

Date: 2020-12-05

Subject: **Long-Term Financial Master Plan Update**

Contact: Mark Medeiros, Acting Treasurer
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Report Number: Corporate Support Services-2020-463

Recommendations:

1. That the report titled “**Long-Term Financial Master Plan Update**” to the City Council Meeting of December 9th be received;
2. That a budget amendment be approved to the 2020 Capital Budget and a new capital project be established in the amount of \$250,000 for the Long-Term Financial Master Plan Update, with funding to be transferred from Reserve #91 (Federal Gas Tax);
3. That Council direct staff to proceed with one of the following options:
 - a. That a public competitive procurement process be conducted for the provision of a long-term financial master plan update with estimated completion in Q2 of 2022.
 - b. That staff enter into direct negotiations with Hemson Consulting for the provision of a long-term financial master plan update with estimated completion in Q4 of 2021.

Overview:

- **The City’s first Long-Term Financial Master Plan was completed in May of 2017 and provided an assessment on the financial health of the municipality, along with a 10-year financial forecast and financial planning policy recommendations.**
- **The 10-year financial forecast was based on various revenue and expenditure assumptions which are in need of revision to reflect changes in the economic environment, assessment growth, revenue**

growth, development charge legislation, reserve fund management, capital investment opportunities and strategic priorities.

- **At the December 2nd Committee of Council meeting, direction was given for staff to expedite an update to the City's Long-Term Financial Master Plan. This update will ensure the City has current financial projections available to inform decision-making and provide Council, businesses, residents and staff with visibility to the future financial roadmap for the City.**
- **Staff are recommending that the 2020 Capital budget be amended and a new capital project be established to provide a Long-Term Financial Master Plan Update, in the amount of \$250,000 to be funded from the Federal Gas Tax reserve.**
- **In addition, staff have identified the following procurement options for Council's consideration:**
 - **Competitive procurement process with estimated completion in Q2 of 2022.**
 - **Direct negotiations with Hemson Consulting with estimated completion in Q4 of 2021.**
- **Should Council wish to expedite completion of the Long-Term Financial Master Plan, staff recommend entering into direct negotiations with Hemson Consulting, which is estimated to reduce completion time by approximately 3 - 6 months.**
- **Hemson Consulting completed the City's original Long-Term Financial Plan, along with the most recent Development Charge Study and Corporate Asset Management Plan. Recently, they have been awarded the City's Corporate Asset Management Plan update with completion planned for Q4 2021. Producing these 2 plans simultaneously would likely provide efficiencies and synergies in the development of assumptions and financial models.**

Background:

The City first Long-Term Financial Master Plan was completed in May of 2017 and provided an assessment on the financial health of the municipality, along with a 10-year financial forecast and financial planning policy recommendations.

The 10-year financial forecast was based on various revenue and expenditure assumptions, which are in need of revision to reflect changes in the economic

environment, assessment growth, revenue growth, development charge legislation, reserve fund management, capital investment opportunities and strategic priorities.

Current Situation:

At the December 2nd Committee of Council meeting, direction was given to expedite an update to the City's Long-Term Financial Master Plan. This update will ensure the City has current financial projections available to inform decision-making and provide Council, businesses, residents and staff with visibility to the future financial roadmap for the City.

Staff are recommending that the 2020 Capital budget be amended and a new capital project be established to provide a Long-Term Financial Master Plan Update, in the amount of \$250,000 to be funded from the Federal Gas Tax reserve.

In addition, staff have identified the following procurement options for Council's consideration:

- Competitive procurement process with estimated completion in Q2 of 2022.
- Direct negotiations with Hemson Consulting with estimated completion in Q4 of 2021.

Should Council wish to expedite completion of the Long-Term Financial Master Plan, staff recommend entering into direct negotiations with Hemson Consulting, which is estimated to reduce completion time by approximately 3 - 6 months.

Hemson Consulting completed the City's original Long-Term Financial Plan, along with the most recent Development Charge Study and Corporate Asset Management Plan. Recently, they have been awarded the City's Corporate Asset Management Plan with completion planned for Q4 2021. Producing these 2 plans simultaneously would likely provide efficiencies and synergies in the development of assumptions and financial models.

Corporate Implications:

Financial Implications:

Subject to Council approval, a new Capital Project will need to be established in the total amount of \$250,000 in order to update the City's Long-Term Financial Master Plan.

Funding for this initiative will require a transfer from reserve #91 (Federal Gas Tax Reserve) in the amount of \$250,000. Sufficient funding is available to fund this initiative.

Strategic Plan:

This report achieves the Strategic Plan priority of Good Government by practicing proactive effective management of finances, policies and service delivery.

Term of Council Priorities:

This report fulfils the Council Priority of a Well-run City through collaborative citizen engagement and effective managing of municipal assets.

Conclusion:

The City's Long-Term Financial Master Plan is in need of an update and this report provides options for Council's consideration to achieve this objective.

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