



June 29, 2023

MEMO TO : Park Board Commissioners
FROM : Natalie Froehlich – Director, Financial Planning and Analysis
SUBJECT : 2024 Budget Outlook

Dear Commissioners,

The purpose of this memo is to inform you that there was a presentation made to Council on June 27, 2023 regarding the 2024 Budget Outlook. The Budget Outlook provides a multi-year financial outlook and context for the upcoming budget process.

Discussion

Enclosed within this memo is the report that was sent to Council for your reference. However, below is a summary of the key points:

- The Outlook provides an overview of the key factors impacting the City's financial Outlook such as high inflationary environment, tight labour market, and supply chain disruptions
- To balance the budget at existing service levels and without further actions, an average property tax increase of ~9% each year will be required
- To support & accelerate capital & service delivery, staff to continue to optimizing key processes, reprioritizing financial capacity, and augmenting delivery through external capacity
- Revenue outlook at the City is expected to continue to grow by 3-5% in line with historical increases, but does not fully cover expenditure increases impacted by higher levels of inflation. (This does not include any potential revenue initiatives that will be presented to the Board as part of the Think Big strategy)
- Staff will continue to focus on a sustainable multi-year financial framework to address cost pressures within this Board's term

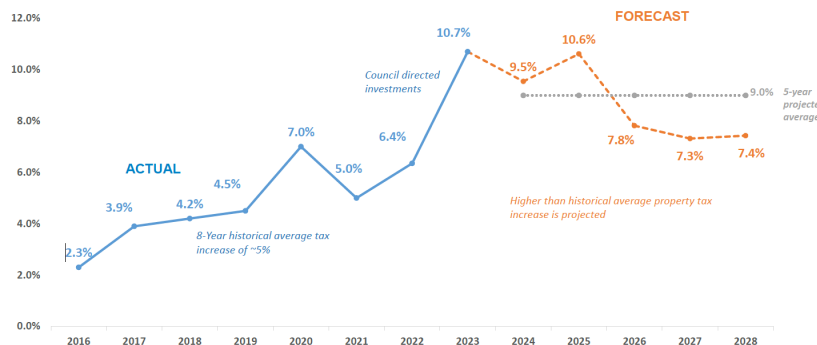
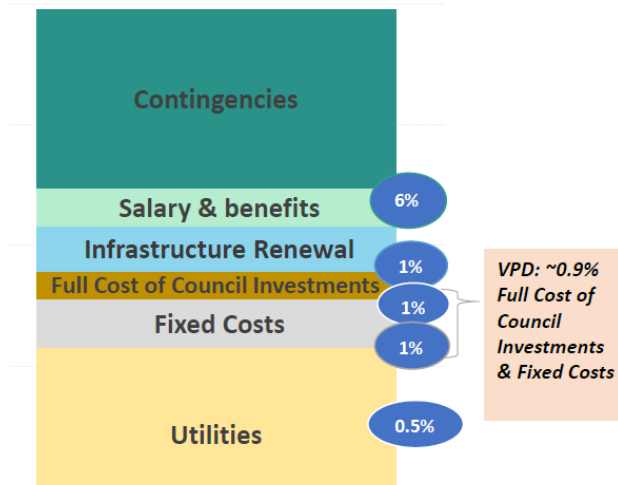


Table 1: Property Tax Forecast Trend

Table 1 reflects the historical property tax rates in the City of Vancouver and has forecasted an average of 9% property tax over the next 5 years. The expectation is that inflation will not continue at the current rate, which will result in lower property tax increases in the later years.



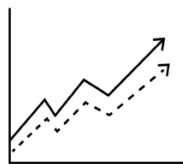
2024 Expenditure by Categories

Table 2: Breakdown of Forecast Property Tax Increase for 2024

Table 2 explains the expected cost increases by category which is resulting in a property tax increase of 9.5% for 2024.

- Salaries & Benefits + Contingencies are related to the uncertainty surrounding collective bargaining agreements.
- Infrastructure renewal increase is to maintain our infrastructure renewal and public amenities as outlined in the 2023-2026 Capital Plan
- Full cost of Council investments include full year costs for:
 - Expansion into mental health initiatives
 - Additional police officers
 - Additional fire fighters
 - Uplifting Chinatown Action Plan
- Fixed cost increases are to maintain existing services and service levels
- Utilities expenditures are higher as a result of increase in Metro levies and renewal rate of aging and deteriorating assets

There will be continued risk in the multi-year financial plan as it relates to ongoing inflationary pressures, impacts of senior government on policies and local conditions, costs for unforeseen events such as public emergencies and costs related to climate change and unusual weather events. However, staff will be working towards building a sustainable financial framework through three key streams of work as identified below:



1. Revenue Generation



2. Service Improvements and Capacity Building



3. Senior Government Funding and Partnerships



Park Board Staff, through direction from Commissioners, have already started the work on revenue generation and will be reporting back on the Think Big strategy in July. Staff are continuously looking internally for efficiencies and service improvements. Park Board Staff are also working closely with the City's Internal Government Relations and Grants departments to ensure we are optimizing any funding available from senior levels of government.

Staff are acutely aware of the extraordinary fiscal pressures and are focused on identifying opportunities for new revenues and operating efficiencies; while continuing to deliver good service to the community.

Regards,

Natalie Froehlich
Director – Financial Planning and Analysis

NF/VT

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PB Communications