

# Long-Term Financial Sustainability Framework

Presentation to PCM  
March 13, 2018

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# Agenda

- Overview
  - How did we get here?
  - What is the value of the Long-Term Financial Sustainability Framework (LTFSF)?
- What does the LTFSF include?
  - Principles
  - Strategies
  - Process
- Next steps

# How did we get here?

- Development of a draft LTFSF by Corporate Planning/Corporate Finance with consideration of:
  - GFOA best practices
  - Other municipal long-term financial planning documents
  - Chartered Professional Accountants (CPA) Standards and Guidance
- Administrative stakeholder engagement, review, and endorsement
- Finance Advisory Committee advice and review throughout process
- Overview presentation to Priorities Committee (July 11, 2017)

# What is the value of the LTFSF?

To help guide the organization to:

- Responsible stewardship of the County's financial resources
- Make evidence-based decisions
  - Master-planning, capital planning, annual budgeting, other emergent financial decisions
- Develop a long-range financial plan supported by:
  - Strategy identified in the Economic Sustainability Framework
  - Objective identified in the 2015-2018 Corporate Business Plan

The LTFSF is the first requirement in developing a long range financial plan

# What does the framework include?

- Establishes financial sustainability **principles**
- Consolidates existing financial **strategies**
  - What we do now
  - What work needs to be done
- Creates a collaborative long-term financial sustainability planning **process**

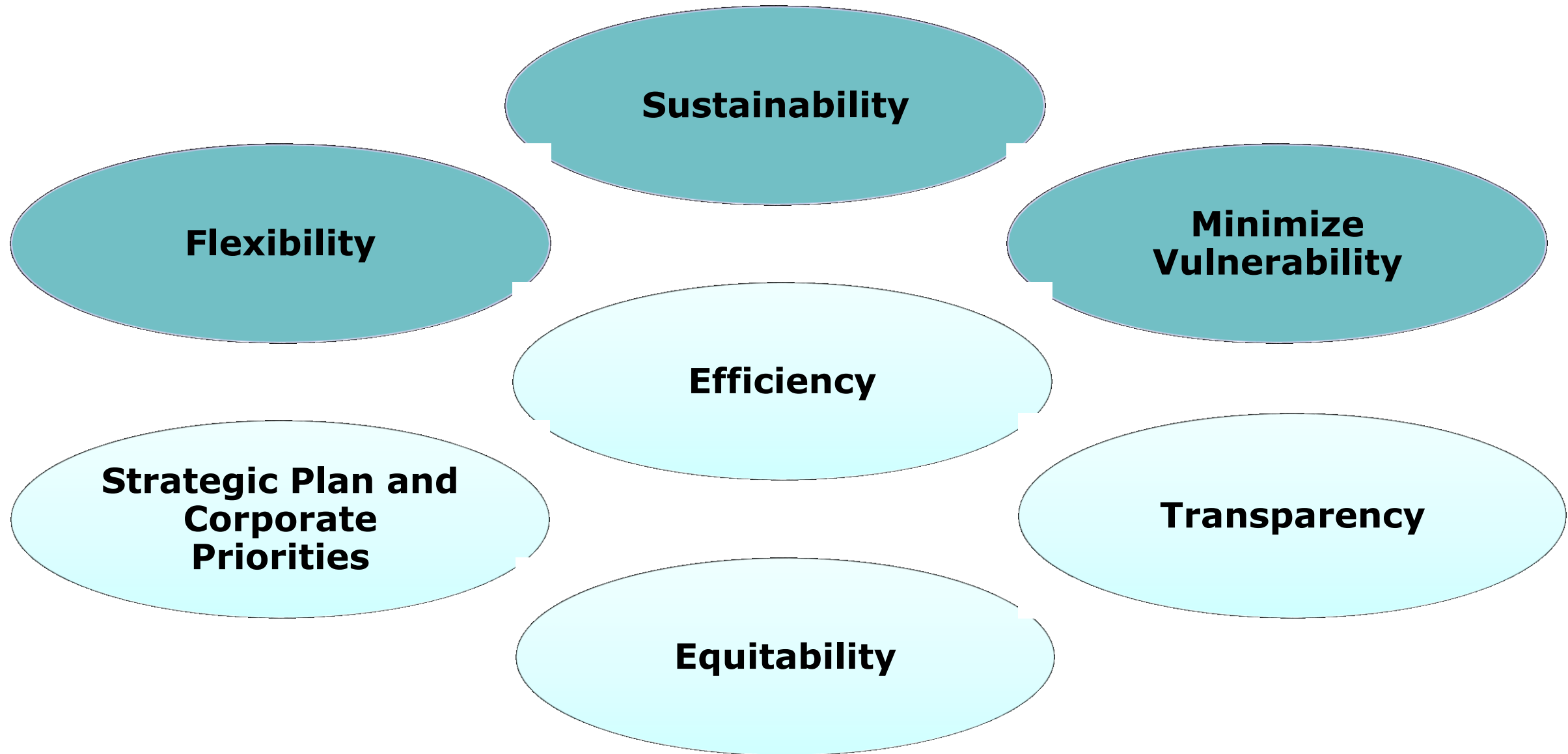
# What does the framework include?

## Principles

- Why do we need these principles?
  - To establish a common understanding of the most valued financial standards, goals, and considerations
  - To have a reference for financial decision making and strategy development

# What does the framework include?

## Principles (continued)



# What does the framework include?

## Principles (continued)

- To be financially **sustainable** now and in the future by providing and maintaining programs at acceptable levels of taxation
- To maintain a degree of financial **flexibility** to be able to adapt to changing circumstances
- To **minimize vulnerability** by considering the reliance on sources of funding outside County control or influence, and by strategically allocating funding sources in a sustainable manner



# What does the framework include?

## Principles (continued)

- To make financial decisions that are aligned with the **strategic plan and corporate priorities**
- To provide services in an **efficient** manner with the resources available
- To provide services at an **equitable** (fair) amount:
  - Services are delivered at a rate that reflects the value and level of services provided
  - To the greatest extent possible, those who benefit from the services pay for the services (supporting intergenerational equity)
- To be **transparent** with key stakeholders by clearly communicating key challenges and considerations in financial decisions

# What does the framework include?

## Strategies

- What are financial sustainability strategies?
  - The conscious practices and methods used to achieve a specific financial purpose and/or goal
    - To foster the financial health/sustainability of the organization
- The framework discusses:
  - Current financial sustainability strategies
  - How key principles apply to the strategies
  - What future work is required

# What does the framework include?

## Strategies (continued)



# What does the framework include?

## Process

- What is the process?
  - New collaborative long-term financial sustainability planning process
    1. Base case financial forecasts (10-30 years)
    2. Sensitivity analysis
    3. Checkpoint 1: discussion with Executive-Team and/or other stakeholders
    4. Analysis and scenarios
    5. Checkpoint 2: stakeholder review of options
    6. Plan for implementation
    7. Council approval (as required)
- How often would the process occur?
  - Every ~ 4 years
  - Annual updates to projections (1-10 years)

# Next steps

- Today: Open discussion
- Presentation of the LTFSF to Council on March 27, 2018 recommending approval
- Subsequent to approval:
  - Implementation of the LTFSF
    - Formalize LTFSF into decision making
    - Implement the long-term financial planning process

# Open discussion

