

**Subject: Draft 2026 Operating and Capital Budgets**

**File Number: ACS2025-FCS-FSP-0013**

**Report to Council 12 November 2025**

**Submitted on November 12, 2025 by Cyril Rogers, General Manager and Chief Financial Officer, Finance and Corporate Services Department**

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**Ward: Citywide**

**Objet : Budgets préliminaires de fonctionnement et d'immobilisations de 2026**

**Numéro de dossier : ACS2025-FCS-FSP-0013**

**Rapport présenté au Conseil le 12 novembre 2025**

**Soumis le 12 novembre 2025 par Cyril Rogers, Directeur général et chef des finances, Direction générale des finances et des services organisationnels**

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

## **REPORT RECOMMENDATIONS**

**That City Council:**

- 1. Receive and table the Draft 2026 Operating and Capital Budgets at its meeting on November 12, 2025, for subsequent consideration by Council, sitting in Committee of the Whole, at its meeting on December 10, 2025; and,**
- 2. Refer the relevant portions of the Draft 2026 Operating and Capital Budgets to each Standing Committee of Council for their consideration and**

**recommendations to Council, sitting in Committee of the Whole, at its meeting on December 10, 2025.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le conseil municipal :**

- 1. Reçoive et dépose les budgets provisoires de fonctionnement et des immobilisations de 2026 à sa réunion du 12 novembre 2025 et qu'il les examine subséquemment lors de sa réunion en comité plénier le 10 décembre 2025; et**
- 1. Transmette les parties pertinentes des budgets de fonctionnement et des immobilisations de 2026 à chaque comité permanent du Conseil pour que ces derniers les examinent subséquemment et formulent des recommandations au Conseil, lors de sa réunion en comité plénier le 10 décembre 2025.**

## **EXECUTIVE SUMMARY**

This report provides a high-level summary and overview of the Draft 2026 Tax and Rate Supported Operating and Capital Budgets tabled at City Council on November 12, 2025. While the budgets are summarized in this report, detailed proposed changes for each service area are outlined in the budget books prepared for each Standing Committee.

On September 10 2025, Council approved the Proposed 2026 Budget Directions, Timeline and Consultation Process report ([ACS2025-FCS-FSP-0009](#)). This is in alignment with the 2022-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)), where a term of Council budget process was approved. One of the requirements of the budget process is that the General Manager and Chief Financial Officer (GM/CFO) of Finance and Corporate Services annually presents a budget directions report that details the budget timetable and provides budget directions in advance of each budget. As part of the 2026 Budget Directions Report, staff provided a financial update on key challenges to ensure City Council was provided financial context and key information regarding economic conditions when approving the 2026 Proposed Budget Directions.

In Ontario, municipalities are required by the Ontario Municipal Act to have a balanced operating budget each year. This unique challenge for municipal governments demands strong financial stewardship, strategic resourcing and clear priority setting.

The budget is drafted based on multiple inputs and factors, which include: the City's Long-Range Financial Plans (LRFP), such as the Rate supported LRFP, Solid Waste LRFP, Housing LRFP; master and action plans such as the Transportation Master Plan and The Official Plan; Term of Council Priorities; public engagement; council decisions; and external factors like economic market conditions and community challenges.

The City relies on the Council-endorsed fiscal framework (the framework) as the roadmap to sustainable finances. The framework includes guiding principles, measurable targets, and clear accountabilities. It provides direction for setting predictable tax levels, managing financial risk and pursuing efficiencies, and continuous improvement opportunities.

To balance expenditures, the City leverages diverse funding sources like grants from other levels of government, fees and charges, payment in lieu of taxes, and reserves. Approximately 48.5 per cent of the City's funding sources comes from property taxes/payment in lieu of taxes, which makes setting the property tax rate a critical responsibility requiring a balance to fund essential services and maintain affordability for residents and businesses of the City of Ottawa.

The Draft 2026 Operating and Capital Budget tabled on November 12, 2025, adheres to Council's direction of setting a municipal tax increase of no more than 3.75 per cent. The overall citywide tax levy increase is 2 per cent which includes funding increase for Ottawa Public Health, Ottawa Public Library and Office of the Auditor General of 2.9 per cent. The Ottawa Police Service's draft budget reflects a Police Service levy increase of 5 per cent. The Transit Services draft budget reflects a Transit Services levy of 8 per cent. The rate supported budget is set in accordance with the approved 2025 Long-Range Financial Plan (LRFP) VI – Water, Wastewater and Stormwater supported programs, reflecting an overall average increase of 4.5 per cent for the rate-supported services. The Garbage Fee is increased in accordance with the approved Solid Waste Services Master Plan and adheres to Councils direction of a 10 per cent increase for 2026.

The Draft 2026 Transit Operating and Capital Budget continues to make significant investments in Transit through a gross Draft 2026 Operating Budget of \$938.7 million. This represents the second largest City of Ottawa Transit budget which is a 10.8 per

cent increase from the 2025 increases of 11.4 per cent, a combined 2-year increase of 22.2 per cent.

The Draft 2026 Transit Budget includes several levers which have been endorsed by the Transit LRFP working group and balances continued significant investments and financial challenges in transit:

- i. A Transit levy increase of 8 per cent
- ii. A fare increase of 2.5 per cent
- iii. \$14 million of operating efficiencies to reduce the overall fare and transit tax levy requirement
- iv. \$18 million of federal funding from the Capital Plan under the Baseline Funding Stream of the Canada Public Transit Fund (CPTF)
- v. \$47 million of funding related to the provincial commitment to upload the Ottawa LRT

Immediately following the approved Proposed 2026 Budget Directions, Timeline and Consultation Process, the Mayor, City Manager, General Manager/CFO of Finance and Corporate Services and other City staff, collaborated with Ottawa Public Health, Ottawa Public Library, and Ottawa Police Services, to support the development of the Draft 2026 Operating and Capital Budgets. Several efficiencies and one-time solutions were applied to each of the respective Boards to align with the approved directions and ensure continued investments and services for each respective Board.

The Draft 2026 Operating and Capital Budget reflects a commitment to serving the community. It builds on a foundation of stability by maintaining investments in essential services that residents depend on. At the same time, it addresses key challenges such as aging infrastructure, climate change and long-term funding needs. This budget strikes a careful balance between affordability and sustainability, with a focus on the City's future. Throughout 2025, the City continued its implementation of the Service Review Framework to ensure continuous improvements throughout the organization that drive innovation, find efficiencies, improve market competitiveness, and increase engagement amongst staff, elected officials, residents and other stakeholders. All departments and services continue to review monthly expenditures, line by line, to ensure there are no service delivery impacts and that there is alignment to the 2023-2026 Term of Council Priorities as part of the budget development process.

The Draft 2026 Operating and Capital Budget underscores the City's dedication to making key investments in affordable housing; keeping residents, communities,

businesses, and their well-being safe and secure; protecting the environment; and preserving and building resilient infrastructure to improve the quality of life throughout Ottawa. The Draft 2026 Operating and Capital Budget is an affordable approach for housing, growth in communities, improving mobility, and ensures remaining fiscally responsible by maintaining a prudent approach to long-term financial stability.

During the approval of the 2026 Budget Directions, Timeline and Consultation Process report ([ACS2025-FCS-FSP-0009](#)) on September 10, 2025, Council emphasized the importance of fairness, how tax dollars are collected from all levels of government and more importantly, how those dollars are allocated and invested back to Ottawa. Fairness and equity are a concern for many of the 444 municipalities in Ontario. In addition, Council highlighted the needs to improve public safety and mobility to progress as the nation's capital.

Following Council's approval of the Service Review Framework outlined in the 2023 Draft Operating and Capital Budgets Report ([ACS2023-FCS-FSP-0001](#)), the City launched a Service Review Program in March 2023 to identify potential improvements to service delivery and find efficiencies and cost savings to be reinvested in Term of Council Priorities.

Since the start of the Service Review Program, the City has:

- Launched a comprehensive consultation process to solicit input from Members of Council, City staff, residents, and City of Ottawa Board Members on opportunities for service optimization, savings, cost avoidance and new revenues;
- Developed new tools to support the review and tracking of inputs received through the consultation process; and
- Achieved \$207.7 million in savings and identified an additional \$45 million in 2026 for a total of \$252.7 million this term of council, which is equivalent to avoiding an approximate 12 per cent property tax increase, and a savings of approximately \$531 for each household in the City of Ottawa.
- OPH identified \$500 thousand in efficiency savings and OPL identified \$170 thousand.

The City continues to build on the success of this program with ongoing consultation and assessment of inputs received and new opportunities for revenue-generation and cost savings identified through recent reviews.

Since the last budget, staff continue to improve and find opportunities to further enhance municipal budget literacy, ease accessibility of budget documentation, provide enhanced reporting in different formats, and emphasize investments towards services and programs that residents rely on and care about the most. The Draft 2026 Budget will also continue to identify how programs and services align with the Term of Council Priorities ([ACS2023-CMR-OCM-0008](#)).

Additional enhancements to the 2026 budget process were made in consultation with elected officials and with feedback from residents. The Draft 2026 Operating and Capital Budget includes a four-year forecast for Housing Development and Services, the Water, Wastewater and Stormwater programs, the Solid Waste Services Program and Transit Services. In addition, the Draft 2026 Operating and Capital Budget includes several key performance indicators (KPIs), performance measures, and macroeconomic indicators that are considered when developing the budget.

Meetings between the Mayor, City Manager and Chief Financial Officer and General Manager of Finance and Corporate Services with Councillors were held earlier in the budget process than in prior years. Furthermore, efforts were made to increase awareness of public engagement opportunities using social media posts and electronic advertisements at City facilities. [Engage Ottawa](#), the City's online public engagement platform, was used to gather feedback from residents and each Councillor had the opportunity to host engagement sessions in-person, virtually or hybrid for residents of their Ward. A questionnaire was conducted through Engage Ottawa, from May 26 to June 30 to better understand the priorities of residents. Furthermore, the public consultation meetings started in April this year, nearly six months earlier than in previous years and will continue throughout November after the Draft 2026 Budget is tabled on November 12, 2025.

Residents will also have the opportunity to speak and provide input on the draft budget at any of the Standing Committees and Board budget meetings. The draft budget will be available online and reference copies will be available in the City's libraries and client service centres. Council will consider the final Draft 2026 Budget, sitting as Committee of the Whole, on December 10, 2025.

### **Financial and Economic Conditions**

The City continues to reaffirm its commitment to strong financial management amid ongoing economic challenges. External financial pressures, particularly including transit ridership levels, increasing construction costs of transit, and inequitable provincial and

federal funding, continue to challenge the City's established approach to maintaining strong financial management without impacting services or increasing taxes.

Recent indicators point to a softening economy. On October 29, 2025, the Bank of Canada lowered its policy rate to 2.25 per cent and projected slower global and domestic growth. Key highlights include:

- **Global Growth:** Expected to decline from 3.25 per cent in 2025 to 3 per cent in 2026–2027.
- **Canadian GDP:** Contracted 1.6 per cent in Q2 2025; growth forecast revised to 1.1 per cent for 2025, 1.2 per cent for 2026, and 1.6 per cent for 2027.
- **Labour Market:** Unemployment at 7.1 per cent in September, with moderated wage growth.
- **Inflation:** Consumer Price Index (CPI) at 2.4 per cent, core inflation near 2.5 per cent, expected to remain close to the 2 per cent target.
- **Trade:** Ongoing disruptions in automotive, steel, aluminum, and lumber sectors.

On November 4, 2025, the Federal Budget introduced a 10 per cent reduction in the federal public service workforce. This translates to an estimated loss of 40,000 jobs nationwide, with nearly half in the Ottawa region. This measure, combined with downward revisions to GDP growth (now 1.1 per cent for 2025 and 1.2 per cent for 2026, compared to previous projections of 1.9 per cent and 2.1 per cent), underscores continued economic uncertainty. Growth is expected to recover to 2 per cent in 2027, though activity will remain below earlier forecasts due to U.S. tariffs and trade tensions. Inflation is projected at 2.5 per cent in 2025, returning to 2 per cent in 2026, while unemployment is expected to peak at 7.2 per cent in late 2025 before gradually declining to 6 per cent by 2029.

The Ottawa region continues to face elevated economic stress, primarily due to public sector job losses. Unemployment rose to 7.1 per cent in September 2025, up from 6.2 per cent in June and 5.6 per cent in May, following job losses of 10,000 in June and 4,000 in May. Gatineau's unemployment rate increased to 6.5 per cent, while Kingston remained at 7.5 per cent.

Household spending and residential investments are also forecasted to be subdued, driven by the weak labour market conditions and higher levels of household savings due to economic uncertainty. Many of these factors are adding strain on the housing market which is more sensitive to cyclical fluctuations than overall consumer spending.

Falling consumer and business confidence, disrupted trade flows and impacts driven by tariffs, signals of higher cost and financial market volatility are expected to continue. Striking the right balance across all economic factors and impacts to consumers, businesses and residents will continue to be an important consideration in managing these overall impacts.

City Council's continued fiscal leadership and sustained commitment to reducing costs and delivering services as efficiently as possible – all while making critical investments in priority areas such as transit, infrastructure, and housing, continues to be a priority for this Term of Council.

The City continues to participate in numerous discussions with the provincial and federal governments regarding its unique financial challenges and the need for equitable funding and support. The City is committed to working closely with its government partners to address outstanding issues.

## **BACKGROUND**

On December 7, 2022, Council approved a Term of Council budget process as part of the 2023-2026 Council Governance Review report ([ACS2022-OCC-GEN-0030](#)). On September 2, 2025, the following guidelines were approved by Council as part of the 2026 Budget Directions, Timeline and Consultation Process report ([ACS2025-FCS-FSP-0009](#)):

- a) That the 2026 Operating and Capital Budget be developed in accordance with the Municipal Act of Ontario that requires municipalities to prepare and approve a balanced budget (expenditures equal revenues). To balance the City's expenditures, funding sources include grants from other levels of government, fees and service charges (including rates and fares), property taxes, payment in lieu of taxes, and reserves.
- b) That the Draft 2026 Municipal Tax Supported Budgets be developed with an overall net tax requirement increase of no more than 3.75 per cent including:

- i. The City-wide tax levy increase of up to 2.9 per cent, which includes funding for City-wide tax supported services, Library and Public Health, and that Council request that the Library and Public Health Boards develop their draft budgets based on their *pro rata* share of this.
  - ii. The Ottawa Police Service levy be increased between 2.9 per cent and 6.5 per cent and that Council request that the Police Service Board develop their draft budget based on this.
  
- c) That the Municipal tax supported services include a list of budget efficiencies for the Draft 2026 Budget. To date the City has avoided a 10 per cent tax increase over this Term of Council through \$207.7M of achieved savings. These efficiencies reduce the overall tax supported net requirement while maintaining service and balancing affordability.
  - i. That Council request that the Library and Public Health Board develop their draft budgets to include a list of budget efficiencies to reduce the overall tax supported net requirement.
  - ii. That Council request that the Ottawa Police Service Board develop their draft budget to include a list of budget efficiencies to reduce the overall tax supported net requirement.
  
- d) That the Draft 2026 Transit Budget be developed in consideration of the continued path to financial sustainability, work of the Transit Long-Range Financial Plan Working Group and advocacy for support from other levels of government, including the provincial commitment to upload the Ottawa LRT as announced in the 2025 Ontario Provincial budget:
  - i. A Transit levy increase of between 3 and 15 per cent
  - ii. A fare increase between 2.5 and 7.5 per cent
  - iii. A list of operating efficiencies to reduce the overall fare and transit tax levy requirement
  - iv. Identify a list of capital investment deferrals for consideration as part of the tabled 2026 Draft Transit Budget
  - v. Identify any funding related to the Provincial commitment to upload the Ottawa LRT
  - vi. Identify Federal funding of the Capital Plan under the Baseline Funding Stream of the Canada Public Transit Fund (CPTF)

vii. Identify any other levers for consideration as part of the tabled 2026 Draft Transit Budget

- e) That the assessment growth taxation revenues generated from new properties be estimated at 1.6 per cent of the current taxation for 2025 and that Council request that the Library, Public Health, and the Police Service Boards develop their budgets within this allocation.
- f) That City user fees and charges increase in accordance with the direction outlined in the Fiscal Framework or the Long-Range Financial Plans.
- g) That the garbage fee be increased in accordance with the approved Solid Waste Services Master Plan and Solid Waste Long-Range Financial Plan, reflecting a 10 per cent increase in 2026 and to add a list of operating efficiencies to reduce the overall garbage fees.
- h) That the Draft 2026 Capital Budget be developed in accordance with the direction outlined in the 2024 Development Charge (DC) Provisional Background Study, Long-Range Financial Plans and Fiscal Framework.
- i) That the Draft 2026 Rate Supported Budget be developed in accordance with the approved 2025 Long-Range Financial Plan VI - Water, Wastewater and Stormwater.

**Draft 2026 Budget Standing Committee and Board consideration**

The Draft 2026 Budgets will be considered by Standing Committees and Boards. They consist of the following:

City Departmental Submission

- Agriculture and Rural Affairs Committee
- Audit Committee
- Community Services Committee
- Emergency Preparedness and Protective Services Committee
- Environment and Climate Change Committee
- Finance and Corporate Services Committee
- Planning and Housing Committee

- Public Works and Infrastructure Committee
- Transit Committee

#### Boards

- Ottawa Police Service Board
- Ottawa Public Library Board
- Ottawa Board of Health
- Committee of Adjustment

This report provides an overview of all the draft budgets being tabled at Council. The Draft 2026 Operating and Capital Budget Summaries for all Standing Committees, and Boards are attached as Document 1 – 2026 Draft Operating Budget Summaries, and Document 2 – 2026 Draft Capital Budget Summaries. The committee structure per the 2022-2026 Mid-term Council Governance Review report ([ACS2025-OCC-GEN-0001](#)) is reflected in the 2026 Budget.

Council continues to play a leading role in the City’s approach to fiscal management and financial sustainability. Strong fiscal management is a priority for the City, Council, and residents. Over time the City has adopted strong financial oversight, policies and plans including transparency that have led to financial sustainability. Alongside the Term of Council Priorities ([ACS2023-CMR-OCM-0008](#)), the Draft 2026 Budget looks to achieve its strategic priorities of:

- A city that has affordable housing and is more liveable for all;
- A city that is more connected with reliable, safe, and accessible mobility options;
- A city that is green and resilient; and
- A city with a diversified and prosperous economy.

#### **Transit LRFP Working Group**

In November 2023, Council directed staff to establish an internal working group on transit to explore ways to increase revenue and ridership and reset a path to long-term sustainability. The working group continued to meet following the adoption of the Proposed 2026 Budget Directions, Timeline and Consultation Process ([ACS2025-FCS-FSP-0009](#)) to analyse and explore all financial levers at the City’s disposal as input to the Draft 2026 Transit Operating and Capital Budget. The levers identified in the Draft 2026 Operating and Capital Budget can be implemented within this budget cycle to help

solve the more immediate financial pressures as staff continue to advance work on long-term solutions as part of the continued Transit LRFP Working Group.

The Draft 2026 Transit Operating and Capital Budget reflects continued significant investments in Transit, bringing the draft Transit gross operating budget to \$938.7 million, which reflects another significant increase at 10.8 per cent, bringing the 2-year combined increase to 22.2 per cent (11.4 per cent in 2025).

The Draft 2026 Budget for OC Transpo has been developed to support continued investments and improvements to the overall Transit system. Key highlights include:

- Operating the extension of O-Train Line 1 to Trim Station through the full year 2026
- Investments to maintain and improve bus and train service reliability
- Investments to support zero-emission battery-electric buses and to sustain fare enforcement
- \$177.1 million of new capital projects to maintain equipment and facilities, improve service reliability, improve safety and security, meet regulatory requirements, and prepare for the opening of O-Train Lines 1 and 3 to Algonquin and Moodie
- Introduction into service of new buses (capital was funded in previous years)
- Introduction into service of on-demand transit services

As Council is aware, the financial situation of the City's transit services is such that continued investments are required as O-Train extensions come online, while revenue increases are hindered both by residents working from home and by interrupted economic growth, both the result of the global pandemic. Most of the people who are now working from home, some or all the time, were previously paying full adult fares. Most customers who use discounted fares continued to use transit during the pandemic or have returned to using transit. The result of these changes is that more customers currently pay for transit with a discounted fare than with a full adult fare. For the first years of the pandemic the federal and provincial governments funded the resulting lost fare revenue, that funding ended in 2023.

As a result of the continued focus on investing more in transit and aligning to transit ridership profiles, the financial situation and an affordable approach to these investments, the Draft 2026 Transit Budget has been developed to support continued significant investments in transit with the following considerations:

- i. A Transit levy increase of 8 per cent;
- ii. A fare increase of 2.5 per cent;
- iii. \$14 million of operating efficiencies to reduce the overall fare and transit tax levy requirement;
- iv. \$18 million of federal funding from the Capital Plan under the Baseline Funding Stream of the Canada Public Transit Fund (CPTF);
- v. \$47 million funding related to the provincial commitment to upload the Ottawa LRT.

The above allocation of each of these levers was endorsed by the Transit LRFP Working Group and demonstrates a balanced approach to the significant increase in the overall Draft 2026 Transit Budget. It represents a fair and affordable approach while growing investments and improvements to the transit system.

### **Rail Construction Program**

The Draft 2026 Operating and Capital Budget report includes a funding increase for the Rail Construction Program which is typically brought forward as a separate report to council. Stage 1 and 2 require an additional \$156.5 million for 2026 with a forecast of \$33.6 million for 2027-2029.

Of the additional funding requested for 2026, \$6.5 million is for Stage 1 expert and legal support costs related to the resolution of the remaining claims and disputes as well as for Safety and Technical expertise to support project close-out and issues related to the cartridge bearing assembly.

Delays to the Lines 1 and 3 East and West extensions and the over 2-year delay on the Trillium line project have introduced pressures on the project oversight budget that was originally intended to support the project substantial completions of August 2022 for Trillium Line, November 2024 for the East extension and May 2025 for the West Extension. Funding for the Stage 2 contingency budget is also required for pressures with variations, project claims and risks as a matter of ongoing project business. The remaining \$150 million is needed to replenish the Stage 2 contingency and project oversight budget.

### **Ottawa Police Service**

The City's General Manager and Chief Financial Officer of Finance and Corporate Services held several meetings with Ottawa Police Service (OPS) staff including the CAO, Chief Financial Officer, and Director of Strategy throughout September and

October and into November to implement funding strategies aligned to the City's financial strategies and the City's fiscal framework. Stemming from these meetings, several funding strategies have been developed that has enabled OPS to table a draft 2026 OPS budget that provides the required funding to support the service's operational requirements and to invest in strategic projects such as the District model, staff stabilization and body worn cameras. The service is also committed to continuing to leverage the Service Review Framework to ensure continuous improvements throughout the organization that drive innovation, and find efficiencies, while continuing to prioritize the improvement of service delivery to the citizens of Ottawa through modernization projects and continue to manage and control the cost curve in delivering policing services.

Though the tax increase is a main component of the budget, there are other funding levers to apply to the OPS budget to address the 2026 budget pressures. The funding strategies are based on a combination of service improvements and efficiency exercises. The following is a summary of these strategies, resulting in a \$26.1 million net budget increase:

- i. A Police levy increase of 5 per cent;
- ii. A pro rata allocation of 1.6 per cent assessment growth;
- iii. Application of \$5.4 million from the combined 2023 and 2024 surpluses (\$8.7 million total) previously contributed to the Tax Stabilization Reserve, to fund one-time items in 2026;
- iv. Allocation of \$2.1 million of the PILT revenue increase to OPS;
- v. Identification of \$4.3 million in efficiencies.

In addition to the above, the Draft 2026 OPS Operating and Capital Budget includes \$2.2 million of additional federal funding for the Parliament District and provincial funding for the ByWard Market Safety Initiatives as part of the Ontario-Ottawa Deal. The OPS remains committed to balancing municipal budget expectations with the need to modernize and enhance services. To support this, OPS will develop a four-year Long-Range Financial Plan and a multi-year Efficiency Plan in 2026, covering the 2027–2030 period.

## DISCUSSION

### Draft 2026 Budget

The Draft 2026 Operating and Capital Budget reflects an overall increase of 3.75 per cent of the Municipal Tax Supported Budgets. This includes a 2 per cent increase in the Citywide tax levy, with 2.9 per cent increase allocated to Ottawa Public Health, Ottawa Police Services, and the Office of the Auditor General. The Ottawa Police Services levy will increase by 5 per cent, while the Transit levy will see an 8 per cent increase. The budgets tabled on November 12, 2025, comply with the approved recommendations as per the Proposed 2026 Budget Directions, Timeline and Consultation Process ([ACS2025-FCS-FSP-0009](#)).

Table 1 displays the property tax increase tabled in the Draft 2026 Budget.

**Table 1: Assessment Growth, Tax Increases and Levies**

<b>Property Taxes and Levies</b>	<b>Draft 2026</b>
Assessment growth (\$000s)	\$34,960
Tax increases (\$000s)	\$81,874
<b>Total (\$000s)</b>	<b>\$116,834</b>
Citywide levy (\$000s)	\$51,059
Ottawa Police Service levy (\$000s)	\$24,045
Transit levy (\$000s)	\$41,730
<b>Total levy (\$000s)</b>	<b>\$116,834</b>
Assessment growth (%)	1.6%
Citywide levy (%)	2.0%
Ottawa Police Service levy (%)	5.0%
Transit levy (%)	8.0%

Each annual budget cycle staff table a budget that is developed to provide for existing programs and services based on service standards established by Council and to meet statutory or regulatory requirements. The budget includes all the requirements associated with the delivery of the programs and services.

The Budget is guided and directed by the Council endorsed Budget Directions, Timeline and Consultation Process report and Council approved policies and plans, guided by strong fiscal management, transparency, and sustainability. These include the following:

- 2026 Budget Directions and Timetable Report;
- Budget Development, Monitoring and Reporting Policy;
- Long-Range Financial Plans (Rate Supported Assets, Housing, Solid Waste);
- A Fiscal Framework that sets out a high-level road map to sustainable City finances;
- Development Charge Background Study;
- Strategic Asset Management Plan;
- Reserve Management Policy;
- Term of Council Priorities; and
- City's Strategic Plan.

The Boards are allocated their respective tax levy and growth allocations as per the Council approved framework. The Citywide tax levy is not allocated based on an automatic uniform increase to each department; the allocation is based on a robust review of departmental pressures to align to continued service delivery requirements and commitments. The following is a high-level overview of the budget planning process in compiling the annual budget pressures:

- Cost of Living Adjustment (COLA) for Compensation and Benefits is the largest annual budget pressure. Approximately 44 per cent of the annual budget is Compensation and Benefits. The compensation budget is developed based on Full Time Equivalent (FTE) positions approved by Council;
- Annual LRFP commitments are identified and allocated the respective budget increases to align to these Council endorsed Plans, including construction inflation at two per cent for 2026;
- Any new funding or changes to funding from senior levels of government or other external sources are identified;
- Utility increase (natural gas 20 per cent decrease, hydro five per cent, water 2.7 per cent), and volume assumptions are reviewed and identified;

- The latest CPI reported by Stats Canada rose 2.4 per cent on a year-over-year basis in September 2025. The City's main services are not directly impacted by the various commodities driven by the CPI indicators, such as food, beverages, clothing, and other consumer products, but remain considered where applicable in the City's programs and services. Inflationary pressures on contracts and goods and services are reviewed and aligned to annual negotiated contract increases where known and other components are based on historical trends or current market pricing increases. Whereas food is not a typical municipal expense, the City recognizes it provides funding to various organizations that purchase groceries in support of the community. A growing number of these organizations are facing increased pressures as food inflation impacts residents. The Draft 2026 Budget includes a food CPI of 2.5 per cent in its development of the Draft 2026 Budget;
- Departmental management cannot create contingency accounts within the operating program or service budgets;
- Continuous improvements and efficiency opportunities are reviewed throughout the annual quarterly reporting cycles and identified during the annual budget process. Each department is supported by a finance team and collaborates with all levels of the organization who are engaged in the annual budget cycle.
- The Mayor, City Manager and General Manager and CFO of Finance and Corporate Services consulted with each Councillor as the draft budget was being developed;
- There are several departmental reviews completed prior to Senior Leadership reviews where a robust challenge function is applied with final agreements and risk mitigations applied to develop a balanced budget for tabling while continuing to fund Council directed policies, service standards and statutory and legislative requirements;
- Individual Members of Council have organized or will lead public consultations on the draft budget supported by staff;
- The Committees will hear public delegations before deliberating on the budget and approving any revisions. Each Standing Committee will work with the budgets for the City departments under their mandate and any increases to those budgets will be funded by appropriate offsetting revenues or expenditure reductions that can be funded from within the budgets under committee review as per the budget process approved in the 2022 to 2026 Term of Council Governance Budget Process. Table 2 summarizes the inflationary assumptions

used for various expense categories of the Draft 2026 Budget in comparison to the prior year.

**Table 2: Inflationary Assumptions Comparison**

<b>Inflationary assumptions</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Term of Council Average</b>
Contracts and property leases	2%	2%	2%	2%	2.0%
Electricity	6%	3%	3%	5%	4.3%
Heating	17%	16%	0%	-20%	3.3%
Water	2%	2%	2%	2.7%	2.2%
Fuel (diesel per litre)	\$1.48	\$1.36	\$1.44	\$1.16	\$1.36
Contributions to reserves	6.33%	3%	2%	2%	3.3%

### **Service Reviews and Continuous Service Improvement**

The City of Ottawa is committed to delivering quality services in a way that provides the best overall value for taxpayers. In support of this commitment, the City has adopted formalized approaches to reviewing City services for potential efficiencies and improvements through service reviews and continuous service improvement initiatives.

#### **Service Reviews**

As outlined in the 2023 Draft Operating and Capital Budgets report ([ACS2023-FCS-FSP-0001](#)), the Service Review Framework provides a process for identifying opportunities for cost savings and revenue generation to reinvest in strategic priorities for this Term of Council. Overseen by the Mayor and Councillor-led Service Review Working Group (SRWG), the Council-approved Service Review Framework and the accompanying Service Review Program continue to be essential to the development of the annual draft budget.

The City built on the success of this initiative in 2025 with the continuation of the “Your City, Your Ideas” resident engagement campaign, and with additional revenue-generation and cost savings identified through recent reviews.

## Service Review Public Engagement

In November 2023 a public engagement campaign was launched to solicit input from residents on how the City can improve services and save money to reinvest into our priorities. This campaign continued throughout 2025 with the introduction of two new themes: 1) A city that has a diversified and prosperous economy; and 2) A city that is green and resilient.

To date, this campaign has generated a total of 2,816 inputs from the public on the Term of Council Priorities (see Table 3a).

**Table 3a: Public Engagement Campaign**

Phase / Theme	Timing	Inputs
A city that has affordable housing and is more livable for all	Fall 2023-winter 2024	894
A city that is more connected with reliable, safe and accessible mobility options	Spring-summer 2024	856
A city that has a diversified and prosperous economy	Fall 2024-spring 2025	344
A city that is green and resilient	Spring-Fall 2025	722

In total, more than 3,564 ideas have been submitted through the consultation process with Members of Council, City staff, partner organizations, and residents. Each idea is shared with the appropriate department for assessment. Following the initial assessment, ideas are either added to the departments workplan for review or noted that the idea is already in operation, on an existing workplan or outside of the scope of the City.

Over the past two years, the City has benefitted from the engagement process, which has identified dozens of new potential cost-saving and service improvement opportunities. The public engagement campaign will remain open throughout 2026, with residents being able to submit ideas related to any of the Term of Council priorities.

## Service Review Outcomes

Since 2023, service reviews and initiatives have achieved \$207.7 million in savings and identified an additional \$45 million in 2026 for a total of \$252.7 million, which is equivalent to the avoidance of an approximate 12 per cent property tax increase, or approximately \$531 per household.

**Table 3b: Summary of Operating and Capital Efficiencies (in thousands of dollars)**

	<b>Operating Efficiencies (\$000s)</b>	<b>Capital Efficiencies (\$000s)</b>	<b>Total (\$000s)</b>
2023 Budget Efficiencies	\$ 11,268	\$ 42,650	\$ 53,918
2024 Budget Efficiencies	\$ 55,477	\$ 44,108	\$ 99,585
2025 Budget Efficiencies	\$ 25,979	\$ 28,266	\$ 54,245
<b>2023 - 2025 Budget Efficiencies</b>	<b>\$ 92,724</b>	<b>\$ 115,024</b>	<b>\$ 207,748</b>
<b>2026 Budget Efficiencies</b>			
<b>Service Review</b>			
User Fee Review	\$ 990	\$ -	\$ 990
Facility Rationalization	\$ 5,594	\$ -	\$ 5,594
<b>Service Review Total</b>	<b>\$ 6,584</b>	<b>\$ -</b>	<b>\$ 6,584</b>
<b>City Department Initiatives</b>			
Fleet efficiencies	\$ 1,950	\$ -	\$ 1,950
Facility operations efficiencies	\$ 1,475	\$ -	\$ 1,475
Prudent Investor and interest income	\$ 3,000	\$ -	\$ 3,000
Residential curbside collection strategy	\$ 372	\$ -	\$ 372
Leaf and yard waste diversion	\$ 1,606	\$ -	\$ 1,606
Biosolids contract renegotiation	\$ 230	\$ -	\$ 230
Municipal Child Care Centres new funding model	\$ 2,882	\$ -	\$ 2,882
Sponsorship for tree planting	\$ 500	\$ -	\$ 500
Discretionary efficiency savings	\$ 1,535	\$ -	\$ 1,535
Workforce management savings strategy	\$ 6,500	\$ -	\$ 6,500
<b>City Department Initiatives Total</b>	<b>\$ 20,050</b>	<b>\$ -</b>	<b>\$ 20,050</b>
<b>Ottawa Police Service</b>	<b>\$ 4,259</b>	<b>\$ -</b>	<b>\$ 4,259</b>
<b>Transit Services</b>	<b>\$ 14,031</b>	<b>\$ -</b>	<b>\$ 14,031</b>
<b>2026 Budget Efficiencies Total</b>	<b>\$ 44,924</b>	<b>\$ -</b>	<b>\$ 44,924</b>
<b>2023 - 2026 Budget Efficiencies Total</b>	<b>\$ 137,648</b>	<b>\$ 115,024</b>	<b>\$ 252,672</b>

As directed by Council in Proposed 2026 Budget Directions, Timeline and Consultation Process report ([ACS2025-FCS-FSP-0009](#), Ottawa Public Health and Ottawa Public Library have identified budget efficiencies to reduce the overall tax supported net requirement.

**Table 3c: Summary of Operating and Capital Efficiencies - Ottawa Public Health and Ottawa Public Library (in thousands of dollars)**

	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Ottawa Public Library</b>	\$ 170	\$ -	\$ 170
<b>Ottawa Public Health</b>	\$ 500	\$ -	\$ 500
<b>2026 Budget Efficiencies - Boards Total</b>	<b>\$ 670</b>	<b>\$ -</b>	<b>\$ 670</b>

### **Continuous Service Improvement**

An important complement to the formal service review process is the City's approach to continuous service improvement. By focusing on the simplification, automation and standardization of processes, continuous service improvement initiatives create organizational capacity, enhance productivity, avoid costs, and ultimately enable departments to absorb growth without need for additional resources.

In 2025, this work received additional support with the launch of the Agile Government Working Group (AGWG). Created as part of the City of Ottawa's 2022-2026 Mid-term Governance Review ([ACS2025-OCC-GEN-0001](#)), the focus of the Mayor and Councillor-led AGWG is to identify opportunities to streamline City processes to ensure the public can access programs and services in a timely and effective way.

The AGWG is responsible for overseeing an annual work plan of continuous service improvement (CSI) initiatives, each of which are associated with one or more of the following outcomes: an improved service experience, a process efficiency, enhanced service responsiveness, and/or a cost avoidance.

As part of this year's work plan, the AGWG focused on three key initiatives: enhancing the service request process; streamlining the development review process; and simplifying the parks planning process. In addition, the AGWG also has a mandate to report on other CSI initiatives being undertaken across the organization

The following list is a sample of some of the operational outcomes achieved through these efforts in 2025.

### *Improved Service Experience*

- ServiceOttawa is implementing the Customer Experience 360, which will improve and enhance the entire **service request process** from intake to resolution by introducing clearer status tracking, communicating updates when required, confirming service delivery, and improving reporting tools.
- The implementation of a new **digital permit management system** has enabled building permit applicants to enter information, upload plans, submit payment, and track progress on their applications, without the need to visit a Client Service Centre.

### *Process Efficiency*

- The average timeline to navigate the 3-1-1 telephone menu has been shortened, and callers are now provided with clearer wait times, which has led to a decrease in the number of abandoned calls.
- The digitization of the Point-in-Time count in Community and Social Services has enabled **faster reporting and sharing of results** with community partners.
- A new **automated work management process** has enabled Roads staff to complete administrative tasks while in the field, resulting in a reduction in paper-based tasks and improved time management.

### *Service Responsiveness*

- A comprehensive examination of the **development review process** in consultation with stakeholders has resulted in a series of recommendations outlined in the Housing Acceleration Plan passed by Council on October 8, 2025 ([ACS2025-SI-SPO-0002](#)) that will streamline the process for developers and enhance the City's ability to meet its housing targets.
- The implementation of a new **Children's Services Online (CSO) platform** digitized the application process for childcare and fee subsidies improved service responsiveness by allowing City staff to focus more on direct support to families.

### *Cost Avoidance*

### *Cost Avoidance*

- To **offset energy consumption during peak hours and reduce global adjustment charges**, the City cut the use of gas-fired generators in a water treatment facility by half, decreased the use of the hydro grid during peak hours,

and enhanced the backwash process to eliminate the generation of 200 million litres of wastewater.

- Three new solar rooftop installations on City facilities are projected to significantly reduce electricity costs (estimated at \$160,000) and GHG emissions (172 tonnes).
- The City's rapid transformation of a vacant office building in the downtown core into approximately 140 **transitional housing units** provided a segment of those facing homelessness with around-the-clock supportive services, at a fraction of what it would cost to build a brand-new facility.

Supporting Document 5 provides more examples of continuous service improvement efforts implemented across the organization. This is not an all-inclusive list but rather a sample of the many staff led initiatives that have been undertaken in support of service excellence.

### **Ontario-Ottawa Agreement**

The Ontario-Ottawa agreement has helped the City to accelerate economic recovery and growth given the unique challenges that Ottawa faces as Ontario's second largest city, its unique geographical area, and its role as the nation's capital. To date, the City has received a total of \$162.5 million for 2023, 2024 and some 2025 work, with an expected total of \$271 million once all 2025 activities have been completed and reported to the appropriate provincial ministries.

The following is a summary of the Ontario-Ottawa agreement initiatives as part of the Draft 2026 Operating and Capital Budget, which will contribute a total of \$40.2 million savings including \$20.2 million in operating budget funding and \$20 million in capital investments.

**Table 4: Ontario-Ottawa Agreement Summary**

	<b>Operating Funding (\$000s)</b>	<b>Capital Funding (\$000s)</b>	<b>Total (\$000s)</b>
2023 Funding	\$ 40,000	\$ -	\$ 40,000
2024 Funding	\$ 42,582	\$ 81,803	\$ 124,385
2025 Funding	\$ 41,912	\$ 64,788	\$ 106,700
<b>2023 - 2025 Funding</b>	<b>\$ 124,495</b>	<b>\$ 146,590</b>	<b>\$ 271,085</b>
<b>2026 Summary</b>			

<b>Roads</b>	<b>\$ 3,000</b>	<b>\$ 20,000</b>	<b>\$ 23,000</b>
Ottawa Road 174	\$ 3,000	\$ -	\$ 3,000
Repair and upgrade rural roads and related infrastructure	\$ -	\$ 20,000	\$ 20,000
<b>Public Safety</b>	<b>\$ 16,522</b>	<b>\$ -</b>	<b>\$ 16,522</b>
City - Downtown Safety Outreach	\$ 3,000	\$ -	\$ 3,000
City - Alternative Mental Health Supports	\$ 3,000	\$ -	\$ 3,000
Transit - Security and Downtown Safety Outreach	\$ 4,527	\$ -	\$ 4,527
OPS - Downtown Security and Mental Health Supports	\$ 5,995	\$ -	\$ 5,995
<b>Economic Development</b>	<b>\$ 700</b>	<b>\$ -</b>	<b>\$ 700</b>
Economic Development	\$ 700	\$ -	\$ 700
<b>2026 Summary</b>	<b>\$ 20,222</b>	<b>\$ 20,000</b>	<b>\$ 40,222</b>
<b>2023 - 2025 Total</b>	<b>\$ 144,717</b>	<b>\$ 166,590</b>	<b>\$ 311,307</b>

### Term of Council Priorities

The 2023-2026 City Strategic Plan is the key corporate planning document defining what Council plans to accomplish over its four-year term. It contains the Term of Council Priorities approved by Council on July 12, 2023 ([ACS2023-CMR-OCM-0008](#)) and will serve as the City's roadmap to success, ensuring our programs and services address the changing needs of the diverse community we serve.

The City Strategic Plan does not provide a complete list of all the services and programs the City provides, in contrast to the detailed budget documents that contain details of all City departments, service areas and capital projects and programs; it does, however, capture the significant actions that address the Term of Council Priorities.

To achieve its long-term goals, Council has outlined four areas of focus that will direct the City of Ottawa's efforts over the term of council to make Ottawa:

1. A city that has affordable housing and is more liveable for all;
2. A city that is more connected with reliable, safe, and accessible mobility options;
3. A city that is green and resilient;
4. A city with a diversified and prosperous economy.

Consistent with the annual budget development, the Term of Council Priorities development was informed by the following key long-term plans and strategies:

Long-Range Financial Plans; Official Plan; Climate Change Master Plan; Urban Forest and Greenspace Master Plan; Infrastructure Master Plan; Transportation Master Plan; Parks and Recreation Facilities Master Plan; 10-Year Housing and Homelessness Plan 2020–2030; Reconciliation and Action Plan; Community Safety and Well-Being Plan; Anti-Racism Strategy; Women and Gender Equity Strategy; Solid Waste Master Plan; Comprehensive Asset Management Strategy and Asset Management Plans; Economic Development Plan and the Road Safety Action Plan.

The draft budget documents provide additional details, including investments in the various Term of Council Priorities. In addition, the budget tabling presentation and committee budget presentations will include additional details and budget allocations aligned to the various Term of Council Priorities.

## **Draft 2026 Budget Overview**

### **Tax Supported Services**

The Draft 2026 Operating and Capital Budget, tabled on November 12, 2025, fulfills Council's objective of limiting the overall municipal tax increase to no more than 3.75 per cent. This is achieved through a proposed citywide tax levy increase of 2 per cent, which includes a 2.9 per cent increase for Ottawa Public Health, the Ottawa Public Library, and the Office of the Auditor General. The Ottawa Police Service draft budget proposes a 5 per cent levy increase, which falls within Council's directed range of 2.9 to 6.5 per cent. Similarly, the Transit Services draft budget includes an 8 per cent levy increase, aligning with the approved range of 2.9 to 15 per cent. Council also approved a budget direction requiring all local Boards and the Transit Services to receive a prorated share of the 1.6 per cent increase in property tax revenues resulting from estimated assessment growth. These entities were directed to develop their Draft 2026 Operating and Capital Budgets within their respective allocations. All budgets tabled on November 12, 2025, align with the approved recommendations outlined in the Proposed 2026 Budget Directions, Timeline and Consultation Process report ([ACS2025-FCS-FSP-0009](#)).

### **Overall Operating Budget Estimates/ Projected Taxation**

The Draft 2026 Budgets include \$116.8 million in net additional tax revenues. These revenues are being raised from a 2 per cent citywide municipal tax levy increase (including Ottawa Public Health, Ottawa Public Library and Office of the Auditor General 2.9 per cent increase), a 5 per cent Ottawa Police Service tax levy increase, 8 per cent

Transit Services levy increase and an estimated 1.6 per cent assessment growth, which applies to all tax-supported City services, Transit, Police Service and Boards.

Table 5 shows the estimated impact on an urban and rural home and commercial property at the average assessed value.

**Table 5: Property Tax Impacts (in dollars)**

	<b>Urban Home</b>	<b>Rural Home (TRA)<sup>1</sup></b>	<b>Rural Home (TRB)<sup>2</sup></b>	<b>Commercial Property</b>
	<b>Average Assessment \$415,000</b>	<b>Average Assessment \$415,000</b>	<b>Average Assessment \$415,000</b>	<b>Average Assessment \$460,000</b>
<b>2026 Taxation</b>	<b>\$4,593</b>	<b>\$3,690</b>	<b>\$3,487</b>	<b>\$9,794</b>
Citywide	\$56	\$53	\$53	\$120
Police	\$36	\$36	\$36	\$76
Transit	\$74	\$19	\$4	\$158
<b>Total \$ Change</b>	<b>\$166</b>	<b>\$108</b>	<b>\$93</b>	<b>\$354</b>
<b>% Change</b>	<b>3.75%</b>	<b>3.02%</b>	<b>2.75%</b>	<b>3.75%</b>

These estimated increases are based on the current draft budget's funding requirements. The actual increases on the property tax bill will depend on the Council adopted budget, assessment data from Municipal Property Assessment Tax Corporation (MPAC), and any changes to tax policy adopted by Council before tax rates are finalized.

### **Full-Time Equivalent Positions**

The City of Ottawa continues its commitment to prudent financial management and full-time equivalent (FTE) staffing management. This continued focus is at the heart of the City's culture and embedded within all departments and services as we continue to focus on delivering key and critical services to our residents every day.

Since amalgamation, the organization has continued to manage growth and demand on front line services while continuing to ensure a very lean administrative support structure, with functions that are required to support the organization and day-to-day

<sup>1</sup> Transit Rural Area A (TRA) is a rate that includes Para Transpo services and reduced Transit service levels.

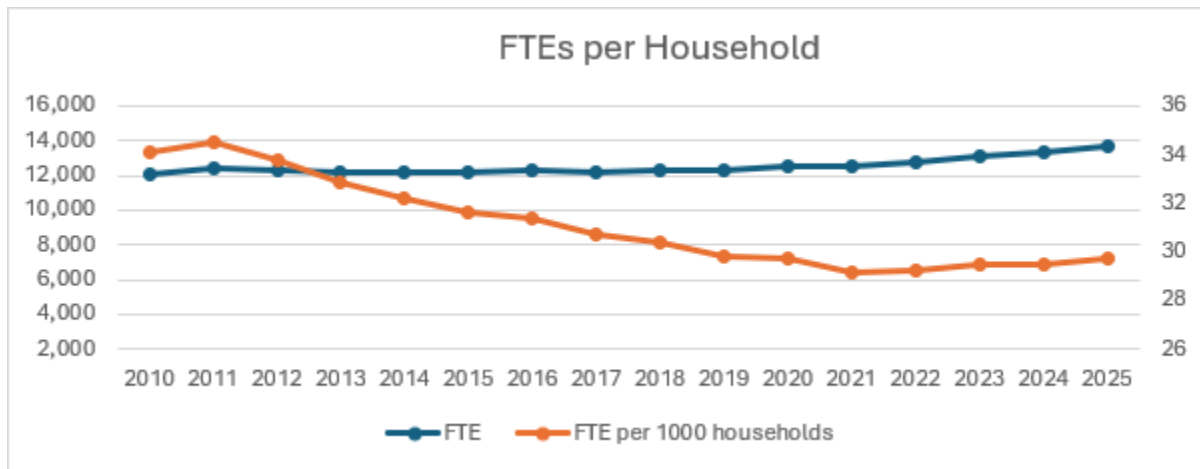
<sup>2</sup> Transit Rural Area B (TRB) is a rate that that only includes Para Transpo services.

service delivery. Since 2001, the organization has eliminated over 1,700 FTEs and achieved budget savings in excess of \$650 million, with \$252.7 million achieved to date in this term of council.

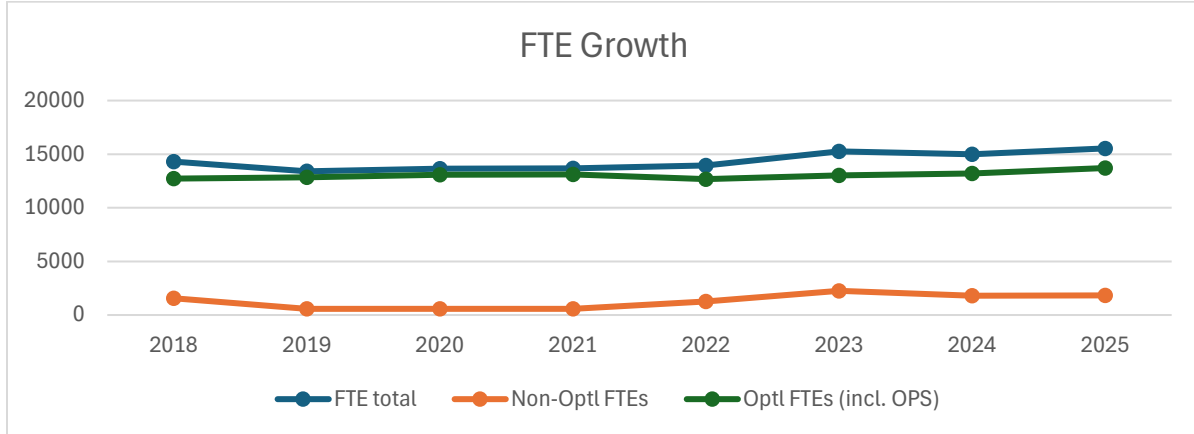
From 2018 to 2046, Ottawa is projected to increase by 402,000 persons for a population of almost 1,410,000 by 2046. The projected housing growth for this population is 194,800 private dwellings for a total of 599,200 private dwellings in 2046. This growth continues to place demands on City services.

The City has achieved improved efficiency in FTE management. While the number of households has grown significantly, the FTE per 1,000 households has decreased from 34.92 in 2010 to 29.86 in 2025. This demonstrates improved resource utilization and the organization's commitment to managing growth and indicating an effective workforce management strategy.

**Chart 1: FTEs per Household**



The City continues to absorb growth through service reviews, efficiencies and continuous improvements. The vast majority of the overall City growth in FTEs is attributed to front line services as well as regulatory and legislative changes.

**Chart 2 : FTE Growth**

The chart above represents the overall FTE growth in City departments (including OPS) of 14 per cent from 2018 to 2025. FTE growth for City departments (excluding OPS) increased by nine per cent, and only 3.5 per cent for non-core operational FTE increases. The main FTE increase for the non-core operational departments is driven by new and emerging priorities such as cybersecurity, support for council approved programs such as vacant unit tax (VUT), and additional support in Legal services to support more housing applications in Planning and Development Services.

The adopted 2025 Operating and Capital Budget reflected a total City of Ottawa full-time equivalent of 17,105, which was an increase of 507.95 from the prior year. Only two per cent of this growth is related to City-wide corporate and administrative support functions.

As of September 30, 2025, there were 17,204 Council approved FTEs at the City of Ottawa, an increase of 606.95 FTE compared to the previous year. This number includes staffing positions with Police Services, Office of the Auditor General, Ottawa Public Library, Ottawa Public Health, Committee of Adjustment and City departmental staff.

The breakdown of the additional 99 FTEs are as per the following

- addition of 2 positions in Ottawa Police Services
- mid-year Council approval of 18 FTE increase to the Ottawa Paramedic Service (Ottawa City Council meeting - [ACS2025-FCS-FSP-0003](#)).
- the conversion of 79 contract to permanent resources for Solid Waste Services (Ottawa Council Meeting - [ACS2023-PWD-SWS-0004](#)).

In response to the FTE cap motion presented on September 10, 2025, staff continue to undertake an extensive analysis of the administrative structure to ensure its continued commitment to frontline services and fiscal discipline, ensuring taxpayer dollars are spent efficiently while maintaining core service levels.

As part of this analysis staff continue to review the span of control across all management and supervisory levels (General Manager, Director, Manager, Program Manager and Supervisor).

The Management and Professional Exempt (MPE) employee group is critical to the success of the organization and the achievement of Council's strategic priorities. The structure and composition of the MPE group is guided by several HR policies, procedures and guidelines, which provide a minimum span of control of 1:5 (1 manager / supervisor to 5 direct reports), and top of the range target of 1:9 direct reports. The most recent review confirms that over 97 per cent of management positions meet or exceed span of control guidelines.

The City's guidelines were not originally developed to accommodate individual contributor roles that require advanced, specialized expertise. However, as the scope and complexity of municipal operations continue to evolve, new roles have emerged that do not conform to traditional supervisory structures. These positions are essential to the effective delivery of services and the achievement of strategic priorities.

Examples of such roles include cybersecurity specialists, psychologists within Emergency and Protective Services (EPS), and project managers responsible for overseeing large-scale initiatives such as Ādisōke and Lansdowne. These roles reflect a growing need for highly skilled professionals whose contributions are not defined by direct supervisory responsibilities but by the depth and impact of their specialized knowledge.

The City's current job evaluation frameworks do not adequately capture the value of these specialized skill sets associated with individual contributor roles in a modern and evolving workforce. To ensure competitive compensation and support talent attraction and retention, a number of these roles have been classified as Program Managers, despite not having direct reports. This classification approach, while necessary from a compensation standpoint, is misaligned with the City's guidelines, which associate Program Manager roles with management / supervisory responsibilities. Even with this anomaly the City is within the target span of control.

Benchmarking data was requested from municipalities across Ontario, as well as broader public sector employers in Ottawa, to assess and compare management span of control ratios. Of the employers who responded, none have organizational design or span of control policies, guidelines or standard practices in place. These findings underscore the City's robust frameworks and guiding principles in its commitment to organizational design and FTE management, along with front-line service delivery, operational efficiency and organizational accountability.

The City of Ottawa has 5 levels of management positions: City Manager, General Manager, Director, Manager, and Program Manager. This is consistent with most of the municipal respondents who have up to 7 levels of management in their organizations.

During this term of council, the City Manager implemented additional organizational alignments, specifically in the administrative structure, to consolidate services aligned with Council priorities. The creation of the Strategic Initiatives Department was accomplished within existing resources and strengthened the focus and accountability on advancing key term of council initiatives. Additionally, the creation of the Finance and Corporate Services Department consolidated enterprise support services (e.g., HR, IT, Finance, Fleet, Service Ottawa, Procurement, etc.) to achieve economies of scale, improve service quality, and free up resources for strategic initiatives.

The organization's commitment to a lean management composition is further highlighted and demonstrated by the following metrics:

- The management and professional exempt (MPE) employee group at the City (excluding OPS/OPH/OPL) represents only three per cent (431) of all City staff (13,693);
- The total administration cost represents 4.8 per cent of the draft 2026 budget, compared to seven per cent in 2016, further highlighting the City's commitment to a lean administrative structure and continued focus on finding administrative savings and investing in core front line operations;
- By comparison, administrative positions in the private sector, commonly referred to as General and Administrative (G&A) positions, represent an average of 20 – 25 per cent of total FTEs;
- The 2025 Ontario Municipal Compensation Survey, conducted by Mercer, compiled data from 25 urban municipalities, including staffing ratio trends which

reflect the average distribution by job type is approximately 40-45 per cent administrative/technical and 55-60 per cent operational/front line.

- The City of Ottawa is significantly above the average, in comparison to other municipalities, with respect to the number of both direct and indirect reports for management and supervisors:
  - The ratio of management to employees is 1:37 and supervisors to employees is 1:16
  - The average for Ontario municipalities is 1:20 and 1:14, respectively

The draft budgets include the number of full-time equivalent (FTE) positions that are required to deliver City services. For all services (including Rate Supported), the total number of budgeted full-time equivalent staff positions that are required to deliver services for City Operations and the Boards in 2026 is 17,387.13 budgeted FTE staff positions.

Tables 6a, 6b, and 6c provide a detailed breakdown of the 2026 budgeted FTE requests by business area and funding type.

### **Citywide Departments FTE Positions**

The tax-funded positions within the Citywide departments are required to support growth in front-line services, maintaining Council approved programs, and to administer provincially legislated mandates.

The 2026 budget does not include any Citywide departmental positions funded solely through taxation. All identified FTEs are supported through alternative funding sources, allowing the City to sustain existing programs and pursue strategic growth without increasing the tax burden on residents.

**Table 6a: Budget FTE Request – Citywide Departments – User Fees, Recoveries and Revenue Funded**

<b>User Fees, Recoveries and Revenue Funded</b>	<b>2026 Budget FTE Request</b>
<b>Citywide Departments</b>	
Community and Social Services	23.43
Emergency Protective Services	29.00
<b>Citywide Departments Total</b>	<b>52.43</b>

There are 52.43 FTE positions that are directly funded by either user fees, recoveries, and provincial funding. These FTE positions are required to execute provincially mandated services, to support growth and maintain core City Services. The proposed FTEs include: 2 FTEs in Long-Term Care for the provincial commitment of additional hours of care of Personal Support, Allied Health Workers, and Resident Safety and Well-Being; 23 FTEs in Paramedic Service funded by the Province (50 per cent) to enhance emergency response capacity; 6 FTEs in By-law and Regulatory Services to improve response times funded by revenues; and 21.43 FTEs in Children’s Services to support operational alignment with the Child Care and Early Years Service System Plan, funded by the Province.

**Rate Supported Program FTE Positions**

**Table 6b: Budget FTE Request – Citywide Department – Rate Funded**

<b>Rate Funded</b>	<b>2026 Budget FTE Request</b>
<b>Citywide Departments</b>	
Wastewater Services	9.00
<b>Citywide Departments Total</b>	<b>9.00</b>

The Draft 2026 Budget includes 9 FTE positions within Wastewater Services, dedicated to supporting operational improvements at the City’s wastewater treatment facility and pump stations. These positions are required to maintain service levels and improve system performance in alignment with operational needs and infrastructure growth.

### Boards FTE Positions

**Table 6c: Budget FTE Request – Boards and Transit Committee**

Tax Funded	2026 Budget FTE Request
<b>Boards and Transit Committee</b>	
Ottawa Public Library	12.00
Ottawa Police Service	28.70
Transit Services	81.00
<b>Boards and Transit Committee Total</b>	<b>121.70</b>

Ottawa Public Library identified a requirement of 12 FTE positions, of which 8 are associated with the opening of the Central branch at Ādisōke. The remaining 4 FTEs are associated with other operations including summer hours of service on Sundays.

Ottawa Police Service identified a total of 28.7 FTE positions, of which 25 FTEs are in support of growth, 2 FTEs are funded within existing budget and 1.7 are to advance strategic priorities focusing on service and response times.

Transit Services identified 81 FTE positions including 69 FTEs to support the opening of O-Train Line 1 West extension, and 12 FTEs to support regulatory, safety and security requirements.

As part of the draft 2026 Operating and Capital Budget, citywide services (excluding OPS/OPH/OPL) have maintained a hiring pause and implemented an additional 0.5 per cent gapping target, a \$6.5 million efficiency savings, to demonstrate this commitment. All departments continue to analyze span of control, operational requirements and staffing needs. Attrition, retirements, continuous improvements and technology advancements are also at the forefront of workforce planning as the organization

continues its commitment to fiscal discipline, long-term fiscal planning and building the workforce of the future.

### **Efficient Workforce Management Outlook**

To maintain a lean organization, the City remains committed to applying proven strategies that mitigate growth and spending. This includes sustaining a lean and streamlined management and administrative structure, with a balanced approach to essential support functions and supervisory roles, all aimed at fostering an efficient workforce.

### **Draft 2026 Tax Supported Budget**

#### **Operating Budget**

The total 2026 tax supported operating expenses are projected to be \$5.2 billion, a \$316 million increase over 2025. Operating expenses are funded through property taxes (45 per cent), payments in lieu of property taxes (4 per cent), federal and provincial grants (24 per cent), fees and service charges (22 per cent) and other miscellaneous revenue sources (5 per cent).

A summary of the 2026 budgetary requirements shown by Standing Committee and the Boards is provided in Document 1 - 2026 Draft Operating Budget Summaries.

#### **Available Funding**

##### *Growth in Tax Assessment and Tax Increases*

Taxes raised from new developments are projected to increase by 1.6 per cent in 2026, which will provide an additional \$34.96 million in tax revenues. The revenues generated from the proposed tax increase is \$81.87 million.

##### *User Fees /Revenue Increases /Provincial Cost Sharing*

The Draft 2026 Budget increases user fees in line with the increased cost to deliver services, in accordance with the Fiscal Framework approved by Council and in accordance with provincial legislation. Revenues from all other sources are reviewed annually to determine if they require adjustment.

Per the 2026 Budget Directions, Timeline and Consultations Process report, the 2026 garbage fee will be increased in accordance with the Solid Waste Long-Range Financial Plan ([ACS2024-FCS-FIN-0008](#)) that was as a companion report to the Solid Waste

Master Plan ([ACS2024-PWD-SWS-0004](#)) as approved by Council on June 25, 2024, shifting the tax portion of the funding to a fully recoverable curbside collection fee and the proposed increase in the 2026 Draft Budget is ten per cent.

## **Funding Pressures**

### *Maintaining existing programs and services*

An increase of \$50 million associated with adjustments for potential 2026 cost of living, increments and benefit adjustments and inflationary increases of \$15 million relate to changes in purchased services, contracts, utilities, facilities, and provincially legislated programs have been included in the budget.

### *Growth to programs and services*

Managing growth requires sustained investment in Emergency Protective Services to uphold community safety, meeting the rising demand for Paramedic Services, and expanding bylaw and regulatory staffing to strengthen enforcement in school zones and enhance service delivery within the property standards program.

Transit Services will invest \$4.7 million in security and downtown safety outreach initiatives, supported by provincial funding through the Ontario-Ottawa Agreement. The department will continue to expand service with the opening of O-Train Line 1 to Trim Station and is actively preparing for the launch of Lines 1 and 3 to Algonquin and Moodie. In parallel, Transit Services will focus on maintaining new facilities and improving the reliability of both bus and train operations.

To make our city more liveable, an additional \$1 million contribution will be made towards the Affordable Housing reserve, as per the Housing Services Long-Range Financial Plan 2025-2030 ([ACS2024-FCS-FIN-0011](#)). Additional support will be provided in meeting housing targets set out by the Housing Accelerator Fund contribution agreement and by the Ontario Shelter fund through the Ontario-Ottawa agreement.

Part of the City's success will be continuing to invest widely into supporting the economy to thrive and have access to a variety of entertainment and to attract tourism through special events and film projects.

Committed to be a green and resilient city, investments from Solid Waste Services will be for the expansion of the green bin program to multi-residential buildings to continue

to promote waste diversion from landfills. Public Works will be supporting the maintenance of new parks and the growth in tree planting program.

### *Service Initiatives/Efficiencies/Continuous Improvement*

As noted previously, under the Service Review Program and departmental initiatives to find efficiencies through continuous improvements, \$45 million in efficiencies and funding are identified in the Draft 2026 Budget.

### **Automated Speed Enforcement Program and Red Light Camera Revenue**

On October 2, 2025 a memo was provided to Council with an overview of the City of Ottawa's current Automated Speed Enforcement Program, including a program overview, key metrics and data, and funding distribution.

On October 20, 2025, the provincial government tabled *Bill 56, Building a More Competitive Economy Act, 2025* which prohibits the use of Automated Speed Enforcement (ASE) cameras. The third reading of the Bill was carried on division on October 30, 2025, and received Royal Assent on November 3, 2025.

On November 4, 2025, an updated memo was provided to Council to summarize recent legislative changes under *Bill 56 – Building a More Competitive Economy Act, 2025* that directly affects the City of Ottawa's Automated Speed Enforcement (ASE) Program and school zone signage.

An assessment of the implications of the recent legislative changes is currently underway. This includes evaluating potential financial impacts and effects on existing and planned road safety initiatives and capital projects. As part of this review, staff are also evaluating the potential impact on workforce requirements, in accordance with established City processes and the terms and conditions of applicable collective agreements. Supporting affected employees throughout this period of transition remains a priority. Updates will be provided to Members of Council as further information becomes available and as the legislative impacts are more fully understood.

Given the timing of the recent legislative changes, additional time is required to complete a comprehensive analysis of the overall funding implications. The Road Safety Program is currently funded through net ASE revenues. The Draft 2026 Budget includes compensation and inflationary adjustments to maintain the existing program, along with a proposed Capital Budget allocation for the Road Safety Action Program (excluding PXO-related projects). However, staff recommend that no expenditures be made against the Draft 2026 Capital Road Safety Action Program until the updated Road

Safety Action Plan and/or the Tax-Supported Long-Range Financial Plan (LRFP) are presented to Council in early 2026. These reports will outline revised funding impacts and strategies in response to the legislative changes. In addition, staff are actively tracking all cost implications associated with Bill 56, which will be incorporated into the broader financial analysis.

The City remains committed to keeping roads safe in Ottawa and will continue to work with the Province to identify and implement effective tools that protect all road users.

The Red Light Camera (RLC) program was implemented in 2004 following a pilot program initiated prior to amalgamation. This program leverages automated camera technology to issue infractions under the Highway Traffic Act against vehicles caught driving through a red light at an intersection. Additional camera locations have been gradually added as the program matured, providing increased safety in high-risk intersections. In 2026 there are 84 active Red Light Cameras.

Revenues generated from the RLC program are first used to recover the costs of delivering the program with the remaining proceeds allocated to citywide programs enabling further investments in road safety initiatives. Between 2020 and 2024, \$144.2 million have been invested from tax supported funds in road safety related initiatives as identified through Strategic Road Safety Action Plan annual reports.

**Table 7: Red Light Camera Revenue History**

	2020	2021	2022	2023	2024
Active Cameras	57	64	76	78	77
RLC Revenue	\$6.7M	\$7.2M	\$10.6M	\$12.3M	\$11.3M
Road Safety Initiatives <sup>3</sup>	\$24.9M	\$31.3M	\$30.4M	\$28.5M	\$29.1M

In 2019, Council approved the 2020-2024 Strategic Road Safety Action Plan ([ACS2019-TSD-TRF-0009](#)) which included a new self-funded financial model and provided direction for revenues from automated enforcement initiatives, including revenues from new red-light cameras installed beyond 2020, to be allocated to the Road Safety Action Plan Program for implementation of countermeasures identified in the Action Plan. Subsequently, through the 2021 Automated Speed Enforcement Pilot Project Report ([ACS2021-TSD-TRF-0005](#)), Council approved the creation of the Road Safety Reserve

<sup>3</sup> Tax supported investments in road safety related initiatives as identified through annual Strategic Road Safety Action Plan updates

Fund and directed revenues from automated enforcement initiatives including revenues from new red-light cameras installed beyond 2020 to be allocated to the Reserve to fund road safety initiatives identified in the Road Safety Action Plan.

The Draft 2026 Budget allocates gross revenues from all RLCs installed after 2020 to the Road Safety Reserve Fund. For 2026, this allocation is budgeted at \$2.5 million, based on historical performance of the red-light camera program. This approach ensures that the continued expansion of the program directly supports the implementation of road safety initiatives. As a result, six capital projects aligned with the Road Safety Action Plan will have their funding source updated and starting 2026 they will be funded through the Road Safety Reserve, rather than through citywide general funding.

### **Draft 2026 Capital Budget and 2026-2029 Capital Forecast**

The capital program requirements for 2026 and forecasts for 2026 to 2029 were developed in accordance with the Council approved Transportation Master Plan, Infrastructure Services Master Plan, 2024 Provisional Development Charges Background Study and Long-Range Financial Plans for both Tax and Rate supported services. Debt funding, used to fund eligible components of the capital program requirements, will be used in accordance with Long-Range Financial Plans and Fiscal Framework. The City's Draft 2026 Capital Budget also includes an additional budget for the advancement of housing initiatives, the Climate Change Master Plan, and renewal of sidewalks, pathways, and roads works.

### **Capital Programs**

Per the Delegation of Authority By-law (2024-265) capital programs are defined to be a plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program and each capital program includes:

- a) An annual envelope of budget authority;
- b) Individual capital projects of a similar nature, size, scope of work;
- c) Funding source; and
- d) The same categorization of individual projects as approved by City Council, including but not limited to, renewal of City assets and growth and strategic initiatives.

In development of the Draft 2026 Capital Budget, new and existing capital programs and projects are reviewed to ensure the nature, size and scope of works qualify as capital expenditures and capital categorization (e.g. renewal, growth, regulatory, etc.) to meet defined criteria per the various corporate plans referenced above.

### **Development Charges**

Capital programs and projects categorized as growth may be funded by development charges (DCs), as identified in the DC Background Studies which are updated every four years. Due to pending changes in provincial legislation, the previous background study in 2019 was updated in 2024 as a provisional background study. The next amendment, incorporating the updated Transportation Master Plan (TMP), is expected to be presented to Council for approval in the first quarter of 2026. The 2026 draft capital budget bases growth-related project funding on the 2024 provisional study and 2026 projections. Any adjustments resulting from the revised background study will be reported back to Council.

### **Climate Change**

Action and investments towards reducing greenhouse gas (GHG) emissions and building climate resiliency to the current and future impacts of climate change are critical in transitioning Ottawa into a clean, renewable, and resilient city by 2050. The Draft 2026 Operating and Capital Budget invests in initiatives that take Ottawa further toward the goals outlined in the Climate Change Master Plan and supporting priorities such as the Energy Evolution Strategy and Climate Ready Ottawa. This is the fourth consecutive budget cycle where a climate lens has been applied to new capital budget requests, building on the baseline established in Budget 2023.

In this exercise, capital budget requests were rated on a qualitative scale based on best available information on a scale from having no contribution to having a minor, moderate, or major contribution to reducing GHG emissions and/or building climate resiliency. Each investment was rated as one of the following options:

- No contribution if no climate considerations were included or where climate considerations did not apply to the budget request.
- A minor contribution if the contributions were considered in line with Energy Evolution's business-as-planned scenario or the project had been modified to consider climate impacts.

- A moderate contribution if the contributions were considered to go beyond business-as-planned to reducing GHG emissions or directly addressed a climate risk.
- A major contribution if the contributions were considered in line with Energy Evolution's 100 per cent scenario or significantly addressed a climate risk.

Overall, over 160 capital budget requests were rated as having a climate contribution in the Draft 2026 Budget. Of these, 21 were identified as going beyond business-as-planned or business-as-usual and were rated as a moderate or major contribution, totalling more than \$94 million of new investments.

**Table 8: Climate Change Lens Annual Capital Budget Comparison**

<b>Climate Contributions<sup>4,5</sup></b>	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>2025 Budget</b>	<b>2026 Budget</b>	<b>Total</b>
<b>Total</b>	<b>\$52M</b>	<b>\$278M</b>	<b>\$375M</b>	<b>\$94M</b>	<b>\$799M</b>
<b>Reduces GHG emissions</b>	\$26M	\$187M	\$347M	\$12M	\$572M
<b>Builds climate resiliency</b>	\$21M	\$86M	\$22M	\$32M	\$161M
<b>Reduces GHG emissions and Builds climate resiliency</b>	\$5M	\$5M	\$6M	\$50M	\$66M

The Draft 2026 Budget includes several key initiatives that go beyond business-as-planned and are expected to make moderate to major contributions toward City's climate objectives. These include: \$41.163 million for upgrades to the Robert O. Pickard Environmental Centre (ROPEC) cogeneration facility; \$9 million for the implementation of the Climate Change Master Plan and its supporting priorities; \$4.185 million to support initiatives from the Solid Waste Master Plan such as waste diversion enhancements; and more than \$18 million to manage increasing rainfall and reduce flood risks. Where feasible, the City is leveraging these investments to secure funding from senior levels of government, maximizing the impact of municipal dollars. For a detailed breakdown of the projects identified as having moderate or major contributions, refer to the Climate Implications section of this report. Most investments that were identified as making a climate contribution were rated as minor because they were

<sup>4</sup> Represents major and moderate contributions only.

<sup>5</sup> Excludes capital investments for Ottawa Public Library, Ottawa Public Health, and Ottawa Police Service.

either considered in line with Energy Evolution’s business-as-planned scenario (ex. Stage 2 LRT) or they reflect modifications to a project to consider climate impacts.

A summary of the Climate Change Capital Budget can be found in Document 2 – 2026 Draft Capital Budget Summaries.

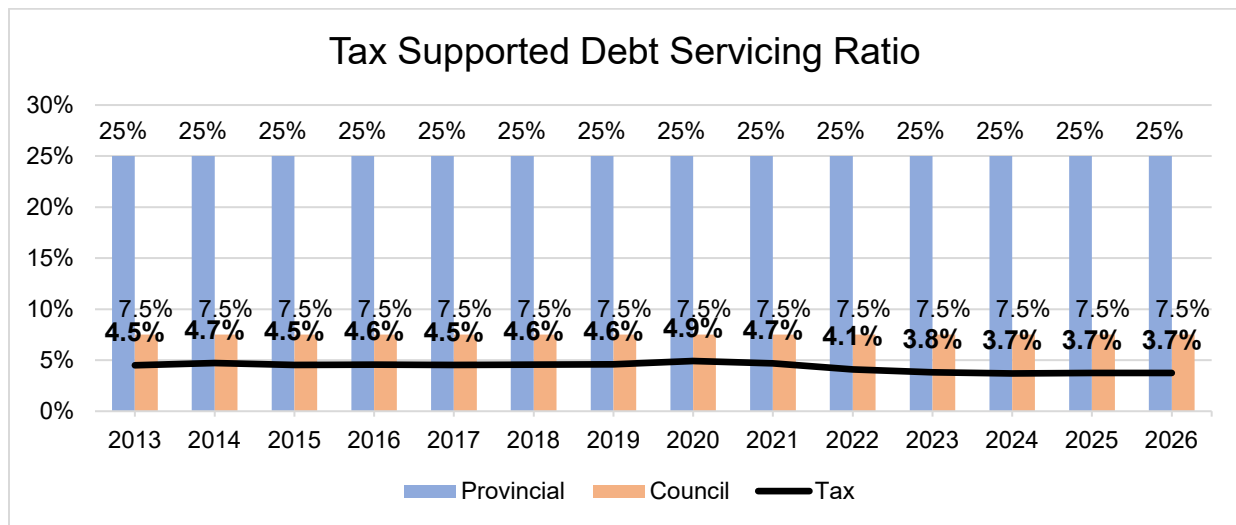
**Debt and Reserves**

The City funds its capital program through a combination of tax funds from reserves, development charges on the growth portion of eligible projects, grants from senior levels of government and debt.

Council’s approved Fiscal Framework guidelines limit the use of debt as follows:

- Principal and interest for tax-supported debt is not to exceed 7.5 per cent of own source revenues.

**Chart 3: 2013 to 2026 Tax Supported Debt Servicing Ratio**



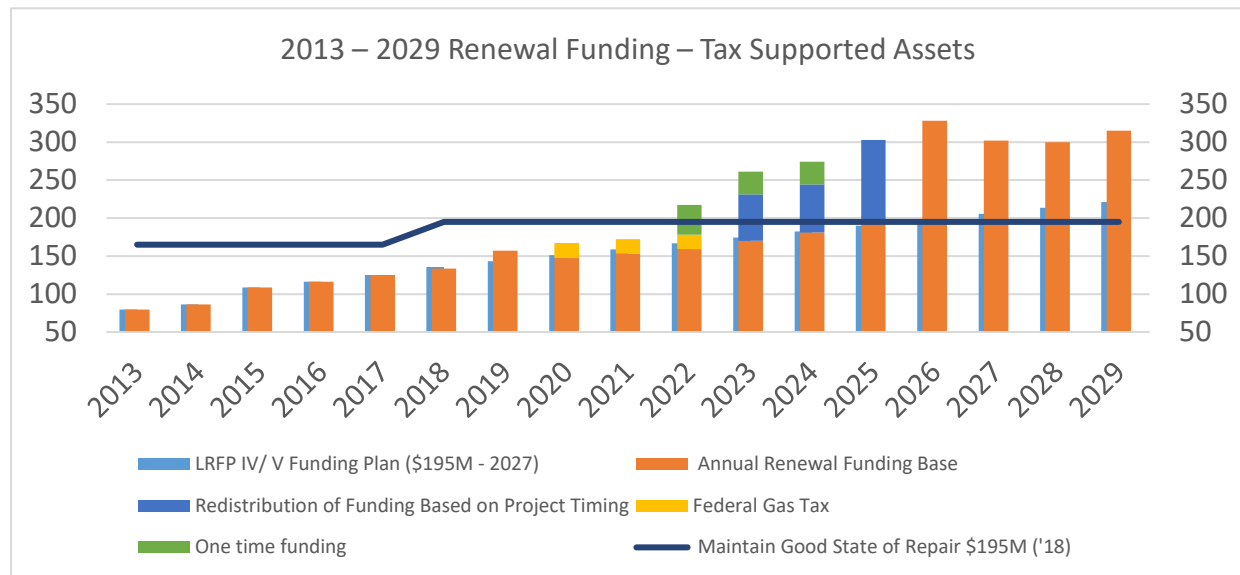
**Draft 2026 Capital Budget – Tax Supported**

The total combined capital authority being requested for rate and tax in 2026 is \$1.92 billion. The capital authority requested for tax-supported capital works in 2026 is \$1.48 billion. This includes the tax-supported component of the integrated water, wastewater and roads program, and the draft capital submissions from the Transit Services, Police and Library Boards. The water and wastewater capital projects, which are funded entirely from water, wastewater and stormwater revenues, development charges and debt, are presented later in this report.

The Solid Waste program is currently addressing regulatory pressures that are required at the Trail Road Waste Facility. While continuing efforts to extend the life of the landfill, as well as other long-term planning and regulatory requirements, the solid waste reserve is in a deficit position and will continue to be in the short term. Debt funding is applied to projects that qualify in 2026. The Solid Waste LRFP and Solid Waste Master Plan were established to develop financial and non-financial strategies that will allow the City to continue to provide solid waste services to City residents and return the reserve to a surplus position by 2034.

The integrated program of capital works requires funding from both tax-supported (Citywide Capital Reserve Fund or tax-supported debt) and rate-supported sources (Water, Wastewater or Stormwater Capital Reserve Funds or rate-supported debt). Although these projects have both tax and rate funding components, they are included in the Transportation Committee’s budget book as they fall under its legislative mandate. Table 9 below shows the tax-supported annual base budget funding plan as per the approved LRFP for tax supported assets.

**Chart 4: Tax Supported Assets – Infrastructure Funding Gap**



**Table 9: 2026 Tax-Supported Capital Program Funding Summary (in thousands of dollars)**

<b>2026 Request</b>	<b>Renewal of City Assets</b>	<b>Growth</b>	<b>Regulatory/ Service Enhancements</b>	<b>Grand Total</b>
<b>Total Authority</b>	<b>530,038</b>	<b>843,736</b>	<b>108,611</b>	<b>1,482,385</b>
<b>Funding Requirement</b>				
Revenue	44,880	236,640	2,567	284,086
Reserves	330,592	45,156	68,481	444,229
Development Charges (Cash/Debt)	1,228	490,478	0	491,707
Debt Funding	153,338	71,462	37,563	262,363
<b>Total</b>	<b>530,038</b>	<b>843,736</b>	<b>108,611</b>	<b>1,482,385</b>

**Draft 2026 Rate-Supported Operating Budget***Rate Supported Services*

The Draft 2026 Rate-Supported Budget is consistent with the [Long-Range Financial Plan VI](#) approved by Council in June 2025. The Draft 2026 Rate-Supported Budget, which includes water, wastewater, and stormwater services, was developed within the Council adopted revenue increases: 2.7 per cent for water, 4.9 per cent for wastewater and 7.6 per cent for stormwater with an overall average revenue increase of 4.5 per cent for rate supported services. As a result, the impact on the average bill will be an increase of 4.5 per cent. The average water bill will increase by \$47.31 per year or \$3.94 per month.

In the rate structure, implemented in 2019, 20 per cent of the revenue raised is from a fixed charge based on the size of the water meter, with the remaining 80 per cent raised from forecasted consumption. The stormwater fee is a fixed fee based on the property type, service area and service type.

The user rates, service charges and growth in new accounts fund the operating requirements of the water, wastewater, and stormwater system, and provides the funds for capital works either as cash financing or repayment of debt.

The impact of the change in rates on a household with an average consumption of 180 cubic meters of water per year is identified in Table 10.

**Table 10: Rate Annual Bill Impacts (in dollars\*)**

Area	Urban Connected			Rural Non-Connected		
	2025	2026	% Change	2025	2026	% Change
Water	409	420	2.7%	-	-	-
Wastewater	380	399	4.9%	-	-	-
Storm	235	253	7.6%	118	126	7.6%
<b>Total</b>	<b>1,024</b>	<b>1,072</b>		<b>118</b>	<b>126</b>	
<b>\$ Change</b>		<b>47</b>			<b>9</b>	

\*Figures rounded.

The changes to the 2026 budget estimates and the source of their funds are shown by category in the following table.

**Table 11: Operating Budget Changes in Rate Operations (in millions of dollars)**

	<b>Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>Available Funding</b>	\$ 12.3	\$ 11.4	\$ 9.3	\$ 33.0
Revenue / User Fee Increase				
<b>Funding Pressures</b>				
Adjustment to Base	\$ 3.8	\$ -	\$ (1.8)	\$ 2.0
Maintain Services	\$ 5.8	\$ 4.6	\$ 2.1	\$ 12.5
Growth	\$ 1.0	\$ 1.7	\$ 0.2	\$ 2.9
Provincial Legislated	\$ 0.2	\$ 0.3	\$ -	\$ 0.5
Capital Contributions	\$ 1.5	\$ 4.8	\$ 8.8	\$ 15.1
<b>Total</b>	<b>\$ 12.3</b>	<b>\$ 11.4</b>	<b>\$ 9.3</b>	<b>\$ 33.0</b>

**Available Funding**

Based on the 2026 consumption levels and the Council-approved revenue increases, the rate increases for 2026 will generate additional revenues of \$33 million which includes \$12.3 million for water, \$11.4 million for wastewater, and \$9.3 million for stormwater services.

**Funding Pressures**

*Maintaining existing programs and services: \$12.5 million*

The increase is primarily a result of projected labour contract settlements, increments, increases in the cost of benefits and inflation on contracts.

*Growth to programs and services: \$2.9 million*

The increase is primarily a result of increasing base funding to manage system growth in line with the Long-Range Financial Plan VI.

*Provincial Legislated: \$0.5 million*

The increase is primarily a result of legislative requirements pertaining to environmental compliance approvals for consolidated linear infrastructure.

*Capital Contributions: \$15.1 million*

An overall increase to the contribution to capital, supports the capital-intensive nature of delivering rate-supported services with assets that last for multiple generations.

### **2026 Water, Wastewater and Stormwater Capital Program**

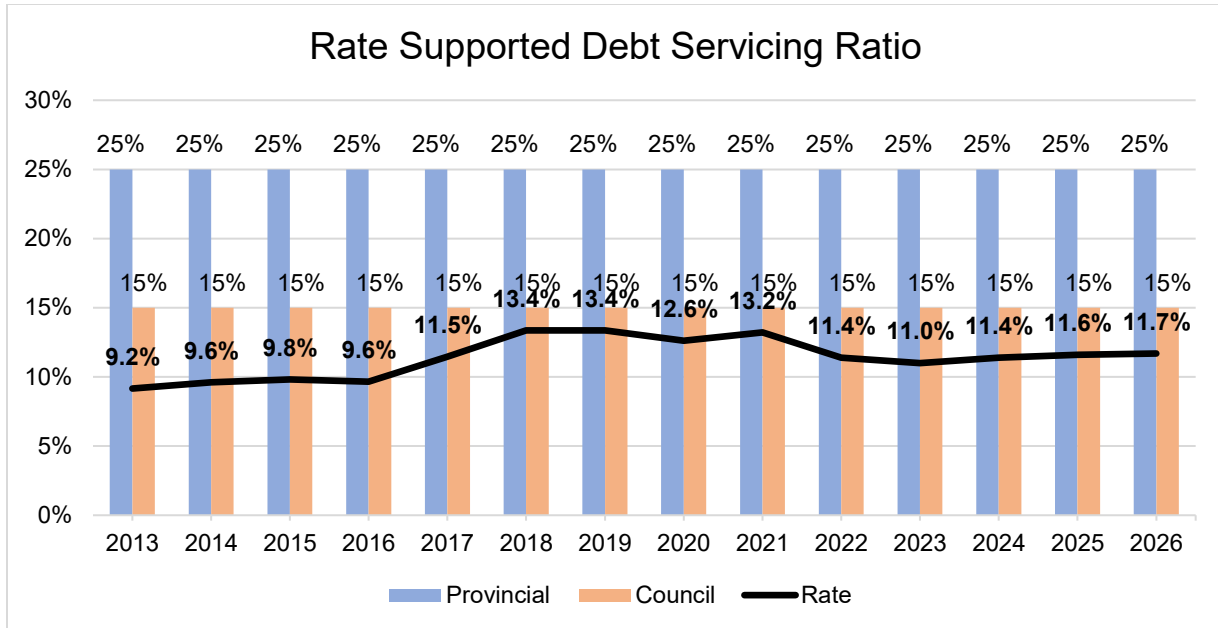
The capital authority requested for 2026 is \$442 million. This includes all rate-funded components of the capital programs. A list of the proposed work for 2026 is included in the draft budget.

**Table 12: 2026 Rate-Supported Capital Program Funding Summary (in thousands of dollars)**

<b>2026 Request</b>	<b>Renewal of City Assets</b>	<b>Growth</b>	<b>Regulatory/ Service Enhancements</b>	<b>Grand Total</b>
<b>Total Authority</b>	<b>416,414</b>	<b>23,176</b>	<b>2,258</b>	<b>441,848</b>
<b>Funding Requirement</b>				
Revenue	0	2,579	390	2,969
Reserves	183,249	8,040	1,868	193,157
Development Charges (Cash/Debt)	1,502	11,831	0	13,333
Debt Funding	231,663	727	0	232,390
<b>Total</b>	<b>416,414</b>	<b>23,176</b>	<b>2,258</b>	<b>441,848</b>

Infrastructure renewal makes up 94 per cent of the total 2026 rate-supported capital budget. The capital budget is funded from water, wastewater and stormwater reserves, development charges, new debt, and government grants. In 2026, annual debt repayments for water, wastewater and stormwater services will be 11.8 per cent of the City's own source revenues for these service areas. This is within the 15 per cent debt limit established by Council for rate-supported programs.

**Chart 5: 2013 to 2026 Rate Supported Debt Servicing Ratio**



**Draft 2026 Budget – Multi-Year Budget**

Staff continues to include enhancements as part of the 2026 budget process, including performance measures for a number of departments and programs. These have been included as part of the budget magazine that provides additional details including Council’s strategic priorities and associated performance measures. A four-year operating budget is included in the Draft 2026 Budget for Housing, Solid Waste, Transit, and Rate-supported services. These forecasts are summarized in Table 13, with additional details provided in Supporting Document 3. Forecasted operating budgets have been included for areas with existing Long-Range Financial Plans.

A multi-year forecast will continue to be presented in future budgets, along with ongoing enhancements and expanded details on Term of Council Priorities and associated performance measures.

**Table 13: Summary of Operating Budget Forecast 2026 to 2029 (in thousands of dollars)**

	2026	2027	2028	2029
Affordable Housing Development	\$12,449	\$13,499	\$14,551	\$15,605
Housing and Homelessness Services	\$221,949	\$227,497	\$233,183	\$239,012

<b>Total Housing Net Expenditure</b>	<b>\$234,398</b>	<b>\$240,996</b>	<b>\$247,734</b>	<b>\$254,617</b>
Solid Waste Services	\$117,440	\$129,095	\$137,705	\$145,030
<b>Total Solid Waste Net Expenditure</b>	<b>\$117,440</b>	<b>\$129,095</b>	<b>\$137,705</b>	<b>\$145,030</b>
Transit Services	\$905,610	\$1,054,511	\$1,139,780	\$1,136,571
<b>Total Transit Net Expenditure</b>	<b>\$905,610</b>	<b>\$1,054,511</b>	<b>\$1,139,780</b>	<b>\$1,136,571</b>
Drinking Water	\$223,838	\$234,129	\$245,540	\$257,515
Wastewater	\$195,546	\$205,985	\$217,178	\$229,540
Stormwater	\$112,718	\$118,475	\$124,388	\$130,596
<b>Total Rate Supported Net Expenditure</b>	<b>\$532,102</b>	<b>\$558,589</b>	<b>\$587,106</b>	<b>\$617,651</b>

### **Budget Reviews and Consultation**

Public engagement and feedback are critical to the budget process to guide and direct investment of public funds. As part of the budget process, the City offers numerous opportunities to raise awareness about the budget process and collect input from residents, councillors and departments year-round. Suggestions and ideas that were generated through the engagement process are considered in the development of the draft budget.

Beginning in the spring, a minimum of two meetings are held with each ward Councillor, the Mayor, City Manager and the Chief Financial Officer to discuss ward priorities to be considered in the draft budget.

Residents have several ways they can provide input on the draft budget and are also encouraged to provide feedback directly to their local Ward Councillor year-round. All Councillors actively engage their community daily to understand ward and city-wide priorities, and this input is extremely valuable to the budget process. City-wide consultations on strategic topics such as Long-Range Financial Plans, asset management, and housing strategies also provide valuable input into the budget process.

This year, public consultations on the budget process began in April and will continue into November across the City. Twelve Councillor-led sessions will gather valuable

feedback from residents and ensure that budget decisions align with community needs and priorities.

The budget team aims to increase budget awareness, transparency and accountability by offering budget information in a variety of formats that are easily understood. The Budget Magazine and the Budget Explorer are two tools that have been highly successful.

Residents were invited to take part in a questionnaire through the City's public engagement website [Engage Ottawa](#). Questionnaire respondents were asked to identify their overall top budget priorities from a list of 39 city services. Ottawa Police Service, Ottawa Public Library and Ottawa Public Health create and table their own budgets independently, and as a result, their respective services were not included in the questionnaire. [The As-We-Learned Report](#) is a summary of respondents' feedback collected through the questionnaire. The questionnaire received 805 submissions and was open from May 26 to June 30, 2025. Demographic and ward data was included in the questionnaire to better understand trends within Ottawa. The questionnaire was promoted through social media, Ottawa.ca and public service announcements.

From November 12 to December 8, residents and community partners are also invited to submit questions and comments on the Draft 2026 Budget through the Engage Ottawa platform.

Once the Draft 2026 Budget is tabled, all budget documents are posted on [Ottawa.ca/budget](#) and available in hard copy at public libraries and client service centers.

The draft operating and capital budget documents for each Committee will be reviewed by the Chair and Vice Chairs of each Committee as part of the agenda review meetings, with input from the respective departments.

A corporate-wide overview of accessibility budget line items will be compiled for the City's Accessibility Advisory Committee (AAC) following the tabling of the budget on November 12, 2025. To support accessibility in the 2026 Budget process, AAC members convene as a working group to review the budget lines related to accessibility. The AAC members create submissions for the relevant Standing Committees to offer questions, comments, and support for accessibility budget items. These submissions will be delivered through community delegations and/or written submissions to the

relevant Standing Committee meetings prior to the Budget 2026 finalization on December 10, 2025.

All Standing Committees of Council along with Police Service Board, Library Board, and Board of Health, will hold public meetings to consider the Draft 2026 Budget for their respective areas and receive public delegations. Residents can attend these meetings and provide input by registering to speak as a public delegation. The schedule for these meetings is listed below in Table 14.

**Table 14: Proposed 2026 Budget Meeting Schedule\***

Board of Health – Budget Tabling	Monday, November 3, 2025
Public Library Board – Budget Tabling	Tuesday, November 4, 2025
Police Service Board – Budget Tabling (special meeting)	Wednesday, November 12, 2025
Council – Budget Tabling	Wednesday, November 12, 2025
City Services *Police Service *Library Services *Public Health Office of the Auditor General Committee of Adjustment	
<i>*In addition to this Council meeting, the Boards hold their own meetings to table their respective budgets</i>	
Planning and Housing Committee	Wednesday, November 19, 2025
Emergency Preparedness and Protective Services Committee	Thursday, November 20, 2025
Transit Committee	Monday, November 24, 2025
Community Services Committee	Tuesday, November 25, 2025
Public Works and infrastructure Committee	Thursday, November 27, 2025
Audit Committee	Friday, November 28, 2025
Board of Health	Monday, December 1, 2025
Finance and Corporate Services Committee	Tuesday, December 2, 2025
Public Library Board	Tuesday, December 2, 2025
Agriculture and Rural Affairs Committee	Thursday, December 4, 2025
Police Service Board	Friday, December 5, 2025
Environment and Climate Change Committee	Monday, December 8, 2025

## **FINANCIAL IMPLICATIONS**

The financial implications are outlined in this report.

## **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendations in this report.

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

This is a Citywide report.

## **ADVISORY COMMITTEE(S) COMMENTS**

The applicable portions of the Draft 2026 Budget will be forwarded to the Accessibility Advisory Committee and the French Language Services Advisory Committee for their review and input prior to the final budget being considered by Council on December 10.

## **CONSULTATION**

Public engagement on the Draft 2026 Budget has and will take place by Councillor-led virtual, in-person or hybrid public consultation sessions organized by individual Councillors from April to November.

Residents were invited to take part in a questionnaire through the City's public engagement website [Engage Ottawa](#). The questionnaire received 805 submissions and was open from May 26 to June 30, 2025. Demographic and ward data was included in the questionnaire to better understand trends within Ottawa.

Further opportunity for residents to provide input on the draft budget was made available through [Engage Ottawa](#), the City's online engagement platform. Suggestions and ideas that were generated through the engagement process were considered in the development of the draft budget.

The City promoted the Councillor-led virtual and in-person public consultation sessions and online engagement opportunities on [ottawa.ca](#), using traditional communications tools, and through the City's social media channels. Budget related information and resources are available on [Ottawa.ca/budget](#).

## **ACCESSIBILITY IMPLICATIONS**

The City of Ottawa is committed to providing equal treatment to people with disabilities with respect to the use and benefit of City services, programs, goods, and facilities in a manner that respects their dignity and that is equitable in relation to the broader public. This commitment extends to residents, visitors, and employees with visible or nonvisible, and permanent or temporary disabilities. Budget 2026 document has allocated significant budget to advance accessibility actions across City services, information, facilities, and public spaces. Budget 2026 demonstrates a clear policy commitment to equity and inclusion and focused on reducing barriers and ensuring full participation in alignment to the City of Ottawa's Accessibility Policy and AODA - Integrated Accessibility Standard Regulation. All these improvements will have a positive impact on increasing accessibility for persons with disabilities and the public in the City. The City will continue to look for opportunities within City budgets to increase accessibility for older adults and people with disabilities in future budgets.

## **ASSET MANAGEMENT IMPLICATIONS**

The recommendations documented in this report are consistent with the City's Comprehensive Asset Management (CAM) Program objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

## **CLIMATE IMPLICATIONS**

Action and investments towards reducing GHG emissions and building climate resiliency to the current and future impacts of climate change are critical in transitioning Ottawa into a clean, renewable, and resilient city by 2050. The Draft 2026 Budget invests in initiatives that take Ottawa further toward the goals outlined in the Climate Change Master Plan and supporting priorities like the Energy Evolution Strategy and Climate Ready Ottawa. It is the fourth consecutive time that a climate lens has been applied to all new capital budget requests, building on the baseline established in Budget 2023.

Overall, over 160 capital budget requests were rated as having a climate contribution in the Draft 2026 Budget. Of these, 21 were identified as going beyond business-as-planned or business-as-usual and were rated as a moderate or major contribution, totaling \$94 million of new investments including:

- \$50 million of capital investments that are expected to make significant contributions to both reducing GHG emissions and building climate resiliency:
  - \$41.163 million for the design and construction to upgrade ROPEC’s cogeneration facility.
  - \$9 million to advance the implementation of the Climate Change Master Plan and its supporting priorities.
  
- \$12 million of capital investments that are expected to make significant contributions to reducing GHG emissions:
  - \$4.185 million to support actions from the Solid Waste Master Plan, including waste diversion enhancements.
  - \$2.85 million for the Energy Management and Investment Strategy to implement energy conservation measures in City facilities.
  - \$2 million to prepare for Phase 2 of the Zero-Emission Bus (ZEB) program
  - \$1.760 million of the \$38.112 million of the 2026 fleet vehicle and equipment plan to transition the City’s municipal fleet to lower-emission vehicles where they meet operational needs, plus an additional \$848,000 for lower emission by-law, paramedic, and inspection vehicles.
  - \$443,700 to establish new secondary plans around higher-order transit stations and stops, strategic growth areas.
  
- \$32 million of capital investments that are expected to make significant contributions to building climate resiliency:
  - 9.5 million for the replacement of multiple aging watermains and sewers to improve the level of service and reduce the risk of basement flooding.
  - \$7.533 million for the Wet Weather Infrastructure Management Plan to continue to develop a coordinated approach to wet weather flow management and reduce flood risks.
  - \$7.427 million for the emerging natural assets management program to support the assessment and rehabilitation of creeks, rivers and ravines which are at risk of flooding and erosion from increased volume and intensity of precipitation.
  - \$4 million to protect road, sidewalk, and pathway assets from damage due to erosion and/or slope instability.
  - \$1.8 million for acquisition of greenspace, which builds resiliency of the natural environment to changing temperatures and precipitation, and provides important spaces for physical, mental and spiritual health.

- \$700,000 to continue to update the City’s flood plain mapping with conservation authorities, including mapping of more severe flooding expected with climate change.
- \$500,000 for the Rain Ready Ottawa program to support residents to take action on their property to reduce stormwater runoff.
- \$150,000 for the Residential Protective Plumbing Program to support homeowners to reduce the risks of basement flooding.
- \$59,000 for investments in equipment (e.g., supplies and redundant communications) to enhance the City’s operations in response to extreme weather events.

## **INDIGENOUS, GENDER AND EQUITY IMPLICATIONS**

The City of Ottawa is committed to women and gender equity, anti-racism, reconciliation with Indigenous Peoples and addressing other equity and inclusion impacts on marginalized communities when planning and delivering its programs and services.

When developing their annual draft operating and capital budgets, City leadership and staff apply the [Equity and Inclusion Lens](#) in their work to ensure that the perspectives, experiences and needs of groups or individuals at high risk of exclusion and/or discrimination are taken into consideration.

When developing the budgets for City programs, projects and services, staff use an intersectional approach to actions that include, but are not limited to:

- Outlining how the initiative contributes to or is guided by the outcomes and priorities of the following corporate strategies:
  - [Corporate Diversity and Inclusion Plan](#)
  - [Anti-Racism Strategy](#)
  - [Municipal Accessibility Plan](#)
  - [Reconciliation Action Plan](#)
  - [Women and Gender Equity Strategy](#)
- Highlighting how specific, measurable and sustainable improvements for equity-denied groups have been and/or will be achieved.

- Ensuring that equity-denied groups are informed and engaged regarding program/service initiatives or changes, and their feedback is taken into consideration.
- Identifying, researching and examining barriers to equitable access to or experience of programs, projects and services, and including efforts to address those barriers.
- And connecting with their departmental Diversity and Inclusion lead and/or the City's Gender and Race Equity, Inclusion, Indigenous Relations and Social Development (GREIIRSD) Services for additional support.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **RURAL IMPLICATIONS**

This report is Citywide report, and no specific rural implications are associated with this report.

### **TERM OF COUNCIL PRIORITIES**

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

### **SUPPORTING DOCUMENTATION**

**Document 1 – 2026 Draft Operating Budget Summaries**

**Document 2 – 2026 Draft Capital Budget Summaries**

**Document 3 – Multi-Year Budget**

**Document 4 – Budget Document Guide**

**Document 5 – Continuous Service Improvements Initiatives**

**Document 6 – Draft Budget 2026 Magazine – Investing in what matters, fighting for affordability**

**Document 7 – 2026 Draft Operating and Capital Budgets Books by Standing Committee and Boards**

**DISPOSITION**

The Draft 2026 Budgets will be reviewed by the respective Standing Committees and Boards at public meetings held from November 19 to December 8. The recommendations stemming from these reviews will be forwarded for Council consideration at the meeting on December 10.