

# 2026-2035 Long-Term Financial Plan Update

## Financial Planning Inputs and Strategies

August 26, 2025  
Council

# Topics

1. Long Term Financial Plan Executive Summary
2. Revenue Strategy
3. Workforce Planning
4. Debenture Strategy
5. Reserve Strategy
6. Capital Forecast
7. Next Steps



# 1. LTFP Executive Summary

- Overall forecasted 10-year needs reflecting average tax increases of 7% per year, consisting of 5% Operating and 2% Dedicated Capital Levy
- Water Wastewater (WWW) 10-year needs being developed as part of WWW rate study coming forward to Council Quarter Four 2025
- Staff and Council are committed to a balanced approach that considers ratepayer affordability within annual budget compilations

# 1. LTFP Executive Summary

- Capital forecast is predicated on Council approved 2025 Growth Management Strategy (GMS) and assumes 500 new housing units per year until 2031 and 600 new housing units per year until 2036
- Comprehensive updates completed based on GMS and identified growth-related capital needs:
  - Water-Wastewater Master Plan (2025)
  - Transportation Master Plan (2025)
  - Active Transportation Master Plan (2024)
  - Trails Master Plan (2023)
  - Development Charges Study (in progress)
  - Housing and Homelessness Plan (In progress)

# 1. Comprehensive Updates from 2022 LTFP

- Continued maturation of Asset Management Plan (AMP) to inform capital expenditure and financing needs
- Refined debt repayment assumptions
- Refined wages assumptions – including estimated new positions and global increase adjustments
- Refined revenue projections – revenue recovery post pandemic
- Refine taxable assessment growth based on current experience

## 2. Revenue Strategy

Supplemental taxes growth:

- 2.7% or \$3M for 2025 and 2026
- 3% 2027 to 2031
- 3.5% 2032 to 2035

Other Revenue Sources:

- Not recommended to implement vacant home tax or municipal accommodation tax until further analysis





## 2. Revenue Strategy

### User Fee Review

- Work underway for categorization of all user fees on:
  - move toward cost recovery
  - city policy
  - provincially-legislated, and
  - municipally supported and market competitiveness
- Goal to obtain balance of cost recovery (full or partial), affordability, and property tax reduction when pricing programs and services
- 2026 User Fee review will focus to move to full cost recovery or increase cost recovery percentages for:
  - Licenses and Permits (Schedules B & E)
  - Water/Wastewater - WWW rates and infrastructure fees (Schedule A)
  - Landfill fees, transit fees



## 2. Revenue Grants

- LTFP does not include increases to Operating or Capital Grants; with exception of the Canada Community Building Fund (CCBF)
- These have been flatlined and alternate sources of funding – tax increases and/or debenture, are required
- City denied for Housing Enabling Water Systems Fund (HEWSF) for the Bobcaygeon Sewage Pumping Stations upgrade project and for Community Recreation and Sport Infrastructure (CRSIF) II for Ops Park redevelopment project
- City is continuing to monitor all grant opportunities
- Latest provincial announcement invests \$1.6 Billion in Municipal Housing Infrastructure program
- City will prioritize eligible projects under new program



### 3. Workforce Planning

- Represents approximately 40% of City budget
- Work undertaken in 2025 to assess workforce needs, patterns, trends and understand challenges
- State assumptions
  - assume 1% of gross operating budget to support new positions annually
  - this Council has invested in attraction and retention and competitive market wages and this continues throughout LTFP

## 2. 2026 to 2035 Operating Forecast and 2026 Budget Next Steps

- September - Mayor to provide direction to Budget Committee
- Draft 2026 Operating Budget estimates and work with Budget Committee
- Continue developing Revenue and People Strategy needs to inform future updates for LTFP
- Continue developing Reserve and Debt Strategy needs on LTFP
- Analyze impact of capital program more intensively on Operating budget including sensitivity analysis
- December - Publish LTFP post 2026 Budget adoption

## 4. Debenture Strategy

## 4. Debenture Strategy

- Debt is a financing tool for capital projects with the aim of distributing capital costs over the useful lives of assets
  - Municipal Act limits debt repayment term to 40 years
- Debenture financing requires Council approval
- Debt principal and interest payments expensed in annual operating budgets for:
  - General Operating
  - Water and Wastewater
  - Housing (Kawartha Lakes Haliburton Housing and/or City Service manager program)
  - Development Charge Debt (repaid by Development Charge revenues)
- Municipal Act governs maximum debt principal and interest payments via the Annual Repayment Limit (ARL)

## 4. Debenture Strategy

- City's adopted debt servicing ratio is 10%:
  - CR2021-344 That staff include in the future LTFP a recommended target debt servicing ratio no greater than 10%;
- Outstanding item is to segregate Tax and Water Wastewater debt servicing ratios

City's historical practice requests debt issuance upon project completion and sufficient accumulation of expenditures warrants the issuance

This LTFP and practice shifts to issuing debt annually, or as required, for projects with total minimum spending of five million dollars (\$5M) to ensure City's cash flow is stable and sufficient

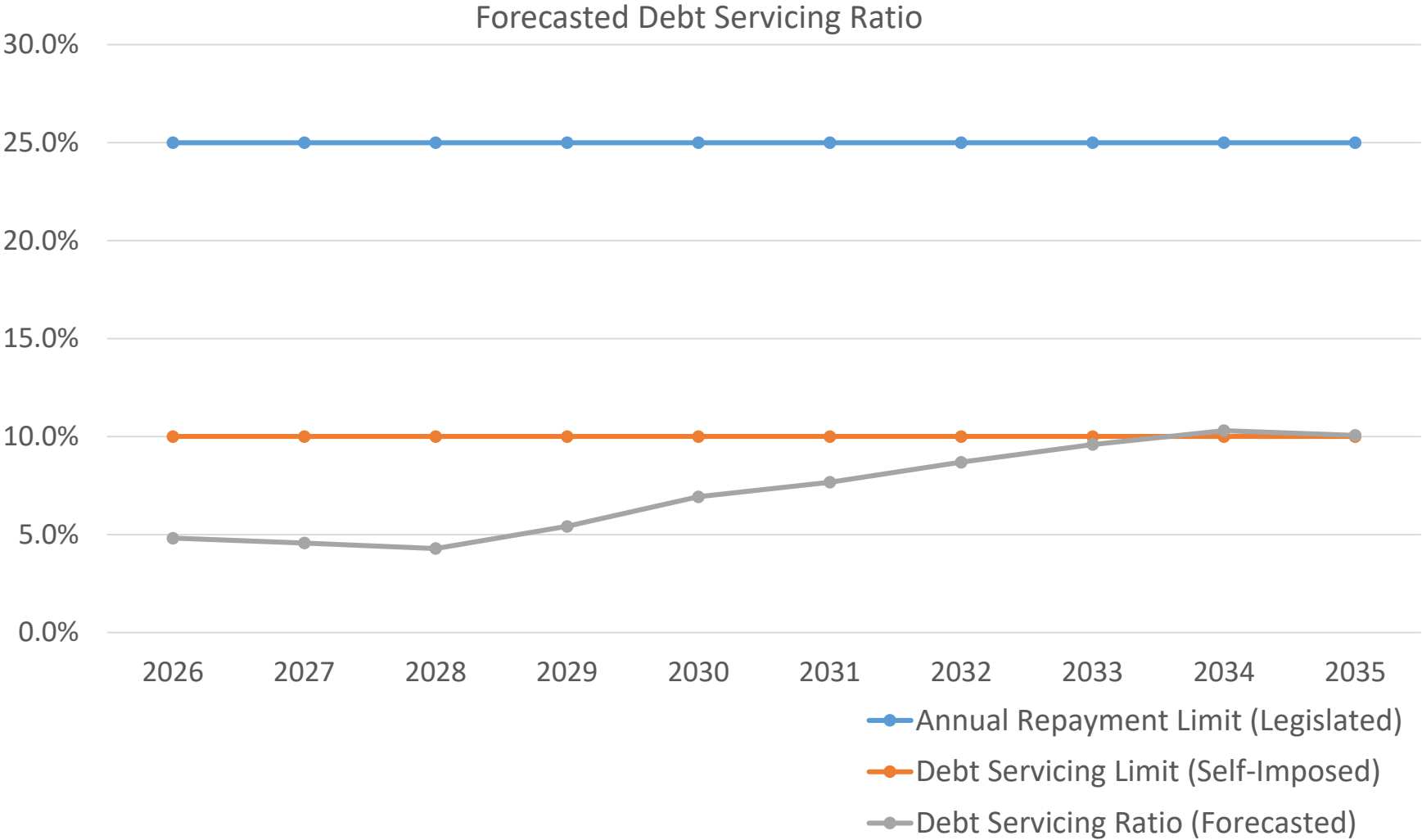
This LTFP builds a financial model that reduces reliance on debt for State of Good Repair and relies on build up of the Asset Management Reserve

## 4. 10 Year Debt Repayment Estimate

(In Millions)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Opening Balance</b>	141.70	163.16	185.89	262.43	366.35	444.08	530.59	614.04	691.95	706.28
Additional Debt Issued / Guaranteed	30.33	31.87	85.78	116.80	96.91	109.87	112.76	113.14	54.68	55.00
<b>Debt Servicing Costs:</b>										
Principle	6.91	6.11	5.28	6.96	10.06	11.78	14.70	17.78	20.40	21.38
Interest	1.96	3.03	3.96	5.92	9.12	11.58	14.61	17.45	19.95	20.67
<b>Total Debt Servicing Costs</b>	8.87	9.14	9.24	12.88	19.18	23.36	29.31	35.23	40.35	42.05
<b>Ending balance</b>	<b>163.16</b>	<b>185.89</b>	<b>262.43</b>	<b>366.35</b>	<b>444.08</b>	<b>530.59</b>	<b>614.04</b>	<b>691.95</b>	<b>706.28</b>	<b>719.23</b>



# 4. Debt Servicing Ratio (Debt payments over City Revenue)



Total of:

- Tax Supported
- WWW Supported
- Housing

## 4. Debt Strategy Next Steps

- Expand City's Financial Management policy to include debt policy components
- Maintain 10% Debt Servicing Limit and recommend limit by category, including water-wastewater, tax levy and housing
- Council to approve Financial Management Policy including investments, debt and reserves in Quarter Four 2025

## 5. Reserve Strategy

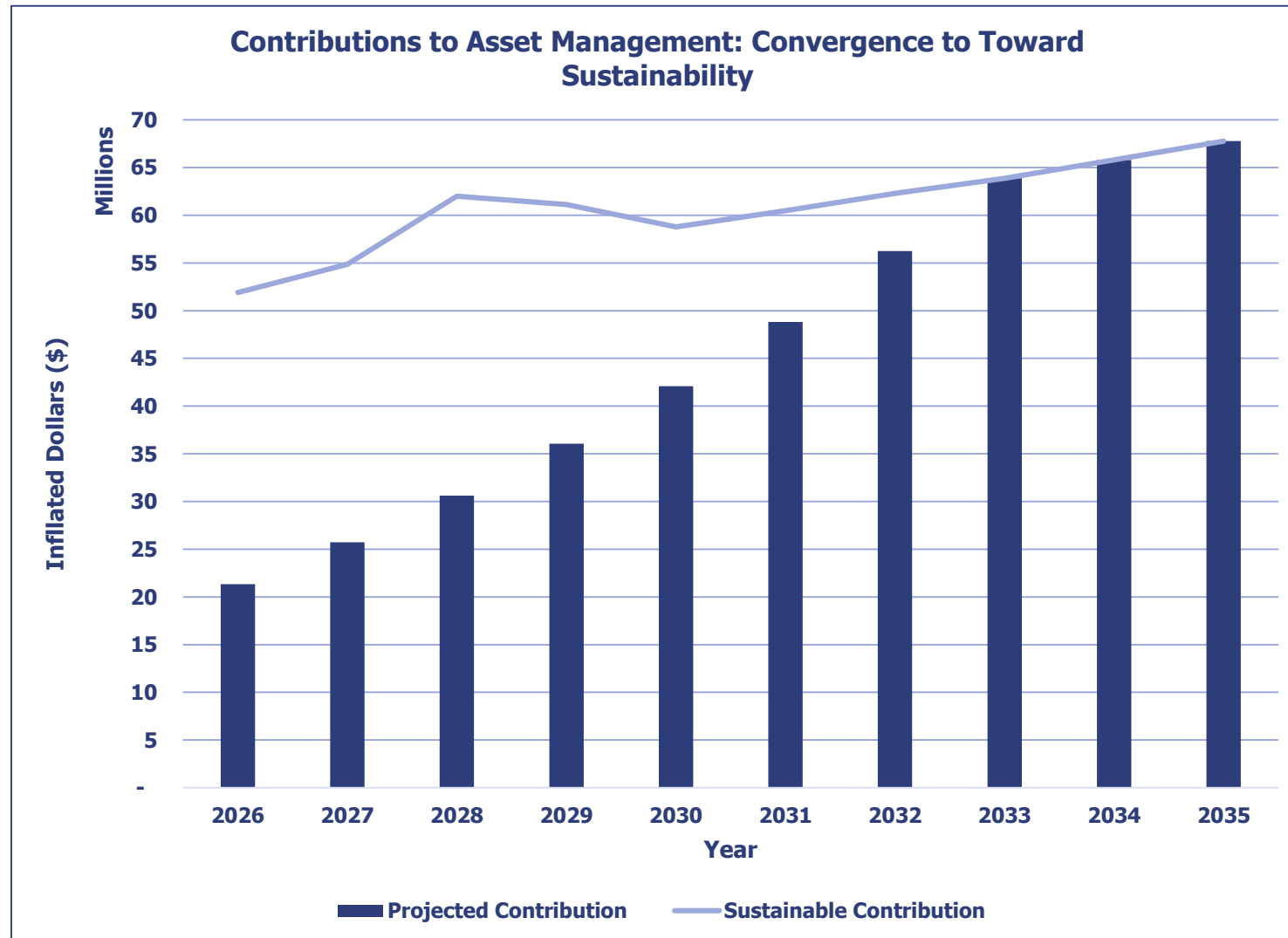
## 5. Reserve Strategy

- City can no longer rely solely on annual surpluses to contribute to reserves
- Therefore, LTFP develops a proactive reserve strategy that builds up City reserves during annual budget process
- Reserve strategy will position City to improve financial capacity, self-reliance, stability, transparency and accountability

## 5. Reserve Types – Two Types

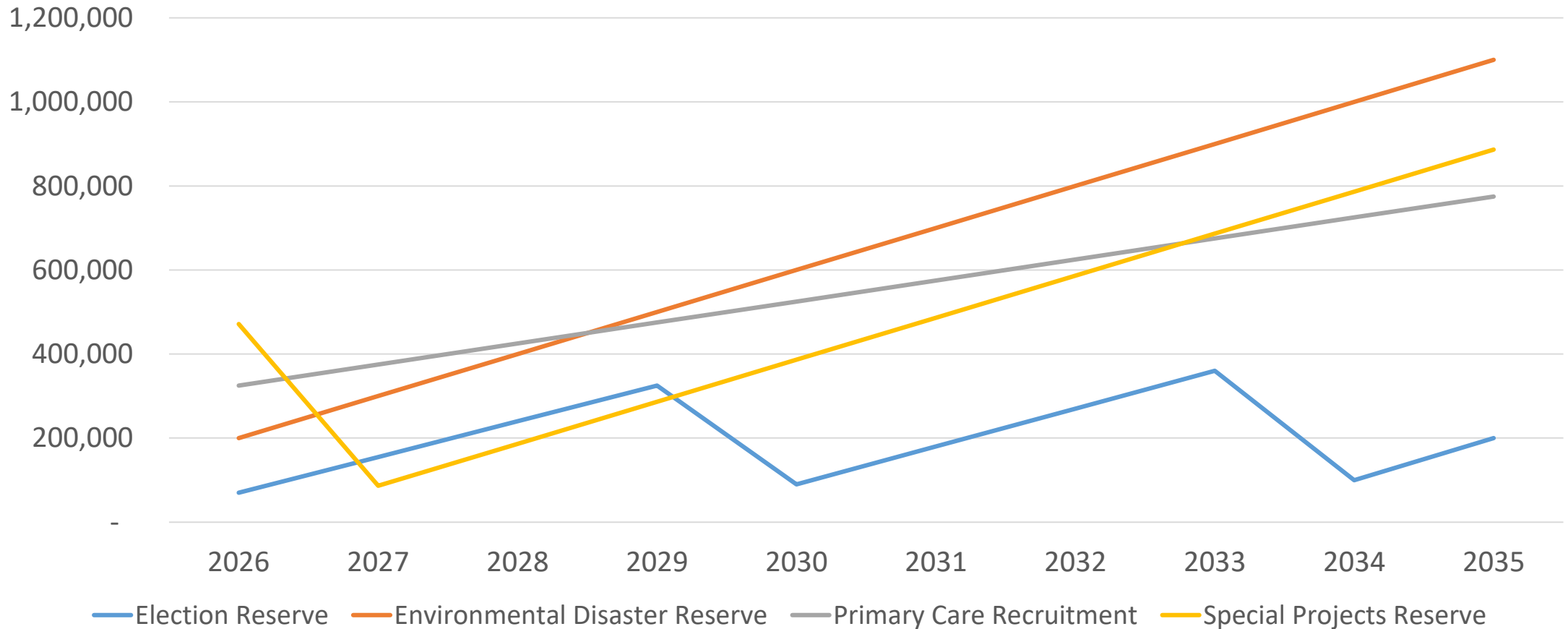
Reserve Funds	General Reserves
Restricted funds required by legislation, municipal by law, statute or legal agreement	Not restricted by Law or Statute
Must be used for designated purpose and interest income allocated	Council retains full discretion
➤ Obligatory Reserve Fund = Legislation attached. Segregated from general revenue for special purpose	Interest Income not allocated specifically to reserve
➤ Discretionary Reserve Fund = Municipal By Law. Set aside by Council for specific purpose and legislated by municipal by-law	Managed through Council approval for specific objectives

## 5. Asset Management Reserve Contributions

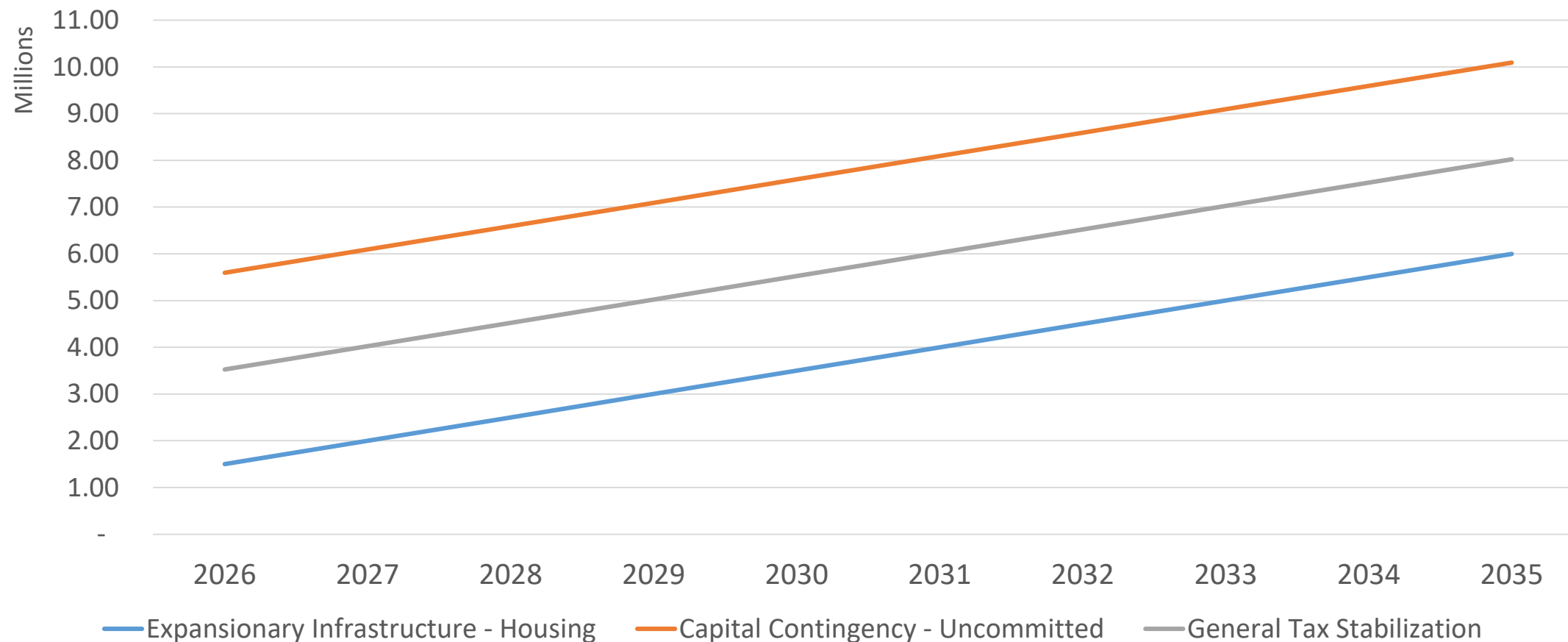




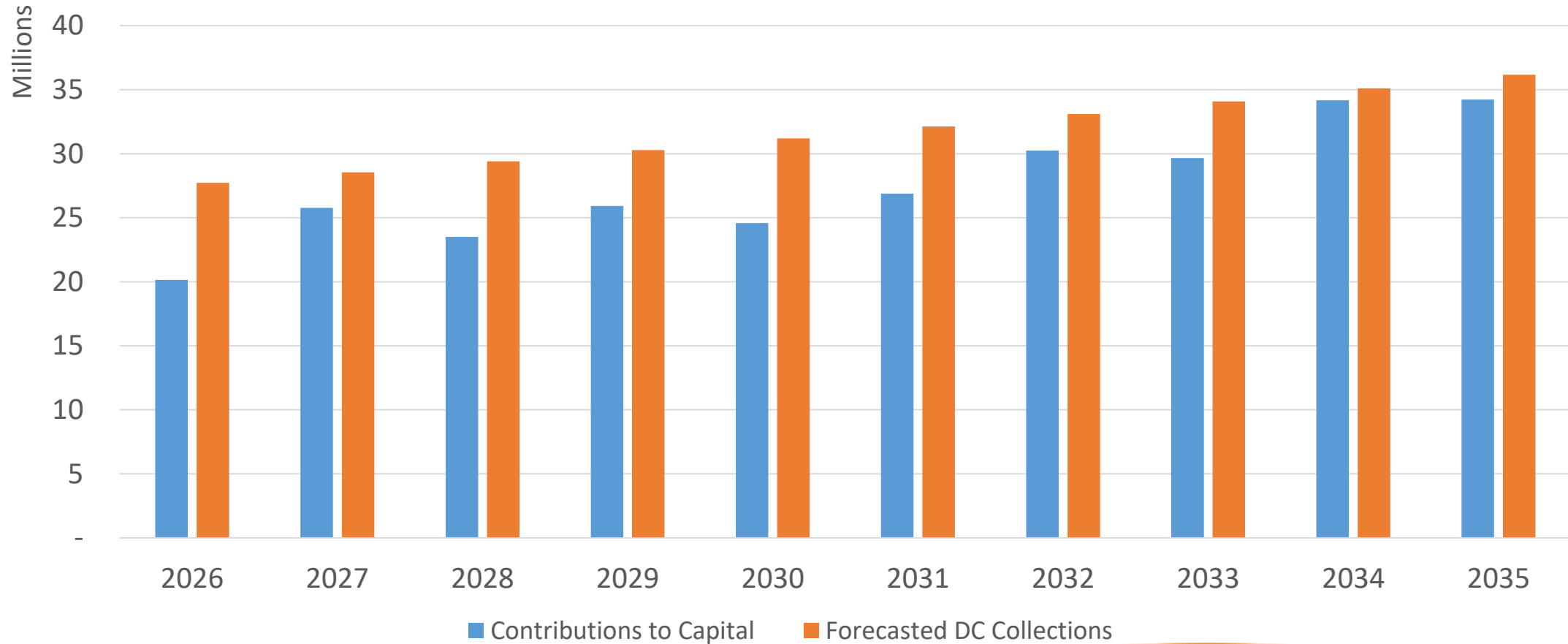
# 5. Reserve Projections – Stabilization



# 5. Reserve Projections



# 5. Development Charge – 10 year reserve forecast



# General Reserve Balance Dec 31 2025

Stabilization Reserves	Dec 2025
32035 - Property Development Reserve	1,474,054
32040 - HR Stabilization Reserve	768,234
32255 - Election Reserve	334,424
32265 - Area Rate Stabilization Reserv	648,444
32267 - Water & Sewer User Rate Reserv	882,950
32275 - City Heritage Reserve	80,728
32277 - Environmental Disaster Recover	100,000
32278 - Primary Care Recruitment & Ren	275,000
32280 - Library Reserve	709,452
32282 - Short Term Rental Reserve	230,674
32285 - General Tax Stabilization	3,523,470
32290 - Fleet Maintenance Reserve	277,238
32295 - Human Services Rate Stabilizat	1,360,347
32296 - Special Projects Reserve	1,116,262
	<b>11,781,277</b>
General Contingency Reserves	Dec 2025
32090 - General Contingency Reserve	
00412430 - Uncommitted Amounts	1,541,732
Committed Amounts	5,452,295
	<b>6,994,027</b>

# General Reserve Balance Dec 31, 2025

Infrastructure Reserves	Dec 2025
32030 - Sewer Infrastructure Reserve	2,834,854
32045 - Asset Management Reserve	438,774
32050 - Water Infrastructure Reserve	7,165,831
32070 - Fleet Reserve	
00331184 - Reserves-Public Works	275,838
00331193 - Reserves-Fire	494,618
00343529 - Reserves-Paramedic	67,620
00415260 - Expansionary Capital	500,000
32248 - Capital Contingency Reserve	
00412430 - Uncommitted Amounts	5,092,851
Committed Amounts	3,021,292
	<b>19,891,678</b>
Other Reserves	Dec 2025
32065 - Fenelon Falls Powerlink Fund	500,000
32247 - Norland Dam Reserve	19,241
32100 - KLH Capital Reserve CKL/COH	2,490
32105 - KLH Capital Reserve CKL Only	434
32110 - KLH Operating Surplus Reserve	8,300
	<b>530,465</b>

# Reserve Fund Balance Dec 31, 2025

Obligatory Reserve Funds	Dec 2025
24055 - Bobcaygeon H Wilkinson Library	1,650
24070 - Subdivider for Water - Emily	13,455
24090 - Woodville M.Cronin Estate Rese	232
24095 - Grand Island Reserve-Fen Twp	34,262
24105 - DOOR Reserve	1,155,739
24110 - Canada Community-Builds Fund	2,632,857
24115 - Transit Gas Tax Reserve	299,384
24135 - City Parkland in Lieu	929,008
24140 - DC - City of Kawartha Lakes	(36,970,880)
32205 - Building Reserve	3,979,407
32272 - Tree Canopy Reserve Fund	464,972
	<b>(27,459,914)</b>



# Reserve Fund Balance Dec 31, 2025

CHEST Funds	Dec 2025
24310 - Lindsay Legacy CHEST Reserve	20,886,642
24320 - Bob Legacy CHEST Reserve	2,970,936
24330 - Woodville Legacy CHEST Reserve	109,933
24340 - Omemee Legacy CHEST Reserve	2,148
24350 - FF Legacy CHEST Reserve	14,858
24360 - Kirkfield Legacy CHEST Reserve	413
	<b>23,984,930</b>

# 5. Major Reserve Assumptions for LTFP

1. Concentrate on tax stabilization, housing, water-wastewater and expansionary capital
2. Special projects reserve requires consistent levels and comprehensive forecasting is improving
3. Fleet Reserve – Public Works: Continue to be funded by internal charges to departments
4. Fleet Reserve – Fire: Annual contribution maintained at \$2M for 2026-2029 and increased for later part of the plan
5. Asset Management (AM) Reserve contribution continues building with 3% inflationary and 2% special tax increases for Dedicated Capital Levy.
  - Goal of increasing AM Reserve financing of tax-supported SOGR capital needs to 70% by 2035
6. Set Optimal Reserve balances for each category

## 6. Capital Forecast

## 6. Capital Forecast for LTFP

- Capital forecast is informed by:
  - Asset Management Plan.
  - Service Master Plans and DC Study Work.
  - Review and Revisions by Departments.
  - Legislation and Current Service Levels.
- Capital forecast reflects several considerations and strategies:
  - Balance between ratepayer expectations and affordability.
  - Coordination between related capital projects.
  - Elimination of deferred roads capital needs and cast iron watermain.
  - Readiness for growth and development.
  - Securing long-term financial sustainability through greater self-reliance.
  - Strategic use of grants, reserves and debt.

## 6. SGR Capital Forecast 2026-2035

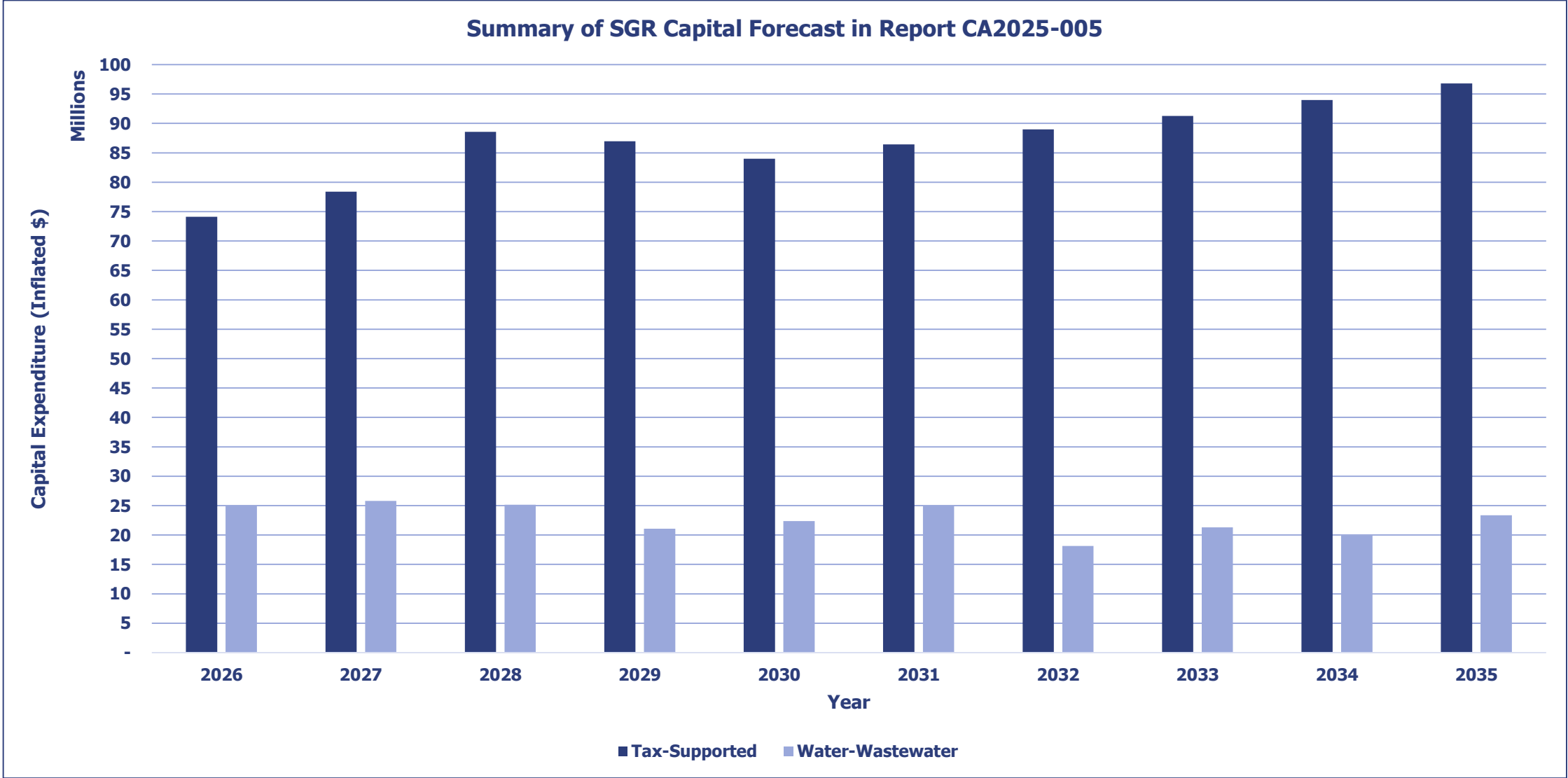
- Two approaches to forecasting:
  - At capital project level for 2026-2030 based on AMP and departmental input
  - At capital program level for 2031-2035 based on 2026-2030 trend and AMP
- Forecasted expenditure:
  - Tax-supported: \$74.1M for 2026 and \$869.6M total over 2026-2035
  - Water-wastewater: \$25.0M for 2026 and \$227.0M total over 2026-2035
- Financing assumptions:
  - Dedicated capital levy (DCL) escalation, beyond inflationary adjustments, increased from 1.5% to 2% of previous total tax levy
  - DCL sustainability benchmark: 70% of annual expenditure (reached by 2033-2034), increasing to 80% once fleet reserves are consolidated into AM reserve in 2027
  - Canada Community Building Fund (CCBF) inflated biannually; Ontario Community Infrastructure Fund (OCIF) held constant due to uncertainty
  - Untargeted tax-supported debenture phased out with financing gap by 2034

## 6. Notable Projects in SGR Capital Forecast (2025\$)

- Tax-Supported:
  - Fenelon Falls Bridge (\$17.5M over 2029-2030)
  - St. Patrick St., Lindsay - Queen St. to North End (\$4.8M in 2026)
  - Platform Aerial Truck (\$3.9M in 2028)
  - Oakwood Paramedic Station (\$4.9M in 2029)
  - Emily-Omemee Arena Lobby and Dressing Rooms (\$6.6M in 2026)
  
- Water-Wastewater:
  - Lindsay Water Pollution Control Plant (WPCP) Ultraviolet Light Modules (\$1.0M in 2026)
  - Kingsview Estates WWW Systems Assumption (\$1.4M over 2026-2027)
  - Murray St. Mains (Fenelon Falls) - Elliot St. to Green St. (\$1.3M in 2026)
  - Various Bobcaygeon Mains (\$11.2M in 2027)
  - Fenelon Falls WPCP Membranes (\$1.0M in 2031)



# 6. State of Good Repair Capital Forecast Summary



## 6. Expansionary Capital Forecast

- Planning horizons vary by service:
  - Ending year falls within 2040-2051 depending on master plan
  - Minimum ending year of 2035 in absence of master plan to maintain 10-year term
- Forecasted expenditure:
  - Tax-supported: \$47.4M for 2026 and \$888.8M total over 2026-2035
  - Water-wastewater: \$34.4M for 2026 and \$802.7M total over 2026-2035
- Financing assumptions:
  - Victoria Manor expansion does not increase number of beds (pending review)
  - Development Charge (DC) - recoverability based on draft DC Study underway
  - DC-ineligible capital costs are financed by debt or, if of minor value, from expansionary reserve
  - Phasing of large projects (e.g. Lindsay WTP Expansion) based on engineering input and financing and affordability considerations
  - Projects with costs exceeding \$10M considered multiyear by default

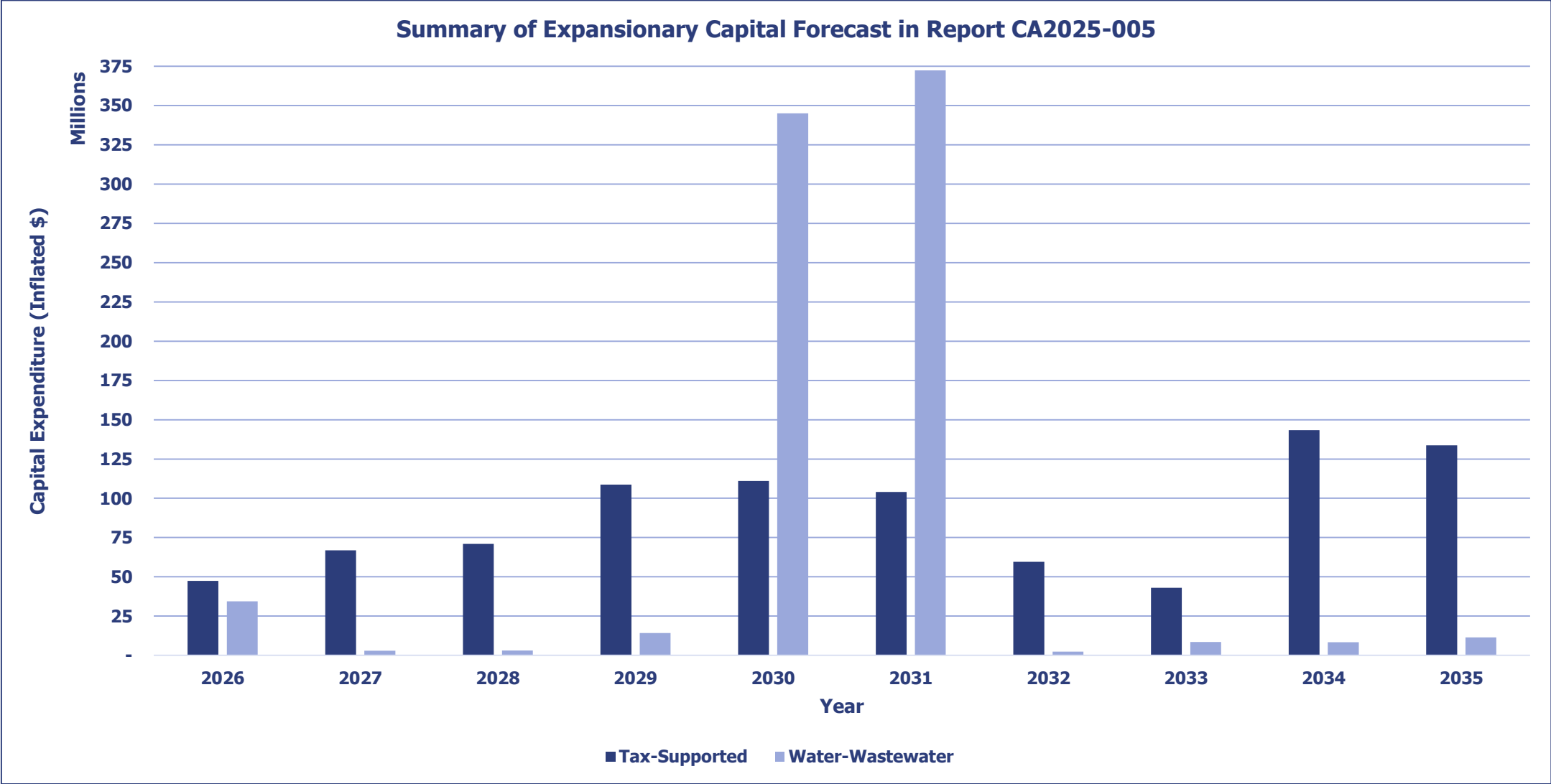
## 6. Notable Tax-Supported Projects in Expansionary Capital Forecast (2025\$)

- Colborne St. Bridge and Intersections (\$21.0M over 2026-2027)
- Somerville 3<sup>rd</sup> Concession Road and Bridge (\$38.5M over 2031-2032)
- Kent St. - Victoria Ave. to Angeline St. (\$11.4M over 2029-2030)
- Central Roads Operations Depot (\$20.4M over 2028-2029)
- Landfills Cells (\$44.8M over 2025-2044)
- Fire Headquarters and Lindsay Fire Hall (\$32.3M over 2029-2030)
- Paramedic Headquarters and Fleet Centre (\$50.0M over 2025-2027)
- Pioneer Park and Ops Park (\$12.4M over 2026-2028)
- Victoria Manor (\$111M over 2034-2035)
- Social Housing (\$233M over 2025-2035)
- Cultural Centre (\$54.4M over 2029-2031)

## 6. Notable Water-Wastewater Projects in Expansionary Capital Forecast (2025\$)

- Lindsay WTP and WPCP (\$615M over 2025-2038)
- Fenelon Falls WTP and WPCP (\$45.2M over 2031-2039)
- Bobcaygeon WTP and WPCP (\$115M in 2031)
- Omemee WPCP (\$6.5M in 2026)
- Woodville WTP (\$7.2M in 2048)
- Northwest Lindsay Water Tower and Feeder (\$16.5M over 2029-2030)
- Thornhill Reservoir (\$13.6M in 2031)
- Anne St. and Front St. SPSs in Bobcaygeon (\$12.2M in 2026)
- Logie St. and Ridout St. SPSs in Lindsay (\$11.3M in 2026)
- Various Watermain Upsizing and Installation (\$53.2M over 2025-2047)
- Various Sewer Upsizing and Installation (\$138M over 2025-2048)

# 6. Expansionary Capital Forecast Summary



## 6. Elimination of Deferred Tax-Supported Capital Needs

- Significant progress made by Council on eliminating deferred tax-supported capital needs through 2024 and 2025 budgets.
- Through capital forecasting work, elimination of some deferrals will now take longer than originally expected due to project coordination needs relating to water-wastewater and growth-related capital needs.

Forecasted Elimination of 2023 Deferred Tax-Supported Capital Needs			
Year	Expenditure (2025\$)	Share of Total	Comments
2024	22,934,000	19.59%	Included in Adopted 2024 Tax-Supported Capital Budget.
2025	27,082,000	23.14%	Included in Adopted 2025 Tax-Supported Capital Budget.
2026	32,605,000	27.86%	Included in long-term capital forecast.
2027	10,751,000	9.18%	Included in long-term capital forecast.
2028	12,303,000	10.51%	Included in long-term capital forecast.
2029	11,376,000	9.72%	Included in long-term capital forecast.
<b>Total</b>	<b>117,051,000</b>	<b>100.00%</b>	

# Next Steps

- Draft 2026 Capital Budget and work with Budget Committee
- Develop process to review and update Master Plan projects and consider update to Council ahead of annual Budget on major projects
- Council approves Development Charges study Quarter four 2025
- Update LTFP annually post budget adoption
- Update financial policies and Council approval by quarter four 2025