

**To:** COUNCIL

**Meeting Date:** 10/22/2024

**Subject:** 24-071-CRS Update to the 2025 Budget Process resulting from the Strong Mayors, Building Homes Act, 2022

**Submitted By:** Danielle Manton, City Clerk

**Prepared By:** Danielle Manton, City Clerk

**Report No.:** 24-071-CRS

**File No.:** C1101

**Wards Affected:** All Wards

### **RECOMMENDATION(S):**

THAT Report 24-071-CRS Update to the Budget Process resulting from the Strong Mayor, Building Homes Act, 2022 be received.

THAT Council provide direction on the statutory time periods that may be shortened, being the 30 day Amendment Period and the 15 day Override Period.

### **EXECUTIVE SUMMARY:**

#### **Purpose**

The Strong Mayors, Building Homes Act, 2022, S.O. 2022, and associated regulations (O. Reg. 530/22 and O. Reg. 580/22) provide the Mayor with additional powers beyond those previously set out in the Municipal Act, 2001 S.O. 2001, c. 25. (the “Municipal Act” by making amendments to the Municipal Act and related legislation, and associated regulations.

The Strong Mayors, Building Homes Act, 2022, received Royal Assent on September 8, 2022, and came into force on November 23, 2022 which provided special powers and duties to the Mayors of the City of Toronto and the City of Ottawa. On June 16, 2023, the Ontario Government announced that the Mayoral Special Powers and Duties, as outlined in the Municipal Act, would be expanded through O. Reg. 530/22 to mayors in 26 municipalities, including the City of Cambridge effective July 1, 2023. The Strong Mayor powers have since been expanded to include 46 municipalities.

This report provides an overview of the process related to the statutory process for budgets under the Strong Mayor legislation.

## Key Findings

- Section 284.16 of the Municipal Act requires a head of council granted the Strong Mayor powers to prepare a proposed budget and provide it to council for council's consideration.
- The statutory process provides three different time periods for the Mayor and Council to provide consideration of the proposed Mayors budget.
- Council and the Mayor may shorten these time periods.

## Financial Implications

Financial implications related to the 2025 Budget process will be captured in the Mayor's presentation to be delivered on October 28, 2024. This report provides background to the process set out in the Municipal Act and related regulations relating to Strong Mayor powers.

## STRATEGIC ALIGNMENT:

☐ Strategic Action

**Objective(s):** Not Applicable

**Strategic Action:** Not Applicable

**OR**

☐ Core Service

**Program:** Finance

**Core Service:** Financial Accounting and Reporting

Strong Mayor powers came into effect for the City of Cambridge on July 1, 2023. As a result of this change in legislation, the Mayor is required to present a draft Budget for the upcoming year. The draft 2025 Budget will be presented on October 28, 2024, and will initiate the amendment period for Council. The budget timelines have changed as a result of the statutory process associated with this new legislation however still include opportunity for the public to attend meetings and provide a delegation related to the Mayors Budget.

## BACKGROUND:

The Strong Mayors, Building Homes Act, 2022, S.O. 2022, c. 18 - Bill 3, received Royal Assent on September 8, 2022, and came into force on November 23, 2022, which provided special powers and duties to the mayors of the City of Toronto and the City of Ottawa through amendments to the City of Toronto Act, the Municipal Act and the Municipal Conflict of Interest Act.

As of July 1, 2023, the Ontario government has expanded strong mayor powers through amendments to O.Reg. 530/22 to the mayors of 26 large and fast-growing municipalities, including the City of Cambridge, that have committed to a housing pledge as part of the province's work to build 1.5 million homes by 2031. O.Reg 530/22 was amended again on October 31, 2023 to expand powers to the mayors of 18 other municipalities, and as such, the Strong Mayor powers are now in effect in 46 municipalities in Ontario.

Strong mayor powers provide the heads of council with certain powers that can be exercised to accelerate the implementation of key shared municipal-provincial priorities such as housing, transit, and infrastructure.

This legislation and associated regulations (O. Reg. 530/22 and O. Reg. 580/22) provide the Mayor with additional powers beyond those previously set out in the Municipal Act, 2001 S.O. 2001, c. 25.

Strong Mayor legislation changes the annual budget approval process for the City of Cambridge. Historically, the budget process would start with staff preparing a draft budget and presenting the draft budget to Council, usually in the fall prior to the applicable budget year. Budget & Audit Committee, consisting of all members of Council, would hold a series of meetings to review and make changes to the budget submission, and make recommendations for Council approval. It was the responsibility of Council to approve the annual budget. Budget approval was typically received before the start of the budget year unless it was an election year.

## **ANALYSIS:**

### **Powers and Duties Regarding Budget**

As a result of the newly legislated Strong Mayor Powers, section 284.16 of the Municipal Act outlines a statutory process for the approval of municipal budgets and the three different time periods where Council and the Mayor can consider the Mayors budget.

A timeline expanding over 55 days includes all statutory processes outline in the Act.

The general provisions of the Act and a timeline for the 2025 Budget process is summarized below:

### **2025 Budget Timelines**

- By February 1 of each year the Mayor must prepare and propose a budget to Council for consideration
- Authority to prepare and propose the budget rests solely with Mayor
- This authority cannot be delegated to Council or staff
- Mayor can issue a staff direction for staff to prepare budget

### **Amendment period – 30 days (October 28, 2024 – November 27, 2024)**

- Once Mayor proposes the budget, Council has 30 (calendar) days to meet and pass budget amendments.
- Council can shorten the 30-day amendment period by Council resolution.
- May require special council meetings to meet 30-day timeline.
- A public delegation date has been scheduled for November 7, 2024 (3-5 p.m. and 6-8 p.m.).

### **Veto period – 10 days (November 28, 2024 – December 9, 2024)**

- Following amendment period, the Mayor has 10 (calendar) days to veto budget amendments passed by Council.
- Mayor veto's must be set out through a Mayoral Decision and include reasons for veto.
- Mayor can shorten veto period via a Mayoral Decision.
- Budget amendments vetoed by Mayor are considered not to have been passed by Council.
- If veto power is not exercised, the budget, including amendments, is deemed to have passed.

### **Council Override period – 15 days (December 10, 2024 – December 24, 2024)**

- Council has 15 (calendar) days to override a veto made by the Mayor.
- Within 15 days of veto period ending Council may meet to attempt to override Mayoral veto's.
- Council can shorten the override period.
- Council override of Mayoral veto requires 2/3 super majority to pass.

### **Budget Approval**

After process of amendments, vetoes and overrides has passed the budget is deemed to have been adopted.

- Council no longer needs to vote on budget in its entirety.

- Budget is considered to have been passively adopted once the approval process above has been finished.

Key changes to the 2025 budget include how the Budget is presented, amendments from Members of Council, and the opportunity for the Mayor to veto amendments made by Council and finally with the opportunity for Members of Council to override any vetos with a 2/3 majority vote. Council is no longer required to vote to formally approve the budget.

Staff recommend that Council provide direction on shortening the three periods statutorily required within the Strong Mayor Act.

### **Amendment Period (30 Days Maximum)**

There are 30 days maximum under the Strong Mayor Act for Council to consider the budget. The 30 days begin the day the proposed budget is presented. October 28, 2024 will mark the start of the 30 days for Cambridge. Staff have tentatively scheduled two Amendment meetings for Council during the 30 days. If Council requested additional meetings staff can schedule these. Alternatively, Council may consider shortening the 30 day period and only hold 1 day for amendments of the Proposed Mayor's Budget.

Council will be required to submit all amendments in writing using a Budget Amendment Form (as attached in Appendix A) by submitting all forms to the Clerk for inclusion on the agenda for the Amendment meeting.

Staff recommend Council consider the following schedule for Amendments:

October 28, 2024 – Mayor to propose the draft 2025 Budget

November 7, 2024 – Delegation Day/Night

November 21, 2024 – Council Budget Amendment meeting (9:30 a.m. – TBD)

Concluding the Budget Amendment period on November 21, 2024, would begin the veto period and shorten the overall budget timeline for Cambridge.

### **Veto Period (10 Days Maximum)**

There are 10 days maximum under the Strong Mayor Act for the Mayor to consider vetoes to any amendments made by Council to the proposed budget. The 10 days begins the day after the amendment period has concluded. The Mayor is required to provide each veto with reason through a Mayoral Decision to be posted on the City's website.

Staff recommend the Mayor consider shortening the veto period (if required). If the Mayor chooses not to make any vetoes to Council's amendments, the budget will be deemed to be approved. Council is not required to pass a resolution to pass the budget.

### **Override Period (15 Days Maximum)**

There are 15 days maximum under the Strong Mayor Act for Council to consider overriding any of the Mayor's vetoes to Council's amendments. The 15 days begins the day after the Mayor's veto period concludes. Council is required to complete a veto override form in writing (as attached in Appendix B) by submitting all forms to the Clerk for inclusion on the agenda for the override meeting. Overrides to the Mayor's veto require two-thirds special majority vote to pass. If the override period is required and should an override pass with two-thirds vote, following this the budget is deemed to be approved.

If there is a veto by the Mayor but no veto override by Council, the proposed budget is deemed to be approved, subject to the Mayor's veto.

No additional amendments are permitted outside of the amendment period. Council may only override a veto made by the Mayor.

Staff recommend if the override period is required that Council consider shortening the period and hold an override meeting on December 12, 2024, at 9:30 a.m.

Staff are recommending Council consider condensing the Amendment period (30 days), and the Override period, if required (15 days) and that the Mayor condense the Veto period, if required (10 days). Condensing each step would result in a more efficient process for Council and would minimize the number of meetings required. The statutory schedule requires more meetings related to the budget if each step is carried out, and in addition to regular Council meetings on the schedule, this may impact the schedule for November and December 2024.

If all steps run their full course, the latest the budget shall be deemed adopted is 55 days in total after the Mayor provides the proposed budget to Council (October 28, 2024) which could be December 24, 2024.

### **EXISTING POLICY / BY-LAW(S):**

The powers and duties related to the statutory process in municipal budgets is now captured under the Strong Mayor Section 284.16 and in regulations O. Reg. 530/22 and O. Reg. 580/22

### **FINANCIAL IMPACT:**

There are no anticipated financial impacts resulting from this legislation change to the budget process.

### **PUBLIC VALUE:**

Staff have proposed a revised budget process to align with the new Strong Mayor

powers legislation. The proposed 2025 Budget process is similar to previous years but is adjusted to reflect how the budget is tabled and approved due to Strong Mayor powers granted to the city under the Municipal Act. The new process incorporates the Mayor's responsibility to propose and adopt the budget, with Council having the ability to amend the proposed budget. Timelines have been adjusted to align new legislative requirements with the existing Council meeting schedule.

All divisions across the city participate in review of the budget. The Mayor has been involved in establishing the proposed budget and has collaborated with each division across the organization.

The public is invited to speak to the budget on the special budget delegation day/night on November 7, 2024.

### **ADVISORY COMMITTEE INPUT:**

#### **Advisory Committees Consulted:**

Not Applicable.

### **PUBLIC INPUT:**

The public is invited to register and delegate to the Mayor's 2025 Budget in person or virtually at a Council meeting on November 7, 2024 from 3 pm -5 pm or 6 pm -8pm.

The public can register to speak by completing a delegation registration form <https://forms.cambridge.ca/Delegation-Request-Form> or by emailing the request to [clerks@cambridge.ca](mailto:clerks@cambridge.ca). Registration by noon the day before the meeting is required. All registered delegations will be provided 5 minutes to speak on the 2025 Budget.

Delegations also have the option of submitting written correspondence to Council and should email [clerks@cambridge.ca](mailto:clerks@cambridge.ca) to ensure their correspondence is captured in the minutes of the meeting.

### **INTERNAL / EXTERNAL CONSULTATION:**

The Mayor and Chief Financial Officer were consulted during the preparation of this report.

### **CONCLUSION:**

This report outlines the impact that the Strong Mayors, Building Homes Act, 2022 legislation will have on the City's annual budget process. Council is invited to consider

altering the proposed timelines to shorten the period for which Council and Mayor are required to carry out the statutory requirements of the budget process.

**REPORT IMPACTS:**

Agreement: **No**

By-law: **No**

Budget Amendment: **No**

Policy: **No**

**APPROVALS:**

**This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:**

**Director**

**Deputy City Manager**

**Chief Financial Officer**

**City Solicitor**

**City Manager**

**ATTACHMENTS:**

1. 24-071-CRS Appendix A Mayors 2025 Budget Amendment Form
2. 24-071-CRS Appendix B Mayors 2025 Budget Council Override Form