



Council Report

Report Number:	CORP2025-022
Meeting Date:	June 24, 2025
Title:	Debenture Budget Adjustments
Description:	Debt Adjustments related to capital projects
Author and Title:	Carolyn Daynes, Treasurer

Recommendation(s):

That Report CORP2025-022, **Debenture Budget Adjustments**, be received;

That Table 1 of Report CORP2025-022 be transferred to fund Bobcaygeon Beach Park project (9501901030);

That previously approved debenture financing totalling \$265,935.00 and as outlined in Table 2 in Report CORP2025-022 be applied to reduce the approved overall City debenture budget;

That previously approved debenture financing totalling \$3,460.00 and as outlined in Table 3 in Report CORP2025-022 be applied to reduce the approved overall City debenture budget and that equal amount be financed from the Water Infrastructure reserve for \$451.00 (1.32050) and \$3,009.00 from Sewer Infrastructure reserve (1.32030);

That the debenture budgeted for Kawartha Lakes Haliburton Housing Corporation (KLHHC) Hamilton Street, Lindsay capital project be reduced by \$(1,328,844.00) as outlined in Table 5 in Report CORP2025-022;

That the Building Faster Fund (BFF) grant (2024 allocation) of \$1,442,307.00 be allocated to the KLHHC Murray Street, Fenelon Falls capital project as outlined in Table 6 in Report CORP2025-022;

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

That Council approve \$700,000.00 of reserve funding from the City's Property Development Reserve for the KLHHC Murray Street, Fenelon Falls capital project;

That the debenture budgeted for KLHHC Murray Street, Fenelon Falls capital project be reduced by \$3,100,000.00, as outlined in Table 6 in Report CORP2025-022;

That the debenture budgeted for the KLHHC Gull River, Minden capital project be reduced by \$5,000,000.00, as outlined in Table 6 in Report CORP2025-022; and

That The Treasurer be authorized to reduce the previously approved debenture financing by \$1,000,000.00 for the 2025 Emily Omemee Arena Ice Pad System (950250207) capital project and be applied to reduce the overall City debenture budget should the City be successful with the Community Sport and Recreation Infrastructure Fund (CSRIF) grant application.

Background:

Operations and debt modelling for the Long-Term Financial Plan (LTFP) and the 2026 Operating Budget are in progress. A key element of these financial forecasts is the debt projections and repayments modelling into the future. Staff have undertaken a thorough review of the current approved debt financing outstanding from 2024 and prior year capital projects and prepared the necessary adjustments.

The purpose of this review is to adjust the approved debenture budget and to allow reasonable debenture assumptions after these reductions are made.

Rationale:

This report is to review completed projects from previous capital close reports and determine adjustments required.

There are Housing debenture adjustments required regarding the approved 2025 capital projects for Murray Street, Fenelon Falls and Highway 35 Gull River, Minden Housing developments and for the Hamilton Street, Lindsay project that is completed.

The City applied for a Provincial grant under the Community Sport and Recreation Infrastructure Fund (CSRIF) and if successful, the Treasurer be authorized to reduce the previously approved debenture funding by \$1,000,000 for the 2025 capital project Emily-Omemee Arena and reduce the overall City debenture..

2024 and prior capital projects:

The Quarter four, 2024 Capital Close report was approved by Council on March 18, 2025, including various debenture adjustments. The Royal Bank Corporation (RBC) and the Infrastructure Ontario (IO) debenture were received in April 2025 and June 2025, respectively. Table 1 illustrates the debenture activity and resulting balances remaining in the project. Staff recommend the following debt reduction adjustments.

Table 1 – 2024 and prior projects Surplus

Project	Project Name	Debenture Actual	Debenture Issued	Remaining Balance
928151500	JDE System	1,360,157	1,378,210	(18,053)
983230102	Hartley Bridge	601,856	675,118	(73,261)
983230103	Ballyduff Rd. Bridge	159,943	186,106	(26,163)
983230403	Corbett Drive	251,723	255,395	(3,672)
Total Surplus		\$2,373,679	\$2,494,829	(\$121,150)

This surplus occurred due to capital projects incurring less expenditures than the approved budget. The amount of debt requested from IO was based on project estimates at that time. Therefore, the IO debenture was approved at \$121,150 higher than required.

Staff recommend the \$121,150 debt adjustment be allocated to the Bobcaygeon Beach Park (9501901030) project, previously closed and has a debenture budget of \$219,467.62. This reduces the debenture required and leaves \$98,318 remaining debenture required.

Table 2 – 2024 and Prior Projects – Reduction of Debenture Budget

Project	Project Name	Budgeted Debenture Reduction
998150601	Mariposa Estates Water Distribution System	\$ 284
950190103	Bobcaygeon Elevated Storage Tank Coating	(83,142)
983230401	CKL Road 17-Urban/Rural Reconstruct	(29,791)
983230402	CKL Road 12-Urban/Rural Reconstruct	(134,195)
983230404	Propp Drive-Urban/Rural Reconstruct	(10,157)
983230405	Hooper Drive-Urban/Rural Reconstruct	(8,651)
Total Reduction		(\$ 265,935)

These debenture budget reductions of \$265,935 reflect capital expenditures lower than the approved budget. These reductions will reduce future debenture requirements.

Table 3 – Fund Debenture requirement from Reserve

Project	Project Name	Debenture Reduction	Reserve Funding
998200205	King's Bay WWTP Rotation Biological Contactor Fiberglass Covers	(\$ 451)	Water Infrastructure
998200206	Fenelon Falls WPCP Scum Pit	(179)	Sewer Infrastructure
998210203	Bobcaygeon WPCP Electrical Panel and Fixtures	(436)	Sewer Infrastructure
998210204	King's Bay WPCP Maintenance Hydrant	(1,965)	Sewer Infrastructure
998220305	Bobcaygeon SPS #5 Backup Power Generator	(429)	Sewer Infrastructure
Reserve Funded		(\$ 3,460)	

These projects were reduced from the approved budgets due to projects not proceeding and after incurring minimal costs. It is not recommended to debenture these minor amounts and alternatively, identify a reserve funding source.

Tables 1, 2 and 3 is recommending a debenture reduction adjustment of \$390,545.

After these recommended reductions, the City's outstanding Water Wastewater and Tax Supported outstanding debt will be \$52,282,199 as per Table 4 by year.

Table 4 – Forecasted Outstanding Debenture Budget Remaining

Year	Debenture Budget Remaining
2017	\$ 5,317
2018	140,777
2019	109,135
2020	232,456
2021	1,590,875
2022	17,604,161
2023	4,180,122
2024	\$ 28,419,356
Total Budget	\$52,282,199

To note, included in Table 4 is the Coboconk Wellness Centre project (2022) which was approved in CR-2025-126 during the April 22, 2025, Council meeting for an upset limit of \$16.5M debenture.

Housing Development and Debentures

The City identifies alternative funding sources in the form of grants to support housing development where possible. Housing buildings generate rental income which aids to offset the financing of debt.

Staff presented three reports to the KLHHC Board in June 2025 to provide an update on 3 housing developments currently being constructed. The tables below reflect reductions in approved budgeted debentures resulting from grants and existing public housing stock sales as a financing source.

In the case of the Murray Street project the Building Faster Fund has allowed for reductions in both debenture and reserve financing from both the City of Kawartha Lakes (CKL) and KLHHC. Staff recommend that the City's Property Development Reserve (1.32035) be utilized as the CKL contribution in the amount of \$700,000. This is a reduction from the original report that reflected \$1.2M needed from the Property Development Reserve. The Property Development Reserve currently has an uncommitted balance of \$2.05 Million at May 31, 2025, prior to financing this project.

Table 5 Hamilton Street, Lindsay Completed 2024

Hamilton Street	Revenue and Expenditure
Total Cost	\$ 14,582,362
Updated Revenue:	
Grant Funding	\$ (2,777,655)
House Sales	(2,537,921)
City Development Charges	(826,332)
Total Funding	(6,177,908)
Total Debenture Financing Required	\$ 8,404,454
Prior Approved Capital Debenture	\$ 9,733,297
Reduction in Debenture Budget	\$(1,328,844)

Table 6 Murray Street, Fenelon Falls and Gull River, Minden Revenue and Expenditure Summary

	Murray Street (Construction in Progress)	Gull River (Construction Tendered)
Total Estimated Cost	\$10,762,592	\$12,396,660
Updated Revenue Estimates:		
Grant Funding-Ministry	\$ (3,397,157)	\$ (3,228,970)
Grant Funding–2024 Building Faster Fund	(1,442,307)	-
City Property Development Reserve	(700,000)	-
Donation	-	(1,080,035)
House Sales	(880,000)	(4,196,320)
KLH HC Capital Reserve	(707,693)	-
Municipal Fees and Waivers	(635,435)	(391,335)
Total Revenue	\$ (7,762,592)	\$ (8,896,660)
Debenture Financing Required	\$ 3,000,000	\$ 3,500,000
2025 Approved Capital Budget Debenture	\$ 6,100,000	\$ 8,500,000
Reduction in Debenture Budget	\$ (3,100,000)	\$ (5,000,000)

The City is awaiting the Canada Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) allocations for the period April 1, 2025 to March 31, 2026. Should the City be successful, this will allow the opportunity to further reduce debenture financing for the above projects.

It is projected that the Murray Street housing development will require rent subsidy funding from the City tax support in order to provide deeply affordable housing units. Staff will be performing this modelling over the coming months, and any rent subsidy expenditure will be included in the 2026 Operating budget and the LTFP.

Emily Omemee Arena Ice Pad (950250207)

The City applied for a Provincial grant under the Community Sport and Recreation Infrastructure Fund (CSRIF) and if successful, the Treasurer be authorized to reduce the previously approved debenture funding for the 2025 capital project Emily-Omemee Arena and to reduce the overall City debenture.

Other Alternatives Considered:

There have been no other alternatives considered in the debenture area as debenture budgets, that are being reduced, are no longer needed.

In addition, Council could choose an alternative reserve to fund the Murray Street project but given the balances in other reserves Staff are recommending the Property Development Reserve.

Alignment to Strategic Priorities

This report aligns with the strategic priority of Good Government. By ensuring that debenture projections are updated on a timely basis staff can ensure that cash flow is maintained as well as to provide stable funding for future projects.

Financial/Operation Impacts:

The impact of the recommended debenture financing adjustments results in a debenture forecasted commitment of approximately \$135M for 2024 and prior year capital budget approvals.

Table 7– Total Debenture Budget for Council approved projects

Type of Debt	June 2, 2025 Actual Debt Balance	Forecasted Debt Commitment	Estimated Timeline to Obtain
2024 and Prior Tax and WWW Supported Debt		\$ 52,282,199 (See Table 4 above)	2 to 3 years
2025 Tax and WWW Supported Debt		61,662,900	3 to 4 years
KLH – Hamilton Street, Lindsay		8,404,454	2025
KLH – Murray Street, Fenelon Falls		3,000,000	2027
KLH – Gull River		3,500,000	2028
KLH – CMHC Per Report HS2023-010		6,200,000	2026
Total Debenture Budget	\$104,620,315 *	\$135,049,553**	

* Excludes approximately \$20 Million of Development Charge (DC) Reserve debt. This is not included in Ministry of Finance annual repayment limit as it is funded by Development Charge Reserve Collections.

** The Forecasted Debt Commitment does not include any provision for DC Reserve debt which will be needed in future years.

Staff are requesting the use of the City's Property Development Reserve (1.32045) to fund a portion of the Murray Street Building Project.

Attachments:

None

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Department Head: Sara Beukeboom

Department File: Corporate Services