

2021 Long Range Financial Plan Update

Committee of the Whole

March 9, 2021

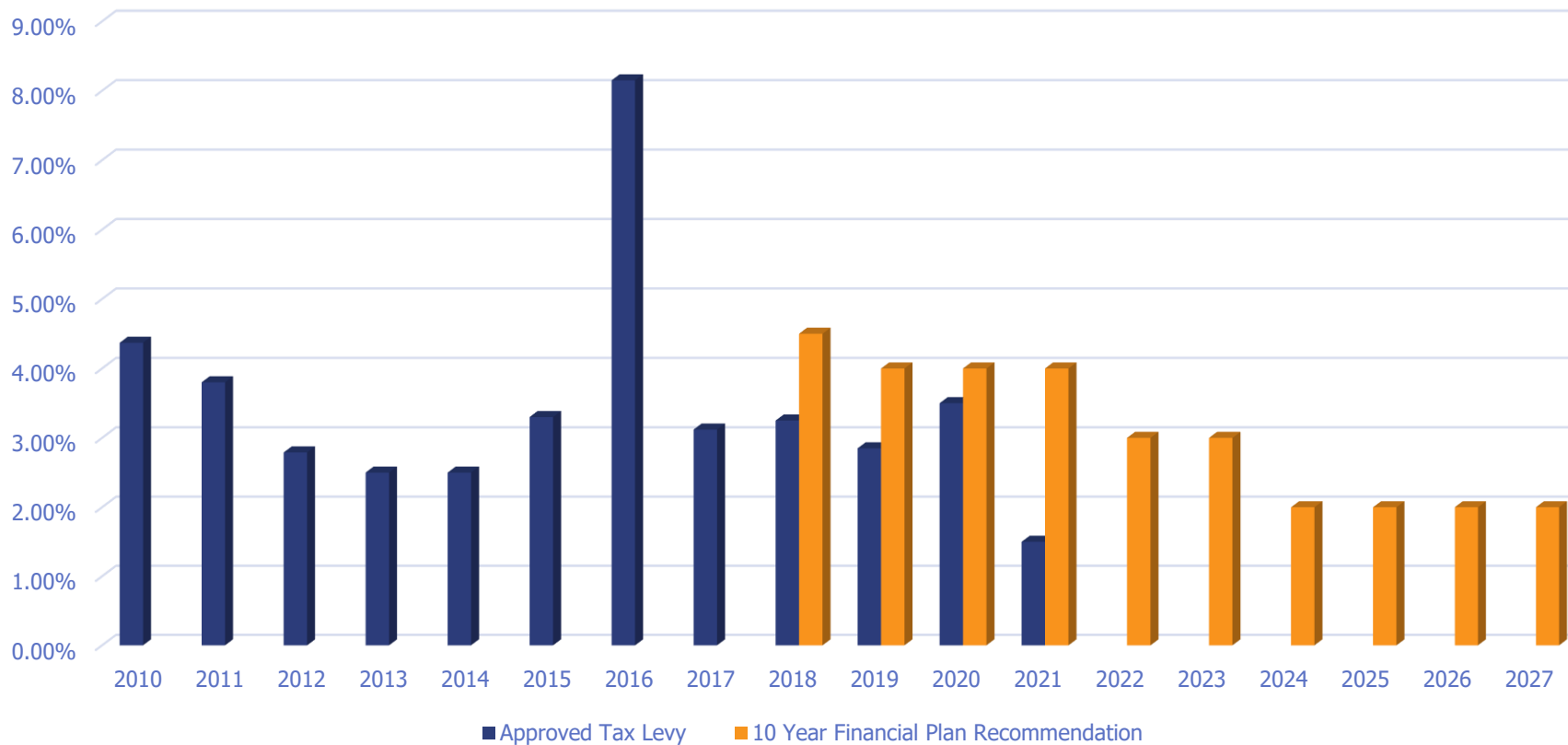
Agenda

- 10 Year Financial Plan 2018-2027
 - Report Card
 - Lessons Learned
- 2021 Long Range Financial Plan
 - Proposed content
 - Timeline / Next Steps

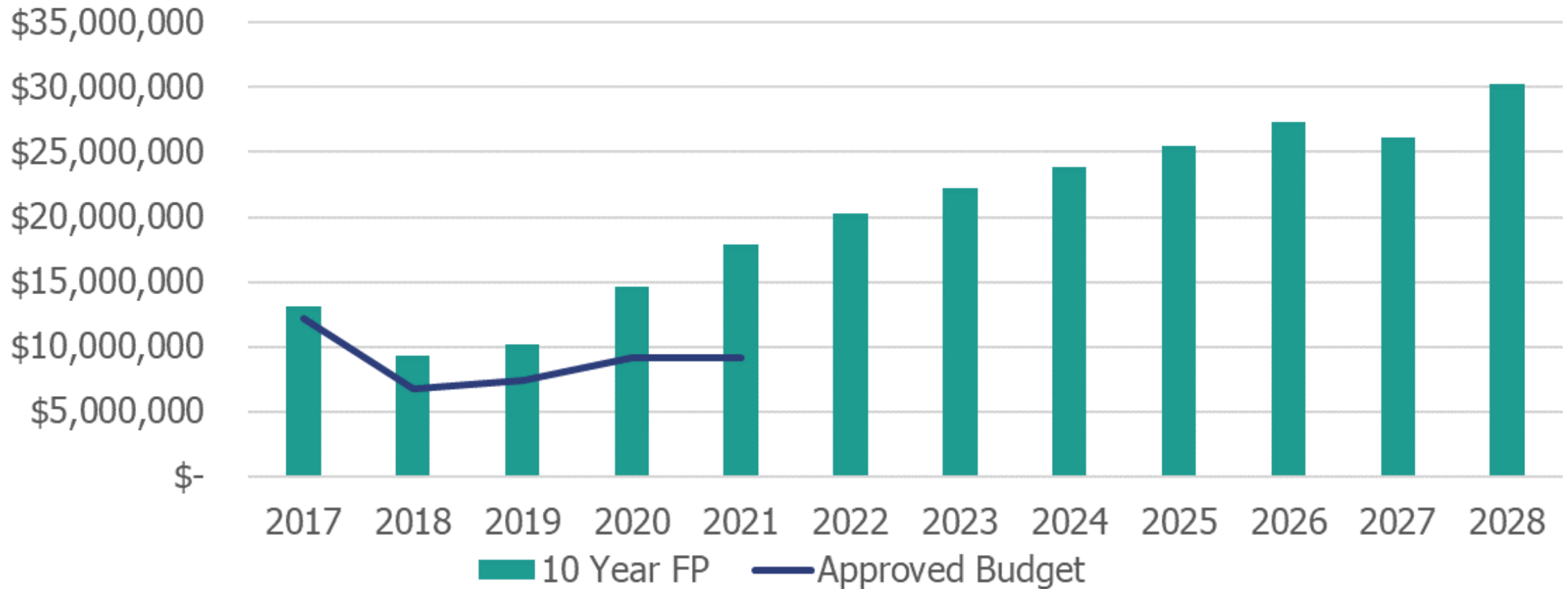
10 Year Financial Plan

- 10 Year Financial Plan 2017 to 2028 was adopted by Council July 11, 2017
- Designed to implement the 2017 Asset Management Plan (AMP)
- Recognized the need to be adaptable to changing legislative, financial and other circumstances relevant to the municipal sector
- June 2018, the plan was amended

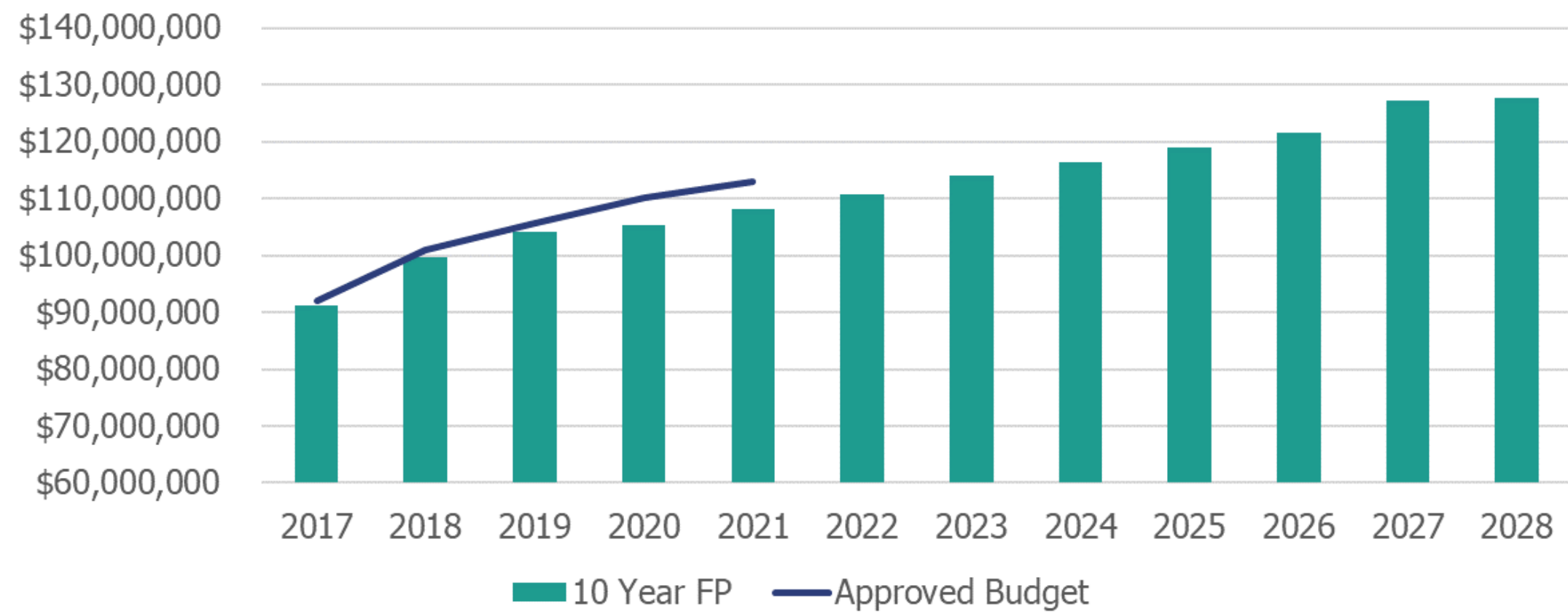
10 Year Financial Plan – Proposed Tax Levy Increases



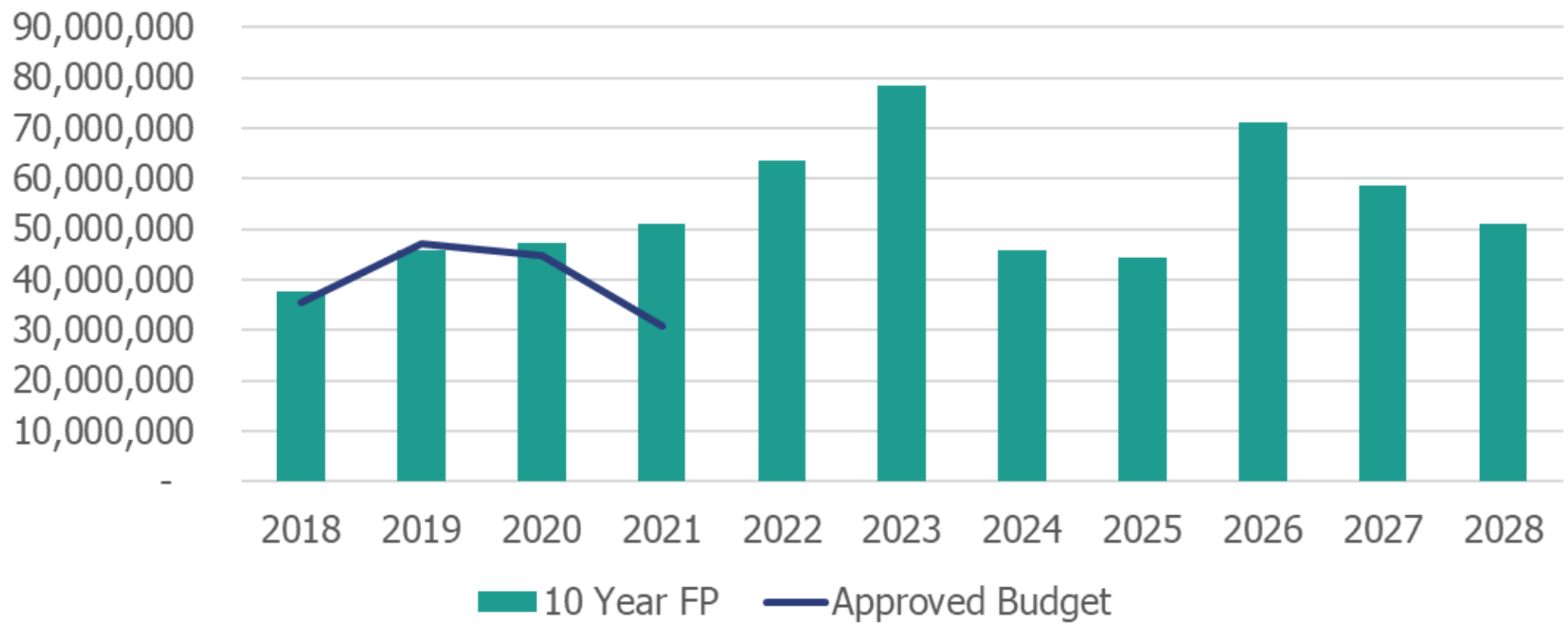
10 Year Financial Plan – Tax Supported Capital Funding



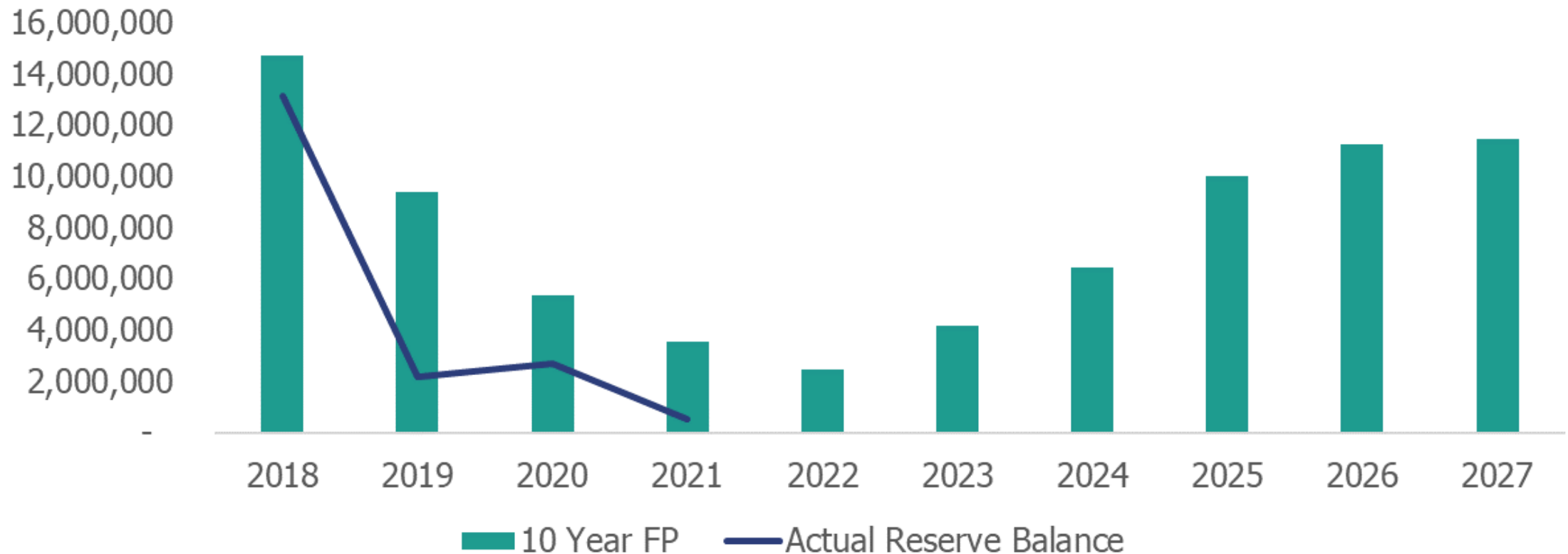
10 Year Financial Plan – Operating



10 Year Financial Plan – Capital Program



10 Year Financial Plan – Capital Reserve Balance



10 Year Financial Plan – Lessons Learned

- Excessive and fluctuating annual tax levy increases are not palatable
- Primarily focused on tax supported capital
- Operating budget pressures are driving the tax levy increase
- Need consideration / flexibility for unplanned priorities

Long Range Financial Plan

Operating
Forecast

Capital
Forecast

Revenue
Strategy

People
Strategy

Reserve
Strategy

Debt
Strategy

LRFP – Operating Forecast

- Forecast will consider:
 - Known contractual obligations
 - Historic experience
 - Growth
 - Capital induced costs

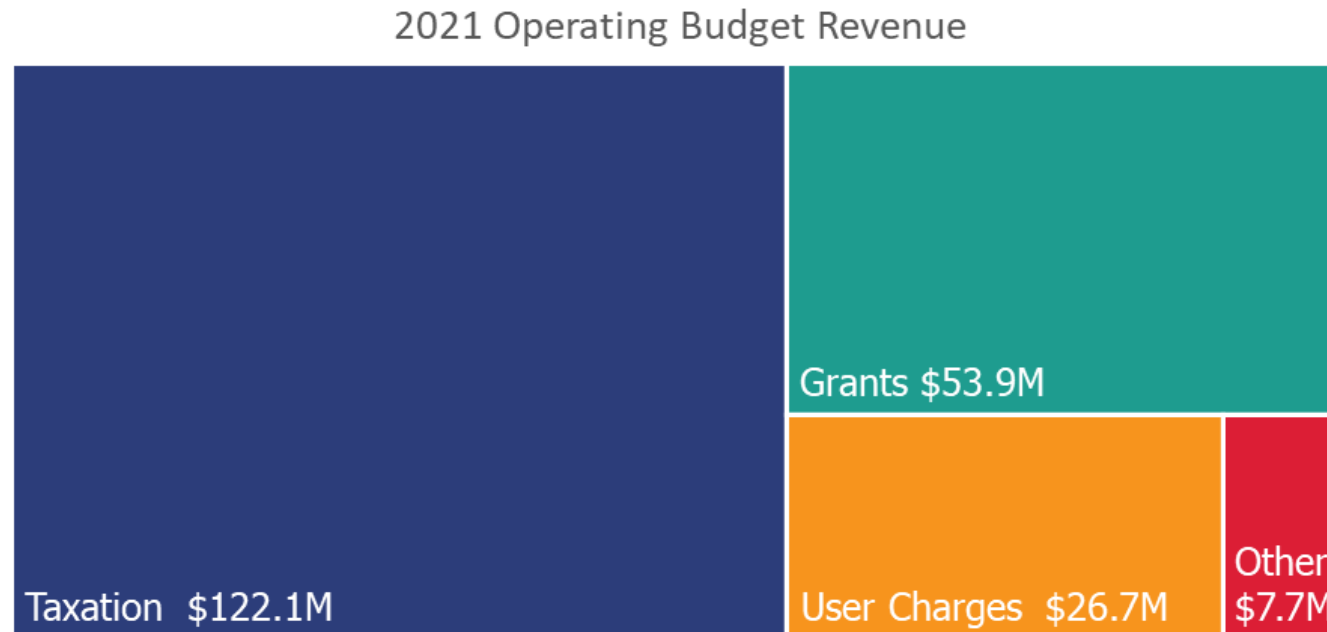
- Assume a 3% annual tax levy increase

LRFP – Capital Forecast

- Forecast will consider:
 - Asset Management Plan
 - Development Charge Background Study
 - Master Plans
 - KLHHC long term plan
- Also included in the 3% annual tax levy increase

LRFP – Revenue Strategy

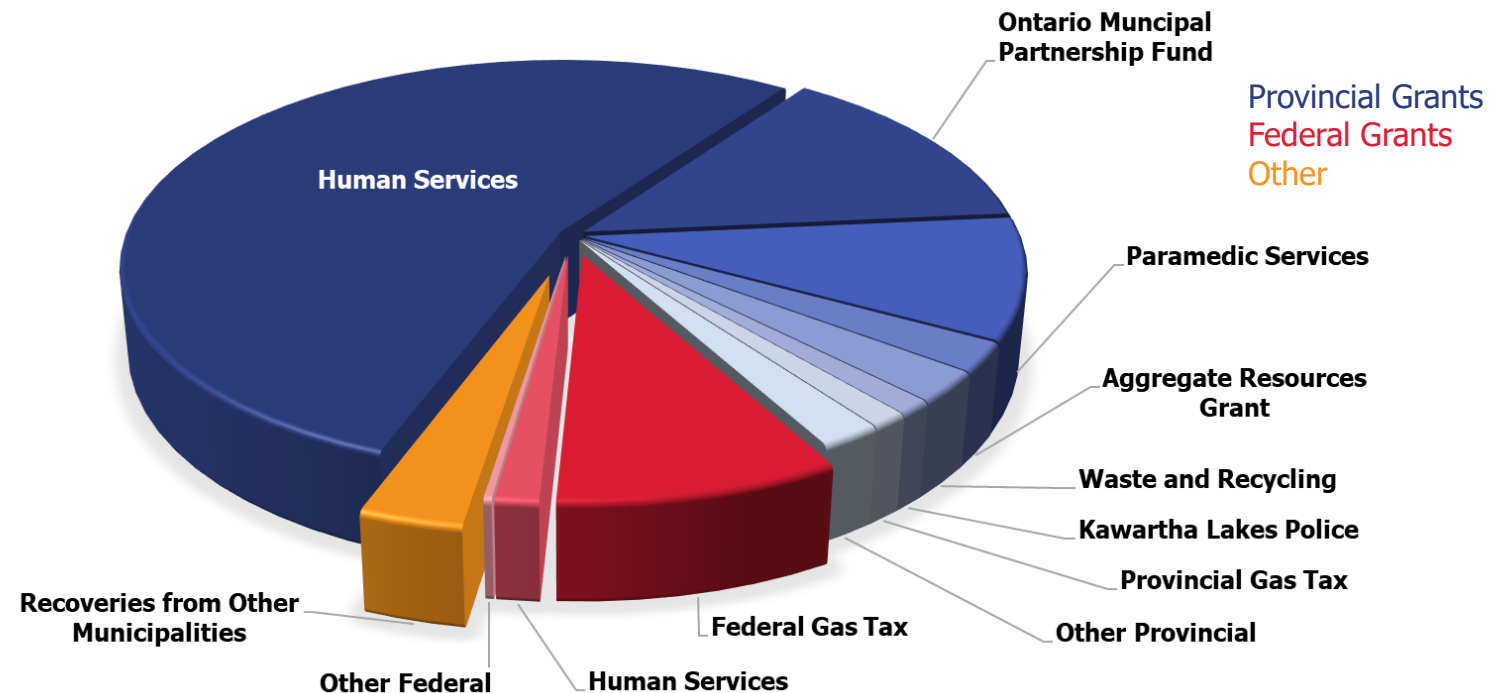
- Approximately 40% of the City's revenue comes from non-tax sources
- Revenue strategy will focus on Grant and User Charge revenue



LRFP – Revenue Strategy

Grant strategy will consider:

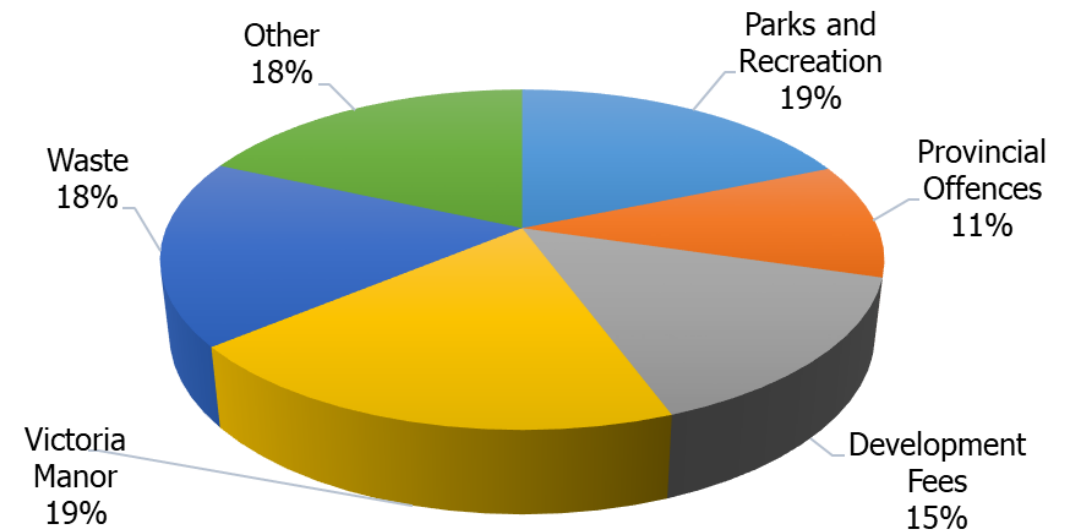
- major grants
- purpose
- stability
- impact if eliminated



LRFP – Revenue Strategy

Revenue Strategy will consider:

- cost recovery / subsidy
- market comparison
- other opportunities



LRFP – People Strategy

- Salaries and benefits are a significant portion of the Operating Budget
- Difficult to predict new staffing requirements over a 10 year period
- Operating Forecast will include a provision for new staff each year, rather than for identified specific positions
- People Strategy will focus on **why**, **when** and **how** new staff are hired

LRFP – People Strategy - **Why?**

Legislative

- downloading of services
- new or changing legislation

Growth

- new property owners place an increased demand on existing services

Service Level Changes

- addition of new facilities
- Council direction to increase/change level of service

LRFP – People Strategy - **When?**

- Forecasting new staffing requirements for known Legislative and Service level changes is relatively easy
- New staffing required for Growth can be challenging as Departments/Divisions are impacted differently during the stages of growth; and by the quantum of growth

LRFP – People Strategy - **When?**

Pre-Construction



Engineering
Planning
Legal

Construction



Building
By-laws
Fire
Paramedics
Police

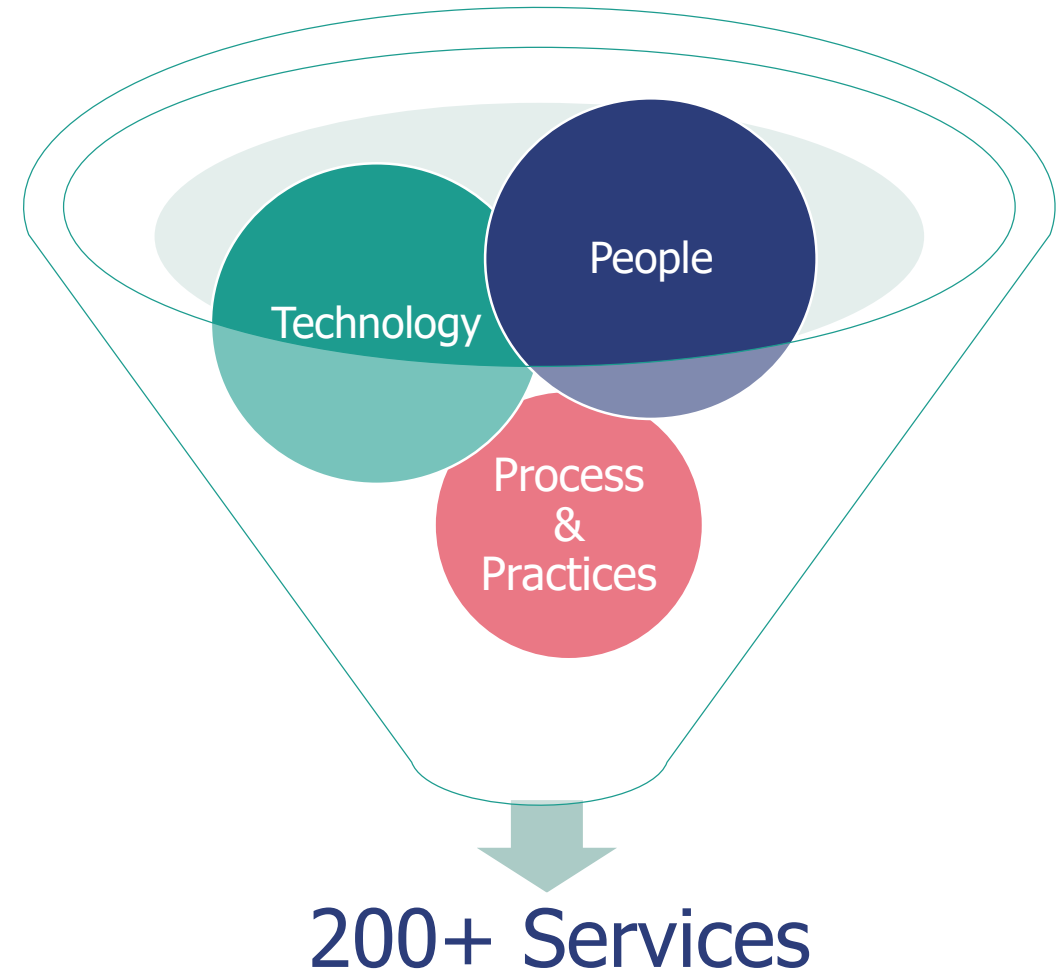
Occupancy



Public Works
Parks and Recreation
Library
Revenue and Taxation
Customer Services

LRFP – People Strategy – How?

- The “easy button” to delivering the City’s 200+ Services is to hire additional staff
- Prior to adding new staff, a review of the service should be considered:
 - Could technology or tools make the delivery of this service more efficient?
 - Would a process change positively impact the delivery of this service?



LRFP – Reserve Strategy

- The City has approximately \$49 million in 62 different reserves
- The Reserve Strategy will consider:
 - the purpose of each reserve;
 - how funds are replenished;
 - establishing a min/max balance as appropriate
 - establishing new reserves for stabilization purposes (ie winter control, insurance, WSIB)
- This strategy will better inform the LRFP and annual budgeting

LRFP – Debt Strategy

- The Province establishes the City's annual debt repayment limit
- Council has established a self imposed debt limit
 - Tax Levy debt limit \$25 million
 - Water and Wastewater debt limit \$49.5 million
- To date, debt over and above this limit has been approved on a project by project basis
 - Total debt at end of 2020 is \$135.5 million

LRFP – Debt Strategy

- Debt strategy will consider:
 - debt capacity;
 - use of debt;
 - Allocation of debt across disciplines (ie. Tax supported, DC supported, KLHHC)



LRFP – Next Steps

- First draft of the Operating and Capital forecast has been completed
- Four Strategies (Revenue, People, Reserves and Debt) are anticipated to be complete by end of March
- Draft LRFP anticipated to be presented to Council in June