

SPECIAL COMMITTEE OF THE WHOLE (Budget) – DECEMBER 4, 2024

COMMUNICATION

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Item No.

C1. Presentation material.

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Communication

Sp. CW – December 4, 2024

Item No. 1

Proposed 2025 Budget and 2026 Financial Plan

Special Committee of the Whole (Budget)

December 4, 2024



TRANSPORTATION
AND MOBILITY



CITY
BUILDING



ENVIRONMENTAL
SUSTAINABILITY



ACTIVE, ENGAGED AND
INCLUSIVE COMMUNITIES



COMMUNITY SAFETY
AND WELL-BEING



ECONOMIC PROSPERITY
AND JOB CREATION



SERVICE EXCELLENCE
AND ACCOUNTABILITY



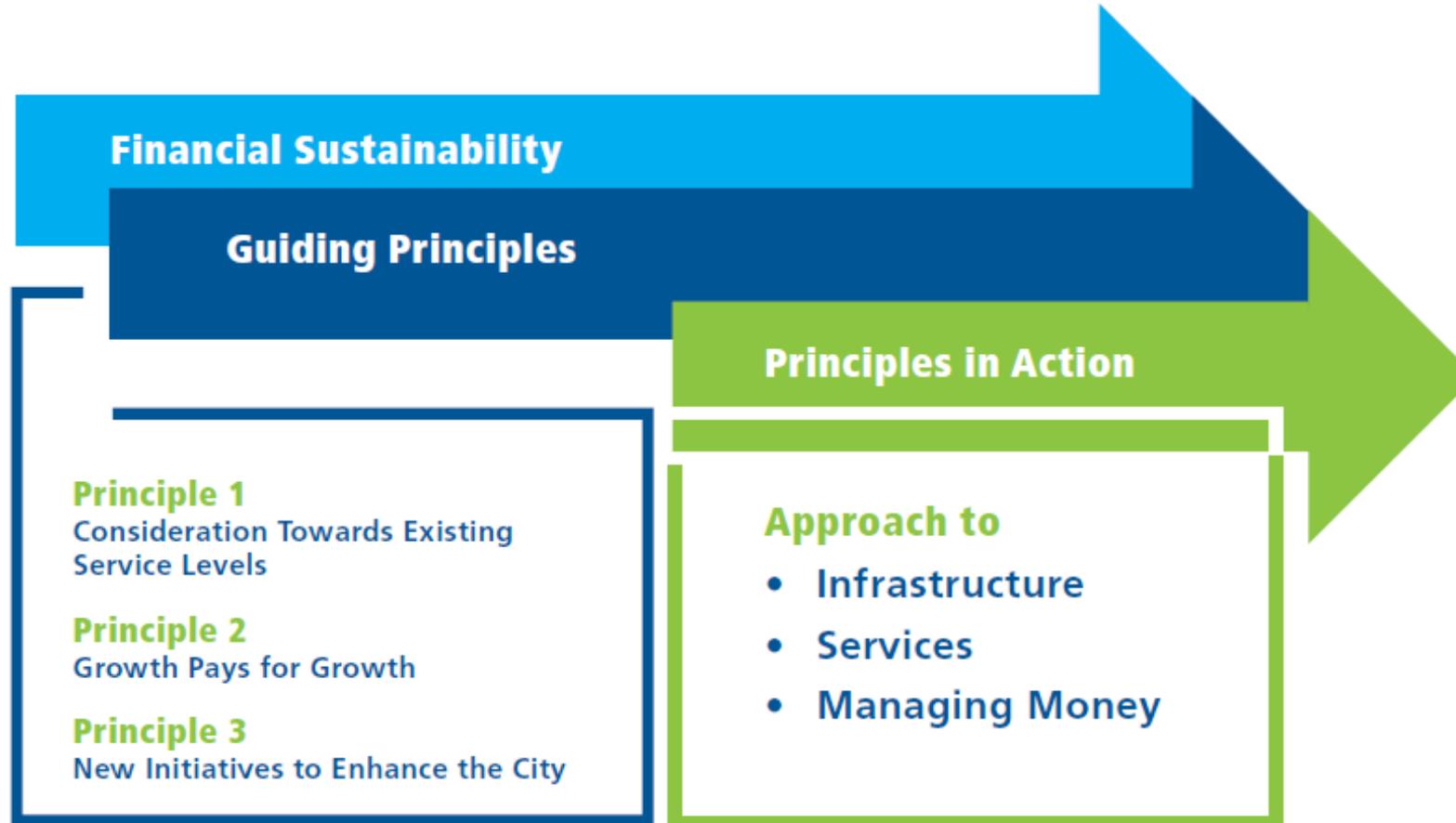
2022 - 2026 TERM OF COUNCIL

STRATEGIC PLAN

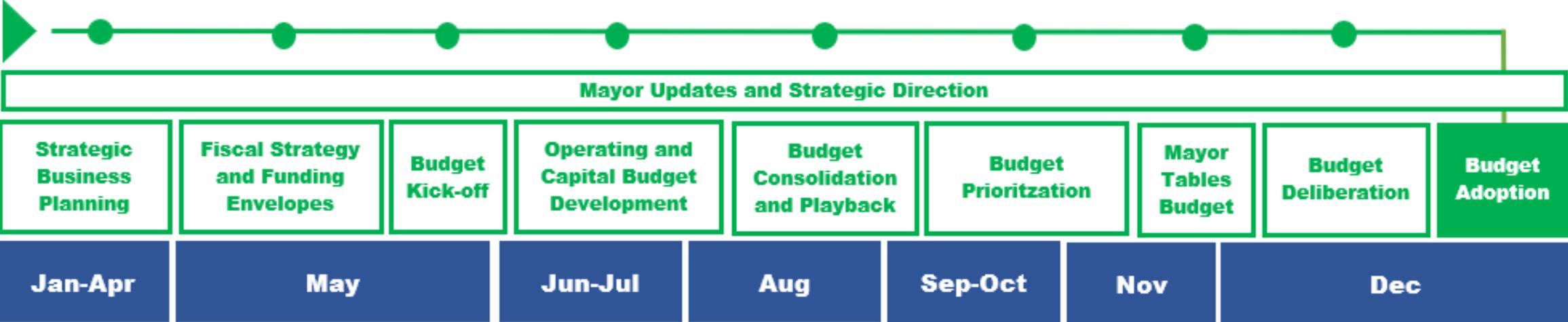
CITIZENS FIRST THROUGH SERVICE EXCELLENCE

Financial Sustainability and Fiscal Transparency

Council Endorsed Budget Guiding Principles Support Budget Priorities



Strategic Planning and Budget Process



Public Engagement on Budget Process



2025 Budget – Context

Continued uncertainty...Inflation and interest rates remain high; COVID recovery; changing Provincial legislation

Continued High Inflation and Interest Rates

- CPI easing but still costs remain at a heightened level (2.0% in October 2024)
- Increases in almost all spending categories...especially fuel and construction / material
- BoC interest rates begun to decline in 2024...currently at 3.75% since October 2024

Economic Activity Recovery from COVID-19

- Economic activity back to pre-COVID levels for some key City's services (e.g. Recreation, MAT)
- On-going impact of alternative work arrangements and changes to consumer spending patterns

Changing Provincial Legislation

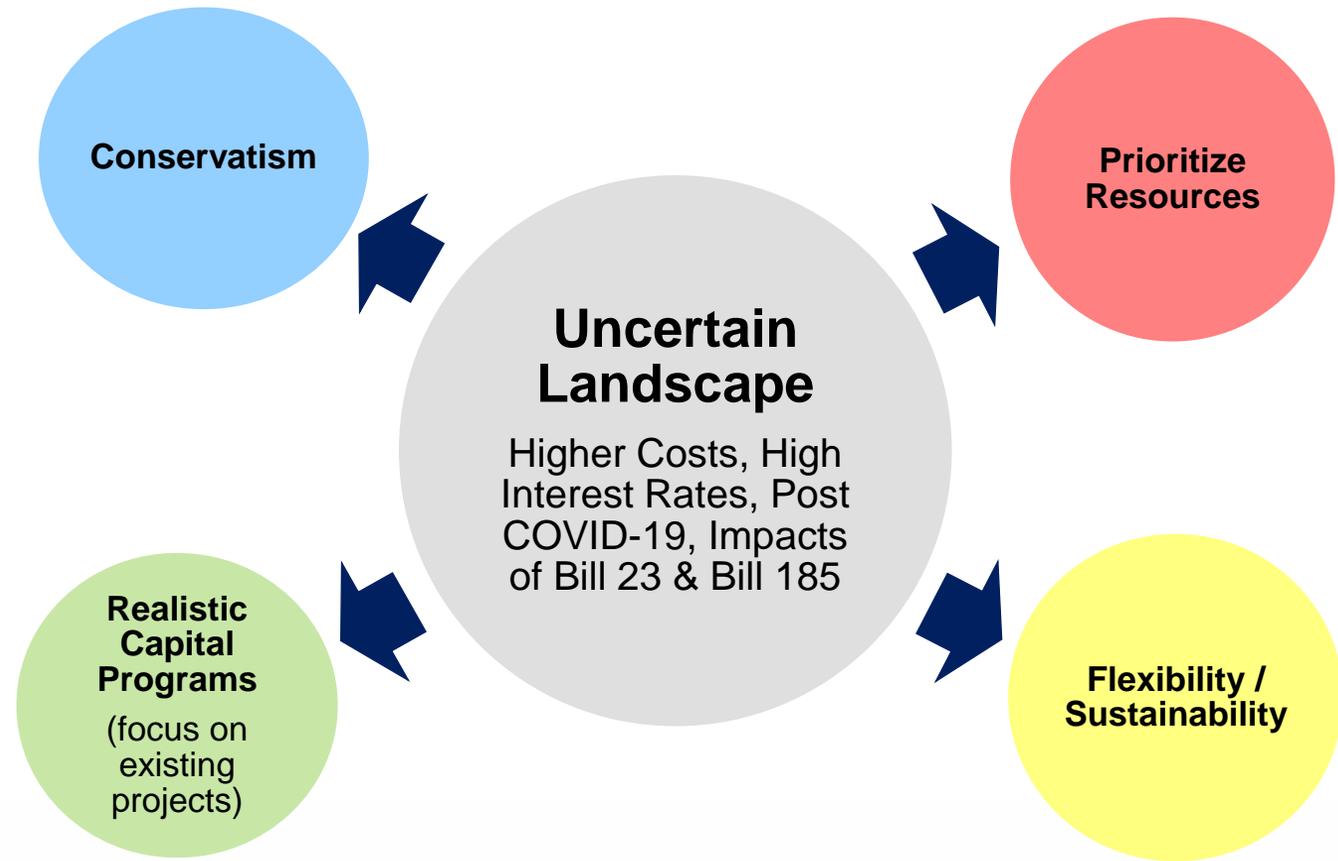
- Bill 23 (More Homes Built Faster Act)...Reduces ability to collect growth-related infrastructure revenue
 - Future impact curtailed through introduction of Bill 185 (Cutting Red Tape to Build More Homes Act)
 - Changes Regional Planning responsibilities...transition underway
- Bill 131 (Transportation for the Future Act)...Allows municipalities to impose Station Contribution Fees to recover construction costs of new GO stations

All of which can impact City's finances...

- Significant upward pressure on capital project costs and cost of borrowing
- Unpredictable user fee revenue patterns
- Reduced and unpredictable growth-related revenues...potential for delayed projects, reduced service levels, increased property taxes

2025 Budget – Guiding Principles

The City of Vaughan's budget is built on the principles of integrity, accountability and responsibility. It is focused on keeping property tax rates low, respecting taxpayers' hard-earned money and delivering quality public services.



Budget Summary

2025 Budget and 2026 Capital Plan:

Tax Supported Programs

2025 Gross Operating
\$442 million

2025 Capital Budget \$392 million

2026 Capital Plan \$203 million

3.0% Tax Rate Increase

Rate Supported Programs

2025 Gross Operating
\$207 million

2025 Capital Budget \$33 million

2026 Capital Plan \$47 million

3.3% Combined Water / Wastewater Rate Increase

9.5% Average Stormwater Charge Increase

2025 Tax Supported Operating Budget

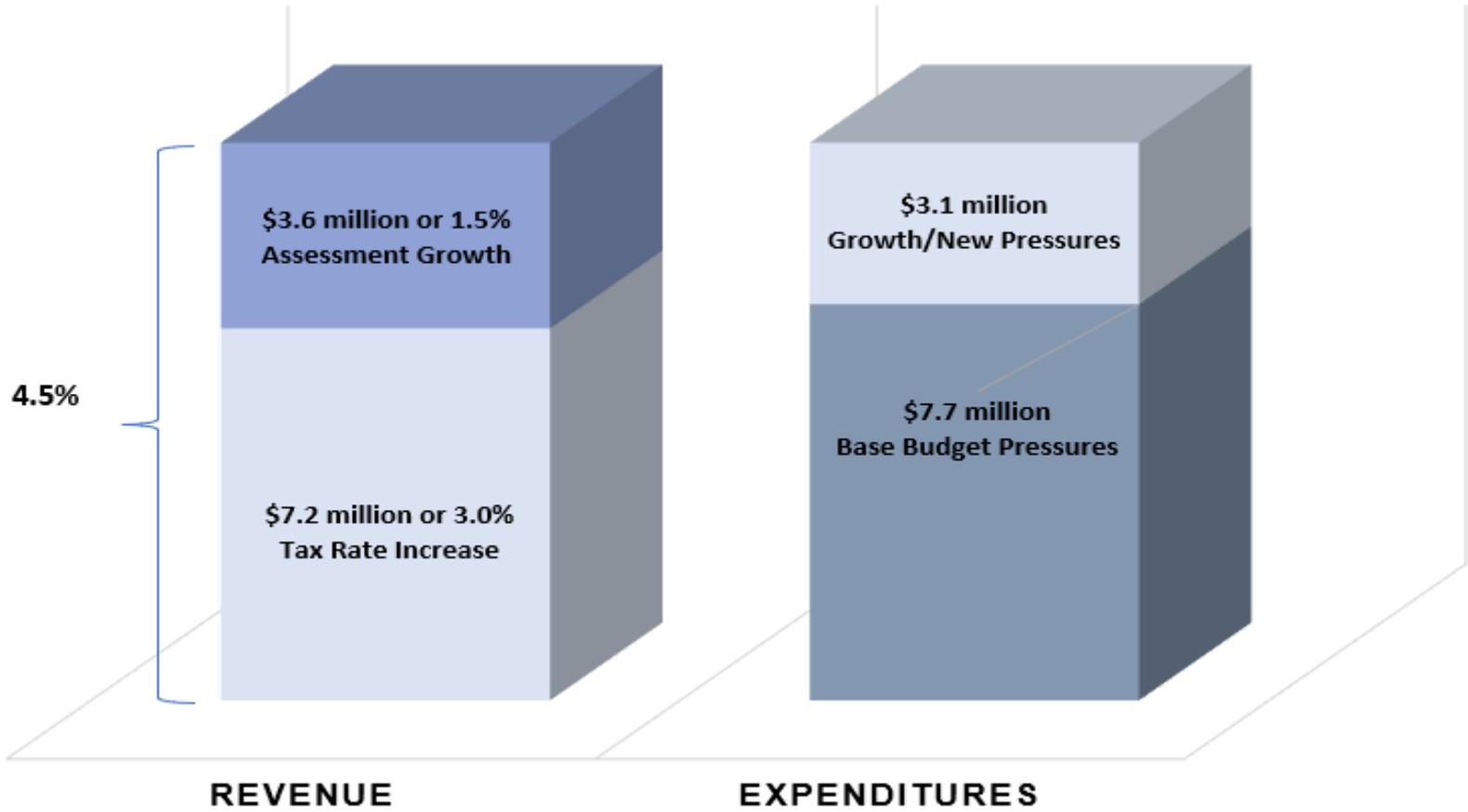
\$M	2023 Year-End Actuals	2024 Approved Budget	2025 Proposed Budget	2026 Plan
Gross Operating	373.9	377.4	441.9	463.9
Less: Non-Tax Revenue	139.1	131.9	185.2	195.9
Net Operating	234.9	245.5	256.6	268.0
Payment In Lieu of Taxes	2.3	2.4	2.4	2.4
Supplemental Tax	3.0	2.7	3.0	3.0
Net Levy	229.5	240.4	251.2	262.6
Incremental Levy Requirement	9.8	10.4	10.8	11.3
Revenue from Assessment Growth	3.4	3.5	3.6	3.8
Revenue from Incremental Tax Rate	6.4	6.9	7.2	7.5
Incremental Tax Rate	2.90%	3.00%	3.00%	3.00%

Note: Some numbers may not add up due to rounding

Financial Plan for 2026 will be reassessed during the next annual budget process

Operating impact of North Maple Regional Park, Fire Station 7-12, West Woodbridge Library of \$1.5 million contained within 3% tax rate increase in 2025. Annualized net pressure - additional \$2.9 million in 2026.

2025 Tax Levy Analysis



2025 Water/Wastewater/Stormwater Operating Budget

	2023	2024	2025	2026
\$M	Actuals	Approved Budget	Proposed Budget	Plan
Revenue				
Water/Wastewater Revenues	181.3	187.2	191.9	197.7
Water/Wastewater Purchases	134.9	147.0	149.4	154.3
Gross Margin (A)	46.4	40.1	42.5	43.4
Other Revenues (B)	12.5	13.8	15.0	16.2
Less: Expenditures (C)	29.1	33.8	34.3	34.6
Less: Reserve Contribution (D)	29.8	20.1	23.2	25.0
Net Operating Budget (A+B-C-D)	0.0	0.0	0.0	0.0
Water/Wastewater Rate Increase	3.3%	3.9%	3.3%	3.3%
Stormwater Charge Increase	5.2%	9.5%	9.5%	TBD*

*Will be dependant on the Stormwater Rate Study.

2025 Water/Wastewater/ Stormwater Expenditures

Water & Wastewater

CITY (operating)	\$ 26.0	14%
CITY (reserves)	\$ 17.7	9%
REGION (purchases)	<u>\$149.4</u>	<u>77%</u>
TOTAL	\$193.1	100%

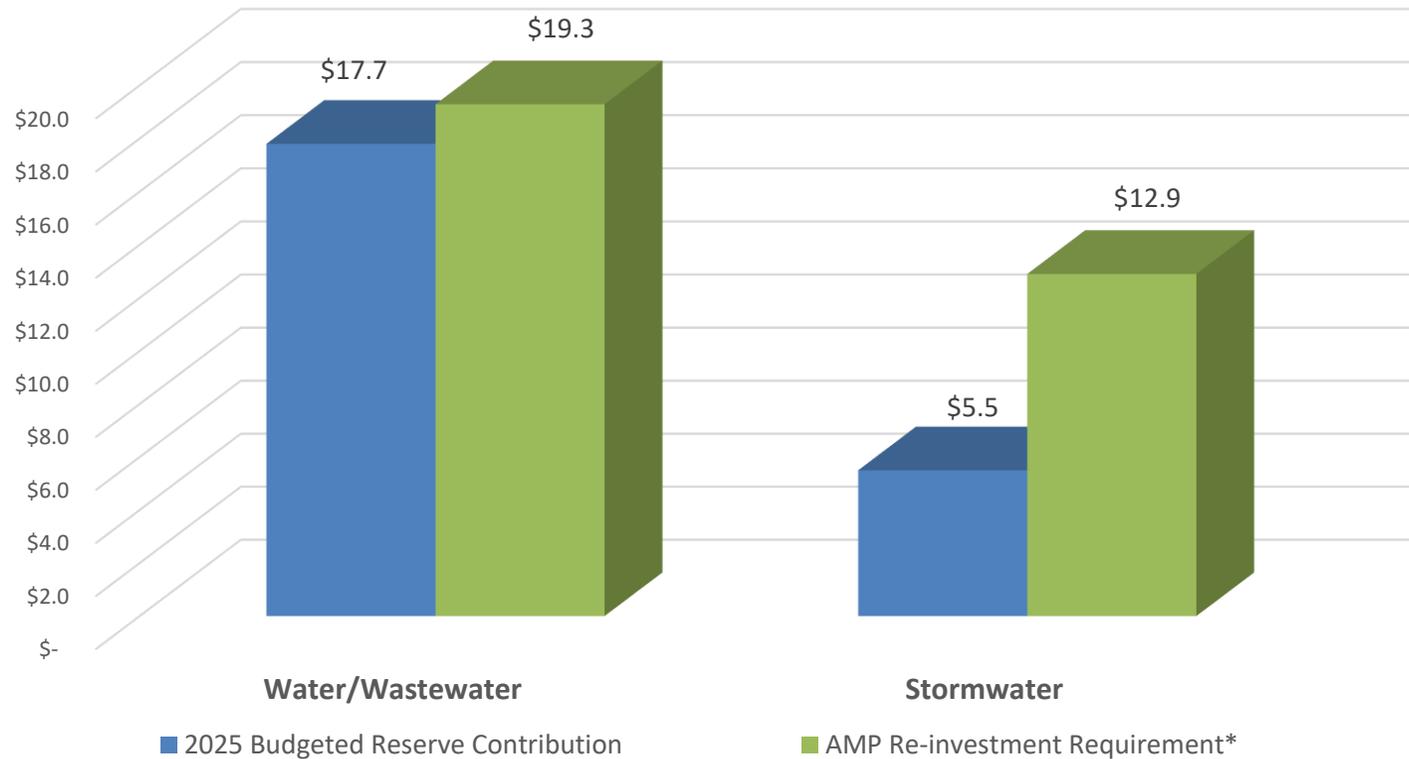
Stormwater

CITY (operating)	\$ 8.3	60%
CITY (reserves)	<u>\$ 5.5</u>	<u>40%</u>
TOTAL	\$ 13.8	100%

*All financial figures are in millions of dollars

2025 Water/Wastewater/Stormwater Reserve Analysis

Budgeted Reserve Contribution vs. AMP Re-investment Requirement (\$M)



* Inflated to 2025 dollars

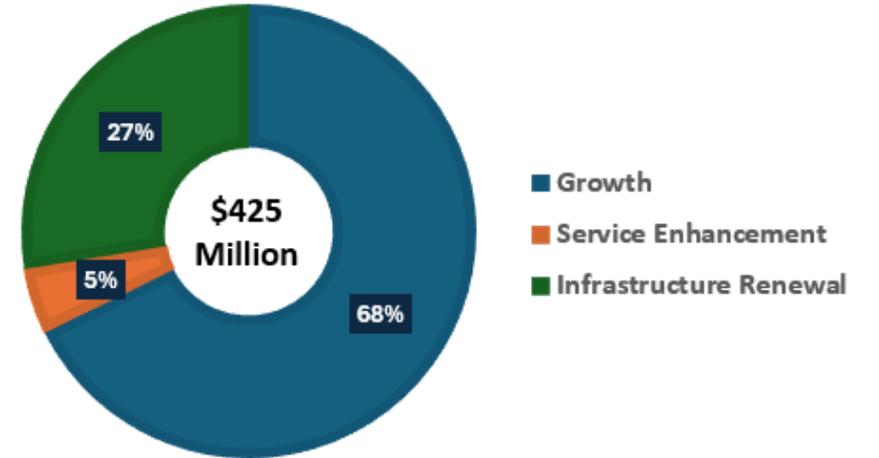




Capital Project Investments

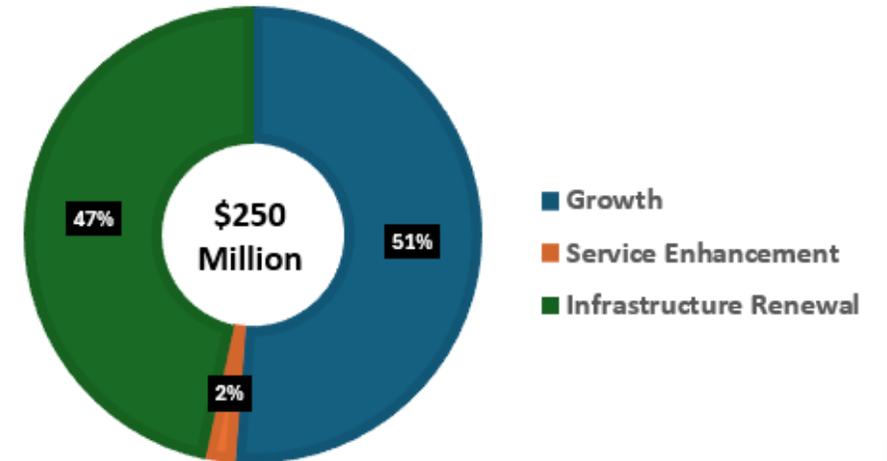
2025 Capital Investment

- Growth, \$287.6 M
- Infrastructure Renewal, \$117.0 M
- Service Enhancement, \$20.1 M

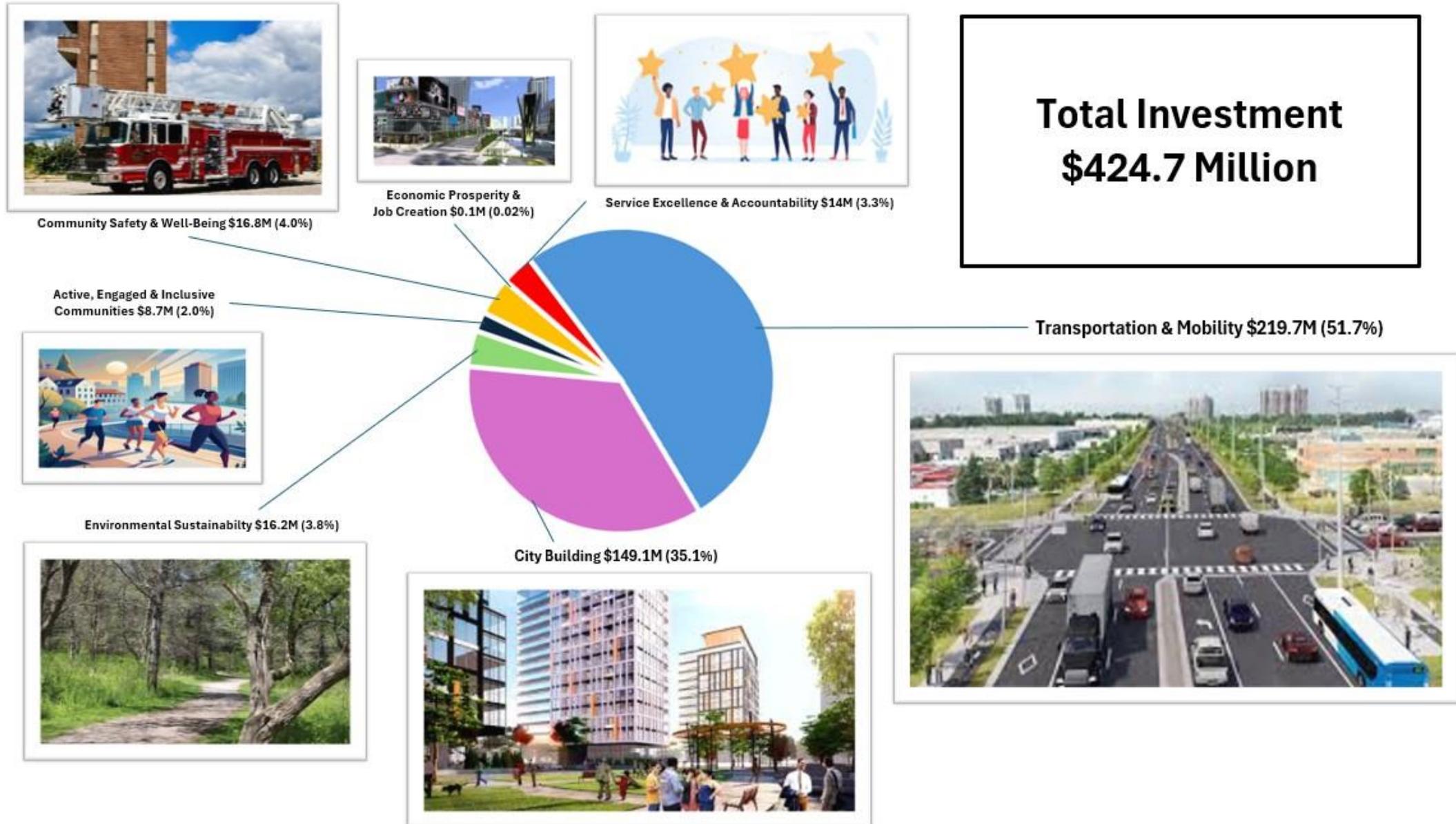


2026 Capital Plan

- Growth, \$127.8 M
- Infrastructure Renewal, \$116.3 M
- Service Enhancement, \$5.4 M



2025 Capital Budget by Term of Council Strategic Priorities



2025 Capital Budget & 2026 Plan

Term of Council Strategic Priorities

(\$M)	2024 Budget	2025 Proposed Budget	2026 Plan	2025-2026 Total	2025-2026 # of Projects
Transportation and Mobility	70.5	219.7	107.7	327.4	65
City Building	77.6	149.1	94.4	243.6	104
Environmental Sustainability	20.2	16.2	23.7	39.9	45
Active, Engaged and Inclusive Communities	8.3	8.7	6.6	15.3	12
Community Safety and Well-being	6.5	16.8	3.0	19.8	27
Economic Prosperity and Job Creation	0.6	0.1	0.2	0.3	1
Service Excellence and Accountability	32.7	14.0	13.9	27.9	98
Total New capital Budget Asks	216.5	424.7	249.5	674.2	352

Where Do Taxes Go? Understanding the Tax Bill

Average Residential Tax Bill

York Region
51%

Local School Boards
21%

City of Vaughan
28%



Commercial Tax Bill

Local School Boards
53%

York Region
30%

City of Vaughan
17%



What Do Taxes and Non-Tax Revenues Fund?



City Expenditures by Service*

- \$0.23** Public Works & Road Services
- \$0.14** Fire and Rescue Services
- \$0.11** Infrastructure Development
- \$0.11** Community Services
- \$0.10** Capital Investment & Debt Servicing
- \$0.08** Corporate Services / Office of the CFO
- \$0.07** Planning & Growth
- \$0.06** Vaughan Public Libraries
- \$0.06** Legal and Administrative Services
- \$0.04** City Manager and Other Offices
- \$1.00** Total

* Budget information presented is based on the organizational structure prior to Nov 14, 2024. Budgets will be re-stated in 2025 on a cost-neutral basis to reflect the new organizational structure as of November 14, 2024.

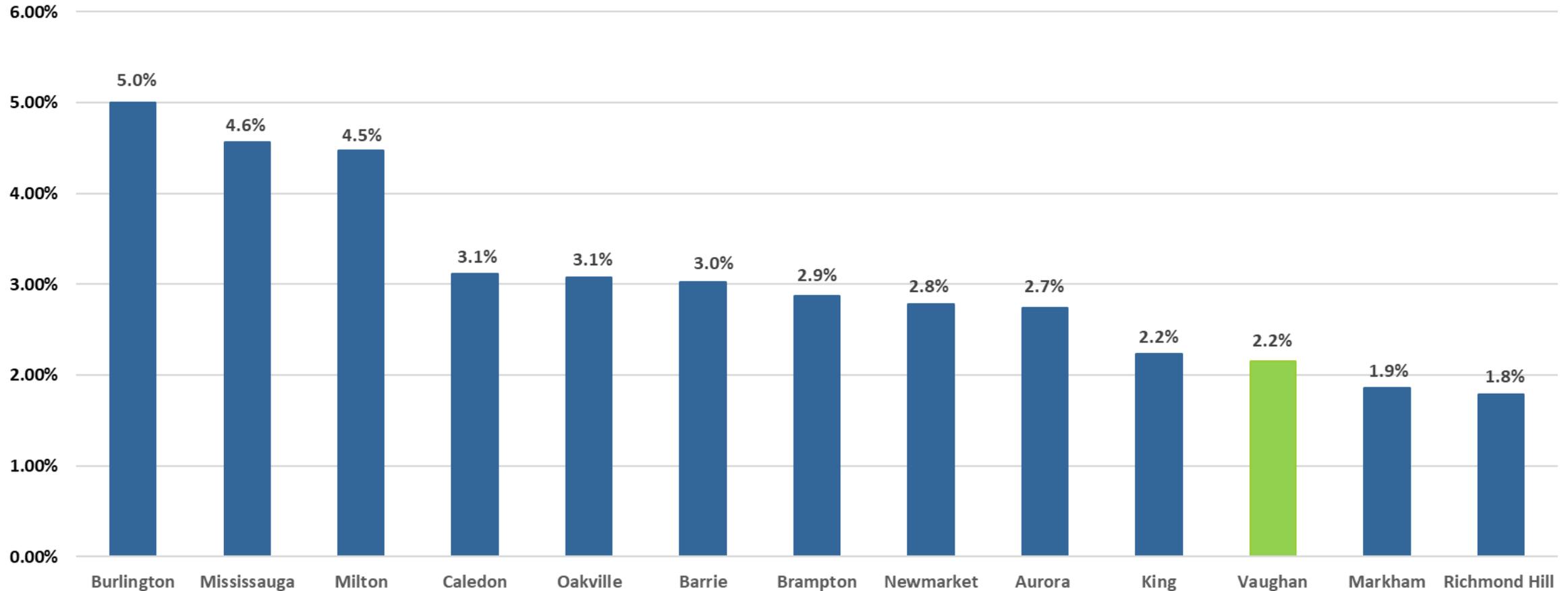
York Region – 2025 Tax Rate Increases (Projected)

as of 11/29/24

	When publicly available	2025 Tax Increase (proposed)
Vaughan	Nov 27th	3.00%
Aurora	Oct 29th	3.50%
East Gwillimbury	TBD	TBD
Georgina	Nov 5th	4.99%
King	Nov 1st	4.43%
Markham	Oct 28th	3.88%
Newmarket	Oct 21st (cap, rate-supported) Nov 11th (tax-supported)	2.99%
Richmond Hill	Nov 5th	4.50%
Whitchurch-Stouffville	Nov 6th	5.69%
York Region	Oct 24th	4.55%

Property Tax Rate Among Lowest in GTA

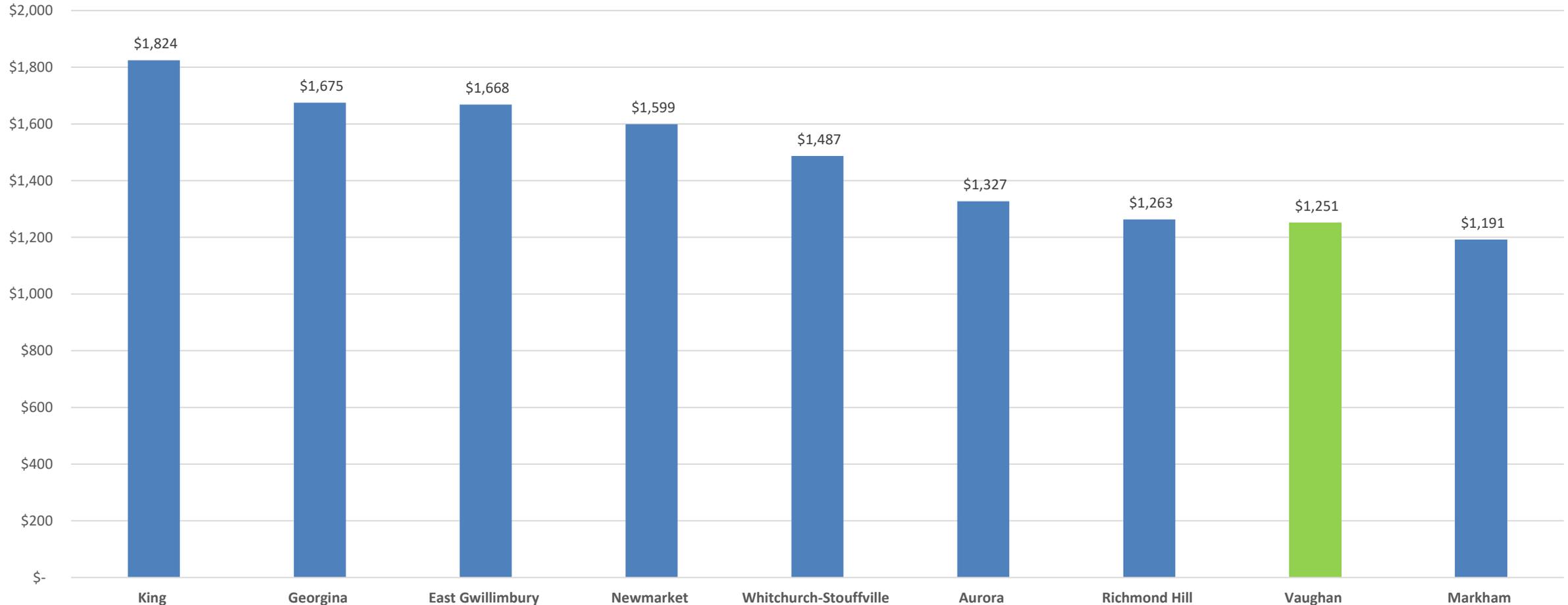
Municipal Property Tax Increases: Five Year Average (2020-2024)



* Proposed 2025 tax rate increase of 3.0% maintains Vaughan's 5-Year Average at 2.2%

Water and Wastewater Rates Among Lowest in York Region

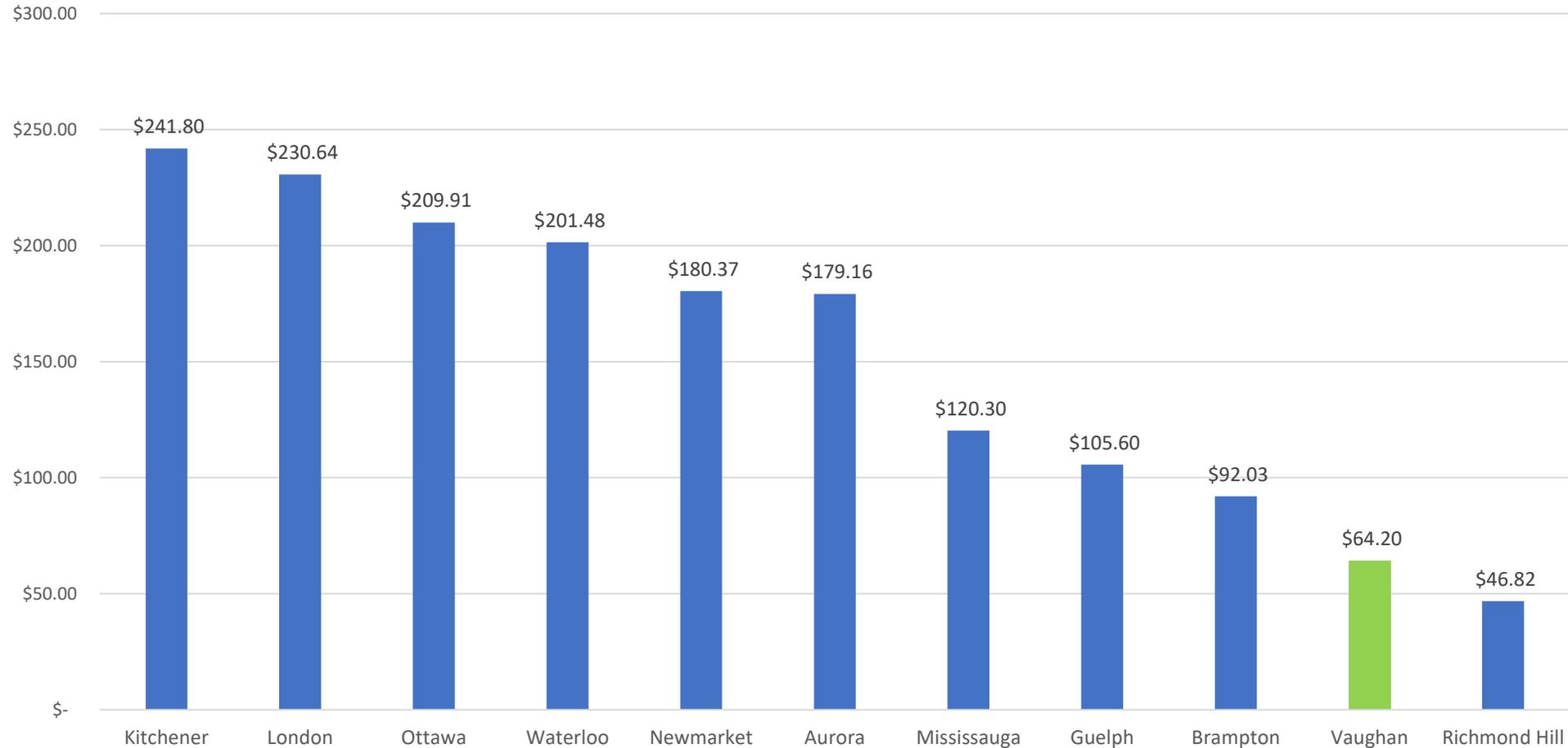
2024 Annual Cost Based on 240 M³



- For 2025 the combined water and wastewater rate is \$5.3843/m³ representing a 3.3% increase over 2024.
- This equates to an annual cost for 2025 of \$1,292 for an average household that consumes 240 cubic metres and an increase of \$41.28 or \$3.44 per month compared to prior year.

Stormwater Charge Among Lowest in Ontario

2024 Stormwater Rate for Medium Single Detached Residential



The 2025 stormwater rate for single detached residential is \$67.73, a \$3.53 increase over 2024.

Long-Range Fiscal Planning

Key findings from the Long-Range Fiscal Plan (LRFP) developed by Hemson Consulting and presented to Council in December 2022:

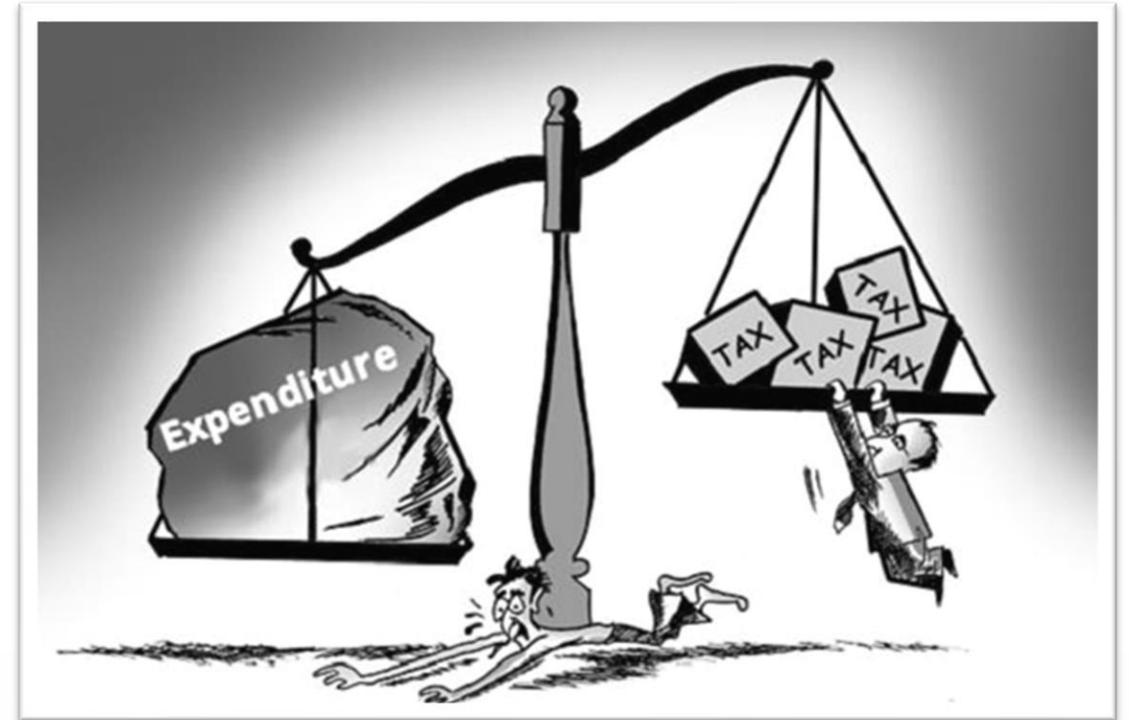
- Potential tax rate “spikes” due to pressures for repair / replacement of assets;
- Infrastructure funding gap between \$1.8 billion and \$2.0 billion (2022-2042); and
- Infrastructure reserves potentially drop below \$5 million by 2038.

LRFP informed development of the 2025 Budget and 2026 Financial Plan:

- Long-term financial outlook - pressures proactively managed before they occur to keep tax rates affordable.

Potential Strategies to Narrow the Infrastructure Funding Gap (Recommended by Hemson Consulting):

- ✓ Manage timing / scope of capital projects
- ✓ Strategic use of debt
- ✓ Leverage discretionary reserves
- Continue to seek other funding options/strategies for addressing Infrastructure Reserves



Next Steps

Future Meeting Dates (Vaughan)

City of Vaughan

- **Dec 4:** Special Committee of the Whole – Budget
- **Dec 17:** Special Council - Budget
- **Dec 17-27:** Adoption of 2025 Budget and Endorsement of the 2026 Financial Plan

**Public deputations
are encouraged at
all budget meetings**

York Region

- **Oct 24:** Budget Tabling (Regional Council)
- **Nov 7:** Budget Reviews at Committee of the Whole
- **Nov 28:** Budget Approval (Regional Council)