

Corporate Report

REPORT NUMBER 107-2025-Corporate Services-		
DATE PREPARED		FILE
March 17, 2025		
MEETING DATE April 28, 2025		
SUBJECT Guiding Financial Principles		

RECOMMENDATION

WITH RESPECT to Report 107-2025 – Corporate Services, we recommend that the Guiding Financial Principles as outlined in this Report be approved;

AND THAT, the Guiding Financial Principles, as outlined in this Report be embedded in the City of Thunder Bay’s Long-Term Financial Plan;

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

LINK TO STRATEGIC PLAN

The Guiding Financial Principles will serve as a foundation for the City’s Long-Term Financial Plan, which aligns with the City of Thunder Bay’s 2023-2027 Strategic Plan to plan and deliver cost-effective, financially sustainable services.

EXECUTIVE SUMMARY

Administration is currently developing a Long-Term Financial Plan for the City of Thunder Bay to support fiscally responsible, evidence-based decision-making that ensures sustainable service delivery. As an initial step, Administration has established a set of 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 designed not only to safeguard the City's financial position but also to guide strategic decision-making that supports long-term growth. They 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

Administration is seeking Council's approval of these principles to establish a strong foundation for responsible and sustainable financial management.

DISCUSSION

Work is currently underway on the development of a Long-Term Financial Plan for the City of Thunder Bay to support fiscally responsible, evidence-based decision-making that ensures sustainable service delivery for residents and businesses in the City of Thunder Bay. To support this work, Administration has developed a set of Guiding Financial Principles, organized under three financial pillars – Sustainability, Resiliency, and Flexibility – to serve as the foundation for sound financial management.

Each principle governs a specific financial aspect, and together, they provide a comprehensive framework for managing the City's fiscal health. These principles are not meant to be prioritized individually; they should be applied in an integrated manner to achieve balance among the financial pillars. They will serve as a framework for decision-making by Council and Administration, ensuring that financial decisions align with the City's commitment to responsible fiscal management and sustainability.

A. **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.

1. **Respect for Tax and Ratepayers:** The commitment to responsible financial management that balances service delivery with affordability for residents and businesses.

2. **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.
 3. **Maximizing Value for Money:** The pursuit of optimal return on investment and efficient resource allocation to deliver high-quality, cost-effective services.
- B. **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.
4. **Supporting Growth and Economic Development:** The alignment of financial strategies with economic opportunities to foster a thriving community.
 5. **Users Pay Where Appropriate:** The application of fair and equitable user fees to ensure those who benefit directly contribute to the cost of services.
 6. **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.
- C. **Financial Flexibility:** The degree to which the City can expand its financial resources to seize opportunities and mitigate risks.
7. **Strategic Debt Management:** The responsible use of debt financing to support key infrastructure and service needs where appropriate.
 8. **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.
 9. **Responsible Investing:** The prudent management of investments to safeguard financial resources and support long-term goals.

Administration is seeking Council's approval of these Guiding Financial Principles as an initial step in the development of the City's Long-Term Financial Plan.

FINANCIAL IMPLICATION

While there are no direct financial implications resulting from this report, these principles will serve as a foundation for budget development, resource allocation, and financial planning, ensuring that municipal finances remain sustainable, adaptable, and aligned with the needs of residents and businesses. Importantly, they will also support fiscally

responsible growth by embedding long-term value and economic considerations into financial decision-making.

CONCLUSION

It is concluded that these Guiding Financial Principles should be approved by City Council to help ensure that the City's financial planning remains disciplined, transparent, and aligned with long-term service and infrastructure needs.

BACKGROUND

The City Manager's Workplan was presented at the February 10, 2025, Committee of the Whole meeting through Report 012-2025 – City Manager's Office. One of the initiatives to be completed in 2025 was the development of a 10-year Financial Plan.

REFERENCE MATERIAL ATTACHED

None.

REPORT PREPARED BY

Andrea Morrison, CPA, CA, Director – Finance
Kathleen Cannon, CPA, CA, Director – Revenue

REPORT SIGNED AND VERIFIED BY

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

04/20/2025 (mm/dd/yyyy)