



MANAGEMENT REPORT

Date: February 10, 2025
To: Mayor and Council
From: Karmen Krueger, Director of Corporate Services/Treasurer
Report Number: COU25-011
Attachments: 1) 2025 Budget Summary of Significant Impacts
2) Draft 2025 Budget By-Law

Title: 2025 Draft Budget and By-Law Adoption

Objective: To seek final approval of the 2025 Budget and authorize a by-law.

Background: As Council is aware, the initial draft budget was released on October 28, 2024, to the Engage Stratford website and Council members. Subsequently, staff issued a community survey, and organized community engagement sessions including an open house and two pop-up locations, seeking public input on the various inputs and overall City service levels.

The Finance and Labour Relations Committee had several meetings, the first of which was November 28, 2024, and the most recent January 16, 2025, to deliberate services and costs of services contained in the package.

Analysis: Through the deliberation process, members of the public and the Finance and Labour Relations Committee sought clarification, and additional operational and financial information. This discussion included asset renewals, previous commitments from Councils around climate commitments and the overall link to the corporate strategic priorities for 2025 and beyond.

Balancing the increased costs for service delivery and asset requirements for those services, plus changes to demand for services with the impact on the tax rates and impacts to residents is a particularly challenging task and one of the main considerations for Council.

The budget, as referred to Council from the Finance and Labour Relations Committee, represents an increase to the dollars required to deliver current services and the dollars approved to expand services in some areas. The attached summary includes where it started, along with additions and removals that impact the 2025 tax levy.

Total expenditures increased by \$14.5 million. This is about 8% consisting of the following:

- cost increases for wages, employer costs and benefits (excluding outside boards) of \$2.5 million
- \$0.3 million for additional staffing
- \$3.1 million for outside board initiatives, including police, library, and other shared services
- Increase in infrastructure investments and capital requirements of \$2.2 million
- Legal and insurance cost increases of \$0.4 million
- The remaining increase of approximately \$6 million is general cost increases best described as inflationary or otherwise not separated for presentation purposes

Revenues also increased, which helps to offset some expenditure increases as follows:

- Increased user fees and operating grants of \$5.2 million
- Use of existing reserves and prior year surpluses of \$3.4 million

The ending effect of this budget is an increase to the budget of \$5.8 million, or 7.36% more dollars required than the previous year.

The final impact to the tax rate will be forthcoming in a subsequent report. The rates may be impacted by policy choices that could result in a shift between the various property classifications, but the estimated impact to residential property tax rates at this time is a 5.39% increase over the previous year rate.

The relationship between the budget, and Council's strategic priorities and One Planet principles are summarized in the sections below.

Financial Implications:

Financial impact to current year operating budget:

The purpose of this report and approval of the 2025 budget is to set the revenue and expenditure dollar estimates for the year.

Financial impact on future year operating budget:

The 2025 budget does not specifically impact future year budgets except to the extent that service levels are reconfirmed, and items that were deferred and 'gapped' in 2025 could impact the future year budgets. As this was the first year of developing a multi-year view of the operating budget, future year presentations may look different as estimates are refined.

Link to the Asset Management Plan: The 2025 budget (and future year budgets) are presented with a much stronger link to the City's Asset Management Plan and funding requirements therein. There cannot be a conversation around service delivery without considering the asset investments required to deliver those services over time.

This concept will continue to be highlighted throughout 2025 and in subsequent budget years.

Alignment with Strategic Priorities:

Enhance our Infrastructure

This report aligns with this priority as the 2025 budget reflects the commitment by Council, not only for service delivery but also for investment in the assets required to deliver services. This is evidenced by increased contributions to the capital reserve funds and increased capital renewal projects.

Build Housing Stability

This report aligns with this priority as the 2025 draft budget reflects Council's commitment to creating additional housing stability. The workplans of Social Services, the Chief Administrative Officer and investStratford to repurpose existing facilities (246 Railway Ave), ongoing projects to increase units at 398 Erie and 9 Fulton (Milverton) as well as increased resources to work with those who remain unhoused are all aimed at achieving this priority.

The 2025 draft budget also includes strategic expansions within the Building and Planning Services Department, particularly the addition of a Supervisor of Policy and Placemaking, to further support Council's housing priorities of streamlining the approvals process and enhance opportunities for new forms of residential development through the Official Plan Review, including provisions for inclusionary zoning and suitable intensification. This will enhance the City's ability to facilitate increased housing supply in a range of forms, tenures, and affordability levels while responsive to evolving housing needs, and aligned with Council's broader objectives for sustainable growth and community development.

Work Together For Greater Impact

This report aligns with this priority as the 2025 work plans and budgets include activities that meet the key objectives from this priority include the ongoing work for the Grand Trunk renewal program and investment in sports tourism strategies with Destination Stratford and other programs.

Intentionally Change to Support the Future

This report aligns with this priority as the 2025 budget continues to support economic growth through investStratford and continued operational work towards improving efficiencies and service standards.

Alignment with One Planet Principles:

The 2025 budget aligns with each of these principles as noted below.

Health and Happiness

Encouraging active, social, meaningful lives to promote good health and wellbeing. Continued Seniors and youth programming in Community Services that not only meets this principle but increases usage of the City's facilities. Ensuring new neighbourhoods and developments achieve this principle, proposed and reviewed through the planning process, is also of paramount importance as our City grows.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade. This principle is most evident when considering the activities of investStratford and the Building and Planning Services Department as they work together to grow our community with both existing partners and new businesses. This requires ongoing work with Social Services and Community Services to ensure newcomers have places to live and thrive.

Culture and Community

Nurturing local identity and heritage, empowering communities, and promoting a culture of sustainable living. This principle is most evident in how the City partners with and supports community organizations and embraces diversity within the existing community but also in attracting newcomers to live here. While not all elements of sustainable living are within the control of the local level of government, the City strives to make those services that are within the City's control affordable and sustainable for residents.

Land and Nature

Protecting and restoring land for the benefit of people and wildlife. The Parks and Infrastructure divisions in Community Services and Infrastructure Services assist this principle through continuous land preservation through various operational programs and controlled development that meets the City's priorities.

The City's Planning Division, through its work to lead land-use policy initiatives and evaluate land development applications, also achieves this principle. The City's Official Plan is amongst the most important tools for Council to meeting its priorities.

Sustainable Water

Using water efficiently, protecting local water resources and reducing flooding and drought. The recent water and wastewater rate study, along with the storm management work planned in 2025 allow the City to continue improvements with this principle.

Local and Sustainable Food

Promoting sustainable humane farming and healthy diets high in local, seasonal organic food and vegetable protein. The City has partnered with local organizations and permitted the development of community gardens on municipally-owned land. The development of a community garden by the Local and the SDSS Eco Club promotes education around local and sustainable food.

Travel and Transport

Reducing the need to travel, encouraging walking, cycling and low carbon transport. Council has adopted a Transportation Master Plan which includes development of walking and cycling trails and has invested with assistance from grants in electric vehicle charging stations and hybrid fleet to reduce transportation carbons. How our City ultimately grows into the future in this regard will be established in the Official Plan Review.

Material and Products

Using materials from sustainable sources and promoting products which help people reduce consumption. The City has implemented processes internally to assess responsible environmental options in procurement.

Zero Waste

Reducing consumption, reusing, and recycling to achieve zero waste and zero pollution. This principle will continue to evolve as the Blue Box Program transitions into a producer-responsibility program.

Zero Carbon Energy

Making buildings and manufacturing energy efficient and supplying all energy with renewables, reflected in the capital projects, new development, and forward thinking of all asset renewals and procurement.

Staff Recommendation: THAT the draft 2025 budget as amended be adopted with a levy increase of \$5,893,927 and a total tax levy of \$85,984,303;

AND THAT the 2025 Budget By-law be adopted as presented.

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