



Staff Report

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Report To:	General Government Committee		
Date of Meeting:	February 5, 2024	Report Number:	FSD-005-24
Submitted By:	Trevor Pinn, Deputy CAO/Treasurer, Finance and Technology		
Reviewed By:	Mary-Anne Dempster, CAO	Resolution#:	
Authored by:	Trevor Pinn, Deputy CAO/Treasurer, Finance and Technology		
File Number:		By-law Number:	
Report Subject:	2023 Annual Leasing Report and Policy Update		

Recommendations:

1. That Report FSD-005-24, and any related delegations or communication items, be received;
2. That the Lease Financing Policy attached to Report FSD-005-24, as attachment 1, be approved;
3. That Attachment A to Report FND-021-03, as the Statement of Lease Financing Policies and Goals be replaced by the "Lease Financing Policy"; and
4. That all interested parties listed in Report FSD-005-24, and any delegations be advised of Council's decision.

Report Overview

The Municipality of Clarington adopted a Statement of Lease Financing Policies and Goals in 2003 as required by the Ontario Municipal Act, 2001. The Statement requires the Treasurer to report to Council annually on material leases entered into by the Municipality. As part of continuous improvement, staff have prepared a new Lease Financing Policy to replace the existing statement of lease financing policies and goals.

This Report meets the reporting requirements under the Municipal Act, 2001, and modernizes the policy based on current best practices.

1. Background

- 1.1 Under Ontario Regulation 635/05, the Treasurer is required to report annually to Council the details of existing material leases, including the following:
 - a. Confirmation of compliance with the lease policy;
 - b. Summary of material leases;
 - c. Estimated costs of material leases;
 - d. Impact of the leases on the financing arrangements and the debt servicing levels.
- 1.2 As required by the Municipal Act, 2001, the Council adopted a Statement of Lease Financing Policies and Goals in report FND-021-03 on September 8, 2003. To date, Clarington has typically chosen to purchase or debenture (if necessary) rather than use financial lease agreements. There is no impact on the Municipality's long-term financing or debt servicing levels.

2. 2023 Annual Report

- 2.1 There were no material leases to report for the fiscal year 2023.

3. Lease Financing Policy

- 3.1 The last policy statement on leasing by Council was approved in 2003. As part of continuous improvement and updating policy formats to a consistent model, staff felt it appropriate that an updated policy be brought to Council for consideration.

- 3.2 The Draft Lease Financing Policy, see Attachment #1, is based on research from other municipalities, including the City of London. Adjustments have been made to suit Clarington's needs and policy framework.
- 3.3 The policy allows staff to enter into lease financing arrangements to acquire the rights to use capital property and equipment rather than an outright purchase. The Municipality currently leases specific small office equipment such as multi-function devices (printers/copiers); however, the policy could be used for leasing vehicles, property, or other equipment.
- 3.4 Leasing is a financing option to spread the cost over a period of time while the risk of ownership of the asset remains with the lessor. There are many types of lease arrangements; some may result in the ability of the Municipality to gain ownership at the end of the lease period.
- 3.5 Staff will consider lease arrangements as an option to purchase where the lease terms are advantageous and beneficial to the taxpayer.

4. Financial Considerations

- 4.1 There are no financial considerations specifically as a result of this report. The economic impacts of leasing will be brought to the Council when considering future capital purchases.
- 4.2 The Municipality will enter into lease arrangements where the cost of the agreement is financially beneficial compared to the cost of purchase.

5. Strategic Plan

- 5.1 Creating a Lease Financing Policy supports priority L.2.5 Maintain, protect and invest in Municipal infrastructure and assets. Specifically, the policy will be used in developing the funding strategy for future capital investments.

6. Concurrence

Not Applicable.

7. Conclusion

It is respectfully recommended that the annual report be received, and the draft policy be approved.

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Attachments:

Attachment 1 – Draft Policy “Lease Financing Policy”

Interested Parties:

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