



GRAND VALLEY

STAFF REPORT

To: Mayor Soloman and Members of Council

From: Steven Freitas, Director of Finance/Treasurer
Meghan Townsend, CAO/Clerk, Deputy Treasurer

Meeting Date: October 28, 2025

Report Number: **2025-180**

Subject: Preliminary 2026 Budget Discussion

Recommendation

THAT Council receive the Report – Preliminary 2026 Budget Discussion;

AND FURTHER THAT Council provides direction to staff regarding limits to tax rate increases for the 2026 budget;

AND FURTHER THAT Council provides direction to staff on the format for the 2026 public budget meeting on November 26, 2025;

AND FURTHER THAT Council authorizes the expenditures necessary for the 2026 public budget meeting to be paid from the Council Seminars and Workshops budget.

Executive Summary

Purpose

To present an update on the progress of 2025 approved capital projects, to present issues for consideration in the 2026 budget, and to plan for the November 26, 2025, public budget meeting.

Council sets the direction for the Town as an organization and makes decisions that help improve the lives of residents every day. Accordingly, staff are seeking directions from Council regarding limits on tax rate increases for the 2026 budget.

Key Findings

Included in the body of this report.

Financial Implications

There are no financial implications to this report.

Report

Background

The annual Budget is one of the main functions of a municipal Council as it is the primary financial plan that outlines how the municipality will fund its services and projects for the year. The budgeting process allows the municipality to prioritize projects, programs and service levels to ensure efficient and effective use of public funds, align spending with the community's strategic priorities and service needs, and maintain financial sustainability through careful planning of revenues and expenditures.

As Grand Valley grows, and as infrastructure ages and requirements placed on the Town become more stringent, pressure to manage costs against the community's financial position becomes increasingly difficult to navigate.

In this report, Council will be presented with an update on 2025 approved capital projects, factors influencing the 2026 budget, and Council direction on the format for the 2026 public budget meeting to be held on November 26, 2025, will be requested.

Discussion

2025 Approved Capital Project Progress:

In 2025, several projects have been completed on time and on budget including:

- In accordance with the repayment schedule outlined in the Town's debenture By-Law 2025-26 for the debenture related to the Bridge 10 project, which was issued May 1, 2025, the Town's first semi-annual payment installment to service the debt is due on November 1, 2025.
- Significant investments in our gravel roads have been completed.

- Microsurfacing treatments on Water Street, Main Street, Mount Haven Crescent, and Deaken Drive were completed to extend their useful life and decrease maintenance costs.
- Scott Street Drainage and Construction Project – Bell Canada has relocated their distribution cables and their city-to-city trunk cable. Town has paid invoice as part of our contribution to the project.
- Ball diamonds at the Concession 2-3 park were completed and play began in 2025.
- Concession 2-3 park lighting has been installed.
- North Shop renovations were completed.
- A Sand/Salt distribution system was purchased for Truck #46.
- A pressure washer was purchased for Public Works.
- Gateway signage was installed.

The following capital projects are ongoing:

- Construction of the Southeast Sewage Pumping Station has been significantly delayed due to Hydro One works. The construction contract for Hydro One works has been signed and installation works can be scheduled and completed.
- The Fire Truck purchase that was expected in 2024 will not arrive until 2026.
- The Community Centre Expansion Project was tendered and awarded in the Spring and construction has been progressing. The initial timeline for completion was the end of October.
- Community Centre Expansion financing – agreement for funding has been discussed with both East Garafraxa and Amaranth, who are sending the draft agreement for legal review and input. Loan from Infrastructure Ontario is in progress. Funding options being reviewed as directed by Council and report to be presented in advance of I.O. loan finalization.
- The Town's Official Plan update project is anticipated to be completed by year end.
- Investigation and remediation of wastewater system infiltration is ongoing.
- Monticello Subdivision – construction tender is being finalized.
- Bielby-Emma Sewage Trunk – camera work and draft drawings in progress.
- Ritchie Drive Drainage - Town's and Condo Board's engineers reviewing plans.
- Water Tower Generator – Draft RFT to be issued.
- Council Chamber Updates are ongoing.

Considerations for the 2026 Budget Process:

Many factors must be considered in creating a municipal budget. Factors include inflation, known costs from external sources, insurance and risk management impacts, and the wishes of the community.

The Consumer Price Index (CPI) rose by 2.4% on a year-over-year basis in September 2025. On an annual average basis, the CPI rose 2.4% in 2024, down from 3.9% in 2023. Excluding the period of higher inflation experienced during the COVID-19 pandemic, from 2021 to 2023, the 2024 annual average represented the highest increase since 2011 (+2.9%). The following summarizes the growth in 2024:

- Price growth for goods slowed significantly (+0.3%), while service inflation persisted (+4.1%).
- Prices continued to rise in the transportation (+1.6%) and shelter (+5.7%) components.

For Canada, 2025 has proven to be an unpredictable year in large part due to economic uncertainty from trade tensions with the United States, high costs of living, and a significant change in population growth. Trade disputes and work stoppages have added to uncertainty, while businesses are hesitant to invest, and consumers are more cautious with spending, creating a drag on economic activity. Many Canadians are also anxious about affording basics like housing and increased household debt.

The following represent some of the actions taken by Council and/or staff in 2025 to reduce operating costs for the Town:

- Continued the process of applying for and utilizing Federal, Provincial and other grants and subsidies where available.
- Ensured that Accounts Receivables were invoiced as required to fully recover costs.
- Investigated Wind Farm Amenities agreements and collected missed payments.
- The ongoing investigation and disposal of surplus Town lands.
- The reconfiguration of existing facilities and workspaces to maximize utilization and accommodate new staff.
- Increased our collection efforts on delinquent Property Taxes and Accounts Receivables.
- Renegotiated or tendered contracts for goods/services to ensure the Town obtained the best value for taxpayers (including photocopying, city contracts, office supplies, cleaning services and landscaping services).

- At the February 25, 2025, budget meeting, Council passed resolution: 2025-02-47 as follows:
 - Council forgoes the July 1st cost of living adjustment for 2025.
- Closely monitored our cash-flow to further reduce “overdraft” fees.
- Increasing investment revenues by taking advantage of higher yields on locked-in investments where possible.
- Council agreed to close non-essential facilities including the Grand Valley Campground.
 - In an effort to keep this service available for the community, Council approved the Grand Valley Firefighter Association’s request to run the Grand Valley Campground.
- The Town continued to move forward with Vadim/iCity module implementations to allow for more efficient and effective “self-serve” functionality for property taxes.
- The Town continues to look for ways to implement Public-Private partnerships where they make sense.
- The Town continued to minimize labour costs where appropriate and available including:
 - Council has agreed to pay staff to work more hours per week, this allows existing staff to complete more work while ensuring they are rewarded. This could result in a reduction of overtime and mitigates the need to hire additional staff.
 - Volunteer assistance, and co-op, College or University work terms.
 - Negotiated reduced premiums for benefits and health care costs with insurance companies.

Draft Capital Budget Forecast for 2026:

The Town has a full day meeting scheduled on October 27, 2025, with appropriate staff both from the Town and from our engineering consultants R.J. Burnside to map out next year’s projects for the following:

- Landfill monitoring and Water Supply PTTW monitoring programs.
- Water and Wastewater projects.
- Roads Rehabilitation (bridges, resurfacing, capital work)
- Other development/growth related items (new projects)

The results of the meeting will be used to inform and prepare the draft 2026 capital budget for these Core Infrastructure assets.

Capital requests for Non-Core Infrastructure assets will also be collected from departments and included in the draft 2026 capital budget.

Asset Management Plan

Under O. Reg. 588/17, by July 1, 2025, the Town is required to have an approved asset management plan (AMP) for all municipal infrastructure assets that builds upon the requirements set out in 2024. This includes an identification of proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund these activities.

The Town has contracted engineering firm R.J. Burnside & Associates to meet this deliverable. The 2025 AMP update is ongoing, with Town staff working collaboratively with Burnside staff, and is anticipated to be completed by the beginning of December 2025 with a report for Council's approval. This report will also be used to inform and prepare the 2026 Capital budget.

Known Property Tax Levy impacts for 2026:

The 2025 property tax levy was \$5,227,812, which supported a total 2025 budget of \$22,067,422.

This report provides information regarding key budget factors and assumptions for the purpose of having Council provide direction to staff with respect to the increase for 2026.

The following includes some preliminary items that are known or will likely impact expenditures and revenues that the Town will need to include in the 2026 Budget:

- 2024 Asset Management Plan – Non-Core Assets
 - The report discussed and outlined that from a tax supported non-core asset base perspective, the estimated optimal annual capital investment is between \$1.6-\$1.7M annually. Based on the Town's 2024 budget, current annual capital investment was approximately \$1.5M.
 - The \$1.6M budget represents an approximate \$100,000 increase in funding over the existing annual contribution of \$1.5M. This would represent approximately 2.0% of an increase on the Town's 2024 approved operating and capital budget of \$4.8M, or approximately 6.7% of an increase over the 2024 capital funding.
 - During the 2025 budget process, Council agreed to a new transfer of \$75,500 to a Capital Asset Reserve.
- OPP contract costs
 - While the policing contract costs for the OPP have not been identified for 2026, in a letter to the Head of Council and the CAO dated September 26, 2025, the Ministry of

the Solicitor General has advised that they have undertaken a review of the OPP cost recovery model. As a result of the review, regulatory amendments have been made to Ontario Regulation 413/23: Amount Payable by Municipalities for Policing from OPP and that these amendments are in effect and will inform the 2026 annual billing statement which are targeted for release in November 2025.

- It is noted in this letter that an 11 per cent cap is established on the increase in policing costs owed by municipalities for the 2026 calendar year when compared to 2025.
- In subsequent correspondence (in the form of an email) to the Head of Council and the CAO dated September 29, 2025, the OPP MPU Financial Services Unit advised the following:
 - Following the formal communication from the Office of the Solicitor General dated Friday, September 26, 2025, we wish to inform you that preparation of the 2026 annual billing statements is currently in progress. The statements are scheduled for release before November 30, 2025.
- At the October 14, 2025, meeting, Council put forward resolution: 2025-10-18 as follows:
 - **WHEREAS** the Solicitor General has sent to Grand Valley a letter with unclear direction of the policing costs for 2026
 - **BE IT RESOLVED THAT** Council directs staff to ask for clarity on the 11% cap on the increase on policing costs as stated in the letter.
- On October 22, 2025, staff emailed Council's resolution to the Solicitor General to provide further information or resources to respond to Council's request.
- Fees and Charges update for 2026.
- Ongoing payments to service existing debt.
- New payments to service any new debt issued in 2025 or 2026.
- Automated Speed Enforcement (ASE) – Potential loss in revenues intended to fund safety projects and the possibility of financial penalties for cancelling existing contracts for ASE services.
 - On September 21, 2025, the provincial government introduced legislation to ban automated speed enforcement programs across Ontario.

- The legislation, Bill 56, Building a More Competitive Economy Act, 2025, tabled by Red Tape Reduction Minister Andrea Khanjin, repeals the use of automated speed enforcement systems by amending the Highway Traffic Act.
- Taken from the legislation:
Under SCHEDULE 5 of the HIGHWAY TRAFFIC ACT
The Schedule amends the Highway Traffic Act.
 - A new section is added providing that the Minister may direct a municipality to install signs in school zones on highways under its jurisdiction, and that if the municipality does not install the signs, the Minister may carry out the installation.
 - Part XIV.1, which authorizes the use of automated speed enforcement systems, is repealed. Certain causes of action related to the repeal of Part XIV.1 are extinguished, and various consequential and related amendments are made.
- Ontario's big city mayors are offering to make changes to speed camera programs in their communities in a bid to convince the province to let them keep the devices - or want to be reimbursed if it pulls them. The mayors made the offer in a letter to Premier Doug Ford one day after the provincial government introduced legislation to ban automated speed enforcement (ASE) programs across Ontario. If the province passes the legislation and proceeds with its proposed ban, the mayors say they want to be reimbursed for the costs of setting up speed cameras in the first place.
- Several other entities, including AMO, are continuing their advocacy efforts to appeal decisions proposed in Bill 56.
- Labour and Benefits Budgetary Impact:
 - In accordance with Council resolution: 2019-06-11, Council adopts the average Consumer Price Index from November to October, yearly, as the annual staff remuneration increase, and directs the Treasurer to present this average as part of the Town's annual budget deliberations, starting with the 2020 budget.
 - A report will be prepared and presented to Council in early December 2025 regarding the Annual Cost of Living Adjustment (COLA) for Employee Remuneration in 2026. This increase is also applied to Council member earnings.
 - The CPI for October 2025 will be released on November 17th, and the COLA effective July 1, 2026, will be calculated as applicable.

- For indicative purposes, as previously discussed, the CPI rose by 2.4% on a year-over-year basis in September 2025.
- Other labour costs increases include any step adjustments and fringe benefit cost increases.
- At the June 24, 2025, Council meeting, under resolution: 2025-06-42, Council requested staff conduct a Council Remuneration Review. The results of that review will be presented to Council in November 2025.
- Grand Valley and District Fire Department (GVDFD) Levy
 - In consultation with the Fire Chief, the first DRAFT of the 2026 budget has not yet been presented to the Board, however it will include a proposed increase over the 2025 budget. The 2025 approved levy for the Town is \$1,096,450.
- Grand Valley and District Community Centre (GVGCC)
 - In consultation with the Recreation Facilities Manager, the first DRAFT of the 2026 budget has not yet been presented to the Board, however it will include a proposed increase. The 2025 approved levy for the Town is \$214,827.
- Other Board Budgets
 - At the time of authoring this report, the proposed 2026 budgets for the following Boards were not available:
 - Grand Valley Public Library - The 2025 approved levy for the Town is \$294,017.
 - Grand Valley Union Cemetery
 - Grand Valley Business Improvement Area
- Grand River Conservation Authority (GRCA) Levy
 - In their September 26, 2025, report the GRCA indicates a target increase of 3.5% may be achievable for 2026 while they are seeking direction/guidelines regarding the apportionment increase for the 2026 budget.
 - The first draft of the 2026 GRCA budget will be provided at their general meeting on October 24, 2025.
- Ontario Community Infrastructure Fund (OCIF)
 - On September 16, 2025, the Town was advised that our 2026 OCIF allocation will be increased from \$269,707 to \$296,678. OCIF funding supports the renewal and rehabilitation of critical infrastructure, including roads, bridges, and water and wastewater systems.

- Ontario Municipal Partnership Fund (OMPF)
 - While our OMPF grant for 2026 has not yet been announced, the province announced in October 2024 that they would be increasing the OMPF by \$100 million over two years, bringing the total funding envelope to \$600 million by 2026. Accordingly, we are hopeful that our grant allocation will increase for 2026.
- Canada Community-Building Fund (CCBF)
 - It is likely the CCBF [formerly called the Federal Gas Tax Fund] will not increase in 2026 because the 2025-26 funding is a set amount of \$2.5 billion, and the 10-year agreement starting in April 2024 provides a fixed total over the decade. However, how much individual projects receive will depend on provincial and territorial allocations and the specific needs of communities. Funds are allocated to municipalities across the province on a per-capita basis. Based on the CCBF's allocations page, our municipality's share of the Fund for 2026 shows an allocation of \$126,120.73, identical to the allocation for 2025.

A detailed Capital Budget will be presented at the December 9, 2025, Special Council Meeting. Staff will plan to utilize existing funding sources including development charges, reserves, user fees and grants to cover planned capital projects to the fullest extent possible; however, some of the projects may have a tax levy impact beyond what these other sources of funding will cover.

November 26, 2025, Public Budget Meeting:

Public engagement into the budget process is important because it increases accountability and transparency, aligns spending with community priorities, builds trust, and improves the overall quality of service. The process allows citizens to help inform how limited tax dollars are allocated, ensuring that the final budget reflects the public's needs and preferences both in the short term and for the future.

While attendance at the 2025 budget open house was minimal, staff are looking for Council direction on the format for the 2026 public budget meeting. Formats similar to 2024 or 2025 can be planned or Council can choose an alternative format for 2026 to increase public engagement.

The following lists some possible methods for public engagement:

- Public meetings – formal or committee meetings where the public can speak.
 - Through deputations, community members or groups can make formal presentations to Council to express their views on the budget.
- Open houses or community meetings – offer a less formal setting for discussion.
- Surveys or polls allow for broader feedback through the Town’s website, via social media platforms, via email or letter mail.
- Advisory Committees

Council direction on the format for the 2026 public budget meeting is requested.

2026 Budget Instructions:

Prior to finalizing the 2026 draft capital and operating budget, staff requests Council direction and input on what their vision, goals and priorities are for the coming year. Known issues have been presented, and various capital projects have been discussed or are already in progress. Council’s wishes beyond these items are requested.

Financial Impact

Funds from the 2025 Council budget for seminars and workshops could be used to cover the expenditures necessary for the 2026 public budget meeting.

Consultations

Grand Valley and District Boards

Attachments

This report was submitted by

Steven Freitas, BBA Applied (Hon.), CPA, CGA
Directory of Finance/Treasurer
sfreitas@townofgrandvalley.ca

This report was approved by

Meghan Townsend
Chief Administrative Officer/Clerk
519-928-5652 extension 222