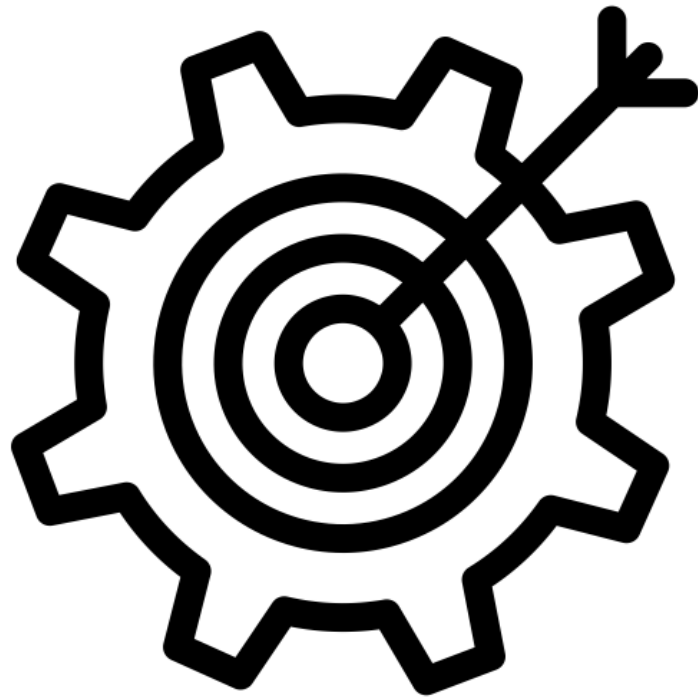


2026-2030 Budget Outlook Council Meeting

June 18, 2025





Objective: Present the Budget Outlook for the years 2026-2030

Outlook serves as the starting point and first opportunity for Council discussion as Staff works to build the 2026 Budget

Overview of the key cost pressures and measures staff are taking to **preserve service levels** and improve the delivery of capital assets within the **constraint of a balanced budget**

Staff will continue to focus is on **multiyear financial planning strategies** and report back to council in November 2025 including realization of new revenue opportunities, capacity building efficiencies and advocacy for senior government funding and partnerships

Capital Budget assumes continued investment in amenities and infrastructure with projected expenditures for 2026-2030 contemplating continuation of an increased pace of delivery.

- **2026-2030 financial landscape**
 - Global economic volatility and introduction of tariffs creating a challenging environment for residents and businesses
 - Moderating CPI outlook forecast to stabilize at ~2%* level over five-year outlook period
 - Historical under-investment in renewal of critical infrastructure and amenities, coupled with increasing cost of construction, present a significant demand on property tax and utility fees
- **2026-2030 Budget Outlook Approach**
 - Current State budget navigates above inflationary fixed costs pressures, annualization of council approved 2025 investments, infrastructure renewal requirements, fee and program revenues aligned to cost recovery
 - Projected increase in costs to maintain existing service levels translates to an increase in property tax rates for 2026 in the 5-6% range, plus the 1% increase in property tax to address the infrastructure deficit.
 - Number of material risks or unknowns that could impose additional costs over and above current projections
 - such as public safety overtime risk due to increasing prevalence of events, protests & demonstrations, collective bargaining patterns, impact of trade tariffs on City's Operating and Capital costs, etc.

Revenue & Expense Drivers



Revenues are projected to increase primarily due to:



Property tax increases required to balance budget in the 5-6% range, plus the 1% increase in property tax to address the infrastructure deficit.



Program and Development fee revenue increases in the range of 4-5% consistent with increased cost of delivering services



Utility fees increases averaging 8% driven by Metro Vancouver Utility charges and need to replace and maintain the city's infrastructure and assets.



Salary & Benefits increases in the range of 3%, health and dental benefit increases in the range of 10% - 25%



eComm levy increases estimated in the range of 12%



Full year costs of Council directed investments including annualization of body worn camera's budget (VPD) for 2026



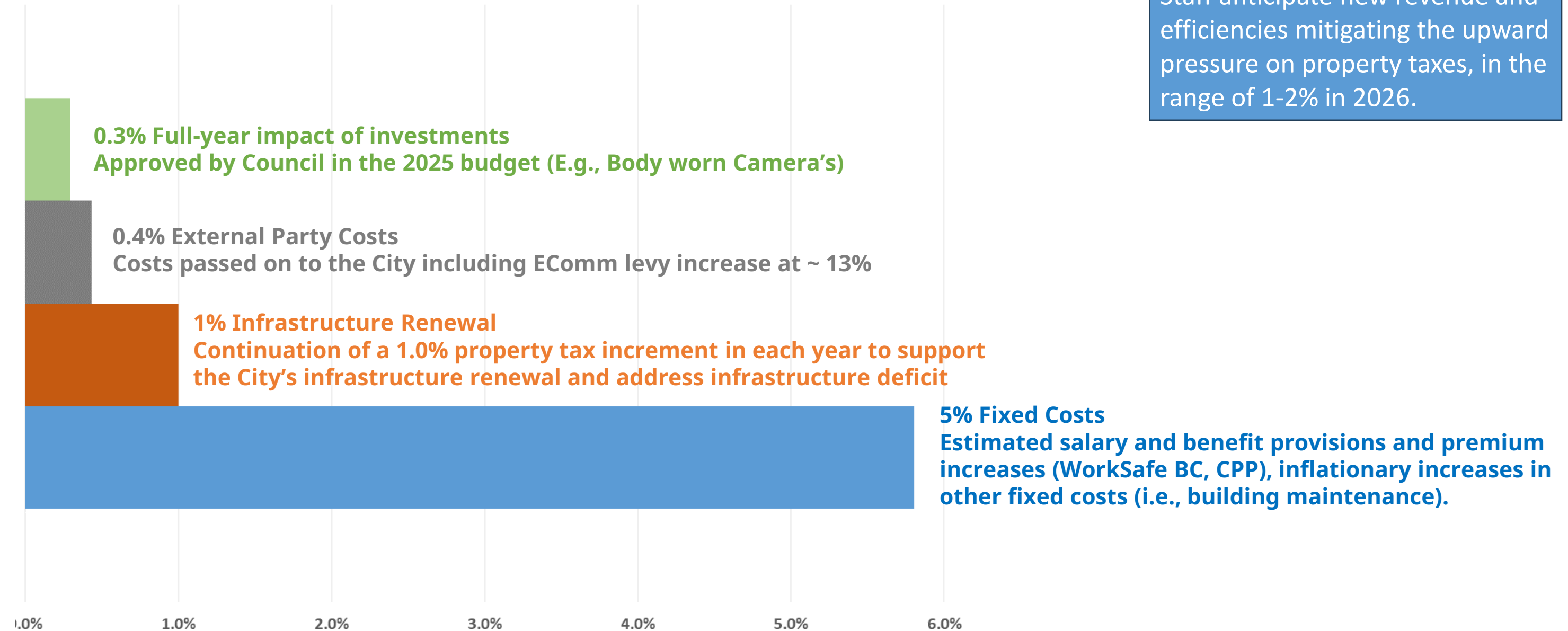
Technology and Software renewal costs increases exceeding inflation.

Continuation of **annual 1% property tax levy** to address historical under-investment in infrastructure renewal.

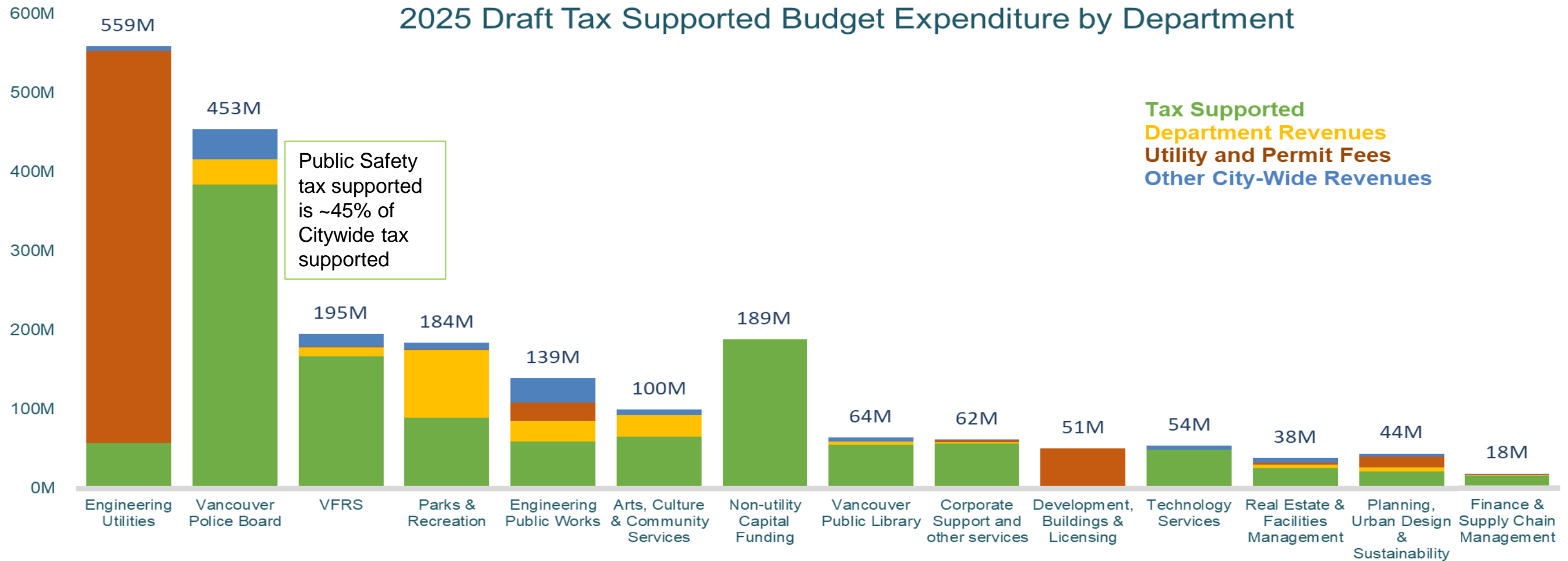
Regional **utility charges** increases passed on to the City by Metro Vancouver, in line with need to replace and maintain the city's infrastructure and assets

Cost Drivers Impacting 2026 Budget

2026 Tax Rate Impact Breakdown



Property tax and other funding



Notes:

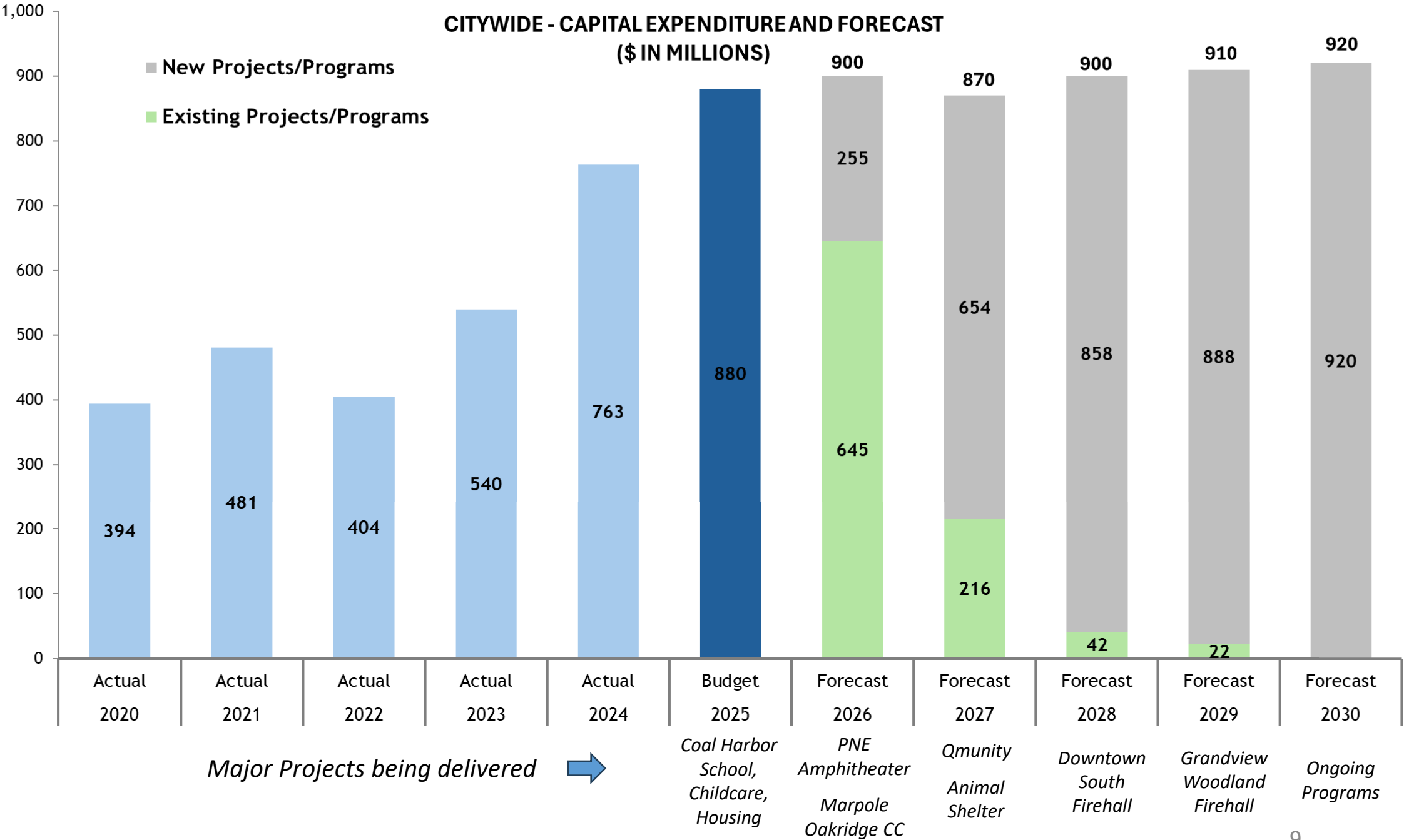
- Other Citywide revenues include parking, bylaw fines, investment income, revenue sharing, cost recoveries, etc.
- Revenues with direct costs are first allocated to associated departments then Citywide.

- **Utility fees** are estimated to **increase by 8% per annum on average** over the next five years driven by Metro Vancouver utility charges and the need to replace and maintain City infrastructure.
- **The current estimates for 2026 utility rate increases are:**
 - 4.0% for Water
 - 9.6% for Sewer
 - 4.0% 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 4% to 5% to maintain cost recovery**
- **Recommended fee adjustments will be brought forward to Council during the budget process**

Capital Expenditure Forecast



- **Increasing Capital Expenditure Forecast** align with higher pace of Capital Delivery
- Significant progress made in **increasing capital delivery** (98% in 2024 and 96% forecasted for 2025)



- Engagement period: **August - September 2025**
 - 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
 - Bi-annual Civic Satisfaction survey (market research)
 - Representative sample of Vancouver residents and businesses have the opportunity to report their satisfaction with municipal services and provide input into service priorities
- Input will be available to **inform Council deliberations in December 2025**

Appendix

Operating Budget Drivers – Expenditures Table

Operating Budget Preliminary Expense Pressures (\$ in millions)	2026	2027	2028	2029	2030
External Agency Costs passed on to the City:					
Increased Metro Vancouver charges for Water and Sewer utility	26	20	19	26	33
Anticipated external party cost increases (including ECOMM levies)	5	11	5	5	6
Debt, Transfers and Capital Program Costs:					
Infratructure Renewal, Pay-as-you-go Sewer & Water, Transfers and Debt Financing	18	27	33	34	28
Salary and benefit costs:					
Salary and benefit projected increases (includes contractual increments and projected benefit cost increases, <i>excludes</i> collective agreement increases without agreements*)	16	11	11	11	11
Other Cost Pressures:					
Fixed costs (Hydro, Gas rates, IT, Rents & leases, Insurance, Grants)	19	22	24	26	25
Annualization of 2025 Council Approved Initiatives	4				
Preliminary Expense Pressures (excluding impact of collective agreements under negotiation)	88	90	91	101	102
* Plus wage increases related to collective agreements currently under negotiation (each 1% increase equals approximately \$12 million annually)	+ impact of wage increases to be determined				

Note: Totals may not add due to rounding

Operating Budget Drivers – Revenue Table

Operating Budget Preliminary Revenue Changes (\$ in millions)	2026	2027	2028	2029	2030
Property Tax:					
Increase in property tax revenue: average estimated	88	94	86	95	91
New construction tax revenue	5	5	5	5	5
Utility fees:					
Increase in utility fee revenue (Average blended rate)	22	26	30	31	37
User fees:					
Increase in Program fees, Licence and Development fees (Cost recovery)	9	10	9	10	10
Total Preliminary Revenue Changes	125	134	130	141	144

Note: Totals may not add due to rounding