

Report 2026-49 Appendix I - Debt Management

In accordance with policy FIN - 03 the following debt management appendix has been prepared. The figures in this appendix are in '000s.

Debt Position and Outlook is from 2026 budget. The City is actively pursuing a Municipal Service Corporation (MSC) for Water and Wastewater. An update to the Debt Position and Outlook will accompany further MSC discussions.

A multi-year forecast of internal and external borrowing and lease financing and the related cost of borrowing and lease financing:

('000s in thousands)	2025	2026	2027	2028	2029	2030
External Debt - Issued ^	23,777	23,860	21,912	20,971	20,037	19,072
External Debt - Previously Budgeted		11,533	11,117	10,686	10,236	9,769
External Debt - 2026 Budget		13,880	13,338	12,773	12,183	11,568
External Debt - Forecasted			32,058	30,904	29,704	28,454
Internal Financing	2,065	1,965	1,865	1,765	1,665	1,565
Total Borrowing (External & Internal)	25,842	51,238	80,290	77,099	73,825	70,428

Interest - Issued	805	767	736	705	675	644
Interest - Previously Budgeted		473	457	440	423	405
Interest - 2026 Budget		601	578	555	530	505
Interest - Forecasted			1,316	1,271	1,224	1,176
Principal - Issued	1,191	917	948	941	934	965
Principal - Previously Budgeted		399	415	432	449	467
Principal - 2026 Budget		520	542	565	590	615
Principal - Forecasted			1,109	1,154	1,201	1,249
External Borrowing Charges	1,996	3,677	6,101	6,063	6,026	6,026

Illustrative In-Year ARL*	3.7%	6.4%	9.9%	9.1%	8.4%	7.7%
City Self Imposed Max	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Provincial Imposed Max	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%

* This projection utilized a 6% increase in own source revenue (2% inflation, 4% infrastructure).

^ Issued Debt represents existing debt. Previously budgeted debt represents Council approved debt through the 2024 and 2025 budget process in the Capital and Related Project Budget. 2026 Budgeted Debt are proposed in the 2026 Capital and Related Project Budgets. Forecasted debt in 2027 relates to future projects related to East Side Employment Lands, Canal Crossing, Marina District/Sugarloaf and Lockview District subject to separate and future approval by Council. Forecasted debt through planned future Municipal Service Corporation are unconsolidated. Forecasted debts will be incorporated into the 2027 Capital and Related Project Budget process.

Presently the two primary risk associated with borrowing are the perceived opportunity cost associated with interest rate levels and the City itself maintain a strong fiscal framework to support on-going investments.

Financial Services advises that decision to borrow are based on matching project requirements to cash flow needs and related funding requirements. These decisions are often made a year or more prior to borrowing is to occur. They are also subject to the borrowing windows allotted by the Niagara Region. Borrowing decisions are therefore not recommended based on trying to time interest rates and as such Financial Services advises while some may identify an opportunity cost associate with timing interest rates, Financial Services assesses minimal to no risk recognizing decisions to recommend borrowing are not interest rate dependent.

At the time of writing this report, borrowing is consistent with the Debt Management Policy except for the fact certain tangible capital assets would have been below the current borrowing threshold at the time the original (known) debt was issued.