



Report to County Council

From: Jennifer Ford, Director of Financial Services/Treasurer

Date: February 25, 2025

Subject: 2025 Proposed County Budget

Recommendation(s):

THAT the 2025 budget as summarized in the “2025 Proposed Business Plan & Budget” in Appendix A be approved with a tax rate increase of 1.49%, and;

THAT Council directs that a By-Law, generally in the form of Appendix “B”, be added to March 11, 2025 agenda to adopt the 2025 budget, and,

THAT this resolution constitutes notice for the purpose of By-Law 24-15 that Council intends to consider a by-law to adopt the 2025 budget at its March 11, 2025 meeting, and,

THAT the Borrowing By-Law (25-08) as outlined in Appendix C be approved as presented, and,

THAT the Treasurer and Warden be authorized to carry out Option #2 related to Debt financing for Terrace Lodge in the amount of \$6M for 10 Years, and,

THAT the County of Elgin will undertake an analysis of shared services with their Local Municipal Partners in 2025 and report back, and;

THAT, in response to the letter from the Municipality of Central Elgin, staff be directed to reach out to Hospice (Elgin) to advise them of the process for the County’s newly established Grants program and ask that they fill out an application for consideration under this program.

Introduction:

At the last regular meeting of the County’s Finance Committee held on February 11, 2025, a recommendation was passed to bring forth the 2025 County budget for Council’s approval with a tax rate of 1.49%.

Appendix A includes the 2025 proposed Business Plan & Budget that was compiled using excerpts from our presentations by our Corporate Communications & Engagement Coordinator and posted on our website for public information.

Appendix B outlines the proposed Budget By-Law populated with the proposed 2025 Ratios and Rates for the 2025 fiscal year.

Appendix C is the Borrowing By-Law that is annually approved by Council for the purposes of temporary borrowings throughout the year as needed.

Appendix D includes the Power Point presentation that will accompany this report at County Council on Feb 25, 2025.

Appendix E includes summarized public comments received between Feb 12 and Feb 20, 2025

Background and Discussion:

Budget Process:

Budget initiatives and costs for 2025 were presented to the Finance Committee beginning January 28th, 2025. Due to time constraints and other commitments on the 28th, the Finance Committee heard the remaining departmental presentations on February 4th. There were several followup questions from members of the Committee during these presentations. Questions received were taken away, and on February 11th, a followup presentation provided additional detailed information or clarification for the committee.

At the February 11th meeting the Finance Committee approved that the budget be posted for a further period of public consultation and that the Rates and Ratios By-law be forwarded to County Council for approval. Additionally, the annual Borrowing By-law has been included at this time for approval in case there is need for temporary borrowings with our lender throughout the year.

Additional information was requested by Council that related to considerations current year initiatives implemented and the impacts on current and future business Plans. Further information related to these additional impacts are included in **Appendix D – Budget 2025 Summary Presentation.**

Financial Implications:

2025 Budgetary Highlights:

The 2025 budget places focus on core activities and successfully addresses the challenge to keep the tax rate lower than the CPI increase of 2% (Oct over Oct) which is the parameter used within many of our contractual obligations.

A comparison of CPI Increases in relation to the County's Tax rate increases over the last few years identifies that tax increases have not significantly surpassed CPI rates

indicating restraints on valuable services were maintained during periods of high inflation.

Tax Year	In year Tax Rate Increase	CPI Oct over Oct
2025	1.49%	2.00%
2024	3.79%	3.30%
2023	3.75%	6.50%
2022	1.68%	4.90%

An Engineering project planned for Sparta Line was deferred due to the fact that our Local Municipal Partner was planning to do work on that road. It was determined that this will not align with the proposed timeline of our resurfacing plans. In order to ensure that investment is maximized, roadwork at the County level will be delayed and will recommence once the LMP has completed their work.

Long-Term Care spending has made efficient use of additional Provincial funding incentives and opportunities in order to increase direct hours of care to residents without significant need to rely on the Levy to fund this service. The Homes will reach their prescribed 4 hours of care which is a requirement from the Ministry of Health and Long Term Care. Union negotiations will be ongoing in 2025, the results of which could put pressure on their budget in 2026.

It has cost \$35.6M to upgrade the Terrace Lodge Long Term Care Home that will ensure continued quality of life for Ontarians for those who will use this facility over the next 40 years. Throughout the build, the Ministry has committed to funding this project in the total amount of \$22M over the next 25 years. Unfortunately, the timeline leaves Elgin upfronting the Ministry's share of costs for 25 years as the money is received. Elgin has been able to lean on their reserves to mitigate interest costs needed for a construction loan that has helped keep costs low and within budget. Council and staff attempted to obtain more funding from the Ministry in order to mitigate the costs of a loan for this purpose but were unsuccessful.

In early 2025, our opportunity with Infrastructure Ontario to borrow against this facility comes to an end. This type of borrowing is long term and generally can be obtained at a lower rate through Infrastructure Ontario (IO). Council was tasked with a decision to either borrow funds at a fixed rate for some period of time or decline the borrowing opportunity with IO. Staff presented a plan to defer the need to take out \$25M in debt. Immediate needs indicate that a minimal debt amount of \$6M in shorter term debt would save \$10 million in interest costs but requires that we continue to lean on our reserves as we receive Ministry funding over the next 25 years. Council determined that Option #2 was the preferred option and will not preclude or impair Elgin's ability to borrow when/if needed in the future.

Facilities has identified a need for the exterior façade and windows of the Administrative Building to be replaced in order to protect recent interior investments and extend the life of the building another 40 years for County of Elgin and its tenants, including the

Municipality of Central Elgin. Renovations costing an estimated \$5.3M will be offset by unused capital building funds and an additional need of \$3.4M from the 2025 Budget.

A Grant and Sponsorship policy was adopted last year by Council. The policy supports requests from external non-core sources that would be considered within reasonable and acceptable parameters. Applications must be completed in order to be considered for funding and groups will be objectively considered using specific criteria. A new line item was added for \$240,000 which is ½ of 1 percent of the prior year's levy. A request from the Municipality of Central Elgin was received during Committee deliberations to fund Hospice Elgin. Staff noted that the Hospice has not filled out an application of eligibility for the Grant program. It is recommended that staff reconnect with the group to redirect them to the appropriate stream of intake for this type of request.

Further information related to impacts and considerations reviewed during the budget process are included in our accompanying powerpoint presentation:

Appendix D – Budget 2025 Summary Presentation.

Borrowing By-Law:

Section 407 of the Municipal Act 2001, S.O. 2001, c.25, provides authority for a Council, through the use of a By-Law, to authorize the head of Council and the Treasurer to borrow from time to time, by way of a promissory note or bankers' acceptance, such sums as Council may consider necessary to meet the current expenses and other qualifying expenditures (as set forth in the said section 407 of the Act) of the Corporation until levies from local municipalities and other revenues are received.

The County of Elgin has historically enacted a Borrowing By-Law to enable potential borrowings of either a specified percentage or amount based on the current year revenue budget which must be refreshed each year once budget has been passed. The purpose of a blanket short-term Borrowing By-Law is to enable the County to meet current year obligations for short term purposes only. It is expected that any borrowing that takes place under this authority would be fully repaid within the same year when expected revenues are received.

It is prudent for us to maintain trusted working relationships with our employees, vendors, and partners. Our employees and vendors expect timely payment of their payroll and invoices respectively so that the County is able to continue to deliver critical services to our community such as Long-Term Care and Ambulance Services.

Council approval of the Budget By-Law and the Borrowing By-Law are the two pieces of documentation that our banking partner requires to ensure that our credit facility obligations remain in place annually and in advance of our need.

Alignment with Strategic Priorities:

Staff utilized the new 2025 Strategic Plan that was created by Council to guide their initiatives and discussions throughout the 2025 budget process.

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input checked="" type="checkbox"/> Engaging with our community and other stakeholders.	<input checked="" type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input checked="" type="checkbox"/> Fostering a healthy environment. <input checked="" type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Local Municipal Partner Impact:

Ontario Property Tax Assessment Portal (Rates and Ratios) and Landfill - Municipal Grant:

Prior Year By-Laws have included provision for grants to the Municipalities of West Elgin and Dutton/Dunwich to exempt these municipalities from paying tax on a portion of municipally owned property containing landfills. The origin of these Grants is the result of the establishment of a new landfill class in 2016 into which MPAC moved these properties from their previously exempt status. Ratios for our Landfill are legislated for Elgin County by the Ministry of Finance. The amount of the Grant varies from year to year as the Tax Rate increases. Staff suggest that this exemption be continued and is planned for in the 2025 Budget.

Tax rates are affected slightly this year by the introduction of a new Aggregate Extraction category and ratio by the Minister of Finance. Properties affected will be moved from the Industrial class with a prescribed ratio of 2.2251 to a new class VT with a lowered ratio of 1.810578. Additionally, this new category is not expected to be subject to Educational Taxation. Ratios can be subject to change until our assessment is frozen in the Ontario Property Tax Assessment (OPTA) portal which occurs nearer to the end of June. In 2025, this date has been chosen by OPTA based on our historical preference which was previously considered and selected by the Local Municipal Partner Treasurer group. The County must populate and manage the OPTA portal on behalf of our Local Municipal Partners so it is necessary to be in alignment with everyone's taxation cut off dates.

As we near the end of the County's budgeting process, staff have finalized rates and reviewed ratios by pre-populating the Ontario Property Tax Analysis portal. The By-Law provided in Appendix B has been prepared in anticipation of no further changes being

made to the budgeted numbers, ratios, or rates. Changes would require that the Rates be revised and staff would then return to Council with an update for consideration. Based on the ratios and rates in OPTA, our calculated rate increase year over year is **1.49%**. The ratios used still fall within the prescribed “range of fairness” for all property classes including our current prescribed Landfill ratio so it is not anticipated that a change in ratios will be necessary. Should the Ministry determine that a change in ratios is necessary, staff will provide an updated By-Law prior to the data “freeze” date in OPTA which would occur before the end of June.

Communication Requirements:

This year the budget process began with a request from the Finance Committee for staff to setup opportunities to connect with the public locally. Staff created a budget presentation video to inform participants about our services including some quick facts and the costs of those services in 2024. Additionally, the new strategic business plan was shared including some pressures that Elgin is facing related growth and increasing prices. Open Houses were held at the Dutton Community Centre (November 27, 2024), the County of Elgin Administrative Offices (November 26, 2024), and the Aylmer Old Town Hall (November 28, 2024). Council and staff attended to answer ratepayer questions.

As we near the end of the 2025 Budget process, the newly created 2025 Proposed Business Plan & Budget booklet was posted for a period of review on the County website from February 12 to February 20, 2025. Once the Budget is adopted this document will be updated on the website to inform residents about our 2025 Business Plans.

<https://engageelgin.ca/investinginelgin>

Conclusion:

As presented at the Finance Committee, the 2025 Budget is presented for Council’s approval with a final tax rate increase of 1.49%. Once approved the Proposed Business Plan & Budget in Appendix A will be updated (removal of references to Draft and Proposed) and will be posted on our website. Appendix B contains the Budget By-Law for consideration and Appendix C contains the Borrowing By-Law to complete requirements for our banking partner.

All of which is Respectfully Submitted

Approved for Submission

Jennifer Ford
Director of Financial Services/Treasurer

Blaine Parkin
Chief Administrative Officer/Clerk