



**April 14, 2026**

## **City Council Committee Report**

**To: Mayor and Council**

**Fr: Ryan Marsh, Director of Finance**

**Re: Debt Financing Authorization**

### **Recommendation:**

That Council authorize borrowing in the amount of \$3,664,978 to finance the following approved capital projects:

- Fire Tanker Truck
- Railway Street Project
- Water Treatment Plant Improvements
- Boat Launch and Parking Lot (Moncrief Construction Sports Centre)

That Council hereby approves the annual debt servicing costs of approximately \$252,996 which have been included in the 2026 Operating Budget.

That three readings be given to by-laws for this purpose.

### **Background:**

This report seeks Council authorization to issue long-term external debt for previously approved capital projects.

With approval, the City will have total outstanding debt of approximately \$10.2 million, with annual repayments of approximately \$1.241 million.

The Annual Repayment Limit (ARL) is established by the Ministry of Municipal Affairs and Housing under Ontario Regulation 403/02 and is calculated based on the City's Financial Information Return (FIR). The City's 2025 ARL is \$13,065,957, representing 25% of net revenues as reported in the 2025 FIR. The City's annual cumulative debt repayments of \$1,241,015 remains below this limit

### **Projects to Be Financed**

#### Fire Tanker Truck - \$547,542

The current Fire Tanker Truck was up for replacement in accordance with the Apparatus Replacement Life Cycle Schedule for the City. Replacement of the vehicle supports compliance with fire safety standards, improves emergency response capacity, and helps protect life and property.

#### Railway Street - \$1,639,230

The Railway Street corridor is a key transportation route and has been undergoing phased reconstruction to improve safety, pavement condition, traffic flow, and stormwater capacity.

Water Treatment Plant - \$880,407

The Water Treatment Plant required upgrades to maintain regulatory compliance, enhance treatment reliability, and protect water quality. These improvements are expected to reduce maintenance costs and safeguard the City's long-term water supply. Water and wastewater fees are the primary source of debt repayment for this portion of the borrowing.

Boat launch and Parking Lot (Moncrief Construction Sports Centre)- \$597,799

The Boat Launch and Parking Lot project improved public access to the water, enhanced safety, and strengthened tourism infrastructure.

**Debt Analysis – 2025 BMA Study Results**

<b>Financial Flexibility (Debt) Indicators</b>	Kenora	Prov. avg.
Tax Debt Interest as a % of Own Source Revenue	0.4%	1.0%
2024 Total Tax Debt Charges as a % of Own Source Revenues	1.9%	4.4%
2024 Total Debt Outstanding per Capita	\$484	\$848
2024 Debt Outstanding as a % of Own Source Revenues	13.9%	32.5%

These indicators suggest that the City remains within a manageable debt range and retains significant capacity within its legislated repayment limit.

**Budget:** There is no additional unplanned budget impact associated with this report. The capital projects have already been approved through the capital budget process, with corresponding operating budget capacity identified to support the debt servicing costs.

The total estimated annual repayment is approximately \$252,996.

**Risk Analysis:** The following risks should be considered in relation to the use of debt financing:

- **Affordability Risk** – If debt levels become too high, debt servicing costs may place pressure on core service delivery and could require higher tax levy increases or user fees.
- **Flexibility and Capacity Risk** – Over-reliance on debt can reduce future borrowing capacity and limit the City's ability to respond to emergency or strategic capital needs.
- **Intergenerational Equity Risk** – Poorly structured debt can shift a disproportionate financial burden to future taxpayers or ratepayers.
- **Interest Rate Risk** – Rising interest rates can increase borrowing costs and debt servicing requirements.

**Communication Plan/Notice By-law Requirements:** By-laws required.

**Strategic Plan or Other Guiding Document:**

Charting Our Course 2027 – Strategic Plan  
Corporate Values