



THE CORPORATION OF THE TOWNSHIP OF KING  
Report to Council

Monday, June 17, 2024

Finance Department  
Report Number FIN-2024-15  
2025 Budget Direction Report & Schedule

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**RECOMMENDATION(S):**

The respectfully submits the following recommendation(s):

1. Report Number FIN-2024-15 be approved regarding the direction and timelines for developing and approving the 2025 Operating Budget Cycle.
2. That the Township's estimated tax levy increase is between 4% - 5% for 2025, subject to change.

**REPORT HIGHLIGHTS:**

- Council endorsement is being sought to approve the estimated increase of between 4% - 5%, pending review and presentation of the budget. These increases can be attributed to increased inflation, fuel price increases, insurance and other factors as noted on page 4 of this report.
  - The projected increase (4.8%) is lower than the approved budget from 2024 (4.98%).
- For 2025, staff will be developing a service-based approach to the Budget instead of the traditional version organized by departments. This is anticipated to better outline the services provided to and accessed by King citizens.
- The 2024 budget will be presented to Council on November 25, 2024, and final approval on December 9, 2024.
- Public Open House for the 2024 Budget is tentatively scheduled for November 13, 2024.
- Prioritization / re-evaluation of program changes will be made over the course of 2025-2026.

**PURPOSE:**

The purpose of this report is to provide an estimate and timelines for the 2025 budget . This report also seeks Council endorsement of general guidelines for development of the budget, proposed milestone dates for the presentation, public engagement and approval (Operating budget and amendments to Capital budget).

## **BACKGROUND:**

Although the 2023 Budget was approved at the beginning of the current term of Council, in some respects it is also a continuance of some previous term projects included in the previous Corporate Strategic Plan. The estimates within the 2025 Budget direction incorporate the Strategic Plan from 2023-2026. The Corporate Strategic Plan will help guide the Township's business planning and budget processes and reflect the most important needs of the community and its residents.

## **ANALYSIS:**

The budget considers several factors which are outlined in the following categories:

### **1. Base Operating Budgets**

The base operating budget is the annual spending plan for the Township's recurring expenses and the means of financing them. The 2025 Base Operating budget represents the approved 2024 operating budget and is expected to reflect the costs of maintaining existing programs and services.

For 2025, staff will provide information on the following categories:

- a. **Mandatory:** To account for new expenses that must be incurred as a result of service requirements mandated under provincial legislation. For example, if there is a provincial mandate to carry out a particular service within and/or for the community this may require the Township to incur costs that need to be captured within the budget.
- b. **Labour & Benefits:** This is directly linked to the existing staffing and includes negotiated union contract adjustments for union staff, economic adjustments, job rate progression and benefit adjustments such as statutory deductions. For example, Canada Pension Plan, Employment Insurance, or the Ontario Municipal Employees Retirement System.
- c. **Inflation:** To account for the increase in the average prices of services or commodities that may impact budgeted expenses. For example, if the cost of construction material has significantly increased, the budget will need to account for additional expense costs.
- d. **Utilities:** This section is used to identify utility changes; projected rate changes are provided by finance and the volume changes are determined by the department responsible for the facility.
- e. **One-Time Budget:** The One-Time Budget adjustments capture either revenue or expenses to be incurred only once. For example, the cost of computers or furniture for new staff.
- f. **Growth:** Growth adjustments will consider the direct result of community or market growth that will impact the annual budgets for increased costs for materials, contracted services, or supplies. For example, if there is an increase in demand for a particular service or program that is a result of social and economic growth.
- g. **Efficiencies:** Such adjustments will be used to capture cost savings or improvements. For example, a decrease in the use of office supplies as a result of moving services online would be considered an efficiency to be captured. Departments are required to find base operating budget efficiencies without a reduction to the current service levels. (Example, lower usage, consumption, different service delivery methods, etc.

- h. **Capital Operating Impact:** The Capital Operating impacts are intended to capture costs associated with the operating budget as a result of capital works. For example, a new park or splash pad would incur additional costs for hydro, maintenance, and water usage.
- i. **Pre-Approved Council Initiatives:** This would represent a mid-year or current year request from Council that had a financial impact to the base budget for 2025. For example, the new Township Wide Recreation Centre (TWRC) was an operating impact for the 2024 budget.
- j. **Revenue Adjustments:** This relates to the incremental revenue impact of a proposed cost recovery-related increase to existing fees in the fees and charges by-law.
- k. **New Fees:** The incremental revenue impact of new fees or charges for the recovery of costs related to a product, service or program that the Township has not charged for in the past.

## 2. Program Changes

The purpose of a program change is to provide detailed information relating to the need for incremental resource requirements, which may include additional staffing or contract personnel. Departmental requests for a change in program direction and/or new staffing were forecasted and presented to council as part of the previous 2024 budget cycle, however, are subject to change to meet the overall budget direction.

## 3. Ten (10) Year Capital Plan (2025-2034)

The 2025 Capital Plan will be reviewed and updated as required as part of the overall budget approval process for Operating and Capital programs. Council will be asked to approve the 2025 Capital Budget and commitments of any term of Council projects (2023-2026).

## Service Based Budget

For 2025, staff will be preparing a Service Based Budget in the following categories which includes examples of services per area:

Table 1:

### Planning & Growing King



- Building permits
- Development Engineering Services
- Planning Services
- Business attraction and retention

### Keeping King Safe



- Traffic Calming / Crossing Guards
- Fire & Emergency Services
- Animal Services
- Bylaw Services

### Maintaining King



- Road Maintenance
- Winter Maintenance
- Sidewalk Maintenance
- Street Lighting
- Facility Operations & Maintenance

### Greening King



- Parks, Trails & Open Spaces
- Forestry & Trees Management
- Garbage & Recycling
- Stormwater Management
- Climate Change & Sustainability

### Serving King



- Recreation Programming
- Public Library
- Heritage & Culture / Museum
- Community Engagement

### Governing King



- Council, Governance Support
- Legal Support
- Risk Management
- Election

Organizing the budget in these categories will illustrate more publicly-relatable concepts under a service-based approach as opposed to the traditional departmental structure. These themes will provide the public with a better understanding of service offerings, which are subject to change over time.

Below is the proposed 2025 Budget Schedule:

Table 2:

**Proposed 2025 Budget Schedule:**

Friday, November 1, 2024	2025 Budget Binders (Web version) to Council
Tuesday, November 12, 2024	<b>Council Report – Proposed 2025 Water / Wastewater Rates Report</b>
Wednesday, November 13, 2024	<b>Public Meeting - Budget – Open House -</b>
Monday, November 25, 2024	<b>Departmental Presentations for the 2025 Budget</b>
Monday, December 2, 2024	<b>(EXTRA) Departmental Presentations for the 2025 Budget</b>
Monday, December 9, 2024	<b>Council Report – 2025 User Fees &amp; Charges Approved</b>
Monday, December 9, 2024	<b>Council Report – 2025 Budget Approval</b>

**FINANCIAL CONSIDERATIONS:**

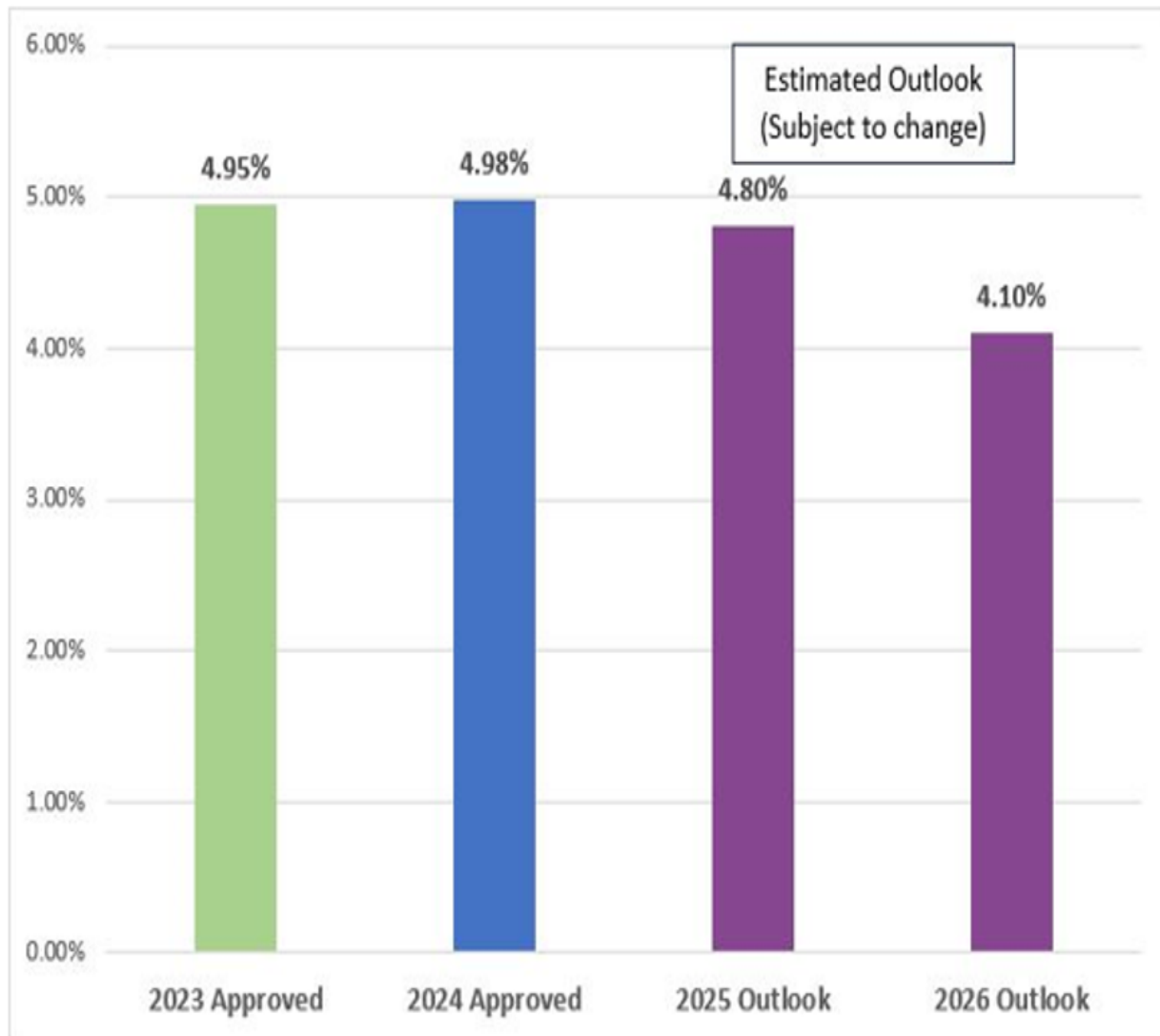
**Tax Levy Budget Pressures:**

Based on a preliminary analysis, staff have identified the following tax levy budget pressures for 2025. Of significance it includes, but is not limited to:

- Inflation, which is estimated between 2.7% to 3% for 2024
- Fuel price increases continuing on from 2024
- Increase in insurance rates up to 10% with the addition of the new TWRC coming into service in the fall of 2024
- Contractual estimates for Labour & Benefits costs
- Operating impact from previous approved capital projects for increased infrastructure added (i.e.Parks for utilities needs)
- Increase in funding allocation for the Capital Tax Levy Reserve Fund and the Infrastructure Reserve Fund of \$500,000 per year to address the asset management needs for both core and non-core assets
- Potential increase for staffing in 2025
- The need to incorporate an increased service level for winter maintenance in urban areas for the 2025 / 2026 season.
- Growth pressures with increase in development in King City East and Nobleton areas as they are developed additional services will need to be added.
- Assessment growth will help reduced the overall budget

Below is the table to show the Term from 2019-2026, including the approved budget from 2019-2024 2023 and 2024, and the estimates from 2025-2026. It shows also the inflation pressure over the years and projected for the forecasted years from 2025-2026.

Table 3:



The above are projections and are subject to change and a full budget review within each department as part of the 2025 budget.

**ALIGNMENT TO STRATEGIC PLAN:**

The 2023-2026 Corporate Strategic Plan (CSP) was adopted by Council on June 12, 2023. The CSP reflects the priorities of upmost importance to the community and defines the obligations and commitments of the Township of King to its citizens and to the public. The CSP is aligned with the Townships long-term vision defined in the “Our King” Official Plan. The CSP also aims to ensure that staff initiatives focus on and work towards supporting King’s Vision, Mission and Values.

This report is in alignment with the CSP’s Priority Area(s), and/or associated Objective(s) and/or Key Results(s):



Sustainable  
Asset  
Management

Develop asset-funding strategies which ensure long-term fiscal sustainability.

Although there is a direct relationship to the priority area of Investing in Infrastructure, this specific report is required to maintain business continuity across all service areas, which indirectly supports all Strategic Plan priority areas.

**CONCLUSION:**

The report provides the overall impacts and mitigation strategy that will be used in completing the 2025 Budget for Council Consideration as well as the timelines associated with the upcoming process.

**ATTACHMENTS:**

Not Applicable

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Approved for Submission By:

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