



Staff Report

Report To: Council Meeting
From: Emma Nilsson, Manager of Corporate Services/Treasurer
Date: 2026-05-28
Subject: 2026 Draft Budget Summary

Recommendation:

THAT West Elgin Council hereby receives the report from E. Nilsson, Manager of Corporate Services/Treasurer titled “West Elgin 2026 Draft Budget Summary”, dated May 28, 2026, be received for discussion;

AND THAT Council provide directions to staff regarding any revisions prior to final budget adoption.

Purpose:

The purpose of this report is to provide Council with a summary overview of the 2026 Draft Operating and Capital Budget, including key assumptions, financial pressures, and impacts on taxation.

Background:

In accordance with Section 290(1) of the Municipal Act, 2001, municipalities are required to adopt a balanced budget that includes estimates of all expenditures required for the year. The 2026 Operating and Capital Budgets were developed to support service delivery, respond to inflationary pressures, and invest in key areas of growth and organizational capacity.

The 2026 draft budget addresses inflation, organizational adjustments, and service enhancements, including:

- Targeted staffing investments
- Ergonomic equipment and workplace wellness initiatives
- Environmental and wastewater studies
- Continued investment in critical infrastructure needs

Financial Implications:

The 2026 Draft Budget proposes to raise \$4,722,651.89 in total property taxes, resulting in an annual increase of \$108.32 per year (or \$9.03 per/month) for a residential home valued at \$200,000. This additional \$312,519 raised compared to 2025 results in a 7.09% levy increase.

Council can choose to accept this proposal and vote to approve Capital and Operating Budget as presented, resulting in an increase in the Municipal portion of the property tax rate of 6.56%.

The budget incorporates the use of reserves and reserve funds to support capital projects and mitigate immediate tax impacts, while maintaining reserve balances at sustainable levels.

Continued reliance on external funding sources, including the Ontario Municipal Partnership Fund (OMPF), remains critical in supporting ongoing operations and maintaining affordability for taxpayers. Overall, the financial plan reflects a balanced approach between fiscal responsibility, long-term sustainability, and the delivery of essential municipal services.

Policies/Legislation:

Municipal Act, 2001

Alignment with Strategic Priorities:

Infrastructure Improvement	Recreation	Economic Development	Community Engagement
☒ To improve West Elgin's infrastructure to support long-term growth.	☒ To provide recreation and leisure activities to attract and retain residents.	☒ To ensure a strong economy that supports growth and maintains a lower cost of living.	☒ To enhance communication with residents.

Discussion:

Department and service highlights of 2026 Draft Budget:

Council

\$23,268 increase compared to 2025 budget

- \$30,000 transfer from reserves with \$10,000 additional spend in 2026 for election costs.
- Additional conference costs.
- \$7,500 for IT equipment (new council).
- Inflationary increases.

Administration-

- Budgeted wages decreased \$25,687 year over year due to:
 - 2% cost of living increase.
 - 4% step increase to recognize experience and progression.
 - Above items offset by salary continuance accrued in 2025.
- \$10,000 increase in software licenses to cover approximately 15 different software licenses essential for our operations and support the current staffing compliment.
- \$10,000 increase in staff recruitment costs.
- Investment in ergonomic assessment and equipment purchases consistent at \$15,000.
 - \$15,000 of 2025 budgeted funds were unused and transferred to 2026 for a total spend of \$30,000.

Fire

- Main drivers of this variance include:
 - New tanker in 2026 was fully funded by reserves (\$491,000).
 - \$67,578 increase in budgeted wages.
 - \$75,000 apparatus reserve transfer for future purchases.
 - In 2025, \$100,000 was transferred from The Tax Rate Stabilization Reserve to fund operations. Supporting operational services through Reserves is not a sustainable practice. The Tax Rate Stabilization reserve is meant to be available for unexpected cost increases, revenue shortfalls, or one-time expenditures.
 - The current budget incorporates the total cost of operations to be supported through the levy. If Council wishes to reduce the impact of total operational cost for Fire Services, they may consider a gradual approach and reducing the use of Reserves over a 2-to-3-year period. Below are the 2026 levy implications of funding a portion of fire operations through the Tax Rate Stabilization Reserve:

Transfer from Tax Rate Stabilization Reserve	% Levy Decrease
\$50,000	1.13%
\$100,000 (2025 level)	2.27%

Police Services-

\$104,603 increase compared to 2025 budget

- 11% increase based on the contract with the OPP. This accounts for a 2.4% increase to the levy.

Roads

\$145,196 increase compared to 2025 budget

- Increase attributable to wages increase of \$69,068 for cost-of-living adjustments
- Municipal Drain Assessment for \$100,000.

Landfill-

\$127,900 increase compared to 2025 budget

- An annual transfer of \$50,000 is budgeted to the Landfill Reserve to save for the eventual closure of the landfill, helping avoid mandatory significant one-time costs to taxpayers when the site reaches the end of its life.
- \$20,000 increase for ground maintenance required to support the additional demands of the landfill as it nears the end of its operational life.
- \$58,500 increased cost for garbage collection due to inflation and increased fuel prices. This budget aligns with proposals for new contract, aimed at minimizing costs.

Parks & Recreation

- \$31,000 budgeted fencing costs for baseball diamond.
- \$1,300 budgeted for portable washrooms for Rodney Park.
- \$50,000 reserve transfer to fund future multi-use pads.
- Arena: \$30,000 additional budgeted equipment maintenance, \$20,000 of which allocated for Zamboni maintenance.
- Master Plans of Rodney Park and Public Consultation for multi-use pads at Miller Park, fully funded by reserves (\$40,000)
- Port Glasgow Trailer Park:
 - Operational costs and Capital projects are completed supported by service revenue, no impact on the municipal levy.
 - An 11% increase has been applied to seasonal trailer park revenues, in line with the Council-approved three-year seasonal rate increases.
 - Operating expenses are approximately 61% higher than the previous year's budget mainly due to increased staffing and ground maintenances service.
 - Capital projects: New washroom fully funded by reserves. (est.\$750,000)

Economic Development

- \$30,000 has been allocated for 2026 economic development projects and services that support initiatives to attract new investment, grow local businesses, and strengthen our economic base.

- There is an additional \$60,000 funded through past reserve transfers for 2025 carryover projects (marketing and branding).

Capital Budget

According to the “2026 Draft Capital Source of Revenue” attachment, \$125,000 (1.7%) of all budgeted capital expenditures are to be funded by general taxation. This accounts for 2.8% of the increase to the levy.

All 2025-2026 reserve fund balances are currently estimates and remain subject to final year-end adjustments. A summary of the projected reserve balances can be found in the “2026 Draft Operating & Capital Budget” attachment.

Conclusion

The 2026 Draft Budget has been developed to balance the municipality’s commitment to maintaining essential service levels with the need for responsible financial management and long-term sustainability.

The budget reflects current economic conditions, ongoing cost pressures, and the necessity of continued investment in municipal infrastructure. While efforts have been made to minimize the impact on taxpayers, the proposed levy increase is required to support service delivery and asset management objectives. The use of reserves has been carefully considered to address immediate needs while preserving financial flexibility for the future. Council’s review and direction will ensure that the final budget aligns with the community’s needs and supports the municipality’s overall strategic priorities moving forward.

Respectfully submitted by,

Emma Nilsson
 Manager of Corporate Services/Treasurer

Report Approval Details

Document Title:	2026 Draft Budget Summary -Corporate Services Finance.docx
Attachments:	2026 Draft Operating & Capital Budget.xlsx 2026 Draft Capital Sources of Revenue.xlsx 2026 Municipal Budget – May 28, 2026 Council Meeting.pptx
Final Approval Date:	

This report and all of its attachments were approved and signed as outlined below: