



Town of Newmarket
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2025 Draft Operating and Capital Budgets Staff Report to Council

Report Number: 2024-74

Department(s): Financial Services

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

Meeting Date: December 2, 2024

Recommendations

1. That the report entitled Draft 2025 Operating and Capital Budgets dated December 2, 2024 be received; and,
2. That the Draft 2025 Operating Budget with expenditures of \$172,543,441 be approved, which is comprised of the following components:
 - a. \$ 106,881,590 for Town purposes
 - b. \$ 22,908,214 for the Water Rate Group
 - c. \$ 26,789,555 for the Wastewater Rate Group
 - d. \$ 9,958,880 for the Stormwater Rate Group
 - e. \$ 3,143,865 for the Building Permit Rate Group
 - f. \$ 2,218,919 for the Planning Rate Group
 - g. \$ 642,418 for the Development Engineering Rate Group
3. That the Capital Spending Authority of \$136,504,909 as outlined in the report be established, being \$74,640,606 for 2025, \$54,252,303 for 2026, \$7,312,000 for 2027 and \$300,000 for 2028; and,
4. That the draft 2025 Operating and Capital Budgets be forwarded to the Council meeting of December 9, 2024 for final approval; and
5. That Council authorize the Director of Financial Services/Treasurer to:
 - i. Make any necessary adjustments within the total approved budget to reflect organizational changes and any other reallocation of costs; and
 - ii. Accept and adjust the budget for new provincial and/or federal funding provided there is no tax levy impact; and,

6. That staff be authorized and directed to do all things necessary to give effect to this resolution.

Executive Summary

The Draft 2025 Operating and Capital Budgets achieve fiscal stewardship by:

- addressing today's needs on service excellence and delivery;
- investing in capital to address immediate and future growth;
- increasing contributions to the Asset Management Funds to provide funds for asset replacements to maintain Town's assets in a state of good repairs.

The 2025 Budgets provide a balance between affordability and service delivery of today's needs and into the future. It is a sustainable budget that builds upon the Town's vision to continue making Newmarket "Well Beyond the Ordinary".

The proposed budget includes a 2.99% increase in property taxes, a 3.5% increase in the combined water and wastewater rates, and a 3.8% increase in the stormwater fee.

Purpose

The purpose of the report is to obtain approval from Committee of the Whole (CoW) on the 2025 Operating and Capital Budgets, followed by Council decision on December 9, 2024 for adoption.

Background

Every year, the Town undertakes a detailed budget process to ensure we are meeting the needs of our community now and into the future. The goal is to find the balance between keeping municipal taxes low while investing in Town's infrastructure, preparing for the future and maintaining the high level of services that make Newmarket a top place to live in Canada.

Budget deliberations began on September 30, 2024, and the following reports on the 2025 Budget were tabled:

- [2025 Budget Overview](#)
- [2025 Preliminary Draft Capital and Rate-Supported Operating Budgets](#)
- [2025 Preliminary Draft Tax-Supported Operating Budget](#)

Discussion

The Town's 2025 Budget totals \$247.7 million.

Components	\$ in millions
Tax-supported operating budget	\$106.9
Rate-supported operating budgets	65.6
Total Operating Budgets	\$172.5
Capital Budget	\$74.6
2025 Total Budget	\$247.1

Operating Budgets

Operating Budgets support the general day-to-day operations and service delivery to the Town's residents and businesses. There are two sets of operating budgets defined by their funding sources: tax-supported operating budget and rate-supported operating budget.

The 2025 tax-supported Operating Budget includes a proposed 2.99% tax levy which accounts for inflation and higher costs of goods and services. This budget covers many services that the Town provides such as: snow removal, road maintenance, park maintenance, waste collection, fire and emergency services, and library services. Property taxes is the major funding source for the tax-supported operation budget.

Rate-supported operating budgets fund the day-to-day utility operations for water, wastewater and stormwater through their respective Council approved rates. Building Permits, Planning and Development Engineering operating budgets are funded through their respective fees. Dedicated reserves are established for each rate-supported business units. The proposed utility increases are as follows: 3.5% for water and wastewater, and 3.8% for stormwater. Development related fees and charges are increasing on average by 3.1%.

The tax-supported and rate-supported operating budgets include the following expenditures:

Area	Expenses based on PSAB	Principal Repayment on Long-term Debt	Transfer to Reserves/ Reserve Fund	Total Expenditures
Total Tax-supported	\$92,067,480	\$1,622,628	\$13,191,482	\$106,881,590
Water	\$18,268,623	\$35,508	\$4,604,083	\$22,908,214
Wastewater	\$20,402,388	\$35,508	\$6,351,659	\$26,789,555
Stormwater	\$1,809,579	\$0	\$8,149,301	\$9,958,880
Building	\$3,143,865	\$0	\$0	\$3,143,865
Planning	\$2,218,919	\$0	\$0	\$2,218,919
Development Engineering	\$463,858	\$0	\$178,560	\$642,418
Total Rate-supported	\$46,307,232	\$71,016	\$19,283,603	\$65,661,851
Total Operating Budget	\$138,374,712	\$1,693,644	\$32,475,085	\$172,543,441

Expenses based on PSAB are used for financial statement reporting as regulated by the Public Sector Accounting Board (PSAB), but do not include amortization (also known as depreciation).

Principal Repayment on Long-term Debt excludes interest which is included in Expenses.

Transfer to Reserves/Reserve Funds includes contributions to the Asset Management Fund.

Total Expenditures are accounted for as an expanded fund-based approach for budgeting and management purposes.

Capital Budget

The Capital Spending Authority is the total of all capital expenditures approved by Council and may span more than one year. Due to the resource capacity and timelines for design and project delivery, some capital projects take longer than one year to be completed. The Capital Spending authority for future years would ensure continuity and financial stability to complete projects that span more than one year. This differs from the Capital Budget which is the annual component and includes the required funding. The Capital Program is the list of projects to be delivered by the Capital Budget.

2025 Capital Program Funding by Category

Category	AMF	DC	Other Reserve & Reserve Funds	Grants / Other	Total
Replacement	\$19,928,376	\$0	\$575,000	\$6,212,624	\$26,716,000
Growth	\$0	\$26,784,953	\$9,139,947	\$827,800	\$36,752,700
Other	\$0	\$0	\$10,106,906	\$1,065,000	\$11,171,906
Subtotal	\$19,928,376	\$26,784,953	\$19,821,853	\$8,105,424	\$74,640,606

The Development Charges (DC) (\$26.8 million or 36%) is the funding source for growth projects, and the Asset Management Fund (AMF) (\$19.9 million or 26%) is the funding source for asset replacements.

Other funding sources include:

- \$19.8 million from other reserves and reserve funds such as the General Capital Reserve, Stabilization Reserve, Hydro Reserve, and the Heritage Reserve;
- \$ 3.6 million from Ontario Community Infrastructure Fund;
- \$ 2.8 million from the Canada Community Building Fund;
- \$ 0.9 million from Other Provincial Grants; and
- \$ 0.8 million from the Region of York.

The requested Capital Spending Authority of \$136,504,909 million includes the following funding requirements by year:

Year	\$
2025	74,640,606
2026	54,252,303
2027	7,312,000
2028	300,000
Total	\$136,504,909

The 2025 Capital Budget has been prepared, reviewed and prioritized with consideration for both financial and resource capacity to deliver the recommended capital program.

It also takes into consideration the Asset Management Plans, DC Background Study and 10-Year Parks and Recreation Capital Plan.

Conclusion

Committee of the Whole (CoW) has been presented with the Draft 2025 Operating and Capital Budgets. The direction provided with respect to the staff recommendations on the above will be tabled at the December 9, 2024 Council meeting for adoption of the 2025 budgets.

To complete the budget process in 2025:

- The Reserves and Reserve Funds Budget will be presented to Council. It is based on the approved Operating and Capital Budgets; and
- The Budget will be presented in Financial Statement format.

There will be quarterly Financial Updates on the operating results and delivery of the Capital Program.

In summary, the proposed 2025 Budget is a balanced, responsible and sustainable budget that:

- provides for excellent service delivery;
- invests in new infrastructure and technology;
- replaces aging assets and infrastructure;
- increases contributions to reserves for current and future asset replacements;
- builds upon the foundation of the Fiscal Strategy; and
- meets the needs of the community now and into the future.

Business Plan and Strategic Plan Linkages

The 2025 proposed budget achieves long-term sustainability by continuing the practice of utilizing assessment growth revenues to fund growth-related expenditures only. The tax-supported operating budget does not include any one-time fund to balance the budget.

The capital budget allows for infrastructure investment and asset replacements to keep the Town's assets in a state of good repair.

Consultation

All members of the Operational Leadership Team (OLT) and Strategic Leadership Team (SLT) and their staff participated in the preparation and review of the 2025 draft budgets.

Members of Council provided direction, comments and questions at the CoW meetings on April 29, September 30, October 21 and November 11, 2024.

Joint Council Committee (JCC)

The JCC met on October 2, 2024 to review and make a recommendation on the 2025 Central York Fire Services (CYFS) budget. Aurora Council reviewed the budget on November 18, 2024 and had no formal comments.

Newmarket Public Library Board

Newmarket Library Board reviewed and recommended the capital and operating budgets at their board meeting held on October 16, 2024.

Other Boards and Committees

There have been no budget requests from any of the boards or committees, including the Newmarket Downtown BIA.

Communications and Public Engagement and for the 2025 Budget

The 2025 Budget Communications Plan continues to use an education-based approach to encourage participation in the Town's budget process. A variety of communications tools and tactics (advertisements, media releases, social media posts, Council tool kit, Town website, Newmarket Now e-newsletter, and more) have been used to help spread the word in the community about the 2025 budget and opportunities for engagement.

In October, a budget-themed booth was featured at the Newmarket Farmers' Market. Town staff shared information about the 2025 budget and future plans for the community. Those who attended were encouraged to play 'Town Trivia', an interactive game for a chance to win Choose Local gift cards. Over 100 residents visited the budget booth providing helpful feedback on the budget and future plans for the community. A few highlights of key topics included; the continued expansion of pickleball in the community, Mulock Park, parks and trails, and bike lanes.

The *Budget Bits and Bites* social media campaign, continued to be an effective way to engage the community on budget-related topics. To encourage participation and engagement, this included a number of draws for Choose Local gift cards. To date, the Budget Bits and Bits Social Media Campaign has seen approximately 11,000 impressions with an average reach of 1,000 residents per post and garnered over 355 engagements so far. One of the highest performing posts with an engagement rate of 6.6% - which is well above the industry standard, speaks to how Newmarket's property taxes are allocated to the Town, York Region and School Board. This represents a general interest in the public to better understand what their taxes pay for. The second highest performing post, which achieved an engagement rate of 5.2% - also well above the industry, was a Choose Local gift card giveaway that asked residents to guess how many potholes the Town fills each year. Residents were enthusiastic to learn that the Town fills approximately, 2,500 potholes and 1,000 tactile plates across Town each year. This demonstrates that Choose Local giveaways continue to be an effective tool to

encourage further engagement in the Town's budget, while also helping to support the local business community.

For the 2026 budget communications plan, Corporate Communications and Finance will explore opportunities to target new residents and the potential to distribute budget-focused information to all household through the property tax bill.

Human Resource Considerations

There is no incremental budget impact.

Budget Impact

The annual increases to an average residential property are as follows:

Property taxes – \$75 based on an average residential home with an assessment value of \$711,000 provided by the Municipal Property Assessment Corporation (based on 2016 market values)

Water & Wastewater – \$49 based on an annual water consumption of 200 cubic metres

Stormwater – \$8 based on a 465 square metre lot

Attachments

Appendix A – 2025 Capital Budget and Spending Authority Summary

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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