



**Report**  
**Staff Report**  
 The Corporation of the City of Brampton  
 5/14/2025

**Date:** 2025-03-18

**Subject:** **2024 Year End Reserve Report**

**Contact:** Mark Medeiros, Chief Budget Officer, Corporate Budget Office

**Report number:** Corporate Support Services-2025-337

**RECOMMENDATIONS:**

1. That the report from Mark Medeiros, Chief Budget Officer, Corporate Budget Office to the Council Meeting of May 14, 2025, re: **2024 Year End Reserve Report**, be received.

**OVERVIEW:**

- The 2022-2026 Term of Council has made considerable progress in community-building, advancing key strategic initiatives with minimal tax increases. These key initiatives include the Cadetta Johnston Transit Facility, Embleton Recreation Centre, Chris Gibson Recreation Centre, Howden Recreation Centre, Victoria Park, Automated Speed Enforcement Facility, Williams Pkwy, Goreway Drive and Riverwalk Flood Mitigation Infrastructure.
- In order to accomplish the above, the City has strategically allocated its Reserves with over \$1.4 billion of capital funding approved in the last 2 years, thus ensuring that funding received from taxpayers, developers and other levels of government are immediately invested into tangible community benefits.
- For the year ended December 31, 2024, the Corporation maintained a fund balance of \$1.34 billion, offset by commitments of \$1.17 billion, leading to a net balance available of \$178 million.
- Of the \$178 million net balance available, the year-ended with \$15 million available for future capital investments, demonstrating the objective of maximizing capital resources, while operating stabilization reserves maintained a healthy balance of \$163 million. Attachment 1 – Reserve and Reserve Fund Balances itemizes each reserve and corresponding balances.

- **The total year-end reserve fund balance of \$1.34 billion continues to be invested and generate rates of return that are in-line with the industry benchmark, as per the City's Investment Policy FIN-210.**

## **BACKGROUND:**

The City's financial management policies require staff to provide Council with periodic status updates related to the City's finances. This report is focused on updating Council on the status of the City's Reserves.

## **CURRENT SITUATION:**

The 2022-2026 Term of Council has made considerable progress in community building, advancing key strategic initiatives with minimal tax increases. These key initiatives include the Cadetta Johnston Transit Facility, Embleton Recreation Centre, Chris Gibson Recreation Centre, Howden Recreation Centre, Victoria Park, Automated Speed Enforcement Facility, Williams Pkwy, Goreway Drive and Riverwalk Flood Mitigation Infrastructure.

In order to accomplish the above, the City has strategically utilized its reserves with over \$1.4 billion of capital funding approved in the last 2 years, thus ensuring that funding received from taxpayers, developers and other levels of government are immediately invested into tangible community benefits.

The City will continue to focus on maximizing the use of capital infrastructure funding, development charges, and funding from other levels of government annually and over the long term, to closely align community-building with the receipt of funds for those purposes.

To achieve this goal, this report includes a revised reserve summary schedule (Attachment #1), to clearly illustrate reserve balances maintained for capital investment versus protecting the city from unforeseen operating pressures. In addition, staff are currently in the process of modernizing the City's reserves, including rationalizing the number of reserves under management, closure of reserves that have fulfilled their purposes and are no longer deemed active or necessary, the naming convention of each reserve and the ability to forecast reserve balances. Staff will be bringing these modernizations to Council through the future quarterly reserves status reports. The introduction of this new reporting increases visibility and transparency for all the City's reserves and reserve funds.

For the year ended December 31, 2024, the Corporation maintained a fund balance of \$1.34 billion, offset by commitments of \$1.17 billion, leading to a net balance available of \$178 million.

Of the \$178 million net balance available, the year-ended with \$15 million available for future capital investments, demonstrating the objective of maximizing capital resources, while operating stabilization reserves maintained a healthy balance of \$163 million.

Attachment 1 – Reserve and Reserve Fund Balances itemizes each reserve and corresponding balances.

The following table highlights the historical trends in year-end reserve balances from 2021 to 2024:

	Reserves and Reserve Funds Balances			
	Year-End	Year-End	Year-End	Year-End
	2021	2022	2023	2024
<b>Funds Committed:</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Capital Reserves and Reserve Funds	517,157	622,686	669,534	1,152,632
Operating Reserves and Reserve Funds	12,462	10,777	17,368	12,764
<b>Total Funds Committed</b>	<b>529,619</b>	<b>633,463</b>	<b>686,902</b>	<b>1,165,396</b>
<b>Funds Uncommitted (or Net Balance Available):</b>				
Capital Reserves and Reserve Funds	507,105	506,760	422,023	15,164
Operating Reserves and Reserve Funds	182,806	170,324	160,896	162,783
<b>Total Funds Uncommitted</b>	<b>689,911</b>	<b>677,083</b>	<b>582,919</b>	<b>177,947</b>
<b>Total Reserves and Reserve Funds Balances</b>	<b>1,219,530</b>	<b>1,310,546</b>	<b>1,269,820</b>	<b>1,343,343</b>

Committed funds have increased from \$687 million at year-end 2023 to \$1.17 billion for 2024, demonstrating this Term of Council's commitment to Community Building.

The total year-end reserve fund balance of \$1.34 billion continues to be invested and generate rates of return that are in-line with the industry benchmark, as per the City's Investment Policy FIN-210.

The following table highlights large key investments approved by the Council in 2024:

Key Projects in 2024 (\$000's)		
Reserve	Project	Amount
Res # 135 - DC: Transit	New Transit Facility	108,220
Res # 134 - DC: Recreation	Embleton Community Centre	79,800
Res # 46 - Stormwater Charge	Riverwalk	58,822
Res # 91 - Canada Community-Building Fund & Res # 134 - Recreation DC's	Howden Recreation Centre	24,200
Res # 137 - DC:Roads & Engineering	Lagerfeld Drive	18,582
Res # 91 - Canada Community-Building Fund	Williams Parkway	18,400
Res # 4 - Asset Replacement & Res # 134 - DC: Recreation	Victoria Park Arena & Sports Hall of Fame	14,650
Res # 24 - Housing Accelerator Funding	Housing Project (Non Profit Pilot)	14,000
Res # 4 - Asset Replacement	Traffic Intersection Cameras	10,248
Res # 137 - DC:Roads & Engineering	Rivermont Road	9,226
Res # 4 - Asset Replacement	Fire Station 215	6,500
	<b>Total</b>	<b>362,648</b>

Attachment 1 - Reserve and Reserve Fund Balances, provides an itemized list of the Corporation's Reserves by either capital or operating, including individual reserve fund balances, commitments, year-end net balance available and historical comparisons.

Attachment 2 - Status of Strategic Reserves provides a detailed continuity schedule of the strategic reserves, including the original beginning balance, amounts and initiatives that have utilized these reserves to date, and any known future commitments.

## RESERVE HIGHLIGHTS

This section provides details and context around several of the Corporation's reserves and reserve funds.

### Capital Reserve Funds

#### Cash In Lieu of Parkland

As of December 31, 2024, there was a balance in the Cash in Lieu of Parkland Fund of \$67.1 million, net of commitments. Staff continue to work on strategies to secure and expedite the acquisition of strategic parkland to meet the future needs of residents.

### Land Proceeds Reserve

As of December 31, 2024, there was a deficit in the Land Proceeds Reserve of \$31.8 million. This reserve serves as a cash flow-through fund to support strategic opportunities under the Real Estate Modernization Strategy. As projects are developed to utilize the properties purchased through this strategy, permanent funding sources will be recommended to Council to replenish the Land Proceeds Reserve.

### Housing Accelerator Fund

On October 20<sup>th</sup>, 2023, the City of Brampton and the federal government announced a partnership to fast-track building of more than 24,000 new homes, through the Housing Accelerator Fund to enable greater homeownership for Brampton residents. This Fund will provide an annual contribution \$28.6 million between 2024 and 2027, amounting to a total of \$114.5 million. To date, the City has received a total of \$57.4 million. This fund has already enabled key housing investments including Housing Brampton, Habitat for Humanity, Home Opportunities and Amargh House. As of December 31, 2024, the balance, net of commitments was \$15 million.

### Building Faster Fund

On December 4, 2024, the Ministry of Municipal Affairs and Housing had approved the City Investment Plan for the Building Fast Fund Program. The City of Brampton received \$25.5 million in 2024 which was allocated to the new Building Faster Reserve Fund. As of December 31, 2024, the balance was \$25.7 million.

### Stormwater Reserve Fund

In the 2020 Operating Budget, the Stormwater Fund was established to manage the approved stormwater charge. The charge became effective on June 1, 2020, and is collected through the Region of Peel water/wastewater bill in response to the City's maintenance, renewal, replacement, and Asset Management Plan for its \$1.2 billion of stormwater infrastructure.

The Stormwater Fund is projected to receive approximately \$25.6 million per year from the Stormwater Charge, growing at the rate of inflation. The balance as of December 31, 2024 was a deficit of \$17.8 million, net of commitments.

The Stormwater Fund deficit is primarily driven by the Riverwalk project that will enable local housing and development, which is approved at \$122.4 million, with \$82.6 million currently funded from the Stormwater Reserve.

On September 3, 2024, the Provincial government announced funding of \$29.8 million for Riverwalk from the Housing-Enabling Water Systems Fund. This resulted in a change in funding source for this project from the Asset Management Reserve to the Stormwater Reserve Fund which was reflected in the 2025 Council Adopted Budget.

## Legacy Reserve Fund and Community Investment Reserve Fund

The City's Strategic Reserves are comprised of Reserve #100 - Legacy Fund and Reserve #110 - Community Investment Fund. As of December 31, 2024, the combined uncommitted balance available in the strategic reserves is \$35.3 million. After accounting for future commitments that have been endorsed by Council, the amount available in strategic reserves was \$50.8 million. \$3.7 million of the \$15 million in future commitments are for 2025 capital projects. Some of the major projects are Brampton Venture Zone, Cybersecure Catalyst, Risk Intervention and Response Program and the Community Safety Program.

*Attachment 2 – Status of Strategic Reserves* provides a detailed continuity schedule of the strategic reserves, including the original beginning balance, amounts and initiatives that have utilized these reserves to date, and any known future commitments.

To date, the strategic reserves have generated \$233.3 million in external and internal interest revenue since the inception of the fund. Of this, \$194.2 million has been transferred to the operating fund to offset tax levy requirements as of December 31, 2024. The annual interest earned was transferred to the operating budget at the end of the year in the amount of \$5 million.

## Dedicated Tax Levy for Brampton' 2<sup>nd</sup> Hospital

In 2022, Brampton City Council approved an additional commitment to the tax levy to fund the City's local contribution to the development of Brampton's second hospital. The City committed up to \$125 million to cover 50% of the expenses. As of December 31, 2024, the balance is \$83 million.

## Development Charges Reserve Funds

Development Charges (DCs) are one-time fees levied on new growth to pay for growth-related City Infrastructure. The current DC By-laws were recently approved by Council in 2024, and inputs into the DC Study were based on various master servicing plans and departmental input into how they would meet the needs of servicing new growth.

The use of DCs to fund growth-related capital projects is legislated by the *Development Charges Act, 1997*. DC funding of capital projects is evaluated on an annual basis through the City's budget process, to ensure that the funds are utilized for the purposes for which they were collected.

DC reserve funds were in a deficit position of \$190.5 million, net of commitments, as of December 31, 2024. The deficit is primarily due to approvals of the new Cadetta Johnston Transit Facility and the Embleton Recreation Centre.

In terms of managing this deficit, staff monitor the Corporation's cash flows daily to ensure sufficient liquidity is available to cover City expenses. Currently, the City has sufficient funds to cash-flow the DC deficit. Should additional liquidity be recommended to manage future cash flows, staff will prepare for Council's consideration.

It is important to note that deficits in reserves, such as the DC deficit, are charged interest at a rate of return equal to what the City is achieving in the open market. This ensures that the investment income lost by other sources used to cash flow a given deficit, is recouped appropriately to reserves that maintain positive balances and charged back to the respective reserves that are in deficit.

### Debt Repayment Reserve

The Debt Repayment Reserve established in 2018, for the purposes of supporting annual cash flow requirements associated with the issuance of debt.

With respect to currently approved external debt, the 2024 Operating Budget includes \$2.8 million in annual debt repayments related to the following:

- \$1.8 million related to a 25-year debenture of \$26 million, for the Fire and Emergency Services Campus, which enhances community safety.
- \$1 million as part of a phased in approach to align tax supported debt repayments with the expected project delivery of the Transit Maintenance and Storage Facility to enable improved Transit service delivery. This is based on a 30-year debenture of \$20 million.

## **Operating Reserve Funds**

### General Rate Stabilization Reserve (GRS)

Council has established a GRS Reserve balance target at 10% of the annual approved operating budget. The 2024 Operating Budget has been approved at \$912.5 million, resulting in a Council approved GRS reserve target of \$91.2 million.

The General Rate Stabilization Reserve (GRS) balance as of December 31, 2024, was \$81 million which is 89% of the reserve target.

### Building Rate Stabilization Reserve Fund

As of December 31, 2024, the balance in the Building Rate Stabilization Reserve Fund was \$30.5 million, which provides assurance against a future short-term downturn in building activity. The City is obligated to transfer any surplus resulting from building-related operations to this reserve fund in accordance with the requirements of Bill 124 (*Building Code Statute Law Amendment Act, 2002*).

### Municipal Accommodation Tax Fund

Effective July 1, 2023, Council approved a 4% Municipal Accommodation Tax for paid overnight accommodations at hotels, motels, campgrounds, short term rental units (including online home sharing platforms) and bed and breakfasts operating in the City of Brampton. The tax revenue collected will support the hospitality and tourism industry, as well as programs and services that visitors enjoy when visiting Brampton.

The balance as of December 31, 2024, was \$1.8 million.

#### Interest Rate Stabilization Reserve Fund

As of December 31, 2024, the Interest Rate Stabilization Reserve Fund (IRS) had a balance available of \$8.6 million. In 2024, the Strategic Reserves earned a higher interest on their fund balance investments resulting in a lower than budgeted transfer from this reserve.

At the December 8th, 2021, Special Council meeting, Council approved the report “Interest Rate Stabilization Reserve Status Update”, which recommended \$13.3 million be transferred to the Interest Rate Stabilization Reserve, as part of the 2022 Budget and that annual budget adjustments are made over an 8-year period to permanently eliminate this deficit.

The Council approved 2024 budget included an adjustment to achieve the elimination of the investment income deficit by 2030. Staff will continue to closely monitor the Interest Rate Stabilization Reserve each quarter and ensure that the 8-year plan approved by Council achieves the intended goal.

#### **CORPORATE IMPLICATIONS:**

N/A

#### **STRATEGIC FOCUS AREA:**

This report fulfills the Government & Leadership strategic focus area through strict adherence to effective financial management policies by ensuring sustainable financial operations.

#### **CONCLUSION:**

To improve transparency and provide forward-looking guidance related to reserves and reserve funds, staff will continue to monitor the reserve and reserve funds as part of the quarterly financial reports.



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**Attachments:**

- Attachment 1 – Reserve and Reserve Fund Balances
- Attachment 2 – Status of Strategic Reserves