



City of Delta
COUNCIL REPORT
Regular Meeting

To: **Council**

From: **Finance Department**

Date: **November 18, 2025**

2025 Quarterly Financial Report – Third Quarter

The following report has been reviewed and endorsed by the City Manager's Office.

▪ **RECOMMENDATION:**

THAT the 2025 Quarterly Financial Report – Third Quarter be received for information.

▪ **PURPOSE:**

The purpose of this report is to present the City's year to date financial results up to September 30, 2025.

▪ **BACKGROUND:**

Council approved the 2025 Financial Plan at the Regular Meeting on December 16, 2024. The City's Investment Policy provides guidance on the investment of City funds and states that investment holdings and performance will be reported to Council on a quarterly basis.

▪ **DISCUSSION:**

The quarterly report is presented as part of the City's goal to lead responsibly with a commitment to public accountability and transparency. The 2025 third quarter (Q3) financial report provides an update on the following:

- 1) Economic overview and outlook
- 2) Building and development highlights
- 3) General operating financial results
- 4) Investment portfolio and performance

ECONOMIC OVERVIEW AND OUTLOOK

Canadian Economy

At the October 29, 2025 rate announcement, the Bank of Canada (BoC) lowered its policy rate by 25 basis points to 2.25%. This marks the fourth rate reduction of 2025 and the second in a row. The BoC noted “ongoing weakness in the economy” and inflation expectations “close to the 2% target” as reasons for the policy rate cut. Based on projections, the BoC believes the new policy rate will help the economy through a period of “structural adjustment”. The U.S. Federal Reserve (Fed) also lowered their policy rate by 25 basis points but stated that a further reduction in December is “not a foregone conclusion. Far from it”. The BoC policy rate remains 175 basis points below the Fed’s upper target range, the widest gap since 1997. The next BoC rate announcement is scheduled for December 10, 2025.

Canadian Consumer Price Index (CPI) increased 2.2% year over year in October 2025, down from a 2.4% increase in September. The decline is largely due to gasoline prices because of the switch to cheaper winter blends. Grocery prices in October did not experience the same increase as September and also contributed to the decline.

As expected, Canada’s real Gross Domestic Product (GDP) decreased by 1.6% in Q2 2025, indicating the adverse impact of U.S. tariffs on export activity and the rise in economic uncertainty. The BoC estimates that GDP growth will be about 0.75% on average in the second half of the year.

Employment rose by 0.3% in October, building on gains in September and helping offset declines seen earlier in the year.

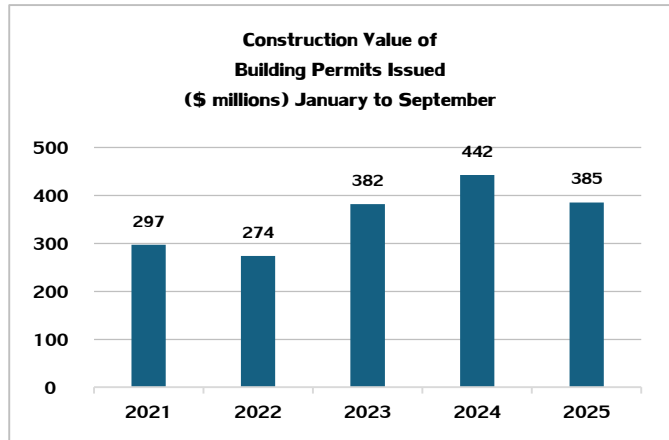
British Columbia Economy

B.C. Consumer Price Index (CPI) increased 2.0% year over year in October 2025, up from 1.9% in September but tied for third lowest in the country. Personal and health care, along with food prices contributed to the rise, while gas prices experienced a notable decrease. Vancouver CPI in October increased 1.9%, slightly lower than the provincial and national average.

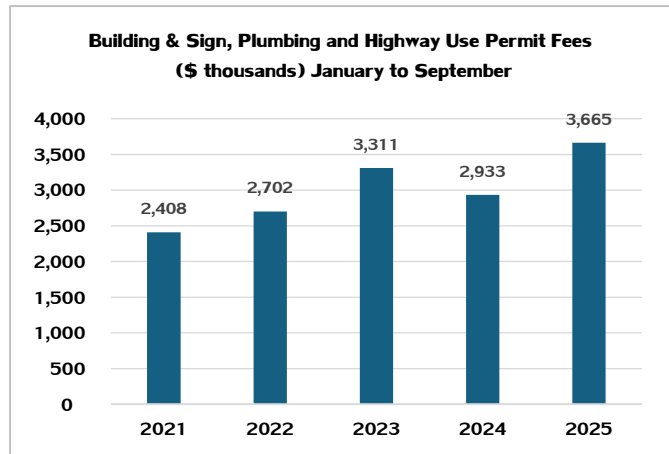
BUILDING AND DEVELOPMENT HIGHLIGHTS

The City's building and development performance for the first nine months of 2025 compared to previous years is summarized in the following charts.

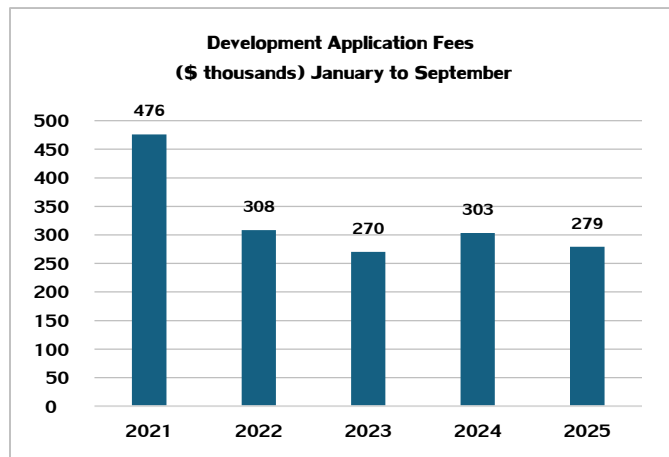
Construction value of building permits issued was \$385 million for the first nine months of 2025, which exceeded the five-year average of \$356 million. Activity to September 30, 2025 was driven by building permits issued for various multi-unit residential apartment buildings.



Building and sign, plumbing and highway use permit fees were \$3.7 million for the first nine months of 2025, exceeding the five-year average of \$3.0 million.



As of September 30, 2025, development application fees totaled \$279,000, below the five-year average of \$327,000. The decrease is related to the 2024 Official Community Plan (OCP) update, which reduced previous density and height restrictions in expanded areas of the City, leading to fewer OCP amendments in 2025.



GENERAL OPERATING FINANCIAL RESULTS

The City's 2025 Financial Plan has an annual budget for general operating expenditures of \$257.4 million and general departmental operating revenues of \$73.7 million. This section discusses general operating spending for the first three quarters of 2025, excluding depreciation, utilities, and capital items.

General Operating Expenditures

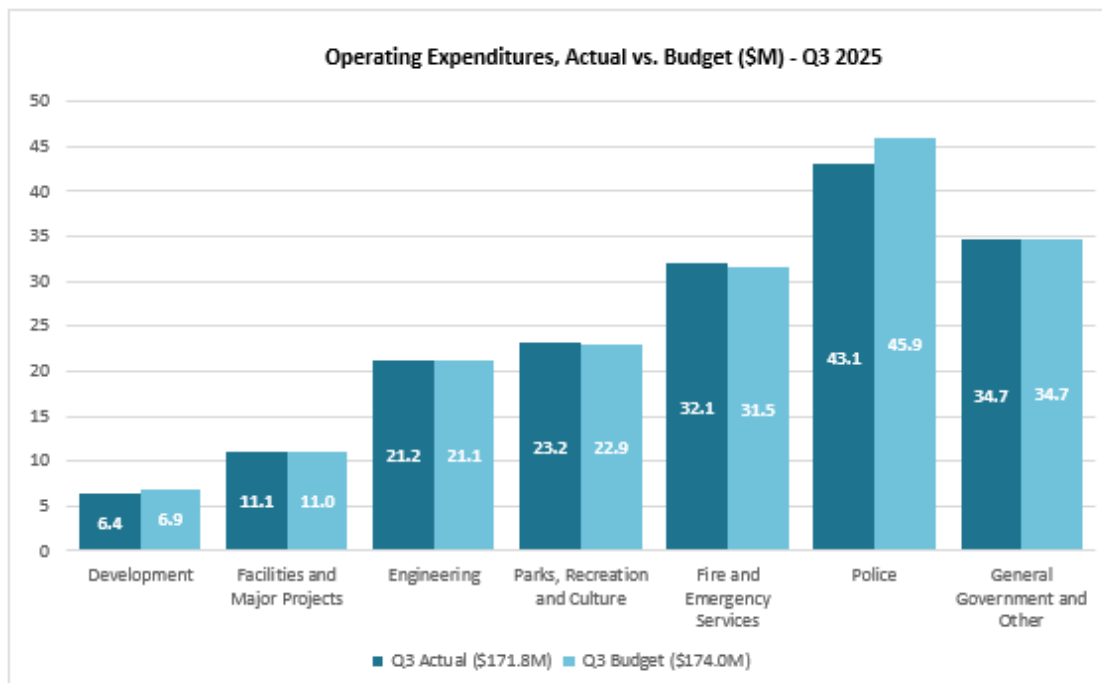
For the first nine months of 2025, the City recorded \$171.8 million in general operating expenditure which was \$2.2 million below budget. The following summarizes departmental operating expenditures until the end of the third quarter of 2025.

The Development, Facilities & Major Projects, and Engineering departments combined expenditures totaled \$38.7 million which is in line with budget.

Parks, Recreation and Culture expenditures of \$23.2 million were slightly above budget as of September 30. This was more than offset by additional revenue from increased demand for recreation programs.

Protective services (Police and Fire) expenditures totaled \$75.2 million. Delta Police Department (DPD) was \$2.8 million under budget, primarily due to staff vacancies. Recruitment remains a regional challenge, and DPD is continuing efforts to fill positions. Delta Fire Department was \$0.6 million over budget, reflecting higher equipment repair and facility maintenance costs, as well as hiring in advance of expected retirements.

General Government includes Corporate Services, Finance, Legal Services, City Administrative Services, Fiscal, and Property Use and Compliance. This segment recorded expenditures of \$34.7 million which is in line with budget.



GENERAL OPERATING FINANCIAL RESULTS (continued)

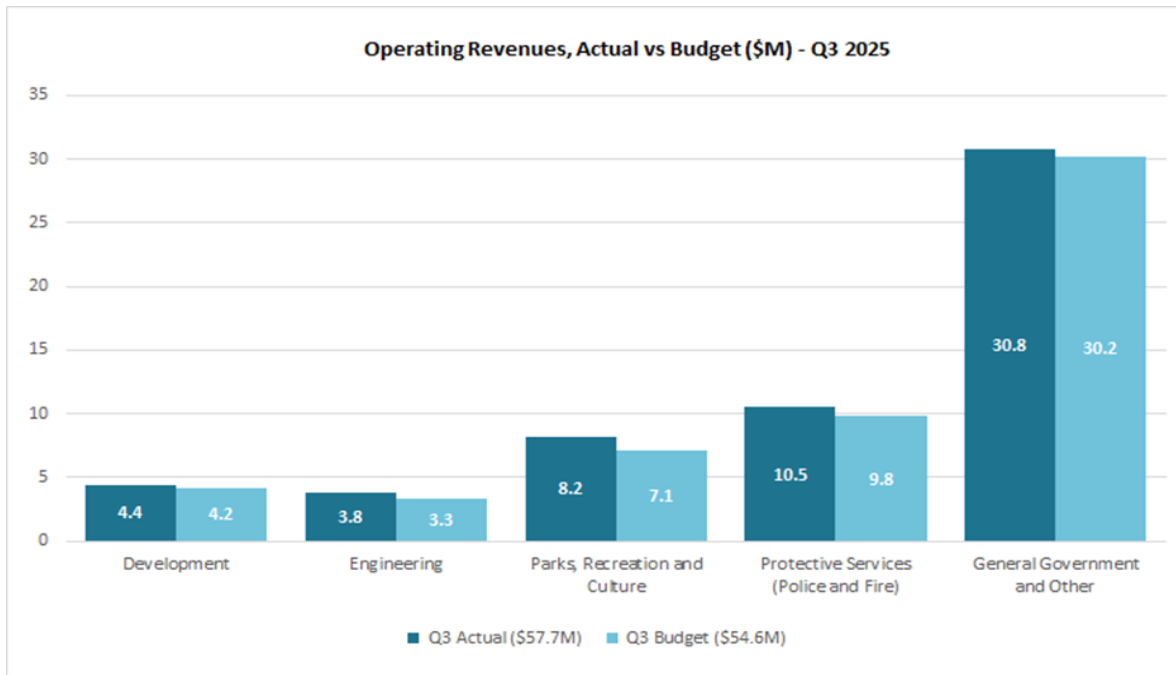
General Operating Revenues

The 2025 annual revenue budget of \$73.7 million represents general departmental operating revenue and excludes property taxation. January to September, the City recorded operating revenue of \$57.7 million, exceeding the budgeted \$54.6 million by \$3.1 million. The following summarizes the January to September operating revenue results.

The Development and Engineering departments generated \$8.2 million in combined revenue, exceeding the budget by \$0.7 million despite challenging economic conditions. In January 2025, the City announced it would receive approximately \$14 million over three years through the Canada Mortgage and Housing Corporation’s Housing Accelerator Fund (HAF). A key initiative within the funding agreement is the creation of a Permit Rebate Program, which allocates a portion of the HAF grant to reduce eligible development fees, particularly building permit fees, to support and incentivize new housing development.

Parks, Recreation and Culture revenues were \$1.1 million above budget. This reflects additional revenue from increased demand for services. Protective services (Police and Fire) recorded \$10.5 million in revenue, exceeding budget by \$0.7 million, mainly due to the receipt of grant funding. DPD received grants to support intelligence and staffing for organized crime investigations.

General Government recorded \$30.8 million in revenue, including investment income, Vancouver landfill revenues, and payments in lieu of taxes (PILTs) from Fortis, BC Hydro, BC Rail and other federal or provincially owned properties. The favourable variance was primarily due to higher than budgeted PILTs received. Interest rates are expected to decline, which will impact investment income for the remainder of 2025.



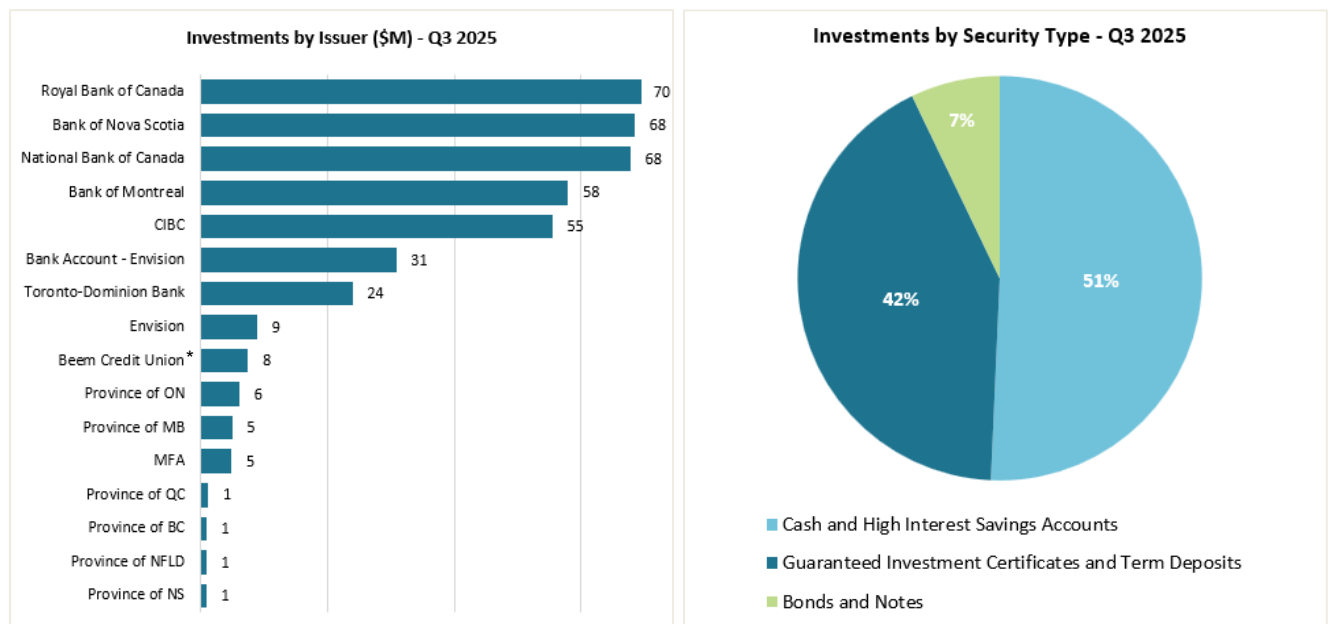
INVESTMENT PORTFOLIO AND PERFORMANCE

The City of Delta’s Investment Policy provides guidance on the investment of City funds to provide a blend of return and security while meeting cash flow demands and complying with the requirements of the Community Charter. The City’s objectives are to invest funds in a way that ensures 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 September 30, 2025, Delta’s investment portfolio totaled \$411 million. The portfolio followed the Investment Policy with respect to financial institution limitations.



* formerly Gulf & Fraser Credit Union

INVESTMENT PORTFOLIO AND PERFORMANCE (continued)

Performance

Delta's Q3 2025 total yield was 3.95%, compared to 4.07% in Q2 2025. The City's overall investment yield is expected to decrease as markets reflect the recent Bank of Canada decision to decrease its policy interest rate to 2.25%.

The Q3 2025 short term yield on the City's portfolio was 3.58%, down from Q2 2025's yield of 3.73%.

Short Term Investment Yield			
	Q1	Q2	Q3
Delta Short Term	3.80%	3.73%	3.58%
One Month T-bills	2.91%	2.67%	2.62%
MFA Money Market	3.43%	2.96%	2.87%

Q3 2025 yield on the long term portion of the portfolio was 4.47%, compared to Q2 2025's yield of 4.57%.

Long Term Investment Yield			
	Q1	Q2	Q3
Delta Long Term	4.64%	4.57%	4.47%
Gov't of Canada Bonds (3-5 yr)	2.77%	2.76%	2.87%
Gov't of Canada Bonds (5-10 yr)	2.99%	3.04%	3.18%

As of September 30, 2025, 62% of the City's investment portfolio was held in short term securities and the remaining 38% was held in long term investments, reflecting a modest shift in weighting the portfolio towards higher yielding long term investments.

Outlook

The Bank of Canada (BoC) decreased the target overnight rate on October 29, 2025 to 2.25%, the second decrease after a series of pauses between April and August 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 December 10, 2025.

▪ **CONCLUSION:**

In the third quarter of 2025, the City's general operating expenditures and revenues were within overall net budget and the investment portfolio complied with the requirements of the Investment Policy.



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NC/JC/LB/DS/eg