

HALIFAX

2026/27 Budget Direction

Finance & Asset Management
11/19/2025

Budget Direction

Budget Direction's foundation is from Council's July 8 Motion:

- Hold spending at 2025/26 levels
- Include changes for contracts
- Inflationary adjustments (where required)
- Previously approved items (items from prior year's budget & in-year changes)
- Mandatory provincial contributions

Budget Outlook

Based on direction provided, the 2026/27 Budget is expected to grow by \$88.9M

- \$38M compensation changes
- \$24M carryover impacts from the 2025/26 budget
- \$16M in-year decisions
- \$9M contractual increases
- \$9M inflation/other changes in the budget
- (\$6M) non-property tax revenue increases

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Budget Outlook

| Expenditures | 2025/26 Budget | 2026/27 Updates | 2026/27 Forecast | Yr/Yr % Change |
|----------------------------|----------------------|--------------------|----------------------|-------------------|
| Compensation and Benefits | 566,211,345 | 39,182,900 | 605,394,245 | 6.9% |
| Office | 18,187,600 | 1,070,000 | 19,257,600 | 5.9% |
| External Services | 184,605,150 | 12,720,600 | 197,325,750 | 6.9% |
| Supplies | 5,319,350 | (276,500) | 5,042,850 | -5.2% |
| Materials | 4,605,800 | 80,000 | 4,685,800 | 1.7% |
| Building Costs | 23,866,500 | 1,311,800 | 25,178,300 | 5.5% |
| Equipment & Communications | 12,712,000 | (498,300) | 12,213,700 | -3.9% |
| Vehicle Expense | 43,834,900 | (51,800) | 43,783,100 | -0.1% |
| Other Goods & Services | 35,588,350 | 2,580,400 | 38,168,750 | 7.3% |
| Interdepartmental | 56,600 | (67,300) | (10,700) | -118.9% |
| Debt Service | 43,523,300 | 1,578,100 | 45,101,400 | 3.6% |
| Other Fiscal | 395,097,205 | 37,337,500 | 432,434,705 | 9.5% |
| Total Expenditures | 1,333,608,100 | 94,967,400 | 1,428,575,500 | 7.1% |

| Revenues | 2025/26 Budget | 2026/27 Updates | 2026/27 Forecast | Yr/Yr % Change |
|-----------------------------|------------------------|--------------------|------------------------|-------------------|
| Tax Revenue | (799,852,700) | 2,000,000 | (797,852,700) | -0.3% |
| Area Rate Revenue | (302,047,800) | - | (302,047,800) | 0.0% |
| Tax Agreements | (15,175,800) | (153,400) | (15,329,200) | 1.0% |
| Payments in Lieu of taxes | (51,729,600) | (4,124,500) | (55,854,100) | 8.0% |
| Transfers from other Gov'ts | (22,552,400) | 170,500 | (22,381,900) | -0.8% |
| Interest Revenue | (16,378,000) | 3,201,300 | (13,176,700) | -19.5% |
| Fee Revenues | (96,424,600) | (2,509,800) | (98,934,400) | 2.6% |
| Other Revenue | (29,447,200) | (4,651,500) | (34,098,700) | 15.8% |
| Total Revenues | (1,333,608,100) | (6,067,400) | (1,339,675,500) | 0.5% |
| Net Total | | 88,900,000 | 88,900,000 | |

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Direction Report

Tax Estimated Revenues

- PVSC has not yet provided the updated assessment roll
- Assessment changes are expected to increase by 4.0% (including new growth)
- Average residential tax bill expected to increase by \$276*

| Taxation Revenue Breakdown | | | |
|---|-------------|-----------|-------------------|
| Total Required Expense Budget Increase | | \$ | 88,900,000 |
| Estimated Taxation Revenue from New Growth | 4.0% | \$ | (6,761,400) |
| Estimated Taxation from Assessment Increase | | \$ | (24,864,700) |
| Required Taxation Revenue from Rate Increase | 6.5% | \$ | 57,273,900 |
| Total Average Tax Bill Increase | 10.5% | \$ | 276 |

*Based on projected assessment of \$353,600

Budget Efficiencies

Sample efficiencies that have been included in the 2026/27 Proposed Budget:

- Extended producer responsibility for recyclables
- Planning & Development revising fee forecasting
- Heritage Grants program funding
- CAO business unit vacancy budget rightsizing
- Finance & Asset Management position reductions and service reductions
- Savings in Corporate Fleet for repairs, maintenance and shift rationalization

Service Enhancements/Reductions (SERs)

12 options are outlined to change the budget:

- **Ten are enhancements**
- **Two are reductions**
- All changes will increase tax bill to **11.2%**
- Reductions only will decrease tax bill to **10.3%**

| | |
|-------------------------|-------------------|
| Net Total Budget | 88,900,000 |
| Reductions | (1,499,000) |
| Enhancements | 6,558,700 |
| New Net Total | 93,959,700 |

Long-Term Outlook

| Expenditures | 2026/27 | % Var | 2027/28 | % Var | 2028/29 | % Var | 2029/30 | % Var |
|---------------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Forecast | | Forecast | | Forecast | | Forecast | |
| Compensation and Benefits | 605,394,245 | 6.92% | 651,469,979 | 7.61% | 706,520,253 | 8.45% | 765,361,874 | 8.33% |
| Non-Compensation Expenses | 778,079,855 | 7.49% | 803,979,403 | 3.33% | 839,834,025 | 4.46% | 872,833,771 | 3.93% |
| Debt Services | 45,101,400 | 3.63% | 47,293,460 | 4.86% | 56,198,100 | 18.83% | 64,293,967 | 14.41% |
| Total Expenditures | 1,428,575,500 | 7.12% | 1,502,742,842 | 5.19% | 1,602,552,378 | 6.64% | 1,702,489,612 | 6.24% |

| Revenues | 2026/27 | % Var | 2027/28 | % Var | 2028/29 | % Var | 2029/30 | % Var |
|------------------------|------------------------|--------------|------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | Forecast | | Forecast | | Forecast | | Forecast | |
| Total Revenues* | (1,428,575,500) | 7.12% | (1,502,742,842) | 5.19% | (1,602,552,378) | 6.64% | (1,702,489,612) | 6.24% |
| Net Total | - | | - | | - | | - | |

| | | | | |
|------------------------------------|--------------|-------------|--------------|--------------|
| Avg. % Increase in Tax Bill | 10.50 | 8.80 | 12.00 | 12.00 |
|------------------------------------|--------------|-------------|--------------|--------------|

Key Assumptions:

- Debt is tied to the existing Capital Plan
- Inflation expected to be 2-3%

Future Tax Increase Mitigation

Meaningful reductions require all business unit's budgets be reviewed

- Nearly **70%** of the budget is within public facing operational business units
 - **10%** of business units are administration supporting those public units
 - **20%** is fiscal services (i.e., debt servicing costs and capital renewal)

Future tax increases are tied with in progress Capital Projects

- Debt servicing costs are increasing
- Operating Cost of Capital will cause future pressures

Areas to Review for Reductions

Alternative 2 outlines areas that can be reviewed for reductions:

- Proposing reductions to services
- Reviewing capital renewal spending
- Reducing contribution agreements and grants funding
- Proposing fines and fee increases
- Analyzing staffing levels with focus on vacant positions and overtime spending
- Reviewing previous council decisions that have not yet been operationalized (including years 2025/26)

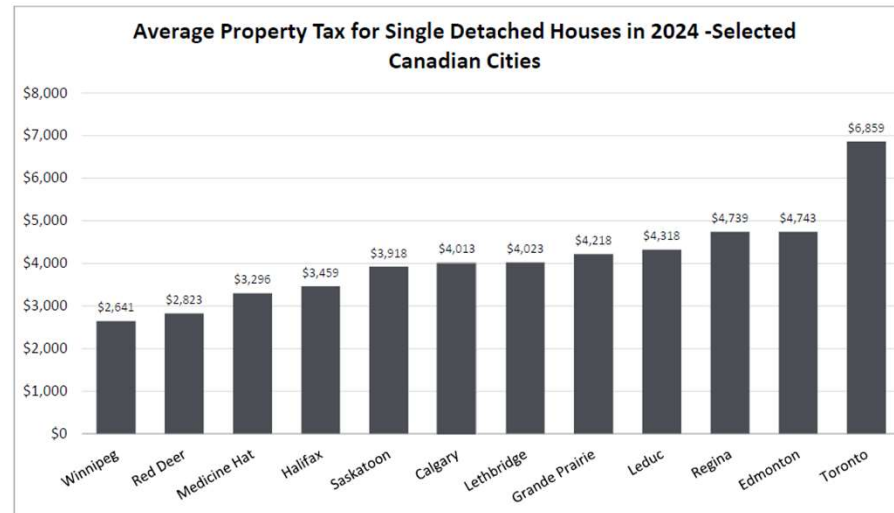
Investments in Affordability

Key Investments Include:

- Transit Services
- Housing, homelessness, and food security supports
- Community Facilities & Libraries
- Affordable Access Program
- Tax Relief & Community Grants
- Affordable Housing Grants
- Social Value Procurement Contracts
- Less than Market Value Leases
- Supplementary Education

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Budget Direction Report



- In the 2024 Calgary survey, Halifax scores fourth lowest in total average property tax for a single-family dwelling

Next Steps & Process

Staff are looking for direction on the 2026/27 Budget:

- SERs (Attachment 1) can be motioned for inclusion in the budget:
 - Items approved will be included in business unit budgets
 - Items not motioned will not move forward
- Alternative 2 amendment will require business units to return with reductions for consideration when they bring their detailed budgets and business plans in February.
- The Budget Adjustment List (BAL) will be available to Budget Committee to make changes throughout BU presentations

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Next Steps & ANS Road to Prosperity

Due to timing of the report to CPED it is recommended that:

- **SER not be approved at this time**
- **CPED will be asking for more information that can enable the initiative to be directed to the BAL**

The Tax Formula



Tax Rate is the last piece of the formula set. Giving Regional Council **complete** control of the **Tax Bill**.

HALIFAX

Thank you.

Questions