

Special Open Meeting of Council Agenda December 10, 2025

Special Open Meeting of the City of Castlegar Council held in Council Chambers at the Community Forum, 445 13th Avenue, Castlegar, B.C., and via Zoom live meeting, commencing at **5:00 p.m.**

Please click the link below to join the webinar for the **Special Council Budget Meeting**:
<https://us02web.zoom.us/j/87905447356?pwd=RBrcSwJ9JaaUSjd9mzIYfIEEZUbHM3.1>

Join by telephone: 1 647 374 4685, 1 647 558 0588 Canada, 1 778 907 2071, 1 780 666 0144,
1 204 272 7920, 1 438 809 7799, 1 587 328 1099

Webinar ID: 879 0544 7356 Passcode: 802185

1 CALL TO ORDER (5:00 P.M.)

2 ADOPTION OF AGENDA

3 RESOLUTION TO RESOLVE INTO COMMITTEE OF THE WHOLE

- (a) RECOMMENDATION: Council consider and resolve itself into Committee of the Whole.

4 BUDGET DISCUSSIONS 2026 – COMMUNITY GROUP PRESENTATIONS

- (a) Castlegar Festival Society
- (b) Castlegar Communities in Bloom
- (c) Castlegar & District Public Library

5 FINANCE AND CORPORATE SERVICES (CHAIR BOGLE / DEPUTY FALSTEAD):

(a) 2026 Water and Sewer Utility Rates Bylaws (Report No. 25–90)

Report from the Director of Finance & Technology to seek Council's approval of the Water Regulations and Rates Amendment Bylaw 1446 and the Sewer Regulations and Rates Amendment Bylaw 1447 to implement rate adjustments for 2026.

RECOMMENDATIONS (to be considered individually): Council consider and resolve:

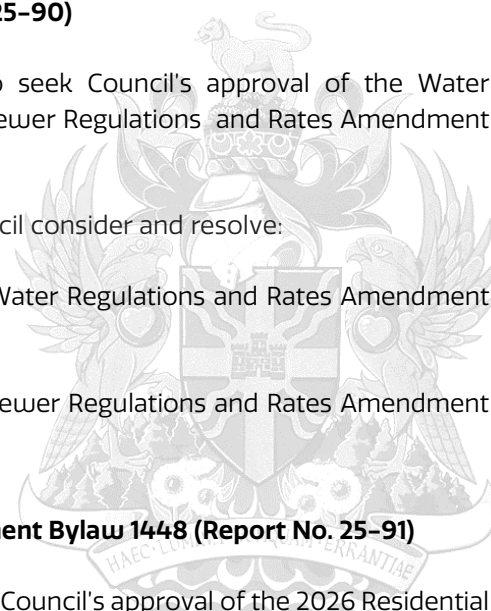
1. THAT Council consider the required readings of the Water Regulations and Rates Amendment Bylaw 1446.
2. THAT Council consider the required readings of the Sewer Regulations and Rates Amendment Bylaw 1447.

(b) 2026 Residential Curbside Collection & Disposal Amendment Bylaw 1448 (Report No. 25–91)

Report from the Director of Finance & Technology to seek Council's approval of the 2026 Residential Curbside Collection & Disposal Amendment Bylaw 1448 to implement rate adjustments for 2026.

RECOMMENDATION: Council consider and resolve:

THAT Council considers the required readings of the 2026 Residential Curbside Collection & Disposal Amendment Bylaw 1448.



6 RESOLUTION TO RISE FROM COMMITTEE OF THE WHOLE

- (a) RECOMMENDATION: Council consider and resolve to rise from Committee of the Whole.

7 BYLAWS FOR CONSIDERATION:

- (a) **Water Regulations and Rates Amendment Bylaw No. 1446 (Report No. 25-90)**

A bylaw to amend the Water Regulation and Rates Bylaw No. 1357.

RECOMMENDATION: Council consider and resolve:

THAT Water Regulations and Rates Amendment Bylaw No. 1446 be read a first, second, and third time.

- (b) **Sewer Regulations and Rates Amendment Bylaw No. 1447 (Report No. 25-90)**

A bylaw to amend Sewer Regulations and Rates Bylaw 1356.

RECOMMENDATION: Council consider and resolve:

THAT Sewer Regulations and Rates Amendment Bylaw No. 1447 be read a first, second, and third time.

- (c) **Residential Curbside Collection and Disposal Amendment Bylaw No. 1448 (Report No. 25-91)**

A bylaw to amend Residential Curbside Collection and Disposal Bylaw 1408.

RECOMMENDATION: Council consider and resolve:

THAT residential Curbside Collection and Disposal Amendment Bylaw No. 1448 be read a first, second, and third time.

8 NEXT MEETING(S):

December 17, 2026 at 5:00 p.m. for Regular Council Meeting, held in Council Chambers at the Community Forum, 445 13th Avenue, Castlegar, B.C. and via Zoom live meeting.

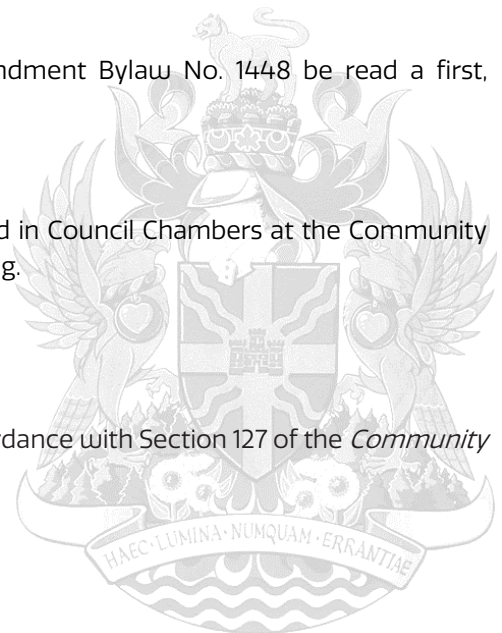
9 QUESTION PERIOD:

10 ADJOURNMENT:

Given under my hand this 9th day of December 2025 and posted in accordance with Section 127 of the *Community Charter*,

Nicole Brown

Nicole Brown
Manager of Legislative Services



CASTLEGAR

REPORT TO COUNCIL

MEETING DATE: December 10, 2025 **REPORT NO.:** 25-90
SUBMITTED BY: Director of Finance & Technology **FILE NO.:** 3900-20
SUBJECT: 2026 Water and Sewer Utility Rate Bylaws

RECOMMENDATION (to be considered individually):

- 1. THAT Council consider the required readings of the Water Regulations and Rates Amendment Bylaw 1446.***
- 2. THAT Council consider the required readings of the Sewer Regulations and Rates Amendment Bylaw 1447.***

PURPOSE:

Report to seek Council's approval of the Water Regulations and Rates Amendment Bylaw 1446 and the Sewer Regulations and Rates Amendment Bylaw 1447 to implement rate adjustments for 2026.

This report is for consideration at the December 10, 2025, Regular Committee of the Whole Meeting, three readings of the Bylaws at the December 10, 2025, Regular Council Meeting, and adoption of the Bylaws at the December 17, 2025 Regular Council Meeting.

SUMMARY/BACKGROUND:

The City of Castlegar has been implementing improved funding approaches for asset renewal over the last five years. In 2021, Council adopted the use of Municipal Price Index (MPI) to measure and forecast the municipal inflation rate to support decision-making on utility rate increases. An MPI is a tool that municipalities utilize to:

- (1) Identify major expenditure categories and to weigh those based on their share of the budget,
- (2) Track and measure inflation factors within each major expenditure category; and,
- (3) Sum the results of the weighted expenditures to determine a net rate of inflation.

By examining local and regional trends, market insights, and price indices, the MPI becomes a customized tool to track inflation factors and their impacts on annual utility budgets to help preserve or improve the purchasing power.

Last year, the water and sewer utility rates were adjusted by 5.6% and 10.6% respectively. These adjustments were based on a forecasted MPI of 4.0%. The water utility rates were increased to maintain the purchasing power, which had a healthy capital reserve and fewer capital requirements compared to the sewer utility. The sewer utility faced more substantial capital needs and had a smaller capital reserve balance, necessitating a larger increase to maintain purchasing power and support reserve building.

2025 MPI Update for 2026 Utility Rate Increases

While inflationary pressures continue to subside, the use of an MPI to measure and forecast the impact on Castlegar’s utilities remains important to understand how to preserve the purchasing power of the City’s utilities.

At this time last year, the forecasted MPI for 2025 was 4.0%. Based on more up-to-date data, and as part of the annual MPI review process, the actual MPI for 2025 is 3.1%, which is 0.9% lower than expected. The 2025 MPI Adjustment is reflected in the 2026 proposed rates. The forecasted MPI for 2026 is 3.5%.

Setting Rates for 2026 Water and Sewer Utilities

There are three key components the City considers when it comes to utility rates:

1. Municipal rate of inflation to preserve purchasing power.
2. Capital reserves for both water and sewer to meet Reserve Policy objectives.
3. Future asset renewal over the short- and medium-term for both utilities.

The City uses Urban Systems Ltd. to advise on MPI and assess the City’s Asset Management Plans to project future capital costs when setting annual rates. Urban Systems recommends increases of:

- 2.6% for the water utility, and
- 15.0% for the sewer utility.

Water Utility Rates:

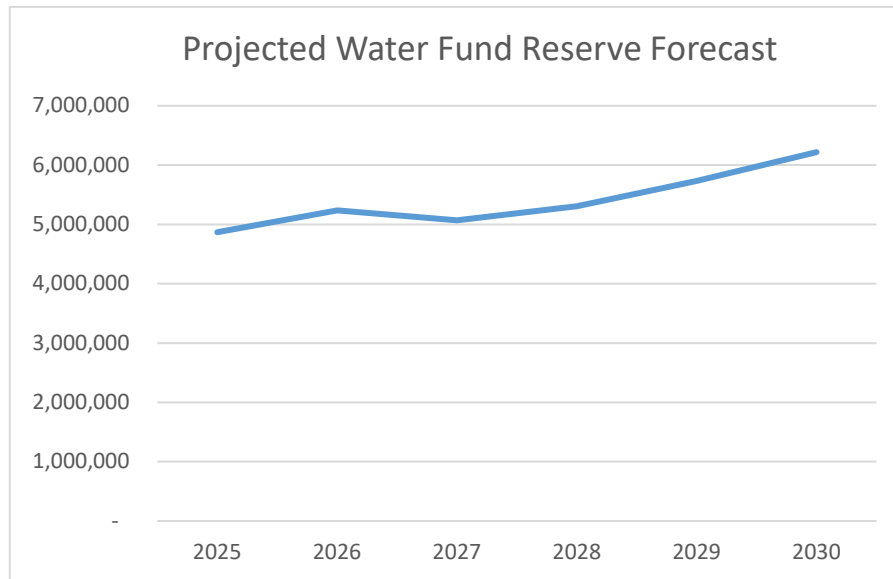
Staff recommend that the water utility is adjusted by 2.6% for 2026 which integrates the following:

- Municipal Price Index of 3.5% which preserves purchasing power
- Future asset renewal of 0.0% as the City’s Water Capital Reserve’s growth is at the desired level
- 2025 MPI adjustment of -0.9% to reflect the difference between the forecasted and updated inflation rates

2026 MPI	Capital Reserves Transfer	Future Asset Renewal	Rate Increase before MPI Adjustment	2025 MPI Adjustment	Recommended Rate Increase
3.5%	0.0%	0.0%	3.5%	-0.9%	2.6%

Included in the recommended rate is the 2025 MPI adjustment which decreased the rate from 3.5% to 2.6%. This rate allows the City to utilize reserves to adapt to continued pressure related to inflation for utility budgets while maintaining the water utility’s purchasing power. For note a 1% increase in the water utility provides \$24,225 in additional revenue.

The Water Fund reserve balances will grow more than 20% over the next five years if the 2026 rate increase is 2.6% and the next four years are at 3%. It is staff's opinion that this balance positions the City's Reserve well to respond to emerging issues and future asset replacement requirements.



The projected impact of the recommended rate increase would be as follows:

Single Family Dwelling (Residential):

	2025 Annual Rate	2026 Proposed Rate	Annual Increase	Monthly Increase	Daily Increase
Flat Fee	\$443.42	\$454.94	\$11.52	\$0.96	\$0.03
*Consumption Charge	\$168.00	\$172.37	\$4.37	\$0.36	\$0.01
Total	\$611.40	\$627.30	\$15.90	\$1.32	\$0.04

*Consumption charge based on average use of 230 cubic meters (total of 200 cubic metres, as the first 30m3 are not included in rate calculations).

**Due to rounding, totals may not add up.

Commercial:

	2025 Annual Rate	2026 Proposed Rate	Annual Increase	Monthly Increase	Daily Increase
Flat Fee	\$399.07	\$409.45	\$10.38	\$0.86	\$0.03
*Consumption Charge	\$902.70	\$926.17	\$23.47	\$1.96	\$0.06
Total	\$1,301.77	\$1,335.62	\$33.85	\$2.82	\$0.09

*Consumption charge based on average use of 1,530 cubic meters.

**Due to rounding, totals may not add up.

Sewer Utility Rates:

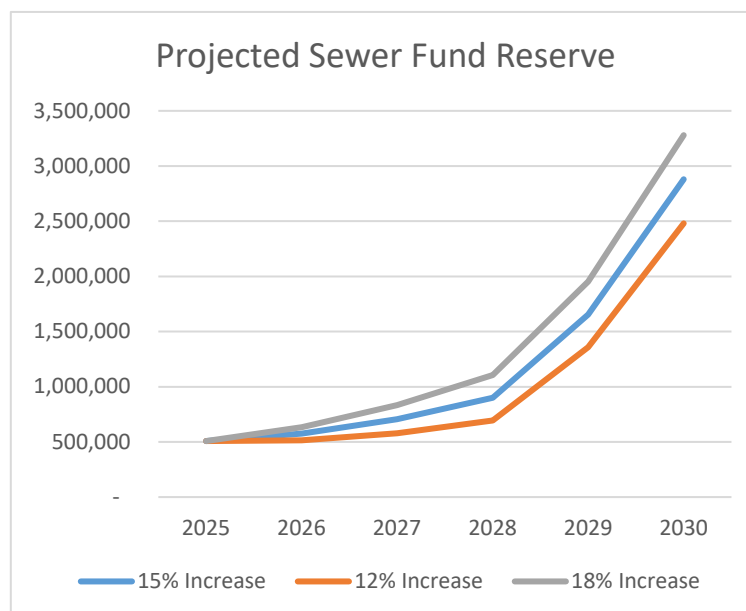
Staff recommend that the sewer utility is adjusted by 15.0% for 2026 which integrates the following:

- Municipal Price Index of 3.5% which preserves purchasing power
- Future asset renewal of 12.4% as the sewer utility faces immediate asset renewal requirements and urgent capital projects
- 2025 MPI adjustment of -0.9% to reflect the difference between the forecasted and updated inflation rates

2026 MPI	Capital Reserves Transfer	Future Asset Renewal	Rate Increase before MPI Adjustment	2025 MPI Adjustment	Recommended Rate Increase
3.5%	5.6%	6.8%	15.9%	-0.9%	15.0%

Included in the recommended rate is the 2025 MPI adjustment which decreased the rate from 3.5% to 2.6%. An increase of 15.0% is prudent to improve purchasing power and reserve building through 2026. Reserve levels are lower than required to fund the City’s capital asset needs for the Sewer Fund. For note a 1% increase in the sewer utility provides \$19,840 in additional revenue.

The 15% increase has been built into each of the years of the proposed Five-Year Financial Plan for the Sewer Fund because the reserve balance is below the City’s Reserve and Surplus Policy’s minimum balance requirements. Debt is the primary means of funding the next five years of capital purchases in the plan. After the five years of increases, the Sewer Fund will be close to meeting the minimum balance requirements but will still not be at an optimum level detailed in the policy. The graph below shows the projected reserve balance based on 12%, 15% and 18% increases over five years. It is staff’s opinion that the 15% increases annually are required to bring the reserve balance up to an acceptable base level by 2030.



The projected impact of the recommended rate increase would be as follows:

Single Family Dwelling (Residential):

	2025 Annual Rate	2026 Proposed Rate	Annual Increase	Monthly Increase	Daily Increase
Flat Fee	\$384.05	\$441.66	\$57.61	\$4.80	\$0.16
*Consumption Charge	\$122.40	\$140.76	\$18.36	\$1.53	\$0.05
Total	\$506.45	\$582.42	\$75.97	\$6.33	\$0.21

*Consumption charge based on average use of 240 cubic meters.

**Due to rounding, totals may not add up.

Commercial:

	2025 Annual Rate	2026 Proposed Rate	Annual Increase	Monthly Increase	Daily Increase
Flat Fee	\$512.05	\$588.86	\$76.81	\$6.40	\$0.21
*Consumption Charge	\$780.30	\$897.35	\$117.05	\$9.75	\$0.32
Total	\$1,292.35	\$1,486.21	\$193.86	\$16.15	\$0.53

*Consumption charge based on average use of 1,530 cubic meters.

**Due to rounding, totals may not add up.

2027 and 2028 Utility Rate Forecasting:

With support from Urban Systems, staff identified preliminary water and sewer utility ranges for 2027 and 2028. The ranges assume the continuation of the MPI+ approach and the application of the current 2027 and 2028 MPI forecasts (2.7% for 2027, 2.5% for 2028), which are based on current economic trends and events. While these forecasts may change in response to shifting economic outlooks and related events, the water and sewer utility ranges are currently forecasted as follows:

2027:

- Water: 2.7% to 3.0%
- Sewer: 12.0% to 18.0%

2028:

- Water: 2.5% to 3.0%
- Sewer: 12.0% to 18.0%

Note that these ranges use the forecasted municipal inflation rates for 2027 and 2028 and do not include the incorporation of any potential differences between the forecasted and experienced rates of inflation in 2026 and 2027. As data is made available each year, it is expected that these forecasts will change.

ALTERNATIVES:

1. Council could choose any rate within the range recommended by Urban Systems Ltd. for the water utility rates. Staff do not recommend setting water utility rates below the recommended rates as this is likely to result in a premature draw from the reserves to cover the projected capital and operational costs of the water utility in 2026 and beyond or lead to deferral of core projects as outlined in the City's Asset Management Plans.
2. Council could choose any rate within the range recommended by Urban Systems Ltd. for the sewer utility rates, specifically 12 or 18%. Staff do not recommend setting sewer utility rates below the recommended rates as this is likely to result in the deferral of core projects as outlined in the City's Asset Management Plans. Council could choose to adjust rates by 18% for 2026, staff support this recommendation as it supports healthier reserve balances sooner, but recognize the impact on rate payers.
3. Council could choose not to adopt the utility rate increases for 2026. Staff do not recommend this alternative because costs to service infrastructure are increasing. Maintaining the current rates would likely result in a premature draw from utilities reserves to cover the projected capital and operational costs, as well as impact the City's ability to fund future capital requirements for the water and sewer system as outlined in the Asset Management Plans.

IMPLICATIONS:**(1) Social**

It is important the residents are informed of the impacts of inflation and construction escalation and the objective to maintain purchasing power of the utilities.

(2) Environmental

Adequately funding both utilities is an exercise in environmental and public health protection. Consumption-based pricing also encourages water conservation efforts by residents.

(3) Personnel

It took staff approximately 40 hours to review the Bylaws and complete the analysis on the rate updates and additions. It will take approximately 15 staff hours to update the rates in the accounting software and prepare communications materials.

(4) Financial

There is a need to improve revenue generation and cost recovery based on recent inflation and cost escalation pressures. The financial position of both utilities will benefit as a result.

A resident with typical water consumption in a Single Family Dwelling can expect their annual utility costs to increase by \$15.90, or \$0.04 per day.

A resident with typical sewer consumption in a Single Family Dwelling can expect their annual utility costs to increase by \$75.97 or \$0.21 per day.

POLICY IMPLICATIONS:

The proposed rates align with Council's strategic Principle 1: *Governance & Service Excellence*, which ensures the City is managing asset and infrastructure with fiscal prudence, using business-minded and long-term perspective.

This report, as well as the appended memorandum by Urban Systems Ltd., outlines the importance of maintaining spending power including through use of the Municipal Pricing Index and setting utility rates accordingly. Future consideration should be given to Reserves and Surplus Policy 3-6 to assess its capacity to accommodate the impact of inflation.

IMPLEMENTATION:

The following steps are required to complete the process of amending the Water Regulations and Rates Bylaw 1357 (Amendment Bylaw 1446) and Sewer Regulations and Rates Bylaw 1356 (Amendment Bylaw 1447):

1. Obtain three readings of the amendment Bylaws at the December 10, 2024 Regular Council Meeting.
2. Adopt the updated Bylaws at the December 17, 2025 Regular Council Meeting.
3. Reflect the rate structure in the first billing cycle of 2026.

COMMUNICATION:

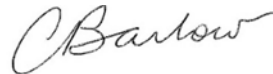
The new rates will be communicated to the community through the December 2025 Council Highlights. Residents will be advised of new rates in the first 2026 Quarterly Newsletter. The website will also be updated to reflect the new rates.

Respectfully submitted,



Steffan Klassen
Director of Finance & Technology

Approved by



Chris Barlow
Chief Administrative Officer

DATE: December 5, 2025
 TO: Steffan Klassen, Director of Finance; Paul Wallin, Manager of Finance; Ryan Reid, Accountant
 FROM: Samantha Bowen, Robin Gagne
 FILE: 0841.0115.04
 SUBJECT: 2026 MPI Rate Updates

1.0 INTRODUCTION

Since 2021, the City of Castlegar (City) has been using the Municipal Price Index (MPI) to guide sewer and water utility rate increases. This memorandum summarizes current market conditions as of Fall 2025 and uses the MPI as a determinant of the municipal inflation rate, which supports utility rate setting in 2026.

To ensure the maintenance or enhancement of purchasing power, local governments use MPIs as a tool to monitor inflation and its impact on annual budgets and capital planning. Maintaining purchasing power requires utility rate increases matching the rate of inflation (MPI), whereas improving power necessitates exceeding inflation through higher rate increases (MPI+) to build financial reserves for future projects. If a local government does not need to build reserves, or over-estimated the rate of inflation in previous years, it is also possible to reduce purchasing power through lower rate increases that do not exceed the rate of inflation (MPI-).

Table 1-1 below includes the utility rate increases approved by Council for 2024 and 2025, as well as the proposed increases for 2026. Decisions on utility rate increases are typically made by the end of the calendar year and take effect the following year. The utility rate adjustments consider the:

1. Difference of the applied forecasted rate against the actual rate of inflation; and,
2. Need to enhance the utility's purchasing power in consideration of upcoming capital expenditures and financial reserves.

Table 1-1 - Previous MPI Inflation Rates and Utility Rate Increases

Year	MPI Inflation Rate	MPI Inflation Rate	Water Utility Rate Increase	Sewer Utility Rate Increase
	Forecasted	Updated		
2024	4.0%	4.6% (+0.6%)	4.3%	6.3%
2025	4.0%	3.1% (-0.9%)	5.6%	10.6%
2026	3.5%	-	2.6%	15.0%

Looking ahead, the City has three options for determining utility rate decisions:

1. Set rates based on the forecasted MPI inflation rate for 2026, which is currently resting at 3.5%.
2. Apply an MPI+ Rate for 2026, which applies an additional percentage on top of the forecasted 2026 municipal rate of inflation.
3. Apply an MPI- Rate for 2026, which applies a smaller rate than the forecasted 2026 municipal rate of inflation.

Each option is discussed at the end of **Section 3.0**, which also includes a discussion of the 2025 - 2029 MPI forecast table. **Section 2.0** includes an overview of market conditions.

1.1 UPDATE TO EXPENDITURE CATEGORY WEIGHTINGS

Expenditure categories represent the buckets of goods and services to operate and maintain the water and sewer utilities. These categories are pre-determined by the City and consist of the following categories: wages, administration, services, operations, and transfers.

Categories should be adjusted every 2 – 4 years to ensure the MPI reflects the evolving budgets and inflations of each utility; the weightings were last updated in 2024 to reflect sewer and water utility budget changes between 2021-2024. Each category was assessed as a proportion of the total annual utility budgets for water and sewer. To create one MPI for both utilities, the expenditure categories were averaged between the water and sewer utility. From there, various indices and pricing data are used to determine category-specific inflation factors that were then averaged to determine the City’s annual municipal inflation rate.

The City of Castlegar kept MPI expenditure category weightings unchanged this year, as budget changes between 2024 and 2025 were within 5% for both utilities. For reference, **Table 1-2** below outlines the expenditure categories and the weightings carried forward from 2024.

Table 1-2. 2025 Expenditure Category Weightings

Categories	2025 Weightings (Carried Forward from 2024)
Wages <i>(e.g., Collective Bargaining Agreement)</i>	30%
Administration <i>(e.g., Courier and Postal, Cell and Internet)</i>	2%
Services <i>(e.g., Engineering, Architect, and Mapping)</i>	13%
Operations <i>(e.g., Utilities, Chemicals and Products)</i>	24%
Transfers <i>(e.g., Building Construction, Machinery and Equipment)</i>	32%

2.0 REVIEW OF ECONOMIC CONDITIONS

The following section overviews economic conditions that may influence Castlegar’s MPI.

2.1 MARKET OVERVIEW

Statistics Canada uses the Consumer Price Index (CPI) to track inflation, which measures year-over-year inflation based on a typical household's fixed basket of goods and services. It is the most well-known inflation indicator in Canada. While the CPI may not provide an exact picture of municipal inflation, it can serve as a proxy to understand broader macroeconomic conditions.

In 2024, the CPI rose 2.4% on an annual average basis, which was a reduction from an increase of 3.9% in 2023. Statistics Canada considers the effects of the COVID-19 pandemic to largely span the period between 2021-2023. If the higher inflation experienced during the COVID-19 pandemic is excluded from analysis, the 2024 annual average represents the highest increase since 2011; this return to pre-pandemic averages suggests an alignment with historical inflation rates.¹

In British Columbia, the available CPI inflation rate information for 2025 is summarized using **Table 2-1** below.² This table illustrates that the inflation rate has fluctuated over the first half of the year, with the rate rising in early 2025 and subsequently hovering below 1% for the subsequent months. Each of the yearly inflation rates provided monthly exceed the Bank of Canada's annual inflation target of 2%, with an average yearly provincial inflation rate of 2.2%. To provide context, the average year-over-year Canada-wide inflation rate in 2025 thus far is 1.9%.³

Table 2-1 - 2024 Rate of Inflation – British Columbia (Statistics Canada)

Month	Monthly Inflation Rate (%)	Yearly Inflation Rate (%)
January	-0.1	2.2
February	1.0	3.0
March	0.1	2.6
April	0.0	2.0
May	0.8	2.3
June	-0.1	2.1
July	0.2	1.7
August	-0.1	1.8

¹ Consumer Price Index: Annual Review, 2024. Retrieved on 2025-10-14 from [The Daily — Consumer Price Index: Annual review, 2024](#).

² Consumer Price Index Data Visualization Tool. Price Trends: 1914 to Today. Retrieved on 2025-10-14 from [Price trends: 1914 to today](#).

³ Inflation Calculator. 2025 CPI and Inflation Rates for Canada. Retrieved on 2025-10-14 from [2025 CPI and Inflation Rates for Canada - Inflation Calculator](#).

URBANSYSTEMS MEMORANDUM

DATE: December 5, 2025

FILE: 0841.0115.04

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SUBJECT: 2026 MPI Rate Updates

The Bank of Canada (Bank) reported in July 2025 that national CPI inflation is hovering close to the Bank’s 2% target.⁴ With indirect taxes excluded (HST/GST holiday and removal of the consumer carbon tax), inflation rose from approximately 2% in the latter half of 2024 to 2.5% in the summer of 2025. This increase in inflation can be attributed to increases to the price of non-energy goods, which offset a deflation in shelter service prices.

In British Columbia, peak inflation occurred in February 2025 and year-over-year inflation rates have gradually declined since early 2025. This has led to a reduction to interest rates, which supports increased spending and investment in the market.

Table 2-2 below shows Statistics Canada’s Building Construction Price Indexes for residential and non-residential buildings in major urban areas across Western Canada. Since 2023, prices have continued to rise each year, with residential construction prices seeing the greatest increases, particularly in 2024 Q2. The British Columbia Construction Association forecasts an upward trend for the construction industry across both the residential and non-residential building construction sectors, further bolstered by federal-level initiatives to support development across Canada.

Please note that this year Statistics Canada updated the baseline reference year for this price index from 2017 to 2023; the table below uses the updated documentation method.

Table 2-2 - Building Construction Price Index⁵

Municipality	2023 Q2	2024 Q2	2025 Q2	Year-over-Year % Change (Q2 2023-2024)	Year-over-Year % Change (Q2 2024-2025)
Non-Residential					
Calgary	99.8	104.0	107.5	4.20%	3.4%
Edmonton	99.5	104.6	108.5	5.1%	3.7%
Vancouver	99.6	105.2	109.4	5.6%	4.0%
Residential					
Calgary	99.3	106.6	112.5	7.4%	5.5%
Edmonton	99.7	103.0	107.5	3.3%	4.4%
Vancouver	99.1	105.4	108.4	6.4%	2.8%

⁴ Bank of Canada. Monetary Policy Report. Retrieved 2025-10-14 from [Monetary Policy Report—July 2025](#).

⁵ Building Construction Price Indexes Data Visualization Tool. Statistics Canada. Retrieved 2025-10-14 from [Building Construction Price Indexes Data Visualization Tool](#).

Figure 1 - Worldwide Inflation Rates (Year-Over-Year % Change)⁶

Inflation, year-over-year percent change

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26	Q4-26	2023	2024	2025	2026
Canada	2.8	2.7	2.0	1.9	2.3	1.8	2.0	2.1	2.0	2.2	2.1	2.1	3.9	2.4	2.0	2.1
United States	3.2	3.2	2.6	2.7	2.7	2.4	2.9	3.0	2.7	2.8	2.6	2.4	4.1	2.9	2.8	2.6
United Kingdom	3.5	2.1	2.1	2.5	2.8	3.5	3.3	3.0	2.7	2.3	2.4	2.4	7.3	2.5	3.3	2.5
Euro area	2.6	2.5	2.2	2.2	2.3	2.0	2.1	2.1	1.8	2.2	2.1	2.0	5.4	2.4	2.1	2.0
Australia	3.6	3.8	2.8	2.4	2.4	2.1	2.4	2.7	2.4	2.4	2.5	2.6	5.6	3.2	2.4	2.5

Sources: StatCan, BLS, ONS, EuroStat, ABS, RBC Economics, RBC Capital Markets

Figure 1, sourced from the Royal Bank of Canada, documents worldwide inflation rates on a quarterly basis, which shows the similarities in year-over-year global inflationary changes in 2024 and 2025.⁷ Several factors are contributing to this alignment, including softer employment markets, trade conflicts, and the disproportionate impact of those trade conflicts on manufacturing, transport, and warehousing.

Under the current economic conditions, which factor in trade challenges with the United States and tariff impositions, the Bank of Canada forecasts that national core inflation will hover around 2% in 2026 and 2027, in line with the Royal Bank’s 2026 prediction of 2.1% in 2026.⁸ Consequently, prices for goods and services are expected to ease gradually as monetary policies work to slow down demand.

The Canadian government currently predicts inflation based on two scenarios: eventual tariff relief or the imposition of additional tariffs. Should tariffs be negotiated away, it is expected that inflation will drop below the 2% Bank of Canada target for the remainder of 2025 and into early 2026. If additional tariffs are imposed on the country, inflation is expected to exceed 3% in 2026 before declining towards 2% in 2027.⁹

As always, there are potential upside inflationary risks that could escalate the inflation rate, such as¹⁰:

1. Tariffs could potentially place upward pressure inflation by affecting global supply chains and increasing the cost of goods, with businesses either raising their prices in response or passing on a share of the tariff cost to consumers.
2. Ongoing geopolitical uncertainties in the Middle East and Ukraine have the potential to affect international trade and impede global supply chains, oil prices, and commodity prices through additional tariffs and trade flow.

⁶ Royal Bank of Canada. Monthly Forecast Update (September 11, 2025). Retrieved 2025-10-15 from [MFU - Sep25](#).

⁷ Royal Bank of Canada. Monthly Forecast Update (September 11, 2025). Retrieved 2025-10-15 from [MFU - Sep25](#).

⁸ Bank of Canada. Outlook: Monetary Policy Report – July 2025 – Canadian economy. Retrieved 2025-10-23 from [Outlook - Bank of Canada](#).

⁹ Government of Canada. Canada’s Labour Market: Navigating Uncertainty. Retrieved 2025-10-23 from <https://www.canada.ca/content/dam/esdc-edsc/documents/corporate/reports/esdc-transition-binders/2025-may-transition-binder/2.7.Canadas-Labour-Market.pdf>.

¹⁰ Bank of Canada. Monetary Policy Report. Retrieved 2025-10-14 from [Monetary Policy Report—July 2025](#).

3. Other risks, such as an increasing number of extreme weather events impacting harvests and supply chains, could also exert inflationary pressures.

There are also downside risks that could further decrease household spending and weaken the global economy, resulting in deflationary pressures. Some specific downside risks identified by the Bank of Canada include:

1. Tariffs could potentially weaken the economy more than expected by negatively impacting global economic activity, or the Canada-specific tariffs have a larger impact than anticipated. Possible long-term consequences could result from companies shifting operations from Canada to the US.
2. Further reductions to household spending, with higher debt-servicing mortgage costs potentially resulting in decreased household consumption. Coupled with the anticipated cooling of the labour market, households could become more cautious.
3. Tighter global financial conditions could result in higher borrowing costs for Canadian households and businesses, resulting in weakening domestic demand and deflationary pressure on national inflation due to excess supply.

This year to date, there were fewer disruptive climate change events (i.e., floods and wildfires) across BC. These events can have inflationary impacts due to their effects on communities, supply chains, and labor forces. Municipal infrastructure is particularly affected by climate change events, leading to increased demand and price hikes during the recovery process.

2.2 TARIFFS & TRADE

The impact of tariffs on the Canadian economy has created uncertainty when forecasting near-term inflation rates at all scales by presenting:

- A variety of upside or downside risks to Canada's inflation rate; and,
- Volatility in how they are implemented (i.e., tariffs may also be imposed, raised, lowered, or dropped at any given time) means tariffs pose a challenge to forecasting inflation over the near-term.

In response, most Canadian financial institutions are creating multiple tariff scenarios, which seek to predict the potential outcomes of tariff relief, additional tariffs, or a continuance of the current conditions. At present, the Bank of Canada estimates that the imposition of tariffs resulted in a 1.5% decrease in the GDP over the 2nd quarter of 2025.¹¹ This offset the 2.2% GDP increase in the 1st quarter, which was largely attributable to a surge in international trade prior to the imposition of the anticipated tariffs.

There are other trade mechanisms that may create uncertainty over the next year, such as the USMCA (United States-Mexico-Canada Trade Agreement). The USMCA is due for renewal in July 2026; if successfully re-negotiated and re-ratified by all parties, the agreement's terms could include tariff relief or additional trade-related concessions from Canada.

2.3 WAGES

On November 13th, 2023, the City of Castlegar successfully negotiated a new three-year collective labor agreement with its unionized employees, replacing the previous agreement that had expired in August 2023.

¹¹ Bank of Canada. Monetary Policy Report. Retrieved 2025-10-20 from [Monetary Policy Report—July 2025](#).

The new three-year deal includes wage increases of 4.75% in 2023, 4.0% in 2024, and 3.25% in 2025, as well as expanded health and wellness benefits.¹² Castlegar's 2025 MPI update continues to take these wage increases into account in its forecast.

The 2026 forecast is based on the projected inflation rate. Pending a contract renegotiation in Castlegar, the forecast will be updated accordingly.

2.4 LABOUR MARKET

In 2025, the Canadian labour market has continued to cool and the national unemployment rate rose from 6.6% at the beginning of the year to 6.9% in June.¹³ The primary influencing factor are industries particularly sensitive to trade, which have been disproportionately affected by tariffs and trade conflicts. Employment in industries insulated from trade are continuing to see growth.

In British Columbia, the unemployment rate as of September 2025 was 6.4%, which marked a 0.2% increase from August 2025 (6.2%) and a 0.4% increase from September 2024. Certain industries have experienced more acute shifts in employment this year: while Public Administration is largely holding steady with a -0.6% decrease over the summer, fields such as Agriculture and Construction have experienced 9.2% and 4.4% increases, respectively.

Sharp decreases occurred in Information, Culture and Recreation (-11.9%) and Transportation and Warehousing (-5.3%), likely in response to ongoing impacts of the trade conflict with the United States affecting both tourism and the supply chain.

WorkBC's 2024 Labour Market Outlook predicts strong growth for the construction industry, with employment forecasted to rise from 0.5% annually to 1.6%.¹⁴ However, as the housing market slows down in response to decreased immigration and lack of demand, the forecasted employment growth may shift downwards. The Union of British Columbia Municipalities (UBCM) projects the construction industry to be the most affected provincial employment sector in 2026, with approximately 6,400 jobs lost.¹⁵ It is expected that these forecasts will be offset by increased stimulus spending at the federal level.

The British Columbia Construction Association reports that, until June 2025, employment in the construction sector has decreased slightly, a departure from the steady increases in the 4th quarter of 2024.¹⁶ In a continuing trend from 2024, the Association reports the need to continue growing the labour force and upskilling workers. There is a growing gap in job vacancies across the sector, which is being met with an increase in unemployment; it is expected these two factors will result in a tighter labour market.

These broader provincial trends are supported by observations at the regional level, with the labour force in interior BC working to fill vacancies across the public administration and construction sectors. As a result, wages are typically higher to better recruit and retain workers. In more remote areas like Castlegar, projects typically cost 7-10% more on average than in the central Okanagan or the Lower Mainland. This is coupled with an approximate 5-7% increase in engineering and other project-related costs within the central Kootenay region

¹² City of Castlegar. City of Castlegar and CUPE 2262 Reach Agreement (Nov 10, 2023). Retrieved 2025-10-20 from <https://castlegar.ca/2023/11/10/city-of-castlegar-and-cupe-2262-reach-agreement/>.

¹³ Bank of Canada. Monetary Policy Report. Retrieved 2025-10-20 from [Monetary Policy Report—July 2025](#).

¹⁴ WorkBC. 2024 Labour Market Outlook. Retrieved 2025-10-20 from [BC LMO Report 2024.pdf](#).

¹⁵ Union of British Columbia Municipalities (UBCM). Taking Stock of the Trade War (April 29, 2025). Retrieved 2025-10-23 from <https://www.ubcm.ca/sites/default/files/2025-05/TradeWarPresentation-UBCM-April2025.pdf>.

¹⁶ British Columbia Construction Association. Economic Report: Summer 2025. Retrieved on 2025-10-21 from [Economic-Report_Summer_2025_EN.pdf](#).

over the last year. Notably, the unemployment rate in the Kootenay region has decreased by -1.2% between August 2024 and 2025, aligning with a broader trend of decreasing unemployment rates in Interior BC.¹⁷ This contrasts with increases in unemployment elsewhere in the Province, such as the Lower Mainland. Over the next decade, it is expected that employment demand in the Kootenays will match the region’s projected population growth of 0.5% annually.

Despite changes to the federal immigration targets that reduce the number of new immigrants, it is expected that the ongoing cooling of the labour market will be offset by the potential shrinkage of the labour force, resulting in an unchanged unemployment rate.¹⁸

2.5 INTEREST RATES

Table 2-3 displays the lending rates established by the Municipal Finance Authority for different loan durations. After peaking in 2023, interest rates began to slowly decline into 2025, resting around 4% with some fluctuations. At 4%, lending rates are still trending higher than the Bank of Canada’s 2% inflation target. The Bank of Canada projects that, barring substantial changes to the current tariff scenario, growth in business investment and consumption will increase at a modest pace in 2026 and 2027. However, higher mortgage payments for renewing households may negatively affect consumption levels.¹⁹

The Bank also projects that there will be continued growth in government spending over the near- and long-term.

Table 2-3 - Municipal Finance Authority, Interest Rates²⁰

Year		5 yr	10 yr	15 yr	20 yr	25 yr	30 yr
2025	Spring	-	4.01%	4.01%	4.01%	4.01%	4.01%
2024	Fall	-	3.83%	3.83%	3.88%	3.88%	3.88%
2024	Spring	4.05%	4.44%	4.44%	4.44%	4.44%	4.44%
2023	Fall	4.73%	4.97%	4.97%	4.97%	4.97%	4.97%
2023	Spring	3.90%	4.15%	4.15%	4.15%	4.15%	4.15%
2022	Fall	3.82%	4.09%	4.09%	4.09%	4.09%	4.09%
2022	Spring	3.07%	3.36%	3.36%	3.36%	3.36%	3.36%
2021	Fall	1.25%	1.98%	1.98%	2.58%	2.58%	2.58%

¹⁷ WorkBC. Labour Market Monthly Update. Retrieved 2025-10-21 from [Labour Market Monthly Update | WorkBC](#).

¹⁸ Royal Bank of Canada. How Canada’s new immigration targets will impact the economy (October 25, 2024). Retrieved 2025-10-23 from <https://www.rbc.com/en/thought-leadership/how-canadas-new-immigration-targets-will-impact-the-economy/>.

¹⁹ Bank of Canada. Monetary Policy Report. Retrieved 2025-10-20 from [Monetary Policy Report—July 2025](#).

²⁰ Municipal Finance Authority. (n.d.) Long-term lending rates. Retrieved on 2025-10-20 from <https://mfa.bc.ca/long-term-lending-rates>.

3.0 OVERVIEW OF OPTIONS FOR UTILITY RATE SETTING

The following section involves a brief discussion of the updated MPI forecast. **Table 3-1** below is the 2024 – 2028 MPI forecast developed last year. **Table 3-2** includes the 2025 – 2029 MPI forecast. Expenditure category definitions are provided after the tables.

Table 3-1 - 2024 to 2028 MPI Forecast (Past Year)

Expenditure Category	Wages	Admin	Services	Operations	Capital Transfers	Municipal Inflation Rate
Weighting	30%	2%	13%	24%	32%	
	Inflation Factors					
2024	4.0%	3.6%	3.9%	4.7%	5.3%	4.6%
2025	3.3%	3.9%	3.7%	3.9%	4.9%	4.0%
2026	3.0%	2.7%	4.0%	2.9%	3.6%	3.3%
2027	3.0%	2.7%	4.0%	3.1%	3.0%	3.1%
2028	3.0%	2.7%	4.0%	2.9%	2.6%	3.0%

Table 3-2 - 2025 to 2029 MPI Forecast (Current and Forecasted)

Expenditure Category	Wages	Admin	Services	Operations	Capital Transfers	Municipal Inflation Rate
Weighting	30%	2%	13%	24%	32%	
	Inflation Factors					
2025	3.3%	5.5%	2.6%	2.7%	3.4%	3.1%
2026	3.0%	3.4%	3.3%	3.7%	3.9%	3.5%
2027	2.5%	2.5%	3.5%	2.5%	2.8%	2.7%
2028	2.5%	2.5%	3.5%	2.3%	2.4%	2.5%
2029	2.5%	2.5%	3.5%	2.1%	2.4%	2.5%

Wages are based on the recent changes to the Collective Bargaining Agreement for the City of Castlegar, which states the wage increases until 2025. Latter years are based on projected inflation rates for the short-term.

Administration considers the impact of courier and postal costs, cellphone and internet costs, and other costs such as membership fees, advertising, and food. The inflation factor is tied to CPI indicators and scheduled rate increases for courier and postal services.

Services are linked to price indices provided by Statistics Canada, such as the Architectural, Engineering, and Related Services Price Index for British Columbia.

Operations are tied to the Electrical Power Selling Price Index and Industrial Product Price Index to identify price changes as they relate to electricity, chemicals, and other costs tied to operations of water and sewer utilities.

Transfers are largely influenced by price increases in construction services and materials, including skilled labour, cement, and steel among others. Inflation was identified through an average of the Building Construction Price Indexes for Vancouver and Calgary and the Industrial Product Price Index.

3.1 DISCUSSION OF MPI FORECAST

Last year, the projected municipal inflation rate for 2025 was 4.0%. As more recent data has become available, the municipal inflation rate ended up lower than expected at 3.1%. This modest difference is likely due to the unforeseen impact of tariff impositions and ongoing trade challenges, which have resulted in a weaker Canadian economy and a need to encourage demand. For example, the anticipated rate of inflation for the transfers expenditure category was forecasted to be 4.9% in 2025, following a deflationary period in 2024. However, the experienced inflation for this category in 2025 is currently resting at 3.4% (a -1.5% difference).

As the City plans its utility rates for 2026, we anticipate that inflation will remain around 3.1% for the duration of 2025, increase marginally to 3.5% in 2026, and continue to decline towards 2.5% by 2029. A lower inflation rate will be sustained primarily by supply chain recovery and a cooling labour market.

Geopolitical unrest, tariff changes, and climate events could result in increases to inflation rates, which would drive rates further away from the Bank of Canada's 2% inflation target.

3.2 OPTION 1 – SET RATES BASED ON 2026 MPI FORECAST

Option 1 involves applying the forecasted 3.5% municipal inflation rate for 2026 to the utility rate increases for the 2026 calendar year. This method seeks to preserve the water and sewer utility purchasing powers and aligns the utility rates with the latest pricing data and rate setting analysis.

Option 1 indicates that the financial reserves are sufficient, and the utility can maintain its purchasing power to meet its operational and capital requirements.

3.3 OPTION 2 – APPLY AN MPI+ RATE FOR 2026

Option 2 proposes the application of an MPI+ rate, which would increase utility rates beyond the projected municipal inflation rate for 2026 (3.5%). This approach considers operational, capital planning, and financial needs for each utility and is intended to boost the financial strength of the utilities by improving their purchasing power to meet service delivery and operational needs.

Completed in 2021, a review of water and sewer utility rates indicated that the City significantly improved its financial status for asset renewal. It also noted that the City should view the next 5 – 10 years as an important

period to make continued, incremental improvements. Recognizing the goal of lessening the funding gap for recapitalization targets, the 2021 utility rate review also made recommendations to increase water utility rates by 1 to 2% and sewer utility rates by greater than 2%. In general, these recommendations speak to a need to improve the financial position of both utilities, with greater emphasis placed on the sewer utility.

The MPI+ rate therefore aligns with the City's goal of proactively preparing for capital renewal projects anticipated in the short- to medium-term. This approach facilitates the strengthening of financial reserves, thereby supporting the City with managing future capital expenses and reducing risks associated with unplanned costs. An MPI+ funding strategy ensures improvements to each utility's purchasing power and reserve, while also ensuring each utility is prepared for upcoming infrastructure investments.

Adopting an MPI+ approach supports the goal to lessen the funding gap for recapitalization by increasing utility rates by the municipal rate of inflation (3.5%, 2026 forecast) plus additional percentage points for capital renewal. Due to the updated five-year capital renewal needs for planned expenditures and the overall financial outlook for both utilities, the recommended increases listed below are greater than previously suggested in 2021:

- **Water utility rate:** increased by 2.6% (3.5% minus 0.9%: the forecasted inflation for 2026 counterbalanced by the experienced inflation for 2025) plus an additional 1% - 3% to support capital renewal and operational needs; and,
- **Sewer utility rate:** increased by 2.6% (3.5% minus 0.9%: the forecasted inflation for 2026 counterbalanced by the experienced inflation for 2025) plus an additional 3% to 6% to support capital renewal and operational needs.

3.4 OPTION 3 – APPLY AN MPI- RATE FOR 2025

Option 3 entails implementing a utility rate increase below the projected municipal inflation rate of 3.5% for 2026. This choice indicates that the utility possesses substantial financial reserves, which ensures that a decrease in purchasing power does not undermine the utility's capacity to fulfill its future operational and capital requirements. An MPI- approach (or partial approach) can also be used to offset last year's utility rate increase that was based on a forecasted inflation rate that was higher than the actual inflation rate for 2025.

Option 3 signals that the utility has adequate financial reserves and purchasing power and that a reduction of purchasing power is not a significant risk to operational and capital needs.

4.0 RECOMMENDATION

Based on our market analysis, discussions with staff, and updated MPI forecast, Urban Systems recommends that the City of Castlegar uses a combination of approaches for both the water and sewer utilities and adjust rates to within the following ranges:

- Water Utility Rate: 2.6 to 3.0% (MPI or MPI+ Approach – Option 1 or 2)
- Sewer Utility Rate: 2.6% to 15.0% (MPI+ Approach – Option 2)

As was also the case in previous years, the water utility is seen as having slightly more substantial financial reserves and fewer capital needs than the sewer utility. Due to the lower-than-expected 2025 municipal inflation rate of 3.1% instead of the projected 4.0%, the City should opt for a rate increase that is 0.9% lower to compensate for the lower utility rate increase. Selecting a rate at, or just above, the projected municipal rate of inflation for

2026 will better sustain the current purchasing power level, reserve-building efforts, and the future ability to meet asset renewal and capital planning needs.

In contrast, the sewer utility is in a weaker financial position due to a smaller financial reserve and a larger quantity of anticipated short- and medium-term capital needs. While past decisions to select an MPI+ rate for 2022, 2023, and 2024 have improved the utility's purchasing power, sewer needs remain high; it is therefore recommended that an additional percentage is applied to the adjusted municipal inflation rate of 2.6% for 2026 to improve reserves, purchasing power, and support capital planning efforts.

4.1 RATE FORECASTING FOR 2027 AND 2028

To support with understanding potential rate increases over the short-term, ranges for the 2027 and 2028 calendar years are provided below. These ranges assume the continuation of the MPI+ approach and the application of the 2027 (2.7%) and 2028 (2.5%) MPI forecasts outlined in **Table 3-2**. While these rates may change in response to broader economic trends and events, the water and sewer rates are currently forecasted to increase at the following amounts:

- 2027
 - Water: 2.7% to 3.0%
 - Sewer: 12.0% to 18.0%
- 2028
 - Water: 2.5% to 3.0%
 - Sewer: 12.0% to 18.0%

Note that these ranges use the forecasted municipal inflation rates for 2027 and 2028 and do not include the incorporation of any potential differences in the forecasted rates of inflation in 2026 and 2027 (i.e., the experienced rate of inflation). As data is made available each year, these forecasts are expected to change.

5.0 CLOSING

Thank you for the opportunity to assist the City with this update to the MPI and the water and sewer utility rates. We trust these recommendations will support capital planning in the coming years.

Sincerely,

URBAN SYSTEMS LTD.

Robin Gagne Samantha Bowen
Community Advisor Community Consultant
/rg/sb

City of Castlegar - Capital Plan

WATER CAPITAL PLAN

		2026	2027	2028	2029	2030
Expenditure						
001034	Columbia Ave. PH 3	25,000	-	612,920	612,920	-
101036	CMMS & Asset Management System	25,000	10,000	-	-	-
101040	Contribution to Development	15,000	15,000	15,000	15,000	15,000
101070	Kinnaird Bridge Pipe Inspections	-	25,000	-	-	35,000
101139	Cross Connection Survey	10,000	10,000	10,000	10,000	-
101184	Hydrant Replacement Program	-	-	45,000	45,000	45,000
101185	Water Valve Replacement Program	-	-	54,000	54,000	54,000
101235	SCADA Upgrades	65,000	-	-	-	-
101275	Water Main Upgrades	40,000	40,000	40,000	40,000	-
101277	Water Meter Strategic Plan	-	-	50,000	-	-
101278	Water Treatment Centre Valve Upgrades	-	150,000	-	-	-
AUTO - 523	Confined Space Entry Program - Alternative Measures	-	-	25,000	-	-
AUTO - 524	Utility Information Management Software Update	12,000	-	-	-	-
AUTO - 534	Meadowbrook Reservoir Repair & Maintenance	-	100,000	-	-	-
Total Expenditure		192,000	350,000	851,920	776,920	149,000
Funding Source						
001034	Debt Financing	-	-	612,920	612,920	-
001034	Tfr In From Water Capital Reserve	25,000	-	-	-	-
101036	Tfr In From Water Capital Reserve	25,000	10,000	-	-	-
101040	Tfr In From Water Capital Reserve	15,000	15,000	15,000	15,000	15,000
101070	Tfr In From Water Capital Reserve	-	25,000	-	-	35,000
101139	Tfr In From Water Capital Reserve	10,000	10,000	10,000	10,000	-
101184	Tfr In From Water Capital Reserve	-	-	45,000	45,000	45,000
101185	Tfr In From Water Capital Reserve	-	-	54,000	54,000	54,000
101235	Tfr In From Water Capital Reserve	65,000	-	-	-	-
101275	Tfr In From Water Capital Reserve	40,000	40,000	40,000	40,000	-
101277	Tfr In From Water Capital Reserve	-	-	50,000	-	-
101278	Tfr In From Water Capital Reserve	-	150,000	-	-	-
AUTO - 523	Tfr In From Water Capital Reserve	-	-	25,000	-	-
AUTO - 524	Tfr In From Water Capital Reserve	12,000	-	-	-	-
AUTO - 534	Tfr In From Water Capital Reserve	-	100,000	-	-	-
Total Funding Source		192,000	350,000	851,920	776,920	149,000

City of Castlegar - Capital Plan

SEWER CAPITAL PLAN

		2026	2027	2028	2029	2030
Expenditure						
001034	Columbia Ave. PH 3	25,000	-	43,780	43,780	-
101036	CMMS & Asset Management System	25,000	10,000	-	-	-
101040	Contribution to Development	15,000	15,000	15,000	15,000	15,000
101070	Kinnaird Bridge Pipe Inspections	-	25,000	-	-	35,000
101083	CCTV Camera Inspection Program	60,000	60,000	60,000	60,000	-
101141	Liquid Waste Management Plan	200,000	225,000	125,000	-	-
101192	SSTP North Train Renewal	5,500,000	1,371,000	-	-	-
101280	Sanitary Sewer Main Upgrades	40,000	40,000	40,000	40,000	40,000
AUTO - 520	SSTP Biosolids Management	1,700,000	575,000	-	-	-
AUTO - 523	Confined Space Entry Program - Alternative Measures	-	-	25,000	-	-
AUTO - 524	Utility Information Management Software Update	12,000	-	-	-	-
AUTO - 536	CPKC Bridge - Pipe Inspection	-	-	-	-	70,000
Total Expenditure		7,577,000	2,321,000	308,780	158,780	160,000
Funding Source						
001034	Debt Financing	-	-	43,780	43,780	-
001034	Tfr In From Sewer Capital Reserve	25,000	-	-	-	-
101036	Tfr In From Sewer Capital Reserve	25,000	10,000	-	-	-
101040	Tfr In From Sewer Capital Reserve	15,000	15,000	15,000	15,000	15,000
101070	Tfr In From Sewer Capital Reserve	-	25,000	-	-	35,000
101083	Tfr In From Sewer Capital Reserve	60,000	60,000	60,000	60,000	-
101141	Tfr In From Sewer Capital Reserve	200,000	225,000	125,000	-	-
101192	Debt Financing	5,500,000	1,371,000	-	-	-
101280	Tfr In From Sewer Capital Reserve	40,000	40,000	40,000	40,000	40,000
AUTO - 520	Debt Financing	1,700,000	575,000	-	-	-
AUTO - 523	Tfr In From Sewer Capital Reserve	-	-	25,000	-	-
AUTO - 524	Tfr In From Sewer Capital Reserve	12,000	-	-	-	-
AUTO - 536	Tfr In From Sewer Capital Reserve	-	-	-	-	70,000
Total Funding Source		7,577,000	2,321,000	308,780	158,780	160,000

Water Regulations and Rates Amendment Bylaw 1446

A bylaw to amend the Water Regulation and Rates Bylaw No 1357.

WHEREAS it is deemed expedient and in the public interest to amend the Waterworks Regulations and Rates Bylaw 1357;

NOW THEREFORE the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited as the "Water Regulations and Rates Amendment Bylaw 1446".
2. Bylaw 1357 is amended by deleting schedule "F" and substituting in its place the new Schedule "F" attached here to as Appendix "I" and forming a part of this Bylaw.
3. Bylaw 1357 is amended by deleting schedule "G" and substituting in its place the new Schedule "G" attached here to as Appendix "II" and forming a part of this Bylaw.
4. This Bylaw shall come into full force and effect on January 1, 2026.

READ A FIRST TIME this day of December, 2025.

READ A SECOND TIME this day of December, 2025.

READ A THIRD TIME this day of December, 2025.

ADOPTED this day of December, 2025.

Mayor

Director of Corporate Services

Appendix "I"
Schedule "F" to the Water Regulations and Rates Bylaw
METERED USER RATES CHARGES

1. Metered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 454.94
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 348.79
(d) Industrial, Commercial & Institutional	\$ 409.45

1. Metered Rate: Consumption Charges	
(a) Single Family Dwelling	\$ 0.86/cubic metre over 30 cubic metres per month
(b) Secondary Suite	\$ 0.86/cubic metre over 7.5 cubic metres per month
(c) Multi-Family Unit	\$ 0.61/cubic metre for all flows
(d) Industrial, Commercial & Institutional	\$ 0.61/cubic metre for all flows
(e) Common Ground Irrigation Systems	\$ 0.47/cubic metre for all flows

Appendix "II"
Schedule "G" to the Water Regulations and Rates Bylaw
UNMETERED USER RATES CHARGES

1. Unmetered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 1,241.79
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 529.83
(d) Trailer Camps or Courts	
Each trailer pad, stall or dwelling unit	\$ 529.83
(e) Restaurants, Cafes, Coffee Shops, Beer Parlours, Licensed Lounges	
Minimum per year (first 60 seats)	\$ 1,319.64
Per seat (over 60 seats)	\$ 22.38
(f) Garages and Service Stations	\$ 805.28
(g) Hairdressers and/or Barbers	
Each basin and toilet	\$ 555.18
Each additional basin	\$ 127.65
(h) Offices, Stores and Medical or Dental Clinics	
Each basin and toilet	\$ 555.18
Each additional basin	\$ 127.65
(i) Pool Rooms, Health Spas, Curling Rinks and Bowling Alleys	
Per unit of occupancy load	\$ 17.63
(j) Private Halls, Theatres	
Per unit of occupancy load	\$ 4.33
(k) Hotels, Motels, Tourist Cabins	No refund on vacancies

Owner's unit	\$ 705.19
Per suite, room or overnight sleeping accommodation	\$ 191.26
Swimming pool (year-round)	\$ 2,024.85
Swimming pool (seasonal)	\$ 1,019.26
(l) For all unmetered users not here provided for	
Each set of basin and toilet	\$ 705.19
Each additional basin or urinal	\$ 136.40
(m) Institutional Offices, Churches and Halls	
Each set of basin and toilet	\$ 332.03
Each additional basin or urinal	\$ 118.42
(n) Schools (all types) – each Classroom	\$ 810.05
(o) Hospitals – per bed	\$ 301.84

Sewer Regulations and Rates Amendment Bylaw 1447

A bylaw to amend Sewer Regulations and Rates Bylaw 1356.

WHEREAS it is deemed expedient and in the public interest to amend Sewer Regulation and Rates Bylaw 1356;

NOW, THEREFORE, the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited as the "Sewer Regulations and Rates Amendment Bylaw 1447".
2. Bylaw 1356 is amended by deleting Schedule "F" and substituting in its place the new Schedule "F" attached here to as Appendix "I" and forming a part of this Bylaw.
3. Bylaw 1356 is amended by deleting Schedule "G" and substituting in its place the new Schedule "G" attached here to as Appendix "II" and forming a part of this Bylaw.
4. This Bylaw shall come into full force and effect on January 1, 2026.

READ A FIRST TIME this day of December, 2025.

READ A SECOND TIME this day of December, 2025.

READ A THIRD TIME this day of December, 2025.

ADOPTED this day of December, 2025.

Mayor

Director of Corporate Services

Appendix "I"
Schedule "F" to the Sewer Regulations and Rates Bylaw
METERED USER RATES CHARGES

1. Metered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 441.66
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 294.43
(d) Industrial, Commercial & Institutional	\$ 588.86
(e) Common Ground Irrigation Systems	N/A

1. Metered Rate: Consumption Charges	
(a) Single Family Dwelling	\$ 0.59/cubic metre, but capped at 30 cubic meters per month from May to September
(b) Secondary Suite	\$ 0.59/cubic metre, but capped at 7.5 cubic meters per month from May to September
(c) Multi-Family Unit	\$ 0.59/cubic metre, but capped at 25 cubic meters per month from May to September
(d) Industrial, Commercial & Institutional	\$ 0.59/cubic metre, less a 10% discount from May to September

Appendix "II"
Schedule "G" to the Sewer Regulations and Rates Bylaw
UNMETERED USER RATES CHARGES

1. Unmetered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 980.31
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 522.82
(d) Trailer Camps or Courts	
Each trailer pad, stall or Single-Family Dwelling	\$ 522.82
(e) Restaurants, Cafes, Coffee Shops, Beer Parlours, Licensed Lounges	
Minimum per year (first 60 seats)	\$ 1,686.88
Per seat (over 60 seats)	\$ 28.55
(f) Garages and Service Stations	\$ 1256.86
(g) Hairdressers and/or Barbers	
Each basin and toilet	\$ 695.88
Each additional basin	\$ 193.88
(h) Offices, Stores and Medical or Dental Clinics	
Each basin and toilet	\$ 695.88
Each additional basin	\$ 193.88
(i) Pool Rooms, Health Spas, Curling Rinks and Bowling Alleys	
Per unit of occupancy load	\$ 16.33
(j) Private Halls, Theatres	
Per unit of occupancy load	\$ 4.07
(k) Hotels, Motels, Tourist Cabins	No refund on vacancies

Owner's unit	\$ 695.88
Per suite, room or overnight sleeping accommodation without cooking unit	\$ 182.15
Per suite, room or overnight sleeping accommodation with cooking unit	\$ 236.19
(l) For all unmetered users not here provided for	
Each set of basin and toilet	\$ 695.88
Each additional basin or urinal	\$ 193.88
(m) Institutional Offices, Churches and Halls	
Each set of basin and toilet	\$ 388.13
Each additional basin or urinal	\$ 193.88
(n) Schools (all types) – each Classroom	\$ 695.88
(o) Hospitals – per bed	\$ 388.16

CASTLEGAR

REPORT TO COUNCIL

MEETING DATE: December 10, 2025 **REPORT NO.:** 25-91
SUBMITTED BY: Director of Finance & Technology **FILE NO.:** 5360-20
SUBJECT: 2026 Residential Curbside Collection & Disposal Amendment
Bylaw 1448

RECOMMENDATION:

THAT Council considers the required readings of the 2026 Residential Curbside Collection & Disposal Amendment Bylaw 1448.

PURPOSE:

Report to seek Council's approval of the 2026 Residential Curbside Collection & Disposal Amendment Bylaw 1448 to implement rate adjustments for 2026.

This report is for consideration of Three Readings at the December 10, 2025, Special Council Meeting, and adoption of the Bylaw at the December 17, 2025, Regular Council Meeting.

SUMMARY/BACKGROUND:

The City's solid waste program is a self-funded model, and residents are billed quarterly for costs to provide garbage, organics, and recycling pickup and disposal.

Each year, proposed rates are presented to Council for adoption to accommodate any changes associated with providing the collection and disposal services, such as changes in tipping (i.e., waste disposal) fees from the Regional District of Central Kootenay (RDCK), price changes in the City's agreement with the curbside collection contractor, and other operating expenses incurred by the City.

Garbage and Organics Collection

Staff was informed by RDCK that tipping fees are projected to increase by 2.4% for organics and 6.4% for garbage effective January 1, 2026. To maintain revenues adequate to cover tipping fee increases, fund set increases in the Waste Management contract, and other budgeted inflationary increases, staff propose an increase to garbage and organics collection and disposal fees. The Yard Waste Collection facility was closed after the first quarter of 2025 due the addition of regular curbside organics collection.

Recycling Collection

On December 2, 2024, Council was presented an updated Master Services Agreement and Statement of Work with MMBC Recycle Inc. (Recycle BC) for the curbside collection of recycled materials which includes an increase in the financial incentive that is provided by Recycle BC. The agreement resulted in a significant decrease in the proposed rates for recycling collection. The agreement is a 5-year term and annual rates have been adjusted accordingly.

Rate Changes

The projected impact of the recommended rate changes would be as follows:

	2025 Annual Rate	2026 Proposed Rate	Annual Increase/ Decrease	Monthly Increase/ (Decrease)	Daily Increase/ (Decrease)
Garbage Collection	\$140.88	\$160.07	\$19.19	\$1.60	\$0.05
Organics Collection	\$157.32	\$156.47	(\$0.86)	(\$0.07)	\$0.00
Recycling Collection	\$6.93	\$4.65	(\$2.28)	(\$0.19)	(\$0.01)
Yard Waste Facility	\$8.30	\$0.00	(\$8.30)	(\$0.69)	(\$0.02)
TOTAL	\$313.44	\$321.19	\$7.75	\$0.65	\$0.02

A single-family dwelling will have a net annual increase of \$7.75 or 2.47%, for curbside collection and disposal services. This would become effective January 1, 2026.

ALTERNATIVES:

Council could choose to adjust rates by a different amount. Staff do not recommend this as the rate increases ensure costs to deliver curbside services are recovered. Lower rates would require curbside collection and disposal services to be subsidized by property taxes.

IMPLICATIONS:**(1) Social**

The curbside collection program is a convenient way for residents to handle household waste and divert recyclable materials and organic materials from their garbage.

(2) Environmental

The current collections program, with weekly organics pick-ups, and bi-weekly garbage and recycling pick-ups has reduced the City's annual garbage tonnage.

(3) Personnel

It took staff approximately 10 hours to review the Bylaw and complete the analysis on the rate updates. It will take approximately 5 staff hours to update the rates in the accounting software and prepare communications materials.

(4) Financial

The proposed curbside collection rate ensures that the solid waste program budget balances, meaning that the City will levy enough fees to cover its expenses.

POLICY IMPLICATIONS:

This supports Council's Strategic Priority *Governance & Service Excellence*, and the goal *Show Fiscal Stewardship*.

IMPLEMENTATION:

The following steps are required to complete the process of amending the Curbside Collection & Disposal Bylaw 1408:

- a) Obtain Three Readings of the updated Bylaw at the December 10, 2025, Special Meeting.
- b) Adopt the updated Bylaw at the December 17, 2025, Regular Meeting.

c) Reflect the rate structure in the first billing cycle of 2026.

COMMUNICATION:

The new rates will be communicated to the community through the December 2025 Council Highlights. Residents will be advised of new rates in the first 2026 Quarterly Newsletter. The website will also be updated to reflect the new rates.

Respectfully submitted,

Approved by



Steffan Klassen, CPA
Director of Finance & Technology

Chris Barlow, A.Sc.T.
Chief Administrative Officer

Residential Curbside Collection and Disposal Amendment Bylaw 1448

A bylaw to amend Residential Curbside Collection and Disposal Bylaw 1408.

WHEREAS it is deemed expedient and in the public interest to amend the Residential Curbside Collection and Disposal Bylaw 1408.

NOW THEREFORE the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited as the "Residential Curbside Collection and Disposal Amendment Bylaw 1448".
2. Bylaw 1408 is amended by deleting schedule "A" and substituting in its place the new Schedule "A" attached here to as Appendix "I" and forming a part of this Bylaw.
3. This Bylaw shall come into full force and effect on January 1, 2026.

READ A FIRST TIME this day of December, 2025

READ A SECOND TIME this day of December, 2025

READ A THIRD TIME this day of December, 2025

ADOPTED this day of December, 2025

Mayor

Director of Corporate Services

Appendix "I"
Schedule "A" to the Residential Curbside Collection and Disposal Bylaw

Residential Curbside Collection	2026 Annual Rate
(a) Garbage Collection	\$ 160.07
(b) Additional Garbage Collection Service	\$ 160.07
(c) Organics Collection	\$ 156.47
(d) Recycling Collection	\$ 4.65
(e) Yard Waste Facility Fee	\$ 0.00

Additional Charge Fees	
(a) Cart Fee (121 Litre / 242 Litre)	\$ 215 / \$ 230
(b) Additional Cart Fee (121 Litre / 242 Litre)	\$ 215 / \$ 230
(c) Additional Cart Administrative Fee	\$ 100
(d) Damaged Cart Lid Replacement	\$ 24
(e) Blue Box Replacement	\$ 25

Water Regulations and Rates Amendment Bylaw 1446

A bylaw to amend the Water Regulation and Rates Bylaw No 1357.

WHEREAS it is deemed expedient and in the public interest to amend the Waterworks Regulations and Rates Bylaw 1357;

NOW THEREFORE the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited as the "Water Regulations and Rates Amendment Bylaw 1446".
2. Bylaw 1357 is amended by deleting schedule "F" and substituting in its place the new Schedule "F" attached here to as Appendix "I" and forming a part of this Bylaw.
3. Bylaw 1357 is amended by deleting schedule "G" and substituting in its place the new Schedule "G" attached here to as Appendix "II" and forming a part of this Bylaw.
4. This Bylaw shall come into full force and effect on January 1, 2026.

READ A FIRST TIME this day of December, 2025.

READ A SECOND TIME this day of December, 2025.

READ A THIRD TIME this day of December, 2025.

ADOPTED this day of December, 2025.

Mayor

Director of Corporate Services

Appendix "I"
Schedule "F" to the Water Regulations and Rates Bylaw
METERED USER RATES CHARGES

1. Metered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 454.94
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 348.79
(d) Industrial, Commercial & Institutional	\$ 409.45

1. Metered Rate: Consumption Charges	
(a) Single Family Dwelling	\$ 0.86/cubic metre over 30 cubic metres per month
(b) Secondary Suite	\$ 0.86/cubic metre over 7.5 cubic metres per month
(c) Multi-Family Unit	\$ 0.61/cubic metre for all flows
(d) Industrial, Commercial & Institutional	\$ 0.61/cubic metre for all flows
(e) Common Ground Irrigation Systems	\$ 0.47/cubic metre for all flows

Appendix "II"
Schedule "G" to the Water Regulations and Rates Bylaw
UNMETERED USER RATES CHARGES

1. Unmetered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 1,241.79
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 529.83
(d) Trailer Camps or Courts	
Each trailer pad, stall or dwelling unit	\$ 529.83
(e) Restaurants, Cafes, Coffee Shops, Beer Parlours, Licensed Lounges	
Minimum per year (first 60 seats)	\$ 1,319.64
Per seat (over 60 seats)	\$ 22.38
(f) Garages and Service Stations	\$ 805.28
(g) Hairdressers and/or Barbers	
Each basin and toilet	\$ 555.18
Each additional basin	\$ 127.65
(h) Offices, Stores and Medical or Dental Clinics	
Each basin and toilet	\$ 555.18
Each additional basin	\$ 127.65
(i) Pool Rooms, Health Spas, Curling Rinks and Bowling Alleys	
Per unit of occupancy load	\$ 17.63
(j) Private Halls, Theatres	
Per unit of occupancy load	\$ 4.33
(k) Hotels, Motels, Tourist Cabins	No refund on vacancies

Owner's unit	\$ 705.19
Per suite, room or overnight sleeping accommodation	\$ 191.26
Swimming pool (year-round)	\$ 2,024.85
Swimming pool (seasonal)	\$ 1,019.26
(l) For all unmetered users not here provided for	
Each set of basin and toilet	\$ 705.19
Each additional basin or urinal	\$ 136.40
(m) Institutional Offices, Churches and Halls	
Each set of basin and toilet	\$ 332.03
Each additional basin or urinal	\$ 118.42
(n) Schools (all types) – each Classroom	\$ 810.05
(o) Hospitals – per bed	\$ 301.84

Sewer Regulations and Rates Amendment Bylaw 1447

A bylaw to amend Sewer Regulations and Rates Bylaw 1356.

WHEREAS it is deemed expedient and in the public interest to amend Sewer Regulation and Rates Bylaw 1356;

NOW, THEREFORE, the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited as the "Sewer Regulations and Rates Amendment Bylaw 1447".
2. Bylaw 1356 is amended by deleting Schedule "F" and substituting in its place the new Schedule "F" attached here to as Appendix "I" and forming a part of this Bylaw.
3. Bylaw 1356 is amended by deleting Schedule "G" and substituting in its place the new Schedule "G" attached here to as Appendix "II" and forming a part of this Bylaw.
4. This Bylaw shall come into full force and effect on January 1, 2026.

READ A FIRST TIME this day of December, 2025.

READ A SECOND TIME this day of December, 2025.

READ A THIRD TIME this day of December, 2025.

ADOPTED this day of December, 2025.

Mayor

Director of Corporate Services

Appendix "I"
Schedule "F" to the Sewer Regulations and Rates Bylaw
METERED USER RATES CHARGES

1. Metered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 441.66
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 294.43
(d) Industrial, Commercial & Institutional	\$ 588.86
(e) Common Ground Irrigation Systems	N/A

1. Metered Rate: Consumption Charges	
(a) Single Family Dwelling	\$ 0.59/cubic metre, but capped at 30 cubic meters per month from May to September
(b) Secondary Suite	\$ 0.59/cubic metre, but capped at 7.5 cubic meters per month from May to September
(c) Multi-Family Unit	\$ 0.59/cubic metre, but capped at 25 cubic meters per month from May to September
(d) Industrial, Commercial & Institutional	\$ 0.59/cubic metre, less a 10% discount from May to September

Appendix "II"
Schedule "G" to the Sewer Regulations and Rates Bylaw
UNMETERED USER RATES CHARGES

1. Unmetered Rate: Annual Flat Fee	
(a) Single Family Dwelling	\$ 980.31
(b) Secondary Suite	25% of single-family dwelling
(c) Multi-Family Unit	\$ 522.82
(d) Trailer Camps or Courts	
Each trailer pad, stall or Single-Family Dwelling	\$ 522.82
(e) Restaurants, Cafes, Coffee Shops, Beer Parlours, Licensed Lounges	
Minimum per year (first 60 seats)	\$ 1,686.88
Per seat (over 60 seats)	\$ 28.55
(f) Garages and Service Stations	\$ 1256.86
(g) Hairdressers and/or Barbers	
Each basin and toilet	\$ 695.88
Each additional basin	\$ 193.88
(h) Offices, Stores and Medical or Dental Clinics	
Each basin and toilet	\$ 695.88
Each additional basin	\$ 193.88
(i) Pool Rooms, Health Spas, Curling Rinks and Bowling Alleys	
Per unit of occupancy load	\$ 16.33
(j) Private Halls, Theatres	
Per unit of occupancy load	\$ 4.07
(k) Hotels, Motels, Tourist Cabins	No refund on vacancies

Owner's unit	\$ 695.88
Per suite, room or overnight sleeping accommodation without cooking unit	\$ 182.15
Per suite, room or overnight sleeping accommodation with cooking unit	\$ 236.19
(l) For all unmetered users not here provided for	
Each set of basin and toilet	\$ 695.88
Each additional basin or urinal	\$ 193.88
(m) Institutional Offices, Churches and Halls	
Each set of basin and toilet	\$ 388.13
Each additional basin or urinal	\$ 193.88
(n) Schools (all types) – each Classroom	\$ 695.88
(o) Hospitals – per bed	\$ 388.16

Residential Curbside Collection and Disposal Amendment Bylaw 1448

A bylaw to amend Residential Curbside Collection and Disposal Bylaw 1408.

WHEREAS it is deemed expedient and in the public interest to amend the Residential Curbside Collection and Disposal Bylaw 1408

NOW THEREFORE the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited as the "Residential Curbside Collection and Disposal Amendment Bylaw 1448".
2. Bylaw 1408 is amended by deleting schedule "A" and substituting in its place the new Schedule "A" attached here to as Appendix "I" and forming a part of this Bylaw.
3. This Bylaw shall come into full force and effect on January 1, 2026.

READ A FIRST TIME this day of December, 2025

READ A SECOND TIME this day of December, 2025

READ A THIRD TIME this day of December, 2025

ADOPTED this day of December, 2025

Mayor

Director of Corporate Services

Appendix "I"
Schedule "A" to the Residential Curbside Collection and Disposal Bylaw

Residential Curbside Collection	2026 Annual Rate
(a) Garbage Collection	\$ 160.07
(b) Additional Garbage Collection Service	\$ 160.07
(c) Organics Collection	\$ 156.47
(d) Recycling Collection	\$ 4.65
(e) Yard Waste Facility Fee	\$ 0.00

Additional Charge Fees	
(a) Cart Fee (121 Litre / 242 Litre)	\$ 215 / \$ 230
(b) Additional Cart Fee (121 Litre / 242 Litre)	\$ 215 / \$ 230
(c) Additional Cart Administrative Fee	\$ 100
(d) Damaged Cart Lid Replacement	\$ 24
(e) Blue Box Replacement	\$ 25