



BUDGET 2026

City of Terrace 2026 DRAFT BUDGET

2026 to 2030 Five-Year Financial Plan & Public Consultation Document

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WE ARE DEVELOPING THE 2026 BUDGET AND WANT TO HEAR FROM THE COMMUNITY!

City of Terrace Council is currently considering the 2026 to 2030 Financial Plan, with a focus on the 2026 Budget.

How to give feedback

Read through the information provided in this document for information on the City's budget and provide comment:

- **ONLINE:** Visit engage.terrace.ca/budget-2026 to provide comment through an online survey.
- **ON PAPER:** Printed copies of the survey are available at:
 - » Terrace City Hall: 3215 Eby St
 - » Terrace Public Library: 4610 Park Ave
- **IN PERSON:** Provide comment in person at:
 - » Tuesday, December 9, 2025, Town Hall with Mayor & Council, from 6-8pm, in the Sportsplex Banquet Room.
 - » Wednesday, January 14, 2026, Committee of the Whole meeting focused on budget at 12 noon at City hall.

The deadline to complete the survey (online or paper) is Monday, December 19, 2026. Please return paper copies to City Hall, 3215 Eby St, V8G 2X8. All online and on-paper comments will be compiled and presented to Council at the January 14, 2026 meeting.

General feedback on the budget and budget surveys will be accepted until December 19, 2025.

Learn more at: engage.terrace.ca/budget-2026

BUDGET BASICS

The City of Terrace owns, maintains, and operates a wide range of infrastructure to support the provisions of needed and desired services for our community.

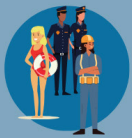
Examples of these assets include:

- Police and fire protection
- Roads and sidewalks
- Street lighting
- Pipes and facilities for disposal of sewer and storm water
- Arenas, pools, sports fields, and playgrounds

Whether your garbage is being collected, your street is being plowed, or you are visiting the splash park, you are witnessing your tax dollars at work. It is municipal budget decisions, at the direction of Mayor and Council, that set the funding levels for the programs and services that maintain our quality of life. Developing this budget involves making difficult decisions between essential programs, infrastructure demands, and the wants and needs of residents.

Legislation requires that the City prepares a five-year financial plan setting out the municipal expenditures, funding sources, and transfers to, from, or between reserves on an annual basis. Within this five-year plan is the annual budget which incorporates all operating and capital plans.

At a high level, the budget combines the following elements:



General Operating Fund: The day-to-day operational expenses, such as recreation, garbage collection, road maintenance, and protective services. Any proposed inflationary changes to this budget allow the municipality to continue to provide the same services, at the same level.



Capital Plan – General, Sewer and Water: For capital projects such as playground equipment, road reconstruction, facility improvements, and life-cycle equipment replacement.



Sewer & Water Operating Fund: These expenses are funded through user fees and levies and are included on your municipal tax notice.



Reserves and Debt: Reserves and debt are mechanisms in place to ensure funds are available for future capital expenditures. Establishing ongoing transfers to our capital reserves is vital to maintaining our current service levels and maintaining and replacing our infrastructure.

Further details on each element and the processes will be provided in this report.

The City of Terrace needs to ensure it is budgeting adequately to maintain long-term financial stability for the future of the community, while also focusing on the wants and needs of today.

Growth in the community requires expansion of existing infrastructure to provide municipal services for new residents and businesses. Councils are continually challenged to maintain current infrastructure and services while also addressing the demand for enhanced and new services—and keeping it all within affordable levels for our community.

Where we're at for 2026

Council is currently considering the 2026 to 2030 Financial Plan, with a focus on the 2026 Budget.

The preliminary budget discussion started at the end of June, then in October, Council and senior management continued compiling and deliberating the draft Financial Plan with a focus on the 2026 budget.

A period of public community budget consultation, where we will collect feedback and comments from the community will start early December and end December 19, 2026.

GENERAL OPERATING FUND



Revenue Sources

Property taxes are the main revenue source for the City's General Operating Fund.

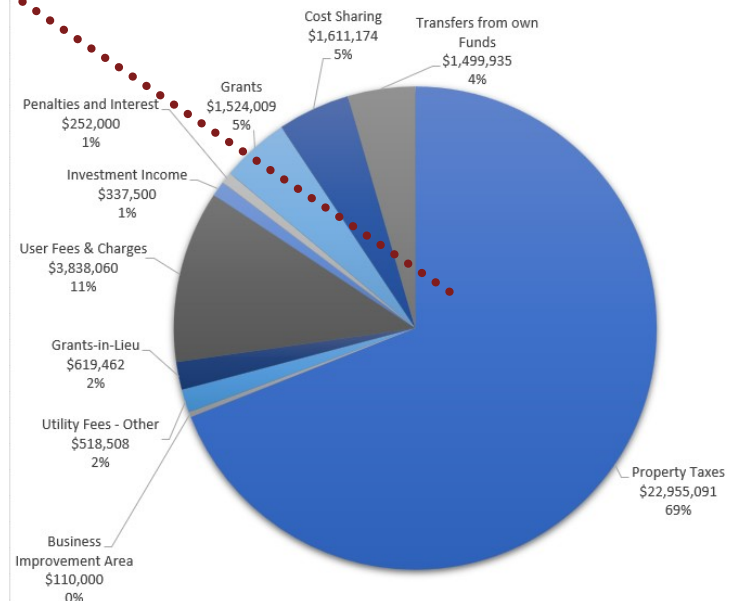
Other sources of revenue include user fees and charges, cost sharing, and investment income.

FACT!

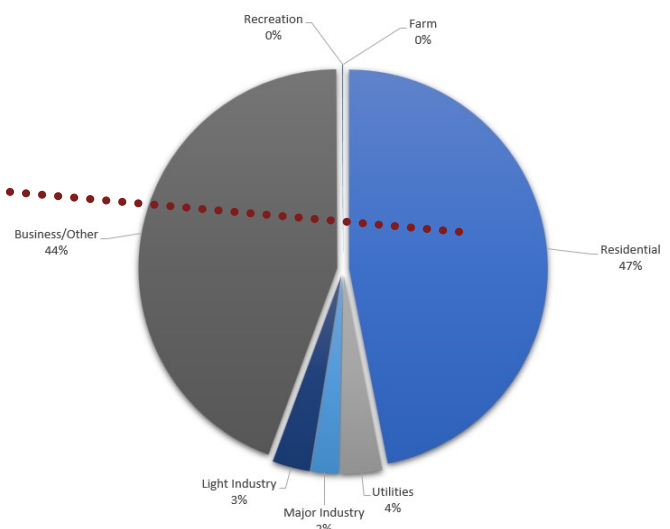
Investment Income is income generated on any surplus or timing of cash flows. Interest earned on reserves is contributed back to the reserve it was generated from.

REVENUE

General Operating Fund Revenue \$33.3 Million



City of Terrace 2025 Municipal Taxation By Property Class



The residential and business property classes provide the largest proportion of property tax revenue.

This is primarily due to a very small industrial tax base within the City.

REVENUE

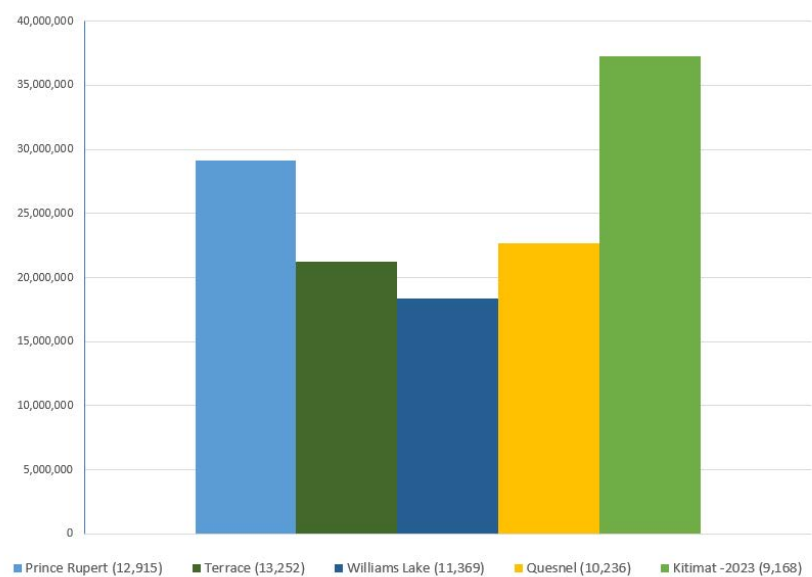
Community Comparisons

Other communities in the Northwest with similar population bases have much higher revenue from industry and are therefore able to spread the tax burden to major industry and relieve pressure on residents and businesses.

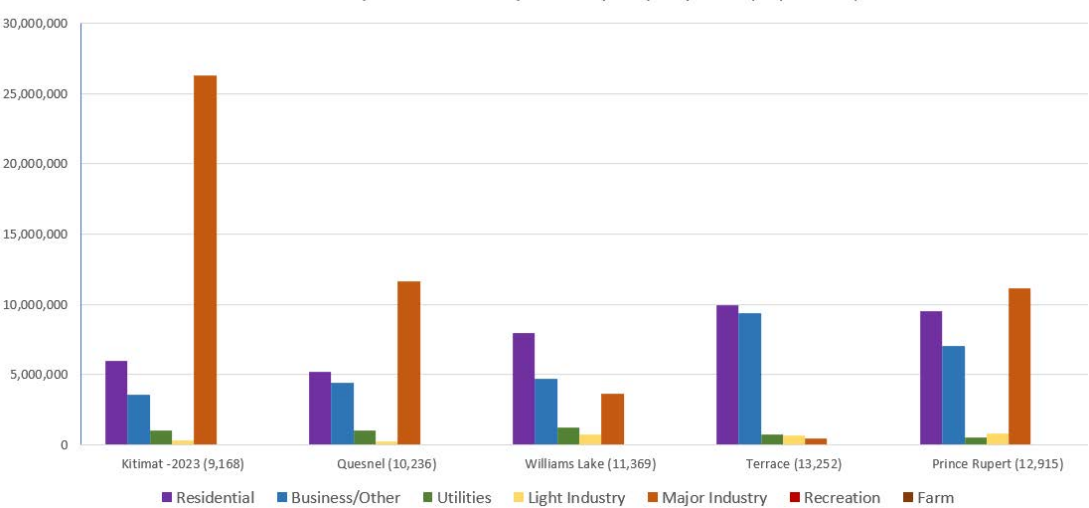
Council's Financial Plan Policies reflect continued encouragement in economic development within municipal boundaries with the view of lowering both the residential and business property tax rates using new, non-market industrial assessment.

Note: The following comparisons are based on population only and do not reflect the services or service levels being offered in each community.

Total 2025 Municipal Property Tax Collected (Population)



2025 Municipal Taxation Comparison By Property Class (Population)



All communities offer a wide range of services and have their own unique advantages and challenges.

Terrace provides services to the community while operating with a lower annual operating budget and lower staffing levels compared to other similar sized communities.

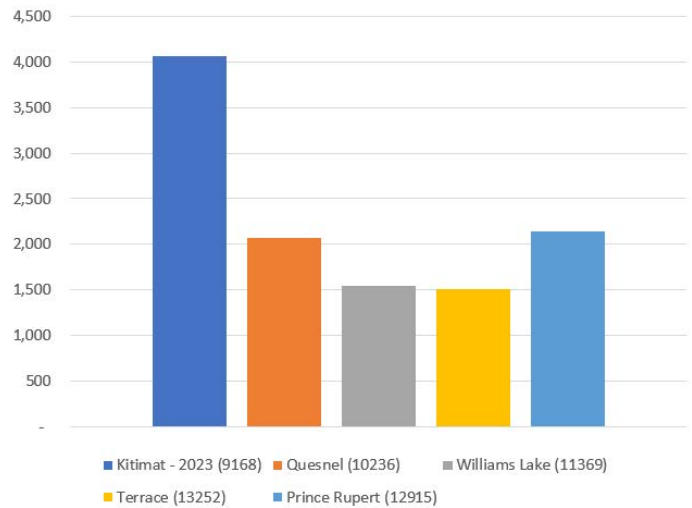
REVENUE

Note: Information for the year 2024 is the most current information available for this table.

Did you know?

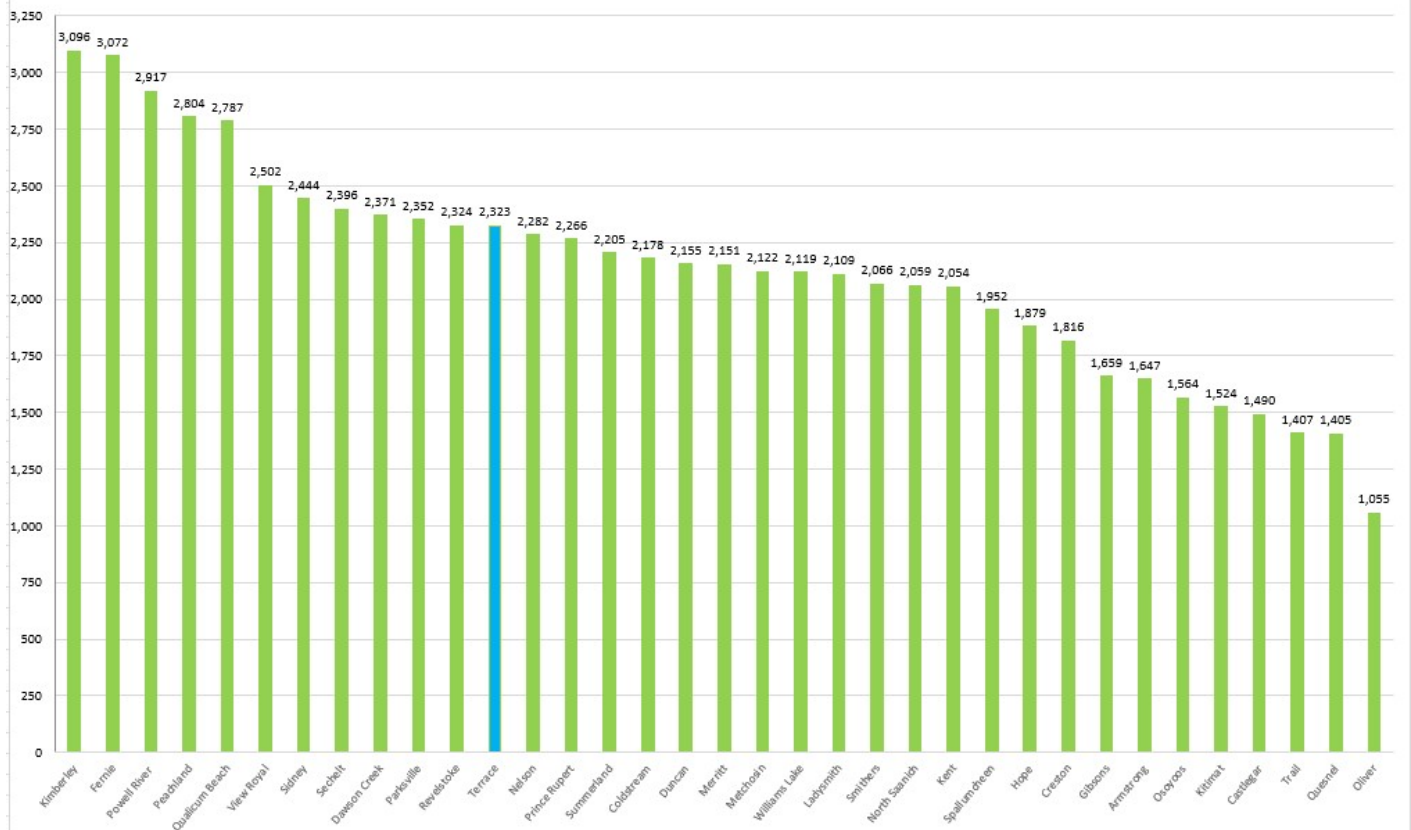
Terrace collects the lowest amount of annual property tax per capita compared to similar communities.

2024 Property Tax Comparison Per Capita



The graph below shows the municipal property taxes on an average assessed home in BC and compares municipalities with an estimated population between 5,000 and 15,000.

General Municipal Taxes on a Representative House - 2025 (BC Muni's population 5,000 - 15,000)
does not include taxes levied on behalf of other taxing authorities



REVENUE

Municipal Services Funded by Taxation

Property taxation is the main source of revenue for the City's General Operating Fund. The property tax notices, mailed out by the end of May each year, include taxes collected for municipal services, charges for municipal utilities, and taxes collected on behalf of various other taxing authorities.

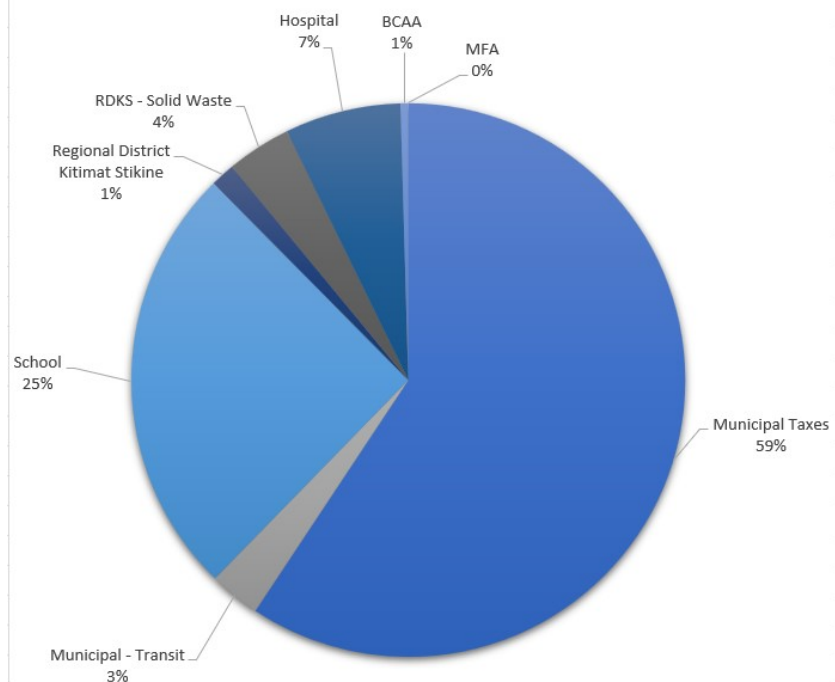
In 2025, the average assessed home in Terrace paid \$4,525 in taxes. Of this total; \$2,324 was for municipal general services, \$116 for transit services, and \$607 for municipal utilities.

The remaining \$1,478 was for taxes levied on behalf of other taxing authorities. The other taxation authorities the City collects taxes for are School Tax, Hospital Tax, Regional District Kitimat Stikine, BC Assessment, and the Municipal Finance Authority.

FACT!

In 2025, 62% of your tax bill was made up of taxes collected by the municipality, with 38% going to other taxation authorities.

2025 Taxation By Taxing Authority



F
Y
I

Residential Users

Billed annually for...



Commercial Users

Billed quarterly for...



Did you know? Recycling pickup is not a charge to residents. The City receives funding through RecycleBC to cover costs.

REVENUE

Sample 2025 property tax notice issued by the City of Terrace:

2025 PROPERTY TAX NOTICE



CITY OF TERRACE

3215 EBY STREET
TERRACE, B.C. V8G 2X8
Phone: (250) 635-6311
Fax: (250) 638-4777
www.terrace.ca

Jurisdiction: Roll:
Civic Address: Plan: Lot: Block:
Legal Desc: DL#: NN

DUE DATE
JULY 2, 2025

Penalties & Interest
10% Penalty on taxes unpaid after
July 2, 2025.
Interest on arrears and delinquent
calculated to July 2, 2025.

If the property has been sold please forward this notice to the purchaser.

IMPORTANT INFORMATION

Any payment or Home Owner Grant claim not received by July 2, 2025 is subject to the 10% late penalty.

HOME OWNER GRANT CLAIMS

Home Owner Grants are no longer claimed with the City of Terrace

See reverse for more details regarding the Home Owner Grant Program.

CHANGE OF MAILING ADDRESS

To change your mailing address please visit: www.ltsa.ca.

Taxable Assessed Value	Class	Land	Improvements	
Hospital	01	129,000	364,000	
General	01	129,000	364,000	
School	01	129,000	364,000	
Tax Levies	Class	Taxable Value	Rate	Amount
SCHOOL - RESIDENTIAL	01	493,000	2.011100	991.47
GEN.MUN.-RESIDENTIAL	01	493,000	4.714000	2,324.00
GEN.MUN.TRANSIT-RESIDENTIAL	01	493,000	0.236000	116.35
REG.DIST.-RESIDENTIAL	01	493,000	0.113200	55.81
HOSPITAL-RESIDENTIAL	01	493,000	0.538300	265.38
RDKS-RES-SOLID WASTE	01	364,000	0.404400	147.20
BCAA-RESIDENTIAL	01	493,000	0.035700	17.60
MFA-RESIDENTIAL	01	493,000	0.000200	0.10
Local Services Taxes - Bylaw				
GARBAGE - UTILITIES	00	1.00	150.000000	150.00
SEWER - UTILITIES	00	1.00	94.200000	94.20
SEWER FRONTAGE REGULAR	00	100.00	0.940000	94.00
WATER - UTILITIES	00	1.00	191.400000	191.40
WATER FRONTAGE REGULAR	00	100.00	0.770000	77.00
Total Current Taxes				4,524.51

Highlighted tax levies are what the municipality receives.

Below is a breakdown of where that money goes on an annual basis.

Note: The breakdown of 'Municipal Services' and 'Utilities' below are based on 2026 taxes on an average assessed home.

"Other Taxing Authorities" is based on actuals for 2025.

They are for illustrative purposes only as we will not know the actual values for 2026 until all taxing authorities have submitted their requests.

MUNICIPAL SERVICES	ANNUAL	MONTHLY	UTILITIES (LOCAL SERVICES)	ANNUAL	MONTHLY
Police	\$540	\$45	Garbage	\$150	\$13
Public Works	\$455	\$38	Sewer - Frontage/User Fees	\$197	\$16
Parks & Recreation	\$374	\$31	Water - Frontage/User Fees	\$275	\$23
Fire	\$276	\$23	TOTAL UTILITIES	\$622	\$52
Development Services	\$193	\$16			
Finance	\$136	\$11	OTHER TAXING AUTHORITIES (2025)	ANNUAL	MONTHLY
Transfer to Reserve	\$186	\$15	School	\$991	\$83
General Administration	\$126	\$11	Regional District of Kitimat-Stikine	\$56	\$5
Transit	\$81	\$7	RDKS - Solid Waste	\$147	\$12
Library	\$69	\$6	Hospital	\$265	\$22
Economic Development	\$29	\$2	BCAA	\$18	\$1
Debt	\$40	\$3	Municipal Finance Authority	\$0	\$0
Cultural/Community Partners	\$30	\$3	TOTAL OTHER TAXES	\$1,478	\$123
Cemetery	\$11	\$1			
TOTAL MUNICIPAL TAXES	\$2,547	\$212			

GRAND TOTAL

\$4,646 ANNUALLY

\$387 MONTHLY

REVENUE

User Fees & Charges

User fees are established to generate revenue to offset the costs of services provided. User fees, as opposed to property taxes, are generally preferred when specific users of a service can be easily identified, and the amount of the service provided can be measured. Most services are not full cost recovery and are supplemented by property taxation.

User Fees & Charges	2026 Budget
Planning Permits and Licenses	\$61,900
Business Licenses	\$201,000
Building Permits	\$265,000
Animal Shelter Licenses/Fees/Crematorium	\$155,000
RCMP Criminal Record Checks/Fingerprints	\$28,000
False Alarms/Permits/Municipal Tickets	\$6,550
Garbage Collection and Disposal	\$593,750
BC Transit Fees and Passes	\$265,041
Cemetery Fees	\$85,117
Ferry Island and Park Fees	\$69,000
Leisure Services Programs (Youth/Adult/Fitness)	\$284,025
Arena:	
Advertising and Concession	\$55,950
Rentals (Ice/Banquet/Other)	\$376,750
Public Skating	\$21,420
Aquatic Center:	
Lockers and Vending Machines	\$9,000
Public Swim and Swim Lessons	\$526,438
Pool Rental and Merchandise	\$75,750
TOTAL	\$3,079,691
Sale of Service - Other Revenue	2026 Budget
Fire Department - EMBC Reimbursement	\$15,000
RCMP Prisoner Costs Reimbursement - Provincial	\$125,000
RCMP Victims Assistance - Provincial	\$89,778
School Age program - CCOF/CCFRI (Provincial)	\$18,000
Recycle BC	\$145,044
Finance Administration Fees	\$26,400
Building Lease	\$339,147
TOTAL	\$758,369

Cost Sharing with Regional District of Kitimat-Stikine (RDKS)

The Regional District of Kitimat Stikine (RDKS) cost shares approximately 30% of the costs of several services provided by the City of Terrace. These shared services include

- recreation
- cemetery
- transit
- victims' assistance
- Terrace Public Library
- contributions made to Riverboat Days Society and Terrace Search & Rescue.

Proposed Budget Changes

Starting in the summer of 2025 and over the course of the fall, Council and staff compiled and deliberated the draft 2026 General Fund Operating budget, resulting in a budget increase of 4.80%. The following table outlines the changes from the 2025 budget to the 2026 budget.

	BUDGET DOLLARS	POTENTIAL TAX IMPACT	
REVENUE INCREASES (-) OR DECREASES (+)			
Non-market change (new construction) estimate	-100,000	-0.46%	Estimated for 2026 tax roll
Non-market change (new construction)	10,960	0.05%	Adjustments due to changes in taxes, i.e. Appeals
Grants in Lieu and Utilities	-44,999	-0.21%	
Cost Sharing	-24,949	-0.11%	
Sales of Services	-260,138	-1.19%	
Transfer from Reserves	-692,368	-3.18%	
Reduction in NDIT Grant	141,084	0.65%	CSO and Planner I position funding ends Mar '26
Investments	-87,500	-0.40%	Estimated cash flow of \$15M, 2.25% interest
Total Revenue Increases Over Prior Year	-1,057,910	- 4.85%	
EXPENDITURES			
Non-discretionary items to maintain existing services:			
Transfer to Asset Management Reserve	218,067	1.00%	1% AM tax increase
CUPE wages	544,619	2.50%	Settlement of Collective Agreements: 2022-2026. Incl 2x Secretary II and Planner I (Oct-Dec 2026)
IAFF (firefighters) wages	138,249	0.63%	Estimate pending settlement of Vancouver agreement
Mayor and Council remuneration	7,237	0.03%	Estimate for CPI 2.6%
RCMP Contract	332,067	1.52%	Increased contract rate
Misc inflationary increases	447,381	2.05%	Sum of all depts changes less isolated items
Insurance	46,736	0.21%	
Transit	53,818	0.25%	
Machinery & Equipment Reserve Transfers	55,380	0.25%	Light equipment rate adj. for inflation, 7.6% incr to IVC codes
Legal and Consulting	55,000	0.25%	Increase in professional services required for Admin and PW
IT System & Communications	26,934	0.12%	Cloud backup, software contracts and user increases
Utilities	35,000	0.16%	Expected increases in utility costs for PRC

EXPENDITURES

	BUDGET DOLLARS	POTENTIAL TAX IMPACT	
FOR CONSIDERATION:			
Exempt wages	120,138	0.55%	2.5% for consideration
Community Partners:			
Terrace & District Museum Society: Heritage Park	3,255	0.1%	3% increase primarily due to wages and benefits. RD's portion of \$28,500 is now directly contributed to Heritage Park removed from COT's budget
Terrace & District Museum Society: Heritage Park RDKS Contribution through COT	-28,500	-0.13%	
Terrace Public Library	39,968	0.18%	4.5% due to wages, benefits, and incr acctg fees
Kermodel Tourism	10,000	0.05%	7.5% increase, presentation Oct. 30th
Onetime costs for training and small projects	192,100	0.88%	le. Riverside bleacher replacement, bandshell backdrop replacement, lunchroom update, etc.
Surplus to funded one-time cost in 2026	-152,100	-0.70%	Projects under TCA threshold
Northwest BC Regional Funding Agreement funds	-40,000	-0.18%	Kitsumkalum Service Agreement Review
Social Development Program	140,464	0.64%	Offset with funds from the Northwest BC Regional Funding agreement (year 2 of 4)
Northwest BC Regional Funding Agreement funds	-140,464	-0.64%	
Lands and Economic Dev Manager	50,000	0.23%	
Skeena Industrial Development Park costs reallocated to Joint Venture	-50,000	-0.23%	Reall portion of EcDev Manager wages to SIDP JV
Seasonal Community Safety Officers x 2	93,978	0.43%	Offset with funds from the Northwest BC Regional Funding Agreement (year1 of 4)
Northwest BC Regional Funding Agreement funds	-93,978	-0.43%	
P/T Community Programming Coordinator	65,594	0.30%	EDI support, equity, diversity, and inclusion (year 2 of 4)
Northwest BC Regional Funding Agreements funds	-65,594	-0.30%	
Eng Project Coordinator	125,465	0.58%	Offset with funds from the Northwest BC Regional Funding Agreement (year 1 of 4)
Northwest BC Regional Funding Agreement funds	-25,465	-0.58%	
Community Safety Officers x 2	204,948	0.94%	Offset with funds from NDI to March and the Northwest BC Regional Funding Agreement from Apr-Dec (year 1 of 3)
NDIT	-50,862	-0.23%	
Northwest BC Regional Funding Agreements funds	-154,086	-0.71%	
Seasonal Gardener	68,648	0.31%	Offset with funds from the Community Forest Reserve (year 2)
Community Forest	-68,648	-0.31%	
Total Expenditure Increase over Prior Year	2,106,349	9.66%	
TOTAL	1,048,439	4.80%	

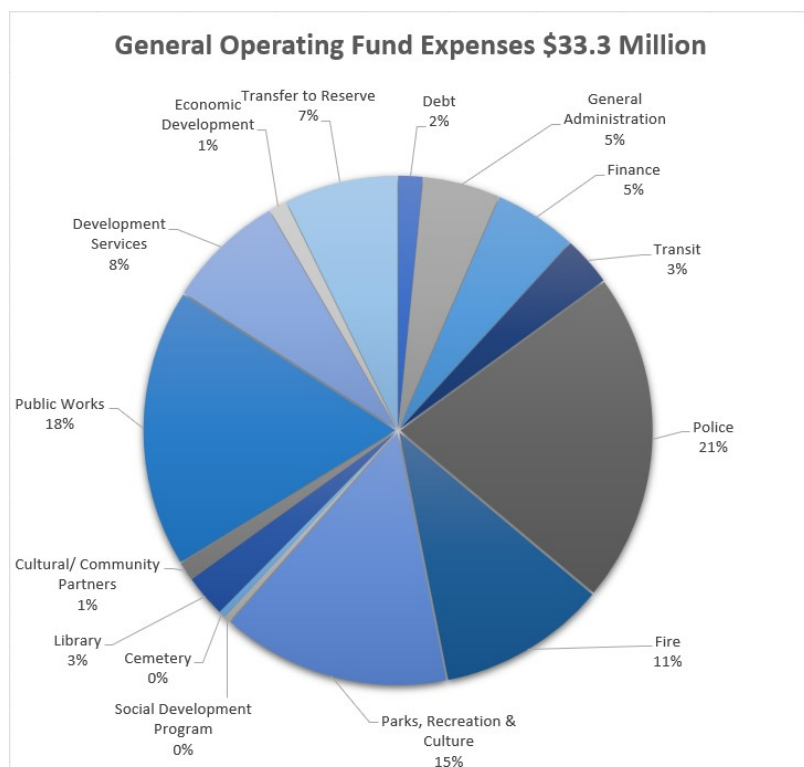
The net impact of the proposed 2026 General Operating Budget is \$1,048,439. The resulting increase to property taxes of 4.80% will have an impact of \$171.11 on the average home in Terrace with an assessed value of \$492,883 (2025 value).



The following pages break down proposed operating expenditures by department.

Proposed Operating Expenditures by Department

Operating expenditures are used to pay for the day-to-day activities of the various community programs and services.



FACT!

Grant money is a great way to fund capital projects; however, it is also important for us to consider how we will pay for the ongoing operating expenditures required for a capital project. For example, getting a grant for a public washroom would help us build the facility, but any ongoing maintenance and cleaning would need to be included in our ongoing operating expenditures in subsequent years.

PUBLIC WORKS

The City's Public Works Department is responsible for a wide range of services including engineering (preparing designs, specifications, and cost estimates for City infrastructure construction projects), roads (maintenance of roads, boulevards, sidewalks, and fire hydrants and snow removal on roads, boulevards, sidewalks, and right-of-ways), residential solid waste collection (garbage, recycling, organics, and yard waste), mechanical shop (maintenance of City's fleet of vehicles and equipment), building/electrical (maintenance and upgrades of all building systems for most City owned structures excluding the Sportsplex and Aquatic Centre, street lights, traffic control, street signs, and ornamental lighting).

Public Works

2026 Budget

Administration	\$535,501
Engineering	\$629,270
Shop	\$124,482
Building Maintenance	\$971,645
Roads & Street	\$1,957,922
Electrical	\$402,110
Traffic Lights	\$214,958
Purchasing/Inventory Control	\$397,057
Solid Waste	\$683,652

18% of Budget

\$5,916,597

EXPENDITURES

FIRE DEPARTMENT

The Terrace Fire Department is committed to safeguarding lives, property, and the environment within the jurisdiction of the municipality. Comprehensive services extend beyond traditional fire suppression to include fire safety inspections, public education initiatives, community outreach programs, technical rescue operations, and hazardous materials response.

The Terrace Fire Department oversees and coordinates emergency management for the municipality, ensuring a seamless and integrated response to various types of emergencies.

Fire	2026 Budget
Administration	\$ 534,620
Operations	\$3,007,407
Emergency Services	\$45,380

11% of Budget **\$3,587,407**

ADMINISTRATION

The City's Administration Department oversees the City's operations and provides legislative support to Mayor and Council. Council meetings and functions are coordinated through Administration, and this department is responsible for the maintenance and retention of bylaws and council minutes. The Administration department is also responsible for inquiries under the City's Access to Information Bylaw, and Freedom of Information and Protection of Privacy Legislation. Other functions that fall under the Administration Department include human resources, communications, corporate land management, and economic development

Administration	2026 Budget
Legislative (Mayor and Council)	\$382,471
General Administration	\$1,262,031
Economic Development (1%)	\$379,654

6% of Budget **\$2,024,156**

RCMP

Terrace Detachment of the Royal Canadian Mounted Police serves the area approximately 50 km north on the Nass Road (leading to New Aiyansh), 24 km south towards Kitimat, 70 km east towards Cedarvale, and 70 km west towards Prince Rupert. Municipal policing mandates include crime prevention and investigation, keeping the peace, keeping communities safe, and enforcing federal, provincial/territorial, and municipal law.

RCMP	2026 Budget
Police	\$5,349,766
Administration	\$985,500
Victims Assistance	\$168,527
Prisoner Maintenance	\$520,042

21% of Budget **\$7,023,835**

FINANCE

The Finance Department is responsible for safeguarding the City's financial assets and planning to ensure it's financial stability and viability. Key functions include executing the City budget and preparing the five-year financial plan; calculation and collection of property taxes; preparation of the annual financial statements; investing funds; and securing and managing debt. Also, this department

is responsible for front counter services at City Hall; administration of all IT systems; and other general accounting functions such as payroll, accounts payable, accounts receivable, insurance, and risk management.

Finance	2026 Budget
Finance	\$1,246,066
Common Services (IT Systems)	\$298,288
Insurance (Liability and Property)	\$224,758

5% of Budget **\$1,769,112**

Other Expenditures

Debt (2%)	\$522,067
Transfer to Reserve (7%)	\$2,417,173
Transit (3%)	\$1,051,164

\$3,990,404

DEVELOPMENT SERVICES

The Development Services Department oversees the many municipal processes that enable and support development in our growing community. This department is responsible for all community and land use planning activities, from long range planning to the processing of subdivision, development permits, and development variance permit applications. Other primary services within the department include building inspection and business licensing, geographic information systems and mapping.

Development Services	2026 Budget
Building Inspections	\$405,567
Licensing Operations	\$11,700
Bylaw Enforcement	\$612,600
Animal Control	\$385,533
Planning	\$620,239
Drafting	\$226,162
Development Services	\$249,560
8% of Budget	\$2,511,361

PARKS, RECREATION, AND CULTURE

The Parks, Recreation, and Culture Department supports active lifestyles and a culturally vibrant community through developing, maintaining, and promoting recreational and cultural programs and assets. The Department delivers a diverse array of services, programs, and events that serve to enrich the quality of life in our community for all ages and abilities. This Department is responsible for the management, maintenance, and operation of the Sportsplex, Aquatic Centre, two cemeteries, community playgrounds, and over 100 hectares of parks, trails, and open spaces throughout the community.

In 2021 Council approved the development of a Social Development Program supported by a full-time Social Development Coordinator position.

This program was grant funded for a period of three years and worked to address the complex socioeconomic trends and challenges in the City of Terrace, including homelessness, community safety, and mental health and addictions. Staff is currently working to review the program to date and determine next areas of focus for our community.

In 2023 the City of Terrace received provincial funding to renovate the multipurpose room at the Sportsplex to begin offering licensed childcare programming. The Department is currently offering before and after school care as well as drop-in daytime childcare programming.

Parks, Recreation & Culture	2026 Budget
Administration	\$581,053
Arena	\$1,262,793
Parks	\$941,737
Recreation Programs	\$510,483
Pool	\$1,569,202

15% of Budget \$4,865,268

Other Expenditures

Social Development Program (0%)	\$140,464
Cemetery (0%)	\$140,651
Library (3%)	\$901,101
Cultural/Community Partners (1%)	\$395,384

\$1,577,600

FACT!

User fees generated at the Aquatic Centre and Sportsplex fund between 30 to 40% of the projected costs of operating these facilities, with the remaining 60 to 70% supplemented through property taxation.



SEWER AND WATER OPERATING FUND

Sewer Operating Fund

The City owns and operates over 89 km of sanitary sewer mains in the local sewer system that serves Terrace. Under direction of the Public Works Department, the Environmental Services department is responsible for:

- Wastewater treatment plant operation, monitoring, and maintenance, including screening, pumping, aeration, and discharge systems;
- Operation of the City's five sewer lift stations as well as the Kitsumkalum sanitary lift station;
- Daily and monthly sampling and testing of wastewater to ensure compliance with permit requirements;
- All permit reporting to Federal and Provincial governments and Northern Health.

Highlights of the 2026 sewer operating budget:

- Frontage/User Fees are estimated at \$1,105,344 (98%) of all revenue collected;
- Transferring \$315,552 to reserves will support future capital upgrades. (\$185,552 from frontage/user fees, and \$130,000 from build water waste sales)

To build-up our reserves to support capital requirements, Council is considering a 4.5% increase in Sewer frontage and user fees. This is a 2.5% increase for asset management and a 2% increase for operation. This will increase a residential taxpayer's sewer costs by \$8.47 per year, which is approximately .71 cents per month. Total sewer costs will be \$188.23 per year, which is \$16.39 per month.

Sewer Revenue	2026 Budget
Frontage Taxes/User Fees	\$1,105,344
Lateral Installs and Inspection Fees	\$500
Bulk Wastewater Collection	\$150,000
Total Sewer Revenues	\$1,255,844
Sewer Expenditures	
Operating Expenses	\$940,292
Transfer to Reserve	\$315,552
Total Sewer Expenditures	\$1,255,844

Water Operating Fund

The City owns and operates over 115 kms of water mains in the local water system that serves Terrace. Under the direction of Public Works Department, the Environmental Services Department is responsible for:

- The operation, monitoring, and maintenance of the community's three production water wells and associated chlorine and fluoride systems;
- Maintenance of the City's two surface water emergency backup sources at Deep Creek and Little Island;
- The operation and maintenance of the water reservoir, pumping station, and booster station;
- Daily, monthly, and annual water quality testing and analysis, including testing of water in the RDKS's North Terrace water network.

Highlights of the 2026 water operating budget:

- Frontage/User Fees are estimated at \$1,711,758 (94%) of all revenue collected.
- Transferring \$461,004 to reserves will support future capital upgrades (\$461,004 from frontage/user fees and \$21,000 from bulk water sales). This is a service put in place in response to the increased industrial activity in the area.

To build-up our reserves to support capital requirements, Council is considering a 2.5% increase in water frontage and user fees, this is a 1.5% increase for asset management and a 1% increase for operations. This will increase residential taxpayer's water costs by \$6.71 per year, which is approximately .56 cents per month. Total water costs will be \$252.11 per year, and \$22.93 per month.

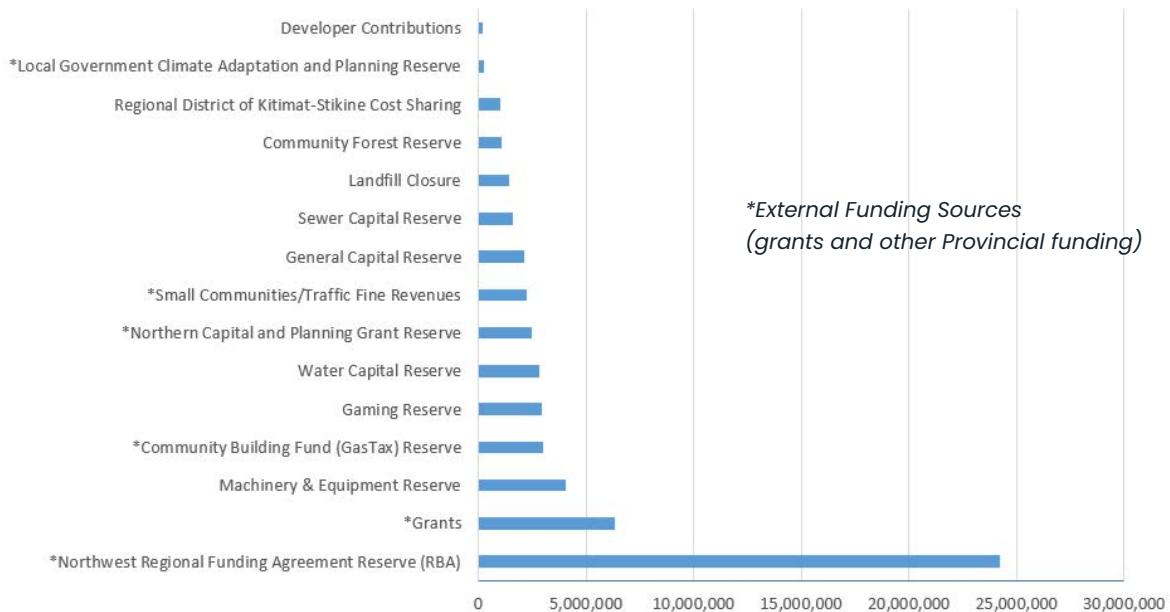
Water Revenue	2026 Budget
Frontage Taxes/User Fees	\$1,711,758
Lateral Installs and Inspection Fees	\$102,500
Total Water Revenues	\$1,814,258
Water Expenditures	
Operating Expenses	\$1,353,253
Transfer to Reserve	\$461,004
Total Water Expenditures	\$1,814,257



2026-2030 CAPITAL PLAN: GENERAL, SEWER & WATER

Capital Funding Sources

2026 to 2030 Capital Funding Sources



The capital budget is for new or replacement infrastructure, such as upgrades to aging facilities, road reconstruction, or the replacement of essential equipment.

Over the next five years the City's Capital Plan contains \$56 million in capital projects. These projects are fully funded either through external sources such as grants or other provincial transfers, or internal sources such as reserve transfers.

Grants are not a guaranteed source of ongoing revenue, and the City needs to ensure that internal reserves are available to fund necessary projects.

A 1% tax increase is included in the draft 2026 budget, as well as increases to sewer and water user fees; these fee increases are transferred to capital reserves which are then allocated to help fund necessary projects.

Most of the projects planned are funded by external funding sources; the most significant source is the Northwest BC Regional Funding Agreement.

The Resource Benefit Alliance, consisting of 21 municipalities and regional districts in the northwest, has been advocating with the Province for many years for a fair revenue sharing agreement to address the service demands created by the significant resource development in the region.

In 2024 the Province of British Columbia, partnering with the Northwest BC Resource Benefits Alliance signed the Northwest BC Regional Funding Agreement; a five-year agreement to support the renewal or replacement of capital assets and construction of infrastructure, such as roads, water, sewer and other amenities, needed for economic development and growth in the region.

The annual allocation for Terrace is \$6,889,185 to be received for each year of the five-year agreement, 2024-2028; \$34,445,925 in total.

Planned Capital Projects

PARKS, RECREATION & Culture: \$5.4 MILLION

- Skatepark Rebuild – Phase I (Detailed Design & Mitigation): \$100,000 (2026)
- Tetrault Street Revitalization Phase III: \$60,000 (2026)
- Dangerous Tree Phase I and II: \$50,000 (2026)
- Cemetery Columbarium: \$45,000 (2026)
- GLP Play Structure Replacement: \$750,000 (2029)
- Public Art in Parks – Parkland Art Installations: \$75,000 (2026–2030)
- Parks Small Capital Projects: \$100,000 (2026–2030)
- Aquatic Centre – Small Projects: \$181,500 (2027–2029)
- Sportsplex Flooring: \$425,000 (2027)
- Sportsplex Lighting Update: \$206,000 (2027–2028)
- Playground Renewal – Mike Buday Park: \$250,000 (2027)
- Ferry Island Electrical/ Roadway/Washroom Improvements: \$275,800 (2026)
- Sportsplex Main Arena Slab Replacement: \$1,060,000 (2026–2027)
- Sportsplex Dehumidifier Planning, Design, and Replacement: \$500,000 (2027–2028)
- Sportsplex Ammonia Plant Room Compressor Replacement: \$500,000 (2028)
- Sportsplex Hidber Washroom Upgrades: \$250,000 (2030)

PUBLIC WORKS AND ENGINEERING (incl Water and Sewer): \$43.6 Million

- Pavement Overlays: \$1 million (years 2026–2030)
- Sidewalk Resurfacing: \$1.1 million (years 2026–2030)
- Landfill Closure: \$1.4 million (2026–2030)
- Christy Park Field Drainage Study: \$250,000 (2026–2027)
- Christy Park Field Revitalization Phase I and II: \$200,000 (2027–2028)
- Sparks to Emerson Lane Drainage Improvements: \$320,000 (2026–2027)
- 5100 Soucie Sanitary Sewer Expansion: \$1,980,000 (2026–2029)
- STP Road Upsize Gravity Main: \$480,000 (2026–2029)
- Frank Street Capacity Improvements: \$5,431,250 (2026–2027)
- Road Reconstructions (incl water and sewer): \$29.8 million (2026–2030)

Major road projects proposed for next 5 years	2026	4600 Lakelse Avenue Reconstruction
	2028	4600 Scott Avenue Reconstruction
	2028	Lanfear Hill Design & Reconstruction
	2029	Labelle Reconstruction
	2030	4700 Haugland Avenue Reconstruction
	2030	5300 Mountain Vista Reconstruction

DEVELOPMENTAL SERVICES: \$565,000

- Orthophoto Update: \$60,000 (2027-2030)
- Development Cost Charges Review and Update: \$50,000 (2026)
- Housing Needs Report: \$80,000 (2027-2030)
- Animal Shelter Crematorium Replacement: \$300,000 (2026)
- Official Community Plan (OCP) Update: \$75,000 (2030)

FIRE DEPARTMENT: \$185,000

- Ladder Replacement: \$18,000 (2026)
- Firefighting Supply Hose: \$20,000 (2026)
- Wildland Firefighting Equipment: \$20,000 (2026)
- Power Saw Replacement: \$22,000 (2027)
- Records Management System: \$25,000 (2027)

VEHICLE AND EQUIPMENT PURCHASES: \$5,242,952

- Freightliner Garbage Truck: \$500,000 (2026)
- Freightliner Garbage Truck: \$500,000 (2028)
- John Deere 772GP Grader: \$615,000 (2030)
- Smeal Fire Truck: \$1,800,00 (2030)
- Vactor Jet on Freightliner: \$825,000 (2030)

OTHER PROJECTS: \$1,022,987

- Asset Management: \$150,000 (2026-2028)
- IT Projects: \$335,140 (2026-2030)
- Networking Switching Replacement: \$150,000 (2026-2030)
- 100th Anniversary (Centennial): \$190,000 (2026-2027)
- Election and Strategic Planning: \$55,000 (2026)
- Occupational Health & Safety: \$142,847 (2026)

**A total of
\$56
MILLION is
proposed
to be spent
on Capital
Projects
between
2026 and
2030**

2026–2030 Draft Five-Year Financial Plan

OPERATING FUNDS	2026	2027	2028	2029	2030
REVENUES					
Property Taxes	\$ 21,806,652	\$ 22,955,091	\$ 24,424,404	\$ 25,902,466	\$ 27,600,280
Asset Management Tax (1%)	218,067	229,551	244,244	259,025	276,003
Increased Tax Revenue	830,373	1,139,762	1,133,818	1,338,789	1,283,407
Non-Market Change	100,000	100,000	100,000	100,000	100,000
Business Improvement Area	110,000	110,000	110,000	110,000	110,000
Utility Fees from Others	518,508	518,508	518,508	518,508	518,508
Grants in Lieu	619,462	619,462	619,462	619,462	619,462
Sale of Services	3,838,060	3,934,012	4,032,362	4,133,171	4,236,500
Other Revenue	3,724,683	3,700,953	3,742,240	3,784,558	3,827,935
Sewer User Fees and Frontages	1,255,844	1,305,585	1,351,788	1,405,846	1,456,060
Water User Fees and Frontages	1,814,258	1,874,169	1,927,319	1,991,187	2,047,847
Transfers from own Funds					
Surplus: (re: NDIT Grant and one-time projects)	221,030	173,918	173,918	173,918	173,918
Reserves: NRFA	839,480	819,935	740,908	134,958	-
Reserves: TCF	68,648	70,188	71,771	73,394	75,045
Reserves: LGCAP	20,777	-	-	-	-
Sewer Fund	175,000	175,000	175,000	175,000	175,000
Water Fund	175,000	175,000	175,000	175,000	175,000
TOTAL OPERATING REVENUE	\$ 36,335,841	\$ 37,901,134	\$ 39,540,741	\$ 40,895,282	\$ 42,674,964
EXPENDITURES					
Debt Interest	\$ 223,429	\$ 223,429	\$ 200,690	\$ 175,080	\$ 175,080
Debt Principal	298,638	298,638	298,638	258,341	258,341
Operating Expenses					
Council and Administration	1,644,502	1,710,282	1,778,693	1,849,841	1,923,835
Finance / Common Services	1,769,112	1,839,876	1,913,472	1,990,010	2,069,611
Transit	1,051,164	1,093,211	1,136,939	1,182,417	1,229,713
RCMP	7,023,835	7,445,265	7,891,981	8,365,500	8,867,430
Fire Department	3,587,407	3,748,840	3,917,538	4,093,827	4,278,050
Parks, Recreation & Culture	5,005,919	5,206,156	5,414,402	5,562,167	5,784,654
Social Development Prog	140,464	143,273	146,139	-	-
Cultural	1,153,885	1,188,502	1,224,157	1,260,881	1,298,708
Public Works	5,916,597	6,153,261	6,399,391	6,655,367	6,786,624
Development Services	2,511,361	2,530,779	2,535,758	2,421,441	2,518,299
Economic Development	522,254	493,144	512,870	533,385	554,720
Sewer Operating Expenditures	940,292	959,098	978,280	997,845	1,017,802
Water Operating Expenditures	1,353,253	1,380,318	1,407,924	1,436,083	1,464,805
Transfers to Reserves:					
General Capital Reserve	927,672	1,157,223	1,401,467	1,660,492	1,936,495
Sewer Capital Reserve	315,552	346,487	373,508	408,001	438,258
Water Capital Reserve	461,005	493,850	519,394	555,104	583,042
Reserve Transfers Other	1,489,500	1,489,500	1,489,500	1,489,500	1,489,500
TOTAL OPERATING EXPENDITURE S	\$ 36,335,843	\$ 37,901,134	\$ 39,540,740	\$ 40,895,282	\$ 42,674,964

CAPITAL PROJECTS	2026	2027	2028	2029	2030
REVENUE					
Traffic Fine / Small Comm	451,470	451,520	474,500	293,800	589,100
Capital Grants	957,377	5,331,250	55,000	-	-
Developer Contribution	-	-	-	-	230,000
RDKS	75,000	473,550	238,500	158,700	75,000
Transfers from Reserves:					
Community Building Fund	600,000	-	600,000	600,000	1,200,000
Gaming	670,000	822,500	725,000	517,500	230,000
Community Forest	299,300	533,000	226,860	15,000	15,000
Northern Capital & Plan Grant	515,000	1,815,000	185,000	-	-
Northwest Regional Funding Ag	5,583,500	1,304,000	14,040,578	1,929,000	1,370,000
LGCAP	256,000	-	-	-	-
General Capital	195,000	300,000	-	750,000	900,000
Machinery & Equipment	359,230	215,000	124,762	122,100	3,240,000
Landfill	287,000	287,000	287,000	287,000	287,000
Sewer Reserve	337,000	110,000	70,000	400,000	700,000
Water Reserve	200,000	-	160,000	780,000	1,680,000
TOTAL CAPITAL REVENUE	10,785,877	11,642,820	17,187,200	5,853,100	10,516,100
TOTAL CAPITAL EXPENDITURES	10,785,877	11,642,820	17,187,200	5,853,100	10,516,100



For the complete Draft Capital Plan, scan the QR code and go to:

engage.terrace.bc/budget-2026





RESERVES AND DEBT

Reserves

In 2026 the City is budgeting to transfer \$1,548,969 from operations by way of taxation and fees into capital reserves to ensure funds are available for future capital expenditures. Establishing ongoing transfers to our capital reserves is vital to maintaining our current service levels and maintaining and replacing our infrastructure.

TRANSFERS TO CAPITAL RESERVES

General Fund	\$927,672
Sewer Fund	\$185,364
Water Fund	\$435,933

RESERVE PROJECTIONS	2026	2027	2028	2029	2030
Active Transportation	\$18,999	\$18,999	\$18,999	\$18,999	\$18,999
Affordable Housing	97,353	97,353	97,353	97,353	97,353
Animal Shelter Crematorium Reserve	40,501	50,501	60,501	70,501	80,501
Community Forest	1,115,915	512,727	214,096	125,702	35,657
Covid Safe Restart Grant	9,267	9,267	9,267	9,267	9,267
Gaming	853,516	831,016	906,016	1,188,516	1,758,516
Community Building Fund (Gas Tax)	695,130	1,305,722	1,340,738	1,375,754	810,770
General Capital*	3,491,275	4,349,829	5,752,969	6,665,465	7,702,893
Growing Communities	232,223	232,223	232,223	232,223	232,223
Land Acquisition	1,953,405	1,953,405	1,953,405	1,953,405	1,953,405
Landfill Closure	2,341,620	2,060,620	1,773,620	1,486,620	1,199,620
Local Gov't Climate Adaptation Program	87,041	87,041	87,041	87,041	87,041
Machinery & Equipment	4,782,318	5,067,318	5,442,556	5,820,456	3,080,456
Northern Capital and Planning Grant	2,026,619	211,619	26,619	26,619	26,619
Northwest Regional Funding Agreement	12,910,475	11,077,026	3,433,958	1,370,00	(0)
Parking Space	22,560	22,560	22,560	22,560	22,560
Parkland	421,477	421,477	421,477	421,477	421,477
Sewer Capital**	268,752	501,749	803,623	805,530	538,820
Water Capital**	642,344	1,106,954	1,456,139	1,212,696	97,583
TOTAL PROJECTIONS	\$31,998,790	\$29,917,407	\$24,053,161	\$22,990,185	\$18,173,761

*Includes the proposed 1% asset management increase in years 2026-2030

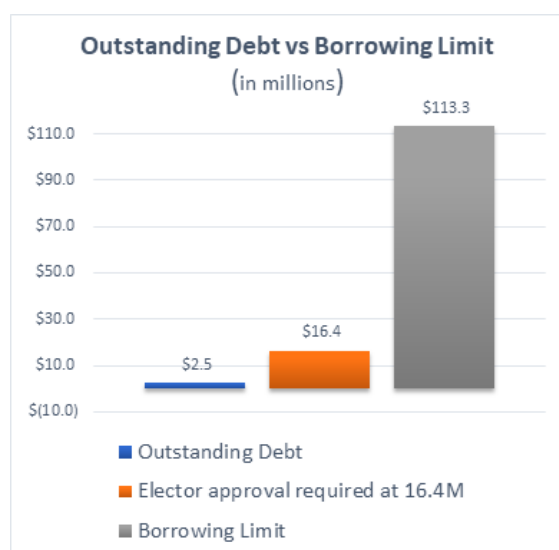
**Includes proposed fee increases for asset management purposes for years 2026-2030

Debt

The City uses debt occasionally to finance large capital projects that provide long-term benefits to residents. All borrowing is done through the Municipal Finance Authority. The City must make annual principal payments and semi-annual interest payments on these loans.

DEBT PRINCIPAL BALANCES	2026	2027	2028	2029	2030
General Fund Outstanding Debt:					
Sportsplex Retrofit – 2008	\$166,538	\$84,901	\$–	\$–	\$–
Sportsplex Retrofit – 2009	350,198	238,013	121,431	–	–
Aquatic Centre Renewal – 2019	2,030,159	1,778,305	1,518,894	1,251,702	976,494
TOTAL OUTSTANDING DEBT	\$2,546,894	\$2,101,219	\$1,640,235	\$1,251,702	\$976,494

DEBT PAYMENTS	2026	2027	2028	2029	2030
General Fund Debt Payments (including interest)					
Sportsplex Retrofit – 2008	\$85,778	\$85,778	\$63,038	\$ –	\$ –
Sportsplex Retrofit – 2009	127,908	127,908	127,908	125,038	–
Aquatic Centre Renewal – 2019	308,383	308,383	308,383	308,383	308,383
TOTAL DEBT PAYMENTS	\$522,069	\$522,069	\$499,329	\$433,421	\$308,383



DEBT BORROWING CAPACITY

The City's borrowing capacity is defined in legislation as 25% of the prior year's prescribed revenue, and 5% of prior year's prescribed revenue can be borrowed without the assent of the electorate.

The City's external borrowing limit is approximately \$113.3 million, based on legislated limits, current estimated interest rates, and assuming 20-year terms on average. The City's current outstanding long-term debt will be \$2.5 million as of December 31, 2026.

Scan the QR code & learn more at
engage.terrace.ca/budget-2026



Your feedback is important

We want to hear from you! Please provide your comments on this document.

- **ONLINE:** Visit engage.terrace.ca/budget-2026 to provide comment through an online survey.
- **ON PAPER:** Printed copies of the survey are available at:
 - » Terrace City Hall: 3215 Eby St
 - » Terrace Public Library: 4610 Park Ave

- **IN PERSON:** Provide comment in person at:
 - » December 9, 2025 Town Hall with Mayor & Council, from 6–8pm, in the Sportsplex Banquet Room.
 - » January 14, 2026 Committee of the Whole meeting focused on budget at 12 noon at City hall.

Survey deadline and general feedback on the budget will be accepted until Friday, December 19, 2025.