

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: January 12, 2026

TO: Mayor and Council

FROM: Candice Gartry, CPA, CGA, Director, Financial Services

SUBJECT: Updated 2026 Operating Budget and Tax Considerations

RECOMMENDATIONS

THAT Council receive the corporate report dated January 12, 2026, from the Director of Financial Services, titled “Updated 2026 Operating Budget and Tax Considerations” for consideration; and

1. Provide direction to staff on which operating budget items, if any, to eliminate from the proposed 2026 operating budget.
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EXECUTIVE SUMMARY

This report provides Council with an updated overview of the City of White Rock’s 2026 operating budget and tax considerations. The City continues to face unique challenges as a small municipality, including a limited tax base, high service expectations, and external cost pressures that outpace household inflation. The adopted Financial Plan projected a 4.41% average property tax increase for 2026, but updated estimates and departmental adjustments have raised the projected increase to 4.89%. Further increases may result from priority budget requests, such as tourism initiatives and safety compliance, while final impacts will be determined once updated assessment roll numbers are received.

To meet Council’s direction of providing options to decrease the potential 2026 average property tax increase to 2.5%, staff have identified potential reductions. However, given the City’s lean staffing and minimal discretionary programs, any reductions would directly affect services and the City’s ability to meet community needs. Service level reductions are unavoidable, and each option carries risks to infrastructure renewal, community programming, and economic vitality. Staff are seeking Council’s guidance on which items to eliminate from the proposed budget, and the draft Financial Plan will be presented at Council’s first meeting in February to allow time for necessary revisions.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2025-336 November 2, 2025	THAT Council direct staff to bring forward a budget with a 5.41% tax increase, including options on how to drop the proposed budget increase to 2.5% (in line with the inflation rate). <p style="text-align: right;">CARRIED</p>
2025-335 November 3, 2025	THAT Council receive the November 3, 2025, corporate report from the Director of Financial Services, titled “2026 2030 Financial Plan Budget Process,” and 1. Direct staff to continue with the established process and timeline for the 2026 2030 financial plan budget. <p style="text-align: right;">CARRIED</p>
2025-231 July 7, 2025	THAT Council gives final reading to "White Rock Financial Plan (2025-2029) Bylaw, 2025, No. 2534, Amendment No. 1, 2025, No. 2539". <p style="text-align: right;">CARRIED</p>
2025-105 March 31, 2025	THAT Council give final reading to "White Rock Financial Plan (2025-2029) Bylaw, 2025, No. 2534". <p style="text-align: right;">CARRIED</p>

INTRODUCTION/BACKGROUND

Section 165(1) of the *Community Charter* states that:

A municipality must have a financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted.

Section 197(1) of the *Community Charter* states that:

Each year, after adoption of the financial plan but before May 15, a council must, by bylaw, impose property value taxes for the year by establishing tax rates for

- (a) The municipal revenue proposed to be raised for the year from property value taxes, as provided in the financial plan, and*

Further, Section 173(1) of the *Community Charter* states that:

A municipality must not make an expenditure other than one authorized under subsection (2) or (3).

Preliminary 2025 Budget Information

At the November 3, 2025, regular meeting, Council received the corporate report titled “2026 - 2030 Financial Plan Budget Process” (Appendix A). That report outlined the established process for developing the 2026 - 2030 Financial Plan and annual budget, including the original timeline, guiding principles, and legislative requirements. It emphasized transparency, fiscal responsibility, and alignment with Council’s strategic priorities.

The report also highlighted:

- Public engagement completed to date.

- The City's achievement of the GFOA Distinguished Budget Presentation Award for four consecutive years, reflecting a commitment to best practices and continuous improvement.
- Unique constraints faced by small municipalities, including:
 - Smaller tax base and limited revenue sources.
 - High service expectations comparable to larger cities, leaving little flexibility for program reductions.
 - Few discretionary services - cuts directly impact essential services.
 - Rates and fees must fully cover service costs and future infrastructure needs.
 - Heavy reliance on property taxes with minimal ability to diversify revenue streams under provincial regulations.
 - External cost pressures (e.g., collective agreements, rising utilities, Metro Vancouver levies) largely beyond municipal control.
 - Financial planning must balance high community expectations with limited resources and regulatory requirements.

Consumer Price Index versus Municipal Price Index

Municipalities experience inflation differently than households, which is why the Consumer Price Index (CPI) is not an accurate measure of municipal cost pressures. CPI reflects the cost of a typical household basket of goods - such as food, clothing, transportation, and housing. In contrast, municipalities face what is often referred to as the Municipal Price Index (MPI), which captures cost drivers unique to local governments, including labor costs under collective agreements, utility rates, insurance premiums, fuel, construction materials, and regional levies.

These municipal cost drivers have historically increased at a higher rate than the household basket of goods measured by CPI. For example, in the Lower Mainland, CPI for 2024 [averaged approximately 2.6%](#), reflecting moderation in consumer price growth after pandemic-related spikes (BC Stats, 2024). However, MPI for municipalities was estimated at approximately 6.0%, and is expected to be around the same percent in 2025 primarily due to wage settlements under collective agreements (often in the range of 3% - 5%), escalating Metro Vancouver water and sewer levies, and double-digit increases in construction and material costs for infrastructure projects. Utility costs and insurance premiums also rose significantly, compounding these pressures. This divergence illustrates why municipal budgets often require higher tax increases than household inflation might suggest - the cost drivers for municipalities are concentrated in areas experiencing above-average inflation compared to consumer goods.

2026 Operating Budget Information

The 2025 - 2029 Financial Plan adopted by Council included an average 4.41% property tax increase for 2026, based on estimated collective agreement adjustments, inflation, and other known factors at the time of adoption.

Table A that follows (included in Appendix B) summarizes the primary factors that contribute to the initial 4.41% average property tax increase over the 2025 rate.

TABLE A - Summarized factors that contribute to the 2026 budgeted property tax increase of 4.41% as per the 2025 - 2029 Financial Plan:

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Est. Avg. Impact per Single Family Household	Est. Avg. Impact per Multi Family Household
Fiscal Services	\$ (200,000)	Property Tax Revenue	Anticipated additional revenue - New market growth	-0.61%	-0.61%	\$ (29)	\$ (11)
Fiscal Services	(146,000)	Fees & Charges Other Revenue	Anticipated additional revenue - Fees & Charges and other revenues	-0.45%	-1.06%	(21)	(8)
Fiscal Services	185,600	Reserves	Budgeted increase to capital works reserve for facility upgrades/replacement - increase based on expected appraisal costs for facility replacements	0.57%	-0.49%	27	10
Fiscal Services	22,700	Reserves	Budgeted increase to equipment replacement reserves, preliminary values based on increased cost estimates	0.07%	-0.42%	3	1
Fiscal Services	25,000	Reserves	Budgeted increase to PC replacement reserve (includes servers, employee PCs and other PC related equipment)	0.08%	-0.34%	4	1
Fiscal Services	20,400	Reserves	Budgeted increase for roadworks reserve to help account for annual inflation impacts (for roads replacement and overlays)	0.06%	-0.28%	3	1
Fiscal Services	215,300	Reserves	Budgeted increase for overall capital and infrastructure reserve to help account for annual inflation impacts (includes items such as park upgrades, new equipment purchases and financial system upgrades)	0.66%	0.38%	31	12
Police Services	284,600	RCMP Contract	RCMP contract increase (based on E-Division 2024/25 - 2028/29 budget projections)	0.87%	1.24%	41	16
Various	951,700	Salaries & Benefits	Labour increases related to anticipated collective agreement increases and exempt compensation policy	2.91%	4.15%	138	54
Various	84,702	Various	Other various cost increases	0.26%	4.41%	12	5
Total for Table A						\$ 209	\$ 81

Staff have presented the items in the tables with an estimate of the percentage impact of each item on the proposed overall property tax increase, as well as an estimate of the average impact per single-family (SF) and multi-family (MF) household, rounded to the nearest dollar. It is important to note that these figures are estimates only and are based on last year's assessment roll numbers. Once the final assessment roll numbers are received from BC Assessment (usually in late March), the average impact amounts will be recalculated.

It is important to note that the property tax increase percentages, and the dollar impact values to households, are estimated averages. This means that if the individual property value has increased/decreased in value similar to the average of other properties in the area, that individual property should expect to see their property increase by this average rate. If the individual property's assessed value has increased by more than the average, their actual property tax increase will be higher. Similarly, if the value of the individual property has changed by less than the average, that property would likely see a lower property tax increase than the average. (For more information on how changes in assessed values impact property taxes, please visit the BC Assessment [website](#).)

In the November 3, 2025, corporate report, staff presented provisional estimates indicating that updated assumptions and departmental budget adjustments, including new or increased budget requests, could add approximately 2% to the 2026 property tax increase, beyond the 4.41% increase included in the adopted 2025 - 2029 Financial Plan. Since that time, staff have refined these figures to reflect more accurate and current information. The adjustments incorporate evolving cost pressures such as estimated collective agreement settlements, inflationary impacts, and contractual changes, as well as emerging service needs identified by departments. These refinements provide a clearer picture of the financial challenges facing the City as it works to balance fiscal responsibility with maintaining services.

Summary Budget Change Tables

Table B (included in Appendix B) summarizes the updated cost estimates and assumptions for 2026, raising the projected property tax impact to 4.89% (estimated impact SF: \$232, MF: \$87).

Table B - Budget adjustments/changes in assumption for the 2026 operating budget:							
Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Est. Avg. Impact per Single Family Household	Est. Avg. Impact per Multi Family Household
			Starting tax increase for 2026 (based on Table A above)		4.41%	\$ 209	\$ 81
Parking Services	\$ (434,600)	Parking Revenue	Net increased Parking Revenue based on Council approved rates for 2026	-1.33%	3.08%	(63)	(25)
Financial Services	(186,400)	Fees & Charges Other Revenue	Anticipated additional revenue - Fees & Charges and other revenues	-0.57%	2.51%	(27)	(11)
Common Services	(122,500)	Recovery of Costs - Internal	Increase in recovery of administration costs from Utilities based on updated estimates of staff time and other expenses	-0.37%	2.14%	(18)	(7)
Engineering & Municipal Operations - Parks	(43,200)	Wages	Eliminate Parks Administrative Assistant position (part-time)	-0.13%	2.01%	(6)	(2)
Various	(34,700)	Insurance	Net decrease in property insurance and other insurance costs based on invoices for Oct 2025 - Oct 2026 term, partially offset by higher MIABC liability insurance for 2026	-0.11%	1.90%	(5)	(2)
Engineering & Municipal Operations - Parks	(30,000)	Contract Maintenance	Budget savings based on new litter collection contract	-0.09%	1.81%	(4)	(2)
Police Services	6,200	Insurance, Maintenance, Reserves (vehicle)	Operating costs, and annual transfer to reserve, for replacement cost of new Community Policing vehicle approved by Council at December 1, 2025, meeting	0.02%	1.83%	1	0
Various	17,498	Other	Other various cost increases	0.05%	1.88%	3	1
Fiscal Services	23,600	Audit	Increase audit costs due to new contract after RFP process	0.07%	1.95%	3	1
Protection Services	34,500	E-Comm	Increased E-Comm radio infrastructure and equipment levy charges	0.11%	2.06%	5	2
Information Technology	37,000	Software Maintenance	Increased software maintenance costs	0.11%	2.17%	5	2
Engineering & Municipal Operations - Roads	40,700	Contract Maintenance	Increases related to higher contract maintenance for traffic lights, and increased overall costs for maintenance and maintenance supplies	0.12%	2.30%	6	2
Fiscal Services	75,000	Equipment Reserve	Increased transfer to Equipment Replacement reserve for Fleet - Primarily related to increased costs for Fire Rescue vehicles and a moved-up timeline for replacement	0.23%	2.53%	11	4
Parking Services	94,900	Credit Card Processing Fees	Increased credit card processing fees, based on current year actual costs incurred and additional revenue budgeted for 2026	0.29%	2.81%	14	5
Various	111,200	Salaries & Benefits	Updated assumptions for wages and benefits increases primarily related to IAFF	0.34%	3.15%	16	6
Fiscal Services	153,400	Capital Works	Increased transfer to Capital Works reserve for facility upgrades (based on higher appraisal costs for facility replacements as of September 2025)	0.47%	3.62%	22	9
Police Services	179,200	RCMP Contract/ Salaries & Benefits	Increase to RCMP municipal policing contract above what was in the 2025 - 2029 Financial Plan for 2025	0.55%	4.17%	26	10
Fiscal Services	235,500	Investment Income	Decreased projected investment income due to decreased interest rates	0.72%	4.89%	34	13
Total for Table B	\$ 157,298				Cumulative Impact	\$ 232	\$ 87

The changes in the updated budget are primarily driven by lower anticipated investment income, resulting from declining interest rates, and higher costs associated with the RCMP municipal policing contract, as well as increased estimated collective agreement impacts based on patterns observed across the Lower Mainland. While management has implemented strategies to identify savings - such as increased revenues from parking and other fees, improved cost recovery from utilities through a review of administrative cost allocations and reduced net costs for insurance and litter services - these measures only partially offset the pressures of the other increases. The overall effect results in an average property tax increase above what was projected in the 2025 - 2029 Financial Plan.

It is important to note that interest rate declines are expected to continue, reducing investment income in future years, likely necessitating further property tax adjustments to compensate for revenue shortfalls.

Table C (included in Appendix B) outlines budget requests that have been identified as priorities or enhancements. Some items, such as funding for tourism initiatives and the community parade, are intended to increase the City's visibility and promote economic and cultural engagement. Two requests for additional wages are considered high priority, as they address ongoing gaps related to safety, regulatory compliance, and legislative requirements. The summer misting station, also included in this table, has been funded as a one-time item from surplus for the past several years but is now presented for consideration as an ongoing budget commitment. If these

items are approved, their inclusion would increase the average projected property tax increase to 5.67% over the 2025 average rate (estimated impact SF: \$269, MF: \$102).

Table C - Additional 2026 operating budget requests:

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Est. Avg. Impact per Single Family Household	Est. Avg. Impact per Multi Family Household
			Starting tax increase for 2026 (based on Table B above)		4.89%	\$ 232	\$ 87
Corporate Administration - Communications & Government Relations	\$ 8,100	Consultants	Increased tourism budget to support and expand marketing and visitor initiatives.	0.02%	4.91%	1	0
Corporate Administration	94,200	Wages	Additional position to fully address the FOI and Privacy Impact Assessments. Increased FOI details required, as well as the need to conduct privacy impact assessment (which the department currently cannot perform due to resources constraints). Privacy Impact Assessments are a regulatory need.	0.29%	5.20%	14	5
Human Resources	\$ 80,100	Wages	Additional budget to create Safety Officer position. Workload to current Manager of Facilities & Corporate Health far exceeds what was expected. Current manager's time has been overwhelming needed to manage facilities, leaving no time to focus on safety issues across the City.	0.24%	5.45%	12	5
Planning & Development Services - Building	29,200	Consultant	Costs for building permit review consultant to aid in high-application times. This has been a one-time budget item for the past few years, requesting budget to make it a regular operating item.	0.09%	5.53%	4	2
Recreation & Culture - Events & Culture	\$ 5,000	Community Parades	Costs to take City float and participate in the La Conner Tulip Parade (sister city).	0.02%	5.55%	1	0
Recreation & Culture	10,000	Public Art Maintenance	Dedicated art maintenance budget for the City's public art program.	0.03%	5.58%	1	1
Recreation & Culture	\$ 30,000	Program Costs	Summer Misting Station; has been a one-time expense for past few years, but given that it has been an expense for more than one-year, requesting budget to make it a regular operating expense.	0.09%	5.67%	4	2
Total for Table C						\$ 269	\$ 102

Potential Budget Reductions

At its November 3, 2025, regular meeting, Council directed staff to identify potential reductions to achieve a 2.5% average property tax increase for 2026. Reducing the projected increase from 5.67% to 2.5% would require eliminating approximately 3.2% of total expenditures, about \$1M.

White Rock does not have discretionary programs or excess staffing that can be reduced without significant impacts. Unlike larger municipalities, which often maintain departments and positions considered discretionary or non-essential - such as Strategic Initiatives, Investigative Services, Crime Reduction and Intervention, Healthy Communities, Diversity and Inclusion, or Public Engagement Strategy - or additional administrative layers that can be trimmed, White Rock offers very few, if any, optional services.

Staffing levels are already minimal, with directors and staff performing multiple roles to maintain operations. Most directors are actively involved in day-to-day operations because the City lacks the staffing depth found in larger organizations. This lean structure means any reductions in staffing would directly affect essential services and the City's ability to meet community needs.

To achieve a 2.5% property tax target, service level reductions are unavoidable. For Council's consideration, staff have prepared Table D (attached within Appendix B) with items, such as community events, policing initiatives and decreasing transfers to reserves as potential budget reduction items, totaling \$859K. Inclusion of all potential budget reductions listed would result in an estimated property tax increase of 3.05% for 2026 (estimated impact SF: \$147, MF: \$55). Each potential reduction is accompanied by a summarized risk and impact assessment to support informed decision-making.

Implementing some or all the budget reduction items outlined in Table D would directly impact the quality and availability of programs and services that residents depend on. Areas such as

infrastructure renewal, building permit processing times, community programming, and policing initiatives would be affected, potentially diminishing the City's ability to respond effectively to community needs, maintain critical infrastructure, and uphold safety standards.

Reducing or eliminating community events would significantly affect civic engagement and tourism. These events play a vital role in fostering community pride, attracting visitors, and supporting local businesses. Scaling back such activities would limit opportunities for residents to connect with one another and could result in decreased tourism revenue, ultimately affecting the City's economic vitality.

The list of potential budget reductions also includes the option to eliminate the recommended increase in transfers to the Capital Works and Equipment Replacement reserve. These increases are considered necessary by staff, as they address rising asset renewal costs and the growing assessed value of City buildings. While the precise gap between current reserve levels and the replacement cost of infrastructure is not fully known, high-level estimates place the replacement value in excess of \$1B. For this reason, staff do not recommend eliminating the increase reserve contributions listed in table D to reduce the property tax increase. Deferring these contributions would only postpone the need for future, higher increases, as the requirement to fund infrastructure and capital replacement remains, and associated costs continue to rise each year.

For Council's awareness, work is underway on the development of an Asset Management Plan (AMP). This strategic document will enable the City to manage its infrastructure in a more responsible and sustainable manner. The AMP will provide a more comprehensive overview of municipal assets - including roads, water systems, parks, and civic facilities - detailing their current condition, expected service life, and the level of service they support. It will outline strategies for maintenance and renewal, identify potential risks, and incorporate long-term financial forecasts, including estimates of replacement costs. Once completed, the plan will offer Council a more transparent perspective on future investment requirements and better support informed decision-making to ensure reliable service delivery for the community. Given the complexity and the extensive data collection involved, the preparation of the AMP is expected to continue through to 2029.

Staff Request

Staff are seeking Council's direction on which items, if any, to eliminate from the proposed 2026 operating budget.

Updated Budget 2026 and 2026 - 2030 Financial Plan Timeline

The budget timeline requires adjustment due to the additional work associated with the reduction exercise. Originally, the draft Financial Plan document was intended to be presented at Council's first meeting in January 2026. However, given the scope of the required revisions and the decisions to be made at tonight's meeting, this timeline has been revised. The draft Financial Plan is now expected to be presented at Council's first meeting in February, allowing sufficient time for staff to incorporate changes and ensure accuracy.

FINANCIAL IMPLICATIONS

The financial implications of the proposed 2026 operating budget reflect ongoing cost pressures from collective agreements, inflation, and rising utility and infrastructure expenses, resulting in a projected average property tax increase of 4.89%. Should Council approve additional budget requests, this increase could rise to 5.67%. Achieving a targeted 2.5% property tax increase would require significant reductions totaling approximately \$1M, which would impact essential services and community programs. Furthermore, such reductions could potentially diminish the City's ability to respond effectively to community needs, maintain critical infrastructure, and

uphold safety standards. Staff have identified \$859K in potential operating budget reductions, which would result in an average property tax increase of 3.05% for 2026.

LEGAL IMPLICATIONS

The [*Community Charter*](#) requires that a five-year financial plan be adopted by May 15 each year and that it include both operating and capital expenditures. The property tax bylaw must also be adopted by this same deadline. Public consultation is mandatory prior to adoption. In addition, the *Community Charter* stipulates that the total of proposed expenditures and transfers to other funds for a year must not exceed the total of proposed funding sources and transfers from other funds for that year, effectively prohibiting municipalities from budgeting or incurring an actual deficit.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Under the [*Community Charter*](#), municipalities are required to consult the public before adopting the financial plan.

Each year, the City conducts a budget survey to gather input from residents on priorities and concerns. The survey is promoted through multiple channels, including the City's website, social media platforms, and local media such as the *Peace Arch News*. Responses and comments from the 2026 budget survey were compiled and presented to Council at its regular meeting on September 15, 2025.

The next opportunity for public engagement will occur with the publication of the draft 2026–2030 Financial Plan in February 2026, providing residents with an opportunity to review and comment before final adoption.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

All City departments are involved in the development of the financial plan, and in developing the list of potential operating budget reduction.

ALIGNMENT WITH STRATEGIC PRIORITIES

Council strategic priorities are attained via departmental operating plans and their budgets.

OPTIONS / RISKS / ALTERNATIVES

Council may choose to include none or some of the identified budget reduction items in the 2026 operating budget. Each option carries associated impacts and risks, which have been summarized for Council's consideration. These include potential effects on infrastructure renewal, permit processing, public safety, and community engagement.

CONCLUSION

White Rock’s small size and limited resources mean that any reductions will be felt acutely by staff, residents, and visitors. Council’s decisions regarding budget reductions, service levels, and capital investments will have lasting impacts on residents, businesses, and the City’s ability to deliver essential services. Careful consideration of the risks, financial implications, and long-term sustainability is critical as Council balances the need for fiscal responsibility with the expectations of the community.

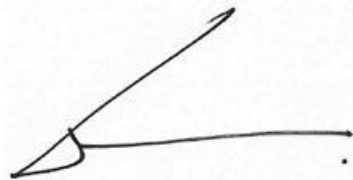
Respectfully submitted,



Candice Gartry, CPA, CGA
Director, Financial Services

Comments from the Acting Chief Administrative Officer

This report is provided for Council’s information, consideration and direction to staff.



Guillermo Ferrero
Chief Administrative Officer

Appendix A: November 3, 2025 Report 2026–2030 Financial Plan Budget Process
Appendix B: 2026 Budget Tables