



Town of Newmarket
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2025 Preliminary Draft Tax-Supported Operating Budget Staff Report to Council

Report Number: 2024-64

Department(s): Financial Services

Author(s): Andrea Tang, Director of Financial Services / Treasurer

Meeting Date: November 11, 2024

Recommendations

1. That the report entitled 2025 Preliminary Draft Tax-Supported Operating Budget dated November 11, 2024 be received; and,
2. That subject to any additional direction from Committee, that the proposed budgets be incorporated into the Draft Budgets to be presented to Committee of the Whole on December 2nd, 2024, and,
3. That the Treasurer be authorized and directed to do all things necessary to give effect to these recommendations.

Executive Summary

Council confirmed the 2025 target tax levy to be below 3.0% for the tax-supported operating budget when the report [2025 Budget Process and Target](#) was tabled at the April 29th, 2024 Committee of the Whole (CoW) meeting.

This report outlines a balanced 2025 tax-supported operating budget with a proposed tax levy increase of 2.99%. Based on an average residential home assessed by the Municipal Property Assessment Corporation (“MPAC”) at \$711,000, the annual increase for the Town’s portion is \$75.

Purpose

The purpose of the report is to obtain Council’s endorsement on the Tax-Supported Operating Budget. The report also outlines details of the budget.

Background

Each year, the Town of Newmarket undertakes a detailed budget planning process to ensure the Town is meeting the needs of our community now and in the future. While planning for the 2025 Budget, the Town continues to face budget pressures including increased costs of goods and services, and continued increase in the contribution to the Asset Management Fund (AMF). The goal is to continue to find the balance between keeping municipal taxes low, while maintaining the high level of services that make Newmarket a top place to live in Canada.

Discussion

The 2025 tax-supported operating budget supports the day-to-day operations. For the 2025 tax-supported operating budget, every 1% tax rate increase will generate an additional \$767,000 in property tax revenues. 2025 assessment growth is assumed to be 0.65%. The target tax levy of 2.99% is comprised of:

Component	Tax Levy Increase %
Base (day-to-day operations)	1.49%
Contribution to Asset Management Fund (AMF)	1.50%
Total Tax Levy Increase	2.99%

Incremental changes to the tax-supported operating budget are outlined below which corresponds to the target of a 2.99% tax levy increase (excluding growth – growth has no impact on the tax levy):

Components	Base \$ in millions	Growth \$ in millions	AMF \$ in millions	Total \$ in millions
Town	\$0.60	\$0.48	\$1.13	\$2.21
CYFS*	\$0.43**	\$0.00	\$0.02	\$0.45
Library	\$0.11	\$0.02	\$0.00	\$0.13
Mulock Park	\$0.00	\$0.25	\$0.00	\$0.25
Total	\$1.14	\$0.75	\$1.15	\$3.04

*Newmarket portion only

**does not include pending renewal of collective agreement

Incremental changes account for growth expenditures, inflationary increases, higher costs of goods and services, and increased contribution to AMF.

A. Base

The Base Budget is defined to be the net cost to maintain the Town's service levels. Increases in the base budget include consideration for annual inflation. Based on the September Consumer Price Index (Toronto), inflation year-over-year increase is 2.42%. The current forecast for 2025 CPI is 2.1%.

Council has previously provided delegated authority to Staff to increase annual user fees and charges by the Consumer Price Index ("CPI") up to a maximum of 2.5% in order to keep up with inflation.

To achieve the target tax levy of 2.99%, Staff proposes the 2025 user fees and charges be increased on average by 3.1% which is 1.0% higher than the current forecast of 2025 CPI increase at 2.1%. The proposed increase is based on the fact that user fees and charges were waived by Council in 2020 and 2021 during the pandemic years. This has resulted in a greater portion of the full cost of a service being put on the tax base. The proposed higher than CPI increase in 2025 is a way to catch up with recent years' inflationary increases and move towards bringing the full cost of a service in a better balance between the tax base and the service users. Details on the proposed 2025 User Fee and Charges are outlined in the report "2025 Fees and Charges" being tabled at the November 11th, 2024 CoW meeting.

B. Asset Management Fund (AMF) – formerly named as the Asset Replacement Fund

The 1.5% tax levy increase aligns with the recommendation from the Fiscal Strategy to increase contributions to AMF in order to build the reserve to a more appropriate level for current and future asset replacements. This is further confirmed by the Asset Management Plans and the Reserve and Reserve Fund Review.

C. Growth

The tax-supported operating budget also considers the financial impact of a growing population. Growth results in additional property tax revenues from new properties being added to the assessment roll. Assessment growth of 0.65% in 2025 appears to be reasonable, generating additional property tax revenues of \$0.5 million. In addition, the 2024 assessment growth came in higher than the budget assumption by \$0.25 million that brings the 2025 total available growth dollars to \$0.75 million.

Growth expenses are the incremental expenses necessary to maintain service levels for a growing population such as Mulock Park, new parkettes, sports pad and additional waste collection. The Town continues to use the sustainable practice of applying growth revenues to support growth expenditures only. There is no requirement for a tax levy on growth.

An update to the Fire Strategic Plan is underway. As such, the 2025 CYFS growth components will be deferred until it is fully costed and analyzed by the two Treasurers, further reviewed by the two CAOs, and then reviewed by the two Mayors. Following that,

the Fire Strategic Plan Update is to be reviewed and endorsed by JCC and both Councils (Newmarket and Aurora). This approach is consistent with past budgets.

Conclusion

The target tax levy of 2.99% has been achieved. The process in getting to the target has been challenging. Staff explored alternate ways to maximize budgeted resources to deliver the day-to-day operations and the proposed 2025 capital program.

Business Plan and Strategic Plan Linkages

The 2025 tax-supported operating budget has been developed based upon Council's core values on service excellence, affordability and financial sustainability. Staff aligned the preliminary draft budget with the following goals:

- maintaining service levels;
- achieving a balanced intergenerational equity;
- ensuring Newmarket is one of Canada's best places to live, work and thrive;
- funding growth expenditures with assessment growth revenues; and
- building budget on the foundation of the Fiscal Strategy.

Consultation

All members of the Strategic Leadership Team ("SLT") and Operational Leadership Team ("OLT") and their staff participated in the preparation of the preliminary draft tax-supported operating budget.

The Corporate Communications department was consulted in the development and implementation of community engagement throughout the budget process.

JCC endorsed the CYFS 2025 Draft Preliminary Budget at the JCC meeting on October 1st, 2024. The 2025 CYFS proposed budget will be tabled at the Town of Aurora November 18th, 2024 Council meeting for comments.

The Library Board endorsed the Library 2025 Draft Preliminary Budget at the October 16th, 2024 Board meeting.

Human Resource Considerations

Not applicable.

Budget Impact

The Town's preliminary draft budget proposes a 2.99% tax levy increase for the average household assessed by MPAC at approximately \$711,000. This is equivalent to an increase of \$75 per year for the average household.

Attachments

None.

Approval

Andrea Tang, CPA, CA
Director of Financial Services / Treasurer

Esther Armchuk, LL.B
Commissioner, Corporate Services

Ian McDougall
Chief Administrative Officer, Office of the CAO

Contact

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