



GRAND VALLEY

STAFF REPORT

To: Mayor Soloman and Members of Council
From: Steven Freitas, Director of Finance/Treasurer
Meeting Date: December 9, 2025
Report Number: 2025-224
Subject: DRAFT 2026 Capital Budget

Recommendation

THAT Council receive the Report – DRAFT 2026 Capital Budget;

AND FURTHER THAT Council provides direction to staff on which capital projects are approved to proceed in 2026;

AND FURTHER THAT Council directs staff to add any projects which are not approved to proceed in 2026 to the Town’s “Unfunded Capital” list for future year’s consideration;

AND FURTHER THAT the changes discussed in the meeting be made for the Operating Budget presentation on January 27, 2026.

Executive Summary

Purpose

To present the DRAFT 2026 Capital Budget.

Key Findings

As outlined in the [October 28, 2025, report – Preliminary 2026 Budget Discussion](#), 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 that report, Council was presented with an update on 2025

approved capital projects, factors influencing the 2026 budget, and upon receiving the report, Council provided direction on the format for the 2026 public budget meeting held on November 26, 2025, which was well attended by the public.

This report will outline the significant capital projects which are competing for available funding in this year's DRAFT capital budget. If approved, the construction of one single project, the Southeast Sewage Pumping Station, which is required to allow development to proceed in the Town's employment lands, will exhaust all Development Charges Reserves for the Town. This initiative is a high priority for Council, however, due to the significant cost of this project, all other Development Charge funded projects could be put on hold for a prolonged period of time. Development across the Province has slowed and rebuilding reserve funds will be a challenge for the foreseeable future.

Financial Implications

As presented, the total DRAFT 2026 budget request for capital projects is \$18,536,144 of which \$10,229,144 is currently budgeted to be paid with property taxes through the levy.

Report

Background

For the 2026 budget, and in line with previous years, Council directed that the capital budget portion of the 2026 budget be presented, deliberated, and approved before the end of 2025. In so doing, the Town will be able to issue its capital tenders early in 2026 to obtain the most interest from vendors, to obtain competitive pricing and have projects scheduled for completion in a timely manner.

Discussion

Reserves & Reserve Funds Continuity

A continuity of the Town's reserves and reserve funds as of November 30, 2025, is presented as Attachment 1.

This continuity shows a progression of reserve and reserve funds balances and projected expenditures. It begins with projected year end (YEnd) balances and projected expenditures for the period of 2023 to 2025 as presented in the [March 25, 2025, Final Presentation to Council](#). For the 2026 capital budget deliberations, actual year end balances have been confirmed and provided in the continuity for 2023, 2024 and balances as of December 4, 2025. The final

column of this continuity includes notes related to 2025 activity and/or balances for Council to take into consideration during budget deliberations.

2026 DRAFT Capital Budget

The 2026 DRAFT capital budget for the Town is presented as Attachment 2.

This document presents the various capital projects proposed for 2026 in a table format. Proposed projects are included to address Council priorities, staff requests, and engineering consultants' recommendations based on key study documents including the Town's [2024 Development Charges Background Study](#), master plans, and infrastructure inspection reports. Projects have been organized by department and include the project name and description followed by the 2026 proposed budget. The funding source(s) and amount(s) are presented for each project. In some cases, there are multiple funding sources presented for each project to fund the proposed budget per project. Finally, a notes column is included with details related to proposed funding balances for consideration.

Where applicable, the amounts identified as funding source "TAX LEVY" are the budgeted costs to be raised and paid for by property taxes and will impact the levy.

The information is presented for discussion and Council direction is requested.

Financial Impact

At the meeting on October 28, 2025, Council passed the following resolution:

2025-10-46

Be it resolved that Council receives report – Preliminary 2026 Budget Discussion;

And further that Council directs staff to prepare a budget that includes all items deemed necessary to maintain the current level of service and include the cost to tender and build the Southeast Sewage Pumping Station;

And further that Council holds a budget information night on November 26. The format will be similar to 2024.;

And further that Council authorizes the expenditures necessary for the 2026 public budget meeting to be paid from the Council Seminars and Workshops budget.

Carried

Where possible, the DRAFT 2026 Capital budget was prepared 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.

As presented, the total DRAFT 2026 budget request for capital projects is \$18,536,144 of which \$10,229,144 is currently budgeted to be paid with property taxes through the levy. The 2026 DRAFT Capital Budget will not be manageable for the Town once the operational costs and levy obligations are factored in. For comparative purposes, the Approved 2025 Operating and Capital budget for the Town resulted in a property tax levy of \$5,227,812, which supported a total 2025 budget of \$22,067,422.

The budgeting process allows Council and staff 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 presented in the DRAFT 2026 Capital Budget, the property tax burden will need to decrease. Council will need to decide on what projects will be approved capital projects for 2026, while those that are not approved will be added to the Town's "Unfunded Capital" list for future year's consideration. Additionally, Council can utilize the following options to assist with advancing the Town's capital project needs:

- Borrowing.
- Use of proceeds from sale of assets.
- Reserves.

The Town continues to work on obtaining financing to fund existing and planned capital projects. We continue to ensure that any borrowing is within the Town's Annual Repayment Limit as this is the maximum amount of yearly debt repayments that the province will allow our municipality to carry in our budget.

The Town has taken on debt in 2025 with Infrastructure Ontario to pay for the Bridge 10 replacement project. Funding for the Community Centre Expansion project is currently being secured. Within the next few years, the Town will be asked to finance infrastructure projects more than before, including growth related infrastructure projects and road construction projects.

Some of the capital projects proposed in this budget could be considered for debt financing. Financing large projects could help the Town spread the cost of these projects over their useful lives, help pay for the projects to allow them to proceed before costs increase even more, and we may secure interest rates that are competitive with inflationary impacts on construction costs.

Consultations

RJ Burnside and Associates

Dufferin Water Co. Ltd.

Senior Management

Attachments

Attachment 1 - Town of Grand Valley Reserves and Reserve Funds Continuity - November 30, 2025

Attachment 2 - 2026 DRAFT CAPITAL BUDGET - TOWN OF GRAND VALLEY - Version 1

Attachment 3 - OCIF 2026 Funding Grand Valley

Attachment 4 - 2026 OMPF Allocation Notice - Grand Valley

Attachment 5 - CCBF 2026 Annual Allocations Grand Valley

This report was submitted by

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This report was approved by

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