



Corporate Services

Prepared for: Council-in-Budget Committee

Report: CBC-06-2025

Meeting Date: January 29, 2025

1. Title

2025 General Levy Operating Budget

2. Recommendations

PART 1

That: Council excludes 2025 Supplementary Base Budget funding, subject of previous reports/resolutions:

PART 2

That: Council approves the following 2025 Supplementary One-Time funding, subject of previous reports/resolutions:

- 2.1 \$100,000 for Sherkston Road permanent closure between Point Abino Road North and Michener Road funded by the General Levy Rate Stabilization (GLRS) Reserve.

PART 3

That: Council approves the following 2025 Supplementary Base Budget new funding requests:

- 3.1 \$39,080 for Supervisor of Construction Projects - Growth (IS) staffing costs net of Capital funding
- 3.2 \$88,605 for Parks Technician, Arboriculture (IS) staffing costs
- 3.3 \$54,145 for Permit Application Technician (PBBS) staffing costs funded by the Building Permit Surplus Reserve.

PART 4

That: Council approves the following 2025 Supplementary One-Time new funding requests:

- 4.1 \$125,000 for a Facility Condition Assessment Study update funded by the Facilities Maintenance Reserve
- 4.2 \$89,476 for Town Hall landscape improvements funded by Parkland Reserve
- 4.3 \$150,000 for Comprehensive Zoning By-law review funded by the GLRS Reserve
- 4.4 \$150,000 for Community Planning and Permitting System (CPPS) consultant funded by the GLRS Reserve.

PART 5

That: Council approves the following 2025 grants:

- 5.1 \$26,250 for Fort Erie Lions Senior Citizens complex
- 5.2 \$37,568 for business improvement area watering

- 5.3 \$28,853 for Beachcombers Seniors Complex
- 5.4 \$21,500 for Community events
- 5.5 \$1,692,287 for the Fort Erie Public Library.

PART 6

That: Council approves the following 2025 Business Improvement Area (BIA) levies:

- 6.1 \$40,700 for Bridgeburg Station BIA Levy
- 6.2 \$33,390 for Crystal Beach BIA Levy
- 6.3 \$45,000 for Ridgeway BIA Levy.

PART 7

That: Council amends the 2025 Capital Budget to include a Streetlight Replacement Program [SLMP25] for \$130,000 with Road Refurbishing Reserve funding.

That: Council amends the 2025 Capital Budget to include an Emergency Preparedness Trailer [R73025] for \$20,000 with Fleet Equipment Replacement Reserve funding.

PART 8

That: Council approves the 2025 General Levy of \$36,959,660 comprised of a base budget of \$36,831,975 and a supplementary budget of \$127,685 and approves the 2025 General Capital Budget of \$13,199,512 and directs staff to submit the related By-laws.

PART 9

That: Council excludes capital asset amortization of \$7.4 million from the 2025 General Levy Operating Budget.

3. Relation to Council's Corporate Strategic Plan

Various priorities including those identified on individual supplementary request forms.

4. List of Stakeholders

Mayor & Council
Town of Fort Erie Taxpayers
Boards and Committees
Business Improvement Areas (BIA)
Community Groups
Fort Erie Public Library (FEPL) Board

5. Purpose of Report

The purpose of this report is to approve the 2025 Operating Budget and Multi-Year Financial Plan and amend the 2025 Capital Budget. The report satisfies *Municipal Act* and regulatory requirements such as approving BIA levies and excluding amortization expenses from the budget.

6. Analysis

The General Levy budget consolidates the 2025 operating requirements of Town departments, corporations and boards such as the Library and BIAs, Committees such as Senior Citizens and

Accessibility Advisory, and other community grants. Budget planning Report [CS-07-2024](#) identified 2025 forecast budget drivers. Since then, staff has confirmed and further scrutinized amounts and the results are described below and itemized in Appendix 1. Note that the 2025 Budget has been prepared and presented using the current approved organizational chart that results in variations from the prior budget (e.g., Community Services, Information Technology, Asset Management) affecting comparability.

BASE BUDGET

Base budget adjustments result in a 7.16% increase. After assessment growth, detailed in Table 3 of Report CBC-05-2025, the net change is a 5.07% increase. The following comments refer to Town levy impacts only.

Revenues

Overall non-tax revenues are anticipated to increase \$143,273 with a total reduction to the levy of 0.41% due primarily to the following areas.

The Town continues to be eligible for the Assessment Equalization Grant portion of the Ontario Municipal Partnership Fund (OMPF). Grant details announced October 30, 2024 result in maintaining 2024 funding of \$1,381,100. This funding is not guaranteed from year to year and the 2025 base budget relies on 60% of the amount. There is the potential for other grant programs (e.g., housing enabling) to positively impact the Levy.

Fees and charges are impacted by estimated volumes and activities as well as non-tax rate changes approved by Report [CBC-02-2025](#). Licensing revenues are increasing \$30,000 related to the increased Short-Term Rentals (STR) cap and fees for the Business licensing program. Building and planning fees are budgeted to increase \$256,500 based on rate changes and estimates in volumes and construction values PBBS has forecasted. Cemetery fees increased \$16,000 and Law Enforcement fees by \$15,000. Beach admissions increased \$80,000 based on 2024 volumes and exclude potential revenue up to \$90,500 that may be considered in relation to Report [IS-01-2025](#). Facility rentals have increased \$117,070 driven primarily by ice rental rate increases.

Gaming licences have been increased \$28,000 based on hall activity trends.

The Region of Niagara “Vision Zero” program is expected to grant the Town \$56,910 in 2025. These funds will be transferred to the Road Refurbishing Reserve to support the related Road Traffic Calming Measures project [RTCM25] approved in the 2025 Capital Budget.

Supplemental tax revenues (e.g., new construction, renovations) and tax write-offs are noted in Report CBC-05-2025. The net change is a decrease of \$215,000. The write-off budget has been reduced due to fewer activity related to the delayed MPAC reassessment and is expected to significantly increase in the future once the reassessment is released.

Penalties and interest on arrears are an increase of \$300,000 based on 2024 actuals. Bank and investment income is budgeted to decrease \$607,300 based on significant interest rate reductions that staff will mitigate where possible.

All other non-tax revenues increase a total of \$123,003.

The BIA budgets have no impact on the General Levy as they are funded by a separate business tax levy and their own fundraising efforts. All BIA levy requests are noted in PART 6 and are approved by the respective boards.

Expenses

The wages and benefits budget is an estimated increase of \$996,785 and has uncertainty due to the collective agreement that expired December 2024. The budget includes increases for statutory deduction rates and health care benefits. Firefighter honorariums have increased \$38,000. The Budget includes \$481,030 in 2025 phased-in impacts from 2024 Supplementary approvals and other 2024 in-year changes including Pay Equity compliance, the new Director of Community Services and the Junior Environmental Planner (PDS-06-2024).

Capital reserve transfer increases total \$641,050 for the levy and include inflation noted in Budget Report [CBC-01-2025](#). The report also itemized operating impacts of asset additions in Appendix 3 of the report, with replacement reserve increases (based on amortization) of \$68,235 and Levy expense increases of \$26,898 (e.g., materials and supplies, maintenance). These commitments help address long-term needs at the time the asset is acquired. Other adjustments include the new Vision Zero transfer and fluctuating net revenue transfers based on Reserve Policy related to Parking and Land Sales.

Changes for materials and services includes a winter operations increase of \$124,100 that reflects pressures and changes presented in Report [IS-13-2024](#). Streetlighting is a decrease of \$85,500 primarily due to the new proposed annual Streetlight Maintenance Program [SLMP25] of \$130,000 that is included in Council's Levy package and recommended to be funded for 2025 with funding from the Road Refurbishing Reserve. Town utilities (e.g., hydro, gas, water) require budget increases of \$110,995. The Town's information technology modernization needs continue to be addressed, particularly in relation to software upgrades and security, and result in an increase of \$135,550. This includes the full-year conversion to full Microsoft subscriptions. Town insurance is an increase of \$95,199.

All other base materials and services (e.g., contracts, studies, utilities), net of related reserve funding reductions, are a decrease of \$13,210.

Charges for existing debt are a decrease of \$1,426. Debt was issued in 2024 for Fire Station #4. The Levy has road and storm debt that matures in 2025 which is forecast to convert to capital reserve transfers in 2026 as part of the Town's financial strategy to fund lifecycle asset needs.

The Fort Erie Public Library grant request in Report CBC-04-2025 is a \$55,081 increase (excluding Town support services). The new Tax Increment Based Grant costs decreased \$11,244 from earlier estimates. All other grants and programs are a \$82,426 decrease.

SUPPLEMENTARY BUDGET

The budget presents additional requests that are not part of the base budget and deemed supplementary due to nature or size. Each is itemized in Appendix 2 and include a "Supplementary Budget Request" form to describes the purpose and benefit in Section 8 of the budget package. All one-time costs have been proposed with funding from reserves.

The Supplementary Budget has two categories, those subject of previous Council reports and resolutions with explanation and analysis and recommendations to defer to the 2025 Budget.

The second category is new requests with supporting documentation for Council to make informed decisions.

The following category (a) items total \$100,000 but no impact to the Levy (PART 1 and PART 2 of the cover page) net of proposed reserve funding:

- Sherkston Rd permanent closure [Report IS-17-2023]

The following category (b) items total \$127,685 or a 0.37% increase to the Levy (PART 3 and PART 4 of the cover page) net of proposed reserve funding:

- Staffing costs for Supervisor of Construction Projects - Growth (IS)
- Staffing costs for Parks Technician, Arboriculture (IS)
- Staffing costs for Permit Application Technician (PBBS)
- Facility Condition Assessment Study update (IS)
- Town Hall landscape improvements (IS)
- Comprehensive Zoning By-law Review (PBBS)
- Community Planning and Permitting System consultant (PBBS)

CAPITAL BUDGET AMENDMENTS

Staff recommend Council amends the 2025 Capital Budget to include a Streetlight Maintenance Program [SLMP25] for \$130,000 with funding from the Road Refurbishing Reserve.

Town staff recommend that Council amends the 2025 Capital Budget to include an Emergency Preparedness Trailer [R73025] for \$20,000 with Fleet Equipment Replacement Reserve funding.

RISKS AND OPPORTUNITIES

The following are some of the budget risks and opportunities that will be monitored throughout the year as part of good budget stewardship:

- Interest: Rate fluctuations have had significant budget effects in recent years on investment income earnings. New debt charges are also impacted but are not expected until 2026.
- Grants: Funding has not been included when not reasonably assured. The existing OMPF funding is not confirmed for years beyond 2025. Amounts are established each year by the Province and earlier comments have indicated that future years may focus on components that the Town is not eligible to receive.
- AMP: Levy-funded capital contributions were shown in Report IS-05-2024 to be inadequate for the Town's long-term needs. A financial strategy will be developed in 2025 to analyze and propose scenarios for funding the annual funding gap.
- Incentive programs: The Town has annual grant programs that may vary and are difficult to forecast. The Industrial DC Grant program has an annual budget of \$600,000 and an associated reserve to help mitigate need over multiple years. The Tax Increment Based Grant (TIBG) program is budgeted in the year assessment growth occurs and offset tax revenue streams for up to ten years related to new business investments.
- Niagara Region: The budget is presented and billed to Fort Erie residents with Region impacts that are outside the control of Council. These include amounts for the Region tax levy, waste and transit and represent an overall higher pressure on Town rates for 2025.
- Strategic Plan: The budget has been prepared using Council's strategic plan and continues to review new or changed priorities with funding needs.

- Legal: There may be legal matters involving the Town with financial exposure beyond insurance coverage and present a risk that continues to be monitored.

7. Financial, Staffing and Accessibility (AODA) Implications

Summary of Budget Impact

The 5.33% budget increase, including all proposed supplementary items, is presented in Table 1 for a median household with a current value assessment (CVA) of \$200,300 using draft Region and Education rates.

Table 1 – Budget impact of Budget changes on Median Household

	2024 Median bill (CVA=200,300)	2025 Median bill (CVA=200,300)	% change	\$ change per month
Town	\$1,481.25	\$1,560.34	5.33%	\$6.59
Region	\$1,620.42	\$1,779.79	9.84%	\$13.28
Education	\$306.46	\$306.46	0.00%	\$0.00
TOTAL	\$3,408.13	\$3,646.59	7.00%	\$19.87

All impacts presented above and in the Appendices are for residential taxpayers based on existing tax policy and ratios set by the Region. The Province announced Education Tax Rates October 31, 2024 to be the same rate as 2024.

Staffing Implications

The Town has 178.5 full-time equivalent employees, which includes 1 permanent part-time employee. Any changes for 2025 are identified in supplementary budget requests.

In general, services are supplemented using casual, relief and student employees who are employed for varying amounts of time throughout the year mainly to supplement operations in parks, beaches, museums, water and wastewater operations.

Amortization - Ontario Regulation 284/09

Ontario Regulation 284/09 requires that, where amortization is excluded from a budget, a municipality report to Council an estimate of the change in the accumulated surplus resulting from the exclusion and an analysis of the estimated impact of the exclusion on the future tangible capital asset funding requirement of the municipality.

Current General Levy annual allocations to capital reserves is \$10.3 million and exceeds amortization of \$7.4 million. This means the Town's accumulated surplus is greater than full accrual accounting requirements and that the annual investment in capital assets is greater than the usage of capital assets based on historical cost.

The regulation also includes post-employment benefit costs. The 2025 budget includes the annual cost of post-employment benefits paid to eligible employees entitled to medical coverage for which the Town pays half the annual premium. The estimated cost for 2025 is \$16,000. The future liability is estimated at \$1,043,600 as reported in the 2023 financial statements. The attached reconciliation at the bottom of Appendix 3 shows the change in accumulated surplus from the cash basis to accrual basis of accounting.

8. Policies Affecting Proposal

By-law [136-2023](#) adopted Council's 2023-2026 Corporate Strategic Plan.

By-law 127-09, as amended, adopted the Budget Policy.

By-law 78-2019 adopted the Asset Management Policy.

By-law 132-2024 established Fees and Charges for the Town.

By-law 93-12, as amended, adopted the Reserve Policy that identifies the targets and strategies to be incorporated into the budget preparation.

Ontario Regulation 284/09 requires municipalities to report on whether they are budgeting for amortization and post-employment benefits and the impact of that choice.

9. Comments from Departments, Community and Corporate Partners

The budget has been prepared in collaboration with the CAO, Directors and senior staff.

Supporting documentation for Boards and Committee is provided for Council's reference in Section 7 of the budget package.

Region tax rate by-laws are expected to be presented to Regional Council in April 2025 following consideration of tax policy and ratios.

10. Alternatives

Appendix 2 includes supplementary requests made by staff, boards and committees. Council should consider these individually per the recommendations of the report.

Council may also consider additional base adjustments (e.g., fee and investment revenue estimates, legal expenses) to influence the overall 2025 increases. Every \$344,000 adjustment affects the budget by approximately 1%.

11. Communicating Results

Information about the 2025 Budget will be communicated through media releases, social media updates, a dedicated webpage (i.e., overview, how to get involved) and key information in the Town's eNewsletter. An FAQ document will also be developed to assist Council and residents in efficiently dealing with common questions.

The 2025 budget reports and presentations are available online with Council agendas as well as the approved 2023 Annual Financial Report. Staff are reviewing communications and engagement related to budget, including the use of surveys and expanded online information.

12. Conclusion

The base budget continues the delivery of quality services with a general levy increase of 7.16% before assessment and an increase of 5.07% after assessment growth.

The supplementary budget puts forward \$127,685 in additional levy impacts for Council consideration. The requests contribute to strategic priorities, including:

- Quality of Live and Community Well-being by addressing Sherkston Road closure, Bay Beach operational needs and Town Hall landscaping, in addition to meeting levels of service through long-term financial planning that funds capital reserve levels.
- Sustainable and Managed Growth by addressing growth construction project and permit application staffing, facility condition assessment, and comprehensive zoning by-law review.
- Comprehensive Housing Options by addressing Community Planning and Permitting System needs.

All budget items being considered by Council are a proposed overall Town increase of **5.33%** after assessment growth for the median household. When combined with all draft Region and Education amounts it is an estimated **7.00% total** tax bill increase.

13. Report Approval

Submitted by:
Jonathan Janzen, CPA, CA
Director of Corporate Services

Approved by:
Chris McQueen, MBA
Chief Administrative Officer

14. Attachments

Appendix 1 – 2025 General Levy Base Budget Analysis
Appendix 2 – 2025 General Levy Supplementary Budget Analysis
Appendix 3 – 2025 Budget and Forecast