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Town of Aurora
Committee of the Whole Report
No. FIN24-057

Subject: 2025 to 2026 Budget and 10-Year Capital Plan

Prepared by: Jason Gaertner, Manager, Financial Management

Department: Finance

Date: November 5, 2024

Recommendation

1. That Report No. FIN24-057 be received for information.

Executive Summary

As per the multi-year budget process, Council approved the Town's 2023 operating and capital budget relating to the first year of the term. In the second year of the term, the municipality adopted a budget for the remaining three years of the Council term. The budget for the second two outlook years (2025 and 2026) must be reviewed annually and readopted as per provincial legislation.

- The operating budget includes tax increases of 3.5 and 2.9 percent for 2025 and 2026, respectively
- Water, wastewater and stormwater service proposed rates for 2025 and 2026 remain unchanged from previously endorsed rates
- This operating budget focuses on the changes to the multi-year budget
- Total capital budget authority of \$213.9 million is being requested in 2025 with \$65.3 million in planned spending for 2025
- The 10-year capital plan includes \$371.2 million of capital investments
- The Fiscal Strategy continues to inform the proposed multi-year budget
- The number of 2025 budget survey respondents were more than double that of the 2024 survey

- Council may propose amendments to the budget for consideration at the special meeting of Council on November 25

Background

The Town's Budget Principles policy outlines the multi-year budget framework for the Town of Aurora. The multi-year budgeting framework aligns with each Council term. Council reviews the first year's budget of the term and receives an accompanying forecast of the next three budgets. In the second year of the term, Council will review a three-year operating budget, including all related tax and rate impacts. Year's three and four of this budget will be reviewed again by Council.

On January 31, 2023, Council approved the first year's budget of the term. In December 2023, the remaining three years' budgets of the Council term was adopted. As per legislation, Council is required to review the previously adopted 2025 and 2026 operating budgets as shown in Table 1.

Table 1
Multi-year Key Milestones

Year	Action	Status
One	Adopt 2023 Receive 2024 to 2026	Complete
Two	Adopt 2024 to 2026	Complete
Three	Review 2025 to 2026	In Progress
Four	Review 2026	

Analysis

The operating budget includes tax increases of 3.5 and 2.9 percent for 2025 and 2026, respectively

The Town of Aurora's 2025 to 2026 Operating Budget proposes tax increases of 3.5 percent in 2025 and 2.9 percent in 2026 after assessment growth forecasted at 1.6 and 1.2 percent per year for 2025 and 2026, respectively is considered. These annual increases include a one percent annual increase to capital reserve contributions to

support the 10-year capital plan. These proposed increases align with Council's recently approved budget principles policy.

Total gross operating expenditures of \$125.9M and \$130.1M are proposed for 2025 and 2026, respectively. These planned expenditures are partially offset by non-tax revenues such as water, wastewater and stormwater rate revenue, investment income, user fees, grants, fines and penalties. All rate funded services are fully offset through rate revenues. The remainder is raised through property taxes. Table 2 presents a summary of the Town's proposed net tax levy for 2025 to 2026 versus previous years.

Table 2
Operating Budget Summary

\$000's	Net Actual Results		2024	2024	Budget	Budget
	2022	2023	Net Fcst*	Budget	2025	2026
Aurora Departments:						
Expenditures	96,865.6	112,418.7	115,576.1	101,803.2	108,232.5	112,027.7
Non-Tax Revenues	(60,761.8)	(72,484.3)	(73,791.9)	(59,145.4)	(62,888.5)	(64,510.3)
Subtotal	36,103.7	39,934.3	41,784.2	42,657.7	45,344.0	47,517.4
Central York Fire Service	12,294.1	12,722.9	13,063.9	13,063.9	13,384.5	13,748.2
Aurora Public Library	3,934.9	4,052.1	4,122.0	4,122.0	4,205.0	4,289.0
Total Budget	52,332.7	56,709.4	58,970.1	59,843.7	62,933.5	65,554.6
Assessment Growth	\$				943.5	753.3
	%				1.6%	1.2%
Tax Increase	\$				2,146.2	1,867.8
	%				3.5%	2.9%

*Net forecast as of August 31, 2024

Water, wastewater and stormwater service proposed rates for 2025 and 2026 remain unchanged from previously endorsed rates

Water, wastewater and stormwater operations are fully funded from user fees. The two key factors in the determination of these fees are the costs to deliver these services and the volumes to be billed.

Two of the most significant cost drivers of this budget are the Town's wholesale water and wastewater management fees, both of which are paid to York Region. York Region Council has approved combined rate increases of 3.3 percent for 2025 and 2026 wholesale water and wastewater rates.

The Town's previously identified infrastructure funding gap continues to subject all user rate funded services to further budgetary pressures. This funding gap is most pronounced in stormwater services.

Table 3
Proposed User Rates Effective May 1, 2025

	2024	2025 Rates		Rate Change		2026 Rates		Rate Change	
	Rates	Outlook	Proposed	\$	%	Outlook	Proposed	\$	%
Water and Wastewater (\$/m³):									
Water	2.53	2.67	2.67	0.14	5.5%	2.78	2.78	0.11	4.1%
Wastewater	3.00	3.13	3.13	0.13	4.3%	3.28	3.28	0.15	4.8%
Combined	5.53	5.80	5.80	0.27	4.9%	6.06	6.06	0.26	4.5%
Stormwater Rate (\$/month):									
Residential	14.93	16.61	16.61	1.68	11.3%	18.35	18.35	1.74	10.5%
Non-Residential	189.75	211.00	211.00	21.25	11.2%	233.16	233.16	22.16	10.5%

This operating budget focuses on the changes to the multi-year budget

This budget review focuses on any proposed changes to the multi-year budget adopted last year. The proposed budget changes include any items that were not foreseen when the 2024-26 budget was adopted. These changes are presented in detail within the 2025 to 2026 Budget. A summary of these proposed changes can be found under the Operating Budget chapter of the Budget.

Total capital budget authority of \$213.9 million is being requested in 2025 with \$65.3 million in planned spending for 2025

Capital budget authority represents the adopted capital budget commitment for a project. It is made up of four components:

- Actuals spent to the end of the last fiscal year for the life of the project
- The current year's capital forecast
- The cash flow planned in the first budget year
- The cash flow, only as needed, for future budget years where contractual commitments are needed

This means 2025 capital budget authority includes actuals to December 31, 2023, plus the 2024 forecast plus 2025 capital cash flow and capital from 2026 and beyond only as required. This budget proposes a total of \$213.9 million in capital budget authority

which is made up of \$183.0 million in previously adopted capital projects and \$30.9 million in net new capital budget authority requests. A summary of the proposed 2025 capital budget authority categorized by the traditional funding buckets of Asset Management, Growth and New and Studies and Other is presented in Table 4.

Table 4
Capital Project 2025 Budget Authority Summary

(\$000s)	Previously Approved Budget	2025 Budget		Capital Budget Authority Cash Flow			
		Capital Budget Authority*	Budget Change	Actuals to Dec/23	2024 Forecast	2025	2026+
Asset Management	62,360.8	85,764.9	23,404.2	11,501.4	22,943.8	45,427.5	5,892.3
Growth & New	116,544.1	122,760.2	6,216.1	76,666.1	27,833.5	18,016.6	244.0
Studies & Other	4,133.4	5,383.4	1,250.0	1,732.0	1,567.8	1,893.6	190.0
Approved Budget	183,038.3	213,908.5	30,870.2	89,899.5	52,345.1	65,337.6	6,326.3

* Includes all active project budgets, adjustments and new budget commitments

The 2025 capital budget is examined in more detail within the Capital Budget chapter of the Budget.

The 10-year capital plan includes \$371.2 million of capital investments

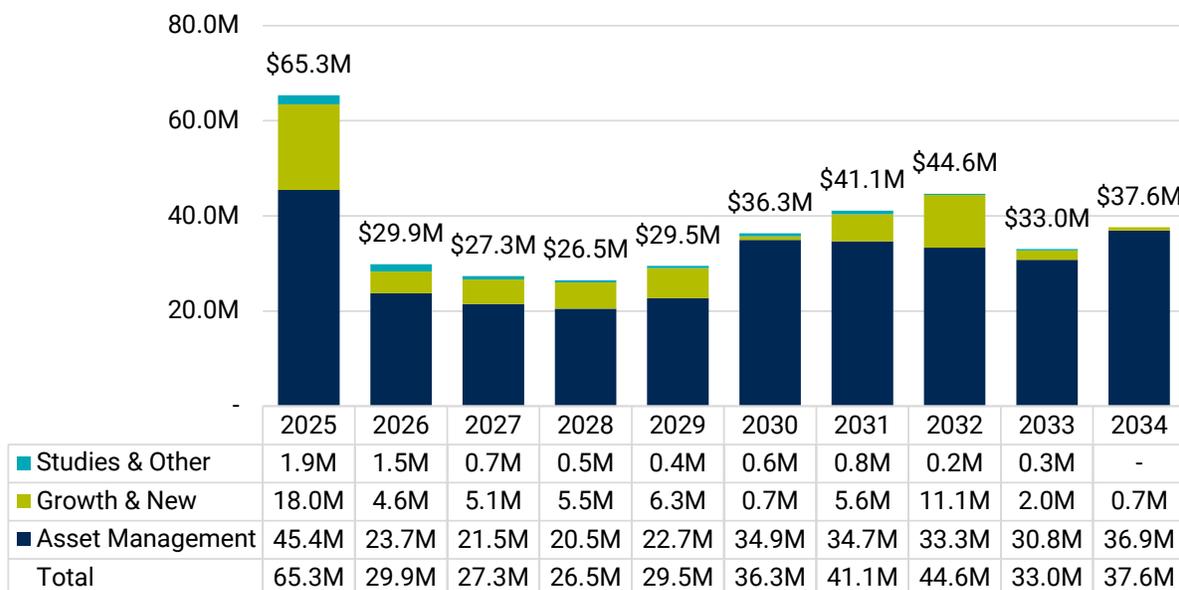
The capital budget proposes a 10-year plan totalling \$371.2 million. This 10-year capital plan continues to focus its investments on asset management with asset management projects representing 82 percent of the capital plan, growth and new 16 percent which includes the construction of Aurora Town Square and studies and other at 2 percent.

By focusing on planned capital project cash flows in the 10-year capital plan, the Town is able to better manage its cash, timing of investments and reserve needs on an annual basis.

The 2025 asset management budget is built upon the Town's newly approved Asset Management Plan. The Town's Asset Management Plan was approved in July 2024. This plan expanded upon the previously developed modernized level of service measures for all core asset categories to include all non-core asset categories. At this time, future asset management decisions will begin to be driven by these newly developed levels of service.

A summary of the Town's current 10-year capital plan is presented under Table 5. Details of this plan can be found under chapters 16 to 19 of the Budget.

Table 5
10-Year Capital Project Summary



The Fiscal Strategy continues to inform the proposed multi-year budget

The Town’s Fiscal Strategy provides a long-term view of financial sustainability through the balancing of the four strategic pillars: Revenue Management (Operating Budget Chapter), Capital Planning (Capital Budget Chapter) and Reserve Management and Debt Management (Reserves and Debt Management Chapter).

This budget supports the fiscal strategy through the following:

- **Revenue management:** Striving to maintain a predictable tax levy while facing very challenging financial circumstances such as extraordinary inflationary pressures by managing budget pressures through expenditure savings and revenue adjustments, while continuing to reduce the budget reliance on supplementary taxes.
- **Capital planning:** Aligning with the asset management plan and identifying future asset management needs over the long-term through the continued modernization of the Town’s asset management plan and the accompanying framework, while also planning for future growth needs over the next 10 years.
- **Reserve management:** Increasing contributions to asset management reserves through the one percent increase in the tax levy for fiscal strategy and looking ahead at reserve balances to manage the capital plan.

- **Debt management:** Identifying future debt and managing annual debt repayments over the 10-year plan, recommending policy to convert tax-funded debt repayment costs to asset management reserve contributions once the debt is fully paid off.

The number of 2025 budget survey respondents were more than double that of the 2024 survey budget

The Town's online 2025 budget survey received more than double the number of respondents than it did for the 2024 budget. A total of 316 responses were received this year, compared to 153 respondents for the year prior.

Overall, 65 percent of respondents felt the value they were receiving from their municipal tax dollars were good or fair. Table 6 presents a summary of the top 10 town service areas that respondents would like to see more of their tax dollars spent. 12 percent of respondents identified that no further fund increases to Town' services were necessary. Respondents were able to select up to 3 different service areas.

Table 6
Top 10 services where more tax dollars should be spent

Service	Number of Respondents
Park, Trails, Open Spaces	137
Community Planning (ie. Active Transportation Master Plan)	72
Town Facilities	69
Asset Management	67
Community Programs (ie. Special events, aquatic programs)	64
Road Network Operations	57
Winter Management	41
Enforcement & Licensing	39
Solid Waste Management	35
Cultural Services	29

Survey respondents were most supportive of the following proposed future modernization initiatives:

- Online account inquiry and bill payments
- Increased ability to purchase Town services online

- Online viewing of Town facility amenities
- Online facility permit request forms
- Facility rental availability

Some common themes of additional feedback received through the survey included:

- The Town needs to ensure it is maximizing the value obtained from its scarce tax levy dollars
- A greater focus should be placed on maintaining the Town's existing outdoor recreation spaces including parks, trails and all playing surfaces (soccer fields, baseball diamonds, tennis & basketball courts, etc.)
- Expansion of the Town's active transportation network including additional bike paths, trails and pathways
- Continue to increase the Town's tree canopy, and other greenery
- Make affordable housing a priority
- Enhance maintenance and expansion of Aurora dog parks
- Expand Town bylaw enforcement

The Town also received helpful feedback on potential improvements to future budget surveys. Survey feedback also highlighted opportunities for the enhancement of educational materials relating to how municipal budgets work and how municipal service responsibilities are distributed between the Town and York Region.

Council may propose amendments to the budget for consideration at the special meeting of Council on November 25

Table 7 presents a summary of the Town's key 2025 budget timelines. Of note, budget committee meetings are scheduled on November 11 and 18. Further, any proposed budget amendments are due to the Clerk by the end of day on November 21. If needed, a Special Council meeting has been scheduled on November 25 to discuss/decide upon any proposed budget amendments.

Table 7
Budget Dates and Milestones

Meeting / Milestone	Date
Mayor provides budget to members of Council	October 29, 2024
Budget overview presentation to Council	November 5, 2024
Presentations of departmental budgets	November 11, 2024
Community Partner presentations as well as remaining business from November 11	November 18, 2024
Amendments to the Mayor's proposed budget are due to the Clerk by end of day	November 21, 2024
Special Council meeting to discuss/decide on proposed budget amendments (if required)	November 25, 2024
Last day for the Mayor to veto any amendments adopted during November 25 th meeting	December 5, 2024 (latest)
Override / budget adoption	December 20, 2024 (latest)

Should Council approve any budget amendments, the mayor will have until December 5 at the latest to decide if he will veto any of these amendments. Council may override any budget amendment vetoes, by resolution, on a 2/3 vote of its members within 15 days of any veto decision.

Advisory Committee Review

Not applicable

Legal Considerations

Section 291 of the Municipal Act, 2001 provides that a municipality may prepare and adopt multi-year budgets. For the second and each subsequent year, Town Council has the opportunity to re-review the budget, make any necessary changes and re-adopt the budget for the year to which the budget applies.

Financial Implications

Residential tax bills contain three different property taxes. Taxes collected for provincial education purposes represents approximately 18 percent of a residential tax bill, while taxes for York Region are approximately 44 percent and the Town's share is the remaining 38 percent.

The Town's proposed tax increases of 3.5 and 2.9 percent for 2025 and 2026, respectively would add approximately \$10.94 and \$9.38 per year to the Town's share of the tax bill for each \$100,000 of assessment for 2025 and 2026, respectively. For an average home in Aurora assessed at \$800,000, the Town's share of the tax bill in 2024 is \$2,500. If the proposed tax increases of 3.5 and 2.9 percent are adopted, this tax bill will increase by \$87.52 to \$2,588 for 2025. The tax bill would increase by a further \$75.05 to \$2,663 in 2026.

The average quarterly residential water bill assumes the use of 54 cubic metres of water during the three-month period. The rates for water and wastewater are charged per cubic metre and then the stormwater charge is a monthly fee. So, each residential bill will include three months. The average residential bill in 2024 was \$343.41; if adopted, the rates in this budget for water, wastewater and stormwater will result in increases to the water, wastewater and stormwater average quarterly bill increasing by \$19.62 to \$363.03 in 2025 and \$19.26 to \$382.29 in 2026.

The proposed 2025 capital plan remains affordable in the short term based upon the contributions to capital reserves included within the presented operating budget which align with Council's recently adopted asset management short term financial strategy. Staff will present a longer financial strategy to Council for consideration which will commence in 2027 onwards. The affordability of the 10-year capital plan is reviewed annually as part of the Town's Fiscal Strategy.

Communications Considerations

The Regulation requires the proposed budget to be made available to the public. The proposed budget will be posted on the Town's website and communications will inform and educate the public about the budget and budget process through various channels.

Climate Change Considerations

The recommendations from this report do not directly impact greenhouse gas emissions or climate change adaptation. The Town's climate change action plan has been considered in the development of the proposed multi-year budget.

Link to Strategic Plan

Developing the annual budget supports all aspects of the Strategic Plan. Specifically, this report supports the Plan principles of Leadership in Corporate Management,

Leveraging Partnerships, and Progressive Corporate Excellence and Continuous Improvement.

Alternative(s) to the Recommendation

None

Conclusions

The proposed 2025-26 operating budget represents the remaining two years of the term's multi-year budget. The proposed tax rate increase strives to minimize the impact on taxpayers in light of the considerable budget pressures faced by the Town such as those arising from inflation and asset management.

The Town's recommended water, wastewater and stormwater rates reflect all necessary changes at this time and strive to manage any upward pressure on water, wastewater and stormwater rates responsibly.

The presented 2025 capital budget is affordable with Council's adoption of the proposed operating budget support of the Town's capital asset sustainability.

The 2025 Budget containing all supporting material for this year's proposed budgets was provided to Council on October 29, 2024. The budget materials will also be made available on the Town's website.

Attachments

Attachment 1: Budget Presentation

Previous Reports

FIN23-012, Council Budget Principles Policy

FIN24-015, 2025 Budget Timeline and Process

Pre-submission Review

Agenda Management Team review on October 17, 2024

Approvals

Approved by Rachel Wainwright-van Kessel, CPA, CMA, Director, Finance

Approved by Doug Nadorozny, Chief Administrative Officer