

# City of Belleville

Report No: DDF-2026-01

Meeting Date: February 25, 2026



To: Mayor and Members of Council

Department: Finance

Staff Contact: Brianne MacNevin, Manager of Finance/Deputy Treasurer

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**Subject: 2026 Tax-Funded Asset Management Contribution**

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## Recommendation:

That, pursuant to the Manager of Finance/Deputy Treasurer's Report DDF-2026-01 2026 Tax-Funded Asset Management Contribution be received and referred to Issue No. D4-1.

## Strategic Plan Alignment:

Infrastructure: Develop asset management strategies and programs to resolve delivery shortfalls and protect our investment in existing infrastructure

## Background:

Ontario Regulation 588/17 - Asset Management Planning for Municipal Infrastructure was introduced in 2017 and required all municipalities in Ontario to strengthen governance and planning related to asset management (AM). This includes developing a comprehensive Asset Management Plan (AMP) that outlines asset condition, service levels, risks, lifecycle activities, and related financial requirements. The AMP is intended to be a living document that must be reviewed and updated regularly.

Tied to this legislation, the City has completed the following key milestones:

### June 2024: Updated Strategic AM Policy and AMP for Current Levels of Service

- The AM Policy established a consistent AM framework to support transparency, accountability, and informed decision-making across the organization.
- The updated AMP increased the City's total infrastructure replacement value by 50% or \$1.1 billion for a total of \$3.36 billion, including user funded assets such as water, wastewater, and parking.
- This supported an annual 2.3% tax levy increase to support AM contributions required to close the present value projected infrastructure gap in 10 years.

### June 2025: Updated AMP for Proposed Levels of Service

- The AMP updated the infrastructure replacement value to \$3.67 billion based on more comprehensive asset data and refined lifecycle strategies, including but not limited to the incorporation of building condition assessments completed across the City.
- This resulted in an updated annual tax-funded present value infrastructure gap of \$20.5 million, and a recommended a 1.39% annual tax levy increase (including requirements of City Boards) to close the gap in 10 years.

Additionally, the City adopted the second iteration of its 10-Year Capital Plan for 2026 in November, which was developed using the updated AMP. The plan includes both growth and renewal related capital investments, along with a financing strategy that reflects the reserve fund targets set out in the City's Reserve and Reserve Fund Policy. The current 10-Year Capital Plan provides for a total inflated infrastructure investment of \$1.07 billion over the next decade, of which \$664.6 million relates to tax-funded assets.

### **Analysis:**

The City's AMP integrates operational requirements and corporate planning into a coordinated, asset focused approach to service delivery. It has become clear that municipalities face significant infrastructure funding gaps, and that effective service delivery depends on strong AM practices supported by a sustainable long term financial strategy.

A key source of capital funding is the AM contribution included in the taxation operating budget. These contributions are added to the City's tax-funded reserve funds and provide most of the financing for the annual capital budgets and the 10-Year Capital Plan. This approach is consistent with the funding model used for user-funded services.

The most recent AMP included recommendations for an annual tax levy increase of 1.39% to meet 10-Year proposed levels of service. This considers only the lifecycle activities required within the 10-year planning horizon but not further. Alternatively, the AMP identified a larger requirement for an annual levy increase of 3.08% to meet whole-of-life requirements, which considers all lifecycle activities over the useful life of the assets.

Staff report DDF-2025-06, presented to Council on June 23, 2025, analyzed the implications of maintaining the 1.39% increase compared to adopting a whole-of-life strategy. The report concluded that a 2.2% annual tax levy increase is required to strengthen the AM reserve fund, reduce the need for further debt, and maintain compliance with the City's Debt Policy, which sets a repayment limit equal to 12% of own source revenue.

## Financial:

Although the recommended annual tax levy increase is 2.2%, the draft 2026 operating budget proposes an overall increase of 1.39% (including City Board requirements) to help address significant budget pressures. For City departments excluding City Boards, this represents a \$1,375,600 increase to the tax-funded AM contribution, bringing the total contribution to \$16.5 million. For comparison, the 2025 budget approved an increase of \$2,172,400, or 2.3%.

The City's projected 2026 AM reserve fund balance for City Departments is currently \$31 million, which represents approximately 26% of the target established in the Reserve and Reserve Fund Policy. Implications of the above-noted reduction as compared to the 2026 adopted 10-Year Capital Plan are as follows:

Scenario	Minimum AM reserve fund position (2030)	AM reserve fund position by 2035
Annual tax levy increase of 2.2% (current 10-Year Capital Plan forecast)	\$21 million (13% of target)	\$150 million (99% of target)
1.39% tax levy increase for 2026 and annual increase of 2.2% from 2027-2035	\$10 million (8% of target)	\$136 million (89% of target)
1.39% annual increase over the 10-year period	\$nil (0% of target) Will require interfund borrowing or additional debt issuance of approx. \$4 million	\$60 million (39% of target)

Although the 10-Year Capital Plan will continue to evolve as asset data and priorities change, the reduced contribution level will require the City to further refine the 2027 10-Year Capital Plan. These refinements may include deferring or removing capital projects where feasible, or issuing additional debt, as appropriate and in line with the City's debt capacity as set out in the Debt Policy.

## Consultations:

The City's Senior Leadership Team and AM Working Group have contributed to the City's AMP and 10-Year Capital Plan, which has informed this report.

## Conclusion:

It is proposed that an increase of \$1,375,600 be made to the City's tax-funded AM reserve fund in the 2026 Operating Budget as per Issue No. D4-1.

**Attachments:**

[2026 Draft Operating Budget - Tax-Funded AM Contribution Summary](#)

**Reviewed by:**

Brandon Ferguson, Director of Finance/Treasurer  
Doug Irwin, City Clerk  
Matt MacDonald, Chief Administrative Officer

**Status:**

Approved - 19 Jan 2026  
Approved - 20 Jan 2026  
Approved - 22 Jan 2026

**BUDGET SUMMARY - CONTRIBUTION TO CAPITAL RESERVE FUNDS SUMMARY (TAXATION)**

	2023	2024	2025	2025	2026 Budget						
					Base Adjustments	Base Budget	Admin Transfers	Management Recommend	Issues	Final	% + or (-)
Contribution to Asset Management Reserve	9,597,500	11,209,200	13,713,800	13,713,800	261,000	\$ 13,974,800	(13,974,800)	-	-	-	-100.00%
<b>Departmental - Contributions to Reserve</b>	-	-	-	-							
Administration - City Hall	-	-	150,000	150,000		\$ 150,000	55,500		33,400	238,900	59.27%
Facility Management - Library	-	-	-	-			75,000		-	75,000	
Facility Management - Pinnacle	-	-	-	-			115,400		11,000	126,400	
Facility Management - 31 Wallbridge	39,000	39,000	39,000	39,000		39,000	70,000			109,000	179.49%
Information Technology	-	-	-	-			92,300		12,500	104,800	
Roads - Transportation & Operations	-	-	-	-			4,821,700		459,900	5,281,600	
Structures	-	-	-	-			2,266,000		216,100	2,482,100	
Parks Buidling	-	-	-	-			768,800		73,300	842,100	
Sportsfield	-	-	-	-			461,600		44,000	505,600	
Waste Management	-	-	-	-			23,100		2,200	25,300	
Quinte Sports & Wellness Centre	-	-	-	-			1,347,200		128,500	1,475,700	
Harbour	-	-	-	-			877,000		83,600	960,600	
Glanmore	-	-	-	-			310,100		29,600	339,700	
Stormwater	-	-	-	-			194,700		18,600	213,300	
Transportation - Streetlighting	143,600	143,600	143,600	143,600		143,600				143,600	0.00%
Enviromental Management	100,000	100,000	100,000	100,000		100,000				100,000	0.00%
Transportation - TOS Fleet	110,000	120,000	200,000	200,000		200,000	2,249,200		233,600	2,682,800	1241.40%
Fire Urban - Fleet	200,000	200,000	275,000	275,000	50,000	325,000				325,000	18.18%
Fire Rural - Fleet	135,000	135,000	135,000	135,000		135,000				135,000	0.00%
Parks - Fleet	60,000	60,000	60,000	60,000		60,000	247,200		29,300	336,500	460.83%
<b>City Subtotal</b>	<b>10,385,100</b>	<b>12,006,800</b>	<b>14,816,400</b>	<b>14,816,400</b>	<b>311,000</b>	<b>15,127,400</b>	<b>-</b>	<b>-</b>	<b>1,375,600</b>	<b>16,503,000</b>	<b>11.38%</b>
<b>Police Service Board</b>											
Police	658,804	(39,968)	718,000	718,000	-	718,000	-	-	234,500	952,500	32.66%
<b>TOTAL CONTRIBUTION TO CAPITAL RESERVE</b>	<b>\$ 11,043,904</b>	<b>\$ 11,966,832</b>	<b>\$ 15,534,400</b>	<b>\$ 15,534,400</b>	<b>\$ 311,000</b>	<b>\$ 15,845,400</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,610,100</b>	<b>\$ 17,455,500</b>	<b>12.37%</b>
Annual increase (\$)		\$ 922,928	\$ 3,567,568						\$ -	\$ 1,921,100	
Annual increase (%)		8.36%	29.81%							12.37%	
Tax increase impact (%)		0.78%	2.82%		0.23%				1.16%		1.39%