

Priorities Committee Meeting_Jun12_2018

STRATEGIC INITIATIVE AND UPDATE**Utilities Financial Sustainability Strategy****Report Purpose**

To provide an overview of the recommended strategies and implementation options relative to Utilities capital funding, debt and reserve policy requirements.

Council History

March 27, 2018 – Council approved the Long-Term Financial Sustainability Framework.

July 4, 2017 – Council approved the Financial Reserves Policy.

January 17, 2017 – Council approved the Debt Management Policy.

Strategic Plan Priority Areas

Economy: Analysis has been conducted relative to capital funding strategies, prudent levels of utility debt, reserve structure and optimal reserve levels.

Governance: This work aligns with the Long-Term Financial Sustainability Framework and as such will contribute to good governance relative to financial planning and funding of asset replacements.

Social: n/a

Culture: n/a

Environment: n/a

Other Impacts

Policy: FIN-001-024: Financial Reserves, FIN-001-025: Debt Management

Legislative/Legal: n/a

Interdepartmental: Communications, Corporate Finance, Corporate Planning

Summary

This report provides an overview of the financial and infrastructure challenges facing underground utility infrastructure over a long term horizon (50 years +). There are multiple ways to address these challenges:

- 1) Build up reserves in advance to pay for asset replacement to maintain current services.
- 2) Use debt to fund replacements as they are required to maintain current services.
- 3) A blend of options 1 or 2.

Each option has implications on current utility rates, debt capacity, reserve balances and service delivery.

Implementation can be achieved through submissions to Council in the form of policy update (reserves) and annual budget submissions.

Enclosure

- 1 Utilities Financial Sustainability Strategy