

COUNCIL REPORT

To: Mayor and Council

From: Finance

Date: February 18, 2026

Subject: 2026 Provisional Capital and Operating Budgets

RECOMMENDATION:

THAT Council approve the 2026 Provisional Capital and Operating Budgets;

AND THAT Council direct staff on the preferred funding scenario for the 2026 Provisional Operating Budget.

BACKGROUND:

2026 Provisional Capital and Operating Budgets

Since the beginning of January, a number of budget meetings have taken place to support the development of the provisional budget which authorizes the expenditures for the fiscal year.

On February 9, 2026 Council was provided a presentation on the proposed 2026 capital projects. No changes have taken place since that meeting and the 2026 Draft Provisional Capital Budget is attached for Council's consideration.

The operating budget was 95% complete at the January 26, 2026 budget meeting and had an estimated budget shortfall of \$800,354. After finalizing the budget and completing a more detailed review, the shortfall has been reduced to \$638,813. Attached to the report is the 2026 Draft Provisional Operating Budget for Council's consideration.

Provisional Operating Budget – Funding Scenarios

Comments made during the January 26, 2026 budget meeting reflected a desire to stay within a 6-8% property tax revenue increase, with the additional shortfall to be funded through other sources. The following summarizes three funding scenarios for Council to consider. Further details of each can be found in the attached Scenario Appendices.

	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 (*municipal property tax only)
2025	\$266,919	100,000	50,000	437,074	9.09%	\$126.96
2026 Scenarios	\$100,000	\$54,857	\$100,000	\$383,956	8.00%	\$115.60
	\$120,000	\$62,926	\$120,000	\$335,887	7.00%	\$101.49
	\$140,000	\$70,994	\$140,000	\$287,819	6.00%	\$89.22

NEXT STEPS:

If approved, the provisional general operating and capital budget will be effective immediately until the 2026-2030 Financial Plan Bylaw and Property Tax Bylaw are adopted no later than May 15, 2026. Any revisions from the provisional budgets will be reflected in the Financial Plan and the Property Tax Bylaw.

The 2026 draft municipal budget book will be available on the District of Mackenzie and Let's Chat websites on or before Monday, February 23, 2026 to provide further information on the proposed budgets.

Note - Garbage, water and sewer are funded by user fees and therefore not included in the approval for the general operating budget at this time.

COUNCIL PRIORITIES:

Strong Governance and Finances

- As the municipality's elected governing body, we serve all residents and businesses in the community. We engage residents and stakeholders on important issues and make our decisions through open and transparent processes. We are careful in our use of resources, mindful of the need to maintain programs and services, while also meeting the community's infrastructure needs.

RESPECTFULLY SUBMITTED:

Kerri Borne, Chief Financial Officer

Reviewed By: Corporate Services

Approved By: Chief Administrative Officer