

## **Priorities Committee Meeting\_Apr08\_2025**

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### **REPORT FOR INFORMATION**

#### **2026 Budget Plan**

##### **Report Purpose**

To report on Administration's strategy in response to Council's direction on the 2026 budget process.

##### **Our Strategic Goals**

Goal 4 - Municipal Excellence

Goal 4 Priority - Optimal use of resources that meets the community's needs

##### **Report**

As per Council direction on December 3, 2024, Administration is providing this report to outline the draft scope of work planned for the upcoming 2026–2029 budget cycle.

Administration strives for continuous improvement in the budgeting process. Feedback from Council on December 3, 2024, in reference to the budget 2025 process was largely positive, and indicated a desire to continue with budget meetings early and continuously throughout the year to keep Council apprised of any changes as they occur.

As a result, Administration is continuing this approach, incorporating Council feedback in the 2026 budget process timeline. In addition to standard budget deliberation meetings, key dates include:

- April 2, 2025 – Capital planning session with Council
- April 22, 2025 – Investment report with CIBC Wood Gundy to provide an economic update and an overview of our long-term investment portfolio
- Week of May 5, 2025 – Statistically valid budget survey released
- June 24, 2025 – Response to motion of tariff impact
- June 26, 2025 – Council Budget facilitated session
- Week of July 6, 2025 – Budget survey results
- July 15, 2025 – Budget initial update
- September 18, 2025 – Council Budget facilitated session
- November 24 to December 3, 2025 – Budget presentations
- December 3, 2025 – Public hearing
- December 5 to December 16, 2025 - Budget deliberations

External factors and internally driven decisions, such as sustained high costs in the construction sector post-COVID, decreases in provincial grant funding, upcoming operating impacts of previously approved capital, and growth within our community all impact our budgeting process throughout the year. Administration will use the above listed Council sessions as an opportunity to provide updates on these challenges, and to gather Council's feedback and direction moving forward.

Annually, Administration engages in various activities to develop the budget. These activities include regular assessments of service levels and budget requirements, prioritizing initiatives, efficiency reviews, and establishing appropriate staffing complements.

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The objective is to minimize tax revenue requirements while ensuring budget accuracy. At the same time, budgets must comply with the *Municipal Government Act* requirement to prevent deficits. Administration has made significant progress following the 2025 budget, achieving an annual surplus of just 3.5%. However, Administration remains committed to continuously refining its approach to ensure excellence in the budgeting process.

For budget 2026, Administration is adopting the following approach for these focus areas:

1. Revenue analysis

A thorough review of revenues was completed as part of budget 2025. The resulting adjustments will extend into the future years of the multi-year budget and remain an integral component of the ongoing budget process. The approach includes striving to align tax revenue increases with Consumer Price Index (CPI), while recognizing the challenges posed by critical infrastructure needs, community growth, and inflationary pressures. Additionally, Administration will explore other revenue options to evaluate their feasibility in the current context.

2. Expense analysis

As part of the 2025 budget process, departments conducted an in-depth review of contracted services, professional or consulting services, and operational services. For 2026, the approach will be to use this detailed analysis to identify opportunities for rebuilding the budget and achieving cost savings. Given the foundational work completed in 2025, departments will be well-positioned for this process, allowing administration to provide Council with greater transparency into the composition of these expense categories.

3. Capital

Maintaining capital investments within CPI is challenging, especially as critical infrastructure needs continue to grow. To manage tax rate impacts, administration will carefully review the capital plan for opportunities to defer non-critical projects within the forecast window while prioritizing investments in essential infrastructure. Administration will maintain transparency with Council by sharing the composition of the capital portfolio and highlighting capital expenditures that align with Building Construction Price Index (BCPI).

4. Growth

Annual budgets are prepared based on existing service levels and aligned with Council's strategic plan, while trying to absorb growth and inflation pressures wherever possible. Generally, administration manages to maintain operational stability; however, there are capacity pressures to continue absorbing this growth. Administration will endeavour to separately identify budget allocations for growth and those for normal operations. This distinction helps illustrate the challenges of maintaining costs while delivering services to a growing community.

Administration will strive to align tax revenue increases with CPI while recognizing the challenges posed by critical infrastructure needs, community growth, and inflationary pressures. Administration is committed to applying LEAN principles where feasible to improve efficiencies while maintaining transparent engagement with Council. The focus remains on prioritizing long-term financial health over short-term cost-cutting measures by

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balancing operating and capital needs and strategically managing reserves to support long-term growth and stability.

### **Council and Committee History**

December 10, 2024 THAT in preparation for the 2026 budget, Administration continue the County-wide comprehensive corporate review of all programs and services to keep operating and capital budgets for 2026 fiscally responsible and sustainable, with a goal of ensuring that any tax rate increase not exceed the rate of inflation (meaning the CPI rate of inflation for the 12-month period ending October 31, 2025), using strategies including but not limited to LEAN Principles and Priority Based Budgeting;

THAT Administration continues the review designed to optimize funding sources, including provincial and federal grants, user fees, and franchise fees;

THAT Administration prepares a report on the above activities for Council's consideration by March 31, 2025, and

THAT Administration and Council meet regularly throughout 2025 and at least quarterly, to further review the above activities in preparation for the 2026 budget.

November 25, 2024 THAT adjustments to the 2025-2027 Operating Budget, as set out in the Multi-Year Operating Budget Summary and resulting in a:

- 90% municipal tax revenue increase and a total budget amount of \$470,352,894 for 2025;
- 63% projected municipal tax revenue increase and a projected total budget amount of \$ 502,919,209 for 2026; and
- 62% projected municipal tax revenue increase and a projected total budget amount of \$526,401,897 for 2027, be approved.

THAT adjustments to the 2025-2026 Capital Budget, as set out in the 2025-2026 Proposed Capital Plan Delta and resulting in a revised budget of \$166,900,055 for 2025 and \$62,498,989 for 2026, be approved.

### **Other Impacts**

**Policy:** n/a

**Legislative/Legal:** n/a

**Financial/Budget:** n/a

**Interdepartmental:** n/a

**Master Plan/Framework:** n/a