

Financial Sustainability Program and Fiscal Framework Guiding Principles

Finance, Administration and Audit Committee

January 16, 2017



Financial Sustainability Recommendation

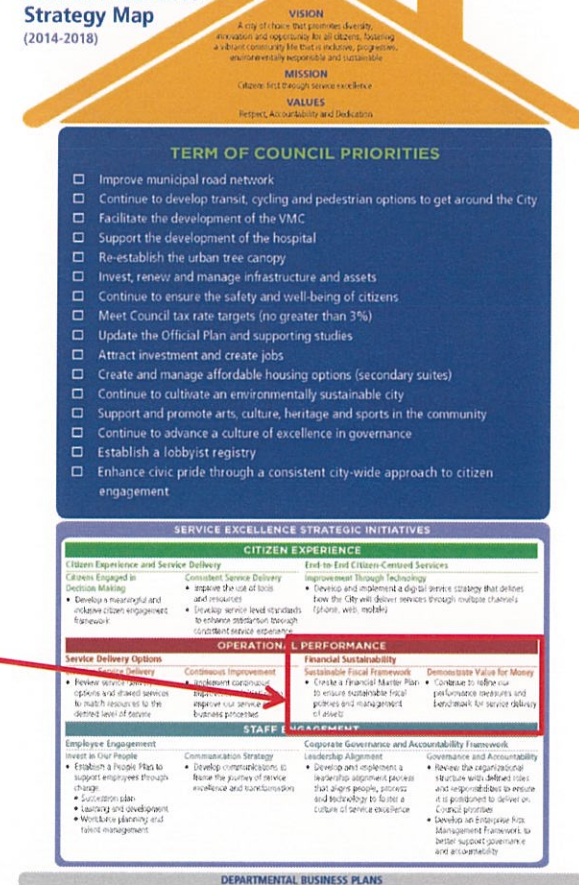
- That the Financial Sustainability Program work plan be received; and
- That the Fiscal Framework Guiding Principles be endorsed.



Financial Sustainability

- Financial Sustainability was identified as a Service Excellence Strategic Initiative related to Operational Performance
- Create a Sustainable Fiscal Framework including the development of fiscal policies
- Two key activities were identified under the Financial Sustainability Program:
 - The development of a Fiscal Framework
 - The update of the City-Wide and Area Specific Development Charge By-laws

Term of Council Service Excellence Strategy Map (2014-2018)



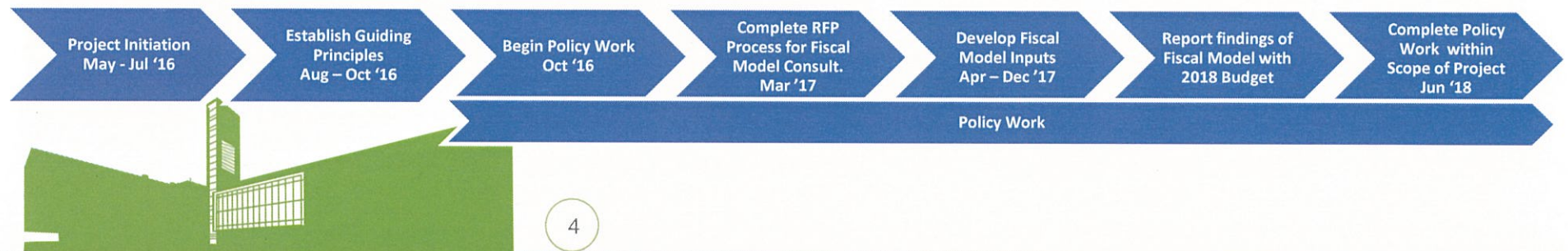
Fiscal Framework Project Scope

Objective:

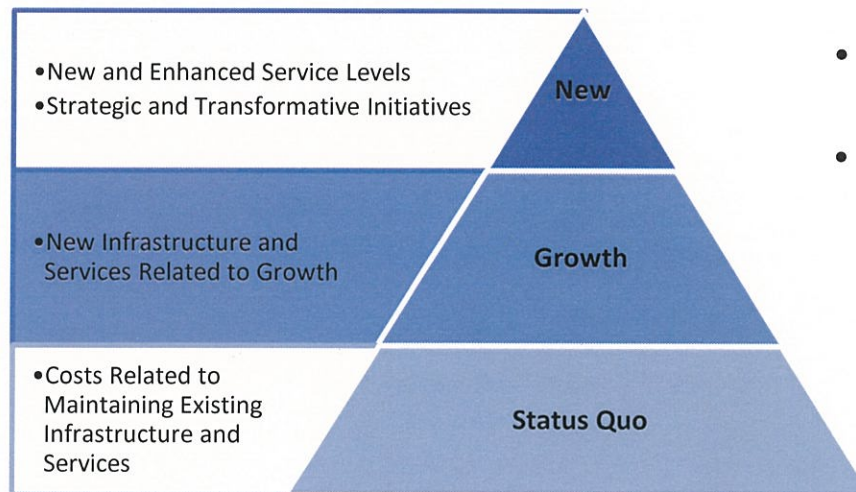
- Develop an overall fiscal framework to enhance our ability to demonstrate value for money and work towards financial sustainability.

High Level Deliverables

- Establish Guiding Principles
- Develop Policies to Support Fiscal Principles
- Develop Long Range Fiscal Model and Forecast



Fiscal Framework Guiding Principles



- High level and easily understood by Council, staff, and residents
- Mirror cost pressures identified in the budget book
- Will provide direction on policy development and inform decision making

Financial Sustainability

Guiding Principles

1. Consideration Towards Existing Service Levels
2. Growth Pays for Growth
3. New Initiatives to Enhance the City

Principles in Action

Approach to:

- Infrastructure
- Services
- Managing Money



Fiscal Framework

Guiding Principles Matrix

- Action statements are used to demonstrate how each of the principles should be applied across the areas of infrastructure, services, and the management of money
- The first step is determining where in the matrix an initiative belongs
- Then determine whether the proposed initiative is aligned with the statements



6

Guiding Principles	Infrastructure	Services	Managing Money
	Principles in Action		
Status Quo Growth New	Approach to Infrastructure Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, responsive to inflation, and are aligned with fiscal targets approved by Council.	Approach to Services Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, responsive to inflation, and are aligned with fiscal targets approved by Council.	Approach to Managing Money Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefit to multiple generations, debt may be used to generate a benefit for future generations.
	Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations.	New services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities.	The maximum growth related to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth related infrastructure and service needs. Service excellence initiatives, where possible, should be cost-neutral over an identifiable period of time, and benefit to should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.

Guiding Principles & Principle Statements



VAUGHAN

Fiscal Framework

Principle #1: Consideration Towards Existing Service Levels

The City will strive to maintain existing infrastructure and services in a climate of increasing costs by leveraging efficiencies and preparing for anticipated future needs through reserves and contingencies.



7



Fiscal Framework

Principle #1 – Approach to Infrastructure

- It is important for the City to understand what assets we currently have and what the assets are being used for.
- Consider whether we have an appropriate amount of assets for the services we provide. Do we need more or less than what we already have?
- Plan ahead for all of the costs associated with the assets, including future replacement costs, and estimate when funds will be needed to ensure they are available at that time.

Guiding Principles	Principles in Action		
1. Consideration Towards Existing Service Levels	Approach to Infrastructure	Approach to Services	Approach to Managing Money
<p>The city will strive to maintain existing infrastructure and services to a standard of increasing costs by increasing efficiency and preparing for anticipated future needs through reserves and contingencies.</p>	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<p>Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery.</p> <p>Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council.</p>	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth			
<p>Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.</p>	<ul style="list-style-type: none"> Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<p>The cost of administering growth and development should be funded by growth-related user fees.</p> <p>New property tax assessment should offset the increased cost of services that are brought on for new residents.</p>	<ul style="list-style-type: none"> Collect the maximum growth-related revenues possible within legislation in order to minimize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City			
<p>Investments in new initiatives should enhance service levels, improve efficiency, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.</p>	<ul style="list-style-type: none"> New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #1 – Approach to Services

- Understand what programs and services the residents need and want.
- Consider whether the costs to provide these programs and services are appropriate.
- Regularly review user fees for existing programs and services to ensure they are recovering costs as much as possible, while remaining affordable to residents.

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels <i>The city will strive to maintain existing infrastructure and services in a climate of increasing costs by leveraging efficiencies and preparing for anticipated future needs through reserves and contingencies.</i>	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties accept the participation in the sharing of costs.
2. Growth Pays for Growth <i>Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.</i>	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<ul style="list-style-type: none"> The cost of administering growth and development should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on for new residents. 	<ul style="list-style-type: none"> Collect the maximum growth-related revenues possible within legislation in order to minimize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City <i>Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risk, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.</i>	<ul style="list-style-type: none"> New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #1 – Approach to Managing Money

- Save money in reserves to ensure that funds are readily available when needed, such as to pay for asset replacement or emergencies.
- Continuously look for savings that can offset rising costs.
- Consider how costs can be fairly paid for across geography and time, such as through debt if the asset will provide benefits over many years.

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels <i>The city will strive to maintain existing infrastructure and services in a climate of increasing costs by leveraging efficiencies and preparing for anticipated future needs through reserves and contingencies.</i>	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, responsive to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, responsive to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth <i>Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.</i>	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<ul style="list-style-type: none"> The cost of administering growth and development should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on for new residents. 	<ul style="list-style-type: none"> Consider maximum growth-related revenues possible within legislation in order to maximize the funds available to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City <i>Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.</i>	<ul style="list-style-type: none"> New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users those services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost-neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #2: Growth Pays for Growth

Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth related revenues.



Fiscal Framework

Principle #2 – Approach to Infrastructure

- Consider whether existing assets can be used to support new growth before spending money on new assets.
- Try to match the timing of building infrastructure for new residents to when the taxes will be received from these new residents.

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels <i>The city will strive to maintain existing infrastructure and services in a climate of increasing costs by leveraging efficiencies and reserving for anticipated future needs through reserves and contingencies.</i>	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth <i>Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.</i>	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<ul style="list-style-type: none"> The cost of administering growth and development should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on for new residents. 	<ul style="list-style-type: none"> Collect the maximum growth-related revenues possible within legislation in order to minimize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City <i>Investments in new initiatives should enhance service levels, improve efficiency, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.</i>	<ul style="list-style-type: none"> When new service initiatives related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #2 – Approach to Services

- Services that support development activities should be paid for through development user fees, such as building permit fees, inspection fees, development application fees, etc.
- As more resources are needed to support new residents, these costs should be paid for through property taxes received from these new residents (assessment growth).

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels <i>The city will strive to maintain existing infrastructure and services in a climate of increasing costs by improving efficiencies and preparing for anticipated future needs through reserves and contingencies.</i>	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property taxes and utility rate increases for infrastructure removal and replacement are predictable, respond to infrastructure needs, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth <i>Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.</i>	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<div style="border: 2px solid red; padding: 5px;"> <p>The cost of administering growth and development should be funded by growth-related user fees.</p> <p>New property tax assessment should offset the increased cost of services that are brought on for new residents.</p> </div>	<ul style="list-style-type: none"> Correct the maximum growth-related revenues possible within legislation in order to minimize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City <i>Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.</i>	<ul style="list-style-type: none"> New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit users, these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #2 – Approach to Managing Money

- Try to maximize growth related revenue to minimize the tax burden to existing residents.
- Try to match the timing of revenue with the timing of costs, and if there is a mismatch, use a reserve to move money between years.

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels The city will strive to maintain existing infrastructure and services in a climate of increasing costs by increasing efficiencies and preparing for anticipated future needs through reserves and contingencies.	Work towards creating an accurate inventory of existing assets with a view to the services and service levels they support. Establish user charges and long-term plans for assets that require their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, responsive to inflation, and are aligned with fiscal targets approved by Council.	Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, responsive to inflation, and are aligned with fiscal targets approved by Council.	Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.	Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations.	The cost of administering growth and development should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on for new residents.	Correct the maximum growth-related revenues possible within legislation in order to minimize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.	New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure.	When new services benefit select users, these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities.	All new investments, where possible, should be cost-neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #3: New Initiatives to Enhance the City

Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the City's financial means.



Fiscal Framework

Principle #3 – Approach to Infrastructure

- Concentrate on new infrastructure related to new services needed to meet the priorities of Council.
- Continuously look for ways to minimize long term maintenance and replacement costs for assets (e.g. LED streetlights)

Governing Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels The city will strive to maintain existing infrastructure and services to a standard of increasing costs by increasing efficiencies and preparing for anticipated future needs through reserves and contingencies.	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<ul style="list-style-type: none"> The cost of administering growth and development should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on for new residents. 	<ul style="list-style-type: none"> Collect the maximum growth-related revenues possible within legislation in order to minimize the impact of impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.	<ul style="list-style-type: none"> Investments in new infrastructure related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost-neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework

Principle #3 – Approach to Services

- Services to the wider public can be funded through property tax and benefits to select users should be funded through user fees.
- Any new service initiatives address the priorities identified by Council.

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration towards Existing Service Levels <i>The city will strive to maintain existing infrastructure and services at a level of increasing costs by increasing efficiencies and preparing for anticipated future needs through reserves and contingencies.</i>	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure replacement and replacement are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should strive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties eventually participate in the sharing of costs.
2. Growth Pays for Growth <i>Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.</i>	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth-related infrastructure is timed and located as possible with new assessment growth that will support its operations. 	<ul style="list-style-type: none"> The cost of administering growth and development should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on for new residents. 	<ul style="list-style-type: none"> Collect the maximum growth-related revenues possible within legislation in order to minimize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City <i>Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.</i>	<ul style="list-style-type: none"> New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users these services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost-neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low-risk, and provide a long-term return stream.



Fiscal Framework

Principle #3 – Approach to Managing Money

- Where possible, consider ways in which new service excellence initiatives that benefit residents can pay for themselves over time.
- Make investments in the City's financial portfolio that are stable, low risk, and provide a long-term revenue stream.

Guiding Principles	Principles in Action		
	Approach to Infrastructure	Approach to Services	Approach to Managing Money
1. Consideration Towards Existing Service Levels The city will strive to maintain existing infrastructure and services in a climate of decreasing costs by leveraging efficiencies and preparing for anticipated future needs through reserves and contingencies.	<ul style="list-style-type: none"> Work towards creating an accurate inventory of existing assets with linkages to the services and service levels they support. Establish cost-effective long-term plans for assets that consider their operation, maintenance, and eventual replacement. Ensure that property tax and utility rate increases for infrastructure renewal and replacement are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Periodically review programs and services to ensure they are aligned with Council priorities, and that they are provided cost-effectively. Existing user fees should be reviewed regularly to ensure that they are in line with recovery targets and should drive towards full cost recovery. Ensure that property tax and utility rate increases for services are predictable, respond to inflation, and are aligned with fiscal targets approved by Council. 	<ul style="list-style-type: none"> Maintain adequate reserves to meet obligations, save for asset replacement, allow the flexibility to take advantage of unexpected opportunities, and the ability to respond to unanticipated one-time expenses. Strive to fully manage cost pressures related to maintaining existing service levels through efficiencies. Where an asset benefits multiple generations, debt may be used to ensure that all benefiting parties across time participate in the sharing of costs.
2. Growth Pays for Growth Infrastructure and services that support new growth should be funded, to the fullest extent possible, through new property tax assessment and growth-related revenues.	<ul style="list-style-type: none"> Strive to optimize the utilization of existing assets to support new growth. Ensure that new growth related infrastructure is timed as closely as possible with new assessment growth that will support its operations. 	<ul style="list-style-type: none"> The cost of administering growth and assessment should be funded by growth-related user fees. New property tax assessment should offset the increased cost of services that are brought on by new residents. 	<ul style="list-style-type: none"> Collect the maximum growth-related revenues possible within legislation in order to maximize the financial impact to existing residents. The tax rate stabilization reserve may be used in order to manage timing differences with assessment growth and growth-related infrastructure and service needs.
3. New Initiatives to Enhance the City Investments in new initiatives should enhance service levels, improve efficiencies, mitigate risks, address regulatory requirements, support service excellence, or enhance quality of life for residents while staying within the city's financial means.	<ul style="list-style-type: none"> New infrastructure investments related to new service levels should be aligned with Council priorities. The city should explore opportunities to minimize life cycle costs for infrastructure. 	<ul style="list-style-type: none"> When new services benefit select users those services should be funded through user fees where feasible, whereas new services for which there is a public good should be funded through property tax. New initiatives to enhance the citizen experience should demonstrate value for money to the taxpayers from a quantitative and/or qualitative perspective and be aligned with Council priorities. 	<ul style="list-style-type: none"> Service excellence initiatives, where possible, should be cost neutral over an identifiable period of time, and benefits should be demonstrable. New investments in the city's portfolio should be stable, low risk, and provide a long-term revenue stream.



Fiscal Framework Policy Work Plan

- The main focus of the work will be to identify required fiscal corporate policies and provide updates to existing policies
- Some policies may require recommendations from the fiscal model
- High level work plan with the ability to remain flexible with the timing of delivery

Policy	2016	2017					2018		Beyond
	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Capital Budget Policy									
Operating Budget Policy									
Reserve Policy									
Development Finance Policies									
Investment, Cash Management, and Debt Policies									



2018 DC Background Study and Bylaw Update



20



2018 DC Background Study and Bylaws Update

Project Scope

Objective:

- Update the Development Charge Bylaw by **May 2018**
(Required by the Development Charges Act to be updated by September 21, 2018)

High Level Deliverables

- Development Charge Background Study (City-Wide and Area-Specific Development Charges, excluding Black Creek)
- Stakeholder Consultation
- Development Charge Bylaws Update and Policy Work



2018 DC Background Study and Bylaws Update RFP

- Main deliverables expected from consultant, as identified in RFP:
 - Interim growth scenario for the Municipal Comprehensive Review/Official Plan Review
 - Development Charges Background Study and Bylaws
 - Including a Local Service Policy
 - Long Range Fiscal Model and Forecast
- Expanded scope of work for consultant in RFP to take advantage of synergies between Growth Forecasting, DC Background Study, and Fiscal Modelling for future analyses
- Award is expected in March



2018 DC Background Study and Bylaws Update

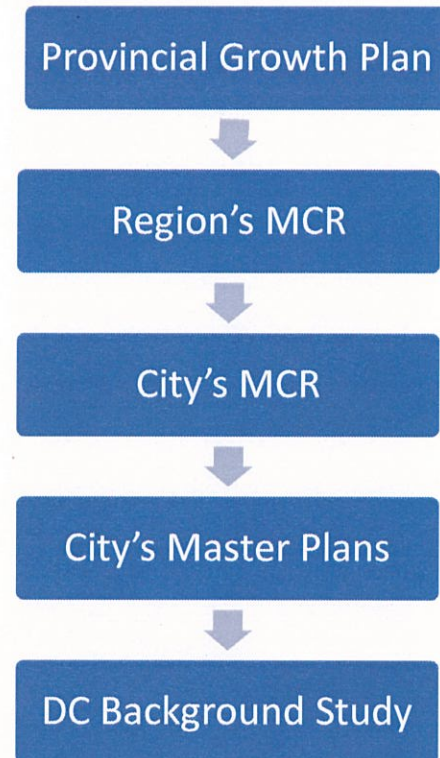
High-Level Timeline

Task	2016	2017				2018
	Q4	Q1	Q2	Q3	Q4	Q1
Hire Consultant						
Growth Forecast						
Soft Services (Inventory/Capital)						
Hard Services (Inventory/Capital)						
Engineering Master Plans						
Active Together Master Plan						
Fire Master Plan						
Industry Consultation						
Finalize DC Study and Bylaws Update						
Legend:	City Staff and MP Consultants	DC Consultant				

2018 DC Background Study and Bylaws Update

Provincial Growth Plan Update – Challenges to Timelines

- Preliminary draft of Provincial Growth Plan Update proposes:
 - Minimum residential intensification target increase from 40% to 60%
 - Minimum designated greenfield area density target increase from 50 to 80 residents and jobs per hectare
- Proposed changes have not been approved
- City's DC Study must be complete by September 2018
- Included growth forecasting as part of the overall scope of the project in the RFP to provide flexibility to respond to new information as it becomes available



Financial Sustainability

Next Steps

Fiscal Framework

- Roll out of Guiding Principles Internal Communications Plan (Q1 2017)
- Report on Phase 1 of Fiscal Framework Policy Work (Q2 2017)

2018 Development Charge Bylaw Update

- Award Consulting Contract (Q1 2017)
- Complete Growth Scenarios, Various Master Plans, Service Level Inventories and Ongoing Stakeholder Consultation (From Q2 2017 to Q1 2018)
- Draft DC Background Study Completed (Q1 2018)



Questions?



26

