**Integrated Planning**

**Multi-Year Financial Planning Module**

**ASSIGNMENT**

October 2, 2017

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**ASSIGNMENT**

**Multi-Year Financial Plan**

**Instructions**

1. Work in groups to complete this assignment.
2. You have 20 minutes to work on the assignment. As the senior management team, your assignment is to recommend one of two possible strategic priorities for Amazing First Nation to pursue. The Nation has a maximum budget of $10 million available for capital investment. **You must complete the multi-year financial decision packages, both capital and operating, for both of your assigned strategic priorities (either 1 & 2 - or - 2 & 3) and make a recommendation for Council to consider. Be prepared to justify your recommendation with both quantitative and qualitative reasons.**
3. Select a recorder and a group spokesperson. The recorder will take notes and the spokesperson will present group’s analysis and recommendations at the end of 20 minutes to the workshop participants.

**Assignment – Case Study**

Amazing First Nation has recently achieved Financial Management System Certification with the First Nations Financial Management Board. Amazing First Nation also just found out that is has borrowing capacity available through the First Nations Finance Authority for an amount of up to $10 million, at low cost, to be paid back over a period of 20 years. It is not required that the entire $10 million budget be allocated to strategic priorities at this point in time.

Amazing First Nation has identified certain priorities in its strategic plan. The Nation has also identified capital projects that would support those priorities.

***Option #1 - Health and Wellness Center***

By 2020, construct a building to house a new center for community health and wellbeing. The existing facility is in need of immediate significant repair, estimated at $300,000, if Amazing First Nation does not decide to proceed with the new building. The details of building a new health and wellness center are:

* $500,000 capital investment required in year 1;
* $9,500,000 capital investment required in year 2;
* $100,000 annual additional labor costs starting in year 3;
* $100,000 annual additional overhead costs starting in year 3; and
* $50,000 annual additional contractor fees starting in year 3.

There is the possibility of including a for-profit pharmacy within the center that would provide annual dividends to Amazing First Nation in the amount of $20,000 starting in year 4. There is also possibility of sharing the home and community care nurse that would generate annual labor cost savings for the center of $30,000 starting in year 3. The annual additional operating costs will have to be paid out of own source revenues that were otherwise going to pay for a new program that would offer members small business grants and loans for entrepreneurial initiatives.

***Option #2 - Roads***

By 2030, have paved roads to all occupied properties in the community. The details of this priority are:

* $750,000 annual capital investment required in order to have all roads paved by 2030; and
* $20,000 annual additional repairs and maintenance costs.

Although difficult to quantify, Amazing First Nation expects the paved roads to allow for easier and safer travel within the community. Due to the extensive size of the Nation’s lands and the number of homes and community buildings to cover, as well as weather constraints on road construction, it is expected to take up 12 years to complete the project for a total cost of $9 million. In addition to being safer for Nation members, paved roads are expected to lower the cost of supplies coming into Amazing First Nation and also make it easier for economic development initiatives to be pursued. The annual additional operating costs must be covered out of own source revenues.

***Option #3 - Elders Home***

By 2020, build a small elders home (maximum 10 residents) to provide a safe and nurturing environment for Amazing First Nation’s elders who are semi-independent. Given the housing shortage in the community, this would relieve stress on multi-generational households already struggling to make ends meet. The details of this strategic priority are:

* $300,000 capital investment required in year 1;
* $6,000,000 capital investment required in year 2;
* $500,000 annual additional labor costs starting in year 3;
* $50,000 annual additional overhead costs starting in year 3; and
* $40,000 annual additional contractor fees starting in year 3.

There is the possibility of renting the multi-purpose room in the elders’ home for community activities including a weekly daycare activity. This would generate annual net revenues of $5,000 starting in year 3. There is also the possibility of building the kitchen to commercial standards and generating revenues through catering to community events. The additional cost of the commercial kitchen would be a capital investment in year 2 of $20,000. The annual net catering revenues would be $5,000 starting in year 3. Finally, the home and community care nurse could hold the community’s foot care clinic at the elders’ home, which would provide annual operating cost savings of $15,000 starting in year 3. The net annual additional operating costs will have to be paid out of own source revenues that were otherwise going to pay for a new language and cultural training program to be offered in the daycare, school and to adults of the community.

***Option #1 - Health and Wellness Center***

**Strategic Priority:** Community Health and Wellness

**Description:** Build new health and wellness center

**Time Frame:** 2 years

**Ranking (High, Medium, Low):** Medium to High Priority

**Economic Impact:** Requires additional ongoing operating expenses to be funded by own source revenues and potentially offset by new pharmacy net revenues. The small business program will need to be discontinued or funded by a different revenue source. Getting our community healthy and well will make it easier to pursue other community goals such as employment for members, economic prosperity and high educational achievement rates.

**Social Impact:** Healthier, happier community members could increase community productivity.

**Environmental Impact:** Center will be built according to relevant building and energy codes.

**Risk Mitigation:** Funding will be requested from INAC to help pay for the new center. Amazing First Nation's new procurement policy will be followed in selecting a general contractor and the contract will be closely managed and follow clearly established performance measures.

***Other Considerations:*** *Regulatory Requirements, Health & Safety, Service Levels, Operating Efficiencies, On-going Cost Recovery.*



***Option #2 - Roads***

**Strategic Priority:** Economic Development and Community Safety

**Description:** Pave all roads within Amazing First Nation

**Time Frame:** 12 years

**Ranking (High, Medium, Low):** High

**Economic Impact:** Better access throughout the Nation will make it easier for goods/supplies to come in and out. This will make it easier to pursue economic development opportunities. It will also reduce wear and tear on the Nation's and members' vehicles and accidents.

**Social Impact:** Members will be happier and safer with paved roads and enjoy easier access throughout the Nation.

**Environmental Impact**: Roads will be built to relevant standards and codes.

**Risk Mitigation:** Funding will be requested from INAC and the province to help pay for the paving of roads within the Nation. Amazing First Nation's new procurement policy will be followed in selecting a general contractor and the contract will be closely managed and follow clearly established performance measures.

***Other Considerations:*** *Regulatory Requirements, Health & Safety, Service Levels, Operating Efficiencies, On-going Cost Recovery.*



***Option #3 - Elders Home***

**Strategic Priority:** Community Health and Wellness

**Description:** Build elders home

**Time Frame:** 2 years

**Ranking (High, Medium, Low**): Medium

**Economic Impact:** Having safe housing for elders will ease the Nation's housing burden of multi-generational households and also reduce preventable falls and injuries amongst the Nation's elders. It will support working-age adults to be economically productive. Requires additional ongoing amounts for labour, overhead, and contractor fees which will be funded by existing own source revenues and offset by cost-savings and by new room rental and catering revenues. The new culture and language training program will have to be funded by a different revenue source or postponed indefinitely.

**Social Impact:** Healthier, happier community members; increased community productivity.

**Environmental Impact:** Elders home will be built according to relevant building and energy codes.

**Risk Mitigation:** Funding will be requested from INAC and the province to help pay for the new home. Amazing First Nation's new procurement policy will be followed in selecting a general contractor and the contract will be closely managed and follow clearly established performance measures.

***Other Considerations:*** *Regulatory Requirements, Health & Safety, Service Levels, Operating Efficiencies, On-going Cost Recovery.*

