



STAFF REPORT THE CORPORATION OF THE TOWN OF COBOURG

Special Council

Report to: Mayor, Deputy Mayor, and Councillors
From: Adam Giddings, Treasurer/Director of Corporate Services
Report Number: COR-2025-010
Council Meeting Date: May 5, 2025
Subject: **Financial Sustainability Plan**

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1. Recommendation:

THAT Council direct staff to utilize the Financial Sustainability Plan to update financial policies to ensure the Town continues to have good financial stewardship in the future; and

FURTHER THAT the Mayor and Council consider the Financial Sustainability Plan when discussing future budgets and making future financial decisions.

2. Executive Summary:

The Financial Sustainability Report establish a decision framework and tools that can be used to guide Council and staff in making sound financial decisions as part of long-term financial sustainability planning, while the Town continues to make a concerted effort to work toward a more financially sustainable future. Being financially sustainable means balancing the cost of programs, services, and infrastructure investments with affordable and equitable impacts to taxpayers.

Overall, the Town will need to continue the past practice of efficiently and effectively managing the full range of Town's program costs. The Town currently manages these costs through the annual budget process. Moving forward, the

Town will need to build on current practices, implementing the strategies of this report, to continue to plan for, deliver, and manage services in an efficient and cost-effective manner.

The Town has significant assets and real challenges to fiscal sustainability. The financial sustainability plan informs ongoing operations and decision-making at the staff level and includes specific tactics for the Town to consider implementing in the next budget and/or future budgets.

3. Background

Financial sustainability establishes a long-term vision, builds trust, and cooperation through planning and transparency, sets rules, is fair, and establishes outcomes to monitor the Town of Cobourg's progress in achieving the principles. It considers the risks, obligations, and opportunities of Council's critical decisions on the community, including the people, the environment, and financial position of the Town.

Throughout the report, comparative data has been presented to illustrate the Town of Cobourg's position relative to other municipalities and provide context to the financial indicators show. The source of data, is available at: [FIR by Year and Municipality - Financial Information Return](#)

The Financial Sustainability Plan doesn't include wastewater and stormwater as they are a full cost recovery. The Town currently recovers all direct and indirect costs as well as long-term asset replacement obligations.

4. Discussion:

Long-term financial sustainability is important if the Council is to deliver the services and programs expected by the community. It is also important that community assets are maintained so that unfunded liability does not build up and become a burden for future taxpayers. Financial resiliency is defined as the ability to maintain ongoing financial health when facing serious external challenges, including but not limited to economic adjustments, natural disasters, and important policy changes by other levels of government.

Responsible long-term financial sustainability ensures:

- Consistent delivery of essential community services and the efficient development of infrastructure.
- Public resources and costs distributed fairly between current and future taxpayers, achieved with stability and predictability by having a balanced budget and maintaining a reasonable operating surplus.

- Funding for the maintenance, replacement, and upgrade of assets.
- The Town maintains a healthy financial position and a strong level of credit quality.
- Continued or enhanced stability and certainty of financial outcomes.
- Sufficient reserves are available to address emergency situations (i.e. natural disasters, etc).

The purpose of the plan is to establish strategic financial sustainability and resiliency principles for the Town of Cobourg, which may be used when developing the annual budget, long-term plans, and when making critical financial, economic development, and community development decisions.

The Town needs to grow reserve funds and debt capacity over the coming years. These funds present opportunities for increased investment in infrastructure renewal, additional fleet, equipment to support population and job growth, or other capital investments as necessary. Similar to some municipalities, the Town is not contributing sufficient funds to its capital replacement reserves for long-term maintenance of infrastructure service levels.

It's important that the Town's Financial Sustainability Plan be supported by strong fiscal policies and practices, key policy recommendations are introduced in the report. The Town strives to maintain services to the community, respond as the community's needs change, and meet external mandates. Being able to provide and maintain the municipal infrastructure and services necessary to support existing businesses, the community as a whole, as well as attracting new business.

5. Financial Impact and Budget

There are no financial or budgetary impacts anticipated for the current fiscal year as a result of this initiative. However, as outlined in the Financial Sustainability Plan, there will be implications in future years. Staff will continue to monitor and assess these future impacts, and any required financial considerations will be brought forward through the annual budget process for Council's review and approval.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

Service Excellence

Recognizing the current shortfall and committing to address it reflects a proactive, service-oriented mindset. Ensuring long-term maintenance of infrastructure directly supports service excellence by:

- Preventing service disruptions,
- Maintaining safe, reliable infrastructure (e.g., roads, facilities, fleet),
- Ensuring continued access to essential services.

Sustainability

This identifies a current sustainability gap: underfunding of capital reserves could threaten future infrastructure service levels. Recognizing and addressing this gap is a key step toward long-term asset stewardship, a core component of sustainability.

Building financial reserves and responsibly managing debt capacity are sustainable practices that:

- Prepare the Town for future investment needs (e.g., roads, fleet, equipment),
- Allow the municipality to absorb shocks, such as economic downturns or population surges,
- Ensure intergenerational equity by avoiding excessive burdens on future taxpayers.

7. Public Engagement:

The demographics of the community impact the recommendations from the Financial Sustainability Plan. The recommendations indicate that staff have to be mindful of the community's particular needs and to ensure that Town services and facilities are designed with the community in mind.

Public engagement is a vital component of the Town of Cobourg's Financial Sustainability Plan. As the Town addresses long-standing financial challenges and plans for future growth, involving residents, businesses, and stakeholders in the decision-making process ensures that financial strategies reflect community values and priorities. Transparent and inclusive engagement helps build public trust, enhance accountability, and supports informed decision-making by Council. As the Town evaluates complex financial options—such as addressing

unfinanced capital, managing reserves, and planning for infrastructure investment—feedback from the community will play a key role in balancing fiscal responsibility with service expectations.

Meaningful public participation empowers the community to shape Cobourg's financial future, ensuring that decisions are equitable, sustainable, and aligned with the long-term well-being of current and future residents. The Town is committed to continuing dialogue and collaboration through all phases of financial planning and implementation.

8. Attachments:

Attachment 1 - Financial Sustainability Plan