

2025 Asset Management – Financing Strategy

Presentation of Results to Council



TOWN OF FORT ERIE

April 13, 2026



Agenda



KEY FINDINGS



**BACKGROUND AND
KEY ASSUMPTIONS**



**FINANCIAL FORECAST
AND BENCHMARKING**



**FINANCIAL
RECOMMENDATIONS**



KEY TAKEAWAYS

Key Findings of the AM Financing Strategy Update



Town is being proactive to understand the fiscal requirements to manage its infrastructure over the long-term



Meeting the proposed level of service for tax funded services will require tax increases above historical averages



Utility rate increases are needed to achieve full lifecycle cost recovery for water & wastewater services

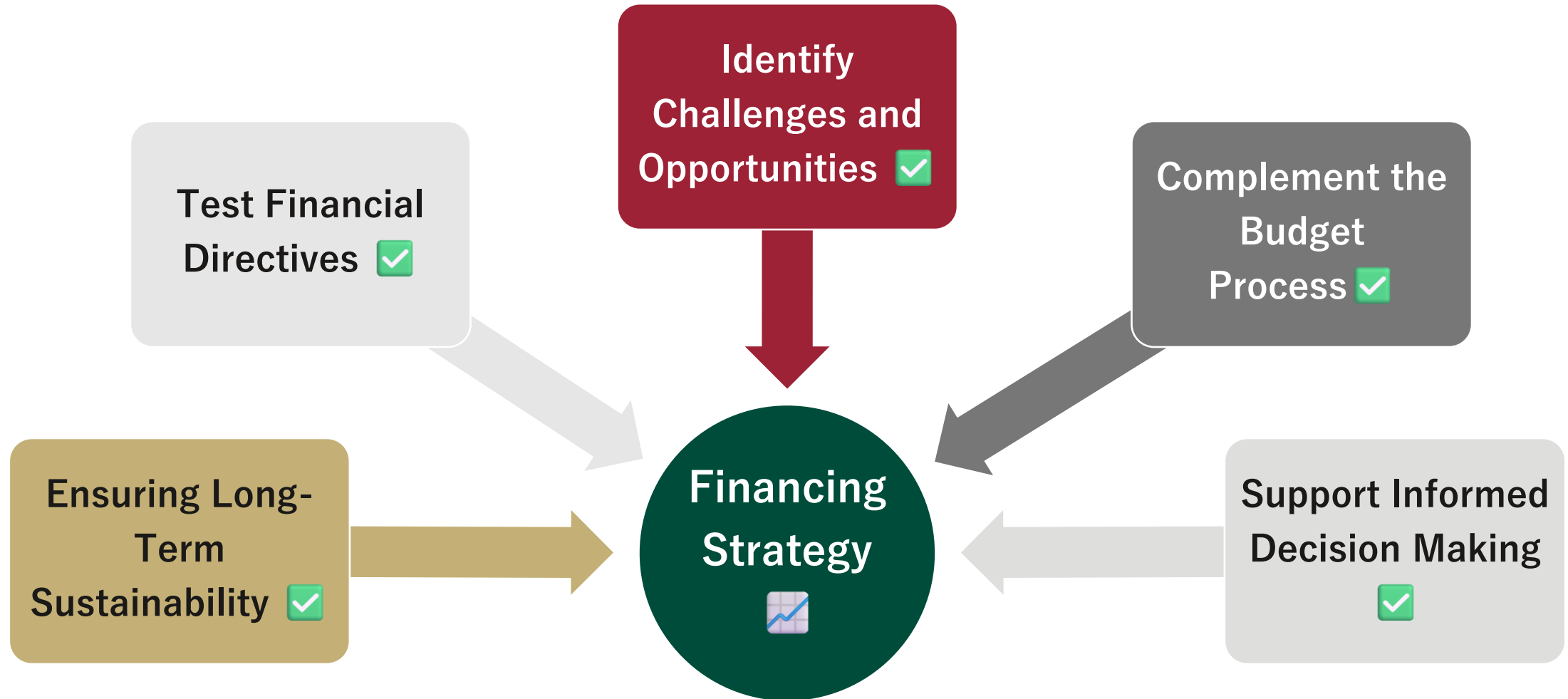


Debt financing is an important fiscal tool that will help the Town moving forward to carry out the capital needs

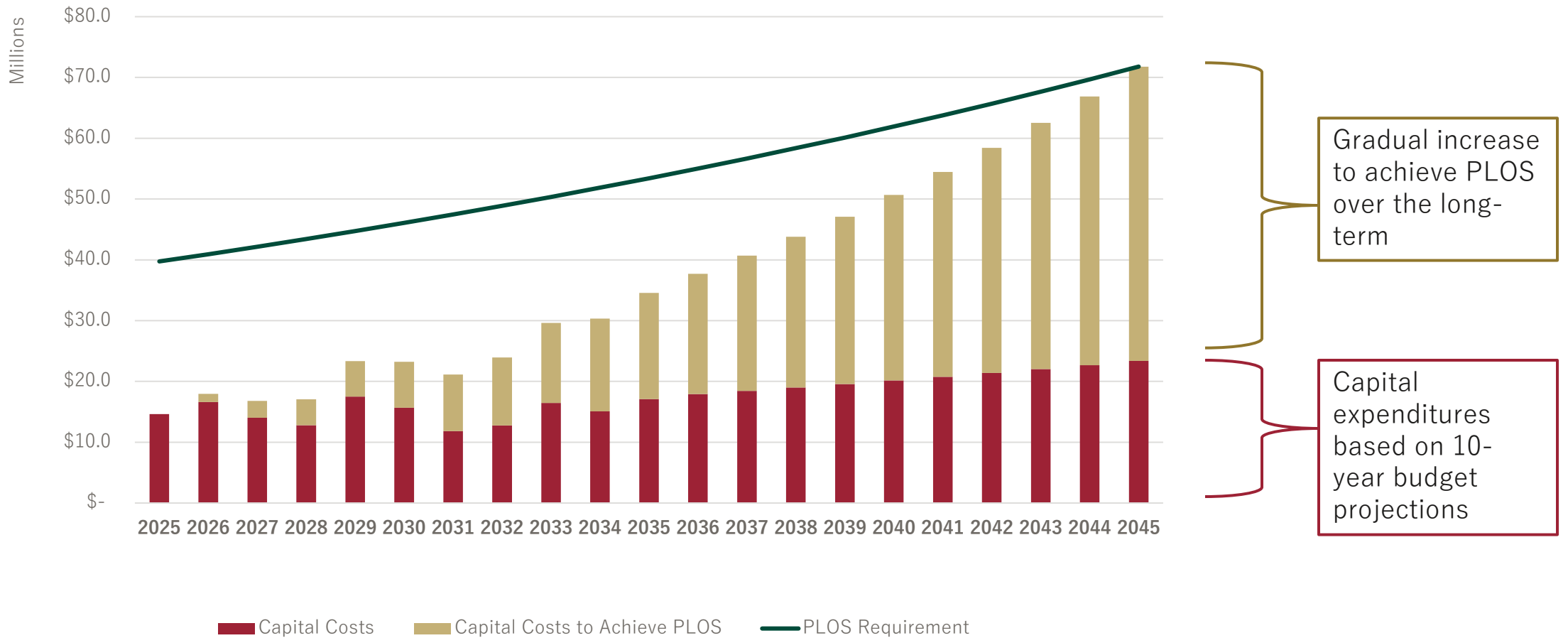


Achieving the proposed level of service can be achieved over a long-term with debt and reserve fund management

The Financing Strategy Builds on the Town's Work First Completed in the 2024 AMP

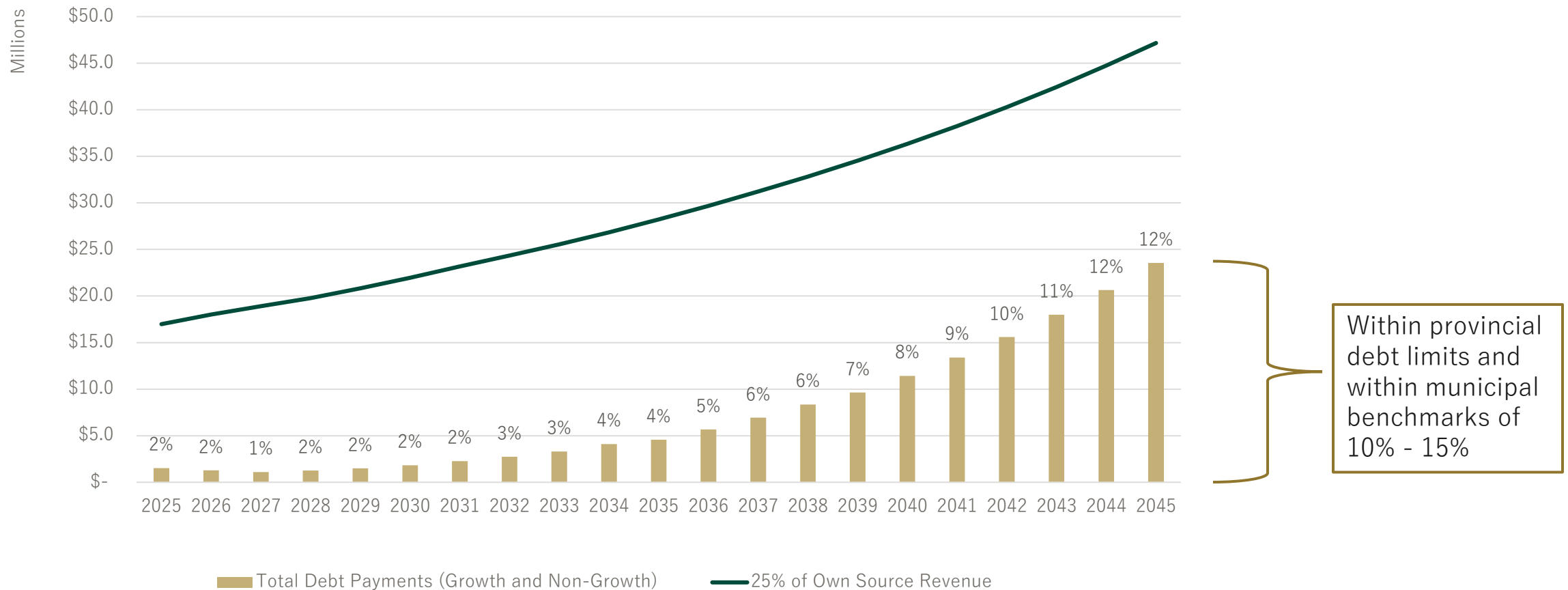


Tax Funded Capital Expenditure Forecast Totals Approximately \$786.7 million over 20-Years



Note: Capital expenditure is adjusted by annual inflation of about 3% per year.

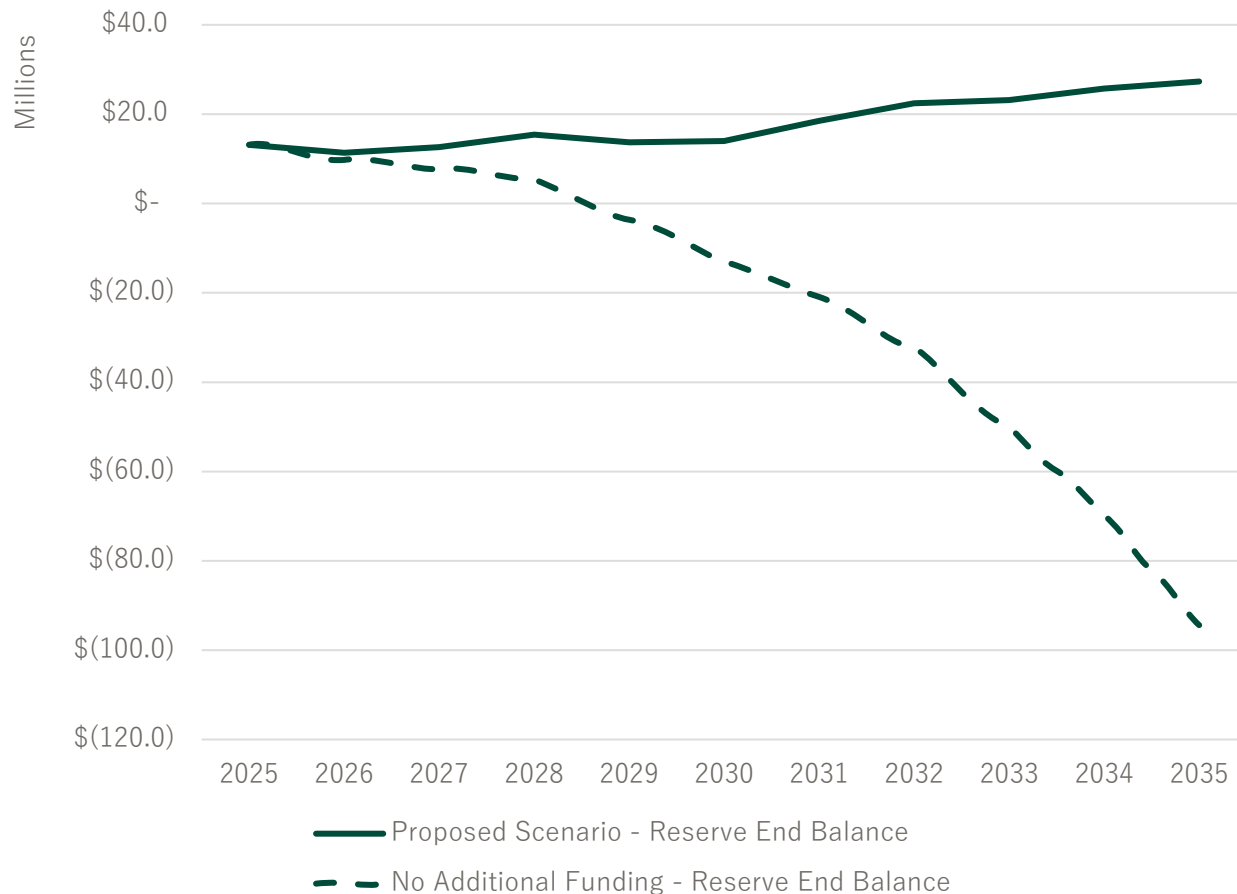
Additional Debt Financing Required to Achieve PLOS (Tax Funded Services)



Note: Percent on top of bars represents percent of own source revenue.

Note: Debt payments includes debt payments for all services including water and wastewater consistent with Provincial ARL calculation.

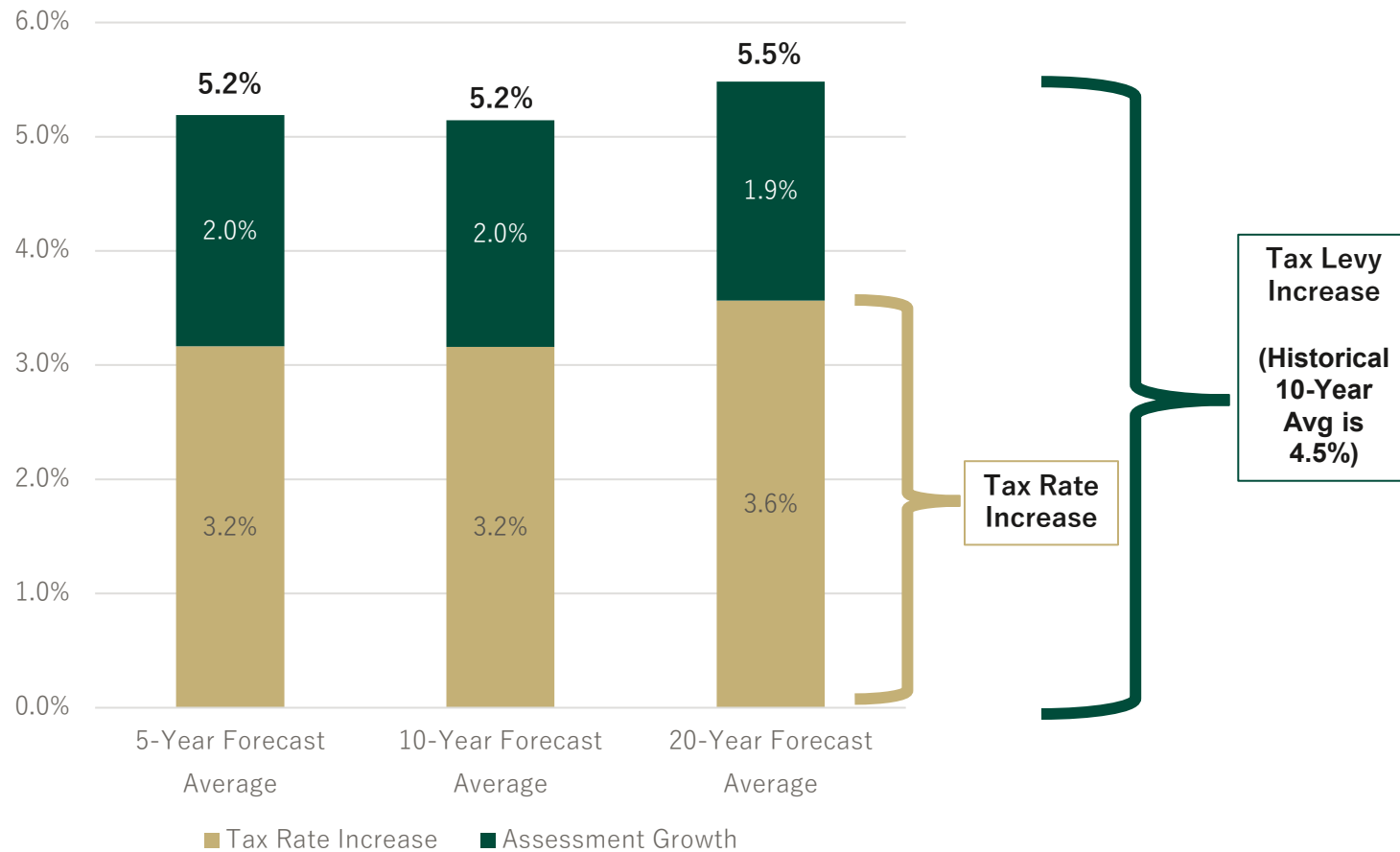
The Town will Need to Utilize all its Available Fiscal Tools to Meet the PLOS



- Current Investment Gap = \$25.3M for Tax Supported Assets
- A **1.5%** Infrastructure levy over 20-years is needed to undertake tax funded capital and maintain reserves
 - Grant funding from CCBF and OCIF is also included
 - Maintain positive reserves
- In addition, about \$354.9 million in tax funded debt financing required over the period
- Not increasing contributions would deplete reserves by 2029

Note: For this alternative scenario, a 10-year period is shown as the result over the longer term would show further decline in the reserve to 2045.

Tax Levy Increases are Needed to Meet PLOS



Summary of Outlook:

- Tax levy increases needed and at a level higher than historical trends to address capital
- Analysis includes a 1.5% infrastructure levy for tax funded capital needs
- Debt financing required to carry out investment and spread costs over long-term
- While growth is expected to generate new assessment, costs will also increase with new demand
- Uncertainty in Town specific programs or market price changes are **not** accounted for (i.e. higher operating costs)

Note: Historical average based on past year FIR tax revenue adjusted to 2025 dollars from 2016-2023. 2024 and 2025 based on budget. Tax levy is for Town only share. Forecast includes inflation.

Continuing to Increase Water & Wastewater Rates Will Achieve PLOS over the Long-Term

Component	Water Impact	Wastewater Impact
Operating Pressures (General, Region Charges & Debt) ⁽¹⁾	3.3%	4.1%
Capital Investment	1.6%	2.3%
Avg. Annual Rate Impact	4.9%	6.4%

1: Uncertainty in Town specific programs or market price changes are not accounted for

Summary of Outlook:

- On average, the typical bill increase for a household would be 5.9% per year (over 20-years).
- Increased contributions to reserves to meet reserve balance target by 2046
 - 2% of Replacement value + 6 months operating
- No new debt projected

A Set of Fiscal Strategies are Needed to Align with the Future Outlook



Capital Program to Meet PLOS

- Increase capital investment over time
- Consider implementing an infrastructure levy of 1.5%
- Although limited, continue to pursue grant opportunities when possible



Debt Financing

- Utilize debt financing for critical projects
- Debt financing can be utilized to maintain debt levels within benchmarks of 7% to 15% of own source revenue



Asset Management Related Reserves

- Develop target balances of asset management reserves, consider 1-3% of replacement value for tax and rate funded services
- Targets would need to be achieved over a long-term period, but tracking can begin through the budget process

Key Takeaways



The Town's current levels of service are adequate, but increased capital spending is needed to meet the proposed level of service over the long-term



The Town needs to use all its available fiscal tools like increased contributions to reserves and debt financing recognizing external grant opportunities, while available, are limited



The Financing Strategy Model is a tool to test fiscal strategies to meet the proposed level of service.