



COUNCIL REPORT

Report Date: October 22, 2025
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Meeting Date: November 5, 2025
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TO: Standing Committee on City Finance and Services

FROM: General Manager Financial Services, Finance Risk & Supply Chain Management

SUBJECT: 2025 Budget Adjustments - Vancouver Police and Vancouver Fire and Rescue Services

Recommendations

- A. THAT Council approve a permanent 2025 budget increase of \$2.2 million to the Vancouver Police Department (VPD) to match the final 2025 fringe benefit rates, to be transferred from the General Government contingency budget.
- B. THAT Council approve a permanent 2025 budget increase of \$0.8 million to the Vancouver Fire and Rescue Services Department (VFRS) to match the final 2025 fringe benefit rates, to be transferred from the General Government contingency budget.
- C. THAT Council approve a one-time 2025 budget increase of \$1.9 million to the Vancouver Police Department (VPD) for unanticipated public safety costs related to protests and demonstrations, to be funded through General Stabilization Reserve.
- D. THAT Council approve a one-time 2025 budget increase of \$5.0 million to the Vancouver Police Department (VPD) for Task Force Barrage initiative, to be funded through General Stabilization Reserve.
- E. THAT Council approve a one-time 2025 budget increase to address the forecasted Vancouver Police Department (VPD) budget deficits for a total of \$7.9 million, to be funded through General Stabilization Reserve.
- F. THAT Council approve a one-time 2025 budget increase to address the forecasted Vancouver Fire Rescue budget deficits related to fleet maintenance costs for a total of \$3.8 million, to be funded through General Stabilization Reserve.

Purpose and Executive Summary

This report outlines proposed 2025 Operating Budget amendments for the Vancouver Police Department and Vancouver Fire Rescue Services. Two of the proposed amendments relate to the standard budget adjustments for both Vancouver Police Department and Vancouver Fire Rescue Services for fringe benefit rate changes that occurred after the 2025 Budget was finalized, and for which a contingency budget was set aside. The remaining adjustments relate to cost pressures in the VPD and VFRS budgets. Funding for the identified cost pressures within public safety departments requires Council approval for a one-time transfer from the General Stabilization Reserve.

VPD is forecasting overages of \$17.0 million primarily driven by overtime costs due to staffing vacancies, higher number of protests and demonstrations, ongoing work for Task Force Barrage, and adjustments related to fringe benefits.

VFRS is forecasting overages of \$4.6 million primarily due to VFRS fleet maintenance costs which were not planned for in the 2025 budget. The identified fleet maintenance budget shortfall will be addressed in the 2026 draft budget.

Council Authority/Previous Decisions

Council approved the 2025 Operating Budget on December 10, 2024.

Section 4.1 of the Operating Budget Policy specifies that the Director of Finance and the City Manager may approve (a) Budget Transfers, or (b) Budget increases to a Departmental Budget if they are not in excess of \$750,000 in aggregate for any given year for any given Department, such that the Annual Operating Budget remains balanced. The requested 2025 Budget Adjustments in this report, exceed the delegated authority that is provided to the Director of Finance and the City Manager; therefore, require City Council's approval.

City Manager's Comments:

The City Manager concurs with the foregoing recommendations.

Context and Background

Fringe benefits such as Canadian Pension Plan, Employment Insurance, WorkSafe BC, Employment Health Benefits and Dental Plan were not known when the 2025 Budget was approved, and were set at 2024 rates with a contingency for increases built into the 2025 General Government budget. As such, a 2025 mid-year budget adjustment is required for VPD and VFRS departmental budgets to adjust the budget and reflect the actual rates for 2025. Future adjustments for public safety fringe benefits will be incorporated into the respective 2026 budgets for VPD and VFRS, based on historical rate trends.

In cases where unanticipated, one-time cost pressures occur within departments during the year, departments will review opportunities to manage these pressures through cost savings in other areas, additional revenues, or reserve funds. Under the City's Operating Budget Policy, Council approval is required for budget adjustments greater than \$750,000.

Discussion

Fringe Benefits Rate Impact

A large component of the annual budget consists of salary and fringe benefits costs. A contingency budget was set aside for these increases, and this report recommends reallocating the budget from the General Government contingency budget to VPD and VFRS based on the final benefit rates. The 2025 rate increases are primarily in the following areas:

- **Regular Canada Pension Plan (CPP)** – The premium rate for regular CPP remained unchanged at 5.95%, while the maximum annual contribution has increased from \$3,868 to \$4,034.
- **Second Additional CPP Contributions (CPP2)** – the premium rate for CPP2 remained unchanged at 4.00%, but an additional maximum annual contribution has increased from \$188 to \$396 for 2025.
- **Employment Insurance (EI)** – In 2025, the premium rate decreased from 2.32% to 2.30% and the annual maximum contribution increased from \$1,469 to \$1,509.
- **Extended Health and Dental Benefits Premium Rates** – Rates are set annually based on recommendations from the City's external benefits plan administrator. With increasing trend of usage of such benefits as well as higher costs for services, the extended health benefits premium rates were increased by 25% compared to 2024.

The total 2025 permanent budget increase to reflect the final 2025 fringe benefit rates for VPD is \$2.2 million and \$0.8M for VFRS. Future estimates for public safety fringe benefits will be incorporated into the respective 2026 budgets for VPD and VFRS, based on historical rate trends.

VPD Cost pressures

In addition to the adjustment for fringe benefit rates, VPD identified the following budget pressures:

- **Task Force Barrage** - In February 2025, VPD initiated the Task Force Barrage to dismantle organized crime in Downtown Eastside (DTES). The Task Force included the City's Integrated Response Teams (IRT) program, which bring together the VPD, Vancouver Fire and Rescue Services (VFRS), bylaw officers, sanitation crews, and engineering teams from the City to ensure clear sidewalks and community safety for residents, workers, and visitors on Hastings Street in District 2. The VPD deployment, which was done on call-out, from the initiation of the Task Force in February until the end of September resulted in overtime costs of \$5 million.
- **Protests and Demonstrations** - There is 15% increase in the number of protests from the beginning of the year till the end of Q2 vs the same period in 2024.
- **Forecasted Year-End Budget Shortfall** - The VPD forecasted a year end budget shortfall mainly driven by overtime expenses needed to staff various events to ensure enhanced security, vacancies and other leaves, costs related to the ongoing investigation into the mass casualty incident on April 26, 2025, at the Lapu Lapu Festival

as well as underfunded items such as uniform, body armour, civilian professionals reclassification not funded since 2018, etc.

The proposed VPD budget amendments have been approved by the Vancouver Police Board.

VFRS 2025 Cost pressures

In addition to the adjustment for fringe benefit rates, VFRS is forecasting a deficit of \$3.8 million primarily due to VFRS fleet maintenance division costs which were not planned for in the 2025 budget. The identified fleet maintenance budget shortfall has been addressed in the 2026 budget process.

Financial Implications

Sufficient contingency was included in the 2025 budget for the fringe benefit rate increases. As such, the recommended budget allocation does not result in additional financial implications for the overall city budget. As a result of the recommended one-time and ongoing budget adjustments, the 2025 VPD Budget will increase by \$17.0 million and VFRS budget will increase by \$4.6 million.

Legal Implications

There are no legal implications associated with this report's recommendations.

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