

2026 – 2030 Financial Plan

Introduction

This is a preliminary look at the City of Merritt financial plan for 2026 – 2030. There will be a true up of 2026 capital before the financial plan bylaw is presented for projects in progress in 2025 (i.e. water meters). Items that do not impact the municipal tax levy will be presented to Council in January before the open house.

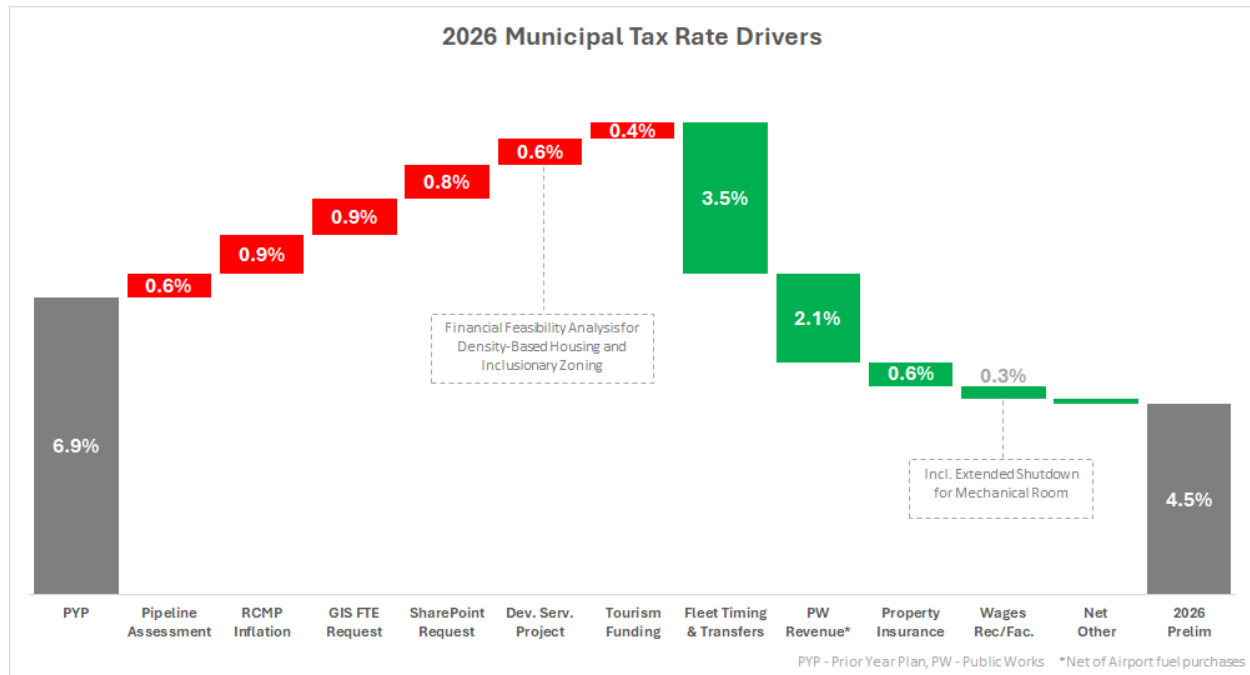
Since the 2023 budgeting cycle, risk management and financial sustainability has improved through several actions:

- ✓ Property taxation increases.
- ✓ Updating of the Fees and Charges Bylaw for the first time since 2015 and establishing an annual cadence for Council to authorize the charging of fees for various municipal services.
- ✓ Sourcing cost savings.
- ✓ Reviewing and decisioning service and sponsorship levels.
- ✓ Identifying and executing on where engagement and advocacy was required (i.e. transit funding).
- ✓ Creating certainty and stability as it relates to the workforce and the costs of human capital in the budget following the signing of a new four-year collective bargaining agreement.
- ✓ Strategic planning that considers capital for 5-10+ years and starting funding strategies today for critical infrastructure in the future.

These actions have enabled a balanced operational budget without drawing on reserves for operational purposes and the start of savings for future capital investment in the community.

The report and presentation on the 2026 – 2030 financial plan will begin with CFO commentary on the 2026 municipal tax increase and reconciliations compared to the prior year plan. An option for smoothing the tax rate over the five-year period given the spikes when fleet replacements arrive will be presented for consideration. This will be followed by each Director addressing their operations and capital priorities. Council will focus on strategic decisions for the 2026+ financial plan and direction to staff, including whether to proceed with scheduling public engagement, to close out the meeting.

2026 Municipal Tax Increase Down from Prior Year Plan (PYP)



The 2026 municipal tax increase in the prior year 2025 – 2029 financial plan was 6.9%. Since that time, staff and Council have been advised of two changes, that all else equal, result in a tax rate of 8.4% for 2026.

1. BC Assessment has revalued pipelines within Class 2 Utilities resulting in 28% lower assessed values. As Class 2 rates are currently capped, the lost property taxation revenue from pipelines shifts to residents and businesses – an impact of +0.6% on the municipal tax rate for 2026. Staff have requested consideration for adjusting the cap rate and/or adding the City of Merritt and other impacted municipalities as exceptions from the provincial government.
2. In the prior year plan, staff were advised that RCMP costs would increase an additional 2.0% in 2026. The 2026 increase has been revised to 6.6% per detachment member, resulting in an additional 0.9% increase in property taxes.

In addition to the external drivers, staff have four requests to discuss for 2026 related to FTE resourcing within the organization, project requests, and funding for tourism.

1. In the Infrastructure (Public Works) section, the Director of Infrastructure and CAO will discuss the need to add permanent GIS capacity within the organization.
2. Under Corporate Services, the Corporate Officer will discuss the background and current state, infrastructure and cost considerations, and risks and benefits related to the implementation of SharePoint in 2026.
3. The deadline for Inclusionary Zoning (tool for local governments) and Density Bonus bylaws (legislative requirement) is June 30, 2026. The CAO, on behalf of Development Services, will discuss costs up to \$75,000 for completion of this scope.

4. Discussions related to tourism funding have been ongoing over the past few years. Council will consider funding levels as part of their direction to staff for developing an agreement.

The total impact of these requests on the 2026 tax rate is up to 2.6%. When factoring in the external drivers from BC Assessment and the RCMP, this would result in a 2026 municipal tax increase of 11%.

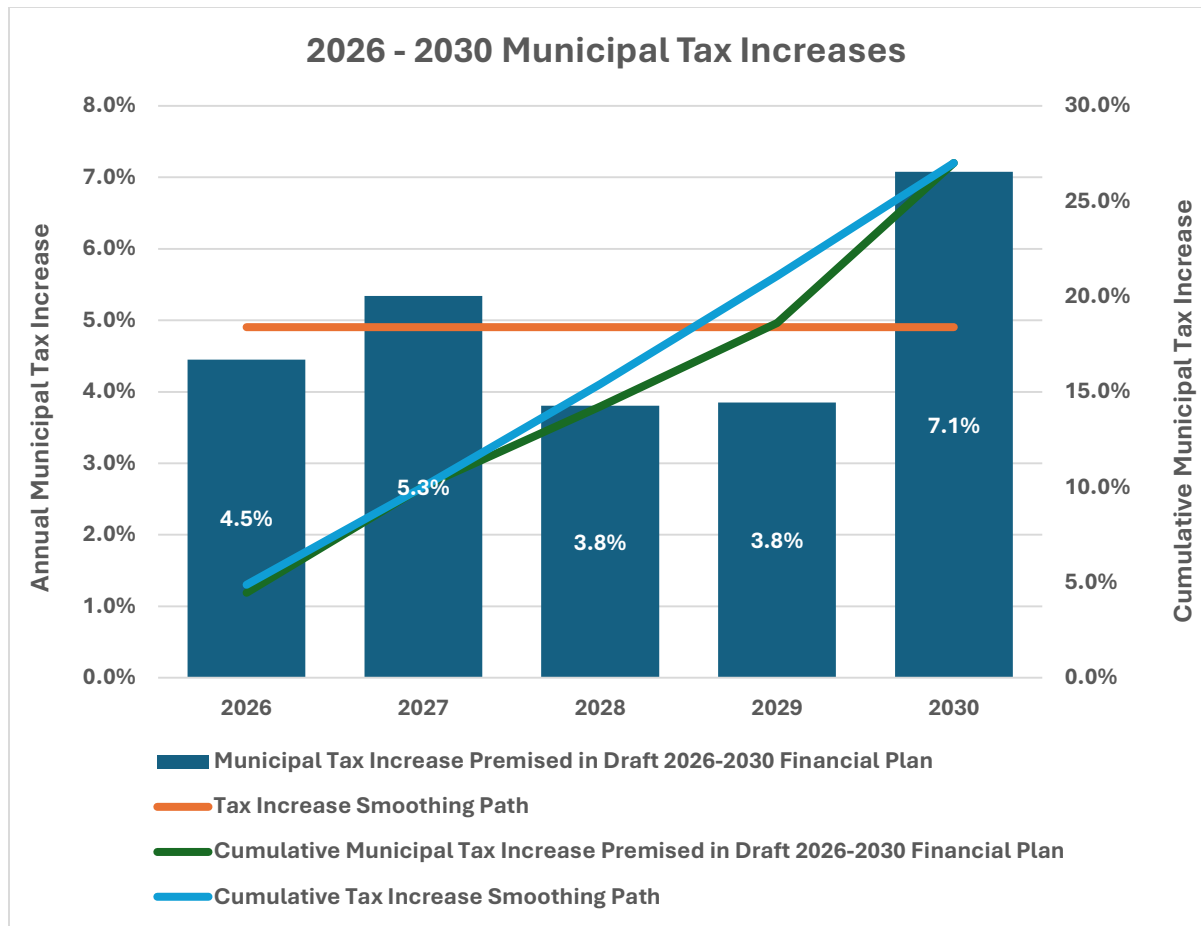
Staff have identified four primary mitigating considerations related to debt servicing costs, fees and charges updates, insurance costs, and operational scope at the Nicola Valley Aquatic Centre (NVAC) in 2026.

1. The procurement of several fleet renewal units has been in progress during a challenging procurement environment for the past few years. This includes Engine 2 and the residential solid waste truck. Updated and realistic timing for delivery of these units has been considered in the 2026 – 2030 financial plan. The debt servicing costs have been adjusted to align with the updated delivery times. This results in shifting the start of payments to September/Q4 2026 and material savings for the 2026 municipal tax rate.
2. The preliminary 2026 – 2030 financial plan reflects the fees and charges updates sent to Council in December 2025 from the Policy Committee. The updated solid waste utility rates support the reduction in the municipal tax increase.
3. Since the 2021 atmospheric river flood, property insurance and deductible costs increased exponentially. In addition, the Middlesboro bridge replacement was completed in 2024 and required an insurance decision. Further exponential increases for the bridge were not considered in the 2025 – 2029 financial plan. Staff secured a new provider in 2025, and the associated cost savings have been included in the 2026 – 2030 financial plan. This results in a reduction in the municipal tax rate increase of 0.6% compared to the PYP bylaw. Including the unbudgeted costs for the Middlesboro bridge, the savings on the tax increase are greater than 2.1%.
4. The NVAC mechanical room capital project carried over to 2026. The extended shutdown that will be required will result in lower wages in 2026.

These four mitigating factors combine to reduce the 2026 municipal tax increase by 6.5% yielding a preliminary 2026 tax increase of 4.5%. For the average single-family home based on 2025 assessed values, this is equivalent to an increase of \$7.98/month or \$95.75 annually.

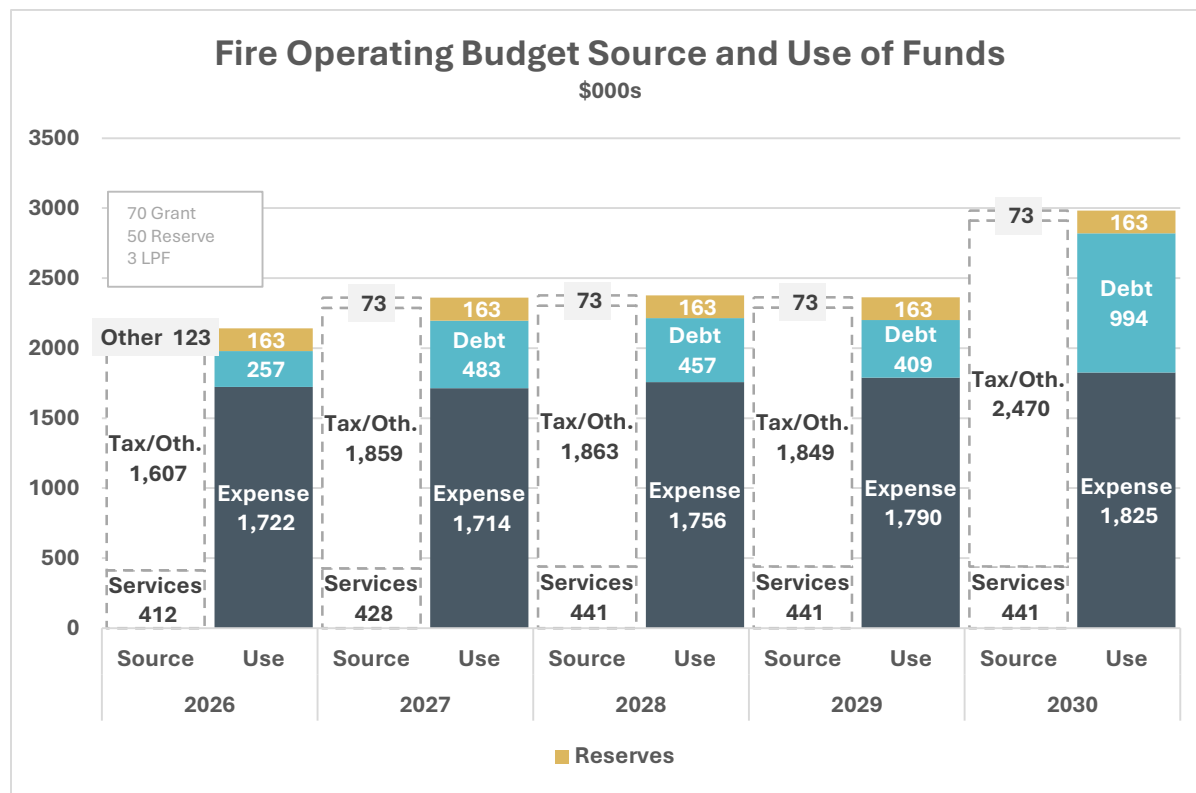
2027 – 2030 Municipal Tax Increases

The 2027 and 2030 municipal tax rate increases are above the five-year average of the financial plan driven by fleet replacements and associated debt servicing costs. In 2027, the City of Merritt will have a full year of Engine 2 and the residential solid waste truck in addition to procuring the Freightliner SD108 and second residential solid waste truck. In 2030, the ladder truck is expected to be placed in service at the fire hall.



Annual increases of 4.9% result in the same cumulative increase at the end of the five-year financial plan and help smooth out years such as 2030 in which debt servicing costs spike for fleet replacement costs. Council may direct staff to bring both options to the open house for public input.

Fire



The Fire Department generates sale of services revenue from providing services to the TNRD, provincial deployments, and other fees. Other revenue consists of FireSmart grant funding assumptions [\$70K] and small confined fire permit fees [\$3K]. The grant allocation to wages has increased from the prior year plan to better align cost recovery of the FireSmart position.

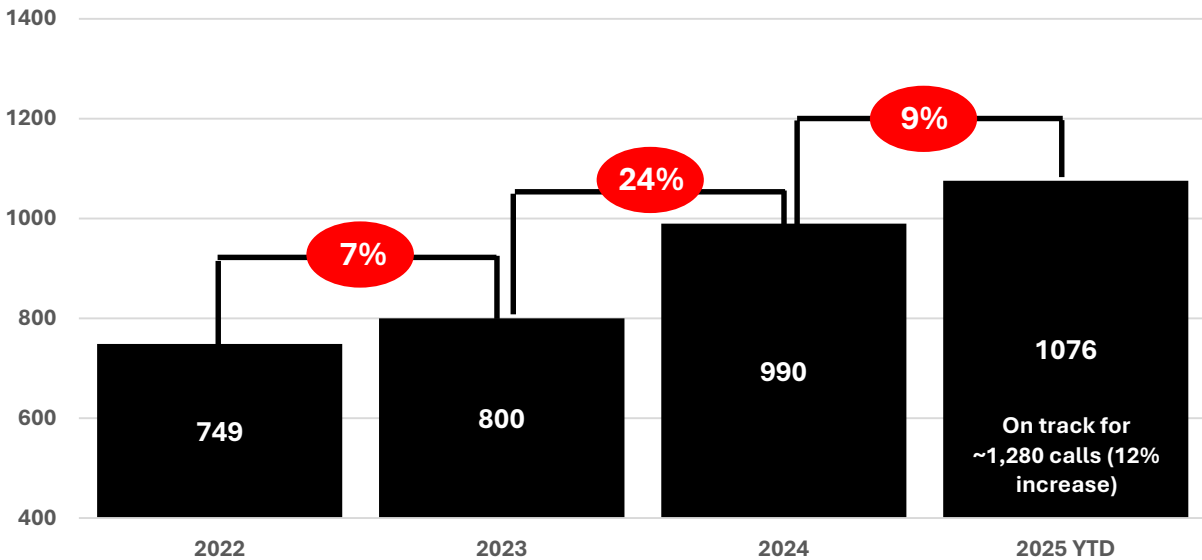
Operating expenses are up an average of 1.7% from the prior plan driven by POC costs and a \$2K annual increase in group life insurance premiums. Call volumes continue to increase sequentially as depicted in graph on following page. Operating costs fall in 2027 with the absence of the structure protection plan.

Debt servicing costs are down across the five-year financial plan due to timing updates for fleet delivery. Engine 2 is now premised for September 2026 delivery. The funding and timing of the ladder truck has also been adjusted. In the prior plan, the chassis was premised for 2027, and the delivery was premised for 2029. Current guidance is that a 10% deposit will be required in 2026, and the lead time will extend to 48-51 months shifting delivery into 2030.

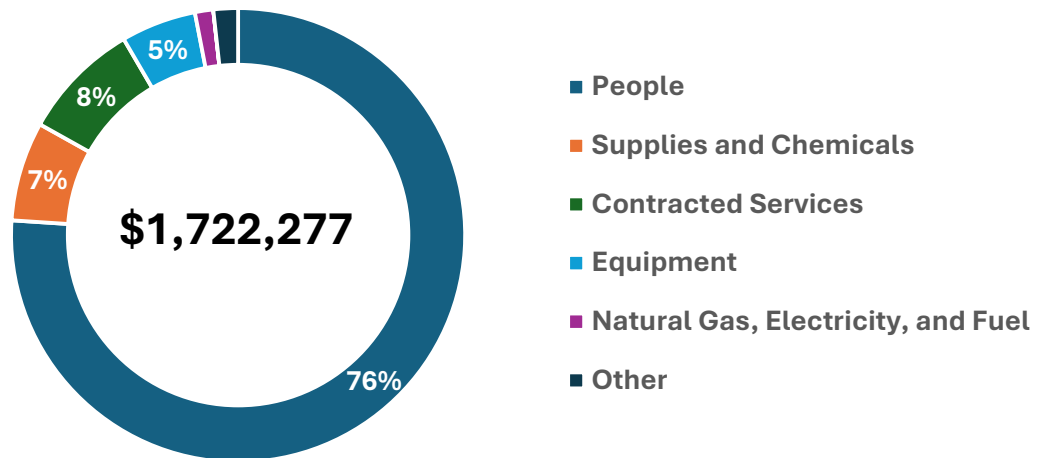
Reserve contributions are currently set based on the prior year plan [1% of taxes + \$50K for self-contained breathing apparatus]. Council will direct staff on the contribution rate for 2026 – 2030 in the Strategic Decisions section.

Fire Department Call Volume

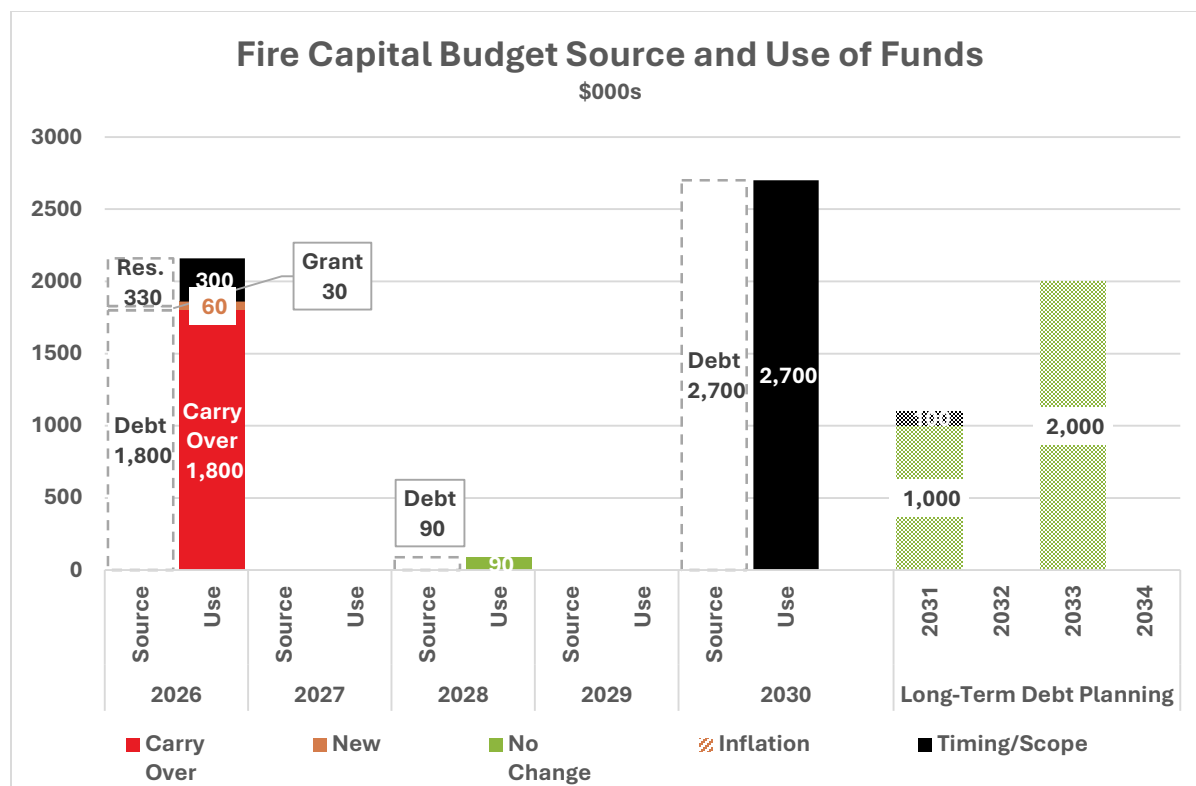
January 1 - November 6 YTD



Fire Department Operating Budget by Line Category



Supplies include turnout gear, fire resistant pants and pullovers, class A foam, medical oxygen cylinders, etc. Contracted services include suppression (oxygen refills), communications (radios), and building maintenance and repairs. For 2026, it also includes the structure protection plan amendment from the 2025 – 2029 plan. Equipment includes the cost of running the fleet (insurance, parts, gas, etc.). Natural gas and electricity are 1% of the operating budget. Other is insurance [1%], and 1% across all other costs (FireSmart programming, telephone, licenses/permits).



The only new capital in the financial plan is \$30K for new hoses for which staff have applied to the Volunteer and Composite Fire Departments Equipment and Training funding stream under the Community Emergency Preparedness Fund (CEPF).

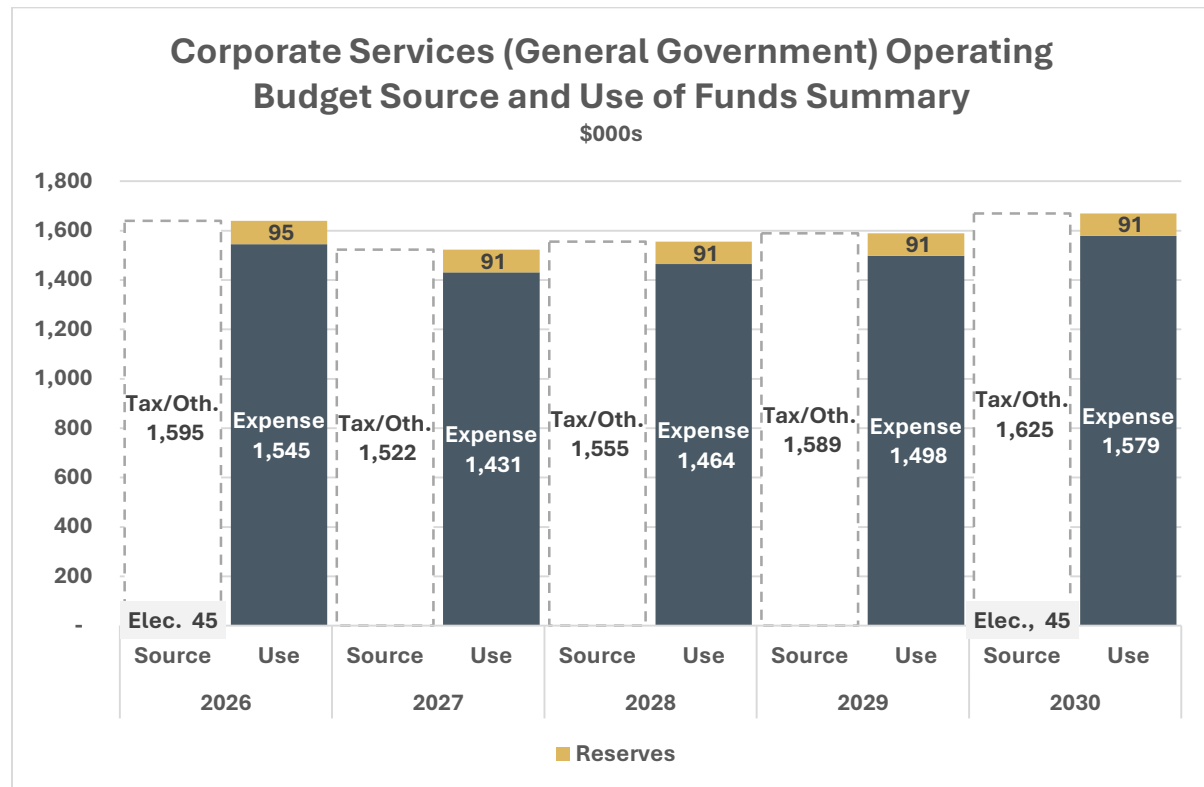
There is also a modified capital project proposed. The signalization project in the 2025 – 2029 financial plan was for Nicola Ave. This project was able to be completed with 100% provincial funding. A modification is proposed to transfer the budget to an emergency vehicle traffic pre-emption system at Voght and River Ranch Road project in collaboration with public works. The project is premised to continue to be funded from the fire reserve.

Engine 2 is now expected in September 2026, carrying over from the 2025 budget. The deposit for the ladder truck is required in 2026 and the new estimated lead time of 48–51-months pushes delivery from 2029 to 2030. The following table summarizes the capital plan for the fire department.

		\$K				
		2026	2027	2028	2029	2030
	Engine 2	1,800				
New	New Hoses CEPF Application	30				
Modified	Signalization Project	30				
Timing	Deposit for Ladder Truck	300				
	Command 1 Replacement			90		
Timing	Ladder Truck Delivery					2,700
Total		2,160	0	90	0	2,700

Corporate Services

General Government



The General Government portion of the Corporate Services portfolio includes Council, the Corporate Officer's office, communications and engagement, IT, and elections.

Operating costs in 2026 include both a project request, as discussed below, and the general election costs. The step down in 2027 is the absence of these costs. Reserve contributions also change slightly between 2026 and 2027. The 2026 election was saved for over a three-year period. The saving for the 2030 election, beginning in 2027, will be over a four-year period.

Compared to the prior year plan, IT operating costs are higher due to inflation and scope on software maintenance costs following software transitions to subscription and cloud-based models. The capital budget has been reduced to offset these costs. The lower reserve contributions to fund the capital program result in a budget/taxation neutral outcome.

Request / Variance

\$

SharePoint Project

Background and current state:

In 2019, the City ended its service contract with the third-party provider who was providing Electronic Document and Record Management Services (EDRMS) to the City; no replacement system was ever installed. The records returned from the third-party provider were returned without any systematic reference points and require a full review to make them useable. Since then, the records have been saved in an ad hoc manner by each department on an in-house server, many records are stored in archived email accounts and on independent systems. With the appointment of a full time Records Coordinator, the City has initiated a review of our records management system and identified that the current system does not meet minimum requirements for document storage, retrieval, or retention schedule compliance.

Infrastructure and Cost Considerations:

The existing server is nearing end of life and will require replacement within two years time. The replacement of the server combined with the cost to implement a new proprietor supplied EDRMS is significant and requires on going contractual obligations to a third-party service provider.

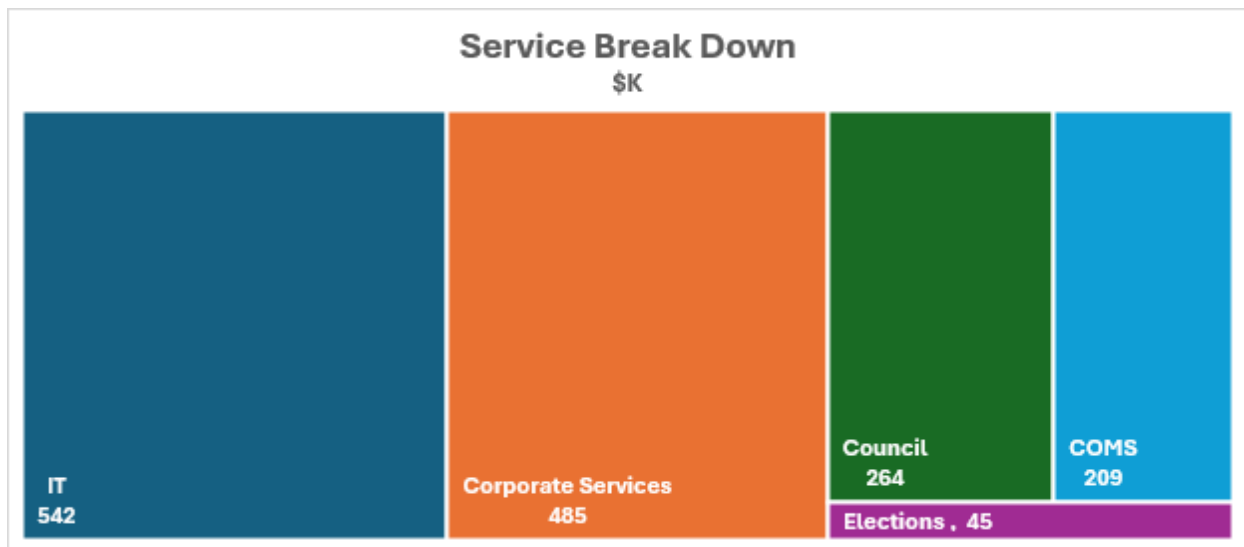
100,000

Since 2019 technology has evolved substantially, with systems increasingly moving to a cloud-based solution. After evaluating several options, staff determined that moving to SharePoint will provide the greatest organizational benefit while maintaining full control over our records. The City uses MS Office suite, and SharePoint is an extension of this programing that is in operation across the organization.

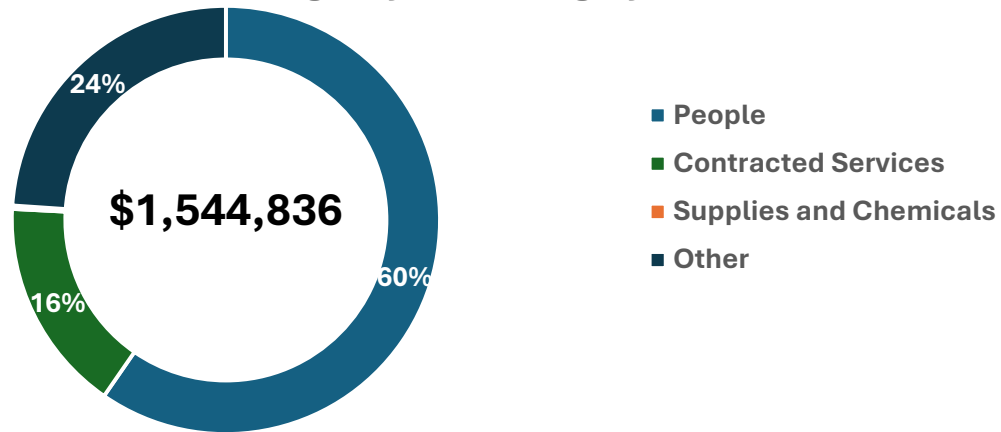
Risks and Benefits:

An incomplete records retention system exposes the City to liability and increased risk during litigation. Additionally, a comprehensive and well-structured system will:

- improve compliance with retention schedules;
- increase the ability to respond to large Freedom of Information requests; and,
- reduce operational inefficiencies and risk of data loss.



Corporate Services General Government Operating Budget by Line Category

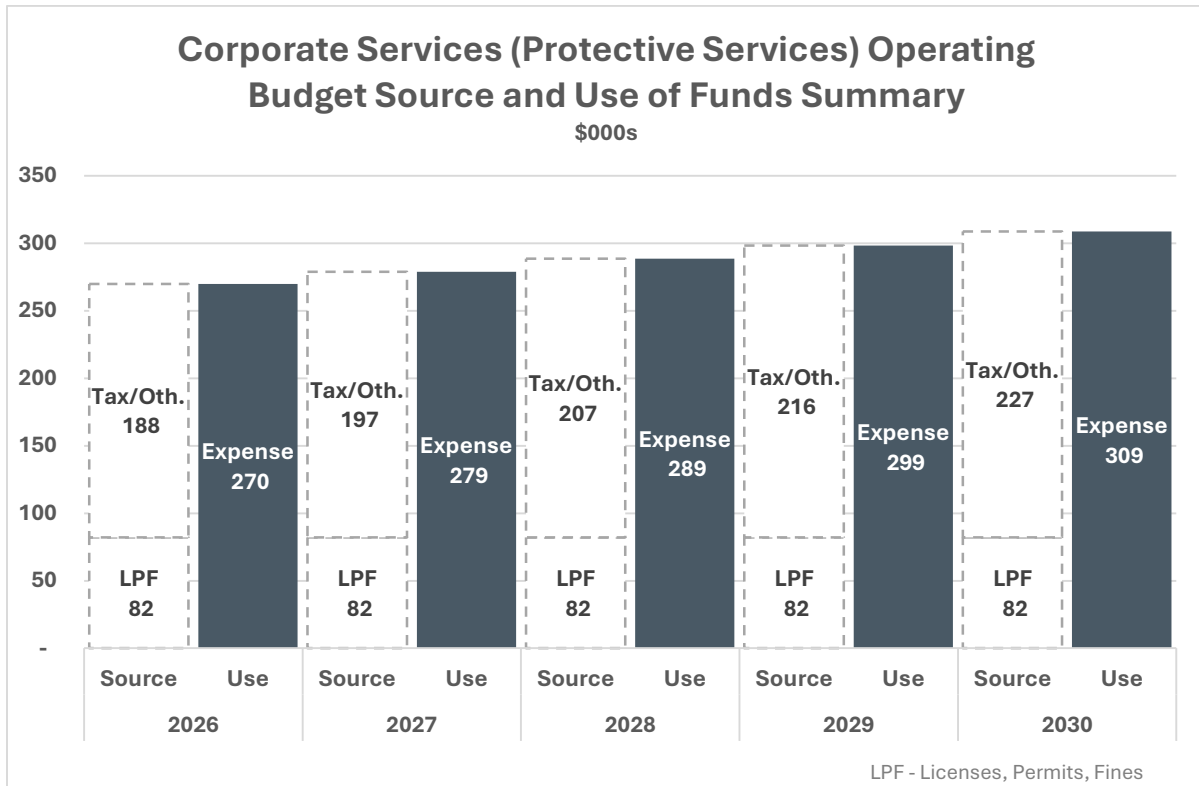


Contracted Services includes the SharePoint project request in addition to the recurring IT and communications and engagement services (website hosting, etc.). Other is comprised of 17% IT computer software maintenance, 3% advertising, 3% Council (grant in aid, sponsorships / scholarships, protocol, etc.), and 0.2% telephone costs.

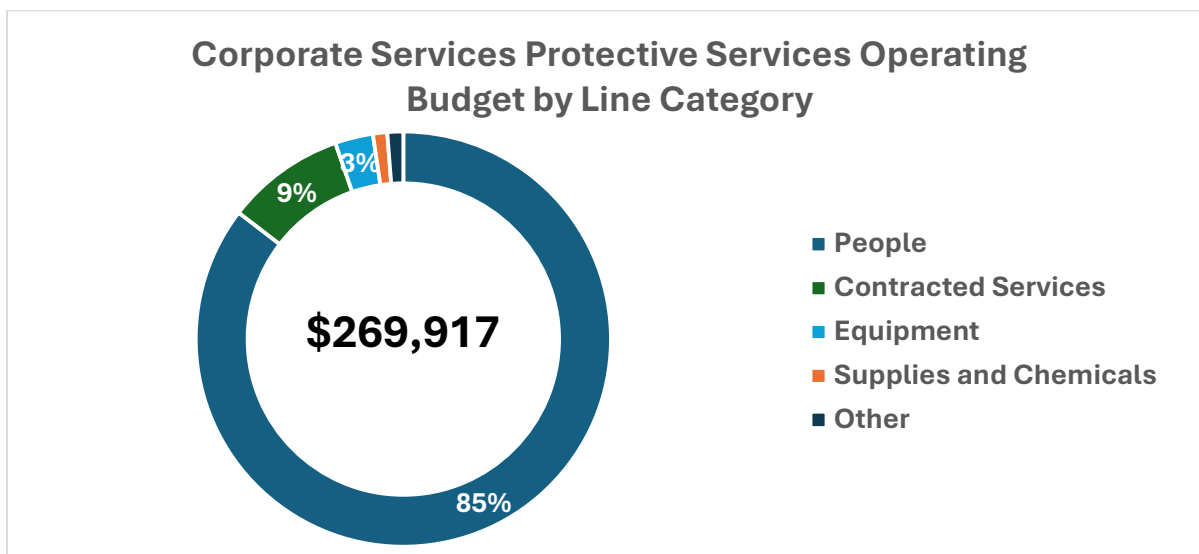
As noted above, capital has been reduced to offset the higher software maintenance costs.

		\$K				
		2026	2027	2028	2029	2030
Reduced	IT Capital	80	80	80	80	80
Total		80	80	80	80	80

Protective Services

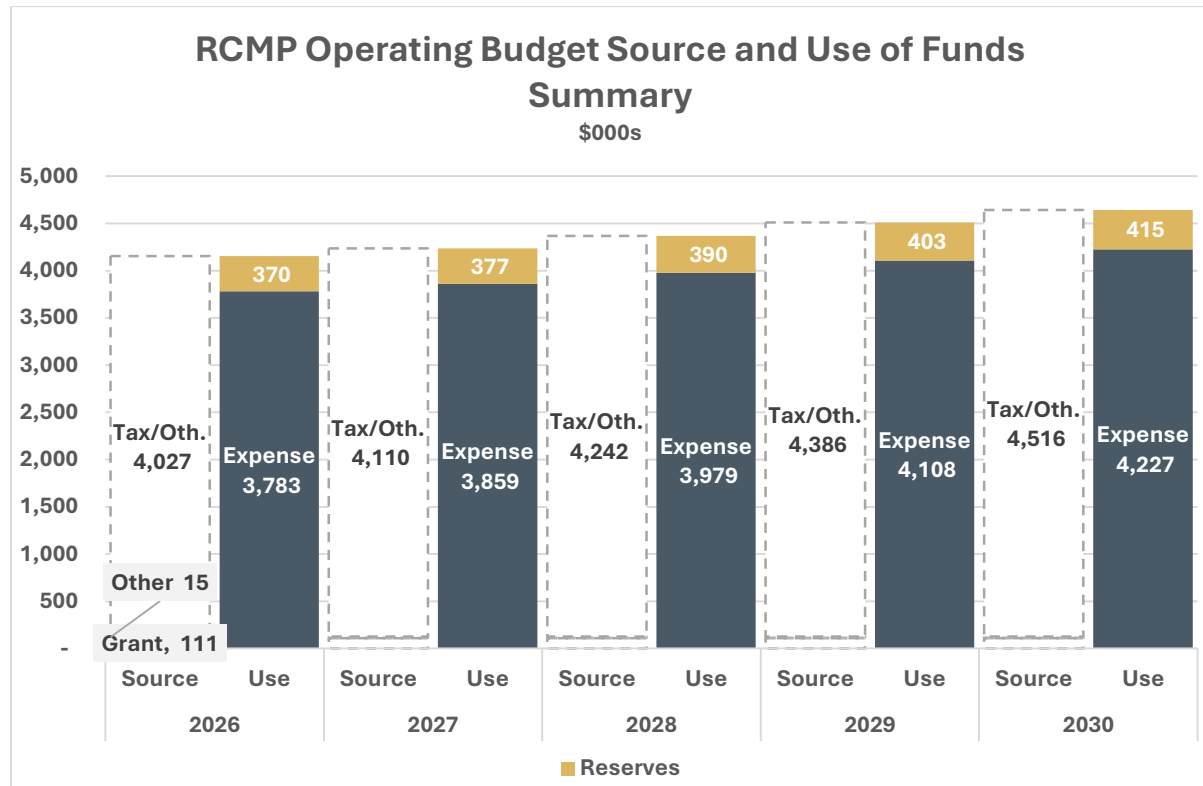


The Protective Services portion of the Corporate Services portfolio includes bylaw and animal control. Licenses, Permits, and Fines revenues are down \$16.5K compared to the prior plan due to lower business license revenues, which include the absence of revenues from multi-jurisdictional agreements, removal of revenue assumptions for the digital sign, and lower dog licenses. Costs have been adjusted to premise the bylaw supervisory position and the bylaw III role.



Contracted services primarily relate to community cleanup and associated legal costs. Equipment includes insurance, parts, fuel, etc. for the bylaw truck. Supplies [1%] include safety supplies in the bylaw service. Other [1%] includes telephone costs and property insurance for the dog pound.

RCMP

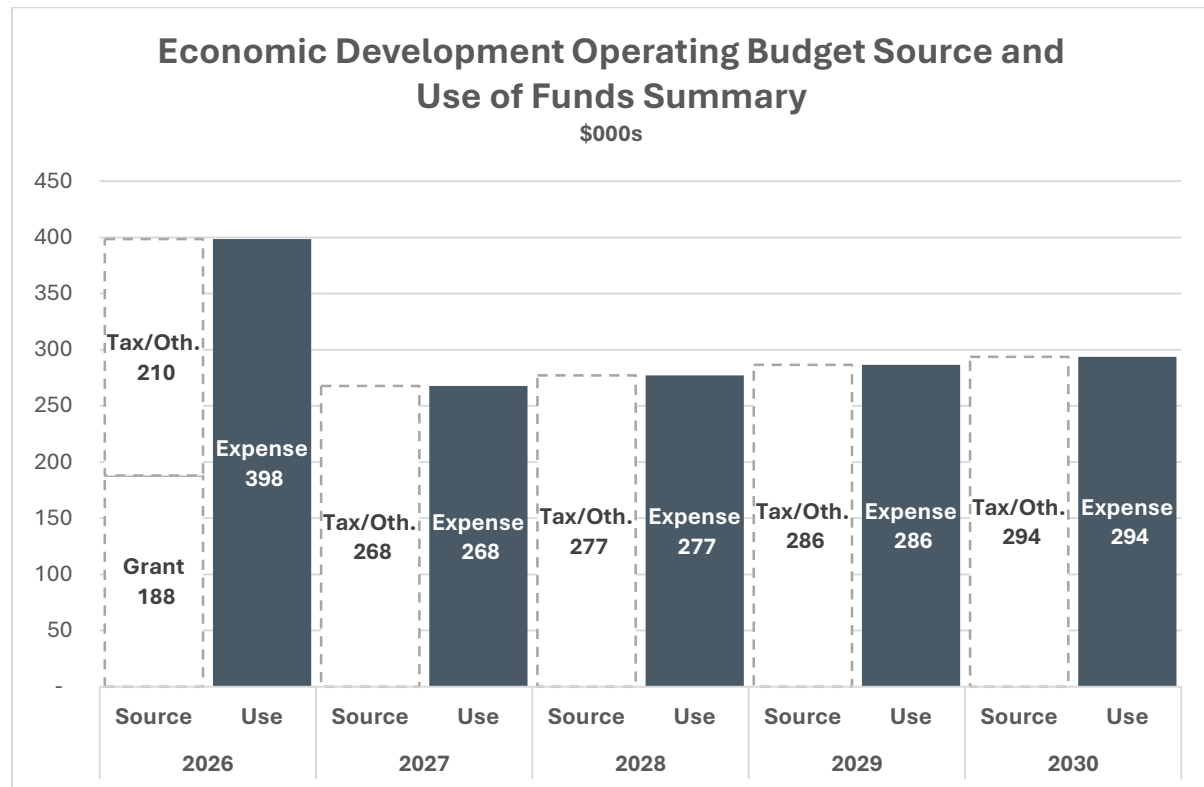


The RCMP service consists of the City-share of the detachment costs, City staff working at the detachment, and victim services funding [\$30K annually]. This is predominantly funded out of general taxation revenues. The City receives traffic fine revenue sharing transfers from the Province as well as an estimated \$15K in other revenues from services such as criminal record checks. The financial plan is based on the prior year Council decision to maintain a 17 FTE contract strength and place the base costs for 2 FTEs in a protective services reserve. The first call on this reserve will be any RCMP cost overages. Secondly, it can be used to fund capital (fleet, buildings, etc.) that may be required across the protective services (RCMP, fire, bylaw, etc.).

In the prior year plan, staff were advised that RCMP costs would increase an additional 2.0% in 2026. The 2026 increase has been revised to 6.6% per detachment member, resulting in an additional 0.9% increase in property taxes.

Community Services

Economic Development

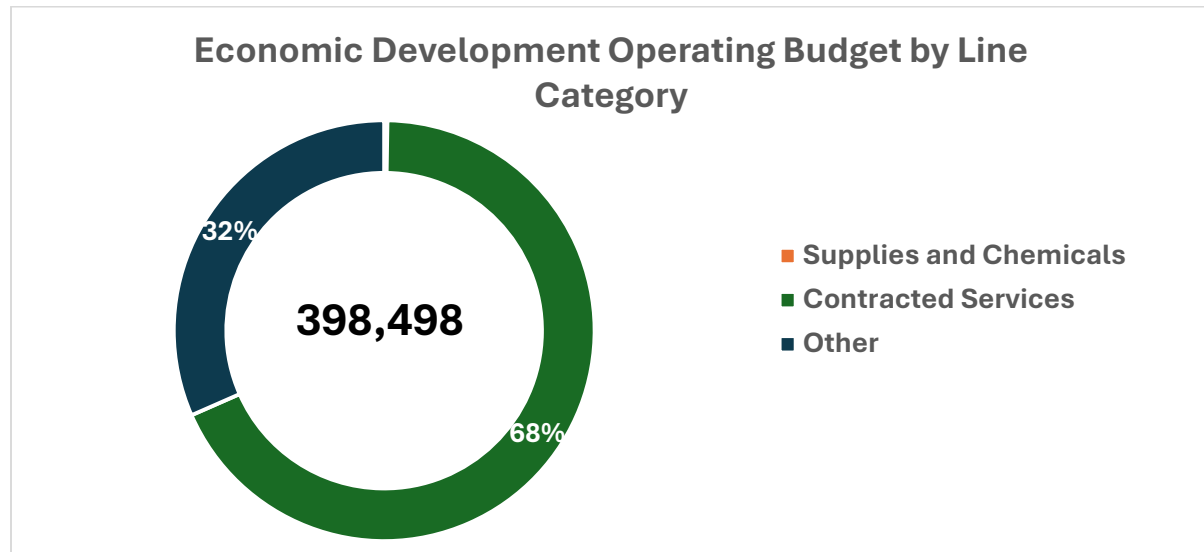


In 2026, Economic Development will focus on finishing the remaining scope of the Rural Economic Diversification & Infrastructure Program grant. Staff are currently building a project plan. The City has the financial capital in terms of the grant funds however additional human capital is needed. The province has supported using up to \$100,000 of the grant funds toward staffing. A 0.5 FTE 1-year term is proposed for 2026 to help deliver the workforce engagement strategy and placemaking scopes of the project using \$46,000 of the \$100,000 that can be allocated toward staffing. Council input will be sought through various channels including council reports and lunch and learns in early 2026 to inform additional action items and budget allocations to complete the grant by December 31, 2026.

The EcDev FTE remains in the budget 2027+ for future decisioning. Following two years of consecutive reductions to the EcDev advertising budget, staff are requesting 0.3% of taxes or \$35,000 for advertising. In 2026, this has been sourced out of the unfilled FTE position. For 2027+, it is a request for funding.

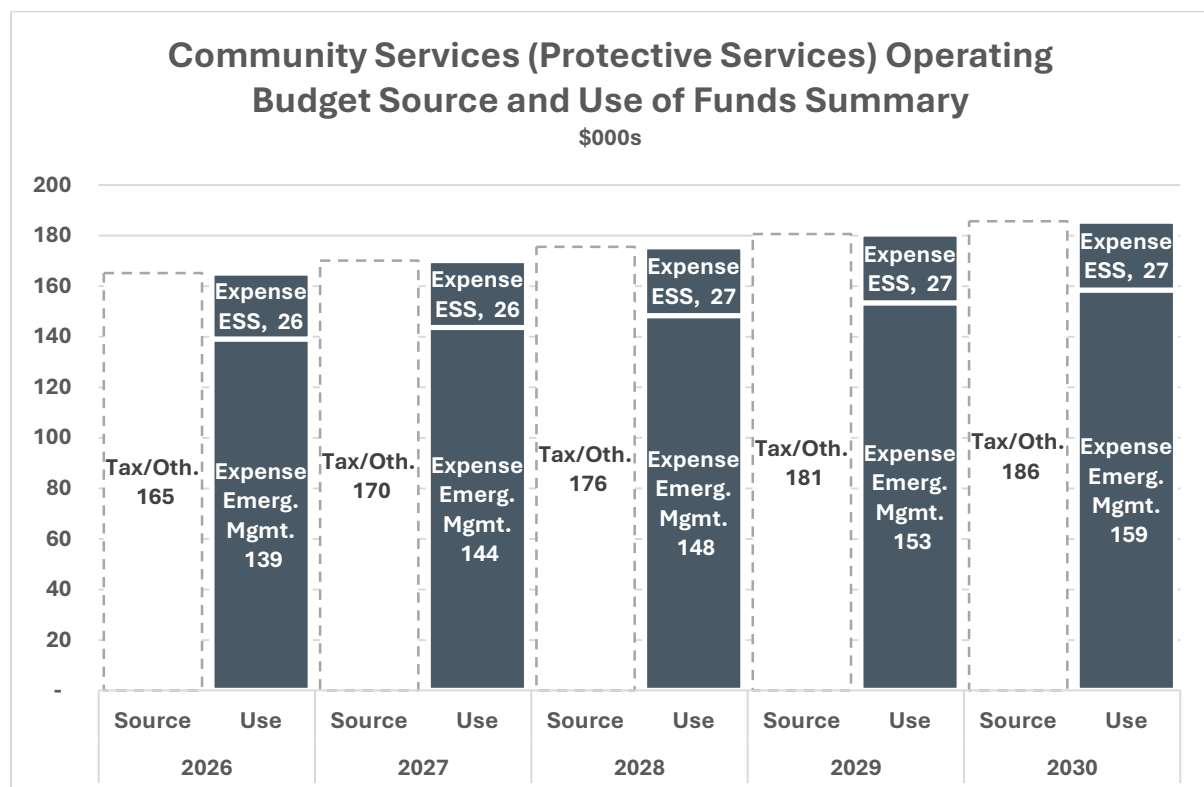
Request / Variance	\$
Advertising Establish viable advertising scope to be able to implement the ideas generated from the grant-funded project scopes such as the Economic Development Marketing Plan. This amount restores the funding amount to ~60% of what it was two years ago.	35,000

For 2027+, other changes versus prior year plan primarily relate to including a CPI provision for the Baillie House per the terms of the current agreement.



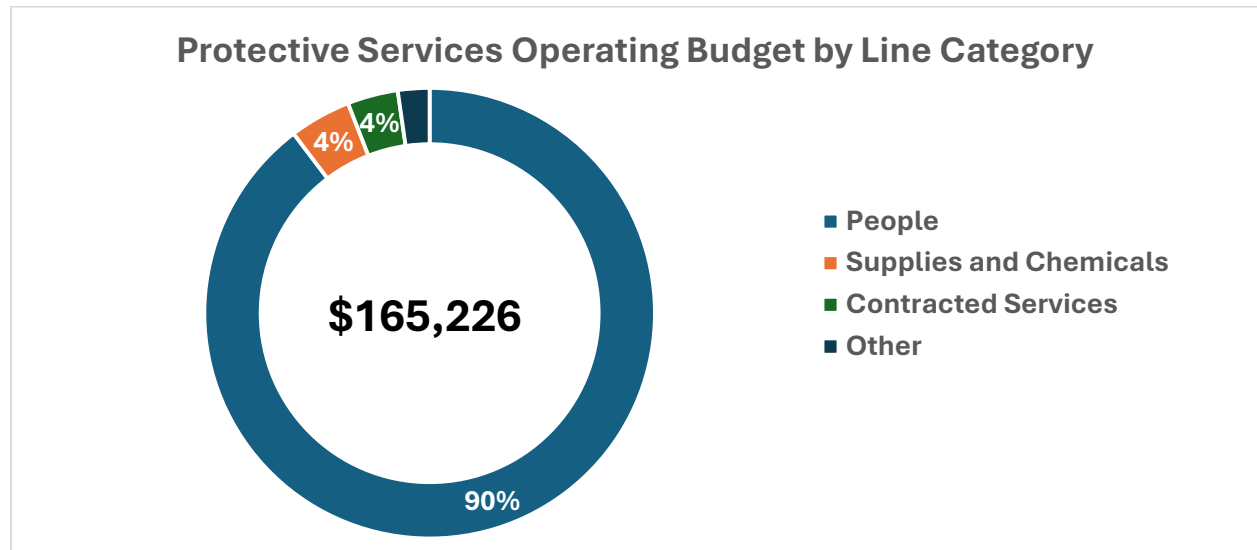
Other is primarily related to other organizations (15% Baillie House, 1% Arts Council), 14% advertising and promotion expenses, and subscriptions and publications.

Protective Services



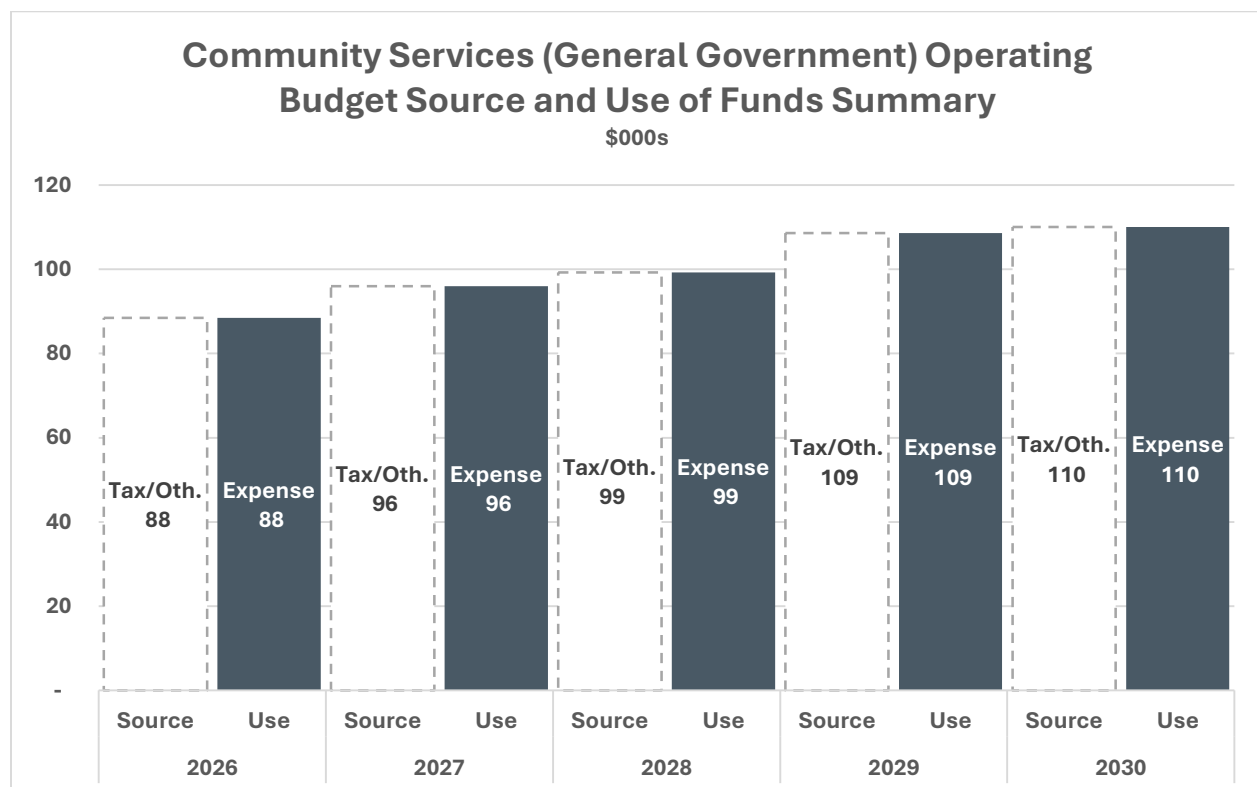
The Protective Services area within Community Services consists of emergency management and ESS operations. Recurring expenditures (wages, honorariums, ESS phones, etc.) are funded out of

general taxation. As projects are identified, grant applications are submitted for any additional scope.



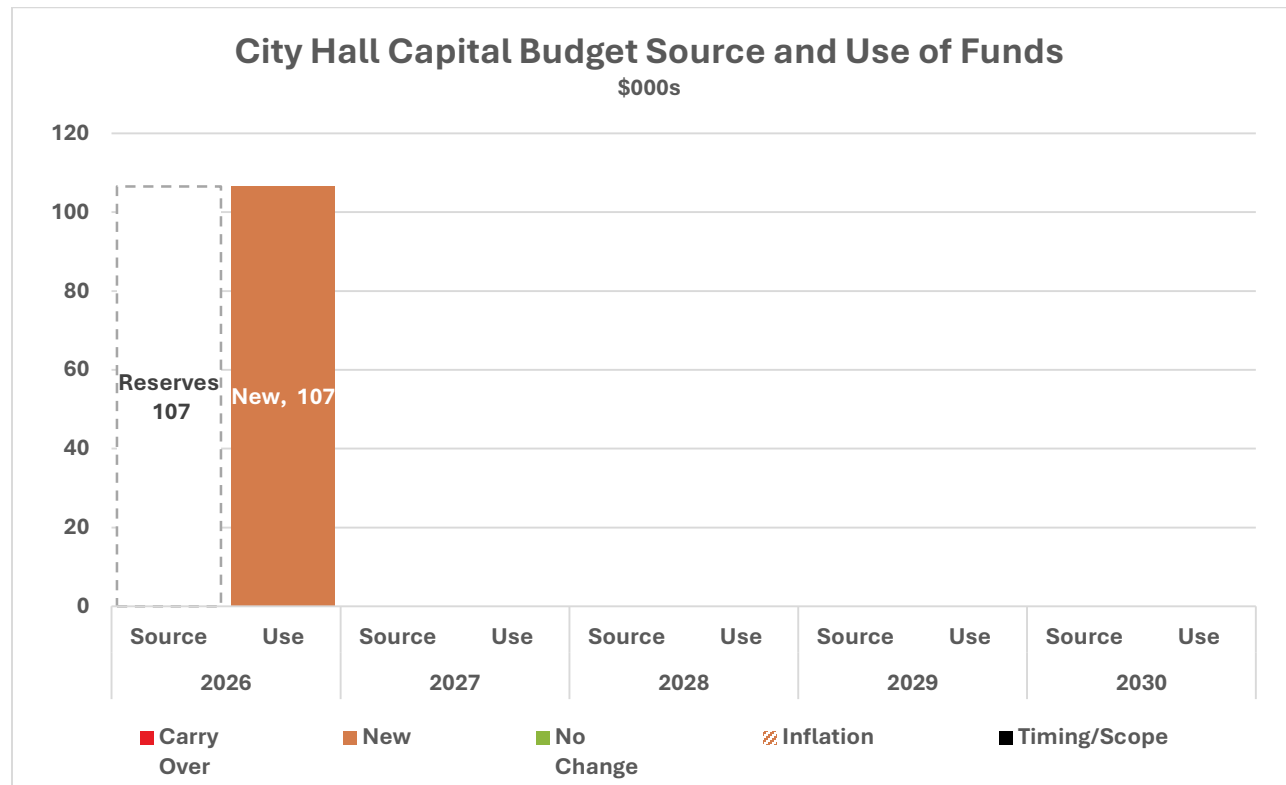
Contracted services are primarily the Voyent Alert subscription renewal. The other [2%] is the emergency management and ESS cellphones.

General Government



The General Government area of Community Services is the operations of the City Hall building (property insurance, natural gas/electricity, cleaning, elevator inspections, etc.).

There are two capital projects proposed for 2026 related to renovating formerly tenanted space at City Hall and replacing the front doors. Both are premised to be funded out of the Facilities Reserve.



		\$K				
		2026	2027	2028	2029	2030
New	Office space (currently occupied by Nicola Family Therapy)	45				
New	AEDs - All Remaining Facilities	27				
New	City Hall Front Door Replacement	35				
Total		107	0	0	0	0

Capital Project Descriptions

City Hall – Renovate Space Formerly Tenanted by Nicola Family Therapy

Community Services requests funding to re-integrate the Nicola Valley Therapy offices into municipal operatorship and repurpose the spaces to support core municipal operations. The project scope includes: (1) secure acquisition and transition of the existing offices into municipal control, (2) development and installation of new IT infrastructure to support day-to-day operations, data security, and public access needs, (3) modernization of the filing and records management area to improve efficiency, compliance, and disaster recovery capabilities, and (4) the production of detailed as-built drawings and floor plans to guide renovations, asset management, and future

capital planning. The initiative will enhance service delivery, optimize workspace utilization, and strengthen information governance.

AED Installation – All Remaining Facilities

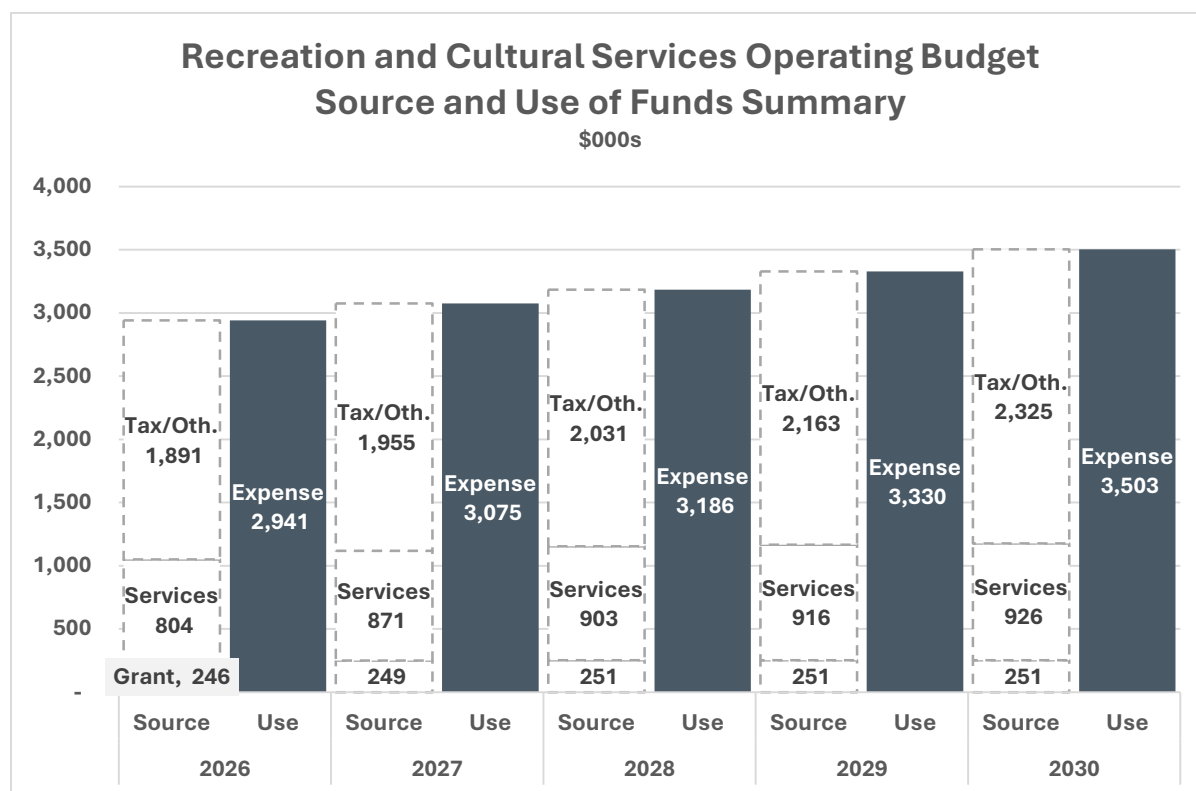
****Note** The project is premised under General Government for now as a program. If approved by Council, costs may be adjusted to appear under the applicable facility****

Councillor Charney has requested that Council consider having an AED installed at all remaining city facilities. This project would replace outdated AEDs and install new ones. We currently have AEDs at the Arena, Pool, Civic Centre, City Hall, and Museum/Senior Centre with four sites needing replacement upgrades. Facilities in which a net new AED could be installed include Cadet Hall, Airport, Claybanks, Pickleball building, Baillie House, and CPO (if remediation is chosen and building is brought back into operation). Staff would replace the Powerheart models with the new Lifepack CR2. Costs for replacement of the old models is \$2500.00 per unit, and for new site installations it is \$2750.00 as they come with a security box for storage and location identification. Battery packs and pads will need replacement every 4 years at a cost of \$400/ battery and \$155/pad at 2025 pricing. These additional locations will provide the community extra access to potential lifesaving equipment. Cost of the project would be \$26,500 plus operating budget consideration in 2030 for battery and pad replacement.

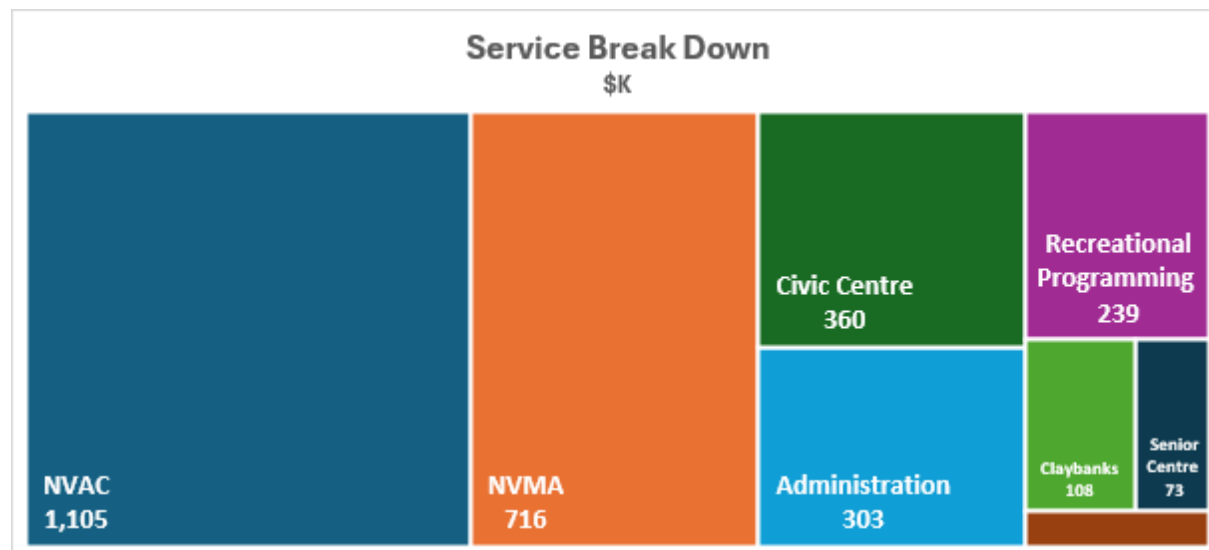
City Hall – Front Door Replacement

Community Services requests funding to replace the current front doors at City Hall due to ongoing maintenance costs and safety concerns stemming from doors that do not reliably close or lock, compromising building security and staff safety. The project will install new slide-operating, hands-free doors to improve security, accessibility, and operational efficiency while reducing long-term maintenance needs. Key outcomes include enhanced access control, compliance with accessibility standards, reduced service disruptions, and improved emergency egress.

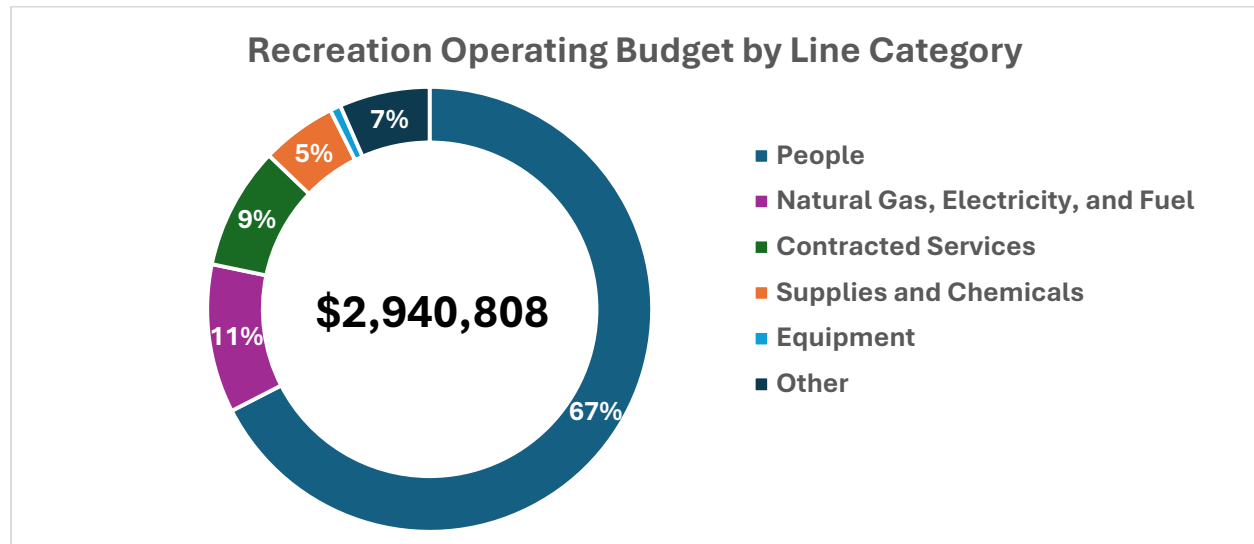
Recreation and Cultural Services



Recreation and Cultural Services operations are funded from a combination of user fees, TNRD grants, general taxation. Sale of services revenue is lower in 2026 compared to the prior year plan due to Claybanks RV park (dike-related impacts / shorter operating season) and recreational programming adjustments. These have offsetting impacts within operating expenses. Operating expenses are also down due to lower property insurance costs, following the 2025 transition to a new provider, and lower people costs. The extended shutdown at the NVAC for the mechanical room upgrades will result in lower wages for the casual lifeguard and cashier workforce in 2026.



Other [\$36K] includes Cadet Hall [10], CPO Building [10], Baillie Property [5], Lawn Bowling [5], Spirit Square [5], Rental Offices [1], and Dog Pound [1].



Contract services include activities such as servicing the boilers at the NVAC, chiller repairs at the NVMA, linen services at the Civic Centre, and the janitorial services across the operations. Supplies and chemicals include chemicals for the NVAC, propane for the NVMA, and supplies for recreational programs. Other consists of 2% insurance for all the facilities, 2% museum funding, 1% recreational programs (Music in the Park, Canada Day, Kids Camp, Easter, Halloween, New Years, etc.), 1% telephone, 1% across all other lines (credit card merchant fees, licenses and permits). As noted above, other costs are down compared to the prior year reflecting property insurance savings.

Level of Service Discussion – Kids Day Camp Program

At the outset of the budgeting process, Council identified the day camp program as an area to be reviewed during budget presentations.

The Kids Day Camp Program operates annually from the beginning of July through the end of August, as well as for two weeks during the March break, running daily from 8:00am – 4:00pm.

This program provides families with an affordable and reliable childcare option during school breaks, while offering children a safe, engaging, and active environment. Participants can remain physically and socially active, interact with peers, and continue learning throughout the summer months.

The summer program features weekly thematic activities such as art, sports, wilderness exploration, space, and community heroes. Weekly themes are supported by age-appropriate outings and special guest visits, including trips to the local fire hall, visits from animal and community organizations, hands-on science activities, baking, new sports experiences, and outdoor recreation opportunities. The program is primarily based out of the Merritt Civic Centre (room 4) and makes use of the City parks and recreational facilities including the Nicola Valley Aquatic Centre and Nicola Valley Memorial Arena.

In recent years, the City of Merritt has partnered with NVIT to secure co-op students, strengthening relationships with local post-secondary institutions and Indigenous communities. In this co-op program, NVIT would pay a portion of the wages of a Rec assistant that was an NVIT student. Unfortunately, funding for this did not come through this year. Staff pursued external funding opportunities, including applications to the Canadian Tire Jumpstart Charities Community Development Grant, and continue to seek additional grant opportunities to support program enhancements and affordability. The loss of these funding streams resulted in the program operating at a loss for 2025.

Participation levels have reached record numbers compared to pre-Covid, demonstrating continued demand and program success.

Year	Registrants
2022	544
2023	No Rec Coordinator
2024	547
2025	421

2025 Program Details

Cost to Participate	\$30/Day or \$130/week (\$26/day)
Program Hours	8:00am – 4:00pm Monday – Friday excluding Stat holidays
Target Audience	Children 6-12 years of age
Revenue	\$12,630
Rec Assistant Hours	8 weeks / 626.5 hours
Rec Assistant Wage	\$20.76 an hour + 4% vacation and 13% overhead
Wage Costs	\$15,217.69
Program Expenses	\$1,148.29
Program Loss	-\$3,735.98

Cost Recovery

~77% Impacted by denied Jumpstart grant

Canada Summer Jobs 2026 Eligibility Changes

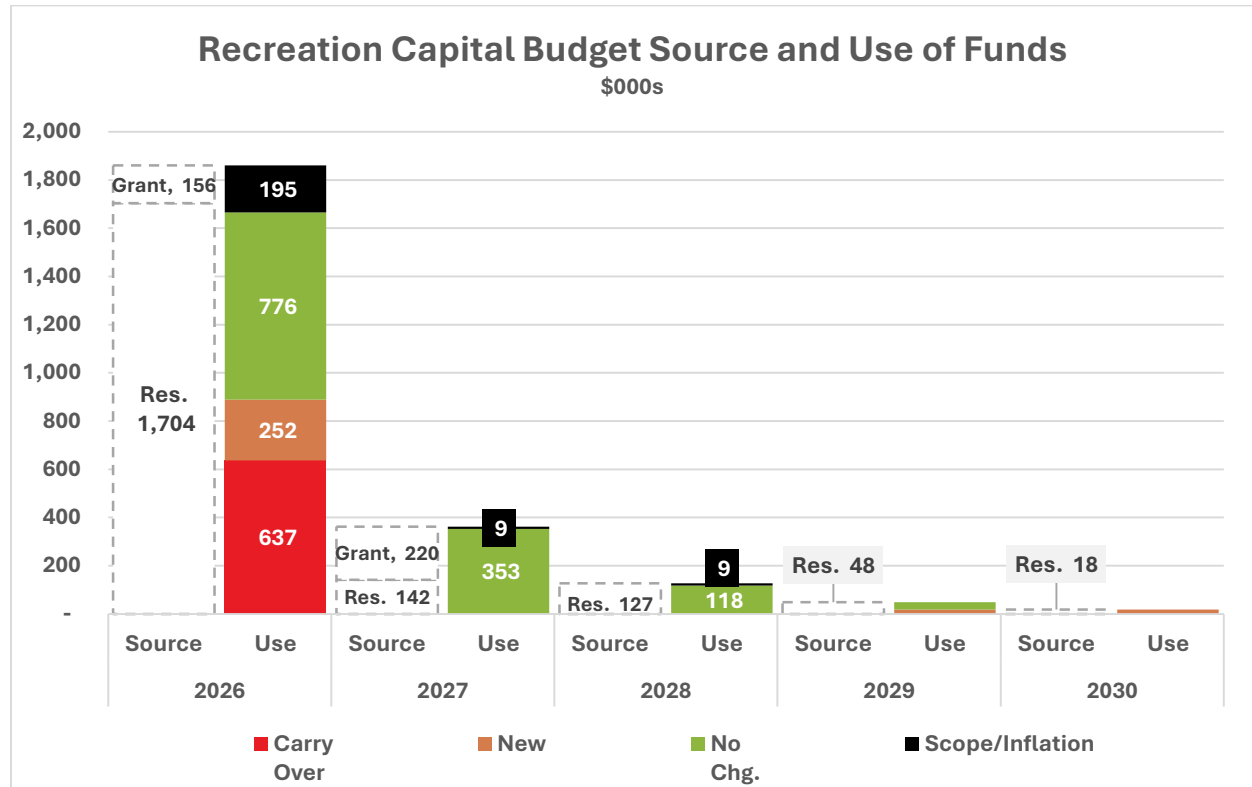
Canada Summer Jobs (CSJ) is an annual federal wage subsidy program that supports employers in creating quality summer work experiences for youth aged 15 to 30 years. The objective of this project is for employers to provide opportunities for youth to develop and improve their skills.

Previously, the City was excluded from applying based on the number of FTEs within the organization. Eligibility updates may be removing this threshold for municipalities. If successful, the City can receive funding for up to 50% of the provincial minimum wage (excl. MERCs). The minimum hourly wage in BC is \$17.85 as of June 1, 2025. If the minimum wage increases during the work period, CSJ will adjust the reimbursement based on the wage in effect for the hours worked. Additional funding is available for employers to support accommodation measures for youth with disabilities on a case-by-case basis.

Positions applied for must be full-time (30 to 40 hour/week) and last between 6 to 16 consecutive weeks. The earliest start date for the positions will be April 20, 2026, and the latest end date will be

August 29, 2026. Both the camp assistant positions and summer students for public works may be considered under the revised eligibility for the program.

Capital



The recreation capital budget in the 2026 – 2030 financial plan can be viewed as the base plan. The City of Merritt applied for the Strategic Priorities Fund for recreation plaza improvements up to \$7M. Should this application be successful, an amendment bylaw would be prepared and presented to Council detailing scope and funding (considering sponsorships, gas tax reserves, etc.).

Staff have also met with the TNRD regarding regional grant funding that considers both operations *and* future capital investments. This conversation may progress into 2026, and no adjustment has been made to the base plan.

		\$K				
		2026	2027	2028	2029	2030
Carry Over	NVAC Mechanical Room	545				
	Curling Rink Chiller Replacement	180				
Scope/Inflation		70				
	NVMA Electric Ice Resurfacer	200				
Scope/Inflation		50				
Carry Over	NVAC Resinous Floor	92				
Scope/Inflation		60				
	Civic Centre Flooring	125	115	100	30	
New	Former CPO Building	100				
New	Spirit Square Phase 1 and 2	70				
New	Cadet Hall HVAC / AC	65				
	NVMA Mezzanine Flooring	60				
	NVMA HVAC #2	38				
	NVAC Gym Equipment	9	9	9		
Scope		15	9	9	18	18
Amendment	Senior's Centre Ceiling	17				
	Civic Centre Chairs Upgrade	9	9	9		
Grant Contingent	Civic Centre Siding	140				
Grant Contingent	Rotary Park Bandshell Gate Enclosure	16				
Grant Contingent	NVAC Repaint Roof Beams		125			
Grant Contingent	Civic Centre Roof		95			
Total		1,860	362	127	48	18

Capital Project Descriptions

NVAC Mechanical Room

This project has been carried forward from 2025 due to earlier timeline constraints related to contractor availability within the pool shutdown window. Construction is anticipated to require a minimum of eight weeks, necessitating scheduling disruption during the August-September pool shutdown period. Read Jones Christofferson are preparing the tender package for construction, with procurement targeting a roll-out in late December to early January.

Curling Rink Chiller Replacement

The existing curling rink shell and tube ammonia chiller has reached the end of its recommended 20-year service life as of 2025. According to Technical Safety BC (TSBC) guidelines, the typical life expectancy of an ammonia chiller is approximately 20 years. Beyond this period, the risk of component failure and ammonia leakage increases significantly due to corrosion, fatigue, and general wear of the pressure boundary components.

While it is technically possible to continue operating the unit beyond its expected lifespan, doing so carries heightened safety and financial risks. One of the most serious ammonia incidents in British Columbia — the 2017 Fernie Memorial Arena tragedy, which resulted in three fatalities — was caused by an ammonia leak from an aged chiller that was operating past its recommended service life.

To ensure compliance with TSBC recommendations, maintain safe operations, and minimize the risk of environmental and human harm, replacement of the existing chiller is proposed for 2026.

The proposed chiller would be for a new plate and frame style chiller, which is the type of technology all chiller upgrades and new plant builds are going. The plate and frame not only are a vastly more efficient type of chiller, but it also allows for less ammonia to be needed in the system and saves on space. The proposed chiller would cost \$250,000 including contingencies.

NVMA Ice Resurfacer

Our current propane-powered ice resurfacer has reached the 10-year mark of its operational life. As the unit has aged, maintenance costs and downtime have increased. Over the past few years, major components have been replaced including the tire wash water pump, hydraulic belt and tensioner, and multiple service calls have been required to adjust the fuel mixture and emissions system. These ongoing repairs have become both costly and inefficient.

To ensure long-term reliability, efficiency, and safety within the NVMA facility, replacing the aging propane unit with a battery-powered ice resurfacer is proposed.

The electric model offers several key advantages:

- Zero emissions – eliminating fumes and improving air quality inside the rink.
- Reduced operating costs – lower fuel and maintenance expenses over the equipment's lifespan.
- Environmentally responsible – aligns with sustainability and carbon reduction goals.
- Improved user and spectator comfort – no exhaust odors or ventilation concerns during ice maintenance.

The cost from the prior year plan needs to be updated to align with the current pricing available with manufacturers [\$250,000]. This investment will provide a more dependable, energy-efficient, and environmentally conscious solution for maintaining the NVMA ice surface, while also supporting a commitment to safety and sustainability within the facility.

City Staff Testing Ice Resurfacers



NVAC Resinous Floor Replacement and Repair

The Pool Resinous Floor Replacement and Repair Project has been carried forward from 2025 to align with a designated floor construction window, ensuring minimal disruption to pool operations. The project scope has been re-quoted at a higher cost than initially approved, and this request includes an additional \$60,000 to fund the full scope of work. The updated scope covers removal and replacement of resinous flooring from change rooms through to the pool deck and surrounding areas, as well as targeted repairs to address known wear, cracks, and safety concerns. The initiative prioritizes durable, slip-resistant surfaces that meet current accessibility and safety standards.

Civic Centre Flooring

The Civic Centre Flooring Replacement project is a phased initiative, with the first phase targeting the Auditorium and storage room floors. The current flooring has reached or surpassed its end of life, and repairs are becoming more frequent and costly. Replacing these surfaces now will improve safety, accessibility, and durability, while reducing ongoing maintenance.

CPO Building Hazardous Material Remediation or Building Demolition

This project is to address the building's condition and ensure a safe, usable workspace for staff. A recent assessment has identified remediation options to restore functionality and safety, or, if deemed uneconomical, demolition as an alternative. The funds requested will support the selected path—remediation to restore full utility and safety, or demolition with appropriate site decommissioning—based on Council direction and a comprehensive cost-benefit analysis.

Spirit Square – Phase 1 and 2

The Spirit Square project adopts a phased design approach led by Modus to enhance the public space while maintaining flexibility for future improvements. The concept includes the installation of decorative fencing with gates, shade sails, and misting systems to improve comfort and accessibility, along with a drinking water station to support user needs. The phased implementation will allow for initial enhancements that improve safety, aesthetics, and usability, with potential future expansions based on community feedback and funding.

Cadet Hall HVAC and AC Replacement and Upgrade

The Cadet Hall facility currently operates with HVAC units that are at the end of their useful life and are no longer dependable for maintaining comfortable indoor conditions. This project replaces these units and adds the capability of air conditioning throughout the facility. This enhancement will improve occupant comfort and usability during the hot summer months, support safer and more versatile use of the space, and reduce the risk of equipment failure that could disrupt essential activities. The project aligns with our commitment to sustainable, comfortable, and functional community facilities, and is an opportunity for cost-effective, energy-efficient solutions in line with applicable procurement and sustainability guidelines.

NVMA Mezzanine Flooring Replacement

The mezzanine floor in NVMA is in significant need of replacement. Over the past year, there have been increasing issues with the vinyl strips becoming unglued from the subfloor. Earlier this summer, one section became such a severe tripping hazard that immediate repairs were required to ensure patron safety. Unfortunately, several additional areas are showing similar signs of failure and will require attention soon.

The existing flooring, now nearly 30 years old, has reached the end of its practical life. Despite regular maintenance efforts, including cleaning and waxing, the floor's appearance and durability continue to decline. A wax finish now lasts only a few weeks before losing its shine, leaving the surface looking dull, worn, and dated. The ongoing effort to maintain the floor's appearance has become both time-consuming and ineffective.

This project will not only eliminate potential safety hazards but also enhance the overall appearance and cleanliness of public spaces, providing a more welcoming environment for patrons and staff alike.

NVMA HVAC #2

The Arena currently relies on HVAC Unit 2, which is at the end of its useful life and increasingly unreliable. This project will replace the unit to restore consistent indoor climate control, improve occupant comfort, and reduce the risk of mid-season equipment failures. The replacement will be planned to ensure minimal disruption to events and operations, with a focus on energy-efficient options that align with our sustainability goals and procurement guidelines. Grant applications have been submitted. This project is currently premised as funded from reserves and will be updated if the grant is successful.

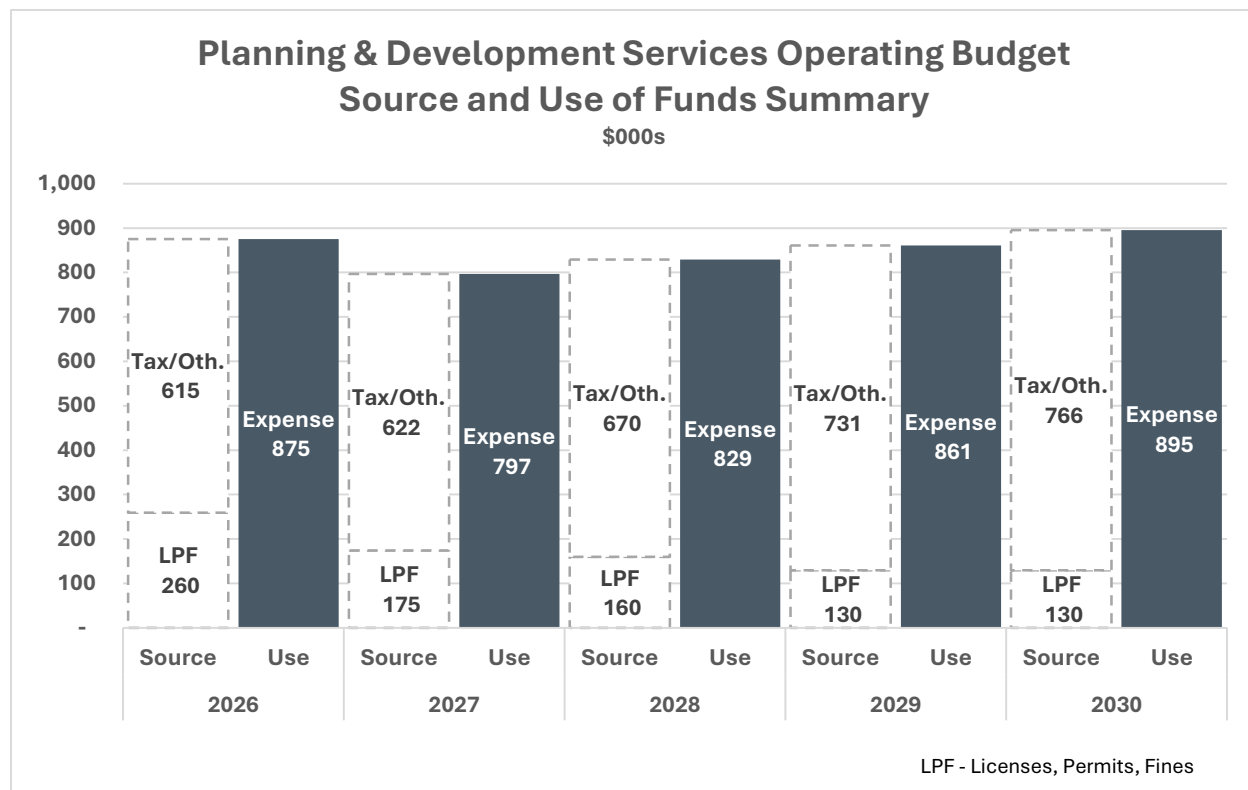
NVAC Gym Equipment Replacement

The Gym Replacement Project seeks funding to replace aging cardio and strength equipment to maintain safe, reliable fitness services for the community. Six cardio machines are currently in operation, with two replacements completed in the last two years; the remaining units are approaching end of life with increasing maintenance costs and downtime. This request includes an additional \$15,000 in the current year to purchase two weight machines in 2026, as the existing weight machines are reaching end of life. The gym currently has seven weight machines that will require replacement over the next several years. This project will prioritize equipment with improved reliability, safety features, and energy efficiency.

Civic Centre Chair Upgrade

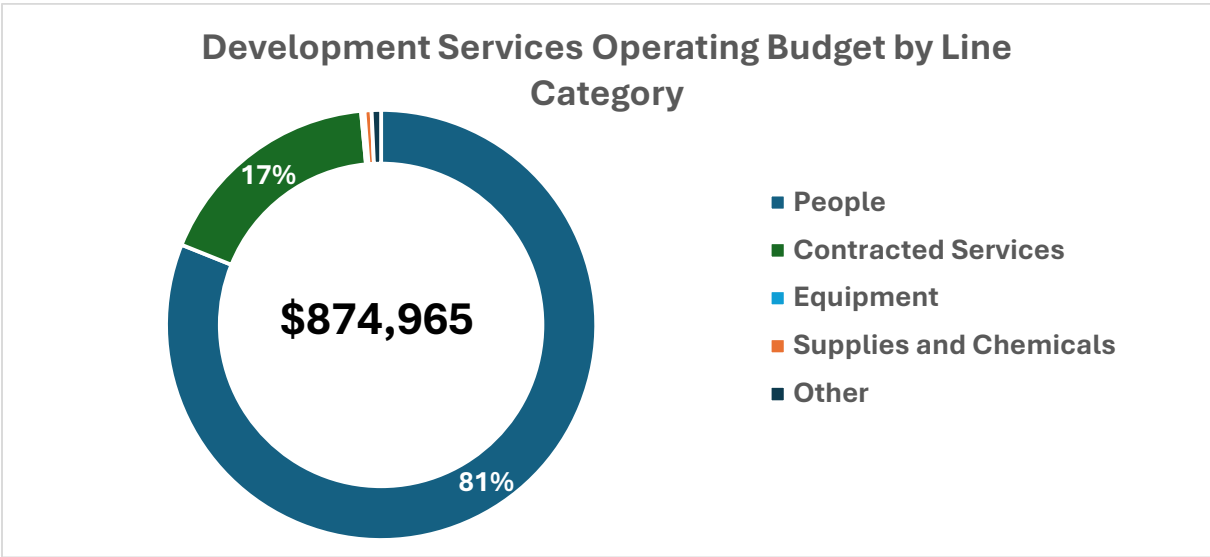
The Civic Centre Chair Upgrade is a recurring capital program aimed at replacing aging hard-plastic chairs in the Civic Conference Centre. Since 2021, the project has executed phased replacements, typically procuring and replacing approximately seventy-five chairs per year to maintain comfortable, reliable seating for users. There was one year when procurement did not proceed due to unfavourable pricing. This request supports the continuation of the phased replacement schedule to ensure modern, durable seating that meets accessibility and usability standards, while protecting asset value and improving user experience.

Planning and Development Services



Planning and Development Services generates revenue primarily from building, development, and plumbing permits. Residual operating costs are funded from general taxation. The Development Technologist role has transferred from Planning & Development Services to the Infrastructure team. After adjusting the variance to prior year plan for this transfer, costs as proposed are higher by \$160,494. The following requests and variances make up the amount:

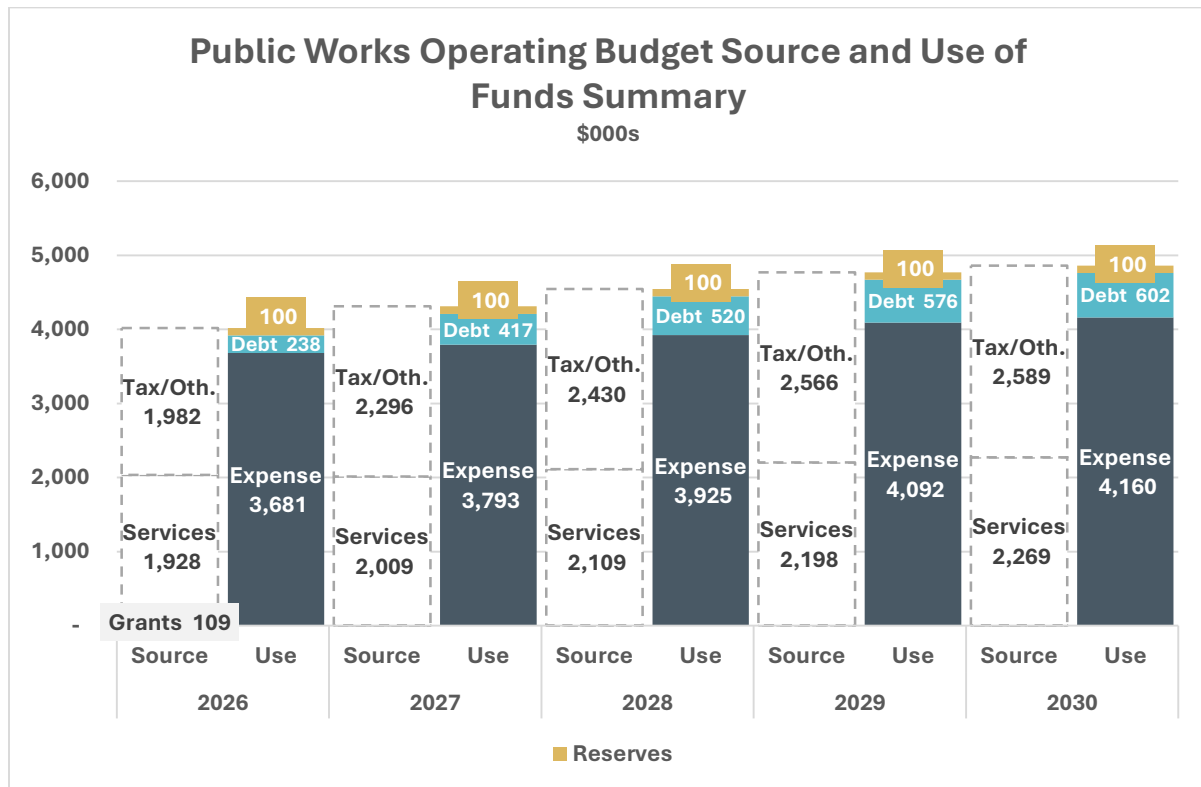
Request / Variance	\$
Financial Feasibility Analysis As part of the Density-Based Housing and Inclusionary Zoning regulations, we are required to conduct a Financial Feasibility Analysis by the Local Government Act.	75,000
Wages and Benefits Excluding FTE Transfer Primarily relate to costs for the casual Senior Building Official and creation of a director-level role. Costs for the casual building official will be offset by higher building permit revenues.	44,724
Budget Initiation for Contracted Services Consisting of \$15,000 for Building Services and \$10,000 for Planning.	25,000
Legal / Consulting Costs Scope and inflation.	7,500
Staff Training Consisting of \$3,000 for Building Services and \$3,020 for Planning.	6,020
Other Scope and inflation on all other costs.	2,250
Total	160,494



Operating revenues of \$260K from building, development, and plumbing permits partially offset operating costs which primarily relate to the human capital and capacity extension costs providing services. Supplies, equipment (building services vehicle), and other (land title fees, telephone costs, and costs for the Land Title Practice Manual) make up 1.5% of total operating costs.

Infrastructure

Public Works – Transportation, Environmental Health, and Public Health Services



Public Works generates sale of services revenue from the collection of solid waste, the airport, and the cemetery. The balance is funded from general taxation. There are three key drivers impacting the 2026 municipal tax rate compared to the prior year plan with a net favorable impact:

Impact to 2026 Municipal Tax Rate Compared to Prior Year Plan	\$	Tax Rate
Sale of Services Revenue Primarily fees and charges update for solid waste collection. Also includes fine-adjusted Recycle BC revenues and airport fuel sales.	+228,873	-1.7%
Debt Servicing Costs The financial plan has been adjusted for realistic timing of fleet deliveries in today's procurement environment. This results in shifting the Residential Solid Waste Truck #1 to Q4 2026 and the Residential Solid Waste Truck #2 to mid-2027. In addition to timing impacts, unit/cost alignment with the funds has been evaluated resulting in costs being transferred to the Water Fund thereby reducing draws from general taxation. The Cross-Connection van was purchased in 2024, and costs were transferred at 2024 YE to the Water Fund in alignment with operator wages/scope of the operator/position.	-167,155	-1.2%
GIS FTE Position The city has been without a dedicated GIS professional and has typically patched in other staff as necessary or leaned on outside contractor site hosts for GIS work which is expensive and slow to respond to GIS needs. GIS work is more than just "mapping" and when done well, can save time and money for the municipality and reduce risk of underground infrastructure damage. In 2022, the City hired a GIS skill set as the Engineering Technologist within the Public Works and Engineering portfolio, which turned into more GIS work being completed than engineering technologist work with virtually all departments utilizing the skills for various projects. We are requesting the addition of a full-time GIS technologist to work within the technology group under the "Infrastructure" team leadership. As we continue to collect asset data, the Engineering Technologists will be able to provide the long overdue field collection and management of new record information from development and capital works while the GIS Coordinator will be able to manage the data within the platform and complete GIS project work for all departments.	+107,036	+0.8%
Net Other	+5,786	+0.0%
Total	-283,206	-2.1%

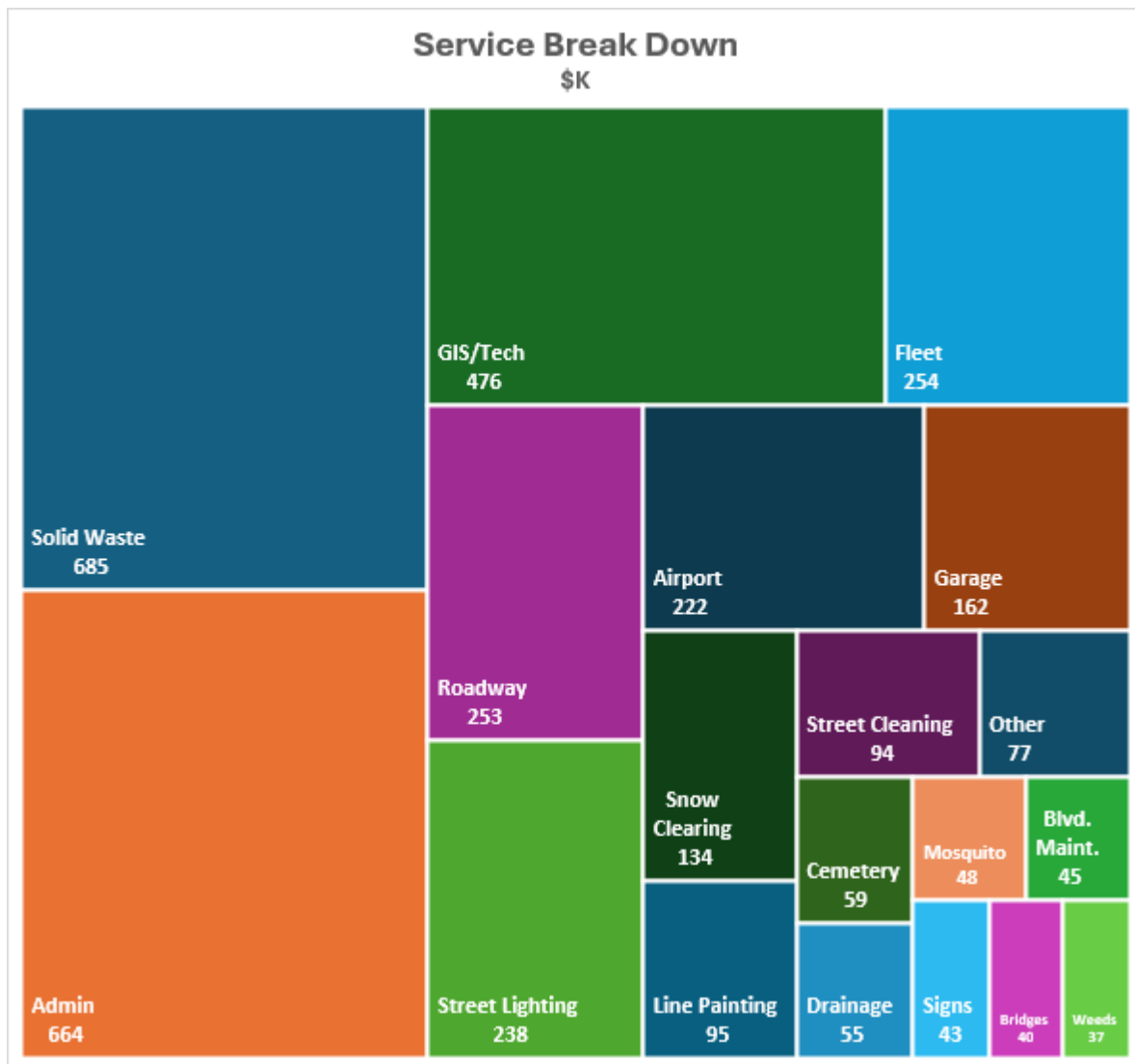
The infrastructure team also requires a one-year term planner. This term is premised to be funded out of the residual Covid-19 restart grant funds - \$103,863 fully burdened – as per amendment bylaw for the 2025 – 2029 financial plan.

The cemetery is currently maintained based mostly on mowing needs and during the main summer months can be left for a number of weeks if mowing is not required and other activities are the priority. Over the last couple of years, concerns have been raised over marmot population and general upkeep of the cemetery. Public Works is proposing (in addition to the return of the two summer student positions removed in 2025) that a third summer student position be funded with those person-hours focused on the cemetery (May thru August). Consideration may also be given for a part-time seasonal caretaker rather than a summer student, but staff feel the required upkeep fits well within the summer student skill sets and timelines. It is anticipated that more regular activity at the cemetery may also impact marmot activities in a positive way while trapping and relocation contract service may continue if necessary. The regular two summer student positions are also requested to be funded as they perform activities such as weed trimming and emptying waste cans over the busy summer months – such tasks were only completed in part by other staff in 2025, but at the expense of other required activities.

The cemetery seasonal/summer student position is not currently premised in the plan. If Council is interested in this service enhancement, Council may direct staff to fund a portion of the protective

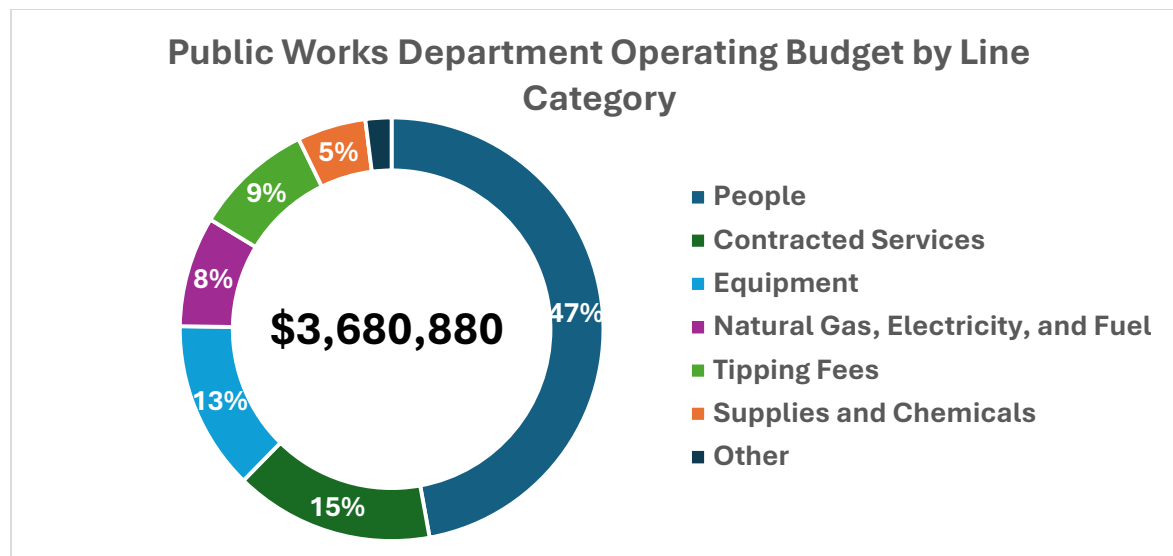
services that are currently funded with general taxation from the Covid-19 restart grant funds. Shifting the taxation funds to the cemetery wages would yield a neutral budget impact while allowing a seasonal trial that can then be assessed for future years.

Looking beyond 2026, there has also been a reduction in debt payments for 2027+ related to the replacement of the sweeper. The replacement of the 2012 Elgin Sweeper that was scheduled for 2027 has been pushed out of the financial plan five-year window. The impeller housing, fan assembly and hydraulic tank were replaced in October 2025. The repairs were necessary as this unit plays a vital role in day-to-day functions, especially heading into winter. Replacing these components was more cost-effective than purchasing a new sweeper and by completing this upgrade, the lifespan of the existing asset was extended. This will reduce the draws from general taxation for 2027 – 2030 compared to the prior year plan.



The majority of the Public Works operating budget relates to the collection of solid waste (tipping fees paid to the TNRD, wages, equipment), the human capital providing the services, GIS/Technologist support for operations, fleet (fuel parts, insurance, wages), roadway surface

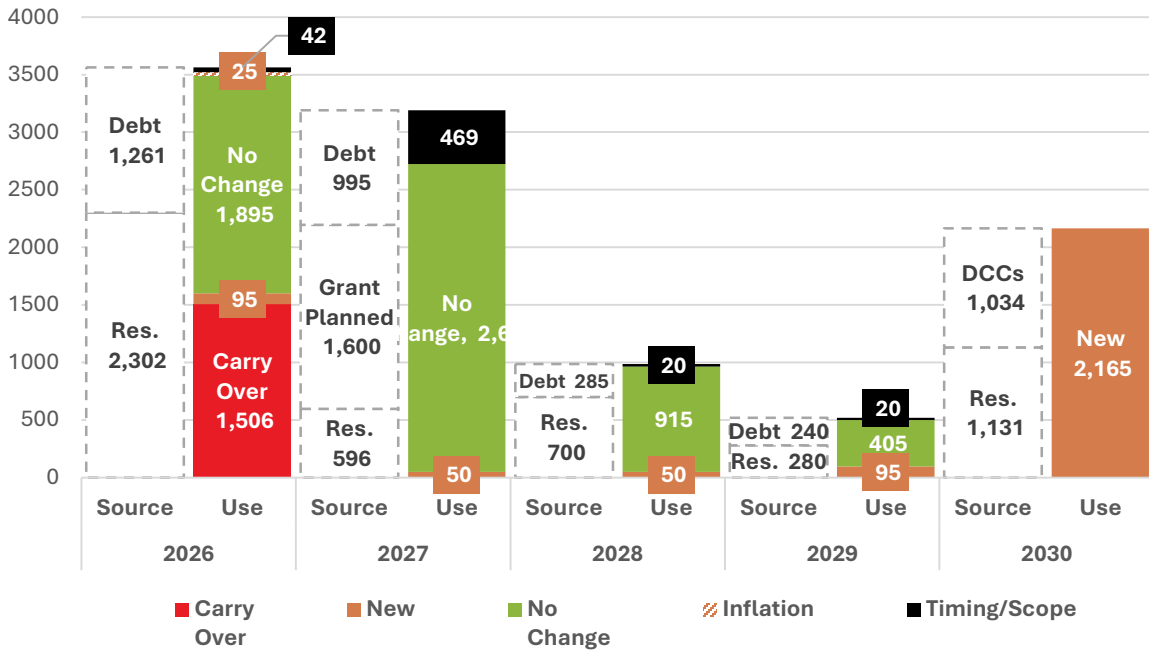
repairs (wages, contracted services, equipment, supplies), street lighting (electricity), the airport (fuel purchases, contracted services, wages), and garage operations. Other includes sidewalks [20], traffic lights [18], flags/banners [10], decorative lighting [10], diking [9], EV charging stations [5], in-kind work [3], and vandalism [2].



Contracted services are employed in line painting, roadway surface repairs, mosquito program, airport (gate servicing, alarms, janitorial, fuel pumps) and garage operations (uniform cleaning, janitorial). Equipment includes the cost of running the fleet (insurance, parts, gas, etc.). Natural gas/electricity/fuel includes the street lighting service and airport fuel purchases (offset in sale of services revenue). The majority of supplies and chemicals are for snow clearing, garage operations, roadway surface repairs, solid waste, street signs, and the airport. Other [2%] includes 1% for insurance and 1% for all other line items (telephone, credit card merchant fees). Insurance remains 1% of the operating budget as the negotiated savings for the various properties across public works are offset by insurance premiums for the new Middlesboro Bridge.

Public Works Capital Budget Source and Use of Funds

\$000s



		\$K				
		2026	2027	2028	2029	2030
New	Voght St Roundabout Grimmer and Walters					2,000
	Airport Road Overlay	600				
	Houston Overlay Bridge to Midway Valley Rd	500				
Carry Over	Commercial Solid Waste Truck	450				
Timing Shift	Residential Solid Waste Truck		450			
	Cemetery Expansion			450		
Carry Over	Residential Solid Waste Truck	441				
	River Ranch Rd Mill, Inlay, Lane Channelization		365			
Carry Over	1838 Juniper Erosion Repairs, Storm Pipe, Ditch Upgrades	350				
	Freightliner		320			
	Municipal Tractor	225				
Inflation		25				
	Sand Salt Storage Shed	250				
	Municipal Tractor				240	
	Skid Steer Loader		225			
	Mini Excavator			225		
	Nicola Voght Lane Improvements	150				
Carry Over	Asphalt Trailer	120				
	Transportation Projects Roads, Sidewalks, Bridges	100	100	100	100	100
	Pickup			60		
New	Airport Runway Asphalt Maintenance	50	50	50	50	
New	Bridge Maintenance	45			45	
Carry Over	Parker Drive Storm Sewer	45				
	Central Park Trail Erosion Design		42			
	Spirit Square Alley Concept Design			40		
	Air Photo Lidar Update	35			40	
Carry Over	Shop Security Cameras	11				
Scope/Inflation		20				
Carry Over	Screen Grizzly	24				
	Storm Sewer Model Maintenance	5	5	5	5	25
Scope		17	19	20	20	
	New Bin Supply	15		20		20
Scope/Inflation		5				
Carry Over	Garage Electrical Power Entrance Gate	18				
Carry Over	Pickleball Court Surface Design	16				
	Dike Maintenance	15	15	15	20	20
Carry Over	Fall Fair Washrooms	15				
Carry Over	Seacan Electrical Hookup	10				
Carry Over	Juniper Outfall and Erosion	6				
Grant Contingent	Hill Street Multi-Use Path		1,600			
Total		3,562	3,191	985	520	2,165

New Capital Projects

Bridge Repairs

The city has been conducting inspections performed by specialized engineering consultants for many years. The generated reports have continuously identified upgrade/maintenance recommendations that Public Works has not been able to reliably complete each year due to some of the work requiring specific skill sets and equipment that are not available internally. The proposed budget amount allows for engaging specialized bridge maintenance contractors to perform the necessary work.

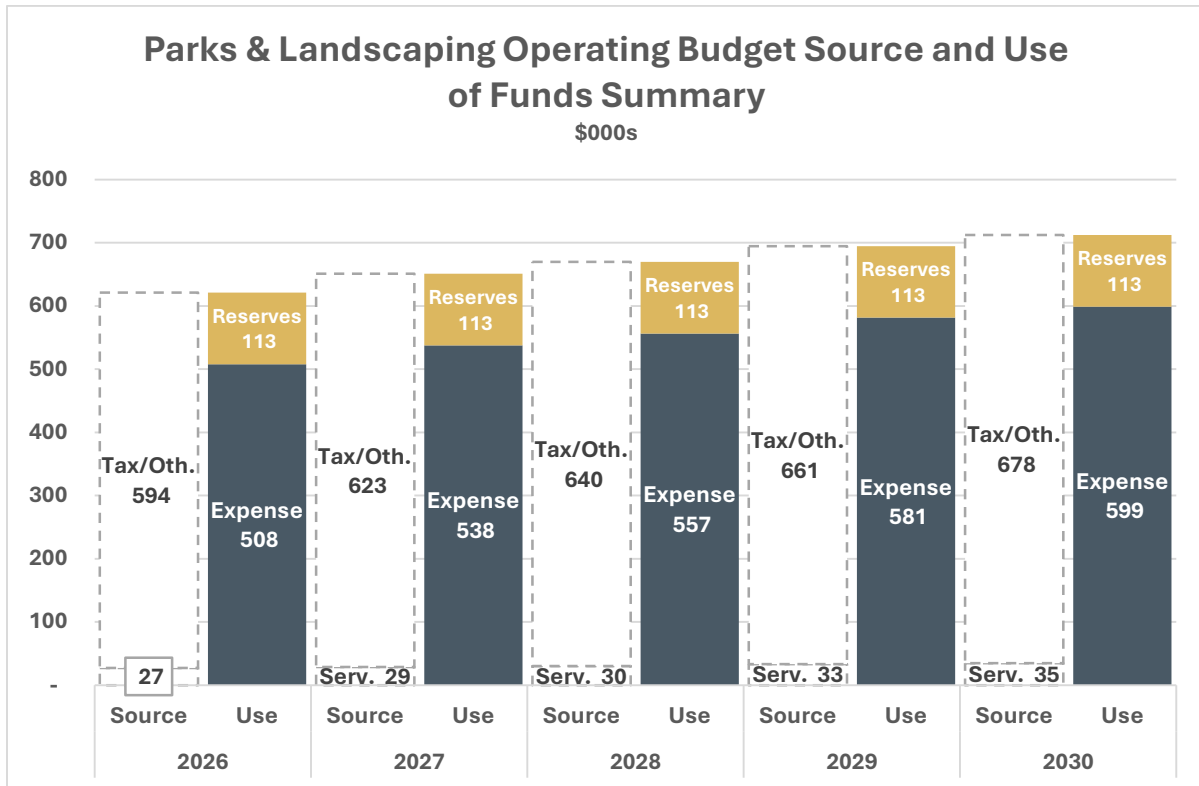
Airport Runway

The finance team has submitted grant applications for two consecutive years for the airport runway rehabilitation and overlay and taxiway paving project. These applications have not been successful to date. A narrower scope of runway asphalt maintenance repairs is premised as a reserve-funded \$50K annual program running from 2026 – 2029.

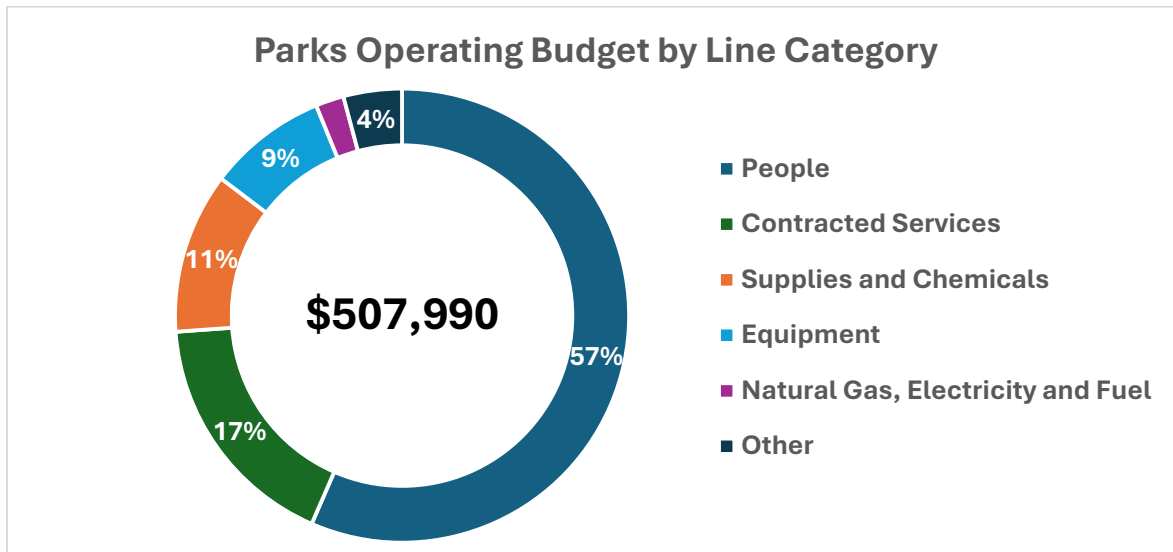
Voght Street Roundabouts Grimmiett and Walters

Round-a-bouts have been designed in the Voght Street upgrade plans (2018) and originally intended to form part of the main construction as the phases proceeded. These round-a-bouts have been designed at Grimmiett and Walters intersections and provide capacity increases as they will allow traffic at these intersections to flow much more freely compared to at-grade stop condition intersections. The Grimmiett intersection is contingent partially on the Grasslands site moving forward to development and the design of this round-a-bout included new access to the site with turning bays integrated. Although the upgrade should be completed regardless, the current design requires land acquisition and land swapping to make the current design configuration work which will require coordination with the site development. The Walters intersection is ready to construct at any time and will provide much needed relief to vehicles entering Voght Street from each side from the residential neighborhoods with improved traffic flow – especially at times of congestion. Costing for each intersection is shown as 2022 dollars and will require adjustment for inflation when moving into the construction years in the budget.

Parks and Landscaping

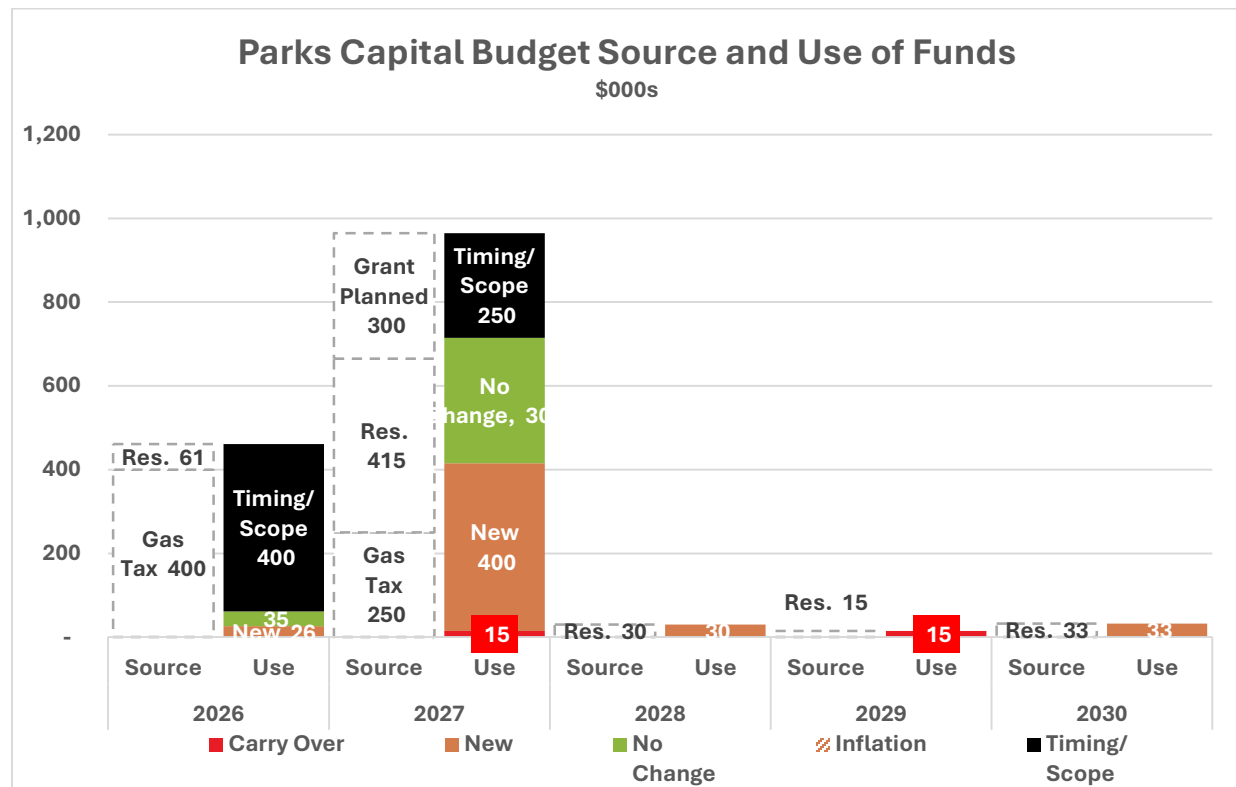


Sale of services revenue is higher than the prior year plan as the Central Park concession lease revenue is assumed to continue across the plan.



Contracted services include vegetation management, janitorial services, security alarms, fire sprinkler inspections, etc. Supplies include the flower budget, fertilizer, pro mix, etc. Natural gas and electricity represent 2% of the operating budget. Other includes 2% for insurance and 2% for all

other line items including public safety for tree trimming, limb removal, and dangerous trees and telephone charges.



		\$K				
		2026	2027	2028	2029	2030
New	Central Park Ball Field Lighting		400			
Timing Shift	Rotary Park Spray Park	350				
Timing Shift	Fairley Park Design/Construction	50	250			
No Change	Lions Park Pathway Connection	20				
No Change	Rotary Park Bathroom	15				
Carry Over	Irrigation Clocks Upgrade		15		15	
New	Replace Trash/Recycle Receptacles	14		16		18
New	Replace Benches/Picnic Tables	12		14		15
Grant Contingent	Central/Rotary Rubber Surfaces		300			
Total		461	965	30	15	33

New Capital Projects / Updates on Capital Projects

Central Park Ball Field Lighting

This project is included in the presentation based on user group request/feedback for Council discussion and consideration.

Rotary Park Spray Park

The Rotary Park Spray Park has been pulled forward to 2026 given the aged / nonfunctional component issues.

Fairley Park

The Fairley Park equipment is reaching the end of its service life and is being proposed for upgrades. The Park was originally developed as a community project led by the Merritt Fire Department. Design work is in progress intended to design upgrades, conduct consultation, and provide estimates for upgrades. The design work is not yet complete. Early conversations with service providers established the original construction budget of \$250,000. Based on the preliminary design work, costs may be higher depending on scope of the project. The remaining design for Fairley Park is captured in 2026 with construction premised in 2027. The proposed 2026 – 2030 financial plan maintains the original budget pending review with stakeholders and potential fundraising from the community.

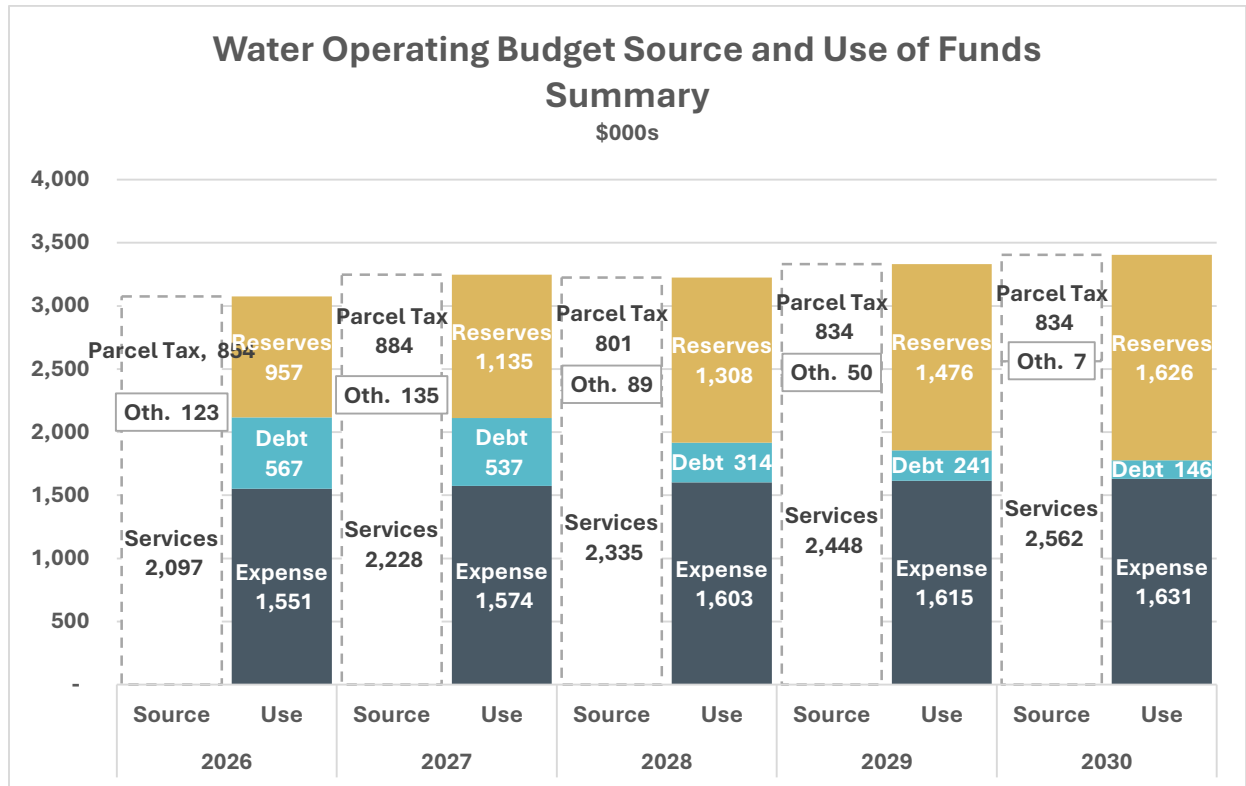
Replace Trash and Recycling Receptacles, Picnic Tables, and Benches

Public Works is proposing end-of-life replacements for receptacles, picnic tables, and benches targeting 3-4 replacements of each, every two years.

Central and Rotary Park – Rubber Surface Replacements

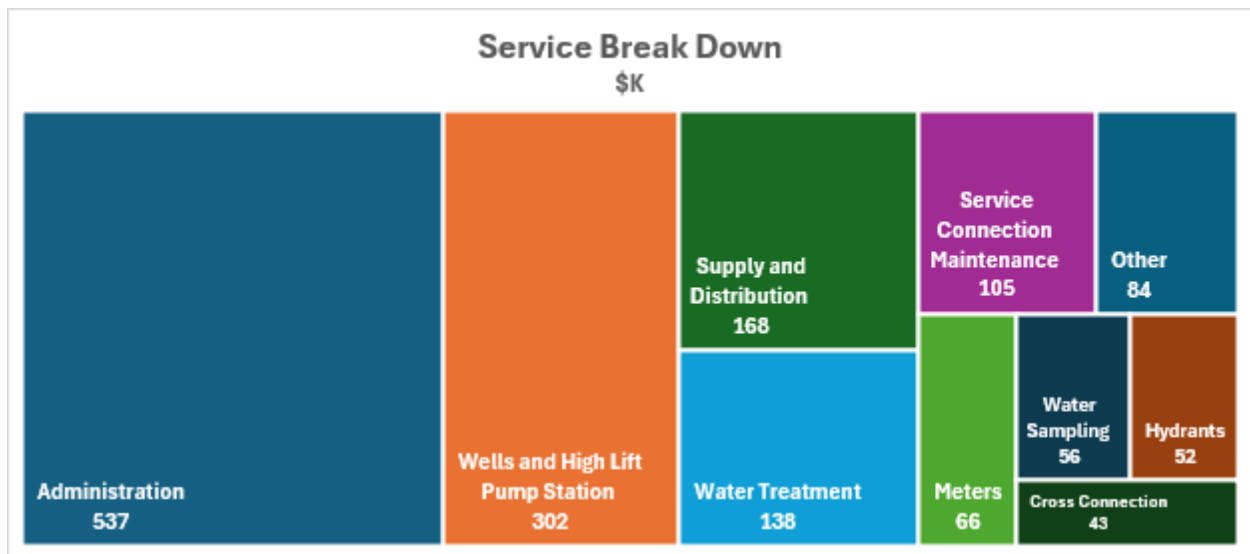
The rubber surfaces in Central and Rotary Park have been subject to some degradation from use and have wear areas that require regular repair to extend the surface life. The surfaces are nearing end of life. The spray park is in poor condition, while Central and Rotary Park surfaces are in reasonable maintained condition. Safety tests (drop tests) will be conducted to confirm the continued safety performance of the surfaces as we move towards final scoping of the surface replacements - these tests may permit deferral of the surface replacements.

Water

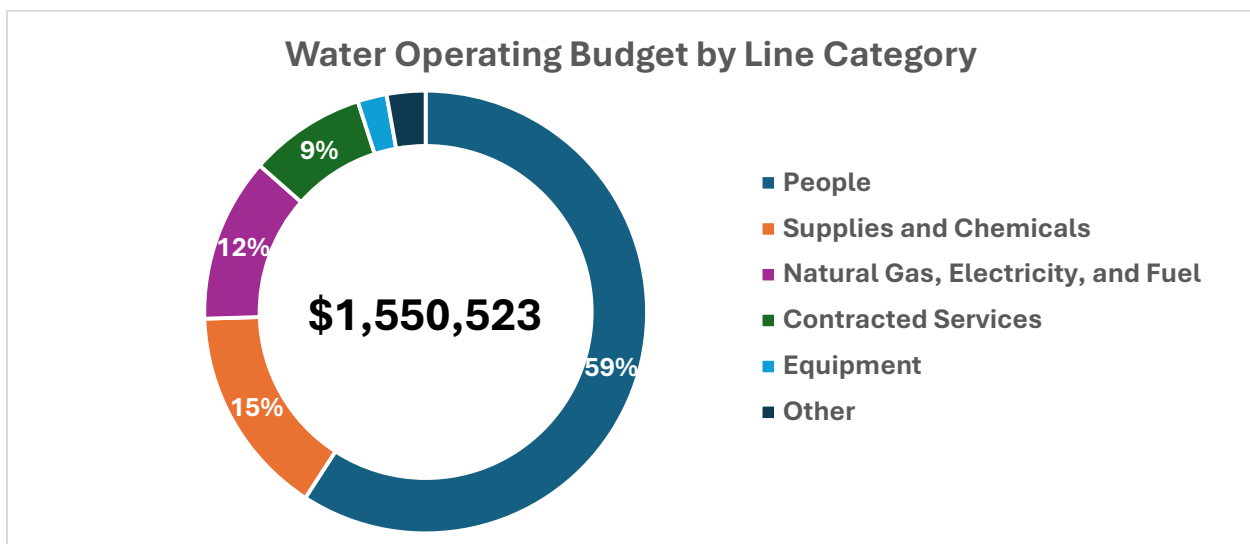


There are changes in the debt profile compared to the prior year plan. Equipment unit/cost alignment with the funds has been evaluated resulting in costs being transferred to the Water Fund thereby reducing draws from general taxation. The Cross-Connection van was purchased in 2024, and costs were transferred at 2024 YE to the Water Fund in alignment with operator wages/scope of the operator/position. The long-term debt servicing costs associated with Exit 286 local area service infrastructure have also been added to the water and sewer funds with offsetting impacts in higher parcel tax revenues.

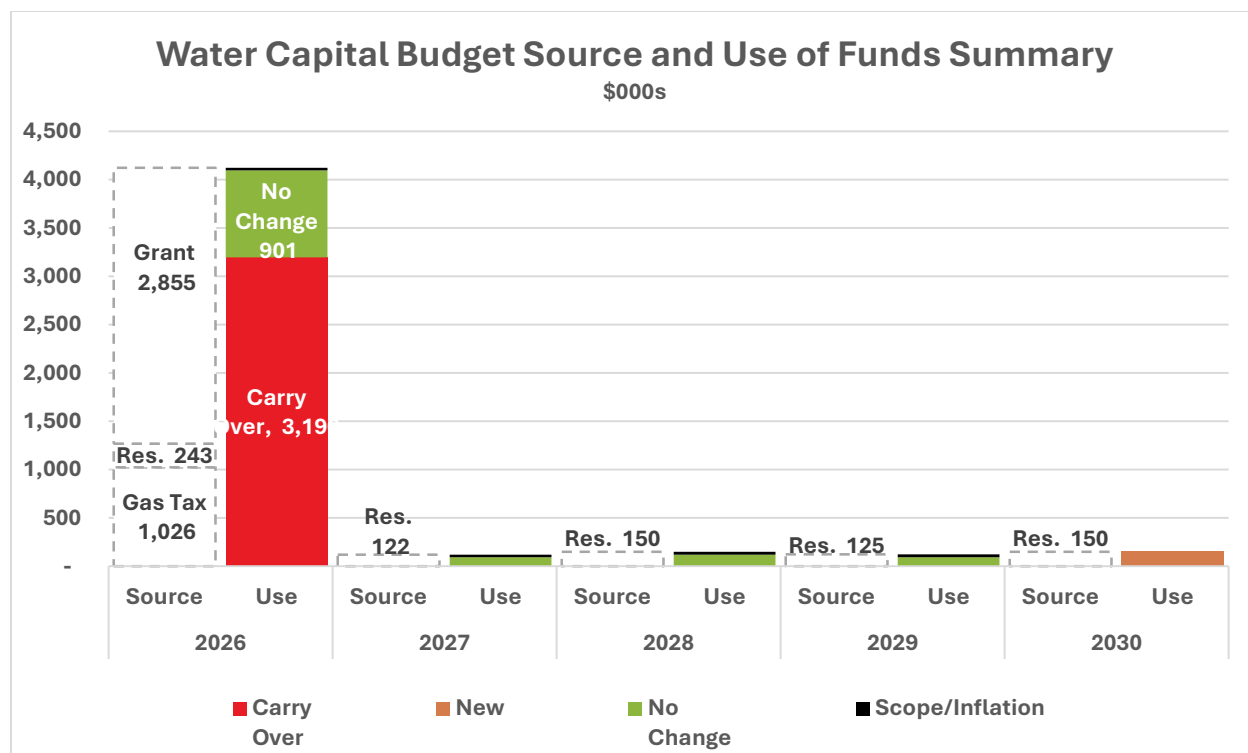
The debt servicing costs associated with The Grandview Heights and Active Mountain debt will be paid by the end of 2027. Related impacts visible in 2028 include lower local area parcel tax and other revenues (actuarial adjustments on debt). Debt servicing costs associated with the deep aquifer well begin rolling off in 2028 and 2029 such that by 2030, the only debt servicing cost that remains is Exit 286.



Other includes reservoirs [29], recoverable services [16], utility mapping [12], Coldwater gauge [11], water conservation [10], valve exercising [4] and locates [2].



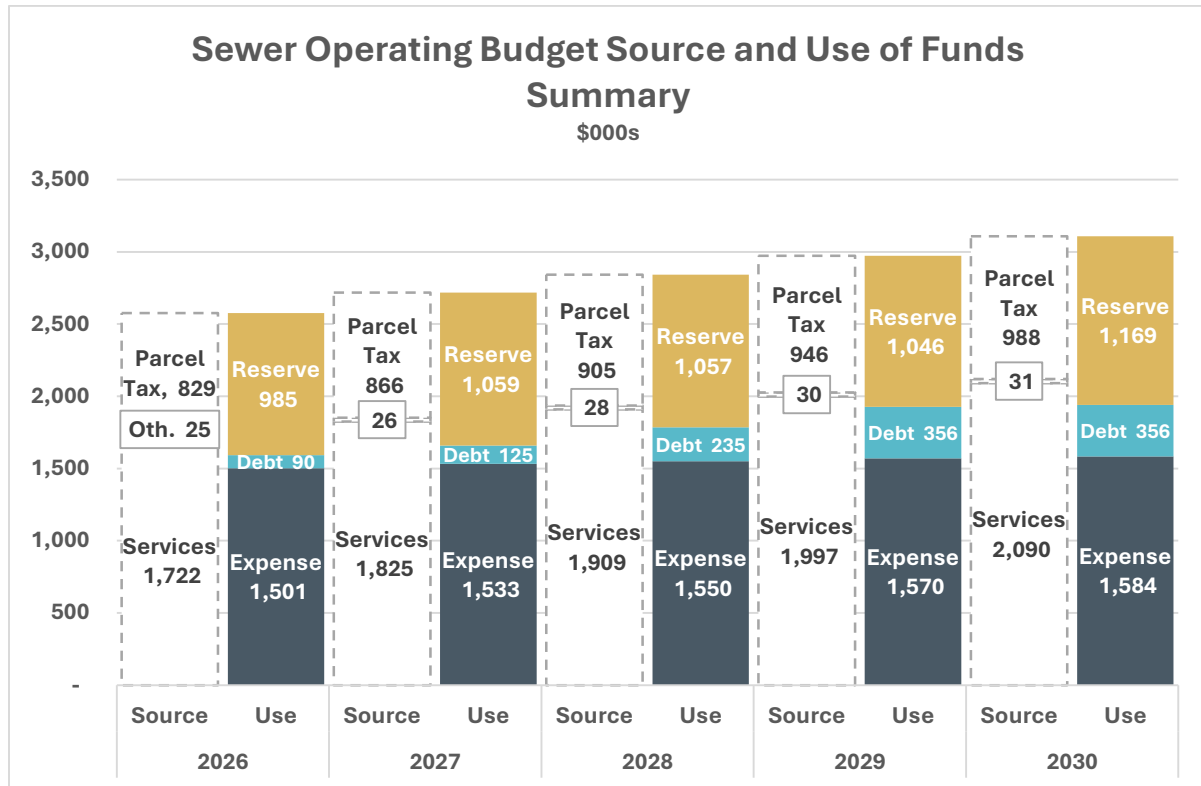
The water operating budget is funded by utility fees. Most of the water operating budget relates to the human capital providing the service, chemicals and supplies (i.e. sodium hypochlorite used in chlorination of water), and electricity costs for the wells and pump stations. Contracted services include weekly drinking water sampling. Equipment is 2% of the operating budget. Other (3%) includes 2% for insurance (pump houses, reservoirs, etc.) and 1% across all other lines (groundwater fees/licenses and permits, and telephone costs).



There are no new water capital projects. Carryover capital primarily relates to the water meter project, pipe bridge replacement, and Quilchena Alley water main replacement. The Kengard well upgrade construction has been removed from the financial plan until scope and funding align.

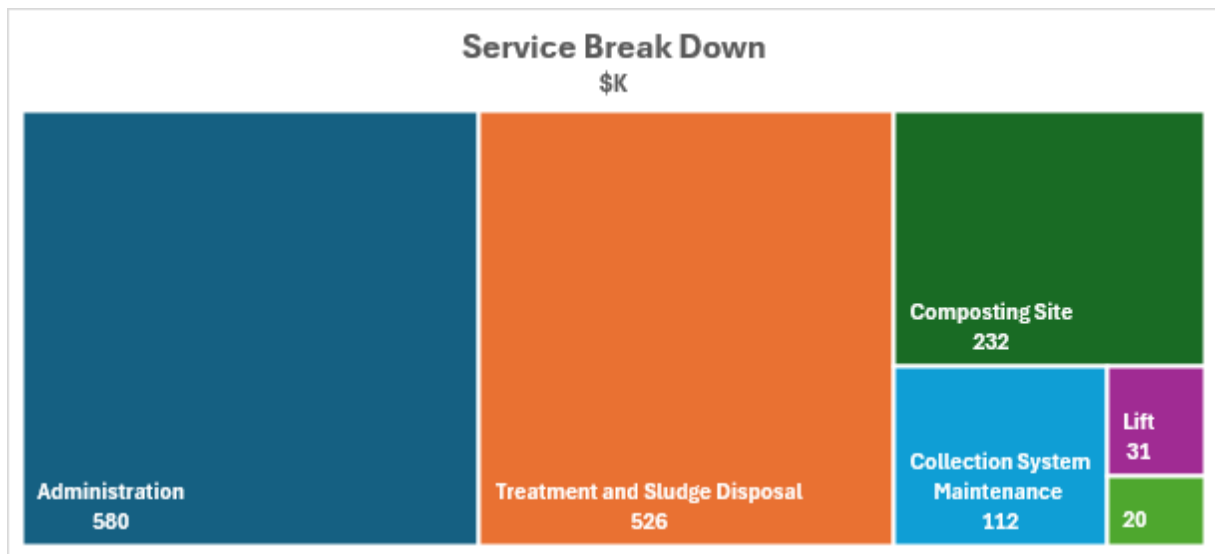
		\$K				
		2026	2027	2028	2029	2030
Carry Over	Water Meter Project	2,105				
		750				
Carry Over	Pipe Bridge Replacement	844				
	Carried over at original budget, anticipated to come in under					
Carry Over	Quilchena Alley Water Main	181				
	Hydrants	50	50	50	50	50
Carry Over	Water Masterplan Update	66				
Scope	Water Valves	15	15	15	15	
		35	35	35	35	50
	Thorpe Watermain Looping	45				
	Reservoir Inspections			25		25
Scope	Model Maintenance	12	12	15	15	25
		10	10	10	10	
	Bulk Water Meter Backflow	11				
Total		4,124	122	150	125	150

Sewer

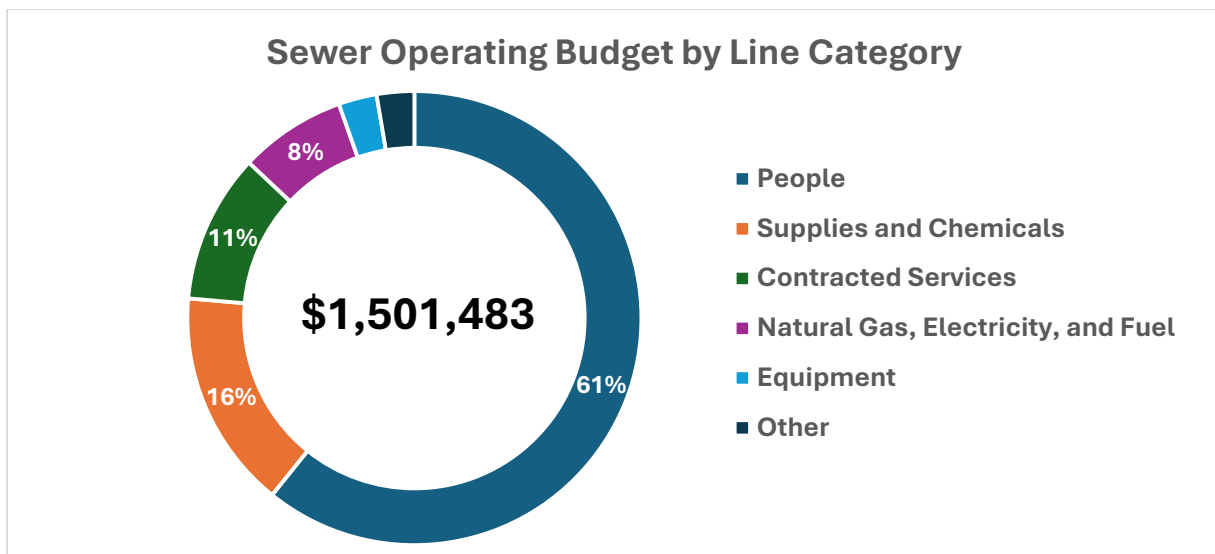


Operating costs are up slightly over the prior year plan. While overall property insurance costs are down across the City portfolio, the sewer assets have a higher allocation of the premium with the new provider [+1.2%]. Inflation +2% net across all other lines including chemical supplies for treatment and sludge disposal.

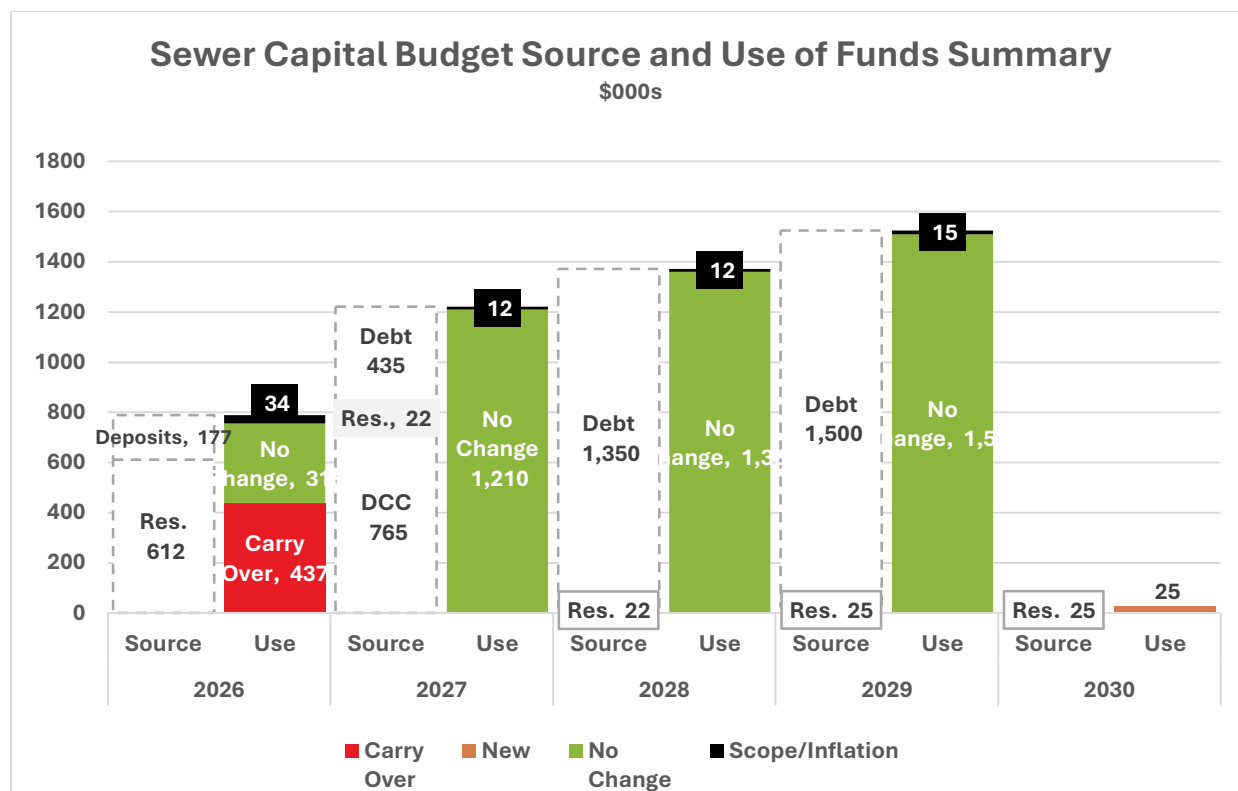
Another change from prior year plan is the integration of the debt servicing costs associated with Exit 286 local area service infrastructure into the water and sewer funds. This is offset with higher parcel tax revenues.



Other includes service connection maintenance [18] and utility mapping [2].



The sewer operating budget is funded by utility user fees. Most of the operating budget relates to the human capital providing the service and chemicals and supplies (i.e. ferrous chloride used in wastewater treatment to dewater sludge, control odors, and remove phosphates). Contracted services include services for the WWTP and ground well quarterly sampling. Equipment is 3% of the operating budget including loaders, mixers, etc. at the compost facility. Other [3%] includes 2% for property insurance (WWTP, lift stations) and 1% across all other lines (licenses and permits and telephone costs).



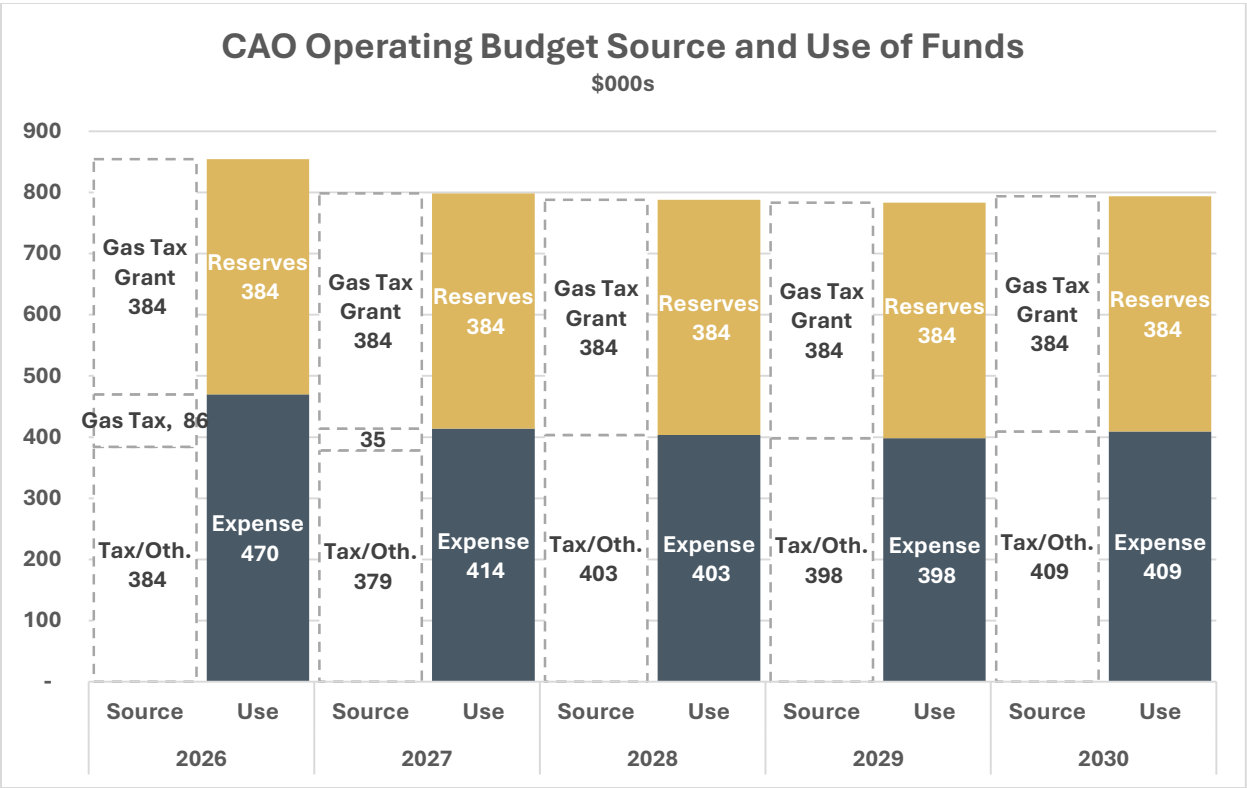
There are no new projects considered in the financial plan. Carry over capital primarily relates to the compost facility safety improvements, finishing Exit 286 during the warranty period, and completing the WWTP implementation plan.

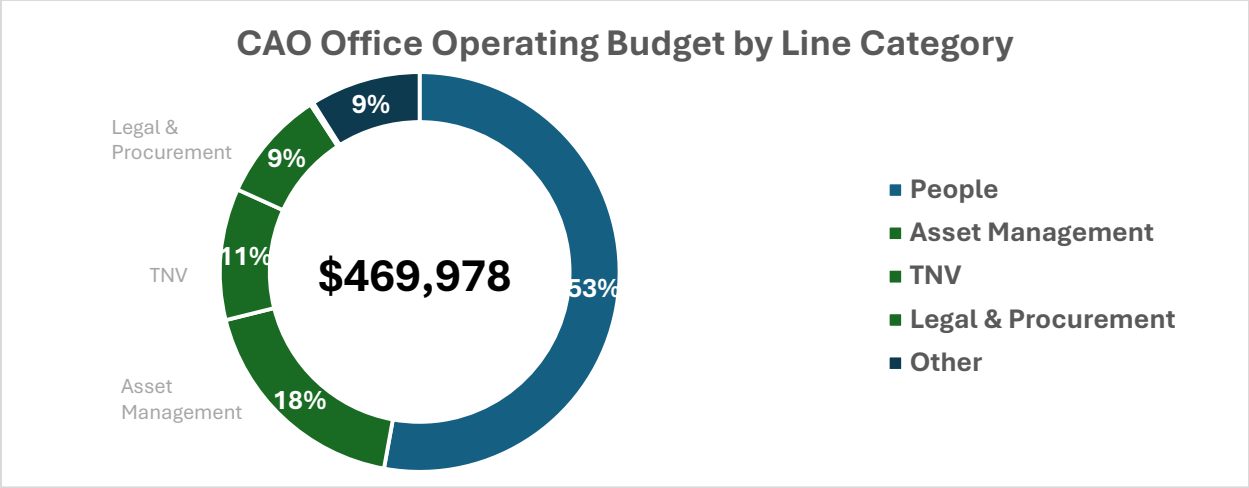
		\$K				
		2026	2027	2028	2029	2030
	East Merritt Utility Corridor		1,200	1,350	1,500	
Carry Over	Compost Site Safety Improvements	210				
Inflation		22				
		243				
Carry Over	Exit 286	177				
	2nd Ave Siphon Repair	65				
Carry Over	WWTP Implementation Strategy	50				
Scope	Sewer Model Maintenance	12	12	12	15	
		10	10	10	10	25
Total		789	1,222	1,372	1,525	25

CAO

The CAO budget includes the CAO, remaining asset management project costs, legal fees for general government administration, and employee recognition. There is variability in the expense profile as reductions were made in the 2025 budget to consider some costs every two years instead of annually. There is one new expense premised under the CAO budget for Council to approve related to the funding of Tourism Nicola Valley.

Request / Variance	\$
Tourism Nicola Valley Funding An agreement is being developed regarding funding Tourism Nicola Valley (TNV). TNV will present their plan to Council for a two-year contract period. Council will receive quarterly reports from TNV before funds are released.	50,000

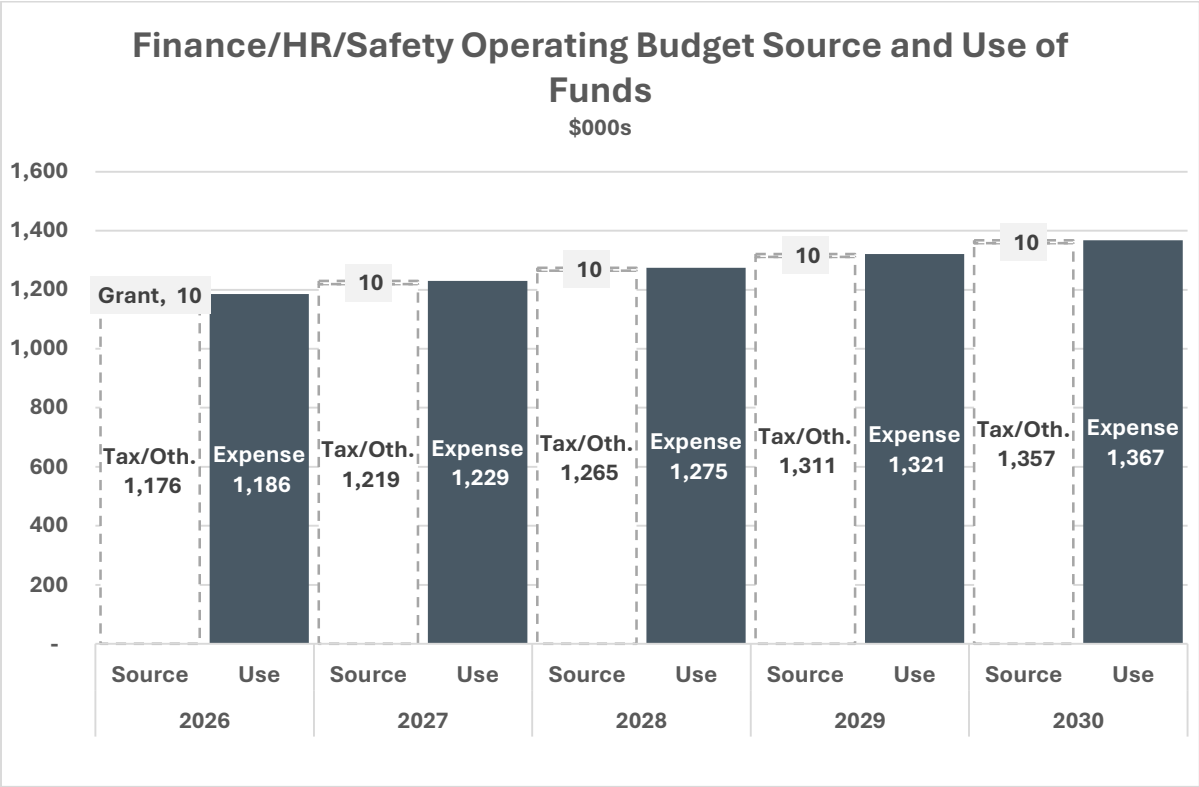




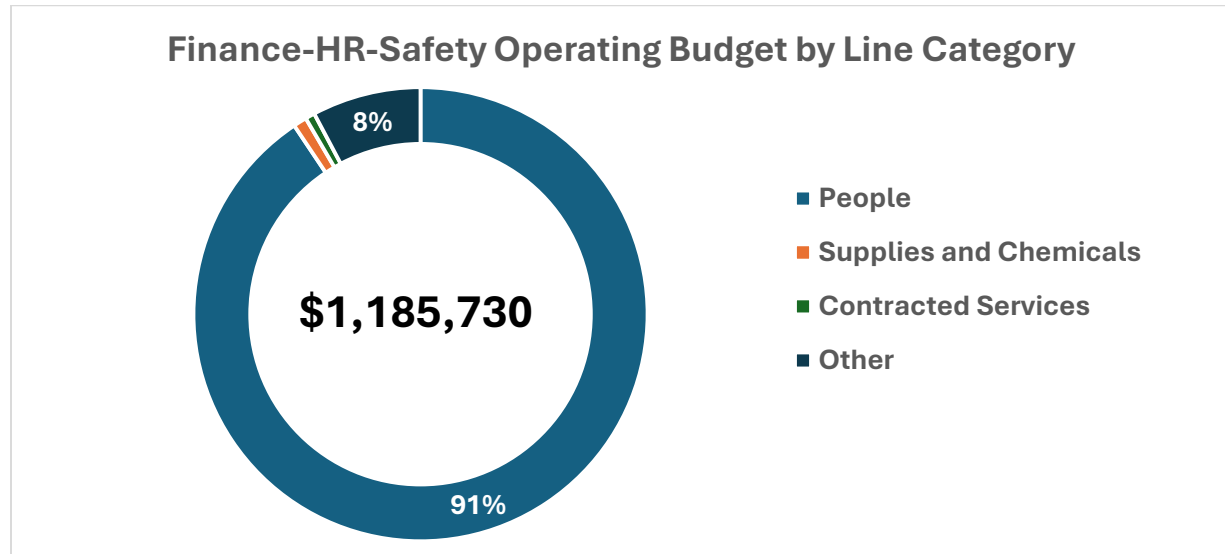
The remaining asset management project costs have been transferred under the CAO budget and have been funded out of the gas tax reserve. Other is primarily employee recognition [8.5%] and telephone costs.

CFO

Finance-HR-Safety

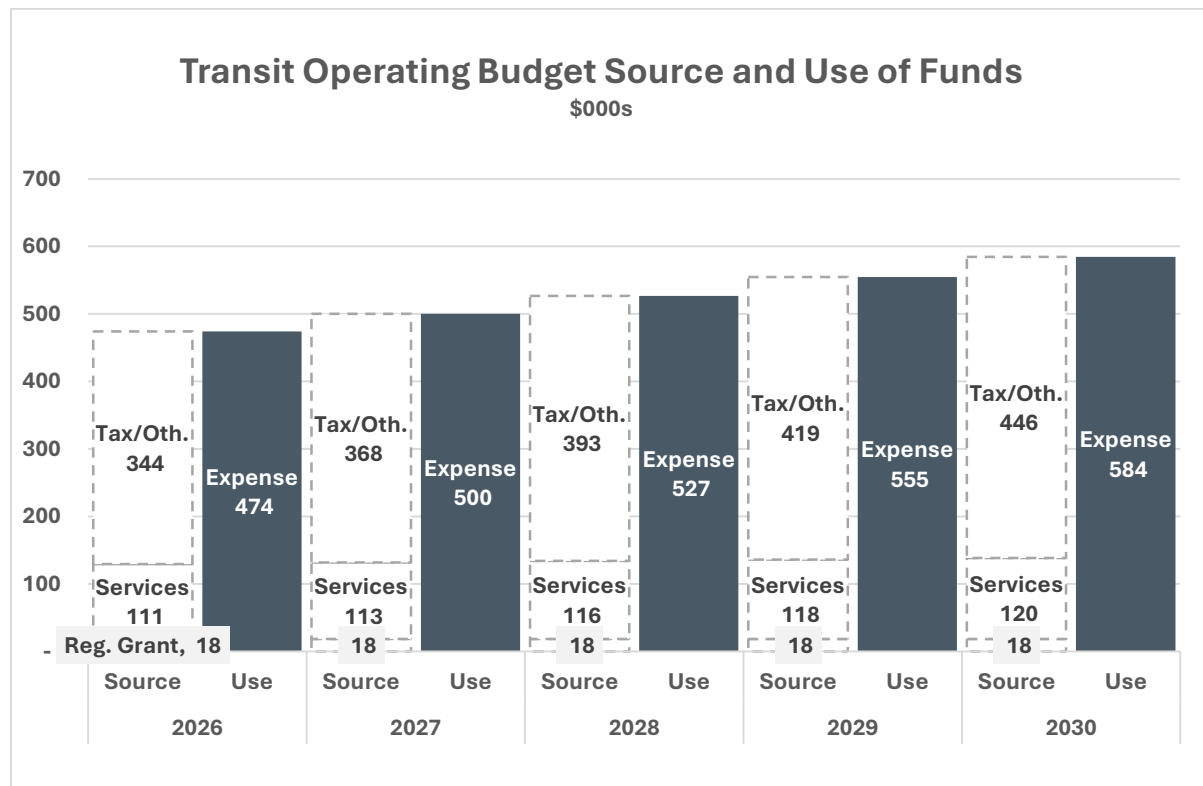


There is one change in the Finance-HR-Safety plan related to the safety role. The vacant role has been adjusted to an exempt management-level role to lead internal progress toward core certification.



Other is comprised of 4% audit fees, 2% HR recruitment, 1% tax sale, and 0.5% remaining other – telephone and a provision for bad debt expense.

Transit

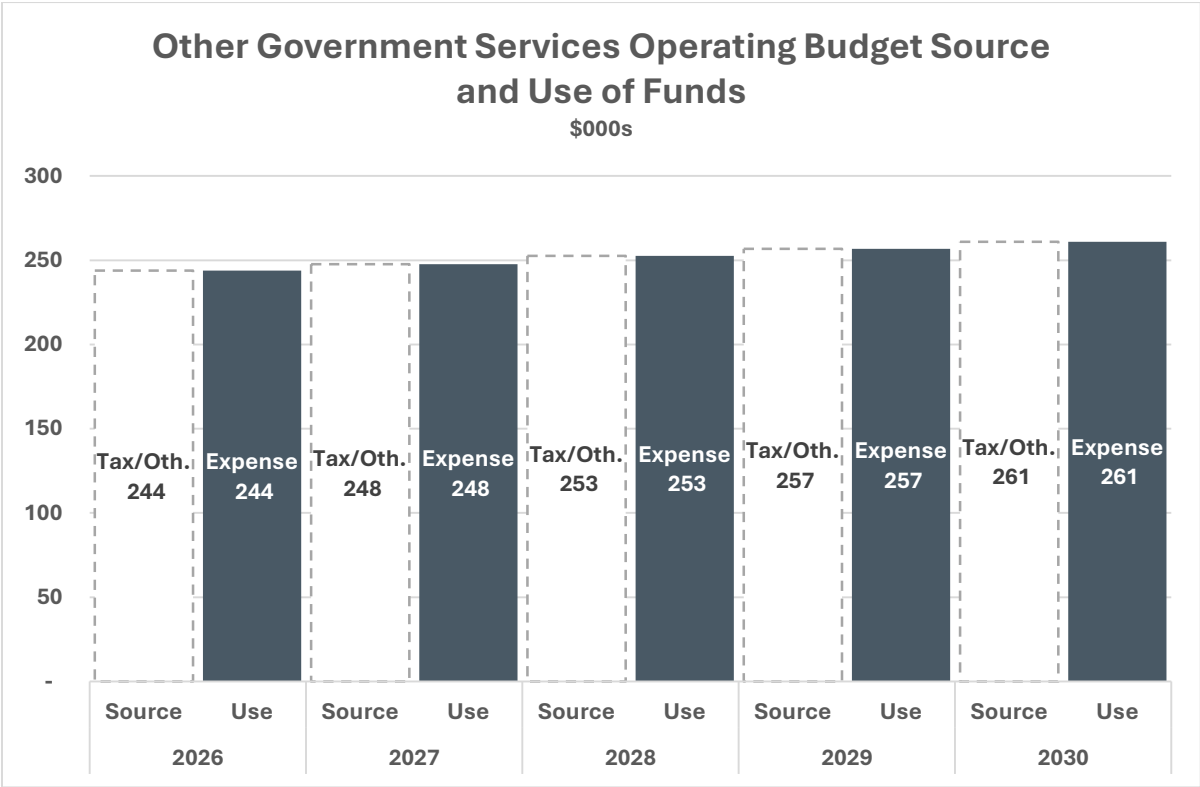


Since the 2025 budgeting cycle, actions have been taken to address the financial sustainability of the transit service.

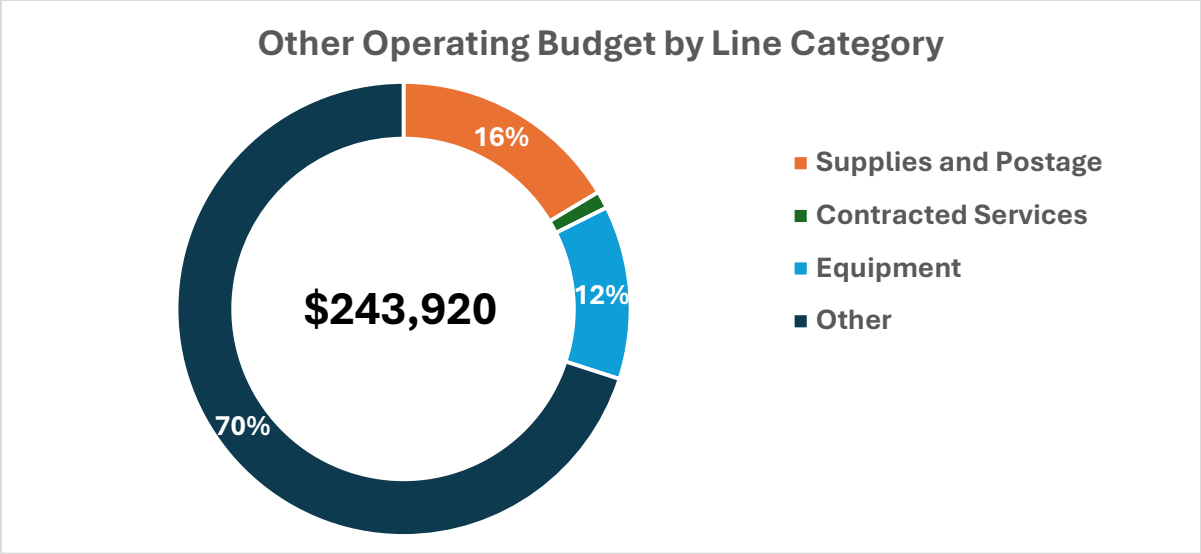
- On May 1, 2025, fare changes went into effect following the fare review process. Previously fares had not been updated since 2017.
- At the September 2025 UBCM conference, Council advocated for a Small Community Grant supplement for municipalities under 19,000 operating a transit service.
- In October 2025, the CAO and CFO met with representatives from the Thompson-Nicola Regional District to discuss transit funding, particularly related to operating Route 4 in Lower Nicola.

Council will direct staff on level of service following the outcome of funding conversations with the TNRD. In the new three-year operating plan from BC Transit, the regionalization assumption has been removed which yields savings on expenses compared to the prior year plan.

Other Government Services

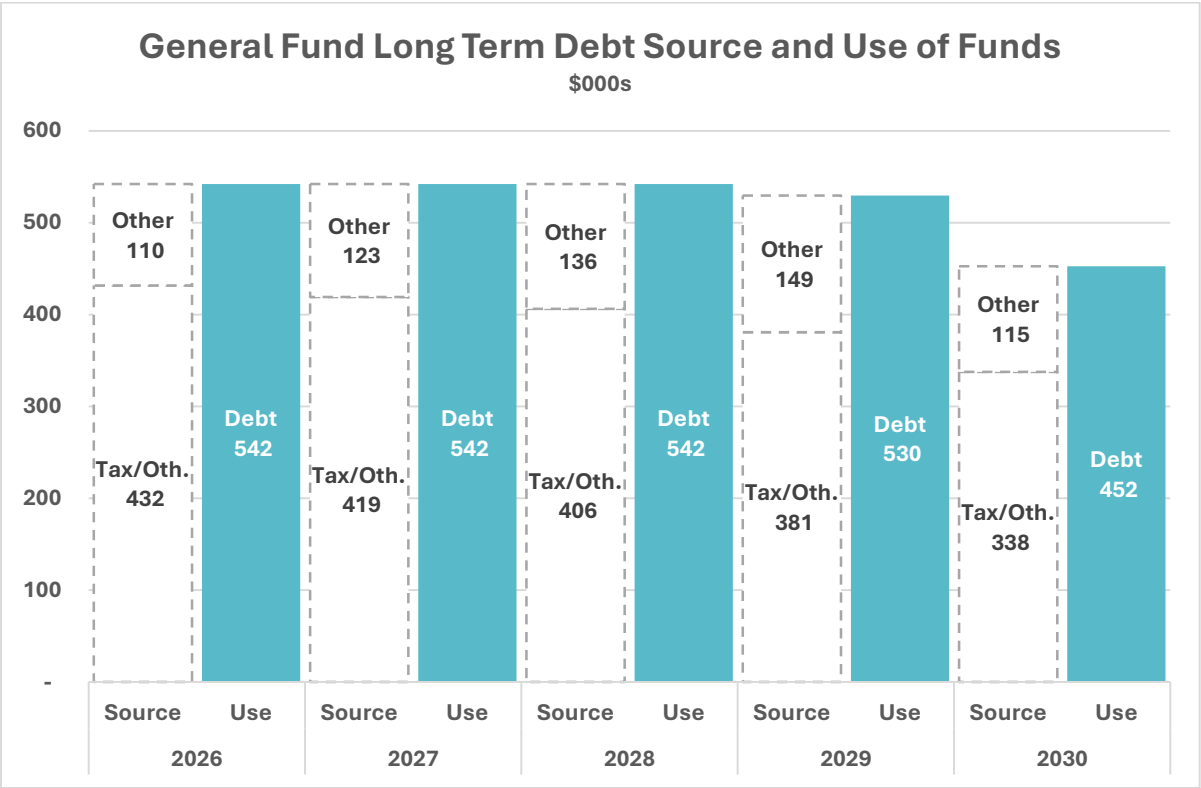


Other Government Services within General Government includes liability insurance for the City and associated deductible costs, telephone costs, lease payments for photo copiers, postage and courier costs, bank fees, etc.



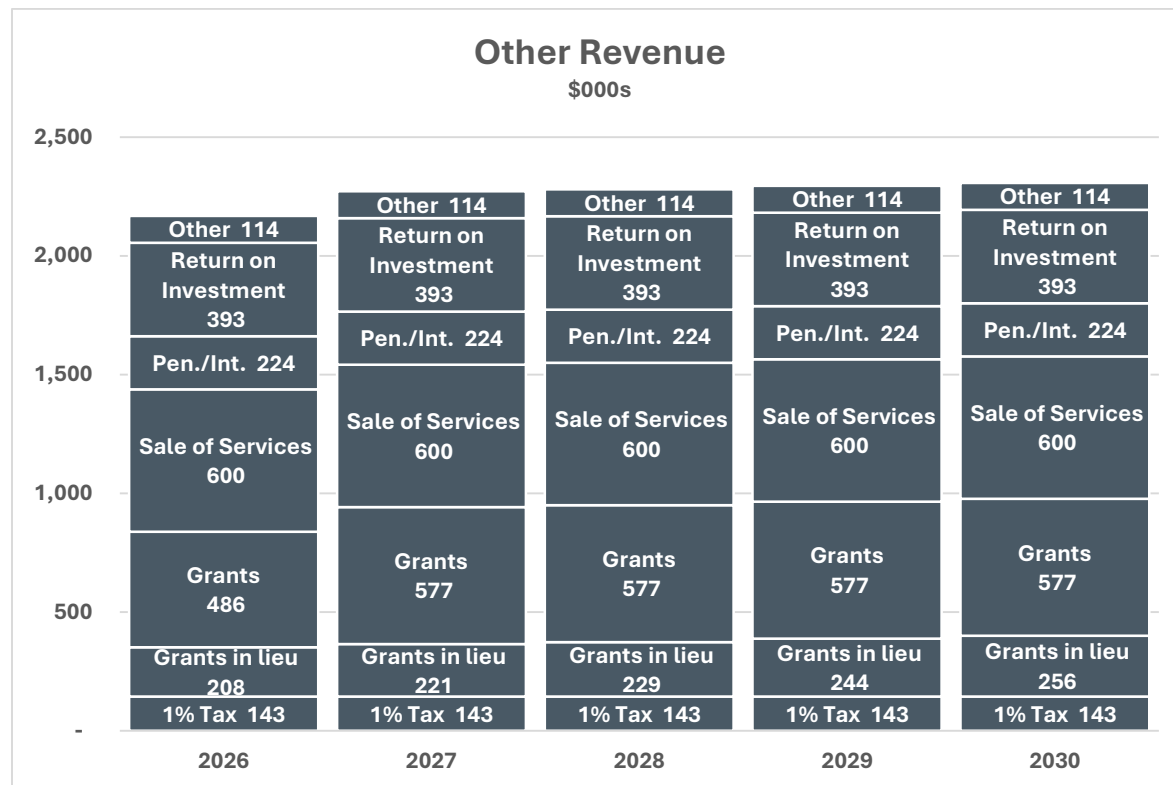
Other is comprised of 42% insurance, 18% telephone, 6% bank charges, and 3% interest on property tax prepayments.

General Fund Long-Term Debt



The City currently has long-term debt in the general, water, and sewer funds. The actuarial adjustment on debt is recognized as other revenue. Debt payments decrease slightly in 2029 as the final payment is made on Issue 105 for the Middlesboro Bridge. Debt payments step down further in 2030 as the final payment is made on Issue 106 (fire truck).

Other Revenue and Costs



Other revenues are pooled with taxation revenues to fund municipal operations. Grant in lieu revenue increases across the plan as municipal tax increases are passed on to senior levels of government. Grant revenue increases in 2027 with the premised return of LGCAP funding (three years' worth of funding [2024 – 2026] was received in a lump sum in 2024). The other revenue is the Fortis operating fee.

Other revenues are down compared to the prior year plan primarily due to lower utility revenues in the community and lower interest rates. Utility revenues drive both the 1% tax as well as the Fortis franchise fees in other revenue. Interest rates have been adjusted to today's environment.

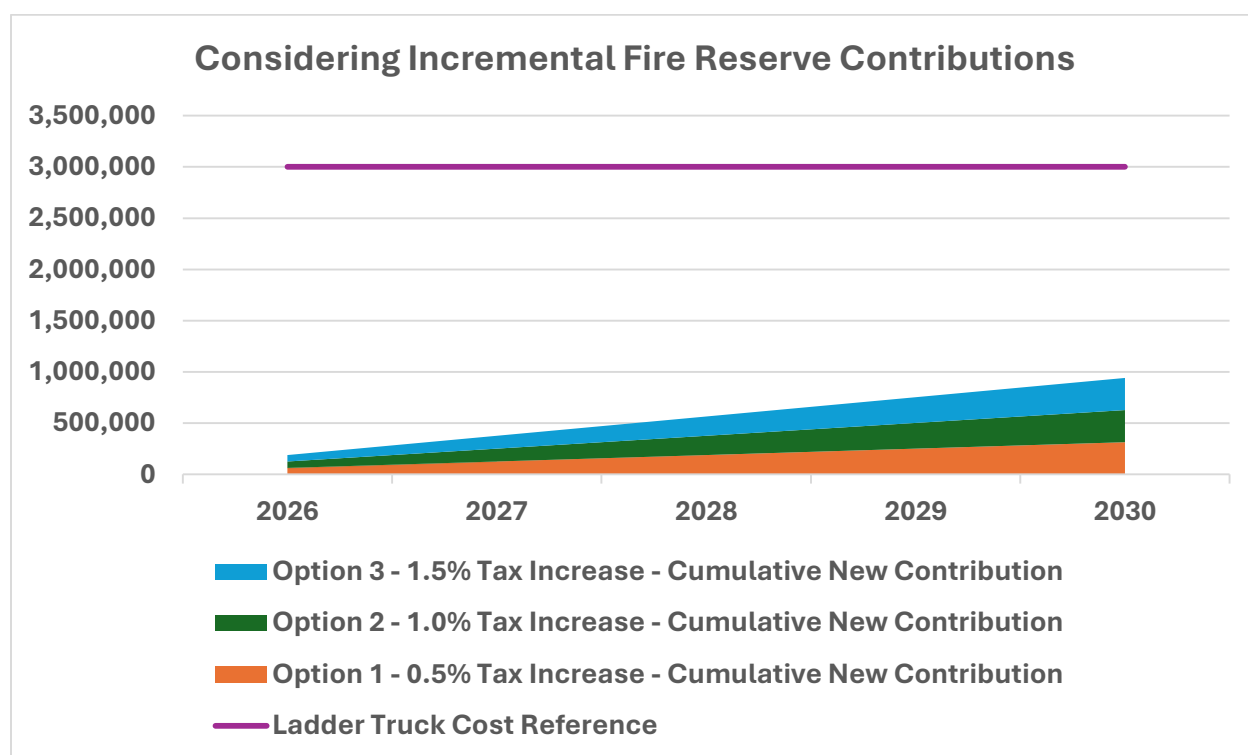


Strategic Decisions for the 2026+ Financial Plan

Options on Savings for Water, Sewer, and Fire

Fire

During the fall 2025 Audit & Finance Committee, Council was interested in seeing incremental fire reserve contribution options up to the equivalent of a 1.5% tax increase. These would be over and above the base \$163,274 being contributed annually for self-contained breathing apparatus renewal and smaller equipment/projects.

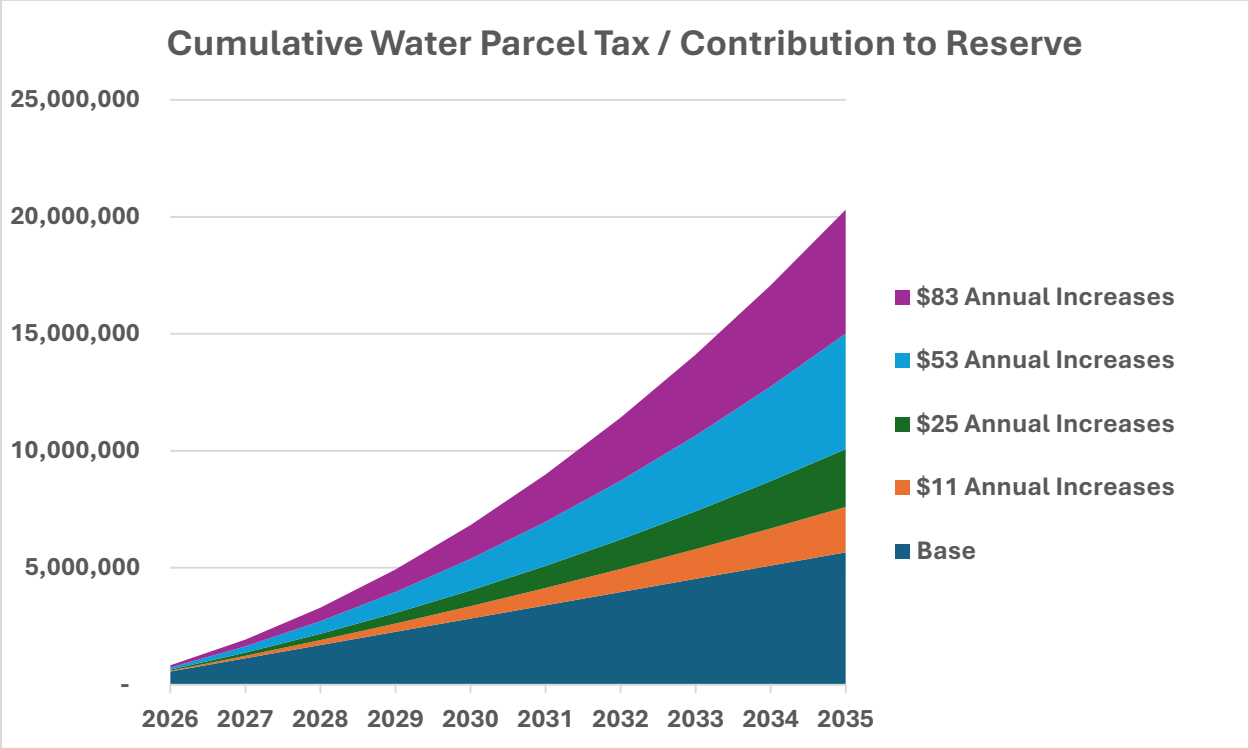


The above graph illustrates that Option 3 at the top end would save a third of the cost of the ladder truck over a five-year period. The above graph assumes the reserve contributions would be included in the base tax increase. Council may also direct staff to only consider incremental contributions if there is development uplift or non-market change on the assessment roll.

Water

The following table provides options regarding the annual increase in water parcel taxes / contribution to reserves such that Council can issue direction on an annual increase based on their infrastructure funding goals. The 2025 water parcel tax rate is \$176.40.

Annual Increase in Water Parcel Tax	Year 1 Contribution	Five-Year Cumulative Contribution	Ten-Year Cumulative Contribution
\$ 11	\$ 601,179	\$ 3,358,776	\$ 7,599,752
\$ 13	\$ 607,595	\$ 3,455,016	\$ 7,952,632
\$ 15	\$ 614,011	\$ 3,551,256	\$ 8,305,512
\$ 17	\$ 620,427	\$ 3,647,496	\$ 8,658,392
\$ 19	\$ 626,843	\$ 3,743,736	\$ 9,011,272
\$ 21	\$ 633,259	\$ 3,839,976	\$ 9,364,152
\$ 23	\$ 639,675	\$ 3,936,216	\$ 9,717,032
\$ 25	\$ 646,091	\$ 4,032,456	\$ 10,069,912
\$ 27	\$ 652,507	\$ 4,128,696	\$ 10,422,792
\$ 29	\$ 658,923	\$ 4,224,936	\$ 10,775,672
\$ 31	\$ 665,339	\$ 4,321,176	\$ 11,128,552
\$ 33	\$ 671,755	\$ 4,417,416	\$ 11,481,432
\$ 35	\$ 678,171	\$ 4,513,656	\$ 11,834,312
\$ 37	\$ 684,587	\$ 4,609,896	\$ 12,187,192
\$ 39	\$ 691,003	\$ 4,706,136	\$ 12,540,072
\$ 41	\$ 697,419	\$ 4,802,376	\$ 12,892,952
\$ 43	\$ 703,835	\$ 4,898,616	\$ 13,245,832
\$ 45	\$ 710,251	\$ 4,994,856	\$ 13,598,712
\$ 47	\$ 716,667	\$ 5,091,096	\$ 13,951,592
\$ 49	\$ 723,083	\$ 5,187,336	\$ 14,304,472
\$ 51	\$ 729,499	\$ 5,283,576	\$ 14,657,352
\$ 53	\$ 735,915	\$ 5,379,816	\$ 15,010,232
\$ 55	\$ 742,331	\$ 5,476,056	\$ 15,363,112
\$ 57	\$ 748,747	\$ 5,572,296	\$ 15,715,992
\$ 59	\$ 755,163	\$ 5,668,536	\$ 16,068,872
\$ 61	\$ 761,579	\$ 5,764,776	\$ 16,421,752
\$ 63	\$ 767,995	\$ 5,861,016	\$ 16,774,632
\$ 65	\$ 774,411	\$ 5,957,256	\$ 17,127,512
\$ 67	\$ 780,827	\$ 6,053,496	\$ 17,480,392
\$ 69	\$ 787,243	\$ 6,149,736	\$ 17,833,272
\$ 71	\$ 793,659	\$ 6,245,976	\$ 18,186,152
\$ 73	\$ 800,075	\$ 6,342,216	\$ 18,539,032
\$ 75	\$ 806,491	\$ 6,438,456	\$ 18,891,912
\$ 77	\$ 812,907	\$ 6,534,696	\$ 19,244,792
\$ 79	\$ 819,323	\$ 6,630,936	\$ 19,597,672
\$ 81	\$ 825,739	\$ 6,727,176	\$ 19,950,552
\$ 83	\$ 832,155	\$ 6,823,416	\$ 20,303,432



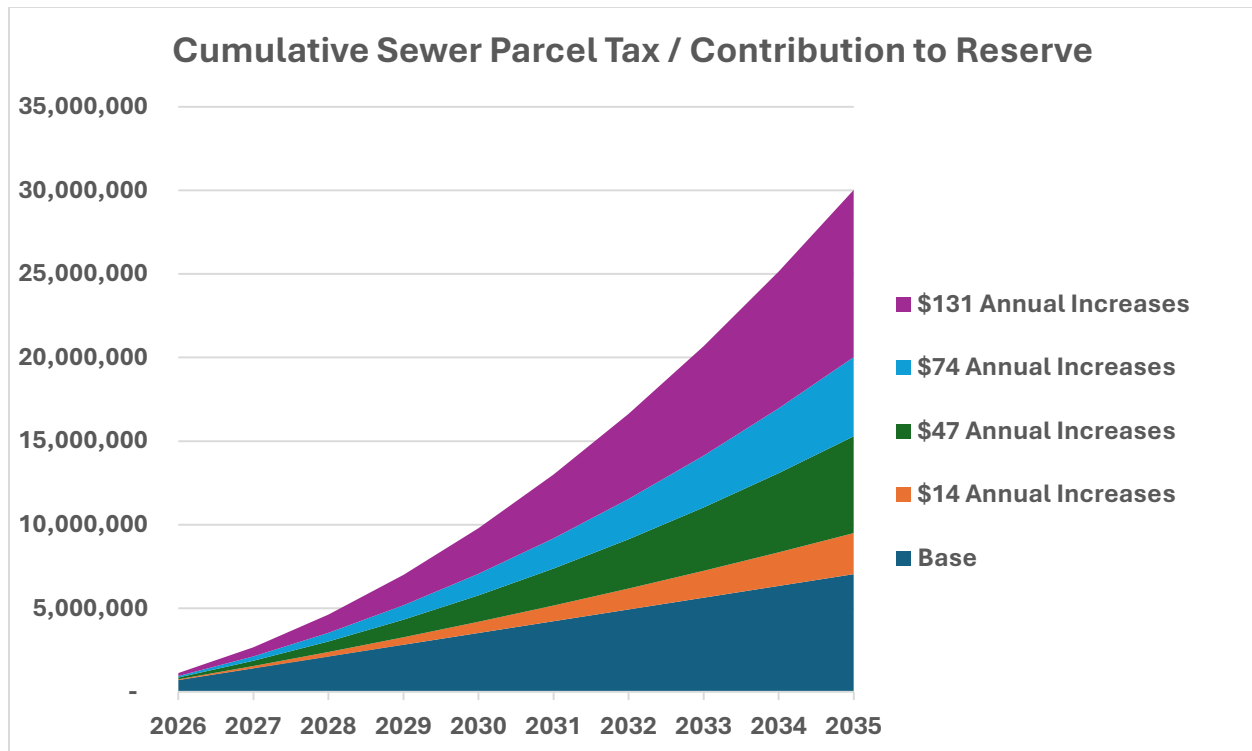
The graph illustrates the paths to contributing ~\$7.5M, ~\$10M, ~\$15M, and ~\$20M to reserves at the end of a ten-year period. A combination of reserves, grants, and debt will be required to renew the facilities and mains within the water supply network and advance infrastructure projects such as the Kengard well. Council will direct staff on the 2026 increase so bylaws can be updated in Q1 2026.

Sewer

The following table provides options regarding the annual increase in sewer parcel taxes / contribution to reserves such that Council can issue direction on an annual increase based on their infrastructure funding goals. The 2025 sewer parcel tax rate is \$220.50.

Sewer

Annual Increase in Sewer Parcel Tax	Year 1 Contribution	Five-Year Cumulative Contribution	Ten-Year Cumulative Contribution
\$ 14	\$ 748,290	\$ 4,188,188	\$ 9,493,225
\$ 17	\$ 757,863	\$ 4,331,783	\$ 10,019,740
\$ 20	\$ 767,436	\$ 4,475,378	\$ 10,546,255
\$ 23	\$ 777,009	\$ 4,618,973	\$ 11,072,770
\$ 26	\$ 786,582	\$ 4,762,568	\$ 11,599,285
\$ 29	\$ 796,155	\$ 4,906,163	\$ 12,125,800
\$ 32	\$ 805,728	\$ 5,049,758	\$ 12,652,315
\$ 35	\$ 815,301	\$ 5,193,353	\$ 13,178,830
\$ 38	\$ 824,874	\$ 5,336,948	\$ 13,705,345
\$ 41	\$ 834,447	\$ 5,480,543	\$ 14,231,860
\$ 44	\$ 844,020	\$ 5,624,138	\$ 14,758,375
\$ 47	\$ 853,593	\$ 5,767,733	\$ 15,284,890
\$ 50	\$ 863,166	\$ 5,911,328	\$ 15,811,405
\$ 53	\$ 872,739	\$ 6,054,923	\$ 16,337,920
\$ 56	\$ 882,312	\$ 6,198,518	\$ 16,864,435
\$ 59	\$ 891,885	\$ 6,342,113	\$ 17,390,950
\$ 62	\$ 901,458	\$ 6,485,708	\$ 17,917,465
\$ 65	\$ 911,031	\$ 6,629,303	\$ 18,443,980
\$ 68	\$ 920,604	\$ 6,772,898	\$ 18,970,495
\$ 71	\$ 930,177	\$ 6,916,493	\$ 19,497,010
\$ 74	\$ 939,750	\$ 7,060,088	\$ 20,023,525
\$ 77	\$ 949,323	\$ 7,203,683	\$ 20,550,040
\$ 80	\$ 958,896	\$ 7,347,278	\$ 21,076,555
\$ 83	\$ 968,469	\$ 7,490,873	\$ 21,603,070
\$ 86	\$ 978,042	\$ 7,634,468	\$ 22,129,585
\$ 89	\$ 987,615	\$ 7,778,063	\$ 22,656,100
\$ 92	\$ 997,188	\$ 7,921,658	\$ 23,182,615
\$ 95	\$ 1,006,761	\$ 8,065,253	\$ 23,709,130
\$ 98	\$ 1,016,334	\$ 8,208,848	\$ 24,235,645
\$ 101	\$ 1,025,907	\$ 8,352,443	\$ 24,762,160
\$ 104	\$ 1,035,480	\$ 8,496,038	\$ 25,288,675
\$ 107	\$ 1,045,053	\$ 8,639,633	\$ 25,815,190
\$ 110	\$ 1,054,626	\$ 8,783,228	\$ 26,341,705
\$ 113	\$ 1,064,199	\$ 8,926,823	\$ 26,868,220
\$ 116	\$ 1,073,772	\$ 9,070,418	\$ 27,394,735
\$ 119	\$ 1,083,345	\$ 9,214,013	\$ 27,921,250
\$ 122	\$ 1,092,918	\$ 9,357,608	\$ 28,447,765
\$ 125	\$ 1,102,491	\$ 9,501,203	\$ 28,974,280
\$ 128	\$ 1,112,064	\$ 9,644,798	\$ 29,500,795
\$ 131	\$ 1,121,637	\$ 9,788,393	\$ 30,027,310



The graph illustrates the paths to contributing ~\$9.5M, ~\$15M, ~\$20M, and ~\$30M to reserves at the end of a ten-year period. A combination of reserves, grants, and debt will be required to renew the facilities and mains within the wastewater network and advance infrastructure projects such as the WWTP upgrade/replacement. Council will direct staff on the 2026 increase so bylaws can be updated in Q1 2026.

Conclusion

The last two years have focused on balancing the operational budget and beginning to save for critical infrastructure. This has been in service of getting to the point where the City of Merritt is today; namely where choices are now possible. Choices from taxation rates/paths to funding future capital investment. The following table summarizes choices contained with the financial plan.

Choices	
Taxation Paths	Two options were proposed for the five-year plan. Option #1 is to tax for the use of funds required in any given year. This results in some years with spikes as fleet replacements are delivered (i.e. the ladder truck in 2030). A second option is to smooth out the five-year profile at 4.9% annually.
Fire Department Capital Funding	Council may consider increasing the reserve contributions for the fire department for future capital requirements. Choices also exist on whether any incremental contributions are to be embedded in the tax rate on the base or whether incremental contributions are to be considered from any development uplift or non-market change.
Records	SharePoint project implementation in 2026.
Economic Development	The advertising budget was cut in half two consecutive years. During that time, focus was placed on grant-funded projects. This option restores ~60% of the original funding level [+\$35,000] to implement some of the recommendations coming out of the projects including the economic development marketing study.
New Capital Projects	Building up some reserves allows for capital projects to be considered without directly impacting the tax rate. New capital projects in the 2026 – 2030 plan include: • Fire Department: Fire Hoses (grant funded) • Community Services: AEDs for all remaining facilities, renovating the formerly tenanted space in City Hall, replacing the City Hall doors, dealing with the former CPO building, Spirit Square, Cadet Hall HVAC/AC • Infrastructure (Public Works): Voght St Roundabouts, airport asphalt annual program, bridge maintenance investments • Parks: Central Park lighting, periodic renewal programs for receptacles, benches, and picnic tables
Summer Camp Service Offering	The Canada Summer Jobs eligibility is changing which may be considered in setting level of service for 2026+.
Infrastructure (Public Works)	Resourcing priority areas (GIS) with options to use residual grant funds to trial seasonal support (cemetery).
Tourism Funding	Council has an option to fund tourism as part of their direction to staff on a service agreement.
Safety FTE Classification	The City of Merritt needs to progress becoming core certified. There is an option to reclass the position to try and successfully place a candidate.
Transit	Staff are awaiting response from the TNRD and other stakeholders (i.e. LNIB) on funding changes for the transit routes operating outside of municipal boundaries. Council will have the opportunity to make service level decisions pending the outcome.
Water and Sewer Reserve Contributions	A combination of reserves, grants, and debt will be required to renew water and sewer infrastructure. Council has choices as it relates to reserve contribution levels and future funding optionality for projects such as the WWTP.

To close out the meeting, Council will direct staff on whether this is a plan they would like to take for public input in January.

Appendix 1: Prior Year Capital Listing

Capital Financial Plan		---2025-2029 Bylaw---				
\$000s		2025	2026	2027	2028	2029
Kengard			7,550			
Flood Recovery and Mitigation - Grant Funded	4,382		366	200		
Housing - Grant Funded	125		140	250	150	4,000
East Merritt Utility Corridor				1,200	1,350	1,500
Ladder Truck				1,000		2,000
Water Meters	2,250		750			
Airport Runway Rehab and Lights (Grant Contingent)	2,355					
Engine 2	900		900			
Hill Street Mixed Use Path (Grant Contingent)				1,600		
Pipe Bridge Replacement	870					
West Merritt Active Transportation	729					
Airport Road Overlay			600			
NVAC Mechanical Room	545					
Street Sweeper				525		
Asphalt/Sidewalks/Bridges Program	100		100	100	100	100
Houston Overlay Bridge to Middy Valley Rd			500			
IT	100		100	100	100	100
Commercial Garbage Truck	450					
Residential Garbage Truck			450			
Cemetery Expansion					450	
Kengard Well Design	443					
Residential Garbage Truck	441					
Civic Centre Flooring			125	115	100	30
River Ranch Rd Mill, Inlay, Lane Channelization				365		
Rotary Park Spray Park Replacement					350	
Juniper Erosion Repairs	350					
Compost Safety Improvements	332					
Freightliner				320		
Central/Rotary Rubber Surface Replacements (Grant Contingent)				300		
Fairley Park			250			
Hydrants	50		50	50	50	50
Grader	250					
Sand Salt Storage Shed			250			
Compost Safety Improvements			243			
Valves	102		35	35	35	35
Municipal Tractor						240
Exit 286	229					
Municipal Tractor			225			
Skid Steer Loader				225		

Mini Excavator				225	
Electric Ice Resurfacers		200			
Voght Park UV and Electrical Room Separation	200				
Quilchena Alley Water Main Replacement	190				
Curling Rink Chiller Replacement		180			
Hydraulic Extraction Tools	159				
Nicola Voght Lane Improvements		150			
Civic Centre New Siding (Grant Contingent)		140			
NVAC Repaint Roof Beams			125		
Asphalt Trailer	120				
EV x2 Grant Funded	101				
NVAC Shower Tiles and Valve Replacement	99				
Civic Centre Roof (Grant Contingent)			95		
NVAC Pool Deck Resinous Floor	92				
Columbarium	90				
Command 1				90	
Water Masterplan Update	68				
Second Avenue Siphon Repair		65			
Dike Maintenance		15	15	15	20
NVMA Mezzanine Flooring Replacement		60			
Pickups				60	
Upgrade Voght and Gordon to Camera Detection	60				
NVAC Slide Replacement	58				
NVAC Shower Boiler and Mixing Valve	55				
Sewer Model Maintenance	10	10	10	10	10
WWTP Implementation Strategy	50				
Water Model Maintenance	10	10	10	10	10
City Hall LGCAP-Funded Lighting Retrofit	48				
Thorpe Water Main Looping Design/Construction		45			
Parker Drive Storm Sewer	45				
Air Photo and Lidar Update					40
Compressor Grant Funded	40				
NVMA HVAC #2 Grant Contingent	38				
NVMA HVAC #2 (for funding in '26 if no grant in '25)		38			
NVAC Gym Equipment	9	9	9	9	
Air Photo and Lidar Update		35			
Solid Waste New Bin Supply		15		20	
Civic Centre Chairs Upgrade	9	9	9	9	
Chlorine Pumps EOL Replacement	33				
Irrigation Clocks Upgrade	33				
NVAC Sound System	32				
Civic Centre Round Table Replacement	15	15			
Reservoir Inspections	4			25	

Nicola Signalization	29				
Walters Sidewalk	28				
Rotary Park Spray Park Replacement Design	25				
Storm Sewer Model Maintenance	5	5	5	5	5
Screen Grizzly	24				
Fairley Park Design	20				
Lions Park Pathway Connections and Washroom Apron		20			
Balancing Reservoir Cleaning and Maintenance	20				
City Hall Safety Glass and Speakers	20				
Electrical Power Entrance Gate	18				
Rotary Park Bandshell Gate Enclosure (Grant Contingent)		16			
NVAC Viewing Deck Tile Floor	16				
Pickleball Court Surface Remediation Design	16				
NVAC Safety Glass and Building Cameras	15				
Lions Park Bathroom	15				
Rotary Park Bathroom		15			
Fall Fair Washrooms	15				
Civic Centre Safety Glass and Cameras	15				
NVMA Relief Valve Replacement	14				
Lighting	13				
PW Tool Replacements	13				
Cemetery Irrigation Audit and Upgrades	12				
NVMA Arena Chiller Half Life Inspection	11				
Shop Security Camera Upgrade	11				
Bulk Water Meter / Backflow		11			
Seacan Electrical Hookup	10				
NVMA Cameras	9				
Gargage Electrical Service	9				
Letterboard Sign Trailer	9				
Sander Stand	8				
Juniper Outfall & Erosion	7				
Brine Storage Tank	6				
NVAC Guard Room AED	5				
Cemetery Expansion	4				