



Town of Newmarket
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2025 Budget Process and Target Staff Report to Council

Report Number: 2024-25

Department(s): Financial Services

Author(s): Andrea Tang, Manager, Finance & Accounting / Deputy Treasurer

Meeting Date: April 29, 2024

Recommendations

1. That the report entitled 2025 Budget Target and Process dated April 29, 2024 be received; and,
2. That the proposed budget schedule with a target budget adoption date of December 9, 2024, be approved; and,
3. That Council confirms the target tax levy for the tax-supported operating budget to be below 3.0%; and,
4. That endorsement be given to staff to proceed with preparation of the 2025 budgets employing the structure as outlined in this report; and,
5. That the form and timing of budget submissions for all entities accountable to Council be subject to the process outlined in this report; and,
6. That the proposed community engagement plan for the 2025 budget be adopted; and,
7. That the Treasurer be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to advise Council the process for the 2025 budget, and to obtain Council's confirmation on the target tax levy to be below 3.0% for the tax-supported operating budget.

Background

Each year, the Town of Newmarket undertakes a detailed budget planning process to ensure the needs of our community are met now and in the future. The primary objective of the 2025 budget is to continue aligning the Town's commitment to service excellence while maintaining fiscal stewardship.

Operating Budget funds the day-to-day Newmarket resident services including emergency and fire services from the Central York Fire Services and the operation of the Newmarket Public Library.

Rate-supported operating budgets fund the day-to-day utility operations for water, wastewater and stormwater through their respective Council approved rates. Building Services operating budget is funded through building fees as required by legislation. Operating budgets for Planning and Development Engineering related to the development application approval process will be structured the same way as the Building Services. The costs to deliver services will be fully recovered through their respective fees.

The Capital Budget funds major construction projects, replacements and upgrades to the Town's assets and infrastructure.

Reserve & reserve fund budget accounts for the contributions to and from reserve and reserve funds. They include operational surpluses or deficits and transfers embedded in the operating and capital budgets.

Discussion

BUDGET SCHEDULE

The proposed 2025 budget schedule is as follows, subject to change pending progress of the budget deliberation process.

September 30 – Committee of the Whole (CoW) – provide an overview of the preliminary draft budgets

October 21 – CoW – review of the capital and rate-supported operating budgets

November 11 - CoW – review of the tax-supported operating budget

December 2 – CoW – presentation of the draft budgets and fees & charges

December 9 – Council – obtain Council approval of the 2025 Budget

TAX-SUPPORTED OPERATING BUDGET

During the 2023 Budget deliberation budget, it was discussed that the tax levy increase for the remainder of the Council term should be targeted to be below 3.0%.

The base budget is defined to be the net cost to carry out day-to-day operations and to maintain the Town's service levels. This is net of ancillary revenues and efficiencies. The base operating budget also includes the operating budgets for the Central York Fire Services, Newmarket Public Library and Newmarket Business Improvement Area. The major funding source for the tax-supported operating budget is property taxes.

The two major factors impacting the base budget are growth and inflation.

The Town will continue to apply the sustainable practice of applying growth revenue to growth related expenditures only. Assessment growth for 2025 is forecasted to be 0.65% at this time.

An inflationary factor of 2.0% will be applied to the base budget to account for inflation on contracted services, supplies and goods. Staff will continue to monitor the Toronto Consumer Price Index (CPI) throughout the process and make adjustments if necessary.

The 2025 Fees and Charges will be set in accordance with the Report 2021-67 entitled "Delegated Authority for Fees and Charges" whereby annual fees and charges increases do not exceed the rate of inflation and/or 2.5%, with the exception for water, wastewater and stormwater rates.

Rate-Supported Operating Budget

The rate-supported operating budgets for water and wastewater will be established based on their respective financial plans with an identified increase of 3.5%. The stormwater rate is being proposed to be increased by 3.8% as condition assessments are underway. The stormwater financial plan will be updated upon completion of the condition assessments.

Building permit fees will continue to fund the Building Department. The operating budgets for Planning and Development Engineering related to the Development Application Approval Process will be structured the same way as the Building Services on the basis that its operations will be self-funded through their respective fees to achieve full cost recovery. Separate reserves will be established. Year-end operating budget surplus will be transferred to their respective reserves, and funds will be drawn from the reserves in the year of a deficit.

Capital Budget

The capital budget funds the purchase, construction and financing of Tangible Capital Assets (TCA) for infrastructure, land, buildings, machinery, equipment and other assets. It also provides funding source for major corporate studies.

The capital budget will continue to be separated according to major funding sources. Capital requests will be subject to the availability of funding and operational capacity.

Capital Spending Authority (CSA) is the total of all capital expenditures approved by Council and may span more than one year. Council approved the 2025 Capital Spending Authority as part of the 2024 budget process. The 2025 CSA, currently at \$67.9 million, will be the starting point in the development of the 2025 Capital Budget. There is no CSA for the year 2026 and beyond at this time.

Public Engagement for the 2025 Budget

Public engagement for the 2025 budget will build on the success of previous year's engagement. As always, community engagement will continue to play a very important role in helping to shape the 2025 budget and ensuring the community's voices are heard throughout the process.

The Town will continue to utilize traditional communications tools and tactics (Digital advertisements, media releases, website updates, e-newsletters, social media campaigns and more), while continuing to seek out new and creative ways to engage and interact with the community. This could include a budget-themed game or survey, virtual or in-person 'drop-ins' for the community, and further engagement elements on HeyNewmarket, the Town's online engagement platform.

The Corporate Communications department will be preparing a detailed communications plan, with community engagement beginning in advance of the preliminary draft budget in addition to an engagement tool kit that includes key messages, FAQs and shareable content for Councillors to use on their communication channels.

Conclusion

Staff will start developing the 2025 budget based upon the process and targets set by Council as outlined in this report. The goal is to present the preliminary draft budgets on September 30, 2024 and to approve the 2025 budget by the end of December 2024. There will be community engagement throughout the budget process to obtain residents' input. Interim appropriations should not be required if the budget is approved on December 9, 2024 as per the proposed schedule.

Business Plan and Strategic Plan Linkages

The budget process aligns with the Town's continuous journey to strive for Long Term Financial Sustainability by developing budgets that align with budget policies and Fiscal Strategy.

Consultation

Financial Services consulted with the Strategic Leadership Team (SLT) and Operational Leadership Team (OLT) on the 2025 budget target and process. The Corporate Communications department has also been consulted on the public engagement plan.

Human Resource Considerations

Not applicable.

Budget Impact

This report sets out the process for developing the 2025 operating and capital budgets. The target tax levy is to be below 3.0% for the tax-supported operating budget as a starting point. Targets for the water and wastewater operating budgets will be based upon their approved ten-year financial plans with an identified increase of 3.5%. The stormwater rate is being proposed to be increased by 3.8% as condition assessments are underway. The stormwater financial plan will be updated upon completion of the condition assessments. The capital budget will be within its available funding envelope and delivery capacity.

Attachments

None.

Approval

Mike Mayes, CPA, CGA, DPA
Director of Financial Services

Esther Armchuk, LL.B
Commissioner, Corporate Services

Ian McDougall
Chief Administrative Officer, Office of the CAO

Contact

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