

A Fiscal Blueprint for Cobourg's Future: Implementing Key Priorities for the Next Term of Council

1.0 Introduction: A Call for a Sustainable Fiscal Path

The report from the Community Led Budget Task Force serves not as a critique, but as an essential, community-driven roadmap for ensuring the long-term financial health and responsible governance of the Town of Cobourg. It provides a clear-eyed assessment of the structural fiscal challenges facing our municipality and offers a principled path forward. The upcoming term of Council presents a critical opportunity to act on this vital work, enabling a fundamental shift from reactive, short-term budgeting to a proactive, strategic fiscal framework that protects taxpayers and secures our shared future.

This policy brief distills the Task Force's most impactful, long-term recommendations into a coherent action plan for the incoming Council. The focus is on structural reforms that address the core financial pressures that, if left unaddressed, will continue to place an unsustainable burden on residents. This brief therefore moves from diagnosis to prescription, outlining an essential and strategic blueprint for immediate course correction.

2.0 The Unmistakable Challenge: Cobourg's Current Financial Reality

To chart a sustainable course, Council must first have a clear and comprehensive understanding of the town's financial challenges. These issues are not theoretical; they are actively impacting taxpayers, undermining the town's capital reserves, and limiting its ability to plan effectively for the future. The Watsons & Associates *Financial Sustainability Plan* report, which served as the foundational starting point for the Task Force, identified six core challenges to the Town's financial stability:

- **Unfinanced Capital:** A significant liability of **\$11.6 million** resulting from the historical practice of approving capital projects for debenture funding but never issuing the debentures, instead using available cash reserves from the bank for payments.
- **Unsustainable Northam Reserve Use:** An expressed need to eliminate the reliance on the Northam Industrial Park Reserve to fund the operating budget (**\$1.2 million impact**).
- **Unsustainable Police Reserve Use:** An expressed need to eliminate the reliance on the Police Business Unit Reserve to fund the operating budget (**\$2.8 million impact**).
- **Low Discretionary Reserves:** A critical deficit in reserve balances, with Cobourg holding just **1,271 per household** compared to the **4,055 per household** average for comparable municipalities.
- **Asset Management Funding Gap:** An average annual lifecycle funding gap of **\$7.42 million** required to properly maintain the Town's assets in a state of good repair.
- **Large Tax Rate Increases:** A reliance on large tax rate increases as the primary solution previously proposed to address the preceding five issues.

The direct impact of this financial pressure on taxpayers has been immediate and severe. Residents have faced a series of significant tax hikes that far outpace inflation, creating a cumulative burden that strains household budgets.

Year	Local Tax Rate Increase
2023	6.60%
2024	8.06%
2025	5.23%
Total	19.89%

This nearly 20% increase over just three years, compounded by the addition of a 1% Infrastructure Levy and a new Storm Water Management Fee, underscores the urgency of the situation. To address these challenges effectively, a new approach guided by clear principles is required.

3.0 A Principled Framework for Reform

Effective and lasting fiscal reform is not merely about cutting costs; it is about making disciplined decisions guided by a clear and consistent set of principles. These principles, adopted by the Task Force, serve as the ethical and logical foundation for all subsequent recommendations, ensuring that policy choices are fair, sustainable, and aligned with the core responsibilities of a municipal government.

- **Pay-as-We-Benefit** This principle mandates that today's taxes should fund the services and infrastructure that benefit today's residents. Public funds must be directed toward maintaining essential infrastructure, supporting community facilities, and ensuring public safety for the current community.
- **Long-Term Funding Sustainability** This principle requires a multi-source approach to funding capital programs. While reserves and annual tax contributions can fund shorter-lived assets, infrastructure with long lifecycles should be financed with debentures whose terms match the asset's life. This ensures a fair distribution of costs over time, aligning payments with the generations who benefit.
- **Equitable Community Spending** This principle dictates that municipal spending must serve the broad interests of the entire community. Programs or services that cater to very small or niche groups should not be disproportionately funded by the taxes paid by all residents. Fairness demands that core services offer widespread value.
- **Municipal Responsibilities** This principle holds that local tax dollars must be focused on core municipal mandates. Social services are the responsibility of upper-tier governments, and using local funds for services outside the Town's mandate undermines its ability to deliver essential local services effectively.

These principles provide the necessary framework for the specific strategic actions recommended for the next Council term.

4.0 Strategic Priorities for the Next Term of Council

The following recommendations represent a comprehensive, multi-pronged strategy for achieving long-term fiscal health. This integrated strategy moves beyond the Town's historical over-reliance on property tax increases and ad-hoc operational cuts, offering a structural path to fiscal health. They are organized into three key areas of strategic action: realigning core services for greater efficiency, optimizing town assets to generate value, and modernizing the town's revenue strategy to ensure fairness and capture lost income.

4.1 Realigning Core Services for Efficiency and Affordability

The Task Force identified several major cost drivers where operational inefficiencies are creating an unsustainable burden on the tax levy. The following actions are necessary to control spending and align service delivery with affordability.

- **Police Services (Recommendation 28):** Council must explore more affordable policing alternatives. The cost in Cobourg is projected to be **784 per household** in 2025, a figure that stands in stark contrast to the significantly lower costs in nearby OPP-served communities like Brighton (**417) and Quinte West (\$460)**. This unsustainable cost trajectory is further highlighted by the Cobourg Police Board's proposed 20.5% budget increase for 2026, which directly contradicts the Mayor's directive for a maximum 4% increase and signals a pressing need for structural review.
- **Transit Services (Recommendation 29):** Cobourg's transit system is in an unsustainable paradigm. Since 2019/2020, ridership and service hours have fallen by approximately 50%, yet net costs have increased by 36%. It is imperative to explore lower-cost models, such as a simplified fixed-route service supplemented by ride-sharing providers.
- **Administrative Functions (Recommendation 38):** The current structure, where the Town, Police Services, and Public Library each operate their own HR, IT, Finance, and other administrative functions, represents an "incredible level of cost redundancy." Centralizing these functions under the Town is a logical step to eliminate waste and achieve significant savings.
- **Staff Complement (Recommendation 40):** The Town's full-time staff turnover grew by 17%, from 166 positions in 2019 to 194 in 2023. Council should cap the full-time staff complement at the 2025 approved level. Future needs should be met through the strategic redeployment and re-evaluation of vacant positions rather than automatic expansion.

4.2 Optimizing Town Assets for Public Value and Revenue

The Town's portfolio of assets represents a significant, largely untapped opportunity. A strategic approach is needed to leverage these assets to generate revenue, fund critical capital needs, and enhance community benefit, rather than continuing to carry underperforming or non-core properties.

- **Strategic Asset Sales (Recommendation 30):** An exploration into the sale of key assets should be undertaken, including **Lakefront Utilities, Memorial Arena, Jack Heenan Arena, and surplus owned lands**. The Task Force further recommends a targeted approach for the Jack Heenan Arena, suggesting the Town directly approach the West Northumberland Curling Club as a potential buyer.

- **Protecting Sale Proceeds (Recommendation 31):** To create a lasting legacy, it is critical that any proceeds from asset sales be allocated to a **principal-protected fund**. Only the interest earned from this fund should be used for asset lifecycle projects, ensuring a perpetual source of funding for future generations.
- **Repurposing Key Lands (Recommendations 15 & 34):** The **Centennial Pool** should be closed (saving over \$140,000 annually) and the **Trailer Park and Campground** lands should be repurposed. In both cases, the land must remain publicly owned and be dedicated to new uses that provide broader community benefit.
- **Maximizing Facility Usage (Recommendation 32):** Key facilities like the **Cobourg Community Centre, Marina, Venture13, and Concert Hall** currently operate at a net loss despite their potential. Management and operations of these facilities should be outsourced to specialized organizations capable of maximizing usage and revenues for the benefit of the Town.

4.3 Implementing a Modern and Equitable Revenue Strategy

Cobourg's over-reliance on residential property taxes is inequitable and unsustainable. The Town must shift toward a more balanced approach that captures revenue from non-residents who use Town services and ensures that user fees align with best practices.

- **Comprehensive Non-Resident Beach Strategy (Recommendation 35):** A revenue strategy for non-resident beach use must be developed. Cobourg residents currently bear the vast majority of the cost for an asset that experiences significant wear and tear from visitors, who contribute very little.
- **Increased Non-Resident Parking Fees (Recommendation 37):** While resident parking passes should remain unchanged, parking rates for daily waterfront passes and 30/60/90 day permits must be increased significantly for non-residents to maximize the financial benefit to the Town.
- **Achieve Best-Practice User Fee Targets (Derived from Recommendations 8-12):** User fees funded only **16.9%** of the 2025 budget, falling well below the municipal best practice target of 20-25%. Reaching just the 20% threshold would generate an additional **\$1.3 million** in revenue, directly reducing the burden on the property tax levy.

These strategic actions must be supported by strengthened governance structures to ensure they are implemented effectively and sustained over the long term.

5.0 Strengthening Governance and Long-Term Fiscal Stewardship

Lasting reform requires more than one-time actions; it demands robust governance policies and transparent processes to prevent a recurrence of past fiscal missteps. The following recommendations establish essential guardrails for responsible and accountable financial management.

1. **Amend the Long-Term Debt Policy (Recommendation 25):** The recently approved policy should be amended to include a specific annual debt repayment limit of **10% of the operating budget**. This is a common municipal best practice that prevents over-leveraging and protects future budget flexibility.

2. **Revise the Asset Management Plan (Recommendation 19):** The current Asset Management Plan (AMP) is unaffordable. It must be amended by revising service targets for core assets to a more realistic "Fair" condition, aligning non-core asset targets with existing levels, and presenting an amended, affordable funding analysis to Council. This revision is imperative, as the current AMP's funding strategy, as outlined in the *Financial Sustainability Plan*, would require staggering tax increases of 60% over the next ten years to close the funding gap—a clearly untenable path for residents.
3. **Enhance Financial Reporting (Recommendation 27):** To improve transparency and empower informed decision-making, the level of annual financial reporting must be expanded to include status reports on capital projects, reserves, a ten-year capital forecast, and mid-year operating results, among other key indicators.
4. **Establish a Budget Committee with Citizen Representation (Recommendation 39):** For the new term, a formal Budget Committee should be established that includes both Council members and a minimum of two citizens. This will ensure direct public oversight, enhance accountability, and ground budget deliberations in the community's priorities.

Implementing these governance measures is fundamental to rebuilding public trust and ensuring a stable financial future.

6.0 Call to Action: Securing Cobourg's Financial Future

The need for decisive action is undeniable. The current path of compounding high tax increases, declining reserves, and growing infrastructure funding gaps is unsustainable and places an unfair burden on the residents of Cobourg. The recommendations from the Community Led Budget Task Force should not be viewed as a menu of standalone options, but as an integrated and essential blueprint for responsible governance and long-term financial stability.

This brief formally calls upon the Cobourg Town Council to adopt the financial priorities outlined herein as a core mandate for the next term. Success requires not only bold decision-making but also a commitment to transparency. Therefore, Council must commit to a **fully comprehensive communication outreach to the community (Recommendation 42)** for any changes implemented, ensuring public understanding and support are cultivated every step of the way.

Council is entrusted with profound responsibility to act wisely and prudently. It is Council's duty to act decisively on this blueprint and secure a resilient, affordable future for the residents of Cobourg.