



Tax LRFP Update

Long Range Financial Plan

Finance and Corporate Services Committee | June 2, 2026

The Long-Range Financial Plan establishes how the City will fund priority infrastructure needs over the next ten years. **This does not approve every project today.** It establishes the funding strategy and priorities that guide future budgets.

WHAT COUNCIL IS BEING ASKED TO DO

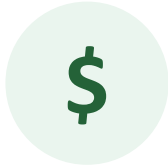
Approve the Tax Supported LRFP, including:

- 1 Approve: "Affordable phased infrastructure funding Strategy"**
Balances affordability, delivery capacity, and long-term sustainability.
- 2 Prioritize renewal, growth, and mission critical infrastructure needs**
Focused on highest priority and most deliverable investments.
- 3 Approve new funding tools and pilot approaches**
Including agile capital budgeting and dedicated growth funding.

WHY THIS MATTERS

These decisions:

-  Protect critical infrastructure and core services
-  Support affordability through paced investments
-  Align funding with organizational delivery capacity
-  Improve long-term financial sustainability



Protects Affordability

Keeps tax increases manageable while continuing to invest in what matters.



Aligns to Delivery

Paces funding with delivery and capacity.



Preserves Flexibility

Maintains room to adjust as conditions change.



Recalibrates in 2028

Next cycle draws on updated AMPs, delivery data, and affordability conditions.

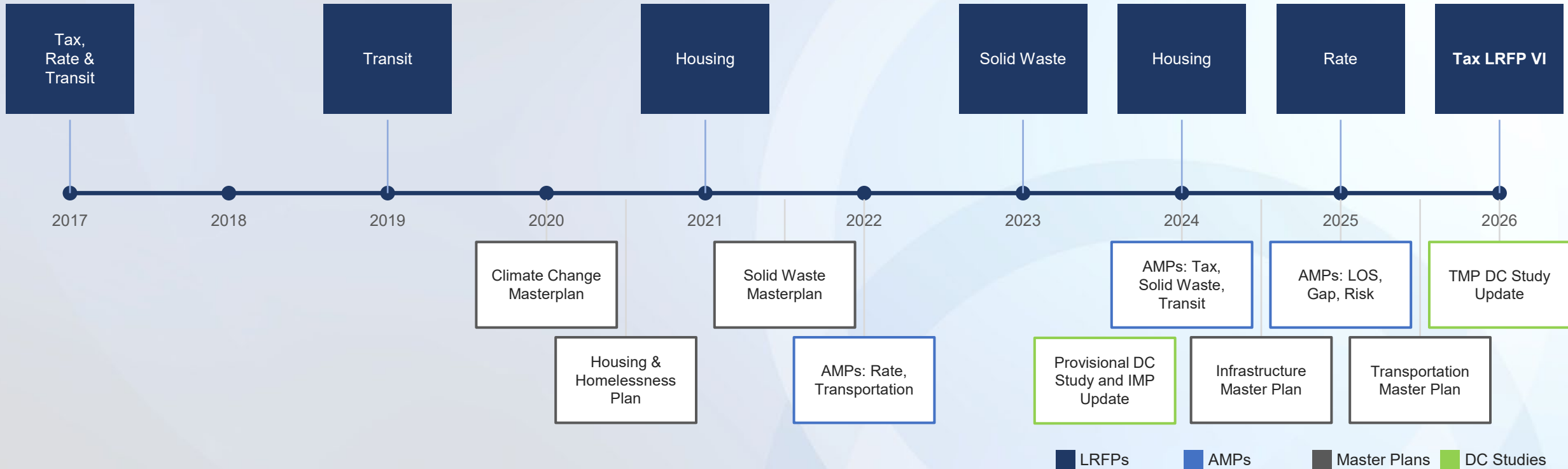
2027 Implementation begins

2028 Recalibrate with updated AMPs

A Decade of Deliberate Asset and Financial Planning

Long range financial planning across all major service areas since 2017

LONG RANGE FINANCIAL PLANS





\$10.8B

TOTAL 10 YEAR INFRASTRUCTURE GAP

Tax and rate supported. Renewal, growth, service enhancements and regulatory.



\$3.8B

RENEWAL GAP, TAX SUPPORTED

Summation of all tax supported renewal needs in state of good repair.



TAX LRF



\$1.23B

PRIORITIZED RENEWAL GAP

Risk based prioritization to keep assets safe and functional.

How \$3.8B was prioritized to a \$1.23B actionable plan

1

Asset Condition

Inspections, monitoring, and lifecycle data inform renewal sequencing.

2

Regulatory and Code

Industry practice and infrastructure designated as critical or with high occupant loads.

3

Mission Critical Function

Emergency response and public safety facilities prioritized for continuity.

4

Asset Specific Factors

Considerations that may influence service continuity and risk exposure.

RESULT

\$3.8B AMP "if we did everything" renewal gap aligned to a **\$1.23B** actionable, affordable plan focused on prioritizing infrastructure.



INCREASE IN ANNUAL INFRASTRUCTURE FUNDING

118%

Total Annual increase since 2017

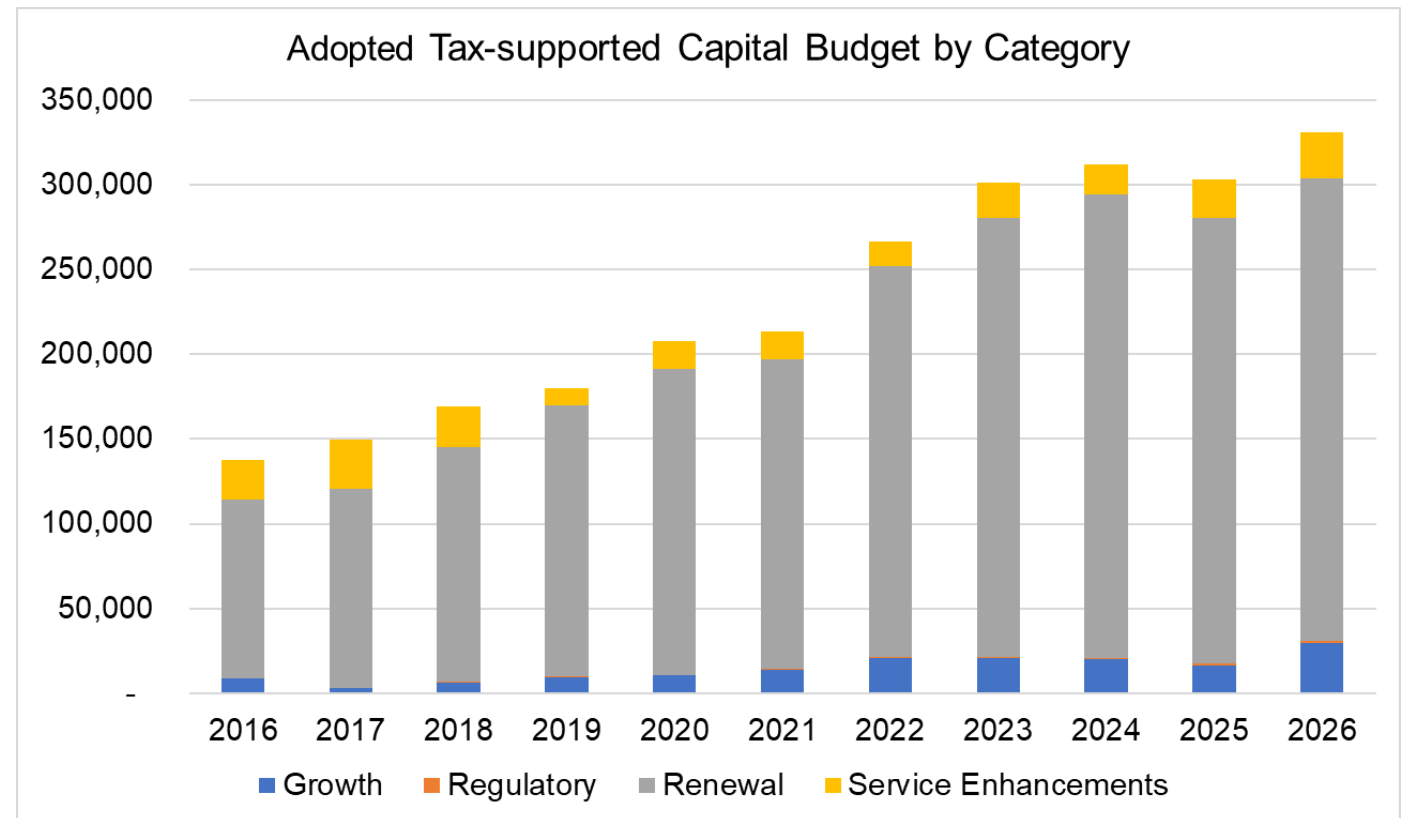
2017	2026	\$ change	% change
\$152M	\$331M	\$179M	118%

44%

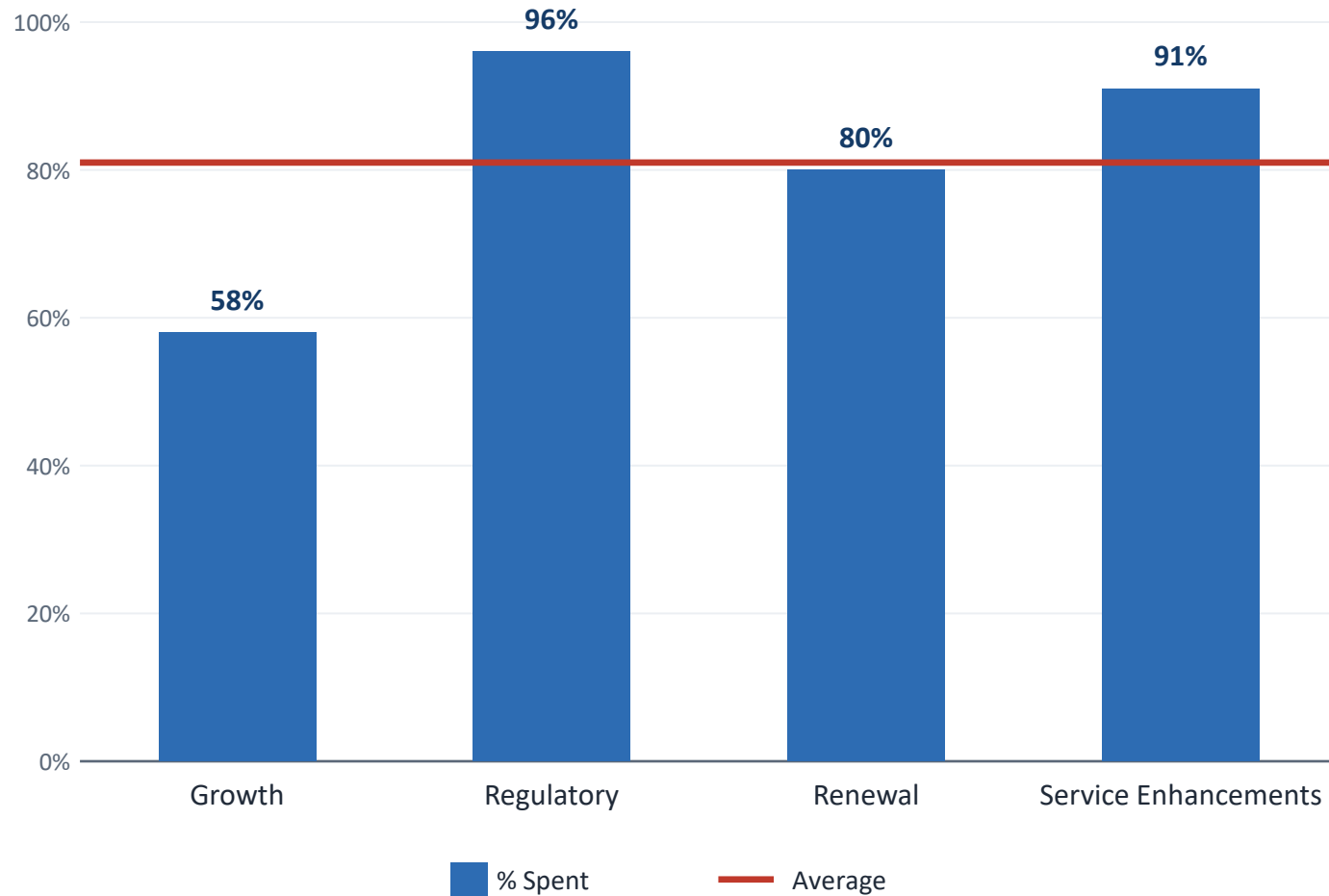
This Term of Council vs previous term

2019-2022	2023-2026	\$ change	% change
\$866M	\$1,250M	\$381M	44%

CAPITAL BUDGET BY CATEGORY, 2016 TO 2026



HISTORICAL SPENDING ON CAPITAL BUDGET, 2016 TO 2025



OBSERVATIONS

The rate of spending for growth projects has been slower than for renewal.

This analysis supports advancing an Agile Capital Budgeting Pilot to better align funding with spending on growth for each phase of the project, thereby maximizing funding and delivery.



CATEGORY	DEFINITION	FUNDING STRATEGY PRINCIPLE
Renewal	<i>Maintain assets in safe and functional state</i>	<ul style="list-style-type: none"> ● Funding gap to be addressed over the ten-year time frame, including any backlog
Growth	<i>Benefit to existing portion of priority DC funded projects.</i>	<ul style="list-style-type: none"> ● Funding gap to be addressed over the ten-year time frame, including any backlog. ● Needs will be re-evaluated based on actual and projected growth. ● Establish separate envelope for growth projects to ensure dedicated funding.
Regulatory	<i>Meeting regulatory/legislative requirements</i>	<ul style="list-style-type: none"> ● Current funding meets identified needs
Enhancements	<i>Policy changes that have added a premium cost.</i>	<ul style="list-style-type: none"> ● Keep at existing funding level ● Consider policy changes or new sources of revenue.
Replacement	<i>Assets past their useful life or are too costly to maintain.</i>	<ul style="list-style-type: none"> ● Leverage debt financing to ensure funding from future taxpayers that will benefit. ● Reinvest disposal revenue and savings into new assets

TAX SUPPORTED REQUIREMENT BY CATEGORY

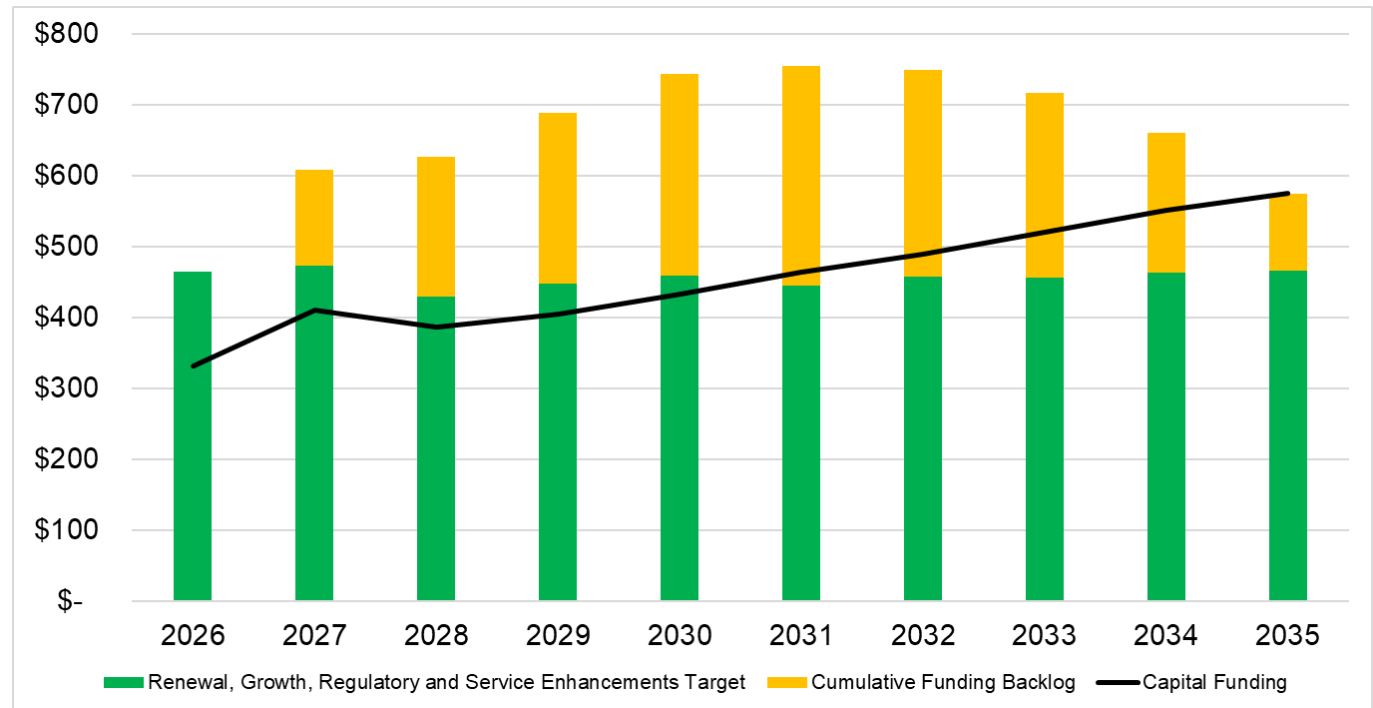


<i>(in \$ millions)</i>	Annual Need	Current Annual Funding	LRFP Plan
Renewal	380.3	257.4	380.3
Growth (City Share / BTE)	50.1	29.4	50.1
Regulatory	0.3	0.7	0.3
Priority Needs	430.7	287.5	430.7
Service Enhancements	89.4	26.6	25.9
Facility Replacement	23.1	0.0	23.1
Total	543.2	314.1	479.7

FUNDING SOURCES

- Doubling the **\$6M** annual contribution to **\$12M** in 2027 and 2028 within approved tax targets
- **\$3.5M/year** (0.15%) of new assessment growth
- One-time draw-down of the City-Wide Capital Reserve Fund in 2027 of **\$32M**
- **Debt**
 - Increase from **\$60M** to **\$120M/year** 2027 – 2028
 - **\$96M/year** 2029 – 2035 (Average)
- **Additional recurring requirement of:**
 - **\$29M annually** (2029 and 2030)
 - **\$23M annually** (2031 to 2035)

ESTIMATED 10-YEAR FUNDING REQUIREMENT AND AVAILABILITY (\$M)



PILOT SCOPE

Transportation Planning's roads and related growth projects.

- Roads and related growth projects spent **less than 60 per cent**, of their total adopted capital budgets:
 - Need to accrue funding over **multiple years**.
 - Detailed design is typically completed in the same year that the full capital budget is expected.
 - Property acquisition can be a **multi-year process**.
 - Delays related to coordination needs, design changes, or other unexpected challenges.

- Proposed agile capital budgeting pilot for growth roads:
 - **Capital Spending Authority (CSA)** for multi-year capital projects or programs:
 - **4-year spend plan** and a **10-year capital plan**.



Projects Advance Faster

Funding flows to projects ready to move when others are delayed.



Funding Certainty

Departments can plan with confidence that future year funding is available.



Flexibility Within Affordability

Ten-year budget and four-year spending plan create room to adjust.

7.8%

Tax supported debt servicing
in a “worst-case scenario” by 2035

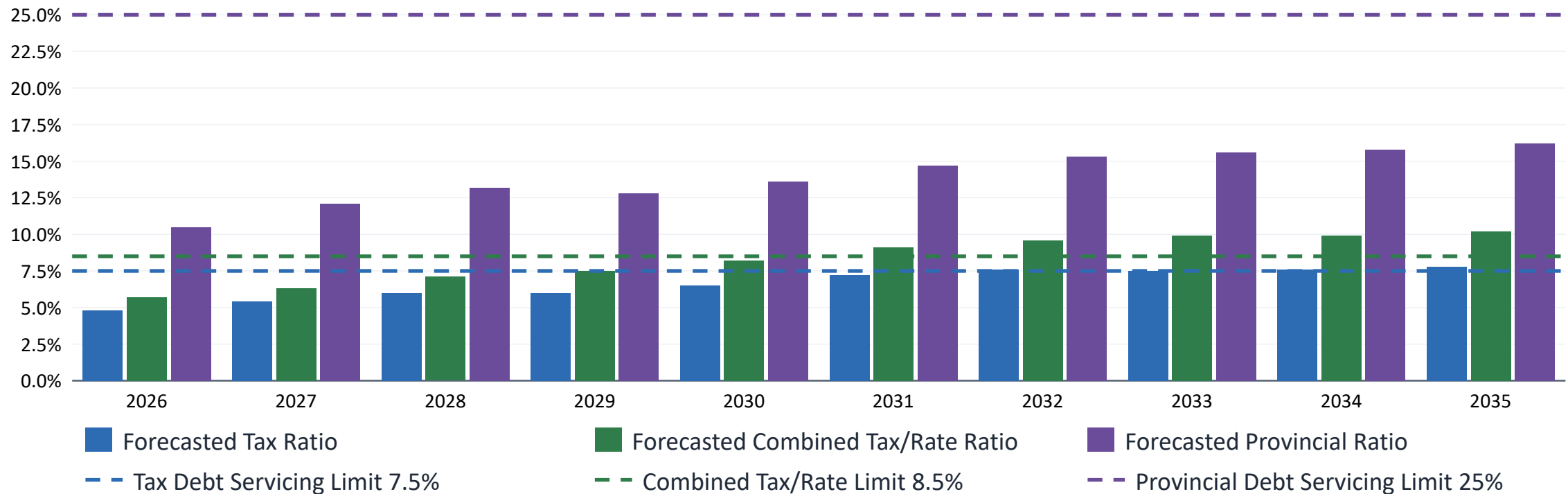
10.2%

Combined Tax/Rate debt servicing
in a “worst-case scenario” by 2035

16.3%

Provincial limit (all debt servicing)
in a “worst-case scenario” by 2035
City remains well below 25% limit

FORECASTED DEBT SERVICING RATIOS VS LIMITS, 2026 TO 2035



Five recommendations across capital, policy, and advocacy

1

Renewal, Growth and Regulatory Capital

- Double the annual base budget increase in contribution to the Citywide Capital Reserve to \$12M.
- Fund \$60M in additional debt across 2027 and 2028.
- Direct a portion of property tax growth to the capital growth envelope annually.
- Approve a one time draw from the Citywide Capital Reserve while maintaining the minimum required balance.

+ \$96M for 2027

2

Service Enhancements and Climate Reserve

Establish a Climate Change Reserve Fund for capital infrastructure. Direct staff to explore policy strategies for service enhancements.

Policy and Reserve Setup

Key Recommendations



Continued from previous slide

3

Facility Replacement Strategy

Develop a Facility Replacement Plan funded by debt offset by disposal proceeds and rationalization savings. Increase debt servicing by \$2.6M annually 2027 to 2030 and \$0.7M annually 2031 to 2035.

Plan by Q2 2027

4

Agile Capital Budgeting Pilot

Approve an agile capital budgeting pilot for roads growth. Delegate four-year reallocation authority to the City Treasurer and CFO.

Pilot for 2027 Budget

5

Federal and Provincial Advocacy

Continue pursuing permanent, stable federal and provincial funding for growth, renewal of existing assets, and climate change.

Ongoing

- 1 Significant increase in infrastructure investment to date**
Substantial and sustained investment is already underway this Term of Council.
- 2 Infrastructure pressures remain significant**
Aging assets, growth, climate adaptation, and regulatory requirements continue to drive need.
- 3 Pacing matters**
Funding must align with organizational delivery capacity and affordability.
- 4 The LRFP prioritizes critical infrastructure and service needs**
Focused on safety, asset condition, regulatory requirements, and mission critical services.
- 5 The two-year ramp up is intentional**
Protects flexibility, supports affordability, and allows recalibration in 2028.

2027 +\$96M

2028 +\$65M