
CITY MANAGER'S OFFICE

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August 29, 2024

Bill Bradica, Chief Administrative Officer
The District of Thunder Bay Social Services Administration Board
231 May Street S.
Thunder Bay, ON P7E 1B5

Passed by resolution, and therefore by direction of Council, I am reaching out to inform you of the City's general targets for the 2025 operating and capital budgets. I am also passing on Council's formal request for your organization to follow the same budgetary guidelines for your submissions to the City.

At the August 26, 2024, Committee of the Whole meeting, Administration presented the 2025 Budget Directions report, which included a proposed municipal tax increase of no more than 3.8% for those services that the City directly controls. This figure was obtained by looking at a four-year rolling average of CPI (two years historical, current year, and one year forecast). The target for 2026 will be 2.6% using the same rolling-average approach. The report also identified concerns with our infrastructure deficit and therefore included a requirement for at least 80% of capital expenditures to be dedicated to renewal of existing capital assets; leaving only 20% maximum for new capabilities. This direction has become our mandate for preparation of the 2025 budgets and will help guide decisions throughout the year that may impact 2026.

It is going to be extremely challenging for the City to achieve this mandate. Our budgetary pressures, like yours, are much higher than 3.8% for 2025 but Council feels strongly that rate increases must be reflective of CPI. Residents and businesses struggle to make ends meet when tax increases above inflation are imposed. They become difficult for our client base to absorb, and we must remember that we have seen increases well above CPI for the past two years.

We appreciate the fiscal restraint your organization has shown in prior years, and we know that Council's request to respect no more than 3.8% this coming year will be very difficult. But by limiting our costs/expenses, we maintain affordability for existing residents and businesses. Also, a sound fiscal approach becomes part of our value proposition to attract new growth opportunities to the City.

Should you have any questions on detail, please reach out to either the City Treasurer, Keri Greaves or Deputy City Treasurer, Andrea Morrison. Should you wish to reach out to me to discuss, I am, of course, available at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Collin", with a long horizontal flourish extending to the right.

John Collin, City Manager
City of Thunder Bay

cc: Brian Hamilton, Board Chair, TBDSSAB
Georgina Daniels, Director – Corporate Services, TBDSSAB