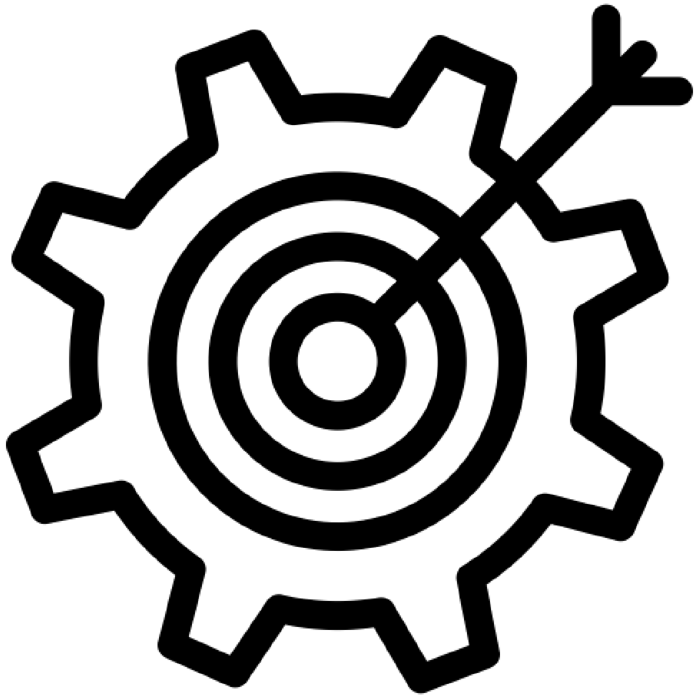
Budget Outlook and Approach
Park Board Meeting

July 7, 2025

CITY OF VANCOUVER

Objective



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

Key Messages

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.

Framing the Budget Outlook

- 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.

** Source: The Conference Board of Canada.*

Revenue & Expense Drivers

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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.

Expenditures are projected to increase primarily due to:

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.

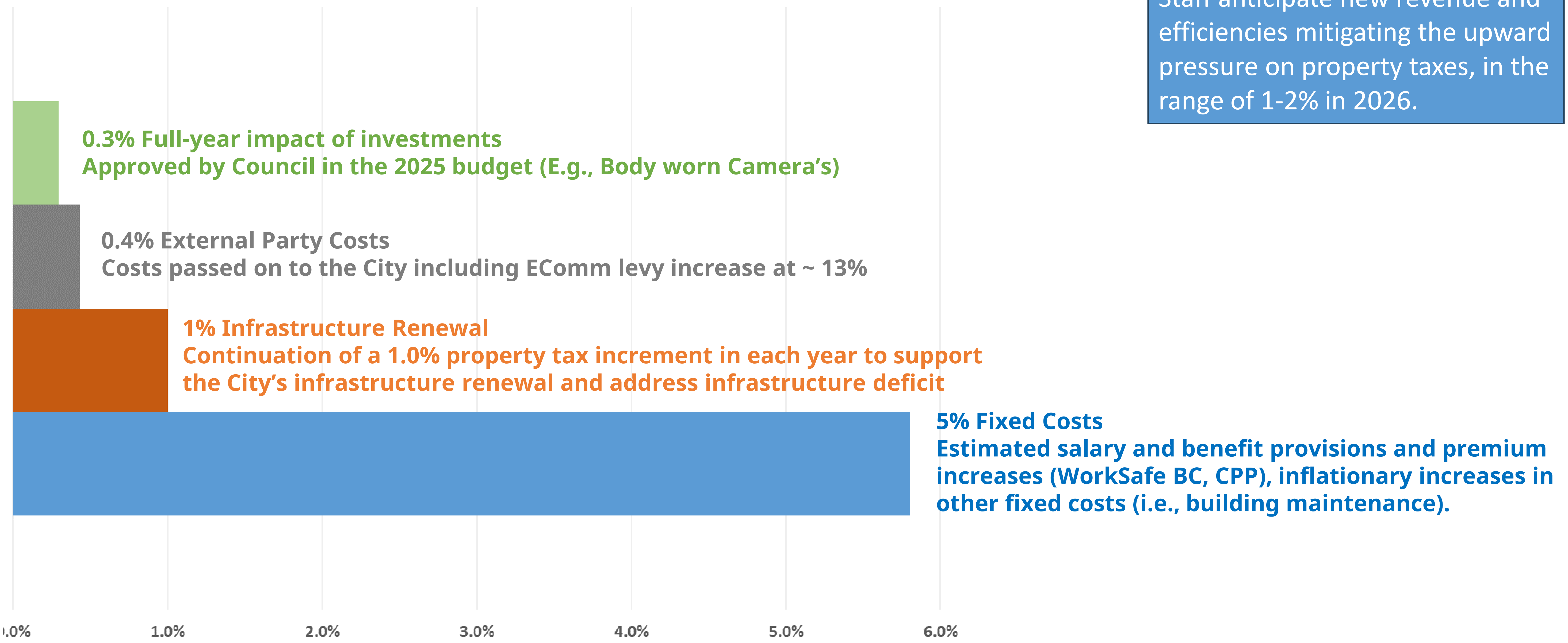
Continuation of **annual 1% property tax levy** to address historical under-investment in infrastructure renewal.

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

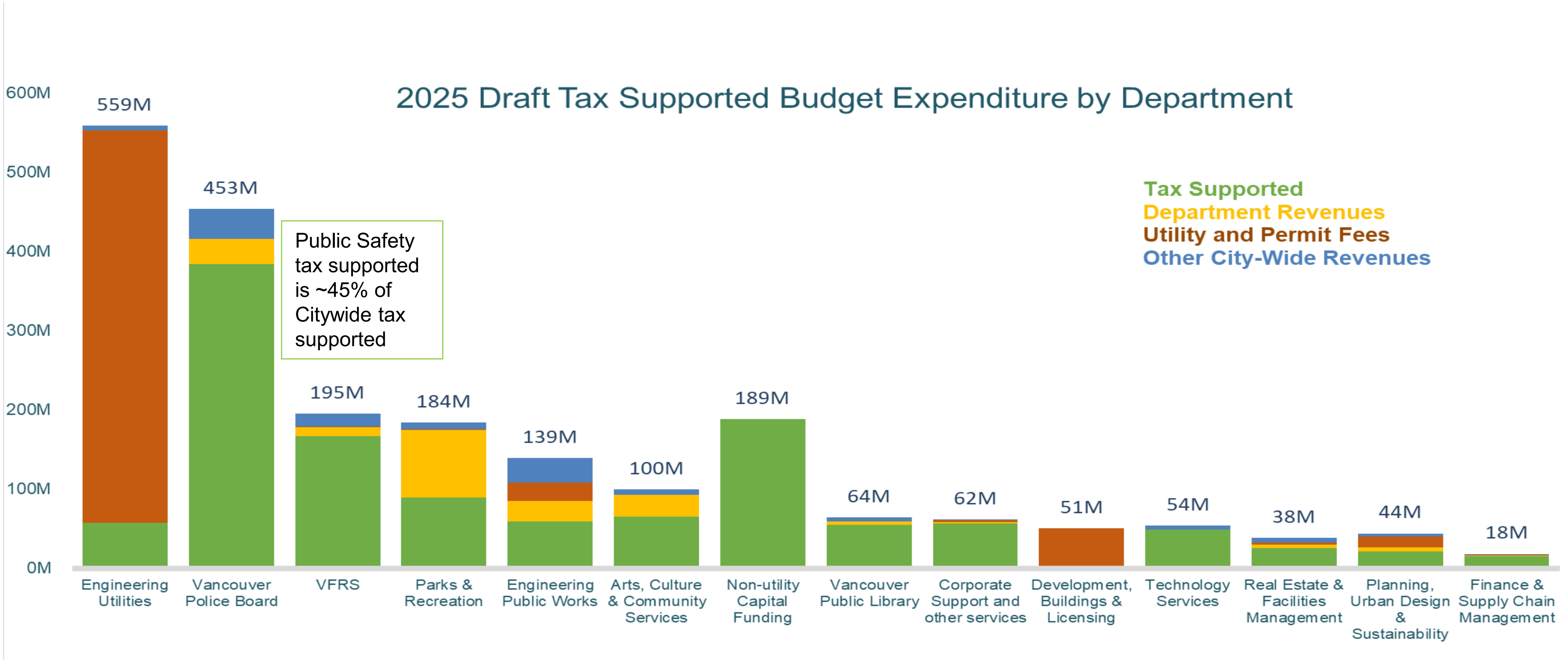
Cost Drivers Impacting 2026 Budget

Staff anticipate new revenue and efficiencies mitigating the upward pressure on property taxes, in the range of 1-2% in 2026.

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.

Outlook for Utility and other fees

- **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

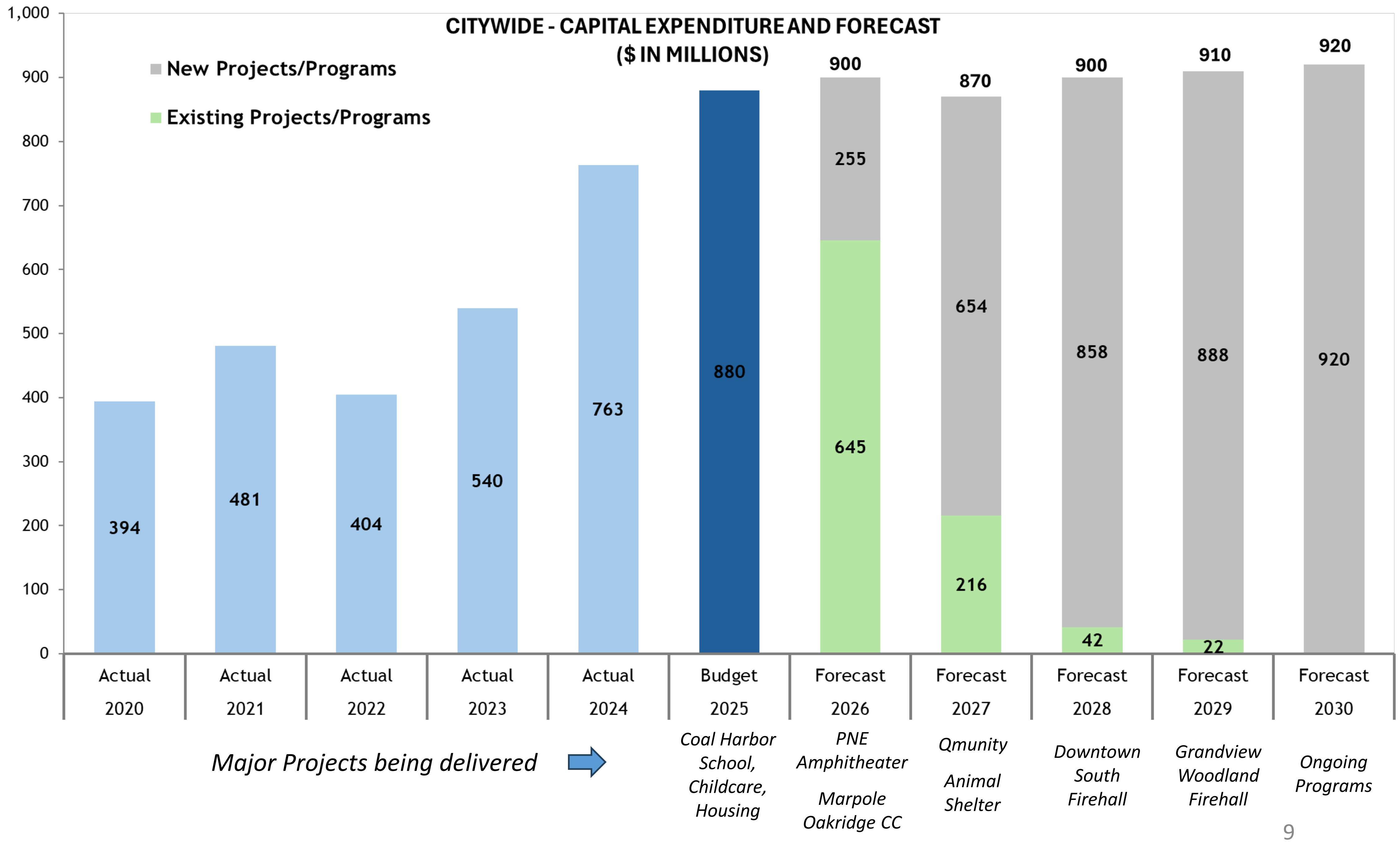
- Fees linked to cost recovery (such as program fees, and licence and development fees) would generally need to **increase by 4% to 5% to maintain cost recovery**

- **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**)



Budget 2026 Public Engagement

- 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**

BUDGET OUTLOOK AND APPROACH

Regular Park Board Meeting

Monday, July 7, 2025

VANCOUVER BOARD OF PARKS AND RECREATION

Purpose

- The purpose of the presentation is to inform the Park Board of impacts of Council motion related to Budget Outlook scenarios and share budget approach and next steps.

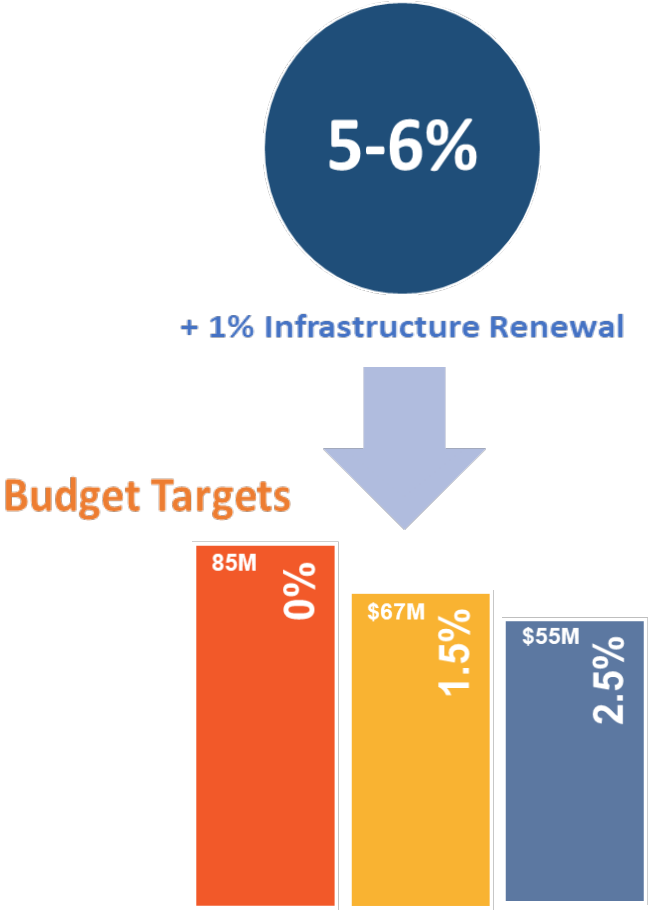
Outlook Recap

- Council motion:

  THAT Council direct staff to consider three alternative scenarios in developing the draft 2026 operating budget, with an additional 1% property tax increase for infrastructure renewal as previously directed by Council, as part of the Budget development process, namely:

  Operating budget scenario based on property tax increases of:

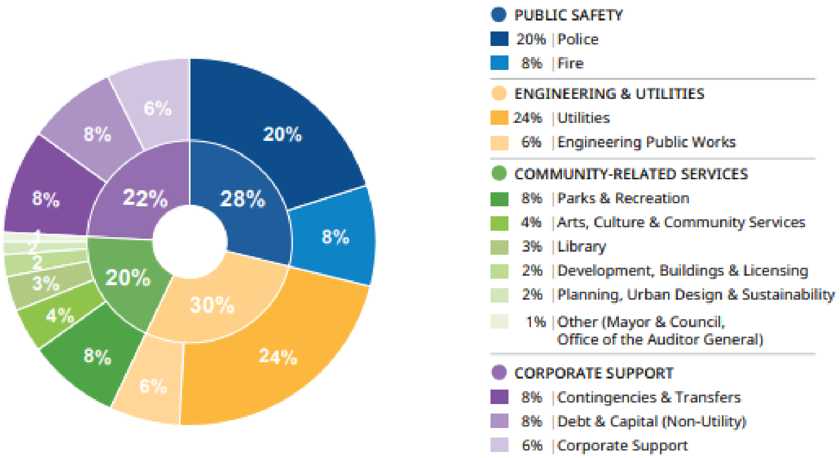
  a) 2.5%
  b) 1.5%
  c) 0%

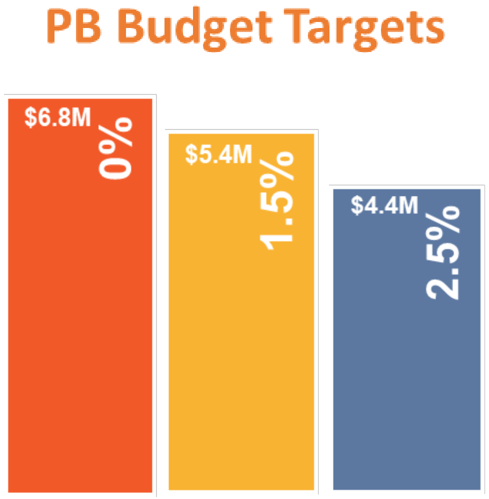


Park Board Budget Targets

- Historically, City targets are allocated proportionally to departments
  - Park Board is approximately 8% of City operating budget

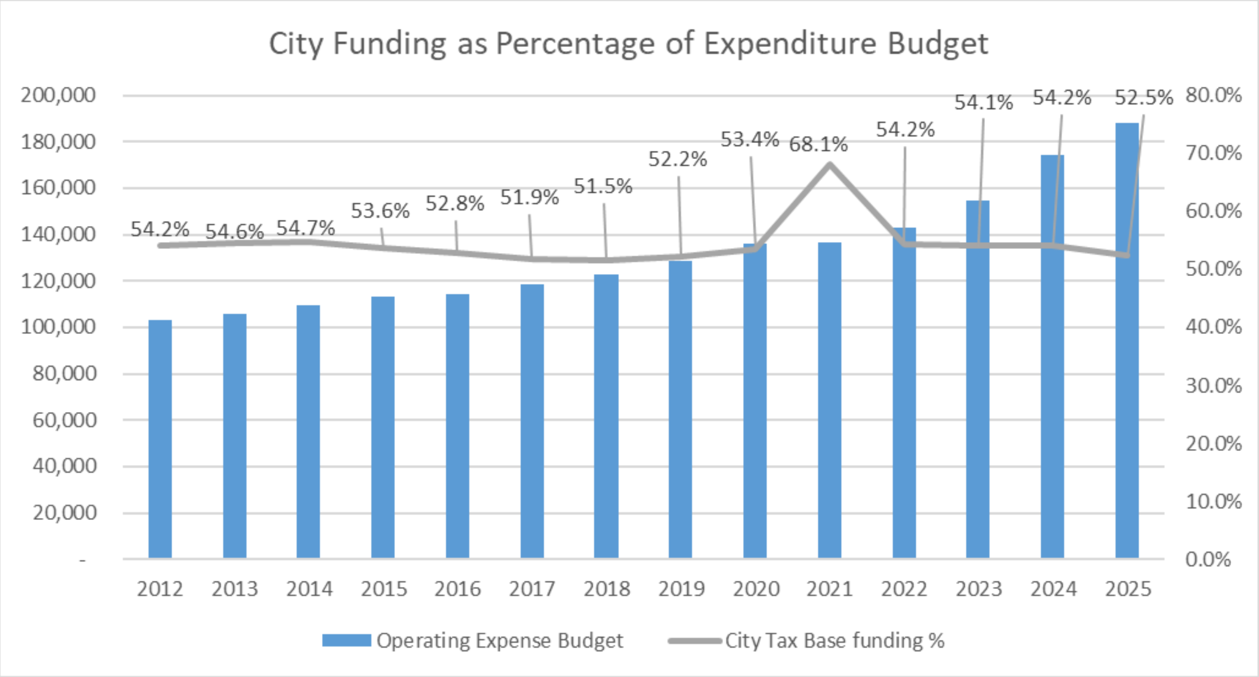
2025 Operating Expenditures, Debt & Transfers By Service Area ($2,342 million)





2025 Park Board Budget

- Park Board 2025 operating budget is 52.5% tax funded



2025 Park Board Budget

- Service lines within Park Board are funded differently
- Net revenue generating areas help fund other areas within Park Board

2025 Budget							
(In millions)	Park Operations	Recreation	SOBR & GM	DAC	PPD	Business Services	Total
Revenues	($0.2)	($30.6)	$0.0	($0.1)	$0.0	($58.6)	($89.4)
Expenditures	$70.3	$67.4	$21.0	$1.9	$1.5	$34.6	$196.7
Debt & Transfers	($11.5)	$0.0	$0.9	$0.0	$0.0	$2.1	($8.5)
Grand Total	**$58.7**	**$36.8**	**$21.8**	**$1.9**	**$1.5**	**($21.9)**	**$98.7**
Fee funded %	0%	45%	0%	4%	0%	160%	48%
Tax Funded %	100%	55%	100%	96%	100%	-60%	52%

Park Board Budget Pressures

- Market competitive services - pressures on retaining and growing new customers (Fitness, rentals, attractions)
- Fixed cost increases continue to grow at a rate higher than fees can sustain
- Maintenance cost increases due to unaddressed infrastructure needs
- New Capital facilities coming on-line (Marpole, Oakridge, new parks)
- Economic uncertainty and tariffs (i.e. film industry)

Revenue Opportunities

- As there are pressures on fees, **new** revenues need to be identified
- Action opportunities already identified:
  - Think BIG
  - Paid Parking
  - Comprehensive Fee Framework (i.e. sports field permitting)
  - Advertising and sponsorship

Cost Savings/ Avoidance Opportunities

- Overall approach to minimize customer impacts and consider slowing and/or pausing indirect work
- Focus areas:
  - Review level of service – right-sizing willingness to pay
  - Service efficiencies – increase productive time
  - Limit taking on new work
  - Hold vacancies where possible
  - Review discretionary budget items

Next Steps

- Follow City-Wide guidance on expenditure controls through remainder of 2025
- Staff to work towards the budget scenarios as directed by Council
  - Report back on different options for Board consideration
- Future Board touchpoints:
  - Budget Briefings through Q3 & Q4
  - Special Budget Meeting – November 24, 2025

Questions?

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