



City of Delta

First Quarter

# Financial Report

2026

Delta

# Economic Overview and Outlook

## Canadian Economy

At its April 29, 2026 rate announcement, the Bank of Canada (BoC) held its policy rate at 2.25%, marking the fourth consecutive hold. The BoC noted “heightened volatility” due to the war in the Middle East, as well as ongoing uncertainty with the US trade policy. The BoC indicated that it is closely monitoring these impacts with a readiness to increase rates if higher energy prices become more persistent.

The U.S. Federal Reserve (Fed) also left its policy target range unchanged at 3.50% to 3.75% on April 29, 2026. The Fed stated a willingness to adjust the policy as appropriate, but they will be taking into consideration a wide range of information. The BoC policy rate is 150 basis points below the Fed’s upper target range. The next BoC rate announcement is scheduled for June 10, 2026.

Canadian Consumer Price Index (CPI) increased 2.8% year over year in April 2026, up from 2.4% in March. The acceleration was largely due to higher energy prices. The upward pressure on the gas prices is due to the conflict in the Middle East and the switch to the more expensive summer blend. The temporary suspension of the federal fuel excise tax has partially offset the increase. Excluding gas price increases, the CPI rose by 2.0%.

Canada’s real Gross Domestic Product (GDP) declined 0.2% in the fourth quarter of 2025. However, the BoC continues to forecast growth of 1.2% in 2026, supported by gradual recovery in exports and business investment. The war in the Middle East has not reduced the forecast because Canada is a net exporter of oil and higher oil prices increase the value of its exports.

The Canadian labour market softened over the first four months of 2026. The unemployment rate rose steadily from 6.5% in January to 6.9% in April, reaching a six-month high. Over the same period, employment declined by a net 112,000 jobs.

## British Columbia Economy

B.C. Consumer Price Index (CPI) increased 2.5% year over year in April 2026, matching the increase in March. Among provinces, B.C. recorded the second-lowest inflation rate in the country for April. The largest increase by far was in the energy category. Vancouver CPI in April increased 2.4% which was below the national and provincial rate.

# Building and Development Highlights

Construction value of permits

**\$41.4M**

Permit fees collected

**\$508K**

Development application fees

**\$124K**

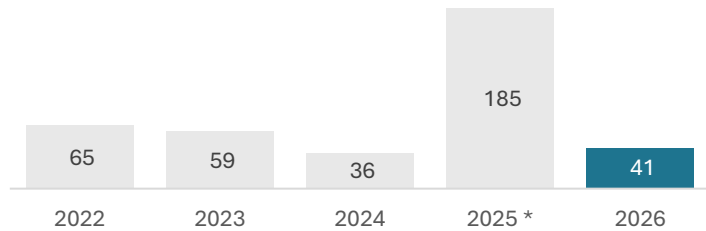
The City's building and development performance for the first three months of 2026 compared to previous years is summarized in the following charts.

## Construction value of permits

The construction value of building permits issued was \$41 million, below the five-year first quarter average of \$77 million.

Compared to prior year, 2026 activity is closer to typical levels, following a surge in multi-unit residential apartment buildings in early 2025.

Construction Value of Building Permits (\$ millions)  
January to March

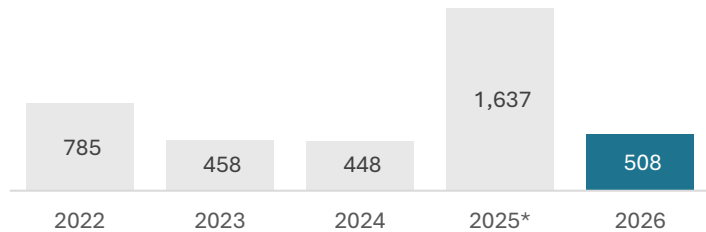


## Permit fees collected

Building, sign, plumbing and highway use permit fees were \$508,000 for the first three months of 2026, below the five-year average of \$758,000.

\* Q1 2025 construction values and permit fees were unusually high due to permits issued prior to development cost charge rate increases in March 2025, in alignment with Metro Vancouver's timing.

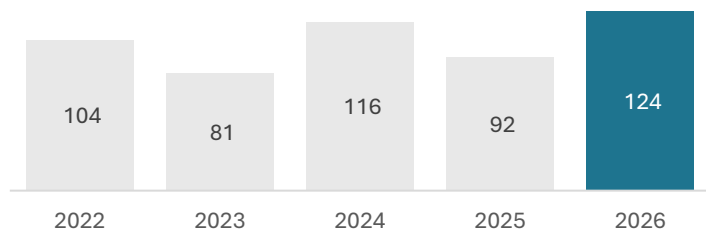
Permit Fees Collected (\$ thousands)  
January to March



## Development application fees

For the first quarter of 2026, development application fees totaled \$124,000, exceeding the five-year average of \$104,000. Development fees increased on January 1, 2026, contributing to higher revenues.

Development Application Fees (\$ thousands)  
January to March



# General Operating Financial Results

At the Regular Meeting on December 8, 2025, Council adopted the City’s 2026 Financial Plan which has an annual budget for general operating expenditures of \$268.2 million and general departmental operating revenues of \$77 million. This section discusses general operating spending for the first quarter of 2026, excluding depreciation, utilities, and capital items.

## General Operating Expenditures

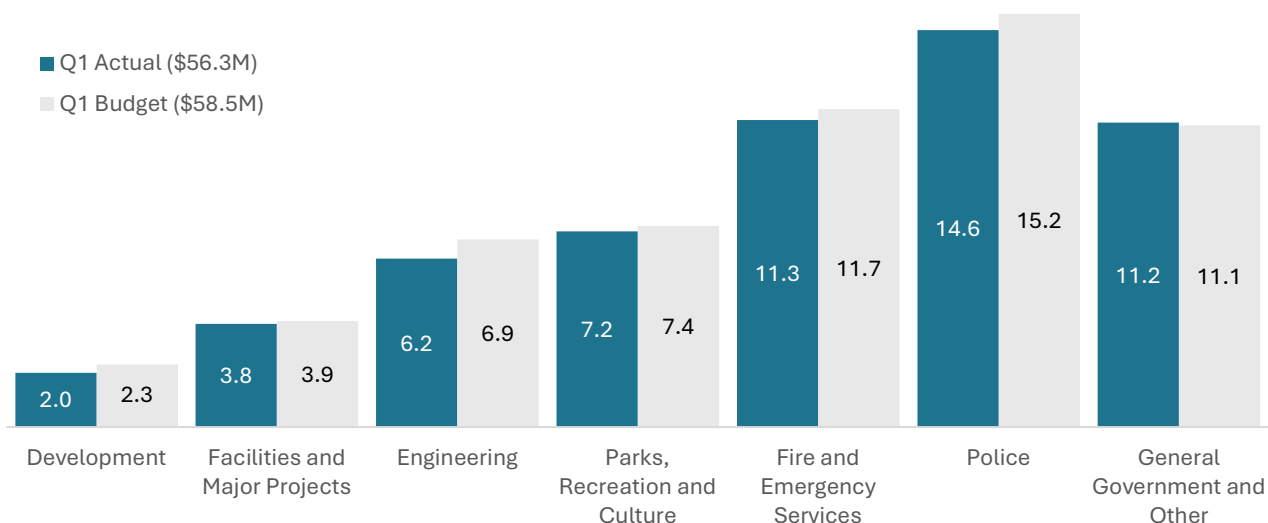
For the first quarter of 2026, the City recorded \$56.3 million in general operating expenditures, which was within budget.

**Development, Facilities & Major Projects, Engineering, and Parks, Recreation & Culture** recorded combined expenditures of \$19.2 million, approximately \$1.3 million below budget. The favorable variance was primarily related to vacant staff positions expected to be filled later in the year. Additionally, savings were realized in road and street maintenance and drainage operations due to the warmer, drier weather conditions experienced during the first three months of the year.

**Protective Services (Police and Fire)** expenditures totaled \$25.9 million and were \$1 million below budget. The variance was mainly due to staffing vacancies and ongoing recruitment challenges for the Police department.

**General Government** includes Corporate Services, Finance, Legal Services, City Administrative Services, Fiscal, and Property Use and Compliance. Expenditures for the first quarter in these areas totaled \$11.2 million which was in line with the budget. Operational costs associated with the Westham Island Bridge emergency response will be included once all costs and recoveries are known.

Operating Expenditures, Actual vs. Budget (\$ millions) - Q1 2026



# General Operating Financial Results

## General Operating Revenues

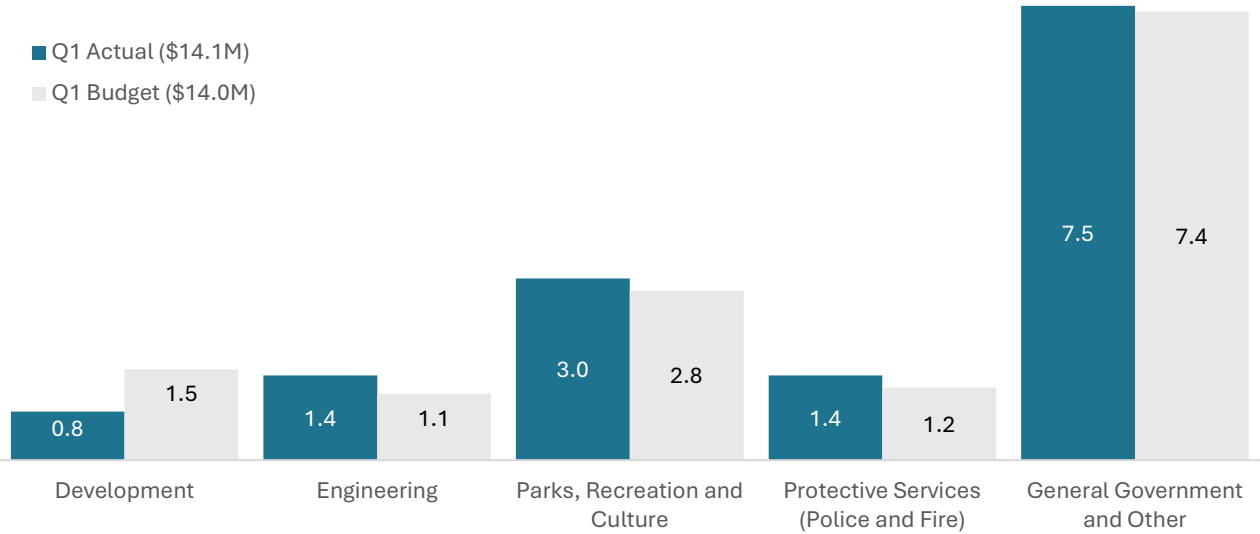
The 2026 annual revenue budget of \$77 million represents general departmental operating revenue and excludes property taxation. From January to March, the City recorded total operating revenue of \$14.1 million, in line with budget.

**Development, Engineering, and Parks, Recreation & Culture** generated combined revenues of \$5.2 million in the first quarter, slightly below budget. Parks, Recreation & Culture revenue exceeded budget by \$0.2M, driven by continued demand for recreational programs and services. Development revenue was below budget due to slower activity in the housing market.

**Protective Services (Police and Fire)** recorded \$1.4 million in revenues, \$0.2 million above budget, largely due to grant funding and recovered services. Delta Police received grants supporting specialized equipment acquisitions and organized crime enforcement initiatives, while Delta Fire received funding for an emergency response and training program.

**General Government** recorded \$7.5 million in revenue, including investment income, Vancouver landfill revenues, and cash in lieu. The revenue was slightly favourable, partly due to increased landfill royalties received under the terms of a new agreement. Investment revenue was on budget.

Operating Revenues, Actual vs. Budget (\$ millions) - Q1 2026



# Investment Portfolio and Performance

Total Portfolio Balance – end of Q1

**\$326M**

2026 Q1 Yield

**3.54%**

2025 Annual Yield

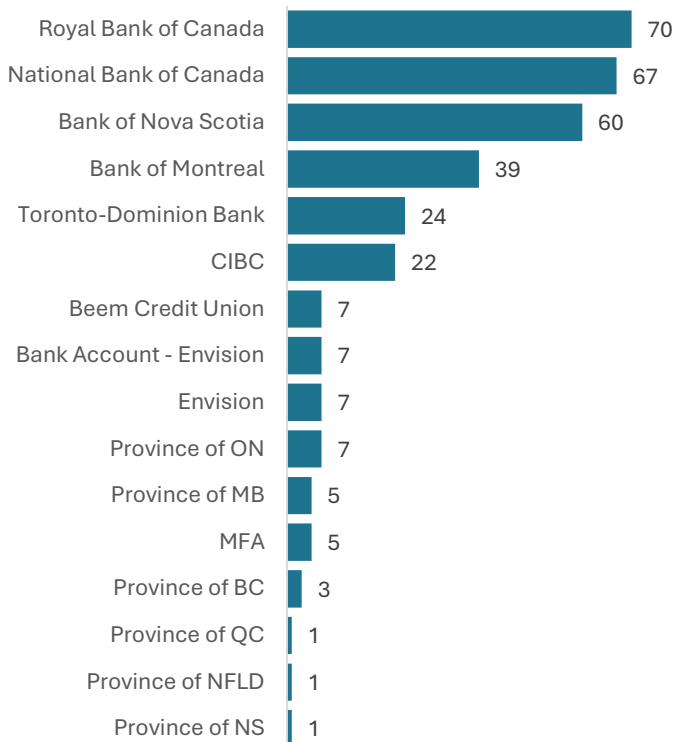
**3.90%**

It is the policy of City of Delta to invest City funds with primary emphasis on preservation of principal, while seeking to maximize risk-adjusted investment returns, ensuring sufficient liquidity to meet the ongoing cash flow requirements, and complying with the statutory requirements of the Community Charter. The City's objectives are to invest funds ensuring: 1) safety of principal, 2) liquidity, and 3) return on investment.

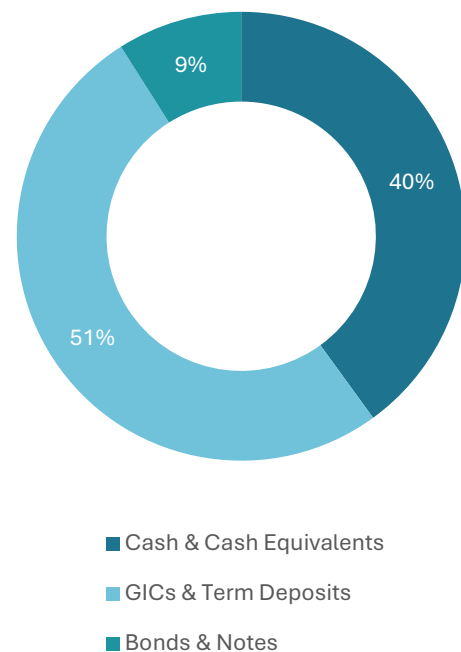
## Portfolio

To minimize risk, the City spreads investments among various institutions that include chartered banks, credit unions, the Municipal Finance Authority (MFA), and provincial governments. As of March 31, 2026, Delta's investment portfolio totaled \$326 million. The portfolio followed the Investment Policy with respect to financial institution limitations.

Investments by Issuer (\$ millions) - Q1 2026



Investment by Security Type



# Investment Portfolio and Performance

## Performance

Delta’s Q1 2026 total yield was 3.54%, compared to 3.68% in Q4 2025. The City’s overall investment yield is expected to decrease as older investments mature and are reinvested in the current rate environment.

The Q1 2026 short-term yield on the City’s portfolio was 3.06%, down from Q4 2025’s yield of 3.28%.

Short-Term Investment Yield	Q4 2025	Q1 2026
Delta Short-Term	3.28%	3.06%
One Month T-bills	2.24%	2.17%
MFA Money Market	2.65%	2.50%

Q1 2026 yield on the long-term portion of the portfolio was 4.11%, compared to Q4 2025’s yield of 4.20%.

Long-Term Investment Yield	Q4 2025	Q1 2026
Delta Long-Term	4.20%	4.11%
Gov’t of Canada Bonds (3-5 year)	2.73%	2.88%
Gov’t of Canada Bonds (5-10 year)	3.04%	3.20%

As of March 31, 2026, 54% of the City’s investment portfolio was held in short-term securities and the remaining 46% was held in long-term investments (greater than one year), reflecting a shift in weighting the portfolio towards higher yielding long-term investments.

## Outlook

The Bank of Canada (BoC) maintained the target overnight rate on April 29, 2026, at 2.25%, the fourth consecutive hold since October 29, 2025. The BoC is focused on ensuring that Canadians continue to have confidence in price stability through this period of uncertainty. The next rate announcement is scheduled for June 10, 2026.