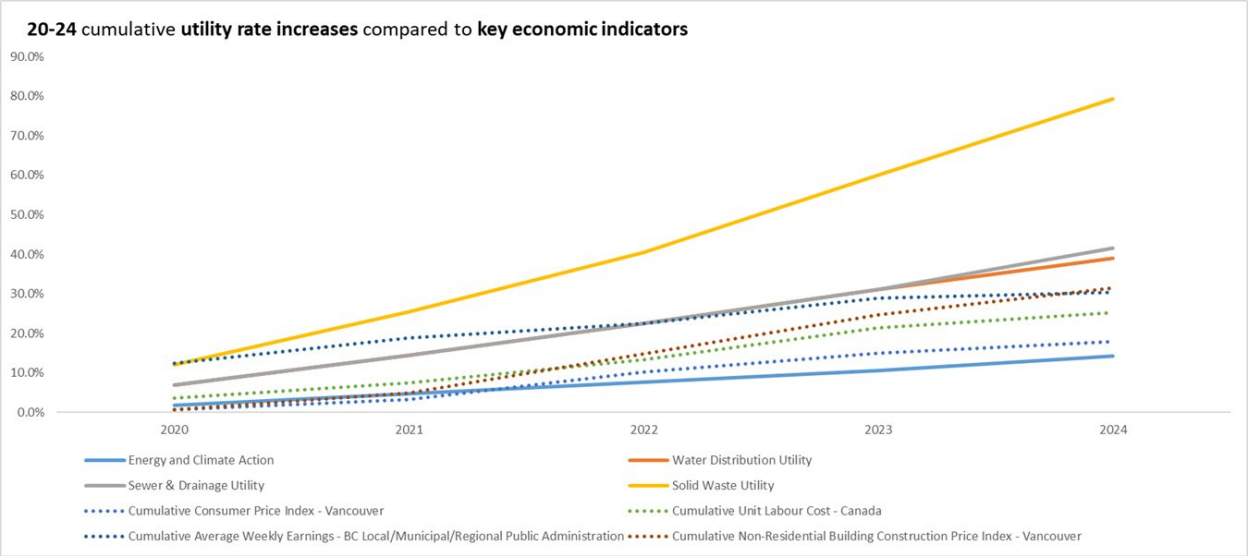
Agenda Item 4.1 - Proposed 2026 Utility Rates

1. Provide an analysis of internal vs external cost pressures on expenses.

   The following table differentiates the internal cost pressures from the external cost pressures.

Breakdown of 2026 Operating Expenses - By Utility					
UTILITIES	**INTERNAL $**	**EXTERNAL $**	**TOTAL 2026**	**INTERNAL %**	**EXTERNAL %**
Energy and Climate Action	11.1	40.0	**51.1**	22%	78%
Water Distribution Utility	2.6	10.7	**13.3**	20%	80%
Sewer & Drainage Utility	4.6	21.3	**25.9**	18%	82%
Solid Waste Utility	2.1	3.8	**5.9**	36%	64%

2. Provide a comparison of utility rate increases to inflation and wage growth.



Since 2020, utility services have been delivered in a period marked by elevated inflation, supply-chain volatility, and shifting economic conditions following the global pandemic. These pressures continue to influence the City's utility budgets, affecting operating costs, infrastructure renewal, and long-term financial planning.

To understand the drivers behind annual utility rate adjustments, several economic indicators illustrate the broader cost environment facing electrical, water, sewer, and solid waste utility operations. Where possible, indicators specific to the Vancouver region are used; otherwise, the closest available BC or national data is referenced.

Key Economic Indicators Relevant to Utility Rate Pressures

Consumer Price Index (CPI) – Measures the average change over time in the prices paid by consumers for a basket of goods and services, reflecting overall inflation. This indicator highlights the prices paid by residents of the City. The all-items CPI for the Vancouver Census Metropolitan Area is used for this analysis (Statistics Canada, Table 18-10-0005-01).

Unit Labour Costs (ULC) – Indicates the cost of labour input per unit of output of the Canadian business sector, showing changes in labour efficiency and wage pressures. The ULC measure used in this analysis is the national business sector unit labour cost for Canada (Statistics Canada, Table 36-10-0206-01).

Average Weekly Earnings for Public Administration (AWE) – Tracks trends in compensation for employees in the public administration sector, providing insight into wage growth and labour market conditions. This analysis uses Average Weekly Earnings data for local, municipal, and regional public administration in British Columbia (Statistics Canada, Table 14-10-0204-01).

Non-Residential Building Construction Price Index (NRBCPI) – Measures changes in the cost of construction for non-residential buildings, capturing material, labour, and related construction cost trends directly affecting municipal capital projects. This analysis uses the NRBCPI for non-residential buildings, Division Composite, in the Vancouver Census Metropolitan Area (Statistics Canada, Table 18-10-0289-01).

Together, these indicators illustrate the economic environment shaping the City's utility rate requirements, highlighting ongoing cost pressures related to inflation, labour, and construction.

Agenda Item 4.2 – 10-Year Capital Vision (2026 – 2035) and Funding Strategy

1. Line 133 – Free-Standing Public Washroom - why so specific to $9

   In 2022, Council directed staff to proceed with design and procurement of a Free-Standing Public Washroom. The original budget allocation in response to that request was $650,000.

   In June 2024, after having reported on the proposed location for the Free-Standing Public Washroom, Council directed staff to pause work and redirect resources to a City-Wide Public Washroom Review and report back with recommendations.

   The balance remaining in this business unit is the original allocation, minus the cost to complete the initial feasibility study for a free-standing public washroom and the City-Wide Public Washroom Review.

   Staff anticipate reporting back to council early in 2026 with the completed City-Wide Public Washroom Review.

2. Line 136 – Crosstown Greenway Construction - provide per KM cost

   Total length (includes the section between 20th St and 10th St, and between 8th St and 5th St): **3.33km**

   Total cost per km – $1,152,248

   3rd party funding, per km – $904,805

   Net cost to the City, per km – $247,443

3. Line 465 – CCTV Arenas - New or replacement CCTV at Queens Park? Does Moody Park have CCTV?

   Project Title and Description has been updated to more accurately account for the project as follows:

   Project Name: Security Cameras – Arenas (Project # New-37)

   Project Description: Upgrade to the quality of security cameras at Moody and Queen's Park Arenas and expansion of the areas of facility coverage to provide universal monitoring of all access/egress points at the facilities. Cameras support investigation into unauthorized access attempts into the facilities. City use of security cameras respects privacy and complies with the Freedom of information and Protection of Privacy Act (FOIPPA) and the guidance set out by the Office of the Information and Privacy Commissioner of British Columbia.

4. Provide an analysis of debt vs levy.

The following table provides information on the level of debt the City would incur if there was no capital levy compared to Option 1 that Council approved on November 10, 2025. The 10-year Capital Vision would put the City's reserves in a deficit position by 2035 if there was no capital levy implemented. With Council providing approval to proceed with Option 1, the reserve balance would be $6.0M by 2035, or 0.4% of the Current Replacement Value (CRV) of assets, which does not meet Council's policy of a minimum 5%.

Staff have made the assumption that in 2035 the reserve balance should be around the 5% policy limit. We have also used current borrowing rates of 4.63% for a 20 year term.

In the absence of a levy, the City would be required to borrow up to $150M in the next 10 years starting with $50M in 2030, $50M in 2031, and $50M in 2035, which would put the reserve balance at 5.3% of CRV. For every $50M in borrowing, the annual payment would be $4.1M, or approximately a 3.0% property tax implication in each of the years following the year of borrowing.

Council's approved Option 1 will still require the City to incur debt of $50M in 2030 to have a reserve balance of 4.3% of CRV and a property tax implication of approximately 3.0% in 2031.

With the levy in place, Council will have the discretion to review and adjust the Capital Levy as new information is gained in order to minimize the annual impact to residents.

Capital Levy	2026	2027	2028	2029	2030	2031 - 2035 (Five Years)	Debt ($M)	Estimated Reserve Balance 2035 ($M)	Current Replacement Value
No Levy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		(80.0)	N/A
No Levy (A)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	150.0	72.2	5.3%
Option 1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%		6.0	0.4%
Option 1 (A)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	50.0	59.0	4.3%
Option 2	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%		50.9	3.7%
Option 3	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		97.2	7.1%
Option 4	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%		61.3	4.5%
* Annual debt servicing cost for each $50M 20-year debt at 4.63% = $4.1M (~3% Property Tax)									
No Levy (A) - Borrow $50M in 2030, 2031 & 2035 and added a 3% Debt Levy to Property Tax in 2031, 2032 & 2036									
Option 1 (A) - Borrow $50M in 2030 and added a 3% Debt Levy to Property Tax in 2031									

5. Provide a breakdown of replacement vs expansion capital projects.

Program/Project Type	$M	%
Routine Renewal/ Replacement	248.3	41.4%
Upgraded & Expanded Assets	183.1	30.5%
Growth-related or New Assets	162.0	27.0%
Legislated Requirement	6.5	1.1%
Total	**600.0**	**100.0%**

6. Provide a list of Regulatory or Restricted reserves.

Reserve Funds established by Council by bylaw:

- Affordable Housing
- Childcare Amenity
- Community Amenity
- Community Development
- Community Endowment
- Computer Replacement
- Environment/Childcare Grants
- Equipment Replacement
- Facility Maintenance
- Facility Replacement - TACC
- Facility Replacement - Massey Theatre
- General Amenity
- General Fund Provisions
- Off street Parking Provisions
- Public Art
- Climate Action
- Growing Communities Grant
- Parks Reserve
- Electrical Fund Provisions
- Water Fund Provisions
- Sewer Fund Provisions
- Solid Waste Fund Provisions

Statutory Reserve Funds:

- Cemetery Reserve
- Construction of Municipal Works
- Parking Cash in Lieu
- Park Land Acquisition
- Tax Sale Land

DCC Reserve Funds (As of Nov 10, 2025):

- Queensborough Drainage
- Queensborough Transportation
- Queensborough Parkland
- Queensborough Water
- Queensborough Sanitary
- Mainland Drainage
- Mainland Transportation
- Mainland Parkland
- Mainland Water
- Mainland Sanitary

7. Line 57 – Sixth Street Great Street – remaining work in 2026?

   There are deficiencies the contractor will continue to address into 2026. These deficiencies include cracks in concrete, pooling, and cosmetic finishes. The funds in 2026 are predominantly hold-back fees which will be paid out once the deficiencies have been addressed.