



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

November 17, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Tom Vair, CAO
DEPARTMENT: Chief Administrative Officer
RE: 2026 Proposed Budget

Purpose

The purpose of this report is to provide City Council with information related to the 2026 Proposed Budget.

Background

Budget 2026 has been carefully prepared by staff recognizing budget pressures and community challenges that are anticipated in the coming year.

The recommended budget increase of nearly 11% by the Police Services Board represents an increase of approximately \$4.3M to the levy. The recommended increase to winter control budgets of \$950,000 is an important step to properly fund winter control expenses and, in years with lighter snowfall, re-establish winter control reserve funds in the future.

While there are a number of positive things happening in the community, the job losses planned at Algoma Steel with the transition to Electric Arc Furnace (EAF) steelmaking and the additional uncertainty created with the tariffs imposed by the United States across a number of sectors present challenges to employers and residents. Staff developed the 2026 budget with these factors in mind.

Council will note that requests for service level changes have been pared down significantly to include only those items referred to budget from Council reports in 2025 and items requested by Council. There is only one staff complement change being brought forward in 2026 with no levy impact, although requests for additional complement were made by departments within the budget process.

At a high level, the proposed budget indicates a City levy increase of 1.89%, Levy and Local Boards at 3.5% and a total municipal levy increase of 5.39% at this time.

Analysis

Staff will continue to utilize the Corporate Strategic Plan 2024-2027 to guide activities and address the Corporation's focus areas in the coming years.

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Staff have developed the 2026 Operating Budget in a prudent manner, maintaining the level of services currently provided by the City while trying to mitigate the impacts of cost increases. Sault Ste. Marie continues to compare favourably to our Northern Ontario comparators, particularly in the level of property taxes.

The 2026 Capital budget represents \$47.8 million worth of capital investment into infrastructure renewal and upgrades, asset renewal, and fleet upgrades (Transit, Public Works, and Fire).

The capital budget continues to prioritize roads and linear infrastructure (over 58% of the capital budget is directed to roads, bridges, and storm sewer work), as well as other key areas of municipal infrastructure asset renewal. Investments in maintaining quality-of-life infrastructure ensure that Sault Ste. Marie continues to provide exceptional four-season recreation opportunities. Investments in Public Works, Transit, and Fire Services equipment and infrastructure also ensure the community maintains critical services for residents.

Of the Service Level Changes proposed, the security patrols in the downtown area are recommended as a priority. Metrics to date from the security patrols indicate that a number of incidents are being addressed by the private security guards. The guards also provide a visible presence in the downtown to help address resident concerns. The security patrols are supported by Police Services as they are not able to provide continual foot patrols to the extent offered by the contracted private security firms. Contracted private security services also represent a less expensive option versus other alternatives.

Financial Implications

This report relates to the 2026 Proposed Budget which is provided as information for Council. Budget deliberations will take place on December 8-9, 2025.

Strategic Plan / Policy Impact / Climate Impact

The proposed budget supports the objectives and focus areas outlined in the Corporate Strategic Plan 2024-2027.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the CAO dated November 17, 2025 concerning the 2026 Proposed Budget be received as information.

Respectfully submitted,

Tom Vair

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