

To: City Council

From: Stephanie Sinnott,, Commissioner,
Corporate and Finance Services Department

Report Number: CNCL-24-124

Date of Report: November 13, 2024

Date of Meeting: November 22, 2024

Subject: 2025 Mayor's Budget, Reserve and Reserve Funds

Ward: All Wards

File: 03-05

1.0 Purpose

Each year the City is legislated, through the Municipal Act, 2001 (Section 290), to adopt a balanced budget. The operating and capital budgets of the municipality detail the financial obligations and required revenue needed to deliver goods and services to the community, as well as investing in capital infrastructure priorities.

In June of 2023, the Province introduced legislation to grant Strong Mayor Powers to the Mayors of a number of growing municipalities which has been in effective as of July 1, 2023. Strong Mayor Powers includes responsibility for the budget. While legislation that guides municipal budgeting processes has been changed by the Province, the adoption of revenue sources, including the use of Reserves and Reserve Funds remains within Council authority.

The purpose of this report is to obtain City Council approval regarding the Reserve and Reserve Funds required to fund capital projects, tax levy dollar contributions to reserves and reserve contributions to fund operating expenses, as outlined in the 2025 Mayor's Budget.

This is the second of two reports outlining the revenue requirements for the 2025 Mayor's Budget. The first report relates to Tax Levy and Other Revenue Sources (Report CNCL-24-123).

2.0 Recommendation

It is recommended to City Council:

That pursuant to Report CNCL-24-124 dated November 13, 2024, Council approve:

1. The Reserve and Reserve Funds required to fund \$82.5 million in capital as outlined in the 2025 Mayor's Budget, as may be amended; and,
2. The Reserve and Reserve fund contributions of \$17.9 million to reserves from tax levy as outlined in the 2025 Mayor's Budget, as may be amended; and,
3. The Reserve and Reserve Fund contributions of \$5.6 million to operations as outlined in the 2025 Mayor's Budget, as may be amended.

3.0 Input From Other Sources

Not applicable

4.0 Analysis

Reserves are one of the most important tools available to municipalities for achieving financial sustainability and flexibility. Reserves not only assist municipalities in managing risks, but they also play a role in the financing of capital costs and the provision of affordable and stable services to the community.

Capital budgeting is a process used for strategic decision making when evaluating potential expenditures or investments that are significant in amount. It involves the decision to invest funds for addition, disposition, modification or replacement of fixed assets.

The 2025 Mayor's Budget includes a recommended \$82.5 million in capital acquisitions, funded completely through Reserve and Reserve Funds.

Annual contributions to reserves assist the City in managing future risks. The 2025 Mayor's Budget includes \$17.9 million in tax levy contributions to various reserves. These contributions are estimated on a 10-year planning horizon to save for future infrastructure requirements and other operating needs to support the long-term fiscal sustainability of the City.

Contributions from reserves into the operating budget assist the City with managing operational costs. The 2025 Mayor's Budget includes \$5.6 million in transfers from reserves to manage operational costs.

5.0 Financial Implications

The financial implications related to Reserve and Reserve Funds in the 2025 Mayor's Budget, as may be amended, are as follows:

- A total of \$82.5 million will be committed to complete the Capital Projects, as may be amended; and,
- Contributions to Reserves and Reserve Funds are \$17.9 million, as may be amended; and,

- Reserves and Reserve Funds allocated to the Operating Budget, which may be amended based on Council decisions, \$5.6 million, as may be amended.

6.0 Relationship to the Oshawa Strategic Plan

This report responds to the Oshawa Strategic Plan Priority Area “Lead: Governance and Service Excellence” with the goal to provide transparent, efficient, and responsible fiscal stewardship and use of resources.

A handwritten signature in black ink, appearing to read 'S. Sinnott', written in a cursive style.

Stephanie Sinnott, Commissioner,
Corporate and Finance Services Department