



STAFF REPORT
Financial Planning and Asset Management

Title: 2027 Budget Update
Report Number: CORP2026-031
Author: Brad Witzel and Michael Pugliese
Council Date: June 15, 2026
File: N/A
Attachments: Appendix A – 2027 Budget Timeline
Appendix B – Revised FC-012 Capital Budget Policy
Appendix C – Revised FC-023 DC Interest Policy
Appendix D – New Arts and Creative Industries Reserve Fund (ACIRF) Policy
Appendix E – New Capital Project Summary Example
Ward No.: City-wide

Recommendation:

1. That Council approve report CORP2026-031.
2. That Council endorse in principle the 2027 Budget timeline as outlined in Appendix A, release the staff tabled 2027 Budget on December 14, 2026, for Mayor and Council consideration after February 1, 2027.
3. That Council approve the 2027-2030 Strategic Plan timeline as outlined in Table 1, and direct staff to release the draft Strategic Plan in April 2027 for Mayor and Council consideration in June 2027.
4. That Council approve the FC-012 Capital Budget Policy revisions outlined in section 4 of this report and attached as Appendix B.
5. That Council approve the FC-023 Development Charge Interest Policy revisions outlined in section 4 of this report and attached as Appendix C.
6. That Council approve the recommended Arts and Creative Industries Reserve Fund (ACIRF) Policy outlined in section 9 of this report and attached as Appendix D.
7. That Council direct staff to implement the new Capital Project Summary template effective the 2027 capital budget as outlined in section 7 of this report and attached as Appendix E.
8. That Council direct staff to develop the staff tabled 2027 Budget in accordance with FC-019 Core Consumer Price Index (CPIX) Policy.

A. Executive Summary

The purpose of this report is to provide an update to Council and the public on the process and timelines for the 2027 Budget. The upcoming budget (2027) will be a single-year budget, followed by a multi-year budget process which will cover the period of 2028-2030. The staff tabled 2027 Budget will be released on December 14, 2026.

B. Financial Implications

The staff tabled 2027 Budget will be released to Council and the community on December 14, 2026. There are no direct budget implications associated with this report. The report does include some recommended policies revisions, that if approved will be used to develop the 2027 budget for Mayor/Council consideration.

The staff tabled 2027 Budget will be developed in accordance with [FC-019 Core Consumer Price Index \(CPIX\) Policy](#).

C. Technology Implications

The 2027 capital budget is being developed using the new Capital Project Submission System (CPSS) portal, which is a custom program developed in consultation with the city's Information Technology Services team, with the project being led by the city's Financial Planning and Assessment Management team.

D. Link to Strategic Plan

(Strategic Objectives: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)
(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Operational Excellence - Fiscal responsibility is the basis for operational excellence and entails operating within a framework of policies and processes intended to improve fiscal outcomes and support longer-term financial health, in an environment of transparency and objective measurement. Through a commitment to operational excellence, the City of Waterloo will create and reinforce an internal and external culture that is founded on responsiveness and is customer centric. Embedded in this principle are service standards, performance measurements, and a commitment to continuous improvement.

The 2027 staff tabled budget is linked to, and influenced by, the 2023-2026 Strategic Plan, including all strategic priorities and objectives and guiding principles.

E. Previous Reports on this Topic

- CAO2026-004 - 2027 Parking Rates
- CAO2026-006 - Office of the CAO 2027 Fees and Charges
- CORP2026-021 - Corporate Services 2027 Fees and Charges
- COM2026-018 - Community Services 2027 Fees and Charges
- COM2026-021 - Parking Administrative Penalties and Fees
- IPPW2026-027 - IPPW 2027 Fees and Charges



2027 Budget Update CORP2026-031

The purpose of this report is to provide an update to Council and the public on the process and timelines for the 2027 Budget. The upcoming budget (2027) will be a single-year budget, followed by a multi-year budget process which will cover the period of 2028-2030. The staff tabled 2027 Budget will be released on December 14, 2026.

This report has been broken into nine sections as follows:

- 1) City Budget Cycles
- 2) Strategic Plan
- 3) CMT/OLT Budget Committee
- 4) Update of Key Inflationary Indices and Capital Inflation Rate
- 5) Fees and Charges
- 6) Public Engagement and Communications Plan
- 7) Capital Project Submission System (CPSS)
- 8) Budget Pressures/Opportunities
- 9) Arts and Creative Industries Reserve Fund (ACIRF) Policy

Section #1 – City Budget Cycles

Since 2008, the City of Waterloo has undertaken a budget process whereby the first year of a Council term (2027) is a one-year budget approval, and the subsequent three years of the Council term (2028-2030) is a singular three-year budget approval. The Municipal Act allows up to five years be approved with a singular budget approval by Mayor/Council. The legislation requires that if a municipality approves a multi-year budget, Mayor/Council must review and re-affirm or amend the budget for every second or subsequent year either in the year that the budget applies or in the preceding year. This budget will be a single-year budget covering the period of 2027.

In 2023, the provincial government extended Municipal Act (the Act) Strong Mayor Powers through regulation to the Mayor of the City of Waterloo. Under the Act, the power to propose and adopt a budget are assigned to the Mayor and that budget is provided to Council for consideration and amendment or adoption. However, the regulation does provide that if the Mayor does not propose the budget by February 1st, the duties relating to the budget are assigned to Council. Per the previous direction from the Mayor relating to the use of the Strong Mayor Power, this report assumes that the same process will be used for the 2027 budget that was utilized for the 2024-2026 budget. Nothing in this report will fetter the use of Strong Mayor Powers in the future. However, this report enables staff to move forward with development of the staff tabled budget and public engagement.

Full 2027-2030 budget cycle:

- December 14, 2026 – 2027 staff tabled budget to be released
- February 8, 2027 – 2027 budget approval
- December 2027 – 2028-2030 staff tabled budget to be released
- February 2028 – 2028-2030 budget approval
- December 2028 – 2029 budget reviewed, re-affirmed or amended by Mayor/Council
- December 2029 – 2030 budget reviewed, re-affirmed or amended by Mayor/Council

Section #2 - Strategic Plan

2027 Budget

The 2027 budget will be guided by the existing 2023-2026 Strategic Plan. The 2027 staff tabled budget will leverage the extensive public engagement undertaken as part of the Strategic Plan creation, which will be a key influencer of the staff tabled budget. The budget will build upon the progress made through the 2024-2026 budget and focus on four main goals:

1. Service delivery enhancements and additions as supported by the Strategic Plan and or previously approved by Council.
2. Support for existing programs and services.
3. Operating funding to support new capital assets.
4. Continued increased investment in infrastructure renewal.

2028-2030 Budget

Project planning and research for a new 2027–2030 Strategic Plan is underway. Engagement for the plan will include community feedback gathered through the 2027 budget process, recent community engagement sessions (e.g. Community Conversations), a Municipal Service Satisfaction Survey, Council consultation, and where needed, additional engagement with the community and special interest groups. In addition, several recent strategies included extensive public engagement which will be leveraged for the next 2027-2030 Strategic Plan including the Urban Forest Management Plan, Fire Master Plan, Waterloo Park Plan Update, Economic Development Strategy, Get READI Plan, Indoor Community Space Strategy, and the Sanitary Master Plan. Given the depth of consultation and research involved in the development of the previous plan, and the above noted strategy documents, staff envision that the new strategic plan will reaffirm the existing long-term directions (e.g. vision, mission, guiding principles, and strategic priorities) and carry forward unfinished objectives, while introducing new objectives for the four-year term that reflect current conditions and address emerging needs. Council will approve a final Strategic Plan in June 2027, and the plan will be used to help guide the 2028-2030 budget and business planning processes.

A proposed timeline for the development of the 2027-2030 Strategic Plan is presented in table 1 below.

Table 1 - Proposed timeline for the development of the 2027-2030 Strategic Plan:

Project Phases and Key Milestones	Completion Date
Phase 1. Project Initiation • Municipal Service Satisfaction Assessment (MSSA)	September 2026
Phase 2. Background Research / Environmental Scan • Summary of existing engagement / research • Report summarizing key trends, issues, implications and strategic considerations	November 2026
Phase 3. Engagement • Public meetings, focus groups, website updates throughout 2026 and Q1 2027 • Council workshop (January 2027) • MSSA Summary and Key Themes and Strategic Directions Report (January 2027)	Ongoing
Phase 4. Draft Strategic Plan and Reporting Framework • Council presentation of draft Strategic Plan and reporting framework	April 2027
Phase 5. Final Strategic Plan and Reporting Framework • Council presentation of final Strategic Plan and reporting framework	June 2027

Section #3 - CMT/OLT Budget Committee

Staff have been working on developing the staff tabled 2027 Budget since January 2026. The 2027 Staff (CMT/OLT) Budget Committee consists of the following individuals:

Office of the CAO Representatives:

- Chief Administrative Office (CAO)
- Deputy Commissioner, Strategy and Innovation
- Director, Reconciliation, Equity, Accessibility, Diversity and Inclusion (READI)

Corporate Services Representatives:

- Commissioner, Corporate Services
- Director, Corporate Communications
- Director, Legislative Services, Information Security and Privacy/City Clerk

Community Services Representatives:

- Commissioner, Community Services
- Director, Community Programming and Outreach Services
- Director, Parks, Forestry and Cemetery Services

Integrated Planning and Public Works Representatives:

- Commissioner, Integrated Planning and Public Works
- Sr. Director, IPPW, Director Planning and City Planner
- Director, Engineering Services

Finance Representatives:

- Senior Director, Revenue and Accounting / City Treasurer, CFO
- Director, Financial Planning and Asset Management (Co-Chair)
- Manager, Financial Planning (Co-Chair)

Ongoing discussions have been occurring with the Budget Committee to set the framework for the 2027 budget process. Discussions have included but have not been limited to: overall budget strategy, economic impacts, inflation trends, budget directives to staff, business plan process/timeline, public engagement, capital budget envelope allocations, communications plan, and emerging pressures and budget opportunities.

The Budget Committee provides the framework for divisions to submit operating and capital needs for consideration. The Budget Committee's ongoing budget deliberations and prioritization will continue over the coming months, leading to the staff tabled 2027 Budget being released on December 14, 2026, for Mayor and Council consideration after February 1, 2027.

Section #4 – Update of Key Inflationary Indices and Capital Inflation Rate

The staff tabled 2027 operating budget will be developed in accordance with the Core Consumer Price Index Policy (FC-019), which states that the 12-month rolling average CPIX will act as a guideline for base budget increases (net of efficiencies and assessment growth) and operating impacts of capital. Service level changes and increased infrastructure investment will be additional increases beyond inflation for Council's consideration. A menu list will also be prepared that will include other pressures/opportunities that could not be accommodated within the staff table budget and, potential service level reductions for Council's consideration to keep property taxes as low as possible. The menu list will be considered as part of budget approval in February 2027.

There are various inflationary measures that may be considered by Council as part of budget decision making. While these indicators are results that have occurred in the past, they may provide context to assist Council in making decisions that will impact the future. Future inflation may in actual fact be higher or lower and therefore the indicators are used as a guideline. The Bank of Canada forecasts that the Consumer Price Index (CPI) inflation will peak at approximately 3% in mid 2026 (primarily driven by global energy price spikes tied to the conflict in the Middle East) before returning to and stabilizing near its 2%

target by early-mid 2027. For reference, CPIX generally refers to a Consumer Price Index (CPI) that excludes specific volatile components to provide a clearer picture of underlying inflation as noted in Table 2 below.

Table 2 - Consumer Price Indices percentage changes:

Consumer Price Indices	CPI	CPI-Ont	CPIX
April 2026 - Current Month	2.8%	2.4%	2.1%
Average Rolling 12-Month	2.1%	2.1%	2.6%

Capital Budget Inflation

In 2019, Council approved changes to policy FC-012 Capital Budget Policy to apply a five-year rolling average of the third quarter Toronto construction price index as the current capital budget period inflation rate, and to apply 2% for the remaining forecast period. This modified approach to inflating base capital project costs (from annual to a five-year average) assisted in smoothing out the inflationary index changes and was intended to minimize peaks and valleys.

In 2023, it was determined that despite this policy change the substantial increases in the construction price index were placing significant pressure on the City's capital budget as well as the committed annual contribution increases to the main capital program funding sources (Capital Infrastructure Reinvestment Reserve Fund, Capital Reserve Fund and Climate Action Reserve Fund) which have a direct impact on the property tax rate since they are funded with transfers from operating to these reserves. As a result, an annual index cap of 10% was implemented to help lower that overall pressure on the property tax base.

For the 2027 budget process, after reviewing the current policy and in consideration of the current economic climate, staff are recommending further changes to FC-012 to ensure capital expenditures and contributions are inflated appropriately without putting undue pressure on the property tax rate. The recommended updated policy (attached as Appendix B) was reviewed and supported by the Audit Committee at their June 4, 2026 meeting.

Under the current policy, as shown in Table 3, an inflationary factor of 6.99% would be applied to capital expenditures and reserve contributions in 2027. This is because the higher years of 2021 and 2022 (though capped at 10%), are driving up the capital inflation rate despite the significantly lower increases that have been seen in more recent years.

Table 3 - 5-year Rolling Average with 10% Cap:

Construction Price Index (Toronto)	Non-Residential %	Non-Residential % with FC-012 Annual Cap Applied
Q3 2024 - Q3 2025 Toronto Non-Res	4.21%	4.21%
Q3 2023 - Q3 2024 Toronto Non-Res	3.26%	3.26%
Q3 2022 - Q3 2023 Toronto Non-Res	7.47%	7.47%
Q3 2021 - Q3 2022 Toronto Non-Res	15.60%	10.00%
Q3 2020 - Q3 2021 Toronto Non-Res	11.80%	10.00%
5-Year Average Toronto Non-Res	8.47%	6.99%

To calculate an inflationary factor more reflective of current economic conditions where construction cost have stabilized (including many City tenders coming in under budget), Finance staff recommend the following changes to FC-012:

- lowering the annual index cap to 5% from the current 10%
- revise the rolling average to a three-year rolling average from the current five-year rolling average

As shown in Table 4, these changes treat the higher rates of 2021 and 2022 as outliers, removing them from the calculation. In addition, the reduced cap is also better aligned with more current rates and will further assist in reducing the pressure of the inflationary increases on the property tax base.

Table 4 - Recommended Revised Policy FC-012 based on a 3-year Rolling Average with 5% Cap:

Construction Price Index (Toronto)	Non-Residential %	Non-Residential % with revised FC-012 Annual Cap Applied
Q3 2024 - Q3 2025 Toronto Non-Res	4.21%	4.21%
Q3 2023 - Q3 2024 Toronto Non-Res	3.26%	3.26%
Q3 2022 - Q3 2023 Toronto Non-Res	7.47%	5.00%
3-Year Average Toronto Non-Res	4.98%	4.16%

The 4.16% rate results in 2027 inflationary increases to the base budgeted reserve fund contributions of \$848,734 (compared to \$1,422,699). These changes to FC-012 will better align with the current economic conditions (vs. using information from four or five years ago) and will result in a reduced contribution to CIRRF, CRF, and CARF of \$573,965, which represents property tax savings of 0.5%.

Table 5 - Reserve Fund Annual Contribution Increases:

Reserve Fund	Increase Before Policy Changes (6.99%)	Increase After Policy Changes (4.16%)	Savings
Capital Infrastructure Reinvestment Reserve Fund (CIRRF)	\$1,054,353	\$628,992	\$425,361
Capital Reserve Fund (CRF)	\$299,860	\$178,886	\$120,974
Climate Action Reserve Fund (CARF)	\$68,486	\$40,856	\$27,630
Total	\$1,422,699	\$848,734	\$573,965

Development Charge Interest

On June 16, 2025 as part of the Development Charge By-law Update – Progress Report and Council Workshop, Council directed staff to “proceed with updates to FC-023 – Development Charge Interest Policy, specifically, the removal of charging interest on deferrals and reducing the rate freeze interest, along with any other changes to interest calculations that may be subject to recent proposed legislative changes”. A new Development Charge by-law was approved by Council on March 23, 2026, therefore staff have made the necessary revisions to policy FC-023 – Development Charge Interest Policy to align with the recently approved by-law. The updated policy is attached as Appendix C to this report CORP2026-031.

Section #5 – Fees and Charges

On June 15, 2026, Council will be receiving the recommended 2027 tax-based fees and charges reports, as well as the recommended 2027 parking rates. All other recommended 2027 enterprise rate reports will be brought forward for Council consideration in December. These fee reports will be incorporated into the staff tabled budget and do not fetter the Strong Mayor Powers.

During each operating budget cycle, divisional and departmental user fees and charges are reviewed. The primary principle of user fees and charges is that those who benefit directly from a service, facility, or resource contribute to its cost, rather than relying entirely on general property tax revenue.

As part of the 2027 fees and charges process, staff are also including comparator municipality fee information on key fees for Council’s awareness to ensure revenue is being recovered at an appropriate level, while also being mindful of ensuring our rates are comparable and competitive. A core component of the fee review process is also assessing historical revenue attainment compared to budget, combined with recommended fee adjustments, to determine what additional revenue budget can be incorporated into the operating budget.

For 2027, the following revenue budget increases will be recommended:

- CAO – No increase to base revenue budget, recommended fee changes will instead bring the anticipated actual fee revenue generated in closer alignment with the existing budget targets.
- CORP – Fee increases along with historical surpluses will generate a \$25,000 revenue budget increase in Revenue Services and a net \$25,000 revenue budget increase in Legislated Services for a total increase of \$50,000.
- COMM – The 2027 Recreation Facilities and Programs recommended fees and charges increase, combined with historical revenue surpluses, would increase the 2027 revenue budget by \$850,000. Associated expenses required to generate the revenue budgets are also recommended to increase, as follows: \$100,000 for Fee Assistance, \$150,000 for Facility Rental Discount, \$100,000 for Utilities (gas, electricity, and water), \$100,000 for Equipment, and \$100,000 for two Seasonal staff positions in Parks. Municipal Enforcement Services (MES) revenue budget attributable to fees and charges for licenses, permits and compliance enforcement (excluding parking/traffic violations) is anticipated to increase the revenue budget by \$19,000 and Fire Rescue Services will have a minor revenue budget increase of \$3,000. As such, the net 2027 budget impact would be a \$322,000 contribution to the tax base, to be formalized through the 2027 operating budget process.
- COMM – The 2027 Parking Administrative Penalties and Fees report is recommending a net \$200,000 contribution to the budget from incremental increases in revenue combined with historical sustainable surpluses (mainly driven by parking/traffic violations).
- IPPW – Fee increases along with historical surpluses will generate a total \$180,000 additional budgeted revenue increase to be incorporated into the 2027 IPPW Operating Budget. This would be a \$115,000 revenue budget increase in Planning, a \$30,000 revenue budget increase in Transportation, and a \$35,000 revenue budget increase in Engineering.

Section #6 – Public Engagement and Communications Plan

The 2027 Budget will be the first budget of the incoming 2027-2030 Council.

Communications related to the budget will focus on providing clear, factual and transparent information to residents throughout the process. While several past one-year budgets have been branded, the tagline for the three-year budget has been taken from the accompanying Strategic Plan. Staff suggest leaving this one-year budget unbranded, and continue the practice of branding the three-year budget to align with the Strategic Plan. This will allow for greater input from the incoming Council with regard to theme and tone.

The City continues to refine the approach to budget engagement. In recent years, budget-related questions have been included in the Municipal Satisfaction Survey Assessment (MSSA), Engage Waterloo has served as the central hub for budget engagement opportunities, and hybrid public information sessions have helped provide accessible opportunities for residents to learn more about the budget and ask questions.

The MSSA survey will again support Strategic Plan development and is likely to include questions related to budget priorities and services that may no longer be required. Engage Waterloo will be used to provide residents with opportunities to share feedback while also helping the City better understand who is participating through voluntary demographic information. The City will also continue to prioritize sharing budget information online in accessible, easy-to-understand formats that support transparency and improve public access to information.

As staff continue to refine engagement approaches, the City is exploring opportunities to offer separate in-person and virtual public information sessions for the 2027 Budget process. This approach would support accessibility and provide residents with multiple ways and times to participate. While attendees may not hear all comments shared across both sessions, the format may allow for more focused discussion and participation, and address some feedback concerns received in previous years.

Section #7 – Capital Project Submission System (CPSS)

Since approval of the 2024-2026 budget, Asset Management staff have led a cross-functional team to develop an improved approach to the capital project sheet process, as identified in the Capital Project Sheet Digitization project (Ref # 415 in the 2024-2026 approved capital budget). The objective of this initiative was to streamline the process and enhance productivity, efficiency, accuracy, and tracking across the organization. As part of this work, a custom system was developed in consultation with the city's Information Technology Services team and named the Capital Project Submission System (CPSS).

The transition to the CPSS reflects extensive staff feedback regarding challenges with the previous Excel-based template, which had been in use for more than 20 years. Key concerns included the need to re-enter the same information during each budget cycle, resulting in duplication of effort, as well as difficulties in producing an Accessible Document (AODA-compliant) version for Council and the public.

In addition, the process for compiling the capital budget also presented significant challenges, requiring Financial Planning staff to manually open and consolidate more than 400 individual project sheets. This approach was both time-consuming and limited the ability to efficiently conduct analysis.

In response, the CPSS has been implemented as a database-driven solution. The system improves data organization and structure and enables the assignment of access permissions across various levels of staff, enhancing both usability and governance. It also strengthens data security and access control, while providing reliable backup and recovery capabilities.

The CPSS enhances reporting and analytics capabilities, enabling more efficient project review, improved departmental balancing, and more robust analysis. Financial Planning staff can now compile and manage all projects collectively, eliminating the need to open hundreds of individual files or re-enter information. From an administrative perspective,

projects can be carried forward from one budget cycle to the next, further reducing duplication of effort.

The system also improves reporting to Council. The Council reporting version is produced in a fully AODA-compliant format and has been streamlined to be more accessible and reader-friendly for both Council and the public. An example of the new template is included in Appendix E.

Overall, the CPSS streamlines processes, reduces administrative burden, enhances data integrity, and improves the accessibility, transparency, and quality of capital budget information across the organization. Feedback from staff during the initial use of the CPSS during the 2027 capital budget process has been resoundingly positive and it is anticipated that additional improvements will be made over time which will enhance the productivity improvements already realized to date.

Section #8 - Budget Pressures/Opportunities

Similar to past budget cycles, the City continues to face various budgetary pressures due to committed obligations, legislated changes, and previous Council direction. In response to these pressures, the Budget Committee is reviewing sustainable opportunities that can be presented for Council consideration to keep the property tax budget increase as low as possible. Both staff and Council remain committed to addressing the budgetary needs in a responsible manner.

In advance of the staff tabled 2027 Budget being released in December, below are some of the key pressures and opportunities that are likely to be included in the staff tabled budget for Mayor/Council consideration.

8.1 - Fire Master Plan

On June 19, 2023, Council approved report COM2023-016. This report highlighted the results of the updated Fire Rescue Services Master Plan. Consistent with the Fire Underwriter Survey review (2019), and the Fire Master Plan Update staff report issued in 2022, the Fire Master Plan identified the need to enhance service capacities consistent with the development and growth in our community over time. The plan identified the need to add 24 firefighters, 1 Chief Mechanic Officer, 1 Chief Training Officer and 1 Deputy Fire Chief for a total of 27 staff at an ongoing cost of over \$5 million, which at the time had an estimated property tax impact of 5.05%. Given the magnitude of this cost pressure, it was approved by Council that the Fire Master Plan implementation would be phased over the 2024-2026 budget and 2027 budget. As part of the 2024-2026 budget 20 of 24 firefighters were added, along with 1 Chief Mechanic Officer and 1 Deputy Fire Chief for a total of 22 of 27 staff added. In addition, a September 1st hire date was used for adding the firefighters on an annual basis which provides for an optimal recruitment and on-boarding timing, while phasing the budget impact over multiple years.

2027 Budget impact: up to \$1.7 million or 1.5%

For the 2027 staff tabled budget, the remaining phase of the Fire Master Plan will be included for Mayor/Council consideration. This will include adding the remaining 4 firefighters and 1 Chief Training Officer. The budget impact of these FTEs along with the 2027 budget portion for the 8 firefighters that are to be hired with an effective date of September 1, 2026 totals approximately \$1.7 million or a 1.5% property tax increase above inflation for 'service level increase – fire'. Given the overall budgetary pressures, the Budget Committee is likely to continue to recommend a phased implementation strategy with a September 1, 2027, hire date for the remaining 4 firefighters to be added in 2027 allowing this pressure to be partially phased over the 2027 budget and 2028-2030 budget.

8.2 - Dedicated By-law Dispatch Operation

On February 9, 2026, Council approved report COM2026-003. The Waterloo Regional Police Service (WRPS) has provided dispatch services for by-law complaints through the call taking line for the City of Waterloo and partner municipalities since approximately 1998. However, due to operational challenges and the need to ensure that 911 emergency calls are not impacted, WRPS is introducing a new dedicated dispatch and radio channel for by-law operations. This is set to become effective on July 1, 2026.

To support these enhancements, WRPS will implement a cost sharing model among participating municipalities. The cities of Waterloo, Kitchener and Cambridge along with the township of North Dumfries, will be required to contribute to the annual ongoing cost of by-law dispatch based on call volumes and usage (from the prior year). For the 2027 budget, the City of Waterloo share is estimated at \$260,000.

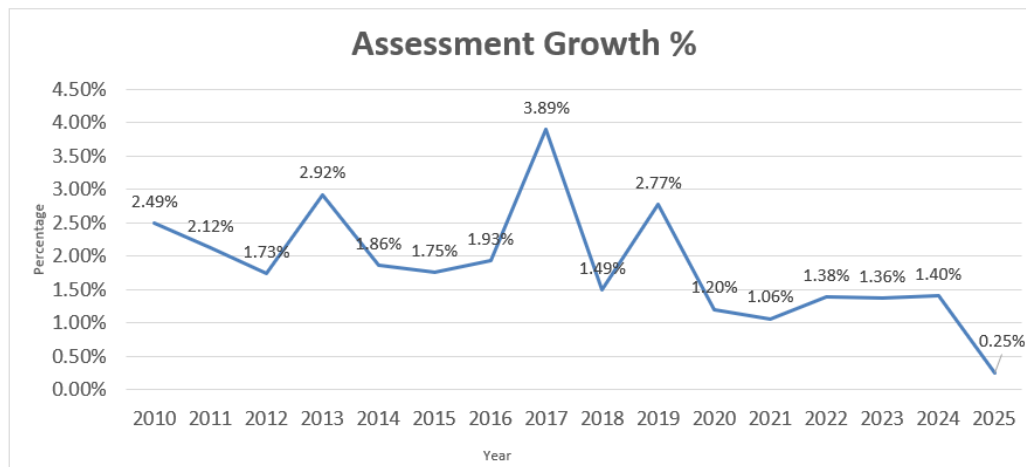
2027 Budget impact: \$260,000 or 0.23%

For the 2027 staff tabled budget, the annual estimated cost pressure is \$260,000 and will need to be added to the 2027 budget as a committed obligation as per Council approved agreement.

8.3 - Assessment Growth Shortfall

As outlined as part of report CORP2025-042 - 2026 Budget Confirmation report, the 2025 actual assessment growth fell well below target resulting in a shortfall to budget of \$823,000. This was the first time in over 15 years that growth was below 1% (2025 growth rate was only 0.25%) as shown in chart 1 below.

Chart 1 - Assessment Growth % 2010-2025:



While the growth outlook for 2027 forward does have some positive signals with over 1,650 units currently approved and ready to proceed when the market conditions support, there are other external factors that are delaying the pace at which assessment growth may return to previous levels including but not limited to: length of time it takes development to become fully completed/occupied and assessed by MPAC, ongoing Regional water supply capacity challenges, current economic conditions, housing demand and affordability constraints of potential home buyers, and the impacts of the anticipated Canada-Ontario Partnership to Build program as it relates to Development Charges.

2027 Budget impact: up to \$1.5 million or 1.3%

For the 2027 staff tabled budget, staff are planning a cautiously optimistic outlook for growth and will adjust accordingly. The 2025-2026 cumulative assessment growth shortfall is forecasted to be in the range of \$1.0 million to \$1.5 million (2025 assessment growth shortfall of \$823,000, plus upwards of another \$450,000-\$600,000 shortfall from 2026). The 2026 assessment growth target (excluding the 2025 carried forward shortfall) is \$1.1 million. Currently MPAC is forecasting growth of \$650,000-\$700,000, with year-to-date growth of \$119,160 or 0.1%. This cumulative shortfall will need to be funded as part of the 2027 budget.

8.4 - Canada-Ontario Partnership to Build

On March 30, 2026, the federal and provincial governments announced the new Canada-Ontario Partnership to Build program, which aims to provide funding to support housing-enabling infrastructure investments for Ontario municipalities that reduce (by 30%-50%) and maintain low Development Charge (DC) rates. The program details were released on June 1, 2026, with applications due by June 19, 2026. Staff will provide an update report to Council (CORP2026-034) on June 15, 2026, that will outline this program further; however, there will be a municipal cost-share requirement for those that choose to opt into the program.

2027 Budget impact: See report CORP2026-034

Please see report CORP2026-034 for further details and the estimated budget/funding impacts for Council consideration. Council will consider this program on June 15, 2026.

This program and its cost would be in addition to the impacts of legislative exemptions and discounts already in place. As outlined in report CORP2026-023 - 2025 Annual Statement of Development Charges staff have been tracking the financial impact of statutory DC exemptions introduced by recent legislative changes as well as pre-existing statutory exemptions (i.e. University/ College/School Board exemptions, industrial expansions, additional dwelling units, etc.). Since 2023 the City has forgone DC revenue collections in the amount of \$8.7 million which represents over 40% of what was actually collected (\$20.7 million in DC collections over 2023-2025).

8.5 Increased Infrastructure Funding

On December 8, 2025 Council approved report CORP2025-030 2025 Asset Management Report Cards and Update which highlighted the City's current infrastructure funding gap of \$65 million (\$43 million for tax-funded assets and \$22 million for enterprise-funded assets).

Based on current information, eliminating the tax-based infrastructure funding gap will require an estimated annual investment increase of approximately 2.0%-2.5% over the next 25 years. Investment increases for enterprise assets will be determined through the individual enterprise rate models. Through each budget cycle, Council will have the opportunity to approve additional infrastructure funding for both the tax base and enterprise areas based on the financial environment faced by the City at that time.

2027 Budget impact: up to \$1.1 million or up to 1.0%

For the 2027 staff tabled budget, the annual increased infrastructure funding amount is likely to be upwards of \$1.1 million or a 1.0% property tax increase over and above inflation. This will continue to build upon the progress made as part of past budget cycles. Since 2020, Council has taken steps to reduce the infrastructure funding gap, including a total increase of \$4.1 million in annual dedicated funding for infrastructure assets through the 2020-2026 budgets. These increases were allocated to the Capital Infrastructure Reinvestment Reserve Fund (CIRRF), which has grown significantly since its creation in 2008 and now receives \$14.9 million annually (in 2025 \$).

8.6 - Investment/Interest Income

In 2025 the City was able to generate an average rate of return of 4.66%, which was an increase over the 2024 rate of return of 3.92%. Over the last five years, we have seen a rate of return high point of 4.66% in 2025 and low point of 1.77% in 2021.

Table 6 - Historical Investment/Interest Income Rate of Returns and Surplus:

Year	Budget	Actuals	Surplus	Average rate of return
2021	2,108,308	2,763,780	655,472	1.77%
2022	2,108,308	3,999,909	1,891,601	2.50%
2023	2,108,308	6,188,530	4,080,222	3.87%
2024	2,408,308	6,287,071	3,878,763	3.92%
2025	2,708,308	6,950,219	4,241,911	4.66%
2026	3,208,308	TBD	TBD	TBD

The Investment/Interest Income the City can earn depends on two main factors, the amount of funds the City has available to invest (both in the short term and long term) and the interest rates that can be earned. While the interest rates available to the City are subject to the market (influenced by the Bank of Canada rate), city Accounting and Financial Planning staff have been diligent in managing the city's cashflow which helps enable the City to fully leverage all available cash in the short term and long term portfolios maximizing our return potential.

2027 Budget impact: Opportunity of up to \$1.0 million or a 0.9% property tax reduction

Finance staff and the Budget Committee have reviewed the Investment/Interest Income historical surpluses and average rate of return. This budget was adjusted annually as part of the 2024-2026 approved budget to a level that was considered sustainable at the time. Then as part of the 2025 Budget Confirmation report this budget was increased for 2025 by an additional \$150,000 and a further \$350,000 as part of 2026 Budget Confirmation bringing the 2026 total investment / interest income budget to \$3.2 million. Even with these increases already in place, staff believe that a further budget target increase of \$1.0 million is sustainable in the long term thanks to the investment strategies being implemented by staff and the diligent cashflow monitoring that is supporting this investment strategy.

8.7 – 2027 Fees and Charges

As outlined above in Section #5 - Fees and Charges, as part of the 2027 fees and charges process, staff have included comparator municipality fee information on key fees for Council's awareness and to assist in ensuring we are maximizing non-property tax

revenue sources as appropriate. A core component of the fee review process is also assessing historical revenue attainment compared to budget, combined with recommended fee adjustments, to determine what additional revenue opportunities can be incorporated into the operating budget.

The staff tabled 2027 capital budget will also include some funding to enable a user fee modernization review. A user fee modernization review is a focused, cross-corporate effort to inventory the City's fees, assess service delivery costs, benchmark against comparable municipalities, and recommend a clearer, more consistent fee framework aligned with Council policy objectives. The City should undertake it because it improves fairness and transparency, reduces unintended tax-supported subsidies, strengthens the defensibility of fee decisions, and provides an objective basis for updating fees in a way that supports long-term financial sustainability.

2027 Budget impact: Opportunity of up to \$0.75 million or a 0.7% property tax reduction

For the 2027 staff tabled budget, staff are planning a combined net fees and charges revenue increase of \$752,000. This will be formalized through the 2027 operating budget process, but ensuring user fees and charges are set appropriately ensures that those who benefit directly from a service, facility or resource contribute to its cost, rather than relying entirely on general property tax revenue.

8.8 – Labour Agreements

The City has labour contracts with several different groups with varying expiration dates as identified in Table 7. The City is a service provider, and labour constitutes our single largest expense.

Table 7 - Labour Group Contract Expiration Dates:

Labour Group	Agreement Duration
Staff Association	Jan. 1, 2025 – Dec. 31, 2028
CUPE Local 1542	Jan. 1, 2024 – Dec. 31, 2027
Waterloo Professional Fire Fighters Association	Jan. 1, 2023 – Dec. 31, 2026

2027 Budget impact: Based on Council approved ratified collective agreements

Section #9 – Arts and Creative Industries Reserve Fund (ACIRF) Policy

On December 8, 2025, when considering the 2026 Budget Confirmation report, Council directed staff to:

- 1) establish an Arts and Creative Industries Reserve Fund (ACIRF),
- 2) report back in June 2026 with the ACIRF policy for Council approval, and
- 3) that an initial ACIRF contribution be considered as part of the 2025 Year End Surplus/Deficit Allocation report.

In response to this Council direction, staff has established an Arts and Creative Industries Reserve Fund (ACIRF) #860057 (direction 1). On May 11, 2026, when considering report CORP2026-020 - Allocation of 2025 Surplus, Council approved an initial contribution of \$250,000 to the ACIRF (direction 3). As part of this report (CORP2026-031), staff are recommending the approval of the New Arts and Creative Industries Reserve Fund (ACIRF) Policy attached as Appendix D.

This draft policy was created by staff from Economic Development, Reconciliation, Equity, Accessibility, Diversity and Inclusion (READI) and Finance.

Appendix A

2027 Budget Milestones/Timeline

Timeline	Objective	Lead(s)
January 2026 – June 2026	Budget Strategy sessions, operating forecasting, capital envelope development, business plans, public engagement development, communications plan	Budget Committee, Financial Planning, Communications
March 12, 2026	Internal Budget Launch	Budget Committee, Financial Planning
May 15, 2026	Tax Base operating priorities due from divisions	Financial Planning, All Divisions
June 15, 2026	Council Reports: - 2027 Budget Update (CORP2026-031) - 2027 Parking Fees - 2027 Tax Based Fees and Charges for CAO, CORP, COMM and IPPW	Financial Planning, Various Divisions, Council
June 19, 2026	Capital needs balanced by divisions in the CPSS	Financial Planning All Divisions
June – August 2026	Operating and Capital staff tabled budget recommendations completed	Budget Committee
August 21, 2026	Operating detailed request templates finalized and inputted in the operating budget software	Financial Planning, All Divisions
September 2026	Final staff tabled budget review/approval by Administration	Budget Committee
September 2026 - November 2026	Development of: Budget documents for Council/Public release, public engagement documents, communications plan implementation	Financial Planning, Communications, Budget Committee, All Divisions
December 14, 2026	Council Reports: - Staff tabled budget release and presentation - Early Capital Approvals (if required) - Business Plan release - Public engagement survey launch - Reserve and Reserve Fund Annual Report - 2027 Building Standards Fee Report	Financial Planning, Various Divisions, Council

Timeline	Objective	Lead(s)
	- 2027 Business Licensing Fee Report - 2027 Rental Housing Fee Report - 2027 City Utilities Fee Report - 2027 Cemetery Fee Report	
January 2027	2027 Budget Information Session (In-person and virtual sessions)	Financial Planning, Budget Committee
January 11, 2027 January 18, 2027 January 25, 2027	Business Plan Presentations to Council	Communications, Financial Planning, All Divisions, Council
February 1, 2027	Capital Review Day	Financial Planning, Various Divisions, Council
February 8, 2027	Budget Day - Public Engagement Results - Operating and Capital Budget Approval	Financial Planning, Various Divisions, Council

Appendix B – Revised FC-012 Capital Budget Policy

CORPORATE POLICY



Policy Title: **Capital Budget**
Policy Category: **Financial Control**
Policy No.: FC-012
Department: Corporate Services
Approval Date: June 19, 2023
Revision Date: June 15, 2026
Author: Julie Koppeser
Attachments: N/A
Related Documents/Legislation:

Key Word(s): Budget, Capital

POLICY STATEMENT:

The Council for the City of Waterloo is committed to demonstrating financial leadership and sustainability. This policy formalizes a transparent process for the development and funding of all capital projects.

PURPOSE:

The purpose of this policy is to govern the creation of the capital budget.

DEFINITIONS:

Capital Project:

A capital project is an item identified and funded through the Council/Mayor Approved Capital Budget or an item funded through the Financial Requests Outside the Budget Process.

Overhead:

A fee applied via a percentage to reimburse the operating budget for internal resource support. Costs include but are not limited to: staff related expenses to manage projects, process and release of payments, design etc...

Internal Resource Support:

Includes but is not limited to: design services, project management, contract administration, and review of reports.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: May 29, 2026

Corporate Management Team, Review Date: February 10, 2026

SCOPE:

This policy applies to all City of Waterloo employees including members of Council, full, part-time and contract staff.

POLICY COMMUNICATION:

The approved policy will be posted on the City's intranet. Staff will be advised of the policy via distribution to the Operational Leadership Team and Corporate Management Team. Any questions regarding the policy can be directed to the Director, Financial Planning & Asset Management.

POLICY:

1. That projects appearing in the Capital Budget adhere to the minimum balance threshold identified in the Council approved policy, Definition of Capital (FC-010).
2. Projects will be reviewed based on the criteria listed below to determine which projects will be funded after Budget Approval (Routine Projects) and which projects would need to return to Council with a report before funding is released (Non-Routine Projects). Funding will be considered at the request of the Director with responsibility for the project:
 - a. **Financial Materiality**
 - i. Projects receiving funding greater than \$2.5M over the 1-year period (one year budget approval)
 - ii. Projects receiving funding greater than \$7.5M over the 3-year period (multiple year budget approval)
 - b. **High Public/Council Interest**
 - c. **Request by Council**
3. That all reserve funds financing capital expenditures must, at a minimum, have a positive balance unless otherwise authorized by Council, with the exception of Development Charges reserve funds which are permitted to carry a negative balance to be recouped over the course of the Background Study projection.
4. That all expenditures within the current approved capital budget be inflated according to the three-year rolling average second quarter, Toronto construction price index, with any annual index change capped at 5% and that the average be updated with each budget process, and that expenditures within the capital budget forecast period be inflated by 2%.
5. That reserves and reserve funds that provide funding for the capital budget will receive annual transfer allocations as approved within the base Operating Budget or as approved by Council.
6. For Capital Project Overhead charges related to projects, refer to the Capital Overhead policy (FC-018).

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.

Appendix C – Revised FC-023 DC Interest Policy

CORPORATE POLICY



Policy Title: **Development Charge Interest Policy**
Policy Category: **Financial Control**
Policy No.: FC-023
Department: Corporate Services
Approval Date: September 21, 2020
Effective Date: Retroactively to January 1, 2020
Revision Date: June 15, 2026
Author: Michael Pugliese
Attachments: N/A
Related Legislation: *Development Charges Act, 1997, S.O. 1997, c. 27*
Ontario Regulation 82/98

Key Word(s): Development Charges, Interest, Deferral, Rate Freeze

POLICY STATEMENT:

The City of Waterloo's Council is committed to demonstrating financial leadership and sustainability. This policy sets a financial risk management framework for charging interest, as permitted under sections 26.1, 26.2, and 26.3 of the Development Charges Act (DCA), and as amended by Bill 17, that provides a transparent process while protecting the City's financial interests.

PURPOSE:

This policy will support the City of Waterloo's ability to invest and build growth-related infrastructure funded by Development Charge (DC) revenue for an expanding population and employment base in a way that is transparent and fiscally sustainable.

DEFINITIONS:

Adjustment date: Used in calculation of maximum interest rate in Section 26.3 of the DCA means January 1, April 1, July 1 or October 1

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: October 27, 2025

Corporate Management Team, Review Date: October 22, 2025

Development:	The construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a building or structure that has the effect of increasing the size or usability thereof according to one or more of the actions referred to in subsection 2(2) of the DCA, and includes redevelopment.
Development Charges Act:	(DCA) The Development Charges Act, 1997, S.O. 1997, c. 27, as amended and all regulations thereto.
Development Charge Deferral:	Ability for qualifying residential developments to spread DC payments over multiple annual instalment payments (Rental Housing and Institutional development), as defined in Section 26.1 of the DCA. All other residential developments may defer payment until first occupancy.
Development Charge Freeze:	Locking in DC rates as defined in Section 26.2 of the DCA.
Early Payment Agreement:	For clarity, a person required to pay a deferred Development Charge may pay the charge before the day it is payable even in the absence of an agreement under section 27 of the DCA.
Maximum Interest Rate:	As defined under Section 26.3 of DCA, the maximum amount of interest that a municipality may charge shall be an annual interest rate that is one percentage point higher than the base rate of interest in effect for that day.
Prime Rate:	The annual rates of interest announced by each of the Royal Bank of Canada, The Bank of Nova Scotia, the Canadian Imperial Bank of Commerce, the Bank of Montreal and The Toronto-Dominion Bank to be its prime or reference rate of interest in effect on that date for determining interest rates on Canadian dollar commercial loans by that bank in Canada.
Security:	An agreed upon asset or assurance provided to the City in anticipation of later payment of Development Charges, to then be returned to the owner once paid in full.

SCOPE:

In December 2019, certain sections of Schedule 3 of Bill 108 More Homes, More Choice Act, 2019 (as amended by Bill 138) were proclaimed and came into force on January 1, 2020 which amended certain sections of the Development Charges Act (DCA).

On December 19, 2019 Ontario Regulation 454/19 was also filed to amend the Ontario Regulation 82/98 under the DCA. Furthermore, on June 5, 2025, Schedule 4 of Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025 received Royal Assent and made additional changes to the DC deferral framework. The relevant changes for DC deferrals became effective on November 3, 2025 which amended certain sections of the DCA that outline what DC payments can be deferred, and the application of interest charges.

This Policy applies to development applications that are eligible for a development charge freeze and/or deferral provided in Section 26.1 and Section 26.2 of the DCA, as amended. If at any time this policy is in conflict with the DCA and doesn't align, the DCA requirements will supersede this policy.

POLICY COMMUNICATION:

This interest rate policy shall be made available on the City's website for reference.

POLICY:

Section 26.1 (the "deferral"):

Section 26.1 of the DCA outlines the deferral of development charges in six (6) equal annual installments for rental housing development that is not non-profit housing development and institutional development. The equal annual instalment payments for DCs on those development types will begin on the earlier of the date a permit is issued under the Building Code Act authorizing occupancy or the date the building is first occupied.

As of the date Schedule 4 to the Protect Ontario by Building Faster and Smarter Act, 2025 came into force (November 3, 2025), all other residential development not classified as rental housing development or institutional development may defer the total DC due until the earlier of the date a permit is issued under the Building Code Act authorizing occupancy or the date the building is first occupied.

Section 26.1(7) of the DCA, as amended by Schedule 4 to the Protect Ontario by Building Faster and Smarter Act, 2025, provides that interest may be charged on each instalment from the building permit issuance date to the date Schedule 4 to the Protect Ontario by Building Faster and Smarter Act, 2025 came into force (November 3, 2025), but only to the extent that the interest being charged had accrued before that day, at a rate not exceeding the prescribed maximum interest rate. Interest will not be charged on DC deferrals after November 3, 2025.

For rental housing development or institutional development, annual payments are based on the calculated DC divided by the number of installments due, plus any accrued interest that has accumulated from building permit issuance date to November 3, 2025. The annual interest rate applied to installment balances for rental housing development or institutional development is determined at the time of building permit issuance and is locked in for the deferral period from building permit issuance to November 3, 2025.

All other residential development not classified as rental housing development or institutional development will be permitted to defer the DC until occupancy as of November 3, 2025. No interest will be charged on the deferred payment, which is to be paid in full prior to occupancy being granted.

For clarity, and ease of administration, properties that have a deferred development charge may pay the balance owing before the day it is otherwise payable even in the absence of an agreement under section 27 of the DCA. Early payment agreements under section 27 will no longer be required to pay down deferred DC balances before they are otherwise due.

A person required to pay a development charge referred to above on a deferred basis shall, unless the occupancy of the building is authorized by a permit under the Building Code Act, notify the municipality within five (5) business days of any part of the building first being occupied. Failure to comply with that notice will result in the development charge, including any accrued interest if applicable, becoming payable immediately.

Section 26.2 (the “freeze”):

Section 26.2 of the DCA provides that the total amount of a development charge for a development that is proceeding through a site plan control approval or a zoning by-law amendment approval is to be determined under the DC by-law on the date when the complete site plan application or a zoning by-law amendment application is made, and be frozen for a period of eighteen months from the relevant application approval date (*freeze period*). If eighteen months have elapsed since the approval of the relevant application to when the first building permit is issued, the amount of the development charge is to be determined at the date of issuance of the building permit.

If a development was subject to both site plan and re-zoning applications, it is the date of the later application that is used to determine the DC. If neither of these applications apply to the development, then the DC is determined on the building permit issue date, or otherwise in accordance with the DCA, as amended.

If a development charge is to be calculated at the time of a site plan application or at the time of a zoning by-law amendment application, the municipality may charge interest on the DC amount at a rate not exceeding the prescribed maximum interest rate, from the date of the complete application referred to in the applicable clause to the date of issuance of the building permit.

The annual interest rate applied to a DC pursuant to Section 26.2 of the DCA is determined when the DC is calculated, and is locked in until such time as the DC becomes payable or deferred, with interest accruing to the date the DC would normally be paid in the absence of any deferrals under Section 26.1 of the DCA (i.e. at building permit issuance); and prorated accordingly based on when the interest starts accruing.

The DCA requires that the DC payable be the lower of the frozen DC rate (including any interest accrued) or current DC rate in effect at the time of building permit issuance.

If any development charge or interest charges, or any part thereof remains unpaid after it becomes payable (under both Sections 26.1 and 26.2 of the DCA), the amount unpaid shall be added to the tax roll of that property and collected in the same manner as property taxes.

Interest Rates to be Applied:

Pursuant to Section 26.1 of the DCA, the City of Waterloo will charge an annual interest rate of Prime + 0% for Development Charges that are deferred from the building permit issuance date to the date Schedule 4 to the Protect Ontario by Building Faster and Smarter Act, 2025 came into force (November 3, 2025), but only to the extent that the interest being charged had accrued before that day. The charging of interest on deferred DC payments for all residential development types, or the residential portion of a mixed-use development, will be discontinued on a go-forward basis, as of November 3, 2025.

Pursuant to Section 26.2 of the DCA, the City of Waterloo will charge an annual interest rate of Prime + 0% for Development Charges that are frozen prior to Building Permit issuance, prorated accordingly based on when the interest starts accruing. Interest will start accruing from the date of the applicable complete application until the date the total DC and accrued interest is to be paid, or otherwise deferred under Section 26.1 of the DCA.

Other Matters:

Pursuant to Section 26.2 of the DCA, the City considers an application of a Site Plan or Zoning Amendment to be made as of the date that the submitted application is deemed to be complete according to the City's Planning Division.

At this time, the City will not require additional security for deferrals eligible under Section 26.1 of the DCA. The deferrals will be monitored and will be addressed should non-payment become an issue, with any unpaid DCs transferred to the tax roll of the property.

The Chief Financial Officer and City Treasurer (or designate) is authorized to execute any agreements they deem necessary for the proper implementation or administration of this policy, in a legal form satisfactory to the City's Solicitor and upon business terms satisfactory to the Chief Financial Officer and City Treasurer.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.

Appendix D – New Arts and Creative Industries Reserve Fund (ACIRF) Policy

ARTS and CREATIVE INDUSTRIES RESERVE FUND (ACIRF) 860057

POLICY:

The Arts and Creative Industries Reserve Fund provides one-time, strategic, contingency, or time-sensitive financial support to strengthen Waterloo's arts and creative industries, where needs/opportunities cannot be addressed through the City's existing approved operating budget, approved capital budget or funding programs.

Arts includes but is not limited to visual arts, music, theatre, dance literary arts, media arts, public art, interdisciplinary practices, and creative space initiatives.

Creative industries, for the purposes of this reserve fund, includes but is not limited to not-for-profits and organizations operating in sectors such as design, film/media production, digital creative, craft, publishing, public art, and creative space development.

Revenues

Revenues to the Arts and Creative Industries Reserve Fund result from year end Arts Grants operating surplus, if any. The Arts and Creative Industries Reserve Fund may also be funded by additional ongoing or one-time contributions as approved by Council through the budget process, or other amounts designated by Council as contributions including year-end property tax surplus allocation.

Expenditures

The Arts and Creative Industries Reserve Fund supports arts and creative sectors, including equity-denied groups. Funding considerations will aim to support inclusive access and equitable distribution of opportunities across Waterloo's creative community.

Expenditures from the Arts and Creative Industries Reserve Fund could include:

- Addressing specific, time-sensitive, one-time needs that exceed the capacity of existing City of Waterloo budgets or grant programs, such as:
 - Significant cultural tourism opportunities (initiatives that demonstrably attract visitors and contribute to Waterloo's creative city and tourism profile)
 - Not-for-Profit arts organization anniversary events
 - Specialized one-time grant programs to address specific arts and creative-based industry requirements (e.g. COVID-19 Recovery Grant Program)
 - Public art acquisitions
 - Creative space initiatives that aim to offer physical programming, exhibition, and performing spaces
- Responding to opportunities for temporary creative spaces
 - Short-term leases
 - Matching funds to support arts and creative based initiatives

- Providing matching fund contributions for grant opportunities offered by other levels of government that address the needs of Waterloo's creative sector
- Protecting signature creative initiatives (e.g. Lumen) in the event of sponsorship/grant shortfalls
- Any other expenditure supporting Arts and Creative Industries as determined by Council

Prior to submission to Council, all reports, funding requests, or budget allocations related to the Arts and Creative Industries Reserve are subject to review by the Executive Director of Economic Development or designate.

Council Approved Funding Level

The Arts and Creative Industries Reserve Fund is to remain in a positive position. The target balance is \$250,000 to provide flexibility to address significant new priorities or to allow funds to be accumulated towards a larger strategic initiative. The maximum for the Arts and Creative Industries Reserve Fund is \$500,000.

Capital Project Summary

Grant Opportunities	
Project Description	
Grant opportunities are announced throughout the year. Projects eligible to submit to the grant opportunities may require additional funding. This funding will provide additional funding as needed to facilitate the City of Waterloo submitting applications to grant opportunities announced during the 2023 and future budget cycles. This place holder amount has been reserved in anticipation of infrastructure funding opportunities and will be used in whole or in part with other funding sources depending on the eligibility criteria for any grant opportunities. The funding will be accessed with Council's approval. Residual annual unused portions will be carried forward for larger scale opportunities.	
Strategic Plan Link	Infrastructure and Transportation Systems
Ward	City Wide
Project Type	Rehabilitation
Service Delivery Division	CAO-Strategy and Innovation
Primary Implementation Division	CAO-Strategy and Innovation
Funding Criteria	Routine
Capital Funding Request (in 000's)	
Capital Budget: 2027	\$443
Capital Forecast: 2028 - 2036	\$4,405
Total Project Cost	\$4,847
Operating Impacts of Capital Request (in 000's)	
Operating Budget Required: 2027	\$0
Operating Budget Forecast: 2028 - 2036	\$10