

Memorandum to the Council of Corporation of the Municipality of Temagami

Subject: 2025 Budget Progress Report – Council Direction Required

Memo No: 2025-M-103

Date: April 24, 2025

Attachment: None

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Recommendation

BE IT RESOLVED THAT Council receives Memo 2025-M-103 as presented;

AND FURTHER THAT Council confirms the following directions regarding the 2025 Budget and related reserve allocations:

1. That Council deliberate and determine whether capital replacement costs for water, sewer, and other user-specific infrastructure should be borne by all taxpayers or only by those directly using the service;
2. That Council approve the transfer of the estimated \$30,000 in 2024 operational surplus from Lake Temagami Transfer Station user fees into a newly created Transfer Station Reserve, to be used for future upgrades to the transfer station and/or lake access landings, as determined by Council;
3. That Council approve the transfer of \$3,600 in unclaimed 2024 Fire Pump Subsidy allocations to a newly created reserve account named Fire Pump Subsidy Reserve to allow 2024 approved recipients to access the subsidy in 2025;
4. That Council approve the carry forward of 2024 allocations from NORDS and OCIF into 2025 to be combined with current year funding and applied toward the Fox Run and Lake Temagami Access Road projects.

Content

1. Executive Summary.....	2
2. Budget Status and Key Adjustments.....	2
3. Matters Requiring Council Direction	4
4. Final Surplus Position and Next Steps.....	5
5. Conclusion	5

1. Executive Summary

This report provides a midstream update on the status of the 2025 Budget. The Budget Working Group—comprising the Mayor, appointed Council Members, Department Heads, and the CAO—has completed the preliminary review of operational expenses and departmental capital requests. The focus has now shifted to confirming revenues, refining funding allocations, and incorporating infrastructure commitments.

Pending tasks include finalizing OCWA’s cost estimates and addressing potential fiscal implications arising from a developing Au Château capital project. The 2025 budget will continue to be shaped with the goal of keeping municipal rate increases to a minimum while upholding long-term financial sustainability.

Council direction is now required on a set of financial and policy items that directly affect reserve planning, capital cost allocation, and the scope of project funding.

2. Budget Status and Key Adjustments

2.1. External Funding – Ontario Municipal Partnership Fund (OMPF)

The Municipality of Temagami will receive an increased allocation under the Ontario Municipal Partnership Fund (OMPF) in 2025. The allocation has risen from \$830,700 in 2024 to \$918,100 in 2025, representing a 10.52% increase. This funding from the Province supports general operating costs and provides some flexibility to offset increased service

demands or levy pressures. It is the primary source of unconditional provincial funding and remains a key contributor to balancing the municipal budget.

2.2. Uncontrollable Municipal Obligations – Levies and Contracted Services

In contrast to the discretionary funding provided by OMPF, the Municipality must absorb several external levy increases and contract costs, which it has little to no control over. Some of these costs include:

- District of Nipissing Social Services Administration Board (DNSSAB): The 2025 levy increased to \$1,070,037 from \$1,043,148 in 2024, an increase of \$26,889 or 2.58%. This funding supports regional services including Ontario Works, homelessness prevention, child care, and emergency medical services.
- Au Château Long-Term Care Home: The levy to support this facility increased to \$524,122 in 2025 from \$512,754 in 2024, representing a 2.22% increase. This is a mandatory contribution toward seniors' residential care under provincial legislation.
- North Eastern Public Health (Formerly the Temiskaming Health Unit): The Municipality's contribution to the Health Unit has increased from \$51,376 in 2024 to \$53,432.70 in 2025, an increase of \$2,056.70 or 4.00%. These funds help cover the cost of public health programs, inspections, and services across the district.
- Ontario Provincial Police (OPP) Billing: Policing costs are projected to increase marginally in 2025, from \$375,039 in 2024 to \$378,694, a rise of \$3,655 or 0.98%. This amount is based on the OPP Annual Billing Statement, which includes base services and calls for service, plus a per-property charge.

These uncontrollable increases add pressure to the general municipal levy and must be absorbed through internal adjustments, tax rate modifications, or reduced discretionary spending in other areas.

3. Matters Requiring Council Direction

3.1. Capital Cost Allocation Policy (Council Decision Required)

Council is asked to provide direction on whether capital replacement and expansion costs for services such as water and sewer should continue to be funded by all taxpayers or whether only direct users should bear those costs.

Most capital projects (including water/sewer infrastructure) have been shared municipality-wide through general taxation, except for grinder pump replacements, which were repaid through area-rated or user-based charges. A 10% premium on water, sewer, garbage, and grinder user fees is also collected and transferred to reserves for future capital replacement.

As outlined in 2023-M-159, Council previously authorized a long-term debt application for ICIP Green Water & Wastewater projects totaling \$1.15M. If this debt is repaid entirely through water and wastewater users, rates may need to increase significantly during the repayment period—in the 2023 report noted above it was calculated that the rate could increase up to 37.6% if repaid over 10 years. Once the loan is repaid, these rate increases would cease.

While O. Reg. 453/07 under the Safe Drinking Water Act promotes cost recovery through user rates, it is not legally required. Council has discretion under the Municipal Act, 2001 to determine cost allocation.

3.2. Transfer Station Reserve (Staff Recommendation)

The Lake Temagami Transfer Station generated approximately \$30,000 more in user fees than its operational expenses.

Staff is recommending that this \$30,000 be transferred to the Transfer Station Reserve for future improvements or operational support. Staff will propose user fee adjustments in 2025 to better align with actual operating costs.

Although a truck purchase in 2023 was funded by users, staff do not recommend allocating the vehicle's cost into the reserve. This is due to several years of operational deficits (e.g., a \$33,000 deficit in 2022 alone), during which the general tax base subsidized the service.

3.3. Fire Pump Subsidy Reserve (Staff Recommendation)

In 2024, ten residents were approved for a \$400 fire pump subsidy (total allocation: \$4,000). Only one subsidy was claimed. Due to the timing of resident notifications, staff recommend transferring the remaining \$3,600 to a Fire Pump Subsidy Reserve for continued eligibility in 2025.

3.4. NORDS and OCIF Funding Carryforward (Staff Recommendation)

Unspent 2024 allocations from NORDS and OCIF were designated for Fox Run and Lake Temagami Access Road upgrades. These funds remain unused and staff recommend carrying them into 2025 to be combined with current allocations to fully fund these capital works.

4. Final Surplus Position and Next Steps

Upon finalization of the proposed 2024 reserve transfers and allocations, the auditors will be in a position to calculate the 2024 year-end surplus. This surplus may be reallocated to support strategic 2025 projects, pending Council direction. A supplementary report will be brought forward once final financials are available.

Meanwhile, the Budget Working Group will continue to review cost, include OCWA estimates and incorporate funding and potential funding implications.

5. Conclusion

The 2025 Budget process remains in steady progress with guidance from the Budget Working Group. Council's input on the outlined matters will solidify the Municipality's financial strategy and reserve framework, enabling staff to bring forward a balanced and sustainable budget that reflects both current pressures and long-term needs.