

2025 Draft Budget

NOVEMBER 19, 2024



2025 Budget – Things to consider

In reviewing the 2025 budget through this presentation, there are three primary directions to consider:

- Revenue rate increases including Property Taxes and other service fees,
- Need for debt and capacity of the Corporation to borrow, and
- Desired service levels, particularly the strategy for road, water & sewer maintenance.



2025 Budget Timelines

Activity	Timeline	Status
Budget Principles	Sept. 19, 2024	Submitted
First draft budget sent to Council	Nov. 1, 2024	Submitted
Committee of the Whole meeting: review of 2025 Draft Budget	Nov. 19, 2024	Today
Regular Committee of the Whole: updated budget documents (if required)	Dec. 3, 2024	Scheduled
Council Meeting: final budget approval	Dec. 10, 2024	Scheduled

Budget History



Changes in Rates

The following are the applicable rate changes:

Perth Property Tax Rate	-4.2%	(since 2011)
Construction Price Index	76.1%	(since 2013)
Consumer Price Index	31.3%	(since 2013)

Construction Price Index is a good indication of increases in infrastructure projects since 2013.

Consumer Price Index is not a good indication of inflationary pressures on municipal operations since basket is heavily influenced by food, clothing, etc.

Investment Income

Year	Amount (in '000's)	
2024	989	Projected
2023	1,013	Actual (equivalent to 11% tax increase)
2022	600	Actual
2021	272	Actual
2020	278	Actual
2019	327	Actual
2018	188	Actual

Starting in 2022, relatively high (compared to previous) investment income has mitigated low property tax rates in operations. However, starting in 2025, investment income will begin a period of decline based on predicted reductions in bank balances and expected drops in interest rates. Proposed investment income budget for 2025 is \$500K.

Capital Expenditures

Year	Amount (in '000's)		
2024	11,511	Budget	(Capital & Carry Forward)
2023	4,958	Actual	
2022	4,178	Actual	
2021	3,320	Actual	(Landfill)
2020	1,498	Actual	
2019	2,275	Actual	
2018	8,447	Actual	(SAGR)

Capital expenditures will continue to increase due to aging infrastructure, the Highway 7 redevelopment and the need to support development.

Capital Expenditures (con't)

There is approximately 50 road segments where the water infrastructure will be past the end of its predicted useful life by 2035.

The estimated 2035 cost of replacement is \$65 million (not adjusted for current tenders).

It is very unlikely that the Corporation will be able to replace the majority of these segments, which will require a strategy of replacing on failure.

This strategy significantly increases the risk of unbudgeted costs being incurred, usually at a higher rate than planned replacement.

The increase in risk would normally be matched by an increase in reserves as a source of mitigation or maintenance of borrowing capacity.

Major Budget Assumptions



2025 Budget Major Assumptions

The 2025 Budget Principles received by Council in September 2024. The major assumptions include:



1% growth in tax base caused by new construction



10% property tax rate increase - \$270 per year for a home valued at \$300K;



6% water and sewer rate increase – \$51 per year for average household



Projected 4% interest on investment income and cash balances



Cost sharing arrangements for recreation similar to 2024

2025 Budget Major Assumptions

The 2025 Budget Principles reviewed by Council in September 2024. The major assumptions include:



Building inspection individual fees increases per previous report to Council



All other fees increased by the rate of inflation



One-time Operating Projects limited to \$179K (net)



Capital Budget based on Asset Management Plan (AMP)



No new staff hours

2025 Budget Summary

The first Change in Reserves draft results in the following:

Contribution from Operations

•\$2.8 million (\$3.0 million in 2024 Budget)

One-time Operating Projects

•\$179,000 (\$298k in 2024 Budget)

Capital Expenditures

•\$11.9 million (\$10.0M in 2024)*

Projected Carry-forwards

•\$3.3 million (\$2.9 million in 2024)

Change in Reserves

•Decrease by \$1.8 million (\$3.4 million decrease in 2024)

**Capital Grants estimated at \$848K (OCIF and Gas Tax)*

2025 Budget - Summary of Operating Changes

(all changes are relative to 2024 approved budget)

Positives recognized in Proposed Budget

Increase in Property Tax Levy	1,000,145
Increase in Water & Sewer Revenue	204,222
Increase in OMPF Grant	48,700

Pressures recognized in Proposed Budget

Decrease in Investment Income	(200,000)
Increase in OPP Contract & PSB	(449,088)
increase in Cybersecurity costs	(120,000)
Increase in Insurance Premiums	(22,220)
Increase in salaries / benefits	(387,230)
Increase in cost of Utilities	(36,444)
Increase in GTO	(17,548)
Decrease in Planning Fees	(76,000)
Increase in Planning Consulting Fees	(112,500)
Miscellaneous Other (net)	(28,434)

Net Impact recognized in budget	\$ (196,397)
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2025 Budget - One-Time Operating Projects

Description	Amount
Water & Sewer Development Charge	(390,000)
Town Hall Outdoor Bathrooms	40,000
Heritage Bikes Barn - Repainting exterior	8,800
Economic Development Plan Implementation	20,000
Corner of Herriott and Gore: Beautification	12,000
Repoint Stone Wall at Museum +Front Door	30,000
Museum Windows Exterior Painting	15,000
Daines Place Playground CleanUp	10,000
Addnl Labour for Events	15,000
Town Hall Painting	25,000
Arena Floors for Change rooms 2&3	26,000
Museum 100th Anniversary Celebrations	9,000
Floor at Fire Hall	15,000
Dog Park Project	30,000
Town Hall Reconfiguration	28,000
Volunteer Stipends for Public Education	15,000
Trial of additional resources for Emergency Management	33,000
Garage Trailer Rental	50,000
OLT	56,787
Administrative Support	130,000
Net	<u>\$ 178,587</u>



2025 Budget - Grants to Others

Recipient Name	2025	2024
	Draft Budget	Approved Budget
Y.A.K.	30,000	30,000
The Table Community Food Centre	15,000	15,000
Big Brothers / Big Sisters of Lanark County	3,000	3,000
Cornerstone Landing	10,000	10,000
Perth Citizen's Band	2,500	2,500
Tayside Community Options (By-law)	20,000	20,000
Perth Chamber of Commerce	10,000	10,000
Senior Craft Fellowship (By-law)	5,000	5,000
Perth Santa Claus Parade (By-law)	1,500	1,500
Other Grants	5,500	5,500
Community Improvement Plan	35,000	35,000
Heritage Building Restoration Grant	10,000	10,000
Library Rent Subsidy	2,400	2,400
Hospital Grant	98,000	98,000
Sub-Total	247,900	247,900
Grant to Library (per Lib. Budget)	301,935	287,557
Development Chg Rev for Library	(7,207)	(7,207)
Grant to RVCA (assumes 5% Increase)	66,568	63,398
Total	\$ 609,196	\$ 591,648
	-	-
Requests received from Council		
Community Justice	\$ 4,000	



2025 Budget – Capital

	Amount
Landfill	835,000
Works Garage	4,000,000
Fire Department Parking Lot	111,023
Conlon - Alarm system	12,099
Baseball Diamonds	41,935
Fencing	30,000
Cockburn, Robert Rd, Jamesville Pump Stations	383,187
Plumbing Replacements	80,000
Lagoon Sludge Removal	639,187
Lagoon Mulch Replacment	191,593
Fire Hall HVAC	8,374
Town Hall Generator (2005)- Natural Gas	102,500
Arena Compressor Motor	6,246
Camera System	19,927
Plotter Replacement - IT	16,141
Submersible Pump - water plant	7,238
Park & Play - Water Park	7,904
Craig St Road	2,964,144
Craig St Sanitary	948,290
Craig St Water	947,205
Craig St Storm	373,188
Craig St Bridge	65,000
UPS for traffic light	18,894
Little Tay Bridge Rehabilitation	15,000
Sub-total	<u>11,824,076</u>
Contingency	100,000
TOTAL	<u>\$ 11,924,076</u>



Capital Budget Correspondence

On behalf of the Perthmore Glen community, I would like to introduce myself, Laurent Brisebois, new Chair of the Perthmore Community Association (PCA). At our September Annual General Meeting, a number of community members identified concerns regarding community safety related to missing sidewalks in Perthmore Glen, and I would like to formally put forward two items for consideration in the 2025 draft budget.

Garden St. Sidewalk. The section between Isabella St. and Treelawn Blvd. on Garden St. requires pedestrians using the sidewalk to cross Garden St. approximately 15 metres from the sharp corner of Isabella onto Garden to continue walking on the sidewalk or start walking on the road. Pedestrians are unable to see vehicles turning from Isabella, creating a higher risk for an accident to occur. Extending the sidewalk along Garden St. on the west side toward Treelawn Blvd. and having a pedestrian crossing at the corner of Garden St. and Treelawn Blvd. (connecting it with the new Treelawn sidewalk) would allow pedestrians to safely cross away from the sharp turn, reducing risks for pedestrians, vehicles, and the town. The total length for this proposed extension is approximately 75m.

Perthmore St. Sidewalk. There is a section on Perthmore St. between DeCaria Blvd. and Treelawn Blvd. where there are no sidewalks, resulting in pedestrians having to walk on the road. As construction activities related to the Perthmore Development Phase 6 increase, there will be greater heavy trucks and construction vehicles travelling along Perthmore St., significantly increasing the risk for pedestrians. Extending the existing Perthmore St. sidewalk along the west side of Perthmore St. to connect with the new sidewalk being installed on Treelawn Blvd. will reduce the risk for pedestrians, vehicles, the Perthmore Development Corporation and the town. This small section of sidewalk is also the last missing section that would allow residents to complete the loop around the neighbourhood fully on sidewalks given that Treelawn Blvd. now connects with Garden St. The total length for this proposed extension is approximately 90m.

2025 Perth Town Budget. On behalf of the community, we request the town consider the two items above to be included as part of the 2025 Budget, addressing the safety concerns mentioned.

Capital Budget Correspondence

The 2 items I should like included are as follows:

The first is the construction of a sidewalk on the west side of Garden Ave to Treelawn. This to be from the mailboxes to a safe position at Treelawn, where a pedestrian crossing should be painted with stop signs if needed. I'm sure some of the Councillors are aware that there are now a good number of children living in the subdivision. Quite a lot now walk to school. Crossing so close to the curve is obviously more dangerous than if sidewalks and a crossing were provided to move the crossing point further along. This also apply to the elderly, me included.

The second would be to provide a sidewalk to close the "Missing link" on Perthmore St, between Decaria and the end of the new sidewalk on Treelawn. People, and school children if walking clockwise currently have to cross Perthmore twice if they wish to face oncoming traffic. This likewise could lead to an accident..

I think the first is more urgent than the second, and if there is a funding problem, then the second could be move to 2026.

I should be grateful if you could let me know if this request could be included in the upcoming budget discussions. I'm sure I'm not the only one who is concerned about pedestrian safety at these 2 points.

Stewart Bates

Capital Budget Correspondence

The cost of the sidewalks requested in the correspondence is estimated to be \$64,467.

Capital Budget – Other Recommendations

The Asset Management Plan included \$191,000 for repairs to the White House in 2025. This amount was excluded from the proposed Capital Budget.

Staff recommend proceeding with the sale of the White House Asset.

2025 Budget – Other Considerations

Service Level Changes

The Operating Budget assumes no changes to current Service Levels.

Five Year Projections



Overview: Reserves & Debt

The following five-year projections have been based on :

- maintenance of current service levels;
- 6% annual increase in property tax rates after 2025;
- 6% annual increase in water & sewer rates starting in 2025;
- reasonable rates of inflation for operating expenses and fee revenue;
- capital projections based on the Asset Management Plan;
- investment income rates of 4% per annum.

Water & Sewer Reserve

- The Water and Sewer Reserve declines from \$9.1 million at the end of 2023 to \$6.7 million at the end of 2029.
- There are \$13.0 million of capital expenditures from 2025 to 2029 including the expected redevelopment of Highway 7.
- There is \$6 million of new debt included in the Reserve projections also for Highway 7.



Capital Reserve

- The Capital Reserve declines from \$5.8 million at the end of 2023 to \$3.4 million at the end of 2029.
- There are \$22.2 million of capital expenditures from 2025 to 2029 included the expected redevelopment of Highway 7.
- There is \$19 million of new debt included in the Reserve projections.



Debt Considerations



The Corporation of the Town of Perth – Debt Limitations

The Corporation has an Annual Debt Repayment Limit (ARL) administered by the Provincial Government.

As of the end of 2023, Perth's ARL was \$3.7 million.

Existing and projected debt payments (previous 2 slides) are \$2.8 million assuming 15-year terms and 5% interest rates.

Development

Currently estimating an increase of 2,056 additional housing units by 2037 (increase in population ~ 3,927. Capital expenditures required to support this growth are:

SAGR Cell	2026	3,000,000
Infrastructure Master Plans	2026	207,073
Recreation Study (1/4 costs)	2026	40,000
Water Tower	2027	9,000,000
Fire Vehicles (2)	2028	1,100,000
Fire Equipment	2028	60,000
Jamesville Pump Station	2028	2,000,000
Landfill Expansion	2029	3,000,000
ES Truck	2030	350,000
Cochrane Pump Station	2030	3,000,000
Recreation Centre (1/4 cost)	2035	3,000,000
Arterial Road (Hwy 7 to Hwy 10 surface)	2032	6,000,000
Arterial Road (Hwy 7 to Hwy 10 base)	2032	3,000,000

Development (con't)

Although a majority of capital expenditures related to development will be financed through development charges, due to timing of expenditure and revenue streams, up to \$14M in new debt is estimated to be required by 2032.

As an example, the water tower is required in 2027 but the housing units it will be servicing will be built over a number of years.

This could add an additional \$1.4 million in annual debt payments. Depending on timing with existing and proposed Asset Management Plan debt, the ARL will be reached.

Note the adoption of longer terms for debt and therefore lower payments, will decrease the annual debt payments however this will result in more interest expense over the term of the debt.

Risk



2025 Risk Factors

All budgets are subject to risk, particularly with increasing climate-related incidents. This risk is mitigated partially through insurance and partially through the inclusion of Contingency accounts in the Budget.

The 2025 draft includes contingency for:

- \$100K Capital Contingency
- \$100K General Operating Contingency



Additional Risk Factors

Other risks are as follows:

Recreation Cost Sharing:

- New agreements have not yet been finalized
- \$462K has been included in revenue based on projected arrangements.

Building Inspection Fees:

- To maintain zero impact on overall budget, Building Inspection Fees have been increased to \$370K.
- This is \$125K increase over 2024 projected actuals.

Other 2025 Risk Factors

Risk Category	Probability	Impact
Communicable Disease Outbreak	Low	High
Material change in total property assessment	Low	Medium
Material change in total population	Low	Low
Material change in Industrial activity	Low	Medium
Material change in Provincial Operating Grants	Low	Medium
Capital cost for catastrophic property loss	Low	High
Loss of Miscellaneous Grants	Low	Low
Climate Change Impacts	Low	High

Summary

2025 Draft Budget



2025 Budget – Staff Recommendations

Of the 3 primary directions to consider;

- Recommend Property Taxes rate increases to be 10% in 2025 and 6% per annum thereafter. Recommend other revenue rate increases of 6% per annum.
- Manage debt load to ensure ARL is not exceeded in the next 10 years.
- Recommend continuing with planned road, water & sewer construction projects to maintain current service levels.



QUESTIONS?

