

OPERATING BUSINESS CASE

Year: 2026

BUSINESS CASE NAME: TRANSFER TO PAY AS YOU GO (PAYG)

Lead Department: Corporate Financing

Type: Maintain Service Levels

Scope Statement

Increase the annual Pay As You Go (PAYG) transfer to the Capital Reserve.

BUSINESS CASE JUSTIFICATION

Current State

The annual PAYG transfer supports the repair, maintenance, and replacement (RMR) of assets without dedicated lifecycle reserves, as well as the delivery of growth-related capital projects. In the 2026 Approved Budget, Council increased the PAYG transfer by \$569,700 to a total of \$6,684,800, representing an important initial step toward addressing the ongoing reduction in grant funding. This increase has begun to help offset an average annual shortfall of approximately \$3.4 million in grant revenues experienced in recent years, however, a significant funding gap remains.

This gap is further compounded by sustained inflationary pressures, which have averaged 2.77 per cent annually over the past decade and continue to increase the cost of maintaining and delivering municipal infrastructure. Applying assessment growth to further increase the PAYG transfer would provide the City with greater flexibility to advance RMR and growth-related capital projects.

Issue

Offset the impacts of reduced capital funding in addition to escalating costs.

Opportunities

Using assessment growth dollars to increase the transfer will ensure ongoing funds continue to exist with no impact on the tax rate.

Risks

The City could risk not having capital funds to support existing infrastructure as well as new initiatives. Funding a deficit through taxes could result in fluctuating tax increases.

STRATEGIC PLAN & CORPORATE BUSINESS PLAN ALIGNMENT

Council Strategic Priority

Financial Sustainability

Administrative Priority / OE Focus Area

n/a

Strategic Initiatives

n/a

Financial Information

Year	Total Revenue	Total Expense	Net Budget	FTE
2026		\$592,900	\$592,900	0.00
2027		\$592,900	\$592,900	0.00
2028		\$592,900	\$592,900	0.00