



2026 BUDGET INITIATION MEMO

This memorandum is intended to formally commence the 2026 budget process, and to review and amend the forecast portion of the 5 year operating plan to include 2027 to 2030.

BACKGROUND

The 2025 Operating and Capital Budget was adopted in principal during Budget Deliberations on December 9th, 2024 and was formally adopted on February 3rd, 2025. The 2026 budget process will follow the same format as the previous, with the exception of new legislation under O.Reg 530/22 Part VI.1 of the Act, referred to as Strong Mayors Power. Departments will be provided their prior year budget as their "base budget" and then will be asked to increase or decrease their budget as needed for 2026.

For each department in totality, there is a goal of no more than a 0.5% increase over prior years base budget, outside of fixed expense increases, which would have inflation applied by Finance.

Any adjustments made by managers and directors will be in the form of a "budget change request". Departments will also be directed to update their internal 4-year forecast for 2027 to 2030.

DELIVERABLES

December 2025 -> Adoption in principal of the 2026 Budget and 2027 to 2030 Forecast.

In order to achieve this deliverable, Departments and Council will need to complete the following:

DATE	TASK
Mayoral Direction: May 1, 2025	Direction to staff to prepare the 2026 Budget (SMP-25-003) Mayoral Veto Period waived for the 2026 Budget (SMP-25-004)
June 2, 2025	Budget Initiation Memo to Council
<i>Start</i> June 17, 2025	Budget Initiation - Internal Training at Fire Station 2
June 2025-August 2025	Public Consultation
September 2, 2025	Departments submission for both Operating and Capital budgets for 2026 including Forecast of 2027 to 2030
September 22, 2025	Draft #1 - Distributed to Senior Management for Review
September 29, 2025	Draft #1 - Review with Senior Management
October 10, 2025	Draft #1 – Change Requests Returned to Finance
October 23, 2025	Draft #2 – Distribute to Senior Management for Review
October 27, 2025	Draft #2 – Review with Senior Management
November 3, 2025	Draft #2 – Returned to Finance with Final Comments/Corrections

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End

DATE	TASK
November 21, 2025	2026 Budget and 2027 to 2030 Forecast - Distributed to Department Heads and Council
November 24th, 2025	2026 Budget Introduction and Walkthrough with Council
Budget Deliberations	
December 8, 2025	Budget Meeting – Council

2026 Budget, and 2027 to 2030 Forecast

PUBLIC CONSULTATION

Public engagement is an extremely important aspect of the budget process. Residents will be given the opportunity to provide their input throughout the public consultation period, ultimately aiding in the formulation of the 2026 municipal budget. In previous budget years, administration put forth a two-part budget engagement plan. In the 2023 to 2025 budget years parts one and two of the engagement plan were implemented. Part one, which included a dedicated budget webpage, a social media campaign, opportunity for residents to submit questions and informational budget videos was completed and in part two, participatory budget tools, were partially implemented. Both forms of consultation below will continue for the 2026 Budget year and will undergo an advertising campaign as well.

Budget Frequently Asked Questions

As offered in prior year, residents can visit the Town’s dedicated Budget Webpage and submit any type of question relating to the municipal budget which will be answered by Finance staff and potentially be posted publicly if deemed constructive.

Interactive Budget Tool for Residents:

2026 Budget - What are your Priorities?

For the past two budget processes administration implemented an interactive tool that was released to the public and this tool will be utilized once again for the 2026 budget process. This interactive tool shows a list of projects, compiled by Administration, along with their estimated costs. Residents will be given a maximum budget amount and be asked to select the projects they would most like to see completed by the Town. After selecting their projects, residents will be able to rank their choices from highest to lowest priority. In addition to selecting and ranking projects, residents can also leave comments and provide suggestions. This participatory budgeting tool will provide data that Administration and Council can take into consideration within the 2026 budget process. The data collected from this tool will be summarized and communicated within the 2026 budget document. The budget engagement tool will be available on the budget webpage from end of June through to the end of August.



OPERATING BUDGET

Finance and Business Services has begun the process to:

- Create the 2026 Budget in Questica.
- Capture any fixed costs (insurance, utilities, etc.)
- Populate all salary information for existing employees, **except for casual and student positions.**

Departments will need to:

- Adjust budgets, ensuring all descriptions and back-up documentation is updated and attached prior to promoting cost centers to Finance Review.
- Review all modifications completed by Finance and Business Services.
- Ensure that all assumptions and budget amounts are reflective of historical and future estimated usage.
- Populate the forecast for years 2027-2030; taking into consideration 2% inflationary factors, impacts due to changes in regulation, and all other known adjustments or changes.
- Verify that expenses that do not occur on an annual basis are properly captured.
- Ensure increases or decreases in staffing levels, both full and part-time are captured correctly and the business case supporting this request as approved by the CAO are attached.
- Determine if any amounts should be recognized within their operating budget to be moved to reserves to fund future capital projects.

CAPITAL BUDGET

Finance and Business Services has begun the process to:

- Provide an updated listing of assets that are identified as being fully amortized in 2026 to 2030.

Departments will need to review their 2026 Capital Budget and 2027 to 2030 Forecast to:

- Add, remove, or adjust the timing of any projects due to changes in their condition or need.
- Review the asset listing and identify assets/projects that should be included in the 2027-2030 Capital Forecast.



To facilitate the review of budgets by Finance and Business Services, departments are asked to submit, review, and promote cost centers regularly, rather than waiting until all are complete. This will allow Finance and Business Services to complete their review and

If you require any support during the budget process please do not hesitate to reach out to **budget@essex.ca** and a member of the budget team will be happy to assist you.

