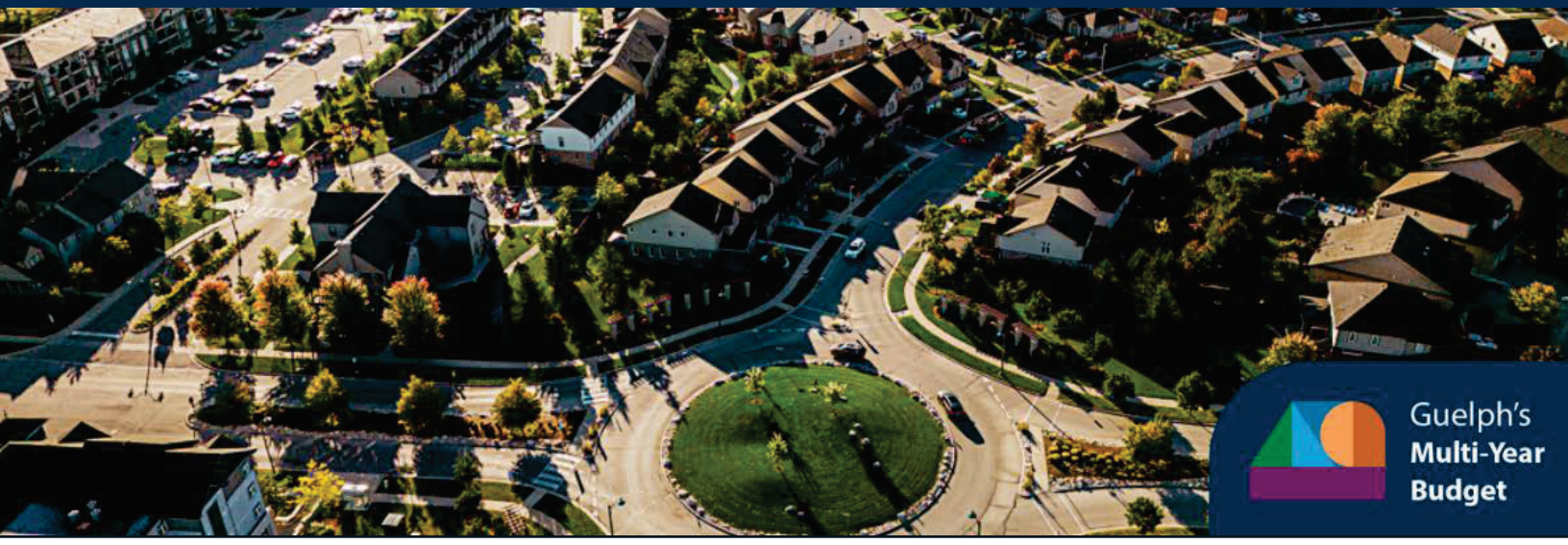


Printable 2026 Budget Update



Guelph's
Multi-Year
Budget

2026 Budget update

- Budget Summary..... 4
 - Guelph’s Budget Story 5
 - Key takeaways 7
 - Risks and considerations 7
 - Opportunities..... 7
 - Future Guelph Strategic Plan alignment..... 7
 - Foundations 7
 - City Building 8
 - Environment..... 8
 - People and Economy 9
 - Background..... 9
- Economic overview 10
 - Macroeconomic outlook update 10
 - Interest rate environment 11
 - Inflationary outlook..... 11
 - Consumer Price Index (CPI)..... 11
 - Non-Residential Building Construction Price Index (NRBCPI)..... 12
 - Tariff related cost pressures..... 12
 - Economic Activity..... 12
- Operating budget..... 13
 - Tax-supported operating budget 14
 - Base budget/inflationary 16
 - Operating impacts from capital..... 17
 - Growth 19
 - Service enhancements 19
 - Community Benefit Agreements 20
 - Service reductions 21
 - Council respectful requests 22
 - Mayor budget enhancements 23
 - Capital Transfers 23
 - Assessment growth revenue 23

Hospital Support	24
2026 user fee update.....	24
Non-tax-supported budget	25
Water, wastewater, and stormwater rates.....	25
Base and Inflationary Impacts.....	26
Operating impacts from capital.....	27
Growth and rate growth revenue	27
Service enhancement	27
Capital transfers	27
Ontario Building Code Administration (OBCA)	29
Parking services	30
Courts Services.....	30
Capital budget.....	31
Background.....	31
2026-2035 Capital budget and forecast.....	31
Capital budget investment by year.....	32
Capital budget investment by program of work.....	33
Changes to 2026 through 2028, by program of work.....	34
Master plan progress in the 10-year budget and forecast	40
Priority Capital Investments	54
State of good repair.....	54
Facilities: Replacement, growth and service enhancement.....	55
Asset Management Plan and Levels of Service	56
Shaping Guelph and the OPA	57
Growth by asset type.....	59
Growth by Secondary Plan Areas	62
Municipal Service and Financing Agreements	64
Capital Program Resourcing Strategy	65
Special funding sources	65
Canada Community-Building Fund	65
Provincial Transit Funding – Dedicated Gas Tax Program.....	66
Transportation Reserve Fund	66
Special Own-Sourced Revenues.....	67

Capital Grant Funding	67
Operating impacts from the capital budget	68
Long-term financial strategies	71
Funding Strategy Overview	71
Infrastructure Renewal strategy	73
Sustainable funding level.....	74
Tax support for the Infrastructure Renewal Strategy	76
Rate-supported Infrastructure Renewal Strategy funding	77
Growth Strategy	80
Development charges	80
Tax-supported revenues.....	83
Service Enhancement Strategy	85
Brownfield Renewal Strategy	88
100 Per Cent Renewable Energy (100RE) Strategy	88
Long-term financial tools	91
Reserves and reserve funds.....	91
Debt strategy	97
Local boards and shared services	102

Budget Summary

The 2026 budget marks Guelph’s second confirmation year within the 2024–2027 multi-year budget (MYB) cycle. It reflects the City’s continued commitment to strategic investment and responsible financial planning, while carefully balancing the needs of a growing community with affordability pressures and sound fiscal stewardship.

The Mayor’s 2026 Draft Budget Update includes the following tax and water utility rate increases:

Table 1 2026 draft City services tax levy requirement

Levy type	2026 Forecast	2026 Update	2027 Forecast	2028 Forecast	2029 Forecast
Tax levy – City services	4.51%	3.17%	4.31%	3.67%	3.26%
Tax levy – Guelph General Hospital (GGH)	0.21%	0.21%	(0.20%)	0%	0%

The median residential property value for a single-family detached home in 2025 is \$410,000. The City services and hospital levy increases for the average residential property tax bill, based on the 2025 median assessment and [2025 tax policy](#) is estimated in Table 2.

Table 2 Estimated tax impact on the median residential property

Levy type	2026 Forecast	2026 Update
2025 annual tax - median residential property	\$5,103.27	\$5,103.27
Annual City service tax increase over prior period	\$230.16	\$161.77
Annual GGH tax increase over prior period	\$10.72	\$10.72

The overall increase to the utility rate supported services (water, wastewater, and stormwater) for the average residential customer is outlined in Table 3.

Table 3 Residential rate impacts

Rate type	2026 forecast (\$ millions)	2026 forecast rate impact (%)	2026 update (\$ millions)	2026 update rate impact (%)
Rate – City services	\$9.1	9.82%	\$9.3	10.14%

The average three-person household consumes 180 cubic meters of water in a year and has a property with an average impervious area of 188 square meters. The residential rate impacts to the average residential bill are identified in Table 4.

Table 4 Average residential bill impact

Average Residential Monthly Impact	2026 forecast	2026 update
Increase to the average residential household per month	\$9.33	\$9.63

Guelph’s Budget Story

Municipal governments, including Guelph, are navigating increasingly complex challenges, including housing affordability, social issues, tariffs, and economic uncertainty stemming from changing global trade dynamics. In the absence of a more progressive Provincial-Municipal fiscal framework, these pressures, compounded by frequent legislative changes that have shifted more financial responsibility for growth enabling infrastructure onto property taxpayers, continue to strain the City's ability to deliver services and invest in infrastructure in a financially sustainable way.

While the high inflation of 2021 to 2023 seems long ago, the City’s budget is still catching up with its impacts through the renewal of multi-year collective bargaining agreements. In addition, the recent tariff driven cost escalations for automotive parts continue to put pressure on expenses. Maintaining and enhancing essential services that residents and businesses rely on while striving for affordability requires difficult decisions, such as deferring capital investment, extending the service life of existing assets, and proposing service level reductions. While these are challenging conversations, this ongoing fiscal balancing act reflects the City's commitment to meeting community needs while safeguarding our community’s long-term financial sustainability.

The Mayor’s draft 2026 Budget Update reflects three key themes:

1. Investments and value for our community

The 2026 budget includes key investments that reflect the City’s commitment to delivering value for the community and supporting long-term growth including:

- Transit service enhancements (route 98 expansion, affordable bus pass digitization, activation of digital signs, seniors and youth ride free programs).
- Two additional paramedic shifts.
- The opening of the new South End Community Centre.
- Increased investment in seniors' services, waste diversion, and community climate change leadership.
- Next Generation 911, bringing Guelph faster, smarter emergency response.
- Continued investment in information technology to safeguard and enhance our digital environment, while laying the foundation to support future advanced technologies.
- Major capital investment in growth enabling infrastructure, high priority asset renewal, transit electrification and expansion.

2. Responding to slower growth

In response to lower projected revenues from development charges (DCs), Ontario Building Code permits, utility rate growth, this budget responds to slower growth by:

- Deferring capital and operating investments.
- Preserving capital investments that enable city-wide growth and/or serve both growth and renewal objectives simultaneously.
- Leveraging the Municipal Service and Financing Agreements policy to move infrastructure forward if developers are ready ahead of our fiscal capacity.

3. Base budget changes

The 2026 base budget reflects a range of considerations including:

- Compensation adjustments – inflationary catch-ups for renewed collective bargaining agreements and rising costs associated with supporting the mental health and workplace safety of our frontline emergency service professionals.
- Fleet pressures - aging vehicles and increasing parts and labour costs (including tariff impacts).
- Savings from elimination of the carbon tax and administrative optimization decisions.
- Service level reductions to balance the needs of our growing community with affordability pressures. Service reductions proposed in the draft budget include: reduced funding for 100 per cent renewable energy initiatives; removal of winter maintenance for on-street bike lanes; reduction in service levels related to asset condition and maintenance, environmental policy planning, cultural services; and a reduction in funding for Council training. In addition, the draft budget proposes new and increased fees and/or fee hours for finance, parking and solid waste services.

Key takeaways

Risks and considerations

- After many years of detailed budget analysis and baseline adjustments, the budget is tighter than ever, and there is less capacity to absorb unplanned in-year impacts.
- Low contingency reserve balances increase the City's vulnerability and decrease flexibility to phase-in new pressures.
- Timing uncertainty for recovery of development activity and the related revenue and reserve impacts including tax assessment growth which is at risk of being lower than the budgeted assumption for 2026.
- Continued growth revenue uncertainty from frequent legislative changes and increasing complexity of administering development charge collections from frequent changes.
- Deferred capital state of good repair work continues to put pressure on operating budget through increased maintenance costs.
- Uncertainty around the world: tariffs, conflicts, and shifting geopolitical alliances are driving some costs up and are in some cases diverting staff capacity from the delivery of core municipal services.

Opportunities

- Continued strategic approach to grant management, pursuing all opportunities offered by the federal and provincial governments.
- Ongoing engagement in strategic advocacy with federal and provincial governments to highlight challenges and promote high impact investments they can make in municipal services.
- Continue to leverage prioritization criteria to make data driven budget recommendations to Mayor & Council.

Future Guelph Strategic Plan alignment

Implementation of the [Future Guelph Strategic Plan](#) remained an important factor in determining priorities for the 2026 budget update. However, as the City balances progress toward Council's objectives with affordability pressures, the pace of implementation in some areas continues to be slowed. Similar to the 2025 confirmed budget, further prioritization of initiatives within the Future Guelph Strategic Plan occurred and focused on areas of the plan tied to housing, affordability, and core infrastructure renewal.

The following provides more details related to investments and impacted initiatives as part of the 2026 draft budget update:

Foundations

- Supporting staff wellness through investment in occupational health and safety.

- Maintaining investments in core information technology renewal to support accountability through improved cyber-security, data-driven decision making, and process efficiencies. However, investments to modernize privacy and information management have been delayed.
- Funds for Advisory Committees of Council reimbursements and training are included to support City governance.
- Continuing to prioritize infrastructure investment as part of the capital budget update. Assets associated with higher risks and those directly associated with new housing development were maintained, while others were deferred out of the 2026 to 2028 period due to low DC collections. As the asset management backlog continues to be a challenge, service interruptions resulting from asset condition may occur more frequently.
- Maintaining existing investments in the implementation of the equity lens, but a planned expansion was shifted to a future year.
- Continued focus on pursuing external funding opportunities (grants) to offset financial pressures and deliver on priorities within the Strategic Plan.

City Building

- Investment in policy and technology initiatives that support housing and infrastructure and help enable new housing starts continue to be prioritized for 2026. This includes an increase to the affordable housing reserve transfer, the upgrade of the biosolids facility at the Water Resource Recovery Centre, Verney Booster Pumping Station upgrades, and the reconstruction of Wyndham Street North which will support growth in the downtown.
- Implementation of the Recreation and Trail Master Plans remains slowed as part of capital prioritization, but an increase in City investment for the community-led, City-supported Guelph to Goderich Trail enhancements has been added.
- The construction of the Baker District Library and Parkade and the South End Community Centre are on track and expected to open in late 2026.
- Taking a balanced approach to Transportation System investments – while advancing the objective of “making it easier to get around” this budget prioritizes transit system investments while slowing cycling and active transportation programs of work. Transit investments in 2026 include implementation of the Guelph Transit Future Ready Action Plan through Route 98 – Speedvale enhancements beginning in September 2026; digitization of subsidy applications which will help streamline the process for the affordable bus pass; the seniors and youth ride free programs piloted in 2025 have been made permanent; and digital signs approved through previous capital budgets will be activated.

Environment

- The City continues to invest in climate adaptation and mitigation, including major investment in the Guelph Transit and Fleet Services facility that enables continued electrification and expansion of the transit fleet and a new investment

for community climate leadership. However, capital funding that was dedicated to support other City corporate energy projects has been eliminated.

- Investment in stormwater management is focused on the highest risk areas across the city such as the Exhibition Park neighbourhood. The Exhibition Park Neighbourhood Infrastructure Improvements Program is a body of work that will address aging water, sanitary, and stormwater infrastructure and will upsize undersized watermain and sanitary sewers to support growth. It will also add stormwater infrastructure to alleviate localized flooding at and around the intersection of Division and Exhibition Street. The program is being implemented in nine phases to deliver the full solution. Construction for Phase 1 will begin in 2026, with funding for Phase 2 construction and Phase 3 design also included in the 2026 budget. This program is expected to continue throughout the full 10-year forecast.

People and Economy

- There are continued investments in emergency services to support the City in meeting its response times with two additional paramedic shifts and the city-wide implementation of the provincially mandated Next Generation 911 dispatch system.
- Continued progress towards implementation of the Downtown Infrastructure Renewal Plan with construction beginning on Wyndham Street North and design work beginning on Macdonnell Street Reconstruction and Macdonnell Bridge and Allan's Structure beginning in 2026. Other downtown investments include investments to sustain enhanced security and bylaw response in the Downtown area.
- Renewed and expanded Community Benefit agreements to enhance services for seniors, waste reduction, and supports for vulnerable individuals and businesses.

Background

The 2024-2027 multi-year budget (MYB) was the City's first four-year budget and it was built to advance the objectives of the Future Guelph Strategic Plan. The Municipal Act requires that if a municipality passes a MYB, they must "readopt" the budget for every second or subsequent year, either in the year that the budget applies, or in the preceding year. The budget confirmation process, which includes reviewing, updating, and confirming the budget, is the mechanism for readoption in the City's [Budget Policy](#).

The City's budget process is separated into two parts, with the first part focused on the City services budget (including consideration of the hospital levy), and the second part focused on the LBSS budgets. The focus of these materials is the City services budget and the LBSS budgets will be discussed by Council on December 17, 2025. The Local Boards and Shared Services page on Guelph.ca/budget will be updated to include LBSS budget materials in early December.

In November 2023, Guelph's 2026 budget was initially approved with a tax levy increase for City Services totaling of 5.90 per cent compared to 2025. The 2026 budget forecast was updated through the 2025 budget confirmation process, and at that time, Guelph's 2026 City services tax-supported budget increase was forecast at 4.51 per cent over 2025. The hospital levy of 0.21 per cent was reserve funded in both 2024 and 2025 and therefore the tax levy impact will be realized in 2026.

On April 1, 2025, Mayor Guthrie issued a [Mayoral Direction](#) asking staff to prepare a budget, for presentation to the Mayor, with a City services property tax impact of no more than 2.5 per cent, highlighting what must be removed to get to that target, and also outlining what would be added back to get to a 3.5 or the existing 4.5 per cent tax levy impact.

Through the 2026 budget update process, City staff have:

- Reviewed and updated base budget/inflationary pressures for changes that occurred since the 2026 forecast was developed.
- Reviewed all operating impacts from capital to identify savings opportunities.
- Reviewed growth and service enhancement investments included in the 2026 forecast in accordance with the budget prioritization criteria.
- Developed and presented the Mayor with options for consideration to reduce the tax levy through service reductions.
- Updated DC collection assumptions and made corresponding updates to the capital budget and the debt strategy to maintain a fully funded capital budget and forecast.

We invite you to visit the rest of the pages on the 2026 budget update website to dive into the details.

Economic overview

A comprehensive [Economic Overview](#) was prepared as part of the 2024 – 2027 multi-year budget. The information below focuses on what has changed since fall 2024, based on the most current information available while preparing the budget materials.

Macroeconomic outlook update

The Canadian economy has faced uncertainty amid geopolitical shifts, particularly changes in U.S. fiscal and trade policy and their cascading effects. This has affected several key areas including interest rates, inflation, and general economic activity, which are discussed separately below. This information is prepared at a point in time in a rapidly changing economy therefore the discussion is focused on the changes that have occurred to date rather than the expected economy in 2026.

Interest rate environment

The Bank of Canada's overnight interest rate (policy rate) forms the basis for what the market will pay for short-term debt and investments. As of September 2025, the overnight rate is 2.50 per cent, a decrease of 1.75 per cent from September 2024. Further, this is a 2.50 per cent decrease compared to the previous 5.0 per cent high in October 2023. While further interest rate changes are possible, they are expected to occur gradually, reflecting a transition toward a more stable monetary environment that supports long-term planning as economic conditions continue to evolve.

For the City, the policy rate has the largest direct impact on short-term investments and debt issuances. Lower rates reduce returns on High Interest Savings Accounts and new short-term GIC purchases, while also lowering borrowing costs for the short-term portion of new serial debenture issuances. For long-term debt, the impact is less direct, as borrowing costs are driven by government bond yields rather than the policy rate.

Government bond yields are closely monitored throughout the year because of the effect on the cost of borrowing on new City debenture issuances. The yield curve of the Government of Canada bonds is steeper than a year ago, which means the cost of borrowing on debentures maturing over the next five years is lower, but higher on maturities greater than five years. As noted in the [debt strategy](#), future debt requirements assume a 20-year repayment term, and future debenture issuances may be for 10 or 20 years, depending on what is most advantageous in the market at the time. Any 10-year debenture issuances would require refinancing of the residual balance in 10-years' time, which introduces both risk and opportunity depending on the rates available at the time of refinancing. In future debenture issuances, staff will seek to balance opportunities for lower borrowing costs that may be possible through 10-year issuances with a refinancing requirement, and 20-year issuances which bring interest rate certainty. Bond yields are highly volatile and the City remains flexible on the timing of debenture issuances to minimize the cost of borrowing while maximizing flexibility in capital planning.

Inflationary outlook

The Bank of Canada has a target of 2 per cent inflation, the mid-point of its target range of 1 – 3 per cent. The City tracks two key inflationary indicators: Consumer Price Index (CPI), and Non-Residential Building Construction Price Index (NRBCPI).

Consumer Price Index (CPI)

The latest inflationary data at time of writing was released in September 2025. At that time, inflation was 1.9 per cent for August 2025, comparable to inflation from last year at 2 per cent in August 2024. The Bank of Canada forecasts inflation to remain around 2 per cent in 2026 and 2027, suggesting a more predictable cost

environment for the City. However, sector-specific pressures could still create cost increases with the ongoing tariff policies and supply chain volatility.

Non-Residential Building Construction Price Index (NRBCPI)

NRBCPI is reported quarterly, and the latest published data was 4.2 per cent, which reflected the increase from second quarter of 2024 to second quarter of 2025 (down from 6.5 per cent in the previous year). This decrease suggests that escalations to construction costs are slowing but remain well above CPI of 1.7 per cent. For the City, this means capital projects continue to face cost pressures despite inflation stabilizing, and that a larger portion of annual budgeted increases in capital funding are dedicated to maintaining versus gaining ground toward closing the infrastructure gap. Higher construction costs also impact housing development and affordability as noted below.

Tariff related cost pressures

At the time of writing, Canada is currently exposed to an estimated average tariff rate of 5 per cent, with certain sector-specific tariffs reaching up to 25 per cent when falling outside the Canada-United States-Mexico Agreement (CUSMA). These tariffs have contributed to significant price increases in some areas, most notably vehicle repairs and maintenance. The overall tariff related impact is difficult to isolate, as the City typically purchases finished goods where tariff costs are embedded in vendor pricing throughout the supply chain. Staff are carefully monitoring trade policies and looking for alternative suppliers for automotive parts with significant price increases as an effort to mitigate impacts and maintain cost efficiencies.

Economic Activity

As outlined by S&P Global Ratings in the [2025 Credit Rating update](#), “Guelph benefits from a strong and diverse economic base” and expects the local economy to “continue to perform in line with Canada’s [economy]”. Canada’s GDP in the second quarter of 2025 declined by 1.6 per cent due to a significant decrease in exports and business investment. Given concerns around a weakening Canadian economy, the Bank of Canada [lowered the overnight lending rate](#) in September 2025.

In Guelph, residential and non-residential construction activity slowed in 2024 and the first half of 2025. The impact on the City has been realized through lower-than-expected Development Charge (DC) collections, building permit revenue and assessment growth. These impacts are discussed in greater detail throughout the budget web materials. With a decrease in the overnight rate in September 2025, construction activity could improve in 2026, however, uncertainty remains as GDP projections indicate slow growth.

Operating budget

Municipalities are required to deliver a balanced budget. The budget is the tool that determines how much money (or revenue) is needed to provide services to the community. The operating budget is funded by different revenue streams, and funds for capital work are also raised through the operating budget. The City’s operating budget is split into two parts: City services, which is under the direct control of the Mayor and Council, and Local Boards and Shared Services (LBSS), which are governed by independent Boards as defined through their governing legislation.

On this page, you can find information about the City Services operating budget. There is a separate page for LBSS that will be populated in early December before those budgets are presented to Council.

Table 5 and Table 6 highlight the gross operating costs and operating revenue sources that bring the City’s budget to a balanced state.

Table 5 City-services gross operating costs by type (\$ millions)

Expense type	2025 Confirmed	2026 Forecast	2026 Update	Annual change 2025 to 2026 Update
Salary, wage and benefits	218.7	232.3	235.7	17.0
Purchased goods	38.6	41.3	39.5	0.9
Purchased services	47.2	49.0	48.1	0.8
Long-term debt charges	12.3	12.3	16.6	4.4
Government transfers	2.4	2.3	2.7	0.3
Other transfers	7.0	6.6	6.7	(0.3)
Financial expenses	3.5	4.0	3.5	0.0
Transfers to reserves	137.7	148.0	146.5	8.8
Total costs	467.4	495.8	499.3	31.9

Table 6 City-services gross operating revenue by type (\$ millions)

Funding source	2025 confirmed	2026 forecast	2026 update	Annual change 2025 to 2026 update
Taxation	229.8	249.5	244.4	14.6
Supplementary and other taxation	7.4	7.5	7.5	0.1
User fees and utility rates	138.4	151.1	153.5	15.1

Funding source	2025 confirmed	2026 forecast	2026 update	Annual change 2025 to 2026 update
Product sales	2.5	2.5	2.6	0.1
Licenses and permits	6.3	6.5	4.2	(2.1)
Interest and penalties	7.9	7.9	7.9	0.0
External recoveries	17.5	18.6	19.2	1.7
Grants	37.0	36.7	37.3	0.3
Reserve fund transfers	20.6	15.6	22.7	2.1
Total operating funding	467.4	495.8	499.3	31.9

Tax-supported operating budget

Property taxes fund approximately half of the City’s budgeted expenditures. Services that are fully or partially funded by property taxes make up the “tax-supported operating budget.”

The draft 2026 Budget Update was prepared in alignment with the [Mayoral Budget Direction 2025-B7](#), with the objective of balancing community affordability with the investments needed to maintain core service delivery in a growing city and advancing the [Future Guelph strategic plan](#).

The 2026 budget was originally adopted by Council in late 2023 as part of the 2024 – 2027 Multi-Year Budget and included a City Services tax levy increase of 5.90 per cent.

Through the 2025 Budget Confirmation process completed in late 2024, the 2026 forecast was updated to reflect a City Services tax levy increase of 4.51 per cent. This increase includes:

- Base budget/inflationary impacts – the cost of continuing to deliver the services currently provided by the City for our community.
- Growth investments to continue to maintain service levels for our growing community.
- Service enhancement investments that increase service levels for the whole community.
- Operating impacts from capital - some growth and service enhancement investments are related to capital investments made through 2025 and prior capital budgets.
- Service reductions – disinvestments in services, decreased service levels, or increased fees for service that reduce property tax.
- Capital funding – transfers to the City’s capital reserve funds that then fund the capital budget and forecast. These transfer assumptions were updated as part of the 2025 Budget Confirmation process.
- Respectful requests from Council for budget investments that were included as part of the 2025 Budget Confirmation.

Through the 2026 budget update process, City staff have:

- Reviewed and updated base budget/inflationary pressures for changes that occurred since the 2026 forecast was shared with Council in November 2025.
- Reviewed all operating impacts from capital to validate timing of project completion and the need for the operating budget to maintain fiscal accountability.
- Reviewed growth and service enhancement investments included in the 2026 forecast in accordance with the budget prioritization criteria and a lens of affordability.
- Developed options to reduce the tax levy through service reductions and service efficiencies.

Staff assessed proposed investments and divestments using the following prioritization criteria:

- **Creation of new housing units**
The services directly required to enable more housing (water, wastewater, stormwater and roads).
- **Meeting legislated and regulatory requirements**
Investments to meet legislative requirements including maintaining standards in emergency service response, health and safety, and minimum winter road maintenance standards.
- **Risk of disinvestment**
Investments where disinvestment or deferral carries a high or very high level of financial, regulatory or public risk. The risk assessment was aligned with the Enterprise Risk Management framework.
- **Public impact**
Where possible, prioritizing investments where disinvestment is deemed to have a significant impact to the residents based on existing service levels and expectations.
- **Future Guelph Strategic Plan**
Items that meet the above criteria and additionally demonstrate the ability to advance the goals of the Future Guelph Strategic Plan in a measurable way. Table 7 breaks down the 2026 investment in City services by investment category, as well as the net change from the forecast to updated 2026 tax levy impact.

Table 7 Breakdown of the City services investment and tax impact for 2026 (\$ millions)

City services	2026 Forecast	2026 Update	Change from 2026 Forecast to update	2026 Update tax Levy Impact (%)
Base budget inflationary	7.3	8.0	0.7	2.28
Operating impacts from capital	5.4	4.0	(1.4)	1.13
Growth	(0.5)	(0.7)	(0.2)	(0.20)
Service enhancement	0.0	0.0	0.0	0.00
Service reduction	(0.3)	(3.3)	(3.0)	(0.95)
Council respectful requests	1.7	0.5	(1.3)	0.13
Mayor's budget enhancements	0.0	0.6	0.6	0.17
Net impact before capital funding	13.7	9.0	(4.7)	2.56
Capital funding	4.8	4.8	0.00	1.38
Net impact before assessment growth	18.5	13.8	(4.7)	3.94
Assessment growth revenue	(2.7)	(2.7)	0	(0.77)
Total City tax impact	15.8	11.1	(4.7)	3.17
Total City tax impact (%)	4.51%	3.17%	(1.33%)	3.17
Guelph General Hospital Levy	0.21%	0.21%	(0.00)	0.21

*may not add due to rounding

The following is an overview of what is included in each category for the draft 2026 Budget Update, and what changed from the 2026 forecast that was prepared through the 2025 budget confirmation process.

Base budget/inflationary

The base inflationary tax levy impact is 2.28 per cent or just over 70 per cent of the City tax levy increase is driven by rising costs to deliver the same level of service.

The City operates with a lean budget and a focus on limiting the inflationary impacts as much as possible through continual contract renewal and negotiations, efficiency and innovation.

Investments included in the 2026 Budget Update:

- Updated revenues in Culture and Recreation, Environmental Services, Clerks, and Finance to reflect current sales volumes and service levels.
- Guelph Transit revenue increase based on higher ridership and anticipated growth in the Upass program and [Transit Fare Strategy](#).
- Increased investment in building repairs & maintenance for city-owned assets to address additional pressures due to aging infrastructure.
- Inflationary adjustments for employee compensation and benefits, utility costs, fuel, vehicle repairs and maintenance, operating supplies, and software maintenance to maintain service delivery levels.

Changes from the 2026 forecast:

- Compensation and benefits: Further compensation adjustments of \$2.9 million to account for inflationary catch-ups tied to renewed collective bargaining agreements and rising costs associated with supporting the mental health and workplace safety of our frontline emergency service professionals (net impact of \$710 thousand after provincial funding and County contribution for paramedics costs).
- Fuel and utility savings of \$1.9 million resulting from the federal government's removal of the consumer federal carbon tax on April 1, 2025.
- Fleet repair and maintenance costs increase of \$1.8 million due to market uncertainty, supply chain disruptions, and the impact of current and proposed tariffs.
- Savings on corporate agreements and renegotiated contracts, including \$355 thousand in corporate insurance and mobility savings.
- Savings from operational efficiency review and historical trend analysis of \$1.9 million.

Operating impacts from capital

Investments included in the 2026 Budget Update:

- \$1.1 million staffing investments in the South End Community Center (SECC) to align with a fall 2026 opening date.
- \$314 thousand reduction to the phase-out of time-limited capital transfer to the Service Enhancement reserve fund under the Baker District operating cost phase-in strategy, with operating investments related to the Baker District opening included in other categories.
- \$1.4 million increase in the IT budget to support long-term ERP program needs, corporate point of sale software, and other investments essential to maintaining the City's IT infrastructure.
- \$882 thousand Transit investment for Route 98 Speedvale Phase 1 enhancements commencing in September 2026, bus shelter maintenance, and

activation of digital signs, as well as the phase-in of transit route enhancements implemented in 2025.

- \$422 thousand increased investment in solid waste for a growth packer operator and related operating costs for the packer, collection carts, and downtown public space waste container collection.
- \$200 thousand additional investment in Fire Services for the NG-911 dispatch phone system for software maintenance.
- \$173 thousand investment in operations for fuel, maintenance and resourcing to support the operation of one growth tandem salter/sander and sidewalk plow.
- \$40 thousand investment in parks for operating costs to maintain additional km of trails and maintenance for new parks including mowing, trimming, garbage removal, minor repair and regular inspections.

Changes from the 2026 forecast:

- \$538 thousand increase to plan request 000848 Funding for South End Community Centre - Additional increase in SECC staffing investments based on updated operational plan to have staff hired and trained when the SECC opens in 2026.
- \$230 thousand reduction to plan request 001016 Baker District - Phase-in strategy was updated from the 2026 forecast to align the phase-out of temporary capital funding under the phase-in strategy with the timing of adding resources to support the 2026 opening of the Baker District.
- \$192 thousand reduction to plan request 001359 and IT0063 IT Corporate Point of Sale Software - Removal due to a duplication of operating impact related to Point of Sale Software and program realignment.
- \$77 thousand reduction to plan request 001360 Data Quality Analyst - Resource was deferred to 2027.
- \$50 thousand increase to plan request 001559 JDE – Licensing expansion which is an inflationary increase to annual licensing costs for the City’s financial and HR system of record.
- \$174 thousand reduction to TC0095 – Transit IT software investment and upgrade deferred to 2027 pending completion of an updated technology plan for Transit in 2026.
- \$148 thousand reduction to IT0119 – IT Cloud Infrastructure operating impact reduction in 2026 as \$113 thousand is no longer required and \$35 thousand was deferred to 2027 based on timing of capital project completion. \$117 thousand reduction to IT0120 – Data Warehouse Infrastructure project cancelled and reported to [Council through the 2024 Year-end Capital Budget Monitoring Report](#).
- \$50 thousand reduction to IT0116 – Modernization for Guelph.ca operating impact was removed from forecast due to a smaller scope of work that is being done in-house. The capital budget included in the 2024 budget was paused on the 2024 Year-end Capital Budget Monitoring Report and the budget was deferred outside the 10 year forecast in the 2025 budget update.

- \$50 thousand reduction to FS0091 Fire Dispatch Phone system NG-911 - Operating impact was reduced to reflect updated cost estimates.
- \$170 thousand reduction to TM0010 – Mobility Van growth operating investment deferred to 2027 to align with new purchase timeline.
- \$195 thousand reduction to TC0072 – Digital signs: Due to reduced scope of project, software maintenance costs have been reduced in total and the amount still required has been phased over two years, with 50 per cent being shifted to 2027. The staff resource associated with this project was moved to a budget request in the Service Enhancement category as the scope of work is more broad but does continue to be required to activate the signs.
- \$456 thousand reduction to TC0092 – Route Review (ICIP-GUE-01) route efficiencies through merging Conestoga Express Route and Route 98 Speedvale Phase 1 enhancements resulted in operational savings while offering expanded stop coverage, full service and increased frequency.

Growth

Investments included in the 2026 Budget Update:

- \$524 thousand in funding for eight additional paramedics and one superintendent. This investment supports growing service demands and ensures continued high-quality emergency response across the City. The investment is funded by the City and County in 2026 with Ministry funding of 50 per cent expected the following year based on the Provincial funding model.
- \$82 thousand increase to strengthen Human Resource and Occupational Health capacity, support employee well-being and organizational resilience.

Changes from the 2026 forecast:

- Capital Plan Resourcing Strategy positions were deferred from 2026 to 2027 resulting in an increase of \$176 thousand due to phasing new staffing roles over multiple years.
- Housing pledge resourcing reduced by \$157 thousand to reflect the current slowdown in building and development activity.
- Deferral of equity program investments to 2027 (\$77 thousand reduction).
- Clerks' Information and Access Coordinator investment deferred to 2027 resulting (\$66 thousand reduction).
- Support technician capacity realignment (\$60 thousand reduction).

Service enhancements

Investments included in the 2026 Budget Update:

- \$280 thousand investment in Bylaw Officers to increase staffing levels and meet growing service level expectations.
- \$80 thousand investment to implement internet voting as an alternative method for the 2026 municipal and school board elections.
- Funding for Community Benefit Agreements to strengthen partnerships and deliver shared outcomes (see further details below).

Changes from the 2026 forecast:

- \$77 thousand deferred to 2027 for Transit Control Centre supervisory capacity investment through prioritization and affordability review.
- \$61 thousand reduction in the 2026 investment for Bylaw Officers as positions originally planned as Security Guards were converted to Bylaw Officers to meet service level expectations and provide revenue generation opportunities to offset a portion of the cost.
- \$66 thousand reclassification in transit technology expertise investment to enhance system performance and support service delivery from operating impact from capital project TC0072 Digital Signs.

Community Benefit Agreements

Community Benefit Agreements (CBAs) support partnerships to achieve key community and City objectives.

Additional CBA investments in the 2026 draft budget update:

- \$210 thousand investment to support downtown businesses and vulnerable individuals through the Welcoming Streets Initiative (one year funding).
- \$62 thousand for Interrupting waste creation through reuse, repurpose, mending and lending (three-year funding).
- \$152 thousand for providing opportunities for active healthy living, volunteering, and support services for seniors.
- \$75 thousand for promoting Guelph's Community Call to Climate Action and activate the community towards our Community Race to Zero goal (three-year funding).

Renewed investments already included in the base budget:

- \$88 thousand for administering subsidies to enable children to participate in recreational and leisure activities through the Free to Grow program.
- \$91 thousand for supporting ongoing development, growth, engagement and promotion of the arts in Guelph.
- \$132 thousand for facilitating collaboration with key organizations in support of substance use issues in Guelph.
- \$61 thousand for providing access to data, and coordination to support evidence-based programs, services, and investments.
- \$10 thousand for supporting the Guelph Sports Hall of Fame through the nomination, selection, public display of inductees.
- \$40 thousand for commemorating Canada on behalf of the City of Guelph by promoting national pride and celebration, animating Riverside Park, and including consideration towards truth and reconciliation.
- \$14 thousand to plan and deliver the annual Waterloo Wellington Children's Groundwater Festival, with the aim of achieving 20% in-person attendance from City of Guelph students.

In addition to the work above, the total amount invested in multi-year CBAs currently underway and included in the base budget is \$2.1 million.

Service reductions

The following service reductions have been included in the draft budget update:

Table 8: Tax-supported service reductions (all numbers in thousands of dollars)

Department	Description	Total budget impact of service change
Operations (Public Works)	Elimination of snow removal services for on-street bike lanes.	650
Operations (Parking)	Increase in Parking revenue from transitioning all City parking lots to 24/7 paid parking, replacing the current Monday to Saturday, 8 a.m. to 6 p.m. model. The increased parking revenue has provided for a corresponding decrease in the tax support for Parking.	300
Operations (Corporate and Community Safety)	Increase Parking fines by \$5.	120
Parks	Reduction in Parks programming, including the elimination of the Park Steward program.	25
Culture & Recreation	Reduction in Museum and Culture programming.	140
Culture & Recreation	Reduction in Market Square and Civic Events programming, including the removal of Movies in the Park, the City's Doors Open and Culture Days programming, and the Artist in Residence program.	65
Culture & Recreation	Reduction in Culture and Recreation Youth Subsidies (included in 2026 forecast).	69
Engineering & Transportation Services	Reduction in asset management programming and initiatives including data analysis and insights, asset maintenance practices, and internal programs that will slow the organization's industry-leading asset management maturity and impact sophistication of developing future budgets. Reduction in active transportation programming and initiatives including discontinuing community events and slowed progress on strategic plan goals related to modal shift, changing community behaviour, and meeting environmental and fiscal sustainability objectives.	254
Facilities & Energy Management	Reduction in the transfer to the 100RE capital reserve fund with a corresponding reduction to capital project GG0261 – 100RE initiatives in the capital budget and forecast for 2026 to 2035.	996
Facilities & Energy Management	Reduction in level of cleaning and meeting/event services provided by corporate building maintenance.	158
Planning & Building Services	Reduction in environmental policy planning.	102

Department	Description	Total budget impact of service change
Environmental Services – Solid Waste	Increase in revenue from an additional \$10 per tonne increase at the public drop-off for mixed waste (in addition to the previously budgeted 2026 increase).	85
Environmental Services – Solid Waste	Adjustment for IDE Solid Waste Blue Box Transition (included in 2026 forecast).	11
Strategic Initiatives and Intergovernmental Services	Removal of Welcoming Streets one-year contract extension (included in 2026 forecast; proposed one year extension included in Mayor’s Budget Enhancements).	202
Finance	New user fees for overdue accounts receivable, moving utility arrears to tax bill, and changing development securities.	110
Mayor & Council	Reduction in Mayor and Council training.	43
Total	Total tax-supported service reductions	3,330

*May not add due to rounding

Council respectful requests

During the 2025 budget confirmation process, Council respectfully requested that the Mayor consider including the following investments totaling just under \$1.7 million (0.48 per cent tax levy impact) in the Mayor’s 2026 Draft Budget Update:

- \$815 thousand to build Beaumont Park (PK0198).
- \$400 thousand to increase the annual transfer to the Affordable Housing reserve (119).
- \$154 thousand to increase annual funding for 100 per cent renewable energy initiatives by increasing the budget for capital project GG0261 by that amount annually.
- \$300 thousand in funding for the Guelph Bicentennial.
- \$50 thousand to enhance support for Advisory Committee of Council members to cover reimbursements and training expenses.

During 2025, additional requests for consideration in the 2026 Budget Update were approved by Council:

- Funding for the expansion of the Private Tree by-law (April 2025).
- Funding for the development of a mixed-use space including an arts and cultural centre in the former Drill Hall (April 2025).
- Funding for daytime shelter services (May 2025).

The following Council respectful requests are included in the draft 2026 Budget Update:

- \$400 thousand increase in the transfer to the affordable housing reserve (119).

- \$50 thousand to enhance support for Advisory Committee of Council members to cover reimbursements and training expenses.

Mayor budget enhancements

The following Mayor budget enhancements are included in the draft 2026 Budget Update:

- \$210 thousand investment to support downtown businesses and vulnerable individuals through the Welcoming Streets Initiative (one year funding), as referenced above under the Community Benefit Agreements summary.
- \$162 thousand increase to transition the Youth Ride Free Pilot and Seniors Ride Free Pilot into a permanent initiative to enhance transit accessibility for youth and affordable mobility for seniors.
- \$128 thousand for the community led, City supported G2G Trail connection between Woodlawn Road and Silvercreek Parkway, improving connectivity and recreational opportunities.
- \$75 thousand investment to promote Guelph's Community Call to Climate Action and activate the community towards our Community Race to Zero goal (three-year funding), as referenced above under the Community Benefit Agreements summary.

Capital Transfers

The capital budget is funded through annual transfers from the operating budget to capital reserve funds. Through the 2025 budget confirmation process, these tax supported transfers were significantly reduced to help lower the tax levy, with future forecasts assuming similar annual increases in capital funding. These assumptions are foundational to the development and maintenance of a fully funded capital budget and forecast.

- The draft 2026 Budget Update invests an additional \$4.8 million over 2025 into tax-supported capital reserve funds.

Assessment growth revenue

Through the MYB, the City has set assessment growth revenue assumptions at 1.15 per cent of the base budget per year. This rate has remained consistent through the 2026 draft budget update, however, at the time of writing this level of assessment growth has not yet been confirmed. Final assessment growth numbers for 2026 will not be known until the late part of November. For 2026 the total assessment growth estimate accounted for in the budget is \$4.04 million. Based on current assessment information from MPAC, a negative variance of approximately \$1.8 million is possible. If assessment growth revenue for 2026 is less than 1.15 per cent, the shortfall will be covered by a transfer from the Growth reserve fund (156) and corrected through the 2027 budget update (i.e., it will increase the 2027 tax levy).

Assessment growth revenue is allocated to City Services and LBSS proportionately with 67 per cent distributed to the City and 33 per cent distributed to LBSS agencies.

The Municipal Property Assessment Corporation (MPAC) has a four-year assessment cycle, however, the 2020 Assessment Update was postponed by the Ontario government due to the COVID-19 pandemic. This means that current property values are based on the 2016 assessment cycle. The date of the next assessment cycle is unknown, but without an announcement in 2025 to date, staff believe it is unlikely to occur for the 2026 taxation year.

Given the slow development activity in 2024 and 2025 to date, assessment growth revenue assumptions for 2027 and future years may require revision through future budget updates.

Hospital Support

In late 2019, the Guelph General Hospital requested funding for capital expansion requirements to address immediate and urgent capital needs. Through the [staff report](#) provided at the time, three capital projects were identified, totaling \$45 million, with a request for the City to contribute 10 per cent of the total project cost, or \$4.5 million. Through the 2020 budget, Council approved the hospital's request to support a \$4.5 million dollar investment over a six-year term to be added to the City's base budget and presented as a separate hospital levy on the tax bill.

Through subsequent budget processes, each year Council chose to fund this commitment from the Tax Rate Operating Contingency reserve (180) instead of adding the hospital levy. While 2026 is the last year of this commitment (\$750 thousand), the continued use of contingency reserves is strongly advised against due to the low level of funds in the tax supported contingency reserves in comparison with target balances. More information about the status of City reserves is detailed in the [Reserve](#) section of the website.

2026 user fee update

The [Revenue Budgeting Policy](#) directs that as costs increase, user fees should also increase proportionately to maintain the appropriate cost recovery ratios based on the assessment of who benefits from the service. The [2026-2027 rates, fees and charges guide](#) can be found on the budget website. On average, 2026 user fees are increasing two and a quarter percent over 2025 rates. Some fees have increased at rates greater than inflation, including:

- To address increasing operational expenses and ensure the continued upkeep of public amenities, rental fees for various parks facilities have been adjusted upward.

- Fees associated with the issuance of tax certificates have been increased to better reflect actual cost pressures and ensure consistency with prevailing market rates.
- Solid Waste Services has increased cart, cart exchange, hourly service, bin repair, and construction mixed waste fees.
- Registration fees for fitness, sport, dance programs, and summer camps have been increased to reflect rising program administration costs.
- Pet license fees have been adjusted to support the continued administration of the program.

New fees introduced in the draft 2026 Budget Update include:

- Fire services fees relating to the cost recovery for utility incidents such as natural gas and hydro, enforcement, fire investigations, and plan reviews.
- A new building rental fee has been introduced for the art and pottery spaces at the West End Community Centre.
- Finance fees for the new Utility Billing and Collections division.
- Engineering fees for site plan inspection and application review of commercial and industrial sites.

Two fee categories experienced reductions: the Affordable Bus Pass program and the Youth Subsidy for recreation facility access. The 2.5 per cent reduction in the Youth Subsidy means that approved youth and school groups will pay higher fees in 2026, as the services provided will be subsidized at a lower rate.

A complete representation of the tax-supported operating budget, by department, as well as the details of operating budget requests are available for review in the [2026 Budget Update dashboard](#).

Non-tax-supported budget

The City's non-tax supported budget is comprised of water services, wastewater services, stormwater services, parking services, Ontario Building Code Administration (OBCA), and court services. Like the tax-supported budget, all non-tax supported budgets were reviewed and updated using the same prioritization criteria. Significant highlights for these budgets are outlined below. Water and wastewater rates also include funding for the City's commitment to the Grand River Conservation Authority, which is part of the LBSS budget that will be presented to Council in December 2025.

Water, wastewater, and stormwater rates

The City's second largest revenue source after property taxes are the collective water, wastewater and stormwater rate revenues. These revenues are charged based on a user fee model; the water and wastewater rates include both a fixed and variable component based on use, while the stormwater rate is charged based on a property's impervious area. These rate services are critical housing-enabling

services that have significant capital asset inventories that are both aging and in need of upsizing to meet Guelph’s increased population and jobs targets.

Table 9 draft 2026 Budget Update rate impact for City Services

Rate type	2026 forecast \$ millions	2026 forecast rate impact	2026 update \$ millions	2026 update rate impact
Rate – City services	9.1	9.82%	9.3	10.14%

The City services portion of the rate includes investment to maintain core service delivery in a growing community in alignment with the [Future Guelph Strategic Plan](#).

Table 10 Breakdown of the City rate services change impact from the 2026 budget forecast to the draft 2026 Budget Update.

Rate Services	2026 forecast	2026 update	Change from 2026 forecast to Update
Base budget inflationary	0.8	0.8	-
Operating impacts from capital	0.1	0.1	-
Growth	(0.1)	0.1	0.2
Service enhancement	1.0	1.0	-
Net operating investment	1.8	2.0	0.2
Capital funding	8.4	8.3	(0.1)
Net impact before rate growth	10.2	10.3	0.1
Rate growth revenue	(1.1)	(1.0)	0.1
Total City rate impact	9.1	9.3	0.2
Total City rate impact (%)	9.82%	10.14%	0.32%

Base and Inflationary Impacts

Investments included in the 2026 Budget Update:

- Inflationary assumptions for compensation and benefit costs, utilities, insurance, fuel, and operating supplies.
- Assumptions for volumetric revenues and Equivalent Residential Units (ERUs)

Changes from the 2026 forecast:

- Additional volumetric revenues in Water and Wastewater for consumption based on most recent information.
- Updated revenues to reflect the current ERUs as the basis for monthly charges in Stormwater.
- Additional revenue from new user fees being implemented related to utility billing.
- Additional compensation impacts from collective bargaining agreements.
- Removal of the federal carbon tax on fuel and natural gas.
- Updates to corporately renegotiated contracts for cellular devices and insurance.

Operating impacts from capital

Investments included in the 2026 Budget Update:

- Phase in of the Water Services Project Manager added in 2025 for the Arkell Carter Management.

There is no change from the 2026 forecast.

Growth and rate growth revenue

Investments included in the 2026 Budget Update:

- Additional fixed, volumetric, and ERU revenue related to growth of \$1 million.

Changes from the 2026 forecast:

- Capital Plan Resourcing positions planned for 2026 were deferred to 2027.
- Growth revenue was reduced by \$100 thousand for updated projections due to the slowing development.

Service enhancement

Investments included in the 2026 Budget Update:

- A resource investment of a Water Distribution Operator to enhance the City's Secondary Disinfection Residual program and ensure regulatory compliance with the Safe Drinking Water Act for the distribution system in line with direction from the Ministry of Environment, Conservation and Parks.
- Resources to implement the utility billing and collection team upon the transition of the function from Alectra Utilities Corporation.

There is no change from the 2026 forecast.

Capital transfers

The draft 2026 Budget Update invests an additional \$8.3 million over 2025 into capital reserve funds.

The draft 2026 Budget Update reflects decreased investment into capital of \$0.1 million compared with the 2026 budget forecast due to a reduction in the transfer to the Stormwater Capital Reserve Fund (359). Further details are available in the [capital budget](#) and [financial strategy](#) sections of this website.

As part of the 2025 budget confirmation [Budget Companion Report](#) recommendations, Council approved staff’s recommendation to assess the long-term capital needs of the water and wastewater services, and the impact on customers of adjusting utility rates between the services to achieve a balanced capital reserve fund forecast for each service.

This work was undertaken in 2025, and the 2026 Budget Update accomplishes the objective of eliminating the deficit in the Water capital reserve fund (152) and reducing the surplus in the Wastewater capital reserve fund (153) by pausing the increases to the Wastewater Capital reserve fund and attributing the forecasted increases to the Water Capital reserve fund to achieve a positive balance in the Water Capital reserve fund by 2032. Further details about the reserve forecasts can be found in the [Infrastructure Renewal Strategy](#). As part of this review, the impact on customers from shifting the capital funding increases to water from wastewater were reviewed and determined to be minimal. Of the over 48,000 metered connections in Guelph, there were 66 locations receiving water only bills (these properties have septic for wastewater service) and 9 locations receiving wastewater only bills (with these properties having private wells for water service). Customers receiving a water only bill would have an average increase of 19.1 per cent in their 2026 water bill, while customers with wastewater only service will see an average increase of 0.3 per cent in 2026.

Water and Wastewater rates include an amount to fund the City’s commitment to Grand River Conservation Authority (GRCA), which is part of the LBSS budget process. The GRCA budget will be included in the LBSS materials for Council approval on December 17, 2025. The average residential billing impact will be updated following the approval of the LBSS agencies’ budgets to include the GRCA impact on budget approval.

The average residential rate impacts over the next four years are provided in Table 11.

Table 11 Average residential rate bill impacts

Rate type	2026 forecast	2026 update	2027 forecast	2028 forecast	2029 forecast
Average Residential Impact	9.82%	10.14%	7.90%	8.06%	5.25%

A four-year average monthly combined increase of \$8.34 for water, wastewater, and stormwater is needed to ensure infrastructure is being maintained in a state of good repair, deliver services to a growing population, meet all requirements of the Safe Drinking Water Act, and put our city in a better position to accommodate more severe and frequent storms.

The water, wastewater, and stormwater user rates are impacted by a multitude of pressures as noted above. The average three-person household consumes 180 cubic meters in a year and has an average impervious area of 188 square meters. From a residential bill perspective, the City portion of the monthly increase to the average household for 2026 is estimated in Table 12.

Table 12 Average residential bill impact

Average Residential Monthly Impact	2026 forecast	2026 update
Increase to the average residential household per month	\$9.33	\$9.63

Ontario Building Code Administration (OBCA)

The City’s Building Services division is responsible for authorizing all building construction and demolition activities in Guelph. The administration and enforcement of these activities are entirely funded through revenues generated from building permit fees.

The OBCA budget is primarily driven by inflationary pressures and the need to maintain core service delivery for a growing population. The 2026 draft budget update includes a revenue reduction, reflecting a slower-than-anticipated pace of new construction compared to the 2026 forecast presented during the 2025 budget update. This slowdown aligns with a broader provincial trend in the home construction industry, with forecasts, including those from the Province of Ontario falling short of expectations, as reported by [CBC News](#), and with actual OBC revenue for the City in 2024 and 2025 to date.

The building slowdown that began in 2024 is expected to continue into 2026, with housing starts forecasted to fall significantly short of original budget projections. The OBC Stabilization reserve fund (188) is intended to help smooth out volatility and uncertainty; however, after drawing from the reserve in 2024 (1.75 million), with another draw anticipated in 2025 (2.6 million), the reserve is expected to be fully depleted by the end of 2026. The projected year-end deficit for the reserve fund in 2026 is estimated at \$963 thousand based on the updated projected revenue and the budgeted draw from the reserve to support OBC operations. Should a deficit occur, interfund borrowing from other reserve funds will be required until it returns to a positive balance.

An in-depth revenue and expense analysis was conducted to update the 2026 budget assumptions, reflecting the slower-than-anticipated building market. Budgeted revenues have decreased by approximately \$2.3 million for 2026, even after factoring in anticipated rate increases. Expense reductions were also implemented, guided by a forward-looking approach that aimed to balance current economic challenges with the expectation of future market recovery, all while striving to maintain current service levels. Going forward, a comprehensive analysis

of the current fee structure, based on present and near-term market conditions, is being conducted internally. Additionally, a third-party consultant will be engaged to perform a fee study and ensure that current practices and assumptions align with the rapidly changing building landscape.

Parking services

The Parking budget was prepared in accordance with the [Downtown Parking Master Plan](#).

A revised parking revenue model has been proposed through the 2026 Budget Update, increasing projected 2026 revenue by \$300 thousand. This adjustment reflects the proposed transition to 24/7 paid parking across all City-owned lots, replacing the previous schedule of Monday–Saturday, 8 a.m.–6 p.m. The increased revenue will offset the tax-based funding currently supporting parking services.

As identified in the Budget Companion Report a review of the parking operating model is recommended to be undertaken as part of the City-Wide Parking Study in 2026.

The 2026 budget update includes a reduction of tax support for parking operations (\$300 thousand). Overall, the operation is funded by a mix of parking revenue (94 per cent) and property taxes (6 per cent) in 2026.

Courts Services

The Provincial Offences Court is responsible for the administrative and prosecutorial processes arising from violations contrary to provincial statutes and regulations, and is fully funded through fines and penalty revenues.

The 2026 Budget Update includes the addition of the new Administrative Penalty System for Automated Speed Enforcement (ASE) and Red Light Camera (RLC) programs. This includes staffing, program administration costs, and software fully offset by additional revenue. This change streamlines fine processing, resulting in increased revenue (\$654 thousand) and an increase in transfers to the Transportation Reserve (164) (\$230 thousand). These funds will support expanded traffic safety initiatives and related capital projects.

At the time of preparing these documents, there is a potential risk that the provincial government may discontinue the Automated Speed Enforcement (ASE) program. If eliminated, this would impact the funding available in the Transportation reserve to implement road safety initiatives and infrastructure improvements.

Capital budget

Background

The 2026-2035 capital budget is a fully funded \$2.5 billion plan focused on renewing the City's \$7.7 billion asset base to maintain a state of good repair and investing in housing-enabling infrastructure to support continued community growth. The 2026 capital budget advances prioritized capital projects including major growth infrastructure, transit electrification and expansion, and community facilities while leveraging dedicated and external grant funding to maximize value for residents.

2026-2035 Capital budget and forecast

The capital prioritization framework developed for the 2025 confirmation along with revenue assumptions based on the information available at the time, resulted in a fully funded capital budget and forecast. Changes to revenue assumptions for the 2026 Budget Update based on slow actual development activity in 2024 and 2025 to date have resulted in lower development charge (DC) reserve fund balances than originally projected. The evolving economic landscape has once again required difficult decisions, including the deferral of several projects outside of the 2026 to 2028 period.

Key growth-enabling projects will continue, supported by positive balances in other reserve funds to offset projected DC shortfalls, and adjustments to the projects that are debt financed under the updated Debt Strategy. Where possible, other growth projects have been deferred, with the option to leverage Municipal Service and Financing Agreements to advance work if developers are ready ahead of the City's revised timing.

To maintain a fully funded capital budget and forecast, deferrals were necessary between 2026 through 2028 budget years. The Capital Prioritization framework was once again utilized to guide decision making during the 2026 Budget Update, ensuring that resources were allocated to the highest priority projects.

Priority projects remaining in the 10-year capital budget:

- Medium or high priority capital projects aimed at maintaining a state of good repair
- Housing-enabling infrastructure in priority areas
- Mandated or legislated projects
- Projects eliminating safety concerns
- Projects with a grant commitment or specific funding source

Many medium priority projects were deferred by one year, shifting those originally planned for 2026 to 2027, 2027 to 2028, and 2028 to 2029.

Priority projects that were deferred in 2025 and continue to be later in the forecast or remain outside the 10-year capital budget:

- Low priority capital projects aimed at maintaining a state of good repair
- Housing-enabling infrastructure outside priority areas
- Amenities that support a growing community
- Service enhancements without a grant commitment

Some additional project deferrals included in this year’s update were driven by staff capacity to deliver with existing resources, project sequencing considerations and procurement timelines.

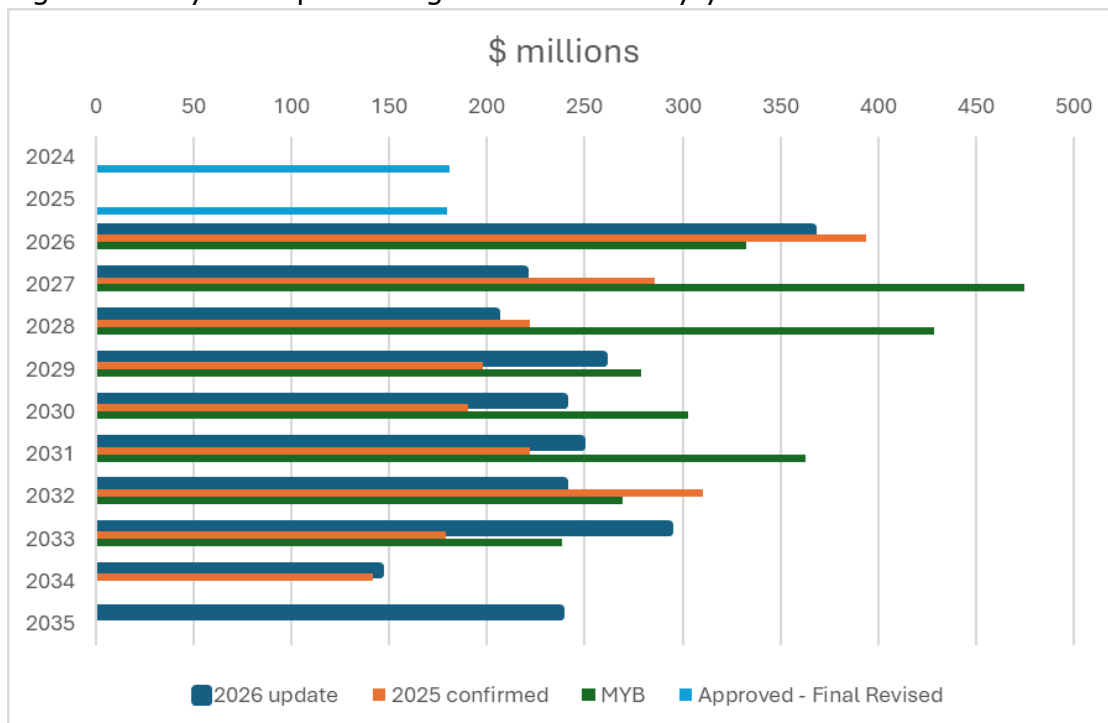
Capital budget investment by year

The 2026 to 2035 capital budget and forecast currently includes a budget investment totaling \$2.5 billion and is distributed over the ten years as presented below in

Figure 1

Significant capital projects such as facility construction and renewal can cause spikes in the annual capital budget. The previous two budgets, including the Council approved budget as adjusted through any in-year budget adjustments reported in the 2024 and 2025 Q2 budget monitoring reports, have remained around \$180 million each. In 2026, the budget reflects a notable increase due to the Guelph Transit Fleet Services (GTFS) construction budget. Excluding the GTFS, the 2026 capital budget represents a modest 1.1 per cent (\$2.0 million) increase over 2025.

Figure 1 10-year capital budget investment by year



Year	MYB	2025 confirmed	2026 update
2024	180.9*	n/a	n/a
2025	227.2	179.8*	n/a
2026	332.5	393.6	366.4
2027	474.9	285.7	218.9
2028	428.6	222.0	204.6
2029	278.6	197.8	259.5
2030	302.8	190.5	239.4
2031	362.7	222.1	248.3
2032	269.2	310.3	239.4
2033	238.3	179.2	292.9
2034	n/a	141.6	145.0
2035	n/a	n/a	237.4

*Final Revised

Capital budget investment by program of work

The capital budget is presented by program of work, which categorizes budget investments by service type. The Water Management program represents the largest share of the 10-year budget, ensuring safe drinking water and wastewater treatment facilities for existing and new residents and businesses. In 2026, the largest investments in this program are the Biosolids Facility Upgrade at the Water Resource Recovery Centre and the Verney Booster Pumping Station Upgrades. The Transportation Network is the second largest, which includes all linear work (road surface, sub-surface, water and sanitary pipes, curbs, sidewalks and boulevards) delivered through comprehensive road reconstruction projects. Key 2026 investments in this program include the reconstruction of Wyndham Street North and the initial phases of the Exhibition Area. Together, Water Management and Transportation Network account for just over 65 per cent of the total 10-year capital investment.

Investment by program of work for 2026 and the 10-year forecast are noted below in Table 13.

Table 13 Capital budget comparison (\$ millions)

Program of work	MYB (2026)	2025 confirmed (2026)	2026 update (2026)	2026 update (2026-2035)
Corporate Facilities, Public Works and By-Law	6.2	6.1	5.3	86.9
Corporate Plans, Programs and Technology	10.5	12.5	4.4	50.1
Culture and Recreation	5.6	2.7	0.7	55.2
Emergency Services	11.8	10.6	6.0	57.0

Program of work	MYB (2026)	2025 confirmed (2026)	2026 update (2026)	2026 update (2026-2035)
Parking and Transit Services	69.6	146.4	194.6	384.1
Parks and open spaces	11.8	11.6	4.1	134.3
Solid Waste Services	2.9	4.9	5.3	77.1
Transportation Network	86.9	78.2	51.0	996.5
Water Management	127.4	120.4	95.0	610.4
Total	332.7	393.4	366.4	2,451.8

Changes to 2026 through 2028, by program of work

The following section highlights key investments and deferrals included in the 2026 budget update for the budget years 2026 through 2028, compared to forecasts presented in 2025 confirmation. Overall, a total of \$111.4 million has been deferred beyond 2028. Many capital projects follow annual work plans, and in most cases deferring or reducing the budget in a given year slows progress but does not stop progress entirely due to the nature of these programs. Through the 2028 to 2031 MYB the balance of the forecast will be reviewed and updated. The strategy in the 2026 Budget Update focused on the first three years in the forecast to present a balanced 10-year capital forecast.

The following section provides an overview of key projects and initiatives, however it is not a comprehensive list. Full details, including project descriptions and timing of budgets, are available in the [dashboard](#).

Table 14 - Comparison 2026-2028 (\$ millions)

Program of Work	2025 confirmed (2026-2028)	2026 update (2026-2028)	Change (2026-2028)
Corporate Facilities, Public Works and By-Law	18.0	17.1	(0.9)
Corporate Plans, Programs and Technology	25.8	14.4	(11.4)
Culture and Recreation	13.0	6.6	(6.3)
Emergency Services	21.2	21.1	(0.2)
Parking and Transit Services	218.9	230.6	11.7
Parks and open spaces	24.7	23.5	(1.1)
Solid Waste Services	20.2	20.8	0.6
Transportation Network	292.6	217.1	(75.5)
Water Management	266.8	238.6	(28.2)
Total	901.2	789.9	(111.4)

Corporate Facilities, Public Works and By-Law

Investments in 2026 through 2028:

- Maintain the City's 70+ facilities assets and equipment in a state of good repair. Key investments focus on the Provincial Courts building, City Hall, and Market Square. These priorities are guided by asset management principles and equipment lifecycle data and include preventative maintenance to reduce costly repairs and defer avoidable replacements. The program also ensures compliance with legislated requirements and supports operational service levels through optimization.

Investments deferred to 2029 and beyond:

- Some space planning work for corporate administration facilities has been deferred.
- Renewal work for the Courts facility was deferred pending a prioritized listing and costing of long-term building envelope needs.

Corporate Plans, Programs and Technology

Investments in 2026 through 2028:

- Advancement of the City's contaminated site program, including work to improve historical landfill properties and the Fountain Street parking lot to protect the environment, adhere to regulatory requirements and reduce the City's contaminated sites liability.
- Continued Planning and Building policy work to support the creation of new housing units, including Zoning Bylaw Amendments, Community Land Use Studies, and Special Policy Area Review.
- Continued work to ensure that growth revenue bylaws (Development Charges, Parkland Dedication, Community Benefits Charges (CBC)) remain current and support the execution of capital plans for housing enabling infrastructure and amenities. The CBC by-law update will now be completed in-house.
- Advanced technology initiatives, including enhancements to critical corporate applications and software, maintenance and modernization of IT infrastructure and hardware, and projects to support and enhance City enterprise data and analytics. This work will help to lay the foundation to support future advanced technologies.
- Digitization of subsidy applications such as the Affordable Bus Pass, Fee Assistance in Recreation, and Animal Licensing to reduce barriers, provide efficiencies and shorten processing times.

Investments deferred to 2029 and beyond:

- Asset management work originally planned for 2028 has been deferred by one year. This includes items such as building condition assessments and the collection of asset inventory data to improve confidence, data quality, and

maturity of the City's asset management inventory. These efforts support overall life cycle maintenance practices and aide decision-making for asset renewal.

- The 10-year forecasted budget for 100RE initiatives has been removed. This includes initiatives such as building energy retrofits, heating, ventilation, air-conditioning (HVAC) upgrades, lighting retrofits, building envelope upgrades, solar PV installs and charging infrastructure for continued fleet electrification (excluding Transit Buses). Many projects that contribute to reduced carbon emissions will continue, with funding in individual project budgets, such as the electrification of the Transit Buses.

Culture and Recreation

Investments in 2026 through 2028:

- Repairs and maintenance across 11 main buildings to ensure safe facilities and consistent service delivery for our community. Asset management work will also improve energy efficiency through the modernization of equipment such as HVAC systems, pool pumps, and ice equipment.
- Programming equipment to align with the opening of the South End Community Centre.
- Continued delivery of the level of service expected by clients, patrons and artists by maintaining state-of-the-art technical theatre and event equipment at River Run and Sleeman Centre.

Investments deferred to 2029 and beyond:

- One-year deferrals were required for medium priority facility and equipment renewal work, including concession equipment. This results in less funding available during the 2026 to 2028 period, which will slow the pace of renewal work in these areas.

Emergency Services

Investments in 2026 through 2028:

- Paramedic vehicles and patient care equipment essential for providing urgent health care to Guelph and Wellington County residents, ensuring call volumes service levels can continue to be met for a growing community.
- Replacements of light duty fire vehicles have been deferred by one year. Procurement strategies have also resulted in a one-year deferral for the Pumper/Aerial truck that was originally scheduled for 2027.
- Investment to reevaluate future paramedic needs and plan for the provision of emergency services in the community has been deferred from 2027 to 2028 due to the timing of the last update.
- Firefighters' self-contained breathing apparatuses, bunker gear, and other personal protective equipment will continue to be replaced in accordance with manufacturers recommendations and occupational health and safety requirements.

- The one-year deferral of the construction budget for the Elmira Road Paramedics Station aligns with procurement timelines shifting from Q4 2026 to Q1 2027 and is not expected to have a major impact.

Investments deferred to 2029 and beyond:

- The Fire Training Burn Tower design budget has been shifted from 2028 to 2029.

Parking and Transit

Investments in 2026 through 2028:

- Construction of the Guelph Transit and Fleet Services Facility will begin in 2026 and includes funding from the Investing in Canada Infrastructure Program (ICIP). This facility will replace the current end of life fleet facilities and is foundational to further transit electrification and expansion.
- Investments in expanding and enhancing the City's transit network, supported by ICIP grant funding, and the refurbishment of aging buses supported by grant funding from the Canadian Public Transportation Fund Baseline Stream to maintain reliable service.
- Annual upgrades and replacements of bus stop amenities will continue, although at a slower pace due to a one-year deferral.
- Various lifecycle replacements of essential transit technologies has been deferred, but will still begin within this period.
- Maintenance of public parking assets, including parkades, lots and parking equipment such as pay machines, signage and software programs.

Investments deferred to 2029 and beyond:

- The Quality Transit Network Implementation was deferred from 2026 to 2029.

Parks and Open Spaces

Investments in 2026 through 2028:

- Maintenance of assets in a state of good repair ensures that park infrastructure is safe for public use and meets Canadian Standards Association (CSA) guidelines, Technical Standards and Safety Authority requirements, and industry best practices.
- Investments in our urban forest guided by the Urban Forest Management Plan will continue at a slower pace as the annual budget requests were deferred for one year, resulting in no 2026 allocation. Staff will continue to advance this work in 2026 using anticipated carry-over from 2025.
- Construction of Orin Reid Park and Norm Jary Park Washroom Building remains within this period but has been delayed one year, now budgeted for 2027. Beaumont Park has also been deferred from the start date of 2026 to 2028, as the capital construction funding respectful request from Council has not been included in the draft 2026 Budget Update.

Investments deferred to 2029 and beyond:

- Clair Maltby Community Park facility fit study was deferred by one year from 2028 to 2029, construction remains outside the 10-year forecast.

Solid Waste Services

Investments 2026 through 2028:

- Maintenance of assets (facilities, vehicles and equipment) in a state of good repair based on:
 - Condition assessment data
 - Compliance requirements for the Ministry of the Environment, Conservation and Parks (MECP)
 - Environmental Compliance Approval
 - Ministry of Labour Occupational Health and Safety Act
 - Expected levels of service
- Maintaining the diversion of waste from landfill through program-related recommendations of the Solid Waste Management Master Plan that support waste reuse, reduction, diversion, and minimization.
- Equipping the downtown waste collection service with new “fit-for-purpose” public space containers and waste collection trucks with artificial intelligence to improve sorting communication and reporting.
- Maintaining the Supervisory Control and Data Acquisition (SCADA) system with upgrades for safety and security of Solid Waste’s equipment and infrastructure.
- Maintenance of critical building systems at the Materials Recovery Facility to support the site maintenance shop and repurpose the building as a Collections Operations Centre, which reduces prior budget requests for new buildings.
- Completion of legislative compliance work related to requirements for closed landfill management at the site of the Eastview Landfill.

Investments deferred to 2029 and beyond:

- Some recommendations of the Solid Waste Management Master Plan have been deferred. As well, the scheduled update of the Plan was deferred one year, from 2028 to 2029.

Transportation Network

Investments in 2026 through 2028:

- Higher priority bridge and structure rehabilitation and replacement.
- Bridge and structure preventative maintenance.
- Higher priority full road reconstruction based on overall corridor asset condition scores (i.e. Speedvale Avenue Reconstruction).
- Higher priority full and partial road reconstruction based on capacity-related needs identified in the Water and Wastewater Servicing Master Plan to achieve the level of service delivery to the existing and future populations (i.e. York

Road Phase 4, Exhibition Park Neighbourhood Upgrades — also to address flooding; and Trunk Sewer Upgrades).

- Downtown Infrastructure Renewal Program of Work including Wyndham St. North Reconstruction.
- Linear asset renewal programs (i.e. sewer lining).
- Asphalt and sidewalk renewal programs (i.e. annual paving, annual sidewalk, crack sealing, etc.) and new sidewalk gap infill continue but at a slower pace with some deferrals in terms of the overall budget requested through this time period.
- Priority trail and active transportation projects, including those funded through external grants (i.e. College Avenue Cycling Infrastructure, Gordon Street Cycling Infrastructure, Cycling Master Plan Implementation which all have grant contributions from ICIP)
- Signal upgrades, replacements, and new signals will be completed at a slower pace due to partial deferrals of one year.
- Increased investments in road safety initiatives with funding from the Transportation Reserve Fund (included in the draft but may be impacted by recently announced changes to Automated Speed Enforcement legislation).

Investments deferred to 2029 and beyond:

- Included in the Guelph Innovation District enabling works, the Victoria Road Upgrades from York to Stone have been deferred by two years, now planned for 2029 and 2030.
- Some full road reconstruction projects originally planned for 2026 through 2028 have been partially or fully deferred by one to two years.

Water Management

Investments in 2026 through 2028:

- Critical investments in infrastructure maintenance, renewal, expansion and security to ensure ongoing availability of drinking water supply and treatment needs to meet all regulatory requirements and to support future growth.
- Critical investment in Paisley Station Upgrades and Reservoir Repair to meet future water demands and replace the reservoir roof that is in poor condition. A new condition assessment and costing information required additional budget to be added, however, a grant application under the Health and Safety Water Stream of the Municipal Housing Infrastructure Program has been submitted and is under consideration.
- Critical investments in infrastructure renewal, expansion and security to ensure appropriate treatment and capacity is available to effectively process wastewater to meet all regulatory requirements and to support future growth.
- Regulatory and maintenance programs to identify priority spending across all water infrastructure.
- Projects that continue to address the backlog of aging stormwater infrastructure to improve the state of good repair and protect the City's water supply.

- Investments to ensure accurate water metering infrastructure for large-meter services and new development to ensure accurate and equitable water and wastewater rate revenue collection and to help minimize cybersecurity risk.
- The frequency of certain plans and studies has been adjusted where appropriate. In some cases, the standard municipal best practice of conducting reviews every five years has shifted to either an eight-year cycle or hybrid approach, alternating minor reviews every five years with major updates every ten.

Investments deferred to 2029 and beyond:

- Industrial Ave. Reconstruction and Stormwater Facility construction start date has been deferred from 2027 to 2030.
- Upgrades at the Dean Well and Pumping Station have been deferred with focus on maintaining the facility in a fit state of repair. Additionally, planned modifications at the Park Booster Pumping Station have also been deferred.
- Progress on the storm sewer under private property program has been deferred, however planning work continues during this period.
- Erosion remediation work identified in the Stormwater Master Plan has also been deferred beyond this period, with only monitoring and minor maintenance continuing in the interim.

Master plan progress in the 10-year budget and forecast

Corporate Plans, Programs and Technology

Climate Adaptation Plan

Originally approved by Council in 2023, the Climate Adaptation Plan (CAP) is a comprehensive strategy to outline how the City will implement actions to manage and reduce the risk of climate change impacts on Guelph and its infrastructure. The CAP satisfies the legislative requirement under Ontario Regulation 588/17 to include climate change as part of asset management planning.

The plan outlines 163 action items with implementation timeframes in the short-term (zero to four years); medium-term (four to seven years); long-term (over seven years) and ongoing actions. Progress on all 163 action items is continuing at a slower rate compared to the original timeline. Due to affordability pressures, the City has 17 action items with an undetermined timeline and the original five-year targets may be delayed. Under current timelines, it is estimated that the CAP will complete 85 per cent of its original targets by 2028. A detailed update on specific action items and their timetables will be presented through the Environmental Sustainability Report in the third quarter of 2025. The next major update of the CAP is planned for 2037.

Corporate Asset Management Plan

The City of Guelph is required to prepare a Corporate Asset Management Plan (AMP) under Ontario Regulation 588/17. The last update to the AMP was in 2025. Outcomes expected in the current AMP are the collection of asset inventory data to

improve confidence, data quality and maturity of the City's asset management inventory, to support overall life cycle maintenance practices, and to optimize priority decision-making for asset renewal.

The AMP provides information about the condition of the City's assets and forecasts replacement needs over the long term to support consistent and sustainable service delivery. The AMP includes financial analysis of the resources required to eliminate the infrastructure renewal backlog and reach a sustainable level of funding for state of good repair. It is also a tool that supports the prioritization of capital works. In 2025, the AMP was updated to set targeted levels of service for the future with an affordability lens. The recommended targets are aligned with the expected levels of service that are achievable within the prioritized 2025 capital budget and forecast. In 2025, tax supported capital funding was reduced as part of an effort to reduce the overall tax levy increase. Assumptions for tax supported capital increases over the remaining 10 years of the forecast have been reduced. The revision applies approximately the same percentage increase across the period, rather than higher incremental growth in the earlier years. These funding assumptions remained largely unchanged through the proposed 2026 update. This means that the financial strategy previously in place to increase infrastructure renewal spending toward sustainability is no longer a foundational assumption in the budget and forecast. The 2025 AMP update provided updated information about the projected timeline for the City to reach sustainable funding for both tax and non-tax supported infrastructure renewal needs. The projected year of reaching the goal of sustainable funding in the 2025 AMP is 2031 for non-tax supported services. Tax-supported services are expected to reach sustainable funding by 2043 or 2044. The City will continue to embed asset management practices across the corporation by using conditions data, risk management, and other data collected for asset management in determining state of good repair priorities which is integrated into the City's budget development.

Corporate Climate Action Plan

The City of Guelph is required to report energy performance annually and develop a corporate energy conservation and demand management plan every five years under Ontario Regulation 25/23. Currently, this requirement is met through the Environmental Sustainability Report which the City has produced annually since 2018, the year in which Council adopted the 100 per cent renewable energy target to meet all the City's energy needs through renewable sources by 2050. The City of Guelph also officially joined the Race to Zero campaign in 2023 which set a community-wide goal to reduce per capita greenhouse gas (GHG) emissions by 63 per cent by 2030 and achieve net-zero carbon emissions by 2050. In May 2025, the City released the Community Call to Climate Action, which calls on all members throughout the community, including the Corporation of the City of Guelph, to reduce GHG emissions.

The City remains committed to reducing our energy consumption and GHG emissions by electrifying our fleet vehicles and providing the supporting

infrastructure for an electrified fleet. Construction of GTFS enables continued growth in public transit and fleet electrification with expanded storage and charging capacity for transit buses, which will provide a significant reduction in GHG by City operations. The City's building energy retrofits and renewable energy generation progress to date has steadily decreased energy consumption and GHG emissions while lowering energy costs. Future investment in energy conservation and GHG reduction measures such as building energy retrofits, heating, ventilation, and air conditioning (HVAC) upgrades, lighting retrofits, and building envelope upgrades have been deferred outside the 10-year capital budget but will be implemented where asset renewal and new build funding supports. This will impact the City's pace of progress on the 100RE and Race to Zero goals. Other significant GHG emission reduction measures include anaerobic digestion at the Organic Waste Processing Facility and large-scale solar PV installations have not been included in the 10-year capital budget. In early 2026, staff will present to Council a Corporate Climate Action Plan that will outline the actions and timelines required to meet the Council-approved objectives.

Economic Development and Tourism Strategy 2022-2026

The Economic Development and Tourism Strategy was approved by Council in 2022 and is the guiding document for how the City enhances economic conditions for the community, supports resilience, and brings about solutions to local business challenges.

Industry cluster development, visitor experience, workforce, and marketplace identity were the key themes identified to move this work forward. By the end of 2025, 36 of the 61 action items will have been completed or are a part of ongoing workplans. Key outcomes that are expected to be achieved between now and 2026 when the strategy is expected to undergo an internal renewal are:

- The development of a Marketing Strategy for Economic Development and Tourism that effectively amplifies the industry cluster strengths and opportunities for growth to relevant audiences.
- The launch of a stand-alone investment attraction website to promote real estate assets and data for site selectors.
- The launch of a City-Wide Wayfinding Strategy and corresponding visitor-oriented signage project installation as well as a placemaking plan for Guelph that drives community and visitor participation in public space.

With renewed priorities and a focus on Downtown Revitalization and Strategic Real Estate to support housing and affordability, the activities that will be paused or deferred in the strategy include workforce development initiatives such as the Guelph Works job fair, talent attraction initiatives, and formalized partnerships with business support associations. With the changes in allocation of employment lands in the Guelph Innovation District, a defined approach to the development of these lands will be out of scope for this strategy.

Records and Information Management Strategy

The Records and Information Management (RIM) Strategy was approved by Council in 2015. The pace of implementation for the RIM Strategy has slowed significantly due to competing and legislated mandatory operating responsibilities, predominantly due to the City's obligations in responding to freedom of information (FOI) and routine disclosure (RD) record requests, internal privacy consultations and municipal election delivery.

The priority item in the RIM strategy that is expected to be achieved in the next five years is the implementation of an Electronic Document Management System. This capital project, will be evaluated in collaboration with the Information Technology department in 2026 based on resourcing needs and ability to deliver within the current capital timeline. This project will require investment in an additional position to support the significant change management body of work that such a modernization project requires.

Remaining RIM Strategy items will be predominantly paused given resourcing as noted above.

Service Simplified Customer Service Strategy

This strategy was approved in 2018 with an implementation timeframe of four years. Implementation was paused in 2019 due to competing budget priorities and restarted in 2022. To date, delivery of several strategy initiatives, including Guelph's Good Service Standards and the Customer Satisfaction Measurement Framework, have been completed. An internal cross-departmental group was also convened to champion a customer-centric mindset. Due to reduced and deferred investments between 2022 and the 2025 budget update, staff scaled back implementation of the strategy, refocusing efforts on initiatives that could be delivered using existing resources. Foundational customer experience improvements continue outside of the formal Service Simplified Strategy implementation plan, supported through available capacity and aligned with budgetary constraints. For example, the City has added new digital services with the Report a Problem Map and centralized the first point of contact for customers calling about property taxes, parks, parking and solid waste.

With limited resourcing, the City is working to improve customer experiences where possible and remains committed to building a more customer-centric organizational culture, integrating customer-focused perspectives in work planning, implementing service design tools, and improving governance of customer and digital services.

Investments in continuous improvement training, certification and project support also support the goals of the Service Simplified Strategy. Continued investments in this program not only will result in more efficient processes, but also on improved outcomes and experiences for customers who are engaging with the City.

Corporate Facilities, Public Works and By-Law

Facility Needs Assessment – Paramedic Services and Fire Department

The Facility Needs Assessment - Paramedic Services and Fire Department was presented to Council in 2023 to lay out a short, medium, and long-term implementation timeline to support the needs of Guelph-Wellington Paramedic Services (GWPS) and the Guelph Fire Department (GFD). The scope of this report focused on the physical facilities of these two departments.

Recommendations within this Facility Needs Assessment that are expected to be accomplished through the 10-year capital budget and forecast include the high-priority replacement of the GWPS Elmira Road station to 218 Speedvale Avenue, and the lifecycle replacement for the GFD fire training system. Station replacements for GFD headquarters and the GWPS facility at 34 Gordon are no longer included in the 10-year capital budget and forecast. Replacements for paramedic stations in the County of Wellington are recommended in the Facility Needs Assessment but are not currently included in the 10-year Capital budget. Discussions regarding timing and approach for these replacements are ongoing and an update was last provided to the Joint Social Services and Land Ambulance Committee on June 11, 2025.

Emergency Services

Fire Strategic Initiatives and Community Risk Assessment

While not currently undertaking a formal Fire Master Plan, several other studies have informed the strategic direction for the GFD. The Community Risk Assessment (CRA) is reviewed and updated annually, as required by provincial legislation. The purpose of the CRA is to inform departmental planning. The Strategic Initiatives study for the GFD was completed in 2022 and guides all staff members as we prepare to deliver future-ready services which are reflective of the needs of the growing community. While elements of the Strategic Initiatives document are being addressed, resourcing does not enable the department to address the full recommendations. Furthermore, the GFD has conducted workforce studies within the last five years in anticipation of future needs.

Guelph Wellington Paramedic Service Master Plan

The Guelph Wellington Paramedic Service Master Plan (GWPSMP) was approved by Council in 2017 as a five-year document that outlines a strategy to provide compassionate quality 'patient focused' emergency medical care and transport service in Guelph and Wellington County. The current 10-year capital budget addresses identified needs to ensure reliable ambulances and patient-care equipment are available to service the growing community. Certain GWPS facility projects were deferred in the 2025 budget update as outlined in this report under "Facility Needs Assessment – Paramedic Services and Fire Department."

Parks and open spaces

Urban Forest Management Plan

The Urban Forest Management Plan (UFMP) was approved by Council in 2013 with an original timeline ending in 2032 and carried out through a series of four five-year Management Plans. The goal of the UFMP is to institute a proactive approach to urban forest management, thereby increasing operational efficiency and effectiveness, improving tree health and diversity, reducing risk to the public and increasing the wide-ranging benefits provided by a healthy and sustainable urban forest.

The UFMP is supported through both Capital and Operating budgets, and its implementation is further supported by external fundraising efforts. A sustainable funding model continues to be a challenge to implement the full scope of recommendations in the UFMP. The grid pruning program is currently only partially funded, as are elements of the enhanced tree planting initiatives under the One Canopy Tree Planting Strategy (OCTPS). Based on current funding, the City is projected to achieve 65 per cent of the target level of canopy cover by 2070 as outlined in the OCTPS.

The current phase of the UFMP covers 2025 to 2028 and has been completed as an internal staff update. Important elements outlined in this update include naturalization efforts, an invasive species management plan, natural area monitoring work and implementation of the updated Private Tree Bylaw. Upcoming work includes a tree inventory update, risk management strategy and an update to the urban forest study. During the 2028-2032 phase of the UFMP, a new 20-year UFMP will be developed to extend the work beyond 2032.

Parks and Recreation Master Plan (Parks)

The Parks and Recreation Master Plan (PRMP) was approved by Council in 2023 as the guiding document for how the City plans, designs, funds, builds and maintains Guelph's parks and recreation system. The recommended actions in the PRMP are divided into short-term (one to four years), medium-term (five to nine years), and long-term (10 years or more) timeframes.

Outcomes expected in the Parks portion of the PRMP were adjusted to align with the overall corporate prioritization framework for the 2025 Budget Update. Key outcomes that are expected to be achieved in the next 10 years include:

- Planning initiatives that are outcomes of the Clair-Maltby Secondary Plan Ontario Land Tribunal settlement.
- Updating the parkland dedication bylaw.
- Creation of an outdoor sports facility strategy.
- Conversion of Sunny Acres and Exhibition Park wading pools to splashpads.
- Maintaining a state of good repair in existing parks infrastructure.

Other previously identified items outlined in the PRMP including new pickleball courts, new skateboard park, and new sports field construction are now forecast to be accomplished in a 20-year period compared to the original 10-year period.

Parking and Transit Services

Downtown Parking Master Plan

The Downtown Parking Master Plan was approved by Council in 2023 with implementation timeframes of immediate, within five years, ongoing, and long-term. Outcomes expected to be achieved under this plan over the next 10 years include work related to maintaining the City's public parking and administration assets. This includes maintaining parkades and parking lots, as well as parking equipment such as pay machines, signage, and software programs. Future infrastructure related to on-street pay machines, road sensors, and related software has been deferred in the 2025 budget update. The "Payment in Lieu of Parking" program was cancelled due to changes made through Ontario Bill 185 that removed parking minimums in major transit station areas. Other impacts of Bill 185 on the work in the Downtown Parking Master Plan are being determined by staff. The next update of this plan will occur as part of the City-Wide Parking Strategy (planned for 2026) and will integrate the Downtown Parking Master Plan updates.

Guelph Transit Future Ready Action Plan

The Guelph Transit Future Ready Action Plan (FRAP) was approved by Council in 2021 with a goal to create a more competitive, convenient, and reliable transit system over the next decade. Transit is currently in year four and remains on track to deliver the plan based on Council approval through yearly budget requests. The network design is set to develop a more grid-like transit network with several cross-town routes and routes that completely bypass a hub when appropriate. The key themes that will carry this goal forward over the next 10 years are identified as expanding and enhancing the City's transit network from a hub and spoke model to a grid system and focusing on using service standards to enhance annual bus stop amenity upgrades and replacements. Key items expected to be achieved over the remaining years of this plan include:

- Estimated additional 90,000 service hours/1,800,000 route kilometres.
- 18 additional electric buses (pending bus availability) and two refurbished diesel buses.

To support affordability, transit paused digital signs and interregional transit exploration and reprioritized the projected service hours while staying within the 10-year timeline. Staff continue to explore funding opportunities and advocacy around interregional transit including by participating in early information gathering work by MTO for the Metro-Region Agreements stream of the Canada Public Transit Fund.

Solid Waste Services

Solid Waste Management Master Plan

The Solid Waste Management Master Plan was approved by Council in 2022 to align current waste management practices and strategies with Guelph's current and future needs. Key outcomes expected to be achieved through actions in the Solid Waste Management Master Plan through the 10-year Capital Budget are to maintain assets in a state of good repair based on condition assessment data; meet legislated compliance requirements; and provide expected levels of service.

Investments maintained within the 10-year Capital Budget include:

- Studies on waste disposal alternatives such as energy from waste, yard waste processing.
- Grow the circular economy by creating and implementing the Circular Economy Framework and circular economy policy levers.
- Equip downtown waste collection service with new, "fit for purpose" public space containers; and waste collection trucks.
- Explore the application of artificial intelligence to improve sorting communication and reporting.
- Maintain the Supervisory Control and Data Acquisition system with upgrades for safety and security of Solid Waste's equipment and infrastructure.
- Retrofit existing facilities such as the Materials Recovery Facility and the Administration Building to address space planning.

Deferred investment within 10-year plan:

- The update to the Solid Waste Management Master Plan has been deferred from 2028 to 2029.

Deferred investments moved out of the 10-year Capital Budget include:

- Expansion of the Administration Building.
- Construction of the new Collections Operations Centre Building.
- Upgrading anaerobic digestion at the Organic Waste Processing Facility to reduce GHG emissions.
- To reduce Guelph's reliance on increasingly limited landfill space, increasing Guelph's diversion rate and reducing reusable items going to landfill through:
 - Expanding the residential curbside inspection program to promote waste diversion and sorting (eliminated base program in 2025).
 - Constructing a Waste Resource Innovation Centre Reuse Centre
 - Relocating the Household Hazardous Waste Depot.

Culture and Recreation

Culture Plan 2030

Culture Plan 2030 was approved by Council in 2023 with an original implementation timeline of seven years. Culture Plan 2030 articulates a long-term municipal and

community strategy to stabilize and advance arts, heritage, and creative industry in Guelph. Based on the 2025 Budget Update and support of some culture funding, a digital Cultural Hub for collaborative promotion and recognition will be developed and implemented. Other projects that will be accomplished over the next 10 years include:

- Continued investments in renewing and upgrading existing culture facilities (including Guelph Museums, River Run Centre, Sleeman Centre).
- Completion of the new Central Library.
- Collaborate in arts programming and access for artists to the new Pottery and Arts Centre (at West End Community Centre).

Beyond 2025, Culture Plan 2030 will act as a guiding document for work planning. Overall, it is projected that the work outlined in the original seven-year timeline will now be accomplished in 15 years pending the approval of future budget requests. Projects and programs of work that have been deferred from Culture Plan 2030 for at least 10 years include:

- Investment in the culture sector that would position Guelph within the top two comparator municipalities in total per capita spending on culture, and above median in per capita spending on culture grants.
- Enhancements to equipment and technology at cultural facilities to ensure high-quality productions, enhance efficiency, and meet the evolving technical needs of artists and audience.
- New amenities and technology to support increased capacity for participation and presentation of cultural activities to improve accessible access.
- Collaborative investment in new culture spaces, including studio, exhibition, rehearsal and performance spaces.
- Establishment of comprehensive support for the film industry.
- Investment in new public art creation and placemaking destinations.
- Conservation and installation of the historical City Hall clock.

Parks and Recreation Master Plan (Recreation)

The PRMP was approved by Council in 2023 as the guiding document for how the City of Guelph plans, designs, funds, builds and maintains Guelph's parks and recreation system.

The PRMP provides direction on programming and service in the Culture and Recreation facilities through projects that improve energy efficiency, maintain levels of service, improve inclusion for access to space and maintain technology expectations for all clients, and users.

Projects that will be accomplished for recreation services include:

- Continuing repairs and maintenance to existing facilities including building envelope, HVAC systems, pool pumps and ice plants.
- Adaptive programming to respond to recreational needs of diverse audiences.

- Completion of the South End Community Centre: adding 160,000 square feet of new recreation space, for an additional 110 hours a week for City programming community rentals.
- Upgrading underutilized space at West End Community Centre, to support collaboration with Culture Plan 2030, by incorporating the pottery program into a larger arts centre.
- With support of a grant, renovations and major repairs to revitalize and increase longevity of Lyon Outdoor Pool and improve accessibility so the community can continue enjoying this space for years to come.

For Recreation, deferral of capital funding until at least 2037 has stalled the implementation of growth-related recreation projects in the PRMP. As a guiding document for work planning, some advancement may occur; but until funding is supported, movement within these plans is greatly limited. Staff will continue to look for other grants and other funding sources to move this Council approved plan forward for the community.

Projects deferred within the plan include:

- Actioning the Older Adult Strategy to create Age Friendly City Plan.
- Action of the Youth Strategy to implement youth-driven initiatives.
- Installation of sensory rooms and enhanced features to expand access to recreation.
- Inclusion of new aquatic features to encourage and grow participation.
- Capacity building and space upgrades to create alternative recreation throughout the City, including expanded activation stations in parks, unstructured play areas and improving geographic distribution of programs.
- Supporting sustainability by incorporating more reusable water bottle vending machines.

Transportation Network

Guelph Trail Master Plan

The Guelph Trail Master Plan (GTMP) was approved by Council in 2021 with an original implementation timeline of 10 years. The goal of the GTMP is to guide how the City plans, designs, funds, builds and maintains Guelph's trail system. Outcomes from the GTMP that are expected to be achieved in the next 10 years include the construction of the Woodlawn to Woolwich Trail, as well as accessible pathways to playgrounds alongside the playground replacement program. After the 2025 Budget Update, all other new trail construction has been paused for the next 10 years. Work previously identified in the 10-year (2021-2030) GTMP has been rescheduled to take place over a 25-year (2021-2045) time horizon. The 2026 Budget Update includes an investment to support community led, City supported development of the G2G trail connection from Woodlawn to Silvercreek. This funding will support the advancement of phase 1 activities including detailed design, environmental studies, permitting, and land access.

Transportation Master Plan

The Transportation Master Plan (TMP) is a guiding policy document that lays out how residents and visitors will move through the city over the next three decades. The TMP informs future updates to the policies and schedules of the Official Plan. The TMP was approved by Council in 2022 and is considered the parent plan to many other, more specific plans and strategies (e.g. Cycling Master Plan, Pedestrian Master Plan, Goods Movement Strategy). The TMP has two implementation horizons: short-term to 2031 and long-term to 2051.

Outcomes expected to be achieved in the TMP in the short-term time horizon based on the prior approved budget and proposed 2026 budget include but are not limited to:

- High-priority roads and structures due for lifecycle renewal are designed to implement the TMP network recommendations (e.g. implement Complete Streets to include cycling, pedestrian, and/or transit priority measures).
- Downtown Infrastructure Renewal Program of Work, including delivery of the Cycling Spine Network through downtown and study of potential new crossings identified in the TMP (e.g. Macdonell at Speed River).
- Stone-Victoria-Structure 116 EA (RD0466) to enable Guelph Innovation District and Clair-Laird-Gordon EA (RD0398) to enable Clair-Maltby Phases 1 and 2.
- Development of a City-Wide Parking Strategy and update of the Downtown Parking Master Plan to reflect changes introduced in Bill 185.
- Road safety initiatives as guided by the recently approved Vision Zero Action Plan and supported by Red Light Camera and Automated Speed Enforcement revenue.
- Development of a Roundabout Strategy.
- Implementation of Quality Transit Network measures on Gordon Street (TF0035 and RD465)
- Signal upgrades, replacements and new signals.
- Shared micro-mobility strategy and commercial licensing by-law.
- Pedestrian Master Plan (in-house)
- Transportation Demand Management Action Plan (HAF funding), currently in progress.

Projects in the TMP that have been reduced or moved into the long-term horizon include:

- Deferral of lower priority road reconstruction that would implement the recommendations of the TMP.
- Further reductions to funding of the implementation of the Cycling Master Plan to close gaps in the network and support Vision Zero.
- Reduced pace of implementation of the sidewalk infill programs to close gaps in the network and support accessibility
- Funding to implement a shared micro-mobility strategy.
- Deferred funding to implement the Transportation Demand Management Action Plan.
- Reduced funding for existing Transportation Demand Management program including educational outreach about existing services and new infrastructure,

engagement with schools and workplaces and data collection on the active transportation network.

- New pedestrian crossovers.
- Deferral of developing the Connectivity Index.
- Funding to support studies and pilot projects related to Emerging Transportation Technologies.

Cycling Master Plan

The Cycling Master Plan (CMP) was approved by Council in 2013 with an original 10-year time horizon. The plan informs the development of a cycling network throughout Guelph and recommends actions to encourage sustainable transportation options. Staff have been implementing these recommendations over the past 12 years. A corridor review of several locations is planned to begin in 2026 to meet current Ontario design standards and to guide further implementation priorities in future years.

Outcomes expected to be achieved in the CMP in the short-term time horizon based on the prior approved budget and proposed 2026 budget include but are not limited to:

- A Corridor review of select locations to confirm or adjust routes and design where updates to Ontario design standards impact the feasibility to build.
- Scoped public engagement on the above.
- Minor intersection improvements and cycling network improvements triggered by other road works

Projects in the CMP that have been reduced or moved into the long-term horizon include:

- The budget for a comprehensive CMP update was removed in 2025 based on the criteria applied to reprioritize the 10-year Capital budget forecast.
- A total of 46 short-term capital projects from the TMP that included cycling network components were also deferred through the 2025 Budget Update.
- Reduced funding to implement in-road protected bike lanes where warranted by Provincial standards and guidelines.

Water and Wastewater Servicing Master Plan

The Water and Wastewater Servicing Master Plan (WWSMP) was approved by Council in 2023 with short-term (to 2031), medium-term (to 2041), and long-term (to 2051) time horizons. The WWSMP was initiated to identify servicing requirements for the existing population and to consider the impact of potential intensification and greenfield growth. Delivery of critical work in the short-term has been maintained, focusing on Strategic Growth Areas as identified in Official Plan Amendment 80 as well as areas with known existing capacity constraints to enable growth in a timely manner and meet all regulatory requirements. Some short-term capital projects with lower priority based on growth capacity and state of repair have been deferred to mid- and long-term time horizons which may pose increased risk of maintenance costs and reduction in service levels. A minor update to the WWSMP is planned for 2029.

Stormwater Management Master Plan

The Stormwater Management Master Plan (SWMMP) was approved by Council in 2023 with immediate-term (to 2028), medium-term (to 2033) and long-term (to 2051) time horizons. The SWMMP delivers a targeted approach to managing stormwater to maintain existing infrastructure, provide direction for new development and enable the City to operate the stormwater management program at a sustainable level. Through the 2025 budget update, delivery of immediate-term projects in the SWMMP was slowed with core monitoring and maintenance work as well as pipe upsizing continuing but water quality treatment being pushed into the medium and long-term horizons. Prioritized short-term projects ensure the City continues to address the backlog of aging stormwater infrastructure (collection system monitoring, assessment, investigation and repair, retrofits and erosion control) to improve the state of good repair.

A total of 27 stormwater management projects and programs of work were deferred from the immediate-term time horizon into medium and long-term horizons during the 2025 budget confirmation. Four additional projects have been deferred beyond the immediate-term time horizon through the 2026 Budget Update. These include studies involving flooding risk and model calibration, new stormwater quality and quantity management ponds, addressing storm sewers under private property risks, watercourse remediation, channel naturalization and end-of-pipe retrofits. Also, progress will be moving forward at a reduced rate in programs relating to natural heritage and protecting our rivers in consultation with downstream water users. A minor update to the SWMMP is planned for 2029.

Water Management

Wastewater Treatment and Biosolids Management Master Plan

The Wastewater Treatment and Biosolids Management Master Plan (WTBMMP) was approved by Council in 2022 with two phases covering the period from approval to the year 2051. The Phase 1 timeline identifies four key projects (listed below) as being required to meet growth and are expected to be constructed by the end of 2028 while the Phase 2 timeline covers expansions to meet anticipated growth to be implemented by 2038. There are no major changes to the capital plan timeline based on the 2026 Budget Update. To meet the capacity needs for housing starts, the four priority projects are to proceed as scheduled. Work related to investigate a possible change to the process of how digester gas is re-used (cogeneration) has been deferred outside of the 10-year planning window to support affordability and constructability given the four other capital projects that are a priority. This review will be a task within the next WTBMMP planned in 2028.

Wastewater Treatment and Biosolids - Phase 1 key projects:

- Tertiary Treatment Process Expansion (ST0043)
- Biosolids Facility Upgrade (ST0003)
- Plant #2 Expansion (ST0014)
- Preliminary Treatment Expansion (ST0038)

Water Supply Master Plan

The Water Supply Master Plan (WSMP) was approved by Council in 2022 to ensure that the City's water supply continues to meet current and future demands over the 30-year period to 2051. The WSMP is split into three time horizons: short-term (zero to 10 years), medium-term (10 to 20 years) and long-term (20 to 30 years). Based on the 2026 budget update, there have been no major changes to implementation timelines for the WSMP. Investments in infrastructure maintenance, renewal, and expansion are continuing to ensure ongoing availability of drinking water supply and treatment needs to meet all regulatory requirements and to support future growth.

Investments in the 10-Year Budget (2026 to 2035)

- Construction of Clythe Well Water Treatment Plant and Booster Pumping Station
- New Water Supply Feasibility Assessments for Guelph Southeast Test Well and Guelph North Test Well
- Arkell Lower Collector System return to service feasibility study and pilot construction.
- Southwest Guelph Environmental Assessment completion
- Guelph North East Water Supply (Logan Test Well) Environmental Assessment completion
- Design and Construction of a potential Guelph South new water treatment plant at the Guelph South Test Well.
- Design and Construction of a potential Dolime Pond Level Management System
- Design and Construction of a potential new water treatment plant at the Ironwood Test Well.
- Design and Construction of a potential new water treatment plant at the Logan Test Well.
- Field investigations in support of future Aquifer Storage and Recovery (ASR) System.

Deferred Investments

- Timing of update to the Water Supply Master Plan has been deferred from 2027 to 2029.

The Blueprint: Guelph's One Water Plan

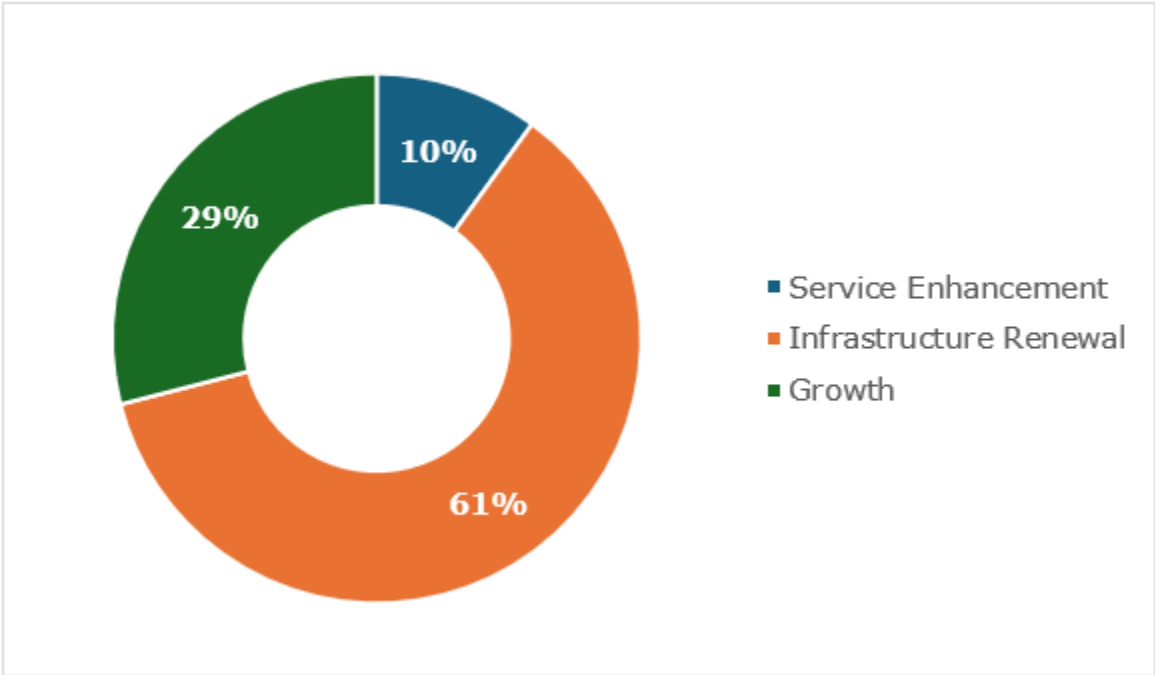
The development of an Integrated Water Management Strategy, now titled The Blueprint: Guelph's One Water Plan, was initiated in 2024 and will be completed by year-end 2025. This Plan will offer a holistic, sustainable approach to managing Guelph's water resources – recognizing the interconnectedness of drinking water, stormwater, and wastewater – to help protect water quality and conserve drinking water supplies for future generations. The Plan is complementary to the Water and Wastewater Servicing Master Plan, the Stormwater Management Master Plan and Wastewater Management Plan and supports them through programming focused on stretching our infrastructure investment outlined in the plans.

Priority Capital Investments

State of good repair

Infrastructure renewal and state of good repair of our assets remains the largest focus of the capital budget over the 10-year period with the renewal and maintenance of a portfolio of over \$7.7 billion in capital assets (valuation per the [Corporate Asset Management Plan 2024](#), **Error! Reference source not found.**). This has been a consistent trend, over the last three years, with infrastructure renewal remaining at around 60 per cent of the overall 10-year capital budget and forecast with growth and service enhancement following. It is important to note that linear work such as road reconstructions often include a component of state of good repair and growth however, the project for the purposes of this chart are categorized by the dominant funding source.

Figure 2 10-year capital investment categories (\$ millions)



Capital investment category	2026-2035
Infrastructure Renewal	1,504.7
Growth	697.8
Service Enhancement	249.3

Facilities: Replacement, growth and service enhancement

The 10-year capital budget includes a large amount of facility work due to aging buildings, Council objectives (e.g. electrifying and expanding the bus fleet), legislative changes (e.g. the recycling blue box transition), expansion to unlock growth (e.g. increasing water and wastewater capacity) and supporting past and future growth to meet our housing targets. Major facility projects that are within the 10-year budget are detailed in Table 15. Debt capacity has been allocated to a number of these projects in accordance with our Debt Policy.

In June of 2025, Council received an update on the [Operational Facilities Long-Term Plan](#) as well as an update on the [Guelph Transit and Fleet Services](#) facility. These reports outline the current conditions, constraints, and growth requirements that are driving the work forecasted for the majority of the operational facilities listed below.

Table 15 Major facility projects (\$ millions)

Project name	2026-2035	Design Budget Year	Construction Budget Year
Guelph Transit and Fleet Services Facility (TC0059)	184.6*	Previously approved	2026
Operations administration facility replacement – 45 Municipal Street (GG0267)	19.5 (fleet building)	2029	2031
	11.5 (yard and building expansion)	2032	2033
Parks Marilyn Drive Site Operations Renovation (PO0059)	15.0	2027	2029/2031
50 Municipal Street Renovations and Expansion (PO0060)	16.2	2030	2032
Paramedics facility replacement – Elmira Rd (PM0015)	7.0	2026	2027
Clythe water treatment plant (WT0060)	29.2	Previously approved	2027
Water Resource Recovery Centre - Biosolids facility upgrade (ST0003)	62.5	Previously approved	2026

Project name	2026-2035	Design Budget Year	Construction Budget Year
Water Resource Recovery Centre – Plant #2 Expansion (ST0004)	12.6	Previously approved	2027
Solid waste site operations centre (WC0045)	5.5	2029	2031
Material Recovery Facility Retrofit for Collections Operations Centre (WC0055)	11.5*	2028 for 2029 works	2026 2028-2029

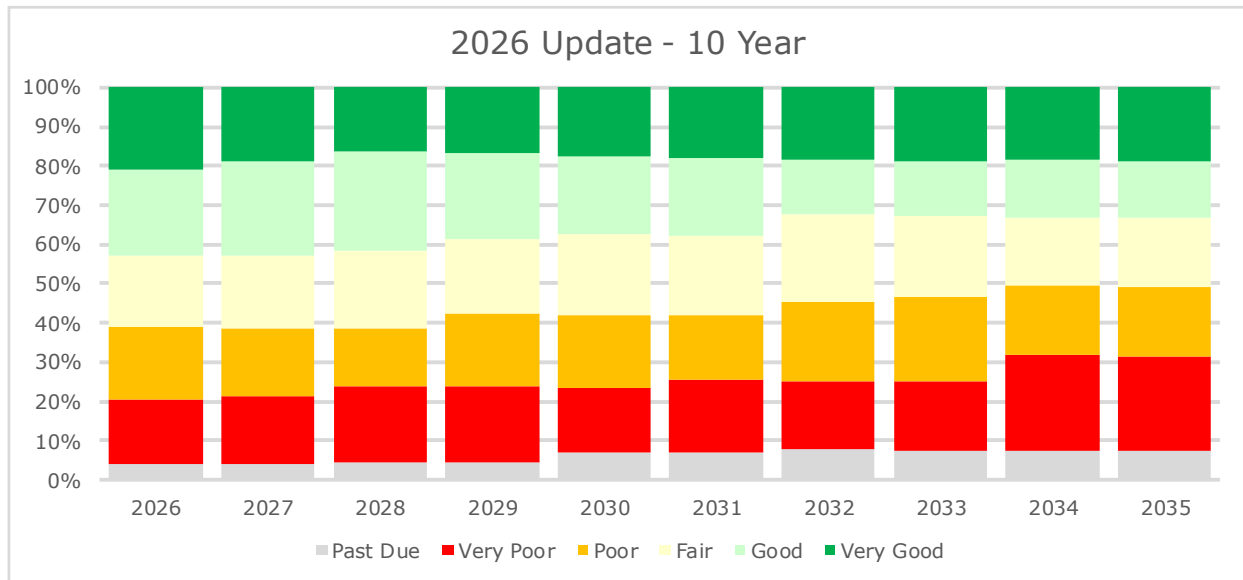
*prior approved budgets are not included in these figures

Asset Management Plan and Levels of Service

As per [O. Reg 588/17](#) the City was required to update our existing Asset Management Plan (AMP) and complete a Level of Service (LOS) study to document the existing and desired future LOS, along with funding strategies to attain the new targets. The [2025 Asset Management Plan \(AMP\) and Level of Service \(LOS\) Study](#) was presented and approved by Council in June 2025. The LOS was set through an affordability lens to ensure a balance between the funds available in the 10-year capital budget and the services the City is able to provide our residents. However, there will be an opportunity for Council to have their say to gather feedback to understand if the affordability approach is meeting the needs of our residents ahead of the 2028 AMP Update.

Below in **Figure 3** is an updated levels of service chart based on the 2026 budget update. The chart shows the condition of core assets over the 10-year forecast. The percentage of core assets in very good and good condition decline over the 10-year period while the percentage of assets in very poor and past due condition increases over the same period. The desired scenario would be if the City had no assets within the past due condition. This indicates that the City must continue investing in the assets we own to decrease the overall backlog and reach sustainability.

Figure 3 – 2026 update – LOS for core assets



\$ millions	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Very Good	846.3	774.7	662.0	681.8	712.4	724.8	754.1	765.3	752.2	775.8
Good	894.0	976.2	1037.5	896.5	814.1	812.8	564.5	570.6	592.0	569.3
Fair	753.9	746.7	812.5	765.8	836.0	831.6	918.5	845.1	717.7	737.3
Poor	741.8	703.5	592.7	765.5	755.1	665.1	817.3	882.3	720.7	720.7
Very Poor	675.3	713.5	793.8	785.4	678.6	763.4	713.9	710.4	991.5	972.3
Past Due	168.4	165.2	181.2	184.7	283.5	282.2	311.7	306.4	306.0	304.6

The City will continue to embed asset management practices across the corporation by using condition data, risk management and other data collected for asset management in determining state of good repair priorities which is integrated into the City’s budget development.

Shaping Guelph and the OPA

[Shaping Guelph](#), Guelph’s growth management plan, was approved in 2022 concurrently with an Official Plan review under Official Plan Amendment (OPA) 80, which resulted in an amendment to Guelph’s Official Plan.

Below is a brief summary of growth / population inputs that informed the master plans, work plans, development charge background study, and project prioritization.

2022: Shaping Guelph defined three planning horizons and reference populations for use in the water supply, wastewater treatment, and linear water/wastewater servicing study. This is shown below in Table 16.

Table 16 Populations and housing units by planning horizon

Horizon	Existing (2024)	2031	2041	2051
Population	154,800	175,600	196,000	208,000
Employment	87,000	94,906	105,453	116,000
Housing Units	59,800	69,200	78,700	85,700

Shaping Guelph defines Strategic Growth Areas and highlights Secondary Plan Areas where certain levels of growth were anticipated/assumed to meet these targets, along with growth distributed across the existing built-up area. Note that the exact numbers between Shaping Guelph and the master plan studies have some minor variation due to project schedules and their correlation to changes to Shaping Guelph, as well as the addition of Dolime Quarry annexed lands.

2023: The City of Guelph signed the housing pledge per the Province’s Bill 23 which committed to providing the supporting infrastructure for 18,000 new homes by 2031. This exceeds the planned projections for 2031 by 6,100 units (using 2021 baseline). As they were nearing completion, the master plans were not updated to modify the population in the original 2031 planning horizon from Shaping Guelph. It was noted that some projects originally identified as required to support the 2031-2041 population horizon might need to be pulled forward.

2024: During the Minister’s review and Council adoption of the Minister’s changes, the overall population and employment targets were not changed, however the distribution of where the population may grow was modified through land use modifications. Of significance is the change of the Guelph Innovation District from largely employment to largely residential. The master plans were not updated to reflect these changes.

2025: A Block Plan for the Guelph Innovation District Blocks 1 and 2 was submitted by the applicant on behalf of the landowner, Fusion Homes, for decision to Guelph [City Council on September 10th, 2025](#). Council endorsed the Block Plan, subject to several modifications to be made to the satisfaction of City Staff.

Growth by asset type

Watermains and sanitary sewers

The Water and Wastewater Servicing Master Plan recommended water and wastewater upgrades required to support:

- Short-Term Growth: existing constraints and 2022-2031 growth.
- Medium-Term Growth: less critical existing constraints and 2031-2041 growth.
- Long-Term Growth: 2041-2051+ growth.

As the exact location of growth cannot be precisely predicted across the City, combined with the average service life of infrastructure being 80-100 years and the desire to size the pipe sufficiently to realize its full life span, the Water and Wastewater Servicing Master Plan inflated the 2051 population projections from Shaping Guelph to create a 2051+ scenario, representing ultimate build-out across Strategic Growth Areas and Secondary Plan Areas, for a total of 239,770 people and 126,198 jobs.

The 10-year budget includes the following volume of recommended projects from the water and wastewater servicing master plan, Table 17 and Table 18.

Table 17 Linear water servicing

Servicing by planning horizon	Number of projects identified in master plan	Number of projects in prior approved budgets	Number of projects in 10-year budget	10-year water growth investment (\$ millions)	10-year water rate investment
2022-2031	34	2	24	107.5	94.8
2031-2041	7	0	4	28.9	0
2041-2051	4	0	0	0	0

Table 18 Linear wastewater servicing

Servicing by planning horizon	Number of projects identified in master plan	Number of projects in prior approved budgets	Number of projects in 10-year budget	10-year wastewater growth investment (\$ millions)	10-year wastewater rate investment
2022-2031	15	1	8	15.1	26.8
2031-2041	2	0	0	0	0
2041-2051	2	0	1	5.5 ¹	0

Progress on implementation of the recommendations of short-term projects from the Water and Wastewater Servicing Master Plan include watermain and sewer

PN0110 York Rd Reconstruction – the wastewater component is recommended in the long-term horizon, however, the water component of this project is a short-term priority and therefore it is being budgeted within the 10-year capital budget.

upgrades included as part of the following projects: York Road Reconstruction, University Avenue East and West Reconstruction, Exhibition Park Neighbourhood Improvements, Glasgow Street Reconstruction, Gordon Street, Trunk Sewer Upgrades near the Water Resource Recovery Centre, and through Downtown Infrastructure Renewal Projects such as Wyndham Street Reconstruction, Quebec Street Reconstruction, and Woolwich Street Reconstruction.

A few projects for linear water and wastewater infrastructure identified as needed in the short-term are not included in the 10-year budget. As part of the 2025 Budget Confirmation, these projects were carefully selected for deferral as they are located outside of a strategic growth or secondary plan area, carried a low risk, or are sequenced appropriately amongst adjacent projects. As part of the 2026 confirmation, project timing was reviewed and minor adjustments were made, however no further projects were deferred outside the 10-year forecast. The City’s Municipal Service and Financing Agreements Policy, approved in 2025 and currently in the pilot phase, may support advancement of deferred projects if developers are ready ahead of the City’s updated timelines.

Water supply infrastructure

The following growth-enabling projects from the Wastewater Supply Master Plan have been captured in the 10-year budget (Table 19):

Table 19 Water supply infrastructure

Project	New capacity	10-year water growth Investment (\$ millions)	10-year water rate investment (\$ millions)
WT0078 Logan and Flemming Well EA and Design and Construction	4,180 m ³ /day	9.6	0
WT0060 Clyde Water Treatment Plant	3,395 m ³ /day	29.2	0
WT0088 Southwest Guelph Water Supply (Ironwood) Design & Construction	3,600 m ³ /day*	4.4	0
WT0089 Southwest Guelph Water Supply (Guelph South) Design & Construction	4,320 m ³ /day*	4.0	0
WT0094 Arkell Lower Road Collector Restoration	4,000 m ³ /day	1.9 ²	0

*to be confirmed through ongoing Environmental Assessments

This is not a complete list of growth-enabling works in the water supply program of work in the 10-Year budget but represents new supply sources that will enable

² WT0094 Arkell Lower Road Collector Restoration includes an additional \$9.6 million outside the 10-year budget.

growth. Note that new Water Supply sources support growth City-wide, including the Secondary Plan Areas discussed below.

Wastewater treatment infrastructure

The following growth-enabling projects from the Wastewater Treatment and Biosolids Master Plan have been captured in the 10-year budget (Table 20)

Table 20 Wastewater treatment infrastructure

Project	10-year wastewater growth investment (\$ millions)	10-year wastewater rate investment (\$ millions)
ST0003 – Biosolids Facility Upgrade	18.8	43.8
ST0043 – Tertiary Treatment Process (\$45 million approved in 2025)	1.0	0.0
ST0004 – Plant #2 Expansion (\$1.4 million approved in 2025)	12.6	0.0
ST0037 – Wastewater SCADA, Network Automation Upgrade (\$1.6 approved in 2025)	1.3	7.1

Note that upgrades at the Water Resource Recovery Centre support growth City-wide, including the Secondary Plan Areas discussed below.

Stormwater management infrastructure

Stormwater management studies are focused on assessing growth in relation to future land uses, rather than solely on population targets. Impacts to changes to land use are mitigated at the subdivision and site plan scale, with water quantity and quality controls required for each development. The 10-year budget includes stormwater projects to continue to mitigate existing constraint areas such as pond rehabilitation and retrofit projects.

Transportation management infrastructure

The Transportation Master Plan recommended a series of projects across the City’s road network, including adding protected cycling infrastructure, modifying road cross sections, and widening roads to protect for future Quality Transit Network. This work is to support a growing community and to support a travel mode shift. Many stand-alone All Ages and Abilities cycling projects have been deferred, but this alone would not result in a servicing holding provision for a development application. Many projects from the Transportation Master Plan are being implemented through full road reconstruction projects, the road restoration and resurfacing program, and the Cycling Master Plan implementation project. Mobility requirements for specific development sites are outlined below.

Growth by Secondary Plan Areas

Downtown

All sanitary sewer upsizing works required to support growth identified in the Downtown Secondary Plan are captured in the 10-year budget. Prioritized watermain upsizing works required to support growth identified in the Downtown Secondary Plan are captured in the 10-year budget. Select watermain replacement (insufficient material) projects have not been captured due to sequencing, budget, and resourcing, however this is not anticipated to negatively impact the ability to support growth downtown. Road improvements identified in the Transportation Master Plan along Wyndham Street, Quebec Street, Woolwich Street, and Macdonell Street will also be implemented. This work is anticipated to unlock 3,000 units from a municipal, linear infrastructure perspective in the short-medium term and 5,250 units by 2051.

Downtown Infrastructure Renewal Projects captured in the 10-year budget include (Table 21):

Table 21 Downtown infrastructure projects

Project	Design budget year	Construction budget year
PN0807 Wyndham-Wellington Sanitary Sewer Relief	2024	2025
PN0060 Wyndham St N Reconstruction - Farquhar to Woolwich	2024	2026
PN0041 Macdonell St Reconstruction - Norfolk to Wellington	2026	2028
RB0013 Macdonell Bridge and Allans Structure	2026	2028
PN0798 Yarmouth St Reconstruction - Woolwich to Quebec	2028	2030
PN0048 Quebec St Reconstruction - Norfolk to Wyndham	2028	2030
PN0811 Woolwich St Reconstruction - London to Macdonell	2030	2032

Guelph Innovation District

Mobility, watermain, and sanitary works on College Street from East Ring Road to Victoria, Victoria Road from York to Stone, and Stone Road from Victoria to Watson have been retained in the 10-year budget. These works will enable the full build-out of the Guelph Innovation District (GID). Investments in the GID Enabling Works program is anticipated to unlock approximately 5,800 units from a municipal, linear infrastructure perspective, which is based on the Council endorsed Block Plan for Block Plan Areas 1 and 2, along with the projected number of units in Block Plan Area 3. Full water supply capacity is not anticipated to be available until the Clythe Water Treatment Plant comes online (currently anticipated for 2028).

GID Projects captured in the 10-year budget include (Table 22):

Table 22 Guelph Innovation District projects

Project	Design budget year	Construction budget year
RD0469 Victoria and Stone Road EA	2024	n/a
RD0361 Victoria Rd Upgrades - York to Stone	2027	2030
RD0437 Stone Rd Widening - Victoria to Watson	2029	2031
PN0758 College Ave E Urbanization - East Ring to Victoria	2031	2032

Clair Maltby

Mobility, watermain, and sanitary works identified as required to enable Phase 2 of the Clair Maltby Secondary Plan Area to develop have been prioritized in the 10-year budget. These include a new trunk sanitary sewer from Kortright to Laird and road improvements and underground infrastructure on Laird Road from Southgate to Poppy, Clair Road from Poppy to Victoria, and Gordon Street from Clair to Maltby. The construction of the Elevated Water Tower is also required to support Phase 2 of Clair Maltby, however due to sequencing it is currently scheduled for 2035.

Investments in the Clair Maltby Enabling Works program along with the inclusion of the required water tower in 2035, are anticipated to unlock 3,400 units (Phase 1 – 900 Phase 2 – 2,500) from a municipal, linear infrastructure perspective.

Clair Maltby projects captured in the 10-year budget include (Table 23):

Table 23 Clair Maltby projects

Project	Design budget year	Construction budget year
RD0398 Gordon and Clair Widening EA	2024	n/a
SC0079 Southgate/Hanlon Trunk Sewer – Clair to Kortright Easement	2030	2032
PN0921 Clair Rd/Laird Rd Upgrades - Hanlon to Poppy	2032	2034
PN0891 Clair Rd Reconstruction - 230m E of Laird to Gordon	2033	2035
PN0080 Gordon St Upgrades - Clair to Maltby	2033	2037
WT0046 Clair-Maltby Elevated Water Tower and Transmission Connection (timing to be adjusted in future budget updates)	2035	2035

Other growth areas

Estimating new unit growth in non-strategic growth areas across the City remains challenging, as accurate projections depend on the receipt and review of development applications. Infrastructure work in the 10-year budget will continue to enable growth beyond 2031, as some work recommended for the medium- to long-term is also being completed in this current time period due to sequencing or other priorities. As well, when sizing linear infrastructure that has a lifecycle of 80-100 years, the ultimate build-out of the location it is supporting is considered, versus only sizing it for short-term growth; this increases capacity beyond the short-term horizon in areas where upsized infrastructure is installed.

To date there are 6,345 new units that are on lands that are zoned, sites in draft approved and registered plans of subdivision which have not yet been built and require no additional enabling infrastructure to move forward. It is estimated that 3,500 of these could be brought to market in the next few years.

Housing units enabled

Investments in enabling infrastructure within the 10-year budget are anticipated to provide the City-owned infrastructure needed to meet the 18,000 units required by the housing pledge.

City staff also continue to meet regularly with all active third-party utility companies with infrastructure in the city to help facilitate planning for growth in Guelph.

However, this work is only one of the many steps required on the path to actual new home construction. Partners in the development and building community are critical to bringing these housing units online. In some cases, the timing of capital investments included in the budget may not align with the desired timing of the development community. Developers may have the desire and ability to move development work forward faster, which is why the City has developed and launched the Municipal Service and Financing Agreements (MSFA) program.

In addition to housing-enabling infrastructure, the capital budget also includes initiatives and policy work funded through the Housing Accelerator Fund to incentivize housing construction in Guelph.

Municipal Service and Financing Agreements

The Municipal Service and Financing Agreements (MSFA) Policy was approved by Council in April 2025. MSFA's, also commonly referred to as front-ending agreements, are a financing tool that allows developers to fund and construct housing enabling infrastructure prior to when the City's fiscal capacity permits. The City then repays those funds as housing is built. The City is currently running a pilot phase which will ultimately guide the approach, and future roll out of the program. Mandatory requirements of the program include: providing at least 1,000 new housing units in Guelph, advancing the project timeline by more than three years;

and ensuring that any project advancement is fiscally viable and sustainable for the City.

Capital Program Resourcing Strategy

The [Capital Program Resourcing Strategy](#) was approved in 2021 to address the staffing resources required to execute the expanding capital program. Staff revised the remaining two years of the strategy to align the people resources to the capital program presented in the updated capital budget and forecast. As part of the 2025 budget confirmation, staffing positions originally planned for 2025 and 2026 were deferred by one year to 2026 and 2027, respectively. For the 2026 update, all 2026 positions were further deferred to 2027 and 2027 positions to 2028. These updates are reflected on budget request 1485 on the dashboard.

Special funding sources

The capital budget is primarily funded from property tax, utility rates and growth revenues such as development charges, community benefit charges and parkland dedication, however, there are additional special funding sources in the form of permanent government grants, one-time grants and special own-source revenue that help offset those main sources.

Canada Community-Building Fund

The Canada Community-Building Fund (CCBF), previously the Federal Gas Tax, is a permanent, sustainable, and predictable funding source from the Government of Canada and is allocated to municipalities on a per-capita basis and indexed two per cent annually.

For 2026, the City is allocated \$9.4 million from the fund. These funds are maintained within an obligatory reserve fund and managed across a long-term period to be allocated strategically to capital projects within the budget and forecast. The projected balance of the reserve fund at the start of 2026 is \$19.5 million. Council has directed that these funds be used to support infrastructure renewal work. Recently, through the updated AMO/Municipal Funding Agreement for the CCBF, a requirement to prioritize projects that support the growth of the housing supply where it makes sense to do so. Staff's approach to complying with Council's direction to utilize the funds for renewal work, and the updated requirement to prioritize growth has been to seek to allocate CCBF funds to support the renewal components of combined growth and renewal projects.

Key highlights include:

- **2026 Capital Budget Allocation**
\$15.7 million is allocated to the capital budget in 2026.
- **Total 10-year funding**
\$114.4 million in capital funding supported by the CCBF.

Downtown Infrastructure Revitalization Program

\$18.9 million is directed to toward replacing the infrastructure renewal portion of related projects in the 10-year forecast.

- **Bridges and Structures**

\$9.0 million is allocated to the replacement and renewal of bridges and structures in the 10-year forecast.

Provincial Transit Funding – Dedicated Gas Tax Program

The Province supports local transit through the dedicated gas tax program whereby funds collected through gasoline sales in the province are distributed to municipalities that support public transit services. Funds are distributed annually to municipalities that operate public transit services, with transfers based on ridership levels.

In the City's 10-year capital budget and forecast, \$34.6 million in funding from this program has been allocated to support bus replacement and refurbishment projects, specifically:

- Transit Bus Replacement with Electric (TC0077)
- Bus Replacements and Refurbishing (TC0097)

This funding helps maintain and modernize the City's transit fleet, ensuring reliable service and supporting long-term transit infrastructure planning.

Transportation Reserve Fund

The Transportation reserve fund was created through the [Transportation Master Plan \(TMP\) report](#) in 2022 to support the implementation of the TMP initiatives in support of [Vision Zero](#) and is funded from the net revenues of fines collected through red light cameras and automated speed enforcement (ASE) programs. Recent changes to ASE programs (as described in the [operating budget summary](#)) have led to increases to the projected transfers to the reserve fund allowing additional investments in road safety initiatives over the 10-year forecast. These revenue projections are subject to change with the potential approval of the announced provincial legislative changes to cancel ASE programs.

Through the 10-year capital budget and forecast, \$3.7 million in projected revenues are allocated from the transportation reserve fund to fund the benefit to existing component (non-growth) of select transportation related capital projects. The growth related components of these projects are funded separately through Development Charges. Funded projects include:

- Road Safety Initiatives (TF0037)
- New Intersections & Pedestrian Signals (TF0028)
- Pedestrian Crossovers (TF0039)

This targeted investment supports safer streets and aligns with the City's commitment to proactive transportation planning and community safety.

Special Own-Sourced Revenues

In addition to traditional funding sources, the 10-year capital budget also includes special own-sourced revenue from various reserve funds to support targeted capital improvements. This includes:

- **Tree Compensation reserve fund**
\$1.0 million allocated to support tree planting initiatives.
- **Sleeman Centre Naming Rights reserve fund**
\$651 thousand allocated to capital improvements at the Sleeman Centre.
- **River Run Capital reserve fund**
\$650 thousand generated through ticket surcharges, allocated for capital repairs and maintenance at the River Run Centre.

These reserve funds provide flexible, dedicated support for specific asset renewal and enhancement priorities across the City.

Capital Grant Funding

The City actively pursues capital grants opportunities to support infrastructure and strategic initiatives. The 10-year capital budget and forecast includes approved grant funding from several key programs:

- **Investing in Canada Infrastructure Program (ICIP) – Public Transit Stream**
\$80.0 million allocated to transit-related capital projects.
- **Canadian Public Transportation Fund – Baseline Stream**
\$14.2 million allocated to support public transportation infrastructure.
- **Housing Accelerator Fund**
\$0.6 million allocated to advance housing-related initiatives.

The capital budget is revised in-year as new grants are approved, with updates provided through quarterly budget monitoring reports to ensure transparency and responsiveness.

Currently the City has seven grant applications under review, including a \$34.8 million application to the Canada Housing Infrastructure Fund (CHIF). This application supports upgrades to Guelph's wastewater treatment facility and trunk sewers to accommodate population growth and enable housing development. These projects are included in the 10-year capital budget, funded through development charges and rate-supported reserve funds. Receiving the CHIF grant would reduce the financial pressure on these reserves and enhance the City's capacity to reinvest in future infrastructure needs.

Grant funding opportunities are expected to expand following the release of the federal budget this fall.

Operating impacts from the capital budget

Below is a preview of the operating impacts from capital projects that will result in an increase to the operating budget over the next four years. The 2026-2029 operating budget impact from approved and proposed capital projects totals \$14.0 million. Budget for these operating impacts are included in the budget year in which the operating impact will begin. These project impacts are described in Table 24 below by program of work. Staff review the status of the capital projects that drive these impacts at each budget update to confirm timing aligns with the asset in service date as well as verifying that the budget is accurate.

Table 24 Operating impacts from the capital projects budgeted in 2026-2029

Program of work	Total 2026-2029 operating impact (\$ millions)	Description	Key projects
Corporate Plans, Programs and Technology	1.1	Licensing, cloud storage and resourcing related to investments in software and technology initiatives.	Various IT projects
Corporate Facilities, Public Works and By-Law	0.4	Fuel, maintenance and resourcing to support the operation of one growth sidewalk plow and one growth tandem salter/sander.	RD0473 RD0408
Emergency Services	0.2	Operating cost related to Next Generation 911 technology. Fuel, maintenance and insurance for two growth ambulances. Rental revenue from the Fire Training Burn Tower.	FS0091 PM0002 FS0095
Parks and open spaces	0.3	Costs resulting from operationalizing the Urban Forest Management Plan. Maintenance including mowing, trimming, garbage removal, minor repair and regular inspection of new parks.	PO0037 Various new parks (projects in PK series)

Program of work	Total 2026-2029 operating impact (\$ millions)	Description	Key projects
Parking and Transit Services	10.1	Transit route review – resourcing to support increase in service and fuel, maintenance and insurance for fourteen additional buses. Maintenance of new bus shelters. Staffing, maintenance and data costs related to transit digital signs and intelligent transportation software.	TC0096 (5 new buses) TC0064-013 (4 new buses) TC0064-014 (5 new buses) TC0043 TC0072 TC0081
Solid Waste Services	0.8	Resourcing, fuel, maintenance and insurance for one growth waste packer. Waste removal costs related to new growth-related cart pickup. Operational costs for downtown public space waste containers.	WC0060 WC0024 WC0057
Culture and Recreation	0.03	Maintenance for growth equipment for South End Community Centre	RF0091
Transportation Network	0.5	Public works support related to the installation, non-winter seasonal maintenance and removal of seasonal bike lanes. Maintenance of additional kilometres of roads, sidewalks, trails and new intersections/pedestrian signals. Additional operating costs related to downtown streetscaping for Wyndham Street.	RD0385 TF0028 PK0224 PN0060
Water Management	0.6	Resourcing to manage and oversee water taking and treatment facilities.	WT0040 WT0043 WT0060 WT0090
Total 2026-2029 operating impacts	14.0		n/a n/a

Operating impacts of 2026 capital projects total just under \$3.7 million with most impacts being added to the operating budget in 2027 or 2028, Table 25.

Table 25 Capital projects to be adopted in 2026 with operating impacts in the 10-year forecast

Project	Description of operating impact	Total operating impact \$	Year of operating impact
IT0112 Electronic Document Management System	Planning and resourcing to manage and oversee the system. Annual software subscription and cloud storage cost.	325,426	2027 2028
PM0002 Vehicles Growth	Fuel, maintenance and insurance for one growth ambulance.	37,800	2029
PO0056 Downtown and Non-Standard New/Replacement Tree Planting	Maintenance of new trees.	600	2027
TC0064-013 Route Review – Year 6 (ICIP-GUE-01)	Resourcing to support increase in service (23,887 additional hours and 374,655 kms) and fuel, maintenance and insurance for additional buses.	2,667,199	2028 2029
TM0010 Mobility Van – Growth	Resourcing to support increase in service and fuel, maintenance and insurance for additional mobility van.	170,350	2027
PN0060 Wyndham St. N Reconstruction – Farquhar to Woolwich	Additional operating costs related to downtown streetscaping.	300,000	2028
PN0354 Project Planning and Scope Development	Maintenance of additional kilometres of roads and sidewalks added through various projects.	25,000	2027
TF0028 New Intersection/Pedestrian Signals	Maintenance of additional signals.	15,000	2027
WT0040 Facility Upgrades and Studies	Resourcing to manage and oversee water taking and treatment facilities.	115,400	2027
Total operating impact	n/a	3,656,775	n/a

Long-term financial strategies

Funding Strategy Overview

During the preparation of the 2024–2027 Multi-Year Budget (MYB), staff built the 10-year capital budget and forecast based on the updated service delivery master plans, factoring in the high inflation of the previous few years. As part of the MYB, significant increases were built into the budget for capital funding, including phased-in adjustments to address inflationary gaps, greater investment in infrastructure renewal to reduce the asset management funding gap, and building up funding for projects supported by the 100RE and Service Enhancement strategies.

To prioritize affordability in the 2025 Budget Confirmation, the tax-supported capital funding increases were reduced by \$5.7 million on average for 2025, 2026 and 2027. Further, an assumption was made that this lower level of increase in capital funding would also be fixed for the duration of the capital budget and forecast. These changes resulted in a reduction of approximately \$243 million of tax-supported capital funding over the 10-year capital budget and forecast period. This was a critical decision that provided the foundation for capital prioritization work, deferring capital spending to fit within the revised projected funding envelope. These foundational assumptions will be revisited through the next MYB cycle (2028 – 2031). The following are key revenue assumptions built into the forecast:

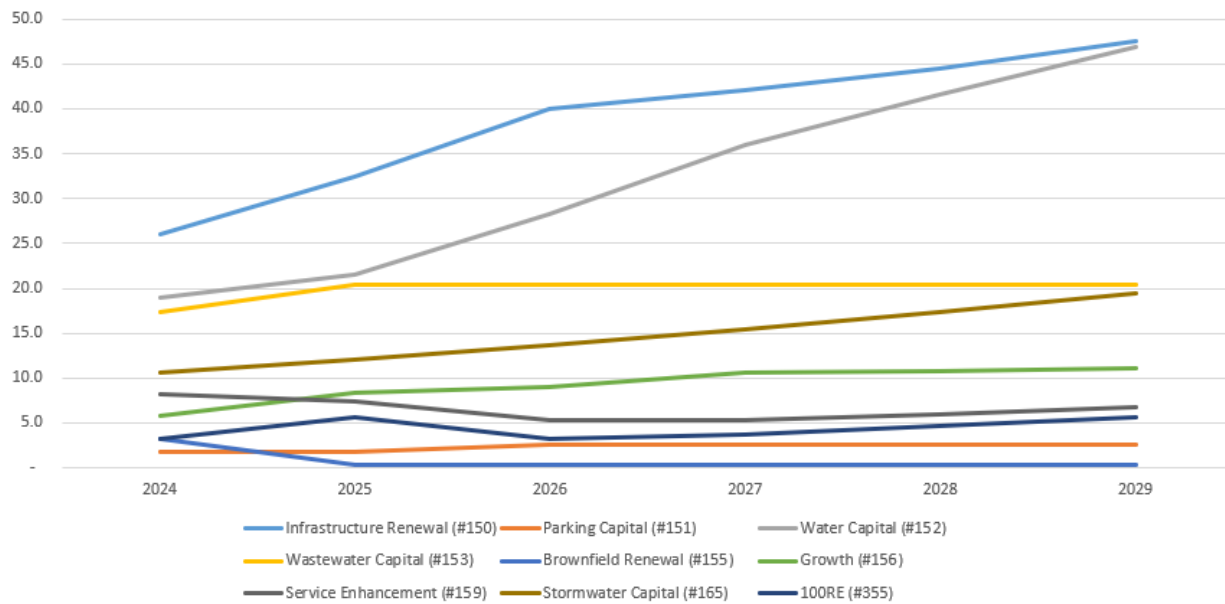
- The increases in the tax supported transfer for the Growth Strategy to support the creation of new housing units by funding development charge revenue losses are maintained from the MYB levels.
- Funding for Infrastructure Renewal would be protected as much as possible, given the City’s known and growing infrastructure backlog.
- The Service Enhancement, Brownfield Renewal and 100RE funding envelopes were reduced to accommodate the Growth and Infrastructure Renewal increases.

These assumptions, together with the City’s capital prioritization criteria and framework, guided a comprehensive capital prioritization process, where every project in the City’s capital budget and forecast was prioritized in alignment with the criteria established. Once the budget adjustments were made to defer and re-sequence capital projects, the tax supported funding flowing into the Infrastructure Renewal, Service Enhancement, and 100RE reserve funds were adjusted between the reserve funds to align with the prioritized capital projects.

The 2025 Budget Confirmation introduced significant adjustments across all financial strategies over the 10-year forecast period. Building on that foundation, the 2026 Budget Update maintains consistency with the above noted approach, however with refinements limited to specific strategies.

Figure 4 shows how the transfers to capital under each of the strategies change over time.

Figure 4 Transfers to capital reserve funds (2024-2029) (\$ millions)



Reserve Fund	2024	2025	2026	2027	2028	2029
Infrastructure Renewal (#150)	26.0	32.5	40.1	42.0	44.5	47.6
Parking Capital (#151)	1.8	1.8	2.5	2.5	2.5	2.5
Water Capital (#152)	18.9	21.5	28.3	36.0	41.6	46.8
Wastewater Capital (#153)	17.4	20.4	20.4	20.4	20.4	20.4
Brownfield Renewal (#155)	3.2	0.3	0.3	0.3	0.3	0.3
Growth (#156)	5.8	8.3	9.0	10.6	10.8	11.2
Service Enhancement (#159)	8.2	7.3	5.3	5.3	6.0	6.7
Stormwater Capital (#165)	10.6	12.1	13.6	15.5	17.4	19.4
100RE (#355)	3.2	5.7	3.2	3.6	4.6	5.7

Here are some highlights that can be seen in Figure 4:

- To maintain the required transfers to the Service Enhancement and 100RE reserve funds necessary to fund service enhancement and 100RE capital

projects and debt servicing costs, the increase in the transfer to the Infrastructure Renewal reserve fund needs to be slowed down in 2027 compared to the increases in 2025 and 2026.

- In 2026, the tax supported investment in the Growth reserve fund to fund DC exemptions is more than the investment in Service Enhancement and 100RE combined. This represents the property tax contribution toward supporting the creation of new housing units by funding growth-enabling infrastructure and amenities.
- The commitment to closing the infrastructure gap is evident through the continued increases in the transfers to the Infrastructure Renewal, Water, and Stormwater reserve funds. The Wastewater Capital reserve fund transfer is flattened because of the strategy developed to re-balance Water and Wastewater capital funding, while ensuring that sufficient resources remain to support infrastructure renewal for wastewater services as well. To balance this with managing affordability, tax supported investment in Service Enhancement, 100RE, Brownfield Renewal and rate supported Parking Capital investment have declined or have modest increases over this six-year period.

The individual financial strategies provide more detail about the reserve fund positions, projects funded, and any significant changes. The updated plan relies on inter-reserve fund borrowing, and the use of debt throughout the forecast at the same level projected through the 2025 Budget Confirmation. The City continues to have an ambitious capital plan, and it will require ongoing monitoring of capital reserve fund positions each year. Minimum reserve fund balance targets will not be met in some years, and there is potential for adjustments to capital project timing through future annual budget updates or future MYB cycles, if required based on updated reserve balances and other changes that impact reserve forecast assumptions such as DC collections.

Infrastructure Renewal strategy

The Infrastructure Renewal (IR) Strategy funds the planned maintenance and replacement of City-owned assets. This strategy is directly linked to [asset management planning](#)—how we plan for and prioritize our infrastructure needs to maintain assets in a state and condition that support consistent and reliable municipal services for our community. Asset management planning is an ongoing and long-term process that estimates the financial requirements to maintain the City’s assets in a state of good repair, including operation and maintenance, renewal, replacement, and disposal.

The Infrastructure Renewal Strategy is funded from multiple sources:

- Property taxes;
- Water, wastewater, stormwater, and parking rates;
- Canada Community-Building Fund (previously federal gas tax);
- Dedicated Gas Tax Funds for Public Transportation (provincial gas tax); and

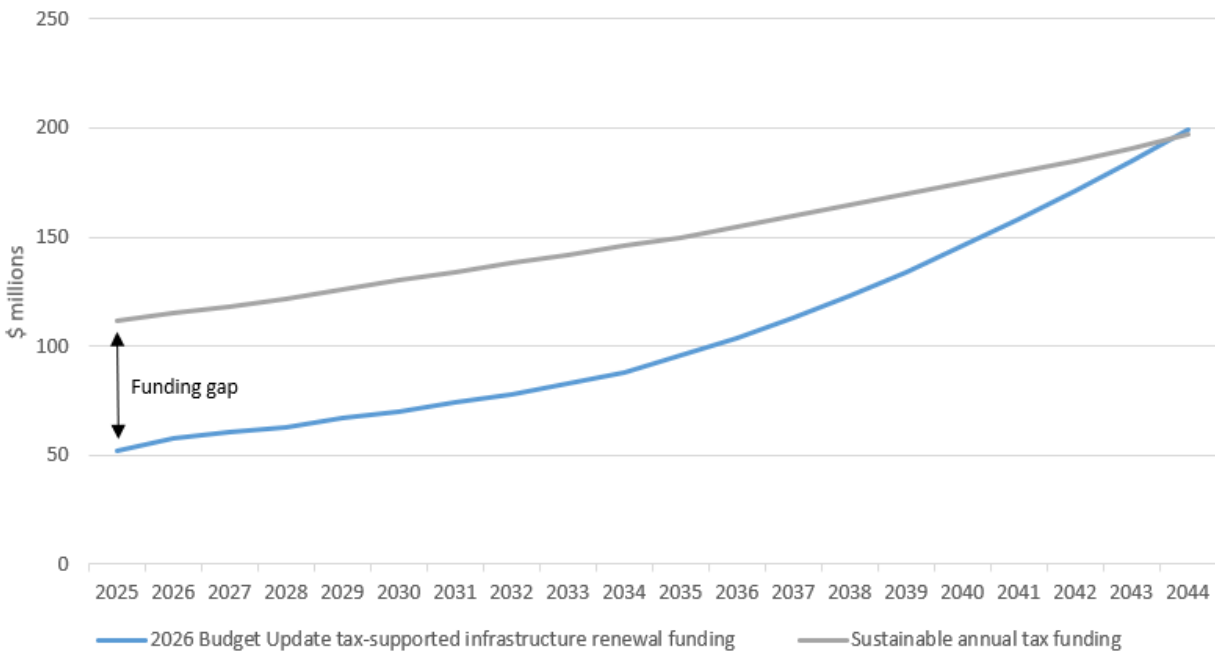
- Dividends from the City’s two wholly owned subsidiaries: Guelph Municipal Holdings Inc. (GMHI) and Guelph Junction Railway (GJR).

Sustainable funding level

According to the City’s most recent [Asset Management Plan 2025](#) (AMP), the sustainable funding level for infrastructure renewal is \$189 million. The AMP also identified an infrastructure backlog of \$355 million.

The analysis in the AMP projects that the tax-supported services can reach the sustainable funding level by 2043 or 2044, while the non-tax supported services can reach sustainable funding by 2031 based on infrastructure renewal funding projected through the 2025 Budget Confirmation. These estimates have been recalculated and the changes made through the 2026 budget update did not result in a change in these estimates. Figure 5 and 6 show the projected Infrastructure Renewal funding in comparison to the sustainable funding levels for tax-supported and non- tax-supported services, respectively.

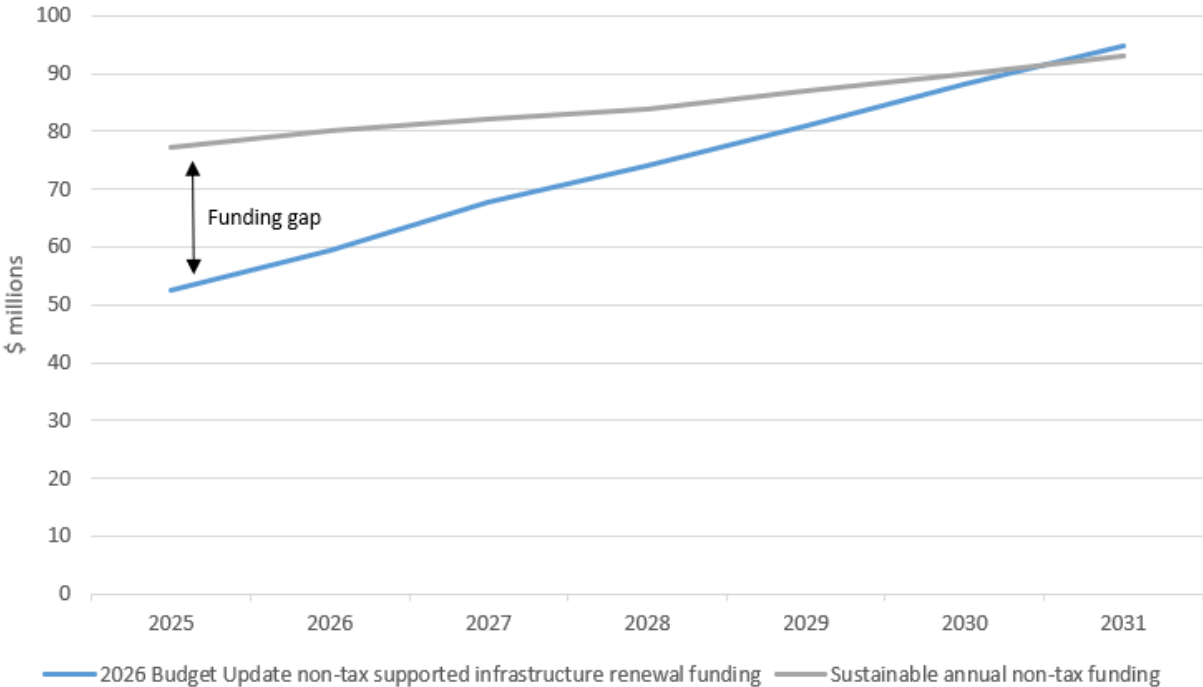
Figure 5 Annual sustainable funding level gap, tax-supported (\$ millions)



Year	2026 Budget Update tax-supported infrastructure renewal funding	Sustainable annual tax funding
2025	52	112
2026	58	115
2027	61	118
2028	63	122

Year	2026 Budget Update tax-supported infrastructure renewal funding	Sustainable annual tax funding
2029	67	126
2030	70	130
2031	74	134
2032	78	138
2033	83	142
2034	88	146
2035	96	150
2036	104	155
2037	113	160
2038	123	165
2039	134	170
2040	146	175
2041	158	180
2042	171	185
2043	185	191
2044	199	197

Figure 6 Annual sustainable funding level gap, non-tax supported (\$ millions)



Year	2026 Budget Update non-tax supported infrastructure renewal funding	Sustainable annual non-tax funding
2025	52	77
2026	59	80
2027	68	82
2028	74	84
2029	81	87
2030	88	90
2031	95	93

Tax support for the Infrastructure Renewal Strategy

For tax-supported services, infrastructure renewal activities are funded from property taxes through the Infrastructure Renewal (150), Library Capital (157), and Police Capital (158) reserve funds, as well as external funding from upper levels of government, including the Canada Community-Building Fund (CCBF) and Dedicated Gas Tax (DGT).

Table 26 summarizes the annual infrastructure renewal funding for tax-supported services. The City maximizes the use of these external funding sources to lessen the impact on property taxes.

Table 26 Annual capital funding transfers – tax-supported Infrastructure Renewal Strategy funding (\$ millions)

Funding source	2025	2026	2027	2028	2029
Infrastructure Renewal (150)*	35.4	40.1	42.0	44.5	47.6
Library Capital (157)	0.3	0.3	0.4	0.4	0.4
Police Capital (158)	4.4	5.2	5.4	5.5	5.7
DGT (342)	3.0	3.0	3.0	3.0	3.0
CCBF (343)	9.4	9.4	9.8	9.8	10.2
Total	52.6	58.0	60.6	63.2	66.9

*In 2026, the transfer to the Infrastructure Renewal reserve fund (150) includes \$4.1 million in projected dividends from GMHI and \$168 thousand in projected dividends from GJR.

In 2026, the IR Strategy will continue increasing with inflation plus the approved IR Strategy of adding 1 per cent of the overall tax levy annually on top of inflation. This is possible due to a reduction in the tax supported funding for the 100RE strategy in 2026. However, the prioritized capital budget continues to include significant investment in Service Enhancement and 100RE initiatives, and therefore the overall envelope of tax-supported capital funding increases was split among these strategies, meaning that the 1 per cent annual increase in addition to inflation are not possible at the current overall level of tax supported funding in 2027 and

beyond. After that time, funding will continue to increase with inflation plus a varying portion of the increase required to close the infrastructure gap.

As shown in Table 27, the Infrastructure Renewal reserve fund (150) has a positive balance at the end of 10 years but goes into significant deficits in 2029-2033, where it will need to borrow from other reserve funds. This will be closely monitored, as having a deficit in the reserve fund will reduce the City’s ability to manage unplanned asset failures.

Table 27 Infrastructure Renewal reserve fund (150) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033	3035
Opening balance	44.7	2.7	15.9	21.6	3.9	(19.2)	(20.9)	(18.6)	(18.4)	(10.0)	13.5
Revenue from operating budget	35.4	40.1	42.0	44.5	47.6	51.0	54.5	58.3	62.3	66.6	74.4
Capital expenditures	(77.4)	(26.8)	(36.4)	(62.3)	(70.7)	(52.6)	(52.3)	(58.1)	(53.9)	(43.1)	(46.2)
Closing balance	2.7	15.9	21.6	3.9	(19.2)	(20.9)	(18.6)	(18.4)	(10.0)	13.5	41.7

Rate-supported Infrastructure Renewal Strategy funding

The Infrastructure Renewal Strategy provides rate-supported funding through annual transfers to the respective reserve funds for the following services:

- parking;
- water;
- wastewater; and
- stormwater.

Parking

A summary of the reserve fund forecast is provided in Table 28 below. The reserve fund still builds up over the duration of the capital budget and forecast based on the planned capital works from 2026 through 2035; it also provides a source of funds for potential parking partnership opportunities that may arise, and for major replacement/renewal work on the City’s parkades planned beyond the 10-year forecast.

Table 28 Parking Capital reserve fund (151) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	(5.8)	6.7	7.7	8.4	9.0	9.6	10.1	10.8	11.4	12.1	12.8
Transfers from operating	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Capital expenditures	10.0	(1.5)	(1.9)	(1.9)	(1.9)	(2.0)	(1.9)	(1.9)	(1.7)	(1.9)	(2.0)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Closing balance	6.7	7.7	8.4	9.0	9.6	10.1	10.8	11.4	12.1	12.8	13.2

Utility (water, wastewater and stormwater) rate supported services

Funding for both the Infrastructure Renewal Strategy and Growth Strategy is transferred to each of the Water Capital (152), Wastewater Capital (153) and Stormwater Capital (165) reserve funds. The following tables show the transfers to Water Capital, Wastewater Capital, and Stormwater Capital reserve funds for both the Infrastructure Renewal Strategy and the Growth Strategy. The corresponding reserve fund forecast is also provided for each service.

Staff made a recommendation through the [2025 Budget Companion Report](#) to investigate the customer impact of adjusting the Water and Wastewater utility rates with the objective of eliminating the deficit in the Water Capital reserve fund (152) and reducing the positive balance in the Wastewater Capital reserve fund (153). The 2026 budget update accomplishes this by pausing the increases to the Wastewater Capital reserve fund and attributing the forecasted increases to the Water Capital reserve fund. By following this strategy, the 10-year forecast for the Water Capital reserve fund achieves a forecasted positive balance by 2032. This is a long-term strategy to bring these reserve funds into a balanced position and updates to the strategy will be made annually as required.

Table 29 Water Capital reserve fund (152) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	46.2	(29.4)	(27.9)	(42.9)	(39.7)	(41.0)	(38.7)	(7.3)	24.0	15.0	68.9

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue from operating budget	21.5	28.3	36.0	41.6	46.8	52.6	58.8	65.6	73.0	78.9	83.1
Capital expenditures	(93.7)	(23.2)	(47.8)	(35.0)	(44.8)	(47.0)	(25.2)	(31.4)	(79.0)	(22.7)	(7.7)
Transfer to other reserve funds	(3.4)	(3.6)	(3.3)	(3.3)	(3.3)	(3.3)	(2.3)	(3.0)	(3.0)	(2.2)	(2.2)
Closing balance	(29.4)	(27.9)	(42.9)	(39.7)	(41.0)	(38.7)	(7.3)	24.0	15.0	68.9	142.1

Table 30 Wastewater Capital reserve fund (153) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	114.5	91.3	53.3	51.1	52.1	45.1	44.1	47.0	39.8	36.2	40.5
Revenue from operating budget	20.4	20.4	20.4	20.4	20.4	20.4	19.4	19.4	19.4	19.4	19.4
Capital expenditures	(40.9)	(55.6)	(20.0)	(16.9)	(24.8)	(18.8)	(14.6)	(24.2)	(20.7)	(13.3)	(9.7)
Transfer to other reserve funds	(2.6)	(2.8)	(2.6)	(2.6)	(2.6)	(2.6)	(1.8)	(2.3)	(2.3)	(1.7)	(1.7)
Closing balance	91.3	53.3	51.1	52.1	45.1	44.1	47.0	39.8	36.2	40.5	48.5

As shown in Table 31, the Stormwater Capital reserve fund has a positive balance throughout the forecast, other than 2033. The balance in this reserve fund is being used as an informal lender to other reserve funds when positive.

Table 31 Stormwater Capital reserve fund (165) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	28.1	19.3	19.5	29.1	27.9	18.2	5.7	10.4	0.7	(5.2)	19.5
Transfers from operating	12.1	13.6	15.5	17.4	19.4	21.0	22.7	25.7	29.0	32.7	36.9
Capital expenditures	(20.7)	(13.2)	(5.6)	(18.5)	(28.9)	(33.3)	(18.0)	(35.1)	(34.6)	(7.9)	(16.5)
Transfer to other reserve funds	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)
Closing balance	19.3	19.5	29.1	27.9	18.2	5.7	10.4	0.7	(5.2)	19.5	39.8

Growth Strategy

The purpose of the Growth Strategy is to fund growth-related costs. The City uses growth-related revenues to pay for the costs of growth to the extent allowed by legislation. Growth revenues used to pay for growth-related capital expenses are collected from:

- Cash-in-lieu of parkland dedication;
- Community benefit charges;
- Development charges;
- Property tax assessment growth; and
- Utility rate revenue growth.

Development charges

Development charges (DCs) are the largest funding source for growth-related capital costs. The City's current DC bylaws, (2024)-20866 through (2024)-20880, as amended, were passed in January 2024 and amended in November 2024. As part of that process, new DC rates were calculated and approved as part of the [2023 Development Charges Background Study](#) dated January 26, 2024.

There have been numerous changes to DC legislation over the past several years. Here is a summary of the significant changes related to DCs that the City has experienced leading up to the 2025 Budget Confirmation:

- In 2022, Bill 23 was passed, which altered DC revenue in several ways including; a phase-in of DC rates, the introduction of new DC exemptions and discounts for affordable housing and rentals, and the removal of growth studies as a DC eligible expense.
- In 2023, the City completed the DC Background Study, which was approved in January 2024; the new DC rates and growth assumptions were integrated into the 2024-2027 MYB.
- In 2024, Bill 185 was passed which reinstated growth studies as a DC eligible expense and repealed the mandatory phase-in of DC rates.
 - Since the 2025 Budget Confirmation, there have been the following significant events related to DCs:
- In November 2024, the [DC by-law was amended](#) to add growth studies back into the DC rate.
- The City incurred a DC collection shortfall of \$42.9 million, while experiencing high DC exemptions for 2024, as discussed in the [2024 Long-term Financial Statement: Reserves and Debt](#).
- In April 2025, Council approved the [Municipal Service and Financing Agreements \(MSFA\) Policy](#) which added a tool to advance development faster.
- In June 2025, Bill 17 was passed which introduced new legislation for DCs. This bill may have wide ranging impacts on the requirements and methodology used in the development of DC background studies and the timing of collection of

DCs. The DC changes from Bill 17 have not yet come into effect, as further enabling regulation or orders in council, as well as other legislative changes are required.

There have been several other events and changes that have occurred but are not listed here as the financial impact on the Growth Strategy is less significant.

In the MYB, projections for DC collections were based on the [2023 DC Background Study](#), which uses the analysis completed through the [Growth Management Strategy](#). The 2025 Budget Confirmation continued using the 2023 DC Background Study as the basis for the DC collection forecast, which forecasted \$304.5 million in DC collections from 2025 to 2029. This revenue projection is a foundational piece of the reserve fund forecast that is used to guide the fiscal capacity of the capital budget.

DCs are a volatile funding source, and the City has experienced the downside of this volatility in 2024 and 2025 to date. In 2024, the DC collection shortfall was \$42.9 million and through the second quarter of 2025, the City collected only \$5.2 million of a projected \$53.8 million. Given the current trends in the construction industry, staff revised the estimate of DC collections from 2025 to 2027 downward in the updated reserve fund forecast. Staff will continue to refine these projections and incorporate the impact of the Bill 17 changes to defer collections to occupancy into the 10-year forecast and will update forecast collections again through the 2027 Budget Update. Overall, the revision made to 2025 through 2027 collection assumptions results in an estimated \$200.0 million in DC collections from 2025 to 2029. This estimate also includes an adjustment to add growth studies back to the DC rate. The projections for 2028 to 2035 continue to be based on the 2023 DC Background Study and will require further revision if slow growth and reduced development activity continues beyond 2027.

With a \$104.5 million decrease in forecast DC collections from 2025 to 2029, the fiscal capacity to deliver the capital budget and forecast as updated through the 2025 Budget Confirmation was reduced. As noted in the [Capital Budget section](#) of this website, this revision resulted in capital project deferrals from 2026 to 2028.

In April 2025, Council approved a policy for the use of Municipal Servicing and Financing Agreements (MSFA) to accelerate growth related infrastructure beyond the City's current fiscal capacity. Officially launched in August 2025, the MSFA program enables the City to work with developers to build the infrastructure to allow growth projects to proceed without being limited by the City's project timing, which is otherwise constrained by available DC funding.

Bill 17 introduced new legislation for developers to defer payments of DCs on residential development from the time of building permit issuance to the time of occupancy. Although not yet enacted, if this change proceeds, it will significantly impact the timing of DC collections. Approximately 71 per cent of projected DC collections are residential, therefore the budget exposure in 2026 from this change

is a loss of is \$15.2 million. This could occur if all residential developers defer their DC payment and occupancy is greater than one year from the time of building permit issuance for each development. The timing and details of implementation are currently unknown. The province continues to consult on how to implement this change as there are several issues to be considered, but it could delay collection of DCs for single and semi-detached homes by approximately eight months, and for multi-residential towers by up to three years. This impact will be incorporated into the work to forecast the DC collections for the City in the 2027 Budget Update.

Table 32 presents a forecast of the consolidated DC year-end reserve fund balances based on the growth-related capital projects included in the 10-year capital budget and forecast. These balances are net of project-specific debt approved in prior capital budgets as well as debt attached to specific projects in the 2026 and future capital budget and forecast, but do not reflect the debt capacity earmarked for DC projects as outlined in the Debt Strategy.

Table 32 Forecasted year-end Growth Revenue Reserve Fund balances (\$ millions)

Reserve fund grouping	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Parkland dedication	19.7	20.5	21.2	22.0	22.7	23.5	1.3	2.1	2.6	3.1	3.5
Community benefit charges	1.3	1.7	2.1	2.6	3.0	3.5	(1.1)	(0.8)	(0.3)	0.1	0.5
Development charges	(5.5)	(95.1)	(80.5)	(49.4)	(21.8)	(10.1)	(14.7)	(16.5)	(24.0)	(14.0)	(87.7)

In the reserve fund forecast, the DC reserve funds as a group are projected to remain in a deficit position throughout the forecast period. This is due to the significant investment in Water, Wastewater and Public Works growth infrastructure from 2025 to 2027. Table 33 outlines the Development Charges reserve funds as a group.

Table 33 Development Charge reserve funds (group) forecast 2025-2035 (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	106.8	(92.2)	(174.2)	(202.6)	(163.7)	(127.0)	(106.0)	(101.0)	(98.3)	(101.2)	(86.4)
Capital expenditures	(228.3)	(122.8)	(79.0)	(46.4)	(51.3)	(69.5)	(60.9)	(65.2)	(72.8)	(50.2)	(135.5)
DC collections	11.7	21.4	32.2	66.3	68.3	70.4	51.9	49.2	50.6	49.7	51.2

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
DC exemptions and discounts	17.6	19.4	18.4	19.0	19.6	20.2	14.0	18.7	19.3	15.2	15.7
Closing balance	(92.2)	(174.2)	(202.6)	(163.7)	(127.0)	(106.0)	(101.0)	(98.3)	(101.2)	(86.4)	(155.0)
Outstanding debt	86.8	79.1	122.0	114.3	105.2	95.9	86.3	81.9	77.2	72.4	67.4
Closing balance (after debt)	(5.5)	(95.1)	(80.5)	(49.4)	(21.8)	(10.1)	(14.7)	(16.5)	(24.0)	(14.0)	(87.7)

Staff will continue to monitor balances closely, and report on collections through the quarterly budget monitoring reports. Lower than budgeted DC collections may result in the deferral of projects or use of the reserved debt capacity later in the 10-year forecast to manage cash flows. Staff will also consider if additional growth projects can be accommodated in the later part of the 10-year forecast depending on actual collection experience through future MYB cycles.

Tax-supported revenues

Some growth-related costs are not eligible for funding through dedicated growth revenue streams. Additionally, development charge exemptions and discounts are required to be funded through other sources: property taxes for tax supported services, and utility rates for rate supported services.

They City maintains the tax-supported Growth Reserve Fund (156) to fund non-DC eligible growth capital costs, and exemptions and discounts for tax supported services. Actual overall exemptions and discounts have been comparable to the projected exemptions and discounts; however, to date, exemptions for additional dwelling units have been far more significant, and exemptions for affordable units have been far less significant than the projections prepared as part of the 2023 DC Background Study. Additionally, the approach to building up tax supported funding for these exemptions was a phased in approach, resulting in a declining Growth Reserve Fund (156) balance until the level of funds going into the reserve from property tax contributions levels out with the funds going out of the reserve fund for DC exemptions and discounts.

Throughout 2025, there has been significant discussion among municipalities and the province regarding the requirement to fund statutory DC exemptions and discounts. In the first quarter of 2026, staff are planning to bring Council an update to the DC Exemption Policy including information about the implications of different approaches that may be possible.

Consistent with slower growth trends, assessment growth for 2026 is at risk of falling short of the budgeted assessment growth increase of 1.15 per cent or \$4.0 million. Per the [Revenue Budgeting Policy](#), any surplus or deficit from assessment growth is reflected in a transfer to or from the Growth Reserve Fund. As of October 2, 2025, assessment growth for 2026 was at 0.62 per cent (just under \$2.2 million), with just under a month left for updates to be processed by MPAC for the 2026 assessment roll. A shortfall in assessment growth puts additional pressure on the Growth Reserve Fund, drawing the expected balance further into the negative. A 2026 shortfall will impact the tax levy in 2027 and further, as assessment growth is a lagging indicator. The slow development charge and Ontario Building Code revenue collection in 2024 and 2025 are early indicators that the assessment growth assumptions for 2027 and 2028 will need to be revised downward through the 2027 budget update and 2028 – 2031 MYB.

The foundational assumptions in the reserve forecast for the Growth Reserve Fund (156) have remained consistent with the 2025 Budget Confirmation, with the exception of an improved overall position from the re-addition of growth studies as an eligible DC service. As shown in Table 34, transfers into the Growth Reserve Fund are consistent with the proposed transfers through the 2024–2027 MYB. The projected balance continues to be negative throughout the forecast period until 2034, as shown in Table 35. Similar to DC collections, the costs of DC exemptions depend on the timing of eligible building activity and will fluctuate accordingly. Actual exemptions will continue to be monitored closely and reported on through the quarterly budget monitoring reports.

Table 34 Annual capital funding transfers – Growth reserve fund (\$ millions)

Description	2025	2026	2027	2028	2029
Total transfer to reserve fund	8.3	9.0	10.6	10.8	11.2

Table 35 Growth Reserve Fund (156) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	(5.2)	(9.0)	(11.9)	(12.1)	(12.4)	(12.3)	(11.6)	(10.0)	(7.4)	(4.2)	1.0
Transfers from operating	8.3	9.0	10.6	10.8	11.2	11.5	11.8	12.2	12.6	12.9	13.3
Capital expenditures	(1.3)	(0.3)	(0.1)	(0.4)	(0.4)	(0.1)	(3.1)	(0.4)	(0.1)	(0.6)	(0.1)
Transfer to other reserve funds	(10.8)	(11.6)	(10.7)	(10.7)	(10.7)	(10.7)	(7.1)	(9.2)	(9.2)	(7.1)	(7.1)
Closing balance	(9.0)	(11.9)	(12.1)	(12.4)	(12.3)	(11.6)	(10.0)	(7.4)	(4.2)	1.0	7.1

Service Enhancement Strategy

The Service Enhancement Strategy supports investments to advance Council’s strategic plan and approved service delivery master plans to increase service levels for the community. This strategy is funded from property taxes through an annual transfer from the operating budget to the Service Enhancement reserve fund (159). The funding transfer consists of a recurring portion as well as time-limited transfers earmarked for specific purposes.

The strategy currently funds projects in the following categories:

- Baker District
- Active transportation network including the [Cycling Master Plan](#)
- City facilities and other corporate plans and initiatives
- [Guelph Trail Master Plan](#), [Urban Forest Management Plan](#), and open spaces
- Investment in digital services and customer service
- [Transit Route Review](#) and other service enhancements
- [Downtown Streetscaping](#)
- [Solid Waste Management Master Plan](#) recommendations

As outlined in the [Funding Strategy Overview](#) section, the increases to the overall tax-supported capital funding envelope were slowed in the 2025 Budget Confirmation and forecast. To continue to prioritize transfers into the tax-supported Infrastructure Renewal and Growth Strategies, recurring funding for the Service Enhancement Strategy was reduced in 2025 and 2026. The total funding provided through this strategy is significantly reduced, and the Service Enhancement reserve fund is projected to go into a negative balance in 2028 until 2035, based on the capital projects that are funded from this source. Funding for this strategy will be revisited through the 2028 – 2031 MYB cycle, and if additional funding is not a priority for Council at that time, additional deferrals of service enhancement capital works will be required.

The time-limited transfer for the Service Enhancement Strategy relates to phasing in operating costs of the Baker District and the South End Community Centre. Given the significant operating costs associated with the new facilities, the phase-in gradually adds the costs to the tax levy to smooth the impact when the facilities are opened. Through the 2026 Budget Update, the phase-in transfer was reduced by \$169 thousand, and this will result in a higher impact on the tax levy timed with the first full year of operations for the facility in 2027.

Table 36 shows the annual time-limited and recurring transfers to the Service Enhancement Strategy in the 2026 Budget Update.

Table 36 Annual capital funding transfers – Service Enhancement Strategy (\$ millions)

Description	2025	2026	2027	2028	2029
Time-limited transfer	1.9	0.4	0.0	0.0	0.0

Description	2025	2026	2027	2028	2029
Recurring transfer	5.4	4.9	5.3	6.0	6.7
Total updated transfer	7.3	5.3	5.3	6.0	6.7

Table 37 is the list of capital projects that are funded by the Service Enhancement reserve fund (159) and the amount of service enhancement funding in the project. This is not the total project cost, but the service enhancement portion of the costs. For roads projects, the service enhancement portion is related to separated cycling infrastructure and downtown streetscaping costs.

Table 37 List of capital projects funded by Service Enhancement (\$ millions)

Project	2026	2027	2028	2029
GG0269 Accessibility Improvements	0.0	0.2	0.2	0.4
GG0284 Decision Support System Acquisition and Implementation	0.0	0.0	0.5	0.6
IT0061 Fibre Data Connection	0.0	0.1	0.6	0.1
IT0115 Customer Relationship Management system	0.0	0.0	0.0	0.6
IT0118 Cyber Security Program of Work	0.0	0.1	0.0	0.8
PL0087 Urban Design Guidelines	0.0	0.0	0.1	0.0
PN0041 Macdonell St Reconstruction - Norfolk to Wellington	0.4	0.5	2.1	0.0
PN0048 Quebec St Reconstruction - Norfolk to Wyndham	0.0	0.0	0.1	0.1
PN0060 Wyndham St N Reconstruction - Farquhar to Woolwich	0.3	0.0	0.0	0.0
PN0082 Exhibition Area Reconstruction - Ph 2	0.2	0.0	0.0	0.0
PN0798 Yarmouth St Reconstruction - Woolwich to Quebec	0.0	0.0	0.1	0.1
PN0893 Douglas St & Cork St Reconstruction	0.0	0.0	0.2	0.2
PO0033 Recreation Trails Renewal - Active Transportation	0.2	0.1	0.5	0.1
RD0378 Eramosa Rd protected bike lanes (ICIP-GUE-05)	0.0	0.0	0.1	0.4
RD0385 Cycling Master Plan Implementation	0.1	0.2	0.4	0.7
RD0465 TMP-Quality Transit Network Implementation	0.0	0.0	0.0	0.5
RD0469 Gordon Street Phase 1- Waterloo to College (ICIP-GUE-05)	0.0	0.0	0.1	0.3
RD0476 Active Transportation Studies	0.1	0.0	0.1	0.1
RD0478 Gordon Street Ph. 3 Cycling - South Ring Road to Edinburgh (ICIP-GUE-05)	0.0	0.0	0.0	0.1
SS0030 St. Georges Square Self Cleaning Washroom	0.0	0.0	0.3	0.0
TC0043 Bus Shelter Purchase	0.0	0.2	0.2	0.2
TC0095 New/Upgrades to IT Software - Transit	0.0	0.2	0.0	0.2
TC0098 Route Review - Refurbished Buses	1.0	0.0	0.0	0.0
TF0032 Accessible Pedestrian Signals	0.0	0.1	0.1	0.2
TM0010 Mobility Van - Growth	0.1	0.1	0.0	0.0
WC0043 Solid Waste Masterplan Recommendations, Assessments and Policy Development	0.0	0.0	0.0	0.7

Project	2026	2027	2028	2029
WC0044 Solid Waste Master Plan Environmental Programs Implementation	0.0	0.2	0.2	0.3
WC0057 Downtown Public Space Waste Containers	0.0	0.2	0.0	0.3
Other Projects (less than \$50 thousand annually, PK0125, PL0078, RD0377, RD0486, and WC0059)	0.1	0.1	0.1	0.1
Total	2.4	2.3	5.7	7.0

In addition to directly funding capital projects, debt principal and interest payments for the service enhancement portion of projects that have debt financing attached to them will come out of the reserve fund over time. Table 38 estimates debt payments over the 10-year forecast that will be paid out of the Service Enhancement reserve fund.

Table 38 Debt payments estimated from service enhancement reserve fund (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Baker District debt payments	0.4	1.4	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Wyndham St. Streetscaping debt payments	-	-	-	-	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Total debt payments	0.4	1.4	2.8	2.8	3.1	3.2	3.2	3.2	3.2	3.2	3.2

The entire downtown streetscaping costs of \$17.1 million were previously debt financed, however, with projects spanning multiple years throughout the 10-year forecast, the administration of issuing debt on this set of projects is not practical. Debt has remained attached to the project for the streetscaping of Wyndham Street North (PN0060), and the remainder of the previously assigned \$17.1 million debt has been reassigned to support the 100RE strategy, specifically the Guelph Transit and Fleet Services Facility.

Table 39 details the reserve fund forecast for the Service Enhancement (159) reserve fund. In years where the reserve fund balance is over committed, the reserve fund will rely on inter-fund borrowing.

Table 39 Service Enhancement reserve fund (159) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	0.9	(0.4)	0.7	0.8	(1.9)	(5.4)	(6.1)	(9.9)	(8.0)	(9.1)	(3.5)
Revenue from operating budget	7.3	5.3	5.3	6.0	6.7	7.5	8.2	9.0	9.9	10.7	11.0
Capital expenditures	(8.6)	(4.2)	(5.3)	(8.6)	(10.3)	(8.1)	(12.0)	(7.2)	(11.0)	(5.1)	(5.3)

Closing balance	(0.4)	0.7	0.8	(1.9)	(5.4)	(6.1)	(9.9)	(8.0)	(9.1)	(3.5)	2.2
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Brownfield Renewal Strategy

The Brownfield Renewal Strategy funds activities required to monitor and clean up environmental contamination at City-owned sites. The strategy funds projects related to monitoring, investigation, and risk assessment in addition to site remediation. As noted in the [budget manual](#), the goal of this strategy is to reduce the contaminated sites liability to less than \$5 million over the next 10 to 25 years.

The strategy in the 2026 Budget Update is consistent with the re-set strategy in the 2025 Budget Confirmation. In the 2025 Budget Confirmation, transfers into the Brownfield Renewal reserve fund (155) were reduced by \$3 million, and re-set at a level of \$0.3 million annually beginning in 2025. This reduction in the transfer to the reserve fund has provided relief to the tax levy and utility rates and has better aligned the amount going into the reserve fund with the costs projected to be incurred. The uncommitted reserve fund balance provides a buffer for managing unexpected costs arising from investigations.

The value of the liability for contaminated sites as of the end of 2024 was \$24.4 million, in addition to the \$6.3 million landfill obligation now included in the asset retirement obligation liability. Limited progress toward reducing this liability is expected to continue within the 10-year forecast, and further resources will be required to clean-up known City-owned contaminated sites. Table 40 outlines the projected balance in the reserve fund over the 10-year forecast.

Table 40 Brownfield Renewal reserve fund (155) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	17.3	11.1	11.4	11.2	10.5	10.3	10.1	9.9	9.7	9.6	9.6
Revenue from operating budget	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Capital expenditures	(6.5)	0.0	(0.4)	(1.0)	(0.6)	(0.4)	(0.5)	(0.4)	(0.4)	(0.3)	(0.3)
Closing balance	11.1	11.4	11.2	10.5	10.3	10.1	9.9	9.7	9.6	9.6	9.6

100 Per Cent Renewable Energy (100RE) Strategy

The 100 per cent Renewable Energy (100RE) strategy funds projects that reduce emissions and support Guelph's Race-to-Zero goal to become a net-zero carbon community by 2050.

An overview of focus projects for City emissions reductions, as well as City supports for community-led reductions, was outlined in the [Information Report 2022-223 – Cities Race-to-Zero Four-Year Interim Targets](#) published in June 2022. An

updated [Community Call to Climate Action](#) was presented to and endorsed by Council in May 2025, and a Corporate Energy update is forthcoming.

As discussed in the [Funding Strategy Overview](#), during the 2025 Budget Confirmation, the transfers to the 100RE reserve fund were reduced in the forecast to continue increasing transfers into the IR and Growth strategies. Table 41 below outlines the transfers from 2025 to 2029. After a decrease in the transfer in 2026, the transfer from operating increases annually to support the projects funded under this strategy.

To have a positive balance in the 100RE reserve fund by 2035, the tax supported transfers needed to be realigned between IR and 100RE in the 2025 Budget Confirmation and further realigned in the 2026 Budget Update. As a result, the transfers into the Infrastructure Renewal reserve fund are slowed compared to the MYB over the forecast, however the 100RE strategy is funded over the 10-year forecast. These transfers will be realigned in future annual budgets as the capital budget is updated to ensure that the strategy is funded over 10 years.

Table 41 Annual capital funding transfers - 100RE strategy (\$ millions)

Description	2025	2026	2027	2028	2029
Updated transfers from operating budget	<u>5.7</u>	<u>3.2</u>	<u>3.6</u>	<u>4.6</u>	<u>5.7</u>

Table 42 provides an overview of the categories of projects that advance the City’s emissions reductions. A forthcoming report to Council on the Corporate Climate Action Plan will provide greater detail. The upcoming report also discusses the proposed timing of the projects and the implications on the Race to Zero and the 100% Renewable Energy targets.

Table 42 Focus projects to reduce emissions from City operations

Projects	Capital project number	Project status	Estimated emissions reduction
Guelph Transit electrification	TC0059 TC0064 TC0077	Executing	6,700 tCO2e
Anaerobic digestion upgrades at Organic Waste Processing Facility to produce renewable natural gas	WC0048	Deferred beyond 10-year capital budget	3,000 tCO2e
Water Resource Recovery Centre upgrade to produce renewable natural gas (rate funded)	ST0009	Deferred beyond 10-year capital budget	2,000 tCO2e

Projects	Capital project number	Project status	Estimated emissions reduction
100RE initiatives – pooled funding	GG0261	Deferred beyond 10-year capital budget	Varies by project. Many of the initiatives will be executed through various projects as infrastructure replacements are made.

Table 43 presents the projects that are funded through the 100RE strategy in 2026 through 2029. This is not the total project cost, but the 100RE portion of the costs. These projects are part of the electrification of Guelph Transit and will contribute to reducing the City’s emissions. Staff will continue to build and evaluate the business cases for large-scale projects and will actively consider other funding opportunities where possible.

Table 43 Capital Projects funded by the 100RE Strategy 2026-2029 (\$ millions)

Project	2026	2027	2028	2029
TC0059 Guelph Transit and Fleet Services Facility (ICIP-GUE-03)	1.1	0.0	0.0	0.0
TC0064-013 Route Review - Year 6 (ICIP-GUE-01)	1.1	0.0	0.0	0.0
TC0064-014 Route Review - Year 7 (ICIP-GUE-01)	0.0	1.4	0.0	0.0
TC0064-015 Route Review - Year 8 (ICIP-GUE-01)	0.0	0.0	1.2	0.0
TC0064-016 Route Review - Year 9 (ICIP-GUE-01) – Contingency	0.0	0.0	0.0	0.3
TC0077 Transit Bus Replacement - w/ Electric	0.0	0.0	0.0	6.5
Total	2.2	1.4	1.2	6.8

In addition to the funding for capital projects listed above, staff revised the 100RE funding of the Guelph Transit and Fleet Services (GTFS) Facility after progressing on detailed design of the project. The 100RE funding in the project represents estimated costs for electrical distribution due to the chargers and solar panels. Of these estimated costs, \$17.0 million is debt financed as outlined in the debt strategy.

Table 44 outlines the planned debt servicing costs on future debt issuances from the 100RE reserve fund. This debt spreads the impact of the GTFS Facility over the years where the benefit of the facility will be incurred.

Table 44 Debt payments estimated for 100RE reserve fund (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Guelph Transit and Fleet Services Facility	-	-	-	-	1.3	1.3	1.3	1.3	1.3	1.3	1.3

Table 45 shows the forecast for the 100RE reserve fund is able to remain in a positive position throughout the 10 years. As discussed in the [Fleet Electrification, Transit and Facility Needs, ICIP Funding and Budget Update](#) report, the City changed the strategy for bus replacements, resulting in a decommitment of ICIP funds and focusing on refurbishment of existing diesel buses, rather than replacement with electric buses. The result from this change is an improved reserve fund position in 2025.

Table 45 100RE reserve fund (355) forecast (\$ millions)

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening balance	5.3	1.9	2.9	5.1	8.5	6.1	4.8	4.3	3.5	3.4	4.2
Revenue from operating budget	5.7	3.2	3.6	4.6	5.7	6.7	7.8	8.9	10.1	11.3	11.8
Capital expenditures	(9.2)	(2.2)	(1.4)	(1.2)	(8.1)	(8.0)	(8.3)	(9.7)	(10.1)	(10.5)	(14.0)
Closing balance	1.9	2.9	5.1	8.5	6.1	4.8	4.3	3.5	3.4	4.2	2.1

Long-term financial tools

Reserves and reserve funds

The City uses reserves and reserve funds for planned capital expenses, strategic objectives, unexpected or extraordinary costs, and to minimize the impact of fluctuations in the operating and capital budgets on the tax levy. They also allow for informal inter-reserve borrowing, which helps the City manage debt levels.

The City’s reserves and reserve funds are classified as either obligatory or discretionary. Obligatory reserve funds are created when a provincial statute requires that revenue received for specific purposes is segregated from the general revenues of the municipality. Obligatory reserve funds are used solely for the purpose prescribed for them by statute. Discretionary reserve funds are created under the Municipal Act when Council wishes to earmark revenue to finance a future expenditure for which it has the authority to spend money, and to set aside a certain portion of any year’s revenues so that the funds are available as required.

The City currently has over 80 reserves and reserve funds. A long-term forecast for each of the reserves and reserve funds has been prepared as part of the 2026 Budget Update. This long-term view provides insight into the flexibility and sustainability of the plan and affordability of the operating and capital budget and forecasts over the long-term. The forecast incorporates planned transfers identified under the various funding strategies, any known external grants received, as well as the planned capital and operating expenditures.

Ideally, the reserve balances remain positive over the entire forecast and meet the target balances and annual transfer levels as outlined in the [Reserve and Reserve Fund Policy](#). The 2026 Budget Update shows a positive overall balance in the capital reserve funds, after commitments, in every year of the forecast. However, the current plan does not meet the minimum reserve balance targets set for each individual reserve in the existing policy. A review of the Reserve and Reserve Fund Policy has been initiated. As part of this review, recommendations related to target minimum balances may be proposed for Council approval. This work will lay the foundation for future capital funding discussions as part of the next multi-year budget (MYB) cycle.

The tax-supported corporate contingency reserve balances have a target of 8–10 per cent of annual combined own source revenues. These reserves help to mitigate unexpected impacts and phase-in unexpected or significant cost increases that cannot be avoided over multiple years. This group of reserves were drawn upon throughout the MYB to phase-in significant increases to social services and other operating budget expenditures. These phase-ins continue in the 2026 Budget Update. The balance in this group of reserves is expected to range from 15 to 20 per cent of the target from 2026 through 2029. The most notable change to the contingency reserve forecast, compared to the 2025 Budget Confirmation, is the addition of a reserve allocation totaling \$1.9 million for the projected 2025 tax-supported operating budget deficit as reported in the [Second Quarter Budget Monitoring Report](#). The \$1.9 million deficit includes the approved \$819 thousand budget adjustment to compensation for Guelph-Wellington Paramedic Service that will be funded from the tax operating contingency reserve (180) in 2025.

The further decline of the tax-supported contingency reserves balance compared to target in the 2026 Budget Update is largely driven by approved and projected uses of the tax operating contingency reserve (180). The balance of the tax operating contingency (180) reserve is projected to decrease from a 2025 opening balance of \$8.7 million to a 2025 ending balance of \$2.8 million, and with the planned use of this reserve in 2026, 2027, and 2028, is projected to have a balance of \$202 thousand at the end of 2028. The policy minimum balance of the tax operating contingency reserve is \$5 million. The most significant draws on the reserve are the projected 2025 tax supported deficit of \$1.9 million noted above, and funding for phasing in the County Social Services 2024 budget increase, which is projected to be a \$2.8 million draw in 2025 and a \$1.4 million draw in 2026, with the full cost of the 2024 increase being funded through the tax levy by 2027. Over the past several years, including in 2025, contributions to the hospital have been funded from the tax operating contingency reserve (total of \$3.75 million) instead of adding the hospital levy to the budget. The cumulative impact of the draws on this reserve described above has resulted in a low level of contingency that increases vulnerability and reduces flexibility, and staff strongly recommend against any additional use of contingency reserves in the 2026 Budget Update. Staff have continued to recommend through the Budget Companion Report that future tax-supported operating surpluses be directed to restoring contingency reserve

balances to reduce the City's vulnerability to unexpected events. Given the fact that the City's budget has become much tighter after several years of detailed analysis and baseline adjustments, the likelihood of future surpluses to replenish balances has diminished, and staff have added a recommendation in the 2026 Budget Companion Report that allocations to rebuild the contingency reserves be considered through the next MYB for 2028 to 2031.

Non-tax supported contingency reserve balances are expected to remain between 75 and 80 per cent of the target from 2026 through 2029. Given the self-funded nature of these services, maintaining balances close to target is essential. The Water Contingency reserve (181) is projected to end 2025 with a negative balance due to a projected deficit in the second quarter budget monitoring report and the phased implementation of the utility billings and collections team. Should the reserve remain negative as projected, staff will develop a plan to restore the Water contingency balance through the 2027 Budget Update. As noted in the [Operating Budget section](#) of this website, the OBC Stabilization reserve fund (188) is expected to be drawn upon in 2025 and 2026, which results in a projected reserve fund deficit of \$963 thousand by the end of 2026.

The largest impact to the capital reserve fund forecast in the 2026 Budget Update is the updated DC collections forecast. Noted in the [Growth strategy](#), a total of \$104 million of projected DC collections were removed from the DC reserve fund forecast from 2025 through 2029 to align with the trends in the construction industry that have been seen in 2024 and 2025. Staff leveraged the capital prioritization framework to defer projects out of the 2026 to 2028 period to offset the impact of this reduction in capital revenue assumptions.

The tax-supported corporate capital reserve funds, as a group, are projected to be in a deficit position from 2029 through 2033. While this is a significant concern, as this funding serves as the primary source to address unexpected capital costs, the capital plan remains flexible as future annual budget updates provide opportunities to realign priorities and adjust funding strategies as needed. Staff continue to monitor this closely and will engage with Council through each budget update to ensure financial sustainability and informed decision making.

Another area to monitor is the decrease in overall reserve and reserve fund balances by 2026. The total uncommitted balance of the reserves and reserve funds is forecasted to be \$65.3 million in 2026. For comparison, the uncommitted 2025 balance is forecast to be \$188.2 million. This reduction in reserve and reserve fund balances demonstrates the significant amount of work that is proposed through the capital budget in 2026, totaling over \$360 million. It is important to note that, capital projects are fully budgeted in the year in which they are expected to be tendered. As a result, capital reserve funding is committed in that year, reflecting the full financial obligation of the project at the time of tender rather than the timing of actual cash outflows, which typically occur over multiple years. Staff forecast cashflows and are continuing to evolve the City's long-term cash flow forecasting to further enhance decision making and financial sustainability.

The balances of the tax-supported capital, non-tax supported capital, capital obligatory reserve funds (including DC reserve funds) is a combined \$24.4 million positive balance in 2026. While the tax-supported capital balances have a cumulative positive balance from 2026 to 2028, there is a forecasted deficit of \$17.8 million in 2029. With limited uncommitted funding available, any new projects added to the 2026–2029 capital plan must be offset by removing existing projects of equal or more value or by adding additional tax-supported capital funding.

Overall, the updated reserve forecast continues to meet the direction from Council for a balanced capital reserve fund forecast, and actual balances will be closely monitored through annual budget and reporting processes.

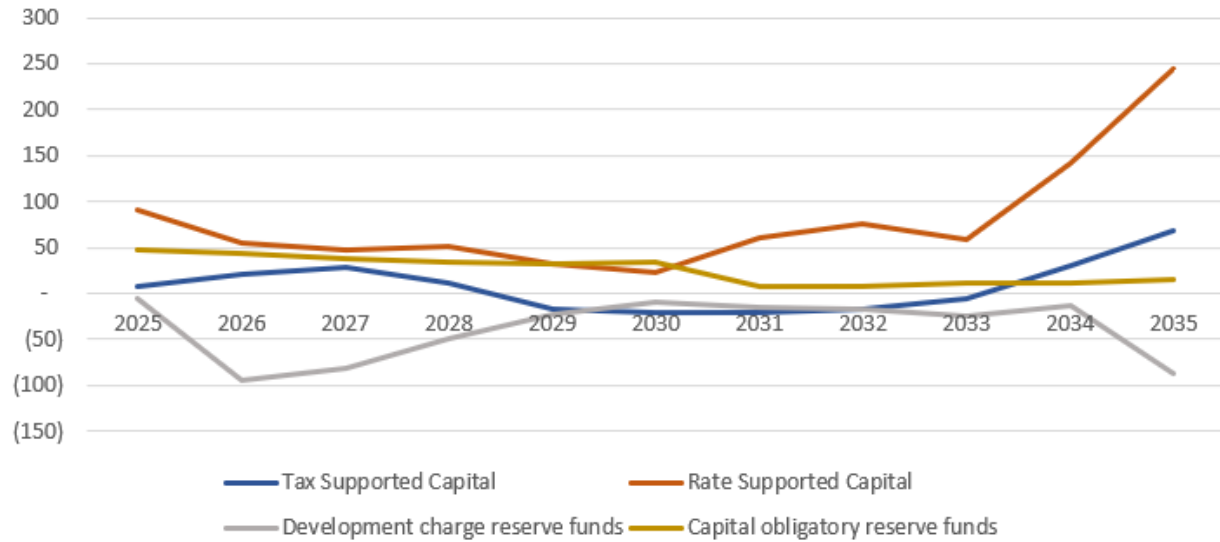
Table 46 Forecasted year-end uncommitted reserve and reserve fund balances (\$ millions)

Reserve Fund Grouping	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Tax-supported corporate capital reserve funds	7.8	20.8	28.7	11.1	(17.8)	(20.5)	(20.6)	(16.6)	(5.9)	29.6	67.8
Non-tax supported capital reserve funds	90.1	54.6	47.4	50.7	33.0	22.1	61.4	76.6	59.1	142.7	244.7
Capital obligatory reserve funds	47.2	44.2	37.9	34.8	31.9	34.4	8.5	7.8	11.9	12.1	14.7
Development charge reserve funds (after debt)	(5.5)	(95.1)	(80.5)	(49.4)	(21.8)	(10.1)	(14.7)	(16.5)	(24.0)	(14.0)	(87.7)
Total capital reserve funds	139.6	24.4	33.5	47.3	25.3	25.8	34.5	51.3	41.1	170.4	239.5
Tax-supported corporate contingency reserves	16.4	12.6	12.2	11.7	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Non-tax supported contingency reserves	3.7	4.0	4.3	4.5	4.7	4.7	4.8	4.8	4.9	4.9	5.0
Total contingency reserves	20.1	16.7	16.6	16.2	15.7	15.8	15.8	15.9	15.9	16.0	16.1
Tax-supported program-specific reserves	18.0	17.2	17.3	17.5	17.6	18.1	18.7	19.2	19.8	20.3	20.9
Tax-supported strategic reserves	(2.4)	(3.6)	(4.8)	(4.4)	(4.0)	(2.8)	(1.4)	0.5	2.4	3.1	3.8

Reserve Fund Grouping	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Tax-supported program-specific reserve funds	9.4	8.7	6.7	6.0	7.1	7.0	8.5	9.6	8.2	9.0	9.5
Other obligatory corporate reserve funds	3.6	2.0	0.2	(1.5)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(4.1)	(4.2)
Total other reserve and reserve funds	28.5	24.2	19.4	17.5	17.4	18.8	22.1	25.6	26.5	28.4	30.0
Total reserve and reserve fund balances	188.2	65.3	69.6	81.0	58.4	60.4	72.5	92.7	83.5	214.8	285.6

Figure 7 shows the projected balances of the capital reserve funds over the 10-year forecast. The overall positive balance is supported by the non-tax capital reserve funds and other obligatory reserve funds, which are positive throughout the forecast. These two categories will become informal lenders to the tax-supported capital and DC reserve funds when they fall into a deficit position.

Figure 7 Projected capital reserve fund balances 2025-2035 (\$ millions)



Reserve Fund Grouping	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Tax-supported Capital	8	21	29	11	(18)	(21)	(21)	(17)	(6)	30	68
Non-tax supported Capital	90	55	47	51	33	22	61	77	59	143	245
Development charge reserve funds (after debt)	(5)	(95)	(81)	(49)	(22)	(10)	(15)	(16)	(24)	(14)	(88)
Capital obligatory reserve funds	47	44	38	35	32	34	9	8	12	12	15

Actual reserve and reserve fund activity and year-end balances for all reserves and reserve funds, along with detailed comparison of the balance relative to the target balance are provided to Council in the second quarter of each year.

Debt strategy

In 2025, the City issued \$58 million of serial debentures, marking the first debt issuance since 2021 in alignment with the debt strategy articulated through the 2024–2027 MYB and the 2025 Budget Confirmation. The 2026 debt strategy builds on this approach, using strategic annual debt issuances to help offset slower growth while maintaining critical infrastructure investments and preserving flexibility for future budgets. Consistent with previous expectations, staff estimate that the City will be able to issue serial debentures totaling approximately \$50 million in any year, mostly for new debt, except for 2026 due to a planned refinancing of existing debt which will utilize part of this capacity. The debt forecast and analysis is developed based on this quantum and assumes a 20-year term at 4.5 per cent interest. In some years, it may be more advantageous to issue 10-year serial debentures with a balloon payment and refinance after 10-years. This approach balances the risk that interest rates may be higher after 10-years with the possibility that they could decrease. The actual quantum, term and interest rate is subject to the economic environment and market conditions at the time of borrowing.

Debt continues to be planned for a mix of the following categories: previously approved capital projects, debt refinancing, and proposed capital projects included in the current capital budget and forecast. There is also debt capacity reserved later in the forecast for DC funded infrastructure which is not assigned to specific capital projects at this time.

Debt issuances for capital projects in execution, as well as refinancing the balloon payment for [By-law \(2016\) – 20084](#) in 2026, are a priority in the 10-year forecast. The timing of issuance may change depending on the market conditions and cash flow availability.

In April 2025, Council approved the [Debenture Issuance Authority](#) report, which gives the Treasurer authority to issue debentures for projects outlined in the report to a maximum amount not greater than \$118.15 million through the end of 2026. In June 2025, the City issued the first debentures under this authority, as approved in [By-law \(2025\) - 21093](#), with a total of \$58 million issued. The remaining \$60.15 million of issuance authority is currently planned for issuance in 2026, all of which may be issued at that time if market conditions are favourable.

Table 47 Distribution of new debt, 2026 to 2035 (\$ millions)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Refinance of existing debt	26.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Debt financing for projects approved through 2025 and previous budgets	34.0	0.0	15.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Debt financing for projects included in 2026 and future budgets	0.0	50.0	35.0	12.3	0.0	23.5	0.0	11.5	0.0	0.0
Debt capacity reserved for growth projects	0.0	0.0	0.0	37.4	50.0	26.5	50.0	38.5	50.0	50.0
Total debt issued	60.2	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0

The debt strategy for the 2026 Budget Update has been updated to reflect the current pressures in the reserve fund forecast. While the overall debt level from 2025 to 2035 remains unchanged, the timing and project selection have been optimized to better align with the debenture issuance process.

Table 48 lists the previously approved projects that have debt financing assigned, which totals \$135.6 million in debt to be issued from 2026 to 2029. This update includes the reallocation of debt from the FM Woods Station upgrade project (WT0064) to the DC portion of the Guelph Transit and Fleet Services Facility (TC0059).

Table 48 Planned borrowing from 2026 to 2035 by project: Debt financing for projects approved through 2025 and previous budgets (\$ millions)

Description	Capital project number	Timing	Budget Update Debt Allocated
Baker District Redevelopment projects	LB0028 PG0079	2026	34.0
Guelph Transit and Fleet Services Facility	TC0059	2028	11.0
Wyndham Street North Reconstruction – Streetscaping	PN0060	2028 to 2029	4.3
Total	n/a	n/a	49.3

Table 49 lists the planned debt assigned to projects budgeted in the updated 2026 [10-year capital budget](#) and forecast. These projects meet the criteria in the Debt Management Policy and were strategically selected to reduce pressure on the tax supported capital reserve funds. The assets acquired through these projects have long useful lives and through debt financing, the City supports inter-generational equity by having costs distributed fairly across current and future generations.

Table 49 Planned borrowing from 2026 to 2035 by project: Debt financing for proposed projects in 2026 and future budgets per the 2026 Budget Update (\$ millions)

Description	Capital project number	Timing	Amount
Guelph Transit and Fleet Services Facility	TC0059	2027-2028	85.0
Wyndham Street North Reconstruction – Streetscaping	PN0060	2029	1.3
Riverside Park Facility Renovation and Expansion	PO0059	2029 to 2031	15.0
Operations Administration Renovation and Expansion	GG0267	2031 to 2033	31.0
Debt capacity reserved for growth projects	n/a	2029 to 2035	302.4
Total	n/a	n/a	434.7

The table includes \$302.4 million of debt that is not assigned to specific projects at this time but is earmarked in the City’s overall debt capacity for growth projects. If development charge (DCs) collections remain below revised forecasts, pressure on the DC reserve funds will increase further. In this case, debt may be required to fund the shortfall between growth-enabling infrastructure and available collections, helping bridge the impact of slower growth and lower funding capacity while ensuring continued investment in the community.

A key risk being monitored is whether DC collections are expected to cover DC debt servicing costs, given the low level of DC collections and the increased reliance on debt to finance the DC supported capital program. If debt servicing costs exceed DC collections, all available DC collections would be allocated to previously executed

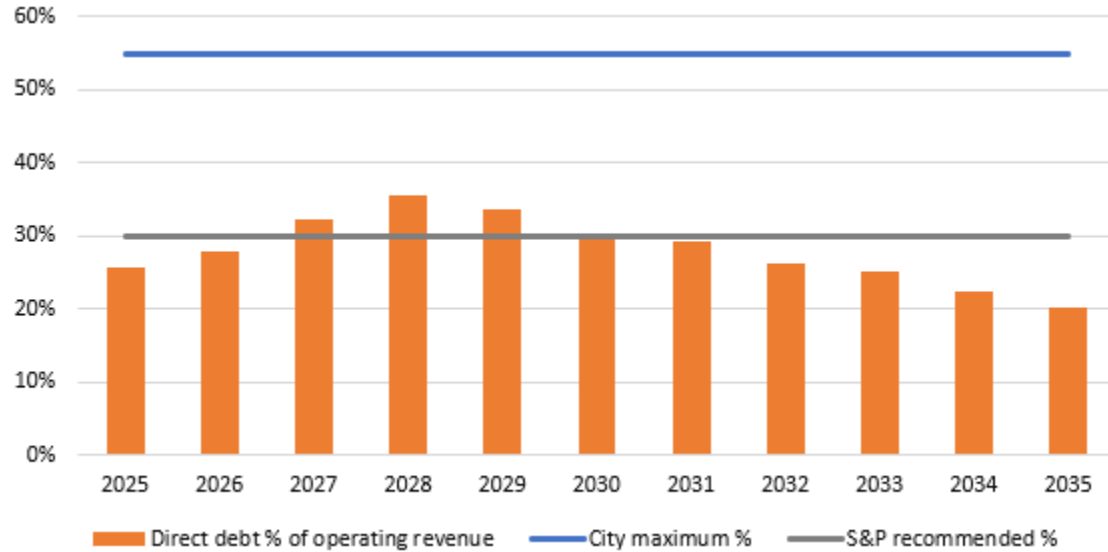
projects, leaving no capacity to fund future projects and slowing the delivery of growth-enabling infrastructure. The backstop for DC supported debt servicing costs is property taxes and utility rates, and the risk of having to draw upon those sources to pay DC supported debt servicing costs must be closely monitored. In 2024, 64 per cent of DC collections were allocated to debt servicing costs, leaving only 36 per cent of 2024 DC collections available for future growth projects. With the slower growth experienced in 2024 and 2025, the collections-to-debt servicing costs ratio has become a significant concern. If low DC collections continue and additional debt is needed to fund growth infrastructure, the City may face constraints in delivering new growth projects.

Borrowing funds as outlined requires Council's approval at three key steps: (i) adopting the debt strategy through the budget process, (ii) approving the debenture issuance authority report and (iii) the approval of the debenture by-law. The debenture issuance authority report outlines the City's immediate borrowing plans and seeks authority for the Treasurer to market debentures through the City's fiscal agent. This was approved in April 2025 for the City's 2025 and 2026 borrowing plans and is aligned to the debt strategy. Further authority will need to be approved by Council for borrowing beyond 2026. The debenture by-law outlines a debenture issuance after the issuance is priced and sold, but before the deal is closed. This requires Council approval before the issuance can be closed, and the City receives the issuance proceeds.

Legislation mandates that municipalities must not borrow if the debt servicing costs exceed 25 per cent of own-source revenues, a threshold known as the Annual Repayment Limit (ARL). The City's planned debt is projected to remain well within the ARL prescribed by the Province with debt servicing costs as a percentage of projected own-source revenues reaching a maximum of four per cent over the forecast period.

In the 10-year forecast projections, the City's debt will also remain under self-imposed policy limits. Figure 8 Projected direct debt to presents the City's projected debt as a percentage of net revenue compared to the self-imposed limits. S&P also scores debt burden in categories of 0 to 30 per cent, 30 to 60 per cent, and above 60 per cent. The City's debt forecast is expected to breach and remain above the lowest S&P debt burden category from 2027 to 2029 but remains well under the City's policy limit throughout the forecast. This figure does not include the debt reserved for growth that is not allocated to specific projects as there is uncertainty if that debt will be required. If this debt is drawn upon, the City would remain in the second S&P debt burden category for a longer duration and could approach the City debt policy limits as well. This will be closely monitored through annual budget updates and debt reporting.

Figure 8 Projected direct debt to operating revenue



Year	City maximum %	S&P recommended %	Direct debt % of operating revenue
2025	55%	30%	26%
2026	55%	30%	28%
2027	55%	30%	32%
2028	55%	30%	36%
2029	55%	30%	34%
2030	55%	30%	30%
2031	55%	30%	29%
2032	55%	30%	26%
2033	55%	30%	25%
2034	55%	30%	22%
2035	55%	30%	20%

The City’s [AAA financial credit rating](#) was reaffirmed by S&P Global Ratings in 2025, with a stable outlook. This is the highest possible rating, reflecting the City’s strong financial management. While this is not the most significant factor in municipal borrowing costs, which are highly linked to federal and provincial borrowing rates, a higher credit rating generally provides access to lower borrowing costs.

There are many elements considered as part of a credit rating decision, but two key factors for Guelph’s AAA credit rating are a strong liquidity position due to high reserve balances, and the ability to prioritize the capital budget, which improved the budgetary performance score in 2025 enough to offset the impact of the forecast increase in the debt burden beyond S&Ps 30 per cent threshold. Upon reaffirming the credit rating, S&P cautioned that a lower rating is possible in the future if projections for debt outstanding continually surpasses 30 per cent of operating revenues. Based on the debt strategy outlined above, projections of debt as a percentage of operating revenue are expected to surpass 30 per cent from 2027 to 2029. Additionally, as outlined in the financial strategy documents, the capital budget and forecast will significantly draw down capital reserve fund balances over the next several years, which will impact the assessment of the liquidity position. These factors will likely lead to a lower future credit rating for the City in the short to medium term

Local boards and shared services

The City funds all or part of the operations of several local boards and shared services (LBSS) that have separate governance structures and varied types of relationships with the City. More information about the City’s LBSS is available in the [budget manual](#).

For the 2026 budget confirmation, the process will continue to be separated into two phases: City budget confirmation and LBSS agencies budget confirmation.

The LBSS budget process does not trigger the Strong Mayor timelines given the various governing legislation applicable to these organizations. The Mayor has respectfully requested that all LBSS agencies emphasize affordability when considering their 2026 budget updates.

LBSS agencies will present their 2026 budget updates to Council for approval on **December 17, 2025**.

The LBSS budget was adopted at a 2.14 per cent net tax levy increase for 2026 as part of the 2024-2027 MYB. Table 50 highlights the respective contribution of each LBSS agency to the total levy requirement, net of proportionate assessment growth, as revised, if updated estimates for 2026 were provided through the 2025 budget confirmation.

Table 50 LBSS budget impact on tax levy net of allocated assessment growth (\$ millions)

LBSS agency	2025 Confirmed (\$)	2025 confirmed tax levy impact (%)	2026 forecast (\$)	2026 forecast tax levy impact (%)
Guelph Police Services**	5.1	1.58%	3.8	1.08%

LBSS agency	2025 Confirmed (\$)	2025 confirmed tax levy impact (%)	2026 forecast (\$)	2026 forecast tax levy impact (%)
County of Wellington**	4.5	1.40%	4.0	1.13%
Guelph Public Library**	0.6	0.19%	1.7	0.49%
Wellington-Dufferin-Guelph Public Health	0.1	0.03%	0.0	0.01%
The Elliott Community	-0.3	-0.08%	0.0	0.01%
Total LBSS agencies' tax impact	10.1	3.12%	9.6	2.72%

*May not add due to rounding.

**2026 forecast updated through 2025 budget confirmation process.

The City's share of the Grand River Conservation Authority (GRCA) budget is funded through the Water and Wastewater Services user rates. Table 51 highlights the GRCA budget.

Table 51 GRCA budget and forecasted requirement (\$ dollars)

LBSS agency	2025 Confirmed Gross Expense (\$)	2026 forecast increase (\$ (from MYB))	2026 rate impact
Grand River Conservation Authority	1,863,400	50,000	n/a

The Downtown Guelph Business Association (DGBA) budget also requires Council approval. This is a special levy that is applied to downtown commercial properties in addition to the City's general taxation requirement. Table 52 summarizes the 2025 confirmed budget for the DGBA as well as the 2026 forecast as presented through the MYB in November 2023.

Table 52 DGBA budgets and forecasted requirements

DGBA Budget and Forecast	2025 confirmed budget	2026 budget forecast (from MYB)
Gross expense budget	\$787,929	\$706,055
Total levy requirement	\$721,200	\$672,836