

Fiscal Strategy – Next Steps

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Agenda

1. Strategic Plan Linkages
2. Council Workshop
3. Comparative Fiscal Diagnostics
4. Fiscal Strategy Recommendations
5. Implementation
6. Considerations
7. Measuring the progress of effective implementation



Strategic Plan Linkage



Under the Pillar of Long-term Financial Sustainability, Council has the following Strategic Priority:

*Ensure ongoing continuous improvement and a service level analysis for consideration. Utilize both internal and external resources to complete **an assessment of the Town's overall financial health** to support effective and efficient long-term planning*



Council Workshop



The Fiscal Strategy was presented at a Council Workshop on September 28, 2020

- Report and presentation are on our website:
Town Government/Budgets and Finances/Fiscal Strategy

Staff has a blueprint for next steps:

- Implementation
- Measurement of progress.



Comparative Fiscal Diagnostics

- Data for comparator municipalities was drawn from their 2018 Financial Information Return (FIR) and Statistics Canada's 2016 Census.
- Comparative charts developed for fiscal capacity, infrastructure intensity, reserves, debt, revenues and expenditures.
- Recommendations were derived from the key findings.



Comparative Fiscal Diagnostics – report card

Fiscal Capacity	moderately high
Infrastructure Intensity	average to slightly below average
Reserve Balances	below average
Overall financial position	good



Fiscal Strategy Recommendations



The 79 recommendations summarized:

- Refine the capital budget process
- Revise the development charge (DC) by-law to incorporate legislative changes
- Prepare a community benefits charge (CBC) strategy and by-law
- Accelerate work on asset management plans (AMP) and integrate them with the budget process and DC Study update (Item 2)



Recommendations cont'd

- Increase spending on infrastructure rehabilitation and replacement
- Carry out a comprehensive rate setting study that covers water, wastewater and stormwater rates
- Employ strategies to increase contributions to reserves to build them to more appropriate levels. This includes the Asset Replacement Fund, Rate Stabilization, Contingency and Growth.



Recommendations cont'd

- Review our investment strategy and practices to increase returns
- Update policies that support the Fiscal Strategy
- The Treasurer should provide an annual update of the fiscal strategy to Council

The Town agrees with all of the recommendations



Implementation 2020-2021



Activity/initiative	Description
2020	
2021 budget process	Preliminary Draft Budget, presented on October 5
2021	
Reserve Fund review	Updates to our existing Reserves and Reserve Funds, and Asset Replacement Funds Policies and related strategies
Asset Management Plans (AMP)	Development and refinement of AMP's
DC update and CBC study	Revisiting our 2019 Development Charges (DC) and simultaneously initiating a Community Benefits Charge (CBC) study



Implementation 2021-2022



Activity/initiative	Description
2021-2023	
Annual reporting	Enhancements to our current annual reporting
Future budget processes	Deferred as there was insufficient time to incorporate them into the 2021 process
2022	
Rate-supported Financial Plans	Updates of the 2017 Water, Wastewater and Stormwater 9-year Plans



Implementation 2022-2023



Activity/initiative	Description
2022-2023	
Budget Policy	Formalization and expansion of our current practices.
Debt Policy update	Revision of our existing Debt Policy and practices.
Investment Strategy update	Revision of our existing Investment Policy, strategy and practices.



Considerations

1. Council direction is required
2. The Capital Budget will undergo significant changes
3. Asset Management will be integrated into the budget process
4. There is an opportunity for growth studies to be done



Council direction is required



These will be addressed in separate reports to Council in the future.

1. Uploading local water and wastewater services to the Region (#44)
2. Reviewing our investments in Newmarket-Tay Power and ENVI (#72, 73)



The Capital Budget will undergo significant changes

Changes made in 2020 to the Capital Budget

- elimination of capital carryovers (#7)

Changes to be included in future budgets.

- Pre-construction and construction expenditures are to be split (#8) and approved separately by Council (#9)
- Shovel-ready approach to approval (#10)
- Asset Replacement Fund (ARF) is to be only used to fund replacements (#52)



Asset Management will be integrated into the budget process



Including the Asset Management team in the 2021 budget process provided a better result.

- To be included in the process from the beginning (#30)

However, not interfere with:

- To expedite development of the Asset Management Plans (#28)



There is an opportunity for growth studies to be done

There have been major changes resulting from the COVID-19 Economic Recovery Act 2020.

- Discount removed on Development Charge - DC soft-services; recreation, library (#26)
- Regulations allowing the creation of a Community Business Charge - CBC (#27)

Opportunities:

- Efficiency of combining DC & CBC studies
- Review and revise growth numbers



Measuring the progress of effective implementation

Fiscal Strategy Elements	Key Performance Indicators (KPI's)
Capital Management	<ul style="list-style-type: none"> • Condition rating • Delivery – capital expenditures as a % of budget • Funding – reinvestment ratio
Debt Management	<ul style="list-style-type: none"> • Debt servicing costs as a % of own source revenue
Revenue Enhancement	<ul style="list-style-type: none"> • Taxes - levy per capita • Water and wastewater – average annual residential cost • Diversification – tax revenue as a % of total revenue • Return on investment
Reserve Management	<ul style="list-style-type: none"> • Discretionary reserves - % of own source revenue • Capital reserves - % of accumulated amortization

