



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn
Position: Director of Finance/Treasurer
Title / Subject: 2025 Draft Budget
Date of Report: January 14, 2025
Date of Meeting: January 27, 2025
Report No: 2025-FI-001

1.0 Issue / Origin

This report outlines the 2025 Draft Operating and Capital Budget for Council consideration and deliberation.

2.0 Background

The 2025 Draft Budget commenced with the release of a Budget Education and Survey on "Let's Talk Brock" as well as on the Township's webpage. There were a number of comments received from the Budget Survey and these are attached to this report.

Further, staff released a 2025 Budget Guideline report to Council on November 8, 2024 for review and consideration leading into the 2025 Budget Deliberations.

The 2025 Draft Budget is being presented to Council on Monday January 27, 2025 and will be followed by two days of additional budget presentations and deliberation opportunities on Wednesday February 5 and Friday February 7.

There will be a budget open house in the evening of Thursday February 13, 2025 in Council Chambers and it is estimated that the Budget 2025 will be formally approved by Council on Monday February 24, 2025.

3.0 Analysis

The 2025 Draft Budget represents several months of work by all staff and Council and involves, among other activities, a review of business plans (in conjunction with several Master plans), development of work plans, development of budget estimations, review of prior year actuals, estimation of 2024 year-end, as well as internal meetings of staff.

The total draft 2025 budget is approximately \$29,586,258 and includes capital expenses of \$13,559,995, operating expenditures of \$15,811,988 and infrastructure funding of \$214,275.

Draft Levy for 2025

At the current time, the draft budget 2025 levy increase, after estimated growth of \$45,212 or 0.42%, is approximately 6.43% or \$688,541. This **includes** an infrastructure levy of 2% or \$214,275.

This is equivalent to an increase of approximately \$34.32 per year, per each \$100,000 of residential assessment (or \$2.86 per month). For a residential home, with a current value assessment of \$300,000, this is equivalent to an increase of approximately \$8.58 per month or \$103 per annum.

The Region of Durham approved a tax levy increase of 7.4% for 2025. Combined with the Township increase of 6.43%, the combined overall tax rate increase is 6.2%, of which, the Township increase represents 2.39% on the overall tax bill for 2025.

The draft levy increase of \$688,541 is made up as follows:

- \$174,789 or 1.63% for non-discretionary inflationary items
- \$125,202 or 1.17% for service level inflationary increases
- \$7,578 or 0.07% for new staffing
- \$140,563 or 1.31% for new initiatives
- \$26,134 or 0.24% for reduced net revenue

For illustration purposes and for council consideration, to reduce levy further, additional revenue or expense reductions would be required as follows:

Reduction	\$
0.25%	\$26,784
0.50%	\$53,569
0.75%	\$80,353
1.00%	\$107,137

Combined Levy Impact

On December 20, 2024, the Region of Durham approved a 2025 property tax increase of 7.4%.

Assuming the education component of property tax is revenue neutral, the combined increase for 2025, on a median single family detached home with a CVA of \$300,000 is estimated, for illustration purposes, as follows:

Township Levy Increase	Estimated Township Tax Rate	Estimated Region Tax Rate	Estimated Education Tax Rate	Total Estimated Taxes	Combined Estimated Increase \$	Combined Tax Rate Increase	Township Share of Combined Increase
2024	0.00501124	0.00694927	0.00153000	\$4,047,15			
1%	0.00506135	0.00746352	0.00153000	\$4,216.46	\$169.31	4.18%	0.37%
2%	0.00511146	0.00746352	0.00153000	\$4,231.49	\$184.34	4.55%	0.74%
3%	0.00516158	0.00746352	0.00153000	\$4,246.53	\$199.37	4.93%	1.11%
4%	0.00521169	0.00746352	0.00153000	\$4,261.56	\$214.41	5.30%	1.49%
5%	0.00526180	0.00746352	0.00153000	\$4,276.60	\$229.44	5.67%	1.86%
6%	0.00531191	0.00746352	0.00153000	\$4,291.63	\$244.48	6.04%	2.23%
6.43%	0.00533346	0.00746352	0.00153000	\$4,298.09	\$250.94	6.20%	2.39%
7%	0.00536203	0.00746352	0.00153000	\$4,306.66	\$259.51	6.41%	2.60%

Operating Budget

As mentioned above, the total Operating Budget for 2025 is approximately \$15,811,988 and is broken down as follows:

Expense Category	Budget 2024 \$	Budget 2025 \$	Change \$	Increase (Decrease) %
Salaries, Wages & Benefits	\$7,458,645	\$7,921,931	\$463,286	6.21%
Materials, Supplies and Services	\$2,474,584	\$2,572,589	\$98,005	3.96%
Reserve Transfers	\$2,427,300	\$2,610,785	\$183,485	7.56%
Internal Rent	\$902,879	\$NIL	-\$902,879	-100%
Utilities and Fuel	\$653,360	\$644,830	-\$8,530	-1.31%
Contracted Services	\$427,243	\$433,119	\$5,876	1.38%
Software	\$207,100	\$255,764	\$48,664	23.50%
Employee Expenses	\$158,155	\$165,930	\$7,775	4.92%
Debenture Payments	\$99,341	\$98,651	-\$690	-0.69%
Tax Abatement	\$97,000	\$107,000	\$10,000	10.31%
Grants	\$86,200	\$177,404	\$91,204	105.81%
Books and Media	\$75,550	\$54,550	-\$21,000	-27.80%
Vehicle	\$61,000	\$769,435	\$708,435	1161%
Total Expenses	\$15,128,357	\$15,811,988	\$683,631	

In the 2024 Budget, Internal Rent of \$902,879 was allocated to various departments for use of public works equipment. While this practice does assist in recognizing the estimated cost of using Public Works Equipment, it did create a challenge for staff to determine what was being spent on things such as gasoline, maintenance and repairs, licencing and what would be available at year-end for reserve transfer. In addition, this practice is very time intensive for staff to keep track of equipment usage and perform journal entry transfers.

For the 2025 budget, all internal rent by other departments have been removed and the costs of gasoline, maintenance and repairs, licensing and time spent by staff on equipment repairs have been included in the budget, along with clearly identifying what is anticipated to be transferred to the long-term equipment replacement reserve. This change will reduce staff administrative time and will make the budget as well as expense and budget monitoring very clear and transparent. Staff will continue to track equipment usage and any labour performed by employees on equipment using our payroll system, therefore, information will still be available when needed. The net impact of this transfer is \$NIL to the 2025 levy.

	\$
2024 Internal Rent	\$902,879
Reallocated in 2025 as follows:	
Gasoline	(\$258,000)
Repairs and Maintenance	(\$420,000)
Licensing	(\$23,835)
Sub-total	\$201,044
Contribution to Equipment Reserve	(\$201,044)
Net Remaining Unallocated	\$Nil

The Provincial Asset Management regulation requires that municipalities complete an asset management plan (AMP) outlining a lifecycle management and financial strategy to manage municipal assets for a ten (10) year period (The Township has completed this work and the financing plan is currently in draft after being presented to council in November 2024). Staff have included a section on Asset Management Funding in this report (under section “Additional Asset Management Funding”) and have included dedicated contributions to the infrastructure reserve of 2% or \$214,275 for 2025.

The total operating expenses of \$15,811,988 are reduced by operating revenue of approximately \$4,578,778 and estimated growth of \$45,212 to arrive at a net levy impact of approximately \$11,402,273.

Revenue Category	Budget 2024 \$	Budget 2025 \$	Change \$	Revenue Increase (Decrease) %
User Charges	\$1,348,165	\$1,447,144	\$98,979	7.34%
Grants	\$927,017	\$969,617	\$42,600	4.6%
Interest/Penalties	\$370,000	\$430,000	\$60,000	16.22%
Payment in Lieu	\$305,000	\$312,000	\$7,000	2.3%
Rate Stabilization Draw	\$837,723	\$571,631	(\$266,092)	-31.76%
Reserve Draws	\$135,641	\$237,548	\$101,907	75.13%
Development Charges	\$84,064	\$83,823	(\$241)	-0.29%
Ministry of Natural Resources	\$152,000	\$152,000	\$nil	-
Investment Interest	\$172,015	\$219,015	\$47,000	27.32%
Supplemental Billings	\$70,000	\$70,000	\$nil	-
Donations	\$13,000	\$11,000	(\$2,000)	-15.38%
Internal Transfer		\$75,000	\$75,000	100%
Total Revenue	\$4,414,625	\$4,578,778	\$164,153	

User Charges

User charge revenue has increased for 2025 by approximately \$98,979 primarily from the following:

- \$63,499 from increased Facility Rental Revenue at BTHC and Cannington Curling Club
- \$36,400 from increased Recreation and Programming Revenue
- \$12,000 from increased Small Craft Harbour Revenue
- \$8,755 from increased Summer Camp Registration Fees

The estimated costs of running summer camp for 2025 is approximately \$122,455. To break-even, it is estimated that summer camp fees will need to be increased to realize additional revenue of approximately \$8,755 (note that salaries and benefits, as well as camp materials and supplies have been reduced to assist with offsetting camp expenses). This is discussed further in this report under the Parks, Public Buildings and Health Services section.

Based upon property appraisals undertaken in 2024, rent for the Brock Community Health Centre (“CHC”) should be increased by a minimum of \$22,209 per year (based on share of taxes, custodial and refuse), however, Section 107 of the Municipal Act, provides Council with *authority to provide a grant to any person, group or body, within or outside the boundaries of the municipality, for any purpose that council considers to be in the interests of the municipality.* Staff have increased rent for CHC in the 2025 budget to correspond with market appraisal, however, have also included a corresponding grant of \$22,209 in the 2025 grants budget, therefore, the net impact to the overall levy is \$Nil. Should Council decide not to

provide this Section 107 grant, the grant expense can be removed from the 2025 budget (and CHC will be expected to pay additional rent of \$22,209).

Rate Stabilization

The Rate Stabilization reserve is estimated to be \$1,022,706 at year-end 2024 (excluding Library Rate Stabilization). In drafting the 2025 budget, staff have utilized funding of approximately \$536,657 (excluding use of Library Rate Stabilization), leaving an approximate balance of \$486,049 at year-end 2025 as follows:

Department	\$	Purpose
Estimated 2025 Opening Balance	\$1,022,706	
Public Works	\$33,650	CN Signage
Public Works	\$76,164	One Time Salary & Benefit Continuance
Public Works	\$20,000	Traffic Calming
Public Works	\$137,441	Fleet Reserve
Clerks	\$10,000	Ombudsman
Clerks	\$15,000	Transit Legal Review
Corporate	\$25,000	Corporate Training
Corporate	\$4,000	Diversity, Equity and Inclusion Training
Fire	\$10,000	Fire Training
Parks	\$20,000	Overhaul Arena Compressors
Parks	\$55,402	Temporary Facilities Coordinator
Parks	\$50,000	Parks Reserve
Treasury	\$5,000	General Consulting
Treasury	\$75,000	Reserve for New Financial Software
Estimated 2025 Closing Balance	\$486,049	

The Library Rate Stabilization Reserve is estimated to be approximately \$275,537 at year-end 2024. The 2025 draft budget includes draws of \$34,794 for administration (\$20,500) and smoothing the impact of salary increases over two years (\$14,294), leaving an estimated balance of \$240,743 at year-end 2025.

The 2024 budget included rate stabilization reserve draws of \$800,216 (including a draw of \$19,114 from Library Rate Stabilization).

The Public Works Equipment Reserve and the Parks Reserve are both underfunded and require increases in the coming years to support equipment replacement. Staff have included reserve transfers of \$137,441 and \$50,000, respectively, to the Public Works Equipment Reserve and the Parks Reserve, funded by Rate Stabilization in the 2025 Budget.

In late 2024, the Township was notified that Microsoft Dynamics will be ending product support for the Township's financial software, Dynamics GP as of September 2029. The Township will need to purchase new financial software before the end of life. Staff have not yet determined which software will replace Dynamics GP, however, staff recommend that the Township **begin** setting funds aside to support the transition, purchasing and implementation

costs and recommend \$75,000 be transferred to reserve for 2025, funded by Rate Stabilization. It is anticipated that additional funds will be required over and above this \$75,000 and anticipate that new software and implementation support may exceed \$250,000, requiring additional reserve contributions in the coming years.

Other Reserve Draws

Included in the 2025 draft budget are reserve draws (excluding rate stabilization) of approximately \$321,371 (up from \$227,419 in 2024) as follows:

Department	\$	Reserve	Purpose
Library	\$14,000	Development Charges	Books
Library	\$8,800	Fowler & Hewitt-Baillie Trust	Library Operations
Building	\$58,393	Building Reserve	To offset reduced revenue
Clerk	\$2,150	Election Reserve	Voter List Management
Council	\$15,000	Committed Projects	Green Initiatives
Council	\$20,000	Committed Projects	Downtown Revitalization
Council	\$4,500	Committed Projects	Community Improvement
Planning	\$9,705	Planning Reserve	OP Review
Planning	\$35,295	Development Charges	OP Review
Fire	\$34,528	Development Charges	Debenture
IT	\$22,500	IT Reserve	GovStack
Protection	\$6,500	Sick & Injured Animal	Animal Welfare
Treasury	\$25,000	Insurance Reserve	Partial offset of expenses
Roads	\$65,000	Hydro Reserve	Expense Offset
Total	\$321,371		

Operating Expenses

Salaries and Benefits

Salaries and Benefits expenses are the Township's single largest operating expense category at approximately \$7,921,931 for 2025. The change from 2024 represents an increase of approximately \$463,286 and the main reasons for this increase are as follows:

- Labour Settlement and Payroll Grid Step Increases
- Benefit Increases
- Salary Continuance
- Pay Equity
- Staff Promotions

Other salary and benefit changes included in the 2025 budget include:

- \$7,400 for Addition of Benefits for Permanent Full-Time Communications Coordinator
- \$900 for Transferring Part-time STR Position to a Part-time By-Law Position
- \$55,402 for a Temporary Facilities Coordinator – ½ year (**funded by Rate Stabilization**)

Operating Materials, Supplies and Expenses

Operating Materials, Supplies and Expenses are increasing by approximately \$98,005 for 2025 and primarily relate to the following:

- Parking Lot Snow Removal increases of \$131,568
- Dust Layer Materials of \$45,000
- Patching Materials of \$15,000
- \$20,000 for Compressor Overhaul (**funded by Rate Stabilization**)
- Legal Transit Review of \$15,000 (**funded by Rate Stabilization**)

Included in the 2025 budget, is the closure of a Community Hall. Both expenses and revenue have been removed from the budget, for a net levy reduction of approximately \$15,900. Should Council decide not to close the hall in 2025, the revenue and expenses will need to be added back into the budget.

Reserve Transfers

The Township funds capital replacement and capital projects from capital reserves. Our reserves are primarily funded through annual contributions included in our operating budget.

Included in the 2025 Budget are contributions to reserves for asset replacement purposes of \$2,610,785, increased by approximately \$183,485 from 2024 as follows:

Department	\$	Explanation
Public Works	\$723,300	Roads Capital Reserve
Public Works	\$558,485	Fleet Reserve
Fire	\$320,000	Fire Capital Reserve
Parks	\$165,000	Public Buildings
Other Transportation	\$140,000	Sidewalk Capital Reserve
Parks	\$100,000	Parks Reserve
Parks	\$100,000	Beaverton Arena
Parks	\$100,000	Cannington Arena
Parks	\$100,000	Sunderland Arena
Treasury	\$75,000	GP Replacement by 2028
Other	\$50,000	Streetlight Reserve
Clerks	\$40,000	Legal Reserve
Parks	\$40,000	Harbour Reserve
Clerks	\$30,000	Election Reserve
Protection	\$25,000	Canine Reserve
Public Works	\$20,000	Thorah Island Road Reserve
IT	\$19,000	IT Capital Reserve
Building	\$5,000	Building Capital Reserve
Total	\$2,610,785	

Included above is an increase of \$50,000 to the Parks Reserve and a further \$137,441 to the Public Works Fleet Reserve, however, these increases have been **funded by rate stabilization** for 2025, therefore, no levy impact.

Also included in the 2025 budget is a contribution of \$75,000 to reserves, **funded by rate stabilization**, for the eventual replacement of financial software. The net levy impact of this transfer is \$nil.

Further, as discussed above, the 2024 Budget included Internal Transfer expenses in various departmental budgets recognizing the expense of using Public Works Equipment. For transparency and staff work load purposes, the Township is no longer budgeting in this manner and all the internal transfer expenses are now included in the Public Works budget. Included in this transfer is approximately \$201,044 which is budgeted as a transfer to the Public Works Equipment Reserve in 2025.

These increases have been partially offset by a reduction of \$280,000 which was included in the 2024 budget as a transfer from rate stabilization to the Sunderland Arena Reserve (to support the Sunderland Arena Renovation and Expansion Project).

Software

Included in the 2025 budget is software expenses of approximately \$255,764, an increase of \$48,664 over 2024.

- \$43,000 for GovStack Software – Township Website Software (approx. \$22,500 funded from IT reserves)
- \$39,000 for Payroll Dayforce Software transferred from Finance Budget
- Software expenses reductions of approximately \$30,000 for some software which has been cancelled or no longer required.

Vehicle Expenses

Included in the 2025 budget are vehicle expenses of approximately \$769,435, an increase of approximately \$708,435 over 2024 budget.

The vehicle expenses are increased for 2025 as a result of the transfer of internal rent to the public works budget, which has been allocated into various vehicle expenses categories such as gasoline, repairs and maintenance and licencing. This transfer has a net **\$NIL** impact on levy for 2025.

Additional Asset Management Funding

The Provincial Asset Management regulation required that municipalities complete an asset management plan (AMP) outlining a lifecycle management and financial strategy to manage municipal assets for a ten (10) year period. Not only will the AMP be used by municipalities to help better understand and inform municipal capital investment decisions, the plan will also be used to continue receiving much needed grant funding moving forward.

As recently presented to Council, the Township has a 10-year infrastructure need of over \$210,000,000, and at our current funding levels, this represents an unfunded deficit of approximately \$133,000,000 over the next ten (10) years when considering the investments needed to replace assets at the end of their useful life and carryout the capital needs outlined in our most recent needs studies.

Despite the funding gap identified, the requirements of the asset management regulation require municipalities to consider their current funding levels, current levels of service and the proposed service levels (PLOS) over the next 10 years. The draft results of the asset management plan as presented by Hemson Consulting outlines an alternative financing strategy for Council consideration over the next 10 years that will seek to better align the priorities of the municipality to develop a strategy the focuses on achieving proposed levels of service over the next 10 years. Therefore, the level of investment required in this scenario is much more in line with the Township's ability to invest in infrastructure to meet the proposed targets while aiming to balance resident affordability. This plan proposes funding these needs over the next 10 years and would require increased (additional) levy contributions of approximately 3.34% per year (compounded) for the next 10 years. The Township of Brock, like all municipalities in the Province, is for the first time developing proposed levels of services as part of the asset management program. Therefore, it is imperative that the Township monitor the annual investment needs and corresponding levels of service to ensure that the Township continues moving toward the targets set out.

It is staff's recommendations that the Township include, in its annual budget, a minimum contribution of **2% per year (compounded)**, for the next 10 years. This approximates increased levy funding of approximately \$214,275 for 2025. While this will not solve our infrastructure deficit concerns, it would demonstrate that we are making efforts to address while still being cognizant of taxpayer affordability. It is anticipated that any shortfall in funding can be co-funded through other grant funding opportunities with upper-levels of government. If not, the Township can adjust their annual capital asset funding levels to meet the PLOS as part of the mandatory annual review process which is required under regulation to monitor the Township's progress in implementing its asset management plan.

Building Department

The Building Department within the Township handles all the permits required for new buildings, additions, renovating or altering buildings, plumbing, and temporary structures, as well as fill and site alteration.

Total net expenses for 2025 are approximately \$67,410, an increase of \$27,938 over 2024. 2024 was the first year that the building department required levy funding, however, it was decided by Council that the Building Department should have a levy funding component, as there are a number of activities which the building department performs that are not fully recoverable.

The main increases experienced within the Building Department for 2025 are increases in salaries, wages and benefits.

Building permit revenue has been decreased by \$40,000 for 2025 and this reduction has been funded in 2025 from a draw from the building permit reserve. It is not anticipated that the Building Department will have a surplus from 2024, therefore, the building reserve balance is estimated to be approximately \$57,341 at year-end 2025.

CAO and HR

The CAO acts as the administrative lead of the Township to ensure all resolutions and by-laws of Council are carried out efficiently and effectively and serves as the link between Council, which sets policy, and administration, which implements policy.

Total net expenses for the CAO and HR department are estimated to be approximately \$333,051, which is funded by tax levy. This represents a decrease of approximately \$8,454 over 2024 budget levy, resulting from a slight decrease in salaries, wages and benefit expenses.

Clerks Department

The Clerks department handles administrative and legal tasks on behalf of the Township.

Total net expenses for the Clerks department are estimated to be approximately \$765,375 for 2025, which is funded by tax levy. This represents an increase of approximately \$50,150 over 2024 budget levy.

The main increases experienced within the Clerks Department for 2025, affecting levy, are increases in salaries, wages and benefits.

The 2025 budget does include funding of approximately \$7,400 to provide benefits for the Communications Coordinator position and to make this position a permanent, full-time position. In 2023, a contract position for a Communications Coordinator was included in the budget, funded by rate stabilization. In 2024, the Communications Coordinator position was funded by levy, however, it remained as a temporary position without benefits.

Corporate Department

The Corporate department budget includes revenue (mainly Ontario Municipal Partnership Grant Funding) and expenses that relate to Township wide, such as conferences and education and contingency for unexpected events.

The net surplus for 2025 is estimated to be approximately \$891,102, which is approximately \$250,862 less than 2024 budget.

In late 2024, the Township received word that our annual Ontario Municipal Partnership Funding was increasing by approximately \$57,800 (from \$869,700 in 2024 to \$927,500 in 2025).

In 2024, the transfer of \$280,000 from rate stabilization for the Sunderland Arena Reserve was included in the Corporate Budget as revenue, while the reserve transfer expense was included in the Parks and Recreation Budget. The revenue has been removed in the 2025 budget from the Corporate Budget and the revenue transfer has been removed from the Parks and Recreation Budget.

Further, the 2024 budget also included a transfer from rate stabilization of \$135,064 to address revenue issues identified by the Mayor during budget deliberations. Staff have worked over 2024 to review many revenue lines and have made increases in the respective departmental budgets. Accordingly, this reserve transfer has been removed from the 2025 Corporate budget.

The contingency expense of approximately \$100,000 has been removed from the Corporate Budget and transferred to Salaries and Benefits (net impact on levy of \$NIL).

Fire Department

The Fire department provides fire prevention, education and protection for life and property to residents of the Township.

Total net expenses for the Fire department are estimated to be approximately \$1,511,857 for 2025, which is funded by tax levy. This represents an increase of approximately \$57,026 over 2024 budget levy.

Major impacts on the fire department for 2025 include:

- Salaries and benefit increases
- Increases of \$44,776 for Fire Agreements and Fire Radio Agreements
- Increase of \$3,000 to the Public Access Defibrillation Program to support a retainer for a Medical Director.

The Fire Department is looking to enter into an agreement with Oshawa Fire for Dispatch services. This is budgeted at approximately \$73,150 for half year and the remainder of the year will be with Next Gen, at an estimated cost of \$41,552. Dispatch costs are estimated to increase by approximately \$37,776 for 2025.

The 2025 budget includes an increase of \$3,000 to obtain the services of a Medical Advisor/Director, to oversee all fire department medical programs to ensure the establishment of best practices and patient care parameters.

Council

Township Council are the representatives, policy makers and stewards of the Township.

Total net levy for Council operations are estimated to be approximately \$371,661 for 2025, which is funded by tax levy. This represents an increase of approximately \$30,921 over 2024 budget levy.

Major impacts on the Council budget for 2025 include:

- Salaries and benefit increases
- Increase of \$5,000 to support the Downtown Community Improvement Plan grants
- Transfer of \$2,026 from the Corporate Budget to support Dr. Recruitment (Corporate Budget has been reduced by this amount)
- Increase of \$2,000 to Council Conferences and Education to align with 2024 spending
- Increase of \$3,000 to support hosting the Mayor's Networking Event twice per year
- Increase of \$1,000 to provide funding for the Accessibility Advisory Committee
- Increase of \$600 for Staff Long Service Recognition

The total funding included in the 2025 budget for the Downtown Community Improvement Plan grant is \$25,000, of which \$20,500 is levy funded. This represents an increase of \$5,000 in 2025. There is funding of approximately \$4,500 remaining in reserves to support this program and reduce levy in 2025, however, if this funding is used in 2025, the levy request for 2026 will increase by a further \$4,500, should Council wish to continue offering this program in future years at the same budget of \$25,000 per year.

The Township has been asked by the Region of Durham to contribute a total of \$2,026 to Physician Recruitment efforts in 2025 and this will increase to \$2,161 in 2026 and \$2,258 in 2027.

The Brock Accessibility Advisory Committee ("BAAC") is an appointed Committee of Council and each year this committee distributes the annual Accessibility Awards to local businesses. In prior years, there was no budget for the Accessibility Advisory Committee (other committees all have a budget to work within), therefore, the 2025 budget includes \$1,000 for the BAAC.

Information Technology

The Information Technology ("IT") department plans, builds, manages and sustains the technology and information environments that support municipal operations.

Total net levy for the IT department is estimated to be approximately \$328,732 for 2025, which is funded by tax levy. This represents an increase of approximately \$28,322 over 2024 budget levy.

The major impact on the IT budget is coming from the increase being experienced for IT software subscriptions.

The 2025 budget includes approximately \$43,000 for new Township website software, however, approximately \$22,500 is funded from IT reserves. The remaining \$20,500 is an annual expense, funded by levy.

In 2025, the payroll software fees of approximately \$39,000 have been transferred to the IT budget from the Treasury budget (the treasury budget has been reduced accordingly so no

new impact on levy). These increases have been offset by decreases of approximately \$30,000 in software that have been cancelled in 2024 or software that is no longer required.

Library Grant

The Township of Brock, through the Library Board, operates three libraries throughout the Township, and the total net levy is approximately \$776,978 for 2025, funded by levy. This represents an increase of approximately \$32,177 over 2024.

The Township provides the Library with an annual grant each year to assist with operations.

In 2024, the Library went through a pay equity review, resulting in increases to salaries and benefits. To assist with the impact on 2025 budget, the library budget includes a draw of approximately \$14,294 from library rate stabilization to allow the impact of the pay equity review to be spread over two years.

The library budget has significantly reduced its budget for books and materials as well as electronic media (\$10,000 and \$11,000, respectively) to assist with offsetting some of the increase for 2025.

It is estimated that the library will have tax rate stabilization funds of approximately \$240,743 at year-end 2025.

Other Transportation

The Other Transportation budget is managed by the Public Works Department and includes expenses such as streetlighting, sidewalk and parking lot maintenance activities.

Total net levy for the Other Transportation department is estimated to be approximately \$628,269 for 2025, which is funded by tax levy. This represents an increase of approximately \$103,854 over 2024 levy.

The main impact on the 2025 budget within the Other Transportation Department, is an increase of approximately \$131,568 related to parking lot snow removal. The Township does not have sufficient equipment to perform all parking lot snow removal required in house, therefore, the work has been contracted out for 2024/2025. For 2025/2026, the Interim Director of Public Works will be re-tendering this contract and will also be reviewing the process of internal vs. external duties.

This increase (parking lot snow removal) has been partially offset by transfer of internal rent of \$23,465 to the Public Works Budget.

Parks, Public Buildings and Health Services

The Parks Department is responsible for maintaining operations of the Township's Recreation, Day camps, Parks, Arenas, Halls, Township Facilities as well as our Health Services Rental properties.

Total net levy for the Parks Department is estimated to be approximately \$1,886,356 for 2025, which is funded by tax levy. This represents a decrease of approximately \$667,041 over 2024 net budget levy.

Included in the 2025 budget is an increase to the Salaries and Benefits Budget of approximately \$55,402, funded by rate stabilization for the hiring of a temporary facilities coordinator (1/2 year in 2025). This position will work with the Director of Parks, Recreation and Facilities to organize all Capital projects and will oversee all facility contracts and maintenance projects. It is currently anticipated that this will be a temporary position to assist the workload of the Director of Parks, Recreation and Facilities, especially as the Sunderland Arena Renovation and Expansion project gets underway (this position is funded by Rate Stabilization, therefore, net levy impact is \$NIL).

Following an extensive review of rental income in 2024, rental income has been increased by approximately \$75,499 in the 2025 budget which has assisted in decreasing the 2025 levy requirement as follows:

- \$12,000 from Small Craft Harbour Revenue
- \$7,984 from Rental of the Cannington Curling Club
- \$55,515 from the Rental of the Beaverton-Thorah Health Centre

Rent for the Brock Community Health Centre at the Beaverton-Thorah Health Centre has been increased (included in the total increase of \$55,515 above), by \$22,209, to reflect market rent (increased square footage of the share of taxes, custodial and refuse), however, a corresponding grant has been included in the grants department budget, therefore, the overall impact on levy is \$NIL for 2025.

During 2024, staff have been actively working to quantify the free and reduced rent provided to user groups so that a more accurate estimate can be included in the 2025 budget. From staff's review, the budget for free and reduced rental grants has been increased to \$75,000 for 2025 (in the Grants Budget) and the revenue has been transferred to the Parks department to reflect these rentals. Both the revenue and the expense have been included in the budget, therefore, the net impact on levy is \$NIL, however, having these accounts provides a way for staff to quantify the value of the grants provided on an annual basis to local community organizations. This transfer does have the effect of reducing the 2025 levy component of the Parks Department (however, is offset by the increase in the Grants Budget, however, net levy impact is \$nil).

As previously mentioned, the children's camp program has an estimated cost of \$122,455 to operate for 2025. While labour and materials expenses have been reviewed and reduced, camps are still running at a loss of approximately \$8,755, therefore, it is staff's recommendation that camp fees be increased in 2025 as follows:

- Daycamp - \$170 per week (increased from \$160 per week in 2024)
- Specialty Camp - \$190 per week (increased from \$180 per week in 2024)
- Short Week Camp – \$132 per week (increased from \$130 per week in 2024)

- Winter/March Break Camp - \$33 per day (increased from \$32 per day in 2024)

If approved, staff will update the Fees and Charges Schedules for 2025.

The recreation department is looking to increase recreation programming in 2025 with new and expanded offerings. As a result, recreation revenue has been increased by approximately \$36,400. While recreation expenses have increased by \$18,800, the recreation department is now projecting a net operating surplus of approximately \$6,100 for 2025 (vs. the net operating loss/levy requirement of \$11,500 in 2024).

In 2025, the Parks budget has been reduced by approximately \$177,675, resulting from the transfer of Internal Rent to the Public Works Department (this does not reduce the 2025 overall corporate levy as the expense was transferred to the Public Works Budget).

In the 2024 budget, there was a transfer of \$240,000 from rate stabilization to the Sunderland Arena Reserve to support the ongoing Sunderland Arena Renovation and Expansion Project. This reserve transfer has been removed in the 2025 budget.

In 2024, staff presented Council with a report on the potential closure of Wilfrid Hall. The 2025 budget reflects closure of the hall and the revenue of \$2,500 and expenses of \$18,400 have been removed, for a net levy reduction of \$15,900. Should Council decide not to close the Wilfrid Hall, the revenue and expenses will need to be added back into the 2025 budget. For illustration purposes, should Council wish to keep the Wilfrid Hall open while a decision is made on whether or not to close the Hall, net expenses of approximately \$1,325 per month will need to be added to the 2025 budget. Should Council decide to close the Wilfrid Hall, an operating deficit incurred in 2025 would be covered by proceeds of the sale.

Grants

The grant budget represents funding to support Community Initiatives and Events.

Total net levy for the grants budget for 2025 is \$97,904, an increase of approximately \$91,204 over 2024 levy.

As discussed above, there is an increase of \$75,000 in the grants budget to reflect free and reduced rent, which has been transferred to the Parks and Recreation Budget. This will allow staff to more accurately track the value of these grants being provided, however, will have a \$nil impact on the overall levy as the expense is offset by the revenue recorded in the Parks budget.

Further, included in the budget for 2025 is a new grant pertaining to Section 107 of the Municipal Act which provides Council with authority to provide a grant to any person, group or body, within or outside the boundaries of the municipality, for any purpose that council considers to be in the interests of the municipality. Staff have increased rent for Brock CHC in the 2025 parks budget to correspond with market appraisal, however, have also included a corresponding grant of \$22,209 in the 2025 grants budget, therefore, the net impact to the overall levy is \$Nil. Should Council not agree to this Section 107 grant, the grant expense of

\$22,209 could be removed from the budget and CHC would be expected to pay additional rent.

In 2024, Council received a presentation from Mr. Martin Field, of the Spay Neuter Initiatives Association (SNIA), requesting financial support of approximately \$695 in 2025, to support accessible, low-cost spay/neuter veterinarian services for residents of Durham Region. This request was referred to the 2025 Budget Deliberations.

Planning

The Planning Department is responsible for overseeing and managing growth and development within the Township through compliance with various land use policies and by-laws.

Total net levy for the Planning Department is estimated to be approximately \$146,473 for 2025, which is funded by tax levy. This represents an increase of approximately \$9,372 over 2024 net budget levy.

The main impact on the 2025 budget within the Planning Department is salaries and benefit changes, which have been partially offset by a decrease in consulting fees and an increase in Committee of Adjustment Revenue.

In 2024, Council approved the hiring of a part-time Planning Technician at 2.5 days a week, for six months. This position has not been filled in 2024, however, the budget for this position has been continued for 2025, with the same staffing parameters.

Protection

The Protection Services Department is responsible for Canine and By-Law activities throughout the Township.

Total net levy for the Protection Department is estimated to be approximately \$531,450 for 2025, which is funded by tax levy. This represents an increase of approximately \$42,482 over 2024 net budget levy.

The main impact on the 2025 budget within the Protection Department is salaries and benefits, however, this has been partially offset by increases in Canine Control and By-Law Revenue.

There is a request in the 2025 Budget to transfer funding from one Full-Time Seasonal Office Person to a Part-time By-Law and Animal Services Enforcement officer who would be utilized and scheduled to enhance the services levels within the Department year-round and provide support to existing staff. The estimated additional cost of this transfer is \$900.

Traffic

The Traffic department is responsible for school crossing guard activities.

Total net levy for managing Crossing Guards throughout the Township is estimated to be approximately \$92,693 for 2025, which is funded by tax levy. This represents a decrease of approximately \$5,007 over 2024 net budget levy.

The decrease for 2025 is as a result of adjusting salaries and benefits to match what was incurred in prior years and results in an overall decrease.

Refuse

The Refuse department is responsible for garbage pickup and disposal throughout the Township.

The net levy for the Refuse department is \$41,569, which is funded by tax levy. This represents a decrease of approximately \$17,161 over 2024 net budget levy as a result of the transfer of Internal Rent to the Public Works Department of \$18,540.

Treasury

The Treasury department is responsible for managing the financial affairs of the Township, including such things revenue collection, disbursements, payroll, investments and financial reporting.

Total net levy for the Treasury department is estimated to be approximately \$1,015,748 for 2025, which is funded by tax levy. This represents an increase of approximately \$487 over 2024 net budget levy.

The main impact on the 2025 levy is as follows:

- Increased salaries and benefits
- Increased insurance expenses of \$10,000 – Budget is \$255,000
- Increased Postage of and Office Expenses of \$8,000
- Increased tax abatement and seniors rebates of \$10,000 to align with expected 2024 expenses
- Increased reserve contributions of \$75,000 (funded by rate stabilization) for new financial software (as discussed earlier in this report)

These expenses have been offset as follows:

- Increased investment/bank interest of \$45,000 (to align closer to expected 2024 interest)
- Decreased consulting fees of \$55,000 (as majority of Asset Management and ARL work completed in 2024)
- Transfer of day force payroll software fees of \$39,000 to the IT Software Budget.

Public Works

The Public Works department is responsible for such services as road, bridge, culvert and sidewalk maintenance and rehabilitation.

Total net levy for managing the Public Works department is estimated to be \$4,440,314 for 2025, which is funded by tax levy. This represents an increase of approximately \$559,346 over 2024 net budget levy.

Major impacts on the Public Works budget for 2025 include:

- Salaries and benefit increases
- Transfer of Internal Rent of approximately \$236,000 from other departmental operating budgets to the Public Works Budget
- Dust Layer Materials increase of \$45,000
- Patching Materials increase of \$15,000
- Beaverton Patrol Yard Heating increase of \$12,555 (to align with 2024 actuals)
- Plowing and Sanding Materials increase of \$10,000
- Sweeping and Flushing contracts of \$8,800

In prior years, the annual budget included a transfer from the Hydro Reserve for interest earned to assist with offsetting expenses. This transfer was lowered from \$90,000 in 2023 to \$50,000 in 2024 budget as the rate of interest being earned was lower than expected. As interest rates have increased again, staff have increased the Hydro Reserve Draw (for interest earned) from \$50,000 to \$65,000 in the 2025 budget.

As Council is aware, the Public Works Equipment Reserve is underfunded and dedicated contributions are required to build up the reserve further to support the 10 year equipment requirements. The 2025 budget includes an additional contribution of \$137,441 to the Public Works Equipment Reserve, funded by Rate Stabilization.

In the 2024 budget there were internal rent expenses of \$902,879 across several departments (to recognize the internal cost associated with using Public Works Equipment). All internal rent funds have been transferred to the Public Works Budget (i.e. the other departmental budget levies were reduced while the levy in the Public Works Budget was increased) and allocated in the 2025 budget as follows:

- \$420,000 for Repairs and Maintenance Expenses
- \$258,000 for Gasoline Expenses
- \$201,044 for Transfers to the Public Works Equipment Reserve
- \$23,835 for Annual Licencing Expenses

Public Works Equipment Reserve

Although staff have not yet had time to develop long term capital reserve plans for asset management purposes, it is apparent, from reviewing future capital forecasts, especially for vehicle replacements, that current reserves are insufficient.

The future five year forecasted needs (not inflation adjusted – using 2025 estimates) for vehicle replacements are as follows:

- \$655,000 in 2026
- \$936,000 in 2027
- \$959,000 in 2028
- \$1,171,000 in 2029
- \$1,125,000 in 2030

In the 2025 budget, approximately \$558,485 has been included as transfers to the Public Works Equipment Reserve.

The estimated year-end balance for 2025 in the Public Works Equipment Reserve is approximately \$1,060,447.

Over the next five years, it is estimated that the Township requires funding of an average of \$850,000 to \$900,000 per year to meet our replacement needs, however, we are currently only contributing approximately \$558,485 per year, thereby, resulting in a funding shortfall of approximately \$317,000 per year.

Delaying equipment replacement results in aging equipment as well as increased maintenance and repair costs. Further, it puts the department at risk of not having the equipment needed to perform the operating activities required.

While staff have included a recommendation in the 2025 budget to include dedicated infrastructure funding of 2% per year (compounded), we will still require further contributions to the Public Works Equipment Reserve.

2025 Draft Capital Plan

The draft 2025 budget includes capital expenditures of approximately \$13,559,995, funded by draws from reserves, grants or donations.

Any Council decisions to remove items from the 2025 capital budget will not have an immediate effect on overall budget levy, however, will have an effect on future long term planning, long term reserves, etc.

There is a full listing of capital projects, with suggested project funding, included in the 2025 budget documentation, however a summarized list, is as follows:

Public Works – Total \$2,960,000

- \$828,000 for Road Rehabilitation
- \$500,000 for Gravel Program
- \$245,000 for Double Surface Treatment
- \$210,000 for Slurry Seal
- \$200,000 for H2L
- \$265,000 for New Sidewalks

- \$31,000 for Sidewalk Replacement/Repair
- \$103,000 for Boundary Road Agreement
- \$23,000 for Bridge Needs Study
- \$440,000 for Tandem Axle Snowplow
- \$115,000 for Crew Cab Dump Pickup

Parks – Total \$9,620,000

- \$9,200,000 for Sunderland Arena
- \$60,000 for Beaverton Arena – Dehumidifier
- \$60,000 for Beaverton Arena – IR Unit
- \$150,000 for Beaverton Picnic Pavilion
- \$150,000 for Beaverton Harbour Washroom – Design and Drawings

Public Buildings – \$169,700

- \$20,000 for Manilla Hall Ramp and Stairs
- \$15,000 for Manilla Hall LED Lighting Replacements
- \$80,000 for Beaverton Library Furnaces
- \$13,700 for Defibrillator Replacements
- \$20,000 for Dench Animal Shelter LED Lighting Replacements
- \$11,000 for Security System Retrofitting
- \$10,000 for Security Cameras

IT - \$18,600

- \$18,600 for IT Device Replacement

Fire & Emergency Services - \$791,695

- \$791,695 for Replacement Pumper Truck

Reserve Balances

A detailed summary of the estimated reserve balances has been included in the 2025 budget documents, however, a high-level summary is as follows:

	\$
Opening Uncommitted Balance of all Reserves	\$19,375,516
Plus: Budget Contributions	\$2,610,785
Sub-total	\$21,848,124
Less: Transfers from Reserves to Operating Budget	(\$770,522)
Less: Transfers from Reserves to Capital	(\$3,339,484)
Estimated Year-end 2025	\$17,876,295

*Balances above do not include estimated Development Charges which may be received throughout the year, nor do they include any 2024 year-end surplus transfers or carryover projects for which funding has been committed in prior years.

From above, year-end 2024 reserves are estimated to be decreased by approximately \$1,499,221 from 2024 estimated year-end.

Budget Survey

The Township undertook a 2025 budget survey that was open to residents, businesses and stakeholders from July 31st to September 30, 2024.

The data gathered offers insight into the community's views on service delivery, budget priorities and the Township's budget and financial planning.

Out of the respondents, the largest age group to provide feedback were those aged 45 to 64, followed by those aged 35 to 44.

In terms of relationship with the Township, the majority identified as residents, followed by business owners and a few individuals who work in town. Of those respondents, approximately 91.2% of participants felt they were somewhat familiar with the Township's budget process, while 3.5% were very familiar and 5.3% not at all familiar.

When asked about service areas where the Township could add value by adding MORE tax dollars, the areas ranked as follows:

- (1) Asset Renewal
- (2) Fire and Emergency Services
- (3) Enforcement and Licensing
- (4) Roadway Maintenance
- (5) Natural Environment
- (6) Community Programs
- (7) Economic Development and Tourism

When asked about service areas where the Township could add value by investing LESS tax dollars, the areas were ranked as follows:

- (1) Fix or sell under utilized assets
- (2) Roadway Maintenance
- (3) Economic Development and Tourism
- (4) Digital Services
- (5) Complete Community (Accessibility, Partnerships)
- (6) Enforcement and Licensing
- (7) Natural Environment
- (8) Fire and Emergency Services
- (9) Asset Renewal

The survey also provided opportunities for residents to provide their comments on additional services they would like to see the Township provide to its residents and an area for additional comments and feedback.

The full survey, comments and feedback has been attached to this report.

4.0 Related Policies / Procedures

N/A

5.0 Financial / Budget Assessment

The draft 2025 budget currently indicates a levy increase of 6.43%, including 2% for infrastructure management purposes.

5.1 Asset Management

As outlined in this report.

6.0 Climate Change Impacts

The 2025 Budget does include funding to support several initiatives designed to make Township facilities more efficient.

7.0 Communications

The 2025 budget will be communicated on our website and promoted through social media and communications about our upcoming Budget Open House will be highlighted as well.

8.0 Conclusion

This report provides an overview of the Draft 2025 Capital and Operating Budget for Council deliberation.

9.0 Recommendation

That Council receive report 2025-FI-001 for information and budget deliberation purposes.

Click or tap to enter Recommendation