

Region of Waterloo

Corporate Services

Corporate Finance

To: Strategic Planning and Budget Committee

Meeting Date: December 16, 2025

Report Title: Final 2026 Plan, 2026 Operating Budget and 2026-2035 Capital Program

1. Recommendation

That the Region of Waterloo take the following action with respect to the 2026 operating budget and 2026-2035 capital program as set out in COR-CFN-25-027 dated December 16, 2025:

- a. Increase 2026 operating budget ridesharing fee revenues by \$335,000 as a result of higher estimated trips;
- b. Amend the 2026 operating budget to include a contribution to the Tax Stabilization Reserve in the amount of \$2,460,000;
- c. Adjust the 2026 operating budget for Children’s Services to reflect increased Provincial funding and associated expenditures by \$15,812,565 (no levy impact); and
- d. Amend the 2026 Capital Budget by increasing Paramedic Services expenditures and Ministry funding by \$520,000 for the purchase of vehicles associated with Community Paramedicine program delivery.

2. Purpose / Issue:

To approve the Region’s 2026 Plan, the 2026 operating budget, property tax levy and the 2026-2035 Capital Program for direct regional services. Also to approve the 2026 operating budget, property tax levy, and capital 2026-2035 Capital Program for the Waterloo Regional Police Service and Library Services. The main 2026 Plan and Budget motion and draft motions for the Police Services and Library Services Budget are set out in the meeting agenda.

3. Strategic Plan:

This report supports the Resilient and Future Ready strategic priority to ensure fiscal accountability, efficiency, and impact in service delivery across all priorities of Growing with Care: Homes for All, Climate Aligned Growth, Equitable Services and Opportunities, and Resilient and Future Ready Organization.

4. Report Highlights:

- The Strategic Planning and Budget Committee has guided a thorough 2026 plan and budget process, prioritizing the delivery of reliable, critical services that balance affordability with resident needs. At the centre of this planning has been a focus on sustainable service delivery that addresses priorities set out by Council in the Growing with Care Strategic plan at a feasible pace: Homes for All, Climate Aligned Growth, Equitable Services and Opportunities, and Resilient and Future Ready Organization.
- The current 2026 preliminary operating budget (excluding Police Services) taking into consideration staff recommended budget adjustments outlined in this report, the 2026 preliminary property tax levy requirement for regional services is \$617.1 million, representing a 4.94% increase to the Region's portion of the tax bill.
- On November 12, 2025 the Police Services Board (PSB) approved the 2026 Waterloo Regional Police Service (WRPS) budget with a property tax levy of \$272.6 million, resulting in a property tax impact of 6.38% net of assessment growth of 1.50%.
- The total preliminary 2026 operating budget expenditure for Regional and Police Services, including staff recommended budget adjustments, is \$1.803 billion, and includes a 2026 property tax levy requirement of \$889.7 million, representing an increase of \$57.9 million from 2025. The current 2026 property tax impact, including staff recommended budget adjustments, for Regional and Police Services is 5.38%, taking into account assessment growth of 1.50%. The 2026-2035 capital program for Regional and Police Services proposes investments of approximately \$7.9 billion over ten years, with \$645 million planned in 2026.
- Through report COR-CFN-25-009 dated May 6, 2025, staff provided a preliminary overview of the 2026 Plan and Budget context. At this time the Administration and Finance Committee directed staff to prepare and present a draft 2026 budget for direct regional services that limits the overall tax levy increase to no more than 5 percent, while maintaining vital services and seeking efficiencies wherever possible.
- Regional staff provided an overview of the 2026 Plan and Budget on October 22, 2025, through a presentation which set the stage and context for the work ahead. On November 18 and 19, 2025 staff provided a detailed review of the 2026 Operating Budget and 2026-2035 Capital Program and published the 2026 Preliminary Budget Book.
- Resident voices remained vital throughout this process, and a fulsome engagement and communication plan was created with the goal of reaching a broad range of audiences, including strategies to reach equity deserving groups. Staff provided a full report on engagement feedback and activities, an update on assessment growth, and responded Councillor requests for information on December 3, 2025. Further takeaways from December 3rd are included in Appendix D.

- On December 3, 2025, staff recommended amendments to the 2026 operating budget relating to ridesharing fee revenues and a contribution to the Tax Stabilization Reserve which were deferred by the Strategic Planning and Budget Committee to December 16, 2025. These recommendations are contained in this report.
- Recent funding confirmation has been provided impacting funding for Children's Services. Staff recommend adjustments to the 2026 operating budget to align with this funding confirmation.
- To fully utilize available Ministry Funding associated with the Community Paramedicine program, staff are recommending an amendment to the preliminary 2026 Capital Program to add \$520,000 for the acquisition of vehicles for program delivery with 100% Ministry funding.
- The 2026 budget proposes certain changes to various user fees and charges as outlined in Report COR-CFN-25-026 on this agenda.
- The preliminary operating budget proposes a wholesale water rate increase of 5.9%, wholesale wastewater rate increase of 5.9%, retail water distribution rate increase of 3.9% and retail wastewater collection rate increase of 4.9%, effective January 1, 2026.

5. Background:

- The Strategic Planning and Budget Committee has guided a thorough 2026 plan and budget process, prioritizing the delivery of reliable, critical services that balance affordability with resident needs. At the centre of this planning has been a focus on sustainable service delivery that addresses priorities set out by Council in the Growing with Care Strategic plan at a feasible pace: Homes for All, Climate Aligned Growth, Equitable Services and Opportunities, and Resilient and Future Ready Organization.
- Guided by Council's levy guideline of 5%, Regional staff underwent a rigorous process of prioritization and identified efficiencies early in this process. Informed by data, service level trends, key principles and resident input, Regional staff developed options that balance affordability, service quality, and long-term sustainability.
- The proposed Region of Waterloo 2026 Operating Budget and 2026-2035 Capital Program achieves this guideline by incorporating efficiencies and service adjustments that prioritize critical services while maintaining affordability.
- Council have thoroughly assessed and deliberated these options throughout the plan and budget process including during the October 22nd, November 18th and 19th, and December 3rd Strategic Planning and Budget Committee meetings (as outlined above).
- The plan and budget has been shaped by resident voices, which have remained vital throughout this process. A fulsome engagement and communication plan was created with the goal of reaching a broad range of audiences, including strategies

to reach equity deserving groups. Engagement with residents involved online input through the EngageWR site, community outreach at events across the community, presentations to advisory committees and local groups, as well as two public input sessions in Council chambers and two Community Budget Consultation Sessions in Cambridge and Woolwich. A full report on engagement feedback and activities was presented on December 3rd, 2025, at the Strategic Plan and Budget Committee meeting (See report RSC-SPR-25-004).

- The plan and budget puts community needs first, delivering on the priorities that matter most while maintaining a sustainable budget. This includes 2026 Annual Business Plan initiatives that focus on maintaining essential services, responding to the big issues our community cares about most, and finding smarter, more efficient ways to deliver services. A full list of the 2026 strategic initiatives are included in Appendix A.

2026 Direct Regional Services Operating Budget

The 2026 preliminary base operating budget (excluding Police Services) includes a property tax levy requirement of \$614.9 million, representing an increase of \$35.6 million from 2025. The property tax impact of Regional Services (excluding Police Services) is 4.58% taking into account assessment growth of 1.50%.

Staff Recommended 2026 Operating Budget Amendments

On December 3, 2025 staff recommended amendments to the 2026 operating budget relating to ridesharing fee revenues and a contribution to the Tax Stabilization Reserve which were deferred by the Strategic Planning and Budget Committee to December 16, 2025.

- The preliminary 2026 operating budget assumed assessment growth of 1.15%. With growth of 1.50%, \$2,125,000 can be added to the 2026 operating budget while maintaining a tax impact of 4.94%.
- The preliminary 2026 operating budget assumed 3.62 million ridesharing trips. Based on updated estimates and 2025 projections this can be increased to 4.96 million tips generating \$335,000 in additional revenue.
- Staff recommend that the additional budget capacity resulting from higher assessment growth and increased ridesharing trips, amounting to \$2,460,000 be offset by a contribution to the Tax Stabilization Reserve.

As a result of recent funding confirmation, staff are recommending that the Children's Services 2026 operating budget be amended. The Province has confirmed 2026 funding for Children's Services which is \$15,812,565,207 higher than estimated through the preliminary 2026 operating budget. Staff are recommending to adjust the funding included in the 2026 operating budget to align with the funding confirmation and increase operating expenditures by the same amount. The increased funding will be distributed in line with Provincial guidelines, primarily supporting reduced fees and ongoing operations

for new child care spaces (opening in 2025/2026) and cost of living and wage increases for existing programs. While funding increased overall, the local priorities funding envelope was reduced by \$821,000. This funding is used to support special needs support and fee subsidy. This decrease was unexpected and could have service impacts, and staff has requested further information from the Ministry. There is no change to the required municipal contribution so this proposed amendment results in no levy impact.

2026 Direct Regional Services Operating Budget Position

The 2026 Regional operating budget continuity (excluding Waterloo Regional Police Service) inclusive of the Library budget outlined below and assessment growth of 1.50% is summarized in the following table:

Regional budget position	Expenditure	Revenue	Tax Levy	Change in Property Taxes
2026 preliminary base operating budget (Nov. 18, 2025) with estimated assessment growth of 1.15%	\$1,485,374,885	\$870,432,518	\$614,942,367	4.94%
Current 2026 preliminary base operating budget with updated assessment growth of 1.50%	\$1,485,374,885	\$870,432,518	\$614,942,367	4.58%
Proposed amendments:				
Increase ridesharing fee revenues as a result of higher estimated trips	-	\$335,000	(\$335,000)	
Include a contribution to the Tax Stabilization Reserve	\$2,460,000	-	\$2,460,000	
Adjust Children's Services budget to reflect increased Provincial funding and expenditures (no levy impact)	\$15,812,565	\$15,812,565	-	
2026 operating budget with proposed amendments	\$1,503,647,450	\$886,580,083	\$617,067,367	4.94%

The current preliminary 2026 property tax levy for regional services (excluding police) including staff proposed budget amendments is \$617.1 million, representing a 4.94% increase to the Region's portion of the tax bill (excluding police). The impact of a 4.94% tax increase is approximately \$96 for the average household.

The operating budget proposes a wholesale water rate increase of 5.9%, wholesale wastewater rate increase of 5.9%, retail water distribution rate increase of 3.9% and retail wastewater collection rate increase of 4.9%, effective January 1, 2026. User fee changes are also proposed for Waste Management, Transportation, Airport, Regional Growth, Development and Sustainability Services with minor changes planned in other program areas. All proposed changes to user fees and charges are outlined in report COR-CFN-25-026 on this agenda.

2026-2035 Direct Regional Services Capital Program

The 2026 capital budget includes projects that will be in progress but not completed at the end of 2025 as well as projects intended to commence during the year. Funding for the capital program is comprised of grants/subsidies, property taxes, user rates and development charges. Regional Council annually approves the capital budget for the current year and approves the following nine (9) years as a forecast. During the budget development process, staff have reviewed the need, timing, scope and cost of capital works and adjusted project expenditure profiles to reflect the status of existing projects, planned activity in 2026 and resource capacity.

Staff Recommended 2026 Capital Budget Amendment

Since the preliminary budget was provided to the Strategic Planning & Budget Committee on November 18th, staff have identified a proposed amendment associated with the Community Paramedicine program. Staff are recommending an amendment to the preliminary 2026 Capital Program to add \$520,000 for the acquisition of vehicles for program delivery. Costs associated with obtaining and operating the vehicles is funded through the Community Paramedicine program at a rate of 100% - therefore there is no levy impact of this adjustment.

Division	Project	Preliminary 2026 Budgeted Expenditure	Proposed Amendment	Amended 2026 Capital Budget Expenditure
Paramedic Services	82041 Community Paramedicine LTC Waitlist	\$125,248 (100% Provincial Funding)	\$520,000 (100% Provincial Funding)	\$645,248 (100% Provincial Funding)

2026-2035 Direct Regional Services Capital Program Budget

The Region's proposed 2026-2035 capital program, excluding Police Services, proposes investments of approximately \$7.4 billion over ten years, with \$612 million planned in 2025.

Figures in \$ thousands	2026	2027-2035 Forecast	2026-2035 Total
Expenditure:			
Preliminary capital plan (Nov. 18, 2025)	\$611,224	\$6,829,227	\$7,440,451
Proposed capital program amendments (Dec. 16, 2025)	520	-	520
Total Expenditure	\$611,744	\$6,829,227	\$7,440,971
Funding & Financing:			
Grants, Subsidies & Recoveries	\$102,036	\$341,657	\$443,694
Development Charge Reserve Funds	128,306	957,406	1,085,712
Development Charge Debentures	19,493	179,949	199,442
Reserves & Reserve Funds	276,193	2,036,918	2,313,111
Contributions from Operating	101	1,537	1,638
Property Tax Debentures	85,615	553,408	639,023
Unsecured Funding	-	2,758,352	2,758,352
Total Funding & Financing	\$611,744	\$6,829,227	\$7,440,971

Region of Waterloo Library Budget

On November 13, 2025 the Region of Waterloo Library Committee approved the recommendations outlined in COR-CFN-25-016, 2026 Region of Waterloo Library Budget with Resolutions, as follows:

That the Library Committee take the following action with respect to the 2026 Region of Waterloo Library Budget (RWL) as set out in Report COR-CFN-25-016 dated October 14, 2025:

- a. Approve the 2026 RWL Operating Budget with a net expenditure of \$3,763,168 and a net property tax levy of \$3,359,983: and
- b. Approve the 2026 RWL Library Capital Budget and 2027-2035 Capital Forecast as appended: and
- c. Refer the 2026 RWL Budget to the Region of Waterloo's Strategic Planning and Budget Committee for consideration.
- d. Approve transfer of \$10,000 from capital project 20031 (Upgrade Lighting) to 20033 (Microfiche reader) to enable purchase of Microfiche reader in 2025.

The 2026 budget for the Region of Waterloo Library (RWL) with a total tax levy of \$3,359,983 represents an increase of \$177,930 (5.6%) from 2025. A summary of the 2026 Region of Waterloo Library Budget is provided in the following table:

	2025 Approved Budget	Recommended 2026 Budget	\$ Change	% Change
Expenditure	\$3,695,551	\$3,763,168	\$67,617	1.8%
Revenue	\$513,498	\$403,185	\$110,313	(21.5%)
Property Tax Requirement	\$3,182,053	\$3,359,983	\$177,930	5.6%

The Region of Waterloo Library is an “area-rated” service, with the property tax levy for libraries assessed uniformly across the four townships.

Waterloo Regional Police Services Budget

On November 12, 2025 the Police Services Board (PSB) approved the 2026 Waterloo Regional Police Service (WRPS) budget with a property tax levy of \$272,610,413, which represents a 7.98% levy increase over 2025 and results in a change in property taxes for Police Services of 6.38% net of assessment growth.

	2025 WRPS Operating Budget	2026 WRPS Operating Budget
Expenditure	\$278,467,629	\$298,951,621
Revenue	\$25,999,328	\$26,341,208
Property Tax Requirement	\$252,468,301	\$272,610,413
Year over year levy increase		\$20,142,112
Year over year % levy increase		7.98%
Change in property taxes for Police Services		6.38%

The Police Services 2026-2035 capital program proposes investments of approximately \$452.5 million across the ten years of the program, with \$33.5 million in 2026.

Figures in \$ thousands	2026	2027-2035 Forecast	2026-2035 Total
Total Expenditure	\$33,486	\$419,036	\$452,522
Funding & Financing:			
Grants & Subsidies	315	9,460	9,775
Development Charge Reserve Funds	3,432	16,783	20,215
Development Charge Debentures	6,532	182,156	188,688
Property Tax Reserves & Reserve Funds	18,194	120,717	138,911
Contributions from Operating	-	300	300
Property Tax Debentures	5,013	89,618	94,631
Total Funding & Financing	\$33,486	\$419,036	\$452,522

6. Area Municipality Communication and Public/Stakeholder Engagement:

Area Municipalities:

Staff continue to work with area municipal colleagues to ensure service delivery alignment as well as sharing information about engagement strategies for the Plan and Budget process.

Public:

The Region has conducted robust engagement with residents around the Plan and Budget process. Based on feedback received last year, the focus of engagement was to increase understanding and awareness of the budget process as well as provide opportunities for residents to share their thoughts. Engagement strategies included online input through our EngageWR site, community outreach at events across the community, presentations to advisory committees and local groups (e.g. Grand River Accessibility Advisory Committee, Youth Advisory Committee and KW Accessibility) as well as two public input sessions in Council chambers and two Community Budget Consultation Sessions in Cambridge and Woolwich.

7. Financial Implications:

Summaries of the Region of Waterloo's 2026 operating budget and 2026-2035 capital plan with funding and financing sources are included in Appendix C.

It is noted that the actual regional tax impact differs across the area municipalities in the Region. While the tax levy requirement for most Regional services is levied in a uniform manner across the seven area municipalities, the tax levy requirement for public transit and library are "area-rated" to specific municipalities, as described in Appendix B.

8. Conclusion / Next Steps:

Staff will prepare 2026 tax policy recommendations and associated by-laws to establish 2026 regional tax rates in April 2026.

9. Attachments:

Appendix A: Proposed 2026 Annual Business Plan Initiatives

Appendix B: Funding of Regional Services from Property Taxes

Appendix C: 2026 Operating Budget and 2026-2035 Capital Plan Summary Tables

Appendix D: Response to Councillor Dec 3 Questions

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