



SPECIAL OPEN COUNCIL REPORT
Finance
For the October 27, 2025 Council Meeting

DATE: October 21, 2025 File No.

TO: Mayor and Council

FROM: John Kurvink, Chief Financial Officer

RE: Proposed 2026-2030 Capital & Operating Budget & Associated Utility Rates

RATIONALE:

Annually, Council is required to develop a five-year financial plan (2026-2030) which includes both Operating and Capital expenditures.

Any change to the utility rate bylaws (Water, Sewer, Parcel Tax) needs to be adopted before December 31st.

This report summarizes the operating and capital expenditures and related utility rates proposed for our water and sewer services over the 2026-2030 period. The purpose is to inform Council and seek feedback before returning to a future Council meeting with the draft 2026 Utility Rate Bylaw.

OPTIONS:

- 1) Council can accept the recommended plan as proposed by staff and request staff prepare updates to water, parcel tax and sewer bylaws for consideration at the November 17th, 2025 Special Open Council Meeting.
- 2) Council can ask staff to re-work the plan based on Council/Staff input and request staff prepare updates to water, parcel tax and sewer rate bylaws for consideration at the November 17th, 2025 Special Open Council Meeting.
- 3) Council can choose to not consider rate increases for utilities in 2026.

RECOMMENDATION:

That Council accept the 2026-2030 operating and capital plan for water and sewer expenditures and request staff to prepare updates to 2026 water and sewer rate bylaws based on a 5% increase in domestic and irrigation water rates and 7% increase in sewer.

RECOMMENDATION IMPLICATIONS:

Capital spending plan and funding sources for water and sewer services will impact the utility rates set by the Town and the balances in our reserve accounts.

BACKGROUND:

The infrastructure budget is the important first step in developing the five-year Financial Plan for the Town.

Rate setting for utility services (water, sewer & irrigation) are driven by the operating costs of the service and the capital expenditures required to maintain service delivery.

The principle underlying utility services is that users of the services should bear the costs of service delivery.

The infrastructure spending plan was developed by Public Works staff critically assessing the current state of our infrastructure and developing a series of projects to address current and future risks to the continuity of service delivery into the future while also addressing strategic objectives identified by Council.

Projects were slotted into each year depending on a determination of when optimal timing of expenditures should take place. The costs for planning and design of major projects were front-loaded to be in the best position to capitalize on any grant funding opportunities that might become available over the lifetime of the plan. Where a project is deemed critical or P1 and reserve funding is inadequate, debt/grant funding will be used.

Public Works also looked at where it was efficient to add projects categorized under the general capital fund category where it was cost-effective to do the work at the same time. For example, resurfacing a roadway at the same time as the underlying water and sewer infrastructure is replaced.

The operating budget expenditures are based on a status quo staffing complement in Public Works and scheduled union wage increases of 3% effective January 1, 2026. Costs have been inflated by 2% per year for the 2027-2030 period.

Revenue for water operations has been inflated by a 5% increase to residential and irrigation fixed and variable rates to keep the reserves in a positive position.

Revenue for sewer operations has been inflated by a 7% increase to fixed and variable rates to keep capital reserves in a positive position.

The draft five-year infrastructure plan for water has spending totalling \$9,595,000 over five years or an average of \$1.9M per year.

The draft five-year infrastructure plan for sewer has spending totalling \$6,061,000 over five years or an average of \$1.2M per year.

Once approved, the capital and operating budgets for water and sewer services will be incorporated into the 2026-2030 Financial Plan for the Town.

General: N/A

Organizational: N/A

Financial: N/A

Legal/Statutory Authority: N/A

Strategic Plan: Good Governance

REFERRALS:

PUBLIC PROCESS:

COUNCIL REPORT/RESOLUTION HISTORY:

CAO COMMENTS:

Report Approval Details

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|----------------------|--|
| Document Title: | 2026-2030 Proposed Capital and Operating Budget for Utility Services.docx |
| Attachments: | - 2026-2030 - Capital Budget Projects - Detailed Budget Items.pdf - Budget Workshop 1 - Water and Sewer Service Proposed Capital Plan - 2026-2030.pdf |
| Final Approval Date: | Oct 23, 2025 |

This report and all of its attachments were approved and signed as outlined below:

Rochelle Lougheed - Oct 23, 2025 - 12:02 PM

Wayne Anderson - Oct 23, 2025 - 2:47 PM