



Staff Report

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Report To:	Special Council		
Date of Meeting:	December 4, 2023	Report Number:	FSD-046-23
Submitted By:	Trevor Pinn, Deputy CAO/Treasurer		
Reviewed By:	Mary-Anne Dempster, CAO	Resolution#:	
File Number:		By-law Number:	
Report Subject:	2024-27 Budget Implementation		

Recommendations:

1. That Report FSD-046-23, and any related delegations or communication items, be received;
2. That any cash flow shortfall in the Development Charges Reserve Funds be interim financed by the Municipal Capital Works Reserve Fund and General Municipal Reserve Fund, to be repaid with interest, as cash flow permits for the period 2024-27;
3. That the Deputy CAO/Treasurer be authorized to make application to the Region of Durham for the necessary debentures, with the term being at the discretion of the Deputy CAO/Treasurer, for the projects identified in Report FSD-046-23 and the 2024-27 Proposed Budget;
4. That Report FSD-046-23 be adopted by resolution in accordance with provisions of Ontario Regulation 284/09 of the *Municipal Act, 2001* for the 2024 fiscal year;
5. That the Emergency Services vehicles identified in Report FSD-046-23, and included in the reserve fund contributions during the years 2024-27, be authorized to be ordered with delivery dates in the applicable fiscal year;
6. That the Deputy CAO/Treasurer is authorized to fund projects which have been previously approved in the 2021 to 2023 budgets and not completed with funding to be provided from the appropriate reserve or reserve fund;
7. That the appropriate by-laws to levy the 2024 tax requirement for Municipal, Region of Durham and Education purposes be forwarded to Council for approval, once final tax policy information is available; and

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8. That all interested parties listed in Report FSD-046-23, and any delegations be advised of Council's decision.

Report Overview

This report seeks authority for certain actions required to implement the 2024-27 Budget, as adopted. The report seeks authority to carry out the steps necessary for interim financing, long-term financing, purchasing of Emergency Services vehicles with significant lead-times, and setting the property tax rate by-law.

The report also provides the required statutory information on the difference between budgeted numbers and PSAB treatment as required by O.Reg 284/09.

This report does not seek to change the budget or comment on the budget itself. The steps recommended in this report will facilitate the steps necessary to fulfill the adopted budgeted.

1. Background

- 1.1 This report is a new report to Council and varies from previous “Budget Reports” as a result of the change in legislation with the Strong Mayors Act, 2022.
- 1.2 The Plan for Growth: Clarington’s 2024-27 Proposed Budget was made available to Members of Council on November 17, 2023 and was added to the Municipality’s website on November 20, 2023.
- 1.3 At the November 24, 2023 Special General Government Committee Meeting, a motion to shorten the 30-day amendment window to December 4, 2023 was passed by Committee. This report assumes that this motion has been approved by Council; however, nothing in the recommendations to this report would change if this is not the case.

2. Cash Flow Authorization

- 2.1 The 2024-27 Budget includes capital expenditures funded by development charges as well as debt repayments which are eligible costs. The timing of the receipt of development charges is based on legislation and may vary based on economic factors outside of the Municipality’s control.
- 2.2 In the past it was necessary to temporary borrow from another reserve fund to meet the funding obligations of a Development Charge Reserve Fund as a result of timing of collections of the development charge. For at least the past five years, a resolution of Council has provide authority for the Treasurer to temporarily borrow internally to fund any cash flow shortfalls.

- 2.3 While not anticipated, staff are recommending that the Treasurer continue to be provided the authority to temporarily borrow from the Capital Works and/or General Municipal Reserve to facilitate cash flow needs.

3. Requirement for Debt Issuance

- 3.1 A Plan for Growth: Clarington's Proposed 2024-27 Budget included capital investments which were funded through debentures. The proposed debentures are within the regulated Annual Repayment Limit of the Municipality and are for proposed capital works; therefore, the proposed debt meets the criteria set out within the Municipal Act, 2001.
- 3.2 Council needs to provide authorization to staff to seek debenture funding for the capital works, the recommendation in this report is to provide such authorization for the capital works identified in the budget as being debt-financed.

4. 2024 Accrual Based Budget for PSAB per Ontario Regulation 284/09

- 4.1 Since 2011, Public Sector Accounting Board annual reporting requirements for municipal Budgets require that certain accrual-based items be reported to Council in conjunction with the Budget.
- 4.2 Accrual-based expenses that are excluded from the 2024 tax-based budget include post-employment benefits and amortization of capital assets. Other items to transfer to a PSAB Budget include tangible capital asset acquisitions and accounting treatment of debt principal payments.
- 4.3 There is no immediate financial impact of these PSAB additions or reductions since the tax-based Budget approves the necessary funds to provide municipal services for 2024. However, longer-term implications exist.
- 4.4 The estimated change to the accumulated surplus at the end of 2024 resulting from the above items is as follows:

PSAB Additions to the 2024 Budget

Adjustment	2024 Dollar Amount
Tangible capital asset amortization	\$21,058,095

Post-employment benefit estimate	861,600
Total PSAB Additions	\$21,919,695

PSAB Reductions to the 2021 Budget

Adjustment	2024 Dollar Amount
Tangible capital asset acquisitions	\$(25,791,056)
Debt principal payments	(2,039,737)
Total PSAB Reductions	\$(27,830,793)

Total PSAB Impact

Adjustment	2024 Dollar Amount
(Increase) / Decrease in Accumulated Surplus	(\$5,911,098)

5. Vehicles Funded in Future Years

- 5.1 The Plan for Growth: 2024-27 Proposed Budget includes annual contributions to the Operations Equipment Reserve Fund. These annual contributions are to fund future year purchases of replacement vehicles and equipment. The annual contribution was determined based on an estimated 10 and 20-year replacement schedule. An annual contribution was derived to provide stable funding for future needs.
- 5.2 Over the past three years, the Municipality has seen an increase in lead-time required to order replacement vehicles. Also, to better match budgeting and financial years, we are moving to include the funding for a vehicle in the year of delivery rather than the year it is ordered., This has historically been the case for larger purpose-built vehicles, which have been budgeted in one year and received/paid for in a future year.

5.3 Emergency Services is proposing to order two Super Tankers (to replace three existing regular tankers) and two Pumper replacements in 2023/2024 for delivery in a future year because of the lead-time required to prepare the vehicle. The estimated cost of the vehicles and the year they are required for delivery is provided in the table below. The funds are budgeted to be transferred to reserves in the year the vehicle is expected to be delivered; therefore, there is no budget impact for ordering now. A benefit to ordering now is price stability as well as known delivery time for the vehicle which could result in improved service reliability.

New Vehicle	Vehicle being Replaced	Estimated Replacement Cost	Year of Delivery
2 Super Tankers	2004 FRHT TANKER 2 MCV	\$700,000 each x 2 = \$1,400,000	2025
	2007 INTL TANKER 3 70S		
	2010 FRHT TANKER 5		
Pumper	2005 FRHT PUMPER 44 FM2	\$1,000,000	2026
Pumper	2008 SPARTAN PUMPER 3	\$1,000,000	2026

5.4 Several other vehicles within the corporate fleet are also forecasted to be replaced in 2025 and 2026. Based on the current lead times being provided by suppliers, some of these vehicles may also require early ordering. The complete fleet replacement schedule is being updated as part of the Asset Management Plan in 2024. Additional vehicles for which an order is required in 2024 for future year delivery will be determined through this process and will be brought to Council at a later date.

6. Tax By-law

6.1 Direction is being sought to bring back the tax by-law to set the rates once information from the Region of Durham and the Province of Ontario are received, as well as the final tax roll from MPAC.

6.2 The tax rate by-law is a mathematical calculation based on the levy's and the tax assessment to apportion the taxes to taxpayers. The tax ratios are set by the Region of Durham and are used for the weighing the assessment between tax classes, this is not

within the control of Council. The Province of Ontario sets education tax rates across the Province, these rates are expected in the new year.

7. Financial Considerations

7.1 The financial considerations of this report have all been included in the 2024-27 Budget.

8. Concurrence

Not Applicable.

9. Conclusion

It is respectfully recommended that Council provide the necessary resolutions to facilitate the implementation of the 2024-27 Proposed Budget and authorize staff to proceed with the procurement of the Emergency and Fire Services vehicles identified in the report.

Staff Contact: Trevor Pinn, CPA, CA, Deputy CAO/Treasurer, 905-623-3379 ext.2602 or tpinn@clarington.net.

Attachments:

Not Applicable

Interested Parties:

There are no interested parties to be notified of Council's decision.