

REQUEST FOR DECISION

RFD007-2026: 2026/27 Operating & Capital Budget



To: Council
From: Management
Date: March 31, 2026
Subject: 2026/27 Operating & Capital Budgets

References/Attachments

- 2026/27 Draft Operating Budget V4
- 2026/27 Draft Capital Investment Plan V3

Legislation

Section 65 of the *Municipal Government Act*

Recommendation

That Council approve the 2026/27 Operating and Capital Budgets.

Background

In accordance with the *Municipal Government Act*, all municipalities are required to deliver a balanced budget. Management began working through preliminary budget information in early December of 2025, engaging all departments in the process to best understand the needs and priorities of operations.

Operating Budget

On March 24, 2026, Council discussed V3 of the 2026/27 Operating Budget. The following provides clarity regarding questions asked and changes made to create V4:

- Commercial Tax Rate: V4 still includes a 15-cent increase to the rate. One cent on the commercial rate equals \$2,839. If Council wishes to reduce the rate, the difference could be reduced from the transfer to operating reserves.

Commercial rates: the *Municipal Government Act* does not allow the Town to set a different rate for different commercial types.

- Deed Transfer Tax: There is still room to increase the deed transfer tax rate by .25%; however, with the slowing of sales, we do not recommend adjusting the expected revenue even if the rate is changed. *Staff are seeking direction on whether to amend the bylaw to increase the rate to 1.5%.*
- Annapolis Valley Regional Library: On February 10, Council directed staff to include an additional \$2,300 funding increase to the Town of Berwick's annual AVRL contribution, which is consistent with the municipal share under the cost-

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sharing model. For V3 and V4, the contribution was increased by an additional \$2,088 to represent a 25% increase of funding for 2026/27. To date, There are only two municipal units in the Valley considering the entire 50% increase. The remaining are a combination of 25% or 26% of the 50% request.

- Sewer Reserve: the sewer budget includes a reserve transfer of \$75,000. This was also included in the 2025/26 budget.
- Insurance: the Town's insurance policy is based on fiscal year, and all items have been updated with the new policy.
- Municipal Planning Strategy Expense: the planning expenses have been reduced to remove the MPS expense, now that the review is completed.
- Capital out of General Revenue: this amount covers all expenses that originally were identified as being funded out of the operating reserve in year one of the capital budget. Instead of using operating reserves to cover these items, they will be funded directly through taxation. This amount is larger than the amount being transferred to operating reserves. Council could choose to reduce this amount, but it would further decrease the amount being transferred to the operating reserve. The projects being funded include:
 - Land Purchase \$ 2,850
 - Parks Upgrades \$22,150
 - Line Painter \$ 9,300
 - Storm cover \$13,915
 - Box car carryover \$ 9,300
 - Transportation Plan \$15,000
 - Small fire capital \$11,813
- Contribution to Operating Reserve: \$72,000 of the contribution is from the AREA dividend. The remaining \$17,401 is from the rate increases.
- Removal of Compliance/Bylaw Officer: based on the discussion regarding rates, understanding the importance of building our reserves, and recognizing the need to triage Foster Street if the rebuild is delayed, staff have removed this position from the budget and redirected the funding towards paving.
- Paving: an additional \$50,000 was added to the paving budget to triage Foster Street. This is to address significant issues since the start of the work has been pushed out.

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Capital Budget

Changes to the capital budget from February 24:

- Autumn Drive pulverize and pave has been deferred to year 2. This was a capacity consideration for the number of projects being managed in any given year.
- Fire Services – Small Capital Projects: these are items that were not eligible under the County of Kings funding agreement. The Fire Commission will cover 50% of the cost and the remainder is being paid from operating.

Financial Implications

See attached budgets and information above.

Priority Alignment

Strategic Alignment	Connection to Strategic Plan
Community Well-Being & Inclusion	The budget does not include the Compliance/Bylaw Officer.
Infrastructure	The capital plan is heavily focused on critical infrastructure such as the Wastewater Treatment Plant. However, Council should be mindful that the transfer to reserves is not adequate to be able to begin Foster Street in 2030/31. The longer that the increased contribution is delayed, the longer the rebuild will be delayed.
Environmental Sustainability	The capital plan includes a water monitoring program that will provide information about the aquifer to help us understand how to protect it as well as welcome growth.
Economic Development	The increase to the commercial tax rate may not support commercial growth.
Administrative	The budget includes investment in new financial software, and human resource support and policy development.
Not Applicable/Other	

Alternatives

Council can provide direction to change budget items prior to approval.

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Community Engagement/Communication

A public budget information session was held on March 9, 2026.

All budget information is posted on Berwick's website at: Berwick.ca/2026-27budget.

CAO Comments

Comment provided in report above.

CAO Initials: JB

Target Decision Date: March 31, 2026