

SUBJECT: 2026 financial forecast
TO: Committee of the Whole
FROM: Finance
Report Number: FIN-24-25
Wards Affected: All
Date to Committee: July 7, 2025
Date to Council: July 15, 2025

Recommendation:

Receive for information finance department report FIN-24-25 regarding the 2026 financial forecast as a budget reference document; and

Request the Mayor and Members of Council to consider the contents of the 2026 Financial Forecast including Appendix A when preparing and reviewing the 2026 Proposed Budget.

Executive Summary

This report provides Council with an overview of the known and estimated financial pressures impacting the City. It outlines the costs to maintain current service levels and recommends investments in key service areas to achieve Council's strategic goals.

The Multi-Year Simulation (5 years) provides a detailed overview of major budget drivers and expected future tax rate impacts. This is attached as Appendix A and discussed in detail throughout this report.

When developing the 5-year budget simulation model, staff considered many factors including:

- Known inflationary and contractual obligations impacting the base budget.
- Alignment to the goals and objectives of the City's Long-Term Financial Plan and Financial Condition Assessment.
- The general outlook for the city including growth projections.
- Infrastructure funding (renewal and new) aligned with the Asset Management Funding Plan and the Multi-Year Community Investment Plan.
- Financial commitments resulting from recent Council decisions and previously approved capital projects.

- Forecasted investments required to sustain city operations, manage community growth and enhance city services.

Key Findings

Based on the investments in current and expanded service delivery included within this report, the City would require a budget increase of 5.80%. Assuming a Region of Halton increase of 4.3% and no change for Education, the overall tax increase is forecasted to be 4.40% equivalent to \$42.71 per \$100,000 of residential current value assessment (CVA). Burlington's portion of the overall increase would be 2.98% as outlined below.

Budget Drivers	Overall Share of Tax Bill	2026 Budget Change (thousands)	2026 Budget % Change	2026 Total Tax Increase
Maintaining Service Levels		\$ 9,338	2.75%	1.6%
Operating Impacts of New Infrastructure		\$ 1,611	0.60%	0.3%
Operational and Financial Sustainability		\$ 100	0.04%	0.0%
Provision to Infrastructure		\$ 5,537	2.08%	0.9%
Total Base Budget		\$ 16,586	5.47%	2.83%
Sustaining City Operations, Financial Oversight and Risk Mitigation		\$ 207	0.08%	0.04%
Enhancing Services		\$ 673	0.25%	0.11%
Total City of Burlington	52.1%	\$ 17,466	5.80%	2.98%
Region of Halton	32.9%		4.30%	1.41%
Education	15.1%		0.00%	0.00%
Total			4.40%	4.40%

The Multi-Year Simulation forecasts increases for 2027 – 2030 as follows:

	2027	2028	2029	2030
City Budget Increase	5.77%	5.61%	5.20%	5.10%
City Share of Overall Impact	3.00%	2.96%	2.78%	2.77%
Overall Tax Bill Impact (Region @ 3.0%)	3.99%	3.95%	3.77%	3.75%
Overall Tax Bill Impact (Region @ 4.0%)	4.32%	4.11%	3.89%	3.87%

The 2026 Financial Forecast serves as a comprehensive reference document to support the Mayor and Members of Council in preparing, reviewing, and ultimately approving the City's final budget. Decisions made as part of the 2026 budget deliberations must be considered within the context of the City's multi-year financial planning framework. This approach is essential to avoid deferring known financial impacts to future years and to ensure a sustainable fiscal strategy.

Key considerations include the operational and financial implications of deferrals, the use of one-time revenues, and potential adjustments to service levels required to achieve the targeted 2026 tax levy. Each of these elements must be evaluated to maintain fiscal responsibility while meeting the expectations of the community.

The budget process remains a critical tool for allocating limited resources to address the City's prioritized opportunities and strategic business objectives. Through this process, the City ensures that residents continue to benefit from the high-quality programs and services that contribute to Burlington's exceptional quality of life.

The investments outlined in the 2026 Financial Forecast will enable the City to:

- Sustain and enhance essential services for a growing community,
- Improve service delivery, and
- Secure funding for both current and future infrastructure requirements.

This report also outlines the methodology that will guide the development and finalization of the 2026 Budget.

As in previous years, the process will include:

- Rigorous internal review and prioritization by City staff,
- Multiple opportunities for public engagement and feedback, and
- A formal opportunity for Council to bring forward motions to amend the Proposed Budget.

The 2026 Budget will continue to reflect the City's core principles of **Affordability, Livability, Sustainability, and Transparency**, ensuring responsible stewardship of public resources and alignment with community values.

Additionally, the budget will provide a clear linkage to the Corporate Strategy demonstrating accountability between what is achieved and the value to taxpayers.

Based on the draft schedule outlined in this report, the 2026 Budget is anticipated to be finalized in late November 2025. Budget approval in advance of the new year allows for the early tendering of capital projects which can result in favourable pricing and construction timelines.

Information Report

Purpose of report:

This report provides Council with an overview of the known and estimated financial pressures impacting the City. It outlines the costs to maintain current service levels and recommends investments in key service areas to achieve Council's strategic goals.

This report provides an overview of the Multi-Year Simulation (5 years) including the major budget drivers and expected future tax rate impacts, attached as Appendix A and detailed throughout this report.

Inherent in the annual operating budget process are the pressures of inflation, growth, fluctuating revenues, as well as infrastructure costs.

Alignment to 4 Key Budget Principles

Similar to last year, the 2026 Budget will be aligned to the following 4 key budget principles

1. **Affordability** – Balance providing for today while preparing for our future.
2. **Livability** - Making sure the quality of life for the residents of Burlington is upheld and the services you depend on are enhanced, especially as we continue to grow by over forty per cent in the next 25 years.
3. **Sustainability** – Our budget must provide for present needs while preparing for our future.
4. **Transparency** – A simpler, easier to track and understand presentation of the budget, to foster better community engagement.

Alignment to Corporate Strategy

As outlined in Report TRN-01-25 Burlington's Strategic Planning Approach, the City is undergoing an internal strategic realignment. This includes a revised 25-year Strategic Plan as well as a shift from the service-based Vision to Focus to a department-based 5-year Corporate Strategy.

This Corporate Strategy includes:

- Strategic Directions for the organization.
These are the high-level, overarching priorities to achieve the vision and mission:
 - Deliver Positive Community Impact
 - Build Transparency and Public Trust
 - Unlock Innovation and Partnerships
 - Enable Sustainable Growth

- Objectives that Help Deliver the Goals.

The objectives bridge the gap between the high-level priorities and operational execution. These objectives are grouped in four balanced scorecard perspectives:

1. Customer, Community, and Partners

- Strengthen community resilience and environmental sustainability
- Foster collaboration with external partners
- Ensure services and decisions reflect community priorities

2. Financial Stewardship

- Drive financial sustainability
- Optimize resource planning and utilization

3. Internal Processes (Enablement & Operations)

- Streamline operational and decision-making processes
- Improve governance and accountability
- Leverage technology for efficiency and enhanced customer experience
- Build a foundation for operational excellence and future growth

4. Our People

- Strengthen leadership and staff relationships
- Cultivate a high-performing leadership team
- Develop a future-thinking and stable workplace culture

- Strategic Performance Indicators that provide quantifiable insights into how effective the organization is executing and delivering the 5-year corporate strategy.

Linking the Corporate Strategy to the budget provides accountability between what is achieved and the value to taxpayers. This process provides a clear link between the strategy and the investment required to implement the initiatives.

The budget is one mechanism that implements the Corporate Strategy through specific project initiatives.

Key findings:

Multi-year Simulation

The Multi-year Simulation (attached as Appendix A) provides a 5-year forecast of future tax increases. The simulation provides an analysis of what the future financial picture for the City of Burlington may look like, helps assess financial risks and the affordability of existing services and capital investments, and provides an opportunity to analyze sensitivities to assumptions.

When developing the 5-year budget simulation model, staff considered many factors including:

- Known inflationary and contractual obligations impacting the base budget.
- Alignment to the goals and objectives of the City's Long-Term Financial Plan and Financial Condition Assessment.

- The general outlook for the city including growth projections.
- Infrastructure funding aligned with the Asset Management Funding Plan and Multi-Year Community Investment Plan.
- Financial commitments resulting from recent Council decisions and previously approved capital projects.
- Forecasted investments required to sustain city operations, manage community growth, and enhance city services.

Details of the multi-year simulation can be found in Appendix A.

Implications:

2026 Financial Needs Summary

Municipalities are required by provincial law to balance their annual budget such that revenues match the expenditures for the current year.

The net tax levy is the amount of property taxes required to support city services after consideration of user fees and other corporate revenues. To support the items included within the 2026 Financial Forecast the City would require a net tax levy of \$282,190,340.

2026 Overall Tax Impact

Based on the investments in current and expanded service delivery included within this report, the City would require a budget increase of 5.80%.

The forecast assumes a 0% increase for the Boards of Education.

At the time of writing, the 2026 estimated increase for the Region of Halton is not yet known. The Region's 2025 Budget (Regional report FN-34-24) included a forecasted increase of 3% excluding police services and 4.3% including police services.

Should the Region of Halton's increase be 3% the overall tax increase is forecasted to be 3.97% equivalent to \$38.55 per \$100,000 of residential current value assessment (CVA).

Should the Region of Halton's increase be 4.3% the overall tax increase is forecasted to be 4.40% equivalent to \$42.71 per \$100,000 of residential current value assessment (CVA).

Under each scenario Burlington's portion of the overall increase would be 2.98%.

The impact on property taxes is detailed in the table below:

Budget Drivers	Overall Share of Tax Bill	2026 Budget Change (thousands)	2026 Budget % Change	2026 Total Tax Increase
Maintaining Service Levels		\$ 9,338	2.75%	1.6%
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It is important to note that Burlington remains below the group average of surrounding GTHA municipalities when comparing the tax burdens of similar properties per the 2024 BMA annual study.

Multi-Year Simulation

The Multi-Year Simulation forecasts increases as follows (detailed in Appendix A):

	2027	2028	2029	2030
City Budget Increase	5.77%	5.61%	5.20%	5.10%
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Key Dates & Milestones

A summary of key dates for public engagement and the budget review process can be found in Appendix B.

References

The forecast presented in this report adheres to the principles that have been recognized by Council as important policy decisions including those outlined in the following reports:

FIN-10-25: 2026 Budget Process
PWS-30-25: 2025 Corporate Asset Management Plan
F-24-24: Multi-year Community Investment Plan – Financing Plan Update Report
CM-12-23: Vision to Focus (V2F) The City of Burlington's 4-Year Workplan
F-19-23: 2023 Financial Condition Assessment
F-22-12: The City of Burlington Long Term Financial Plan

Strategic Alignment

- ☒ Driving organizational performance

Author:

Lori Jivan
Manager of Budgets & Policy
Finance Department
lori.jivan@burlington.ca

Appendices:

- A. Multi-Year Simulation
- B. Key dates for public engagement and budget review

Report Approval:

All reports are reviewed and approved by the Commissioner, Head of Corporate Affairs, Chief Financial Officer, and Commissioner of Legal and Legislative Services/City Solicitor.