

**Subject: Long Range Financial Plan VI - Tax Supported Capital**

**File Number: ACS2026-FCS-FIN-0006**

**Report to Finance and Corporate Services Committee on 2 June 2026**

**and Council 10 June 2026**

**Submitted on May 22, 2026 by Cyril Rogers, General Manager and Chief Financial Officer, Finance and Corporate Services Department**

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**Ward: Citywide**

**Objet : Plan financier à long terme VI – immobilisations financées par les taxes**

**Numéro de dossier : ACS2026-FCS-FIN-0006**

**Rapport présenté au Comité des finances et des services organisationnels**

**le 2 juin 2026**

**et au Conseil le 10 juin 2026**

**Soumis le 2026-05-22 par Cyril Rogers, Directeur général et chef des finances, Direction générale des finances et des services organisationnels**

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**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATIONS**

**That the Finance and Corporate Services Committee recommend that Council:**

- 1. Approve the funding strategy for Renewal, Growth, and Regulatory capital needs:**

- a. That the annual contribution from taxation to the Citywide Capital Reserve Fund be increased by inflation (Non-Residential Building Construction Price Index) and that the \$6 million increase to the base budget started in 2018 be doubled to \$12 million, as a priority within Council's approved tax targets in 2027 and 2028;
    - i. That \$4.5 million of the additional base budget be directed to debt servicing to fund \$60 million in additional debt in each of the 2027 and 2028 budgets
  - b. That 0.15 per cent attributable to growth in property tax revenue be directed to the growth budget envelope annually starting in 2027.
  - c. A one-time contribution of any excess over the minimum target amount from the City-Wide Capital Reserve estimated at \$32 million at the end of 2026 to be included in the 2027 budget for renewal and growth.
2. Direct staff to continue to explore and assess financial and non-financial strategies to address the funding gap for renewal, growth and regulatory capital needs, and report back to Council with recommended strategies as part of the updated Asset Management Plans and Tax LRFP in the next term of Council. Approve the funding strategy for Service Enhancements capital needs:
- a. Direct Staff to explore and assess other financial and non-financial strategies, including policy changes for service enhancements, as described in this report, and report back to Council with recommended strategies and possible policy changes as part of the updated Asset Management Plans and Tax LRFP in the next term of Council.
  - b. Approve the establishment of a Climate Change Reserve Fund to fund climate change investments / enhancements associated with infrastructure capital projects and allocate the following sources of revenue to that reserve fund as part of the annual budget process and as revenues are received:
    - i. Any annual Hydro Ottawa dividend surpluses
    - ii. Tangible operating and capital savings achieved due to



process.

- b. Delegate authority to the City Treasurer and CFO to reallocate funding to projects, as required, within the first four years of the spending plan in alignment with the financial and project prioritization frameworks and approved ten-year capital project list.
5. That staff continue to pursue permanent stable funding from federal and provincial governments for growth projects, renewal of existing assets and climate change.

## **RECOMMANDATIONS DU RAPPORT**

Que le Comité des finances et des services organisationnels recommande ce qui suit au Conseil :

1. Approuver la stratégie de financement des besoins en capital en matière de renouvellement, de croissance et de réglementation :
  - a. Que la contribution annuelle provenant des impôts au fonds de réserve pour immobilisations de la ville soit augmentée en fonction de l'inflation (Indice des prix de la construction de bâtiments non résidentiels) et que l'augmentation de six millions de dollars du budget de base engagée en 2018 soit doublée pour atteindre 12 millions de dollars, en tant que priorité dans le cadre des objectifs fiscaux approuvés par le Conseil pour 2027 et 2028;
    - i. Que 4,5 millions de dollars du budget de base supplémentaire soient affectés au service de la dette afin de financer 60 millions de dollars de dette supplémentaire dans chacun des budgets de 2027 et 2028
  - b. Que 0,15 % de la croissance des recettes fiscales foncières soit affecté à l'enveloppe budgétaire de croissance chaque année à compter de 2027.
  - c. Une contribution unique correspondant à tout excédent par rapport au montant cible minimum provenant de la réserve d'investissement municipale, estimée à 32 millions de dollars à la fin de 2026, soit incluse dans le budget de 2027 pour le renouvellement et la croissance.
2. Charger le personnel de continuer à explorer et à évaluer des stratégies financières et non financières pour combler le déficit de financement lié

**aux besoins en matière de renouvellement, de croissance et de réglementation, et de faire rapport au Conseil en proposant des stratégies recommandées dans le cadre des plans de gestion des actifs et de la demande de financement pour les actifs financés par les recettes fiscales (PFLT) mis à jour lors du prochain mandat du Conseil. Approuver la stratégie de financement pour les besoins en immobilisations liés à l'amélioration des services :**

- a. Demander au personnel d'étudier et d'évaluer d'autres stratégies financières et non financières, y compris des changements de politique pour l'amélioration des services, comme décrits dans le présent rapport, et de faire rapport au Conseil sur les stratégies recommandées et les changements de politique possibles dans le cadre des plans de gestion des actifs mis à jour et du PFLT pour les actifs financés par les recettes fiscales lors du prochain mandat du Conseil.**
  - b. Approuver la création d'un fonds de réserve pour le changement climatique destiné à financer les investissements et les améliorations liés au changement climatique dans le cadre des projets d'immobilisations, et affecter les sources de recettes suivantes à ce fonds de réserve dans le cadre du processus budgétaire annuel et à mesure que les recettes sont perçues :**
    - i. Tout excédent annuel de dividendes d'Hydro Ottawa;**
    - ii. Économies tangibles réalisées au niveau de l'exploitation et des investissements grâce aux investissements liés au changement climatique;**
  - c. Demander au personnel de faire rapport lors du prochain mandat du Conseil, en présentant une liste de projets classés par ordre de priorité et un plan de dépenses associé pour les investissements dans les projets d'immobilisations, conformément aux priorités en matière d'adaptation au changement climatique et d'atténuation approuvées par le Conseil.**
- 3. Approuver la stratégie de financement pour le remplacement des installations telle que décrite dans le rapport.**
- a. Demander au personnel d'utiliser la stratégie de remplacement des installations pour orienter l'élaboration du plan de remplacement des installations prioritaires pour 2027 dans les limites de l'enveloppe budgétaire allouée, ainsi que pour recenser les installations à**

rationaliser, conformément à l'examen des services de rationalisation des installations et à la politique et aux procédures de rationalisation des installations, afin de le soumettre au Conseil pour approbation d'ici la fin du deuxième trimestre de 2027.

- b. Approuver l'affectation des sources de recettes suivantes au financement des projets de remplacement des installations dans le cadre du processus budgétaire annuel et à mesure que les recettes sont perçues :
    - i. Produit net de la cession d'installations et de terrains;
    - ii. Économies tangibles en matière d'exploitation et d'investissement résultant de la rationalisation des installations;
  - c. Financer le remplacement des installations par un financement par emprunt, compensé par le produit net des cessions et les économies tangibles résultant de la rationalisation des installations.
  - d. Augmenter le budget de remboursement de la dette financée par l'impôt de 2,6 millions de dollars par an de 2027 à 2030 et de 0,7 million de dollars par an de 2031 à 2035 afin de combler le déficit de financement estimé pour les besoins de remplacement des installations identifiés dans le présent rapport.
4. Approuver un projet pilote visant à mettre en place une approche agile de budgétisation des investissements pour les routes et les projets de croissance connexes relevant de la planification des transports, régie par les cadres financiers et de hiérarchisation des projets décrits dans le présent rapport.
- a. Charger le personnel d'élaborer un plan de dépenses sur dix ans et une liste de projets d'investissement pour le projet pilote, qui devront être approuvés par le Conseil dans le cadre du processus budgétaire de 2027.
  - b. Déléguer au trésorier municipal et au chef des finances le pouvoir de réaffecter les fonds aux projets, si nécessaire, au cours des quatre premières années du plan de dépenses, conformément aux cadres financiers et de hiérarchisation des projets ainsi qu'à la liste approuvée des projets d'investissement sur dix ans.
5. Que le personnel continue de solliciter un financement permanent et stable auprès des gouvernements fédéral et provincial pour les projets de croissance, la rénovation des infrastructures existantes et la lutte contre le

## changement climatique.

### EXECUTIVE SUMMARY

The Long Range Financial Plan V – Tax Supported Capital ([ACS2017- CSD-FIN-0017](#)) was approved by Council in June 2017. The recommendation was to increase the annual funding by inflation and an additional \$7.8 million from annual tax targets to address a \$70 million annual funding gap, with \$6.8 million going to renewal and \$1 million to growth. The 2017 funding need has changed significantly since that time.

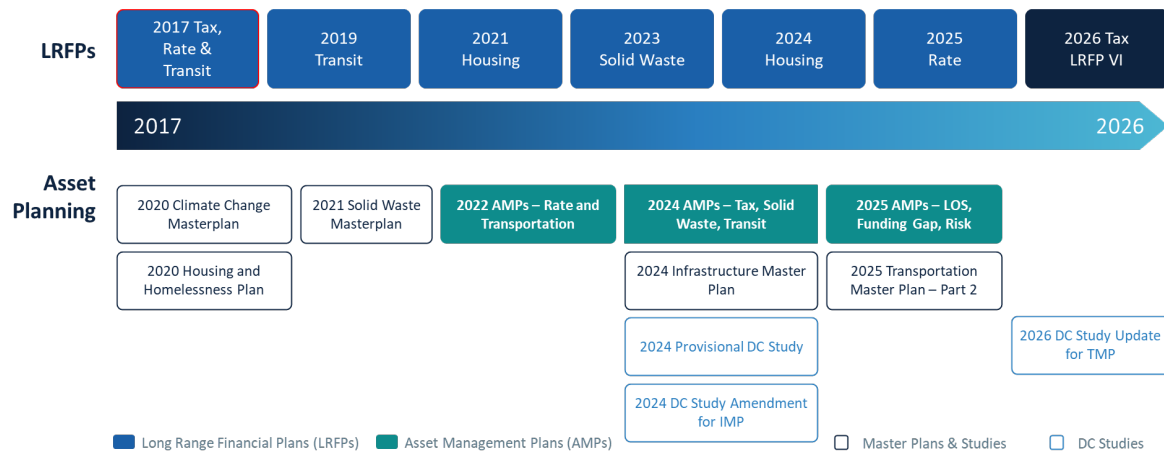
The City has increased funding significantly in line with the recommendations of the 2017 Tax LRFP. The City's 2026 Budget invested \$331.0 million for tax-supported assets including renewal, growth, regulatory and service enhancements. The 2026 investment represents an increase of \$178.6 million since 2017, as shown in Table 1 below. In this term of Council, the City has increased funding for tax-supported capital budgets by 44 per cent – \$1.2 billion compared to \$866.2 million in the previous term of Council and by 118 per cent since 2017.

**Table 1 – Historical Tax Supported Capital Budgets (in \$ millions)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Tax Contribution	109.0	118.2	128.2	153.8	161.1	166.7	214.9	231.4	205.2	241.0
Total Debt Contribution	43.4	51.2	51.9	53.9	51.2	99.4	86.1	81.0	97.9	90.0
<b>Total</b>	<b>152.4</b>	<b>169.4</b>	<b>180.1</b>	<b>207.7</b>	<b>212.3</b>	<b>266.1</b>	<b>301.0</b>	<b>312.4</b>	<b>303.1</b>	<b>331.0</b>

Over that time there have been numerous policy, regulatory, economic, operational and asset management changes; all of which have evolved and have been captured in the City's official plan, master plans, development charge background study and asset management plan updates. Figure 1 below provides an overview of all the LRFP and asset planning documents that have evolved since 2017.

**Figure 1 – A Decade of Financial Planning**



In June 2025, City Council approved the 2025 Asset Management Plans (AMPs) ([ACS2025-IWS-AM-0002](#)) marking a significant milestone for Ottawa. The 2025 AMPs represent the first time comprehensive and standardized data on all municipal assets had been consolidated into a single, unified framework. The 2025 AMPs fulfilled the initial phase of Ontario Regulation 588/17, building on the 2022 and 2024 Council-approved AMPs.

The AMPs identified a \$10.8 billion (in 2024 dollars) gap over a ten-year period between planned funding and projected infrastructure needs for tax and rate-supported services including asset renewal, growth, service enhancements, and climate change adaptation and mitigation. Of this total, the AMP gap for the renewal of assets for tax-supported services, which the Tax LRFP is intended to address, was estimated at \$3.8 billion (in 2024 dollars). Despite this, the AMPs offered a clear view of the current state of Ottawa’s infrastructure: it is safe, in good to fair condition, and continues to serve residents.

The objective of the Tax LRFP is to present a ten-year outlook of the city-wide tax supported capital requirements for the delivery of City services. It focuses on the funding strategies that are required to provide for the renewal and maintenance of the City’s existing asset base in a safe and functional state. The report recommends the funding that is required to keep assets functioning safely and as intended, to mitigate risks that could not be mitigated through non-financial strategies or operational contingencies, and to ensure continued service delivery with minimal disruption, while addressing priority needs and legislative requirements. The LRFP also identifies funding strategies that are required to provide infrastructure that enable and support growth identified in various master plans including the road and

active transportation components of the TMP; and funding strategies for service enhancements and facility replacements. A funding strategy has been developed for each of the following categories of infrastructure investments required:

- Renewal;
- Growth;
- Regulatory;
- Enhancements; and,
- Facility Replacements.

Staff from all tax supported service areas worked closely with Asset Management Services and Finance to identify how much of the AMP needs could be categorized as priority needs. While the AMPs identify the full scale of renewal and investment requirements required to meet target service levels, the Tax LRFP translates these requirements into an affordable, phased funding strategy that directs limited resources to the highest-priority investments. This exercise was critical to determining the prioritized need as input to the 2026 Tax LRFP to ensure that resources are directed to areas where they will have the greatest impact on service reliability, public safety, and legislative compliance.

### Infrastructure Funding Gap

Despite increasing the capital budget each year through the 2017 Tax LRFP funding plan, there is currently an estimated average annual funding gap of \$143.2 million for the highest priority capital needs including renewal, growth and regulatory. The funding gap is the difference between the prioritized 10-year average annual funding requirement and the average annual funding based on the 2026 budget's four-year capital plan.

The funding gap has continued to grow for a variety of reasons. The 2017 plan was a significant step taken to close the funding gap annually and more than doubled annual infrastructure investments over ten years. However, each year a backlog was created, which staff continued to manage effectively with a risk-based asset management approach, but which increased the lifecycle costs for assets due to project deferrals. Furthermore, construction costs have increased substantially since 2017. Policies, master plans, and motions approved by Council since 2017 that require replacing existing assets with enhanced versions that meet modern standards for climate change,

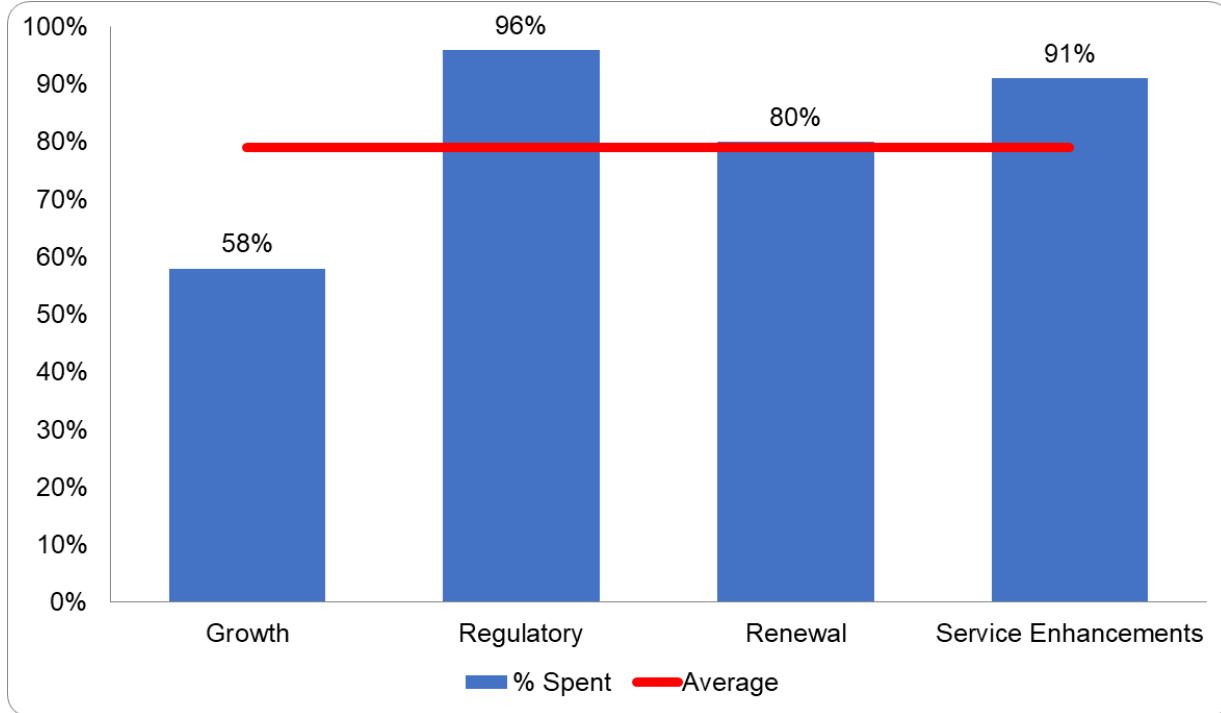
accessibility, and service delivery are now adding a premium cost in addition to the infrastructure needs identified in 2017. These additional demands have been categorized as service enhancements. A new category was also added for facilities that are now beyond their useful life and will need to be replaced over the next ten years.

The average annual funding gap is estimated to increase to \$229.1 million once service enhancements and facility replacement needs are considered. Table 2 below identifies the need by category for tax-supported assets. The last column in the table below shows that the rate of spending for growth projects has been slower than for renewal, which is also illustrated in Figure 2 further below.

**Table 2 – Estimated Tax Supported Requirement by Category (in \$ millions)**

	<b>2026-2035 Average Annual Need</b>	<b>2026-2029 Average Funding</b>	<b>Annual Funding Gap</b>	<b>% Spent on 10 Year Historical Budgets</b>
Renewal	380.3	257.4	122.9	80%
Growth (BTE <sup>1</sup> )	50.1	29.4	20.7	58%
Regulatory	0.3	0.7	(0.4)	96%
<b>Priority Needs</b>	<b>430.7</b>	<b>287.5</b>	<b>143.2</b>	
Service Enhancements	89.4	26.6	62.8	91%
Facility Replacement	23.1	0.0	23.1	N/A
<b>Total</b>	<b>543.2</b>	<b>314.1</b>	<b>229.1</b>	<b>80%</b>

<sup>1</sup> The benefit to existing (BTE) share of growth projects in the development charge background study for tax-supported services that is to be funded by the City.

**Figure 2 – Historical Spending on Capital Budget 2016 to 2025**

This analysis substantiates recent concerns that there has been a delay in growth spending particularly for roads projects. The City’s current capital budget practice is the standard approach used by municipalities in Ontario, which approves budget authority up front, ahead of when the actual spending will occur. Capital spending is phased for construction projects where design budgets are provided first before authority for construction spending. Planning work such as environmental assessments, property acquisition, and functional design studies take time. This budget authorization approach is done for a variety of reasons including procurement requirements but also to ensure that funding for the capital project is in place so a project can be seen through to completion without the need for future budget approval.

The 2026 Tax LRFP proposes an alternative approach to be tested on a pilot basis specifically for growth roads projects, described later as an “Agile Budgeting Pilot”.

### Funding Strategies

#### *Renewal*

The prioritization effort conducted by each service area, resulted in a reduction in the \$3.8 billion (in 2024 dollars) AMP gap to a funding gap of \$1.23 billion (in 2026 dollars). The funding strategy to address the prioritized need for the renewal of assets provides

the investment over the ten year plan, building up the base budget each year to address not only the average annual prioritized funding gap of \$122.9 million, but also addresses the financial backlog created within those ten years as the base budget is increased each year while remaining within affordable parameters.

### *Growth*

The annual funding gap for growth is estimated at \$20.7 million per year for the benefit to existing (BTE) portion of the funding. The largest municipal share funding gap for growth comes from buildings at an estimated \$13.0 million funding gap per year and transportation infrastructure at an estimated \$5.7 million funding gap per year to implement the TMP “Priority Networks”.

For roads, the issue is less about the annual funding gap for benefit to existing or having sufficient development charge revenue, but rather the way in which these funds are spent. Funding for major road projects currently needs to be accrued over multiple years. Planning processes include completion of environmental assessments and functional design studies. Design processes have historically been scheduled so that detailed design is completed in the same year that the full capital budget authority for construction is expected to be available. This is a more efficient approach prior to construction. Road design standards change frequently, so detailed designs that are ready too early may need substantial rework before construction. Property acquisition only occurs once the full construction budget is available, and this can be a multi-year process. Implementation of roads and related growth projects can also experience delays related to coordination needs, design changes, or other unexpected challenges.

As part of the Transportation Master Plan (TMP) – Part 1 staff were directed to investigate opportunities to fund major transportation infrastructure projects in areas experiencing significant rapid growth. Additionally, as part of the Transportation Master Plan (TMP) – Part 2 staff were directed to evaluate and report back on the expanded use of debt as a financial mechanism to accelerate construction of projects identified in the TMP Capital Infrastructure Plan. The pilot of agile capital budgeting is the proposed financial strategy to advance and expedite transportation infrastructure in high growth areas, including reallocating funds if a project is delayed, maximizing efficiency.

Increasing development charge debt to advance more growth projects, particularly with the recent changes in development charge regulations, deferring revenue, statutory exemptions and potential reductions in development charges proposed by the provincial and federal governments, is not recommended.

The proposed pilot for an agile capital budgeting approach will seek Capital Spending Authority (CSA) for multi-year capital projects or programs based on a 4-year spend plan and a 10-year capital plan allowing Transportation Planning to enter into multi-year contracts. Flexibility would be provided to spend between projects approved as part of the 10-year plan while remaining within the approved 4-year spending authority. Cashflow requirements will be monitored and re-forecasted each year and the CSA is adjusted and re-approved through the annual budget process.

### *Service Enhancements*

The City's Service Enhancements represent capital needs that go beyond basic asset renewal and are driven by Council-approved policies, master plans, and motions that require replacing existing assets with enhanced versions that meet modern standards for climate change, accessibility, and service delivery.

These enhancements contribute to a significant annual funding gap of an estimated \$62.8 million, with transportation infrastructure alone accounting for \$57.2 million due to requirements such as climate-resilient culvert design, policy changes such as complete streets and accessibility upgrades.

Service enhancements have been identified separately because more work will need to be done over the next two years to develop a funding strategy for these requirements going forward that could be a combination of financial and non-financial strategies. Enhancements would continue to be funded at current funding levels until a more holistic and sustainable solution can be developed including new sources of revenue and policy changes. Staff will report back to Council as part of the update of the City's AMPs, and Tax LRFP in the next term of Council.

### *Facility Replacements*

Currently, the City has an inventory of over 130 facilities, with an equivalent Current Replacement Value (CRV) of \$541.5 million, that will reach or exceed theoretical end-of-life by 2035. A building's theoretical life cycle must be balanced against its current condition and operational reality. There are 99 facilities currently rated in "fair" or lower condition. However, when a priority lens is applied only 40 facilities with an associated CRV of \$231 million demonstrate sufficient merit to justify full replacement. With current market conditions and modern design requirements, it is not feasible to replace all 40 facilities within the identified \$231 million CRV. The \$231 million in needs for facility replacements is therefore also a priority need.

The 2026 Tax LRF funding strategy for facility replacement leverages debt to ensure future taxpayers who will benefit from the new facilities pay for their costs and reinvests savings from facility rationalization and that revenue generated from facility disposals be made available for capital projects identified in the Facility Replacement Plan.

### Target Funding Level and Ten-Year Plan

Based on the strategies described above, the estimated funding target over the ten-year period from 2026 to 2035 is \$4.8 billion (in 2026 dollars) or \$479.7 million per year, which represents a 53 per cent increase over the current level of funding. Table 3 below summarizes the total funding required over ten years, the average annual funding required and the current funding available, all in 2026 dollars (not inflated).

**Table 3 – Estimated Tax Supported Funding Target by Category (in \$ millions)**

	<b>2026-2035 Total Target Funding</b>	<b>2026-2035 Target Annual Funding</b>	<b>2026-2029 Current Average Funding</b>
Renewal	3,803	380.3	257.4
Growth (BTE)	501	50.1	29.4
Regulatory	3	0.3	0.7
<b>Priority Needs</b>	<b>4,307</b>	<b>430.7</b>	<b>287.5</b>
Service Enhancements	259	25.9	26.6
Facility Replacement	231	23.1	0.0
<b>Total</b>	<b>4,797</b>	<b>479.7</b>	<b>314.1</b>

The proposed funding strategy to achieve the estimated \$4.8 billion (in 2026 dollars) funding target for renewal, growth, regulatory and service enhancements by the year 2035 is as follows:

- Doubling the existing \$6 million annual contribution from within Council’s tax target to \$12 million for 2027 and 2028:
  - Directing \$4.5 million of the additional base budget to debt servicing to fund \$60 million in additional debt in each of the 2027 and 2028 budgets
- One-time draw-down of the City-Wide Capital Reserve Fund in 2027 of the amount exceeding the reserve minimum target of \$21.5 million at the end of 2026, estimated to be exceeded by \$32 million.

- Attributing 0.15 per cent of growth in property tax revenue to the capital growth budget envelope annually estimated to be \$3.5 million.
- Increasing the annual debt authority to an average of \$96.5 million from \$60 million from 2029 to 2035.
- Starting in 2029 (will be updated as part of the 2028 Tax LRF), contributing to the City-Wide Capital Reserve Fund from an increase in the base budget estimated at:
  - from 2029 to 2030 equivalent to \$29.2 million annually; and,
  - from 2031 to 2035 equivalent to \$23.4 million annually.

Over the next two years staff will be reviewing financial and non-financial options to address the funding gap for Service Enhancements, including new sources of revenue and policy changes, and will report back with recommendations to Council as part of the update of the City's AMPs and Tax supported LRF in the next term of Council.

For enhancements related to climate change, it is recommended that in the interim, a new reserve fund be established within the City Wide Capital Reserve Fund to fund prioritized climate change investments and climate service enhancements associated with infrastructure capital projects and allocate the following sources of revenue to that reserve fund as part of the annual budget process and as revenues are received:

- revenue from the annual Hydro Ottawa dividend that exceeds its annual budget (referred to as a budget surplus); and
- tangible operating and capital savings achieved due to climate change investments.

It is recommended that any cost savings from facility rationalizations and revenue generated from facility disposals be made available for capital projects identified in the Facility Replacement Plan and increase the debt servicing budget for tax supported debt by \$14.2 million by 2035:

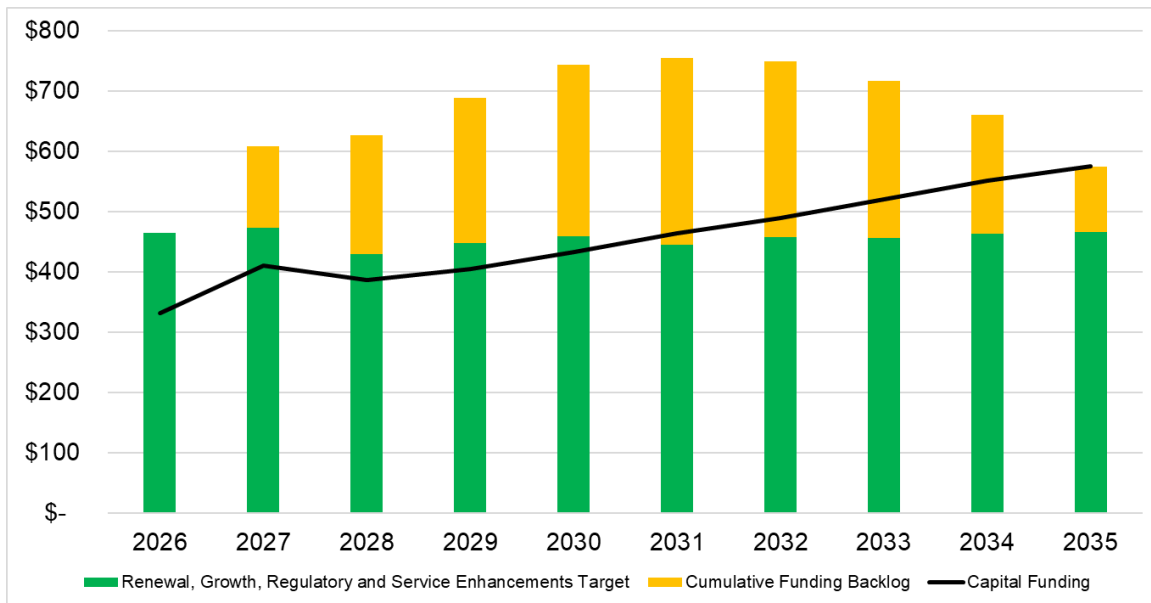
- \$2.6 million annually from 2027 to 2030 to fund an estimated \$10.5 million in debt servicing cost on up to \$170.6 million of long-term debt for facility replacements by 2030.
- \$0.7 million annually from 2031 to 2035 to fund an estimated \$3.7 million in debt servicing cost on up to \$60.6 million of additional long-term debt for facility

replacements from 2031 to 2035.

This proposed funding strategy would gradually increase funding levels over time, but there would be a funding backlog created until target levels are achieved. However, unlike the 2017 funding strategy, the cumulative backlog is funded over the ten-year period by 2035 in this revised approach.

Figure 4 below summarizes the projected funding requirement and funding available over the ten-year plan. The black line shows the increase in funding each year, assuming the implementation of the proposed funding strategies for renewal, growth, regulatory and service enhancements, including the impact of additional base budget funding as discussed in previous sections starting in 2029 to 2035. The bottom bars show the funding requirement each year and the top bars indicate the cumulative funding backlog for each year the funding remains below the need. The target funding is achieved in 2030, and the funding backlog is not fully funded and eliminated until 2035 at the end of the planning period when funding levels reach a total of \$575 million annually.

**Figure 4 – Estimated 10-year Funding Requirement and Funding Availability (in \$ millions)**



This funding strategy reflects current projected prioritized needs. Actual revenue and spending results could vary, resulting in adjustments to this plan each year as part of the budgeting process. Long Range Financial Plans will be updated each term of Council in alignment with the updated AMPs, at which time, these projections could be adjusted.

While funding is an essential tool, it cannot be the only solution. The City will continue to employ non-financial strategies to extend the useful life of assets and reduce asset dependency where possible such as:

- Rationalization and optimization of existing assets.
- Adjustments to service levels.
- Service Delivery Review initiatives.
- Public outreach and education.
- Innovative delivery approaches.

Staff will review financial and non-financial strategies over the next two years to address the funding gap and report back to Council as part of the AMP and Tax supported LRFP update.

## **RÉSUMÉ**

Le Plan financier à long terme V – Immobilisations financées par les taxes ([ACS2017-CSD-FIN-0017](#)) a été approuvé par le Conseil en juin 2017. La recommandation consistait à augmenter le financement annuel en fonction de l'inflation et à ajouter 7,8 millions de dollars provenant des objectifs fiscaux annuels afin de combler un déficit de financement annuel de 70 millions de dollars, dont 6,8 millions de dollars destinés au renouvellement et un million de dollars à la croissance. Les besoins de financement pour 2017 ont considérablement évolué depuis lors.

La Ville a considérablement augmenté son financement conformément aux recommandations du PFLT pour les actifs financés par les recettes fiscales de 2017. Le budget 2026 de la Ville a investi 331,0 millions de dollars dans des actifs financés par l'impôt, notamment pour le renouvellement, la croissance, les améliorations réglementaires et des services. L'investissement prévu pour 2026 représente une augmentation de 178,6 millions de dollars depuis 2017, comme le montre le tableau 1 ci-dessous. Au cours de ce mandat du Conseil municipal, la Ville a augmenté le

financement des budgets d'immobilisations financés par l'impôt de 44 % – soit 1,2 milliard de dollars contre 866,2 millions de dollars lors du mandat précédent – et de 118 % depuis 2017.

**Tableau 1 – Historique des budgets d'immobilisations financés par l'impôt (en millions de dollars)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Contribution fiscale totale	109,0	118,2	128,2	153,8	161,1	166,7	214,9	231,4	205,2	241,0
Contribution totale à la dette	43,4	51,2	51,9	53,9	51,2	99,4	86,1	81,0	97,9	90,0
<b>Total</b>	<b>152,4</b>	<b>169,4</b>	<b>180,1</b>	<b>207,7</b>	<b>212,3</b>	<b>266,1</b>	<b>301,0</b>	<b>312,4</b>	<b>303,1</b>	<b>331,0</b>

Au cours de cette période, des changements ont eu lieu sur les plans politique, réglementaire, économique, opérationnel et de la gestion des actifs. Tous ces changements ont été pris en compte et intégrés dans le Plan officiel de la Ville, les plans directeurs, l'étude de fond sur les redevances d'aménagement et les mises à jour du plan de gestion des actifs. La figure 1 ci-dessous donne un aperçu de tous les documents relatifs au PFLT et à la planification des actifs qui ont évolué depuis 2017.

**Figure 1 – Une décennie de planification financière**

En juin 2025, le Conseil municipal a approuvé les plans de gestion des actifs (PGA) 2025 ([ACS2025-IWS-AM-0002](#)), marquant ainsi une étape importante pour Ottawa. Les PGA de 2025 constituent la première fois que des données complètes et normalisées sur tous les actifs municipaux ont été regroupées dans un cadre unique et unifié. Les PGA de 2025 ont permis de mener à bien la phase initiale du Règlement de l'Ontario 588/17, en s'appuyant sur les PGA approuvés par le Conseil municipal en 2022 et 2024.

Les PGA ont mis en évidence un écart de 10,8 milliards de dollars (en dollars de 2024) sur une période de dix ans entre le financement prévu et les besoins en infrastructures projetés pour les services financés par les redevances et les taxes, notamment le renouvellement des actifs, la croissance, l'amélioration des services, ainsi que l'adaptation au changement climatique et l'atténuation de ses effets. Sur ce total, le déficit des PGA lié uniquement au renouvellement des actifs pour les services financés par les impôts, que le PFLT pour les actifs financés par les recettes fiscales vise à combler, a été estimé à 3,8 milliards de dollars (en dollars de 2024). Malgré ce, les PGA ont offert une vision claire de l'état actuel des infrastructures d'Ottawa : elles sont sûres, en bon à passable état, et continuent de servir les résidents.

L'objectif du PFLT pour les actifs financés par les recettes fiscales est de présenter une projection sur dix ans des besoins en immobilisations financés par la fiscalité à l'échelle de la ville pour la prestation des services municipaux. Il met l'accent sur les stratégies de financement nécessaires pour assurer le renouvellement et l'entretien du parc d'actifs existant de la Ville, afin de le maintenir dans un état sûr et fonctionnel. Le rapport s'attachera principalement à recommander le financement

nécessaire pour maintenir les actifs en état de fonctionner de manière sûre et conforme à leur destination, pour atténuer les risques qui ne peuvent être réduits par des stratégies non financières ou des mesures opérationnelles d'urgence, et pour assurer la continuité de la prestation des services avec un minimum de perturbations, tout en répondant aux besoins prioritaires et aux exigences législatives. Le PFLT recense également les stratégies de financement nécessaires pour fournir des infrastructures qui permettent et soutiennent la croissance mentionnée dans divers plans directeurs, y compris les volets routiers et de transport actif du Plan directeur des transports (PDT); ainsi que les stratégies de financement pour l'amélioration des services et le remplacement des installations. Une stratégie de financement a été élaborée pour chacune des catégories suivantes d'investissements en infrastructures requis :

- Renouvellement;
- Croissance;
- Réglementation;
- Améliorations;
- Remplacement des installations.

Le personnel de tous les secteurs de services financés par l'impôt a travaillé en étroite collaboration avec les Services de gestion des actifs et le service des Finances afin de déterminer quelle part des besoins du plan de gestion des actifs (PGA) pouvait être classée comme prioritaire. Alors que les PGA identifient l'ensemble des besoins en matière de renouvellement et d'investissement nécessaires pour atteindre les niveaux de service cibles, le PFLT pour les actifs financés par les recettes fiscales traduit ces besoins en une stratégie de financement abordable et échelonnée qui affecte les ressources limitées aux investissements les plus prioritaires. Cet exercice était essentiel pour déterminer les besoins prioritaires à intégrer dans le PFLT pour les actifs financés par les recettes fiscales de 2026, afin de garantir que les ressources soient affectées aux domaines où elles auront le plus grand impact sur la fiabilité des services, la sécurité publique et la conformité législative.

### Déficit de financement des infrastructures

Malgré l'augmentation annuelle du budget d'investissement prévue par le PFLT pour les actifs financés par les recettes fiscales de 2017, il existe actuellement un déficit de financement annuel moyen estimé à 143,2 millions de dollars pour les besoins d'investissement les plus prioritaires, notamment en matière de renouvellement, de croissance et de conformité réglementaire. Ce déficit de financement correspond à la différence entre les besoins de financement annuels moyens prioritaires sur 10 ans et le financement annuel moyen prévu par le plan d'investissement quadriennal du budget 2026.

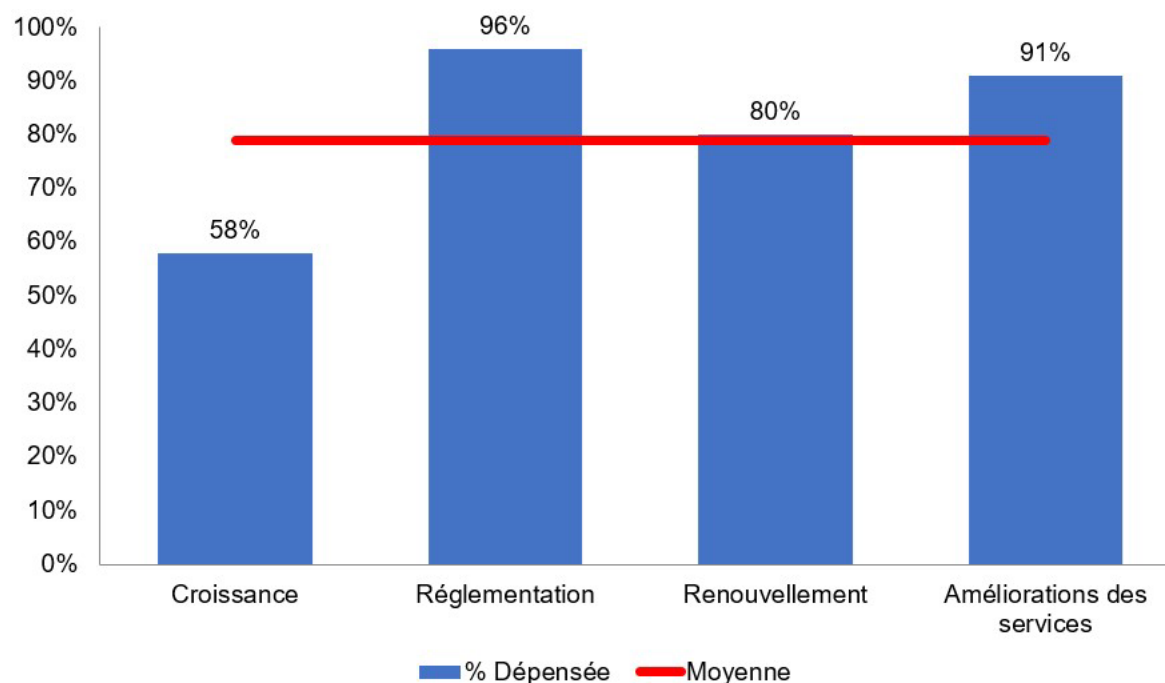
Le déficit de financement n'a cessé de croître pour diverses raisons. Le plan de 2017 constituait une mesure importante visant à combler le déficit de financement chaque année et a plus que doublé les investissements annuels dans les infrastructures sur dix ans. Cependant, un arriéré s'est accumulé chaque année, que le personnel a continué à gérer efficacement grâce à une approche de gestion des actifs fondée sur les risques, mais qui a augmenté les coûts du cycle de vie des actifs en raison des reports de projets. De plus, les coûts de construction ont considérablement augmenté depuis 2017. Les politiques, plans directeurs et motions approuvés par le Conseil depuis 2017, qui exigent le remplacement des actifs existants de l' par des versions améliorées répondant aux normes modernes en matière de changement climatique, d'accessibilité et de prestation de services, ajoutent désormais un surcoût aux besoins en infrastructures identifiés en 2017. Ces demandes supplémentaires ont été classées dans la catégorie des améliorations de services. Une nouvelle catégorie a également été ajoutée pour les installations qui ont désormais dépassé leur durée de vie utile et devront être remplacées au cours des dix prochaines années.

Le déficit de financement annuel moyen devrait passer à 229,1 millions de dollars une fois pris en compte les besoins en matière d'améliorations des services et de remplacement des installations. Tableau 2 ci-dessous présente les besoins par catégorie pour les actifs financés par l'impôt. La dernière colonne du tableau ci-dessous montre que le rythme des dépenses pour les projets de croissance a été plus lent que pour le renouvellement, ce qui est également illustré dans la figure 2 ci-dessous.

**Tableau 2 – Besoins estimés financés par l'impôt par catégorie (en millions de dollars)**

	Besoins annuels moyens pour 2026-2035	Financement moyen pour 2026-2029	Écart de financement annuel	% consacré aux budgets historiques sur 10 ans
Renouvellement	380,3	257,4	122,9	80 %
Croissance (AAE <sup>2</sup> )	50,1	29,4	20,7	58 %
Réglementation	0,3	0,7	(0,4)	96 %
<b>Besoins prioritaires</b>	<b>430,7</b>	<b>287,5</b>	<b>143,2</b>	
Améliorations des services	89,4	26,6	62,8	91 %
Remplacement des installations	23,1	0,0	23,1	N/A
<b>Total</b>	<b>543,2</b>	<b>314,1</b>	<b>229,1</b>	<b>80 %</b>

<sup>2</sup> L'avantage pour les aménagements existants (AAE) dans l'étude de fond sur la redevance d'aménagement relative aux services financés par l'impôt, dont le financement sera assuré par la Ville.

**Figure 2 – Évolution des dépenses d'investissement de 2016 à 2025**

Cette analyse confirme les préoccupations récentes quant au retard pris dans les dépenses d'investissement, en particulier pour les projets routiers. La pratique actuelle de la Ville en matière de budget d'investissement correspond à l'approche standard adoptée par les municipalités de l'Ontario, qui consiste à approuver l'autorisation de budgétaire à l'avance, avant que les dépenses ne soient effectivement engagées. Des dépenses d'immobilisations est échelonnée pour les projets de construction, les budgets de conception étant alloués avant l'autorisation des dépenses de construction. Les travaux de planification tels que les évaluations environnementales, l'acquisition de propriétés et les études de conception fonctionnelle prennent du temps. Cette approche d'autorisation budgétaire est adoptée pour diverses raisons, notamment les exigences en matière de passation de marchés, mais aussi pour garantir que le financement du projet d'immobilisations est en place afin que le projet puisse être mené à bien sans qu'il soit nécessaire d'approuver un budget ultérieur.

Le PFLT pour les actifs financés par les recettes fiscales de 2026 propose une approche alternative à tester à titre expérimental, spécifiquement pour les projets de routes de croissance, décrite plus loin comme un « projet pilote de budgétisation agile ».

## Stratégies de financement

### *Renouvellement*

L'effort de hiérarchisation mené par chaque secteur de service a permis de réduire l'écart de 3,8 milliards de dollars (en dollars de 2024) du PGA à un écart de financement de 1,23 milliard de dollars (en dollars de 2026). La stratégie de financement visant à répondre aux besoins prioritaires en matière de renouvellement des actifs prévoit des investissements sur la durée du plan décennal, en augmentant chaque année le budget de base de l'afin de combler non seulement le déficit annuel moyen de financement prioritaire s'élève à 122,9 millions de dollars, mais aussi le retard financier accumulé au cours de ces dix années, le budget de base étant augmenté chaque année tout en restant dans des limites abordables.

### *Croissance*

Le déficit de financement annuel lié à la croissance est estimé à 20,7 millions de dollars par an pour la partie du financement destinée aux avantages pour les aménagements existants (AAE). Le plus important déficit de financement municipal lié à la croissance provient des bâtiments, avec un déficit estimé à 3,0 millions de dollars par an, et des infrastructures de transport, avec un déficit estimé à 5,7 millions de dollars par an pour la mise en œuvre des « réseaux prioritaires » du PDT.

En ce qui concerne les routes, le problème ne réside pas tant dans le déficit de financement annuel pour les avantages aux infrastructures existantes ou dans l'insuffisance des recettes provenant des redevances d'aménagement, mais plutôt dans la manière dont ces fonds sont dépensés. Le financement des grands projets routiers doit actuellement être accumulé sur plusieurs années. Les processus de planification comprennent la réalisation d'évaluations environnementales et d'études de conception fonctionnelle. Les processus de conception ont toujours été planifiés de manière à ce que la conception détaillée soit achevée la même année où l'autorisation budgétaire complète pour la construction est censée être disponible. Il s'agit d'une approche plus efficace avant la construction. Les normes de conception routière changent fréquemment, de sorte que les plans détaillés prêts trop tôt peuvent nécessiter d'importantes modifications avant la construction. L'acquisition des terrains n'a lieu qu'une fois que le budget de construction complet est disponible, ce qui peut prendre plusieurs années. La mise en œuvre des projets routiers et des projets de développement connexes peut également subir des retards liés aux besoins de coordination, aux modifications de conception ou à d'autres défis imprévus.

Dans le cadre du Plan directeur des transports (PDT) – Partie 1, le personnel a été chargé d'étudier les possibilités de financement de grands projets d'infrastructure de transport dans les zones connaissant une croissance rapide et significative. De plus, dans le cadre du PDT – Partie 2, le personnel a été chargé d'évaluer et de rendre compte de l'utilisation élargie de la dette comme mécanisme financier pour accélérer la construction des projets identifiés dans le Plan d'infrastructure d'immobilisations du PDT. Le projet pilote de budgétisation agile des immobilisations est la stratégie financière proposée pour faire avancer et accélérer les infrastructures de transport dans les zones à forte croissance, y compris la réaffectation des fonds si un projet est retardé, afin de maximiser l'efficacité.

Il n'est pas recommandé d'augmenter la dette liée aux redevances d'aménagement pour faire avancer davantage de projets de croissance, en particulier compte tenu des récentes modifications apportées à la réglementation sur les redevances d'aménagement, du report des recettes, des exemptions légales et des réductions potentielles des redevances d'aménagement proposées par les gouvernements provincial et fédéral.

Le projet pilote proposé pour une approche agile de la budgétisation des immobilisations visera à obtenir une autorisation de dépenses en immobilisations (ADI) pour des projets ou programmes d'immobilisations pluriannuels, sur la base d'un plan de dépenses sur 4 ans et d'un plan d'immobilisations sur 10 ans, permettant ainsi au service de planification des transports de conclure des contrats pluriannuels. Une certaine souplesse serait accordée pour répartir les dépenses entre les projets approuvés dans le cadre du plan sur dix ans, tout en restant dans les limites de l'autorisation de dépenses quadriennale approuvée. Les besoins en trésorerie seront surveillés et réévalués chaque année, et l'ADI sera ajustée et réapprouvée dans le cadre du processus budgétaire annuel.

### *Améliorations des services*

Les améliorations des services de la Ville représentent des besoins en immobilisations qui vont au-delà du simple renouvellement des actifs et sont motivées par des politiques, des plans directeurs et des motions approuvés par le Conseil, qui exigent le remplacement des actifs existants par des versions améliorées répondant aux normes modernes en matière de changement climatique, d'accessibilité et de prestation de services.

Ces améliorations contribuent à un déficit de financement annuel important, estimé à 62,8 millions de dollars, dont 57,2 millions de dollars pour les seules infrastructures de transport, en raison d'exigences telles que la conception de ponceaux résilients au changement climatique, de changements de politique tels que les « rues complètes » et des améliorations en matière d'accessibilité.

Les améliorations des services ont été traitées séparément, car des travaux supplémentaires devront être menés au cours des deux prochaines années afin d'élaborer une stratégie de financement pour ces besoins à venir, qui pourrait combiner des mesures financières et non financières. Ces améliorations continueraient d'être financées aux niveaux actuels jusqu'à ce qu'une solution plus globale et durable puisse être mise en place, incluant de nouvelles sources de recettes et des changements de politique. Le personnel fera rapport au Conseil dans le cadre de la mise à jour des PGA et du PFLT pour les actifs financés par les recettes fiscales au cours du prochain mandat du Conseil.

### *Remplacement des installations*

Actuellement, la Ville dispose d'un parc de plus de 130 installations, dont la valeur à neuf actuelle (VNA) s'élève à 541,5 millions de dollars, qui atteindront ou dépasseront leur durée de vie théorique d'ici 2035. Le cycle de vie théorique d'un bâtiment doit être mis en balance avec son état actuel et la réalité opérationnelle. 99 installations sont actuellement classées en état « passable » ou inférieur. Cependant, lorsqu'on applique un critère de priorité, seules 40 installations, dont la VNA s'élève à 231 millions de dollars, présentent un intérêt suffisant pour justifier un remplacement complet. Compte tenu des conditions actuelles du marché et des exigences de conception modernes, il n'est pas possible de remplacer l'ensemble de ces 40 installations dans la limite de la VNA recensée de 231 millions de dollars. Les 231 millions de dollars nécessaires au remplacement des installations constituent donc également un besoin prioritaire.

La stratégie de financement du PFLT pour les actifs financés par les recettes fiscales de 2026 pour le remplacement des installations recourt à l'endettement afin de garantir que les futurs contribuables qui bénéficieront des nouvelles installations en assument les coûts, réinvestit les économies réalisées grâce à la rationalisation des installations et veille à ce que les recettes générées par la cession d'installations soient affectées aux projets d'investissement identifiés dans le plan de remplacement des installations.

### Niveau de financement cible et plan décennal

Sur la base des stratégies décrites ci-dessus, l'objectif de financement estimé pour la

période de dix ans allant de 2026 à 2035 est de 4,8 milliards de dollars (en dollars de 2026), soit 479,7 millions de dollars par an, ce qui représente une augmentation de 53 % par rapport au niveau actuel de financement. Tableau 3 suivant résume le financement total requis sur dix ans, le financement annuel moyen requis et le financement actuellement disponible, le tout en dollars de 2026 (non indexés).

**Tableau 3 – Objectif de financement estimé financé par l’impôt, par catégorie (en millions de dollars)**

	<b>Financement total cible pour 2026-2035</b>	<b>Financement annuel cible pour 2026-2035</b>	<b>Financement moyen actuel pour 2026-2029</b>
Renouvellement	3 803	380,3	257,4
Croissance (AAE)	501	50,1	29,4
Réglementation	3	0,3	0,7
<b>Besoins prioritaires</b>	<b>4 307</b>	<b>430,7</b>	<b>287,5</b>
Améliorations des services	259	25,9	26,6
Remplacement des installations	231	23,1	0,0
<b>Total</b>	<b>4 797</b>	<b>479,7</b>	<b>314,1</b>

La stratégie de financement proposée pour atteindre l’objectif de financement estimé à 4,8 milliards de dollars (en dollars de 2026) destiné au renouvellement, à la croissance et à l’amélioration de la réglementation et des services d’ici 2035 nécessite les mesures suivantes :

- Doubler la contribution annuelle actuelle de six millions de dollars provenant de l’objectif fiscal du Conseil pour la porter à 12 millions de dollars en 2027 et 2028 :
  - Affecter 4,5 millions de dollars du budget de base supplémentaire au service de la dette afin de financer 60 millions de dollars de dette supplémentaire dans chacun des budgets 2027 et 2028
- Un prélèvement unique sur le fonds de réserve pour immobilisations de la Ville en 2027, correspondant au montant dépassant l’objectif minimum de réserve de 21,5 millions de dollars à la fin de 2026, qui devrait être dépassé de 32 millions de dollars.
- Affecter 0,15 % de la croissance des recettes fiscales foncières à l’enveloppe budgétaire de croissance du capital, estimée à 3,5 millions de dollars par an

- Augmenter le plafond annuel d'endettement de 60 millions de dollars à 96,5 millions de dollars en moyenne entre 2029 et 2035.
- À compter de 2029 (à actualiser dans le cadre du PFLT pour les actifs financés par les recettes fiscales de 2028), contribution au fonds de réserve pour immobilisations de la Ville provenant d'une augmentation du budget de base estimée à :
  - de 2029 à 2030, un montant équivalent à 29,2 millions de dollars par an;
  - de 2031 à 2035, l'équivalent de 23,4 millions de dollars par an.

Au cours des deux prochaines années, le personnel examinera les options financières et non financières visant à combler le déficit de financement pour l'amélioration des services, y compris de nouvelles sources de recettes et des changements de politique, et fera rapport avec des recommandations au Conseil dans le cadre de la mise à jour des PGA de la Ville et du PFLT pour les actifs financés par les recettes fiscales lors du prochain mandat du Conseil.

En ce qui concerne les améliorations liées au changement climatique, il est recommandé, dans l'intervalle, de créer un nouveau fonds de réserve au sein du Fonds de réserve d'investissement de la ville afin de financer les investissements prioritaires liés au changement climatique et les améliorations des services climatiques associés aux projets d'infrastructure, et d'affecter les sources de recettes suivantes à ce fonds de réserve dans le cadre du processus budgétaire annuel et à mesure que les recettes sont perçues :

- les recettes provenant du dividende annuel d'Hydro Ottawa qui dépassent son budget annuel (appelées « excédent budgétaire »);
- les économies tangibles réalisées au niveau de l'exploitation et des immobilisations grâce aux investissements liés au changement climatique.

Il est recommandé que toutes les économies réalisées grâce à la rationalisation des installations et les recettes générées par la cession d'installations soient affectées aux projets d'immobilisations identifiés dans le plan de remplacement des installations et augmentent le budget de service de la dette financée par l'impôt de 14,2 millions de dollars d'ici 2035 :

- 2,6 millions de dollars par an de 2027 à 2030 pour financer un coût estimé à 10,5 millions de dollars au titre du service de la dette sur un montant maximal de

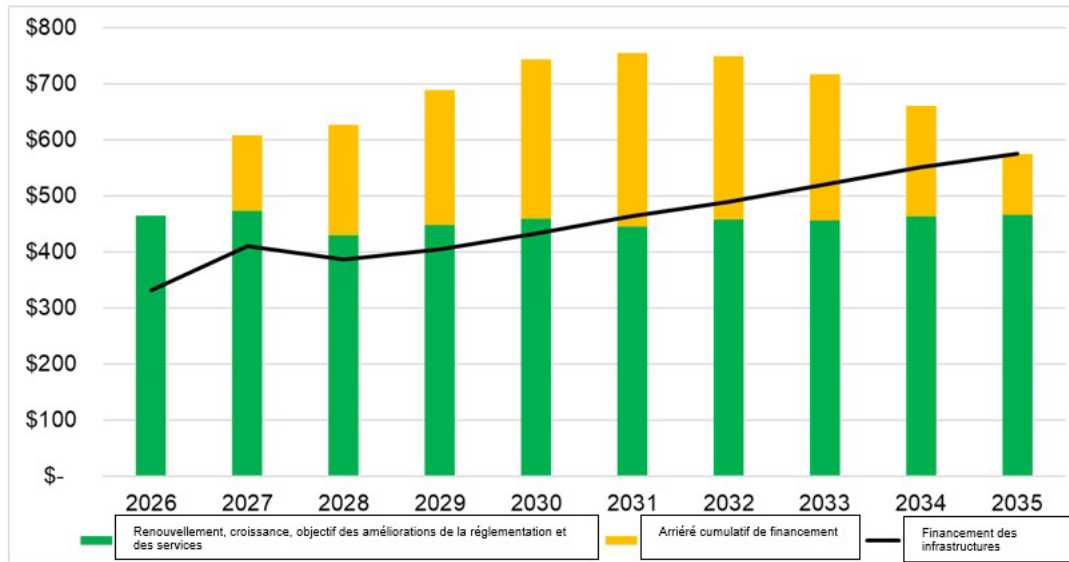
170,6 millions de dollars de dette à long terme destinée au remplacement des installations d'ici 2030.

- 0,7 million de dollars par an de 2031 à 2035 pour financer un coût estimé à 3,7 millions de dollars au titre du service de la dette sur un montant maximal de 60,6 millions de dollars de dette à long terme supplémentaire destinée au remplacement d'installations d'ici de 2031 à 2035.

Cette stratégie de financement proposée augmenterait progressivement les niveaux de financement au fil du temps, mais un arriéré de financement se créerait jusqu'à ce que les niveaux cibles soient atteints. Toutefois, contrairement à la stratégie de financement de 2017, l'arriéré cumulé est financé sur la période de dix ans d'ici 2035 dans cette approche révisée.

La figure 4 ci-dessous résume les besoins de financement prévus et les fonds disponibles sur la durée du plan décennal. La ligne noire montre l'augmentation du financement chaque année, en supposant la mise en œuvre des stratégies de financement proposées pour le renouvellement, la croissance, les améliorations réglementaires et des services, y compris l'impact du financement du budget de base supplémentaire, comme évoqué dans les sections précédentes, de 2029 à 2035. Les barres du bas indiquent les besoins de financement annuels et celles du haut indiquent le retard de financement « cumulé » pour chaque année où le financement reste inférieur aux besoins. L'objectif de financement est atteint en 2030, et le déficit de financement ne sera pas entièrement comblé et éliminé avant 2035, à la fin de la période de planification, lorsque les niveaux de financement atteignent un total de 575 millions de dollars par an.

**Figure 4 – Besoins de financement estimés sur 10 ans et disponibilité des fonds  
(en millions de dollars)**



Cette stratégie de financement reflète les besoins prioritaires actuellement prévus. Les résultats réels en matière de recettes et de dépenses pourraient varier, ce qui entraînerait des ajustements de ce plan chaque année dans le cadre du processus budgétaire d'. Les plans financiers à long terme seront mis à jour à chaque mandat du Conseil, en accord avec les PGA actualisés, moment auquel ces projections pourraient être ajustées.

Si le financement est un outil essentiel, il ne peut constituer la seule solution. La Ville continuera à mettre en œuvre des stratégies non financières pour prolonger la durée de vie utile des actifs et réduire la dépendance vis-à-vis de ceux-ci dans la mesure du possible, notamment :

- Rationalisation et l'optimisation des actifs existants;
- Ajustements des niveaux de service;
- Initiatives d'examen de la prestation de services;
- Sensibilisation et éducation du public;
- Approches innovantes en matière de prestation de services.

Le personnel examinera les stratégies financières et non financières au cours des deux prochaines années afin de combler le déficit de financement et fera rapport au Conseil dans le cadre de la mise à jour du PGA et du PFLT pour les actifs financés par les

recettes fiscales.

## **BACKGROUND**

Long range financial plans (LRFPs) are essential for effective financial management. These plans are revised to incorporate new data, including shifts in priorities, changes in economic conditions, and any new legislated requirements. This is the sixth LRFP since amalgamation, and the third tax-supported LRFP since 2012.

Long Range Financial Plan V – Tax Supported Capital ([ACS2017- CSD-FIN-0017](#)) was approved by Council in June 2017 with a funding plan guided by the following principles:

- Maintain Council’s conservative debt strategy for tax supported services by limiting principal and interest expenses to 7.5 per cent of own source revenues;
- Debt issued for terms that match the life of the assets they are funding;
- Continue to provide for inflation on capital contributions each year set at the rate of inflation in the infrastructure construction price index;
- Tax funding for renewal at the good state of repair level should take priority over new or enhanced capital and operating budget requirements;
- Senior Governments should provide for a permanent source of funding to assist municipalities with infrastructure renewal; and,
- Other non-financial strategies should be explored to reduce the overall need for additional funding.

In June 2025 City Council approved the 2025 Asset Management Plans (AMPs) ([ACS2025-IWS-AM-0002](#)), marking a significant milestone for Ottawa. It represented the first time comprehensive and standardized data on all municipal assets had been consolidated into a single, unified framework. The 2025 AMPs fulfilled the initial phase of Ontario Regulation 588/17, building on the 2022 and 2024 Council-approved AMPs.

While the AMPs did not prescribe funding levels, they identified the challenge the City of Ottawa faces in meeting its tax-supported capital needs and highlighted a trend seen in municipalities across Canada: a growing infrastructure backlog driven by aging assets, deferred maintenance and renewal, the effects of climate change, rising construction costs, and limited revenue sources. The AMPs identified a \$10.8 billion (in 2024 dollars) gap over a ten-year period between planned funding and projected infrastructure needs for tax and rate-supported services including asset renewal, growth, service

enhancements, and climate change adaptation and mitigation. Of this total, the AMP gap just for the renewal of assets for tax-supported services was estimated at \$3.8 billion (in 2024 dollars). Despite this challenge, the AMPs offered a clear view of the current state of Ottawa's infrastructure: it is safe, in good to fair condition, and continues to serve residents.

The AMPs are a strategic tool to empower Council and all City staff to be ambassadors for our infrastructure, which supports the delivery of City services, drives the economy, protects public health and safety, and supports housing. Together, AMPs and LRFPs provide staff-level insight to make informed decisions that balance cost, risk, and service, and support long term, strategic decision-making to optimize sustained service delivery. It is important to note that the service area gaps in the AMPs present a summation of all needs if the City were to implement everything today and not a prioritized list. The AMPs do not prescribe which capital projects should proceed or when; rather, they quantify the total capital needs based on service levels identified through Council-approved policies, masterplans, studies and prescribed regulatory requirements.

The City's LRFPs identify funding strategies and funding requirements for a subset of the AMP infrastructure needs within affordable parameters to mitigate some of the risk outlined in the AMPs. The prioritization methodology used to identify this more focused list of infrastructure capital needs is described later in this report.

In July 2025, City Council approved the Transportation Master Plan (TMP) ([ACS2025-PDB-TP-0012](#)) Capital Infrastructure Plan, as amended. The plan identified the transit, road, and active transportation projects and investments required to support Ottawa's growth identified in the City's Official Plan, which came into effect in 2022. The Tax LRF only includes the road and active transportation projects identified in the Priority Road Network in the TMP for projects planned to 2035.

The City is in the process of updating the growth framework supporting the Official Plan ([ACS2025-PDB-PS-0041](#)). Following the completion of this update, the City will update the Transportation Master Plan. This is expected to yield additional projects within Roads and Related Services to meet the City's growth needs and will result in an update to the Development Charges Background Study.

On February 25 2026, City Council adopted new population, household and employment projections as the basis for the growth management strategy and future Official Plan update ([ACS2026-PDB-PS-0002](#)). The forecast confirms that Ottawa will

continue to grow strongly over the next 25 years and will remain one of Ontario's fastest-growing large cities.

In 2020, the Audit of Facility Management identified a critical opportunity to strengthen the way staff plan, manage, and make decisions regarding City facilities. The audit highlighted the need for a more coordinated, corporate wide approach to evaluating facility condition, lifecycle requirements, and long-term investment strategies, particularly for assets approaching the end of their useful life. It emphasized that deferred maintenance had grown to levels where, for some facilities, replacement could be more cost-effective than continued reinvestment, and that a clearer framework was required to guide decisions on when to rehabilitate, repurpose, redevelop, or retire aging facilities. In response, the City established the Facility Management Governance Group (FMGG) and introduced the Facility Rationalization Policy and Procedures, which created standardized processes for identifying facilities at end-of-life, assessing physical condition, and determining appropriate rationalization pathways. These pathways include repurposing, redevelopment, decommissioning, demolishing, or disposal, and ensure that decision making is structured, consistent, and aligned with Council and corporate priorities.

The objective of this report is to present a ten-year outlook of the city-wide tax supported capital requirements for the delivery of City services. It focuses on the funding strategies that are required to provide for the renewal and maintenance of the City's existing asset base in a safe and functional state. The report recommends the funding amount that is required to keep assets functioning safely, to mitigate risks that could not be mitigated through non-financial strategies or operational contingencies, and to ensure continued service delivery with minimal disruption, while addressing priority needs and legislative requirements. This report also identifies funding strategies that are required to provide infrastructure that enable and support growth identified in various master plans including the road and active transportation components of the TMP. Lastly, this report identifies funding strategies for service enhancements and facility replacements.

The Police Services Board and Library Board will prepare separate capital plans under their mandates. The renewal component of library facilities is funded from City Wide tax and is included within this LRFP.

## **DISCUSSION**

The City's net book value for tax supported assets is over \$7.7 billion with an estimated replacement value of more than \$39 billion. The capital works that are funded either in whole or in part by property taxation, support many City services and include the following:

- Renewal of transportation infrastructure, buildings, parks and other City assets such as equipment and technology infrastructure as detailed in the Asset Management Plans;
- The City's share of growth works included in the Development Charge Background study for tax supported services which represents the planned benefit to existing (BTE) share that is to be funded by the City;
- Service enhancement projects that implement various City master plans, Council policies and legislative requirements that have added a premium cost to the standard infrastructure requirements, such as complete streets, accessibility, climate change and improvements that respond to demand for increased levels of service; and
- Facility replacement costs that are dedicated to the replacement of aging city facilities where rehabilitation investments are no longer able to maintain the asset in a safe and functional state. Historically, there has not been a budget set aside for the replacement of facilities, only renewal.

### **Project Prioritization Methodology**

An evidence-based prioritization approach was used to establish the capital funding requirements presented in this report.

As part of its risk-based approach, the City of Ottawa does not treat all assets equally. Investment is prioritized based on the likelihood of failure and the potential consequences of that failure, ensuring that resources are directed to areas where they will have the greatest impact on service reliability, public safety, and legislative compliance.

Prioritization is informed by a range of technical inputs, including:

- Asset condition, based on inspections, monitoring, and lifecycle data.
- Regulatory codes and accepted industry practices, including infrastructure

designated as critical or with high occupant loads.

- Mission-critical function, such as emergency response and public safety facilities.
- Asset-specific factors that may influence service continuity and risk exposure.

These inputs are supported by asset-level data, enabling staff to evaluate both individual asset risks and the broader system impacts of failure. This evidence formed the inventory of risks and needs in the 2025 AMPs, which in turn serve as the foundation for the LRFPs.

While the AMPs identify the full scale of renewal and investment requirements, this Tax LRFP translates these requirements into an affordable, phased funding strategy that directs funding to the highest-priority investments. This Tax LRFP incorporates priority needs identified in the AMPs and various master plans as inputs to inform an affordable and risk-based funding approach that prioritizes safety and essential service delivery.

Alignment between the Tax LRFP and the AMPs ensures funding decisions are supported by evidence-based assessments of asset condition and performance, and that resources are directed to address the most pressing risks and service needs while balancing affordability.

### **Infrastructure Funding Gap**

Since amalgamation, LRFPs have established funding targets necessary to maintain critical infrastructure in a safe and functional condition, while balancing long-term affordability and sustainability. The City continues to invest responsibly in maintaining its infrastructure and has been increasing capital investments to align with previously approved LRFPs. The City's 2026 Budget invested \$331.0 million for tax-supported assets including renewal, growth, regulatory and service enhancements. The 2026 investment represents an increase of \$178.6 million since 2017, an increase of 118 per cent, and for this term of council, tax-supported capital budgets have increased by 44 per cent compared to the previous term as detailed in Table 4 below.

**Table 4 – Historical Tax Supported Capital Budgets (in \$ millions)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Tax Contribution	109.0	118.2	128.2	153.8	161.1	166.7	214.9	231.4	205.2	241.0
Total Debt Contribution	43.4	51.2	51.9	53.9	51.2	99.4	86.1	81.0	97.9	90.0
<b>Total</b>	<b>152.4</b>	<b>169.4</b>	<b>180.1</b>	<b>207.7</b>	<b>212.3</b>	<b>266.1</b>	<b>301.0</b>	<b>312.4</b>	<b>303.1</b>	<b>331.0</b>

Despite increasing the capital budget each year through the 2017 Tax LRF funding plan, there is currently an estimated average annual funding gap of \$143.2 million for the highest priority capital needs including renewal, growth and regulatory. The funding gap is the difference between the prioritized 10-year average annual funding requirement and the average annual funding based on the 2026 Budget's four-year capital plan.

The funding gap has continued to grow for a variety of reasons. The 2017 plan was a significant step taken to close the funding gap annually and more than doubled annual infrastructure investments over ten years. However, each year a backlog was created, which staff continued to manage effectively with a risk-based asset management approach. Furthermore, construction costs have increased since 2017. Policies, master plans, and motions approved by Council since 2017 that require replacing existing assets with enhanced versions that meet modern standards for climate change, accessibility, and service delivery are now adding a premium cost in addition to the infrastructure needs identified in 2017. These additional demands have been categorized as service enhancements. A new category was also added for facilities that are now beyond their useful life and will need to be replaced over the next ten years.

The average annual funding gap is estimated to increase to \$229.1 million once service enhancements and facility replacement needs are considered. The annual funding gap is the difference between the average annual prioritized needs for the next ten years and the current funding available, which is the average annual funding allocations provided in the 2026 Budget's four-year capital plan. Table 5 below identifies the need by category for tax-supported assets.

**Table 5 – Estimated Tax Supported Requirement by Category (in \$ millions)**

	<b>2026-2035 Average Annual Need</b>	<b>2026-2029 Average Funding</b>	<b>Annual Funding Gap</b>
Renewal	380.3	257.4	122.9
Growth (BTE)	50.1	29.4	20.7
Regulatory	0.3	0.7	(0.4)
<b>Priority Needs</b>	<b>430.7</b>	<b>287.5</b>	<b>143.2</b>
Service Enhancements	89.4	26.6	62.8
Facility Replacement	23.1	0.0	23.1
<b>Total</b>	<b>543.2</b>	<b>314.1</b>	<b>229.1</b>

This funding gap is significantly less than the service area gaps identified in the AMPs, primarily because it represents only the priority needs identified by staff to maintain assets in a safe and functional state, within affordable parameters. Since this LRFP primarily includes priority needs, it is critical that at a minimum renewal, growth and regulatory needs are funded, including any backlog created until funding meets targeted levels. Previous LRFPs did not address this backlog, but this one does. Alternate funding strategies and approaches will be used to address service enhancements and facility replacements, as described later in this report.

### **Renewal of Existing Assets**

The renewal of existing assets has the largest gap of any category totaling an estimated \$122.9 million per year. Table 6 below provides a further breakdown by asset category. Transportation infrastructure, such as roads (including culverts), structures and traffic assets make up \$86.1 million of the total annual renewal gap.

The identified need is a prioritized subset of the asset renewal capital needs identified in the asset management plans. It is focused on maintaining the safety and functionality of critical existing assets in a manner that respects affordability and deliverability, within the next 10 years.

**Table 6 – Estimated Renewal Requirement by Asset Category (in \$ millions)**

	<b>2026-2035 Average Annual Need</b>	<b>2026-2029 Average Funding</b>	<b>Annual Funding Gap</b>
Roads	198.3	127.3	71.0
Structures	47.8	33.3	14.5
Traffic	5.9	5.3	0.6
<b>Transportation Infrastructure - Sub Total</b>	<b>252.0</b>	<b>165.9</b>	<b>86.1</b>
Buildings	70.7	57.0	13.7
Equipment	9.3	5.9	3.4
IT	28.6	15.5	13.1
Parks	19.7	13.1	6.5
<b>Other - Sub-total</b>	<b>128.3</b>	<b>91.5</b>	<b>36.8</b>
<b>Total - Renewal</b>	<b>380.3</b>	<b>257.4</b>	<b>122.9</b>

## Growth

The City also has growth needs as it continues to deliver enabling and supporting infrastructure for the growth in population and employment identified in the City's Official Plan that came into effect in 2022. The 2017 LRFPP included as a guiding principle that "renewal at the good state of repair level should take priority over new or enhanced capital and operating budget requirements". This LRFPP puts on equal footing new or growth projects needed to support the City's current and projected growth needs. Prioritized growth needs were drawn from recently approved master plans that were informed by the 2022 Official Plan. However, the City's growth management plans are iterative. Recently adopted growth projections will be incorporated into future updates to the City's Official Plan, master plans, and development charge background studies. As a result, updated growth needs from recently adopted population projections will be considered in the future budgets and long-range financial plans.

Development Charges will continue to be a key funding tool for the City to fund growth-related infrastructure, however the City is required to fund the portion of growth capital works that benefit existing taxpayers. The projected needs for the Benefit to Existing (BTE) component of growth capital works are in alignment with the City's Development Charges Background study and By-law, including the Transportation Master Plan Development Charges Amendment ([ACS2026-FCS-FIN0004](#)). The annual funding gap for growth is estimated at \$20.7 million per year as shown in Table 7 below. The largest

gap for growth works comes from new buildings including facilities for Public Works, Recreation, and Emergency & Protective Services. Buildings have an estimated \$13.0 million funding gap per year and Transportation Infrastructure has an estimated \$5.7 million funding gap per year to implement the TMP “Priority Networks”.

**Table 7 – Estimated Tax-supported Growth Requirement by Asset Category (in \$ millions)**

	<b>2026-2035 Average Annual Need</b>	<b>2026-2029 Average Funding</b>	<b>Annual Funding Gap</b>
Transportation Infrastructure	32.2	26.5	5.7
Buildings	14.5	1.5	13.0
Equipment	0.3	0.3	0.0
Parks	2.3	0.3	2.1
Studies	0.8	0.8	0.0
<b>Total – Growth (BTE Portion)</b>	<b>50.1</b>	<b>29.4</b>	<b>20.7</b>

### **Development Charges (DCs)**

Development charges are a critical funding source for growth projects. Previous LRFPs did not assess the funding gap that could exist from this revenue source. However, with the recent regulatory changes made by the Province, most recently through Bill 17, the Protect Ontario by Building Faster and Smarter Act, 2025, there are fundamental changes that alter how municipalities collect growth-related revenues.

Through the Housing Innovation Task Force Report and Housing Acceleration Plan ([ACS2025-SI-SPO-0002](#)) and implementation of Bill 17, residential development charges are to be deferred until the first occupancy permit. Historically, residential DCs make up about 90 per cent of what the City collects, \$200 million per year on average. This delay will result in lower cash flow over the next 18-24 months and begin to draw down on DC reserves. The impact of this change is being monitored and may lead to an increase in DC-supported debt or adjustments to the timing of some growth projects.

Bill 17 also removed the interest on DC installments. This change reduced the City’s DC revenue that previously protected the City against inflation and delayed receipts. Interest on DC installments ensured that new developments paid the financing cost of deferring payments over six years.

Over the years there has also been a significant impact to DC revenues due to non-

statutory and statutory exemptions and reductions. On average, the City collects around 20 per cent less DCs than forecasted through Development Charge Background Studies. DC rates are calculated using population and employment growth forecasts set out in the Official Plan, Census data, and assumptions by City staff. However, the calculations do not forecast future residential units or gross floor area that may qualify for statutory exemptions and growth does not typically occur at the same pace as forecasted.

In addition to the funding gap for the BTE component of growth projects, the City also faces a funding gap for the DC component of these same prioritized growth projects as shown in Table 8 below. An analysis of the timing and amount of DC-related revenues expected over the next ten years was compared to the priority growth needs for tax supported services including roads, fire, paramedics, parks and recreational facilities. The estimated annual funding gap for DCs of \$53.3 million per year is being monitored and may result in an increase in development charge supported debt or may impact the timing of some growth projects that would result in a reduced level of service.

**Table 8 – Estimated Development Charge-supported Growth Needs and Funding (\$ Millions)**

	<b>2026-2035 Average Annual Need</b>	<b>2026-2029 Average Funding</b>	<b>Annual Funding Gap</b>
DC portion of Tax Supported Services <sup>3</sup>	195.7	142.4	53.3

The City monitors DC reserve fund balances on an annual basis and evaluates the need for DC debt through the annual capital budget process in alignment with Council approved funding principals for the various service categories. The DC reserves are monitored using Council approved principles for budgeting purposes to limit the City's financial exposure. The portion of tax supported services included in Table 8 follow two principles; the funding principle for growth related road projects and the funding principle for growth related "soft service" projects. The funding principle for Growth Roads allows the associated DC reserves to go into a deficit on a committed basis but not on a cash basis. Soft services including recreation, parks development, emergency services, and studies cannot go into a cash or committed deficit at the end of the by-law term. If these accounts are in a deficit at the end of the by-law term, the negative

<sup>3</sup> Excludes Transit, Police, Library, Water, Wastewater and Stormwater Services

balances will be brought forward in the next term and reduce the funding capacity available as defined through the next ten-year average level of service calculation.

### **Service Enhancements**

The City's Service Enhancements represent capital needs that go beyond basic asset renewal and are driven by Council-approved policies, master plans, and motions that require replacing existing assets with enhanced versions that meet modern standards for climate change, accessibility, and service delivery.

These enhancements contribute to a significant annual funding gap of an estimated \$62.8 million, with transportation infrastructure alone accounting for \$57.2 million due to requirements such as climate-resilient culverts design, complete streets, and accessibility upgrades. Table 9 below summarizes the funding gap for each asset category and provides examples of policies or initiatives that have added a premium to the cost of renewing these assets:

**Table 9 – Estimated Service Enhancement Requirement by Asset Category (\$ Millions)**

	<b>2026-2035 Average Annual Need</b>	<b>2026-2029 Average Annual Funding</b>	<b>Annual Funding Gap</b>	<b>Example Policy or Initiative</b>
Roads	56.0	4.5	51.5	Complete streets, culvert capacity for additional rainfall, street scaping, and accessibility requirements.
Structures	6.2	0.0	6.2	Climate-related design, and active transportation facilities.
Traffic	5.6	6.1	(0.5)	Public realm, pedestrian safety, and streetlighting.
<b>Transportation Infrastructure - Sub Total</b>	<b>67.8</b>	<b>10.6</b>	<b>57.2</b>	
Buildings	7.9	4.3	3.6	Accessibility and energy management.
Climate	9.5	8.6	0.9	Climate Change Master Plan and natural systems initiatives.
Parks	4.2	3.1	1.1	Accessibility and community partnerships.
<b>Other Subtotal</b>	<b>21.6</b>	<b>16.0</b>	<b>5.6</b>	
<b>Total - Service Enhancement</b>	<b>89.4</b>	<b>26.6</b>	<b>62.8</b>	

Climate change pressures span multiple asset categories, shown in Table 9 above including prioritized investments in roads, structures and buildings and dedicated Climate Change Master Plan funding. Climate change includes both the mitigation investments to advance the City’s greenhouse gas reduction targets; such as energy efficient buildings, low-carbon transportation, and fleet transition, and the resiliency upgrades required to strengthen infrastructure that has not been designed to withstand future climate conditions, including more extreme rainfall, heat events, and freeze-thaw cycles. Climate change needs continue to be refined and prioritized through climate risk assessments, updates to infrastructure guidelines and standards, and corporate

strategies and pilots for building retrofits, solar energy, and electric vehicle infrastructure.

The annual funding gap is the difference between the average annual identified needs for the next ten years and the current funding available, which is the average annual funding allocations provided in the 2026 Budget's four-year capital plan. The identified needs are prioritized to focus on critical requirements in a manner that respects affordability and deliverability within the next 10 years. Service enhancements have been identified separately because more work will need to be done over the next two years to develop a funding strategy for these requirements going forward that could be a combination of financial and non-financial strategies. Enhancements will continue to be funded at current funding levels until a more holistic and sustainable solution can be developed. The work required over the next two years is described later in the Funding Strategies section.

### **Facility Replacements**

A key factor in evaluating the financial health and maintenance needs of the City's portfolio of facilities is the Current Replacement Value (CRV). As the industry standard costing tool for capital planning, CRV represents the estimated cost to rebuild an asset with equivalent capacity at current market rates. However, there are inherent limitations to this costing tool such that the CRV for a facility differs from the actual construction cost of developing a new facility to modern standards. As such, the facility replacement costs outlined here, understate the actual cost of redevelopment.

Currently, the City has an inventory of over 130 facilities, with an equivalent CRV of \$541.5 million, that will reach or exceed theoretical end-of-life by 2035. A building's theoretical life cycle must be balanced against its current condition and operational reality. There are 99 facilities currently rated in "fair" or lower condition. However, when a priority lens is applied only 40 facilities with an associated CRV of \$231 million demonstrate sufficient merit to justify full replacement. With current market conditions and modern design requirements, it is not feasible to replace all 40 facilities within the identified \$231 million CRV. The \$231 million in needs for facility replacements is therefore also a priority need. Likewise, it is important to recognize that the financial burden of maintaining facilities dedicated to only one service has become unsustainable. Greater efficiencies and cost savings can be realized through the consolidation and co-location of services within shared facilities.

Beyond addressing immediate operational needs, a proactive Facility Replacement Plan serves as a vital tool for asset management practices and long-term financial planning. There is currently no funding for facility replacements within the 2026 budget's four-year capital plan. A fully funded facility replacement plan, guided by the criteria laid out by the FMGG, has the potential to reduce infrastructure needs identified in the AMPs and generate revenue from facility and land disposal. By systematically retiring or replacing high-maintenance, low-criticality assets, the City can stabilize its portfolio and ensure it is "right-sized" to service delivery requirements within affordability constraints. While the City's rationalization processes now provide strong tools for determining when a facility is no longer suitable, a corresponding strategy will be developed to guide a phased plan for how essential services will continue when a facility is retired.

### **Target Level of Funding**

The LRFPP leveraged AMP information when determining the level of funding required to address risks that cannot be mitigated by operational or non-financial strategies. The City would not be able to meet the funding level required to address our priority needs, including maintaining critical assets in a safe and functional state, within our current funding plan which was based on the 2017 LRFPP recommendation to increase the annual funding by inflation and an additional \$7.8 million from annual tax targets. Funding within our current model would result in an estimated funding backlog of about \$1 billion by the end of the 10-year period for the priority needs alone, excluding Service Enhancements and Facility Replacements.

The following principles were used to develop a revised but feasible and affordable funding strategy to address the priority needs:

- Maintain Council's approved conservative debt strategy and maintain the limits on tax supported principal and interest expenses at 7.5 per cent of own-source tax revenues.
- Debt issued for terms that match the life of the assets they are funding.
- The target annual funding level for renewal needs required to maintain City assets in a safe and functional state should be achieved by the end of the 10-year planning period, such that any backlog is funded within the 10-year plan.
- The target annual funding level for growth needs should be achieved by the end of the 10-year planning period, such that any backlog is funded within the 10-year plan.

- Separate envelopes for growth projects are to be established to ensure dedicated funding. Capital growth needs will be reviewed throughout the 10-year period considering actual and anticipated growth.
- Funding for Service Enhancements be maintained at the current level of funding until further analysis is conducted on priorities, policy requirements and service levels over the next two years.
- Savings resulting from infrastructure investments or rationalization will be re-invested in infrastructure.
- Facility Replacements will be funded with long-term debt to ensure future taxpayers who will benefit from the new facilities pay for their costs.
- The City will continue to provide for inflation on capital contributions each year set at Ottawa's non-residential building construction price index.
- Senior Governments should provide for a permanent source of funding to assist municipalities with growth projects, renewal of existing assets and climate change.
- Other non-financial strategies will continue to be employed to reduce the overall need for additional funding.

Using these principles the estimated funding target over the 10-year period from 2026 to 2035 is \$4.8 billion (in 2026 dollars) or \$479.7 million per year, which represents a 53 per cent increase over the current level of funding. Table 10 below summarizes the total funding required over ten years, the average annual funding required and the current funding available, all in 2026 dollars (not inflated).

**Table 10 – Estimated Tax Supported Funding Target by Category (in \$ millions)**

	<b>2026-2035 Total Target Funding</b>	<b>2026-2035 Target Annual Funding</b>	<b>2026-2029 Current Average Funding</b>
Renewal	3,803	380.3	257.4
Growth (BTE)	501	50.1	29.4
Regulatory	3	0.3	0.7
<b>Priority Needs</b>	<b>4,307</b>	<b>430.7</b>	<b>287.5</b>
Service Enhancements	259	25.9	26.6
Facility Replacement	231	23.1	0.0
<b>Total</b>	<b>4,797</b>	<b>479.7</b>	<b>314.1</b>

### **Municipal Scan of Infrastructure Levy**

Ottawa is not alone in facing significant infrastructure challenges. Across Canada, several municipalities have adopted long term asset management strategies supported by a dedicated funding mechanism. In addition to advocacy to other levels of government for assistance, cities such as Toronto, Vancouver, Hamilton, and Mississauga have introduced infrastructure levies or other forms of earmarked revenue to address their growing infrastructure deficits and ensure reinvestment in critical public assets. Table 11 below shows historical information on these municipal infrastructure levies including the levy amount for an average homeowner.

**Table 11 – Examples of Municipal Infrastructure Levies**

Municipality	Historical Levies	Recent Levy Amounts
Toronto	0.5% to 1.5%	\$63 <sup>4</sup>
Mississauga	1% to 3%	\$72 <sup>5</sup>
Vancouver	Up to 1%	\$38 <sup>6</sup>
Hamilton	Up to 2.55%	\$79 <sup>7</sup>

The City of Ottawa's 2008 budget introduced a capital levy totaling \$20 million in response to the funding gap for renewal needs identified in the 2006 Tax LRFP. The City's 2009 Budget reduced the capital tax levy to \$12 million but maintained the \$20 million to address the infrastructure renewal by reducing other capital projects. In 2009 the average urban residential and commercial tax bill paid \$29 and \$45, respectively, for the capital levy. Although the City continued to fund its renewal needs beyond 2009 it has not had a capital levy since 2009.

A dedicated infrastructure levy could help address the City of Ottawa's identified priority infrastructure needs and funding backlog. The City's tax-supported assets have an estimated replacement value of over \$39 billion and a dedicated, predictable source of funds to supplement a long-term funding strategy would be beneficial for preserving service levels for residents.

For illustrative purposes, a 1 per cent levy would be an additional \$46 annually for an urban home with an assessed value of \$415,000.

The funds from the dedicated infrastructure levy could be used as direct contributions to the City-Wide Capital Reserve Fund or debt servicing payments for tax supported debt for renewal, growth and regulatory needs.

### **Funding Strategies**

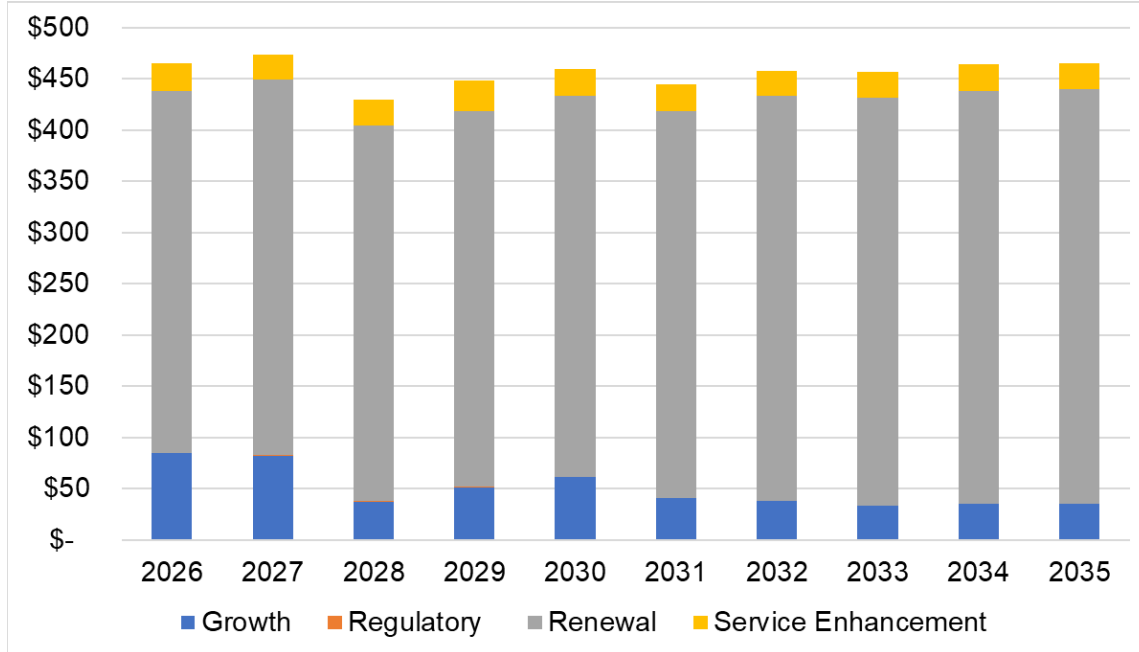
The graph in Figure 5 below shows the infrastructure needs over the next ten years.

<sup>4</sup> Based on a Toronto home with an assessed value of \$692 thousand in 2026

<sup>5</sup> Based on a Mississauga home with an assessed value of \$700 thousand in 2026

<sup>6</sup> Based on a Vancouver home with an assessed value of \$2.2 million in 2025

<sup>7</sup> Based on a Hamilton home with an assessed value of \$387 thousand in 2025

**Figure 5 - Infrastructure Needs by Category 2026 - 2035 (in \$ millions)**

Although an infrastructure levy would help to provide long term, predictable funding, the recommendation is to inject one-time funding in the first few years to catch up and then reassess what the annual base budget increases would need to be going forward.

Based on the current needs projections, it is estimated that if we inject funding in the first two years, the annual base budget increases required in 2029 dollars (uninflated) would be \$29 million and then dropping to \$23 million in 2031. Without the increases in the first two years the annual base budget increase requirement would be \$34 million.

Possible solutions that can be decided as part of the annual budget process include adding an infrastructure levy, funding within tax targets, or reallocating from unspent capital funds.

The updated Tax LRF that will accompany the AMP updates in the next Term of Council will include a recommendation for addressing any predictable funding need required post-2028.

The proposed funding strategy to achieve the estimated \$4.8 billion (in 2026 dollars) funding target for renewal, growth, regulatory and service enhancements by the year 2035 would require the following:

- Doubling the existing \$6 million annual contribution from within Council's tax target to \$12 million for 2027 and 2028:

- Directing \$4.5 million of the additional base budget to debt servicing to fund \$60 million in additional debt in each of the 2027 and 2028 budgets
- One-time draw-down of the City-Wide Capital Reserve Fund in 2027 of the amount exceeding the reserve minimum target of \$21.5 million at the end of 2026, estimated to be exceeded by \$32 million.
- Attributing 0.15 per cent of growth in property tax revenue to the capital growth budget envelope annually estimated to be \$3.5 million.
- Increasing the annual debt authority to an average of \$96.5 million from \$60 million from 2029 to 2035.
- Starting in 2029, contributing to the City-Wide Capital Reserve Fund from an increase in the base budget estimated at:
  - from 2029 to 2030 equivalent to \$29.2 million annually; and,
  - from 2031 to 2035 equivalent to \$23.4 million annually.

Over the next two years staff will be reviewing financial and non-financial options to address the funding gap for Service Enhancements, including new sources of revenue and policy changes, and will report back to Council as part of the update of the City's AMPs in the next term of Council.

For enhancements related to climate change, it is recommended that in the interim, a new reserve fund be established within the City-Wide Capital Reserve Fund to fund prioritized climate change investments and climate service enhancements associated with infrastructure capital projects and allocate the following sources of revenue to that reserve fund as part of the annual budget process and as revenues are received:

- revenue from the annual Hydro Ottawa dividend that exceeds its annual budget (referred to as a budget surplus); and
- tangible operating and capital savings achieved due to climate change investments.

As previously shared with Council, climate investment needs continue to be refined and prioritized through ongoing climate risk assessments, updates to infrastructure guidelines and standards, and corporate strategies and pilots related to building retrofits, solar energy, and electric vehicle infrastructure. The outcomes of this work will inform future updates to the Asset Management Plans and Long Range Financial Plans.

Over the next two years, staff will report back to Council with a recommended prioritized project list and associated spending plan for capital project investments aligned with Council-approved climate adaptation and mitigation priorities. This list will reflect the most current information available at the time, including findings from risk assessments, pilot initiatives, and updated guidelines. As this work progresses, priorities will continue to be refined to ensure future AMPs remain reflective of, and LRFPs remain responsive to, emerging risks, opportunities, and Council direction.

It is recommended that any cost savings from facility rationalizations and revenue generated from facility disposals be made available for capital projects identified in the Facility Replacement Plan. The funding strategy for Facility Replacements to achieve the \$231 million (in 2026 dollars) funding target by the year 2035 requires the following:

- Approval of capital spending authority for Facility Replacement projects will be brought forward in future reports to be funded with long term debt (up to \$231 million) and disposal proceeds;
- Any tangible operating and capital savings that result from facility rationalizations be allocated towards facility replacement projects or to offset debt servicing costs; and
- Increase the debt servicing budget for tax supported debt by \$14.2 million by 2035:
  - \$2.6 million annually from 2027 to 2030 to fund an estimated \$10.5 million in debt servicing cost on up to \$170.6 million of long-term debt for facility replacements by 2030.
  - \$0.7 million annually from 2031 to 2035 to fund an estimated \$3.7 million in debt servicing cost on up to \$60.6 million of additional long-term debt for facility replacements from 2031 to 2035.

Table 12 below summarizes the sources of funds in the proposed funding strategy required to meet the estimated \$4.8 billion (in 2026 dollars) funding target.

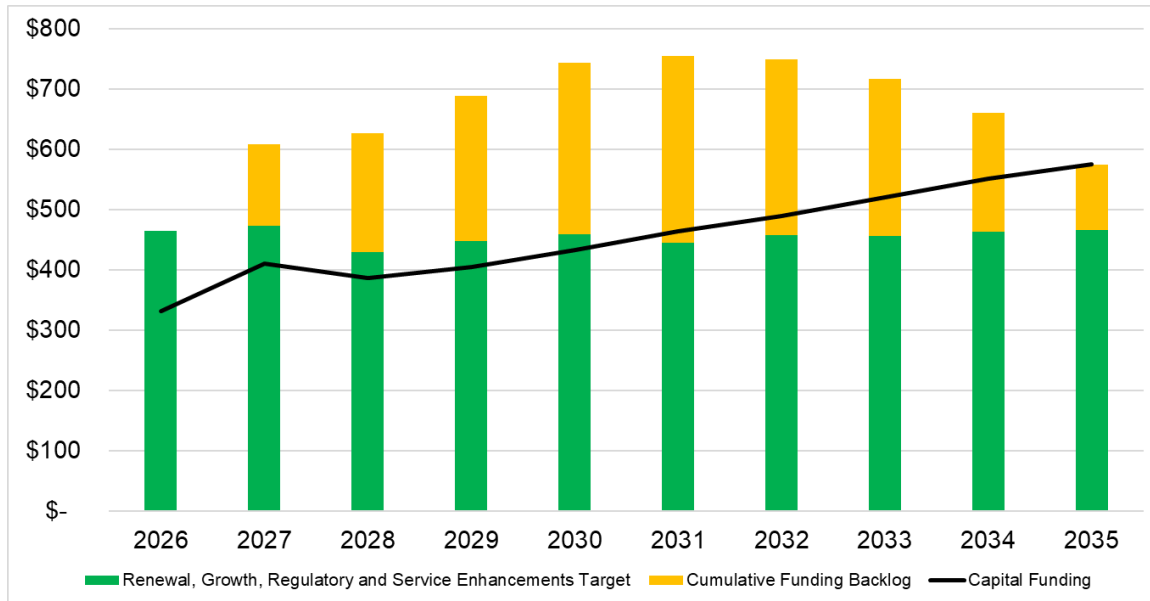
**Table 12 – Funding Sources and Funding Target (in millions)**

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total 2026- 2035
Reserves	241	291	267	305	333	364	395	425	456	484	3,560
Debt Authority	90	120	120	100	100	100	95	95	95	91	1,006
<b>Total Funding</b>	<b>331</b>	<b>411</b>	<b>387</b>	<b>405</b>	<b>433</b>	<b>464</b>	<b>490</b>	<b>520</b>	<b>551</b>	<b>575</b>	<b>4,566</b>
Facility Replacements – Debt Authority											231
<b>Total Funding Target</b>											<b>4,797</b>

This proposed funding strategy would gradually increase funding levels over time, but there would be a funding backlog created until target levels are achieved. However, unlike the 2017 funding strategy, the cumulative funding backlog is funded over the ten-year period by 2035 in this revised approach.

Figure 6 below summarizes the projected funding requirement and funding available over the ten-year plan. The black line shows the increase in funding each year, assuming the implementation of the proposed funding strategies for renewal, growth, regulatory and service enhancements, including the impact if a new infrastructure levy or other base budget increase were started in 2029 to 2035. The bottom bars show the funding requirement each year and the top bars indicate the “cumulative” backlog for each year the funding remains below the need. The target funding is achieved in 2030, and the backlog is not fully funded and eliminated until 2035 at the end of the planning period when funding levels reach a total of \$575 million annually.

**Figure 6 – Estimated 10-year Funding Requirement and Funding Availability (in \$ millions)**



This funding strategy reflects current projected needs. Actual revenue and spending results could vary, resulting in adjustments to this plan each year as part of the budgeting process. Long Range Financial Plans will be updated each term of Council in alignment with the updated AMPs, at which time, these projections could be adjusted.

While funding is an essential tool, it cannot be the only solution. The City will continue to employ non-financial strategies to extend the useful life of assets and reduce asset dependency where possible such as:

- Rationalization and optimization of existing assets.
- Adjustments to service levels.
- Service Delivery Review initiatives.
- Public outreach and education.
- Innovative delivery approaches.

Staff will review financial and non-financial strategies over the next two years to address the funding gap and report back to Council as part of the AMP update. Going forward LRFPs will be updated in conjunction with the AMP updates each term of Council. Service-level adjustments should be considered where reasonable and practical. This

work will inform future staff recommendations and Council decision-making to ensure that the City remains affordable, responsive, and aligned with community priorities throughout the lifecycle of its assets.

Despite this proactive approach, it must be recognized that not all risks can be fully mitigated. The concept of residual risk the level of service or failure risk that remains after planned investments reflects this reality. Like all municipalities, Ottawa manages within practical tolerances, accepting some level of residual risk while targeting funding to the areas of greatest need.

Council reviews and adopts the operating and capital budgets on an annual basis. Future plans will reflect Council's annual reviews and related directions. Spending needs and financing plans may also be adjusted in the future as a result of legislative requirements; as a result of the City's planning process; and, related decisions on Tax-supported programs, balancing financial and non-financial strategies that support service needs.

### **Future Debt**

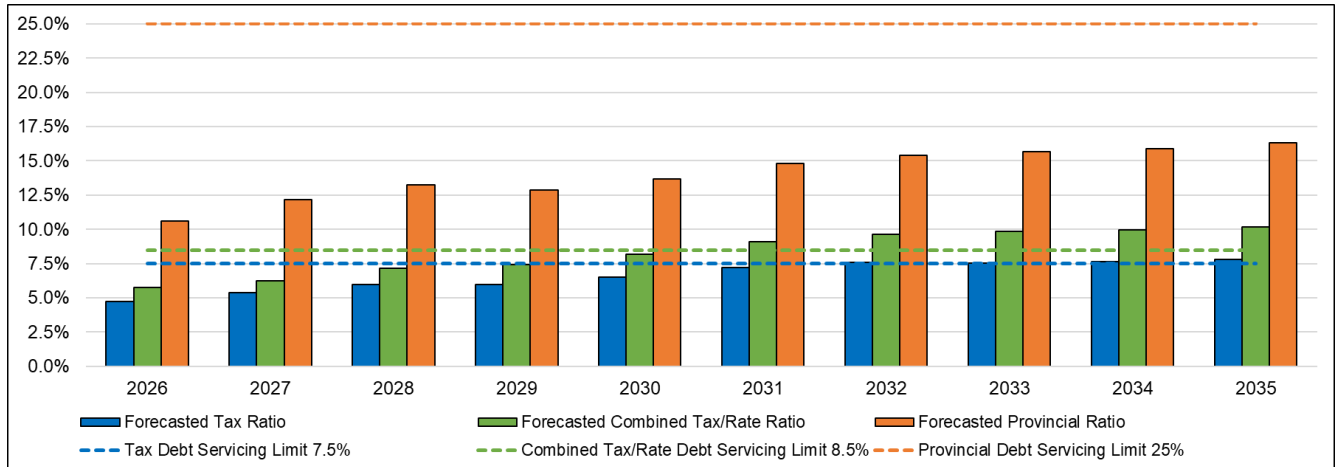
The proposed funding strategy assumes a conservative and affordable increase in the annual authority for new tax supported debt to an average of \$100 million for growth, renewal, regulatory and service enhancements from 2026 to 2035. New debt authority for facility replacements will need to be approved for each project in future reports or as part of the budgeting process. Funding the debt servicing charges for facility replacements will come from gradually increasing the debt service budget, as described in the funding strategy.

Figure 7 below shows the forecasted debt servicing costs against the limits imposed by Council and the Province. The forecast reflects debt that has already been issued; with all approved but unissued debt being issued by 2035.

The figure below shows that the debt servicing funded from taxation, including transit and police, reaches a maximum of 7.8 per cent barely exceeding Council's 7.5 per cent tax limit by 2032. Debt servicing funded from tax and rate, including drinking water, wastewater and stormwater, reaches a maximum of 10.2 per cent exceeding Council's 8.5 per cent tax limit by 2031. The City's consolidated total debt servicing, including tax/rate supported debt, gas tax supported debt, development charge supported debt and Ottawa Community Housing's mortgages, reaches a maximum of 16.3 per cent of own source revenues compared to the 25 per cent provincial limit. This is only a projection, and can be managed and likely adjusted, over the ten-year plan as part of

the annual budget process. The City's debt servicing policy is very conservative and will be reviewed as part of the Fiscal Framework update planned for 2027. Now that we have completed the update on all of the LRFPs we can review our overall financial policies and targets to ensure the City remains, as it has always been, financially stable and sustainable for the long term. The City is expected to remain well under the legislative limit of 25 per cent set by the province.

**Figure 7 – Forecasted Debt Servicing Ratios and Limits**



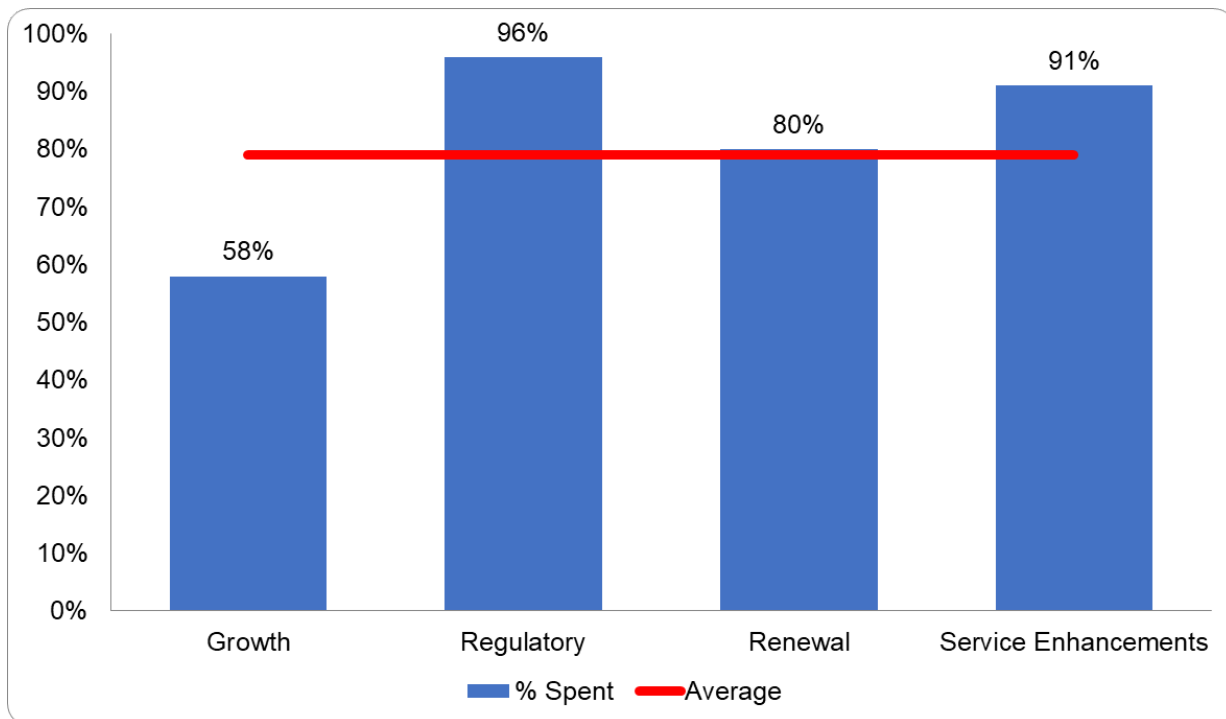
### Pilot of Agile Capital Budgeting

As part of the Transportation Master Plan (TMP) – Part 1, staff were directed to investigate opportunities to fund major transportation infrastructure projects in areas experiencing significant rapid growth. Additionally, as part of the Transportation Master Plan (TMP) – Part 2, staff were directed to evaluate and report back on the expanded use of debt as a financial mechanism to accelerate construction of projects identified in the TMP Capital Infrastructure Plan. The pilot of agile capital budgeting is the recommended financial strategy to advance and expedite transportation infrastructure in high growth areas, including reallocating funds if a project is delayed, maximizing efficiency.

An analysis was conducted to understand capital spending rates and barriers to better understand opportunities to accelerate transportation projects, including transportation projects in areas experiencing significant growth. Both funding availability and capacity to spend need to be analyzed and monitored to ensure spending on available funding is maximized to maintain existing infrastructure in a safe and functional state and to keep pace with demands from the growth in population and employment.

The graph in Figure 8 below shows that the rate of spending for growth projects has been slower than for renewal. This analysis substantiates recent concerns that there has been a delay in growth spending particularly for roads projects. Historically, the City has experienced a capital spending rate of, on average, approximately 80 per cent over the past 10 years on its regular capital program<sup>8</sup>. Roads and related growth projects spent less than 60 per cent of their total adopted capital budgets, below the overall City average of 80 per cent.

**Figure 8 – Historical Spending on Capital Budget 2016 to 2025**



There are several factors delaying spending for roads and related growth projects, particularly funding for major projects, which currently needs to be accrued over multiple years. This means that large capital budgets are allocated to projects but cannot be spent until the full funding is available in future years. Design processes have historically been scheduled to ensure that detailed design is completed in the same year that the full capital budget authority for construction is expected to be available. This avoids designs sitting on shelves prior to construction. Road design standards change frequently, so detailed designs that are ready too early, may need substantial rework before construction. Property acquisition only occurs once the full construction budget is available, and this can be a multi-year process. Implementation of roads and related

<sup>8</sup> Excludes large scale projects such as Light Rail Transit and the Central Library.

growth projects can also experience delays related to coordination needs, design changes, or other unexpected challenges. These delays can cause capital budgets to extend over longer time periods.

The City's current capital budget practice is the standard approach used by municipalities in Ontario, which approves budget authority up front ahead of when the actual spending will occur. Capital spending is phased for construction projects where design budgets are provided first before authority for construction spending. Planning work such as environmental assessments, property acquisition, functional design studies take time.

This budget authorization approach is used for a variety of reasons, primarily for procurement requirements, but also to ensure that funding for the capital project is in place so a project can be seen through to completion without the need for future budget approval. Although this approach has many merits, it also has significant drawbacks. Capital budget authority often needs to be accumulated over multiple years before construction procurement can proceed, and funding is provided many years in advance of actual spending, which may prevent other projects from proceeding.

A pilot of an alternative approach, "agile capital budgeting", is recommended for Transportation Planning's roads and related growth projects as it will provide an alternative strategy to using additional debt to accelerate construction projects.

The proposed pilot for an agile capital budgeting approach will seek Capital Spending Authority (CSA) for multi-year capital projects or programs and include spending required for the current budget year and planned future budget years allowing departments to enter into multiyear contracts. To allow flexibility, the CSA will be approved for the roads and related growth program so that if some projects in the program are delayed, others can go ahead to achieve the overall capital plan.

As part of the annual budget process, Council will approve a ten-year capital plan with approved projects and a four-year spending authority for growth roads and related projects. Departments would have the authority to reallocate funding within the current year spending authority between projects within a program group with similar funding profiles. Reallocations within the four-year CSA limits to projects approved in the ten-year capital plan would be approved by the CFO and any changes to the ten-year planned projects would need to be approved by Council. Cashflow requirements will be monitored and re-forecasted each year. The CSA is adjusted and re-approved through the annual budget process.

The pilot will provide the following benefits:

- Ability to accelerate construction of projects and reduce delay risk by removing funding delays and enabling multi-year contracting.
- If there are delays in the piloted infrastructure projects, another project can be advanced using the Project Prioritization and Financial Framework.
- Optimizes resource use by maintaining a consistent, steady workflow when a project is delayed and another can come forward.
- Improved accountability for capital spending within the pilot and aligns budgeting with actual cash flow needs.

The agile budgeting method reduces the likelihood of designs sitting on shelves prior to construction; in the near-term, it is expected that many projects will be able to proceed to construction shortly after the completion of design, since we do not currently have a backlog of “shovel-ready” projects. Under this funding context, it will be easier to accelerate design processes, and to advance property acquisition, which often requires significant time.

In alignment with the pilot, the City is also reviewing the project design and delivery process for roads and related growth projects, to find other opportunities to reduce delays. The ability to reallocate funding between projects in the same program also supports a shift to advancing multiple projects simultaneously. With many projects in the pipeline and the ability to reallocate funding, it is much less likely that overall spending will be delayed due to individual project delays.

In the longer term, there may be a backlog of shovel-ready projects. Even once this occurs, some projects may still encounter unexpected delays, so the agile budgeting method will continue to prove valuable for ensuring the desired level of capital spending each year.

Staff do not recommend increasing debt to advance road growth projects as part of this pilot, particularly since the issue is not lack of funding, but rather timing of spending. Development charge debt servicing as a percentage of development charge revenues is currently estimated at almost 30 per cent. With recent changes in regulation, statutory exemptions and deferral of development charges for residential units, issuing debt without a stable and predictable flow of development charge revenue annually would add financial risk.

## Project Prioritization Framework

Projects within the roads and related growth program would follow the prioritization completed as part of the Transportation Master Plan Capital Infrastructure Plan, approved in July 2025, as well as considering project readiness and coordination opportunities. Document 2 includes an inventory of Transportation Planning projects in High-Growth Areas to be included in the Agile Budgeting Pilot. As noted in the Transportation Master Plan, adjustments to the ten-year project list and order of implementation may be made to reflect factors such as: opportunities for coordination with other capital works, project readiness, property requirements, or funding availability. These adjustments would be approved by Council as part of the annual budget process.

## Financial Framework

- A capital project or program will be planned based on forecasted cashflow requirements, not based on when the total authority is required.
- Capital Spending Authority (CSA) for a project or program will be approved annually for the next four years and list of projects for ten years, allowing departments to enter into multiyear contracts.
- Departments delivering the capital projects or programs will track actual in-year spending against in-year CSA with the goal of maximizing but not exceeding its approved CSA for the budget year. The CFO can approve any reallocations within the four-year spending limit.
- Flexibility is provided so that if some projects are delayed others can go ahead. This approach helps the City achieve its overall capital plan and makes better use of resources as funding will be managed to meet the total four-year CSA which is reforecast and approved each year.

Staff will develop a ten-year budget, four-year spending plan and project list for programs in the pilot to be approved by Council as part of the 2027 budget process.

It is recommended that Council delegate authority to the City Treasurer and CFO to reallocate funding to projects within the first four years of the spending plan, as required, in alignment with the financial and project prioritization frameworks.

Document 1 provides a listing of recent motions related to funding, advancing and prioritizing capital works, as well as status updates for each including how the

recommended pilot helps address the requirements of the motions.

### **FINANCIAL IMPLICATIONS**

Financial implications are identified in the report.

### **LEGAL IMPLICATIONS**

There are no legal impediments to receiving the information in this report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a citywide report.

### **CONSULTATION**

The public consultation process will be incorporated into the review process for annual budgets.

### **ACCESSIBILITY IMPACTS**

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

### **ASSET MANAGEMENT IMPLICATIONS**

The implementation of the Comprehensive Asset Management program informs the preparation of the long-range financial plan and enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users.

An evidence-based prioritization approach was used to establish the capital funding requirements presented in this report. The funding recommended in this report will have positive implications for the condition of the City's assets and are consistent with the City's Comprehensive Asset Management (CAM) Program objectives.

The City has a mature and structured approach to asset risk and does not treat all assets equally. The City prioritizes investment based on the likelihood that an asset will fail and the potential consequences if it does. This approach, aligned with the City's Enterprise Risk Management Framework, ensures that resources are directed to the areas where they will have the greatest impact on service reliability and safety. Residual risk, meaning the level of service or asset risk of failure that remains after planned

investments will be managed through coordinated maintenance, capital planning, and on-going reviews of the balance of cost, levels of service and risk.

Ottawa's asset management plans provide a basis for assessing residual risk and risk tolerance by identifying needs, connecting asset condition with service delivery, and disclosing financial and service delivery risks linked to funding shortfalls. In accordance with O.Reg 588/17, Council will be provided annual updates on the City's asset management progress.

The tax funding reflected in this report will be incorporated into the financial forecasts, and subsequent analysis of forecasted service level trends, service area gap, and calculated risk, in the next update of the tax-supported Asset Management Plans. In accordance with O.Reg 588/17, these plans will be updated and brought for Council approval no later than July 1, 2030.

## **CLIMATE IMPLICATIONS**

The updated Long-Range Financial Plan (LRFP) for Tax Supported Capital, as outlined in this report, includes priority climate change investments, while maintaining a strong focus on affordability.

Notable climate initiatives planned for 2026-2029 include:

- \$27 million to implement the Climate Change Master Plan (including priority projects to reduce greenhouse gas emissions and implement Climate Ready Ottawa)
- \$11.3 million for energy and emissions related building retrofits
- \$8 million for natural area planning, acquisition and restoration

The service enhancements section of this report includes annual funding gaps for the needs identified in the Climate Change Master Plan, energy and emissions building initiatives, and other climate initiatives such as increased drainage culvert capacity.

Climate needs continue to be refined and prioritized in alignment with Council's greenhouse gas emission targets and resiliency goals. The 2025 Asset Management Plans forecasted \$1.7 billion in additional capital needs over ten years to meet climate mitigation and adaptation levels of service for existing assets. The implementation of Climate Ready Ottawa will continue to identify priority investments based on climate risk assessments of critical infrastructure as well as pilots, feasibility studies and updates to

design standards to adapt infrastructure for anticipated climate conditions. For climate mitigation, required investments will continue to be refined through the advancement of a corporate building retrofit strategy, a solar energy generation strategy, and through the implementation of electric vehicle infrastructure pilots and partnerships.

Deferring climate investments may result in failing to maintain established service levels and targets, additional operating and maintenance costs, or earlier lifecycle renewal. Financial needs and opportunities will be further outlined through ongoing initiatives such as reviews, including the Climate Change Master Plan update, future Asset Management Plans, and in future annual budgets.

The updated Long Range Financial Plan proposes a new funding strategy intended to help prepare the City to address the climate-related infrastructure investment gap, including the establishment of a Climate Change Reserve Fund supported by two identified funding sources. While the proposed reserve would provide a mechanism to direct certain revenues toward climate-related enhancements to infrastructure capital projects, it represents one component of the broader funding approach, and additional measures will be required over time to address the full scope of identified needs in the Climate Change Master Plan and supporting strategies.

Staff will continue to assess additional financial and non-financial approaches to advance climate-related infrastructure priorities, including exploring partnership opportunities with the private sector, pursuing grant funding, and seeking support from other levels of government. At the same time, staff will continue to refine and prioritize initiatives to ensure they are aligned with available funding and organizational capacity.

## **TERM OF COUNCIL PRIORITIES**

The report promotes the City's commitment to financial sustainability and transparency.

This report also supports the City's ongoing commitments the current 2023 - 2026 Term of Council Priorities of: a city that has affordable housing and is more livable for all; a city that is more connected with reliable, safe and accessible mobility options; a city that is green and resilient; and a city with a diversified and prosperous economy.

## **SUPPORTING DOCUMENTATION**

**Document 1: Recent Motions with LRFP implications**

**Document 2: Inventory of Transportation Planning Projects in High-Growth Areas for the Agile Budgeting Pilot (2026-2035)**

**DISPOSITION**

Information contained in this report will be utilized during the annual budget setting process.

## Document 1

The following table provides a status update on recent motions that are in part addressed by the approval of this report's recommendations.

Motion and Date Submitted	Resolution	Status Update
<p>Allocating Increased Funding to Major Transportation Infrastructure Projects in Areas of Significant New Development</p> <p>Moved by Councillor Kitts</p> <p>Wednesday, April 26, 2023</p>	<p>THEREFORE BE IT RESOLVED that through the development of the Long Range Financial Plan, staff investigate opportunities to sufficiently and affordably fund major transportation infrastructure projects in areas experiencing significant rapid growth;</p> <p>BE IT FURTHER RESOLVED that the next DC Background Study and DC Bylaw Update reflect the projects and programs that support the TMP policies to ensure that there is sufficient affordable funding for major transportation infrastructure projects in areas experiencing significant rapid growth.</p> <p>BE IT FURTHER RESOLVED that the City of Ottawa also explore policy changes to ensure future front-ending</p>	<p>This report recommends a funding strategy that funds the BTE component of the TMP's capital needs.</p> <p>The Transportation Master Plan Development Charges Amendment was approved in March 2026.</p> <p>Finance and Planning Services are currently reviewing the Front Ending Agreement Policy. Recommendations to amend the Front Ending Agreement Policy will come forward in 2027 to align with the Development Charge Structure Review.</p>

	<p>payments are aligned with and restricted to the amount of revenue collected within the benefitting area defined by staff.</p>	
<p>Development Charge Funding Principle for New Roads Allocation</p> <p>Moved by Councillor Kitts</p> <p>Wednesday, January 22, 2025</p>	<p>THEREFORE BE IT RESOLVED THAT staff review and develop options for phasing high-priority new road projects in alignment with the TMP and DC background studies; and</p> <p>BE IT FURTHER RESOLVED that based on average annual DC income, staff explore making available forecasted resources to expedite construction, including provisions for reallocating funds if a project segment is delayed, maximizing efficiency in meeting growth-related infrastructure demands; and</p> <p>BE IT FURTHER RESOLVED THAT staff</p>	<p>The TMP Capital Infrastructure Plan approved July 2025 identified high-priority road projects, and introduced phasing within these projects where phasing was expected to deliver mobility benefits.</p> <p>The Transportation Master Plan Development Charges Amendment was approved in March 2026.</p> <p>This report recommends a pilot of an agile capital budgeting approach for new roads projects in the TMP. The approach provides flexibility to projects within the pilot to proceed when other projects in the pilot are delayed, subject to the financial framework and project prioritization framework described in the report.</p>

	<p>bring the funding review report back to the appropriate standing committee that includes the feasibility and implementation options of phasing-in, in advance of the tabling of the Transportation Master Plan Part 2.</p>	
<p>Use of Development Charge Future Debt &amp; New Funding Strategies</p> <p>Moved by Councillor Kitts</p> <p>Thursday, June 26, 2025</p>	<p>THEREFORE BE IT RESOLVED THAT staff be directed to evaluate and report back on the expanded use of debt as a financing mechanism to accelerate construction of projects identified in the TMP Capital Infrastructure Plan; and BE IT FURTHER RESOLVED THAT the evaluation include:</p> <ul style="list-style-type: none"> <li>• A financial analysis of future borrowing capacity, debt servicing, and long-term carrying costs, in alignment with the plan fiscal framework update;</li> <li>• Develop a framework to assess financial (cost escalations) and non-financial cost/benefits of advancing projects as a result of continued delays in infrastructure projects</li> </ul>	<p>This report provides a financial analysis of debt servicing with forecasted debt servicing costs against the limits imposed by Council and the Province. Future analysis will be completed as part of the planned update to the City's Fiscal Framework in 2027.</p> <p>This report recommends a pilot of an agile capital budgeting approach for new roads projects in the TMP. The approach provides flexibility to projects within the pilot to proceed when other projects in the pilot are delayed, subject to the financial framework and project prioritization framework described in the report.</p> <p>The Transportation Master Plan Development Charges Amendment was approved in March 2026.</p> <p>The Tax LRF provides substantiating rationale for minimizing any increases in development charge debt in the short term.</p>

	<ul style="list-style-type: none"><li>• An inventory of transportation projects in high-growth areas that could be advanced using this tool, including in South and in alignment with the TMP Prioritization;</li></ul> <p>BE IT FURTHER RESOLVED THAT staff be directed to update the Development Charges Background Study based on the TMP Capital Infrastructure Plan and to use Development Charges, to the extent possible as permitted under the Development Charges Act.</p>	<p>Document 2 of the Tax LRFP provides an inventory of Transportation Planning projects in high-growth areas for the agile budgeting pilot.</p>
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**Document 2: Inventory of Transportation Planning Projects in High-Growth Areas for the Agile Budgeting Pilot (2026-2035)**

<b>TMP Road Projects – Capacity</b>	<b>Network Modification Program Projects</b>	<b>TMP Road Urbanizations</b>	<b>TMP Mainstreet Improvements</b>
<p>Greenbank Rd (Chapman Mills to Cambrian)</p> <p>Bank Street (Leitrim to Dun Skipper)</p> <p>Brian Coburn Ext - Renaud Realignment</p> <p>Carp Road (Hwy 417 to Hazeldean)</p> <p>Brian Coburn Widening (Mer Bleue to Tenth Line)</p> <p>Stittsville Main St Ext (Maple Grove to Derreen)</p> <p>Greenbank Rd (Cambrian to Kilbirnie)</p> <p>Robert Grant (Palladium to Hazeldean)</p> <p>Prince of Wales Dr Widening (Deakin to Amberwood)</p> <p>Brian Coburn Widening (Navan to Mer Bleue)</p> <p>Earl Armstrong Rd Ext (Bowesville to Bank)</p> <p>Greenbank Rd (Kilbirnie to Barnsdale)</p> <p>Airport Parkway (Brookfield - Hunt Club)</p>	<p>Bank Street and Hunt Club Road</p> <p>Terry Fox Drive, Winchester Drive to Castlefrank Road</p> <p>Hope Side Road at Terry Fox Drive / Eagleson Road</p> <p>Innes Road, Blair Road to Highway 417</p> <p>Leitrim Road and Anderson Road</p> <p>Lester Road and Albion Road South</p> <p>Fallowfield Road and Prince of Wales Drive</p> <p>Coventry Rd and Vanier Pkwy</p> <p>West Hunt Club Rd and Woodroffe Ave</p> <p>Hawthorne Rd/Russell Rd and Walkley Rd</p> <p>The list of NMP projects is periodically reviewed and</p>	<p>Fernbank Road Urbanization (West Ridge Drive to Shea Road)</p> <p>River Road Urbanization (Earl Armstrong Road to Solarium Avenue)</p> <p>Manotick Main Street Urbanization (Eastman Avenue to Kelly Marie Drive (N))</p> <p>Shea Road Urbanization (Abbott Street to the northern edge of the Stittsville South W4 future community)</p> <p>Longfields Drive Urbanization (Cambrian Road to Prince of Wales Drive)</p> <p>Maple Grove Road Urbanization (east of Huntmar Drive to Terry Fox Drive)</p> <p>Tenth Line Road Urbanization (Harvest Valley Drive to connect into the E1 community)</p> <p>Eagleson Road Urbanization (Cope Drive / Cadence Gate to Hope Side Road)</p> <p>Borrisokane Road Urbanization (Strandherd Drive to Cambrian Road)</p> <p>Rockdale Road Urbanization (Buckland Road to Devine Road)</p>	<p>Stittsville Main Street Improvements (Hazeldean Road to Bobcat Way)</p> <p>St-Joseph Boulevard Improvements (Jeanne D’Arc Boulevard to Belcourt Boulevard)</p> <p>Beechwood Avenue Improvements (Vanier Parkway to Juliana Road)</p> <hr/> <p><b>Intersection Control Measures Projects</b></p> <p>A 10-year list is part of the Development Charges Background Study and all projects will be part of the pilot.</p>

	new projects may be added.		
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