

2026 Provisional General Operating Budget Discussion

January 26, 2026



AGENDA

- ▀ Review of 2025 Budget
- ▀ Operating Budget
 - ▀ Revenue
 - ▀ Expenses
- ▀ Operating Shortfall
- ▀ Property Taxes
 - ▀ Assessment Values
 - ▀ Property Tax Comparison
- ▀ Shortfall Funding Scenarios
 - ▀ Impact on Average Assessed Single Family Residence
- ▀ Next Steps – Meeting Schedule & Budget Process



2025 BUDGET REVIEW

- Overall property tax revenue loss of ~ \$1.5M
 - Due to closure allowance granted to major industrial properties
 - Reclassification of properties out of class 4(major industry) and class 5 (light industry) to class 6 (business & other)
- Cost Savings Measures
 - Reduced operating hours at the Recreation Centre
 - Reduction of Transfer to Reserves
 - Remove transferring \$50K to general capital reserve for new projects
- Overall revenue budget shortfall of ~\$854K
 - Shortfall funded by:
 - Increased property tax revenue
 - McLeod Lake Mackenzie Community Forest (MLMCF) Dividends
 - Financial Stability Reserve
 - Prior Years Surplus

2026 OPERATING BUDGET

Revenues

- Property tax revenue declined in 2025

2024 \$5,876,538

2025 \$4,805,372

- Capital Renewal Levy – amount equal to 2% of property tax revenue, compounded annually

2026 Base Amount \$623,261

2026 Levy (2%) \$ 96,000

\$719,261 contribution to Capital Renewal Reserve (not including interest)

- Option to only include 2026 base amount moving forward until economic climate improves and reinstate additional 2% tax levy
- Estimated Dec 31, 2025 balance = \$2.1M (before interest allocation)
- BC Hydro Grant-in-Lieu for Generating Facilities
 - Additional \$38,211 revenue for 2026

2026 OPERATING BUDGET

Expenses

- Maintaining current services and service levels
- Finding efficiencies and cost savings
- Contractual commitments
 - Collective agreement, service agreements, community grants
- Funding operational expenses through grants when possible
- One-time costs for election, strategic planning, new council orientation, union negotiations
- Annual Transfer to Capital Reserves – funded through property taxes

General Capital	\$200,000
Vehicle & Equipment Replacement	\$277,300
Fire Dept Vehicle & Equip Replacement	\$167,000

OPERATING SHORTFALL

Estimated shortfall ~\$800,354

Shortfall

- Includes 2% capital renewal levy (~96,000)
- Possible funding sources:
 - Property tax increase
 - McLeod Lake Mackenzie Community Forest (MLMCF) Dividends
 - Financial Stability Reserve
 - Prior Years Surplus

PROPERTY TAXES

BC Assessment

- Assessment values, as determined by BC Assessment, are used to determine the tax rates required to raise enough revenue to cover the annual operating budget
- Completed roll released around December 31
 - Values properties as of July 1 of the previous year
- Property owners have until January 31 (or next business day) to appeal their assessment value
- Revised roll released around March 31
 - Includes amendments made by the assessor and the property assessment review panels during February and March
 - Assessment values received generate the tax rates for the Property Tax Bylaw
- To learn more about your assessment notice and property tax relationship
<https://info.bccassessment.ca/Services-products/your-assessment-notice>

PROPERTY TAXES

- Completed Roll

- Taxable assessment values for Mackenzie increased overall by 5.19%

	2026	2025	Increase %
Class 1 – Residential	292,187,000	276,082,400	5.83%
Class 2 – Utilities	26,369,465	25,353,000	4.01%
Class 4 – Major Industry	6,150,400	5,870,500	4.77%
Class 5 – Light Industry	9,534,100	9,355,000	1.91%
Class 6 – Business & Other	104,270,650	100,214,200	4.05%
Class 8 – Recreation Property, Non Profit	37,300	36,200	3.04%
Total	438,548,915	416,911,300	5.19%

PROPERTY TAXES

Comparison of Property Tax Revenue since 2020

Tax Revenue						
	2020	2021	2022	2023	2024	2025
Class 1 – Residential	1,539,719	1,570,348	1,703,602	1,837,835	2,007,039	2,206,613
Class 2 – Utilities	850,966	850,395	856,347	873,474	908,832	999,027
Class 4 – Major Industry	2,702,599	2,279,063	1,808,097	1,889,460	2,059,511	329,380
Class 5 – Light Industry	233,476	238,145	258,030	272,222	296,722	267,612
Class 6 – Business & Other	389,637	422,307	444,235	554,332	604,219	1,002,493
Class 8 – Recreation Property, Non Profit	-	171	185	196	214	247
Total Tax Revenue	5,716,397	5,360,429	5,070,497	5,427,520	5,876,538	4,805,372

PROPERTY TAX COMPARISON

- 44th lowest out of 161 municipalities for General Municipal Taxes
- 8th lowest out of 161 municipalities for Total Residential Taxes
 - Includes collections from other agencies
- 16th lowest out of 161 municipalities for Total Residential Taxes and Charges
 - Includes user fees for water, sewer and garbage

704 - Taxes and Charges on a Representative House - 2025

Municipalities	Type	RD	House Value ¹	School	General Municipal	Regional District	Hospital	BCA, MFA and Other	Total Res Variable Rate Taxes	Total Res Parcel Taxes	Total Res User Fees	Total Residential Property Taxes and Charges
Hudson's Hope	D	PEA	193,333	439	758	88	110	54	1,449	0	576	2,025
Wells	D	CAR	183,373	428	401	191	135	68	1,223	474	382	2,079
Port Clements	V	NCRD	227,371	571	415	200	123	74	1,383	293	457	2,133
Stewart	D	KIT	176,520	355	1,249	179	95	48	1,926	610	0	2,536
Zeballos	V	STR	172,185	502	1,391	45	43	60	2,041	0	523	2,564
Lytton	V	TNR	293,245	613	771	189	89	95	1,757	0	840	2,597
Tumbler Ridge	D	PEA	203,521	561	1,178	100	116	61	2,016	165	468	2,649
Midway	V	KOO	343,851	605	1,084	172	54	101	2,016	0	700	2,716
Princeton	T	OKS	372,791	642	1,262	66	79	112	2,161	0	683	2,844
New Denver	V	CKO	425,598	747	942	374	67	107	2,237	0	612	2,849
Kitimat	D	KIT	371,500	747	1,524	20	201	47	2,539	0	320	2,859
Logan Lake	D	TNR	455,778	687	872	294	138	127	2,118	276	534	2,928
Northern Rockies	D		169,334	704	1,017	0	13	44	1,778	373	823	2,974
Greenwood	C	KOO	267,189	470	1,335	146	42	90	2,083	0	944	3,027
Taylor	D	PEA	251,143	571	1,029	116	143	78	1,937	180	930	3,047
Mackenzie	D	FFG	174,164	335	1,393	84	128	65	2,005	0	1,044	3,049

SHORTFALL FUNDING SCENARIOS

	Prior years surplus (~1.5M available)	Financial Stability Reserve (~1.2M available)	MLMCF Dividends (~1.5M available)	Property Tax Revenue Increase	Property Tax Revenue Percentage Increase	Estimated Impact to Average Assessed Single-Family Residence
2025	266,919	100,000	50,000	437,074	9.09%	126.96
2026 SCENARIOS	0	0	0	800,354	16.65%	259.14
	143,486	53,756	26,879	576,233	12.00%	181.37
	203,038	76,129	38,064	483,123	10.05%	149.90
	266,547	99,860	49,991	383,956	8.00%	115.60
	328,099	122,957	61,479	287,819	6.00%	89.22

SHORTFALL FUNDING SCENARIOS

16.65% Property Tax Increase

Tax Revenue Comparison	2026	2025	Increase	% of Increase
Class 1 Residential	2,641,539	2,206,613	434,926	19.71%
Class 2 Utilities	1,048,979	999,027	49,952	5.00%
Class 4 Major Industry	394,597	329,380	65,217	19.80%
Class 5 Light Industry	320,331	267,612	52,719	19.70%
Class 6 Business/Other	1,199,984	1,002,493	197,491	19.70%
Class 8 Recreation	<u>296</u>	<u>247</u>	<u>49</u>	<u>19.70%</u>
Total	5,605,726	4,805,372	800,354	16.65%

Impact on the average assessed single-family residence

	2026	2025	Increase
	(\$174,544)	(\$164,900)	
Property Tax	1,577.98	1,318.84	259.14
Water*(12%)	573.40	511.96	61.44
Sewer*(10%)	351.55	319.59	31.96
Garbage*(6.5%)	<u>226.56</u>	<u>212.73</u>	<u>13.83</u>
Total	2,729.49	2,363.12	366.37

*water, sewer and garbage rates are based on same rate increase as 2025 for display purposes only

SHORTFALL FUNDING SCENARIOS

12.0% Property Tax Increase

Tax Revenue Comparison	2026	2025	Increase	% of Increase
Class 1 Residential	2,511,346	2,206,613	304,733	13.81%
Class 2 Utilities	1,048,979	999,027	49,952	5.00%
Class 4 Major Industry	375,493	329,380	46,113	14.00%
Class 5 Light Industry	304,569	267,612	36,957	13.81%
Class 6 Business/Other	1,140,937	1,002,493	138,444	13.81%
Class 8 Recreation	<u>281</u>	<u>247</u>	<u>34</u>	<u>13.81%</u>
Total	5,381,605	4,805,372	576,233	12.00%

Impact on the average assessed single-family residence

	2026	2025	Increase
	(\$174,544)	(\$164,900)	
Property Tax	1,500.21	1,318.84	181.37
Water*(12%)	573.40	511.96	61.44
Sewer*(10%)	351.55	319.59	31.96
Garbage*(6.5%)	<u>226.56</u>	<u>212.73</u>	<u>13.83</u>
Total	2,651.72	2,363.12	288.60

*water, sewer and garbage rates are based on same rate increase as 2025 for display purposes only

SHORTFALL FUNDING SCENARIOS

10.0% Property Tax Increase

Tax Revenue Comparison	2026	2025	Increase	% of Increase
Class 1 Residential	2,458,666	2,208,052	250,614	11.35%
Class 2 Utilities	1,048,979	999,027	49,952	5.00%
Class 4 Major Industry	367,752	329,380	38,372	11.65%
Class 5 Light Industry	297,986	267,612	30,374	11.35%
Class 6 Business/Other	1,116,276	1,002,493	113,783	11.35%
Class 8 Recreation	<u>275</u>	<u>247</u>	<u>28</u>	<u>11.35%</u>
Total	5,289,934	4,806,811	483,123	10.05%

Impact on the average assessed single-family residence

	2026	2025	Increase
	(\$174,544)	(\$164,900)	
Property Tax	1,468.74	1,318.84	149.90
Water*(12%)	573.40	511.96	61.44
Sewer*(10%)	351.55	319.59	31.96
Garbage*(6.5%)	<u>226.56</u>	<u>212.73</u>	<u>13.83</u>
Total	2,620.25	2,363.12	257.13

*water, sewer and garbage rates are based on same rate increase as 2025 for display purposes only

SHORTFALL FUNDING SCENARIOS

8.0% Property Tax Increase

Tax Revenue Comparison	2026	2025	Increase	% of Increase
Class 1 Residential	2,401,256	2,208,052	193,204	8.75%
Class 2 Utilities	1,048,979	999,027	49,952	5.00%
Class 4 Major Industry	359,024	329,380	29,644	9.00%
Class 5 Light Industry	291,028	267,612	23,416	8.75%
Class 6 Business/Other	1,090,211	1,002,493	87,718	8.75%
Class 8 Recreation	<u>269</u>	<u>247</u>	<u>22</u>	<u>8.75%</u>
Total	5,190,767	4,806,811	383,956	8.00%

Impact on the average assessed single-family residence

	2026	2025	Increase
	(\$174,544)	(\$164,900)	
Property Tax	1,434.44	1,318.84	115.60
Water*(12%)	573.40	511.96	61.44
Sewer*(10%)	351.55	319.59	31.96
Garbage*(6.5%)	<u>226.56</u>	<u>212.73</u>	<u>13.83</u>
Total	2,585.95	2,363.12	222.83

*water, sewer and garbage rates are based on same rate increase as 2025 for display purposes only

SHORTFALL FUNDING SCENARIOS

6.0% Property Tax Increase

Tax Revenue Comparison	2026	2025	Increase	% of Increase
Class 1 Residential	2,357,095	2,208,052	149,043	6.75%
Class 2 Utilities	1,028,998	999,027	29,971	3.00%
Class 4 Major Industry	352,436	329,380	23,056	7.00%
Class 5 Light Industry	285,676	267,612	18,064	6.75%
Class 6 Business/Other	1,070,161	1,002,493	67,668	6.75%
Class 8 Recreation	<u>264</u>	<u>247</u>	<u>17</u>	<u>6.75%</u>
Total	5,094,630	4,806,811	287,819	6.00%

Impact on the average assessed single-family residence

	2026	2025	Increase
	(\$174,544)	(\$164,900)	
Property Tax	1,408.06	1,318.84	89.22
Water*(12%)	573.40	511.96	61.44
Sewer*(10%)	351.55	319.59	31.96
Garbage*(6.5%)	<u>226.56</u>	<u>212.73</u>	<u>13.83</u>
Total	2,559.57	2,363.12	196.45

*water, sewer and garbage rates are based on same rate increase as 2025 for display purposes only

NEXT STEPS

- **February 9th** – Capital Budget Discussion
- **February 23rd** – Public Presentation of Operating and Capital Provisional Budget
- **March 9th** – Water, Sewer and Garbage Operating and Capital Discussion
- **March 23rd** – Water, Sewer and Garbage Rate Bylaws to Council for 1st three readings
- **April 27th** – Public Presentation of the 2026-2030 Financial Plan Bylaw
- **May 11th** – Adoption of the 2026-2030 Financial Plan Bylaw



QUESTIONS

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