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To: ["Direct to Mayor and Council - DL"](#)

Date: 3/12/2026 5:05:27 PM

Subject: FSC - Memo to Mayor and Council - 2026 Operating Budget Implementation Update

Attachments: FSC - Memo to Mayor and Council - 2026 Operating Budget Implementation Update
2026-03-12.pdf

Dear Mayor and Council,

The attached memo is provided for information and includes an update on the implementation of the 2026 Operating Budget.

Should you have any questions please contact Colin Knight at 604.873.7610 or Colin.Knight@vancouver.ca.

Thank you,

Colin Knight
(He/Him/His)
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I am grateful to live and work on the territories of the x m k y m ([Musqueam](#)), S wx\u817_wú7mesh ([Squamish](#)), and s lilw ta ([Tsleil-Waututh](#)) Peoples.



MEMORANDUM

March 12, 2026

TO: Mayor and Council

CC: Donny van Dyk, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Chris Freek, Director of Civic Engagement & Communications
Katrina Leckovic, City Clerk
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office
Andrew Naklicki, Chief Human Resources Officer
Corrie Okell, General Manager, Development, Buildings and Licensing
Francie Connell, Director of Legal Services
Josh White, General Manager, Planning, Urban Design and Sustainability
Margaret Wittgens, General Manager, Arts, Culture and Community Services
Steve Jackson, General Manager, Parks and Recreation
Karen Fry, Fire Chief and General Manager, Vancouver Fire Rescue Services
Steve Rai, Chief Constable, Vancouver Police Department
Lon LaClaire, General Manager, Engineering Services
Pragya Grewal, Director, Financial Planning and Analysis

FROM: Colin Knight, General Manager, Finance and Supply Chain Management

SUBJECT: 2026 Operating Budget Implementation Update

RTS # N/A

Dear Mayor and Council,

The purpose of this memo is to provide an update on the implementation of the 2026 Budget. On November 25, 2025, City Council approved a 0% property tax increase, while prioritizing frontline services and continuing planned investments in critical infrastructure. Balancing the budget at 0% while prioritizing front-line services requires that the City identify \$120 million in revenue opportunities and expenditure savings.

The 2026 Budget takes a back-to-basics approach, focusing on organizing teams to optimize service delivery, reviewing management structures, and consolidating overlapping functions to

improve efficiency. To deliver on this approach, an estimated reduction of 400 full-time equivalent (FTE) positions was identified, about one-third of which were vacant at the time of the review. Of the estimated 400 FTE reductions, approximately one-third were determined to be exempt positions and two-thirds were unionized positions.

In October 2025, the City offered the Exempt Voluntary Departure Program (EVDP) to eligible exempt employees, creating capacity for additional vacancies. A similar program was offered to eligible unionized employees in February 2026. While the Exempt Workforce Restructuring is now substantially complete, the Union Workforce Restructuring remains ongoing, with frequent discussions taking place with CUPE 15.

In December, the City began implementing a number of initiatives to realize the required \$120 million in savings:

1) Revenue Optimization Strategies

New Non-Tax Revenue Initiatives:

- Sponsorship, Advertising, Naming & Donations (SAND): Phased expansion of sponsorships and public-realm advertising to grow non-tax revenue while managing market and community impacts.
- Solid Waste Royalties & Lease Revenue: New royalty payments from Metro Vancouver for waste disposed at the Vancouver Landfill, and additional annual lease revenue for the Vancouver South Transfer Station under the updated Solid Waste Agreement.

Revenue from Increased Volumes (No Fee or Tax Increases)

- Right-sizing to Actual Volumes: Budget alignment with realized parking and lease revenues, including higher parking transaction volumes and expanded on-street parking.
- Higher Commercial Activity: Increased revenues from rentals, hospitality, and special events due to stronger demand.

Targeted Fee Increases (Cost Recovery & Inflation Offset)

- Utility Fees: 0% increase for City-run operations; 4.2% overall increase driven by underground infrastructure renewal and payments to Metro Vancouver.
 - On November 25, City Council adopted the report: “*2026 Annual Review of Water Rates and Water Works By-law Amendments*” that included recommendation for 2026 rates and fees for water service based on equitable cost recovery for water services purchase rates from Metro Vancouver, and capital programs to keep water utility infrastructure in a state of good repair.
Report: <https://council.vancouver.ca/20251112/documents/spec1a.pdf>
 - On November 25, City Council adopted the report: “*2026 Annual Review of Sewer Rates – Sewer and Watercourse By-law*” that included recommendation for 2026 Sewer Utility customer rates and fees increase, attributed to the City's

ongoing investment in underground infrastructure renewal and payment to Metro Vancouver.

Report: <https://council.vancouver.ca/20251112/documents/spec1b.pdf>

- **Permits, Licenses & User Fees:** 4.5% inflationary/market adjustments (recreation and patio fees held at 2025 rates).
 - On November 25, City Council adopted the report: “*2026 Fee Increases for Rezoning, Development, Building, and Other Related Applications and Permits*” that included the recommendation for adjustments to the fees charged by the City for rezoning applications, development permits, building permits, and other related services and permits to reflect annual cost increases, which took effect on January 1, 2026.
Report: <https://council.vancouver.ca/20251112/documents/spec1f.pdf>
 - On November 25, City Council adopted the report: “*2026 Engineering Fees*” that included the recommendation for adjustments in the Engineering Services Department permit, application and licence agreement fees, special event market fees to reflect annual cost increases, which took effect on January 1, 2026.
Report: <https://council.vancouver.ca/20251112/documents/spec1e.pdf>

Bylaw & Parking Revenue (Safety, Compliance & Management)

- **Parking Enforcement Updates:** Safety-related parking fines increased (\$100 → \$150); on-street parking fines increased (\$77 → \$90); early payment discount reduced (40% → 30%) to encourage compliance.
- **Paid Parking Pilot:** Introduction of paid parking at select community centres to reduce congestion and improve lot management.
 - In October 2025, Vancouver Park Board approved a new Park Board Parking Strategy to improve user experience, reduce congestion, and better manage parking at recreation facilities. As part of this plan, paid parking was introduced at additional community centres (Hillcrest, Kerrisdale, and Trout Lake) through a one-year pilot that commenced in February of 2026.
<https://vancouver.ca/news-calendar/paid-parking-as-part-of-new-parking-strategy-oct-2025.aspx>

The revenue changes that are expected to be generated from revenue increases above are incorporated into the 2026 Operating Budget and a summary of this revenue is included in the table below.

2026 Operating Budget - Revenues

Operating Budget Summary (\$ Millions)	2025 Restated Budget	2026 Approved Budget	\$ Change	% Change
Revenues				
Property tax revenue	1,323.9	1,333.3	9.3	1%
Utility revenue	492.4	502.1	9.6	2%
Program revenue	85.6	101.1	15.5	18%
Licence & Development fees	137.9	143.0	5.1	4%
Parking revenue	81.1	92.1	11.0	14%
Cost recoveries, grants & donations	65.4	57.5	(7.8)	-12%
Government Transfers	35.0	41.1	6.1	18%
Investment income	52.5	40.5	(12.1)	-23%
Other revenue	42.5	44.9	2.4	6%
Bylaw fine revenue	26.3	36.9	10.6	40%
Revenues Total	2,342.7	2,392.5	49.8	2%

2) Non-Salary Adjustments

Discretionary Costs & Lower Transfers

- Discretionary Cost Optimization and Operational Efficiency: Fleet and fuel efficiencies, materials savings, delayed parking meter replacements, and adjustments to discretionary expenditures.
- Lower Contractor and Consulting Costs: Overall reduction to consulting expenditures by streamlining internal operating models and processes, and negotiating lower contract costs.
- Reduced International Travel and Training: Shifting focus to online offerings, where possible; prioritizing local and in-house training and conferences.
- Lower Transfers to Reserves & Capital Overhead: Reduction of the annual transfer to General Stabilization Reserve, identified operational efficiencies in capital overhead expenditures.

Systems and Portfolio Management

- Streamlining Software Licenses Digital Platforms: Cancelled and/or not renewed underused contracts, moving to SaaS licensing, reducing purchase frequency for geospatial data, and decommissioning underutilized technology platforms.

- Facilities Maintenance and Portfolio Optimization: Maintenance budget realignment, energy and lease savings, reduced security guard contract, and implemented cost recovery for maintenance and graffiti removal at Heather & Burrard Marina.
- Fewer Discretionary Projects: Adjusted funding for business transformation capital projects; rescoping projects in the SAP program to maximize impact.

3) Workforce Restructuring

The City of Vancouver has about 9,600 FTE positions, including Public Safety. When Council approved the 2026 Budget in late November 2026 – directing the need to achieve \$120 million in combined savings and revenue – an estimated reduction of roughly 400 FTE was projected to be necessary to balance the budget. About one-third of these were expected to be exempt positions and two-thirds unionized. At that time, approximately one-third of the 400 FTE could be met through existing vacancies.

Exempt Workforce Restructuring

In late October 2025, the City launched the Exempt Voluntary Departure Program (EVDP) for eligible exempt employees. This early, voluntary option was introduced ahead of Council's November 2026 budget decision, as some exempt restructuring was expected regardless of the final budget decision, and creating vacancy capacity would help reduce the number of involuntary separations, should Council pass the budget.

Between December and January, approximately 40 exempt employees separated from the City as part of the workforce restructuring, and 90 positions have been delimited to date. Exempt workforce restructuring is now substantially complete, with a small number of positions to be actioned in Q3/Q4 or through regular attrition.

With these departures, the City has realigned its exempt teams and workflows to maintain continuity and enhance operational efficiency.

Union Workforce Restructuring

Once Council made its 2026 Budget decision in late November, management was able to confirm that approximately 260 unionized FTEs would be impacted through required workforce adjustments, with approximately 1/3 of the FTEs already achieved through existing vacancies. The majority of these FTEs are represented by CUPE 15 with a smaller number by CUPE 1004. The City proceeded to provide notice to CUPE 15 and met to discuss the potential for a labour adjustment plan, as required under Section 54 of the Labour Relations Code. The Union received the required 60-day notice.

In January 2026, the City and CUPE 15 reached an agreement to offer a Union Voluntary Departure Program (UVDP) for eligible CUPE 15 employees and to transfer employees in certain circumstances to mitigate employee layoffs. In total, approximately 120 applications were received and approximately 50 applicants accepted. The UVDP program was effective in creating additional capacity in available vacancies.

Union workforce restructuring is currently ongoing including offering transfers to approximately 20 employees to reduce layoffs. In addition, there is ongoing assessment of remaining vacant positions to minimize the number of required layoffs. The City continues to discuss workforce restructuring changes with applicable Unions.

Service Delivery Adjustments

Through implementation of the initiatives to realize the required \$120 million in savings, the City had to adjust its service delivery to refocus on the basics. This required driving improvements by creating efficiencies within existing processes, streamlining the organizational structure, and modernizing service delivery. There are four key themes that encompass service delivery adjustments:

1) Functional Consolidation & Organizational Streamlining

- Embed long term functions such as technology strategy, financial management, etc.
- Reduced specialized functions and integrating into core operations; scaling level of effort on broader policy work
- Increased span of control and reduced overlapping management roles across multiple departments
- Consolidated inventory management for vehicle parts with fleet and manufacturing services

2) Process Efficiency & Cost Management

- Streamlined staffing levels through attrition and process improvements
- Reduced consulting expenses and negotiated lower contract costs
- Cut discretionary spending (e.g., travel and in-person training)
- Simplified internal approvals while maintaining strong controls
- Automated manual data entry and administrative tasks

3) Revenue Optimization & Financial Performance

- Implementation of new revenue generation programs, such as SAND
- Increased focus on bylaw fines to drive compliance, improve safety, and enhance traffic flow
- Prioritized housing and development delivery to sustain property tax and development-related revenues
- Increased facilities capacity utilization and lease revenue through active portfolio management
- Accelerated revenue recognition by resolving inactive permits

4) Service Delivery Modernization & Delivery Prioritization

- Efficiency in energy optimization and leverage of external peak demand management hydro program
- Cross-utilized staff resources to maintain service continuity
- Optimized capital delivery models, focus on delivery of in-flight capital projects
- Effective use of recycled material in construction

The 2026 Budget reflects a disciplined, back-to-basics approach focused on prioritizing front line services while keeping affordability top of mind for Vancouver residents. By delivering \$120 million in revenue opportunities and expenditure savings, reviewing how teams are organized, and prioritizing essential services, the City has laid out the foundation for a more efficient and accountable organization. This work required difficult choices, strong collaboration, and continued transparency with Council and the public. The 2026 Budget sets a responsible path forward—one that strengthens service delivery, maintains affordability, and builds a more effective and resilient City for the years ahead.

2026 Operating Budget - Expenditures and Transfers

Operating Budget Summary (\$ Millions)	2025 Restated Budget	2026 Approved Budget	\$ Change	% Change
Expenditures & Transfers				
Utilities				
False Creek Neighbourhood Energy Utility (NEU)				
Garbage and Green Bin Collection				
Integrated Watershed Planning				
Sewer and Drainage Utility Management	559.3	572.2	13.0	2%
Transfer Station, Zero Waste Centres and Landfill				
Waterworks Utility Management				
Zero Waste				
Engineering				
Creation, activation and use of public space				
Curbside Vehicle Management				
Engineering development services and land survey				
Fleet and Manufacturing Services				
Kent Yard Services	142.7	141.8	(0.8)	-1%
Street Cleaning				
Street Infrastructure and Maintenance				
Transportation Planning, Design and Management				
Non-City Utility Management				
Police Services				
Police Services	479.1	525.3	46.2	10%
Fire and Rescue Services				
Community Safety and Risk Reduction	202.8	215.0	12.2	6%
Fire Suppression, Special Teams and Medical Response				

Operating Budget Summary (\$ Millions)	2025 Restated Budget	2026 Approved Budget	\$ Change	% Change
Expenditures & Transfers				
Parks and Recreation				
Business Services				
Arts, Reconciliation and Culture	190.7	192.0	1.2	1%
Parks and Green Spaces				
Recreation Services				
Library				
Collections and Resources				
Information Technology Access				
Library Public Space	67.7	69.8	2.1	3%
Public Programming				
Reference and Information Services				
Britannia Community Services Centre	6.6	6.5	(0.1)	-2%
Civic Theatres	16.6	16.4	(0.2)	-1%
Arts, Culture and Community Services				
Arts and Culture				
Cemetery Services				
Housing and Homelessness Services				
Non-Market Housing Operations	50.5	44.4	(6.0)	-12%
NPO Lease Management and Department Services				
Social Operations				
Social Policy and Projects				
Grants	32.7	32.7	-	0%
Planning, Urban Design and Sustainability				
Affordable Housing				
City-wide and Community Planning				
Current Planning and Regulation Policy	40.4	34.9	(5.5)	-14%
Economic Planning and Development Contributions				
Sustainability				

Operating Budget Summary (\$ Millions)	2025 Restated Budget	2026 Approved Budget	\$ Change	% Change
Expenditures & Transfers				
Development, Buildings and Licensing				
Animal Services				
Business and Vehicle for Hire Licensing	52.6	52.5	(0.2)	0%
Permit and Plan Reviews; Compliance and Enforcement Inspections				
Mayor and Council	4.4	4.1	(0.3)	-6%
Office of the Auditor General	2.6	2.5	(0.0)	-2%
Corporate Support				
Real Estate, Environmenta and Facilities Management				
Environmental Services				
Facilities Management and Operational Excellence	39.3	34.4	(4.9)	-13%
Facilities Planning and Development				
Real Estate Services				
Finance and Supply Chain Management				
Financial Planning and Analysis				
Financial Services	19.2	16.6	(2.6)	-14%
Supply Chain Management				
Treasury Services				
Technology Services				
3-1-1 and IT Service Desk Contact Centres				
Application Development and Integration				
Digital Services and Customer Experience	55.0	51.8	(3.2)	-6%
Enterprise Data, Analytics and AI				
Infrastructure and Operations				
Technology Planning and Delivery				

Operating Budget Summary (\$ Millions)	2025 Restated Budget	2026 Approved Budget	\$ Change	% Change
Expenditures & Transfers				
Other Corporate Support				
Office of the Chief Safety Officer				
Human Resources				
City Clerk's Office				
Legal Services				
City Manager's Office				
Non-Market Housing Development	57.1	48.7	(8.4)	-15%
Risk Management				
Internal Audit				
Strategy and Project Support Office				
External Relations Office				
General Government	135.9	126.2	(9.7)	-7%
General Debt and Transfers to the Capital Fund	187.6	204.8	17.1	9%
Expenditures & Transfers Total	2,342.7	2,392.5	49.8	2%

Should you have any questions regarding the above, please feel free to contact me at colin.knight@vancouver.ca or (604) 873-7610.

Colin Knight

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