

2026 Proposed Tax Budget

A municipal budget is a financial plan and a strategic tool that guides how City services are planned to be delivered. The budget directs limited financial resources to the programs, services and infrastructure that residents rely on, such as, transit, recreation, roads, housing, police and public health. As required by the Municipal Act, 2001, the City must balance its budget annually.

The City is responsible for delivering services and maintaining infrastructure that residents use every day. The funding received from property taxes, user fees and other revenue sources ensures that the City can deliver the services that matter to residents and businesses, while planning for the future and responding to unforeseen events.

The 2026 Proposed Tax Budget recognizes the challenges residents are facing while making critical investments toward growth-enabling infrastructure, delivering high-quality services and programs and tackling issues related to housing and homelessness, while also balancing affordability.

Municipal governments face a balancing act in maintaining and expanding services in a way that is fiscally sustainable. The need for funding, including added property tax funding, may come from the requirement to maintain and replace aging infrastructure, as well as, from the need to service growth areas. In alignment with the Mayoral Directive to Staff (MDI-2025-01), the 2026 Proposed Tax Budget is a “Hold the Line” budget with a maximum tax increase target of 4.25% for City services.

The Mayor’s direction emphasizes prioritizing investments in key areas including infrastructure renewal, community safety and well-being and essential public services. It also calls on staff to clearly identify cost-saving measures, operational efficiencies, explore new revenue sources and ensure that every tax dollar delivers maximum public value.

Through the consideration of the 2025 Tax Supported Budget and Financing Plan (FCS25004), staff had forecast a residential tax impact of 8.5% for 2026. On September 11, 2025, Council was presented a 2026 Tax Budget Outlook reflecting a series of factors contributing to a revised forecast of 8.9%. The 2026 Proposed Tax Budget proposes further adjustments in response to the Mayoral Directive that continues to provide for Council priorities.

The major factors in arriving at the proposed tax levy increase of \$70.8 M (residential tax impact of 4.25%) in comparison to the 2026 Tax Budget Outlook in September (tax impact of 8.9%) are as follows:

- A modified capital financing plan, utilizing surpluses in capital and 2025 forecast year-end surplus, that enables greater investment through a lesser capital levy increase (0.92% versus 3.37%):



- A revised financing approach that supports affordability by:
 - Leveraging surpluses from capital projects
 - Phasing capital investments over multiple years without jeopardizing completion or operationally required delivery dates
- Prudent utilization of debt and reserves
- Deferring the repayment of loans from the Hamilton Future Fund for 2026
- Alignment of operating costs in support of new capital with operational requirements
- A line by line review and right sizing of departmental budgets including business cases

The 2026 Staff Proposed Budget was published on December 12, 2025 (see Appendix “B” to Report FCS26001).

In response to the persistent affordability challenges, city departments have applied disciplined budget reviews, aligned spending to Council priorities, and implemented a range of mitigation measures. This work has reduced the need to further increase the tax levy by \$45.2 M, equivalent to a 3.4% residential tax impact.

The full reconciliation of the 2026 Tax Budget Outlook to the Proposed 2026 Tax Budget, is summarized in Table 1a).

TABLE 1a)
Reconciliation of the Budget Outlook to the 2026 Staff Draft Proposed Tax Budget

2026 Budget Outlook	8.9%
Additions:	
In-Year Council Referred Initiatives	0.2%
Business Cases	0.4%
POA Revenue Reduction	0.3%
Board and Agencies Proposed Budget Amendments	0.1%
Operating Impacts of Capital Amendment	0.5%
Subtotal	1.5%
Reductions:	
Council Referred Items - Deferrals	(0.2%)
Business Case Deferrals/Amendments	(0.3%)
Capital Financing Amendments	
2025 Year-End Projected Capital Financing Surplus	(0.5%)
Utilization of Work in Process (WIP) Surplus	(1.3%)
Departmental Reductions	(1.7%)
Reserve Strategy	(1.0%)
Subtotal	(4.9%)
2026 Staff Proposed Budget	5.5%
Boards and Agencies (B&A)	(1.2%)
2026 Staff Proposed Budget (Excluding B&A)	4.25%



After the publishing of the Staff Proposed 2026 Budget on December 12, 2025, further amendments were incorporated into the 2026 Proposed Tax Budget. These amendments further reduced the 2026 Staff Proposed Tax Budget by \$15.8 M or a 1.2% residential tax impact, arriving at a proposed 4.25% residential tax increase.

The full reconciliation of the Staff Proposed 2026 Tax Budget to 2026 Proposed Tax Budget, is summarized in Table 1b).

**TABLE 1b)
2026 Proposed Tax Budget Reconciliation**

2026 Staff Proposed Budget	5.46%
<i>Amendments to Staff Proposed Budget:</i>	
Capital Financing and Operating Impacts of Capital	(0.44%)
Departmental Reductions	(0.36%)
Financing Strategy	(0.17%)
Council Referred/Business Cases	(0.17%)
B&A Realignment	(0.04%)
Alignment to 2026 Water (Rate) Budget	(0.01%)
Subtotal	(1.21%)
2026 Tax Proposed Budget	4.25%

The 2026 Proposed Tax Budget incorporates a total reduction of \$60.9 M, equivalent to a 4.6% residential tax impact. Total reductions are composed of the following:

- Departmental Savings - \$24.7 M reduction
- Financial Offsets – \$26.8 M reduction
- Financial Sustainability (Reserve Strategy) - \$13.8 M reduction
- Deferrals of Council Referred Items and Business Cases - \$0.8 M decrease
- Budget Realignment – \$4.5 M increase
- B&A Realignment – \$0.7 M increase

Key challenges and priority investment areas in the 2026 Proposed Tax Budget include:

- A. Infrastructure Enhancement**
- B. Public Health and Safety**
- C. Economic Stability/Development**
- D. Responding to the Housing Crisis**
- E. Advancing Customer Experience and Transparency**
- F. Building Better**



A. Infrastructure Enhancement

The 2026 Proposed Tax Budget includes investments in state of good repair for existing infrastructure, as well as, investments in growth enabling infrastructure. Some key infrastructure investments include the Transit Maintenance and Storage Facility (MSF) and HSR Next, Macassar Lodge B-Wing Expansion, Cyber Resilience initiatives, Paramedic Central and Reporting Station.

The 2026 Proposed Tax Budget accounts for shifts in the broader community, including the slowing pace of development and its impact on growth-enabling infrastructure, as well as prevailing uncertainty related to U.S. trade and tariff conditions. The 2025 Ontario Fall Economic Statement projects lower housing start numbers in the coming years, pushing the Province further from its 1.5 million home construction goal. The Capital Levy balances the need for additional investment required to support state of good repair, continuity for municipal services, growth and development and Council’s priorities with affordability for residents and businesses within the community. Municipalities own and maintain more than 60% of Canada’s core public infrastructure. Over several decades, competing priorities led to cuts in government spending on public infrastructure, as well as, changes in funding for municipalities from other orders of government.

Key Capital Projects

The 2026 Proposed Tax Budget gross capital investments of \$626.7 M includes:

- Approximately \$124.7 M in rehabilitation and replacement of transportation network assets, such as, roads, inspection and rehabilitation of bridges, sidewalks, and other structures and the modernization of traffic signals across the City.
- \$116.3 M in Transit investments which will be used to facilitate the completion of the Maintenance and Storage Facility and additional fleet and infrastructure to support the implementation of HSR Next.
- \$49.7 M in technology projects and strategies to help rebuild a better and stronger City which was impacted from the cybersecurity incident.
- \$33.9 M in strategic acquisition of land in support of the Parks Master Plan.
- \$21.1 M in the expansion of the Macassar Lodge B-Wing.
- \$10.1 M in the Paramedic central reporting station.

Over the past four years, a significant share of residential property tax increases and other municipal funding sources has been allocated to the renewal of aging infrastructure. In 2026, the proposed tax budget includes \$626.7 M in gross capital investments. The 2026 gross capital budget represents an increase of 54% relative to the average level of investment for the period 2019 to 2025. The 2026 Proposed Tax Budget provides for an \$11.5 M increase in the net levy, representing a 0.92% residential tax increase to support sustainable infrastructure funding. Through the period 2022 to 2026, past and current tax increases have provided an increase in sustainable funding for infrastructure of \$45.4 M, representing a 48% increase.



The City of Hamilton's proposed tax budget for 2026 incorporates gross expenditures of \$2.9 B as illustrated in Figure 1.

FIGURE 1
2026 Gross Tax Budget Expenditures

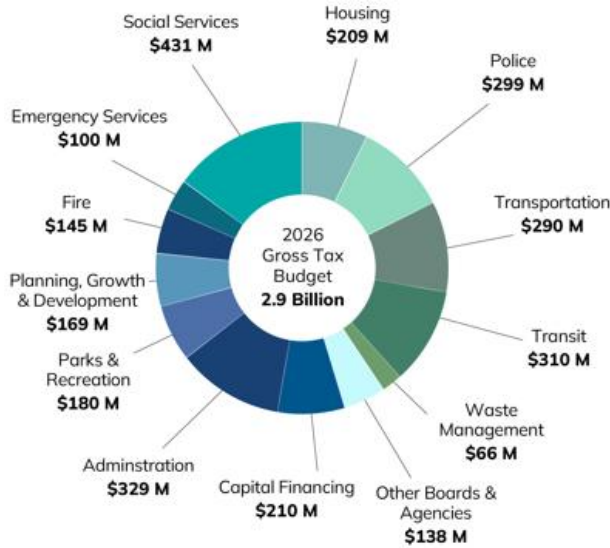
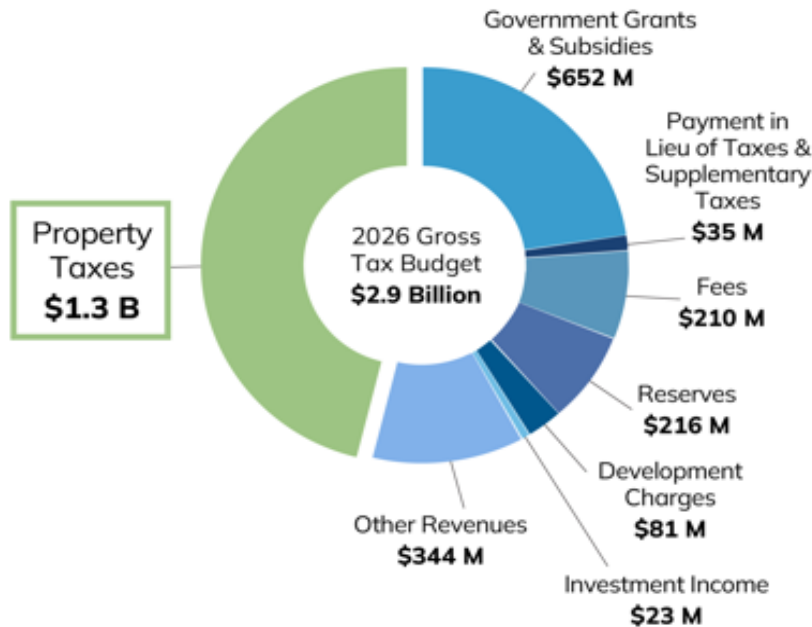


Figure 2 highlights how the \$2.9 B budget is funded. As detailed in Figure 2, \$1.3 M of the total budget is funded by property tax and supports the day-to-day operations and service delivery. Approximately \$1.6 M of the total budget is funded from non-tax levy funded sources which includes government grants and subsidies, payments in lieu, supplementary taxes, user fees, reserve revenue, development charge revenue, investment and other income.

FIGURE 2
2026 Gross Tax Budget Revenues



B. Public Health and Safety

Public Health and Safety is a priority. To that end, Council has adopted a series of plans to address current and future needs. The Hamilton Paramedic Service Master Plan, which was approved by Council in 2022, provides direction for the service over the next 10 years through technology advancements, innovation, resource allocation and optimization of operations. The Plan identifies 29 objectives with corresponding actions to address current and future needs to ensure optimal service delivery. The 2026 Proposed Tax Budget includes \$10.1 M towards the \$82.5 M gross investment for a new Paramedic Central Reporting Station. In 2019, Council endorsed the Hamilton Fire Department 10-Year Service Delivery Plan, which includes additional investments for volunteer staffing and equipment, as well as, outfitting and staffing for the Waterdown Station.



C. Economic Stability / Development

Canadian municipalities have a greater dependence on property taxes as a revenue source than their counterparts in the U.S. and the Organization for Economic Co-operation and Development (OECD) countries. This dependence on property taxes is problematic due to their regressive nature and in an era when Ontario municipalities are being increasingly asked to support broader community interests, including responses to the addictions and mental health crisis, housing and homelessness crisis, climate change impacts and hospital redevelopment plans.

More and more, municipal governments are being asked to take on new responsibilities as the level of government closest to the people. Hamilton faces housing pressures across the housing continuum. Due a lack of available rent subsidies, substantial strain is placed on the Hamilton shelter system which is currently operating over capacity.

Hamilton is also grappling with the impacts of current U.S. economic policy. Within Ontario, more than half of all workers in iron and steel mills and ferro-alloy manufacturing and over a quarter of all workers in steel product manufacturing are in the Hamilton region. While Hamilton is certainly at the centre of the storm, the impact of tariffs has far-reaching ripple effects. For every one worker laid off in the steel industry, research suggests six other jobs will be lost elsewhere in the economy.

Continued advocacy efforts with levels of government are critical in addressing the budgeted pressures faced in 2026 and beyond.

D. Responding to the Housing Crisis

Significant investments in the multi-year outlook and capital forecast relate to the City’s Whole of Hamilton housing approach. The City of Hamilton is making significant financial investments, increasing our financial commitment to housing year-over-year. Our spending in this area reflects our commitment to affordable housing for all.

Housing Sustainability and Investment Roadmap

The City of Hamilton has made considerable progress in tackling housing challenges. The City’s Housing Sustainability and Investment Roadmap delivered key achievements in year two, underscoring the collective efforts to create, preserve and support affordable housing across the City. The 2026 Proposed Tax Budget includes the continuation of sizable local investments towards affordable housing, the shelter system, homelessness, while calling on other levels of government to similarly increase funding towards this crisis that cannot be financially sustained at the local level. Consistent with the 2025 tax budget, the 2026 budget assumes \$14 M in incremental funding from senior levels of government to support housing, homelessness and the shelter system. The investments in this area reflect the City’s commitment to affordable housing for all.



Ontario is in a housing crisis and municipalities are doing everything in their power to increase housing supply and affordability and work towards the Province’s ambitious target of building 1.5 million homes over 10 years. The City is working diligently within the limited revenue tools to advance housing development more quickly and efficiently while ensuring these projects align with sustainability and environmental goals, as well as, changing Provincial legislation.

Over the past few years, the City has made significant strides in the area of housing and homelessness. The City of Hamilton Housing and Homelessness gross budget has increased considerably over the past number of years, leveraging increased local taxpayer funding and employing a multi-year reserve strategy that will expire within this multi-year forecast, requiring offsetting funding from other levels of government to sustain current service levels.

The City has demonstrated a strong financial commitment over the past number of years reflecting the City’s response to the crisis. The City’s share of housing and homelessness costs relative to funding from senior levels of government, as well as, the proportion of the City’s budget that is invested in Housing and Homelessness initiatives has grown significantly. The 2026 Proposed Tax Budget includes a total investment of \$209 M in housing and homelessness programs.

Funding from other levels of government is essential for meeting City needs, including infrastructure, transit, housing and social services. Funding from other levels of government reduces the financial burden on local taxpayers and supports critical projects. Partnerships with other orders of government are critical to address and achieve shared outcomes. Staff is continuing to build and leverage intergovernmental and community partnerships to develop and deliver services that are responsive to community needs.

E. Advancing Customer Experience and Transparency

The City is committed to openness and transparency in its decision-making and service delivery. To help deliver on this commitment, there are a number of mechanisms in place to promote and protect accountability and transparency in our government.

The 2026 Proposed Tax Budget focuses on:

- Informing the public about all phases of the municipal budget and its implications.
- Educating residents on how the adopted budget will impact City services and initiatives.
- Reinforcing transparency and accountability in financial decision-making.
- Engaging the public in ongoing discussions about municipal priorities and community needs.
- Increasing awareness on budget pressures and on how taxpayer and City dollars are being invested to ensure the delivery of high-quality services to Hamilton residents and businesses for today and for the future.



For the 2026 budget, the City of Hamilton launched a series of budget engagement opportunities between September 15 to October 10, 2025 to hear directly from residents on what matters most to them.

Over this time, residents could participate in several ways:

- In-person Budget Engagement sessions;
- Virtual Engagement session;
- 2026 Budget Survey;
- Online participation using the Engage Hamilton platform; and
- A virtual budget simulator named “Balancing Act”.

In total, over 1,350 contributions were shared through a combination of in-person, virtual, online and survey engagement activities. Budget Survey results were shared with the General Issues Committee (GIC) through Report CM25012 on November 12, 2025.

The Mayoral Directive incorporates several key themes that emerged through public engagement, including affordability, infrastructure, public safety and transparency and it provides strategic direction for the development of the 2026 Budget.

F. Building Better

The City continues to build upon the unique opportunity to build back its infrastructure stronger and better and modernize and improve the customer experience.

Efforts include a focus on the customer and employee experience, utilizing enterprise solutions, finding efficiencies and increasing resilience to protect against future cybersecurity incidents.

The 2026 Proposed Tax Budget includes provisions to accommodate the investments required to support this work. Updates regarding the City Cyber Resiliency Strategy have been provided to Council through Report CM25013, Project Portfolio updates, and . I Cybersecurity Incident and Building Better Reports (Report CM25007, Report CM25008 and Report CM25009).

2026 Operating Budget

The \$70.8 M increase in the 2026 net tax levy is detailed in Table 2 and is broken down into three categories:

1. Maintenance: investments required to maintain core city services and to preserve service levels
2. Strategic Priorities: the additional investments required to advance term of Council priorities and other strategies that have been endorsed by Council (to enhance levels of service); and



3. Capital Levy: the additional investment required to support the City's capital program, state of good repair and growth enabling.

TABLE 2
2026 Tax Supported Operating Budget Summary (\$000's)

(\$000's)	2025		2026							
	Restated Budget	Maintenance	Maintenance vs. Restated	Capital Levy	Strategic Priorities		Total	Total vs. Restated		
					Business Cases	Council Referred				
Planning and Economic Development	38,865	38,388	(477)	-1.2%	-	-	414	38,801	(64)	-0.2%
Healthy and Safe Communities	342,574	349,874	7,300	2.1%	-	-	-	349,874	7,300	2.1%
Public Works	343,690	352,081	8,390	2.4%	-	155	344	352,580	8,890	2.6%
Legislative	7,733	7,948	215	2.8%	-	-	-	7,948	215	2.8%
City Manager	16,877	17,044	167	1.0%	-	-	-	17,044	167	1.0%
Corporate Services	53,244	53,927	683	1.3%	-	-	-	54,052	808	1.5%
Corporate Financials/Non Program Revenue	(59,443)	(37,024)	22,419	-37.7%	-	-	-	(36,899)	22,544	-37.9%
Total City Expenditures	743,540	782,237	38,697	5.2%	-	155	758	783,400	39,860	5.4%
Hamilton Police Service	223,720	238,958	15,238	6.8%	-	-	-	238,958	15,238	6.8%
Hamilton Police Service Board	1,035	1,936	901	87.1%	-	-	-	1,936	901	87.1%
Hamilton Police Services - 911	5,099	5,285	187	3.7%	-	-	-	5,285	187	3.7%
Other Boards and Agencies	73,238	76,398	3,160	4.3%	-	-	-	76,398	3,160	4.3%
City Enrichment Fund	6,770	6,770	-	0.0%	-	-	-	6,770	-	0.0%
Total Boards and Agencies	309,861	329,346	19,486	6.3%	-	-	-	329,346	19,486	6.3%
Capital Financing	190,486	190,486	-	0.0%	11,503	-	-	201,989	11,503	6.0%
Total Net for Levy	1,243,887	1,302,069	58,183	4.7%	11,503	155	758	1,314,735	70,848	5.7%
Average Residential Tax Impact										
Municipal Net Levy Tax Impact				4.48%					5.45%	
Assessment Growth				-1.70%					-1.70%	
Reassessment				0.00%					0.00%	
Tax Policy				0.50%					0.50%	
Education Tax Impact				0.00%					0.00%	
Total				3.28%					4.25%	

The proposed residential tax increase in 2026 is 4.25%. The 4.25% residential tax increase includes a 1.2% residential tax impact stemming from amended requests submitted by boards and agencies. For the average home, this represents an increase of \$228 for the average residential home assessed at \$387,100. Table 3 highlights the estimated tax increase by component on the residential tax bill.



TABLE 3
2026 Average Residential Tax Impact

2026 Average Residential Impact (Per \$387,100 Current Value Assessment)		
Service	Property Tax (\$)	Property Tax (%)
City Services	\$ 111.78	2.08%
Boards and Agencies	\$ 64.25	1.20%
Infrastructure	\$ 37.56	0.70%
Reduced Reliance on Reserves	\$ 10.52	0.20%
Council Referred Items and Business Cases	\$ 3.71	0.07%
Ave. Residential Impact	\$ 227.82	4.25%

Note: anomalies due to rounding

As indicated in Table 3, the tax impact attributable to maintaining City services and preserving service levels is 2.1%. The increase is driven by employee related cost obligations and inflation on contracted services, which have led to increased expenses in the delivery of municipal programs and services, as well as, additional proposed investments to services as directed by Council through budget referrals and strategic plans.

The 2026 Proposed Tax Budget continues the multi-year strategy of leveraging the City’s discretionary reserves to help offset the immediate tax burden of both provincial impacts and City services to outer years of the multi-year budget. In light of continued affordability challenges within the community, the 2026 Proposed Tax Budget proposes a revised reserve strategy that maintains a reduced reliance on reserves, while adopting a more measured approach. This transitional measure would be phased out across the 2027-2028 budget periods. With this more measured approach, the 2026 Proposed Tax Budget uses \$34 M from reserves, down from \$63 M in 2025.

The financing strategy in support of infrastructure includes a residential tax increase of 0.7% in the 2026 Proposed Tax Budget. The increase responds to the community’s desire for sustainable infrastructure investments, that are essential to our future, investments in critical infrastructure and in the priorities set by Council. These commitments are fundamental to delivering safe, reliable and equitable services and to support the continued growth and resilience of our City.

The education rate will remain unchanged for 2026 because of the freeze on property tax reassessments by the Province of Ontario. For 2026, property assessments will remain the same as they were for the 2025 tax year based on the assessment valuation date of January 1, 2016.



City of Hamilton residents, in all communities, pay the same rate for general City services, such as, police, public health, roads, waste management, libraries, parks and City administration while some services are area rated based on former municipal boundaries or other boundaries delineated by service standard. Area rating is a municipal property taxation policy tool intended to account for either significant differences in service levels or differences in the cost of providing services across different parts of the City (Municipal Act, 2001, Section 326). The impacts of Area rating and other tax policies will be presented to Council in separate reporting following the adoption of the 2026 Proposed Tax Budget.

The City of Hamilton remains committed to providing high quality services and programs in a financially responsible and sustainable way. Ensuring that our residents and businesses enjoy a high quality of life supported by essential programs and services is Hamilton’s top priority. By making strategic investments, Hamilton’s vision “To be the best place to raise a child and age successfully” will be advanced.

2026 Proposed Tax Budget for City Services

City Departments undertook a comprehensive line by line review of their 2026 budgets to identify cost-saving or revenue generation opportunities. The 2026 Proposed Tax Budget incorporates roughly \$24.7 M in savings derived from this exercise. These actions include adjusting budgets to reflect current cost realities, such as, reduced fuel expenses due to pricing and carbon tax changes. Departments also examined resourcing requirements and implemented selective reductions to align with the Mayor’s Directive.

The mitigation measures have reduced the 2026 City departmental gross operating expenditures increase to 1.3% year-over-year compared to the approved 2025 budget. At the same time, despite efforts to limit gross operating expenditures, the City is projecting a 0.5% increase in non-property tax revenues generated from City services.

The total City expenditure net levy increase from 2025 to the 2026 Proposed Tax Budget is \$39.9 M. The major cost drivers of the budget increase are summarized in Table 4. The \$39.9 M increase is inclusive of the net levy impact of Council Referred Items and Business Cases of \$0.9 M.



TABLE 4
City Departments Budget Drivers – by Cost Category

(\$000's)	2025	2026	Change	
	Restated Budget	Proposed Tax Budget	\$	%
Employee Related Cost	771,268	802,347	31,079	4.0%
Agencies & Support Payments	498,153	500,730	2,577	0.5%
Contractual	129,865	143,530	13,665	10.5%
Material & Supply	59,242	71,016	11,774	19.9%
Financial	52,851	50,046	(2,805)	-5.3%
Vehicle Expenses	48,730	43,171	(5,559)	-11.4%
Building & Ground	46,661	46,577	(84)	-0.2%
Reserves/Recoveries	32,588	29,858	(2,730)	-8.4%
Capital Financing	13,382	12,342	(1,041)	-7.8%
Consulting	1,521	1,311	(210)	-13.8%
Capital Expenditures	5	5	0	0.0%
Total Expenditures	1,654,266	1,700,932	46,666	2.8%
Grants & Subsidies	(505,858)	(504,365)	1,493	-0.3%
Fees & General	(244,069)	(247,543)	(3,474)	1.4%
Reserves	(64,942)	(66,906)	(1,963)	3.0%
Recoveries from Capital	(43,937)	(45,565)	(1,628)	3.7%
Tax & Rates	(34,971)	(35,046)	(75)	0.2%
Cost Allocations	(10,180)	(11,338)	(1,158)	11.4%
Total Revenues	(903,957)	(910,762)	(6,806)	0.8%
Net Levy	750,310	790,169	39,860	5.3%

2026 Strategic Priorities for City Services

On July 14, 2023, City Council set its priorities and outcomes for this term of Council (2022 to 2026). In alignment with the Strong Mayor powers related to the municipal budget, through 2025, Council has referred several items to the Mayor for consideration of inclusion in the budget. These items have been included in the 2026 proposed tax budget and the annualization impacts have also been incorporated into the 2027, 2028 and 2029 tax budget forecast.

Table 5 provides a summary of Council Referred Items (CRIs) considered as part of the 2026 budget, distinguishing between recommended and non-recommended items. The table outlines each item's description, associated gross and net operating impacts, and any related full-time equivalent (FTE) impacts).



**TABLE 5
Council Referred Items**

Ref #	Division	Service / Program	Description	\$ Gross ('000s)	\$ Net ('000s)	FTE Impacts
RECOMMENDED CRIs						
Planning & Economic Development						
1	Tourism & Culture	Cultural Development	Art Gallery of Hamilton Funding	1,363	156	-
2	Transportation Planning and Parking	Transportation Planning	Hamilton Bike Share Program	258	258	-
Planning & Economic Development Total				1,620	414	-
Healthy & Safe Communities						
3	Housing Services	Homelessness	Asylum Claimants - Transitional Housing	4,780	0	-
Healthy & Safe Communities Total				4,780	0	-
Public Works						
4	Corporate Facilities & Energy Management	Facilities Management	Art Gallery of Hamilton - Operating Costs (CFEM)	344	344	-
Public Works Total				344	344	-
Grand Total Recommended CRIs				6,744	758	-
NON-RECOMMENDED CRIs						
Healthy & Safe Communities						
1	Ontario Works	Ontario Works Admin	HSR Fare Assist FTEs	191	191	2.00
2	Housing Services	Social Housing	Rent Subsidies - 1540 Upper Wentworth Development	278	278	-
Healthy & Safe Communities Total				469	469	2.00
City Enrichment Fund						
3	Administration CEF		City Enrichment Fund - Permanent Appeals Process	50	50	-
4	Administration CEF		City Enrichment Fund - Proposed 2026 Increase	614	614	-
City Enrichment Fund Total				664	664	-
Public Works						
5	Transit		HSR - Next Year 1	1,756	84	8.00
Public Works Total				1,756	84	8.00
Grand Total Non-Recommended CRIs				2,889	1,217	10.00

Items that have been referred to the Mayor for consideration and recommended in the 2026 Proposed Tax Budget represent a total gross investment of \$6.8 M, 0.0 full-time equivalent positions (FTE) in the 2026 budget and an annualized gross investment of \$12.7 M. These investments have a net tax levy impact of \$0.8 M in 2026 and subsequent years. The residential tax impact of these investments in 2026 and subsequent years is 0.1%.

Business Cases (items put forward by staff) represent a total gross investment of \$1.1 M and 9.0 FTE in the 2026 budget and an annualized gross investment of \$1.3 M. These investments have a net tax levy impact of \$0.2 M in 2026 and subsequent years. The net levy impact of Business Cases has decreased by approximately \$5.6 M, from \$5.8 million in the Budget Outlook (Report FCS25036) to \$0.2 M in the 2026 Proposed Tax Budget (Report FCS26001).

Table 6 provides a consolidated summary of investments by Council priority.



TABLE 6
Summary of Priority Investments in City Services (\$000's)

Council Priority	Business Cases		Council Referred Items		TOTAL	
	Annualized Gross Investment	Annualized Net Levy Impact	Annualized Gross Investment	Annualized Net Levy Impact	Annualized Gross Investment	Annualized Net Levy Impact
Sustainable Economic & Ecological Development	\$ -	\$ -	\$ 1,965	\$ 758	\$ 1,965	\$ 758
Safe & Thriving Neighbourhoods	\$ 143	\$ -	\$ 10,746	\$ -	\$ 10,889	\$ -
Responsiveness & Transparency	\$ 1,139	\$ 155	\$ -	\$ -	\$ 1,139	\$ 155
TOTAL	\$ 1,282	\$ 155	\$ 12,711	\$ 758	\$ 13,993	\$ 913

Boards and Agencies Budget Submissions

External boards and agencies have submitted their budgets for Council's consideration. The 2026 Proposed Budget includes a total boards and agencies increase of \$19.5 M. Boards and Agencies were provided with a copy of the Mayoral Directive following its release in early October. Table 7 summarizes the current Boards and Agencies' budgets for 2026 in comparison to 2025. Additional details are provided in Appendix "D" to Report FCS26001.

TABLE 7
2026 Boards and Agencies Budget Summary

2026 Boards & Agencies Proposed Budgets (\$000s)						
Board/Agency	2025 NET Restated Budget	2026 NET Proposed Budget	Change		Funded From Capital Levy	2026 TOTAL Proposed Budget
			\$	%		
Conservation Authorities	9,756	10,102	346	3.5%	2,000	12,102
MPAC	7,116	7,454	339	4.8%	-	7,454
Hamilton Beach Rescue Unit	148	155	6	4.3%	-	155
Hamilton Farmers' Market	343	401	59	17.1%	-	401
Royal Botanical Gardens	687	701	14	2.0%	-	701
Hamilton Police Services	223,720	238,958	15,238	6.8%	5,725	244,683
Hamilton Police Services - Board	1,035	1,936	901	87.1%	-	1,936
Hamilton Police Services - 911 Service	5,099	5,285	187	3.7%	-	5,285
Hamilton Public Library	37,481	39,076	1,595	4.3%	550	39,626
Board of Health	17,707	18,509	802	4.5%	135	18,644
City Enrichment Fund	6,770	6,770	-	0.0%	-	6,770
Total Boards & Agencies	309,861	329,346	19,486	6.3%	8,410	337,756

The Hamilton Police Service (HPS) budget is approved by the Police Services Board and included in 2026 Proposed Tax Budget in accordance with the Community Safety and Policing Act, 2019, S.O. 2019, c.1.

HPS and HPS Board have submitted their respective budgets, which total a \$16.1 M, or 7.2% levy, over 2025.

\$5.3 M in the 2026 Budget has been allocated to the City of Hamilton for the operation of the PSAP system. This represents an increase of \$0.2 M or 3.7% over 2025.



On May 7, 2025, Council approved the composition of the semi-autonomous Board of Health, mirroring the current composition of the Public Health Sub-Committee (six Council members, six community representatives, one education representative) and appointed the current members to the semi-autonomous Board of Health.

The More Convenient Care Act, 2025 (Bill 11) received Royal Assent on June 5, 2025, establishing the semi-autonomous Board of Health with immediate effect. As a result, Council is no longer the Board of Health.

During the inaugural meeting of the semi-autonomous Board of Health on July 7, 2025, foundational by-laws and policies were approved.

The Board of Health’s 2026 proposed budget totals \$18.6 M, reflecting a 4.5% increase, or approximately \$0.8 M.

The Hamilton Public Library’s 2026 proposed budget is \$39.6 M, reflecting a 4.25% increase or approximately \$1.6 M.

Additionally, the proposed 2026 budgets for other outside boards and agencies total \$0.8 M increase or 3.1% levy increase.

The 2026 staff proposed tax supported budget published on December 12, 2025 reflected July 1, 2026 start date for the stormwater program incorporated in the 2026 Water (Rate) Budget. The tax supported budget related to catch basin / culvert maintenance and conservation authority levies was transferred to fund the stormwater program as decided by Council so as to make the transition to a stormwater user fee more revenue neutral. The 2026 Water (Rate) Budget was adopted on December 20, 2026 with a revised stormwater program implementation date to be deferred to 2027. As a result, the 2026 proposed budget has been revised to incorporate the revised implementation date of 2027 and remove the impact in 2026.

Detailed budget information can be found in the reports submitted by the respective boards which will be included as correspondence to the Boards and Agencies agenda for the General Issues Committee (GIC) meeting on January 27, 2026.

2026 to 2029 Multi-Year Operating Budget

Multi-year budgeting strengthens the link between budgeting and strategic priorities and enables Council to implement a multi-year vision, assessing the long-term financial implications of current and proposed operating and capital budgets and policies. The City of Hamilton has included multi-year budgeting as part of the annual budget process since 2017.



**TABLE 8
2026 to 2029 Tax Supported Budget Multi-Year Outlook (\$000's)**

DEPARTMENT	2025 Restated Budget	2026 Budget	%	2027 Outlook	%	2028 Outlook	%	2029 Outlook	%
Planning & Economic Development	38,865	38,801	-0.2%	41,270	6.4%	43,310	4.9%	45,306	4.6%
Healthy and Safe Communities	342,574	349,874	2.1%	380,362	8.7%	401,943	5.7%	424,123	5.5%
Public Works	343,690	352,580	2.6%	381,654	8.2%	409,114	7.2%	431,402	5.4%
Legislative	7,733	7,948	2.8%	8,191	3.1%	8,448	3.1%	8,713	3.1%
City Manager	16,877	17,044	1.0%	17,569	3.1%	18,064	2.8%	18,674	3.4%
Corporate Services	53,244	54,052	1.5%	55,966	3.5%	58,453	4.4%	60,875	4.1%
Corporate Financials / Non Program Revenue	(59,443)	(36,899)	-37.9%	(47)	-99.9%	10,026	-21342.4%	(1,926)	-119.2%
City Departments	743,540	783,400	5.4%	884,964	13.0%	949,358	7.3%	987,167	4.0%
Hamilton Police Service	229,853	246,179	7.1%	271,018	10.1%	283,013	4.4%	300,083	6.0%
Other Boards & Agencies	73,238	76,398	4.3%	71,428	-6.5%	75,703	6.0%	80,095	5.8%
City Enrichment Fund	6,770	6,770	0.0%	7,433	9.8%	8,096	8.9%	8,811	8.8%
Boards & Agencies	309,861	329,346	6.3%	349,880	6.2%	366,812	4.8%	388,990	6.0%
Capital Financing	190,486	201,989	6.0%	247,130	22.3%	261,465	5.8%	278,109	6.4%
Total Net for Levy	1,243,887	1,314,735	5.7%	1,481,974	12.7%	1,577,636	6.5%	1,654,266	4.9%

AVERAGE RESIDENTIAL TAX IMPACT	2026	2027	2028	2029
Municipal Net Levy Tax Impact	5.4%	12.9%	7.4%	5.9%
Assessment Growth	-1.7%	-1.0%	-1.0%	-1.0%
Reassessment	0.0%	1.2%	1.2%	1.2%
Tax Policy	0.5%	0.5%	0.5%	0.5%
Education Tax Impact	0.0%	0.0%	0.0%	0.0%
Average Residential Tax Impact	4.2%	13.6%	8.1%	6.6%

2026 Proposed Capital Levy and the 2026 to 2035 Tax Supported Capital Budget

The proposed gross capital investment by the City of Hamilton in 2026 is \$626.7 M. To support the investment, the Capital Financing Plan detailed within Report FCS26001 incorporates a \$11.5 M increase to the Capital Levy or a 0.92% increase to the net tax levy. Table 9 provides the forecasted net levy pressures related to the financing of the Tax Capital Budget from 2026 to 2029.

TABLE 9: Tax Supported Capital Financing Plan 2026-2029

	2025	2026	2027	2028	2029
General Capital Levy	0.00%	0.00%	0.00%	0.00%	0.00%
Climate Change Action Strategy	0.82%	0.00%	0.00%	0.00%	0.00%
Transportation Asset Management Plan	0.32%	0.64%	0.76%	0.76%	0.76%
Non-Core Asset Management Plans	0.00%	0.26%	0.60%	0.60%	0.60%
Development Charge Exemptions	0.70%	0.65%	0.47%	0.00%	0.00%
Debt Servicing for Infrastructure	0.70%	1.24%	0.25%	0.22%	0.00%
Financing Strategy	0.00%	-1.87%	0.00%	0.00%	0.00%
Total Levy Impact	2.54%	0.92%	2.08%	1.59%	1.36%



Changes in the Capital Levy are broken down as follows:

- \$8.0 M, or a 0.64% levy increase, for year three of a 10-year plan to address the \$94.7 M annual infrastructure funding gap for transportation assets that was identified in the Transportation Asset Management Plan. This increase is smaller than increases realized in years one and two of the 10-year plan. In subsequent years, the increase will return to \$9.5 M (0.76% of the net levy) per year.
- \$3.2 M or a 0.26% levy increase for non-core assets. This deviates from the previous plan to address the \$187.0 M annual infrastructure gap equally over a 25-year period. In subsequent years, the related increase will return to \$7.5 M (0.60% of the net levy) per year.
- \$3.6 M, or a 0.29% levy increase, for year three of a four-year phase-in strategy to address statutory Development Charge (DC) exemptions resulting from the More Homes Built Faster Act, 2022 (Bill 23).
- \$2.3 M, or a 0.18% levy increase, for the final year of a three-year phase-in strategy to address historically unfunded statutory DC exemptions prescribed under the Development Charges Act, 1997.
- \$2.2 M, or a 0.17% levy increase, for year two of a three-year phase-in strategy to address unfunded discretionary DC exemptions provided under the City’s Development Charges By-law.
- \$15.4 M, or a 1.24% levy increase, for debt servicing for infrastructure which includes Paramedics, Transit MSF, Main Street Upgrades, Macassa Lodge B-Wing Expansion and the Cybersecurity Strategy.
- \$23.2 M, or a 1.87% levy reduction, relating to the City’s Financing Strategy, which includes the use of surplus funds in existing capital projects and contributions from Hamilton Future Fund B.

In addition to the Capital Levy increase, the 2026 Capital Financing Plan relies on approximately \$34.4 M in contributions from reserves to support the proposed level of investment. The assumptions in the 2026 Tax Supported Capital Financing Plan prioritize asset reinvestment in accordance with Asset Management Plans, as well as, investment required to support growth and development and the City’s Strategic Plan, while maintaining the City’s strong financial position. The primary elements of the multi-year Capital Financing Plan include:

1. Annual increases to the Capital Levy to meet required asset reinvestment needs and inflationary increases to maintain infrastructure in its current state, as well as a transitional plan to address the \$94.7 M annual funding gap for core assets and \$187.0 M annual funding gap for non-core assets that was identified in the Corporate Asset Management Plans.



2. Increases to the Capital Levy equal to the annual debt servicing charges for all new debt to be issued over the 10-year planning period. It is necessary to increase the Capital Levy at least in proportion with the amount needed to finance new debt to ensure continuity of the level of funding available for replacement and rehabilitation, as well as, debt repayments to City own-source revenues.
3. A four-year phase-in strategy to incorporate the annual sustainable funding level required for development charge exemptions. The phase-in strategy leverages the City’s Unallocated Capital Levy Reserve to spread the immediate financial burden over several years. It is necessary to fund the DC reserves for lost revenues resulting from exemptions to continue with growth and development plans. Not funding these exemptions would result in delays to constructing infrastructure that supports growth and development.
4. All program block allocations are increased annually by the rate of inflation (Consumer Price Index of 2.3%). This ensures that program areas maintain the same level of investment in capital infrastructure over the planning period and purchasing power is not eroded by inflation.
5. The Capital Financing Plan’s strategy to address the \$43.2 M liability in unfunded DC exemptions, liability amount is as at December 31, 2023. A few funding sources have been utilized to help fund the liability of unfunded DC exemptions including levy, unallocated capital levy reserve and capital financing surplus.
6. The Capital Financing Plan’s prioritization of funding for growth and development, such as the Waterdown Pool and Recreation Centre, Waterdown Fire and Police Station and Binbrook / Glanbrook Recreation Centre. These will provide both economic and socio-economic advantages to businesses and residents.
7. The Capital Financing Plan’s advancement of 2022 to 2026 Council Priorities through investment in strategic initiatives including Transportation, Transit, Housing and Homelessness, Parkland Development, Integrated Growth and Development and others.

Some capital projects, especially those that provide new or expanded services, have an impact on operating costs on an ongoing basis once the projects have been completed. The estimated operating budget impacts of the 2026 capital projects is \$16.2 M and 78.71 FTE positions. Operating impacts are detailed in the “Tax Budget and Financing Plan Schedules” section of Appendix “B” to Report FCS26001 and have been included in the 2026 Proposed Tax Budget.

Table 10 provides a summary of the historical Capital Levy increases over the past four years in comparison to what has been included in the 2026 plan.



TABLE 10
Historical Capital Levy Increases

	2022	2023	2024	2025	2026
General Capital Levy	0.50%	0.50%	0.00%	0.00%	0.00%
Transportation Asset Management Plan	0.00%	0.00%	0.77%	0.82%	0.64%
Non-Core Asset Management Plans	0.00%	0.00%	0.00%	0.32%	0.26%
Climate Change Action Strategy	0.00%	0.25%	0.00%	0.00%	0.00%
Development Charge Exemptions	0.00%	0.00%	0.45%	0.70%	0.65%
Debt Servicing for Infrastructure	0.15%	0.17%	0.00%	0.70%	1.24%
Financing Strategy	0.00%	0.00%	0.00%	0.00%	-1.87%
Total Levy Impact	0.65%	0.92%	1.23%	2.54%	0.92%

Proposed 2026 Tax Capital Budget

The proposed 2026 Tax Capital Budget includes a gross capital investment by the City of Hamilton of \$626.7 M in total. Appendix “B” to Report FCS26001 provides additional detail on the 2026 Tax Capital Budget.

Table 11 summarizes the proposed 2026 Tax Capital Budget by program area and compares it to the previous year’s approved capital program. The 2026 capital budget incorporates a 0.92% net levy increase (\$11.5 M) dedicated to the Capital Levy.



TABLE 11
Tax Supported Capital Budget

(\$000's)	2025		2026		Difference	
	CAPITAL PROGRAM		CAPITAL PROGRAM		GROSS	NET
	GROSS	NET	GROSS	NET		
Proposed Program Funding						
Corporate Facilities & Energy Management	37,474	39,103	61,076	44,667	23,602	5,564
Corporate Asset Management	19,302	-	15,669	-	(3,633)	-
Environmental Services	51,329	9,991	49,605	6,877	(1,723)	(3,114)
Waste Management	3,980	2,984	7,851	4,229	3,871	1,245
Transit Services	4,840	395	48,614	11,704	43,774	11,309
Transit Services (ICIP PW19083/FCS18048(a))	106,013	45,778	67,720	41,099	(38,294)	(4,679)
Roads / Bridges / Sidewalk / Street Lighting / Traffic	189,896	98,258	124,675	104,904	(65,222)	6,646
West Harbour & Waterfront Initiatives	1,050	1,050	392	392	(658)	(658)
Healthy and Safe Communities- Other	275	275	-	-		
Housing Services	4,478	4,478	19,596	4,281	15,118	(197)
Fire / Paramedics	87,776	10,471	36,724	12,159	(51,052)	1,688
Corporate Services / City Manager	53,165	37,237	55,645	53,463	2,480	16,226
Area Rating	900	-	900	-	-	-
Planning & Economic Development	27,636	16,270	52,215	20,130	24,579	3,860
Tourism & Culture	2,954	2,881	4,143	3,638	1,189	757
Total Program Funding	591,069	269,172	544,825	307,543	(46,244)	38,371
Other Major Projects						
Parkland Acquisition	2,530	2,530	2,588	2,588	58	58
DC Exemptions	38,778	38,778	43,151	43,151	4,373	4,373
Climate Change Action Plan	2,500	2,500	2,500	2,500	-	-
Total Other Major Projects	43,808	43,808	48,239	48,239	4,431	4,431
Total Before Special Levies and Boards	634,877	312,980	593,064	355,782	(41,813)	42,802
Special Levies & Boards						
Board of Health	-	-	135	135	135	135
CityHousing	844	844	863	863	19	19
Police Services	17,118	16,400	27,144	5,725	10,026	(10,675)
Hamilton Public Library	49	-	3,150	550	3,101	550
Beach Rescue	132	-	315	-	183	-
Hamilton Conservation Authority	2,000	2,000	2,000	2,000	-	-
Total Special Levies & Boards	20,143	19,244	33,607	9,273	13,464	(9,971)
Total Funded Projects	655,020	332,224	626,671	365,055	(28,349)	32,831

The Capital Levy balances the need for additional investment required to support asset rehabilitation, continuity for municipal services, growth and development and Council's priorities with affordability for residents and businesses within the community. This is in recognition of the sustainable funding required for the Transportation Asset Management Plan, as well as other non-core asset management plans that have been presented to Council, development charge exemptions and annual requirements for debt financing.



Table 12 illustrates the distribution of the Capital Levy of \$202.0 M between annual debt servicing costs and funding that is transferred from the operating budget.

TABLE 12
Capital Budget Impact on Operating Budget

	2025	2026	CHANGE	
	FINAL	PROPOSED	\$	%
Debt Charges	47,468	49,881	2,412	5.1
Transfer from Operating	137,997	138,679	682	0.5
Total Tax Supported Capital Levy	185,465	188,560	3,094	1.7

Figures 3 and Figure 4 illustrate 2026 capital funding sources and the corresponding allocation across City programs and services.

FIGURE 3

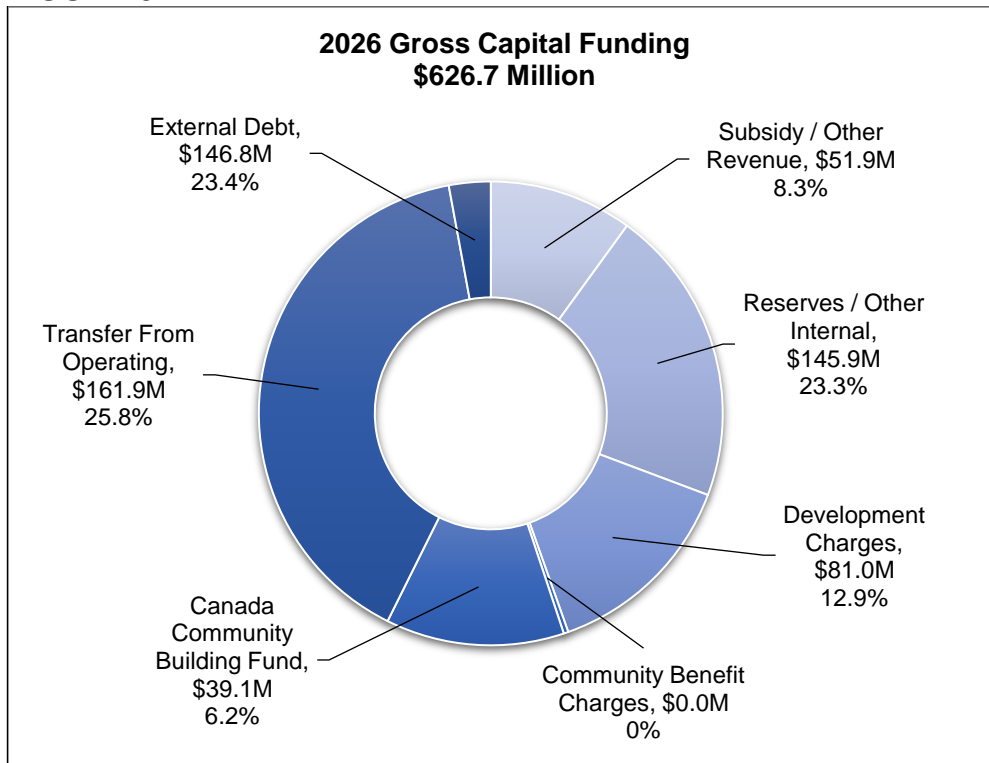
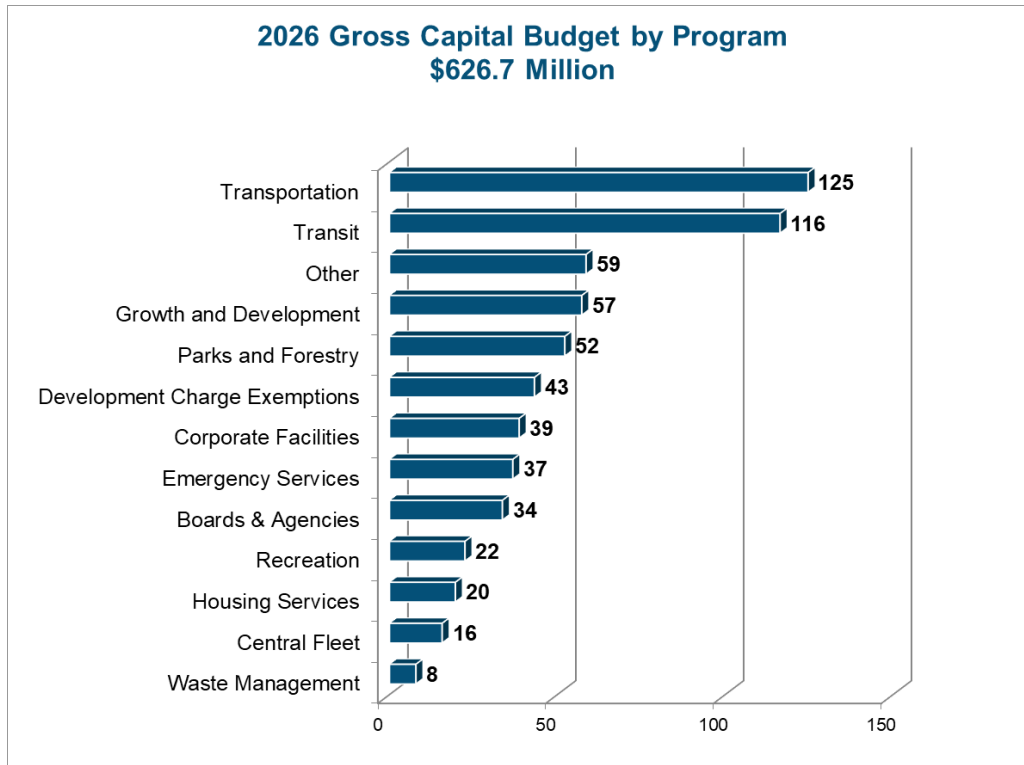


FIGURE 4



Proposed Capital Financing Plan 2026-2035

The Capital Financing Plan is an important tool in achieving Council’s strategic priorities ensuring programs have the resources needed to provide services and in maintaining the fiscal health and financial management of the City. Table 13 illustrates a four-year snapshot of the Capital Financing Plan.

This Plan consists of a 10-year phased investment to address the \$94.7 M annual funding gap identified in the Transportation Asset Management Plan spanning 2026 to 2033, as well as a 25-year phased investment to address the \$187.0 M annual funding gap identified for non-core assets. Additionally, discretionary capital blocks are increased by an inflation factor over the 10-year Capital Financing Plan which is in line with the Bank of Canada’s Consumer Price Index (CPI). This is to ensure that programs maintain their current rate of investment towards asset replacement and rehabilitation.

The Capital Financing Plan also incorporates additional levy increases for new debt planned within its 10-year outlook. This ensures that funding capacity for the replacement and rehabilitation of existing assets is maintained throughout the Capital Financing Plan and that the City maintains its current financial position.



Additionally, the Capital Financing Plan incorporates a four-year phase-in strategy for the lost development charge revenues resulting from the More Homes, More Choice Act, 2022, as well as a three-year phase-in strategy for historically unfunded DC exemptions under the Development Charges Act, 1997 and the City's DC By-law inclusive of anticipated grant revenues from the Housing Accelerator Fund.

TABLE 13
Discretionary Tax Supported Net Capital Forecast for 2026 – 2029

Discretionary Tax Supported Net Capital Funding					
2026 - 2029 Forecast					
Capital Financing Plan (Net) (\$000's)	2025 Final	2026 Proposed	2027 Forecast	2028 Forecast	2029 Forecast
Sustainable Funding Sources					
Contribution from Operating	130,968	138,679	183,232	195,985	212,833
HUC/Alectra Dividends	2,300	2,300	2,300	2,300	2,300
Investment Reserve Funding	5,000	3,000	3,000	3,000	3,000
Future Fund	-	1,337	-	-	-
Canada Community Building Fund (CCBF)	41,972	39,065	38,784	38,784	40,336
Total Sustainable Funding Sources	180,239	184,381	227,316	240,069	258,469
Non-Sustainable Funding Sources					
Unallocated / Other Capital Reserve	21,641	-	-	-	-
Capital Financing Surplus	9,000	5,900	6,500	6,500	9,000
Housing Accelerator Fund	6,063	6,063	-	-	-
Total Non-Sustainable Funding Sources	36,704	11,963	6,500	6,500	9,000
New External Debt (Principal)					
West Harbour & Waterfront Initiatives	-	-	4,000	30,000	-
ICIP Transit - 10 Yr Term	-	-	-	-	-
ICIP Transit - 15 Yr Term	-	8,004	410	1,471	-
Hamilton Paramedic Service Master Plan (Central Station)	-	10,059	10,059	-	-
Transit Maintenance & Storage Facility	41,099	37,000	-	-	-
Main Street Upgrades	-	13,000	13,000	-	-
Macassa Lodge B Wing Expansion	21,148	21,148	-	-	-
Additions to the new Waterdown Fire and Police Station	22,551	-	-	-	-
Confidential Settlement	4,300	-	-	-	-
Build Better and Stronger	22,975	61,286	7,178	-	-
Summer's Lane Structural Slab and Expansion Joint Repairs	1,325	2,948	-	-	-
Stadium Technology Infrastructure Replacement	-	3,809	-	-	-
Confidential - RE2301	-	4,100	-	-	-
General Debt	-	-	20,000	60,000	5,000
Total New External Debt (Principal)	113,398	161,354	54,646	91,471	5,000
Total Funding (Net)	330,341	357,698	288,463	338,040	272,469



Net Capital Funding (Block Funding) (\$000's)	2025 Final	2026 Proposed	2027 Forecast	2028 Forecast	2029 Forecast
Corporate Services	-	155	158	162	165
Information Technology	3,613	3,451	1,697	1,775	1,854
Corporate Facilities	8,075	11,886	8,792	9,248	9,708
Cultural Facilities	2,710	3,138	3,456	3,711	3,968
DC exemptions	36,278	40,151	41,096	38,656	29,471
Commercial Districts and Small Business	3,728	3,814	3,894	3,976	4,059
Economic Development Initiatives	3,440	1,118	4,058	4,269	4,481
Corporate Facilities Security Program	800	784	800	800	800
Fire / Paramedic Services	1,999	2,100	3,316	3,975	4,634
Forestry & Horticulture	2,272	2,281	2,387	2,443	2,501
Housing Services	4,478	4,581	4,677	4,775	4,876
Long Term Care Facilities	894	997	1,129	1,246	1,364
Park Development (New/Expansion)	5,779	2,184	7,265	8,006	8,750
Park's Operations	1,940	2,412	2,106	2,188	2,271
Parkland Acquisition	2,530	2,588	2,588	2,655	2,723
Planning / Development	4,748	10,272	2,229	234	238
Recreation Facilities	3,907	9,852	10,366	11,454	12,546
Transportation Network	94,380	97,220	120,874	132,156	143,477
WIP Capital Surplus Reducing Block		(21,900)			
Block Funding Total	181,571	177,084	220,888	231,730	237,885
Net Capital Funding (Corporate Initiatives)					
Additions to the new Waterdown Fire and Police Station	22,551				
Climate Change Action Plan	2,500	2,500	2,500	2,500	2,500
Build Better and Stronger	38,825	63,401	7,180	-	-
DC Exemptions Beyond Block	2,500	3,000	3,500	5,750	5,750
Hamilton Paramedic Service Master Plan (Central Station)	-	10,059	10,059	-	-
Macassa Lodge B Wing Expansion	21,148	21,148	-	-	-
Main Street Upgrades	1,300	13,110	13,090	-	-
Confidential Settlement	4,300				
Transit & ICIP Master Plan	46,173	52,803	5,759	6,288	6,892
Transformation Office (CMO)		700	1,000	1,000	1,000
Waste Management Master Plan	2,984	4,229	8,651	46,765	3,819
West Harbour & Waterfront Initiatives	1,050	392	4,674	30,240	1,412
Corporate Initiatives Total	143,331	171,342	56,413	92,543	21,373
Total Block & Major Capital	324,902	348,425	277,301	324,273	259,258
Net Capital Funding (Boards & Agencies) (\$000's)					
	2025 Final	2026 Proposed	2027 Forecast	2028 Forecast	2029 Forecast
Boards & Agencies					
Board of Health	275	135	308	324	341
CityHousing Hamilton	843	863	879	900	918
Hamilton Conservation Authority	2,000	2,000	150	150	150
Library	-	550	2,160	1,700	-
Police Services	2,321	5,725	5,845	5,968	6,093
Boards & Agencies Total	5,440	9,273	9,342	9,042	7,502
Total Expenditures (Net)	330,341	357,698	286,643	333,315	266,760



To provide for the annual funding required for asset renewal, the historical Capital Levy of 0.50% was increased to 0.77%. In 2026, the Capital Levy will decrease to 0.64% before returning to a mark of 0.77% annually that will continue until 2033. This will effectively increase the Transportation Network block from \$65.9 M in 2023 to \$182.5 M by 2033.

Inflation pressures have been a major theme in budget discussions over the past several years due to a variety of global social and economic factors. Inflationary pressure on capital expenditures relative to the inflationary capacity of the Capital Levy and property tax increases are illustrated in Table 14.

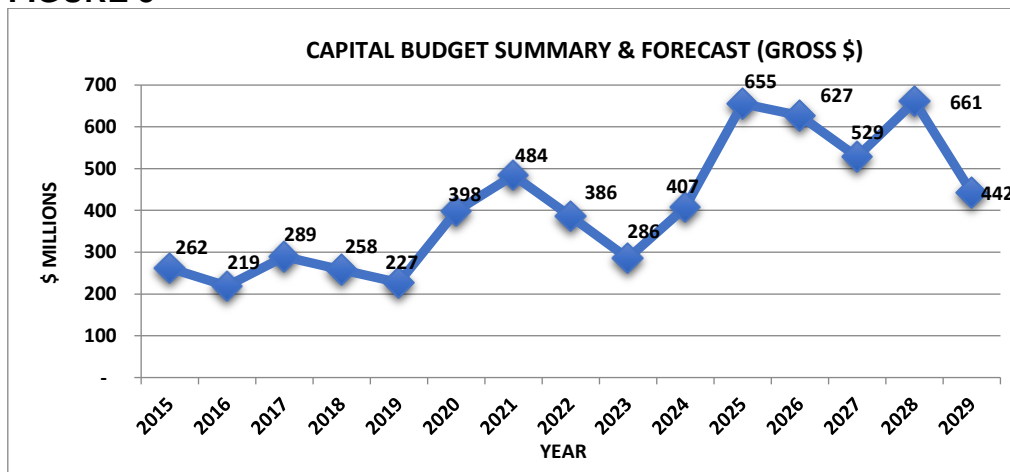
Moving forward, it is imperative that the Capital Financing Plan continues to increase program funding blocks at least at the rate of the Consumer Price Index to maintain consistent reinvestment into the City’s capital program and the current state of infrastructure. Investment beyond the rate of inflation would be required to address the infrastructure gap and provide for new assets related to growth that are ineligible for DC funding or new assets for enhancements to existing service levels.

TABLE 14
Inflationary Pressures on Capital Expenditures

(%)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Non-Residential Building Construction Price Index	2.9	3.2	4.6	3.9	2.6	9.5	16.2	6.6	3.3	5.5
Capital Levy Increase	4.7	3.9	8.8	3.9	6.3	3.0	5.0	6.9	9.1	18.9
Property Tax Increase	1.7	2.1	1.9	2.2	2.9	1.9	2.8	5.8	5.8	5.6

The following 15-year Capital Budget summary of gross spending (Figure 5) shows historical and forecasted levels of budgeted capital investment.

FIGURE 5

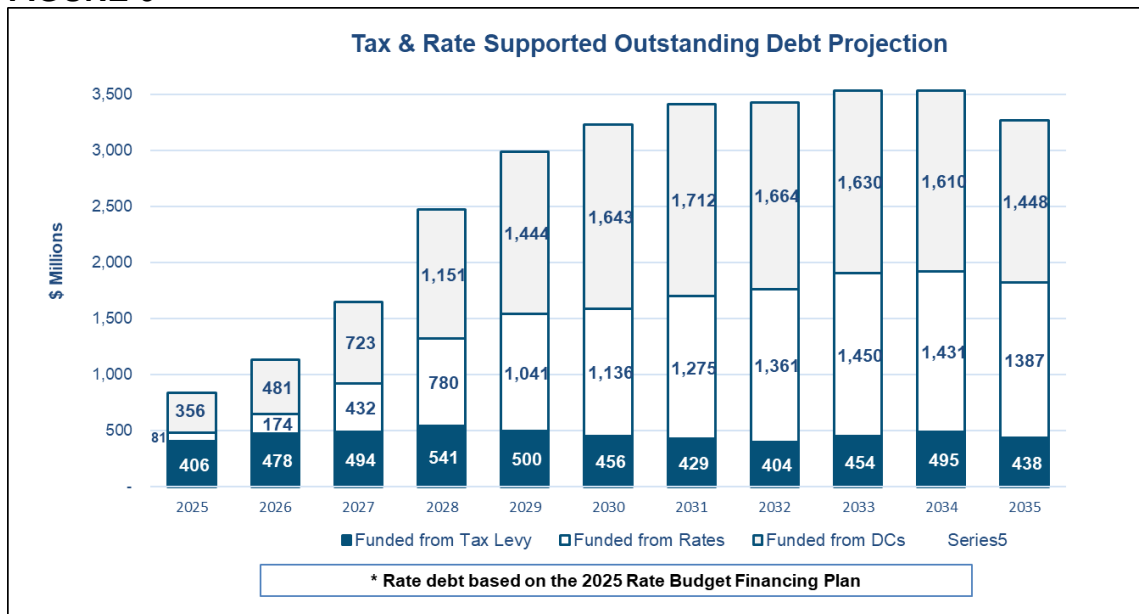


Debt Management

Planned debt financing in the 2026 to 2035 Capital Financing Plan has increased by \$6.7 M compared to the Capital Financing Plan approved last year. The increase in debt is required to support the Transit Maintenance and Storage Facility, Building Better initiative, Macassa Lodge B-Wing Expansion, Main Street Upgrades, Hamilton Paramedic Facilities (Central Station) and Transportation Network debt support. Figure 6 provides the projected combined tax and rate supported outstanding debt amounts across the 10-year forecast.

The actual debt forecast takes into consideration the many reasons that debt issuance may be delayed (i.e., capital projects require a longer environmental assessment process, availability of contractors, lead times on materials, etc.). The City historically only issues debt upon substantial completion of associated capital works. In the latter end of the 10-year debt forecast, the City is still issuing debt for previous period capital investments and that is why the budgeted debt is greater than the actual debt. Credit Rating Agencies are most focused on the level of actual external debt in assessing investor risk.

FIGURE 6



However, approximately \$1.4 B in capital works in progress have been approved for debt funding that has not yet been issued due to timing of completion and cash flow requirements. Given the amount of debt that has been previously approved and the reliance on debt financing for infrastructure improvements needed in the 10-year Water Financing Plan, the City is currently forecasting that it will exceed Council’s approved DC supported debt limit in 2028 and the approved tax and water limit in 2029 as illustrated in Figures 7 and 8.



Finance staff will continue to monitor cash flow requirements and only issue debt when needed, as well as minimize the risk associated with DC debt by ensuring that any growth-related debt principal and interest are forecasted to be covered by future growth projections.

FIGURE 7

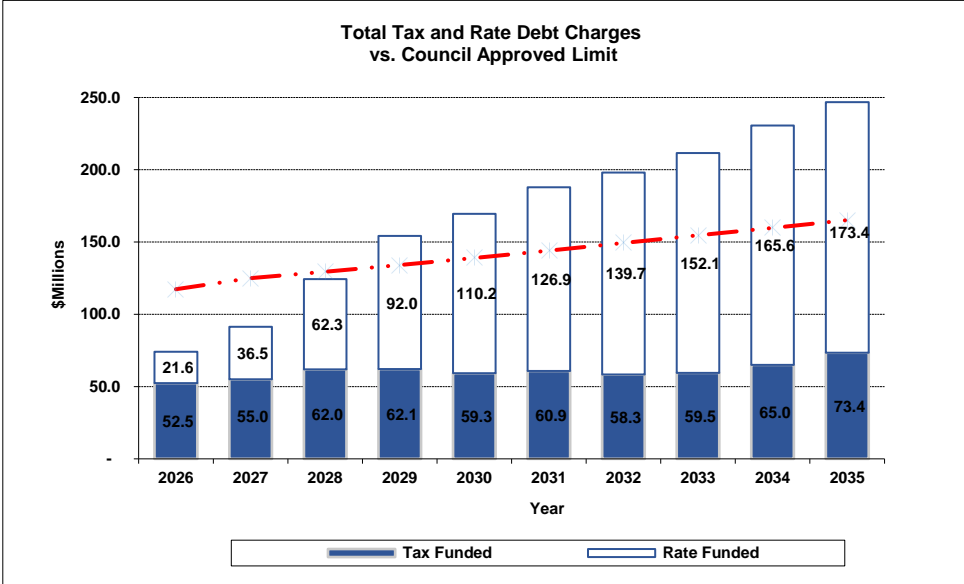
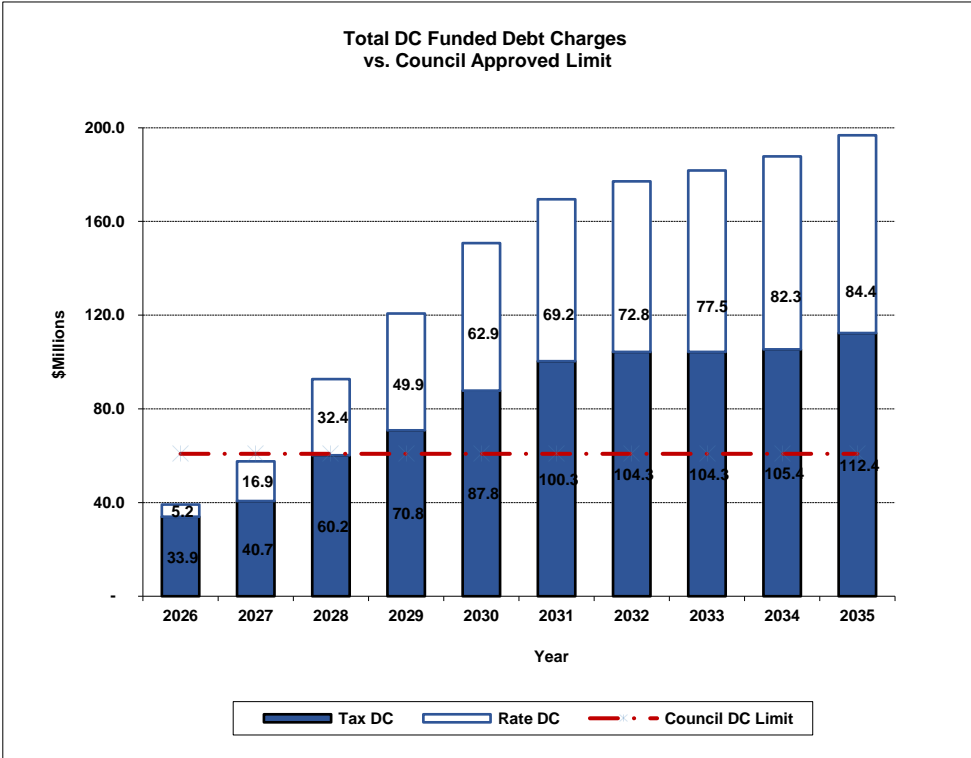


FIGURE 8



Council Approved Debt Limits:

- I. Total tax and rate-supported debt as a percentage of City own-source revenue is not to exceed 60% unless approved by Council. The City’s debt ratio in 2025 was 12.9% and is forecasted to be 10.4% in 2026 and 14.9% in 2027, well within the 60% threshold.
- II. Total Development Charge (DC) supported debt as a percentage of the total DC Eligible Costs for the forecast period of the latest DC Background Study is not to exceed 25% unless approved by Council. The City’s DC supported debt in 2025 was 1.6% and is forecasted to be 1.5% in 2026 and 3.3% in 2027, well within the 25% threshold.

Statutory Limits:

- I. The annual debt and financial obligation limit for the City is calculated in accordance with Section 3 of Ontario Regulation 403/02, as amended. The City’s debt service charges as a percentage of City own-source revenue were 3.2% in 2025 and forecasted to be 2.8% in 2026 and 3.4% in 2027, well within the statutory limit of 25% determined by Ontario Regulation 403/02.
- II. Outstanding variable interest rate bank loan agreements and variable interest rate debentures, in total, cannot exceed 15% of the total outstanding debt of the City as set out in Section 2 of Ontario Regulation 276/02. The City’s debt ratios are below the statutory limit of 15%, at 1.8% in 2025 and forecasted to be 1.0% in 2026 and 0.0% in 2027.

Financial Ratios:

The debt related financial ratios remain within statutory and Council approved limits for 2026. Figure 9 highlights key financial ratios related to debt over the past several years.

FIGURE 9

City of Hamilton Debt Policy: Ratios							
	2021	2022	2023f	2024f	2025f	2026f	2027f
Affordability:							
Debt Per Capita	\$686.93	\$596.89	\$437.19	\$368.88	\$465.89	\$399.08	\$641.35
Debt Per Capita Year Over Year (% Change)	-7.6%	-13.1%	-26.8%	-15.6%	26.3%	-14.3%	60.7%
Debt Per Household	\$1,689.61	\$1,464.81	\$1,070.53	\$901.33	\$1,135.98	\$971.11	\$1,557.57
Debt Per Household Year Over Year (% Change)	-6.1%	-13.3%	-26.9%	-15.8%	26.0%	-14.5%	60.4%
Debt Service Charges Per Capita	\$108.27	\$104.97	\$80.63	\$78.00	\$99.54	\$89.91	\$114.72
Debt Service Charges Per Capita Year Over Year (% Change)	5.0%	-3.0%	-23.2%	-3.3%	27.6%	-9.7%	27.6%
Sustainability:							
Debt Service Charges(Net) As A % of City Own Source Revenue	4.3%	4.0%	2.9%	2.7%	3.2%	2.8%	3.4%
Debt Service Charges(Net) As A % of the Municipal Levy	6.6%	6.3%	4.5%	4.3%	5.5%	4.9%	6.3%
Debt to City Own-Source Revenue	27.3%	22.5%	15.9%	12.7%	15.1%	12.3%	18.7%
Debt to S&P Adjusted Operating Revenue (S&P Global Ratings)	30.1%	24.3%	17.1%	13.6%	16.1%	n/a	n/a
Debt to Total Reserves and Reserve Funds	0.31	0.26	0.18	0.15	0.20	0.18	0.28
Cash & Liquid Assets to Debt Service Charges	1582%	3758%	4828%	4926%	3810%	4164%	3222%
Cash & Liquid Assets minus Debt	\$598,857,492	\$1,981,983,331	\$2,073,031,936	\$2,111,072,812	\$2,048,396,953	\$2,086,359,559	\$1,930,125,469
Goals:							
Tax & Rate Supported Debt as a % of City Own-Source Revenue <i>Maximum (60%)</i>	21.2%	17.5%	14.5%	11.7%	12.9%	10.4%	14.9%
DC Supported Debt as a % of Total DC Eligible Costs <i>Maximum (25%)</i>	1.2%	1.0%	0.8%	0.7%	1.6%	1.5%	3.3%
Debt to S&P Adjusted Operating Revenue (S&P Global Ratings) <i>Maximum (30%)</i>	30.1%	24.3%	17.1%	13.6%	16.1%		
Statutory Limits:							
Debt Service Charges as a % of City Own-Source Revenue (ARL) <i>Limit (25%)</i>	4.3%	4.0%	2.9%	2.7%	3.2%	2.8%	3.4%
Total Variable Rate Debt as a % of Outstanding Total Debt <i>Limit (15%)</i>	3.8%	3.6%	3.9%	3.4%	1.8%	1.0%	0.0%

Reserve Management

The City maintains reserves and reserve funds to retain capital for future use. Reserves serve as general pools of capital that are often used to mitigate risk, maintain assets, support growth, or meet unexpected expenses. Reserve funds are established for a specific purpose such as covering a foreseeable future expense or retaining monies for a particular goal, such as, defined capital projects or initiatives that involve substantial expense. Reserves and reserve funds share the purpose of easing the burden of the levy on the taxpayer for significant or infrequent expenses, minimizing credit market risk by accumulating financial resources for future capital needs, decreasing reliance on borrowing and offering a form of protection against unforeseeable situations, such as, catastrophic events, emergencies, etc. Reserves and reserve funds are leveraged to contribute to the City’s long-term financial stability and flexibility.

Reserve Funds may be obligatory (required by legislation) or discretionary (voluntarily established by Council). Council has the authority to allocate funds from obligatory reserve funds subject to the restrictions of applicable legislation. In contrast, Council has defined what constitutes an authorized use from discretionary reserve funds and there are processes that can be undertaken should Council seek to use funds for alternate purposes.



As detailed in the 2022 Reserve (Report FCS23027), reserve balances have increased substantially over the last five years from \$897 M in 2018 to a balance of \$1.4 B on December 31, 2022. The change is the result of increases in reserve provisions and overall collections, including DCs, Canada Community Building Fund and Parkland Dedication offset by completion of major projects and capital financing charges.

In line with the Mayoral Directive to Staff, the 2026 Tax Supported Budget leverages the City’s strong financial position to phase-in funding pressures from collective bargaining and to fund operational needs while balancing affordability.

The proposed reserves strategy is sustainable as it continues to phase out the City’s reliance on reserves for the purposes identified above. Notably, the draws on reserves have decreased from \$63 M in 2025 to \$36 M in 2026. The reserves strategy is dependent upon other orders of government increasing funding for priorities such as affordable housing.

Figure 10 provides an updated outlook of the City’s reserve projections showing the recommended reserve financing strategies that leverage discretionary tax and rate supported reserves over the next several years. Figure 11 provides highlights the City’s four-year reserve financing strategy from 2024 to 2027, showing a decreased reliance on reserves since the introduction of the strategy in 2024. Additional details are provided in Appendix “E” to Report FCS26001.

FIGURE 10

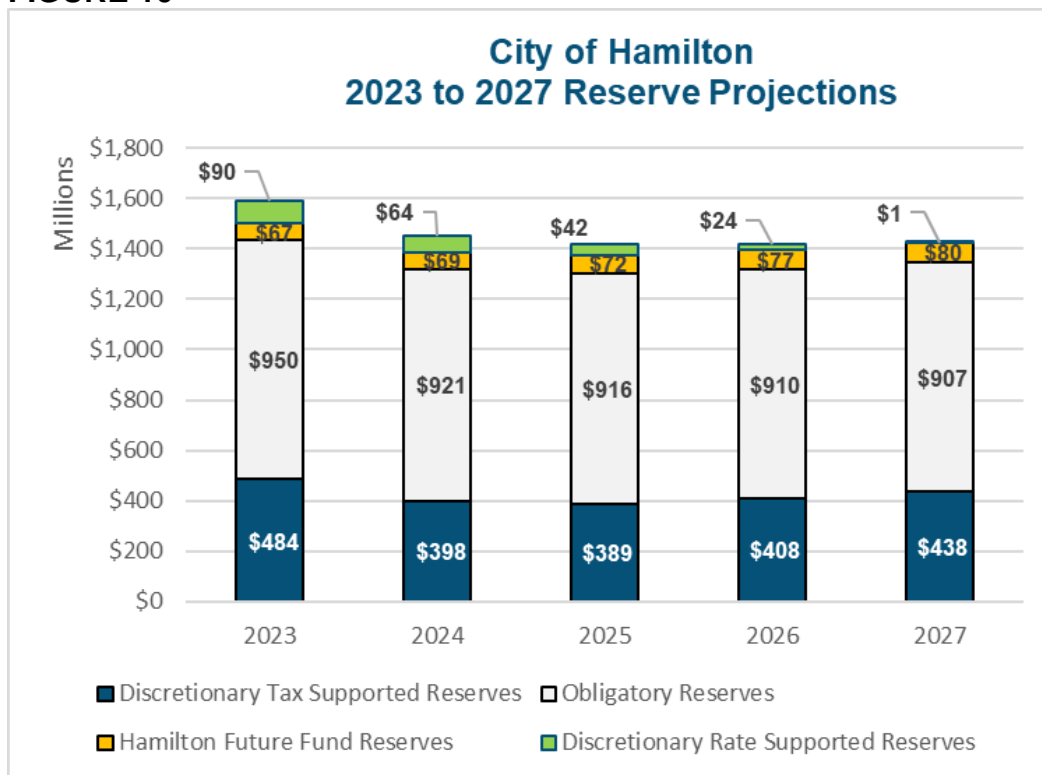
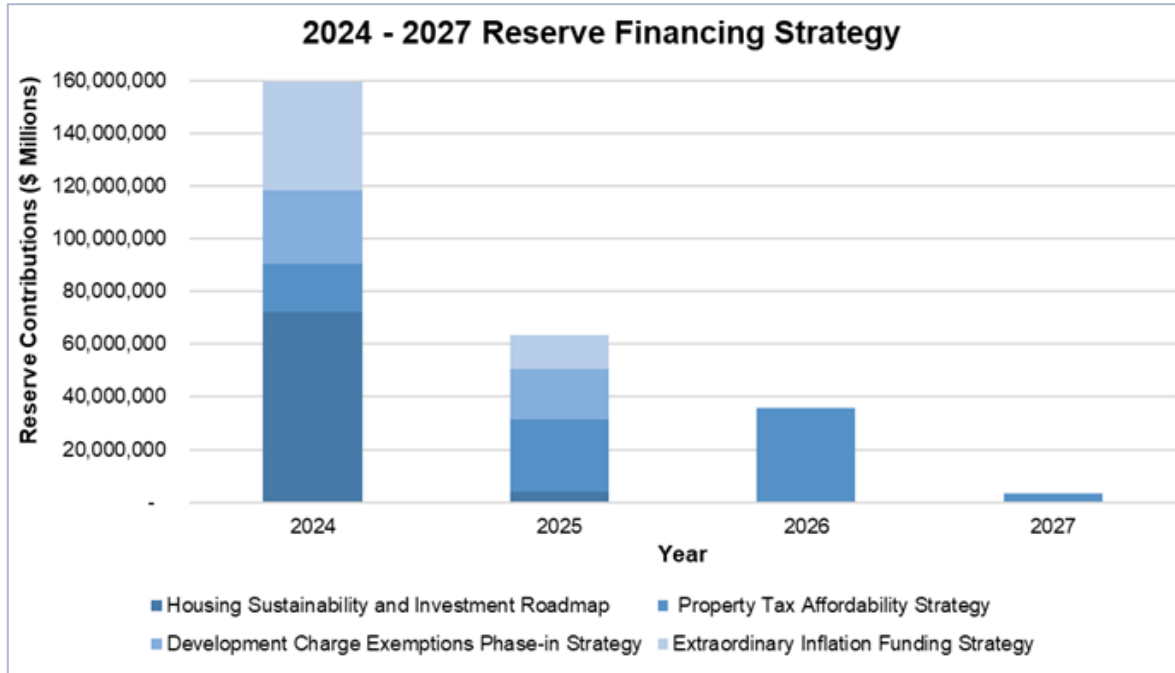


FIGURE 11



Asset Management

The municipal asset management planning regulation (O. Reg. 588/17) under Bill 6, Infrastructure for Jobs and Prosperity Act, 2015, was adopted on January 1, 2018. On June 26, 2019, City Council adopted a Strategic Asset Management Policy (Report PW19053) and recently updated in June 2023 through Report PW23044. On March 15, 2021, O. Reg. 588/17 was amended to extend regulatory timelines for phases 2, 3 and 4 by one year as follows:

1. July 1, 2019: Date for municipalities to have a finalized strategic asset management policy that promotes best practices and links asset management planning with budgeting, operations, maintenance and other municipal planning activities.
2. July 1, 2022: Date for municipalities to have an approved asset management plan (AMP) for core assets (roads, bridges and culverts, water, wastewater and stormwater management systems) that identifies current levels of service and the cost of maintaining those levels of service.
3. July 1, 2024: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that identifies current levels of service and the cost of maintaining those levels of service.
4. July 1, 2025: Date for municipalities to have an approved asset management plan for all municipal infrastructure assets that builds upon the requirements set out in 2024. This includes an identification of proposed levels of service, what activities will be required to meet proposed levels of service and a strategy to fund these activities.



On June 11, 2025, Council approved the 2025 Proposed Levels of Service Asset Management Plan and related documentation in compliance with Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure through Report PW25036. The approval of this Report ensured the City of Hamilton met the regulatory requirement to define proposed levels of service and the associated financial strategy.

The goal of asset management is to provide a set level of service in the most cost-effective manner through the acquisition, operation, maintenance, renewal and disposal of assets. The effective management of infrastructure involves taking a lifecycle view, ensuring that cost, risk and level of service are all considered in decision making. This view ensures that, with its limited financial resources, the City can effectively sustain service delivery to residents and businesses.

In the future, the Province will require any municipality seeking provincial capital funding to prepare a detailed Asset Management Plan and show how its proposed project fits within the plan. It is reasonable to assume the ability to demonstrate the benefit of a project to the community through quantifiable metrics tied to legislative-based levels of service and costs will be a component of future provincial funding requests.

Beyond compliance, there are further benefits to the establishment of an Asset Management Program for the City of Hamilton. Enhancements will provide opportunity to gain perspective on the current service levels being rendered to the community and identify the infrastructure needs to maintain current service levels or achieve proposed service levels. A sound policy along with a robust plan provides Council and staff new tools and information to make informed decisions, by offering:

- The annual requirements for lifecycle management based on asset performance and industry asset management best practices;
- Co-ordinated efforts for the planning of growth-related infrastructure and the ongoing operating and maintenance requirements for those assets;
- A means towards risk assessment and prevention, as well as, a clearer understanding of the risks involved with deferring or foregoing capital investment;
- An interpretation of the impacts of capital investment levels on municipal service delivery; and
- A framework to prioritize capital investment amongst competing priorities for limited resources.

Through Report PW22048, an annual funding gap of \$94.7 M for the transportation network was identified based on asset renewal needs and planned operations and maintenance. A \$101.1 M annual funding gap was identified for rate supported programs.



Report PW25036 identified a 10-year Infrastructure Funding Gap of \$5.2 B, or \$520 M annually over 10 years for all City assets. A large portion of this infrastructure funding gap is due to a backlog of unfunded renewal and maintenance needs which have accumulated over the City's long history.

