

A Community for Everyone

FORT ERIE

2026 Levy Budget

January 28, 2026

Agenda

1. Background
2. 2025 at a Glance
3. 2026 Budget
4. 2026 Budget: Base & Assessment
5. 2026 Budget: Supplementary
6. Reserves
7. Comparisons
8. Household Impacts
9. Looking Ahead





Background

Budget Inputs



1. **Strategic Plan:** Council priorities, goals and initiatives to provide focus and direction.
2. **Budget Planning:** Report CS-08-2025 discussed timetable and pressures. Year-round budget cycle process to **a) Plan**, **b) Approve**, **c) Execute** and **d) Evaluate**.
3. **Long-term Financial Planning:** Manage sustainability (e.g. strategic policies, practices), affordability, leverage technology.
4. **Corporate Sub-committee:** Discussions to find efficiencies, consider alternate funding, and target/limit tax increase.

2025 at a Glance

Council Strategic Priorities



Sustainable, reliable access to local Health Care

Reimagining Douglas Memorial

Physician Recruitment retention investment



Quality of Life and Community Well-being

Increased capital reserve transfers by >$700,000 to support long-term community infrastructure needs

The third Multi-Year Accessibility Plan



Sustainable and Managed Growth

Completion of the Official Plan Parkland Dedication By-Law

Water Wastewater Master Plan – Phase 1

Development Charge Study



Economic Prosperity and Diversification

Siltech $100M construction Investment

Digital ads, community news and other social media channels to promote local business



Environmental and Climate Change Resiliency

Tree Preservation By-Law
Tree Giveaways and Tree Planting

Parks and open Spaces Masterplan

Climate Change Plan and Policy Framework



Comprehensive Housing Options

Designation of entire urban boundary eligible for affordable housing

Affordable Housing CIP funding programs approved.

For additional details, please visit the performance dashboard:
https://performance.envisio.com/dashboard/forterie

2025 at a Glance

Financial Performance

- Analyzing final 2025 payments and adjustments.
- **Variances:** Projected Levy surplus of $284,000 (e.g., Supplemental taxes and write offs, staff turnover/vacancies). Q3 results presented Dec 1/25 with CS-11-2025.
- **Audit:** late spring with financial statements adopted in summer.
- **Annual Report:** Following the audit a report will be presented which will include recommendations on year end variances.

2025 at a Glance

Provincial Financial Indicators

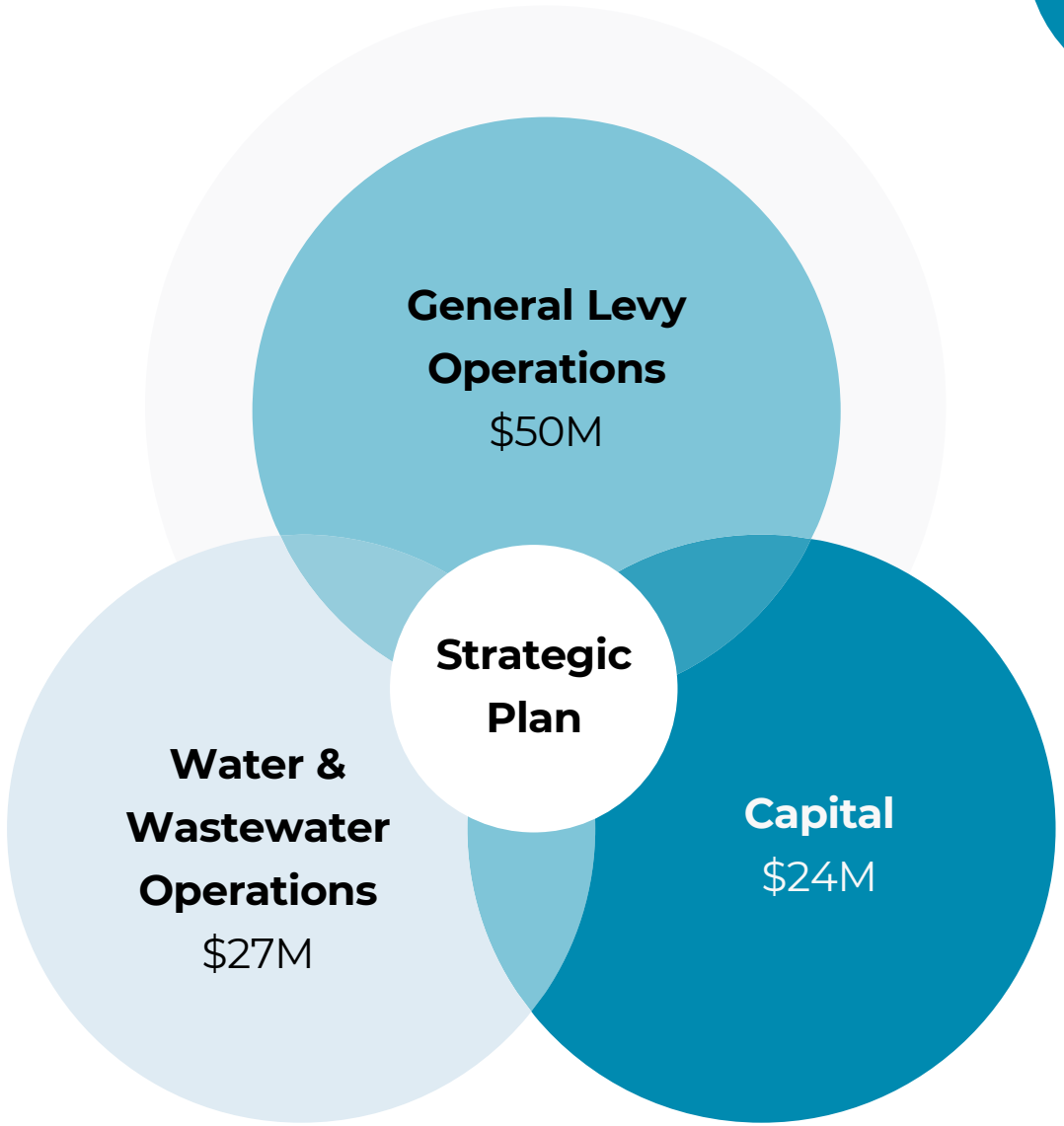
Sustainability Indicators	FE actual	Average
1) Total Taxes Receivable	9.9%	7.9%
2) Net Financial Assets as % of Own Purpose Tax	115.6%	78.9%
3) Reserves as % of Operating Expenses	107.8%	73.8%
4) Cash Ratio	382.5%	205.0%

Flexibility Indicators	FE actual	Average
5) Debt Servicing Cost as % of Operating Revenue	1.4%	2.7%
6) Closing Amortization as % of Capital Asset Cost	42.1%	37.7%
7) Annual Surplus as % of Own Source Revenue	25.9%	21.0%

2026 Budget

Funding Structure

$101 million



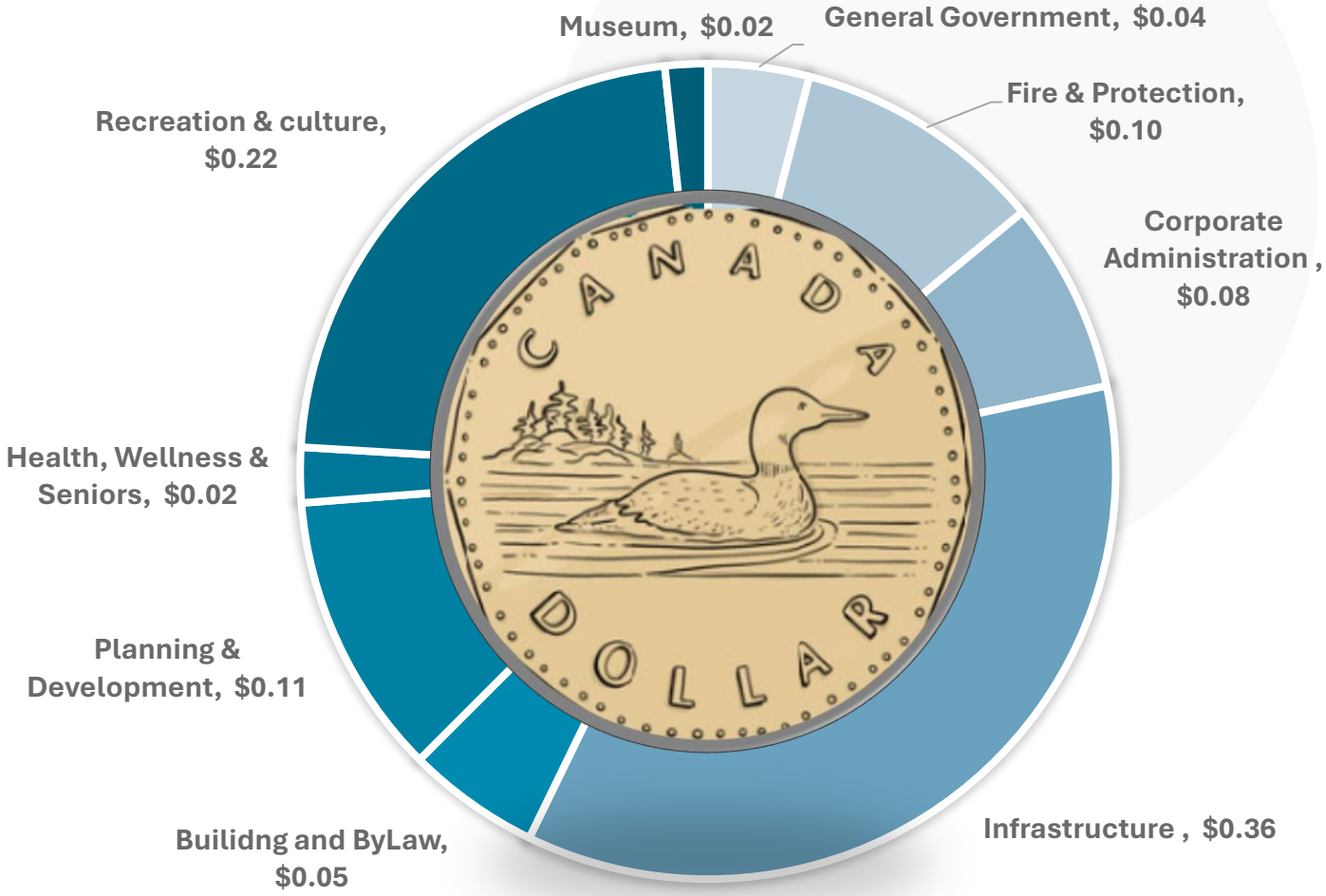
To view 2026 Budget info for each budget, visit
https://letstalk.forterie.ca/budget2026

2026 Budget

Operating Budget Summary

The departmental breakdown of the 2026 operating budget to maintain current levels of service

$49,857,347



2026 Budget: Base & Assessment

Overview



Base Budget: Previously approved operating components that support daily ongoing activities.

Drivers:

- Cost of service delivery
- Asset maintenance
- Administrative costs
- Offset by other non-tax revenues

2026 Budget: Base & Assessment

Overview – Reporting

- Refer to Report CBC-06-2026 Appendix 1 for highlights and Appendix 3 for consolidated summary.
- Budget package Section 7 for departmental reports. Reflects results from departmental reviews/meetings to mitigate impact.
  - Columns: 2025 YTD actuals & approved budget, 2026 proposed budget, 2027 and 2028 forecasts.
  - Revenue categories: Tax/BIA levy, PIL, donations, fines, gaming, grants, interest & penalties, sale of land, user fees and other.
  - Expense categories: Wages/benefits, materials & services, debt interest, grants and partnership programs.
  - Financing & Transfers: internal allocations, debt principal, reserves.

2026 Budget: Base & Assessment

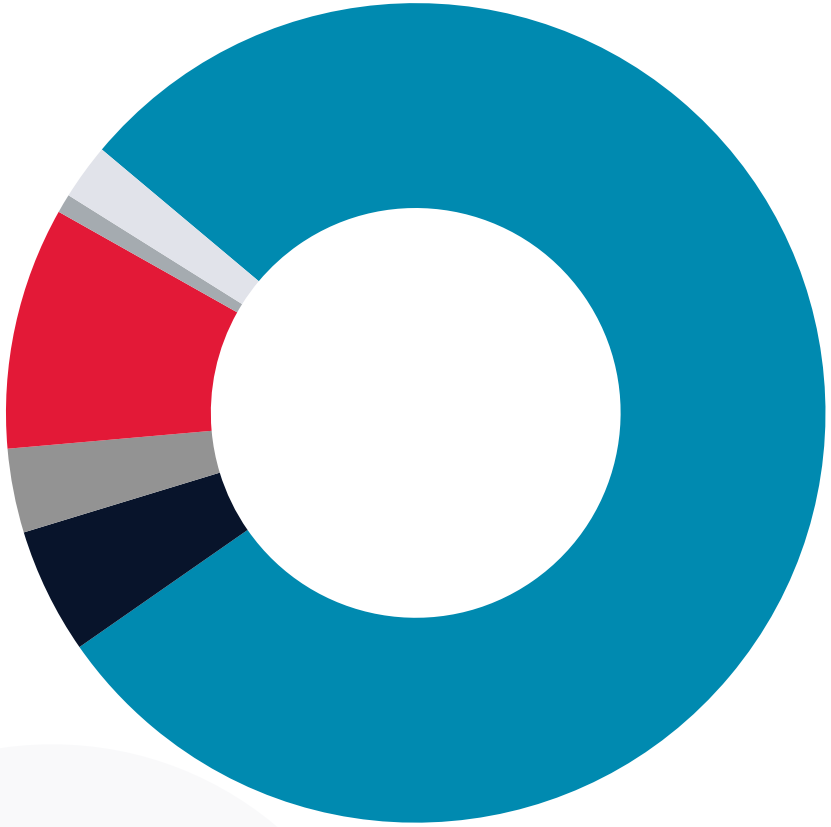
Revenues

Revenues (Favourable)/Unfavourable are budgeted to decrease by $75,937 from prior year's budget (App 1):

$81,300	OMPF grant reduction
$390,300	Building & planning fees
($110,587)	Beach admissions & Facility rentals
($260,000)	Engineering review fees
$56,910	Vision Zero grant
($72,000)	Net tax adjustments (supplemental less write-offs)
($200,000)	Penalties and interest on arrears
$174,700	Bank and investment income
($136,560)	All other non-tax revenue

2026 Budget: Base & Assessment

Revenues – by Source



- 79% Tax Levy
- 5% Interest & penalties
- 3% Grants
- 10% User fees
- 1% Gaming
- 2% Other

2026 Budget: Base & Assessment

Expenses

Expenses have increased from prior year's budget by $2,205,277 (App 1) primarily due to in-year pressures required to maintain current levels of service

$1,274,973	Wages & benefits
$322,118	Wages & benefits - other (2025 Budget phase-ins, hours, election)
$137,147	Capital (inflation, amortization, other) - analysis in CBC-01-2026 and Capital presentation.
$500,000	Stormwater pond – environmental compliance
$32,628	Insurance

2026 Budget: Base & Assessment

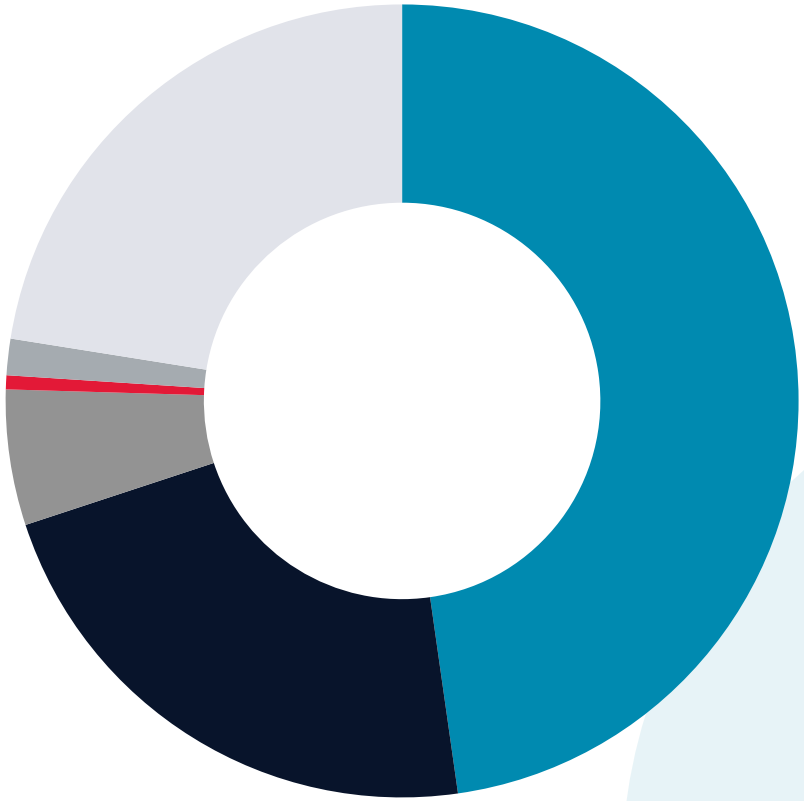
Expenses (continued)

($181,154)	Debt costs – see Capital Budget detail
$74,202	Library – Report CBC-04-2026
($200,000)	Grant Programs: Heritage Property, Affordable Housing, Industrial DC
$3,753	Grants and partnerships
$150,888	All other expenses (e.g., contracts, studies) net of reserve funding where applicable

Note: Departmental budgets with additional comparative prior budget/actuals and forecast information reported in Section 7 of online package.

2026 Budget: Base & Assessment

Expenses by Type



- 48% Wages & benefits
- 22% Materials & supplies
- 6% Grants
- 1% Debt interest charges
- 1% Debt principal payments
- 22% Reserve transfers

2026 Budget: Base & Assessment

MPAC Assessment

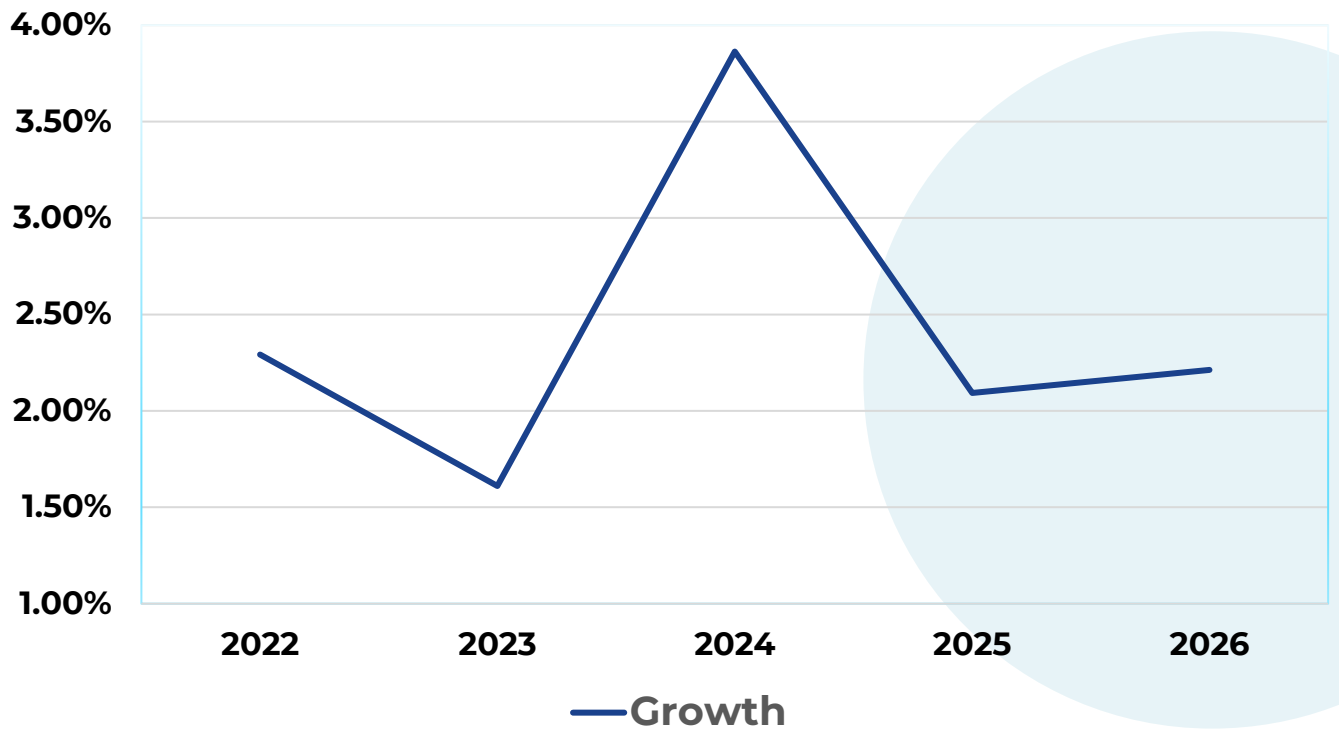
Municipal Property Assessment Corp (MPAC)

- Assessment growth - affects every year:
  - New development reduces tax impact on existing taxpayers.
  - Total 2026 growth for the Town is 2.21%.
- Re-assessment shifts - 2017 was 1st year of MPAC 4-yr cycle:
  - No 2026 change: Similar to prior 5 years as province delayed re-assessment.
  - No phase-in effects for 2026 (2025-21: N/a; 2020: 2.24%).
  - Next re-assessment unknown, possibly for 2027 Budget.
- Further information contained in Council Report CBC-05-2026.

2026 Budget: Base & Assessment

Assessment Growth History

- Incremental revenue from new construction
- 2026 revenue growth of $814,550 or 2.21%
- 5-yr avg of 2.41%
- Amounts by property class in CBC-05-2026 Table 3



2026 Budget: Base & Assessment

Base Summary

Appendix 1	$ Levy Impact [column 1]	% Levy Impact [column 2]
Revenue decrease/(increase)	($75,937)	(0.22%)
Expense increase/(decrease)	$2,205,277	5.99%
Total Base Budget Increase	$2,129,340	5.78%
Assessment Growth		(2.21%)
Total Base Budget Increase/(Decrease) - net of Assessment Growth		**3.57%**

Note: Report CS-08-2025 on Oct 6/25 estimated 8.75%.

2026 Budget: Supplementary

Overview

- Program changes beyond current service level for strategic or emerging priorities.
- Detailed on “Supplementary Budget Request” forms (S.8)
- **4 Decision Units** in Appendix 2 for consideration.
- a) requests subject of a previous report/resolution:
  - **PART 1:** Base (ongoing in future budgets) - n/a
  - **PART 2:** One-time (Reserve funded) - **1 request**
- b) new requests:
  - **PART 3:** Base (ongoing in future budgets) – n/a
  - **PART 4:** One-time (Reserve funded) - **3 requests.**



2026 Budget: Supplementary

Part 1 to Part 4

Part 1: $N/A Base Costs (continue indefinitely)

Part 2: $500,000 One-time Costs (Reserve funded)

2.1	$500,000	Coal Docks grant – to NPC (GLRS Reserve)

Part 3: $N/A New Base Costs

Part 4: $525,000 New One-time Costs (Reserve funded)

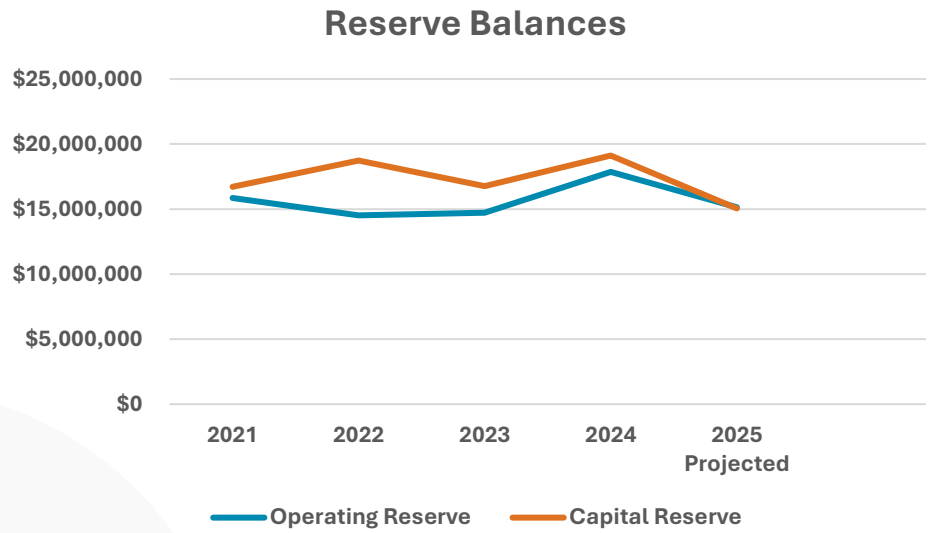
4.1	$250,000	Urban Ditching Master Plan (GLRS Reserve)
4.2	$150,000	Rural Ditching Master Plan update (GLRS Reserve)
4.3	$125,000	Fire prevention leadership and development consultants (GLRS Reserve)

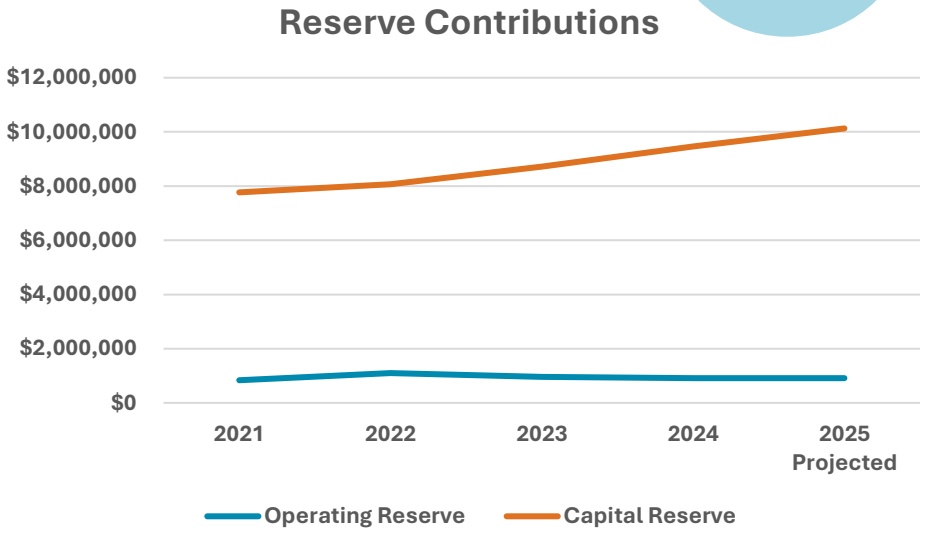
Reserves

Financial Health

Reserves are starting to trend downwards despite slight increases in contributions to reserves

- $6.7M Levy debt ($8.1M including Utility)
- $15.1M Levy Reserves - Operating ($0.9M/yr contribution)
  - The 2025 Budget used $2.7M in Reserves, of which $722K used to mitigate Supplementary requests.
- $15M Levy Reserves - Capital ($10.1M/yr contribution)





* Graphs exclude W&WW and BIA reserve balances, transfers, and deferred reserve balances.

Reserves

Town Financing & Transfers

Reserve Trends

- Council has made strong, sustained investments in Levy capital reserves infrastructure over many years.
- Even with these efforts, the required annual investment to maintain the system with approved levels of service is approximately $37M per year.
- Capital Levy reserves total ~$15 million but are not expected to keep pace with increasing investment needs.

Capital Investment Needs*

Tax Funded Services

Asset Category	2023$	2025$
Bridges and Culverts	$2,111,314	$2,300,736
Roads	$7,340,745	$7,999,340
Stormwater	$18,390,143	$20,040,065
Digital Services	$190,895	$208,022
Emergency Services	$1,119,029	$1,219,426
Facilities	$1,378,747	$1,502,445
Fleet	$1,171,938	$1,277,082
Parks and Cemeteries	$2,568,700	$2,799,158
Total	**$34,271,511**	**$37,346,274**

***** Values represent the average annual cost as per PLOS, sourced from the Town's 2024 Asset Management Plan, inflated to 2025 dollars using the NRBCPI.

Reserves

Town Financing & Transfers

AMP Financial Strategy

- Report coming to Council February 9, with financial scenarios and funding options with levy impacts for the Town.
- Will assess reserves, grants, debt, long-term capital needs, lifecycle requirements and non-financial metrics such as levels of service.
- Overview from early stages of the current model:
    - Costs and capital needs rising, aging infrastructure.
    - Reserves not sufficient to sustain long-term needs.
    - Higher reliance on debt is likely.

Comparisons

Tax Calculation & Comparison

Tax Calculation:

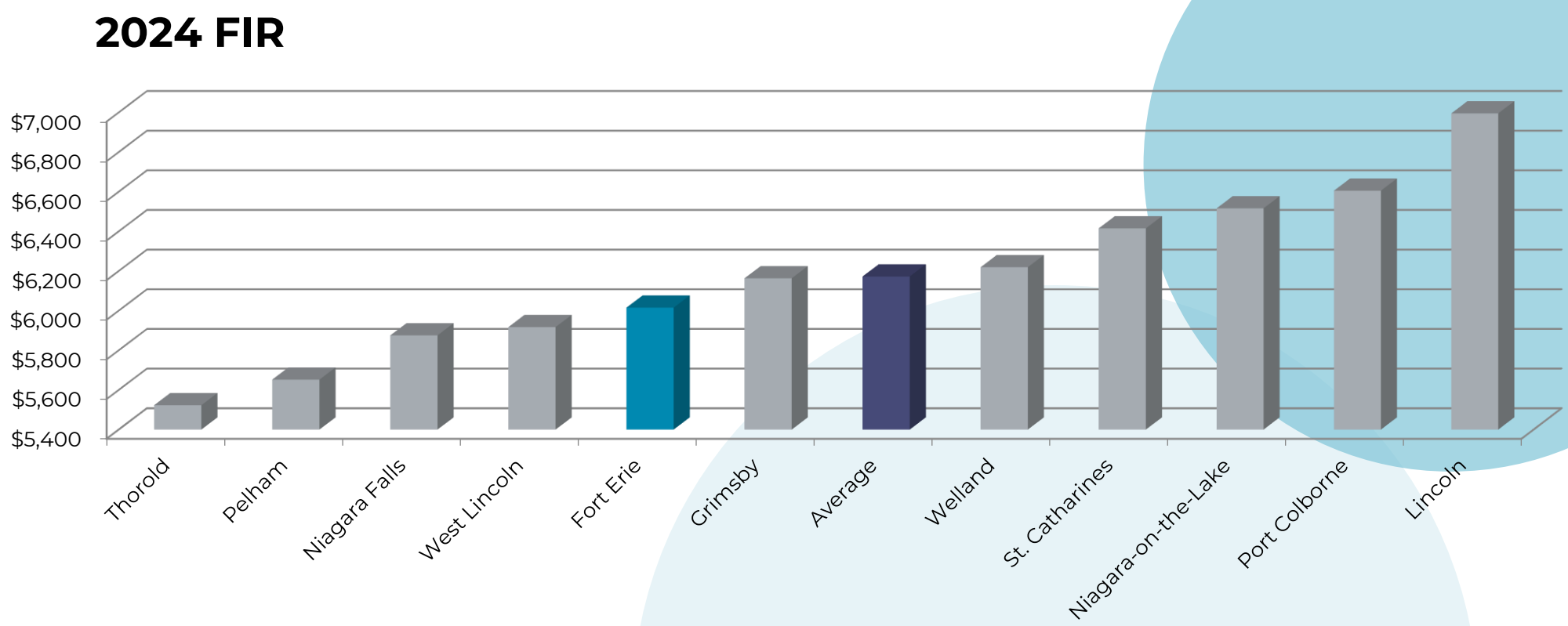
- Tax Rate = General Levy / Total Assessment (MPAC)
- Property Owners Pay = Tax Rate x Own property assessment

Tax Comparison:

- Ontario study compares 126 municipalities annually
- Relative tax burden compared for “like” detached bungalow in Niagara for 2025 (2024 FIR):
  - Fort Erie total taxes: $4,131. Below Niagara average of $4,672 by 12%.
- Fort Erie below average for all other studied classifications (e.g., 2-Storey, Multi-res, Hotel/Motel, Commercial & Large Industrial)

Comparisons

Comparison – Municipal Burden (Tax + Rate)

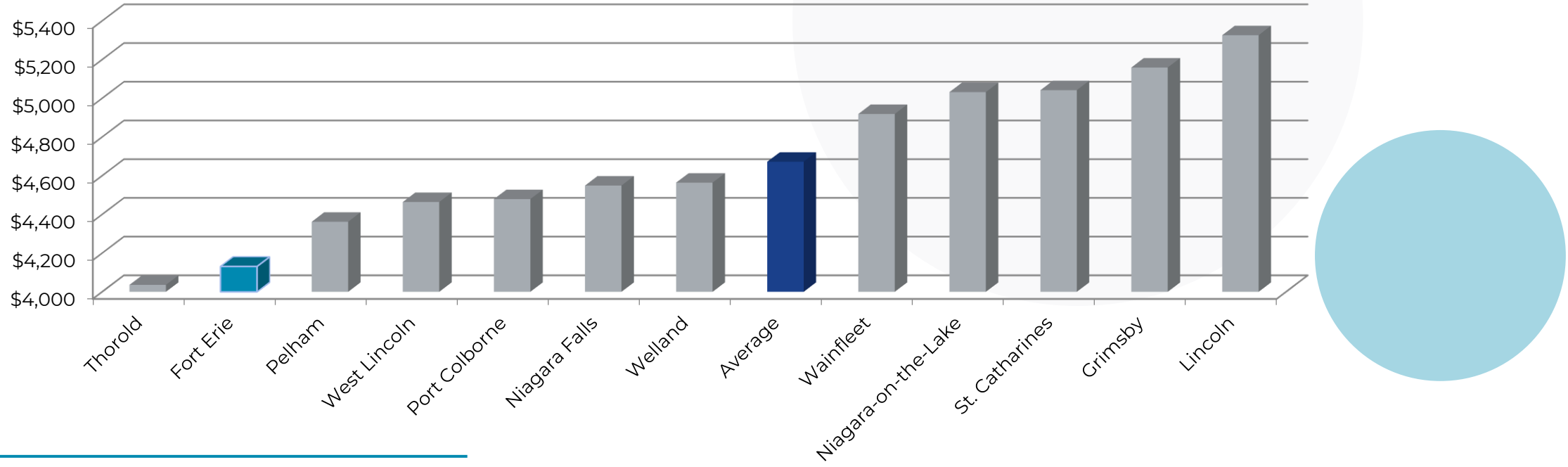


Source: BMA Municipal Study 2025

Comparisons

Comparison – Residential Tax

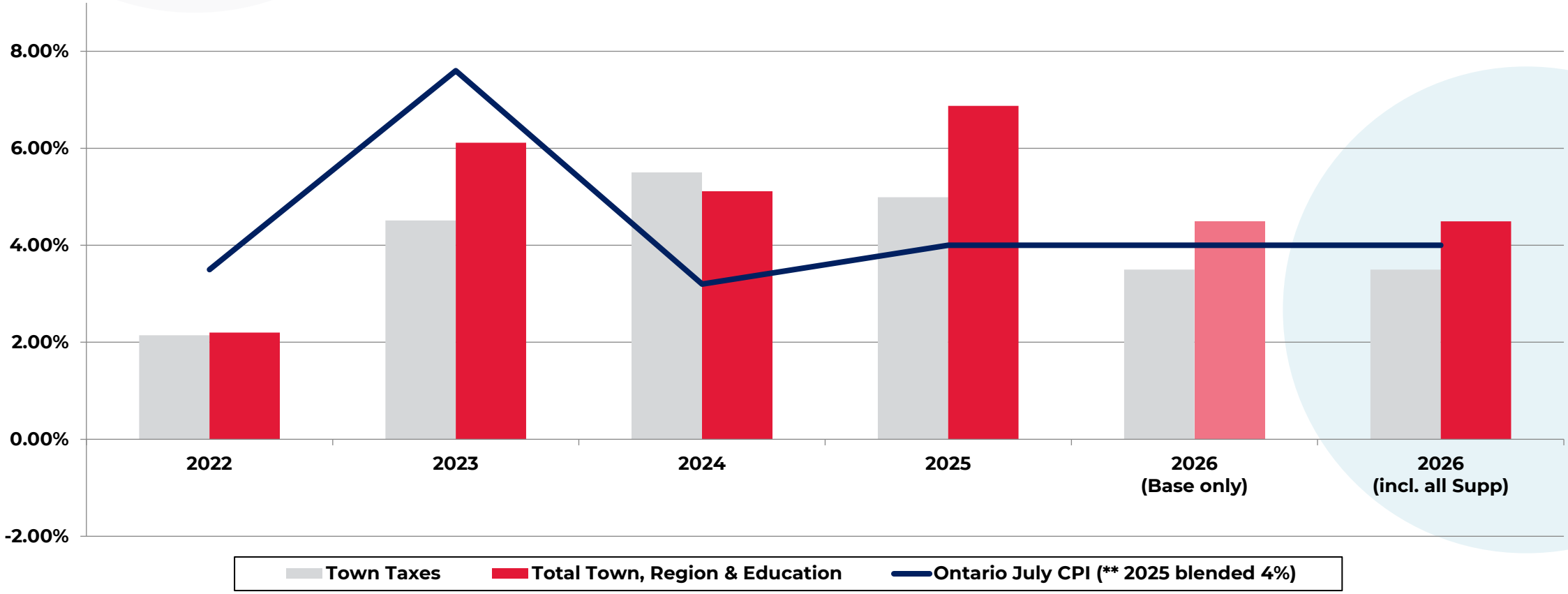
2024 FIR



Source: BMA Municipal Study 2025, page 301

Household Impacts

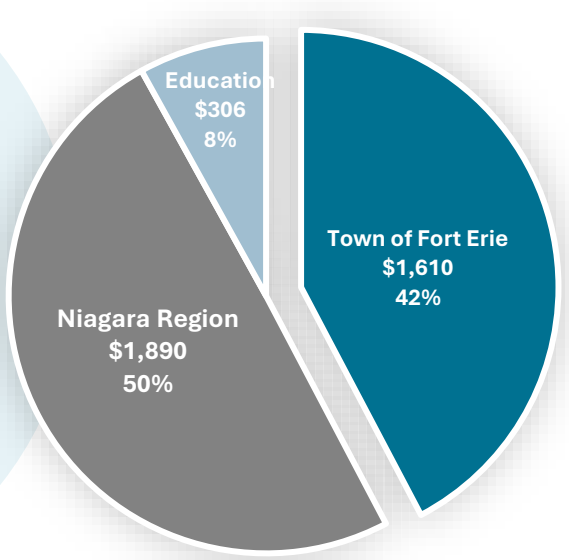
Levy History



Household Impacts

2026 Total Levy

Based on an average residential home of $200,300
Combined Tax Bill = $3,806
Town Portion: $55 per year / $5 per month



	Median 2025 Bill	Median 2026 Bill	% Change	Alternate 2025 Bill	Alternate 2026 Bill
Assessed value	*200,300*	*200,300*	*Nc%*	*100,000*	*100,000*
Town [column 3]	$1,555	$1,610	3.50%	$777	$803
Region	$1,781	$1,890	6.14%	$889	$944
Education	$306	$306	0.00%	$153	$153
TOTAL [App 2, column 4]	**$3,643**	**$3,806**	**4.50%**	**$1,819**	**$1,900**

Note: Regional impact based on proposed budget, excluding any tax policy changes.

Looking Ahead

Risks

- **Economic:** Changes in interest rates (investments/debt) and market inflationary pressures.
- **Reserves:** Considerable reliance on reserves including the GLRS. The Building Permit Surplus reserve is funding approximately $500,000 of 2026 operations and cannot be relied upon >2027.
- **Asset Management:** 2026 Financial Strategy to consider long-term impacts that affect operating (repairs & maintenance) and capital funding needs.
- **Legislation:** Program and policy changes from other levels of government affect Town service delivery and funding opportunities.
- **Assessment:** The >9 years since MPAC reassessment (January 1, 2016 valuation date) which exacerbates tax burden shifts within/between classes, increases tax appeals, and affects tax increment based grant programs.
- **Development:** Development volatility impacts fees and charges which help minimize tax burden.
- **Region Taxes:** Tax rates & policy (i.e., tax ratios) and budget are outstanding and estimated only.

Looking Ahead

Opportunities



- **Budget Guidance:** Strong business case for >3.50% and <4.25% is $282,000 to address AMP Financial Strategy (Report alternatives).
- **Grant Programs:** 2026 reductions to 3 programs (i.e., Heritage, Affordable Housing CIP, Industrial DC) to be evaluated in future.
- **Modernization:** Technology roadmap to address security, systems and enhance services.
- **Funding Advocacy:** Grants Oversight Team monitors programs (e.g., Fed/Prov stimulus) and advocates for external funding.
- **Fees & Charges:** Annual review to balance burden of fees vs. tax identified areas with low cost recovery.
- **Shared Services:** Similar/joint services reviews with other levels of government.
- **Assessment Base:** Managed growth promotes a stronger mix of property types (e.g., industrial, commercial).

Looking Ahead

Forecasts

- **Forecasts:** Base budget increases of **7.1%** in 2027 and **4.4%** in 2028.
- **Debt:** Next maturity is $241,000/yr at the end of 2026.
- **Operating Impacts of Capital:** 2026 includes $90,722 and an additional $135,107 in 2027 (CBC-01-2026 Appendix 2).
- **Supplementary Phase-ins:** No 2027 impacts to phase-in previous approvals (e.g., full-year staffing impacts).
- **Market:** Continued pressures in various areas such as professional services, modernization, utilities and environmental compliance.



Conclusion

Recommendations itemized in CBC-06-2026

PART

- **1 to 4** 2026 Supplementary Items recommended separately
- **5** 2026 Grants
- **6** 2026 BIA Levies
- **7** Budget excludes amortization (O. Reg 284/09)
- **8** 2026 Levy adoption including Supplementary Items

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Presentation Questions

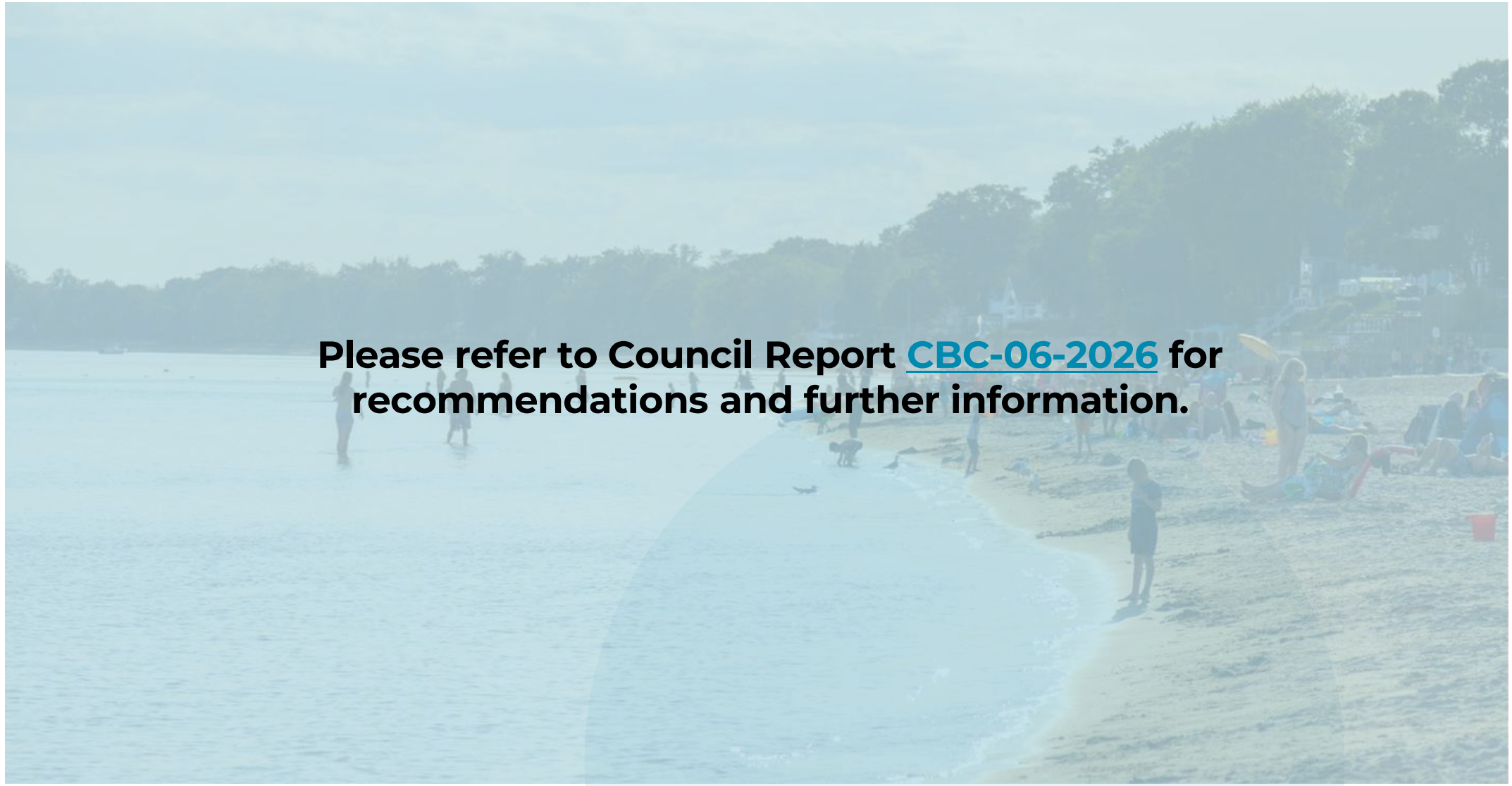
Summary of proposed changes at the bottom of Appendix 2:

COLUMN

1. **$38,954,000** Town Budget $ amount
2. **3.57%** Town Budget % increase
3. **3.50%** Town Tax Bill % increase, median household
4. **4.50%** TOTAL Tax Bill % increase, median household
5. **$13.65** TOTAL Tax Bill $ increase per month, median household

Further information contained in MEMO to Report CBC-06-2026

Questions



Please refer to Council Report CBC-06-2026 for recommendations and further information.