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The Corporation of the Town of Niagara-on-the-Lake Information Report to Council

SUBJECT: 2026 Budgets and User Fees
DATE: 2025-12-02
REPORT #: CS-25-032
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DEPARTMENT: Corporate Services

BACKGROUND INFORMATION

On October 29th, 2025, the Town released the **2026 Lord Mayor's Proposed Operating and Capital Budgets** under the Strong Mayor Powers framework in accordance with Part VI.1 of the Municipal Act, 2001 and O. Reg. 580/22, along with the proposed **2026 User Fees and Charges** (see Appendix I and Appendix II for previous reports). This marked the formal commencement of the 20-day Council review period, during which Members of Council were permitted to submit amendments to the Lord Mayor's Proposed Budget.

The initial proposed Operating budget, informed by departmental submissions, Councillor engagement, and ongoing review by the Budget Office, reduced the preliminary draft tax levy increase from just over 10% to 1.81% (after 1% estimated assessment growth). Levy reduction efforts are attributed to cost mitigation measures and leveraging of current sustainable and new revenues, while ensuring service levels are maintained or that budget enhancements are aligned with the strategic plan. Council raised several questions for staff through the October 29th meeting, which have been followed up with as attached in **Appendix III**. Subsequently, Council amendments approved an additional \$66,325 or .38% increase to the tax levy, resulting in a final tax levy increase of 2.19% (after 1% estimated assessment growth) at the November 17th special meeting.

The proposed Capital program began with total projects exceeding total funding capacity available, as the Capital Reserve alone projected a \$1.3M deficit. After the Budget Office's review and adjustment, a proposed capital program of \$8.47M (excluding water and wastewater) was presented to balance funding capacities and priorities and ensure a focus on strategic infrastructure renewal, lifecycle replacement, and alignment with Council priorities. Subsequent Council amendments removed one project for \$100,000 (Wayfinding Signage), which reduced the overall final Capital budget to \$8.37M

2026 User Fees and Charges

On October 29th, 2025, Council received the *2026 User Fees & Charges* for information. The annual update reflects inflationary adjustments (CPI), cost-recovery changes, Planning and Building fee updates approved earlier through CDS-25-160, and minor service-area refinements. As part of this final phase of the budget process, the complete 2026 User Fee By-law is being brought forward alongside the Operating and Capital Budgets for formal adoption.

Council Amendment Period (October 29th – November 17, 2025)

In accordance with O. Reg. 580/22, Council submitted several budget amendments for consideration during the 20-day review period. At the Special Council Meeting on November 17, 2025, seven amendments were debated and voted on with the following outcomes:

1. **Extend the multi-child discount** for swim team, recreation, and camp programs (15% discount for 3+ children; resident & non-resident).
Levy impact: approx. \$3,000 — APPROVED
2. **Remove Project C02642 – Wayfinding Signage (\$100,000)**
No levy impact (MAT-funded) — APPROVED
3. **Increase parking rates by \$0.25** to generate approximately \$152,000 in additional revenue.
No levy impact; Surplus to Parking Reserve — DEFEATED
4. **Modify funding source for C02037 – Parks Signage Phase 1** by allocating \$28,000 (40% of project total) from MAT, with a corresponding reduction in funding from the Capital Reserve.
No levy impact (Reserve funded) — DEFEATED
5. **Modify funding source for C02633 – Floating Docks at Riverbeach** by allocating 25% of the project total from MAT, with a corresponding reduction in funding from the Capital Reserve.
No levy impact (Reserve funded) — DEFEATED
6. **Upgrade the Development Engineer position** to a fully accredited P. Eng role to enhance technical review capacity, risk mitigation, and cross-departmental coordination.
Levy impact: \$63,325 (0.36%) — APPROVED
7. **Reduce the proposed increase to the Niagara College grant** by maintaining the 2025 budget (\$20,000 instead of \$30,000, with the increase funded by MAT).
No levy impact (MAT-funded) — DEFEATED

Mayor's Veto and Override Periods

In accordance with Strong Mayor legislation, the Budget Office monitored the statutory veto and override timelines following Council's amendment meeting. The Lord Mayor exercised no vetoes, and the budget is considered adopted under the framework as of November 25, 2025. The proposed 2026 Budget, amended only by the **three approved** Council amendments, is therefore now final.

Final 2026 Resulting Levy and Budget Totals

After incorporating all approved amendments, along with prior adjustments reflected in the initial budget report, the Town's final 2026 tax levy increase is:

- **3.19% before assessment growth**
- **2.19% after estimated 1% growth (net tax levy)**

This reflects the cumulative result of departmental review, revenue optimization, strategic priorities, reserve strategies, and Council's amendment decisions.

- **Total 2026 Operating Budget (excluding Water & Wastewater):** \$44,238,953
- **Final 2026 Tax Levy Requirement:** \$18,163,077 (2025 - \$17,601,443)
 - **Tax Levy Increase:** \$561,634 or 3.19% (net 2.19% after estimated growth)
 - **Tax Bill Impact:** \$1,565 per average household annually (\$33.55 increase from 2025 based on \$546K assessment). Other assessment impacts are as follows:
 - \$750,000 assessment: \$46.08 annual increase
 - \$1,000,000 assessment: \$61.44 annual increase
 - \$1,500,000 assessment: \$92.16 annual increase
- **Final 2026 Storm Levy:** \$961,600 (no change from 2025)
- **2026 Capital Program (excluding Water & Wastewater):** \$ 8,371,110 (2025 -\$14,755,855)

Water and Wastewater Rate-Supported Budgets will proceed separately in early 2026.

For Final Operating and Capital Budget summaries, see Appendices IV and V.

NEXT STEP / CONCLUSION

This report summarizes the 2026 Budget process under Strong Mayor Powers, including the release of the Lord Mayor's Proposed Budget, the Council amendment window, Council's decisions on November 17th, the completion of the veto and override periods, and the resulting final levy impact.

With all required timelines satisfied and no vetoes exercised, the 2026 Operating and Capital Budgets, as amended, are finalized and ready for Council adoption. The 2026 User Fees & Charges By-law is also included for approval at this time to align with budgetary assumptions and cost-recovery requirements.

Upon receipt of this Information Report, Council is required to enact the by-law adopting the 2026 Operating Budget, 2026 Capital Budget, and 2026 User Fees & Charges. This by-law formally gives effect to the budget adopted through the Strong Mayor budget process and establishes the Town's full financial authority for the 2026 fiscal year, except for the water and wastewater budgets, which will be brought forward separately.

ATTACHMENTS

- Appendix I – CS-25-026 2026 Proposed Operating and Capital Budget
- Appendix II – CS-25-024 Proposed 2026 User Fees and Charges
- Appendix III – Council Questions RE: 2026 Operating Budget
- Appendix IV – Adopted 2026 Operating Budget
- Appendix IV – Adopted 2026 Capital Budget