THE CORPORATION OF THE TOWN OF

GANANOQUE

Canadian Gateway to the 1000 Islands

Mayoral Directive
Decision Number: 2026-007

Under Bill 3, the *Strong Mayors, Building Homes Act*, 2022, which amended the *Municipal Act,* 2001, I, John Beddows, Mayor of the Corporation of the Town of Gananoque, have decided as follows:

Planning guidance and supplemental directive to the Treasurer and the CAO on the preparation of the 2027 Operating and Capital Budgets, reflective of the Corporation of the Town of Gananoque's current levels of service and the Asset Management Plan.

Given that budgetary pressures for the 2027 budget will be acute, and will have to factor the tripling of the Corporation's debt via the recently approved $12.9 million debenture that will add $11.4 million in interest costs to the projects it will support, and that the $864 000 per year debt servicing cost for this debenture will require roughly the equivalent of a 7.5% property tax increase to service. This is before any increase in service costs are factored, or the impact of inflation on the cost of municipal service delivery.

As briefed by our Treasurer to Council during discussion on the $12.9 million debenture, we have also approved $4.1 million of in-year budget deviations for capital projects which are in addition to the debenture. Our Treasurer was very clear in his assessment that the 2027 budget will present significant capital budget challenges.

The importance of the positive impact of the Province of Ontario's support to Gananoque with two infrastructure grants totalling more than $12 million over the last three years cannot be overstated. This Provincial support has bought us much needed budget flexibility, and created options which otherwise simply would not exist for the residents of Gananoque.

When I presented the 2026 budget, it included all funding necessary for operations at current service levels, supporting capital infrastructure and equipment to delivery those services, and transfers to capital reserves which Council unanimously approved when it approved the Asset Management Plan. I then briefed that we, Council, had the opportunity to reduce service levels of non-core services and reduce budget pressures. There was no appetite at the Council table to do so.

While the Corporation's reserves might appear to represent a significant number, there is more than $70 000 000 of spending built into the 10-year capital plan. All of our reserves are dedicated to existing, known and planned future spending requirements. Even with this, and after the tax property tax increases of the last 4 years, we still had to borrow $12.9 million this year. In other words, while it might look like the Corporation has a healthy reserve, money on hand is not adequate to our known, future capital requirements.

In the face of the pressures resulting from the recent debenture and the in-year deviations and the requirement to fund the Asset Management Plan, we must take all reasonable steps to ensure that tax increases are kept as low as possible. I am therefore issuing the following budget drafting guidance as a Mayoral Directive:

1. The Treasurer will examine methods and options to maximise returns from fiscal reserves, including GIC's and access to the One Plan, and provide best options going forward, including noting any amendments required to enable management of reserves for best outcomes.

2. The CAO will initiate and lead staff level discussions with neighbouring municipalities and explore and conduct a comparative analysis of options to reduce the impact of cost of policing in Gananoque on taxpayers. The choice of method of delivery of police services is a Council question, and completely under the authority of municipal councils. With the permission of the Police Service Board, the Chief of the Gananoque Police Service is to be leveraged as an expert advisor by staff and Council. Options to explore include:

- entering into an agreement to create a regional police force to create scale and economy in the administration of delivery of police services,
- OPP contract services – Understanding that there is a significant up-front cost to converting to OPP services, the full cost of conversion is to be provided, including a best estimate of all labour and contract costs and the increased cost of operating the Emergency Services Building without full occupancy. To be factored is a realistic appreciation of the actual cost of OPP services
- Retain status quo.
- Concluding report to enable an objective cost-benefit analysis that informs a value proposition to taxpayers by Council.

3. The CAO and Fire Chief, supported by managers, will initiate and lead staff level discussions with neighbouring municipalities to explore economies and savings available at scale through the creation of a regional fire service and reduction of
taxpayer costs achievable through economies of scale in the administration and enabling of delivery of fire services.

Note: For background and reference for 2 and 3 above, see:
Found, Adam. *Economies of Scale In Fire and Police Services in Ontario.* IMFG Papers on Municipal Finance and Governance, No. 12, 2012. Monck School of Global Affairs.
https://imfg.org/uploads/215/imfg_no_12_adamfoundonline_jan3.pdf

4. Municipal Property Tax (MAT) is intended to support and enable our vibrant tourism economy. There are significant elements of municipal infrastructure which enable tourism but which are paid for through the property tax levy. Key parts of that infrastructure include our Visitor's Centre, the performance space at Joel Stone Park, the public washrooms at Joel Stone Park and the Customs Dock at Water Street. These capital assets are included in the Asset Management Plan, which is funded from the property tax levy. In order to appropriately fund maintenance, upkeep and eventual replacement of these assets, in the 2027 draft budget 45% of the MAT receipts controlled by the Town will be dedicated to fund the capital requirements of the Visitor's Centre and the Customs Dock at Water Street.

An estimate of the property tax funded labour costs directly related to tourism is to be provided for Council to consider MAT allocations to fund those labour costs to ease pressures on the property tax levy.

5. Replacement of the Lou Jeffries Arena. Having an arena in Gananoque adds to quality of life and provides recreational opportunities that otherwise would not exist locally. It is important to put forward that operation of the Arena requires a significant operating subsidy. After all revenues, in 2026 over $350 000 just over 3% of the property tax levy, will be used to subsidize the municipal Arena. An additional complication is that there are currently no reserve funds set aside to fund arena replacement.
The Town of Prescott recently replaced their arena at a cost of roughly $20 million 2025 dollars. The Lou Jeffries Arena is projected to reach end of life by 2046 and $20 million, compounding at 3% annually, becomes $36 million over 20 years. While repair and maintenance may extend that timeline, time is money and discussions need to start now, 20 years out, on whether or not to plan to replace the arena at end of life, exploration of alternate methods of delivering the services and recreation currently provided by the Lou Jeffries Arena, and potential for partnerships.
To inform those discussions, the tax levy implications of building reserves to fund 25% of likely replacement cost from reserves will be briefed at budget deliberations.

6. Reduce Parks and Rec Operating Costs. Include cost of planting of trees by top-seeding native species (placing seeds on top, cover with soil without disturbing brown fields) in brown-field locations which are currently grassed and cut but which are not generally in use for recreation. Examples include but are not limited to: most of Steeler's Park between River Street and the Gananoque River (not including the off leash dog park) and the brownfields site at Third and Oak Streets. Reducing lawn maintenance reduces labour costs and wear on equipment. Enhancing municipal tree canopy enables climate resiliency and enhances local ecology.

7. Municipal Marina. The municipal marina is an asset owned by all of the taxpayers of Gananoque, and is a "for profit" business. As such, charging slip rental rates below market negatively impacts the capacity of the facility to fund its own capital and operating costs, and has go-forward implications for taxpayers because of undercharging by "leaving money on the table". Our municipal marina's location at the gateway to the 1000 Islands provides an enormous location based commercial advantage and creates demand for our slips. In order to deliver best outcomes for all taxpayers, municipal marina slip rental fees that reflect market rates will be built into the 2027 budget. These rates will apply to all slip rentals, regardless of place of residence of the client.

8. Sale of Municipally Owned Properties. The sale of properties which don't provide enough income to amortize operations and capital needs would increase the tax base while at the same time removing them from the Asset Management Plan. Budget and capital reserve and Asset Management Plan implications of sale by public tender of public property are to be provided in the draft budget. Properties for initial consideration in 2027 budget include: Williams Street parking lot, Pine Street Parking lot and water access. Council to be advised on any existing restrictions on disposal of municipal properties, including parklands, due to existing easements, conditions or agreements to inform an understanding of monetization opportunities.

9. Amend Physician Attraction Program to create a bursary in exchange for service. The Town's approach to physician attraction and retention has, to date, been reactive. The City of Cornwall has had great success with anchoring primary care service providers via a bursary program which funds medical students and residents in exchange for a defined period of service in the community. It is time to anticipate requirements and pre-empt short falls in primary care capacity with the predictable arrival of practitioners. Cost of creation of a bursary stream for one physician to be built into the draft budget at $25 000 per year. Link to City of Cornwall program here: https://www.cornwall.ca/en/build-invest/business-supports/medical-recruitment-and-scholarships/

10. Draft Budget Structure – Core and Discretionary Services. Core services are the ones the Corporation must provide, and core services along with mandated service levels are specified in Provincial Acts, Statutes, Ontario Regulations such as the Municipal Act and the Community Safety and Policing Act (CSPA). All other services are discretionary, and while many inform and enhance the experience of living in our Town, in the current fiscal situation property tax levy dollars that fund discretionary services are not available to fund core services or service repayment of municipal debentures.

CAO and managers are to identify in the draft budget which services, and which service levels provided by the Town of Gananoque are core & discretionary. The cost implications to the property tax levy of discretionary services and service levels is to be identified in dollar amounts (operations and capital budgets) to inform

deliberate decisions about retaining services and service levels and the impact of reductions to reduce pressure on the property tax levy.

11. Community Grant budget is to reflect 5% of anticipated OLG revenues in 2027, including funding for waterfront concerts. Any decision to increase the Community Grant budget by increasing property taxes must be initiated by Council.

12. Draft Budget Operations, Capital and Asset Management Plan Funding. The 2027 draft budget will include all operations and capital expenditures required to support current service levels and to fund the Asset Management Plan at the levels unanimously approved by Council when it adopted the Asset Management Plan in 2025.

Note: While the Asset Management Plan is a living document, this relates specifically to Council's authority to add or remove assets and thereby alter the funding requirements of the Plan. It does not imply that it is acceptable to underfund the Plan without removing assets and obligations from the Plan.

The purpose of this directive is to set conditions, to the greatest degree possible, for mitigation of general tax and levy increases in 2027. User fees may increase, but given the pressures of the $12.9 million debenture and the $4.1 million in in-year budget deviations for capital projects, Mayor and Council must consider any and all options with potential to relieve fiscal pressures on our residents and businesses must be on the table.

Dated this 21st day of August, 2026.

John S. Beddows, Mayor