



Candidate Briefing

Infrastructure Financing, Debt, Reserves and Strategic Investment

Chatham-Kent Chamber of Commerce | 2026 Municipal Election Information Series

Core message

Infrastructure financing is not only a budget issue. It is a competitiveness issue. Chatham-Kent cannot win investment, support agriculture and agribusiness, grow housing, connect communities or protect quality of life without a disciplined plan to fund, maintain and renew the assets that make private-sector activity possible.

Executive takeaways

- Infrastructure is the platform for economic prosperity: roads, bridges, drainage, broadband, water, wastewater, employment lands, recreation and public facilities all influence whether businesses invest and residents choose to stay.
- The infrastructure gap is not solved by one tool. A serious strategy blends pay-as-you-go taxation, user rates, development charges, reserves, debt, grants, partnerships and service-level choices.
- Debt is not automatically irresponsible. It can be efficient when used for long-lived assets that benefit future users, unlock growth, reduce lifecycle risk or prevent more expensive failure.
- Reserves are not idle money. They are fiscal resilience, grant-readiness, lifecycle renewal capacity and protection against sudden tax or rate shocks.
- Development charges, grants and partnerships can support growth, but reductions or delays must be matched with replacement funding or service consequences become hidden in future budgets.
- Development charges can become uncompetitive when they operate like a broad upfront tax on investment rather than a transparent charge tied to specific growth-enabling infrastructure and service capacity.
- Winning provincial, federal and private-sector funding requires dedicated municipal capacity: grant applications, business cases, engineering readiness, partnership design, project management and reporting cannot be treated as side-of-desk work.
- Voter expectations must be managed honestly: better infrastructure, lower taxes, more services and no debt cannot all be promised at the same time without naming the trade-offs.

1. The infrastructure shortfall: Ontario, Canada and Chatham-Kent

Municipalities across Canada face a structural challenge: they own or manage a large share of public infrastructure while relying on a narrow revenue base. The result is a growing gap between asset needs, service expectations and what current revenue tools can sustainably fund.

Scale	What the evidence shows	Leadership implication
Canada	FCM estimates a national infrastructure deficit of about \$270 billion and notes that municipalities maintain more than 60% of core public infrastructure while receiving only 8 to 10 cents of every tax dollar.	Local councils need senior-government advocacy, but they also need disciplined local asset management and transparent funding choices.
Ontario	Research on Ontario municipal capital financing shows heavy dependence on reserves, development charges, transfers and conservative debt use. Ontario also provides OCIF formula funding to small, rural and northern communities.	Ontario municipalities must use grants strategically, prepare shovel-ready projects, and align capital plans with asset management and growth readiness.
Chatham-Kent	Chatham-Kent states that infrastructure is linked to economic, social and environmental advancement and that asset management must be integrated with financial planning and long-term budgeting. Recent reporting on the 2026 asset-management discussion identified a multibillion-dollar long-term funding gap.	Council should treat the infrastructure gap as a strategic-plan issue, not only a technical budget issue. Asset condition, service levels, risk, growth and economic impact should be reviewed together.

2. Infrastructure financing options: what each tool does

Tool	Best use	Annual budget / tax impact	Risk to manage
Pay-as-you-go property tax funding	Recurring capital renewal, smaller lifecycle projects, visible annual asset-management contribution.	Creates immediate levy pressure but avoids interest costs and protects future debt room.	Underfunding creates deferred maintenance; overreliance can create tax spikes or limit ambition.
User rates and fees	Water, wastewater, stormwater, waste, permits, recreation or services with identifiable users.	Can reduce levy pressure and connect cost to use; rate increases are visible to households and businesses.	Rates must be fair, lawful and tied to service value; unpredictable fees create investment friction.
Development charges and growth charges	Eligible growth-related roads, water, wastewater, stormwater and community infrastructure.	Places some growth costs on development rather than existing taxpayers.	High or uncertain charges can affect project feasibility; reductions require replacement funding.
Reserves and reserve funds	Tax stabilization, lifecycle renewal, grant matching, emergencies, growth readiness and strategic opportunities.	Drawing reserves can reduce short-term levy needs but replenishment must be planned.	Using reserves without a policy can weaken future capacity or hide true costs.
Debt / debentures / Infrastructure Ontario loans	Long-lived assets, major infrastructure, growth-enabling projects and assets with intergenerational benefits.	Debt service becomes an operating-budget cost; repayment affects future tax/rate room.	Debt is risky when used without a business case, revenue source or lifecycle plan.
Grants and transfers	Senior-government priorities: housing-enabling infrastructure, water/wastewater, roads, bridges, broadband, climate and community facilities.	Can reduce local tax impact but usually requires matching funds and shovel-ready projects.	Programs are conditional, competitive or time-limited; local priorities can be distorted if grant chasing replaces strategy.
Public-private and community partnerships	Broadband, energy, industrial servicing, housing, recreation, brownfields, municipal capital facilities and specialized projects.	Can accelerate delivery and share risk; may involve availability payments or long-term obligations.	Requires procurement discipline, risk allocation, transparency and public-interest protection.

3. Debt: when borrowing is efficient and when it is not

Debt is a timing tool, not a free funding source

Borrowing does not eliminate cost; it changes when the public pays. Its value depends on whether the asset is long-lived, whether benefits extend to future users, whether delay increases cost or risk, and whether repayment is affordable inside the annual operating budget.

Borrowing can be efficient when...	Borrowing becomes inefficient when...
The asset has a long useful life and future taxpayers or users benefit from it.	It is used to cover operating gaps or avoid necessary budget discipline.
The project unlocks housing, employment land, industrial capacity, agri-food investment, safety or service continuity.	The project lacks a measurable public, economic or service benefit.
Construction inflation or failure risk makes delay more expensive than interest costs.	Debt service crowds out future service capacity or reserve contributions.
There is a clear repayment source: tax levy, user rate, dedicated revenue, grant-backed stream or project revenue.	Repayment depends on optimistic growth assumptions with no contingency plan.
Borrowing is part of a balanced funding stack with reserves, grants, development charges or private contributions.	Debt is used because the municipality has not prioritized, phased or scoped the project.

4. Reserves: fiscal resilience, not surplus

Candidates should be careful about treating reserves as uncommitted cash. Reserves often represent future asset replacement, rate-supported system obligations, grant-matching capacity, emergency stabilization, or legislated purposes. The right question is not simply how much is in reserve, but what risk the reserve is protecting against and how it will be replenished if used.

Reserve purpose	Why it matters	Council review question
Operating stabilization	Protects against revenue shortfalls, emergencies and one-time operating shocks.	What events is the reserve sized for, and when should it be used?
Capital lifecycle renewal	Funds replacement of roads, bridges, facilities, fleet, IT and equipment based on asset condition.	Does the contribution match asset-management need or simply what is politically affordable?
Rate-supported reserves	Supports water, wastewater, stormwater and waste systems paid through rates.	Are rates funding the full lifecycle cost of the system?
Growth-related reserves	Holds development charges or growth-related revenues for eligible infrastructure.	Are funds linked to a credible growth and servicing plan?
Strategic investment reserve	Allows the municipality to match grants, service employment lands, support site readiness or act on partnership opportunities.	Does the reserve help unlock private capital, housing or employment growth?

5. Annual budget, tax rates and voter expectations

Budget reality	Impact on tax/rate decisions	How candidates should communicate it
Capital decisions create operating costs.	New assets require maintenance, staffing, utilities, insurance, lifecycle renewal and eventual replacement.	Do not announce capital projects without showing operating impacts.
Debt charges enter the operating budget.	Borrowing can keep one-year taxes lower but creates future annual repayment obligations.	Explain the full repayment profile and what budget room it consumes.
Reserve drawdowns create replenishment pressure.	A reserve-funded project can reduce immediate taxes but may require later levy/rate increases.	Explain what reserve is used, why it exists and how it will be rebuilt.
Deferring infrastructure can cost more later.	Poor-condition assets can increase emergency repairs, legal risk, service disruption and future replacement cost.	Compare the cost of action with the cost of delay.
Voters value visible outcomes but infrastructure is often invisible.	Underground, rural and lifecycle assets may receive less political attention than visible projects.	Make the invisible visible with dashboards, risk maps and service-level reporting.
Tax rate alone does not show competitiveness.	A lower tax increase can hide underinvestment; a higher increase must show value and results.	Tie increases to service levels, asset condition, private investment readiness and quality of life.

6. Development charges and investment attraction

Development charges can be both a growth-financing tool and an investment signal. They help existing taxpayers avoid carrying all growth-related costs, but they also increase upfront project costs before a developer, employer, builder or investor has revenue from the project. For Chatham-Kent, the goal should not be simply higher or lower charges. The goal should be a predictable, competitive, growth-enabling cost structure that funds the infrastructure investors need to say yes.

7. Development charges: when a growth tool becomes an investment barrier

Development charges are not inherently anti-growth. Properly designed, they are a legitimate way to fund growth-related infrastructure. The risk arises when they are treated as a convenient substitute for a full infrastructure-financing strategy, or when they become disconnected from the service capacity, approval timelines and site readiness that investors actually need. In that circumstance, the charge can feel less like a growth tool and more like an uncompetitive toll on investment.

For Chatham-Kent, the issue should not be framed as “development charges: yes or no.” The better question is whether every charge, deferral, exemption or reduction strengthens investment readiness. A competitive municipality should be able to show what the charge funds, when the infrastructure will be delivered, how the cost compares with competing communities, and whether the result makes it easier for housing, industrial, agri-food, logistics, greenhouse, processing and employment-land projects to proceed.

There is also a broader fiscal reality: much of the revenue benefit from growth flows to senior governments through income, sales and corporate tax activity, while the municipality often carries the local infrastructure and service-cost burden. This does not mean municipalities should abandon growth-related cost recovery. It means Chatham-Kent should use development charges carefully, advocate for senior-government reinvestment in local economic-enabling infrastructure, and ensure its own revenue tools do not make the community harder to invest in.

When development charges become uncompetitive	What a competitive approach looks like
The charge is high or uncertain but does not translate into serviced land, water/wastewater capacity, roads, drainage, broadband or approval certainty.	Charges are tied to a public capital plan, service-capacity timeline and clear reporting on what infrastructure will be delivered.
The charge becomes a general revenue substitute or a way to postpone tax/rate decisions rather than a cost-recovery tool for growth-related infrastructure.	The municipality shows the full funding stack: DCs, grants, reserves, rates, debt, land partnerships, private contributions and senior-government advocacy.
The municipality uses “growth should pay for growth” without recognizing that growth also generates wider economic benefits and senior-government tax revenue.	Council separates local costs from provincial/federal revenue benefits and advocates for reinvestment where infrastructure enables regional or national economic growth.
The charge prices marginal housing, brownfield, industrial or employment-land projects out of viability.	Council uses targeted deferrals, phase-ins, CIPs, TIEGs, exemptions or replacement funding where they unlock measurable investment and protect taxpayers.
The charge is not benchmarked against competing jurisdictions or sector-specific investment decisions.	Total development cost is benchmarked for priority sectors: manufacturing, agri-food, logistics, greenhouse, processing, housing and main street redevelopment.
The public sees the charge but not the resulting infrastructure, creating distrust among residents, developers and investors.	Revenue collected, reserve balances, project delivery, service capacity and investment outcomes are reported publicly.

Dedicated capacity to win funding and partnerships

A municipality that wants to win the investment game must treat funding and partnership development as core capacity, not occasional administration. Grants and senior-government programs are competitive, conditional and often time-sensitive. Public-private and community partnerships require business cases, procurement discipline, risk allocation, financial modelling and ongoing contract management. Chatham-Kent should have dedicated resources to prepare shovel-ready projects, pursue federal and provincial funding, assemble private and institutional partners, and report outcomes to Council and the public.

Required capacity	Why it matters for Chatham-Kent
Grant and funding applications	Turns asset-management and growth priorities into competitive submissions for OCIF, housing-enabling, water/wastewater, broadband, climate and federal/provincial infrastructure programs.
Project readiness and business cases	Prepares designs, cost estimates, environmental and engineering work, benefit-cost logic and matching-fund strategies before funding windows open.
Public-private partnership development	Identifies where private capital, utilities, institutions, developers, community organizations or landowners can help deliver housing, industrial servicing, energy, broadband, brownfields or recreation assets.
Infrastructure investment dashboard	Tracks DC reserves, grant applications, debt capacity, reserve health, project status, service capacity, approval timelines and private capital leveraged.
Senior-government advocacy	Builds the case that local infrastructure enables broader provincial and federal growth, jobs, exports, housing, tax revenue and supply-chain competitiveness.
Council lens	Practical test
Housing	Would a targeted reduction or deferral unlock units that would not otherwise be built, and what replacement funding protects infrastructure?
Employment lands	Are industrial/commercial development costs benchmarked against competing communities, and do charges correspond to serviced, ready land?
Agriculture and agribusiness	Do revenue tools fund roads, bridges, drainage, water, wastewater, energy and broadband that move products, people and inputs?
Downtown and brownfields	Would CIPs, tax increment-style grants or brownfield tools unlock private reinvestment better than broad fee reductions?
Public accountability	Are DC reductions or incentives tied to housing starts, jobs, private capital, assessment growth, servicing capacity or approval timelines?

8. Strategic fit with CK Plan 2035 and a municipal strategic plan

Infrastructure should be reviewed through the strategic plan, not beside it. CK Plan 2035 identifies Economic Prosperity, People and Culture, A Healthy and Safe Community, and Environmental Sustainability as key strategic areas, with Financial Sustainability, Open/Transparent/Effective Governance and Resiliency as critical success factors. Infrastructure financing decisions should be tested against that full framework.

Strategic priority	Infrastructure financing implication
Economic Prosperity	Prioritize employment-land servicing, business parks, freight routes, bridges, broadband, agri-food corridors, water/wastewater capacity and approval-readiness.
People and Culture	Invest in community facilities, recreation, libraries, cultural spaces, accessibility and local amenities that help attract and retain talent.
Healthy and Safe Community	Protect water systems, wastewater, stormwater, roads, bridges, emergency response, housing-enabling infrastructure and community safety supports.
Environmental Sustainability	Advance lifecycle renewal, drainage resilience, natural assets, energy efficiency, waste-to-energy, climate adaptation and infrastructure that reduces long-term risk.
Financial Sustainability	Use multi-year capital planning, reserve policies, prudent debt, full lifecycle costing, grant readiness and transparent service-level decisions.
Open, Transparent and Effective Governance	Publish plain-language dashboards: condition, risk, service level, funding source, project status, operating impact and taxpayer implications.
Resiliency	Build infrastructure and financing capacity to absorb shocks: storms, flooding, supply-chain disruption, construction inflation and demographic change.

9. Recommendations for Council consideration

- 1. Adopt an Economic-Enabling Infrastructure Framework.** Classify infrastructure projects by whether they protect health and safety, preserve existing assets, enable housing, unlock private-sector investment, support agriculture/agribusiness, improve community quality of life, or meet regulatory obligations.
- 2. Publish a 10-year and 30-year infrastructure gap dashboard.** Show asset condition, remaining life, risk, service level, estimated cost, funding source, operating impact and economic/community benefit.
- 3. Require a funding stack for every major project.** Each project should identify the mix of taxes, rates, reserves, development charges, grants, debt, private contributions and partnerships.
- 4. Use debt strategically, not emotionally.** Debt should be considered for long-lived, growth-enabling, safety-critical or lifecycle-efficient assets where delay increases total cost or risk. Debt should not be used for operating gaps.
- 5. Strengthen reserve policies and public reporting.** Name each reserve, its purpose, target, restrictions, annual contribution, planned uses and replenishment plan.
- 6. Protect and expand grant readiness.** Maintain shovel-ready designs, business cases, environmental approvals, asset data and matching funds so Chatham-Kent can compete for OCIF, Build Communities Strong Fund, water/wastewater, housing-enabling and climate programs.
- 7. Adopt a Development Charge Competitiveness Protocol.** Benchmark total development costs against competing communities, identify when charges may undermine priority investment, and require that every reduction, deferral or exemption include a replacement funding plan, service-capacity test and measurable outcome.
- 8. Create dedicated infrastructure funding and partnership capacity.** Establish staff responsibility, and where appropriate a cross-departmental team, for grant applications, business cases, project readiness, public-private partnerships, utility partnerships, senior-government advocacy and quarterly reporting on funds pursued, funds secured and private capital leveraged.
- 9. Use partnerships where they add value.** Public-private, public-public, utility, institutional and community partnerships should be considered where they accelerate delivery, share risk, leverage private capital or bring specialized expertise.
- 10. Connect budget decisions to voter expectations.** Before approving service levels or capital projects, ask what the public expects, what they are willing to pay, what happens if the work is delayed and how progress will be reported.
- 11. Hold an annual State of Infrastructure session before budget.** Council should receive a plain-language annual review before budget deliberations, linking asset management, capital plans, economic development, tax/rate impacts and strategic plan outcomes.

Candidate decision framework

Question	Why it matters
What asset or service-level problem are we solving?	Avoids treating the infrastructure gap as one undifferentiated number.
Is this project maintaining existing service, enabling growth, reducing risk or creating new capacity?	Clarifies whether taxes, rates, DCs, debt, grants or partnerships are most appropriate.
Who benefits and who should pay?	Links revenue tools to the people, businesses or communities receiving benefit.
What is the cost of delay?	Makes the trade-off visible when Council defers a project to reduce the current tax increase.
What is the operating impact?	Prevents new capital assets from creating unfunded future operating pressure.
How does this help Chatham-Kent compete?	Connects infrastructure to jobs, private capital, housing, agriculture, agribusiness and investment attraction.
What will voters see by the next budget, by 2027 and by term-end?	Turns infrastructure commitments into measurable accountability.
Are development charges funding actual readiness or functioning as an upfront investment toll?	For priority sectors, cost must be connected to capacity, timelines and a visible investment outcome.
Which benefits of growth accrue to federal/provincial revenues, and what local infrastructure costs remain with Chatham-Kent?	Strengthens advocacy for senior-government reinvestment where local infrastructure enables wider economic growth.
Do we have dedicated capacity to pursue grants, funding stacks and partnerships?	Shovel-ready communities win more funding; side-of-desk applications and ad hoc partnerships leave money and opportunity on the table.

Bottom line for candidates

Infrastructure financing is leadership at work. The strongest platforms will not promise everything at once. They will explain which assets matter most, how those assets will be funded, what trade-offs are required, how taxes and rates are affected, and how the investment strengthens Chatham-Kent as a place to live, work, build, farm, invest and compete.

Selected source basis

- Slack and Tassonyi, Financing Urban Infrastructure in Canada: Who Should Pay?, IMFG Papers on Municipal Finance and Governance, 2017.
- Tassonyi, Financing Local Government and Development in Canada in the Aftermath of a Global Pandemic, Canadian Tax Journal, 2022.
- Sancton, Reassessing the Case for Development Charges in Canadian Municipalities, Canadian Planning and Policy, 2022.
- Cooper, Downer and Faseruk, The Design, Funding, and Management of Infrastructure in Local Municipalities: A Study From Canada, Journal of Applied Business and Economics, 2020.
- Chatham-Kent Chamber candidate briefing, Municipal Revenue Sources, Alternatives and Competitiveness, 2026.
- Federation of Canadian Municipalities infrastructure advocacy materials and Build Communities Strong Fund information, 2026.
- Ontario Community Infrastructure Fund, Build Communities Strong Fund / former Canada Community-Building Fund, Infrastructure Ontario lending information and related Ontario infrastructure programs.
- Municipality of Chatham-Kent: CK Plan 2035, Asset Management Plan page, budget update, candidate information, and infrastructure-related public materials.
- Côté and Fenn, Provincial-Municipal Relations in Ontario, including the complexity of provincial-municipal responsibilities, Infrastructure Ontario, development charges, land-use planning and intergovernmental coordination.
- Sancton, Reassessing the Case for Development Charges in Canadian Municipalities, including discussion of development charges as a contested, politically convenient and potentially abuse-prone tool, and the distinction between local infrastructure costs and wider growth benefits.