

2026 PROPOSED TAX BUDGET ADDITIONAL REVENUES AND LINE-BY-LINE REVIEW MITIGATION STRATEGIES AND ADJUSTMENTS

The City undertook a comprehensive review of programs and expenditures to identify adjustments that balance affordability for residents, fiscal responsibility, and the delivery of core services. This work was guided by the Mayor’s Directive, including a 4.25 per cent budget target, Council’s strategic priorities and a focus on affordability and ensuring long-term financial sustainability. The following sections summarize the mitigation strategies applied and the resulting service and resource adjustments.

The City applied a range of mitigation strategies to reduce budget pressures. These strategies focused on cost savings and efficiencies, timing, adjustments and funding alignment to minimize impacts to residents while maintaining safety, essential services and long-term sustainability. A comprehensive, line-by-line review of budget items was undertaken across all service areas.

Mitigation strategies:

1. **Line-by-line operational review** – conducted a detailed review of all programs and budget items to identify efficiencies, redundancies and alignment opportunities; optimized operating impacts of capital reductions to maintain service delivery while managing costs.
2. **Financial sustainability** – taking a measured approach to affordability through revisions to our reserve strategy; applied investment income strategically to offset pressures without compromising long-term fiscal health.
3. **Council directed items and business cases** – incorporated Council referrals and approved business cases to ensure projects and initiatives continued within budget constraints
4. **Financial offsets and timing adjustments** – Deferred planned increases or expansions where possible and adjusted timing of other planned investments to balance competing priorities.
5. **Staffing adjustments** – staffing considerations included reviewing vacancies, redundancies, restructured roles and resizing teams to align with service delivery requirements.

Budget reductions:

The table below outlines budget reductions totaling **\$60.9 million**, reflecting actions taken across two phases:

Phase 1 – adjustments identified through the Budget Outlook process to December 12, 2025 (*total: \$45.2 M*)

Phase 2 – further refinements made since December 12 until January 20 (*total: \$15.7 M*)

The below document provides the **additional revenues** and **line by line review** including contract efficiencies, rightsizing and budget to actuals alignment as referenced in appendix C and G. Where staffing adjustments occur, these are reported in aggregate to respect confidentiality. This approach is intended to provide transparency, clarity and context where reductions are occurring and their potential impact on services.

Reduction Categories:

1. **Additional revenues** – updates based on revised revenue assumptions or confirmed funding changes
2. **Line-by-line review**
 - a. **Contract efficiencies** – savings achieved through contract changes, procurement adjustments and reduced reliance on digital and external services
 - b. **Rightsizing**
 - i. **Resources/Staffing**
 - ii. **Service level** – adjustments to better align resources and services with service demand and support budget pressures
 - c. **Budget to actuals alignment** – adjustments to better reflect actual spending patterns and updated financial information

PHASE 1: BUDGET OUTLOOK TO DEC 12					
Reduction Category	Key Service/Line item	Budget impact (net)	Service Impact	Change	Rationale
ADDITIONAL REVENUES					
Additional Revenues	Vacant buildings	150 K	No	Additional resources to support enforcement of vacant buildings	Additional enforcement of vacant buildings will see an increase of 25% in revenues.
	Short-term rental enforcement	100 K	No	Grant funding applied to hire additional bylaw officers	The funding will allow for the hiring of 4 additional officers (currently 1) to increase Short-term rental revenues and provide more efficient monitoring of short-term rental properties.
	Short-term rental – Municipal Accommodation Tax	375 K	No	Additional funding for increased volumes at Short-term rentals	Increased revenues are expected due to new hotel openings, arena opening as well as growth in short-term rentals
	Recreation rentals	430 K	No	Ice and field rental revenues	Higher ice and field rentals projected for 2026 due to the improved new online booking platform, creating better access for residents to book rentals. User group demand has increased (increased volume, no change in fees).

Additional Revenues	Waste management	522 K	No	Revenue increase for waste management services	Updated revenue estimates for waste management services based on current rates, usage and recovery.
	New provincial subsidy	13 K	No	New 50/50 funding for Children and Community Services programs	This is related to an increase in provincial subsidies.
LINE-BY-LINE REVIEW					
Contract efficiencies					
Contract	IT System contract efficiencies	222 K	No	Transition support services to a cost-efficient vendor model	Support services are being moved to a more cost-effective provider reducing contractual costs without compromising service levels for City systems and users.
	Customer service lease, services and software contracts consolidation	177 K	No	Reduction in budget allocation through consolidated contracts	City costs for customer service leases, services and computer software have been reduced by combining purchases and licenses which removes duplication and provides cost savings.

	IT System licensing efficiencies	100 K	No	Reduction in licensing costs	City has optimized IT system reviewing licensing requirements and reducing or eliminating redundant licensing. Service levels for users and systems are maintained.
	Professional services and contract budget efficiencies	20 K	No	Reduction in professional services budgets	Contract costs were adjusted to reflect current operating practices and support affordability and essential services priorities.
Rightsizing					
<i>a. Resources/ Staffing</i>	Early Years System Support Program	174 K	No	Grant funding applied to offset operating expenses	Reduce budget to align with historical actuals and refocus budget back to core services.
	Hamilton Fire vehicles – reserve contribution	1.52 M	No	One time reduction in reserve contribution	One time reserve adjustment based on updated fleet replacement planning. Long term reserve funding remains sufficient to support scheduled vehicle replacement, including anticipated increases in vehicle costs.
	Administrative support for tenants	80 K	No	Staff time reallocated within existing roles	Administrative support for tenants is no longer needed due to low demand. Existing staff will handle these tasks as part of their normal work.
	Public Works Fleet vehicle – reserve contribution	1.56 M	No	Reduction to fleet vehicle reserve	Reduction to the fleet reserve based on fleet replacement planning. Longterm reserve funding remains sufficient to support scheduled vehicle replacement, including anticipated increases in vehicle costs.

Budgeted vacant positions	146 K	No	Adjusted salary assumptions for vacant positions	Budgeted vacant positions will be calculated at the starting salary for new hires, rather than top point due to casual staff already in the roles are generally at higher steps. This helps manage the budget pressures while continuing to fill positions as needed.
Client psychological assessments	38 K	No	Proposed budget reduction to reflect savings	Additional proposed psychological assessments reduced due to overall increased funding.
Tourism funding realignment	161 K	No	Funding two positions via Municipal Accommodation Tax (MAT) for tourism sales and marketing and bidding fees	Funding two dedicated positions focused on tourism sales, marketing and bidding efforts is aligned with the purpose of MAT funding. These positions will help boost economic growth and revenue funding. This strategic investment aims to attract more visitors and businesses opportunities, ultimately enhancing the City's economic impact.
IT System contract rightsizing	42 K	No	Cancellation of contract	As a result of system modernization, terminating software contracts for end-of-life system.

	Program and operational expenditures	2.7 M	No	Budget and resources aligned based on actual program needs.	Resources across programs (recreation, long term care, planning and economic development, corporate services, City Manager’s Office and public works) to help address budget pressures and continue delivering essential services.
	Staffing adjustments	2.3 M	Minimal to ensure service delivery maintained	Position and staffing reductions	Staffing levels were carefully reviewed to reflect service needs and financial realities. After applying other cost-saving strategies, adjustments were made through vacancies, role realignments and organizational changes where it made operational sense but did not impact service delivery, supports and customer service standards. These decisions were made thoughtfully with a focus on maintaining essential services and supporting staff through these changes.

<i>b. Service level</i>	Blue Box program – non-residential properties	2.29 M	<p>Yes</p> <p>Service: Nonresidential recycling collection is no longer provided by the program</p> <p>Who: Businesses, BIAs, institutions and other nonresidential property owners</p>	<p>The Province directed the transition of the City’s Blue Box (recycling program) to a new service provider. Service provider determined non-residential properties are no longer serviced under the program.</p>	<p>The Province has directed that the Blue Box program transition to a service provider and allows the provider to decide which properties are included. The provider has chosen not to include non-residential properties in the program.</p>
	HSR Next Expansion	1.22 M	No	Postponement of planned service increases to 2027	Planned service growth has been postponed to 2027 as part of a phased implementation approach to align with funding availability and ridership trends. Transit services continue to expand but the pace of implementation has been adjusted.

	Decommissioning of ice plant at Stoney Creek Arena *	161K * <i>Note: these costs are within the staffing / resources adjustment cost above</i>	No Existing ice can be accommodated at Saltfleet arena	Facility closure as part of Recreation Master Plan	Closure will see savings on operating and capital expenses where existing ice can be accommodated at Saltfleet arena.
Budget to actuals alignment					
	Caledon Community Initiative funding adjustment	570 K	No	This relates to the elimination of a forgivable loan. Funding no longer provided and aligns with current development charges policies.	Financial support for the Caledon Community Initiative property is ending due to an ownership change and updated policies. This change was approved by Motion in Nov 2024.

	Ontario Works proposed service enhancements	50 K	<p>Yes - minimal</p> <p>Service: Limit some ability to deliver some service enhancements; core client supports remain in place</p> <p>Who: Ontario Works clients who would have accessed these enhanced services.</p>	Enhancement funding reallocated to maintain neutral budget. The work will shift due to program changes that can be implemented on a cost neutral basis.	Funding originally intended for enhanced services in 2026 will now be allocated on a cost-neutral basis. Adjustments support affordability priority and delivering essential services.
	Provincial prosecution and Justice of the Peace services	75 K	No	Reduced budget based on historical costs and absorbed changes.	Funding previously set aside for provincial prosecution and judicial services has now been absorbed into the City and the budget has been adjusted to reflect actual historical costs.
	Fleet fuel cost management	3.8 M	No	Reduction in fuel costs	Fuel budgets have been adjusted based on improved monitoring, efficiency measures and changing fuel usage patterns. Adjustments also reflect external cost factors including the carbon tax.

PHASE 2: DEC 12 TO JAN 20					
Reduction Category	Key Service/Line Item	Budget impact (net)	Service Impact	Change	Rationale
ADDITIONAL REVENUES					
Additional Revenues	Parking infractions	500 K	No	Increase parking revenue	This relates to a 2026 Parking infraction increase. The total revenue increase is \$734k. \$500k will be used for a levy reduction. \$234k will be used to fund parking service improvements, such as increased access to parking adjudicators. This will improve the service level while helping to address tax affordability.
Additional Revenues	Corporate Sponsorship	50 K	No	Increase revenue for corporate sponsorships	Increase opportunities for revenue generation through additional corporate sponsorship strategies.

Additional Revenues	Environmental Services program and event opportunities	32 K	No	Increased revenue from fees, sponsorships and rentals	Increased revenues through updated fees, new sponsorships and expanded use of premium locations and inventory. This includes increased fees for commemorative benches and trees, sponsorship for displays, premium locations at the Floral Show and afterhours rental opportunities. A municipal scan was completed to assess typical rates and the rate was adjusted to be in line with standard municipal rates.
LINE-BY-LINE REVIEW					
Contract efficiencies					
Contracts	Housing Helps program contract efficiencies	80 K	No, because Housing Services will now provide the support that was previously by provided by Housing Help Centre. Who: Program clients requiring renovation related assistance and certain specialized	Reduce costs related to renovations and tenants receiving N13.	Based on lower numbers of clients accessing the Renoviction and N13 program, services will now be supported by existing Housing staff. This will result in cost savings and the program will continue under this realignment.

			housing support case.		
	IT phone system optimization and modernization	80 K	No	Audit of phone lines	A City phone line assessment was completed and opportunities identified to reduce requirements or replace with digital while maintaining effective and modern communications and customer services for residents and staff.
	Cell phone efficiencies	250 K	No	Review and contract optimization	Detailed review of mobile phone utilization and cost efficiencies related to contract optimization.
	Business intelligence software consolidation	12 K	No	Termination of annual software licensing and maintenance costs	Standardizing of software to single modern solution and eliminating use of legacy software.
Rightsizing					
<i>Resource alignment</i>	Building Services Program operational expenditures	18 K	No	Increase use of enterprise reserve	Greater reliance on existing reserve funding for building costs in the short term.

	Staffing adjustment	946 K	Minimized to ensure service delivery maintained	Staffing reductions and realignments	Staffing levels were carefully reviewed to reflect service needs and financial realities. After applying other cost-saving strategies, adjustments were made through vacancies, role realignments and organizational changes where it made operational sense but did not impact service delivery, supports and customer service standards. These decisions were made thoughtfully and were informed by service needs, affordability considerations and long-term sustainability with a focus on maintaining essential services and supporting staff through these changes.
<i>Service level</i>	Grass cutting - Urban	105 K	Minimal impact Cuts will be maintained at current service levels during peak growing periods.	Reduce from 9 to 12 cuts annually to reflect seasonal growth patterns.	Reduce cutting during off-peak growing periods allows select areas to naturalize, support positive environmental outcomes and reduce maintenance costs. Appearance may vary seasonally but largely have no impact.

	Grass cutting – Private properties	250 K	Yes Service: Private properties may not receive expected grass cutting service. Who: Private property owners	Grass cutting services will not be offered for private properties	Private properties will no longer receive grass cutting services. City resources will be focused on public areas and core park maintenance.
	Drainage and Structures	700 K	No	Adjust annual coverage from 40 km per year to 20 km per year.	Annual inspection and maintenance levels are being aligned with previously Council-approved service standards. This adjustment reflects a return to established baselines levels and ensures resources are focused on priority areas. This adjustment is in alignment with current service levels.
Budget to actuals alignment					
Align Budget to Actuals	Net levy reduction to childcare funding	250 K	No	Reduced levy contribution funding; sourced through existing program revenues and operational efficiencies	Adjustment to the voluntary net levy contribution for childcare, aligning funding sources with operational priorities and budget targets.

Align Budget to Actuals	Volunteer Firefighter wage budget adjustment to reflect actual costs	150 K	No	Reduce budget to reflect actual volunteer participation and activity levels	Budget for volunteer firefighter wages has been adjusted to better align with actual costs which vary based on training, station duties and incident response. This adjusted budget reflects current trends in spending.
Align Budget to Actuals	Roxborough housing project	1.05 M	No	Project funded from Housing Accelerator Fund surplus for 2026	The Roxborough housing project will be funded from the Accelerator Fund surplus in 2026. This is in alignment with Council’s direction. This funding alignment offsets operating costs while maintaining the approved project scope, timeline and housing outcomes.
Align Budget to Actuals	Office and Administrative expenditure efficiencies	213 K	No	Reduction in office and administrative costs to achieve budget target	Office and administrative expenses were adjusted to reflect current operating practices and more efficient purchasing. While these resources and tools continue to support operations, levels have been updated to better with actual spending patterns and more efficient ways of working to support affordability.