

## MEMORANDUM

October 21, 2025

TO: Mayor and Council

CC: Donny van Dyk, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Sandra Singh, Deputy City Manager  
Katrina Leckovic, City Clerk  
Maria Pontikis, Chief of External Relations  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Director of Policy, Mayor's Office  
Trevor Ford, Chief of Staff, Mayor's Office

FROM: Colin Knight  
General Manager, Finance and Supply Chain Management

SUBJECT: 2025 Second Quarter Review – Operating and Capital Budgets

RTS # N/A

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### **Executive Summary**

The purpose of this report is to provide Council with an overview of City's financial performance for the second quarter of 2025. The report includes details on the annual forecast of the City's Operating Revenue and Expenditure, and Capital Expenditures and the corresponding variances with the annual Operating and Capital Budget.

For the second quarter (year-to-date) of 2025, the City recorded an Operating Budget surplus of \$7.7 million, primarily driven by timing difference of debt charges expenditure recognition, as well as savings in salary budgets, and higher Investment Income; partially offset by higher expenditures in Vancouver Police Department, other non-salary expenses and differences in expenditure timing. For 2025, the City is forecasting a balanced budget at year-end after all reserve transfers and adjustment.

Total capital expenditures to the end of the second quarter of 2025 were \$367 million, which is 42% of the total 2025 Capital Expenditure Budget of \$880 million and is consistent with the second quarter spend rate in 2024. Total expenditures for the year are forecasted to be \$845 million, which is 96% of the 2025 Capital Expenditure Budget.

## **Operating Budget**

As of the second quarter, the City realized a \$7.7 million surplus, which is primarily driven by timing difference of debt charges expenditure recognition, savings in the salary budgets, and higher Investment Income. This is partially offset by higher overtime expenses due to public safety vacancies, higher number of protests and demonstrations, ammunition, uniform, equipment, in Vancouver Police Department and other non-salary expenditures.

The surplus reported in the second quarter is expected to be fully offset over the remainder of the year due to higher-than-planned expenditures occurring in the latter months, as well as increased year-end transfers.

Appendix A shows the 2025 Operating Budget revenue and expenditures, year-to-date variances and year-end forecast. The key revenue and expenditure drivers for Q2 year-to-date results and the full year forecast are outlined below:

### ***A. Revenue highlights:***

- **Government Transfers** was approximately \$34.4 million above budget for year-to-date (YTD) and are projected to be \$80.0 million above budget at the end of 2025. This variance is primarily due to the recognition of new revenues from the Incremental Municipal and Regional District Tax (MRDT) Reserve. These funds are being used to replenish temporary draws from the General Stabilization Reserve that were made to support expenditures related to hosting the FIFA World Cup 2026™ in Vancouver
- **Investment income** was approximately \$11.9 million above budget for year-to-date (YTD) and is projected to be \$16.6 million above budget at the end of 2025, due to one-time higher returns and enhanced investment portfolio optimization strategies.
- **Property tax revenue** was approximately \$1.5 million above budget for YTD. However, it is forecasted to be \$0.5 million below the 2025 budget by year-end, primarily driven by lower PILS revenue due to decrease in the total assessed values on which levies are based.
- **Street Parking revenue** was \$2.3 million above budget for YTD due to higher parking meter revenue, it is projected to be \$2.2 million above the 2025 budget by year-end as parking demand is expected to level off.

Surplus and deficit in Cost recoveries, Utility fees, Licence & Development fees, and other revenues will be offset by related expenditures and transfers.

### ***B. Expenditures and Transfers highlights:***

- **General Government** Q2 YTD expenditures were \$44.9 million above budget for year-to-date (YTD) and are projected to be \$78.4 million above budget by year-end. The majority of this variance, \$73.8 million is associated with key FIFA World Cup 2026™ Vancouver planning expenditures, which will be fully offset by Incremental Municipal and Regional District Tax (MRDT) Reserve.
- **Vancouver Police Board** Q2 YTD expenditures were \$12.6 million above budget, and the year-end expenditures are forecasted to be \$17.6 million above budget, primarily driven by overtime costs due to staffing vacancies, higher number of protests and demonstrations and ongoing work for Task Force Barrage. Some of these costs are partially offset by third party recoveries. The \$5 million funding request related to Project

Barrage in the year end forecast will be brought forward for Council consideration in an upcoming report in Q3.

- **Community Services** Q2 YTD expenditures were \$3.8 million above budget and year-end expenditures are forecasted to be \$7.0 million above budget due to external funded programs such as public safety and shelter programs, which are fully offset by corresponding external funding.
- **Engineering** Q2 YTD expenditures in Public Works were \$5.9 million above budget and year-end expenditures are forecasted to be \$6.7 million above budget, primarily due to higher street maintenance costs, partially offset by increased revenue from occupancy fees and parking fees.
- **Civic Theaters** Q2 YTD expenditures were \$1.6 million above budget and year-end expenditures are forecasted to be \$4.8 million above budget due to higher costs associated with extra events and increased concession sales at events, which are fully offset by higher event revenues.

### **Capital Budget**

The Annual Capital Expenditure Budget reflects one year's expenditures for projects that may span multiple years. On December 10, 2024, the Council approved the 2025 Capital Budget, which included a Capital Expenditure Budget of \$880 million. Expenditures up until the second quarter were \$367 million, or 42% of the budget. The expenditure forecast for 2025 is \$845 million or 96% of the budget. Although Appendix B includes details on budget variances by service category, the following lists the major Service Categories with their corresponding variance explanations:

- **Water, sewers & drainage expenditures** are forecasted to be \$15.3 million below budget, primarily driven by delays in large infrastructure projects such as the Residential Metering Program and Green Infrastructure initiatives. These delays are the result of both internal factors, including crew capacity constraints and scheduling conflicts with related transportation projects, and external factors, including contractor availability and coordination with other major works.
- **Streets** expenditures are forecasted to be \$7.7 million below budget, largely due to delays in major transportation projects such as the rehabilitation of Cambie and Granville Bridge, because of external factors including procurement challenges and contractor availability.
- **Housing** expenditures are forecasted to be \$5.1 million below budget, primarily due to delayed disbursement of grants linked to external project delivery timelines and grantee readiness.

### **Conclusion**

As of Q2, 2025 the City realized an Operating Budget surplus of \$7.7 million for year-to-date and is forecasting a balanced budget by year-end. Variances in the revenue and expenditure categories include higher than budgeted investment income, higher salary-related savings partially offset by higher overtime in Vancouver Police Department, and higher other non-salary expenditures. The City also incurred \$367 million in capital expenditures up until the end of the second quarter of 2025, or 42% of the 2025 budget of \$880 million. The City is forecasting to spend \$845 million by the end of 2025 representing a forecasted variance of \$35 million.

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## APPENDIX A

### 2025 Operating Budget – Year-to-Date and Full Year Forecast

2025 Operating Budget - Year-to-Date and Full Year Forecast								
\$ millions	Year-to-date				2025 Full Year Forecast			
	Budget	Actuals	Variance	Variance %	Annual Budget	Year end forecast	Year-end Variance \$	Variance %
<b>REVENUES</b>								
Property tax revenue	661.6	663.1	1.5	0.2%	1323.9	1323.4	(0.5)	(0.0%)
Utility revenue	265.5	258.3	(7.2)	(2.7%)	492.4	485.5	(7.0)	(1.4%)
Program revenue	38.3	39.4	1.1	2.9%	85.4	84.8	(0.6)	(0.8%)
Licence & Development fees	87.2	81.5	(5.7)	(6.5%)	139.1	130.0	(9.0)	(6.5%)
Parking revenue	39.5	41.8	2.3	5.9%	83.6	85.8	2.2	2.6%
Cost recoveries, grants & donations	33.4	45.7	12.3	36.9%	71.2	82.9	11.8	16.6%
Government Transfer	10.4	44.8	34.4	329.3%	33.3	113.3	80.0	239.8%
Investment income	31.1	43.0	11.9	38.4%	52.5	69.2	16.6	31.6%
Other revenue	21.7	24.4	2.7	12.3%	42.5	47.6	5.0	11.8%
Bylaw fines	13.0	13.3	0.3	2.0%	23.8	24.2	0.4	1.7%
<b>TOTAL REVENUES</b>	<b>\$1,201.6</b>	<b>\$1,255.3</b>	<b>\$53.6</b>	<b>4.5%</b>	<b>\$2,347.9</b>	<b>\$2,446.7</b>	<b>\$98.8</b>	<b>4.2%</b>
<b>EXPENDITURES &amp; TRANSFERS</b>								
Utilities	122.5	117.4	5.2	4.2%	559.7	552.9	6.8	1.2%
Engineering	71.6	77.5	(5.9)	(8.3%)	140.9	147.6	(6.7)	(4.7%)
Police Services	229.9	242.5	(12.6)	(5.5%)	458.5	476.1	(17.6)	(3.8%)
Fire & Rescue Services	97.7	104.7	(7.0)	(7.2%)	195.6	198.0	(2.5)	(1.3%)
Parks & Recreation	87.6	81.2	6.4	7.3%	188.3	184.9	3.4	1.8%
Library	32.7	32.8	(0.1)	(0.3%)	65.0	64.7	0.3	0.4%
Britannia Community Services Centre	3.2	3.1	0.1	2.5%	6.4	6.3	0.1	1.6%
Civic Theatres	8.4	10.0	(1.6)	(18.5%)	16.5	21.3	(4.8)	(29.3%)
Community Services	21.8	25.6	(3.8)	(17.5%)	49.5	56.5	(7.0)	(14.2%)
Grants	16.6	18.6	(2.0)	(12.1%)	32.7	32.7	0.0	0.0%
Planning, Urban Design & Sustainability	20.6	19.6	1.0	4.7%	43.8	42.6	1.3	2.9%
Development, Buildings & Licensing	25.7	23.4	2.3	8.9%	51.4	48.4	3.1	6.0%
Mayor & Council	2.2	1.9	0.0	0.0%	4.3	4.0	0.0	0.0%
Office of the Auditor General	1.3	1.1	0.2	13.8%	2.6	2.6	(0.0)	(0.0%)
<b>Corporate Support</b>	<b>83.7</b>	<b>84.9</b>	<b>(1.2)</b>	<b>(1.5%)</b>	<b>168.4</b>	<b>165.4</b>	<b>3.0</b>	<b>1.8%</b>
Real Estate, Environment & Facilities Management	19.2	16.6	2.5	13.3%	38.4	37.4	1.0	2.6%
Finance and Supply Chain Management	9.2	9.1	0.2	1.8%	18.5	18.3	0.2	1.2%
Technology Services	27.1	32.4	(5.3)	(19.4%)	54.3	54.1	0.2	0.5%
Office of Chief Safety Officer	5.8	5.1	0.7	11.7%	11.6	11.0	0.6	5.6%
Human Resources	4.7	4.4	0.3	6.0%	9.4	9.0	0.3	3.7%
City Clerk	3.7	3.3	0.3	9.2%	7.4	7.1	0.3	3.9%
Legal Services	3.4	3.6	(0.1)	(3.6%)	6.9	7.0	(0.1)	(1.7%)
City Manager's Office	10.6	10.4	0.2	1.5%	21.9	21.5	0.4	1.7%
<b>General Government</b>	<b>4.3</b>	<b>49.2</b>	<b>(44.9)</b>	<b>(1036.4%)</b>	<b>176.7</b>	<b>255.1</b>	<b>(78.4)</b>	<b>(44.4%)</b>
<b>General debt &amp; Transfers to Capital Fund</b>	<b>30.0</b>	<b>12.1</b>	<b>17.9</b>	<b>59.7%</b>	<b>187.6</b>	<b>187.6</b>	<b>0.0</b>	<b>0.0%</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$859.8</b>	<b>\$905.8</b>	<b>(46.0)</b>	<b>(5.3%)</b>	<b>\$2,347.9</b>	<b>\$2,446.7</b>	<b>(98.8)</b>	<b>(4.2%)</b>
<b>SURPLUS (DEFICIT)</b>	<b>\$341.8</b>	<b>\$349.5</b>	<b>\$7.7</b>	<b>2.2%</b>	<b>(\$0.0)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>-</b>

NOTE: Totals may not add due to rounding.

## APPENDIX B

### 2025 Capital Expenditure Budget variances by Service Category

2025 Annual Capital Expenditure Budget: Budget vs YTD Actual Expenditure vs Forecast vs Variance (in \$ millions)					
Service Category	2025 Expenditure Budget	2025 YTD Actual Expenditure (as of Q2 2025)	2025 Expenditure Forecast	Variance	Variance %
HOUSING	\$67.1	\$27.4	\$62.0	\$5.1	7.6%
CHILDCARE	\$30.3	\$9.9	\$29.3	\$1.0	3.2%
PARKS & PUBLIC OPEN SPACES	\$55.0	\$23.9	\$56.0	(\$1.1)	-2.0%
ARTS, CULTURE & HERITAGE	\$71.0	\$57.0	\$70.9	\$2	0.2%
COMMUNITY FACILITIES	\$81.2	\$35.7	\$79.6	\$1.6	2.0%
PUBLIC SAFETY	\$46.4	\$21.2	\$46.4	(\$0)	0.0%
CIVIC FACILITIES & EQUIPMENT	\$29.8	\$13.3	\$29.7	\$1	0.4%
STREETS	\$184.3	\$59.7	\$176.6	\$7.7	4.2%
WATER, SEWERS & DRAINAGE	\$195.2	\$77.4	\$179.9	\$15.3	7.9%
WASTE COLLECTION, DIVERSION & DISPOSAL	\$39.9	\$14.8	\$37.5	\$2.4	6.0%
RENEWABLE ENERGY	\$14.1	\$2.5	\$12.1	\$2.0	14.2%
TECHNOLOGY	\$46.0	\$19.0	\$46.0	(\$1)	-0.1%
EMERGING PRIORITIES, CONTINGENCY & PROJECT DELIVERY	\$20.0	\$4.7	\$19.3	\$7	3.5%
<b>TOTAL</b>	<b>\$880.2</b>	<b>\$366.7</b>	<b>\$845.3</b>	<b>\$34.9</b>	<b>4.0%</b>

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