



June 3, 2024

MEMO TO : Park Board Commissioners

FROM : Steve Jackson – General Manager, Parks and Recreation

SUBJECT : **2025 Budget Outlook – Board Briefing Memo**

Dear Commissioners,

The purpose of this memo is to provide you with highlights of the 2025 Budget Outlook that was presented to Council on May 29, 2024. The Budget Outlook serves as a starting point for staff to begin the work of building the budget and was presented to Council for their opportunity to provide direction to guide the development of the 2025 Budget.

Executive Summary

The Budget Outlook is an important step in the budget process to provide the elected and the public with information about the financial landscape that will inform the budget development process. The Budget Outlook will be followed by public consultation and the development of detailed budgets and service plans to be approved in the fourth quarter of the year.

There are some key factors impacting the development of the City's 2025 Budget; however, staff are taking measures to balance the budget and improve service and project delivery. Staff continue to focus on multiyear financial planning strategies to address pressures associated with labour and supply cost inflation, increased demand for services and higher costs passed on by external agencies. These strategies include initiatives to enable new revenue generation, process improvements for capacity building or reducing costs, and advocacy for senior government funding and partnerships. Staff continue to monitor revenue risks and take measures to manage costs while balancing with the need to protect core services.

To balance the budget and maintain current state service levels, including the continuation of a 1% property tax increment each year to address the City's infrastructure deficit, an average property tax increase of 7% would be needed. It's important to note that this projection does not include any additional actions to generate revenue or savings; staff are analyzing those opportunities and will be bringing them forward as part of the 2025 Budget process.

The Budget Outlook considers inflation benchmarks and city-specific cost drivers. Although, the Conference Board of Canada has a forecasted average Consumer Price Index (CPI) for Vancouver of 3.1% for 2024, the City's cost base is driven by different inflation factors than just the CPI alone. For instance, salaries and benefits being the largest component of the City's expenditures are expected to grow at rates above forecasted CPI inflation as these are driven by collective agreement patterns regionally and nationally.

More details surrounding the 2025 Budget Outlook can be found at the following link:
<https://council.vancouver.ca/20240529/documents/cfsc1.pdf>



Final Motion as Approved

Upon receiving the information from staff, the following motion was moved and approved:

THAT Council receive for information the 2025-2029 Budget Outlook which outlines the City's projected Operating and Capital financial outlook based on current state service levels;

FURTHER THAT Council direct staff to develop the draft 2025 Operating Budget targeting a property tax increase no higher than 5.5%;

AND FURTHER THAT Council direct staff to bring back scenarios of how the property tax increase could be reduced, with information about what the impacts under each scenario would be, for Council to consider as part of the budget process.

Regards,

A handwritten signature in black ink, appearing to be "SJ" followed by a long horizontal flourish.

Steve Jackson (*he/him*)
General Manager – Board of Parks and Recreation

nf/cl

Copy to: PB Leadership Team
PB Communications