METRO VANCOUVER REGIONAL DISTRICT (MVRD)
METRO VANCOUVER HOUSING CORPORATION (MVHC)
GREATER VANCOUVER WATER DISTRICT (GVWD)
GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT (GVS&DD)

BOARD OF DIRECTORS

SPECIAL JOINT BOARD MEETING

Wednesday, April 15, 2026
9:00 am
28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia

Purpose: To hold a workshop-style discussion of Metro Vancouver's budget preparation.

AGENDA

A. ADOPTION OF THE AGENDA

1. **April 15, 2026 Special Meeting Agenda**
THAT the MVRD, MVHC, GVWD, and GVS&DD Boards adopt the agenda for their special joint meeting scheduled for April 15, 2026 as circulated.

B. BOARD BUDGET WORKSHOP

1. **Introduction**
Designated Speaker:
Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer

2. **2026 Board Budget Workshop Presentation** *pg.3*
Designated Speakers:
Heather McNell, Deputy Chief Administrative Officer, Policy and Planning
Linda Sabatini, Deputy Chief Financial Officer, Financial Services

3. **Recess**
THAT the MVRD, MVHC, GVWD, and GVS&DD Boards recess their special joint meeting of April 15, 2026.

4. **Reconvene**

5. 2026 Board Budget Workshop Presentation Continued
Designated Speaker:
Linda Sabatini, Deputy Chief Financial Officer, Financial Services

6. 2027 Budget and 2027-2031 Financial Plan Budget Targets *pg.38*
Report dated April 8, 2026, from Linda Sabatini, Deputy Chief Administrative Officer, Financial Services.

Executive Summary
Over the past four years, the Boards have undertaken significant efforts to reduce budget pressures, including the Financial Plan Task Force in 2023 and the Services and Cost Efficiency Review in 2025. These initiatives identified $364 million in operating savings and deferred more than $1.75 billion in capital expenditures, contributing to lower household impacts (HHI). As a result, the 2026–2030 Five-Year Financial Plan approved in October 2025 had a 2.5% HHI increase for 2026, a substantial reduction from the 12.4% projected in 2023. The Boards also endorsed HHI increases of 3% for 2027 and 5% annually from 2028 to 2030.

As happens each year, staff will endeavour to bring back a budget and Five-Year Financial Plan with lower HHI. The current macro-economic and geo-political environment is placing significant pressure on the 2027–2031 Five-Year Financial Plan. While interest rates have moderated over the past year, there is growing risk of increases later in 2026, which would raise borrowing costs. At the same time, elevated oil prices linked to ongoing conflict in Iran may undermine recent gains in inflation reduction, and labour inflation is projected to increase in the coming year. Further cost pressure arising from the Province's expansion of PST to engineering, geoscience, and architectural services are expected to increase projected capital costs by approximately $40 million over five years. In this context, maintaining current service levels and delivering essential infrastructure will require aligning household impact targets with the direction approved by the Board in October 2025, as outlined below:

- HHI increase of 3% for 2027; and
- HHI increase of 5% each year from 2028 to 2031.

Early public engagement for the 2027 Budget and 2027-2031 Financial Plan took place from February 23 to March 27, 2026, and the results are provided in Attachment 1 of the report. The second phase of the budget engagement will be held from July 23 to September 7, 2026.

Recommendation
THAT the MVRD, MVHC, GVWD, and GVS&DD Boards direct staff to proceed through the 2027 budget cycle with household impact targets as follows: 2027 at 3.0%, 2028 at 5.0%, 2029 at 5.0%, 2030 at 5.0%, and 2031 at 5.0%.

C. ADJOURNMENT
THAT the MVRD, MVHC, GVWD, and GVS&DD Boards adjourn their special joint meeting of April 15, 2026.

Second Narrows Water Supply Tunnel under construction

2026 Board Budget Workshop

Heather McNell
Deputy CAO, Policy and Planning

Linda Sabatini
Deputy CFO, Financial Services

April 15, 2026

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WHERE WE ARE: 2027 BUDGET CYCLE TIMELINE

Open comment period for public on budget and 5-year financial plan

Phase 1 Public Engagement
Feb 23 – March 27

Phase 2 Public Engagement

2025
Oct Approved 2026 budget and endorsed 2026-2030 Financial Plan
Nov Request for Financial Policy Review, Capital Reporting & Outlook

Jan-March
Capital Program Update Reports
Updates to Financial Policies
January 30 DCC Resolution

April (We are here)
Consider amending 2026 & 2027 DCC rates
Direction on HHI Targets
Advisory Committees (RAAC, RFAC, REAC)
Council of Councils

May
2028-2030 Draft DCC Rates for Engagement

July
Proposed Capital Plan for Input

October
Standing Committee Updates + Advisory Committee Engagement (RAAC, RFAC, REAC)

October 21
Board Budget Workshop

October 24
Councils of Councils

October 30
Approve Budget
Board Meeting 3 Readings

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POLICY CONTEXT FOR BOARD BUDGET WORKSHOP

- October 2025: Approved 2026 and Endorsed 2026-2030 Financial Plan
  - Included $1.1B in Capital Plan deferrals and $364M in operating savings
  - Integrated $300M in lost revenue due to provincial DCC legislative changes
  - HHI Targets set for 2027-2030 (3%, 5%, 5%, 5%)
- November 2025: Board Resolution re: Q1 2026
  - Capital Program Updates
  - Complete Financial Policy Reviews
  - Utilize 10-Year Outlook
- January 2026: Board Resolution re: 2026 and 2027 DCC Rate Changes
  - Provide options to fill funding gap and impacts in advance of considering amending bylaws; include option of no HHI

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BOARD DECISIONS FOR TODAY

Respond to Board Direction Regarding DCC Rates

1. Consider Amendment Bylaws to change 2026 and 2027 DCC rates (or just 2027 rates): opportunity to consider 3 readings (will recess for MVRD/GVWD/ GVS&DD Board meetings / decisions)
2. If reductions to 2026 and 2027 DCC (or just 2027) rates are supported, need direction on how to fill the funding gap created

Establish Target HHIs for 2027-2031

3. 2027 HHI Target (Direction for October)
4. 2028-2031 HHI Targets (Direction for October)

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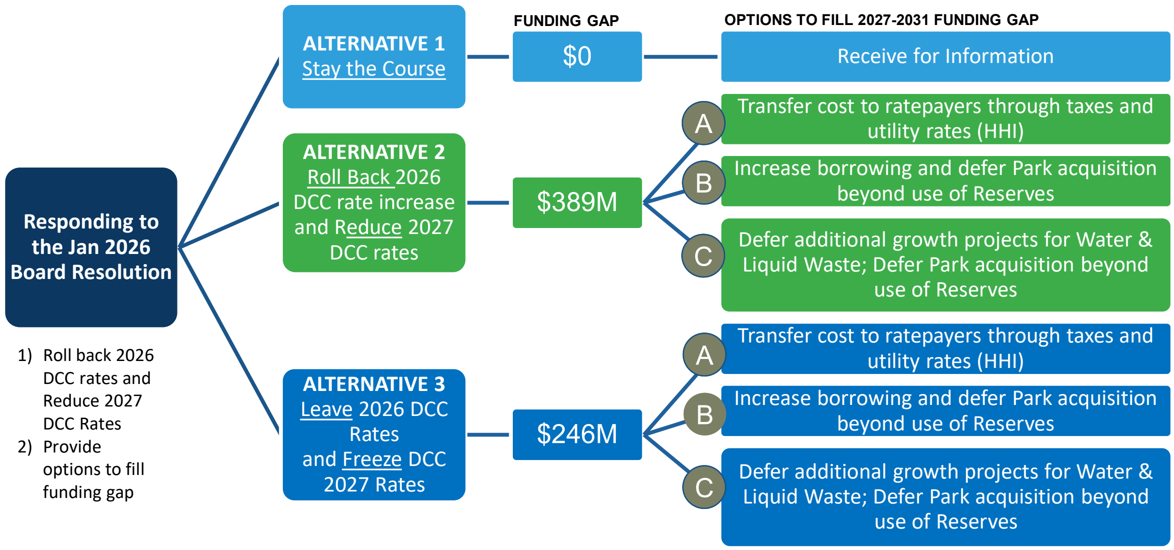
DECISION SUMMARY FOR THE BOARD



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DECISION SUMMARY FOR THE BOARD

Alternative 1
Stay the Course
Current DCC Bylaws and Endorsed 5-Year Financial Plan

Existing Bylaws	2025	2026	2027	2028	2029	2030
Water	45%	15%	1%	1%	1%	1%
Liquid Waste	16%	10%	1%	1%	1%	1%
Parks Acquisition	75%	50%	1%	1%	1%	1%

Alternative 2
Roll Back and Reduce
January Board Direction ($389M Impact) Amend **2026** and **2027** rates

Board Direction	2025	2026	2027	2028	2029	2030
Water	45%	45%	22%	11%	1%	1%
Liquid Waste	16%	16%	8%	4%	1%	1%
Parks Acquisition	75%	75%	37%	18%	1%	1%

Alternative 3
Leave and Freeze
($246M Impact) Amend **2027** rates

Alternative	2025	2026	2027	2028	2029	2030
Water	45%	15%	15%	7.5%	1%	1%
Liquid Waste	16%	10%	10%	5%	1%	1%
Parks Acquisition	75%	50%	50%	25%	1%	1%

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Welding of a new watermain in Surrey

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JANUARY 30, 2026 BOARD RESOLUTIONS

That the MVRD/ GVWD/ GVS&DD Boards direct staff to:

a) report back with DCC bylaw amendments to roll back 2026 DCC rates to 2025 levels; and

b) report back with a strategy to offset the roll back of DCC rates to 2025 levels with options including an option that does not increase tax or utility rates in 2026

That the MVRD/ GVWD/ GVS&DD Boards direct staff to:

a) work towards spreading the approved increase in DCC rates for 2027 and then transition to a 1% assist factor over two years instead of one; and

b) direct staff to present options one of which that does not include impacts to Household Impact

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IMPACT ON DCC 'ASSIST FACTORS'

Existing DCC Bylaws and Impact of January 2026 Board Direction to 'Roll Back and Reduce'

Existing Bylaws	2025	2026	2027	2028	2029	2030
Water	45%	15%	1%	1%	1%	1%
Liquid Waste	16%	10%	1%	1%	1%	1%
Parks Acquisition	75%	50%	1%	1%	1%	1%

Board Direction	2025	2026	2027	2028	2029	2030
Water	45%	45%	22%	11%	1%	1%
Liquid Waste	16%	16%	8%	4%	1%	1%
Parks Acquisition	75%	75%	37%	18%	1%	1%

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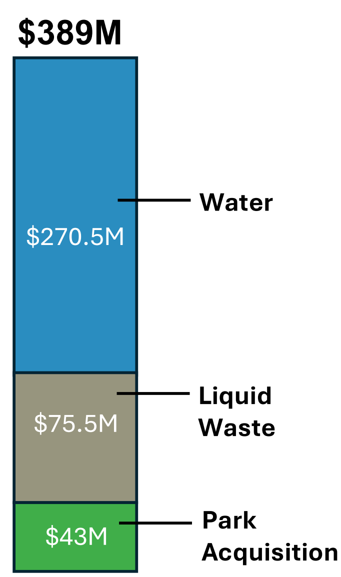
IMPACT OF JANUARY 30, 2026 BOARD RESOLUTIONS

- The requested changes create a **$389M funding gap** over 2026-2031
- The changes to 2026 and 2027 DCC rates:
  - Impact Water, Liquid Waste, and Parks differently because each is at a different point in growth paying for growth (assist factor) and have different growth capital programs
  - Have impacts for 4+ years because of how DCC payments are phased in



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IN BRIEF: DCC RATE CHANGE IMPLEMENTATION

- Current 2026 DCC rates came into effect January 1, 2026
- For DCC amendment bylaws to ‘Roll Back and Reduce’ 2026 and 2027 rates; if supported today, Boards can give 3 readings; then will go to Inspector of Municipalities for consideration + public engagement = adoption in June / July
- DCC Amendment bylaws become effective the day adopted (e.g. July 1) – *no refunds / rates not retroactive*
- In January, staff provided option of ‘leaving’ 2026 rates ‘as is’, but ‘freezing’ 2027 rates at 2026 levels, and extending the transition to 1% assist factor to 2029; this option remains and is provided as Alternative 3 as the ‘Leave and Freeze’ alternative in associated reports today

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IN BRIEF: METRO VANCOUVER'S CAPITAL PROGRAM AND DCCS

- Metro Vancouver is responsible for delivering large, regionally critical, and housing enabling capital infrastructure program
- 85% of the 5-year capital program cost = water and liquid waste projects
- 47% of the 5-year water capital program and 30% of the 5-year liquid waste capital program are growth related (funded by DCCs)

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IN BRIEF: EXTERNAL PRESSURES

- External policy decisions continue to impact Metro Vancouver
- e.g. DCC regulatory changes for in-stream protection and timing of payments = $300M loss of revenue for Metro Vancouver
- Province's 2026 Budget: effective Oct 1, 2026, PST applies to some professional services (e.g. architectural and engineering services) – estimated impact is $40M over 5 years on the Metro Vancouver capital program

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MEETING THE MOMENT: AFFORDABILITY

This Board has made big moves re: Affordability

- 2023 Financial Plan Task Force to reduce costs for ratepayers
- 2025 Services and Cost Efficiency Review to reduce costs for ratepayers, confirm scope of services, achieve significant efficiencies for 2026 Budget and 2026-2030 Financial Plan
- Approach to Iona to deliver results sooner, improve flexibility and reduce costs
- Board Governance Review: Size / Structure, Remuneration, Information Flow, and Decision Making

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2023 PEELING THE ONION

Financial Plan Task Force

- **Objective: Reduce HHI (ratepayer affordability)**
- Reduced projected HHI from 14%,14%,12%,12% to 12%,11%, 5%, 5%, 5%
- Reviewed 300 capital projects: risk / deliverability
- **Required** deferring capital projects = **$650M** ($200M in water and $450M in liquid waste) in cash flow from 2024-2028 Financial Plan
- **Required** accelerating DCC program ('growth pay for growth'): get to 1% assist factor by 2027 for water, liquid waste, and parks
- Increased risk profile, but within supportable range

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2023 PEELING THE ONION

Liquid Waste & Water Project Deferral from 2024-2028 Financial Plan and Impacts

Project Deferral from 5 year plan	$ Change	Risk Profile	Impact
Regional Biosolids Dryer – Annacis Island WWTP	$209M	Medium	Delayed readiness for growth
Northwest Langley Wastewater Treatment Program	$72M	High	Readiness; Delayed readiness for growth
Annacis Island WWTP Stage 5 Expansion	$45M	Medium	Increased biosolids management risk
NSI Flow Management	$42M	High	Readiness; Delayed readiness for growth and spills risk
Burnaby Lake North Interceptor Cariboo Section	$15M	Medium	Delayed readiness for growth and spills risk
Cloverdale Pump Station Capacity Upgrade	$13M	High	Readiness; Delayed readiness for growth
Port Moody Pump Station Capacity Upgrade	$10M	Medium	Delayed readiness for growth
Coquitlam Lake Water Supply	$82M	Medium	Delayed readiness for growth
Lulu-Delta Water Supply Tunnel	$54M	Medium	Delayed reduction of seismic risk
Second Narrows Crossing 1 & 2 (Crossing Removal)	$25M	Low	Delayed removal of risk; economic impact
Coquitlam Intake Tower Seismic Upgrade	$24M	Medium	Delayed removal of seismic risk
Haney Water Supply Tunnel	$16M	Medium	Delayed removal of seismic risk
Haney Main No. 4 (West Section)	$11M	Medium	Delayed readiness for growth
Multiple smaller projects	$31M	Low /Med	
TOTAL	**$650M**		

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2025 SERVICES AND COST EFFICIENCY REVIEW

- **Objective: Reduce HHI (ratepayer affordability)**
- Reviewed 300 capital projects for deliverability and looked for savings by department
- Reduced HHI targets from 12%,11%, 5%, 5%, 5% in two steps to 2.5%, 3%, 5%, 5%, 5% for 2026 budget and 5-Year Financial Plan
- **Required** deferring **$1.1B** in cash flow from the 2026-2030 Financial Plan for Capital Projects and resulted in $364M savings in operating budget
- **Required** accelerating 'growth pay for growth' and moving DCCs to 1% assist factor by 2027
- Changed risk profile; changed Iona approach; risk still within supportable range

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RESULTS: SERVICES AND COST EFFICIENCY REVIEW
Capital Cash Flow Deferral from 5 Year Financial Plan

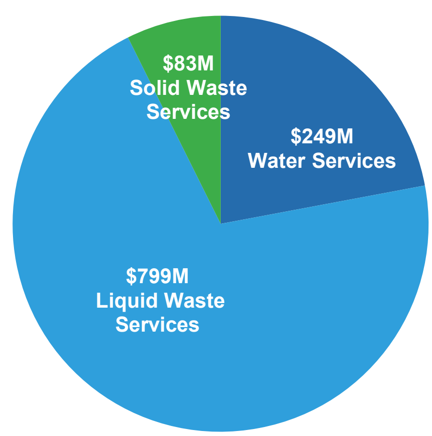
Projects in planning and design phase:
- Iona Wastewater Treatment Plant (WWTP) ($661M)
- Coquitlam Lake Water Supply ($104M)
- Coquitlam Water Main ($65M)
- Waste-to-Energy District Energy ($55M)

Projects in construction phase reduce spends:
- Northwest Langley WWTP ($195M)
- Annacis Island WWTP Stage 5 Expansion ($31M)

Projects not started:
- Sewer Heat Projects ($51M)

Reduction in debt borrowing requirements – align to cash flow while stabilizing contribution to capital to assist in maintaining financial sustainability and Household Impact

2026-2030 Capital Adjustments $1.1B



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RESULTS: SERVICES AND COST EFFICIENCY REVIEW

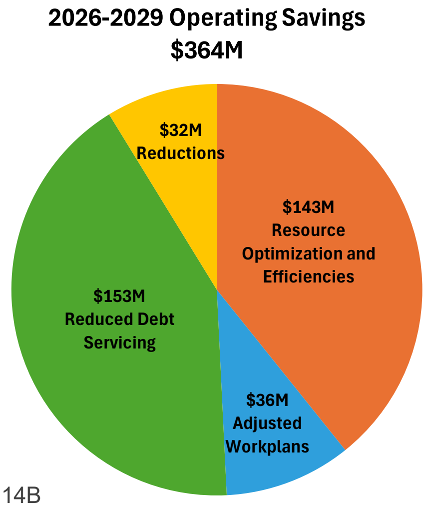
Operating Savings

Reductions ($32M):
- Consulting services and projects
- Business support costs
- Scope of activities in programs

Adjusted workplans ($36M):
- Timing of biosolids removal at Iona
- Adjusted implementation timing of Green Fleet Program

Resource optimization and efficiencies ($143M):
- Transition more work in-house
- Adjusted resourcing to reflect operating and capital plan
- Optimizing resource activities leading to efficiencies

Reduced debt servicing ($153M)
- Reduction in Capital Spending over the Five-Year Financial Plan $1.114B



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2026 BUDGET AND 2026-2030 FINANCIAL PLAN

- **Approved / Endorsed in October 2025**
- Integrated:
  - $1.1B in deferred capital projects
  - $364M in operating savings
- Integrated additional $300M in lost revenue as a result of Provincial DCC regulatory changes
- Met the Board directed HHI targets of 2.5%, 3%, 5%, 5%, 5%
- 2026 HHI = +$22 / household over 2025 rates for total of $897 / year for all Metro Vancouver services

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REGION-WIDE AVERAGE HOUSEHOLD IMPACT 2026–2030

	2025	2026	2027	2028	2029	2030
Water District	$200	$208	$212	$215	$217	$221
Liquid Waste	$510	$534	$552	$590	$632	$676
Solid Waste	$71	$74	$77	$81	$85	$89
Regional District	$94	$81	$82	$83	$84	$84
Housing	$0	$0	$0	$0	$0	$0
Endorsed 2026-2030 Financial Plan HHI	**$875**	**$897**	**$923**	**$969**	**$1,018**	**$1,070**
Previous HHI Projection for 2025-2029 Financial Plan		$920	$965	$1,014	$1,066	

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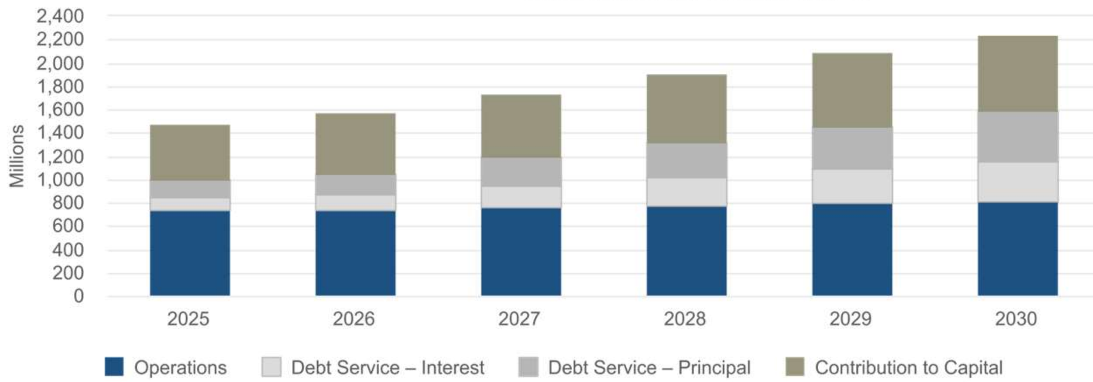
APPROVED 2026 BUDGET & 2026-2030 FIVE-YEAR FINANCIAL PLAN

Operating Overview:

- 2025 Operating Budget: $1.48B
- 2026 Operating Budget: $1.57B

Drivers:

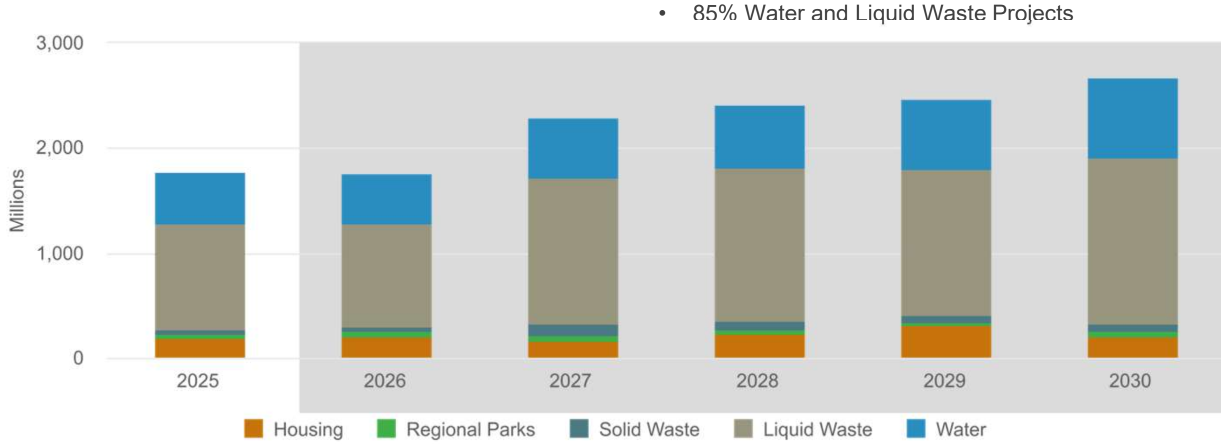
- Debt service and contribution to capital to fund growing capital plan in accordance with Board policy
- Operations is inflationary over the 5 years for day-to-day maintenance and program delivery

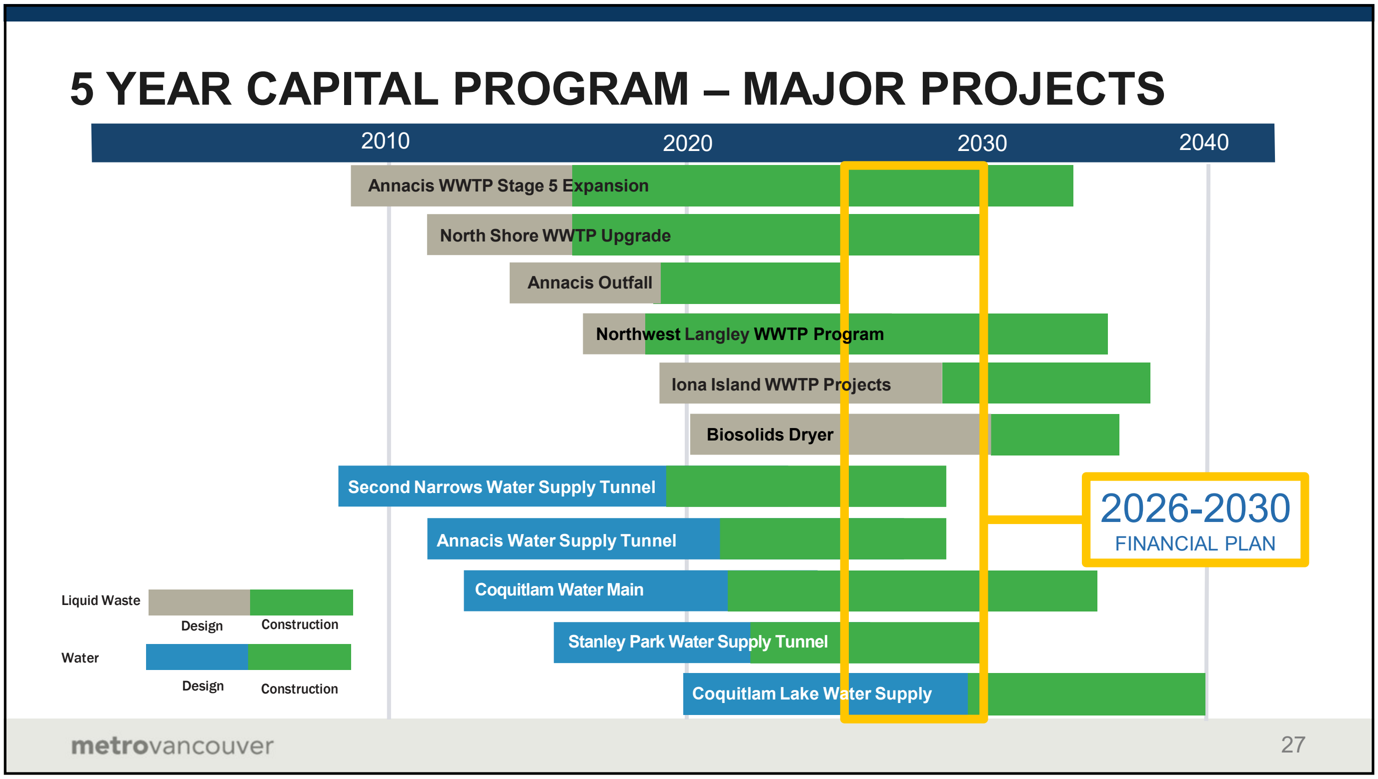


APPROVED 2026 BUDGET & 2026-2030 FIVE-YEAR FINANCIAL PLAN – CAPITAL PLAN

Drivers:

- Continued activity on previously approved projects
- 85% Water and Liquid Waste Projects




5 YEAR CAPITAL PROGRAM – MAJOR PROJECTS
2010
2020
2030
2040
Annacis WWTP Stage 5 Expansion
North Shore WWTP Upgrade
Annacis Outfall
Northwest Langley WWTP Program
Iona Island WWTP Projects
Biosolids Dryer
Second Narrows Water Supply Tunnel
Annacis Water Supply Tunnel
Coquitlam Water Main
Stanley Park Water Supply Tunnel
Coquitlam Lake Water Supply
2026-2030
FINANCIAL PLAN
Liquid Waste
Design
Construction
Water
Design
Construction
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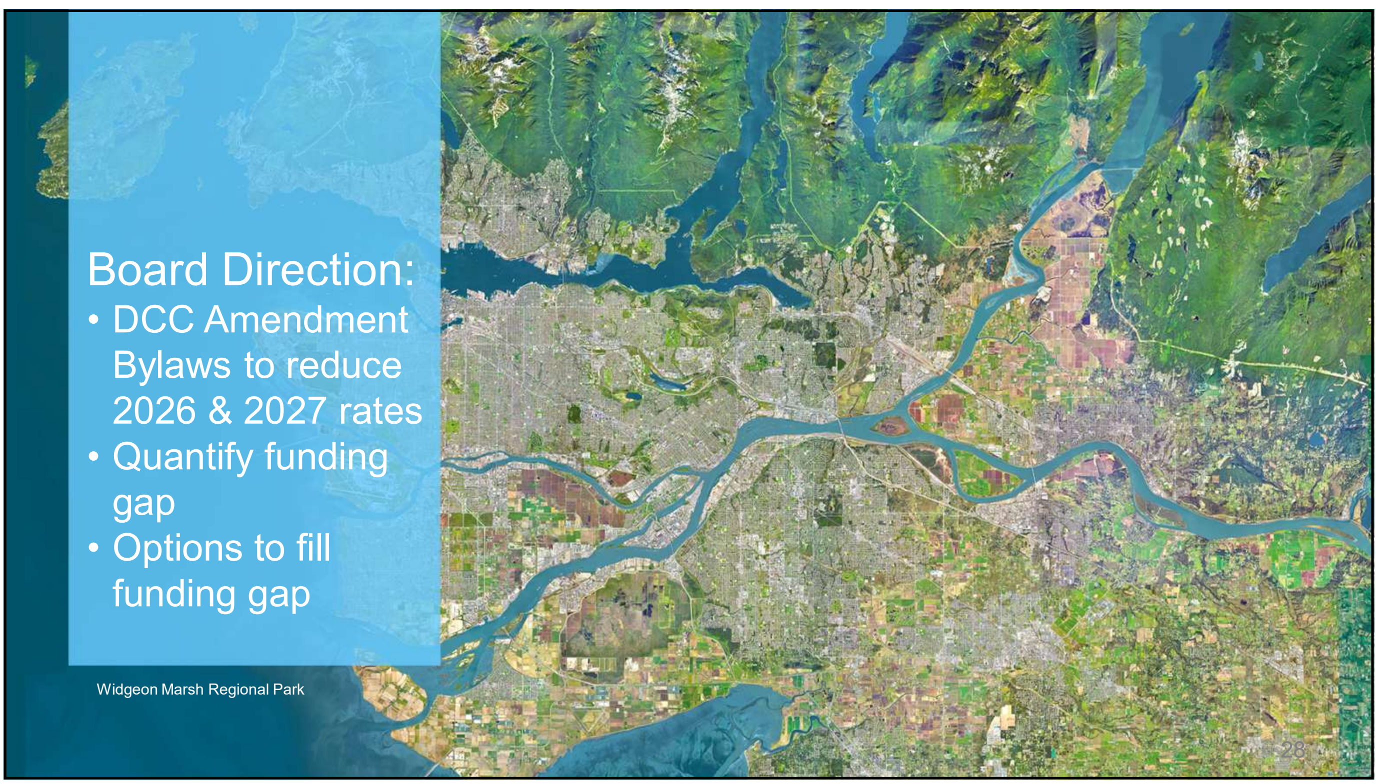
Board Direction:
• DCC Amendment Bylaws to reduce 2026 & 2027 rates
• Quantify funding gap
• Options to fill funding gap
Widgeon Marsh Regional Park

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JANUARY BOARD DIRECTION

ROLL BACK AND REDUCE

Roll back 2026 increase in DCCs (keep 2025 rates), **reduce** 2027 increase and slow transition to a 1% assist factor to 2029

Come back with options to fill the resulting funding gap, including option that does not $$ impact existing ratepayers / HHI

Existing Bylaws	2025	2026	2027	2028	2029	2030
Water	45%	15%	1%	1%	1%	1%
Liquid Waste	16%	10%	1%	1%	1%	1%
Parks Acquisition	75%	50%	1%	1%	1%	1%

Board Direction	2025	2026	2027	2028	2029	2030
Water	45%	45%	22%	11%	1%	1%
Liquid Waste	16%	16%	8%	4%	1%	1%
Parks Acquisition	75%	75%	37%	18%	1%	1%

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FUNDING GAP CREATED

ROLL BACK AND REDUCE

- Assumptions: Amended rates for 2026 come into effect July 1, 2026; 2027 = ½ previous year assist factor; move to 1% assist factor by 2029
- **$389M of lost DCC collections** from 2026 to 2031

	2026	2027	2028	2029	2030	2031	Total
Water DCC	**$12.5M**	**$47M**	**$61M**	**$68M**	**$49M**	**$33M**	**$270.5M**
Liquid Waste DCC	**$1.5M**	**$9M**	**$13M**	**$17M**	**$18M**	**$17M**	**$75.5M**
Parkland Acquisition DCC	**$1M**	**$7M**	**$9M**	**$10M**	**$10M**	**$6M**	**$43M**
Total	**$15M**	**$63M**	**$83 M**	**$95M**	**$77M**	**$56M**	**$389M**

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OPTIONS TO FILL THE DCC FUNDING GAP

ROLL BACK AND REDUCE

For 2026 ($15M)

Use reserves for water, liquid waste, and parkland acquisition

	Current Reserves	2026 Planned Application	Funding Gap Created for 2026	Projected Balance (2026 Year-end)
Water DCC	$147.3M	($121.7M)	($12.5M)	$13.1M*
Liquid Waste DCC	$257.8M	($122.0M)	($1.5M)	$134.3M*
Parkland Acquisition Reserve *and* DCC Reserve	$41.0M	($20.0M)	($1.0M)	$20.0M
Total	**$446.1M**	**($263.7M)**	**($15.0M)**	**$167.4M**

*Annual debt servicing funded by DCC based on 2027-2030 Financial Plan
Water: $21.8M
Liquid Waste: $108.0M

OPTIONS TO FILL THE FUNDING GAP

ROLL BACK AND REDUCE

For 2027-2031 ($374M = $389M - $15M for 2026)

A. Transfer cost to ratepayers through taxes and utility rates (HHI)
B. Increase the amount of long-term borrowing for growth capital projects and Defer Parkland Acquisition beyond Use of Reserves
C. Defer additional growth projects for Water and Liquid Waste, and Defer Parkland Acquisition beyond Use of Reserves

OPTION A. TRANSFER TO RATEPAYERS THROUGH TAXES & UTILITY RATES ($374M)

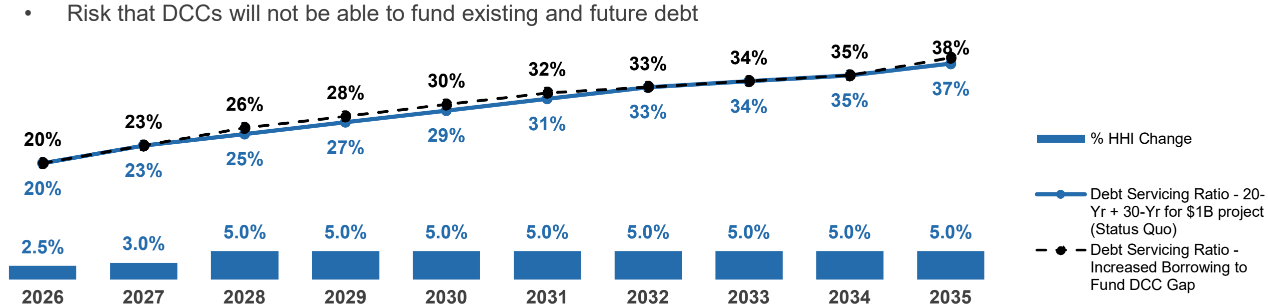
ROLL BACK AND REDUCE

	2026	2027	2028	2029	2030
Endorsed 2026-2030 Financial Plan HHI	$ 897	$ 923	$ 969	$ 1,018	$ 1,070
Current HHI Target		3.0%	5.0%	5.0%	5.0%
Option 1 HHI Impact	$ 897	$ 953	$ 992	$ 1,025	$ 1,077
Impact to HHI Target		6.3%	7.4%	5.7%	5.7%
$ Increase to HHI		$ 30	$23	$ 7	$ 7
		+3.3%	+2.4%	+0.7%	+0.7%

OPTION B. INCREASE AMOUNT OF LONG-TERM BORROWING FOR GROWTH CAPITAL PROJECTS ($332M)

ROLL BACK AND REDUCE

- Updated amortization period now in the baseline
- Upward pressure on debt service ratio
- Additional debt servicing costs to be funded by existing reserves
- Defer Regional Parkland Acquisition beyond use of reserves ($42M)
- No net HHI impact
- Risk that DCCs will not be able to fund existing and future debt



OPTION C. DEFER ADDITIONAL GROWTH PROJECTS; DEFER PARK ACQUISITION BEYOND USING RESERVES

ROLL BACK AND REDUCE

Water Services: Gap = $258M (2027–2031)
Liquid Waste Services Gap = $74M (2027–2031)
Parkland Acquisition Gap = $42M (2027-2031)

Following slides provide options to defer growth projects for Water and Liquid Waste that would fill the above DCC funding gaps; Defer Park acquisition or use reserves

DCC Reserves cannot be transferred between legal entities

Staff do not recommend additional deferral of projects

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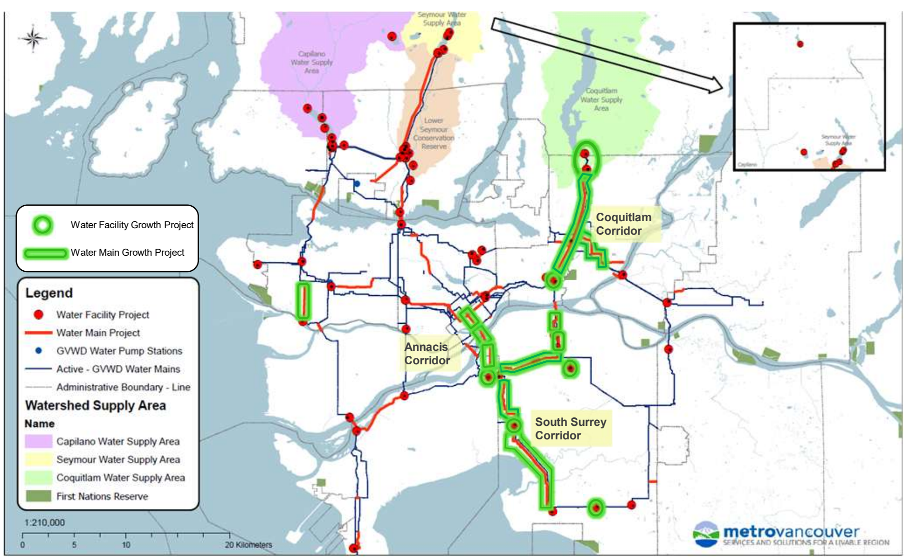
WATER GROWTH PROJECTS IN 5 YEAR FINANCIAL PLAN



20 Growth Projects

Potential Deferrals: 3 corridors make up 90% of growth investments

Coquitlam Corridor	$824.2M
Annacis Corridor	$311.9M
South Surrey Corridor	$182.1M

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WATER GROWTH PROJECT SPENDING: 2026-2030

Corridor		Water Growth Project	Total ($Million)
	1	Angus Drive Main	$0.6
Annacis Corridor	2	Annacis Main No. 5 (North)	$85.1
Annacis Corridor	3	Annacis Main No. 5 (South)	$61.1
Annacis Corridor	4	Annacis Water Supply Tunnel	$165.7
Coquitlam Corridor	5	Cape Horn Pump Station No. 3	$44.1
Coquitlam Corridor	6	Coquitlam Water Main	$638.5
Coquitlam Corridor	7	Coquitlam Lake Water Supply	$141.6
	8	Fleetwood Reservoir	$2.9
	9	Grandview Reservoir Unit No. 2	$1.0
	10	Haney Main No. 4 (West Section)	$59.4
	11	Hellings Tank No. 2	$10.0

Corridor		Water Growth Project	Total ($Million)
	12	Hellings Tank Operational Upgrades	$8.1
South Surrey Corridor	13	Kennedy Newton Main	$16.8
South Surrey Corridor	14	Newton Reservoir Connection	$15.3
South Surrey Corridor	15	Newton Pump Station No. 2	$60.5
South Surrey Corridor	16	Port Mann Main No.2 (South)	$33.5
South Surrey Corridor	17	South Surrey Main No. 2	$88.0
South Surrey Corridor	18	South Surrey Main No. 2 Nickomekl Dam Prebuild	$1.5
	19	Whalley Kennedy Main No.2	$2.0
	20	Whalley Main	$0.5

Total ($Million): $1,435.8

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COQUITLAM CORRIDOR

- Increase capacity to meet drinking water demand to south of the Fraser River and east of City of Coquitlam ($824.2M in 5-Year Financial Plan)
- Includes Coquitlam Water Main project, Coquitlam Lake Water Supply project, and Cape Horn Pump Station
  - Coquitlam Water Main is in various stages of design and construction
  - Coquitlam Lake Water Supply is at preliminary design phase, and needs to be completed by late 2030s to meet future demands
  - Cape Horn Pump Station is in the preliminary design phase
- Projects within the corridor were previously deferred
- Deferral could result in extended watering restrictions and limited ability to respond to emergencies
- *Further project deferral not recommended*

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ANNACIS CORRIDOR

- Increase capacity of system to deliver water to growing communities south of the Fraser River ($312M in 5-Year Financial Plan)
- Includes the Annacis Water Supply Tunnel, Annacis Main No. 5 (North), and Annacis Main No. 5 (South)
  - The Tunnel is under construction and expected to be complete by 2028
  - The North section of the main is expected to start construction in 2026
  - The South section is under construction and is expected to be complete by 2028
- Projects within the corridor were previously deferred
- Deferral in these projects could lead to service interruptions during high demands, the need for extended watering restrictions and substantial investments are underway
- *Further project deferral not recommended*

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SOUTH SURREY CORRIDOR

- Meet growing water demand for residents and businesses south of the Fraser
- Includes five projects currently underway ($182M in 5-Year Financial Plan)
  - Kennedy Newton Main – expected completion 2026
  - Newton Reservoir Connection – expected completion 2032
  - Newton Pump Station No. 2 – expected completion 2028
  - South Surrey Main No. 2 – first phase completion by 2028
  - South Surrey Main No. 2 Nickomekl Dam Prebuild – under construction
- Projects within the corridor were previously deferred
- Deferral in these projects could lead to service interruptions during high demands, extended watering restrictions, increase contractual and financial risks, and substantial investments are underway
- *Further project deferral not recommended*

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WATER GROWTH PROJECT SPENDING: 2026-2030

Corridor		Water Growth Project	Total ($Million)
	1	Angus Drive Main	$0.6
Annacis Corridor	2	Annacis Main No. 5 (North)	$85.1
Annacis Corridor	3	Annacis Main No. 5 (South)	$61.1
Annacis Corridor	4	Annacis Water Supply Tunnel	$165.7
Coquitlam Corridor	5	Cape Horn Pump Station No. 3	$44.1
Coquitlam Corridor	6	Coquitlam Water Main	$638.5
Coquitlam Corridor	7	Coquitlam Lake Water Supply	$141.6
	8	Fleetwood Reservoir	$2.9
	9	Grandview Reservoir Unit No. 2	$1.0
	10	Haney Main No. 4 (West Section)	$59.4
	11	Hellings Tank No. 2	$10.0

Corridor		Water Growth Project	Total ($Million)
	12	Hellings Tank Operational Upgrades	$8.1
South Surrey Corridor	13	Kennedy Newton Main	$16.8
South Surrey Corridor	14	Newton Reservoir Connection	$15.3
South Surrey Corridor	15	Newton Pump Station No. 2	$60.5
South Surrey Corridor	16	Port Mann Main No.2 (South)	$33.5
South Surrey Corridor	17	South Surrey Main No. 2	$88.0
South Surrey Corridor	18	South Surrey Main No. 2 Nickomekl Dam Prebuild	$1.5
	19	Whalley Kennedy Main No.2	$2.0
	20	Whalley Main	$0.5

Total ($Million): $1,435.8

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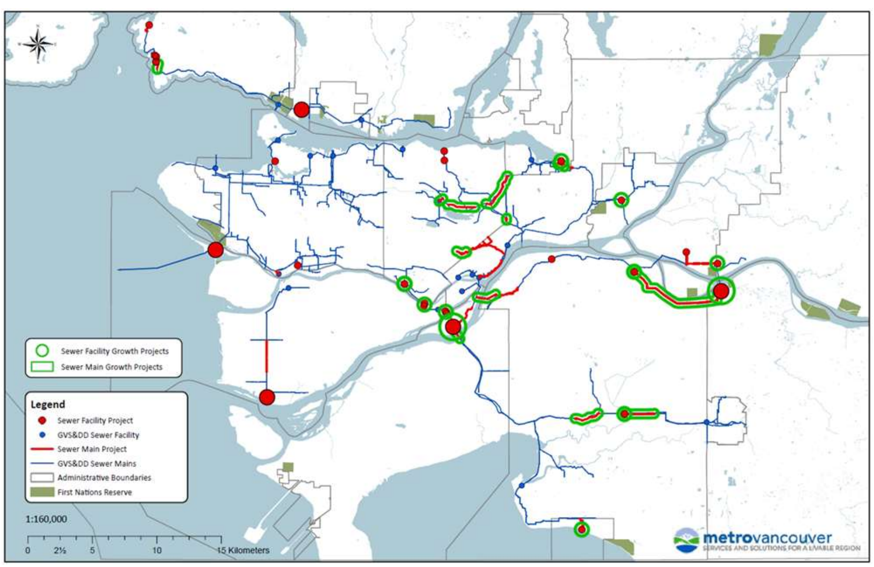
LIQUID WASTE GROWTH PROJECTS IN 5-YEAR FINANCIAL PLAN



23 Growth Projects

Potential Deferrals:

- Northwest Langley Wastewater Treatment Plant
- Cloverdale Pump Station
- Port Coquitlam Pump Station
- Stoney Creek
- Annacis Digesters 9 & 10

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LIQUID WASTE GROWTH PROJECT SPENDING: 2026-2030

	Liquid Waste Growth Project	Total ($Million)
1	Northwest Langley Wastewater Treatment Program	$867.1
2	Annacis Island WWTP Stage 5	$322.1
3	Annacis Island WWTP Digesters 9 & 10	$117.3
4	Annacis Island WWTP Biosolids Dryer	$90.5
5	Port Coquitlam Pump Station	$70.9
6	Stoney Creek Sanitary Trunk	$62.8
7	Annacis Outfall System	$61.4
8	Cloverdale Pump Station	$37.0
9	Marshend Pump Station	$29.7
10	South Surrey Interceptor and North Surrey Interceptor – Fraser River Crossing	$24.3
11	Cloverdale Trunk	$23.0
12	Port Moody Pump Station	$23.0

	Liquid Waste Growth Project	Total ($Million)
13	104th Ave Pump Station and Force Main	$19.6
14	South Surrey Interceptor (Johnston)	$15.7
15	Annacis Island Stage 5 - Optimization	$13.1
16	North Road Trunk Sewer	$6.0
17	Sapperton Pump Station	$5.6
18	Annacis Influent System Surge Control	$5.5
19	White Rock Pump Station	$4.5
20	Rosemary Heights Pressure Sewer	$4.0
21	Port Moody South Interceptor	$3.4
22	Burnaby Lake North Interceptor (Winston)	$3.2
23	North Surrey Interceptor Twinning	$2.5

Total ($Million): $1,815.4

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NORTHWEST LANGLEY WWTP

- Current plant is under capacity ($867.1M in 5-Year Financial Plan)
- Expansion needed to support growth in Pitt Meadows, Maple Ridge, Township of Langley, and Surrey
- 2018 Project Definition Report anticipated 2027 commissioning
- Current stage: detailed design nearly complete; ground improvements underway
- Provincial permits make take longer than expected
- Project deferred in 2023 and 2025
- *Further project deferral not recommended*

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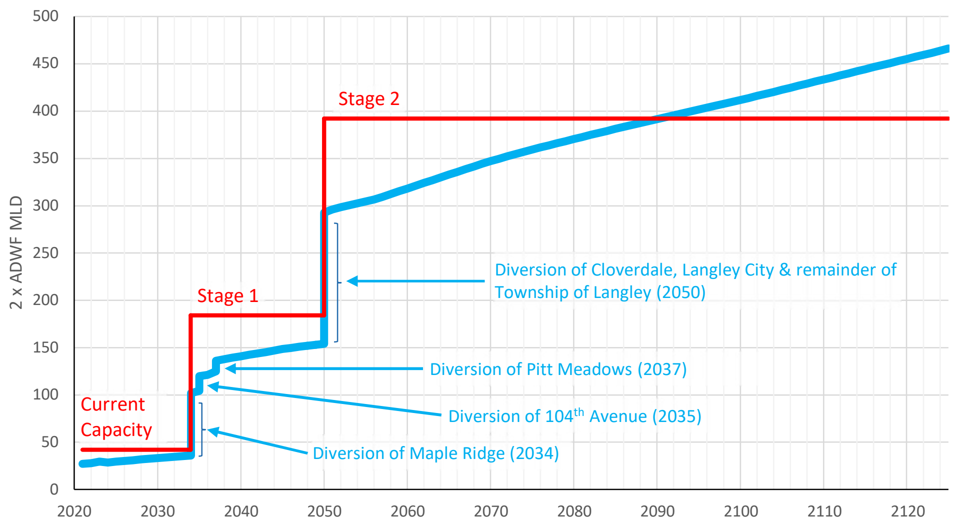
NORTHWEST LANGLEY WASTEWATER TREATMENT PLANT SUPPLY AND DEMAND CURVES



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ANNACIS DIGESTERS 9 & 10

- Liquids expansion and outfall compete, digesters remain to complete Stage 5 expansion ($117.3M in 5-Year Financial Plan)
- Completed growth in FSA driving capacity expansion
- Current status: Detailed design at 60%
- Further deferral will increase biosolids management risk (was deferred in 2023 and 2025)
- *Further project deferral not recommended*

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CLOVERDALE PUMP STATION

- Growth in south half of Surrey, Township of Langley, and City of Langley is the driving need for expansion ($37M in 5-Year Financial Plan)
- Limited flexibility to handle excess flows
- Deferral will make development harder to accommodate
- Current status: in design
- Further deferral would make growth and new development harder to accommodate and could impact South Surrey Interceptor improvements (was deferred in 2023)
- *Further project deferral not recommended*

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PORT COQUITLAM PUMP STATION

- Growth in Coquitlam and Port Coquitlam and aging asset ($70.9M in 5-Year Financial Plan)
- Limited flexibility to handle excess flows
- Deferral will make development harder to accommodate
- Current status: starting land assembly and feasibility
- Deferral could impact proposed sewer heat recovery project
- *Project deferral not recommended*

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STONEY CREEK

- Growth and Infiltration / Inflow driving overflows to sensitive creek ($62.8M in 5-Year Financial Plan)
- Growth in Coquitlam, Burnaby and Port Moody driving overflows
- Current status: Phase 1 of construction underway
- Deferral will increase risk of overflow, impacting water quality
- *Project deferral not recommended*

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LIQUID WASTE GROWTH PROJECT SPENDING: 2026-2030

	Liquid Waste Growth Project	Total ($Million)
1	Northwest Langley Wastewater Treatment Program	$867.1
2	Annacis Island WWTP Stage 5	$322.1
3	Annacis Island WWTP Digesters 9 & 10	$117.3
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22	Burnaby Lake North Interceptor (Winston)	$3.2
23	North Surrey Interceptor Twinning	$2.5

Total ($Million): $1,815.4

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Summary

So far this morning….

- Looked at recent Board decisions on 2026 Budget and 2026-2031 Financial Plan
- Reviewed efforts over last 3 years to reduce HHI by deferring Capital Projects and accelerating DCC program
- Reviewed Board direction from January — Roll back and Reduce — funding impact and options to fill the funding gap
- One more alternative to present before recessing to consider reports and amendment bylaws in GVWD, GVS&DD, and MVRD meetings

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LEAVE 2026 DCC RATES 'AS IS' AND FREEZE 2027 DCC RATES AT 2026 LEVELS

LEAVE AND FREEZE

- Provided as an alternative to Boards in January because:
  - 2026 DCC rates already in effect; any change only comes into effect when DCC amendment bylaw is adopted; no refund or retroactive rates
  - 2026 budget adopted and municipalities have set 2026 utility rates based on adopted budget
  - Direction for 2027 sought today
- **Leave** 2026 rates 'as is'
- **Freeze** 2027 DCC rates at 2026 levels and slow transition to 1% assist factor over two subsequent years
- Alternative 3 in associated reports with bylaws attached

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IMPACT ON DCC 'ASSIST FACTORS'

LEAVE AND FREEZE

Existing Bylaws	2025	2026	2027	2028	2029	2030
Water	45%	15%	1%	1%	1%	1%
Liquid Waste	16%	10%	1%	1%	1%	1%
Parks Acquisition	75%	50%	1%	1%	1%	1%

Alternative to change 2027	2025	2026	2027	2028	2029	2030
Water	45%	15%	15%	7.5%	1%	1%
Liquid Waste	16%	10%	10%	5%	1%	1%
Parks Acquisition	75%	50%	50%	25%	1%	1%

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FUNDING GAP IS $246M

LEAVE AND FREEZE

Assumptions: Defer 2027 DCC rate increase by freezing 2026 rates for 2027 and moving to a 1% assist factor over the two years subsequent years

Projected $246M of lost DCC collections from 2026 to 2031

	2026	2027	2028	2029	2030	2031	Total
Water DCC	-	$15M	$25M	$32M	$38M	$25M	$135M
Liquid Waste DCC	-	$7M	$12M	$16M	$20M	$15M	$70M
Parkland Acquisition DCC	-	$6M	$9M	$10M	$10M	$6M	$41M
Total	-	$28M	$46M	$58M	$68M	$46M	$246M

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OPTION A. TRANSFER TO RATEPAYERS THROUGH TAXES AND UTILITY RATES ($246M)

LEAVE AND FREEZE

	2026	2027	2028	2029	2030
Endorsed 2026-2030 Financial Plan HHI	$ 897	$ 923	$ 969	$ 1,018	$ 1,070
Current HHI Target		3.0%	5.0%	5.0%	5.0%
Option 1 HHI Impact	$ 897	$ 942	$ 984	$ 1,025	$ 1076
Impact to HHI Target		5.1%	6.5%	5.6%	5.6%
$ Increase to HHI		$ 19	$15	$ 7	$ 6
		+2.1%	+1.5%	+0.6%	+0.6%

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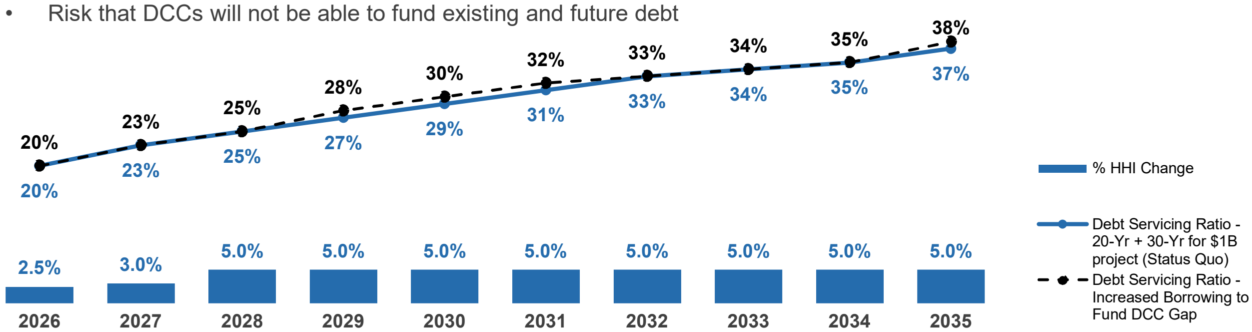
OPTION B. INCREASE BORROWING ($205M)

LEAVE AND FREEZE

- Updated amortization period now in the baseline
- Upward pressure on debt service ratio
- Additional debt servicing costs to be funded by existing reserves
- Defer Regional Parkland Acquisition beyond use of reserves ($41M)
- No net HHI impact
- Risk that DCCs will not be able to fund existing and future debt



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OPTION C. DEFER ADDITIONAL GROWTH PROJECTS; DEFER PARK ACQUISITION BEYOND USE OF RESERVES

LEAVE AND FREEZE

Water Services: Gap = $135M (2027–2031)
Liquid Waste Services Gap = $70M (2027–2031)
Parkland Acquisition Gap = $41M (2027-2031)

Same growth projects discussed above could be deferred for Water and Liquid Waste; again Defer Park Acquisition or use reserves

Gap is $143M less, and there is more time to accommodate change. No use of reserves for 2026.

DCC Reserves cannot be transferred between legal entities.

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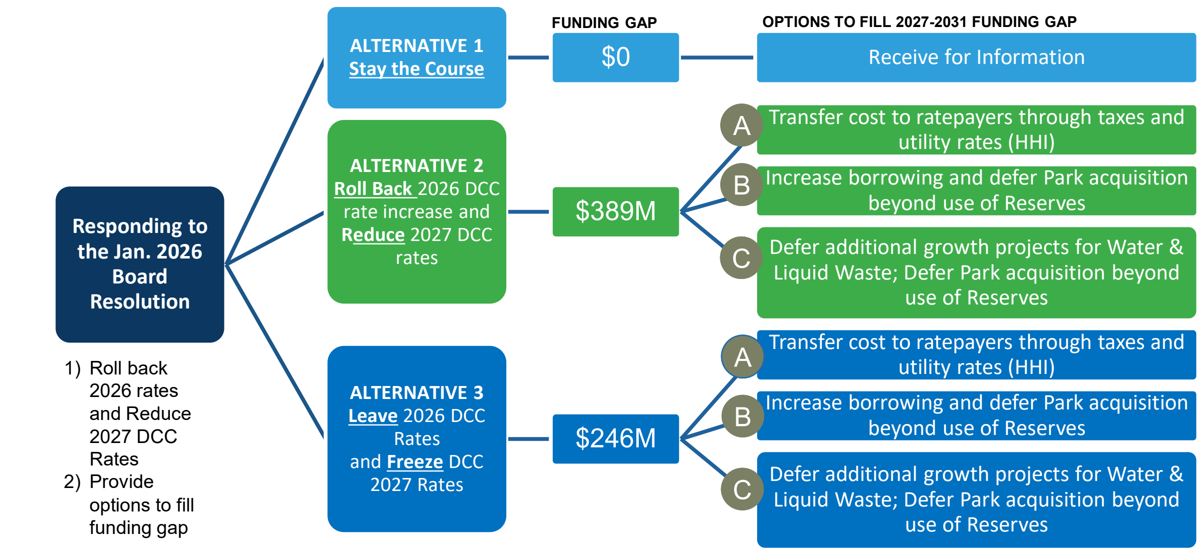
DECISION SUMMARY FOR THE BOARD



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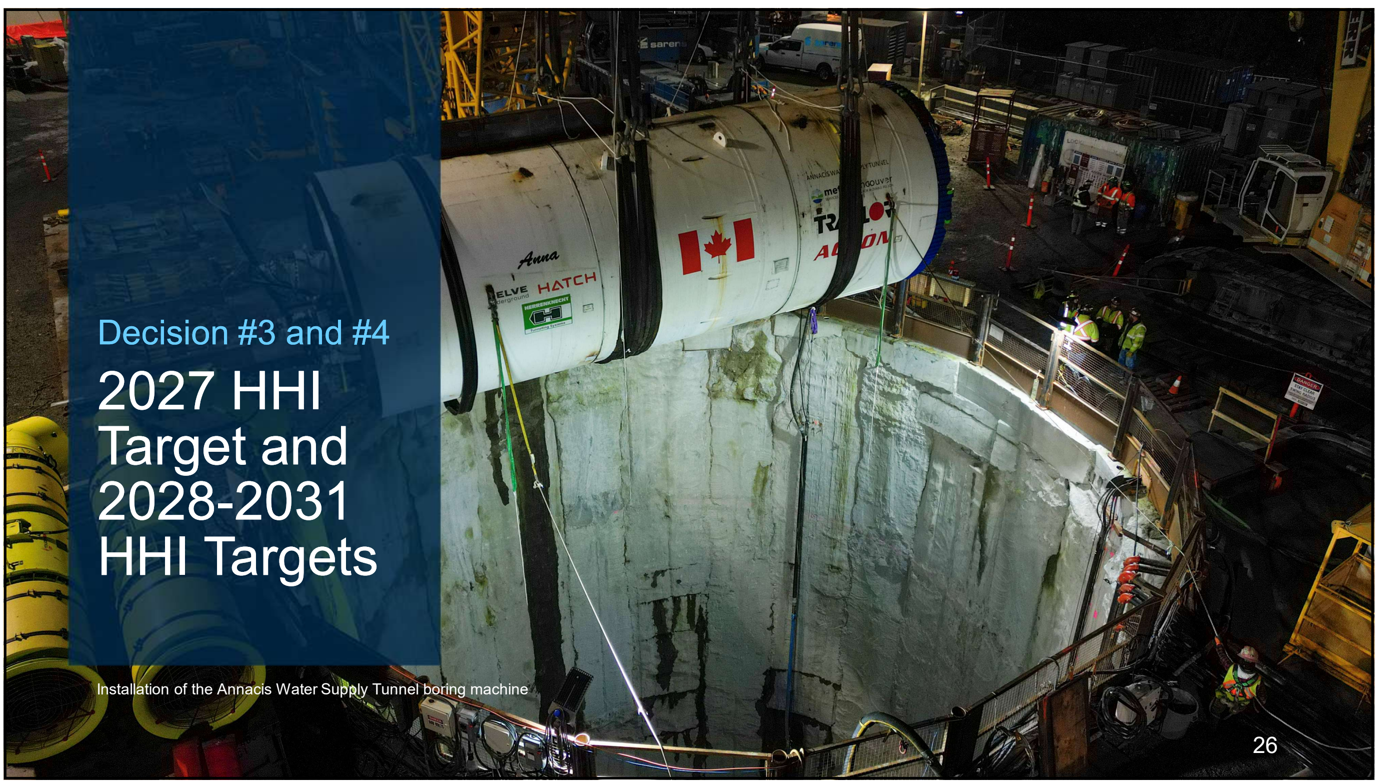

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Current Financial Environment
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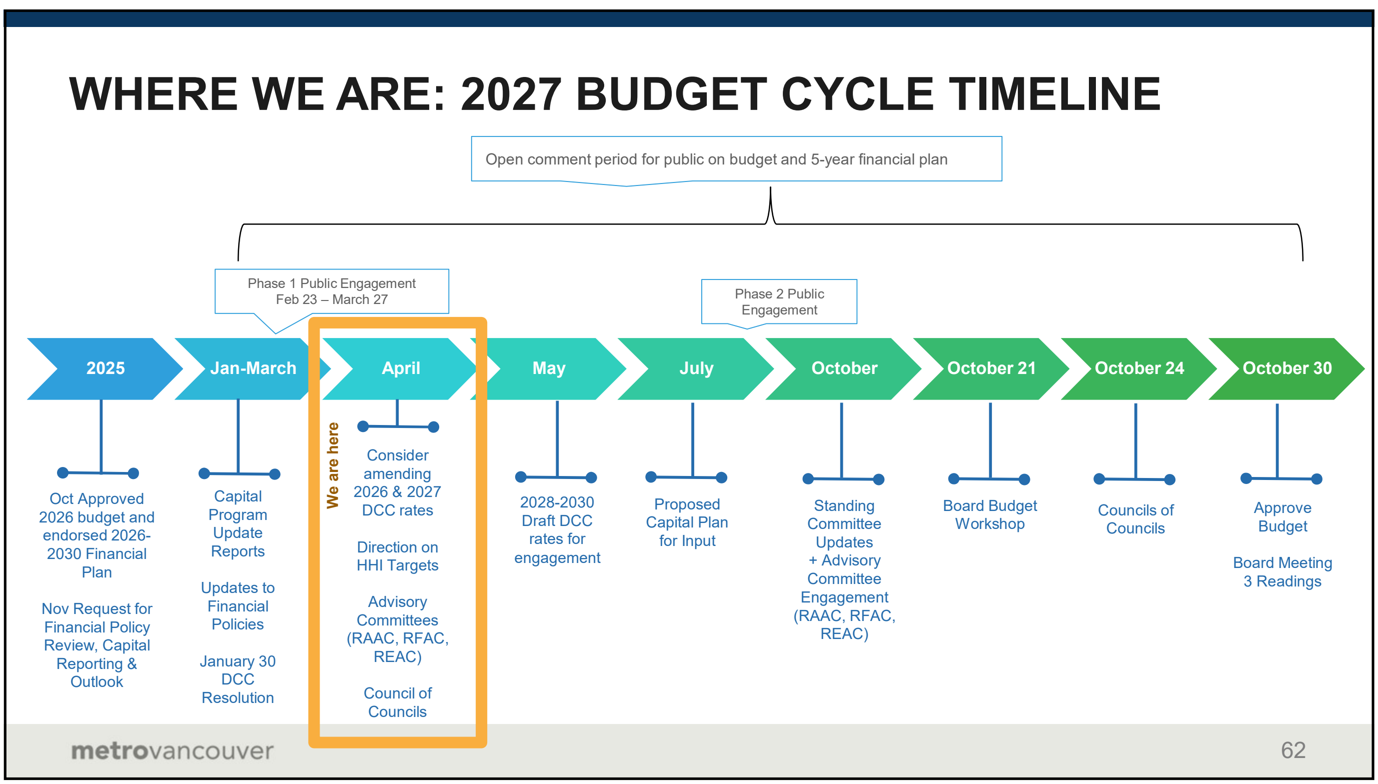
WHERE WE ARE: 2027 BUDGET CYCLE TIMELINE
Open comment period for public on budget and 5-year financial plan
Phase 1 Public Engagement Feb 23 – March 27
Phase 2 Public Engagement
2025
Jan-March
April
May
July
October
October 21
October 24
October 30
Oct Approved 2026 budget and endorsed 2026-2030 Financial Plan
Nov Request for Financial Policy Review, Capital Reporting & Outlook
Capital Program Update Reports
Updates to Financial Policies
January 30 DCC Resolution
We are here
Consider amending 2026 & 2027 DCC rates
Direction on HHI Targets
Advisory Committees (RAAC, RFAC, REAC)
Council of Councils
2028-2030 Draft DCC rates for engagement
Proposed Capital Plan for Input
Standing Committee Updates + Advisory Committee Engagement (RAAC, RFAC, REAC)
Board Budget Workshop
Councils of Councils
Approve Budget
Board Meeting 3 Readings
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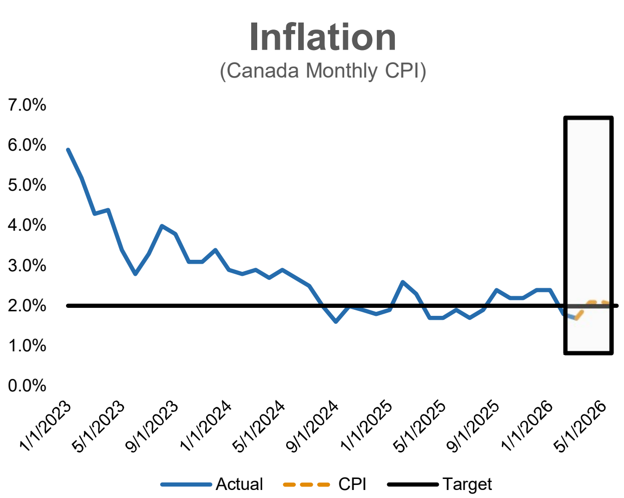
MACRO-ECONOMIC FINANCIAL RISKS

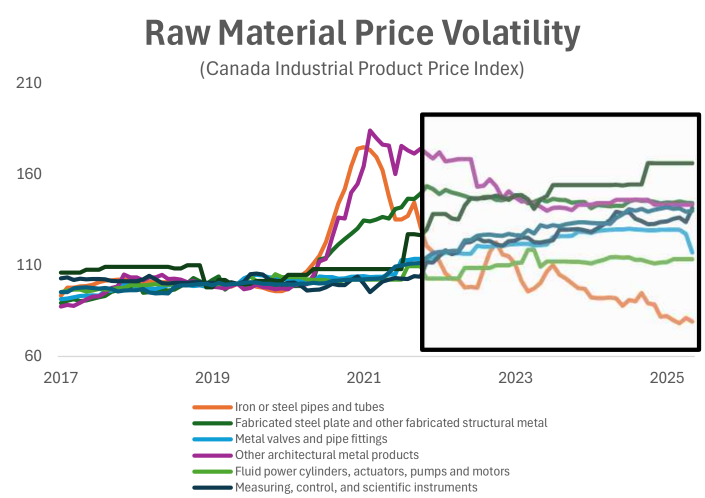
Key Pressures

Financial Risk	Mitigation Approach
Geo-political Volatility • Tariffs and Input Prices for oil, steel, equipment, and imported materials; potential delays in supply chains • Canada's near-term inflation is expected to rise in the coming months due to sharply higher global energy prices driven by the war in Iran	• Monitor tariff-sensitive costs • Diversify suppliers and seek tariff remissions
Inflation and market capacity • Construction capacity constraints and cost escalation may outpace budgets • Labour agreements currently being negotiated	• Time/phase projects to avoid cost peaks • Update escalation and revenue forecasts regularly
Interest rates • The Bank of Canada is currently holding rates steady, but explicitly warns that higher energy prices from the Iran conflict raise the risk of future rate hikes	• Using short-term borrowing when applicable • Locking in long term rates when appropriate • Exploring alternative investments through MFA
Provincial Update on PST • Engineering and other consulting services now subject to PST which will increase operating and capital costs ($40M est. impact over Five Year Plan)	• Explore impacts on budgets

MACRO-ECONOMIC OUTLOOK

Market Indicators





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HOUSEHOLD IMPACT TARGETS 2024–2031

- Board has worked significantly each year to reduce HHI

	2023	2024	2025	2026	2027	2028	2029	2030	2031
2023-2027 Plan	**4.5%**	*14.3%*	*14.1%*	*12.4%*	*12.1%*				
2024-2028 Plan		**12.0%**	*11.0%*	*5.0%*	*5.0%*	*5.0%*			
2025-2029 Plan			***9.9%***	*5.0%*	*5.0%*	*5.0%*	*5.0%*		
2026-2030 Plan				***2.5%***	*3.0%*	*5.0%*	*5.0%*	*5.0%*	
2027-2031 Plan (Proposed)					***3.0%***	***5.0%***	***5.0%***	***5.0%***	***5.0%***
				$897	***$923***	***$969***	***$1,018***	***$1,070***	***$1,124***

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ONGOING EFFORTS TO REDUCE HHI

- HHI Targets: 3%, 2028: 5%, 2029: 5%, 2030: 5%; 2031: 5%
- External pressures including
  - Commodity prices (e.g. gas)
  - Tariffs
  - Geo-political and macro-economic uncertainty
  - Provincial regulatory changes (e.g. PST)
  - Other factors make this an extremely challenging task
- As happens every year, staff will work to find efficiencies, assess risk and market realities, and continue to work with the development community

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HOUSEHOLD IMPACT TARGETS 2027–2031

	2026	2027	2028	2029	2030	2031
Water District	$208	$212	$215	$217	$221	
Liquid Waste	$534	$552	$590	$632	$676	
Solid Waste	$74	$77	$81	$85	$89	
Regional District	$81	$82	$83	$84	$84	
Housing	$0	$0	$0	$0	$0	
2026 – 2030 Endorsed HHI	**$897**	**$923**	**$969**	**$1,018**	**$1,070**	
% Change	2.5%	3.0%	5.0%	5.0%	5.0%	

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RECOMMENDATION

That the MVRD, MVHC, GVWD, and GVS&DD Boards direct staff to proceed through the 2027 budget cycle with household impact targets as follows: 2027 at 3.0%, 2028 at 5.0%, 2029 at 5.0%, 2030 at 5.0%, and 2031 at 5.0%.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Metro Vancouver Regional District (MVRD) Board
Metro Vancouver Housing Corporation (MVHC) Board
Greater Vancouver Water District (GVWD) Board
Greater Vancouver Sewerage and Drainage District (GVS&DD) Board

From: Linda Sabatini, Deputy Chief Financial Officer, Financial Services

Date: April 8, 2026 Meeting Date: April 15, 2026

Subject: **2027 Budget and 2027-2031 Financial Plan Budget Targets**

RECOMMENDATION

THAT the MVRD, MVHC, GVWD, and GVS&DD Boards direct staff to proceed through the 2027 budget cycle with household impact targets as follows: 2027 at 3.0%, 2028 at 5.0%, 2029 at 5.0%, 2030 at 5.0%, and 2031 at 5.0%.

EXECUTIVE SUMMARY

Over the past four years, the Boards have undertaken significant efforts to reduce budget pressures, including the Financial Plan Task Force in 2023 and the Services and Cost Efficiency Review in 2025. These initiatives identified $364 million in operating savings and deferred more than $1.75 billion in capital expenditures, contributing to lower household impacts (HHI). As a result, the 2026–2030 Five-Year Financial Plan approved in October 2025 had a 2.5% HHI increase for 2026, a substantial reduction from the 12.4% projected in 2023. The Boards also endorsed HHI increases of 3% for 2027 and 5% annually from 2028 to 2030.

As happens each year, staff will endeavour to bring back a budget and Five-Year Financial Plan with lower HHI. The current macro-economic and geo-political environment is placing significant pressure on the 2027–2031 Five-Year Financial Plan. While interest rates have moderated over the past year, there is growing risk of increases later in 2026, which would raise borrowing costs. At the same time, elevated oil prices linked to ongoing conflict in Iran may undermine recent gains in inflation reduction, and labour inflation is projected to increase in the coming year. Further cost pressure arising from the Province's expansion of PST to engineering, geoscience, and architectural services are expected to increase projected capital costs by approximately $40 million over five years. In this context, maintaining current service levels and delivering essential infrastructure will require aligning household impact targets with the direction approved by the Board in October 2025, as outlined below:

- HHI increase of 3% for 2027; and
- HHI increase of 5% each year from 2028 to 2031.

Early public engagement for the 2027 Budget and 2027-2031 Financial Plan took place from February 23 to March 27, 2026, and the results are provided in **Attachment 1**. The second phase of the budget engagement will be held from July 23 to September 7, 2026.

PURPOSE

That the MVRD, MVHC, GVWD, and GVS&DD Boards provide direction to staff on the HHI targets that will be used in preparing the 2027 Budget and the 2027-2031 Financial Plan.

BACKGROUND

Metro Vancouver's annual budget process includes the development of detailed annual budgets and the updating of the five-year financial plans for each of Metro Vancouver's four legal entities.
Over the past four years, the Boards have done considerable work to identify budget savings, from the Financial Plan Task Force in 2023 to the Services and Cost Efficiency Review in 2025. This work included operational cost savings of $364M and deferred capital expenditures of over $1.75B ($650M in 2023 and $1.1B in 2025), ultimately, leading to lower household impacts (HHI). These measures lowered the projected 2026 HHI increase to 2.5% down from the previous 2026 target of 12.4% back in 2023. The 2026-2030 Metro Vancouver Five-Year Financial Plan endorsed by the Boards in October 2025 included a 2.5% increase in the (HHI) in 2026, 3% for 2027, and 5% in each year from 2028 to 2030.

This report is being brought forward to confirm Board direction of HHI targets for the upcoming 2027 Budget and Five-Year Financial Plan, 2027-2031. Staff will use these targets to prepare detailed annual budgets and the Five-Year Financial Plan to be presented to the Boards in October 2026, and will endeavour to reduce the HHI through assessment of project deliverability and efficiencies.

PAST BOARD BUDGET DIRECTION

The following section illustrates the work undertaken by the Boards since the beginning of the term to identify budget savings.

2023/ 2024

- **Financial Plan Task Force Decisions:**
  - $650M Reduction in Capital Spend for 2024-2028 Plan
  - DCC Direction – Growth Pay for Growth
  - 2026-2028 Average Household Impact Target 5% Annual Increases
- **NorthShore Wastewater Treatment Plant Task Force:**
  - $2.8B Addition in Capital Budget
- **Sewer Levy** - Adjust Regional Allocation for NSWWTP
- **DCC Bylaw Approved & Economic Analysis** – Water, Sewer, and Parks
- **Board Resolution on Cost Savings by Department**

2025

- **Services and Cost Efficiency Review**
  - 3 Special Board Budget Workshops
  - $1.1B Reduction in Capital Spending in 2026-2030 Plan
  - $364M Operating Savings in 2026-2030 Plan
  - Explore ways to mitigate the impact of DCCs on residential development

2025/2026

- **Approved 2026 Budget and Endorsed 2026-2030 Financial Plan – HHI Targets:**
  - 3% in 2027
  - 5% each year 2028- 2030
- **10-Year Financial Outlook**
  - Policy Review
  - Financial Sustainability
- **November 2025 Board Resolutions**
  - Capital Program Updates
  - Financial Policy Reviews
  - Use 10 Year Outlook to support decision making
- **January 2026 Board Resolution**
  - Consider Rolling back 2026 DCC rate increase and reducing 2027 rates
- **Financial Policy Changes**
  - Amortization 20 and 30 years from 15 years

In 2023, the Board Chair established a Financial Plan Task Force to reduce projected 2023-2027 household impact (HHI). This work included reviewing approximately 300 capital projects looking for opportunities for savings and deferrals and included the acceleration of the Development Cost Charge (DCC) program advancing existing Board policy that growth pays for growth. This work, called "peeling the onion", resulted in the deferral of $650 million in low to medium risk projects from Water and Liquid Waste projects, while higher risk projects remained unchanged.

To achieve the HHI targets, the plan required that liquid waste, water, and parkland acquisition DCCs reach a 1% assist factor within the Five-Year Financial Plan window. This direction was reconfirmed at the spring 2024 Board Budget Workshop and DCC bylaws were adopted in 2024 with a three-year phase in of rates. The Boards also set a 5% HHI target for 2026–2030, with DCC revenue remaining a critical component to meet the HHI targets and substantiated by the growth-driven capital costs in the plan.

In addition, a North Shore Wastewater Treatment Program Task Force was established to review the project and contributing factors that resulted in a project budget update to $3.86 billion. Further, in 2024, there were three Board Budget Workshops that examined the cost apportionment of the incremental increase to the budget, and the GV&SDD Board directed staff to adjust the cost apportionment bylaw to have more of the costs regionally spread and establish a reserve to smooth the household impacts from the NSWWTP Program.

In early 2025, the Boards passed a resolution directing staff to identify operational cost savings leading to reviews of service levels across key MVRD functions. This Services and Cost Efficiency Review was done over three special Board meetings. Confirmed during these meetings were the regional services and service levels for Regional Parkland Acquisition, Housing Development Fund, Invest Vancouver, Regional Climate Policy Coordination, Regional Employer Services, E-911 Call Transfer Service, and Zero Waste Collaboration Initiatives. Total identified savings identified through the review included $364M in operating costs and $1.1B in capital expenditures, lowering projected 2026 HHI increase to 2.5%. In October 2025, the Boards endorsed HHI rate increases of 3% for 2027 and 5% in each year from 2028 to 2030.

In January 2026, staff provided options to amend 2027 DCC rates, and the Boards directed staff to bring back DCC amendment bylaws to roll back 2026 rate increases, reduce 2027 rates and slow the transition to a 1% assist factor to 2029. The Boards also directed staff to bring back options to fill the resulting funding gap, including one that does not impact existing ratepayers. These amendments result in a projected DCC revenue loss of $389M. Reports related to these recommendations are under separate cover in the April 15, 2026 Board agenda packages.

The Boards recently approved changes to the *Financial Management Policy* to extend amortization on debt from 15 years to 30 years for projects with net borrowing of more than $1 billion, and 20 years for all other projects. This change will spread the cost of significant long-life capital projects over a longer term, reducing pressure on HHI, however, the impact of this change will not be realized until later in the 10-year Financial Outlook as longer-term debt is incurred.

FINANCIAL PLANNING ENVIRONMENT

Affordability remains a top concern amongst residents of the Metro Vancouver region, and this is a trend throughout North America. Macro-economic factors continue to create financial pressure on the delivery of core services and infrastructure projects. Although interest rates have softened and have stayed relatively predicable over the past year, there is speculation that rates will rise in the later part of 2026, making borrowing more costly. Economists warn the spike in oil prices, triggered by the ongoing war in Iran, threatens to reverse the recent progress in Canada's inflation rate. The regional pattern for labour inflation for the upcoming year indicates increases in the 3.0% range. In addition, the Provincial government recently announced it will expand PST to engineering, geotechnical, and architectural services, increasing Metro Vancouver's capital project costs by approximately $40 million over the next 5 years.

To mitigate these challenges, Metro Vancouver consistently reviews project timing, resource requirements, and cash flows. Recent changes to the *Financial Management Policy*, to provide 20 and 30-year amortization for debt, are expected to improve pricing over time and allow greater financial flexibility. This includes the potential to lock-in rates for an entire 20-year term, providing greater stability and financial certainty. Metro Vancouver remains committed to cost efficiency while continuing to deliver the services and programs required by the region.

2027 to 2031 HOUSEHOLD IMPACT AND BUDGET TARGETS

The volatility in the current macro-economic and geo-political environment creates significant pressures on the 2027 to 2031 Five-Year Financial Plan. In addition, the work the Boards have done over the past four years to reduce both operating and capital expenditures has resulted in significantly lower HHI than previously targeted, as highlighted in **Table 1** below.

Table 1: Average Household Impact Targets from 2023 to 2031

Financial Plan	2023	2024	2025	2026	2027	2028	2029	2030	2031
2023-2027	**4.50%**	*14.30%*	*14.10%*	*12.40%*	*12.10%*				
2024-2028		**12.00%**	*11.00%*	*5.00%*	*5.00%*	*5.00%*			
2025-2029			***9.9%****	*5.00%*	*5.00%*	*5.00%*	*5.00%*		
2026-2030				***2.50%***	*3.00%*	*5.00%*	*5.00%*	*5.00%*	
2027-2031 (Proposed)				***$897***	***3.00%*** ***$923***	***5.00%*** ***$969***	***5.00%*** ***$1,018***	***5.00%*** ***$1,070***	***5.00%*** ***$1,124***

To sustain current service levels and deliver essential regional infrastructure, the proposed approach for the 2027–2031 Five-Year Financial Plan is to align household impact targets with the direction set by the Boards in October 2025, as follows:

- HHI increase of 3% for 2027; and
- HHI increase of 5% each year from 2028 – 2031.

Staff will provide detailed budgets for Boards approval in October 2026 incorporating these targets, and will endeavour, as they do each year, to reduce the HHI through assessment of project deliverability and efficiencies.

PUBLIC ENGAGEMENT
From February 23 to March 27, 2026 Metro Vancouver invited residents to provide early input for the 2027 Budget and Five-Year Financial Plan. Engagement materials included information on Metro Vancouver's budget and budget development process, what Metro Vancouver has heard in past engagements and how those comments have been addressed, and the projected numbers for the 2027 Budget. The opportunity was promoted through social media, news release, media pitching, paid digital, and print media placements in the same manner as in 2025. Metro Vancouver received over 260 responses to the online survey and 167 respondents provided additional comments.

Themes of feedback include affordability, spending priorities, board governance, and management of major infrastructure projects. There were also suggestions for improving services and suggestions to continue and increase support for services such as climate action, air quality, water conservation, and housing.

In the survey, there was a notable change over the previous year in percentage of respondents who describe themselves as *comfortable (seems a reasonable increase to meet the goals)* in paying the proposed $26 increase in the average fees paid by households for Metro Vancouver services (51% of respondents compared to 21% of respondents responding *comfortable* in the previous year). The rest voted for *neutral (not concerned, haven't really thought about it)* (17%) and *uncomfortable (not sure if it's necessary)* (10%) or *not comfortable (don't agree it's necessary)* (18%).

When asked about their willingness to pay their current level of contribution to maintain services essential to their quality of life (clean water, treated sewage, clean air, and protected natural areas), over 80% of respondents are *very willing* or *somewhat willing* to pay current level of contribution.

When asked how Metro Vancouver should balance household affordability with the need to maintain safe, reliable water, sewer, and waste systems, two of the choices showed a tie, with respondents wanting Metro Vancouver to *prioritize completing infrastructure projects even if rates increase slightly* and to *maintain a balanced approach*, with each showing 40% results. The remaining respondents want to *keep rates as low as possible even if it means delaying some projects* (14%) and *others* (6%).

In response to the question regarding pressures that Metro Vancouver faces and what the organization should do to help manage costs for households, two options emerged as the top picks: *Look for cost savings while maintaining the current levels of services* (47%) and *charge new development a fee (development cost charge) for infrastructure costs related to building new buildings* (51%). Refer to **Attachment 1** for further details.

The second phase of the budget engagement will be held from July 23 to September 7, 2026.

ALTERNATIVES
1. THAT the MVRD, MVHC, GVWD, and GVS&DD Boards direct staff to proceed through the 2027 budget cycle with household impact targets as follows: 2027 at 3.0%, 2028 at 5.0%, 2029 at 5.0%, 2030 at 5.0%, and 2031 at 5.0%.

2. THAT the MVRD, MVHC, GVWD, and GVS&DD Boards receive for information the report dated April 8, 2026, titled "2027 Budget and 2027-2031 Financial Plan Budget Targets" and direct staff to prepare a detailed budget based on the following service level and cost impacts:
   - _________________;
   - _________________; and
   - _________________.

FINANCIAL IMPLICATIONS

If the Board approves Alternative 1, the average household increase for 2027 will increase by 3% to an average of $923 per household. In addition, the Five-Year Financial Plan will incorporate increases of 5% in each year from 2028 to 2031. Staff will bring back the 2027 Budget and the proposed 2027–2031 Financial Plan in the fall for approval and endorsement respectively.

If the Board approves Alternative 2, staff will provide prepare a detailed budget based on direction with service level and cost impacts.

OTHER IMPLICATIONS

The report will be presented to the April 13, 2026 joint REAC, RAAC and RFAC meeting. A summary of feedback will be included in the Committee report on table at the Performance and Audit Committee meeting.

CONCLUSION

The volatility of the current macro-economic and geo-political environment, and the work the Boards have done over this term to support affordability and lower the impacts on existing ratepayers, create significant pressures on the 2027 to 2031 Financial Plan. Therefore, staff are recommending maintaining the previously endorsed increases in HHI targets of 3.0% for 2027, 5% in each year from 2028 to 2031.

ATTACHMENTS

1. “Phase 1 Public Engagement Summary on Metro Vancouver’s 2027 Budget”, dated, March 31, 2026.

Phase 1 Public Engagement Summary on Metro Vancouver's 2027 Budget

March 31, 2026

EXECUTIVE SUMMARY

From February 23 to March 27, 2026, Metro Vancouver invited residents to provide input for the 2027 Budget and Five-Year Financial Plan. Engagement materials included information on Metro Vancouver's budget and budget development process, what Metro Vancouver has heard in past engagements and how those comments have been addressed, and the projected numbers for the 2027 Budget. The opportunity was promoted through social media, news release, media pitching, paid digital, and print media placements. Metro Vancouver received over 260 responses to the online survey and 167 respondents provided additional comments.

Themes of feedback include affordability, spending priorities, board governance, and management of major infrastructure projects. There were also suggestions for improving services and suggestions to continue and increase support for services such as climate action, air quality, water conservation, and housing.

The second phase of the budget engagement will be held from July 23 to September 7, 2026.

BACKGROUND

In 2024, the Boards expressed interest in increasing education on Metro Vancouver's budget and creating opportunities for residents to provide input through a public engagement period. For the 2025 and 2026 budgeting process (implemented in 2024 and 2025), the Boards also expressed interest in hearing input from residents earlier in the year to help inform their decision making. The objectives of the engagement were to share information about the projected budget for Metro Vancouver's services in 2027 and to collect feedback from the public for consideration in developing the 2027 Budget and Five-Year Financial Plan.

ENGAGEMENT PROCESS

The online survey was open from February 23 to March 27, 2026, with promotions running through the same period. Metro Vancouver promoted the opportunity to provide feedback via email newsletters, social media (including a boosted YouTube video), media release, and paid promotions both via digital and print in local news outlets. Metro Vancouver also provided the opportunity for member jurisdictions to promote at municipal service counters and the option to amplify Metro Vancouver posts on social. Additional media and newsletters promoted the engagement opportunities to their readers. As a new approach this year, staff included the budget engagement on communication materials that went directly to residents through the infrastructure communication programs. This approach reached over 7,300 residents between five major projects.

Residents were able to provide feedback through an online feedback form, dedicated email, and by phone. We received over 260 completed surveys, 5,934 total data points, and 167 comments through the online survey.

SURVEY RESULTS

Themes of comments received through the survey this year were similar to what was heard in the previous year. However, a significantly higher percentage of respondents than last year said they would be comfortable with the increase in average fees paid by households.

A selection of Residents responded to multiple choice questions in the survey with these results:

- About 60% of respondents described themselves as *familiar* or *somewhat familiar* with Metro Vancouver's services and the costs to deliver those services (where "familiar" meant they felt they could describe it in general to a friend).
- When asked about their willingness to pay their current level of contribution to maintain services essential to quality of life (clean water, clean air, and protected natural areas), over 80% of respondents are *very willing* or *somewhat willing* to pay current level of contribution.
- When asked how Metro Vancouver should balance household affordability with the need to maintain safe, reliable water, sewer, and waste systems two of the choices showed a tie, with respondents wanting Metro Vancouver to *prioritize completing infrastructure projects even if rates increase slightly* and to *maintain a balanced approach*, with each showing 40% results. The remaining want to *keep rates as low as possible even if it means delaying some projects* (14%) and *others* (6%).
- When asked about their confidence in Metro Vancouver taking actions to keep rates reasonable for residents, 41% of respondents are *very confident* or *somewhat confident*, whereas 50% of respondents are *not confident at all* or *not very confident*. The remaining indicated *Don't know/Not sure* (8%).
- In response to the question regarding pressures that Metro Vancouver faces and what the organization should do to help manage costs for households, two options emerged as the top picks: *Look for cost savings while maintain the current levels of services* (47%) and *charge new development a fee (development cost charge) for infrastructure costs related to building new buildings* (51%).
- When asked about their comfort with the proposed $26 increase in the average fees paid by households for Metro Vancouver services, 51% of respondents described they are *comfortable (seems a reasonable increase to meet the goals)*. The rest voted for *neutral (not concerned, haven't really thought about it)* (17%), and *uncomfortable (not sure if it's necessary)* (10%), or *not comfortable (don't agree it's necessary)* (18%). (Compared to 21% of respondents responding *comfortable* in the previous year).

KEY THEMES FROM FEEDBACK

The next question was open ended, asking: *What else would you like Metro Vancouver to consider as we work to manage overall estimated costs related to our services for 2027?* Overall, the key themes and feedback from the February 23 to March 27, 2026 engagement period were similar in nature to feedback received in the last two years' public engagement period.

Themes from the survey, email, and social media comments:

- **Affordability and livability:** Many comments expressed concern about the impact of rate increases on residents, particularly those who are already struggling financially. Within this category of comments, there are requests for Metro Vancouver to find ways to reduce costs without raising rates.

- **Transparency in the organization and with residents:** Respondents voiced their concern about the lack of information when it comes to the breakdown of costs and expenditures, especially when to comes to major capital projects.
- **Concerns about governance structure**: Respondents commented on the size of the board and technical expertise of Board members, with further comments heard on equity, accountability, and transparency.
- **Suggestions for ways to reduce costs or generate other income:** Comments suggest ways to reduce costs related to administration, salaries, and programs and improving efficiency in project management. Several comments also suggested that those responsible for creating the costs should be the ones to pay. For example, polluters should pay for the environmental impact they create, or developers should pay for the costs associated with building buildings.
- **Suggestions for improved services:** Some comments offer suggestions for improving services, such as water metering or re-use policies, air quality improvements, wastewater monitoring for communicable diseases, and increased investment in climate action and environmental protection.

Samples from 160+ comments:

- Provide the services that are more efficient and economical shared by municipalities (water/sewer), do not duplicate services provided by municipalities or other levels of government(parks/housing/environment).
- Look for efficiency gains but don't reduce maintenance and growth projects... they only get more expensive over time and can result in costly or at best inconvenient service disruptions.
- Metro Vancouver should focus on policies that support more housing and population growth, which will expand the property tax base and help distribute infrastructure costs across more households over time. Building enough homes for current and future residents should be treated as part of the long-term financial strategy for infrastructure.
- Prioritize clean air infrastructure, wastewater management, and below market housing
- How could we better share costs across all member municipalities to reduce cost per taxpayer?
- Ensure that reducing costs does not significantly impact infrastructure quality and longevity
- Polluters need to pay!
- Standard cost savings, lower user of consultants, No Travel, Review all capital projects to be sure costed correctly. All Capital projects currently taking place, information similar to the Northshore Treatment plant should be published so we as taxpayer know they are on budget.
- 1. Strong prioritization and sequencing of major capital projects is essential 2. Greater emphasis on asset management and demand side strategies could help defer or reduce future capital costs 3. Climate adaptation investments should be assessed through a cost-avoidance lens - upfront spending can reduce future costs that are more expensive in the long run
- Charge more for solid waste
- I'm okay with the proposed $26 increase but concerned that one increase leads to others and unsure if resources are being appropriately allocated.
- Make sure you preserve all wastewater monitoring services that look for illnesses like influenza, rsv, covid, and other infections that affect public health decisions.
- Prioritize ASAP full implementation of Deloitte Governance compensation recommendations
- Reevaluate existing contracts for excessive charges.
- Operate as if every dollar matters and cash flow is scarce. Nothing is wasted. People involved need to be providing the absolute best value for their salaries.

HOW FEEDBACK WILL BE USED

Feedback from this engagement process will help inform the direction for development of the 2027 Budget and 2027-2031 Five-Year Financial Plan, which will be presented to the Metro Vancouver Boards at the April 15, 2026 Special Joint Board Meeting ("Board Budget Workshop").

NEXT STEPS

Following direction from the Boards, Metro Vancouver staff will develop a draft 2027 Budget and 2027-2031 Five-Year Financial Plan. A second phase of engagement will be held from July 23 to September 7, 2026 to provide the public with opportunity to comment on the draft plans. The 2027 Budget and 2027-2031 Five-Year Financial Plan along with engagement results will be considered for consideration by the Boards in October 2026.