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## **2026 Budget Process and Target Staff Report to Council**

Report Number: 2025-28

Department(s): Financial Services

Author(s): Andrea Tang, Director, Financial Services / Treasurer

Meeting Date: May 26, 2025

### **Recommendations**

1. That the report entitled 2026 Budget Process and Target dated May 26, 2025 be received; and,
2. That the proposed budget timelines with a target budget adoption date of December 8, 2025, be approved; and,
3. That Council confirms the target tax levy for the tax-supported operating budget to be below 3.0%; and,
4. That endorsement be given to staff to proceed with preparation of the 2026 budgets employing the structure as outlined in this report; and,
5. That the form and timing of budget submissions for all entities accountable to Council be subject to the process outlined in this report; and,
6. That the proposed community engagement plan for the 2026 budget be adopted; and,
7. That the Treasurer be authorized and directed to do all things necessary to give effect to this resolution.

### **Purpose**

The purpose of this report is to advise Council the 2026 budget process, and to obtain Council's confirmation on the target tax levy to be below 3.0% for the tax-supported operating budget.

## **Background**

The annual budget process is a critical component of financial management. It involves the systematic planning, allocation, and monitoring of financial resources to achieve strategic objectives and ensure fiscal responsibility.

Each year, the Town of Newmarket undertakes a detailed budget planning process to ensure the needs of our community are met now and in the future.

## **Discussion**

The 2026 Budget will continue to find a balance between maintaining current service levels and limiting the financial impact on current and future tax payers. This is key to prudent fiscal stewardship especially in times of economic uncertainty.

## **Economic Scan**

A recent economic outlook titled “Trade Tensions Stall Momentum” by Deloitte outlined the following:

- The economy will be slowing down over the next six to eight months
- It anticipates negative Gross Domestic Product (“GDP”) growth in Q2 and Q3 leading to a potential recession (a recession occurs when two or more straight quarters of negative GDP)
- GDP is forecasted to have a modest gain of 1.2% by end of the year
- Unemployment rate is likely to increase above 7%
- Home sales are at the lowest levels since 2009
- Inflation is set to hold near the Bank of Canada’s targeted 2%
- It is expected that the Bank of Canada will further lower interest rates

This report was released by Deloitte on April 30, 2025, and it is important to recognize that the current situation is very dynamic. It is possible that some of the negative impacts forecast in the report could be mitigated or avoided. Both the federal and provincial governments have stated that the economy and matters related to trade are a top priority. The imposition of tariffs is likely to increase the cost of both goods and services for the Town. Staff will work diligently through the procurement process to reduce the impacts where possible. Staff will also continue to monitor key economic indicators and will provide updates to Council as necessary.

## **Fiscal Strategy**

The Town’s Fiscal Strategy has been endorsed by Council since 2020 to ensure the Town’s future sustainability as a community. As recommended by the Fiscal Strategy, the Town continues to make contributions to reserves and pay down debt. These will remain as the primary objectives in the 2026 Budget, as well as keeping municipal taxes low while maintaining the high level of services, investing in assets and preparing for the

future. To support a growing population, the Town is committed to using assessment growth revenues to fund growth related expenditures.

The Town has a strong financial foundation to navigate through economic uncertainty.

### **Tax-Supported Operating Budget**

The tax-supported operating budget supports the day-to-day operations and maintains the Town's service levels. The base operating budget also includes the operating budgets for the Central York Fire Services, Newmarket Public Library and Newmarket Business Improvement Area. The major funding source for the tax-supported operating budget is property taxes.

Staff will identify and assess potential budgetary pressures and risks to account for items such as inflation, long-term service contract renewals and program costs. Staff will also explore revenue opportunities and efficiencies to mitigate the net financial impacts, with the goal of achieving the Council directed target tax levy increase to be below 3.0%.

### **Rate-Supported Operating Budget**

The rate-supported operating budgets for water and wastewater will be established based on their respective financial plans with an identified increase of 3.5%. The proposed stormwater rate will likely be increased by inflation. Condition assessments are underway, and the stormwater financial plan will be updated upon completion of the condition assessments.

### **Capital Budget**

The multi-year capital plan, developed as part of the 2025 budget process, will be the starting point for the 2026 Capital Budget. The multi-year capital plan incorporated capital requirements from the DC Background Study, Asset Management Plans and 10-year Parks and Recreation Capital Plan.

### **Proposed 2026 Budget Timelines**

The proposed 2026 budget schedule is as follows, subject to change pending progress of budget deliberation.

September 29 – Committee of the Whole (CoW) – an overview of the preliminary draft budgets

October 20 – CoW – review of the capital and rate-supported operating budgets

November 10 - CoW – review of the tax-supported operating budget

December 1 – CoW – presentation of the draft budgets and fees & charges

December 8 – Council – targeted budget approval

## **Community Engagement for the 2026 Budget**

In late summer/early fall, the Town will once again kick off a community engagement campaign for the 2026 budget. The communication approach will align the budget with Council Priorities and will focus on public education, valuable conversations and garnering feedback to help shape the 2026 Budget and beyond.

The Town will continue to implement traditional communication tools and tactics (such as digital advertisements, media releases, website updates, e-newsletters, social media campaigns and more), while seeking out new and creative ways to engage and interact with the community. Communication tactics to reach new residents will be considered as part of the overall communication strategy. Corporate Communications will provide Council with details of the Communication Plan aligned with the timing of the preliminary draft budget.

## **Consultation**

The Strategic Leadership Team (SLT) and Operational Leadership Team (OLT) were consulted on the proposed 2026 budget process. The Corporate Communications department has also been consulted on the community engagement plan.

## **Conclusion**

The budget process aligns with the Town's continuous journey to strive for Long Term Financial Sustainability by developing budgets that align with budget policies and Fiscal Strategy.

## **Council Priority Association**

The proposed budget process aligns with the Town's continuous journey to strive for Long Term Financial Sustainability.

## **Human Resource Considerations**

Not applicable

## **Budget Impact**

This report sets out the process for developing the 2026 operating and capital budgets. The target tax levy is to be below 3.0% for the tax-supported operating budget as a starting point. Targets for the water and wastewater operating budgets will be based upon their approved ten-year financial plans with an identified increase of 3.5%. The stormwater rate is targeted to be increased by inflation. The capital budget will be within its available funding envelope and delivery capacity.

## **Attachments**

None.

## **Approval for Submission**

Andrea Tang, CPA, CA  
Director, Financial Services / Treasurer

Esther Armchuk, LL.B  
Commissioner, Corporate Services

Ian McDougall  
Chief Administrative Officer, Office of the CAO

## **Report Contact**

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