



## Staff Memo

---

**Report To:** South Huron Council

**From:** **Rebekah Msuya-Collison, Chief Administrative Officer and Erin Moore, Acting Director of Financial Services/Treasurer**

**Date:** November 12, 2024

**Subject:** Follow-up from October 28, 2024 Budget meeting

---

### **Purpose:**

As requested by Council at the October 28, 2024 Budget meeting:

1. To provide Council with information on the OPP billing.

To provide additional information that has been received since the October 28, 2024 Budget meeting:

2. Changes to 10-year Capital Forecast
3. Update to Fire Capital Reserve Balance
4. OMPF Funding 2025
5. Fire Services – User Fees/Charges correction

### **1. OPP Agreement**

Staff reached out to the OPP with regards to the large increase in contract and whether there was any indication this was continuing. The following response was received: The only information we can confirm at this time is the general salary increase of 2.75% that will be used in the determination of the 2026 estimated costs.

A memo was received from the OPP and it indicates that general salary year-over-year rate increases of 4.75% (2023), 4.5% (2024) and 2.75% (2025 and 2026). Based on this and the information received on our follow-up

email, staff believe that this may be a one-time large increase in the policing contract to address the salary increases however staff do not have any concrete information for future year increases beyond 2026.

The following is a summary of the OPP contract changes for the last 6 years:

<b>Year</b>	<b>OPP Contract</b>	<b>Change over PY</b>	<b>% Change over PY</b>
2025	2,267,853.00	331,900.00	17%
2024	1,935,953.00	(84,305.00)	-4%
2023	2,020,258.00	(35,321.00)	-2%
2022	2,055,579.00	(19,279.00)	-1%
2021	2,074,858.00	40,004.00	2%
2020	2,034,854.00	97,807.00	5%

The following is a summary of the OPP Stabilization Reserve:

	<b>OPP Reserve</b>
Opening Balance - January 2011	-
2011 contributions	37,123
Closing Balance - December 2011	<b>37,123</b>
2012 Contributions	170,979
Closing Balance - December 2012	<b>208,102</b>
2013 Contributions	201,046
Closing Balance - December 2013	<b>409,148</b>
2014 Contributions	75,526
Transfer to Operating	(143,384)
Closing Balance - December 2014	<b>341,290</b>
2015 Contributions	80,957
Closing Balance - December 2015	<b>422,247</b>
2016 Contributions	-
Closing Balance - December 2016	<b>422,247</b>
2017 Contributions	-
Transfer to Operating	(53,641)

Closing Balance - December 2017	<b>368,606</b>
2018 Contributions	-
Transfer to Operating	(64,767)
Closing Balance - December 2018	<b>303,839</b>

This reserve provides funding to minimize the impact of contract renewal costs. Established from previous year credit. It has a recommended minimum level of funding at 1% the general levy.

Using the 2024 general levy, 1% equates to approximately \$109,712. The reserve has had a balance of \$303,839 since December 31, 2018. The last time the contract costs increased was in 2021.

**Assuming all else remains unchanged**, should Council choose to put \$100,000 towards the OPP contract costs the impact on the tax rates would be as follows:

	Rural (Ward 1 & 3)	Urban (Ward 2)
Proposed Tax Rate Increase (Nov 12 2024)	1.38%	3.33%
Tax Rate Increase if Utilize \$100k from OPP Reserve	.70%	2.08%

Note that due to policing costs being split 45/55 between rural and urban wards per the amalgamation order, the impact of pulling from this reserve would have a proportionately greater impact on the urban tax rate than the rural one (i.e., the urban tax rate would decrease by more than the rural tax rate).

## 2. 10 Year Capital Forecast Updates

A review was completed of the 10 Year Capital Forecast to ensure that all projects were properly reflected and the following changes should be noted:

- i) SCADA upgrades for \$125,000/year should be included in all 10 years of the forecast and not just 2026-2031
- ii) Sidewalk replacement was deferred from the 2025 budget but should be included in all 10 years of the forecast for \$101,760/year

3. Please note that the \$315,000 transfer from the working capital reserve to the Fire Capital Replacement Reserve that was approved in the 2024 budget for use in the Dashwood Fire Station replacement was not properly reflected in the 2024 Reserve Activity schedule. The Project balance for December 31, 2024 for the Fire Capital Replacement Reserve should be \$1,563,685.59. The \$315,000 is included in the \$1,415,000 in the 2025 budget for the Dashwood Fire station replacement.

#### 4. 2025 OMPF Funding

In the October 30 letter to Heads of Council, the Minister of Finance announced that the Province will be increasing the Ontario Municipal Partnership Fund (OMPF) by \$100 million over two years, bringing the total funding envelope to \$600 million by 2026. For 2025, the program will provide \$550 million.

The Municipality of South Huron will receive \$1,788,300 through the OMPF in 2025, which represents an increase of \$261,200 or \$54 per household compared to 2024.

This funding is now reflected in the Budget Impact and Priorities statement attached to the agenda.

#### 5. Fire Services – User fees/Charges

It was noted during the Operations budget review that the 2024 Actual to date for Fire Services – User fees/charges (pg 8 of 114) was high as compared to the 2025 budget allocation. In reviewing the account it was determined that \$17,429.84 of revenue for the fire services agreement was recorded to this account in error. This has been corrected and the new 2024 actual revenue to date amount is \$67,482.74. Although this is still higher than the 2025 budget allocation, the budget is based on a 3 year average and will be reviewed again for 2026 if still not deemed an accurate projection.