K allocated to the Sanitary/Wastewater Reserve Fund - source is Sewer Rate Revenue
 - ~\$312K allocated to the Waterworks Reserve Fund - source is Water Rate Revenue
 - ~\$56K allocated to the Landfill Reserve Fund – source is Landfill Garbage Bag revenue (\$0.10/bag)
 - ~\$9K allocated to the Aaron Park Reserve - source is park revenue
- ~\$36K in draws from Reserves/Reserve Funds to Operations
 - ~\$36K drawn from the Airport Reserve Fund to balance 2025 Airport Operations (RATI funds held in reserve)
- Library Grant of ~\$623K
 - 6% increase from 2024 budgeted grant
- ~1.04M in Debt Servicing costs
- ~1.28M in Policing Grant from the Province
- ~\$640K (~3.97%) property levy increase requirement
 - Budget Policy Municipal Levy Increase Range
 - Low End (75% of CPI Thunder Bay) = 2.03% (.75*2.7)
 - High End (125% of CPI Thunder Bay or IBEW % Increase) = 4% (1.25*2.7 or 4%)

2025 Draft Capital Plan

The Draft Capital Budget, as presented, includes the following (above the line Capital projects):

- ~\$8M in Capital Spend.
 - ~\$4.92M from External Sources (NOHFC, HEWSF, CCBF, NORDS, OCIF, etc.).
 - ~\$0.84M from Reserves/Reserve Funds.
 - ~\$1.15M from Taxation.
 - ~\$1.09M from Water & Sewer Rate Revenue.

Attachments (Reference Material):

- 2025 Operating Budget Summary – Draft December 9 2024
- 2025 Capital Plan – Draft December 9 2024
- CPI Thunder Bay July 2023 – July 2024