

Corporate Report

REPORT NUMBER 006-2026-Corporate Services-Finance

DATE

PREPARED

January 12, 2026

FILE

MEETING DATE

January 22, 2026

SUBJECT

Long-Range Financial Plan 2026-2035

RECOMMENDATION

WITH RESPECT to Report 006-2026-Corporate Services-Finance, we recommend that the Long-Range Financial Plan be adopted as presented;

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

This report presents the draft Long-Range Financial Plan (LRFP) 2026-2035 for tax-supported operations. The LRFP identifies key policies, guiding financial principles, and financial indicators to support sustainable, responsible, and strategic decision-making.

The LRFP includes a 10-year Financial Forecast, based on current trends, inflationary assumptions, with the draft 2026 Operating Budget as the baseline. While tax levy increases are expected to generally align with inflation over the long-term, strictly limiting increases to the Consumer Price Index is not sustainable given the City's capacity to maintain service levels, infrastructure needs, and community priorities. To provide a practical planning baseline, this LRFP assumes a minimum annual municipal tax levy increase of 3.0%.

The Financial Forecast is intended as a planning tool to identify emerging pressures and understand long-term implications. Any projected funding gaps are for planning purposes only and may be addressed through a range of financial and budgetary tools through the budget process.

DISCUSSION

The purpose of a Long-Range Financial Plan (LRFP) is to provide a strategic, long-term framework that guides how the City will manage its financial resources to meet current and future needs. It connects day-to-day financial decisions with broader community

priorities, ensuring that investments are affordable, sustainable, and aligned with Council's direction. By identifying emerging pressures, assessing risks, and outlining strategies to maintain stability, the plan will help the City make informed choices that protect service levels, support growth, and strengthen overall financial health. Ultimately, the LRFP fosters transparency, accountability, and confidence in the City's long-term financial stewardship.

Since rate-supported operations already operate under Council-approved financial plans, this LRFP focuses on tax-supported operations.

The Corporate Strategic Plan, set by each new term of Council, establishes the City's priorities, and the LRFP must align with those priorities to ensure financial decisions support Council's direction. To maintain this alignment, the LRFP will be updated in 2027 to reflect the next Corporate Strategic Plan and then updated every two years after. This regular update cycle ensures the LRFP remains current, responsive, and firmly connected to Council's evolving goals.

The LRFP highlights both the suite of financial policies the City currently has in place and the key policy gaps that must be addressed to strengthen the overall financial framework. Financial policies need regular review and updating to stay aligned with changing conditions, legislation, and best practices; a formal policy control plan will help ensure they remain current through scheduled reviews and clear accountability. Identified gaps include a Debt Management Policy, Corporate Enterprise Risk Management Policy, and a Performance Measurement Framework. Administration will work to develop these missing components and modernize existing policies to support long-term financial sustainability.

In April 2025, Administration presented Report 107-2025, which contained nine guiding financial principles structured under three financial pillars:

Financial Sustainability

1. Respect for Tax and Ratepayers
2. Sustainable & Integrated Capital Planning
3. Maximizing Value for Money

Financial Resiliency

4. Supporting Growth and Economic Development
5. Users Pay Where Appropriate
6. Fair and Sustainable Tax Policy

Financial Flexibility

7. Strategic Debt Management
8. Prudent Reserve and Reserve Fund Management
9. Responsible Investing

These principles are intended to serve as a stable and enduring framework for financial decision-making, ensuring consistency in the City's approach to long-term financial planning.

Building off these principles, the LRFP includes a Financial Health Dashboard to serve as an ongoing monitoring tool that tracks key indicators over time. The dashboard helps City Council and the public clearly see how the City's financial position is evolving. This transparency supports more informed, evidence-based decision-making and allows the City to identify early warning signs, adjust strategies, and ensure that long-term financial goals remain on track.

The LRFP includes a Financial Forecast section that projects future revenues and expenditures, based on current trends and inflationary assumptions. The first year of the forecast reflects the draft 2026 Operating Budget and is used as the basis for the 10-year financial forecast.

The City's long-term financial approach seeks to balance taxpayer affordability with the reality of municipal cost pressures. While it is reasonable to expect that tax levy increases should generally align with inflation over the long-term, limiting increases strictly to the Consumer Price Index is not sustainable in the long term given the City's capacity to maintain service levels, infrastructure needs, and community priorities. There is a practical lower threshold below which the City's ability to absorb unavoidable cost pressures becomes constrained. Accordingly, this LRFP assumes a minimum annual municipal tax levy increase of 3.0% as a planning baseline; while still embracing limiting the annual tax increase to no more than the four-year rolling average of CPI if that value is above 3%. The LRFP assesses that the 3% minimum will be required until growth targets within the Smart Growth Action Plan are achieved.

The Financial Forecast also assumes that Assessment Growth Funds are levied and invested annually in permanent growth initiatives, resulting in a cumulative ongoing impact. In accordance with the Assessment Growth Funds Policy 05-05-06, if assessment growth funds exceed the cost of approved growth initiatives, the remaining balance will be allocated as follows:

- 40% - one-time contribution to the Capital General Reserve Fund to support infrastructure renewal and reduce the infrastructure funding gap.
- 40% - permanent reduction to debt financing in the capital budget.
- 20% - one-time contribution towards the establishment, maintenance and/or enhancement of a dedicated funding mechanism to support the development of new sport and recreational facilities and parks or major enhancements to existing facilities beyond normal life-cycle renewal.

While this Financial Forecast is a valuable tool for identifying emerging pressures and understanding the long-term implications of today's decisions, it is not a prediction. Economic conditions, legislative changes, community growth, and market forces will

inevitably shift in ways that make any long-term estimate imperfect. The forecast is therefore best understood as a guide, rather than a precise projection of what will occur.

City Council will continue to set budget direction on an annual basis through the budget process. Any projected funding gap identified in the forecast is for planning purposes only and may be addressed through a range of financial and budgetary tools, including but not limited to cost mitigation measures and tax levy adjustments.

CONSULTATION

The Draft Long Range Financial Plan was included as an agenda item at the Finance and Administration Standing Committee on December 9, 2025. Due to time constraints, discussion was deferred to the Committee of the Whole - Special Budget meeting on January 22, 2026.

FINANCIAL IMPLICATION

There are no direct financial implications associated with this report. The Long-Range Financial Plan provides the framework for sustainable, responsible, and strategic financial decision-making.

BACKGROUND

The Long-Range Financial Plan was included in the 2025-2027 City Manager's Workplan presented to City Council on February 10, 2025.

REFERENCE MATERIAL ATTACHED

Attachment A: Long-Range Financial Plan 2026-2035

REPORT PREPARED BY

Keri Greaves, CPA, Commissioner – Corporate Services & City Treasurer

REPORT SIGNED AND VERIFIED BY

Keri Greaves, CPA, Commissioner – Corporate Services & City Treasurer

01/14/2026 (MM/DD/YEAR)