



DRAFT LONG-RANGE FINANCIAL PLAN 2026-2035

TAX-SUPPORTED OPERATIONS

A Roadmap to the City of Thunder Bay's Financial Future

December 2025



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WHY THE CITY NEEDS A LONG-RANGE FINANCIAL PLAN

A Long-Range Financial Plan (LRFP) for tax-supported operations provides a roadmap for the City's financial future. It outlines how resources will be managed to ensure sustainability, resiliency, and flexibility in the face of changing economic and community conditions. The plan offers a broader, long-term perspective that connects today's decisions with tomorrow's needs. Its purpose is to give City Council, residents, and stakeholders confidence that the City's finances are being managed responsibly and strategically.

The City of Thunder Bay faces increasing pressures from aging infrastructure, shifting demographics, and rising service demands. At the same time, revenue growth is limited, and external funding sources are often uncertain. A LRFP helps the City proactively address these challenges by identifying future risks, aligning resources with priorities, and ensuring that investments are both affordable and sustainable. Without a long-term view, short-term decisions risk undermining the City's financial health and limiting its ability to serve the community effectively.

A LRFP should support and enable City Council's strategic priorities. By aligning financial strategies with corporate plans, a LRFP helps guide resources toward the goals most important to residents and businesses. This connection creates a clear line of sight between high-level priorities, day-to-day financial decisions, and the outcomes delivered to the community.

Accountability and transparency are central to responsible financial management. A LRFP provides a clear framework for how decisions will be made, how performance will be measured, and how results will be reported to City Council and the public.



ENVIRONMENTAL SCAN

Understanding the environment in which the City operates is essential to developing a sound financial strategy. The environmental scan highlights the external and internal factors that shape the City's financial position and service demands.

Demographics

Population size, age distribution, and household characteristics shape the demand for municipal services and infrastructure. An aging population, shifting household income, and migration patterns all affect service delivery needs, revenue capacity, and long-term growth planning. Understanding demographic change is critical to ensuring that financial strategies remain responsive to community needs.

The population of the City of Thunder Bay has been slowly growing over the last 5 years. Per the BMA Municipal Study projections, the population has grown 4.2% since 2020.

	2025	2024	2023	2022	2021	2020
Population ^{1,2}	117,003	115,747	114,707	113,356	112,315	112,330

The Ministry of Finance projects the population to grow another 3% by 2035, without any intervention to increase growth.³ In that time span, the population 0 to 14 years of age will decrease 7%, those in the 15 to 64 range will increase 0.4%, and people aged 65 and over will increase 16%. If the trends continue as projected, the working age will not expand, but the number of people of retirement age will increase, which will affect demand for social and health services in the community.

Net migration continues to lift Thunder Bay's population according to the Conference Board of Canada. The North Superior Workforce Planning Board projects the working age population to decrease by 6.1% over the next ten years (2025-2035) without in-migration, which will leave fewer people working. In-migration is vital to support the local economy.

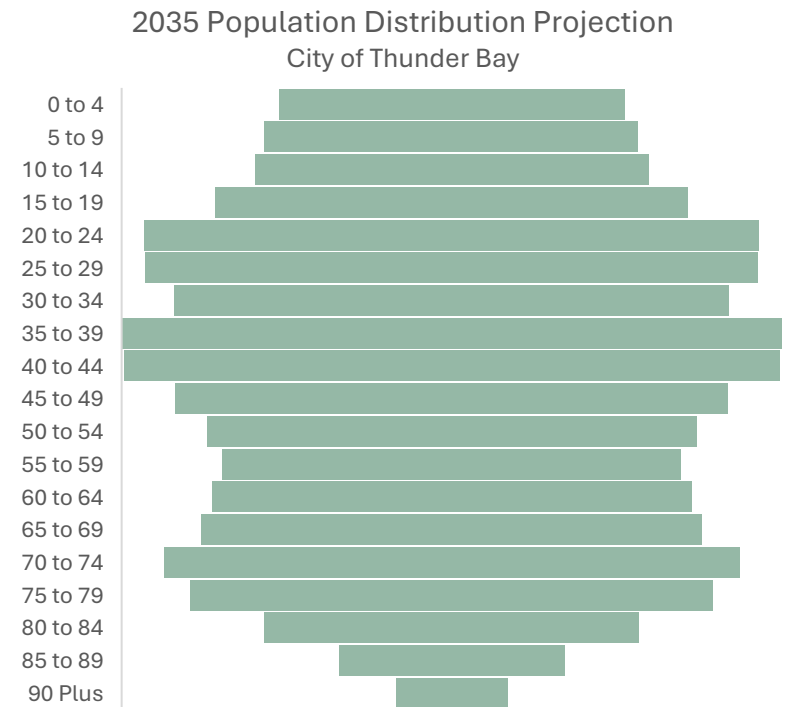
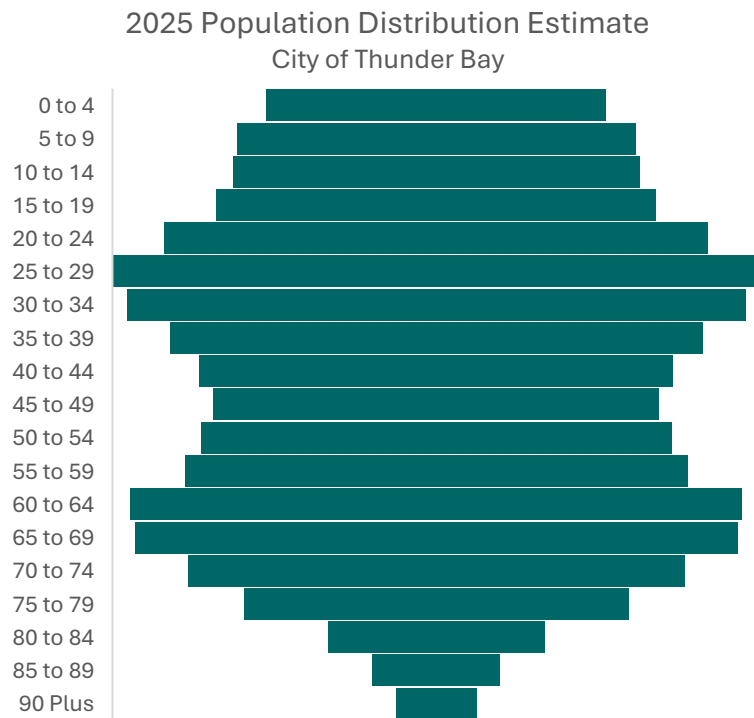
An age distribution graph is provided below for the 2025 population estimates as well as the 2035 population projections.

¹ Statistics Canada. 2025 Population Estimates.

² BMA Municipal Study. Manifold Data Mining. 2022-2025

³ Ministry of Finance. Population Projections by Age and Gender, 2023-2051.





The visuals show the proportion of the population within working age has aged, but remained relatively stable, while the proportion of people above 65 years of age has increased substantially from 2025 estimates.

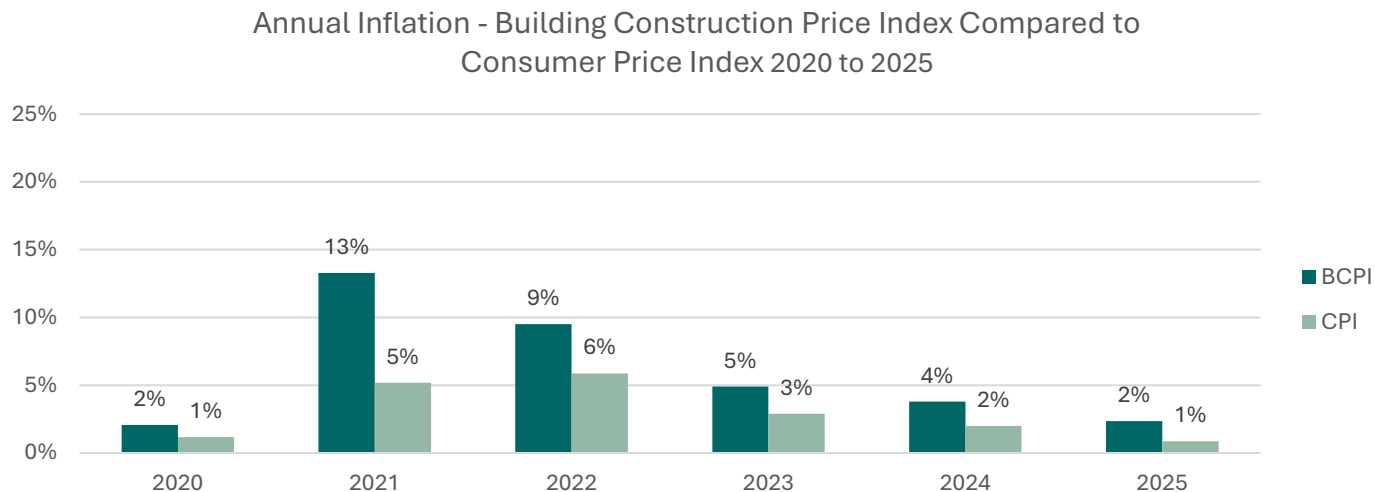


Economic Conditions

The state of the local economy has a direct impact on the City's financial outlook. Employment levels, inflation, interest rates, and economic growth influence both the City's revenues and the community's ability to absorb costs. Monitoring these conditions helps ensure that financial planning reflects current trends and prepares for future changes.

Consumer Price Index

Inflation has a significant influence on the City's long-term financial outlook, affecting both operating and capital budgets. While the Consumer Price Index (CPI) is commonly referenced as a measure of inflation, it reflects household spending patterns and does not fully align with the types of goods and services purchased by municipalities. For the City, construction-sector inflation is a major cost driver, and the Building Construction Price Index (BCPI) may provide a more accurate measure. The comparison of these two measures for the last five years is depicted in the graph below.^{4,5}



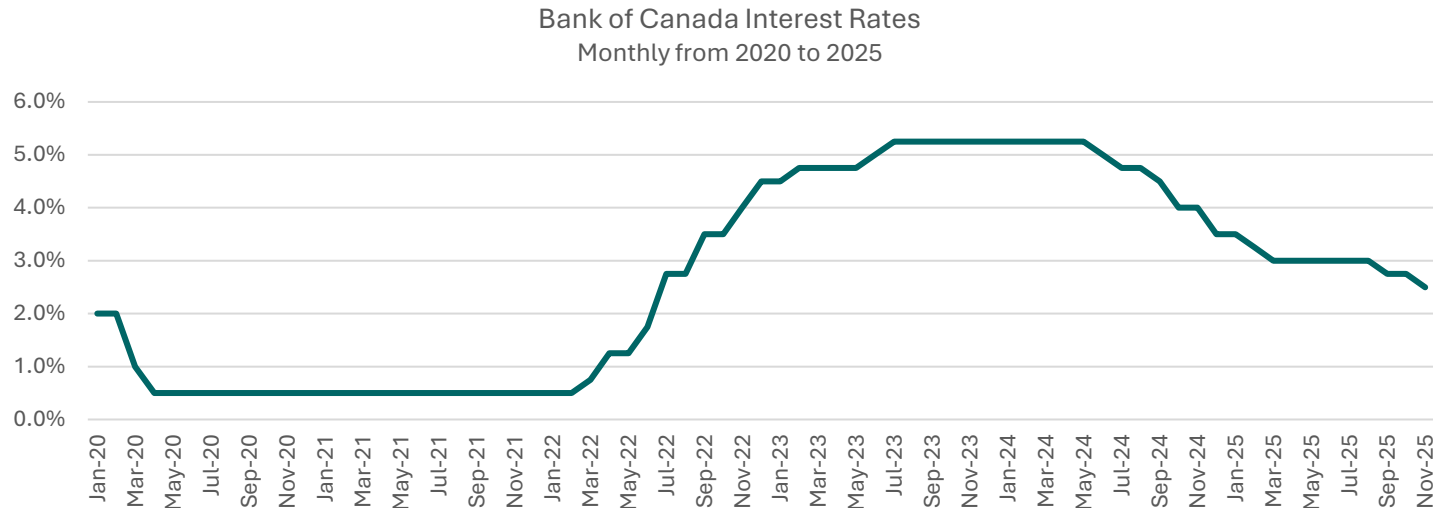
⁴ Statistics Canada. Table 18-10-0289-02 Building construction price indexes, percent change, quarterly. <https://doi.org/10.25318/1810028901-eng>

⁵ Bank of Canada. Price Indexes. <https://www.bankofcanada.ca/rates/price-indexes/cpi/>



Interest Rates

Interest rates also have a significant impact on municipal capital and operating budgets, as higher rates lead to higher costs to repay debt. Bank of Canada interest rates began rising in February 2022 to adjust for a hot housing market and surging inflation. In July 2024, rates began to decrease as inflation eased, and economic growth slowed. The current interest rate is 2.5%.⁶



Employment

In October 2025, the unemployment rate for the Thunder Bay census metropolitan area was 5.0%, compared to the province at 7.8%. Employment continues to rise, with 71,800 workers employed in October 2025, an increase from 65,000 in 2024.

	2025 YTD	2024	2023	2022	2021	2020
Employment Rate ⁷	61.1%	56.1%	59.9%	58.4%	57.0%	55.5%
Participation Rate ⁸	64.3%	61.0%	62.7%	61.6%	61.6%	60.2%
Unemployment Rate ⁹	5.0%	4.0%	4.4%	5.2%	7.5%	8.1%

⁶ Bank of Canada, Data and Statistics Office

⁷ Statistics Canada. Table 14-10-0459-01 Labour force characteristics by census metropolitan area, three-month moving average, seasonally adjusted

⁸ Ibid.

⁹ Ibid.



Households

While the statistic for number of households is only counted during the census, it should be noted that there has been an increase in residential construction in recent years.

	2025 YTD	2024	2023	2022	2021	2020
Number of Households ¹⁰	48,405	48,405	48,405	48,405	48,405	47,180
Average Household Income ¹¹	\$101,552	\$98,708	\$96,022	\$93,040	\$92,986	\$91,670

CMHC reports the annual housing starts for the City of Thunder Bay to be 200 in 2023, and 256 in 2024. There were 128 completions in 2023, and 188 in 2024. 207 of the completions over the last two years have been apartments, significantly adding to the housing stock.¹²

Construction Activity (residential and non-residential)

Construction activity provides a measure of growth in a municipality. Building permits and capital investment are strong indicators about how business feels about the economy. Construction activity also impacts other economic factors such as employment, income, and property value. As building activity is cyclical, it is best to look at long-term trends.

	2025	2024	2023	2022	2021	2020
Number of Building Permits Issued ¹³	TBD	1,008	1,142	1,280	1,723	1,442
Construction Value of Building Permits Issued (\$ million) ¹⁴	TBD	287.2	476.1	183.4	161.4	96.0

¹⁰ Statistics Canada. 2021 Census of Population.

¹¹ BMA Municipal Study, Manifold Data Mining, 2022-2025.

¹² CMHC. Housing Market Information Portal.

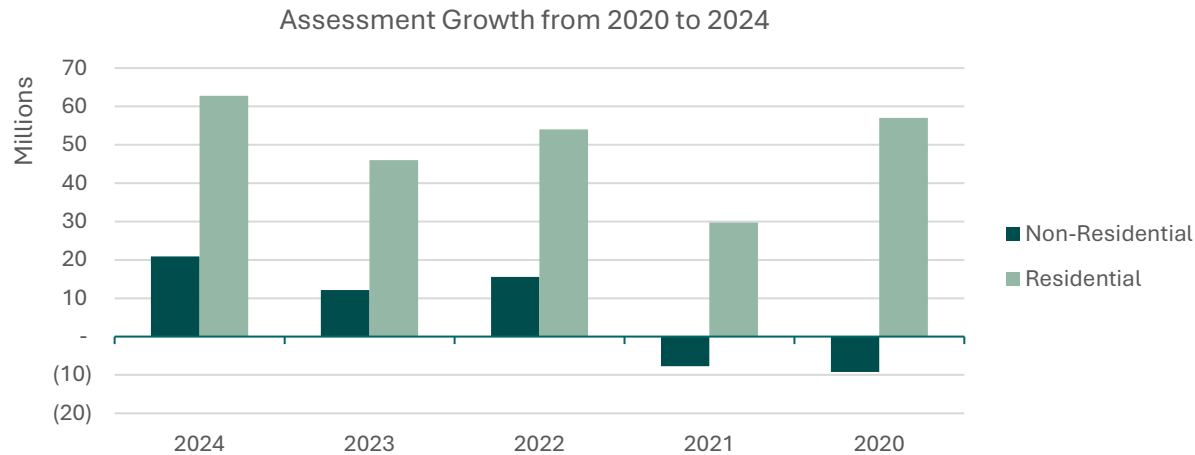
¹³ Statistics Canada, 2025.

¹⁴ Ibid.



Property Assessment

Over the past five years, the majority of the City's taxable assessment growth has occurred in the residential sector.



In the City of Thunder Bay, approximately 84% of taxable assessment is considered residential (including multi-residential). While the City does not maintain a target split between residential and non-residential assessment, non-residential growth will play an important role in strengthening the City's revenue base and supporting long-term financial sustainability.

Unweighted Assessment for Municipalities over 100,000 for 2024 ¹⁵	Residential	Multi-Residential	Commercial	Industrial	Pipelines	Farmland	Forests
Thunder Bay	79.3%	4.4%	15.1%	0.9%	0.3%	0%	0%
Average of Municipalities >100,000	76.7%	2.4%	9.2%	1.9%	0.9%	8.7%	0%
Median of Municipalities >100,000	78.9%	1.3%	8.4%	1.4%	0.3%	2.1%	0%

Municipal tax policy is applied through tax ratios, therefore future increases in non-residential assessment will have a proportionately greater impact on overall tax revenues.

¹⁵ BMA Municipal Study 2021-2025.



FINANCIAL POLICY FRAMEWORK

The City's financial planning is guided by a broad framework of policies, strategies, and plans that provide direction for decision-making. Together, these documents establish the principles and rules for how resources are raised, managed, and invested. A periodic review of the policy framework supports alignment between financial strategy and Council's priorities, identifies where existing policies are working effectively, and highlights areas where gaps may exist. Addressing these gaps will strengthen consistency, transparency, and accountability in financial decision-making.

Existing Financial Policies

Policy/By-law	Purpose	Last Update
Budget Process Policy 05-02-01	To establish the annual budget process and assign responsibility for the tasks related to the preparation, approval and administration of the annual budget.	1996
Budget Public Consultation Policy 05-02-05	To ensure that opportunities are provided for a consistent, standardized and meaningful public consultation process as part of the annual budget process.	2004
User Fee Framework Policy 05-06-01	To ensure consistency across the Corporation with respect to the calculation of user fees.	2004
Reserve and Reserve Fund Policy 05-01-08	To establish guiding principles for the establishment, maintenance, management and accounting of Reserves and Reserve Funds.	2024
Reserve Fund By-law 220-2023	To consolidate and provide for the establishment of and maintenance of all Reserve Funds of The Corporation of the City of Thunder Bay.	2023
Capital Financing and Debt Policy 05-01-12	To ensure that all statutory requirements with respect to incurring debt for capital purposes and the issuance of debentures and prescribed financial instruments for or in relation to the debt are complied with.	2014
Tangible Capital Asset Policy 05-01-15	To ensure that all statutory requirements with respect to the accounting for and reporting of tangible capital and infrastructure assets are fulfilled.	2019
Investment Policy 05-01-04	To summarize and define the investment objectives, risk tolerance and liquidity needs and investment horizon for the City's investment portfolio.	2024
Supply Management By-law 359-2024	To govern the way the Corporation purchases goods, services and construction.	2024
Assessment Growth Funds Policy 05-02-06	To establish the parameters for how Assessment Growth Funds will be allocated through the annual budget process.	2025



Financial Policy Gaps

Policy Control Plan

Although the City has a strong base of financial policies, many are now over 10 years old. A regular review cycle will help confirm that these policies remain relevant and effective in guiding financial decision-making. A formal policy control plan ensures that policies remain relevant, consistent, and aligned with the City's broader financial framework. Regular policy reviews also promote accountability, provide staff and Council with clear guidance, and reduce the risk of relying on outdated or incomplete information in decision-making.

Debt Management Policy

The City's Debt Management Strategy, approved through a Corporate Report in 2014, outlines an approach to support strategic investment in infrastructure while maintaining affordability for taxpayers. Borrowing under this strategy is guided by principles and affordability metrics, distinguishing between regular capital program needs and special legacy or growth-related projects. Although the strategy provides direction, the City does not yet have a formal debt management policy.

A formal debt management policy would provide visible, structured guidance for the City's borrowing, reinforcing sustainability and affordability. While the existing Debt Management Strategy already directs borrowing decisions, a policy would enhance transparency, establish consistent criteria and limits, and ensure the strategy stays current and aligned with Council priorities.

Corporate Enterprise Risk Management

A structured approach to enterprise risk management (ERM) helps the City identify, assess, and manage risks that could impact service delivery, financial stability, or strategic objectives. While risk management practices exist across departments, they are not yet integrated into a unified corporate framework. A formal ERM program would establish consistent processes, clarify roles and responsibilities, and ensure risks are monitored and reported in a systematic way. Embedding ERM into financial and operational planning strengthens decision-making, promotes resiliency, and enables the City to prepare for emerging challenges rather than react to them.

Performance Measurement Framework

A comprehensive performance measurement framework provides a clear way to evaluate how well City services are performing and whether resources are producing the intended results. Although departments track performance metrics, the City does not yet have a consistent, organization-wide framework. A formal approach would establish standardized metrics, targets, regular reporting cycles, and alignment with strategic priorities and budgeting. Strong performance measurement improves transparency, supports evidence-based decisions, and helps Council and the public understand the value delivered through municipal services.



SUPPORTING PLANS AND STRATEGIES

An effective LRFP should incorporate and support all corporate plans and strategic priorities of the municipality to ensure financial decisions align with long-term goals. Among the supporting plans and strategies are the Corporate Strategic Plan, Asset Management Plan, and Smart Growth Action Plan.

Corporate Strategic Plan

City Council's 2023-2027 Maamawe, Growing Together Strategic Plan centred around 4 pillars:

- Maamawe All Together – We honour the truth and reconcile for the future.
- Safety and Well-being – Our community is healthy, safe, and strong.
- Growth – We attract and retain new and diverse businesses and community members.
- Sustainability – We advance a thriving economy and environment.

At the start of every new Council term, a Corporate Strategic Plan is developed to guide priorities for the coming years.

Asset Management Plan

The Asset Management Plan provides a comprehensive framework for managing the City's infrastructure to deliver sustainable, reliable services. It establishes a consistent approach for the construction, maintenance, rehabilitation, replacement, and disposal of municipal assets based on sound asset management principles.

Smart Growth Action Plan

The Smart Growth Action Plan is a 10-year community-driven strategy that sets out how the City can grow its tax base and population, strengthen its economy, and enhance quality of life. The Plan was developed in partnership with community stakeholders through the Task Force on Growth and shaped by extensive public engagement, including focus groups, targeted meetings, and broad community consultation.

The Plan identifies more than 100 actions to achieve its growth targets, organized under three key pillars:

- Readiness – Creating the conditions and infrastructure needed to support growth.
- Attraction – Drawing new residents, businesses, and investment to Thunder Bay.
- Talent – Developing, retaining, and attracting the skilled workforce needed for long-term prosperity.



GUIDING FINANCIAL PRINCIPLES

The City's guiding financial principles provide the foundation for responsible decision-making and long-term sustainability. They set out a clear framework for how financial resources are managed, ensuring that taxpayers receive value for money while the City maintains the flexibility to respond to emerging challenges and opportunities. Together, they guide the City in building a stable financial future that supports growth, economic development, and the well-being of the community.

Financial Sustainability

The ability to provide and maintain service and infrastructure levels without unplanned rate increases or service reductions while also ensuring the capacity to invest in future growth and development.

- **Respect for Tax and Ratepayers:** The commitment to responsible financial management that balances service delivery with affordability for residents and businesses.
- **Sustainable & Integrated Capital Planning:** The development and implementation of a dynamic, long-term capital funding plan that aligns infrastructure needs with financial capacity, supports asset stewardship, and enables the City to respond effectively to growth opportunities.
- **Maximizing Value for Money:** The pursuit of optimal return on investment and efficient resource allocation to deliver high-quality, cost-effective services.

Financial Resiliency

The degree to which the City relies on external funding beyond its control and its ability to adapt to unforeseen challenges while meeting financial and service commitments.

- **Supporting Growth and Economic Development:** The alignment of financial strategies with economic opportunities to foster a thriving community.
- **Users Pay Where Appropriate:** The application of fair and equitable user fees to ensure those who benefit directly contribute to the cost of services.
- **Fair and Sustainable Tax Policy:** The adoption of a well-structured and equitable approach to setting tax ratios for residential and non-residential properties, balancing competitiveness, revenue stability, and the City's long-term financial sustainability.

Financial Flexibility

The degree to which the City can expand its financial resources to seize opportunities and mitigate risks.







- **Strategic Debt Management:** The responsible use of debt financing to support key infrastructure and service needs where appropriate.
- **Prudent Reserve and Reserve Fund Management:** The management of reserves and reserve funds to capitalize on strategic opportunities and mitigate significant fluctuations in property taxes and rates.
- **Responsible Investing:** The prudent management of investments to safeguard financial resources and support long-term goals.



FINANCIAL HEALTH DASHBOARD







The Financial Health Dashboard provides a consolidated view of the key indicators that measure the City's long-term financial condition. By monitoring these indicators over time, the City can assess its overall fiscal position, identify emerging risks, and support informed decision-making that aligns with long-term strategic and financial goals.

Financial Sustainability







Indicator	Target	2024	2023	2022	2021	2020	Result
 Positive Audit Outcome This indicates that the auditor was able to complete their work, express an opinion, and did not identify concerns that would call into question the City's ability to meet its financial obligations or continue to operate on a sound financial basis.	Positive Report	Positive Report	Positive Report	Positive Report	Positive Report	Positive Report	
 Financial Position Per Capita This measures the City's net financial position relative to the population and includes all the City's financial assets and liabilities. Negative results indicate that liabilities exceed financial assets and future revenues will be required to pay for past transactions and events.	Positive Trend	TBD	(\$106)	(\$193)	(\$165)	(\$620)	
 Asset Consumption Ratio This reflects the value of the tangible capital assets that have been consumed and provides an indication of the aged condition of the assets and the potential asset replacement needs. A higher ratio may indicate significant replacement needs.	51-75% Moderately Old	TBD	60.9%	60.7%	60.7%	60.1%	



Financial Resiliency

Indicator	Target	2024	2023	2022	2021	2020	Trend
 Property Tax as a % of Household Income This measures the relative affordability of municipal taxation for residents. By tracking this measure regularly, the City can better ensure that its property tax policies remain fair, equitable, and aligned with the community's ability to pay.	4-5%	TBD	4.1%	5.4%	5.3%	3.9%	
 Tax Arrears as a % of Tax Levied This indicates the ability of residents to pay their annual taxes. The City's tax collection procedures allow for the ability to operate without cash flow concerns.	Under 8%	TBD	6.4%	5.6%	5.1%	5.7%	
 Rates Coverage Ratio This measures the City's ability to cover its costs through its own source revenue. A high ratio means that the City is less dependant on transfers from other levels of government.	60-90% Intermediate	TBD	90.1%	87.8%	93.2%	90.6%	

Financial Flexibility

Indicator	Target	2024	2023	2022	2021	2020	Trend
 Debt Service Ratio This compares the annual principal and interest costs to the City's own source revenue and is a measure of the City's ability to service its debt payments.	Under 10%	TBD	6.3%	5.9%	6.1%	6.3%	
 Debt to Reserve Ratio This provides a measure for financial prudence by comparing total debt to discretionary reserves and reserve fund balances.	1:1 or under	TBD	0.9	1.1	1.0	1.3	
 Investment Returns This indicates the extent to which marketable securities return on investments exceed current inflation.	Higher than CPI	TBD	4.0%	3.4%	1.9%	2.1%	



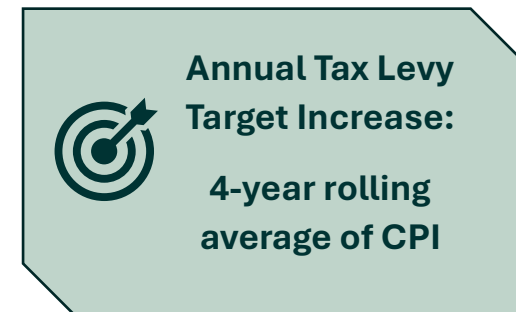
FINANCIAL STRATEGY

The LRFP outlines the key financial factors that shape the City’s fiscal outlook over the next 10 years. This includes understanding the unique inflationary pressures faced by municipalities, managing debt responsibly and maintaining adequate reserves to preserve financial flexibility.

Municipal Revenue Outlook

The City’s approach to revenue must balance the role of property taxes, user fees, grants, and growth-related revenues to support both current service delivery and long-term community development.

It is reasonable for residents to expect that the municipal tax levy and user fees should not increase faster than inflation over the long term, since households themselves must manage within similar financial constraints. Striking this balance between cost pressures and taxpayer affordability remains a key consideration in long-term financial planning. A stable and predictable municipal tax levy can be a competitive advantage for the City as it seeks to drive responsible growth moving forward. To reinforce this stability, the City will target the 4-year rolling average of CPI as its annual tax levy increase .



However, over time, the gap between municipal cost inflation and the revenue generated through tax increases limited to general inflation is not sustainable. When expenditure growth consistently outpaces revenues, it erodes the City’s capacity to maintain service levels, address infrastructure needs, and invest in community priorities. To ensure long-term financial sustainability, the City must continue to explore and develop new revenue-generating opportunities and growth-related funding tools that help align revenues with the true cost of providing municipal services.

Municipal Inflation and Cost Drivers

Inflation has a significant influence on the City’s long-term financial outlook, affecting both operating and capital budgets. While the Consumer Price Index (CPI) is commonly referenced as a measure of inflation, it reflects household spending patterns and does not fully align with the types of goods and services purchased by municipalities. For the City, construction-sector inflation is a major cost driver, and the Building Construction Price Index (BCPI) may provide a more accurate measure.

Over the past 5 years, the average spread between BCPI and CPI on a quarterly basis has been approximately 2%, underscoring the higher inflationary pressures the City faces in delivering and renewing infrastructure. For the purposes of long-term planning, general inflation is projected at 2.5%, while construction-related inflation is forecast as CPI + 2%, or 4.5%.



Personnel Services

Like other municipalities, staffing-related costs represent the most significant budget drivers, accounting for approximately two-thirds of the City's tax-supported operating budget. As a service-based organization, the City's ability to deliver programs, maintain infrastructure, and meet community expectations depends heavily on its workforce. Strategic workforce planning, ongoing process improvements, and investments in training and technology all contribute to delivering services more efficiently while maintaining high standards of quality and safety. Through proactive human resource management and continuous review of service delivery models, the City aims to contain personnel-related cost growth while ensuring the organization remains well-equipped to meet community needs.

Goods, Services, and Supplies

Beyond staffing, the cost of goods, services, and supplies represents a substantial portion of the City's operating budget and directly influences the cost of delivering municipal programs and maintaining infrastructure. These expenditures encompass a wide range of essential items and services such as fuel, utilities, materials, equipment maintenance, and contracted services that enable day-to-day operations across all departments. Many of these costs are subject to market volatility, global supply chain pressures, and inflationary trends that often outpace the general CPI. Managing these expenses effectively requires a focus on strategic procurement, lifecycle costing, and continuous review of service delivery models to identify efficiencies.

Agencies Boards and Commissions

The City has limited control over the budgets of its Agencies, Boards, and Commissions (ABCs), yet these entities play a critical role in delivering services to the community. While the City cannot dictate their spending, it is hoped that ABCs will follow the City's lead in managing expenditures to help keep property taxes low. Promoting alignment with municipal budget priorities supports financial sustainability while allowing ABCs to fulfill their service mandates.

Contributions to Capital

Consistently funding the capital program allows the City to protect service levels, maintain asset value, and plan proactively for both renewal and growth. Increasing the annual contribution to capital by an amount equivalent to the tax levy ensures a steady, predictable funding base, while supplementing this contribution with the Tbaytel Dividend and other non-tax revenue sources provides additional resources to accelerate investments. Together, this approach can support a targeted 5% annual increase in capital funding, aligning with the priorities identified in the Asset Management Plan (AMP) and helping to address the City's infrastructure deficit.



Debt Management

Debt servicing represents the annual cost of repaying principal and interest on the City's outstanding debt. While borrowing is a key tool for funding major infrastructure and long-term projects, if borrowing levels rise too high, the associated debt servicing costs could place pressure on the City's operating budget, potentially limiting flexibility to fund other essential services. By adhering to responsible debt policies and maintaining borrowing within sustainable limits, the City seeks to meet capital investment needs without compromising long-term financial stability or creating undue strain on future budgets.

In the spring of 2025, Standard & Poor's (S&P) Global Ratings reaffirmed the City of Thunder Bay's credit rating of AA+ with a stable outlook for the fourth year in a row. The credit rating is an independent third-party assessment of the City's financial health based on several factors:

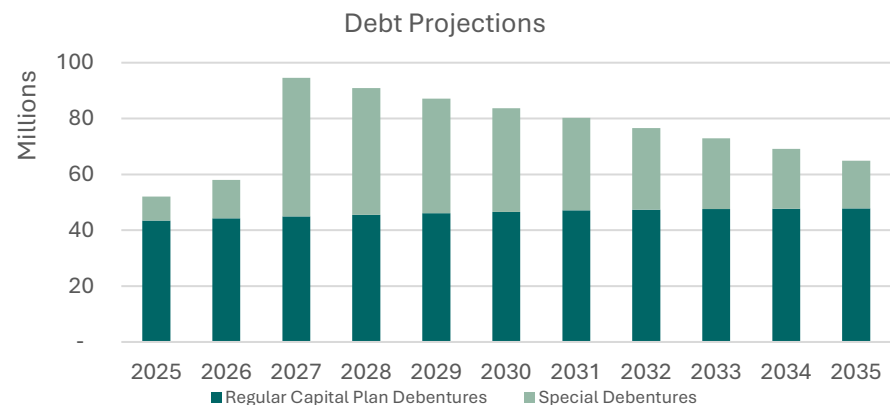
Key Rating Factors	Score
Institutional Framework	1
Economy	2
Financial Management	3
Budgetary Performance	1
Liquidity	1
Debt Burden	1
Issuer Credit Rating	AA+/Stable

S&P Global
Ratings

The shift to multi-year (two-year) capital budgeting, combined with this long-term capital plan, demonstrates improved financial management practices that could contribute positively to the City's credit rating.

Debt Projections

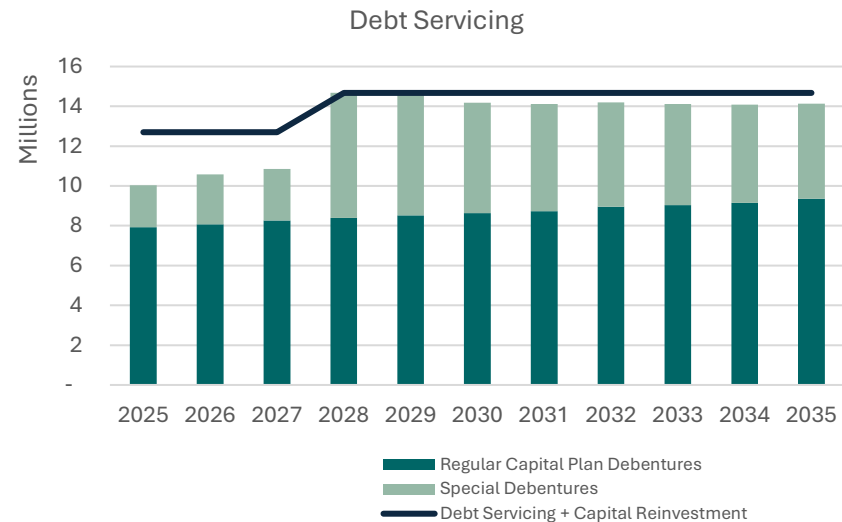
As of December 31, 2025, the City's tax-supported debt totals approximately \$52.0 million, comprised of \$43.5 million for the regular capital plan and \$8.5 million in special debentures. Debt levels have been managed prudently within Council-approved limits, ensuring that annual repayment obligations remain sustainable and consistent with the City's financial strategy.



Looking ahead, projected debt levels reflect both known and committed capital projects as well as ongoing annual borrowing to support the City's capital plan. Based on current projections, tax-supported debt is anticipated to rise sharply in the coming years, peaking in 2027. This increase is driven by the completion of major debt-financed capital projects, including Victoriaville and the Organics Processing Facility, as well as the City's contribution to the Thunder Bay Art Gallery facility.

Debt Servicing

With the maturation of the Homes Debenture in 2023, the City was able to redirect previously committed debt payments into the capital budget, providing additional funding for infrastructure projects. Beginning in 2028, when payments on the new special debentures commence, this capacity will be returned to debt servicing, supplemented by additional tax-supported funding to meet the City's peak repayment requirements. Debt servicing costs are projected to reach their highest point in 2028, corresponding to a debt service ratio of approximately 5.2%. There will be an opportunity to maintain this peak debt servicing level going forward and, as repayment obligations decline in future years, reinvesting the resulting capacity into the capital program to support long-term infrastructure renewal.



Reserve and Reserve Fund Strategy

Reserves and reserve funds are an essential financial tool that provide the City with flexibility to manage both planned and unexpected expenditures. Strategically funding reserves ensures that resources are available for future infrastructure needs, major capital projects, or unforeseen emergencies, reducing reliance on debt or sudden tax increases. At the same time, prudent utilization of reserves allows the City to strategically smooth expenditures, support one-time initiatives, and respond to evolving priorities without creating ongoing budget pressures. The reserve and reserve fund policy is designed to maintain adequate funding to manage unforeseen events, stabilize the budget, and provide for future capital needs.

As of December 31, 2024, the City's total tax-supported reserve and reserve fund balance was approximately \$197 million. However, planned drawdowns are anticipated to fund major capital commitments, most notably the Multi-Use Indoor Turf Facility, along with infrastructure investments underway but not yet completed. The uncommitted balance was approximately \$100 million.



Looking forward, the City will continue to monitor reserve and reserve fund levels closely and evaluate opportunities to replenish balances through future operating contributions, year-end surpluses, or other funding sources. Maintaining reserves and reserve funds at appropriate levels remains essential to supporting long-term financial stability and ensuring ongoing flexibility in the City's financial planning framework.

At present, the City does not maintain a dedicated reserve fund for asset renewal. As new assets, such as the Tbaytel Multiplex and the Organics Processing Facility come into service, establishing contributions toward an asset renewal reserve represents a critical first step in planning for their future lifecycle needs. Over time, the City can expand this approach to other asset classes, strengthening its ability to manage long-term infrastructure obligations proactively and sustainably.



**Establish Asset
Renewal Reserve
Fund(s)**



Financial Forecast

	Budget	Forecast								
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
REVENUES										
Taxation Revenues										
Grants										
User Fees										
Other										
TOTAL REVENUES										
EXPENDITURES										
Personnel Services										
Goods Services and Supplies										
Debt Servicing										
Contributions to Reserve										
Contributions to Capital Plan										
Agencies, Boards, & Commissions										
TOTAL EXPENDITURE										
BUDGET PRESSURE										



MONITORING

A structured monitoring process ensures that the LRFP remains relevant, aligned with Council’s strategic priorities, and responsive to changing conditions. The LRFP will be formally approved every two years, timed to coincide with the second and final year of each Council term. This approach provides a newly elected City Council with sufficient time to develop its strategic plan and ensures the LRFP reflects those priorities. In addition to the biennial approval cycle, the Financial Health Dashboard will be updated and presented to Council annually, providing consistent oversight and a clear, ongoing connection between long-term planning and yearly financial decisions.

CONCLUSION

The LRFP provides a clear framework to guide the City through the fiscal challenges and opportunities of the next decade. By grounding decisions in strong financial principles – sustainability, resiliency, and flexibility – the LRFP help guide today’s actions in ways that strengthen tomorrow’s outcomes.

Through the Financial Health Dashboard, the City has a transparent, accessible way to monitor performance and identify emerging risks before they impact services or affordability. The financial strategy outlined in the LFRP recognizes the unique cost pressures faced by municipalities, reinforces the importance of responsible debt and reserve management, and underscores the necessity of stable, predictable revenues to maintain service levels and invest in infrastructure renewal and growth.

The LRFP is a proactive, forward-looking approach that supports City Council’s strategic priorities, strengthens accountability, and positions the City for long-term prosperity. The LRFP is not a static document. It is a living roadmap that will evolve as conditions change, helping the City remain financially strong, investment-ready, and able to meet the needs of residents and businesses for years to come.



Finance Division

Corporate Services Department

2nd Floor, City Hall
500 Donald Street East
P.O. Box 800
Thunder Bay, ON
P7C 5K4

Phone: 807-625-2389

www.thunderbay.ca/budget

