

Municipality of Lakeshore – Report to Council

Corporate Services

Deputy Chief Administrative Officer



To: Mayor and Members of Council

From: Justin Rousseau, Interim Chief Administrative Officer and Patricia Leblanc Jaeger, Interim Chief Financial Officer

Date: April 30, 2026

Subject: Water Wastewater Masterplan Debt Levels and Financial Impact Projections – Eastern Communities and Belle River

Recommendation

Endorse the Common Sewage Treatment Facility project and confirm a funding commitment of \$69,806,600 through annual budget allocations commencing in 2027;

Direct the Interim Chief Financial Officer to work with lenders and develop financing strategies to secure \$74,497,000 in debentures;

Endorse the Belle River Sanitary Sewer Expansion (Wastewater Conveyance Group 3) project and confirm a funding commitment of \$7,410,000 through annual budget allocations commencing in 2030;

Direct the Interim Chief Financial Officer to report back on the utilization of the \$7,436,162 approved HAF2 Infrastructure funding and update expected utilization prior to March 31, 2029, grant expiry date;

Approve the proposed project budget support dollars of \$350,000 per annum commencing in 2027 and future budget deliberations to deliver the Plan; and

Approve the proposed four (4) additional positions (2 full-time, 2 contract) brought forward for the remainder of 2026 and include in all required future budgets as noted, all as presented at the May 12, 2026 meeting.

Strategic Objectives

1b) Building and Stewarding Municipal Infrastructure - Complete infrastructure delivery plans for the Water/Wastewater Master Plan and Stormwater Master Plan, including development of a stormwater levy

Background

On October 8, 2024, Council adopted the Water Wastewater Master Plan (WWMP) with the following motion:

Resolution #323-10-2024

Receive the 2024 Water Wastewater Master Plan Update – Draft Final Report prepared by Jacobs Consultancy Canada Inc.;

Direct the Corporate Leader - Operations to utilize this plan as a reference document to support the Municipality of Lakeshore's infrastructure improvements and to incorporate the implementation plan, as recommended, into future budget submissions for Council consideration; and

Direct the Corporate Leader- Chief Financial Officer to undertake a Development Charge Study Update and a Water Wastewater Rate Study update at a cost of \$95,000 as recommended, in the report for Council consideration, as presented at the October 8, 2024 Council meeting.

The WWMP calls for an Investment of \$211,000,000 dollars in the next 5 years and \$262,000,000 dollars in total over the next 17 years.

Since the WWMP report, the following items from the Implementation Plan have been funded in the 2025 and 2026 Budget:

Item	Description	Costs
Common Sewage Treatment Facility at Stoney Point Schedule C EA (ENG-25-6567)	Environmental Assessment for the new plant (previous MCEA has expired)	\$350,000
Wastewater Conveyance Group 3 (Cap-25-6535)	BR Forcemain and PS Upgrades - Engineering Design	\$545,000
Wastewater Conveyance Group 2 (Cap 25-6539)	County Road 22 - Sanitary Trunk and PS Upgrades - Engineering Design	\$3,067,920
Comber Sideroad Watermain Replacement (Cap-22-6614)	Construction costs for Comber Watermain - Phase 1B	\$8,000,000

Item	Description	Costs
Stoney Point to Comber Watermain Replacement and New Tower (CAP-26-6876)	Design work for Phase 2 of the above project the construction of a new water tower in 2029	\$800,000
Stoney Point Wastewater Treatment Plant (CAP-26-6877)	The Design work for an Eastern Communities Sanitary Treatment Plant	\$4,340,400
Total		\$17,103,320

In addition to this, Council has also committed funds to the full \$92,036,000 Conveyance System 1& 2 by approving the following resolution on July 8, 2025:

Resolution #195-07-2025

Endorse the County Road 22 Sanitary Sewer Expansion (Wastewater Conveyance 1 and 2) project and confirm funding commitment in the amount of \$55,221,600 (known as the Recipient Share) to meet the requirements set forth under the Canada Housing Infrastructure Fund (CHIF) as required, through annual budget allocation commencing in 2025 up to and including 2031; and

Authorize signing authority to the Corporate Leader - Operations to sign the Contribution Agreement (CA), submit payment claims, progress reports, and other materials related to the implementation of the County Road 22 Sanitary Sewer Expansion (Wastewater Conveyance 1 and 2) project, on behalf of the Municipality, as presented at the July 8, 2025, Council meeting.

To achieve all these works Administration and Council have also been actively in pursuit of government funding for the WWMP since the summer of 2024.

To date, the following grant applications related to the WWMP have been applied for:

Funding Application	Application Submission Date	Application Amount	Expected Grant Contribution	Outcome
Housing-Enabling Water System Fund (HEWSF), Intake 1	April 19, 2024	\$41,598,657	\$30,367,042	Unsuccessful

Funding Application	Application Submission Date	Application Amount	Expected Grant Contribution	Outcome
Housing-Enabling Water System Fund (HEWSF), Intake 2	November 1, 2024	\$44,208,000	\$32,272,388	Unsuccessful on the first attempt and then successful at the additional Intake from Ontario
Canada Housing Infrastructure Fund (CHIF)	February 11, 2025	\$92,036,000	\$36,814,400	Successful
Health and Safety Water Stream	June 25, 2025	\$57,840,500	\$30,000,000	Unsuccessful

Lakeshore has been successful in CHIF funding in the amount of \$36,814,400. As well as HEWSF for funding in the amount of \$ 32,272,388 for Wastewater Conveyance Groups 1 & 2. Administration has confirmed with both granting authorities that stacking of the grants is allowed.

Further, Lakeshore was also successful in securing \$7,436,162 from the Government of Canada's Housing Accelerator Fund, Round 2 (HAF2), which targets increasing housing supply at a faster pace and has been recommended that a portion of these funds go towards infrastructure, specifically Wastewater Conveyance Group 3.

Based on the commitments associated with the successful grants noted above, as well as the recommended Implementation Plan (Plan) in the WWMP, a Program Charter and staffing model were developed to support the effective delivery of the Plan and ongoing grant advocacy efforts. However, the Plan was not intended to be executed all at once; instead, a phased approach was recommended.

Council passed the following motion on January 13, 2026:

Resolution #10-01-2026

Direct Administration to limit the detail design of the east end mechanical treatment plant to address infilling only with no expansion to lands currently unserved in surrounding communities ie St.Joachim, Deerbrook, Lighthouse Cove etc.; and

Further, direct Administration to present a funding model for Council's consideration for the east end wastewater mechanical treatment plant and

associated transfer lines and pumps, to be presented to Council no later than the March 24, 2026 meeting.

This report outlines the funding model and this report can confirm that the plan at this time is to allow the other areas to remain unserved as per the aforementioned resolution. At the January 13, 2026 meeting, Council also discussed the staffing requirements that would be necessary to undertake all components of the work concurrently. This report will address the staffing implications for project support and operational efficiencies.

Council also engaged in substantial discussion regarding the level of pre-committed budget funding that would be required to successfully implement a sewage solution for the Eastern Communities and Belle River, which is the focus of the recommendations in this report.

Comments

The following provides an overview of the revised debt projections for the key wastewater projects proposed in the 2025 and 2026 budgets, as well as those submitted for CHIF, HEWS2, and HAF2 grant funding. It is important to note that these figures represent funding models and projections based on current information and approved grants. Future successful grant applications may alter these outcomes.

The HAF2 grant funding had initially been assigned to the Conveyance 3 & PS1 Upgrades. That funding must be utilized prior to March 31, 2029. Administration has conducted further analysis of the project needs, timelines, risks and assessed resource requirements (to be outlined in a presentation to Committee of the Whole at the May 12, 2026 meeting). That work has resulted in the reprioritization of projects and timing of work completion targets. As a result, the HAF2 funding utilization will be re-assigned to ensure that it is exhausted prior to expiry. Considerations for the HAF2 funding could include reallocation to the CIP fund to assist with new housing pressures within the municipality.

At present, three major wastewater capital projects have constrained development opportunities and growth in Lakeshore while also increasing environmental compliance risks for the municipality:

- Conveyance Groups 1 & 2 (Sanitary trunk expansion westward from Denis St. Pierre to Amy Croft) – Secured 75% funding through CHIF & HEWSF.
- Conveyance Group 3 & PS1 Upgrades (Sanitary expansion under the Belle River) – Funded via Reserves or Rates, The HAF2 funds initially allocated to this project covered 26% of the project costs, however, they require reassignment given that the revised commencement date for this project occurs after the utilization deadline for this funding.
- Common Sewage Treatment Facility at Stoney Point – No grant funding secured to date; recommending continued efforts on grant approvals and the project moving forward due to the environmental issues with any delay.

Funding announcements have resulted in a reduction of proposed debt levels by \$71,192,950. Below is a breakdown of the funding for the three projects and their associated proposed debt:

Project	Total Project Cost	Grant Funding	Canadian Building Fund (Gas Tax) (*)	OCIF (Ontario Grant Program)	Reserves or Rates	Debt
Conveyance 1 & 2	\$92,036,000	\$69,086,788	\$12,000,000	\$4,300,000	\$6,649,212	
Conveyance 3	\$7,955,000	0	-	-	\$7,955,000	
Eastern Community Treatment Plant	\$74,497,000	-	-	-		\$74,497,000
Total	\$174,488,000	\$69,086,788	\$12,000,000	\$4,300,000	\$14,604,212	\$74,497,000

*This will require all gas tax funding we have now in the reserve and also the next 5 years of allocation.

At this time, the estimated borrowing cost is approximately 4.50%, based on the rate applied to the Denis St. Pierre Expansion debt.

In order to meet the financial requirements of the proposed project delivery timelines, the below forecasted dates were used in the financial model and long-term financial forecast used in the 2026 budget. It is important to note that the new construction timeline presented to the Committee of the Whole does not align with these shown below but from a financial perspective, the forecasted debt remains the same:

- Conveyance Groups 1 & 2 – 2031 (funded by rates and capital budgeting in future years);
- Conveyance Group 3 – 2027 (funded by rates and capital budgeting in future years); and
- Common Sewage Treatment Facility at Stoney Point -2028 (funded by debt).

It should be noted that the above timelines were based on data included in the WWMP prepared by Jacobs. The project delivery timelines have since been updated through the project planning process as follows:

- Conveyance Groups 1 & 2 – 2029 and 2031 respectively
- Conveyance Group 3 – 2034

- Common Sewage Treatment Facility Stoney Point and Comber Forcemain – 2031 and 2032 respectively

These timelines may be subject to change should sufficient staffing challenges be realized, as project risks are incurred and based on other Council priorities that may compromise the schedule.

It is important to note that once completed, the new Development Charge (DC) study—scheduled to be presented to Council in the third quarter of 2026—will allow the municipality to determine the share of project debt that can be funded through wastewater DC collections. Current estimates allocate the following percentages to growth:

- Conveyance Groups 1 & 2 – 85% (Previously estimated at 40% in the DC study; however, growth projections and housing developments have significantly increased.)
- Conveyance Group 3 – 25% (Not currently included in the DC study but based on growth projections in the Belle River area.)
- Common Sewage Treatment Facility at Stoney Point – 36.59% (Based on the 2020 DC study.)

Based on these calculations, approximately \$27,258,452, or 36.59% of the total new debt of \$74,497,000, can be serviced through new housing starts.

An important factor for Council to consider is that the senior levels of government, either through legislation or incentives for housing-enabling Community Improvement Plans (CIPs), are seeking development charge (DC) relief for affordable housing. These programs may impact the future use of development charges for debt repayment.

Current available resources in terms of staff and technical expertise are inadequate to meet the requirements of these significant capital initiatives to ensure that they are completed in a timely, efficient manner within budget. A combination of both internal and external resources attributable to the project costs would ensure that project delays due to resource constraints were minimized.

Financial Impacts

Lakeshore's policy restricts debt repayment to a maximum of 15% of revenue. All available debt capacity under this policy will be allocated to essential projects, increasing Lakeshore's risk classification under Ministry of Municipal Affairs and Housing (MMAH) oversight. While municipalities are permitted to take on debt up to 25% of revenue, MMAH considers a debt-to-revenue ratio between 10% and 25% as high-risk.

The total debt forecasted between 2024 and 2031 is shown in the graphic below, with debt levels expected to peak in 2031. This peak corresponds with the completion of

three major conveyance groups, the Stoney Point treatment plant, the major watermain on Comber Sideroad, a new water tower in Stoney Point, and new water storage facilities for Comber and Stoney Point. At that time, municipal debt is projected to reach \$144,114,332. All of these projects are currently underway at various stages of design and construction.

Debt Forecast



Based on prior budget approvals and Council resolutions, funding for the Lakeshore conveyance repairs—specifically Conveyance Groups 1 and 2—has been fully committed, and no additional funding needs are anticipated at this time.

The projects listed below have received partial approval and will require pre-commitment of funds in future budget years to ensure these key initiatives continue to advance.

Project	Total Project Cost	Grant Funding	Approved Budget	Budget Precommitment needed
Conveyance 3	\$7,955,000	-	\$545,000	\$7,410,000
Stoney Point Plant	\$74,497,000	-	\$4,690,400	\$69,806,600
Total	\$82,452,000	-	\$5,235,400	\$77,216,600

Additional resources required to address staffing needs of the projects is being presented based on consideration of temporary needs, both via internal and external positions and or services.

The need to acquire expert external technical expertise will be a certainty, given the complexity and magnitude of the planned capital projects. To ensure that those services can be secured, an annual allocation of \$350,000 to the project is recommended to be utilized to procure legal and third-party engineering support.

Based on current 2026 compensation pay schedules, the following table summarizes projected costs for additional internal operations staff over a five-year contracted commitment funded via the capital project. If staffing cannot be secured, contracted external services could be considered however are not necessarily the most reliable to deliver and complete internal responsibilities.

Position (5-year contracts)	2027	2028*	2029*	2030^	2031^
Supervisor of Regulatory Approvals (Environmental Assessments) and Studies (Engineering)	\$130,300	\$135,500	\$140,900	\$143,700	\$146,600
Project Coordinator	\$ 96,900	\$100,800	\$104,800	\$106,900	\$109,000
Total	\$227,200	\$236,300	\$245,700	\$250,600	\$255,600

* reflects a grid step increase

^ reflects a projected 2% CPI increase

Additionally, the capacity of the current corporate staffing complement is constrained and does not have the ability to adequately provide the input needed to support the aggressive capital plan. Consequently, an additional two full-time positions are being recommended as follows:

Position	2027	2028*	2029*	2030^	2031^
Procurement Coordinator	\$ 96,900	\$100,800	\$104,800	\$106,900	\$109,000
Health & Safety Specialist	\$130,300	\$135,500	\$140,900	\$143,700	\$146,600
Total	\$227,200	\$236,300	\$245,700	\$250,600	\$255,600

* reflect reflects a grid step increase

^ reflects a projected 2% CPI increase

These roles have been reflected in the presentation provided tonight in the Committee of a Whole based on the completion of a gap analysis. Further, additional constraints on project delivery have also been communicated to maintain and set expectations on the deliver of the Plan.

Report Approval Details

Document Title:	Water Wastewater Masterplan Debt Levels and Financial Impact Projection- Eastern Communities Servicing and Belle River.docx
Attachments:	
Final Approval Date:	May 5, 2026

This report and all of its attachments were approved and signed as outlined below:

Prepared by Justin Rousseau and Patricia Leblanc-Jaeger

Approved by Krystal Kalbol