

Report to Council

Report Title:	2026 Proposed Budget Amendments		
Prepared By:	Trish Serratore, Chief Financial Officer		
Department:	Finance		
Date:	January 12, 2026		
Report Number:	FIN2026-01	File Number:	C11FIN, F05
Attachments:	N/A		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2026-01 -2026 Proposed Budget Amendments, prepared by Trish Serratore, Chief Financial Officer for information purposes.

Report:

Background:

On December 15, 2025, the Mayor of the Municipality of Brockton released the Proposed 2026 Mayor's Budget in accordance with the Strong Mayor budget framework under the *Municipal Act, 2001*. This legislative framework assigns responsibility to the Mayor to prepare and present a balanced municipal budget, while providing Council with the authority to review, propose amendments, and ultimately consider the budget within prescribed timelines.

On December 17, 2025, Council formally reviewed the Proposed 2026 Mayor's Budget. The budget document provided to Council was the 2026 Tax Supported Operating and Capital Budget Report, which outlines the Municipality's financial plan for the 2026 fiscal year, including operating expenditures, capital investments, reserve contributions, debt commitments, and tax impacts.

The proposed budget reflects Council's strategic priorities, legislative obligations, and community input, while responding to ongoing financial pressures related to inflation, infrastructure renewal, and service delivery demands.

Tax Impact

- The proposed **municipal tax rate increase is 3.99%**, consisting of:
 - **1.79% operating increase – which is lower than the cost of living rate as of August 2025 for Ontario.**
 - **2.2% dedicated infrastructure levy**

- For the average residential property, this equates to an estimated **\$125.28 annual increase**, or approximately **\$10.44 per month**
- A 1% municipal tax increase in 2026 generates approximately **\$129,487** in revenue for the Municipality

Key Drivers and Priorities

The budget is guided by the following core priorities:

- Maintaining existing service levels amid rising costs
- Investing in children and youth programs and community facilities
- Supporting major community events, including Walkerton Homecoming and the International Plowing Match (IPM)
- Enhancing transportation safety and road infrastructure
- Addressing the Municipality's infrastructure funding gap through a dedicated infrastructure levy

The Proposed 2026 Mayor's Budget, reviewed by Council on December 17, 2025, presents a balanced and strategic financial plan that maintains essential municipal services, addresses infrastructure needs, and supports long-term sustainability. The operating budget was presented inclusive of the 2026 cost of living adjustment, ensuring compensation and operating costs reflect inflationary pressures while maintaining service continuity

Analysis:

The following section provides a summary of the proposed budget amendments submitted for Council's consideration as part of the review of the 2026 Mayor's Budget. Each amendment has been evaluated in relation to its operational, financial, and strategic implications, including potential impacts on service delivery, workforce sustainability, asset management, and long-term fiscal responsibility.

Proposed Amendments Reviewed

1. Brockton Child Care Centre Clothing Allowance
2. Council Training and Seminars Amendment
3. Salary Review
4. International Plowing Management (IPM)
5. Funding Reallocation of Asset Management Funding
6. Investment of Reserve Funds
7. Lawn Mower Capital Purchase
8. Animal Control/By-law Vehicle Reserve
9. Elmwood Community Centre Amendment
10. Workplace Safety & Fire Coordinator-Fire Department Structure

Brockton Child Care Centre Clothing Allowance

The proposal to introduce a clothing allowance for Brockton Child Care Centre staff is supported in principle and recognized as a meaningful way to acknowledge the nature of childcare employee tasks and ensure equity. This was proposed as an action item for consideration through the Organizational Review and one that Management intended to bring forward based on consideration of existing Policy and departmental needs.

The proposed approach is noted for its administrative simplicity. However, the following considerations have been identified for Council's awareness:

- The clothing allowance would be treated as a taxable benefit, resulting in a lower net value to employees than the stated allowance amount.
- An hourly-based calculation may create unintended inequities, particularly for staff with greater seniority or higher vacation entitlements, who may receive a lower overall benefit.
- The proposed structure differs from clothing allowances provided in other municipal departments, which may lead to perceived inequity across the organization.
- The absence of clearly defined eligible expenses and accountability measures could result in inconsistent or questionable purchases and potential operational challenges.
- There is a risk that staff may exhaust the allowance early in the year, potentially affecting their ability to perform certain duties later if the allowance is not managed over the full year.

An alternative approach aligned with the Municipality's existing annual clothing allowance framework could improve equity, consistency, and accountability, with a relatively modest cost difference. From a longer-term budget perspective, a standardized allowance may also reduce actual expenditures over time, as not all staff are likely to require or utilize the full amount annually. These considerations are provided to ensure Council has a full understanding of the operational, equity, and financial implications associated with the proposal. As indicated, we are supportive of advancement of monies for a clothing allowance. The implementation and consideration for application of this allowance can be brought forward for Council consideration in a Policy prepared by Management.

Council Training and Seminars Amendment

The 2026 budget includes a \$10,000 increase to the Council training and conferences line item. This increase reflects higher participation by Members of Council in conferences and training opportunities (additional \$5,000 for conference and training) and also accounts for election orientation and mandatory training following the 2026 Municipal Election (\$5,000).

In 2025, this budget line was over budget by approximately \$300, demonstrating increased use. Reducing this budget would directly limit Council's ability to participate in professional development and sector-related learning opportunities.

Value of Maintaining Council Training and Conference Participation:

- **Legislative Awareness and Compliance**
Ensures Council remains informed of changes to provincial legislation, regulations, and municipal responsibilities, supporting informed and compliant decision-making.
- **Improved Governance and Decision-Making**
Training and conferences provide exposure to best practices, emerging issues, and innovative approaches used by other municipalities, strengthening Council's ability to make sound policy and budget decisions.

- **Mandatory Election Orientation**
Supports effective onboarding of returning and newly elected Council members, ensuring continuity of governance and a shared understanding of roles, procedures, and ethical obligations.
- **Risk Management and Liability Reduction**
Education on governance, integrity, and workplace responsibilities reduces institutional risk and helps protect the Municipality from legal, financial, and reputational exposure.
- **Advocacy and Networking Opportunities**
Participation in organizations such as AMO and ROMA allows Council to advocate for Brockton's interests, build relationships with provincial partners, and stay informed on funding opportunities.
- **Organizational Leadership and Credibility**
Demonstrates a commitment to professional, informed leadership, reinforcing public confidence in Council's stewardship of municipal affairs.

Overall Impact:

Maintaining this budget supports effective governance, compliance, and leadership capacity. While the increase represents a modest cost, the benefits in terms of informed decision-making, reduced risk, and strengthened advocacy significantly outweigh the financial impact.

Salary Review

A structured and periodic salary review is an important tool for supporting a stable, engaged, and effective municipal workforce. It provides an opportunity to confirm that compensation practices remain aligned with market conditions, organizational values, and Council's long-term objectives. In the absence of a salary review, several challenges may arise:

- **Workforce Stability and Retention**
Competitive and equitable compensation supports the retention of experienced staff. Without regular review, salary structures will gradually fall behind comparable municipalities, increasing the risk of staff turnover and associated recruitment and training costs.
- **Recruitment and Competitiveness**
Brockton operates in a competitive labour market. Ensuring wages remain aligned with sector standards strengthens the Municipality's ability to attract qualified candidates, particularly in specialized or hard-to-fill positions. Area Municipal Council's have recognized that recruitment and retention of quality Municipal employees is essential for progressive and effective community service. Regular salary reviews are occurring in the area and support and exhibit an organizational commitment to retention of staff. In 2025 Huron-Kinloss and Arran-Elderslie have recently adopted salary reviews. Further, Saugeen Shores is in the midst of completing one. Recruitment challenges are increasingly evident which affects all staff throughout the organization and salaries play a key factor in recruitment.
- **Employee Morale and Organizational Culture**
Although a comprehensive salary compensation review was completed in 2022 in accordance with Council Policy and Council direction, Council did not adopt the full results, with the exception of pay equity and grid position adjustments. The absence of implementation following the most recent review has continued to affect employee perceptions related to recognition and organizational support. While the municipality recognizes the importance of fiscal responsibility, undertaking and acting upon a

formal compensation review process can play a key role in reinforcing a culture of appreciation, fairness, and employee engagement.

- **Internal Equity and Transparency**

Regular salary reviews help identify and address potential inequities across roles and departments, supporting transparency and consistency in compensation practices.

- **Service Delivery and Capacity**

Sustained vacancies or turnover place additional pressure on remaining staff, which can impact service delivery, workload balance, and organizational resilience.

- **Long-Term Financial Stewardship**

Addressing compensation in a planned and measured manner can reduce longer-term financial pressures associated with turnover, overtime, and future corrective adjustments.

Proceeding with a salary review supports workforce sustainability, reinforces organizational values, shows a commitment to staff to ensure comparable salaries and helps address lingering impacts from previous decisions, while providing Council with the information needed to make informed and balanced compensation decisions.

International Plowing Management (IPM)

The proposed amendment relates to a one-time expense associated with the International Plowing Match (IPM). While the cost is non-recurring, the Municipality routinely accommodates several one-time expenditures within the annual budget, which are balanced through a combination of funding sources and overall budget management.

It is important to note that the expense cannot be removed from the budget, as inclusion is required to establish the legal authority to incur the expenditure. Excluding the item would prevent the Municipality from proceeding with the associated IPM commitments.

Should Council wish to offset the tax impact of this one-time cost, the expense may be funded through a transfer from the Tax Mitigation Reserve Fund, and such a transfer can be incorporated into the budget without removing the expenditure itself.

Funding Reallocation of Asset Management Funding

This proposed amendment relates to the reallocation of funding within the Asset Management framework and includes directing 1% toward Long-Term Debt (LTD) reduction. Allocating this funding toward LTD would result in an estimated savings of approximately \$35,000 in annual principal and interest (P&I) payments, improving the Municipality's overall debt position.

While this approach supports prudent financial management by reducing debt servicing costs and strengthening financial flexibility, it is important to note that the Municipality continues to face a significant infrastructure funding gap as identified in the Asset Management Plan. Although reducing outstanding LTD improves long-term sustainability, the gap in infrastructure reinvestment capacity remains and may place additional financial pressure on the Municipality should unplanned or emergency infrastructure needs arise.

Balancing debt reduction with ongoing investment in asset renewal remains critical to ensuring the Municipality can respond effectively to both planned capital requirements and unforeseen infrastructure failures, while minimizing future impacts on the tax base.

Investment of Reserve Funds

This item was submitted by Council as part of the proposed budget amendment submissions. While presented in the amendment format, it does not constitute a budget amendment and does not result in any change to the approved operating or capital budget totals. Instead, it serves as Council direction affirming and authorizing the Chief Financial Officer (CFO) to manage and invest municipal reserve and reserve fund balances in accordance with the Municipality's approved Investment Policy.

Under the Investment Policy, the CFO, in the statutory role as Treasurer, is authorized to determine the availability of surplus funds, execute investment transactions, and manage the investment portfolio in compliance with the Municipal Act, 2001 and Ontario Regulation 438/97. This direction reinforces the CFO's existing authority to protect principal, maintain liquidity, and optimize investment returns within approved legislative and policy parameters.

All investment activities will continue to be subject to Council-approved policies, the prudent investor standard where applicable, and regular reporting to Council, including the annual investment report confirming compliance and performance.

Lawn Mower Capital Purchase

The proposed capital purchase of a zero-turn lawn mower is intended to significantly improve operational efficiency at the Walkerton Cemetery. The existing riding mower will be retained and repurposed primarily for leaf collection during the spring and fall. The mower currently has over 1,000 hours of use and, due to its size there are limitations creating inefficiency, resulting in more than a week to complete cemetery mowing.

The new zero-turn mower, funded through reserve funds, offers a wider cutting deck and substantially improved efficiency, reducing mowing time to an estimated two to three days. As the zero-turn mower is not compatible with leaf collection equipment, retaining the existing mower remains necessary. The older unit will be stored properly, used minimally, and is expected to remain serviceable for leaf collection for many years. This limited use will help prolong the life of the existing asset and is not anticipated to have a significant impact on the operating or capital budget.

Staff have requested the addition of a summer student for the past three years to support cemetery maintenance. The acquisition of the zero-turn mower provides the required efficiency gains without the need to add additional seasonal staffing, addressing workload pressures through improved equipment rather than increased labour costs.

Cemetery maintenance is a highly valued municipal service for residents and families, and this investment ensures the cemetery can continue to be maintained to a respectful and high standard while supporting long-term operational efficiency and responsible asset management.

The addition of the mower does not have a tax rate impact on the 2026 budget as it is being funded by reserve funds.

Animal Control/By-law Vehicle Reserve

The proposed amendment decreases the annual reserve transfer by **\$399**. The Vehicle Reserve Fund was established in 2025 following Council’s decision to purchase the two previously leased vehicles rather than enter into new lease agreements. The purpose of the reserve is to ensure dedicated funding is set aside for ongoing maintenance and future vehicle replacement. This approach supports long-term financial planning by smoothing lifecycle costs over time and reducing the risk of sudden funding pressures on the tax base. The proposed adjustment maintains the intent of the reserve while aligning the contribution level with current financial requirements.

Elmwood Community Centre Amendment

The proposed amendment requests an increase of **\$4,800** to the Elmwood Community Centre operating budget. Staff have confirmed that this funding level is consistent with the contribution provided by the Municipality of West Grey, ensuring equitable cost-sharing between partner municipalities. The increased funding supports the ongoing work of the Elmwood Community Centre committee and helps address rising operating costs associated with the continued use and maintenance of the facility.

Workplace Safety & Fire Coordinator-Fire Structure Amendment

The proposed amendment relates to a Closed Report on a re-structuring proposed for the Fire Department that affects various positions and identifiable individuals. This particular position presents mitigated overall salary costs through a lower salaried position than maintaining the existing role due to retirements within this department. The Municipality has experienced growth of the Regional Fire Training Centre from 4 to 13 in 2026, new legislative obligations under NFPA regulations requiring all firefighters employed by the Municipality to meet minimum certification standards by July 1, 2026, and requires further investment in the health and safety staff compliment to ensure a well-resourced health and safety department that protects people, preserves operational continuity, safeguards public trust and protects Supervisors and Elected Official from personal liability. Thus, the restructuring proposed with this role has been brought forward. This proposal supports positive transition and succession planning, offers an improved level of service and legislative compliance for the community and organization, and continues to support positioning Brockton as a leader in the Fire Service as the host to the Brockton Regional Fire Training Centre further resulting in increase revenue and maintenance of training costs for firefighters. The proposed amendment further requests a department evaluation. While an internal evaluation has been completed, an external evaluation could be completed (as municipalities in the County of Bruce have recently completed) for an estimated cost of between \$50,000 and \$70,000, with a risk that an external evaluation may recommend additional positions to those proposed. An external evaluation is not recommended given the high anticipated cost for the size of the proposed department.

Strategic Action Plan Checklist:

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

- Recommendations help move the Municipality closer to its Vision Yes
- Recommendations contribute to achieving Heritage, Culture, and Community Yes
- Recommendations contribute to achieving Quality of Life Yes

- Recommendations contribute to achieving Land Use Planning and the Natural Environment N/A
- Recommendations contribute to achieving Economic Development Yes
- Recommendations contribute to achieving Municipal Governance Yes

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes
-

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer