

## Background

Over the next few years, the City of Greater Sudbury will face a number of challenges which will necessitate a program of fiscal restraint. The following are the key challenges over the next few years:

- Additional capital funding to support over \$5 billion of capital assets, and the large infrastructure funding deficit
- The grant allocation under the Ontario Municipal Partnership Fund Grant is at risk, as a result of the increase in valuation of the City's property tax base.
- Desire to maintain low property taxes
- Program expansion and growth related expenditures
- Council priority projects
- Increasing costs of complying with regulations and legislation

## Toward Fiscal Sustainability

There is no doubt the challenges are significant, but fiscal sustainability is achievable by looking to the City's Long-Term Financial Plan (LTFP) principles, which were approved by Council in 2002 and is a foundational document of the City of Greater Sudbury. The LTFP principles are designed to be flexible and adaptable; it fits within the framework of established strategic plans, and it works to promote a healthy and sustainable service delivery model for our community. The following is a summary of the nine key principles:

1. Ensure Long-Term Financial Sustainability
2. Deliver services in a cost-effective and efficient manner
3. Ensure operating revenues are sustainable and consider community-wide and individual benefits (taxes versus user charges)
4. Meet social equity objectives through specific programs
5. Manage the City's capital assets to maximize long-term community benefit
6. Recognize that funding from senior governments is a crucial element of financial sustainability
7. Use debt financing where appropriate
8. Maintain reserves and reserve funds at appropriate levels
9. Identify and quantify long-term liabilities

A municipality would be considered fiscally sustainable if the following conditions were met:

- Generate reliable and predictable revenues sufficient to meet current and future expenses.
- Build and replace capital assets to support City's infrastructure requirements.
- Provide expected level of municipal services efficiently and effectively.
- Achieve stability in property taxes increases and intergenerational equity.
- Ensure sound financial management and health.

Much of the groundwork has already been completed to determine a way forward for our municipality. The LTFP principles promote a strategic review of corporate practices. Progress has already been made in many areas but there is more to be done to realign budget expectations, refocus activities and streamline operational priorities and procedures.

Staff has built a program of fiscal review, using the LTFP principles as the foundation. Priorities and action items have been developed within a corporate-wide business strategy that will target the following areas:

- Cost efficiencies and service delivery,
- Revenue streams,
- Capital assets,
- Social equity objectives,
- Government partnerships,
- Debt financing, reserves and quantification of long-term liabilities.

By rethinking, refocusing and rebalancing our fiscal outlook, the municipality is prepared to manage these fiscal challenges. The following plan and action items will become part of a regular business cycle that invites ongoing review, management and creative solutions. See Appendix A for the Toward Fiscal Sustainability Plan.

Certain action items and initiatives will be worked on by City staff during the summer and fall of 2010. The results of this work will be presented to Council for decision making during budget deliberations 2011. Others require a longer term perspective, and the Senior Management Team will lead these initiatives over several years, and will be presented to Council for approval during budget deliberations 2012 and beyond.

The following chart illustrates the business cycle:



As illustrated above, regular updates to Council and citizens have been built into the cycle to ensure transparency and accountability.

## Summary

The City of Greater Sudbury, like other municipalities, must continually realign budgets, refocus activities, and streamline operational priorities and procedures, to ensure value for property taxes are maximized. The LTFP financial principles and policies have been designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects. Staff have developed a plan to guide Council's financial decision making for the 2011 and future budget deliberations. The goal is to build a self sustaining community, with sound infrastructure, and an excellent quality of life.