2026

BUDGET

Management Discussion & Analysis

(UPDATED: February 27, 2026)

Town of Deep River, 100 Deep River Rd, P.0. Box 400, Deep River, ON, K0J 1P0

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Version Control

Date	Section number	Changes made	Impact on budget
February 20, 2026 (corrections in blue)	4.2	Table 6 updated. Corrections applied to Police and Library revenues.	No impact on budget
	5	Table 10: addition of note explaining difference in reserve transfers between Tables 9 and 10	No impact on budget
	various	Typographical errors corrected (not marked)	No impact on budget
February 26, 2026 (corrections in green)	6	Table 11 updated: corrections made to some values	No impact on budget

Budget Approval Process

Date	Milestone
January 31, 2026	First draft of the budget published
January 31, 2026	Public survey opens for comments on the first draft of the budget
February 11, 2026	The first draft of the budget is presented to Council
February 22, 2026	The public survey closes
February 25, 2026	Council Meeting (6:00pm in Council Chambers, Deep River Town Hall) • Public Meeting allowing written and verbal submissions • A summary of the public survey results is presented to Council • A second draft of the budget is presented to Council (includes any amendments proposed at the February 11th meeting of Council)
March 11, 2026	A third draft of the budget is presented to Council (includes amendments proposed at the February 25th meeting of Council)

1 Introduction

1.1 Purpose and structure of this report

This report provides a high-level summary and overview of the proposed 2026 Operating and Capital Budgets, to be tabled for initial discussion at the February 11th, 2026 Council Meeting. This report along with the draft budget were provided to both Council and the public on January 31st, 2026 along with a public engagement survey which is proposed to close on February 22nd, 2026. The results of the survey, along with the annual formal public meeting will take place on February 25th, 2026 to ensure that Council have the opportunity to consider public input as part of their budget decision making process. The third draft budget which is informed by both Council and public opinion is planned for the March 11th, 2026 meeting of Council.

The document contains:

- A description of the impact of the proposed budget on the property tax rate, tax levy and the tax bill.
- An overview of the capital budget.
- An overview of the operating budget, including a description of revenue sources and expense categories.
- A description of the factors that have been considered during the development of this budget:
    - External events that have impacted Deep River.
    - Internal considerations and significant changes.
    - Significant assumptions.
- A description of the impact of the proposed budget on debt and reserve levels.

1.2 Background

In the preparation of this budget, staff, through direction from Mayor D'Eon, used a budgeting approach which considers expense and revenue trends over the past four years while also accounting for current and evolving factors in an effort to reach a targeted 3.11% increase to the tax rate. Underlying assumptions of revenues and expenses were tested, and historical trends were considered.

Mayoral Direction was provided to staff on December 19, 2026 (link here)

> As per Part VI.1 (Special Powers and Duties of Head of Council) of the Municipal Act, 2001, s. 284.3 and 284.4 (link here) to;
>
> *Prepare a Draft 2026 Operating and Capital Budget that conforms with the methods and best practices utilized by the Town in previous years and maintains the services that Town of Deep River Residents and Businesses rely on, with the following targets;*
>
> - *A budget for playground equipment upgrades to improve the condition of small playgrounds and bring them up to an improved state for children's use*

- *Allocate 1.5% of PILT received annually from AECL, to the promotion and defence of nuclear science and energy, possibly through CANHC (*Canadian Association of Nuclear Host Communities), *and to inspire local economic growth/expansion through marketing to nuclear science and technology related enterprises and support services, encouraging them to locate in the Town of Deep River. I challenge the County of Renfrew to do the same*
- *Where possible, reconsider the emphasis on full reconstruction/rehabilitation of some roads to instead achieve more distance of road-resurfacing through means such as mill & pave*
- *A Water and Wastewater levy increase that follows the suggestions in the Watson and Associates Utility Rate Study as adopted by council*
- *Prepare and present one additional scenario for the 2026 Operational and Capital budget (excluding wastewater and water) outlining what additional investment would be added to reach a 4.5% tax increase*
- *That the Chief Administrative Officer provides myself, Council and the public with periodic updates on the 2026 Draft Budget.*
- *That the Chief Administrative Officer and staff provide the public with periodic opportunities to comment on the draft budget.*
- *That the draft budget be provided to each Member of Council and the public no later than February 1, 2026*

The proposed 2026 Capital Budget was presented to Council on December 17th, 2025. Since then, staff have worked on finalizing project scopes and costs that align with identified targets and a revised capital budget that reflects these changes is included in this report. This includes a list of additional capital projects that would result in a 4.5% tax rate increase.

Council adopted a proposed set of User Fees on November 15th, 2025. These adjusted fees have been included in the 2026 Operating Budget.

In 2024, Council adopted a revised strategic plan for the period 2024 to 2027. The proposed 2026 Operating and Capital Budgets account for the objectives and priorities established in the Strategic Plan.

Note: Due to rounding, numbers presented throughout this and other related documents may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures. Further, as the 2025 financial audit has not been completed, all 2025 YTD Actuals should be regarded as provisional and subject to change.

2 Illustrative Impact on a Typical Tax Bill

Deep River ratepayers pay a combined property tax that comprises municipal, county, and education portions. The tax paid by each property is dependent on that property's tax class (residential, commercial, industrial, etc.), and its assessment value relative to the overall assessment value of the Town.

Deep River also receives *payments in lieu of tax* (PILT) from AECL and other agencies with provincial and federally owned land in Deep River.

The 2026 Capital and Operating budgets proposed in this document will result in an increase of approximately 3.7% in the average residential property tax bill (Table 1, below), comprising:

- **3.11% increase in the municipal tax portion,**
- 6.44% increase in the county tax portion, and
- 0% increase in the education tax portion

An increase of 4.5% in the municipal taxation rate would result in an overall increase of 4.6% in the average residential property tax bill (Table 2, below), comprising:

- **4.5% increase in the municipal tax portion,**
- 6.44% increase in the county tax portion, and
- 0% increase in the education tax portion

Table 1 shows illustrative examples of the estimated impact of the proposed budget on a "per $100,000" basis for a typical residential and commercial property in Deep River.

Table 1: Estimated impact of a 3.11% increase in the municipal tax portion on a typical tax bill

		2025 Taxation	2026 Taxation	Total $ Change	% Change
Residential	**Combined property tax**	**1,776**	**1,841**	**65**	**3.7%**
per $100,000 in assessed value	Municipal	1,187	1,224	37	3.1%
	County[1]	435	463	28	6.4%
	Education[2]	153	153	0	0.0%
Total for a residential property with a median assessed value of $204,000		**3,622**	**3,755**	**132**	**3.7%**

		2025 Taxation	2026 Taxation	Total $ Change	% Change
Small / retail commercial property	**Combined property tax**	**3,825**	**3,943**	**118**	**3.1%**
per $100,000 in assessed value	Municipal	2,155	2,222	67	3.1%
	County[1]	790	841	51	6.4%
	Education[2]	880	880	0	0.0%
Total for a commercial property with a median assessed value of $138,000		**5,278**	**5,441**	**163**	**3.1%**

[1] County of Renfrew

[2] Education tax rates are provincially set and have not increased for 2026

Table 2: Estimated impact of a 4.50% increase in the municipal tax portion on a typical tax bill

		2025 Taxation	2026 Taxation	Total $ Change	% Change
Residential	**Combined property tax**	**1,776**	**1,857**	**81**	**4.6%**
per $100,000 in assessed value	Municipal	1,187	1,241	53	4.5%
	County[1]	435	463	28	6.4%
	Education[2]	153	153	0	0.0%
Total for a residential property with a median assessed value of $204,000		**3,622**	**3,789**	**166**	**4.6%**

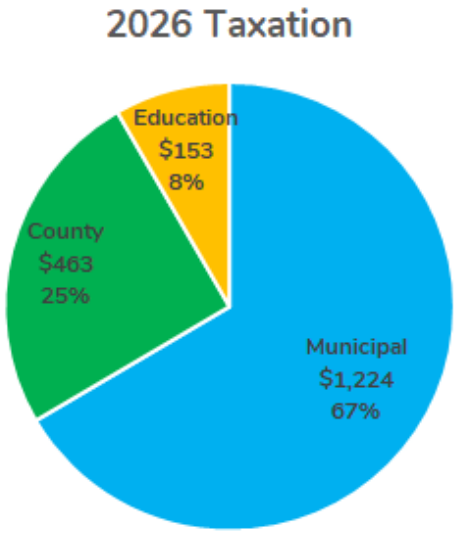
		2025 Taxation	2026 Taxation	Total $ Change	% Change
Small / retail commercial property	**Combined property tax**	**3,825**	**3,973**	**148**	**3.9%**
per $100,000 in assessed value	Municipal	2,155	2,252	97	4.5%
	County[1]	790	841	51	6.4%
	Education[2]	880	880	0	0.0%
Total for a commercial property with a median assessed value of $138,000		**5,278**	**5,482**	**204**	**3.9%**

[1] County of Renfrew

[2] Education tax rates are provincially set and have not increased for 2026

Property values are assessed, and tax classes assigned, by the *Municipal Property Assessment Corporation* (MPAC), an independent provincial agency, and are currently still based on 2016 values. (Refer to MPAC's website for more information on how property assessment values are used in determining property tax rates).

The estimated increases in Tables 1 and 2 are based on the property tax assessment values at the end of 2025. Some changes may occur once the tax roll for 2026 has been finalized by MPAC; these will be reflected in the tax rate by-law to be presented at a future date.



Deep River ratepayers pay a combined property tax that is comprised of municipal, county, and education portions. Services delivered for each component include:

Deep River: local roads, recreational facilities and programming, library, policing and fire services, waste collection and management, etc.

County of Renfrew: regional transportation, paramedic services, social services, community housing, children's services, etc.

School Board: elementary and high school education

Figure 1: Breakdown of a residential property tax bill per $100,000 assessed value

3 Factors and Considerations

The following factors were considered in the preparation of the 2026 Capital and Operating budgets.

3.1 Tax rate trends

As highlighted by KPMG during the Town's 2024 Audited Financial Statements presentation, Deep River has consistently implemented below average taxation rate increases over the past several years. This is illustrated in Table 3 below.

It should be noted that the increase in PILT over the past five years have played a significant role in making this possible, while continuing to invest in capital and reserves.

Table 3: Comparison of tax rate increases across Renfrew County and comparator municipalities

	2023	2024	2025	2026[1]	Equivalent annual increase for last four years
County of Renfrew	**2.5%**	**5.3%**	**5.5%**	**6.44%**	**4.9%**
County of Renfrew municipalities (average)	**3.8%**	**6.1%**	**5.2%**	**5.4%**	**5.1%**
Admaston-Bromley	10.0%	22.0%	5.6%	10.1%	11.8%
Renfrew	4.0%	11.2%	8.2%	7.7%	7.8%
Laurentian Valley	4.3%	8.0%	9.0%	5.7%	6.7%
Pembroke	3.0%	7.9%	9.0%	7.0%	6.7%
Whitewater Region	7.0%	5.2%	6.9%	5.7%	6.2%
Greater Madawaska	6.7%	7.5%	5.7%	4.7%	6.1%
Petawawa	6.3%	7.0%	5.0%	not available	6.1%
Killaloe, Hagarty and Richards	5.0%	7.9%	3.0%	not available	5.3%
McNab-Braeside	4.3%	3.0%	6.8%	not available	4.7%
North Algona-Wilberforce	2.6%	3.0%	9.0%	4.0%	4.6%
Deep River	**3.5%**	**6.2%**	**4.2%**	**3.1%**	**4.2%**
Bonnechere Valley	3.0%	5.0%	4.8%	not available	4.2%
Horton	2.6%	5.4%	3.7%	3.2%	3.7%
Brudenell, Lyndoch and Raglan	1.9%	4.7%	2.5%	not available	3.0%
Arnprior	3.0%	2.5%	3.3%	3.0%	2.9%
Madawaska Valley	1.7%	3.0%	2.5%	not available	2.4%
Head, Clara and Maria	0.0%	0.0%	not available	not available	0.0%
Laurentian Hills	0.0%	0.0%	0.0%	not available	0.0%

	2023	2024	2025	2026[1]	Equivalent annual increase for last four years
Comparator municipalities in Fin. Master Plan (average)	**4.81%**	**5.77%**	**4.83%**	**4.89%**	**5.1%**
Renfrew	4.0%	11.2%	8.2%	7.7%	7.7%
North Huron	20.7%	3.8%	3.1%	3.9%	7.6%
Gananoque	3.0%	7.0%	9.5%	8.6%	7.0%
Hanover	0.9%	10.5%	7.7%	not available	6.3%
Petawawa	6.3%	7.0%	5.0%	not available	6.1%
Perth	5.1%	4.0%	6.0%	8.1%	5.8%
Aylmer	5.8%	10.8%	3.2%	3.0%	5.7%
Espanola	4.0%	6.2%	6.0%	4.6%	5.2%
Casselman	3.6%	4.3%	6.7%	5.9%	5.1%
Deep River	**3.5%**	**6.2%**	**4.2%**	**3.1%**	**4.2%**
Goderich	4.8%	7.0%	2.0%	3.0%	4.2%
Prescott	3.7%	4.1%	3.5%	3.9%	3.8%
Southwest Middlesex	4.1%	2.9%	4.3%	not available	3.8%
Petrolia	2.7%	1.5%	3.0%	2.0%	2.3%
Laurentian Hills	0.0%	0.0%	0.0%	not available	0.0%

Notes: 1. Many municipalities have not yet completed their budget processes for 2026. Several of these figures are based on first draft presentations, and are not reflective of the final tax increases.

3.2 Payment in Lieu of Taxes (PILT)

Over the past five years, members of Council and staff have worked with both the Municipal Property Assessment Corporation (MPAC) and AECL to ensure that assessment values at all AECL properties accurately reflect the significant changes that have taken place, particularly at the Chalk River Site. The PILT Agreement, which conducted a retrospective review of the property assessment values over a ten-year period was reconciled in 2023.

Once the PILT agreement was concluded significant discussions continued to evaluate and reconcile the impact of the new assessment values, tax classifications, and ongoing changes to the building inventory would have on the 2022, 2023 and 2024 tax years. This reconciliation resulted in a one-time (unbudgeted) catch-up payment of just over $2 million dollars (including the County portion) in the fourth quarter of 2025. This has significantly increased the anticipated surplus disposition for 2025 which will bolster reserves and will help fund 2026 capital infrastructure projects.

In 2026, for the first time in the past several years there has been no assessment growth in PILT properties.

The 2026 Operating budget includes a $65,000 allocation which represents approximately 1.5% of the Town of Deep River retained portion of the budgeted PILT payment for 2026. The purpose of this allocation is:

> *"The promotion and defence of nuclear science and energy, possibly through CANHC* (Canadian Association of Nuclear Host Communities), *and to inspire local economic growth/expansion through marketing to nuclear science and technology related enterprises and support services, encouraging them to locate in the Town of Deep River"*

3.3 Significant increase in development activity

Although the 2026 MPAC Assessment Roll does not indicate significant growth for 2026 it is critical to understand that it is not until construction is completed that new development assessment is added to the roll A substantial amount of commercial and residential construction is either started or is confirmed to begin in 2026 however, the assessment growth from those projects will not be realized until they are completed.

During 2025, interest from residential developers in Deep River continued to increase. Several significant housing projects have progressed well through the planning phases and significant construction will begin in 2026. Specific projects include:

- The Town and County purchased the former Keys School property in 2024. In 2025, the property was sold to a development partner. Construction of the first phase (47 unit multi-residential) will begin in 2026 and is planned for completion in 2027. Subsequent phases are planned for 2028 and 2029.
- The Pine Point Plan of Subdivision was approved late in 2025, and will progress through the remaining formal planning processes in 2026. Lot availability and construction is projected to start in 2027.
- Phase 1 of the Morison Park Townhomes project has been completed. Building permits have been issued for the second phase (9 units), with construction to begin later in 2026. Construction of the third phase (9 units) is currently planned for 2027.
- The commercial development on Walker Road has completed its planning phases, and land clearing work has begun. Construction will begin in the early spring.
- Further commercial development of the Canadian Tire property is in the planning phases, and is expected to begin construction late in 2026.
- Following the positive results of a study of the feasibility of a hotel development in Deep River, a request for expression of interest is currently underway. To date there has been significant interest expressed from several hotel developers and there is a strong potential for the planning activity to start in 2026

The Town is also working with other development partners on three additional significant multi-residential projects. When combined, the residential development projects currently in planning and construction will result in a 10 to 15% increase in the number of housing units in Deep River.

Housing availability continues to be a significant barrier and risk to the recruitment and retention of staff at the Town's major employers. CNL, DRDH and Garrison Petawawa are all experiencing significant growth which is not only expected to continue, but to escalate. The economic drivers on defence spending combined with "new nuclear" are the keys reason developers are giving when expressing interest in investing in Deep River. Council and staff will continue to work with developers to encourage local investment, identify and leverage development opportunities (especially those where no new infrastructure is required), and continue to adapt the Town's policies to encourage the development of attainable, and environmentally sustainable housing and economic growth

The proposed 2026 Operating budget includes revenues and expenses related to the planning and building permitting processes for known projects. Further, an estimate of the revenues from the sale of town-owned lands have been included, as well as a corresponding transfer to reserves.

The Town levies Development Charges for all projects connected to the wastewater system. Over the last four years, the Development Charges Act has been amended multiple times in an effort to incentive new housing construction. The Act now provides for discounts for affordable housing, and purpose-built rental projects, and has deferred payments to later in the construction process. This budget includes estimates of DC revenue the Town will receive in 2026, which will be used to partially fund service extensions for the west-end lands.

3.4 Impact of property assessment growth

Since 2020, the Provincial government has postponed the regular four-year update to property assessment values. While the Province has indicated that it is performing a detailed review of the assessment system and methodology, there have been no announcements as to when assessments will be updated. This means that all property assessment values, including newly built properties and renovations, are still based on 2016 sales and construction cost data.

(Note that an update to assessment values does not directly impact the municipal budget, only the relative proportion of taxation paid by each property owner. It is also critical to note that the annual Assessment Roll issued by MPAC does not include projects that are under construction which creates a delay or lag effect on current construction & development activity).

Deep River has seen limited growth in its overall Residential and Commercial assessment base over the past ten years (see Figure 2 below). However, the successful collaboration with AECL to more accurately reflect changes at the Chalk River Laboratories has resulted in significant growth in the PILT-related assessment base since 2022. The additional revenue received as a result of this growth has been used primarily to fund capital projects and improve the Town's reserve balances while maintaining below average tax rate increases.

Further, the Town projects significant growth in the overall assessment base over the next five years resulting from the current residential and commercial development projects, and the further investment into the CRL property. While this assessment growth will provide new taxation

revenue to the Town, it is critical to note that much of this additional revenue will be required to fund contributions to associated additional assets and increased service delivery requirements.

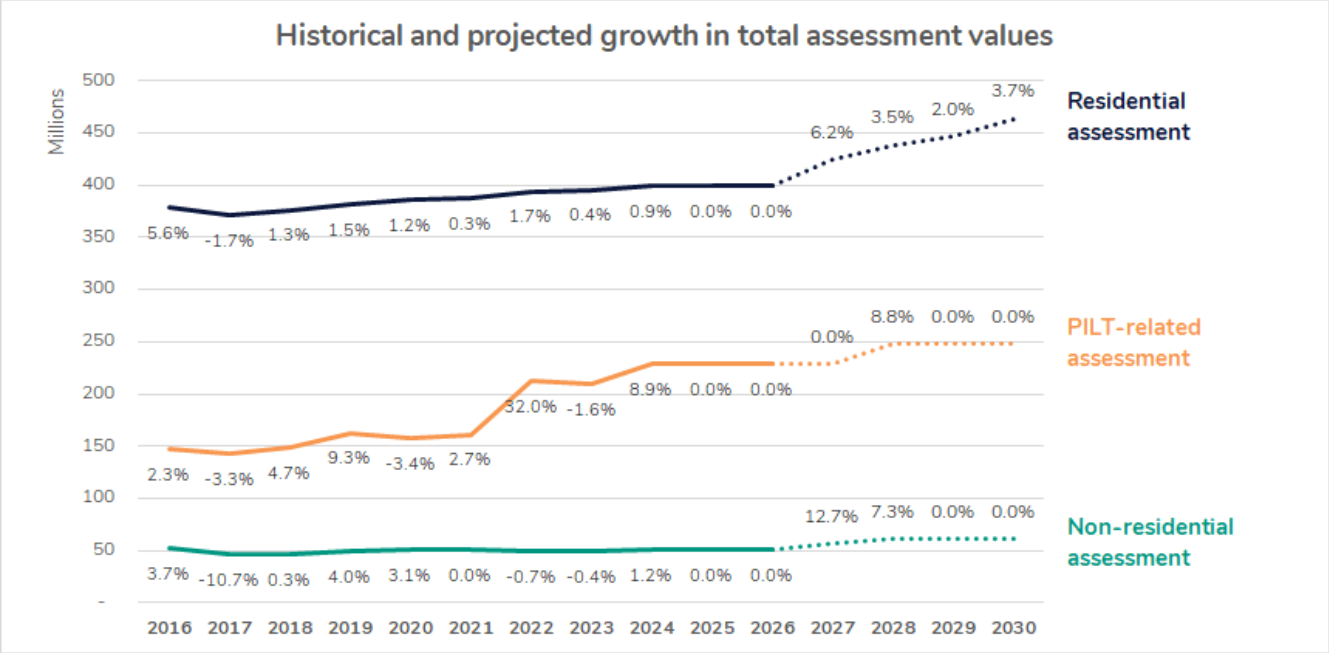


Figure 2: Historical and future projected growth in total assessment value (weighted; projections assume full build outs of in-process projects)

3.5 Recreation and Culture

The Town of Deep River Financial Master Plan (FMP) 2020 highlighted the need to reconsider our Recreation & Culture funding model due to the high per household cost of services which is significantly higher than the comparator group of municipalities.

In 2024, discussions were initiated with neighbouring municipalities for contributions to support the recreation and cultural programs and facilities in Deep River. In Q4 of 2025, representatives from Deep River, Laurentian Hills and Head Clara & Maria had an initial meeting regarding the potential development of a Shared Services Agreement. All parties agreed to move to the next step and currently a Terms of Reference for this process is being drafted with next steps planned to continue in Q1 of 2026. For the purposes of this budget no significant changes for non-resident user fees nor new requests for capital contributions for Recreation projects have been included. The funding strategy for the arena rehabilitation project (carried forward from 2025) included a contribution from Laurentian Hills and Head Clara Maria.

The Town is currently developing its first Recreation and Culture Master Plan to provide a long-term strategic roadmap for our community's recreation and culture programs and facilities. This plan will ensure that we are meeting the needs of our residents while also preparing for the future. The purpose of this plan is to evaluate our existing assets, identify gaps in service and create a strategy for sustainable growth. By establishing clear priorities now, the Town can make data-driven decisions on where to invest, how to improve services and how to maintain the high

quality of life that makes this community a great place to live. The plan will focus on setting specific implementation timelines and financial strategies, ensuring our recreation and culture investments are impactful and fiscally responsible. KA Community Consulting presented the background findings in Q4 of 2025, and a complete draft Master plan will be presented to council not later than end-Q2, 2026. No significant budget changes have been proposed related to the plan for 2026.

3.6 Energy Management

The annual cost of energy (including electricity, natural gas, diesel and gasoline) is expected to increase by less than 0.5% from 2025. This is primarily due to ongoing efforts to improve energy performance.

In 2025, the Town piloted a transition from gas-powered to electric landscaping equipment, including lawn mowers, trimmers, blowers, and associated batteries and chargers. Staff successfully used the equipment across multiple work sites throughout the year. The trial proved to be extremely successful as the tools were reliable, easier to operate, required less maintenance, and created a quieter, cleaner, and safer work environment. Battery availability and rapid chargers ensured uninterrupted operations. Based on these results, the 2026 operating budget does include continuing the transition to electric landscaping tools.

It is also important to note that 2025 saw Council provide initial support for an application for a 30-Megawatt Battery Energy Storage System through the Independent Energy Systems Operator (IESO) Long-Term Request for Proposal process. Although if approved this project will generate significant revenue through a Community Benefit Agreement nothing has been included in the 2026 budget.

3.7 Human Resources/Labour Relations

The proposed 2026 Operating budget includes an overall increase of 6.4% in combined salaries & benefits from 2025. Some minor adjustments related to re-allocation of staff resources with some additional resources being added to Operations. The additional resources are intended to increase capacity in Operations and By-Law Enforcement

- Significant increases in growth and development activity and workload
- Improved performance of by-law enforcement
- Increased focus on efficient recreation programming and facility management
- Improved capacity to deal with Water & Sewer strategic initiatives
- Succession Planning

Workers' Compensation cost has increased by 7.9% and they continue to have a significant impact on the overall Human Resources budget.

Staff have initiated preliminary discussions with the DRPFFA in preparation contract negotiations which should begin late in 2026. No significant costs for legal consultations have been included in this budget as they are expected in 2027.

The following table provides the status of Deep River's Collective Agreements;

Table 4: Wage increase rates agreed under Deep River's Collective Agreements

	CUPE 740 (PW, Rec & Admin)	CUPE 4740 (Library)	DRPFFA (Fire)	DRPA (Police)
Contract Term	March 2024-Feb. 2028	March 2024-Feb. 2028	Jan. 2020-Dec. 2026	Jan. 2025-Dec. 2029
2026	3.25%	3.25%	2%	3.25%
2027	3%	3%	NA	3.25%
2028	NA	NA	NA	3.25%
2029	NA	NA	NA	2.5%

3.8 Water and Wastewater

The current operations model with Ontario Clean Water Agency (OCWA) remains in place for 2026, with OCWA continuing to operate the Town's water and wastewater systems. The contract, which expires March 31st, 2027 includes options for two one-year renewal terms and maintains the same operational services approach. The Town remains responsible for procurement of supplies and services, as well as facility management. The annual contract price for 2026 reflects the CPI adjustment applied to the prior year's rate. This "bare bones" approach to operation services, with increased responsibility on Town staff, has continued to perform well from a cost savings perspective. However, the associated significant workload has had a negative impact on staff's capacity to advance a number of key action items such as strategies of future operation models and rate reviews including the potential for future metering of commercial and multi-residential properties.

Staff have been working closely with CIMA+ and Watson & Associates on several key projects and technical issues within the water and wastewater systems. This work has included relining distribution and collection systems to resolve capacity issues and extend the life of assets, rerating of the Wastewater Treatment Plant to further gain capacity, resolving water quality issues (THMs), and completing detailed condition assessments of the facilities and equipment. While these efforts have addressed our immediate needs, staff are proposing to continue to work with CIMA+ and Watson & Associates to develop a Water and Wastewater Master Plan and to fully identify and advance high priority key actions. This plan will also serve as the Town's long-term roadmap, aligning rates, infrastructure, capacity and asset replacement schedules with the Town's growth and housing targets to ensure long-term financial and operational sustainability. The proposed 2026 operational budget contains an increase in allocations for consulting services from a combined $50,000 per year in 2025 to a combined $150,000 per year proposed for 2026. The increase of $100,000 will be subject to Council's approval of this project which is expected to span 2026 and 2027 and will be proposed to Council in Q2 of 2026.

The 2026 capital budget proposes several critical investments related to water and wastewater infrastructure. To support the Town's growth, the budget also includes projects to install new

service connections for development along Highway 17 as well as into the West-end Secondary Plan lands. Additionally, staff are proposing the continuation of the multi-year program to repair and replace aging assets (manholes, catch basins, water valves and hydrants).

Based on the condition assessments completed by CIMA+ the updated capital budget includes upgrades to the Wastewater Treatment Plant. Staff are recommending the replacement of original unit heaters and installation of new dehumidification system as well as design and engineer work for future replacement of the plant's ultraviolet disinfection system.

Town staff have continued to work with Watson & Associates throughout 2025 to complete an updated Utility Rate Study. This will be the basis for our Five-Year Financial Plan which is a required component of our Ministry Drinking Water License. This review builds on the 2021 study to ensure proposed and future investments are supported. This review also includes options for different rate models that are targeted to better reflect commercial and multi-residential property consumption.

3.9 Waste Collection

Solid waste collection continues to be provided through a fixed rate long-term contract so there is no change in the proposed budget for this cost. The solid waste landfill site is funded through contributions from Deep River and Laurentian Hills to the North Renfrew Landfill Operations Board (NRLOB). Deep River's contribution to NRLOB for 2026 has increased by 5% over 2025.

Ontario's new Blue Box program for the collection of recyclable material came fully into effect for the Town of Deep River on January 1, 2026. This program transfers the responsibility for recycling collection for eligible sources, including residential and public space locations, to a producer-responsibility model, while municipalities remain responsible for non-eligible sources, including Industrial, Commercial, and Institutional (IC&I) locations.

2025 was a transition period for the new program. During this period, the Town continued to fund recycling collection for IC&I sources, as no historical data was available to accurately distinguish volumes between eligible and non-eligible sources at the time the 2025 budget was prepared. A budget of $100,000 was included in the 2025 Operating Budget for IC&I collection. Data collected throughout 2025 has provided sufficient information to determine the ongoing costs of IC&I collection. Based on this information, the Town entered into a long-term agreement to provide this service on a per-metric tonne basis. A budget of $25,000 has been included for 2026.

3.10 Major projects for 2026

The following major projects are proposed for 2026 in support of the Town's Strategic Plan:

Projects supporting fit for purpose infrastructure

- Continued updates to the Town's asset management plans, including a long-term asset management funding model
- Road rehabilitation projects, and design work for future road projects
- Address water quality issues (THMs) through improvements to our water treatment plant and processes
- Improvements and capital upgrades to water and wastewater treatment plants
- Continued accessibility, efficiency and safety upgrades to facilities
- Replacement of refrigeration piping, slab and boards at the Arena
- Replacement of UV disinfection system at Community Pool
- Develop and approve a water and wastewater master plan
- A capital contingency budget to allow for infrastructure repair or replacement

Projects supporting a vibrant and growing community

- Significant development projects to increase a variety of housing opportunities (e.g. 167 Brockhouse, west-end lands development, Pine Point subdivision, etc.)
- Continued interactions with local developers, and development of further partnerships to create new housing opportunities.
- Continue to develop our relationship with local Indigenous communities (AOPFN and AOO) (e.g. Adams Cabin preservation, archeological study of Keys Conference Centre property)
- Continued implementation of the Community Improvement Plan (design work for streetscape improvements, expansion of the CIP Grant program).
- Potential for sale of town-owned properties appropriate for residential development.
- Continued growth and support of commercial business.
- Continue the highway accommodation development for a mid-scale branded hotel.

Projects supporting community wellness and quality of life

- Completion and adoption of the Recreation and Culture Master Plan.
- Continued engagement with neighbouring municipalities on recreation and culture shared service funding models.
- Evaluation and revision of recreational programming.
- SALC program delivery to support learning, activity and connection for local seniors.
- Improvements to wayfinding signage and Town welcome signage.
- Review and update the Town's Accessibility Plan.

Projects supporting a healthy environment

- Continued collaboration with community groups on street tree planting and heritage tree programs.

- Review and update the Town's Forest Management Plan.
- Electrification of the landscaping and small tool inventory.
- Continued collection of recyclable materials from non-eligible sources as part of the Town's commitment to expand recycling programs.

3.11 Assumptions

In addition to the considerations listed above, the following assumptions made during the development of this budget:

- Recreational facilities will operate as usual (seasonal dates, operating times, services available).
- Only "non-resident" user fees that were adopted in the 2026 User Fee By-Law have been included in the 2026 operating budget. No new assumptions of capital contributions from neighboring municipalities have been included.
- No assumptions have been included regarding the impact of a potential shared services agreement with neighboring municipalities.
- Revenue generated from the sale of several town-owned lots for residential development has been included in the 2026 budget along with a corresponding transfer to reserves of 100% of the net proceeds.
- Revenue from Development Charges that will be received in 2026 has been estimated along with corresponding transfer to reserves. (Recent changes to the DC Act allow for deferred payments).
- The Community Grant program continues with a $35,000 budget.
- A grant of $22,000 for North Renfrew Family Services has been included in the 2026 operating budget.
- A grant of $35,000 for Physician Recruitment has been included in the 2026 municipal operating budget.
- The Community Improvement Plan financial incentive program continues in 2026 with a budget of $25,000.
- An estimate of Deep River's portion of the Pembroke Airport and North Renfrew Landfill Operations Board operating budgets has been included in the budget.
- A transfer of $5,000 to the Airport Runway reserve has been included in the operating budget. This reserve was used to fund the purchase and installation of new gas tanks and pumps in 2022.
- A transfer of $15,000 from the Cemetery Trust has been made to fund care and maintenance of the cemetery.
- AECL PILT will be paid consistent with MPAC roll.
- Reserve balances have been estimated and will be confirmed when the 2025 financial audit is performed.

4 2026 Municipal Budget at a Glance

4.1 Municipal Capital Budget for 2026

The municipal capital budget excludes the water and sewer capital budget.

Included in the 2026 Capital budget are a variety of projects (Table 5) that address aging buildings, accessibility improvements, economic development, and a significant investment in road rehabilitation. There are several projects proposed as carry-forwards from 2025, which are primarily focussed on building rehabilitation of the arena, town hall and library.

The capital investment in 2026 proposed is $4.1 million, including $1.9 million carried forward from 2025, and an additional $2.1 million in 2026 projects.

The significant investment in road rehabilitation includes roadwork on Banting Drive, Huron Street, Alder Crescent, Glendale Avenue, and Ridge Road. The specific scope of work will not be finalized until the procurement is underway. The primary focus of the work will be resurfacing much of the roadway.

Banting Drive was originally proposed as a full reconstruction project to bring the road up to the County of Renfrew standards. This project was originally budgeted at $1.2 million which climbed to $1.5 million as specific design details were confirmed. The purpose of designing and reconstructing the road to County standards was to transfer ownership of this road into the County road network. With further investigation, staff now recommend that a resurfacing project that will not meet County standards, but will require an investment of $490,000.

Ridge Road will be paved from Hill Park to Deep River Road. The majority of this project is a County of Renfrew project as this road is owned by the County. Resurfacing of the non-travelled portion of the road (parking) in the downtown core is the responsibility of the Town, and is included in the proposed budget.

The 2026 Capital Budget also includes investments in aging buildings, including Town Hall, Library, and Public Works Yard. To improve accessibility at the Arena, a project to construct an elevator/lift is proposed.

As per mayoral direction, upgrades to playground equipment are also included in the 2026 budget. Direction was also provided to identify additional projects that would result in a 4.5% increase in the municipal tax rate instead of a 3.11% increase. The additional projects recommended are focussed on increased scope of road rehabilitation.

Of the total $4.1 million, just over $1.8 million is funded by offsetting grants, and another $440,000 funded through new debt identified in the 2025 capital funding strategy. The 2025 capital funding strategy also included $356,000 as a contribution from neighboring municipalities towards the arena rehabilitation project.

It should be noted that:

- Projects requiring grant funding are conditional on that funding being received. Staff will continue to research and apply for all appropriate grants in relation to all Capital projects.
- Council must approve any new debt on a case-by-case basis and staff will make further presentations for each new arrangement. Further, should funding any project through debt and/or reserves become the more favorable option, staff will make this recommendation to Council for approval.
- All potential changes to the current proposed Capital funding model will be presented to Council for approval.

Section 4.3 below contains more details on the impact of this budget on reserve levels.

Table 5: Capital budget for Municipal Operations and Infrastructure

	2026 Budget	Grant	Transfer from Reserve	Debt	Contribution from Other Municipalities
Total Capital Budget for Municipal Operations	**4,096,000**	**1,810,885**	**1,485,115**	**444,000**	**356,000**
Carried forward from 2025	**1,971,000**	**975,000**	**196,000**	**444,000**	**356,000**
Arena Rehabilitation	1,526,000	750,000	126,000	294,000	356,000
Town Hall - Roof Replacement	180,000		30,000	150,000	
W.B. Lewis Program Room Partition	15,000		15,000		
Deep River Road - Phase 2 Design	250,000	225,000	25,000		
Contingency	**100,000**	**0**	**100,000**	**0**	**0**
Capital Contingency	100,000		100,000		
Infrastructure	**1,296,000**	**759,885**	**536,115**	**0**	**0**
Road Rehabilitation - Banting, Glendale, Alder, Huron, Ridge	1,200,000	759,885	440,115		
Streetlight Pole Replacement	15,000		15,000		
Infrastructure Repair Program: Manholes, Catch Basins, Water Valves & Fire Hydrants	81,000		81,000		
Equipment	**232,000**	**16,000**	**216,000**	**0**	**0**
Fire Protection Grant - Cancer Prevention Equipment and Supplies	19,000	16,000	3,000		
Highway signage	15,000		15,000		
Marina Gas Dock Piping	20,000		20,000		
Playground Equipment Upgrades	76,000		76,000		
Pool UV System	56,000		56,000		
Wildfire Protection Equipment	46,000		46,000		
Facilities	**497,000**	**60,000**	**437,000**	**0**	**0**
Arena Elevator	204,000	60,000	144,000		
Library Building Upgrades	33,000		33,000		
Pool Emergency Exit Stairs	10,000		10,000		
Public Works Yard Upgrades	127,000		127,000		

	2026 Budget	Grant	Transfer from Reserve	Debt	Contribution from Other Municipalities
Town Hall – Lighting, Carpet & Paint	82,000		82,000		
Town Hall Front Entrance Upgrades	41,000		41,000		
Potential additional projects for 4.5% tax rate increase	**115,000**	**0**	**115,000**	**0**	**0**
Expanded road rehabilitation – Claremont **AND/OR** Stormwater infrastructure repairs - Frontenac	115,000		115,000		

4.2 Municipal Operating Budget for 2026

The proposed 2026 municipal operating budget requires that **$9,806,795** be raised from municipal taxation, an increase of 1.1% compared to the 2025 municipal operating budget.

Figure 3 and Table 6 show the breakdown of the municipal operating budget across service departments. The Water and Wastewater services operating and capital budgets for are listed separately in Section 5 below.

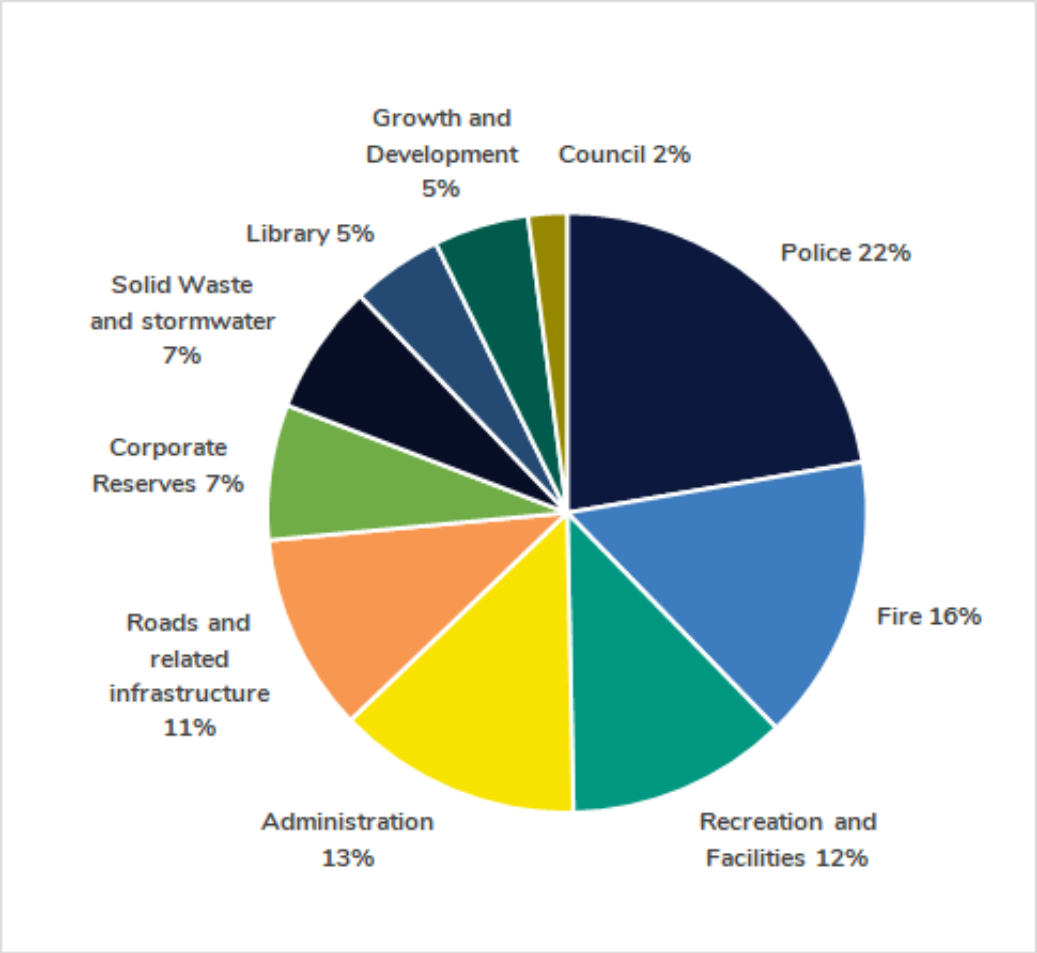


Figure 3: Percentage of Taxes required from Taxation by Service Area

Table 6: Municipal Operating Budget Summary by category / service area

	2024 Budget	2024 Actuals	2025 Budget	2025 YTD Actuals	2026 Budget	$ Change
Corporate Administration	**1,758,913**	**(3,997,436)**	**2,190,046**	**(2,011,885)**	**1,875,482**	(314,564)
Corporate	**620,173**	**(4,532,032)**	**1,360,500**	**(2,910,009)**	**715,350**	(645,150)
Revenue	(502,639)	(4,532,032)	(1,065,000)	(4,874,550)	(8,000)	1,057,000
Transfers to reserves	1,122,812	0	2,425,500	1,964,541	723,350	(1,702,150)
Administration	**1,138,740**	**534,596**	**829,546**	**898,124**	**1,160,132**	330,586
Revenue	(447,450)	(1,042,125)	(841,460)	(655,957)	(823,800)	17,660
Expense	1,438,216	1,489,215	1,550,064	1,436,290	1,467,258	(82,805)
Debt Repayment	0	87,505	0	0	0	0
Transfers to reserves	147,974	0	120,943	117,791	516,674	395,731
Protection Services	**3,513,419**	**3,092,638**	**3,644,482**	**3,356,814**	**3,862,986**	218,504
Fire Service	**1,457,641**	**1,208,060**	**1,453,452**	**1,186,729**	**1,513,335**	59,883
Revenue	(10,000)	(7,329)	(6,500)	(4,862)	(20,500)	(14,000)
Expense	1,467,641	1,215,389	1,459,952	1,191,590	1,517,835	57,883
Transfers to reserves	0	0	0	0	16,000	16,000
Police and Police Services Board	**1,925,481**	**1,796,207**	**2,022,687**	**1,980,793**	**2,135,304**	112,617
Revenue	(153,071)	(172,679)	(168,678)	(150,338)	(226,819)	(58,141)
Expense	2,075,552	1,968,886	2,188,365	2,128,131	2,362,123	173,758
Transfers to reserves	3,000	0	3,000	3,000	0	(3,000)
Building Office, By-law Enforcement, Animal Welfare	**123,297**	**138,168**	**166,842**	**188,774**	**211,846**	45,004
Revenue	(46,500)	(18,051)	(61,450)	(13,850)	(91,450)	(30,000)
Expense	169,797	156,219	228,292	202,625	303,296	75,004
Emergency Preparedness	**7,000**	**(49,796)**	**1,500**	**519**	**2,500**	1,000
Revenue	0	(50,400)	0	0	0	0
Expense	7,000	604	1,500	519	2,500	1,000
Recreation and Facilities	**1,129,220**	**1,020,152**	**1,203,173**	**1,177,411**	**1,171,122**	(32,051)
Revenue	(545,250)	(534,163)	(574,750)	(701,704)	(1,690,578)	(1,115,828)
Expense	1,566,265	1,493,531	1,633,167	1,763,065	2,709,884	1,076,717
Debt Repayment	103,605	60,785	139,756	111,050	146,816	7,060
Transfers to reserves	4,600	0	5,000	5,000	5,000	0
Transportation (roads, sidewalks, etc.)	**867,573**	**503,900**	**927,163**	**589,856**	**1,048,159**	120,996
Revenue	(530,261)	(333,744)	(568,741)	(535,325)	(799,111)	(230,370)
Expense	849,755	837,644	919,348	1,006,711	1,016,215	96,867
Debt Repayment	22,937	0	105,206	113,469	102,038	(3,168)
Transfers to reserves	525,143	0	471,350	5,000	729,017	257,667
Environmental Services (solid waste and storm sewers)	**798,798**	**798,185**	**721,448**	**637,552**	**689,197**	(32,252)
Revenue	(245,203)	(305,625)	(202,500)	(205,179)	(202,500)	0
Expense	1,019,001	1,103,810	883,948	802,731	851,697	(32,252)
Transfers to reserves	25,000	0	40,000	40,000	40,000	0

	2024 Budget	2024 Actuals	2025 Budget	2025 YTD Actuals	2026 Budget	$ Change
Library	**469,776**	**406,008**	**509,923**	**485,572**	**533,007**	23,084
Revenue	(31,309)	(43,778)	(26,531)	(46,506)	(26,031)	500
Expense	499,085	449,786	541,954	532,078	571,538	29,584
Transfers to reserves	2,000	0	0	0	0	0
Transfers from reserves to operations	0	0	(5,500)	0	(12,500)	(7,000)
Council	**177,696**	**171,029**	**192,836**	**176,431**	**205,413**	12,577
Revenue	0	0	0	0	0	0
Expense	177,696	171,029	192,836	176,431	205,413	12,577
Planning and Development (planning, economic development, tourism)	**178,283**	**(24,231)**	**187,201**	**42,052**	**291,084**	103,883
Revenue	(133,920)	(178,199)	(8,500)	(183,714)	(166,900)	(158,400)
Expense	188,683	153,968	195,701	225,766	297,984	102,283
Health Services (cemetery, public health services)	**115,254**	**80,771**	**128,045**	**124,124**	**130,345**	2,300
Revenue	(20,250)	(53,710)	(20,750)	(16,964)	(20,750)	0
Expense	145,504	134,480	163,795	156,088	166,095	2,300
Transfers to reserves	0	0	0	0	0	0
Transfers from reserves to operations	(10,000)	0	(15,000)	(15,000)	(15,000)	0
Cemetery Trust	**0**	**6,788**	**0**	**(6,450)**	**0**	0
Cemetery Trust	0	6,788	0	(6,450)	0	0
Requisition	**(9,008,934)**	**(4,356,166)**	**(9,704,318)**	**(4,571,478)**	**(9,806,795)**	(102,477)
Revenue	(9,008,934)	(4,356,166)	(9,704,318)	(4,571,478)	(9,806,795)	(102,477)
Grand Total	**0**	**(3,324,453)**	**0**	**0**	**0**	0

4.3 Impact of the Municipal Capital and Operating Budgets on Reserves and Debt

Table 7 outlines the changes to reserve levels as a result of the Municipal Capital and Operating budgets described above.

Table 7: Changes to Municipal Reserves

	2025 Opening Balance	2025 Transfers		2025 Estimated Closing Balances	2026 Budgeted Transfers		2026 Estimated Closing Balances
		To Reserves	From Reserves		To Reserves	From Reserves	
Reserves	**4,380,979**	2,134,252	(970,654)	**5,544,577**	**2,090,041**	(3,778,420)	**3,856,197**

5 2026 Water and Wastewater Budgets

The Water and Wastewater budgets are self-contained, in that they are not funded from taxation, but through user fees as per the Water and Sewer Sustainability Act, 2002. Per legislation, the revenues and expenses must net to zero in each year. This is typically achieved by transferring any surplus revenue to reserves.

This capital plan contains significant investments in both the water and wastewater treatment plants based on recently completed condition assessments for both facilities. Due to a combination of reserve levels and debt associated with water and wastewaters, both water and wastewater main relining programs have been deferred to 2027.

Service expansion projects are also included in the 2026 capital budget. These will facilitate both commercial and residential growth. Full cost recovery for these projects will occur through a combination of developer contributions (Hwy17 projects) and future development charges.

A combined increase in user fees of 7.1% has been implemented consistent with the 2021 Utility Rate Study.

The following tables show the breakdown of the capital and operating budgets for Water and Wastewater operations.

Table 8: Capital budget for Water and Wastewater Operations and Infrastructure

	2026 Budget	Grant	Transfer from Reserve	Debt	Development Charges
Total Capital Budget for Water and Wastewater	**3,078,166**	**1,384,422**	**1,333,744**	**200,000**	**160,000**
Carried forward from 2025	**2,216,166**	**1,384,422**	**631,744**	**200,000**	**0**
Water Main Relining (mapping and planning)	150,000		150,000		
Water Treatment Plant Roof Replacement	200,000			200,000	
THM Remediation	1,866,166	1,384,422	481,744		
Water	**306,000**	**0**	**306,000**	**0**	**0**
Wastewater - Building / Equipment	80,000		80,000		
Wastewater Treatment Plant - HVAC	165,000		165,000		
Wastewater Treatment Plant - UV Design and Engineering	61,000		61,000		
Waste-water	**556,000**	**0**	**396,000**	**0**	**160,000**
Water - Building/Equipment	80,000		80,000		0
Highway 17 Municipal service connections	80,000		20,000		60,000
West-end Secondary Plan municipal service connections	396,000		296,000		100,000

Table 9: Operating budget for Water and Wastewater operations

	2024 Budget	2024 Actuals	2025 Budget	2025 YTD Actuals	2026 Budget	$ Change
Waste-water	**(0)**	**(248,215)**	**0**	**0**	**0**	0
Revenue	(1,353,260)	(1,340,150)	(1,459,228)	(1,456,656)	(1,555,855)	(96,627)
Expense	853,506	804,492	923,552	895,870	1,003,643	80,091
Debt Repayment	227,741	287,443	267,860	320,830	348,455	80,595
Transfers to reserves	272,013	0	267,816	239,957	203,757	(64,059)
Water	**0**	**(777,877)**	**0**	**0**	**(0)**	(0)
Revenue	(2,334,245)	(2,503,325)	(2,758,231)	(3,012,611)	(4,298,706)	(1,540,476)
Expense	1,796,206	1,659,999	1,634,502	1,586,420	1,694,683	60,181
Debt Repayment	227,819	65,449	301,778	149,156	236,837	(64,940)
Transfers to reserves	310,220	0	821,951	1,277,036	2,367,186	1,545,235
Grand Total	**0**	**(1,026,091)**	**0**	**0**	**0**	0

Table 10 below outlines the changes to reserve levels as a result of the Water and Wastewater Capital and Operating budgets described above.

Table 10: Changes to Water and Sewer Reserves

	2025 Opening Balance	2025 Transfers		2025 Estimated Closing Balances	2026 Budgeted Transfers		2026 Estimated Closing Balances
		To Reserves	From Reserves		To Reserves	From Reserves	
Water	**736,600**	1,277,036	(1,009,380)	**1,004,256**	2,417,186[1]	(2,412,246)	**1,009,196**
Wastewater	**667,009**	239,957	(720,000)	**186,965**	253,757[1]	(387,000)	**53,722**
Totals	**1,403,609**	**1,516,992**	**(1,729,380)**	**1,191,221**	**2,670,943**	**(2,799,246)**	**1,062,918**

1. These transfers include an estimated Development Charge revenue of $100,000

Completion of the 2025 financial audit is expected in Q2, 2026. Reserve balances have been estimated and cannot be confirmed until both audits are complete.

6 Summary of Consolidated Budgets

Combining the Municipal Operating and Capital budgets with the Water and Sewer Operating and Capital Budgets results in the Consolidated Operating and Capital Budget shown below.

Table 11: Consolidated Budget in Audit Financial Statement Format

	2024 Budget	2025 Budget	2026 Budget	$ Change in Budget	% Change in Budget
Revenues	**(6,316,403)**	**(7,722,663)**	**(9,891,000)**	**(2,168,337)**	28.1%
Taxation and payment in lieu	(502,639)	(1,065,000)	(8,000)	1,057,000	-99.2%
User charges	(4,449,849)	(5,068,303)	(5,603,087)	(534,783)	10.6%
Government transfers	(815,718)	(929,550)	(3,526,763)	(2,597,213)	279.4%
Other	(548,196)	(659,810)	(753,150)	(93,340)	14.1%
Expenditures	**12,216,952**	**12,477,323**	**14,130,166**	**1,652,843**	13.2%
Salaries, Wages and Benefits	6,589,737	7,033,446	7,468,009	434,563	6.2%
Interest on Long-term debt	519,360	493,428	459,355	(34,073)	-6.9%
Materials and supplies	2,327,613	2,840,299	4,033,021	1,192,723	42.0%
Contracted services	2,693,166	2,031,150	2,090,330	59,180	2.9%
External transfers	87,075	79,000	79,450	450	0.6%
Annual surplus (deficit)	**5,900,549**	**4,754,660**	**4,239,166**	**(515,493)**	-10.8%
Debt Repayment	582,102	814,599	834,146	19,547	2.4%
Transfers to Reserves	2,536,283	4,155,560	4,760,983	605,424	14.6%
Transfers from Reserve to Operations	(10,000)	(20,500)	(27,500)	(7,000)	34.1%
Dollars Required from Taxes	**9,008,934**	**9,704,318**	**9,806,795**	**102,477**	1.1%
Capital Budget					
Capital Spend	8,249,676	7,756,426	7,174,166	(582,260)	-7.5%
Transfers from Reserves to Capital	582,102	814,599	834,146	19,547	2.4%
Contributions from Other Municipalities	(10,000)	(20,500)	(27,500)	(7,000)	34.1%
New Debt for 2025 Capital Purchases	(3,288,958)	(1,264,906)	(644,000)	620,906	49.1%