

CITY OF TERRACE

BYLAW NO. 2335 – 2026

"A BYLAW TO ADOPT THE 2026 - 2030 FINANCIAL PLAN."

WHEREAS pursuant to Section 165 of the Community Charter, a Municipality must, before the 15th day of May in each year, have a Financial Plan that is adopted, by Bylaw, before the annual property tax bylaw is adopted;

NOW THEREFORE the Council of the City of Terrace in open meeting assembled enacts as follows:

- 1.0 Schedule "A", attached hereto and forming part of this Bylaw, is hereby adopted as the Statement of Objectives and Policies.
- 2.0 Schedule "B", attached hereto and forming part of this Bylaw, is hereby adopted as the Financial Plan for the period January 1, 2026 to December 31, 2030.
- 3.0 This Bylaw may be cited as **"2026-2030 Financial Plan Bylaw No. 2335 – 2026"**.

READ a first time this 26th day of January, 2026.

READ a second time this 26th day of January, 2026.

READ a third time this 26th day of January, 2026.

ADOPTED this 9th day of February, 2026.



Mayor



Corporate Officer

SCHEDULE “A” STATEMENT OF OBJECTIVES AND POLICIES

In accordance with Section 165(3.1) of the Community Charter, the City of Terrace is required to include in the Five-Year Financial Plan (2026 to 2030), objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the Community Charter;
2. The distribution of property taxes amongst the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 highlights the various operating and capital revenue sources, including the percentage from each source, reflected in the City's five-year financial plan (2026 to 2030). Property taxes form the greatest proportion of revenue at 52%, with reserves and surplus making up a significant portion at 23%. The majority of capital funding is intended to come from the City's internal reserves and grants.

Objective

The City will strive to diversify and expand its revenue base as much as possible.

Policy

Council recognizes that the City of Terrace is reliant on property taxes to fund the majority of its services/programs. Council is committed, on an annual basis, to reviewing and adjusting, where possible, existing user fees and examining and implementing new user fees where feasible, in order to minimize overall property tax increases and reliance on reserves to maintain service levels. Council also recognizes that raising user fees beyond a certain point will actually result in less usage or demand and ultimately less revenue and that various services like recreation need to be subsidized to a certain level so that all citizens can partake. The City of Terrace, like other local governments in B.C., also needs access to other sources of revenue to meet growing service demands and to stabilize property taxes.

Council sees the need to increase the City's internal capital funding capacity by building up its own reserves, to minimize future external debt/interest costs.

TABLE 1: Sources of Revenue

REVENUE SOURCE	% TOTAL REVENUE	DOLLAR VALUE
Taxation and Grants in Lieu	52 %	\$24,203,061
User Fees & Charges	15 %	\$7,003,384
Other Sources	2 %	\$1,137,500
Grants	8 %	\$3,908,808
Borrowing	0 %	\$0
Reserves & Surplus	23 %	\$10,537,705
TOTAL	100%	\$ 46,790,458

Distribution of Property Taxes

Table 2 outlines the distribution of property taxes amongst the property classes. The residential and business property classes provide the largest proportions of property tax revenue. This is primarily due to very small industrial classes within the City. Downtown Business Improvement Area taxation is included in Business and Other Class.

TABLE 2: Distribution of 2025 Municipal Property Taxes

PROPERTY CLASS	% OF TOTAL PROPERTY TAXATION	DOLLAR VALUE
<i>Residential</i>	45 %	\$10,496,099
<i>Utilities</i>	2 %	\$467,183
<i>Major Industrial</i>	2 %	\$490,654
<i>Light Industrial</i>	3 %	\$665,180
<i>Business and Other</i>	43 %	\$9,781,196
<i>Recreation/Non-Profit</i>	0 %	\$15,184
<i>Farmland</i>	0 %	\$2,818
<i>Grants in Lieu</i>	5 %	\$1,092,971
TOTAL	100%	\$23,011,285

Objectives

Maintain the property tax levy distribution for 2026 at the prior levels, adjusted for the impact of changes to assessments. Utility class to be within the maximum allowable by Provincial statute (B.C. Reg. 329/96).

Policies

Continue to maintain and encourage economic development initiatives designed to attract more retail, commercial and industrial businesses to invest in the community.

To review annually with a view to lowering both the Residential and Business property tax rates using new, non-market industrial assessment.

Permissive Tax Exemptions (including Revitalization Tax Exemptions)

The City has an existing permissive tax exemption policy which guides the administration and approval of permissive tax exemptions.

Objectives

Continue to support worthy charitable/non-profit organizations that provide valuable services to the community.

Policy

Council chooses to support charitable/non-profit organizations that provide valuable services to the community through permissive tax exemptions as allowed for by legislation and pursuant to City policy.

A Terrace Downtown Revitalization Tax Exemption Program offering a revitalization tax exemption is available within the defined revitalization area and provides a financial incentive to encourage development in the downtown area.

SCHEDULE “B”
CITY OF TERRACE FINANCIAL PLAN 2026 – 2030

	2026	2027	2028	2029	2030
REVENUES					
Taxation	\$ 23,065,091	\$ 24,534,404	\$ 26,012,466	\$ 27,710,280	\$ 29,369,690
Grants in Lieu	1,137,970	1,137,970	1,137,970	1,137,970	1,137,970
General Fees and Charges	4,000,282	4,096,234	4,194,584	4,295,393	4,398,722
Investment Income	337,500	337,500	337,500	337,500	337,500
Sewer User Fees/Frontage Taxes	1,255,844	1,305,585	1,351,788	1,405,846	1,456,060
Water User Fees/Frontage Taxes	1,747,258	1,807,169	1,860,319	1,924,187	1,980,847
Grants	3,908,808	8,657,551	3,210,518	2,937,336	3,422,313
Other Revenue	800,000	800,000	800,000	800,000	800,000
TOTAL REVENUE	\$ 36,252,753	\$ 42,676,413	\$ 38,905,145	\$ 40,548,512	\$ 42,903,102
EXPENSES					
General Municipal	29,748,413	30,974,503	32,270,513	33,288,400	34,685,206
Sewer	746,676	765,482	784,664	804,229	824,186
Water	1,152,029	1,179,094	1,206,700	1,234,859	1,263,581
Amortization of Assets	4,793,687	4,793,687	4,793,687	4,793,687	4,793,687
TOTAL EXPENSES	\$ 36,440,805	\$ 37,712,766	\$ 39,055,564	\$ 40,121,175	\$ 41,566,660
ANNUAL (SURPLUS) DEFICIT	\$ 188,052	\$ (4,963,647)	\$ 150,419	\$ (427,337)	\$ (1,336,442)
RESERVES, CAPITAL AND DEBT					
Amortization	-\$4,793,687	-\$4,793,687	-\$4,793,687	-\$4,793,687	-\$4,793,687
TCA expenditures	10,875,877	11,642,820	17,187,200	5,853,100	10,516,100
Debt Principal Payment (see note below)	298,638	298,638	298,638	258,341	258,341
Debt Proceeds					
Transfers to Reserves					
Interest to Reserves	69,500	69,500	69,500	69,500	69,500
General Capital	927,672	1,157,223	1,401,467	1,660,492	1,936,495
Sewer Capital	315,364	342,998	371,875	401,907	433,291
Water Capital	456,933	482,609	509,184	536,556	564,886
Machinery & Equipment	779,356	779,356	779,356	779,356	779,356
Gaming	800,000	800,000	800,000	800,000	800,000
Crematorium	10,000	10,000	10,000	10,000	10,000
Comm Bld Fund	610,000	610,000	610,000	610,000	610,000
Transfer from Reserves					
Community Forest	-367,948	-603,188	-298,631	-88,394	-90,045
Gaming	-760,000	-822,500	-725,000	-517,500	-230,000
Comm Bld Fund	-600,000		-600,000	-600,000	-1,200,000
General Operating	-152,100	-173,918	-173,918	-173,918	-173,918
General Capital	-195,000	-300,000		-750,000	-900,000
Sewer Capital	-337,000	-110,000	-70,000	-400,000	-700,000
Water Capital	-200,000		-160,000	-780,000	-1,680,000
Landfill	-287,000	-287,000	-287,000	-287,000	-287,000
LGCAP	-276,777				
Machinery & Equipment	-359,230	-215,000	-124,762	-122,100	-3,240,000
Northern Capital & Plan	-515,000	-1,815,000	-185,000		
Northwest Regional Funding Agree	-6,422,980	-2,123,935	-14,781,486	-2,063,958	-1,370,000
Transfer to (from) Surplus	-64,670	14,731	11,845	24,642	23,123
	\$ (188,052)	\$ 4,963,647	\$ (150,419)	\$ 427,337	\$ 1,336,442
FINANCIAL PLAN BALANCE	0	0	0	0	0
Principal and Interest:					
Principal Payment	\$ 298,638	\$ 298,638	\$ 298,638	\$ 258,341	\$ 258,341
Interest on Debt	223,429	223,429	200,690	175,080	175,080
	\$ 522,067	\$ 522,067	\$ 499,328	\$ 433,421	\$ 433,421