



TOWN OF
HALTON HILLS
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MEMORANDUM

TO: Mayor Bonnette and Members of Council

FROM: Jinsun Kim, Manager of Financial Planning and Budgets

DATE: September 8, 2021

MEMO NO.: CORPSERV-2021-0007

SUBJECT: 2021 Long Range Financial Plan Update

PURPOSE OF THE MEMORANDUM:

To provide Council with an update on the Town's Long Range Financial Plan in advance of the upcoming 2022 budget cycle.

BACKGROUND:

The Town's Long Range Financial Plan (LRFP) is a living financial model that is periodically updated and formally documented each year in advance of the budget cycle. The LRFP is intended for planning purposes only and contains hypothetical and mathematical scenarios that model potential financial outcomes. These scenarios are used by staff throughout the budget process to assess affordability, identify potential funding sources and guide decision making for all potential budgetary needs each year.

The 2021 LRFP was developed by staff in mid-2021 and is based upon data available at that time. As the 2022 budget process progresses, new information will become available and further amendments to the LRFP can be modelled. The summary report of the 2021 LRFP is included in Appendix A.

COMMENTS:

The base case LRFP (Scenario A) outlined in the summary report is based upon the 2021 Council approved operating budget and ten-year capital plan. With the slower than planned growth in Vision Georgetown and lower than anticipated collection of Development Charges, the Town is facing some budgetary pressures in advance of the 2022 budget process. The base financial model estimates the need for a tax rate

increase in 2022 which exceeds the current target of 3.9%, and this is prior to the inclusion of any new 2022 budgetary asks.

Staff then undertook another modelling exercise (LRFP Scenario B) to determine the extent of changes that would be required to bring the Town within the target tax rate increase of 3.9%, whilst maintaining sustainable reserve balances and continuing compliance with Provincial financial indicators.

This mathematical exercise required significant mitigation measures, most notably the deferral of construction for Gellert phase 2 and associated operating costs and external funding for implementation of the Transit Service Strategy.

Other notable changes are outlined in Section B.1 and include deferral initiatives such as Fire recruitment, and implementation of the Corporate Technology Strategy. The measures also include reductions in the asset management and climate change programs along with several other initiatives.

CONCLUSION:

The Long Range Financial Plan provides a basis to assess impacts related to changing assumptions that impact the annual budget cycle such as Assessment Growth, Development Charge recovery, Capital Budget needs and Service Enhancements. While the LRFP is a theoretical model, it is a critical component of the process to ensure that the Town stays on the correct financial course over the 10-year planning cycle.

Specific decisions about programs and associated tax rates are dealt with as part of the annual budget process.

Reviewed and approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Director of Finance & Town Treasurer

A handwritten signature in black ink, appearing to read "Laura Lancaster".

Laura Lancaster, Acting Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "C. Mills".

Chris Mills, Acting Chief Administrative Officer