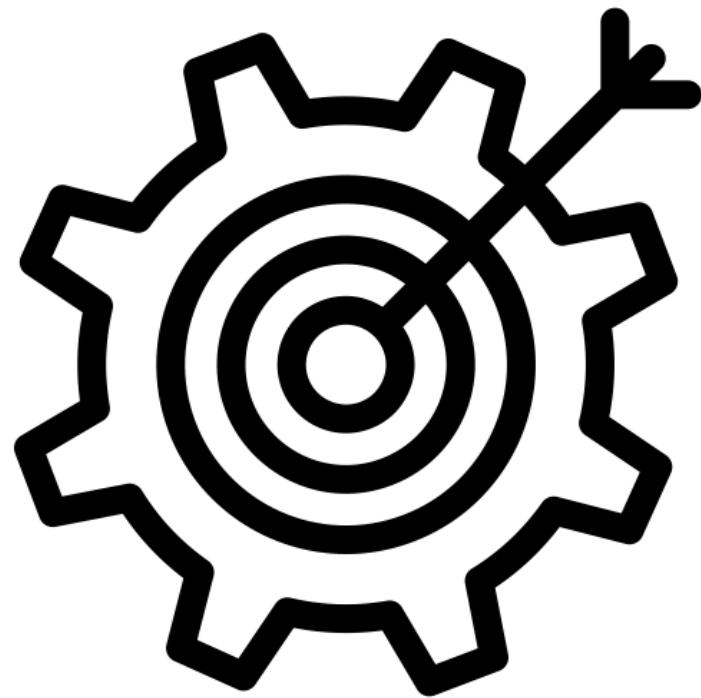


2025-2029 Budget Outlook Council Meeting

May 29th, 2024





- **Objective:** Present the Budget Outlook for the years 2025-2029.

Outlook serves as the starting point and first opportunity for Council discussion as staff works to build the 2025 Budget

Overview of the **key factors** impacting the City's financial outlook such as **elevated fixed costs, higher costs passed on** by other agencies, and **infrastructure renewal** demands

Based on current estimates and without further actions, an **average property tax increases of ~7% each year** would be required to balance the budget at existing service levels

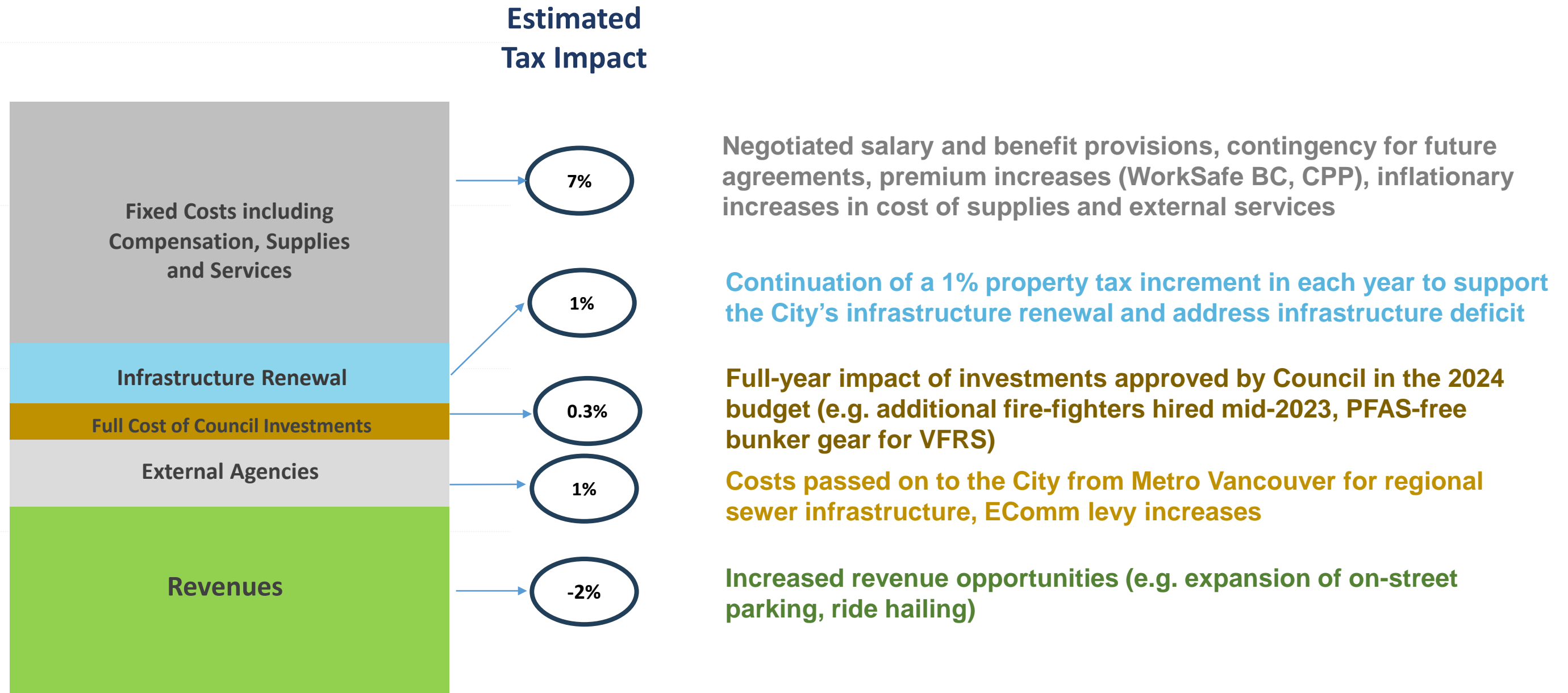
City continues to **focus on multiyear financial planning strategies** to address cost pressures

The financial impacts of the **Mayor's Budget Task Force recommendations** will be incorporated into the City's budget going forward as initiatives are implemented and benefits realized

The Outlook shows the estimated cost of **maintaining existing service levels**

- **Continued cost pressures** associated with labour and supply cost inflation, infrastructure renewal and higher costs passed on from external agencies
- Staff are **implementing multi-year strategies** to enable new revenue generation, process improvements for capacity building or reducing costs, and advocacy for senior government funding and partnerships
- Further work will be undertaken by staff through the budget process to refine estimates and identify options for Council to balance the budget
- Based on current estimates and without further actions, **an average property tax increase of ~7% each year would be needed to balance the budget at existing service levels**
 - *\$98 for a median strata*
 - *\$167 for median overall residential*
 - *\$258 for median single-family and \$470 for median commercial properties*

Cost Drivers Impacting 2025 Operating Budget



**Total may not add due to rounding*

- **Utility fees** are estimated to **increase by 9% annual on average** for the next five years, based on Metro Vancouver utility charge forecasts and the need to replace and maintain City infrastructure.
- **The current estimates for 2025 utility rate increases are:**
 - 4% for Water
 - 14% for Sewer
 - 5.6% for Solid Waste
 - 3.2% for the Neighbourhood Energy Utility
- Fees linked to cost recovery (such as program fees, and licence and development fees) would generally need to **increase by 6% to maintain cost recovery**
- **Recommended fee adjustments will be brought forward to Council during the budget process**

- Staff will continue to **review and report back to Council either through specific fee reports or as part of the annual budget process**

Short-Term



- Street Furniture contract renewal
- Congestion and curbside management
- Expansion of On-Street Parking
- Commercial vehicle decal program

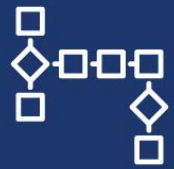
Long-Term

(\$ and timing to be determined)



- Park Board's Think Big Strategy
- Leasing City-owned fibre optic capacity and underground ducts
- Public realm marketing & private events
- Sponsorships, advertising, naming rights & donations

Capacity Building Initiatives – Examples from 2024



1. Business Optimization

15% Less overall drive time through vehicle routing optimization for City trucks

80% reduction in overflowing litter can service requests from 2018-2022 through higher capacity litter receptacles in the downtown

35% estimated average decrease in transactional workload through transformation of HR staff action process



2. Streamlining & Decreasing Cycle Time

50% decrease in staff processing time and **75%** decrease in customer processing time by enabling online applications for commercial vehicle decal program

580 staff hours saved annually by eliminating duplicate data entry for business licenses by implementing digital license applications

Deployed Community Safety Personnel (CSPs) to relieve VPD officers from lower-priority scenes approximately **32 times per day**. In turn, VPD officers can attend **21 additional calls per day**



3. Creating Financial Capacity

\$2.0 million per year saved through reduction of leased office space

\$0.7 million annual savings through review of Citywide cellular provider, plus **service improvements** such as increased data size plans and unlimited call minutes nationwide

Optimization of **cloud-based productivity** and collaboration platform resulting in **lower operational maintenance costs** of approx. **\$0.1 million** per year



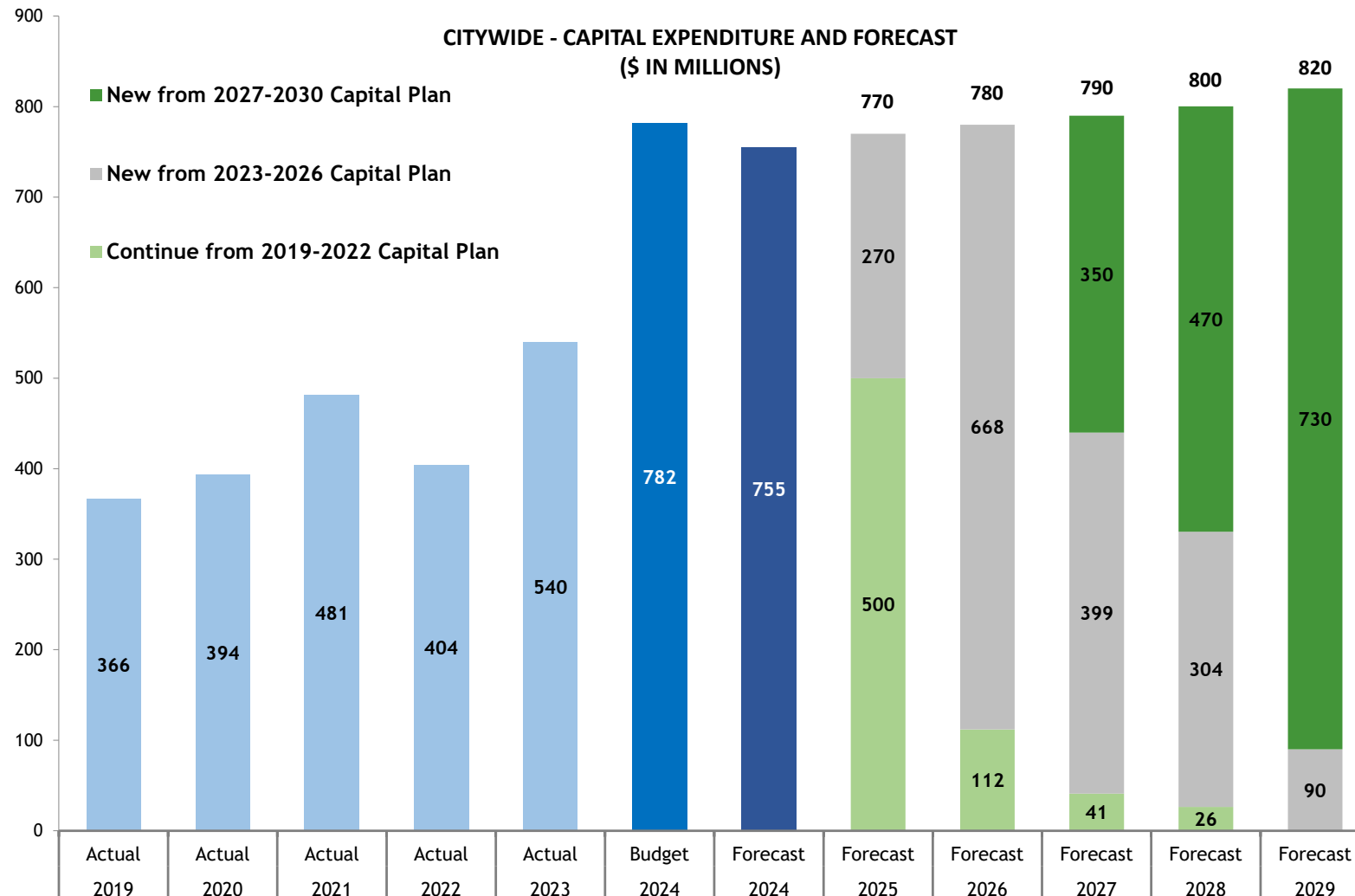
4. Simplified Processes

Repeal of **72** land use documents through implementation of Vancouver Plan Land Use rationalization

Streamlined license by-law review and reduced business license types from **570** to **88** licenses

200-300 claim payments per week automated through WorkSafeBC claims filing process and shortened administration process

- Capital delivery has been increasing, and will need to continue to increase to meet infrastructure renewal and growth needs outlined in the 2023-2026 Capital Plan



- The forecasts for 2025 through 2029 represent early estimates which will be further refined as part of the 2025 Capital Budget process.
- In June, Council will receive recommendations from staff for mid-term adjustments to the 2022-26 Capital Plan reflecting emerging demands, inflationary pressures and updated delivery timelines

- Engagement period: **August - September 2024**
 - Annual Talk Vancouver budget survey
 - Vancouver residents and businesses will have the opportunity to provide input on the City's spending priorities and preferences for balancing the budget
- Input will be available to **inform Council deliberations in December 2024**

Appendix

Operating Budget Drivers – Expenditure Table



Operating Budget Preliminary Expense Pressures (\$ in millions)	2025	2026	2027	2028	2029
External Agency Costs passed on to the City:					
Increased Metro Vancouver charges for Water and Sewer utility	\$40	\$30	\$32	\$31	\$38
Anticipated external party cost increases (including ECOMM levies)	\$3	\$3	\$4	\$2	\$3
Debt, Transfers and Capital Program Costs:					
Infrastructure Renewal, Pay-as-you-go Sewer & Water, Transfers and Debt Financing	\$14	\$26	\$28	\$26	\$26
Salary and benefit costs:					
Salary and benefit projected increases <i>(includes contractual increments and projected benefit cost increases, excludes collective agreement increases without agreements*)</i>	\$14	\$12	\$12	\$12	\$12
Other Cost Pressures:					
Fixed costs (Hydro, Gas rates, IT, Rents & leases, Insurance, Grants)	\$17	\$24	\$26	\$27	\$28
Annualization of 2024 Council Approved Initiatives	\$4	\$0	\$0	\$0	\$0
Reserve Replenishment	\$6	\$6	\$6	\$6	\$6
Preliminary Expense Pressures (excluding impact of collective agreements under negotiation)	\$97	\$102	\$108	\$105	\$114
Contingencies to mitigate risks	\$40 - \$75				

Note: Totals may not add due to rounding

Operating Budget Drivers – Revenue Table

Operating Budget Preliminary Revenue Changes (\$ in millions)	2025	2026	2027	2028	2029
Property Tax:					
Increase in property tax revenue: average estimate of ~7%	\$81	\$93	\$83	\$87	\$100
New construction tax revenue	\$5	\$5	\$5	\$5	\$5
Utility fees:					
Increase in utility fee revenue (Average blended rate estimated ~ 9.0%)	\$35	\$34	\$34	\$31	\$34
User fees:					
Increase in Program fees, Licence and Development fees (Rate increase of ~6%)	\$11	\$11	\$12	\$12	\$13
Revenue Generation:					
Revenue Generation Strategies	\$8	\$1	\$2	\$1	\$0
Total Preliminary Revenue Changes	\$139	\$144	\$136	\$136	\$152

Note: Totals may not add due to rounding

Utilities Rates for the Outlook Period

Utilities	2025	2026	2027	2028	2029
Water	4.0%	4.0%	4.0%	4.0%	8.0%
Sewer	14.0%	12.0%	12.0%	12.0%	12.0%
Solid Waste	5.6%	3.2%	2.1%	1.8%	2.0%
NEU	3.2%	3.2%	3.2%	3.2%	3.2%