

## Report to Council

<b>Report Title:</b>	Direction to Staff – Outstanding Funding Gap Recovery Options		
<b>Prepared By:</b>	Trish Serratore, Chief Financial Officer and Colleen Gillis, Director of Community Services		
<b>Department:</b>	Finance		
<b>Date:</b>	December 9, 2025		
<b>Report Number:</b>	FIN2025-32	<b>File Number:</b>	C11FIN
<b>Attachments:</b>	Finance Update - 2025 Budget Changes - Report FIN2025-16 Funding Gap for Walkerton Tennis Court Rehabilitation – Report FIN2025-14		

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### Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2025-32 – Direction to Staff: Outstanding Funding Gap Recovery Options, prepared by Trish Serratore, Chief Financial Officer, and Colleen Gillis, Director of Community Services and further support Option \_\_\_\_\_ as outlined.

### Report:

#### Background:

On May 13, 2025, staff presented Report FIN2025-14 – Funding Gap for Walkerton Tennis Court Rehabilitation, outlining the \$21,912.23 remaining shortfall associated with the Walkerton Tennis Court rehabilitation.

On May 27, 2025, Report FIN2025-16 – Finance Update: 2025 Budget Changes identified funding allocations, including a recommendation to direct surplus funds toward the tennis court deficit, which included \$21,912.23 to close the gap. This allocation was not approved by Council.

As both reports were defeated, the funding gap remains unresolved.

#### Analysis:

With the shortfall outstanding, staff require explicit direction from Council regarding expectations for how and from where the remaining funding will be re-established. Closing the funding gap remains necessary to ensure accurate capital reporting and avoid the deficit remaining on project close-out.

Staff propose returning to Council with a comprehensive recoupment strategy, including, but not limited to:

### Option A: User Fee and Membership Contribution Model

- Temporary surcharge added to daily rate
- Temporary surcharge added to Seasonal pass revenue allocation until gap resolved, (example, 2025 season pass currently \$50/season + \$5/infrastructure fee for approximately 90 passes = \$450/yrs. It would take 49 years to repay)

While this model aligns cost recovery with facility users, current annual revenue generated through seasonal passes and daily fees is not sufficient to achieve repayment within an acceptable timeframe. Without significant adjustments to fee structures or a dedicated capital surcharge, this option would result in an extended recovery period, delaying full financial reconciliation of the project.

### Option B: Gradual Capital Levy Allocation

- Small percentage allocation through 2026–2027 budget deliberations
- Avoids immediate tax increase while closing gap in defined term

Allocating the shortfall through future budget deliberations would eliminate the deficit over a defined period; however, doing so directly impacts the general tax base, as the repayment would be funded through the annual levy. While spreading the allocation across multiple years reduces the magnitude of any single-year impact, it remains a tax-supported funding option and will be reflected in the applicable budget cycle(s).

### Option C: Municipal Reserve Transfer

- Tax Mitigation Reserve
- Recreation Reserve

Note: Not recommended without corresponding recovery strategy

A direct transfer from existing reserves would retire the shortfall immediately; however, this approach reduces available reserve flexibility for future asset requirements.

### Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?


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|---|-----|
| • Recommendations help move the Municipality closer to its Vision                       | N/A |
| • Recommendations contribute to achieving Heritage, Culture, and Community              | N/A |
| • Recommendations contribute to achieving Quality of Life                               | N/A |
| • Recommendations contribute to achieving Land Use Planning and the Natural Environment | N/A |
| • Recommendations contribute to achieving Economic Development                          | N/A |
| • Recommendations contribute to achieving Municipal Governance                          | N/A |

### Financial Impacts/Source of Funding:


- Do the recommendations represent a sound financial investment from a sustainability perspective?  
N/A

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**Respectfully Submitted by:**



Trish Serratore, Chief Financial Officer



Colleen Gillis, Director of Community Services

**Reviewed By:**



Sonya Watson, Chief Administrative Officer