



Staff Report for Budget Committee of the Whole Meeting

Date of Meeting: November 18, 2025

Report Number: SRCFS.25.040

Department: Corporate and Financial Services

Division: Financial Services

Subject: SRCFS.25.040 – 2026 Draft Budget

Purpose:

To provide Council with highlights of the 2026 Draft Budget as outlined in the 2026 Budget Book published on the City's website, reflective of Council's 2024-2027 Strategic Plan.

Recommendations:

- a) That the Budget Committee of the Whole recommends that the Mayor submit, for Council's consideration, the proposed 2026 Operating, Rate-Supported, and Capital Budgets that include the following:
 1. Operating Budget:
 - i. A 2026 Operating Budget increase of \$2,760,900 and a total tax levy of \$143,512,600 (excluding supplementary taxes), as summarized in Appendix "A" of staff report SRCFS.25.040;
 - ii. A 2026 Senior Tax Assistance Grant increase to \$454;
 - iii. A 2026 Capital Asset Sustainability Levy budget increase of \$2,111,300 and total fee levy of \$15,036,500;
 - iv. The Reserve and Reserve Fund allocations, as summarized in Appendix "E" of staff report SRCFS.25.040; and
As required by Ontario Regulation 284/09, Municipal Act 2001, the compliance report of expenses excluded from the 2026 Operating Budget, as attached to Appendix "F" of staff report SRCFS.25.040.
 2. Rate-Supported Operating Budgets:
 - i. A Water and Wastewater Budget, with a total expenditures budget of \$119,468,000, as summarized in Appendix 'B' of staff report SRCFS.25.040;
 - ii. A Stormwater Management Services Budget, with a total expenditures budget of \$12,058,000, as summarized in Appendix 'C' of staff report SRCFS.25.040; and
 - iii. The Water, Wastewater and Stormwater Management Rates, as identified in Appendix 'D' of staff report SRCFS.25.040.

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3. Capital Budget:
 - i. A 2026 Capital Budget in the amount of \$121,066,000 that includes project management and overhead costs as identified in Appendix “H” of staff report SRCFS.25.040, funded from those sources identified in Appendix “I” of staff report SRCFS.25.040;
 - ii. Projects totaling \$2,605,000 that require adjustments to the previously approved Capital Budget Authority, as outlined in Appendix “J” of staff report SRCFS.24.056; and
 - iii. Contingent 2026 Capital Budget pending approval of grant funding, for projects listed and funded from those sources identified in Appendix “K” of staff report SRCFS.25.040.

- b) That Budget Committee of the Whole recommends to Council that the following appendices be received for information purposes:
 - i. The 2027–2029 Financial Outlook identified in Appendix “G” of staff report SRCFS.25.040; and
 - ii. The 2027–2035 Capital Forecast as identified in Appendix “L” of staff report SRCFS.25.040, in the amount of \$1,740,496,600 that includes project management and overhead costs.

Contact Persons:

- Lisa Chen, Manager, Financial Planning and Analysis, extension 6311
- Muhammad Raza, Manager Fiscal Strategy and Long-term Planning, extension 6307
- Gigi Li, Director Financial Services and Treasurer, extension 6435
- Sherry Adams, Commissioner Corporate and Financial Services, extension 2521

Report Approval

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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Key Messages:

- The tax-supported Operating Budget highlights the anticipated costs offset against available funding sources needed to support ongoing City operations. The funding shortfall is balanced with an increase in taxation.
 - The 2026 Operating Budget proposes a 3.46% total tax rate increase, comprised of a 1.96% tax rate increase for operational requirements and a Capital Asset Sustainability Levy increase of 1.50% tax rate equivalent.
 - For an average single, detached residential property in Richmond Hill with a current assessed value of \$1.146 million in 2026, the proposed tax-supported budget represents an annual increase of \$75.52, with \$42.78 related to operational requirements and a \$32.74 increase attributable to the Capital Asset Sustainability Levy.
- The rate-supported budget follows the Water, Wastewater and Stormwater Management Financial Plans presented to Council in 2024, which outlined future rate increases based on forecasted costs and revenues, and accounting for the timing of infrastructure repairs and replacements. It provides the greatest balance between affordability and risk mitigations to ensure the long-term financial sustainability.
 - The 2026 Water and Wastewater budget proposes a 6.10% rate increase, and the 2026 Stormwater Management budget proposes a 50% rate increase. These increases will help build capital reserve funds for water, wastewater and stormwater management infrastructure, and make room for future debt payments needed to keep infrastructure in good condition. Over the years, rate increases have not kept pace with the growing infrastructure needs in those areas of service.
 - For an average Richmond Hill household using 170 cubic metres of water annually, and a property area of 7,024 square feet, the proposed rate-supported budget represents an annual increase of \$112.33 related to water, wastewater and stormwater management services.
- The 2026 Capital Budget includes 151 projects totaling \$121.1 million. These investments focus on building new infrastructure, renewing existing assets, and reducing risks to help maintain services and support the city's long-term future.
 - The 2027–2035 Capital Forecast outlines \$1.74 billion in planned investments. While supported by a diversified funding strategy, critical infrastructure needs are projected to exceed available resources, necessitating ongoing prioritization and financial adaptation.

Background

The City of Richmond Hill's budget is the financial expression of Council's Strategic Plan priorities, translated into specific goals and objectives that guide how resources are allocated to deliver municipal services and meet service standards.

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The 2026 Budget consists of two key components:

- **Operating Budget:** Covers day-to-day services and must be balanced under provincial law, funded mainly by property taxes, user fees, and reserve transfers.
- **Capital Budget and Forecast:** Outlines 2026 capital investments and a long-term funding outlook through 2035, focusing on infrastructure renewal, growth management, and financial sustainability.

Together, these budgets provide a comprehensive framework for managing resources responsibly while balancing the needs of current and future residents.

Discussion

Richmond Hill's budget process is a year-round activity guided by the Mayoral direction, Council's 2024-2027 Strategic Plan, and the Budget Strategy (SRCFS.25.017) endorsed by the Budget Committee of the Whole on May 6, 2025. Aligned with this direction, staff collaborated with departments to develop the 2026 budget, considering forecasts, historical trends, and a comprehensive review of the tariff of fees for competitiveness, affordability, and cost recovery.

As part of Council's approved budget engagement strategy, the City launched an online survey before summer to gather public input on the 2026 Budget. Promoted through digital and social media, the survey ran from May 27 to June 17, 2025, featuring five questions focused on key budget themes. It also helped direct residents to the City's budget webpages to improve understanding of Richmond Hill's budget process.

Survey feedback was presented to Budget Committee of the Whole on September 16, 2025, and considered in departmental budget submissions.

The 2026 Budget Book was published on RichmondHill.ca/budget at the end of October. The accompanying staff report outlines key accomplishments from 2025, highlights of the proposed 2026 Budget, and recommendations for Council's consideration.

A. Strong Mayor Powers

Strong Mayor Powers, proclaimed on Nov 3, 2022, is in effect for Richmond Hill. Under the Act, the Mayor must table a budget by February 1, and sequentially:

1. Council has 30 calendar days to pass a resolution to make an amendment
2. The Mayor can veto the resolution within 10 calendar days of passing it
3. Council can override budget veto with 2/3 votes within 15 calendar days
4. If no changes occur, the budget is deemed adopted 55 days after being tabled.

B. Next Steps

The Budget Committee of the Whole will review the proposed budget, provide feedback, and make recommendations for the Mayor's consideration before the budget is tabled

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on **December 10, 2025**, when the 30-day amendment period begins. Staff recommend shortening this amendment period at that meeting, consistent with the approach taken in previous years.

Following adoption, a media release will be issued along with a social media campaign, and the updated Budget Book will continue to serve as a communication tool throughout the 2026 Budget year.

C. Key Accomplishments 2025

The proposed 2026 Budget builds on the progress made in 2025 and continues to advance Council's 2024 – 2027 Strategic Plan pillars. Last year, the City achieved several key milestones in infrastructure renewal, service delivery, and financial sustainability. These accomplishments provide a strong foundation for the goals and investments planned for the year ahead.

Pillar 1: Growing a livable, sustainable community

- Together with residents and businesses, staff planted nearly 9,000 trees through the Community Stewardship Program
- Developing an affordable housing concierge program to help build more homes for more people
- Rehabilitated 1000 metres of roads, 850 metres of storm sewers and 1000 metres of watermains
- Expanded our Traffic Safety and Operations Strategy with another 18 locations of traffic calming installations nearing completion, and 15 more locations scheduled by the end of the year
- Completed the City's first Comprehensive Zoning By-law to set modern development standards

Pillar 2: Focusing on People

- Partnered with Miskwaadesi Studio to set up Indigenous medicine gardens at five locations across the City
- Delivered 9,800 recreation programs with over 64,000 registered participants
- Ojibway waterway signage developed in partnership with the Mississaugas of the Credit First Nation
- Opened a new Cultural Centre at the Old Post Office building
- Community and Cultural Grant Program supported 25 projects with a record \$96,200
- Trained 173 firefighters to NFPA certifications and provided 18,075 hours of specialty training

Pillar 3: Strengthening our Foundations

- Approved over \$1 billion of building permits for approximately 1,273 building projects in the residential, institutional, commercial and industrial sectors
- Worked to complete the City's new Responsible Pet Ownership and Animal Regulation By-law

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- Access Richmond Hill has handled 117,804 calls, emails, in-person and website inquiries in the last 12 months – 3,000 more than the previous year
- Launched the City's first Service Charter to set out clear expectations of our service standards
- Updated the City's Corporate Asset Management Plan to improve forecasting and planning around the Community's facilities and infrastructure

For 2025, staff prepared a capital program totaling \$89.5 million across 160 projects, to be implemented following approval of the 2025 Capital Budget. Key accomplishments in 2025 include:

- **Roads and Transportation:** Safety and utility reliability were enhanced through corridor reconstructions (e.g., Blackforest Drive, Acorn Road, Rosegarden Crescent)
- **Parks and Outdoor Recreation:** Revitalization of green spaces promoted community well-being (e.g., Bayview Hill Park, Harding Park, Civic Lands Interim Passive Park)
- **Facility Upgrades:** Enhanced public safety and accessibility by upgrading community facilities at Bond Lake Arena and Elgin Barrow Arena.
- **Environmental Initiatives:** Boosted climate resilience with Stormwater and ecological projects such as Mill Street drainage works and Rouge River Woodlot Restoration.
- **Active Transportation and Safety:** Implementation of the Traffic Safety and Operations Strategy and Micromobility Strategy improved city-wide mobility.

These accomplishments reflect Richmond Hill's commitment to maintaining its \$13 billion asset base in a state of good repair, supporting growth, and delivering high-quality services through strategic capital planning.

Reflection on 2025 outcomes offers valuable insight into the priorities driving the development of the 2026 Budget. This forward-looking plan aims to maintain essential services, invest in infrastructure, and support long-term financial health, ensuring Richmond Hill remains a vibrant, resilient, and well-managed community.

D. 2026 Budget Strategy

The 2026 Draft Budget reflects the Mayoral Decision 04-25 and the adopted budget strategy endorsed at the Budget Committee of the Whole meeting on May 6, 2025, resulting in the budget direction and strategy summarized below:

Consult Budget Committee of the Whole

- Consults with the Budget Committee of Whole on the preparation of the draft Capital and Operating City budgets for the 2026 fiscal year (today's meeting).

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Operating Budget Strategy

- Responds to the financial pressures residents are facing, including rising living costs, tariffs, and affordability challenges. At the same time, balances the City’s own financial needs to support growth-related infrastructure and maintain high-quality services that make our community a great place to live.
- Emphasizes financial responsibility by reviewing spending and identifying efficiencies, while aligning with the City’s Strategic Plan
- Follows the guidelines in staff report SRCFS.25.017 and includes a proposed Capital Asset Sustainability Levy equivalent to a 1.5% tax rate increase.
- Presents a Water & Wastewater Budget and a Stormwater Management Budget that follows the principles of the respective 2024 financial plans.

Capital Budget Strategy

- Continues to manage the City’s capital program reflective of the City’s Strategic Plan, maximizing all funding from external sources, development charges and reserve funding.
- Does not exceed funding envelopes provided for each reserve fund group, including project management and overhead costs.

The proposed 2026 Draft Budgets as presented in this report were produced with consideration to the above objectives.

E. Budget Considerations – Factors Impacting the Budget

Richmond Hill’s budget is shaped by internal factors like Council strategic priorities and resource management, and external factors such as demographics, legislation, and economic conditions. Population growth increases demand for services like recreation, waste collection, and infrastructure.

Influential Factors	2026 Budget Impact
Economy	<ul style="list-style-type: none"> • While inflation has eased to 2.4% year-over-year at the end of September, some multi-year contracts still reflect the cumulative impact of previous increases • Interest rate target of 2% from Bank of Canada by the end of 2025 (2.25% as of the end of October)
Growth	<ul style="list-style-type: none"> • 25,000 new residents expected by 2031 - infrastructure growth contributes to higher utility, maintenance and contractual costs to provide municipal services
Legislation	<ul style="list-style-type: none"> • Personnel minimum wage and collective agreements • Blue Box Transition Program • Focus on accelerating planning approvals and housing starts

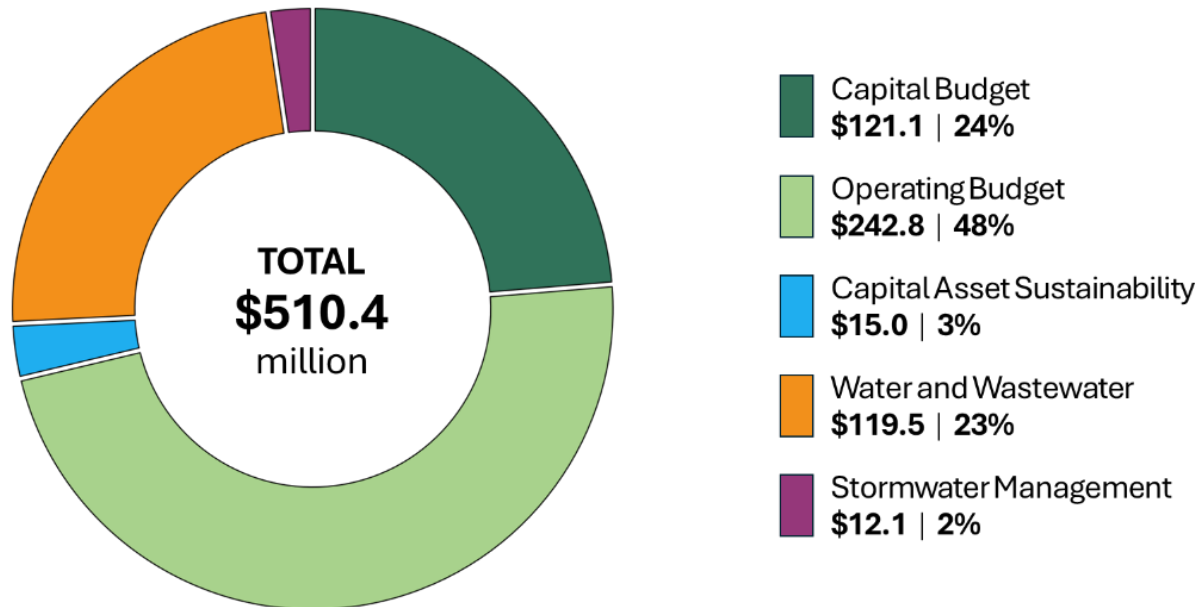
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Influential Factors	2026 Budget Impact
Lower increase compared to outlook	<ul style="list-style-type: none"> • 2025’s budget process showed a 5.61% tax rate increase forecasted for 2026 (4.11% general, 1.5% Capital Asset Sustainability) • Through fiscal responsibility, operational efficiencies, and mitigating measures, the proposed budget is 3.46%
Mitigating Strategies	<ul style="list-style-type: none"> • Repurpose vacant positions where possible and defer staffing requests. Only 4 staffing requests are included in the 2026 Operating Budget, in comparison to the 42 projected • Alignment with actual financial trends from 2024 and 2026 corporate and divisional priorities • Prolong Public Works Enhancement Program funding phase in from 8 to 10 years and new fire fighters funding phase-in from 5 to 7 years • Utilize Tax Rate Stabilization Reserve for one-time budget impacts such as non-recurring studies • Maximize revenue opportunities through the cost recovery portion of User Fees with a 2% indexing, and increased overhead recoveries from non-tax supported programs • Reviewed process changes for opportunities to generate revenues and efficiencies. For example, implementing a year-round Sports Dome through installation of air-conditioning units

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F. Consolidated Budget

There are many individual budgets that make up the consolidated budget. The City's budget is comprised of the following components:



G. Operating Budget

The operating budget is comprised of the two separately funded budgets, tax-supported and rate-supported.

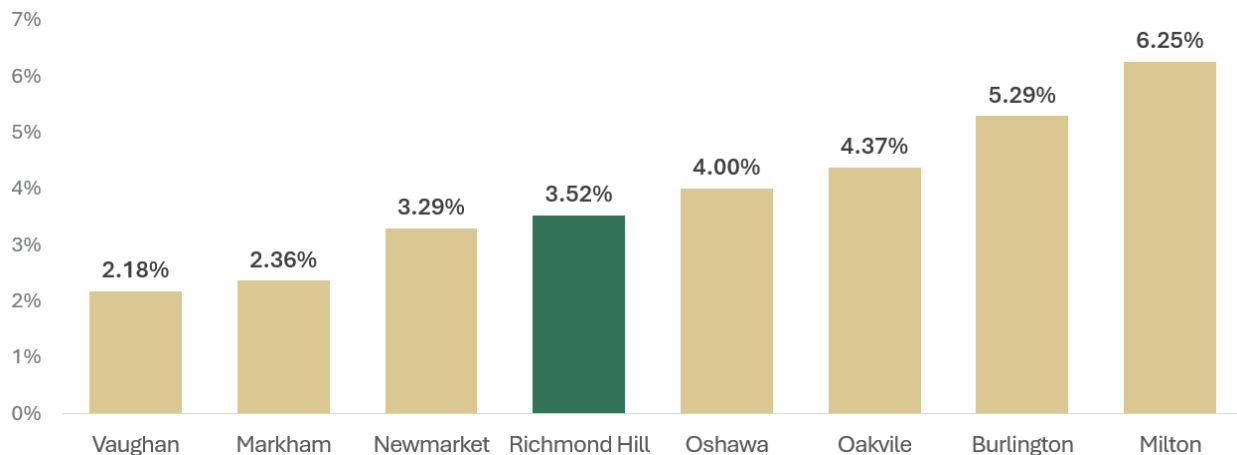
Operating Budget – Tax-Supported

The tax-supported operating budget funds essential City services like road maintenance, fire and emergency services, parks, libraries, and waste collection. Any shortfall between expenses and revenues results in a tax levy increase. The City remains committed to maintaining infrastructure in a state of good repair, and to support this objective, a 1.5% Capital Sustainability Levy has been implemented to ensure adequate funding for future capital requirements.

Municipal Tax Rate Comparison

Richmond Hill's historical property tax rate is comparable to those of neighbouring and similarly sized municipalities. Over the past five years (2021 to 2025), the City's **average annual tax rate increase**, including the **Capital Asset Sustainability Levy**, was **3.52%**. This places Richmond Hill in the **lower half** of the municipalities shown in the graph below.

Five-Year Average Tax Rate Increase (2021 – 2025)



It's important to note that this comparison is provided for informational purposes only. Municipalities operate under different conditions—such as resource availability, community priorities, and stages of development—which influence their tax rate decisions. For instance, a growing municipality may experience higher tax rate increases than one in a more established phase of its lifecycle.

In Richmond Hill, the average property tax rate includes a **Capital Asset Sustainability Levy**, set at a **1.5% tax rate equivalent since 2024**, and **1.0% annually from 2016 to 2023**. This levy supports long-term infrastructure renewal and helps ensure the City can maintain and replace capital assets in a sustainable manner.

Other municipalities may choose not to implement a similar levy, reflecting differences in financial strategies and local priorities. While approaches to capital sustainability vary, the shared goal remains to manage tax rate increases responsibly while planning for future infrastructure needs.

Operating Budget – Rate-Supported

The rate-supported budgets funds water, wastewater, and stormwater services and are funded mainly through user fees paid by residents, maintained separately from the tax-supported budgets. These budgets help keep our pipes, water treatment, and drainage systems working properly. The 2026 budget follows Council's approved financial plans from 2024, which outline future rate increases. These increases are needed to build savings and make room in the budget for future financing requirements, so we can continue maintaining our systems in good condition.

Operating Budget Highlights

The 2026 Operating Budget continues to advance Council's 2024 – 2027 Strategic Plan pillars. Key highlights include:

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Pillar 1: Growing a livable, sustainable community

- Provide new amenities at Bayview Hill Park, including a splashpad and a seasonal outdoor ice rink
- Accelerate development application review and approvals to enable more housing options for the City

Pillar 2: Focusing on People

- Strengthen respectful and collaborative relationships with Treaty Partners through ongoing dialogue and shared commitments
- Expand library programming – creative studio and science, technology, engineering and math
- Install air conditioning units to keep the Sports Dome comfortable and accessible for residents year-round

Pillar 3: Strengthening our Foundations

- Launch a property tax portal so taxpayers can conveniently manage and pay their tax bills online
- Strengthen digital infrastructure through targeted investments in cybersecurity and data protection
- Roll out a comprehensive customer service strategy to improve responsiveness and resident satisfaction
- Provide reliable call management services to support residents after regular business hours

H. Capital Budget

The capital budget funds long-term investments in infrastructure which include roads, facilities, parks, water systems, and other assets that enable growth and maintain service levels. Grounded in the City's Official Plan and aligned with Council-approved priorities capital projects can often span multiple years and require significant planning and coordination. In 2026, residents can expect the following capital investments:

- Targeted investments in essential pipes, roads, and crossings to support growth and maintain service reliability.
- Ongoing coordination with Metrolinx on the Yonge North Subway Extension, ensuring municipal readiness for future transit expansion.
- Facilities are upgrading across the City to keep public spaces safe, modern, and accessible for all users.
- Flood mitigation and ecosystem protection projects help the City adapt to extreme weather and preserve natural assets.
- New and revitalized parks and outdoor spaces that enhance recreation, community gathering, and access to nature.

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Together, these investments strengthen Richmond Hill’s foundations, delivering tangible benefits today while preparing the City for the years ahead.

Financial Implications

The total 2026 Draft Budget is \$510.4 million including all the tax-supported, rate-supported and capital budgets.

A. Tax Supported Operating Budget

The City’s 2026 Draft Operating Budget (Appendix “A”) proposes a combined 3.46% property tax rate increase to fund a \$2,760,900 increase toward operations (1.96% tax rate increase) and a \$2,111,300 increase towards capital asset sustainability (1.50%).

Municipal Impact of the Tax Rate Increase to the Residential Taxpayer

MPAC updates property assessments every four years, with changes phased in over the following four. These updates don’t affect total municipal tax revenue, as tax rates are adjusted annually to maintain consistent revenue. However, individual tax bills may vary based on how a property’s assessment compares to the municipal average.

The last update occurred in 2016, with phased implementation from 2017 to 2020. The 2020 reassessment was postponed due to COVID-19 financial pressures, and no new timeline has been announced.

The current value assessment value for the average single, detached residential property in Richmond Hill remains at \$1.146 million for 2026, same as the prior year, and this property would see an annual impact of \$42.78 on the municipal portion of the tax bill as a result of the proposed budget increase. In addition, the average residential property owner will see an increase on their tax bill of approximately \$32.74 attributed to the Capital Asset Sustainability Levy.

The below table highlights only the City’s portion of the average single, detached residential property’s tax bill along with the associated 2026 Operating Budget tax levy increase.

Estimated Annual Impact	Property Tax	CAS Levy	Total City Portion
2025 Annual Bill	\$2,182.62	\$202.22	\$2,384.84
Annual Budget Impact	42.78	32.74	75.52
2026 Annual Bill	\$2,225.40	\$234.96	\$2,460.36

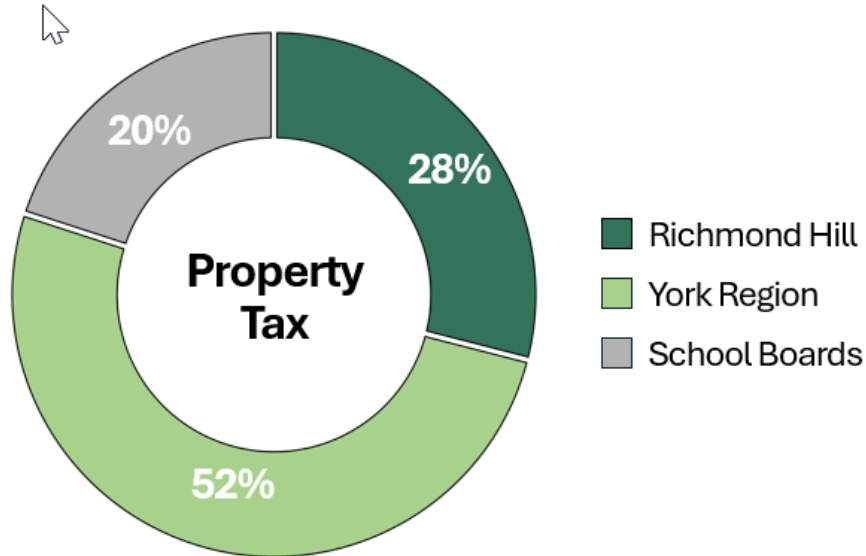
Property Tax Distribution by Municipal Services

Richmond Hill collects property taxes for the City, York Region, and the Province. City taxes fund local programs and infrastructure, while regional and provincial portions support broader services like transit, policing, health, and education. From the overall tax bill, York Region represents 52%, the school boards represent 20% and the City of

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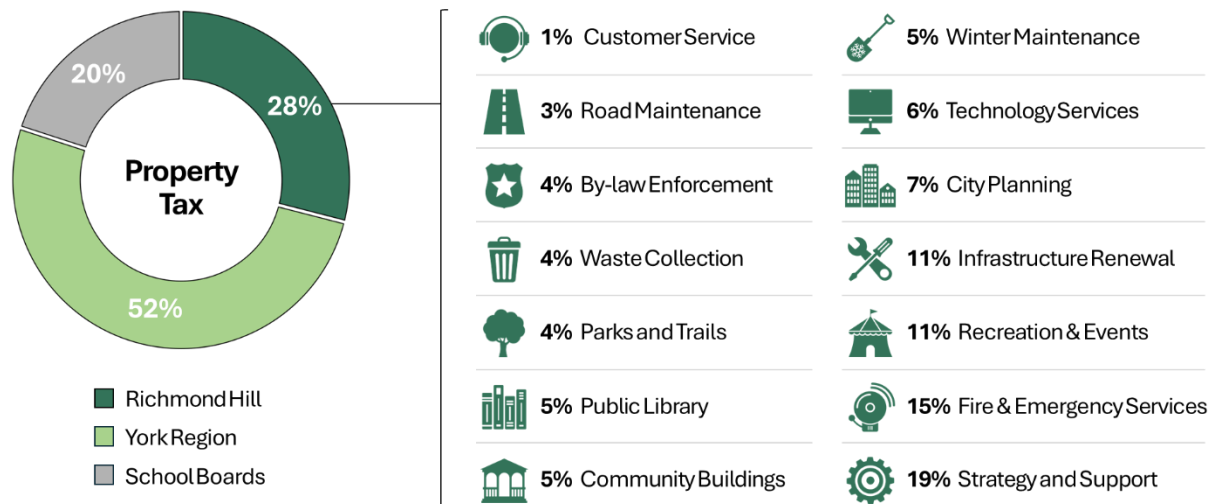
Richmond Hill represents 28%. Actual shares vary based on the property type, assessment changes, and regional tax ratios.

Tax Bill Distribution



The portion of taxes paid towards City services are allocated to service areas as illustrated below.

Richmond Hill Property Tax Distribution



Operating Budget Pressures

The City's 2026 operating budget represents strong fiscal responsibility and strategic planning while prudently managing residents tax dollars in order to keep the community safe, responding to residents evolving needs, renewing vital infrastructure and creating new spaces for the community to gather. At the core is the foundation of maintaining service levels for day-to-day operations. Prudently managing inflationary costs including

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collective bargaining agreement settlements, contract costs and operational pressures while identifying efficiencies and savings helps offset base pressures. Legislated and annualization pressures are also necessary to existing service levels but are separately highlighted as they are reflective of external governmental/regulatory influences and prior year Council approved decisions, respectively. The final layer of the budget building process is related to growth and service level enhancements, which are incremental costs from providing the same/enhanced levels of service to a growing community. A high-level breakdown of the operating budget by the various budget pressures is presented below.

3.46% Tax Rate Increase = 1.96% Operating + 1.50% Capital Asset Sustainability

Base	Legislated	Annualization	Growth/Service Enhancements	Capital Asset Sustainability
\$3.29 million	\$0.12 million	\$0.32 million	(\$0.97 million)	\$2.11 million
2.34%	0.09%	0.22%	(0.69%)	1.50%

Base Budget (2.34%): Net increase of \$3.29 million, driven by \$9.1 million in expenditures offset by \$5.8 million in revenues.

- **Expenditures:** \$7.5 million increase in personnel costs due to collective agreements, contract increases for election related costs, parking, fire services, and animal control. Transfers to other funds increased by \$0.79 million for development fee recoveries. Efficiencies from adjusted facility use and reduced reserve reliance offset some of the pressures.
- **Revenues:** \$4.7 million increase from user fees, fines, Payment-in-lieu of Taxes, and leased office space. \$1.6 million relates to reserve draws for election and permit cost recoveries and a \$0.5 million decrease in grants/donations due to reduced Safe Restart and third-party funding. The Safe Restart funding is now fully depleted.

Annualization (0.22%): An increase of \$315,000 for full-year costs of 12 staff approved from 2025.

Legislated (0.09%): An increase of \$122,500 due to minimum wage increases and impact from the Blue Box Transition as the City no longer collects recyclables from single family homes and multi-unit residential buildings.

Growth (-0.69%): A \$970,000 net decrease to the budget and supports expanded services. Includes three full-time staff, a contract to full-time staff conversion (\$245,700), \$486,000 for phased-in programs (Public Works Enhancement, Firefighters), the new Bayview Hill Park splashpad and seasonal skating rink, enhanced tree pruning program, and reserve-funded consulting projects. Year-round operations at the Richmond Green

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Sports Dome is anticipated to bring in \$453,200 additional net revenues and assessment growth of 1.1% adds \$1.57 million tax revenues.

Library Budget: The Richmond Hill Public Library's net budget is \$10.29 million, increasing \$581,400 due to personnel collective agreements, converting one Library Technician from contract to full-time staff, IT, security, and collection costs, partially offset by school board funding. The library's budget impact is included in the operating budget sections of this report.

Proposed Taxation Revenue

Total taxation revenue is comprised of four components:

- a) Assessment Growth
 - b) Supplementary Taxes
 - c) Budget related increases
 - d) Capital Asset Sustainability Levy
- a) Assessment growth is the result of an increasing number of assessable properties and structures within the City. The taxation revenue assessment base will grow by 1.13% for 2026 resulting in additional taxation revenues of \$1.57 million for the City. The Municipal Property Assessment Corporation (MPAC) updates the property assessment values that are used to calculate the total assessment growth.
- b) Supplementary taxes are generally related to new properties or properties that have had alterations or improvements that were not reflected on the previous interim or final billing. The supplementary tax revenues are budgeted at \$1.0 million in 2026 and represent a \$457,300 decrease from prior year due to lower than anticipated occupancy rates.
- c) Budget related increases net to \$2,760,900 and are summarized by the overall changes to operating expenditures and revenues.
- d) Capital Asset Sustainability Levy recognizes the long-term funding challenges for tax-supported capital investments. Council adopted the Capital Asset Sustainability Strategy as part of the 2016 Operating Budget. The Capital Asset Sustainability Levy (CASL) is applied to support maintaining capital assets in a state of good repair (SOGR). Beginning in 2024, Council approved an increase to the CASL to 1.5% tax rate equivalent. The 1.5% will continue through the 2026 Operating Budget, as approved as part of the 2026 Operating Budget Strategy. The 2026 increase will generate an additional \$2,111,300 contributing to a total budget of \$15,036,500 for future capital asset funding.

Senior Tax Assistance Grant

The City provides a Senior Tax Assistance Grant for qualified senior homeowners. To be eligible, the individual must have been a Richmond Hill resident for at least one year

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prior to the date of application and in receipt of the Guaranteed Income Supplement as provided under the Old Age Securities Act (Canada). In 2026, the grant has been indexed and will be set at \$454 per eligible applicant.

B. Rate-Supported Operating Budget

Rate-supported operations include the Water and Wastewater Budget as well as the Stormwater Management Budget. Unlike municipal services funded through the property tax rates, rate-supported services rely on user rates and fees to cover their costs. The budgets are based on the principles of the Financial Plans approved in 2024, to incrementally increase rates to support capital sustainability.

Water and Wastewater

For 2026, the Water and Wastewater Draft Budget increased by \$ 15.3 million as detailed in Appendix “B”. The budget includes a 6.1% retail rate increase, a 3.3% wholesale rate hike, and expanded reserve contributions for asset replacement, and increased operational support for water and wastewater services.

Personnel costs increased by \$234,400 due based on the terms of collective agreements. Non-personnel costs increased by \$15.1 million, driven by a \$3.2 million increase in water purchases from the Region 20,972,400 cubic metres in 2026 compared to 20,742,300 cubic metres in 2025), reflecting a 3.3% wholesale rate hike, and \$11.7 million in reserve contributions for infrastructure funding. An additional \$124,000 was transferred to the Operating Fund to reflect staff time spent on water-related activities.

User rate revenue increases are a result of the proposed 6.1% retail rate hike effective April 1, 2026, generating \$5.6 million in water billing revenue. Transfers from reserves increased by \$9.6 million to support infrastructure needs, including contributions to the Watermain Repair and Replacement Reserve Fund. Additional recoveries include \$56,000 for splash pad operations and \$29,000 for stormwater-related activities.

Stormwater Management

The 2026 Draft Stormwater Management Budget (Appendix “C”) proposes a 50% increase to the Stormwater Management Rate, effective April 1, 2026. Charges are calculated based on site area and average impervious surface by property type, ensuring equity and administrative efficiency.

The rate increase aligns with the Stormwater Management Financial Plan and is expected to generate \$4.02 million in additional revenues. Transfers to the Operating Fund decreased by \$182,000 due to resource shifts from Water and Wastewater Services. Meanwhile, \$4.1 million will be transferred to the reserve fund for capital infrastructure, and \$29,000 to the Water and Wastewater Fund for personnel adjustments under the new CUPE Local 905 collective agreement.

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The 50% rate increase supports full funding of stormwater asset replacement. Past deferrals since the 2013 fee implementation have led to mounting capital needs, increasing the risk of system failures and future rate spikes. Inflation, updated asset assessments, and climate change have further intensified funding requirements. The rate increase enables the City to proactively manage aging infrastructure, improve system resilience, and meet evolving regulatory and environmental standards. By investing now, the City can avoid more costly emergency repairs in the future and ensure the long-term sustainability of stormwater services for the community.

Appendix “D” shows the 2026 Water and Wastewater Services Rates and Stormwater Management Rates.

Total Annual Impact per Residential Household

Combined with the other levels of government and the rate-supported impacts, the total annual budget impact to the average residential household in Richmond Hill is \$369.62. This is based on an average current value assessment of a single detached residential property of \$1,146,000, annual water and wastewater usage of 170 cubic metres, and an average residential property with property area of 7,024 square feet.

The total household bill will increase by 3.89%, equivalent to \$ 30.80 per month or \$1.01 per day, as illustrated below:

	Richmond Hill	Region of York	School Board	Property Tax Sub-total	Water and Wastewater	Stormwater Management	Total
Annual Increase	3.46%	4.22%	0.00%	3.05%	6.10%	50.00%	3.89%
2025 Average Bill	\$2,384.84	\$4,307.39	\$1,753.38	\$8,445.61	\$940.41	\$106.43	\$9,492.46
2026 Average Bill	\$2,460.36	\$4,489.16	\$1,753.38	\$8,702.90	\$999.18	\$159.99	\$9,862.07
Annual Impact	\$75.52	\$181.77	\$0	\$257.29	\$58.77	\$53.56	\$369.62

Reserves and Reserve Funds Budget

Appendix “E” provides an overview of the transfers to and from Reserves and Reserve Funds that are included in the 2026 Budgets

Resolution to Exclude Amortization and Post-Employment Expense Budgets

Accounting regulations require municipalities to report on financial statement expenses traditionally not included in the operating budget. Ontario Regulation 284/09, Budget Matters – Expenses, allows the City of Richmond Hill to continue to budget on a basis other than based on accounting regulations, and exclude amortization and post-employment benefits related expenses. Before adopting a budget that excludes such expenses, Council must pass a resolution on a report (Appendix “F”) that outlines the impact to the accumulated surplus, and the impact on the future tangible capital asset funding requirements of the municipality.

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Three-Year Financial Outlook

One of the City’s budget principles relates to detailed long-term and short-term planning. The multi-year financial outlook is one of the planning tools used by Council and staff. The provision of a multi-year financial outlook ensures that Council is provided with a financially prudent forecast of the future implications of decisions made in the present day. The table below provides an updated operating financial outlook based on the proposed 2026 Draft Operating Budget and Three-Year Financial Outlook for 2027-2029. The schedule assumes that:

Tax rate pressures shown for each year are approved and incorporated into the base revenues of the next year; No surpluses/deficits are expected.

The City’s base budget outlook includes inflationary and growth pressures, as well as a factor on non-tax revenue growth of 2.7% per year from 2027 to 2029, reflecting the projected inflationary pressure on the expenditures. Assessment growth aligns with high level projections used in the 2024 Development Charges Background Study. The assumptions are forecasted at 2.09% for 2027, 1.96% for 2028 and 1.92% for 2029, compared to actual assessment growth of 1.13% in 2026 and 0.8% in 2025.

The Three-Year Financial Outlook for 2027-2029 (Appendix “G”) forecasts future tax levy increases as outlined below:

Three-Year Outlook	2026	2027	2028	2029
Operations	1.96%	3.57%	2.87%	2.48%
Capital Asset Sustainability	1.50%	1.50%	1.50%	1.50%
Tax Rate Increase	3.46%	5.07%	4.37%	3.98%

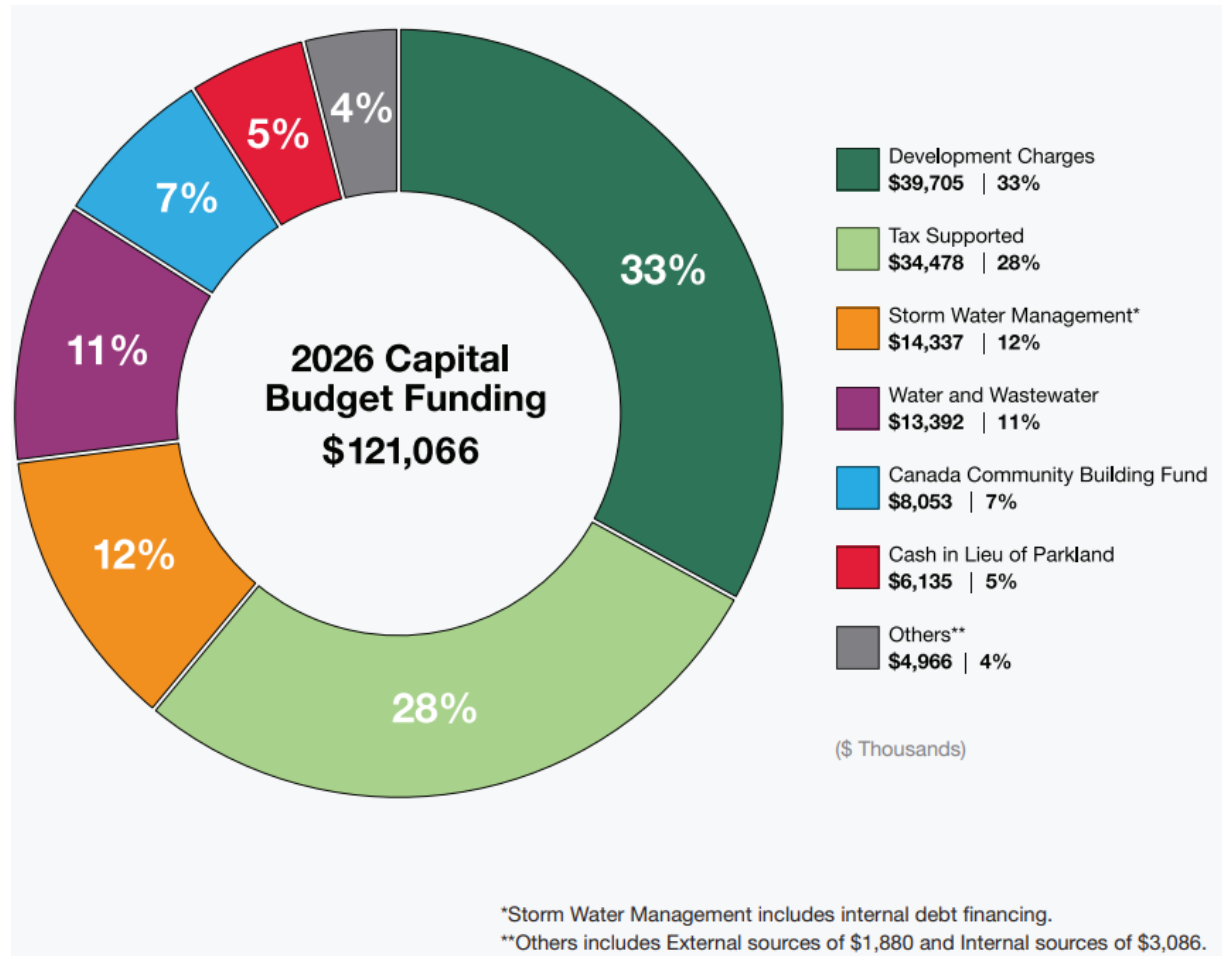
The City’s three-year financial outlook considers rising costs due to inflation and the needs of a growing population. As more people move to Richmond Hill, the City must cover the added costs of maintaining new roads, parks, and facilities, as well as delivering services tied to key initiatives like the IT Strategy, Fire Master Plan, and service enhancements. These costs are partially offset by increases in the non-tax revenue growth of 3% per year from 2027 to 2029, reflecting the projected inflationary pressure on expenditures, as well as increases in the tax revenue base due to assessment growth, estimated at 2% during the forecast period.

C. Capital Budget

The 2026 Draft Capital Budget (Appendix “H”) of \$121.1 million reflects a rigorous annual plan that aligns capital investments with the City’s priorities, makes the most of internal and external funding sources (Appendix “I”), and addresses both growth and asset renewal needs. Projects are carefully evaluated based on their strategic importance, regulatory requirements, and available funding, with a focus on delivering

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reliable municipal services and supporting future growth. For 2026, the largest contributions come from Development Charges at \$39.7 million, followed closely by Tax Supported Reserve Funds at \$34.5 million. Importantly, the budget stays within the established funding guidelines approved as part of the 2026 Budget Strategy, ensuring financial responsibility while meeting community needs. The allocation of funds for the 2026 Capital Budget is outlined below:



In 2026, the City is investing over \$121.1 million across a diverse range of priorities:

- **Roadway System & Connectivity:** The City is investing in major reconstructions to ensure safe, reliable transportation and utility services. Key projects include:
 - Vogell Road Extension & Rouge River Bridge – \$6.6M
 - Performance Drive Rouge Crossing – \$2.7M
 - Enford Road Rehabilitation – \$2.0M

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- **Parks and Outdoor Recreation:** Investments in parks and public spaces promote active lifestyles and community well-being. Key projects include:
 - Dave Barrow Civic Square – \$6.3M
 - North Leslie East Community Park (Heron View Park) – \$5.4M
- **Stormwater and Environmental Resilience:** The City aims to strengthen environmental resilience and flood protection through rehabilitation and infrastructure upgrades. Key projects include:
 - Pomona Creek Garden Avenue Rehabilitation – \$3.2M
 - South Richvale Sewer Protection – \$1.5M
- **Water and Wastewater Infrastructure:** Reliable water and wastewater systems are essential to public health and growth. Key projects include:
 - Sanitary & Water Improvement projects (various locations) – \$9.0 M
 - Maple Grove Avenue Reconstruction – \$1.4M
- **Digital Infrastructure and Innovation:** Modernizing digital systems to improve service delivery and resident access. Key projects include:
 - City-wide IT upgrades – \$4.4M
 - Smart Traffic Technology – \$0.4M

Through careful planning and responsible financial management, the City ensures that tax dollars are directed to projects that matter most supporting safe roads, vibrant parks, modern facilities, and resilient infrastructure for all residents.

Despite this rigorous process, funding constraints led to the deferral of approximately \$32.9 million in projects to 2027 or later. These deferrals reflect fiscal realities while allowing the City to maintain service levels and address long-term infrastructure needs. Deferred projects will be reconsidered in future budget cycles as resources permit.

Capital Budget Authority (CBA)

Capital Budget Authority (CBA) as outlined in Appendix “J” is the financial commitment for a capital project that often spans multiple years. It enables the City to plan and deliver a multi-year Capital Budget that supports infrastructure and service commitments. CBA ensures projects can progress through design, construction, and asset purchases, accounting for necessary lead times.

As part of the 2026 Capital Budget development process, staff reviewed previously approved Capital Budget Authority (CBA) projects and identified two projects where allocations were reduced. A total of \$2.6 million will be returned to respective funding sources reflecting updated project timelines as per the construction schedules which are significantly influenced by developers and regional partners. This approach reinforces the City’s commitment to prudent financial management and ensures that resources are directed toward initiatives that best support current and future delivery objectives.

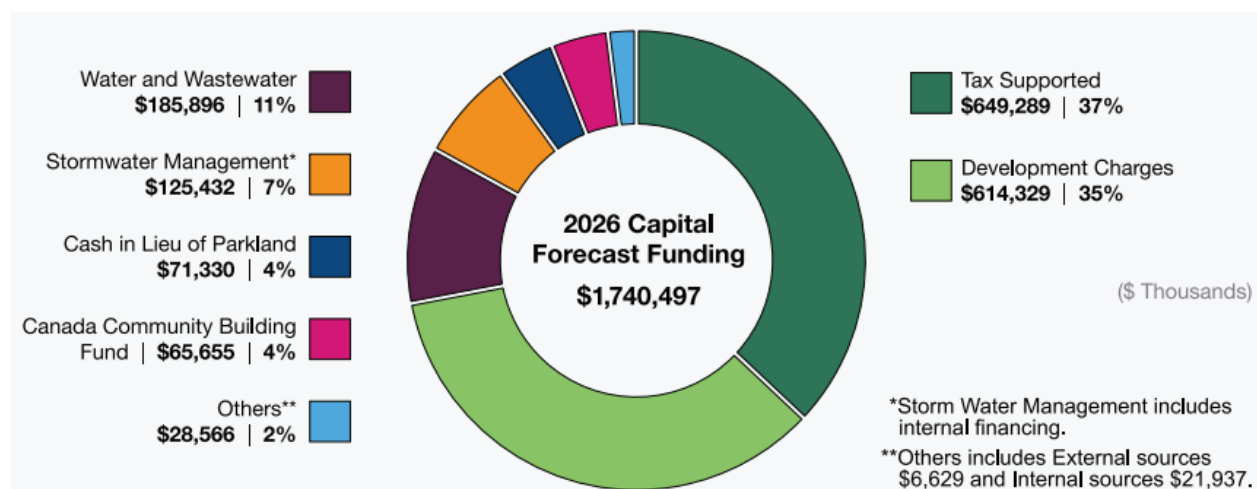
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Grant-Contingent Capital Projects

The City also proactively seeks grant funding for capital projects that align with Federal or Provincial priorities such as housing, climate action, accessibility, and recreation. Eligible projects (listed in Appendix “K”) are tracked and prepared for timely submission as grant opportunities arise, if grant funding is secured, these projects will be added to the 2026 Capital Budget, with City contributions allocated as needed to maximize investment in the community.

Capital Forecast (2027-2035) and Impact on Reserve Funds

Richmond Hill’s capital forecast (Appendix “L”) is updated annually to reflect growth, asset management needs, and evolving service levels. The funding allocation for the Capital Forecast is highlighted below:



Tax Supported Reserve Funds: These reserve funds are the largest contributor, primarily supporting state of good repair projects. Funded through Council’s approved 1.5% Capital Sustainability Levy and other contributions from the operating budget that are expected to cover approximately \$649 million in capital expenses over the forecast.

Rate Supported Reserve Funds: These funds finance water, wastewater, and stormwater infrastructure. From 2027 to 2035, \$186 million is allocated for water and wastewater projects, and \$125 million for stormwater management. Sustainability is maintained through rate adjustments approved by Council.

Development Charges Reserve Funds: These are used to fund growth-related infrastructure such as new parks, facilities, and road networks, these reserve funds are forecasted to contribute \$614 million. However, future revenues may be impacted by legislative changes, requiring the City to explore alternative funding strategies.

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Cash-in-Lieu of Parkland: This source supports the acquisition and development of new parkland and amenities, with \$71 million forecasted from 2027 to 2035. Legislative changes may also affect future contributions from this source.

Canada Community Building Fund (CCBF): This federal grant program supports eligible infrastructure projects, including roads, active transportation, recreation, and stormwater. The City anticipates \$66.0 million in funding from CCBF, subject to the continuation of the program and project eligibility.

Fiscal Strategy

Richmond Hill's 2026 Fiscal Strategy emphasizes long-term financial sustainability by strategically managing the 10-year Capital Plan and reserve fund balances to meet both current and future needs. While the forecast aligns with Council priorities, rising costs, economic uncertainty, and evolving provincial legislation are expected to create funding pressures. The 2026 capital forecast reflects a spending rate more than the City's historical average, highlighting the need for proactive financial planning.

Staff will continue to review and assess the timing and scope of planned capital works, update key assumptions, explore funding and financing alternatives to ensure long-term financial sustainability.

These actions aim to keep priority projects moving forward and ensure the City continues to deliver essential services and infrastructure that support our community today and into the future.

Relationship to Strategic Plan 2024-2027:

The City's 2026 Budget reflects a strong alignment with **Pillar 3: Strengthening our Foundations**, emphasizing evidence-based, data-driven decision-making to ensure long-term financial sustainability and broader social, environmental, and economic resilience. These efforts also advance **Pillar 1: Growing a Livable, Sustainable Community**, through investments in infrastructure that enhance quality of life, connectivity, safety, and mobility.

Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Appendix A: 2026 Operating Budget
- Appendix B: 2026 Water and Wastewater Budget
- Appendix C: 2026 Stormwater Management Budget
- Appendix D: 2026 Water & Wastewater Rates and Stormwater Management Rates
- Appendix E: 2026 Reserve and Reserve Fund Transfers in the Operating Budget

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- Appendix F: Compliance Report under O. Reg. 284/09, Budget Matters – Expense
- Appendix G: 2027–2029 Financial Outlook
- Appendix H: 2026 Capital Budget
- Appendix I: 2026 Capital Budget Funding Sources
- Appendix J: 2026 Capital Budget Authority
- Appendix K: 2026 Capital Budget Contingent on Grant Funding
- Appendix L: 2027–2035 Capital Forecast

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Report Approval Details

Document Title:	SRCFS.25.040 - 2026 Draft Budget.docx
Attachments:	<ul style="list-style-type: none">- Appendix A - 2026 Operating Budget.pdf- Appendix B - 2026 Water and Wastewater Budget.pdf- Appendix C - 2026 Stormwater Management Budget.pdf- Appendix D - 2026 Water and Wastewater Rates and Stormwater Management Rates.docx- Appendix E - 2026 Reserve and Reserve Funds Transfers in the Operating Budget.pdf- Appendix F - Compliance Report under O. Reg. 284-09, Budget Matters – Expense.docx- Appendix G - 2027 to 2029 Financial Outlook.docx- Appendix H - 2026 Draft Capital Budget AODA.pdf- Appendix I - 2026 Draft Capital Budget Funding Sources.pdf- Appendix J - Draft Capital Budget Authority.pdf- Appendix K - 2026 Draft Capital Budget Contingent on Grant Funding.pdf- Appendix L - Draft 2027-2035 Capital Forecast.pdf
Final Approval Date:	Nov 4, 2025

This report and all of its attachments were approved and signed as outlined below:

Gigi Li - Nov 3, 2025 - 5:53 PM

Sherry Adams - Nov 4, 2025 - 8:45 AM

Darlene Joslin - Nov 4, 2025 - 11:01 AM