

2026 Budget Notes

Engineering and Construction Services

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Description

Engineering and Construction Services (ECS) provides specialized engineering design and construction services to internal clients (Toronto Water, Transportation Services, Solid Waste Management Services, Toronto Transit Commission (TTC) and other City Programs and Agencies) and external clients (the development industry, utility companies, Metrolinx and other public agencies) building and maintaining safe and sustainable municipal infrastructure.

Engineering and Construction Services delivers the following services:

- Municipal Infrastructure Construction
- Engineering Transit Review and Acceptance
- Engineering Information

Why We Do It

Engineering and Construction Services is committed to building safe and sustainable municipal infrastructure that supports growth, resilience, and state-of-good-repair and enhances the quality of life for the people of Toronto through engineering excellence while minimizing the impacts of construction.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

For further information about Engineering and Construction Services, please visit: [Engineering and Construction Services](#)

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What Service We Provide

Municipal Infrastructure Construction

Who We Serve: Residents, Businesses, City and Agencies, Business Improvement Areas and Visitors

What We Deliver: Engineering, project, and contract management services for the construction of new and upgraded infrastructure, including roads and bridges, TTC streetcar track, sewers and water mains, stormwater management facilities, water and wastewater treatment facilities, and solid waste management facilities

Resources (gross 2026 operating budget): \$5.3 Million

Engineering Transit Review and Acceptance

Who We Serve: City and Agency Staff, Metrolinx, GO Transit, and TTC

What We Deliver: Review and acceptance of transit, third party, and other public agencies applications and acceptance of municipal infrastructure

Resources (gross 2026 operating budget): \$3.2 Million

Engineering Information

Who We Serve: City Divisions, Agencies, Boards, and Commissions, Metrolinx, Development Industry, Businesses, Residents, Visitors

What We Deliver: Establishing, maintaining, and providing technical information, records, and data to support various parties building, managing, or impacted by the City's infrastructure

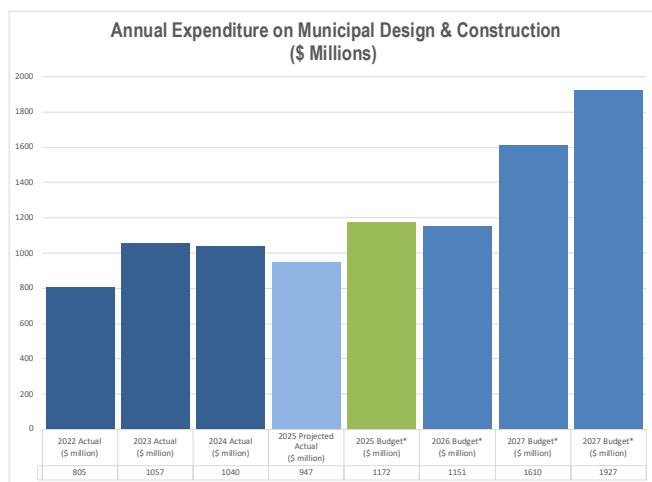
Resources (gross 2026 operating budget): \$2.8 Million

Budget at a Glance

2026 OPERATING BUDGET			
In \$ Millions	2026	2027	2028
Revenues	\$10.4	\$10.9	\$11.3
Gross Expenditures	\$11.3	\$12.1	\$12.5
Net Expenditures	\$0.9	\$1.2	\$1.2
Approved Positions	633.1	635.1	635.1

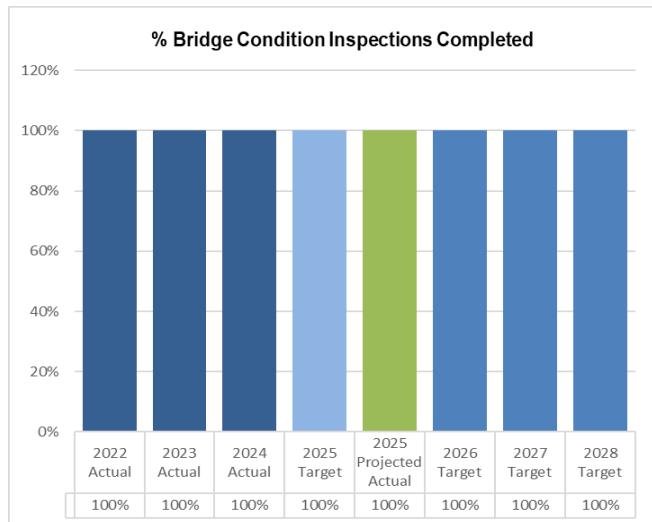
2026-2035 10-YEAR CAPITAL PLAN			
In \$ Millions	2026	2027-2035	Total
Engineering and Construction Services does not have a 10-Year Capital Budget and Plan			

How Well We Are Doing – Behind the Numbers



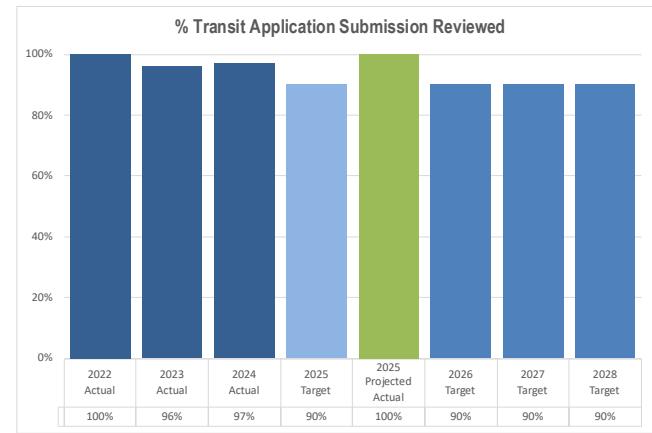
Capital Program Delivery

- The value of the capital program delivered on behalf of Client Divisions in 2025 is projected to be approximately \$947 million, representing a capital delivery rate of 80% on an assigned capital program valued at \$1.172 billion.
- Delivery rates have been somewhat negatively impacted by uncertainty related to cycling infrastructure.
- The value of the capital program delivered has increased by 18%, from \$805 million in 2022 to a projected \$947 million in 2025, with further increases anticipated in future years.



Bridge Condition Inspections Completed

- ECS is legislated to complete 100% of the vehicular and pedestrian bridge inspections every two years.
- In 2024, ECS completed 100% (601) of the planned bridge condition inspections. This includes inspection of 100% (301) of the Gardiner Expressway elevated spans and ramps that were inspected as part of the “Close-up inspections” requirements. In addition, ECS completed 7 emergency/urgent inspections due to fires or strikes.
- In 2025, ECS is projected to complete 100% (867) of the planned bridge condition inspections. This includes inspection of 271 Parks and Recreation pedestrian bridges at the Parks and Recreation request.



Transit Application Submission Reviewed

- The number of transit application submissions has increased by over 25% over the last three years, from 751 in 2023 to a projected 942 in 2025.
- In 2024, ECS completed 925 reviews
- In 2025, ECS is on track to complete 100% of transit applications.
- ECS is committed to maintaining and surpassing its 90% target for reviewing submissions on or before the deadline.

How Well We Are Doing

Service	Measure	2024 Actual	2025 Target	2025 Projection	2026 Target	2027 Target
Outcome Measures						
Municipal Infrastructure Construction	Linear meters of road lane constructed/resurfaced *	402,991	310,445	316,496	242,530	165,799
	Linear meters of streetcar way track constructed	1,550	500	1,539	1,500	1,760
	Linear meters of sidewalk constructed	82,114	76,832	55,585	70,409	54,091
	Linear meters of watermain constructed	20,127	21,781	19,776	17,786	20,861
	Linear meters of sewer constructed	16,729	15,959	11,286	16,037	11,634
	Number of contracts completed	128	120	94	100	100
Engineering Transit Review	Number of transit related submissions reviewed	925	942	942	1000	1000
Engineering Information	Number of bridges (vehicular and pedestrian bridge spans) inspected	601	867	867	601	867
Key Service Level Measures						
Engineering Information	Compliance with bridge condition inspection regulatory timelines	100%	100%	100%	100%	100%

Comments:

- A portion of the Engineering Review budget moved to the Development Review division in 2025, reflective of the re-alignment of resources in 2024. All key service level measures related to Development Review are now being reported under Development Review division.
- Target numbers are reviewed and adjusted annually and may vary from the previous year's Outcome Measure estimates.
- * Linear meters of road lane constructed/resurfaced is based on the quantity of asphalt installed.

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

Municipal Infrastructure Construction

- Delivered an estimated \$947 million in capital projects on behalf of Client Divisions in 2025, representing an estimated 80% delivery rate on an assigned capital program valued at \$1.172 billion.
- Successfully expedited project timelines by amending contracts and leveraging incentive-based strategies to accelerate rehabilitation work on the F.G. Gardiner Expressway (Section 2: Dufferin Street to Strachan Avenue), enabling the full reopening of all six lanes 18 months ahead of schedule and significantly improving mobility and reducing disruption for travellers.
- Successfully delivered expedited TTC capital improvements at major intersections — Bathurst Street and Fleet Street, King Street and Church Street, King Street and Dufferin Street, and College Street and McCaul Street — in coordination with other partner divisions to optimize construction timelines and minimize disruption to transit operations and the public.
- Completed construction of 21 bridge and culvert repair or replacement projects and awarded an additional 16 contracts for 24 bridge and culvert locations.
- Repaired and resurfaced an estimated 333 linear km of roadways, installed 45 linear km of new sidewalk, and 15 km of new cycling facilities across the city to maintain the network and improve operations and safety.
- Basement Flooding tendered 5 contracts worth approximately \$125 million in capital and benefiting 2,509 properties and closed out 6 contracts that completed the 2-year warranty period.
- Commenced work in the St. Clair Avenue West / Topham Park area for \$34 million, using restricted working days and contract acceleration incentives for Basement Flooding Protection.
- Advancing Green Infrastructure (GI) capacity building across ECS through tender specifications, a Construction Guide and Checklist, and launched GI training sessions for Project Managers, Inspectors, and Consultants.
- Substantially completed the new Outfall (3.5km, 7 metre diameter under Lake Ontario) at Ashbridges Bay Treatment Plant valued at \$300 million.
- Substantially completed the Richview Pumping Station and Reservoir upgrades valued at \$45 million.
- Completed the general contractor pre-qualification for the Black Creek Trunk Sewer contract which is valued at over \$700 million.

Strategic Priorities

- Supported the Strategic Capital Coordination Office and Transportation Services to advance congestion management initiatives.
- Conducted a complete review of project and, contract management across Infrastructure Services and initiated work on 31 recommendations to enhance all aspects of project delivery.
- Supported New Deal, completed the transfer of over 15,000 engineering records to allow the Ministry of Transportation to complete their due diligence phase of the upload of the Don Valley Parkway and F.G. Gardiner Expressway.
- Continued development of Quality Assurance program to support contract management to enhance compliance with city policy and legislation.
- Enhanced community engagement by delivering more consistent communication with residents, businesses, and stakeholders across 100s of active projects being delivered by ECS. This included regular construction updates, improved digital presence and more community pop-up events.
- Engaged in enhanced communications initiatives that focuses on visible progress and key project milestones — highlighting the city-building work underway.

Engineering Review and Asset Management

- Maintained a 100% completion rate of provincially legislated biennial bridge inspections (601 bridges) including the elevated F.G. Gardiner Expressway concrete sounding of 301 spans.
- Achieved 100% compliance with timelines for 942 transit expansion applications to support the Eglinton Crosstown, Finch West Light Rail Transit, GO Expansion Program, SmartTrack, Toronto Transit Commission, Ontario Line, Scarborough, and Yonge North Subway Extension.
- Accelerated delivery of engineering surveys using LiDAR surveying capabilities to support the Capital Program by integrating advanced reality capture technologies — enhancing the speed, accuracy, and efficiency of survey operations across project sites
- Processed 234 municipal numbering applications and reported on 11 new street name applications.

Key Challenges and Risks

- **Capacity to Deliver Reliable Capital Construction**
 - Delivery of capital projects requires significant planning and design effort. Insufficient resources may lead to project delays that could result in increased congestion and greater disruption to local communities.
- **Public Confidence and Trust**
 - Community engagement builds the confidence and trust needed to deliver the City's capital programs reliably. When engagement is fragmented or under-resourced, expectations may not be fully met.

Priority Actions

- **Effectively manage multi-year construction programs**
 - Implement recommendations from the Enhancing Capital Construction Delivery report.
 - Continue to enhance planning and coordination of the multi-year Capital Program with internal and external stakeholders.
 - Support Strategic Capital Coordination Office and asset-owning divisions to define and solidify multi-year programs to ensure the successful and reliable completion of capital projects.
 - Deliver comprehensive bridge engineering services for Parks & Recreation, including inspection, SOGR programming, capital planning, design, construction, project management, and emergency response.
- **Increase delivery capacity to accommodate the City's municipal infrastructure capital program**
 - Implement the recommendations from the Enhancing Capital Construction Delivery report.
 - Work with Purchasing and Materials Management Division to implement changes to procurement and contract management processes and practices.
 - Implement the use of new contract delivery models to increase capital construction throughput.
- **Leverage Technology**
 - Implement Trimble as an Enterprise Cloud Construction Project Management and Document Management Solution to more effectively, efficiently and securely manage construction, and related documents.

CITY STAFF PREPARED BUDGET

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2026 Operating Budget for Engineering and Construction Services of \$11.332 million gross, \$10.419 million revenue and \$0.913 million net for the following services:

Service:	Gross Expenditures (\$000s)	Revenues (\$000s)	Net Expenditures (\$000s)
Municipal Infrastructure Construction	5,265.4	3,520.8	1,744.6
Engineering Transit Review and Acceptance	3,228.1	5,364.5	(2,136.4)
Engineering Information	2,838.6	1,533.8	1,304.8
Total Program Budget	11,332.1	10,419.1	913.0

- The 2026 staff complement for Engineering and Construction Services of 633.1 positions comprised of 551.4 capital positions and 81.7 operating positions.

2026

OPERATING BUDGET

2026 OPERATING BUDGET OVERVIEW

Table 1: 2026 Operating Budget by Service

(In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Base Budget	2026 New/Enhanced	2026 Budget	Change vs. 2025 Budget
By Service	\$	\$	\$	\$	\$	\$	\$
Revenues							
Municipal Infrastructure Construction	3,105.6	3,933.5	3,196.3	3,520.8		3,520.8	(412.7) (10.5%)
Engineering Transit Review & Acceptance	12,114.9	4,832.3	4,502.8	5,364.5		5,364.5	532.2 11.0%
Engineering Information	2,731.5	1,370.0	1,198.6	1,533.8		1,533.8	163.7 12.0%
Total Revenues	17,952.0	10,135.9	8,897.6	10,419.1		10,419.1	283.2 2.8%
Gross Expenditures							
Municipal Infrastructure Construction	4,618.3	2,672.4	1,823.8	5,265.4		5,265.4	2,593.0 97.0%
Engineering Transit Review & Acceptance	15,468.6	5,181.9	5,155.3	3,228.1		3,228.1	(1,953.7) (37.7%)
Engineering Information	2,682.0	2,955.8	2,753.1	2,838.6		2,838.6	(117.2) (4.0%)
Total Gross Expenditures	22,769.0	10,810.1	9,732.2	11,332.1		11,332.1	522.0 4.8%
Net Expenditures	4,817.0	674.2	834.5	913.0		913.0	238.8 35.4%
Approved Positions**	681.1	609.1	N/A	633.1		633.1	24.0 3.9%

*2025 Projection based on 9-Month Variance

**Year-over-year comparison based on approved positions

KEY DRIVERS

Total 2026 Budget expenditures of \$11.332 million gross reflect an increase of \$0.522 million in spending above the 2025 Budget, predominantly arising from:

- Salary and benefits adjustments, including the addition of 24 net new positions funded by partner divisions to support an expanded Capital Program.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in Engineering and Construction Service's 2026 Operating Budget do not have any significant equity impacts.

2026 OPERATING BUDGET KEY COST DRIVERS

The 2026 Net Operating Budget for Engineering and Construction Services of \$0.913 million is \$0.239 million, 35.4% higher than the 2025 Net Budget. Table 2 below summarizes the key cost drivers for the 2026 Budget.

Table 2: 2026 Key Cost Drivers

(In \$000s)	2026				2027 Annualized Impact (Net)
	Revenues	Gross Expenditures	Net Expenditures	Positions**	
2025 Projection*	8,897.6	9,732.2	834.5	N/A	N/A
2025 Budget	10,135.9	10,810.1	674.2	609.1	N/A
Key Cost Drivers:					
Delivery of Capital Projects					
Support for Additional Infrastructure Delivery				25.0	
Inflationary Recovery for Existing Capital Positions		(2,749.2)	(2,749.2)		
Salaries and Benefits					
Salary and Benefits Adjustments		2,732.3	2,732.3	(1.0)	735.3
Non-Salary Inflation					
Economic Factors Inflationary Adjustments		519.0	519.0		
Revenue Changes					
User Fee Rate Inflation and Volume	357.0		(357.0)		(475.6)
Other Changes	(73.8)	75.4	149.2		
Sub Total Key Cost Drivers	283.2	577.4	294.2	24.0	259.7
Affordability Measures		(55.4)	(55.4)		
Total 2026 Base Budget	10,419.1	11,332.1	913.0	633.1	259.7
2026 Budget	10,419.1	11,332.1	913.0	633.1	259.7
Change from 2025 Budget (\$)	283.2	522.0	238.8	24.0	N/A
Change from 2025 Budget (%)	2.8%	4.8%	35.4%	3.9%	N/A

*Based on 9-Month Variance

**Year-over-year comparison based on approved positions

Key Base Drivers:

Capital Project Delivery Projects:

- \$2.039 million for the addition of 25 positions to support capital project delivery, including eight positions for targeted delivery of the Basement Flooding Prevention Program, fully funded by capital funded by partner divisions (Toronto Water, Transportation Services, Solid Waste Management Services, and Parks and Recreation).

Salaries and Benefits:

- Salary and benefits adjustments, fully funded by capital recoveries to maintain full cost recovery for services provided.

Non-Salary Inflation:

- Inflationary increases to software licences and maintenance fees.

Revenue Changes:

- Increase of 4.5% to user fee rates required to maintain full cost recovery, and volume increases based on current trends.

Other Changes:

- Increase in contributions to Fleet and Insurance Reserve Fund to ensure sufficient funding for future vehicle replacement needs and operational requirements.

Affordability Measures

Table 3: Affordability Measures

Recommendation	Savings Type	Equity Impact	(In \$000s)			2026			2027 (Incremental)		
			Revenues	Gross Expenditures	Net Expenditures	Positions	Gross Expenditures	Net Expenditures	Positions		
Line by Line/Matching Actuals	Line-by-line	No Impact		(55.4)	(55.4)						
Total Affordability Measures				(55.4)	(55.4)						

Affordability measures, as described below, are specific actions taken by Engineering and Construction Services that achieve cost reductions without impacting service levels for City Divisions and the public.

Matching to Actuals (Line by line):

A review of base expenditures resulted in overall saving of \$0.055 million in non-salary costs driven primarily by adjustments based on actual experience as part of the expenditure line-by-line review.

2027 AND 2028 OUTLOOK**Table 5: 2027 and 2028 Outlook**

(In \$000s)	2026 Budget	2027 Incremental Outlook	2028 Incremental Outlook
Revenues			
Revenue Changes		475.6	407.5
Total Revenues	10,419.1	475.6	407.5
Gross Expenditures			
Salaries and Benefits Changes		735.3	434.1
Total Gross Expenditures	11,332.1	735.3	434.1
Net Expenditures	913.0	259.7	26.6
Approved Positions	633.1	2.0	0.0

Key Outlook Drivers

The 2027 Outlook with total gross expenditures of \$12.067 million reflects an anticipated \$0.735 million or 6.5% increase in gross expenditures above the 2026 Operating Budget. The 2028 Outlook expects a further increase of \$0.434 million or 3.6% above the 2027 Outlook.

These changes primarily arise from the following

- Inflationary increases in salaries and benefits for existing positions,
- Annualization of positions added in 2026, and
- Two net new capital funded positions to support an expanded capital program.

The above pressures are partially offset by capital recoveries and anticipated user fee increases.

APPENDICES

Appendix 1

2026 Operating Budget by Category

Category (In \$000s)	2024 Actual	2025 Budget	2025 Projection*	2026 Budget	2026 Change from 2025 Budget	
	\$	\$	\$	\$	\$	%
User Fees and Donations	11,668.5	4,630.9	2,755.8	5,405.8	774.9	16.7%
Contribution From Reserves/Reserve Funds	691.8					
Sundry and Other Revenues	5,538.7	5,505.0	6,141.8	5,013.3	(491.7)	(8.9%)
Inter-Divisional Recoveries	53.0					
Total Revenues	17,952.0	10,135.9	8,897.6	10,419.1	283.2	2.8%
Salaries and Benefits	21,606.5	9,402.0	9,601.1	10,699.4	1,297.5	13.8%
Materials and Supplies	37.9	37.3	3.8	15.3	(22.0)	(59.0%)
Equipment	124.6	179.8	7.4	95.2	(84.6)	(47.1%)
Service and Rent	686.1	814.4	71.4	359.6	(454.8)	(55.8%)
Contribution To Reserves/Reserve Funds	307.1	376.1	48.2	162.4	(213.7)	(56.8%)
Other Expenditures	4.2	0.5	0.2	0.2	(0.3)	(58.8%)
Inter-Divisional Charges	2.4					
Total Gross Expenditures	22,769.0	10,810.1	9,732.2	11,332.1	522.0	4.8%
Net Expenditures	4,817.0	674.2	834.5	913.0	238.8	35.4%

*Projection based on 9-Month Variance

Appendix 2

Summary of 2026 Service Changes

N/A

Appendix 3

Summary of 2026 New/Enhanced Requests Included in Budget

N/A

Appendix 4a

Operating Program Provincial/Federal Funding Streams by Program

N/A

Appendix 4b

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 5

2026 Capital Budget; 2027-2035 Capital Plan Including Carry Forward

N/A

Appendix 5a

2026 Cash Flow and Future Year Commitments Including Carry Forward

N/A

Appendix 5b

2027-2035 Capital Plan Including Carry Forward

N/A

Appendix 6

Capacity to Deliver Review

N/A

Appendix 7

Summary of Capital Delivery Constraints

N/A

Appendix 8

Inflows and Outflows to/from Reserves and Reserve Funds

2026 Operating Budget

Reserve Account	Reserve/Reserve Fund Name	Inflow/Outflow/Balance	2026	2027	2028
XQ1016	Vehicle Reserve - Technical Services (\$000)	Opening Balance	604.8	559.8	354.8
		*Contributions (+)			
		Additional Operating Contribution	0.0	0.0	0.0
		Engineering & Construction Services	537.3	537.3	537.3
		Total Contributions	537.3	537.3	537.3
		*Withdrawals (-)			
		Operating Budget			
		Sub-Total Operating Withdrawals	0.0	0.0	0.0
		Capital Budget and Plan			
		Fleet Services	(582.3)	(742.3)	(115.3)
		Sub-Total Capital Budget and Plan Withdrawals	(582.3)	(742.3)	(115.3)
		Total Withdrawals	(582.3)	(742.3)	(115.3)
		Interest Income			
		Closing Balance	559.8	354.8	776.8

Appendix 9

Glossary

Approved Position: Permanent or temporary position that support the delivery of City services and service levels in annual budget.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Deliver Ability to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget and Plan: A Capital Budget and Plan is the City's 10-year strategy to acquire/build assets or extend the useful lives of existing assets. The Capital Budget is the first year of approved cash flows and future year's commitments and the remaining nine years include project estimates.

Capital Delivery Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency has the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New/Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provide services.

Operating Impact of Completed Capital Projects: The Operating Budget Impact of Capital is the change in operating expenditure and/or revenue, which is projected to occur during the implementation of a capital project and/or when a capital project is completed. These changes should be documented on a Business Case Form in the appropriate category.

Rate-Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority.

Salary and Benefit Adjustments: General increases related to contractual obligations, such as cost of living, step increases, performance for pay and progression pay.

State of Good Repair (SOGR): The cost of maintaining assets to ensure that they can support the delivery of City services and meet service outcomes.

Tax-Supported Budget: Budget funded by property taxes.

User Fees: Includes all program-generated fees and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).