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**Date** December 2, 2024 **Report No.** 2024-647

**To** Chair and Members  
Estimates Committee

**From** Joelle Daniels  
Commissioner of Corporate Services/City Treasurer

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### 1.0 Type of Report

Consent Item   
Item For Consideration

**2.0 Topic** Year 2 Budget Confirmation – City Services [Financial Impact – 2025 - \$138,360,049 Operating and \$158,765,799 Capital]

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### 3.0 Recommendation

- A. THAT Report 2024-647 Year 2 Budget Confirmation – City Services, BE RECEIVED; and
- B. THAT upon deemed adoption of the 2025 operating and capital budgets, the following actions BE APPROVED:
  - i. THAT the necessary By-laws BE PRESENTED to City Council for adoption as follows;
    - 1. THAT the necessary By-law to amend By-law 2021-2024, being a By-law to Fix Fees and Charges to be collected by The Corporation of the City of Brantford for 2024-2027, BE PRESENTED to Council for adoption; and
    - 2. THAT the necessary financing by-laws to authorize debenture financing BE PRESENTED to Council for adoption; and

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- ii. THAT the Commissioners, and the Purchasing Officer BE AUTHORIZED to award Year 2025 capital projects in accordance with the City of Brantford's Purchasing Policy; and
- C. THAT Council requests the Mayor to include the operating and capital costs to implement Option 3 of the Brantford Transit-Moving Forward Plan from Section 9.9.3 in the 2025 Budget.

## 4.0 Executive Summary

As part of the multi-year budget process, Council is required to confirm the budget each year. This is the City's first confirmation process for the year 2025 operating and capital budgets for City services. During the multi-year budget process (2024-2027), the City services were estimated to be at a 3.82% increase for 2025, which is in direct alignment with the budget presented for confirmation. This increase would result in an annual average residential tax impact of \$93.51, or \$7.79/month.

During the review process, staff have identified minor updates to fees and charges, as well as shifting the timing of some planned resource budget investments, which resulted in an overall decrease in funding required. Adjustments have been made as necessary for items like increased benefit premium costs and contractual obligations which were higher than planned, and have been offset by other reductions including a decrease in corporate insurance premium costs, and higher than anticipated assessment growth.

The capital program has experienced some shifting of projects outside of the forecast due to financial and human resource constraints. Additionally 6 new projects have been added into the forecast as high priority items, and 4 projects have been advanced into the forecast to take advantage of grant opportunities.

Lastly, options have been presented as part of the Brantford Transit – Moving Forward program that was approved by Council on November 26, 2024. Recognizing that the operating and capital impacts are significant investments, staff has recommended a staggered approach to the transit enhancements beginning in 2025. Implementing recommended Option #3 would increase the City services portion of the budget only by 0.54%, resulting in an additional annual average residential tax impact of \$13.24, or \$1.10/month for 2025.

## 5.0 Purpose and Overview

The purpose of this report is to present the staff prepared Year 2 Confirmation of the City Services 2025 operating and capital budgets, inclusive of all

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departments. This is the City's first confirmation process of the previously adopted multi-year budget that spans the four years 2024 to 2027, aligning resource requirements to the remaining years of Council's Strategic Priorities, and incrementally taking one more step in enhancing our financial management policies and practices.

## 6.0 Background

In January 2024, Council received report [2024-13](#) which presented the inaugural Multi-Year City Services Budget for 2024-2027. The budget was developed aligning resource requirements to the remaining years of Council's Strategic Priorities. It included a review of historical budget increases, funding from other levels of government, efficiencies and opportunities for increased revenues, along with various municipal comparators.

The 2024-2027 City Services operating budget included strategic budget investments that were included in the budget primarily related to pressures from increased growth, and staff ensured that the financial impact of future investments did not exceed the amount of revenues generated from the City's proportionate share of assessment growth each year. The 2024-2027 City Services capital budget that was presented was affordable through the use of reserves, grants, developments charges and debt, keeping within the Council imposed limit of 10%.

In September 2024, Council received report [2024-553](#) outlining the confirmation process for Year 2 of 2024-2027 City Services multi-year budget, which included information on an enhanced public engagement campaign related to 2025 City budget priorities. This report outlined the annual validation process as well as provided information on the process for staff to make adjustments to the budget to respond to change. The report also provided the timelines for confirmation of the City services and Local Boards budgets, along with the Mayor's proposed budget.

[Mayoral Direction 01-2024](#) was provided as direction to the CAO and City Treasurer for staff to prepare a draft City Services budget for 2025 to confirm year 2 of the 2024-2027 budget and schedule meetings of the Estimates Committee for the purpose of Council providing recommendations on the draft City budget for consideration prior to the Mayor submitting the Mayor's proposed budget on or before December 20, 2024. [Mayoral Direction 02-2024](#) updated the date for the Estimates Committee meeting to December 2, 2024.

## 7.0 Corporate Policy Context

The multi-year budget process is guided by the 2023-2026 Council Priorities and Strategic Themes:

- Develop strategies to build trust amongst Council, while evolving the corporate culture.
- Focus on productive and collaborative partnerships.
- Move people more effectively.
- Create a vision and strategy for managing development and affordable housing.
- Develop a planning and implementation schedule and commit resources for various projects related to City assets.
- Effectively and consistently engage with the community.
- Invest in a long-term strategy and plan to manage the homelessness crisis, inclusive of related issues of mental health and addiction issues, and safety and security concerns.
- Create a vision statement for the long-term future of the City.
- Commit to and implement the downtown revitalization plan and vision.
- Build a greener Brantford.

Finance Policy 017 – Multi-Year Budget Policy establishes guidelines and the approach for the planning and approval of multi-year budgets to ensure greater certainty for future expenditures and revenue increases.

## 8.0 Input From Other Sources

All City departments have provided input by reviewing and confirming the remaining years of the previously adopted multi-year budget. The City relies on the annual BMA Municipal Study to compare various metrics against other municipalities. The draft 2024 study has been received and has been used to update the municipal comparator data included in this report.

## 9.0 Analysis

### 9.1 Year 2 Operating Budget Process

As part of Finance Policy 017 – Multi-Year Budget, departments must complete an annual validation of the 2025-2027 budget that was completed as part of the 2024 budget cycle.

The annual validation of the approved Multi-Year Budget allows departments to request material budget adjustments to respond to change. Adjustments may include:

- New or changed legislation or regulation
- New or changed council direction
- Unplanned service level changes
- Unplanned incremental operating costs arising out of capital investments
- Material changes to the projected inflation rate
- Changes to assessment growth projections
- Economic or political conditions

Departmental staff are also required to review the salaries and benefits of all positions, along with reviewing the planned resource budget investments included in the multi-year budget to determine if any changes are required.

### 9.2 Historical Budget Increases

As indicated in the 2024-2027 multi-year budget, the City services budget increases over the prior four years (2020-2023) were consistently below 2%. When focusing only on the services that the City has direct control over, the increase for the City portion of the budget has continually been well below the cumulative increase experienced by the City's local boards and external agencies, and in most years has been well below inflation.

Table 1 - Historical Budget Increases

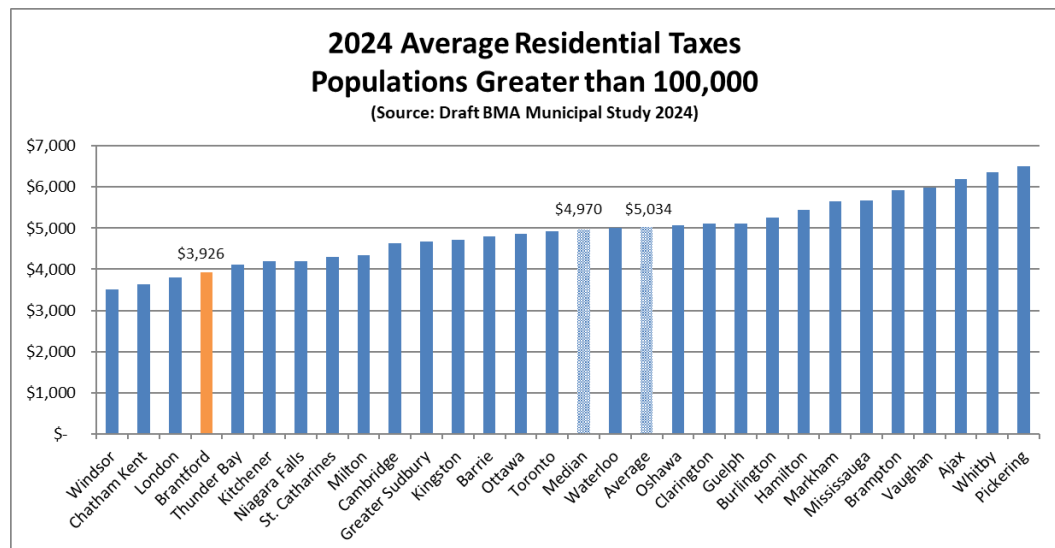
Year	Total Budget Increase	Local Boards	City Services
2020	2.96%	5.18%	1.99%
2021	2.19%	5.27%	0.81%
2022	1.98%	3.63%	1.20%
2023	2.73%	4.78%	1.75%
2024	5.47%	8.00%	4.20%

### 9.3 Municipal Financial Indicator Comparator Data

The annual BMA Municipal Study for 2024 was released in draft in November and provides a number of measures using information obtained from 2023 Financial Information Returns, 2024 tax levy bylaws, and current value assessment figures.

To compare the amount of relative taxes, the BMA Study provides 2024 average residential taxes for all participating municipalities. When comparing against other municipalities with a population greater than 100,000, Brantford is at the low end as shown in Figure-1.

Figure 1 - 2024 Average Residential Taxes

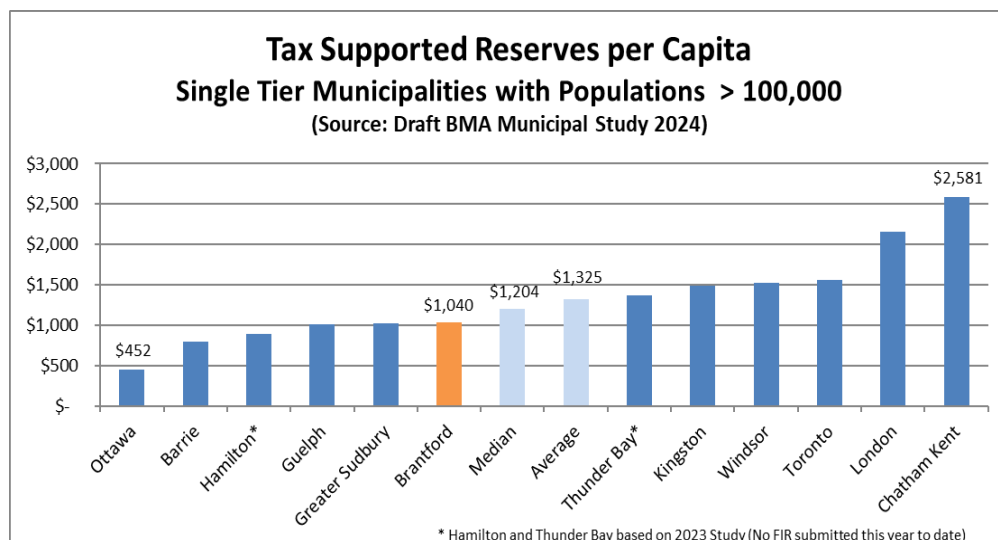


When comparing relative taxes, consideration should also be given to affordability. The BMA Study also calculates the burden that property taxes are as a percentage of household income. For the same comparator group, both the average and median percentages are 4.0%. Brantford is slightly lower than average at 3.9%.

Other financial indicators included in the BMA study include measures to compare reserves, debentures, and net financial position. Because a number of municipalities over 100,000 population are lower-tier and do not provide the full breadth of services the City does, the remaining comparator information will focus on single-tier municipalities only.

Monies held in reserves are used to make provisions for infrastructure replacement, one-time requirements, stability in tax rates, and ensure adequate cash flows. Figure-2 depicts a comparison of tax reserves per capita for single-tier municipalities greater than 100,000; and demonstrates the City is below both the calculated median and averages.

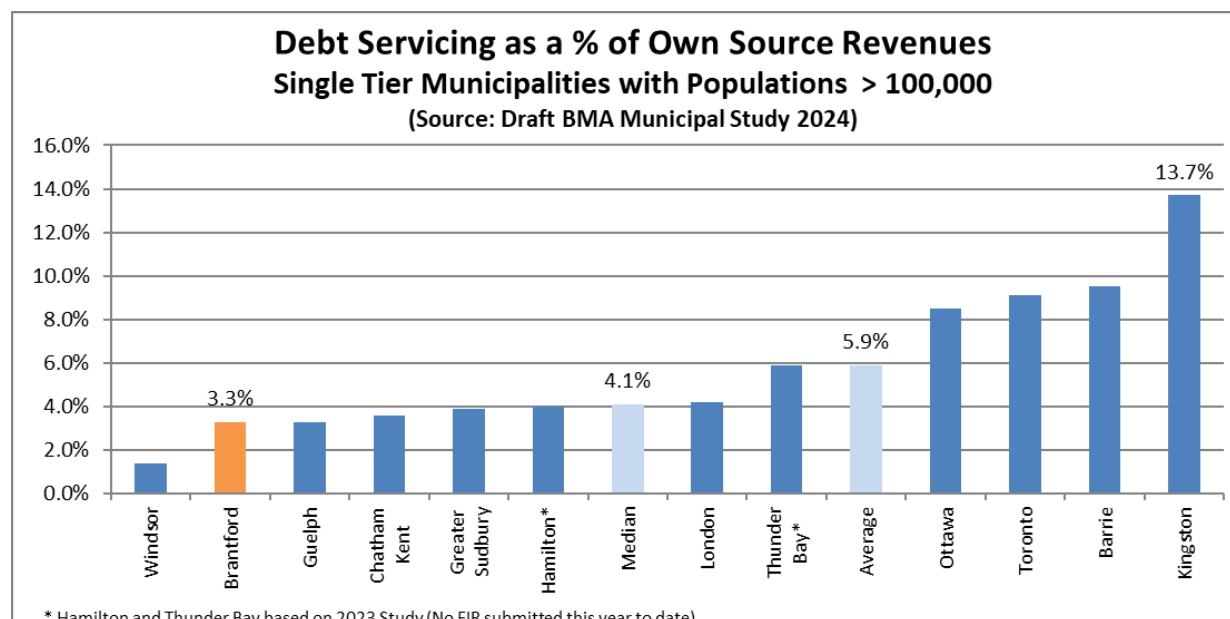
Figure 2 - Tax Supported Reserves per Capita



It should be noted that the City is experiencing significant financial pressures in its multi-year capital budget that will see this measure for Brantford reduce over the remaining budget period. From 2023 to 2024 this indicator has dropped from \$1,130 to \$1,040. Further discussion on capital budget constraints are outlined in Section 9.8.

Long-term borrowing through the issuance of debentures is another way for a municipality to finance its capital infrastructure requirements. Just like a mortgage, regular repayments of principal and interest to service the debt become a fixed cost of the municipality and are made as part of the annual tax levy or user rates for a number of years. The Province limits the amount of debt a municipality can incur by restricting annual servicing costs to 25% of own source revenues. As depicted in Figure-3, the City’s current servicing costs as a percentage of own source revenues is at the low end of the comparator group.

Figure 3 - Debt Servicing as a % of Own Source Revenues

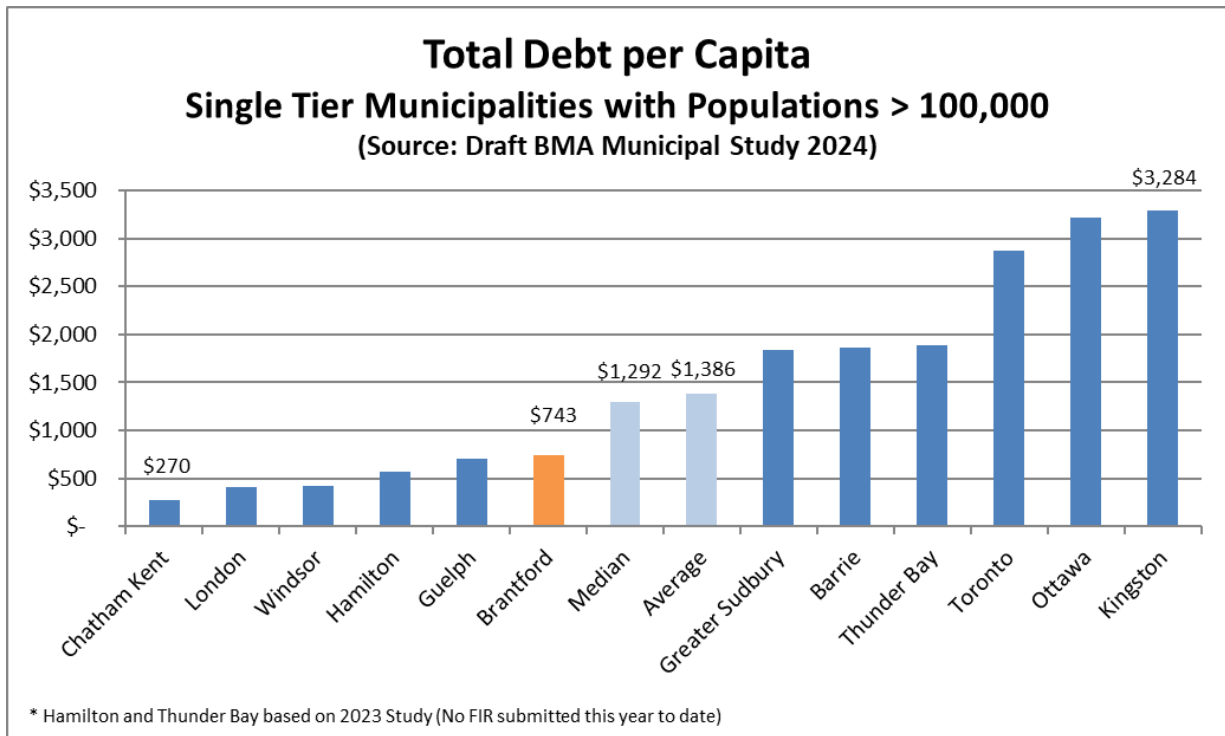


In accordance with the strategies established under Finance Policy 015 – Debt Management Policy approved in 2021, the City strives to issue debt only for growth and service enhancement projects. This ensures a fair and equitable approach to those who pay and those who benefit from these projects over time.

Total debt outstanding per capita is another measure of debt for municipalities provided in the study. Figure 4 depicts the total debt principal outstanding on a per capita basis, and calculates the City below both the median and average of the comparator group.

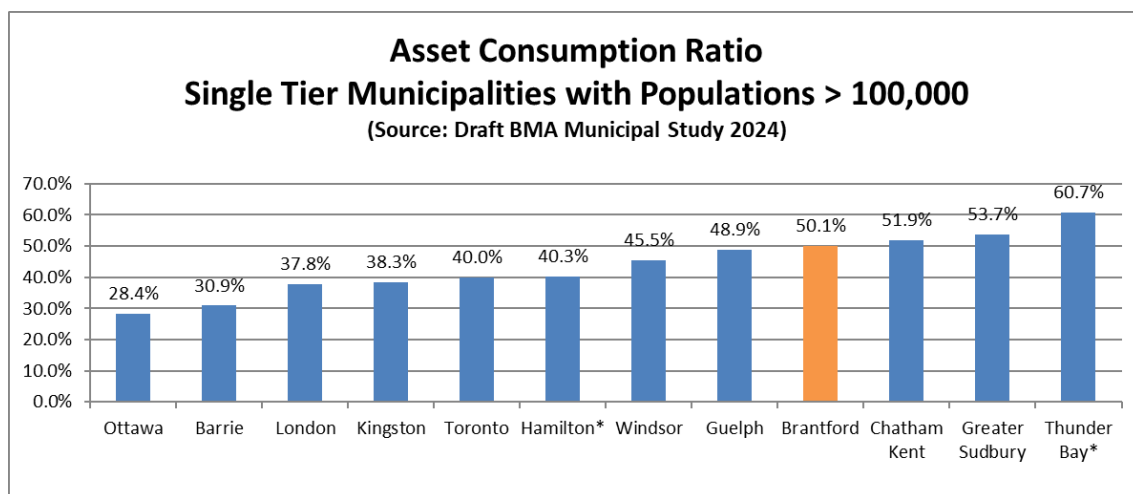


Figure 4 - Total Outstanding Debt Principal per Capita



While the City currently has low debt and average reserves in comparison to other single-tier municipalities, it does have some of the oldest infrastructure. The asset consumption ratio calculates the degree to which a municipality's tangible capital assets have been consumed, and a higher ratio can be an indicator of higher replacement needs. The City's Asset Management Plan (discussed in Section 9.8) indicates Brantford does have an infrastructure funding gap which is supported by Figure-5.

Figure 5 - Asset Consumption Ratio



## 9.4 2025 – Confirmation of Year 2 City Services Current Service Level Operating Budget

The multi-year budget approved last year set a Year 2 target of 3.82%. The City services 2025 current service level operating budget as proposed for budget for confirmation is directly in line with this forecast, and is presented below in Table-2.

Table 2 - 2025 City Services Budget Comparison

	2024 Budget	2025 Proposed Budget	\$ Incr/ (Decr)	% Incr/ (Decr)
Total City Services	\$116,006,931	\$123,777,016	\$7,770,085	6.70%
Shared Services – Social Services Committee	\$13,326,279	\$13,866,146	\$539,867	4.05%
Grand Total City Services	\$129,333,210	\$137,643,162	\$8,309,952	6.43%
Assessment Growth – City’s Proportionate Share (2.51%)	\$3,246,526	<b>% Budget Increase After Assessment Growth</b>		<b>3.82%</b>
<b>Multi-Year Budget Forecast Projected Increase</b>				<b>3.82%</b>

While there were some significant increases largely due to increased benefit premium costs along with some contractual increases, these have been fully offset by increased revenues, efficiencies identified by staff including a significant reduction in corporate insurance premiums, and higher than estimated assessment growth.

The 3.82% budget increase also includes additional funding required by the City for a supervisor to manage the Adult School Crossing Guard program along with equipment for the Park Patroller program, as these services have been removed from the 2025 Police Services Board approved budget. A formal request has been made to the City to take over the Adult School Crossing Guards. While there has not been a formal request for the City to take over the Park Patroller program, a change in legislation does not allow for Brantford Police to continue this service.

An assumption has been made that the City will be taking over both of these services from Brantford Police and there will be an opportunity at

the December 4, 2024 Estimates Committee meeting to discuss both of these items further.

## 9.5 Updates to Fees and Charges

The multi-year budget process included a four-year fees and charges schedule for the 2024-2027 years, where staff reviewed their annual budget and revenue requirements. As part of the annual review process, staff have identified some minor adjustments that have been included in the 2025 operating budget confirmation as shown in Table-3.

Table 3 - 2025 Fees and Charges Updates

Department	Item	Action	Fee Amount
Recreation	Pop-In Pickleball	New Fee	\$30.00/Court
Bell Homestead	PD Day Camp	New Fee	\$40.00/day
Aquatics	Prime Time Pool Rental Fee	Remove Fee	\$0
Aquatics	Non-Prime Time Pool Rental Fee	Remove Fee	\$0
Parks	Lawn Bowling Fee	New Fee	\$10/Court/Hour
Operational Services	Snow Windrow Removal Infraction Fee	New Fee	\$200/infraction
Environmental Services	Water Meter Installation Fee15mm	Increase Fee	\$658.00
Environmental Services	Water Meter Installation Fee19mm	Increase Fee	\$667.00
Environmental Services	Water Meter Installation Fee25mm	Increase Fee	\$739.00
Environmental Services	Meter Testing	Increase Fee	\$384.00

An updated fees and charges by-law will be presented to Council for adoption of these fees and charges changes.

## 9.6 Planned Resource Budget Investments

As previously indicated, the City has several competing service-enhancement and growth needs that require planned resource budget investments as part of the 2024-2027 Budget. Last year staff anticipated that there would be 16.35 positions included for 2025 at a cost of \$1,256,776.

The City’s Senior Leadership Team reviewed the planned resource investments that were included as part of the multi-year budget and made minor adjustments to the timing of some positions for 2025 and have included the addition of one rate supported position. The changes have resulted in a decrease in the total tax supported financial impact by \$179,692, down to \$1,077,084 for 2025 as shown in Table 4.

A complete listing of all planned resource budget investments can be found in Appendix A.

**Table 4 - 2025 Planned Resource Budget Investments**

	FTE Impact	2025 Tax Supported Financial Impact
2025 Planned Resource Budget Investments from MYB Forecast	16.35	\$1,256,776
2025 Presented Resource Budget Investment for Year 2 Confirmation	17.35	\$1,077,084
<b>Increase/(Decrease)</b>	<b>1.00</b>	<b>(\$179,692)</b>

## 9.7 Use of Reserves in the 2025 City Services Operating Budget

In conjunction with the adoption of the multi-year budget policy, Council approved to establish a tax stabilization reserve with an initial contribution

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of \$2,737,477 which is intended to assist with phasing in any permanent tax pressures in budget confirmation years. The prudent allocation and strategic utilization of this reserve continues to be a pivotal component in shaping the fiscal landscape of the 2025-2027 operating budget.

In order to provide reliable and predictable increases to tax payers over the 2025-2027 operating budget, staff included in the multi-year budget last year a transfer from the tax stabilization reserve (RF0577) in 2025 of \$675,000 and this amount has not changed. This transfer is planned to be replenished in 2027.

Also included in the 2025 budget is a one-time transfer from the Landfill Reserve (RF0524) to the Solid Waste business unit to offset a one-time increase for collection of recycling materials for non-eligible properties for 2025. The details of this initiative are outlined in a report to the Committee of the Whole – Operations meeting on December 3, 2024.

Lastly, in November 2024 Council increased the 2025 funding allocation to the Physician Recruitment Program recommended in report [2024-618](#) from \$110,000 to \$145,000. This funding increase is being allocated from the Community Groups Reserve (RF0569).

## **9.8 2025 City Services Current Service Level Capital Budget**

The current City services portion of the 2025 Capital Budget totals \$153,445,799 and is funded through a variety of sources including tax supported reserves, rate supported reserves, developer contributions, grants and gas tax as well as debenture financing. Through the confirmation process, staff reviewed the multi-year capital program to verify changes in priorities as well as update costs based on current construction cost estimates.

Through this review, a number of projects required updates to estimated amounts and some new projects were also identified. Staff also looked at resource capabilities, including staff to deliver projects along with financial constraints, which have resulted in several projects being shifted out of the forecast.

Table 5 represents new capital projects that have been added into the 2025-2027 forecast that were not previously identified.

**Table 5 – New Capital Projects**

Project Name	Amendment Type	2025 Budget	2026 Budget	2027 Budget
WGSC Battery Operated Ice Resurfacers	New Project	350,000	-	-
City Hall Generator for Emergency Operation Centre	New Project	500,000	-	-
West St and Galileo Blvd Traffic Signal Replacement	New Project	250,000	-	-
Streetlight Infill Program	New Project	290,000	290,000	290,000
Charing Cross Street at Grand Street Traffic Control Signal	New Project	150,000	-	-
Grandview St (Sydenham St to West St)	New Project	-	322,000	2,135,000
<b>Totals</b>	<b>6 new projects</b>	<b>\$1,540,000</b>	<b>\$612,000</b>	<b>\$2,425,000</b>

Table 6 outlines capital projects that were included in future budgets outside of the multi-year forecast that have been brought forward into the 2025-2027 forecast to take advantage of grant opportunities, or due to deteriorating state of good repair.

**Table 6 – Projects Advanced in Forecast**

Project Name	Years Advanced From	2025 Budget	2026 Budget	2027 Budget
Robertson Windows	2031-2032	-	276,000	-
Robertson Housing roof-Shingle Replacements	2027-2028	440,000	-	(19,000)
Mohawk Park Entrance Road and Parking	2029	-	800,000	-
Climate Change Adaptation Plan	2028	300,000	-	-
<b>Totals</b>	<b>4 advanced projects</b>	<b>\$740,000</b>	<b>\$1,076,000</b>	<b>(\$19,000)</b>

Detail sheets for the new projects and the projects advanced into the forecast are included in Appendix B.

Table 7 details the capital projects that have been cancelled or deferred outside of the 2025-2027 forecast due to financial or human resource constraints.

**Table 7 – Canceled Projects/Deferred Outside of Forecast**

<b>Project Name</b>	<b>Amendment Type</b>	<b>Amount Cancelled/Deferred out of Forecast</b>
Parkade Universal Washroom and Space Assessment	Cancelled	(150,000)
Replace Command Vehicle (#106509)	Cancelled	(125,000)
Veterans Memorial Pkwy (Mt Pleasant to Market St with Bridge)	Deferred	(34,348,881)
Morrison Rd (Mohawk St to Landfill Entrance)	Deferred	(975,000)
Water Operations Storage Facility	Deferred	(7,700,000)
Splash Pad Expansion Program	Deferred	(1,400,000)
Catharine Yard New Ball Diamond and Parking	Deferred	(1,300,000)
Wastewater Treatment Plan Effluent Pumping Station	Deferred	(19,100,000)
Lawren Harris Pump Station – Rehabilitation and Improvements	Deferred	(2,500,000)
Storm Water Management Pond Safety Program	Deferred	(25,000)
Wastewater Manhole Rehabilitation Program	Deferred	(50,000)
Somerset Pump Station – Rehabilitation and Improvements	Deferred	(350,000)
Water Treatment System Master Plan	Deferred	(450,000)
<b>Totals</b>	<b>13 Projects Cancelled/Deferred</b>	<b>(\$68,473,881)</b>

Table 8 outlines the capital projects that were previously approved by City Council prior to 2024 but have been deferred beyond the 2025-2027 forecast due to financial constraints.

**Table 8 – Previous Approved Projects Deferred Outside of Forecast**

Project Name	Amendment Type	Previous Amount Approved	2025 Estimate Construction Cost
Colborne St and Dalhousie St Intersection Roundabout Construction	Deferred	300,000	4,600,000
Colborne St W. Sound Barrier	Deferred	3,500,000	4,700,000
<b>Totals</b>	<b>2 Projects Deferred</b>	<b>3,800,000</b>	<b>9,300,000</b>

Table 9 details the capital projects that have been reduced in scope due to financial constraints. The removed scope of work will be deferred beyond the 2025-2027 forecast.

**Table 9 – Reduced in Scope of Work Projects**

Project Name	Amendment Type	2025 Estimated Construction Cost - Planned Scope of Work	2025 Estimated Construction Cost – Reduced Scope of Work	Amount Cancelled/Deferred out of Forecast	Reduced Scope of Work - Description
Buffalo St. (Rushton Ave. to West St.) (W/WW/STM/RD)	Reduced Scope of Work	3,600,000	2,800,000	(800,000)	Removal of work associated with Rushton Ave, extending work to Wynarden Crt via Usher St
Usher St. Incl. Ann St. & Rushton Ave. to Dead End (W/WW/STM/RD)	Reduced Scope of Work	4,000,000	2,910,000	(1,090,000)	Removal of work from Rushton Ave/Usher St to Wynarden Crt, incl. removal of work on Wynarden Crt
<b>Totals</b>	<b>2 Projects</b>	<b>7,600,000</b>	<b>5,710,000</b>	<b>(1,890,000)</b>	



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The remainder of the 273 projects from the 2025-2027 capital forecast are still included in the forecast and are planned to move forward albeit with increased budget for many of them. The requirement to move projects out of the current capital forecast is largely due to rising costs of capital projects which is depleting the City's reserves more rapidly than forecasted.

From 2020-2024, the construction price index has increased over 39%, while there have been no increases to the City's reserves. Staff continue to apply for any available grant opportunities and have completed a full review of existing capital works in progress to mitigate some of the pressures and achieve an affordable program for the entire multi-year forecast. There is a likelihood that more projects planned in 2026 and 2027 may need to be deferred during next year's budget confirmation exercise.

As indicated in the most recent [Quarterly Reserve and Reserve Fund Update report \(2024-648\)](#), the City's non-obligatory reserves on a per capita basis are significantly lower than our KPMG comparator group. This is also supported by Figure 2 in Section 9.3 of this report that indicates the city is below average when comparing our reserves to all single tier municipalities with a population over 100,000. While the costs of goods and services continually increase, the allocation to the City's reserves for state of good repair expenditures has remained static for many years. As planned for in the multi-year budget, 2025 includes an increased contribution the Capital Levy Reserve for the first time in many years, however the increase is only 0.25% of the levy in 2025.

As identified in previous reports of the City's Asset Management Plan, increased funding transfers over time to reserves such as the Capital Levy, Capital Funding Envelope and service specific Reserves (such as the Roads and Related Reserve) will be imperative to ensure the City is able to maintain its non-growth capital program. The [June 2024 Asset Management Plan Overview for Core and Non-Core Assets](#) outlines the current infrastructure gap for state of good repair at a combined \$31million annually. This is the difference between what the City is investing and the estimated amount of required capital investment in the state of good repair program.

The 2025 capital budget is comprised of growth and non-growth projects that are funded through a variety of sources as outlined in Table-10 below.

**Table 10 - 2025 Capital Budget**

	2025 Cost	DCs and Other Developer \$	Gas Tax	3 <sup>rd</sup> Party	Cash Reserves	Debt
Growth	\$63,831,120	21,830,215	-	-	14,195,961	27,804,944
Non-Growth	\$89,614,679	1,693,000	9,383,000	7,464,500	54,574,179	16,500,000
<b>Total</b>	<b>\$153,445,799</b>	<b>\$23,523,215</b>	<b>\$9,383,000</b>	<b>\$7,464,500</b>	<b>\$68,770,140</b>	<b>\$44,304,944</b>

Appendix C provides an updated list of all projects included in the 2025-2027 capital forecast. The funding sources to fund the full 2025-2027 capital program are outlined in the financial implications section.

**9.9 Brantford Transit-Moving Forward Costs**

The costs included in the budget are for existing service levels for all departments. In November 2024, Council received the [Brantford Transit – Moving Forward Final Report \(2024-337\)](#) which outlines a five-phase service enhancement plan representing a significant restructuring of the existing transit network, and also looks at the necessary long-term network planning required to accommodate population growth and development in the northern boundary lands.

In order to implement the changes recommended in the Brantford Transit report, service enhancements are required which will have an impact on both the operating and capital budgets.

The transit optimization report identified the estimated operating cost per phase for a total of \$11,684,000 over 5 phases as shown in Figure 6.

**Figure 6-Transit Operating Increase by Phase**

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Totals
<b>Net Operating Increase</b>	<b>\$2,334,000</b>	<b>\$2,285,000</b>	<b>\$2,774,000</b>	<b>\$1,275,000</b>	<b>\$3,016,000</b>	<b>\$11,684,000</b>

These costs include 83 additional staff resources, along with increases for fuel, maintenance and general administrative tasks that are partially offset by additional fare revenues that will be generated.

Capital costs by phase were also included in the transit optimization report for both electric and diesel buses, along with the required on board equipment for a total capital requirement between \$15.2M and \$25M, depending on the type of buses purchased as shown in Figures 7 and 8.

Figure 7-Transit Capital Cost Electric and Diesel

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL
<b>New Diesel Bus</b>	-	-	-	2	5	<b>7</b>
<b>New BEB</b>	2	4	5			<b>11</b>
<b>Diesel Costs</b>				\$1,800,000	\$4,500,000	<b>\$6,300,000</b>
<b>BEB Cost</b>	\$3,050,000	\$6,100,000	\$7,625,000	-	-	<b>\$16,775,000</b>
<b>BEB Charging Equipment</b>	\$200,000	\$300,000	\$600,000	-	-	<b>\$1,100,000</b>
<b>On Board Equipment</b>	\$100,000	\$200,000	\$250,000	\$100,000	\$250,000	<b>\$900,000</b>
<b>Total</b>	<b>\$3,350,000</b>	<b>\$6,600,000</b>	<b>\$8,475,000</b>	<b>\$1,900,000</b>	<b>\$4,750,000</b>	<b>\$25,075,000</b>

Figure 8-Transit Capital Costs Diesel Only

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	TOTAL
<b>Diesel Buses</b>	2	3	4	2	5	<b>16</b>
<b>Diesel Bus Costs</b>	\$1,800,000	\$2,700,000	\$3,600,000	\$1,800,000	\$4,500,000	<b>\$14,400,000</b>
<b>On Board Equipment</b>	\$100,000	\$150,000	\$200,000	\$100,000	\$250,000	<b>\$800,000</b>
<b>Total</b>	<b>\$1,900,000</b>	<b>\$2,850,000</b>	<b>\$3,800,000</b>	<b>\$1,900,000</b>	<b>\$4,750,000</b>	<b>\$15,200,000</b>

Staff's recommendation is to purchase Diesel buses as part of this plan, due to the costs of electric buses and the uncertainty of performance.

Since receiving the final consultant report, Transit and Finance staff have considered various options to phase-in the various enhancements, and have further refined the operating budget impacts of each phase. Sections 9.9.1 to 9.9.4 of this report present four (4) options for phasing in these additional service enhancements, which include staffing increases, updates to revenues and capital requirements. Due to the significant

amount of time to acquire electric buses and install the necessary infrastructure, all options are considering the purchase of diesel buses only for the near future. Option #3 is the option being recommended by staff.

### 9.9.1 Transit Enhancement Phasing Implementation - Option 1 – Not Recommended

Option 1 presents an aggressive approach to the transit enhancements which were presented in report [2024-337](#). This option includes an increase in capital purchases up front due to the significant amount of lead time required to purchase buses, and initiates the phasing of the enhancements over a three year time period.

As indicated in report [2024-337](#), this option, recommended by the consultant, proposed that phases 1 and 2 of the transit enhancements begin in September 2025, with phases 3 and 4 commencing in September 2026 and the final 5<sup>th</sup> phase in April 2027. Table-11 outlines the capital and operating costs for each year for this timeline.

Table 11 – Incremental Operating and Capital Summary for Option 1

	2025 Incremental Costs Phases 1 & 2 (Sept – Dec)	2026 Incremental Costs (annualized Phases 1 & 2) Phases 3 & 4 (Sept – Dec 2026)	2027 Incremental Costs (annualized Phases 1 – 4) Phase 5 (Apr – Dec 2027)
Additional Revenues from enhanced service hours and increased fees	(\$609,000)	(\$1,752,000)	(\$1,972,500)
Staff and other Operating Expense Increases	\$2,207,350	\$6,349,047	\$7,239,656
Less Existing Operating Commitments for previously approved revenues and staffing enhancements	(97,428)	(242,279)	(255,829)
<b>Incremental Required Operating Funding</b>	<b>\$1,500,922</b>	<b>\$4,354,768</b>	<b>\$5,011,327</b>

	<b>2025 Incremental Costs Phases 1 &amp; 2 (Sept – Dec)</b>	<b>2026 Incremental Costs (annualized Phases 1 &amp; 2) Phases 3 &amp; 4 (Sept – Dec 2026)</b>	<b>2027 Incremental Costs (annualized Phases 1 – 4) Phase 5 (Apr – Dec 2027)</b>
Capital Increase	\$8,550,000	\$1,900,000	\$4,750,000
Less Existing Capital Commitment	(3,230,000)	(1,900,000)	(1,330,000)
<b>Additional Required Capital Funding</b>	<b>\$5,320,000</b>	<b>\$0</b>	<b>\$3,420,000</b>

This option would add the most funding (\$10,867,017) to the operating budget over three years, with an average residential tax impact of \$27.72 in 2025, followed by further estimated increases of \$80 and \$93 in 2026 and 2027 respectively.

### **9.9.2 Transit Enhancement Phasing Implementation - Option 2 – Not Recommended**

Option 2 presents a more staggered approach to the transit enhancements from what was presented in report [2024-337](#). This option includes an increase in capital purchases up front due to the significant amount of lead time required to purchase buses, and spreads the operating costs of the phases out longer to provide staff more time to review the results of the first 2 phases.

This option proposes phase 1 to start in September 2025, phase 2 to start April 2026 and phases 3 & 4 to begin in April 2027, pushing phase 5 out to 2028, beyond the current multi-year budget forecast.

Table-12 outlines the incremental capital and operating costs for each year for this timeline to 2027.

**Table 12 – Incremental Operating and Capital Summary for Option 2**

	<b>2025 Incremental Costs Phase 1 (Sept-Dec 2025)</b>	<b>2026 Incremental Costs (annualized Phase 1) Phase 2 (Apr – Dec 2026)</b>	<b>2027 Incremental Costs (annualized Phase 2) Phases 3&amp;4 (Apr – Dec 2027)</b>
Additional Revenues from enhanced service hours and increased fees	(\$308,000)	(\$1,294,000)	(\$1,431,000)
Staff and other Operating Expense Increases	\$1,122,315	\$3,939,533	\$5,156,684
Less Existing Operating Commitments for previously approved revenues and staffing enhancements	(97,428)	(242,279)	(255,829)
<b>Additional Required Operating Funding</b>	<b>\$716,887</b>	<b>\$2,403,254</b>	<b>\$3,469,855</b>
Capital Increase	\$8,550,000	\$1,900,000	\$4,750,000
Less Existing Capital Commitment	(3,230,000)	(1,900,000)	(1,330,000)
<b>Additional Required Capital Funding</b>	<b>\$5,320,000</b>	<b>\$0</b>	<b>\$3,420,000</b>

This option requires less funding over the three year operating budget (\$6,589,996) than Option 1, and would result in an average residential tax impact of \$13.24 in 2025, followed by further estimated increases of \$45 and \$64 in 2026 and 2027 respectively.

### **9.9.3 Transit Enhancement Phasing Implementation - Option 3 – Recommended Option**

Option 3 sees the full rollout of only Phase 1 (three core routes with two way service, and implementation of feeder routes to the core routes) and Phase 2 (additional frequencies and two way service on feeder routes) during this multi-year budget cycle. This

provides staff more time to assess the results of these phases prior to proceeding with the remainder of the plan beginning in 2028. This option continues to present an increase in capital purchases up front due to the significant amount of lead time required to purchase buses. This option sees lower incremental operating costs in 2025 and 2027, with a spike in 2026. In an effort to smooth out the 2026 and 2027 budget impact, staff is also recommending that funds from the Corporate Contingency Reserve (RF0554) be utilized in 2026 in the amount of \$650,000.

This option proposes phase 1 to start in September 2025, phase 2 to start June 2026 and pushes phases 3-5 out to 2028, beyond the current multi-year budget forecast. Table-13 outlines the incremental capital and operating costs for each year for this timeline to 2027.

**Table 83 – Incremental Operating and Capital Summary for Option 3**

	<b>2025 Incremental Costs Phase 1 (Sept-Dec 2025)</b>	<b>2026 Incremental Costs (annualized Phase 1) Phase 2 (June – Dec 2026)</b>	<b>2027 Incremental Costs (annualized Phase 2)</b>
Additional Revenues from enhanced service hours and increased fees	(\$308,000)	(\$1,143,000)	(\$377,000)
Staff and other Operating Expense Increases	\$1,122,315	\$3,382,529	\$1,356,402
Less Existing Operating Commitments for previously approved revenues and staffing enhancements	(97,428)	(242,279)	(255,829)
<b>Additional Required Operating Funding</b>	<b>\$716,887</b>	<b>\$1,997,250</b>	<b>\$723,573</b>
Impact of One-time use of Contingency Reserve	\$0	(\$650,000)	\$650,000
<b>Total Incremental Operating Budget Impact</b>	<b>\$716,887</b>	<b>\$1,347,250</b>	<b>\$1,373,573</b>

	<b>2025 Incremental Costs Phase 1 (Sept-Dec 2025)</b>	<b>2026 Incremental Costs (annualized Phase 1) Phase 2 (June – Dec 2026)</b>	<b>2027 Incremental Costs (annualized Phase 2)</b>
Capital Increase	\$8,550,000	\$1,900,000	\$4,750,000
Less Existing Capital Commitment	(3,230,000)	(1,900,000)	(1,330,000)
<b>Additional Required Capital Funding</b>	<b>\$5,320,000</b>	<b>\$0</b>	<b>\$3,420,000</b>

Option 3 is the staff recommended option. It provides the least financial impact operationally over the three year period totaling \$3,437,710. This option would result in an average residential tax impact of \$13.24 in 2025, followed by further estimated increases of \$25 in both 2026 and 2027.

#### **9.9.4 Transit Enhancement Phasing Implementation - Option 4 – Not Recommended**

While staff is recommending Option 3, there are numerous variations of implementation options that can be considered. As such, the last option is to delay the phase-in implementation and direct staff to develop alternative options for Council’s consideration.

### **9.10 Tax Ratio Reduction Policy**

Tax ratios determine how the approved Operating Budget is levied across the different property tax classes. Tax ratios are always applied as a factor of the residential tax class, which is legislated to have a tax ratio of 1.00.

In 2015, Council approved a Tax Ratio Reduction Policy which reduces the tax ratios for the commercial, industrial and multi-residential tax classes based on the amount of assessment growth in these corresponding tax classes. The goal of this policy is to reduce these tax ratios to 1.50.

The Tax Ratio Reduction policy was implemented for the following reasons:



- 
- To comply with Provincial legislation
    - The Province established the following tax ratio ranges of fairness for the business classes:
      - Commercial 0.6 – 1.1
      - Industrial 0.6 – 1.1
      - Multi-Res 1.0 – 1.1
  - To achieve property tax fairness between the property classes
  - To encourage increased business class development in Brantford.

From 2016 to 2024, the Commercial tax ratio has been reduced from 1.8755 to 1.7457, the Industrial tax ratio has been reduced from 2.4730 to 2.1816 and the Multi-Residential tax ratio has been reduced from 2.0472 to 1.8489 to reflect the percentage increases in assessment growth for these tax classes. If the tax ratio reduction policy was never implemented the taxes on the average property in the Commercial, Industrial and Multi-residential properties would be 3.94%, 8.96% and 6.80% higher respectively.

In 2025, in accordance with the approved Tax Ratio Reduction Policy, the multi-residential tax ratio will not be reduced as there was no assessment growth in this tax class. Unless Council were to elect to not implement the policy for 2025, the industrial tax ratio will be reduced from 2.1816 to 2.1773 and the commercial tax ratio will be reduced from 1.7457 to 1.7121 to reflect the percentage increases in assessment growth for these tax classes.

In 2025, the annual impact on the average property in the residential class will be \$16.05 as a result of this policy.

### **Option to Waive Policy**

Should Council want to pause the Tax Ratio Reduction Policy for 2025, then the following resolution would be required:

*THAT Report 2024-647, Year 2 Budget Confirmation – City Services be amended to add clause D as follows:*

*D. THAT no tax ratio reduction policy BE IMPLEMENTED for 2025.*

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## 9.11 Strong Mayor Legislation

Prior to Strong Mayor legislation, the Estimates Committee deliberated and amended the City's budget prepared by staff. The Committee was responsible for making amendments to the budget and recommending the final budget to Council for adoption. With the introduction of Strong Mayor powers, it is now the Mayor who is required to bring forward the budget to Council. Similar to the process from the previous year, the Mayor provided direction to staff to schedule meetings of the Estimates Committee for the purpose of the Committee to provide recommendations to the Mayor prior to the submission of the Mayor's proposed budget.

With the enactment of the Strong Mayor powers, the statutory process for the approval of municipal budgets begins with the presentation of the Mayor's proposed budget, followed by opportunities for amendments of the proposed budget by City Council. After all amendments have been made, the legislation allows for the veto of amendments by the Mayor, followed by an opportunity for the override of vetoes by City Council.

The general timelines for the approval of the municipal budget are summarized below:

- The Mayor must prepare and propose a budget to Council for consideration
- Council has 30 (calendar) days to meet and pass budget amendments. This 30-day period can be shortened by Council resolution.
- Following the amendment period, the Mayor has 10 (calendar) days to veto budget amendments passed by Council. The Mayor can shorten the veto period via a Mayoral Decision. If veto power is not exercised, the budget is deemed to have passed.
- Within 15 days of the veto period ending, Council may meet to attempt to override Mayoral vetoes. This requires 2/3 super majority to pass.
- After the process of amendments, vetoes and overrides has passed, the budget is deemed to have been adopted.
- Council no longer needs to vote on the budget in its entirety.

The following graphic outlines the key budget process steps:



## 9.12 Estimates Timeline

The Estimates process this year begins on December 2, 2024 with the results of the Public Engagement Campaign, the Treasurer’s Presentation, followed by delegations and then reconfirmation of Year 2 for the City’s Operating and Capital Budget. Table-14 below outlines the agenda in order to complete the Estimates process prior to the Mayor presenting the budget.

Table 14 - Estimates Timeline

Date	Agenda
December 2, 2024	<ul style="list-style-type: none"> <li>• Results of Public Engagement Presentation</li> <li>• Treasurer’s Presentation</li> <li>• Delegations for City Services Budget</li> <li>• Confirmation of Year 2 – City Services Operating and Capital Budgets</li> </ul>
December 4, 2024	<ul style="list-style-type: none"> <li>• Delegations for Local Boards Budgets</li> <li>• Confirmation of Year 2 - Local Boards Operating and Capital Budgets with Presentations</li> </ul>
December 17, 2024	<ul style="list-style-type: none"> <li>• Regular City Council Meeting to approve Estimates Committee report, including recommendations to the Mayor for inclusions/exclusions to the Mayor’s budget</li> </ul>
December 20, 2024	<ul style="list-style-type: none"> <li>• Mayor releases the Mayor’s budget</li> </ul>
January 6, 2025	<ul style="list-style-type: none"> <li>• Proposed amendments to Mayor’s budget provided to Mayor in writing to avoid vetoing changes</li> </ul>
January 8, 2025	<ul style="list-style-type: none"> <li>• SCC for approval of the Mayors budget</li> </ul>

## 10.0 Financial Implications

### 10.1 Operating Budget

The staff prepared current service level City services budget for year 2 confirmation of 2025 is \$137,643,162, which represents a 3.82% budget increase after proportionate assessment growth when compared to the 2024 operating budget. This increase is in direct alignment with the multi-year projection and will result in a \$93.51 annual increase to the average residential taxpayer, or \$7.79 per month. The proposed levy includes the planned resource budget investments required to reach many of the goals of Council’s priorities and to assist with operational pressures related to growth in the City.

Should Council endorse staff’s recommended option, (Option 3), for the Transit Enhancement Phasing Implementation as outlined in section 9.9.3, this additional level of service will increase the budget as outlined in Table 15.

**Table 15 - 2025 Net Operating Budget Summary with Transit Enhancement Option 3**

	<b>2025 Budget \$</b>	<b>2025 Budget % Increase</b>	<b>2025 Annual Increase to Average Residential Taxpayer</b>	<b>2025 Annual Increase to Average Residential Taxpayer</b>
Current City Services Budget	137,643,162	3.82%	\$93.51	\$7.79
Transit Enhancement Option 3	716,887	0.54%	\$13.24	\$1.10
<b>Total City Services With Transit Enhancements-Option 3</b>	<b>\$138,360,049</b>	<b>4.36%</b>	<b>\$106.75</b>	<b>*\$8.90</b>

\*Difference of \$0.01 due to rounding

The staff recommendation for proceeding with transit optimization enhancements (Option 3) would result in an additional \$13.24 to the annual residential tax bill for 2025. Beyond 2025, the annual cost to the

average residential taxpayer to implement Option 3 is estimated to be \$25 in each of years 2026 and 2027. It is important to note that the 0.54% increase for 2025 is on the City Services portion of the budget only, and that this increase represents only 0.34% on the total proposed municipal budget for 2025.

As indicated in section 9.7, the tax stabilization reserve has been utilized in the proposed 2025 as planned with repayment in 2027, with the intention of an even distribution of the budget allocation across the remaining years. There are challenges being experienced in the 2026 and 2027 budgets beyond the forecast presented in the multi-year budget, however there are sufficient funds available in the tax stabilization reserve to address these challenges within the materiality limits established within Finance Policy 017. Staff will continue to review the future budgets and look for opportunities to continue to reduce expenditures or enhance revenues.

On December 4<sup>th</sup>, 2024 the Estimates Committee will be presented with the 2025 budgets that have been approved by the City’s local boards and external agencies. The largest pressures coming from these groups, outside of Paramedic Services which has already been approved, is Brantford Police and the Brant County Health Unit. The combined impact of the operating budget increases from these groups is 6.92% after their proportionate share of assessment growth. Once added to the City Services budget being recommended by City staff, the overall municipal budget increase for 2025 would be as depicted in Table 16:

**Table 16 - Total budget including Boards and Agencies**

	% Increase After Proportionate Growth	Average Residential Impact \$ (Annual)	Average Residential Impact \$ (Monthly)
City Services with Transit Enhancements	4.36%	\$106.75	\$8.90
Local Boards & External Agencies	6.92%	\$87.53	\$7.29
Total 2025 Budget	5.23%	\$194.28	\$16.19

## 10.2 Capital Budget

The 2025-2027 proposed capital budget totals \$524,200,286. Table-17 below outlines the capital budget requests by growth and non-growth components for 2025 – 2027 along with the proposed capital additions for the Transit service enhancements for Option 3.

Table 17 - 2025 - 2027 Capital Budget

	2025 Budget	2026 Budget	2027 Budget
Growth	\$63,831,120	\$129,900,419	\$68,017,033
Non-Growth	\$89,614,679	\$115,296,322	\$48,800,713
<b>Current City Services Total Capital Expenditures</b>	<b>\$153,445,799</b>	<b>\$245,196,741</b>	<b>\$116,817,746</b>
Transit Service Enhancements Option 3	\$5,320,000	\$0	\$3,420,000
<b>Current and Enhanced Transit Services Capital Expenditures</b>	<b>\$158,765,799</b>	<b>\$245,196,741</b>	<b>\$120,237,746</b>

A variety of funding sources as outlined in Table-17 are utilized to fund the current service level capital program, which is affordable through the use of reserves, expected grants, developer contributions and debt.

Table 17 - 2025-2027 Capital Budget Funding Sources

Funding Sources	Growth	Non-Growth	Total
Developer Contributions	128,596,444	6,868,000	135,464,444
Canada Community Building Fund (formerly Gas Tax)	1,298,165	24,191,000	25,489,165

<b>Funding Sources</b>	<b>Growth</b>	<b>Non-Growth</b>	<b>Total</b>
3 <sup>rd</sup> Party Contributions (including grants)	1,229,000	12,197,300	13,426,300
Rate Reserves	33,293,008	59,197,000	92,490,008
Tax Reserves	4,432,108	80,058,414	84,490,522
Debt	101,639,847	71,200,000	172,839,847
<b>Total Funding Sources</b>	<b>\$270,488,572</b>	<b>\$253,711,714</b>	<b>\$524,200,286</b>

The Transit service enhancements additional capital requirements of \$8,740,000 will be funded through Development Charges.

Debt is an important capital financing tool that is used to align the cost of significant long-lived infrastructure with those who receive the benefit of the service it provides. There are 13 projects in the 2025-2027 capital budget that require the use of debt, 9 growth related projects and 4 non-growth projects. The non-growth portion of the debt reaches a high of 5.96% in 2030, keeping within the Council imposed limit of 7%. With the addition of the growth debt proposed, the debt limit reaches a high of 9.76% in 2030, keeping within the Council imposed limit of 10%.

## 11.0 Climate and Environmental Implications

There are a large number of projects that are presented through the Estimates Committee process that have climate and environmental implications. A separate report ([2024-6](#)) was presented to the Estimates Committee providing information about the climate and environmental implications of projects included in the 2025-2027 capital budget.

## 12.0 Conclusion

This report presents the staff prepared City Services 2025 operating and capital budgets. The Estimates Committee now has the opportunity to make recommendations on the budget to the Mayor before the presentation of the Mayor's budget on December 20, 2024. This is the City's first budget confirmation process which also includes the opportunity for Brantford Transit service enhancements.



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Joelle Daniels  
Commissioner of Corporate Services/City Treasurer

Prepared By:

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Anna Hietala, Manager of Financial Analysis

Attachments (if applicable)

Appendix A – Planned Resource Budget Investments

Appendix B – Capital Project Detail sheets new projects

Appendix C – 2025-2027 Capital Budget-City Services

Copy to:

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required  yes  no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk  yes  no

Is the necessary by-law or agreement being sent concurrently to Council?  yes  no