



The Corporation of the Township of King Report to Council

From: Finance Department
Report Number: FIN-2024-023
Date: Monday, November 25, 2024
Title: **2025 Operating and Capital Budget & Service Plans**

Recommendation

1. That Finance Report Number FIN-2024-023 be received; and
2. That By-law 2024-095, being a By-law to adopt the 2025 Operating Budget & Service Plans, including the 2025 Budget for the Holland Marsh Drainage System Joint Municipal Service Board and the 2025 Capital Budgets, be approved;
3. That the 2025 Operating Budget net increase of \$1,331,411, representing a 3.68% average tax increase to the Township levy only, be approved;
4. That the 2025 Operating Budget, be approved at a net Township tax levy amount of an estimated \$37,567,373 inclusive of:
 - i. Base operating budget increase of \$1,331,411 which includes \$156,154 in recommended Program Changes (as outlined in Schedule A),
 - ii. Total 2025 Capital Budget for \$23,469,033 (as outlined in Schedule B);
5. That the 2025 Stormwater levy remain unchanged with By-Law 2023-056;
6. That an amendment to By-law 2021-046, to add a new reserve fund, be established for Speed Enforcement Reserve Fund (RR18), be approved;
7. That an amendment to By-law 2021-046, to consolidate the Roads & Related Infrastructure reserve fund (RR1) with the Capital Tax Levy Reserve Fund (RR17), be approved;
8. That Council authorizes the Director of Finance & Treasurer to apply for, accept and adjust the Budgets as a direct result of receiving incremental provincial/federal government funding, provided there is no tax levy impact; and
9. That the Treasurer be authorized to make technical adjustments to the 2025 Capital and Operating budget based on business needs, good accounting practices and as required with no tax levy impact.

1. Report Highlights

- The 2025 Operating Budget includes an increase of \$1,331,411 which represents a 3.68% average increase for the Township, bringing the total levy to \$37,567,373. The original proposed rate was 4.43%, however, by including additional revenue and

higher than expected tax assessment growth, the Township was able to reduce the overall rate from its projection to 3.68%.

- The 2025 Capital Budget is a total of \$23,469,033 funded by various sources listed on **Table 1** of this report.
- A new reserve fund is established for Speed Enforcement revenue, to fund future traffic safety and road initiatives from the Capital and Operating Budget.

2. Purpose

The purpose of this report is to seek Council's approval of the 2025 Operating Budget and Service Plans, and 2025 Capital Budgets as presented during this Council Meeting on November 25th, 2024.

3. Background

The 2025 Operating and Capital Budgets presented to Council on November 25th, 2024, requires a proposed increase in 2025 net tax levy requirements of \$1,331,411 or 3.68%. With respect to the 2025 Capital Budgets, totalling \$23.5M, also presented on November 25th, 2024.

Public Consultation

To facilitate direct communication between staff and the public, an in-person public meeting was held on November 13, 2024, where residents were invited to attend and share their comments and questions directly with the staff and Directors in attendance. Additionally, a dedicated Township website page was updated with all 2025 budget related information (king.ca/budget)

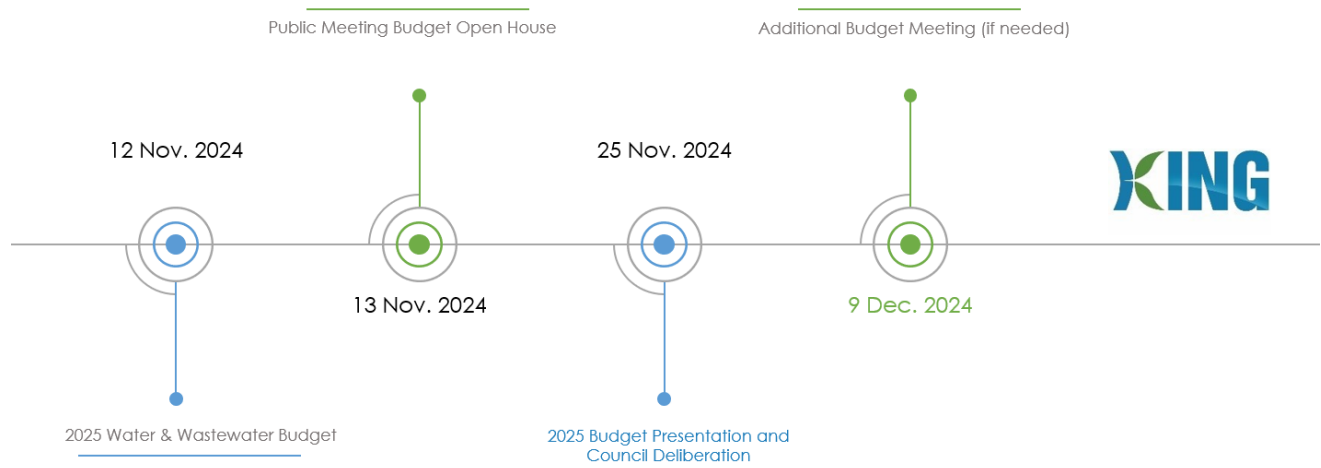
November 13, 2024 – Public Open House Comments

Some of the comments heard at the public meeting were contradictory, including requests to lower the overall rate, while also receiving requests to add more services or capital works. Below is a list of the themes heard at the public meeting:

- Reduce the overall tax rate
- Ask the Region to reduce their tax rate increase
- Improvements to the Nobleton Hall
- Sidewalks in Kingscross
- Additional service of vacuuming leaves in boulevards
- Offer garbage pick-up in condominiums that is currently is part of the condominium fee
- Heritage District Study in Schomberg
- Heritage tax relief for designated properties
- A Pedestrian crossing in downtown Main Street in Schomberg
- Additional bylaw officers for more proactive enforcement
- Tree conservation on all properties
- Additional funding for Climate Change initiatives

Staff will consider these comments in future budgets, however, as directed by Council, the main objective was to look at options to reduce the overall tax rate, which is incorporated in this final report.

The figure below represents the Budget Timeline:



4. Analysis

As part of the budget process, a new reserve fund has been established to collect Speed Enforcement revenue which will be used to fund future traffic safety and road initiatives from both the Capital and Operating Budget.

Speed Enforcement Reserve Fund

This reserve will be used to fund safety related infrastructure for the Township related to roads. The funding source is revenue generated from traffic tickets for speed enforcement cameras.

Consolidating Reserve Funds

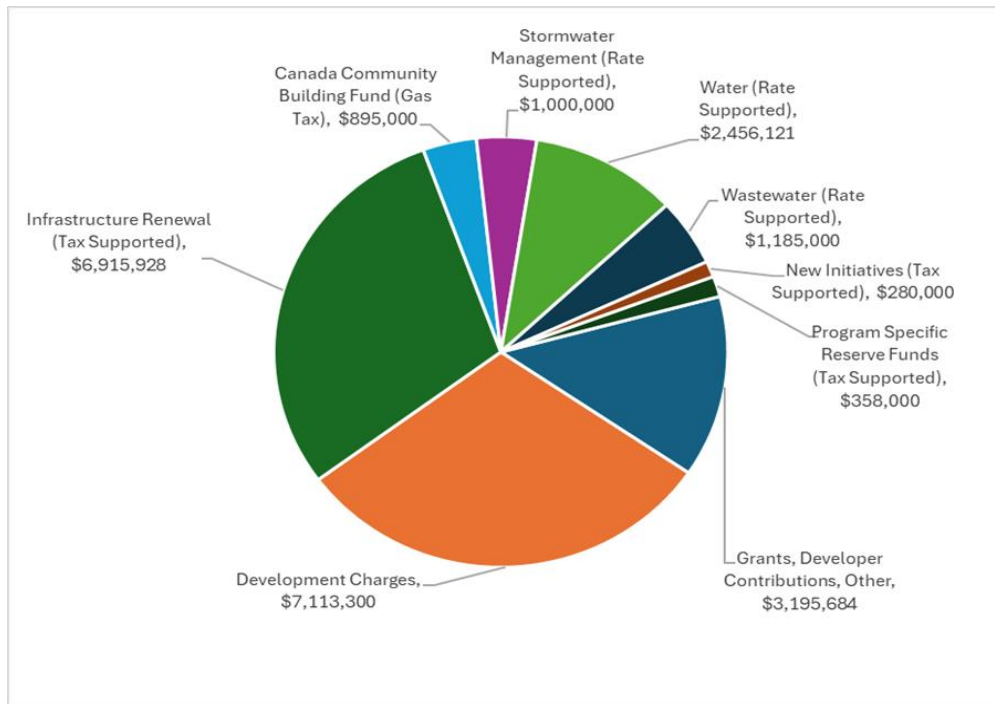
As part of a review of the Township’s reserve funds, the Roads & Related Infrastructure reserve fund (RR1) is being consolidated with the Capital Tax Levy reserve fund (RR17). Both reserve funds serve the same purpose and support the replacement of Township assets. To provide more flexibility in funding, staff are recommending the consolidation of these reserves funds.

2025 Capital Budgets

The 2025 Capital Budgets have a total estimated cost of \$23,469,033. Below is a list of highlighted projects for 2025, including some multiple year projects:

- Township Wide Recreation Centre (Zancor Centre) \$5,518,300 (final year of funding)
Total funding: \$86,090,000 (2018-2025)
 - \$38,849,090 from Federal and Provincial Funding
 - \$16,065,000 from Developer Contributions
 - \$22,962,873 from Development Charges
 - \$8,213,037 from Tax Levy Capital and Infrastructure Reserve Funds
- Replacement Fire Pumper Rescue Truck \$950,000.
- Watermain Replacement – Nobleton (Parkview, Crestview, Janet, Lynwood) \$2,446,121
- Water Supervisory Control and Data Acquisition (SCADA) \$1,175,000
- Roads and Related Infrastructure Improvements \$2,100,000
- Annual Relining/Rehabilitation of Bridges and Culverts \$2,020,000

Table 1: Sources of funding for the 2025 Capital Budget



Some projects within the 2025 Budget are term of Council projects, meaning they extend through multiple years from 2023-2026. These projects include:

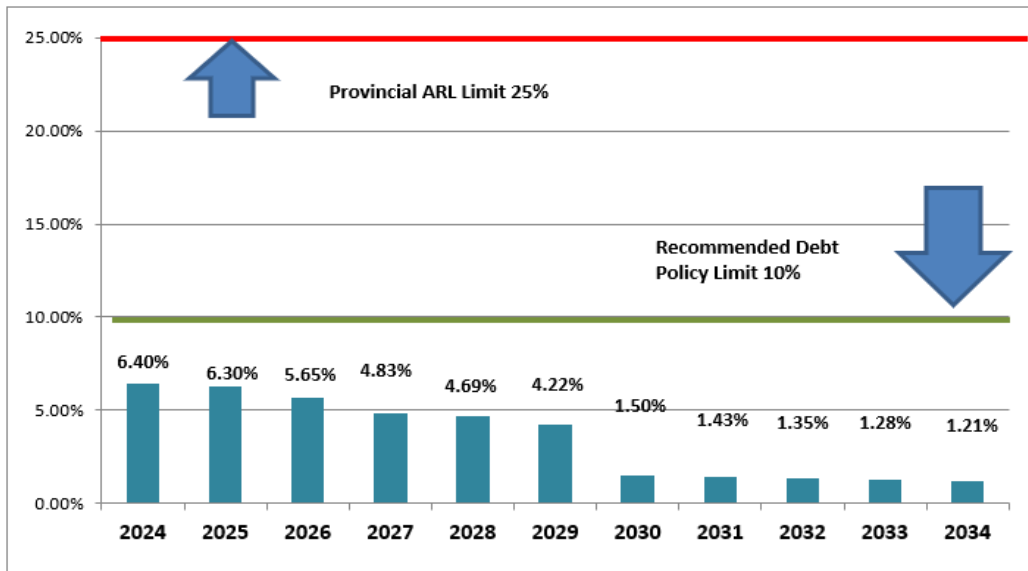
- **Township Wide Recreation Centre (TWRC):** \$86,090,000 (2018-2024). \$18,009,727 in 2023 and balance \$5,518,300 in 2025
- **Kettleby Road Reconstruction** \$2,700,000 split between 2023-2025 with \$300,000 in 2023
- **Reinterpret Train Station & Church** \$1,570,000 split over 2023-2025 with \$70,000 in 2023

Long-term Debenture Financing

The Township’s projected outstanding net long-term debt as of December 31, 2023, is \$16.2 million. The Annual Debt Repayment Limit calculated below in **Table 3** includes the new debenture for the Nobleton Sewer for contract 3 for \$4.5 million and repayment will be recovered directly from benefitting property owners.

The projections also include an estimated debenture for 2025 for the Town Wide Recreation Centre of \$5 million at a rate of 3.7% amortized at 10 years. This will be confirmed based on development charges collected and whether the debt will be required to bring the Development Charge reserve for Parks and Recreation to a positive balance.

Table 3: Debt Forecast (2024-2034)



5. Financial Considerations

Preliminary 2025 Tax Levy / Tax Rate Sensitivity Analysis

The preliminary estimate of the Township’s proposed net levy increase @ 3.68% on the property tax basis has been calculated for residential homes assessed at \$1,000,000 in 2025 for the Township portion only. This includes assessment growth of \$725,000 at this time but, will be adjusted when final billing is completed. Currently, the Region has only provided the estimates of 3.55% increase plus 1% for Rapid Transit (a total of 4.55%) for the 2025 budget. The school board is assumed to have no change as it is not known at present. The impact for the Township portion only, at 3.68%, is estimated to be \$127, for a home assessed at \$1,000,000.

Table 4: 2025 Estimated Impact based on Assessment Value of \$1,000,000 including the Township, Region, and School Boards

Residential Tax: Example						
Assessment	\$1,000,000	Total Taxes	School Board	Region	Township	Increase %
Year - 2024		\$ 8,611	\$ 1,530	\$ 3,619	\$ 3,462	
Year - 2025		\$ 8,903	\$ 1,530	3,783	\$ 3,589	3.39%
			School Board	Region	Township	
	% of Taxes		17%	43%	40%	

In accordance with annual tax rate setting procedures, once York Region’s Tax Ratio Report and associated By-law is approved by Regional Council, and the Province of Ontario releases the Education Tax Rate for the 2025 taxation year, Township staff will complete a comprehensive analysis as part of the Township’s 2025 Tax Rate Report procedures which will be presented for review, consideration and approval at a future Council meeting

As in prior years, the comprehensive analysis will identify shifts in the property tax burden across assessment classes within the Township. Staff anticipate the 2025 Tax Rate Report will be presented to Township Council in May 2025.

6. 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 utmost 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 Township’s 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):

Priority Area: Sustainable Asset Management

Objective: Develop asset-funding strategies that ensure long-term fiscal sustainability.

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

7. Conclusion

The 2025 Budget provides financial sustainability that supports the continued service delivery and advances capital projects that align with the Corporate Strategic Plan. This reinforces the Township's commitment to maintaining or enhancing service levels that respond to the needs of the citizens across King Township.

8. Attachments

Appendix "A" – 2025 Operating Budget by Service and Program Changes Summary

Appendix "B" – 2025 Capital Budgets Project Listing

Appendix "C" – 2025 Budget Book

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