

Report Type: Open Session

Report To: Budget Committee of the Whole

Meeting Date: January 27, 2025

Subject: 2025 Consolidated Budget Report

Recommendations

1. That report FIN-25-10, 2025 Consolidated Budget Report, dated January 27, 2025 be received; and
2. That the 2025 Community Development Grant Program in the amount of \$100,000 be approved and funded from 2024 year-end surplus, if available; and
3. That the addition of four (4) permanent full-time positions with a net levy impact of 0.95%, as outlined in the report, be approved; and
4. That the Heritage Tax Relief Program of \$50,000 with a levy impact of 0.28%, as outlined in the report, be approved; and
5. That the 2025 capital budget, outlined in **Appendix C**, in the amount of \$22,101,050 be approved; and
6. That the 2025 wastewater gross operating budget, outlined in **Appendix A**, in the amount of \$9,830,640 and a net levy of \$4,815,040 and the wastewater rates outlined in **Appendix B** be approved; and
7. That the 2025 water gross operating budget, outlined in **Appendix A**, in the amount of \$8,413,260 and the water rates outlined in **Appendix B** be approved; and
8. That the 2025 Downtown Improvement Area gross operating budget, outlined in **Appendix A** in the amount of \$347,870 and a net levy of \$87,350 be approved; and
9. That the 2025 operating levy, as outlined in **Appendix A**, with total operating expenditures of \$32,993,140, inclusive of \$2,355,420 for Operating Projects, and a net levy of \$19,085,510 be approved; and
10. That a new Vision Zero Reserve be established and the Reserve and Reserve Funds By-law #21-85 be amended to reflect this change; and
11. That staff be directed to prepare the necessary 2025 Budget, Water Rate, Wastewater Rate By-laws, and amendments to the Reserve and Reserve Funds

By-law #21-85, as required, for approval at the February 10, 2025 Council meeting.

Purpose

To approve the 2025 budget, levies, water, and wastewater rates.

Analysis and Financial Impacts

The 2025 budget was developed giving consideration to historical actual results inclusive of the 2024 forecast for the year, operational concerns, service delivery requirements, and identified areas of investment and resource needs.

A comprehensive outline of all services and projects included in the proposed 2025 budget can be found in **Appendix D-2025 Consolidated Budget Report**. The budget document includes 2026 and 2027 projections to assist the Town in its long-term financial planning. Only the 2025 budget is being recommended for approval in this report. The budget document is also be posted on the Town's [2025 Consolidated Budget](#) webpage.

The Grimsby Downtown Business Improvement Area (BIA) and the Library budgets' included in the consolidated budget were approved on November 13, 2024 by the BIA Board and November 20, 2024 by the Library Board.

Budget Overview

The tax increases in the proposed 2025 base budget are summarized in the table below:

General Levy Budget	2025	2024	\$ Change	% Levy Change
Base Operating Levy	\$17,736,380	\$17,026,590	\$709,790	3.98%
WLM Hospital Funding	568,040	538,000	30,040	0.17%
PKC Long-term Funding	384,000	264,000	120,000	0.67%
Budget Enhancements	218,800	-	218,800	1.23%
Asset Management	178,290	-	178,290	1.00%
Less: Assessment Growth	-	-	-	-0.61%
General Operating Levy	\$19,085,510	\$17,828,590	\$1,256,920	6.44%
Tax Bill Impact ²	\$1,505	\$1,414	\$91	6.44%

² Based on average assessed property of \$442,000

Water & Wastewater Budget			\$ Change	% Levy Change
Water Fixed Fee	See Appendix A		\$10	N/A
Water Rates ¹			\$ 6	
Wastewater Operating Levy ²	See Appendix A		\$51	15.8%
Wastewater Rates ¹			\$98	N/A
BIA Operating Levy	\$87,350	\$87,350	\$0	0%

¹ Based on annual consumption of 200m3

² Based on average assessed property of \$442,000

The Town of Grimsby tax levy is proposed to increase by \$1,256,920 or 6.44%. This equates to an increase of \$91 for the average assessed residential property of \$442,000 (exclusive of wastewater impacts on the tax bill).

As can be seen from the chart above, 3.98% of the increase is attributable to adjustments and inflationary pressures related to the base operating budget to maintain existing services. An additional 0.84% of the increase relates to the existing and projected debt repayment obligations for the West Lincoln Memorial Hospital (WLMH – 0.17%) and for the Peach King Centre (PKC – 0.67%) expansion and renovation project.

There are also several recommended budget enhancements to ensure operations function at expected levels of service and to support the Town's heritage. Increased investment in the Town's long-term assets is also recommended through increased reserve contributions.

Enhancements and Investments

In addition to the proposed 2025 base budget, staff are requesting four (4) additional permanent full-time staff positions be added to the budget, two (2) of which come with a tax levy impact. These positions align with the highest priority areas, as identified by the Corporate Leadership Team, and are in support of [Council's 2023-2026 Strategic Priorities](#) of People, Places, and Prosperity.

The following is an overview of the positions:

- Water/Wastewater Operator-in-Training

(1 Permanent Full-time position – \$0 levy impact)

This position would support both the water and wastewater portfolio at a cost \$77,500, including benefits. Costs would be split and recovered through water and wastewater rates. This position would address succession planning needs, as many staff in these areas are eligible for retirement within the next five (5) years. Bringing on staff now allows time for training and to gain familiarity with operating complex systems, allowing

for knowledge transfer. We are also planning to add another full-time equivalent position in the 2026 budget for the same purpose. There will be an option to reduce the staff complement in the future as retirements occur.

- **Building Permit Technician**

(1 Permanent Full-time position - \$0 levy impact)

We recommend converting this position from temporary full-time to a permanent full-time position with no impact on the levy. The \$88,000 costs, inclusive of benefits, will be offset by Building Department Revenues.

This customer-focused position supports the efficient processing of building permit applications, including handling inspection requests, preparing activity reports, plans examination, etc. The position would support the day-to-day operations of the building department, free up capacity for other staff, and help ensure provincially regulated timelines for processing building permit applications are met.

- **Community Services Facility & Permit Co-ordinator**

(1 Permanent Full-time position - \$84,000 levy impact inclusive of benefits costs)

The Community Services department oversees rental agreements related to multiple facilities both indoor and out, including baseball diamonds, soccer fields, ice rinks, outdoor ice rink, parks and pavilions, indoor community halls, meeting rooms, and other facilities, the demands of which are increasing. Currently this work is carried out by several part-time Customer Service staff, the Administrative Assistant, and the Recreation Supervisors, which impacts on their capacity to perform their main duties. The facility rentals program would benefit greatly from a dedicated resource to oversee this work. This position would also provide much needed support for reception and customer service at the expanded Peach King Centre.

- **Parks & Facilities Operator**

(1 Permanent Full-time position - \$85,000 levy impact inclusive of benefits costs)

This position would help ensure parks and facilities are receiving appropriate levels of service, addressing an area that has been functioning with inadequate resources. The current staff shortage leads to neglecting preventative maintenance tasks, leaving staff with only the capacity to respond to urgent issues rather than proactively managing service levels. This not only affects the public's enjoyment of the amenities but also increases risk and potential liability related to town-owned assets. The position would also support the operations of the expanded Peach King Centre and help alleviate some of the staffing pressures.

Heritage Tax Relief Program (\$50,000 tax levy impact)

This recommendation is in response to a 2024 Council motion. The funds would be allocated to support designated heritage property owners through a tax relief program. Further analysis would be required to consider variable program options but knowing how much tax relief is available and approved will help guide the program. It is expected that further analysis will be conducted in the 1st half of 2025 with intake from property owners beginning in the 2nd half of 2025.

Benefits of the program include enabling maintenance of heritage properties that can cost more than traditional properties to repair. Doing so would help encourage heritage designations and help maintain the unique character of the Town for future generations.

Enhanced Asset Management Funding (\$178,290 tax levy impact)

In response to provincial requirements, municipalities across Ontario have undertaken Asset Management plans and studies and the results have all been consistent – studies have shown there is a gap between capital needs and funding that is available and projected. In response, municipalities across the province are putting financial plans in place to begin to address these gaps.

Reserve contributions are akin to municipal savings or money in the bank. Each year we draw on our reserves to fund our capital program for required asset rehabilitation and replacement. Drawing on these reserves to fund capital works help us keep our debt under control. The main source of funding for our reserves is the tax levy along with some federal and provincial funding.

The Town's asset management studies projected a \$5M annual deficit for our asset management needs over the next 10 years. There is also a backlog of assets to be replaced. This gap will only continue to grow if not addressed. We need to slowly set aside more funds to be contributed to reserves to grow them into adequate and reliable sources of funding for capital asset replacement and rehabilitation.

Reserve contributions have not materially increased over recent years. We are recommending an additional \$178,290 be contributed to reserves in 2025 – representing 1% of the proposed tax levy increase.

With regular dedicated increases of between 1- 2% over the next 10 years, we will grow reserve contributions to \$9M annually by 2034, nearly doubling our current level of budgeted reserve contributions. By investing in our reserves through regular dedicated savings, we will reduce our need for debt and the interest costs that come with it.

Federal & Provincial funding support for asset management is lacking and needs to increase. Municipalities have limited revenue sources (ie. we do not have access to

sales taxes and income taxes like senior levels of government). Continued advocacy in this area is needed.

Water & Wastewater Rates

As approved by Council on March 6, 2023, the Town of Grimsby funds 50% of the wastewater program through a wastewater variable rate, while the remaining 50% is funded through the tax bill as a special area levy, representing the fixed portion of the service cost.

The proposed adjustment to the wastewater special tax levy, considering inflationary pressures and Regional cost increases, is 15.45% or \$51 for the average assessed property of \$442,000. The wastewater variable rate is proposed to increase by \$0.49 to \$1.72 per cubic meter of water consumption.

The proposed adjustment to the water fixed rate is a 3% increase or \$10.08, adjusting the fixed charge from \$336.51 to \$346.23 per year. The water variable rate is proposed to increase by \$0.03 to \$1.57 per cubic meter.

The following table provides a summary of the proposed changes for water and wastewater services for an average home assessed at \$442,000 with an average consumption of 200 cubic metres:

	Current Rates	Proposed¹	Change
Wastewater Tax Levy	\$ 329	\$ 380	\$ 51
Wastewater	246	344	98
Net Forecasted Wastewater	\$ 575	\$ 724	\$ 149
Water Fixed Rate	336	346	10
Water Variable Rates	308	314	6
Net Forecasted Water	\$ 644	\$ 660	\$ 16
Estimated Service Cost	\$ 1,219	\$ 1,384	\$ 165

¹ Based on a \$442,000 assessed residential home, with 200 cubic metres of consumption.

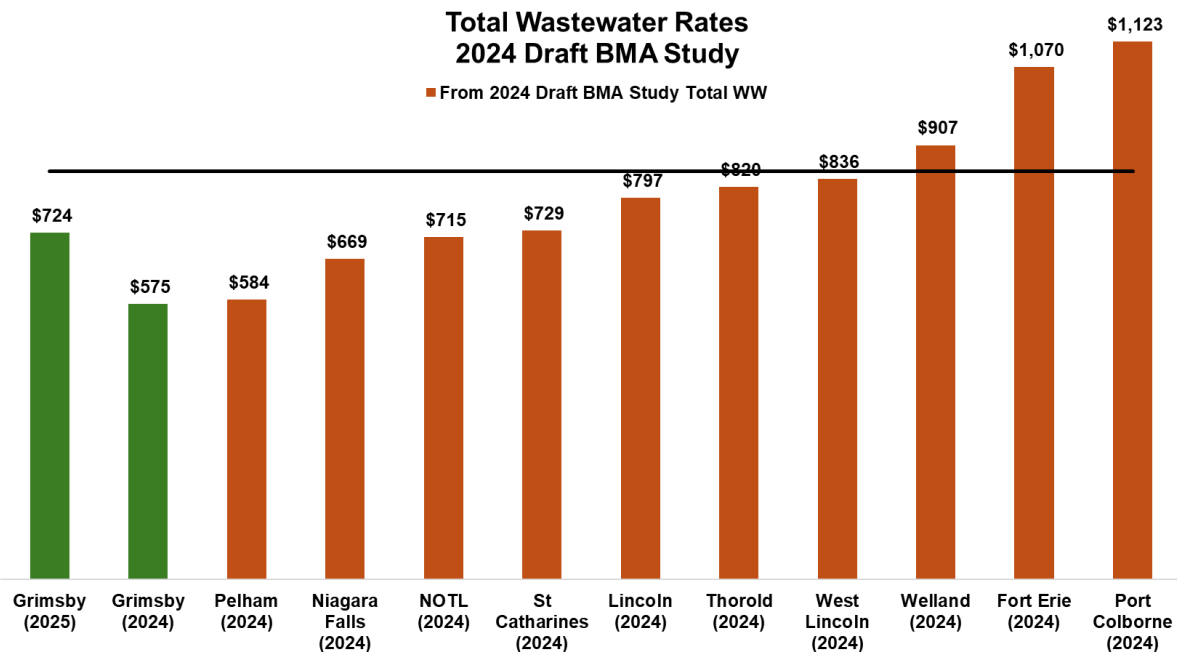
There are three (3) key factors that are driving the increase in wastewater rates.

- Regional wastewater treatment costs are allocated among local area municipalities in the Niagara Region based on a rolling three year average of wastewater flows. Niagara Region's treatment costs have increased from \$100 million to \$116 million in 2025, a one year increase of 16%. The need for increased contributions to Regional asset management reserves is a main driver of these cost increases which are being passed onto us.

- The Region identified an error in their wastewater meter reading calibration, resulting in our past flows being inadvertently recorded lower than actual. This error affected past inputs in the rolling three year average of wastewater flows. Now that this has been corrected, it has resulted in a sudden and significant increase in the Town's share of the estimated 2025 flows.
- It is likely that inflow and infiltration (I&I) to our wastewater system is contributing to the increased flows we are experiencing. Rainwater or groundwater can enter the sewer system through roof leaders connected to the sewer system or cracks in sewer pipes, for example, which increases our share of wastewater flows sent to Regional treatment plants. To address this, we have included an Inflow and Infiltration project in our capital budget to identify and rectify potential problem areas.

Despite the 2025 increase, Grimsby's wastewater rates remain below average when compared to other Niagara Region municipalities.

Annual Wastewater Bills (includes both levy and variable rates)



Capital and Operating Overview

The capital budget ask for 2025 is proposed at \$22,101,050 as summarized in **Appendix C**. Project by project details are outlined in **Appendix D**, starting on page 134 for the Operating Projects and page 155 for the Capital Projects.

Capital and Operating Projects

Prior to 2023, the Town's previous practice for multi-year capital and operating projects was to seek Council approval for project budgets based on what Staff plan to spend in the current budget year. At the end of the year, the project would be closed and expenditures incurred were funded in alignment with the Council-approved funding sources. If the project was not complete, the planned spending for the following year was brought back to Council for re-approval as part of the next year's budget process.

However, in accordance with the Town's Procurement By-law, procurements should not be awarded without an approved budget. Therefore, the 2025 budget seeks Council approval for the total anticipated cost of the project upfront, including projects that are anticipated to occur over a multi-year period.

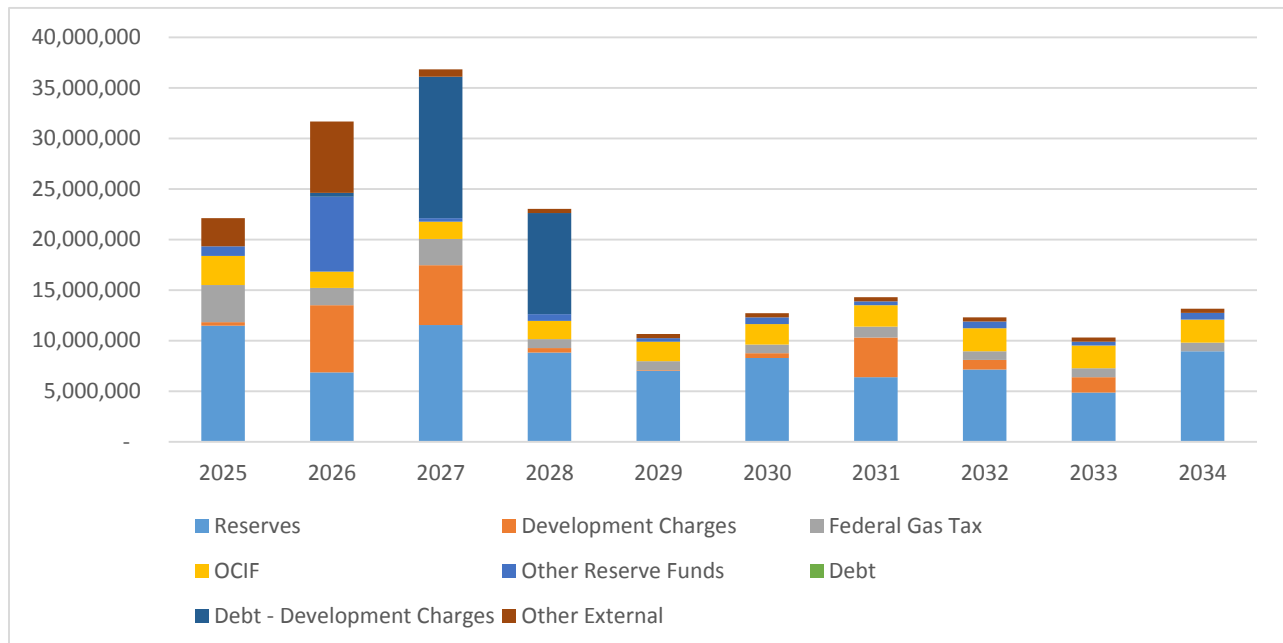
Following this approach, project expenditures continue to be funded at year-end, in alignment with the Council-approved funding sources, however the project would remain open with unspent funds being carried over to the following year.

Some highlights from this year's 2025 capital and operating project budgets include projects such as the Downtown Watermain and Complete Streets project which will contribute to a vibrant, active, and safe downtown. Also included are investments in active living such as Neighbourhood Park renewals at Morocco, Dorchester, and Lakewood Parks along with enhancement to various community facilities. Funds have also been budgeted for a Zoning by-law review which will follow our Official Plan review to ensure Grimsby continues to grow in a sustainable manner.

10 Year Capital Summary

For the 2025 budget year, staff have continued to provide the forecast budget for the 10-Year Capital Summary, initiated in previous years. Council approves the 2025 capital budget, with the remaining nine-years provided as information. This method helps to better understand the capital needs in alignment with the asset management plan and available funding. It also assists with coordination of project timelines and allocates resources efficiently to achieve our strategic goals.

Table 1 – 2025 Capital Budget and Nine Year Forecast



See page 270 of the budget book for more details on the 10 Year Capital forecast.

Vision Zero Reserve

The Vision Zero Program is a road safety initiative administered by the Niagara Region. The program was approved and implemented in 2023, with the goal of improving road safety by reducing speeding and dangerous driving. This was to be accomplished through automated speed enforcement, and red-light cameras.

Revenue generated from Vision Zero is used to cover program court costs, as well as capital and operating costs associated with the program. Any remaining revenue is then distributed to participating local area municipalities to support their local road safety initiatives. To ensure sustainable funding for these initiatives, the program requires the establishment of a dedicated reserve to set aside funds received, which would be used to support Grimsby road safety initiatives. We expect to receive approximately \$60,000 to \$80,000 per year.

Strategic Priorities

Priority: Collective Prosperity

Direction: Focus on affordability and financial sustainability for the municipality

Action: Build the long-term financial health of the community

Public Input

From August 5, 2024 to September 22, 2024 community engagement on the 2025 budget was completed via an online survey. While the survey results are non-scientific, they were considered by the Corporate Leadership Team when preparing the proposed 2025 budget.

A draft of the budget document in **Appendix D** (consolidated budget book) was posted on the Town's website in early January. A media release was also issued to make the public aware of the posting of the draft budget and how to register as a public delegation.

Conclusion

The 2025 budget supports valuable services and initiatives for the Grimsby community while being fiscally responsible, financially sustainable, and supportive of the needs of the organization to meet [Council's 2023-2026 Strategic Priorities](#). Through this budget, we are investing in a high quality of life, responsible and progressive growth, and collective prosperity.

Respectfully prepared by,



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Respectfully submitted by,



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Respectfully approved by,



Sarah Kim
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Attachments

- **Appendix A** – 2025 Operating Budget Summary
- **Appendix B** – 2025 Water and Wastewater Rates
- **Appendix C** – 2025 Capital Budget Summary
- **Appendix D** – 2025 Consolidated Budget Report