



## Staff Report T2026-01

Committee 2026-04-08

Council 2026-04-20

Amendments

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**Submitted To:** Committee of the Whole | Council  
**Submitted By:** Jennifer Graham, Director, Finance/Treasurer  
**Prepared By:** Jennifer Graham, Director, Finance/Treasurer  
**Subject:** T2026-01 Long Term Strategic Financial Plan – Part One

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### Recommendation

**THAT** Staff Report T2026-01, **Long Term Strategic Financial Plan – Part One**, be received;

**AND THAT** Council approve the recommended revisions to existing financial policies as outlined in Appendix A - Recommended Revisions to Existing Policies;

**AND THAT** Council direct staff to develop and prepare draft versions of the following policies for Council's review and consideration:

- Tax Arrears Collection and Tax Sale Policy
- User Fee Setting Policy
- Non-Tax Revenue Collection Policy
- Development Charge Credit Policy
- Municipal Act Part XII Capital Charges Policy

**AND THAT** Council direct staff to consider the findings of the User Fee Comparator Analysis when developing recommendations for amendments to the Fees and Charges By-law for 2027, ensuring that proposed updates reflect comparative market data, industry practices, and alignment with Council's service delivery objectives;

**AND THAT** Council approve the recommendations outlined in Chapter Four of Appendix C with respect to the Town's Reserve and Reserve Funds, including those proposed to be continued, modified and combined, newly created, and terminated and

bring forward the necessary by-law amendments for Council consideration where applicable.

## **Amendments**

None.

## **1. Executive Summary**

Council approved funding in the 2025 Budget to develop a Long-Term Strategic Financial Plan (LTSFP) as a key initiative under Pillar 4 – Responsible of the Community-Based Strategic Plan, which commits the Town to maintaining strong financial health and assets through the implementation of a multi-year financial forecast and 10-year capital plan. Following a competitive procurement process, Watson & Associates Economists Ltd. was retained to support this work. The LTSFP is being presented in two parts to allow Council to review and provide direction on foundational policy and structural components prior to consideration of long-term projections and fiscal sustainability analysis.

Part One focuses on strengthening the Town's financial governance framework through a comprehensive review of financial policies, a user fee analysis, and a detailed assessment of reserves and reserve funds. These reviews identify refinements to existing policies, recommend the development of new policies, evaluate cost recovery opportunities, and establish clearer reserve strategies aligned with asset management requirements.

Part Two will introduce a multi-year financial forecast to 2035, supported by a dynamic financial model and fiscal health reporting framework, along with recommendations on additional work to refine the financial model and accuracy over time. Together, these components will provide Council with enhanced tools to assess long-term affordability, financial risks, funding gaps, and overall fiscal sustainability, while enabling annual updates and continuous improvement of the Town's financial planning framework.

## 2. Analysis

### Background

Council approved funding in the 2025 Budget to develop a Long-Term Strategic Financial Plan (LTSFP) as part of the 2025 Corporate Finance work plan.

Following a competitive Request for Proposal (RFP) process, Watson & Associates Economists Ltd. was awarded the contract to support the development of the Plan.

The LTSFP is a key action item under the Town's Community-Based Strategic Plan:

### Pillar 4 – Responsible

**Goal:** Maintain the Town's strong financial health and assets

**Key Action:** Implement a multi-year financial forecast, including the 10-year capital plan, to assess future financial health and identify potential risks.

The Plan is being presented to Council in two parts to allow Council time to review and provide direction on policy and structural components prior to consideration of long-term financial projections and sustainability analysis.

### Part One – Financial Policy and Framework Review

Part One focuses on strengthening the financial governance framework that supports the Town's long-term sustainability.

#### 1 – Financial Policies and Framework

This phase includes a comprehensive review of existing financial policies to identify any gaps, assess alignment with current legislative requirements and best practices, and recommend refinements or new policies for Council's consideration. The objective is to ensure the Town's financial decision-making framework effectively supports sustainable growth, asset stewardship, and long-term fiscal stability.

#### 2. User Fee Analysis

A comparative review of surrounding and similar municipalities has been undertaken to identify potential new fees, assess opportunities for fee adjustments, and evaluate cost recovery levels. The intent is to promote fairness, transparency, and an appropriate balance between user-pay principles and the broader tax base.

#### 3. Reserve and Reserve Funds

In addition, a detailed review of the Town's reserve and reserve fund policies has been completed to assess their completeness, the adequacy of minimum and maximum target balances, and alignment with increasing asset management requirements. Given growing lifecycle funding pressures, this review is essential to ensuring reserves remain sufficient to support infrastructure renewal and mitigate financial risk.

## **Part Two – Multi-Year Financial Forecast and Fiscal Sustainability Assessment**

Part Two builds upon the policy foundation established in Part One and introduces a first effort multi-year financial forecast extending to 2035. The forecast will be the first time that the Town has integrated multiple years of the Town's 10-year capital plan, reflect growth projections and infrastructure needs, incorporated master plans and strategic initiatives, and modeled various financial scenarios. This will enable Council to understand the long-term impacts of policy choices and investment decisions.

A dynamic financial model will be developed to allow adjustments to capital timing and scope, alignment with growth assumptions, updates to lifecycle cost estimates, and variation of key financial assumptions such as inflation, interest rates, debt terms, and assessment growth. This model will provide the foundation for continuous improvements in modeling accuracy, as well as annual updates to the Long-Term Strategic Financial Plan and ongoing reporting to Council.

Part Two will also initiate a proposed financial reporting framework that identifies key fiscal health indicators to be monitored annually. An overall assessment of the Town's financial sustainability, growth capacity, vulnerability, and flexibility will be undertaken, along with a gap and issue analysis identifying risks, funding pressures, opportunities for improved financial management, enhanced use of revenue tools, and potential areas for advocacy, including climate-related and other external pressures. Draft recommendations will be provided based on the forecast results, policy findings, and identified funding gaps to support long-term financial resilience.

## **Analysis**

### **Financial Policies and Framework**

As a foundational component of the LTSFP, a review of the Town's financial policies has been undertaken to ensure a complete and coherent financial governance framework. This review includes an assessment of existing policies, comparison with peer municipalities, and recommended refinements to strengthen alignment with best practices and long-term sustainability objectives. The financial policy framework provides Council and staff with guiding principles, defined targets, and clear accountability in the management of public funds.

The detailed policy review is contained in **Appendix A – Financial Policies and Framework**, including tracked changes to existing policies to assist Council in its consideration.

In addition to refinements to existing policies, staff are recommending that Council consider the development of the following new policies to further strengthen the Town's financial framework:

- Tax Arrears Collection and Tax Sale Policy
- User Fee Setting Policy
- Non-Tax Revenue Collection Policy
- Development Charge Credit Policy
- Municipal Act Part XII Capital Charges Policy

These policies have not yet been developed. Subject to Council's direction, draft versions will be prepared and brought forward for future consideration.

Together, these refinements and proposed new policies will enhance financial clarity, strengthen risk management, and support the Town's long-term fiscal sustainability.

### **User Fee Review and Analysis**

A comprehensive user fee review was undertaken to assess the fees currently imposed by the Town and compare them to those charged by neighbouring and similar municipalities. The review examined service areas including Miscellaneous services, Corporate and Customer Services, Municipal Government and Civic Engagement, Community Access and Mobility, Arts, Culture and Heritage, Community Health and

Well-being, and Community Safety and Standards. The objective was to identify potential fee adjustments or new fees that may be considered in future budget cycles. The fees within the scope of this review are imposed under the general fees and charges authority provided in section 391 of the Municipal Act, 2001. While the Act does not prescribe specific cost-justification requirements or a mandatory public process for establishing fees, municipalities are expected to act within their statutory authority and ensure fees are reasonable and transparent. In practice, this means that when considering fee changes, the Town should have regard to the cost of delivering the service, the structure of the charge, and alignment with legislative requirements and procedural by-laws.

In many cases, municipal fees do not fully recover the cost of providing a service, resulting in continued reliance on tax-based funding. The comparative Review prepared as part of this review provides information on fee ranges and structures used by peer municipalities, as well as the potential order-of-magnitude revenue impacts if fees were adjusted within those ranges. The full Review is provided in **Appendix B – User Fee Review** and is intended to guide staff and Council in evaluating cost recovery levels and revenue implications during future budget deliberations.

The review also examined options related to non-resident surcharges. Common approaches include charging higher rates to non-residents or providing priority access to residents for programs and facility bookings. These strategies can improve cost recovery and utilization levels while maintaining service access for residents. Allowing non-residents to fill remaining capacity in programs or facilities can enhance revenue generation without reducing service levels for residents, thereby reducing pressure on the tax base and supporting overall financial sustainability.

### **Reserve and Reserve Fund Review**

Municipalities in Ontario are authorized under section 417 of the Municipal Act, 2001 to establish and maintain reserves and reserve funds (R.R.F.s) for any purpose within their jurisdiction. These tools are fundamental components of long-term financial management and are commonly used to set aside funds for known future expenditures, capital replacement, or contingent purposes. Properly structured reserves and reserve

funds help smooth tax and rate fluctuations over time, reduce reliance on debt financing, and provide financial flexibility during periods of economic uncertainty. Best practice dictates that reserves and reserve funds be established with clear purpose, defined funding strategies, and, where appropriate, replenishment plans. They should not function as general holding accounts for surplus funds, but rather as intentional financial tools aligned with long-term asset management and service delivery objectives.

The Town of Collingwood has historically established and utilized reserves and reserve funds for a variety of purposes under its existing Reserve and Reserve Fund Management Policy (FIN-004-04). While this framework has guided the creation of numerous reserves, the policy intent, funding targets, and usage parameters for several individual reserve and reserve funds have not been clearly articulated or consistently documented. Accordingly, this review was undertaken to strengthen and formalize the policy framework governing the Town's existing reserves and reserve funds.

The review, contained in **Appendix C – Reserve and Reserve Funds**, provides a comprehensive assessment of the Town's current reserves and reserve funds, outlines the historical context and policy framework, and establishes clear policies for specific reserve and reserve funds.

Based on the findings of this review, staff are recommending that Council approve the specific reserve and reserve fund policies as detailed in **Chapter 4 of Appendix C – Reserves and Reserve Funds**, direct staff to prepare a consolidated reserve fund by-law incorporating these policies, and repeal existing non-obligatory reserve and reserve fund by-laws to ensure consistency and clarity within the Town's financial framework. These updates will enhance transparency, strengthen financial discipline, and better align reserve strategies with asset management requirements and long-term fiscal sustainability objectives.

### 3. Input from Other Sources

Reviewed by Department Heads on February 24, 2026.

## 4. Applicable Policy or Legislation

Municipal Act

Development Charges Act

## 5. Considerations

2024-2028 Community Based Strategic Plan: Progress towards achieving CBSP Goal

Sustainable  Connected  Vibrant  Responsible

Services adjusted if any Corporate Finance

Climate Change / Sustainability: Not Applicable

Communication / Engagement: Not Applicable

Accessibility / Equity, Diversity, Inclusion: Not Applicable

Registered Lobbyist(s) relating to content: [\[add content and meeting dates\]](#)

Rights of Indigenous Peoples ([UNDRIP](#)): [\[add content\]](#)

Next steps and future action required following endorsement:

Staff to adjust policies based on recommendations, draft new policies as directed by Council for consideration and prepare necessary By-Law amendments as required.

## 6. Appendices and Other Resources

**Appendix A:** Financial Policies and Framework

**Appendix B:** User Fee Review

**Appendix C:** Reserves and Reserve Funds

## 7. Approval

**Prepared By:**

Jennifer Graham, CPA CA, Director, Finance/Treasurer

**Reviewed By:**

[Name, Title]

**CAO Comments:**

Endorsed by CAO Skinner on April 2, 2026 to proceed to COW.