

MINUTES OF THE REGULAR MEETING OF COUNCIL HELD IN THE COUNCIL CHAMBER AND ELECTRONICALLY (HYBRID) FROM CITY HALL, 141 WEST 14TH STREET, NORTH VANCOUVER, BC, ON MONDAY, SEPTEMBER 23, 2024

PRESENTATION

D. 2025-2029 Budget Outlook – Chief Financial Officer

The Chief Financial Officer provided a PowerPoint presentation regarding the “2025-2029 Budget Outlook” and responded to questions from Council.

Moved by Mayor Buchanan, seconded by Councillor Shahriari

THAT staff be directed to review the Housing Accelerator Fund to determine if a portion of that fund can be used for the North Shore Neighbourhood House project to cover the estimated 1.6% per annum financing costs of providing that social housing infrastructure.

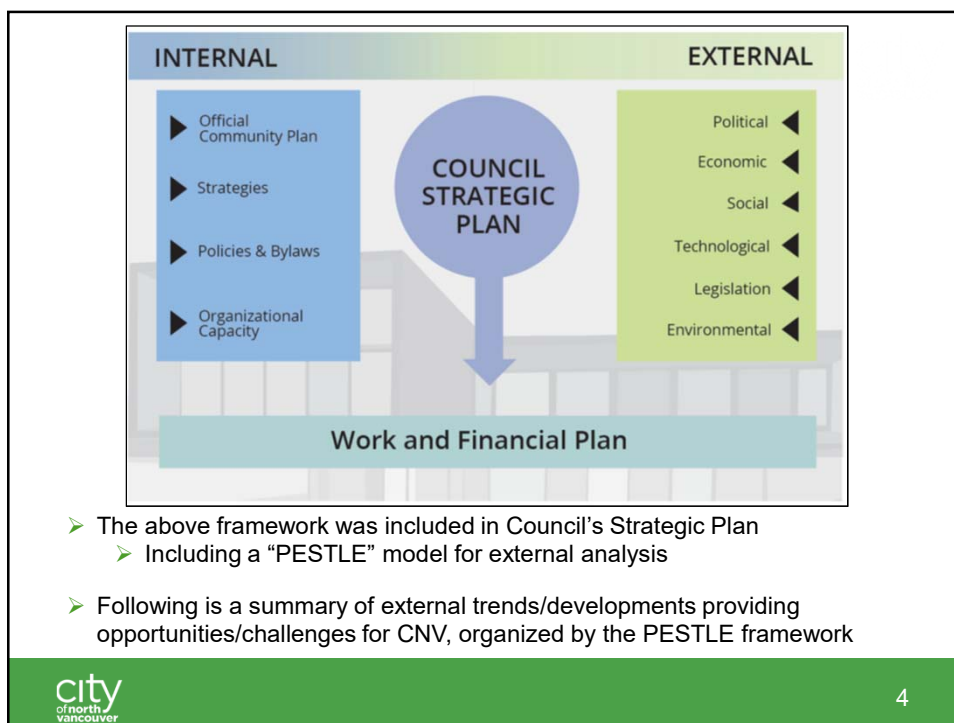
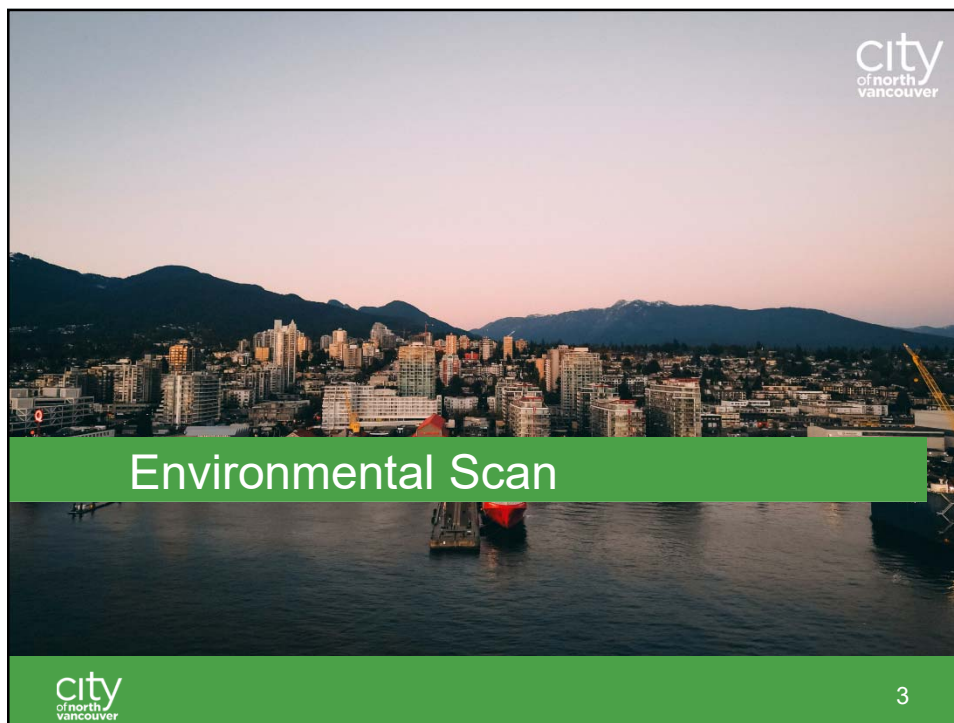
CARRIED UNANIMOUSLY

R2024-09-23/D



Outline

- Environmental Scan
- 2025 Work Plan Update
- Financial Plan Drivers
- Preliminary Tax Rate Range
- Next Steps



Political – Provincial



- 2024 Provincial Election Scheduled for Oct 19th, 2024



- There is support for Rapid Transit to the North Shore

North Shore bus rapid transit at the front of the line, TransLink says



- As of yet, no Federal or Provincial funding

Political – Federal

- On Sept 4th, 2024, the NDP announced the end of the “confidence and supply” agreement that allowed the Liberals a majority government
- Some are predicting a call for an early federal election



NDP leader Jagmeet Singh meets with Prime Minister Justin Trudeau on Parliament Hill in Ottawa on Thursday, Nov. 14, 2019. (Sean Kipatrick/The Canadian Press)

Economic – National

- Bank of Canada Policy Interest rates are starting to come down
- The economy appears to have averted a recession, and economic growth is starting to increase

%	2023	2024	2025	2026
GDP Growth	1.2	1.2	2.1	2.4

Bank of Canada Monetary Policy Report – July 2024

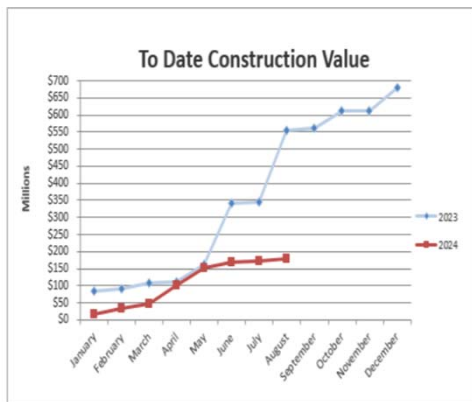
Economic – Regional

- With high policy interest rates, the B.C. labour market has softened



*Survey on Business Conditions data

Economic – Local



➤ CNV permitted construction values are starting to slow following a record year in 2023.

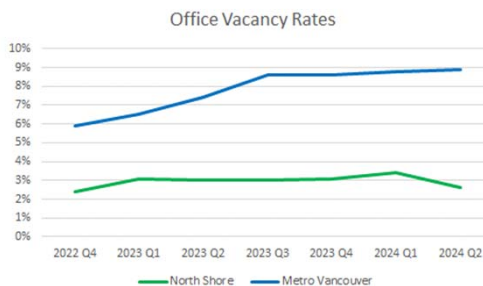
Units (YTD)	2023	2024
Building Starts	1,186	265

Economic – Local



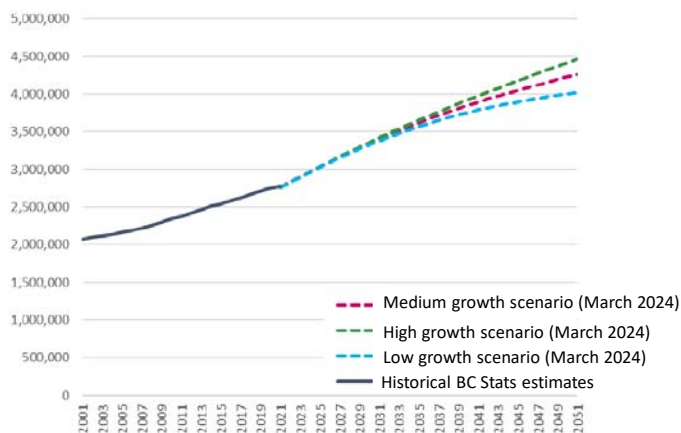
- ICBC office currently occupied between 20-40%
- Province developing ICBC Building as
 - transit-oriented housing
 - hundreds of market and below market units
- “Shovels in the ground” when ICBC employees leave for new offices in 2027

- Remote work less common
 - 19% of employees worked from home in 2024, down from 24% in 2021 (Stats Can)
- North Shore office vacancies remain low within the region



Social – Regional

- Driven by strong net immigration, Metro Vancouver expects average regional growth of 50,000 new residents annually



Social – Regional



- Despite increased interest rates and a softening labour market, home prices remain driven by strong immigration.

- Rental housing vacancy is less restrictive on the North Shore than regionally, but remains low overall
 - balanced vacancy rate is 3% (CMHC)



Technological – Regional

- British Columbia has the fastest-growing tech workforce in Canada, with more than 194,000 tech workers across all industries
- Metro Vancouver is maturing into a global hub for:
 - Life sciences
 - Cleantech
 - Digital entertainment
- Local Market Technology Investments
 - 5G+ Investment throughout North Vancouver / Fibre Lower Lonsdale
 - Agency partners' new systems – ECOMM / NG-911



NEWS Artists rendering of the new Paul Myers Tower, a new medical and surgical centre, is expected to open 2024.

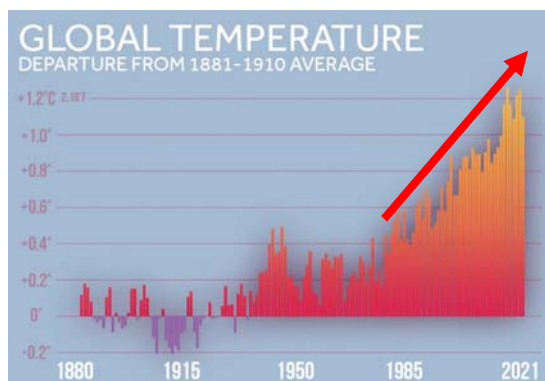
Legislative – Provincial

- Municipalities are implementing B.C.'s new legislation
 - Bill 16 New Local Government Tools
 - Inclusionary Zoning
 - Bill 31 Emergency and Disaster Management Act
 - Modernized Emergency Management Legislation
 - Bill 44 Housing Statutes (Residential Development) Amendment Act
 - Small-scale multi-unit housing
 - Pro-active planning
 - Bill 46 Development Finance Tools
 - DCCs and ACCs
 - Bill 47 Housing Statutes (Transit-Oriented Areas) Amendment Act
 - Transit-oriented development areas

“local governments are dealing with real constraints right now in our staffing capacity and sustainable infrastructure” UBCM

Environmental – Global & Local

- Temperatures are rising, and extreme weather events are increasing



2025 Work Plan Update

Council's 2022-2026 Strategic Plan

- Council's Strategic Plan was endorsed on September 25, 2023
- This plan provides direction on how CNV can achieve its Vision, to be the "Healthiest Small City in the World" with
 - 5 key priorities
 - 41 ambitious initiatives



Organizational Priorities

- CNV's original Corporate Business Plan (2020) included 4 internally focused organizational Outcomes
 - A Fiscally Responsible Organization
 - An Open and Engaged Organization
 - A Cooperative and Collaborative Organization
 - A Dynamic Organization



Corporate Business Plan
Organizational Outcomes
(From the 2023 AMR, Outer Ring)

- These outcomes were developed 4 years ago and there is now an opportunity to reduce overlap, re-focus and refresh

Organizational Priorities

- Staff have developed three organizational priorities for 2025 to improve CNV's organizational capability to advance Council's Strategic Plan.



- Staff have developed some key 2025 actions to advance Council's Strategic Priorities and these Organizational Priorities

2025

A CITY FOR PEOPLE



North Shore Neighbourhood House Phase 2

- A multi-partner project on City-owned land that will support CNV's ongoing commitment to increase rental housing and community-based services. The new NSNH facility will continue to provide an extensive range of community services, including childcare, food programs, wellness, and programs for youth and seniors.



Harry Jerome Community Recreation Centre

- The largest capital program in CNV's history, including the Silver Harbour Seniors Activity Centre and renovations to the Mickey McDougall facility.



Provincial legislative changes and Housing Accelerator Fund commitments

- Small Scale Multi-Unit Housing legislative changes, and HAF commitments including Multi-plex Housing, Prezoning, Affordable Housing Reserve, Mid Market Rental Policy, Alternative Housing Construction, Zoning Bylaw, Inclusionary Housing Policy, and Development Approval Process Review.

2025

A RESILIENT CITY

Urban Forest Planning

- Accelerate the expansion of the urban tree canopy, connect our urban forests, and restore natural areas. Using the canopy cover forecasting model and draft urban forest plan, public engagement is scheduled for early 2025, following direction from Council in late 2024.

Street Design Guidelines

Expanding upon the work completed to date in key areas: Esplanade, Marine Drive, and Lonsdale Ave. The Street Design Guidelines will be integrated as part of the subdivision and development control bylaw work in 2025.

Noise data collection analysis & reporting

- Implement noise data collection, analysis, and reporting.

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2025

A CONNECTED CITY

Multi-Modal Network Expansion

- Planning for Bus Rapid Transit to provide our community reliable rapid transit that is connected with the regional system.
- Advancing major components of Priority Mobility Network including Upper Levels Greenway and Midtown connection to the future overpass from Casano to Loutet.

Overpass from Casano to Loutet

- Construction of an overpass across Highway 1 for pedestrians and cyclists, connecting to mobility routes and integrating into the broader network.
- CNV staff will continue to work closely with the province to prepare for construction to begin in early 2025.

Curbside: Implementation of new parking policies

- Completion of new Curbside management strategy and implementation of new Parking Management policies and core initiatives responding to parking issues in the City that balances the needs of businesses and the community with regional parking and Transportation Demand Management (TDM) goals.

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A PROSPEROUS CITY



Health Hub

- Roadmap, lead generation, investment attraction materials, and partner collaboration.



Land Stewardship Model

- Optimize CNV's land holdings and develop a Corporate holding structure.



Making it easier to do Business & Build Quality Housing in the City

- Development approvals, including Coordinated, Lean, & Effective Approvals Refresh and Development Approvals Process Review Projects.
- Business Application Improvement, including streamlining business services, establishing online local business directory and online business licensing application, and amending inter municipal business license and extend agreement.

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A VIBRANT CITY



Lonsdale Great Street

- Reimagine, revitalize and repurpose Central Lonsdale Avenue as a “great street” to support commercial activity, enhance esthetics, walkability, vibrancy and history.



Activate Public Spaces

- Activate public spaces – parks, streets, plazas, outdoor areas for residents to gather together, interact and engage in activities.



City Wide Comprehensive Park Plan

- The Plan will guide the future planning, design, protection and maintenance of new and existing park infrastructure and amenities in both the natural and built environments.

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2025



ORGANIZATIONAL PRIORITIES

- A Human Organization**
 - Implement Living Wage Policy & updates
 - Implement Recruitment process improvements and system
- A Modern Organization**
 - Enterprise Resource Application modernization project
 - Sandbox Accelerator for prototyping/testing/learning
- A Responsible Organization**
 - KPIs, Benchmarking, Targets, and Data Collection
 - Asset Management

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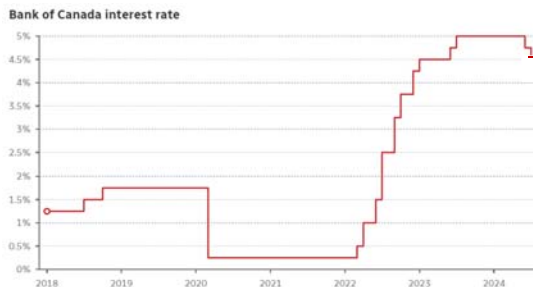


Financial Plan Drivers

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Interest Rates

- Increasing interest rates from 2022 have improved CNV's investment income



Source: Bank of Canada (CBC)

- In its September 4th interest rate announcement, the Bank of Canada further reduced its interest rate to **4.25%** and also indicated that it would be reasonable to expect further cuts if inflation continues to ease.
- Changing interest rates impacts
 - returns on CNV's investment portfolio
 - borrowing costs for the Harry Jerome Community Recreation Centre and the North Shore Neighbourhood House projects

Inflation

Product Group	Jul '23 YoY Increase	Jul '24 YoY Increase
Food	7.8%	2.7%
Shelter	5.1%	5.7%
Transportation	(1.0%)	2.0%
Health/Personal Care	5.8%	2.9%
Recreation & Education	1.8%	(0.2%)
Energy	(8.2%)	0.4%
Goods	2.3%	0.3%
Services	4.3%	4.4%
All Items	3.3%	2.5%

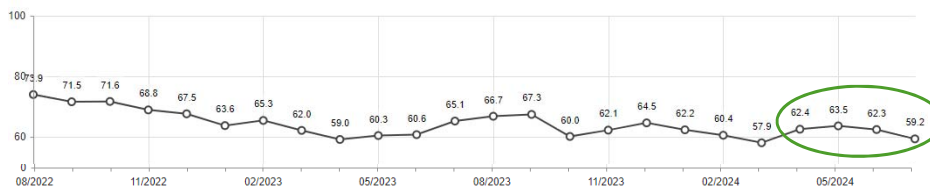
Construction (Vancouver)	Q2 '23 YoY Increase	Q2 '24 YoY Increase
Non-Residential Building	8.6%	5.1%

Statistics Canada. BC Inflation.

- Goods inflation is decreasing, but services inflation remains above target levels
- Construction prices, a key municipal cost driver, still increasing 5% p.a., well over Bank of Canada inflation target levels of 1-3% p.a.

Procurement

IVEY Price Index (Seasonally Adjusted)



*A figure above 50 shows increasing price pressures, while below 50 shows decreasing price pressures

- Month over month prices continue to increase in Canada.
- Price stabilization is anticipated “in the middle of 2025”
 - Bank of Canada July Monetary Policy Report
- Number of bids on CNV “Request for Proposals” increasing.
- Construction prices from CNV tenders are beginning to stabilize.

NSWWTP

- North Shore Wastewater Treatment Plant was last planned for \$1.06 billion and was expected to be complete in 2020.
- Now planned for \$3.86 billion and expected to be complete in 2030.
- MV initially advised that the impact of the cost overrun on the average NS rate payer is \$725 p.a.
- Cost recovery was debated at a MV Board Budget workshop on March 17th
 - Some costs to be shared across the region, resulting in an updated impact of the cost overrun on the average NS rate payer at \$590 p.a. to be phased in over 5 years

Metro Vancouver rejects significant cost sharing on \$2.8B North Shore sewage plant overrun



Legislative – Financing Growth

Bill 46

- Expands projects that can be funded with Development Cost Charges (DCC)
 - Water & Sewer, Transportation, Park Improvements, Solid Waste & Recycling (New), Protective Services (New)
- Introduces ability to fund projects with Amenity Cost Charges (ACC)
 - Community Centres, Libraries, Other (social, cultural, heritage, recreational, environmental)
- Projects funded by Community Amenity Charges in the past included:
 - Upper Levels Greenway, King's Mill Walk Master Plan, Priority Mobility Network Improvements
- CNV is in the process of updating DCC rates and developing ACC rates for Council consideration in Q2 2025.



2024 Operating Expenses

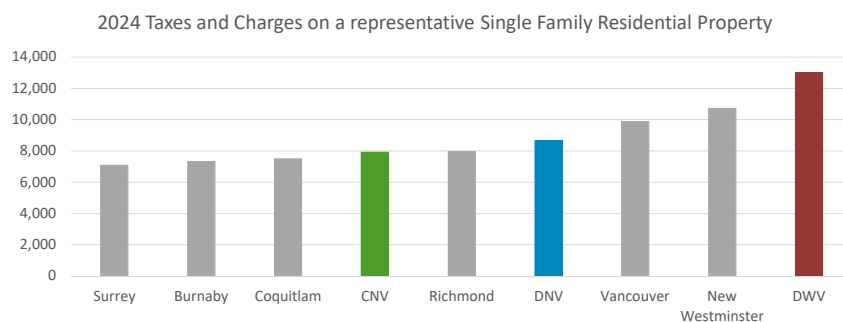
Percentages based on the approved 2024-2029 Financial Plan Operating Expenses



*Technology Services, Economic Development, Finance, Human Resources, etc.
 CNV's General Government costs are in line with other similar sized municipalities

- The revenue received by CNV through taxes, fees and charges are used to pay for public services, such as roads, water, sewers, garbage collection, public safety, parks, and more.
- CNV's revenues also fund capital projects, along with external contributions, grants, debt and other funding sources.

2024 Taxes and Charges



Per The Province of BC's LGDE schedule 704 – Taxes and Charges on a Representative House 2024

CNV's Taxes and Charges compare favourably across the region and are the lowest on the North Shore.

2025 Budget Drivers

Increasing Budget Pressure	Decreasing Budget Pressure
1) Lower investment returns	1) Improving non-tax revenues from fees and charges
2) Salaries & benefits from collective agreements	2) Tax roll growth from development
3) RCMP Multi-Year financial Plan	
4) ECOMM transition	
5) Major external agencies increasing operations	
6) North Shore Neighbourhood House Levy	
7) Infrastructure renewal & construction inflation	
8) NSWWTP cost overruns	

Tax Rate – Early Indication to maintain service levels, no new items

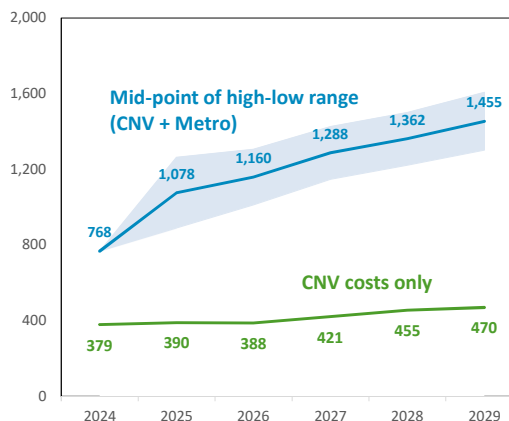
Delivery of existing services 6%
Infrastructure levy (1% Capital)
Total ~7%+

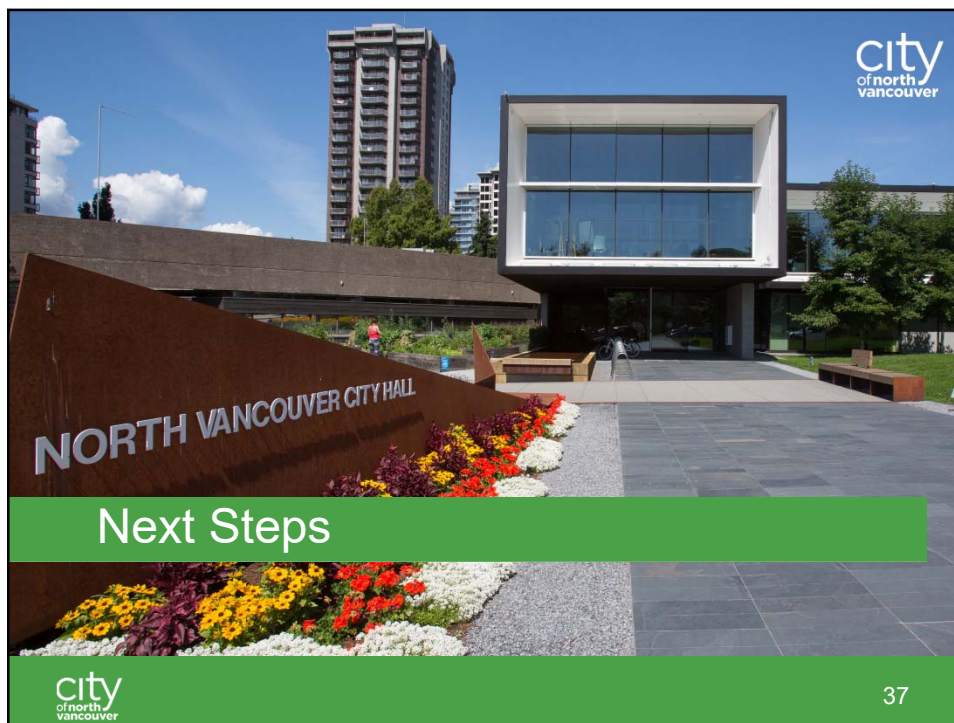
NSNH requires an additional tax rate increase of 4.9% between now and 2028, an average of 1.6% per year

2025 Utility Rate Increase Forecast

- Based on the information received from MV and other CNV information, Finance has developed a range of future rate increase scenarios.
- The high end assumes a \$725 Household Impact for NS residents and rates in 2025.
- The low end assumes a \$590 Household Impact for NS residents and the increase is phased in over 5 years, per MV Board direction.
- Staff will continue to monitor developments at MV before arriving at 2024 recommended rate increases that ensure adequate reinvestment into and financial sustainability for CNV’s utilities

Multi-Unit Scenarios (Water & Sanitary)





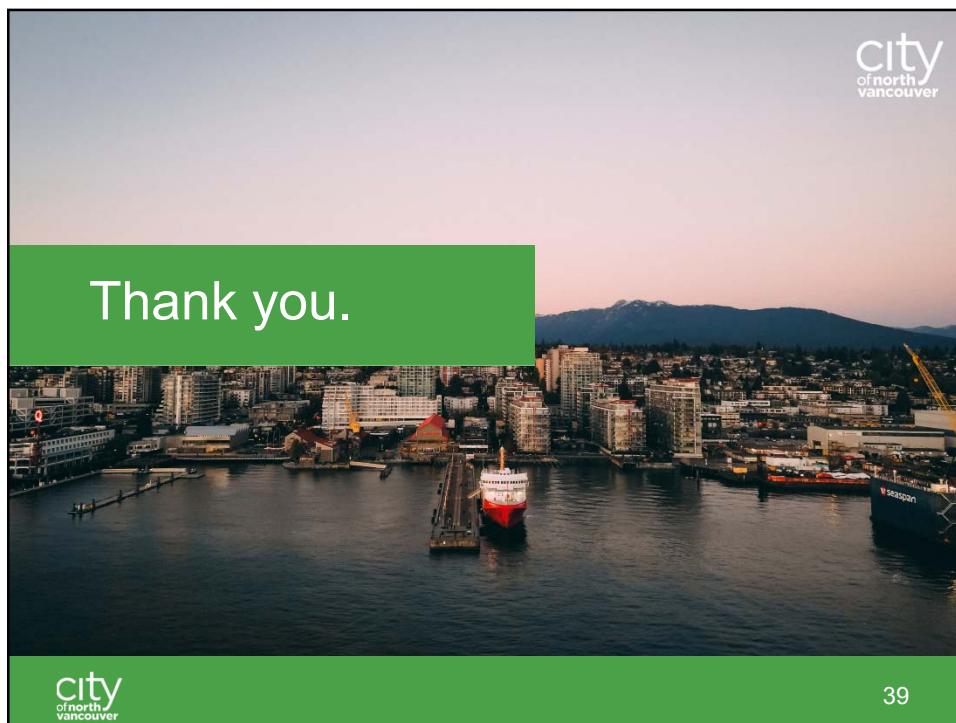
2025 Financial Planning Cycle

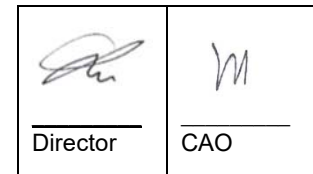
September 23	November 4	November 18	December 9	Early 2025
2025 Budget Outlook	Finance Committee Meeting	Utility Rate Review	Financial Planning Update	Financial Plan Bylaw
Financial Plan Drivers and Workplan highlights presented to Council in open meeting. Council provides guidance.	Council provides feedback on Draft Financial Plan at public council meeting	Council considers Utility Rates at public council meeting	Revised Financial Plan and budgets are considered by Council for endorsement	Council considers Financial Plan bylaw

Public Engagement Period

Improvements this year:

- Providing a longer input period and promoting it more broadly to the public and community organizations including multiple ways to participate.
- Providing two phases of engagement, including seeking early directional input coupled with a review or comment period once the draft budget is live.





The Corporation of **THE CITY OF NORTH VANCOUVER**
FINANCE DEPARTMENT

INFORMATION REPORT

To: Mayor Linda Buchanan and Members of Council

From: Larry Sawrenko, Chief Financial Officer

Subject: 2025-2029 BUDGET OUTLOOK

Date: September 4, 2024

File No: 05-1700-02-0001/2025

PURPOSE

The purpose of this report is to introduce a “2025-2029 Budget Outlook” presentation.

DISCUSSION

The subject presentation provides Council with a summary of the external trends and developments providing opportunities and challenges for CNV, and introduces some key 2025 actions that staff propose to advance Council’s 2022-2026 Strategic Plan.

The presentation also introduces three organizational priorities that staff propose for 2025 to improve CNV’s organizational capability to advance Council’s Strategic Plan. These three organizational priorities are proposed to refresh and replace the 4 internally focused Outcomes included in CNV’s Corporate Business Plan. Key 2025 actions to advance these 3 revised Organizational Priorities are also highlighted in the presentation.

The presentation also provides Council with an update on the main fiscal pressures facing CNV as the development of the 2025-2029 Financial Plan begins, as well as provides an initial outlook on how these pressures may influence future fees and tax rates.

RESPECTFULLY SUBMITTED:

Lawrence Sawrenko
Chief Financial Officer