

# 2025 Draft Budget

DECEMBER 3, 2024



Background



# 2025 Budget – Proposed Property Tax Rate Increase

Rate Increase related to Policing	4.5%
Rate Increase related to Operations/Capital	<u>5.5%</u>
Total Rate Increase	10.0%
Increase related to Growth	<u>1.0%</u>
Total Increase in Levy	<u>11.0%</u>



# What Does This Look Like?



Average assessed value of a home in Perth is around \$300,000



Monthly impact of proposed Property Tax Increase to average residential property owner



\$ Increase to Quarterly Property Tax Bill

# Other Municipalities – Recommended Rate Changes

Mississippi Mills – 10% municipal, 13.55% Police Levy

Tay Valley – 11%

Lanark Highlands – 12% in 2023 and 2024 – 2025 N/A

Carleton Place – 9% including 2% growth

DNE – 6.9%

*All recommended changes subject to confirmation by Councils.*

# Other Budget Pressures

- Much of the infrastructure, like roads, water systems, and sewers, built in the 1960s and 1970s is now old and needs replacing.
- Investment income has gone down due to lower rates and balances.
- Property tax increases since 2011 have been very low, leaving reserves too small.
- Inflation rates have been unusually high over the past five years.

# Changes Throughout the Years



The Construction Price Index tracks changes in the cost of construction materials and labour.

For municipalities, this is especially important for our budget as much of our spending goes toward building and maintaining infrastructure, such as roads and buildings.





# Five Year Projections



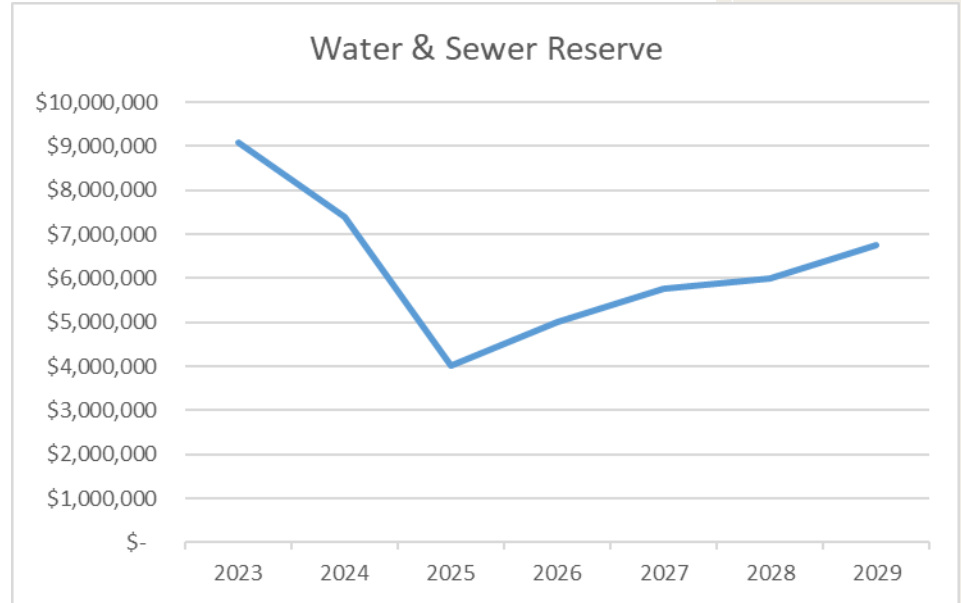
# Overview: Reserves & Debt

The following five-year projections have been based on :

- maintenance of current service levels;
- 6% annual increase in property tax rates after 2025;
- 6% annual increase in water & sewer rates starting in 2025;
- reasonable rates of inflation for operating expenses and fee revenue;
- capital projections based on the Asset Management Plan;
- investment income rates of 4% per annum.

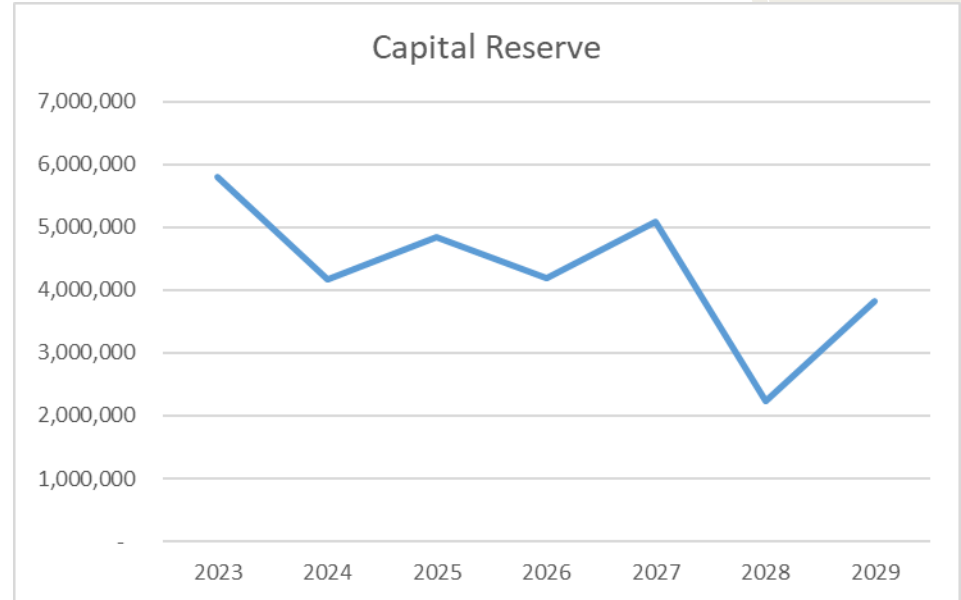
# Water & Sewer Reserve

- The Water and Sewer Reserve declines from \$9.1 million at the end of 2023 to \$6.7 million at the end of 2029.
- There are \$13.0 million of capital expenditures from 2025 to 2029 including the expected redevelopment of Highway 7.
- There is \$6 million of new debt included in the Reserve projections also for Highway 7.



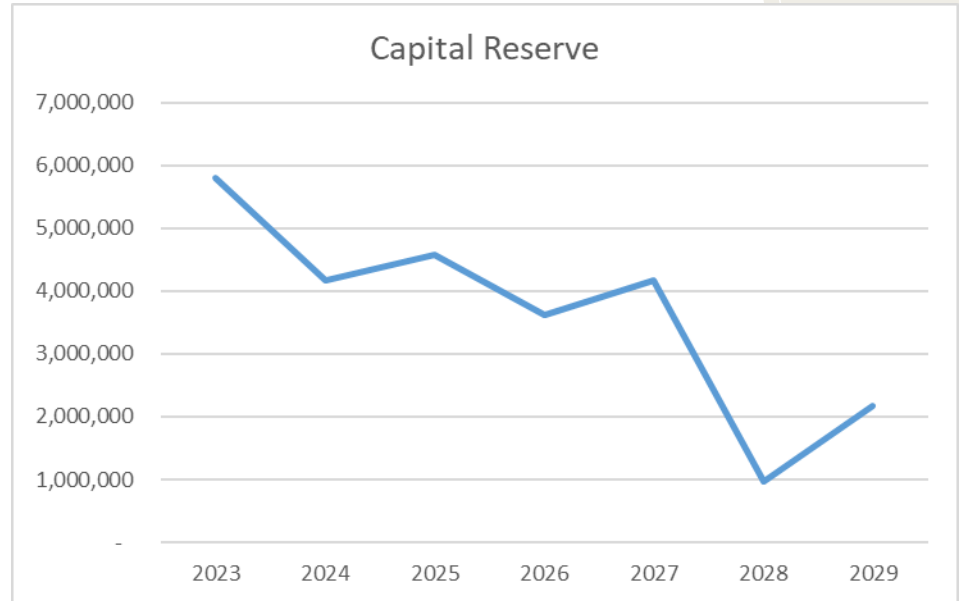
# Capital Reserve – 10% rate increase in 2025

- The Capital Reserve declines from \$5.8 million at the end of 2023 to \$3.8 million at the end of 2029.
- There are \$22.2 million of capital expenditures from 2025 to 2029 including the expected redevelopment of Highway 7.
- There is \$19 million of new debt included in the Reserve projections.



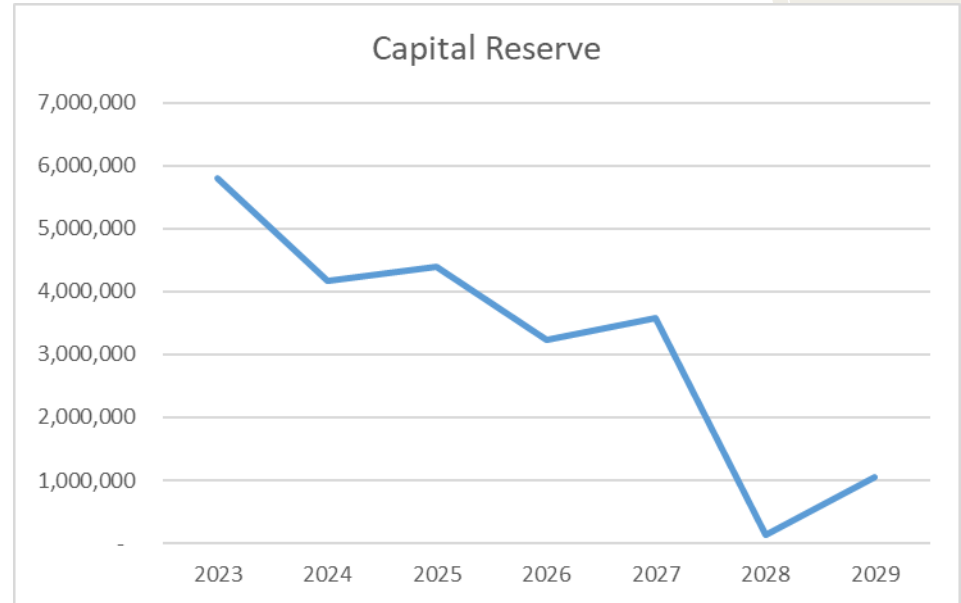
# Capital Reserve – 8% rate increase in 2025

- The Capital Reserve declines from \$5.8 million at the end of 2023 to \$2.2 million at the end of 2029.
- There are \$22.2 million of capital expenditures from 2025 to 2029 including the expected redevelopment of Highway 7.
- There is \$19 million of new debt included in the Reserve projections.



# Capital Reserve – 6% rate increase in 2025

- The Capital Reserve declines from \$5.8 million at the end of 2023 to \$1.1 million at the end of 2029.
- There are \$22.2 million of capital expenditures from 2025 to 2029 including the expected redevelopment of Highway 7.
- There is \$19 million of new debt included in the Reserve projections.



# Options related to Service Level Changes



# Efficiencies in Budget

The draft budget includes several small savings based on our 2024 experience.

Larger savings include:

- Selling the White House, avoiding \$191K in repair costs.
- Restructuring staff in Environmental Services, saving \$58K.
- Tendering new photocopier and printing contracts, saving \$21K.

Other potential changes would impact service levels and are detailed on the next slide.



# Service Level Changes for Council to Consider

1. Defer the \$4 million Garage Capital Budget and debt until a separate staff report is provided. This has no impact on the 2025 tax rate.
2. Reduce the Planning consultant budget by \$112K. This will slow down response times for planning applications and lower the tax rate by 1%.
3. Cut the hospital grant by \$98K. This has a minimal effect on the hospital's overall budget (\$75M) and reduces the tax rate by 1%.
4. Reduce Non-Bylaw Grants to Others by 50%, saving \$61K. This reduces the tax rate by 0.5%.

QUESTIONS?

