



Administrative Report

To: Warden MacDonald and Members of Essex County Council

From: Melissa Ryan, CPA, Director, Financial Services/Treasurer

Date: Thursday, November 28, 2024

Subject: 2025 Budget Overview- Treasurer's Report

Report #: 2024-1128-FIN-R24-MR

Purpose

The purpose of this report is to provide County Council with a clear summary of the proposed 2025 budget, outlining the main financial priorities, allocation of funds, and key objectives for the upcoming year. In addition, it identifies potential risks and challenges, offering insight to help Council make informed decisions. This report ensures that the budget aligns with the County's strategic goals and community needs, while highlighting expected operating and capital activities.

Background

The preparation of the annual estimates for Essex County is governed by Section 289 of the Municipal Act, 2001, S.O. 2001, c.25, which mandates that upper-tier municipalities must prepare and adopt a budget each year. This budget must include estimates of all sums required during the year for municipal purposes, while also addressing any previous year's surpluses or deficits and determining appropriate reserves.

Budget Process

The County's annual budgeting process is conducted in a multi stage process throughout the year to ensure a comprehensive and strategic financial plan.

Budget Planning and Review Stages

The formal budgeting process started in May which entails periodic meetings with Administration to address various aspects of budget development.

These discussions include:

- **Formulation of Key Budgeting Assumptions:** SLT, Finance, and the CAO collaborate to develop critical assumptions that provide the foundation for a well-informed financial plan. This ensures that all participants have a shared understanding of the economic environment, projected costs, and revenue expectations.
- **Examination of Departmental Work Plans:** Administration closely reviews the work plans of each department, ensuring that budget requests align with organizational goals and objectives. Resource requirements are identified to support the successful execution of projects, while also identifying any potential gaps or inefficiencies.
- **Establishment of a Budget Presentation Timetable:** A collaborative effort ensures that a structured timetable is developed for budget presentations. This process is designed to facilitate transparent communication with Council and the public, allowing for adequate time to review and deliberate on the proposed budget.
- **Enhancements in Form and Content:** As part of a continuous improvement process, the team also looks for ways to refine the form and content of the budget document. This includes improving clarity and accessibility while ensuring that the budget aligns with the County's strategic priorities.

2025 Budget Development Timetable

The 2025 Budget development process is summarized as follows:

- **February 2024-** In 2024, an important addition was made to this process: a debrief meeting after the 2024 Budget was passed. This session allowed for a review of lessons learned and facilitated a discussion on opportunities for improvement in the upcoming year.
- **May 2024-**The Senior Leadership Team (SLT) held a pre-budget discussion meeting. This meeting focused on analyzing potential changes based on feedback and insights from the prior year's budget cycle. SLT also solicited feedback from its entire group to identify ways to enhance the budget process for 2025, ensuring it was more collaborative and responsive to organizational and Council needs.
- **May 2024** – The 2025 budget development begins. Financial Services reviews budget assumptions, prior-year budget documents, and projected year-end balances. Detailed wage and benefit schedules are

prepared, and operational staff begin compiling supporting calculations and projections for each department.

- **August 2024** – The Manager of Accounting-Administration/Deputy Treasurer, Director of Financial Services/Treasurer, and the CAO meet to review overall tax rate goals and identify areas of strategic focus for the 2025 Budget.
- **August 2024** – Department Heads submit draft business cases for significant projects, operational changes, or service enhancements. These proposals are then reviewed by the Finance team and the CAO for possible inclusion in the draft budget.
- **September 2024** – Preliminary departmental estimates undergo a detailed administrative review. This review includes Department Heads, Financial Analysts, the Director of Financial Services/Treasurer and the Manager of Accounting-Administration/Deputy Treasurer. The goal is to determine any necessary revisions that align the budget with corporate objectives.
- **October 2024** – A comprehensive final administrative review is conducted, in collaboration with the Senior Leadership Team. This ensures a cohesive and unified approach to the proposed budget presentation for Council. The inclusive nature of this process provides all departments the opportunity to review their budgets, facilitating an exchange of ideas and insights to ensure strategic alignment.
- **November 6, 2024** – The 2025 Pre-Budget Report and 2025 Proposed Staffing Report are presented to Council at the regular scheduled Council Meeting to provide information about the upcoming budget deliberation day.
- **November 2024** – The Proposed 2025 County Budget documents are released to Council (Nov.7) and the public (Nov.14). These documents are posted on the County website and made available at the County Administration Building for public review.
- **November 28, 2024** – Final budget deliberation.

The Budget Report is segregated into the following departments:

- Community Services/ Residential Services Homes
- Sun Parlor Home
- Emergency Medical Services & Emergency Coordination
- EMS

- Community Paramedicine – Long-Term Care
- Emergency Management
- Infrastructure and Planning Services
 - Infrastructure
 - Planning
- Library Services
- General Government Services
 - Council
 - Corporate Management (CAO's Office, Legislative & Legal Services)
 - Financial Services
 - Information Technology
 - Human Resources
- External Commitments

Each section of the Budget Report consists of two parts: a high-level narrative and a detailed breakdown of departmental requirements.

For each department, the budget starts by outlining operating expenditures, followed by any recoveries or contributions to/from reserves. This provides the net operating costs, which, along with the net capital costs, determine the total contribution required from the County, referred to as the Total Departmental Requirement. Totals are summarized by department and presented in the 2025 Budget Summary.

The County's operating estimates cover two main functions:

- Directly delivered services
- Funding for external agencies

These external commitments are either mandatory (by legislation) or discretionary (determined by Council). Budget estimates assume that current service levels are sufficient, and any proposed enhancements are put forward only when there's a risk or gap in meeting required standards. One-time costs are typically funded through the Rate Stabilization Reserve, while provincial funds are allocated for various capital projects and initiatives.

Budget estimates are developed using a mix of incremental budgeting and modified zero-based budgeting, where ongoing expenses are projected based on current trends, while discretionary items are fully reviewed and justified each year. As always, there is an inherent element of risk, and estimates are prepared with careful consideration of potential impacts on service delivery and financial outcomes.

Ultimately, the budget aims to position The County of Essex as a lively, sustainable, and healthy community by:

- Delivering services that meet evolving community needs
- Operating efficiently and responsibly
- Leading community-building efforts
- Managing growth to create a thriving, livable county

The 2025 Budget reflects Council's overall strategic direction and core values, ensuring service delivery while preparing for future challenges.

Discussion

The 2025 County of Essex Budget reflects Administration's commitment to accountability, transparency, and sound financial management. Below are explanations identifying key issues affecting our budget, focusing on risks, financial implications, challenges, opportunities, and external factors that will shape operations in 2025 and beyond. This thorough review helps us stay aligned with our goal of responsible governance and fiscal responsibility.

Inflation

Although inflation began stabilizing in 2024, it continues to present challenges, requiring increased funding to maintain service levels and achieve long-term goals. In September 2024, Canada's annual CPI inflation rate dropped to 1.6%, down from 2% in the previous month, the lowest since February 2021. This decline was primarily driven by falling gasoline prices due to lower crude oil costs, which extended deflationary trends in transportation. Additionally, slower rent price growth helped ease shelter inflation, though persistent price increases in food—especially at restaurants and grocery stores—remain a concern.

Despite the overall easing of inflation, the 2025 County budget must still account for price increases. Vendors are continuing to raise prices to compensate for prior years of limited adjustments, often incorporating

inflationary factors into contract negotiations. If rising costs for goods and services exceed budget forecasts, any overruns will be managed using the Rate Stabilization Reserves to keep projects and services on track, as outlined in our Reserve Management policy.

The Industrial Construction Cost Index (ICCI) adds complexity to budgeting, reflecting rising costs in construction materials and labor. In 2024, the Industrial Product Price Index (IPPI) increased by 2.3% year-over-year, driven by global inflation and supply chain disruptions. These increases impact both general goods and construction inputs, complicating capital planning and financial forecasts.

For 2025, moderate increases are expected for both the IPPI and ICCI, though at a slower pace as inflation stabilizes and supply chain issues ease. However, the County should remain prepared, as many vendors are still adjusting prices upward, which may influence contract negotiations and procurement planning. By factoring in these trends, the 2025 budget aims to ensure that projects are completed within allocated funds, despite ongoing cost pressures.

Growth

Essex County is seeing substantial growth driven by major investments in the electric vehicle (EV) and manufacturing sectors. The NextStar Energy battery plant, set to start production in mid-2025, will generate over 2,500 jobs, positioning the region as a key player in the EV supply chain. Additional investments include DS Actimo Canada's \$60 million facility creating 96 jobs, Kautex Textron's nearly \$23 million plant, and Ford's expansion of the Windsor Engine Complex, adding 150 jobs by 2026.

Beyond automotive, Highbury Canco Corp. is investing \$26.5 million in its Leamington plant, creating 20 jobs, and healthcare infrastructure is advancing with the New Windsor Essex Hospital anticipated to begin construction in 2026.

While this growth brings exciting opportunities, it also presents challenges for the County. The rapid pace of development and inflationary pressures are likely to strain the County's capital plans. The need for infrastructure to support the growing population and workforce will require careful re-evaluation of funding models and timelines. The County, built on a foundation of slow and steady growth, faces additional pressure on the tax base unless alternative funding sources can be secured to manage the

accelerated development needs. Administration looks forward to the outcome of the Development Charges Background Study which could open up a new revenue stream to support future growth.

Human Resource Management

The County of Essex has made significant strides in becoming an employer of choice, driven by a strong commitment to competitive compensation and a supportive workplace culture. In 2024, the County approved market-based salary increases for non-union staff and completed wage negotiations for one of five union groups, with two additional agreements finalized in 2023. These adjustments demonstrate our dedication to providing fair wages, robust benefits, and a work environment that promotes well-being and job satisfaction.

Building on these improvements, the County has also prioritized implementing action items from the employee engagement survey, which is spearheading activities and changes to further enhance workplace culture. This feedback-driven approach aims to increase staff morale and improve retention, reinforcing a culture of respect, collaboration, and professional growth.

With anticipated retirements and opportunities for promotions ahead, it remains crucial to maintain this supportive environment to ensure business continuity and preserve institutional knowledge. As we move into 2025, our focus will be on continuing to foster a positive workplace while advancing recruitment strategies to attract talent in a competitive job market. By upholding our reputation for fair compensation and a thriving workplace culture, the County is well-positioned to retain and grow its workforce, ensuring the County remains a top employer for years to come.

Fiscally Responsible Government

In addition to the previously mentioned inflationary and growth pressures, Essex County grapples with escalating financial challenges stemming from substantial increases in operational costs, internal capital needs (related to growth and asset replacement), infrastructure demands for facilities and roadways (both replacement and expansion), as well as constrained provincial funding, competing requests for new County-wide initiatives, and regional capital projects. Furthermore, the indefinite deferral of property value reassessment has led to modest in-year growth only. The Province continues its review of the property assessment and taxation system. To

date, the Province has identified three areas of priority through the consultation process: affordable rental housing, student housing, and information sharing. Provincewide property tax reassessments will continue to be deferred until this work is complete. These collective pressures will significantly influence Council decisions regarding program delivery, priorities, and service levels throughout 2025 and beyond. Despite these challenges, the County maintains established service delivery standards that effectively balance resident needs while minimizing the impact of rising costs on the community's property tax base.

During the 2025 Budget development, Administration has been guided by fundamental principles previously endorsed by Council, namely:

- **The current levels of service being delivered to the community are appropriate. Unless otherwise explained, enhancements are proposed to maintain service levels and achieve Provincial service level targets.**
- **The Corporation is prepared to maintain its commitment to the community as represented by current discretionary funding levels (i.e. external commitments).**
- **In making decisions with respect to the 2025 Budget, consideration has been given to the consequences of such decisions upon the Corporation's future financial stability.**

Standard and Poor's, a leading financial market intelligence provider and the Corporation's credit rating agency, recently affirmed the County of Essex's AAA credit rating with a stable outlook (November 2024). The recognition underscores the County's robust financial practices, including healthy budgetary performances, disciplined financial management, a pay-as-you-go capital funding strategy, and substantial liquidity holdings, all contributing to the County's creditworthiness.

These sound financial stewardship principles have positioned the County in a firm position, enabling effective management of tax rates year over year. Additionally, a solid reserve policy and balanced reserves play a crucial role in fiscal responsibility and long-term sustainability. Establishing reserves for managing uncertainties, addressing asset management lifecycle costs, and seizing future opportunities provides the Corporation with flexibility and financial strength during periods of fiscal challenge. Appendix A offers a summary of the Corporation's Reserves, showcasing the projected 2024 year-end balance and the impact of changes resulting from the Proposed 2025 Budget.

2025 Budget

As noted above, Administration initiated the formal budget process in May of 2024, and after gathering all departmental requests, the initial levy increase was a total of \$17,313,080.

Following a thorough review of the budget and current service levels by Finance, the CAO, and the Senior Leadership Team (SLT), we have made significant reductions bringing the current proposed levy increase to \$11,114,240, a reduction in potential spending of \$6,198,840.

Provided in Chart 1, below, is a condensed summary of the proposed 2025 Budget, compared to 2024 Budget and Projected Actuals (see Appendix B for full Budget Summary Comparison). Operations are budgeted to require \$92 million while the Corporation’s Capital program is budgeted to require \$51.5 million. The Total County Requirement proposed in the 2025 Budget is \$143.4 million representing a **tax rate increase of 6.37%**.

Chart 1: Budget Summary (excerpt from Appendix B)

Budget Summary	2024 Budget	2024 Projection	2025 Budget
Operating Expenditures	\$157,321,130	\$153,872,020	\$166,032,610
Operating Recoveries	75,577,720	86,653,300	80,832,840
Contribution to (from) Reserves	3,822,810	18,347,500	7,737,210
Net Operating Budget:	\$85,566,220	\$85,566,220	\$92,936,980
Capital Expenditures	\$110,362,240	\$77,949,620	\$119,230,100
Capital Recoveries	23,354,960	14,495,870	9,745,870
Contribution to (from) Reserves	(40,291,310)	(16,737,780)	(59,024,780)
Net Capital Budget:	\$46,715,970	\$46,715,970	\$50,459,450
County Responsibility	\$132,282,190	\$132,282,190	\$143,396,430

For 2025, the County of Essex is challenged by a number of key operating conditions and capital expenditures imposing a year-over-year increase in net levy requirements. Offsetting these expenditures, in part, are savings achieved through: a net positive change in Current Value Assessment / assessment growth and various departmental cost reductions / containment initiatives proposed throughout the departmental Budgets.

Highlighted in Chart 2 and discussed in the following pages are various external influences or County of Essex specific conditions giving rise to a projected **levy increase of \$11,114,240**. If further reductions from Council are requested, it would be an approximate decrease of \$1.4 million to reduce the tax rate by 1%.

Of the total budget increase, approximately \$4 million is allocated to contractual salary/benefit increases presented to Council during 2023 and 2024. Additional significant increases include \$1.5 million for roadway expansion funding to support the 20-year infrastructure plan, close to \$1 million for the state of good repair program, and \$1 million aimed at closing the asset management plan's spending gap. Other notable allocations include a \$1.7 million increase for social housing operations, just under \$1 million for anticipated social services cost increases, and an additional \$680,000 contribution to the new hospital reserve.

Most of the remaining increases are driven by inflationary pressures. This is a lean budget with minimal room for significant service enhancements. Administration worked hard to balance all priorities within a realistic budget framework for the year.

The proposed 2025 Budget was structured to strategically utilize the in-year assessment growth to fund growth related operational and capital cost increases. The in-year growth for 2024 was a 1.71% increase (2.12% for 2023, 2.22% for 2022) in weighted assessment. Chart 2 below highlights the increases to the expiring levy proposed in 2025.

Chart 2: Summary of Levy Impacts

Budget Summary	Levy Impact
County Levy 2024	132,282,190
Community Services	0
Sun Parlor Home	0
Emergency Services	1,655,930
Infrastructure & Planning Services	3,896,680
Library Services	250,810
General Government Services	1,007,850
External Commitments	<u>4,302,970</u>
County Levy 2025	<u>\$143,396,430</u>

Community Services/ Residential Services Homes

The Community Services / Residential Services Homes budget for 2025 is set at \$762,680, maintaining a \$0 net levy increase by absorbing all cost pressures within the 2024 base budget. However, this department remains at risk due to its reliance on provincial funding, specifically HPP funding received from the City of Windsor on behalf of the Province.

The Residential Services Homes Program partners with 10 homes across Essex County, providing financial aid for 230 subsidized beds, with County staff ensuring quality standards through regular inspections. However, inflation, minimum wage increases, and COVID-19 protocols are heightening financial pressures on providers. Many homes are at full capacity, posing a significant relocation risk for subsidized residents if closures occur. The County continues to seek new provider partnerships to address this challenge.

Through a funding partnership with the City of Windsor, the County is actively involved in homelessness initiatives, with funding secured to support shelter and outreach services. Increased service demands, however, may

require further financial support from the County if additional provincial funds are unavailable and service levels are expected to stay the same.

On affordable housing, the County is collaborating with Windsor on a Regional Affordable Housing Strategy expected to be complete in early 2025, with some anticipated County-specific action items. This work is funded by reserves for 2025, with levy funding planned for 2026.

Additionally, the County supports two local housing projects: Augustine Villas, with six new affordable units in Kingsville, and The Bridge's tiny home expansion, which is backed by a \$2 million social housing capital reserve investment approved by Council in 2024. There is also the annual \$48,000 commitment to The Bridge for the tiny home community, which started in 2022 and will last 20 years.

Sun Parlor Home

In 2025, Sun Parlor Home will continue to provide essential long-term care for 206 Essex County residents, offering 24-hour nursing care and specialized services for residents with high-acuity needs, including dementia. The Home's 380 full- and part-time team members, along with volunteers and allied health professionals, are dedicated to maintaining residents' safety, dignity, and quality of life within eight distinct neighborhoods, one of which provides secure care for individuals with severe dementia and Alzheimer's.

With an aging population and increasingly complex care requirements, the demand for specialized services and staffing continues to rise. The Home faces ongoing challenges due to inflationary pressures on food, supplies, and utilities, as well as the need for consistent building maintenance given its age and layout. Capital maintenance is prioritized to sustain service quality until redevelopment is viable.

The proposed 2025 Budget includes investments in maintaining current service levels while enhancing the dining and palliative care programs to improve the resident experience. Additionally, the budget reflects increases to meet provincially mandated staffing hours under the Fixing Long-Term Care Act, though funding does not fully cover the target of 4 hours of care per resident per day.

Emergency Medical Services

The Essex-Windsor EMS (EWEMS) net budget for 2025 is proposed at \$17,503,930, representing a 10.45% increase over the 2024 budget. This increase reflects EWEMS's commitment to maintaining service standards, expanding mental wellness programs, and enhancing logistics support to ensure equipment and vehicle readiness. The department has prioritized hiring, with a specific focus on onboarding additional paramedics to address increased demand.

EWEMS is actively collaborating with the Windsor Essex Ontario Health Team (WEOHT) and other regional health partners, leveraging alternative care models that reduce emergency department pressure by stabilizing patients at home. In 2025, the department will continue efforts to streamline processes, expand community paramedicine services, and support high-risk populations in need of emergency medical care. The department also remains proactive in enhancing community safety, locating public access defibrillators, and promoting CPR awareness to improve cardiac arrest survival rates.

Infrastructure and Planning Services

The 2025 Infrastructure & Planning Services (IPS) budget is set at \$55.9 million county responsibility, reflecting a 7.49% increase over the previous year to meet the growing demands of Essex County's infrastructure and planning needs. This budget supports the expansion and maintenance of core infrastructure such as 1500 km of roads, 84 bridges, and over 400 km of active transportation routes, ensuring safe and efficient travel options for residents. Key projects include the continued development of County Road 42/43, new road safety measures, and ongoing work on active transportation initiatives like the County-Wide Active Transportation System (CWATS), which aims to connect communities through cycling and walking routes.

IPS is also prioritizing facility maintenance and growth planning to support the County's long-term strategic objectives. The Facilities Management division will address increasing building maintenance needs, focusing on updates like second-floor meeting room renovations at the Civic Centre to meet accessibility and modern standards. The Planning Services division, meanwhile, will continue its work on regional development projects, including progressing through the new County Official Plan, which will guide sustainable growth, and a Regional Employment Land Strategy to attract

new businesses. Overall, IPS is balancing critical maintenance and expansion needs to support Essex County's quality of life while fostering sustainable, inclusive growth.

Library

The 2025 Essex County Library (ECL) budget is set at \$7 million, a 3.71% increase from 2024, to support the library's mission of connecting residents across seven municipalities with information, entertainment, and lifelong learning resources. Through its 14 branches and a 24/7 online platform, ECL offers a combination of physical and digital resources, including an expanded collection of eBooks, eMagazines, and databases. The library is governed by the Essex County Library Board, and its mission and strategic goals are focused on inclusivity, accessibility, and fostering community engagement through dynamic programming and services.

To address upcoming challenges, ECL's 2025–2030 Strategic Plan emphasizes accessibility in programming and spaces, heightened cyber security measures, and continued expansion of collections. Following recent cyber attacks on other Canadian libraries, ECL is prioritizing staff and public training on cyber security risks.

General Government

The General Government area plays a central role in providing leadership, financial planning, risk management, and policy setting for the entire Corporation. Here are the highlights of the proposed 2025 budget in relation to the individual areas that encompass General Government Services.

The proposed 2025 budget for Council Services is \$907,740, which is an increase of 56.32% over 2024. The budget includes adjustments for Council salaries and benefits, reflecting the updated rates set by Council in 2024. Increases are also planned for conference and meeting budgets, conference-related expenses due to AMCTO conference hosting duties, and expected rises in membership fees, mileage reimbursements, and closed captioning costs for Council meetings.

The proposed 2025 Budget for Corporate Management, net of recoveries, totals \$2,894,900. This represents an increase of \$418,760, or 16.9%, over the 2024 Budget, largely due to increases in wages and benefits obligations. Corporate Management combines the operations of the Office of the Chief Administrative Officer (CAO) and the Director of Legislative and Legal Services. The CAO leads the County strategically and advises Council and

the Senior Leadership Team, while the Director manages the Legal Services Division, Office of the Clerk, and Communications.

The proposed 2025 Budget for Financial Services, net of recoveries, is \$128,200, a decrease of \$731,200, or 85.1%, from the 2024 Budget. The main reason for the decrease over the 2024 base budget is an increase made to the investment income budget line item to account for anticipated investment income in 2025. Financial Services, led by the Director of Financial Services/Treasurer, oversees County finances, procurement, and risk management to ensure resources are used efficiently to support community services.

The proposed 2025 Budget for IT Services, net of recoveries, is \$2,894,070, representing a 31% increase of \$683,970 from the 2024 Budget. The main drivers of the increase are: staffing costs increases, the addition of a business analyst as well as increases in digital transformation projects including cloud migration and enhanced cyber security. In 2024, IT Services became an independent department, positioning it to support the County's digital transformation by prioritizing data management, security, and cross-departmental technology integration which will continue in 2025.

The proposed 2025 Budget for Human Resources, net of recoveries is \$1,234,620, an increase of \$309,280 (33.4%) over the 2024 Budget. The main contributor of the increase is staffing cost increases. The 2025 Budget reflects strategic investments in employee development, well-being, and workforce planning to support the County's goals effectively. The HR Department ensures employee satisfaction, development, and retention, aligned with the County's mission and goals. Key initiatives include training, recruitment, and policy review.

External Commitments

The Corporation's support of regional initiatives is proposed to continue in the 2025 Budget. The proposed 2025 Budget for External Commitments totals \$40,058,440, an increase of \$4,302,970 (12%) from 2024. Key drivers of this increase include a 13% rise in the Social Services budget due to changes in the Child Care administrative funding formula, an 11.5% increase for Social Housing operations prompted by additional funding requests from the Windsor Essex Community Housing Corporation, and slight increases of 1% and 2% for costs related to the Windsor Essex County Health Unit and property assessment, respectively. Additionally, an annual increase of \$680,000 has been allocated to the New Windsor Essex Hospital Reserve, and a 10% increase in funding is proposed for Invest WindsorEssex

to address operational needs. These adjustments reflect the County's commitment to meeting both legislated and discretionary obligations while ensuring community well-being.

Reserve Management Policy Targets

In 2024, the County introduced a Reserve Management Policy to provide guidance for responsible management of reserve funds. This policy helps ensure that financial decisions support the County's long-term needs and that reserves are maintained at appropriate levels. If our reserves fall below target levels in any given year, Administration will put a plan in place to bring them back to a stable level.

For the 2025 Budget, the County is generally on track to meet its reserve targets, which reflects positive progress. However, as identified in the 2024 report, the capital reserve is still underfunded, presenting a challenge in meeting capital replacement needs. While work is being done to address this gap, affordability and tax rate sensitivity impact the speed the gap can be reduced.

We will continue to monitor reserve levels closely throughout the year, making adjustments to rebuild reserves when possible. This approach will help us maintain a balance between meeting future needs and supporting current financial stability.

Budget Risk Factors

It is important to highlight for Council that there are risk factors inherent with any budget, in most cases beyond the control or discretion of Administration or Council. Key economic realities potentially impacting operations include, but are not limited to:

- Provincial funding constraints in service areas related to Public Health, EMS, Social Services, Social Housing, Community Services and Long-Term Care
- EMS delivery issues related to hospital emergency off-load delays
- EMS call volume – demographics & response time framework
- Service requirements to care for an increasingly frail and higher level of acuity resident complement at Sun Parlor Home
- Increase in social service caseloads

- Winter control maintenance costs
- Province-wide municipal insurance issues
- Cost of fuel, medical and other supplies necessary across a diverse set of operating programs, specifically in EMS, Sun Parlor Home and Infrastructure & Planning Services
- Further escalation in the cost to construct and maintain linear assets
- Persistent global and domestic inflation
- Operational impact of US Exchange rate and higher import fees
- Interest earned on investments
- Premium increases for WSIB and other statutory deductions
- Health & welfare premiums (usage & escalation in service costs)
- Outstanding collective bargaining / arbitration results
- Social Housing – advanced timelines for capital renewal requirements and/or addressing of need to increase housing inventory

These outlined risks could significantly influence the proposed budget's outcome. Should any additional requirements arise during the fiscal year that exceed the proposed 2025 Budget, Council will be informed, and a funding strategy will be developed to address these necessary items.

County Levy & Tax Rates

Over the past decade the County Levy has increased, due in large part, to address expansion requirements of the County roadway and active transportation infrastructure and more recently, service enhancements to address growth, demographics and systemic health related issues/services. Also impacting annual levy increases is the commitment towards the New Windsor Essex Hospital System. Further, as the County assessment increases relative to the City, a greater shift of costs is transferred from the City to the County for shared programs including: Social Services, Social Housing and Emergency Medical Services.

Although the County Levy has steadily grown over the years, tax rates remain fairly constant, due in large part, to prudent financial management

decisions and moderate but stable growth in assessment in the County of Essex over this same period.

The extreme impacts of inflation and their projected persistence at even a moderate degree have made it challenging for Administration to maintain service levels in 2025 without an increase to the levy. Growth in the region is also a significant factor in the year over year levy requirement increase. In the absence of development charges, the cost of growth is born primarily on the Corporation’s tax rate.

The consolidation of the departmental budget estimates produces a residential tax rate for County purposes for 2025, assuming no significant change in tax policy, of **.0057494474**.

Chart 3 illustrates the change in County taxes on a per \$100,000 basis.

Chart 3: Residential Tax Rate Comparison, 2023-2024

Year	Assessed Value	Res. Tax Rate	Taxes	Tax Change
2024	\$100,000	.0054049275	\$540.49	
2025	\$100,000	.0057494474	\$574.94	\$34.45

Financial Implications

Administration believes this budget represents a practical plan that’s been carefully put together in consultation with all County departments. It’s designed to keep the County running smoothly under current conditions, balance demands for services, and prepare us for future growth.

The approach focuses on:

- **Maintaining Service and Responsiveness:** We’ve made sure the budget supports essential services, while being mindful of the impact on taxpayers. The goal is to continue delivering quality services without putting too much financial strain on residents.
- **Planning for the Future:** This budget helps us keep up with our long-term commitments, like funding the New Windsor Essex Hospital System and addressing necessary infrastructure repairs. We’re focused on being proactive with our capital investments, so we don’t fall behind on projects that improve the community.
- **Keeping Inflation in Check:** We’ve taken inflation into account, with plans to manage rising costs without reducing service quality. By

setting aside contingency funds, we're better equipped to handle unexpected expenses as the economy continues to change.

- **Protecting Financial Stability:** This budget preserves the County's solid financial foundation. We're using reserves cautiously and sticking to a strategy that prevents major tax hikes down the road. This way, we can continue investing in necessary areas without compromising future budgets.

A large part of the County's spending is tied to services we're legally required to provide. Past experience shows that if we cut services too deeply or delay essential projects, it can lead to bigger costs and risks later. This budget strikes a balance, keeping us compliant while also moving forward on priority projects.

Despite external pressures like inflation and increased costs, we believe the proposed increase in the levy is manageable and will help the County keep up with both immediate and future needs. This budget not only supports the community today but also helps us prepare for tomorrow, without the need for big tax adjustments in the future.

Consultations

Hoa Du, Financial Analyst

Kelli Schmidt, Financial Analyst

Kelly Robinson, Financial Analyst

Terry Deehan, Financial Analyst

Heidi McLeod, Manager, Accounting - Administration/Deputy Treasurer

County Senior Leadership Team (SLT)

Strategic Plan Alignment

Working as Team Essex County	Growing as Leaders in Public Service Excellence	Building a Regional Powerhouse
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Scaling Sustainable Services through Innovation <input checked="" type="checkbox"/> Focusing “Team Essex County” for Results <input checked="" type="checkbox"/> Advocating for Essex County’s Fair Share 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Being an Employer with Impact <input checked="" type="checkbox"/> A Government Working for the People <input checked="" type="checkbox"/> Promoting Transparency and Awareness 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Providing Reliable Infrastructure for Partners <input checked="" type="checkbox"/> Supporting Dynamic and Thriving Communities Across the County <input checked="" type="checkbox"/> Harmonizing Action for Growth <input checked="" type="checkbox"/> Advancing Truth and Reconciliation

Recommendation

That Essex County Council receive report number 2024-1128-FIN-R24-MR, 2025 Budget Overview- Treasurer’s Report, as information and for public deliberation.

Approvals

Respectfully Submitted,

Melissa Ryan

Melissa Ryan, CPA, Director, Financial Services/Treasurer

Concurred With,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

Appendix	Title
Appendix A	Reserve Schedule
Appendix B	2025 Budget Summary Comparison