

Staff Report

Report To: City Council
Report From: Kate Allan, Director of Corporate Services
Meeting Date: November 18, 2024
Report Code: CR-24-127
Subject: 2025 Draft Budget Committee Engagement Wrap Up

Recommendations:

THAT in consideration of Staff Report CR-24-127 respecting 2025 Draft Budget Committee Engagement Wrap Up, City Council directs staff to bring forward a draft operating budget with a proposed Municipal Rate increase between 3% and 6% to the special meeting on December 9 for further deliberation.

Highlights:

- For the first time ahead of operating budget review, draft budgets were presented to committees for information and feedback.
- Council will meet on December 9 to review the draft operating budget.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

[Presentation to the Corporate Services Committee – October 10, 2024](#)

Background:

The Corporate Services, Community Services, and Operations Committees reviewed the 2025 Draft Operating Budget, providing insights, raising concerns, and requesting clarifications on various budgetary components. This feedback offers Council valuable perspectives on potential adjustments and highlights areas where public and Committee engagement may further inform final budget decisions.

1. Corporate Services Committee

The Corporate Services Committee focused on service allocation, revenue stability, and accessibility of budget information for the public. Comments were made regarding the transparency of the materials and supplies lines in summary budgets and suggestions to expand this line item to break out some common expenses in each department. The Committee also discussed specific budget items, including stable parking pass revenues, departmental allocation of legal fees, and the value of asset condition assessments for future capital budget planning. Also on the meeting agenda was a report on the results of the facility condition assessment project. The Committee noted that only the previously approved 1% increase for asset management was included in the draft budget presented. The public committee member present at the meeting suggested that future budget engagement could focus on workshops or sessions geared toward public education in understanding budget developments and the templates used to present budget information.

2. Community Services Committee

The Community Services Committee explored budget allocations related to community events, partnerships, and third-party service costs. A primary discussion point was the Municipal Accommodation Tax (MAT), with clarification that half of the total MAT revenue is allocated to the eligible tourism entity (administered through the Chamber of Commerce). Further, the Committee expressed interest in how net and gross costs are presented, particularly in special events and cultural services. This feedback underscores the need for clarity and transparency in budget documentation. Questions around revenue variations for recreational facilities highlighted the complexities of

partnership agreements, such as with the YMCA, which influence net operating costs across facilities. A request was made to include revenues for the Bayshore and Regional Recreation Centre with the costs of each facility.

3. Operations Committee

The Operations Committee examined Public Works and Engineering budget allocations, particularly in waste management and fleet costs. Committee discussions centred on the fleet reserve originally allocated for waste management fleet replacements, which will now cover startup costs for the Source Separated Organics (SSO) program. There was also interest in assessing the impact of bag tag revenues following the SSO program's implementation, suggesting a review of user fees after the program's first year. Additionally, the Committee inquired about rising contractor and material costs impacting service delivery, indicating a broader concern about cost drivers and sustainable funding for service levels.

Analysis:

The Council budget presentation intends to highlight the impact of prior year tax policy and rate decisions as it relates to relative residential taxes for the City of Owen Sound with respect to Grey County averages. Departmental budgets will flesh out some of the details requested by committees including breaking out materials and supplies under each division. The presentation will provide a reconciling document that demonstrates the difference between the modified cash flow presentation of Municipal budgets and Municipal financial statements which are prepared to meet Public Sector Accounting Board standards.

Heading into Council's first comprehensive review of the budget, the total increase for all Municipal services including general operating (3.72%), capital, Police Board (5.85%) and Library Board (4%) is just over 5.0%.

Base budget increases associated with negotiated wage increases for permanent union staff, cost of living increases for permanent non-union staff and other increases as per the annual index per existing contracts account for 2.1 points of the total 5.0 percentage increase. A dedicated increase to the capital levy of 1% adds an additional 1 point. The police increase of 5.85% accounts for approximately 1.5 points of the total 5%. The total budget increase summary is shown below.

Increase Summary		% Impact		
BB	BASE BUDGET	731,268	2.10	
SLC	SERVICE LEVEL CHANGES CURRENT YEAR	(84,000)	(0.24)	
PYC	PRIOR YEAR DECISION IMPACT	94,464	0.27	
GROWTH	GROWTH IMPACT	35,000	0.10	
OMPF	ONTARIO MUNICIPAL PARTNERSHIP FUND	(63,800)	(0.18)	
ADJ	ADJUSTMENTS	148,690	0.43	
	OPERATING INCREASE	861,622		3.72%
CAP	CAPITAL	363,990	1.04	
	GENERAL BUDGETARY INCREASE	1,225,612		4.66%
	POLICE SERVICES	501,572	1.44	5.85%
	LIBRARY	43,000	0.12	4.10%
	COMBINED BUDGETARY INCREASE	1,770,184		5.07%
REGION	REGIONALIZATION	-	-	
	TOTAL BUDGETARY INCREASE	1,770,184	5.07	5.07%

Once assessment growth is factored in along with a 4% estimated increase in the County levy and the education rate remaining unchanged, the combined levy increase is currently estimated to be 4.0%. For a home assessed at \$232,000 this would equate to an annual increase of \$178.25 or \$14.85 a month.

Financial Implications:

The report includes a recommendation that the draft budget increase be between 3% and 6%. This would result in a total levy of \$36M to \$37M.

Communication Strategy:

All budget meetings are held in open Council meetings. A public meeting is planned to take place in early 2025 and notice will be provided with the date and time. The City has a budget page on the Our City site which is geared

towards sharing pertinent budget information and receiving input from the public: [2025 Operating Budget Engagement | Owen Sound](#). Ultimately approved budgets are available on the City's website.

Consultation:

Standing Committees

Council

Staff

Attachments:

None.

Recommended by:

Kate Allan, Director of Corporate Services.

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan at kallan@owensound.ca or 519-376-4440 ext. 1238.