



2025

Ontario Municipal Chief Administrative Officer Survey

A candid look at the issues on
the minds of Ontario's CAOs



The design and images depicted in this report include municipalities that StrategyCorp has served or visited over the years. They should not be taken as an indication of the municipal leaders who participated in this year's survey.

The opinions expressed in this report are those of the respondents and do not necessarily reflect the views of StrategyCorp. This report and its contents are copyright © StrategyCorp 2025. All rights reserved.

Dedication

Since 2016, StrategyCorp has proudly dedicated this report to Ontario's Chief Administrative Officers (CAOs), the steadfast, often behind-the-scenes leaders who anchor municipal government. Each year, their ability to guide organizations through change while staying rooted in public service values is reaffirmed in our conversations.

In 2025, CAOs are once again navigating a moment marked by volatility. From growing infrastructure and housing demands to the economic ripple effects of an ongoing trade war with the United States, municipal leaders are tasked with maintaining calm, strategic leadership amid escalating complexity and uncertainty. Their work is further challenged by public incivility, fiscal constraints, and shifting expectations — all as Ontario prepares for its next municipal election in October 2026.

CAOs continue to demonstrate resilience, integrity, and a deep commitment to public service. Their work enables municipalities to remain responsive and people-focused at a time when that leadership is needed most.

This year, we also wish to extend our gratitude to StrategyCorp's senior advisors — many of whom are former CAOs and senior municipal leaders — and their role in shaping and supporting this work over the years.

To Michael Fenn, Shirley Hoy, David Szwarc, Dave McCleary, Ed Sajecki, Mary Ellen Bench, Ron Shaw, and Tony Haddad: Your insights, experience, and commitment to the municipal public service have been instrumental to the success of this survey and the strength of StrategyCorp's Municipal Practice.

Thank you.

Note: The term CAO refers to Chief Administrative Officer, County Administrator, City Manager, and Town Manager.

2025

Ontario Municipal Chief Administrative Officer Survey



The StrategyCorp Institute of Public Policy and Economy provides thought leadership on important public policy issues facing Canadians and their governments across the country by combining economic and policy expertise with key political insights.

Contributors



Stacy Hushion

Vice President and Project
Manager of the CAO Survey



Sabine Matheson

Principal and Head of the
Municipal Services Practice



Joanne Chianello

Senior Advisor



Hannah Tobias-Murray

Consultant



Christina Cody

Senior Consultant



Julie Gonyou

Vice President
and former CAO



Ed Archer

Vice President
and former CAO



Tony Haddad

Senior Advisor
and former CAO



Ron Shaw

Senior Advisor
and former CAO



Mary Ellen Bench

Senior Advisor
and former City Solicitor



Michael Fenn

Senior Advisor, former
CAO and Deputy Minister of
Municipal Affairs and Housing

Special thanks to Valrie Oldfield.

Introduction

Since 2016, StrategyCorp has conducted an annual survey of municipal Chief Administrative Officers (CAOs) and City Managers from across Ontario.

Through confidential interviews, this report showcases the voices of senior municipal administrators with a degree of protection that allows for greater candour when discussing the top issues that are influencing their organizations, staff teams and the political landscape of their local communities.

From our perspective, this annual survey serves as a pulse check on the issues shaping Ontario communities. As the effects of economic uncertainty and shifting political dynamics increasingly play out at the local level, this report gives voice to the leaders navigating these challenges in real time.

SURVEY METHODOLOGY

This year we conducted 32 interviews with CAOs and City Managers from across Ontario. We spoke to CAOs with a diverse range of experiences in the role: some are on the cusp of retirement, some have served in their municipalities for over a decade, others are a year (or less) into the job, and a few are serving in an interim capacity. As a result, this year's survey reflects the perspectives and ideas of both Ontario's next generation of CAOs as well as some of its longest-serving municipal leaders.

Interviewees were provided with the list of 14 questions in advance of our discussions. A few questions are consistent across survey years to allow us to compare findings over time. However, this year also marked a significant turnover in our question set to reflect the

prominence of new issues — such as the impact of U.S. political rhetoric and policy shifts under President Donald Trump.

Other questions were adapted or reframed in light of prior survey findings and the timing of this survey within the current Council term, as municipalities turn their attention to the next election and incoming Councils.

As is our standard practice, participants are taken through the questions in sequential order but are always encouraged to speak freely and comment at length if they wished. Every year, we make two promises to our participants:

- **We will faithfully and accurately record and report what they tell us.**
- **We ensure that comments remain confidential and non-attributable.**

This report offers qualitative perspectives on the current conditions and challenges experienced by local governments across Ontario. It is not intended to serve as a representative or statistically valid sample of the province's 444 municipalities, all of which have their own distinct dynamics at play. Although there was a defined objective to cast a wide net and ensure participation from a wide range of geographies and local government structures (e.g., upper-tier, lower-tier, single-tier), participation was ultimately voluntary and self-selecting. Further, we wish to acknowledge our own involvement in conducting the interviews as well as in interpreting and synthesizing the findings presented.



Executive Summary

2025: THE YEAR NO ONE EXPECTED

This year's StrategyCorp CAO Survey captures a moment of sharp political, economic, and organizational recalibration.

Municipal leaders entered the year already stretched — managing infrastructure gaps, human resources pressures, growing community expectations, and ever-tightening financial constraints.

Then came the second Presidency of Donald Trump. Internationally, this triggered uncertainty. Predictable American leadership on security issues, a constant since 1945, suddenly came into question. Further, American leadership on free trade was suddenly replaced with the threat of global recession induced by 'made-in-Washington' tariffs.

Inside the U.S., the new administration undertook ham-fisted efforts to reform American government, reversed the course on a wide range of social policies, intensified 'culture war' politics, and contorted the definition of 'acceptable conduct' by political leaders.

These events have changed the course of politics, and history, in Canada. In February, the Ford government accelerated its election timing and turned the provincial election into a campaign against Trump, leaving other parties on the sidelines and resulting in a mandate to 'Protect Ontario.' In April, Mark Carney won his first election — and a re-election of the Liberal government — an outcome unthinkable only months before. In both elections, the ballot question that most drove the outcome was the same: Who could best protect Canadians from Trump?

While Ontario municipalities have so far been insulated from the direct electoral implications of the Trump administration, they are at the frontlines of addressing local impacts. In communities affected by steel and auto tariffs, economic disruption has taken centre stage. But even where the impacts are only indirect, the effects are prevalent and include tariff-related cost increases, supply chain disruption, fears about local job losses, and local business paralysis.

CAOs this year also conveyed the subtle but significant ways public discourse and civic debate is shifting in the wake

of Trump's policies and rhetoric, particularly on climate change and diversity, equity, and inclusion.

Never in our previous surveys have foreign political events so influenced local government in Ontario. To be sure, familiar local concerns — including growth and infrastructure, housing and affordability, and a growing range of social pressures — remain front and centre for municipal leaders. But until this year, it was entirely possible to discuss the state of Ontario's municipal sector without having to reference any government other than the province. That's no longer the case. In 2025, any honest account must also consider the world stage.

A STABILIZED, BUT STILL UNEVEN, PROVINCIAL-MUNICIPAL RELATIONSHIP

Compared to recent years, when CAOs often expressed apathy, frustration, or even outright anger toward the province, this year's tone demonstrated a modest but important shift. CAOs described signs of improvement in the relationship: more responsive communication, greater willingness to listen, and increased funding support, particularly for housing-enabling infrastructure.

Still, the desire for deeper collaboration remains. Local governments seek to be treated not as children to be overseen but as partners in delivering on shared goals. To achieve a more equitable type of partnership, CAOs continue to call on the province for more proactive and meaningful consultation and sustainable fiscal arrangements.

Perhaps most importantly, as we heard this year, they seek clarity on the scope of their municipal responsibilities. Local governments face continued pressure to expand their role or fill gaps in services beyond their jurisdiction, particularly in health, housing, and human services. CAOs are clear that they want to be part of the solution, but they are increasingly wary of being left to own problems that are not truly theirs.

ORGANIZATIONAL CULTURE TAKES CENTRE STAGE

More than in any previous survey, CAOs focused on the critical role of organizational culture in municipal success. Culture surfaced across multiple interview questions, not as a soft concept or aspirational ideal, but as tool to contend with change, of which there are plenty.

As we have heard for several years now, the sector is undergoing a workforce transition as long-serving leaders retire and municipalities face challenges in filling vacancies and building the next generation of municipal employees. There is recognition that old command-and-control models no longer serve the needs of modern organizations or the people employed in them. In their place, CAOs are working to build more empowered, collaborative, and values-driven work environments that put people first. For many, culture has become the deciding factor in whether they can attract — and retain — the talent their organizations need to thrive.

There's another layer to the talk about culture. In particular, CAOs identified culture as a strategic driver of innovation, performance improvement, and operational excellence. Culture is how transformation happens — it's the throughline that connects how municipalities lead, adapt, and deliver in an environment that is both increasingly complex and constrained.

Yet, even as they invest in cultural change, CAOs are mindful of the factors that could undermine their efforts. Changes in municipal governance — particularly the introduction of strong mayor powers — have introduced new variables that may complicate or erode hard-won progress on culture. As municipalities work to modernize their organizations from the inside out, culture remains both their greatest asset and their most fragile achievement.

LOOKING AHEAD TO 2026

Municipalities also have the threat of political change on their doorstep to navigate. With the next municipal election scheduled for October 2026, campaign activity is already beginning to shape budget discussions and Council dynamics. This marks the first municipal election since the implementation of strong mayor powers in many communities — raising questions about whether these new powers will become an electoral issue in their own right.

Perhaps more than any previous report, the 2025 CAO Survey feels ‘of the moment.’ It captures a sector adapting in real-time, responding not only to familiar local challenges but to new geopolitical dynamics and the changing nature of governance itself. Municipalities aren’t standing still. Perhaps taking what they learned through the COVID-19 pandemic, municipalities are focused on steady leadership in a time of uncertainty and controlling what can be controlled: strengthening local systems, managing risk, building capacity, and leading with evidence, not emotion.

RECOMMENDATIONS

Drawing on this year’s findings, we present the following recommendations to help municipalities navigate both the long-standing challenges they know well and the emerging pressures intensified by today’s political climate.

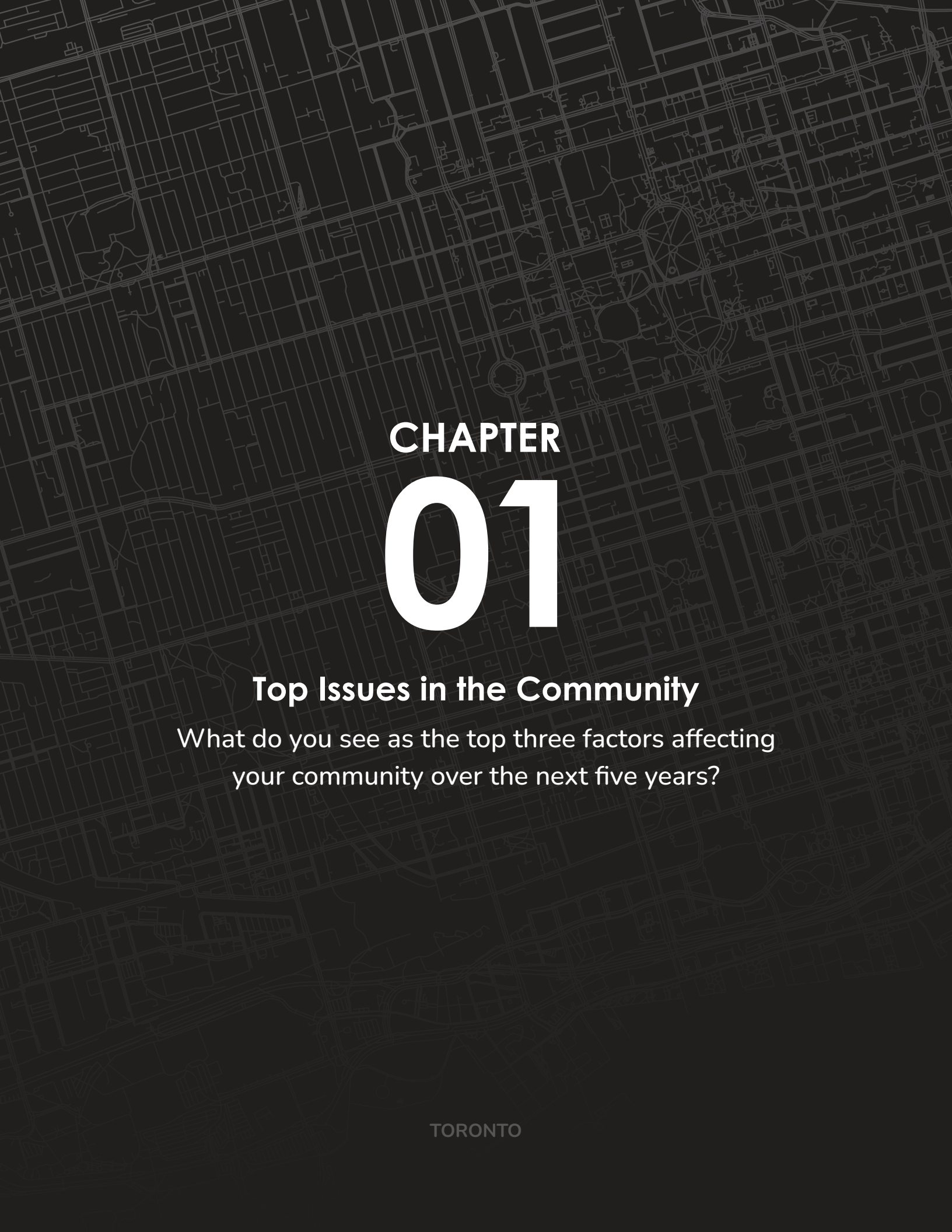
Each is rooted in the principles of good governance and public service, offering practical steps to strengthen the integrity of local government in uncertain times.

- 1. We require solutions at the local and provincial levels to address ongoing human resources challenges.**
- 2. We must choose to preserve and restore the culture of local government.**
- 3. We must work to restabilize Council and staff political dynamics.**
- 4. We must better align municipal fiscal capacity to the growing responsibilities of local government.**

These are further detailed throughout the following chapters and in the Conclusion to this report.

What We Asked

11	CHAPTER 01 Top Issues in the Community
16	CHAPTER 02 Economic Impacts of the Trump Presidency
23	CHAPTER 03 Climate Change
29	CHAPTER 04 Provincial-Municipal Relations
37	CHAPTER 05 Municipal Governance
45	CHAPTER 06 Strong Mayor Powers
53	CHAPTER 07 Growing Incivility
59	CHAPTER 08 Housing
66	CHAPTER 09 Budgeting
74	CHAPTER 10 Community Safety & Well-Being Plans
81	CHAPTER 11 Innovation
88	CHAPTER 12 Performance Measurement & Reporting
96	CONCLUSION What Keeps CAOs Up at Night?
104	EPILOGUE CAOs on Leadership



CHAPTER 01

Top Issues in the Community

What do you see as the top three factors affecting
your community over the next five years?

TORONTO

What We Heard

Every year, we invite CAOs to share their insights on the top three issues shaping their communities over the next five years. These conversations offer an important window into evolving local priorities, challenges, and aspirations across Ontario's municipal landscape. They also have a tendency to set the tone for the rest of the report.

In 2025, the picture that emerged was grounded in familiar themes, but also hinted at a deeper sense of strain — of systems pushed to the edge, of communities undergoing rapid transformation, and of local governments struggling to keep pace.

CAOs continue to point to the enduring 'big three': **growth, infrastructure, and affordability**. These remain the most frequently cited issues, as in previous years. But this year's conversations revealed more than just their persistence — they demonstrated how these pressures are increasingly interwoven, spilling into broader dimensions of municipal life.

Growth means far more than population targets or development pipelines. It is experienced as a force that reshapes every dimension of local life, bringing greater diversity and tangible benefits, but also testing local capacity and challenging a community's sense of identity. Growth has also accelerated demands on infrastructure, with CAOs zeroing in on the practical tensions between expansion and repair — the pressure to build for tomorrow without letting yesterday's assets fall into disrepair.

Affordability, meanwhile, has become a cross-cutting concern no longer isolated to the realities of municipal finance. This year's responses illustrate a growing trend in which CAOs describe financial pressures on both sides of the ledger: the rising costs of delivering municipal services and infrastructure and increasing concern about the capacity of residents to pay.

Beyond these top three, other frequently raised issues included:

- The pressure to drive **housing supply** and solve the affordability crisis, without the tools or funding to do either.
- An intensifying set of complex **social challenges** — most notably homelessness, mental health, and substance use — with municipalities increasingly positioned on the front lines, but lacking the supports to meaningfully assist community members in need.
- Escalating **governance pressures**, shaped by local political dynamics, the evolving role of strong mayors, and long-standing frustrations with regional structures.
- Ongoing **human resource challenges**, including the loss of institutional knowledge and difficulty attracting and retaining staff.
- And, finally, a broader backdrop of **economic and geopolitical volatility** — from inflation and tariffs to growing community anxiety — that informed many of this year's conversations, even when not named directly.

While the context may differ across regions, one throughline was clear: municipal governments are being asked to do more, for more people, with fewer resources and greater scrutiny than ever before. In many communities, the five-year outlook is as much about navigating unpredictability as it is about delivering the public services residents rely on every day.

#1. GROWTH MANAGEMENT

“Growth is the first issue. There's lots of great things — new people, new perspectives — but also growing pains ... I'm dealing with something related to growth on a daily if not hourly basis.”

Growth remains the defining factor for CAOs across Ontario as they think about the future. CAOs spoke to both the pace and complexity of growth, highlighting mounting pressure on infrastructure, services, and community expectations.

- “We are seeing double-digit growth. Tied to that is the demand on our municipality and our lower-tiers in terms of urban-based services as well as the demand on our infrastructure.”
- “We’re preparing for an influx of new residents. From where they are coming, the level of service in those communities is higher than we have ever provided and — bluntly — higher than we plan on providing.”

The imperative of ‘managed growth’ and in particular balancing new development with the community’s identity and values emerged as a strong theme in the comments on growth.

- “It’s a bit of a Jekyll and Hyde approach to development. There is a growing population that has a sense that ‘we moved up here to get away from [the urban GTHA], we don’t want the [GTHA] coming here.’”
- “We are focused on managing growth in a way that preserves the quaint nature of our community.”
- “Balancing growth and the natural preservation of the landscape.”

#2. INFRASTRUCTURE PRESSURES

Inextricably linked to growth, infrastructure once again emerged as a central concern. But this year, we heard more about the increasing pressure to build to meet the demands of growth while also maintaining the state of good repair of existing assets with finite financial resources.

- “A major factor is our ability to keep up with growth ... we need to prepare for the next generational investment on water and wastewater infrastructure.”

- “We can’t keep up on asset renewal versus what we need to actually build to support that growth.”
- “We have aging infrastructure, rising capital costs and capital demands like everyone else. How do you manage those assets, while at the same time ensuring financial sustainability?”

#3. AFFORDABILITY

‘Affordability’ was a word that appeared repeatedly throughout the interviews, with CAOs using it in the broadest sense to describe both growing hardship in their communities and increasing financial pressure inside their organizations.

- “You’re looking at prices almost doubling for everything that we had previously captured in our asset management plan. So that will present a big challenge for the community.”
- “The pressure that we are feeling ... to prioritize those baseline or fundamental things while also being asked to do bigger, loftier things like climate change adaptation.

On municipal financial challenges, see **Chapter 9**.

#4. HOUSING

Unsurprisingly, housing remains one of the most urgent and consistently cited community challenges for municipal leaders. Closely tied to growth and infrastructure, the issue spans concern about affordability, constrained supply, and intensification pressures.

- “In terms of service delivery and community impacts, affordable housing and deeply affordable housing. The lack of new housing stock in those categories is a challenge.”

“Housing is a number one priority for us ... housing supply and the types of housing supply will be a big problem for the next five years.”



“Affordability, be it a loaf of bread, the tax bill or the water rate – that is a big issue now.”

- “Housing and in our case, intensification — we don’t have a lot of green space so that is going to be a major thing for [us].”

CAOs’ perspectives on the housing file are covered more fully in **Chapter 8**.

#5. SOCIAL CHALLENGES

For several years, CAOs have voiced growing alarm — and repeated calls for greater leadership and funding from provincial and federal governments — regarding homelessness, mental health, and substance use. In 2025, what was once framed in the language of ‘crisis’ now feels like an embedded and deeply concerning part of community life: persistent, normalized, and without easy answers.

- “Social issues that are arising — some from homelessness, some from addictions. They seem to be getting more intense and severe ... People’s patience is wearing thin. This is a big, big part of what is affecting our community.”
- “Housing and homelessness challenges continue. That pressure continues to be so significant on us in terms of expectations from the public and the pressures on our budget.”

Some of these themes around community safety and well-being — and strategies to tackle them — are explored in **Chapter 10**.

#6. GOVERNANCE ON ALL FRONTS

Governance concerns were heightened this year, with comments touching on both local dynamics and broader structural tension. Some raised issues with current Council dynamics, while

others expressed apprehension about what may lie ahead, given the upcoming municipal election on October 26, 2026. The potential risks of the strong mayor powers have amplified this unease.

- “We have an election coming up and my sense is that we will see new folks at the table. So, I’m a little concerned about the loss of institutional knowledge on Council.”
- “The last issue is around governance ... we have a dysfunctional Council whereby, procedurally, we spend way too much time deliberating on matters in which we’re not making decisions or there’s a fear of making those decisions.”

Read more about local political dynamics and the impact of strong mayor powers in **Chapter 6**.

We also heard frustrations with the structure, function, and political dynamics of the two-tier system — and a desire for something to happen, whether that be change or, at the very least, clarity.

- “The craziness around the regional government — it’s been silly season for many years. It’s really unhelpful and there is a lot of discourse around the jousting that occurs during regional reviews.”

In response to growing interest in deepening the dialogue on governance matters, we introduced a dedicated and deliberately broad question on governance in this year’s survey. See **Chapter 5** for what CAOs had to say in greater detail.

#7. STAFF RECRUITMENT & RETENTION

Even as this question focused on external community issues, CAOs consistently brought the conversation back to internal capacity, and specifically human resources challenges like looming retirements, staff turnover, and retention issues.

“Where have all the senior professional staff gone? Did a tsunami come through and grab them all?”

- “We’re dealing with staff turnover. There are very few people here who have been with the corporation for more than 4-5 years.”
- “[We need] to maintain that middle band of future leaders. We hire very bright young people and invest a lot — they get to middle management level and then migrate to one of our adjacent larger urban centres.”

Yet again, and consistent with all our surveys developed in the aftermath of the COVID-19 pandemic, CAOs identified their people as the top issue worrying them, as explored in the **Chapter 13: What’s Keeping CAOs Up at Night?**

NEW ADDITIONS TO THE LIST: THE BIG AND THE EVERYDAY ISSUES

The broader geopolitical landscape: This year, what we heard from CAOs was shaped by their impressions of the state of the world, including continued political and economic uncertainty. There was also a clear sense that macro-level issues, such as tariff threats and growing social and political polarization, make already-difficult municipal problems even harder.

- “The third issue is the volatility of the world around us and how it impacts how people are acting and behaving.”
- “The trade war, our neighbours, uncertainty. Politics in general. I see what is happening at higher levels, globally, nationally, etc., and worry about copycats at the local level.”

- “External factors like tariffs, economic uncertainty — the things we can’t prepare for worry me.”

Renewed focus on transportation and safety:

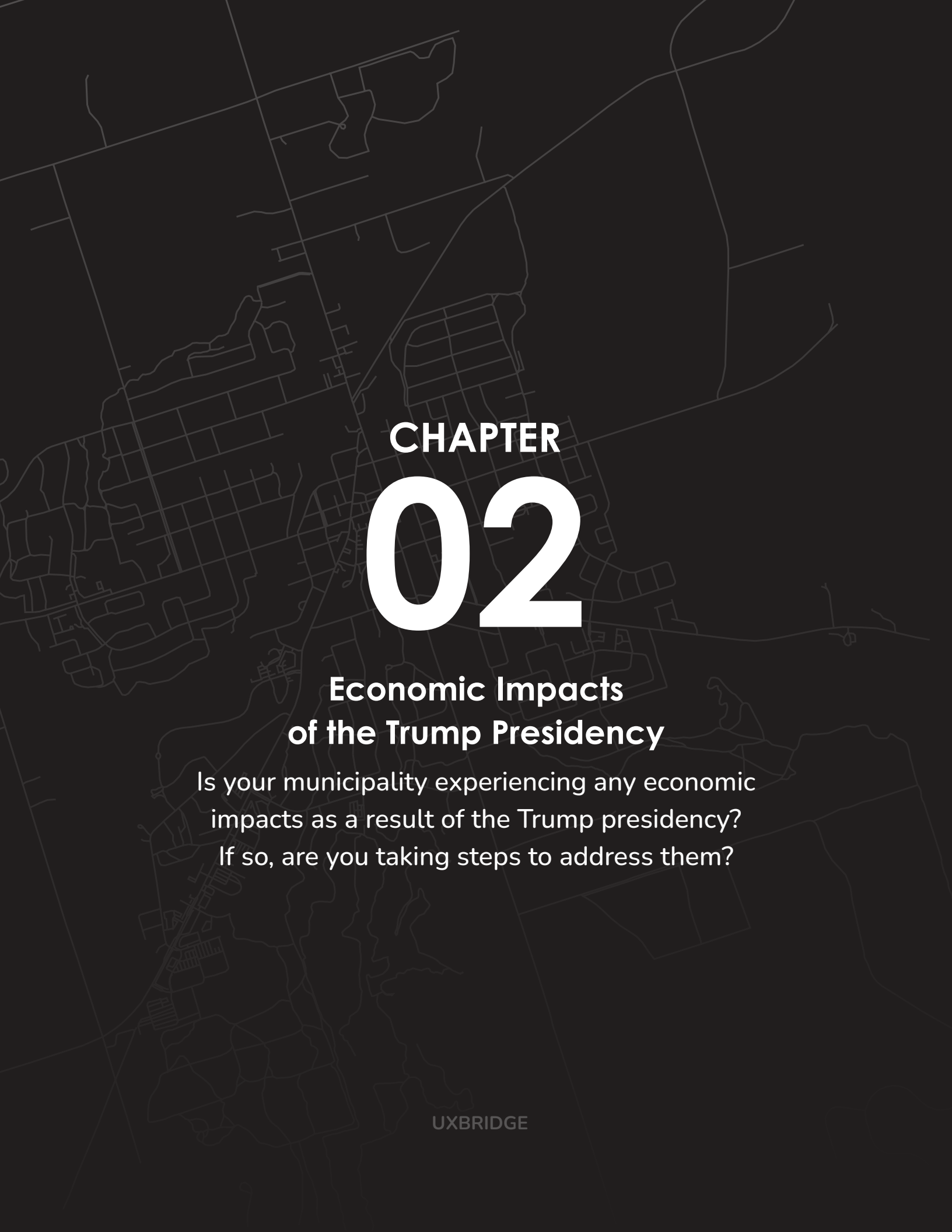
While some answers to this question focused on macro-level pressures, others emphasized deeply localized issues, including traffic and public safety. These aren’t new challenges, but interviewees suggested they are growing in complexity and public salience.

- “The perennial and yet in some ways more pedestrian issues of traffic, congestion, etc.”
- “How we move people around ... is the biggest issue here: transit, vehicles, congestion.”

“[There’s] heightened concern about public safety and the police, police budgets, and crime rates. I’d say it’s more on the mind of our communities than it ever has been before.”

- “While crime rates are flat or declining, people’s sense of community safety is a concern and some of this is more socially related — libraries used as drop-in shelters, encampments in public spaces.”





CHAPTER 02

Economic Impacts of the Trump Presidency

Is your municipality experiencing any economic
impacts as a result of the Trump presidency?
If so, are you taking steps to address them?

What We Heard

Since the inauguration of U.S. President Donald Trump in January 2025, shifting economic policies and a wave of tariff announcements have introduced significant uncertainty for local economies in Canada, prompting retaliatory responses from all levels of government.

CAOs described the impacts through three key lenses: (1) municipal cost pressures, (2) local economic development, and (3) social well-being. The degree to which each of these was affected depended heavily on a municipality's dominant industries, community demographics, and the nature of capital projects currently underway or in the pipeline.

The prevailing view is that, so far, the impacts across these three areas have been minimal and largely contained. For the most part, CAOs are more focused on the uncertainty that lies ahead. They anticipate longer-term consequences for the vitality of their local economies and the social health of their communities — in addition to strains on their municipal budgets. In response, municipal leaders are taking steps to foster local economic resilience while consciously avoiding reactionary or panic-driven decision-making.

**“Where is the rule book now?
The rule book is gone. Trump
ripped it up and said, ‘Screw all
those agreements’ and so away
we go.”**

THE FIRST LENS: MUNICIPAL COST PRESSURES

Some early signs of financial pressures:

Several CAOs noted that while tariff-related cost increases related to municipal operations and capital projects are beginning to emerge, they remain manageable — for now.

- “Tariffs added another \$1 million to a capital project ... the company is now trying to set up a Canadian division to avoid future costs.”
- “We’ve seen costs climb, especially on vehicle purchases and heavy equipment. It’s manageable so far, but it’s chipping away at contingency lines.”
- “We are seeing some increases — not huge increases — related to project costs.”

Too soon to tell: The prevailing sentiment among CAOs is that it’s too early to fully evaluate the impacts of Trump’s ever-shifting tariff policies. Most have adopted a holding pattern, anticipating steeper cost escalations in the coming years due to tariff-driven increases on steel, automotive goods, and other U.S.-sourced materials.

“The biggest impacts are yet to be felt. We haven’t seen it play out yet to the full extent that I think it might go.”

- “Yes, we will have an impact but not for another year or two. So, we can ride this out for a time before we start making plans for how we address it.”
- “We haven’t seen any impacts ... Nonetheless, we are monitoring in terms of contracts and when we go out to tender to see if anything is shifting.”
- “It’s more of a wait-and-see game at this point.”

‘Elbows up’ procurement policies: Many municipalities moved quickly to revise their purchasing policies and rules to favour local or Canadian suppliers — both to shield budgets from tariff-related cost impacts and to strengthen local economic resilience.

- “We made some good by-law and procurement changes to make it a bit easier to select and work with non-U.S. companies.”
- “We’re reviewing purchases and may need to consolidate or delay purchases.”



- “We took the opportunity to update our purchasing policy ... and we encouraged folks that if they could buy local instead of buy Amazon, give that a try.”

Many CAOs acknowledged that the practical impact of the ‘buy Canadian’ push is likely to be modest, given that prior to the tariff announcements, most purchasing was already domestically focused. Still, these moves were seen as important symbolic and political gestures.

“It was more of a political move, but it sent a good message to our residents that we’re going to do everything we can.”

- “Most of our purchases were Canadian anyway — about 94% — because of the exchange rate. But now there’s more pressure to formalize that preference.”
- “We’ve done a few little things, including changing our by-law but it’s a pretty small thing, as we don’t do a lot of purchasing outside of Canada.”

Adapting procurement timelines: Some local governments are adjusting the timing of purchases and procurement processes — including both accelerations and delays — as a cost mitigation strategy.

- “We tried to speed up projects, get RFPs out the door as quickly as possible. Staff were proactive in relation to that ... We’ve also slowed down some projects.”

THE SECOND LENS: IMPACT ON LOCAL ECONOMIC DEVELOPMENT

Local business uncertainty: A second lens CAOs applied to this question focused on their local economic ecosystems. Several reported that local businesses, particularly those tied to U.S. exports or manufacturing, are holding off on planned expansions or delaying major decisions due to shifting market conditions and supply chain concerns.

- “There’s anxiety among some of our largest employers. They’re waiting out the storm before they make any big decisions.”
- “We lost two businesses that were in the process of moving here ... they cancelled due to ‘economic uncertainty.’”

“Talk to any of our businesses in the area and they’re all treading water right now trying to understand what the next 3-5 years look like and whether or not they need to switch gears or hunker down and try to withstand it.”

CAOs in communities reliant on the auto or steel sectors are keeping a particularly close eye on the evolving situation, with some raising worries about job losses, investment delays, and wider industry shifts.

- “An automotive plant is proceeding, but the scale and the different phases that they originally committed to are delayed ... they’re having trouble procuring all of the elements that they need to build the building.”
- “We’re not Windsor, but we have suppliers and feeder plants. The ripple effect is always a concern.”
- “Impacts are anticipated because our largest employer regionally is an automotive plant.”

Some also observed that delays in business investment and growth may lead to stagnant or declining revenue growth, which in turn impacts municipal long-term financial planning.

- “We’re worried about tax assessment growth and the impact on local business decision-making; they’ve paused. The economic impact of the pause is starting to be worrisome for our revenue streams.”

Not all municipalities are equally affected: Some communities, notably those with more localized economies and fewer ties to global manufacturing, have reported continued economic stability, or even growth.

- “We’re fairly stable. There haven’t been any businesses that have gone out of business. No mass layoffs.”
- “We don’t have a lot of manufacturing, so we’re insulated somewhat. Our pressures are more housing and service-driven.”

Notably, some tourism-based communities have seen economic gains due to changing travel patterns during and after the pandemic, with more Canadians choosing to stay closer to

home than travel internationally. In 2025, the ‘staycation’ effect has been further amplified by the decline in Canadian cross-border travel due to escalating tensions between Canada and the U.S.¹

- “We benefit from people staying in Canada instead of going south. Our tourism season was actually stronger than expected.”

“We have a tourism economy. We can benefit and are benefitting from what is happening south of the border. People aren’t going south so we’re doing really well.”

- “We have a major tourism anchor in this municipality. This is maybe a good example of where [the tariffs] actually might benefit the town.”

Stepping up to support local businesses: Many CAOs highlighted the responsiveness of their organizations in deploying a range of supports to help businesses adapt to new requirements and access federal and provincial support programs.

- “We recently did sessions for our businesses, which completely sold out, and helped them on how to put in our new [procurement] requirements and work with local government.”
- “We’ve got a number of business supports ... to make sure [businesses] are taking advantage of the programs the federal or provincial governments put out there.”
- “Through our small business enterprise centres, we are providing business advisory services, providing workshops to give our companies and easy access to curated information on ways to diversify.”

Resilience through diversification: Some municipalities are also thinking bigger, exploring strategies to create the conditions to bring in new sectors and industries, with the goal of bolstering long-term economic stability and opportunity.



“We’ve been focusing on economic diversification and looking at how we build up our infrastructure — regional infrastructure, port infrastructure, rail infrastructure — in order to try and attract new business to the community.”

- “We’re working with the lower-tiers to create a rural readiness investment strategy ... and look at how best we could take advantage of the local economy — opportunities to purchase land, methods to promote ourselves.”

Interprovincial trade efforts: A couple of interviewees reaffirmed the importance of federal and provincial efforts to eliminate interprovincial trade barriers as a response to the continuing trade war.

- “It’s harder to get a bottle of wine to the west coast than to Europe. Our levers are limited, though.”
- “[We should be] focusing on opening up inter-provincial trade.”

THE THIRD LENS: SOCIAL IMPACTS

Slower housing growth: Broader uncertainty is starting to impact local housing activity, which can have a ripple effect on municipal revenues.

- “There are indirect impacts in that the housing starts are slow. People are afraid to make big decisions, they’re afraid to make big investments. We’re very slow on our housing starts this year compared to last year. I think one of the causes is the economic uncertainty.”
- “We are seeing impacts through the decline of the economy on the housing side. Our fees like development charges and other planning fees have declined a lot.”

Rising affordability pressures? CAOs are monitoring indicators such as tax arrears and demands for social supports, with some identifying early signs that residents are beginning to feel the strain of higher living costs.

- “We’re starting to see more derelict accounts [relating to water and property tax bills]. It’s not a significant concern yet, but it is an early trend which is telling me that households are starting to feel the pressure.”
- “[We’re] not seeing increases in the Ontario Works caseload. So, it’s really just a wait and see.”

A few are also keeping an eye on other potential social impacts — including the possibility of a surge in asylum seekers crossing the border — resulting from the policies and politics of the Trump administration.

- “A wild card that we are considering is a refugee influx, but that has not happened yet.”
- “We are not seeing the spike in asylum seekers yet but ... we are preparing ... We have hired 26 case workers.”

Paying the social toll: CAOs also reflected on the emotional and social fallout of the U.S. President’s trade war, observing that it has not only dampened public morale but also strained how people interact and relate to one another.

- “We see it socially. We don’t seem to be as nice to our American friends because of one individual and vice versa. That’s been a bit of an issue.”

“People are just mad and angry at what’s happening now. You feel a lot of political pressure to see what you can do to help mitigate.”

- “Community-wise, there is an overwhelming sense of disappointment, despair. A bit of loss of faith and confidence. How could you let this happen? This guy is crazy, but the reality is that he’s the president of the United States, not the president of Canada.”

DEMONSTRATING CALM IN A TIME OF CHAOS

What can a CAO do? Amid ongoing economic volatility and ever-changing political signals, many interviewees emphasized the importance of steady, measured leadership. Rather than reacting impulsively to the change of the day, they are choosing to resist panicked and reactive responses. Instead, they are leaning heavily into data-informed decision-making and reinforcing messages of stability and resilience both within their organizations and to the communities they serve.

- “We want to respond to the actual needs of the businesses, not project what we think will happen. We are trying to be as evidence-based as possible.”
- “We’ve had to increase more positive messaging to say, ‘It’s going to be okay, we’ve been through this before. We are a solid community.’”

“I’ve found that I have had to exude some calmness against those who are sounding the alarms.”



STRATEGYCORP'S PERSPECTIVE

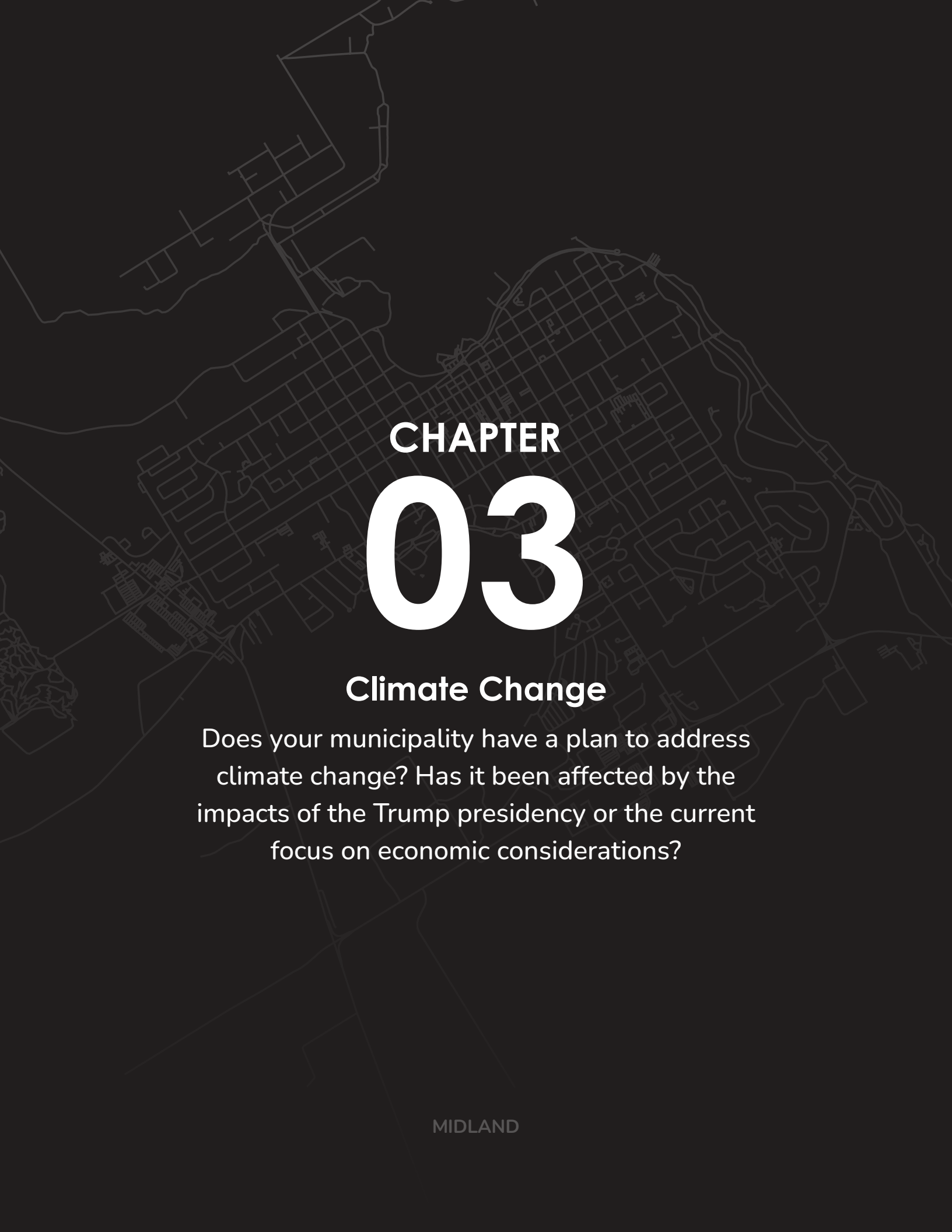
As with the COVID-19 pandemic, municipalities have once again proven their ability to mobilize quickly in response to external threats. The recent tariff challenges have underscored this capacity — but also revealed gaps in how municipalities are integrated into Canada's broader economic response framework.

While federal and provincial governments lead on trade policy, municipalities are often the first to experience the operational impacts, including rising procurement costs, delayed infrastructure timelines, and uncertainty in local business environments. This is especially concerning given the central role municipalities play in the national economy, delivering over 60% of Canada's public infrastructure,² enabling local business activity, and providing essential services that support community well-being and productivity.

The need for a formalized, joint-response mechanism across all orders of government is clear. Both the Association of Municipalities of Ontario (AMO) and the Federation of Canadian Municipalities (FCM) have called for a coordinated national strategy — one that ensures municipalities are not just consulted after the fact but included in the design and execution of mitigation efforts.³ A coordinated framework among all governments would enable municipalities to share early warning signals, participate in impact assessments, and co-develop mitigation strategies in real time. By ensuring municipal voices are represented in trade-related policy responses, Canada can foster a more agile and locally informed approach to economic disruptions.

AMO and FCM have led on this front, ensuring that municipal voices are part of the conversation. AMO is coordinating Ontario's response, pushing for additional stimulus to offset capital cost escalations and support continuity in construction.⁴ Nationally, FCM has led cross-border advocacy efforts — including delegations to Washington and outreach to U.S. Mayors — while Canadian border Mayors have joined forces through the Border Mayor Alliance to coordinate with U.S. counterparts and mitigate tariff-related impacts wherever possible.⁵

In the words of FCM President and Vancouver City Councillor Rebecca Bligh, "If you're not at the table, you're on the menu."⁶ Municipalities need a continued seat at the table — not just to manage the aftermath of disruptions, but to help shape resilient, proactive strategies that bolster the economy at the local, regional, provincial and national levels.



CHAPTER 03

Climate Change

Does your municipality have a plan to address climate change? Has it been affected by the impacts of the Trump presidency or the current focus on economic considerations?

What We Heard

Municipal climate action in 2025 reflects a wide spectrum of progress and priorities. Consistent with the findings of previous surveys, most municipalities are advancing climate efforts through a variety of initiatives, including formal plans. Others are still laying the groundwork or working to integrate a climate lens across all areas of municipal decision-making.

While we've consistently heard about the challenges of balancing climate action against other priorities — particularly in the face of limited financial and human resources — CAOs this year placed even greater emphasis on the strain caused by rising pressures around housing, infrastructure, and affordability. For some, climate action has slipped lower on the priority list.

With municipalities already feeling the pinch to deliver on their climate commitments, this year we asked whether shifting rhetoric and policies coming from the United States, as well as local economic uncertainty stemming from the ongoing trade war, are beginning to impact climate agendas. Recent developments south of the border — including efforts to roll back electric vehicle mandates, loosen emissions standards, and downplay climate science — have reignited debates about climate change and emboldened skeptics on both sides of the border.⁷

The good news is that most interviewees said their climate agendas remain largely intact, despite what is happening in the United States. The bad news is that many qualified their answers with 'for now.'

CLIMATE PLANNING AS IT STANDS TODAY

Plans — and commitments — in place: Some municipalities have approved formal climate strategies and are actively putting them into action. CAOs described a suite of plans that include corporate and community priorities,

adaptation and mitigation efforts, and a range of sustainability initiatives aimed at tangible outcomes and supported by stakeholder buy-in.

- “We have the corporate focus and the community focus. We are green and sustainability is a significant priority for us.”
- “We have a climate change action plan that was approved in 2023 and we're on course with implementing many of the initiatives described within that.”
- “There's a big focus on [climate change] internally. We have a series of comprehensive climate action plans, a focus on green energy, and conservation initiatives.”

“Council, staff, and community are excited to work on these things. Public works staff were resistant at first but are now very proud to be leading the charge.”

CAOs from smaller or rural municipalities emphasized the importance of working with their upper-tiers and neighbouring municipalities. With climate action spanning jurisdictions and often requiring technical expertise and significant funding, collaboration was described as essential to both building capacity and ensuring efforts are integrated at a regional level.

- “We developed our local climate action plan to align with our region's climate strategy that all of the area municipalities collaborated on together.”
- “We have a climate change action plan that was done with our neighbouring communities and First Nations groups through a partnership funded by the Federation of Canadian Municipalities.”



“I can’t say that we have a plan that we could pull off the shelf and say, ‘This is what our next five years is going to look like’. We’re working towards that.”

Laying the groundwork: Several interviewees noted that while they don’t yet have a comprehensive climate plan, work is underway.

- “We don’t have a single climate action plan like other municipalities have — that’s on our to-do list.”

Embedding a climate lens: We also heard that addressing climate change isn’t just about having a standalone plan, or several plans, for that matter. Rather, it’s about integrating climate-related considerations into everything municipalities do, from long-term capital planning to daily operations.

- “We continually look at ways we can do things to reduce our impact, whether it be greenhouse gases, our carbon footprint, etc.”
- “We have integrated a climate impact lens into all of our projects so that any new project considers these factors.”
- “We invest in climate change mitigation in every capital project that we do.”

Falling short: Some municipal leaders were candid in acknowledging that their communities lag behind on climate planning, citing both fragmented efforts and chronic underinvestment.

- “We are not investing enough in climate change.”
- “This is an area where we are a little behind ... We have had a patchwork of programs around the environment.”

“Climate change is not anything that even registers on my to-do list or priority list of things that are on the go.”

One CAO, forthright in their assessment, acknowledged that their municipality is likely an outlier: climate action simply isn’t a top priority for either Council or the public.

- “The environment doesn’t resonate here that much with our Council. We’ve been able to skirt the issue. It’s not like it’s become an election priority.”

A SHIFT IN PRIORITIES? OR POLITICS?

“It’s a tough uphill climb right now. Everybody acknowledges that weather patterns are changing, but nobody’s interested in longer term policy actions that will have an impact on the bottom line ... it’s been an interesting shift — it’s only a priority if it can be for free.”

Competing priorities and constrained budgets: When considering what’s slowing efforts, many CAOs pointed to growing priorities relating to housing, infrastructure, and managing affordability for residents. For most, the issue isn’t a lack of commitment but a lack of financial capacity. In this context, climate initiatives are sometimes perceived as nice-to-haves rather than need-to-haves — not because they lack value, but because they’re competing with more immediate pressures.

- “When [Council] looks at all the challenges that we have, there’s going to be a discussion as to whether we can afford to actually execute the actions that are in our climate plan.”
- “Climate is a pillar in the strategic plan. It was definitely a significant focus, although Council hasn’t resourced it to the degree that I was hoping it would. Politics started to push them into other areas of focus like just feeding people and making sure everyone has a job, the more foundational type of things.”
- “Climate is beyond a backburner — it’s not even on the stove at this point. This is too bad, but until something happens, I’m sure I will hear, ‘Why aren’t we doing more?’”

The growing financial challenges of delivering on climate commitments and best-laid plans have been a consistent finding of this survey in recent years. However, this year, we probed on the extent to which municipal climate planning had been impacted or tempered by the political shift in the United States and the current heightened concern about the Canadian economy, including at the local and regional levels. Are climate plans, actions, and strategies at greater risk today than a year ago?

Undeterred by Trump: For many municipalities, it appears to be business as usual, with many CAOs reporting that they’re moving ahead with their various climate plans and projects.

- “The impact from the U.S. has not had a huge impact on our climate change action plan ... There hasn’t been any policy shifts from Council on it either, and Council is still very much focused on it.”
- “We’re not experiencing the south of the border stuff, we’ve been on solid ground for a while.”
- “There is no broad uprising over our climate change initiatives.”

But public discourse is shifting: While most CAOs reported that their municipalities remain committed to local climate action, several noted a subtle significant turn in public sentiment. The ‘Trump effect’ has introduced greater political noise, and in some communities, reignited debates about the legitimacy and urgency of climate change. This shift hasn’t necessarily derailed municipal plans (yet), but it’s shaping the broader context in which those plans are being implemented.

- “Trump has given new life to those who are frustrated that we are doing more and that it’s going to cost more. Trump is egging those people on and it’s just causing more political noise.”

“The imperative for climate action has definitely taken a beating with Trump’s presidency. What seemed like a steady transition to EV is being challenged.”

- “It has not shifted — yet. But we see that the discourse is starting to stray away from a focus climate change.”

Worrying about what comes next: Even where current climate commitments remain steady, there is growing concern that anti-climate sentiment may be hardening — and could begin to shape municipal decision-making. Several CAOs pointed to early signals, such as waning political momentum and increased scrutiny of climate investments.

- “Now all of a sudden, it’s like, ‘What are we talking about environment for? We have to deal with real politics and money.’ ... The politics has shifted.”
- “Opinions haven’t changed because of Trump, but it has given people a licence to step back away from climate priorities and spending. [Council] is not wanting to completely back out but there’s not nearly the same enthusiasm as there was five years ago.”

Looking ahead to future budget cycles and terms of Council, some leaders are already preparing for growing resistance, renewed debates over costs, and greater difficulty in building support for long-term goals.

- “Trump hasn’t impacted this [climate action] plan but we have been warned that Council will want to debate whether we can afford to do the actions in the plan.”
- “If anything were to happen, it might be in the next election where we might have some new members who are less sympathetic to a focus on climate and more focused on the economy and jobs.”

Building the business case for investment: A few CAOs spoke about their efforts to proactively challenge the perceived trade-off between climate action and economic growth by framing sustainability initiatives through an economic lens.

“A few of us who were involved in the early days of the climate change plans believed in a strong business approach. Even if we were going to be an early entrant, we were discussing it in business terms.”

“We are mindful that decisions that corporations or business owners or homeowners can take are great for the environment — whether it’s EVs, or heat pumps, or solar panels — but is it going to help the economic bottom line? We try to implement and make decisions that are good for the environment and have an economic benefit, so it’s a win-win.”

An unexpected silver lining? To end on an optimistic note, two CAOs pointed to an ironic upside of the Trump administration’s influence: its rhetoric has, in some cases, reinforced local commitments to climate action and sustainability, creating opportunities to do more, not less.

- “We’ve leveraged some of the new patriotism to help with our climate plan, like heating for our regional buildings. We’ve been able to push electrifying more things because those sources are local and cleaner.”
- “Trump and economic priorities have not changed Council’s stance on these priorities. If anything, we are hearing more about it and how we continue to be leaders.”



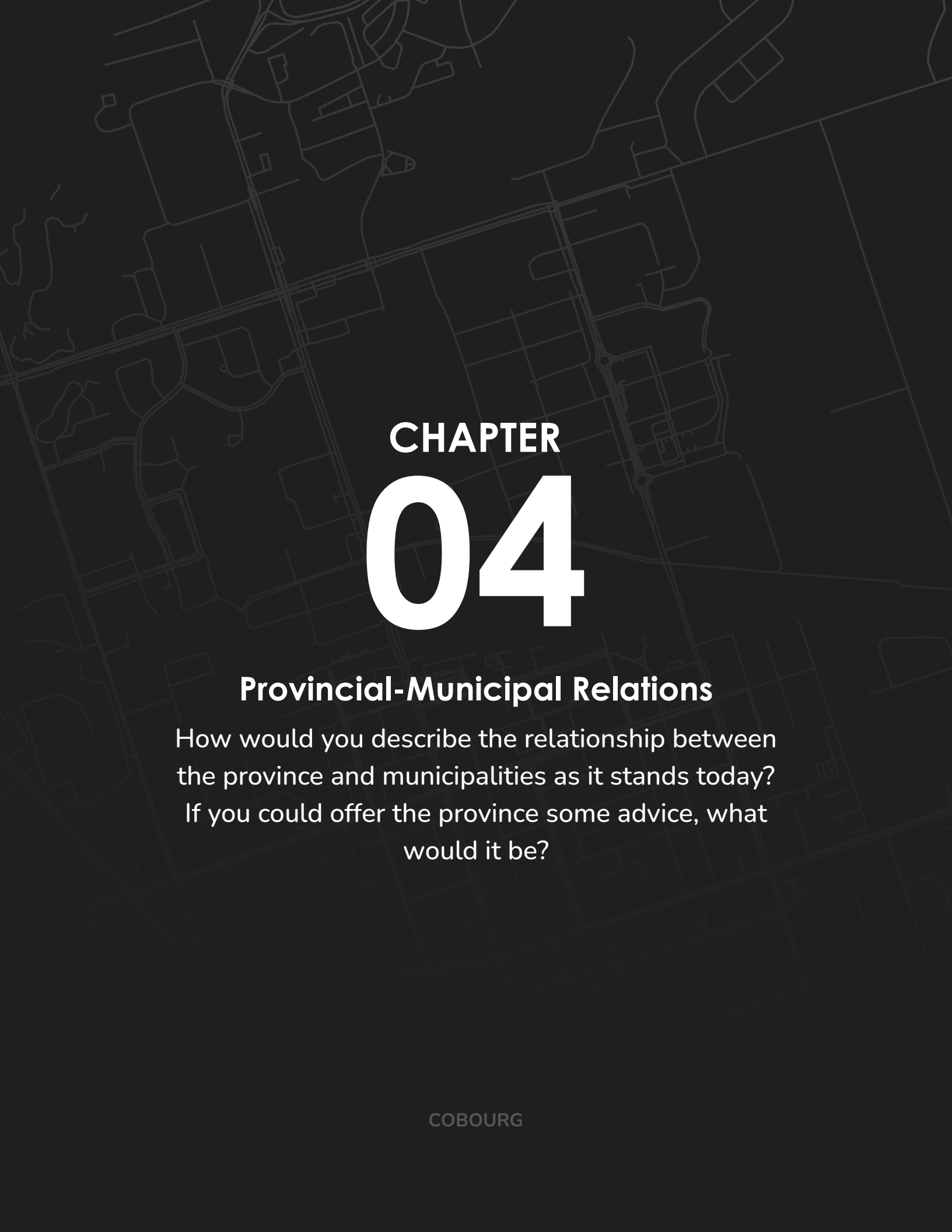
STRATEGYCORP'S PERSPECTIVE

The framing of climate initiatives is evolving in real time, and so too must municipal approaches. CAOs are increasingly positioning climate action not as an abstract environmental goal but as a practical matter of service delivery and fiscal prudence. By linking green investments to high-priority areas such as aging infrastructure, housing development, and affordability, local governments can ground climate efforts in the everyday experiences of residents, helping to defuse skepticism and broaden public and stakeholder support for the work underway to address the impacts of climate change.

In a time of intensified political polarization and an uncertain economic climate, strategic communication is also deserving of attention and investment from local governments across Ontario. Emphasizing the benefits — long-term savings, resilient infrastructure, energy security, and improved quality of life — can help reposition climate action not as a burden on taxpayers but as a pathway to broader economic and community well-being.

In particular, amid current anxieties over trade uncertainty with the United States, including fears of anticipated job losses and declining investment competitiveness, there's a strategic opportunity to reframe the climate conversation around emerging industries and job creation as Ontario communities look to adapt and diversify their local economies. This narrative can shift the dialogue from climate sacrifice to climate opportunity.

To advance effectively, municipalities must also deepen collaboration across jurisdictions and with other orders of government. Given the complex, cross-cutting nature of climate impacts — which transcend jurisdictional boundaries — integrated, regionally aligned solutions are essential. This includes advocating for more flexible, long-term funding models that recognize the frontline role municipalities play in driving meaningful climate progress.



CHAPTER 04

Provincial-Municipal Relations

How would you describe the relationship between the province and municipalities as it stands today?

If you could offer the province some advice, what would it be?

What We Heard

Compared to previous years, CAOs in 2025 reported some signs of improvement in their working relationship with the province, both in the general tone of the government and on specific files such as infrastructure funding to support housing development.

However, despite this cautious optimism, many municipal leaders remain concerned about inconsistent consultation practices and the unpredictability of provincial decision-making. Despite broad agreement on shared goals, municipalities continue to feel sidelined in shaping how those goals are pursued.

One of the more striking themes to emerge from this year's interviews was the persistent sense that the provincial-municipal relationship remains shaped by a deeply paternalistic dynamic. CAOs frequently used language that was familial in nature: the province is the big brother, and municipalities are the unwieldy adolescents that must be managed.

While there is wide recognition that municipalities are creatures of the province and that this is inherent to Ontario's political structure, CAOs voiced growing frustration about the imbalance of power. They emphasized the need to shift this dynamic, from one of supervision to one of mutual respect, shared investment, and authentic collaboration.

STATE OF THE PROVINCIAL-MUNICIPAL RELATIONSHIP TODAY

"It's the best of times, and it's the worst of times."

Positive momentum: In a notable departure from past years in which we asked about the provincial-municipal relationship, there were more optimistic and favourable comments. Several respondents pointed to improved collaboration and policy alignment as signs of progress.

- "Overall, we have been fortunate. This government is probably one of the more active governments that we've had in terms of meeting and exchanging information."
- "Generally, we have a great working relationship. I think we're all pretty aligned with what we want to achieve."
- "[We] have a good relationship with the province. We don't always agree but also don't go out of our way to discredit each other."

Several interviewees specifically pointed to recent provincial funding streams for housing-supportive infrastructure as an encouraging sign of the government's responsiveness to municipal needs.

- "Some of the most recent grant opportunities, like housing-enabling water systems, are positive developments and it seems like the province is funding what we've been asking for in infrastructure."
- "We have seen some positive steps: the housing enabling water systems fund and the housing-enabling core systems fund. We've been fortunate to receive some of that funding, which is badly needed."

Less-than-positive reactions: Other CAOs offered a more critical perspective, using words like "chaotic," "strained," and "dysfunctional" to characterize the current state of relations with the province.

- "Weird, unstable, unpredictable, and uninformed."
- "I describe it as chaos, dysfunctional, frustrating, not productive."
- "The relationship is strained."

The most common response? It's complicated: Most CAOs offered nuanced reflections, recognizing areas of improvement and collaboration, while underscoring the tensions and frustrations that continue to shape the day-to-day experience of working with the province.

- “In some ways [the relationship] is better than previous governments and in some ways, I would say it’s not.”
- “We are not working at cross-purposes, but we are definitely not working on the same purpose.”
- “The relationship is better than maybe it was a few years ago ... but I don’t feel that it’s a respectful relationship where we’re in it together.”
- “It’s cooperative but there are some stresses due to different priorities.”

PERCEPTIONS AND POLITICS

Lack of recognition and respect: Several CAOs expressed frustration with what they perceive as a dismissive attitude from the Government of Ontario. Rather than being treated as essential partners in community building, there is a sense that municipalities are viewed as administrative burdens — or worse, obstacles to be worked around.



- “My overall sense is that municipalities quite often are just a nuisance to the province.”
- “Overwhelmingly, I think they feel as if [municipalities] have a tendency to get in their way ... In past provincial governments, senior staff within ministries would sit down with senior staff at municipalities and have frank and honest discussions about things that they were working on ... Those conversations are fewer and farther between than they ever have been.”
- “How we are being engaged is almost with the assumption that we are the problem.”

“We are not whiners, we have thoughts and ideas.”

Politics at play: Some interviewees characterized the province’s approach to municipal engagement as largely transactional, driven more by political calculus and quid pro quo arrangements than by genuine partnership.

- “It’s a bit of a deal-making relationship, where you do this and we’ll do that.”
- “We’re playing the game. We want to be more amicable and supportive to increase our chances of getting some funding.”
- “The current provincial government works on a transactional level — ‘What do I need and what I am going to give you?’”

We also heard that the nature of the relationship can depend on an individual municipality’s political alignment. Electoral math can play a role in impacting access and influence.

- “[We’re] predominantly liberal in a conservative riding ... When we are applying for grants and funding and assistance, we’re largely on the outside looking in.”

- “[We] do not have the best relationship with the province because we have typically been an environmentally focused municipality ... But in [a nearby municipality], they can call up the Premier whenever they want. The relationship is very individualized.”

A pragmatic lens: Some CAOs took a clear-sighted view of this provincial-municipal dynamic, recognizing that intergovernmental relations are inherently political — this is the reality of the world in which they operate.

- “The province is doing what they need to be doing ... If we can’t toe their party line or if we’re not responsive and positioning ourselves to be consistent with provincial policy, you either need to get in line or get out.”

“I understand we are creatures of the province ... We need to respect and appreciate that the province is our big brother and they set the tone and alignment with us and we need to find a way to jump in line.”

THE CONSULTATION ISSUE

Consultation theatre: The top area of frustration for CAOs was the lack of meaningful consultation on issues that directly impact municipalities and their mandates. For many, consultation seemed performative, designed to satisfy formal requirements rather than to seek meaningful input.

- “Municipalities hear about things after, instead of being a co-creator to those decisions.”
- “It’s just a checking of the box: ‘We’re doing our consultation so let’s get Hollywood Squares and get everybody on a Zoom or Teams call.’”

The province might be saying the right things about how it wants to work with local governments, but CAOs see this as lip service without follow-through.

- “While I hear the Premier or Minister say municipalities are important and that the relationship is important, the actions don’t line up with the words.”
- “I think they are going backwards in the way they’re doing things. I don’t think they consult enough with municipalities, even though they say that they are with AMO and such.”

Interviewees observed that timelines for feedback are often unworkably short and that outcomes feel predetermined, undermining any sense of authentic two-way engagement.

“They are making the decision before they get the answers. Insincere is a really good word.”

- “The timelines to respond are obnoxious. Nobody can mobilize that quickly with constructive comments. There’s no intent for any real consultation and it feels like every outcome is pre-determined. It’s almost like democracy does not exist.”
- “I feel like they are marching forward and going to do whatever they want to do, regardless of what they hear from municipalities.”

The timing of this year’s interviews coincided with the reconvening of the legislature following the February 2025 election and the swift passage of Bill 5, *Protect Ontario by Unleashing Our Economy Act* and Bill 17, *Protect Ontario by Building Faster and Smarter Act*.⁸

In both cases, timelines for consultation were tight, and the government proceeded to pass the legislation before the public comment period closed on the Environmental Registry of Ontario (ERO). For several CAOs, this example was top-of-mind — emblematic of the province’s approach to consultation with Ontario municipalities.

- “I’m just reacting to the bills that were pushed through ... The consultation period goes until June 12 but they just passed yesterday. None of that seems to be changing even though they’ve suggested they would do it differently.”
- “When you look at Bill 5 and Bill 17 that just came out, you know they didn’t care. The ERO was still open, and the legislation passed last week ... If you don’t really want to hear from us, don’t ask. “
- “The ERO posting — there is not even enough time for us to receive the information and have enough time to get it to Council and send it back.”

Course corrections after the fact: Interviewees observed that the failure to proactively or constructively engage municipalities has led to legislative revisions and walk-backs, situations that perhaps could have been mitigated through earlier input from municipal leaders.

- “The way of doing business now is for them to announce something publicly, then they will sit down and talk about it with us to see how to work this out.”
- “They make announcements, they roll it out, and then they find out they need to backtrack it because they conceivably haven’t thought about some of the things that we in the past would have had an opportunity to provide feedback on.”

OTHER ‘RELATIONSHIP ISSUES’

Although superficial consultation emerged as the top frustration among CAOs when it came to the provincial-municipal relationship, a series of other concerns also featured prominently in their feedback.

The constant churn of change: Many CAOs pointed to the pace and volume of top-down legislative and regulatory changes — particularly in housing, planning, and infrastructure — as a major source of operational strain. Many seek

greater stability and clearer direction from the province in order to best allocate their resources.

- “There was a \$25-million road project where we had to cancel the tender because of a bill.”
- “We are all suffering from too much change too fast ... In a three-year period, they have transformed 50 years of planning, and it is substantive.”

“My head spins. On some days you feel like you can’t keep up with it.”

Funding, funding, funding: Across the board and at different points throughout the interviews, CAOs emphasized that municipalities cannot deliver on provincial priorities without reliable and sufficient funding support. The message was clear: help us, help you.

- “Stop treating us like children who have to come in year after year, hat-in-hand to ask for money.”
- “We’ve got a certain amount of resources at our disposal, but we don’t have all of the tools we need to address the issues based on the municipal tax levies and where the government wants to go ... it’s going to take shared investments in order to move these agendas forward.”

The provincial-municipal funding relationship is further discussed in **Chapter 9**.

Small and rural disconnect: We heard that smaller and rural municipalities often feel sidelined in provincial decision-making, with a number of CAOs noting that policies and priorities are overly focused on Toronto and the wider GTHA region.

- “I don’t think they take a rural lens to anything.”
- “It’s good that they appointed a rural Minister [of Municipal Affairs and Housing], but I don’t know how much influence they actually have.”



“When they do listen to municipalities, they listen to the big guys ... But what Toronto needs is not what [we] need.”

- “We don’t get the same attention that larger and urban municipalities get.”

Concern about overreach: A few CAOs raised concerns about provincial encroachment into areas traditionally managed by municipalities, often with reference to Bill 212 and its provision requiring provincial approval to install new cycling lanes in municipalities. This move was viewed as part of a broader pattern where province-wide policies are shaped in response to issues specific to Toronto, with unintended consequences for other communities.

- “I think we have seen a few missteps — such as bike lanes legislation and strong mayor powers — that seem to ensnare all municipalities in issues that are really about the City of Toronto at their core.”
- “Bill 212 around active transportation and cycling is where I really feel like the province is overstepping its jurisdiction a little bit and getting into local municipal issues.”

Provincial red tape and inefficiencies: Despite the Government of Ontario’s public commitments to cut red tape, some respondents drew attention to inconsistencies between the government’s

stated goals and the on-the-ground realities of navigating provincial bureaucracy and processes.

- “The public would not believe how long infrastructure projects take for approval. If they could accelerate implementation of the streamlined environmental assessment, this would help expedite the delivery of infrastructure.”
- “Our frustration is that the province has so much bureaucracy ... the province has a mandate to reduce red tape, but it seems to be imposing more of it on us.”

A PATH FORWARD: MUNICIPALITIES AS PARTNERS IN SHARED GOALS

Closer together than further apart: Many CAOs acknowledged there is broad agreement among municipalities with provincial policy goals, particularly around housing development and economic growth.

“There’s a misunderstanding here — we’re all in this together. We all want to deliver what the province wants. No CAO I’ve talked to is saying they’re anti-building homes or building up businesses.”

- “We’re aligned at the level of principle. We want development and housing to be encouraged.”
- “I feel like we could really be more coordinated and help move [the province’s] goals forward. But I don’t think they see us in that light.”

Some were also explicit that provincial success is inextricably linked to strong municipal implementation and support. Without municipalities, the province cannot achieve its goals.

Shared objectives, diverging approaches: The disconnect exists in execution. Many respondents emphasized that their staff and Councils bring deep local knowledge, policy expertise, and implementation capacity that can strengthen the province’s efforts — if given the opportunity to be involved earlier and more constructively in the process.

- “I wish that the province would really see us as providing real expertise that could help them table these bills a little more effectively.”
- “I think sometimes the province views us as stakeholders, maybe more than as municipal partners around the table. We hear from residents, taxpayers, stakeholders on a daily basis. We know what some of the issues are.”

From critics to co-creators: Some interviewees acknowledged that municipalities must also shift their approach from pointing out what doesn’t work to bringing forward concrete ideas and solutions — and doing so with respect and professionalism.

- “We need to find a way to work better with the province instead of butting heads ... They are asking for ideas and ““We need to find a way to work better with the province [so that] instead of butting heads ... they are asking for ideas and solutions. Don’t just lob problems and tell us to fix it. We have to shift our thinking and ask how we can be on the forefront of change and not always on the forefront of bringing problems to them.”

- “It’s OK to be on a different page with the province. It’s about how you say that professionally, respectfully: ‘On this bill, while we applaud your efforts and your heart’s in the right place, it doesn’t help us for the following reasons, and we’d like you to reconsider it.’”

A few CAOs have observed encouraging signs that the province is starting to listen more closely, suggesting there may be a potential opening for improved collaboration moving forward.



“My sense is that [the province] is gaining appreciation, but the advocacy needs to continue that the problems of municipalities are real. They need some thoughtful, meaningful solutions that take into account the true scope and magnitude of the issues.”

ADVICE TO THE PROVINCE

Typically, we conclude each chapter with StrategyCorp's perspective — our analysis of what we heard and, often, guidance or recommendations for consideration. This year, however, we turned the tables and invited CAOs to offer their own advice to the province. It was a question that clearly resonated.

Here's what they told us, in their own words.

#1. Prioritize dialogue, not directives.

- "Talk to us — not about us."
- "More communication, more interaction. On a staff level as well as on a political level."
- "Before making decisions, talk to us."

#2. Treat us as partners, not children.

- "We are not adversaries. We have the connections within our communities to make the change they want to see."
- "We are creatures of the province, but you need to treat us as partners and not children or stakeholders."
- "Treat us as a trusted partner rather than the parental relationship we have."

#3. Make space for real problem-solving.

- "[The province] should be more interested in how things actually work."
- "Solicit advice from the municipal sector. [The province] wants to make some changes and they have an objective. How can we get there within a certain time frame?"

#4. Fix the funding model.

- "You've got to address municipal finance reform."
- "[We need] more sustainable, predictable funding programming that municipalities can rely on."

5. Prioritize and align on shared goals.

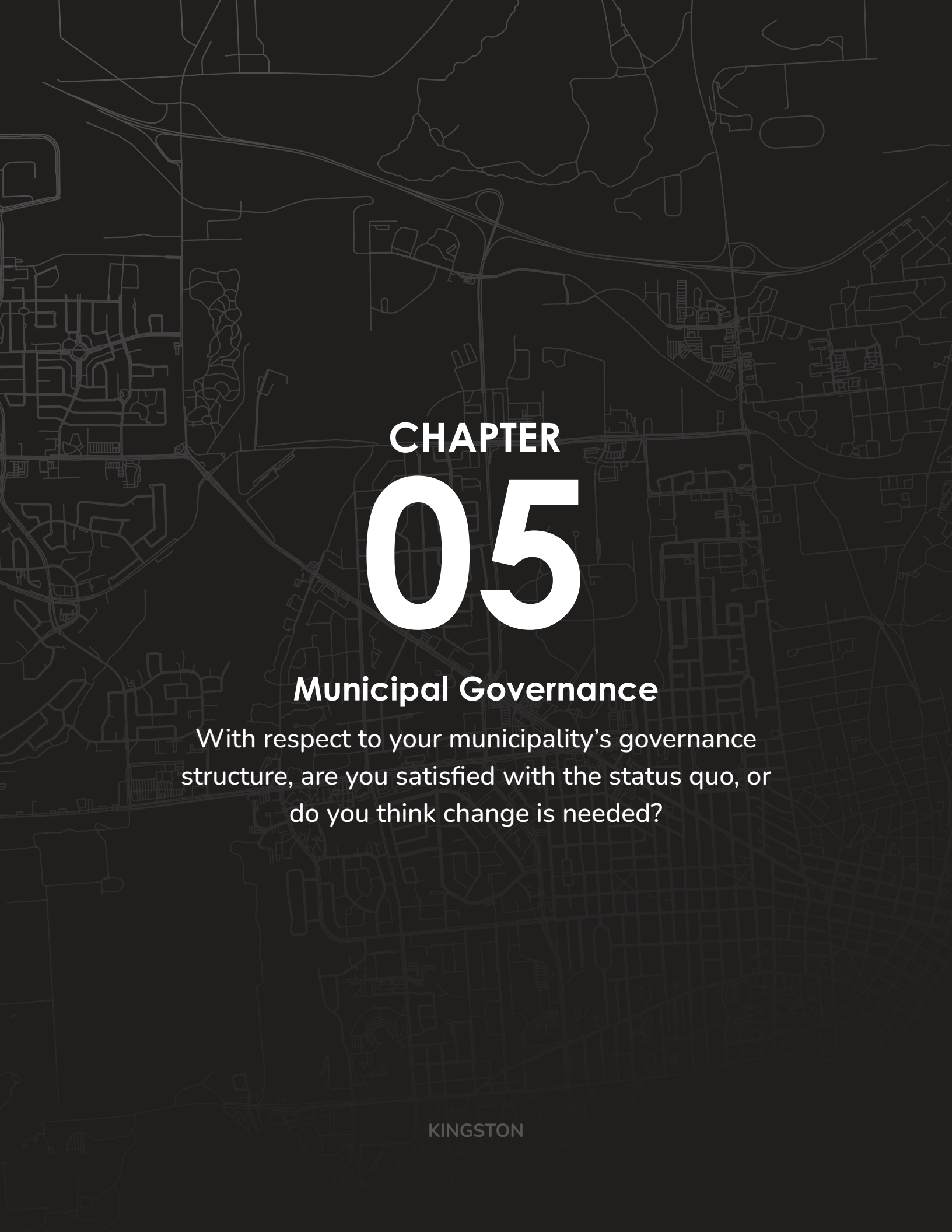
- "Pick your priorities; if housing is your priority, be aligned at the government level."
- "If you give us clear goals and guidelines, we could be very successful."

#6. Recognize municipal diversity and regional realities.

- "Consider rural and urban; we are not the same."
- "Be more consultative, particularly outside of the GTA."

#7. Slow down the pace of change.

- "Can you just take a pause for a moment? Let us catch up to align our strategies with provincial mandates and expectations?"



CHAPTER 05

Municipal Governance

With respect to your municipality's governance structure, are you satisfied with the status quo, or do you think change is needed?

What We Heard

Few topics invite as much complexity — or caution — as municipal governance structure. The question about governance was deliberately open-ended to allow CAOs to lead the conversation where they felt it mattered most.

We heard a spectrum of perspectives. Some focused on internal organizational design and responsiveness, others raised issues about the size and representativeness of local Councils. Many voiced concern over the systemic inefficiencies embedded in the two-tier model of local government.

A few common themes stood out. Governance is not seen as fixed but as a tool that must be sharpened. There was also widespread agreement that governance structures — particularly with regard to the two-tier system of local government — must adapt to be able to respond to growing service delivery and financial pressures, shifting community demographics, and the increasingly complex nature of municipal responsibilities in the current moment.

However, if change was highlighted as necessary, it was equally framed as political challenging. Some leaders also described their experiments with new service models, staffing structures, and shared delivery frameworks as a middle-ground to — or in the absence of — significant structural reform.

What united CAOs was a recognition that form must follow function — and that a modern municipal environment demands governance models capable of evolving with it.

“This is a loaded question and people have lots of opinions.”

OPENNESS TO CHANGE

Across all areas of discussion — whether internal administration, local Council dynamics, or the structure of the two-tier system — CAOs

consistently conveyed an interest and readiness to adapt and evolve. Even when expressing satisfaction with current arrangements, most described continuous reassessment as a standard and necessary practice. This challenges the common perception that municipalities are inherently change-resistant reluctant to evolve.

- “You always want to make changes no matter what. Even when it’s working well, you always want to be looking at the innovative and changed way of doing things.”
- “Change is required, and I say that because nothing is forever.”

ADMINISTRATIVE STRUCTURE: ADAPT TO SUCCEED

Corporate reorganization on the radar: A number of respondents reflected on whether their current administrative structures are optimally structured to deliver both core services and progress on key strategic priorities. Several are actively pursuing or considering reorganization to improve alignment with emerging challenges or areas of focus.

- “Internally, changes are needed to be more responsive, flexible, and nimble given how quickly things are changing ... Trying to realign our internal structure is on my short term to-do list.”
- “Governance for me is focusing on the administration.”
- “We need to reorganize ... in response to technology and synergies that are required. We need to be smarter with how we deploy our people.”

One CAO offered the advice that there is no single best-in-class organizational model for municipalities. Nor does structure alone guarantee effectiveness — what matters more is ensuring that the appropriate oversight mechanisms are in place.

- “In [the municipality] they gave up the CAO model in the 1970s and just had the key directors. And it worked well until Council stopped monitoring and having proper oversight. So, we moved to a CAO model. Is it better? No, you just need the appropriate controls in place.”

COUNCIL STRUCTURE AND REPRESENTATION

Reviewing Council structure: While a few CAOs expressed satisfaction with their current Council and committee arrangements, many flagged an active or recent review of Council size and/or ward boundaries. These reviews have been driven by growing service demands, concerns about representation, and pressures to improve the efficiency and effectiveness of local governance.

“[Council] is too big. I think it would be more effective if it was halved in size. I think my Council would agree, but how do you pick who to remove?”

- “We have a ward boundary review that was just completed. It’s recommending changes to the size of Council and making it smaller ... most like the recommendation but they are wrestling with it. It’s hard to vote yourself potentially out of a job.”
- “Representation for 10,000 resident per Council member seems to make workload manageable. The ward system is working well for our community — it gives people a voice in those unique communities.”

Council roles and representation: Several CAOs questioned whether part-time Councils can keep pace with today’s municipal demands. There is a perceived mismatch between responsibilities and the support, time, and compensation provided to elected officials to support them in their roles.

- “We run on a part-time Council basis with no staff. And that’s not sustainable in the long run ... The level of info they have to process and decisions they have to make...it’s just not fair.”

- “As we’re preparing the documentation for those that want to put their name in to run for Council, we’re putting together a 10-20 page document about the job expectations ... We’re telling people it’s part-time pay but you’re working full-time.”

NAVIGATING THE TWO-TIER TENSION

Among all of the governance topics raised in our conversations, the two-tier model drew the most commentary. Perspectives varied on the effectiveness of the current system and the potential for meaningful structural reform.

Working for some: A minority of interviewees expressed general satisfaction with their current arrangements, citing stable governance and strong accountability.

- “I’m satisfied with the current structure because it’s good from a local decision-making perspective and it’s a good foundation for accountability.”
- “I’m satisfied with the status quo.”
- “Our track record speaks for itself. We’ve been in existence for five decades. We’re a trusted partner. We are a municipality that believes in delivery and collaboration to do it.”

Demands for change — if not a complete overhaul: Others were blunt in identifying the system as outdated, inflexible, and not aligned to the current realities of municipal service delivery in the twenty-first century.

- “I see a need for change ... The two-tier system really came into play in the recent ice storm. Residents don’t care where the boundary is; they just want to know who is giving them the service.”
- “I’m absolutely not satisfied.”
- “It doesn’t seem like any jurisdiction has a good system for the upper- and lower-tier.”

“The current two-tier structure is ridiculous in many ways, and we can’t meet the provincial priorities with how we are governing right now.”

Frustrations with duplication: A common theme across the conversations was the duplication of services between upper-tier and local area municipalities, which invites confusion, inefficiency, and resource strain.

- “We often find ourselves grappling around the two-tiered system. It’s frustrating to Council and staff when they feel there are duplications that can occur in the services provided.”
- “It’s insane the amount of bureaucracy we have to jump through, and we don’t need this much to get things done.”

Barriers to local innovation: Some CAOs also shared that rigid boundaries and legislative constraints sometimes, often inadvertently, limit local governments from pursuing creative or tailored solutions.

- “The Municipal Act and what we versus the region can do is limiting ... one of the most frustrating things in a regional system is the cookie-cutter approach. We want some flexibility to allow us to work in areas where local solutions could be successful.”
- “Municipalities have their specific wants and needs. These don’t always jive with what the [upper-tier] is looking at. For example, municipalities want to do certain things on DCs or applications, but the OP is held by the County. There is a sense that the County is restricting us.”

Questions about value-for-money: Underpinning many of these frustrations were concerns about the perceived value that upper-tier governments bring to residents, particularly in cases where local tax bases are disproportionately contributing to shared services.

- “With local municipalities [and residents] there is a perception of ‘What is the upper-tier doing for us anyway?’ We started doing more engagement and an annual report to help transparency with residents and to show them what we are doing with the funds.”

READY FOR CHANGE?

Time for a change: Some CAOs spoke plainly: structural change to Ontario’s two-tier system of local government is required. Some favour amalgamation or single-tier models.

“Governance change has to happen [here]. We can’t keep going with on this lunacy.”

- “If you are looking for efficiencies, look to amalgamation or single-tier.”
- “An amalgamation of some scale is required. We can’t get things done that require more resources than any one municipality can bring to bear.”
- “If we were all one corporate body, we could get more done. We could make better decisions.”

Others long for change, but doubt it will come. In their communities, amalgamation remains a political third rail.

- “Amalgamation talks have been tabled but remain taboo. When they are tabled, they immediately get shot down ... Even if Council agrees there are benefits, they are not prepared to publicly support it.”
- “There’s so much inefficiency in terms of the way governance is done, but it’s such a hot potato.”

Success stories: A few CAOs pointed to compelling examples where major governance reform has already occurred, observing that while amalgamations aren’t easy, the reward may be worth the risk.

- “I have been in a single-tier for many years. It’s a superior municipal model ... The resistant voices of amalgamation have almost all disappeared. Local identity has not been lost, and our great investment into this single-tier has been proven to be positive.”

Two interviewees referenced the amalgamation of Chatham-Kent, which underwent a significant consolidation in 1998, when 22 towns, villages, townships and cities were amalgamated into one entity.

- “We’re all conscious of what happened in the 1990s ... but we see Chatham-Kent and how they operate and think maybe we could do that. We have all of these shared services arrangements, but there likely could be some advantages to having one united governance group.”
- “Chatham-Kent is something that probably took 20 years to settle down. I’m not sure that there are significant costing efficiencies but better service overall within the municipality.”

SERVICE EFFICIENCY AND SHARED SERVICES

Shared services: Some municipalities are exploring pragmatic options for shared services as an alternative to full amalgamation. This includes service realignments, joint staffing, and pilot projects in core service areas.

- “We’ve done some streamlining initiatives at the [upper-tier] on our own to rebalance who does what in planning. We’ve taken the initiative to streamline things how we want them.”
- “We are one of the few municipalities doing shared services; it’s a grind every day and egos get in the way. I’m satisfied with the current structure...[but] we do need to modernize. We need to look at how municipalities work better together in terms of collaboration.”

Revisiting ‘who does what’ in the two-tier system:

In the context of the planning reform, several CAOs are keen to explore other opportunities for service realignment between upper- and lower-tier governments. Although a few called for wholesale transfers, the prevailing perspective stressed the need for a deliberate and careful assessment of which tier is best positioned to deliver specific functions.

- “Our local politicians are certainly starting to think about roads and we’ve seen now the beginnings of a change in Peel where that looks like the roads are going to be downloaded ... that’s going to create some pressure for us because we think there could be a better way to do some of it, but we’re not clamoring as a staff to get that responsibility.”
- “I still think there is validity in some services like parks and recreation that should stay at the lower-tier but a lot could be better executed at upper-tier, like plowing roads.”
- “Long term land use planning and long-term infrastructure planning should all be under the same governance.”

Moving to single-tier planning — a change welcomed by some:

Several CAOs applauded the province’s recent removal of land use planning responsibilities from Ontario’s six regional municipalities as well as Simcoe County.

- “The removal of planning function from upper-tier is fantastic. Why does the developer have to do the same thing twice? Why do we have to have two Official Plans that cost hundreds of thousands of dollars?”

“The decision to moving planning to local level was smart and starting to work really well right now.”

Challenging negotiations for access to existing housing-supportive infrastructure assets:

Where growth pressure straddles municipal boundaries, old agreements or understandings about access to existing infrastructure is causing tension between neighbours. The high cost of infrastructure means that those who built and paid for it do not want to grant access to it to others, without full, replacement cost recovery.

- “The neighbouring municipalities want services. We’re carrying the freight for everybody. Their taxes are 25% of what ours are. So, if they get our services, we’re concerned that the town’s future growth will go there.”

Different governance models: A few CAOs pointed to municipal service boards and municipal services corporations as alternative models of service delivery that could consolidate functions, enhance coordination, and maintain local responsiveness.

- “There’s an opportunity to ... scale back from [many] lower-tiers and down to something that’s more reasonable – like 3-4 and then a service board taking care of some broader services.”
- “It makes sense to explore water/waste water as a utility... I’m not sure the region is the one that I would give to run that utility, but I like that there’s talk of combining our regional services with the lower-tier and coming up with a new model for that.”

PROVINCIAL ENGAGEMENT AND INTERVENTION

Requests for provincial leadership: Some CAOs were clear that without provincial action, governance reform in Ontario may remain stalled.

“The risk is that [the province] doesn’t do anything and we still stay in the same dysfunctional way, which is worse.”

- “The reality is that [amalgamation or single tier] is never going to happen unless it’s mandated by the province. So, if the province really wants to lean into something that would be helpful for municipalities, that’s what they should lean into.”

Not all, however, shared this view. Some remain concerned that the province could do more harm than good.

- “I don’t think there is any need for the province to come in and muddle with us unless they want to cause more turmoil.”

Desire for consultation and collaboration:

Many CAOs expressed openness to working with the province on governance questions but emphasized the need for collaboration, clear objectives, and a process that is rooted in partnership rather than a provincial directive.

“The province needs to take a look at the municipal spheres ... There needs to be a way that you can instigate some change in discussion without having this fear that the province will come down and just impose a single municipality.”

- “Happy to continue to understand the province’s objectives and work together ... starting with a definition of the problem would be a great place to start. We need to be mindful of changes and ensure they have a purpose.”
- “Peel is probably something to study ... They started out heavy at the beginning ... and that probably wasn’t the right decision out of the gate. Where they’re going seems to be. Let’s find a way to do this together versus it being directly imposed and then falling apart on us.”

STRATEGYCORP'S PERSPECTIVE

Municipal restructuring is back on the agenda. The last wave of municipal restructuring ended more than two decades ago. Since then, most provincial leaders have adopted an 'if the phone don't ring, that will be me' approach to the issue, a reality reflected in our previous CAO surveys.

This year is different. Discussions about the need for governance change, and a growing belief that it might be on the horizon, are the most open we have heard since the survey began in 2016.

In the 1990s — the last time municipal restructuring dominated the agenda — the primary, though not exclusive,⁹ questions driving the conversation were: Would restructuring deliver operating savings that could reduce the overall cost of government? Would consolidation result in more efficient capital spending by eliminating duplicative investments in infrastructure?

History tells us that the expected savings were often difficult to quantify, proved illusory, or were short-lived. Whatever lessons might have been drawn from that era, the main takeaway seems to have been that restructuring carried both financial and political risk.

Today, the motives are different. While efficiency gains are never entirely absent from the discussion, new questions are now driving the debate:

- Would smaller Councils ('fewer politicians!') deliver better or more efficient decision-making?
- Would a single-tier accelerate housing approvals?
- Would a single-tier build more housing-supportive infrastructure, faster?
- If a lower-tier were eliminated from a two-tier structure, would area-wide cost-sharing be more efficient and help to mitigate local tax increases?

Unsurprisingly, many of these questions lead to debates that are not readily settled. And, as we have heard, for many, where you stand depends on where you sit.

The maxim form follows function is a guiding principle in the design of governance. We tend to shape governance structures to achieve specific objectives, and we assess their performance based on how well they deliver.

In choosing new models, however, it is important that governance structures not just be built to meet the needs of the day, but to last. A redesign undertaken today will tend to reflect a bias towards what we want them to accomplish, today.

The Ontario government's current priorities are clearly articulated in its plan to build 1.5 million homes by 2031 as well as its broader 'Protect Ontario' agenda, which urges municipalities to cut red tape and accelerate approvals and infrastructure investment, among other things. These are important objectives, just as cost reduction was in 1995.

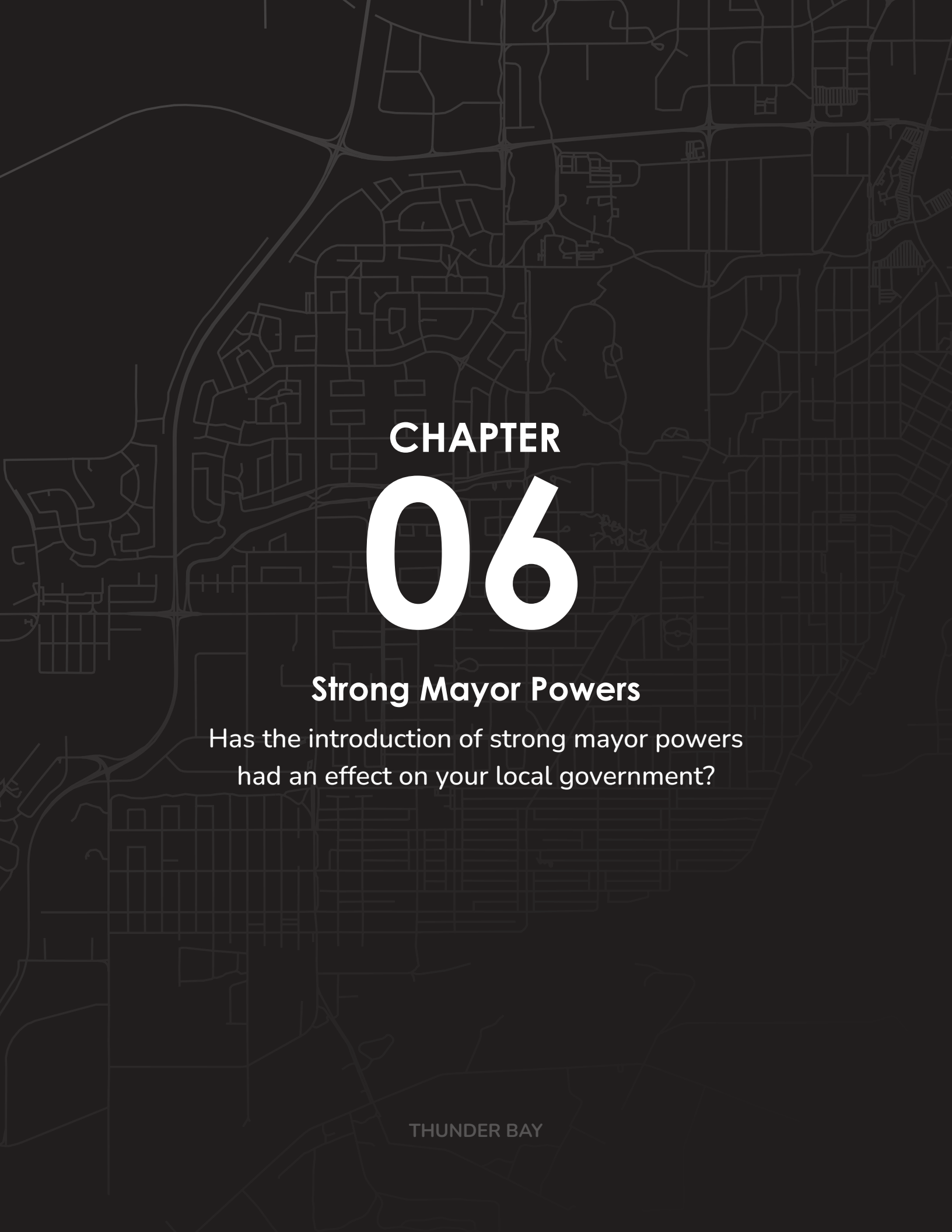
But the success of local government is measured not only by its ability to respond to immediate pressures, but also by its capacity to deliver effective governance over time. We must design systems that endure — ones that anticipate future needs as well as current demands. As in hockey, municipalities must skate to where the puck will be, not just to where it is now.

In advancing these conversations, process matters. Restructuring discussions must be approached in ways that are voluntary, transparent, and fact-driven.

- **Voluntary processes drive the best outcomes:** At least in the early stages, the province should avoid ‘doing things to’ municipalities. In the end, the province may choose to make a decision — as it did in amalgamating Toronto, Hamilton, and Ottawa — but the quality of the process leading to that decision will influence its success. In the last round of restructuring, much voluntary progress was made to avoid the prospect of a provincially imposed solution.
- **Transparent:** Participants should be clear about their goals. Is the focus cost reduction? Changing who pays for what? Governance design inevitably involves compromise. What problem are we solving? Will these priorities stand the test of time? Will they deliver balanced, sustainable government? For example, strong mayor powers may seem like a useful tool for advancing housing targets during a crisis, but are they a solid foundation for the local government we want in the long term?
- **Fact-driven:** A successful process rests on a shared fact base. The greatest barrier to change is fear of what may be lost, and the best way to address that fear is with credible information that can support forecasts of the benefits of change. As seen with interprovincial efforts to remove trade barriers, structures that once made sense may need to evolve to achieve more ambitious goals and build long-term resilience.

Of course, politics still matters. And, more specifically, the politics of change may yet prove to be a barrier to implementation. Yet this was the first year we heard significant discussion that some existing structures are no longer delivering the functionality needed — and the first time we heard that governance change may be a real possibility.

A concern about ‘politics’ is not limited to who might oppose or resist change. It also encompasses an opportunity to achieve results by influencing public opinion, addressing legitimate interests, and, ultimately, demonstrating leadership.



CHAPTER 06

Strong Mayor Powers

Has the introduction of strong mayor powers
had an effect on your local government?

What We Heard

It's been nearly three years since the province introduced strong mayor powers, and with each passing year, the impact is becoming more visible. CAOs described how these powers are gradually reshaping the internal dynamics of municipal government, from the tone at Council to the structure of staff leadership and the role of the CAO itself.

Just before the interviews for this year's survey began, in May 2025, the province extended strong mayor powers to an additional 169 municipal heads of Council — bringing the total to 215, nearly half of all municipalities in Ontario. While many of the concerns echoed those in previous years, our conversations carried a deeper sense of unease, not just about how the powers are used today, but about how they might be used in the future.

That unease is amplified by the approach of the 2026 municipal election. For many CAOs, the question is no longer whether change is coming, but how much, how fast, and how far it will go.

STRONG MAYORS, DIVIDED VIEWS

Views remain divided: When reflecting on strong mayor powers, most CAOs continue to share a similar tone—one of frustration, skepticism, and sometimes anger. As in previous surveys, many questioned both the intent and the consequences of the legislation.

“The worst decision I’ve ever seen the province make.”

- “We lose. The province loses. They created a solution for a problem that didn’t exist.”
- “There is a real political backlash. There is a community feeling that it’s undemocratic and there is pressure for those powers not to be used.”

Still, a couple of CAOs offered a sharply different view. For them, the new powers have streamlined governance and removed barriers to getting things done.

- “I love it. I think it’s been great. It has reduced so much inefficiency and political nonsense.”

Watching ... and waiting: Others — even those who say the impact so far has been limited — are keeping a close eye on how things unfold. Many remain cautious, aware that the real test may come later.

- “It has had no significant impact ... But I see what is happening in other areas of the province and who knows what happens when our Mayor doesn’t run again?”
- “It hasn’t been a significant impact until now, but it will have an impact on the future.”

TO DELEGATE OR NOT TO DELEGATE?

‘Thanks, but no thanks’: Some heads of Council have taken a firm stance not to use the enhanced authorities granted to them, with the exception of the budget, which cannot be delegated.

- “Our Mayor has pretty quickly delegated the [HR] responsibilities back to me.”
- “There is minimal direct impact because our Mayor is not interested, and we will continue the status quo where and when we can.”

Others have chosen to retain or exercise the powers, but the path forward isn’t always clear. Some interviewees noted a good deal of confusion as Mayors and staff explore what the new model means in practice.

- “Our Mayor has exercised it. But he’s in my office wondering, ‘Did I do the right thing? Can I get legal counsel? Will you pay for it?’”
- “We are trying to figure out what these new powers mean for us.”

Playing both sides: Some Mayors, meanwhile, appear to be holding the powers in reserve — officially delegating them, but retaining the option to act unilaterally if needed. As familiarity with the strong mayor system grows, municipal leaders are noticing a quiet shift in tone.

- “Our Mayor has embraced it and has been clear that everything will make its way through Council. But they’re still ready to use those powers when needed.”
- “I can see it becoming more and more that, as the Mayors get used to it, they want to use the powers. Those conversations are becoming a bigger part of the conversation.”

As one CAO noted, delegation is not permanent; what’s given can quickly be taken back:

- “My Mayor delegated everything they could. But as my Clerk has said, it takes one email, and they take that power back.”

TOWN HALL CULTURE DISRUPTION

“I think strong mayors equal weak City Managers.”

Politicization of the public service: In past iterations of this survey, CAOs cautioned that strong mayor powers could invite the politicization of staff. This year, many said that shift is underway — the line between politics and administration is becoming blurred, threatening the integrity of local government as we know it.

- “The administration is no longer separate from the politics and [the relationship] is just fundamentally changing.”
- “What is going to happen — and I think it is already starting — is that strong mayor powers will lead to Mayors hiring people that are loyal to them, rather than hiring people with the right credentials.”

- “I always say to staff that our job is to know the politics but not get involved in the politics ... To champion someone’s personal agenda, whether it’s best for the municipality or not, that gets into some dangerous territory.”

We heard that the authority of the Mayor to hire or dismiss the CAO and other senior positions has heightened anxiety across municipal senior leadership teams and tempered their willingness to speak truth-to-power.

“I have had to say no to things and thought that this may be my last day in this role under strong mayor powers.”

- “The strong mayor concept now forces the CAO position to play this political game because they have to make the Mayor happy or they’ll be fired. I’ve just decided I’m going to be fired at some point.”
- “The ability to terminate many senior staff and the CAO — that can create quieting effects.”
- “It’s also resulted in uncertainty among senior levels of staff because they are realizing, ‘What does it mean for my job security? This isn’t what I signed up for.’”

Several CAOs went further, saying the nature of their role is shifting and that they feel more like political support staff than members of the professional public service.

- “People are starting to move to more of a Chief of Staff role instead of a CAO role due to the strong mayor powers.”
- “The Mayor has in her that she is both the Mayor and CAO. She continually directs staff ... Sometimes I feel more like a Chief of Staff than a CAO.”
- “I think like a lot of CAOs, the lines are blurred and, really, I’m a Chief of Staff right now.”



“As much as the Mayor said, ‘Yes I’m going to delegate,’ they have only delegated two powers. The Mayor wants to hold onto them and, if needed, exercise them.”

To be sure, not every experience fits the same mold. In at least one case, a Mayor used their enhanced authorities to stop — not initiate — a cycle of hiring-and-firing of staff:

- “In the past, they’ve just fired the CAO, hundreds of thousands of dollars in payouts out the door. But then strong mayor powers came and the Mayor said, ‘We’re not doing this anymore.’”

Increased friction on Councils: Consistent with last year’s findings, CAOs continue to report that strong mayor powers are disrupting the balance of power on Council. In many municipalities, elected members have indicated that they feel sidelined and their decision-making role diminished.

- “The Mayor’s position is now being called out at the Council level. Now we have a divided Council and some days it turns into open warfare.”

“We’re probably among the worst in terms of the political nastiness of using the strong mayor powers.”

- “Why would anyone run for Council if at the end of the day a strong mayor is just going to have their say on everything?”

In a couple of cases, we heard that strong mayor has helped to make some Council discussions more efficient by simplifying the political process, especially around the budget, which a Mayor cannot delegate to Council.

- “We used to spend two nights a week for four months talking about budgets. Council would talk about \$200 for hours and at the end of all that, everyone would be confused about what was in the actual budget ... Now the budget is put together through direction from the Mayor and we can get it done in a meeting or two.”
- “If I’m trying to find a positive [to strong mayor powers], you do know what you need to do because it’s one person you’re dealing with.”

Impacts on two-tier systems? CAOs from regional municipalities and counties noted that while they’ve technically been ‘left out’ of strong mayor powers, they’re already seeing the ripple effects, both within their local area municipalities and at their own level. For several, the question isn’t if, but when.

- “The Mayors come to Regional Council and they do not have these powers — there’s a resentment that they are just one voice, rather than *the* voice.”
- “We’ve seen it cause issues in neighbouring municipalities, and we are watching them closely.”
- “At the County level, we’re thinking it’s just a matter of time. It’s not as if we’re doing the happy dance that we’re not in a position to have to deal with it. We’re trying to be realistic about the fact that it could be coming.”

ASSESSING THE OUTCOMES

Little evidence of building homes faster: The province introduced strong mayor powers to help deliver on provincial priorities, including, most importantly, new housing development. As in previous years, CAOs remain unconvinced that the additional mayoral powers have moved the needle on housing supply in Ontario.

- “We have seen little to no impact on creating more housing.”
- “I don’t know how many of those units that have been built can be directly attributed to leveraging the strong mayor powers, but I would like to see more of an evaluation analysis.”
- “It’s another red herring. It’s not solving problems.”

Indeed, in a few cases, we heard that the powers have had the opposite effect, whereby Mayors have used them to oppose growth initiatives in their communities.

- “When you’ve got an anti-growth and anti-development strong Mayor, they’re able to slow things down by using these powers.”

Concerns about scope: Some CAOs acknowledged the original rationale of strong mayor powers — to streamline housing approvals — but questioned the breadth of the expanded mandate, particularly around staffing and budgeting, which appear disconnected from the stated goal of housing delivery.

“I got the idea of why they [the province] were doing this ... But now it has gone beyond what was originally envisioned in terms of speeding up the process. That’s not what it seems to be.”

- “If [the powers] were true to the intent of managing housing being built, it could be manageable. But there are other pieces, such as hollowing out the role of the CAO or the budget, that have had an unintended impact that you are seeing in communities. You see CAOs being fired for reasons that have nothing to do with housing getting built.”
- “If you’re going to say that it’s a provincial priority because the CAO is not helping promote new housing or quicker effort on the housing front, well, how do you show that? It becomes a performance discussion.”

At least one interviewee expressed that strong mayor powers could be useful, but only if authorities that relate to municipal staff and the organizational structure are removed.

- “Could strong mayor powers work? Only if you remove the staff piece from it ... if staff are too afraid to provide you the correct information because they’re afraid of losing their job, then the strong mayor powers will never work.”

From informal practice to formal power:

Other CAOs questioned whether the strong mayor framework was ever necessary. Several pointed out that many of the formal authorities now granted to Mayors were already exercised informally — and often more effectively.

- “I don’t remember a time where the budget didn’t go through the Mayor’s office in some way, shape, or form. I don’t remember a time that the Mayor wanted to bring an issue forward that they were not able to bring forward.”
- “I’m cognizant that there have been instances of Mayors who have been strong Mayors without the delegated authority.”
- “There is tension and anxiety with staff ... I’m trying to calm the waters and tell them that if the Mayor wanted to fire the CAO in the past, that would still happen. It’s just formalized now.”

ACCEPTANCE AND ADAPTATION

The pragmatic approach: Even among those uneasy with the reality and expansion of strong mayor powers, most CAOs acknowledged a need to prepare. Whether the powers are used by their current Mayor or a future one, many are proactively building policies, procedures, and processes to inform their execution.

“Our goal in this term of Council is to clarify our approach to strong mayor powers so when new people may come in, there are already best practices in place.”

- “[We’re] looking at when strong mayor powers could be used to force a zoning bylaw amendment or an OP amendment ... [The Mayor] is really considering it, so we are mapping out what that might look like.”
- “It’s an arena that we better be comfortable working in, knowing that we have to take direction at the end of the day from political masters.”

Doubling down on collaboration: Some CAOs emphasized the importance of investing in consensus-building and strategic alignment on Council, both as a way to safeguard against the imbalances created by the strong mayor system and as a foundation for working together more effectively.

“[Strong mayors] has underscored the need to work more collaboratively among Councillors and the Mayor. It exacerbates the need for coordination and consensus-making. It’s why I think strategic plans and the buy-in from Council are important.”

Protecting their positions: As the potential for politically driven dismissals becomes more real, discussions around employee contracts are becoming more frequent and pointed.

- “What we’re already hearing is that our employment contracts are going to be beefed up ... not just severance but length — moving from two to maybe three or five years.”
- “There was a talk at the Canadian Association of Municipal Administrators (CAMA) about what to do when you are sacked. It was amazing how many people had not locked down their contract to that level — it’s a sign of the times.”

UNEASE ABOUT 2026

Municipal election looming: Even in municipalities where strong mayor powers have not been used — or have been exercised responsibly — many CAOs are bracing for change. A new Mayor could bring an entirely different approach in terms of how they seek to use or not use the authorities.

- “In my mind, this is fine for the next 17 months if they are still Mayor, but if they aren’t, then I don’t know what I am going to deal with next.”
- “It is not so much about the current Mayor, but what happens if we get a rogue Mayor?”



CAOs also noted that the combination of growing incivility and expanded executive powers may change who chooses to run — and why.

- “As we get into the silly season, as some start to think about election time, how many will put the strong mayor powers on their election platform?”
- “Strong mayor powers have caused a new race for Mayors. I’m already aware of several people who want to run for Mayor, some of whom are explicit that they want to use the powers because they don’t like specific staff. How do you manage that?”

The view from the end: Among leaders nearing the end of their careers in the sector, there was a clear sense of generational shift ... and relief.

- “I’m at the end of my career and I’m lucky that I got to experience what I did. Because it’s just a complete change of the way you think and do things ... I’m just glad that I was able to experience democracy.”
- “I’m at the end of my CAO career, but I wouldn’t want to be at the beginning of it.”



“Everyone is concerned about what the next election looks like ... When the Mayor is good and well-intended, [strong mayors] works. If they’re not, I could see how this could be a nightmare.”

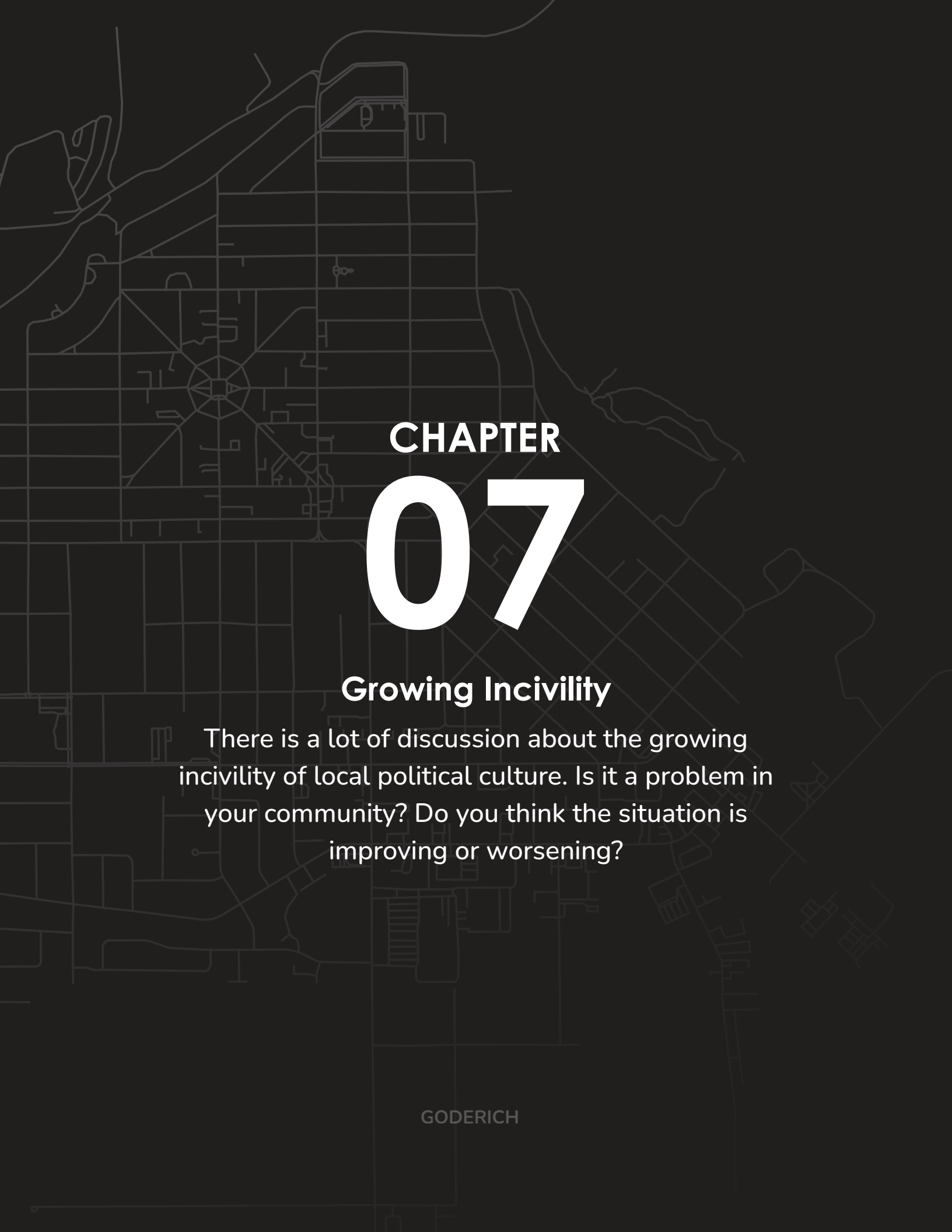
STRATEGYCORP'S PERSPECTIVE

Concerns raised in the early days of Ontario's strong mayor framework are no longer hypothetical — they are actively unfolding in municipalities across the province. The authority to hire and fire the CAO and senior staff without Council oversight has already been exercised in several communities, contributing to a chilling effect on professional leadership. In some extreme cases, CAOs have been dismissed before even starting the job.

Research published by the Association of Municipal Managers, Clerks, and Treasurers of Ontario (AMCTO) found no measurable correlation between the use of strong mayor powers and increased housing starts in Ontario municipalities.¹⁰ Our own survey findings reinforce this conclusion. Rather than enabling faster progress on key priorities like housing and infrastructure, these powers have blurred the boundary between political and administrative authority, destabilizing internal governance and diminishing the neutrality of the public service.

In June 2025, as part of its red tape reduction package, the Government of Ontario announced its intent to “strengthen” the strong mayor framework, following its expansion to another 169 municipalities a month earlier.¹¹ As the province considers these changes, we offer the following recommendations for consideration:

1. Commit to a moratorium on further expansion of strong mayor powers at this time and as potential changes to the framework are contemplated.
2. Legislate a statutory public process for a sunset review of strong mayor powers.
3. Amend the *Municipal Act, 2001* to designate the CAO as a statutory position, reinforcing its professional and organizational independence.
4. Amend O. Reg. 530/22 and relevant provisions of the *Municipal Act, 2001* to remove the authority of the head of Council to unilaterally hire or dismiss municipal staff.
5. Clarify the definition of ‘provincial priorities’ to ensure consistency and compliance with O. Reg. 580/22 in the interpretation and application of strong mayor powers.



CHAPTER 07

Growing Incivility

There is a lot of discussion about the growing incivility of local political culture. Is it a problem in your community? Do you think the situation is improving or worsening?

What We Heard

Since our 2017 survey, as U.S. President Donald Trump embarked on his first term, StrategyCorp has heard from CAOs that populism, suspicion of professional expertise, and the spread of social media misinformation have increasingly taken root in Ontario's town halls.

The situation dramatically worsened during the COVID-19 pandemic. Last year, some described incivility as having reached "crisis levels." This year, the most optimistic take was that disrespect, distrust, and even abusive behaviour may have plateaued — but not improved. In some communities, it's become a major problem that has drawn media attention. One thing is clear: incivility is not a temporary challenge.

The growing toxicity of local political culture manifests through social media, email, phone calls, and increasingly, in disruptive public meetings. It also comes from multiple directions: from Council members to staff, from residents to elected officials and staff, and even among Council members themselves. This climate is eroding trust in government and making for tougher, more stressful work environments for all who serve in the public arena.

"The overall tone of politics right now is not as respectful as it used to be ... what has changed is how people talk and treat each other."

INCIVILITY: THE NEW NORMAL

It's everywhere: There's no sugar-coating it. Whether the spread of misinformation online, hyper-aggressive discourse at public meetings or ongoing micro-aggressions in everyday interactions, we overwhelmingly heard that incivility is getting worse.

"The whole public mood — you never know how far the public is going to go. For lots of front-facing people, it is not fun. There's no limit on what they'll do to express frustration."

- "It's ten times [worse], even more than when I started. It's being fuelled by our Council. The amount of misinformation is through the roof. It's all exhausting."
- "We are really struggling with how to tackle the unprofessionalism, the lack of civility, the misinformation and disinformation, taking things out of context, the outright lies."
- "It's becoming the norm — there is no accountability and it's in real time. I would never have thought people would even articulate some of these things even 15 years ago."

In some instances, municipal staff — CAOs included — are facing serious threats to their well-being and reputations.

- "Violence is something we are seeing more and more of for front-line services like our paramedics."
- "I got death threats, legitimate ones. I've been punched, pushed. I couldn't go anywhere in town with my family. This is coming from the public and you kind of get used to it. When Council started doing it too, that's when I gave up."

Feeling lucky: A few CAOs told us their workplaces felt respectful and safe. Some noted they are at upper-tier municipalities, which may have less direct, day-to-day contact with the public and therefore fewer opportunities for tense interactions with residents. They were quick to describe themselves as "lucky", noting far worse situations exist elsewhere. In some ways, it's as if they are all waiting for the other shoe to drop.

- “There is a problem, but not to the extent of other communities we’ve seen.”

“We are fortunate, our local politics is healthy. Our Council gets along so well ... Our neighbouring municipalities do have a lot of incivility.”

- “This is something that can turn on a dime. It’s always in the back of my mind.”

Council members also targeted: The rising tide of incivility and harassment is not limited to municipal staff. CAOs shared growing concerns about the personal safety and well-being of elected officials, who — by the nature of their public roles — are highly visible and often directly accessible to residents.

- “I do worry about their individual safety. Our Council members are very, very accessible. You see them in the grocery store, at the local sporting event, and I do worry about that aspect.”
- “The couple of comments I get, especially from our female councillors, is that the incivility online is something that is becoming increasingly problematic for them ... they’ve remarked about personal attacks that have crossed the line.”

WHERE IS THIS ALL COMING FROM?

The impact of the digital age: While social media may not be the root cause of incivility, it creates space and ease for people to share their grievances, often anonymously, and can amplify the spread of hostility and misinformation. It can also create a bandwagon effect whereby negative sentiments gain momentum as users observe others expressing outrage or distrust, prompting more individuals to join in, often without verifying facts or engaging in constructive dialogue. The result can be the escalation of tensions, the erosion of trust in public institutions, and added pressure on Councils and staff to respond to misinformation instead of facts.

- “I don’t know if it’s because they watch social media and see vile comments ... it’s like it gives them a license to act that way.”
- “The online advancement of public forums ... I think we’ve all heard, ‘Don’t look at Facebook.’”

Beyond municipal borders: Some of the societal incivility that local governments are experiencing isn’t about municipal issues at all, but stem from anger over global crises and economic and societal challenges, including homelessness and addiction issues. The municipality — and those that represent and serve it — is the government closest at hand and often becomes the easiest outlet for expressing that frustration.

- “[Incivility] was a problem last year because we had a big encampment ... There was tension between the business community, advocates, and very polarizing views on Council.”
- “We did a spring community survey, and the data is showing that people are more angry than they have been before about issues outside the [municipality’s] control.”
- “I would call the incivility I have seen ‘geopolitical incivility.’ Global events have an impact here.”

EFFECTS ON COUNCIL-STAFF RELATIONS & WELL-BEING

“This Council is probably the best Council I have ever worked for — extremely respectful of staff and you never get blindsided ... but some of the discourse in neighbouring municipalities is unfortunate.”

When the Council-staff relationship is working: A healthy, respectful relationship between Council and staff is foundational to effective governance. When there is mutual trust and clear communication, Council and staff can present a united front, which helps defuse public hostility and address incivility with confidence.

- “Our Mayor is very strong ... He’s very good at chairing those public meetings, when people are getting out of hand, he cuts them off. He will tell them they are wrong, and I think there is a lot of respect among our Council.”
- “Our Council is amazing. There are a few deep into Facebook, but for the most part, they are pretty good.”

When the ‘call is coming from inside the house’: In some instances, it is Council members themselves who engage in disrespectful or demeaning behaviour toward staff. When elected officials model inappropriate behaviour, it sets a troubling tone for the entire organization. This kind of internal incivility undermines morale, contributes to staff burnout and turnover, and signals (intentionally or not) to the public that such behaviour is acceptable.

- “I feel sorry for middle management and junior staff. They come to Council and see some of this. I want to say, ‘Just don’t quit guys, it’ll get better.’”
- “Council and the public view staff as machines and believe you have to take whatever they feel because it’s their right ... I love it when they say, ‘I pay your salary.’”
- “We have SLT members who go present to Council and feel like they are being crossed examined.”

Looking ahead to the future: The consistency of the municipal election cycle means that personal and group dynamics have the potential to change every four years, and many CAOs appear to be on edge about what October 2026 may bring. As we heard in the previous chapter, strong mayor powers have added a new layer of anxiety to these concerns.

- “We were a stable Council until the last election ... now it’s a different dynamic, but I intervene if it affects staff.”

- “We came from a very stable Council until the last election. And you don’t realize what you have until you don’t have it anymore.”

EMOTIONAL TOLL

“It’s tough on Councillors, it’s tough on staff. We work in a glass house.”

Morale buster: Whether managing overt disrespect and harassment or enduring the steady drip of daily incivility, many municipal workforces are feeling worn down. Many CAOs noted that these conditions have negatively impacted their ability to recruit and retain talent.

- “Some commissioners fear that key directors will resign if they are targeted again.”
- “People are now leaving places, less because they are looking to expand themselves or rise up, but more to avoid a toxic workplace, whether it’s coming from Council or the public.”
- “If I could turn back the clock 25 or 30 years and knew that it was heading in this direction, I may have considered going into another [profession].”

Impact on healthy democracy: This growing hostility of today’s political climate doesn’t just take a personal toll — it has serious implications for the foundations of local democracy. It can deter diverse and capable individuals from seeking office, narrowing the range of voices on Council and ultimately weakening the quality of civic debate and decision-making.

“Council has shared that it is making their jobs and personal lives much harder ... I see why so many people are leaving public office.”

- “We are trying to figure out ways to protect Council ... I think we are going to see a lot of Council members not run again.”
- “This behaviour creates distrust and tension, making governing much harder.”



“You’re seeing more and more places clamping down on security and it’s really just a function of ... not knowing when the next surprise is coming.”

TAKING ACTION

No heads in the sand: As always, Ontario’s CAOs are taking concrete steps to support their staff and ensure safe and secure workplaces. Unfortunately, this sometimes means keeping the public not quite as close as in the past, whether physically or on social media.

- “We’re focusing on staff training, on de-escalation.”
- “We have turned our comments off; we got rid of X and went to Bluesky.”

Two-way communication is key: Municipalities where Council members are well-informed and trained on the distinct roles of elected officials and staff — and where those boundaries are respected — are more successful in fostering respectful and collaborative workplace cultures. When

both sides understand and value each other’s responsibilities, communication improves, trust is strengthened, and issues can be addressed more constructively and proactively.

- “We do a lot of training with our Council and that helps.”
- “We’ve done a really good job of ... making sure [Council members] have all the relevant information. We understand that they have decisions to make, and they understand that they have decisions that they have to make, and there’s a mutual respect there.”

Many municipalities are also being more proactive responding to, and communicating with, the public over social media, with some success. But, of course, public engagement requires resources.

- “There are issues that come out of Facebook. Some of them, we just follow up on and say, ‘No, this isn’t true.’ Some of them, we say, ‘We weren’t aware, and we will address.’”
- “Sometimes we post something and there may be a nay-sayer and often another community member corrects them.”
- “Council is all over us to get the information out ... But the difficulty is that they won’t give you the resources to actually have someone who’s going to be that fact checker, keep up on the pulse of social media so you can review, capture it and try to correct it.”



STRATEGYCORP'S PERSPECTIVE

The rise in political incivility in Ontario municipalities reflects broader societal tensions, but its effects are felt most acutely at the local level. For years, municipal leaders and associations have called for greater understanding of the roles and responsibilities of Council and staff — clarity that can help rebuild mutual respect and support better working relationships. Over the years, StrategyCorp has stood in solidarity with this position.

The province appears to have heard the call. *Bill 9, Municipal Accountability Act, 2025* has attracted headlines for its proposal to permit the removal of Council members in cases of serious code of conduct violations.¹² This mechanism — long sought by organizations such as the Association of Municipalities of Ontario¹³ — is designed to protect municipal employees from abuse and strengthen public trust in local government. While concerns remain about the proposed removal process, anticipated amendments may help address them.

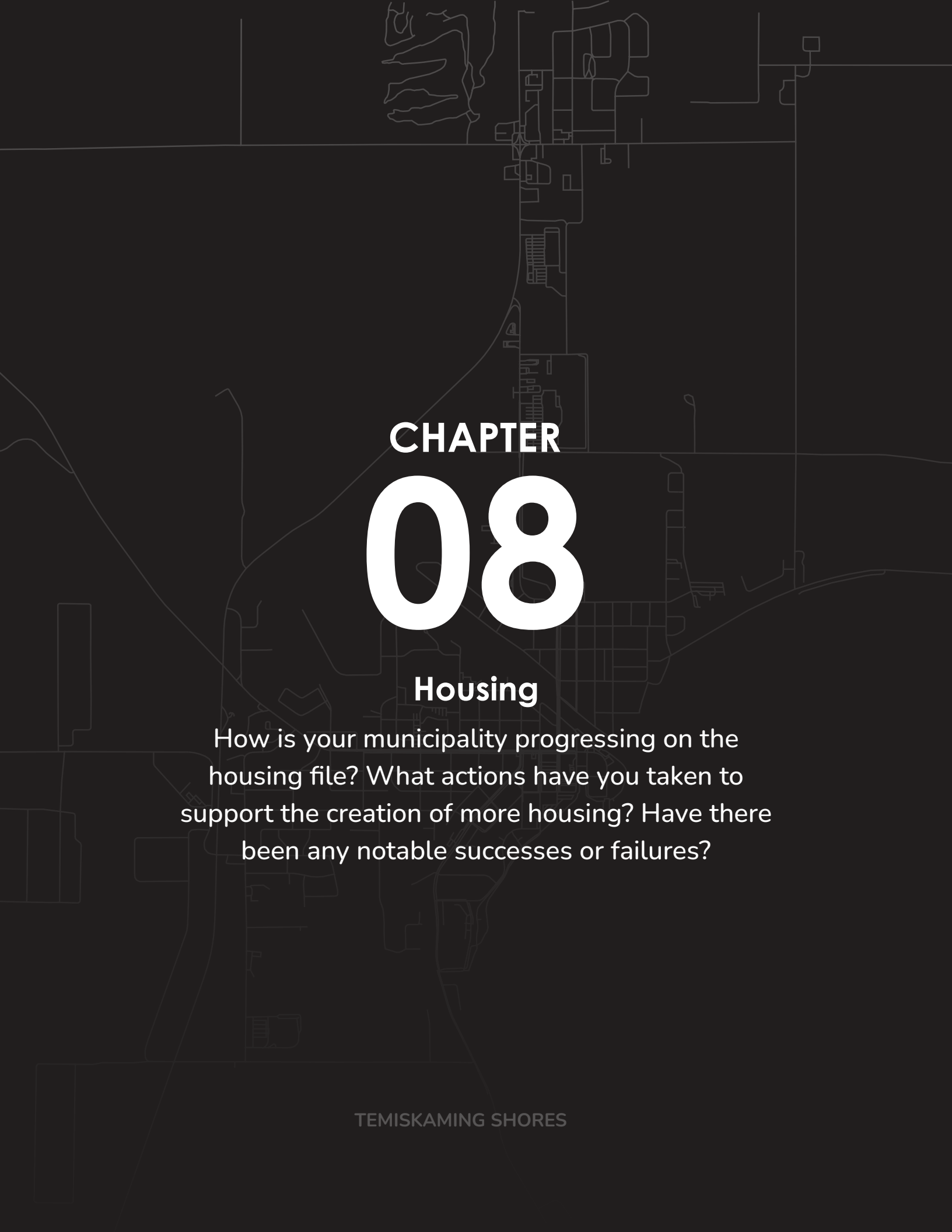
As one CAO observed, “We need those guardrails now more than ever, where people, including politicians, may not understand the limits ... I think this move by the province is eagerly awaited and urgently needed.”

Yet Bill 9’s potential extends simply punishing worst-case scenarios. The legislation would also mandate standardized Codes of Conduct and require training for Council members. It is our advice that the new Code does not displace the requirement for municipalities to have a Council-staff relations policy. These policies allow for recognition of the various nuances and diversities of municipal administrations and should be viewed as complementary to the forthcoming universal Codes of Conduct.

Further, the training should bring to life these existing policies and codes; they should clarify the distinctions between the roles of elected officials and professional staff, outline expectations for respectful conduct, and explain consequences for violations. Education alone won’t eliminate incivility, but it lays a critical foundation.

As municipalities consider how best to deliver this training, we offer the following advice: focus on what elected officials can do, rather than what they can’t. The procedural by-law, codes of conduct, and Council-staff relations policy should not be viewed as instruments to reprimand or police, but as tools of empowerment — resources to help elected officials govern more effectively and with confidence.

Inaugural and ongoing education for municipal Councils is an opportunity to establish or reinforce shared norms and ways of working together that can support them in achieving their goals. When delivered as a support mechanism — versus a warning — training has the potential to strengthen relationships, set clear expectations, and reinforce a shared commitment to good governance.



CHAPTER 08

Housing

How is your municipality progressing on the housing file? What actions have you taken to support the creation of more housing? Have there been any notable successes or failures?

What We Heard

Across Ontario, municipalities face intense pressure to enable more housing — from market-rate to deeply affordable — despite limited funding, aging infrastructure, and market conditions outside their control.

In 2022, the province set a goal of building 1.5 million new homes by 2031, assigning individual goals to Ontario's 50 largest municipalities and linking them to funding tools.¹² While many CAOs remain frustrated by provincial messaging that places disproportionate blame on municipalities for the housing supply shortage, they are aligned with the province's overall objective — even if there is resignation toward the Ontario government's tactics and rapid legislative changes aimed at accelerating housing development.

In fact, several municipalities are already meeting or exceeding their housing targets, using creative solutions to streamline approvals, reduce fees, and unlock new opportunities for affordable housing.

Still, municipal leaders continue to emphasize that they lack the revenue tools needed to finance the infrastructure and services that housing growth demands. While local governments are committed to doing what they can to enable more supply, they are also calling for greater intergovernmental support to address the escalating need for affordable and supportive housing, a challenge no municipality can solve through the local tax base alone.

PROGRESS IS HAPPENING

Bull's-eye: Several CAOs reported exceeding their housing targets, often thanks to improvements in policies, processes, or local circumstances favourable to housing development. In some cases, these successes — and their demonstrated commitment to the cause — have positioned municipalities to access additional provincial and federal funding and incentives.

“We’re trying to toot our own horn. We are killing it when it comes to housing. We have far surpassed our targets.”

- “We worked very hard with Council ... with the development community and our local Minister to put something together so that we can meet the 2031 goals.”
- “We’ve been doing very well. We’ve exceeded our targets the last two years. Our community has never had development charges, so that’s part of the equation.”
- “We have managed to achieve our targets. It’s nice to get the nominal cheque and we’ve managed to get some accelerator funding.”

Even among those municipalities challenged in meeting their provincial targets, most CAOs told us their staff and Councils were working to incentivize and simplify the building of new homes. The effort and focus are there, even if the results are not immediately apparent.

Policy levers and financial incentives: Several CAOs reported implementing zoning reforms (e.g., allowing four units as-of-right), adjusting financial tools, and aligning local plans to help facilitate more housing options in their communities.

- “Our Council is very focused on making sure there is adequate housing in the area ... Our zoning is updated, we updated our secondary plan, we just partnered with our upper-tier to waive certain fees ... to bring in more modular homes for seniors.”
- “We have changed our approach to ... and deferred some [fee] charges for purpose-built rental properties. So that seems to be spurring some development.”

Streamlining processes, improving relations:

Municipalities are also revisiting their internal review processes and considering tools such as community permit planning systems to help speed up approval timelines. In some cases, this has led to improved customer service and more collaborative relationships with local developers and builders.

- “We’re doing process reviews and trying to get things moving internally ... that’s been our big success.”

“Our developers say we make it easy for them. We can get things done within a day or a week.”

- “Developers are more interested in speaking with us because everyone is struggling ... they are more open to a collaborative process — it’s been a more sophisticated approach.”

INFRASTRUCTURE GAPS AND FINANCING CONSTRAINTS

Show us the money: CAOs across the board cited the urgent need to expand core infrastructure — water, wastewater, and transportation — as a major challenge to enabling new housing development.

- “We need to expand infrastructure to the tune of billions.”
- “We’ve modelled our entire water and wastewater system to be able to guide new applications. That’s been really helpful.”

While this is a long-standing challenge, it has been exacerbated by recent provincial efforts to reduce development charges (DCs), which are levied on developers to help pay for growth-related infrastructure — and are ultimately passed on to homebuyers through higher home prices.

Most CAOs acknowledged the political pushback against high DCs, especially amid widespread concerns about housing affordability. But with few alternatives for funding, they are deeply

concerned about the financial implications of transferring these costs onto already strained municipal budgets. At the end of the day, municipal infrastructure funding needs to come from somewhere. At the time of report writing, there isn’t yet a clear answer as to who should or will pay.

- “The province is trying to move the costs away from developers and onto someone who is undefined ... somebody has to come up with an answer.”
- “We’re trying to find innovations to help build infrastructure, but it will still cost us up to \$100 million and placing that on DCs would be counterintuitive to attracting developers.”

For smaller municipalities, the infrastructure funding gap is even wider.

“I’m not blaming the province, but the infrastructure costs a lot of money ... and always going to the taxpayer is a hard thing.”



Some larger municipalities that have been able to reduce or defer DCs are seeing political support and early wins. However, some CAOs noted that it is still too soon to know whether this approach is translating into significantly more housing or simply exacerbating fiscal pressures.

- “We’ve heard very positive feedback from the building community ... whether that [leads to] building permits being pulled remains to be seen.”
- “Is [the DC cut] actually translating to more shovels in the ground? Not necessarily. Not collecting DCs, how are we going to pay for infrastructure? We continue to grow. That is a huge issue.”

MARKET REALITIES

“Housing is a huge priority for us. We have taken a lot of action ... we’ve had some successes, but we have still seen a downturn in our housing starts.”

It’s not us: CAOs continue to emphasize the limits of their influence on housing supply. Many of the major drivers of housing development — interest rates, construction costs, labour availability, and buyer demand — are shaped by broader market forces beyond municipal control. Even with land zoned and permits approved, many communities report that projects are stalling due to economic uncertainty.

- “I speak to developers every day and the whole housing file is in the toilet ... [They] have told me they’re not building, and people aren’t buying.”
- “Many of the factors around housing are external. Our toolbox is very limited in how we can ramp up housing.”

“We’ve got something like 3,000 approvals in the queue ... The difficulty is that we can’t force builders to put shovels in the ground. No one’s got confidence in the economy.”

CAOs in rural and small-town Ontario described a mix of challenges in getting homes built. In some communities, limited developer interest and servicing constraints impede new construction. In others, housing supply is so tight that prices have become unaffordable for the very residents they’re meant to serve.

- “We don’t have developers knocking on our door. We have to go out and attract them.”
- “I came to this job during COVID and even after I sold my house, I still couldn’t afford a house in town ... My experience was eye-opening to Council about the affordability crisis.”

AFFORDABLE AND SUPPORTIVE HOUSING STRATEGIES

Stepping up — where they can: Municipalities are expected to deliver on many fronts to create ideal conditions for market-rate construction. But they are also on the front lines of responding to growing demand for community housing, including affordable, social, supportive, and emergency housing options. Working hard to respond to local needs, many CAOs shared examples of creative, resourceful efforts to increase affordable housing options in their communities.

- “One of our developers was building market housing, so we rented it on a 10-year term, and then we put in affordable housing. We are eating the 20% difference.”
- “Our other big thing is trying to find our own [property] and unlocking it and co-locating housing.”

- “We are just in the early stages of funding the first major affordable housing development with a developer.”

Others told us their municipalities are struggling to meet the wide array of housing challenges facing their residents, and that gaps along the housing spectrum continue to exist.

- “Development charges ... are waived for affordable housing — and that’s all we’ve really done so far.”
- “We have done a lot on emergency shelters and supportive housing, but we really haven’t done enough on affordable housing.”

Call for support: It’s no surprise that CAOs in Ontario — the only province where municipalities are responsible for delivering social services — continue to advocate for increased funding from upper levels of government for community housing.

As discussed in **Chapter 9**, municipalities are carrying a growing share of the burdens of other governments, but without the tools, funding or mandates to match.

- “On social housing, [the municipality] has not taken as strong of an approach. We were hoping to get more support from the province and the feds because it is hard to fund that just through property taxes.”
- “We’re doing what we can with the tools we have and don’t have. Municipalities are ill-equipped to deal with these social services and social issues from the outset. They are supposed to be something that an upper level of government should have administered.”
- “This [social housing] is a space for sure where we can’t do it alone.”

MANAGING COUNCIL — AND THE PUBLIC

Political and cultural reticence: Despite widespread attention on the housing crisis in political and news circles, a few CAOs say their Councils and communities are (still) not prepared to face the evolving reality of housing in 2025.

- “The whole NIMBY conversation remains strong. There are things we haven’t approved because we are afraid to take bold actions and Councillors do get impacted by that.”
- “Our Council ... said, ‘Why are you bringing us all of these reports? We don’t want to grow’... There’s so much insanity.”

Even in municipalities that have invested significant resources into housing, CAOs reported persistent political divisions at the Council level.

- “About half of Council says if no one else is going to do it, we have to. The other half says we shouldn’t be anywhere near this.”
- “We’re spending [tax] dollars. We’ve put millions in. But the split on Council is still real.”
- “It takes a lot of time and effort and there isn’t always an immediate benefit of doing it.”

Public misunderstanding: CAOs voiced concern that the public doesn’t fully understand the limits of what municipalities can do to address the housing crisis.

- “It’s a concern for me that there will still be a sense of failure even though we’ve been doing a lot.”

“We are getting thrown under the bus. Everyone looks at what we didn’t do, not what we have.”

- “We’re walking a tightrope — spend enough to show progress, but not so much that it becomes politically unmanageable.”

At the same time, residents often resist the very measures needed to create more supply, particularly increased density or the tax implications of infrastructure investments. Notably, there remains resistance to letting go of traditional ideals of home ownership — expectations that are increasingly at odds with today's housing realities.

- “I call it ‘the white picket fence syndrome’: Folks want the 75-foot lot with the 25-foot ranch home that just isn't possible any more ... there's a reluctance to accept that.”

Still, there are positive signs of change, according to interviewees. Though pockets of resistance may linger, it seems that the realization that things need to be done differently is registering with most.

- “We don't see the same NIMBYism that we used to 10 years ago. There's still a little bit of pushback, but nothing compared to what we used to see.”



“The Holy Grail of affordable home ownership may not be out there ... You're not a deep disappointment to your parents if you live and raise a family in a purpose-built rental.”



STRATEGYCORP'S PERSPECTIVE

Housing continues to be at the centre of public policy discussions, legislation and political promises — and a preoccupation of municipalities, who are on the front lines of delivering new homes at every price point.

Indeed, one of the key platform promises of Prime Minister Mark Carney in this spring's federal election was a wide-ranging housing plan to spend billions on building faster, more sustainable, and more affordable homes. One proposed measure is to cut municipal development charges in half for multi-residential units for five years, while working with provinces to “keep municipalities whole” by investing in housing-enabling infrastructure.

Also this spring, the Ontario government fast-tracked the *Protect Ontario by Building Faster and Smarter Act, 2025* through the legislature.¹⁴ Among other measures, the province's latest housing-related legislation promises to standardize and modernize development charges, limit local planning rules and requirements, and speed up approvals in municipalities across Ontario.

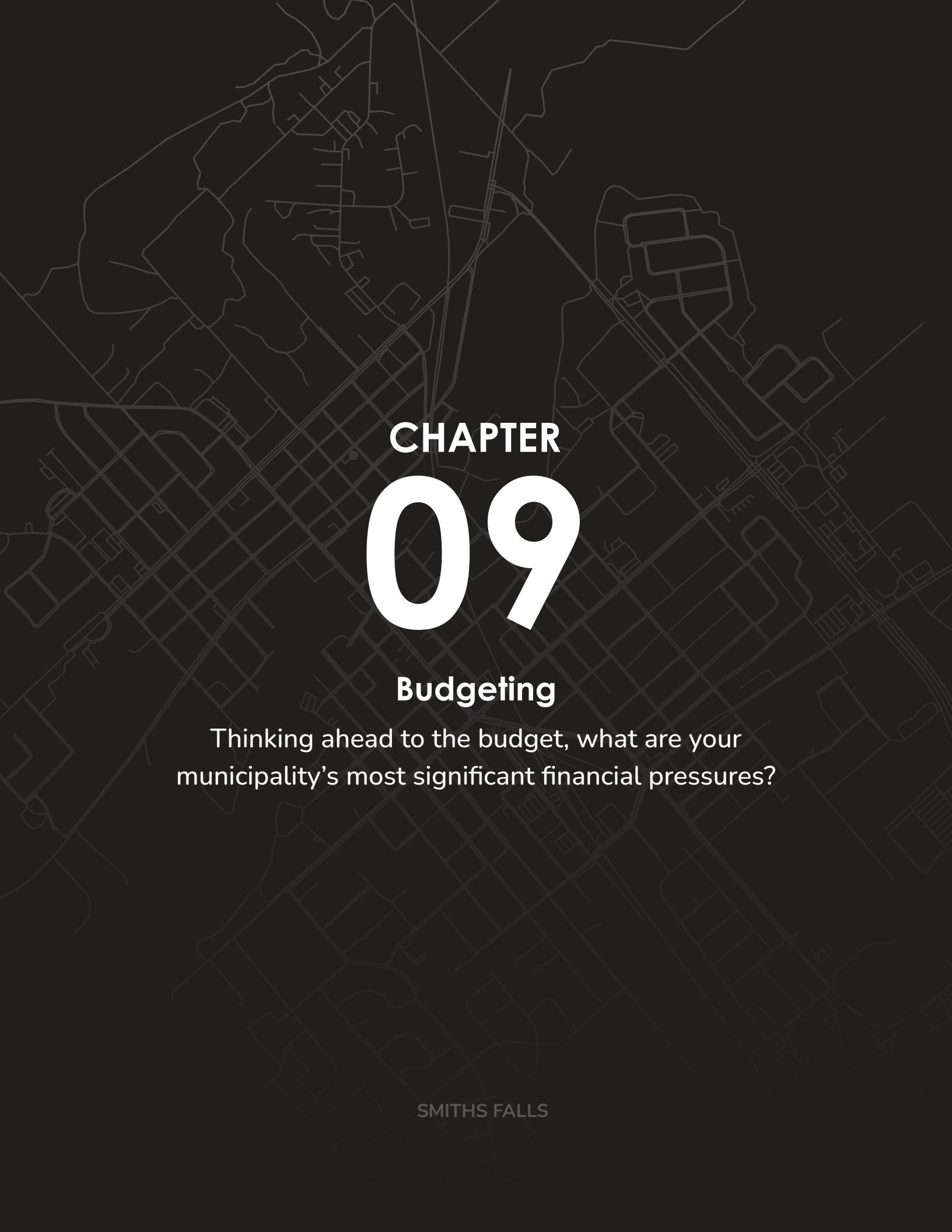
But the devil is always in the details. At the time of writing this year's CAO survey, municipalities were awaiting the specifics of both these measures to evaluate how their local processes and budgets may be affected.

In the meantime, most municipalities continue to work hard to update their planning policies, improve their approval processes, and create the conditions for home building. Yet even though some municipalities have met or exceeded their housing targets in recent years, the overall picture remains bleak. Housing starts continue to fall short of the Ontario government's ambitious target, with this year's provincial budget forecasting a slower pace of construction over the next three years.¹⁵

As we have argued before, new housing development can only occur with fully funded infrastructure. While a review of how development charges are levied across municipalities may be warranted and is generally supported by organizations like the Association of Municipalities of Ontario,¹⁶ there remains a pressing need for increased capital funding from the provincial and federal governments to help close the infrastructure gap.

On the affordable housing side, municipalities cannot address on their own the 268,000 households on waitlists for subsidized housing across Ontario, a number expected to grow without significant investment. One recent study estimated that funding for housing and homelessness programs in Ontario was \$4.1 billion, with municipalities covering over half of that total, despite having the fewest fiscal tools to meet this escalating demand.¹⁷

To make real progress, all levels of government must work together — not just to shift costs or assign blame, but to deliver results that match the urgency of the housing crisis.



CHAPTER 09

Budgeting

Thinking ahead to the budget, what are your municipality's most significant financial pressures?

What We Heard

Since launching the StrategyCorp CAO Survey in 2016, not a single year has passed without CAOs reporting significant budgetary pressures, particularly when it comes to long-term funding for infrastructure renewal and the capacity needed to support growth.

This year's survey offers a distinct lens into municipal budgeting. At the time of our interviews, budget planning was underway for the final year of the 2022-2026 Council term — also an election year. That context is shaping how CAOs are thinking about priorities, pressures, and political trade-offs.

In 2025, municipal leaders are sounding the alarm louder than ever. Growing capital pressures, rising operating costs, and the ongoing downloading of responsibilities traditionally held by the province — including homelessness, mental health and addictions, and public safety — are putting municipal service delivery and fiscal stability at risk. Meanwhile, development charge (DC) revenues are declining, and access to reliable, sustained funding from senior governments remains uncertain. The result? A widening fiscal gap.

THE POLITICS OF BUDGETING

Budgeting is inherently political: CAOs are no strangers to having to balance the financial needs of the community with what Council and taxpayers are willing to pay. Politics is always a feature of the budget process, and in some municipalities, the introduction of strong mayor powers has amplified those dynamics.

- “It’s very challenging for Council to prioritize the different needs.”
- “We don’t budget to our need. We budget to a tax rate that Council is comfortable with. But the need is always greater, so compound that year over year and no wonder we have a massive infrastructure gap.”

- “Strong mayor powers have made the budget process a bit messy.”

The ‘election effect’: The upcoming budget cycle is already being shaped by what a couple of CAO referred to as “silly season” politics — when longer-term planning gives way to shorter-term electoral calculations.

“When you go into an election year, it just becomes a stupid political budget. And this puts us a year behind. So, every four years, you’re a year behind.”

- “In my opinion, we need to move [on budget increases], but in an election year the reality is how much can you actually do?”
- “I’m already getting [from Council] the ‘I only have 15 more months ... and you better do it with a 0% increase in the budget.’”

INFRASTRUCTURE PRESSURE

As we heard repeatedly through this year’s conversations, infrastructure represents the most significant financial pressure facing municipalities.

“Like everybody else, infrastructure ... that is definitely a financial pressure.”

The value of asset management planning:

CAOs commended the province for mandating municipalities to prepare asset management plans, noting that this exercise has significantly improved understanding of the condition and value of local infrastructure. As a result, both staff and Councils now have a more complete grasp of what exists, what it will cost to maintain, and where the gaps lie.

- “One thing the province did right was forcing everyone to do the asset management plans. Most water and wastewater systems were built in the 1950s in smaller towns and they only have a 75-year lifespan ... and now we’re due. But if you think about it, are you really surprised?”



“We are lucky that we have a Council that allocates an additional tax levy annually to address our infrastructure deficit.”

- “The province knew that municipalities weren’t managing their infrastructure assets properly ... [They have] given us some mandatory asset management requirements, identifying all of our assets, what the replacement costs will be, and putting the proper funding in place. This is a good thing.”

Mind the gap: While the planning has improved, the financial picture is grim. Asset management plans have indicated enormous shortfalls in sustainable infrastructure funding. CAOs flagged not only the scale of the deficit but also the political difficulty of prioritizing long-term infrastructure over more immediate demands.

- “Our biggest asset class — roads — is under the highest level of stress, and we are not even close to being able to fund these concerns.”
- “There’s always some reason why we can’t fix or address our core infrastructure. We’ve got 70-year-old pipes that our staff have been saying for over 10 years need to be done.”
- “Our most significant [pressure] is the funding of the long-term asset management plan.”

Dedicated levies help: Some municipalities are proactively allocating additional taxes to fund infrastructure ... but still, the amount collected often falls short of what is required.

- “Prior to my arrival, [the municipality] put through ... a tax increase for the last 10 or 12 years that’s dedicated for infrastructure.”
- “We have an infrastructure levy, but it should be doubled or tripled for three or four years.”

Projects at risk: A few CAOs are worried about how to fund major infrastructure projects without significant support from higher levels of government. The pressure is mounting as major capital needs — often long deferred — begin to outpace what municipalities can plan or pay for, increasing the risk of an infrastructure failure or emergency.

- “We have a lot of very large projects coming up ... and it’s just not feasible for us even with DCs. We will need provincial or federal support.”
- “There are some big capital expenditures that no one has financially planned.”
- “Something will blow up at some point because we haven’t been able to fund it. And then try to explain that to Council, that’s not something that they can accept.”

BUDGET SQUEEZE

Pressure from both sides: From inflation and surging insurance premiums to new labour agreements and evolving construction standards, CAOs told us that they’re facing cost escalations on just about every front. At the same time, they shared the perennial reminder that municipalities are constrained in their ability to raise revenues, which will not meet the moment.

- “The cost escalation in capital work ... what it cost us to do a watermain five years ago versus what it costs now is vastly different.”
- “Rising insurance costs and inflation have placed a lot of pressure on us.”

- “The struggle is that the cost of everything is rising. So you’re at [a property tax increase of] 6-7% before you even start talking about the infrastructure gap, investing in anything new, maintaining roads at a level your community wants.”

Wage settlements driving up costs: Municipalities are contending with rapidly increasing labour-related expenditures, especially in front-line services such as police, fire, transit, and long-term care. Several CAOs cited the renegotiation of labour agreements as a growing area of financial pressure — one that shows no signs of easing in the near future.



“Paying for the staff that work here is a pressure as demand rises, especially from our union partners.”

- “Staffing is becoming more expensive ... six of our seven collective agreements were renegotiated this year.”
- “We settled [a contract] for high wage increases to avoid strike — huge — and I see no sign of those slowing down.”
- “Organizations like fire and police, the costs are just escalating more and more — they follow Toronto.”

DC decline: Several CAOs reported major declines in DC revenues — driven both by provincial policy changes and a slowdown in housing activity. As we heard in **Chapter 8**, municipalities are under pressure to reduce fees to incentivize new home building. But this drop in expected funds is adversely impacting the ability of municipalities to finance infrastructure required to support growth.

- “Pressure to offset the changes and recommendations on DC cuts. That is adding pressure on the amount of debt we need to take and go to the market to seek.”

“I worry about not collecting development charges and how it will impact our finances.”

- “Removing [DCs] would have a severe impact on us. They’re one of our only ways to raise revenue other than direct municipal taxation.”

Deeper debt: To fill the infrastructure gap, some CAOs are considering higher debt levels. However, not all municipalities have capacity to borrow further, and many worry that the trade-off could be unsustainable in the long run.

- “We are maxed out on our loans.”
- “Do we borrow it? I know the province is opening up more flexible borrowing, which would be helpful.”
- “The pressure to offset the changes and the recommendations on development charges is adding pressure on the amount of debt that we need to take.”

Few paths to increase funds: While costs increase and financial pressures grow, municipalities have limited revenue levers at their disposal. Property tax remains the primary municipal revenue tool, yet raising it requires political will and public support at a time when many residents feel they can’t afford to pay more.

- “We just don’t have the financial tools to keep up with the economic growth and inflation.”

- “[There are] expectations of what the municipality should be doing and our responsiveness in comparison to tax levy increases, let alone expansion-related needs like transit and investment in affordable housing.”
- “We need to be investing [millions of dollars] a year to repair and maintain roads, but we are currently investing about [one-third of that], and we are restricted in our type of revenue raising ability.”

Unrealistic public expectations: Tied to the challenges above, CAOs also pointed to a disconnect between what residents want and what they are willing to pay for. Residents are increasingly expecting more — higher levels of service, faster responses, better infrastructure — but are largely unwilling to shoulder the costs through corresponding increases in taxes or fees.

- “From a community basis and entitlement factor, they are wanting more without paying more. They are thinking that we will somehow magically find 20-30% efficiencies without affecting any service levels.”

MUNICIPAL RESPONSES AND STRATEGIES

Planning for service cuts: In the absence of new revenue sources, some respondents said they are starting to look at service reductions.

- “There’s so much pressure on the tax base that I don’t see an easy relief button to get back to a 2% tax increase without significant service cuts.”
- “Council comes to me and says, ‘Fix it,’ and the pressure I get is to cut services ... Instead of rebuilding roads, I am cutting programming to adjust to these external levies.”

“We are heading towards having service level discussions with Council.”

On the other hand, others are skeptical that Council threats to cut services are more than lip service.

- “Councillors love to say they’ll cut services, but they never cut stuff.”

Better planning: It would be unfair to paint the picture as entirely bleak. We heard that many leaders are making headway with their Councils on advancing longer-term plans toward financial sustainability — or at least clarifying what’s required to get there. This includes adopting new budgeting approaches, including multi-year budgets, which allow for a longer-range view of municipal commitments and pressures as well as the development of strategies to address them.

- “Our long-term financial planning that occurred in 2017 has been really helpful even during the pandemic and inflation ... It provides us with a blueprint to keep our tax levels consistent.”
- “This will be the first time we do a multi-year budget. I think Council will be very happy with this. Almost to a member, they are expressing concern about that long-term lens.”
- “The fun side to this multi-year budget track is that you can see the work progressing ... Council is being more disciplined when we say, these are projects we can’t afford’ or we’re going to have to swap these projects.”

PROVINCIAL PRESSURES

“Property tax is not a way of subsidizing provincial obligations.”

Expanding responsibilities: The vast majority of CAOs told us their municipalities are feeling the pressure — both financially and ethically — to address social issues, including homelessness, mental health and addictions challenges, that are more appropriately the responsibility of the province.

- “Housing and homelessness [we’ve] already taken on some projects and expect the province to drop out, so we need to pick up the shortfall.”
- “[There’s an] expectation that the municipality will fund matters that are not traditionally ours.”



- “We don’t have nearly enough in terms of the dollars required to manage those who are under-housed or homeless.”

Healthcare pressures: Municipalities are increasingly finding themselves on the frontlines of local concerns around access to healthcare services, ranging from major capital projects to physician recruitment incentives. Notably, some municipalities are being assigned a ‘local share’ of hospital developments in their communities — millions of dollars that some CAOs say should be borne by the province, not the municipal property tax base.

- “It’s the continued expectation that the municipality will fund things like [a hospital] when we’re underfunding other areas of infrastructure and other areas of investment that are our primary role to fund.”
- “We’re most likely going to have to do a tax levy for [the hospital] ... and then that’s just going to confuse the public even more — why are we, at the local level, funding something that’s at the provincial level?”

Further, at the regional level, municipalities are struggling to keep up with the rising costs of delivering healthcare services like paramedic response and long-term care. CAOs pointed to growing service pressures — without equivalent increases in provincial funding — and expressed

concern that current arrangements are neither fiscally sustainable nor service-resilient in the long term.

- “There are expectations that [paramedic] response times will stabilize — notwithstanding the increase in population — with no increased costs ... It’s not realistic without other funding sources from the province or doing some user fees, which would go over like a lead balloon.”
- “A large majority of our financial pressure is around health. Half of our staff are in long-term care or are paramedics ... The cost of long-term care has increased dramatically over the last few years.”

Show us the money: Year after year, CAOs tell us that a more sustainable, equitable, and sufficient funding model for municipalities is needed. 2025 was no different.

- “There needs to be a revamped funding structure where we don’t need to go and ask for every dollar we need over and above what we have.”

Some referenced the Government of Ontario’s ‘new deals’ with Toronto and Ottawa. While they acknowledged the unique challenges of these cities, others questioned why comparable supports are not being extended more broadly.

- “We talk about the budget and people ask me, ‘Why isn’t the province giving you more for roads?’ And I say, ‘Great question.’ They just gave Toronto \$100 million ... there needs to be a more equitable way to distribute money.”
- “[We have] huge operational costs in relation to transit services. The province has agreed to fund [transit] projects in Toronto ... and they’ve reached a deal with Ottawa to upload their LRT. But these are huge operating costs that we’re now taking on.”

One CAO expressed frustration that the province seems to reward ‘bad actors’ in the sector at the expense of those that have maintained sound fiscal management.

- “It isn’t fair to those [municipalities] that have been well-managed or have their fiscal house in better order. The province shouldn’t be bailing out mismanaged municipalities.”

That said, a few CAOs gave the province credit for recent investments in local priorities. Earlier in this report, we also heard appreciation for the government’s Housing-Enabling Water Systems Fund and Housing-Enabling Core Servicing Stream.

- “The last couple of years, [the pressure] has been long term care. I have to give the province some credit; they are increasing the funding for long-term care.”



“A pet peeve of mine has been the distribution of funds. I’m more comfortable when it’s formula-based, like by population size. Predictable, understandable, defensible, not playing favourites.”

STRATEGYCORP'S PERSPECTIVE

The financial pressures reported by CAOs in 2025 reflect more than just another difficult budget cycle — they signal a structural misalignment between the responsibilities municipalities are expected to shoulder and the tools available to fund them.

DC reforms, inflation, and collective agreement pressures have eroded flexibility in both operating and capital budgets. These pressures come at a time when growth is accelerating, infrastructure is aging, and communities are demanding more from their local governments.

At the same time, downloading from other levels of government — particularly around social services, public health, and housing — has further widened the mismatch between municipal mandates and revenue capacity.

The bottom line: Ontario municipalities can no longer address these fiscal pressures through short-term fixes or local innovation alone. That is not to say municipalities shouldn't continue pursuing modernization efforts — many are, as we will see in **Chapter 11**. But municipal ingenuity is not a substitute for structural reform.

Building on the findings in this chapter and those earlier in the section on provincial-municipal relations, StrategyCorp recommends four key principles to guide a renewed fiscal partnership — a 'new deal' grounded in a more mature, government-to-government relationship:

#1. Revisit who-does-what

The current allocation of responsibilities between the province and municipalities requires a modernized review. Where mandates are shared, roles should be clarified, funding should follow, and municipalities should be empowered to design and deliver solutions that meet local needs. The province should focus on objectives and funding outcomes, and municipalities should have the flexibility to determine how best to deliver them.

#2. Engage the federal government as a partner in housing and infrastructure

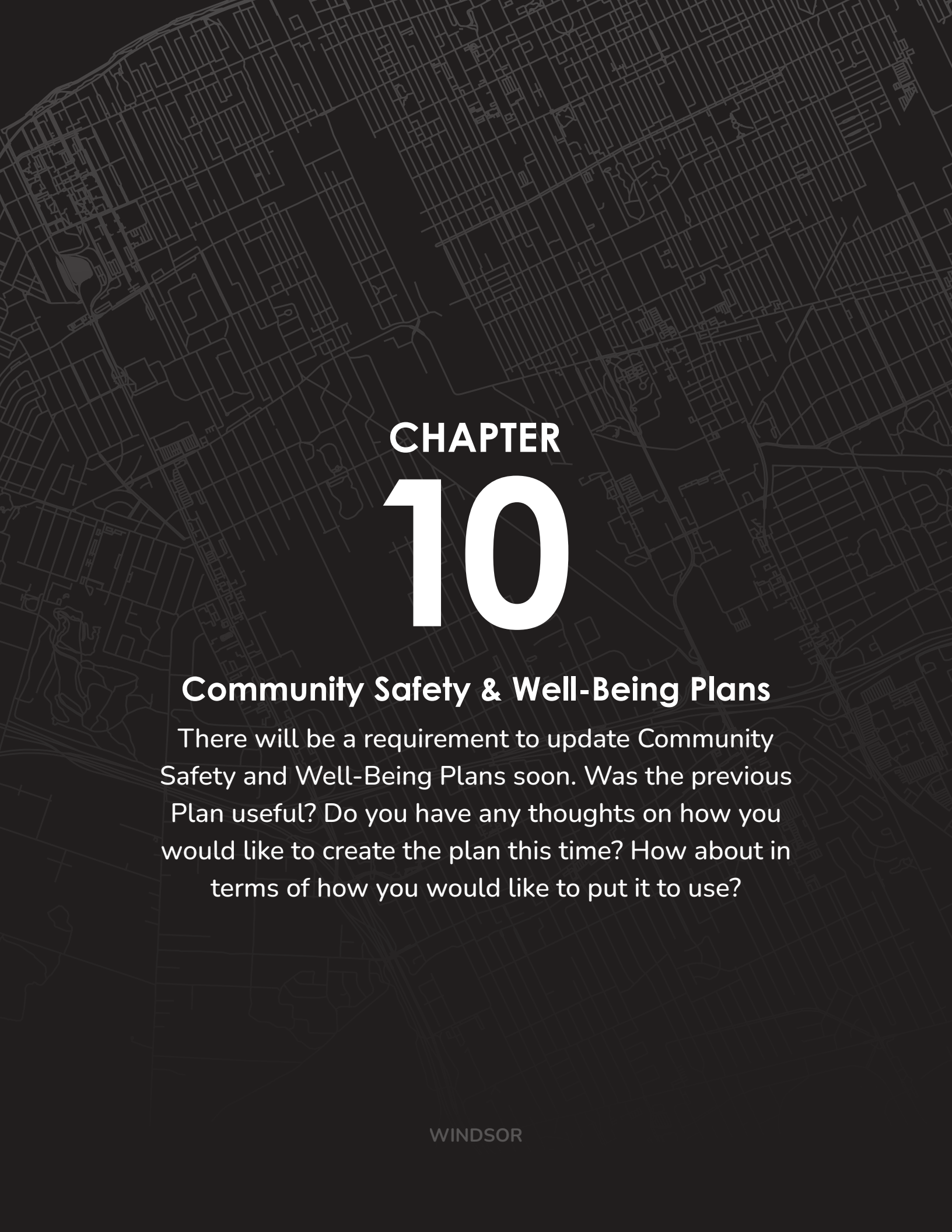
The fiscal architecture for municipalities dates back to the nineteenth century and no longer reflects the realities of twenty-first-century service delivery. There is a critical need for sustained federal investment in local housing and infrastructure. Provincial-municipal collaboration should prioritize a unified approach to federal advocacy and engagement that reflects local realities and supports sustainable and predictable funding.

#3. Reduce unfunded mandates and compliance burdens

Municipalities are often the best providers of local programs and services — but they must be fully resourced to do so. Where new initiatives are introduced, other levels of government should fund the full cost and streamline reporting and compliance requirements to reflect capacity constraints.

#4. Expand new funding and financing models for municipalities

Traditional tools like property tax and DCs are no longer sufficient to meet the escalating costs of infrastructure renewal and service expansion. Municipalities require predictable, formula-based transfers from other governments and greater flexibility to raise and leverage local revenues and finance infrastructure.



CHAPTER 10

Community Safety & Well-Being Plans

There will be a requirement to update Community Safety and Well-Being Plans soon. Was the previous Plan useful? Do you have any thoughts on how you would like to create the plan this time? How about in terms of how you would like to put it to use?

What We Heard

The province introduced Community Safety and Well-Being (CSWB) Plans with the promise of fostering collaboration across sectors to address the root causes of social challenges — from mental health and addictions to housing instability and public safety. This year, CAOs offered a candid and often critical assessment of how those intentions have played out in practice.

While a few CAOs spoke positively about improved coordination among service providers or renewed conversations around social priorities, the majority described the plans as underwhelming in impact and poorly aligned with municipal realities. Many characterized them as compliance-driven exercises that have been sidelined post-approval, with limited uptake or sustained attention. They pointed to two systemic barriers to implementation: a lack of funding attached to the plans, and the reality, as we heard so often this year, that many of the issues at the heart of community safety and well-being lie outside municipal jurisdiction.

Still, the idea behind CSWB plans was not dismissed. Even among skeptics, there was a clear sense that with some tangible improvements — including sustainable funding, stronger accountability among partners, clearer governance structures, and more tailored local approaches — the process could yet deliver on its potential.

ASSESSMENTS ARE MIXED

Some positive takes: A couple of CAOs stated that their CSWB plans were a worthwhile endeavour that led to — or at least initiated — some demonstrable progress.

- “When this first came about, I had doubts — now I’m sold.”

- “The plan has been a reasonable success.”
- “We have experienced very good success, and the work is not done, but at least we have a common approach.”

Not effective for all: Far more CAOs were critical of the plans, describing them as compliance-driven demands to fulfil a provincial mandate that achieved little in their communities, if anything.

- “We have one here and it sits in a cupboard. No one has touched it since it was approved.”

“The CSWB is one of the documents that got some notoriety initially and is in a binder somewhere, sitting on a shelf ... to me, it’s a bit of a PR exercise.”

- “It seems like a table talk exercise; it’s not driving real outcomes.”
- “I don’t think the world here would be any different without the plan.”

In fact, several interviewees admitted that neither they nor their Councils were well-informed about their CSWB plans.

- “I wasn’t as aware of this plan until I had read this question [in the interview guide].”
- “If you were to ask me what the top three things were in the plan, I wouldn’t be able to tell you.”
- “I don’t think my Council would even know what [the CSWB plan] is.”

In some cases, limited engagement with the CSWB process or plan may reflect local governance structures. Where CSWB plans sit at the upper-tier level, some local CAOs reported taking a back seat, supporting the effort but not driving the work.

- “It’s through the County and they manage the Community Safety and Well-Being Co-ordinator ... I haven’t had a lot of exposure to [it].”
- “I’ll be honest, this is not an area where I have focused my time. I know we’re involved [in the County plan], and we sit at the tables.”

A few CAOs in small and rural municipalities questioned whether the plans were designed with their communities in mind, noting that they appeared to be geared towards large urban municipalities.

- “It’s not a plan that is used on a daily basis, it is more geared towards helping larger municipalities.”
- “There are not enough concentrated efforts in how these programs and messaging are being applied to rural areas.”

VALUE IN THE PROCESS

“The plan was not useful on its intended purpose, but it was useful in bringing people to the table and considering how to maximize services.”

Enabling stronger collaboration: Even among CAOs who were critical of CSWB plans, there was consensus that the process of developing the plan was valuable. Many pointed to improved inter-agency collaboration as one of the most meaningful outcomes of the process — partners came together across service areas that have historically operated in parallel.

- “It’s creating a new culture of cooperation between police and the social services sector.”
- “I think the benefit of the community safety and well-being plans is that it brought all the service agencies to the table to have some of these discussions that needed to happen now.”

- “It has created connection between health, police, and social work that did not exist before.”

Launched a dialogue: In several cases, we heard that the CSWB process served as a valuable entry point for broader conversations about community well-being and the evolving role of municipalities in addressing social needs.

- “The first iteration was looking at shared priorities on low-hanging fruit: youth engagement, mental health supports. It was good to create conversation.”
- “When it happened, I think it was a good jolt for municipalities to make them look at safety from a community lens.”
- “It’s heightened awareness of some of the integrated social issues ... municipal Councils started to understand a bit more that their responsibility goes beyond clean water, garbage pickup, snow clearing and park grass cutting — there’s more to it than that.”

CHALLENGES IN IMPLEMENTATION

Scope creep: For many CAOs, a core tension of the CSWB plans lies in being tasked with leading and coordinating responses to complex social challenges — such as homelessness, mental health and addictions — that are more appropriately the responsibilities of other governments.

- “The municipalities are charged with executing it, but we have the least to do with it.”
- “Policing, healthcare, etc., are not under our jurisdiction, and yet we are charged with taking the lead on it.”

“The government said, ‘Hey, why don’t you go and do this plan to make communities better, but we’re not going to give you any real money to help with that.’ It’s an unofficial way of downloading this.”

- “Why did we start a lot of this work?
Because the province stepped out of it!”

Insufficient funding: The other major issue limiting the implementation and impact of CSWB plans is the lack of funding attached to them. Despite being provincially mandated, the plans have not come with sustained or dedicated funding to support execution.

- “The plan could be useful but there is no funding from the province to implement it.”
- “It’s really frustrating for staff who have the discussion, talk about what is needed and then realistically speaking, it’s impossible to implement because the funding dollars aren’t there in order to implement the programs.”

As one CAO astutely noted, this lack of financial support undermined the credibility of CSWB plans from the outset:

- “Municipalities were skeptical. There was a question of whether it would be taken seriously and where the funding was going to come from — that’s where the lack of engagement comes from.”

Municipalities stepping in where they can: In the absence of provincial support, some interviewees reported that their municipalities have taken the initiative to fund certain activities aligned to their plans.

- “We are doing a lot of things that are in the spirit of our plan, but we are funding them ourselves.”

Capacity challenges: CAOs emphasized that without dedicated staff or internal capacity, CSWB plans are unlikely to move beyond paper. In already stretched organizations, the work often becomes secondary — left to the margins of existing roles without time or accountability to drive it forward.

“We do have plans to make it more effective, but we have pie-in-the-sky plans until we staff it and resource it.”

- “Until someone gives us the time to not do something else so we can work on [the CSWB plan], it’s not going to get touched again.”
- “It became just something ... on the side of someone’s desk.”

In a few municipalities where CSWB plans have seen traction, success is often attributed to having at least one dedicated staff position.

- “We have a new person, and they are a go-getter.”
- “We’ve brought on an individual to deliver many of the ambitious goals and objectives and facilitate the work with our various local partners.”

Persistent silos remain: Despite the intent to foster integration, many CAOs reported that CSWB implementation remains fragmented. With multiple agencies operating independently — each with their own mandates — it’s difficult to align efforts or measure progress.

- “How does the plan influence how policing gets delivered? I have not seen that breakthrough moment yet.”
- “No disrespect to all the different agencies but it’s just the police doing this, the public health board doing this, social services doing this, and so on. We don’t really know what the purpose is.”

Unclear roles and responsibilities: With so many agencies and organizations involved in CSWB plans, it can be difficult to assign responsibility for delivering specific outcomes. Some CAOs told us that without defined leads, shared accountability has too often meant no accountability, resulting in implementation that often varies widely by partner capacity and interest.

STRATEGIES FOR RENEWAL

CSWB updates as a catalyst for improvement:

Some municipalities have already completed their legislated CSWB plan updates, while others are mid-process or have retained consultants to support the work. Despite prior frustration with the initial rollout, many CAOs viewed the update requirement as a chance to recalibrate — focus on what has worked, discard what hasn't, and design strategies that are more grounded in and responsive to their community context.

- “In the future we should be better at integrating broader community feedback and inter-agency cooperation into the plan ... it needs to adapt to community needs and resources better.”
- “When we do update this ... how do we continue to enhance the onsite services and onsite needs for different communities?”

“We’re looking to take it to a more granular level ... before it was aspirational and now, we are going to try to operationalize it.”

Investing in staff capacity: In some communities, the update process has prompted consideration of new roles or even new departmental structures to support long-term delivery.

- “We’ve talked to the County about splitting an FTE ... get somebody who’s really tasked with advancing the plan.”
- “We are going to try to make [our full-time staff role] permanent as part of the next version of the plan.”
- “I’ve heard a lot of municipalities something like a community safety and well-being department, and having a director and we might consider that.”

Building accountability structures: Many municipalities are planning to place a greater emphasis on accountability, both in terms of internal decision-making and the clarification of roles and responsibilities.

- “What we’re hoping to do is have the tough discussions with our community partners and stakeholders to say that for this to work, we need to have organizations step up, be accountable ... make sure that we’re working in lockstep together as a community.”



“It’s a good opportunity to look at how you make decisions related to community safety and well-being. Because in a lot of ways, everything should fit under this category — it should be a lens on every decision.”

More specifically as it relates to two-tier systems, CAOs are thinking about how upper- and lower-tier governments can better coordinate planning and delivery — through stronger partnerships, better communication, and clearer roles.



- “We can make it more useful if there’s more interaction between the regions and delivery agents in the lower-tiers and trying to fix that governance relationship to get that working better. Maybe also some more standardized metrics on reporting across the province so that there is easy comparability.”
- “It’s a regional initiative but has local impact. They are well intentioned to get to the local impact and want municipalities there. Will they take that info and listen to it? Yet to be seen.”

Top of the wishlist? More funding: Despite the local progress being made, it was clear that sustainable government funding is still essential to implement and scale CSWB plans. Without greater support from senior governments, many said that good ideas will remain difficult to deliver.

- “It would be really wonderful if there ... were grant streams or program funding through our senior levels of government, which would allow us to accelerate some of the opportunities articulated in the CSWB.”
- “I would like to see funding to match the good ideas that may come from these types of plans.”

STRATEGYCORP'S PERSPECTIVE

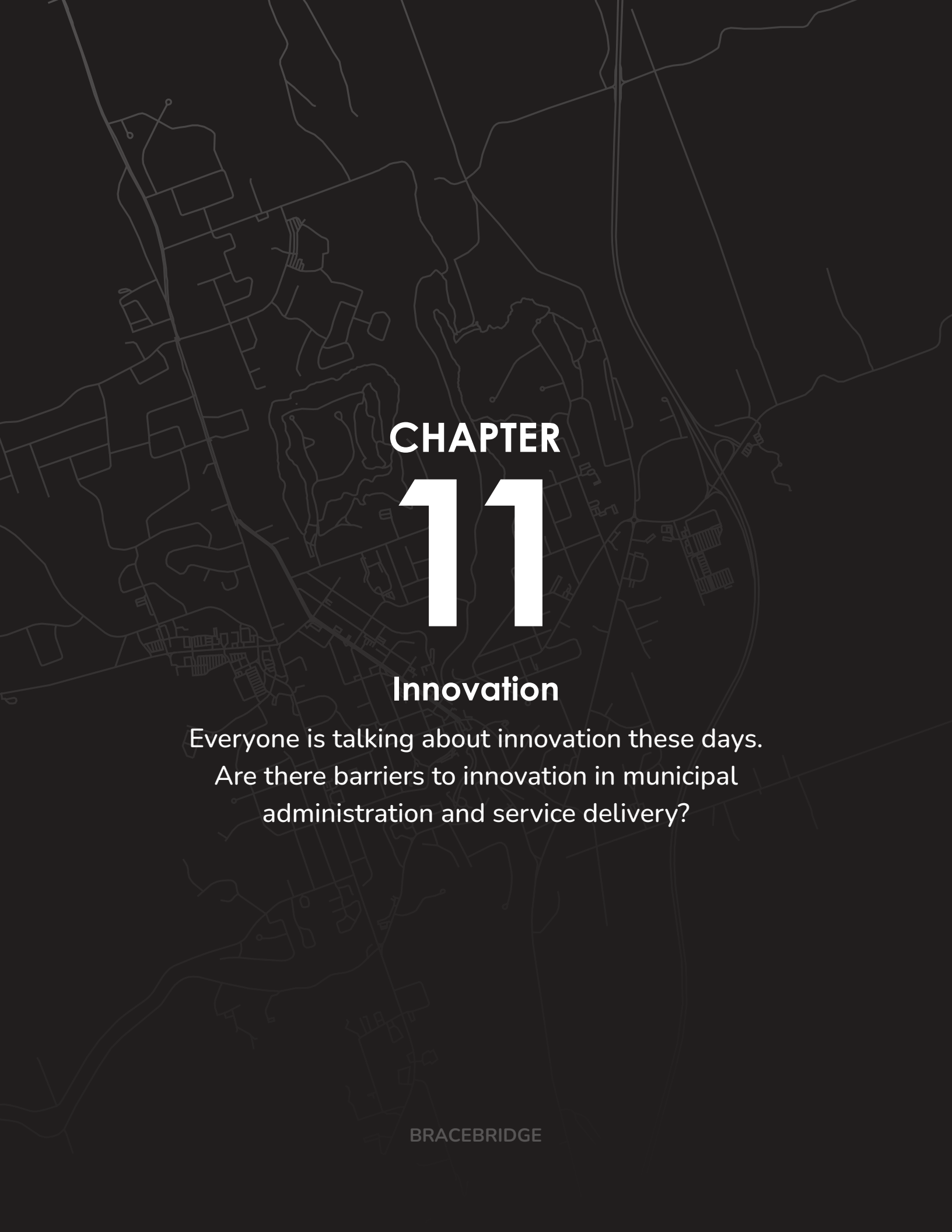
With the provincial mandate to update CSWB plans, CAOs are revisiting them with a renewed sense of pragmatism.¹⁸ In this second round, municipalities should treat their CSWB plan not as a compliance document, but as a strategic lens, a way to shape local policy, operations, and service delivery with well-being in mind. Several CAOs emphasized that their municipalities are already integrating these principles internally by ensuring staff are supported, public spaces feel safe, and residents are treated with dignity, even without new external programs or funding. One CAO put it simply: “It’s just part of doing business.”

This kind of shift — from planning what needs doing to doing what’s possible — is where the next generation of CSWB plans can have real impact. The initial tranche of plans created space for dialogue and brought partners across sectors to the table. The second round should focus on local, actionable strategies to improve outcomes and processes. These might include stronger implementation oversight, clearer accountability and resourcing, integration with other planning tools, and the recognition that success isn’t only about new initiatives — it’s also about how municipalities manage existing responsibilities in ways that promote safety, inclusion, and trust.

Of course, intergovernmental collaboration and sustained funding remain critical. A couple of CAOs noted that the province may be considering changes or issuing new guidance on CSWB planning. What municipalities want are clearer expectations and sustainable funding to support implementation.

At the same time, municipal leaders are clear-eyed: meaningful progress will also depend on strong local leadership, adequate staff capacity, and the willingness of all community partners to actively engage in the work.

The CSWB Plan can be more than a document — it can be a way of working that reflects the evolving needs of the community and the practical realities of municipal government.



CHAPTER

11

Innovation

Everyone is talking about innovation these days.
Are there barriers to innovation in municipal
administration and service delivery?

What We Heard

Innovation may be a buzzword in the public sector, but for Ontario municipalities, it has become both an operational necessity and a cultural imperative. In this year's interviews, a consistent theme emerged: municipalities are being asked to do more with less, and many are turning to innovation as a practical response to increasingly complex challenges.

Innovation in the municipal sector can be broadly defined as the process of improving services, operations, infrastructure, and community outcomes through new ideas, technologies, or approaches that respond to evolving public needs and constraints. CAOs shared examples of award-winning initiatives, community-based partnerships, and improvements to business processes and customer-facing services. But alongside this progress, they pointed to significant challenges: constrained budgets, limited staff capacity, risk-averse organizational cultures, and the structural and political realities of local government.

The risk of failure is particularly daunting in municipal government, where maintaining public trust and sound financial management is paramount. Both Council and staff face intense pressure to ensure value-for-money in service delivery, protect the municipality's reputation, and meet growing resident expectations — conditions that make it harder to support experimentation, even when it might be the solution to the challenges at hand.

REFLECTING ON WHERE WE'VE BEEN AND WHERE WE ARE

Innovation is the expectation: Municipalities aren't debating whether to innovate; they're focused on how to do it faster and more effectively. The drive stems from the interconnected imperative to deliver better customer service and streamline internal business processes, making services more responsive, efficient, and aligned with resident expectations.

- “[Here] the expectation is innovation.”
- “It’s not a ‘should.’ We have to because other municipalities are doing it. We have to do it.”
- “Municipalities are being forced to innovate, we have no choice. People expect a certain level of service.”

COVID-19 was a catalyst for modernization:

Consistent with what we heard in our 2021/22 survey at the time of the pandemic, many CAOs consider COVID-19 to be a turning point in their municipalities' modernization journey. It dismantled long-held assumptions about what was possible, accelerating shifts to remote work, hybrid Council meetings, and digital service delivery in a matter of days. The experience proved that when context demands, municipalities are capable of rapid transformation.

“We almost needed a kick in the pants with COVID to push us into it because there was an incentive: ‘You must do this in order to survive.’”

- “We made great strides through COVID that we never would have done otherwise.”
- “[Before COVID], we had staff say we can’t do this or that ... COVID hit and within three weeks, we didn’t miss a beat. We went to full virtual meetings for Council. All of a sudden the building department realized they can receive things digitally. In an odd way, COVID did have some good things to it, because it sparked people to start thinking differently, especially in this sphere of digital innovation.”

It’s a journey, not a race: Many commented that the focus shouldn’t necessarily be on a total overhaul, but on identifying and activating small, purposeful changes that yield results, whether internally to organizational operations or externally to public-facing services.

- “‘Step innovation’ — to get there may be slower, but it will be more successful.”



“Small innovations or incremental steps will have more impact than one big, shiny change.”

- “To me, innovation is communicating that it’s not invention ... It can be minor process improvements and the staff that are closest to those projects are the ones that are driving it.”

Taking a slow and steady approach may also be key to navigating the many barriers local governments face in advancing modernization — challenges we explore in the next section.

RESOURCE CONSTRAINTS

Money, money, money: The desire to innovate exists, but making progress requires financial resources, which are already at a premium in most municipalities.

- “Money is always an issue.”
- “The biggest barrier is that you have to pay before you see efficiencies.”

Several respondents reported that constrained budgets force difficult choices about where to invest limited financial resources. Innovation — particularly internal to the organization — can take a back seat when there is pressure from Council to focus on services that are the most visible to the public.

“Innovation is great, but you’ve got to keep the lights on at the same time.”

- “Council is quite supportive of expanding the budget to modernize. Their focus is on improving customer service; modernization in the back office is not as much of a focus.”

- “It takes a lot of money upfront. It’s a struggle to get Council to put that money in. And once you do that, you need to manage it all — licensing fees, staff, security. I don’t have enough money to pave all the roads.”

Technology gaps: The most significant upfront and recurring cost drivers are new software and IT systems, with several CAOs acknowledging that legacy systems are a key barrier in being able to do more on the innovation front.

- “We all know we need to modernize our systems ... the last time our financial system was updated was Y2K.”
- “It comes down to resources ... and some of the legacy systems. It’s easier to use the legacy systems that we currently have in place.”

Capacity and capability constraints: In addition to financial resources, gaps in human resource also ranked high on the list of barriers. Senior leaders pointed to challenges in simply having enough staff — and, just as critically, having staff with the right skill sets to lead and implement change.

- “Having people who think about services differently versus people who are delivering the service — this is two separate skill sets, which is a barrier.”
- “It’s the money side of things, but it’s also the high levels of turnover, the institutional knowledge, the confidence, and the skill set required in order to be innovative.”

- “The skill sets we need [are a barrier]. Council is getting there. We were able to get some new complement in the last budget.”

CAOs from smaller municipalities reported that their resource challenges are especially pronounced. With no dedicated divisions or staff for IT or continuous improvement, employees delivering a service are often charged with improving it, a dynamic that presents obvious limitations.

- “The staff that do the work can improve the processes but it’s going to take 10 times as long as it will in a larger organization where they have dedicated project staff for it.”

Time — the capacity you don’t see: Closely tied to the capacity issue is the lack of time to innovate. While resources matter, innovation also demands space to think, experiment, and collaborate — something rarely permitted by the daily operations (and demands) of municipal government.

- “I don’t think money is the barrier — it’s time. The time to innovate when you’re also trying to deliver the service.”
- “It’s more of a ‘side-of-the-desk’ issue, and it is not being taken as seriously as it should.”
- “You’re so busy trying to get your work done to even think of a new way to do it.”

The challenge is further amplified by the reality in many organizations that the list of what staff need to do grows ever longer, and modernization efforts get squeezed to the margin.

- “[Staff] are too busy putting out fires to think ahead and to think about innovation.”

“I’ve got enough resources to run this corporation if they [Council] wouldn’t send us on wild goose chases.”

BUILT-IN BARRIERS TO CHANGE

The nature of municipal government: A recurring theme was that the structure and culture of municipal government itself can be a barrier to innovation. Many CAOs repeated long-held perceptions and assessments of municipal government as slow to evolve and resistant to change.

- “Innovation in municipal government is an oxymoron.”

“Thinking in government is a bit archaic compared to the private sector.”

- “Innovation isn’t there in the municipal context. It’s more about why we can’t do something as opposed to why should we do something. That philosophy is sometimes hard to change.”

Culture of risk aversion: Several commented explicitly on the deep-rooted culture of caution in local government, where risk avoidance often comes at the cost of bold ideas and tangible improvements.

- “People don’t want to do things that are innovative if you have a culture where calculated risk isn’t rewarded.”
- “In our sector, we tend to be risk-averse. It’s not measure twice and cut once, it’s measure 10 times, let’s think about it some more, and then maybe we might cut.”
- “Municipalities are generally risk-averse due to political exposure and that is a barrier. For example, moving the contact centre to an AI model — if there is a 1 in 1,000 risk of an answer being crazy, that may be too much of a risk for many Councillors.”

In a time of heightened incivility and scrutiny — discussed further in **Chapter 7** — both Council and staff are under significant pressure to avoid mistakes.

For many, the roots of municipal risk aversion rest in the core imperatives of municipal government: transparency, accountability, and public trust. Staff may have creative ideas, but concerns about public reaction, political backlash, and reputational risk can discourage experimentation.

In a time of heightened incivility and scrutiny — discussed further in **Chapter 9** — both Council and staff are under significant pressure to avoid mistakes.

- “The problem is that when you’re in an environment of increased incivility, so many municipal staff want it to be perfect so that there isn’t going to be a target on their back and so Council isn’t going to have a target on their back.”
- “[Council] doesn’t want to be seen as the Council having failed and lost taxpayers’ money.”

“The biggest barrier [to innovation] is the nature of the work that we do. We are accountable to public officials, who are accountable to the public.”

Technology risk and cybersecurity fears: To be sure, some of the hesitation related to innovation stems from legitimate concerns about cybersecurity and technological risk. A couple of respondents shared that their municipalities had experienced breaches, while others spoke of preparing for the inevitability of one.

- “There is also the fear about new technologies ... we’re afraid of that cyber risk. Why are we afraid of it? Because of the community backlash we’ll receive if it fails.”
- “Corporately, there is still some PTSD. The municipalities that have had breaches — it’s going to be a hurdle for us to embrace AI and other things because we can’t afford another slip up.”

CREATING CONDITIONS FOR CHANGE

“This sentence gives me the biggest headache: ‘That’s not how we used to do it.’ Guess what, we used to use typewriters, and we don’t anymore. That’s always my response.”

Culture is the foundation of innovation: Nearly every CAO identified organizational culture as the make-or-break factor in enabling modernization. Without a supportive working environment that values and encourages curiosity and learning, even the best ideas can stall.

- “If you don’t have the culture [of innovation], it just isn’t going to happen.”
- “The greater barrier to innovation has been the culture. We have been working on a culture change so we can become a learning organization.”

Empowering — and rewarding — staff: Many interviewees emphasized that frontline innovation starts with staff who feel trusted, supported, and recognized for thinking differently and more creatively.

- “We need to make sure staff are engaged and enabled. Innovation ideas should come from them. This is about taking the handcuffs off people and rewarding them for their ideas.”
- “My staff are quite competitive in nature. So, I put different challenges and different things out there to them. And it’s shifting the culture from a stagnant ‘punch in and punch out’ culture to a ‘can we do this better or make it more efficient’ mentality.”

Embracing failure: Creating a culture of innovation also means creating space to get things wrong. There was consensus among CAOs that innovation can't thrive without an environment where failure and risk-taking are accepted as part of the learning process.

- “You have to create the environment where staff feel comfortable to make mistakes, where leaders can say, ‘I’m going to have your back.’”

“Everything you do, you need to provide a safe failing opportunity. You don’t learn from what you did right. You learn from what you fail at. You need to fail to improve.”

Navigating staff anxieties: Leaders don’t just drive change but must also manage the full range of human responses to it. Interviewees told us that innovation can trigger a wide range of reactions among staff that they have to address.

- “There is some generational divide in terms of new employees who might have some ideas versus experienced employees who say, ‘Hey rookie, why don’t you sit on the bench a bit? We’re going to do it this way.’”

“There’s a lot of push-pull-avoid: people pushing for change, people pulling to keep the status quo, and people avoiding having to do anything.”

- “With the collective bargaining units, there’s some real anxiety about AI in terms of what that means to members and the work that they do.”

Lead by example: In considering the barriers and enablers of municipal modernization, many also pointed to the critical role of senior leadership in setting the tone.

- “It’s a tone from the top ... I like change and I like to hear about what could be possible.”
- “Deep work on culture starts with us. It’s not people looking at me and going, ‘I’m sure everything they did in their whole career was perfect.’ I’m sharing those failure stories.”



STRATEGYCORP'S PERSPECTIVE

Despite the range of work underway and alignment on the need to improve the efficiency of public services, infrastructure, and systems, the pace of modernization in Ontario municipalities is often slower than required (or desired).

Yet, public sector transformation is essential for building resilient governments, particularly in a time of mounting economic uncertainty and global instability. As discussed in **Chapter 2**, the ongoing trade tensions with the United States and broader economic headwinds have put pressure on municipalities to safeguard their business communities and identify strategies to weather anticipated tariff-related cost increases.

At the same time, this imperative isn't new for Ontario municipalities. Since taking office in 2018, the Ford government has made it clear that greater municipal efficiency is not optional. Over the years, several provincial funding programs, such as the Audit and Accountability Fund, Municipal Modernization Program, and Streamline Development Approval Fund, have been deployed to encourage modernization and efficiencies in local government. And it's not necessarily about cost savings, but about moving more quickly to match the pace of business — helping to drive provincial priorities on housing and infrastructure, for example.

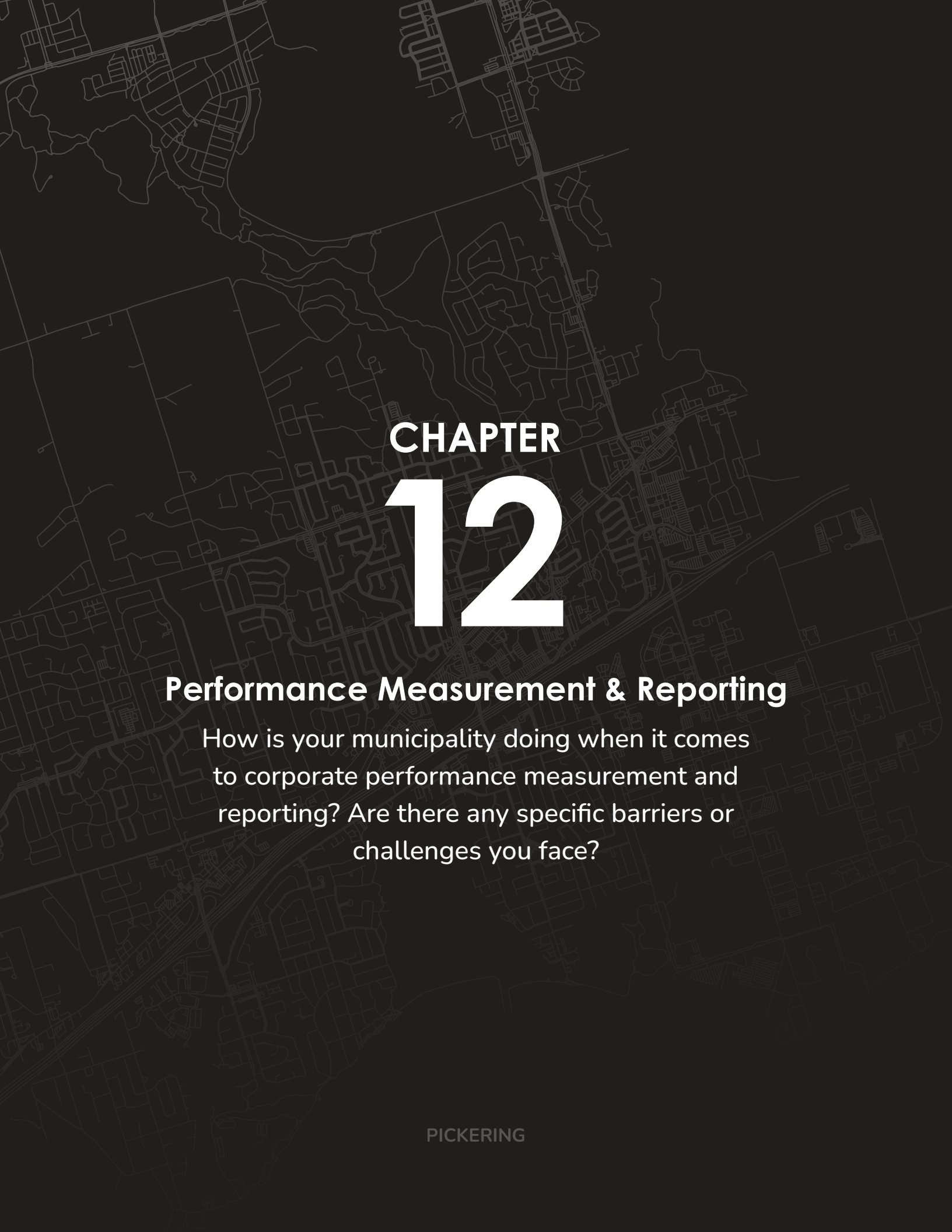
But the message behind these investments is unmistakable: if municipalities don't find new, more efficient and faster ways to operate, the province may intervene in the form of service realignments or governance restructuring. As we heard throughout our conversations with CAOs, provincial unilateral action rarely bodes well for municipalities, often resulting in unintended or ineffective outcomes.

For the municipal sector, the heart of the challenge is a combination of constrained financial and human resources and an entrenched risk-averse culture.¹⁹ Simply put, innovation is not yet embedded in the organizational DNA of most municipalities.

It may be that more incentives and policy tools are needed to accelerate the innovation agenda and support broader culture change within the local public sector. Federal programs like the Smart Cities Challenge and the Green Municipal Fund offer valuable mechanisms to jumpstart this work but they may not be enough on their own.

Municipalities should also take the lead in creating the internal infrastructure that sends the message to staff and elected officials that innovation is a core organizational priority, not a 'side-of-the-desk' pursuit. Solutions for consideration include innovation reserves or budget allocations, staff-led competitions or pilot projects, and outcomes-based procurement to bring in new vendors to drive efficiency gains.

Still, any modernization effort must operate within the boundaries of public accountability and transparent decision-making — principles that are foundational to the municipal sector. Balancing the demand for speed and efficiency with the need for legitimacy and public trust is key to getting it right.



CHAPTER 12

Performance Measurement & Reporting

How is your municipality doing when it comes to corporate performance measurement and reporting? Are there any specific barriers or challenges you face?

What We Heard

In our last two CAO surveys, we've asked municipal leaders not only about the value of strategic planning, but also about the tools and tactics they're mobilizing to bring those plans to life.

One of the most cited challenges has been the ability to effectively track and report on progress. In response, this year's survey took a deeper dive into how municipalities are approaching performance measurement — what's working, where the gaps are, and the barriers they continue to face.

While every CAO affirmed the value of performance measurement, it's clear that Ontario's municipalities are at different stages of maturity. Some have embraced the practice with strong momentum, while others acknowledge that it's early days yet, citing barriers such as underinvestment, staffing limitations, and a long list of competing priorities.

Importantly, nearly all described performance measurement not as a quick fix but as a long-term organizational evolution. Regardless of where their municipality is on the curve, many leaders emphasized that they're making progress, refining practices, and striving to embed performance thinking into how they plan, deliver, and improve services and decision-making.

SUCCESSSES, GAPS, AND A WHOLE LOT OF PROGRESS

Moving ahead: For some CAOs, this is an area of real momentum where innovation, continuous improvement, and community-facing tools like dashboards are supporting municipalities in better tracking outcomes and demonstrating value to elected officials and the public.

- “This is one area that we really turned the tables on this term of Council. When we did the strategic plan, we wanted to do a community dashboard and we're just about to launch it.”

- “We had the foot on the gas a couple of years ago. We saw a lot of benefit and continue to see a lot of benefit in many of our key areas to drive efficiencies.”
- “We have a robust program, and it does seem to be improving every cycle.”

Some challenges: Other CAOs were candid that their municipality isn't doing as much as they could — or should — be.

“In my 30 years in local government, I have always failed in this area.”

- “This is one of our shortfalls.”
- “I'm now in a smaller municipality that has never thought about collecting data. It's a little heartbreaking because I see the value in it and the basic stuff is not there.”

It's a marathon, not a sprint: Whether assessing their municipality's efforts or progress on performance measurement, the overarching message from this year's interviews is that work is underway in many jurisdictions. CAOs underscored that this isn't a one-time initiative but a long-term evolution in how municipalities think about, plan for, and measure what matters.

- “We are in a maturing process here ... and we are on the right path, but we have a long way to go.”
- “It will be a long journey, but we have embarked on it.”
- “Hopefully if you ask me this in two years, it will be a success story.”

“We're on our way for a small municipality that has never had any of this before.”

DELIVERING TANGIBLE BENEFITS

“We are doing it in a way where the public can see what we’ve done, not just a flashy dashboard. We are using it internally for staff, so your performance is not just about you completing the task, it’s about how you did it, including customer service.”

Fostering an objective lens: Several CAOs highlighted how performance data helps reduce the subjectivity of operational and organizational decisions. It helps advance conversations from ‘what feels right’ to ‘what the numbers tell us’ and can improve the credibility of recommendations at both the Council and staff levels. By the same token, it can also strengthen internal HR practices by providing grounded and clear feedback to employees and working to reduce biases.

- “Performance measurement allows for more objective feedback rather than subjective views from leadership, which was a complaint employees had around the review process.”

“Performance management and reporting takes the politics out of it. When we track it, it takes the emotion out and the gut feeling of ‘Oh, the community wants this’ away. It’s just math after that.”

Improving service delivery: Better data is supporting staff in identifying opportunities to make evidence-informed adjustments to internal processes and public-facing programs and operations.

- “At the corporate level, we have come up with fairly unique reporting in terms of where the bottlenecks are. We can see where they’re going to occur, and we can level out the demand on procurement.”

- “Being able to pull [data] out and make decisions based on that hard data is fantastic.”
- “We have a lot of data that we work with and utilize for our fleet department, our water and wastewater utilizations — it’s a lot of decisions driven by performance indicators.”

Some CAOs reported unexpected successes in the application of performance data in service areas like parks and recreation. These examples reflect a growing cultural shift where service-level decisions, even in community-facing departments, are increasingly grounded in data.

- “Decisions made through performance data are coming out of unlikely sources like our parks and rec group. When they’re doing programming, they say, ‘We’re not doing that program because here’s the math behind it.’”
- “If you look at some of the recreational programming around pickleball — if it wasn’t for data and performance measurement, we couldn’t respond or act in the way we currently do now.”

Building the case to Council: We heard from some CAOs how enhanced data capacity has strengthened their ability to provide better information to Council, particularly when it comes to the business case for new investments and staff resources.

- “It has fundamentally been a benefit to have the data. By having the service review and the data, we could justify hiring.”
- “Council has put an emphasis on data-driven decisions, so we like data that helps us to make decisions.”

The inverse is also true. Without good data, making the case can become more difficult.

- “[In the] absence of these key metrics ... it’s tough for [Council] to support some of the investments that we want to see.”

Breaking down silos: Performance reporting is often a shared exercise. This forces employees out of their traditional department silos, helping them understand how their work contributes to broader organizational goals. In doing so, performance measurement is becoming a tool not just for improved oversight and accountability, but also for organizational alignment and ownership.

- “Our corporate performance reporting breaks down silos because some of the metrics need multiple departments, not just one department contributing to them.”
- “Everyone can see the targets and goals and they can see themselves in it.”
- “Employees can’t work in a vacuum. I know I have to fill 20 potholes but what am I doing? What am I working towards? What’s happening elsewhere? Those potholes — how is that impacting my fellow employees in finance who have to record how many we filled? At the end of the day, it’s just making sure that people are taking ownership and seeing how they fit into the overall pie.”

CREATING CONDITIONS FOR SUCCESS

It starts with culture: For many CAOs, the transition from performance measurement as a reporting requirement to an oversight and engagement tool has necessitated a cultural change in their organizations. It was emphasized that successful implementation can often hinge on buy-in and support from both staff and Council.

- “It’s a culture shift. It’s a training of people internally and a training of Council.”

“Usually municipalities think we need to hire someone to do it. But it needs to be embraced across the organization. Every department head needs to be responsible.”

- “It takes a culture shift and a massive amount of money.”

Bringing staff along: CAOs told us that it can take time to build trust and demonstrate to staff that performance monitoring and reporting is a tool for continuous improvement — not for surveillance or finger-pointing.

- “It took a little bit to get staff there. But through dialogue and communication, I was able to show them the importance of these metrics. They help you in justifying further investments in resources or technology or whatever it may be that we need to do our job.”
- “Staff feel like they are now being watched as opposed to this being an opportunity to make it better and improve ... which is just a cultural shift that we’re going to have to go through.”

Ensuring accountability: Even when systems are still evolving, some municipalities are instituting accountability and enforcement mechanisms to support change management, compliance, and consistency in expectations.

- “We are trying as a leadership team to keep enforcing. Someone has a master plan, and they want to do an update report out to Council? We don’t do those anymore. Our annual report is the corporate performance dashboard. If you don’t see your measurement on the dashboard, then that’s the conversation we need to have.”

MEANINGFUL MEASUREMENT

From volume to value: Several CAOs reflected on the inefficiency of tracking large volumes of metrics that lack strategic focus. For some, an initial step was to drastically reduce or refine what they were measuring and focus on fewer, more relevant indicators.

- “When I started in my role there were 97 KPIs that the Town was measuring itself against. I went through them and scrapped all 97 of them — it was not worth the time or effort.”

- “In the past we had key performance indicators, but we were just measuring things for the sake of measuring.”

The provincially required Financial Information Returns (FIR) in particular can feel more like a burdensome compliance exercise than a useful tool for local decision-making.

- “What utility does it serve? If we are just completing the FIR because we have to, what purpose does it serve?”
- “The stuff that is mandated by the province ... there is too much of it. As a result, other KPIs that we should be doing, we aren’t prioritizing.”

Clarifying the ‘why’ behind measurement: Many CAOs emphasized the importance of stepping back and asking fundamental questions: Why are we measuring this? What are we trying to learn? For performance measurement to be meaningful, it must have a clear purpose. Metrics should tell a relevant, accurate, and reliable story that can drive actionable insights.

- “We really need to think through what’s the purpose. Is it to advise the community about what’s going on? Is it to lobby Council to get them to invest in the things they said they wanted to invest in? What are we trying to do with this?”
- “We want to make sure that the metrics that are being used are going to be useful. They are going to be telling an accurate story of processes and efficiencies.”

Aligning measurement to strategic directions:

For many interviewees, the starting point for performance measurement is the strategic plan. By anchoring KPIs to strategic priorities, municipalities can focus their measurement efforts on what matters most.

- “Prior to me coming into this role, we never had a strategic plan. If you don’t have a strategic plan, how do you develop KPIs? One of the first things I put in place was the development of a strategic plan.”

“We’re always looking at KPIs to make sure we have the right ones. They align with where Council wants to go.”

- “One of my hopes with the new strategic plan is that KPIs can flow from that and we understand our ‘must dos’, ‘should dos’ and ‘want to dos’.”

We also heard that the value of measurement lies not only in tracking corporate performance but also in demonstrating how local governments are delivering on community outcomes. There is growing attention on shifting from output-based metrics to outcomes-focused indicators.

- “[The corporate dashboard] is going to be a good interactive tool so the community will understand where we’re going ... This is as opposed to what we used to do — how many lane kilometres or how many snowplow blades did you go through? Nobody cared. It’s really about figuring out what your community wants.”

Budgeting and planning processes: Several CAOs described deliberate efforts to embed performance measurement into budgeting and planning processes. The integration of strategic planning, budget decisions, and performance tracking strengthens government transparency and accountability by providing a clearer connection between investments and outcomes.

- “There’s a direct link between our business plans and the corporate strategic plan. It informs both our operating and our 10-year capital forecast.”

Still, some acknowledged this integration as a work in progress.

- “It started with the budget, aligning budget investment with metrics, and then the strategic plan had measures but they were never aligned. There was nothing tied to ‘We’re going to do better by making an investment.’”

WHAT ARE THE BARRIERS?

“Challenges? Yes, time, money and systems.”

Time constraints: The most frequently cited challenge was time. Day-to-day demands on staff often push performance efforts to the back burner, even in cases where the intent and supporting systems are in place.

- “The biggest barrier is time and resources to work on it.”
- “We just haven’t had the time to truly devote to corporate performance measurement. It’s not that we don’t believe in it; it’s a prioritization of time.”
- “We’re starting to get the data but not yet merging it into a proper performance management reporting system. But all of it comes down to time.”

Resource gaps: As in the previous chapter on innovation, many CAOs also noted challenges in staffing capacity and technical skills. While some municipalities have made headway, others are still building the internal muscle needed to collect, interpret, and act on performance data.

- “It’d be great to have all of this but who is going to do it? You have to figure out your capacity when you’re thinking about what you’re going to report on.”
- “Having the tools and having skilled staff are both very important and that has been a big challenge, but it’s getting better.”

A few discussed the reactionary nature of their organizations, citing emerging issues and priorities that can rapidly overshadow longer-term corporate planning initiatives.

- “We are just starting to do that work but we are busy just trying to get the daily business done.”



“Resources are the largest barrier. We spend a lot of time putting out fires and less on strategic planning.”

Technological tools lag behind intent: Some municipalities lack data tracking platforms altogether, while others are trying to overcome outdated, siloed, or overly manual systems. As we heard in **Chapter 11**, cybersecurity fears also invited some hesitation.

- “We are still quite manual in many of our functions and are trying to implement and invest in technology and data collection.”
- “We have systems that aren’t talking to one another and some siloization ... We need to be able to integrate our data better.”

Council buy-in isn’t guaranteed: While CAOs are strong believers in the value of performance data, they acknowledged that not all are equally invested. Some reported a lack of interest by their Councils in the data and reports.

- “Where it falls apart is at the elected level. They don’t care, even with data sometimes.”
- “We used to do reporting out once a year at budget time. We gave [Council] a bunch of info. No one asks a question. I’m not even sure Council read it.”

Others noted that some elected officials may be reluctant to fully advance a data-driven culture out of concern that it will highlight failure.

- “Because all our conversations with Council are public, there is little interest in strict evidence-based performance measurement because no one wants to show where things didn’t work.”

In a few cases, CAOs are trying to shift that mindset through deliberate education and engagement.

- “One of the first things I did was map out KPIs and why/what reasons are they used for, and we used this in an education session with Council ... and they loved it.”

Benchmarking continues to be complicated:

Some CAOs are also eager to be able not only to assess their municipality’s performance year-over-year but evaluate how they stack up against comparators. However, some noted the continued difficulty with comparator benchmarking, given considerable differences in scale, services, and community context across municipalities.

- “It’s hard to compare municipalities.”
- “We would like to compare apples to apples with other municipalities, and the metrics just aren’t there ... it’s like apples, oranges, bananas, kiwis and so on.”



STRATEGYCORP'S PERSPECTIVE

Evolving performance measurement practices as part of a municipality's strategic planning and service delivery efforts is a best practice. StrategyCorp has worked with municipalities seeking to adopt more rigorous and intentional performance measurement practices and here are some of the lessons we've learned:

#1. Tie performance to strategy

Performance indicators should be directly tied to an organization's strategic plan and operational goals, not measured in isolation or for compliance. This works best when there's a clear line-of-sight between service activity, resource allocation, and community outcomes. This ensures that performance metrics aren't just tracked for the sake of it but to support enhanced decision-making.

#2. Keeping reporting clear and user-centric

Performance reporting should simplify, not overwhelm. Communicate with plain language and clear visuals to answer: What are we delivering? What does it cost? Is it making a difference? Dashboards are only helpful when paired with meaningful interpretation and context.

#3. Integration across functions

Performance reporting must be embedded in core functions, including strategic planning, budgeting, service reviews, and organizational learning. This helps avoid the 'report card' trap and instead embeds performance thinking into the continuous improvement cycle—plan, execute, measure, learn, adjust.

#4. Use benchmarks wisely

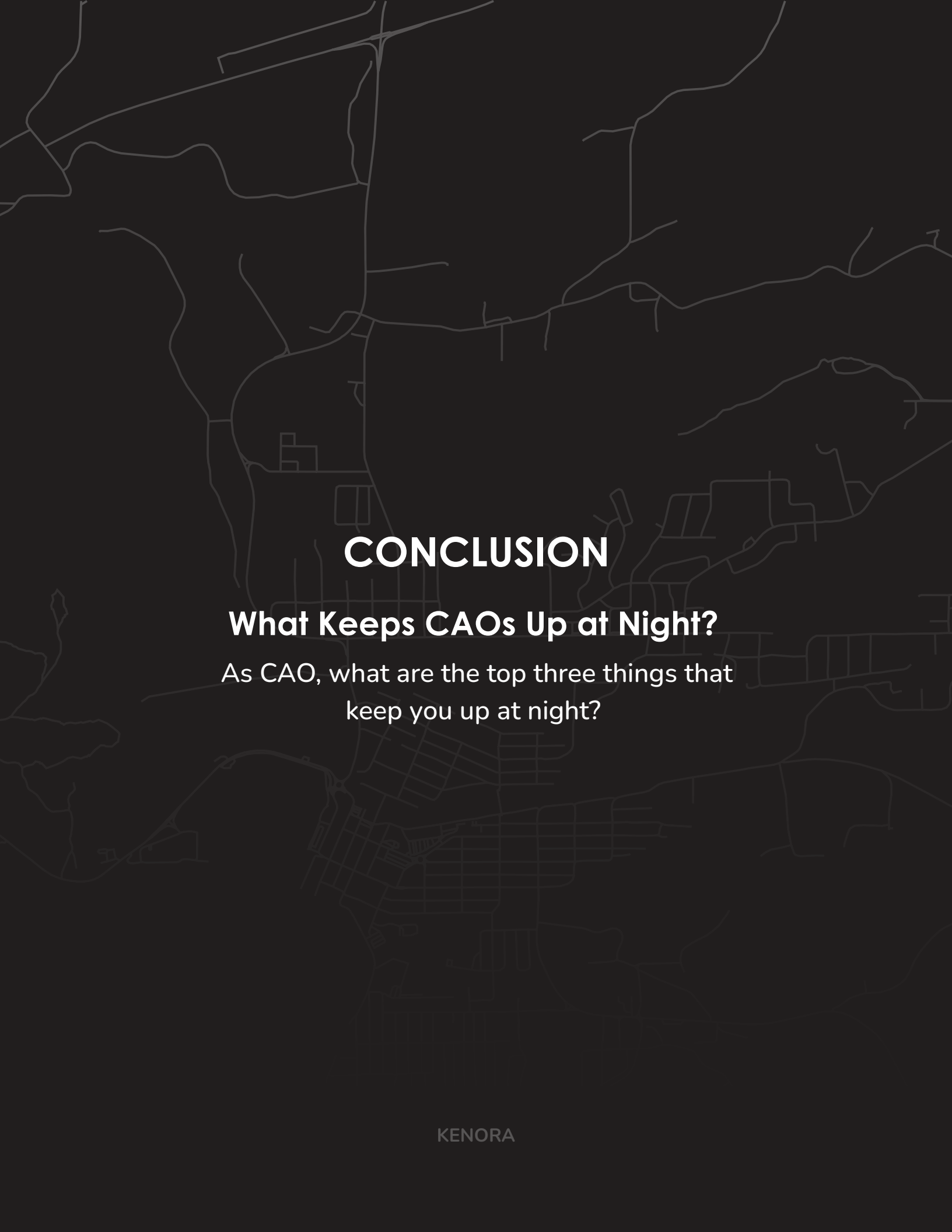
Benchmarking is valuable when grounded in context. Comparisons can be compelling when decisions involving change, or the potential for change, is on the table, such as during service reviews or budget rationalization discussions. But numbers alone aren't enough. Differences in geography, governance, and service models must be part of any interpretation.

#5. Make it practical, not perfect

Local governments that measure and report performance perform better than ones that don't. Everyone needs to start somewhere. An effective performance framework doesn't need to be complicated — it should be easy to understand, low-cost to implement, and aligned with the real constraints and incentives facing municipal staff.

#6. Focus on learning, not blame

Performance measurement is a tool for continuous improvement, not punishment. It enables learning and helps Councils navigate important political decisions with confidence, in turn building organizational capacity for more strategic, service-oriented thinking. Over time, this helps local governments anticipate and plan, rather than just react.



CONCLUSION

What Keeps CAOs Up at Night?

As CAO, what are the top three things that keep you up at night?

What We Heard

In the opening chapter, we asked CAOs to name the top three challenges facing their municipalities — the issues that shape agendas and drive Council debate. This chapter asks something more personal: What keeps you up at night? While the themes often overlap, this question reveals something different. It invites reflection over diagnosis and surfaces not just what CAOs are tackling, but what they're carrying as part of the job itself — the weight, the limits, the responsibilities that linger long after the workday ends.

The familiar concerns — people, finances, and politics — remain. But they showed up with more urgency, layered by exhaustion, uncertainty, and a growing sense that these pressures do not exist in isolation. These linkages have long existed, but this year, CAOs articulated them more fully, not as parallel issues, but as forces that collide, compound, and escalate. Talk about staffing quickly turns to budgets, affordability, infrastructure, and the limits of local government. Concerns about politics lead to incidences of incivility, which loop back to staffing again.

While these issues converge at the organizational level, their impact is personal for municipal leaders. Last year, we noted a more introspective tone from CAOs, and this trend has only deepened. The responses to this question aren't complaints; they are quiet disclosures of care and responsibility from those at the helm, a pressure they feel at all hours.

“I wish there were only three, because maybe I'd sleep more.”

#1 - IT'S THE PEOPLE

For the third year in a row, how to attract, retain, and take care of their staff remains the top issue keeping CAOs up at night. This concern first surged to the forefront during the COVID era and has since become a defining, structural challenge

across the municipal sector. Staffing concerns are no longer framed in terms of headcounts or day-to-day operational needs. Instead, CAOs speak with greater concern about workforce resilience — about how to sustain a healthy, supported, and motivated team in the face of rising pressures. Many explicitly noted that without people to deliver, no other municipal priority is achievable.

“People and culture — that's my No. 1 job. If I don't pay attention to it, the rest won't matter.”

Among the most common themes this year were the health, safety, and physical and mental well-being of municipal employees. Staff burnout is top of mind — not just as a productivity issue, but as a symptom of a system stretched to its limits.

- “We're going through a heat wave right now and that was making me a little anxious ... How are we helping our outdoor folks? Those are maybe minor things but because of how I'm worried, those things keep me up.”
- “I'm really worried about staff burnout. The amount of work on people's desks ... I don't even know what the right term is 'beyond what it used to be.'”
- “Staff burnout is top of mind. Part of that is that we want to do more and more ... But our staff are starting to say, 'I can't take much more.'”

These workplace stresses are increasingly compounded by structural challenges in the sector, including an intensifying war for talent as municipalities struggle to remain competitive and attractive employers in a crowded marketplace.

- “In the next five years, 45% of our municipal workforce is leaving due to retirement. We do not have people in those numbers coming into our business ... Instead, we steal from each other.”

- “The benefits and pensions that were previously a draw for staff are no longer as important as their ability to support their families now ... [We] lost 10 public works people last year.”

Of course, public-facing roles bring additional challenges, and many CAOs fear the next generation may no longer view municipal service as a rewarding or sustainable career path — not because of the work itself but because of what they might have to endure from the public.

- “The political arena we are in now around social media ... that type of stuff doesn’t help me retain good staff. Every time I have to fight against knucklehead comments, it harms us trying to recruit senior staff.”

Often the conversations about people and culture turned inward — to the toll on CAOs themselves. For many, leadership means shouldering the burdens of the entire organization, even at the cost of their own well-being

- “It’s lonely, it’s the loneliest job. And I think especially moving from a different community to here, it’s been a bit of a struggle finding your network, finding your people.”
- “I have a responsibility in many ways to make sure staff are well and then that impacts my own health because I’m trying to protect everyone else.”

#2 - MONEY, MONEY, MONEY

“Without municipal finance reforms, I have no idea how [we] will be able to operate as a corporation.”

Municipal finance is always close to the top of the list — and in some years of this survey, it’s been the number one concern. But in 2025, CAOs voiced it with a sharper edge. This year’s responses reflected more than frustration with outdated funding models or tight budgets; they expressed a deeper anxiety that municipalities are approaching their fiscal breaking point.

Inflationary pressures, infrastructure backlogs, growing service demands, and public expectations have all compounded the sense that the current financial model for municipalities isn’t just strained — it’s out of step with reality.

- “How are we going to balance what we need to do on asset management renewal, services, programming, etc. with the projected growth trends we see? I don’t know how we can be all things to all people.”

In particular, as we heard earlier, many CAOs described the impossible balancing act they face: making needed investments in services and infrastructure to support growth while minimizing costs for residents already feeling stretched.

- “Affordability — our community is feeling the challenges of everyday life. They are being stretched to the maximum. That is a thing that worries me on a day-to-day basis.”
- “Affordability issues are spreading across more income buckets than ever before ... I worry about what will happen if no one can afford to live [here]. It can’t just be a place where only rich people can stay, or we will lose a lot.”

Others focused on the unpredictability of external forces. Even those with relatively sound financial planning acknowledged how fragile that stability feels in 2025.



- “Long-term fiscal planning has done well but it feels like in every corner there is something external that we cannot control — how do you predict a pandemic or a trade war?”
- “The economy scares me. Residents are facing problems paying property taxes and their water bill; many have mortgaged themselves to the hilt. I believe we’ll enter into a recession this fall and all municipalities need to be very aware of that.”

#3 - POLITICAL DYNAMICS



“Council, Mayor, staff dynamics. Trying to have a harmonious team.”

Managing the political environment has always been part of the job, but we heard that it has become more volatile, more personal, and more difficult for municipal leaders to navigate than in years past. Although tensions between Councils and staff are nothing new, the interviews revealed a heightened anxiety particularly around the expansion of strong mayor powers and the looming 2026 municipal elections. Many CAOs are questioning the durability of their roles and the stability of their organizations — can today’s plans survive tomorrow’s politics?

Although tensions between Councils and staff are nothing new, the interviews revealed a heightened anxiety particularly around the expansion of strong mayor powers and the looming 2026 municipal elections. Many CAOs are questioning the durability of their roles and the stability of their organizations — can today’s plans survive tomorrow’s politics?

- “The next election and strong mayors and worsening local political culture. That keeps me up at night. And it’s natural for any CAO to think, ‘What am I getting myself into? Is it worth the money to deal with the BS?’”
- “I’m not worried about this Mayor or Council but what worries me is 5, 10, 20 plus years where you need to be on your feet. How do you create a governance model that is sustainable in the long term when it can be flipped on a switch based on who the Mayor is?”

Beyond formal power structures, CAOs also described the toll of a changing political culture, whereby sometimes Council members treat staff not as partners, but as adversaries. Many CAOs said this rising hostility makes it harder to keep good people — and harder to sleep at night.

- “I worry about gotcha moments. I worry that something is brewing and that you won’t know until you’re in a public forum.”
- “Once you get [staff] here, how will we keep them here if Council treats them like garbage? Computers can do a lot but it takes people in the end.”

HONOURABLE MENTIONS

The top three concerns may be clear, but they weren’t the only ones on CAOs’ minds. Several other themes surfaced repeatedly across interviews and warrant attention in their own right.

#4 – Incivility in the public arena: While incivility emerged in relation to both HR and Council-staff dynamics, many CAOs also described it as a broader, more corrosive shift, one that increasingly showing up not just in public discourse, but in everyday interactions with residents and as part of the normal course of business.

- “Growing incivility in our local politics and interactions with residents — it’s growing fast. Behaviours are getting worse, our employees are being affected, and Council is under threat frequently.”



“The evolution of the scope of issues that we deal with — I never would have had to deal with this 30 years ago.”

- “What’s going to be said next? What will I have to deal with that will detract from our day-to-day progress and how we are trying to run things? It’s the unknown piece — like how is that one sentence in one report going to be twisted to be used in a malicious way?”

#5 – Municipal ‘scope creep’ and expanding responsibilities: Another recurring theme this year was the steadily expanding set of expectations placed on municipalities, often without corresponding resources, tools, or authority. CAOs are feeling the weight of increasingly being held accountable — by the province, by the public and even by Council — for outcomes far outside their authority.

- “What’s within my control to influence? The expectations of the community and Council are maybe something that’s not within my control.”

#6 – Cybersecurity: Cybersecurity was cited often enough — and with enough urgency — to merit attention. For a handful of CAOs, it was described as their number one concern, while others flagged it as a looming risk that could escalate without warning.

- “Cyberattacks — we are a tremendous target for it, and it is hard to find the resources to fund protective measures.”
- “Cybersecurity and cyber threats — I think all of us are living in the land of not ‘if’ but ‘when.’”

RESILIENCE IS THE KEY

While most CAOs stayed true to the question, a few offered a different perspective. Without minimizing the demands of the job, they spoke about what it takes to stay grounded. For these leaders, experience has taught that endurance in the CAO role means learning how to carry the weight without being crushed by it.

- “Nothing really keeps me up at night. You can only do so much, and you do what you can and recognize that other things can take place. And that’s the hard thing for people just starting out or even at a director level.”
- “I sleep great! ... There is maybe something to people who end up in this career. You can’t internalize everything or else you’ll never survive, right?”

PATHWAYS TO PROGRESS

The challenges shared in this year's survey are neither new nor isolated: many are interrelated and persistent. It's also fair to say that the solutions are elusive, or expensive, and in most cases, both.

Yet even as the problems grow more complex and difficult, there are solutions — or, at least, pathways to progress.

Recommendation #1: We require solutions at the local and provincial levels to address ongoing human resources challenges.

- **At the local level:** If human resource management is not a priority in your strategic plan, and understood as such in practice, it's time for a new strategic plan. Municipal leaders must approach workforce planning with the same rigour they apply to other foundational enablers of success, such as the budget or the asset management plan.
- **At the sector level:** We must continue to support and expand the efforts of AMO, AMCTO, and other professional associations to attract, train, and retain the people required to sustain a skilled and engaged workforce.

Recommendation #2: We must choose to preserve and restore the culture of local government.

Whether in the character of the workplace or the dignity of the decision-making process, municipalities must do better to protect it.

- **Addressing unacceptable behaviour:** We must be more effective in correcting conduct that falls short of the standards expected of those who serve in municipal government — both elected and unelected. Standardized Codes of Conduct will help, but in most cases, the challenge is less about the absence of rules and more about inconsistent adherence and enforcement. Mandatory training also has a role to play — but there is no substitute for leadership. Tone starts at the top, empowering our elected and administrative leaders to govern with integrity and respect.
- **Protecting municipal decision-making from external threats:** The openness of local government has long been one of its greatest strengths. That openness is now being tested and exploited as a vulnerability by outsiders. We must continue to work with AMO and other organizations to combat harassment and incivility in local government. We must also advocate to local Councils for resources to address misinformation, in addition to implementing measures to ensure the health and safety of staff and elected officials.

Recommendation #3: We must work to restabilize Council and staff political dynamics.

The introduction of strong mayor powers is the elephant in the room, with the potential to significantly exacerbate concerns about incivility as described above. While these powers were justified as a means to make local government more effective at achieving provincial housing priorities, their fit with the diverse realities of Ontario municipalities is uneven, and their impact on housing outcomes remains largely unproven.

Concern about the unintended consequences of strong mayor powers is great, particularly as it relates to the erosion of the role of individual councillors and of the relationship between Council and staff. There is also unease that the situation will worsen as new candidates seek election with the specific aim of wielding these powers. To be sure, many mayors granted these powers have declined to exercise them — an approach that deserves recognition.

Given that strong mayor powers are, for now, part of the municipal landscape and in recognition of the divided views, the province, in partnership with municipalities, should commit to formally evaluating the outcomes of the policy:

- **Sunset review:** The Government of Ontario should legislate a statutory public process for a sunset review of strong mayor powers.
- **Pause further expansion:** The province should commit to a moratorium on further extensions of strong mayor powers at this time.

There are also measures that should be undertaken to mitigate the unintended consequences of the strong mayor powers as they exist today.

- **Protect the CAO position:** Amend the Municipal Act, 2001 to designate the CAO as a statutory position, reinforcing its professional and organizational independence. It must be made clear that the CAO is the head of the local professional civil service and not a Chief of Staff to the Mayor.
- **Safeguard the independence and role of professional staff:** Amend O. Reg. 530/22 and relevant provisions of the Municipal Act, 2001 to remove the authority of the head of Council to unilaterally hire or dismiss municipal staff.
- **Guard against overbroad use of the powers:** Clarify the definition of 'provincial priorities' to ensure consistency and compliance with O. Reg. 580/22 in the interpretation and application of strong mayor powers.
- **Maintain and strengthen Council-staff relations policies:** Below the level of legislation, the proposed mandatory Code of Conduct should explicitly address Council-staff dynamics. At the local level, there should still remain a requirement for municipalities to have an approved Council-staff relations policy to account for variation between large and small administrations. The temptation to eliminate the Council-staff relations policy by rolling it into the new mandatory Code of Conduct should be avoided; a one-size-fits-all approach will not produce effective outcomes.

Recommendation #4: We must better align municipal fiscal capacity to the growing responsibilities of local government.

If strong mayor powers are the new elephant in the room, the mismatch between municipal fiscal capacity and the ever-expanding job jar is the eldest. It looms there, with great determination, while other levels of government are just as determined to ignore it.

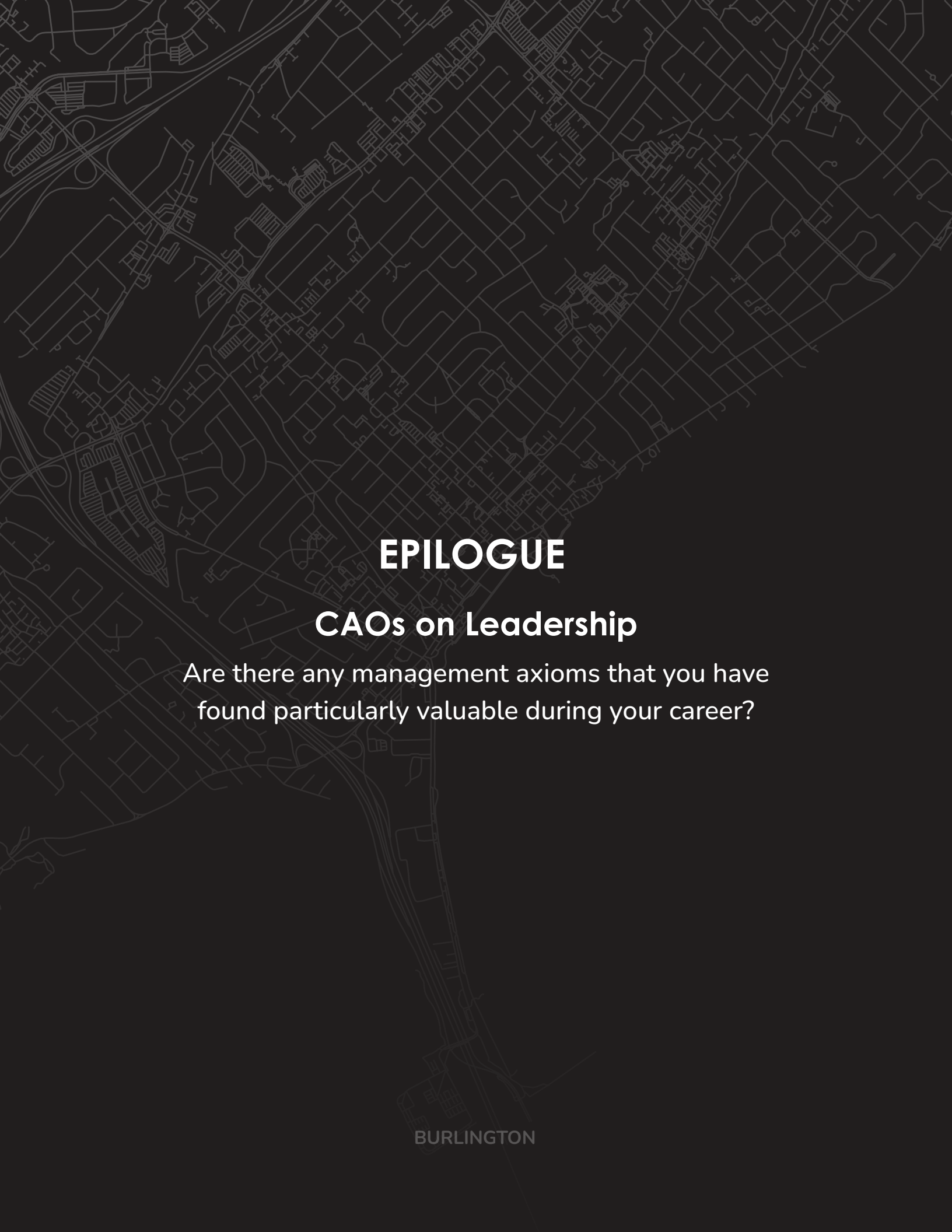
Of course, the provincial and federal governments have their own elephants to manage. In Ottawa, international pressure to hit 5% of GDP spending on defence has the potential to displace federal spending many times greater than what is currently invested in municipal priorities. The province also faces challenging financial pressures, the newest of which is the threat of declining revenues from a trade war aimed at Ontario's manufacturing base.

Empathy for these challenges is warranted. For all three orders of government, the world is more uncertain — and more challenging — today than even a year ago.

But shared difficulty is not an excuse for inaction. The first comprehensive review of federal-provincial relations — the Rowell-Sirois Commission (1937) — addressed fiscal imbalances between the federal and provincial governments, proposing a new model of federalism that included national tax collection and unconditional transfers to provinces based on fiscal need. In essence, it was the first 'who does what' exercise.

As we have said over the years of this survey, it's time for another.

- **Modernize the allocation of responsibilities:** Where mandates are shared, roles must be clarified, funding should follow, and municipalities should be empowered to design and deliver solutions that meet local needs. The province should focus on objectives and funding outcomes, and municipalities should have the flexibility to determine how best to deliver them.
- **Additional revenue tools are required:** Traditional tools like property tax and DCs are no longer sufficient to meet the escalating costs of infrastructure renewal and service expansion. Municipalities require predictable, formula-based transfers from other governments and greater flexibility to raise and leverage local revenues and finance infrastructure.



EPILOGUE

CAOs on Leadership

Are there any management axioms that you have found particularly valuable during your career?

What We Heard

Each year, we ask CAOs to reflect on the phrases they're most known for — those shorthand messages that set the tone for their organizations.

In an era where CAOs are under mounting pressure to do more with less, many pointed to organizational culture as a critical lever, key to delivering on increasingly complex public service mandates. While the specific turns of phrase varied, clear themes emerged: people over process, empowerment over control, culture over strategy, and the importance of self-awareness, emotional intelligence, and flexibility in leadership.

These insights offer more than inspirational slogans. Rather, they form a collective portrait of what effective municipal leadership looks like today: under pressure, in complexity, and across time.

CULTURE EATS STRATEGY FOR BREAKFAST

Culture matters: Across conversations, CAOs repeatedly returned to one core insight: no matter how robust your strategies and plans may be, they will fall short without a healthy, values-aligned workplace culture. Culture is the invisible infrastructure that makes good governance and effective service delivery possible

- “Culture kills strategy.”
- “We could have the best strategic plan, KPIs out the ying-yang – but if we don't have the culture, it doesn't work.”

Interviewees spoke to the importance of intentionally building culture, not from the top down, but by modelling core values, investing in people, and ensuring behaviour at all levels reflects shared expectations.

- “If you don't have the right culture and the right people, then never mind.”
- “I can build great projects, but I can't do that without taking care of the people.”

- “What you permit, you promote.”

PEOPLE-CENTRED LEADERSHIP

For many CAOs, effective leadership starts with a deep commitment to people. This means championing staff well-being, modelling care and humility, and focusing on building teams, not silos — all of these are key to navigating complexity and change.

- “Focus on staff. If you focus on staff, you'll get it right.”

“Being a caring CAO is one of the most important things you can do today.”

- “If you want to go fast, go alone and if you want to go farther, go together.”
- “Speak less and listen more.”

EMPOWERMENT, NOT MICROMANAGEMENT

Define the destination, not the path. CAOs consistently emphasized the value of clear goals, paired with the autonomy for staff to chart their own course. Empowered teams thrive when they understand the ‘why’ behind their work and are trusted to determine the ‘how.’

- “When we have a clear sense of where we are going, we can be more flexible in how we get there.”
- “Plan the beginning with the end in mind.”
- “Hire good people and get out of the way.”

This theme was underscored by support for performance measurement and management — not as a tool of surveillance or oversight, but as a framework to clarify purpose and build accountability.

- “I want to see the defined outcome and what you are trying to drive towards ... people should be empowered to get to that outcome.”
- “What you measure gets managed.”

SELF-AWARENESS & EVOLUTION

Municipal leaders also discussed the importance of authenticity, humility, and emotional intelligence in leadership.

- “You can only be yourself.”

“When you have the opportunity to choose being right and being kind — choose kindness.”

- “You have to take care of yourself. The organization will be fine, but you need to look after yourself.”

Others acknowledged the evolving nature of the CAO role. As the work becomes more complex, leadership styles must also adapt, anchored in flexibility and continuous personal growth. The reality for senior leaders in the municipal sector is that no two days look the exactly the same.

- “Approachability and adaptability — the two As.”

PRACTICAL WISDOM & CAUTION

Some CAOs shared insights rooted in hard-won experience managing complex political processes. Their advice? Patience, timing, and restraint are sometimes just as critical as expertise.

- “The KYMS principle: ‘Keep your mouth shut.’ Sometimes you just need to stop because you’re only going to make it worse.”
- “‘Is that your decision, Council?’ OK, thank you. Here we go.”

Others emphasized the value of judgment, both in communication and in execution.

- “If this was on the front page of the *Globe and Mail* tomorrow, what would you do?”
- “Perfect is the enemy of good — figure out where you need to be perfect and where good is enough.”
- “Work hard, play fair, and have fun.”

Notes

- ¹ Government of Ontario. [Tourism research statistics](#). March 29, 2022.
- ² Federation of Canadian Municipalities. [Infrastructure](#).
- ³ Association of Municipalities of Ontario. [Tariffs and Trade](#); Federation of Canadian Municipalities. [FCM calls for coordinated Canada-U.S. response to tariffs](#). February 1, 2025.
- ⁴ Association of Municipalities of Ontario. [AMO Letter to Premier on Capital Stimulus](#). March 13, 2025.
- ⁵ Border Mayors Alliance. [A unified voice for border communities](#).
- ⁶ Meyer, S. [FCM, local governments continue Trump tariff fight](#). Municipal World. March 2025.
- ⁷ Friedman, L. [E.P.A. is said to draft a plan to end its ability to fight climate change](#), New York Times. July 22, 2025; Nilson, E. [Trump takes an ax to more than a dozen pollution rules in rapid-fire deregulation](#). CNN. March 12, 2025; Shepardson, D. [Trump revokes Biden 50% EV target, freezes unspent charging funds](#). Reuters. January 20, 2025.
- ⁸ Government of Ontario. [Bill 5, Protect Ontario by Unleashing our Economy Act, 2025](#); Government of Ontario. [Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025](#).
- ⁹ Association of Municipal Managers, Clerks, and Treasurers of Ontario. [Strong Mayor Authorities Scan: How Mayors are Using their Powers](#). October 2024.
- ¹⁰ Government of Ontario. [Backgrounder: Not Protect Ontario by Cutting Red Tape](#). June 4, 2025.
- ¹¹ Government of Ontario. [Bill 9, Municipal Accountability Act, 2025](#).
- ¹² Association of Municipalities of Ontario. [Proposed Changes to Ethical Framework for Municipal Elected Officials](#). July 8, 2025.
- ¹³ Liberal Party of Canada. [Canada Strong: Build](#).
- ¹⁴ Government of Ontario. [Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025](#).
- ¹⁵ Crawley, M. [Why Ontario's 1.5M new homes target looks increasingly out of reach](#). CBC News. May 19, 2025.
- ¹⁶ Association of Municipalities Ontario. [Building faster and smarter by empowering local planning](#). June 17, 2025.
- ¹⁷ Donaldson, J., Wang, D., Escamilla, C., & Turner, A. [Municipalities under pressure: The human and financial cost of Ontario's homelessness crisis](#). HelpSeeker Technologies. January 9, 2025.
- ¹⁸ Government of Ontario. [O. Reg. 414/23: Community Safety and Well-Being Plans — Publication and Review](#). December 18, 2023.
- ¹⁹ Observatory of Public Sector Innovation. [Canada's smart cities challenge. 2017](#).

StrategyCorp's Municipal Services Practice

With over 25 years of experience, StrategyCorp's Municipal Practice has established a reputation for fairness, pragmatism, and expertise in local government. Our team is regularly called upon to support the administrative and political sides of local government through some of the most practically and politically challenging issues they face.

We have had the privilege of serving nearly every municipality in Ontario south of the French River — from the smallest to the largest — as well as municipalities in other provinces and in the United States.

What we bring to the table

- **We listen first:** As the order of government closest to the people, today's municipalities face an increasingly complex web of pressures. Through active listening and collaboration, we work with our clients to understand the factors at play and create strategies that align with a municipality's business needs and strategic priorities.
- **Solutions that work ... and reports that don't get shelved:** We develop evidence-informed, customized recommendations that reflect local realities and have the buy-in of the people responsible for executing them. From the outset, we embed implementation considerations into our process to support successful outcomes.
- **Political acuity and administrative know-how:** We've been on both sides of the political-administrative divide and understand the imperatives of both elected officials and public servants. We help our clients bridge the gap and build consensus on a path forward.
- **There's no one-size-fits-all approach to municipalities:** Local governments are diverse, and what works in one place may not work

elsewhere. While we leverage best practices and insights, we focus on understanding the local operating context and broader strategic landscape to ensure our recommendations are fit for purpose.

Our team includes some of the best-known faces in municipal public administration and government

Our approach to working with municipalities is strengthened by leaders with deep experience in the public service. We are proud to count former Chief Administrative Officers, Deputy and Assistant Deputy Ministers, Planning and Community Services Commissioners, City Solicitors, and former political advisors to Premiers, Ministers, Mayors and Councillors on our roster.

Our suite of services includes:

- » Strategic Planning
- » Organizational and Service Delivery Reviews
- » Governance, Ward Boundary, and Council Composition Reviews
- » Council and Staff Training
- » Community and Stakeholder Engagement
- » Intergovernmental Relations
- » Long-Term Financial Planning Support
- » Strategic Communications and Issues Management
- » Economic Development Strategies
- » Digital Transformation
- » Human Resources and Workforce Development Planning
- » Community Safety and Well-Being Plans
- » Corporate Performance Measurement and Reporting

Contact us: municipal@strategycorp.com

For Further Information



CONTACT:

Municipal Services Practice
municipal@strategycorp.com

For more information about **StrategyCorp** and our other areas of practice, see
www.strategycorp.com