



Report
Staff Report
 The Corporation of the City of Brampton
 10/22/2025

Date: 2025-10-16

Subject: **2025 Second Quarter Reserves and Reserve Funds Report**

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

Report number: Corporate Support Services-2025-818

RECOMMENDATIONS:

1. That the report from Mark Medeiros, Chief Budget Officer, Corporate Budget Office to the Committee of Council Meeting of October 22, 2025, re: **2025 Second Quarter Reserves and Reserve Funds Report**, be received;
2. That Council approves the Reserves and Reserve Funds Council Policy (RRF Council Policy). See *Attachment# 3 – Reserves and Reserve Funds Council Policy*.

OVERVIEW:

- **As of June 30, 2025, the Corporation maintained a fund balance of \$1.36 billion, offset by commitments of \$1.2 billion, leading to a net balance available of \$163.1 million.**
- **Forecasted transactions for the remainder of the year amount to an increase of \$17.3 million, leading to a projected year-end net balance available of \$180.4 million, which is comprised of \$37.6 million in capital reserves and \$142.8 million in operating reserves.**
- **The total fund balances of \$1.36 billion continue 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.**
- **DC revenues have declined from an average annual amount of \$76.9 million to a projected amount of \$28.2 million for 2025, leading to a shortfall of \$48.7 million. However, the overall capital reserve forecast is projected to maintain a positive balance of \$37.6 million, hence, there is sufficient funding to proceed with approved projects at this time. Staff will continue to closely monitor the capital reserve balances to ensure the City maintains a positive balance overall.**

- **The General Rate Stabilization Reserve (GRS) balance as of June 30, 2025, was \$62 million net of commitments, which is 60% of the reserve target. The decline is due to the projected operating budget year end deficit of \$18.8 million.**
- **To align the City with best practices, staff are introducing a Reserve and Reserve Fund Council Policy which is essential to enhance transparency and strengthen accountability.**

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 and Reserve Funds (RRFs).

CURRENT SITUATION:

For the second quarter ending June 30, 2025, the City maintained a fund balance of \$1.36 billion, offset by commitments of \$1.2 billion, leading to a net balance available of \$163.1 million.

Forecasted transactions for the remainder of the year amount to an increase of \$17.3 million, leading to a projected year-end net balance available of \$180.4 million. These forecasted transactions consist of revenue expectations related to Development Charges, Canada Community Building Fund, Provincial Gas Tax and Stormwater Charge.

Of the \$180.4 million projected net balance available, \$37.6 million will be available for future capital investments, demonstrating the objective of maximizing capital resources, while operating stabilization reserves will maintain a healthy balance of \$142.8 million.

The following table highlights the historical trends in year-end reserves and reserve funds balances from 2022 to 2025:

	Reserves and Reserve Funds Balances			
	Year-End	Year-End	Year-End	Year-End Forecasted
	2022	2023	2024	2025
	\$'000	\$'000	\$'000	\$'000
Funds Committed:				
Capital Reserves and Reserve Funds	622,686	669,534	1,152,632	1,189,847
Operating Reserves and Reserve Funds	10,777	17,368	12,764	9,627
Total Funds Committed	633,463	686,902	1,165,396	1,199,474
Funds Uncommitted (or Net Balance Available):				
Capital Reserves and Reserve Funds*	497,983	413,224	97,577	37,556
Operating Reserves and Reserve Funds*	179,100	169,694	163,626	142,835
Total Funds Uncommitted	677,083	582,919	261,203	180,391
Total Reserves and Reserve Funds Balances	1,310,546	1,269,820	1,426,599	1,379,865

* The amounts were restated due to the closure of some RRFs done in Q1-2025.

Committed funds have increased from \$1.17 billion at year-end 2024 to a projected amount of \$1.20 billion for 2025.

The total fund balances of \$1.36 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.

Over the past three fiscal years, the net reserve balance available at year end was \$677 million for 2022, \$583 million for 2023 and \$261 million for 2024.

Attachment 1 - Reserves and Reserve Funds Balances, provides an itemized list of the Corporation's RRFs categorized by either capital or operating, including individual 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 of the Corporation's key reserves and reserve funds.

Capital Reserves and Reserve Funds

Cash In Lieu of Parkland

As of June 30, 2025, there was a balance in the Cash in Lieu of Parkland Fund of \$72 million net of commitments, with a projected year-end net balance available of \$77.1 million. 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 June 30, 2025, the Land Proceeds Reserve was in a deficit position of \$32.2 million net of commitments, with a projected year-end net balance available of \$32.6 million deficit. 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 20th, 2023, the City of Brampton and the Government of Canada announced a partnership to fast-track the building of more than 24,000 new homes, through the federal Housing Accelerator Fund, to enable greater homeownership for Brampton residents. This Fund will provide an annual contribution of \$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 June 30, 2025, the balance, net of commitments was a deficit of \$14.6 million, with a projected year-end net balance available of \$15.2 million.

Building Faster Fund

On December 4, 2024, the Government of Ontario's Ministry of Municipal Affairs and Housing approved the City Investment Plan for the Building Fast Fund Program. The City of Brampton received \$25.5 million in 2024 which was allocated in the new Building Faster Reserve Fund. As of June 30, 2025, the fund balance was \$0.4 million net of commitments, with a projected year-end net balance available of \$0.7 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 June 30, 2025, was \$19.7 million net of commitments, with a projected year-end net balance available of \$35.8 million.

Strategic Reserves

As of June 30, 2025, the uncommitted balance available in the Strategic Reserves is \$34.5 million. After accounting for future commitments that have been endorsed by Council, the amount available in strategic reserves was \$52.2 million.

To date, the Strategic Reserves have generated \$234.7 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 will be transferred to the operating budget at the end of the year.

Dedicated Tax Levy for Brampton's 2nd Hospital

In 2022, Brampton City Council approved an additional increase to the tax levy to fund the City's contribution to the development of Brampton's second hospital. The city committed up to \$125 million to cover 50% of the expenses. As of June 30, 2025, the balance is \$89.5 million which is fully committed.

Development Charges Reserve Funds

DC reserve funds were in a deficit position of \$224 million, net of commitments, as of June 30, 2025, with a projected year-end net balance available of \$215.8 million deficit.

DC revenues have declined from an average annual amount of \$76.9 million to a projected amount of \$28.2 million for 2025, leading to a shortfall of \$48.7 million. However, the overall capital reserve forecast is projected to maintain a positive balance of \$37.6 million, hence, there is sufficient funding to proceed with approved projects at this time. Staff will continue to closely monitor the capital reserve balances to ensure the City maintains a positive balance overall.

It is important to note that deficits in reserves, such as the DC deficit, are charged interest at a rate equivalent to the return on our investment portfolio. This ensures that the investment income lost by other sources used to cash flow a given deficit, is recouped appropriately to reserves and reserve funds that maintain positive balances and charged back to those that are in a deficit position.

Debt Repayment Reserve

The Debt Repayment Reserve was 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 2025 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.
- \$1.0 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 Reserves and Reserve Funds

General Rate Stabilization Reserve (GRS)

Council has established a GRS Reserve balance target at 10% of the annual approved operating budget. The 2025 Operating Budget has been approved at \$1.03 billion, resulting in a Council approved GRS reserve target of \$103 million.

The General Rate Stabilization Reserve (GRS) balance as of June 30, 2025, was \$62 million net of commitments, which is 60% of the reserve target. The decline is due to the projected operating budget year end deficit of \$18.8million.

Building Rate Stabilization Reserve Fund

As of June 30, 2025, the balance in the Building Rate Stabilization Reserve Fund was \$32.8 million net of commitments, with a projected year-end net balance available of \$28.3 million. This 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, the 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 take advantage of when visiting Brampton.

The balance as of June 30, 2025, was \$2.5 million net of commitments, which is projected to be fully committed.

Interest Rate Stabilization Reserve Fund

As of June 30, 2025, the Interest Rate Stabilization Reserve Fund (IRS) had a balance available of \$8.7 million with a projected year-end net balance available of \$7.4 million.

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 2025 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 for each quarter and ensure that the 8-year plan approved by the Council achieves the intended goal.

NEW RESERVE AND RESERVE FUND COUNCIL POLICY

As outlined in the 2024 year-end reserve report, staff are actively engaged in modernizing the City's reserves and reserve funds. Adopting a Reserve and Reserve Fund Council Policy is essential for formalizing the City's financial framework, managing risk, ensuring financial stability, and significantly boosting accountability.

To align with City's best practices, the introduction of this policy is critical to foster transparency and reinforcing accountability. This policy will establish clear guidelines and expectations, promote unwavering consistency and compliance, and provide principles that ensure the optimal utilization of resources and informed decision-making. Furthermore, it will clearly define management and administrative responsibilities and set standards of care for the reserves and reserve funds under the City's authority.

The Policy will comprehensively apply to all reserves and reserve funds administered by the City, including those managed on behalf of local boards, agencies, and commissions. It will address the establishment, amendment, amalgamation, closure, administration, review, and reporting of all reserves and reserve funds.

This policy shall be enforced for all City employees who are tasked with the administration and management of the City's reserves and reserve funds.

The anticipated outcome of this policy is to ensure that the administration and management of reserves and reserve funds are not only compliant with the *Municipal Act, 2001*, Section 290, and its related regulations but also exemplify the City's commitment to financial integrity and accountability. The implementation of this policy will be a decisive step toward enhancing the City's financial governance.

Attachment 3 – Reserves and Reserve Funds Council Policy

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 – Reserves and Reserve Funds Balances
- Attachment 2 – Status of Strategic Reserves
- Attachment 3 – Reserves and Reserve Funds Council Policy