

AGENDA INFORMATION	
☐ Regular Meeting	Date: _____
☒ Other: Workshop	Date: June 29, 2026

 Dept. Manager	 GM/ Director	 CAO
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The District of North Vancouver REPORT TO COUNCIL

June 19, 2026

AUTHOR: Rick Danyluk, GM, Finance & CFO

SUBJECT: 2027 Budget Outlook

RECOMMENDATION:

THAT Council direct Staff to develop options for the 2027 Budget incorporating tax adjustments, service level adjustments, and revenue measures and report back to Council in fourth quarter of 2026;

REASON FOR REPORT:

To provide Council with a comprehensive overview of the financial pressures facing the District over the next five years, including:

- the structural funding gap between approved tax increases and the cost of maintaining current service levels;
- key external cost drivers; and
- implications for the operating budget and long-term financial sustainability.

SUMMARY:

The District is facing a structural funding gap driven by external cost pressures that exceed revenue growth. The approved Five-Year Financial Plan is based on a 3.5% annual property tax increase, allocated as:

- 2.0% for operating costs; and
- 1.5% for infrastructure renewal (capital reserves).

The District's Municipal Price Index (MPI)—the cost of delivering municipal services—is projected to range from 6% to 9% annually, with an assumed average of 7.5% over the next five years.

This results in an estimated:

- annual operating gap of approximately \$3.4 million to \$7.5 million; and
- cumulative gap of approximately \$14 million to \$34 million over five years.

To maintain the 3.5% tax increase in 2026, staff implemented \$5.1 million in reductions, building on \$4.0 million in reductions in 2025, for a total of \$9.1 million in cumulative savings over two years.

The majority of cost pressures affecting the total property tax and utility bill are external and include:

- Metro Vancouver annual utility charges (projected to increase from ~\$38 million in 2024 to ~\$84 million by 2030);
- global inflation in fuel, materials, and construction;
- wage settlements and protective services costs; and
- provincial cost downloading.

As a result, approximately 75% of the operating budget is not easily adjustable, leaving only about 25% of services within Council's direct control in the short term. Consequently, any savings must come from the portion of the budget that supports the day-to-day services residents rely on.

Public engagement in fall of 2024 reflected mixed perspectives, with approximately 40% of residents supporting maintaining or enhancing current services, 37% supporting some level of reduction, and the remainder undecided. However, updated financial analysis indicates that maintaining current service levels within the 3.5% tax target would require more substantial and ongoing reductions than previously anticipated in order to achieve a balanced budget.

In response, staff recommend Council use a combination of tax adjustments, service level adjustments, and revenue measures to develop options for the 2027 Budget and report back in the fourth quarter of 2026.

BACKGROUND:

The District's financial planning framework has evolved to better support long-term financial sustainability through:

- adoption of the Municipal Price Index (MPI) as the core cost framework;
- implementation of service-based budgeting; and
- development of a 10-Year Rolling Financial Plan (10YRFP).

These initiatives are improving transparency and highlight that external cost pressures are outpacing planned revenue growth, resulting in a structural funding gap.

Council has expressed a desire to moderate tax increases in 2026 and beyond, following higher increases in recent years. Since the budget deliberations meeting on March 9, 2026, Council has provided the following direction on the Five-Year Financial Plan:

- [2026 Budget Approval](#), including a 3.53% property tax increase - April 13, 2026 (starting on page 7, [Minutes](#)),

- [Tax Rates Bylaw](#), including even distribution of the property tax increase and reinvestment of growth revenue in the light industry class - April 20, 2026
- [Resolution to UBCM](#) to repeal or amend the Ports Property Tax Act - May 11, 2026

The Finance and Audit Standing Committee received updates in [March](#), [April](#), and [June](#) on the 10YRFP, debt impacts, user fee policy, donation policy, and the 2027 Budget Outlook.

EXISTING POLICY:

The Financial Plan supports sustainable financial planning through a set of guiding financial principles that aim to bring the plan into balance each year and over the long term. When emerging needs arise, new strategies are developed in alignment with these principles.

10-Year Rolling Financial Plan (10YRFP)

The 10YRFP continues to evolve as a central tool for long-term financial planning. Updates provided to the Finance and Audit Standing Committee have included enhancements to the financial principles and policies, introduction of the Municipal Price Index (MPI), the 2027 Budget Outlook, and the advancement of service-based budgeting.

As work progresses, staff are developing baseline information on current service levels, including costs and performance. This information will be used to inform service level scenarios and support Council's consideration of trade-offs between service levels, affordability, and risk.

In order to create a clear path forward, both the service delivery level and resource allocation level will be assessed. Service delivery levels and resource allocation are directly linked, with higher service levels requiring increased funding. This relationship is illustrated below:



Service targets will be guided by the Official Community Plan (OCP), reflecting Council's community vision, overarching principles, and values. As supporting plans are developed or updated, service targets will be refined accordingly.

Additionally a service level framework is being developed to support service-based decision-making and prioritization by Council. Additional details on the framework, including an illustrative Fire and Rescue Services example, are provided in Attachment 3.

ANALYSIS:

The District is facing a significant and on-going structural funding gap driven by cost pressures that are largely outside the District's control and exceed planned revenue growth. Attachment 1 - *Anatomy of a Budget*, illustrates that this gap is primarily driven by rising costs, including Metro Vancouver utility costs, inflation, and labour, combined with

limited flexibility in the operating budget, where approximately 75% of costs are constrained or not easily adjustable.

As a result, maintaining current service levels under existing tax targets would require substantial and ongoing reductions to the remaining 25% of services within Council's control, directly affecting frontline services relied on by residents. At the same time, the District's population has been growing (~1.45% annually since 2020¹), increasing demand for services. Decisions to adjust service levels will also need to account for this rising demand, alongside the organization's capacity to deliver the services residents depend on.

The options listed in Attachment 1 demonstrate that there is no single solution. Each approach involves trade-offs between affordability, service levels, and long-term financial sustainability.

The Combined Approach (Option 1 – recommended) balances moderate tax increases, targeted service adjustments, and incremental revenue generation to distribute impacts across multiple levers and provide flexibility. By comparison, other options either concentrate impacts on service reductions (Option 2), increase financial burden on taxpayers (Option 3), or rely on more limited or gradual measures such as non-tax revenue and service prioritization (Options 4 and 5).

Overall, addressing the structural funding gap in the near term will require clear Council direction on acceptable trade-offs and a coordinated strategy that balances affordability, service delivery and long-term sustainability while protecting District-delivered services.

Approach	Illustrative Range (Tax Increase)	What It Means
Combined Approach	3.5% → 7.5%	Council can determine where to position between affordability (3.5%) and full cost recovery (~7.5%), through a combination of tax adjustments, service-level adjustments, and non-tax revenue.

If Council supports the Combined Approach, staff will return with further analysis and options in the fourth quarter of 2026 to support Council's consideration of target tax increases, service level adjustments, and non-tax revenue strategies. Service level adjustments and non-tax revenue strategies are further explained in Attachments 2 to 3.

Timing/Approval Process:

Council direction will guide the development of the 2027 budget, including:

- establishing target tax levy increases;
- identifying priority service levels;

¹ BC Population Estimates <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

- assessing non-tax revenue opportunities;
- reviewing service-level scenarios (reduce, maintain, enhance);
- advancing the 10-Year Rolling Financial Plan.

Concurrence:

This report has been prepared with input from senior management.

Financial Impacts:

The District is managing a sustained structural imbalance between revenue growth (~3.5%) and expenditure growth (~7.5%, ranging from 6% to 9%).

Without further action, this gap will continue to compound, requiring a combination of operating reductions, new revenue sources, and/or service level changes.

The District's infrastructure portfolio has a current replacement value of approximately \$4.65 billion and supports essential community services. The District faces significant renewal pressures, including approximately \$1.1 billion in buildings in poor condition requiring high-priority investment, alongside ongoing renewal needs across transportation, water, drainage, parks, and other asset classes.

Addressing a known renewal backlog and maintaining steady-state funding is critical to sustaining services over the long term. Reductions in funding or delays in investment may increase lifecycle costs, accelerate asset deterioration, and reduce the reliability of infrastructure supporting service delivery, particularly in the context of population growth, climate change, and rising costs.

A balanced approach that incorporates moderate tax adjustments, targeted service level adjustments, and incremental revenue measures provides the greatest flexibility to manage these financial pressures while supporting long-term financial resiliency and asset sustainability, including updating the Five-Year Capital Plan to address critical facility replacements.

Liability/Risk:

Reducing service levels to maintain the current tax target will increase operational, legal, and community risk. Since approximately 75% of costs are constrained, reductions are concentrated in frontline services, potentially affecting response times, asset condition, and service reliability, and increasing exposure to liability, health and safety impacts, and reputational risk.

Deferring or reducing infrastructure investment may increase the likelihood of asset failure, service disruption, and emergency repairs, and may result in higher long-term costs and potential liability where asset condition contributes to incidents or service gaps.

At the same time, declining risk stabilization reserves reduce the District's capacity to respond to emerging issues, absorb financial shocks, and manage claims, increasing overall exposure as risks continue to grow.

A coordinated approach that balances service levels, revenue, and investment can help mitigate and distribute these risks.

Social Policy Implications:

Changes to service levels required to maintain tax targets may disproportionately impact vulnerable populations who rely on District-supported programs and services.

As reductions are concentrated in District-delivered services, impacts may include reduced access to community programs, recreation services, and other supports that contribute to social well-being and inclusion.

These changes may increase reliance on external agencies and may widen disparities in access to services and overall community well-being.

A coordinated approach that balances service levels, revenue, and investment can help mitigate these impacts by maintaining core services and prioritizing supports for vulnerable populations.

Environmental Impact:

Changes to service levels required to maintain tax targets may reduce the District's capacity to address climate change impacts and environmental risks.

As reductions are concentrated in District-delivered services, impacts may include decreased infrastructure resilience, delayed climate initiatives, and reduced capacity to manage natural assets and environmental systems.

These changes may increase environmental risk and long-term costs if preventative and adaptation measures are deferred and may increase reliance on other levels of government to address these issues.

A coordinated approach that balances service levels, revenue, and investment, can help mitigate these impacts by maintaining critical climate-related services and prioritizing investments that support resilience and sustainability outcomes.

Public Input:

Public input on the District's financial planning reflects a range of perspectives on service levels and affordability. A survey conducted in September 2024 indicated that approximately 40% of respondents supported maintaining or enhancing current service levels, 37% supported some level of reduction, and the remainder were undecided. The image below shows the breakdown of responses.

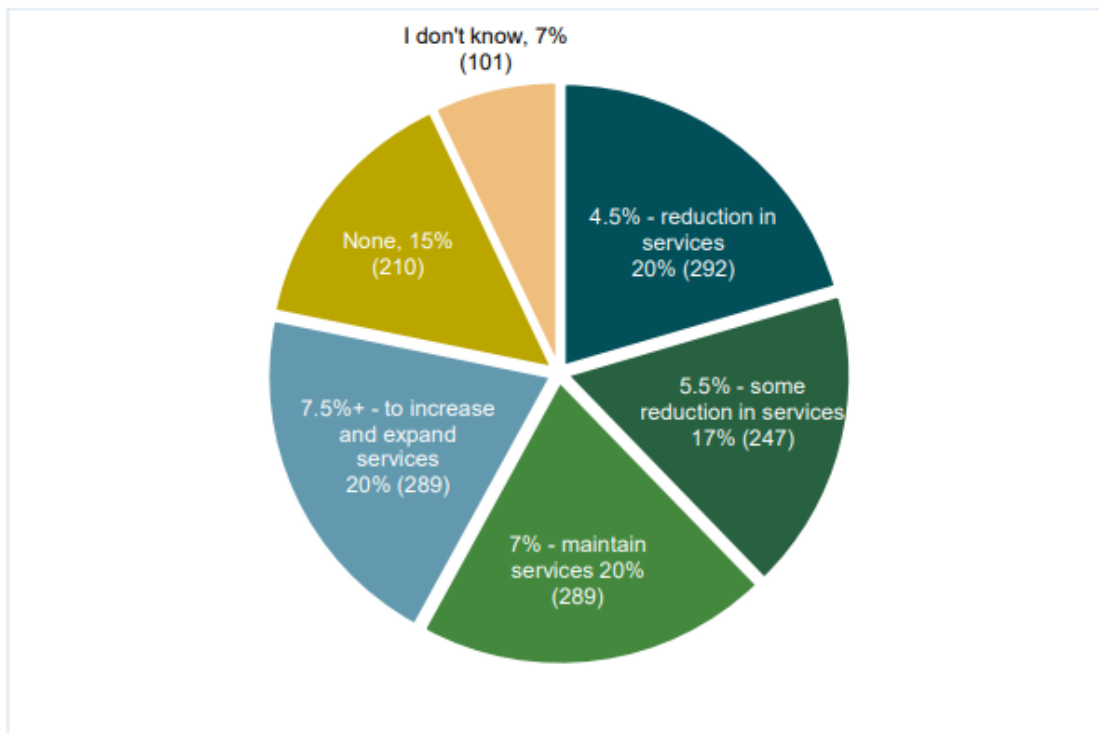
November 2024. 2025 Pre-Budget Engagement Community Feedback - Online feedback form results, p. 24

4.1.3 Property taxes

Respondents were asked to indicate their level of support for five property tax rate options.

Council is considering a property tax increase in the range of 4-5%, however costs continue to increase. Due to the increased cost of maintaining both our aging infrastructure and current service levels, tell us which of the following options you support:

(n=1428)



Since that time, updated financial analysis indicates that maintaining current service levels within the previously approved tax targets would require more substantial and ongoing adjustments than previously anticipated to achieve a balanced budget.

To support transparent decision-making and inform future Council direction, the District intends to undertake additional public engagement in fall 2026. This engagement will seek input on service levels, affordability, and community priorities to inform development of the 2027 Budget and longer-term financial planning.

Public input will be considered alongside financial, risk, social, and environmental implications to support informed decision-making. Early in 2027, the budget process will be supported by enhancements to the District's public-facing budget, including improved digital tools to enhance transparency and facilitate meaningful public engagement.

Committee Input:

The Finance and Audit Standing Committee has received updates on the District's financial position, including the 10-Year Rolling Financial Plan, financial policies, and the 2027 Budget Outlook, at meetings in March, April, and June 2026.

These discussions have reinforced the structural nature of the funding gap, the impact of external cost pressures, and the need to consider trade-offs between service levels, affordability, and long-term financial sustainability.

Further updates are planned for July and September 2026, including continued development of the State of Assets Report (SOAR) and the 10-Year Rolling Financial Plan (10YRFP), which will provide additional information on infrastructure condition, renewal requirements, and long-term financial strategies to support Council decision-making.

Committee input will continue to inform development of the 2027 Budget and longer-term financial planning.

Conclusion:

The District is facing a persistent structural funding gap driven by external pressures that exceed revenue growth.

With approximately 75% of the budget constrained, addressing the gap will require deliberate decisions on service levels, revenue tools, and long-term financial strategy. These decisions carry implications for financial sustainability, infrastructure and operational risk, social outcomes for vulnerable populations, and environmental resilience.

To deliver a balanced budget, changes will be required to maintain long-term financial resiliency and asset sustainability while managing risk, supporting community well-being, and protecting District delivered services to the greatest extent possible.

Options:**Option 1 — Combined Approach (Recommendation)**

Apply a combination of tax adjustments, service-level adjustments, and revenue measures.

Option 2 — Maintain 3.5% Tax Increase (Service Reductions Required)

Maintain the current financial plan direction of a 3.5% annual tax increase.

Option 3 — Increase Tax Levy Above 3.5% (Reduce Pressure on Services)

Increase property tax revenue to better align with the Municipal Price Index (MPI).

Option 4 — Introduce / Expand Non-Tax Revenue

Increase user fees, charges, and other revenue tools to supplement property tax revenue and support long-term revenue growth.

Option 5 — Service Level Adjustment

Adjust service levels based on Council-defined priorities and risk tolerance.

Respectfully submitted,



Rick Danyluk
GM, Finance & CFO

Attachments

1. Anatomy of a Budget
2. Non-tax Revenue and Economic Development
3. Service Level Framework, Fire and Rescue Services example
4. 2027 Budget Outlook presentation

REVIEWED WITH:					
☐ Business and Economic	_____	☐ Finance	_____	External Agencies:	
☐ Bylaw Services	_____	☐ Fire Services	_____	☐ Library Board	_____
☐ Clerk's Office	_____	☐ GIS	_____	☐ Museum and Archives	_____
☐ Climate and Biodiversity	_____	☐ Human Resources	_____	☐ NSEM	_____
☐ Communications	_____	☐ Integrated Planning	_____	☐ NS Health	_____
☐ Community Planning	_____	☐ ITS	_____	☐ NVRC	_____
☐ Development Engineering	_____	☐ Parks	_____	☐ RCMP	_____
☐ Development Planning	_____	☐ Real Estate	_____	☐ Other:	_____
☐ Engineering Operations	_____	☐ Review and Compliance	_____		
☐ Environment	_____	☐ Solicitor	_____		
☐ Facilities	_____	☐ Utilities	_____		

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This attachment provides context on the District’s structural funding gap, key cost drivers, and the range of options available to Council. It is intended to support discussion of the trade-offs between affordability, service levels, and long-term financial sustainability.

1. Structural Funding Gap

Annual impacts (approximate):

Component	Amount (\$M)
New tax revenue (3.5%)	~4.8
Cost escalation (MPI 6–9%)	~8.2 – 11.3
Annual shortfall	~3.4 – 7.5

Over time, this gap compounds, reaching approximately **\$33.9 million** by 2030 under a midpoint scenario.

2. External Cost Pressures

The majority of the District’s cost pressures are externally driven and largely outside municipal control.

Key drivers include:

- Metro Vancouver utility charges
 - global commodity inflation (fuel, construction materials);
 - labour and wage settlements (3–5% annually);
 - provincial cost downloading and new legislative requirements;
 - increased regulatory complexity and infrastructure needs.
-

3. Metro Vancouver Utility Costs

Metro Vancouver utility charges are the District’s **single largest cost pressure**.

- Total charges are projected to increase from approximately \$38 million in 2024 to \$84 million by 2030.
- Costs are driven primarily by the North Shore Wastewater Treatment Plant (NSWWTP).

Sewer levy highlights:

- 2026 sewer levy: \$35.2 million, increasing to \$52.8 million by 2030

Utility services include both Metro Vancouver Utility Costs and District costs and are funded through user fees. These services significantly impact household affordability but **do not provide flexibility** to address the operating budget gap.

4. Budget Constraints and Council Control

The 2026 operating budget (~\$236 million) can be categorized as:

Category	Amount	Control
Pass-through / regional	~\$60M (~25%)	None
Contractual / mandated	~\$118M (~50%)	Minimal
District-delivered services	~\$58M (~25%)	High

Approximately **75% of the budget is not easily adjustable**, leaving limited flexibility for short-term revisions.

5. Impact on Services

To address the structural gap in the near term:

- The ~\$58 million in controllable services must absorb **\$3.4M–\$7.5M annually**
- Equivalent to **6%–13% reductions or new revenues each year**

Impacts will increasingly affect:

- parks and trails maintenance;
- recreation and cultural programming;
- library services;
- road maintenance;
- community safety and grants.

6. District Levers

Primary tools available to Council include:

- service level adjustments (Attachment 3);
- non-tax revenue and economic development (Attachment 2);
- service delivery model and efficiencies;
- capital investment timing;
- reserve use and debt management.

7. Actions Underway

The District has initiated several measures, including:

- \$9.1 million in operating reductions (2025–2026);
 - adoption of MPI;
 - service-based budgeting and service-level reviews (in progress);
 - 10-Year Rolling Financial Plan (in development);
 - financial policy updates;
 - capital program review;
 - advocacy on Metro Vancouver and provincial cost pressures; and
 - development of public-facing information through the District's new planning and budgeting system.
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8. Council Options / Decision Framework

There is no single solution; addressing the structural gap requires explicit trade-offs between taxes, service levels, and revenue sources. Council is being asked to consider how to manage the structural funding gap through a combination of key levers. Each option has different implications for affordability, service levels, and long-term financial sustainability.

Option 1 — Combined Approach (Recommended)

Recommendation

THAT Council direct Staff to develop options for the 2027 Budget incorporating tax adjustments, service level adjustments, and revenue measures and report back to Council in fourth quarter of 2026;

Implications:

- Distributes impacts across multiple levers
- Reduces reliance on any single approach
- Provides greater flexibility and resilience over time
- Requires clear Council direction on acceptable trade-offs between:
 - affordability
 - service levels
 - financial sustainability

Option 2 — Maintain 3.5% Tax Increase (Service Reductions Required)

Maintain the current financial plan direction of a 3.5% annual tax increase.

Implications:

- Requires ongoing operating reductions of approximately **\$3.4M–\$7.5M annually**
- Reductions will be concentrated in the ~25% of services within Council control
- Increasing and compounding impacts to:
 - parks, recreation, and trails
 - library services
 - road maintenance
 - community programs and grants
- Risk of service erosion and reduced responsiveness over time

Option 3 — Increase Tax Levy Above 3.5% (Reduce Pressure on Services)

Increase property tax revenue to better align with the Municipal Price Index (MPI).

Implications:

- Reduces or eliminates the need for ongoing service reductions
- Improves financial sustainability and service stability
- Increases cost pressures on households already facing rising utility charges
- Requires clear public communication on drivers (Metro Vancouver, inflation, downloading)

Option 4 — Introduce / Expand Non-Tax Revenue

Increase user fees, charges, and other revenue tools to supplement property tax revenue.

Implications:

- Helps offset operating pressures without relying solely on taxation
- Aligns costs more directly with service users
- May affect affordability and accessibility for specific services

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- Revenue potential is **incremental** and unlikely to fully close the structural gap
 - Requires a higher tolerance for risk, as revenue and economic development initiatives may involve upfront investment and uncertain outcomes, with financial benefits achieved over time

A corporate revenue initiative could be accelerated but would require a supporting Council resolution

Option 5 — Service Level Adjustment

Adjust service levels based on Council-defined priorities and risk tolerance.

Implications:

- Enables deliberate, transparent decisions on what to:
 - protect
 - reduce
 - redesign
- Supports alignment with community priorities and long-term sustainability
- May include reduced service frequency, program changes, or deferred maintenance
- Impacts will be visible to residents and may be difficult to reverse

Non-tax Revenue and Economic Development

New revenue generation and service cost recovery from non-tax sources will be increasingly important to meeting service level needs while limiting property tax increases. These represent key levers within the 10-Year Rolling Financial Plan (10YRFP) and should be considered alongside service level trade-offs and associated risks. Three strategies warrant further exploration: monetizing District assets, developing new revenue-focused services, and accelerating business tax base growth.

- **Realizing revenue potential in District assets:** community facilities and other buildings, parks and fields, streets and related infrastructure, and land represent underutilized near-term revenue opportunities for the District. While some revenue generation programs already exist (land use, right-of-way use, and commercial leasing), additional opportunities include:
 - third-party space rentals and user fees;
 - sponsorships and naming rights;
 - paid parking as part of transportation demand management;
 - advertising; and
 - private-sector partnerships for service and program delivery.
- **New revenue-focused services:** revenue-focused initiatives offer greater potential for larger, longer-term investment returns. Success of such initiatives often depends on an innovative first-to-market approach, a level of risk tolerance, startup investment, and alternative operating models (such as public-private partnerships or arm's length governance and operating structures). Examples in other jurisdictions include local utilities (e.g. energy or telecommunication systems), world-class multi-purpose facilities that serve both municipal and private sector demand, such as:
 - fire hall with corporate training centre;
 - sector development hub with commercial office space; and
 - community centre with advanced sports/wellness or a paid entertainment venue
- **Accelerated business tax base growth:** Council's Economic Development Strategy provides a roadmap to grow the District's business tax base—one of the most effective long-term strategies for strengthening municipal revenues and sustaining service delivery.

Key opportunities include accelerating initiatives already underway, including the Zoning Bylaw Review and Development Application Process Review, and prioritizing projects that:

- support business retention, expansion, and investment;
- enable the creation of new employment space;
- streamline permitting and reduce approval times for large development; and
- enhance customer service to businesses through technology and improved communications.

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Service Level Framework

The Service Level framework provides a structured approach to defining what services the District delivers, the expected standard of performance, the resources required, and the operational risks associated with different service levels. Below you will find

- Table 3.1 which outlines the District's service groups, services, and corresponding descriptions. The table provides a structured overview of services, establishing a foundation for service level analysis, budgeting, and performance discussions.
- Table 3.2: Service Levels which outlines the four service levels. Service level categories are used to clearly differentiate the progression from basic compliance to leading practice, enabling meaningful comparison of cost, risk, and performance. By organizing services along a continuum—from basic compliance to leading practice—the framework establishes a common language for Council, staff, and the community to understand the relationship between service outcomes, cost, and operational risk.
- The Service Dial (Graphic 3.1) which provides a practical tool for Council to consider options to maintain, reduce, redesign, or enhance services in response to the structural funding gap, while balancing affordability, community priorities, operational risk, and long-term financial sustainability.

Applying the service level approach strengthens financial decision-making by making trade-offs explicit: lower service levels generally reduce costs but increase risk and limit responsiveness, while higher service levels improve reliability, resilience, and outcomes, but require additional investment. Staff will continue to develop the Service Level Framework and integrate the approach in DVN planning, reporting and budgeting processes.

To demonstrate the applicability of the service level framework, Fire and Rescue Services are presented as an illustrative example of how the framework supports service-based decision-making.

Table 3.3: Fire and Rescue Service Outline demonstrates how the framework is applied in practice by linking each service to current service levels, the key challenge for service level sustainability and the implications of service changes. It highlights the Service Dial trade-offs—lower service levels reduce costs but increase risk, while higher service levels improve outcomes but require additional investment—and outlines the resulting impacts on residents and businesses.

Attachment 3 - Service Level Framework – Service Descriptions

Service Descriptions

Definitions:

- Direct Services: Services delivered to residents and businesses (e.g. Water Supply and Distribution, Road Network)
- Support Services: Organization wide services that support Direct services (e.g. Finance, Human Resources, Technology)
- Enabling Services: Detailed Services that enable Direct services to be delivered (e.g. Service Administration, Training)

Table 3.1 DNV Service Descriptions

*Services under Governance and Administration are considered Support services as they are organization wide and support all Direct Services.

Service Group	Service Group Description	Service	Service Description
*Governance & Administration	Provides corporate leadership, governance, and enterprise-wide services required for the District to operate effectively, transparently, and in compliance with legislation. This service area supports Council decision-making and ensures sound financial management, people and workforce support, technology systems, legal oversight, communications, and organizational performance and risk management. These functions ensure the Corporation can operate safely, sustainably, and in alignment with legislative requirements and Council priorities.	Communications & Public Engagement	Leads corporate communications, media relations, and public engagement initiatives that keep residents informed, support transparent decision-making, and foster meaningful dialogue between the District and the community. Supports internal communications for the organization.
		Corporate Governance & Legislative Services	Delivers legislative support, Council meeting coordination, bylaw development, corporate records management, and ensures compliance with statutory requirements to uphold transparent and accountable democratic governance.
		Facilities & Corporate Asset Management	Stewards District facilities and corporate real estate through building operations, maintenance, space planning, energy management, and capital asset lifecycle planning to support effective organizational operations.
		Mayor & Council (Governance)	Supports the Mayor and Council in fulfilling their governance responsibilities, including strategic leadership, setting policy direction, managing intergovernmental relations, and representing community interests in decision-making.
		Risk Management & Emergency Management	Identifies, assesses, and mitigates corporate risks while leading emergency preparedness, natural hazard management, business continuity planning, and organizational resilience to protect the District, its employees, and the community.

		Climate Action & Environment	Advances corporate and community-wide policies, programs, and projects to reduce energy use and emissions, protect and enhance ecosystem health and biodiversity, and improve resilience to climate change.
		Administrative Support Services	Provides centralized corporate functions that facilitate effective, efficient, and accountable service delivery across the organization. This includes corporate fleet and equipment management; information technology and digital services; financial planning, management, and procurement; customer service; infrastructure and technical support; executive leadership and strategic direction; legal services; project delivery; intergovernmental relations; and corporate and strategic planning. Together, these functions support sound governance, operational excellence, regulatory compliance, and alignment with Council's vision and corporate priorities.
Service Group	Service Group Description	Service	Service Description
Parks, Recreation, and Culture	Enhances community well-being and quality of life through parks, recreation services, cultural spaces, and programs. This service area supports physical and mental health, social connection, lifelong learning, and access to natural and cultural amenities.	Arts and Culture	Fosters artistic expression and cultural vitality through arts programming, cultural events, public art initiatives, and support for the creative community and cultural organizations.
		Library Services	Provides public library services including collections, programs, digital resources, and community spaces that support literacy, lifelong learning, and equitable access to information.
		Museum and Archives	Preserves and shares local history and heritage through museum exhibitions, archival collections, educational programs, and stewardship of the community's cultural and historical assets.

		Parks	Plans, builds, and maintains parks, playgrounds, plazas, trails, natural areas, street trees, park buildings, bridges, and washrooms. Delivers event permitting, ranger services, environmental stewardship, ecological restoration, and asset management, and operates destination attractions including Maplewood Farm, and Lynn Canyon Ecology Centre.
		Recreation and Sport	Delivers indoor and outdoor recreation and sport programs, facilities, and services that promote active living, physical fitness, youth development, and community participation across all ages and abilities.
Service Group	Service Group Description	Service	Service Description
Planning & Development	Guides how the community grows and evolves by shaping land use, development, and infrastructure planning in alignment with Council direction and community goals. This service area focuses on policy development, regulatory frameworks, and long-range planning to support complete, livable, resilient, and healthy communities.	Community Planning	Guides long-term community growth through land use planning, policy development, neighborhood planning, and ensuring development aligns with community vision and sustainability goals.
		Development Services	Processes development applications, building permits, and inspections to ensure safe, compliant construction and development that meets regulatory standards and community needs.
		Economic Services	Promotes economic vitality through business development support, investment attraction, tourism promotion, and partnerships that strengthen the local economy and job creation.
		Land and Property Management	Manages District-owned land and property assets, including acquisitions, dispositions, leasing, and strategic property management to support community and organizational objectives.

Service Group	Service Group Description	Service	Service Description
Protective and Compliance Services	Protects people, property, and the environment through emergency preparedness and response, fire and protective services, risk reduction, and bylaw enforcement. This service area ensures compliance with municipal regulations and supports a safe, orderly, and resilient community.	Bylaw Services	Enforces municipal bylaws and regulations to maintain community standards, address nuisances, ensure public safety, and promote orderly use of public and private spaces.
		Fire and Rescue	Provides fire suppression, emergency rescue, medical first response, fire prevention, and public safety education to protect life, property, and the environment from fire and emergencies.
		Police Protection	Delivers policing services to maintain public safety, prevent crime, enforce laws, respond to emergencies, and build positive relationships between law enforcement and the community.
Service Group	Service Group Description	Service	Service Description
Social Services and Affordable Housing	Supports community well-being through housing initiatives and social supports delivered in partnership with other governments, agencies, and community organizations. This service area focuses on affordability, inclusion, and helping residents thrive across different life stages and circumstances.	Affordable Housing	Develops and supports affordable housing initiatives, partnerships, and programs that increase housing options and address housing affordability challenges for residents in need.
		Child and Senior Care	Supports childcare and senior services that help families and older adults access quality care, programs, and resources to thrive at different life stages.
		Community Grants & Facilities	Administers community grants and supports community facility partnerships that strengthen non-profit organizations and enhance services delivered by community partners.

Service Group	Service Group Description	Service	Service Description
Transportation	Delivers, operates, and maintains the transportation network and core infrastructure that support mobility, safety, and economic activity. This service area ensures roads, bridges, sidewalks, and related civil assets function reliably and meet current service needs.	Active Transportation	Plans, builds, and maintains infrastructure for walking, cycling, and other active modes of transportation that support healthy, sustainable, and accessible mobility options.
		Parking and Curbside Management	Manages on-street and off-street parking (including for parks and recreation) and curbside access to balance parking availability, traffic flow, accessibility, and support for local businesses and services.
		Road Network	Maintains and improves the road network including streets, bridges, traffic signals, and signage to ensure safe, efficient, and reliable vehicle movement throughout the community.
		Transit	Supports public transit services and infrastructure that provide accessible, efficient, and sustainable transportation options connecting residents to destinations across the community.
Service Group	Service Group Description	Service	Service Description
Utilities	Delivers core utility services including drinking water, wastewater, stormwater, and solid waste management. This service area ensures systems are reliable, financially sustainable, and resilient to climate impacts. It also includes stewardship of utility infrastructure and the natural systems that support these services (e.g., watersheds and drainage functions), ensuring long-term performance and regulatory compliance.	Liquid Waste Management	Manages the sanitary sewer collection system, conveying wastewater to Metro Vancouver's regional treatment facilities, while maintaining local infrastructure to protect public health, the environment, and ensure reliable, compliant liquid waste services.
		Solid Waste Management	Provides curbside collection of garbage, recycling, and organics for District of North Vancouver residents, and advances programs to reduce waste.
		Stormwater Management	Manages stormwater infrastructure and drainage systems to protect properties from flooding, maintain water quality, and support healthy watersheds and natural drainage functions.

		Water Supply and Distribution	Delivers safe, reliable drinking water to residents and businesses through water treatment, distribution network management, and infrastructure stewardship, ensuring water quality, adequate supply, and system resilience in partnership with Metro Vancouver's regional water supply.
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Service Standards, Service Levels, and Service Dial

Definitions:

Service Standard: The defined level of performance the organization commits to delivering. Typically aligned to an industry recognized **benchmark**. Structured across four service performance levels (Level 1 = lowest/Basic to Level 4 = highest/ Leading).

Table 3.2: Service Levels

Level 1 – Basic	Level 2 – Foundational	Level 3 – Enhanced	Level 4 – Leading
Compliance-only service (minimum legal requirements); highest risk, lowest cost.	Reliable, predictable service; meets most community expectations; primarily reactive delivery, moderate risk and cost.	Proactive, well-managed service that improves outcomes, addresses emerging needs, and exceeds expectations; lower risk, higher cost.	Best-in-class service aligned with leading practices, highest performance, resilience, and innovation; lowest risk, highest cost.

The tiered categories used to describe increasing levels of service performance (e.g., Basic to Leading), reflecting quality, quantity and risk.

Graphic 3.1: Service Dial

Once current service levels are confirmed, Council can dial service levels up or down to change service quality and quantity / responsiveness, risk exposure and cost. The core trade-off for service level decision making is Lower Service level = High Risk & Lower Cost; Higher Service Level = Lower Risk & Higher Cost.



Service based budgeting: an illustrative example District of North Vancouver Fire and Rescue Services

DNVFRS provides a broad range of emergency services, including fire suppression, medical response, technical rescue, wildfire response, prevention, training, development review, and emergency planning. Maintaining these services at their current levels is not possible with the present funding model.

In recent years, DNVFRS' services have been maintained through a mix of municipal funding, internal reductions, external partnerships, grants, and short-term measures such as deferred spending and vacancy management. This approach is consistent with the current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures. Although this mixed funding method has helped protect core operations over the last few years these are temporary solutions. A more stable and sustainable funding strategy is needed to maintain current service levels.

Adding to these pressures is the fact that the operating environment for DNVFRS is becoming more complex. Population growth, increased development, marine and industrial activity, climate-related wildfire risk, rising demand for technical rescues, and infrastructure renewal are all increasing service demand and costs.

There is also growing reliance on one-time savings, external funding, and staff absorbing additional workload. This is putting pressure on staffing resilience, training capacity, prevention work, fleet replacement, and overall readiness.

Several areas are under strain, including:

- Training and development capacity
- Community risk reduction and pre-incident planning
- Fleet and equipment replacement
- Long-term staffing sustainability

It is also important to note that some current supports, such as partnership-funded positions and other temporary measures, are time-limited. If these end, the cost of maintaining current service levels will fall to the municipality, creating additional budget pressure.

As a result, there are emerging service gaps. These include reduced pre-incident planning capacity, limited training relative to operational needs, pressure on fleet replacement, and increasing technology and data requirements. In some cases, services are being delivered at only a basic or regulatory level, which increases risk over time.

Looking ahead, financial pressures fall into three main categories:

-
- **Operating pressures**, including staffing, training, programs, and support services
 - **Capital needs**, such as fleet, facilities, equipment, and technology
 - **Structural pressures**, where temporary funding and deferred investments will need to be replaced with ongoing municipal funding

DNVFRS has managed costs effectively and maintained service delivery through a period of significant financial constraint. However, the department will be unable to maintain service levels in 2027 with the current funding model.

Fire and Rescue Services Outline

Table 3.3 Fire and Rescue Services:

- Outlines Fire standards, current service level, and associated risks to maintaining current service level. Describes impact to Residents and Business of a change in level of service (Reduced or Enhanced)
- Service standards are further refined for each service level.
- Demonstrates the core trade-off or Service Dial: Lower service level = Higher risk; Lower cost Higher service level = Lower risk; Higher cost

Detailed Service (Direct / Pubic Facing 1 to 13; Enabling 14 to 19)	Description of Current Service Level	Current Level	Challenges to Maintaining Current Service Level	Reduced Service Level	Reduced Service Level Risk Increase / Cost Decrease	Enhanced Service Level	Enhanced Service Level Risk Decrease / Cost Increase
1. Emergency Fire Response Single Family (DNVFRS - Only)	Respond to Single Family Residential Fires within defined response time targets, appropriately staffed first-response apparatus and full complement response.	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Slower response time; Reduced ability to deliver timely and effective emergency response.	3	Faster response times; Increased ability to deliver timely and effective emergency response ; Improved technical rescue service delivery
2a. Emergency Fire Response Multi Residential & High Hazard Industry (DNVFRS & Tri-Municipal Automatic Aid)	Respond to Open-Air Strip Malls, Garden-Style Apartments, and high-hazard/industrial fires within defined response time targets with appropriately staffed first-response apparatus and full complement response through Tri-Municipal Automatic Aid.	3	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	2	Slower response time; Reduced ability to deliver timely and effective emergency response. Higher risk for strip malls, apartments, and industrial fires.	4	Improved response reliability; Faster response times. Increased ability to deliver timely and effective emergency response
2b. Emergency Fire Response Multi Residential & High Hazard Industry (DNVFRS - Only)	Respond to Open-Air Strip Malls, Garden-Style Apartments, and high-hazard/industrial fires within defined response time targets with appropriately staffed first-response apparatus.	1	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Slower response time; Reduced ability to deliver timely and effective emergency response.	2	Faster response times; Increased ability to deliver timely and effective emergency response ;
3a. Specialty Incident Response (WUI) (DNVFS & Tri-Municipal Automatic Aid)	Respond to specialty incidents including Wildland-Urban Interface fires, with appropriate capability levels.	4	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	3	Reduced ability to operate effectively within a coordinated regional or provincial response; Increased environmental risk; Greater reliance on external agencies.	4	Faster on scene intervention; Reduced incident duration; Reduced environmental impact.
3b. Specialty Incident Response Wildland Urban Interface (WUI) (DNVFRS - Only)	Respond to specialty incidents Wildland-Urban Interface fires, with appropriate capability levels.	3	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	2	Reduced WUI initial attack efforts and structure protection; Reduced ability to contain fires early and protect homes in high-risk interface zones; Loss of FireSmart Program Increased environmental risk; Greater reliance on external agencies.	4	Faster on scene intervention; Reduced incident duration; Reduced environmental impact; Reduced dependency on external agencies; Improved wildfire containment and structure protection; Increased FireSmart awareness in community.

Detailed Service	Description of Current Service Level	Current Level	Challenges to Maintaining Current Service Level	Reduced Service Level	Reduced Service Level Risk Increase / Cost Decrease	Enhanced Service Level	Enhanced Service Level Risk Decrease / Cost Increase
4a. Specialty Incident Response - Hazardous Materials, Transportation of Dangerous Good (DNVFS & Tri-Municipal Automatic Aid)	Respond to specialty incidents, including HazMat & Transportation of Dangerous Good incidents, with appropriate capability levels	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Increased reliance on external agencies for Technician-level intervention; Extended Response times; Increased risk of environmental impact, public exposure and prolonged incident duration.	3	Increased ability to take direct mitigation actions; Decreased incident duration; Reduced environmental impact.
4b. Specialty Incident Response Hazardous Materials, Transportation of Dangerous Goods (DNVFRS - Only)	Respond to specialty incidents including HazMat incidents, with appropriate capability levels	1	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Increased reliance on partner/external agencies for Technician-level intervention; Extended Response times; increased risk of environmental impact, public exposure and prolonged incident duration	2	Increased ability to take direct mitigation actions; Decreased reliance on partner/external agencies; Decreased incident duration; Reduced environmental impact;
5. Specialty Incident -Response Electrical Infrastructure	Respond to specialty incidents electrical hazards with appropriate capability levels	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Reduced ability to protect the public, and coordinate with utility providers during wind-related infrastructure failures	3	Enhanced ability to protect the public, and coordinate with utility providers during wind-related infrastructure failures
6. Medical Response	Provide pre-hospital emergency medical response with EMR/FR3-trained personnel delivering enhanced medical interventions.	3	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	2	Reduced capacity for advanced medical interventions during critical incidents; Limited capability for complex rescues; Reduced patient care outcomes; Elimination of low acuity medical response	4	Ability to deliver Higher-level medical interventions during complex emergencies; Improved response resiliency during high call volumes; Better patient care outcomes; Enhanced frontline operational readiness.
7. Rescue Operations Response - MVI's	Deliver comprehensive rescue services including MVIs,.	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Reduced ability to adapt to emerging technologies, including electric vehicles (EVs), hydrogen-powered vehicles, and plug-in hybrid electric vehicles (PHEVs)	3	Increased ability to adapt to emerging technologies, including electric vehicles (EVs), hydrogen-powered vehicles, and plug-in hybrid electric vehicles (PHEVs)
8. Rescue Operations Response – Technical Rescue	Deliver comprehensive technical rescue, confined space, swift water, ice, structural collapse and trench rescue with appropriate staffing.	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Slower rescue response; Delayed patient access in remote terrain; Higher risk to responders and public in complex terrain and waterways. Decreased patient care	3	Improved response times in rescue zones; Faster patient access; Increased multi-call resilience; Less reliance on automatic aid; improved patient care

Detailed Service	Description of Current Service Level	Current Level	Challenges to Maintaining Current Service Level	Reduced Service Level	Reduced Service Level Risk Increase / Cost Decrease	Enhanced Service Level	Enhanced Service Level Risk Decrease / Cost Increase
9. Community Risk Reduction - Public Outreach, Education	Provide fire safety education and training services to the public	3	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	2	Reduction of public education, Reduction or elimination of FireSmart and high school CPR programs; Increased fire and life safety risk.	4	Enhancement of existing education programs, stronger partnerships with internal and external agencies.
10. Community Risk Reduction - Investigations	Provide fire investigation services	3	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	2	Reduced capacity for investigations; less fire investigator training; increased investigation reporting times	4	Increased capacity for investigations; Enhanced investigator training.
11. Community Risk Reduction - Code Enforcement, Safety Plan review, Complaint Response and First Nations Partnerships	Provide fire prevention services	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Reduced ability to manage Fire Code and bylaw compliance and enforcement; Delays in Fire Safety Plan review; Delays in complaint resolution; Negative impacts on First Nations Partnerships.	3	Increased ability to manage code and bylaw compliance and enforcement. Better support Fire Safety Plan review, stronger First Nations Partnerships
12. Community Risk Reduction - Pre- Incident Planning	Provide pre-incident planning	1	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	More potential for property loss; Reduced safety for responders and the public; Reduced situational awareness for frontline crews	2	Safer emergency response; Improved community resilience; Improved safety for responders and the public during an emergency.
13. Community Risk Reduction - Development Application Review	Provide fire specific plan review for new developments	1	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Longer turnaround times for development permits; Increased technical challenges for first responders at new buildings; Reduced revenue	2	Safer emergency response; Improved compliance and community resilience; Better support for growth and development.
14. Fleet & Equipment	Maintain fire apparatus and equipment to ensure operational readiness and reliability for emergency response.	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Higher equipment maintenance costs; Lower emergency reliability; Increased firefighter risk; Reduced training capacity; Lower recruitment and retention appeal.	3	Improved firefighter safety through modern vehicle safety systems; Increased apparatus reliability and availability; Reduced maintenance costs; Improved environmental performance; Enhanced disaster readiness.
15. Facilities and Infrastructure	Maintain fire stations and infrastructure to support operational effectiveness, firefighter health and safety, and emergency response.	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Increased infrastructure failures; Slower response times; Health and safety risks; Higher lifecycle costs.	3	Improved response times; Future-proof facilities; Enhanced firefighter safety; Lower lifecycle costs; Improved resilience and sustainability; Improved firefighter decontamination provisions.

Detailed Service	Description of Current Service Level	Current Level	Challenges to Maintaining Current Service Level	Reduced Service Level	Reduced Service Level Risk Increase / Cost Decrease	Enhanced Service Level	Enhanced Service Level Risk Decrease / Cost Increase
16. Development, Safety & Innovation (Training)	Deliver training programs to maintain certifications, develop officer competencies, and ensure preparedness for complex incidents.	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Increased liability risk; Reduced complex incident competency; Limited succession planning; Lower preparedness for emerging hazards; Reduced technical rescue capability; Elevated EV/battery fire risk.	3	Expanded proactive training capacity; Strengthened officer development; Increased innovation integration; Improved succession planning; Greater complex incident readiness; Enhanced preparedness for emerging hazards.
17. Dispatch & Communications	Provide reliable emergency dispatch and communications services through E-Comm partnership to support effective emergency response coordination.	3	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	2	Dispatch costs can only be lowered by reducing annual call volume, which translates into discontinuing low acuity medical response. Continue radio hardware use past end-of-life	4	Increased communication reliability and firefighter safety
18. Information Technology & Data - Systems and Data Management	IT systems and data management capabilities to support fire department operations, training and inspections	2	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Operational inefficiencies; Reduced IT system security No Options to Reduce Service Levels	3	Faster decision-making through proactive data analytics; Improved operational efficiency; Enhanced data-driven risk reduction capabilities. Enhanced IT system security
19. Information Technology & Data - Data Analytics and Reporting	Data analytics and reporting capabilities to support fire department operations, reporting, and decision-making.	1	Current five-year operating budget, which includes planned reductions applied across the District to manage overall cost pressures	1	Limited data-driven risk reduction; Low operational insight; Inconsistent reporting.	2	Faster decision-making through proactive data, Enhanced data-driven risk reduction capabilities.

2027 Budget Outlook

Committee of the Whole, June 29, 2026

Agenda



- External cost pressures and the Municipal Price Index
- Impacts on the average home
- Where savings come from
- Primary levers to reduce tax increases
- Options and next steps
- Direction

External pressures driving the gap

- Largest pressure
 - Regional / Metro Vancouver cost pressures
- Ongoing external drivers
 - Global inflation (fuel, materials, construction)
 - Labour market pressures and wage settlements
 - Senior government policy changes and cost downloading
- Other influences
 - Interest rates and borrowing costs
 - Local development activity



Municipal Price Index (MPI)

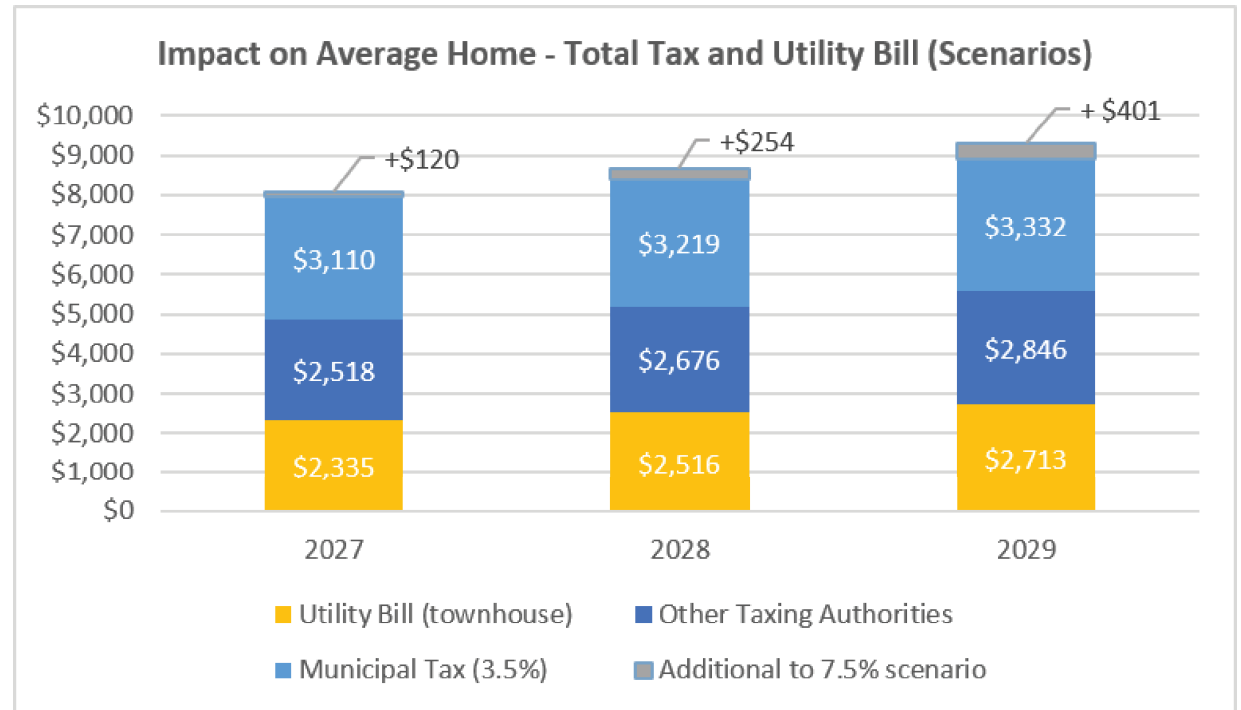
The MPI on the total tax & utility bill indicates underlying cost pressures of ~ 6% to 9% annually

Cost Driver	Typical Annual Increase *	Within / Outside Control
Wage and benefits	↑ +3 to +5%	Largely outside control
Construction costs (non-residential)	↑ +4 to +6%	Outside control
Fleet replacement costs	↑ +9 to +18%	Outside control
Energy costs	↑ -15 to +25%	Outside control, highly variable
Metro Vancouver charges	↑ +8 to +18% (2025 = 35%)	Outside control, highly variable
Other tax authorities	↑ +3 to +9%	Outside control
Service level / demand growth	↑ +1 to +2%	Partially within control
Debt service / borrowing costs	↑ -5 to +12%	Outside control
Downloading and new legislation	↑ +0.5% to +1.5%	Outside control, evolving
Rate Stabilization (use of reserves)	↓ -1 to -1.5%	Within control
Total MPI (baseline cost pressure)	↑ +6 to +9%	

** Based on recent trends across key drivers; MPI reflects the weighted index of these pressures.*

Illustrative impacts on average home

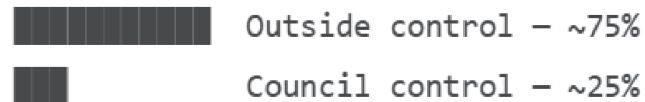
(assumed annual increases: utilities ~8%, other tax authorities ~6%, and municipal taxes 3.5% to 7.5%)



Total tax and utility bill in 2026 for the average home in the District was \$7,548 (assessed value \$1.64 million).

Cost Pressures vs. Levers

Services Areas	External Cost Pressures	Council Levers
All services	Regional / Metro Vancouver costs Inflation and commodity costs Labour and wage pressures Senior government policy and downloading Interest rates and development activity	Service levels (cost ↔ risk trade-off) Non-tax revenue & economic development Service delivery model and efficiencies Capital investment timing and scope Reserve use and debt management



Most cost pressures are outside municipal control.
Council's primary levers are service levels, revenue, and investment decisions.

Where budget adjustments can occur

Category	2026 Budget	% of Operating	Council Control
Pass-through & regional charges (Metro Van sewer, water, solid waste levies)	~ \$60 million	~ 25%	None - set regionally
Contractual & mandated services (e.g. RCMP, collective agreements, debt servicing, insurance, E-Comm)	~ \$118 million	~ 50%	Minimal - contracts & legislation
District-delivered services (e.g. parks, roads, recreation, library, planning, bylaws)	~ \$58 million	~ 25%	Within Council control
Total property tax and utility bill	\$236 million		

The ~\$58 million in controllable services must absorb \$3.4M–\$7.5M annually, equivalent to 6%–13% reductions or new revenues each year

Service Levels

- Council decisions determine how service levels change in response to cost pressures.
- Given baseline cost increases, Council can [adjust service levels](#) to manage outcomes, affordability, and risk.

Option	Service Outcomes	Affordability	Risk
Reduce	↓ decreases	↑ improves	↑ increases
Maintain	↔ stable	↓ (with MPI)	↔ stable
Enhance	↑ improves	↓ decreases further	↓ decreases

In all cases, administration will identify opportunities to [improve service delivery through innovation](#) and continue to [support advocacy efforts](#) for equitable taxation and regional services.

Service Level Trade-Off

Service Dial

Once current service levels are confirmed, Council can dial service levels up or down to change service quality and quantity / responsiveness, risk exposure and cost.



Service levels in practice: Fire & Rescue

Level 1 – Basic	Level 2 – Foundational	Level 3 – Enhanced	Level 4 – Leading
Compliance-only service (minimum legal requirements); highest risk, lowest cost.	Reliable, predictable service; meets most community expectations; primarily reactive delivery, moderate risk and cost.	Proactive, well-managed service that improves outcomes, addresses emerging needs, and exceeds expectations; lower risk, higher cost.	Best-in-class service aligned with leading practices, highest performance, resilience, and innovation; lowest risk, highest cost.

Lower service levels reduce cost but increase response times, risk exposure, service gaps

*Fire & Rescue Services provides **13 direct public-facing services to the community with an average service level of 2.3**, when tri-municipal aid is included (see Attachment 3).*

Service levels- illustrative future direction

Affordability envelope
Operating (\$M)

\$ 236.0

Service	Current Level	Target Level	Base Cost (\$M)	Cost at Target (\$M)	Δ Changes at Target				
					Cost (\$M)	Risk	Social	Environment	What changes
Service A - Reduce	3	2	9.0	8.5	(0.5)	↑	↓	—	e.g. reduced response times
Service B - Maintain	2	2	5.0	5.0	0.0	—	—	—	e.g. no change
Service C - Enhance	2	3	10.0	10.2	0.2	↓	↑	↑	e.g. improved biodiversity
Other Services (majority of budget)	various	various	212.0	TBD	TBD	↑	↓	↓	etc.
Totals			236.0	TBD	TBD				

*Council will provide direction on target service levels in the fourth quarter 2026.
New revenue and tax adjustments will provide Council more flexibility in setting target service levels.*

Non-tax revenue

- Realizing market value from District assets, for example:
 - 🚗 Streets and infrastructure (TDM-based parking, advertising)
 - 🎫 Outdoor/indoor facilities (excess capacity, space rentals, events)
 - 🏷️ Program sponsorship and business/industry partnerships
 - 🏢 Commercial assets



Contribution is incremental and does not fully close the funding gap

Non-tax revenue

- Developing new revenue-focused services, for example:
 - ⚡ Local utilities (energy, telecommunications)
 - 🏠 Multi-purpose facilities (fire + training, community centre + event space)
 - 🤝 Partnerships (municipal land, business accelerator + commercial space)



Long-term strategy; does not address near-term funding gap

Economic development

- Accelerating business tax base growth 
 -  Modernized Zoning Bylaw (employment zones) and permitting
 -  Employment space investment incentives
 -  Port Properties Tax Act (continued advocacy)



Long-term strategy; does not address near-term funding gap

Options

	1. Combined Approach <i>(Recommended)</i>	2. Maintain 3.5% Target	3. Increase Tax Levy <i>(align with MPI)</i>	4. Non-Tax Revenue <i>(Attachment 2)</i>	5. Service Level Adjustments <i>(Attachment 3)</i>
Municipal taxes	↔ 3.5% - 7.5% ↑	↔ 3.5%	↑ 7.5%	↑ up to 5.5%	↑ up to 5.5%
Service levels	↓	↓ (greater impact)	↔	↓	↓ (targeted impact)
New / expanded revenue	↑	↑	↔	↑	↑
Risk exposure	↑	↑	↔	↑	↑

The size of the arrows denotes the level of impact.

Next steps



- Monitor and update the Municipal Price Index (MPI)
- Advance service-based budgeting and service-level reviews
- Provide updates to Finance and Audit Standing committee (July, Sep.)
- Develop a public-facing budget to improve transparency
- Undertake public engagement on 2027 Budget (fall 2026)
- Report back with options in fourth quarter of 2026

Council Direction

1. THAT Council direct staff to develop options for the 2027 Budget incorporating tax adjustments, service level adjustments, and revenue measures and report back to Council in fourth quarter of 2026
OR
2. THAT Council provide alternative direction



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