

**Subject: 2013 – 2015 Fiscal Management Strategy****APPROVALS:**

Kola Oladimeji, Director  
Elsie Hutton, Executive Director  
Glen Laubenstein, Chief Administrative Officer

**Administrative Recommendation:**

THAT the 2013 – 2015 Fiscal Management Strategy, dated April 23, 2013, be adopted as a guide for budget development to replace the 2012 – 2015 Fiscal Management Strategy.

**Summary:**

The 2013–2015 Fiscal Management Strategy will continue to build on the Municipality's principles of predictability, stability and transparency in managing its financial resources and communicating with residents. The Strategy will guide property tax rates and assist in the development of Capital and Operating Budgets.

The 2013–2015 Fiscal Management Strategy will achieve the following:

- Continue with the property tax 'revenue neutral' plus construction growth philosophy in setting 2013 property tax rates;
- Assume property tax 'revenue neutral' plus construction growth philosophy for all property classes in preparing 2014 – 2015 budgets and plans;
- Continue to maintain a minimum uncommitted balance of \$50M maximum balance in the Emerging Issues Reserve;
- Continue to maintain a minimum uncommitted balance in the Capital Infrastructure Reserve of \$50M;
- Maintain debt and debt service limits at 85% of *Municipal Government Act* limits per the Debt Management Policy.
- Review and phase in capital project delivery to match available funding sources;
- Continue to review the impact of the Municipal Corporate Utility to preserve existing debt capacity.

**Background:**

Administration has reviewed the impact of the approved 2013 – 2018 Capital Plan on debt and debt service limits, Capital Infrastructure Reserve, Emerging Issues Reserve and property taxation assumptions. A forecast analysis of financial performance and position has also been completed as well as a review of the Municipality's Property Tax Revenue Risk Index. Two property tax scenarios were projected based on low and high risks and timing of projected assessment growth differentiated the two scenarios. Both scenarios incorporated a revenue neutral plus construction growth approach.

Based on the results of the strategy, the Municipality would be in a position to meet debt management and fiscal reserve policy objectives by:

- Reviewing and phasing in capital project delivery in order to fund projects within existing funding available.
- Conducting a review of capital projects required within the capital plan to address the priority of the \$590M in unfunded capital projects identified during 2013 capital budget development.
- Continuing to review the impact of the Municipal Corporate Utility to preserve existing debt capacity.

**Budget/Financial Implications:**

The budget assumptions identified will provide the initial basis for 2014 budget development. In the event funding sources are insufficient to meet anticipated future municipal expenditures, Administration will propose alternatives for Council approval.

Funding requirements for the proposed Recreation Corporation are still being determined and may require an adjustment of the 2013 – 2015 Fiscal Management Strategy once the financial impact is available.

**Rationale for Recommendation:**

The 2013 - 2015 Fiscal Management Strategy will provide a sustainable financial process to meet the short and mid-term needs of the Municipality. It will align with the Municipal Development Plan and 2012 - 2016 Strategic Plan while reducing the likelihood of increases in property tax rates and user fees. It is felt that an extended phasing for capital initiatives be considered, wherever possible, as a solution to the current funding constraints.

Administration supports the 2013 - 2015 Fiscal Management Strategy and recommends Council approval.

**Attachment:**

1. 2013 - 2015 Fiscal Management Strategy – April 23, 2013