



**To:** Chief Administrative Officer **Date:** October 20, 2025  
**From:** Scott Ross, Manager of Financial Planning & Analysis  
**Subject:** **2026 Overall Budget Update and Discretionary Expenditures**

**Recommendation(s)**

That Council direct staff to include the following discretionary budget line items as follows into the 2026-2030 Financial Plan:

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

**Purpose**

The purpose of this report is to provide Council with the details of the 2026 discretionary budget line items. Staff are seeking direction for which discretionary line items should be added to the current non-discretionary budget amount of 8.73%.

**Background**

On October 6, 2025 staff provided a report for Council’s information that provided an update on the 2026 general operating budget. At this meeting staff presented both non-discretionary and discretionary 2026 budget increases proposed (see Table A: 2026 General Operating Budget Summary).

**Table A: 2026 General Operating Budget Summary**

	Non-Discretionary <sup>A</sup>		Discretionary <sup>B</sup>		Total	
	Budget Dollars	Potential Tax Impact	Budget Dollars	Potential Tax Impact	Budget Dollars	Potential Tax Impact
<b>Inflation and Contractual Increases</b>						
Impacts from Previous Years' Decisions & Inflation	319,940	0.63%	1,643	0.00%	321,583	0.64%
Impacts from Wages, Salary & Benefits	2,497,507	4.95%	-	0.00%	2,497,507	4.95%
Contractual, Policy and Regulated Obligations	1,592,154	3.15%	467,655	0.93%	2,059,809	4.08%
<b>Subtotal inflation and contractual increases</b>	<b>\$ 4,409,601</b>	<b>8.73%</b>	<b>\$ 469,298</b>	<b>0.93%</b>	<b>\$ 4,878,899</b>	<b>9.66%</b>

<sup>A</sup> Non-discretionary definition: Spending is fixed or committed, some can be undone but consequences or reversal of past decisions.

<sup>B</sup> Discretionary definition: Spending recommended to sustain service levels of operations

The current budget summary shows a required increase of 8.73% to the property tax levy for the items classified as non-discretionary. Non-discretionary items include wage increases in negotiated collective agreements, utility charges such as hydro or natural gas, or contractual costs for services such as policing from the RCMP. Although Council cannot change the unit costs of these items, they can choose to change the levels of service and the resources required which could lower the non-discretionary tax increase.

An additional tax increase of 0.93% for several discretionary budget items are recommended to sustain service levels of operation. For discretionary items, Council has a greater ability to choose whether to incur these costs nor not. Staff are seeking direction on which, if any, of the discretionary operating budget lines discussed below should be included in the 2026 general operating budget increase.

Lastly, any spending packages selected to address growth, or expansionary needs will be discussed separately on today's agenda under the report called "Spending Packages Submitted for 2026 Budget Discussions".

### **Discussion and Analysis**

Attachment A: "2026 Discretionary General Operating Budget Expenditures" lists fifteen items for Council to review and consider for inclusion in the 2026 base general operating budget. Staff are in attendance today for any questions or clarification on these budget line items. Those items that are agreed upon today will be built into the 2026 general operating budget. Please note that items not selected for inclusion will still be presented at the public consultation presentation due to the tight deadlines of publications.

One item of note listed is the interest savings on the debt servicing costs on the Mission Leisure Centre / Waterpark debenture of \$162,915. The reserve policy states that when a debenture matures the debt servicing costs are to be deposited to the debt reserve fund rather than going to the general revenue and reducing property taxes. The reasoning is that by continuing to collect these funds and reserving them the City will not require a tax increase when it takes on another debenture debt. Also, as some funds are being reserved the amount of debt taken on can be reduced.

### **Financial Implications**

Should any of the discretionary budget increases be agreed to today, these will be factored into the overall general operating budget increase that will come back for Council approval on November 24, 2025.

### **Communication**

The Community Budget Consultation document will include and detail all the discretionary budget line items. The public will be able to see these items and provide comments or questions for Council's consideration.

### **Summary and Conclusion**

The current budget summary shows a required property tax increase of 8.73% for the items classified as non-discretionary. Non-discretionary items include wage increases in negotiated collective agreements, utility charges such as hydro or natural gas, or contractual costs for services such as policing from the RCMP. Although Council cannot change the unit costs of these items, they can choose to change the levels of service and the resources required which could lower the non-discretionary tax increase.

An additional tax increase of 0.93% for several discretionary budget items are recommended to sustain service levels of operation. For discretionary items, Council has a greater ability to choose whether to incur these costs nor not. Staff are seeking direction on which, if any, of the discretionary operating budget items discussed below should be included in the 2026 general operating budget increase.

In addition to the decisions made for this report, there are pending decisions on how to utilize growth funds from non-market construction, and which spending packages presented for growth and expansionary pressures will be supported for 2026. These items will be discussed on a separate report on today's agenda under the report called "Spending Packages Submitted for 2026 Budget Discussions".

**Report Prepared by:** Scott Ross, Manager of Financial Planning & Analysis

**Reviewed by:** Doug Stewart, Director of Finance

**Approved for Inclusion:** Mike Younie, Chief Administrative Officer

**Attachment(s)**

Attachment A: 2026 Discretionary General Operating Budget Expenditures