

AGENDA INFORMATION	
☐ Regular Meeting	Date: _____
☒ Other: Workshop	Date: February 3, 2026

_____ Dept. Manager	_____ GM/ Director	 _____ CAO
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The District of North Vancouver

REPORT TO COUNCIL

January 21, 2026
File: 2026 Budget

AUTHOR: Rick Danyluk, GM, Finance & CFO

SUBJECT: Council Priorities and Budget 2026

RECOMMENDATION:

THAT Budget Scenario 1, including a property tax increase of 3.5% (2.0% + 1.5% for asset renewal), based on the key budget strategies and adjustments shared, is supported, AND

THAT Staff prepare the Draft Financial Plan Workbook for introduction to Council and the public on February 17, 2026.

SUMMARY:

Staff are seeking direction on the key budget strategies and adjustments, including the updated Capital Plan, before introducing the Draft Financial Plan on February 17.

At the Budget Outlook workshop on November 10, staff provided an update on the factors influencing the District's financial position and presented strategies to balance the 2026 Budget. The budget aims to address public concerns about affordability, follow Council's direction to keep property tax rate increases low, and deliver the programs and infrastructure the community wants and needs. Council expressed support for the overall direction.

Scenario 1: Some Reduction in Services	
Adjusted base budget *	2.0%
Asset renewal	1.5%
Property tax increase **	3.5%

* Uncontrollable cost increases less adjustments

** 1% tax increase = \$29 on the average home

Since then, staff have refined the operating budget adjustments and updated the Capital Plan, based on Council directions, the capital prioritization framework, and budget Scenario 1.

BACKGROUND:

Council expressed a desire to moderate tax increases in 2026 and beyond after high tax increases in prior years, and has provided the following direction to guide development of the 2026 Budget and Financial Plan:

- [2025 Budget Approval](#) (starting on page 5, [Minutes](#)): on March 17, 2025 Council directed staff to review and identify options to include at least one gravel field conversion in the five-year capital plan.
- [2025 State of Assets Reporting](#) (starting on page 23): on June 16, 2025, staff reviewed the current infrastructure portfolio at a Council workshop, highlighting that a significant portion of the portfolio is due or coming due for renewal, and the importance of maintaining existing infrastructure in good condition to meet levels of service. The report was received for information.
- [Budget Outlook Workshop](#) (starting on page 7, [Council voting decisions](#)): on November 10, 2025, Council provided general support for staff to continue developing the budget with a 3.5% property tax increase, excluding adjustments to “community grants” and “DNVFRSs orange call responses”.
- [Utilities Workshop](#) ([Council voting decisions](#)): an update on the utility rate study process and major initiatives was provided on November 17, 2025. Council directed staff to bring back the 2026 Utility Rates for approval.

In addition, Council adopted the following bylaws that have a direct impact on the 2026 Budget and Financial Plan.

- [Financial Plan Amendment](#) (starting on page 99): bylaw adopted October 20, 2025.
- [Fees and Charges Bylaw](#) (starting on page 73): general increase of 5.5%, bylaw adopted December 8, 2025.
- [Utility Rates Bylaws](#) (starting on page 147): a combined utility rate increase of 7.4% (\$177.90) for a single-family home. Bylaws were adopted December 8, 2025.
- [OCP Update 2025 – OCP Bylaw Amendments](#) (starting on page 105): amendments to the OCP Bylaw were adopted on December 8, 2025. Additional amendments are planned for the first half of 2026, including implementing Small Scale Multi Unit Housing (SSMUH). There will be significant financial impacts from these changes, and it will take time to complete a full assessment. As a starting point, staff will update the population-based financial estimates used during the last update to development charges. Impacts will be reflected in the 2027-2030 Financial Plan.

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 following the guiding financial principles.

The Financial Planning Framework supports the development of options for Council’s consideration during the annual budget process. This Framework was introduced through the 2024 Budget Deliberations meeting to address budget challenges over the near term.

Work on the 10-year Rolling Financial Plan also continues, including providing updates to the Finance and Audit Standing Committee on financial policies, sustainable infrastructure funding, and development charges in 2026.

ANALYSIS:

The 2026 budget balances affordability through a low tax rate increase while still maintaining important community programs and services.

Staff updated the forecast for 2026 and included a new section in the Budget Outlook to highlight factors inside and outside our control, along with the list of key budget drivers.

More than \$4 million in reductions were identified and implemented in the previous 2025 budget process. For the

2026 budget, staff recommended additional options for Council's consideration expected to generate the greatest financial impact with the least service impact in this 2026 budget cycle. Staff proposed six key strategies, within the Financial Planning Framework, to reduce the property tax increase from 7.5% to 3.5% (2.0% + 1.5% for asset renewal) and balance the 2026 Operating Budget. See Attachment 1 for additional details.

Financial Planning Framework	Key strategies for 2026 Budget
Maintain services as the community grows	Update the annual funding gap
Leverage opportunities and mitigate risks	1. Address the growing infrastructure deficit 2. Achieve additional efficiencies, given the changing work environment 3. Create more value out of District services and assets 4. Reduce and adjust services to match demand and resources
Advocate for senior government support and legislative changes	5. Respond to senior government downloading 6. Pursue changes to legislation (ongoing)
Improve understanding of the budget	Introduce new tools to highlight investments planned for the community
Set performance and affordability targets and report progress	Introduce key performance measures

Capital Plan

Since receiving Council support for Budget Scenario 1 at the Budget Outlook Workshop, staff has updated the Capital Plan based on:

- Council directions as outlined above,
- Capital Prioritization Framework, and
- Affordability limits resulting from Budget Scenario 1.

Under this scenario, key capital projects move forward to construction in the near term with many projects slowed down, reduced in scope, or deferred in the outer years to stay within available funding limits. See attachment 2 for additional details on the capital plan.

Outer Years and Risk Management

Looking beyond 2026, current estimates indicate that additional savings in the range of 1% to 2% per year will be required to maintain property tax rates at the proposed level (inflation plus 1.5% for asset renewal). Should Council identify additional projects that it wants to move

forward, reductions to the plan will either be required or the property tax rate will need to be revisited. Staff will continue to monitor estimates and develop opportunities to reduce future years' rate increases.

Given increasing uncertainty from factors such as revenue shortfalls, changing senior government legislation, rising construction costs, climate change, rapidly changing technology, and tariffs, the municipality will need to set aside additional funding to manage these financial risks. Staff continue to monitor potential impacts and emerging issues.

**Timing/Approval Process:**

The Council Priorities and Budget workshop will be followed by the introduction of the draft budget and five-year financial plan on February 17, 2026. The key milestones for this year's budget process are shown below, with Council approval of the final budget planned for March.

**Concurrence:**

This report has been developed with input from senior management.

Public Input:

In September 2024, at Council's direction, staff undertook [public engagement](#) (starts on page 17) through an online survey to hear directly from interested community members regarding the budget, including about tax tolerance.

The public survey is scheduled to be held biennially, with the next survey scheduled for early in the next Council's term. Results are intended to provide a solid foundation for financial decisions throughout the term.

This workshop is open to the public and there will be additional opportunities for public input through the remainder of the 2026 budget process.

Conclusion:

The key budget strategies and adjustments, including the updated Capital Plan, reflect Council directions and bring the property tax increase closer to inflation while maintaining a balanced budget, as required.

Staff are seeking direction on these strategies and adjustments to enable the introduction of draft budget and five-year financial plan on February 17, 2026.

Options:

1. THAT Budget Scenario 1, including a property tax increase of 3.5% (2.0% + 1.5% for asset renewal), based on the key strategies and adjustments shared, is supported.
2. OR Council provides an alternative direction.

Respectfully submitted,



Rick Danyluk
GM, Finance & CFO

Attachment 1 Operating Budget Adjustments

Attachment 2 Capital Plan Adjustments and Highlights

Attachment 3 Presentation

REVIEWED WITH:

☐ Sustainable Community _____
☐ Development Services _____
☐ Utilities _____
☐ Engineering Operations _____
☐ Parks _____
☐ Environment _____
☐ Facilities _____
☐ Human Resources _____

☐ Clerk's Office _____
☐ Communications _____
☐ Finance _____
☐ Fire Services _____
☐ ITS _____
☐ Solicitor _____
☐ GIS _____
☐ Real Estate _____

External Agencies:

☐ Library Board _____
☐ NS Health _____
☐ RCMP _____
☐ **NVRC** _____
☐ Museum & Arch. _____
☐ Other: _____

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Staff worked collaboratively on options expected to generate the greatest financial impact with the least service impact. The full list of adjustments provided Council some flexibility in determining its preferred budget scenario. On November 10 Council expressed general support for the adjustments summarized below.

Key Strategies	Service Impact	Estimated Financial Impact
Address the growing infrastructure deficit	Continue to renew aging infrastructure, while realizing some savings through updated maintenance standards. Opportunities to “divest assets with lower public benefits” will be brought forward to the Finance and Audit Standing Committee in July 2026.	\$0.3 million
Achieve additional efficiencies, given the changing work environment	While productivity improvements are expected, savings under this strategy are realized by staffing adjustments, which requires careful prioritization to deliver this year’s workplan effectively.	\$2.3 million
Create more value out of District services and assets	Grow and diversify revenue by aligning user fees (+5.5%) with rising costs and exploring new revenue opportunities.	\$1.0 million
Adjust services to match demand and resources	Modest adjustments to library, parks, and recreation services. Staff will continue to monitor changes in demand for all services and integrate this information into the planning cycle.	\$1.1 million
Respond to senior government downloading	New revenue from short term rentals, through the Municipal Regional District Tax, maintains funding for affordable housing while easing pressure on taxpayers. External funding is being sought to continue the DNVFRS high school CPR program.	\$0.3 million
Pursue changes to legislation (ongoing)	Continue taking a proactive and coordinated approach to advancing the District’s strategic interests. Advocacy and partnership efforts continue to focus on changes to the Ports Property Tax Act (PPTA) and impacts from the North Shore Wastewater Treatment Plant.	<i>Not reflected in the plan at this time</i>
Total savings		\$5.0 million

Staff have provided additional details on the adjustments, including estimated financial impact and priority, below. The priority scale ranks items from 1 to 5, with items generating the greatest financial impact and least service impact ranking higher. Three of the items require further discussion with Council and are not currently required to balance the budget.

Budget Strategy		\$ Impact	Priority
Address the growing infrastructure deficit	✓ Extend asset life and adjust standards	349,273	2-3
	□ Divest assets with lower public benefits (Finance and Audit Committee July 2026)	TBD	3
Achieve additional efficiencies, given the changing work environment	✓ Restructure call centres / Invest in AI	151,000	1
	✓ Limit RCMP budget to inflation	270,000	2
	✓ Consolidate the District fleet	28,000	2
	✓ Staffing adjustments	1,294,000	3
	✓ Reduce support services and consulting	537,000	3
Create more value out of District services and assets	✓ Ensure growth pays for related staff work	113,000	1
	✓ Diversify revenue and increase user fees	861,000	2
	□ Increase pay parking revenue in high demand locations	TBD	2-3
Adjust services to match demand and resources	✓ Adjust Parks Services	671,000	3
	✓ Adjust Recreation and Culture Services	356,000	3
	✓ Refocus Library services	103,727	3
	□ Move to bi-weekly garbage collection (Q1 2027)	TBD	3
Respond to senior government downloading	✓ Identify external funding for DNVFRS high school CPR program	25,000	1
	✓ Adjust Affordable Housing / Inclusionary Zoning	250,000	2
Pursue changes to legislation (ongoing)	✓ Address NSWWTWP & the Ports Property Tax Act	TBD	1
Total savings		5,009,000	

Priority scale:

1. Savings with little to no visible impact on services
2. Minor or internal impact on services
3. Noticeable but manageable impact on services
4. Clear service reduction
5. Safety, legality, or service failure

Prioritizing Capital Projects

The District has a long-standing practice of prioritizing projects in a limited funding environment. The framework on the right ensures projects already underway can be completed and existing service levels can be maintained before new investments are considered.

To provide greater transparency on capital demands, staff first prepared the 2026 - 2030 Capital Plan based on work that should be completed over the next five years (priority 1-3), which resulted in a plan \$107 million higher than available funding. Staff then considered impacts on existing services and focused on adjustments in the outer years to bring the plan into balance. Some development related work, including in transportation, was also deferred, pending a full assessment of the impacts from growth on infrastructure.

Work on the 10-year Rolling Financial Plan and State of the Assets Report, including strategies to address this growing funding gap, will be brought forward to the Finance and Audit Standing Committee in Q1 and Q2 of 2026.

Staff will continue to monitor external funding opportunities, including new grant opportunities through the federal budget, and bring forward updates as new information is received.



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2026 – 2030 Capital Plan Adjustments

millions \$		Total	Adjustments ¹	
	Active Transportation	35.2	-1.0	Pedestrian Infrastructure (defer 10% of program)
	Roads & Bridges	49.0	-1.3	Transportation Planning (outer years)
	Transit	52.1	-	
	Affordable Housing	24.8	-	
	Other Capital	18.1	-2.3	Lynn Valley Village (outer years) ²
	Climate Action	11.8	-3.2	Forest Resiliency and Wildfire Mitigation (outer years)
	Utilities	113.7	-	
	Child Care	3.0	-1.1	Renewal of facilities (outer years) ²
	Community Facilities, Arts, and Culture	30.1	-60.5	Major renewal and replacement of facilities ²
	Parks and Open Spaces	64.4	-24.4	Parks facilities and infrastructure renewal ²
	Public Safety	39.1	-6.1	Fire Station renewal and replacement planning ²
	Civic Facilities and Equipment	55.2	-42.4	Major renewal and replacement of facilities ²
			35.3	Add: Provision for Strategic Facilities Plan ³
	Technology	17.3	-	
Total		513.8	-107.0	

Notes:

1. The Capital Plan was reduced \$107 million based on the Capital Prioritization Framework and affordability limits.
2. Adjustments include \$88.3M in facilities work that should proceed following asset management best practices and currently being prioritized through development of a Strategic Facilities Plan.
3. A provision for funding interim work and advancing the design and construction of high priority renewal work in alignment with strategic facility plan is included. This work will be brought back to the Finance and Audit Standing Committee in July 2026. Staff will seek direction from Council before proceeding with detailed design and construction of any major facility project.

Service Category	Capital Plan (M\$)	Highlights
Active Transportation	35.2	Investing in safer active transportation choices for people that connect our key centres and destinations
Roads and Bridges	49.0	- Improvements to neighbourhood streets - Vehicle bridge upgrades and street infrastructure renewal
Transit	52.1	Provisions for Transit Corridors and Circulation improvements (study to be completed)
Affordable Housing	24.8	Social and supportive housing projects at East Keith, Lillooet West, and Riverside Drive, and provisions for additional units.
Other Capital	18.1	Real estate holdings, capital contingency and overhead
Climate Action	11.8	- Investments in risk reduction through the hazard tree management, shoreline restoration, geohazard and wildfire mitigation programs - Investments in public EV charging stations
Utilities	113.7	- Major culvert replacement program - Pump station and lift station renewal programs - Utility main replacement programs
Child Care	3.0	Provision for future child care spaces (developer funded)
Community Facilities, Arts, & Culture	30.1	- Feasibility and scoping for community centre expansion and replacement in Lynn Valley and Seymour - Scoping and early design work for renewal within Archives, Libraries, and Community Facilities. - Ongoing investments in public art (through development)
Parks and Open Spaces	64.4	- Asset renewal and facility upgrades in community, district level, and neighbourhood parks - Completion of Handsworth and Inter River Park artificial turf fields (ATF) and conversion of gravel field to ATF
Public Safety	39.1	- Replacement and expansion of Firehall #5 in Lions Gate / Lower Capilano - Priority renewals in Fire Station #4 (Parkgate) - Scope, early design and interim works for renewal or replacement of remaining Fire Stations - Fire truck replacements
Civic Facilities & Equipment	55.2	- Feasibility, scoping, early design, and interim works for renewal or replacement of priority buildings from the Strategic Facilities Plan - Scoping and early design for DNV Hall and Operations Centre renewal or replacement - Fleet Vehicle Replacements
Technology	17.3	Business application upgrades and digital transformation
Total	513.8	

Priorities and Budget

Workshop, February 3, 2026

Goals of Workshop



- Provide an update on the strategies and adjustments required to balance the 2026 Budget.
- Receive direction on the preferred budget scenario that supports Council's priorities.

Agenda

- Timeline
- Environmental Scan
- Budget Scenarios and Strategies
- Outer Years and Financial Risks
- Financial Health Indicators
- Next Steps



Timeline



Environmental Scan



Budget Drivers



- + Climate change and resilience
- + Housing & development finance legislation
- + Protective services costs
- + Regional collective agreement patterns
- + Technology and software cost increases
- + Growing infrastructure deficit
- + NS Wastewater Treatment Plant
- **4% Operating Budget Adjustments**
- = **3.5% property tax increase, 7.4% utility rate increase**

Budget Scenarios

Key Budget Strategies	1. Some Reduction in Services (3.5%)	2. Maintain Services (7.5%)	3. Expand Services (7.5%+)
1. Address the growing infrastructure deficit	<i>Requires savings equal to 4% on the tax levy (\$5 million)</i>		
2. Achieve additional efficiencies, given the changing work environment			
3. Create more value out of District services and assets			
4. Adjust services to match demand and resources			
5. Respond to senior government downloading			
6. Pursue changes to legislation			
Net (balanced budget = \$0)	\$ -	\$ -	\$ -

Note: Scenario 1 brings the tax increase closer to general inflation (+2%) and addresses the infrastructure deficit by adding +1.5% for asset renewal.

Key Budget Strategies for 2026

Options expected to generate the greatest financial impact with the least service impact. See attachment 1 for details.

Key Strategies	Estimated Financial Impact
Address the growing infrastructure deficit	\$0.3 million
Achieve additional efficiencies, given the changing work environment	\$2.3 million
Create more value out of District services and assets	\$1.0 million
Adjust services to match demand and resources	\$1.1 million
Respond to senior government downloading	\$0.3 million
Pursue changes to legislation (ongoing)	<i>Not reflected in the plan at this time</i>
Annual savings on the tax levy	\$5.0 million

Capital Plan Adjustments

Capital spending reduced \$107 million - most adjustments made in the outer years of the five-year plan to bring it into balance. See Attachment 2 for details.

millions \$	Total	Adjustments
 Active Transportation	35.2	-1.0
Roads & Bridges	49.0	-1.3
Transit	52.1	-
 Affordable Housing	24.8	-
 Other Capital	18.1	-2.3
 Climate Action	11.8	-3.2
Utilities	113.7	-
 Child Care	3.0	-1.1
Community Facilities, Arts, and Culture	30.1	-60.5
Parks and Open Spaces	64.4	-24.4
Public Safety	39.1	-6.1
 Civic Facilities / Strategic Facilities Plan	55.2	-7.1
Technology	17.3	-
Total	513.8	-107.0

Capital Plan Highlights



Continue to provide choice through investment in pedestrian, cycling and transit infrastructure, prepare for TransLink's Metrotown to North Shore BRT, and continue to invest in street network infrastructure.



Social and supportive housing projects (100 units per year)



Risk reduction through hazard tree management, shoreline restoration, and geohazard and wildfire mitigation programs.



Handsworth and Inter River artificial turf fields (ATFs), conversion of gravel field to ATF, parks infrastructure renewal and upgrades.

Capital Plan Highlights



Replacement and expansion of Firehall #5 on existing site, replacement of fire trucks.



Studies for the replacement of facilities, including community recreation centres, and scoping and early design work for the renewal of high priority civic facilities.



Provision for funding interim work and advancing the design and construction of high priority renewal work in alignment with strategic facility plan.



Business application modernization, hardware asset refresh, and ongoing digital transformation.

Outer Years and Risk Management

- Future savings required to keep the property tax increase at inflation plus 1.5% for asset renewal
- Given increasing uncertainty, additional funding is needed to manage risk in the near term (reallocation of reserves)
- Continue work upgrading our utility networks to accommodate growth and climate-related impacts
- OCP Update will drive new investments in infrastructure, requiring annual updates to the Capital Plan and development charges



Financial Health Indicators

- Competitive property tax rates
- Increase in municipal taxes, 10-year average
- Flexibility to address future capital needs
- Infrastructure funding gap (existing infrastructure)
- Ability to achieve service vision (10-year Rolling Financial Plan)

Next Steps



- Introduce Draft Financial Plan Workbook February 17
- Public Input begins February 18
- Budget Deliberations March 9

Direction

- THAT Budget Scenario 1, including a property tax increase of 3.5% (2.0% + 1.5% for asset renewal), based on the key strategies and adjustments, is supported.
- OR Council provide an alternative direction.



**355 West Queens Road
North Vancouver, BC
V7N 4N5**

604-990-2311

