Long-Term Financial Plan 2022 - 2031

Kawartha Lakes
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1. Introduction

In 2017, the City of Kawartha Lakes adopted a 10-Year Financial Plan for the 2018-2027 period. Primarily designed to implement the 2017 Asset Management Plan, the 10-Year Financial Plan was the City's first such plan and it provided the starting point for the City's newly charted path toward long-term financial sustainability. Halfway into the 2018-2027 planning horizon, however, it is clear that the City's finances and asset portfolio are less robust than they were planned to be by 2022. With unplanned capital projects having been more than offset by unplanned capital grants, this resulted from unanticipated operating budget increases and a need to maintain affordable tax increases.

The effects of these deviations from plan have been nothing short of consequential. The condition of the City's asset management reserve (formerly the capital reserve), which was to improve dramatically under the 10-Year Financial Plan in terms of its balance and the annual contribution thereto, has in fact deteriorated considerably. Given the substitutability between reserves and debt, it stands to reason that the City's debt is now higher than it would have otherwise been. In short, the City's financial capacity to maintain its vast asset portfolio and wide array of services has declined rather than improved. Hence the need for this document – the Long-Term Financial 2022-2031 (LTFP) – to redirect the City onto a pathway to long-term financial sustainability.

Capturing both the tax-supported and water-wastewater sides of the City's business, the LTFP comprises the following components: (i) Revenue Strategy, (ii) People Strategy, (iii) Reserve Strategy, (iv) Debt Strategy, (v) Capital Forecast, (vi) Operating Forecast, and (vii) The Financial Gap. Versions or elements of these components were presented to Council during 2021 and early 2022 while the LTFP was under development, and some of them were adopted by Council as planning guides to provide much needed direction for that development.

Taking as given established municipal service levels and various financial constraints, the four above-noted strategies inform the capital and operating forecasts. With these forecasts developed, the final section of the LTFP provides a guiding framework in which to close the gap representing the amount by which forecasted financial requirements exceed forecasted financial capacity over the 2022-2031 planning horizon and to better secure the City's long-term financial sustainability.

2. Revenue Strategy

This section outlines a revenue strategy designed to improve the City's financial capacity and self-reliance without compromising operating requirements or ratepayer affordability. The strategy is organized around a dedicated capital levy and key revenue assumptions.

Dedicated Capital Levy

The 10-Year Financial Plan of 2017 is largely geared toward implementing the Asset Management Plan and building up the City's financial capacity to meet the capital needs arising from established service levels. The cornerstone of that plan is a strategy for bringing the contribution to and balance of the asset management reserve (formerly the capital reserve) up to sustainable levels by 2027. As mentioned, however, the City's financial reality differed from the plan due to unanticipated capital and operating expenditures and reduced tax increases.

The effect of these deviations from plan has been to impair the City's ability to grow the asset management reserve. Indeed, rather than having increased, the contribution to the asset management reserve has in fact declined, given it was approximately $13.1M in 2017 and was only $9.1M in 2021. Accounting for capital cost inflation, this represents a loss of nearly 50% in annualized financial capacity of the asset management reserve. That loss severely compromises the City's ability to meet basic asset replacement and rehabilitation needs, much less those related to expansion, Council-directed service upgrades or newly legislated obligations.

Historically the City has managed this problem mainly by deferring capital projects, thus enlarging the backlog of capital needs and merely delaying the hard decisions that inevitably must be made. As was demonstrated during 2022 budget deliberations, the tax-supported capital backlog exceeds $16M. Obviously, if established service levels are to prevail, then continued deferral of capital needs is entirely unsustainable. The existence of a capital backlog is no surprise given the City's services are presently supported by an approximately $4B asset portfolio, which by all accounts is unsustainable if tax and user fee increases are to remain affordable over the long run.

An indicator of asset portfolio unsustainability is the difference between required and actual rates of annual capital renewal as a share of asset portfolio value. The long-run average required rate is about 1.37%, according to the Asset Management Plan, whereas the actual rate budgeted for 2022 is about 0.90% once one-time (i.e. unsustainable) reliance on reserves, grants and other financing is removed to reflect underlying financial capacity. That suggests the City's existing financial capacity can consistently support only about 0.90% / 1.37% = 66% of capital renewal requirements annually. At such a low rate of capital renewal, the capital backlog will continue growing and the asset portfolio's ability to support established service levels will continue to deteriorate. This challenge relates primarily to the tax-supported side of the City's business since financial capacity on the water-wastewater side is largely sufficient to meet related capital renewal needs.

While the aforementioned realities imply continuance of the need to rationalize and consolidate assets, especially underutilized facilities, they also point to the need for a more sustainable approach to financially supporting tax-supported capital renewal. Accordingly, and as directed by Council, the LTFP includes a dedicated capital levy that will: (i) provide the asset management reserve with a segregated revenue stream and reduce pressure on the City's debt load; (ii) be designed to build up the contribution to and balance of the asset management reserve to more sustainable levels and then maintain those levels; and (iii) be separately identified on tax bills to promote transparency and thus reassure taxpayers that the revenue thereby raised is dedicated to tax-supported capital purposes.

Given that direction, a strategy for smoothly closing the asset management reserve contribution gap by 2031 would require the 2021 contribution of $9.1M/year to be increased annually by about 13%/year on average over the planning horizon. By 2031, that is expected to enable the City to eliminate planned reliance on debt for tax-supported baseline capital needs, build the asset management reserve contribution up to the roughly $35M/year required, and begin building the asset management reserve's uncommitted balance to provide for flexibility and contingency in future. Taking forecasted general tax levy increases and assessment growth as given, that strategy translates into tax increases of about 1.5%/year cumulatively over the planning horizon. Fortunately, the dedicated capital levy has already been instituted by Council, which increased the contribution to the asset management reserve from $9.1M in 2021 to $11.0M in 2022. The LTFP builds on that essential commitment.

Key Revenue Assumptions

With consideration for ratepayer affordability, the following key revenue assumptions have been incorporated into the LTFP:

- Annual grants other than the Ontario Municipal Partnership Fund are maintained at 2022 levels in the absence of projections provided by grantors.

- As the Ontario Municipal Partnership Fund was, prior to the COVID-19 pandemic, the focus of several announcements indicating a reduction to this grant is forthcoming, it is assumed to decline by 5%/year over the planning horizon.

- One-time capital grants are relied upon only if they have been secured by the City.

- General tax and water-wastewater user fee increases are set to 3%/year, which is understood to be the maximum Council is prepared to levy, while other user fee increases are set to 2%/year.

- Tax levy revenue escalation deriving from property assessment growth is projected to be 1.25%/year.

- Starting at a value of $9.1M in 2021, the dedicated capital levy increases annually by 1.5% of the previous year's total tax levy (the increase for 2022 is $1.9M).

- Interest income is conservatively maintained at 2022 budgeted levels.

- Development charges revenue is assumed to be $5M/year.

Exceedances of the maximum general tax increase are tracked in order to measure the extent to which forecasted financial requirements exceed forecasted financial capacity.

3. People Strategy

Since remuneration typically represents about half of total operating expenditures in the municipal sector, it is prudent that the LTFP account for pressures associated with onboarding new positions. This is the case even though remuneration as a share of total operating expenditures (net of external transfers) at the City has historically been less than 50% and indeed less than that observed in comparator municipalities. This section outlines a people strategy providing guidance on additions to the staff compliment needed to address various pressures such as those arising from service enhancements, legislation changes and growth. The following key people assumptions have been incorporated into the LTFP:

- Due to difficulty in forecasting specific needs for new positions, an escalation allowance of $400K/year (indexed to inflation) is carried in the tax-supported operating expenditure forecast to account for pressures arising from new positions.

- Approvals of new positions will be informed by business cases demonstrating the merit of such positions, which would include consideration of whether and to what extent new operating pressures can be met through alternative means such as reorganization, outsourcing or technology.

- Legislation changes and growth will be regularly monitored to promote advance identification of new position needs and to ensure the adequacy and proper timing of new positions.

- New positions will continue to be subject to Council approval through the annual budget process.

These assumptions will be modified as necessary to reflect new information and evolving market trends.

4. Reserve Strategy

Given the indispensability of reserves to municipalities, it is crucial that the LTFP addresses the City's situation regarding reserves. This section outlines a reserve strategy designed to inform a forthcoming reserve policy which will guide the reorganization, usage and management of the City's reserves ahead of the next iteration of the LTFP.

Reserves and Reserve Funds

Reserves and reserve funds are differently defined in the Municipal Act. Generally speaking, a reserve fund (e.g. development charges reserve fund, parkland reserve fund etc.) is a set of monies whose usage is restricted by law or a legal agreement. Reserve funds must be used only for their designated purposes and the interest income they generate must be allocated to them. By contrast, a reserve (e.g. asset management reserve, contingency reserve etc.) is a set of monies whose usage is not restricted by law or a legal agreement. Council retains full discretion over the usage of reserves, including the ability to reallocate reserve monies to purposes for which they were not originally designated. Interest income generated by reserves is allocated to them only if so explicitly directed by Council; otherwise, such interest income flows to operating budgets. For ease of reading and referencing hereinafter, the term "reserves" is used generically to refer to both reserves and reserve funds.

Reserves are instrumental for ensuring appropriate and adequate monies are set aside for meeting long-term objectives (e.g. asset replacement, tax rate stabilization etc.), irregular anticipated operating expenditures (e.g. municipal elections, studies etc.) and unforeseen needs (e.g. unplanned capital projects, unanticipated changes in legislation etc.). In that sense, reserves function similarly to households' savings accounts and are therefore vital to the liquidity of municipalities. A sound reserve policy will go a long way to positioning the City to improve its financial capacity, stability, transparency and accountability. Staff envision such a policy:

- Consolidating, dissolving, creating and renaming reserves to meet existing and anticipated needs.
- Identifying the purpose, parameters and categorization of each reserve.
- Establishing a rationalized structure for the categorization of reserves.
- Setting out general expectations and guidelines relating to reserves.

Where applicable, reserve parameters would relate to contribution sources and levels, maximum, minimum and targeted balances, and financial stability and liquidity requirements. As part of the 2021 surplus disposition, staff plans to make recommendations to Council regarding reserves and then bring forward a reserve policy at the following meeting of Council.

Reorganization of Reserves

The City presently carries a total of 59 reserves distributed across the following broad categories:

- Infrastructure
- Rate Stabilization
- Contingency
- Economic Development
- Working Capital

- Development Charges
- Former Municipality Funds
- Legacy Community Hydro-Electric System Transfers (CHEST) Funds

Over time, the City's system of reserves has become unnecessarily extensive and complicated, making management of that system onerous and impeding efforts to ensure reserve-related decisions and activities are transparent and straightforward to Council, staff and the public. Extensive opportunity exists to not only reduce the number reserves but also to rationalize the structure of reserve categories and the manner in which reserves are classified thereunder. A central aim of the forthcoming reserve policy will be to facilitate such reform.

Key Reserve Assumptions

The following key reserve assumptions have been incorporated into the LTFP:

- The contribution to the public works fleet reserve, which supports replacement of all non-fire vehicles, will continue being funded entirely by internal rental fees charged to departments based on lifecycle fleet costs indexed to inflation.

- The contribution to the fire fleet reserve, which supports replacement of all fire vehicles, will be increased from $1.1M in 2022 to $2.35M in 2023, and inflation-indexed thereafter, to reflect the findings of the Fire Modernization Review completed in early 2022.

- The contribution to the asset management reserve, which is the primary funding source for all non-fleet tax-supported capital needs, will continue building up over the planning horizon based on the dedicated capital levy until such time it reaches a sustainable level (projected to be $35M/year by 2031).

- The contribution to the capital contingency reserve, which supports capital project overages and unanticipated capital projects, is set to $500K/year indexed to inflation.

- The contribution to the general contingency reserve, which supports coverage of unanticipated operating costs, is set to $500K/year for general purposes and $480K/year for insurance, each indexed to inflation.

- The contribution to water-wastewater reserves, which are the primary funding sources for all water-wastewater capital needs, is set to $3.9M/year and indexed to inflation.

- Regular contributions will continue for less significant reserves such as the doctor recruitment reserve, Fenelon Falls Powerlinks reserve, Norland dam reserve and elections reserve.

- Designated proceeds, surpluses and deficits will continue flowing to their respective reserves such as the winter control reserve, property development reserve, federal and provincial gas tax reserves, development charges and parkland reserves, aggregates reserve, capital contingency reserve, working capital reserve, water and wastewater reserves, and fleet reserves.

- All other reserves will generally function as they have historically.

- Capital project deferrals and operating cost containment measures will occur as needed to ensure the integrity of reserves.

These assumptions will be modified as necessary to align with the forthcoming reserve policy.

5. Debt Strategy

With few exceptions and subject to various restrictions, the Municipal Act permits municipalities to issue debt only for capital projects. The core and indispensable function of debt is to smooth lumpy capital expenditures and support liquidity requirements over time. This section outlines a debt strategy designed to inform a forthcoming debt policy which will guide the usage, distribution and management of the City's debt ahead of the next iteration of the LTFP.

Guiding Principles Regarding Debt

The approach to debt taken in the LTFP is guided by the following general principles:

- Within and outside of the municipal sector, and under appropriate circumstances, debt is a common and widely acceptable method by which to finance capital projects so as to smooth lumpy capital expenditures and support liquidity requirements.

- Debt should be issued only for capital projects meeting one or more of the following criteria:

    - Result in assets or betterments thereto with expected useful lives of at least 20 years;

    - It is appropriate to allocate the capital costs over time between current and future beneficiaries or to otherwise smooth the capital costs over time;

    - Result in assets generative of new revenues which could be partly or entirely dedicated to corresponding debt servicing costs; or

    - Are associated with capital costs exceeding $5M.

- Ideally the asset management reserve would be strengthened gradually so as to effectively eliminate planned reliance on debt for baseline capital needs, thus reserving debt primarily for expansionary capital needs as they are relatively volatile.

- To ensure they automatically keep pace with inflation and the City's ability and willingness to service debt over time, debt limits should be defined in terms of debt servicing ratios (debt servicing costs as a share of own-purpose revenues) rather than fixed dollar amounts.

- The City should observe a maximum debt servicing ratio of 10% distributed as follows:

    - 7.5 percentage points are reserved for capital projects other than those relating to housing.

    - 2.5 percentage points are reserved for housing capital projects provided that housing revenue thereby generated is sufficient to meet the related debt servicing costs.

- Based on a 10% limit on the debt servicing ratio, the City should consume no more than 12.5 percentage points (or 50%) of its 25% annual repayment limit (debt servicing costs as a share of own-source revenues) as determined by the Municipal Act.

- Council should be thoroughly informed such that the merit and implications of each issuance of debt are considered before the debt is committed to by Council.

- The City's debt outlook should be reported to Council annually by the City Treasurer.

These general principles will be modified as necessary to align with the forthcoming debt policy.

Key Debt Assumptions

The following key debt assumptions have been incorporated into the LTFP:

- The guiding principles regarding debt outlined in the previous subsection will be observed.

- Newly issued debt is in the form of debenture at terms of 10, 20 or 30 years, depending on the nature of capital projects involved, and subject to an annual interest rate of 3%.

- Debt issued for the purposes of financing the Northwest Trunk Sanitary Sewer or debits in the development charges reserve does not form part of the debt servicing ratio or annual repayment limit, provided there is sufficient development charges revenue to cover principle and interest payments needed to finance debits in the development charges reserve. Likewise, revenue derived from capital charges, development charges or grants does not form part of the debt servicing ratio or annual repayment limit.

- With reserves and capital grants largely designated for baseline capital needs, expansionary capital projects are generally financed by debt to the extent their costs are not recoverable by development charges or grants.

- Major eligible capital expenditures that cannot be financed by other means are financed by debt.

Exceedances of the debt servicing ratio limit are tracked in order to measure the extent to which forecasted financial requirements exceed forecasted financial capacity.

6. Capital Forecast

Based on established service levels, service master plans, the Asset Management Plan, the Development Charges (DC) Background Study, the Water-Wastewater Rate Study, prior budgets and other sources of direction provided by Council or legislation, staff has developed a 10-year capital forecast attached hereto as Appendices A and B for tax-supported and water-wastewater sides of the City's business, respectively. The forecast has already been endorsed by Council for planning purposes, but has been updated upon incorporation into the LTFP to reflect adopted 2022 capital budgets, recent changes in legislation, newly identified capital needs and enhanced funding from various capital grants. Regarding capital projects identified in the DC Background Study, it should be noted that the capital forecast herein includes only those sufficiently significant and presently expected to occur during 2022-2031.

Tax-Supported Capital Forecast

The tax-supported capital forecast is contained in Appendix A and is based on strategies outlined in previous sections as may be applicable. Forecasted capital expenditures are divided into four types: baseline, expansionary, external and special projects. Baseline capital expenditures are those needed simply to keep the City's existing asset portfolio in a state of good repair and thus in a condition facilitative of established service levels. Almost all such expenditures are directed toward replacement or rehabilitation of existing assets. Based principally on the Asset Management Plan and prior capital budgets, the baseline capital forecast is presented in Table A1 of Appendix A wherein it is organized by capital program to reflect prevailing capital budget structures.

Expansionary capital expenditures are almost exclusively growth-related, although some arise from legislation or upgrades in service levels (e.g. new services). Based principally on service master plans and the DC Background Study, the expansionary capital forecast is presented in Table A2 of Appendix A. It should be noted that the replacement of Victoria Manor has been removed from the forecast given the City is no longer legislated to replace that facility by 2025. Although replacement or major redevelopment of Victoria Manor is inevitable, that need is now anticipated to arise well beyond the 2022-2031 planning horizon. To better inform future iterations of the LTFP of that need, it would be prudent of the City to develop in the near term an associated financial strategy, perhaps through a facility master plan specific to Victoria Manor.

External capital expenditures are those relating to the Kawartha Lakes Police Service (KLPS) or Kawartha Lakes-Haliburton Housing Corporation (KLHHC). These are presented in Table A3 of Appendix A. Presently, KLPS and KLHHC capital projects are only implicitly included in tax-supported operating budgets or are otherwise not transparently revealed to Council. Due to an overhaul of the City's budgeting process during 2021-2022 and continual efforts to enhance transparency and accountability, it is anticipated that such projects will now be included in tax-supported capital budgets as of 2023.

Introduced for 2020, a special projects budget is now included in the City's tax-supported budget compliment to accommodate operating projects, such as studies and other infrequent initiatives, better budgeted and managed in the same manner as capital projects. While special projects are technically operating in nature, the special projects budget has, since its inception, been presented alongside the capital budget because special projects are best managed as though they are capital in nature. Based principally on service master plans, the DC Background Study, previous budgets and legislation, the special projects forecast is presented in Table A4 of Appendix A.

Appendix A concludes with Tables A5 and A6 which are, respectively, the capital expenditure forecast summary and the corresponding capital financing forecast. Total tax-supported capital expenditure is forecasted to be $924M over the 2022-2031 planning horizon, which balances with the financing forecast. Table A6 shows how planned reliance on debt for baseline capital needs is phased out by 2031 due to the dedicated capital levy, a strategy essential for effective management of the City's long-term debt load.

A key feature of Table A6 is that capital expenditures that cannot be met by other means are notionally financed by debenture with the understanding that capital project deferrals and operating cost containment measures will occur through the annual budgeting process to ensure observance of the maximum debt servicing ratio in practice. As indicated in Table A6, total debt issuance over the planning horizon sums to $325M. Of this amount, 24% is related to baseline capital, 21% is related to expansionary capital and 55% is related to housing capital. Owing to the Victoria Manor replacement deferral and enhanced capital grants, this represents a marked reduction in debt reliance compared to the version of the capital forecast previously adopted by Council.

Water-Wastewater Capital Forecast

The water-wastewater capital forecast is contained in Appendix B and is based on strategies outlined in previous sections as may be applicable. The expenditure part of the forecast differentiates between baseline and expansionary capital needs. Appendix B contains only one table, namely Table B1, which presents the water-wastewater capital forecast at a fairly high level. For greater detail, the reader is referred to the Water-Wastewater Rate Study and DC Background Study.

As indicated by Table B1, capital expenditure is forecasted to be $146M over the 2022-2031 planning horizon, which balances with the financing forecast. Total debt issuance over the planning horizon amounts to $56.5M. Provided that utility rate increases continue at 3%/year, it is expected that reliance on debt will taper off soon after 2031 since the capital needs forecast is aggressive in terms of staff and project management capacity while the reserve contribution forecast is conservative. With water-wastewater services being relatively capital intensive, however, they are expected to rely on debt throughout the planning horizon and potentially indefinitely.

As with the tax-supported capital forecast, water-wastewater capital expenditures that cannot be met by other means are notionally financed by debenture with the understanding that capital project deferrals and operating cost containment measures will occur through the annual budgeting process to ensure observance of the maximum debt servicing ratio in practice. Given heavy regulation of the water-wastewater sector, however, that constraint may not be binding should a major challenge arise with regulatory compliance. Owing to enhanced capital grants, the capital forecast is improved compared to the version adopted in 2021 as part of the Water-Wastewater Rate Study.

7. Operating Forecast

Based on established service levels, the Water-Wastewater Rate Study, prior budgets and other sources of direction provided by Council or legislation, staff has developed a 10-year operating forecast for tax-supported and water-wastewater sides of the City's business attached hereto as Appendix C. The operating forecast is displayed at a summary level and it reflects the foregoing strategies and capital forecast. It is also reflective of assumed general rates of cost escalation arising from inflation and growth pressures. Inflation is set at a rate of 2%/year unless contractual arrangements dictate otherwise. Tax-supported and water-wastewater operating forecasts are presented in Tables C1 and C2, respectively, of Appendix C.

As stated above, the tax-supported operating forecast makes allowances for new staff and reductions at 5%/year in the Ontario Municipal Partnership Fund grant. It also assumes that, beyond existing tax levy support, the Kawartha Lakes Haliburton Housing Corporation will be self-sustaining over the planning horizon and therefore will not require any additional tax levy support. This assumption is in keeping with the debt strategy provision requiring that new housing debt servicing costs be entirely offset by increased rental revenues.

While every effort has been made to reflect all reasonable and relevant anticipations in the operating forecast, it is impossible to anticipate and capture every potential financial scenario. As such, it is important to note key potential scenarios not reflected in the operating forecast, namely operating cost increases stemming from any of the following causes: (i) unplanned changes in service levels (e.g. new legislation), (ii) unplanned changes in capital expenditures or financing (e.g. dramatic rise in inflation or interest rates) or (iii) other unplanned events (e.g. discontinuance of an annual grant).

8. The Financial Gap

Perhaps the most salient implication of the capital and operating forecasts is that forecasted financial requirements exceed forecasted financial capacity once constraints relating to reserves, debt and ratepayer affordability are made to bind. In this section, the LTFP concludes by outlining strategies for closing or at least mitigating that financial gap and by identifying potential additional measures aimed at building a greater amount of contingency into the LTFP. Those strategies and measures are designed to enable the City to better hedge against uncertainty and better secure its long-term financial sustainability.

Exposure of the Financial Gap

In order that it be addressed, the financial gap implicit in the capital and operating forecasts must be exposed. When requirements exceed capacity in a municipal financial forecast, the excess pressure could in principle be channeled through any number of indicators in the forecast such as tax levies, user fees, reserves and or debt. Ideally, however, the number of such indictors should be limited so as to focus the exposure of exceedances. Given the need to build the capital and water-wastewater reserves and given the forecasted sufficiency in water-wastewater user fee revenues, it makes sense that general tax levies and debt be the designated indicators of the financial gap. These would be measured by exceedances in general tax increases and the debt servicing ratio with respect to the limits herein prescribed for them.

The general tax increases and debt servicing ratio in the forecast are, therefore, permitted to notionally exceed their respective limits (3% for general tax increases and 10% for the debt servicing ratio) such that all other financial capacity constraints are respected and all other financial needs are met. The term “notionally” indicates that capital project deferrals and operating cost containment measures will occur through the annual budgeting process to ensure that general tax increases and the debt servicing ratio remain within their respective limits in practice. With that qualification in mind, Table 1 forecasts general tax increases and the debt servicing ratio, the latter decomposed by housing and non-housing purposes, in comparison to their limits over the course of the planning horizon. Orange shading in Table 1 indicates cells for which the values therein exceed applicable limits.

Table 1: Forecast of Financial Gap Indicators - 2022-2031												
Financial Gap		**Limit**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
General Tax Increase		**3.00%**	3.00%	7.77%	8.71%	8.83%	7.14%	4.68%	3.12%	-0.36%	-1.28%	-4.26%
Debt Servicing Ratio	Non-Housing	**7.50%**	6.14%	5.92%	7.66%	8.85%	9.21%	9.26%	8.87%	8.87%	9.19%	8.83%
	Housing	**2.50%**	0.51%	0.93%	0.88%	1.08%	1.36%	1.76%	2.12%	2.41%	2.73%	3.03%
	Overall	**10.00%**	6.65%	6.85%	8.53%	9.92%	10.57%	11.01%	10.99%	11.29%	11.92%	11.86%

According to Table 1, general tax increases exceed the 3% limit during 2023-2028 but then fall quickly into negative territory toward the end of the planning horizon. The principle factor driving out exceedances in general tax increases over time is the dedicated capital levy; without that, the exceedances would persist through to 2031 and beyond. While the low and negative general tax increases for 2029-2031 suggest there is room for mitigation through the shifting expenditures from early to later years with the tax-supported operating forecast, in reality there will likely be constraints on such shifting in any given year. Inevitably, therefore, much firmer measures will be needed to bring general tax increases down to 3%/year during 2023-2028.

The other dimension of the financial gap is represented by exceedances in the overall and purpose-specific debt servicing ratios. As indicated by Table 1, the debt servicing ratio for non-housing purposes exceeds its 7.5% limit as of 2024 while that for housing purposes exceeds its 2.5% limit as of 2030. The overall debt servicing ratio exceeds its 10% limit as of 2026. Notable is that housing accounts for almost half (47%) of the debt issuances over the planning horizon and yet its debt servicing ratio limit does not bind until 2030. The weight of housing debt is felt late in the planning horizon only because the housing capital forecast is heavily back-ended and because the housing debt servicing ratio limit is, as a proportion of capital needs, much larger than that for non-housing purposes. For these reasons, housing commitments should be carefully monitored as a significant portion of their financial burden will be felt only beyond 2031. By contrast, exceedances in the non-housing debt servicing ratio are expected to taper off after 2031 due to the phasing out of planned debt financing of tax-supported baseline capital projects.

Potential Measures for Closing the Financial Gap

As indicated by Table 1, simply shifting revenues and expenditures within the planning horizon cannot close the financial gap; a much more determined and intentional approach is required to secure the City's long-term financial sustainability. Since continued and indefinite deferral of capital needs is entirely unsustainable and since ratepayer affordability is paramount, ultimately service levels and the asset portfolio must be reconsidered if taxes and debt are to remain within Council-determined limits. Whatever approach is taken to closing the financial gap, that gap is a focal point around which tough decisions lie ahead for Council regarding service levels and the asset portfolio if not property taxes and user fees. In an effort to inform such decisions, this subsection outlines several potential measures Council could consider in terms of providing staff direction on closing the financial gap.

Like any other plan, the LTFP must take various inputs and constraints as given. For present purposes, these are principally the Council-directed factors of (i) established service levels, (ii) the existing asset portfolio, (iii) notions of tolerance for debt and (iv) notions of ratepayer affordability. Since the LTFP must take these directives as given in order to function, it cannot be expected to prescribe and reflect the precise changes to them necessary for closure of financial gaps and faster attainment of long-term financial sustainability. It can, however, identify potential measures which Council could consider for those purposes and for incorporation into future iterations of the LTFP. Recognizing that continued and indefinite deferral of capital needs is entirely unsustainable, it is recommended that the following measures instead be considered:

- Examine municipal services, particularly those subsidized by property taxes, for opportunities for greater cost recovery through wider or enhanced application of user fees and for greater efficiency through disposition of inessential assets whose revenue potentials are low compared to their costs.

- Conduct a market analysis of user fees to benchmark the City with peer municipalities and other comparable organizations, assess the City's relative competitiveness regarding user fees, and identify opportunities for the City to better leverage user fees and align the benefits and costs of municipal services.

- Explore the potential for enhancing commercial revenues such as those derived from investments, advertising and naming rights.

- Explore the potential for service reconfigurations and efficiencies in light of shifting ratepayer expectations and new ways of doing business (e.g. remote work) revealed by the experience of the COVID-19 pandemic.

- Revisit the housing capital plan and ensure that it aligns with the City's financial priorities, capacity and sustainability requirements.

- Relax the 10% debt servicing ratio limit by redefining it as a 10-year average as opposed to an annual restriction.

- Review the asset portfolio for opportunities to reduce, reconfigure or reimagine the City's asset footprint without adverse impacts to service levels.

- Review service levels and adjust them to ensure they strike an appropriate balance between ratepayer expectations and affordability.

Staff expects to explore these opportunities, and others as may be appropriate, with Council in 2023 to address the financial gap.

9. Appendix A: Tax-Supported Capital Forecast

Table A1: Baseline Tax-Supported Capital Expenditure Forecast - 2022-2031

Capital Program	Department	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Multiyear Capital Projects	Various	1,244,000	890,000	90,000	-	-	-	-	-	-	-
Bridges	Engineering	3,003,000	2,744,689	2,827,030	2,911,841	2,999,196	3,089,172	3,181,847	3,277,303	3,375,622	3,476,890
Culverts and Municipal Drains	Engineering	637,000	433,228	446,225	459,611	473,400	487,602	502,230	517,297	532,815	548,800
Urban/Rural Reconstruction	Engineering	9,286,000	6,225,268	6,412,026	6,604,387	6,802,519	7,006,594	7,216,792	7,433,296	7,656,295	7,885,984
Urban/Arterial Resurfacing	Engineering	2,869,000	6,871,895	7,078,052	7,290,394	7,509,106	7,734,379	7,966,410	8,205,402	8,451,564	8,705,111
Rural Resurfacing	Engineering	3,972,000	4,375,377	4,506,638	4,641,837	4,781,093	4,924,525	5,072,261	5,224,429	5,381,162	5,542,597
Gravel Resurfacing	Engineering	1,786,000	1,861,880	1,917,736	1,975,268	2,034,526	2,095,562	2,158,429	2,223,181	2,289,877	2,358,573
Lifecycle Management	Engineering	1,500,000	1,789,542	1,843,228	1,898,525	1,955,480	2,014,145	2,074,569	2,136,806	2,200,911	2,266,938
Sidewalks	Engineering	327,000	865,370	891,331	918,071	945,613	973,981	1,003,200	1,033,296	1,064,295	1,096,224
Streetlights and Traffic Signals	Engineering	225,000	599,871	617,867	636,403	655,496	675,160	695,415	716,278	737,766	759,899
Parking Lots	Engineering	150,000	79,825	82,220	84,686	87,227	89,844	92,539	95,315	98,175	101,120
Airport Siteworks and Facilities	Engineering	100,000	286,287	291,945	297,772	303,774	309,956	316,324	322,883	329,638	336,596
Landfill Siteworks and Facilities	Engineering	890,000	1,016,764	1,044,642	1,073,356	1,102,932	1,133,395	1,164,771	1,197,090	1,230,377	1,264,664
Landfill Equipment	Engineering	-	12,400	12,772	13,155	13,550	13,956	14,375	14,806	15,250	15,708
Public Works Facilities	Public Works	220,000	664,350	684,281	704,809	725,953	747,732	770,164	793,269	817,067	841,579
Transit Siteworks	Public Works	-	56,650	58,350	60,100	61,903	63,760	65,673	67,643	69,672	71,763
Fleet and Transit Equipment	Public Works	4,983,000	4,039,178	4,160,353	4,285,163	4,413,718	4,546,130	4,682,514	4,822,989	4,967,679	5,116,709
Information Technology Systems	Corporate Services	1,468,000	530,450	546,364	562,754	579,637	597,026	614,937	633,385	652,387	671,958
Fire Facilities	Fire Service	239,000	515,773	531,246	547,183	563,599	580,506	597,922	615,859	634,335	653,365
Fire Fleet and Equipment	Fire Service	639,000	2,781,000	2,864,430	2,950,363	3,038,874	3,130,040	3,223,941	3,320,659	3,420,279	3,522,888
Paramedic Facilities	Paramedic Service	-	131,325	135,265	139,323	143,502	147,807	152,242	156,809	161,513	166,359
Paramedic Fleet and Equipment	Paramedic Service	1,088,000	451,943	663,395	791,795	614,415	743,775	856,607	883,319	1,007,676	1,037,907
Victoria Manor	Human Services	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
Building and Property Facilities	Community Services	979,000	2,584,926	2,662,474	2,742,348	2,824,618	2,909,357	2,996,638	3,086,537	3,179,133	3,274,507
Building and Property Equipment	Community Services	-	144,200	148,526	152,982	157,571	162,298	167,167	172,182	177,348	182,668
Parkland Siteworks and Facilities	Community Services	1,175,000	2,554,414	2,631,047	2,709,978	2,791,278	2,875,016	2,961,266	3,050,104	3,141,607	3,235,856
Recreation Facilities	Community Services	4,993,000	1,578,836	1,626,201	1,674,987	1,725,237	1,776,994	1,830,304	1,885,213	1,941,769	2,000,022
Parks and Recreation Equipment	Community Services	135,000	133,900	137,917	142,055	146,316	150,706	155,227	159,884	164,680	169,621
Cemetery Siteworks and Facilities	Community Services	100,000	113,300	116,699	120,200	123,806	127,520	131,346	135,286	139,345	143,525
	Total	**42,158,000**	**44,487,140**	**45,187,391**	**46,553,256**	**47,743,164**	**49,280,830**	**50,844,218**	**52,365,002**	**54,028,254**	**55,643,545**

Table A2: Expansionary Tax-Supported Capital Expenditure Forecast - 2022-2031

Capital Need / Project by Department	DC (%)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Engineering and Corporate Assets											
Low-Volume Gravel Roads (Conversion Program)	0.0%	2,519,000	1,100,000	1,100,000	1,100,000	1,100,000					
East Jennings Creek Culvert Structures	50.0%		730,000								
West Jennings Creek Bridge	100.0%										6,446,000
Somerville 3rd Concession Bridge	100.0%						395,000		7,823,000		
Colborne St. Bridge	60.0%	400,000		12,352,000							
Colborne St. - Hwy. 35 to Charles St.	80.0%				4,984,000						
Colborne St. - Charles St. to Adelaide St.	80.0%				4,168,000						
Colborne St./Angeline St. Intersection	95.0%				2,030,000						
Colborne St. - Hwy. 7 to Hwy. 35	80.0%							2,242,000			
Angeline St. - Hwy. 7 to N. of Orchard Park Rd.	80.0%						15,493,000				
Lindsay St. - Hwy. 7 to Mary St.	80.0%							6,636,000			
Thunderbridge Rd. - Elm Tree Rd. to Hwy. 35	80.0%										4,705,000
Angeline St./Mary St. Intersection	95.0%							1,430,000			
Angeline St./Orchard Park Rd. Signalization	90.0%			314,000							
Angeline St./Thunderbridge Rd. Intersection	95.0%							3,185,000			
Colborne St./William St. Intersection	95.0%			956,000							
Colborne St./St. Joseph Rd. Signalization	90.0%				324,000						
Colborne St./Sreet A Signalization	90.0%				324,000						
Colborne St./Road 36 Intersection	95.0%					333,000					
Kent St. Corridor Traffic Signal Coordination	50.0%		127,000								
Kent St./Angeline St. Intersection	95.0%			1,971,000							
Kent St./Whitney Town Centre Signalization	90.0%	350,000									
Queen St./St. David St. Signalization	90.0%			314,000							
Wellington St./Lindsay St. Intersection	95.0%					598,000					
Wellington St./William St. Intersection	95.0%					598,000					
Mary St./Lindsay St. Intersection	95.0%		890,000								
East St./Boyd St./Canal St. Signalization	90.0%		305,000								
East St./Cedartree Lane/Duke St. Intersection	95.0%						1,045,000				
East St./Mill St. Signalization	90.0%						343,000				
Main St./Duke St. Signalization	90.0%					333,000					
West St./North St. Signalization	90.0%				324,000						
CKL Rd. 121 (Lindsay St.) Pedestrian Signals	90.0%		158,000								
Helen St./Lindsay St. Intersection	95.0%		150,000		600,000						
King St./Queen St. Intersection	95.0%		648,000								
King St./Sturgeon Rd. Intersection	95.0%		343,000								
King St./Deane St. Signalization	90.0%		305,000								
King St./Sibley Ave. Signalization	90.0%		305,000								
Lindsay-Ops Landfill Scales and Drop-Off Area	22.5%		2,185,000								
Public Works											
Coboconk Roads Operations Depot	13.1%		2,122,000								
Carden Roads Operations Depot	13.1%										1,342,000
Central Roads Operations Depot	20.0%			585,000		12,328,000					
Fenelon and Eldon Roads Operations Depots	20.0%									664,000	
Manvers and Emily Roads Operations Depots	6.1%									829,000	
Lindsay Fleet Depot Additional Bays	100.0%	115,000		1,220,000							
Transit Operations Centre	84.4%	100,000				1,090,000					
Excavators (2)	0.0%		1,013,000								
Buses (1)	100.0%	200,000									

Table A2: Expansionary Tax-Supported Capital Expenditure Forecast - 2022-2031											
Capital Need / Project by Department	**DC (%)**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Fire Service											
Fire Headquarters and Lindsay Fire Hall	21.1%						479,000		9,925,000		
Fire Central Training Facility	17.8%		125,000	129,000	133,000	137,000	141,000	145,000	149,000	154,000	158,000
Pumper Trucks (3)	35.3%						887,000	913,000	941,000		
Tanker Trucks (2)	32.2%					892,000		946,000			
Paramedic Service											
Paramedic Headquarters and Fleet Centre	35.0%	600,000		14,698,000							
Fenelon Falls Base	44.0%						115,000		1,912,000		
Oakwood Post	44.0%		45,000		743,000						
Coboconk Base	44.0%									209,000	
Ambulances and Equipment (4)	100.0%		281,000		299,000		317,000		336,000		
Emergency Response Unit and Equipment	100.0%			185,000							
Community Services											
Jennings Creek Parkland Development - Orchard Park	100.0%		146,000								
Jennings Creek Parkland Development - Sylvester Park	100.0%			151,000							
Jennings Creek Parkland Development - Auden Park	100.0%				155,000						
Lindsay Trail Development - Angeline St. S. to Broad St.	90.0%		53,000								
Lindsay Trail Development - Commerce Rd. to Moose Rd.	90.0%	80,000									
Lindsay Trail Development - Trans-Canada Trail to Mary St. W.	90.0%			28,000							
Lindsay Trail Development - Wilson Fields Area	50.0%		191,000								
Lindsay Trail Development - Jennings Creek Development Area	90.0%				537,000						
Lindsay Trail Development - Scugog River Crossing	50.0%									1,384,000	
Lindsay Trail Development - Scugog River Crossing to Rivera Park	90.0%							254,000			
Lindsay Trail Development - Logie St. to Rainbow Bridge to Water St.	50.0%		11,000								
Lindsay Trail Development - Melbourne St. E. to Iron Bridge	50.0%		21,000								
Lindsay Trail Development - Rotary Trail to Logie Park	90.0%						91,000				
Grass Cutting Unit	50.0%									48,000	
Trailer	50.0%									14,000	
Coboconk Wellness Centre	12.5%		10,000,000								
Cultural Centre / Network	0.0%				2,460,000						
Ops Arena and Community Centre	0.0%		250,000								
Forbert Memorial Pool	46.7%						1,074,000				
Fenelon Falls Library	100.0%	200,000									
Lindsay Library	100.0%					1,275,000					
Kawartha Lakes Police Service Headquarters	100.0%				3,255,000						
	DC Reserve	1,436,420	5,971,516	17,622,631	15,237,778	6,727,271	15,481,071	12,368,147	11,450,718	1,025,808	10,413,485
	Grants	2,519,000	1,100,000	1,100,000	1,100,000	1,100,000					
	AM Reserve	608,580									
	Debenture	-	14,432,484	15,280,369	5,098,222	10,856,729	4,898,929	3,382,853	9,635,282	2,276,192	2,237,515
	Total	**4,564,000**	**21,504,000**	**34,003,000**	**21,436,000**	**18,684,000**	**20,380,000**	**15,751,000**	**21,086,000**	**3,302,000**	**12,651,000**

Table A3: External Tax-Supported Capital Expenditure Forecast - 2022-2031											
Capital Need / Project by External Agency	**DC (%)**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Kawartha Lakes Police Service											
Baseline	0.0%	181,528	360,000	370,000	382,000	394,000	405,000	417,000	430,000	443,000	456,000
Map System Updates for New Development	100.0%		11,000	12,000	12,000	12,000	13,000	13,000	13,000	14,000	14,000
Marked Vehicles	100.0%	151,775									
Unmarked Vehicles	100.0%					51,000				57,000	
Radio System	30.8%										2,016,000
Conducted Energy Weapons	0.0%	28,000					143,000				
Body Cameras	0.0%		16,000	16,000	17,000	17,000	18,000	18,000	19,000	20,000	20,000
Officer Equipment	100.0%		11,000	11,000	12,000	12,000	13,000	13,000	13,000	14,000	14,000
Kawartha Lakes-Haliburton Housing Corporation											
68 Lindsay St. N. Housing - Phase 2 of 2 (Lindsay)	16.1%				13,555,000						
21 Hamilton St. (Hamilton Park) Housing (Lindsay)	16.1%	12,010,000									
106 Murray St. Housing (Fenelon Falls)	16.1%			11,616,000							
Hwy. 35 Housing (Minden)	0.0%	11,880,000									
Provision for Additional Housing - Kawartha Lakes	16.1%					22,954,000	23,642,000	24,352,000	25,082,000	25,835,000	26,610,000
Provision for Additional Housing - Haliburton	0.0%					5,700,000	5,871,000	6,047,000	6,228,000	6,415,000	6,608,000
	KLPS DC Reserve	151,775	22,000	23,000	24,000	75,000	26,000	26,000	26,000	85,000	649,197
	KLPS Reserve	209,528	376,000	386,000	399,000	411,000	566,000	435,000	449,000	463,000	1,870,803
	KLHH DC Reserve	1,617,000	-	1,865,000	1,895,000	3,684,000	3,795,000	3,909,000	4,026,000	4,147,000	4,271,000
	KLHH Reserve	1,375,000				222,000	229,000	236,000	243,000	250,000	258,000
	KLHH Sales	3,855,000			1,750,000						
	KLHH Grants	2,665,000		2,161,000	663,000	1,661,000	1,710,000	1,762,000	1,815,000	1,869,000	1,925,000
	KLHH Debenture	14,378,000	-	7,590,000	9,247,000	23,087,000	23,779,000	24,492,000	25,226,000	25,984,000	26,764,000
	Total	**24,251,303**	**398,000**	**12,025,000**	**13,978,000**	**29,140,000**	**30,105,000**	**30,860,000**	**31,785,000**	**32,798,000**	**35,738,000**

Table A4: Tax-Supported Special Projects Expenditure Forecast - 2022-2031

Special Project by Department / Division	DC (%)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Engineering and Corporate Assets											
Kenhill Beach Road Drainage Study and Plan	0.0%	45,000									
Slalom Drive Drainage Easement and Ditch	0.0%	17,000									
Airport Business Plan	0.0%		51,000				57,000				
Airport Capital Plan	0.0%					123,000					
Asset Management Plan	12.5%						114,000				
Development Charges Background Study	100.0%				84,000				94,000		
Development Charges By-Law Appeals	0.0%	45,000	46,000	48,000	49,000	51,000	52,000	54,000	55,000	57,000	59,000
Roads Needs Study	17.8%					178,000					207,000
Storm Sewer Capacity Study	17.8%			209,000					242,000		
Bridge Structures Study	17.8%	160,000		170,000		180,000		191,000		203,000	
Transportation Master Plan	75.0%	220,000									
Downtown Parking Strategy	0.0%								148,000		
Speed Reduction	0.0%	57,585									
Geotechnical Assessments of Roads	0.0%					81,000					94,000
Somerville 3rd Concession Bridge EA	100.0%				370,000						
Central Roads Operations Depot EA	20.0%	170,000									
South Roads Operations Depot EA	6.1%										323,000
Solid Waste EA	12.0%	400,000	883,000	909,000	937,000	965,000	994,000	1,023,000	1,054,000		
Public Works											
Source-Separated Organics Feasability Study	15.6%		225,000								
Intergrated Waste Management Strategy	12.0%			116,000					134,000		
Transit Master Plan	75.0%		101,000					117,000			
Roads Operations Master Plan	75.0%							130,000			
Remote Monitoring System for Fuel Stations	0.0%	23,000									
Emergency Services											
Paramedic Master Plan	75.0%									138,000	
Fire Master Plan	75.0%							104,000			
Community Services											
Trails and Forests Master Plan	75.0%										285,000
Parks Master Plan	75.0%				179,000						
Parks, Recreation and Culture Strategic Plan	75.0%		197,000								
Arena Master Plan	75.0%						253,000				
Library Master Plan	75.0%			46,000					54,000		
Energy Management Plan	0.0%	75,000					87,000				

Table A4: Tax-Supported Special Projects Expenditure Forecast - 2022-2031											
Special Project by Department / Division	**DC (%)**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Planning											
Growth Management Strategy	100.0%					111,000					128,000
Official Plan Review / Update	50.0%			145,000				163,000			
Zoning By-Law Review / Update	50.0%									194,000	
Urban Zoning By-Law Review / Update	50.0%			145,000							
Commercial Lands Supply Study	100.0%				119,000					138,000	
Natural Heritage Systems Study	50.0%				119,000					138,000	
Agricultural Land Evaluation and Review Study	50.0%				119,000					138,000	
Secondary Plans / Aggregate Policy Study	50.0%			116,000					134,000		
Active Transportation Master Plan	75.0%										143,000
Urban Design Guidelines	50.0%			82,000							
Secondary Plan Appeals	0.0%	400,000	300,000								
Rural Zoning By-Law Appeals	0.0%	50,000	50,000								
Urban Zoning By-Law Appeals	0.0%					58,000	60,000				
Official Plan Appeals	0.0%					348,000	358,000				
Economic Development											
Economic Development Strategy	0.0%	60,000					70,000				
Agricutlure and Food Action Plan	0.0%				34,000					26,000	
Downtown Revitalization Plans	0.0%		53,000				60,000				
Archeological Management Plan	0.0%		64,000								
Tourism Strategy	0.0%					70,000					
Cultural Master Plan	0.0%				28,000						
Growing Food Tourism Study	0.0%		21,000								
Film Strategy	0.0%					23,000					
Music Strategy	0.0%		21,000								
Other											
Eastern Ontario Rural Network Broadband	0.0%	179,000									
Healthy Environment Plan Implementation	0.0%	25,000	25,000								
IT Steering Committee Annual Programming	0.0%	379,000	254,000	261,000	269,000	277,000	285,000	294,000	303,000	312,000	321,000
	DC Reserve	275,499	364,466	468,915	938,690	290,480	323,280	501,484	387,106	512,609	505,642
	Other Reserves	265,312									
	Tax Levy	1,764,774	1,926,535	1,778,085	1,368,310	2,174,520	2,066,720	1,574,516	1,830,894	831,391	1,054,358
	Total	**2,305,585**	**2,291,000**	**2,247,000**	**2,307,000**	**2,465,000**	**2,390,000**	**2,076,000**	**2,218,000**	**1,344,000**	**1,560,000**

Table A5: Tax-Supported Capital and Special Projects Expenditure Forecast Summary - 2022-2031										
Type	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital										
Baseline	42,158,000	44,487,140	45,187,391	46,553,256	47,743,164	49,280,830	50,844,218	52,365,002	54,028,254	55,643,545
Expansionary	4,564,000	19,319,000	34,003,000	21,436,000	18,684,000	20,380,000	15,751,000	21,086,000	3,302,000	12,651,000
External	24,251,303	398,000	12,025,000	13,978,000	29,140,000	30,105,000	30,860,000	31,785,000	32,798,000	35,738,000
Total	**70,973,303**	**64,204,140**	**91,215,391**	**81,967,256**	**95,567,164**	**99,765,830**	**97,455,218**	**105,236,002**	**90,128,254**	**104,032,545**
Special Projects	**2,305,585**	**2,291,000**	**2,247,000**	**2,307,000**	**2,465,000**	**2,390,000**	**2,076,000**	**2,218,000**	**1,344,000**	**1,560,000**
Total	**73,278,888**	**66,495,140**	**93,462,391**	**84,274,256**	**98,032,164**	**102,155,830**	**99,531,218**	**107,454,002**	**91,472,254**	**105,592,545**

Table A6: Tax-Supported Capital and Special Projects Financing Requirements Forecast - 2022-2031										
Source by Type	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Baseline Capital										
Asset Management Reserve	14,497,696	13,115,000	14,826,059	16,760,352	18,947,004	21,418,940	24,213,379	27,372,396	30,943,557	34,980,632
Capital Contingency Reserve	1,813,000	-	-	-	-	-	-	-	-	-
DC Reserve	684,700	622,527	641,203	660,439	680,252	700,659	721,679	743,330	765,629	788,598
Haul Routes Reserve	900,000	918,000	936,360	955,087	974,189	993,673	1,013,546	1,033,817	1,054,493	1,075,583
Public Works Fleet Reserve	4,317,000	4,039,178	4,160,353	4,285,163	4,413,718	4,546,130	4,682,514	4,822,989	4,967,679	5,116,709
Fire Fleet Reserve	89,000	2,369,000	2,440,070	2,513,272	2,588,670	2,666,330	2,746,320	2,828,710	2,913,571	3,000,978
Parkland Reserve	-	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339
Streetlights Reserve	55,000	55,000	55,000	-	-	-	-	-	-	-
Victoria Manor Reserve	113,604	50,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583
Property Reserve	347,000									
Water-Wastewater Reserve	66,000									
Federal Gas Tax	9,260,373	4,784,104	4,992,108	5,091,950	5,193,789	5,297,665	5,403,618	5,511,691	5,621,924	5,734,363
Provincial Gas Tax	15,600	80,000	81,600	83,232	84,897	86,595	88,326	90,093	91,895	93,733
ICIP Grant	600,000	618,000	687,000	-	399,000	-	-	-	-	-
OCIF Grant	2,002,027	3,421,027	3,421,027	3,421,027	3,421,027	4,521,027	4,521,027	4,521,027	4,521,027	4,521,027
Ministry of HLTC Grant	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Wilson Estate Grant	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Safe Restart Grant	300,000									
Connecting Links Grant	3,000,000									
Community Partners	810,000									
Other Municipality / Owner	67,000	-	-	-	-	-	-	-	-	-
Debenture	3,010,000	14,155,305	12,634,112	12,467,669	10,722,920	8,729,414	7,130,640	5,114,939	2,819,550	(0)
Total	**42,158,000**	**44,487,140**	**45,187,391**	**46,553,256**	**47,743,164**	**49,280,830**	**50,844,218**	**52,365,002**	**54,028,254**	**55,643,545**

Table A6: Tax-Supported Capital and Special Projects Financing Requirements Forecast - 2022-2031										
Source by Type	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Expansionary Capital										
DC Reserve	1,436,420	5,971,516	17,622,631	15,237,778	6,727,271	15,481,071	12,368,147	11,450,718	1,025,808	10,413,485
OCIF Grant	2,519,000	1,100,000	1,100,000	1,100,000	1,100,000	-	-	-	-	-
Asset Management Reserve	608,580	-	-	-	-	-	-	-	-	-
Debenture	-	14,432,484	15,280,369	5,098,222	10,856,729	4,898,929	3,382,853	9,635,282	2,276,192	2,237,515
Total	**4,564,000**	**21,504,000**	**34,003,000**	**21,436,000**	**18,684,000**	**20,380,000**	**15,751,000**	**21,086,000**	**3,302,000**	**12,651,000**
External Capital										
KLPS DC Reserve	151,775	22,000	23,000	24,000	75,000	26,000	26,000	26,000	85,000	649,197
KLPS Reserve	209,528	376,000	386,000	399,000	411,000	566,000	435,000	449,000	463,000	1,870,803
KLHH DC Reserve	1,617,000	-	1,865,000	1,895,000	3,684,000	3,795,000	3,909,000	4,026,000	4,147,000	4,271,000
KLHH Reserve	1,375,000	-	-	-	222,000	229,000	236,000	243,000	250,000	258,000
KLHH Sales	3,855,000	-	-	1,750,000	-	-	-	-	-	-
KLHH Grants	2,665,000	-	2,161,000	663,000	1,661,000	1,710,000	1,762,000	1,815,000	1,869,000	1,925,000
KLHH Debenture	14,378,000	-	7,590,000	9,247,000	23,087,000	23,779,000	24,492,000	25,226,000	25,984,000	26,764,000
Total	**24,251,303**	**398,000**	**12,025,000**	**13,978,000**	**29,140,000**	**30,105,000**	**30,860,000**	**31,785,000**	**32,798,000**	**35,738,000**
Special Projects										
DC Reserve	275,499	364,466	468,915	938,690	290,480	323,280	501,484	387,106	512,609	505,642
Other Reserves	265,312	-	-	-	-	-	-	-	-	-
Tax Levy	1,764,774	1,926,535	1,778,085	1,368,310	2,174,520	2,066,720	1,574,516	1,830,894	831,391	1,054,358
Total	**2,305,585**	**2,291,000**	**2,247,000**	**2,307,000**	**2,465,000**	**2,390,000**	**2,076,000**	**2,218,000**	**1,344,000**	**1,560,000**
Summary										
Tax Levy	1,764,774	1,926,535	1,778,085	1,368,310	2,174,520	2,066,720	1,574,516	1,830,894	831,391	1,054,358
Asset Management Reserve	15,106,276	13,115,000	14,826,059	16,760,352	18,947,004	21,418,940	24,213,379	27,372,396	30,943,557	34,980,632
DC Reserve	4,165,394	6,980,509	20,620,749	18,755,907	11,457,002	20,326,011	17,526,310	16,633,154	6,536,046	16,627,922
Other Reserves	9,550,444	7,857,178	8,080,283	8,257,588	8,717,274	9,111,530	9,226,548	9,493,527	9,767,672	11,443,996
Grants / Deferred Revenue	25,304,000	10,213,131	12,652,735	12,319,209	12,069,713	11,825,287	11,984,972	12,147,811	12,313,846	12,484,123
Debenture - Baseline	3,010,000	14,155,305	12,634,112	12,467,669	10,722,920	8,729,414	7,130,640	5,114,939	2,819,550	(0)
Debenture - Expansionary	-	14,432,484	15,280,369	5,098,222	10,856,729	4,898,929	3,382,853	9,635,282	2,276,192	2,237,515
Debenture - Housing	14,378,000	-	7,590,000	9,247,000	23,087,000	23,779,000	24,492,000	25,226,000	25,984,000	26,764,000
Total	**73,278,888**	**68,680,140**	**93,462,391**	**84,274,256**	**98,032,164**	**102,155,830**	**99,531,218**	**107,454,002**	**91,472,254**	**105,592,545**

10. Appendix B: Water-Wastewater Capital Forecast

Table B1: Water-Wastewater Capital Forecast - 2022-2031										
Category	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water Expenditure										
Baseline	4,802,000	4,106,000	5,719,000	6,797,000	4,343,000	5,614,000	7,914,000	7,953,000	6,681,000	6,744,000
Expansionary	535,000	1,394,000	1,360,000	-	2,434,000	380,000	-	179,000	701,000	873,000
Total	**5,337,000**	**5,500,000**	**7,079,000**	**6,797,000**	**6,777,000**	**5,994,000**	**7,914,000**	**8,132,000**	**7,382,000**	**7,617,000**
Water Financing										
Grants	1,979,910	-	1,686,590	-	-	-	-	-	-	458,520
DC Reserve	319,592	303,349	866,249	-	985,028	380,000	-	132,460	560,800	443,635
Debenture	240,090	-	-	2,271,311	1,278,431	1,019,461	2,783,781	3,719,634	545,012	1,482,885
Water Reserve	2,797,408	5,196,651	4,526,161	4,525,689	4,513,541	4,594,539	5,130,219	4,279,906	6,276,188	5,231,960
Total	**5,337,000**	**5,500,000**	**7,079,000**	**6,797,000**	**6,777,000**	**5,994,000**	**7,914,000**	**8,132,000**	**7,382,000**	**7,617,000**
Wastewater Expenditure										
Baseline	3,619,000	6,830,000	6,409,000	8,087,000	7,015,000	6,828,000	4,552,000	5,062,000	9,387,000	7,227,000
Expansionary	735,000	-	-	-	-	380,000	1,832,000	2,267,000	5,977,000	1,400,000
Total	**4,354,000**	**6,830,000**	**6,409,000**	**8,087,000**	**7,015,000**	**7,208,000**	**6,384,000**	**7,329,000**	**15,364,000**	**8,627,000**
Wastewater Financing										
Grants	-	-	-	-	-	-	-	-	-	-
DC Reserve	462,005	-	-	-	-	380,000	1,832,000	1,541,760	4,060,580	1,035,011
Debenture	980,000	1,343,344	4,215,927	6,453,037	5,200,858	5,127,428	2,594,836	3,638,562	8,788,518	4,794,982
Wastewater Reserve	2,911,995	5,486,656	2,193,073	1,633,963	1,814,142	1,700,572	1,957,164	2,148,678	2,514,902	2,797,007
Total	**4,354,000**	**6,830,000**	**6,409,000**	**8,087,000**	**7,015,000**	**7,208,000**	**6,384,000**	**7,329,000**	**15,364,000**	**8,627,000**
Water-Wastewater										
Expenditure	9,691,000	12,330,000	13,488,000	14,884,000	13,792,000	13,202,000	14,298,000	15,461,000	22,746,000	16,244,000
Financing	9,691,000	12,330,000	13,488,000	14,884,000	13,792,000	13,202,000	14,298,000	15,461,000	22,746,000	16,244,000
Net Expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

11. Appendix C: Tax-Supported and Water-Wastewater Operating Forecasts

Table C1: Tax-Supported Operating Forecast - 2022-2031										
Object	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue										
Taxes	(130,201,906)	(142,200,632)	(151,372,408)	(160,173,942)	(167,187,821)	(173,569,785)	(181,074,543)	(186,094,048)	(195,174,632)	(202,555,705)
Grants	(55,839,653)	(56,280,547)	(56,522,695)	(56,904,643)	(57,383,474)	(57,896,764)	(58,395,189)	(58,952,500)	(59,559,679)	(60,210,506)
User Charges, Licenses and Fines	(27,718,261)	(28,218,341)	(28,728,457)	(29,248,873)	(29,779,802)	(30,321,450)	(30,874,049)	(31,437,831)	(32,012,993)	(32,599,776)
Other Revenues	(10,753,491)	(8,022,877)	(8,177,995)	(9,827,923)	(12,035,525)	(13,757,811)	(15,753,027)	(18,389,220)	(20,976,052)	(23,519,606)
Total	**(224,513,311)**	**(234,722,397)**	**(244,801,555)**	**(256,155,381)**	**(266,386,622)**	**(275,545,810)**	**(286,096,808)**	**(294,873,599)**	**(307,723,356)**	**(318,885,593)**
Expenditure										
Salaries, Wages and Benefits	75,130,563	77,352,969	79,073,485	80,835,222	82,639,217	84,486,531	86,378,268	88,315,560	90,299,546	92,331,388
Materials, Supplies and Services	16,641,438	16,923,290	17,215,493	17,520,595	17,838,594	18,148,626	18,471,713	18,808,126	19,136,870	19,479,120
Contracted Services	44,112,054	45,220,351	46,272,665	47,342,023	48,750,396	49,540,667	50,663,217	51,804,282	53,311,002	54,150,613
Provincially Mandated Programs	19,048,193	19,482,810	19,855,316	20,235,746	20,624,271	21,021,069	21,426,317	21,840,205	22,262,915	22,636,659
Transfer to External Clients	28,828,269	29,288,065	29,871,783	30,467,175	31,074,476	31,693,923	32,325,759	32,970,231	33,627,593	34,298,101
Rents and Insurance	3,843,582	3,920,916	3,999,842	4,080,390	4,162,603	4,246,513	4,332,156	4,419,569	4,508,790	4,599,862
Debt, Lease and Financial	9,465,498	11,964,086	16,121,057	21,101,423	24,452,046	26,943,734	28,518,379	31,876,857	35,944,374	37,896,627
Interest on Long Term Debt	2,511,662	2,125,286	1,947,738	1,771,505	1,604,962	1,461,275	1,389,733	1,341,241	1,298,605	1,259,399
Interfunctional Adjustments	637,789	492,209	197,881	136,281	338,688	95,858	1,696,632	(419,567)	559,332	1,773,728
Transfer to Reserves	24,294,263	27,952,415	30,246,295	32,665,021	34,901,369	37,907,614	40,894,634	43,917,095	46,774,329	50,460,096
Total	**224,513,311**	**234,722,397**	**244,801,555**	**256,155,381**	**266,386,622**	**275,545,810**	**286,096,808**	**294,873,599**	**307,723,356**	**318,885,593**
General Tax Increase										
Forecasted	3.00%	7.77%	8.71%	8.83%	7.14%	4.68%	3.12%	-0.36%	-1.28%	-4.26%
Limit	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Excess	0.00%	4.77%	5.71%	5.83%	4.14%	1.68%	0.12%	-3.36%	-4.28%	-7.26%

Table C2: Water-Wastewater Operating Forecast - 2022-2031										
Object	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Expenditure Net of Revenue										
Administration	2,483,896	2,524,128	2,565,072	2,606,739	2,649,145	2,692,298	2,736,220	2,780,921	2,826,417	2,872,724
Water Treatment and Distribution	(4,187,075)	(4,412,282)	(4,646,032)	(4,888,644)	(5,140,419)	(5,401,645)	(5,672,642)	(5,953,775)	(6,245,370)	(6,547,740)
Wastewater Treatment and Collection	(2,575,137)	(2,716,095)	(2,862,544)	(3,014,682)	(3,172,701)	(3,336,805)	(3,507,197)	(3,684,105)	(3,867,745)	(4,058,344)
Contribution to Water Reserve	2,142,001	2,184,841	2,228,538	2,273,109	2,318,573	2,364,943	2,412,241	2,460,485	2,509,694	2,559,889
Contribution to Wastewater Reserve	1,785,000	1,820,701	1,857,115	1,894,258	1,932,142	1,970,785	2,010,201	2,050,404	2,091,412	2,133,241
Contingency	351,315	598,707	857,851	1,129,220	1,413,260	1,710,424	2,021,177	2,346,070	2,685,592	3,040,230
Total	-	-	-	-	-	-	-	-	-	-
User Fee Increase										
Forecasted	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Limit	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Excess	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%