



COMMUNITY LED BUDGET TASK FORCE FINAL REPORT NOVEMBER 21, 2025

Background

The Cobourg Community Led Budget Task Force was established from the Mayor's 2026 Operating and Capital Budget Directives (July 22, 2025). Its mandate was to "review all financial options and provide a community formed set of recommendations to be presented to the Mayor as part of the process to support the creation of the Final 2026 Operating and Capital Budgets."

The goal for establishing this Task Force was to elicit interest and membership that represented a good cross-section of the Town, with respect to age, gender and occupation. Having a Community Task Force is a high level of community engagement and thus it was important to have members with potentially diverse viewpoints, in order to gain healthy discussion and rounded recommendations. The recruitment process for members commenced in mid-August through advertisement on social media, from the Mayor's Office. Over thirty Cobourg residents expressed interest and completed a basic questionnaire, which was then followed-up with a short phone interview. The selected ten-member Community Led Budget Task Force was then presented to the community through an official Launch Event on September 10th.

Significant budgetary and financial concerns were identified in the Financial Sustainability Plan report, by Watsons & Associates, presented at the May 5th, 2025 Special Council meeting. The following challenges to the Town's financial sustainability were presented:

- 1) **\$14 Million Unfinanced Capital** – from many years of not issuing debenture funding for capital projects that Council approved for this funding.
- 2) **Northam Industrial Park Reserve** – an expressed need to gradually eliminate use of this reserve as an Operating Budget funding source (\$1.2 million impact).
- 3) **Low Discretionary Reserve Balances** – the 2022 balances were below the average of comparable municipalities at \$1,271/household (versus \$4,055/household).
- 4) **Asset Management Plan Funding** – identified an average annual lifecycle funding gap of \$7.42 million.
- 5) **Police Business Unit Reserve** – an expressed need to gradually eliminate use of this reserve as an Operating Budget funding source (\$2.8 million impact).
- 6) **Large Tax Rate Increases** – primary solution proposed for the above five issues.

This report served as the starting point for the Community Led Budget Task Force to commence a five-meeting comprehensive review of the Town's Services, Operating Budget, Asset Management Plan, Capital Budget, Owned Assets, and Reserve holdings.

There are 42 recommendations in this report, each of which were debated through the lenses of the following principles:

Pay-as-We-Benefit

Today's taxes should directly benefit today's residents of Cobourg. Public funds must be used to maintain essential infrastructure, support recreational facilities, ensure public safety and fund other services that enhance the daily lives of the current community.

Long-Term Funding Sustainability

The ongoing funding of a municipality's annual capital program must be a multi-source commitment. Today's dedicated reserve balances, combined with annual tax base contributions, along with grant funds from other levels of government serve to fund assets with shorter lifecycles. Infrastructure projects with long lives should be financed through debentures rather than relying on current revenues. The debenture terms should match the expected life of the asset. This ensures fair cost distribution over time and that payments align with those who benefit.

Equitable Community Spending

Municipal spending must serve the broad interests of the entire community. Programs or services that cater to very small groups should not be disproportionately funded by the taxes paid by all residents. Fairness requires core services that offer widespread value.

Municipal Responsibilities

Social services are the responsibility of upper-tier governments, not local municipalities. Using local tax dollars for services outside our town's mandate is an inappropriate use of funds and undermines Cobourg's ability to deliver core services

In order for the Task Force to be fully informed, and prepared for each discussion, there needed to be a reliance on information on the Town's website and past staff reports. However, in many cases it was more difficult than should be expected to attain historical information, likely due to past administration's lack of financial reporting. External review reports often served as more useful information sources. The following documents deserve mention for their significant information contribution:

- "Asset Management Plan & 10-Year Financial Forecast" report (June 4, 2025);
- "Town of Cobourg Service Delivery Review" - KPMG report (Nov. 6, 2020);
- "Town of Cobourg Organizational Review" – KPMG report (Oct. 4, 2021); and
- "Comprehensive User Fee Study" – Watson & Associates (Aug. 9, 2024)

This report breaks down the discussions and Task Force recommendations into:

- a. Benefits for 2026 Budgets; and
- b. Financial Priorities for Next Term of Council (page 17)

It should be noted that the Storm-water Management, Environmental Operating, and Ganaraska Region Conservation Authority Budgets were not part of the Task Force's review.

A. Benefits for 2026 Budgets

During this current term of Council the consideration of tax affordability for Cobourg residents and businesses has been disregarded. The following table reflects the annual local tax rate increases during this term:

<u>Year</u>	<u>Tax Rate Increase</u>
2023	6.60 %
2024	8.06 %
2025	<u>5.23 %</u>
Total	19.89 %

Over three years the local portion of a Cobourg resident's property tax bill has increased by almost 20%, along with the addition of a 1% Infrastructure Levy (added in 2025) and a Storm Water Management Fee (added in 2024). It should also be noted that the Financial Sustainability Report of May 5th, 2025 only provided solution options of significant tax rate increases. The concern of resident tax affordability has been publicly expressed many times through public engagement surveys and delegations to Council. The continual disregard to the concern of residents provides discomforting optics on the Town's Council.

Mayor's Budget Directives:

On July 22nd, 2025 the Mayor announced three specific quantifiable Budget Directions:

1. *Prepare a Draft Staff prepared 2026 Operating and Capital Budget as per previous budget cycles that conforms with the budget and business planning processes and best practices utilized by the Town Staff in previous years with a target levy not to exceed 5%, to be presented to the Mayor no later than November 1, 2025. (DIR-2025-003)*

2. *That the Cobourg Police Board submit to the Mayor, a total budget request percentage increase of no more than 4% only to be considered within the Mayor led Town of Cobourg overall 2026 Operating and Capital Budget, and that the Board utilize up to the same amount of funds allocated from the Corporate Business Services Revenue within the budget submission from 2025 for the 2026 Budget submission. (DIR-2025-006)*

3. *That the Cobourg Public Library submit to the Mayor, a total budget request percentage increase of up to 3% to be considered within the Town of Cobourg overall 2026 Operating and Capital Budget. (DIR-2025-004)*

Overall:

The Mayor's Budget Directives reflect a positive step in the Town's Budget Process, in which staff are provided a clear message of expectations and limitations. The approved operating budgets of recent years would be considered "staff budgets" with minimal Council impact and no regard to the end taxpayer. A healthy municipal budget process involves clear direction of end expectations, from the outset.

Recommendation: 1) The Community Led Budget Task Force supports the Mayor Budget Directive #2025-003, that the 2026 Draft Operating Budget reflect a maximum Town levy increase of 5%, inclusive of any increase to the Infrastructure Levy.

Cobourg Police Services

The Cobourg Police Service is the Town's most expensive community service and its costs continue to rise each year. It is the most significant driver of annual tax increases. The table below shows recent police budgets and the average cost per household.

	<u>Total Budget</u>	<u>Net Tax-Supported</u>	<u>Per Household</u>
2024 Budget	\$ 10.8 million	\$ 7.43 million	\$ 778
2025 Budget	\$ 12.1 million	\$ 7.84 million	\$ 784
2026 Proposed		\$ 9.45 million	\$ 918
Brighton (OPP) - 2024		\$ 2.09 million	\$ 417
Quinte West (OPP) – 2024		\$ 9.19 million	\$ 460

This table also shows the impact of the Board presented 2026 Police Services Draft Budget which proposes a 20.5% increase, despite the Mayor's Directive of a maximum 4% increase. There is significant public scrutiny towards the Police Service, and continued requests of Council to explore alternatives. The Task Force explored the costs experienced by nearby municipalities that receive policing services via the Ontario Provincial Police (OPP). The table above reflects those findings. Brighton is a newer OPP served community, while Quinte West has used the OPP for many years. The costs per household, for those two communities, are less than 60% of what an average Cobourg household pays.

Recommendations: 2) The Community Led Budget Task Force supports Mayor Directive #2025-006 to limit the Cobourg Police Services 2026 Budget increase to a maximum of 4%, and the Business Unit Reserve draw be consistent to the 2025 level.

3) The Cobourg Police Services Business Unit revenues are public funds and should always be used as part of the Town's Operating Budget, to mitigate tax rate pressures

Cobourg Public Library

The 2025 Tax Supported Operating Budget for the Public Library was \$1,246,400 which has increased 33.6% since 2020 (\$932,700). This is an average increase of 5.6% per year over that six-year period. Based on the Library branch usage metrics, during this period, there has been a general decline in many of the measures (e.g. both Counter Visits and Circulation measures decreased 24%, Programs Offered decreased 8%). The significant annual budget increases for the Public Library seem contrary to the reduced usage of this service in the community.

Recommendation: 4) The Community Led Budget Task Force supports Mayor Directive #2025-004 to limit the Cobourg Public Library's 2026 Budget increase to a maximum of 3%.

A public library service is important to a community as a place of learning and involvement. The Cobourg Public Library Service often faces public scrutiny for the growing costs and the limited level of service to meet community desires. Different hours of operation need to be considered to include more evening and weekend hours.

Times of light traffic in the branch indicate that the facility does not need to be open during those times (e.g. weekday mornings).

Parents in the community have indicated a need for more in-person children and youth oriented educational programs on weekends and in the evenings. Also, the meeting rooms in the Library branch are far from being fully utilized and there needs to be greater communication to the community of these room's availability, to help maximize revenues for the Library.

Recommendations: 5) The Cobourg Public Library review and adjust hours of operation based on surveyed resident demand, reducing costs by closing during consistently low-usage periods.

- 6) The Cobourg Public Library explore expanding in-person weekend programming for children and youth to increase attendance during peak times and allow a shift away from low-traffic weekday hours.**
- 7) The Cobourg Public Library provide greater focus to maximize room rentals.**

User Fees & Charges

User fees are charges paid by individuals or businesses to access specific services or facilities, and in which the individual or business is the sole beneficiary of the specific service. In a municipal context, property taxation is the single largest budgetary funding source, however User Fees and Charges are expected to be the second largest funding source. As a municipal best practice, a target of 20% to 25% for User Fee funding, of a Tax-Supported Budget, should be the goal. The Town of Cobourg has yet to reach this target range. The 2025 Operating Budget was funded 16.9% by User Fees, and 2024 Budget was 15.9%. In 2025 dollars, an increase from 16.9% to 20% equates to \$1.3 million greater User Fee funding, and less on the Property Tax Levy. In 2024, the Town retained the services of Watsons & Associates to prepare a Comprehensive User Fee Study. The completed Fee Study was presented to Council in August 2024 and indicated annual growth in these revenues, as well as presenting possible go forward approaches. Though there has been improved focus on growing user fee revenues, the increases have not been progressive enough. From 2023 to 2025, the total Town tax rate increase (19.89%), far exceeded the revenue increase in User Fees. The Task Force unanimously believes there needs to be a more progressive approach to increasing User Fees and

Charges, and that non-residents of Cobourg should bear a greater fee burden for using Town services and facilities.

Recommendations: 8) The Town develop a multi-year plan to annually increase Parks & Recreation fees, for Cobourg residents, that eventually fully recovers related direct and indirect costs.

9) Parks & Recreation fees and Concert Hall charges, for non-Cobourg residents, should be annually set at twice the level of the same fees/charges for Cobourg residents. And that this practice commence with the 2026 rates.

10) The Town develop a multi-year plan to annually increase Development Planning fees and Engineering Review fees, that eventually fully recovers related direct and indirect costs.

11) The Town develop a multi-year plan to annually increase Concert Hall event charges, for Cobourg residents, that eventually fully recovers related direct and indirect costs, with the exception of maintaining existing charge rates for local not-for-profit user groups.

12) The Town annually review increasing user fees and charges to track general Consumer Price Index changes.

Equitable Community Spending

The following number of recommendations, from Tasks Force discussions, embody the philosophy that municipal spending should serve the broad interests of the community, and not cater to small groups.

The Financial Sustainability Plan report of May 5th, 2025 indicated the need for the Town to eliminate budgetary reliance on the **Northam Industrial Park Reserve**. An in-depth review of the past and present financial situation of Northam, by the group, has led to the opposite belief. Northam Industrial Park is one of the Town's most valuable assets which has significantly increased in value over the years. Revenues exceed \$3.8 million, and the industrial park annually has a healthy net income (estimated to be \$2 million for 2024). The annual net income is transferred to reserves earmarked for future capital lifecycle needs of the area and potential economic development opportunities. These are definitely important items to be financially prepared for, however the reserves

consistently grow each year. At the end of 2022, the balance of this reserve was \$3.6 million, and the estimated current balance is at least double that. For the last two years, the Town's Operating Budget has included a draw of \$1.2 million from this reserve. This level of budgetary draw appears sustainable into the foreseeable future. Using the analogy of a household which is experiencing financial challenges, dividend income from held investments would need to be used to help pay bills.

Recommendation: 13) The Northam Industrial Park Reserve be annually maintained at a minimum balance of three years' worth of average annual lifecycle replacement costs, and balances in this reserve which exceed this level, be allocated to the Town's annual Operating Budget at a minimum rate consistent to the 2025 Operating Budget.

The **Public Works Division** is charged with maintaining the Town's core infrastructure through multiple maintenance functions each season. The frequent pattern for the Town is to provide these functions in-house. As many municipalities have experienced, it often can be more cost effective and efficient to outsource some maintenance functions (e.g. winter road maintenance). The benefits of outsourcing a service are the cost savings from not having to own and replace fleet & equipment, as well as the reduced need for human resources in those areas. With the Town now implementing the LEAN program approach to services and processes, there is opportunity to review the Public Works functions for improved efficiency while minimizing waste.

Recommendation: 14) The Town explore outsourcing some of the core infrastructure maintenance functions, where efficiencies and savings can be realized.

Centennial Pool has been a long standing facility in the community and has offered an alternative swimming option to the lake. The usage of this pool has been declining and keeping it open does not justify the \$140,000+ annual operating costs. There is a need to improve the amenities in the beachfront area to provide more benefit to the greater community and closing Centennial Pool should be part of these changes.

Recommendation: 15) That Centennial Pool be closed and the land be repurposed for greater community benefit ensuring the land remain publicly owned and dedicated to community use.

The **Development Division** continually struggles with staff turnover which leads to the recruitment of new and inexperienced staff. There is significant pressure on Cobourg Development Planning for faster turnaround of development applications, and there may not be enough time to fully develop new and junior staff to meet this demand. The Town currently has a number of vacancies in the Planning section, and is trying to keep up with the application review demand by outsourcing this work. The Task Force believes this should be a permanent model to improve turnaround times, and pass along the full cost for outsourcing to the applicant

Recommendation: 16) All Development Planning applications be outsourced for the required review process, in order to recognize faster turnaround times. And the cost for the outsourced reviews be fully funded by the development applicant.

Staffing vacancies are a regular annual occurrence for all organizations, especially for municipalities. Staff turnover, delayed or prolonged recruitments, medical leaves, and maternal/paternal leaves are a normal course of business. Knowing this, a municipality should analyze annual trends, and then budget a “Staff Vacancy Factor”. This type of budget is a general expense reduction amount versus total personnel costs and is a municipal best practice to take up-front savings in the operating budget for mitigation of tax pressures. Members of the Task Force felt that expected annual operating surpluses attributed to position vacancies, should receive public scrutiny for over-taxation. The following annual savings (excluding Police and Library results) were reviewed by the Task Force:

	<u>Staffing Budget</u>	<u>Staffing Actuals *</u>	<u>Surplus</u>	<u>% of Budget</u>
2023	\$ 16.50 million	\$ 15.15 million	\$ 1.35 m	8.2%
2022	\$ 14.51 million	\$ 11.87 million	\$ 2.64 m	18.2%
2021	\$ 12.52 million	\$ 11.24 million	\$ 1.28 m	10.3%

* 2024 financial actual results were not available for review

Budgeting for a staffing vacancy factor should improve, and be adjusted annually, as the Town adapts to measuring savings and the reasons for the vacancies. The Police and Library should also consider budgeting for staff vacancies. The “Staff Vacancy Factor

Budget" will need to be managed by the Town's management staff to ensure at least the annual factor budget is met.

Recommendation: 17) The Town conservatively include, in the 2026 Operating Budget, a Staffing Vacancy Factor equivalent to 5% of the overall Staffing Expense Budget, and that this vacancy factor budget be adjusted annually in future operating budgets based on recent results.

The Town's annual Operating Budget includes a **Capital Levy** which in other terms is capital items funded by the tax-rate. These typically are small capital items that generally don't have another funding source (e.g. software, computers, office furniture, facility vending machines). In recent years the Town has started including larger items such as sidewalk replacements, elevator upgrades, roof repairs, etc. that would normally be funded by capital replacement reserves. Also, this aggregate budget line has grown from a 2022 level of \$169,575 to a 2025 level of \$661,034 (290% increase). The significant increase in this budget, and the inclusion of larger assets, are clear indicators that the Town's capital reserves are quickly declining. Too much of the capital funding burden is being placed on today's taxpayer. The need for a "capital levy" type budget is necessary for all municipalities as smaller capital acquisitions are always needed for effective service provision, however it needs to be stabilized at a predictable annual level to mitigate total operating budget volatility. Many municipalities set an annual fixed budget envelope of which Council and Management prioritize staff requests to the fixed level. The Task Force believes that this approach is wise to recommend at 1% tax rate equivalent level each year (i.e. \$327,000 for the 2026 Operating Budget).

Recommendation: 18) The Town's annual Operating Budget should include a Capital Levy at a maximum level equivalent to 1% tax rate.

Long-Term Funding Sustainability

As municipalities complete and maintain their legislatively required **Asset Management Plans** (AMP), the growing concern arises of the ongoing funding challenges of maintaining the municipal infrastructure in a state of good repair or replacement. Every municipality is faced with significant Annual Lifecycle Funding Gaps that are identified through these Asset Management Plans. An AMP is a comprehensive document that outlines the condition and assessment of all assets the municipality owns, and in theory,

is intended to provide a structured approach to maintaining and replacing assets and infrastructure. In reality, the AMP is purely a general economic outlook document, required by the Province, and not a strict operational guideline report. Budgeting for asset/infrastructure replacement or rehabilitation, requires detailed inspections and assessment on whether there is a “need” to take on the project “at this time”. These annual assessments, by professional staff, considers community risk, maintenance cost impacts, and operation continuity prior to being recommended to Council for capital budget addition. Even though an AMP is purely a general “paper” exercise, important funding plans are derived from them. The quality of the information in the AMP, along with staff decisions on future service targets, should be thoroughly reviewed and scrutinized as Funding Sustainability Plans are being developed based on this information, with significant impacts to today’s taxpayers.

On June 25th, 2025 Cobourg Council approved the Town’s Draft Asset Management Plan for both core and non-core assets. The plan identified a total replacement value asset base of \$508.1 million, with an average annual lifecycle cost of \$12.7 million. Based on the average annual funding level from recent capital budgets (approximately \$5.4 million), the AMP calculated an Average Annual Lifecycle Funding Gap of \$7.3 million. To further exacerbate this situation, the May 5th, 2025 Financial Sustainability Plan report proposes dealing with this funding gap through additional debt and increasing taxes by 60% over ten years (avg. 6% per year).

The Task Force members spent a considerable amount of time reviewing the AMP and found a number of limitations in the information provided in the document, such as:

- lack of detailed asset lists or lifecycle information, everything was summarized
- though the core assets had industry-related objective condition assessments (e.g. Pavement Condition Index), the non-core asset condition assessments were subjective in nature based on staff opinions
- lack of service target alternatives provided (e.g. “Fair” condition was never considered)
- the non-core asset service targets consistently reflected service level increases compared to existing state
- service level measures per capita (or household), along with municipal comparisons, are needed for context on how much of an asset is needed in Cobourg

The conclusion of the Task Force members was that the Town cannot afford this Asset Management Plan. With financial plans, and potential tax rate increases, being

considered for Council commitment, there needs to be deeper reviews of the asset/infrastructure service targets. The Asset Management Plan reflects unaffordable target levels for both core and non-core assets. Therefore, to be able to reasonably complete a financial plan for a sustainable long-term funding strategy, that considers any thought of affordability, the ten-year capital forecast needs to be amended.

Recommendation: 19) That the Town's 10-Year Asset Lifecycle Forecast, as presented in the Asset Management Plan, be amended and presented to Council to reflect and include:

- service targets for all core assets revised to "Fair" (i.e. 60-69 PCI)
- service targets for all non-core assets to be consistent with existing service levels and conditions
- reductions in non-core assets to reflect some level of inter-divisional asset sharing
- amended funding analysis

Through the capital review process, the Task Force learned that there are currently over **140 Open Capital Projects**, with a total value well in excess of \$100 million. These are capital project budgets approved in 2025 and prior, which are actively being worked on, assumedly. Consensus thought was that staff has a lot on their plates with these projects, and that before adding new projects they should complete most of the existing ones. Included in these 140+ projects, is a New Police Station project for \$40 million. There was no Council commitment to build a new station in the 2025 budget deliberations, and that a future business case would be required for Council to proceed with this type of project. There was also no funding commitment and, counter to the measures identified in the newly adopted Long Term Debt Policy, proposes a potential risk of being a future unfinanced capital item. The Town isn't exercising wise financial controls by having this project open, and risking potential future unintended expenditures.

Recommendations: 20) That all existing, open capital projects be re-evaluated for need, and those projects no longer required be closed and funding returned to source.

21) The 2026 Capital Budget be capped at a significantly lower level than previous years, to allow staff to complete existing open projects.

22) That the New Police Station capital project accounts be closed.

There are times when **Special Interest Groups**, within Cobourg, approach Council for funding assistance of special facility projects. Two such projects were approved by Council in 2023:

- i) Skateboard Park Improvements \$450,000 (50/50 shared funding with group)
- ii) Pickleball Courts \$250,000 (50/50 shared funding with group)

To date the outside portion of funding, for neither project, has come forward. The Task Force had good discussions on special interest group projects and agreed that a two-year time limit was reasonable for these type of projects to stay open. Also, considering the Town's challenged financial position, that Special Interest Groups should provide a minimum 75% funding for the project to be considered by Council.

Recommendations: **23) Shared Funding projects, with Special Interest Groups, requires a minimum of 75% funding commitment by the group, and there be a two-year timeframe limit for the outside funding to come forward, otherwise the approved project will be closed.**

24) Both the 2023 Skateboard Park Rehabilitation project, and the 2023 Pickleball Courts project, be closed and Town committed funding returned to source.

In September 2025, Council approved a **Long-term Debt Policy**, brought forward by the Treasurer, which provided sound progressive measures with identified purposes for long-term debt. The Task Force fully supports the policy, especially the identified inter-generational debt use purposes:

- the individual project value must exceed \$2,000,000
- the estimated useful life of the asset must be greater than 20 years

The policy also included some important internal control measures that ensures only Council debt approved projects be funded such, and that once projects are approved for debt funding, that it proceeds. These measures will ensure that the Town will not get into a future "Unfinanced Capital" problem. However, the group was concerned of a lack of an annual repayment limit included in the policy. The Province allows for a 25% Annual Repayment Limit (ARL) of own source revenues (i.e. approx. 25% of Operating Budget that is not debt servicing). The members felt that leaving no mention of an ARL in the policy would likely lead to debt accumulation with annual repayments up to the Provincial limit. It was felt that this would put the Town in an extremely poor budget

situation, and that to ensure more cost and budget control, a 10% ARL limit be added to the policy. Most municipalities monitored identify a 10% ARL in their policies.

Recommendation: 25) That the Long-term Debt Policy be amended to include an annual debt repayment limit of 10% of the Operating Budget.

The first item identified in the May 5th, 2025 Financial Sustainability Plan report, as financial concerns facing the Town, was the **\$14 Million Unfinanced Capital**. This was the Town's long standing practice of approving capital projects for debenture funding and then never issuing debentures to fund the works. Instead, cash amounts in the bank were used for payments. This misguided practice has been a part of the Cobourg financial fabric for at least 30 years. Some members of the Task Force took upon the task of reviewing archives of Cobourg Audited Financial Statements, and it appears this poor practice goes back to the 1990's, for varying amounts. However, there is no history available that would indicate the Town ever funding Unfinanced Capital through tax increases, so we don't have a sound basis of solution for today's concern. What we do know is that the amount of \$14 million, identified in the May 5th report, was an estimate and the 2023 Financial Information Return indicates a true balance of \$11.6 million. There obviously has been a long history of the Town handling Unfinanced Capital amounts, in some manner, of which the Task Force suggests doing the same with the current amount. The group was adamant that selling a valued Town-owned Asset, or increasing taxes, to fund faulty misguided practices of past Administrations and Councils, was unfair to today's taxpayer.

Recommendation: 26) That the longstanding, misguided practice resulting in “unfinanced capital” be ended, and that the current balance of unfinanced capital be handled in a similar manner as previous unfinanced capital balances, of the past thirty plus years. If the Town insists on resolving the current balance through funding measures, then it is recommended to be done through allocations from Annual Operating Surpluses.

Reporting

In recent years, the Finance section has improved the level of financial reporting to Council. For example, the 2023 Year-end Operating Results report was the first of its

kind for the municipality. Also the Budget Process reports/material have improved, however there needs to be more simplified public reports that focus on new items and services in the draft budget. But Cobourg's overall level of financial reporting is behind other municipalities, due to the lack of attention to this by past Town Administrations. The Task Force supports the efforts of the Treasurer and hope that this recommendation provides some insight into the reports desired by the community.

Recommendation: 27) The Town expand the level of annual financial reporting to include:

- Existing Capital Status report**
- Reserve & Reserve Fund Status report**
- Ten-year Capital Forecast and Funding Outlook**
- Three-year Operating Forecast & Staffing Forecast**
- Mid-year Operating Results & Forecast to Year-end**
- Northam Operating Results report**
- Investment Portfolio Holdings & Returns report**

B. Financial Priorities for Next Term of Council

The following items were discussed in great detail by the Task Force and were deemed significantly large in nature and would require more than a year to commence changes. Many of these items should require public support that may be expressed through the coming municipal election process. The Task Force believed that these priorities need to be addressed by the future Mayor and Council.

Police Services

There is a common concern of how much Police Services will cost residents in 2026 and beyond, and that the current Cobourg Police Services model will continue to bring forward unreasonable annual increases, while other communities nearby pay significantly less per household than residents of Cobourg.

Recommendation: 28) The Town explore more affordable alternatives for Police Services, including amalgamated services with Port Hope, a West Northumberland Force, and contracting Ontario Provincial Police.

Transit Services

From reviewing the Town's Transit Services ridership information and annual financial results, the group identified an odd paradigm. The ridership numbers have declined by almost 50% since 2019, the hours of transit service have declined by more than 50% since 2020, but the budget net costs for Transit Services has increased by 36% since 2020. The current Town model for Transit Service provision is not a long-term financially sustainable solution, and there needs to be a review of other like-size municipalities for more affordable and effective practices (e.g. the Town of Innisfil has a model that includes ride-sharing providers).

Recommendation: 29) The Town should explore lower-cost transit options that preserve essential access, such as keeping a simplified fixed-route service and allowing ride-sharing providers to operate in Cobourg.

Assets to Consider Selling

The May 5th, 2025 Financial Sustainability Plan report, to Council, made it very clear that the Town's Reserves and Reserve Funds are not well equipped to fund annual Asset Lifecycle Capital needs, both in the short-term and long-term. There needs to be a significant infusion of funds to the capital lifecycle funding reserves, along with a strategy to preserve the long-term sustainability of these potential funds. A significant infusion of funds can realistically only be achieved through selling some of the Town's assets. The Task Force had lengthy discussions reviewing all Town-owned assets, and the benefits of retaining or selling. The group agreed that the Town should investigate selling the following assets: Lakefront Utilities; Memorial Arena; Jack Heenan Arena; and Surplus Owned Lands.

The sale of Lakefront Utilities should result in a significant return, but prior to the sale of the utility company, the Town should call in payment of the outstanding Note Receivable owed to the Town (approximate value of \$6 million). With respect to selling Jack Heenan Arena, the Town should approach the West Northumberland Curling Club for interest in acquiring. If there is an interest, then the Town may need to assist the Curling Club in attaining a 3rd-Party mortgage.

To determine potential surplus lands there needs to be a transparent review process, that includes public consultation and full disclosure of environmental and planning considerations before all decisions to sell. The sale of any lands should also be at a minimum of fair market rates, in order to maximize return for the taxpayer's assets.

The Task Force also expressed significant concerns about how to protect the proceeds from the sale of these valued Town-owned Assets. History shows poorly of past and present Councils, when it comes to budget and spending decisions. The group was also concerned that Council would choose to use proceeds from asset sales to pay for the notional Unfinanced Capital amount. The sale of assets, that were once pillars of the community, deserves to have their proceeds protected in a legacy manner, as opposed to being used to pay for longstanding misguided practices by Council and staff.

Recommendations: 30) The Town explore selling the following assets:

Lakefront Utilities;
Memorial Arena;
Jack Heenan Arena; and
Surplus Owned Lands (excluding Environmentally Protected lands).

31) The proceeds of the sale of any Town-owned Asset, be allocated to a principal-protected fund, with only the interest earned to be used for asset lifecycle projects.

Maximize Facility Usage

The Town owns several high-quality facilities with strong revenue potential, but unlocking that potential will require changes to how they are currently operated. The following assets and facilities were reviewed:

Cobourg Community Centre (incl. Arena pads)

Marina

Venture13 Building

Concert Hall

Cobourg residents are fortunate to have these excellent facilities, but most are underused. Except for the Marina (which typically breaks even), each operates at a net loss. Increasing community use would boost revenues and deliver greater value. However, operating these facilities with municipal staff, who lack specialized expertise, limits their ability to generate stronger returns. For example, Venture13 could better serve the community with professional service tenants, such as a physician's office. Council would also need to ensure local not-for-profit groups continue to have protected access and rates for the Concert Hall.

Recommendation: 32) The management and operations of the following facilities be outsourced to organizations that specialize in the respective services, in efforts to maximize usage and associated Town revenues:

Cobourg Community Centre (including Arena pads)

Cobourg Marina

Venture13 Building

Concert Hall

Municipal Realignment

Currently the residents of the Town of Cobourg pay about \$1,920 per average household to Northumberland County for County-wide services that include:

Garbage, Recycling & Compost Collection, Homelessness & Shelter services, Provincial Offences Court, Ambulance & Paramedic, County Roads, Bridges, Forests & Trails

In fact, Cobourg taxpayers contribute almost 25% of the County's total property tax levy, but do not receive perceived value for many of these services. A vast majority of the core County infrastructure is located in the rural municipalities, as the Town of Cobourg only consumes 1.2% of the overall County land area, but the Cobourg taxpayer pays for almost 25% of the cost. When rural municipalities are combined with urban municipalities in a County or Regional framework, the ratepayers of the urban municipality usually bear more than their fair share of tax burden. Gaining action on any municipal realignment requires Provincial support.

Recommendation: 33) That the future Mayor approach the Province to explore municipal realignment for Northumberland County, in order to provide greater community benefit to Cobourg residents for the exceedingly high and inequitable tax burden.

Trailer Park and Campground

Another long standing Town facility is the Trailer Park and Campgrounds, located to the west of Victoria Park. Though these lands generate a net surplus, on a budgetary basis, the use of these valuable beachfront lands definitely provides little benefit for the Cobourg community. The Task Force supports moving the Trailer Park/Campgrounds to another location, and then repurposing these lands with beachfront amenities that provide more community-wide benefit.

Recommendation: 34) The Town repurpose the Trailer Park and Campground lands, ensuring the lands remain publicly owned and dedicated to community use.

Cobourg Beach

The Town of Cobourg's wonderful sandy beach is a significant attraction for non-residents of Cobourg, during summer weekends, however there doesn't seem to be optimal benefit to the Town's revenues nor significant economic benefit with downtown businesses, by these summer visitors. People come to Cobourg to use the beach, and

bring coolers full of their own food. The Town currently charges a parking fee for the day, but there is a great need for more revenues to be gained from the visiting non-residents. Also the beach and Town core assets suffer wear and tear of visitor vehicles, and often large amounts of garbage are left behind for Town staff to clean. The Task Force discussed methods used by Provincial Parks with beachfronts (e.g. Sandbanks, Wasaga Beach), and the access infrastructure, as an option. Based on the current situation, the Cobourg Beachfront likely doesn't have enough space, or parking for a Provincial model. However, there are other methods to attain collection of non-resident beach usage fee revenue (e.g. Beach Attendant/wristband model). Furthermore, the group felt that the parking fees for both the daily waterfront pass, hourly waterfront parking rate, and the monthly downtown parking permits (30/60/90 days) should be drastically increased for non-residents, in order to maximize financial benefit for the Town and its residents.

The current situation, in the Town, is that residents do not visit the beach on weekends because of the non-resident crowds, however Cobourg residents pay almost the full cost of having the beach, and non-resident users pay little. The Beach is one of Cobourg's greatest assets and significant opportunity is being lost by not charging for its use.

Recommendations: 35) The Town develop a comprehensive revenue strategy for non-resident beach use, focusing on charging visitors in ways that do not inconvenience Cobourg residents or restrict their access.

- 36) The Town explore adding more Parking in the Downtown/Beach area.**
- 37) That the current Parking Pass method and rate, remain unchanged for Cobourg residents, but that parking rates for both the daily beach front parking pass, as well as the 30/60/90 day permits be increased significantly for non-residents.**

Administrative Functions

The Task Force extended their review from front-facing services to administrative functions. What was frustrating to the group was the fact that the Town, Cobourg Police Services, and the Public Library each have their own core administrative functions. This reflects an incredible level of cost redundancy on residents' tax bills. All three bodies have their own Human Resources, Information Technology, Finance, Accounting, Procurement, Communications, and Facility Management functions. There

should be a logical model that combines these wasteful redundancies, while achieving some level of savings to the end taxpayer.

Recommendation: 38) That administrative functions for the Town, Cobourg Police Services, and Cobourg Public Library, be centralized under the Town, in efforts to reduce current inefficient and overly costly redundancies.

Budget Committee with Citizen Representation

Community engagement is essential for understanding residents' needs and ensuring Council accountability. Since the end of the weekly community newspaper, the Town has relied on its website and surveys to gather feedback, but these efforts – especially during the budget process – have largely fallen short. The budget process needs stronger public oversight to balance service levels with tax affordability. Despite affordability being a top public concern, Council has totally ignored it, as shown by the 19.89% local tax rate increase over the past three years. Ongoing citizen involvement in budget deliberations is necessary to keep decision making accountable and reduce unproductive political theatre.

Recommendation: 39) That, for the new term of Council, a Budget Committee be established which would include both members of Council and a minimum of two Cobourg citizens. Recommendations and outcomes from this committee's deliberations would then be included on the Council agenda.

Full-Time Staff Complement

Part of the Task Force's Operating Budget reviews and discussions focused on staff levels and the significant growth in the full-time complement over recent years. It should be noted that the Town provides little public information on staff levels. Financial Information Return (FIR) filings, from the Provincial website, was the source of information for Task Force discussions. The most current information was the Town's 2023 FIR (the 2024 FIR has yet to be filed), and it indicated full-time staff levels were 194 positions, inclusive of Police Services, compared to the 2019 level of 166 positions. Over four years the Town added 28 new positions (17% increase). There is little doubt that the current full time complement exceeds 200.

The Task Force members were in firm belief that the Full-Time Staff Complement (inclusive of Police and Library) should be capped at the current level. The following key points came from these discussions:

- i) Technology has reduced the need for many types of positions, especially in the general administration areas;
- ii) This Task Force report, and its recommendations, proposes service reductions and outsourcing of services, if implemented;
- iii) Adding to the full-time staff base further complicates future cost cutting opportunities due to union provisions and benefit program enrolments;
- iv) New staff requirements, based on changing service and/or municipal requirements, can be attained through redeployment of existing vacant positions;
- v) Positions, as they become vacant, should be re-evaluated for need. In fact, vacancies in any service area should lead to a reorganization review of the service area, in order to potentially improve service efficiencies and savings. The LEAN program review process would be ideal in these situations; and
- vi) Currently, other levels of Government are focusing on reducing the complement size of many service areas, in efforts to change the spending priority focus, and to avoid tax increases to Canadians due to unwieldy bureaucracies. It's time for municipalities to follow this lead, in particular Cobourg.

Recommendation: 40) That the Full-Time Staff Level for the Town of Cobourg, be limited at no more than the current 2025 approved level and that potential reductions be evaluated as current staff retire or otherwise vacate their positions.

Future Tax Rate Increases

After the Task Force had completed five meetings, reviewing and discussing all financial information in relation to Services, Operating Budgets, Capital Budgeting, Funding challenges and Town-owned Assets, the final discussion turned to limitations to future tax rate increases. The group weighed-out the Town's financial challenges versus the challenges residents face each day to try and make-ends-meet. Though it is a privilege to have all the services that the Town provides, protection of household tax affordability was more important to the members. The Consumer Price Index is a benchmark that an average resident can understand as it relates to the cost of a basket of goods that they would consume, and in many cases household incomes are indexed by an equivalent factor. However, the basket of goods consumed by a municipality is different and often

experiences greater inflationary pressures than average household purchases. The group took this into consideration in developing this recommendation.

Recommendation: 41) That future tax rate increases, beyond 2026, be kept to a maximum level of the annual CPI rate + 1%, inclusive of any increase to the Infrastructure Levy.

Conclusion/ Summary

The Operating Budget of a municipality is the annual reflection of the services provided to its community, and the net costs to provide these services. The net result of an operating budget is the property tax levy. After the Operating Budget is adopted, the total property taxation required is interpreted into tax rates and applied to all residents and businesses based on property assessment valuations. Property Taxation is an antiquated taxation method that does not provide any indication of a household's ability to pay, however it is the only taxation authority allowed under Provincial legislation, for municipalities to attain funds to pay for services provided. Municipally elected officials are the democratic representatives that collectively approve property taxation decisions, and are entrusted to wisely and prudently make sensitive decisions with consideration of tax affordability for their local residents. The current Council has not been successful in meeting this obligation as the Town's local tax rate has increased 19.89% during this term of Council (i.e. average of 6.63% per year).

But of even greater concern are the average annual Asset Lifecycle Funding requirements as reported in the Asset Management Plan, and the resulting funding gap. The Town's Asset Management Plan indicates that the Town's half-billion-dollar asset base requires, on average, \$12.7 million of asset lifecycle replacements per year. The Town currently funds about \$5.4 million, thus leaving an annual funding gap of \$7.3 million. Combine this with the depleting level of capital reserve funds, and you have Long-term Financial Sustainability concerns.

The selected Community Led Budget Task Force were entrusted to discuss these fiscal concerns through a series of five meetings, and derive recommendations for solution. The agendas for these meetings touched on Operating Budgets and Services, Capital Budgets and Town-owned Assets. The 42 recommendations presented in this report reflect the detailed review and discussions of the Task Force with the intent of managing the Property Tax Base, as well as Long-term Financial Sustainability. Also, it should be

mentioned that the Task Force members were concerned that the public may not understand the reasons for changes that derive from recommendations in this report. The following final recommendation is requested:

42) Any changes implemented, based on the recommendations of the Community Led Budget Task Force, should include a fully comprehensive communication outreach to the community to ensure understanding, as well as providing frequently asked questions material.

Community Led Budget Task Force Members

Anthony Dew
Peter Dounoukos
Dick Kauling
Susan MacDonald
Chrystalla Manna
Mark Mills
Esther Schroeder
Susan Stoltenberg
Ken Strauss
Al Switzer

This report has been produced by David Dexter, Consultant and is owned by the Town of Cobourg. It is designed to provide general information in regards to the subject matter covered. David Dexter, Consultant and the Town of Cobourg are not responsible for any loss or damage which might occur as a result of reliance or use of the content in this report.